Global Construction 2030

A global forecast for the construction industry to 2030

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OXFORD ECONOMICS
ENR Engineering News-Record

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ENR Global Construction Summit 2015

New York – 10 September 2015

This paper has been specially written by Global Construction Perspectives and Oxford Economics for the ENR Global Construction Summit held on 10 September 2015 in New York. It is a preview of work in progress for the forthcoming Global Construction 2030 forecast and report, the fourth in a series of major global studies of the construction industry to be published by Global Construction Perspectives and Oxford Economics.

Global Construction 2030 is sponsored by prominent global leaders in the construction and engineering industry from North America, LATAM, Europe, MENA, sub-Saharan Africa and Asia Pacific and will be published at an international launch on 10 November 2015 in London.

For further details about Global Construction 2030 go to:

www.globalconstruction2030.com

“Global Construction 2025 has given Royal BAM Group a clear perspective on emerging global markets, supported by reliable forecasts”

– George Mazloumian, Chief Executive
BAM International

“Global Construction 2025 is the definitive overview of one of the most important sectors of the global economy. We have found it invaluable in informing our expansion into new markets for our technology solutions”

– Colin Smith, President
Textura Europe

Global Construction 2030 is the fourth in a series of major global studies of the construction industry published by Global Construction Perspectives and Oxford Economics.

Global Construction 2030 provides forecasts of growth and gives analysis for all major construction markets globally to 2030 and also provides forecasts and analysis for infrastructure, housing and non-housing sectors globally and for key regions and markets.

In this special paper, we give an overview of the health of the global economy and explain how key drivers, including growth in economic output, rising populations and faster urbanisation in emerging markets are expected to impact growth in key regional construction markets.

More detailed forecasts and analysis of key construction markets are presented in the Global Construction 2030 report (approx. 400 pages, 700 figures and tables) and in over 50 separate databases that provide consistent and comparable data over a 25 year period from 2005 to 2030 for all construction markets.

The new Global Construction 2030 report also outlines key themes giving valuable insight and perspectives on key global trends impacting the global construction industry. These include how China will export its massive construction capability to build a modern day Silk Road to new markets and how reform in the way public infrastructure assets are funded is needed to achieve the needs of growing emerging global cities.

Our last Global Construction 2025 forecast and report for the global construction industry was published in July 2013, as a recovery for the construction and engineering industry from the global financial crisis had become apparent.

The new Global Construction 2030 forecast and report is the fourth in a series of global studies by Global Construction Perspectives and Oxford Economics describing the medium and longer-term prospects for the global construction industry and giving forecasts showing how the global construction industry will evolve as the recovery from the global financial crisis transitions into new opportunities, challenges and uncertainties.

Global Construction 2030 is an invaluable tool for senior executives and policy makers globally who seek to gain a clear perspective on the global construction and engineering industry. The forecasts and report have been developed and written by the world renowned expert team from Global Construction Perspectives and Oxford Economics.

Our previous Global Construction 2025 global study of the construction industry has provided companies and organisations throughout all sectors of the global construction and engineering industry with a clear and invaluable perspective.

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New York City – 10 September 2015

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New York City – 10 September 2015

KPF: Ping An Finance Center, Shenzhen, Guangdong Province, China. A 115 storey supertall skyscraper, standing a total of 660 meters high and will be the second-tallest building in the world and the tallest in China

Global Construction 2030

Key economic developments driving the construction outlook

Much has changed in the global economy since Global Construction 2025. The nadir of the global financial crisis is now six years behind us, and there is a certain return to "economic normalcy" as recovery across the developed world appears to be building momentum, credit conditions have improved considerably, and the massive pullback in construction activity has turned the corner, albeit at varying speeds across regions. This suggests that the expansion phase of the construction cycle is well-established and that we thus can expect relatively strong prospects over the next few years from a business cycle perspective.

At the same time, there have been a number of developments over the last two years that are likely to have both short-term ramifications and longer-lasting impacts on construction activity, both positive and negative. As our forecasts for Global Construction 2030 have not yet been finalised, this paper identifies and discusses the major developments in the global economy and how they are likely to shape the construction outlook across the major regions of the globe.

Some of the key patterns that are emerging are as follows:

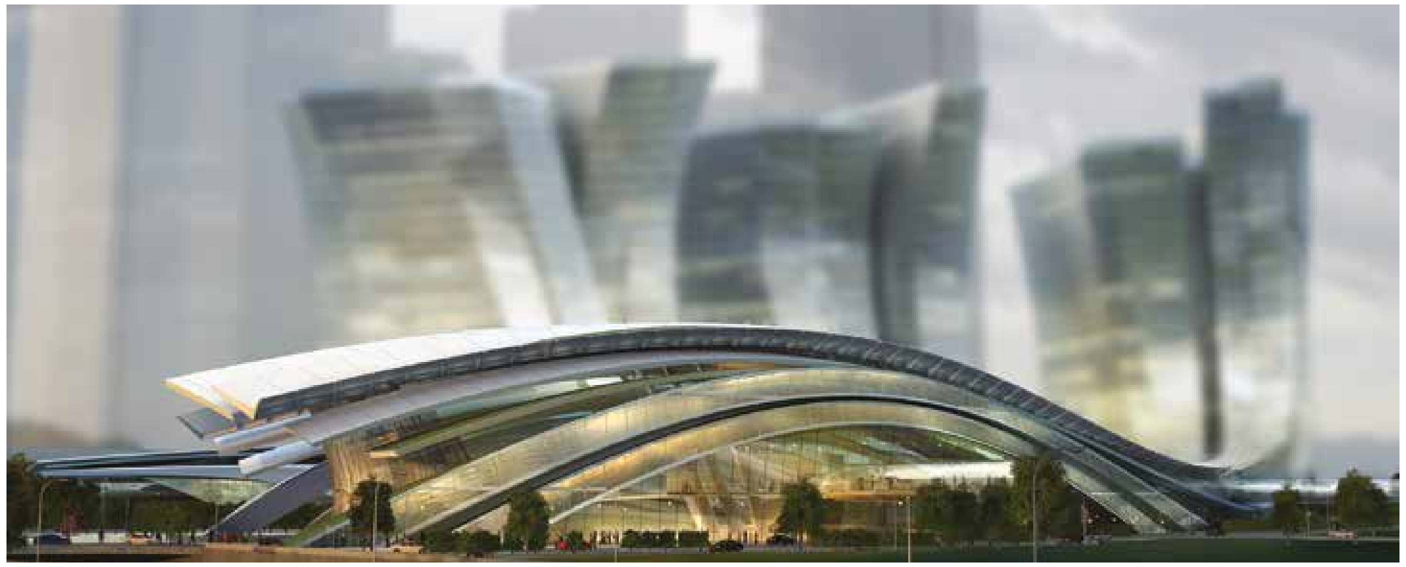
— The global construction market is expected to grow at a faster pace than world GDP over the next decade as Asian economies continue to industrialise and the US recovers from the sharp downturn during the global financial crisis.

— The next decade will see a continuing shift towards faster-growing construction markets in Asia and other emerging economies where rising populations, rapid urbanisation and strong economic growth are drivers for construction.

— China has already begun to slow significantly in the near term, ceding its position as the fastest-growing Asian market to India within a year or two and offering new growth opportunities for ASEAN nations. However increasing demand for consumer-oriented construction will provide considerable support (albeit with changes in the relative importance of industrial/infrastructure and commercial).

— China is expected to significantly increase its investment in real assets and infrastructure and in the export of construction services and building products into key global markets over the next decade leveraging its significant construction and engineering capability and vast manufacturing capacity.

— Developed markets are set for a more positive near-term outlook as the fallout from the global financial crisis recedes, household incomes firm, and public finances improve. Nonetheless, Europe and Japan in particular face very weak longer-term prospects due to poor demographics and limited potential for economic growth. The UK is a stand out market in Europe with growth set to outpace the average its Western European neighbours by a significant margin.



AEDAS: West Kowloon Terminus, Hong Kong. High speed rail terminus will connect Hong Kong to major cities in Mainland China. It will probably be the largest below ground terminus station in the world

In our previous report we had already identified the warning signs of unbalanced and unsustainable growth in China and the need to take action to reduce dependence on export- and investment-driven growth in favour of a more consumer-oriented economy that would drive domestic demand. But China adopted a different path, adopting additional infrastructure initiatives and further easing of credit conditions, to the point that investment's share of GDP continued to increase to nearly 50% of GDP. It is becoming increasingly apparent that something has to give, and for the moment it is heavy industry, building materials and construction, where the fall in investment growth in China has impacted heavily.

Within China, this has led to downgrades in our construction outlook, though we don't expect construction growth to pull back as much as some observers fear. Indeed, there are many new markets for construction in China. Amidst the broader transition within the Chinese economy away from investment led industrial growth, construction in the future will be more focused on the consumer economy. Whereas much construction in the past concentrated on heavy industry and large residential schemes, construction will be focused on building schools, hospitals, high-end retail facilities and business parks to satisfy the anticipated acceleration of consumer spending.

China will need to significantly upgrade its healthcare facilities to cope with an ageing population. The numbers aged over 60 years in China will reach a staggering 36.5% of the population by 2030, compared with only 15.2% in 2015. The numbers aged over 60 years in China will be higher as a percentage of population than in Europe by 2030.

In addition, China still has huge infrastructure challenges that will need to be met and its new five-year plan will mean a focus on clean energy, water and sanitation. Road, rail and maritime infrastructure will all need to be upgraded if China is to remain competitive going forward. The development of pan-Asian trade along the old Silk Road will present the construction sector with enormous challenges, but also huge opportunities. It will also help open western markets further to over a billion new consumers.

The slowdown in China is also having a dramatic impact on commodity demand, and by extension the outlook for mining construction and the infrastructure needed to move commodities to market. This downshift is likely to have substantial impacts on resource-intensive economies such as Australia, Brazil and Chile.

A second development that will have both near-term and longer-term impacts on construction is the sharp fall in crude-oil prices in late 2014. This was driven largely by supply factors: the shale revolution has allowed the US to nearly double production in just five years. In addition, the desire of Saudi Arabia to safeguard market share over profits meant that impending return of Iranian exports into international oil markets following agreement on their nuclear program has caused Brent prices to dip below $50pb in early August 2015, with weak global demand and record inventories putting additional downward pressure on prices.

Lower oil prices affect construction activity in numerous ways, both positively and negatively. On the demand side, lower oil prices act as a tax cut for consumers, boosting spending and ultimately driving additional productive capacity. In Europe, for example, the "sugar rush" of consumer spending in the first half of 2015 has help boost flagging economies. In more oil dependent countries such as Japan and India, the fillip from falling oil prices has been most significant. However, amongst the oil exporting countries, the new oil price reality is less of a stimulant. Construction projects related to oil drilling and refinement have been scaled back (to the tune of US$200bn, according to recent analysis by Wood Mackenzie), while other sectors linked to oil production have seen reduced demand via supply chain effects. This has been particularly true in Canada, which appears to have entered recession. On the supply-side, the cost of building materials that require high levels of energy input in their production process should come down. At the margin, this should raise construction value add.

ZAHA HADID ARCHITECTS: *Beijing New Airport Terminal Building, Daxing, Beijing, set to become the world's largest airport passenger terminal*

A third key development is changes in relative national competitiveness. Some of these dynamics are policy-related – such as the large quantitative easing programs undertaken by the Bank of Japan and the ECB to weaken the yen and euro against the dollar and the more recent devaluation of the yuan – and are not likely to have longer-term impacts. But others reflect more structural issues and will ultimately have a bearing on construction activity, in particular the industrial and infrastructure segments.

One of the key themes of our previous report was the "reshoring" of production back to developed markets, which was one of the reasons underpinning our relatively robust US outlook. In China, unit labour costs in manufacturing have tripled since 2000, while those in Japan and the US have remained stable, and by some measures the "all-in" manufacturing costs in China are not much lower than in the major developed economies. One might think that the oil price drop might change the reshoring calculus due to falls in transportation costs, but we don't think this is likely. More important than the financial cost is the time cost, as time-to-market has become critical across an increasing spectrum of products. Furthermore, firms can exercise greater oversight and control over their supplier networks, as well as tailor their products to local consumer tastes. Notwithstanding the near-term drag of the strong dollar on US cost competitiveness, we expect the combined impact of low energy costs and strong productivity to support industrial construction into the medium term.

The erosion of industrial competitiveness in traditional offshoring countries is also having impacts in other emerging markets. In Asia, rising labour costs in China have led some firms in more labour-intensive sectors such as textiles and light manufacturing assembly to relocate to ASEAN countries such as Vietnam. India too has an enormous pool of low cost labour which should provide significant opportunities for firms to invest into, and reform efforts by President Modi may well open up additional opportunities in industrial and infrastructure construction. As will be discussed later, the speed and depth of reforms in countries such as Brazil and Mexico will have a key bearing on the longer-term construction outlook.

Across emerging markets, structural reforms programs aimed at boosting growth prospects have been implemented, with varying degrees of success.

In India, the Modi government was elected on a program of substantial structural reforms. The economy in India has long since been hampered by excessive bureaucracy and it is hoped that Modi will bring in new reforms to stimulate much needed activity in India's transport infrastructure and industrial sector. Significant doubts remain as to whether these reforms will be fully implemented as political realities start to bear down, but our expectation is that Indian economic growth will certainly outpace China's by 2016.

After a prolonged period of recessionary drag on the economy, the green shoots of recovery have taken a firm hold. In North America, economic growth is now firmly in the 2½% range, while household liabilities as a percentage of income have come down from the highs during the crisis. The house price crash that precipitated the crisis produced a large fall in the residential construction market as households were forced to deleverage. With household liabilities trending downward, the residential construction market is in better shape for sustained building activity.

ATKINS: *Construction has begun on Vietnam's tallest building – Vincom Landmark 81 – in Ho Chi Minh City. The 81-storey 480m super-tall tower will face the Saigon River and feature a hotel, apartments and a shopping centre. Completion is set for 2017.*

COOP HIMMELB(L)AU Wolf D. Prix & Partner: *Dawang Mountain Resort Changsha, Changsha, China*

Emerging Asia Pacific

The most important narrative since our previous Global Construction Perspectives report in 2013 has been the continued slowdown in the Chinese economy. China's status as the construction capital of the world is well founded; consider that over the three years from 2010-12, China produced more cement than the US did in the 113 years from 1900-2012. The scale of construction in China has been, and continues to be, truly immense, as the challenge of transforming from a predominantly rural based society into a modern, urban-based international economy continues. As of 2014, the urban population in China was at 54%, still a considerable way off the major advanced economies, and suggestive of further residential building to come.

Official data for the Chinese economy recorded year-on-year growth of 7% in both Q1 and Q2, suggesting that the slowdown is only a marginal phenomenon. But looking at the lower level data suggests the ailments to the Chinese economy may go further than the authorities are prepared to admit. Output in the sectors that feed into construction such as cement and rebar steel have both shrunk this year, while data on car production also point toward slowing economic output. Meanwhile, investment growth in real estate development continues to slow, with the most significant frosting in the residential sector and reflective of the large oversupply of housing stock in China. Furthermore, the 100-city average house price index has fallen for 10 straight months in year-on-year terms – though there have been some signs of this abating recently.

Nonetheless, our China view is not all doom and gloom. There remains scope for significant new construction programs. The pressing need for China to upgrade its transportation networks, from road, rail, maritime and aviation will continue to give significant new opportunity for construction in China. Also needed are improvements to China's consumer facing sectors as the country matures into a modern consumption led economy. This will mean vast improvements to commercial and entertainment buildings as well as huge investments in educational and medical building. And furthermore, despite the much publicised reports of China's housing oversupply and the talk of ghost cities lying empty, much of the housing stock is substandard and in need of upgrading, that will provide strong impetus for construction.

Indian economic prospects have been raised following the election of Narendra Modi. His highly anticipated reform program has fuelled much excitement within India and amongst the international business community, and progress thus far bolsters our expectation that India's GDP growth will outpace China's by 2016. Much of India's recent economic growth has been driven by foreign investment expectant of 'big bang' style reforms. Though the government has already implemented a number of important reforms, significant ground remains to be covered. Structural reforms to taxation, labour markets and the utilities sector remain on the Modi government's to-do list. Most important to the construction sector in India are the land reforms promised by the government. Modi

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has promised to overthrow the 2013 land acquisition law that restricts the ability of government to sanction areas of land for new construction projects. Much of India's long-term construction outlook rests on the ability of the Modi government to overcome internal opposition to his land reform program. This is made all the more important given the huge infrastructure challenges India; transportation and power networks require serious upgrades if India is to develop into a modern international economy. Furthermore, India's urban population stands at just 32%, amongst the lowest in the world. The scale of building work required to do this is truly awesome. Taking China as an example, getting the urban population from 32% to the 54%, took 18 years at a compounded annual growth rate of 10.3%.

Nonetheless, India's enormous potential remains untapped. Very favourable demographics over the next two decades, a rapidly expanding middle class, and low unit labour costs all provide India with very beneficial economic terms. Leveraging these advantages will be a question of governance.

The pace of growth in the ASEAN countries has slowed somewhat as weaker Chinese demand bleeds across the Asia-Pacific region. In addition, the lower global oil price has driven down government receipts in Indonesia, calling into question the government's proposed infrastructure upgrades. We expect to see ASEAN construction markets grow at over 7% on average over the next five years which is significantly faster than that foreseen for China.

Developed Asia Pacific

Despite a slip in economic activity as a result of the tax hikes that dampened consumer spending growth, construction growth in Japan has been a bright spot over the past few years with Abenomics providing the impetus. Furthermore, extensive QE has pushed the exchange rate lower, aiding competitiveness and supporting industries dependent upon external demand. However, the outlook is not all positive for Japan given poor demographic trends, with the population already shrinking, and bleak prospects in China, which is somewhat offsetting the benefits of a weaker exchange rate.

Demand for construction in Australia has suffered adversely from the slowdown in Chinese industrial activity. China's insatiable demand for commodities drove a mining and gas related infrastructure projects in Western Australia, with knock on effects in the residential and non-residential sectors in Perth and other cities supporting Australia's mining infrastructure. The slowing growth rate of Chinese demand has caused overcapacity issues within the Australian mining sector which has in turn depressed investment spending across the economy. We expect construction output to fall this year, before returning to growth in 2016, albeit at a more reserved level than witnessed during the commodities super-cycle of the previous decade. However, the recent sell off of state owned infrastructure assets is expected to help fuel further investment and growth in urban infrastructure needed to improve Australia's poor quality infrastructure.

RLB: *Xiqu Centre, Hong Kong. The Xiqu Centre will be the first of 17 core arts and cultural venues, occupying a prime site of 13,000 square meters*

***SILVERSTEIN PROPERTIES/BIG ARCHITECTS:** The New 2 World Trade Centre. Scheduled to complete by 2021 it will stand at over 410 metres tall consisting of 81 stories and 260,000 m2 of rental space while the stacking creates 3,530 m2 of outdoor terraces with unprecedented views of the surrounding cityscape*

North America

In the US, the outlook for construction has been looking up after a prolonged period of stagnation. This has been most pronounced in the residential sector, where household deleveraging, slack labour markets, and flat hourly wages stifled demand for new home construction. With the return to more normal economic conditions, the possibility for catch-up growth in the residential sector is growing. In addition, demographic developments are supportive of further residential construction as the large millennial generation reaches child bearing age and requires new housing space to raise their young families.

US non-residential construction did not suffer the same deep contraction as its residential counterpart following the 2008 crash although some city centre commercial markets suffered significant downturn. Strength in US industry following the crisis has been remarkably robust with much of this is due to the competitiveness gains in the US and the consequent reshoring of industrial activity.

Looking forward, the outlook for US manufacturing remains robust following the late-2014 falls in the global oil price. The effective tax cut this represents to businesses and consumers alike should drive activity in the non-residential sector. This is in spite of the recent appreciation in the dollar that has created a tougher export environment for US firms.

Employment data for the construction sector also suggests a more positive picture of overall activity. Job openings in the sector have grown at double-digit pace over the first five months of the year, while new hires have shown similar strength. These trends are in line with our view that the construction sector is expanding capacity ahead of an expected upturn in demand over the coming quarters.

Construction activity in hospitals and schools provides another key area for the US construction sector in coming years. The recent Supreme Court decision in favour of the Affordable Healthcare Act should provide some stimulus to medical sector construction which has been lacklustre in recent years. Favourable demographic trends also point to growing demand for new school buildings as the now third generation baby boomers enter the education system.

In Canada, the late-2014 oil price slide has had significant adverse effects on the economy. Given the dominance of civil engineering construction in Canada, and of extraction related construction within civil engineering, the effects of lower oil prices have been extensive. Investment in the oil and gas sector has been paired back, which has in turn had supply chain effects on other sectors in regions of the country dominated by the extraction sector, Alberta being the standout case.

Via reduced investment and increased pessimism, construction prospects in the non-residential sector have dwindled. Target's recent decision to close all its stores in Canada, as well as creating a lot of vacant space and thereby dampening new construction demand, is emblematic of broader commercial challenges facing Canada over the nearer term.

The residential sector, particularly in the big cities of Toronto and Montreal has been subject to over-heating fears following years of house price inflation. Furthermore, the lack of serious employment growth could put pressure on household incomes, leading to questions over the viability of Canadian housing demand going forward.

***KPF:** Hudson Yards in New York City, consisting of 16 skyscrapers containing more than 12.7 million square feet of new office, residential and retail space*

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Latin America

In Mexico, the construction outlook continues to be driven by strong industrial growth as the country continues to feed US demand for manufactured goods. Cheap energy and business friendly government policies has driven a wave of international companies to setup operations in the country, which also has the benefit of extensive free-trade agreements with the US and Canada. The automotive sector has been the jewel in the manufacturing crown, as almost every major global car manufacturer has built assembly plants in the country, while continuing investment streams guarantee future construction projects. Furthermore, the government's plans to open up the state controlled energy sector should generate a raft of private investment into the country's ageing energy infrastructure. In addition, earlier this year the government announced a 5-year, US$600 million program to improve infrastructure across a range of industries, although the impact of lower oil prices on public finances may reduce its scope somewhat.

One big loser from Mexico's industrial ascendance is Brazil. We had forecast a 2% average annual increase in construction activity through the end of the decade in our last report, but the outturn is now likely to be less than half that. Competitiveness in Brazil remains low as much needed productivity-enhancing reforms have fallen short in recent years. Brazil missed the chance to implement reforms when economic conditions were favourable. Although the government now seems keen to re-orient policies, there is only so much that fiscal and monetary policy can do to affect medium-term prospects. Without reforms to improve labour productivity and simplify the tax code, Brazil will remain very close to the bottom of the list of growth in the major emerging economies.

The near term result is a collapse of the economy into recession. Set against a glowing economic performance only two years ago, Brazil now faces a prolonged period of negative growth. Investment has shrunk for the past 18 months – this in spite of all the spending going into the World Cup and Olympic Games. This has serious implications for construction activity in Brazil, which we expect to shrink over the next two years. In addition, the fallout from the Petrobras corruption scandal has further weakened the near term outlook for industrial structures and infrastructure construction, already reeling from the collapse in oil and iron ore prices.

ZAHA HADID ARCHITECTS: *Esfera City Centre, Monterrey, Mexico, a low rise, high density residential development. The design targets crime prevention through environmental design (CPTED)*

ZAHA HADID ARCHITECTS: *Esfera City Centre, Monterrey, Mexico, a low rise, high density residential development. The design targets high standards in sustainability*

ZAHA HADID ARCHITECTS: *Esfera City Centre, Monterrey, Mexico, a low rise, high density residential development. The design targets high standards in sustainability*


KPF: The Scalpel, joining a cluster of skyscrapers in and around London's main financial district. It will be 190 metres tall and contain 560,000 sq ft of offices

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Western Europe

The outlook in Europe remains constrained by ongoing macroeconomic uncertainties surrounding the future of the Eurozone and a possible Grexit. Though things have improved since the depths of the crisis, the continent is still suffering from internal imbalances and competitiveness issues that stem from diverging economies being locked into a common monetary system.

Though Europe continues to linger under the weight of economic imbalances, there are still some positives for growth. After an L-shaped recovery in the construction sector across many European countries, there is now the potential for pent-up demand to be unleashed. Spain is one example where we are starting to see particularly robust growth after a multi-year period of double-digit declines in construction activity.

The lower oil price has provided an unequivocal boost to Western European nations. As a tax cut, the lower oil price should boost consumption and ultimately investment, which all else equal will drive construction activity over the near term. We are indeed seeing this, as a strong "sugar rush" of consumption appears to be leading to improvement in business sentiment (in spite of the Greek drama this summer) and investment activity, so we are thus a bit more optimistic for the next couple of years. Nonetheless, the European outlook over the long-term remains broadly unchanged. Europe's poor demographic profile underlines much of our construction outlook for the continent. Low birth rates point towards limited new demand for new buildings over the longer-term. In parallel to this, the rise of populist anti-immigration politics in Europe risks shutting out much of the potential for imported labour from abroad.

In France, weak demand at home and abroad is hampering investment, while a lack of competitiveness in the French economy points towards longer term structural constraints on growth. Germany, the major industrial engine of Europe has benefitted from increased trade under the weak euro, though the reduction in capital goods demand from China has weakened demand for industrial construction.

The southern European countries such as Spain and Italy have started to show some promise lately. The Italian economy is expected to grow this year for the first time since 2011, while Spain is forecast to grow by 3.2%. Both countries saw construction activity slashed in the years following the crisis as fears of contagion from a possible Grexit weighed on investor sentiment. This creates the potential for considerable catch-up growth in the coming years. Indeed, we expect average annual growth on the order of 1½% in Italy over the next 5 years, with Spain expected to grow at almost double that rate

The UK construction sector remains buoyant. Having not witnessed the multi-year declines seen in other European countries, the growth path of construction remains stable. A chronic shortage of housing in the south-east region of the UK coupled with an ever growing population should drive new residential construction, while healthy business investment will spur on growth in the non-residential sector. The outlook for infrastructure spending is also promising but the government's commitment to fiscal consolidation may only serve to widen an already significant infrastructure deficit in the UK and dampen growth as publicly funded construction is still expected to shrink further.


Nine Elms on the South Bank, will be one of London's greatest transformations, becoming an ultra-modern complex offering 16,000 homes and 25,000 jobs, schools, parks, culture and the arts, set over 196 hectares including the iconic Battersea Power Station


US embassy in Nine Elms, Battersea. The 11 storey cube-shaped building, one of the highest performing energy use and sustainability in the world

Eastern Europe

The Russian economy has entered deep recession, brought on by a combination of war, sanctions and low oil prices. A BRIC country of previously immense promise, the Russian economy is forecast to contract by around 4% this year, and our expectation of the medium term has been revised down as well. Tumbling investment driven by collapsing confidence and a withdrawal of foreign capital has meant that spending on new construction projects will recede over the coming years, with only a tepid recovery from 2017 onwards.

RLB: Msheireb, Doha, Qatar. The 31 hectare development will be the world's first sustainable downtown regeneration project and the largest collection of LEED certified buildings and whilst preserving the historical heart of Doha

KPF: Abu Dhabi International Airport Midfield Complex, Abu Dhabi, UAE, planned to cater for 30 million annual passengers and designed to achieve a minimum Two Pearl Rating following the Estidama approach towards sustainable design developed by the Abu Dhabi Urban Planning Council

Middle East and North Africa

The sharp fall in the oil price underscores our calculus for Middle-eastern construction prospects. The Saudi response to low oil prices – and by extension, the OPEC response – has been to squeeze margins of the upstart shale producers by maintaining output and relying on the Kingdom's vast reserves to act as a buffer against falling government revenues. So far this strategy has held up, but the Kingdom is rapidly burning through its forex reserves. A prolonged period of low oil prices would have serious impacts on the Saudi and other Gulf state's fiscal budgets. Of course, there are clear consequences for infrastructure construction also. Should the oil price remain below $50pb, investment in developing new extraction projects would likely suffer. It may also affect prospects for big infrastructure projects due to depleted public finances. The recent FIFA scandal and investigation has delayed projects in Qatar as a part of the preparations to host the FIFA2022 World Cup.

Sub-Saharan Africa

In Nigeria, the slide in oil prices has intensified pressure on the government's fiscal position and balance of payments, where fuels and mining products represent some 95% of Nigeria's goods and services exports. However, Nigeria still has plenty of potential for economic growth. The government has made hints towards economic liberalisation such as opening up the oil industry to outside investment and an ending of fuel subsidies, which if combined with better functioning institutions could provide the building blocks for sustained economic growth. Nigeria's population growth is explosive and Nigeria is set to become one of the world's most populated countries by 2030. Growth in working age population is also a key driver.

South Africa, though not a major oil producer has suffered from a more general downturn in metals prices since the end of the commodities super-cycle. Falling investment in mining projects has led to relatively tepid construction activity relative to the last decade. Furthermore, ongoing labour disputes and chronic problems in the country's power grid mean the South African construction industry shouldn't expect a return to stellar growth just yet.

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Data is given in USD for meaningful comparison between regions, sectors and countries. A total of 49 major construction markets are analysed representing almost 90% of world output. Data is modelled and generated using a consistent methodology across all countries, regions and sectors.

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About Global Construction 2030

Global Construction 2030 is the fourth in a series of major global studies of the construction and engineering industry to be published by Global Construction Perspectives and Oxford Economics. The report and over 50 separate databases provide accurate and reliable forecasts to 2030 and analyse the market dynamics in 49 major construction markets representing almost 90% of world output. The report and databases provide forecasts for construction and engineering globally as well as for country markets. The report and databases also examine trends and give forecasts for key sectors such as infrastructure, residential and non-residential markets globally, regionally and for 29 major construction markets. Global Construction 2030 is an invaluable tool for senior executives and policy makers globally who seek to gain a clear perspective on the global construction industry. The forecasts and report have been written by the world renowned and expert team from Global Construction Perspectives and Oxford Economics.

Further details can be found at: **www.globalconstruction2030.com**

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Global Construction Perspectives provides detailed forecasts of construction providing accurate and valuable analysis and evidence on the future of the global construction and engineering industry. Reports such as Global Construction 2030 help senior executives within the global construction industry make the right decisions about future strategy and direction. Global Construction Perspectives works in partnership with Oxford Economics to produce high quality forecasts for the global construction industry. Global Construction Perspectives publishes reports on issues of strategic interest to the global construction and engineering industry and works with a wide range of sponsors and partners. Staff and consultants at Global Construction Perspectives have a wide range and depth of skills and a deep understanding of current and future trends in global construction.

About Oxford Economics

Oxford Economics was founded in 1981 as a commercial venture with Oxford University's business college to provide economic advice, forecasts and analytical tools to international institutions, governments and blue-chip companies. Building on these foundations, Oxford Economics is now an independently-owned world-leader in high quality, quantitative analysis and evidence-based business and public policy advice. Combining skilled analysis with detailed information on the global economic environment creates a firm base for decisions. Oxford Economics works in partnership with Global Construction Perspectives to produce high quality forecasts for the global construction and engineering industry and operates a linked global macroeconomic model that drives a global industry model from which construction forecasts are derived. This ensures complete consistency between the broad economic outlook and the prospects for the construction industry worldwide.

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