



CHAMBER OF  
COMMERCE AND  
INDUSTRY OF SERBIA



**CEVES**

CENTAR ZA VISOKE  
EKONOMSKE STUDIJE

CENTER FOR ADVANCED  
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# CONSTRUCTION

SECTOR OVERVIEW OCTOBER 2016



## TOP NEWS

### [A newly introduced ISO standard for cranes resistant to earthquakes](#)

The new ISO 11031 sets out the principles of design and construction of cranes resistant to earthquakes, and can be used to calculate seismic loads that show how the crane responds to different intensity earthquakes. The introduction of this standard increases not only the confidence in the construction sector, but also introduces a common technical language that allows producers, engineers and customers to clearly understand each other no matter where they are, thus promoting global trade. The need for the introduction of this standard emerged in 1995 after the earthquake in Kobe in Japan, but has only now been realized.

### [Travis Perkins, the largest construction company in UK, closes even 30 branches before the “uncertain” year of 2017](#)

Despite the revenue growth of 5.8% and an increase in non taxable profit of as much as 10.2% in the first six months of 2016, the company is announcing such a move, which would jeopardize 600 jobs. It seems that the cause thereof was uncertainty due to possible negative consequences of Brexit. The company has committed to adjust over the next 5 years its distribution outlets to market needs, and is now closing unprofitable and invests in profitable outlets.

### [Robot building a house for two days](#)

Australian company Fastbrick Robotics has developed a giant robot “Hadrian X”, which is mounted on a truck and that can put 1,000 bricks in one hour, using 3D scanning and lasers.

### [Robot that whitewashes faster than two workers together](#)

“PictoBot” can whitewash in complete darkness, and thus paint the room 25% faster than the two painters. This robot, developed by the University of Singapore, with the support of the Government, whitewashes walls up to 10m in height with the help of an optical camera that scans the space and laser used for navigation.

### [The British start-up made the first tool that made the rectangular openings in the wall in one move](#)

This type of “saw” makes in one move rectangular openings in the wall for switches, thereby eliminating the need for drawing and measuring aperture. The manufacturer claims that this tool would annually bring savings of 16,000 million hours of work and therefore of 320 million pounds, given that the UK has about 250,000 electrician who on average makes three such openings a day.

### [Dubai started a construction of the highest tower in the world](#)

The construction of this tower should last for 4 years, and it will be the highest tower in the world if it is completed before the tower being built in Saudi Arabia, the construction of which is also expected to be finalised in 2020. Tower in Dubai will be 928m high, which is 100m more than the current world’s tallest building Burj Khalifa.

### [Kuala Lumpur gets the biggest underground city in the world](#)

The Chinese company China Railway Group will build this city within the metro line Singapore-Malaysia, which will have shopping malls, thematic parks, cultural villages and financial center. The idea is that, at the end, this city shall represent “a pearl” on the railway corridor that China wants to build by 2026, which will connect Southeast Asia to the East, West and South Asia.

### [Namibia wants to hire Serbian companies on their infrastructure projects](#)

Namibian Deputy Prime Minister and the Minister of International Relations Netumba Nandi-Ndaitwah announced a potential involvement of Serbian companies in projects relating to railway infrastructure, roads, and expansion of airport capacities in this country. Namibia could learn a lot from Serbian companies, since it does not have sufficient knowledge and experience in these areas.

### [Thanks to building permits, Serbia is one of 10 countries that made the greatest improvement in the Doing Business list for 2017](#)

Serbia has moved from the 59th to 47th position, out of 189 countries, with the most pronounced jump in the field of obtaining building

permits(from 152nd to 36th place). Namely, the obligation of online application for building permits was introduced from January 1 this year (via website [www.gradjevinskedomozvole.rs](http://www.gradjevinskedomozvole.rs)), the procedures for obtaining permits were simplified and the process of transfer of ownership of real estate was accelerated. Thanks to the above, one can now build a warehouse in a period of 156 days, compared to the previous 327 days, while the process of transfer of ownership rights is 21 days, which is more than twice shorter than the global average of 51 days.

#### Online issuance of building permits got off the ground - the next step is the reform of the cadastre

Before this step, the line ministry is checking whether there are some problems in practice when it comes to building permits.

## GLOBAL MARKET

#### Global growth in the construction industry is moderate

It is expected that, at the end of 2016, it will amount to 2.8%, which is slightly higher in comparison to the growth of 2.4% in 2015. These growth rates are modest when compared with the average growth rate in the past 10 years from 5% a year, when the construction sector was a leader of the global growth.

#### Weaker growth in the construction sector in the last two years was mostly affected by three factors

These are: 1) historically low oil prices, which have slowed the growth of construction in oil-exporting countries; 2) Economic falter of China, the world's greatest player in the construction sector; and 3) strengthening of the US dollar, which reduced the investment activity of the construction sector, which makes a lot of small companies with high leverage and long maturities of debt.

#### Observed by individual markets, the construction sector is experiencing a transition

In developing countries, growth in 2016 will amount to only 3.4% (compared with an average of 7% in the last 10 years), while in developed countries it will be 2.2% (which is a significant improvement over the previous 10 years, when he recorded a decline of 0.7%).

#### Despite the negative impact of Brexit, the UK construction sector is recovering

Although it was decreased by 0.4% in the first half of 2016, and that investors' confidence was shaken after Brexit, the construction sector of UK from September is again on a growth path. This is a major turning point, given that in July it was at its seven-year minimum. The turnabout was mostly driven by the growth of housing construction, and the infrastructure as well, while the construction of commercial facilities continues to decline, as investors remained concerned about the possible consequences of Brexit. Experts from the construction sector expects growth in this sector by 2.5% in the next 12 months.

#### In the US, construction activity is declining

ABI index (Architecture Billings Index) of the American construction sector in September (48.4) and August (49.7) suggest a declining activity of the construction sector, which will be manifested in 9 to 12 months. (Values of this index lower than 50 indicate a decrease in activities in the sector).

#### The construction sector of India will be the third largest in the world by 2030

Given that every sixth person in the world that move to a city is actually a citizen of India, it is not surprising that the rate of urbanization in this country is the second largest in the world (after China), and that by 2025, India's construction sector will be worth a billion dollars and employ 75 million people. It is expected that by 2030, India will have 77 cities with more than one million inhabitants.

#### Despite the contraction of the housing sector in China, the total construction sector in this country continues to grow

Growth was driven by infrastructure construction in which the Chinese population continue to invest a lot. It is expected that growth will be continued in 2017, and that China as well will, though considerably weakened economically, remain the greatest power in the world of construction until 2030.



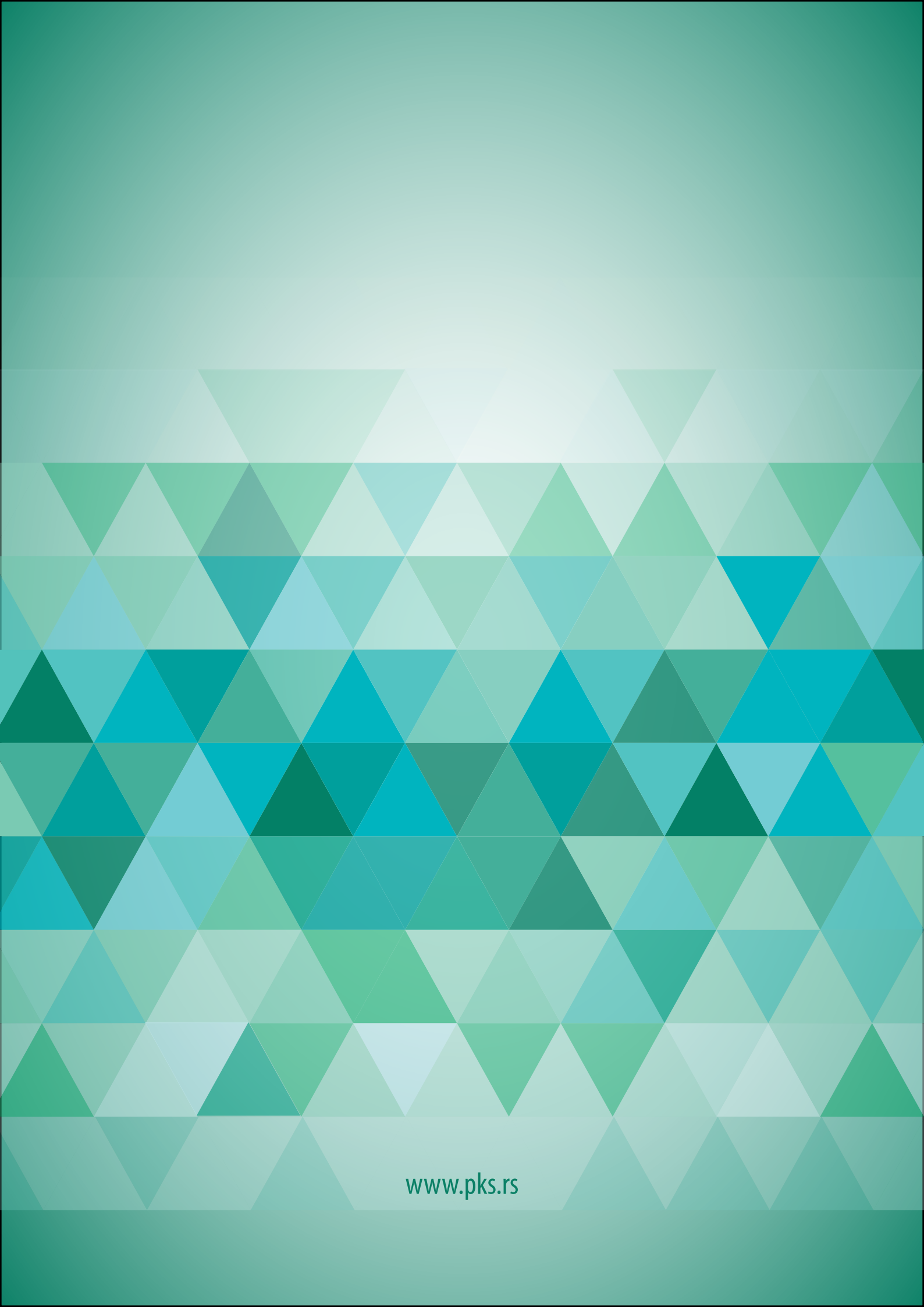
## DOMESTIC MARKET

The value of the works performed by the contractors from the Republic of Serbia in the first half of 2016 increased by 8%, while the value of new contracted works for almost 50% compared to the same period in 2015

Since the beginning of the construction season is usually in the spring, it is not surprising that the value of construction works in the second quarter of 2016 is higher than in the first (by 4.9%). Broken down by type of construction, the value of the works carried out on buildings in the first half of 2016 increased by 31.8%, while in other buildings decreased by 0.6%. The value of new contracts to the contractors from the Republic of Serbia has increased by 49.7% when compared to the same period in 2015.

**The number of issued building permits is growing rapidly, thanks to the online procedure**

The total number of licenses issued for the period January - August 2016 increased by 14.8% when compared to the same period last year, while the estimated value of newly built buildings increased by 43.7%. The good news is that the number of permits issued is growing from month to month. Only in August this year in Serbia 23 percent more building permits were issued than in the same month of 2015. These advances primarily resulted from the unified simplified online procedures for obtaining permits.



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