



Construction sector in Ukraine 2008

Development forecasts for 2009-2011

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A word from the author



“Over the last five years the construction market in Ukraine recorded two-digit growth rate. However, since the beginning of 2008, when the global financial crisis started to affect Ukraine, banks have been less willing to lend money to finance development projects or help individuals purchase real property. The crisis, coupled with demanding requirements related to preparation of building land, rising prices of building materials and extremely complicated procedures of obtaining building permits, caused a slight decline in the construction output during the first eight months of 2008. At the same time, residential construction recorded a small increase. The Ukrainian construction sector still has to deal with shortage of qualified staff and lack of up-to-date equipment. A window of opportunity may open in 2009, when the building regulations are planned to be simplified and when – as part of preparations to Euro 2012 – markedly higher investments are expected to be made into construction of sports facilities, transport infrastructure and hotels.”

Robert Obetkon, Construction Market Analyst

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MarketInsight
Methodology

In 2008-2011
Ukraine's average
GDP growth will
reach 5%.

Description

Construction sector in Ukraine 2008 is an exhaustive report on the Ukrainian construction market, offering a meticulous study of its individual segments: engineering construction, non-residential construction and residential construction. This detailed analysis is accompanied by a more general overview discussing the overall situation on the construction market in Ukraine, and revealing reliable development forecasts for the next three years.

The report features profiles of the 15 largest construction companies in Ukraine, making it an invaluable source of accurate, up-to-date intelligence on the sector.

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Key sections

Section one introduces the reader to useful background knowledge concerning the **political and economic situation in Ukraine**. It provides current and future investors with crucial information on the legal and political stability of the country, its business environment, the level of corruption, as well as bureaucratic conundrums and the general investment climate in Ukraine.

Section two has been devoted to the **macroeconomic situation in Ukraine**. It includes data on the country's GDP from 2003 to 2007, followed by GDP forecasts, and the GDP percentage represented by the construction sector. This chapter also provides facts on investments; special attention is given to investments in fixed assets, construction investments, as well as foreign direct investments, with their total value, and their value within the construction sector. This part of the report also provides the latest data on inflation and exchange rates.

Section three offers an extensive **overview of the construction sector**. It analyses the construction output in previous years according to different types of works and discusses regional differences within the construction sector. It then studies the financial performance of the Ukrainian construction companies, introducing the latest data on employment, salaries and wages. It also presents the **Ukrainian construction companies** and movements in their number observed in the previous years. This is followed by information on price movements, trends and forecasts related to construction work, building materials and equipment, as well as comprehensive data on taxes. Special attention is also paid to the cement market, as well as investment formalities within the sector.

Construction sector development **forecasts for 2009-2011** complete this exhaustive chapter on the general situation in the construction sector in Ukraine.

In 2007,
construction
output rose
by 15.6%.

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More than a half of all the construction works, by value, is carried out in Kiev and the Donetsk, Dnipropetrovsk and Kharkiv oblasts.

Section four discusses the **engineering construction segment**. This section examines the construction of the road network, railway network and airports. It then analyses investment projects in the power sector and the development of the pipeline network. A detailed presentation of projects related to the protection of the environment can also be found in this chapter.

Section five examines the **non-residential construction segment**. It includes data on the number of completed non-residential buildings and foreign investments within this segment. This is followed by a thorough analysis of office construction, retail area construction, with special consideration of shopping centres, and industrial and storage area construction, particularly within logistic centres.

Section six offers an in-depth study of the **residential construction segment**. Introductory information involves facts on the share of the residential segment in the total construction output and foreign investments within this segment. This section also discusses residential resources and the repair and maintenance market, followed by an overview of the residential construction segment in recent years, according to different regions. Recent **trends and forecasts in house prices** and a description of residential construction development programmes also constitute an important part of this chapter. Finally, this section reveals forecasts for 2009-2011, related to the number and area of residential buildings.

Section seven features profiles of the **fifteen largest construction companies in Ukraine**, based on their 2007 revenues.

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Report overview

Following an extensive introduction into Ukraine's political and legal situation, its general business environment and the country's macroeconomic background, this report presents an exhaustive overview of the Ukrainian construction sector as a whole. The following issues are examined in detail:

- the construction output in previous years
- regional differences within the construction sector
- the financial performance of construction companies
- employment and salaries in the construction sector
- construction companies and movements in their number observed in previous years
- overall situation in the construction market
- price trends and forecasts
- taxes
- investment formalities
- development forecasts for 2009-2011.

The report then analyses the **engineering construction segment** with special attention paid to the following aspects:

- types of engineering construction projects
- road network construction
- railway network construction

Ukraine has almost 86,000 construction businesses, representing more than 7% of all the companies operating in the country.

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An average of 630,000-700,000 people were employed in the construction sector in Ukraine in recent years.

- airport construction
- investment projects in the power sector
- development of the pipeline network
- projects related to environmental protection

Non-residential construction segment is then discussed, with the emphasis on the following points:

- non-residential buildings completed (by type)
- presence of foreign developers
- office construction
- retail area construction (shopping centres mainly)
- industrial and storage area construction (logistics centres mainly)

The report then examines the **residential construction** segment, providing information on the following issues:

- types of residential buildings
- residential buildings constructed by individual investors
- presence of foreign developers
- total residential resources
- residential construction in recent years, by region
- house prices
- residential construction development programmes.

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Finally, the report features **profiles of the 15 largest construction companies** in Ukraine, presented according to their 2007 revenues. These profiles include the following company data:

- revenues
- profits
- the shareholding structure
- staffing levels
- core business
- market share
- area of operations
- contact information.

The prices of building materials went up by 30% in H1 2008.

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In 2012,
over 17 million m²
of housing space
is to be completed
in Ukraine.

The report is an essential read for:

- companies active on the construction market in Ukraine
- the top management of companies planning to enter the Ukrainian construction market
- consulting, research and analytical firms
- government agencies, embassies and professional organisations,
- producers of construction materials, technology providers
- investment funds, banks
- think tanks and academic institutions.

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