

European construction on the right track

FIEC's annual activity report for 2019 outlines – with one or two caveats – an encouraging trend of steady and ongoing recovery in Europe

For the fourth year running, FIEC's annual activity report 2019 shows that the construction industry is maintaining its recovery, after turning a corner in 2014, following difficult years since the 2008 crash. Even in countries which never really managed to pick up in the years that followed the economic crisis, there are signs of growth.

FIEC'S ACTIVITY REPORT – HIGHLIGHTS

Apart from a small minority of countries – and albeit with disparities between Member States – the trend is encouraging. It should be remembered that growth is being measured against historically low baselines. Nevertheless, FIEC is cautiously optimistic. "Although the situation continues to vary from one country to another, the overall picture is currently positive, with activity in new housebuilding even booming in several countries," said FIEC President Kjetil Tønning on publication of the federation's annual statistics. "In 2018, overall construction output in the EU amounted to €1,427 billion, which represents 9.0% of EU GDP. This is an encouraging increase of 3.5% compared to 2017" he added.

The main driving forces in 2018 were new housebuilding (+4%) and civil engineering (+4.7%). Recovery in the latter segment is a sign that the investment policy launched under the Juncker Commission is starting to have an impact, although this is certainly not the only driver.

Interestingly, renovation and maintenance (R&M), which

remained stable throughout the crisis, thus having an important cushioning effect for the entire construction sector, is now slowing down as new construction takes the lead again. This is a relative levelling off, given the overall turnaround in results and in any case, R&M still represents a bigger share of overall construction activity than new housebuilding (i.e. 25.8% compared with 22.7%).

MORE EMPLOYMENT MEANS SKILL SHORTAGE EXACERBATED

The level of employment in the construction industry increased again in 2018 (+1.8%). In total, construction provides jobs for 14.8 million people in more than 3.3 million companies. This means that the industry generates 6.4% of Europe's total employment. This increase only emphasises the ongoing shortage in skilled labour, apparent in several countries. With an optimistic outlook in terms of future trends in activity, this lack of available workers is obviously an obstacle to the sector's future growth.

Ironically, given some of the recent headlines suggesting that robots will cause widespread redundancies, in particular for blue collar workers, and the legitimate concerns of SMEs which are less able to cope with the disruption caused by digitalisation in general; this evidence appears to support the current move towards industrialisation, in particular through digitalisation.

FIEC's President, who chaired the federation's BIM Working

Group when it was launched in 2016 and later its Construction 4.0 Working Group, has long been saying that automation and the use of cobots (collaborative robots) is an opportunity. This is the case not only for construction companies and their workers but also for public authorities and citizens alike. "Construction work can be hazardous and physically strenuous, not to mention unpleasant when the weather is bad, for example. Cobots can take the strain off workers, by undertaking the heaviest, most hazardous and the most boring and repetitive tasks" says Tønning. "Cobots can continue to work when circumstances might otherwise force interruptions in construction. For public authorities, including the EU institutions, which have long called for increased productivity in the sector and for citizens, who face rising prices as a result of chronic housing shortages in some countries, this has to be good news."

Speaking about the construction jobs that will be the norm in future, Tønning adds, "New skills will be required, but FIEC and other employers' and employees' organisations are addressing what training is needed to upskill workers and we expect an additional benefit as young people and women are attracted into the industry. This will help to fill the skill shortage and the gaps created by the retirement of mature workers."

With the possible caveat of Brexit uncertainty, the future looks bright for construction. That said, growth will always be

linked to ongoing and increased investment.

With this in mind, FIEC welcomes the positive outcomes of the Investment Plan for Europe in terms of boosting both public and private investment.

The continuation of this policy during the next EU financial programming period (2021-2027), via the InvestEU Programme, is essential. Last but not least, the renovation of the EU building stock remains an urgent priority, with current targets for zero energy buildings not being met. Further investment for this kind of renovation is required, from both public and private sources and FIEC continues to advocate for holistic renovation. Therefore, financing schemes should allow for structural and safety improvements to be undertaken during financed "energy" renovation works.

If these priorities are supported by investment, FIEC expects the current industry performance to continue into the medium-term future, although maybe at a slower pace (i.e. forecast for 2019 is +2.2% overall EU construction activity).

ce



FIEC

Avenue Louise 225,
B - 1050 Brussels, Belgium.
Tel: +32 2 514 55 35;
e-mail: info@fiec.eu
www.fiec.eu



@FIEC_Brussels



FIEC EU

Recognised "Sectoral Social Partner" (employers)

