

# Building the future: The road to prosperity is always under construction

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*Thursday 20th October 2016, 10:00 – 13:00*

*Technical Chamber of Greece, 4 Nikis Str., 10563, Athens*



The Technical Chamber of Greece (TCG) in cooperation with the Civil Engineers Association of Greece (ACEG) and the European Council of Civil Engineers (ECCE) organizes a Half-Day Conference with the title “Building the future: The road to prosperity is always under construction”.

The construction industry makes a vital contribution to the competitiveness and prosperity of the economy. The activities of the construction industry are also vital to the achievement of national socio-economic development goals of providing shelter, infrastructure and employment. The sector provides 18 million direct jobs and contributes to about 9% of the EU's GDP. It also creates new jobs, drives economic growth, and provides solutions for social, climate and energy challenges. It is clear that construction activities affect nearly every aspect of the economy and that the industry is vital to the continued growth of the economy.

Because of its specificities, construction activity is closely influenced by economic fluctuations to which it usually reacts with some delay.

The European construction sector is still in recession and is bearing the brunt of the financial crises. Against this backdrop, the European sectoral social partners, see opportunities and challenges, which could enable the construction sector to emerge from the financial crisis fitter and stronger.

In Greece particularly, the problem is that the construction sector is not facing just a crisis but a total collapse, so the size of the interventions required for the survival and recovery of the construction sector (infrastructure and buildings) are much larger in comparison with the rest of the EU.

In general, the gloomy picture of the sector can be described as following:

## **Infrastructure**

The size of the construction sector has been decreased dramatically recording a freefall during the recent years of economic crisis. In particular, during the period from 2008-2013, the turnover from construction activities decreased by 62.5%, the number of the industry firms declined by 26%, turnover of the construction activity fell by 75.5% and the added value of production decreased by 45.8%.

A PwC study entitled "Infrastructure Financing the Future" has recorded 1.1% of GDP investment in infrastructure and a 53% reduction in direct jobs in comparison with 2009 data. According to the study, during the crisis period in Greece there has been very little and diminishing investment in infrastructure (from 3.7% of GDP in 2006 to 1.1% of GDP in 2015). The total loss from this is estimated at 50 billion Euros.

### **Construction**

The housing market in Greece has been ranked as having the worst performance among Europe of "28" and of course in the Eurozone.

The investment in the construction of new housing in Greece has decreased by 95% during the period from 2007 until the end of the second quarter of the year, while the decline in construction activity in the period from 2005 to the end of the first half of this year reaches 93%. This image is reflecting the intensity of the crisis in the real estate market, which may have been hit hardest in comparison with the other sectors of the economy during the last years.

It is distinctive that all the sub-indicators in the real estate market recorded a decline. . House prices have fallen by 45% in the two major urban centers of Athens and Thessaloniki and by 41.5% nationwide since 2008. The prices for buildings of commercial or business use have decreased by 30% since the beginning of 2010. However, these reductions concern the high quality standards buildings, as the old buildings that are located in less commercial areas the decrease reaches an average of 45-50%. It is possible that the average decrease of the housing properties' value will drop by 70% from the beginning of the crisis in 2008 until the completion of the third memorandum in 2018.

Unfortunately, this situation is bound up with the fiscal adjustment policies imposed by the obligations set by the memorandum for Greece. In this sense, overcoming the crisis in the construction sector is directly dependent on the wider economic re-orientation. An investment shock in both the public sector and private investments would be required if we would like to overcome this difficult situation.

In this context, policymakers must seek to bring about a sustainable construction sector. If the European, national and regional authorities do not act quickly to take structural measures, the recession in construction will continue have a far-reaching non reversible negative impact on the jobs and growth by also affecting those sectors linked to construction.

The representatives of the Technical Chamber of Greece, the Civil Engineers Association, the European Council of Civil Engineers, the Greek National Authorities and the Greek Construction Firms will come together to discuss the problems that the construction industry phases nationwide and at European level and to show the way forward to a more prosper future through boosting the construction sector.

The speakers are going to be announced shortly.