

DOWNLOAD PDF SOUTH AFRICAN CONSTRUCTION INDUSTRY ANALYSIS

Chapter 1 : PwC Construction Report - SAICE

The South African construction industry has grown substantially throughout the previous decade, which has resulted in a shortage of skilled or trained workers within the sector at all levels. The success of any business is greatly impacted by the skills and expertise of its team.

Outlook –” from the Captains of our Construction Industry Every year SA Builder invites captains of the construction industry and related sectors to participate in an objective outlook of anticipated operating conditions and initiatives for the building and construction industry for the forthcoming year. Here follow some of their views: Although the municipal elections took place in , which is one of the reasons for a sluggish performance in the construction industry, the new municipal leaders are still finding their feet and trying to get rid of corruption. On top of that the possible downgrade and the political uncertainty, both play a roll in how will pan out. There is far too much red tape and fear for a qualified audit to really get things done. Overseas investment is unlikely to make a big difference in Until the fraud and corruption get under control, investors will be hesitant to invest in infrastructure. South African construction industry is becoming a much safer place to work in, due to the awareness and safety programmes that are being run. The Lost Time Ratios have reduced dramatically in the last 10 years. In this regard, the efforts of FEM with industry associations have played a major role and more effort is planned for the future. On Skills and training: There are no shortages of major skills in the industry, but the average age of artisans is very high and more emphasis need to be placed on training artisans. Industry has to use the training institutions and claim their grants back from CETA for the training that was done. Green building is more expensive than conventional building, in the short term, but with the projected increases in the price of electricity, the long term rewards for going green is under-estimated. The credits that can be claimed for going green, is also not well enough used. Many South African companies are working in Africa, but few seem to be very successful, especially competing with the Chinese. Some of the larger companies have ventured on other continents and appear to be very successful. This is proof that our methods and knowledge can be very well used globally. Until we get rid of corruption and until government at all levels employ competent people to run the planning, tendering, awarding and supervision of contracts, there will not be sustainable growth in South Africa. It is a myth to think that you can push students through the system and that they will be skilled overnight to do what is required. Experience only comes from hard work and years of hands on appropriate work. Even if some of it was anticipated I do not think anyone quite realized how much of a rollercoaster ride it was going to be. We have been charting turbulent waters to say the least and the new acronym of V. A Volatility, Uncertainty, Complexity and Ambiguity is going to be very real for us in the coming years ahead. From strategist Eric J. McNulty the words mean the following: Flexibility and resilience is going to be crucial for as the one thing we know for sure is that it is going to change. As an industry we need to try and remove the noise and keep asking the pertinent questions and adapting accordingly –” often easier said than done. Our industry and the traditional modus operandi has changed and is changing. There is a new normal in the application of terms of engagement governing the construction industry with, new BEE grading and legislation, CIDB requirements ,contractual vigilance and Competition Commission outcomes and consequences exacerbated by weak growth, lack of confidence, budget constraints and skills shortages. Feast or famine still very much characterizes our industry, however it is more nodal than before. South African construction industry has been in a slump since and the added impact of reduction of skills, slow roll-out of NDP, budgetary constraints and slow project starts or non-starts is constraining construction companies both in terms of delivery and profitability. We can definitely see some form of rationalisation of the industry and a changing face of construction companies with more emphasis on SMME development. Who would have thought that Murray and Roberts would have unbundled the way they have. We should be seeing a lot more of these changers in our industry during As largely categorized by the CIDB the sector is now also divided into large, medium and small projects. Government

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are breaking up the larger infrastructure projects into smaller packages to accommodate the smaller contractor and although this opens opportunities for more participation across the industry, it does mean that the larger established sector have to either find larger projects outside our borders, or restructure their companies. Economic growth will remain lackluster in with the various nodes in the metropolises continuing to provide opportunities. Jose Correira, Managing Director, Tiber Construction We are cautiously optimistic and firmly believe that there are good opportunities to be explored: Jose Correira, Managing Director, Tiber Construction It is important to note that our outlook is based on the market we operate in which is predominantly the Private sector within the Gauteng region. We experienced reduced activity in the first half of which raised concerns going forward as to whether or not all the negativity surrounding our political environment was resulting in contraction due to poor investor confidence. Although this could be the case we must however note that activity over the last three to four months has increased as can be seen by the number of enquiries and tenders that have been circulated in our space. We must also note that many of these tenders are being submitted with unrealistic programmes which is evidence that developers are also under pressure to secure limited leasing opportunities with tight move in dates. This will all add more pressure to an already struggling industry which is noticeable by the number of Listed Entities expressing interest in selling off majority share holding and in some circumstances leaving the space completely. We are hopeful that due the avoidance of a ratings downgrade, foreign investor confidence will be boosted thus unlocking further opportunities for growth in our sector. In summary even though employment figures for the year in the industry were up we did not feel these increased levels of work in our sector but as a result of recent increased activity, are more positive for the New Year. Due to the volatile nature of our industry we do however remain cautious on the outlook but still firmly believe that there are good opportunities to be explored for those who are prepared to invest the time and effort.

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Chapter 2 : Industry | Statistics South Africa

South Africa's construction industry faced a challenging year in , fraught with labour unrest, substantial delays on some of the country's major construction projects, as well as recent setbacks in the economy.

The report highlights some of the trends in the South African construction industry. Key findings of the study include: The South African construction industry The financial year saw a decline in market capitalisation and financial performance. Seven of the nine companies reflected a decrease in market capitalisation. However, this will require input from and co-ordination with the construction sector for it be successful. The private sector is also a significant contributor to capital expenditure in the construction sector, with the mining sector being one of the biggest players. Due to severe pressure in the sector, however, with shrinking margins attributed to volatile commodity prices, exchange rate fluctuations and labour unrest, there has been a decline in demand from this sector. The secured order book has shown a declining trend since A decrease in order books was observed across six of the nine construction companies analysed. The secured order book cover of 1. The increase was as a result of an even bigger decrease in revenue. These decreases were largely as a result of the weaker economy, in particular for commodity markets with a notable decrease in revenue from energy, oil and gas projects. Disposal of non-core businesses also contributed. A number of retrenchments took place in the industry in as construction companies could no longer maintain their staff investment. It is positive to note that solvency and liquidity ratio continue to remain reasonably strong and in line with those of the prior year at 1. Integrating risk for performance Risk management continues to be a vital component of effective management for the construction industry having regard to the recent economic climate and more harsh operating conditions. The common risks identified by construction companies include monitoring and compliance with the B-BBEE codes; health, safety and environmental sustainability; industrial action; liquidity risk; talent management and staff retention; growth expansion and operational performance; the macro-economic environment; tender risk; and compliance with legislation and regulation. Tax developments Key players in the construction industry have taken steps to review their group structures with a view to streamline their operations into a more consolidated group. However, this requires careful consideration of tax planning. The Income Tax Act contains a number of group roll-over provisions which may assist corporates to restructure and simplify their operations and structures in a tax neutral manner. It should also be noted that the legislation does not prohibit the use of tax loss companies as part of restructuring. Improving value to stakeholders The construction industry adds significant value to South Africa and its people. The monetary value received by various stakeholders is often summarised by companies in their value added statements. This is a significant contribution to the labour market. According to Stats SA, more than 1. PwC Assurance Partner Office:

Chapter 3 : Africa Market Analysis :: Fitch Solutions

South African construction industry's growth prospects by market, project type and construction activity Analysis of equipment, material and service costs for each project type in South Africa.

Chapter 4 : Trends in Southern Africa's construction industry to look out for in

The construction industry, a significant contributor to employment and growth in South Africa, has been in a slump since The financial year once again got off to a poor start, with margins under pressure, tight liquidity and decreasing order books.

Chapter 5 : Construction industry has moderate outlook until | Infrastructure news

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Synopsis In real terms, the South African construction industry's forecast-period () outlook is moderate compared to its review-period () performance. This is a result of.

Chapter 6 : Study shows why SA's construction industry is under pressure | Infrastructure news

The outlook for South Africa's construction industry over the next four years will be moderate, compared to the industry's performance between and , says data analysis company Timetric. Contributing to this is poor investor sentiment as a result of slow economic growth, and the.

Chapter 7 : Construction A review of South Africa's construction sector (PDF Report)

he construction industry in South Africa provides employment for approximately million people, including 1 million in the formal construction industry and , in the informal construction industry.

Chapter 8 : South Africa Infrastructure Market Report | BMI Research

South Africa's slow economic growth, a diminishing pool of construction work, increased competition and pressure by government to transform the sector are negatively affecting the country's largest construction firms, which are facing tight liquidity, decreasing order books and margins that are under pressure.

Chapter 9 : Analysis of the South African Multidisciplinary Construction Industry within an African Context

The South African economy grew by 2,0% in the third quarter of (seasonally adjusted and annualised), down from a revised 2,8% in the second quarter. Agriculture, mining and manufacturing were the main drivers of the expansion, while there was a contraction in general government services resulting from low employment numbers in the public.