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**ÖSTERREICHISCHES INSTITUT FÜR  
WIRTSCHAFTSFORSCHUNG**



**63<sup>rd</sup> Euroconstruct Conference**

**The Prospects for the European  
Construction Market 2006-2009**

**Country Report: Austria**

**June 2007**

**63<sup>rd</sup>**

**EUROCONSTRUCT CONFERENCE**

**Country report**

**15<sup>th</sup> June  
Prague 2007  
Czech Republic**

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This Country Report has been written and prepared by the EUROCONSTRUCT organisation from the country reports of the 19 EUROCONSTRUCT member institutes.



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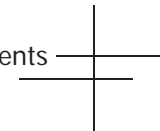
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# THE EUROCONSTRUCT NETWORK



**EUROCONSTRUCT CONFERENCE**  
15<sup>th</sup> June 2007, Prague, Czech Republic

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SUI

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## EUROPEAN CONSTRUCTION BUSINESS RESEARCH AND FORECASTING GROUP

[www.euroconstruct.org](http://www.euroconstruct.org)

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EUROCONSTRUCT was set up in 1975 by a number of specialised research institutes and consulting organisations as a study group for construction analysis and forecasting. It has since expanded from the core group to include almost all Western European countries (the European Union and EFTA), as well as a number of Eastern European countries. At present, EUROCONSTRUCT has member institutes in 19 European countries.

EUROCONSTRUCT'S network also extends to the Baltic States (through our Finnish partner), Japan (Research Institute for Construction and Economy, RICE, Tokyo) and Korea (Construction & Economy Research Institute of Korea, CERIK, Seoul).

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The aim of EUROCONSTRUCT is to provide decision-makers in the construction sector and related markets and in ministries, agencies and national and international associations with information, analyses and forecasts to enable them to plan their business more effectively.

Construction markets are regional or even local. It is, therefore, a great advantage that the analysis and forecasts for these markets are prepared within the EUROCONSTRUCT network by competent national institutes for their respective home markets.

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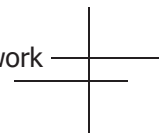
EUROCONSTRUCT'S research and advice focuses on:

- Short and medium-term forecasts for macro-economic and detailed construction trends in Europe
- Analysis of structural changes, business strategies and competition in the European and world-wide construction industry
- Market studies for industrial goods and service used by the building and infrastructure sectors.

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EUROCONSTRUCT'S research and forecasts are designed to meet the needs of many types of business including:

- Construction contractors and developers; housing associations;
- Manufacturers and traders supplying construction materials, products, equipment and machines; architects and other construction professionals;
- Banks, financial and credit institutions;
- Government departments and national agencies; industry associations;
- The Commission of the European Community and other European organisations.



Each country member of EUROCONSTRUCT has the project management resources to offer their customers turnkey studies of pan-European scope. They can guarantee:

- Specific know-how and experience in database research and consulting;
- A consistent multinational approach;
- Expertise in project co-ordination and quality control;
- Reports in the languages of the customer's choice.

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Twice a year, EUROCONSTRUCT organises an international conference on:

- Short-term forecasts by the EUROCONSTRUCT member institutes for the main market segments (housing, non-residential buildings, infrastructure and civil engineering, all sub-sectors with a breakdown in new work, and renovation/modernisation activities) in nineteen European countries.
- A special issue selected for its medium-term impact on the construction industry (e.g. demographics, privatisation, lifestyles, technological change, internationalisation of strategies, changes in the demand and supply structure).

Past and forthcoming conference venues:

June 2002	Dublin (Ireland)
December 2002	Munich (Germany)
June 2003	Budapest (Hungary)
December 2003	Funchal (Portugal)
June 2004	Stockholm (Sweden)
December 2004	Paris (France)
June 2005	Cardiff (UK)
November 2005	Barcelona (Spain)
June 2006	Amsterdam (the Netherlands)
December 2006	Munich (Germany)
June 2007	Prague (Czech Republic)
December 2007	Vienna (Austria)

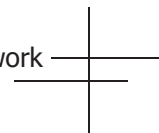
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In addition, EUROCONSTRUCT offers special studies for selected national and international clients based on well-founded knowledge of databases, methods, correlations and measures.

For details, please contact the EUROCONSTRUCT partner institute in your own country.







## MEMBER INSTITUTES

<b>Austria</b>	WIFO	Austrian Institute of Economic Research
<b>Belgium</b>	Aquiec-Vkebi	Association pour la Qualité des Indicateurs Économiques de la Construction
<b>Czech Republic</b>	ÚRS PRAHA	ÚRS PRAHA, a.s., engineering & consulting organisation
<b>Denmark</b>	CIFS	Copenhagen Institute for Futures Studies
<b>Finland</b>	VTT	Building and Transport, Business Intelligence
<b>France</b>	BIPE	BIPE
<b>Germany</b>	IFO	IFO Institute for Economic Research
<b>Hungary</b>	Build&Econ	Building Economy, Art and Architecture Consulting Office
<b>Ireland</b>	DKM	DKM Economic Consultants
<b>Italy</b>	CRESME	Centro Ricerche Economiche e Soziologiche di Mercato nell'Edilizia
<b>Netherlands</b>	EIB	Economisch Instituut voor de Bouwnijverheid
<b>Norway</b>	Prognosesenteret AS	PS – Building and Construction Research
<b>Poland</b>	PAB	Polish Construction Research & Forecasting
<b>Portugal</b>	ITIC	Technical Institute for the Construction Industry
<b>Slovakia</b>	ÚEOS	ÚEOS - Komerčia, a.s
<b>Spain</b>	ITeC	The Catalonia Institute of Construction Technology
<b>Sweden</b>	Prognoscentret AB	Prognosesenteret AB (Part of the Analysgruppen AS)
<b>Switzerland</b>	KOF ETH	Swiss Institute for Business Cycle Research, Swiss Federal Institute of Technology, Zurich
<b>United Kingdom</b>	Experian	Experian Business Strategies

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**AUSTRIAN INSTITUTE OF  
ECONOMIC RESEARCH**

## The Leading Provider of Economic Analysis and Economic Policy Consulting in Austria

WIFO analyses national and international economic trends and supplies short- to medium-term economic forecasts. Together with our studies on European integration, competitiveness and location of industries and services, these trends and forecasts provide the basis for economic policies and corporate strategies.

Our activities increasingly include commissioned research and consulting for domestic and international decision-making bodies, the European Commission, OECD, major business and financial institutions.

Modern empirical methods incorporating the most current data available and knowledge of the institutional and political structures - these are the factors that guarantee the quality of our work. The use of international networks as well as our independent and non-partisan approach gives particular weight to our findings.

WIFO is organised as an association, with membership open to organisations and individuals. Contributions by economic policy institutions provide the foundation for basic research and access to the combined research resources of a pool of about 100 highly qualified staff. Our cooperation with sponsors and members is based on the principles of partnership, project orientation and interactive collaboration.

As a member of ERECO (European Economic Research and Advisory Consortium), WIFO has partner institutes in Birmingham, Bologna, Cambridge, Madrid, Munich, Paris and Rotterdam.

### Main Research Fields

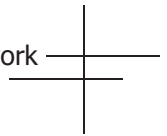
Macroeconomics  
Perspectives of the Welfare State  
Reforms of the Public Sector  
Globalisation  
Sustainable Development  
Knowledge-Based Economy

### Regional and Sector Analyses

Agriculture  
Industry, innovation and telecommunications  
Construction  
Transport, Energy  
Banking  
Tourism, Trade and commerce  
Private and public services

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# AQUIEC-VKEBI

*ASSOCIATION POUR LA QUALITÉ DES INDICATEURS ÉCONOMIQUES DE LA CONSTRUCTION*  
*VERENIGING VOOR KWALITEITSVOLLE ECONOMISCHE BOUWINDICATOREN*  
*(ASSOCIATION FOR THE QUALITY OF THE ECONOMIC INDICATORS OF THE CONSTRUCTION INDUSTRY)*

EC

## Activities

The AQUIEC is active in each of the fields that make it possible to improve the economic information relating to the construction sector.

As a general rule, it operates as a Forum, in which the experts coordinate the initiatives relating to the construction statistics: drawing up of statistics, quality control and analysis (of the current and forecast economic situation) and in which they exchange information that can prove useful for the objective achievement of these analyses.

As far as the prospects are concerned, it also operates as a Scientific Council responsible for:

- defining the hypotheses selected for the drawing up of the « construction prospects »: macro-economic hypotheses and others (national insurance contributions, tax, policies likely to influence the construction industry, etc.)
- defining the working method, for checking the pertinence of the macro-econometric model that translates the selected hypotheses into « construction prospects » and for advising its managers on the improvements to be made to them;
- evaluating, in terms of coherence and probability, the prospects drawn up by the Construction Confederation (currently the only one able to carry out this work in Belgium) on the basis of the framework that it has defined (hypotheses and method);
- validating (after a possible correction) the prospects drawn up in this manner.

## Status

The AQUIEC, Association for the Quality of the Economic Indicators of the Construction Industry, is an association of experts whose areas of expertise cover the economic and legislative environment that determines the development of the construction industry, as well as the specific characteristics of its various sub-sectors.

## Organisation

The AQUIEC operates according to the same principle as the « Institut des Comptes Nationaux » (an official organisation that draws up the national accounts in Belgium), which means that it is a structure made up of a group of specialists who define a working framework, delegate the practical work, control and validate this work.

The experts of the AQUIEC form a pluridisciplinary team that includes economists, jurists and specialists in tax and social matters. Most of them are members of the highest authorities that oversee their areas of expertise: Central Economic Council, Supreme Statistical Council, Economic Club, Supreme Financial Council, Supreme Employment Council, etc.

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**ÚRS PRAHA, a.s.**, was established in 1992 as the successor of Institute of Rationalisation in the Construction Industry. Main activities of the company are services in the area of cost estimation in the construction industry. Further activities are analysis of the construction industry and prognosis of the future development, research in the field of regional development and housing problems; all for both private and public sectors. Headquarter is located in Prague, branch offices are in Brno, Hradec Králové, Ostrava, Plzeň and České Budějovice.

The activities of ÚRS PRAHA extended abroad the Czech Republic long time ago. The company is member of various international non-government associations interested in monitoring the state and trends of European and world construction industry (EUROCONSTRUCT, EDIBUILD, ICIS, etc.). ÚRS PRAHA is registered as consulting organisation for PHARE programme in Brussels and also prepares data for FIEC on behalf of the Czech Republic.

ÚRS PRAHA has a certificate of the Quality Control System CSN ISO 9001 for engineering and consulting activities in the construction industry as well as for studies in the field of regional development and for SW and database development and delivery. There is regular assessment of the company rating Baa2.cz by MOODY'S CENTRAL EUROPE RATING.

#### **Pricing system for constructions and construction works**

- the company is traditional creator of the methods and databases for cost estimation of the construction works, periodically updated data are published in printed and electronic forms

#### **Real estate, buildings and enterprises valuation**

- the company is expert institute for evaluation of real-estate, buildings and enterprises price, its services are used by various clients including banks, insurance companies and courts, clients are both domestic and foreign

#### **Sector analysis, development studies, strategies, TOP ranking lists, marketing studies**

- statistics, analysis and conception of construction development
- economical analysis and development studies for construction companies
- TOP ranking lists of construction companies and construction materials manufacturers

#### **Classifications and categorisations**

- traditional cooperation at the creation of classification systems of the construction products related to SKP (Standard Classification of Production)
- categorisation of the products and services according to assessment of VAT, property depreciation, repairs and technical improvements

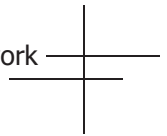
#### **Regional development and housing policy**

- studies of population, settlement and housing stock in regions and selected towns at the Czech Republic territory
- processing of housing policy conceptions for towns and regions of the Czech Republic (analysis, prognosis)
- maintaining of territorial identification registry and pattern of basic settlement units

#### **Courses and seminars**

- the company organises the seminars and courses for quantity surveyors and cost estimators

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# The Copenhagen Institute for Futures Studies



EC

## Future-based innovation

[www.cifs.dk](http://www.cifs.dk)

The Copenhagen Institute for Futures Studies is an independent research organisation, founded 1970. It functions as consultant and source of inspiration to corporations, government bodies, and other elements of society, globally. The CIFS creates visions of the future, tailor-made to the need of clients in relation to corporate development, product development, etc., supported by a staff of 25, and it runs training programmes related to corporate work within trends, uncertainties and innovation for the future.

The range of products and services is large, ranging from presentations to tailor-made studies in fields like strategic development, product development, scenario building, and futures awareness in general. Tailor-made studies are based on a dialogue with the client, combining the specific knowledge of the client with the methods as well as the broad perspective of the CIFS.

*Specific to the construction sector*, the institute runs programmes on *The Home and Family of the Future*, *The Office of the Future*, and *Creating Long-term Value in Construction*, besides the EUROCONSTRUCT activities and programmes covering a wide range of *Transportation* issues.

Other fields of study include the future of work, of organisations and the value chain, of the information economy and the transformations it brings to western culture ("the dream society"), of growing emphasis on expression ("creative man"), of trends in financial services, retail, marketing, consumption, leisure and lifestyles, of values, politics, and media, of e-business and of physical products - *Designing for the Future*. The CIFS does tailor-made innovation support for corporations within product development, overall strategy and organisation development.

The CIFS offers a comprehensive membership programme. The membership base of about 160 organisations include leading corporations, government ministries, and a diverse grouping of public and private organisations from Western Europe. International memberships are highly tailor-made to the needs of the client. Working languages include English, German, French, Danish, Norwegian, and Swedish.

### he Copenhagen Institute for Futures Studies

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VTT Technical Research Centre of Finland (VTT) is the largest R&D institute in the Nordic countries. The Institute VTT Building and Transport is one of VTT's 6 research institutes.

**VTT's activities of the Business and Process Management Research are:**

- analyses and prognoses of business environment: business cycles, market outlooks, scenarios
- business and technology strategy consulting
- development of new business and service concepts
- customer needs, productivity, prices, costs and quality, value chains and networking
- real estate and facility management, technology and economy, condition monitoring technology

**VTT's Group for Business Intelligence in Construction and Property** works intensively in the building market and demand forecast sector in close contact with the contractors, material producers, trade, authorities, organizations and building magazines in Finland. Demand forecasts are done for almost all important sectors, materials and employment in construction. On base of the geo-economic situation and co-operation, the construction sector development in Russia and in the whole Baltic RIM area has become more important. We are improving our forecasting methods, databases, tools and reporting concerning Moscow, St. Petersburg and Baltic Countries. We have also close co-operation with several members of the ASIACONSTRUCT network.

**STATUS**

VTT is a government, non profit, independent and impartial organization.

**STAFF**

VTT Building and Transport has a total staff of 400 persons, of those 60 persons in Business and Process Management Research. Most of the research scientists have a degree in construction economics and business management.

**CONTACT PERSONS**

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Access to unlimited information leads to a muddled vision of today's world and a confused picture of what the future holds.

However, in order to make the right decisions and manage economic risks, decision-makers need key information regarding future economic developments.

**For forty years, BIPE, a leading European provider of forward-looking economic analyses and consulting services, has provided executives with relevant advice to guide their actions.**

***BIPE's actions include :***

- Business strategic advice: market product positioning, pricing strategy, new products and services development, marketing strategy
- Forecasting and foresight activities
- Competitive analysis
- Assistance in elaborating, defining and assessing public policies; regulatory economics; regional economic development.

***By providing them with forward-looking guidance on their environment, BIPE helps businesses to:***

- anticipate and respond to market disturbances;
- reinforce their competitive position;
- base the company's budget on realistic assumptions;
- prepare their marketing strategy with a better understanding of their customers and their growth potential;
- elaborate and/or support the definition and the implementation of strategic projects, including investment, employment and training aspects;
- understand relationships between companies within a given sector and/or cluster and the way these relationships must evolve;
- gauge the consequences of regulatory or fiscal changes on the company and/or sectors.

***In addition, BIPE helps public authorities to:***

- understand the roles of the different actors and the trends thereof (for example, what is the future dominant organisational model in a sector, or the likely response of businesses to regulatory or other proposed changes);
- anticipate short, medium and long-term market trends and identify the factors underlying these changes;
- interact with the private sector, understand the needs of businesses and develop jointly suitable strategies;
- define what regulatory or fiscal changes are necessary and measure their consequences;
- develop economic regulatory instruments, pilot and evaluate public actions in the economy.

BIPE's analytical capacity is based on **the specialisation of its teams in key sectors of the economy and the permanent monitoring of major social changes**. BIPE combines an in-depth expertise in a large number of sectors with the analysis of key themes which influence their future.



**Six recurring themes in BIPE's analyses are:**

- the evolution of sociological and demographic characteristics on consumer behaviour and the labour market;
- cross-sector links and the knock-on effects between sectors;
- the information society and the impact of new technologies and e-commerce on the economy, the organisation of companies and consumers' behaviour;
- the impact of public policies on the economy and on society and the changing role of policy makers;
- the new forms of economic regulation: organisation of regulation, tools and impacts on market players;
- the local dimension of economic development: attracting business to a specific region; location strategy; new methods of governance, co-operation and exchanges; sustainable development.

BIPE's unique capability is **to optimise the interaction between different approaches, to coordinate the skills of people from varied backgrounds and marry the views of economists with those of other specialists**

**BIPE's international presence**

BIPE participates to a number of professional international networks including:

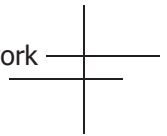
- **AIECE** (Association of European Conjectures Institutes);
- **ERECO** (European Economic Research and Advisory Consortium);
- **Euroconstruct**;
- **Stratorg**, a top-management consulting company present in Europe, China and Russia.
- **The Competitiveness Institute** (TCI), a European research institute for cluster practitioners based in Barcelona.
- **Eurostrategies**, for telecom and media;
- **Euro-Asia Convergence**, a network of partners providing assistance to European companies investing in Asia

BIPE has a quality certification from the OPQCM in the fields of strategy and corporate policy, marketing and commercial and internationalisation of businesses

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**ifo Institut  
für Wirtschaftsforschung  
an der Universität München**



**Ifo Institute for  
Economic Research  
at the University of Munich**

EC

### Field of Activities

The Ifo Institute for Economic Research is one of the six major German economic research institutes. It examines short-term developments in the overall economy and in individual sectors as well as longer term tendencies and structural changes of the German and European economy. The institute regularly conducts short-term forecasts, medium-term business cycle perspectives and long-term growth scenarios, both for the economy as the whole and for individual sectors and industries (e.g. construction industry with sub-sectors, types of work and categories of buildings).

In its various business surveys the institute gathers and analyses data from more than 7,000 German firms monthly. The Ifo Institute publishes since more than 50 years the main survey findings, e.g. the well known Ifo Business Climate. Since 1981, the Ifo Institute has conducted its World Economic Survey (WES) amongst more than 1,100 business leaders and economists in about 90 countries. Every quarter, these experts assess the present and the prospective economic situation in their countries. Special attention is given to the early detection of emerging economic problems. The institute also analyses current and projected economic policy measures and puts forward its own economic policy recommendations.

### Setting-up and Status

The Ifo Institute was founded in 1949 in Munich as a non-profit, independent research organisation and has the legal status of a registered society. Since 2002 there is an institutional link to the **University of Munich** as basis for a strong co-operation. The Ifo Institute has almost 550 personnel and institutional members, mainly enterprises, associations, foundations, interest groups and political parties.

### Organisation

Since 1999, the Ifo Institute is structured in the following eight research and service divisions: Business Cycle Analyses and Financial Markets; Public Finance; Social Policy and Labour Markets; Human Capital and Innovation (with Research Unit Construction and Real Estate); Industry Branch Research; Environment, Regions, Transportation; International Institutional Comparisons; Business Surveys.

### Resources

With more than 160 staff members, the Ifo Institute covers the whole spectrum of economic activity. Almost 60 percent of the Institute's funds are provided by the government, according to the general agreement on joint financial support of research in Germany. The remaining 40 percent of the funds are mainly raised through contract research, multi client studies, conference fees and foundation grants. The research contracts are primarily awarded by federal and state ministries, international organisations and the EU Commission, business associations and private companies. Membership fees and the sale of the institute's various publications contribute also to the funding of the organisation.



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BuildECON, the Building Economy, Art and Architecture Consulting Office, Hungary was established in 2000 to provide market services for various sectors of the construction industry. Members of BuildECON are professionals with a wide range of experience in the fields of construction, architecture, economy and building information, construction market analysis, engineering and art, and provide their services in close co-operation with a number of major firms in Hungary and East Europe.

The management personnel of BuildECON have participated as Hungarian partners in EUROCONSTRUCT's operations since 1990, targeting Hungary and Eastern Europe. Since 2001, BuildECON has been publishing construction market reports on East Europe. Most of BuildECON's Partners use the yearly published Eastern European construction market reports –

### **Russia, Romania, Ukraine, Turkey, Bulgaria, Croatia and Serbia**

– for making strategic plans to enter their companies into the new market or gain further businesses. Our partners are helped not only by BuildECON's short and succinct analyses of the developments of residential construction, non-residential building construction and civil engineering but also by elsewhere non-available current facts and figures and prognoses tabulated. Factual and numerical data of developments and expected changes compiled based on Euroconstruct's know-how make the countries and market segments measurable and comparable.

#### **Services of BuildECON**

- EUROCONSTRUCT Construction market analyses and prognoses, edited twice a year (short- and medium-term studies)
- East-European construction market country reports: Hungary, Bulgaria, Russia, Romania, Turkey, Ukraine, Serbia, Croatia
- Individually tailored market research
- Conference organizing
- Architectural planning
- Art consulting

#### **References:**

- **Economic consultancy:** Alukönigstahl, CHR, Doka, E-Build, Graboplast, Groupe Schneider, Henkel, Hochtief, HVB Bank, Lindab, OTP Bank, Skanska, Shell, Szonett, Volvo, Wienerberger
- **Art consultancy:** Venice Biennial, MEO Contemporary Art Assembly, Múcsarnok Hungarian Art Gallery, Mű-Terem Art Gallery, Nagyházi Art Gallery,
- **Architectural Planning** Sports Hall ARENA Budapest, Palace Sandor, (residence of the Hungarian President), residential buildings (new and refurbishment)

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### Status

DKM Economic Consultants is one of the longest-established economic research firms in Ireland. The firm was founded in 1981 as part of Davy Stockbrokers, and was bought out by its management team in March 2006.

Over the past two-and-a-half decades DKM has built up unparalleled knowledge and expertise across a wide range of areas in applied economics and economic forecasting. The firm offers a range of economic consulting services including data collection, analysis and economic forecasting across national, regional and sectoral levels; impact analysis and the reporting on outcomes of consultation; cost benefit analysis and project evaluation. The firm also completes client specific reports covering prospects across the macroeconomy, selected sectors and regional markets. DKM staff work closely with clients to determine what indicators are most relevant to their business and helps them with business planning by forecasting the economic environment in which future business activity will take place.

### Field of activities

The firm's work focuses mainly on the following areas:

Markets and Competition;	Transport;
Energy;	Construction and Property;
Environment;	Financial Services;
Macroeconomic Environment and Forecasting;	Demographics;
Socio-economic, Regional and Local Development.	

The firm's clients include many of the largest companies in Ireland. In addition it has acted as economic consultants to many Government Departments, Local Authorities and State agencies, and the EU Commission. Its personnel have been members of and advisors to many State boards and councils, including the Industrial Development Authority, the National Competitiveness Council, and regularly act as expert witnesses in legal cases dealing with complex economic issues. DKM has been the Irish member of Euroconstruct ([www.euroconstruct.org](http://www.euroconstruct.org)) for the past decade.

For the decade 1989 - 1999 DKM acted as External Evaluator to the Operational Programme for Transport (OPT), and its predecessor, the Operational Programme for Peripherality (OPP). These were multi-mode programmes of investment in Ireland's transport infrastructure, co-funded by the EU and the Irish Government.

DKM has extensive experience of the Irish housing and construction sector and a track record in economic forecasting for that sector. The firm has been engaged by the Department of the Environment and Local Government (DoELG) in recent years to (i) prepare the official estimates of national and regional construction output, (ii) assess the medium term outlook for construction and employment and (iii) examine the challenges facing the industry over the medium term.

## Research Projects on Housing and Construction

The firm has completed projects for a number of private companies and financial institutions operating in the housing and construction sector including studies which examined:

- The Implementation of the Part V Provisions for Social and Affordable Housing in the Planning and Development Act 2000.
- The prospects for some of the key concerns surrounding mortgage finance and housing affordability.
- The Outlook for Domestic Mortgage Indemnity in the Republic of Ireland.
- Developments in the Economy of Dublin including demographic, settlement and housing Trends in the Greater Dublin Area.
- The Prospects for Construction Materials in the Period to 2015.
- The Future Supply and Demand for Construction Professionals 2002-2015.
- Annual Construction Industry Review and Outlook.

## Nature of work

More generally, projects undertaken for clients have included:

market and data analysis;	project appraisals;
economic impact studies;	infrastructure investment appraisals and evaluations;
reviews of pricing and subsidy issues;	corporate strategy studies;
appraisals of transport policy issues;	implications of EU policies and directives;
energy policy appraisals;	tariff studies;
housing policy appraisals;	demographic and household trends and projections;
housing affordability and prospects;	budget submissions;
employment patterns and land use markets;	measurement of housing and construction output.

As External Evaluator, DKM's role involved reviewing all aspects of the programmes, reporting on progress in their implementation, evaluating the financial, physical, economic and qualitative aspects of investments, recommending changes where necessary to investment measures and project selection criteria (including evaluation of cost-benefit studies) and liaising with Government Departments, the EU Commission and other parties as and when necessary.

DKM' expertise in evaluation also extends to energy where the firm has carried out studies including an economic evaluation of the optimal infrastructural options for meeting gas demand up to the year 2025, and an evaluation of future gas transmission in the Republic of Ireland.

## Resources

The DKM Team consists of four professional economists supplemented by the economic research capability of Davy. The firm also utilises a panel of experts from Irish and United Kingdom universities and research institutes in the engineering, transport and energy fields.



CRESME is a non-profit association created in 1962 in favour of promotion and information on construction industry and territory transformations. Its purpose is to carry out researches and studies and to favour meetings between public and private operators. Due to numerous and complex requests, the CRESME Research Centre (joint-stock company controlled by the Cresme Association) was created in 1982.

CRESME carries out surveys and analyses regarding:

- aspects of production and market in the constructions field;
- territorial structures and transformations, with relative economic, urban and social implications;
- administration in public bodies, also by means of feasibility studies of definite solutions and an active participation to their management;
- training of professional profiles within the framework of territorial-transformation and facility-management processes.

CRESME is internally specialised in: statistical, economic, urban, juridical and sociological aspects. These allow interaction between different subject-matters of major interest to the Centre. All this is facilitated by the extent and variety of the association (over 150 share holders representing the whole constructions field) and of interlocutors that normally refer to the CRESME Ricerche S.p.a.

During its 40 years of activities, CRESME has acquired and developed both a scientific and cultural experience. This guarantees an accurate and correct supply of information, evolution of methods and instruments of research.

- A constant updating of this resource is made possible by means of two strategic bearings, which regulate the Centre's activity:
- a permanent observation of complexities and changes in both the construction industry and the territorial transformations;
- the development of scientific and cultural activities where CRESME acts as a connection link between different operators, experiences and subject-matters which are implied in processes of territorial transformations.

Research studies by thematic area and information systems represent the methods and tools across the whole CRESME research activity.

The CRESME activities are mostly addressed to the following fields of action:

- Environment and sustainability
- Structural analysis
- Territorial analysis
- Assistance to Public Administrations
- Current trend and forecast
- Facility management
- Training
- Strategic marketing
- Feasibility studies

CRESME has traditionally provided assistance and support especially to local administrations and autonomous associations acting as a coordinator.

CRESME RICERCHE SPA

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## AIMS

The EIB foundation aims at fostering the knowledge of economic and social questions that are related to, or that are of importance for the Dutch construction industry in an independent and scientific way.

EIB work comprises:

- scientific research, especially in the area of the construction process and the building markets;
- preparation of reports on scientific research, both on own initiative and in response to outside demand.

## STATUS

Independent, non-profit making foundation.

## ORGANISATION

The governing body of EIB consists of representatives of the employers' organisation and the trade unions in the construction industry and of clients, and is presided by an independent chairman. The main responsibility of the governing body is to safeguard the interests of the Institute and the achievement of its objectives, but without interfering in the scientific research itself. The scientific quality of the institute's research work is ensured by a scientific committee.

## STAFF

The EIB has three research departments. The first concentrates on the construction market and housing, the second studies the construction firms and the construction labour market. The third department has both a supporting statistical and a research function. The staff mainly consists of economists, statisticians and sociologists and comprises around 25 people.

## FINANCIAL RESOURCES

The institute is partly financed by contributions from the Education and Development fund for the construction industry. Other resources come from funds for special projects and contract research. A relevant share of these commissions originates from the Dutch government.

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Prognosesenteret was founded in 1978, as an independent consultancy focusing on market research within the Nordic building and construction markets. Today we work as a cross-border Nordic company. Prognosesenteret AS is Norway's representative in Euroconstruct and Prognoscentret AB represents Sweden.

With more than 25 years of experience, a consulting team consisting of economists, business analysts, engineers and anthropologist, we are the leading Nordic company in our field. We are offering regular research services along with individual clients' projects, as well as the unique "Building Materials Barometer", where we are covering the market of 600 different building materials.

We are offering a wide spectre of services for companies within or related to the Nordic building and construction market. Based on a customised web-solution, we are able to offer a month to month analysis of the economic outlook for the Nordic area (per country), as well as markets trends with respect to the monthly building and construction activity in each country. By using our frequently updated database (which contains data from 1981 and forwards), and regular market analysis, we update our forecasts twice a year. These forecasts are including:

- The market for new residential building activity
- The market for new non-residential building activity
- The market for maintenance of residential building activity
- The market for maintenance of non-residential building activity

All of the mentioned analysis and forecasts are available for Sweden, Norway, Denmark and Finland. Furthermore, they are divided into several building types, such as industrial buildings, commercial buildings, hotel buildings, detached houses, semi-detached houses and row houses etc.

As a part of our full-service package, we also do analysis on the consumer behaviour related to various building markets. This analysis is built on question schemes to more than 18 000 households in Norway, Sweden and Denmark, in order to identify trends within the DIY market.

Further on, Prognoscentret AB is offering a unique service, giving detailed data on the consumption of construction materials and services in the Nordic region. This service is called "Building Materials Barometer", and is a databank containing more than 600 products and services. The database is updated yearly, based on registration of end-use consumption.

Beside all these services, we carry out ad-hoc analysis within the same areas and countries. At present more than 1 000 customers are using our services on a regular basis. With our unique consulting team, we can handle any research task within the Nordic building and construction market.

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## POLISH CONSTRUCTION RESEARCH & FORECASTING

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PCRF@polishconstruction.waw.pl

### **PAB-Polish Construction Research & Forecasting**

**Managing Director: Mr. Mariusz Sochacki**

PAB - POLISH CONSTRUCTION RESEARCH & FORECASTING is a private scientific and research institute specialising in economic analysis of the construction industry.

PAB was established in 2000 by specialists with more than 25 years of experience in activity within the construction industry.

#### **Basic aims :**

- Permanent scientific research on the field of investment and building processes, the construction industry and building market,
- Preparation and issuing of reports on scientific research initiated by PAB itself as well as on orders from firms and different Polish and foreign organisations.

#### **Activity concentrates on:**

- Industry forecasting: short, medium and long-term construction and investment forecasts,
- Workload surveys: permanent surveys of construction activity by branches and regions,
- Economic analysis: research and reports focused on the construction industry network,
- Statistics: preparing database and performing data researches and analyses
- Monitoring: real and permanent processes of searching for changes creation of the construction industry situation ,
- Construction market research: market capacity, its diversification and opportunities for entering.

#### **PAB supplies top professional research and services on individual orders in the range of:**

- Analysis of demand, supply and competition on construction and building materials market
- Cost and price analysis on construction market and building materials as well
- Construction and tendering procedure advisory services,
- Research on competition level in the construction and building materials market,
- Promotion of small and medium sized firms, i.e. producers and contractors

#### **Monographs – reports**

- Construction Monitoring: general and specific reports on status and changes in construction activity
- Business conditions surveys of construction: analyses of tendencies and development trends – short term prognoses
- Rankings of construction companies TOP 400 Polish Contractors
- Polish Construction – Key Figures

#### **Journals - newsletters for contractors and investors**

- Prognozy Rozwoju Budownictwa -Prognosis of Construction Development
- Polish Construction Surveys
- Polish Building Materials Industry Surveys
- Polish Construction Market Review.



### **Aims**

ITIC – Instituto Técnico para a Indústria da Construção (Technical Institute for the Construction Industry) offers a wide range of services, such as the development of both technical and scientific activities in the Construction Industry field in order to improve economic analysis, technological innovation and the management and productivity of construction firms.

### **Status**

ITIC is a private and non-profit institute. Its members are different agents involved in the Portuguese Construction Industry, such as universities, professional bodies, and construction firms and materials producers.

### **Organisation**

ITIC structure relies on three main departments:  
Economic and Management Studies;  
Quality Methodologies;  
Training.

### **Staff**

ITIC's activities are carried out by a multi-disciplinary team, including economists, engineers and legal advisors.

### **Funding**

ITIC is partially financed by its members. However, the major part of its funds is raised through contract fees with private firms and public bodies.

### **Activities**

ITIC undertakes technical and economic studies within the Construction sector. Our activities are set to meet the needs of construction firms through technical support to reinforce management, productivity and quality patterns and therefore issue economical and technical reports, and ensure the implementation of Quality Systems and Methodologies.

We produce estimates and forecasts for the Construction industry based on macroeconomic analysis and field work. ITIC's specialists base their work on accurate and proven methodologies.

ITIC also aims to establish and reinforce technical and scientific relationships between Portuguese and foreign entities within the Construction industry.

ITIC organizes national and international conferences, seminars, workshops and lectures.

ITIC is prepared to provide a wide range of:

- Economic and statistical analysis;
- Construction Industry forecasting;
- Construction Market analysis.

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EC

## PROFILE OF THE COMPANY

**ÚEOS - Komerčia, a.s. (Joint-stock company)** is a private research and consultancy company, established in 1992 by transformation of former Ústav ekonomiky a organizácie stavebníctva, Bratislava (Institute of Building Economics and Organisation) founded in 1963.

At present, ÚEOS - Komerčia, a.s. has 28 employees. Research, advisory and consultancy services are performed by approx. 20 experts. In addition we have been working with a circle of external co-operators, university experts and other specialists, who participate on solutions of important tasks and projects.

### **Basic fields of company activities are as follows:**

- applied economical research and development,
- business and economic consulting,
- monitoring and field survey,
- solving of problems of construction market, the reviving, forming of sectoral, regional politics of construction, international comparisons; habitation and housing construction, regional development, etc.,
- marketing research of construction market,
- preparation of legislative standards in sphere of housing and public works,
- evaluation of property and real estate,
- public procurement,
- engineering activity – supply activity in construction,
- technical assistance – EU funds,
- production and development of economic and calculation software,
- organisation of training courses, seminars and further other special undertakings,
- Commercial, intermediate and publishing activity.

ÚEOS - Komerčia, a.s. solves scientific-technological projects and state projects, elaborates analytic, comparative and prognostic studies and further outputs, focused on development of selected areas of economy of Slovakia, inclusive creation of purpose oriented information systems and providing of statistic documents and indicators. The company also participates on creation of laws and other legislative standards; elaborates financial analysis and business plans of companies; elaborates restructuring projects of the companies; elaborates studies, associated with strategic development of the companies.

ÚEOS - Komerčia, a.s. also executes evaluation of property and real estates in various processes and credit - awarding; deals with problems of public procurement and with creation of classification system of sorting of building production; elaborates professional publications and statistic materials concerning creation of branch economies.



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The Catalonia Institute of Construction Technology, ITeC, is an independent non-profitmaking organisation that carries out its work in the area of operations intended to further the progress of Construction.

ITeC is structured into Areas, Research Programme and Services. The Constructive Process Area works on the creation of information, methodology and tools (software), which are applicable to the execution and management of each constructive process phase.

The Quality Area promotes, evaluates and endorses quality. Activities include ensuring quality in companies, the evaluation of technical specifications and product certification. This area includes activities related to Economic Construction Analysis.

Maintenance and Rehabilitation Area produces information, methodology and tools (software), for the planning and management of maintenance and for rehabilitation analysis and intervention.

The Research Programme is the infrastructure for research projects development. The following research lines are open:

- Environment and Construction
- Construction and New Requirements
- Existing Construction

The ITeC staff is made up of a multidisciplinary team of 100 persons.



Eidgenössische Technische Hochschule Zürich  
Swiss Federal Institute of Technology Zurich

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## **SWISS INSTITUTE FOR BUSINESS CYCLE RESEARCH, SWISS FEDERAL INSTITUTE OF TECHNOLOGY, ZURICH (KOF ETH)**

### **Field of activities**

The Swiss Institute for Business Cycle Research (KOF) analyses the development of the Swiss economy from a shorter-term perspective (economic analyses and forecasts) against the backdrop of longer-term developmental trends (growth and structural change). The research projects, products and services provided by the KOF cover a broad spectrum of topics.

Regular surveys (in the form of business, investment and innovation tendency surveys) guarantee an up-to-date, comprehensive information system for the short- and medium-term analysis of the overall economy, for individual branches of industry, for the construction sector and for cantonal/regional studies. The main activities of the KOF (analysis and prognostics of the Swiss economy, search for leading indicators, research on political economic questions) are therefore based on the business tendency survey results. Constant research based on modern empirical methods (econometric models for the overall economy and for separate branches of industry, input-output models, time series analyses) assures that quality is maintained in the analysis and forecasting of cyclical developments and structural change.

At an international level, the institute works together with authoritative organisations like the OECD and the IMF. The Swiss Institute for Business Cycle Research is an active member of various international academic and research associations (CIRET, AIECE). Since 2000, the CIRET office is placed at the Swiss Institute for Business Cycle Research.

### **Status**

The Swiss Institute for Business Cycle Research is an institute of the Swiss Federal Institute of Technology (ETH), and as such an independent body.

### **Organisation**

The KOF ETH currently employs 31 researchers. Some of them also lecture at the Swiss Federal Institute of technology and at the Zurich university. The institute is structured in the following six research division:

Macroeconomic Models and Analyses in Switzerland; International Business; Business Tendency Surveys; Innovation, Growth and Employment; Market Momentum and Competition; Economic, Financial and Social Policy. Since 2000 the administrative headquarter of CIRET (Center for International Research on Economic Tendency Surveys) has been run by the KOF/ETH.



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Construction Forecasting & Research (CFR) has for more than a decade focused on economic analysis of the construction and related industries. CFR is now **a part of Experian's Business Strategies Division, one of the UK's leading economic consultancies.**

CFR works with clients in the private and public sectors, providing a better understanding of the industry in the context of the wider economic environment. We have a thorough and detailed knowledge of the factors that influence the various markets, types of work in the sector and its operational aspects. Our major strength lies in the location and analysis of construction related information to support clients' need for insight on past trends and forecasts of future developments. We have a portfolio of well-known and respected publications, including the industry-standard national construction forecasts and the 'Foresight' regional forecasts. We also collaborate with our fellow Euroconstruct members to produce compatible forecasts for nineteen European countries on a six monthly basis. Our survey unit carries out a detailed monthly state of trade of survey in the UK for the European Commission.

Our work falls into the following categories:

Industry forecasting: short, medium and long-term construction forecasts, on a national and broad regional basis.

Workload surveys: regular surveys of construction activity, professional services, and industry structure.

Market research: the use and provision of all relevant information to help clients assess market size, structure, competition and opportunities for entry or diversification.

Economic analysis: research and reports on any aspects or sectors of the construction industry chain.

Statistics: data search, analysis and advice on the use and relevance to clients of macro economic and construction industry statistics.

Corporate research: company finance, profitability and future outlook.

International comparisons: specifically of European construction markets.

Seminars: presentations and lectures relating to any of the above areas.

Experian provides strategic support to organisations around the world. It helps its clients target, acquire, manage and develop profitable customer relationships. It does this by combining its advanced decision support and outsourcing services with information on consumers, businesses, motor vehicles and property. Experian works with more than 40,000 clients across diverse industries, including financial services, telecommunications, healthcare, insurance, retail and catalogue, automotive, manufacturing, leisure, utilities, property, e-commerce and government. Millions of consumers rely on Experian's consumer credit services to meet their financial management needs. Experian is a subsidiary of GUS plc and has headquarters in Nottingham, UK, and Costa Mesa, California. It has a 175-year history and unbroken sales growth over the past 23 years. Its 13,000 people support clients in more than sixty countries. Annual sales exceed £1.2 billion.



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# AUSTRIA

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**EUROCONSTRUCT CONFERENCE**  
15<sup>th</sup> June 2007, Prague, Czech Republic

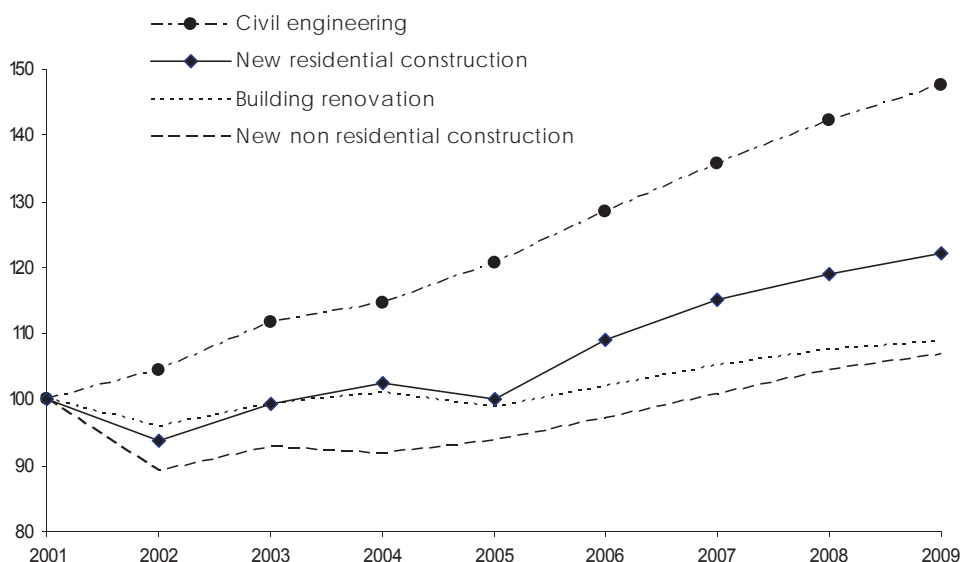


## 1 Summary

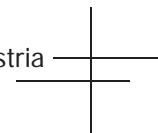
The Austrian economy is currently in a phase of expansion. Gross national product increased by 3.2 percent in 2006 and will further grow up to 3 percent in 2007. In the years 2008/2009 the business cycle will slightly dampen and growth rates of about 2.4 percent and 2.5 percent respectively are expected. Economic growth will be significantly higher than in the past six years. Main reasons for this stable growth path are dynamic increase in exports and investments as well as strong demand for construction. Private consumption is growing moderately and hence will be weaker than the development of the overall economy. The reasons are mainly the considerably moderate increase in real income and the tendency to higher savings rates. The sound development on the labour market is expected to continue in the next years. The number of employees is increasing and unemployment shows a declining tendency despite the continuously increasing labour supply. Inflation will stay at a moderate level and is expected to grow by 1.7 percent in 2007 and by 1.8 percent p.a. in the years 2008 and 2009. Construction prices will grow significantly by 3 percent because of the strong demand.

The Austrian construction business performs very dynamic. The real construction volume increased by 5.5 percent in 2006. In 2007 it will grow by a slightly lower rate of about 4.5 percent. This dynamic will slowdown in 2008 and 2009 – nevertheless the mid-term performance of the construction sector will be considerably higher than expected with growth rates of about 3.5 percent and 2.5 percent respectively. Despite the reinforced infrastructure investments in civil engineering also housing investments perform very dynamic, especially in the renovation sector. Non-residential construction, mainly office, industry and commercial construction will be stimulated by the good overall economic situation. Many companies invest in new modern office and industry buildings to reduce current costs. In the whole period 2006 to 2009 the prospects for the construction industry are much better than in the previous forecasts.

### Construction Output by Sector until 2009



(Source: WIFO, Euroconstruct, Prague, June 2007)



## 2 Macroeconomic Outlook

2006 was an extremely successful year for the Austrian economy. Real GDP advanced by 3.2 percent. This was the highest growth rate since 2000. Austrian exports expanded by 8.5 percent, investment demand increased considerably. Following the brisk acceleration in investment demand in 2006, companies intend to expand once more their capital stock significantly, according to the WIFO investment survey. The primary investment motive especially that of bigger companies is an expansion of capacities. The sectors which currently benefit mainly from the dynamic expansion of the economy are manufacturing, business services and construction. In 2007 economic climate continues to be excellent and investment plans for 2007 have been revised noticeably upwards. The situation on the labour market has been improving considerably. As a result, consumer confidence is strengthening and the probability of a revival of private consumption, which could prolong the economic upswing, is increasing.

A strong medium- term growth of the Austrian economy is expected. Growing at an annual rate of 2.7 percent until 2009 real increase of GDP will be substantially above that of the period from 2000 to 2006 (+1.7 percent). Austrian exporters will benefit from their high level of competitiveness. These companies are particularly well-placed to do business in Central and Eastern Europe as well as in South-Eastern Europe. The cyclical upswing has an impact on private-sector investment. Residential construction, which was holding back the pace of economic development in the beginning of the century, is recovering considerably. High immigration figures and the increasing shortage of housing will reinforce this trend. Private consumption will rise at a moderate extent. A modest increase of real net per-capita incomes is expected to continue in the forecasting periode, while employment growth in general will lead to higher disposable incomes for private households.

On the labour market a substantial employment growth is expected. However, given the increase of both domestic and foreign labour supply, the unemployment rate is not expected to fall by any significant extent. The relatively high level of unemployment continues to have a restraining effect on wage and price inflation. In the next years, per-capita incomes will gradually rise more rapidly both in real and nominal terms. The average rate of inflation will be 1,7 respectively 1.8 percent percent over the forecasting period.

### Macroeconomic Key Indicators in Austria to 2009

(Annual percentage change)

	2004	2005	2006	2007	2008	2009
GDP	2,4	2,0	3,2	3,0	2,4	2,5
Private consumption	1,9	1,7	1,8	2,2	2,0	2,0
Unemployment rate	4,8	5,2	4,7	4,2	4,1	4,1
Inflation	2,1	2,3	1,5	1,7	1,8	1,8

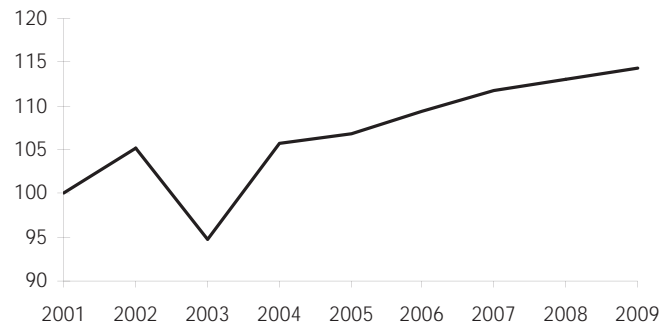
(Source: WIFO, Euroconstruct, Prague, June 2007)

### 3 Residential Construction Outlook

The demand for new housing was very weak in the first half of this century. In 2006 residential construction recovered significantly and it is expected that this positive trend will continue in the next years. The number of completed dwellings increases from about 42 000 in the year 2003 to 45 000 in 2007. Demographic data shows clearly that in the next years significantly more dwellings per year have to be built to fulfil the housings needs.

Building permits in Austria 2001 to 2009

Index 2001=100

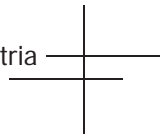


(Source: Statistics Austria, WIFO.)

The most recent figures on population development in Austria identify a steady stream of immigration. Forecasts in this area predict an increase in population during the next twenty years. In turn, there will be a significant, medium term rise in housing demand, only a portion of which can be covered by housing stock reserve. Approximately 43 000 to 44 000 units are presently being completed annually. In five to ten years' time, production should increase up to approximately 55.000 units annually. Housing subsidisation will play again an important role as a major policy instrument in Austria.

The following factors will be decisive to the increased demand for housing during the next years:

- Demographic changes as a result of migration
- Low rate of interest over the forecasting period
- Stronger demand for energy-efficient buildings (compliance with the goals of the Austrian Kyoto Protocol necessitates the use of modern technologies for heating and cooling systems)
- Increased demand for housing suitable for single persons and the elderly
- Greater mobility
- New trends in architecture and innovative design
- The redevelopment of entire urban areas
- Increased demand for housing for migrants and the socially disadvantaged



New standard for low-energy and passive homes are essential for the new "Austrian Climate Strategy". Through targeted, incentive-based financing, a new standard for low-energy and passive homes will be set throughout Austria. At the same time, the rate of thermal renovation should be raised from 2 percent to 5 percent within mid-term perspectives. A comprehensive plan for the thermal renovation of one and two-family homes would also have a great potential.

In the future, the limited-profit housing sector (social housing) will make more widespread use of energy contracting and reconstructing (reaching an agreement with tenants to tear down old structures and re-build, rather than embarking on an uneconomical renovation).

There is also great potential for the ecologically-oriented renovation of privately owned housing stock (condominiums). Presently, there is no legal framework that would stimulate such investments. A pre-requisite for renovation is the agreement of all owners within a respective building. Legislation demanding a minimum reserve of funding earmarked for investment in energy conservation could prove helpful and create significant incentive (eventually in the form of tax advantages) for private investment in ecological forms of renovation.

Due to the increasing energy costs housing demand is focusing more and more towards ecologically-oriented technology in new residential construction as well as in renovation and modernisation. This trend will continue within the next years. In Vienna many new housing projects, also along the Danube will be created. One major new project is called "Marina" and "Catamorana" will be developed at the Vienna Handelskai and should change the skyline of Vienna significantly.

Due to the high growth rates of total residential output in 2006 and 2007 (+7 percent bzw. 5 percent) real output will extend by 3 percent respectively by 2 percent in 2008 and 2009.

## 4 Non-residential Market benefits from the booming economic

Along with the good performance of the general economy, non-residential construction benefits from the booming economy. In non-residential construction growth rates of 3.5 percent in 2007 and 2008 are expected, respectively 2.5 percent in 2009. These ambitious investment plans in office construction will not continue over the years 2008 and 2009.

Office building is currently in an expansion phase. In the line with the economic upswing repressed projects can be realized. The current trend in office construction shows a high demand in areas with high concentration of companies. Businesses often search for new premises to save running costs. A continuous decline in office space per employee can be observed. This is one of the major reasons for companies to move to a new building (beside excellent infrastructure requirements). Many office and administration buildings in old fabric of buildings will be substituted by new ones. The vacancy rate in not renovated office buildings is increasing and significantly higher than in new office buildings.

The growing construction demand originates additionally because of the relocation in energy efficient, modern office buildings with good traffic infrastructure. Existing office buildings in old buildings with bad infrastructure are hard to rent.

The current boom in office building will be not sustainable, because a production of overcapacities is expected. Nevertheless a sound number of development projects are just before implementation. Especially in Vienna a new city district with office towers, shopping centres and hotels is planned.

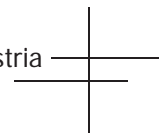
Mainly in urban areas high land prices, because of scarcity, dampens the construction activity.

Nevertheless, in general office rents only increase very moderately, mainly because of the sound construction activity. Prime rents are currently around 22 euro/m<sup>2</sup>, where they are in Frankfurt around 34 euro/m<sup>2</sup>, in Paris around 58 and in London-West End around 145 euro/m<sup>2</sup> according to real estate experts.

In real estate sector in Vienna last year about 200 000 m<sup>2</sup> of new office space is available. In 2007 an increase to 220 000m<sup>2</sup> and to 240 000m<sup>2</sup> in 2008 is expected.

Industry and commercial construction get additional stimulation because of expansion projects. Especially the transportation links around the airport and the connection to the eastern neighbour countries attracts new industry, office and commercial projects. Numerous factory outlet centres are in the design phase. On the other hand the traditional shopping streets, especially outside of the inner city lose their importance and attractiveness. In the rural area private storage room is scarce. Rental "selfstorage" possibilities are offered on a large scale. The demand in this sector is increasing and shows a new trend in non-residential construction.

Austria is especially because of its central geographic position, its political and social stability and because of its high living quality a preferred business location for international companies.



## 5 Civil Engineering Market: Strongest growth perspectives

Civil engineering is the construction sector, which expands most in the short and medium term. The real civil engineering volume in 2006 increased by more than 6 percent and further growth by 1/2 percent in 2007, 4.8 percent in 2008 and 3.7 percent in 2009 can be expected. Ambitious expansion projects which will turn into reality step by step.

In spring 2007 the new government presented a revised priority list of further transport infrastructure projects in Austria. These new expansion projects will amount to 11 bill. euro in road and rail infrastructure. This is about 500 mill. € more than scheduled in the governmental programme at the beginning of the year 2007.

Rail infrastructure will get main priority, where investemnts of about 6.4 bill. euro to 2010 are planned. Up to 2020 the travel time on the western rail route (Vienna-Salzburg) should be reduced to around 2 hours and for the route Vienna-Venice a travel time not longer than 4 hours should be established. These ambitious expansion plans of the railway should also create a real alternative to the air traffic.

New infrastructure projects will be financed by additional financial means from the increase of the petroleum tax. Furthermore the first PPP project in the highway construction was realised: The first part of the northern highway (A5) between Vienna and Mistelbach was given to a bidder consortium with a value of about 900 mill €. The total extension of the northern highway is budgeted with 2 bill. €. The first experiences of a PPP realisation in road infrastructure will highly influence the future decisions on that issue.

Investments in air traffic have another high priority. This fast growing sector forces the Vienna airport to expand. After the failure of a co-operation between the airports Vienna and Bratislava due to political reasons, an increase in the capacity of the Vienna Airport is a main priority. Especially the dynamic increase in passanger numbers and in the freight sector demands an extension of the current infrastructure.

Beside the extension of road, rail and air infrastructure also the water way Danube for the transport of goods gains more and more in importance. Especially the integration of east and south-east European countries opens a new economic area, where the traffic of goods is forecasted to increase by 8 percent p.a. The Austrian Danube shipping business shows a transportation volume of about 12 mill. tons. The new action plan on shipping on the Danube (NAP) schedules to increase the volume up to 25 mill. tons until 2015. The latest investment plans for the needed projects show a total volume of 222 mill. euro which should be realised also up to 2015. Austria will apply for EU financial support this year to start with the first expansion phase on the Danube as soon as possible.

Civil Engineering will be the growth engine in the construction sector in the forecasting periode in Austria, mainly because of the ambitious expansion projects in transport infrastructure.

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## APPENDIX – DEFINITIONS

### Table 1

- Statistik Austria
- *Population, Households*: Statistik Austria – annual average.
- *Unemployed calculated by the national method (by Public Employment Service Austria – AMS)*
- *Unemployment rate calculated by the Labour Force Concept (ILO).*
- *Long term interest rate: WIFO.*

### Table 2

- *Construction output* refers to construction investment regarding the European System on National Accounts (ESA 1995). Source: Statistik Austria, WIFO.

### Table 3

- Statistik Austria – except housing starts: WIFO calculation.

### Table 4a

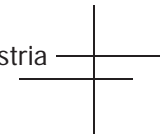
- *Education buildings: Bundesimmobiliengesellschaft, Statistik Austria, WIFO calculation*
- *Health*: WIFO calculation
- *Industrial*: including storage buildings
- *Offices*: Statistik Austria, WIFO calculation
- *Commercial*: Statistik Austria, WIFO calculation
- *Agricultural*: WIFO calculation

### Table 4b

- *Other transport* includes airports, water ways, harbours,

### Table 5

- Statistik Austria, WIFO calculation.
- Volume *Private consumption, public consumption*, etc: at market prices, VAT excluded




Country/Pays/Land: AUSTRIA					Table 1		
<b>Main demographic and economic indicators</b> <b>Principaux indicateurs démographiques et économiques</b> <b>Wichtige demographische und ökonomische Indikatoren</b>							
					Forecast		Outlook
	2003	2004	2005	2006	2007	2008	2009
Population ('000s) Population Bevölkerung	8 118	8 175	8 233	8 284	8 319	8 353	8 386
Households ('000s) Ménages Haushalte	3 405	3 440	3 477	3 511	3 538	3 564	3 590
Unemployed ('000s) Chômeurs Arbeitslose	240	244	253	239	216	211	211
Unemployment rate (%) Taux de chômage Arbeitslosenquote	4.3	4.8	5.2	4.7	4.2	4.1	4.1
Change of GDP Variation du PIB Veränderung des BIP (% change in real terms)	1.1	2.4	2.0	3.2	3.0	2.4	2.5
Consumer prices (% change) Prix à la consommation Verbraucherpreise	1.3	2.1	2.3	1.5	1.7	1.8	1.8
Construction prices (% change) <sup>1)</sup> Prix de la construction Baupreise	1.3	2.2	2.0	2.8	3.0	2.5	2.5
Short term interest rate <sup>2)</sup> Taux d' intérêt à court terme Kurzfristiger Zinssatz	2.3	2.1	2.2	3.1	4.0	4.3	4.1
Long term interest rate <sup>3)</sup> Taux d' intérêt à long terme Langfristiger Zinssatz	4.2	4.2	3.4	3.8	4.0	4.2	4.0

1) Refers to new construction only

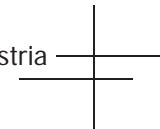
2) 3-month interbank rate (or equivalent)

3) 10-year government bonds (or equivalent)




Country/Pays/Land: AUSTRIA		Table 2							
									
Construction by type Production par type d'ouvrage Bauproduktion nach Sparten									
		Volume mill. euro <sup>1)</sup>	% change in real terms						
							Forecast		Outlook
			2003	2004	2005	2006	2007	2008	2009
Residential construction	New	7 662	6.1	3.0	-2.4	9.0	5.5	3.5	2.5
Logement	Renovation	4 626	5.6	2.5	-4.4	4.0	4.0	2.5	1.0
Wohnungsbau	Total	12 288	5.9	2.8	-3.2	7.1	4.9	3.1	1.9
Non-residential construction	New	6 844	4.1	-0.9	2.0	3.5	3.7	3.5	2.5
Bâtiments non résidentiels	Renovation	3 509	1.1	0.5	1.1	2.5	2.0	2.0	1.5
übriger Hochbau	Total	10 353	3.1	-0.4	1.7	3.2	3.1	3.0	2.2
Building	New	14 506	5.1	1.1	-0.4	6.4	4.7	3.5	2.5
Bâtiment	Renovation	8 135	3.6	1.7	-2.1	3.4	3.1	2.3	1.2
Hochbau	Total	22 611	4.6	1.3	-1.0	5.3	4.1	3.1	2.0
Civil engineering	New	6 173	7.9	3.0	6.1	7.0	6.2	5.0	4.0
Génie civil	Renovation	1 438	3.6	1.0	1.6	3.2	3.0	4.0	2.5
Tiefbau	Total	7 611	7.0	2.6	5.3	6.3	5.6	4.8	3.7
<b>TOTAL CONSTRUCTION OUTPUT</b>		<b>30 252</b>	<b>5.2</b>	<b>1.6</b>	<b>0.5</b>	<b>5.5</b>	<b>4.5</b>	<b>3.5</b>	<b>2.5</b>
		2006 mill. tons					Forecasts		Outlook
			2003	2004	2005	2006	2007	2008	2009
Domestic cement consumption Consommation intérieure de ciment Inländischer Zementverbrauch		5.61	5.0	-5.2	2.5	2.5	3.0	2.5	2.0

1) At 2006 prices, excluding taxes. 1 euro = 13.7603 ATS

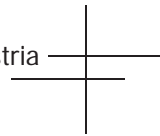


Country/Pays/Land: AUSTRIA		Table 3						
<b>Residential construction</b>								
<b>Construction de logements</b>								
<b>Wohnungsbau</b>								
		Thousands dwellings						
						Forecast		Outlook
		2003	2004	2005	2006	2007	2008	2009
Building permits Logements autorisés Baugenehmigungen	1+2 family dwellings Individuel Familienhäuser	16.0	15.5	16.0	18.0	19.0	19.0	19.5
	Flats Collectif Mehrfamilienhäuser	26.3	27.0	27.0	26.0	26.0	26.5	26.5
	<b>TOTAL</b>	<b>42.3</b>	<b>42.5</b>	<b>43.0</b>	<b>44.0</b>	<b>45.0</b>	<b>45.5</b>	<b>46.0</b>
Housing starts Logements commencés Baubeginne	1+2 family dwellings Individuel Familienhäuser	16.0	15.5	16.0	18.0	19.0	19.0	19.5
	Flats Collectif Mehrfamilienhäuser	26.3	27.0	27.0	26.0	26.0	26.5	26.5
	<b>TOTAL</b>	<b>42.3</b>	<b>42.5</b>	<b>43.0</b>	<b>44.0</b>	<b>45.0</b>	<b>45.0</b>	<b>46.0</b>
Housing completions Logements terminés Baufertigstellungen	1+2 family dwellings Individuel Familienhäuser	17.0	17.0	16.0	15.5	16.0	18.0	19.0
	Flats Collectif Mehrfamilienhäuser	24.9	25.0	26.3	27.0	27.0	26.0	26.0
	<b>TOTAL</b>	<b>41.9</b>	<b>42.0</b>	<b>42.3</b>	<b>42.5</b>	<b>43.0</b>	<b>44.0</b>	<b>45.0</b>
Housing stock Logements existants Wohnungsbestand		3 819	3 849	3 879	3 910	3 941	3 963	3 986
	thereof second homes dont résid. secondaires davon Zweitwohnungen	263	266	268	270	271	272	273
	thereof vacancies dont inoccupé davon leerstehend	291	294	295	294	294	294	293
Home ownership rate <sup>1)</sup> Taux de propriétaires occupants Wohnungseigentumsquote		55.6	56.7	56.8	56.9	56.9	56.9	57.0

1) Cf. Appendix to the individual country report

Country/Pays/Land: AUSTRIA		Table 4a						
								
<b>New non-residential construction (public and private)</b> <b>Construction neuve non résidentielle (publique et privée)</b> <b>Neuer Nichtwohnbau (öffentlich und privat)</b>								
	Volume mill. euro <sup>1)</sup>	% change in real terms						
						Forecast		Outlook
		2006	2003	2004	2005	2006	2007	2008
Buildings for education Bâtiments de l'éducation et de la recherche Gebäude des Bildungswesens	315	3.6	-11.0	-2.6	3.5	2.6	2.0	1.5
Buildings for health Bâtiments de santé Gebäude des Gesundheitswesens	862	10.7	-3.6	5.6	3.4	0.9	1.2	1.0
Industrial buildings Bâtiments industriels Industriegebäude	1 547	1.6	-3.6	7.7	3.3	4.5	3.0	2.0
Storage buildings Bâtiments de stockage Lagergebäude	55	-3.0	-2.1	6.2	6.0	-43.9	0.0	3.2
Office buildings Bureaux Bürogebäude	1 848	7.1	-7.7	6.6	3.4	4.0	1.0	0.5
Commercial buildings Commerces Geschäftsgebäude	1 971	1.6	-3.6	7.7	3.4	2.1	2.0	1.8
Agricultural buildings Bâtiments agricoles Landwirtschaftsgebäude	14	0.8	-7.0	3.0	5.8	0.2	0.5	0.4
Miscellaneous Autres Sonstiges	232	-2.0	126.3	-54.7	6.2	32.9	40.0	20.7
<b>Total Insgesamt</b>	<b>6 844</b>	<b>4.1</b>	<b>-0.9</b>	<b>2.0</b>	<b>3.5</b>	<b>3.7</b>	<b>3.5</b>	<b>2.5</b>

1) At 2006 prices, excluding taxes. 1 euro = 13.7603 ATS



Country/Pays/Land: AUSTRIA		Table 4b							
<b>Total civil engineering</b> <b>Ensemble du génie civil</b> <b>Tiefbau insgesamt</b>									
	Volume mill. euro <sup>1)</sup>	% change in real terms							
						Forecast		Outlook	
		2006	2003	2004	2005	2006	2007	2008	2009
Transport infrastructure Infrastructures de transport Verkehrsinfrastruktur	Roads Réseau routier Straßen	2 093	13.6	7.7	4.9	9.0	8.2	5.0	2.0
	Railways Voies ferrées Bahnanlagen	1 575	-3.9	16.6	8.0	12.0	6.0	5.0	4.5
	Other transport Autres réseaux Übrige Verkehrsinfrastruktur	989	25.0	-18.4	25.5	6.2	6.1	2.6	7.6
	<b>TOTAL</b>	<b>4 657</b>	<b>10.0</b>	<b>4.0</b>	<b>9.9</b>	<b>9.4</b>	<b>7.0</b>	<b>4.5</b>	<b>4.0</b>
Telecommunications Télécommunications Telekommunikation		114	-27.7	-4.8	-1.7	1.6	1.0	2.0	1.5
Energy and water works Réseaux d'énergie et d'eau Energie- und Wasserversorgung		1 111	20.2	-4.0	-2.2	4.0	2.0	3.3	2.5
Other Autres Sonstiges		1 729	-3.0	4.5	0.3	0.6	4.4	6.7	3.8
<b>Total</b>		<b>7 611</b>	<b>7.0</b>	<b>2.6</b>	<b>5.3</b>	<b>6.3</b>	<b>5.6</b>	<b>4.8</b>	<b>3.7</b>

1) At 2006 prices, excluding taxes. 1 euro = 13.7603 ATS

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Country/Pays/Land: AUSTRIA

Table 5


**Gross domestic product**  
**Produit intérieur brut**  
**Bruttoinlandprodukt**

	Volume bill. euro <sup>1)</sup>	% change in real terms						
						Forecast		Outlook
		2006	2003	2004	2005	2006	2007	2008
Privat consumption Consommation privée Privater Verbrauch	142.1	1.3	1.9	1.7	1.8	2.2	2.0	2.0
Public consumption Consommation publique Staatsverbrauch	45.9	0.1	1.7	1.9	0.9	1.7	1.6	1.0
Gross domestic fixed capital formation Formation brute de capital fixe Anlageinvestitionen								
Total of which construction	53.6	-5.0	6.1	0.3	4.7	5.5	3.4	3.0
Stocks (contribution as % of GDP) Variations de stocks Vorratsveränderung	0.6	-0.6	0.6	0.4	0.2	0.2	0.2	0.3
Exports Exportations Exporte	147.6	3.8	2.3	6.4	8.5	7.4	6.2	6.2
Imports Importations Importe	133.4	-0.2	5.6	5.2	6.8	7.5	6.3	6.0
GDP PIB BIP	256.4	1.1	2.4	2.0	3.2	3.0	2.4	2.5

Standard National Accounts, gross figures

1) At 2006 prices. 1 euro = 13.7603 ATS

