

What the figures say about the situation in construction?

One of the activities that surely has a great impact on the situation in economy is construction, which experienced a very turbulent ten years. Since pre-crisis year 2008, when it had reached record, until 2016, when its recovery started, construction experienced fall and stagnation, which surely had an impact to a series of related activities, such as metal and chemical industry, wood industry and glass industry. In addition, its contribution related to boosting the development of the services sector through investments in renewal or building of accommodation capacities and tourist programmes can also be observed.

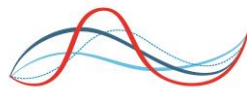
It is not surprising, then, that analysts, together with others involved in this activity, were delighted to hear about the increase in construction figures in 2016. However, did the trend continue in 2017?

How extensive is the actual increase in construction indeed?

One of the things that indicate the increase in construction is the number of issued building permits. During 2017, the total of 9 418 building permits were issued, out of which as much as 82.6% referred to buildings and only 17.4% to civil engineering works. It is a growth of 17.5% compared to 2016, out of which 21.2% referred to buildings and 2.6% to civil engineering works. Unfortunately, in spite of a positive development, the number of building permits issued in 2017 was still by 23.3% smaller than in the pre-crisis year 2008. According to the type of buildings, the majority of permits were issued in 2017 for new buildings (70.2%).

Concerning the percentage of completed buildings in 2016, the following three counties with the highest shares stand out: the County of Zadar, 11.1%, the County of Istria, 10.3%, and the County of Zagreb, 8.4%.

Another thing that provides information on the situation in construction is the volume of construction works. According to working-day adjusted indices, the volume of construction



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works increased in 2017 by 1.4% compared to 2016, out of which the volume on construction works for buildings went up by 7.0%, while for civil engineering works it decreased by 3.9%.

Most hours of work on sites were realised in new constructions (54.9%), while the remaining percentages refer to reconstructions, repairs and maintenance (45.1%).

In 2017, the value of construction works done by own workers of enterprises employing 20 and more persons amounted to 14.3 billion kuna, which is by 2.2% more than in 2016. Out of that, the value of construction works for buildings went up by 12.8%, while for civil engineering works it decreased by 5.9%.

Residential building – always a top theme

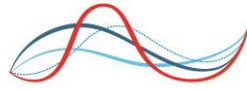
Although construction is not only building of houses and dwellings, the fact is that this theme always draws attention. Measures introduced when buying the first real estate and energy renewal of buildings financed from EU funds surely contributed a great deal to the increased demand for construction works.

When observing data on completed buildings, it must be pointed out that the majority of completed buildings in 2016 were residential buildings, while the rest of them were non-residential ones. Out of the total of slightly more than 4 800 completed buildings, most of them were located in the Counties of Zadar (11.1%) and Istria (10.3%). In the same year, most of constructed dwellings (89.4%) were new buildings, 10.0% were created by addition/extension on existing buildings, while only 0.6% were created by conversion of non-residential spaces into residential ones.

During 2017, the number of issued building permits for dwellings significantly increased, by 33.1% compared to 2016, to be exact. Although this increase opens the door to optimism, sceptics would remember that it is still by 49.1% less than in the pre-crisis year 2008.

What does an average dwelling look like in the Republic of Croatia?

The year 2016 saw the completion of 7 809 dwellings with the average surface area of 94.8 m² and the majority of them had two (26.1%) or three (27.3%) rooms. Comparing these data with the ones relating to the mentioned 2008, it is noticeable that the number of one-room dwellings dropped, whose share amounted to 13.6% in 2008 compared to 8.6% in 2016, as well as the number of two-room dwellings, which accounted to almost one third of the total



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number in 2008. The number of three-room dwellings remained the same during those eight years, but at the same time 6% of four-room dwellings were constructed.

All completed dwellings in 2016 were equipped by a water supply system, sewage system, toilet and bathroom.

In the second half-year of 2017, the total average price per 1 m² of all sold dwellings amounted to 11 060 kuna. In the calculation of the total average price per 1 m² of dwellings, POS (Programme of Subsidized Residential Construction) participated with 4.6% in the total volume of monitored m² sold and other sellers with 95.4%.

Lack of labour force?

The media and analysts keep warning that there is a lack of labour force in construction. The number of persons employed in construction in December 2017 slightly exceeded 66 thousand, which is as much as 39.1% less than in December 2008, when there were more than 108 thousand employed persons. In December 2017, the average paid off net earnings in construction amounted to 5 033 kuna.

In addition to the decrease in the number of persons employed in construction, there was also a decrease in the number of registered and active legal entities noticed. In December 2017, the number of registered legal entities in construction slightly exceeded 22 thousand, out of which 58.9% were active entities.

All mentioned data lead to the conclusion that construction managed to generate an increase in two recent years. Although the situation reached in 2008 has never been regained, we must be patient and bear in mind a statement pointed out by many creative architects: *“The difference between good and bad architecture is the time you spend on it”*.