

# GLOBAL CONSTRUCTION OUTLOOK

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# Outlook Overview

Horizon	Key points	Key risks
<b>Near term</b> <b>2024-2025</b>	<ul style="list-style-type: none"> <li>Global construction activity is forecast to decline by 0.3% in 2024 to be US\$9.6tn.</li> <li>Residential building will weigh on total construction work done over 2024. The ongoing real-estate downturn in China continues to shape the global narrative into 2024, although we expect a rebound in construction activity over 2025.</li> <li>Non-residential building activity will fall further over 2024, pulled down by industrial and other building activity. Slow industrial growth (after a surge in 2023 US activity) will also constrain non-residential growth in 2025.</li> <li>Civil engineering will be a stable growth driver over the near term as governments continue to invest in large infrastructure projects to boost growth and offset losses from weaker economic performance elsewhere.</li> </ul>	 Consumers across advanced economies follow the recent example of the US and run down a significant portion of excess savings accumulated during the pandemic.  Input cost inflation and tighter credit conditions results in a higher degree of demand destruction than assumed.  Next Generation EU funding is delayed more than we anticipate.
<b>Medium term</b> <b>2026-2028</b>	<ul style="list-style-type: none"> <li>Total construction activity is forecast to reach US\$10.2tn by 2026, growing at a compound annual growth rate of 3.4% over 2026 to 2028.</li> <li>The medium-term outlook will be supported by a recovery in residential building activity.</li> <li>A recovery in non-residential building activity will be supported by an uptick in <u>renovation work</u> in the European Union, the timing of which is being driven by regulations to meet minimum energy performance standards.</li> </ul>	 Governments invest more stimulus in the face of weak economic growth, boosting publicly funded activity.  Geopolitical tensions sees further supply chain disruptions, pushing up construction costs.
<b>Long term</b> <b>2029-2038</b>	<ul style="list-style-type: none"> <li>Total construction activity is forecast to reach US\$11.1tn by 2029, growing at a compound annual growth rate of 2.0% over 2029 to 2038.</li> <li>While the 'Middle East &amp; Africa' will be the fastest growing region over the long-run, the countries fastest growing construction markets will all be in Asia, as strong demographic drivers, continued urbanization, and governments willing to invest and work with the private sector support activity levels.</li> </ul>	 Governments increase their commitment to the transition to net-zero.  Decarbonisation targets result in higher building specifications, lifting the cost of construction per m <sup>2</sup> .  Chinese economic growth slows more than we anticipate.

# Forecast Growth Heatmap - Region

Global Construction Outlook									
	% Global construction (2023)	Annual % change unless specified						2024-2028	2029-2033
		2023	2024	2025	2026	2027	2028		
<b>Global</b>	<b>100.0%</b>	<b>-0.3%</b>	<b>-0.3%</b>	<b>2.4%</b>	<b>4.1%</b>	<b>3.2%</b>	<b>2.8%</b>	<b>3.1%</b>	<b>2.1%</b>
<b>Asia</b>	<b>48.8%</b>	<b>1.5%</b>	<b>-2.0%</b>	<b>1.9%</b>	<b>4.4%</b>	<b>3.2%</b>	<b>3.3%</b>	<b>3.2%</b>	<b>2.4%</b>
China	29.3%	-0.3%	-5.6%	3.1%	4.9%	2.0%	2.6%	3.2%	1.9%
India	6.1%	7.3%	1.3%	3.0%	3.9%	6.0%	6.6%	4.9%	5.0%
Japan	4.5%	2.3%	5.2%	-2.9%	-0.4%	6.1%	1.1%	1.0%	0.4%
Rest of Asia	9.0%	3.4%	3.8%	-0.1%	5.5%	3.5%	3.8%	3.2%	2.7%
<b>Europe</b>	<b>25.6%</b>	<b>0.0%</b>	<b>0.7%</b>	<b>2.6%</b>	<b>3.0%</b>	<b>2.9%</b>	<b>2.4%</b>	<b>2.7%</b>	<b>1.8%</b>
Germany	5.3%	-1.6%	0.4%	3.6%	3.4%	3.0%	2.4%	3.1%	1.3%
United Kingdom	3.0%	2.7%	-1.4%	1.5%	3.0%	2.5%	2.6%	2.4%	2.3%
France	2.2%	-0.8%	0.6%	1.8%	2.3%	3.1%	2.6%	2.5%	1.7%
Italy	2.1%	0.9%	1.9%	1.8%	2.3%	3.0%	2.4%	2.4%	1.9%
Rest of Europe	13.0%	0.1%	1.2%	2.6%	3.0%	2.8%	2.3%	2.7%	1.9%
<b>Americas</b>	<b>22.2%</b>	<b>-4.8%</b>	<b>1.3%</b>	<b>3.0%</b>	<b>4.9%</b>	<b>3.5%</b>	<b>2.2%</b>	<b>3.4%</b>	<b>1.9%</b>
United States	18.2%	-5.9%	1.3%	3.0%	5.0%	3.3%	2.1%	3.4%	1.9%
Canada	2.5%	-0.4%	1.3%	3.4%	5.1%	4.7%	2.7%	4.0%	2.1%
Brazil	0.2%	-0.4%	1.8%	3.8%	2.5%	2.3%	2.6%	2.8%	1.6%
Rest of Americas	1.3%	2.4%	1.5%	2.1%	2.7%	3.3%	2.9%	2.7%	2.2%
<b>Middle East &amp; Africa</b>	<b>3.5%</b>	<b>2.6%</b>	<b>4.5%</b>	<b>3.8%</b>	<b>3.4%</b>	<b>3.5%</b>	<b>2.9%</b>	<b>3.4%</b>	<b>2.7%</b>
Saudi Arabia	0.8%	4.8%	6.3%	6.3%	5.8%	5.6%	3.1%	5.2%	2.5%
South Africa	0.3%	5.3%	6.7%	2.0%	1.1%	1.8%	2.6%	1.9%	2.7%
Rest of Middle East & Africa	2.4%	1.6%	3.6%	3.1%	2.8%	2.9%	2.8%	2.9%	2.8%

Source: Oxford Economics / Haver Analytics

# Forecast Growth Heatmap – Sector

Global Construction Outlook									
	Sector contribution to total construction (%) (2023)	Annual % change unless specified						2024- 2028	2029- 2033
		2023	2024	2025	2026	2027	2028		
<b>Total work done</b>	<b>100.0%</b>	<b>-0.3%</b>	<b>-0.3%</b>	<b>2.4%</b>	<b>4.1%</b>	<b>3.2%</b>	<b>2.8%</b>	<b>3.1%</b>	<b>2.1%</b>
<b>Residential building</b>	<b>40.9%</b>	<b>-6.2%</b>	<b>-1.2%</b>	<b>3.6%</b>	<b>5.4%</b>	<b>2.9%</b>	<b>3.2%</b>	<b>3.8%</b>	<b>2.2%</b>
Single family	23.1%	-7.2%	-4.5%	1.3%	3.3%	1.2%	7.4%	3.3%	1.9%
Multi family	17.8%	-4.9%	3.1%	6.2%	7.8%	4.8%	-1.3%	4.3%	2.5%
<b>Non-residential building</b>	<b>26.6%</b>	<b>-1.1%</b>	<b>-0.8%</b>	<b>0.5%</b>	<b>4.2%</b>	<b>3.6%</b>	<b>2.5%</b>	<b>2.7%</b>	<b>1.9%</b>
Commercial	8.3%	1.7%	0.7%	1.6%	4.3%	3.1%	3.0%	3.0%	2.0%
Industrial	8.1%	5.1%	-2.6%	-1.7%	4.1%	3.4%	2.2%	2.0%	2.0%
Social	5.1%	-0.4%	1.0%	1.0%	2.3%	2.4%	1.9%	1.9%	1.9%
Other	5.1%	-13.6%	-1.9%	1.4%	6.3%	5.8%	2.6%	4.0%	1.7%
<b>Civil engineering</b>	<b>32.6%</b>	<b>9.1%</b>	<b>1.1%</b>	<b>2.5%</b>	<b>2.4%</b>	<b>3.2%</b>	<b>2.5%</b>	<b>2.6%</b>	<b>2.3%</b>
Roads	9.6%	7.5%	0.1%	1.6%	2.0%	3.2%	2.1%	2.2%	2.4%
Other transport	7.6%	9.7%	0.8%	3.5%	1.8%	3.0%	2.5%	2.7%	2.4%
Utilities	8.9%	8.2%	2.9%	3.7%	4.2%	3.2%	2.7%	3.4%	2.2%
Other	6.5%	12.1%	0.3%	0.8%	1.4%	3.5%	2.7%	2.1%	2.3%

Source: Oxford Economics / Haver Analytics

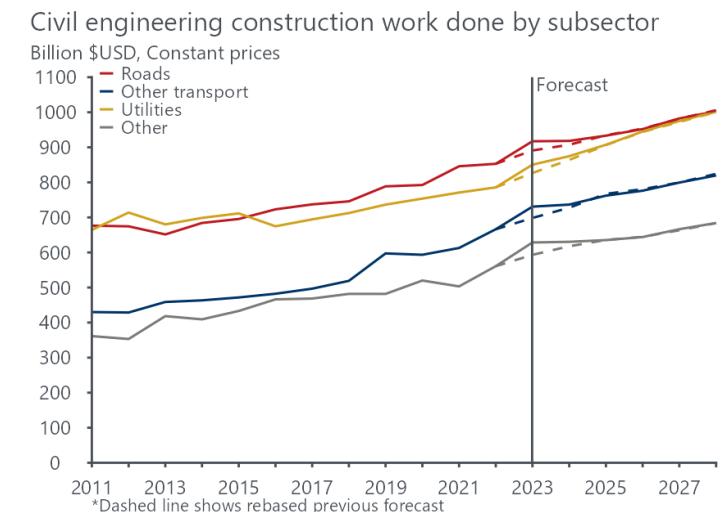
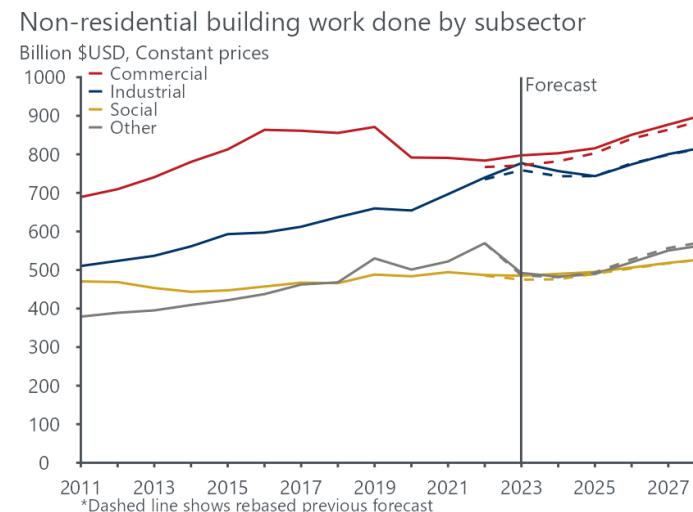
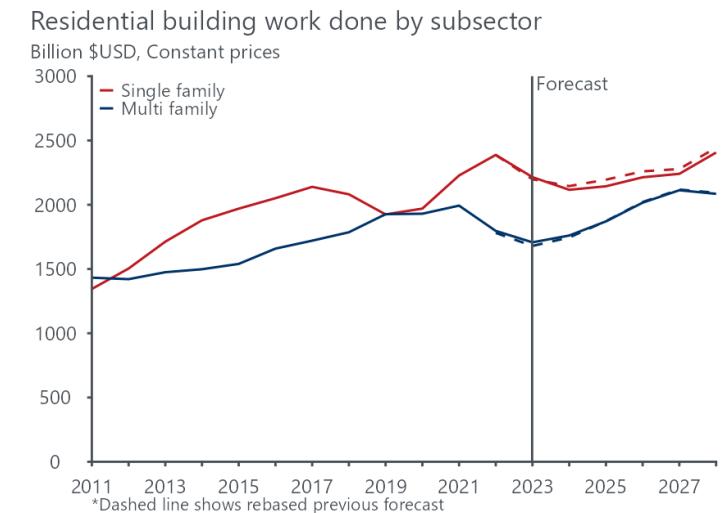
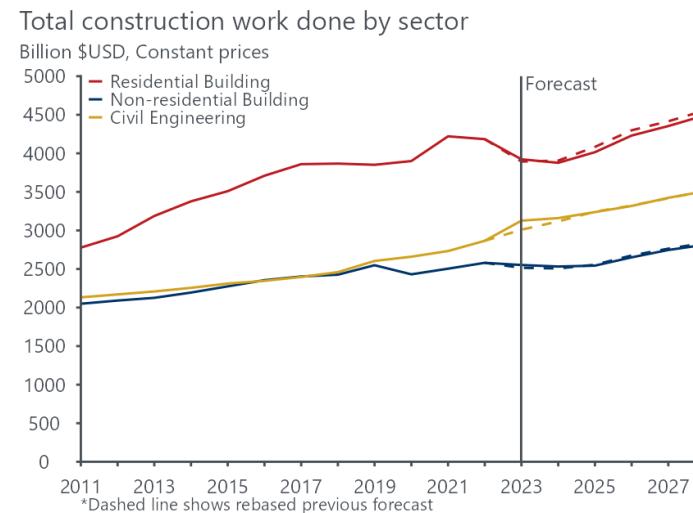
# Global

We have downgraded our outlook and now forecast global construction activity to fall 0.3% in 2024 to US\$9.6tn and rebound 2.4% in 2025 to \$9.8tn. This downgrade is largely attributed to historical data revisions made by China's *National Bureau of Statistics* which saw a higher level of activity in 2023. China accounts for almost 30% of global construction activity. We have also downgraded our outlook in anticipation of a more muted near-term recovery in building activity across Europe and the US.

**Residential building** activity is forecast to fall 1.2% over 2024 to US\$3.88tn, before rebounding 3.6% in 2025 to US\$4.02tn. We have downgraded our US outlook following weak starts over Q3, nonetheless the sector is anticipated to rebound from 2024. We have also slightly reduced the expected fall in Chinese activity, which found additional support from the government's policy response. Residential activity in China will not return to growth until 2025, with activity levels anticipated to remain at structurally lower levels.

**Non-residential building** activity is forecast to fall 0.8% in 2024 to US\$2.53tn and rebound 0.5% in 2025 to US\$2.54tn. The US has invested heavily in strategically important manufacturing facilities, which saw activity grow stronger than expected over 2023. We anticipate a slowdown in work over the coming years as high financing and construction costs weigh on demand.

**Civil engineering** activity is forecast to grow 1.2% in 2024 to US\$3.17tn and 2.4% in 2025 to US\$3.24tn. The historical data revision in China causes us to increase our forecast for the level of activity, but downgrade our forecast for growth in activity. Work will continue to be supported by the ongoing wave of public stimulus, including the US's Infrastructure Investment and Jobs Act, the Next Generation EU fund, and the Chinese Government's response to the real estate downturn.



# Glossary

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- **Americas** includes: Argentina, Brazil, Canada, Chile, Colombia, Mexico, Peru, United States of America.
- **Asia** includes: Australia, Bangladesh, China, Hong Kong (China), India, Indonesia, Japan, Malaysia, New Zealand, Pakistan, Philippines, Singapore, South Korea, Taiwan, Thailand, Vietnam.
- **Europe** includes: Austria, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, North Macedonia, Norway, Poland, Portugal, Romania, Russia, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine, United Kingdom.
- **Africa & Middle East** includes: Algeria, Egypt, Kenya, Kuwait, Morocco, Nigeria, Qatar, South Africa, Saudi Arabia, United Arab Emirates
- **Value of total work done** — The value of payments made for work undertaken during the reference period. It includes the cost of labour and materials fixed in place, and excludes the value of land and the value of installed machinery and equipment not integral to the structure.
- **Residential** — Refers to the construction of buildings for living in. Typically, this can be further subdivided into single family houses and multi family buildings (apartment blocks, including high-rise buildings). Residential construction is driven by a number of factors including population growth, consumer spending power, investment and house prices.
- **Non-residential** — All buildings not created for the purpose of dwelling. Some examples of non-residential construction are office buildings, retail spaces, schools and hospitals, parking garages, hotels and motels, industrial workshops, and factories. Major drivers of non-residential construction are business investment, confidence indicators, and land prices.
- **Civil engineering** — Includes the construction of all “non-building” structures. For example, roads and motorways, railways, bridges and tunnels, power grids, and water and sewerage systems. Civil engineering construction (also referred to as “infrastructure construction”) is typically less prone to cyclical variation than building construction, and it is usually more dependent on public funds.
- **Currency conversions** — All dollar values are in USD unless otherwise stated.

Currency	Exchange rate
Euro per US\$	0.95
Pound per US\$	0.81
Yuan per US\$	6.73
Yen per US\$	131.58

- **Compound annual growth rate (CAGR)** — is the annualized average rate of construction activity growth over a specified period of time.
- \*Due to rounding, the figures in this document may not precisely sum to total values.

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