

Construction activity forecast to grow across Sub-Saharan Africa

Despite a number of significant risk factors that threaten to limit economic growth in the region, Mace's latest [Market View for Sub-Saharan Africa \(SSA\)](#) reports that construction activity is forecast to grow across the region.



© Ivan Kruk – [123RF.com](#)

While the overall outlook for construction activity in SSA is reasonably strong, with growth forecast at an average rate of over 6% per annum over the next two years, there is notable variation across the region.

This variation, driven in part by the complex political and economic challenges in each nation, creates an element of uncertainty that has the potential to destabilise markets and restrict growth. This is particularly the case in SSA nations with high levels of foreign denominated debt.

On a more positive note, ambitious, large-scale social infrastructure programmes are expected to support further growth, with the housing and energy sectors set to attract significant funding across the whole of SSA.

Ethiopia leading the charge

Ethiopia, one of the region's largest markets, is leading the charge, with construction activity forecast to achieve double-digit growth through to 2020. There's also positivity elsewhere, with construction activity in Kenya, Rwanda, Tanzania and Uganda also forecast to grow over the medium-term. And, amid a return to economic growth, prospects for construction in South Africa may improve as well; although the upcoming general election is causing a temporary hiatus in public sector spending.

A reflection of Mace's expanding presence in SSA – including through joint ventures with cost consultancy companies in South Africa (MMQSMace) and Kenya (MaceYMR) – the latest report provides an overview of the region, as well as detailed economic analysis of the construction sectors in South Africa, Ethiopia,

Kenya, Rwanda, Tanzania and Uganda and Ghana.

Simon Herd, MD, MaceYMR, said: “The cautiously optimistic outlook for construction demand across SSA comes at a time when the costs of construction materials are rising and contractor capacity is already stretched. Together, these factors suggest that upwards pressure on construction costs in SSA will continue over the medium term, which will create a challenging procurement environment.”

For more, visit: <https://www.bizcommunity.com>