

SA's construction: stability and small growth over the next four years

In a *Moneyweb* opinion piece, Saijil Singh, lead analyst with international credit insurer Coface South Africa, assessed the state of SA's construction industry and stipulated how it is expected to perform over the next four years. Coface estimates a 7% construction costs rise in 2013.

This means, Singh says, "that the industry will need to grow above that figure to show any improvement," but this is unlikely, because "the industry faces an uphill battle for growth" due to constant cost-increases.

Singh believes that even though prime interest rates have been reduced to 8.5% this year, the industry will be hampered by other factors such as labour, social issues and skills shortages. "On a positive note," he says, "government has constantly mentioned its plans to grow the industry and to increase employment. " With expectations that the construction industry will remain stable, Singh says the building machinery industry is expected to follow the same direction. Post recession challenges have caused a number of medium-sized enterprises to fail, and construction costs and the challenge of cheaper imports also present a threat.

"However," Singh says in his *Moneyweb* column "considering that the economy does continue to recover from the recession in 2008, the industry does promise to remain stable and continue showing small growth."

Read the [full article](http://www.moneyweb.co.za) on www.moneyweb.co.za.