

The construction sector in Italy



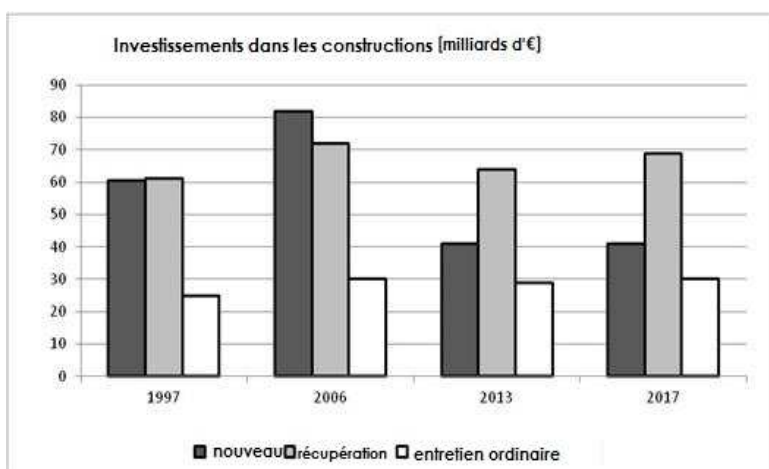
- Synthèse des prévisions

Variations annuelles, %	2016 e	2017 e	2018 e
PIB	0,9	0,6	0,7
Consommation privée	1,4	0,6	0,8
Investissement	2,0	0,9	1,4
Exportations	1,2	2,4	3,0
Indice des prix à la consommation (IPCH)	-0,1	1,1	0,9
Taux de chômage (%)	11,4	11,2	10,8
Balance courante (% PIB)	2,0	2,2	2,0
Solde des Adm. Publiques (% PIB)	-2,5	-2,6	-2,6
Dettes publiques (% PIB)	133,1	133,9	134,8

Italian GDP growth will remain weak in 2017 (+0,7%) following an increase by only 0.8% in 2016, which inhibits the construction sector's growth.

Since the end of 2014, deterioration in the Italian construction sector begins to decay, the economy having modestly bounced. However, the construction sector's performance is still far from representing a real rebound. Italian GDP growth will remain weak in 2017 (+0,7%) after growing by just

0.8% in 2016, which will inhibit the construction sector's growth. After a slight increase of 0.3% in 2016, construction investment is expected to decrease by 1.2%, new housing investment by 3%, and public works investment by 3.6%.



These were due mainly to the low purchasing power and by the strict lending conditions set by the banks. Considering the problems currently facing the Italian financial sector, there is few chances that this restrictive lending policy improve soon. Many companies in the sector remain heavily indebted. **Bank lending for decreased by €30 billion in 2007 to less than € 8 billion in 2015**, and those for non-residential construction decreased from €20

billion to €10 billion. poor performance in the sector

Delays in payment due to public entities have also contributed to market difficulties. Payment conditions are set at 5.5 months on average, while the legal duration is two months. Average payment delays are still long, even if they decrease since 2014 (from 146 days in the first half of 2014 to 117 days in the first half of 2015 and 108 days in the first half of 2016). The non-payment notifications number is expected to remain high in 2017, but no major increase is expected this year. The same applies to construction companies' bankruptcies, that will remain at a historically high level.

Every construction companies are not similarly affected by the difficult market situation. Big companies have demonstrated resilience thanks to their diversified portfolio of infrastructure works and export-oriented, which makes them less dependent on the domestic market. These export-oriented operators (mostly active in Africa and the Middle East) should get positive results.

On the other hand, cooperatives and construction consortia focused on the domestic residential construction market and public works were seriously affected by falling demand, the credit freeze and payment arrears. Finally, the highest segment affected is the small and medium-sized companies specialized in residential construction, due to lower investment in private housing (decrease of more than 60% in new construction sites from 2008 to 2015) and to the bank loans limitation. The only exception is for renovation companies supported by government actions (+19% from 2008 to 2015).

Considering the current difficulties, our coverage policy remains restrictive. However, we are more flexible in respect of export-oriented construction operators and less dependent on the domestic public sector.

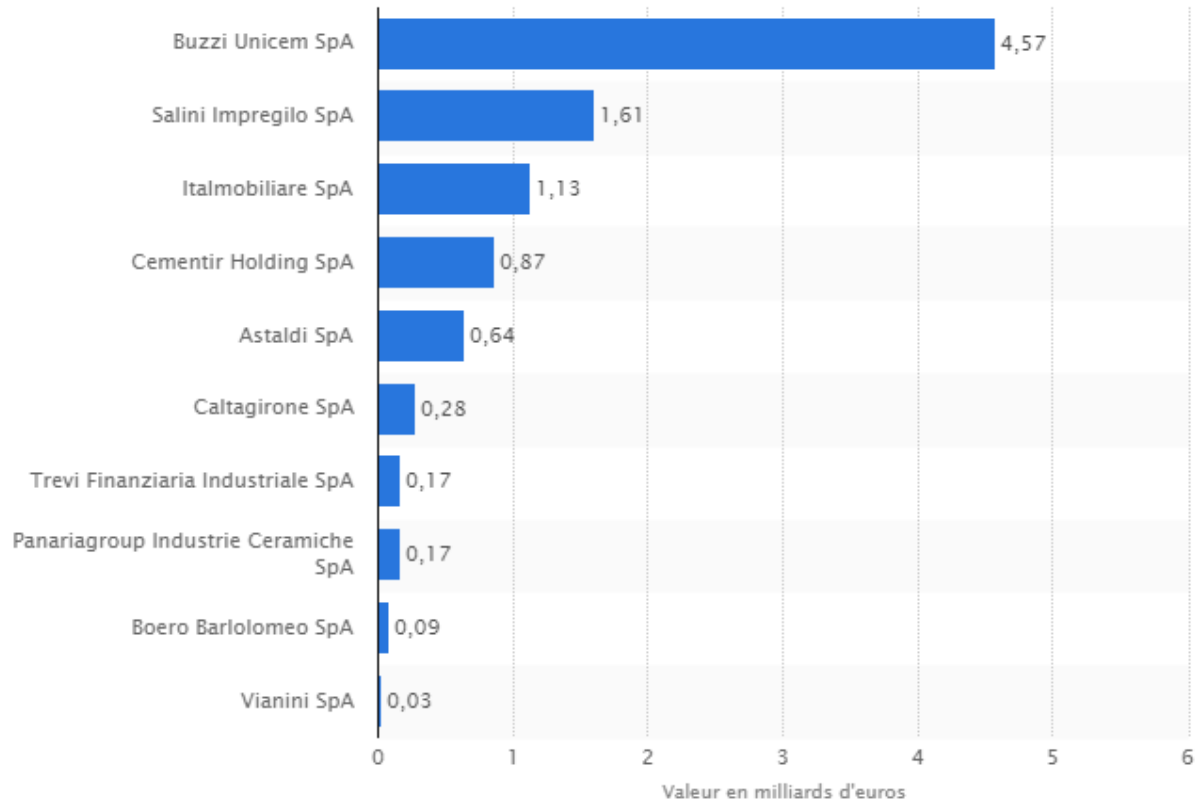
Production in construction and construction costs

In May 2017, compared to the previous month, seasonally adjusted index of production in construction **increased by 2.7%**. In the same month, sector cost indices decreased by 0.1% for residential construction, and 0.4% both for the main road with stretching in the gallery and for the trunk road without a shot in the tunnel.

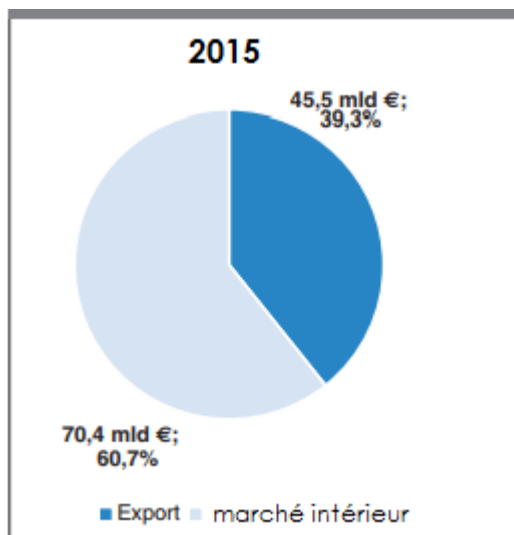
On an annual basis, the indices of the costs of construction increase of 0.5% for the residential building, while they decrease by 0.1% for the main road with stretching in the gallery and by 0,2% for the trunk road without a shot in the tunnel.

The largest contribution to the downward trend cost indices for the construction of road sections is derived from lower labor costs with both the tunnel part (-0.1 percentage points) and the part without stretching in the tunnel (-0.2 percentage points).

The main construction companies ranking in Italy in March 2017, based on market capitalization (In billion euro)



This statistic presents the main construction companies in Italy in March 2017, based on market capitalization. Buzzi Unicem is an Italian company specialized in the cement and concrete sector. The company reached a value of over €4.5 billion in 2017.



The Italian construction companies presence in the world

The growth of Italian construction companies abroad continues: 2015 was a particularly good year, with a **turnover outside Italy reflecting an increase of 10.2%**. In 2015, Italian companies achieved a production value of approximately 10.5 billion, the tenth year of growth continuous.

At the end of 2015, the total value of orders has exceeded **72 billion euros** (the total backlog of the order is €41 billion), obtained thanks to 662 sites in 84 countries. In 2015, only 187 new contracts were signed for a total amount of 10.5 billion euros.

Italian companies are making their mark in the world through their « *problem solving* » ability acquired in the infrastructure systems realization and management (highways, railways, real estate complexes, energy or water generation and distribution). These capacities make the Italian system of constructions a reliable partner for the main international “*players*” of the sector.

EXHIBITIONS

EURODYN

Dates: September 10-13th, 2017

Roma (Italy)

Internet : <https://www.eurodyn2017.it/events/eurodyn-2017/>

MARMOMACC

Dates: September 27-30th, 2017

Fiera di Verona

Internet: www.marmomac.com/en/

HOME & BUILDING

Dates: October 18-19th, 2017

Fiera di Verona

Internet: www.expohb.eu/

RESTRUCTURA

Dates : November 16-19th, 2017

Lingotto Fiere

Internet: www.restructura.com/

SALONE INTERNAZIONALE PROGETTO COMFORT

Dates : April 12-14th, 2018

Centro Fieristico le Ciminiere

Internet: www.progettocomfort.org

FASTENER FAIR ITALY

Dates: September 26-27th, 2018

Milano Convention Centre

Internet: www.fastenerfairitaly.com/

SAIE BUILDING & CONSTRUCTION

Dates: October 17-20th, 2018

Bologna Fiera

Internet : www.saie.bolognafiere.it/en/home/4279.html

ASSOCIATIONS

NACB (National Association of Constructors Building)

<http://www.ance.it/>

CESRBM (Centre for Economic and Social Research in the Building Market)

www.cresme.it/

ECIF (European Construction Industry Federation)

www.fiec.eu/

FEDERCOSTRUZIONI (Federation of the Constructions)

www.federcostruzioniweb.it/