

How construction companies can respond to the energy crisis

Regular South Africans have already experienced the equivalent of 170 days of rotational load shedding in 2023. Construction companies have dealt with this same reality as well as steep increases in the cost of fuel.



The energy crisis is forcing higher tender prices and project shutdowns. Source: Supplied

Mace Cost Consultancy forecasted that tender prices globally would rise by 8% as the global energy crisis puts additional pressure on supply chains – there was already a record 7.5% increase in 2021 brought on by higher raw materials and labour costs.

If these trends continue, it could lead to a slowdown in the number of construction projects being tendered for, as clients seek to limit their exposure to rising costs.



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31 Jul 2023



“The repercussions for construction have been significant. Costs for fuelling machinery, lighting sites, heating, and transportation have ballooned and contributed to higher construction costs,” says Morag Evans, CEO of Databuild.

“Beyond that, investors have become more cautious to take on new construction projects. This has not only resulted in a decline of construction investments but also seen a reduction in job opportunities in the sector.”

Disruptions abound

Energy shortages and intermittent power supply disrupt construction activities. The result is a delay in completing projects and the potential for cost overruns. Interruptions halt critical operations, including machinery operation, equipment maintenance, and site facility upkeep.

Consequently, the sector has experienced decreased productivity and efficiency.

Rising energy costs can trigger a shift in construction practices and the adoption of new technologies. As the need to save energy becomes crucial, construction companies may look to incorporate energy-efficient designs, sustainable materials, and technologies into their projects.

Government support

“This is where government bodies have a critical role to play. They can introduce regulations and incentives, such as energy efficiency standards and financial rewards for implementing energy-saving practices,” adds Evans.

“But to benefit from these, construction companies must stay abreast of the evolving regulatory environment to plan and execute on their projects more effectively.”

Given the global push towards becoming carbon neutral, clients and investors are favouring the construction of energy-efficient buildings which is also contributing to an increase in the adoption of more sustainable building practices in the industry.

Those companies that can deliver on energy efficient solutions that encompass everything from renewable energy sources and efficient insulation to smart technologies, will be the ones who have a significant competitive advantage.

Keep on adapting

Ultimately, the South African construction sector must adapt. Increasing costs, project delays, productivity declines, and the requirement for energy-efficient practices all call for an urgent shift in strategies, technologies, and practices.

“Companies need to be agile, embracing the advancement in design and technology brought about by the current energy scarcity. These should encompass sustainable building practices, using energy-saving technologies, and understanding compliance with new government regulations and standards,” concludes Evans.

“I anticipate that the diversification of energy sources will also see growth, with construction companies tapping into innovative opportunities to build and maintain renewable energy installations.”