

# Turner & Townsend releases International Construction Market Survey for 2022

Turner & Townsend has released its International Construction Market Survey (ICMS) for 2022, drawing from data and experience from 90 global markets, and exploring the challenges and opportunities presented by the economic market conditions that affect the construction industry.



Source: Ivan Kruk © [123RF.com](https://www.123RF.com)

The survey finds that while most markets have recovered somewhat from the impact of the Covid-19 pandemic and the subsequent lockdowns that followed, Russia's invasion of Ukraine and renewed lockdowns in China are starting to influence construction markets.

In Africa, some cities have shown significant recovery, including Johannesburg, Cape Town, Gaborone, Harare, Nairobi, Kigali, Kampala, and Lagos. However, the market's full potential requires more growth to restore gross domestic product (GDP) to pre-pandemic levels. Furthermore, inflation across the continent will likely reduce consumer demand, further impacting growth throughout 2022.

The report notes that activity in the construction sector has weakened over the last year. A major factor contributing to this is the cost of construction, which has been driven higher by the supply-chain bottlenecks caused by the pandemic and the war in Ukraine, as well as the rising costs of energy.

These factors have resulted in higher risk for contractors, and construction schedules for projects have regularly increased due to material supply shortages. Project teams have been forced to take measures to mitigate this, including early procurement, early payment to contractors, or having contracts in which the client sources and issues material themselves.



Here's what keeps the construction sector's financial directors awake at night

Mark Snow 13 Jun 2022



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## Strong sectors

On the positive side, the ICMS survey shows that residential and social housing remains a strong African construction sector, and the industrial, manufacturing and logistics sectors are seeing some of their strongest rates of growth. Warehousing and goods movement have been boosted by the rapid growth of e-commerce sites in Africa, and the rise of remote working has seen a growing requirement for data centres in most regions.

Furthermore, the potential for growth in renewable energy in Africa presents many opportunities for the construction industry. The continent is rich in hydro, solar and wind, and the use of renewables is a more attractive scenario for many African nations. There are many regions where the local population still has no access to electricity, and decentralised renewables offer the opportunity to provide cheap local electricity. Not only that, but a switch to renewables would also do away with reliance on imported fossil fuels for many nations while offering energy security going forward.



### Proactive approach needed in mitigating construction supply chain disruptions

5 Jul 2022



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## Another difficult year ahead

A construction-led recovery in Africa faces many challenges this year and the research notes that the IMF states that sub-Saharan Africa would need to double its forecast growth rate to match the growth seen in the post-pandemic period in other advanced economies. Foreign investment is repelled by high inflation and increased debt levels, and this has the knock-on effect of making financing conditions difficult.

Turner & Townsend predicts that 2022 is going to be another difficult year, but some drivers of inflation-easing - including costs for fuel, transport, imports, steel and raw materials costs and costs of imported goods - could greatly assist the African economies in resuming economic recovery.

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