

Introduction

Companies that design, develop, build, or tear down structures, as well as companies that supply them, are all part of the construction industry. Currently, in the U.S. the industry is depressed despite recently lowered interest rates. However, there is still activity in the private and government sectors, as well as small jobs such as remodeling. The outlook in Asia and Europe is more promising.



Industry Composition

The construction industry is considered a great indicator industry to the overall health of a nation's economy. When the construction demand increases, that means that many other industries are growing as well, and vice versa. The construction industry is composed not only of companies that actually build structures, but also those that design, develop, repair, or maintain structures. The construction of infrastructures such as roadways, railroads, or airports is included in our transport manufacturing industry.

There are several types of construction; heavy construction, including civil projects such as dams, sewer systems, and infrastructure; commercial building, including apartments, offices, retail, hotels, schools, and public buildings; and residential building. In addition to new structures, these categories include remodeling, renovations, additions, and removals.

For globalEDGE's purpose, businesses that supply raw materials for construction, including cement, brick, timber, and steel, are considered part of the Mining/Minerals/Metals industry. Businesses that engage in the construction of transportation infrastructure are listed in the Transport Manufacturing industry.

Industry Leaders and Fragmentation

* All amounts are given in Billions USD

Company	Country	Sales	Profits	Market Value
China State Construction Engineering	173	215.3	6.1	33
Metallurgical Corp of China	173	57.9	1.1	5.5
Power Construction Corporation of China	173	53.3	1	9.1
VINCI	164	50.1	1.4	61.4

Highly Fragmented

Highly Concentrated

Saint-Gobain	164	43.5	0.5198	33.8
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Profitability and Demand Drivers

Primary Demand Drivers:

- Economic health of domestic country
- Government spending on infrastructure

Profitability Drivers:

- Ability to bid accurately
- Ability to secure contracts
- Ability to control costs

Trends

One trend in the industry is green building, a method of production through the use of recycled, reused, or renewable resources to construct a more environmentally friendly and sustainable building. Techniques to increase water and energy efficiency are also employed, such as a careful orientation of the building to take advantage of natural breezes or sunlight and green roofs or walls, a roof or wall covered in soil and/or vegetation. Solar panels or other eco-friendly technologies may also be used. LEED certification is also becoming much more popular now and is almost a necessary requirement for new buildings.

There are several issues that are currently of concern to construction companies. First, is the rising cost of energy. Fuel and building supplies, which account for a substantial portion of construction, are increasing in cost which then affects production. Also, creating materials such as cement and bricks also consumes a lot of energy. Safety is the other main concern. In Europe, there are over 1000 job-related deaths recorded per year, and a good deal more are injured or sickened.