Construction outlook in China among world’s best

The $5 trillion construction industry in China is one of the fastest growing in the world. A rapidly expanding domestic economy, continuing efforts to upgrade physical infrastructure, sustained strength in foreign investment funding, healthy demand for Chinese manufactured goods, ongoing urbanization and further population and household growth will all boost construction spending in China.

Nonbuilding construction to be fastest growing sector

Nonbuilding construction will be the fastest growing sector through 2012. Growth will be fueled by government initiatives to expand and upgrade the country’s physical infrastructure, especially its highways, railways and subway systems. Utilities construction will also contribute to nonbuilding construction spending gains, as the government continues to increase the country’s power generation capacity and improve electricity transmission networks, as well as expanding and improving municipal water supply coverage and natural gas distribution.

Nonresidential building represents the largest spending category in China, reflecting the nation’s emergence as an economic powerhouse over the last decade and its position as the largest producer of manufactured goods in the world. China’s ongoing industrialization and modernization will help to boost investment in manufacturing, office and commercial facilities.

Real residential building construction expenditures will grow at a more modest pace through 2012. Advances will be spurred by rising employment and personal income levels, further urbanization of the population, and increasing average per-capita living space in both urban and rural areas. However, government efforts to prevent the real estate market from overheating (for example, raising the one-year lending rate and restricting second home purchases) and a deceleration in household growth will provide an offsetting influence, preventing demand from advancing at a faster rate through 2012.

Government’s “Go West” strategy to spur Northwest, Southwest regional growth

China consists of numerous distinct regional markets characterized by different culture, language and levels of economic development. The Northwest and Southwest regions are much poorer than other parts of the nation and remain largely underdeveloped, but are being targeted by the government’s “Go West” strategy, which will result in sizable increases in infrastructure-related construction activity in these areas. Construction expenditures in the Northwest and Southwest regions are expected to enjoy the fastest growth of any region in China through 2012. However, the Central-East and Central-South regions will remain home to well over half of China’s total population and will account for close to two-thirds of all economic output in 2012, stimulating substantial construction demand.

Study coverage

Worldwide, producers and distributors of construction materials, machinery, packaging and other products recognize the tremendous market potential that China has to offer. However, planning for expansion into China is difficult due to the lack of reliable market information. Freedonia’s China studies provide you with the information and analysis you need to plan for your company’s positioning in China. Freedonia has broken down construction activity in China in a helpful fashion.

**TABLE V-1**

**NONRESIDENTIAL BUILDING CONSTRUCTION EXPENDITURES IN CHINA BY TYPE**
(2006 yuan)

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Total Construction Expenditures</td>
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<tr>
<td>% nonresidential</td>
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<tr>
<td>Nonresidential Building Constr Expend</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Construction</td>
<td>272</td>
<td>543</td>
<td>1231</td>
<td>1725</td>
<td>2255</td>
</tr>
<tr>
<td>Additions &amp; Alterations</td>
<td>62</td>
<td>125</td>
<td>291</td>
<td>500</td>
<td>770</td>
</tr>
<tr>
<td>Maintenance &amp; Repairs</td>
<td>34</td>
<td>76</td>
<td>189</td>
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<tr>
<td>New Construction</td>
<td>272</td>
<td>543</td>
<td>1231</td>
<td>1725</td>
<td>2255</td>
</tr>
<tr>
<td>% nonresidential</td>
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<td>125</td>
<td>291</td>
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<td>34</td>
<td>76</td>
<td>189</td>
<td>345</td>
<td>555</td>
</tr>
</tbody>
</table>

**Sample Table**


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**COMPANY PROFILES**

**Shui On Construction and Materials Limited**

34th Floor, Shui On Center
6-8 Harbour Road
Hong Kong
852-2879-1888
http://www.shuion.com

Key Services: design and construction, building renovation, interior fitting out, and project management services

International Contact: Mr. Kangrui Lao, Board Chairman

Shui On Construction and Materials (SOCAM), which is part of the Hong Kong-based Shui On Group, is a diversified firm with activities in construction, construction materials and property development in Hong Kong, China and North America. The Company operates in four segments: Construction and Building Maintenance, Cement Operations, Property Development, and Asset Investment and Others.

The Company is involved in the Chinese construction industry through the Construction and Building Maintenance segment, which had 2007 revenues of ¥2.7 billion [US$350 million]. The segment’s services include building construction, project and construction management, building renovation and interior fitting out services. Activities are primarily conducted through Hong Kong-based subsidiaries, including Pat Davie Limited (Hong Kong), which operates in Mainland China through the Pat Davie China Limited subsidiary.

Pat Davie China is a provider of design and construction, building renovation, interior fitting out, and project management services for commercial structure projects in Mainland China. In 2007, SOCAM focused on providing services for large-scale projects, including the project to build the new headquarters of the China international Economic Trade Center located in Beijing.

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**Sample Page**

Explanations that support each table’s numbers and forecasts.

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**Sample Chart**

Data illustrated with the aid of nearly 60 tables and charts.
Other Titles from The Freedonia Group

Construction Machinery in China
Construction machinery demand in China will grow 12.7% annually through 2011, driven mainly by strong gains in construction activity and a shift to less labor-intensive techniques. Excavators and cranes will remain the most commonly used types while loaders, mixers and related equipment grow the fastest. This study analyzes the ¥100 billion market for construction machinery in China, with forecasts for 2011 and 2016 by product, market and region. It also evaluates market share and profiles major players.

#2333..............04/2008.............$5100

Windows & Doors in China
Demand for windows and doors (fenestration) in China will grow 11% annually through 2011. Gains will be driven by healthy growth in building construction, increased demand for larger living spaces, and further privatization of home ownership. Plastic fenestration will continue to supplant metal and wood types. This study analyzes the ¥115.6 billion Chinese fenestration industry, with forecasts for 2011 and 2016 by product, market and region. It also evaluates company market share and profiles major players.

#2258..............11/2007.............$4900

Elevators in China
Elevator/escalator product and service demand in China will grow 9.7% yearly through 2011. Gains will be driven by strong new construction spending (especially on multifamily buildings) and on nonresidential establishments. New product installations will remain dominant over the elevator service segment. This study analyzes the ¥39 billion Chinese elevator/escalator industry, with forecasts for 2011 and 2016 by type, market and region. It also evaluates market share and profiles industry participants.

#2216..............07/2007.............$4900

Asphalt in China
Demand for asphalt in China will rise 6% annually through 2010, driven by strong gains in road and building construction. Paving applications will outpace roofing and remain dominant. Asphalt shingles and modified bitumen membranes will gain market share in roofing while asphalt built-up and roll types will lose ground. This study analyzes the ¥23.3 billion Chinese asphalt market to 2010 and 2015 by product, market and region. It also evaluates company market share and profiles leading competitors.

#2167...............03/2007.............$4900

Air Pollution Control in China
Demand for air pollution control equipment in the world’s leading emitter of sulfur dioxide and other air pollutants will grow 18% annually through 2010. Particulate removal equipment will remain the largest product category and grow the fastest. Manufacturing and utilities will stay the top markets. This study analyzes the ¥30 billion Chinese air pollution control industry to 2010 and 2015 by product, market and region. The study also evaluates company market share and profiles leading industry players.

#2163...............04/2007.............$4900

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