

# ERA Convention 2012

*“Changing Rental”*

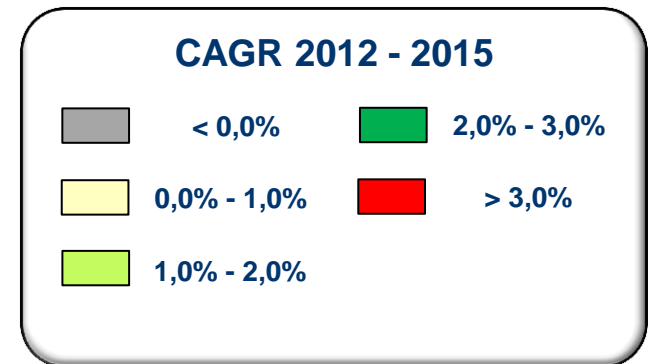
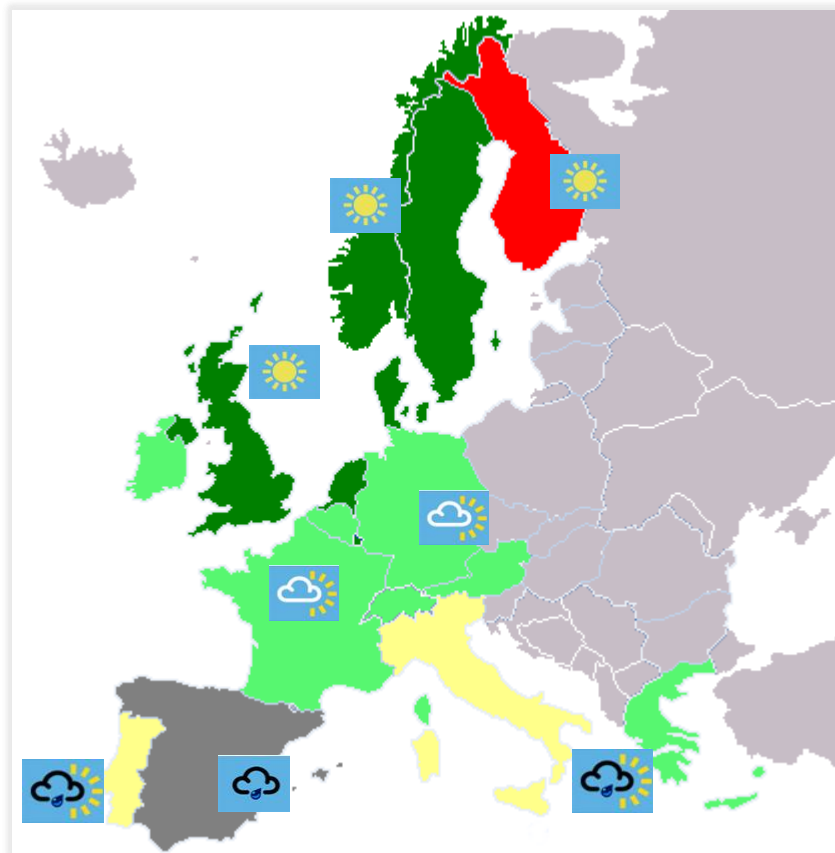
## CONSTRUCTION UPDATE

Eduardo Rodriguez-Priego

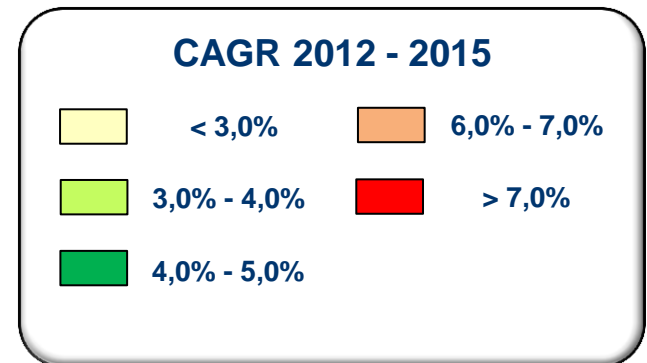
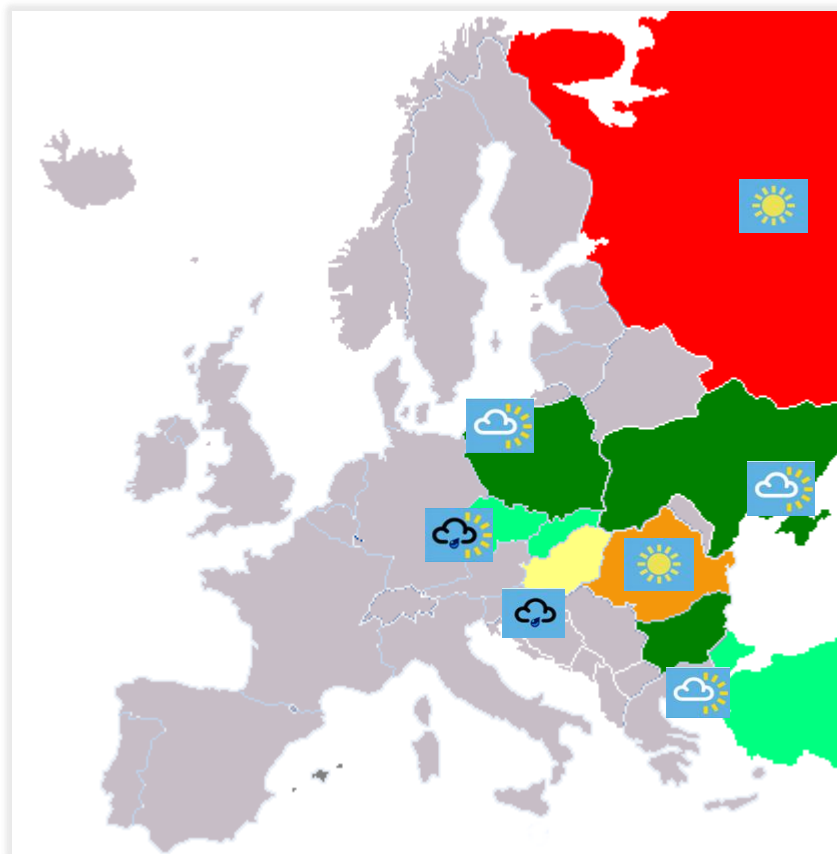


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# Total Construction: Western Europe



# Total Construction: Central & Eastern Europe



# Definitions: Construction segments

## RESIDENTIAL

- Build of new housing
- Major repairments



## INFRASTRUCTURES

- Transportation
- Public Health (water)
- Energy



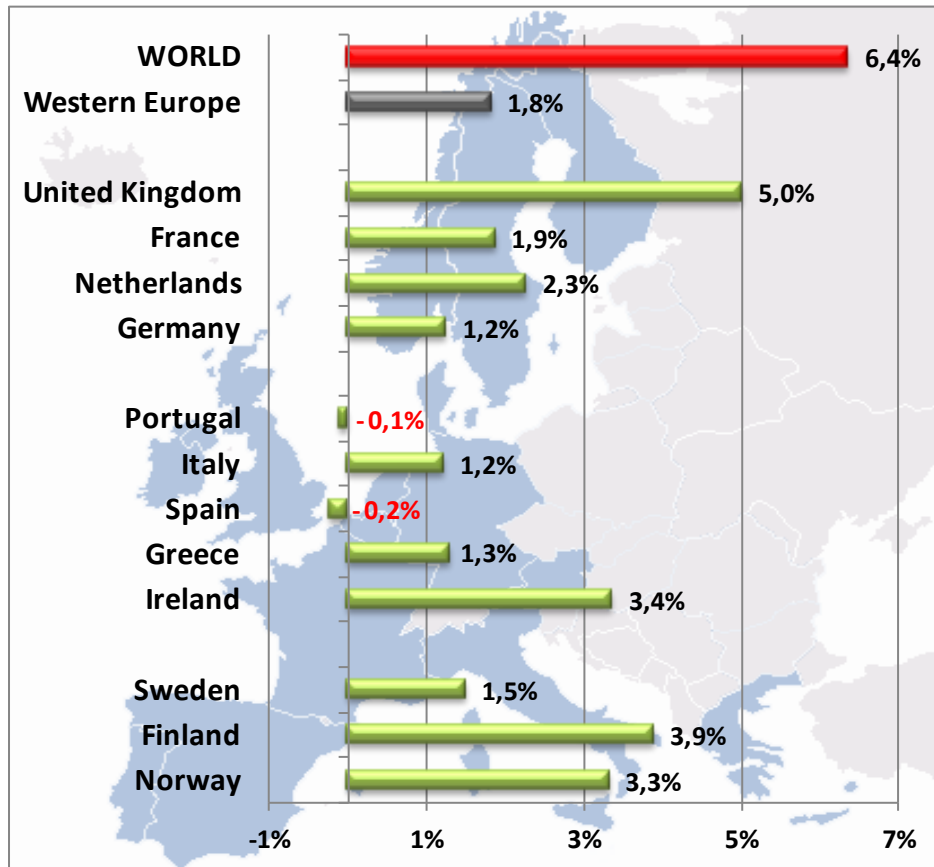
## NON- RESIDENTIAL

- Office
- Commercial
- Institutional
- Industrial

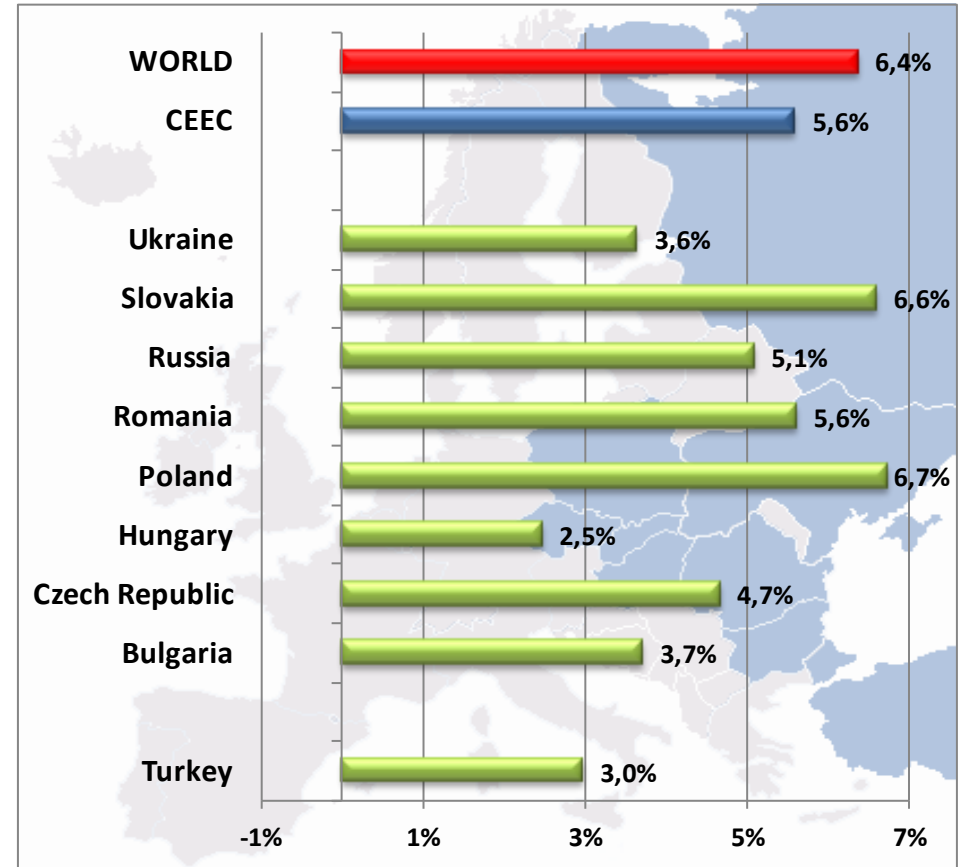


# Residential Growth: CAGR 2012 - 2015

## Western Europe



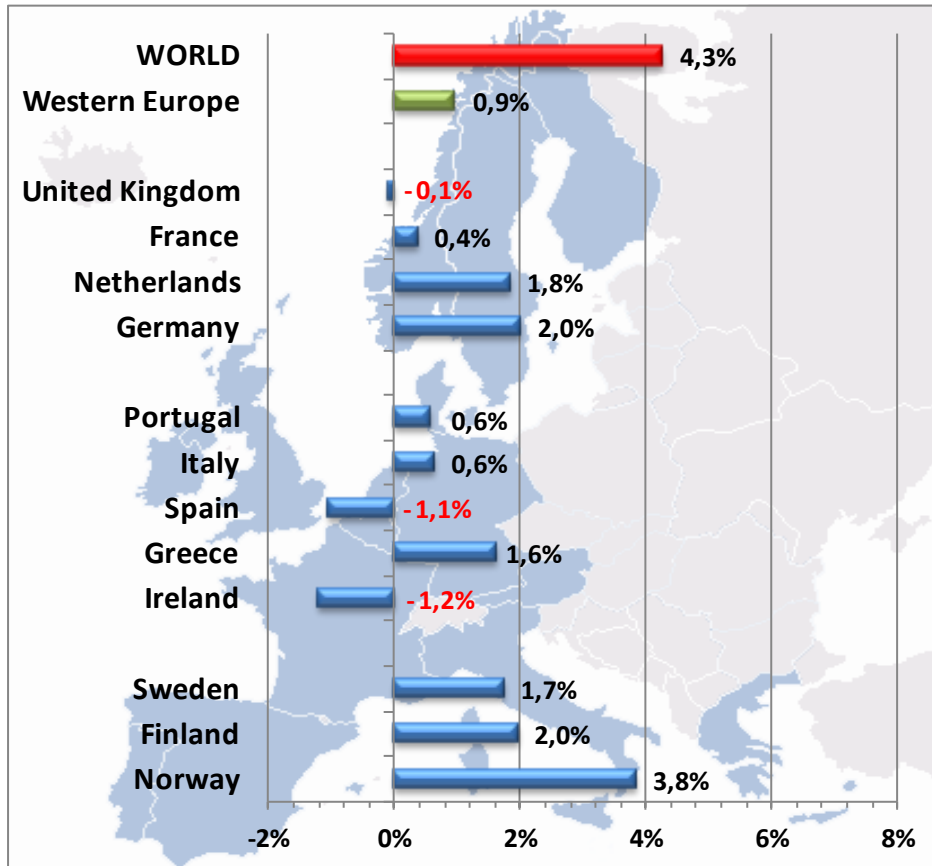
## Central and Eastern European Countries



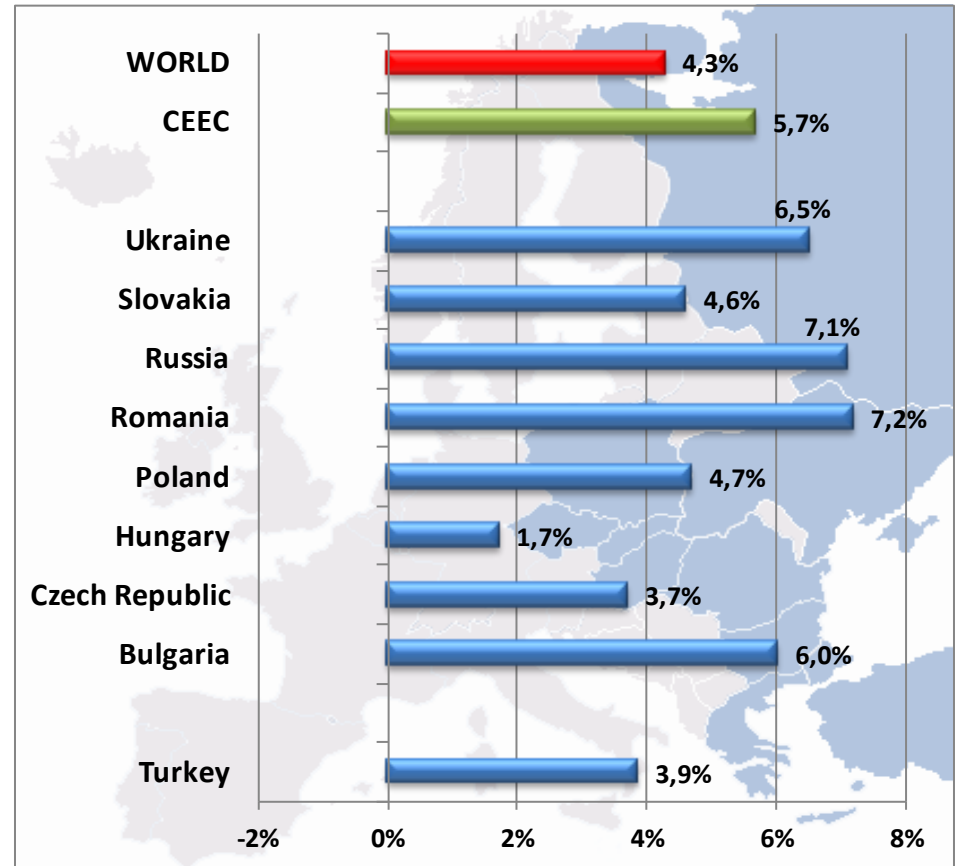


# Infrastructure Growth: CAGR 2012 - 2015

## Western Europe

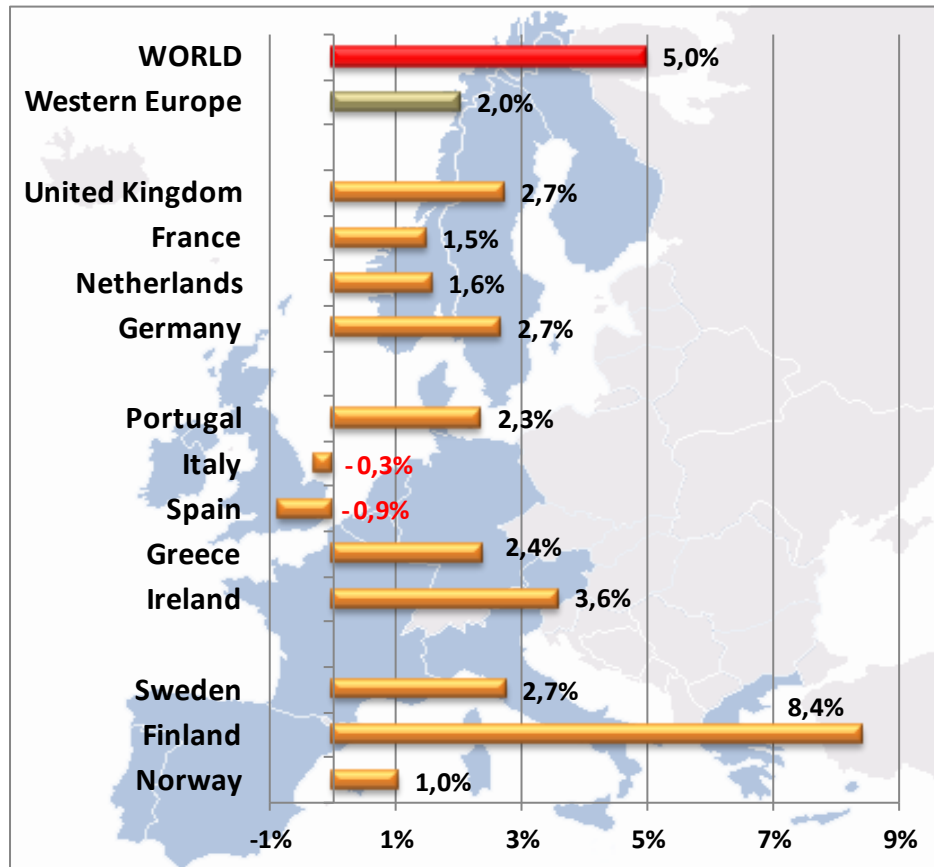


## Central and Eastern European Countries

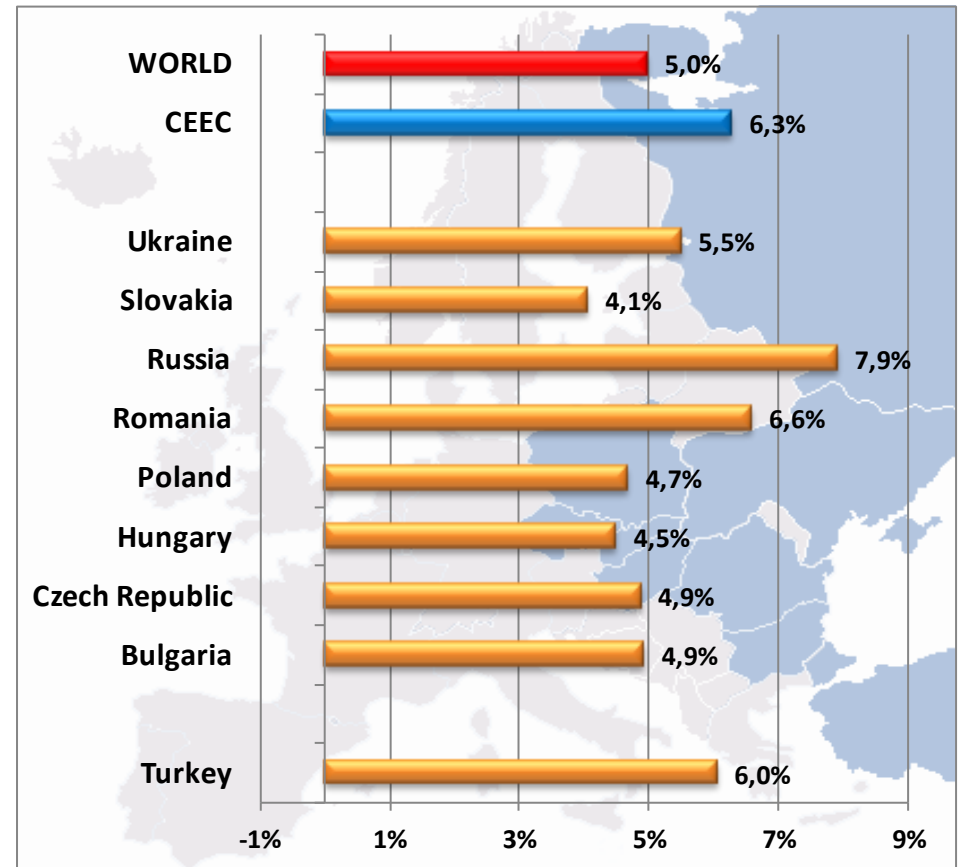


# Non-Residential Growth: CAGR 2012 - 2015

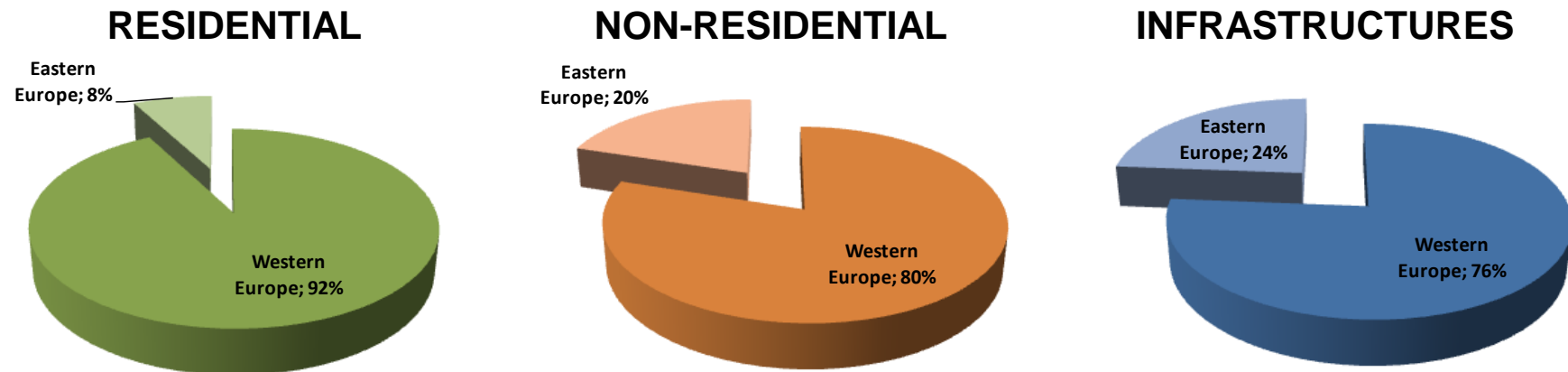
## Western Europe



## Central and Eastern European Countries



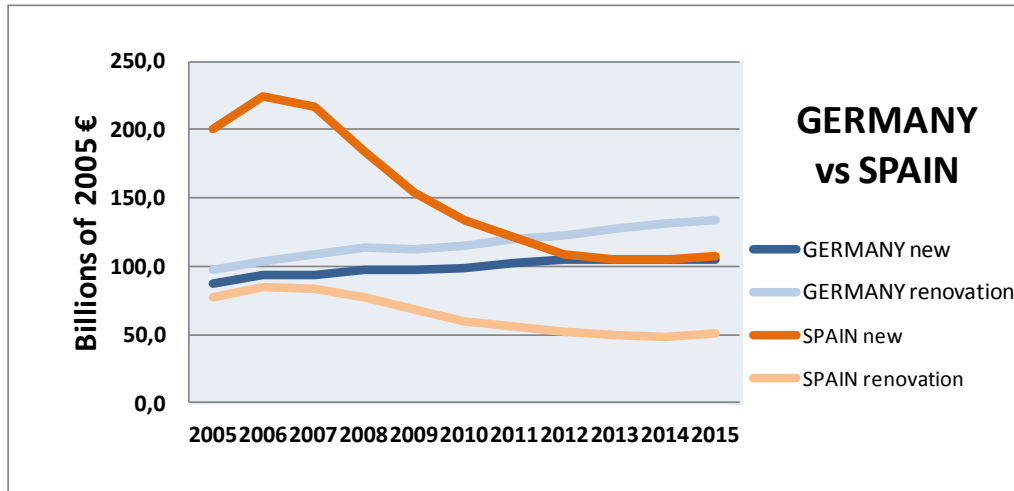
# Spending in Western and Eastern countries



- Western Europe market will remain highly predominant in residential construction, mainly in refurbishment
- Eastern European non-residential and infrastructure construction markets have a considerable weight in European construction

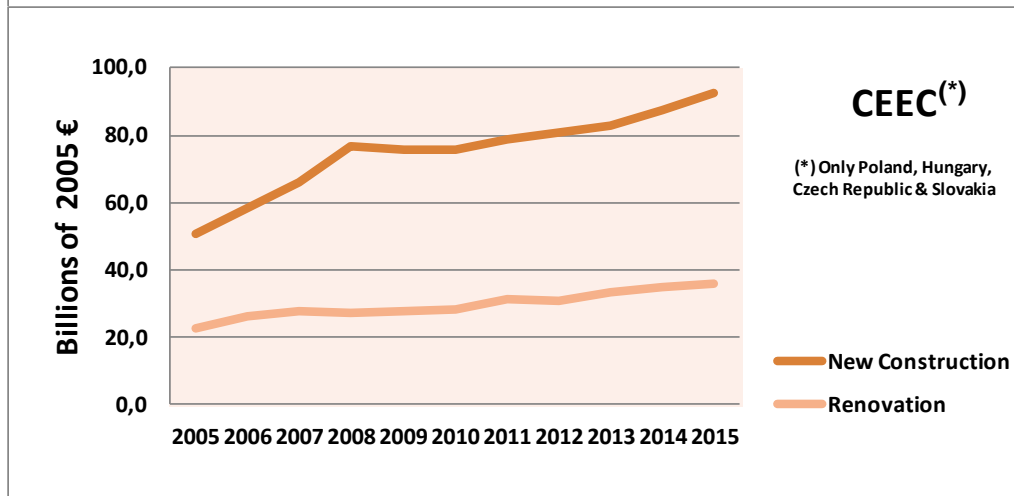


# New Construction vs Renovation spending



## Western Europe:

- change of trend after the crisis
- Increasing share of renovation
- ...but not equal in all countries

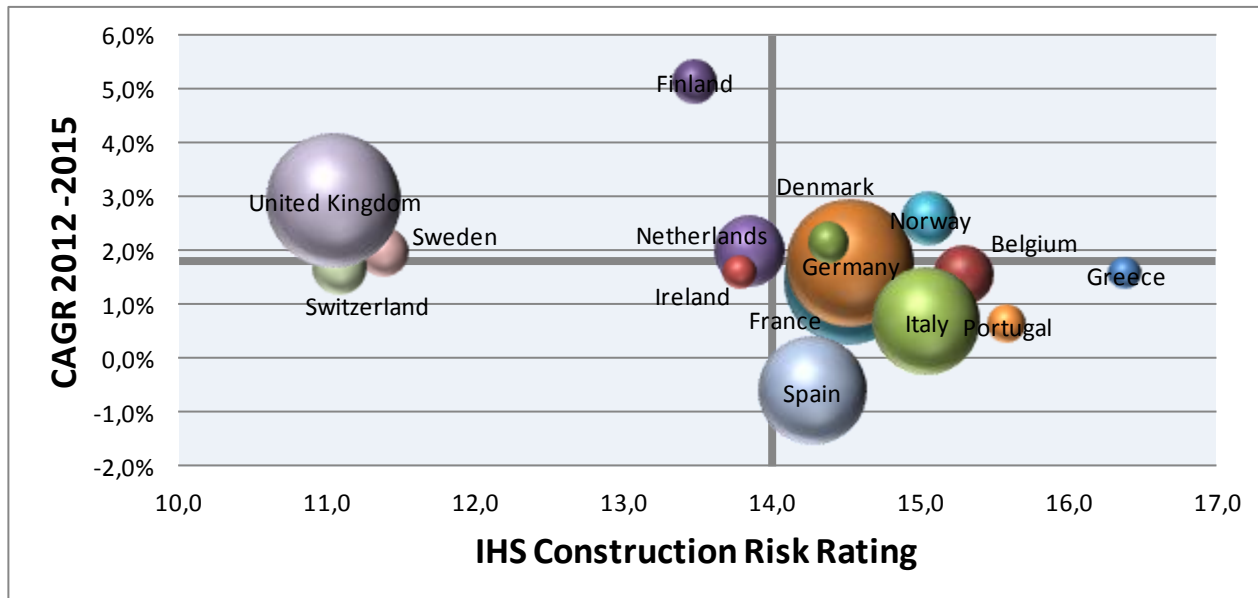


## Central & Eastern European Countries:

- Increasing share of new construction

# Growth vs Construction Risk

## Western Europe



- Western Europe:

Euro debt crisis pushes risk average

Peripheral countries with lower than average growths

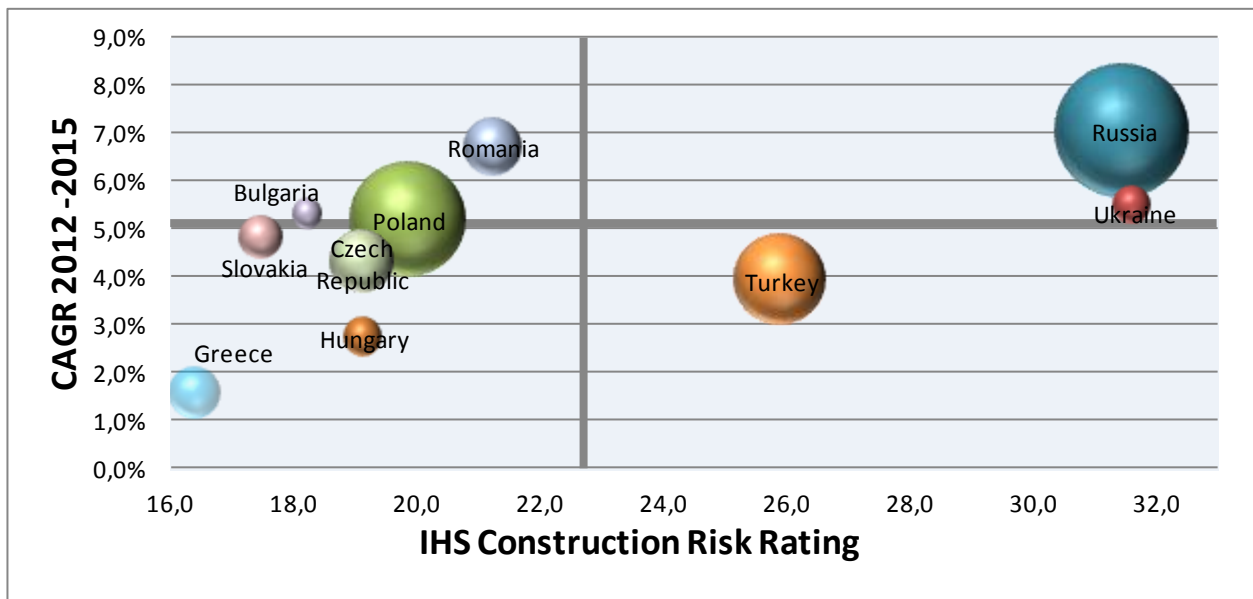
Finland in growth and UK, Switzerland and Sweden in risk look more attractive

### How is Risk measured?

- ✓ Relative index
- ✓ Political risk
- ✓ Taxes and tranferability of funds
- ✓ Enforceability of Contracts
- ✓ Risk of increased Regulation
- ✓ Transferability of Funds
- ✓ Currency risk
- ✓ Risk of Increased Costs
- ✓ Corruption

# Growth vs Construction Risk

## Central and Eastern European Countries



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- Eastern Europe: higher growth opportunities...  
  
...but at a higher risk
- Are you getting the right return? Need to account for risk premium
- Poland, Czech Republic and Romania rank high in the region

# Questions?



# Thank You!

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May, 2011

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