

# Study: Construction industry in CR awaiting further output decline and less work

Author: ČTK - Czech News Agency | Published: 05.10.2010

Czech builders will not experience happy times in the next two years. Recovery cannot be expected before 2012. Even in the best case scenario, the industry output will be roughly 40 bill. CZK lower than in 2008. The optimistic model also expects loss of 34,000 jobs in the sector. The worst scenario expects loss of 151,000 jobs, compared to the year 2008. The latest study by Association of Building Entrepreneurs of the Czech Republic and companies Deloitte and ÚRS indicates this.

The study presents three possible models of the sector development by 2012: anti-crisis, passive and restrictive. The anti-crisis scenario expects government action, which will stop the fall of construction industry. The passive scenario expect the government not to implement any construction-supporting measures and the current economic development and the gradual fall of construction output trend to continue. The restrictive model expects major cuts in public investment.

To improve the situation, the analysis proposes, for example, creating a schedule of construction of transport infrastructure and long-term binding concept of housing development. Repairs of flats and residential houses should be supported by tax incentives. The builders also want to continue with subsidy programmes for insulation, even for private owners of commercial real estate.

The experts predict that composition of demand for construction work will change in the long-term. The share of energy-saving buildings will increase, especially nuclear power plants and local alternative energy sources, gas reservoirs and gas pipelines. More buildings related to climate changes and environment protection will be started.

## Volume of construction output

	Model	2008	2009	2010	2011	2012
Anti-crisis	bill. CZK	547,6	520,9	474,0	497,7	507,7
	index as of 2008	1,00	0,95	0,87	0,91	0,93
	year-on-year index		0,95	0,91	1,02	1,02
Passive	bill. CZK	547,6	520,9	474,0	455,1	455,1
	index as of 2008	1,00	0,95	0,87	0,83	0,83
	year-on-year index		0,95	0,91	0,96	1,00
Restrictive	bill. CZK	547,6	520,9	427,1	384,4	369,0
	index as of 2008	1,00	0,95	0,78	0,70	0,67
	year-on-year index		0,95	0,82	0,90	0,96

## Impacts on number of employees in construction industry compared with 2008 (in thousands of jobs)

Model	2008	2009	2010	2011	2012
Anti-crisis	463	-22,6	-62,2	-42,2	-33,8
Passive	463	-22,6	-62,2	-78,2	-78,2
Restrictive	463	-22,6	-101,9	-138,0	-151,0

Impacts on number of employees in the entire economy compared with 2008 (in thousands of jobs)

Model	2009	2010	2011	2012
Anti-crisis	-85,4	-235,5	-159,6	-159,6
Passive	-85,4	-235,5	-296,1	-296,1
Restrictive	-85,4	-385,5	-522,2	-571,4

Source: [www.sps.cz](http://www.sps.cz)

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05.10.2010 10:58, ČTK - Czech News Agency