

The Western Balkans region¹

Key indicators for Construction and Infrastructure

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August 2021

¹ Report *The Western Balkans region – Construction Sector key indicators* was prepared by WB6 CIF RCEA (Regional Center for Economic Analysis).

Keynotes

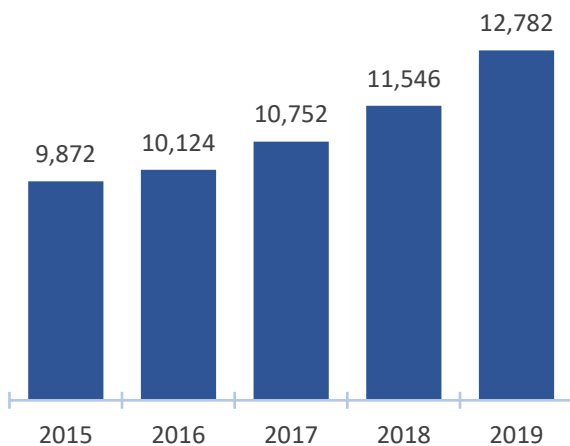
- The construction and real estate sectors play an important role in the Western Balkans, accounting for **12.7% of Gross Value Added** (GVA) and about **400,000 direct jobs** in the region.
- **Gross wage** in construction and real estate sectors in Western Balkans was **EUR 586** in 2020, which is 90% of average gross wage for the region.
- Number of **issued building permits** in Western Balkans was more than **30,000** in 2020 with average annual growth rate of 9.5% in five years period 2016–2020.
- Important regional projects are in the field of **transport infrastructure**.
- Western Balkans have more than **90,000 companies and entrepreneurs** registered in economic activity of construction and real estate sectors.

Western Balkans Common Regional Market: Main obstacles for companies in Construction and Infrastructure

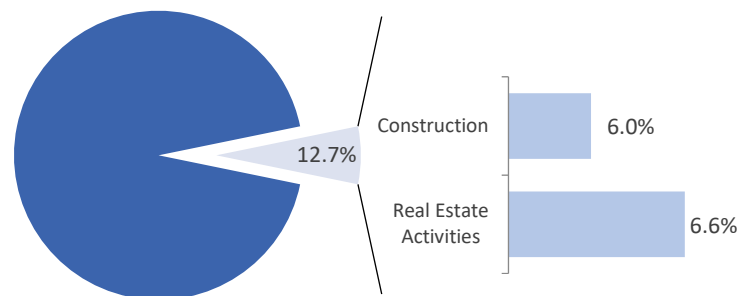
- Mobility of workers
- Skills shortage
- Professional qualifications
- Recognition of Certificates
- Time and cost of obtaining building permits and licenses
- Lack of joint appearance in foreign markets

Gross Value Added (GVA) in Construction and Real Estate – Western Balkans

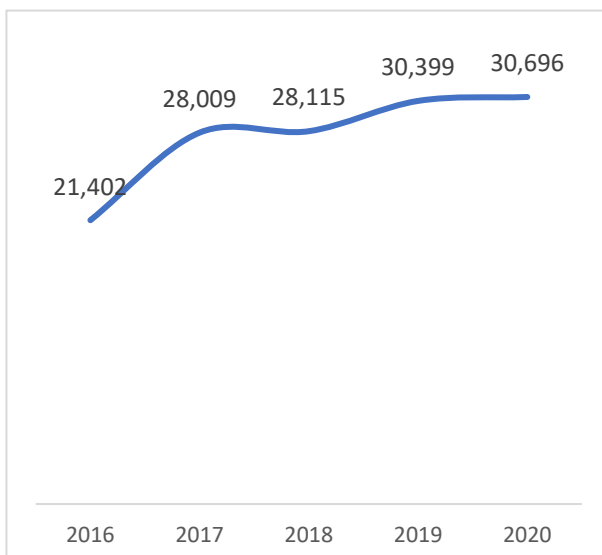
**GVA of WB6, current prices,
in Construction and Real Estate Activities
(in EUR million)**



**Share of GVA
of Construction and Real Estate Activities
in GVA total of WB6, 2019 (in %)**



Number of issued building permits in WB6



Gross Value Added in Construction and Real Estate Activities was EUR 12.8 bn in 2019, with an average annual growth rate in the five years period 2015–2019 of 6.7%.

Construction and Real Estate gross value added share in overall Western Balkans GVA was 12.7% in 2019.

Number of issued building permits was 30,696 in 2020 despite of COVID-19, with average annual growth rate of 9.5% in period 2016–2020.

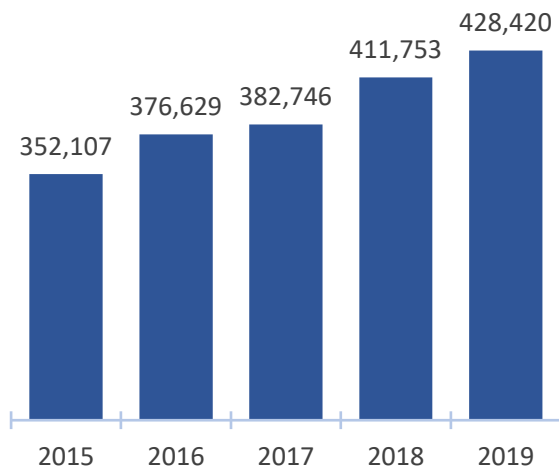
More efficient and simpler issuing of working permits in WB6 could lead to time saving and lower barriers for market entry (important for supporting competition and the provision of cross-border services).

Labor market of Construction and Real Estate – Western Balkans

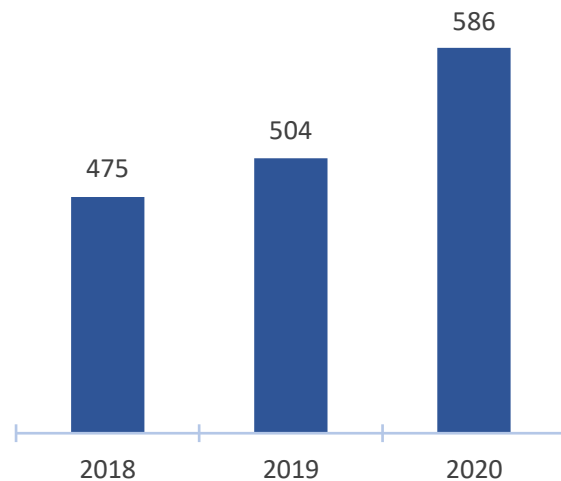
Recognizing skills and professional qualifications are important ways to enhance the mobility of construction workers and to ensure a strong Western Balkans single market.

Further support for reinforcing qualification recognition measures will be an important tool for facilitating the mobility of professionals in the construction sector and addressing the skills needs, which is a common problem faced within the Western Balkans.

**Employment
in Construction and Real Estate Activities in WB6
(number of employees)**



**Average Gross Salary
in Construction and Real Estate in WB6
(EUR)**



Western Balkans Investment Framework – Projects

Important regional projects are present in the transport infrastructure (highway corridors, rehabilitation of roads, bridges).

The Western Balkans Investment Fund² has allocated EUR 1.4 bn in grants to its Western Balkans beneficiaries. This grant allocation is matched by EUR 6.5 bn in signed loans for projects with a total estimated value of EUR 22.4 bn.

According to WBIF activities main regional projects in process of:

- Preparation: Balkans Digital Highway (Digital infrastructure), Trans-Balkan Corridor (Energy), Ionian Adriatic Pipeline
- Implementation: Establishment of a Regional Energy Efficiency Programme (REEP) in Western Balkans (Energy), Regional Energy Efficiency Programme (REEP Plus) in Western Balkans (Energy), Drina River Basin Water Resources Management (Environment), Establishment of the Western Balkans Enterprise Development and Innovation Facility (WB EDIF) (Private Sector Development).

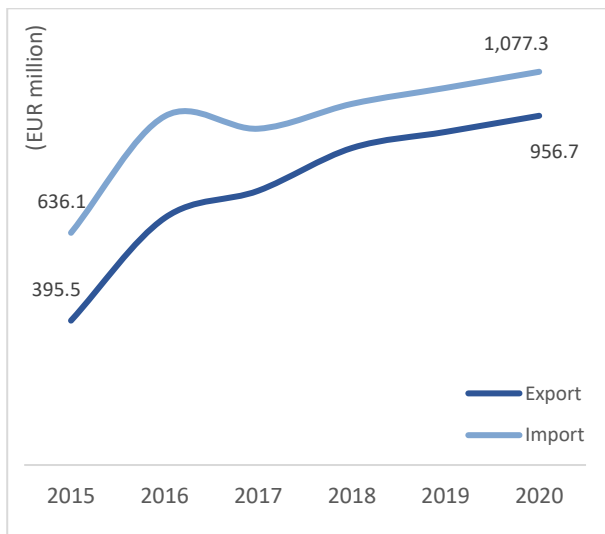
Completed regional projects are in the fields of Energy, Environment, Private Sector Development, Transport and Social. Some of them are in:

- Energy (Regional Study Consortium Approach to Developing the Gas to Power Initiative and The Energy Community (EnC) Gas Ring in South East Europe, Sector Study on Biomass – based Heating in the Western Balkans, TA for SEE Regional Security Coordination Initiative, Regional Strategy for Sustainable Hydropower in the Western Balkans, Regional Study on Renewable Energy Potential and Energy Efficiency in the Western Balkans),
- Environment (Improvement of the Joint Actions in Flood Management in the Sava River Basin, Gap Analysis / Needs Assessment in the Context of Implementing the EU Floods Directive in the Western Balkans),
- Private Sector Development (PPP Institutional Strengthening in the Western Balkans, Strengthening the Capacity of the Public Sector to Undertake PPPs in the Western Balkans),
- Transport (Update the Regional Transport Study REBIS, Regional Connectivity Networks Gap Analysis).

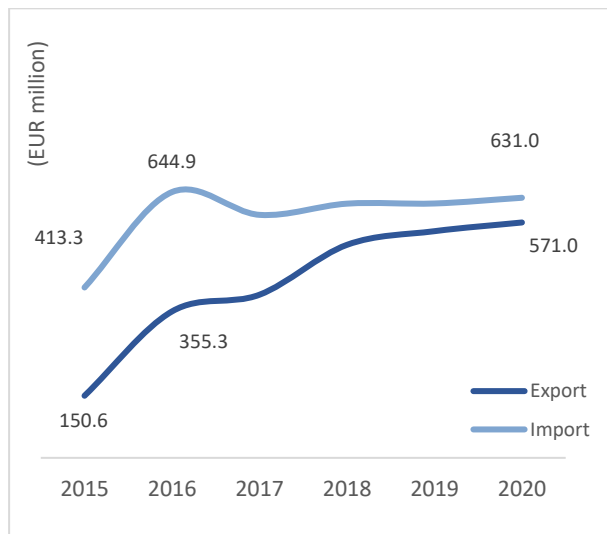
² Source: <https://www.wbif.eu/wbif-projects>

International trade in construction products – Western Balkans

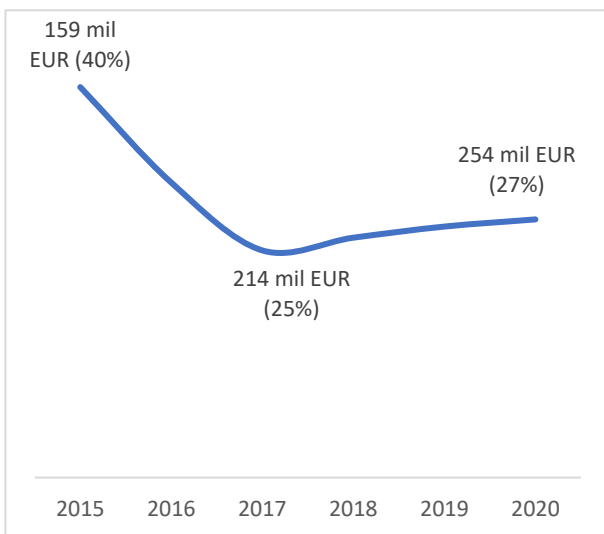
WB6 export and import of construction products with the World
(EUR mil)



WB6 export and import of construction products with EU27
(EUR mil)



Participation of Intra-regional WB6 trade in construction products
(as % of WB6 trade in construction products with the World)

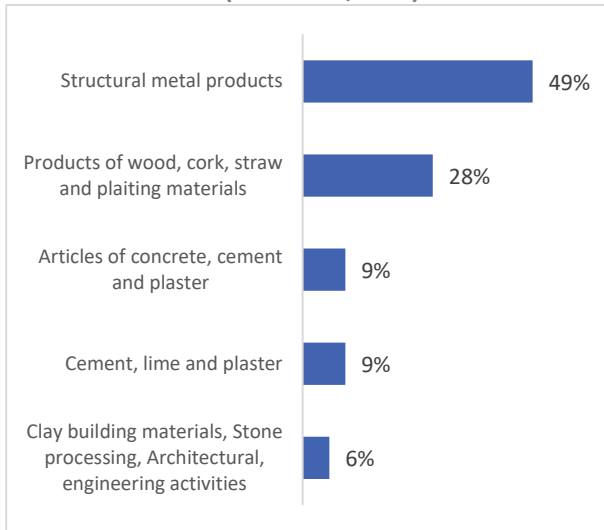


In the observed period 2015-2020, both exports and imports of the construction products achieved a growing trend that reached its maximum level in the last year, 2020. Every year, in foreign trade with these products, WB6 recorded a negative trade balance, or deficit.

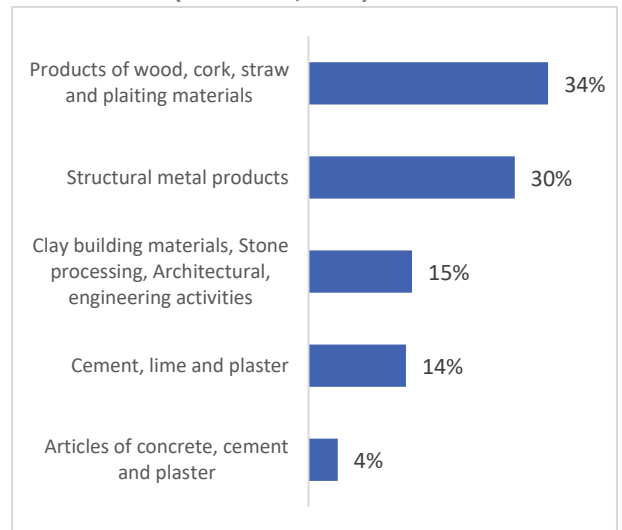
Around 60% of total export of construction products was placed on the EU market, which was the top trading partner of Western Balkans region.

In 2020, nearly 27% of total trade realized with the members of the WB6, which is also, marked as well intra-regional trade.

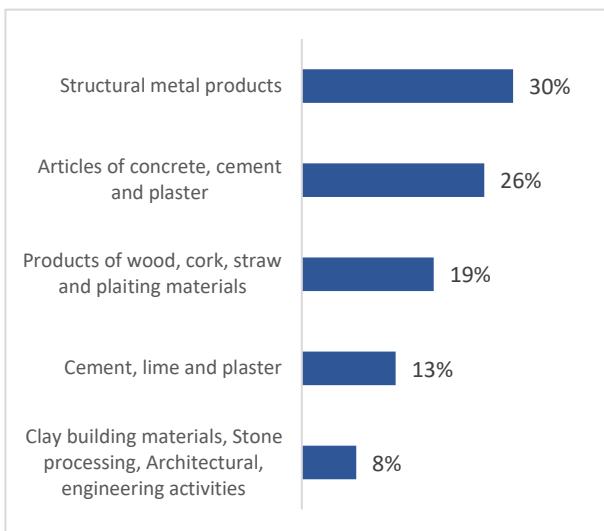
**WB6 Construction products
EXPORT to the World
(Structure, in %)**



**WB6 Construction products
IMPORT from the World
(Structure, in %)**



**WB6 Construction products
Intra-regional trade (export)
(Structure, in %)**



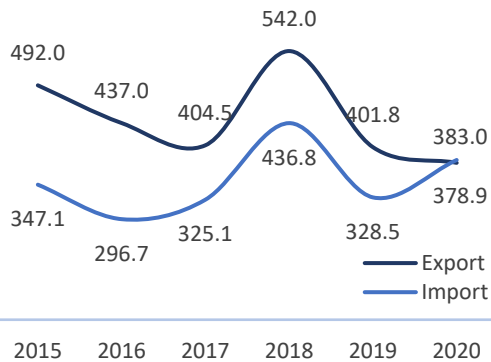
Main exporting construction products are structural metal products and products of wood, cork, straw and plaiting materials (more than 77% of construction products export).

Main construction products on import side are the same group of products (products of wood, cork, straw and plaiting materials and structural metal products), more than 64% of construction products import.

Structural metal products and cement, lime and plaster are main trading products within the Western Balkans regional market.

Western Balkans Construction services

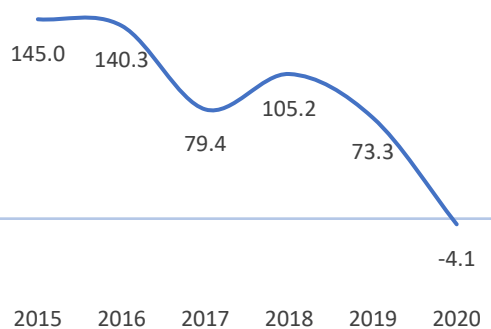
WB6 Construction services export and import with the World (EUR mil)



According to the Balance of Payments (IMF, BPM 6), the export of construction services was the largest in 2018 when it amounted to 542EUR million. In addition, in the same year, imports recorded a record value which amounted to 436,8EUR million.

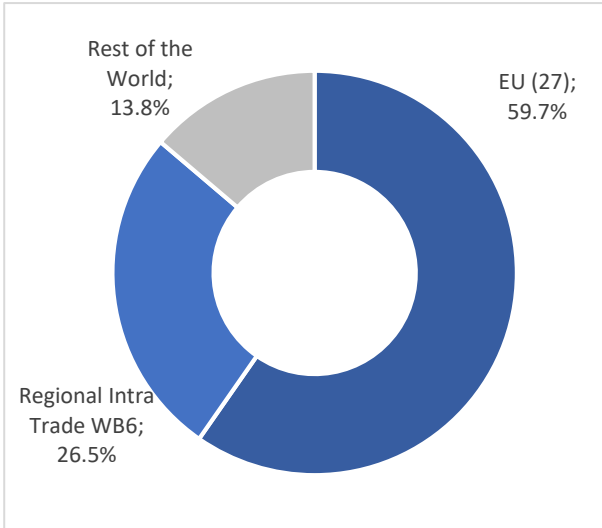
After 2018, both of these parameters are declining, due to the impact of the pandemic but due to the other factors. The last value of export is the lowest in the analysis period from 2015.

WB6 Construction services balance trade with the World (EUR mil)



In the observed period 2015–2019, in foreign trade with construction services a surplus was realized, which was the largest in 2015, when it was amounted to 145 EUR million. After that year, the surplus of construction services is declining and in the last year, 2020, surplus was turned into a deficit with a value of 4,1 EUR million.

The export structure of Western Balkans trade of Construction products (in %)

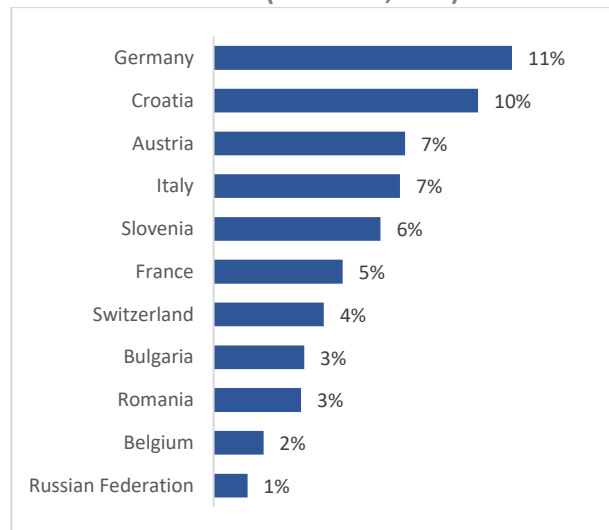
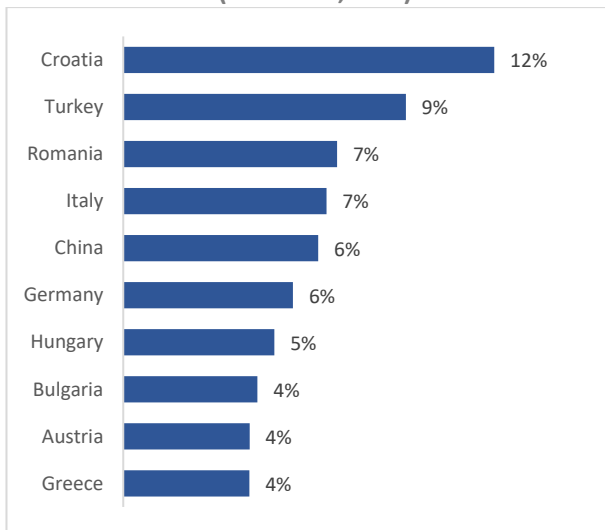


EU27 is the Western Balkans main trading partner for construction products, which accounted for 60% of the export market. Intra-regional partners are on the second place with the 26% of total trade with construction products, and the rest of the world accounts for 14%.

Observed by individual countries, the main Western Balkans export trading partners for construction products are Croatia (12%), Turkey (9%), Romania (7%) and Italy (7%).

The main partners on the import side are Germany (11%), Croatia (10%), Austria (7%) and Italy (7%).

The largest trading partners of the in EXPORT The largest trading partners in IMPORT (structure, in %)



Methodological Notes:

Narrow definition of the Construction sector refers to sector F – Construction. **Broader definition** of Construction includes sector F, as well as other sectoral activities, namely real estate activities (NACE L), architectural and engineering activities and related technical consultancy (NACE M) and certain manufacturing sub-sectors (NACE C), related to the construction sector as manufacture of products of wood, cork, straw and plaiting materials, manufacture of clay building materials, manufacture of cement, lime and plaster, manufacture of articles of concrete, cement and plaster, cutting, shaping and finishing of stone and manufacture of structural metal products.

Building permit is usually defined as permit issued at request, regulating beginning of works on construction according to the plan. In the scope of this survey, the concept „building permit“ unites three documents issued by the competent authority: building permit for construction, request for starting works and the decision approving work execution.

Construction products cover goods produce by: manufacture of products of wood, cork, straw and plaiting materials, manufacture of clay building materials, manufacture of cement, lime and plaster, manufacture of articles of concrete, cement and plaster, cutting, shaping and finishing of stone and manufacture of structural metal products.

Some of the values are rounded up to millions or billions, with one decimal place and, therefore, the total values (summaries) do not always coincide with the sum of individual data, due to the fact that non-rounded up figures were used (which gives more accurate data).

Sources:

WIIW database (The Vienna Institute for International Economic Studies), WB6 statistical offices, UN Comtrade database.