South East Asia’s Potential over the next decade:

Implications for construction

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Productivity catch up…

Asian Productivity growth

% pa

Source: Oxford Economics/Haver Analytics
Demographics are favourable for many

Asia working population growth

% pa

Source: Oxford Economics/Haver Analytics
Rapid urbanisation growth

Percent of population in urban areas, 2013

Source: Oxford Economics/Haver Analytics
Rapid growth in middle-income class

Households with an income greater than US$35,000

Number of households, millions

- Indonesia
- Malaysia
- Vietnam
- Thailand
- India

Source: Oxford Economics/Haver Analytics
Global construction set to rise…

World: Construction output growth

% year

Source: Oxford Economics
Regional Construction Markets: 2012-2025 Growth Rates for Construction Output

% pa average growth rate

- Western Europe: 1.0%
- North America: 4.2%
- LATAM: 3.5%
- APAC Emerging: 6.9%
- APAC Developed: 1.0%
- MENA: 4.9%
- Eastern Europe: 4.6%
- Sub-Saharan Africa: 5.0%

Source: Global Construction Perspectives and Oxford Economics

www.globalconstruction2025.com
## Construction Output 2012-25

### % average annual growth rates

<table>
<thead>
<tr>
<th>Average annual growth rates</th>
<th>0-1%</th>
<th>1-2%</th>
<th>2-3%</th>
<th>3-4%</th>
<th>4-5%</th>
<th>5-6%</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
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<td>Germany</td>
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<td>Greece</td>
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<td>Italy</td>
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<td>Japan</td>
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<td>Spain</td>
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<td>US</td>
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<tr>
<td>Indonesia</td>
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<tr>
<td>Vietnam</td>
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</tr>
</tbody>
</table>

### Source: Global Construction Perspectives and Oxford Economics

www.globalconstruction2025.com
Indonesia becomes new Asian Tiger

% pa average growth rates, construction output 2005-25

Source: Global Construction Perspectives and Oxford Economics

www.globalconstruction2025.com

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## Average house completions 2012-25

### 13 countries

- Average number of annual house completions

<table>
<thead>
<tr>
<th>Country</th>
<th>Average 2012-25</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>11,507,476</td>
</tr>
<tr>
<td>China</td>
<td>9,326,381</td>
</tr>
<tr>
<td>Indonesia</td>
<td>1,513,865</td>
</tr>
<tr>
<td>US</td>
<td>1,485,966</td>
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<tr>
<td>Nigeria</td>
<td>1,484,362</td>
</tr>
<tr>
<td>Brazil</td>
<td>1,389,872</td>
</tr>
<tr>
<td>Mexico</td>
<td>742,780</td>
</tr>
<tr>
<td>Russia</td>
<td>572,517</td>
</tr>
<tr>
<td>UK</td>
<td>220,046</td>
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<tr>
<td>Australia</td>
<td>194,148</td>
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<tr>
<td>Germany</td>
<td>186,499</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>184,135</td>
</tr>
<tr>
<td>Poland</td>
<td>167,560</td>
</tr>
</tbody>
</table>

Source: Global Construction Perspectives and Oxford Economics

www.globalconstruction2025.com
Other new Asia Tigers....

Construction: Output

% year

Vietnam
Phillipines

Forecast

Source: Oxford Economics
Rapid urbanisation in Africa and Asia

The world’s most populous metros in 2030

<table>
<thead>
<tr>
<th>Rank</th>
<th>City</th>
<th>Population (000s)</th>
<th>Change</th>
<th>Rank 2013-30</th>
<th>City</th>
<th>Population (000s)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Jakarta</td>
<td>37015</td>
<td>↑ 1</td>
<td>1</td>
<td>New York</td>
<td>20400</td>
<td>↓ -7</td>
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<tr>
<td>2</td>
<td>Tokyo</td>
<td>36292</td>
<td>↓ -1</td>
<td>14</td>
<td>Osaka</td>
<td>17573</td>
<td>↓ -5</td>
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<tr>
<td>3</td>
<td>Chongqing</td>
<td>32607</td>
<td>↑ 0</td>
<td>15</td>
<td>Osaka</td>
<td>17573</td>
<td>↓ -5</td>
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<tr>
<td>4</td>
<td>Shanghai</td>
<td>29158</td>
<td>↑ 0</td>
<td>16</td>
<td>London</td>
<td>16707</td>
<td>↓ -3</td>
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<tr>
<td>5</td>
<td>Beijing</td>
<td>28522</td>
<td>↑ 0</td>
<td>17</td>
<td>Kinshasa</td>
<td>16707</td>
<td>↑ 28</td>
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<tr>
<td>6</td>
<td>Lagos</td>
<td>25145</td>
<td>↑ 24</td>
<td>18</td>
<td>Kolkata</td>
<td>15959</td>
<td>↓ -3</td>
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<tr>
<td>7</td>
<td>Dhaka</td>
<td>24797</td>
<td>↑ 5</td>
<td>19</td>
<td>Buenos Aires</td>
<td>15649</td>
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<tr>
<td>8</td>
<td>Mumbai</td>
<td>24192</td>
<td>↑ 1</td>
<td>20</td>
<td>Guangzhou</td>
<td>15376</td>
<td>↑ 0</td>
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<tr>
<td>9</td>
<td>Delhi</td>
<td>23777</td>
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<td>21</td>
<td>Istanbul</td>
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<td>↓ -3</td>
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<td>10</td>
<td>Mexico City</td>
<td>22349</td>
<td>↓ -2</td>
<td>22</td>
<td>Manila</td>
<td>14436</td>
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<tr>
<td>11</td>
<td>Karachi</td>
<td>22139</td>
<td>↑ 3</td>
<td>23</td>
<td>Cairo</td>
<td>14105</td>
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<tr>
<td>12</td>
<td>São Paulo</td>
<td>21622</td>
<td>↓ -6</td>
<td>24</td>
<td>Los Angeles</td>
<td>14048</td>
<td>↓ -5</td>
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<tr>
<td>13</td>
<td>Tianjin</td>
<td>21515</td>
<td>↑ 3</td>
<td>25</td>
<td>Bangalore</td>
<td>13544</td>
<td>↑ 26</td>
</tr>
</tbody>
</table>

Source: Oxford Economics

Paris drops out of the top 25
Asian cities maintain their role as the world’s factory, other than in the expensive advanced economies (e.g. in Japan)

Competitive position of North American industry (esp. relative to Europe) boosted by falling energy costs
Asian cities will dominate rising demand for office space

- Cities in Asia and China account for half of the financial & business services jobs created in the 750 global cities by 2030
- Lower value added activities (e.g. outsourcing) will grow fastest in emerging cities, high value added services (e.g. legal services) in advanced cities
Changing economic order of global cities

Top 50 urban economies ranked by GDP (US$ 2012 prices and exchange rates): 2013 and 2030

Number of cities in top 50 ranked by GDP* in 2030 by region (number in top 50 in 2013 in parentheses)

- China: 17 (8) — Changsha, Chengdu, Dalian, Foshan, Hangzhou, Qingdao, Shenyang, Wuhan and Wuxi join the top 50
- North America: 16 (20) — Montreal, Denver, Detroit and San Diego drop out of the top 50
- Rest Asia: 7 (7) — Fukuoka drops out, Bangkok joins the top 50
- Europe: 4 (9) — Munich, Milan, Stockholm and Zurich drop out of the top 50
- Latin America & Caribbean: 3 (3)
- Africa and Middle East: 0 (0)

* measured in 2012 prices and exchange rates

Source: Oxford Economics Global Cities 2030
Diverse metro performance within countries

GDP growth 2013-23
% annual average growth
Each dot represents a metro

Africa
US / Canada
Latin America
Asia
Europe
Middle East
Oceania

0.0  2.0  4.0  6.0  8.0  10.0  12.0
Conclusion

- Prospects for construction in South East Asia and Asia more generally are bright.
  - Emerging Asia as a whole is tipped to be the world’s fastest construction market and between now and 2020 it will account for 40% of total global construction.

- Large population growth, increased urbanisation and solid, albeit in a number of cases more moderate, economic growth means that the number of middle-income households within Asia are forecast to increase sharply.
  - Middle Class in Indonesia is set to increase three fold by 2020 and reach 100 million by 2030.

- Asian mega cities will also dominate future growth in financial and business services jobs and real estate office expansion. Chinese cities alone will need 200 million extra m² of office space.

- To really capture the gains from this rising middle class, markets will need to invest in green technologies, public transport and improve the environment for business.
But prosperity gaps will be slow to close

GDP per head in emerging metros will rise faster than in developed cities, but the gap will remain significant for some time.

- Time taken to reach the levels of prosperity enjoyed in New York today:
  - Beijing 25 years
  - Delhi 50 years
  - Lagos 150 years

Source: Oxford Economics