

EACE / Estonian Association of Construction Entrepreneurs



Created in 1991

Estonian Association of Construction Entrepreneurs

Member companies

- of all sizes
- all kinds of building and civil engineering activities



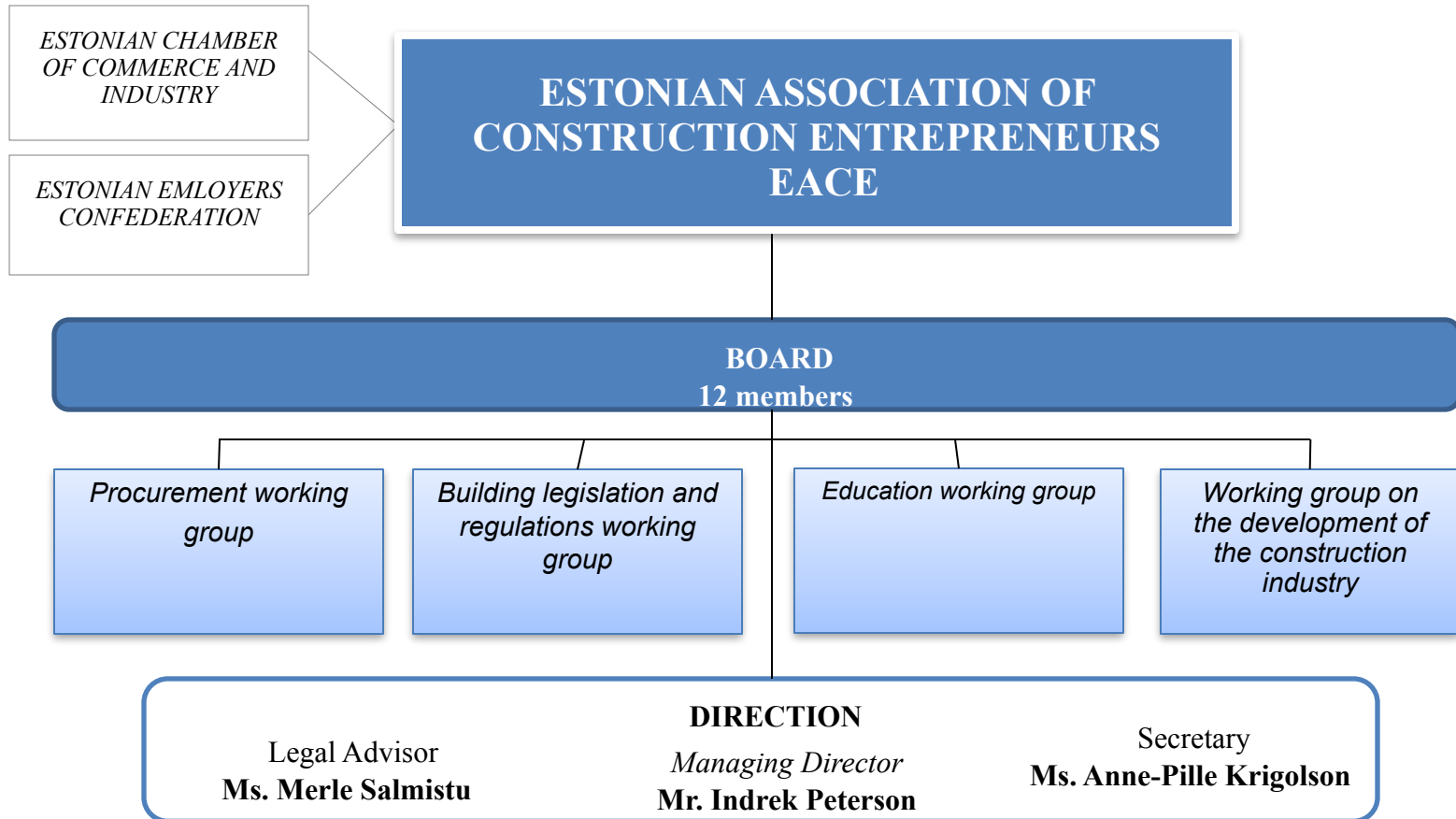
Eesti Ehitusettevõtjate Liit

Estonian Association of Construction Entrepreneurs

- Member of Estonian Employers Confederation
- Associated member of Estonian Chamber of Commerce and Industry



Estonian Association of Construction Entrepreneurs



Eesti Ehitusettevõtjate Liit

Construction 2022

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Construction activities (million euros)	1502	1283	1679	2079	2200	2150	2047	2084	2543	3035	3193	3011	3600
Grew compared to year before (%)	-30	-8,6	+27,3	+16,7	-0,2	-2,1	-3,5	+4,6	+21,5	+18	+3	-6	9
Number of employees in construction sector (thousand persons)	58,3	47,9	59	58,7	56,0	58,7	61,8	57,9	57,0	58,3	58,4	60,3	57,2
Gross domestic product, (change in %)	-14,7	+2,5	+8,3	+3,2	+0,7	+1,7	+1,1	+1,5	+5,7	+4,8	+4,3	-2,9	+8,3
Unemployment rate (%) 16 years to retirement	13,5	16,7	12,3	10,0	8,6	7,4	6,2	6,8	5,8	5,4	4,4	6,8	6,2
Average salary in construction (euros)	774	797	847	938	1003	1048	1048	1112	1168	1248	1356	1365	1474
Average salary in all activities (euros)	784	792	839	887	949	1005	1065	1146	1221	1310	1407	1448	1548
The share of exports in construction	6	9	10	9	7	6	8	9	6	4	6	6	5
Change in the construction price index (%)	-8,5	-2,8	+3,1	+4,6	+5,2	+0,5	+0,5	-0,8	+1,5	+1,7	+1,9	+0,4	+8,3



Situation in construction sector

- Sanctions against Russia and Belarus affect the Estonian economy and the construction sector the most.
- Energy prices and building materials have become more expensive as a result of the sanctions
- Before the war more than 30% of wood materials, steel products and bitumen were supplied from Russia and Belarus, but these supply chains were interrupted
- The construction price index (EHI) increased 19 % compared to year before
- Construction prices have risen by 15-20% since the start of the war ?
- The prices of construction works continue to rise % ?
- It has influenced the financial behavior of clients to be more conservative and reduced the demand for new residential and non-residential buildings in recent months
- Many investments decisions are deferred to the future and several housing developments have been frozen
- Today, the supply chains disrupted by the sanctions have been restored and the prices of construction materials have largely stabilized, but at much higher levels.

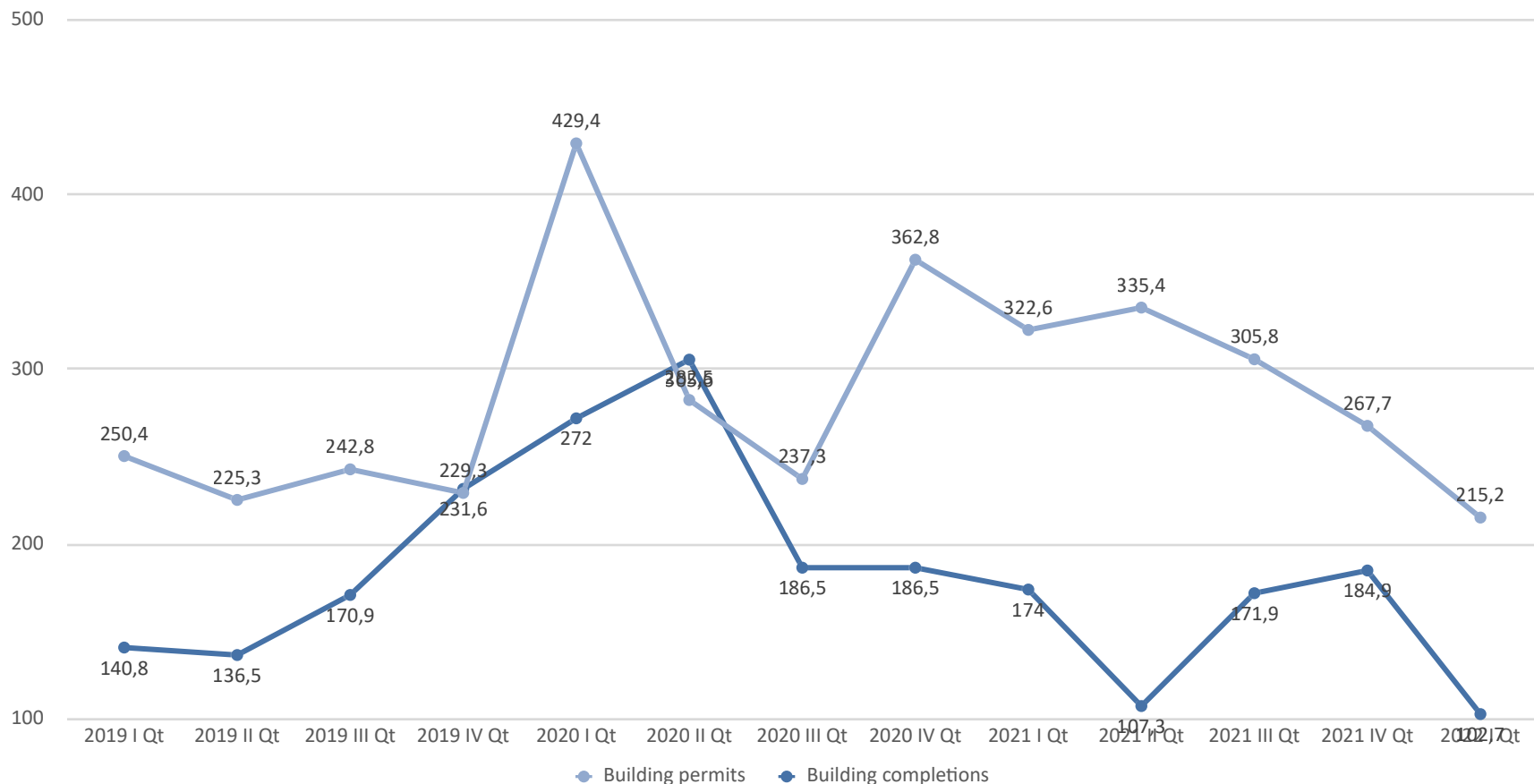


Construction materials (05.2022)

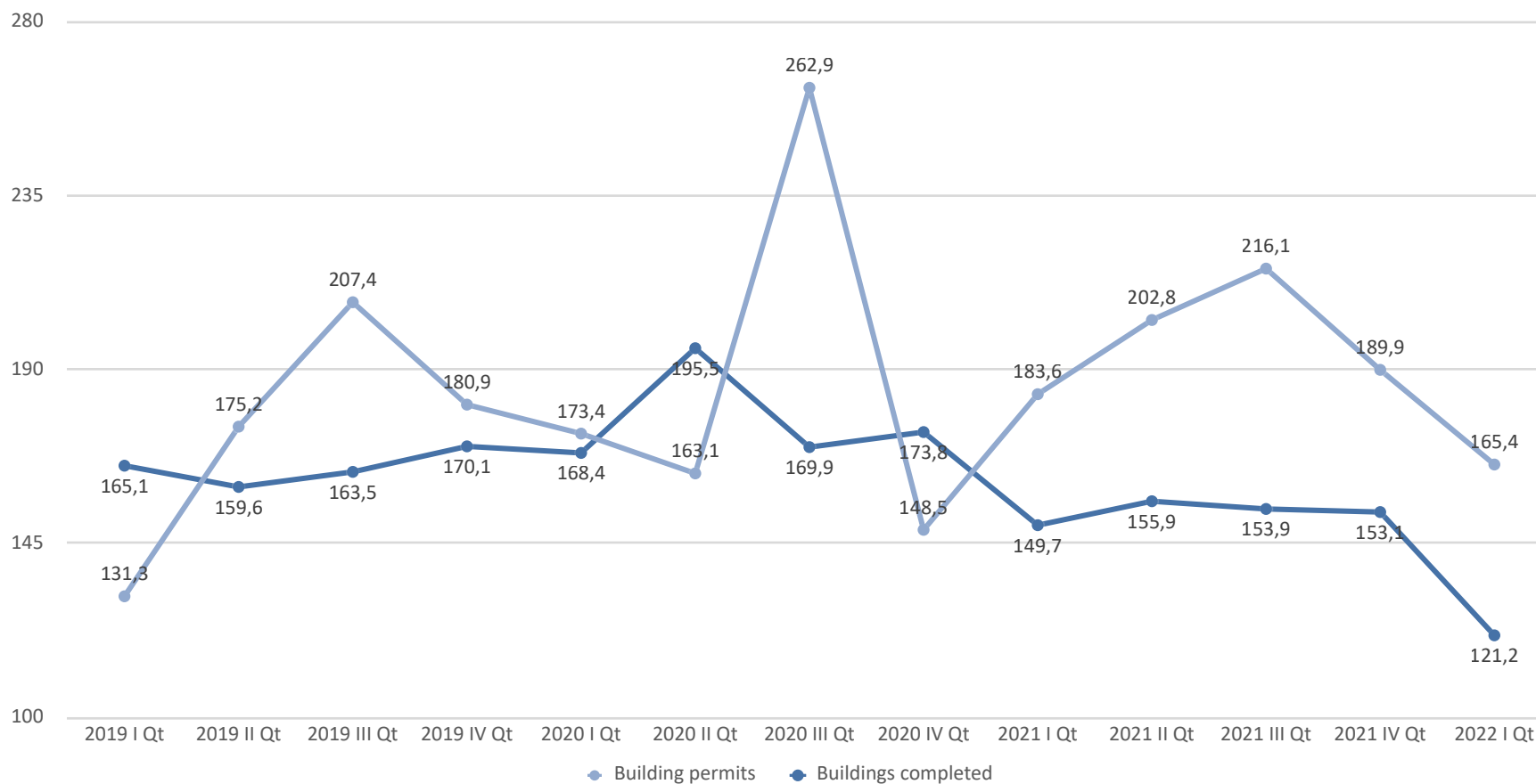
		Price index 2019=100			
		2019	2020	2021	2022
Construction materials	Steel	100	100	120	149
	Cement	100	102	109	134
	Bitumen	100	104	118	130
	Wood	100	102	128	147
	Insulation	100	100	126	147
	Roofing	100	100	117	152
	Plumbing	100	99	104	126
	Building boards	100	101	121	143
	Ready-mixed concrete	100	100	105	113
	Bulk and aggregates	100	101	106	113



Granted building permits and completed nonresidential buildings 2019 I quarter – 2022 I quarter (in thousands of m²)



Granted building permits and completed residential buildings 2019 I quarter- 2022 I quarter (in thousands of m²)

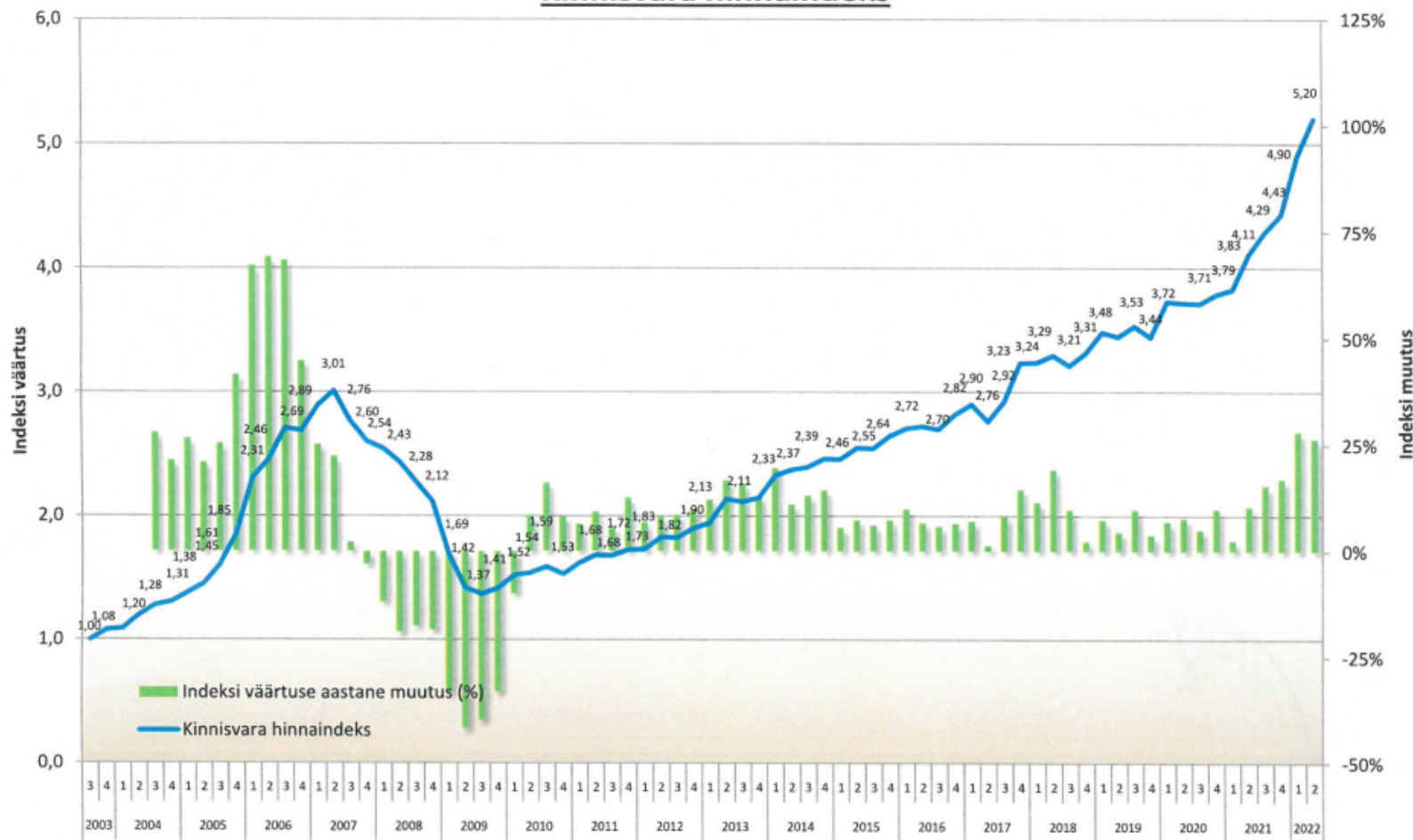


Situation in construction sector

- Real estate prices have increased rapidly, which has started to slow down the number of real estate transactions.
- For example, in Tallinn, the average price of apartments increased by 27.7% over the year.
- As of May, 1m² of living space in Tallinn cost 2 818 euros
- The average salary in Estonia was 1 693 euros in the second quarter.
- It means- 1m² of living space costs 1,66 average salary



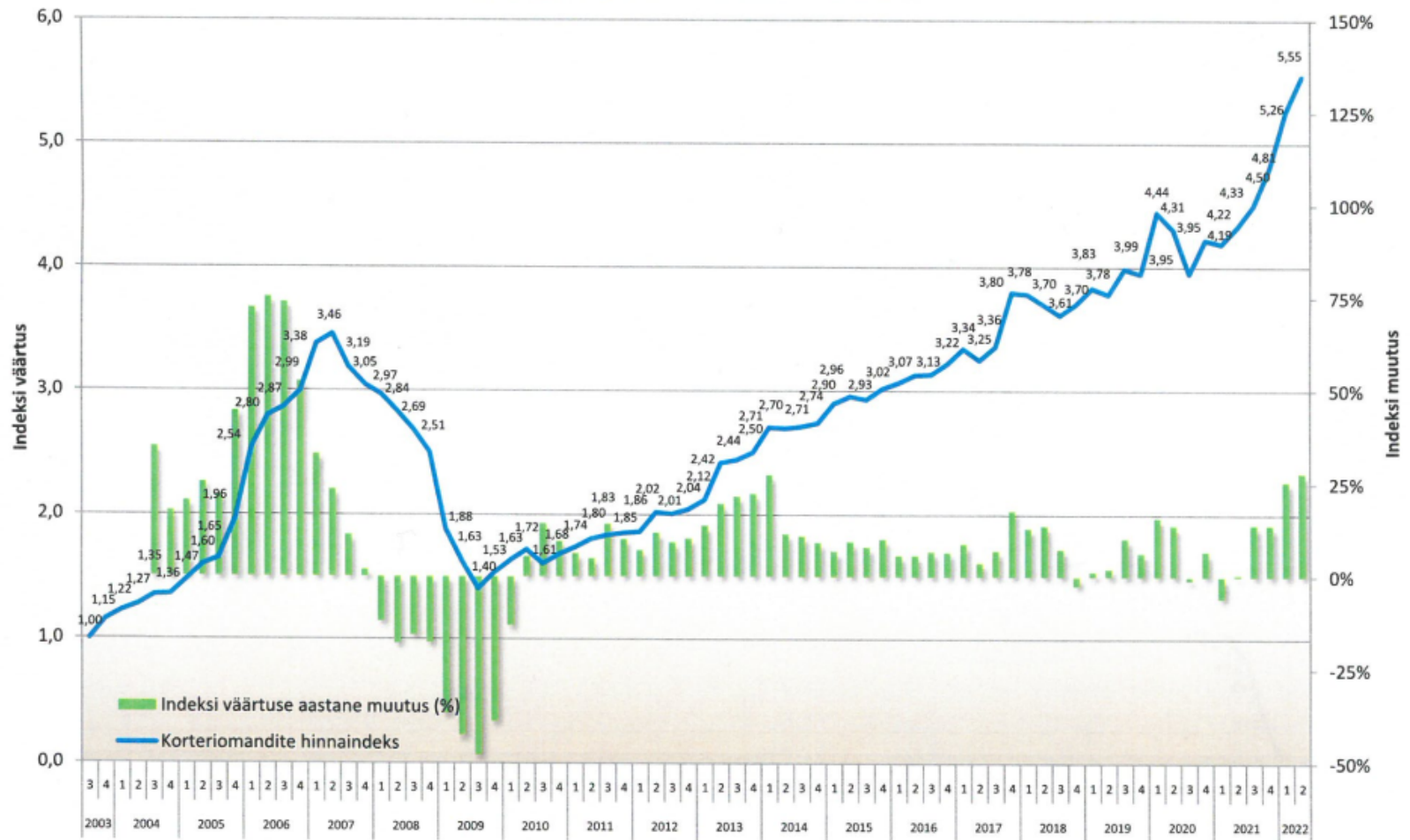
Kinnisvara hinnaindeks



Eesti Ehitusettevõtjate Liit

Allikas: Maa-amet, tehingute andmebaas

Korteriomandite hinnaindeks



Eesti Ehitusettevõtjate Liit

Allikas: Maa-amet, tehingute andmebaas

Situation in construction sector

- Until today, there was still a large shortage of skilled labor
- There will probably be a surplus of labor in the construction sector in the near future



Vocational education in the field of construction

- Based on various labor market surveys, the construction sector in Estonia needs ≈ 800 -1000 new qualified workers per year.
- In vocational schools, an average of 500 vocational students acquire construction worker qualification per year.



Number of employees in construction sector (x1000)

(has remained stable in recent years)

	2017	2018	2019	2020	2021
Local employees	46,2	46,1	45,8	48,2	46,3
Foreign employees	10,7	12,2	12,6	12,1	10,8
All employees	56,9	58,3	58,4	60,3	57,1
wage workers in construction companies	47,2	47,4	47,3	48,5	45

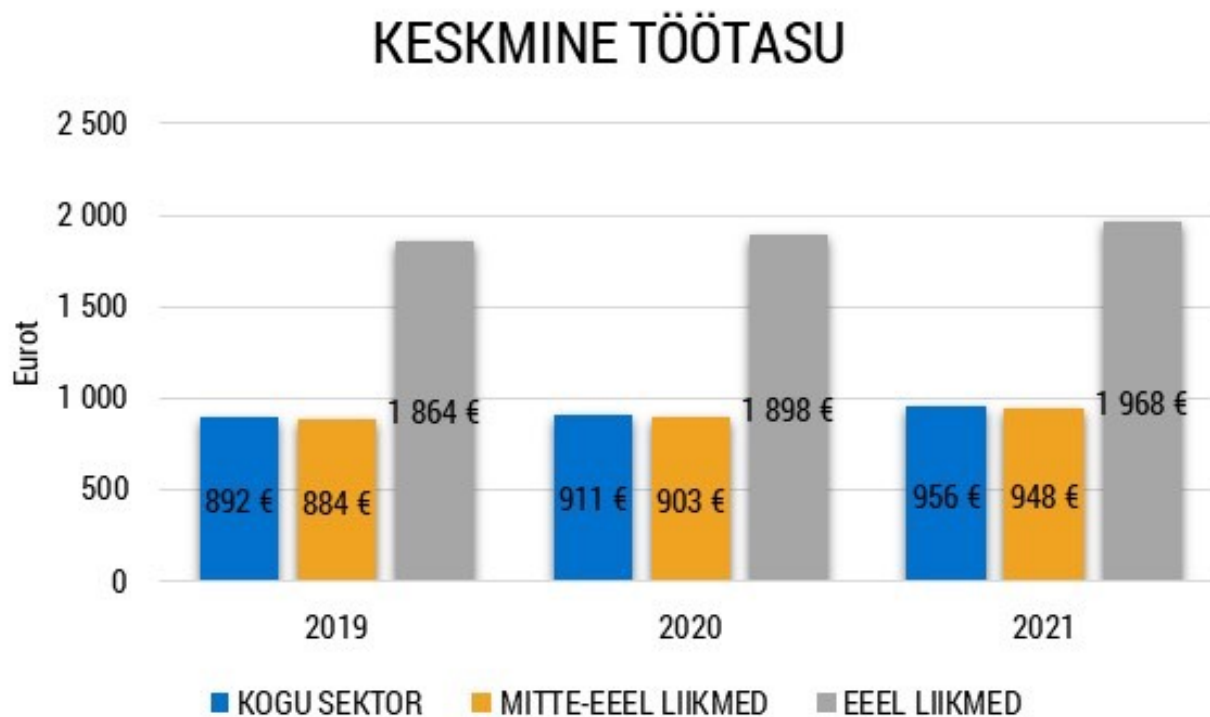


Situation in construction sector

- Still a large share of the shadow economy in construction sector
- The average salary in Estonia was 1 693 euros in the second quarter 2022. (The average salary in construction sector was 1559 euros)
- The average salary for both the construction industry and EACE members has increased, but there is a large difference between salaries



The average salary for both the construction industry and EACE members has increased, but there is a large difference between salaries (data of the tax office)



Situation in construction sector

- The state has significantly reduced the volume of orders
- Many public procurements have failed because of high bid prices
- A big problem for contractors of ongoing public projects is the rising costs of construction works
- For both contract partner`s, this is a Force Majeure situation
- Even if the public customer is ready to accept a price increase, it may not have enough budget resources to do so



The state has significantly reduced the volume of orders as construction prices have risen by 15-30%

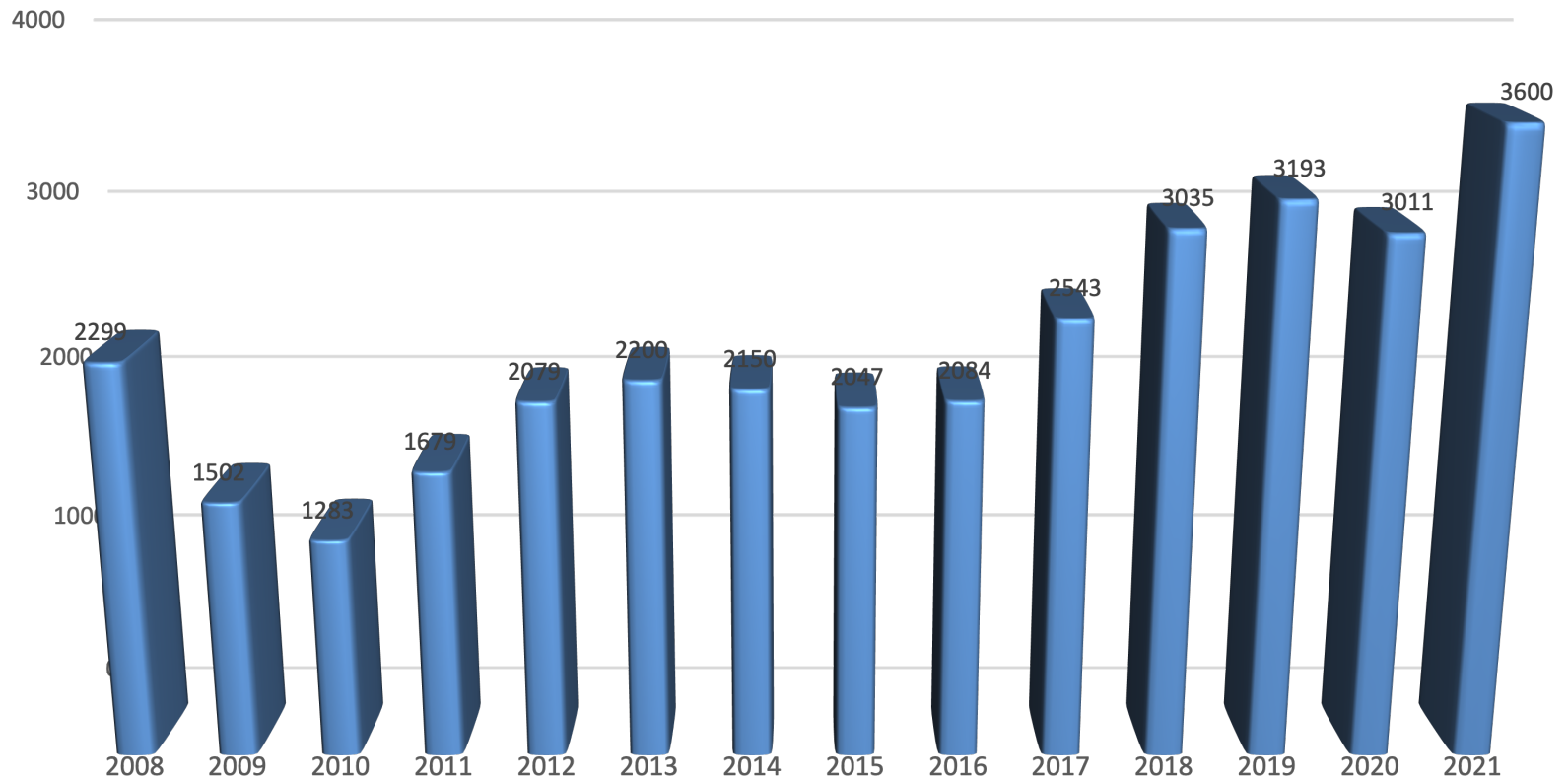
(Public procurement of construction works)

Riigihanked hanke eseme järgi, 2015-2022 (28. veebruar)

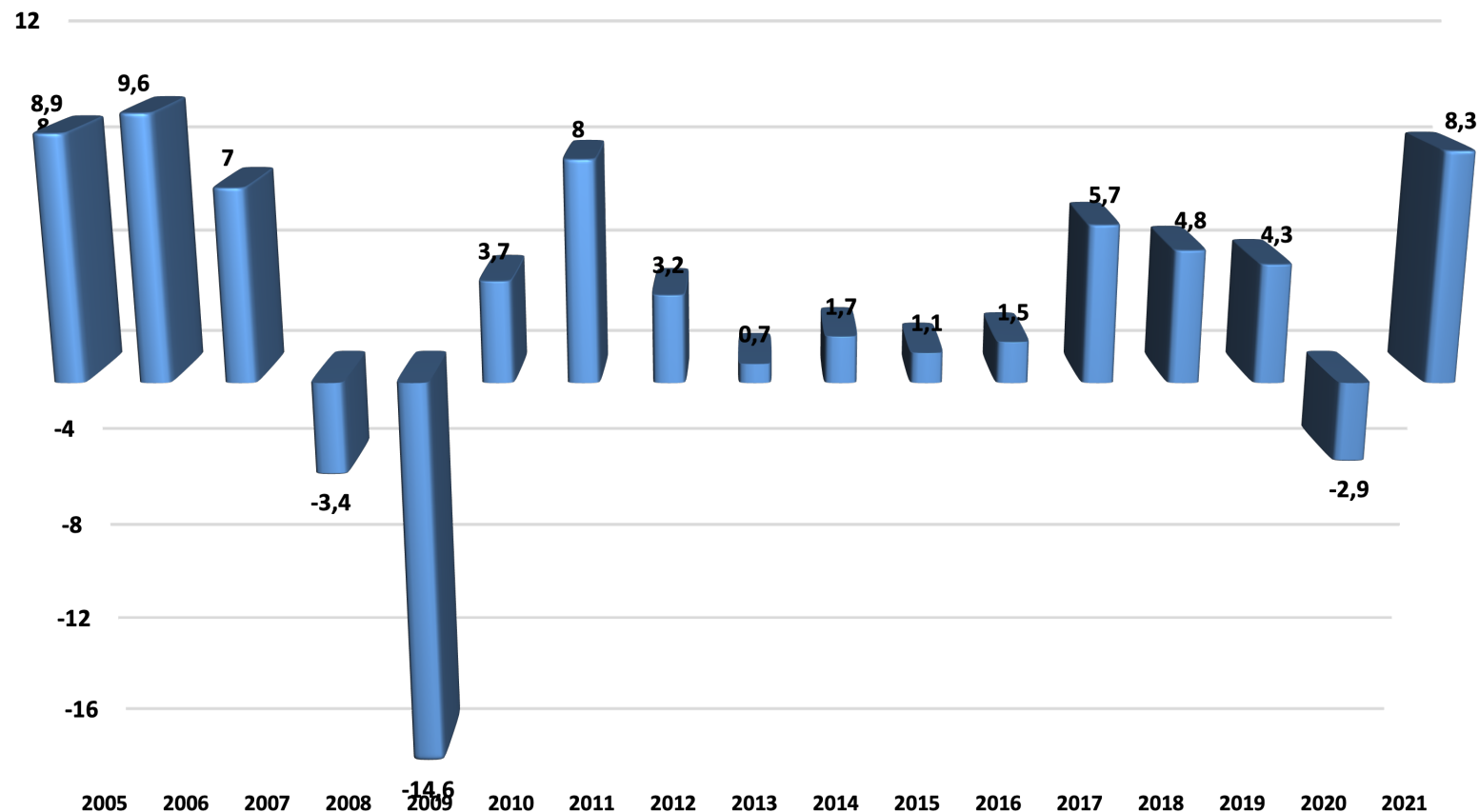
hanke ese		Asjad			Ehitustööd				
hanke avaldamise aasta	riigihangete arv	riigihangete maksumus	keskmine pakkujate arv	vaidlustatud hangete arv	riigihangete arv	riigihangete maksumus	keskmine pakkujate arv	vaidlustatud hangete arv	
2017	3274	665,286,566.13	2.91	64	2993	1,165,551,646.79	4.64	38	
2018	2803	936,957,422.74	2.83	49	2081	953,130,732.29	4.80	33	
2019	2690	848,345,393.07	3.01	56	2195	1,240,882,983.81	5.55	33	
2020	2656	1,453,659,993.47	3.48	50	2485	1,326,504,242.90	6.00	57	
2021	2780	972,283,400.31	3.19	34	2421	1,067,277,817.17	4.30	28	
Total	14203	4,876,532,775.72	3.07	253	12175	5,753,347,422.96	5.04	189	



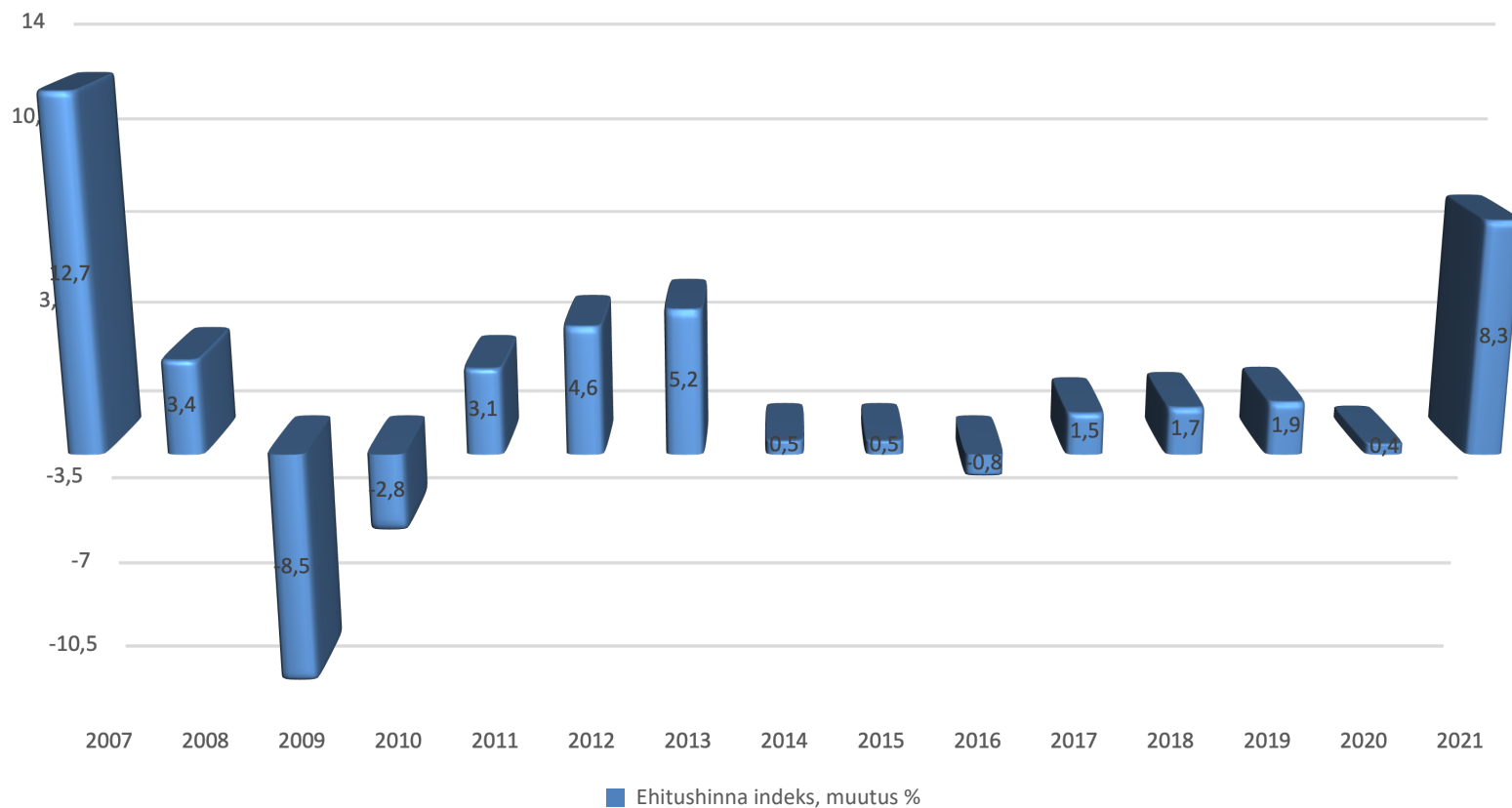
Construction works 2008 – 2021 (million euros)



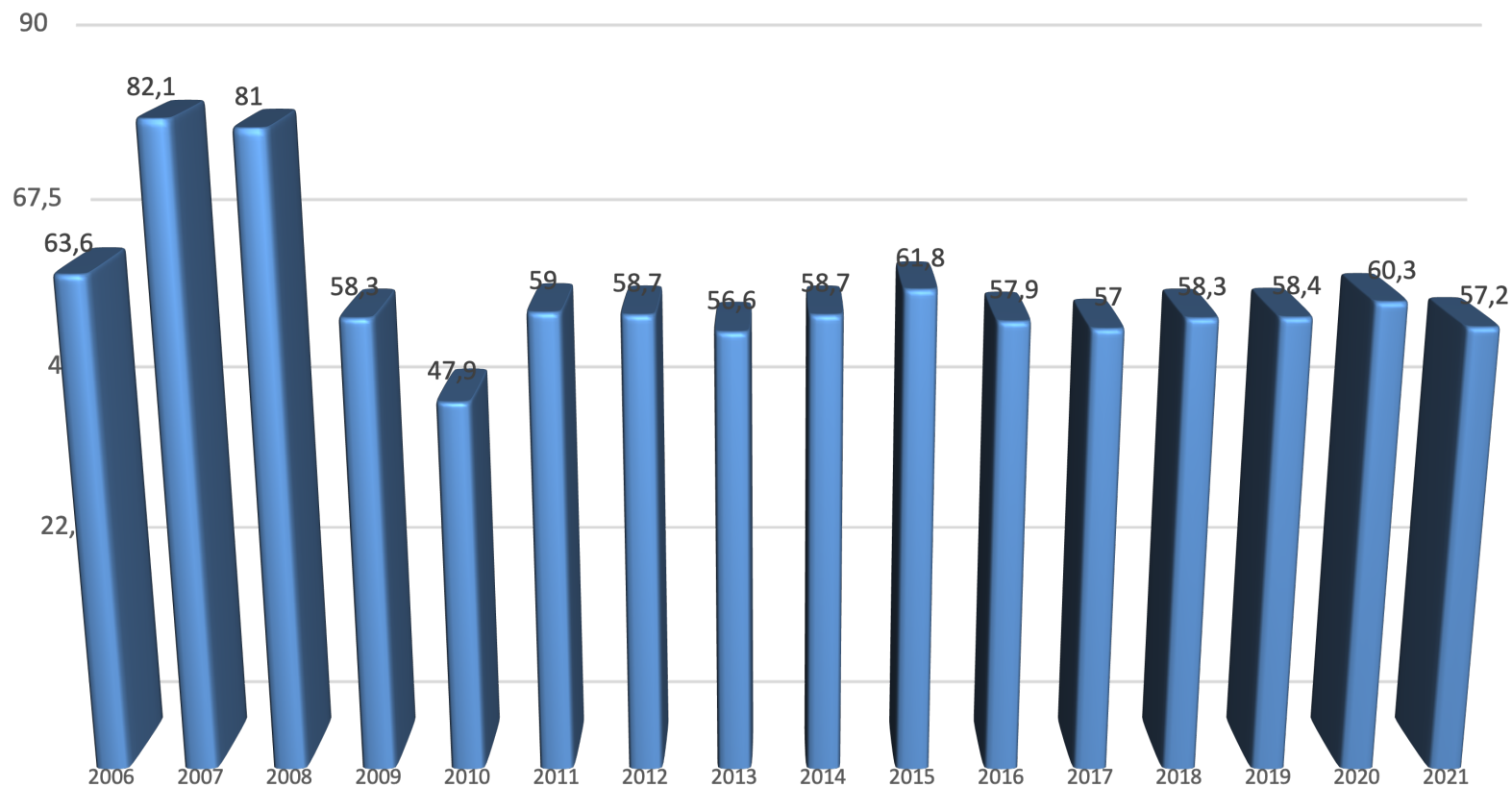
Cross domestic product, change in %



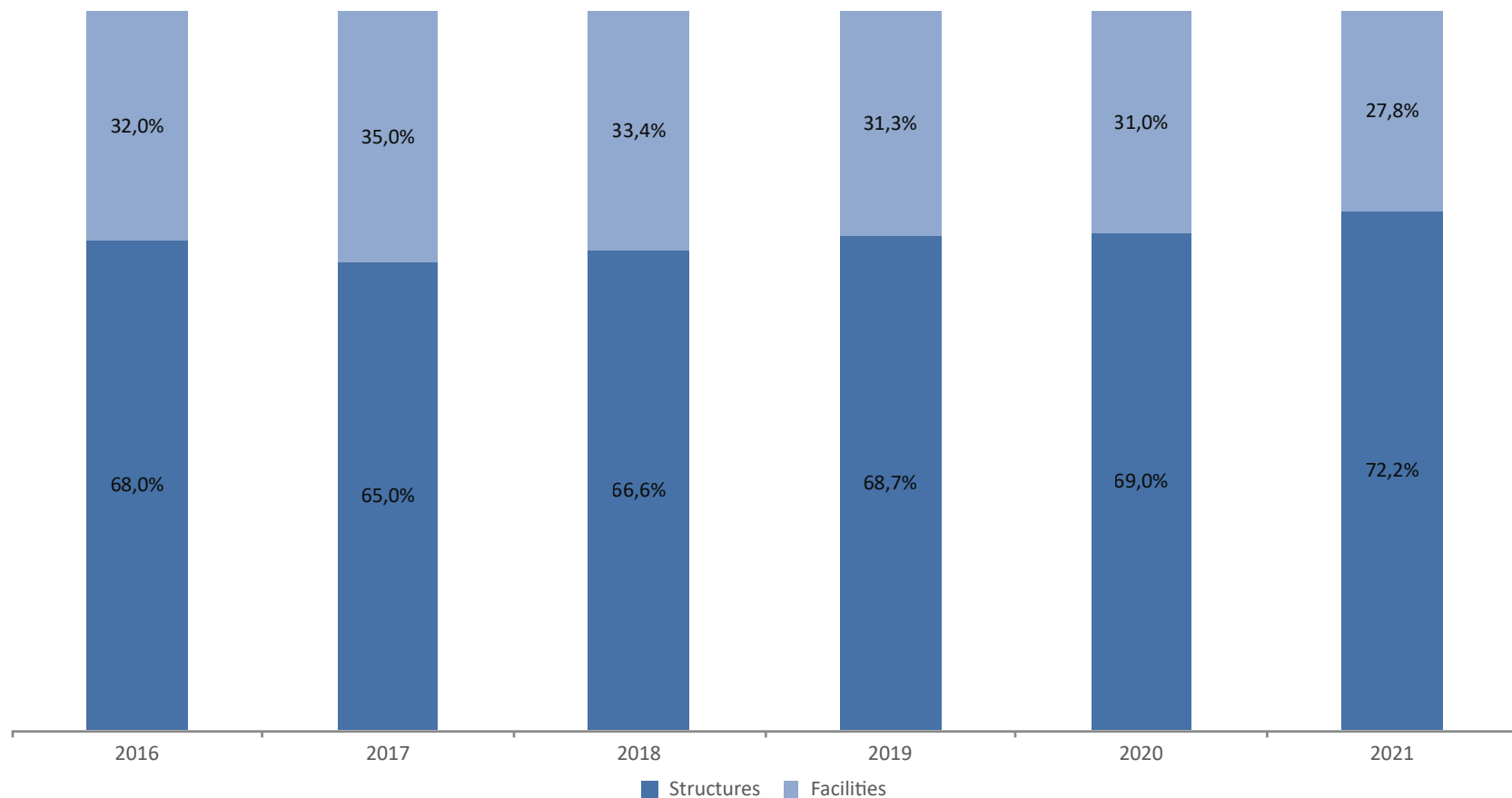
Change in the construction price index %



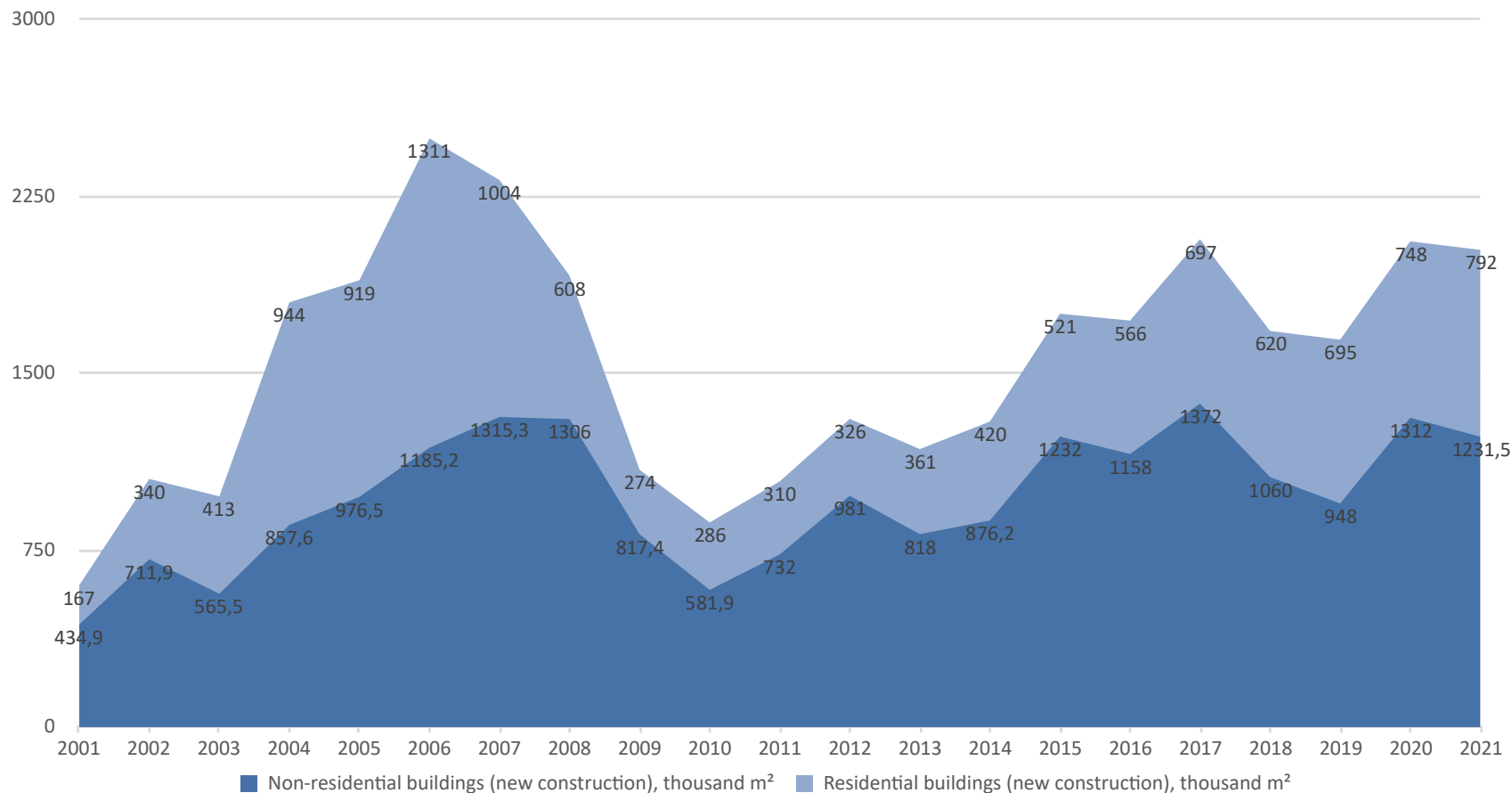
Employees in construction (thousand persons)



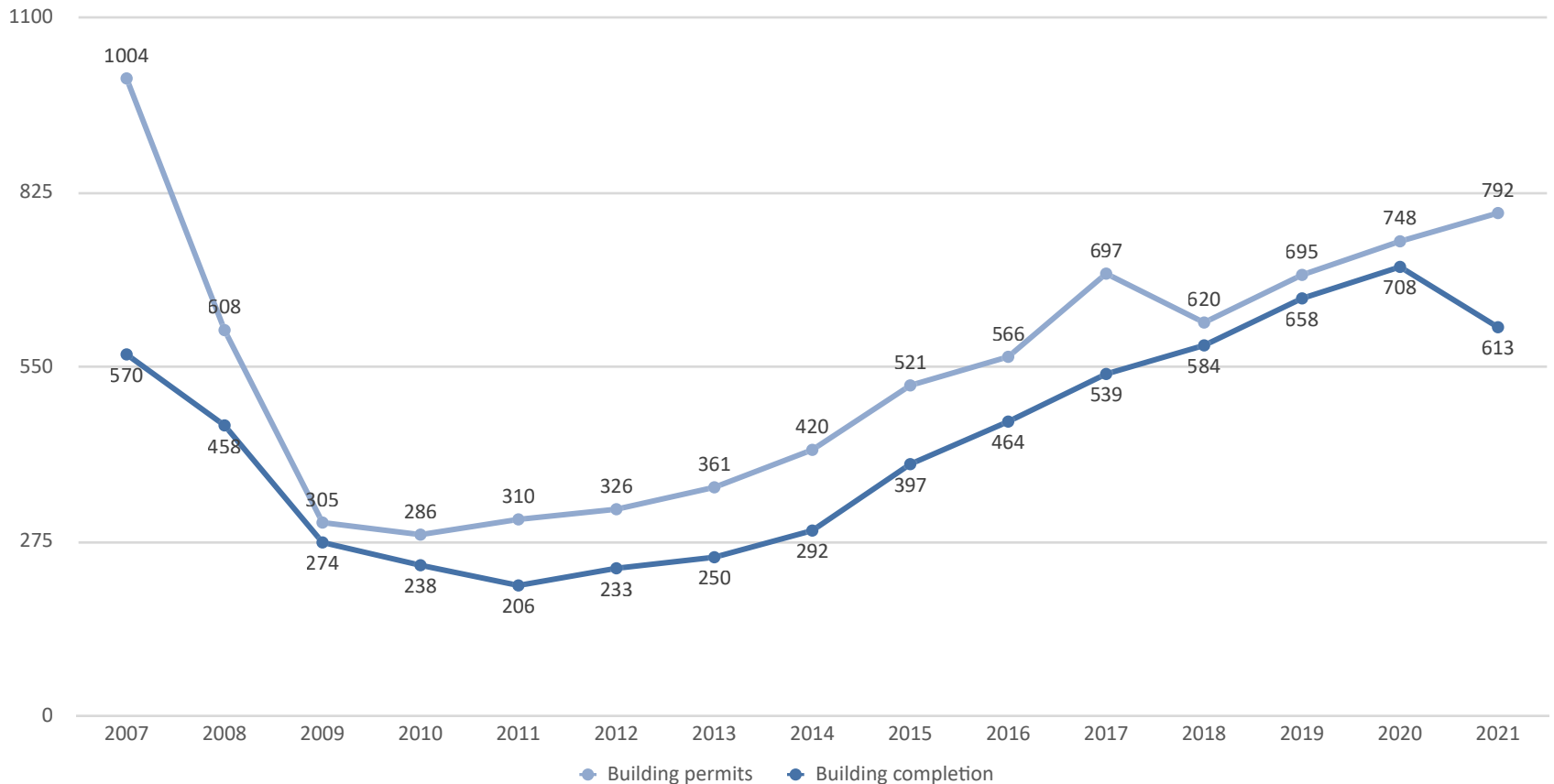
Construction production by type of construction (%)



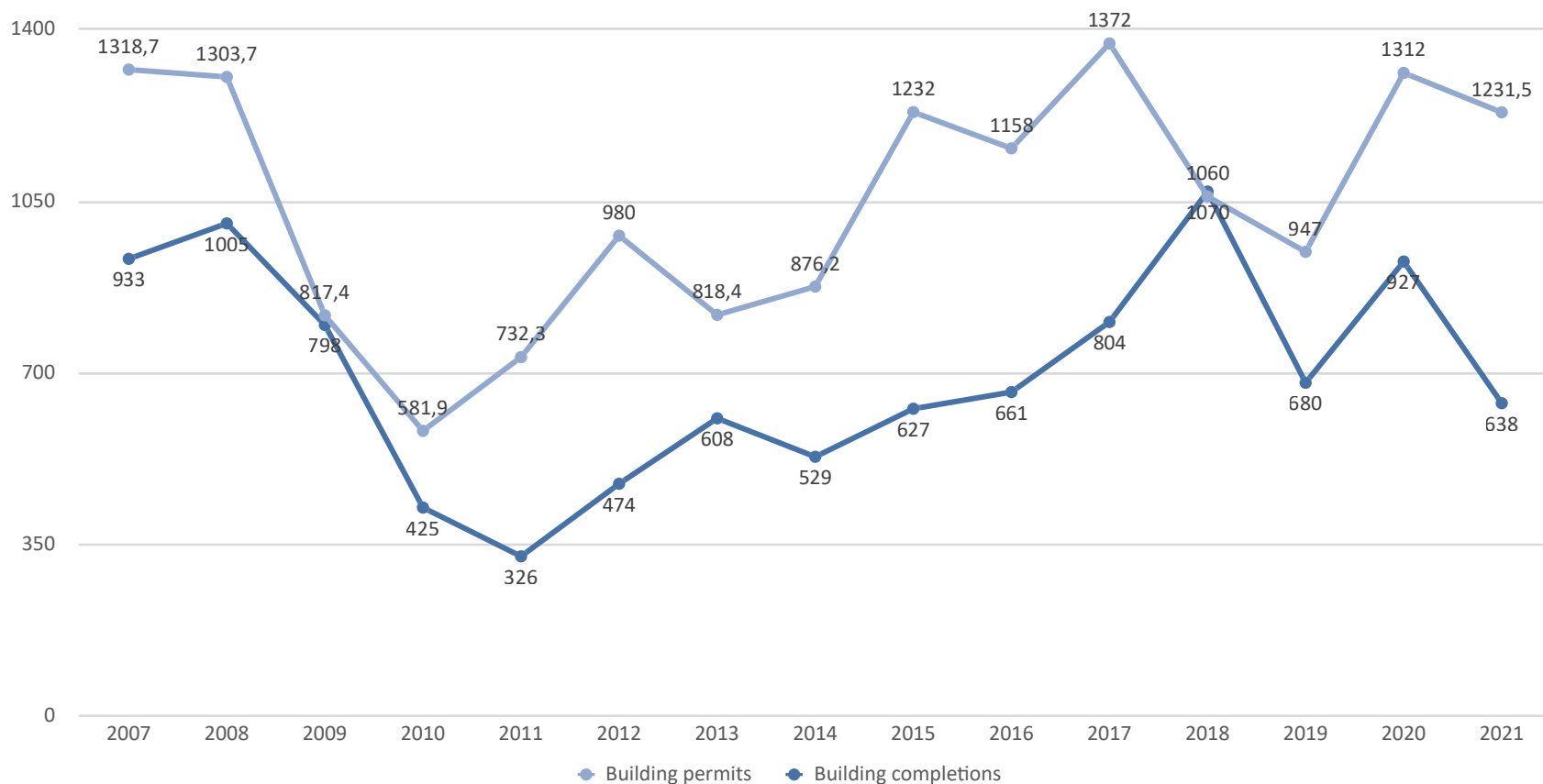
Building permits granted, usable floor space (in thousands of m²)



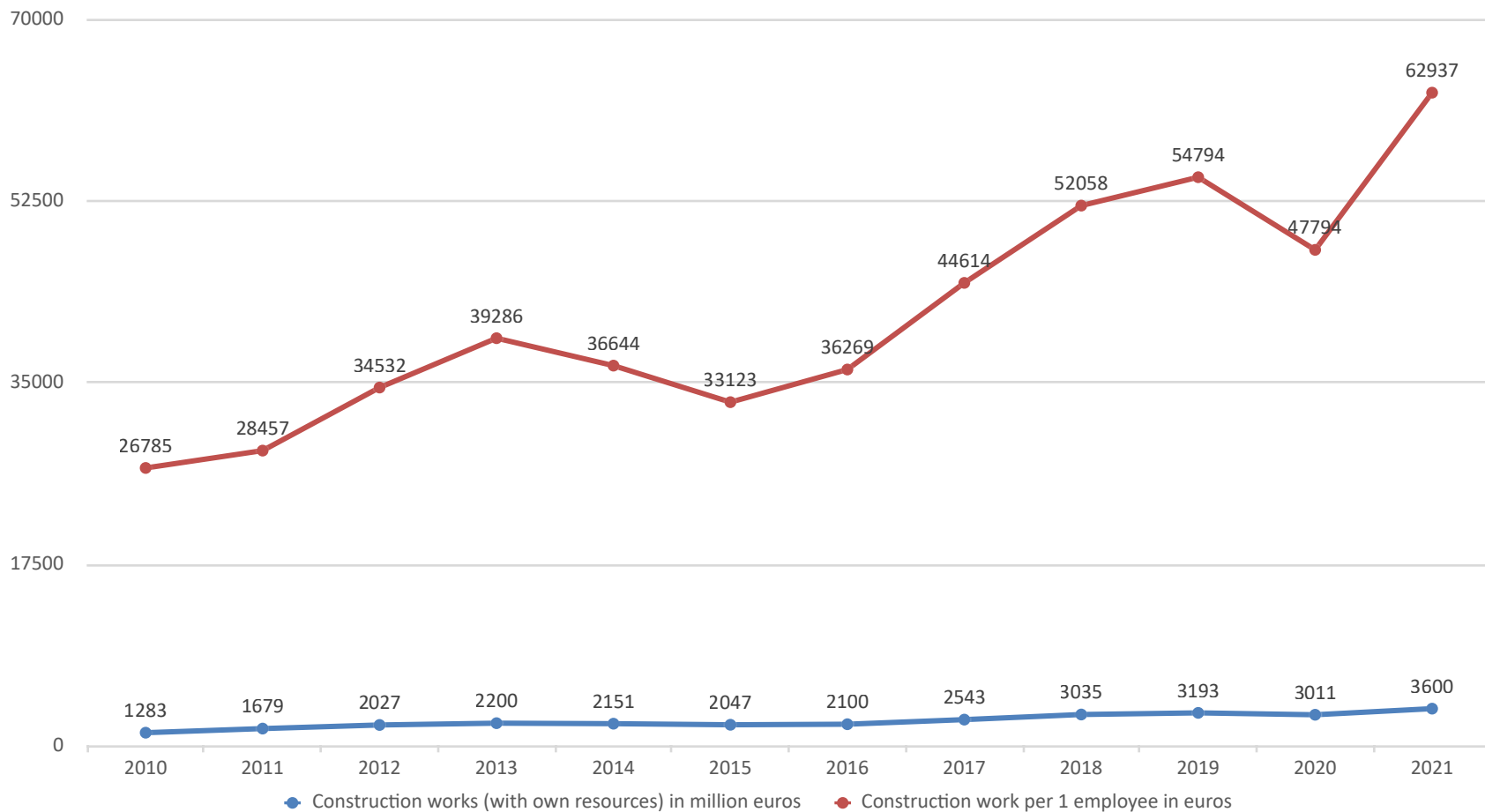
Granted building permits and completed residential buildings (new structures) 2007-2021 (in thousands of m²)



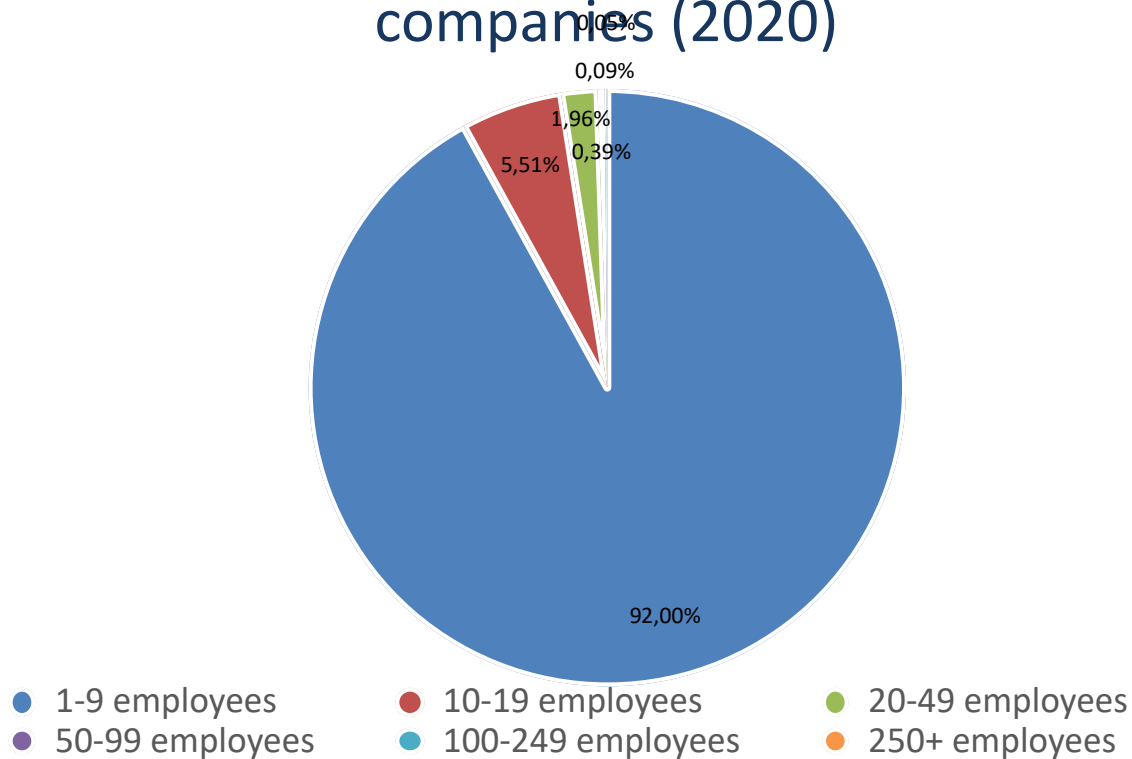
Granted building permits and completed nonresidential buildings (new structures) 2007-2021 (in thousands of m²)



Construction work per employee (2010-2021) in euros



Structural distribution of construction companies (2020)



Thank you !

EACE/ Estonian Association of Construction Entrepreneurs

Pärnu mnt 141, 11314 Tallinn

www.eeel.ee

indrek@eeel.ee

[Tel:6870435](tel:6870435)

GSM: 5111890



Eesti Ehitusettevõtjate Liit