

UDC 911.3

Sergiy Zapototsciy, Victoria Zapototsca, Anna Ekezi

SECTORAL PRIORITIES FOR CONSTRUCTION ACTIVITIES IN UKRAINE

This paper considers the theoretical, methodological and applied principles of construction activity. Was made analysis of factors influencing demand and stimulate residential construction, construction of non-residential buildings and engineering structures. Among the stimulating factors analyzed income levels of people and mortgage terms. Evaluation of construction of non-residential buildings and engineering structures includes an analysis of the economy of Ukraine, business development, investment opportunities in the state and commercial structures. Were established and outlined the factors of constraints of building in the context of the studied areas.

Key words: construction industry, construction, residential building, uninhabited premises construction, construction engineering structures.

Сергій Запотоцький, Вікторія Запотоцька, Анна Екезі. ГАЛУЗЕВІ ПРІОРИТЕТИ БУДІВЕЛЬНОЇ ДІЯЛЬНОСТІ В УКРАЇНІ. В роботі розглядаються теоретико-методичні та прикладні засади будівельної діяльності. Проведено аналіз чинників, що формують попит та стимулюють житлове будівництво, будівництво нежитлових приміщень та інженерних споруд. Серед стимулюючих чинників житлового будівництва проаналізовано рівень доходів населення та умови іпотечного кредитування. Оцінка будівництва нежитлових будівель та інженерних споруд включає аналіз стану економіки України, розвиток підприємництва, інвестиційні можливості держави та комерційних структур. Встановлено та окреслено стримуючі чинники розвитку будівництва в розрізі досліджуваних сфер.

Ключові слова: будівельна галузь, будівництво, житлове будівництво, будівництво нежитлових приміщень, будівництво інженерних споруд.

Сергей Запотоцкий, Виктория Запотоцкая, Анна Экези. ОТРАСЛЕВЫЕ ПРИОРИТЕТЫ СТРОИТЕЛЬНОЙ ДЕЯТЕЛЬНОСТИ В УКРАИНЕ. В работе рассматриваются теоретико-методические и прикладные основы строительной деятельности. Проведен анализ факторов, формирующих спрос и стимулирующих жилищное строительство, строительство нежилых помещений и инженерных сооружений. Среди стимулирующих факторов жилищного строительства проанализирован уровень доходов населения и условия ипотечного кредитования. Оценка строительства нежилых зданий и инженерных сооружений включает анализ состояния экономики Украины, развитие предпринимательства, инвестиционные возможности государства и коммерческих структур. Установлены и очерчены сдерживающие факторы развития строительства в разрезе исследуемых сфер.

Ключевые слова: строительная отрасль, строительство, жилищное строительство, строительство нежилых помещений, строительство инженерных сооружений.

Introduction. The construction industry in terms of market transformation plays a special role because it is characterized by significant investment potential, concentrate considerable flows of financial resources involves credit and financial mechanisms for management and addresses a range of socio-economic problems of the region. Today construction is one of the basic branches of the economy, the result of the functioning which is creating fixed assets in the residential, industrial and commercial sectors.

An analysis of previous studies. Meaningful contribution to the study of branch and territorial structure of the building complex in general and the construction industry in particular have made Y. Burka, Y. Zhupanskiy, I. Nikolskiy, Z. Maniv etc. The issue of effective management of building work covered in the works of A. Asaula, N. Bogdan, A. Gojko, A. Druzhynin, Y. Jalil, I. Stepanov and others.

The purpose and objectives of the study. Actuality of theme outlines the aims and main tasks of the article, namely – justification of proposals to improve the work of the construction industry on the basis of a comprehensive critical analysis of general and specific features of its development, the justification of the recommendations on the priorities of the construction industry in Ukraine.

The main material. The construction industry is a consumer of products and services more than of seventy different branches of the economy (metallurgy, chemistry, machinery, timber industry, transportation, etc.). In most construction associated with the industry of

building materials. Specific weight construction in GDP is only about 8%. The construction industry covers about 6% of all employees in the state sector [1].

Development of construction depends on the economic and social development areas of the state, is closely correlated with indicators of GDP, GRP or gross incomes (Fig. 1). Trends in recent years show a decline in the real economy of Ukraine, burdened with difficult socio-political situation and mostly negative trends in global markets. Thus, GDP growth for 2013 has not occurred (0%) in 2012 was only 0.2%, compared with 4.1 and 5.2% for 2010 and 2011 respectively.

The main destabilizing factors of socioeconomic development in 2013 were primarily undeveloped economy, having production of low value-added and the resulting dependence on external markets. Destabilization and lower real economy amplified in late 2013 and early 2014 because of significant political tensions, the annexation of the Crimea and destabilization in eastern Ukraine, which occurs today. GDP for the second quarter of 2014. compared to the corresponding quarter of 2013. (at constant 2007 prices.) was 95.4%.

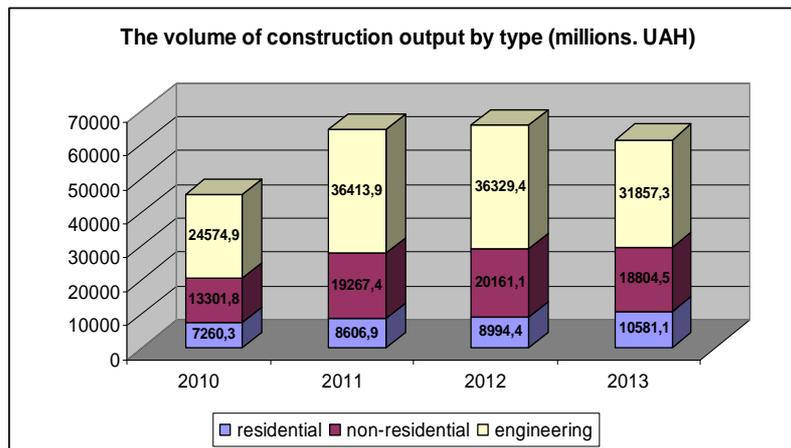
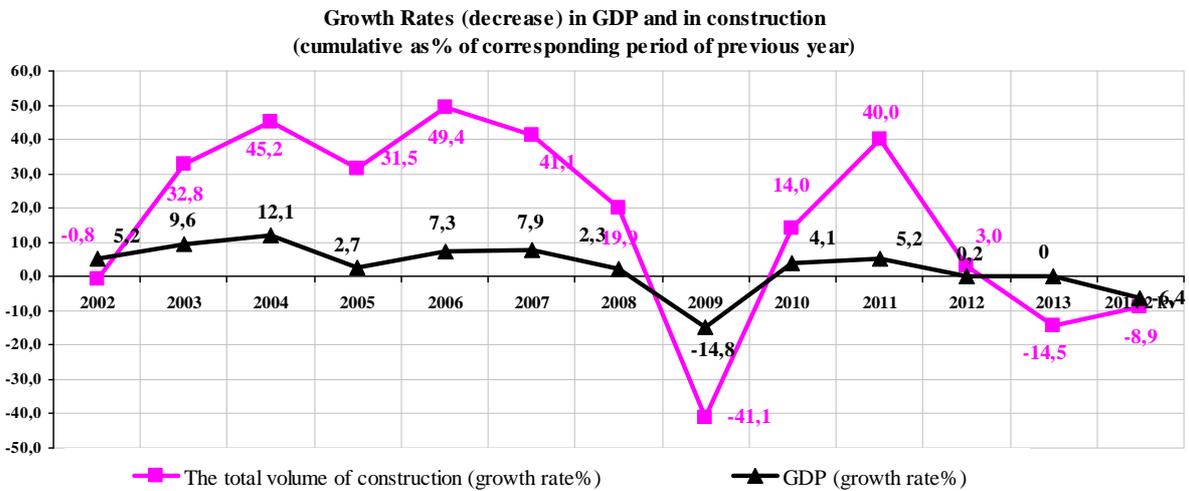
This economic situation and determined development of construction industry in Ukraine. In 2013 the enterprises of Ukraine carried out construction works worth 58.9 billion. Index of construction products in 2013 compared to 2012 was 85.5%. For two quarters of 2014 the volume of construction works decreased by 8.9% already. So it became a kind of indicator of construction, reflecting the positive and negative shifts in the economic situation in Ukraine.

The main components of the construction industry is the construction of buildings such as: residential

building, non-residential building construction (commercial, industrial, agricultural, social, etc.), and construction of engineering structures.

Traditionally, the value of these fields in Ukraine

is about 15% in favor of housing, about 30% of non-residential buildings and up to 55% - engineering structures (Fig. 2).



The emergence of specialization by field of activity in the construction industry associated with the feature of the product which is created in guaranteeing the development all branches of material production and increasing prosperity the population. At the sectoral specialization of construction companies, its differences and peculiarities have a significant impact on the level of development of the area where the construction is carried out construction projects. In less developed areas of the branch structure is less pronounced than in developed areas (Fig. 3).

Today the construction of a residential property is influenced by complex structural socio-economic processes that are identified as needs in residential real estate and construction and acquisition of housing. Demand in the housing market is determined mainly by the indicators of the demographic situation, the settlement system, the housing provision of the population, income levels and conditions of mortgage lending. Consequently, important indicators of housing construction is rising personal incomes and the formation of extra-budgetary investment.

In Ukraine remains a significant regional differ-

entiation of the population by income. Significant is the regional potential of Kyiv, Dnipropetrovsk, Donetsk, Odesa and Kharkiv oblasts. They account for almost 80% of FDI, 60% of the volume of products of small enterprises, more than half of the national GDP and retail sales, more than 40% of investments in fixed capital and the same number of export products.

Presently there are several possible ways to attracting resources for construction lending and purchase of housinh. The sources of these resources can be: people in need of better housing conditions; entrepreneurs seeking to resolve the housing problems of their employees; government controls and local administrations; financial investors. One kind of financial providing of housing construction should be the long-term loans or mortgage. Mortgage is the most common type of financial transactions in developed countries.

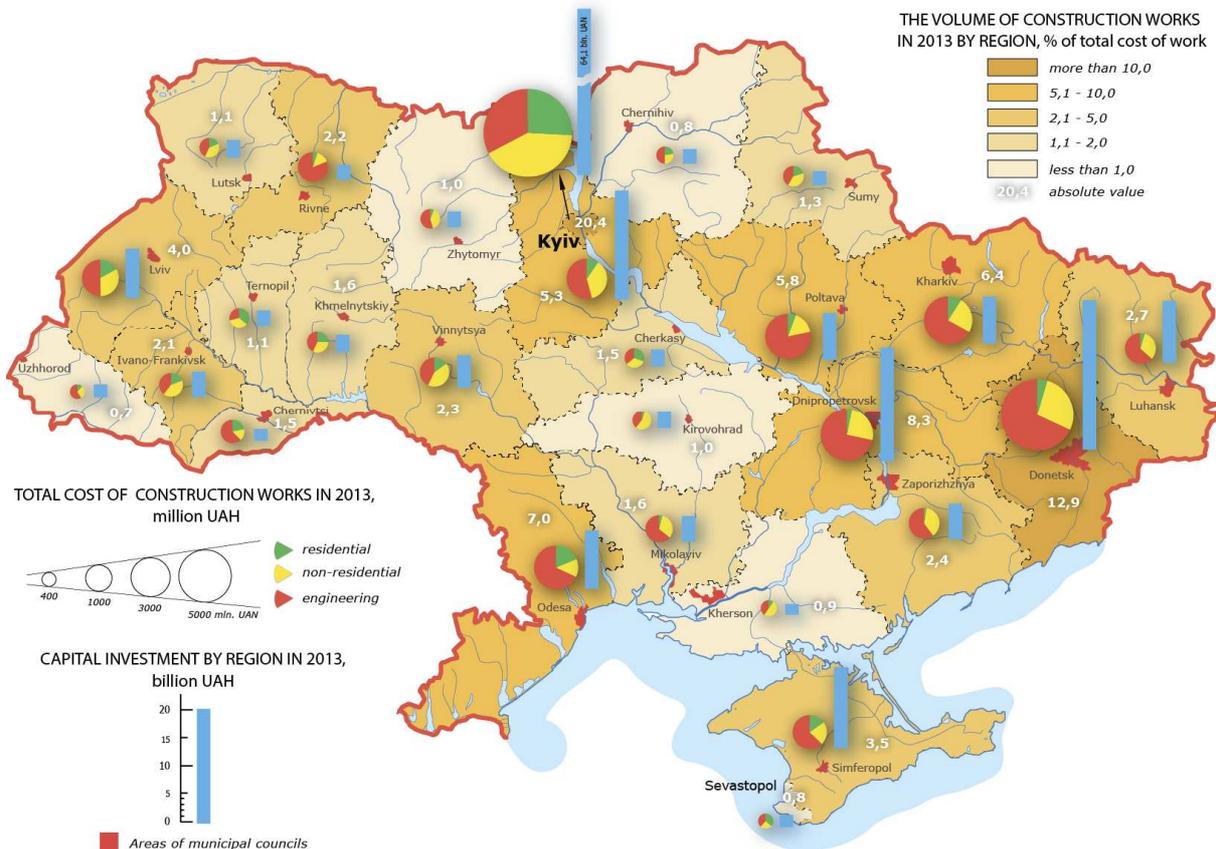
Deterrent development of housing construction at present are: 1. Prolonged reduction in of loans granted to households for the purchaseconstruction and reconstruction of real estate. The volume of mortgage loans to households in 2012. (versus 2011). was reduced by 26.9% in 2013. (compared to 2012.) – 10.9%; 2. Slow

implementation of state programs on to build affordable housing, preferential mortgage lending, of youth residential lending.

Status of *non-residential construction* and its development prospects caused by the general state of Ukraine's economy, development of entrepreneurship, investments in various business projects and so on.

The state of of small entrepreneurship in Ukraine in general is insufficient. Produced of small enterprises in Ukraine is about 7-8% of the GDP of the state, while in the countries of the "old" Europe (Germany, France), this product is more than 50% of GDP in the countries 'new' Europe (Czech Republic, Slovakia, Hungary) – 30-40% of GDP [2].

INDICATORS OF CONSTRUCTION ACTIVITY IN UKRAINE IN 2013



Construction of *engineering structures* based primarily on financing through government programs and investment projects. Most of them do not have a commercial basis and in need of government intervention. The latter one is largely dependent on the economic situation in the country.

Factors that restrict construction of non-residential objects and engineering structures are: 1. The negative dynamics of activity manufacturing sector, which does not provide opportunities for accumulation of investment resources (including funding for construction projects) (for 9 months. 2013. financial result before tax in the processing industry was "minus" 3 billion. USD. (for 9 months. 2012. - "minus" 0.3 billion, USD, by the end of 2012. - "minus" 1.8 bln. USD); 2. Reduction of capital expenditures from the state budget (2013 nominal amount of funding of capital expenditures of the consolidated budget compared to 2012 decreased by 25% and amounted 29.3 bln. USD.).

3. Reduction of capital investments in the economy. In terms of of capital investments dynamics in 2010-2013's we can see that the prospects for 2014-2015 years are negative trends through reducing invest-

ment in non-residential buildings and engineering structures. After the investment growth in all segments in 2011 by 37% and in 2012 by 13%, we can observe a decrease of investment in 2013 by 8.8%, of which non-residential buildings by 15.7%, engineering structures by 9.4%. The positive is increase housing investment is 7.8%.

Conclusions. Thus, the construction industry of Ukraine in the coming years will continue to be in crisis. Negative effects on world markets and the lack of incentives for internal development will deter investment in the construction industry. The development of the construction industry will go especially with the possibilities of the real economy, trends and priorities for its becoming. As a result, the construction industry in the near future will have a limited capacity for normal operation. However, the perspective can be of infrastructure projects in the construction and repair of roads because of the extremely unsatisfactory quality, repair and reconstruction of social services, particularly rebuild the infrastructure of «Donbass». May remain demand for the construction of modern shopping malls in the regions of Ukraine. There is an insufficient number of such objects

or not. Given the export orientation of the agricultural sector will remain a demand for construction of granaries and port infrastructure that provide export of agricul-

tural products. Also possible demand for construction of facilities logistics that are required to service the transit through Ukraine.

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Summery

Sergiy Zapototsiy, Victoria Zapototsca, Anna Ekezli. SECTORAL PRIORITIES FOR CONSTRUCTION ACTIVITIES IN UKRAINE.

The paper considers the activities of the construction industry, its current status, transformation and prospects. Determined that the development of construction depends on the economic and social development areas of the state, is closely correlating with indicators of GDP, GRP, gross income, small and medium sized businesses. The main components industry allocated construction of buildings, residential construction, non-residential building construction (commercial, industrial, agricultural, social, etc.) and construction of engineering structures. Construction of residential property is influenced by demographics, settlement pattern, housing and the provision of population, income and mortgage lending. Factors constraining the development of housing on today remain long-term reduction in the volume of loans granted to households for the acquisition, construction and reconstruction of real estate and slow implementation of government programs for the construction of affordable housing, preferential mortgage lending, youth housing loans.

The construction of non-residential buildings and structures due to the General state of the economy, entrepreneurship, investments in various commercial projects, etc. Construction of engineering structures is based primarily on the funding through government programs and investment projects. Factors that limit the construction of non-residential buildings and engineering structures are: the negative dynamics of the productive sector of the economy that does not allow for accumulation of investment resources; a reduction in capital expenditure from the state budget; a decrease in capital investment in the economy.

Key words: construction industry, construction, residential building, uninhabited premises construction, construction engineering structures.