

NEWS RELEASE



For Immediate Release

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CONSTRUCTION EXPENDITURES IN CHINA TO INCREASE 9.2% ANNUALLY THROUGH 2012

Construction expenditures in China are expected to rise 9.2 percent per annum in real terms through 2012. A rapidly expanding domestic economy, continuing efforts to upgrade physical infrastructure, sustained strength in foreign investment funding, healthy demand for Chinese manufactured goods, ongoing urbanization, and further population and household growth will all boost construction spending in China. These and other trends are presented in ***Construction Outlook in China***, a new study from **The Freedonia Group, Inc.**, a Cleveland-based industry research firm.

Nonbuilding construction will be the fastest growing sector, advancing 10.2 percent annually in real terms through 2012. Growth will be fueled by government initiatives to expand and upgrade the country's physical infrastructure, especially its highways, railways and subway systems. Utilities construction will also contribute to nonbuilding construction spending gains, as the government continues to increase the country's power generation capacity and improve electricity transmission networks, as well as expand and improve municipal water supply coverage and natural gas distribution.

Nonresidential building accounted for the largest share of construction spending in China in 2007, reflecting the nation's emergence as an economic powerhouse over the last decade and its position as the largest producer of manufactured goods in the world. Nonresidential construction expenditures are projected to increase 8.9 percent annually in real terms through 2012. China's ongoing industrialization and modernization will help to boost investment in manufacturing, office and commercial facilities.

Real residential building construction expenditures will grow at an 8.4 percent annual pace through 2012. Advances will be spurred by rising employment and personal income levels, further urbanization of the population, and increasing average per capita living space in both urban and rural areas. However, government efforts to prevent the real estate market from overheating (for example, by raising the one-year lending rate and restricting second home purchases) and a deceleration in household growth will provide an offsetting influence, preventing demand from advancing at a faster rate.

CONSTRUCTION EXPENDITURES IN CHINA (billion 2006 yuan)					
Item	2002	2007	2012	% Annual Growth	
				2002-2007	2007-2012
Construction Expenditures	<u>2062</u>	<u>4814</u>	<u>7460</u>	18.5	9.2
Residential Building	757	1581	2370	15.9	8.4
Nonresidential Building	744	1711	2620	18.1	8.9
Nonbuilding	561	1522	2470	22.1	10.2

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Construction Outlook in China (published 07/2008, 221 pages) is available for \$5,100 from The Freedonia Group, Inc., 767 Beta Drive, Cleveland, OH 44143-2326. For further details, please contact Corinne Gangloff by phone 440.684.9600, fax 440.646.0484 or e-mail pr@freedoniagroup.com. Information may also be obtained through www.freedoniagroup.com.

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