

# CRIF AUSTRIA SURVEY INDUSTRY

## REPORT CONSTRUCTION



At the beginning of this year, CRIF Austria looked at the domestic construction industry and provides an overview of the main aspects in its "Industry Report Construction". The number of newly founded companies as well as insolvencies in 2018 and 2019, the equity capitalization of construction companies in the nine federal states and the preferred company locations were determined.

There has been a gradual decline in the number of newfound companies in the construction sector in recent years. In the comparison period of 2013, the share of newly founded companies was still 5.4%. While in 2018 4.7 % of the new businesses founded in Austria were construction companies, in 2019 the figure was only 3.7 %. Compared to 2018, 22.8 % fewer construction companies were founded last year.

In a comparison of the federal states, Viennese building contractors led the way in 2019 with 21.3% of new businesses founded, followed by Lower Austrians with 17.7% and Upper Austrians with 15.5%. Burgenland (4.4%) and Vorarlberg (4.6%) came in last.

Insolvencies in the construction sector rose by 4 % from 2018 to 2019. Last year, most of the insolvent construction companies were registered in Vienna (36.3 %) - the fewest in Vorarlberg (2.5 %).

"The mood in the construction industry is positive and the economy remains stable thanks to a good order situation. Even though the number of newly founded companies has declined over the past few years, the construction industry is still one of the most start-up-intensive sectors in Austria", says Boris Recsey, Managing Director of CRIF Austria.

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### Thick equity base for Austria's construction companies

As part of the survey, CRIF has compared the balance sheets for 2018 and 2017 submitted by the end of 2019. The result: Austrian construction companies have a positive equity base overall. With an equity ratio of 43% in 2018, companies in Tyrol occupy first place in the provincial ranking (2017: 42%). According to this ranking, Vorarlberg companies are best equipped with equity capital (approx. 42.6 %), followed by companies from Upper Austria (37.4 %). In last place are companies from Vienna (31.4 %) and Burgenland (31.3 %).

"Overall, Austrian construction companies have a solid capital base. The higher the equity ratio, the better equipped the company is to cope with any risks. The level of the equity ratio usually has a decisive influence on the granting of loans and the costs of possible financing. Especially when it comes to expanding or investing in new operating resources, companies with a lot of equity capital have a clear advantage," explains Recsey.

### Company locations increasingly in the east

The CRIF data also show that the eastern part of Austria is particularly attractive for construction companies. About 40% of the companies have their headquarters there. Most of the domestic construction companies are located in Vienna (19 %) - closely followed by Lower Austria (18 %). This is followed in the federal state ranking by Styria (14 %) and Upper Austria (14 %). In last place are Vorarlberg (4.6 %) and Burgenland (4 %).

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### *About the study*

*The period from 01.01.2018 to 31.12.2019 (data status 04.02.2020) was used as the calculation period for insolvencies and start-ups. For all other calculations, those companies were taken into account which were active on 04.02.2020. Exceptions were foreign companies and foreign legal forms. The calculation of the equity ratio is based on the most recent balance sheet of a company, whereby only GmbHs and AGs were considered as legal forms. The median was always used as a benchmark for the equity ratio. All information is subject to change.*