

Construction

The seven-year period from 1997 to 2003 was a milestone for the construction sector, representing 16% of GDP in 2000 and expected to rise to 21% between 2001 and 2006. Aside from Greek construction companies' involvement with major projects, the Games provided the sector with further opportunities. Intense merger and acquisition activity and joint ventures

were necessary as the sector restructured itself, and partnerships with other sectors were realised for the completion of projects, such as electronic infrastructure, security, energy, and tourism, helping the sector to define its future course of development. Furthermore, by collaborating with major international firms, Greek companies gained expertise and know-how that will boost competitiveness and fuel demand for their know-how abroad.

Aside from the major construction and infrastructure works that benefited construction companies, the Olympics also necessitated a restructuring of the sector. The result was the creation of new companies, through mergers and acquisitions, large enough to compete not only in Greece, but globally as well.

In a recent study, the Economy Constructions Institute (IOK) examined the sector's dynamics before and after the 2004 Games. According to the study, the sector employed 317,000 individuals in 2000, while the number was expected to increase to 350,000 between 2001-2006, thus absorbing a number of the unemployed. The expected increase in the sector's workforce was the result of its high growth rate, while the proper utilization of the sector's human resources would translate into improved flexibility and efficiency in the construction of public works.

In terms of Olympic projects, construction companies have certain competitive advantages over other sectors. The sector performed very well in 2001, being the only one which managed to improve its financial results considerably despite the recession. A UBS Warburg report forecast that construction companies' shares would increase by an additional 21.1% in 2002 because of the Olympic Games, and would continue to increase by 8.7% in 2003 and by 16% in 2004.

According to the IOBE study, activity in the construction sector experienced a growth rate of 9.7% in 2002 compared with 2001. The sector's upward trend was fuelled by the Olympic Games as well as by the increased demand for housing. Investment in the sector increased 8.2% in 2002, thus contributing decisively to investment overall. At the same time, the drop in mortgages reinforced real estate investment (housing), fuelling investment growth in 2002 at double the rate of 2001. This trend was expected to continue and intensify throughout 2003.