

N° 87 — September 2019

In 2018, construction generated 12.6% of Monaco's turnover, excluding financial and insurance activities, employing 9.8% of private sector employees. It is the fourth largest employer in the Principality and the second largest sector in terms of turnover.

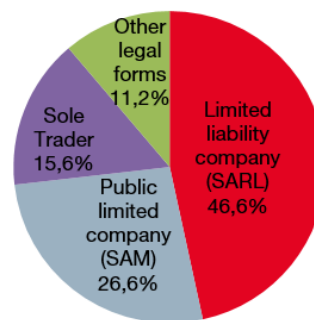
455 active companies in 2018

There are 455 active companies as of December 31, 2018, five more than at the end of 2017. In the course of the year, there were 25 creations and 20 write-offs of companies in this sector.

SARL is the most represented legal form in this sector. SARL's share has increased over the years. It went from 44.1% in 2016 to 46.6% in 2018. Nearly three-quarters of the institutions created in 2018 were created in this legal form.

This year again, the largest decline was observed for companies in the owner's name. In 2016, 18.9% of companies in this sector were in this form, against only 15.6% in 2018. 40.0% of the 2018 write-offs involved companies in the owner's name.

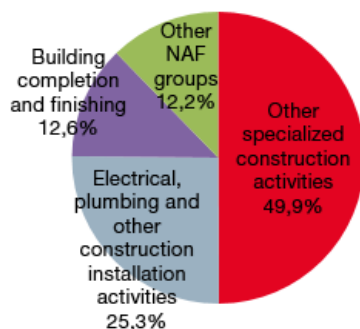
Graph 1. Distribution of companies by legal form in 2018



Sources : Business Development Agency, Monaco Statistics

Nearly one in ten employees works in Construction

Graph 2. Distribution of employees by NAF Group in December 2018



Sources : Cosial Socials of Monaco, Monaco Statistics

Construction is almost exclusively male (91.2%). Employees are slightly older (42.8 years) than the national average (42.0 years).

French workers represent only slightly more than half (50.7%) of the workforce in this sector (62.9% for all sectors). Monegasque people are also under-represented (0.6% versus 1.9% for the private sector as a whole).

More than three quarters of employees (76.9%) live in the Alpes-Maritimes, less than a quarter in neighbouring municipalities. 15.5% live in Italy and only 5.4% live in the Principality.

With 5,063 employees, Construction is the fourth largest employer in the Principality. There were 175 additional employees compared to December 2017, an increase of +3.6%.

Companies classified as Other specialized construction activities employ almost half of all employees (49.9%). This NAF Group includes in particular general masonry and structural work (companies « Tout Corps d'Etat »). There were four fewer employees in 2018 than in 2017 in this NAF group. However, the number of hours worked increased.

The companies with the largest increase of workers are in the group of Electrical, plumbing and other construction installation activities, and Completion and Finishing Works, with +80 and +57 employees respectively.

Table 1. Distribution of employees by nationality and gender in 2018

Employees	Men		Women		Total	
French	2 244	87,4%	324	12,6%	2 568	50,7%
Portuguese	1 092	96,9%	34	3,1%	1 127	22,3%
Italian	932	94,7%	52	5,3%	985	19,4%
Tunisian	90	98,9%	1	1,1%	91	1,8%
Monégasque	22	73,3%	8	26,7%	30	0,6%
Other	240	91,0%	24	9,0%	263	5,2%
Total	4 620	91,2%	443	8,8%	5 063	100%

Unit : employee & weight

Sources : Cosial Socials of Monaco, Monaco Statistics

Stability of Construction's turnover

With 1.8 billion euros, Construction is the second largest sector in the Principality in terms of turnover behind Wholesale Trade. After an increase of 35.4% in 2017, it increased slightly (+0.1%) this year in contrast to that of the Principality excluding Financial and Insurance Activity (+3.6%).

This stability masks wide disparities. In 2017, sales growth was mainly due to Real Estate Development (+50%), which was linked to the delivery of new projects, while in 2018, the latter declined by more than 30%. In contrast, the turnover of the Construction of other civil engineering projects increased strongly (+33%) supported especially by the works of the extension in sea.

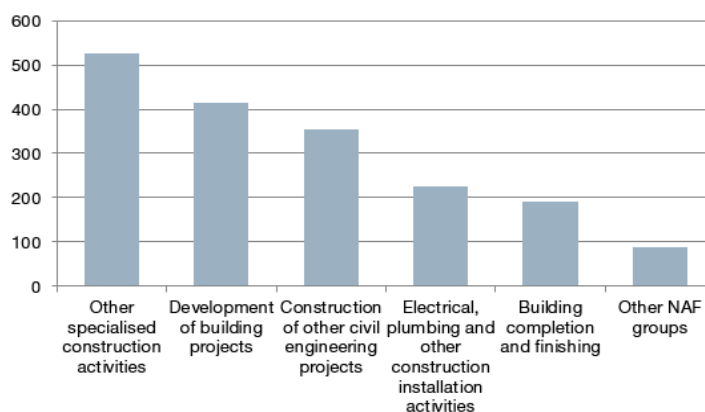
Table 2. Evolution of the turnover by NAF Group

	2017	2018	Variation	Weight
Other specialised construction activities	501,9	525,7	4,8%	29,2%
Development of building projects	594,0	413,1	-30,5%	23,0%
Construction of other civil engineering	264,7	353,1	33,4%	19,6%
Electrical, plumbing and other construction installation activities	201,4	226,2	12,3%	12,6%
Building completion and finishing	148,8	190,8	28,2%	10,6%
Other NAF groups	86,5	89,4	3,4%	5,0%
Total Turnover Construction	1 797,3	1 798,3	0,1%	100%
Total Turnover Principality of Monaco excluding Financial and Insurance	13 741,5	14 235,5	3,6%	

Unit : million of euros

Sources : Department of Tax Services, Monaco Statistics

Graph 3. Construction's turnover by NAF Group in 2018



Unit : million of euros

Sources : Department of Tax Services, Monaco Statistics

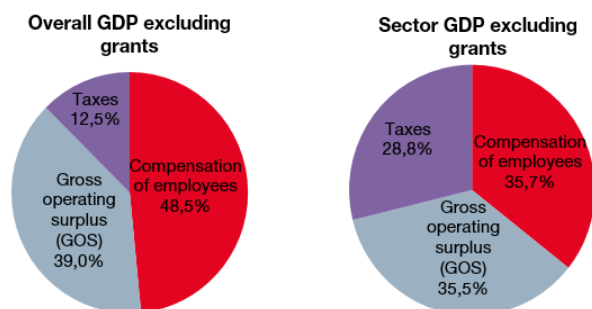
Over the recent years, the sectoral turnover had been dominated by Other specialized construction activities (which include companies « tout corps d'état ») except in 2017. Last year, this ranking changed and Property Development, thanks to the sales of the recently built apartments, became for a time the first contributor to the turnover of the sector.

Construction, fourth contributor of Monaco's GDP in 2017

The construction sector accounts for 8.7% of 2017 GDP⁽¹⁾. It did not benefit from the real estate promotions as it did in 2016 and dropped sharply, losing its third place to Real Estate Activities.

(1) GDP 2018 not known yet

Graph 4. Composition of the GDP in 2017



Source : Monaco Statistics

Table 3. Weight of Construction in the real GDP in 2016 and 2017

	GDP 2016	GDP 2017	Variation	Weight 2017
Financial and insurance activities	927,1	991,7	7,0%	17,8%
Scientific and technical activities, administrative and support service activities	855,5	948,6	10,9%	17,0%
Real estate activities	513,5	556,2	8,3%	10,0%
Construction	827,2	485,2	-41,3%	8,7%
Wholesale trade	503,7	470,4	-6,6%	8,4%
Public administration, education, human health and social work	400,9	403,1	0,6%	7,2%
Accommodation and food service activities	355,7	359,7	1,1%	6,5%
Retail trade	339,0	332,5	-1,9%	6,0%
Information and communication	268,3	298,7	11,3%	5,4%
Other service activities	365,9	286,6	-21,7%	5,1%
Manufacturing, mining and quarrying, and others industries	226,4	230,3	1,7%	4,1%
Transportation and storage	189,5	205,8	8,6%	3,7%
GDP in constant millions of euros	5 772,7	5 568,9	-3,5%	100%

Unit : million of euros

Source : Monaco Statistics

The share of salaries of employees is lower (36%) than in the global GDP (49%). This is due to the fact that real estate development operations have a high gross operating surplus (GOS) with few employees.

It should also be noted that Construction is the second largest sector in terms of taxes, behind Real Estate.

Definitions and methodological note

- The Construction sector includes general and specialized construction activities for buildings and civil engineering (new construction sites, renovations, repairs, extensions and alterations and assembly of prefabricated buildings).
- It also includes property development activities provided they can gather the necessary financial, technical and human resources to carry out real estate projects for sale.
- Results in this sector are highly dependent on Real Estate Development operations. In fact, new apartments sold "off plan" appear in the turnover of the year of purchase, but will only be counted at the level of GDP in the year of delivery, which leads to a discrepancy between the various indicators.

