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Analysis of investment solutions allocated for the development of the construction industry in the Republic of Kazakhstan

Abstract

Object: The construction industry is not only one of the most important sectors of Kazakhstan's economy but also one of the attractive investment areas. The purpose of the study is to analyse investment in housing by region and consider the conditions of housing.

Methods: Analysis of data from the National Bureau of Statistics of the Republic of Kazakhstan.

Results: Analysis results show that the largest volume of investments in housing is allocated to the main cities of the country Nur-Sultan and Almaty.

Conclusions: The article analyzed the volume of investments of the Republic of Kazakhstan in housing construction for the period from 2013 to 2019. As a result of the analysis, a trend line was drawn on the volume of investment and a forecast was made for future years. In general, 48.9 billion tenge was invested in the construction industry in 2020, which is 41.5 percent less than in 2019. The situation at the global level also affected the construction industry in 2020, 2021.

Keywords: construction industry, investment volume, analysis, trend, forecast.

Introduction

Currently, one of the main keys to the development of the construction industry of the country is the allocation of investment from the state, the introduction of innovative technologies, attracting big investors, training of highly-qualified specialists, and increasing the level of their educational exchange. Housing construction is recognized as one of the priority directions of Kazakhstan's development strategy till 2050 and is one of the most important tasks of nationwide character. Real estate is always in demand, which means that it is an excellent tool for investing funds.

The economy of Kazakhstan has a great impact on increasing the integration of the world economy and increasing the level of openness, unitarity of the domestic economy, the influence of external environment factors on the efficiency of enterprises in general, ensuring the competitiveness of manufactured products.

The construction industry is one of the most important sectors of Kazakhstan's economy, as well as one of the attractive investment areas. The building industry makes up 5.6 % of the GDP and the volume of construction works increases annually on average by 10–15 %.

In the construction sector, competitiveness has recently been gaining momentum (Toppinen et al., 2019).

Today, Kazakhstan demonstrates rapid development in construction work. Basic in the field of construction analysis and optimization of factors of complex assessment of scientific sound methodology, considering the domestic investment market, can be used to increase the success and sustainability of the company receives (Mekebayeva, 2017).

The construction companies in the country managed to earn a record sum of 983.4 billion tenge for the last 10 years. This ensured the growth of construction works by 14% in 2019. The share of construction in the formation of GDP reached 5.6%. At the same time, owing to the newly created infrastructure, the country's investment activity has increased significantly, its contribution to economic development in the construction sector reached 6.2%.

The country has allocated 1.5 trillion in investments for housing construction. According to the results of 2019, construction works worth 4.4 trillion tenge were carried out, which is 14% more than in 2018. At the same time, there is a development in the main types of activities - the volume of construction and installation works amounted to 11.7%, the growth of capital repair – 20.6%, current repair – 19.6%.

There are many reasons for the stagnation of the construction sector of the economy. The main one is the lack of investment in technology by construction firms. Industry bodies and the government of the coun-

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try should invest in innovation and create incentives. They can play an important role, for example, working with contractors, owners, and “innovative technology players” can allow to identify new standards and technologies, develop pilot projects, and demonstrate successful projects. The government should create grants, bonuses, or subsidies to encourage developers and contractors to use innovative solutions, help them improve their skills and train the next generation (Khrustalev, & Konkin, 2019).

According to international reports on the status of projects in various countries, a significant part of the budget in countries is allocated to the construction industry (World Economic Forum, 2016).

By investment is understood the totality of the costs incurred in industry, construction, agriculture, as well as the economic entity in other sectors of production in the form of property, in kind, as well as cash, i.e. capital, for the further development of the economy. That is to spend available funds, capital for the development of a particular production and to make a profit in the future.

Some research, supported in part by Porter’s argument that performance is the true source of competitive advantage, defines competitiveness in terms of performance (Porter, 1990).

Investments are a set of costs that are invested in the form of capital in enterprises of industry, construction, agriculture, and other sectors of the economy. In addition, investments are investments and investments (Asilova, 2019).

Investments are new technologies, materials, and the costs of increasing and updating production associated with the introduction of other tools of labor.

In addition, investment is the investment of money for income or profit, as well as property purchased for income or profit. The purpose of investment is income and profit. Investments are used in two ways. These are financial and real investments. In general, housing investments are included in real investments.

Like any other financial instrument, real estate investments have their pros and cons.

Among the advantages of this type of investment are:

- unchanging returns over the long term, for example, by renting out a purchased property, it is possible to make a profit over many years;
- relative availability of contributions;
- real estate has high liquidity (under certain conditions);
- a wide choice of investments.

Despite the significant advantages of real estate investments, they also have their dangerous sides, like all existing investments.

The main disadvantages of such investments are:

- demand for real estate, in general, depends significantly on the economic situation in the country and in a particular region;
- real estate prices are high;
- in small towns, the demand for real estate is at a low level;
- high additional expenses-utility services, repair works, taxes.

In the context of globalization, the efficiency of the enterprise’s activities depends on the quality of its products and competitiveness in comparison with international enterprises advantages of financial stability, material and other resources it is subject to rational use (Mekebayeva, 2019).

The investment policy of Kazakhstan in the last five years has significantly strengthened the investment climate in the country. Attraction of investment funds will become a stimulus for development of the construction industry. Thus, with an increase of the share of foreign direct investment by 1%, forming GDP will increase its share up to 0,2%, and growth of investment in housing construction will provide growth of GDP by 0,1%. That is, with an increase in the inflow of investment in this industry, for example, compared with the level of 2014, the contribution of construction in the formation of GDP increased to 6.2%.

Methodology and results of the study

The analysis of the volume of investments in housing construction of the Republic of Kazakhstan for 2013–2019 was carried out.

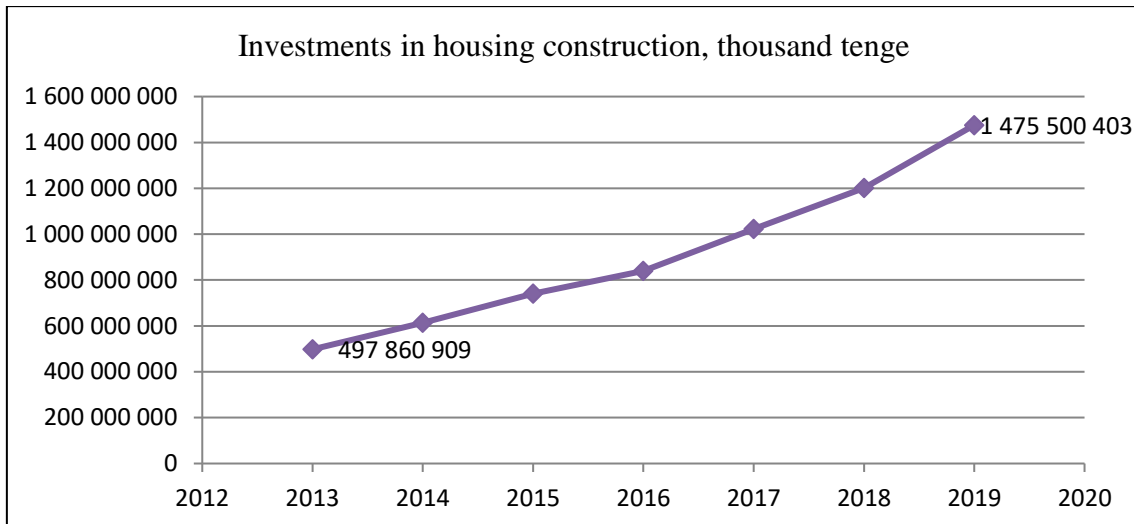


Figure 1. Investments in housing construction in the Republic of Kazakhstan (2013–2019).

Note – Compiled by the author on the basis of Bureau of National Statistics

Figure 1 demonstrates a gradual growth in the volume of investment in housing construction from year to year. Particularly, it can be seen that, in 2013, 497,860,909 thousand tenge was invested in housing construction, then in 2019, the investment amounted to 475,500,403 thousand tenge. That is, the investment in this sector increased 2.96 times.

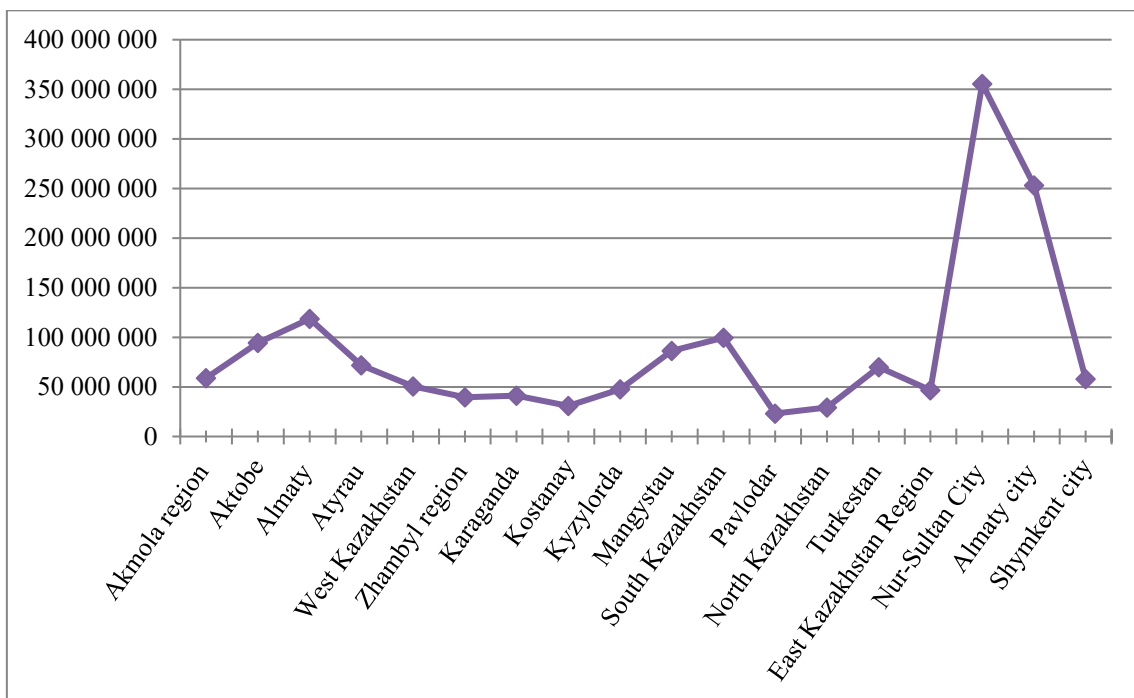


Figure 2. Volume of investments in housing construction by regions (2019)

Note – Compiled by the author on the basis of Bureau of National Statistics

According to Figure 2, the city of Nur-Sultan gains a leading position in the investment value in housing construction in Kazakhstan in 2019 by investing 355 605 262 thousand tenge. Further, we can see that 253 246 897 thousand tenge is invested in Almaty city and 99508457 thousand tenge in South Kazakhstan region. Minimum investments in housing construction are invested in the Kostanay region in the amount of 30 756 161 thousand tenge and Pavlodar region in the amount of 231 701 72 thousand tenge.

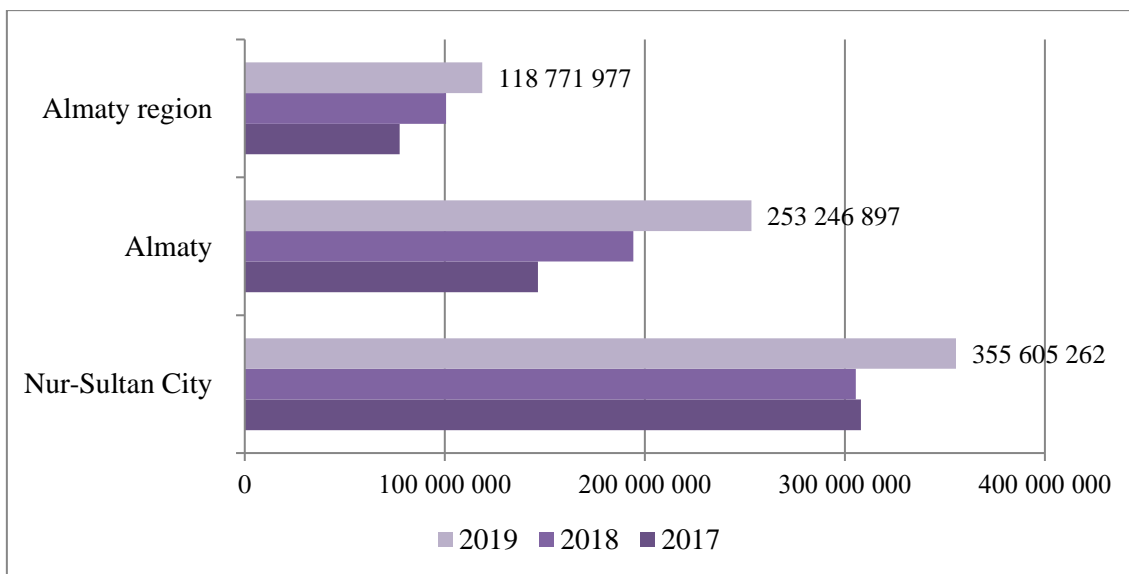


Figure 3. Volume of investments in housing construction (2017–2019)

Note – Compiled by the author on the basis of Bureau of National Statistics

According to Figure 3, the city of Nur-Sultan is a leader in the investment volume in housing construction for 2017–2019. In 2019, 355605262 thousand tenge was allocated in the city of Nur-Sultan. Investments in Almaty city amounted to 253246897 thousand tenge, in Almaty region 118771977 thousand tenge.

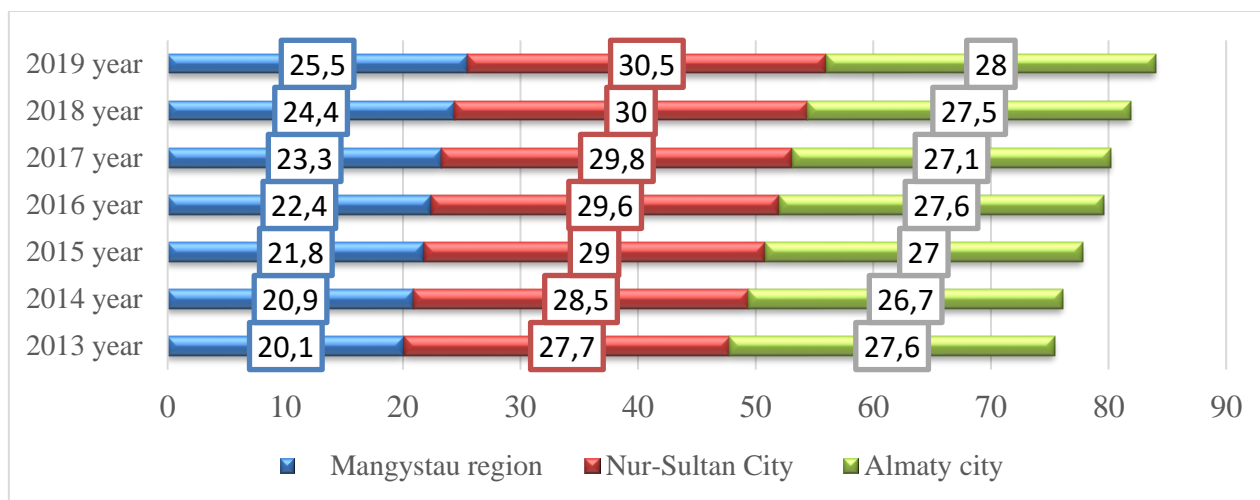


Figure 4. Provision of housing in the Republic of Kazakhstan (2013–2019).

Note – Compiled by the author

Figure 4 considers the provision of housing per person (sq.m.) Nur-Sultan, Almaty cities and the Mangystau region in the period from 2013 to 2019, living in the Republic of Kazakhstan. It can be seen that the provision of housing for residents of Nur-Sultan in 2019 was 30.5 square meters while the residents of the city of Almaty had 28 square meters. The lowest indicator was in the Mangystau region – 25.5 square meters.

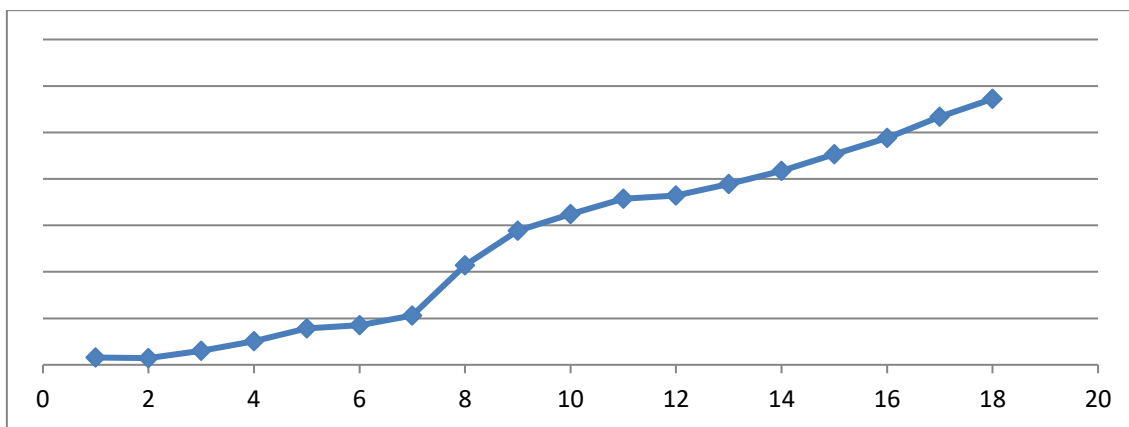


Figure 5. Volume dynamics of construction works of the Republic of Kazakhstan in the period 2004–2021

Note – Compiled by the author

Figure 5 illustrates the volume of construction works in Kazakhstan in the period 2004–2021. In comparison with 2004, in 2021, it can be observed that the volume of construction works in our country has increased rapidly. It should be recalled that the Head of State, at an expanded meeting of the Government in January 2021, instructed to increase the share of local content in housing construction. Until 2025, the country plans to build 103 million square meters of housing.

It should be noted that in 2020, 15.3 million square meters of housing were built in the country. More than 140 thousand houses were put into operation. Investments in housing construction increased by 33.6% compared to 2019 and amounted to 2 trillion tenge.

Recall that over the years of Independence in Kazakhstan, more than 1.6 million square meters of new housing have been built, more than 1.6 million people have been provided with housing.

Also, according to the Government of the Republic of Kazakhstan, it is planned to allocate funds in the amount of 817 million tenge for the digitization of state standards in the field of architecture, urban planning and construction for 2021-2023.

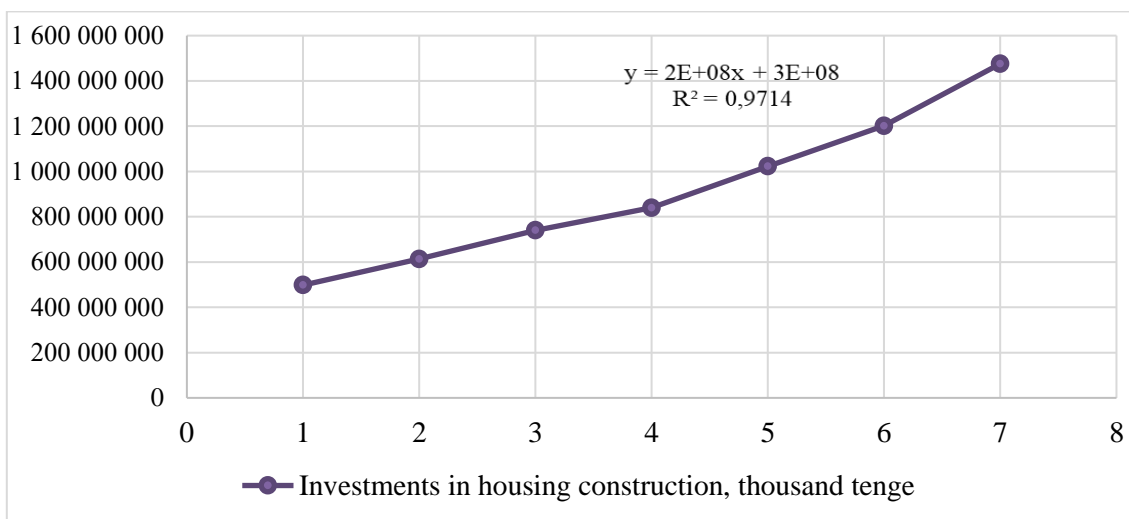


Figure 6. Predicting the volume of investment

Note – Compiled by the author

We make a prediction using a regression equation (Rakhmetova, 2016). The system of linear equations has been predicted $Y=2E+08x+3E+08$, $R^2=0.97$ for the following years. According to the results of forecast, the volume of investments in 2020 is expected to be 1.9 trillion tenge, in 2021 - 2.1 trillion tenge, in 2022 - 2.3 trillion tenge. It is predicted that from 2020 to 2022 the volume of investments will increase 1.1 times.

The introduction of modern technologies requires serious capital investments. In 2017–2020, there was a gradual increase in investment in fixed assets in construction. According to the study, the average annual growth rate in this period was 24%. In 2020, due to the coronavirus pandemic, the amount of capital

investments expectedly decreased by 35.6%, to 80.1 billion tenge (124.4 billion tenge a year earlier). At the same time, already in the first month of 2021, investments increased by 2.3 times compared to last year, to 4.5 billion tenge.

Conclusions

In conclusion, one of the important areas of social policy in Kazakhstan is to provide citizens with affordable and quality housing. As well as providing the majority of the population with their own housing conditions. Reducing the cost of housing construction is one of the most important tasks in construction. For this purpose it is necessary to find effective planning and technological solutions to reduce the cost of a square meter of housing. The competitiveness of the construction industry on the domestic market depends, above all, on their quality.

The increase in demand for residential apartments indicates that the standard of living of the population of Almaty is higher than in other regions (Mekebayeva, 2018).

During the analysis, one can notice that the largest volume of investments in housing is allocated to the main cities of the country Nur-Sultan and Almaty. In 2020, 48.9 billion tenge was invested in the construction industry. However, this is 41.5 percent less than in 2019. The situation at the global level also affected the construction industry in 2020, 2021.

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Ж.А. Мекебаева

Қазақстан Республикасындағы құрылыс индустриясын дамытуға бөлінген инвестициялық шешімдерді талдау

Аңдатпа

Мақсаты: Құрылыс саласы Қазақстан экономикасының маңызды салаларының бірі болып қана қоймай, инвестицияландырудың да тартымды бағыттарының бірі. Зерттеудің мақсаты Қазақстан Республикасының аймақтары бойынша тұрғын үй құрылысына салынған инвестициялар көлемін талдау. Сонымен қатар тұрғын үймен қамтамасыз етілу жағдайын қарастыру.

Әдісі: Мақалада Қазақстан Республикасының Ұлттық статистика бюросының нақты статистикалық мәліметтер көлемі қолданылды. Тұрғын үй құрылысына салынған инвестиция көлеміне аймақтар бойынша мониторинг жасалынды. Сонымен қатар тұрғын үй құрылысына салынған инвестициялар көлеміне тренд сызығы сызылып, алдағы жылдарға болжам жасалынды.

Нәтижелері: Талдау барысында, тұрғын үйге салынатын инвестициялардың ең ауқымды көлемі еліміздің басты қалалары Астана мен Алматы қалаларына көп бөлінетінін байқауға болады.

Қорытындылары: Мақалада Қазақстан Республикасының 2013 жылдар мен 2019 жылдар арасындағы тұрғын үй құрылысына салынған инвестициялар көлеміне талдау жүргізілген. Сонымен қатар аймақтар бойынша 2019 жылғы инвестиция көлемі қарастырылды. Талдау нәтижесінде инвестиция көлеміне тренд сызығы сызылып, алдағы жылдарға болжам жасалынды. Қорыта келе, 2020 жылы құрылыс саласына 48,9 млрд теңге көлемінде қаржы шығындалған. Бірақ бұл 2019 жылмен салыстырғанда 41,5 пайызға аз. Әлемдік деңгейде болған ахуал 2020, 2021 жылдары құрылыс саласына да өзіндік әсерін тигізді.

Кілт сөздер: құрылыс саласы, инвестиция көлемі, талдау, тренд, болжам.

Ж.А. Мекебаева

Анализ инвестиционных решений, выделенных на развитие строительной индустрии в Республике Казахстан

Аннотация:

Цель: Целью исследования является анализ объемов инвестиций в жилищное строительство по регионам Республики Казахстан. А также рассмотрение условий обеспечения жильем.

Методы: В статье использован объем фактических статистических данных Национального бюро статистики РК, проведена линия тренда на объем инвестиций в жилищное строительство, и дан прогноз на следующие годы.

Результаты: В ходе анализа можно заметить, что самый большой объем инвестиций в жилищное строительство больше всего выделяется главным городам страны Нур-Султан и Алматы.

Выводы: В статье проведен анализ объема инвестиций Республики Казахстан в жилищное строительство за период с 2013 по 2019 гг. Был рассмотрен объем инвестиций по регионам в 2019 г. В результате анализа проведена линия тренда на объем инвестиций, и составлен прогноз на будущие периоды.

Ключевые слова: строительная отрасль, объем инвестиций, анализ, тренд, прогноз, жилищное строительство.

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Стратегия развития промышленности строительных материалов на период до 2020 года и дальнейшую перспективу до 2030 г. [Электронный ресурс] [http:// http://minpromtorg.gov.ru](http://minpromtorg.gov.ru).