

# DAILY COMMERCIAL NEWS

## AND CONSTRUCTION RECORD

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### Financial crunch hitting highrises, increasing delays

Global business in the financing of real estate products has been, and still is, one of the main causes of the current economic crisis.

But now the virus has jumped from subprime loans in bank vaults to the building industry — hitting mega-projects in the hundreds of millions of dollars especially severely.

In December last year, Emporis, the largest provider of global building data worldwide, reported that 8.7% of all skyscrapers listed as “under construction” in its database had been put on hold.

Most of these projects have been halted in the second half of 2008. According to Emporis statistics, the United States had been hit the worst: at the beginning of 2008, “Met 3” in Miami was the only U.S. skyscraper listed as being “on hold”. In the second half of the year, 19 projects followed suit.

From January to June this year, the crisis has worsened.

Not only have further projects been put on hold, but high-rise construction activity in general has decreased.

According to the Emporis database, there were 1307 skyscrapers under construction in December 2008. Today that number has shrunk to 1,165, a drop of nearly 11%. In the same period, the number of skyscrapers on hold worldwide rose from 124 to 141 (an increase of 13.7%).

Leading the decline was the United States: eight more tall buildings were put on hold in the U.S. in the first half of 2009, while at the same time overall construction activity slumped.

In December 2008, 203 skyscrapers were being built, but by June 2009 that number fell to 151. During this period, only two skyscrapers began construction, one of which, the U.S. Federal Courthouse in San Diego, was a federal building.

The situation has also deteriorated both in Europe and in South America.

In Asia, it is not so much numbers of projects on hold — 84 out of 840 — that point to a construction crisis, but more the decrease in construction activity as a whole. A drop of 12% in the space of half a year only allows for one conclusion: there is still a great deal of construction in China, India and Singapore, but only a few new projects have been started in the last six months.

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