

ANALYSIS OF THE CONSTRUCTIONS INDUSTRY

NATIONAL MARKET'S ACTORS

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Analysis of the constructions industry national market's actors

Abstract: Albania until 26 years ago was known as a country with an isolated society, a country that has experienced many changes in a short time. The town was very small compared to modern standards. To be noticed is the transition from a solid economy in a market-based economy. Noted the transition from a rigid economy to a market-based economy.

Especially in recent years in the region recorded a big building boom, mainly the city of Tirana. Buildings represent a very high percentage around 15.20% of total buildings throughout Albania. In three decades before 1990, they built subway annually on average 165 new buildings. The construction sector currently occupies about 4.28% of the market economy of the city. He counts 1,143 construction firms in the country.

Tirana were built about 115,000 flats and apartments, where 54% of them were built before the 90s and 46% after 90 years. The literature shows that the performance of the manufacturing sector is closely linked to the performance of the GDP. In periods of economic boom, the development of the construction sector increased demand stimulated by public and private. Public spending in the construction sector are higher in these periods, relying on additional sources of funding (Grebler and Burns, 1982).

Role of GDP in the construction sector is estimated to be higher in underdeveloped countries, while the level of development increases, the role of GDP could be lower and in some cases even negative (Crosthwaite, 2000). Construction is a major industry in the world, with substantial weight in GDP of countries. The aim of this study purpose is to verify if the economic sector has an impact on economic growth and invert.

Keywords: *construction boom, economic boom, housing, crisis, industry,*

1. INTRODUCTION

The Construction sector in Albania after the 90s has turned out to be an important pillar and one of the most dynamic sectors of the Albanian economy, comprising an average of 10% of GDP and above during this period.

The importance of the construction sector in Albania is closely related to the impact it has in generating economic growth. From the statistical data collected recently we can distinguish 20 types of buildings.¹

Below can be found some categories of construction typologies in the Albanian construction trade:

¹ INSTAT- National Institute of Statistics of Albania

- **Construction composition:** Separate houses; single-walled houses; houses in the range or with concrete slabs and palaces;
- **Construction period:** buildings are classified in six construction periods - before 1960; 1961-1980; 1981-1990; 1991-2000; And 2001-ongoing;
- **Construction size:** there are data only for the number of dwellings in one building: one-storey building; two storey buildings; three - four storey buildings; more then five storey building;
- **Number of floors:** The apartments are classified in: one floor apartments; two floor apartments; Three - five floor apartments; More then six floor apartments;

Albanian experts have defined 24 types of buildings (Simaku, Thimjo and Plaku 2014).

According to the census of the year 2011, the total number of residential buildings in Albania was 598,267 for a population of 2,821,977 people (53.5 percent of the population lived in urban areas and 46.5 percent in rural areas) (INSTAT 2011, INSTAT 2013, and INSTAT 2014). The total number of dwellings was 1,012,062, out of which 722,262 were private houses. According to the same data, only 709,865 of the dwellings were inhabited.

Special homes built between 1991 and 2000 (type D1) represent the largest group with 108,752 buildings. The apartments of the period 1961-1980 and 1981-1990 are another other important group in terms of housing.

2. REVIEW OF LITERATURE

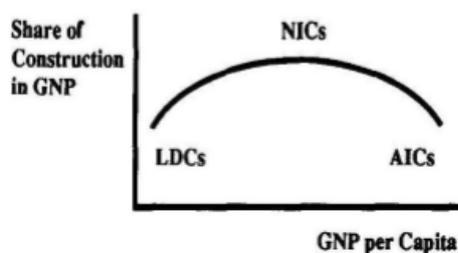
Turin (1978), using time series analysis, examining the construction site in the world economy, dynamic relationships with other major development indicators, the major technological problems faced by industry in developing countries, and finally a broad range of policy issues. Turin's work is based on his personal building experience in developing countries and the results of research conducted by members of the University of London's Economics Research (Beru) Unit. The Turin Show was made up of 87 seats and lay in 1960-78. His findings on the relationship between the construction sector and economic growth.

Bon (1992) discussed the changing role of the construction sector at various stages of economic development. He studied construction activity since World War II in Finland, Ireland, Italy, Japan, the UK, and the United States.

The basic data analysis of it involves a 50-year period and seems to put special emphasis on Europe. He argued that construction follows the waist-shaped pattern of development or an inverted relationship in the form of an U.

This assumption is based on the observation that the overall construction part (GNP) first increases and then falls to the level of economic development. The inverted relationship in the form of a U is related to less population growth, less migration, and the assumption that more physical capital is already in place at

the later stages of economic development. It is worth mentioning that the production data used by Bon exclude housing, as well as repairs and maintenance (R & M).



Bon curve (Source: Bon 1992).

Authors who have studied to see the construction sector as affecting the economy are:

Jackman (2010), Myers (2008), Hillebrandt (2000), Tan (2002), Bon (1992), Wells (1986) dhe Turin (1978) all emphasize the importance of building the role of the economy.

Most governments believe that the construction sector plays a powerful role in economic growth, besides producing structures that increase productivity and quality of our lives. Policy makers assume that the construction sector is a driver for economic growth.

The main research question is:

1. Does the construction sector influence the growth of gross domestic product?
 - Has there been an evolution of the type of housing over the years in Albania?
 - What are the factors influencing the expansion of housing and their change?

3. THE METHODOLOGY

Primary and secondary data were used to conduct the study of the construction sector, economy, and factors affecting them. Data collected during 2005-2015; this is because, before this period, our country has undergone very fluctuating and rapid changes. The nature of the work is to analyse the construction market sector.

Secondary data on construction and GDP production are provided by INSTAT and the World Bank.

Data collected from annual production reports illustrate real and nominal figures.

These data contribute both to the theoretical basis and to the practice of the study. Descriptive and regression analysis are the main components of the analysis of the results of this study, hypothesis testing, and the drawing of final conclusions.

Statistical time series analyse construction output and the GDP share of Albania's GDP where they are undertaken to create trends and to get a dynamic link between the construction sector and economic growth.

So the research question is:

1. Does the construction sector influence the growth of gross domestic product?

Hypothesis:

The elevated hypothesis (H0) by this analysis: is that the construction sector leads to the growth of Gross Domestic Product and reciprocally.

Alternative Hypothesis H1: is that the construction sector does not contribute to the growth of Gross Domestic Product.

The study aims at:

- To make a theoretical presentation of evolution in the construction sector. Mostly during the years 1995-2019 and recently as this sector appears today.
- To reflect the factors that have affected the development of the construction sector and how this sector affects the economy of a country.
- Making some conclusions and recommendations for improving this situation

We can analyse the development process of the construction sector, mainly in terms of housing and on the other hand, the expansion of this sector. The study also aims to see the link between the construction sector and the economy.

CONSTRUCTION SECTOR IN TERMS OF SOME INDICATORS

4. Construction Permits

In this section construction permits are examined between 2002 and 2019 in terms of construction type and its value in ALL. Construction types include two main classification. In first there are building types and in second one general infrastructure modes. Building group includes residential buildings and non-residential buildings and non-residential buildings includes hotels, whole/retail trade center buildings,

industrial buildings and other. In second classification Transportation infrastructure, pipelines, communication and electricity lines, complex constructions and other engineering works are included under the general infrastructure. All of them given for 2002-2019 term in table 1 below.²

Table 1. Value of Building Permits (in mil LEK)

Construction Type	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total (I + II)	49217	71726	38905	109742	86757	38743	93949	71136	229693	90756
II.1.Transport infrastructure	1230	2170	2450	30437	17189	4177	7932	3530	118791	2245
II.2.Pipelines, comun. and electric lin.	1455	787	1999	3304	1836	1017	1703	2107	10981	11624
II.3.Complex constructions	0	34	980	1	8	511	48	1290	2405	570
II.4.Other engineering	497	215	205	267	272	552	188	1564	659	300
I. BUILDINGS	46035	68520	33271	75733	67452	32486	84078	62645	96857	76018
I.1.Residential buildings	40088	58340	25452	65173	55346	23137	60199	49390	77464	63124
I.2.Non residential buildings	5947	10180	7819	10560	12106	9349	23879	13255	19393	12894
I.2.a. Hotels	1149	2408	353	594	1079	282	330	866	1137	1440
I.2.b.Wholesale and retail trade	2190	3717	4083	3994	4723	3273	7924	6237	8265	5204
I.2.c.Industrial buildings	536	1443	1430	2468	2589	2029	5904	3060	2630	4069
I.2.d.Other buildings	2072	2612	1953	3504	3715	3765	9721	3092	7361	2181
II.Civil engineering works	3182	3206	5634	34009	19305	6257	9871	8491	132836	14738

Source: INSTAT, www.instat.albania.gov.al

Building permits issued indicators by type of clients, 2015 – 2019

² An Overview of the Construction Sector in Albania., Ali Ihsan Ozdemir , Nertil Mera, Esmir Demaj

Approximate value					Construction types
Milionë Lekë/Million ALL					
2015	2016	2017	2018	2019	
20,220	25,820	49,123	59,022	79,314	Total (I + II)
10,838	15,742	37,157	48,108	69,260	I. Buildings
1,666	8,204	26,009	29,324	43,320	1. Residential buildings
-	459	2,259	1,515	1,208	a. With one dwelling
-	1,862	2,333	3,214	3,015	b. With two dwellings
-	5,768	20,690	21,899	33,515	c. With three or more dwellings
-	115	727	2,696	5,582	d. Residences for communities
9,172	7,538	11,148	18,784	25,940	2. Non residential buildings
162	1,246	2,909	3,771	13,784	a. Hotels and similar buildings
-	161	571	259	165	b. Office buildings
1,801	700	1,760	2,367	3,101	c. Wholesale and retail trade buildings
5,253	3,838	3,505	6,814	5,678	d. Industrial buildings
1,956	1,593	2,403	5,573	3,212	e. Other buildings
9,382	10,078	11,966	10,914	10,054	II. Civil Engineering Works
4,415	4,003	8,264	6,225	3,742	1. Transport infrastructure (roads and highways)
4,315	3,159	2,774	827	5,128	2. Pipelines, telecommunication and electricity lines
0	529	16	2,205	6	3. Complex constructions on industrial sites
652	2,387	912	1,657	1,178	4. Other engineering works

5. Analysis, Interpretation of data

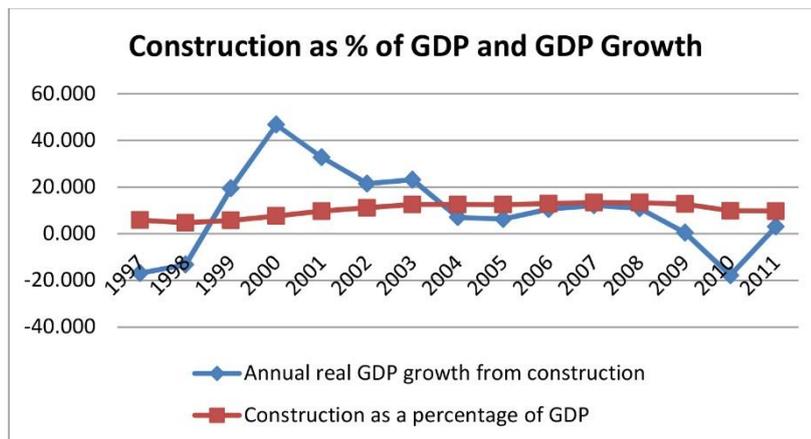
The literature shows that the performance of the manufacturing sector is closely related to the GDP performance. In the economic boom period, the development of the construction sector is stimulated by increased public and private demand. Public spending in the construction sector is higher in these periods, relying on increased funding sources (Grebler and Burns, 1982).

The role of GDP in the construction sector is estimated to be high in underdeveloped countries, and as the rate of growth increases, the role of GDP may be lower and in some cases negative (Crosthwaite, 2000).

Real estate is a long-term investment. Builders decide to increase their production based on public demand or new orders in the private sector (Nicholson and Tebbut, 1979). The size of the construction sector is affected by the performance of the economy. The increase in disposable income of citizens increases the demand for real estate. The relationship of this growth with GDP growth is not linear, literature shows that it takes the form of an S.

This relationship is: positive when the economy is underdeveloped, inelastic when the economy is developing and negative when the economy is developed (Crosthwaite, 2000). The growth of the construction sector may be affected differently by different economic sectors, however, the greatest demand for both new construction and reconstruction is largely related to the trade branch (Bon and Pietroforte, 1993). Mutual relations between the construction sector and other sectors of the economy vary depending on the time.

Fig.1. Construction as % of GDP, Source: Observed by the author using data from Albanian Institute of Statistics (INSTAT)



5.1. Residential buildings by type of building

Separated homes represent most of the building stock with 83.7 percent of all buildings. The apartments represent only 3.7 percent of the housing stock, although these multi-storey buildings include a large number of housing, accounting for 35 percent of all housing. The part occupying single-walled houses is 9.4 percent, while the number of buildings in a row or concrete slab is smaller.

Residential buildings according to construction period

before 1960, only 7 percent of the building stock was built. After the Second World War and after 1960 in particular, an increase in the construction sector was observed, especially for the construction of large buildings with many family dwelling apartments.

In the period 1961-1990 were built 34 percent of the buildings and 32 per cent of the apartments. After 1990 there was another explosion in the construction sector, though towards individual homes and not apartments with apartments. After 2000, the number of buildings began to increase again. For 13 percent of the building stock is not known construction period, as well as for a large part of the uninhabited buildings 17 percent of the buildings. (Regional Environmental Center 2015, 21).

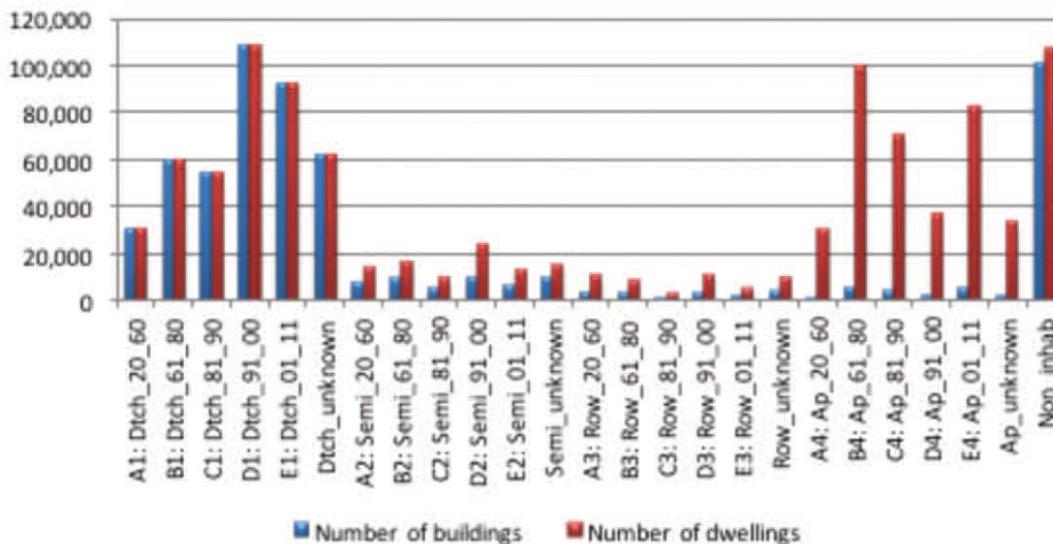


Figure 2. Number of buildings and dwellings by type of building and age based on INSTAT 2011.

What is noteworthy is that in the city of Tirana there is a great concentration of construction; They account for about 15.20% of total construction throughout Albania. In the last three decades before the 1990s, every year 165 new buildings were built on average. Three-quarters (77%) of these buildings were home to one family and most of the rest (22% of the total) were multifamily dwellings with 4-6 floors. In the post-1996 period, the number of new constructions per year is 24-fold, reaching 3,953 buildings, of which 95% are home to one family. On the other hand, the construction of high buildings has accelerated, where about 3/4 of these buildings in Tirana were built in the last 10 years. According to the preliminary results of the "Census 2011", published by INSTAT, in the city of Tirana there are 46,401 buildings and 154,788 dwellings. (*Territory Development Policy of the Municipality of Tirana, 2012: 143*)

5.2. Factors that influenced the development of the construction industry

In the situation in which Albania was previously, the problem was housing the population. This situation enabled the reconstruction of buildings and the growth of the Albanian economy. In 1998 and onwards, construction of multi-storey residential, commercial, and new road construction facilities began. They are mainly not only in the Tirana-Durres and Vlora metros, but also in other peripheral cities. This industry has known two stages:

- *The first phase*, which is the source of this industry, was that of the 1990s, where the reconstruction of apartments and the construction of residential apartments were characteristic.
- *The second phase* was the period after the 2000s, which is characterized by a qualitative development of this industry, from the extension of its products not only to residential blocks but also to modern constructions. This sector has been and will remain a key sector in the Albanian economy.

Over the last few years we have a decline in the construction sector. This phenomenon has occurred as a result of the study of the partial regions. The Living Standards Measurement Survey (VMSJ) shows that no less than a quarter of residential buildings were built after the 1990s. Although the construction sector accounts for only 10 percent of GDP, it has been the main source of output growth. Other factors that have influenced the development of the construction industry are:

- Inherited road and airport infrastructure system was completely amortized and, moreover, completely inadequate to cope with the extraordinary influx of vehicles and other vehicles that came after the 90s;
- The migration movement of the population, from rural to urban areas;
- Rapid economic development and increased development of manufacturing industries have made it possible to increase the demand for industrial construction;
- Property problems, especially after the years of '93 -'94 regarding land and land ownership, have had problems with two or more owners.

Source: *(Assessment of the social and economic situation in the regions of Albania, December 2000).*

After the 90's, what is evidenced is the rapid growth of the construction industry, while in the early 1990s the construction industry covered the reconstruction of housing and roads.

- *What were the factors that influenced the development of the construction industry?*

The situation in which Albania was formerly was the problem of housing the population. This situation enabled the reconstruction of buildings and the growth of the Albanian economy. In 1998 and onwards, the construction of multi-storey residential, commercial, and new street constructions began. They are mainly not only in the Tirana-Durrës and Vlora metros, but also in other peripheral cities.

This industry has known two stages:

The first stage that was the source of this industry was that of the 1990s, where it was the reconstruction of apartments and the construction of residential apartments. The second phase was the period after the 2000s, which is characterized by a qualitative development of this industry, from the extension of its products not only to residential blocks but to modern constructions. This sector has been and will remain a key sector in the Albanian economy. The specific weight of the construction industry in total GDP (GDP) over the years is as follows:

Table No. 2: *Annual real GDP growth and real annual growth in construction*

Source: *The first construction symposium 2006*

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Real annual growth of GDP	9	-11	9	13	7	7	4	6	7	6
Real annual growth in construction	---	-17	-13	19	47	33	22	24	16	--

Source: *Simpoziumi i parë i ndërtimit 2006*

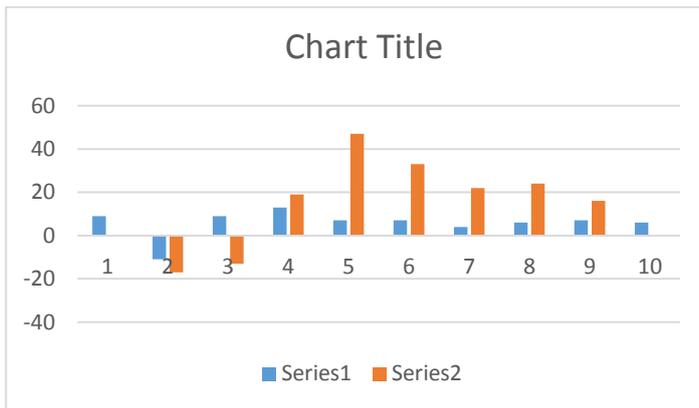


Fig. 3. Construction Sector and GDP in the years 1996-2005

Over the last few years we have a decline in the construction sector. This phenomenon has occurred as a result of the study of the partial regions. The Living Standards Measurement Survey (VMSJ) shows that not less than a quarter of residential buildings were built after the 1990s. Although the construction sector accounts for only 10 percent of GDP, it has been the main source of growth production. We see from the table over a 10-year period since 1996-2005 that the construction sector has had a huge increase in 2000-2001, presented in orange and in the first few years a decline, while GDP (blue) There has been a sharp decrease in 1997 due to the unrest created in our country and a decline again in 2002.

6. Construction Sector and Economy

The data analyzed were taken from 2005-2019 as an attempt to see how the construction sector affects the economy and reciprocally.

Table 3. Yearly Values of the Construction Sector and Gross Domestic Product in Albania.

Years	Construction Sector	PBB
2005	109742000	913808000000
2006	86758000	1007216000000
2007	38743000	1198512000000
2008	93949000	1442672000000

2009	71136000	1348 928000000
2010	229693000	1335824000000
2011	90756000	1453872000000
2012	20358000	1379840000000
2013	28156000	1431472000000
2014	38985000	1480640000000
2015	20220000	1276576000000

Source: INSTAT (2015)

6.1. Construction Sector

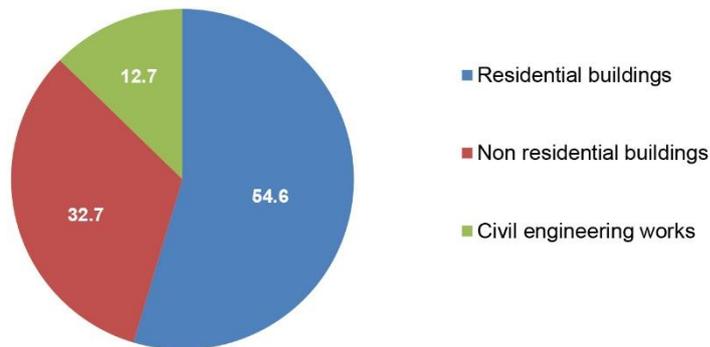
In the fourth quarter 2019 are approved 196 building permits issued for new buildings, from 360 building permits issued approved in the fourth quarter 2018, decreasing this indicator by 45.6%. During 2019, the total number of building permits issued for new buildings approved is 1,044 from 1,194 building permits issued approved in 2018, decreasing this indicator by 12.6 %. During 2019, the total area of building permits issued for new buildings approved is 1,916,719 m², from 1,442,783 m² approved in 2018, increasing this indicator by 32.8 %. During 2019, the approximate value of building permits issued for buildings and civil engineering works is 79,3 billion ALL, from 59 billion ALL approved in 2018, increasing this indicator by 34.4 %.³

Number					Construction types
2015	2016	2017	2018	2019	
170	455	819	1,194	1,044	I. Buildings
48	295	524	770	696	1. Residential buildings
-	120	199	290	186	a. With one dwelling
-	132	192	338	347	b. With two dwellings
-	43	129	132	145	c. With three or more dwellings
-	0	4	10	18	d. Residences for communities
122	160	295	424	348	2. Non residential buildings
3	11	53	75	67	a. Hotels and similar buildings
-	8	10	13	4	b. Office buildings

³ <http://www.instat.gov.al/media/6725/building-permits-issued-q4-2019.pdf>

25	37	98	82	78	c. Wholesale and retail trade buildings
69	57	70	133	112	d. Industrial buildings
25	47	64	121	87	e. Other buildings

Fig. 4. Approximate value of building permits issued structure, 2019(%)

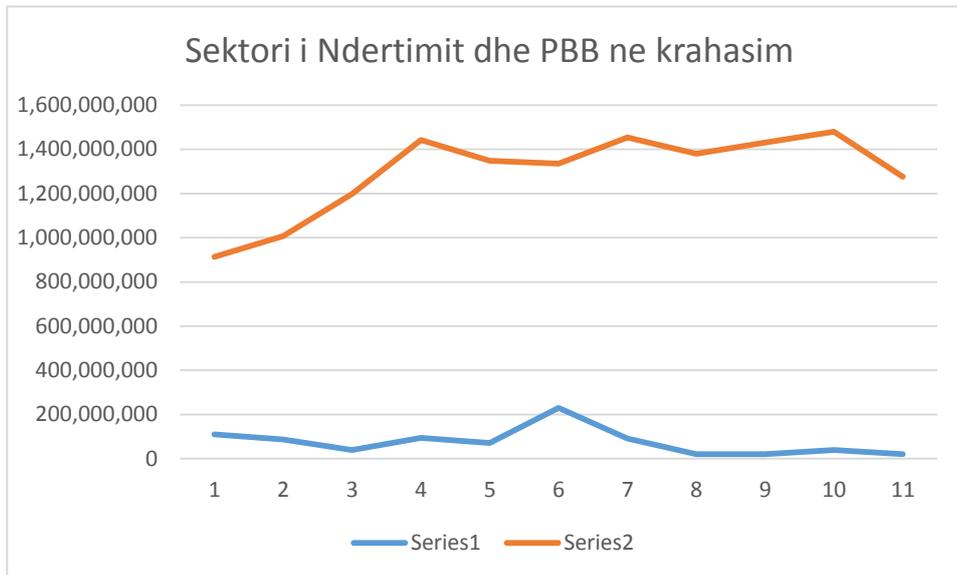


6.2. Methodology

Buildings are roofed constructions which can be used separately, have been built for permanent purposes, can be entered for persons and are suitable or intended for protecting persons, animals or objects. The buildings are classified in two different kinds of categories: 1) Residential buildings, 2) Non residential buildings, where are included hotels and similar, office buildings, wholesale and retail trade buildings, industrial buildings and other buildings

During the years analyzed, the construction sector has been fluctuating and rapid changes in its evolution. In both cases there is an increase that goes towards similar tendencies, but a scientific analysis is needed to prove the consistency and the effect of the two aggregates.

Graph 1. Construction sector and GDP in comparison



Source: *INSTAT (2015)*

The comparison between the construction sector in monetary value (million albanian leke) and GDP, the two aggregates have the same metering unit. We have taken 2005, as the starting year for comparing aggregates with themselves from year to year. From the table it turns out that the construction sector is growing, but GDP has ups and downs.

The E-views program was used to identify the value of the construction's "translation" coefficient and the regression was analyzed using the Least Squares method. The two variables analyzed in regression are the construction sector (acronym Construction) and Gross Domestic Product (which is specified by the GDP acronym). In this case it was taken as a dependent variable GDP in billions of lek and independent variable construction sector from 2005 to 2015.

The next step is the interpretation of statistical results referring to the evaluation of parameters analyzed by the program.

The model proposed in this paper is represented by the following equation:

$$Y_t = \beta_0 + \beta_1 X_t + \varepsilon_t$$

With y_t (dependent variable) we note the construction sector in monetary value, while with the x_t (Independent variable) the value of Gross Domestic Product.

The elevated hypothesis (H0) by this analysis is that the construction sector leads to the growth of Gross Domestic Product and reciprocally.

Alternative Hypothesis H1: Is that the construction sector does not lead to the growth of Gross Domestic Product.

In the first regression we see that the probability of the independent variable (GDP) coefficient is $0.61 > 0.05$ which is greater than 5%. This result means that the variable is not significant, so this is an improper variable to explain the dependent variables (Ndr) - construction. In this case, the variables do not have a proper connection with each other, as the coefficient sign is negative.

Also, if we look at F-statistic, it results (0.267) with prob (F-statistic) = 0.61, a p-value $> 5\%$, which means that it is not significant or, otherwise, F-statistic is not significant.

Dependent Variable: Construction

Method: Least Squares

Date: 03/27/17 Time: 12:35

Sample: 2005 2015

Included observations: 11

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	146700.5	140738.4	1.042363	0.3244
PBB	-0.055542	0.107482	-0.516755	0.6178
R-squared	0.028816	Mean dependent var		74650.45
Adjusted R-squared	-0.079094	S.D. dependent var		61180.34
S.E. of regression	63553.80	Akaike info criterion		25.12013
Sum squared resid	3.64E+10	Schwarz criterion		25.19247
Log likelihood	-136.1607	Hannan-Quinn criter.		25.07452
F-statistic	0.267036	Durbin-Watson stat		1.556154

Prob(F-statistic) 0.617785

Estimation Command:

=====

LS Construction C PBB

Estimation Equation:

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Construction = C(1) + C(2)*PBB

Substituted Coefficients:

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Construction = 146700.5 - -0.055542*PBB

The elevated hypothesis H0 falls below and the alternative hypothesis H1 is accepted as is confirmed by the above equation.

Regression results the constant values and the coefficient of the independent variable as a negative relation between GDP and the construction sector.

In the above case, we will seek to verify the opposite link, which means that economic growth can affect the growth of the construction sector.

In the second regression we have set as a dependent variable the Gross Domestic Product (GDP), while as an independent variable is taken the construction sector (Construction). From the analysis it turns out that the probability of the independent variable coefficient (Construction) is 0.61, which is greater than 5%. This result means that the variable is not significant. Also, in this model the variables do not have a proper relation with each other, as the coefficient sign is negative. F-statistic results (0.267) with prob (F-statistic) = 0.61, a p-value > 5%, which means that it is not significant or, otherwise, F-statistic is not significant. In this case, the Durbin Watson indicator is 0.562040, far from the optimal level 2. This means that our analysis and its outcome can not be completely reliable, as among the variables there is evidence of a negative serial correlation.

Dependent Variable: PBB				
Method: Least Squares				
Date: 03/23/17 Time: 15:50				
Sample: 2005 2015				
Included observations: 11				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1335944.	95115.13	14.04554	0.0000
NDERTIM	-0.518807	1.003972	-0.516755	0.6178
R-squared	0.028816	Mean dependent var		1297215.
Adjusted R-squared	-0.079094	S.D. dependent var		186983.7
S.E. of regression	194237.7	Akaike info criterion		27.35452
Sum squared resid	3.40E+11	Schwarz criterion		27.42686
Log likelihood	-148.4499	Hannan-Quinn criter.		27.30892
F-statistic	0.267036	Durbin-Watson stat		0.562040
Prob(F-statistic)	0.617785			

It should not be forgotten that the Durbin Watson indicator does not allow us to fully trust this result. Consequently, we can say that the evidence is less strong compared to the first analysis.

7. Conclusions and recommendations:

This study focused on the construction sector in relation to the economic sector. The empirical analysis was based on the data collected from secondary sources. Based on these data, testing of the proposed hypothesis was done. Further, hypothesized connections test results were presented. This chapter will present the conclusions and recommendations of this study.

7.1. Conclusions of the study

Critical literature analysis testified to the existence of a series of studies regarding the construction sector and the economy. However, this analysis showed that there is still no opinion accepted by researchers regarding the concept of "building" and the relationship between the economy and the factors that determine it. In analyzing the determinants of construction, factors, economy, we have analyzed at the same time several elements.

The method used for processing and analyzing data, though well known and appreciated for years in international scientific literature, is very little used in studies in Albania. It was proven that the construction sector and the gross domestic product did not affect each other.

The analysis shows that among the determinants of developments in the construction sector are the number of construction permits allocated and the rental price index. Increasing the number of building permits Housing prices, unlike what they expected, are not the determinants of development in the construction sector.

1.1 7.2. Study Limitations

1.2 Time. *The construction sector is very complex, has experienced rapid development in the country especially in the last 26 years. To make a detailed analysis of the construction sector, its impact on the economy requires the time needed.*

1.3 Access to information. *Information about the indicators and the main factors in urbanization is very difficult to deal with. Difficulties also in the data, where they were missing from 1995-2005 in the construction sector (dwellings) - their inflows into our economy.*

7.3. Recommendations

This study did not confirm the connection of the urbanization sector to the economy. Some key points that we need to focus on to achieve even more economic development and the construction sector of a country are:

Infrastructure, it would be necessary to make it available to all residents; Eg water supply and sewerage, good roads, drainage systems and social services such as schools; *Also*, new settlements and constructions could be legal / formal, which means that the system should allow land users to have a title of legal ownership and building permits;

Cities could develop their space comfortably in order to allow maximum use of public transport and ensure economic and environmental sustainability.

-Secondly, in accordance with these broad national objectives and local vision, each city needs to develop and update the regulatory plan (land use plan), including the zoning plan. The main task is to designate areas where constructions should be restricted or avoided due to environmental interests or other public interests, and provide very clear and simple criteria for land use, including the right of access to major roads for the rest.

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