

Macroeconomic Variables as An Early Warning Sign for Monitoring Construction Cost Indices - “Egypt Case Study”

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Abstract

The construction sector plays a key role in the economic growth of any nation. The difficulties in achieving the Egypt Vision 2030 and Sustainable Development Goals as a result of changes in macroeconomic factors reflected in overall economic performance as well as their impact on the construction industry prompted us to establish and develop a leading indicator to detect, monitor, forecast, and measure the effects of unexpected changes and subsequent challenges arising as a result of changing macroeconomic factors by establishing and developing a construction cost index for the Egyptian construction industry. This problem, identified previously by Yaser Elfahham (2019) and remains unchanged, is that no agency estimates that important index in Egypt. The study aims at investigating the impact of Macroeconomic variables on the construction cost indices (CCI) in Egyptian context, with the goal of establishing a framework that may assist policy makers in their efforts to promote the growth of the construction sector. The study used a longitudinal research design and utilised an archive research approach. The selection of historical datasets was conducted using a judgmental sampling approach. With the analysis of E-views12, the results revealed the existence significant impact of the macroeconomic variables on Egyptian construction cost indices.

Keywords: CCI, Employment rate, Inflation, GDP, Egyptian construction Sector