ABSTRACT

Construction activities and property market activities are known to proceed through alternating sequences of booms and slumps, with more pronounced variations than most other forms of activities involving capital formation. Both construction activities and property prices are believed to have cyclical tendencies. Though closely interrelated, the timing of the peaks and troughs, the duration and the amplitudes may differ between the two.

In this dissertation, property prices and construction starts of the four sub-sectors as well as building material prices were analysed. Cycles have been identified for the property prices and construction activities of the four sub-sectors which are; All Properties, Residential Properties, Commercial Properties and Industrial properties. Cycles of the selected Building Materials were also identified.

The cycles of construction starts were distinctly different from that of the property prices. Construction Starts cycles were found with longer durations than Property Price cycles. Construction Starts were found with higher peaks and deeper troughs than the property prices within the respective sub-sectors. Within the same time span more peaks were found in Construction Starts than the corresponding
Property Price sub-sectors. The prices of the selected Building Materials exhibited only mild cyclical fluctuation in general. However the durations of their cycles were quite similar to that of the Construction Starts indices.

The cycles of Property prices and Construction Starts were found to have a tendency to move in tandem over time. Though some peculiar tendencies were noted, no distinctively clear lead lag patterns in were identified between the two sub-sectors. The selected Material Prices found to behave independently of each other when compared with the Property prices and Construction indices.

(10 000 Words)

KEY WORDS
Time Series Analysis, X-11 Procedure, Construction Activity, Property Prices, Turning point analysis, cycles, duration, amplitudes.