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## MODERN TRENDS IN THE INVESTMENT ENVIRONMENT OF THE BUILDING SPHERE OF UKRAINE

**Summary.** The article deals with general tendencies and modern structural and dynamic changes in the formation of an investment environment in the Ukrainian construction industry. It is established that investment volumes in Ukraine's economy are still low, first of all, over the very weak investment activity of three major investors – commercial enterprises and organizations, state structures, and the population. In the context of the current economic crisis in Ukraine, the key direction of investment in the sphere of construction of non-residential objects and engineering structures is the use of funds from enterprises and organizations, and in the sphere of housing construction – attracting funds from individuals, as well as implementation of a number of state housing programs.

**Key words:** structural-dynamic shifts, construction sphere, investment environment, state housing programs.

**Introduction and statement of the problem.** The construction sector is one of the important sectors in the country's economy, which sets the course of economic development. At the same time, "vivacity" in the construction industry allows indirectly assessing the level of the investment climate in the country. In construction, it is possible to effectively transform free financial resources of the population and enterprises of all forms of ownership into investment resources, in reliable and highly profitable investments. Thus, at the expense of investing in construction, a simultaneous solution is reached at once for three strategic tasks of the development of modern Ukrainian society – financial, industrial, and social.

In today's conditions, influenced over business activity, the construction sector of Ukraine is negatively affected by weak investment activity of the state, enterprises, and population, high intra-industry competition and monopolistic position of some construction companies, unnecessary administrative barriers, as well as imperfection of technical regulation, imbalance of construction norms and rules with international standards. Thus, there is an objective need to intensify an investment activity and improve the methods of regulating investment processes and their compliance with modern needs.

**Analysis of recent researches and publications.** Theoretical aspects of investment and issues of state regulation of investment activity were developed in the works of such authors as: Aleksander G., Bailey J., Berens V., Brikkhem E.F., Borshch L.M., Heiets V.M., Hrynova V.M., Zhalilo Ya.A., Keynes J., Quesnay F., Mertens A.V., Tuhan-Baranovskyi M.I., Hicks J.R., Mozghovyi O.N., Fedorenko V.G., Sharpe W. To modern researches, which are marked by further development of the problems of theory, methodology, and practice of investment activities in various types of economic activities include works of: Amosha A.I., Asaul A.M., Basovskyi L.Y., Bersheda Ye.R., Blank I.A., Hitman L., Hoiko A.F., Danilov A.D., Duka A.P., Koioda V.A., Krysko Zh.L., Laiko A.I., Melnyk M.I., Moiseienko I.P., Peresada A.A., Remnova L.M., Savchuk V.P., Suprun S.D., Shlafman N.L., Chervanov D.M., Cherep A.V. and others.

Nevertheless, despite to a rather deep elaboration of many theoretical and methodological issues and practical developments regarding the mechanisms of state regulation of investment activity in various spheres of economic activity, including in the construction sector of the state, many

issues remained beyond the scope of research. In addition, the current economic crisis requires new approaches to solve the problem of intensifying investment activity.

**The purpose of the article** lay in studying general tendencies and contemporary structural and dynamic changes in the formation of an investment environment in the construction industry of Ukraine and in considering the prospects for the development of construction.

**The results of the study.** The functioning of the Ukrainian construction industry relates to the achievement of a certain level of economic development and the social division of labour, the development of the national economy. In independent Ukraine, the conditions of work of the construction industry have changed dramatically: the problems of finding new ways of development in the conditions of the crisis, the organizational foundations of the functioning of the construction sector of the country and most regions have been put forward to the fore.

Existing today in the housing and construction complex of the country problems are largely due to the ineffectiveness of the investment system, which has developed under the conditions of the planned economy. The Soviet housing finance system was based on a centralized allocation of budgetary resources for the construction of public housing and its free provision to citizens, officially recognized in the established order, requiring improvement of housing conditions.

The system of state building and distribution of housing inevitably led to spiral-like growth in demand for housing and the stagnation of its offer, which caused a persistent deficit of housing stock. In this approach, the formation of demand did not correspond to the real situation in the housing market and depended directly on the state policy.

Equity construction arose in the national economic system in the early 90s of the twentieth century during the transition of the economy to market relations. The transition to a market economy was characterized by a significant reduction in public investment in housing, while private investment growth was rather slow. One way to meet the needs of individuals and legal entities in real estate was their share participation in the construction of multi-apartment buildings and other real estate.

The development of housing construction is significantly dependent on the level of development of mortgage lending

since it is the main source of the sector's acquisition of additional funds for further development [1].

With the increased openness of the national economy, Ukrainian banks will compete with foreign banks, which, in turn, should be an impetus for banks' capital build-up, as well as reviewing their own product strategies, pricing approaches to banking products, ultimately profitability and self-positioning in the segment of general socio-economic relations [2, p. 233].

Since 2014, the economic situation has worsened significantly as a result of hostilities in eastern Ukraine and the annexation of the Autonomous Republic of Crimea, and as a result of the growth of the level of badly-arrears, banks were forced to create significant reserves for active operations, which inevitably negatively affected the level of capitalization of banking institutions.

According to the National Bank of Ukraine [3], for 2014, the volume of mortgage issued in UAH decreased by 13%, according to the company "Prostobank Consulting" [4], the average real mortgage rate in the secondary market was 22.3-24.3% per annum, proposals for mortgages for the purchase of secondary housing for the period of 25 and 30 years have completely disappeared.

In 2016–2017, there was some revival of the mortgage market but banks had given mortgages only to proven clients with a good credit history. The average cost of loans for the purchase of housing on the market was 22-23% of annual interest depending on the term [4].

Mortgage rates in Ukraine are many times higher than European and the US, namely: UK – 3.12%, Germany – 2.73%, Spain – 2.97%, Italy – 3.44%, France – 3.16%, USA – 3-4% [5].

One of the urgent problems of mortgage lending development in Ukraine is the imperfection of the regulatory framework for mortgage lending, which should meet the protection of the rights and interests of creditors and borrowers.

In the conditions of the economic crisis, the state of the construction industry is affected by a shortage of financial resources, a sharp drop in demand from the population, a significant increase in the cost of construction (Table 1). There is a reduction in production volumes, a reduction in personnel, less new than before, new construction objects appear. The negative pace in construction was caused by low GDP growth as a whole.

In Ukraine, there is a significant uneven distribution of foreign direct investment (FDI) by region [6], which does not facilitate but, on the

contrary, complicates the issue of uneven regional development of Ukraine, whose indicator is the gross regional product.

The low level of FDI and the gross regional product is typical for most regions of Ukraine, including for such as Chernivtsi, Ternopil, Kirovograd, Sumy, Rivne.

Ivano-Frankivsk, Zaporizhzhia, and Lviv regions have average indicators of FDI attracted but the low level of production of the gross regional product. Odesa region occupies an average position in all its indicators, while average levels of FDI in Donetsk region and still quite high gross regional product are observed. Kyiv and Kharkiv regions with average rates of FDI attracted and high level of gross regional product production. Dnipropetrovsk region and Kyiv, where both indicators have the highest level in Ukraine, take the best positions.

Ukraine is significantly behind the countries of Central and Eastern Europe by the volume of attracted foreign direct investments per capita. The main investors of Ukraine, which account for 83% of the total investment, remained Cyprus – \$10008,6 million, Netherlands – \$6292,9 million, Russian Federation – \$4598,41 million, United Kingdom – \$2169,0 million, Germany – \$1792,6 million, British Virgin Islands – \$1601,8 million, Switzerland – \$1537,6 million, France – \$1346,6 million, and Austria – \$1265,9 million (as of 31.12.2017) [6]. Industry occupied the leading positions in terms of volume of capital investments – 27.3% of total investments, financial and insurance activities – 26.1%, trade – 13.1%, information and telecommunications – 9.7%, real estate operations – 9.7%, scientific activity – 5.9%, and others – 2.7% (Figure 1).



Figure 1. Direct investments in the economy of Ukraine by types of economic activity as of 31.12.2017

Structure of capital investments by sources of financing in Ukraine for 2013–2017

Table 1

Source	Year		2013		2014		2015		2016		2017	
	UAH mln.	%	UAH mln.	%	UAH mln.	%	UAH mln.	%	UAH mln.	%	UAH mln.	%
Total	249873,4	100	219419,9	100	273116,4	100	359216,1	100	448461,5	100		
funds of the state budget	6174,9	2,5	2738,7	1,2	6919,5	2,5	9264,1	2,6	15295,2	3,4		
funds of local budgets	6796,8	2,7	5918,2	2,7	14260,0	5,2	26817,1	7,5	41565,5	9,3		
own funds of enterprises and organizations	165786,7	66,4	154629,5	70,5	184351,3	67,6	248769,4	69,3	310061,7	69,1		
bank loans and other loans	34734,7	13,9	21739,3	9,9	20740,1	7,6	27106,0	7,5	29588,9	6,6		
funds of foreign investors	4271,3	1,7	5639,8	2,6	8185,4	3,0	9831,4	2,7	6206,4	1,4		
funds of the population for housing construction	24072,3	9,6	22064,2	10,1	31985,4	11,7	29932,6	8,3	32802,5	7,3		
other sources of funding	8036,7	3,2	6690,2	3,0	6674,7	2,4	7495,5	2,1	12941,3	2,9		

The limiting factor is the failure to create equal economic rights and responsibilities in the implementation of financial and economic activities of economic relations in the construction sector. This means, first of all, focusing the state's investment policy mainly on the development of a large business, which hinders the development of the medium and small and medium-sized businesses, including in the construction sector.

The volumes of construction work decreased because of hostilities in eastern Ukraine, an increase in the cost of work due to rising prices for building materials, fuel, heat, and electricity, which greatly influenced the number of potential customers.

The development of construction, like any other industries, depends on the quality and dynamics of the renewal of fixed assets. The existing material and technical base is not able to provide modern construction needs: Ukrainian equipment has a level of reliability and productivity lower than foreign analogues; in the construction business, the use of obsolete equipment and low-productivity equipment is widely practiced. At enterprises of building materials, for example, the moral depreciation of the active part of fixed assets exceeds 80%. Ukrainian construction organizations do not have a mobile base that would allow them to execute large-scale orders outside the country and manoeuvre during the crisis.

Design and technological and construction and installation activities in the industrial sphere should be oriented to mobile modular technologies, light metal structures, methods of successive-parallel construction, which reduce the construction time, reduce the cost of foundation works, the functionality of facilities, and the possibility of constructing them in difficult conditions.

In the conditions of a shortage of investment resources for the implementation of investment and construction tasks of state programs and national projects, the state must rely on domestic construction companies [7].

The situation in the construction sector is also influenced by the factor associated with the implementation of state targeted programs. In Ukraine, a number of state housing programs are implemented, namely: cheapening the cost of mortgage loans; construction (purchase) of affordable housing; youth housing construction; preferential lending to rural developers ("Own Home"); providing housing for disabled people war.

Programs have different conditions and mechanisms of state support of citizens depending on their income and financial circumstances: from the free provision of shelter to socially vulnerable groups of the population – to preferential lending or partial compensation of the cost of apartments.

However, all these programs have not reached the main goal because of the economic situation in the country and the systematic reduction of funding. In our opinion, it is necessary to modernize the most successful state housing programs to-

day – construction (purchase) of affordable housing and youth lending. Programs for repayment of the interest rate on a loan are costly for the state taking into account the depreciation of the Ukrainian hryvnia against world currencies and the growth of inflation and, therefore, new financial and lending mechanisms for providing affordable housing should be introduced.

The development of the construction industry should take place in two parallel ways: on the one hand, the necessary support from the state is needed, and on the other – industrial growth, which is affected by the level of wear and tear of fixed assets in the sphere of production in the construction and industrial sector. The prospects of the construction industry are higher, the better the material and financial security. There is a gradual reorientation of public administration companies to regulation in the investment sector, aimed at the building.

By increasing investment in the construction industry, it is necessary:

- to restore fixed assets of companies;
- to establish production of high-quality products and materials;
- to achieve an increase in the demand for quality materials through state incentives;
- rational use of natural resources; carry out measures aimed at reducing the cost of production (by reducing labour and energy costs).

The priority areas of government activity in the field of housing construction should be:

- creating a favourable investment climate and ensuring the harmonious development of territories through deregulation of construction activities;
- development of affordable housing construction programs;
- development of the internal market and creation of conditions for realization of investment intentions of developers;
- formation of a normative base, integrated into the international legal and regulatory space of technical regulation.

**Conclusions.** On the basis of the analysis, it can be concluded that the main reason for the recessionary model of the Ukrainian construction industry development is to reduce the aggregate demand for services as a result of the extremely difficult socio-economic situation in Ukraine, the fall in real cash incomes, the existence of barriers to lending, non-transparent allocation land plots, bureaucracy of all stages of construction, shadowing of the economy, corruption, etc. There is an urgent need for further research of the financing issues of construction, the search for alternative sources and the introduction of new market schemes for financing housing construction through the optimization and improvement of the investment environment, the development of investment competition, of public-private partnership, concessional lending.

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### СУЧАСНІ ТЕНДЕНЦІЇ В ІНВЕСТИЦІЙНОМУ СЕРЕДОВИЩІ БУДІВЕЛЬНОЇ СФЕРИ УКРАЇНИ

**Анотація.** У статті досліджено загальні тенденції та сучасні структурно-динамічні зрушення у формуванні інвестиційного середовища в будівельній сфері України. Встановлено, що обсяги інвестицій в економіку України поки залишаються на низькому рівні, в першу чергу, через край слабку інвестиційну активність трьох основних інвесторів – комерційних підприємств і організацій, державних структур та населення. В умовах сучасної економічної кризи в Україні ключовим напрямом інвестування сфери будівництва нежитлових об'єктів та інженерних споруд є використання коштів підприємств і організацій, а в сфері житлового будівництва – залучення коштів фізичних осіб, а також реалізація низки державних житлових програм.

**Ключові слова:** структурно-динамічні зрушення, будівельна сфера, інвестиційне середовище, державні житлові програми.

### СОВРЕМЕННЫЕ ТЕНДЕНЦИИ В ИНВЕСТИЦИОННОЙ СРЕДЕ СТРОИТЕЛЬНОЙ СФЕРЫ УКРАИНЫ

**Аннотация.** В статье исследованы общие тенденции и современные структурно-динамические сдвиги в формировании инвестиционной среды в строительной сфере Украины. Установлено, что объемы инвестиций в экономику Украины пока остаются на низком уровне, в первую очередь, из-за крайне слабой инвестиционной активности трех основных инвесторов – коммерческих предприятий и организаций, государственных структур и населения. В условиях современного экономического кризиса в Украине ключевым направлением инвестирования сферы строительства нежилых объектов и инженерных сооружений является использование средств предприятий и организаций, а в сфере жилищного строительства – привлечение средств физических лиц, а также реализация ряда государственных жилищных программ.

**Ключевые слова:** структурно-динамические сдвиги, строительная сфера, инвестиционная среда, государственные жилищные программы.

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### СУЧАСНІ СВІТОВІ ТЕНДЕНЦІЇ РОЗВИТКУ СТАРТАПІВ НА СВІТОВІЙ АРЕНІ

**Анотація.** У статті розглянуто поняття «стартап», його характерні риси та елементи успіху стартапів. Проаналізовано тенденції розвитку стартапів. Досліджено низку показників, які характеризують передумови розвитку стартапів у світі. Висвітлено методи фінансування стартапів у світі.

**Ключові слова:** стартап, венчурний бізнес, пряме інвестування, інновації, франчайзинг.

**Вступ та постановка проблеми.** У 1939 року почав існування термін «стартап». Із того часу стартапи пережили багато змін у своєму вигляді та значенні. Станом на 2018 рік, стартап є одним із найприбутковіших методів заробітку, а також способом вивести певну ідею чи розробку на ринок за допомогою коштів інвестора.

Не дивлячись на популярність стартапів, ця тема не є досконало вивченою та особливо популярною серед науковців. Аналізуючи обізнаність у сфері стартапів та венчурного бізнесу, можна зробити висновок, що велика кількість людей на території України не розуміють того, як працюють стартап процеси.