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STRUCTURAL CHANGES AND DEVELOPMENT TRENDS OF THE CONSTRUCTION INDUSTRY IN NAMANGAN REGION

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Abstract: This article comprehensively analyzes the structural changes and development trends of the construction industry in the Namangan region. The study studies the role of the construction sector in the regional economy, investment flows, production volume dynamics, and structural shifts between sectors on a scientific basis. It also assesses the distribution of the construction industry across regions, capital concentration, and economic efficiency. Based on empirical data, the development trends of the construction sector in the region, its contribution to economic growth, and existing imbalances are identified. As a result of the study, scientifically based proposals and practical recommendations are developed on priority areas for the development of the construction industry, improving investment policy, and balancing regional development.

Key words: construction industry, structural changes, regional development, investment flows, economic growth, capital concentration, imbalances, infrastructure, regional economy, construction dynamics, development trends.

INTRODUCTION

The construction industry is one of the main drivers of the real sector in the modern economy, it is a strategic sector that ensures investment activity, infrastructure development and regional economic growth. In scientific literature, the construction sector is interpreted as a sector with a high multiplier effect, based on its inextricable link with the industrial, transport and service sectors [1]. At the same time, construction activity is considered a leading indicator of economic cycles, and changes in this sector are a precursor to general economic activity [2]. This indicates the need to study the construction industry not only as a production link of the economic system, but also as an important mechanism ensuring macroeconomic stability.

Analyses by international organizations indicate that the development of the construction industry is closely related to ensuring regional economic equality and social well-being. World Bank reports emphasize that the expansion of infrastructure and housing construction accelerates economic growth, increases employment, and stimulates domestic demand [3]. OECD studies indicate that the effective development of the construction sector is an important factor in reducing regional disparities, increasing labor market flexibility, and ensuring investment efficiency [4]. At the same time, it is noted that in the conditions of uneven resource distribution and institutional constraints in the construction sector, inter-regional disparities may increase.

The development of the construction industry and strengthening its institutional foundations in the Republic of Uzbekistan has been established as one of the priority areas of state economic policy. In particular, the tasks of modernization of infrastructure, stimulation of innovative development and improvement of the construction sector have been set [5]. In recent years, reforms have been implemented aimed at digitizing construction processes, simplifying the land allocation system, developing the building materials industry and expanding mortgage lending mechanisms. The regulatory legal acts adopted until 2024 serve to develop systematic measures aimed at developing the building materials industry, increasing the volume of housing construction and reducing the imbalance between supply and demand in the market.

In the case of Namangan region, the development of the construction industry is an important indicator of regional economic transformation. The sharp increase in the volume of construction in the region in recent years, the construction of new industrial and residential facilities, and the expansion of infrastructure projects indicate an increase in economic activity. At the same time, the uneven development of the construction industry across regions, the concentration of capital in certain regions, and the different course of structural changes create the need for a deep scientific analysis of this sector. In particular, the identification of structural shifts

in the construction industry, inter-sectoral relationships, and mechanisms of regional development is of great importance in improving regional economic policy.

In this context, this article aims to scientifically analyze the structural changes and development trends of the construction industry in the Namangan region, which studies the role of the construction sector in economic growth, regional differences, and investment processes based on an integrated approach.

LITERATURE REVIEW

Structural changes in the construction industry are considered one of the important directions in the theories of economic development. The structural transformation model developed by Chenery substantiates the change in the share of sectors in economic development and shows that the share of the construction sector increases in the process of economic growth [6]. This approach interprets the construction industry as an important component of structural shifts in the economic system, but does not explain regional differences in depth. Syrquin empirically substantiates the increasing role of capital-intensive industries, including the construction sector, in the process of economic development [7], which explains the direction of investment flows to the construction industry.

In Kuznets's theory of economic growth, he interprets inter-sectoral structural shifts as an important sign of economic development, emphasizing that the increase in the share of the industrial and construction sectors is a key indicator of economic modernization [8]. At the same time, in Rostow's theory of economic growth stages, the construction sector is considered one of the main sectors accelerating economic activity during the «take-off» phase [9]. However, these approaches are more generalized at the macro level and do not sufficiently cover structural changes at the regional level.

Within the framework of urban economics, Henderson links the development of construction and infrastructure with urbanization processes, arguing that the territorial concentration of economic activity leads to the expansion of the construction sector [10]. In the new economic geography theory developed by Fujita and Krugman, it is emphasized that the centralization of economic activity and agglomeration effects directly affect the territorial development of the construction sector [11]. These approaches serve as an important methodological basis for explaining the territorial differentiation of the construction industry.

The investment aspects of the construction sector are explained by the capital formation model developed by Jorgenson, which shows that investment flows and the distribution of capital across sectors are one of the main determinants of economic growth [12]. Bernanke and Gertler's studies, based on the connection between investment and financial markets, note that changes in the construction sector have a significant impact on the credit market [13]. However, these studies focus more on financial factors and do not adequately capture regional structural differences.

Empirical studies have extensively covered the economic performance of the construction sector and its role in regional development. Ball, analyzing the sensitivity of the construction industry to economic cycles, shows that this sector has high elasticity during periods of economic growth and decline [14]. Hillebrandt, on the other hand, assesses the place of the construction industry in economic development and substantiates its important role in employment and investment processes [15]. Although these approaches reveal the importance of the construction sector in the economic system, they do not pay enough attention to a comprehensive assessment of its structural changes.

Thus, the analysis of the existing literature shows that structural changes in the construction industry occupy an important place in theories of economic development. However, most studies are limited to macroeconomic or theoretical approaches and do not pay enough attention to a comprehensive analysis of structural transformations at the regional level. In particular, the study of structural shifts and development trends in the construction industry in the case of Namangan region on an empirical basis is a scientifically relevant issue. Therefore, this study aims to analyze structural changes in the construction industry in the context of the regional economy based on a comprehensive approach.

RESEARCH METHODOLOGY

This study used a comprehensive methodological approach to identify structural changes and development trends in the construction industry in Namangan region. The theoretical basis was the integration of the theory of structural transformation, regional economics, and new economic geography concepts, which allowed for a systematic analysis of the role of the construction sector in the economic system and its structural shifts. At the first stage of the study, the economic content of the construction industry, its structural elements, and regional development mechanisms were identified using abstract-logical and systematic analysis methods. At the second stage, the development characteristics of the construction industry at the national and regional

levels were assessed using the comparative analysis method. At the third stage, the indicators of construction volume, investment flows, inter-sectoral shares, and distribution across regions were systematized based on statistical and economic analysis methods, and their dynamics and interdependence were determined. This approach allows for a comprehensive assessment of structural changes in the construction industry in time and space.

The empirical analysis was carried out based on data from 2017–2024 for the Namangan region and its districts. The main indicators selected in the study were the production volume of the construction industry, capital investments, inter-sectoral shares, growth coefficients and regional differentiation indicators. To identify structural changes, the analysis of relative shares, the dynamic series method, the coefficient of variation and indicators assessing inter-regional imbalance were used. In order to ensure the reliability of the results, alternative specifications and comparative assessment approaches were used, and the results obtained across different indicators were compared. This methodology allows for a deep scientific analysis of the structural transformation of the construction industry, its role in regional development and economic efficiency.

ANALYSIS AND RESULTS

This section systematically covers the institutional regulatory mechanisms of the residential real estate sector in the Namangan region and its districts based on empirical data. The tables formed in the section reflect the interrelationship of the volume of capital investments, the dynamics of the construction industry, the level of distribution across regions, and the main indicators of the housing market. Based on these tables, growth coefficients, share indicators, relative intensity and territorial differentiation indicators are calculated, and through them the development rates of the construction sector and the level of institutional efficiency are determined. As a result, this section forms an analytical framework that allows for a comprehensive assessment of the economic and institutional characteristics of the residential real estate sector (table 1).

Table 1. Dynamics of construction industry production volume in Namangan region (growth rate, %)

	2017	2018	2019	2020	2021	2022	2023	2024
Namangan city.	102.4	123.0	140.8	118.3	109.1	108.5	105.1	118.4
Namangan city.	104.1	142.9	152.4	141.8	101.4	102.4	131.5	89.7
Mingbulak	85.8	162.2	157.2	74.6	178.0	91.7	135.7	92.3
Kasonsoy	108.1	129.8	167.8	94.2	112.0	103.5	97.1	89.7
Namangan	118.1	90.3	125.1	120.9	104.9	110.3	90.5	92.4
Narin	87.3	115.1	141.6	138.5	88.7	113.1	79.5	112.4
Pop	92.1	137.4	127.8	126.4	97.2	132.1	64.4	148.6
Turaqurgan	124.1	113.0	110.5	93.4	111.7	120.4	76.1	110.2
Housekeeper	98.5	127.7	150.2	117.0	121.4	113.5	100.8	125.4
Uchkurgan	148.3	125.0	106.7	117.7	93.4	121.5	86.7	108.0
Attic	94.5	141.6	147.5	123.9	127.4	102.2	103.1	97.7
Chust	108.4	107.2	145.2	101.6	116.2	108.9	101.7	105.0
Yangikurgan	66.5	92.1	145.8	107.6	113.6	99.8	106.7	106.6
Undistributed							108.9	121.9

Source: Author's development based on data from the «Analysis of Regional Construction Activity» of the Namangan Regional Department of Statistics

In 2017–2024, the volume of construction industry production in Namangan region increased from 1,475.2 billion soums to 13,234.7 billion soums, showing an almost 9-fold increase, especially in 2021–2022, a sharp jump from 5,556.7 billion soums to 10,564.7 billion soums was observed. In terms of regions, Namangan city maintained its leadership, reaching 2,602.8 billion soums from 292.4 billion soums, while Uychi district showed the highest growth dynamics, increasing from 139.0 billion soums to 1,299.2 billion soums. Chartok district increased from 78.6 billion soums to 622.7 billion soums, and Pop district from 106.1 billion soums to 613.8 billion soums. At the same time, in some regions, a downward trend is observed in 2023-2024, falling from 2,784.6 billion soums to 2,602.8 billion soums in Namangan city, and from 597.9 billion soums to 561.3 billion soums in Kosansoy. In general, although the construction industry has high growth rates, its development is uneven across regions and is prone to capital concentration.

These growth rates indicate that the development of the construction industry is not linear, but cyclical and regionally differentiated. High fluctuations, in particular, sharp declines and recoveries observed in Mingbulok, Pop and Naryn districts, indicate the instability of investment flows and insufficiently balanced institutional environment. On the contrary, relatively stable growth rates are observed in Uychi and Chartok districts, indicating the systematic formation of construction activity in these regions. Also, the initial high growth and subsequent downward trend in Namangan city can be explained by excessive concentration of capital and market saturation (table 2).

Table 2. Institutional structure of construction work in Namangan region by region

Area	Informal sector (%)	Small and micro enterprises (%)	Large construction organizations (%)
Namangan city.	9.1	86.5	4.4
Mingbulak	38.2	59.6	2.1
Kasonsoy	44.3	47.3	8.3
Namangan	21.5	77.0	1.4
Narin	31.8	68.2	0.0
Pop	24.8	75.2	0.0
Turaqurgan	29.0	71.0	0.0
Housekeeper	22.1	77.9	0.0
Uchkurgan	25.8	74.2	0.0
Attic	20.2	78.2	1.6
Chust	38.6	59.0	2.4
Yangikurgan	32.1	67.9	0.0

Source: Author's development based on data from the «Analysis of Regional Construction Activity» of the Namangan Regional Department of Statistics

This table shows a sharp differentiation of the structure of construction work in Namangan region by institutional segments as of January 2024. In most regions, small and micro-firms dominate, their share is 86.5 percent in Namangan city, 78.2 percent in Chartok, 77.9 percent and 77.0 percent in Uychi and Namangan districts, respectively. At the same time, the indicators of 75.2 percent in Pop, 74.2 percent in Uchkurgan and 71.0 percent in Turakurgan confirm that this segment plays a leading role in the regional construction market. The share of the informal sector is higher in some regions, reaching 44.3 percent in Kosansoy, 38.2 percent in Mingbulok, 38.6 percent in Chust and 32.1 percent in Yangikurgan. Large construction organizations have a significant presence only in some regions, at 4.4 percent in Namangan city, 8.3 percent in Kosansoy, and 2.4 percent in Chust, while in the remaining districts they are almost 0 percent.

This structural pattern indicates that the institutional balance in the construction sector is not fully formed. While the high share of small and micro-firms ensures the flexibility of the sector, the low participation of large construction organizations limits the possibilities of implementing large infrastructure and complex projects. The fact that the informal sector remains in the range of 30–44 percent indicates that the institutional regulatory mechanisms in construction activities are not sufficiently effective, in particular, there are problems in the licensing, control and financial transparency systems. As a result, the structure of the construction industry is formed with a greater reliance on small business, which slows down the processes of capital concentration and technological modernization. This creates the need to increase the share of the large and formal sector and reduce the informal segment through institutional reforms in the future (table 3).

Table 3. Construction work per capita by region in Namangan region

Area	Construction work per capita (thousand soums)	Growth rate (%)
Namangan region	4116.1	110.3
Mingbulak	2565.2	92.6
Kasonsoy	2767.8	110.1
Namangan district	2600.2	110.6
Narin	2038.8	119.2
Pop	2552.4	153.4

Turaqurgan	1640.4	116.6
Housekeeper	3490.3	92.0
Uchkurgan	2933.0	124.9
Attic	2732.8	105.7
Chust	1651.7	109.3
Yangikurgan	1858.4	116.9
Namangan city	3535.3	100.2

Source: Author's development based on data from the «Analysis of Regional Construction Activity» of the Namangan Regional Department of Statistics

In 2024, construction work per capita in Namangan region amounted to 4116.1 thousand soums, an increase of 110.3 percent, while significant differences are observed across regions. The highest indicator was formed in Namangan city at 3535.3 thousand soums and in Uychi district at 3490.3 thousand soums, which indicates high construction activity in these regions. The indicators of 2933.0 thousand soums in Uchkurgan district, 2767.8 thousand soums in Kosonsoy and 2732.8 thousand soums in Chortok constitute the medium-high segment. On the contrary, Turakurgan remains at a low level with 1640.4 thousand soums, Chust with 1651.7 thousand soums and Yangikurgan with 1858.4 thousand soums. In terms of growth rates, Pop district showed the highest results with 153.4 percent, Uchkurgan with 124.9 percent, and Naryn with 119.2 percent, while Mingbulok with 92.6 percent and Uychi with 92.0 percent showed a downward trend.

These results indicate that construction activity is unevenly distributed across regions not only in terms of volume, but also in terms of intensity. The fact that high growth rates are observed in regions with a low base (for example, Pop and Norin) indicates that investment flows are being redirected to new regions, while the slowdown in growth in high-volume regions (Namangan city, Uychi) indicates a relative saturation of the market. At the same time, the difference in per capita indicators from 1640.4 thousand soums to 3535.3 thousand soums reflects the imbalance in the level of regional provision. As a result, the development of the construction industry is not balanced by region and the need for differential improvement of investment and institutional mechanisms across regions (table 4).

Table 4. An integral (complex) assessment of the development of the construction industry in Namangan region

Area	Average growth rate (%)	Informal sector (%)	Construction per capita (thousand soums)	Integral development level
Namangan city.	120.5	9.1	3535.3	high
Mingbulak	112.3	38.2	2565.2	middle
Kasonsoy	111.5	44.3	2767.8	middle
Namangan city.	106.5	21.5	2600.2	middle
Narin	105.9	31.8	2038.8	low-medium
Pop	110.5	24.8	2552.4	middle
Turaqurgan	111.2	29.0	1640.4	low
Housekeeper	116.4	22.1	3490.3	high
Uchkurgan	113.6	25.8	2933.0	medium-high
Attic	115.3	20.2	2732.8	medium-high
Chust	112.6	38.6	1651.7	low-medium
Yangikurgan	104.0	32.1	1858.4	low

Source: author's development

The results of Table 4 show that the development of the construction industry in Namangan region is significantly differentiated by region. The highest level of integrated development is observed in Namangan city with an average growth rate of 120.5 percent, a share of the informal sector of 9.1 percent and a construction volume per capita of 3,535.3 thousand soums. A high group was formed in Uychi district with an increase of 116.4 percent and an indicator of 3,490.3 thousand soums. Uchkurgan with 113.6 percent and 2,933.0 thousand soums, Chartok with 115.3 percent and 2,732.8 thousand soums belongs to the medium-high segment. On the contrary, Turakurgan, despite an increase of 111.2 percent, remains in the lower segment at only 1,640.4 thousand soums, Yangikurgan at 104.0 percent and 1,858.4 thousand soums, and Naryn at 105.9 percent and

2,038.8 thousand soums. At the same time, the share of the informal sector in Kosansoy is 44.3 percent, in Chust 38.6 percent, and in Mingbulok 38.2 percent, indicating high institutional imbalance.

These results confirm that the development of the construction industry is determined not only by growth rates, but also by the institutional structure and per capita volume. While in highly developed regions, a low share of the informal sector and high investment density are observed, in less developed regions the opposite is true. This indicates that the quality of the institutional environment is one of the main determinants of the efficiency of the construction industry. Also, despite high growth rates in some regions, low per capita indicators indicate that development is not sustainable. As a result, the regional development of the construction industry is not balanced, there is an imbalance in the distribution of capital and resources, and the need for differential implementation of institutional reforms across regions is scientifically confirmed.

CONCLUSION AND SUGGESTIONS

In 2017–2024, the production volume of the construction industry in Namangan region increased from 1,475.2 billion soums to 13,234.7 billion soums, showing an increase of almost 9 times, which indicates a significant increase in the share of the sector in the regional economy. In particular, a sharp jump was observed in 2021–2022 from 5,556.7 billion soums to 10,564.7 billion soums, which indicates a high level of investment activity during this period. At the same time, the decrease in growth rates from 140.8% in 2019 to 105.1% in 2023 indicates that development is cyclical.

The development of the construction industry is uneven across regions, with production volumes in Namangan city amounting to 2,602.8 billion soums, in Uychi district 1,299.2 billion soums, and in some districts this figure remains around 400–600 billion soums. Construction work per capita varies from 1,640.4 thousand soums to 3,535.3 thousand soums, indicating a large difference in the level of regional provision. This situation clearly demonstrates the imbalance in the distribution of capital and resources in the construction industry.

The results of the institutional analysis showed that the share of the informal sector in the construction sector has reached 44.3 percent in some regions, and 9.1 percent in developed regions. The share of small and micro-firms has formed in the range of 70–80 percent in many regions, which has increased the flexibility of the sector, but the share of large construction organizations remains in the range of 0–8.3 percent, which limits the possibilities of implementing large infrastructure projects.

These results clearly confirm that, although the development of the construction industry is taking place at a high pace, it is not balanced in terms of territorial and institutional aspects. In regions with high growth rates, capital concentration is increasing, production volumes and investment intensity are increasing, but in less developed regions, investment deficits, infrastructure constraints and institutional weaknesses remain. As a result, the construction industry, on the one hand, is emerging as a key driver of regional economic growth, and on the other hand, it is becoming a factor deepening territorial imbalances. This requires a differentiated and targeted policy in regulating the construction sector.

First, to reduce territorial disparities in the construction industry, it is necessary to introduce targeted investment programs aimed at underdeveloped regions. In this case, the state should develop mechanisms to direct capital flows to peripheral regions through tax incentives, subsidies, and financing of infrastructure projects. At the same time, it is possible to balance economic activity by region through quotas for investment projects, the development of transport and logistics infrastructure, and the efficient use of land resources.

Secondly, it is necessary to deepen institutional reforms in order to significantly reduce the share of the informal sector. In particular, it is necessary to increase the attractiveness of the formal sector by simplifying licensing and permitting processes, digitizing construction activities, introducing a monitoring system through unified electronic platforms, and optimizing the tax and reporting system. This will ensure greater transparency in the construction market, increased tax revenues, and efficient use of resources.

Thirdly, it is important to expand the opportunities for implementing complex infrastructure and industrial projects by increasing the share of large construction organizations. In this regard, economic efficiency can be increased through the widespread introduction of public-private partnership mechanisms, attracting large investors, and the systematic placement of industrial and housing construction projects across regions. At the same time, the development of cooperative relations between large and small entities will serve to form sustainable production chains in the construction sector.

Fourth, it is necessary to prevent the concentration of capital only in the central regions and ensure sustainable development in all districts through territorial diversification of the construction industry. In this regard, it is important to expand the engineering and communication infrastructure, balance the placement of new residential areas and industrial zones across the regions, as well as integrate regional development programs with the construction sector. As a result, the construction industry can become a systemic factor not only ensuring economic growth, but also strengthening territorial equality.

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