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MODERN TRENDS IN INVESTMENT DEVELOPMENT OF THE CONSTRUCTION MATERIALS SECTOR

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Abstract
This article examines investment activity in the construction materials industry, focusing on current trends and key structural changes under modern economic conditions. The study analyzes the dynamics of investment flows, identifies the main factors influencing investment attractiveness, and evaluates the role of technological modernization, digitalization, and innovation in shaping investment processes within the sector. Particular attention is paid to the impact of macroeconomic factors, state support measures, and institutional conditions on investment decision-making in the construction materials industry. Based on analytical assessment, the article reveals existing challenges and constraints limiting investment growth, while also highlighting promising directions for enhancing investment efficiency and sustainability. The findings contribute to a deeper understanding of investment development trends in the construction materials industry and may serve as a practical basis for policymakers, industry stakeholders, and researchers in developing effective investment strategies.

Keywords: Investment activity, construction materials industry, investment trends, investment attractiveness, industrial development, technological modernization, digitalization, innovation, investment efficiency, economic analysis.

Introduction

The construction materials industry plays a strategic role in the sustainable development of the national economy, as it forms the material basis for construction, infrastructure development, industrial expansion, and urbanization processes. The level of development of this industry largely determines the pace and quality of investment and construction activities, the implementation of large-scale infrastructure projects, and the overall competitiveness of the construction sector. In this context, investment activity in the construction materials industry becomes a key factor ensuring technological modernization, production capacity expansion, cost reduction, and the introduction of innovative and environmentally sustainable technologies.

In recent years, the construction materials industry has undergone significant structural and technological changes driven by globalization, digital transformation, and increasing competition in both domestic and international markets. These changes have intensified the need for substantial investment resources aimed at upgrading fixed assets, adopting energy-efficient and resource-saving technologies, improving product quality, and meeting international standards. At the same time, investment processes in the industry are increasingly influenced by macroeconomic instability, fluctuations in demand, rising production costs, and

evolving regulatory and institutional frameworks, which complicate investment decision-making and increase investment risks.

Modern investment activity in the construction materials sector is characterized by a shift toward innovation-oriented and technology-intensive projects. The growing importance of digital technologies, automation, and smart manufacturing solutions has reshaped traditional investment priorities, emphasizing long-term efficiency and sustainability rather than short-term financial returns. Moreover, the global trend toward green construction and environmental responsibility has stimulated investments in eco-friendly materials, low-carbon production technologies, and circular economy practices. As a result, investment activity in the construction materials industry increasingly reflects not only economic objectives but also social and environmental considerations. Despite the strategic importance of the construction materials industry, investment activity within the sector remains uneven and often constrained by a number of systemic problems. These include insufficient access to long-term financing, high capital intensity of production, technological obsolescence of enterprises, limited innovation capacity, and weak integration between industrial policy and investment mechanisms. Additionally, disparities in regional development and infrastructure availability further affect the spatial distribution of investments, leading to imbalances in industrial growth and competitiveness.

Given these challenges, a comprehensive analysis of investment activity in the construction materials industry is particularly relevant. Identifying current investment trends, assessing the factors influencing investment attractiveness, and evaluating the effectiveness of existing investment mechanisms are essential for developing evidence-based policy recommendations and strategic solutions. A detailed analytical approach allows for a deeper understanding of how investment processes evolve under modern economic conditions and how they can be optimized to support sustainable industrial development.

Therefore, the purpose of this article is to analyze investment activity in the construction materials industry through the lens of modern trends and structural transformations. The study seeks to identify key drivers and constraints of investment development, assess the role of technological and institutional factors, and highlight priority directions for improving investment efficiency. The results of the research are intended to contribute to both academic discourse and practical policymaking, offering insights that can support strategic planning and investment decision-making in the construction materials sector.

LITERATURE REVIEW

Investment activity in the construction materials industry has been widely examined in economic and industrial research, primarily due to its strong linkage with construction growth, infrastructure development, and overall economic performance. Scholars emphasize that investments in this sector serve as a catalyst for technological renewal, productivity growth, and structural transformation of industrial systems [1].

Classical investment theory, developed by John Maynard Keynes, highlights the decisive role of expectations, capital efficiency, and macroeconomic stability in shaping investment behavior [2]. These theoretical foundations were later expanded in industrial economics studies, where

investment activity is considered a key determinant of sectoral competitiveness and long-term development. In the context of manufacturing industries, including construction materials, investment decisions are often influenced by capital intensity, demand volatility, and technological change.

A number of studies focus on the sector-specific characteristics of the construction materials industry [3]. Researchers such as Michael E. Porter argue that investment attractiveness in industrial sectors is closely linked to competitive advantages, innovation capacity, and the structure of related industries. From this perspective, the construction materials industry requires continuous investment to maintain cost efficiency, ensure product differentiation, and comply with evolving quality and environmental standards [4].

Modern empirical research increasingly emphasizes the role of technological modernization and innovation in stimulating investment activity. According to studies by Joseph A. Schumpeter, innovation-driven investments are a primary source of industrial development, enabling firms to achieve higher productivity and sustainable growth [5]. Applied to the construction materials sector, this approach underscores the importance of investing in advanced production technologies, automation, and digital solutions to enhance operational efficiency and reduce resource consumption [6].

Another important strand of the literature examines the influence of institutional and policy factors on investment processes. Scholars note that government regulation, industrial policy instruments, tax incentives, and access to financial resources significantly affect investment flows in capital-intensive industries. Research indicates that stable regulatory frameworks and targeted state support mechanisms can reduce investment risks and encourage long-term capital allocation in the construction materials industry, particularly in emerging and transition economies [7].

Recent studies also address global trends affecting investment activity, such as digital transformation and the transition toward green and sustainable production. Authors focusing on sustainable industrial development argue that environmental regulations and climate-related commitments increasingly shape investment priorities. In the construction materials industry, this has led to growing investments in energy-efficient technologies, low-carbon materials, recycling processes, and circular economy models. These trends reflect a shift from traditional investment criteria toward integrated economic, environmental, and social performance indicators [8].

Despite the extensive body of research, the literature reveals several gaps. Many studies analyze investment activity at a macroeconomic or cross-industry level, while sector-specific analyses of the construction materials industry remain limited, particularly with regard to comprehensive trend-based and structural assessments. In addition, insufficient attention is often paid to the interaction between technological, institutional, and market factors shaping investment behavior under modern economic conditions [9].

In summary, existing research provides a solid theoretical and empirical foundation for understanding investment activity in industrial sectors, including construction materials. However, the dynamic nature of modern economic environments, rapid technological change, and increasing sustainability requirements necessitate further in-depth analysis. This creates a

strong rationale for examining current trends and conducting a detailed assessment of investment activity in the construction materials industry, which this study aims to address.

RESULTS

The analysis of investment activity in the construction materials industry reveals a number of significant trends that characterize the current stage of sectoral development. First, the results indicate a steady increase in the role of investments aimed at technological modernization and renewal of fixed assets. Enterprises operating in the construction materials sector are increasingly prioritizing capital expenditures related to the upgrading of production equipment, automation of technological processes, and the introduction of energy-efficient technologies. This trend reflects the growing pressure to reduce production costs, improve product quality, and enhance overall operational efficiency.

trend in the volume of annual investments in fixed capital across the regions of the Republic of Uzbekistan can be observed over the period 2020-2024, indicating an overall intensification of investment activity in the national economy [10].

At the national level, total investments in fixed capital increased significantly from 210,195.1 billion UZS in 2020 to 507,490.2 billion UZS in 2024, representing more than a twofold growth over the analyzed period. This dynamic reflects the implementation of active investment policies, large-scale infrastructure projects, and increased public and private sector participation in capital formation. The most pronounced acceleration occurred after 2022, suggesting a post-pandemic recovery phase accompanied by expanded investment programs and structural economic reforms. A similar growth pattern is evident in Tashkent city, which consistently maintained a leading position in terms of investment volumes. Investments in the capital increased from 21,148.6 billion UZS in 2020 to 73,325.1 billion UZS in 2024. The high concentration of investments in Tashkent city can be explained by its role as the country's main economic, financial, and industrial hub, characterized by developed infrastructure, higher investment attractiveness, and a greater concentration of large enterprises and foreign investment projects.

Investment activity in the regions (excluding Tashkent city) also demonstrated steady growth, rising from 189,046.5 billion UZS in 2020 to 434,165.1 billion UZS in 2024. This trend indicates a gradual expansion of investment processes beyond the capital and reflects efforts to stimulate regional development, industrial diversification, and modernization of production capacities at the local level. However, despite the absolute growth, regional investments remain unevenly distributed, pointing to persistent disparities in economic development and investment attractiveness across territories.

The growth rate of investments, expressed as a percentage, further confirms the positive dynamics. The annual growth rate increased from 10.06% in 2020 to 14.4% in 2024, with the highest acceleration observed in the post-2021 period. This suggests a strengthening of investment momentum and growing confidence among investors, supported by institutional reforms, improved business conditions, and expanded access to financial resources.

Overall, the analysis demonstrates that investment activity in Uzbekistan during 2020-2024 was characterized by strong quantitative growth, increasing regional involvement, and rising

investment intensity. At the same time, the dominant role of Tashkent city highlights the need for more balanced territorial investment policies aimed at reducing regional disparities and enhancing the effectiveness of fixed capital investments in supporting sustainable and inclusive economic development.

Second, the results show that investment activity in the industry is becoming more structurally differentiated. Investments are no longer evenly distributed across all segments of the construction materials sector. Instead, higher investment intensity is observed in technologically advanced and high-demand subsectors, such as cement production, dry construction mixes, insulation materials, and eco-friendly building materials. This indicates a gradual reorientation of investment flows toward segments with higher value added and stronger growth potential.

The findings also demonstrate that digitalization plays an increasingly important role in shaping investment decisions. Investments related to digital technologies such as production monitoring systems, digital supply chain management, and data-driven planning tools are gaining prominence. These investments contribute not only to productivity growth but also to improved transparency, risk management, and decision-making quality. As a result, enterprises that actively invest in digital solutions tend to demonstrate higher adaptability to market fluctuations and external shocks.

Overall, the construction industry in the Republic of Uzbekistan demonstrated relatively stable growth throughout the analyzed period. In 2020, the growth rate amounted to 109.5%, indicating resilience of construction activity despite external economic shocks. In 2021, the indicator slightly decreased to 106.8%, which may be associated with adjustments following the initial post-crisis expansion and structural realignments within the sector. During 2022-2023, growth rates remained moderate, fluctuating between 106.6% and 107.0%, reflecting a phase of stabilization. By 2024, construction activity accelerated again, reaching 108.8%, which signals renewed growth driven by increased investment, infrastructure projects, and urban development initiatives.

In contrast, the Tashkent region exhibited more pronounced fluctuations in construction growth rates over the same period. In 2020, the growth rate stood at 107.8%, slightly below the national average. However, in 2021, a sharp surge was observed, with the growth rate reaching 115.3%, significantly exceeding the national level. This spike indicates an intensive expansion of construction activities in the region, likely driven by large-scale residential, industrial, and infrastructure projects, as well as heightened investment concentration in the capital region. In subsequent years, the growth rate in Tashkent region moderated, declining to 108.6% in 2022 and 106.3% in 2023, which suggests a normalization phase after rapid expansion. Nevertheless, by 2024, construction growth in the region regained momentum, increasing to 110.1%, once again surpassing the national average. This confirms the sustained leading role of the Tashkent region in the development of the construction sector.

Comparative analysis indicates that while national construction growth remained relatively stable, the Tashkent region showed higher volatility but consistently stronger growth dynamics. This pattern reflects the unequal spatial distribution of construction activity, with the capital region acting as the main driver of sectoral expansion. Such concentration underscores the need

for balanced regional construction policies aimed at stimulating construction activity in other regions to ensure more even territorial development.

In general, the observed trends demonstrate that the construction sector in Uzbekistan maintained positive growth throughout 2020-2024, supported by investment inflows and development programs. At the same time, the dominance of the Tashkent region highlights structural imbalances that require targeted policy measures to enhance regional inclusiveness and sustainability of construction-driven economic growth.

Another important result concerns the influence of institutional and macroeconomic factors on investment activity. The analysis confirms that favorable regulatory conditions, targeted government support measures, and access to long-term financing significantly stimulate investment inflows in the construction materials industry. Conversely, regulatory uncertainty, high borrowing costs, and macroeconomic instability act as constraints, limiting the scale and effectiveness of investment activity. This highlights the critical role of a stable institutional environment in ensuring sustainable investment development.

From a sustainability perspective, the results indicate a growing orientation of investments toward environmentally responsible production. An increasing share of investment resources is directed toward reducing energy consumption, lowering emissions, and improving waste management practices. This trend is driven both by stricter environmental regulations and by market demand for sustainable construction materials. Consequently, environmental performance is becoming an integral component of investment attractiveness in the construction materials industry.

Finally, the results reveal persistent challenges that hinder investment efficiency. These include the high capital intensity of production, long payback periods, technological obsolescence of certain enterprises, and uneven regional distribution of investment resources. Such constraints limit the ability of smaller and less technologically advanced firms to fully participate in investment-driven growth, thereby reinforcing structural imbalances within the industry.

Overall, the results confirm that investment activity in the construction materials industry is undergoing qualitative transformation. The shift toward innovation-oriented, digital, and sustainable investments reflects modern economic trends and changing market requirements. At the same time, addressing institutional and structural barriers remains essential for enhancing investment efficiency and ensuring balanced and sustainable development of the industry.

CONCLUSION

The analysis conducted in this study confirms that investment activity in the construction materials industry is undergoing a significant quantitative and qualitative transformation under modern economic conditions. The empirical results demonstrate a steady increase in investments in fixed capital during 2020-2024, reflecting the strengthening role of investment as a key driver of industrial development, technological modernization, and expansion of production capacities within the construction sector. The findings reveal that investment growth is accompanied by structural shifts toward innovation-oriented, technology-intensive, and environmentally sustainable projects. Increasing attention to digitalization, energy efficiency, and advanced production technologies indicates a gradual transition of the construction

materials industry from traditional extensive growth to a more efficiency-based and sustainable development model. At the same time, the construction sector has shown resilience and adaptability, maintaining positive growth dynamics even amid external economic challenges.

Regional analysis highlights the leading role of the Tashkent region in construction and investment activity, characterized by higher growth rates and greater investment concentration. While this contributes to overall sectoral expansion, it also exposes persistent regional disparities in investment distribution and construction development. Addressing these imbalances requires the implementation of targeted regional investment policies aimed at improving infrastructure, enhancing institutional capacity, and increasing the investment attractiveness of less-developed regions. Moreover, the results emphasize the decisive influence of institutional and macroeconomic factors on investment effectiveness. Stable regulatory frameworks, access to long-term financing, and consistent state support mechanisms play a critical role in stimulating investment activity and reducing investment risks in the construction materials industry. Without addressing these systemic constraints, the potential of investment-driven growth may remain partially unrealized.

In conclusion, the construction materials industry represents a strategically important sector with substantial investment potential. Enhancing the efficiency and sustainability of investment activity requires an integrated approach that combines technological modernization, digital transformation, environmental responsibility, and balanced regional development. The conclusions of this study may serve as a practical and analytical foundation for policymakers, industry practitioners, and researchers in designing effective investment strategies and ensuring long-term, sustainable growth of the construction materials industry.

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