



McKinsey Global Institute

# Reinventing construction through a productivity revolution

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By [Filipe Barbosa](#), [Lola Woetzel](#), [Jan Mischke](#), [Maria João Ribeiro](#), [Mukund Sridhar](#), [Matthew Parsons](#), [Nick Bertram](#), and [Stephanie Brown](#)

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To transform the sector, action is needed in seven areas or through broader adoption of mass-production approaches.

**T**he construction industry employs about 7 percent of the world's working-age population and is one of the world economy's largest sectors, with \$10 trillion spent on construction-related goods and services every year. But the industry has an intractable productivity problem and, according to *Reinventing construction: A route to higher productivity*, a new McKinsey Global Institute report, an opportunity to boost value added by \$1.6 trillion.

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- [Appendix \(PDF-266 KB\)](#)
- [Executive Summary \(PDF-1 MB\)](#)
- [Full Report \(PDF-5 MB\)](#)



Video

### Reinventing construction: Seven ways forward

Change in seven key areas can lift construction's stagnant productivity.

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Other sectors have transformed themselves and their productivity performance. In retail, the mom-and-pop stores of half a century ago have been replaced by large-scale modern retailers with global supply chains and increasingly digitized distribution systems and customer-intelligence gathering. In manufacturing, lean principles coupled with [extensive automation](#) have utterly changed industries.

In comparison, much of construction has evolved at a glacial pace. Take one example: construction is among the least digitized sectors in the world, according to [MGI's digitization index](#). In the United States, construction comes second to least digitized sectors in the world, according to [MGI's digitization index](#). In the United States, construction comes second to

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