

Polish construction sees another lacklustre month of decline

In February, Polish construction output fell by 4.9% year-on-year, following a 6.1% decline in January. This result was worse than the consensus of -2.0%. In YoY terms, all categories reported by the CSO declined



Construction workers in Warsaw, Poland

Overall, building construction deteriorated the least (-0.3% YoY), most likely influenced by favourable weather conditions and high temperatures in February. The weakest area of activity was civil engineering construction related to infrastructure projects (down 7.8% YoY). These works were settled last December to fit within the framework of the previous EU budget for 2014-2020 – and while they are probably partially finalised now, they are not included in CSO statistics.

While the funds from the Recovery and Resilience Facility (RRF) have been unblocked for Poland, it will take time to put them into use, i.e., to hold tenders, prepare projects, etc. Therefore, the rebound in infrastructure investment will take place in either the second half of this year or 2025 at the earliest. The question also remains as to what the activity of real estate developers – who are probably waiting for the details of the government's real estate support programme – will look like. This is still in the draft stage, and we will probably learn the details in the second half of the

year. Although the number of housing projects started has increased, construction has been completed so fast that the number of housing units under construction has been declining recently.

The condition of the construction industry is one of the reasons why we expect the contribution of investment to GDP growth this year to be close to zero. A marked improvement should occur next year.

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