

Polish construction activity takes a dismal turn in March

In March, Polish construction output collapsed by 13.3% year-on-year, significantly worse than both the consensus of -4.3% and February's -4.9% print. This reflects dismal activity in both building constructions (-16.1%) and infrastructure-related works (-17.8%)



Construction in Warsaw, Poland

While demand for real estate significantly recovered in the second half of last year in Poland due to a government mortgage support scheme, this has not yet been reflected in construction. In 2023, real estate developers rushed to finish ongoing projects so that they could qualify for the government's programme. As a result, the number of flats under construction started to fall late in the year and have only marginally recovered so far in 2024. We already know the outline of the new government mortgage support programme, and it should result in a further raise in real estate demand (and prices). Therefore, the construction of both buildings and flats should recover later this year.

The dismal performance of infrastructure-related construction reflects the completion of projects financed under the previous EU perspective 2014-2020 (following the T+3 rule). At the same time, projects from the new EU perspective saw a relatively slow start. Delayed access to the Recovery Fund also indicates that projects financed from this source should begin in 2025 and 2026.

Consequently, 2024 should remain a weak year for infrastructural investments as a whole.

Author

Piotr Poplawski

Senior Economist, Poland

piotr.poplawski@ing.pl

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.