

Polish construction sees another lacklustre month in May

Polish construction fell by 6.5% YoY in May (consensus -3.8%), after -2.0% YoY in April. It's difficult to estimate the impact of two long weekends on the sector, but it was most likely significant. The second quarter of the year will be another period that sees a decline in added value in construction and total investments



Construction in Warsaw, Poland

Construction production broken down by sector shows real estate developers continuing to report low activity. Building construction decreased by 5.4% year-on-year after -5.9% YoY a month earlier. According to companies analysing the real estate market, apartments for sale rose much faster than they were sold at the beginning of the year. In some cities, the number of apartments on offer is approaching record highs. The large increase in housing prices at the turn of 2023/2024 means that even with public support, many people cannot afford their own property. At the same time, the launch of the new government mortgage support programme remains unknown.

The civil engineering construction sector – related mostly to public investments – decreased by 6.6% YoY after an increase of 7.8% YoY a month earlier. The favourable calendar arrangement was most likely responsible for the large rebound in this category in April. In May, calendar effects had a negative impact. Moreover, the launch of Recovery and Resilience Facility (RRF) projects and the

new EU budget unfortunately remains slow.

Overall, we believe that we'll likely need to wait until 2025 to see a rebound in construction, when the absorption of EU funds should pick up.

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