

## Polish construction output falls in July, but less than in June

Construction and assembly production fell by 1.4% YoY in July (consensus: -2.5%). This is a much better result than in June (-8.9% YoY) but was mainly due to a more favourable calendar layout, with two more working days than last year. We'll likely need to wait until 2025 for a bigger rebound in construction, both in housing and public investment



Construction output was much weaker than projected in March

Construction remains one of the weakest areas of the Polish economy and, as it accounts for about 50% of total investment, it is the main reason for weak investment activity this year.

Civil engineering construction, primarily related to public infrastructure investment, increased by 0.8% year-on-year (-0.9% YoY in June). Nonetheless, the start-up of projects co-financed by both the Recovery and Resilience Facility (RRF) and the new EU budget has been very slow and this has affected public investment this year. We expect an improvement in this category next year and in 2026.

The construction of buildings also continues to be very weak, falling 8.3% YoY in July (-7.9% YoY in

June). While the reported number of construction starts has increased recently, this does not necessarily mean that the construction work has actually begun. Residential developers are facing an oversupply of expensive apartments – projects already started are being completed, and demand for real estate is weak. As a result, the number of completed apartments on offer is growing. Potential buyers are probably waiting for details of the announced government support for the real estate market. High housing prices and high interest rates limit affordability.

We'll likely need to wait until 2025 for a bigger rebound in housing construction. The outlook for commercial construction (such as warehouse space, among others) is blurred due to market saturation and the ongoing downside inventory cycle.

## Author

**Piotr Poplawski**

Senior Economist, Poland

[piotr.poplawski@ing.pl](mailto: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 [www.ing.com](http://www.ing.com).