

Polish construction sees a solid year-end rebound

The Polish construction sector's strong rebound continued in December, driven by subsidised government credit and EU co-financed investments



Construction in Warsaw, Poland

In December last year, construction and assembly production rose by 14% year-on-year, well above consensus (4.1%). It saw a 3.9% YoY increase in November. Despite less favourable calendar effects – including two working days less in December 2023 than in 2022 – there were several driving forces behind the rebound in momentum:

1. Slightly warmer weather at the end of 2023 than 2022, facilitating construction work.
2. The finalisation of investments with EU funds before the end of the accounting period of the previous EU perspective. Civil engineering construction increased by as much as 19.2% YoY.
3. Further improvements in residential construction, related to the rebound in demand caused by the government's low-cost loan programme. Building construction increased by 13.4% YoY.
4. A very low December 2022 base, particularly for specialised works.

2024 should bring further improvements in the housing market. New measures will be introduced to stimulate an already solid rebound in the mortgage market. In our view, this will support further

development in housing construction. The number of dwellings under construction has been gradually improving since the bottom in summer 2023, and this effect should accelerate this year.

Prospects for categories related to infrastructure investment (particularly for civil engineering construction) look less optimistic. Projects financed from the old EU budget have almost been completed. In contrast, investments co-financed from the National Recovery and Resilience Plan will start with a delay. Launching projects from the new EU budget is also set to take time.

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