

Snap | 21 December 2023

POLAND

Polish construction weakens in November due to harsh weather

In November, construction output rose by 3.9% YoY, noticeably weaker than in October (9.8%) and the consensus of 7.2%. This was most likely a result of less favourable weather conditions, including snowfall as well as temperatures which have been markedly lower than a year earlier. Housing remains robust



Construction workers in Warsaw, Poland

Poor weather affected industries typically associated with public investment, such as civil engineering (up by 5.3% year-on-year, compared to 17.6% a month earlier). Specialised construction performance also deteriorated substantially (down 5.6% YoY after a 7.1% increase). Such a strong deterioration is most likely a temporary effect, and the weather has improved in December. The situation in infrastructure construction will also be supported in the coming months by good prospects for the rapid release of EU funds, including the Recovery and Resilience Fund. Without this, we would have seen a decline in the inflow of European funds relative to 2023.

On the other hand, building construction was strong. Despite the weaker weather, the category grew by 10.7% YoY (versus only 1.1% a month ago). We expect building construction to continue improving over the coming months. This is the result of a significant uptick in

demand for real estate, which is linked to the low-cost mortgages program. According to the stat office's data, the number of housing units under construction has been gradually increasing since the bottom in the summer of this year.

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