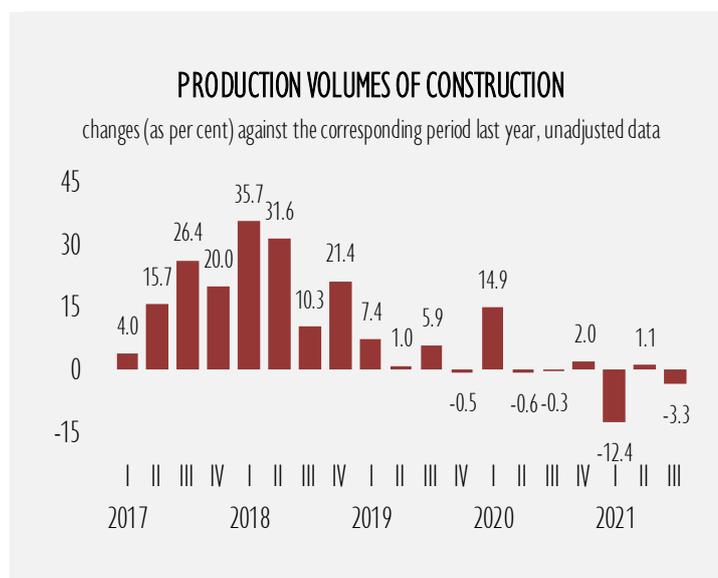


On Construction in Q3 of 2021

In Q3 of 2021, construction slowed down

In Q3 of 2021, the volumes of construction output declined by 3.3%, compared to the corresponding period last year. Also, a decline has been observed in the first three quarters of the year as a whole, as the volume of construction output decreased by 4.1%, compared to the corresponding period last year. In Q1 of 2021, the decline could largely be attributed the base effect (i.e., the unusually warm winter of 2020 favourable for construction). However, in Q3 of 2021, a decline in demand has been observed due to the global rise in construction costs, especially with increasing wood and metal prices. This has negatively affected the development of existing construction projects and hindered a launch of new projects.



In Q3 of 2021, the construction volumes of civil engineering increased. However, the construction of buildings and specialized construction activities decreased. The decline in the construction of buildings more significantly affected the overall production volumes of construction.

In Q3 of 2021, the construction volumes of buildings declined by 12.8%, compared to the corresponding period last year. Also, demand for non-residential construction declined. However, the construction of residential buildings increased slightly. In this segment, the growth in the construction of two- and more-apartment buildings outweighed the significant decline observed in the construction of private buildings.

In Q3 of 2021, the growth was observed only in civil engineering, as the volume of construction increased by 4.4%, compared to Q3 of 2020. A steady rise was observed in all areas of civil engineering.

In Q3 of 2021, specialized construction activities decreased by 3.5%, compared to Q3 of 2020. During this period, almost all sub-categories of specialized construction activities, except for building completion, declined.

In Q3 of 2021, the number of building permits granted also slightly decreased. In particular, 1352 building permits were granted, representing a 1.8% decline, compared to the corresponding period last year. It can primarily be attributed to the decrease in building permits issued for the construction of hotels, industrial buildings, and warehouses. It should be noted that the expected floor space for the construction of office buildings increased.

The adversities linked to global trade and rising prices of building materials are currently having a negative impact on construction. Given that the implementation of the projects of the new period of the EU Structural Funds and the Recovery and Sustainability Mechanism Plan will be initiated in the near future, the construction is anticipated to return to rapid growth in the medium term.