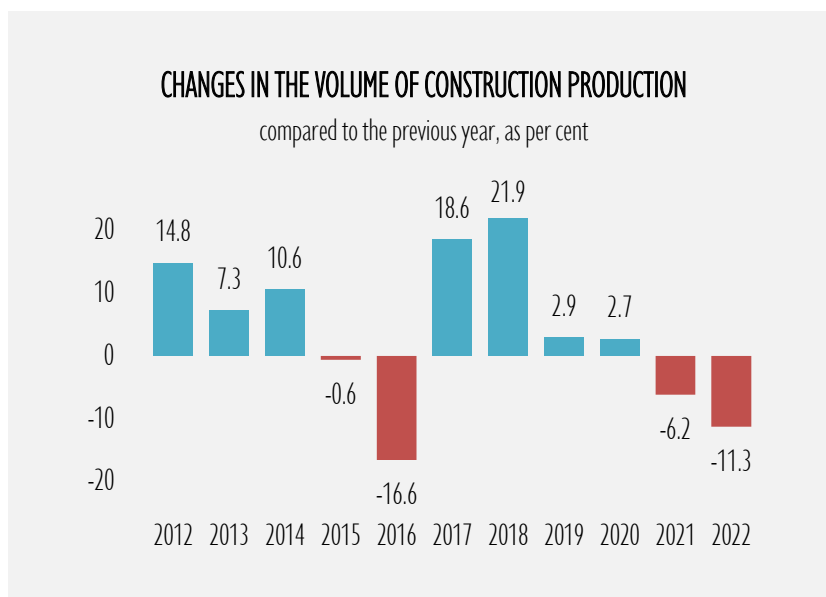


On Construction in Q4 of 2022 and the year as a whole

In 2022, the construction volume decreased by 11.3%

The latest data of the Central Statistical Bureau (CSB) show that in Q4 of 2022, the volume of construction output decreased by 8.3%, compared to the corresponding period last year, which was the lowest rate of decline in the volume of construction in 2022. In the 4th quarter, on an annual basis, the construction of buildings decreased by 7.7%, while the production volumes of the other basic groups of construction - engineering construction and specialized construction works - decreased by 9.8% and 8.1%, respectively. In 2022, the volumes of construction production declined by 11.3%.



In all quarters of 2022, a downturn in construction, as investments in the sector declined, was observed. Already in 2021, the industry was negatively affected by the global price increases caused by Covid-19, especially with a significant increase in the prices of wood and metals. In 2022, the pressure on construction costs was intensified by Russia's invasion of Ukraine, as a result of which the availability of certain building materials significantly decreased, as well as energy resources became more expensive.

A decline was observed in all the main construction groups in the last year. Building construction in 2022 decreased more moderately - by 9.8%. The negative impact was more pronounced in the construction segment of non-residential buildings than in the residential segment. This can be explained by the wait-and-see attitude of private investors to develop commercial objects in these economic and geopolitical conditions.

The volumes of engineering construction in 2022 decreased by 13.1%, compared to 2021. Negative indicators are present in all segments of the sub-sector, albeit the slowest rate of decline was observed for the construction of roads and railways.

The rate of reduction of specialized construction works in 2022 reached 11.3%. The decrease was observed in all segments of the sub-sector, with a smaller negative impact on the sectors of electrical installation, pipeline installation and other similar activities, as well as other specialized construction works.

The dynamics of the number of granted building permits follows a similar trend. The number of building permits issued in 2022 reached 4,784, which was 3.8% less than the previous year. This was determined by the reduction of building permits issued for the construction of commercial premises and other non-residential premises. The rate of reduction of the expected floor space in building permits is more rapid. In 2022, it decreased by 28.6%, compared to 2021.

It is anticipated that the factors affecting the construction sector will continue to hamper development in the coming months. On the other hand, as the pressure of high inflation gradually eases and the activities of the new EU funds planning period begin, it is expected that the industry will return to positive growth rates.