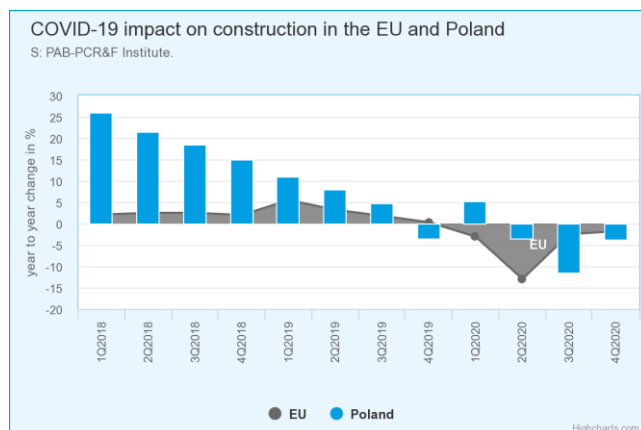


## Polish construction in the pandemic year of 2020 - the collapse of non-residential construction

Two waves of the Covid-19 pandemic in 2020 left a devastating mark on the world's economies and construction markets, including the 28 EU countries.

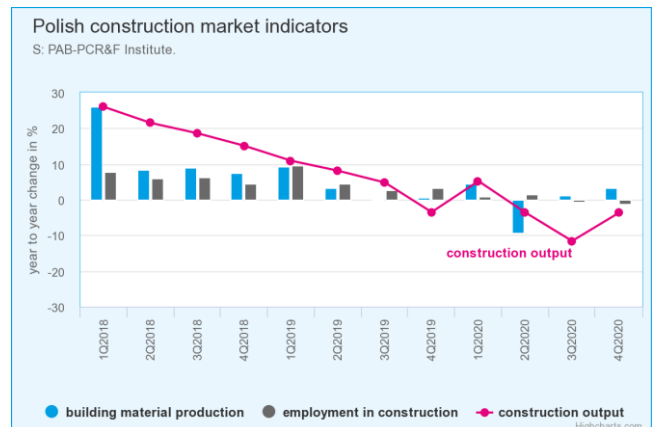
According to the latest EUROSTAT data, there was a deep double-digit decline in construction output in EU countries in 2020 as a result of the restrictions in socio-economic functioning caused by the pandemic, especially in the second quarter of 2020 (-13%).

High dynamics of Polish construction production sustained since 2016 and continued in the first quarter of 2020 (+5.2%). The negative impact of the pandemic did not show until the third quarter of 2020 when a double-digit decrease in construction output was recorded (-11.6%); in comparison to the quarter of the previous year.



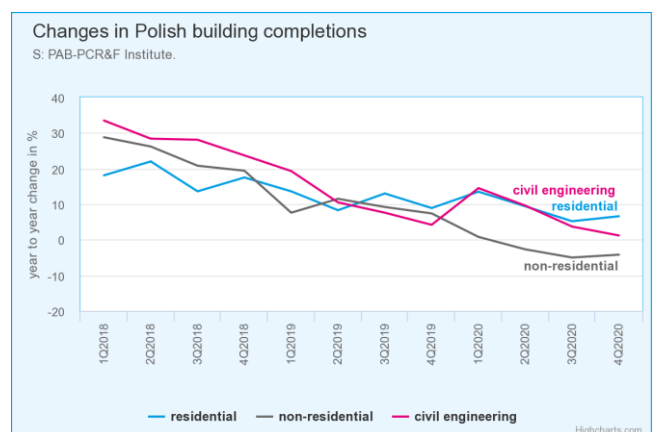
In the fourth quarter of 2020, the downward trend in construction output was halted both across Europe and in Poland, which may indicate that construction companies are better prepared to carry out construction work under restrictions due to health measures as a result of the pandemic.

The decline in Polish construction output in 2020 was also accompanied by a slump of sales of construction materials and products, which fell by 9% in the second quarter of 2020. Also a slight decline of employees in construction companies with a staff of more than 9 persons was recorded from the third quarter 2020 onwards, after constant quarterly increases in previous years.



According to the preliminary estimates, total construction output fell by about 3% in 2020 in Poland, caused by a strong downturn in non-residential construction output, especially in the commercial and service sector. Company revenues declined most drastically due to administrative restrictions or even closures for several months.

Strong downward trends in the Polish construction industry, which occurred in the second and third quarter of 2020, slowed down by the - despite the pandemic - continued steady increase in work in residential construction and civil engineering.



COVID-19, which caused many months of restrictions in the functioning of industries that provide various services to people, including accommodation, catering, commerce, recreation and sports, has led to a sharp decline in demand for their activities and their financial capabilities.

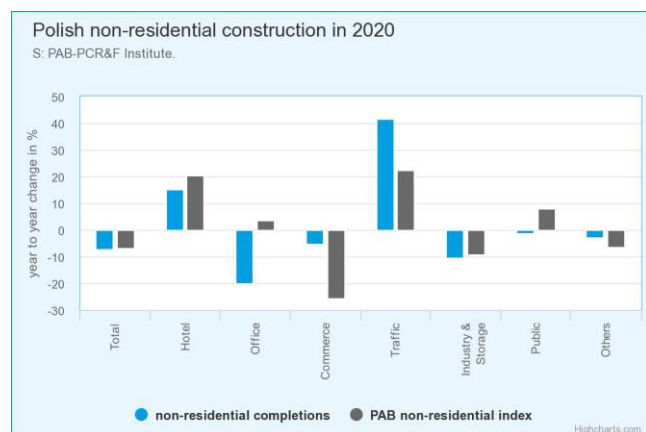
As a result, it caused:

- a decline in the ability of commercial investors to invest in and realise construction projects,
- an increased caution of private investors, which reduced the number and volume of investments undertaken and continued,
- due to the lack of funds, the postponement of repairs and maintenance by the owners of non-residential buildings and their limitation to emergencies,
- due to the increase in expenditure related to the coronavirus and lower-income, postponement or cancellation of planned investments after reassessment by local governments.

Limited contact with the authorities responsible for issuing permits and controlling construction had a negative or even inhibiting effect on conditions for the construction industry during the pandemic by slowing down the permitting process.

Out of seven statistically recorded sub-segments of non-residential construction, only two recorded growth in construction output: transport and communications by 41.7% (down 40% a year ago) and hotels by 15.3% (up 3.5% a year ago).

According to the latest CSO estimates, in 2020 declines were recorded in the following five sub-segments: the lowest in office construction with a downturn of 20% (2019: +1%), followed by industrial and storage construction of 10.3% (2019: +8.5%), commercial construction of 5% (2019: 17.4%) and in construction of public buildings of 1% (2019: +10.1%). Other building construction (including sports buildings) declined by 2.6 (2019: +6.1%).



Strong and rapid changes in the economic situation of construction markets are caused by successive waves of the

Coronavirus. The third wave of the pandemic, which arrived in the first quarter of 2021, deepens the negative phenomena from 2020 on the European and Polish construction markets.

The assessment of the impact of this third wave of the pandemic on the European construction industry is one of the topics which will be presented at the [9<sup>th</sup> EUROCONSTRUCT Conference](#), which will be streamed from Vienna on 10 and 11 June 2021.



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