

## PRESS RELEASE

### 85th EUROCONSTRUCT Conference

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## Construction will continue to grow in Europe in the next few years

**European construction is growing well on the back of low interest rates, good economic growth and pent-up needs. Economic growth is expected to remain solid, unemployment will decrease, exports will grow, interest rates will remain low and the confidence of consumers and business and industry in the future is high. Thus, tax revenue will increase allowing e.g. increasing investment in public construction, transport networks and other infrastructure. Urbanisation, immigration and internal migration, and ageing of the population are other important factors from the viewpoint of construction.**

### Growth continues but at a slower pace

According to the EUROCONSTRUCT forecast in June 2018, European construction will grow 2.7 per cent this year – the pace will slow down clearly from last year's 3.9 per cent. Growth will continue in 2019 and 2020, but at a slower rate, and construction will no longer be the European engine of growth. European construction growth is broad-based and occurs in all main sectors: residential, non-residential and civil engineering, both new construction and renovation. The role of new housing construction as the engine of growth will diminish and the focus of growth will shift to civil engineering construction.

### Despite growth, the volume of construction is below the 2007 level

European construction has seen large fluctuations in the last 10 years. After the financial crisis, construction contracted for five years and turned to growth in 2014. This is the fifth consecutive year of growth. As growth is expected to continue also in 2019 and 2020, the sector is in for a seven-year growth streak. The rise from the 2013 low has, however, been slow and the volume of construction in the EUROCONSTRUCT area will still be 14 per cent lower than in 2007.

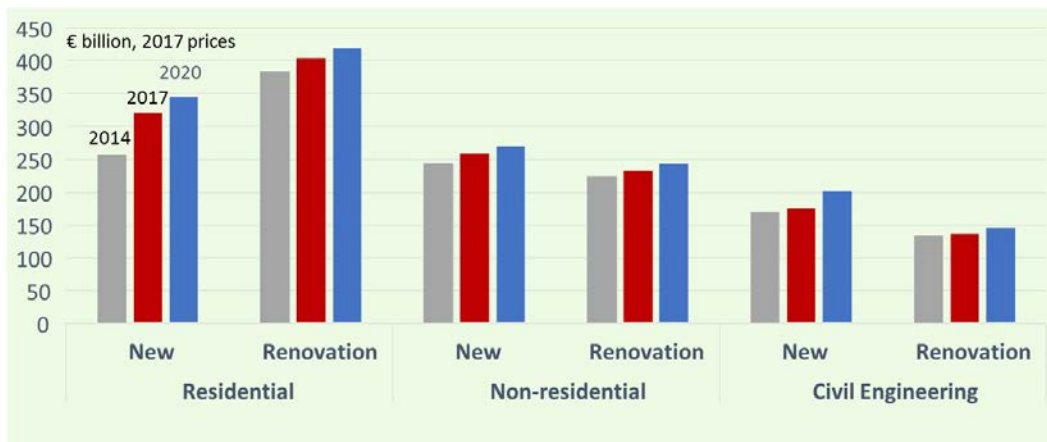
Considering the unhealthily high construction volumes of a few European countries before the financial crisis and the very powerful collapse, the volume of construction can be said to reach the 2007 level this year. A similar phenomenon has occurred in the U.S. – a multi-year collapse followed by a long period of growth. There construction turned to growth in 2011 and will reach the pre-financial crisis record level of 2006 after a few years.

### Great differences in regional and country-specific outlooks

In 2018 and the next two years construction growth will be fastest in Hungary, Poland, Ireland and Portugal: nearly 12 per cent p.a. in Hungary and 7–8 per cent p.a. in the other countries. Growth will stop in the next few years in Finland, Germany and Sweden. In the eastern European (CEE-4) countries growth is rapid. The expected average growth is 7.5 per cent p.a. while that of the western European (EC-15) countries is 1.7 per cent p.a.

Nordic construction has grown briskly in recent years. In 2016 and 2017 it was about 5 per cent while the European figures stood at 2.5 and 3.9 per cent. This year Nordic construction growth will slow to just over 3 per cent, and in 2020 it will be only 0.5 per cent. Sweden and Finland are responsible for the Nordic slowdown. In 2019 and 2020 the average growth will be somewhat negative in Finland and in Sweden, but remains positive in Norway and in Denmark.

## European (EC-19) Construction value by sectors in 2014, 2017 and 2020



Source: EUROCONSTRUCT, June 2018

TOTAL CONSTRUCTION OUTPUT					(% change in real terms)		
Country/Year					Forecasts		Outlook
	2014	2015	2016	2017	2018	2019	2020
Austria	-0,1	1,1	1,1	2,6	1,6	1,5	1,5
Belgium	1,4	2,3	3,6	2,7	3,7	1,0	4,5
Denmark	2,6	2,6	3,9	3,1	2,4	2,8	2,4
Finland	-1,6	0,3	7,7	3,1	3,4	-1,7	-1,9
France	-6,0	-2,0	2,6	3,8	2,8	1,2	1,1
Germany	1,8	0,2	2,6	2,4	0,8	-0,2	-0,6
Ireland	10,4	6,3	16,4	16,7	11,1	6,0	4,2
Italy	-2,2	0,9	1,0	0,7	2,0	1,8	1,6
Netherlands	0,5	7,7	5,8	4,4	4,5	4,6	3,8
Norway	1,7	-0,7	5,0	6,4	4,5	3,6	2,2
Portugal	-1,2	3,5	-0,5	9,4	7,7	7,3	6,2
Spain	-1,7	2,9	1,9	4,3	4,8	4,3	3,4
Sweden	7,5	6,6	5,7	6,6	2,5	-0,2	-1,4
Switzerland	3,5	1,7	0,9	1,9	2,5	1,3	0,5
United Kingdom	9,4	4,0	4,0	5,5	0,1	0,9	2,0
<b>Western Europe (EC-15)</b>	<b>0,8</b>	<b>1,5</b>	<b>3,0</b>	<b>3,6</b>	<b>2,3</b>	<b>1,5</b>	<b>1,3</b>
Czech Republic	4,1	6,8	-5,6	3,4	5,0	6,7	2,5
Hungary	7,8	1,8	-18,3	25,0	24,6	11,2	-0,4
Poland	4,7	4,1	-5,0	8,8	9,9	10,0	4,3
Slovak Republic	-3,4	18,5	-11,4	3,8	4,1	2,0	-1,0
<b>Eastern Europe (EC-4)</b>	<b>4,4</b>	<b>5,3</b>	<b>-7,3</b>	<b>9,1</b>	<b>10,4</b>	<b>9,1</b>	<b>2,9</b>
<b>Euroconstruct Countries (EC-19)</b>	<b>1,0</b>	<b>1,7</b>	<b>2,5</b>	<b>3,9</b>	<b>2,7</b>	<b>1,9</b>	<b>1,4</b>

Source: EUROCONSTRUCT, June 2018

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