

PRESS RELEASE

90th EUROCONSTRUCT Conference

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Construction activity expected to fall by 7.8% – complete recovery not before 2023

Beyond all market influences seen in recent years, the effects of the corona crisis have now taken over within a short time. According to the latest forecast, the construction volume in the EUROCONSTRUCT area is expected to slump by 7.8% in 2020. This means the second upward revision after -11.5% in June and -9.1% in August. For 2021, the forecast is quite similar to the revision in August and amounts to a growth of 4.1%. For the years 2022 (+3.4%) and 2023 (+2.4%) the outlook remains positive. Until 2023 total construction output in the EUROCONSTRUCT area is likely to reach €1.73 trillion and to exceed the pre-corona level of 2019 by €28 billion or 1.7%.

The consequences for the individual countries are significantly different. Thus, the range goes from a small growth in Finland and stagnation in Portugal and Norway to a sharp decline of almost one fifth in the UK in the current year. Other heavyweights like France or Spain are also strongly affected, whereas the German market did surprisingly well due to the fact that activities could continue relatively unhindered.

Regarding the individual market segments, it should be pointed out that the civil engineering sector is likely to be least affected by the corona turbulences. The expenditure on infrastructure facilities will fall by only 3.8% this year and expand by 5.2% next year. However, the negative consequences for building construction should be much bigger. The EUROCONSTRUCT network is expecting a minus of 9.2% for the non-residential construction sector followed by a moderate plus of 2.5% in 2021. Even in 2023, the level of 2019 is likely to be missed. This is different for the residential segment. After a major loss by 8.6% in 2020, the market will regain significant momentum in 2021 with an expected growth of 4.7%. Due to government bans and legal uncertainties in spring also many renovation projects had to stop, partly even for weeks. This leads to the fact that, different from typical economic crises, this time even the renovation sector has been heavily affected. While the construction of new buildings will probably collapse by 10.5% this year, the renovation activities will severely weaken by 7.3%, as well.

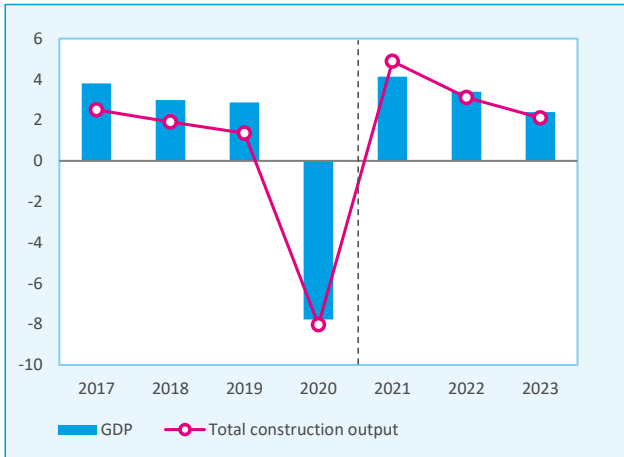
The assessment of the further development of construction activity is based on the assumption that the economy in the EUROCONSTRUCT area will shrink by 8.0% in 2020 and grow by 4.9% in 2021. But in times of strong restrictions of public life and with another lockdown in many countries, whose duration and consequences are currently difficult to assess, this can only be an orientation. In fact, the direct impact on the construction industry should be much less severe than in spring. The situation for construction companies, clients and authorities is no longer entirely new and most construction sites should remain open now because, compared to the period March-May, there are already many protection measures in use and the digital working procedures are practised. But indirect negative effects of the pandemic must be considered, as well. Already the first lockdown caused economic damages like rising unemployment, sunken turnovers or tax losses which will be felt in the coming months. While these are not yet fully foreseeable, the European economy is now threatened by a second blow, although partly this may be less severe. Much will also depend on how well the government relief/stimulus programmes will work.

Beyond the corona issue it is to be expected that in the mid-term positive factors like the need for housing in urban regions, for energetic renovation and for modernising the infrastructure will set the tone again.

For additional information please contact:

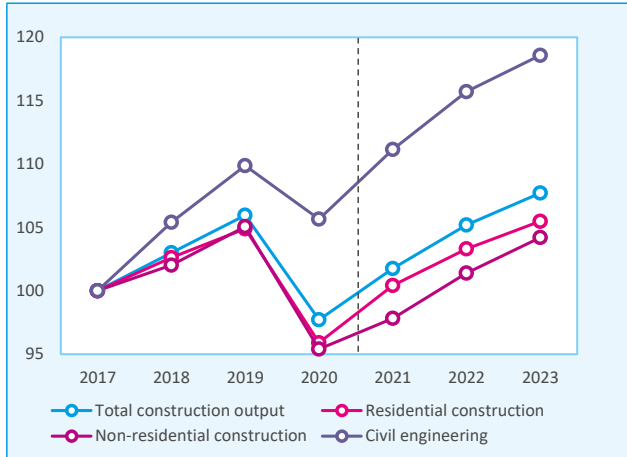
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GDP and Total Construction Output from 2017 to 2023
year to year change in %



Source: EUROCONSTRUCT, November 2020

Total Construction Output by Sector from 2017 to 2023
Index 2017=100



Source: EUROCONSTRUCT, November 2020

TOTAL CONSTRUCTION OUTPUT								(% change in real terms)	
Country/Year	Estimate				Forecasts		Outlook		
	2017	2018	2019	2020	2021	2022	2023		
Austria	2.5	3.6	3.6	-2.8	2.5	2.1	1.8		
Belgium	1.9	2.3	0.4	-7.1	8.7	3.2	3.6		
Denmark	3.0	1.3	9.1	-0.7	1.0	2.3	2.1		
Finland	2.0	2.0	-1.4	1.3	-5.3	-0.2	-2.0		
France	3.9	3.3	2.8	-15.8	13.6	4.7	2.8		
Germany	2.1	1.8	2.0	-1.6	-0.2	0.4	0.2		
Ireland	13.6	13.0	7.5	-16.0	8.1	3.8	4.0		
Italy	0.5	1.9	2.9	-7.4	6.6	4.5	2.1		
Netherlands	3.6	6.4	3.1	-2.2	-6.1	4.6	5.7		
Norway	6.9	-2.8	2.6	0.1	0.3	4.4	2.4		
Portugal	11.0	9.3	6.0	0.1	2.3	2.5	2.7		
Spain	5.0	6.4	4.5	-12.5	4.5	3.5	3.0		
Sweden	7.3	0.1	-0.5	-0.4	-0.1	0.1	1.8		
Switzerland	1.2	0.9	-0.3	-2.0	0.6	0.4	0.5		
United Kingdom	5.9	-0.2	3.2	-19.5	12.6	8.4	4.8		
Western Europe (EC-15)	3.5	2.4	2.7	-8.0	4.5	3.4	2.3		
Czech Republic	4.5	7.0	1.1	-3.9	-1.3	1.9	3.3		
Hungary	25.5	19.8	16.3	-8.3	-4.5	6.2	6.4		
Poland	7.3	14.2	5.0	-3.1	0.3	3.0	3.0		
Slovak Republic	3.8	8.0	-4.7	-9.5	1.0	4.5	2.7		
Eastern Europe (EC-4)	8.6	12.8	5.2	-4.5	-0.8	3.3	3.6		
Euroconstruct Countries (EC-19)	3.8	3.0	2.9	-7.8	4.1	3.4	2.4		

Source: EUROCONSTRUCT, November 2020