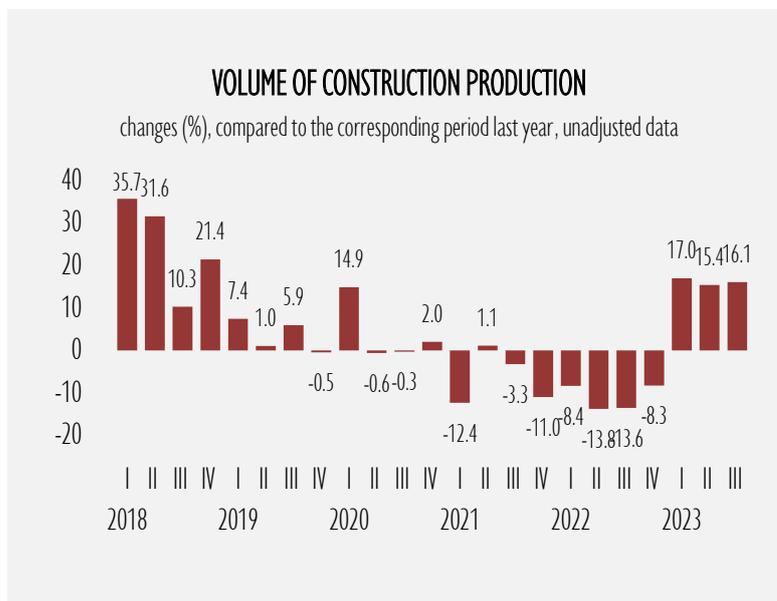


On Construction in Q3 of 2023

Construction continues to recover rapidly

Construction production volumes have increased for the third consecutive quarter. In Q3 of 2023, construction output increased by 16.1% compared to the corresponding quarter of the previous year (unadjusted data at constant prices). An upswing in Q1-Q3 of 2023 has been observed - the annual construction output has increased by 16.1%, compared to the corresponding period last year. It can be observed that the rise in customer activity is reflected in the industry's most favorable indicators.



Examining the fundamental construction categories reveals disparities in the growth rates of activities. In 2023, building construction and specialized construction works emerge as the primary drivers of the industry's development, while activity in engineering construction has experienced significantly slower growth.

In Q3 of 2023, building construction exhibited the highest growth rate, surging by 33.2% compared to the corresponding period in 2022. During this time period, the non-residential buildings segment played a pivotal role in setting the pace for the development of this primary group.

In Q3 of 2023, the volume of engineering construction saw a modest increase of 2.3% compared to the same period in 2022. The patterns observed in the previous quarter persist within this core group. Municipal infrastructure facilities and other engineering constructions (comprising the construction of hydrotechnical facilities and engineering construction not classified elsewhere) show growing activities, albeit only partially compensating for the decline in the construction of roads and railways.

Specialized construction works recorded a substantial 16.6% increase in volume during this period. Growth is evident across all areas within the core group, with the building demolition and site preparation segment exhibiting the fastest pace.

Despite the positive trends in specialized construction, there was a decline in building permits issued, with a decrease of 8.7% (1189 permits) compared to the corresponding period in the previous year. A similar trend is observed in the estimated area, which decreased by 10.3% during this period.

The current favorable dynamics in the construction industry provide an optimistic outlook for its near-term development. Relatively rapid growth indicators are anticipated in the upcoming quarters, although challenges persist, including the relatively high price level and constraints in labor availability.