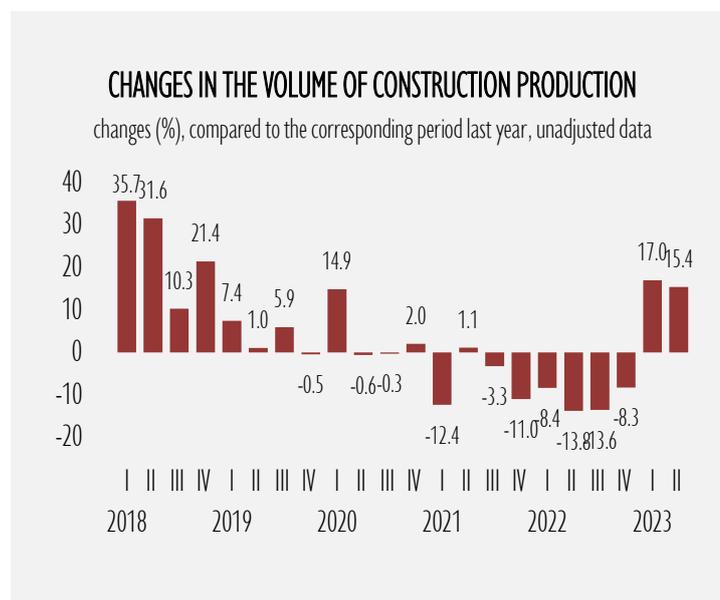


## On Construction in Q2 of 2023

**In Q2 of 2023, growth in construction endured**

The construction sector's indicators in 2023 are showing continued improvement, with the sector having rebounded and returned to a growth trajectory. In the first half of the year, compared to the corresponding period last year, the volume of construction production increased by 16.1% (unadjusted data at constant prices). On the other hand, in Q2 of 2023, the construction production rose by 15.4%. Much like the situation in Q1 of 2023, the growth rate in the construction sector has been shaped by the industry's and customers' resilience in adapting to the challenges of recent years. These challenges include the swift escalation of construction costs and the struggles in securing essential construction materials. Additionally, a contributing factor is the industry's growth appearing more pronounced due to the low base effect resulting from the two-year recession.



Growth within the construction sector has not been consistent across all core construction groups. Building construction and specialized construction have experienced rapid growth, whereas civil engineering has shown limited or minimal growth.

Building construction in Q2 of 2023 increased by 21.7%, compared Q2 of 2022. Steady growth can be observed in both residential and non-residential building segments.

In Q2 of 2023, the volumes of engineering construction have essentially stagnated, remaining at the same level as in Q2 of 2022, with a marginal growth rate of only 0.9%. During this period, the slight increase in the volume of urban infrastructure projects and other engineering construction categories (which encompass the construction of hydrotechnical objects and various engineering projects not classified elsewhere) only partially offset the decline observed in the construction of roads and railways.

During the corresponding period of 2023, the volumes of specialized construction works have surged by an impressive 21.1% compared to the same period in 2022. This growth is evident across all segments within this category, with rapid progress in building demolition, construction site preparation, and other specialized construction works, including roofing and various unclassified construction activities.

In Q2 of 2023, the number of building permits issued totaled 1180, representing a decrease of 13.6% compared to Q2 of 2022. This decline was observed across most types of buildings, except for wholesale and retail structures, as well as industrial production buildings and warehouses. In contrast, the anticipated total construction area has seen a slight increase, rising by 3.2% during this period.

The positive indicators of the sector allow us to make cautious forecasts about the continuation of growth in the near future.