

On Construction in Q4 of 2020 and 2020

Growth in construction has been observed in both Q4 of 2020 and 2020

According to the Central Statistical Bureau (CSB), construction volumes in the 4th quarter of 2020 increased by 2% annually. In Q4 of 2020, the volumes of civil engineering construction were by 6.3%, compared to the corresponding period last year. However, the construction of buildings declined by 4.4%.

Overall, in 2020, construction output increased by 2.7%. The pace of construction development remained at the level of 2019.

Although the decline in private investment caused by the economic downturn in the second and third quarters of 2020 had a negative impact on the output of the sector, the dynamics of the sector are positive due to the positive indicators of the first and fourth quarters.

Analysing the development of construction by subsector, it is evident that the driving force of the sector on an annual basis was specialized construction works, which had the largest growth rate. Also, growth was observed in the construction of buildings. However, the volumes of civil engineering construction decreased slightly.

In 2020, a rapid increase in specialized construction works was observed. Its construction output was 8% higher than in 2019. In 2021, an increase can be observed in almost all areas of specialized construction works, except for demolition of buildings and site preparation.

The construction output of buildings remains at the level of 2019; in 2020, the growth rate reached 0.9%. Development can be observed in both segments of the subsector: construction of residential houses and non-residential buildings. The increase in the construction of two and more apartment houses was determined by the development of the residential house segment.

In 2020, the volumes of engineering construction decreased by 1.5%, compared to 2019. In the subsector, only the construction of roads and railways exceeded the volumes of the previous year on an annual basis.

In 2020, the number of building permits issued declined, compared to the previous year. Overall, the number of issued building permits reached 4819, which was 3.3% less than a year ago. The decline can primarily be attributed to the decrease in the number of building permits issued for the construction of private houses. At the same time, the expected floor space in building permits decreased to a larger extent - the decrease reached 16.9%.

It is evident that the beginning of 2021 will not be as favourable for the sector in terms of weather conditions, compared to the corresponding period last year, which most likely will negatively weigh on the volumes of construction output. On the other hand, the prospects for 2021, along with the negative impact of the coronavirus on the economy as a whole, should be assessed with caution.

