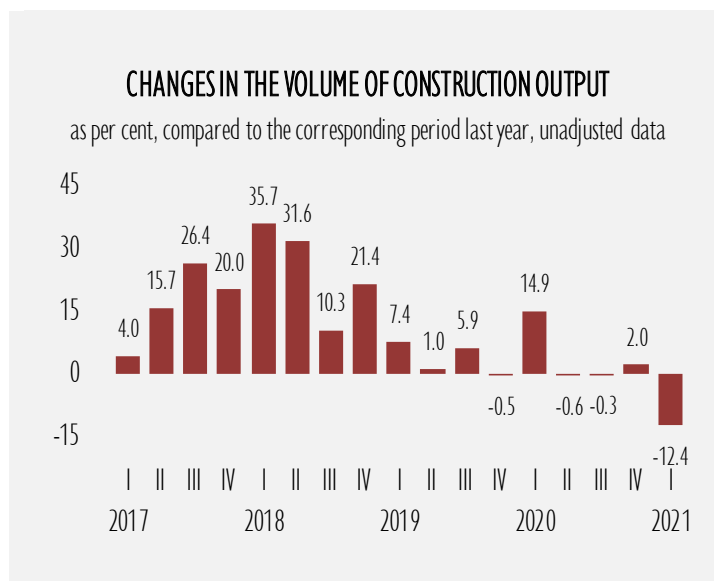


## On Construction in Q1 of 2021

**In Q1 of 2021, a decline in construction has been observed**

At the beginning of 2021, construction experienced a slowdown in growth. In Q1 of 2021, compared to the corresponding period last year, construction output decreased by 12.4% (i.e., according to unadjusted data). Also, production volumes in the first quarter of 2021 remained essentially unchanged, compared to Q1 of 2019. The decline can primarily be attributed to the base effect (i.e., atypically warm winter of 2020 favourable for construction), as well as by the various restrictions imposed on the movement of goods due to the Covid-19 pandemic.



In Q1 of 2021, the production volumes in all sub-sectors of construction decreased.

Only a minor decline in specialized construction work was observed. However, construction of buildings (i.e., formerly the most rapidly growing sub-sector of construction) experienced the largest decline.

In Q1 of 2021, the construction volumes of buildings decreased by 16.6%, compared to the corresponding period last year. The fall can primarily be attributed to the decline in the non-residential segment. However, in the residential segment, the decrease was caused by a sharp decline in the construction of private houses, which could not be compensated by the increase in the volume of two- and more apartment houses.

The annual decline in civil engineering was minor. In particular, the volumes of civil engineering decreased by 11.6%. Solely road and rail construction continued to increase, both rising by 17.2% annually. Negative development both in the construction of urban infrastructure objects and in other civil engineering was observed.

The volumes of specialized construction activities have been affected to a lesser extent. In Q1 of 2021, the volumes were 6% smaller, compared to the corresponding period last year. The decrease affected almost all segments of the main category, barring other specialized construction works, wherein a slight increase was observed.

In Q1 of 2021, 1,005 building permits were issued, the number of which was by 11.1% less than in the corresponding period of 2020. Also, the expected floor space has decreased by 17.8%.

Although the long-term negative impact of the coronavirus pandemic on various economic indicators endures, cautious expectations can be made that construction may return to growth this year.