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PANORAMA POLAND CONSTRUCTION SECTOR

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The construction sector in Poland has undergone turbulent times. After the booming period related to increased demand for housing construction as well as massive public investments thanks to organizing the Euro 2012 football championship, the sector experienced a significant deterioration. The event brought many contracts however companies were suffering from significant fluctuations of prices of construction materials. It impacted their profitability and led in many cases to filing for insolvency. Since 2008 the number of bankruptcies of construction companies has considerably increased by two-digit dynamics each year.

The recent insolvency statistics show signs of stabilization of the construction sector. If bankruptcies have stopped rising, does it mean that the sector rebounded from its serious deterioration? Is this trend going to be continued? Undoubtedly, the housing market has been recently supportive for the entire construction sector. The demand for dwellings has increased thanks to attractive prices, historically low interest rates and support of the governmental program to some extent. Will the trend be supportive for the construction sector over the next few years?

Although funds from the previous EU budget have to be used till 2015, the current multiannual framework for 2014-2020 is going to be further supportive also for construction companies. Poland is the biggest beneficiary of the current framework being allocated with almost EUR 90 billion. Abundant public investments will make a huge opportunity for the construction sector.

This Panorama reviews the current situation of the Polish construction sector and looks into its perspectives. Will the current opportunities transform into the long-term improvement of the sector? Will insolvencies of construction companies become just a theoretical term as higher demand for construction services will trigger a booming period for all entities? First, we will look into historical fluctuations of the construction sector which have had an impact also on its recent performance to some extent. Then we will review the current situation with forecasts for the construction sector including the main drivers that could trigger its possible recovery. The last section focuses on our Sectorial Risk Assessment with the current risk outlook on particular sectors of the Polish economy. In the case of construction sector its improving perspectives have justified our recent decision to upgrade its assessment from very high risk to high risk. We have also made other risk assessment revisions. Upgraded sectors include metals and automotive, both revised to medium risk. Downgrades have been done in the case of the transport sector and chemicals, mostly due to external risks.

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