



Rakennusteollisuus

Growth will continue for a few years

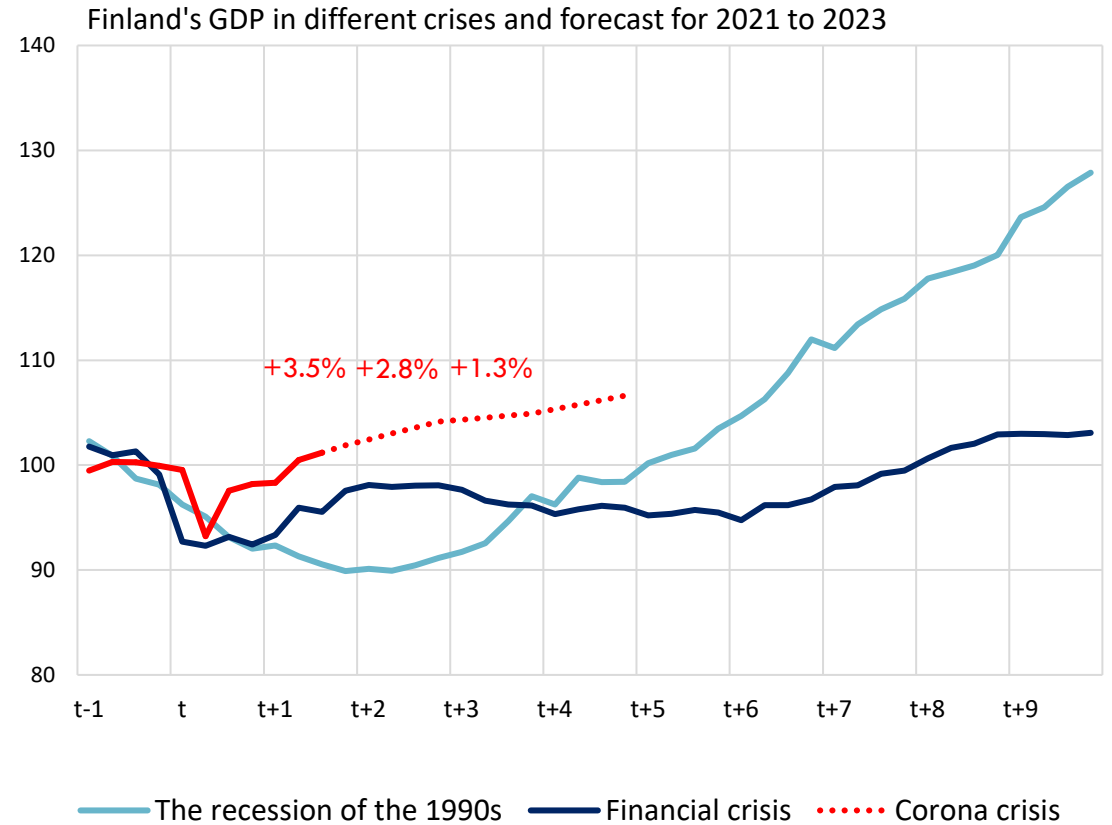
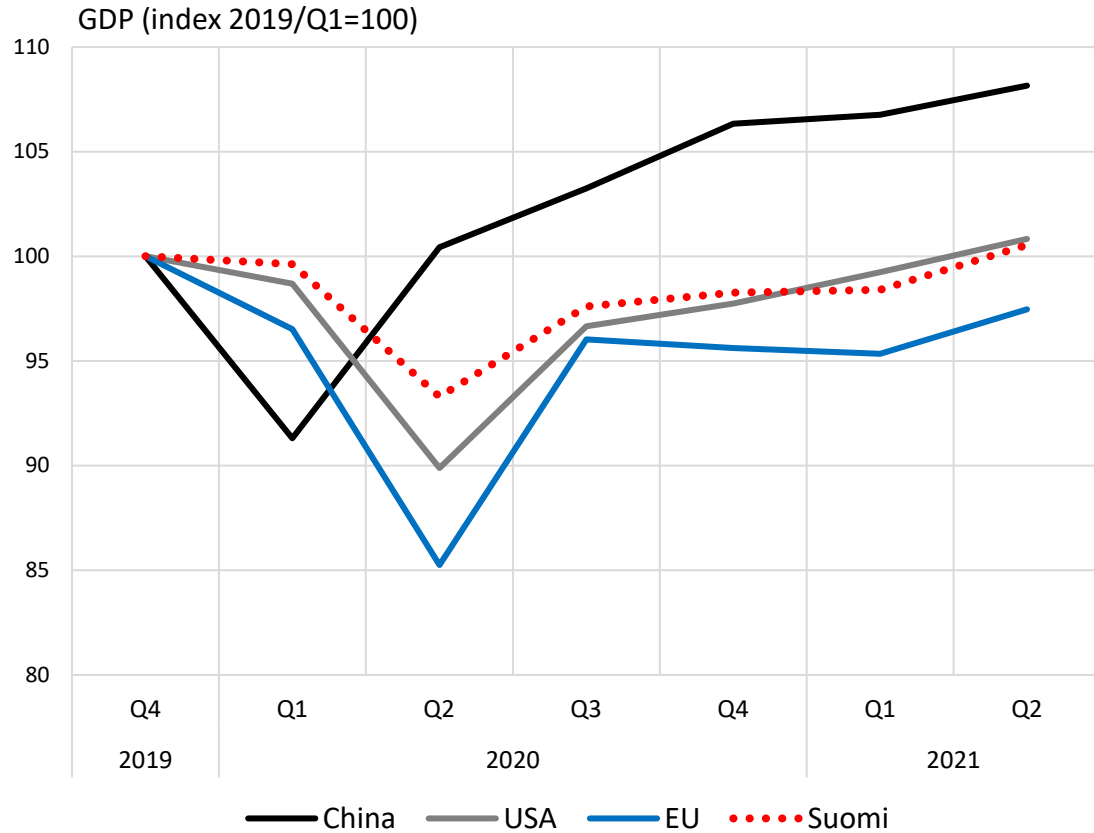
# The momentum for construction is now

Outlook 13 October, 2021

Principal economist Jouni Vihmo

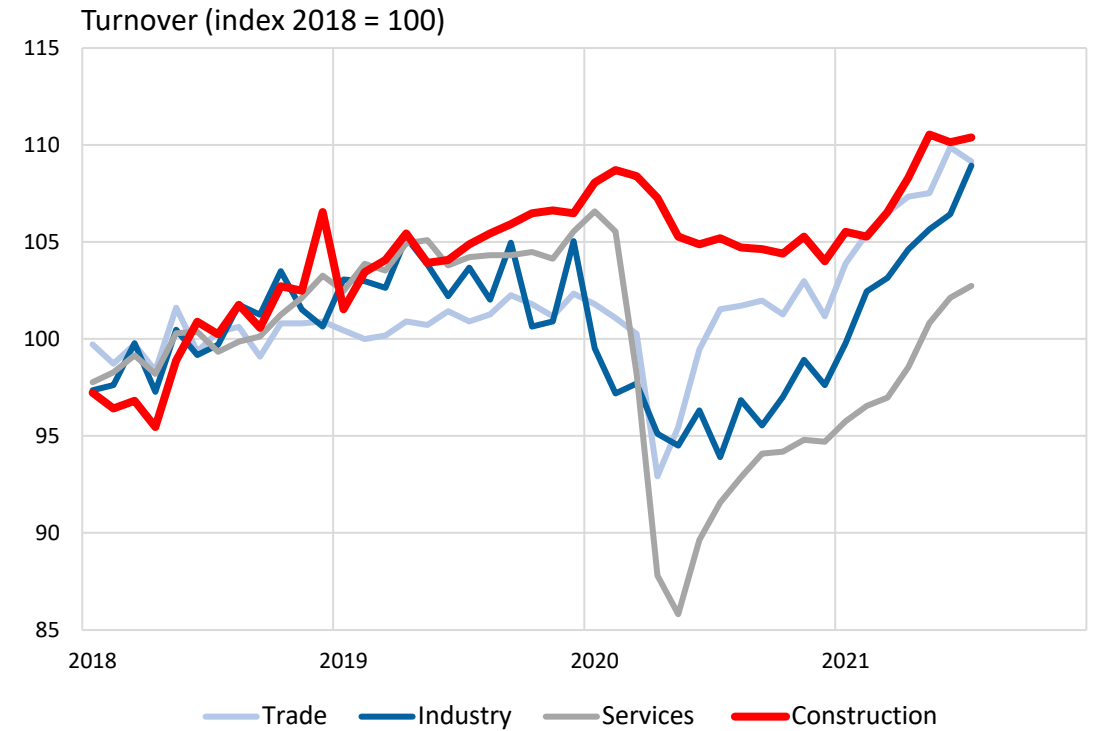
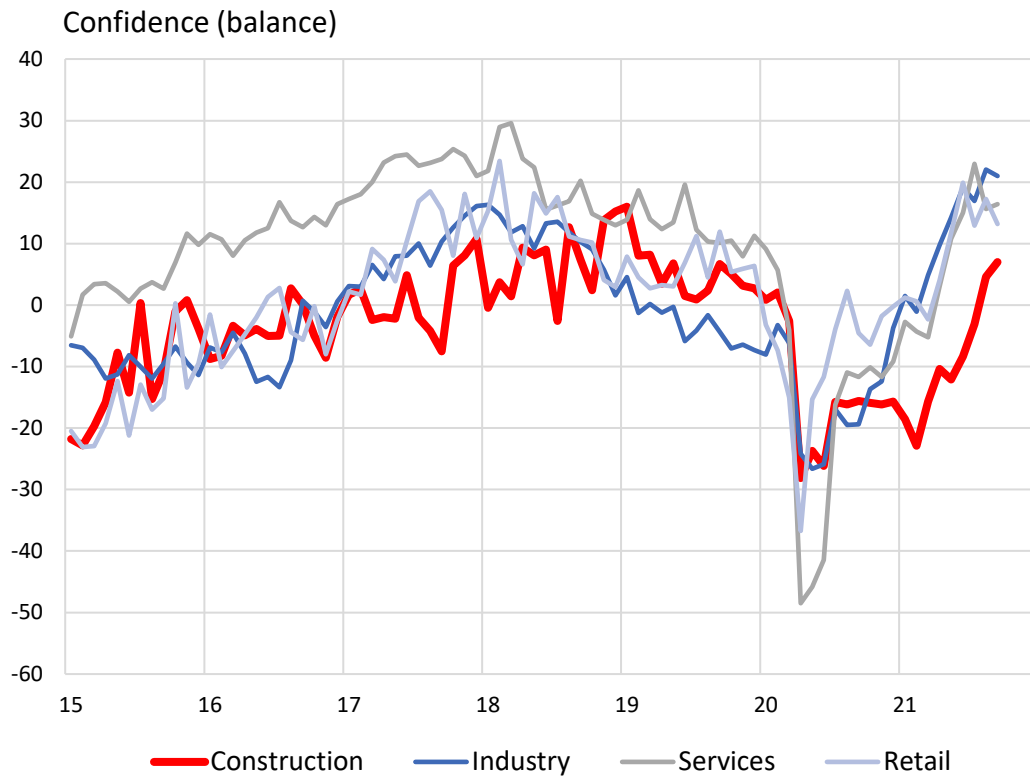
# Strong recovery ahead for Finland for a few years – pace will slow down again in 2023

Pre-pandemic level has been reached and previous cyclical peak will be reached soon



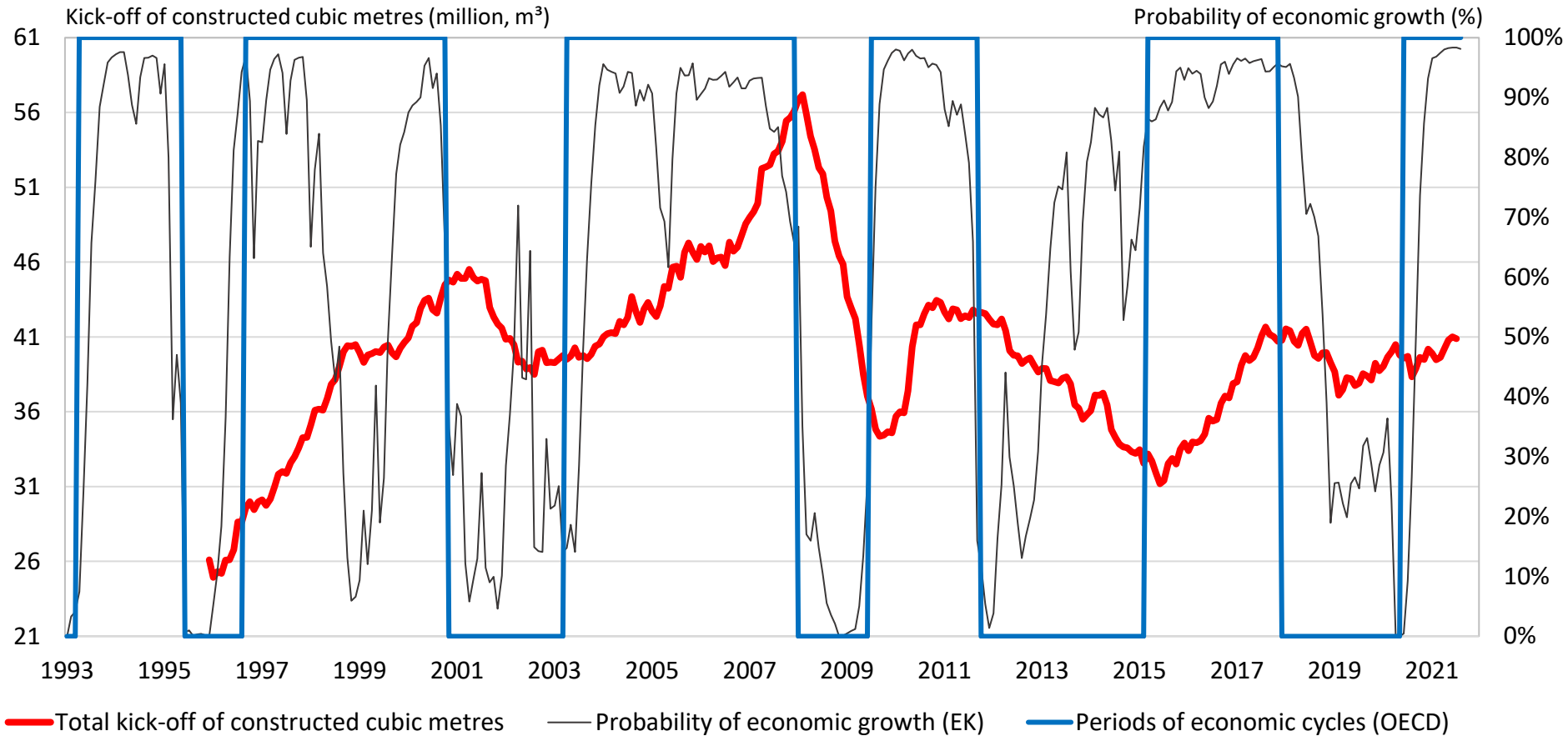
# Confidence in construction exceeds long-term level

Beginning of the year was sticky



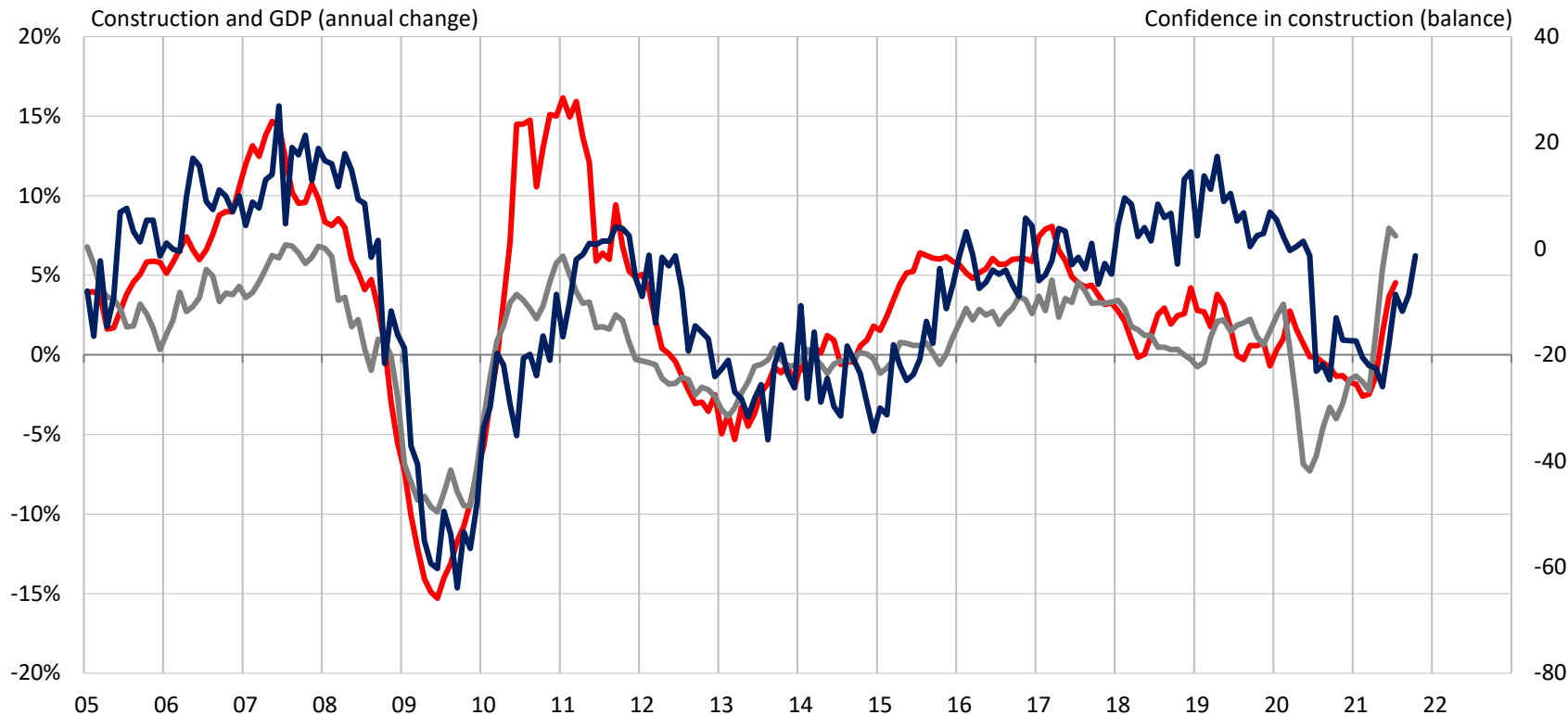
# Finland's economy gives boost to construction

Employment will grow, albeit limited by labour shortages



# Construction will boost economic growth already this year

Growth will accelerate next year

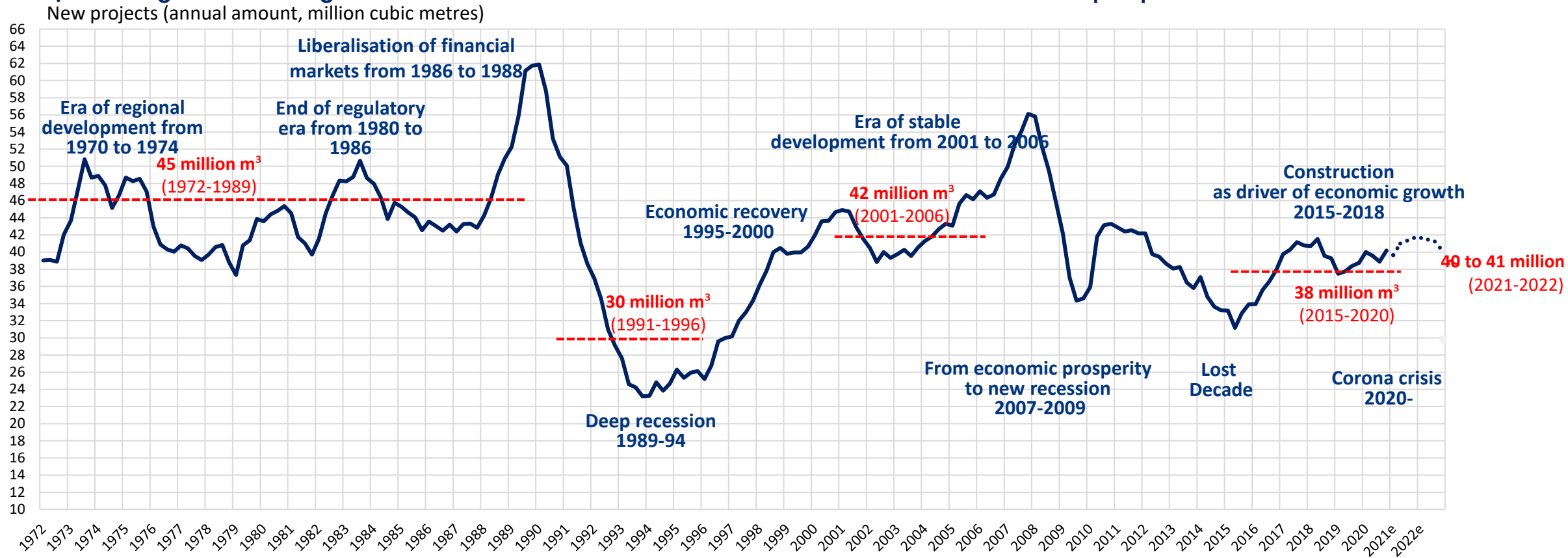


— Volume of construction (3 months, rolling average) — Finland's real GDP (3 months, rolling average) — Confidence indicator for construction (t-5)

	Annual Change (%)	
	GDP	Added value from construction
2020 <sup>1</sup>	-2.9	-4.1
2021e <sup>2</sup>	+3	+1.5
2022e <sup>2</sup>	+3	+2.5

# Started construction cubic metres to stay on good level for a few years

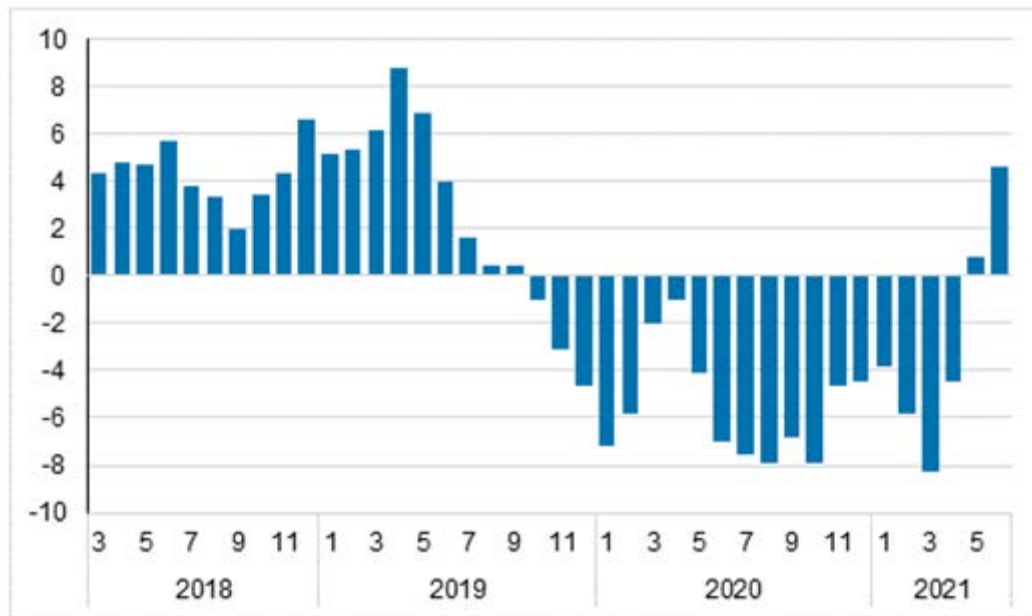
In 2023, slowing economic growth will mean smaller number of started construction projects.



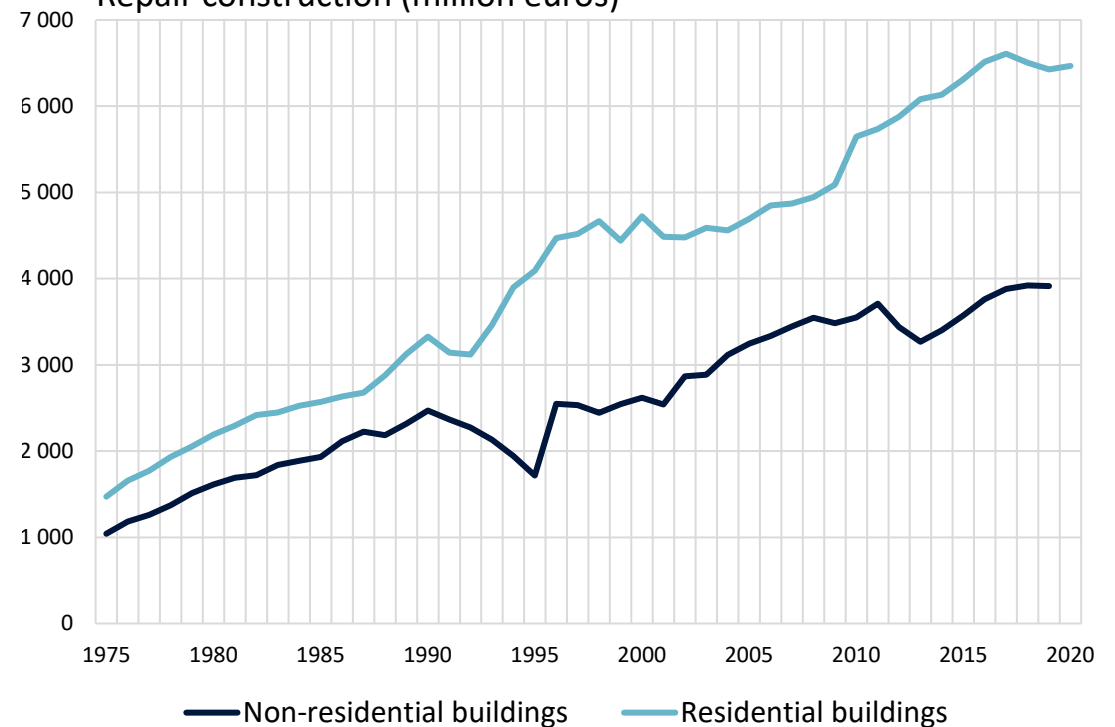
# Repair construction finally picked up again in spring

In addition to pipework and sewage system renovations in the 1960s and 1970s blocks of flats, façade renovations and strong volumes of office space construction in the 1990s and the coronavirus will boost numbers.

Year-on-year change in three months' rolling average of repair construction, %

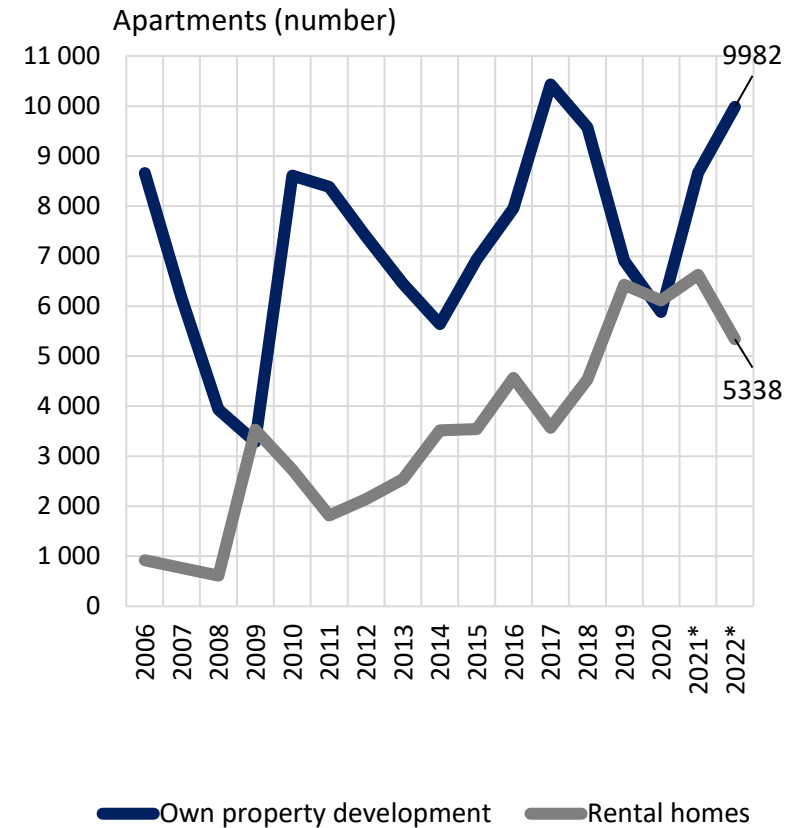
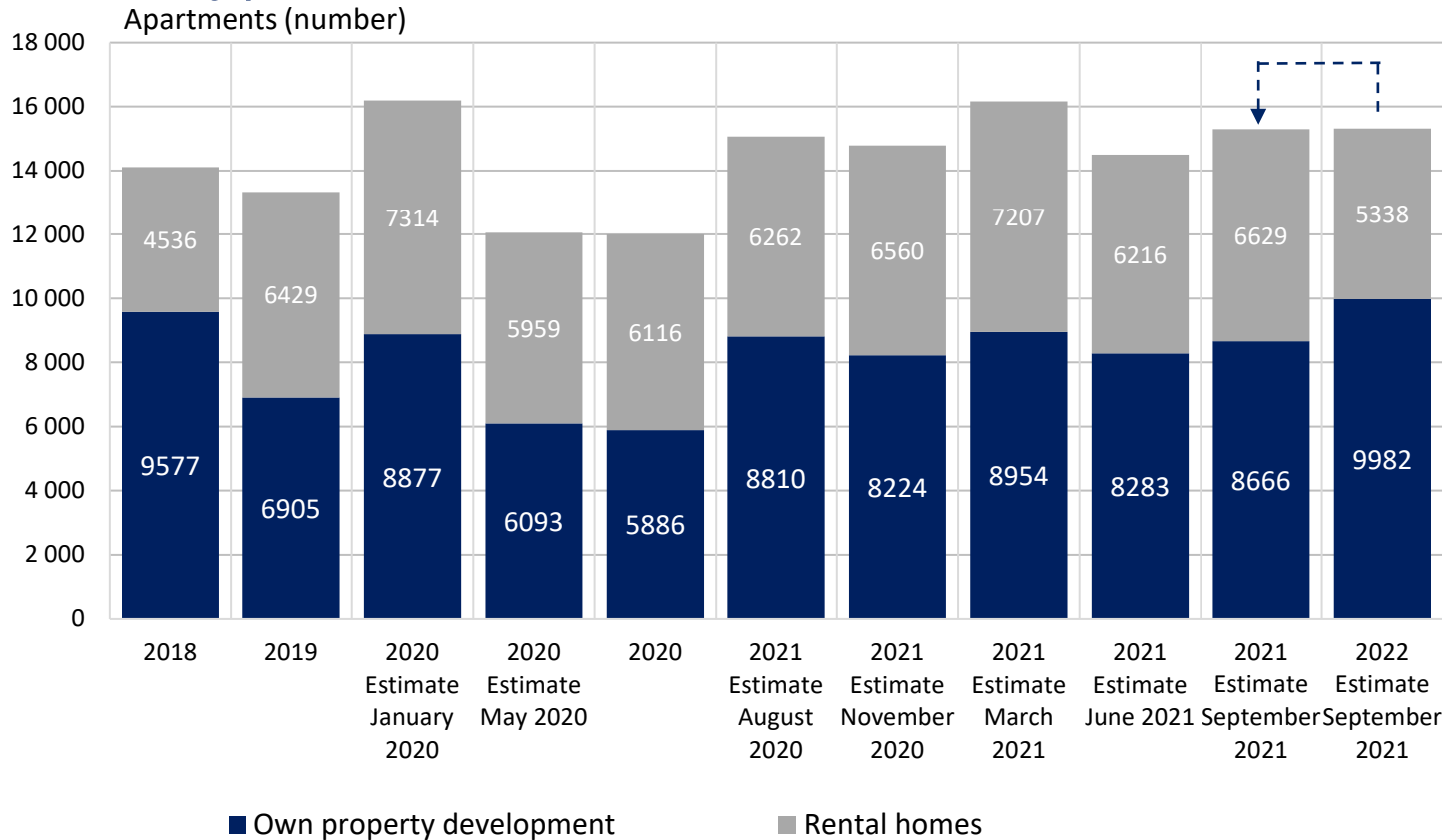


Repair construction (million euros)



# Level of construction of apartment buildings remains high

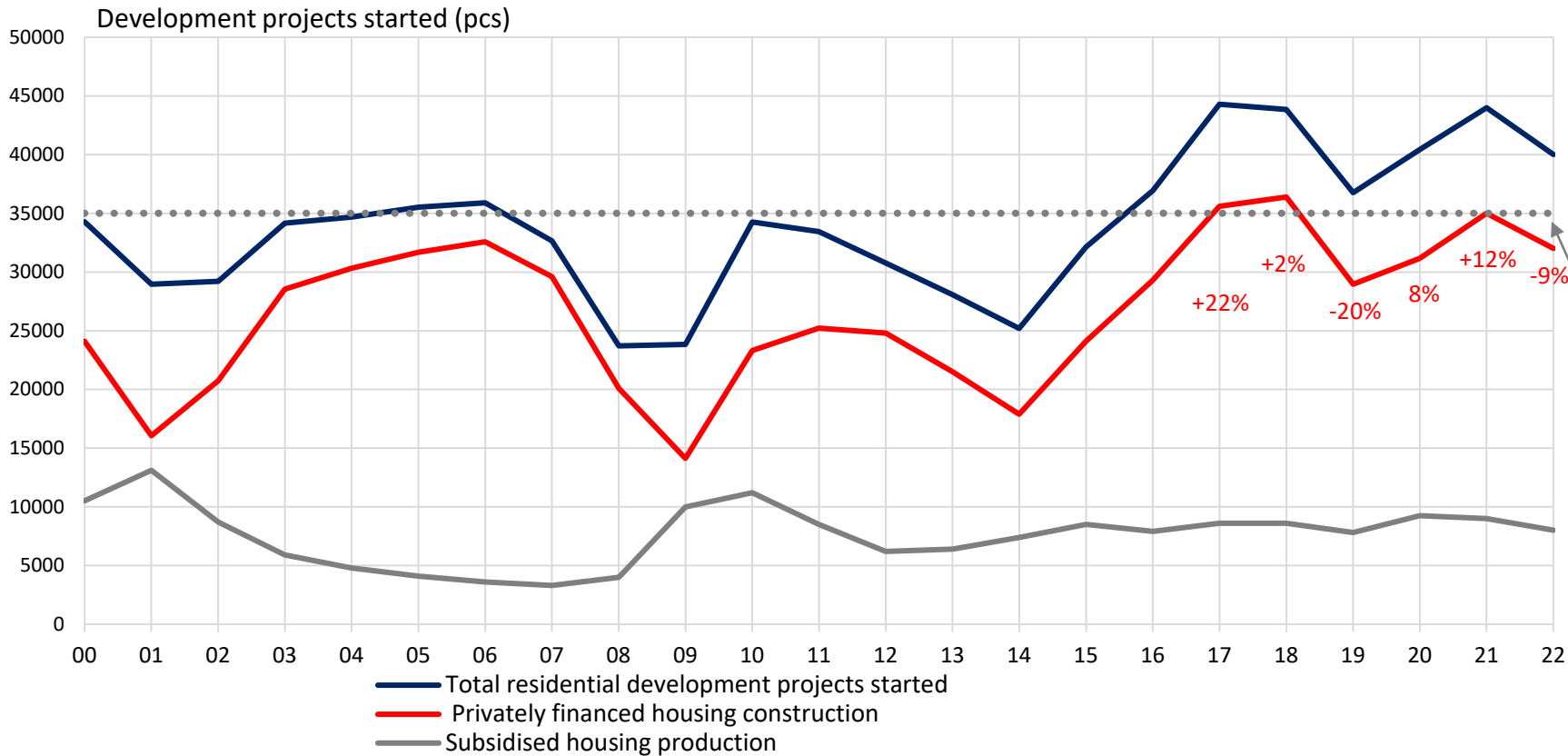
## Rental housing production set to decrease





# Residential construction set to remain on high level

Production numbers respond to low supply levels across Finland

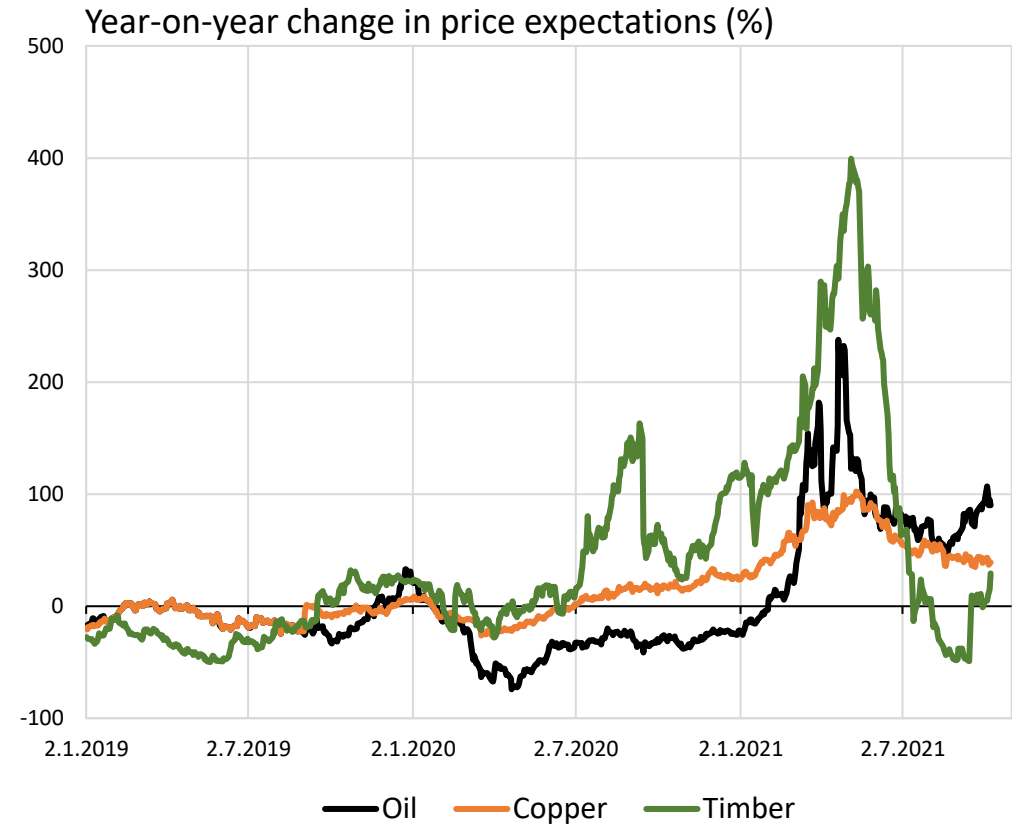
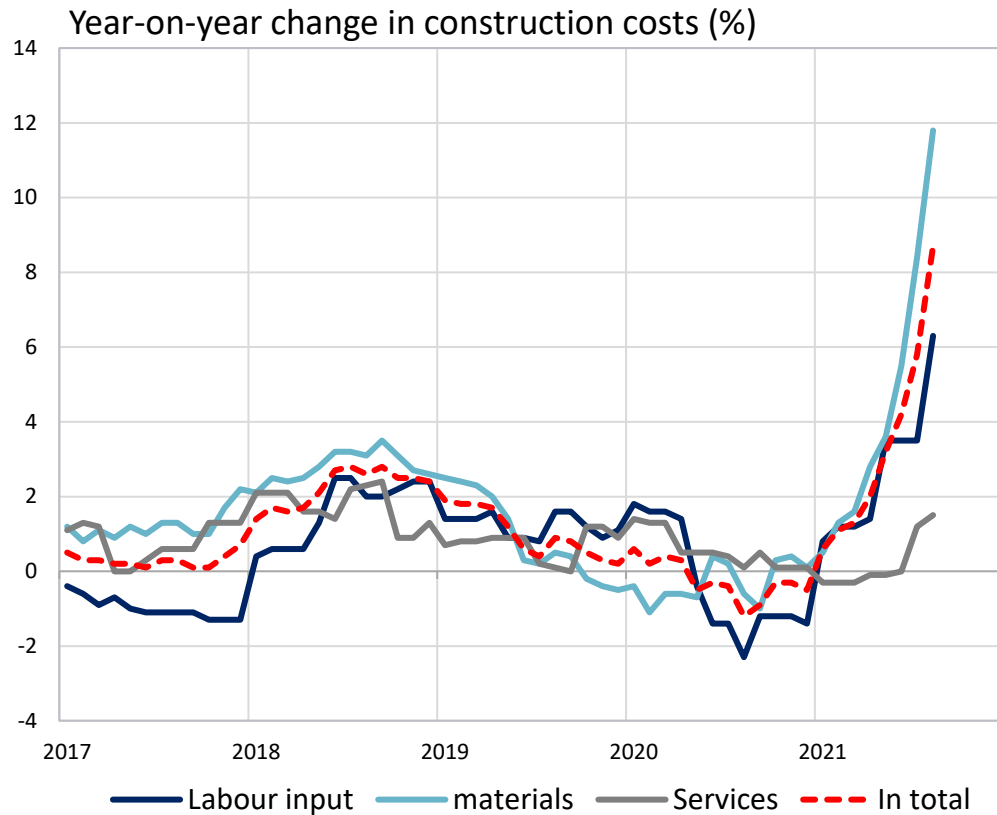


	Development projects started	%
2020	40900	+10
2021e	44000	+9
2022e	40000	-9

According to VTT Technical Research Centre of Finland Ltd's housing needs calculations (June 2020), a total of 700,000 new dwellings will be needed in the next two decades, or 35,000 each year. 90% of the need is targeted at the fourteen largest urban regions. The share of the Helsinki sub-regional area is half.

# Rising cost level the single biggest threat

Cost calculations for projects have become difficult to do – some projects will be transferred



# Confederation of Finnish Construction Industries RT forecast 2021-2022\*

Construction Total in 2020  
**36.9**  
BILLION €

## Construction of new buildings

**15.9**  
BILLION €



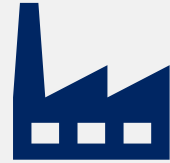
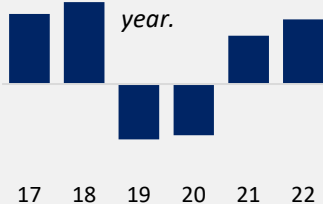
**7.4**  
BILLION €

### Housing

2019: -8.4 %  
2020: -5.6 %  
2021: 6.0 %  
2022: 8.0 %

Residential construction will remain at a high level also for next year.

Construction of apartment buildings will cool down slightly. Strongest growth in detached houses is set to take place next year.

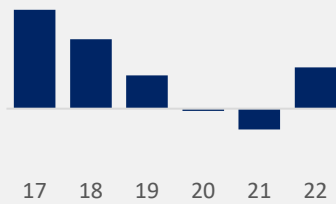


**8.5**  
BILLION €

### Premises

2019: 3.2 %  
2020: -0.2 %  
2021: -2.0 %  
2022: 4.0 %

Industrial investments will increase. Economic growth will not impact commercial space. Construction of office space is set to increase. Number of public projects will increase again next year.



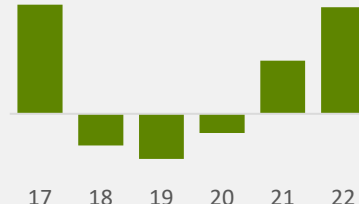
## Repair construction

**14.0**  
BILLION €



2019: -0.8 %  
2020: -0.4 %  
2021: 1.0 %  
2022: 2.0 %

Repair construction turns to growth trajectory. Pent-up demand will materialise mainly next year. The weak economic situation in municipalities slows down public renovation projects.



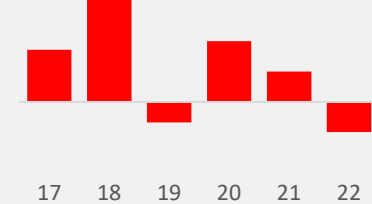
## Civil engineering

**7.0**  
BILLION €



2019: -0.7 %  
2020: 2.0 %  
2021: 1.0 %  
2022: -1.0 %

Civil engineering projects will slow down as several large projects reach completion simultaneously. The weak investment capacity of municipalities is weighing down construction.



= Construction in total\*: 2020e: -4 % 2021e: +1.5 % 2022e: +2.5 %

\*quantitative change

# Distribution of construction across main sectors

Value of construction in 2020

