

Economic survey, autumn 2025

Confederation of Finnish Construction Industries

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The first half of the year did not match expectations...

...for the rest of the year, there is faith in improvement



ECONOMY

- Zero economic growth during the first half of the year
- Unemployment and fear of unemployment
- Low consumer confidence
- Lack of domestic capital

- + Cyclical recovery
- + Strengthening outlook for the business sector
- + Growth in purchasing power
- + Effects of lower interest expenses still ahead
- + Population growth in cities

MARKET

- High supply of apartments
- Decrease in prices of old apartments
- Cost level of new production and plots
- Decrease in ARA production
- Poor state of companies and supply constraints
- Poor situation of real estate funds and landlords

- + Low number of completed apartments
- + Blocked demand
- + Minor recovery of the real estate market
- + Return of small investors
- + Clean transition
- + Security of supply and competitiveness

POLICY

- More stringent international regulation of financing
- Elimination of the tax credit for household expenses
- Cutting of supported production authorizations

- + Less uncertainty in trade policy
- + Deregulation of financing
- + Economic and labour market reforms
- + Municipalities' willingness to invest

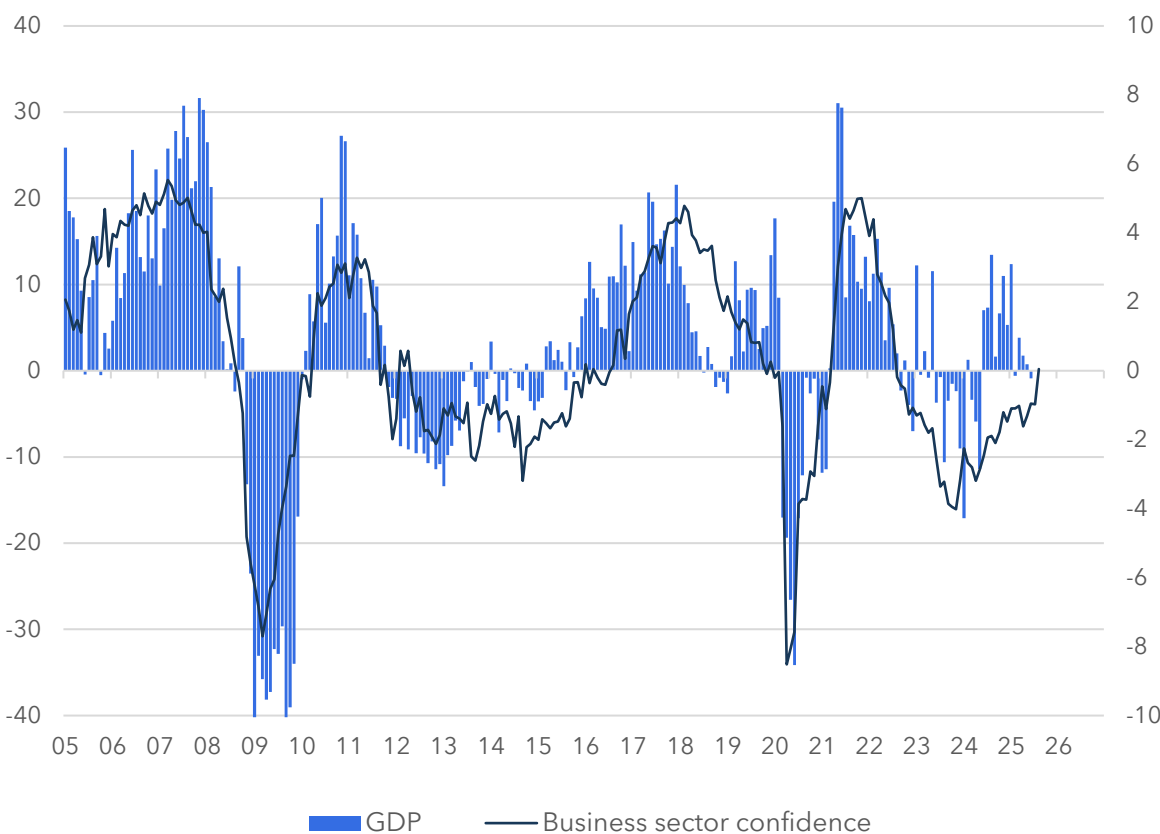
*Uncertainty continues at a high level, but is likely to decrease.
Construction is post-cyclical and no guarantees of an upturn by the end of the year can be given.
We should still prepare for both slower and faster demand than anticipated.*

Confidence indicators are not predicting much growth

Economic confidence must be increased by any means necessary.

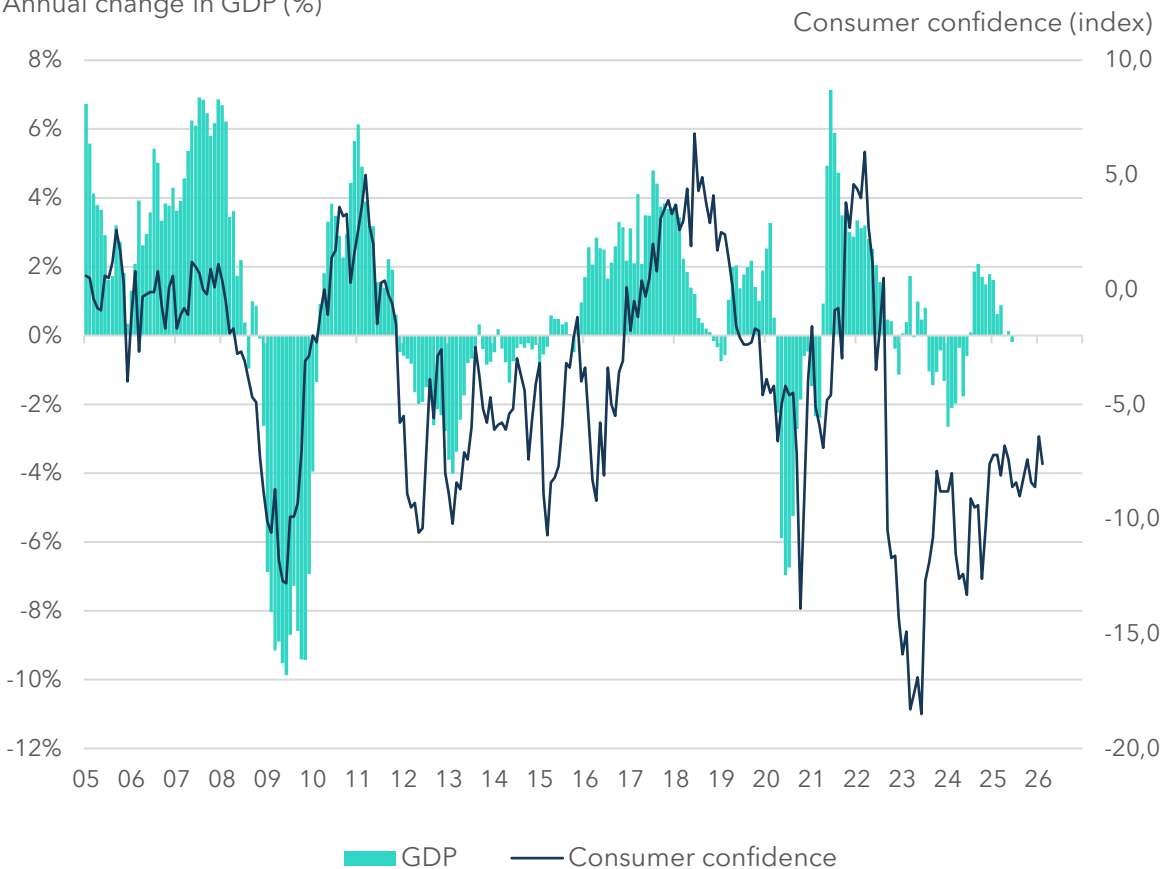
Slight growth in the business sector

Business sector confidence (index)



Consumer confidence is not predicting recovery

Annual change in GDP (%)



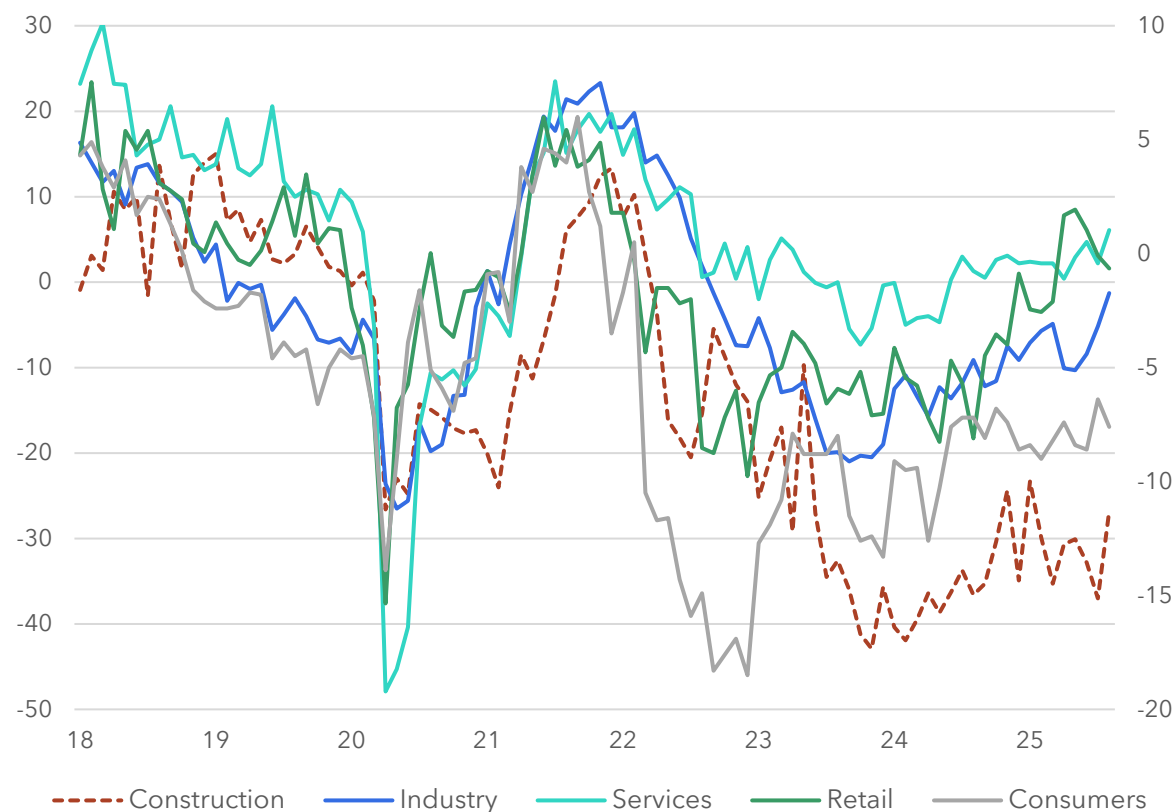
The economic outlook for construction remains very weak

The economic outlook picked up slightly with the rest of the business sector in August

Companies' economic confidence increased in August

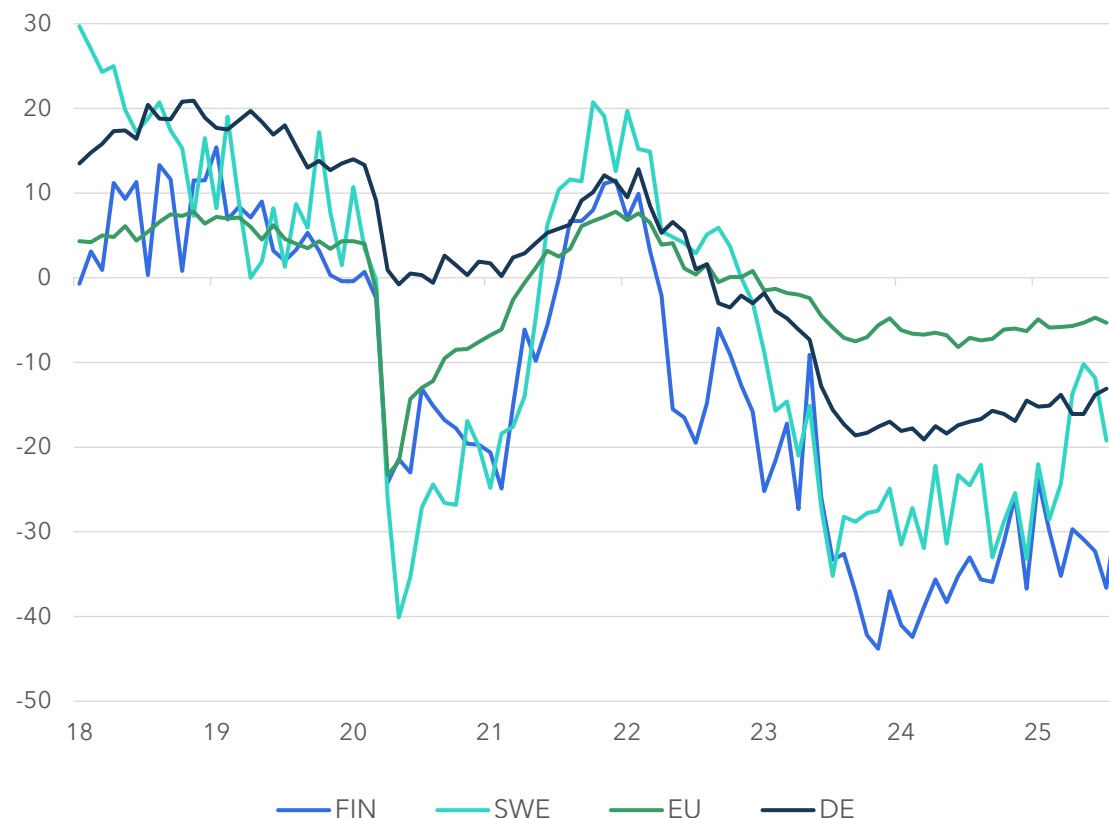
Business sector confidence (index)

Consumer confidence (index)



Construction in Finland has fallen behind others

Construction confidence index (balance)

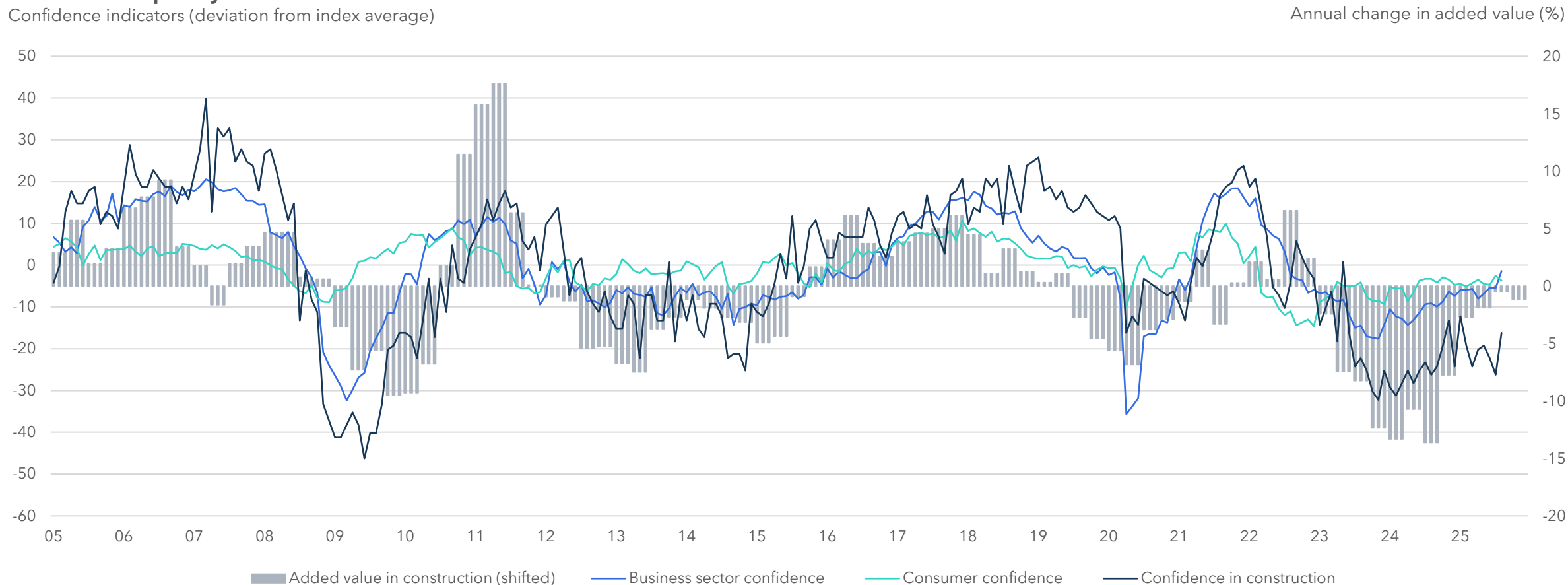


Small growth or a continuation of the decline?

Construction confidence is predicting a decline - while indicators for the rest of the economy already support small growth

Construction is post-cyclical

Confidence indicators (deviation from index average)



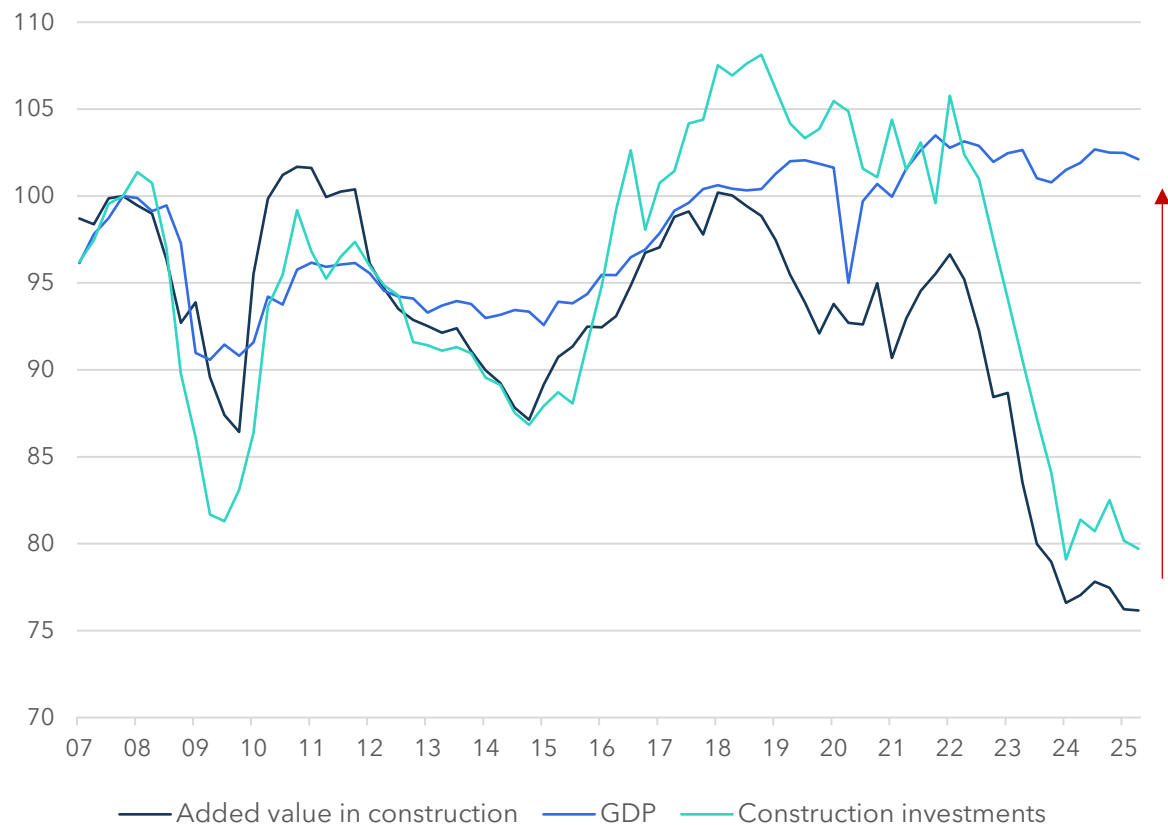
Decline continued in the second quarter due to customs disputes

disputes

Premise construction came to a halt due to customs disputes – the decline in housing construction continued for the 11th quarter

The free fall has ended

Index 2007=100



Other Nordic countries are running away

New construction investments, index 2007=100

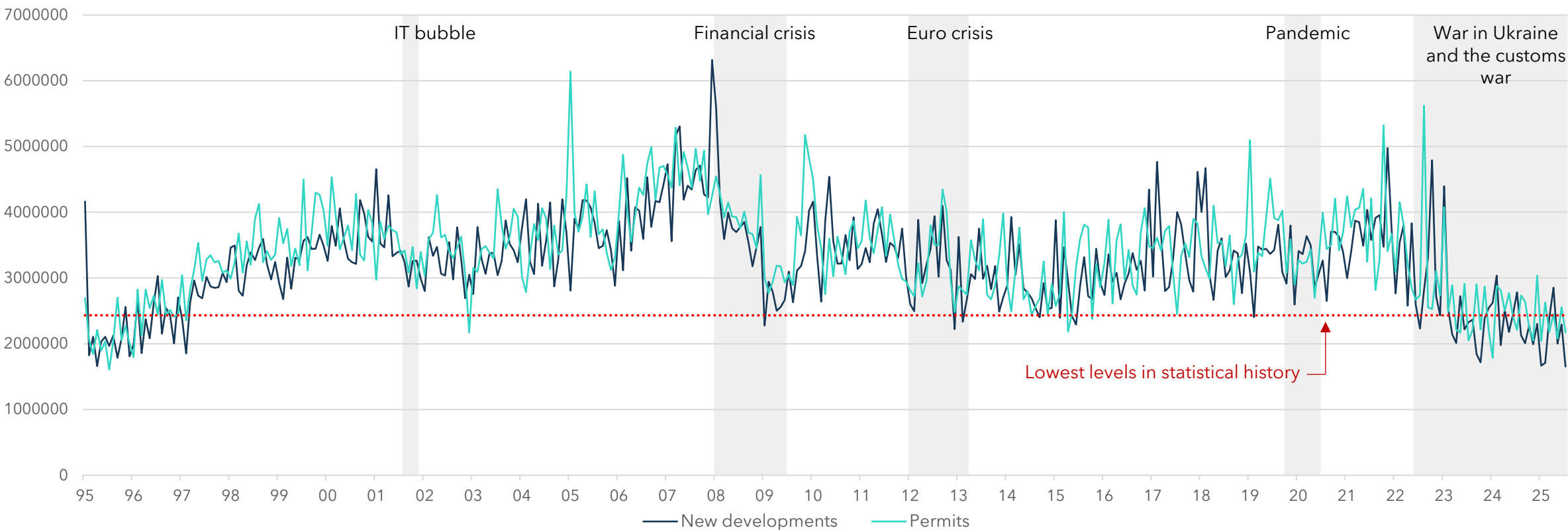


Construction still at a statistical historically low level

Even compared to previous crises

Construction is in an exceptionally big hole

Starting and license cubic metres (seasonal adjustment, m³)

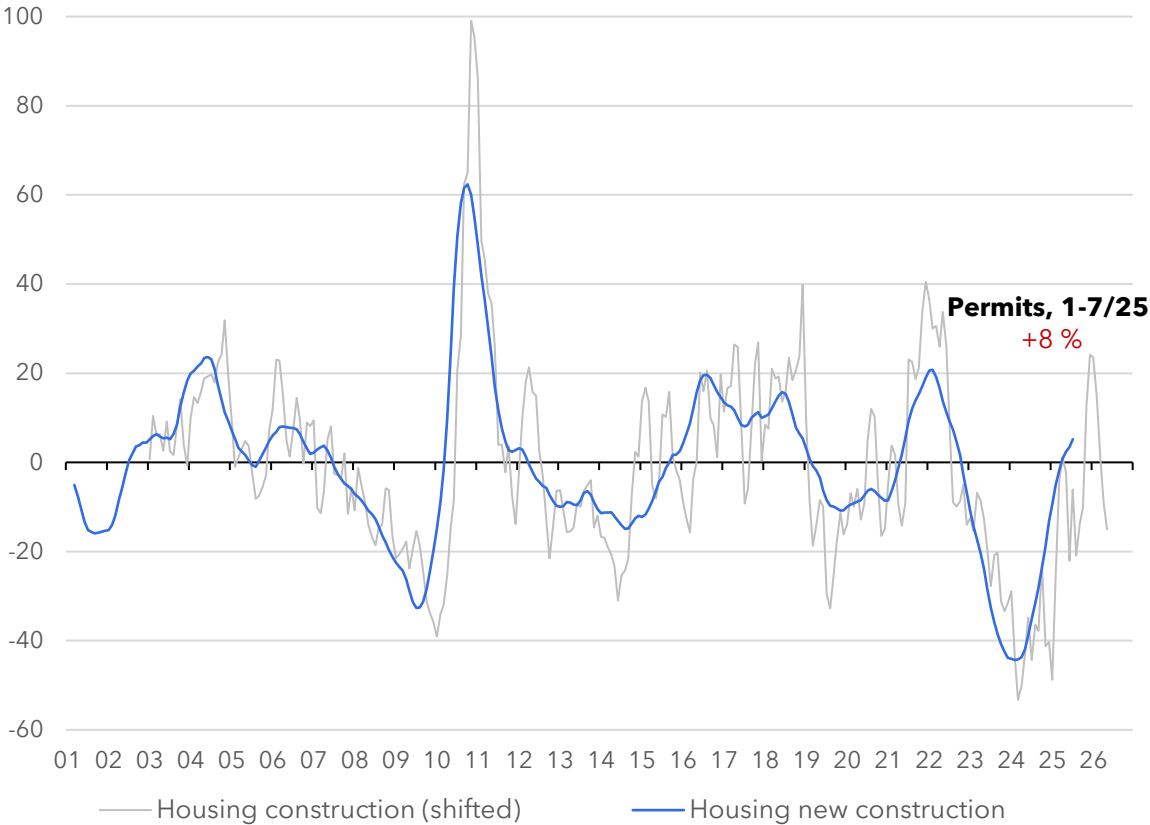


New production will not reach growth this year

Permit development is predicting slight development until the beginning of next year

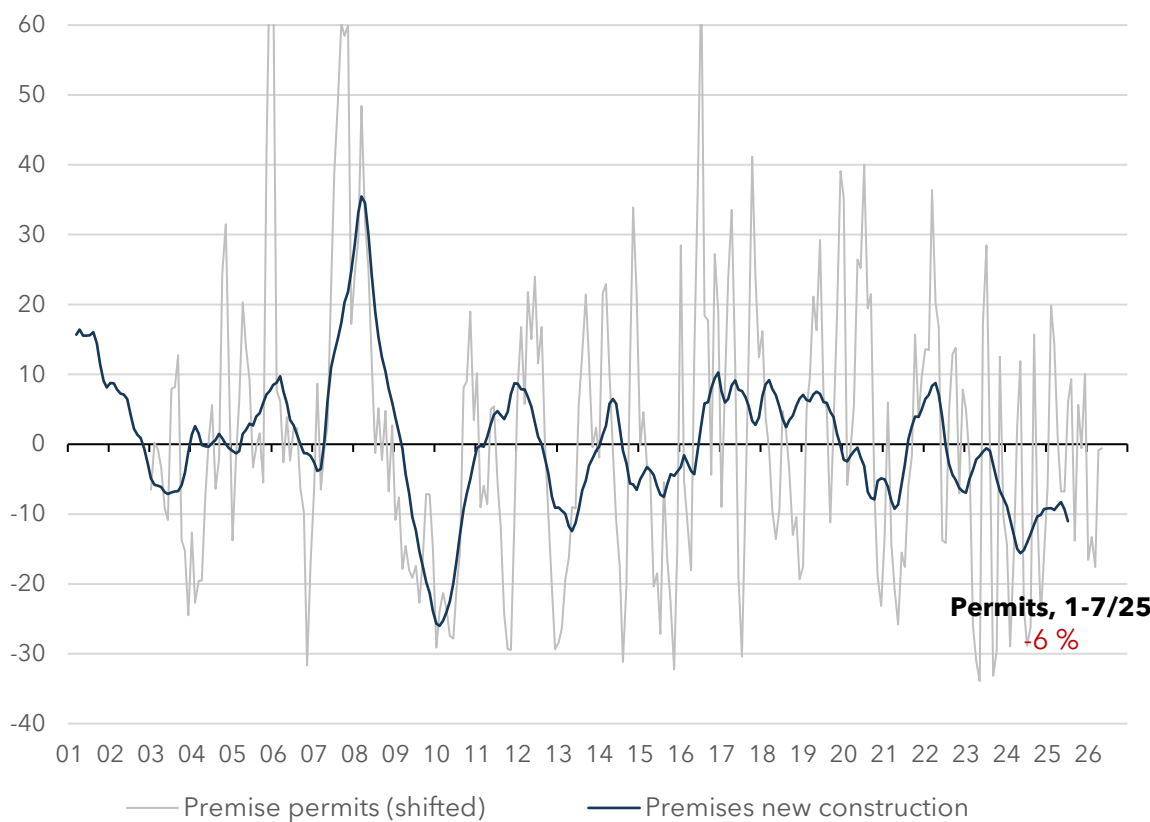
Housing construction volume may increase slightly

Annual change in permit cubic metres and new construction (%)



Premise construction still firmly below zero

Annual change in permit cubic metres and new construction (%)

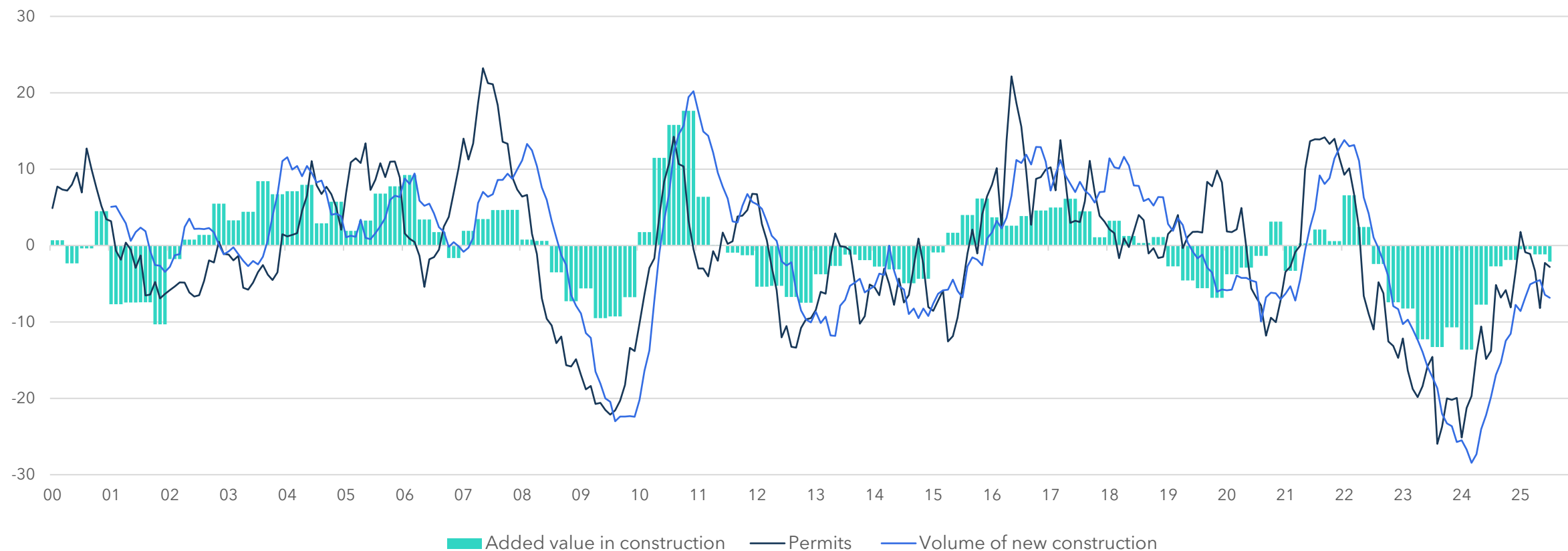


Construction indicators are not predicting growth

Development of the rest of the economy is promising a slightly better rest of the year

Development of construction remains weak

Annual Change (%)

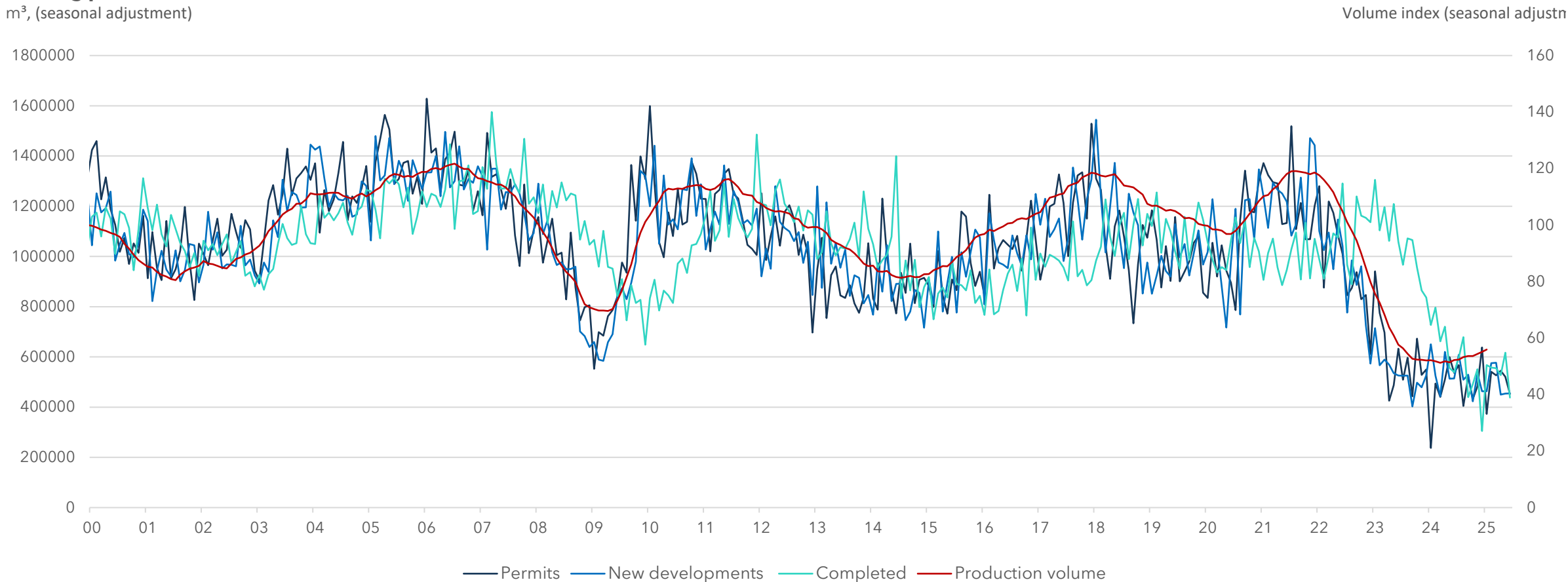


New housing production is exceptionally low

Old projects are coming to an end and new ones are still scarce

Housing production has fallen to a low level

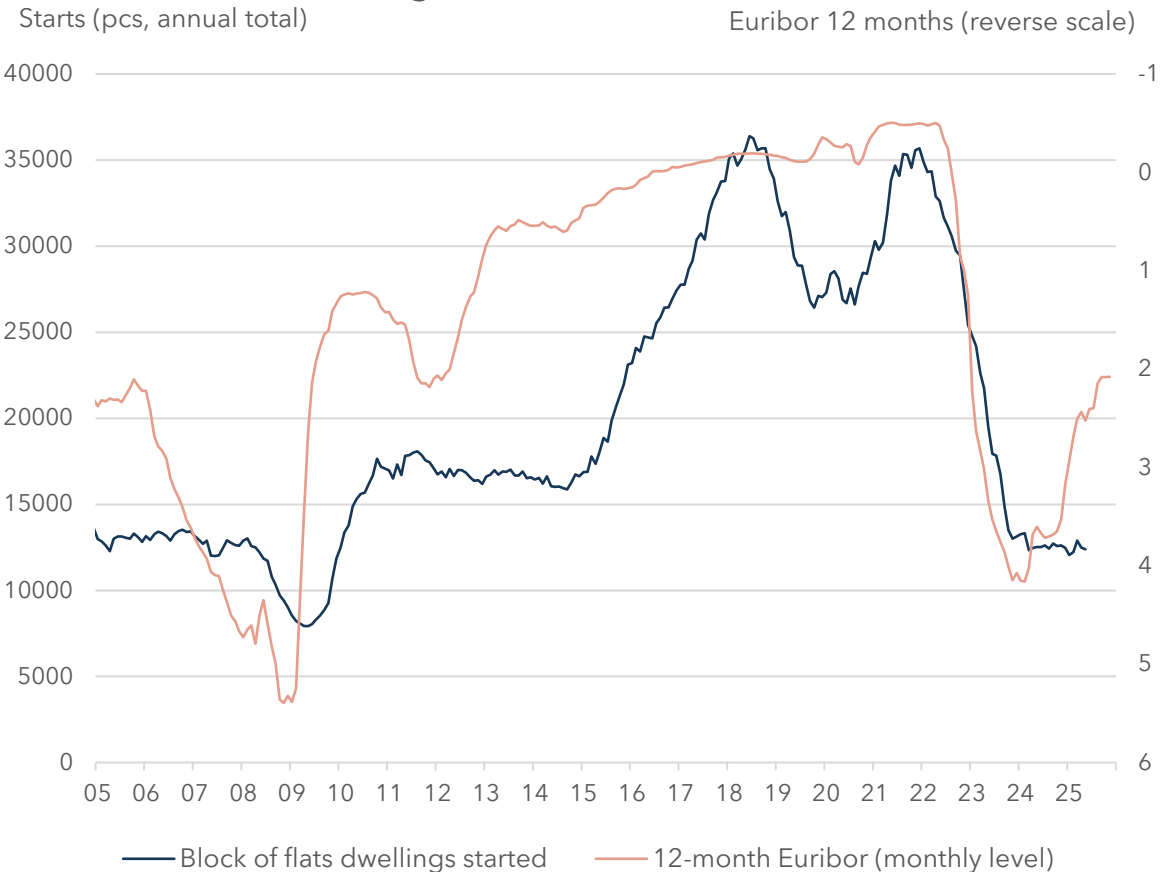
m³, (seasonal adjustment)



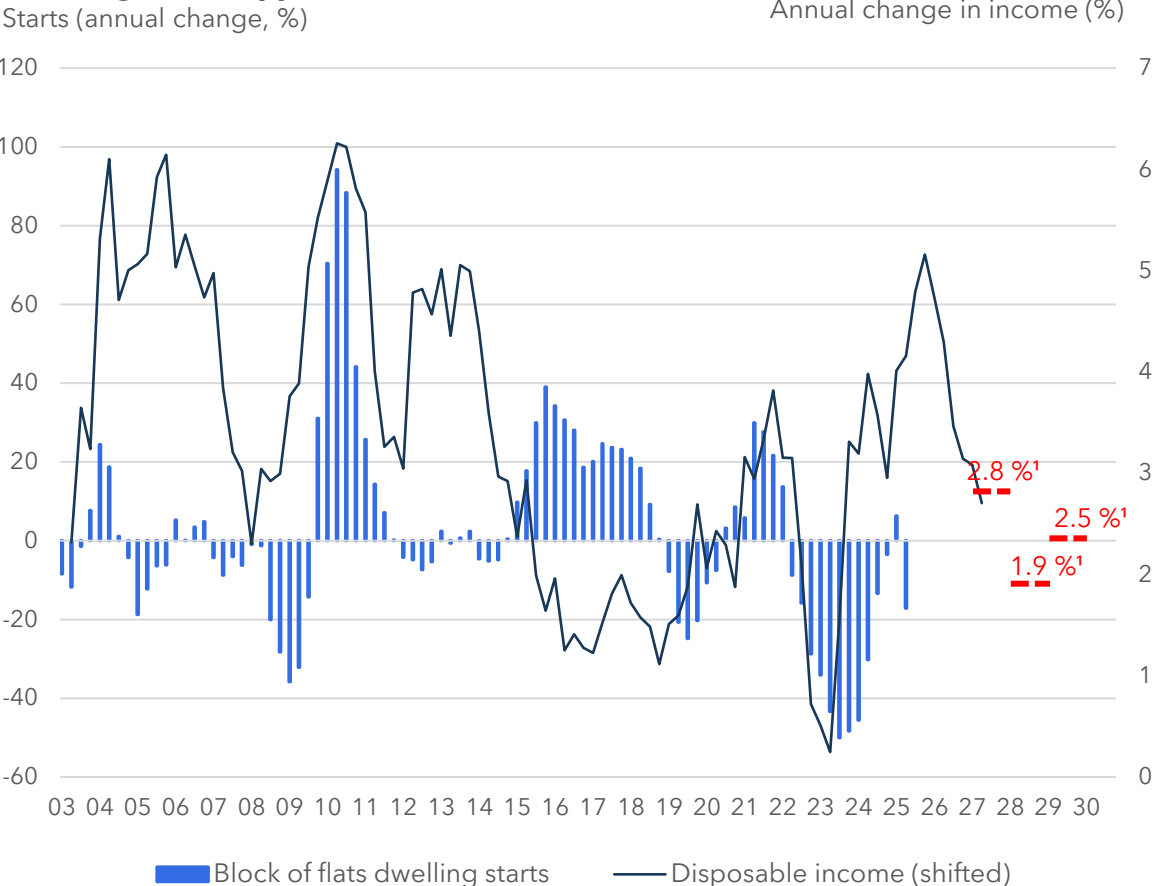
Interests and income support the housing market

But there is still no upturn in sight for new production

Interest rate is an enabling factor



Income growth supports starts



Housing market is not supporting new construction yet

Growth in sale volumes and lending is not visible in new housing starts

Housing market recovery is incomplete

Dwelling sales (number of)

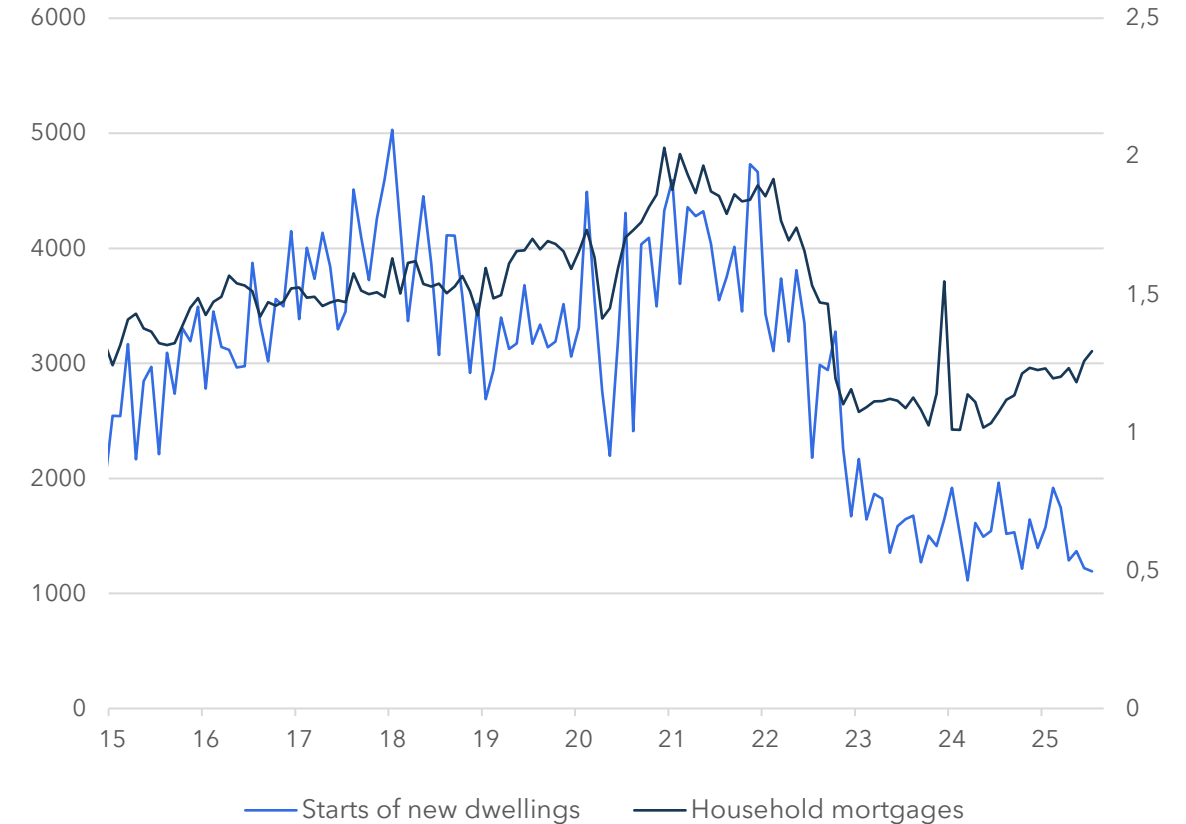
Dwelling prices (index)



Growth in lending is not visible in new construction

Starts (number of, annual total)

Mortgages (EUR billion)

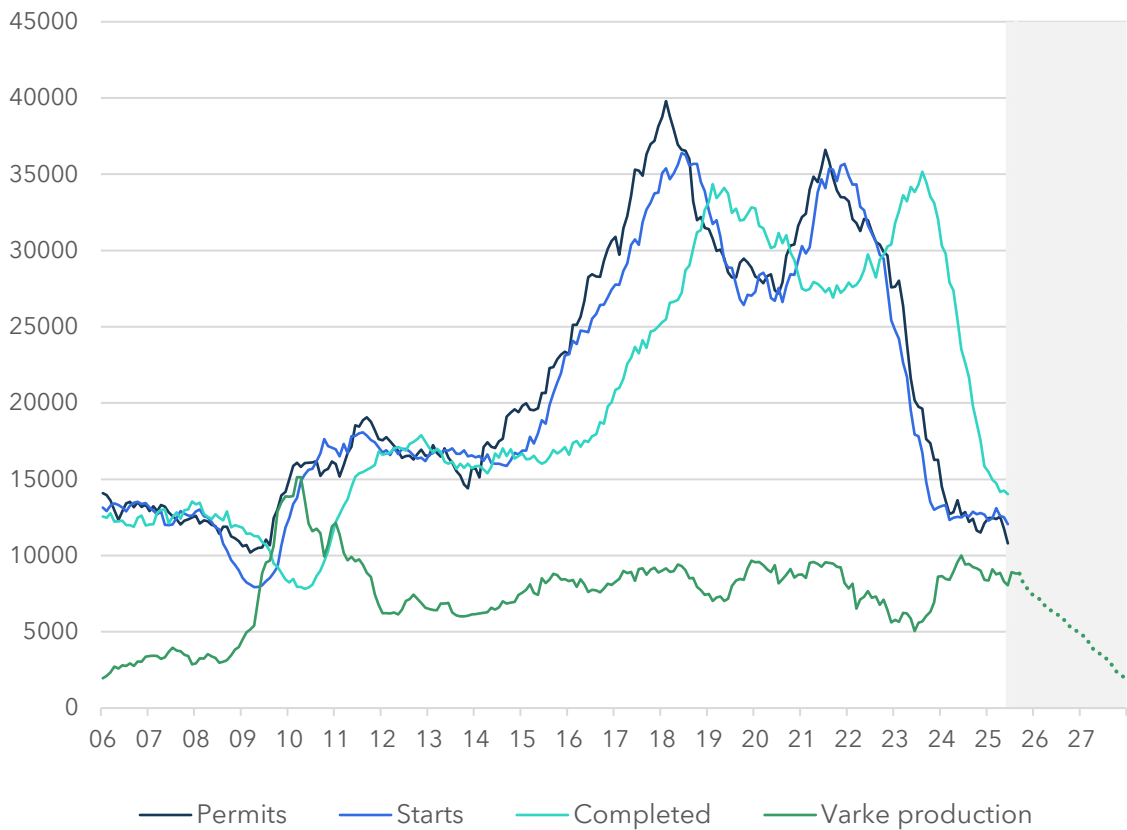


Housing production will not increase this year

Average production will remain below 20,000 dwellings for four years

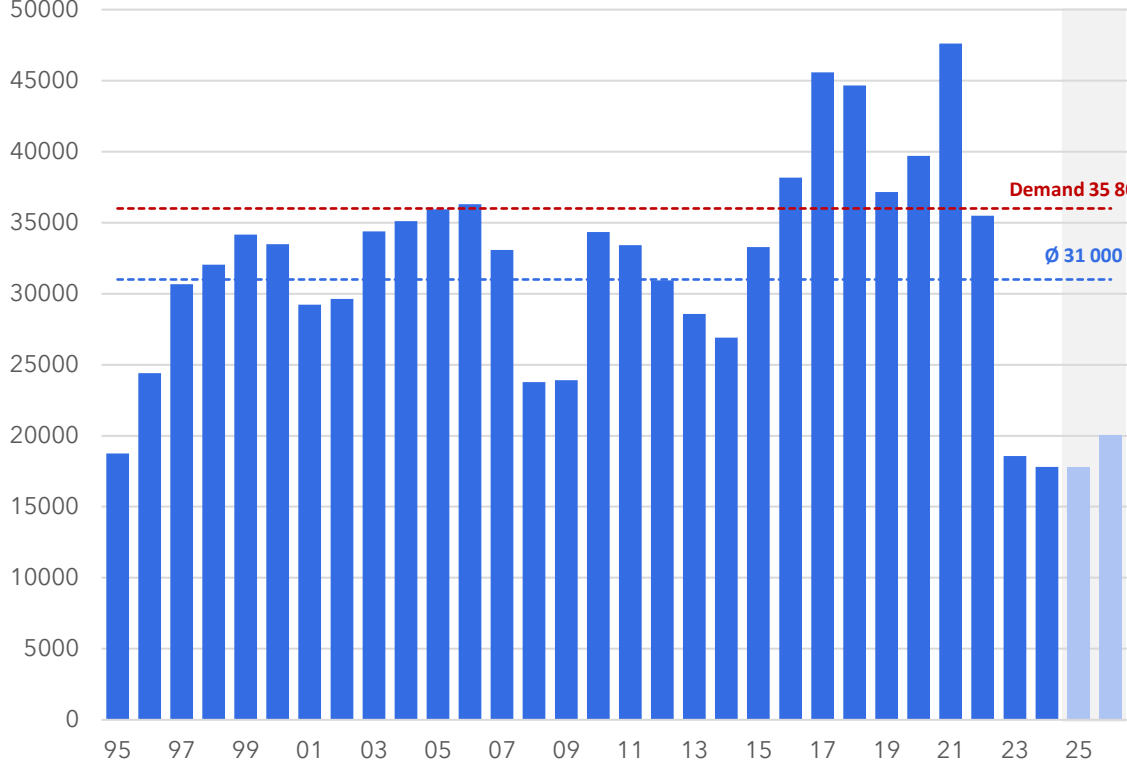
Varke production will drop sharply

Starts of blocks of flats (number of, moving annual total)



Housing starts will increase only slightly

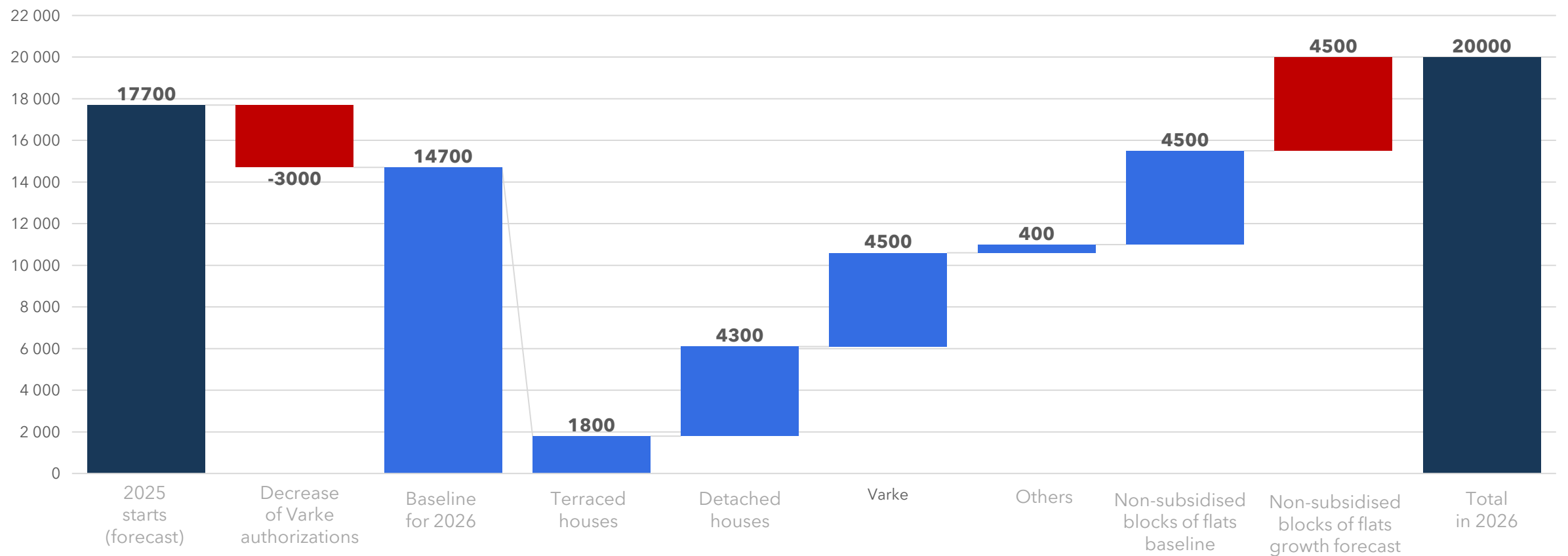
Dwelling starts (number of)



Increasing housing production will require a large leap from non-subsidised production in an uncertain economic situation

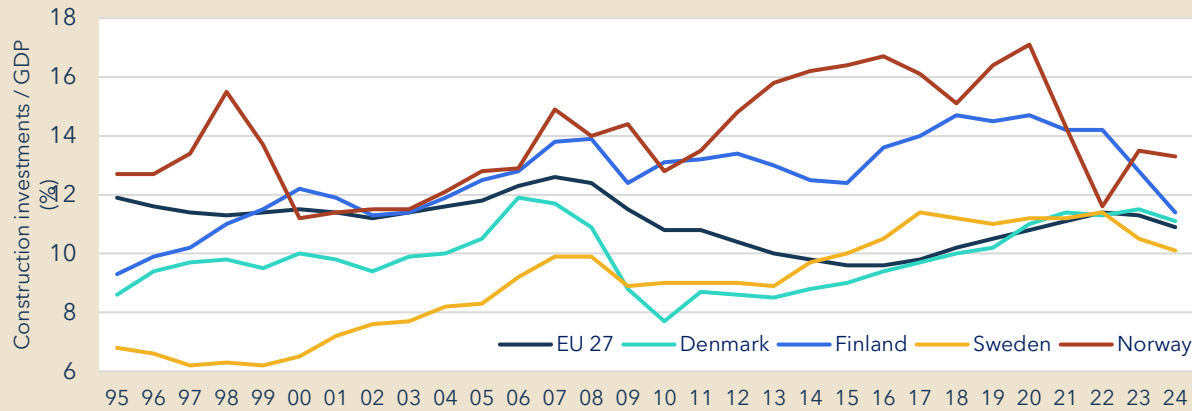
Decrease in state-subsidised production will lower the departure base

Housing project starts (pcs)

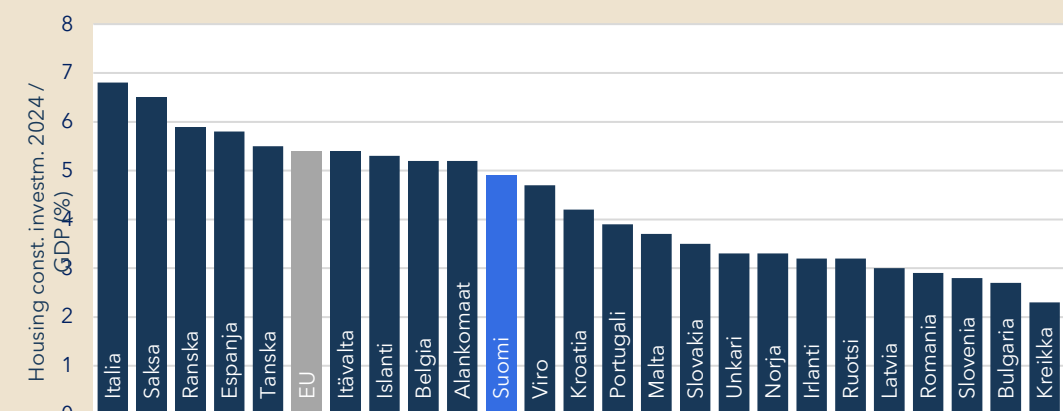


Investment outlook: Housing investments fell three times more than in the rest of Europe

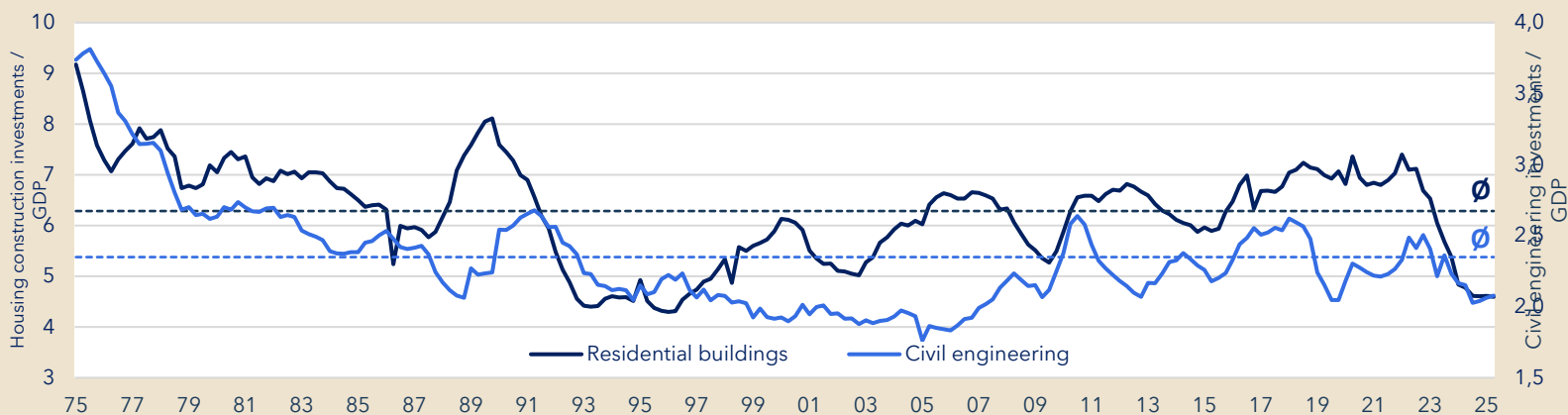
Construction investments in Europe: Finland fell among the others



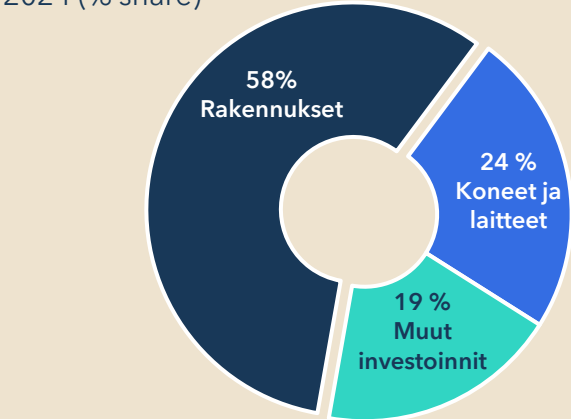
Housing construction investments: Finland fell below the EU average



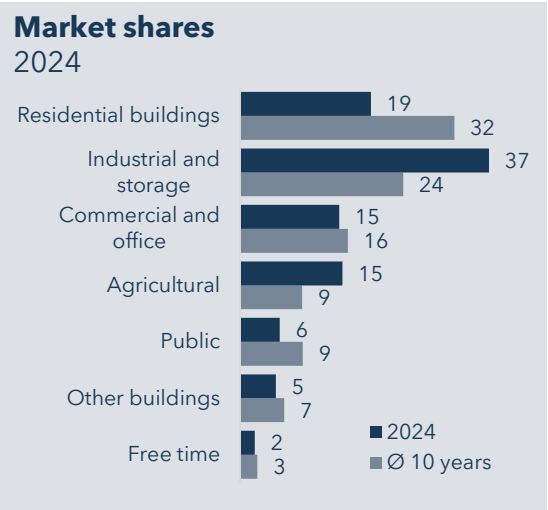
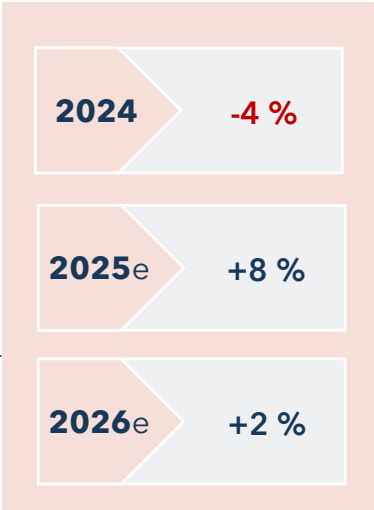
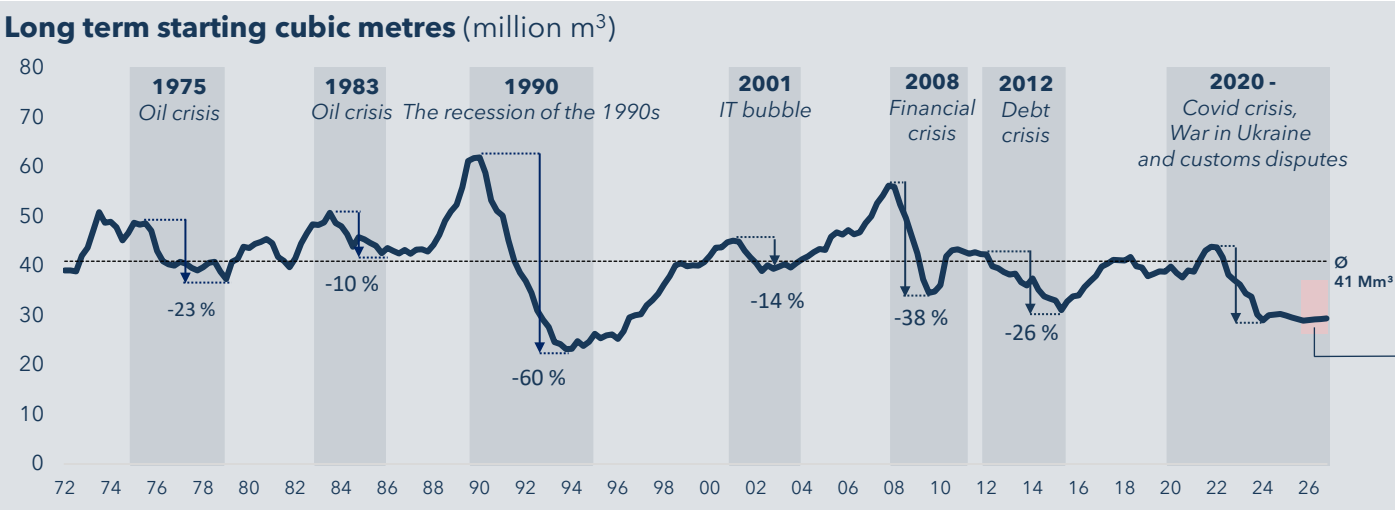
Construction investments in Finland: Housing investments plummeted - infrastructure investments low



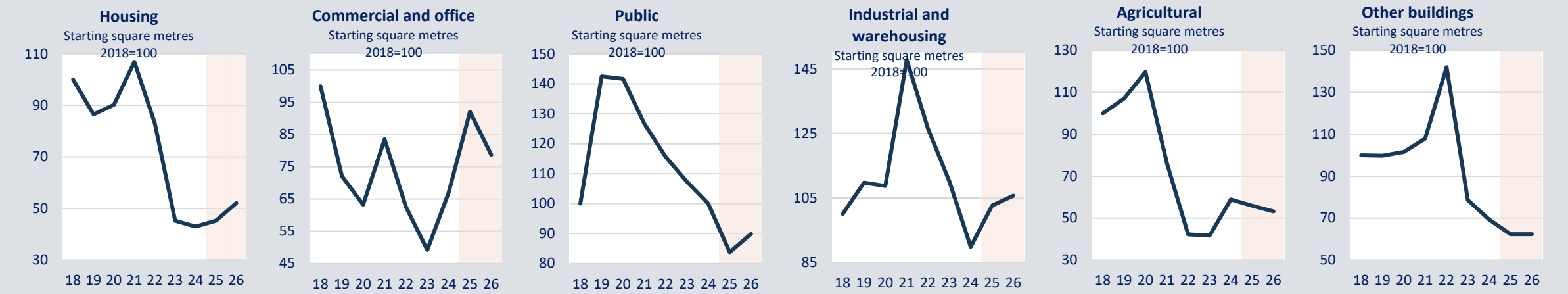
Fixed investments in Finland 2024 (% share)



Start outlook: start cubic metres will remain below 30 million for next year



Construction type outlook: Last year's bottom is left behind – only moderate growth for the outlook period



The economic outlook of the construction industry 2025-26: Weaker than expected based on wishes

2024
in total
35.7
BILLION €



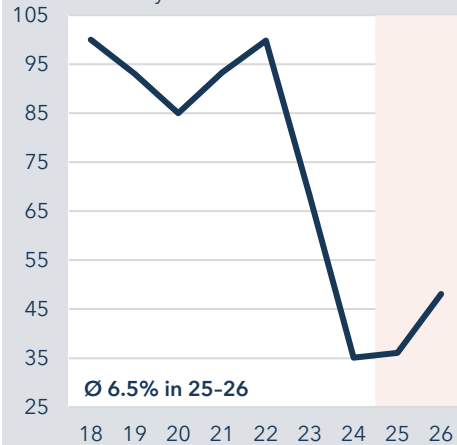
3.9
BILLION €

Housing

2023: -31.7 %
2024: -33.0 %
2025: 1.0%
2026: 12.0 %

Do or die

Recovery of the housing market is still in progress and is not supporting new construction. As subsidised production decreases, growth would require a huge leap in non-subsidised production in an uncertain economic situation.



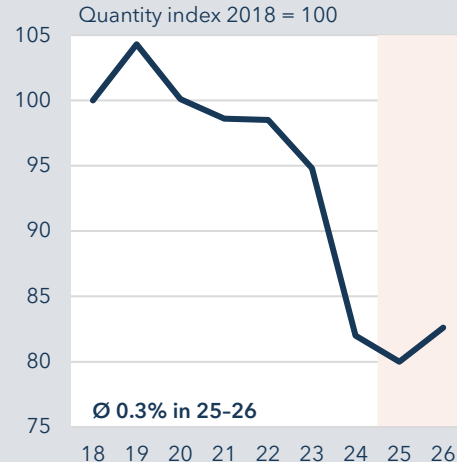
8.7
BILLION €

Non-residential construction

2023: -3.7 %
2024: -12.8 %
2025: -2.0%
2026: 3.0%

Start delayed

Projects delayed by customs disputes are starting. Clean transition is finally reflected in construction. However, more sustainable growth would require new investment decisions.



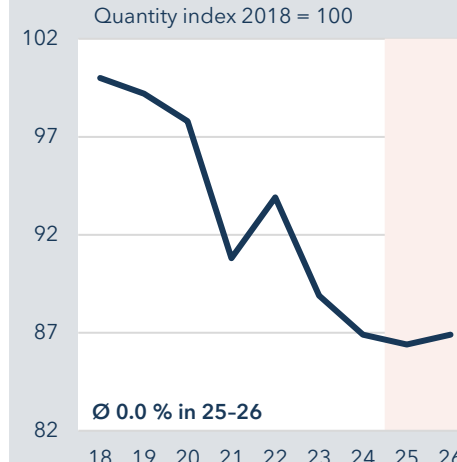
15.9
BILLION €

Renovation

2023: -5.0 %
2024: -2.0 %
2025: -0.5%
2026: 0.5%

Sad '20s

Reconstruction outlook turned to a decline again. No indicators are supporting a proper upturn. In the '20s, the usually steady growth has turned into a decline of a couple of per cent.



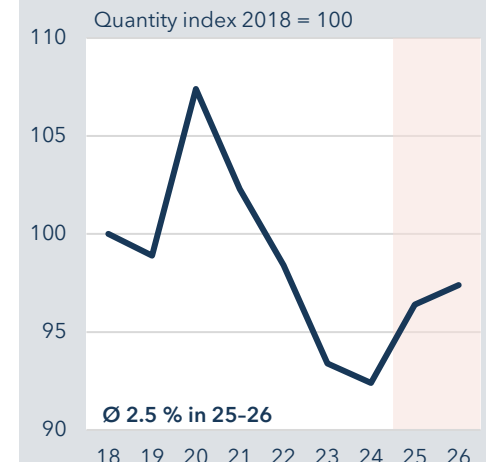
7.1
BILLION €

Civil engineering

2023: -7.0 %
2024: -1.0 %
2025: 4.0%
2026: 2.0 %

Maintains growth

Last year's growth remained weaker than expected. This year, growth will clearly increase driven by clean transition and rail projects. Next year, growth will halve.



= CONSTRUCTION IN TOTAL*: 2023e: -11 % 2024e: -7 % 2025e: +0.8 % 2026e: +3.5 %

*Fixed price added value