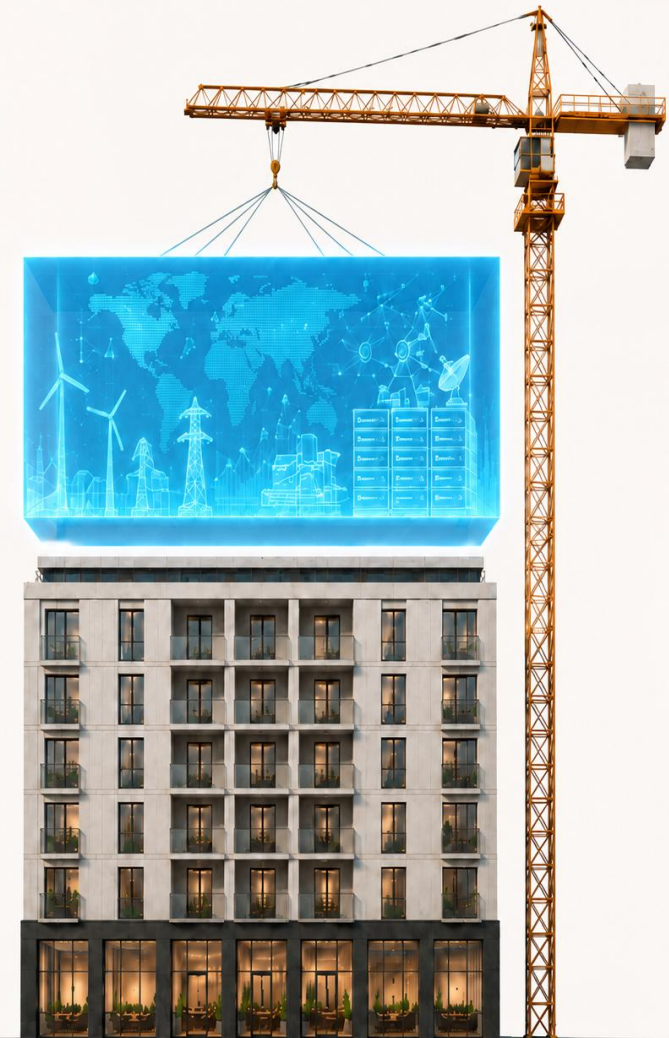


A layer of new growth

The construction cycle has turned, but this is no return to the past. A new layer of growth is emerging in the Finnish economy, with construction playing a significant role. There is a vast amount of money in circulation and a huge number of projects in the pipeline. Whether they materialise depends on Finland's ability to provide the built environment they need.



A new layer of growth is being built now

You have five years. After that, artificial intelligence will do your job better than you can.

That was Elon Musk's assessment in a recent interview. Artificial intelligence could surpass the combined intelligence of humanity within just a few years. And artificial intelligence is changing not only how work is done, but also the structures of knowledge, decision-making, money and public discourse. This estimate of the pace of development is ambitious. Perhaps overly so. More important than the five years, however, is the timescale – one measured in years rather than decades.

This is worth pausing to consider. The infrastructure of the new economy is being built now.

There are a huge number of projects in the pipeline. Investment needs are emerging in energy, networks, data centres and industry on a scale that is still difficult to grasp. In Finland, too, projects worth hundreds of billions of euros related to the new economy have already been identified. Many are still only at the planning stage, so global competition has yet to decide where they will be located.

For Finland, the question is simple. If Finland cannot now offer space for a data centre, an electricity grid around it, sufficiently fast permitting or a stable political outlook, the investments will be made elsewhere. In that case, the data centre is not just a lost construction project. Part of the value creation of the new economy is lost with it. Cheap and clean energy is a start. Real value for Finland will only be created when energy, computing, industry and expertise are linked to the global data economy and other megatrends.

We are used to thinking that the new economy and the future are about artificial intelligence, data, cloud services and algorithms. In reality, that cloud is built by traditional means. A data centre needs a building and a site, electricity, cooling and connectivity. Electricity needs generation and networks. Industry needs factories and logistics. And workers need homes and well-functioning cities. An investment needs a functioning ecosystem around it.

This is where the built environment takes on a new significance.

Speaking in 1943 about the rebuilding of the House of Commons, Winston Churchill said: "We shape our buildings and afterwards our buildings shape us". The remark fits the times we live in. The built environment is not a backdrop to the economy. It increasingly determines what is possible in the economy. Construction is also a significant part of the investment itself.

This is already visible in construction. The cycle has turned, but this is no return to the past. Demand for construction is less dependent than before on population growth, urbanisation and consumption. Flats and commercial premises are not going anywhere. A new layer of growth is now emerging on top of traditional demand, based on energy, data and also security. We are used to construction following economic growth. In the new economy, the reverse is partly true: the economy's potential increasingly depends on whether we can provide it with the right kind of built environment. The future will not arrive in Finland ready-made. This time too, it will be built. Only a country that is built well can do well.

// We shape our buildings and afterwards our buildings shape us.

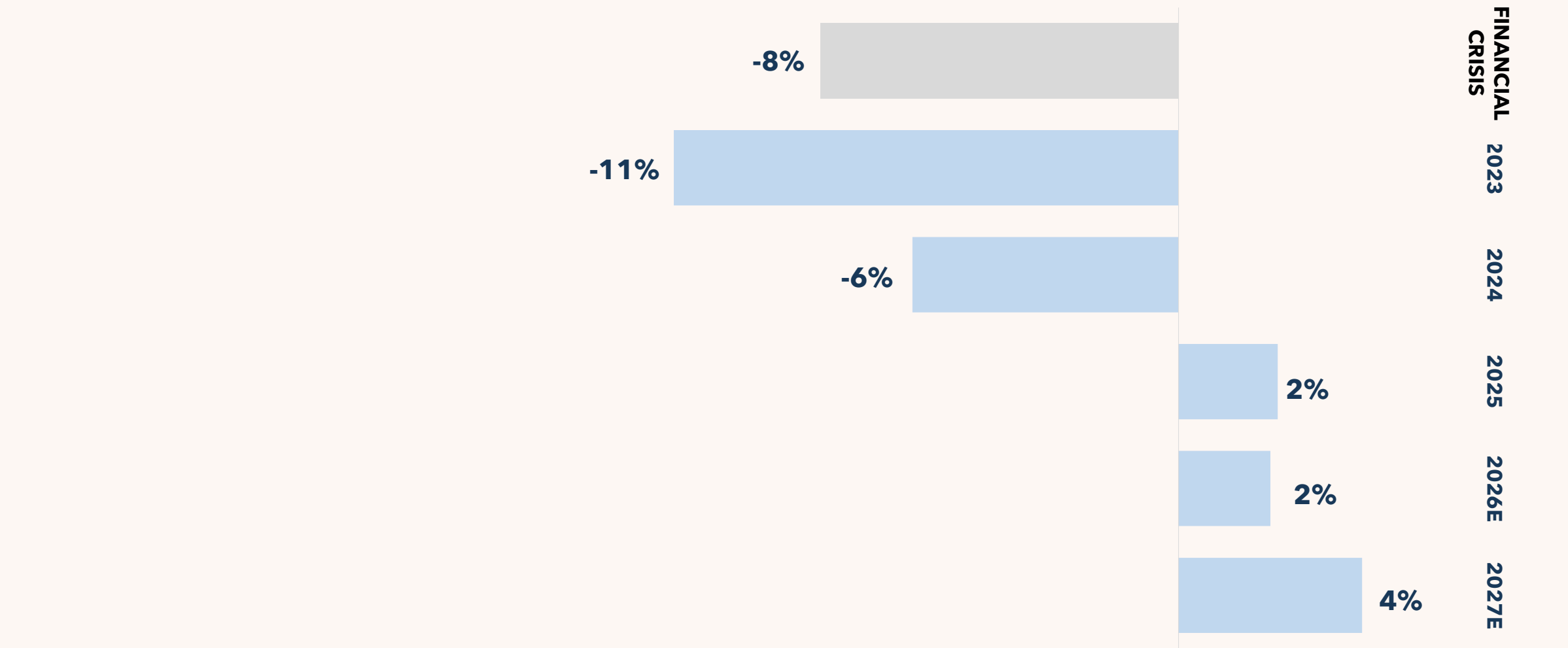


Jouni Vihmo
Chief economist
jouni.vihmo@rt.fi
+358 50 520 1636
X: @jounivihmo

A country that is built well is a country that does well.

Added value in construction

Actual and forecast, annual change (%)



5 Conclusions about the construction

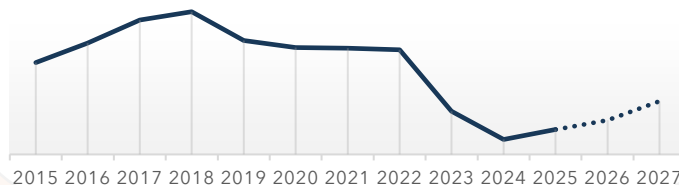
RT Economic outlook 2/2026

RT

1 The cycle has turned - the structure of demand changing

2024

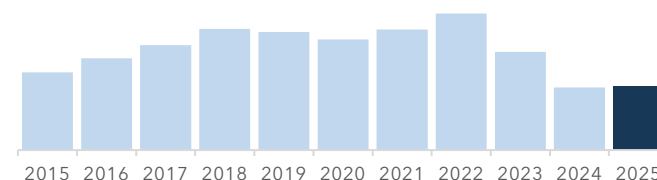
Construction bottoming out
measured by added value



2 Housing construction is not driving the turnaround this time

8.5 → 4 billion €

Value of new housing construction
from the peak to last year



3 Hope is stirring for a recovery in housing construction

15,000

housing starts will bottom out
this year.

Output is barely growing, but stronger-than-expected economic growth and a decline in housing supply are creating room for a turnaround in the Helsinki metropolitan area.

4 The new economy is changing the investment outlook

55 billion €

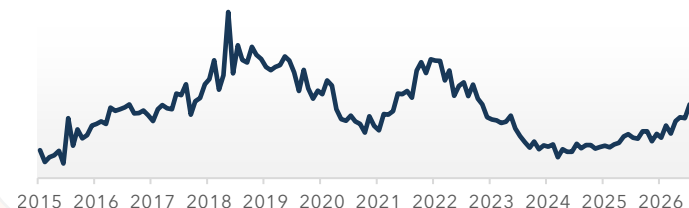
identified data centre investment potential by
2035

There is a vast amount of money in circulation and a huge number of projects in the pipeline - whether they materialise depends on Finland's ability to provide the built environment they need.

5 Employment still lagging behind - concern about labour availability making a comeback

25%

of construction companies see labour
availability as an obstacle to production



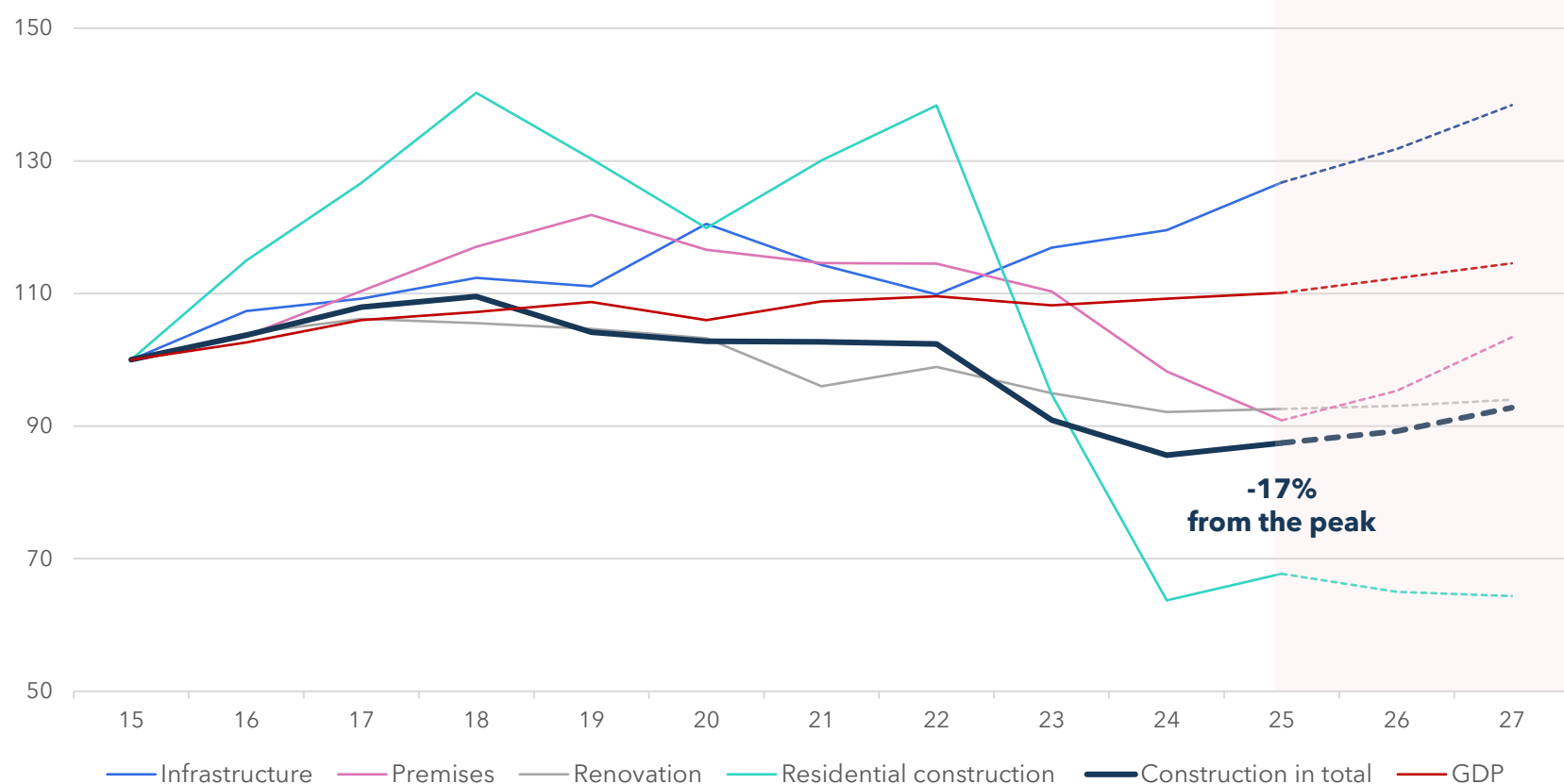
RT

The cycle has turned, but this is no return to the past

Uncertainty still surrounds how quickly and how broadly construction can recover to more normal levels

The recovery in construction is uneven

Volume index 2015=100



Infrastructure

- Strongest outlook, demand expanding
- Energy, data, security of supply, defence

Premises

- Weak current situation – strong outlook
- Data economy, public projects

Renovation

- Positive trend
- Financing is holding back the turnaround

Housing construction

- Historically low level
- Decline continues

Construction in total

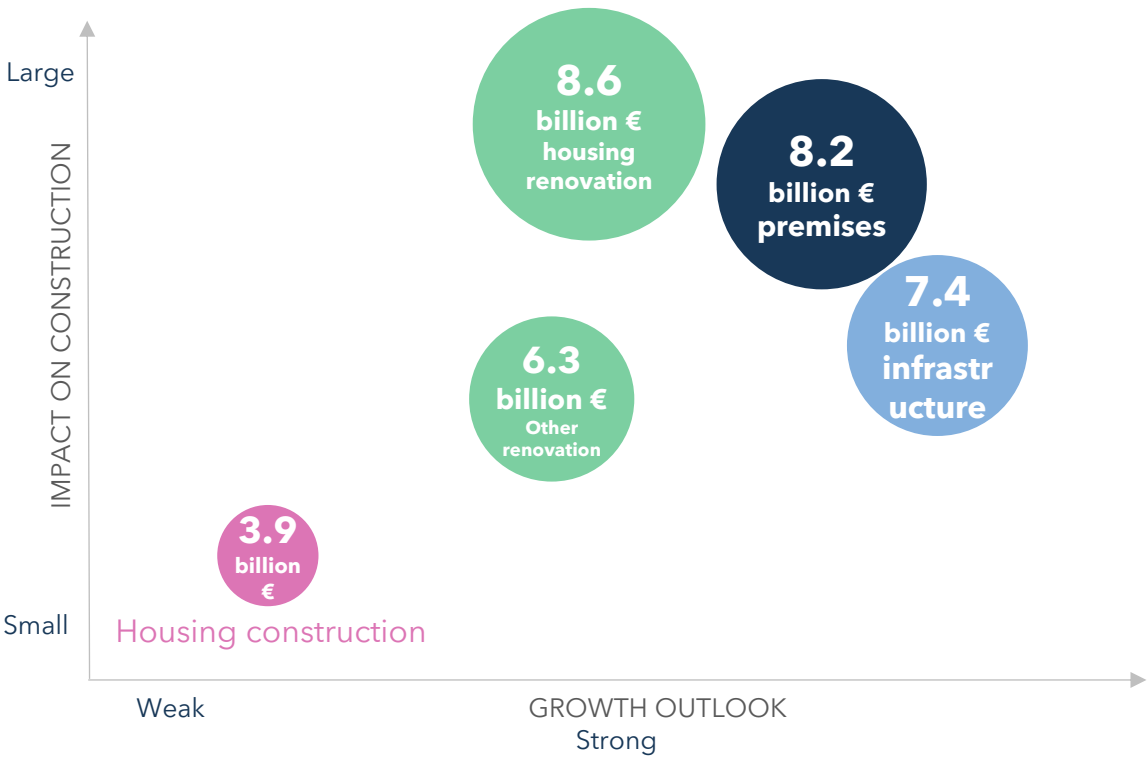
- The turnaround is under way, but the recovery is uneven
- A new layer of growth is emerging alongside traditional demand

Largest segments support the recovery

The housing market is still not supporting the construction of new flats

The largest types of construction are supporting growth

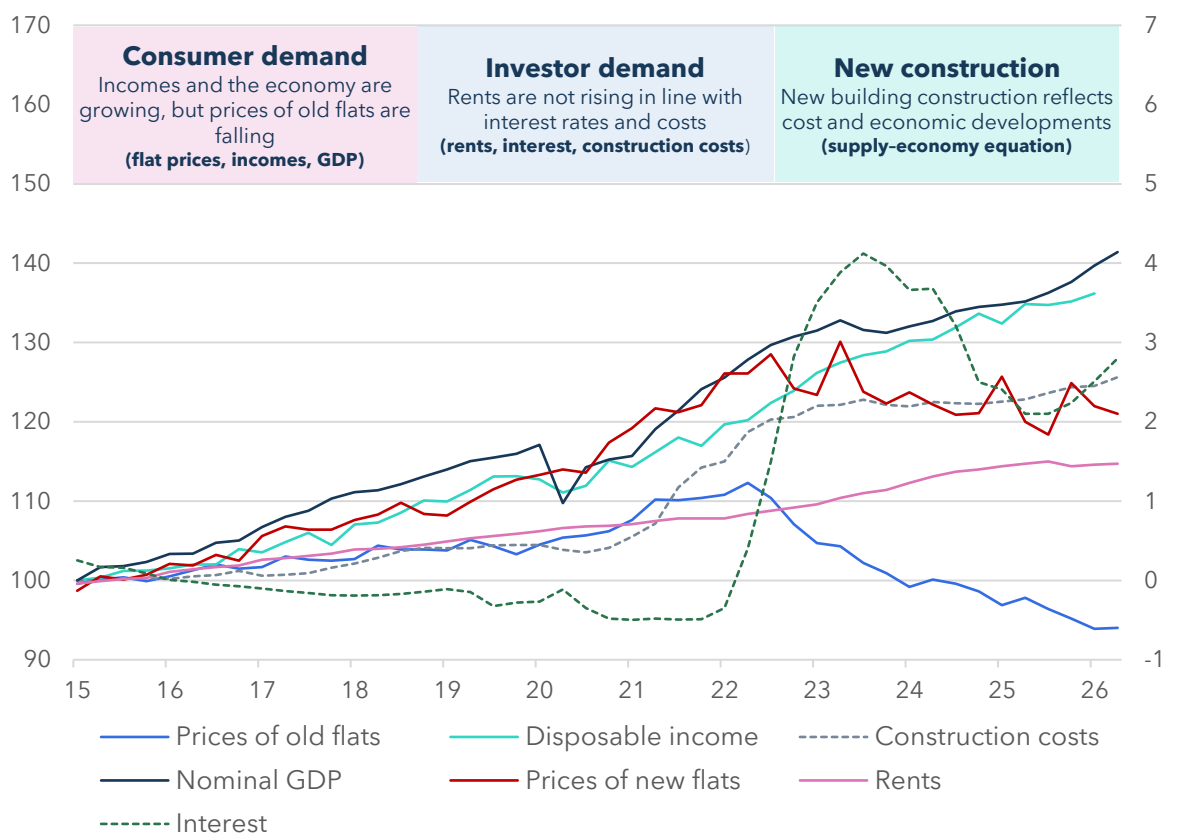
Cyclical position of different types of construction



The housing construction equation remains almost impossible

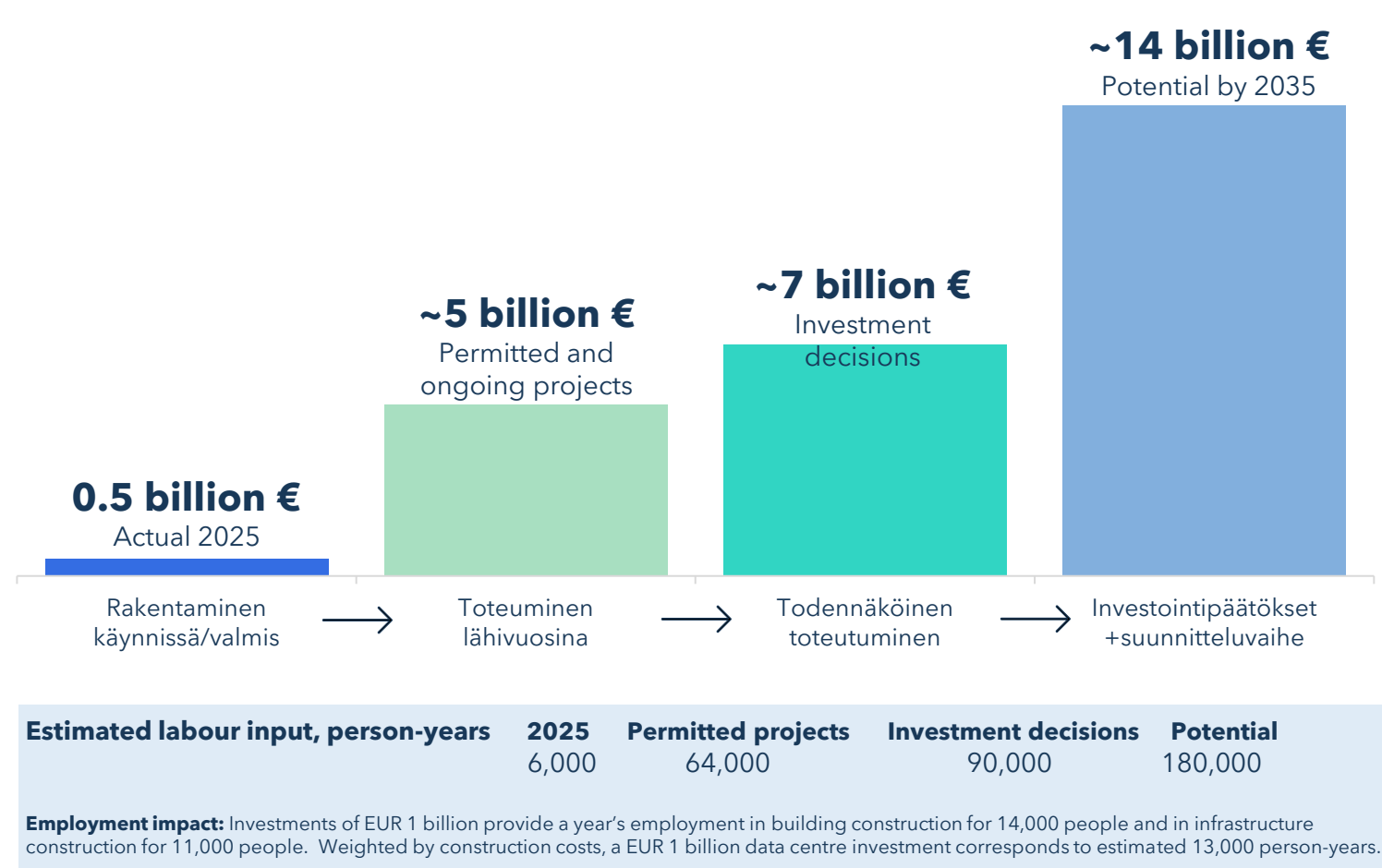
Nominal index (2015 = 100)

Euribor 12 months



Data centres are changing the investment outlook

The potential investment pipeline to 2035 is almost 30 times the actual figure for 2025



Investment phase

Breakdown of construction costs:

- Planning, permits, etc. 5 - 15%
- Site and earthworks 5 - 10%
- Building 15 - 20%
- Electrical infrastructure 35 - 45%
- Cooling systems 20 - 25%

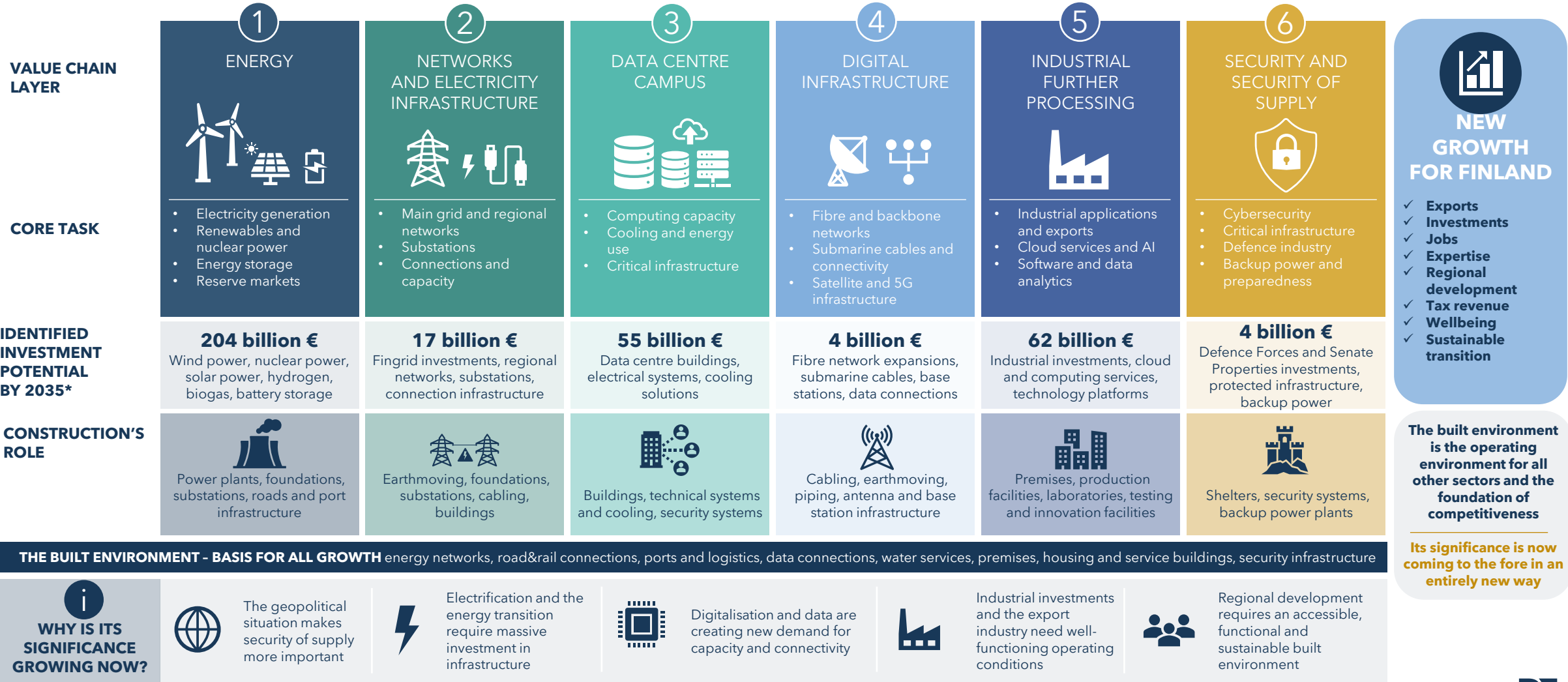
Sensitivity analysis

Construction-related investment potential in the EK project pipeline under different construction shares

Construction share	Construction-related potential	Ratio to the actual figure for 2025
15%	8.25 billion €	~17x
20%	11.0 billion €	~22x
25%	13.75 billion €	~28x
30%	16.5 billion €	~33x
35%	19.25 billion €	~39x

Construction accounts for a significant share of the new economy's investment wave

Finland has almost all the resources it needs – where investments will be located is still open and increasingly depends on the built environment



How large can the new economy layer grow?

Finland has almost all the resources the new economy needs – but investments will not happen by themselves



What will determine how large a layer develops in Finland?

- 1 Energy production, electricity transmission and networks
- 2 Permits and administrative processes
- 3 Workforce and expertise
- 4 Competition for investment – Sweden, Norway, rest of Europe
- 5 Geopolitical position and security

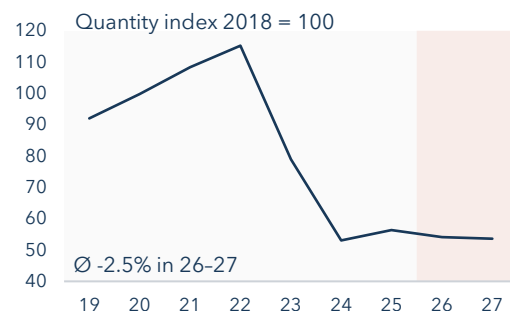
Construction outlook 2026-27: uneven recovery driven by the new economy

2025
in total
34.4
billion €

HOUSING *Hope is stirring*

2024: -32.8%
2025: +6.3%
2026: -4.0%
2027: -1.0%

3.9
billion €

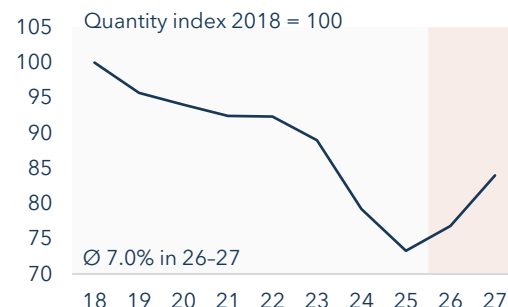


↓ Output remains at rock bottom, but the economic turnaround and shrinking supply are beginning to create conditions for future output in the Helsinki metropolitan area. Broader growth is still some way off.

PREMISES *New growth*

2024: -11.1%
2025: -7.5%
2026: +5.0%
2027: +9.0%

8.2
billion €

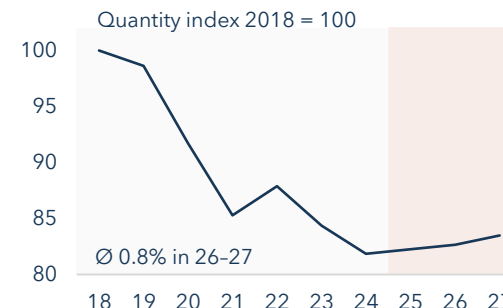


↗ The data economy and geopolitics are extending the investment wave beyond traditional demand. The outlook for non-residential construction is strong, but growth is still narrowly based.

RENOVATION *Slow turnaround is gaining strength*

2024: -3.0%
2025: +0.5%
2026: +0.5%
2027: +1.0%

14.9
billion €

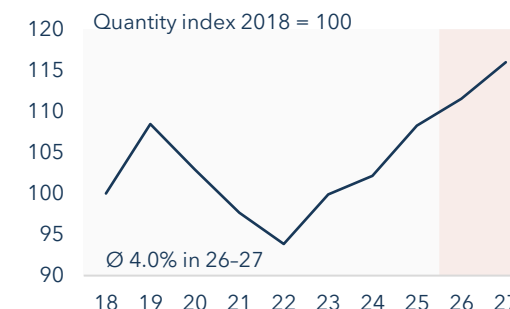


↗ The trend is positive. Weak financing is still holding back growth in the largest construction segment and is dividing the market ever more sharply.

INFRASTRUCTURE *Growth is broadening*

2024: +2.3%
2025: +6.0%
2026: +4.0%
2027: +4.0%

7.4
billion €



↗ Demand is broadening, driven by energy, data and security. Growth is not just a cyclical turnaround, but also reflects structural changes in investment needs.

CONSTRUCTION TOTAL*

2024
-6.0%



2025
+2.2%



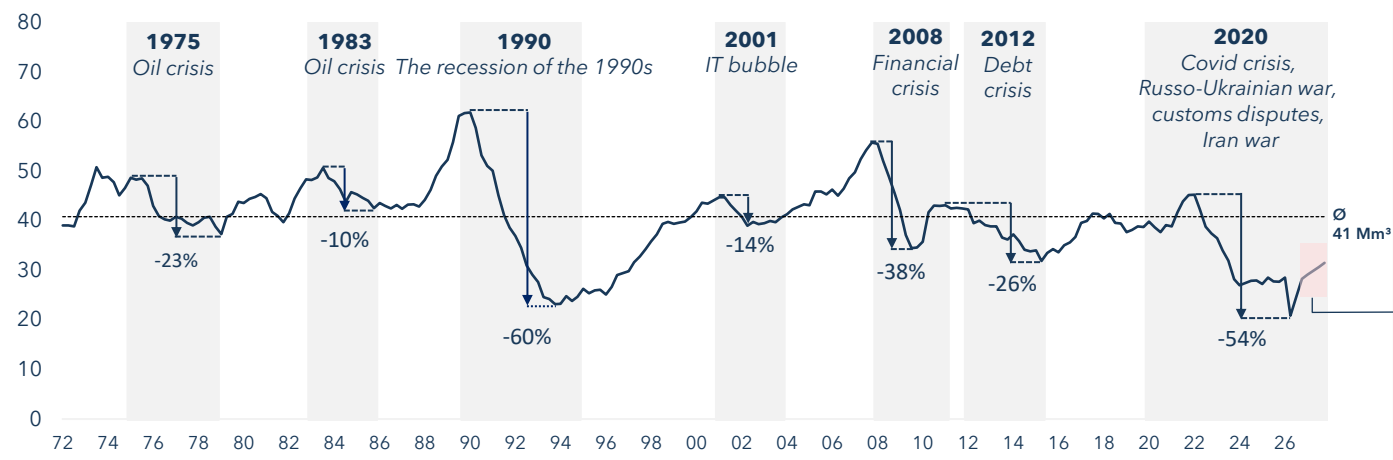
2026f
+2.0%



2027f
+4.0%

Outlook for building starts: data economy and geopolitics are broadening investment demand

LONG TERM building starts in cubic metres (million m³)



BUILDING STARTS IN CUBIC METRES

2025

-1%
vs. 2024

2026f

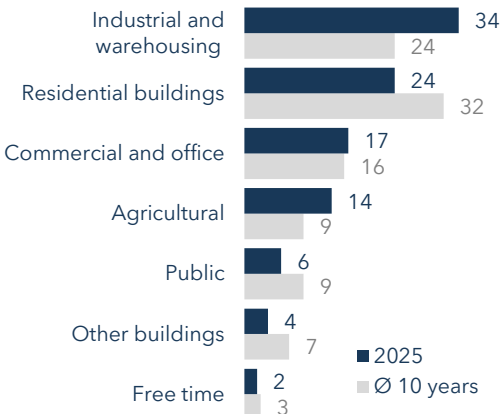
+2%
vs. 2025

2027f

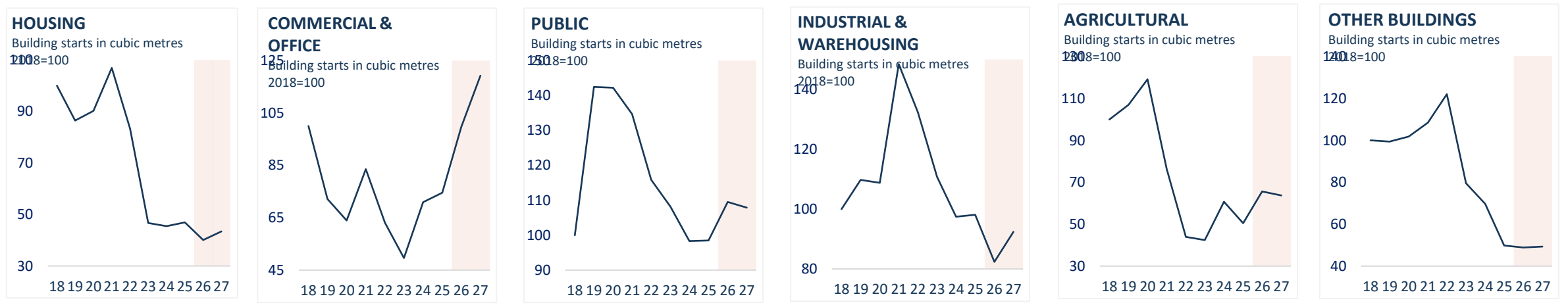
+11%
vs. 2026

MARKET SHARES (%)

2025

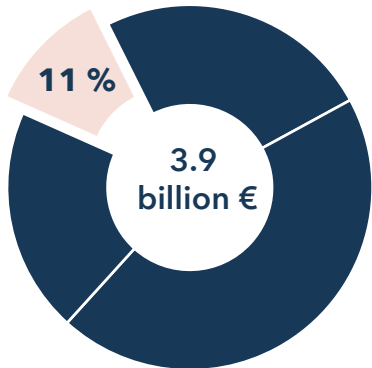


CONSTRUCTION TYPE OUTLOOK: Data centres and public construction are driving growth this year – next year, industry will also join in.

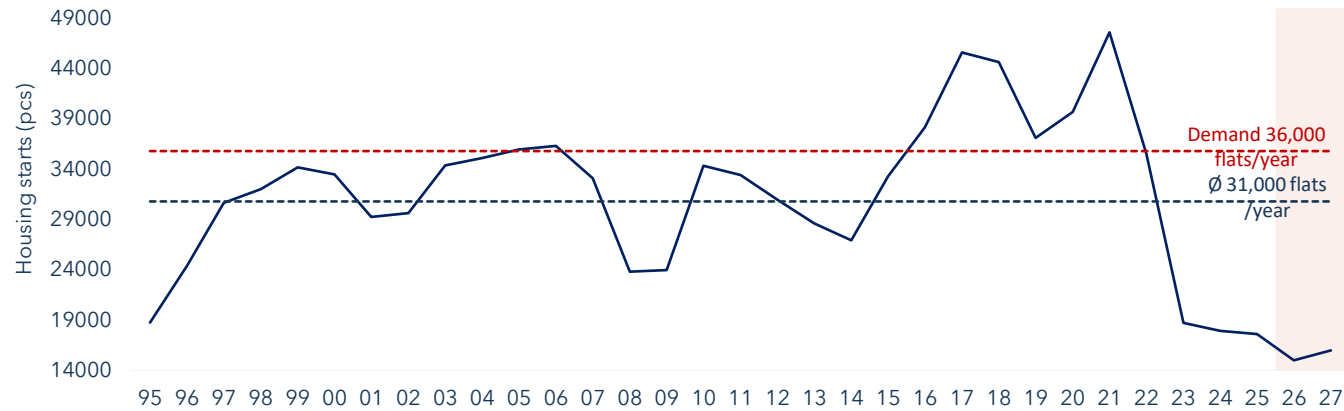


Housing construction: economic growth and shrinking supply creating room for a turnaround

MARKET SHARE 2025



LONG TERM housing starts (pcs)



HOUSING STARTS

2025 -1.7%
vs. 2024

2026^f -15%
vs. 2025

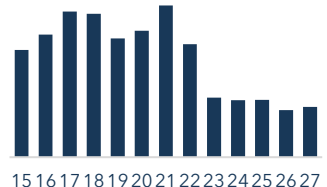
2027^f +7%
vs. 2026

Weakest development in the construction market

HOUSING STARTS

total excluding others (pcs)

2024: 17,900
2025: 17,500
2026: 15,000
2027: 16,000



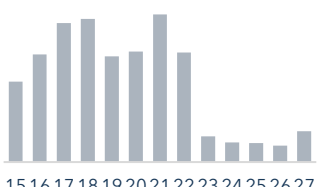
BLOCKS OF FLATS

Privately financed

2024: 3,600
2025: 3,400
2026: 3,000
2027: 5,500

Subsidised production

2024: 9,100
2025: 7,900
2026: 6,000
2027: 3,000



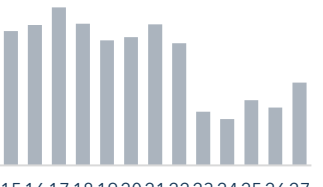
SINGLE-FAMILY HOUSES

2024: 3,600
2025: 3,800
2026: 3,800
2027: 4,400



TERRACED HOUSES

2024: 1,100
2025: 1,600
2026: 1,400
2027: 2,100



OTHER BUILDINGS

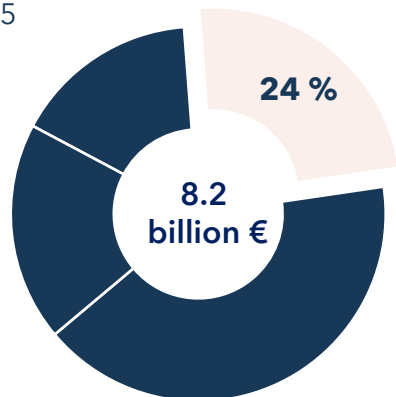
(special groups and hostels)

2024: 500
2025: 800
2026: 800
2027: 1,000



Outlook for non-residential construction: new growth – a strong outlook

MARKET SHARE
2025



Greatest growth potential in the construction market

LONG TERM volume of non-residential new construction



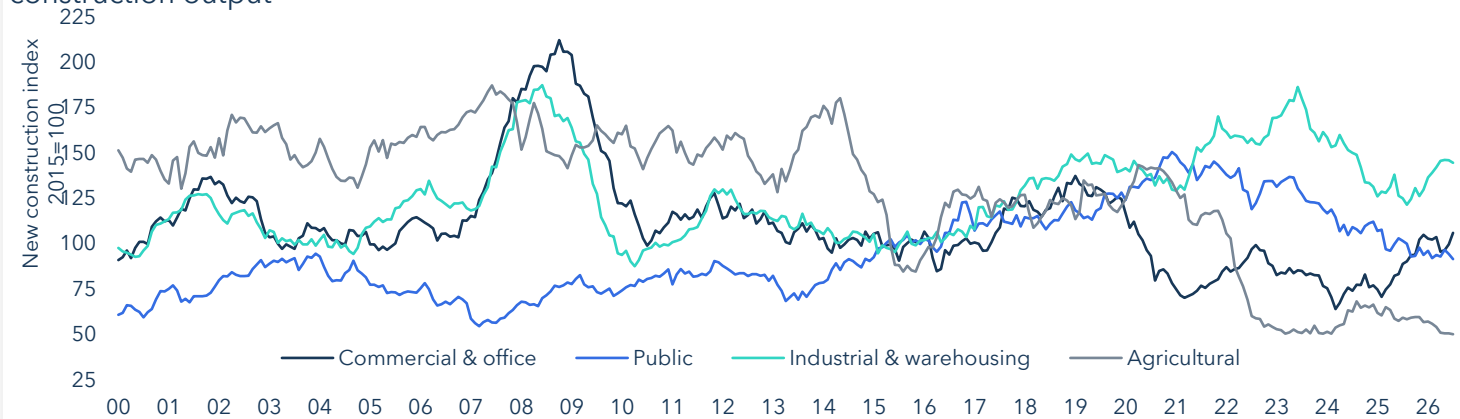
NEW CONSTRUCTION

2025 **-7.5%**
vs. 2024

2026^f **+5%**
vs. 2025

2027^f **+9%**
vs. 2026

VOLUME OF NEW CONSTRUCTION: Strong growth in data centres is reflected in commercial and office construction output



EK investment
survey
(June 2026)

Fixed investments, MEUR and annual change (%)

	2024	2025	2026	24-25%	25-26%
Investment in fixed capital	5,373	5,430	6,036	1.1	11.2
-Buildings	1,537	1,842	2,248	19.9	22.0

Green transition investments: Nearly 1,500 green transition and clean energy investment projects, worth a total of over EUR 336 billion, are in the pipeline in Finland. The project portfolio includes renewable energy, electricity grids, electricity storage, data centres and industrial investments, among others. Since 2021, projects worth over EUR 29 billion have been completed and investment decisions worth over EUR 35 billion have been made. However, most of the identified investment potential is still at the planning and preparation stage.

Outlook for infrastructure construction: demand broadening, driven by energy, data and security

