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**Construction Market
Update**

#WEMAKE2BUILD



Nicholas Fearnley

Head of Global Construction Forecasting

Dr Nicholas Fearnley is the Head of Global Construction Forecasting, overseeing the teams that produce the various global construction services. He works over the full construction spectrum, and has experience forecasting construction activity, cost escalation, and material demand.

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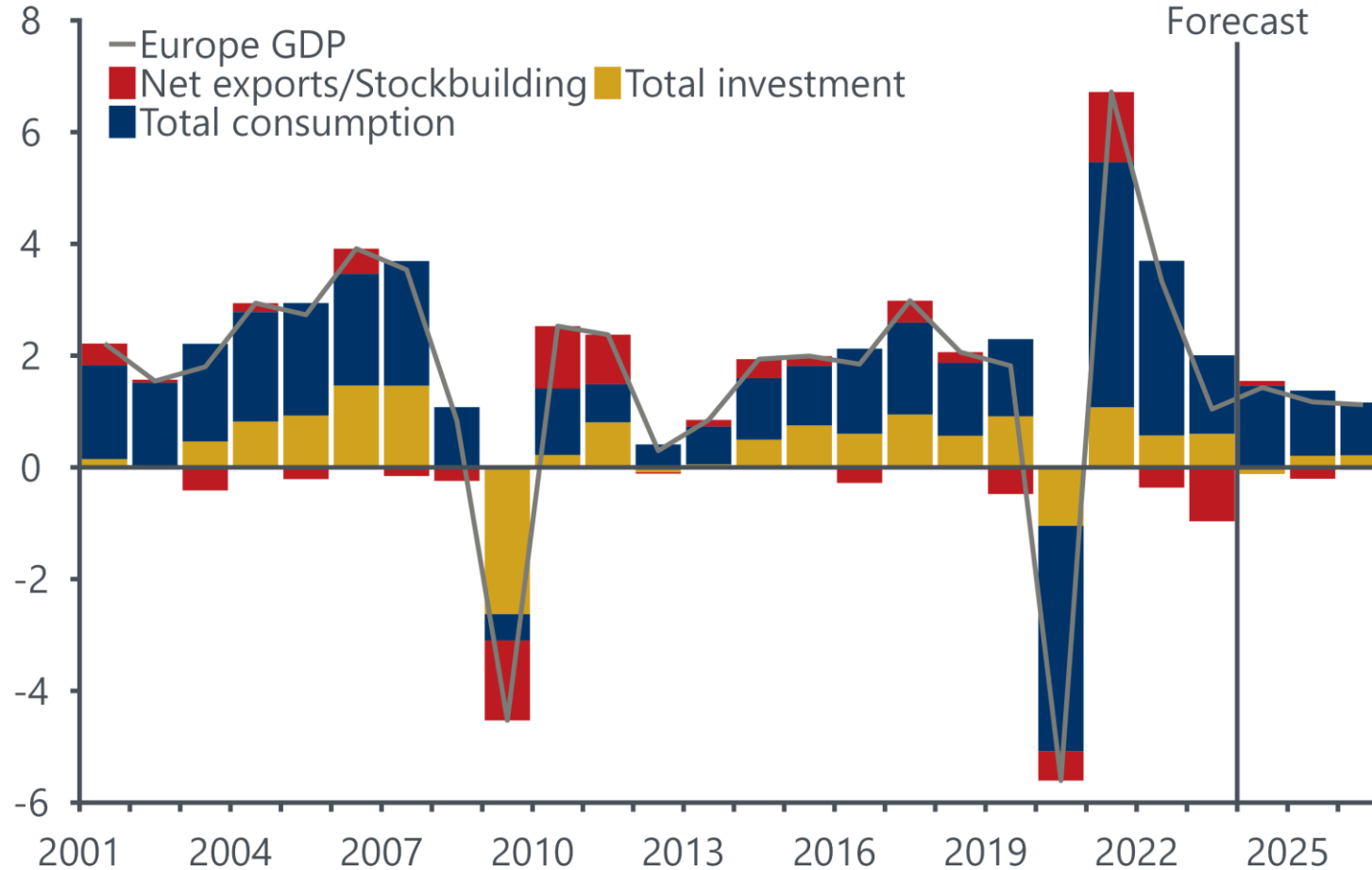
Consumers will drive economic growth

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Europe: GDP

Contribution to annual GDP growth in Europe - pp



Source: Haver Analytics, Oxford Economics



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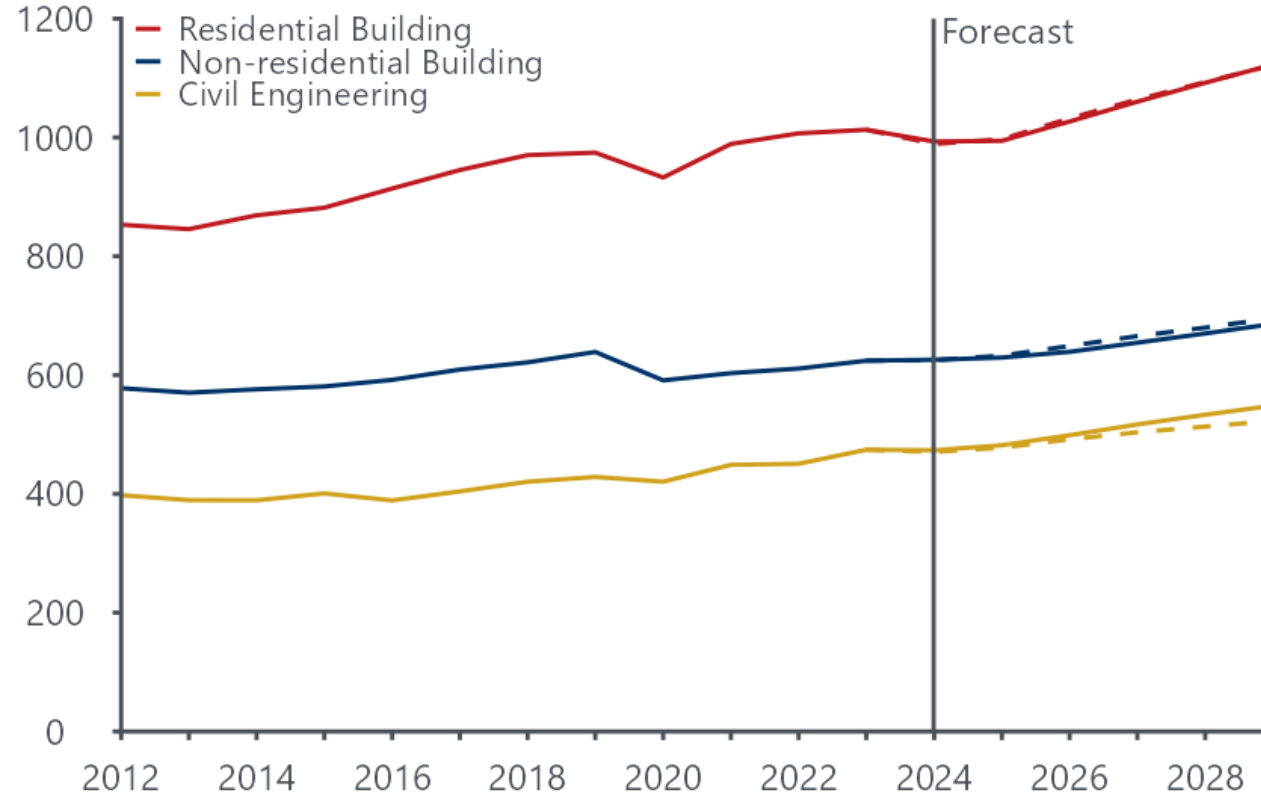
'Liberation day' didn't cause significant downgrades

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Total construction work done by sector

Billion \$USD, Constant prices



*Dashed line shows pre-Liberation Day forecasts



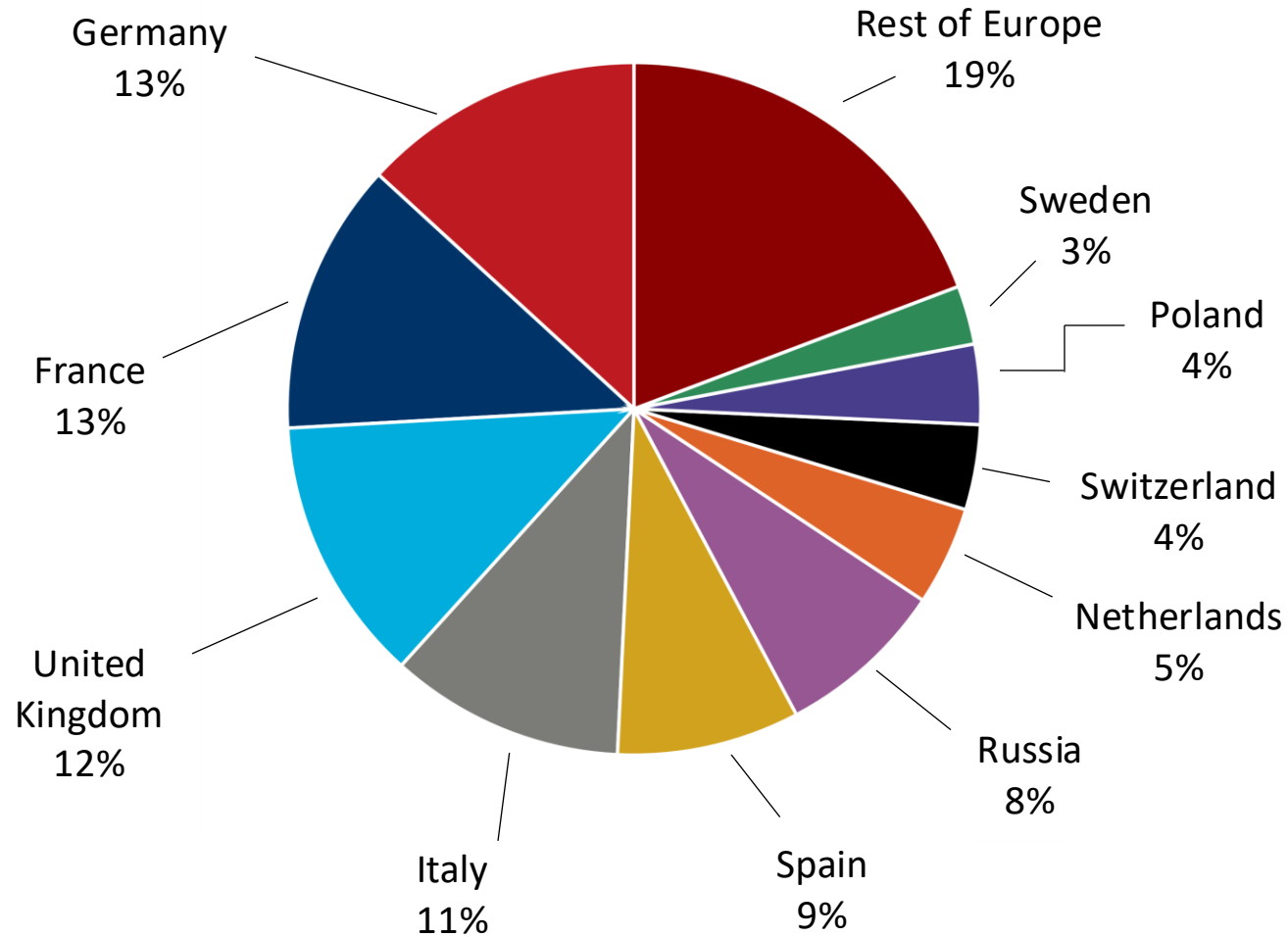
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Eurozone countries dominate European Construction

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Europe: Top 10 Construction Markets



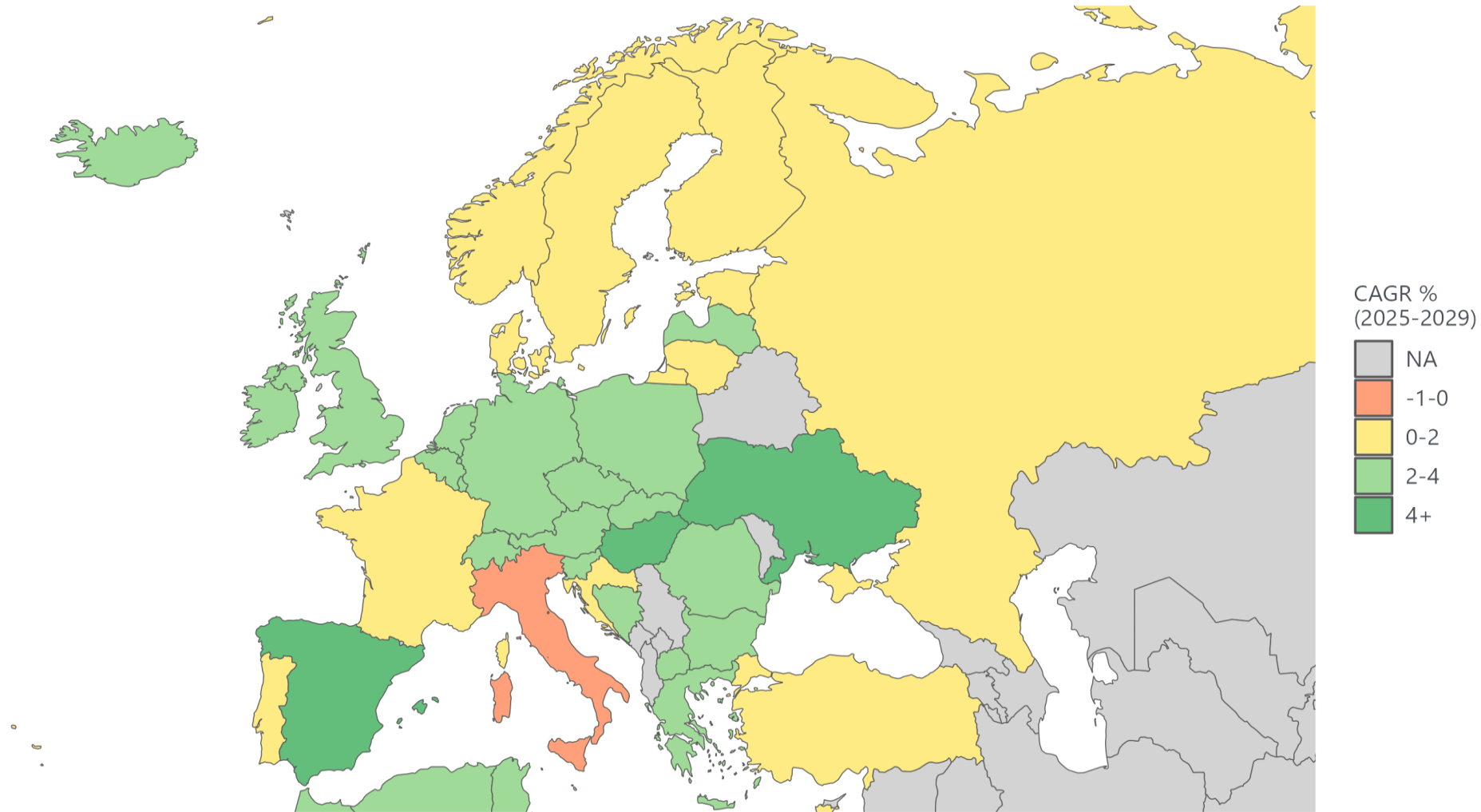
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Ukraine, Spain and Hungary to be the fastest growing countries

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War outcome will determine Ukraine's construction outlook

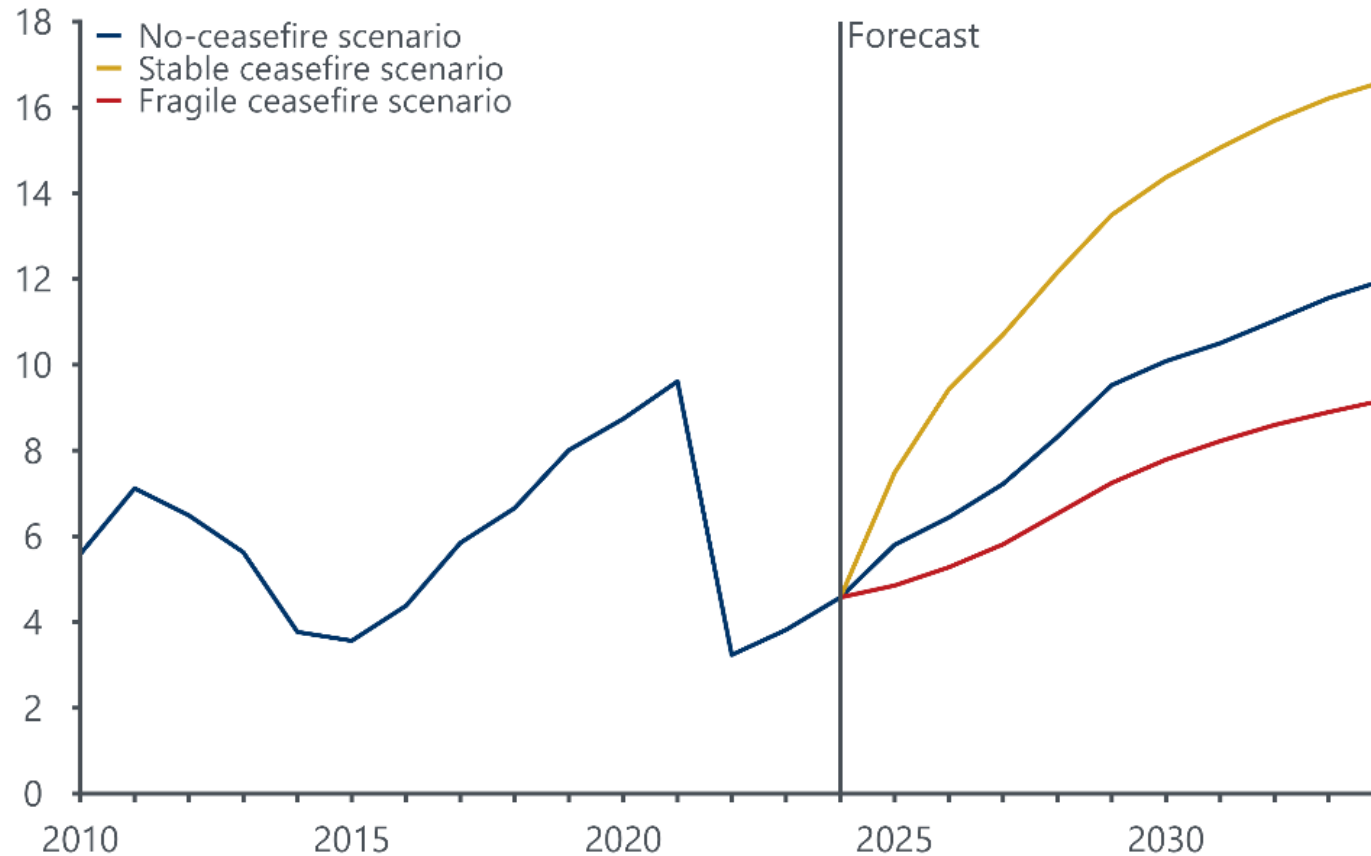
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Total construction work done - scenarios comparison

Billion USD, Constant Prices

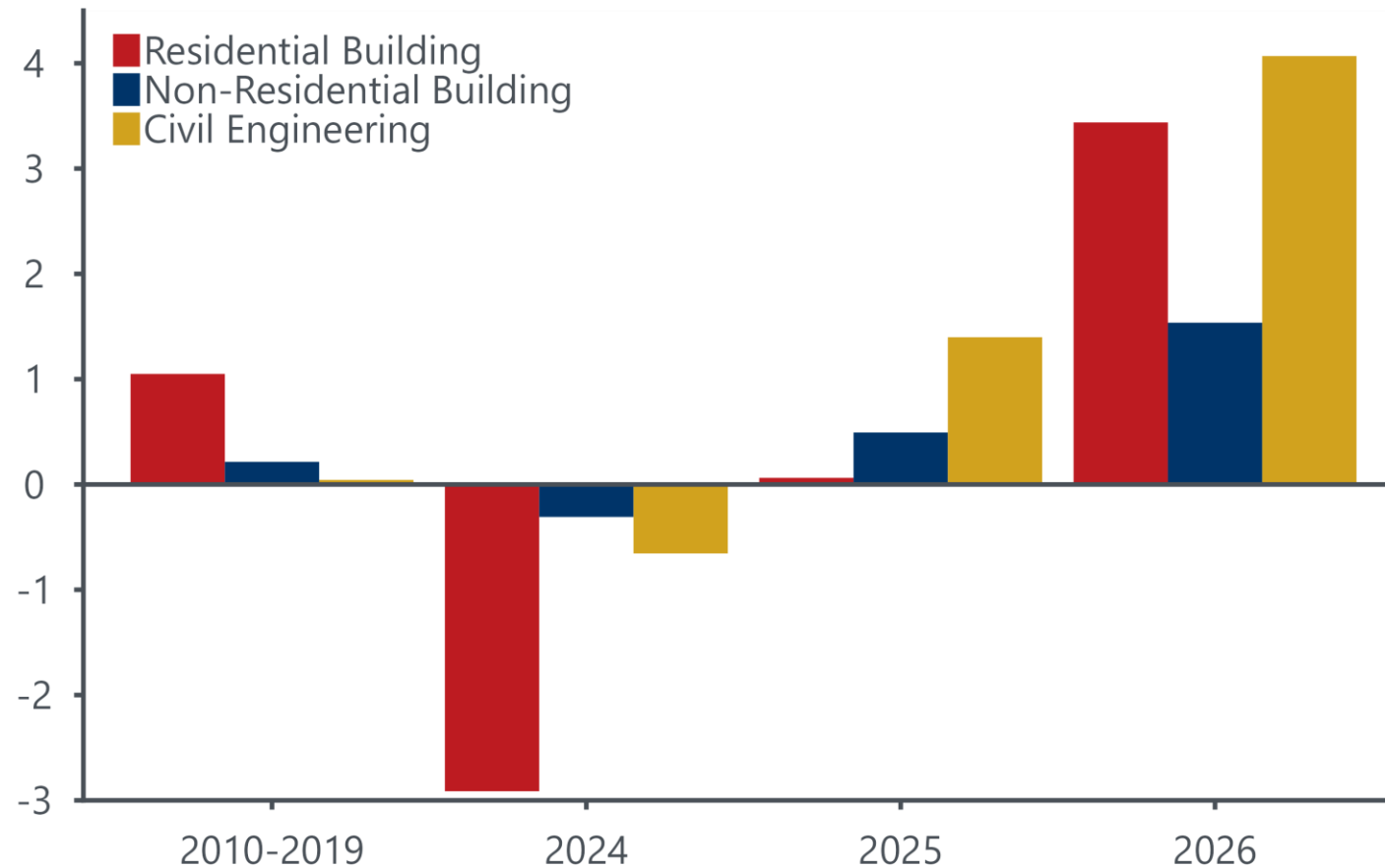


What is happening over 2025 and 2026

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European Construction Work Done
%, CAGR



Source: Oxford Economics, Haver Analytics, EuroConstruct



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Policy loosening has further to run

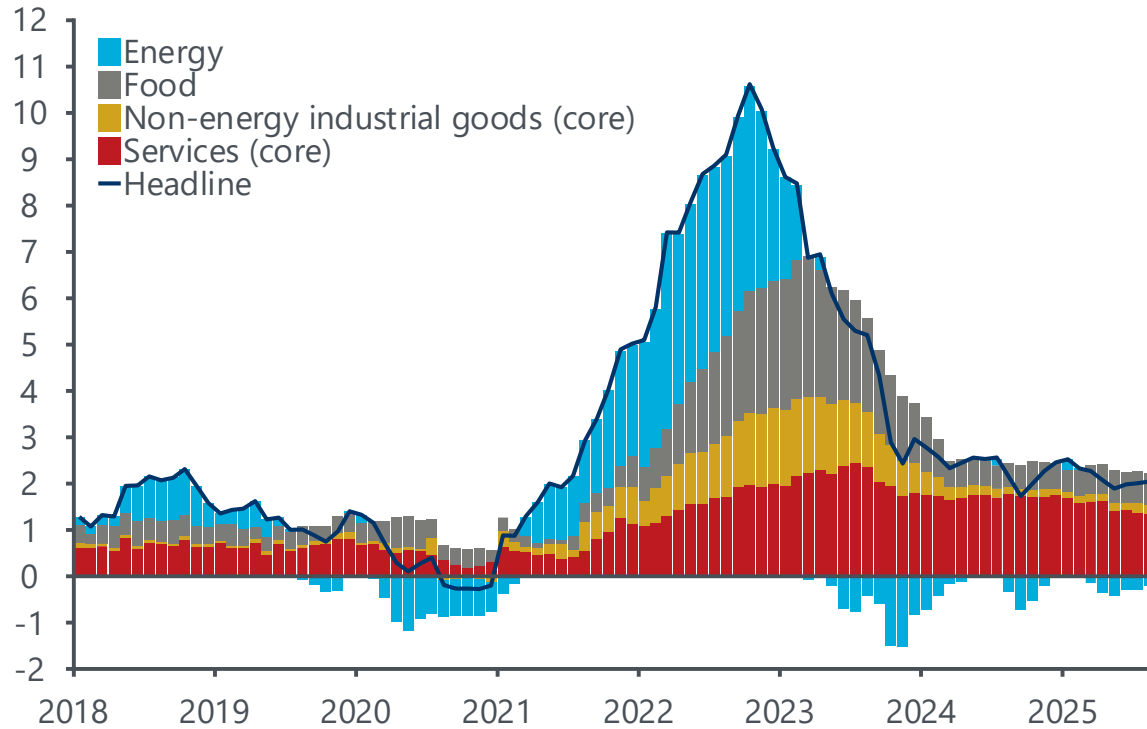
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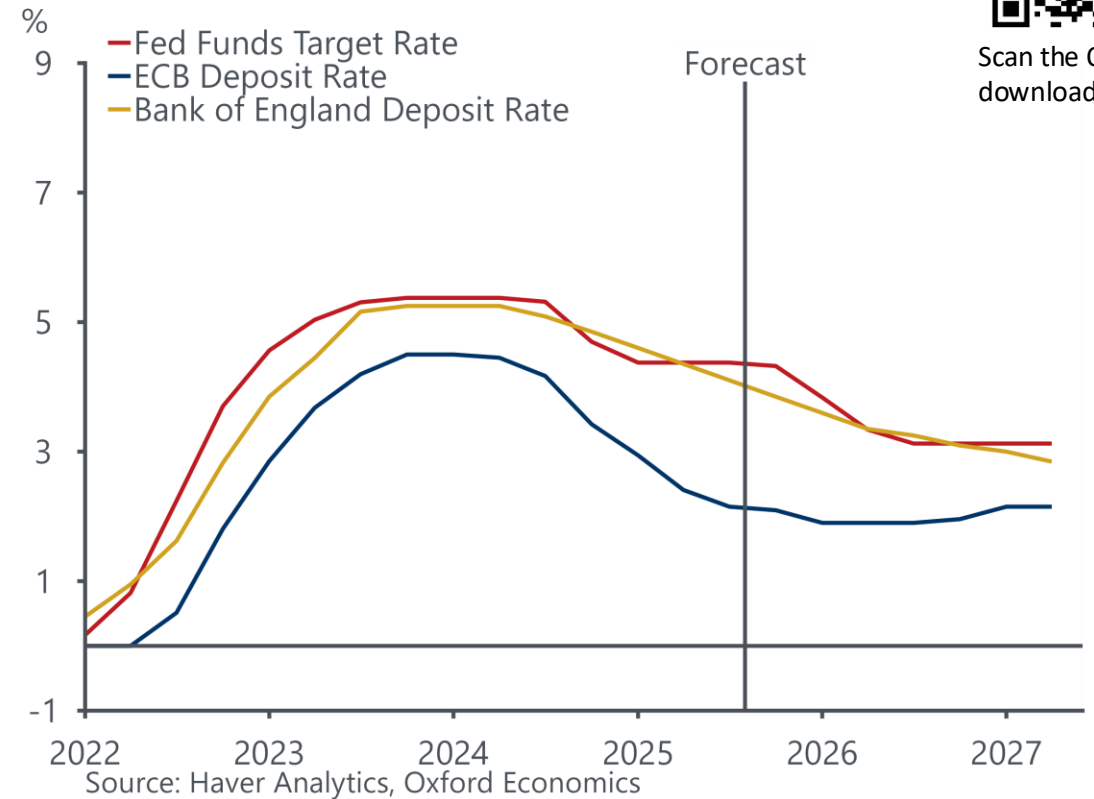
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Eurozone: Headline Inflation Breakdown

% y/y & pp contribution



Advanced Economy: Policy rate forecasts



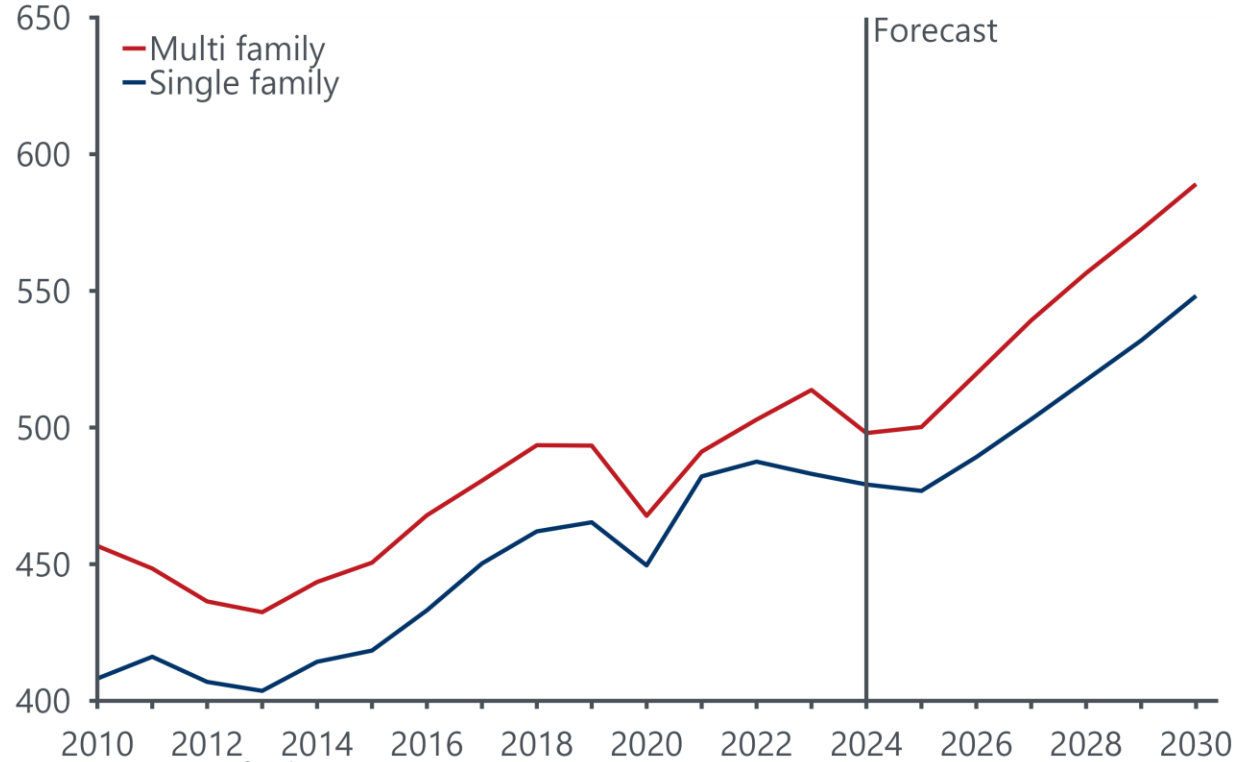
Falling policy rates will support a rebound in dwelling demand

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Europe: residential buildings forecast

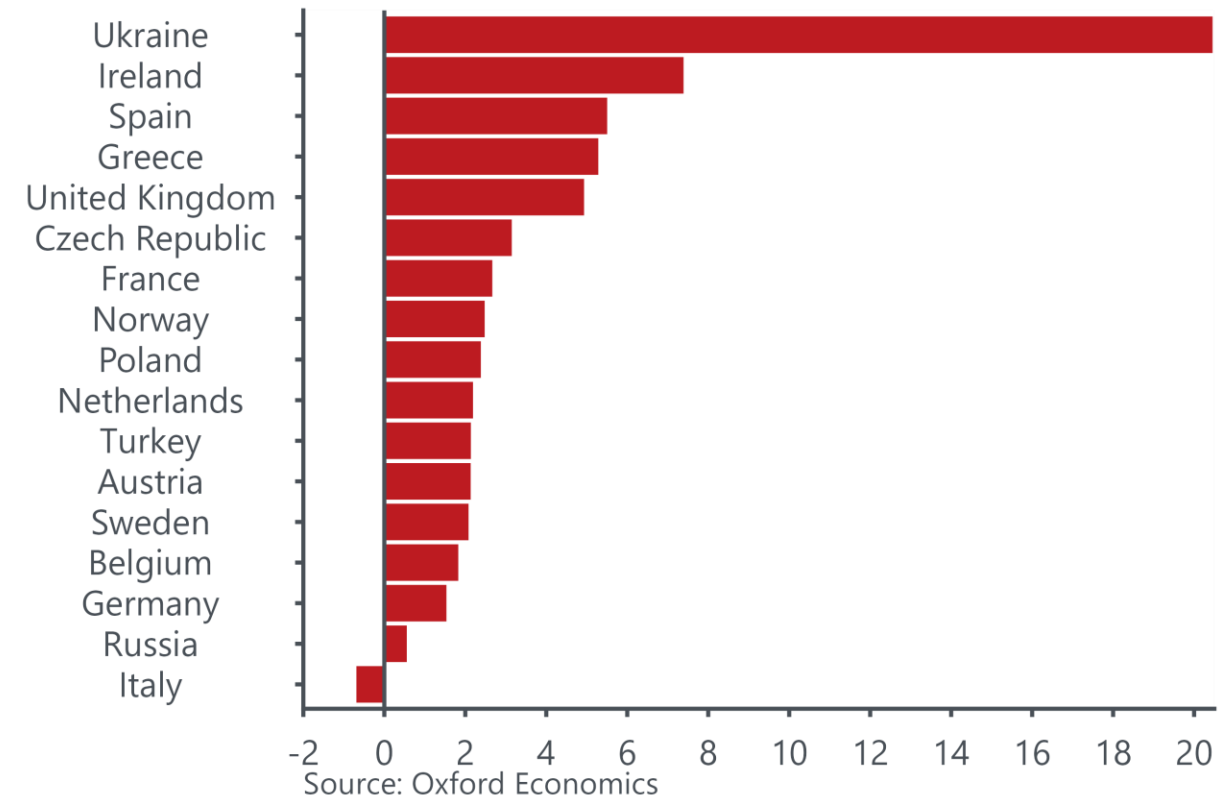
USD, billion



Source: Oxford Economics

Key European countries: residential buildings growth

%, 5-year CAGR (2025-2029)



Source: Oxford Economics

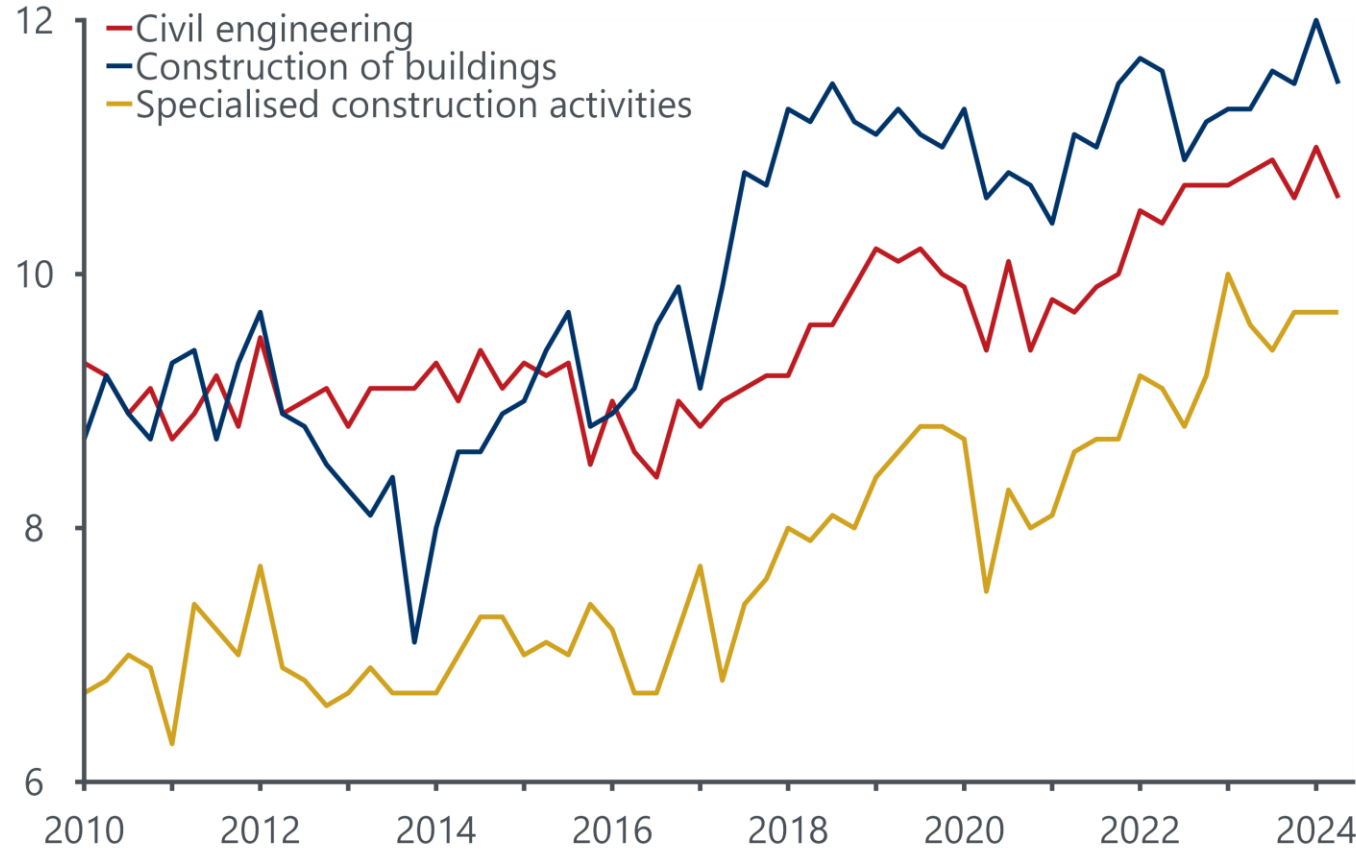
Backlog of work continues to support construction activity

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European Union: Construction backlog

Operating time (months) ensured by current backlog



Source: Oxford Economics, Haver Analytics



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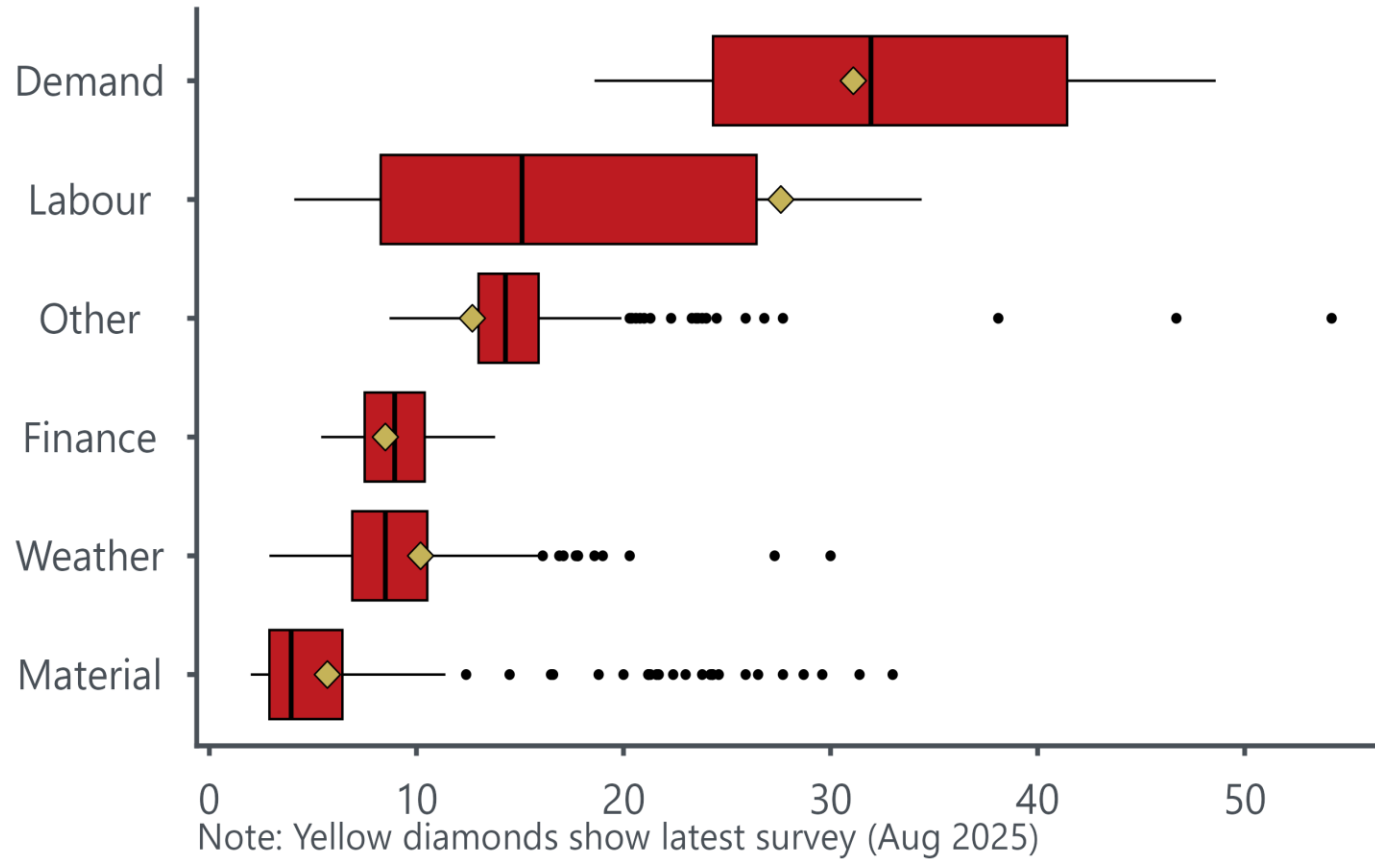
Labour shortages continue to cause headaches

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Constraints in Construction for European Union

% firms reporting factor is limiting building activity (1/2009-8/2025)



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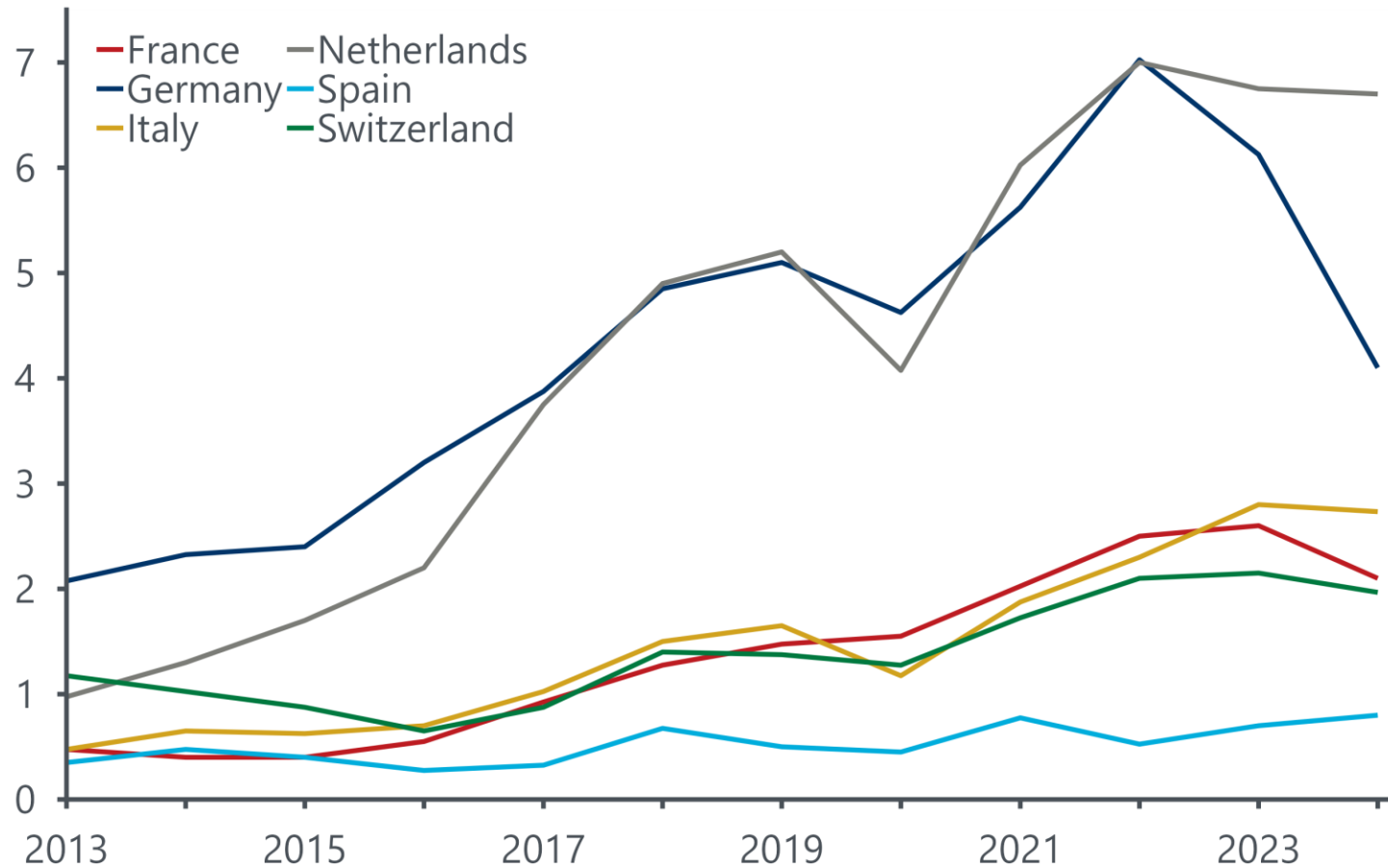
Labour shortages remain elevated ...

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European countries: construction job vacancy rate

SA, %



Source: Haver Analytics, Oxford Economics



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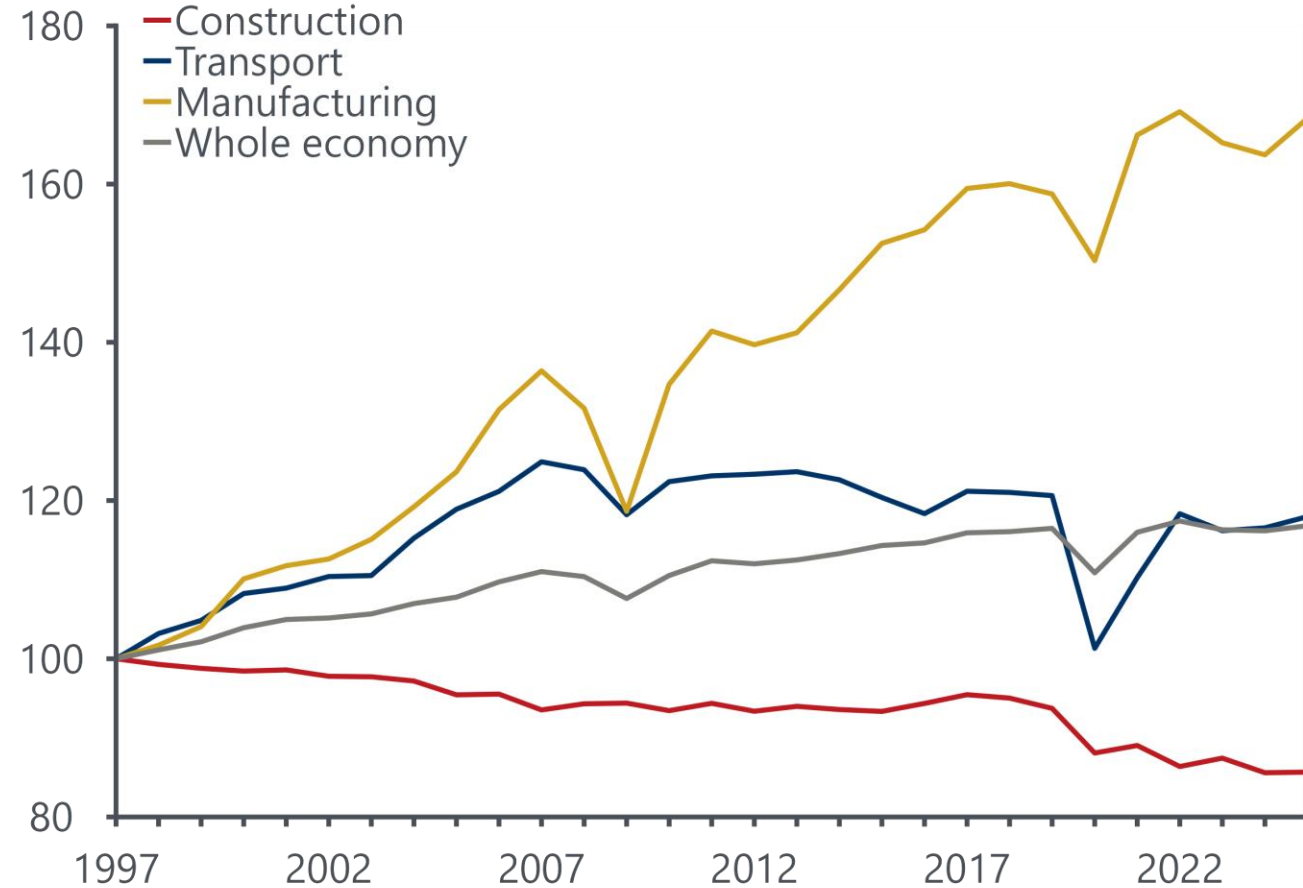
... and are being amplified by poor productivity

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Labour productivity by sector - European Union

Index, 1997 = 100



Source: Oxford Economics



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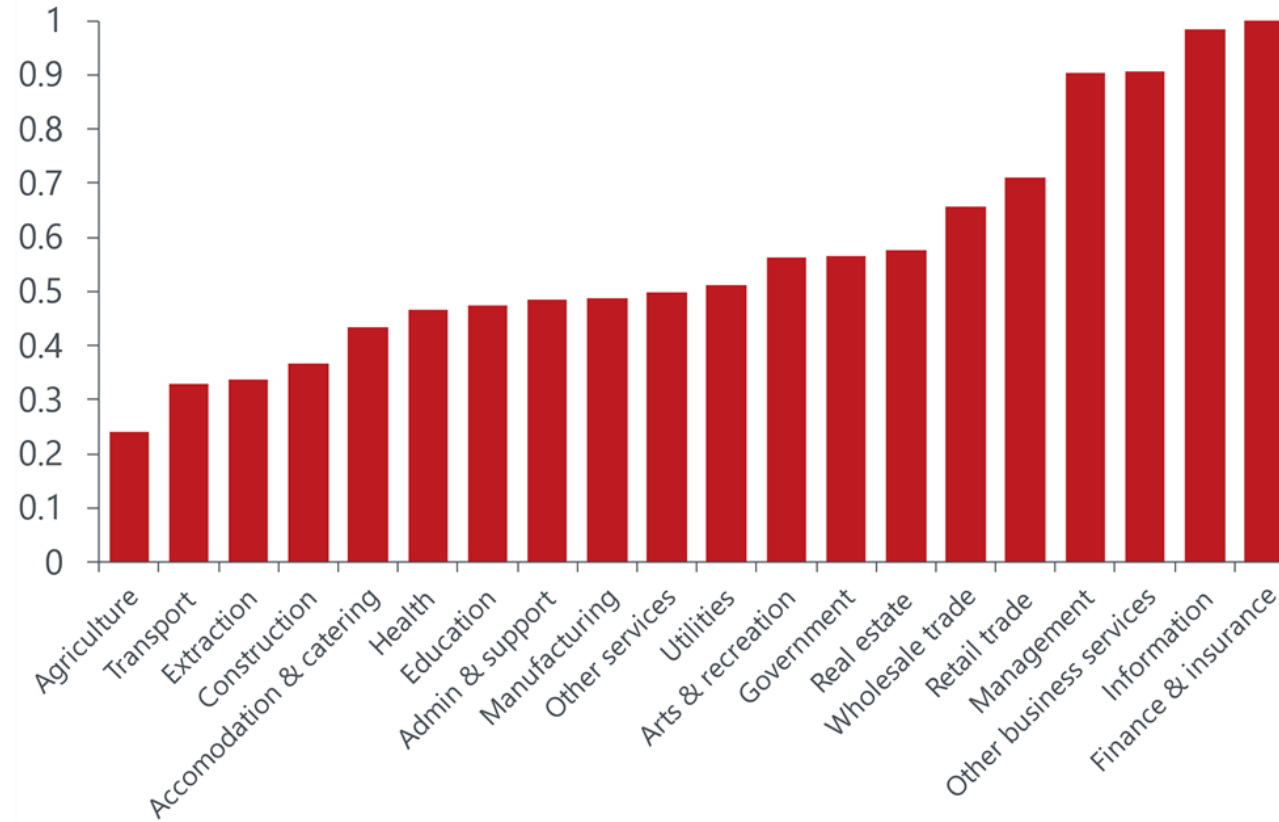
AI is unlikely to be the answer ...

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Index of potential sectoral benefit from GenAI

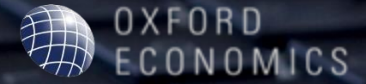
Index (1=max benefit)



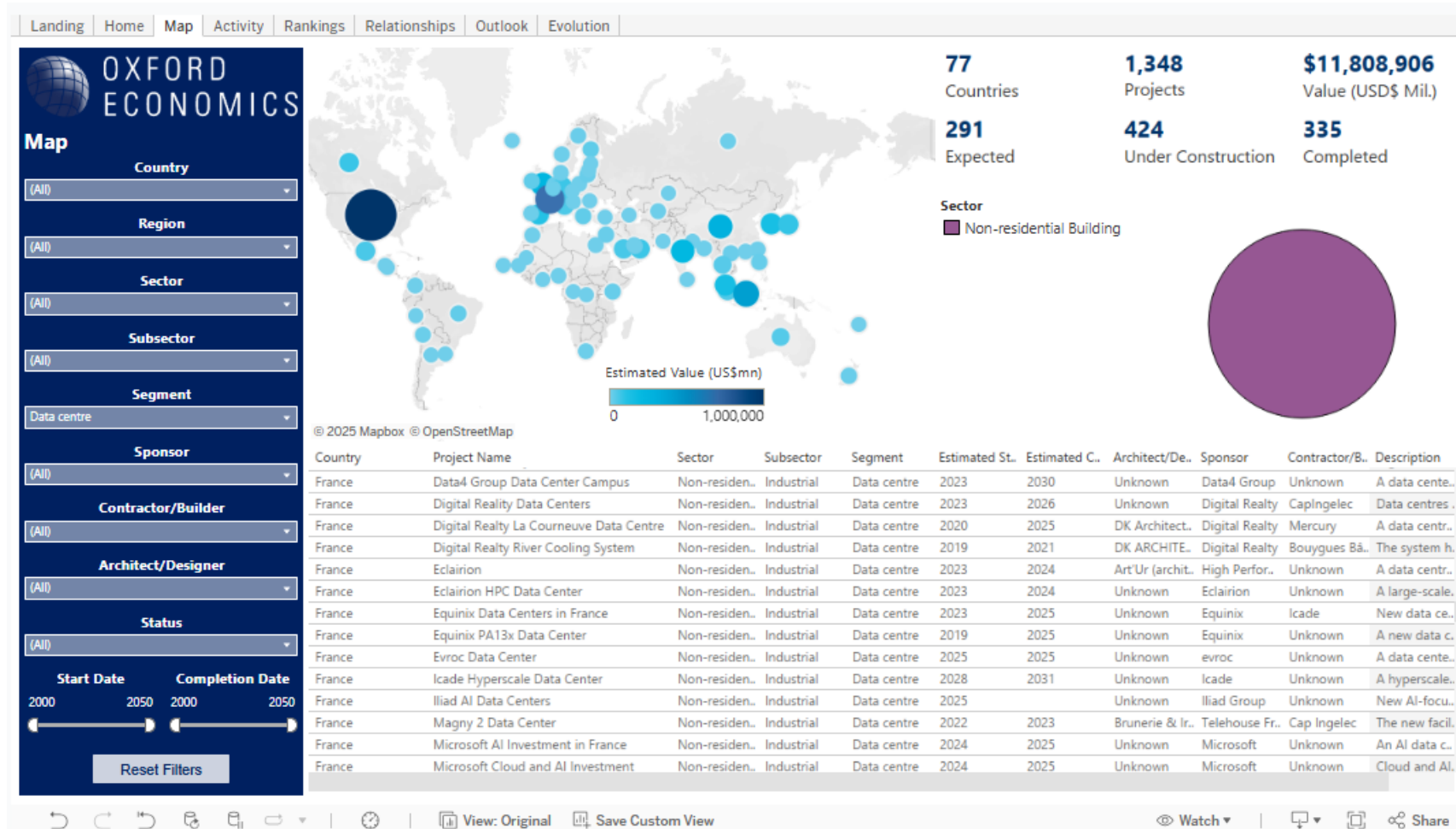
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... but is increasing demand for construction work

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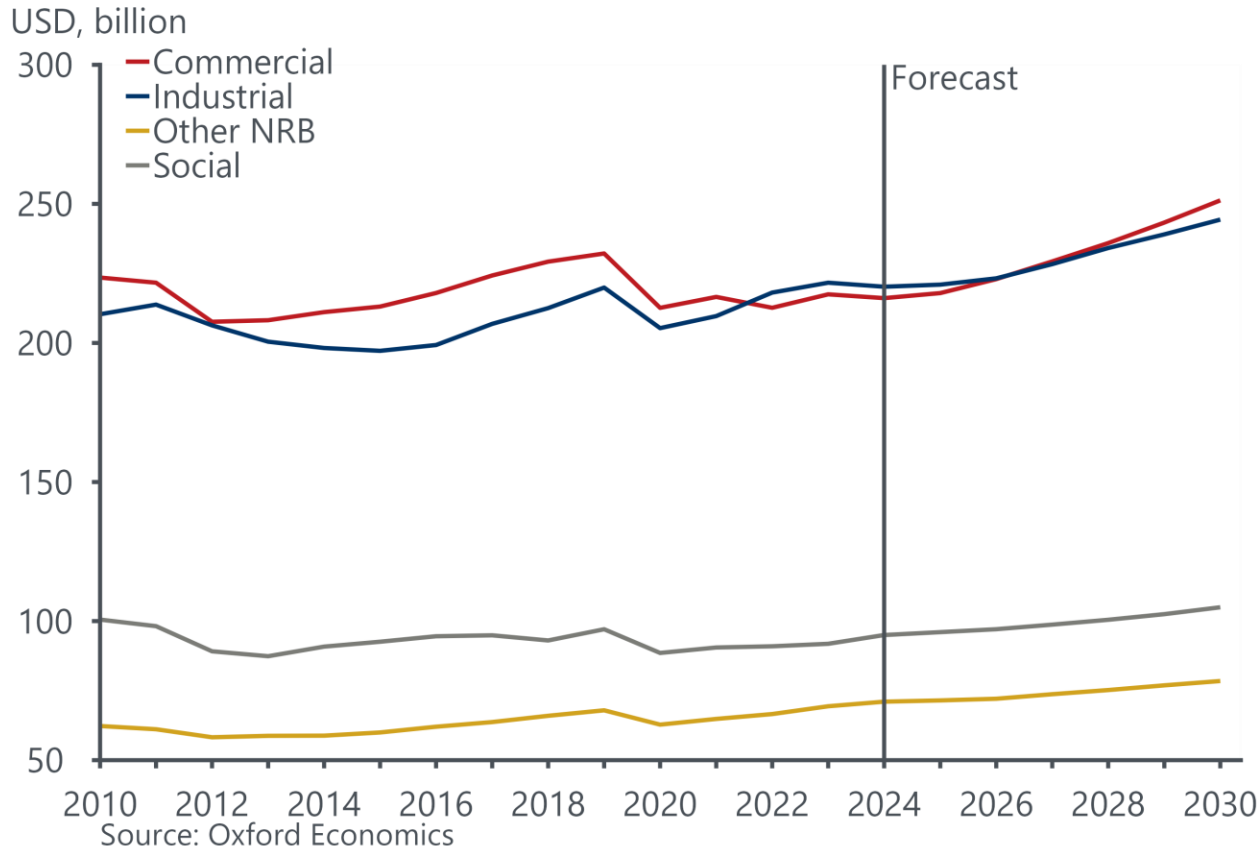


Renovation wave to take off in the second half of the decade

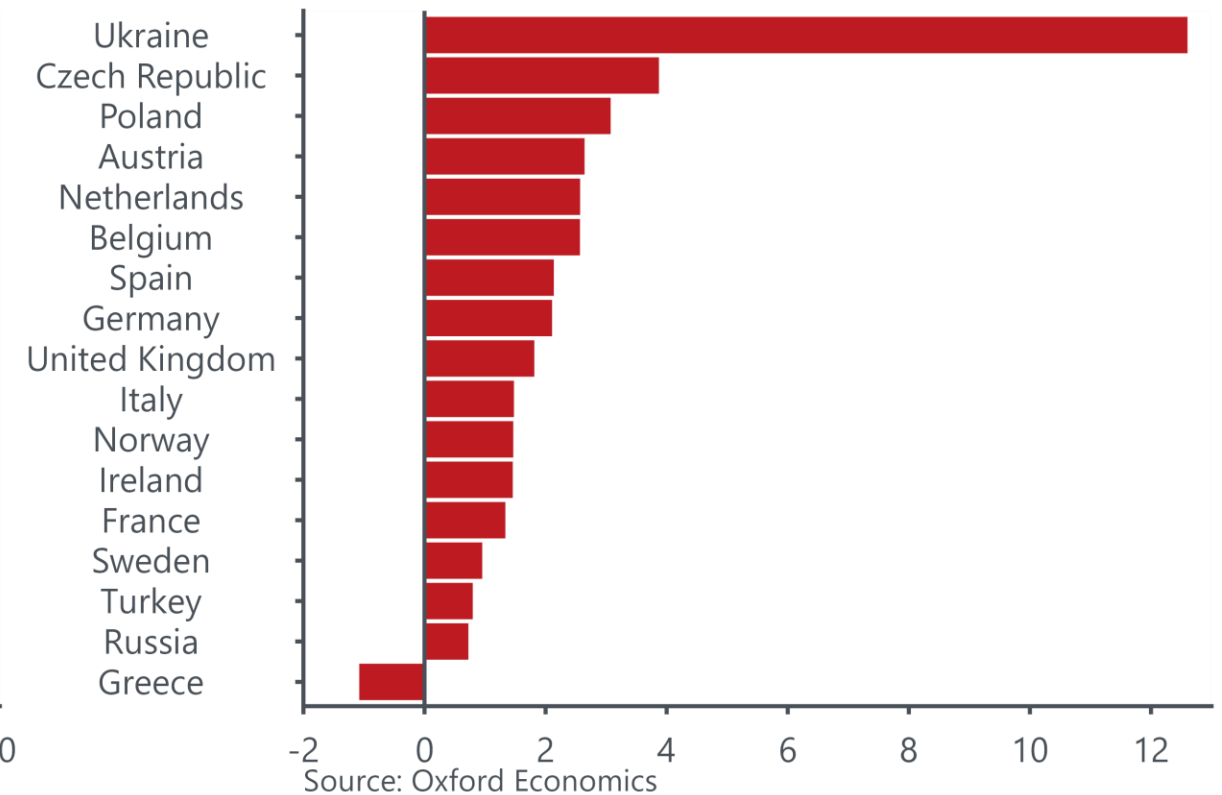
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Europe: non-residential buildings forecast



Key European countries: non-residential buildings growth %
%, 5-year CAGR (2025-2029)

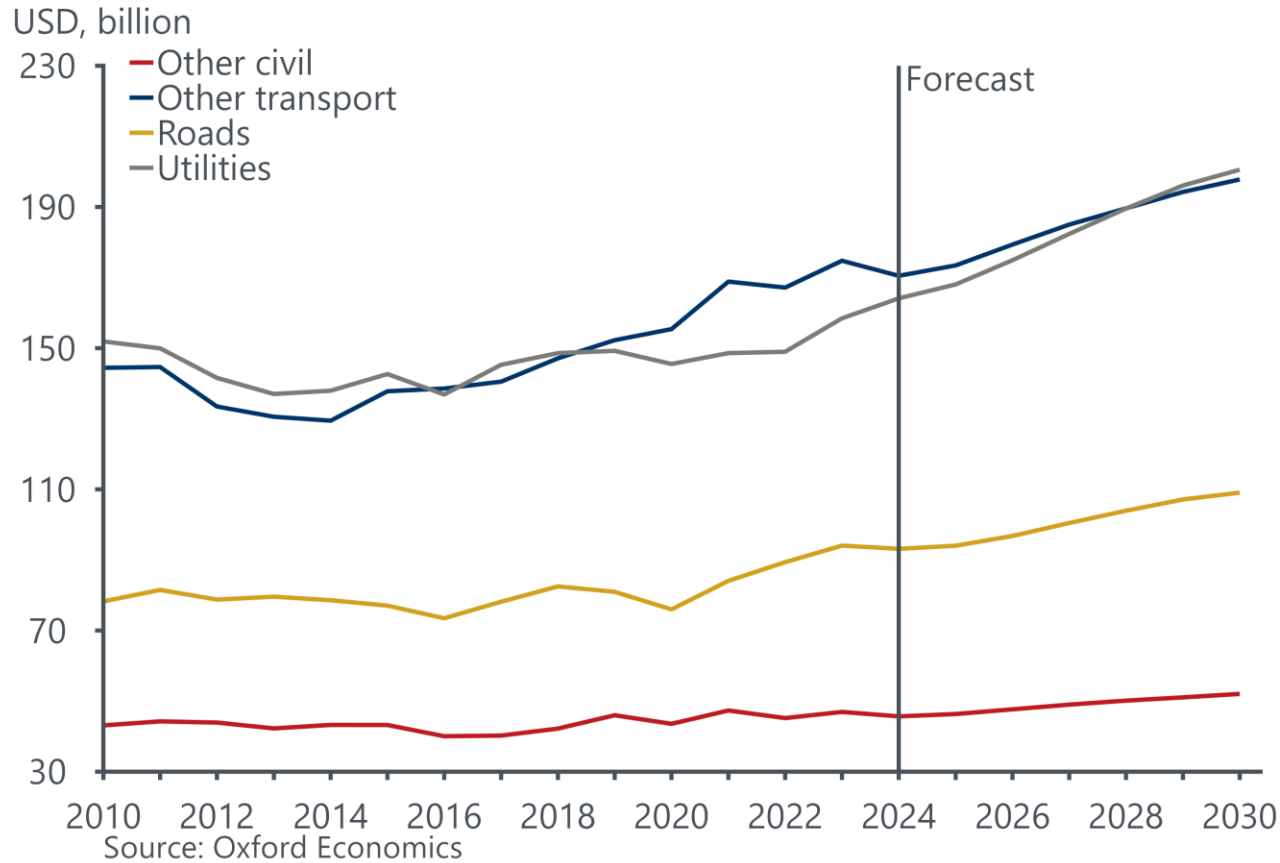


Infrastructure investment to remain strong

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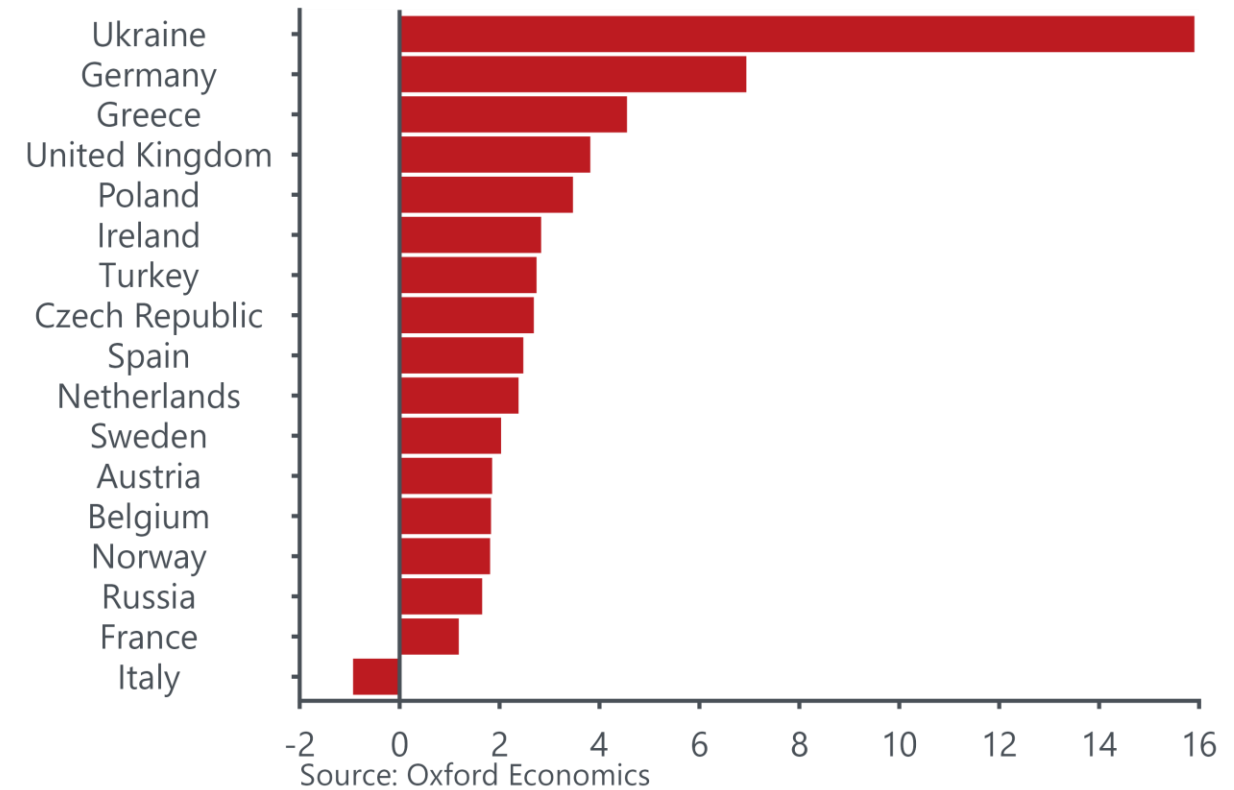


Europe: civil engineering forecast



Key European countries: civil engineering growth

%, 5-year CAGR (2025-2029)



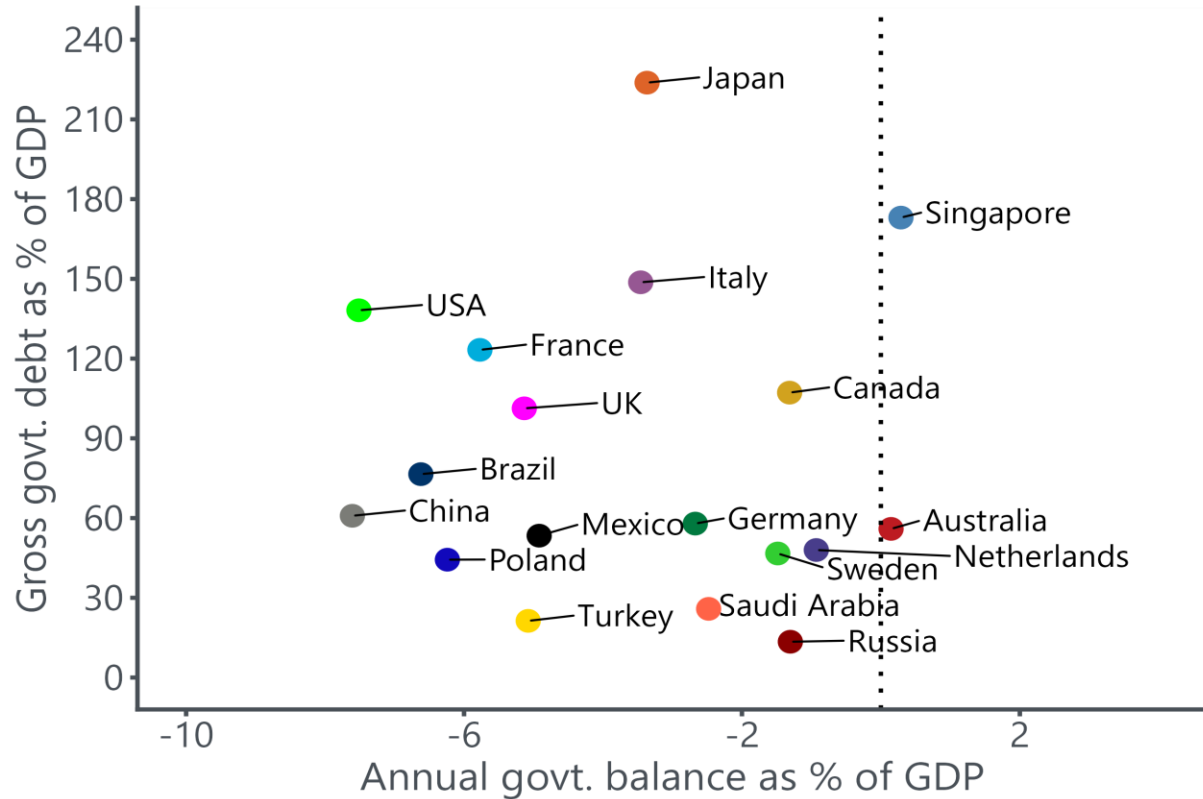
Public finances remain stretched

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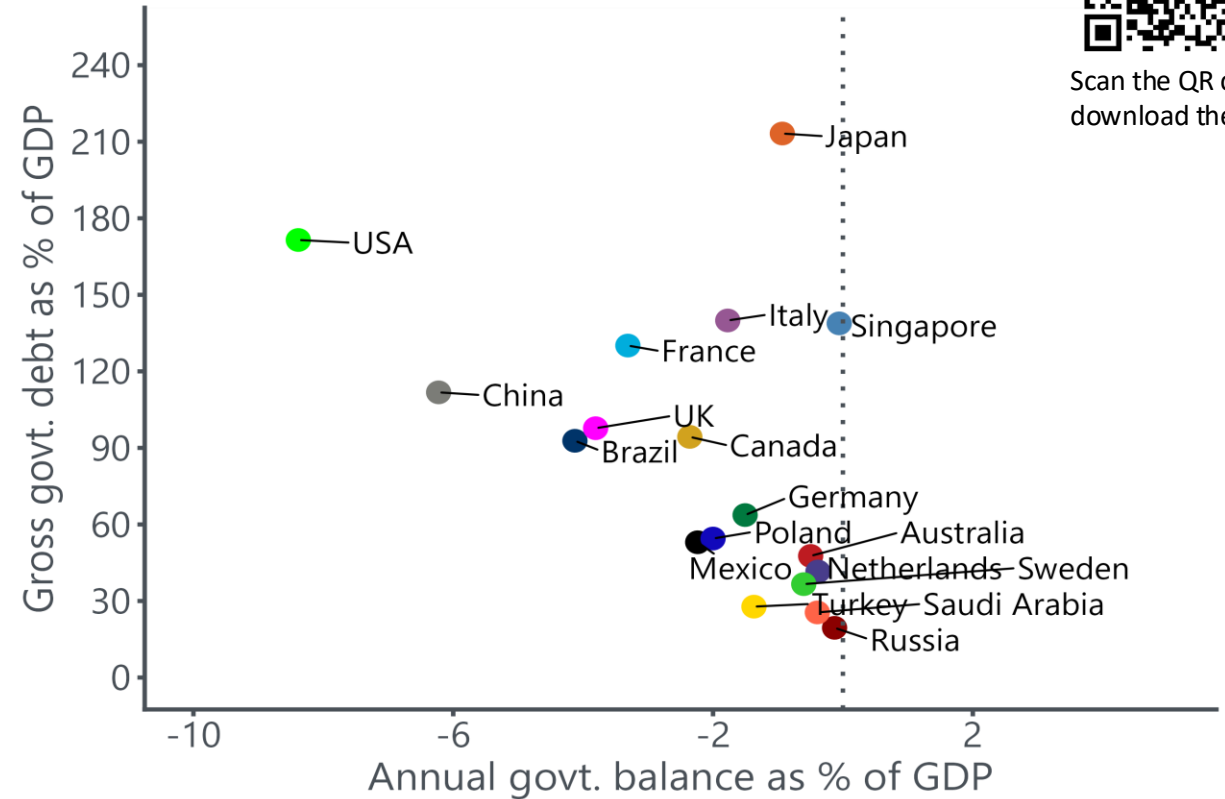
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Ability to Fund Infrastructure 2024



Source: Haver Analytics, Oxford Economics

Ability to Fund Infrastructure 2038



Source: Haver Analytics, Oxford Economics

- This presentation draws data and insights from Oxford Economics' **Global Construction Service**.
- The service includes detailed sub-sector coverage of construction activity across over **80 countries**, including **new** and **renovation** construction activity for 19 European countries.
- The service is **updated quarterly**, and includes access to our databank, **project tracking tool**, country **reports**, regional chartbooks and a regular stream of thought leadership research pieces.
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