

# Economic outlook March 2017

Confederation of Finnish Construction  
Industries RT

21<sup>st</sup> March 2017

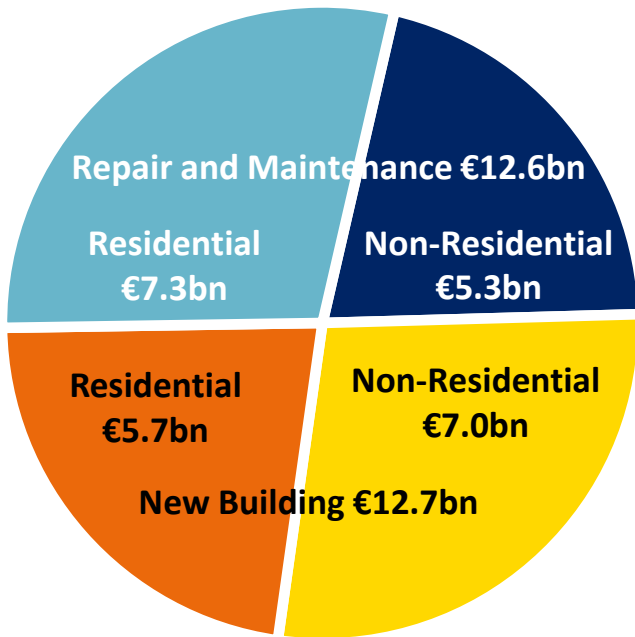
Sami Pakarinen



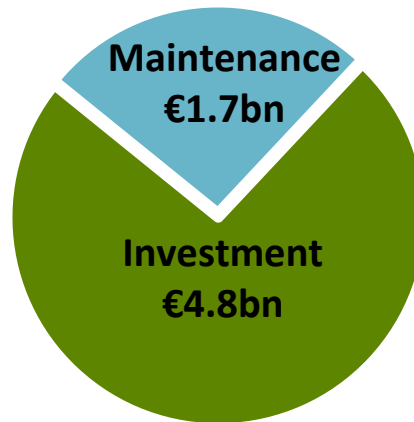
# Construction Sector Output 2016

**Total €31.8bn**

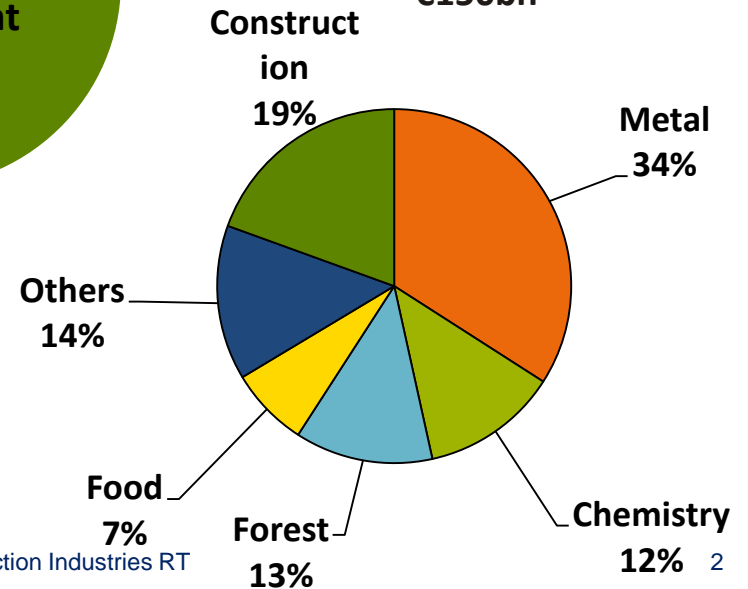
**Building Construction  
€25.3bn**



**Civil Engineering  
€6.5bn**

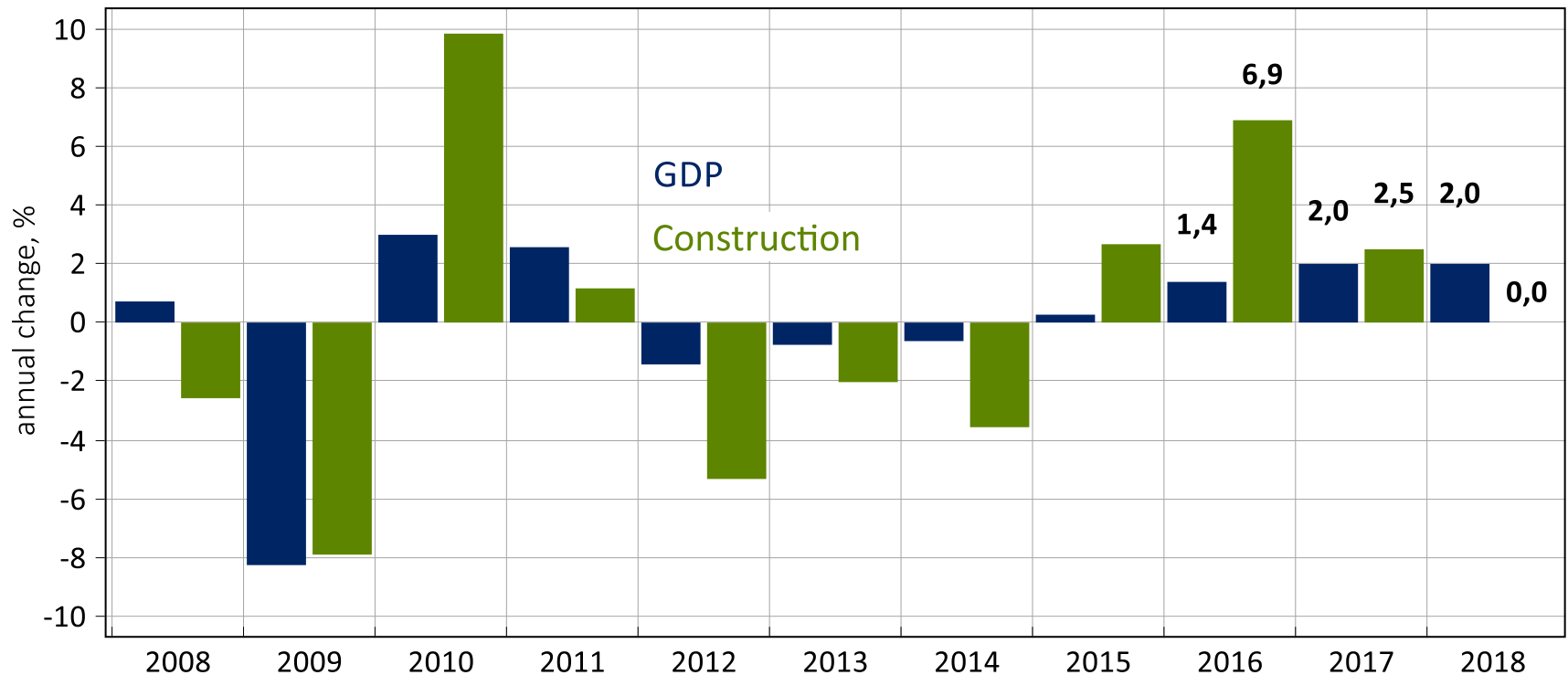


**Industry and construction output in 2015  
€150bn**



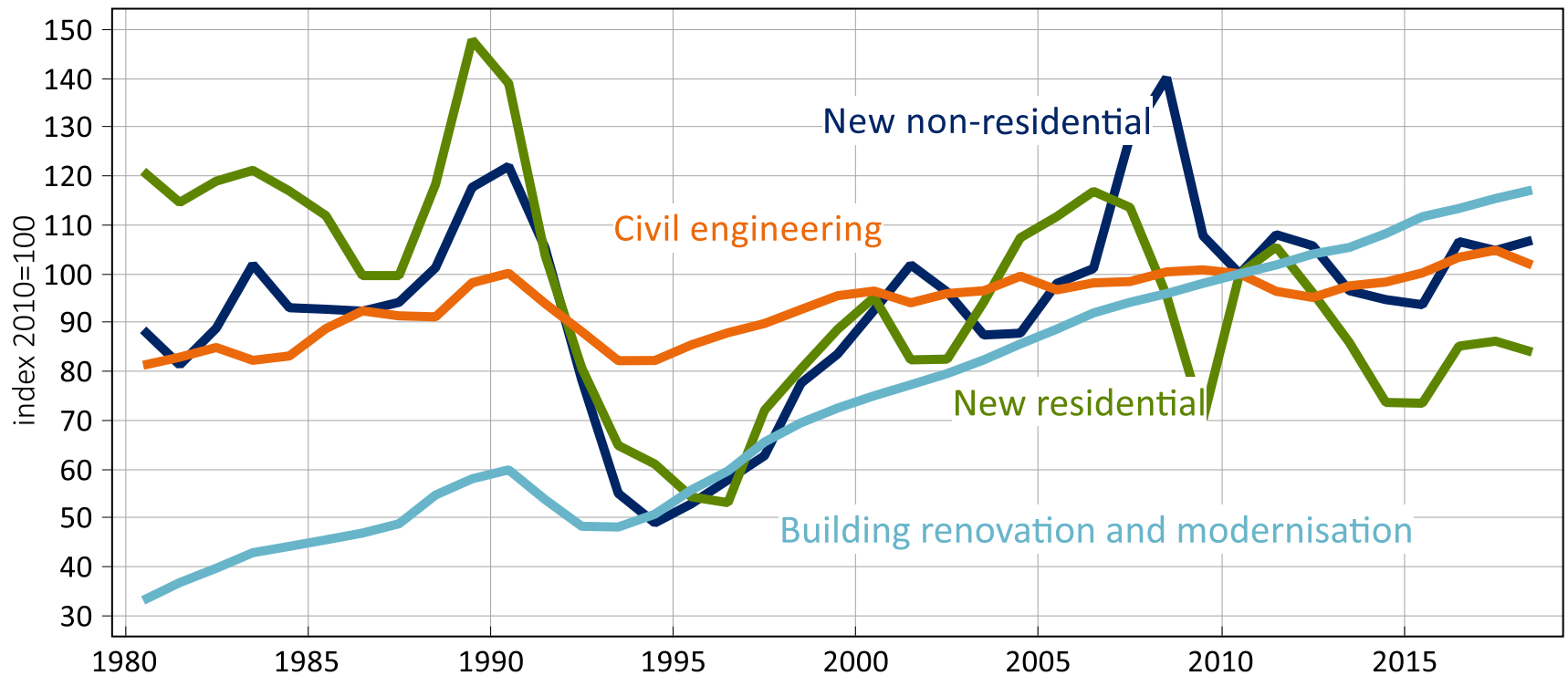
Source: Statistics Finland, Forecon Oy

## Volume of Gross Domestic Product and Construction



Source: Macrobond/Confederation of Finnish Construction Industries RT

## Construction volume



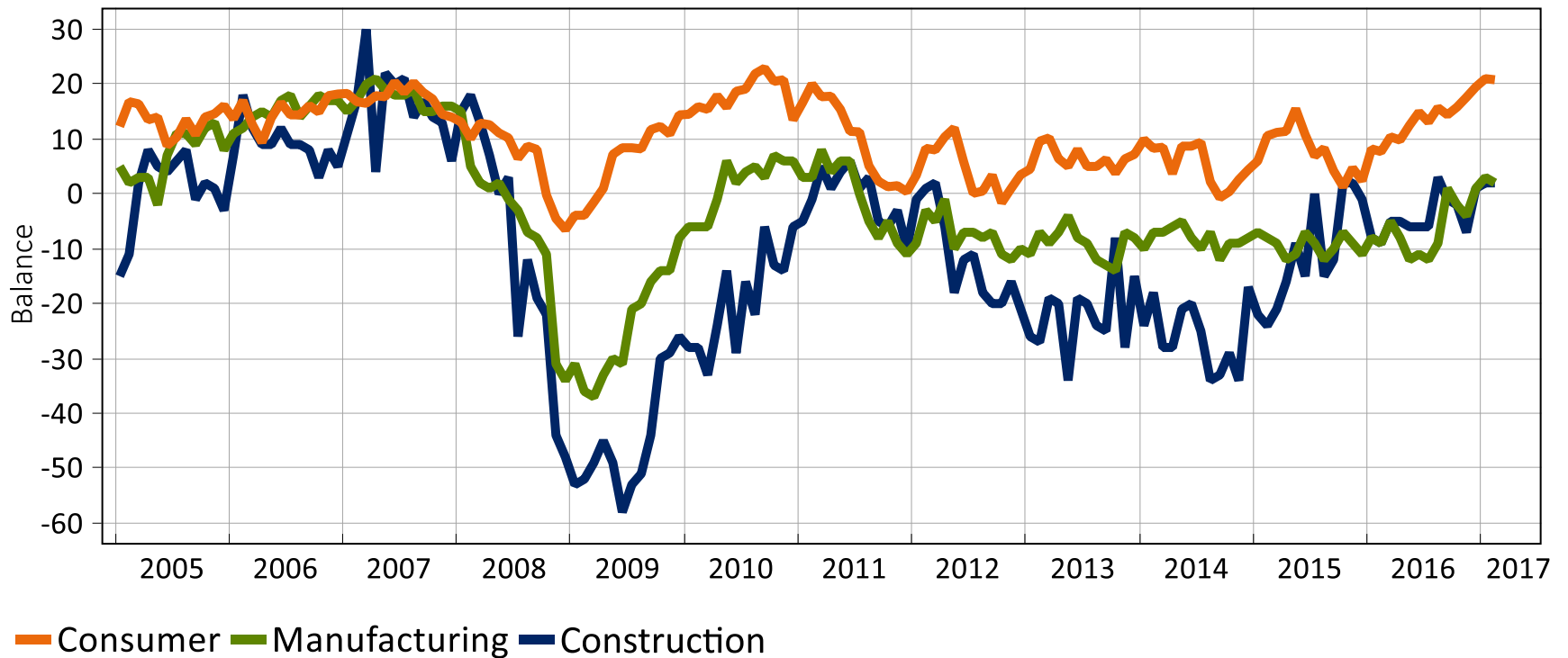
Source: Macrobond/Confederation of Finnish Construction Industries RT, Euroconstruct

## Confidence Indicator of Construction



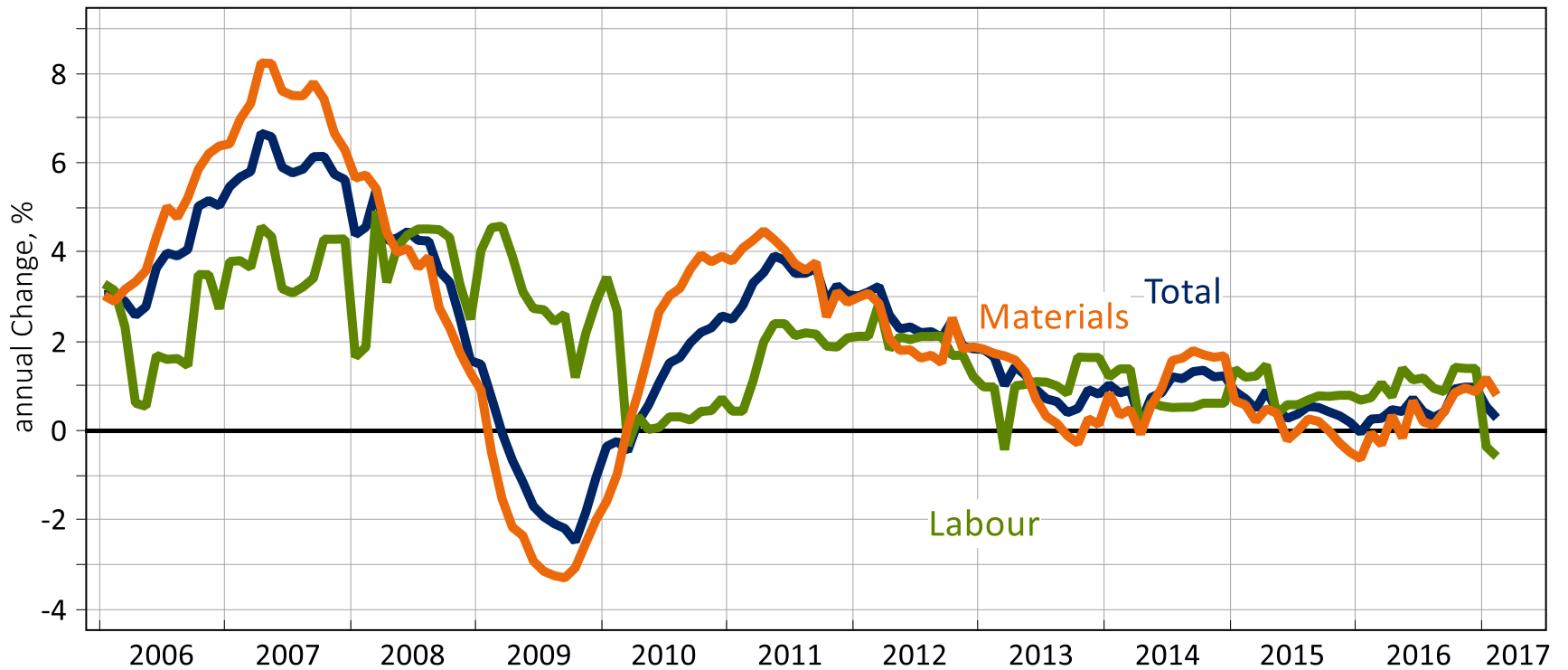
Source: Macrobond/Confederation of Finnish Construction Industries RT

## Confidence Indicators



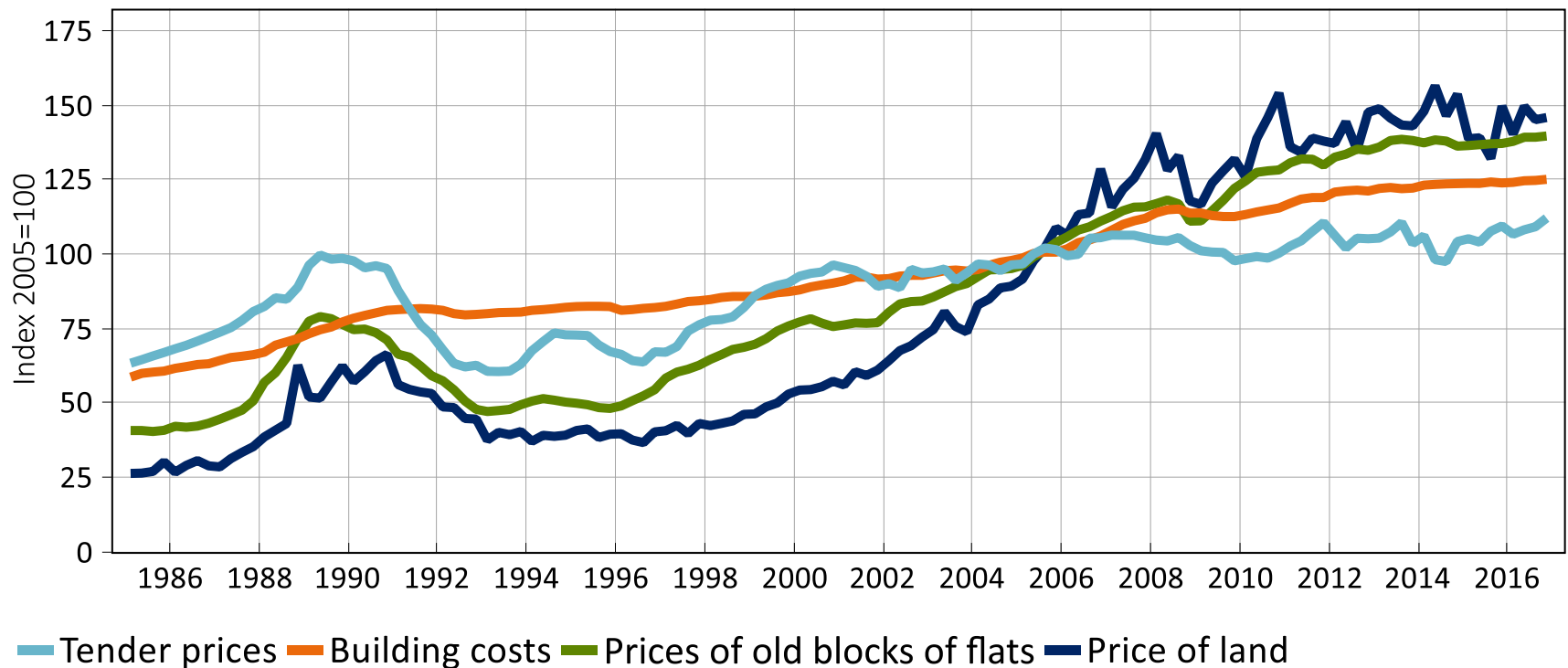
Source: Macrobond/Confederation of Finnish Construction Industries RT

## Building Cost Index



Lähde: Macrobond/Rakennusteollisuus RT

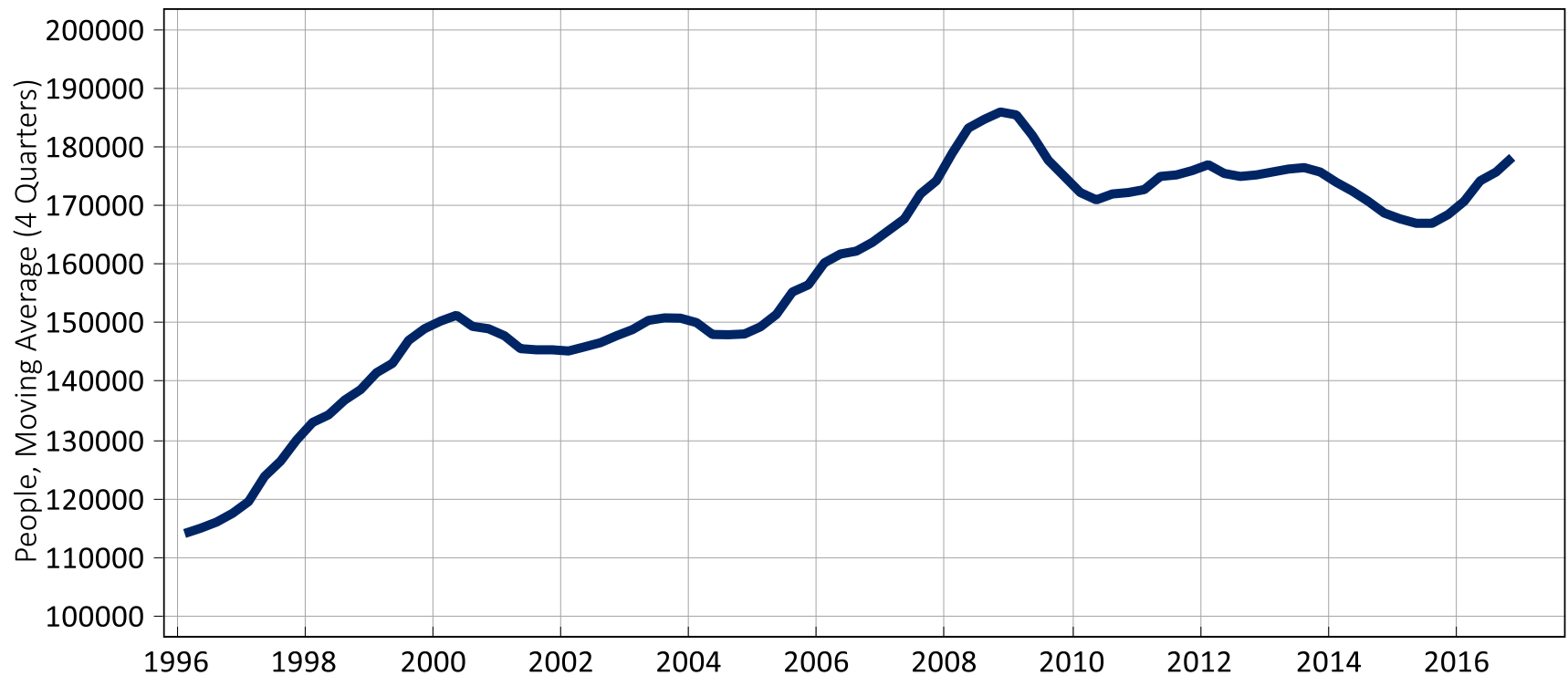
## Price Development in the Housing Market



Source: Macrobond/Confederation of Finnish Construction Industries RT

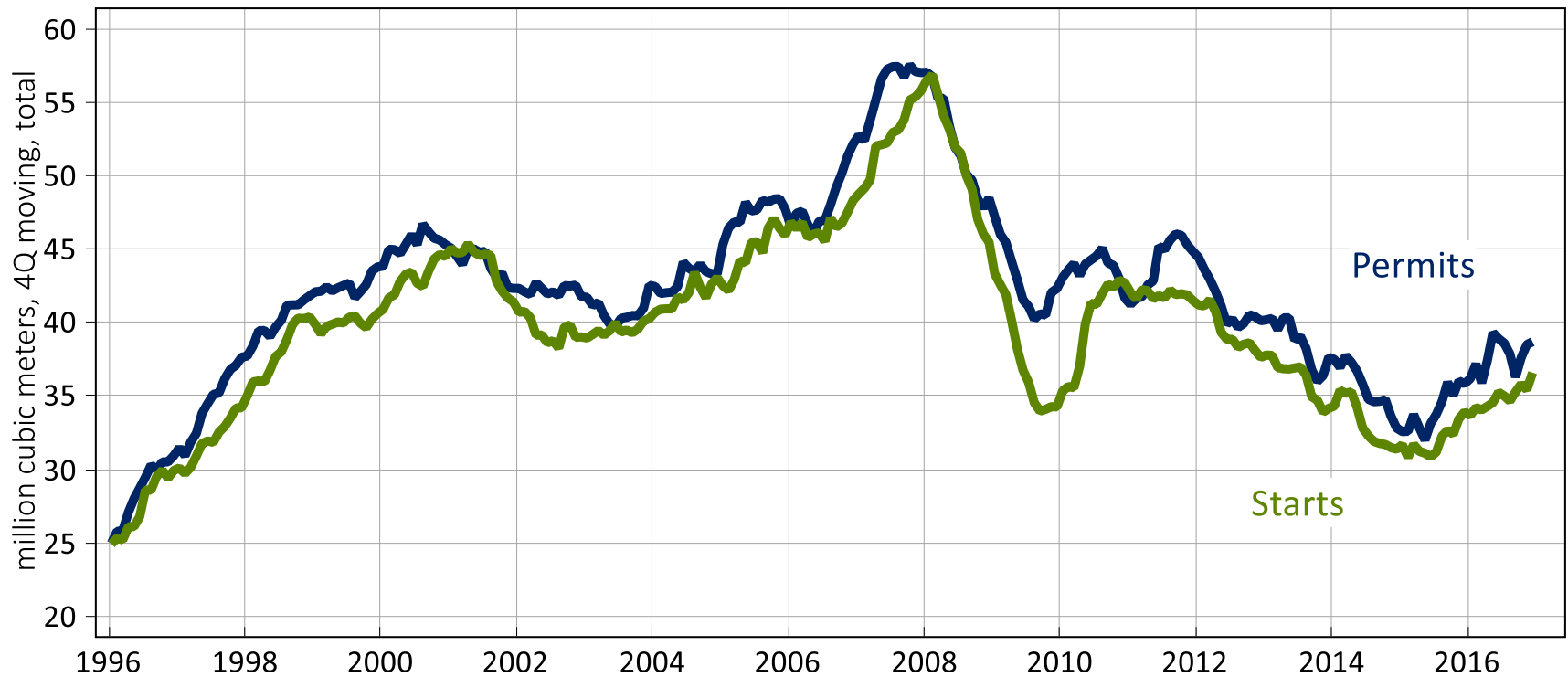


## Employment in Construction



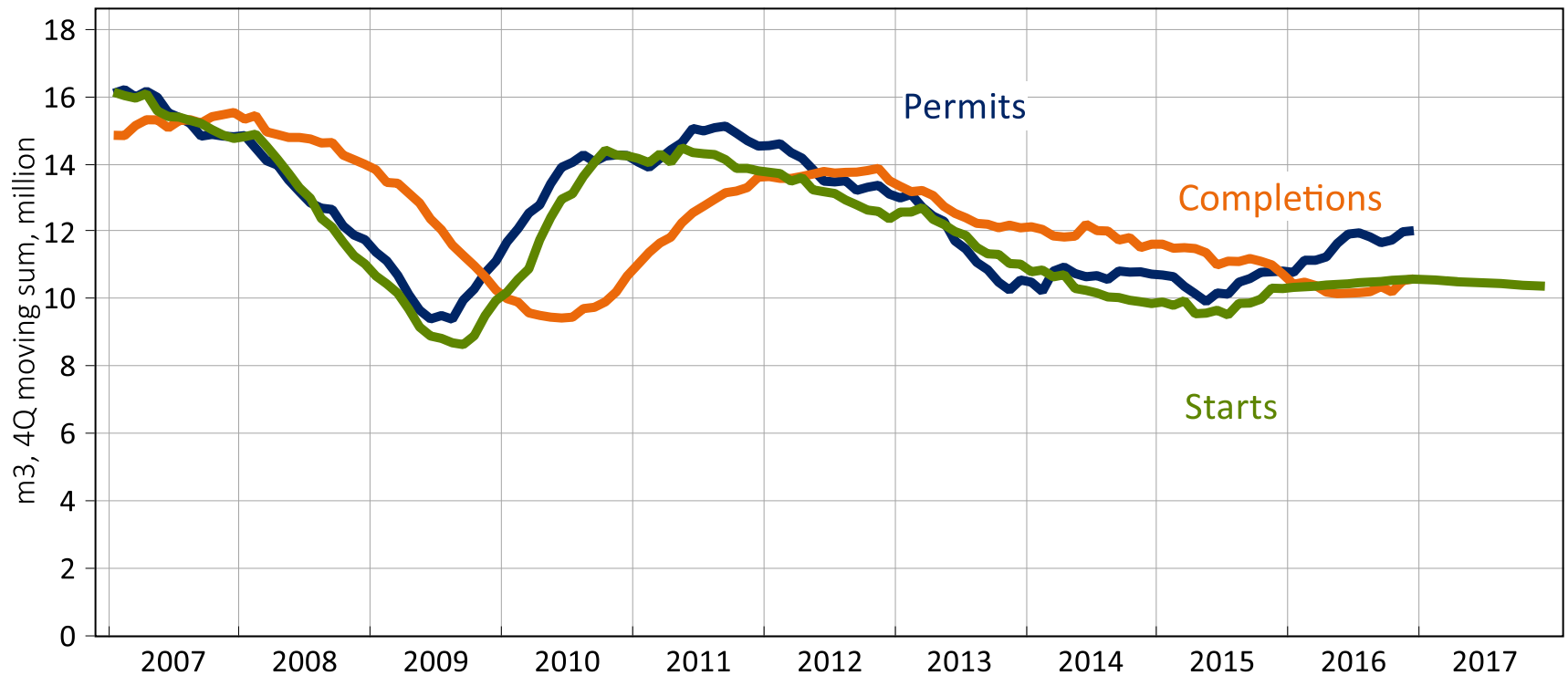
Source: Macrobond/Confederation of Finnish Construction Industries RT

## Total New Building Construction



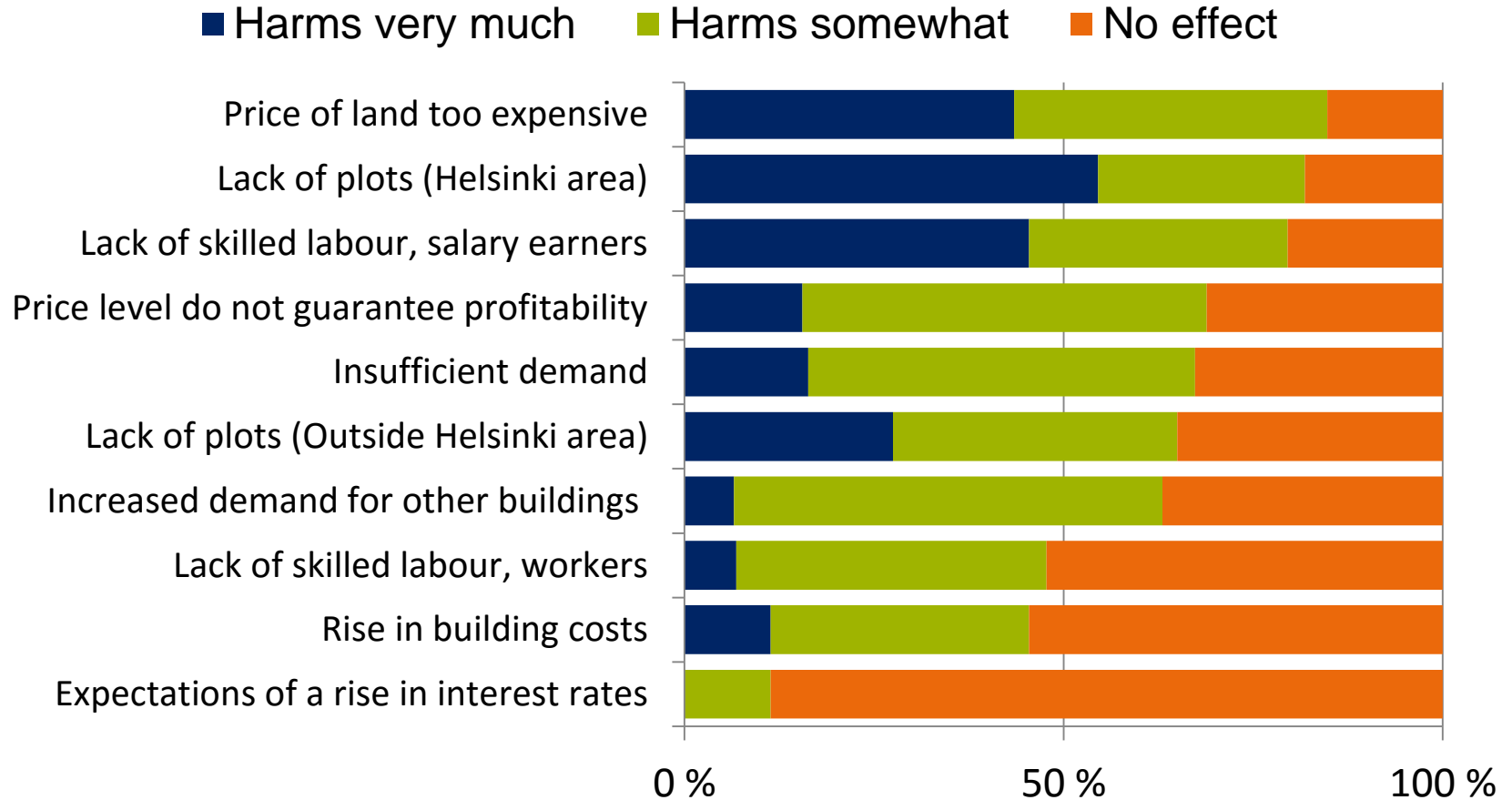
Source: Macrobond/Confederation of Finnish Construction Industries RT

## Residential Buildings



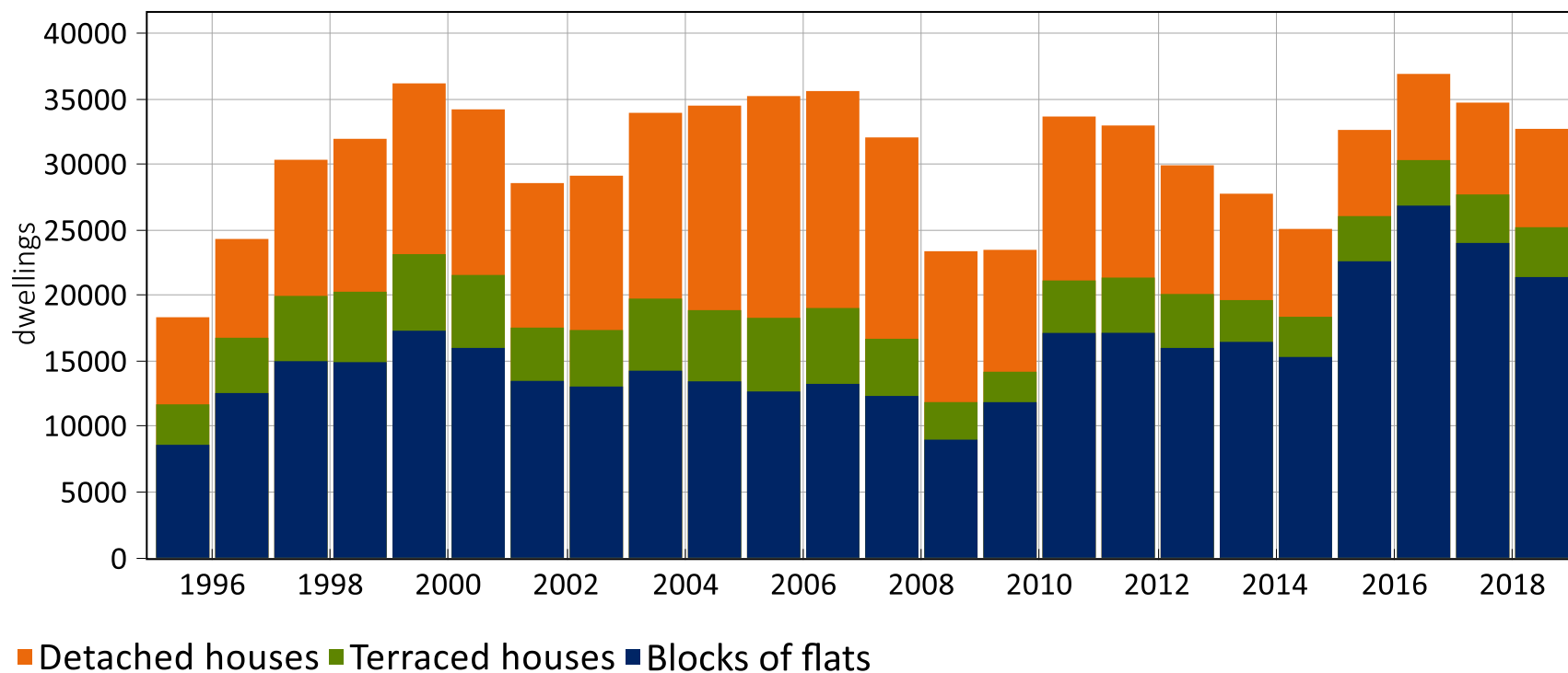
Lähde: Macrobond/Rakennusteollisuus RT

# Obstacles to Start Privately Financed Housing Production



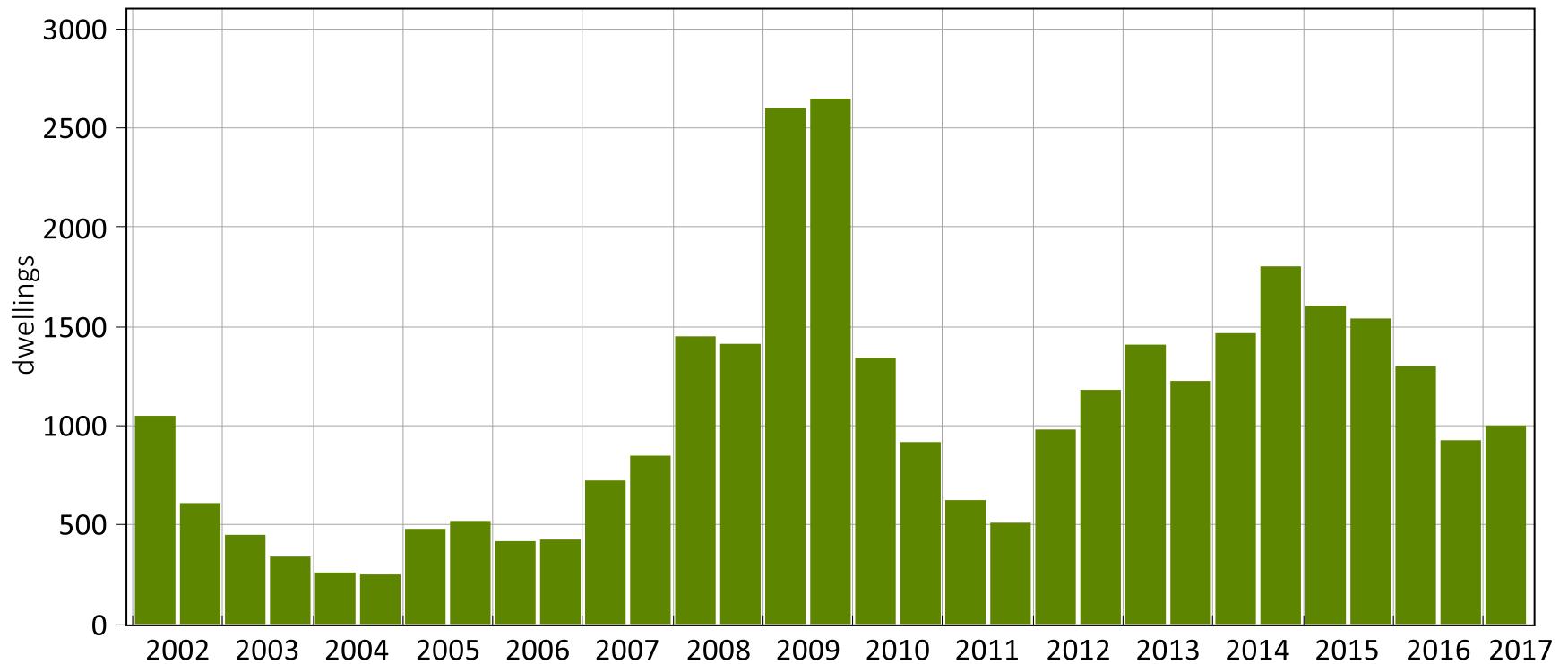
Source: RT

## Starts on New Dwellings



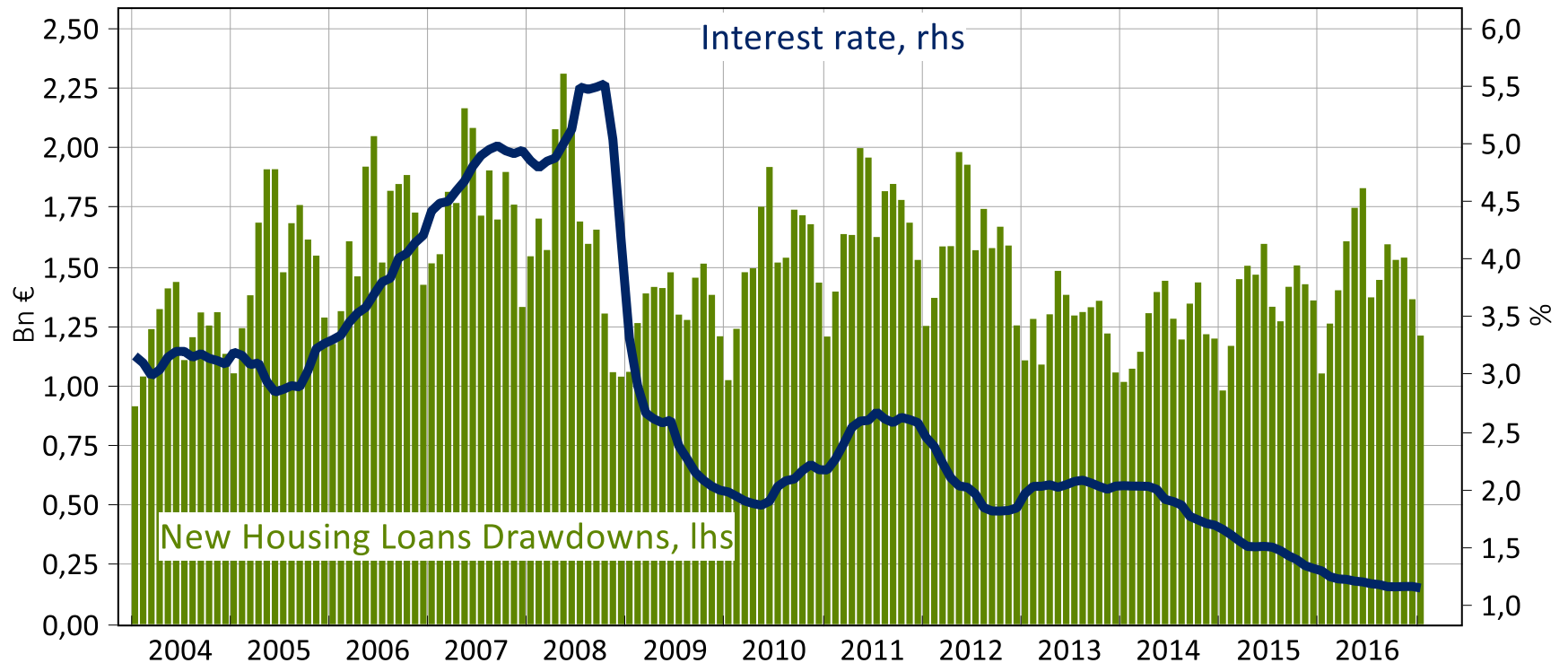
Source: Macrobond/Confederation of Finnish Construction Industries RT

## Unsold New Dwellings on the Market



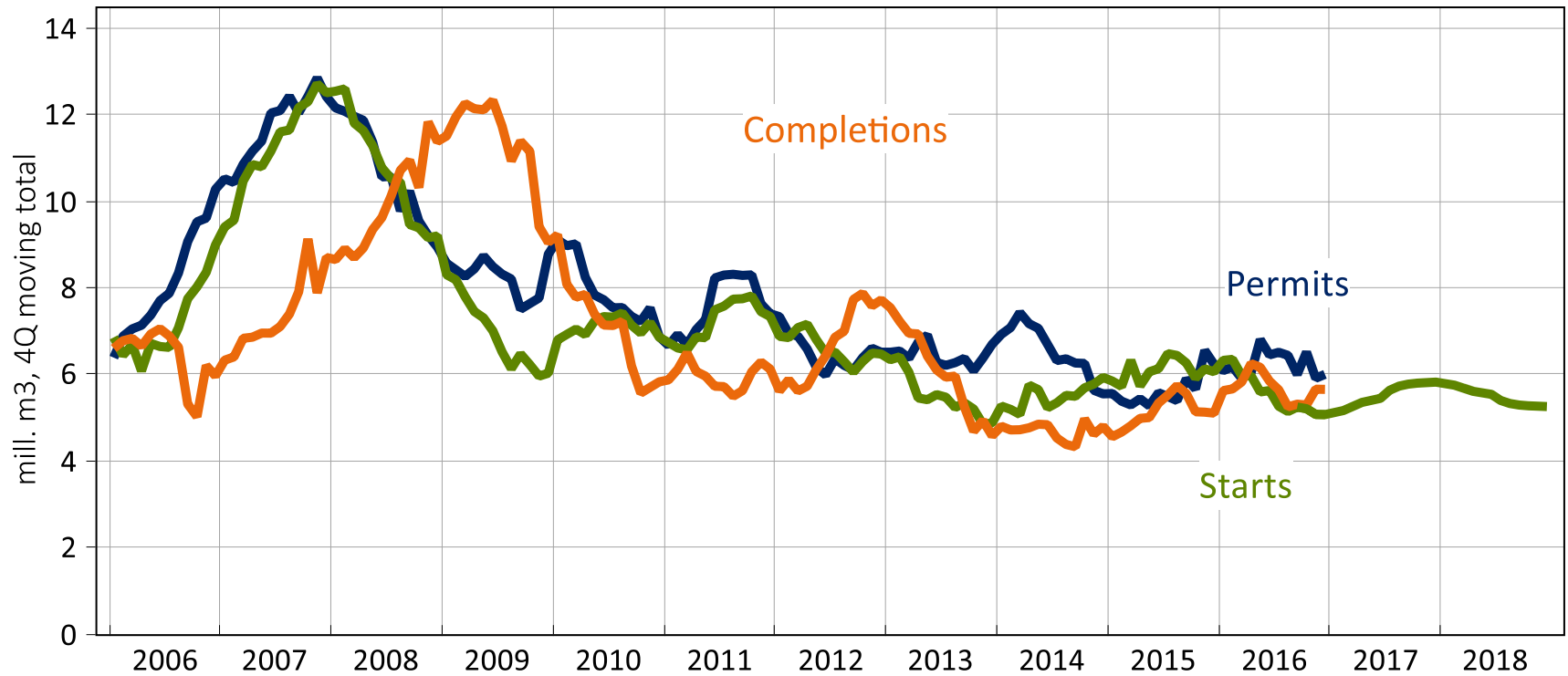
Source: Macrobond/Confederation of Finnish Construction Industries RT

## Households' new drawdowns of housing loans and average interest rate



Lähde: Macrobond/Rakennusteollisuus RT

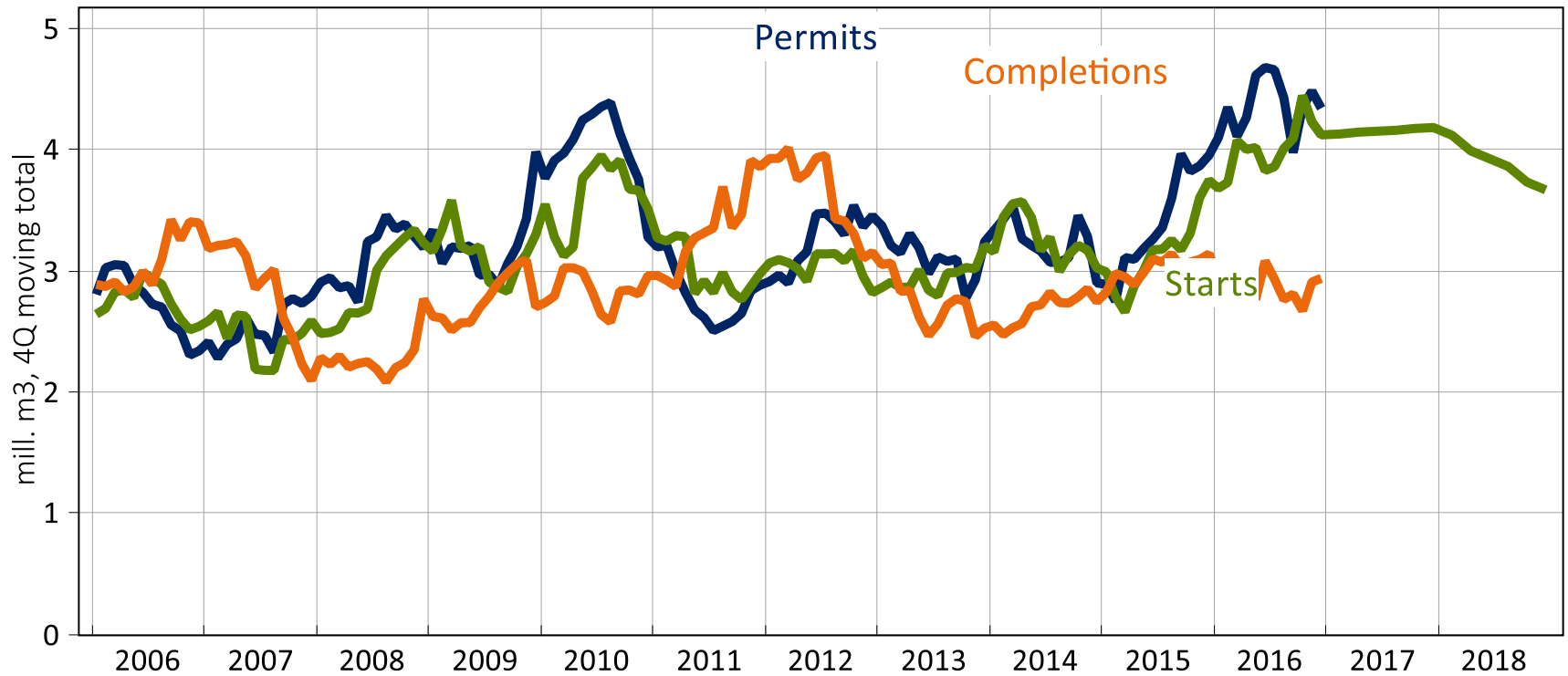
## Commercial and Office Buildings



Source: Macrobond/Confederation of Finnish Construction Industries RT

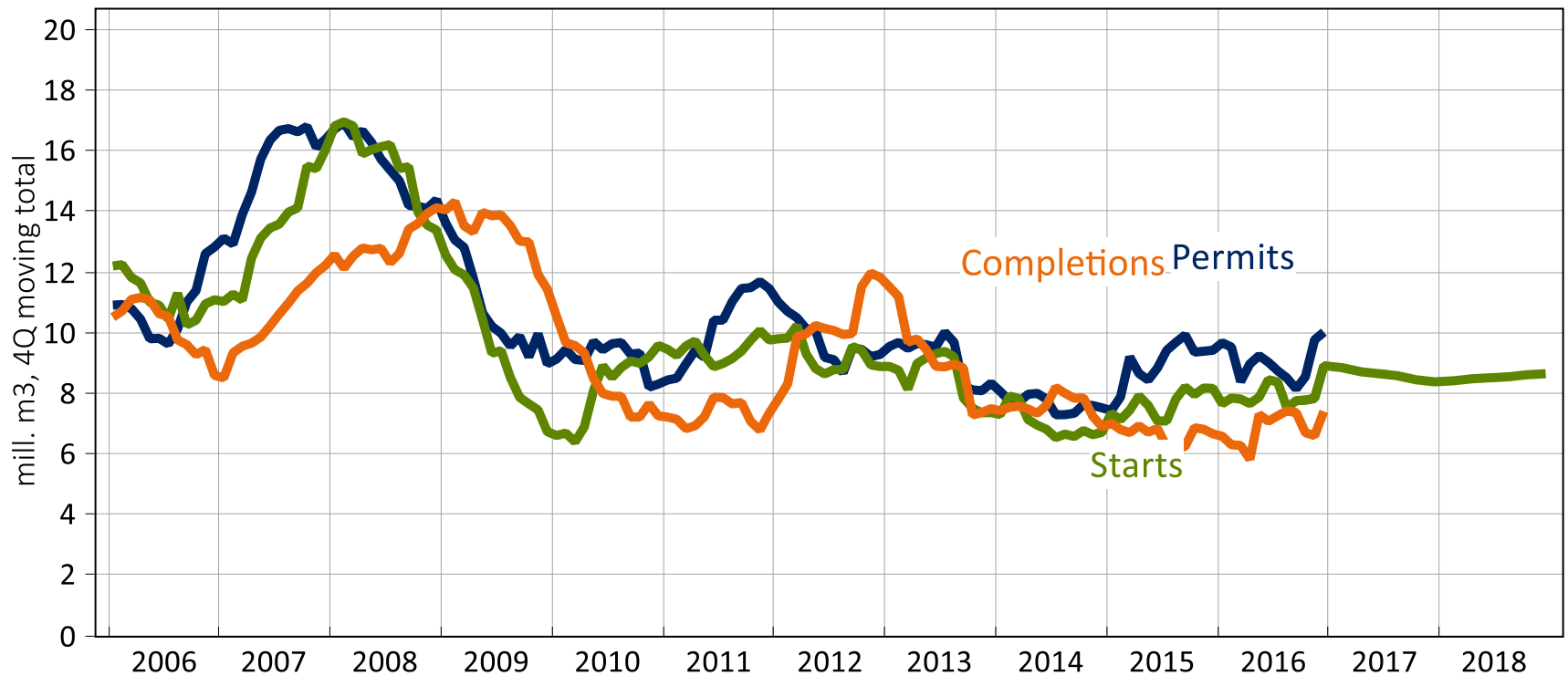


## Public Buildings



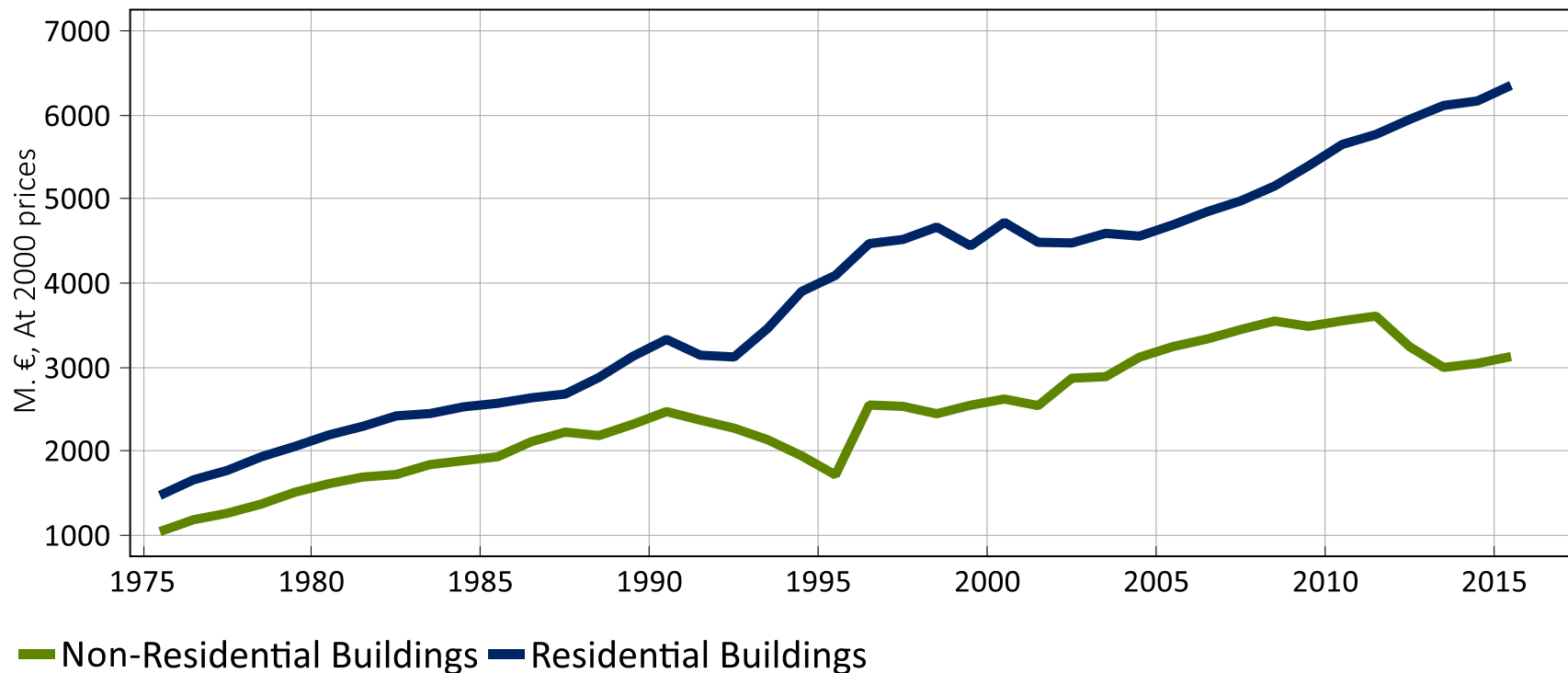
Source: Macrobond/Confederation of Finnish Construction Industries RT

## Industrial and Warehouse Buildings



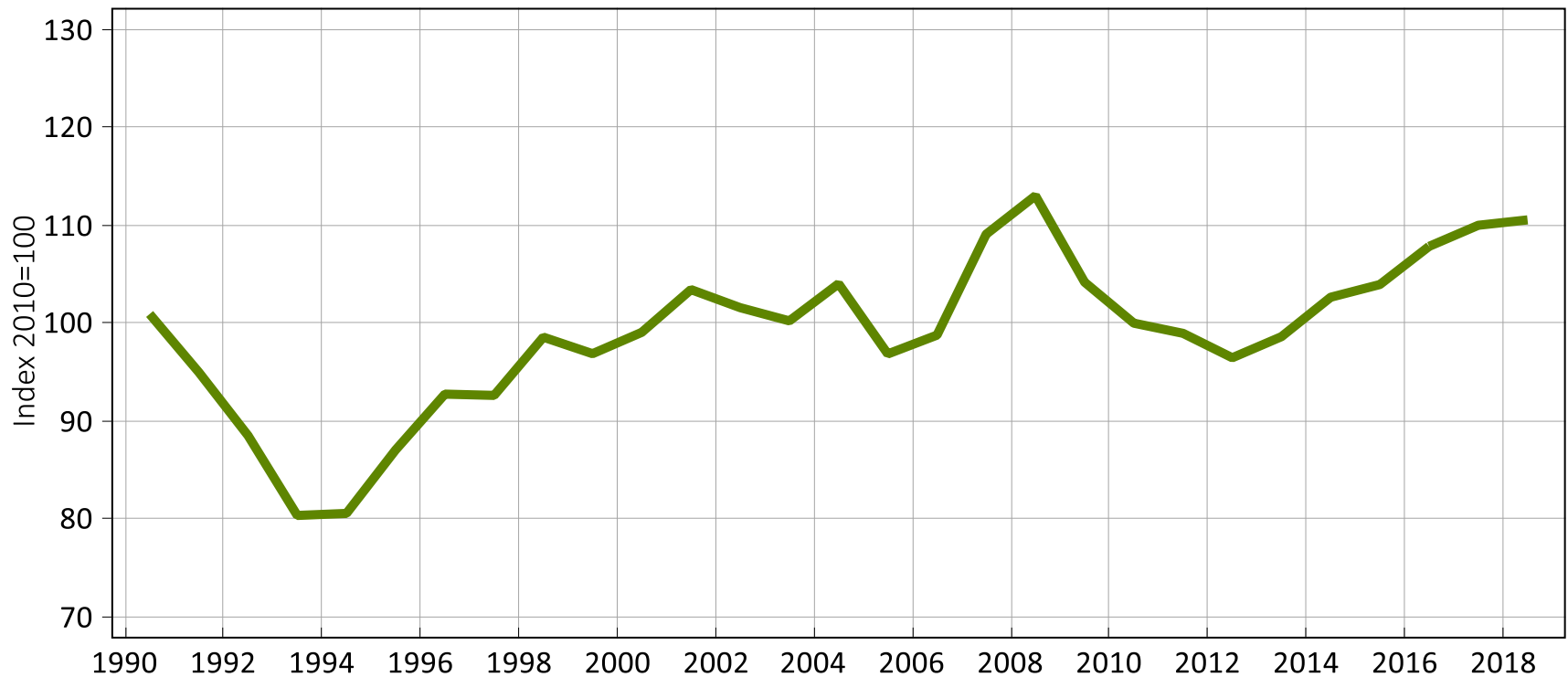
Source: Macrobond/Confederation of Finnish Construction Industries RT

## Renovation and Modernisation of Building Construction



Source: Macrobond/Confederation of Finnish Construction Industries RT

## Volume of Investment in Civil Engineering



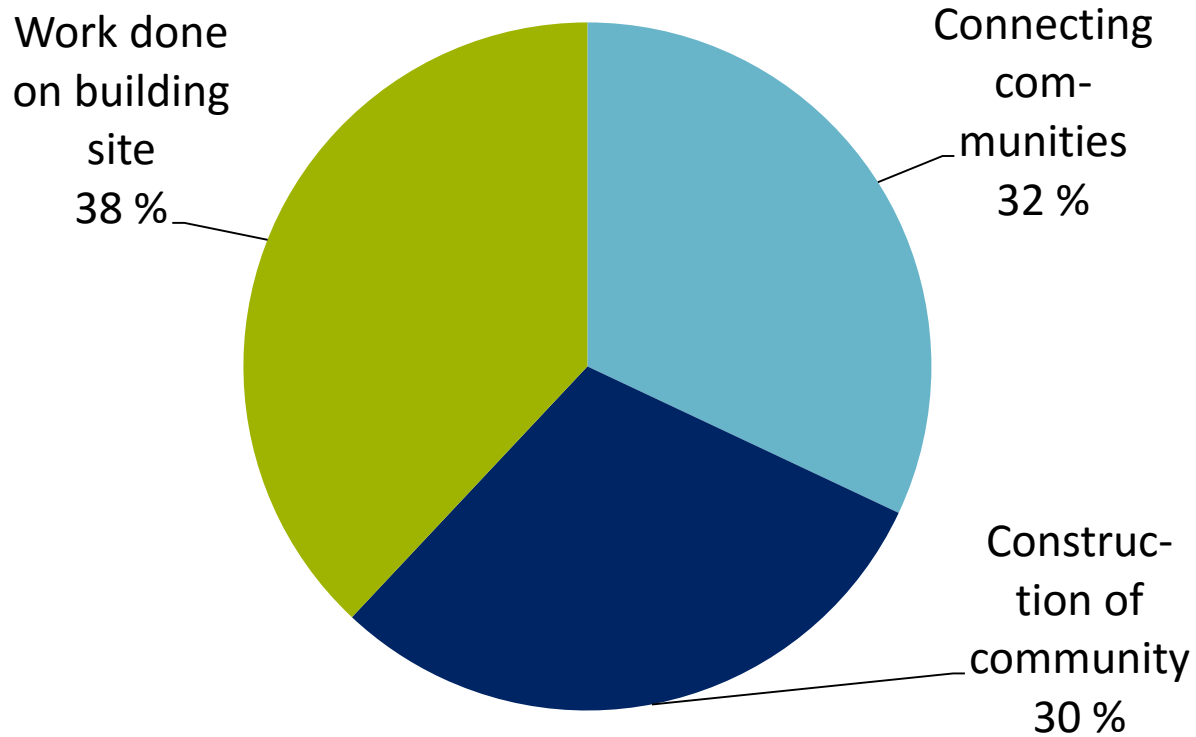
Source: Macrobond/Confederation of Finnish Construction Industries RT

## Cost Index of Civil Engineering Works



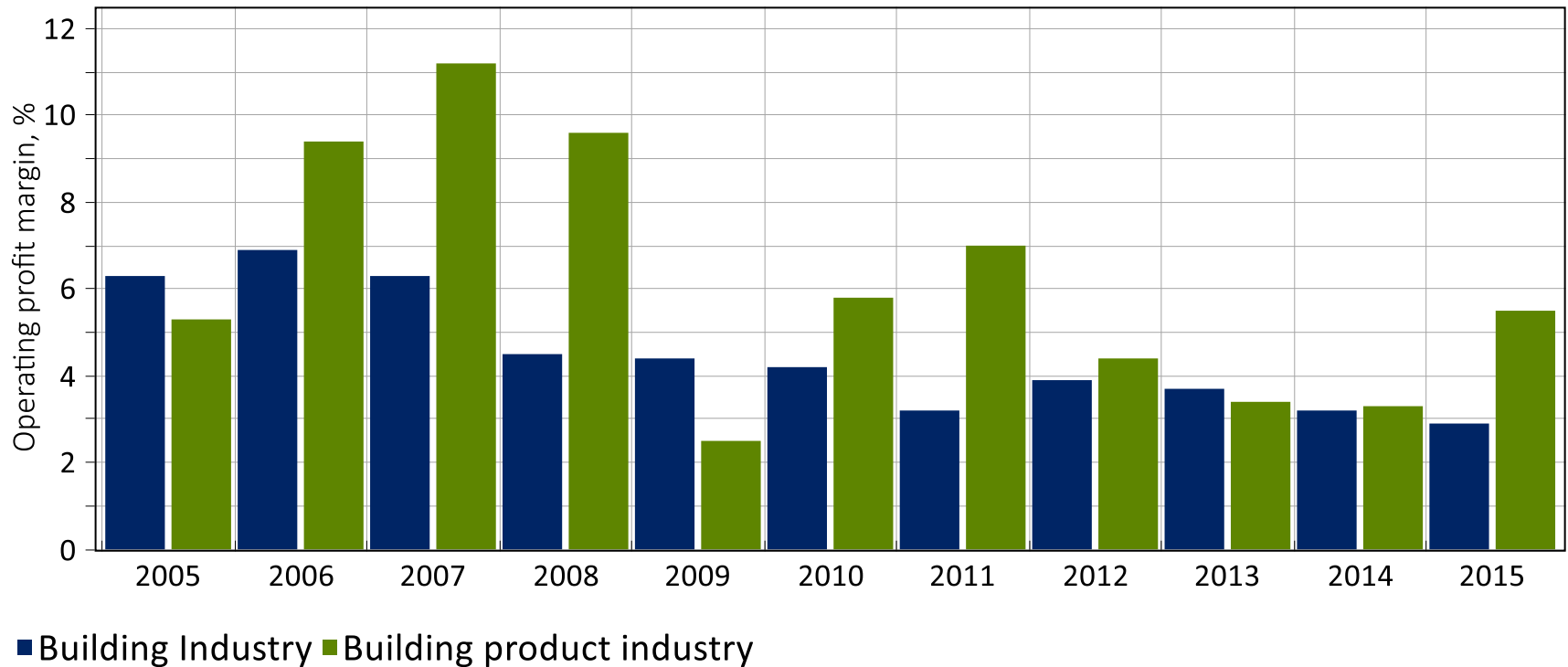
Source: Macrobond/Confederation of Finnish Construction Industries RT

# Distribution of Civil Engineering



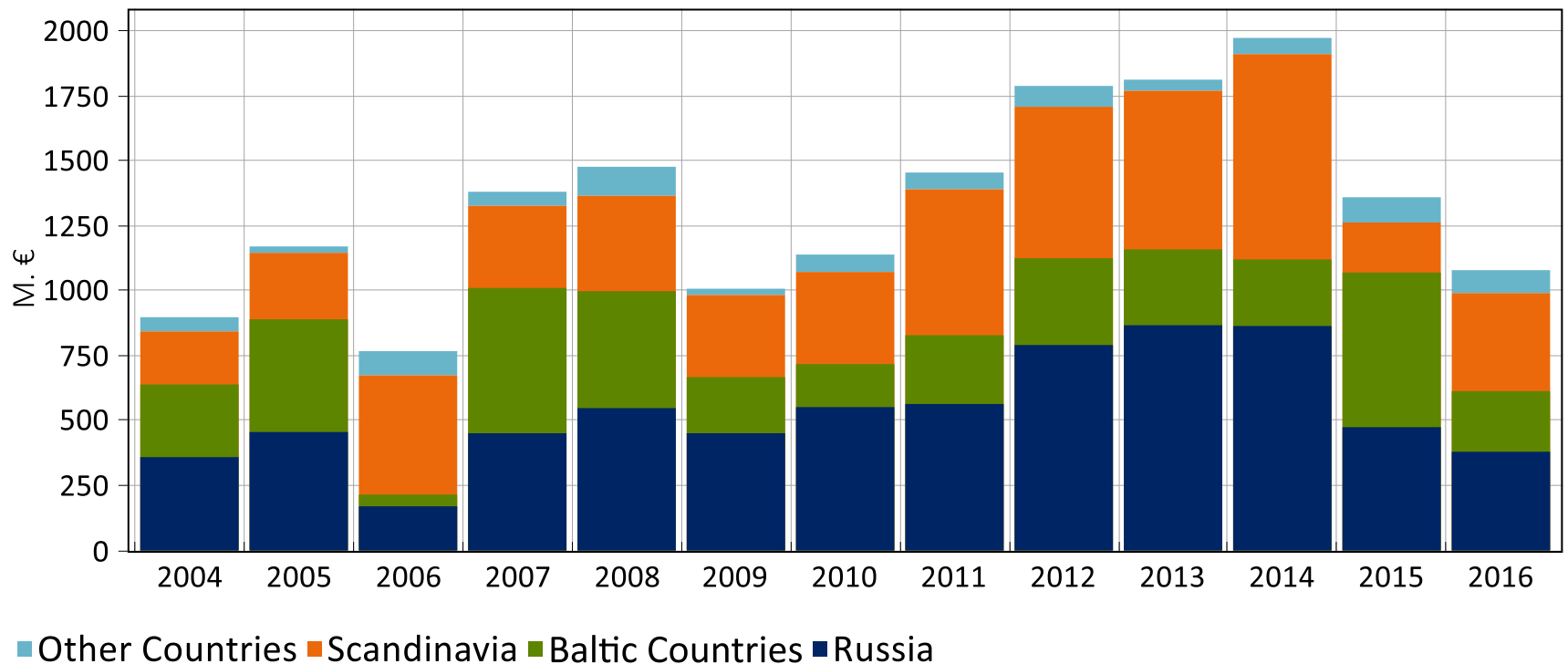
Source: Statistics Finland

## Profitability of Construction Sector



Source: Macrobond/Confederation of Finnish Construction Industries RT

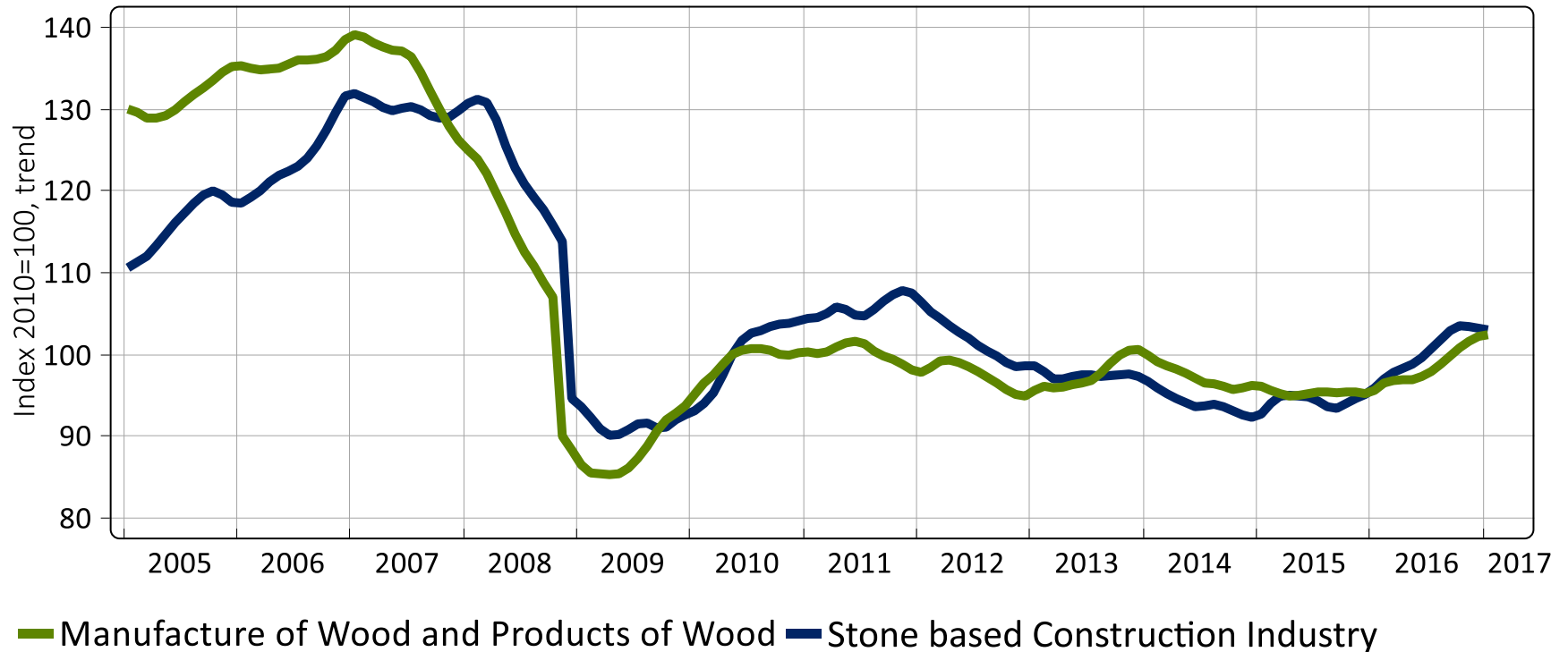
## International Operations of Finnish Construction Industry



Source: Macrobond/Confederation of Finnish Construction Industries RT

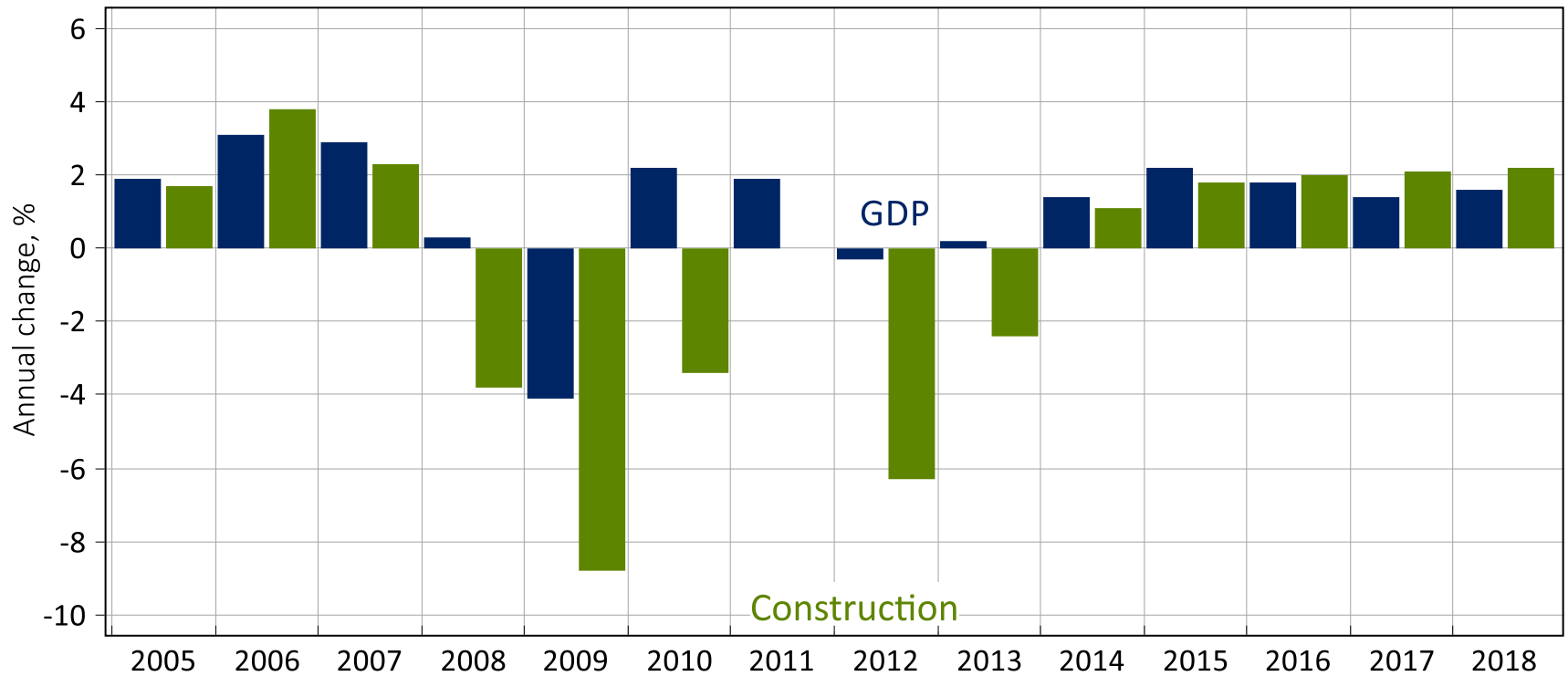


## Volume of Construction Product Industry



Source: Macrobond/Confederation of Finnish Construction Industries RT

## GDP and Construction Volume in Euroconstruct-countries



Source: Macrobond/Confederation of Finnish Construction Industries RT, Euroconstruct, June 2015, Warsaw

# Housing production forecast

<b>Housing starts</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Terraced houses and blocks of flats</b>	<b>18 400</b>	<b>26 000</b>	<b>30 300</b>	<b>27 700</b>	<b>25 200</b>
Non-subsidised housing	11 000	17 500	22 300	19 200	16 700
ARA housing	7 400	8 500	8 000	8 500	8 500
<b>Detached houses</b>	<b>6 700</b>	<b>6 600</b>	<b>6 600</b>	<b>7 000</b>	<b>7 500</b>
Non-subsidised housing	6 700	6 600	6 600	7 000	7 500
<b>Other buildings</b>	<b>200</b>	<b>600</b>	<b>500</b>	<b>300</b>	<b>300</b>
<b>Total</b>	<b>25 300</b>	<b>33 200</b>	<b>37 400</b>	<b>35 000</b>	<b>33 000</b>
Non-subsidised housing	17 900	24 700	29 400	26 500	24 500
ARA housing	7 400	8 500	8 000	8 500	8 500

Source: Statistics Finland, ARA, RT

<b>Economic Indicators of Finnish construction Industry</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Gross Domestic Product. change of volume , %	-0,6	0,3	1,4	2,0	2,0
Euribor, 3-month. %	0,2	0,0	-0,3	-0,3	-0,3
Index of wage and salary earnings, change, %	1,5	1,4	1,2	1,0	1,5
Building cost index, change, %	1,0	0,5	0,5	0,5	2,5
<b>Construction. change of volume, %</b>	<b>-3,6</b>	<b>2,7</b>	<b>6,9</b>	<b>2,5</b>	<b>0,0</b>
Building renovation and modernisation	-0,6	4,7	2,0	2,0	1,5
<b>Investment in construction</b>	<b>-3,8</b>	<b>2,0</b>	<b>8,2</b>	<b>2,5</b>	<b>0,0</b>
Buildings	-5,4	2,2	9,1	2,6	-0,1
Civil engineering	4,1	1,3	3,8	2,0	0,5
<b>Building starts, mill. m3</b>	<b>31,4</b>	<b>33,9</b>	<b>37,0</b>	<b>36,0</b>	<b>35,5</b>
Residential buildings	9,5	11,2	11,9	11,4	11,7
Free-time residential buildings	0,7	0,6	0,6	0,7	0,8
Commercial buildings	5,9	6,1	5,5	5,8	5,3
Public buildings	3,0	3,7	4,1	4,2	3,7
Industrial and warehouse buildings	6,7	8,2	8,9	8,4	8,6
Agricultural buildings	3,3	2,0	3,8	3,5	3,3
Other buildings	2,2	2,1	2,2	2,0	2,2
<b>Housing starts. number of dwellings</b>	<b>25 300</b>	<b>33 200</b>	<b>37 400</b>	<b>35 000</b>	<b>33 000</b>
privately financed	17 900	24 700	29 400	26 500	24 500
state subsidized	7 400	8 500	8 000	8 500	8 500
Employment in construction sector, persons	168 833	168 500	178 167	182 000	182 000
Value of international operations of construction companies, bill. €	2,0	1,4	1,1		
Operating profit before depreciation of construction companies, %	4,2	4,2	6,0		
Operating profit before depreciation of construction product companies, %	6,8	8,5	9,3		