

## Business climate in construction

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2009-06-29

The outlook for the building industry was deteriorating since the third quarter of 2008.

From November 2008 to March 2009 there was a sharp drop in indicators describing the general climate, books of orders and output, though a slight improvement was recorded from March to May. The reason was that the outlook for current and future books of orders and construction output improved, although it was still negative. In May 16% of the surveyed businesses reported an improvement in business conditions, against 14% in April, and 27% reported a deterioration compared to 31% in April. Only 4.8% of the surveyed companies said there were no constraints on their activity. Competition from other companies was the most serious barrier – it was indicated by 59% of the surveyed companies. Compared with May last year, the importance of the barrier created by insufficient demand and difficulty getting a loan increased. Construction companies assessed their capacity utilisation at 75%.

Looking at the situation on the Polish construction market, it is worth noting that despite the pessimistic outlook, companies are recording relatively good results. The views voiced by managers of construction companies are influenced by psychological factors and the widespread belief that a crisis in construction is inevitable. Outlook surveys in April and May show that builders are a bit more optimistic now, though outlook indices are still negative.