8 August 2016

Year-on-Year Decline in Construction Production Continued

Construction – June 2016

In June 2016 the construction output dropped by 12.7% year-on-year (y-o-y), in real terms. The planning and building control authorities granted by 10.1% more building permits, y-o-y, and the approximate value of permitted constructions fell by 2.4%, y-o-y. The number of started dwellings plummeted by 38.0%, y-o-y, and the number of completed dwellings decreased by 3.5%, y-o-y.

In June 2016 the **construction output** decreased by 12.7%, y-o-y, in real terms. The seasonally adjusted construction output in June 2016 was by 3.9% lower, month-on-month (m-o-m). The production in building construction decreased by 9.6% (contribution -6.2 percentage points (p.p.)), y-o-y. The production of civil engineering construction declined by 18.3% (contribution -6.5 p.p.), y-o-y.

The **average registered number of employees\***), in construction enterprises with 50+ employees fell by 2.7%, y-o-y, in June 2016. Their **average gross monthly nominal wage** increased by 6.1%, compared year-on-year, and reached CZK 32 483.

In June 2016 the **number of building permits granted** increased by 10.1%, y-o-y; the planning and building control authorities granted 8 167 building permits. The **approximate value** of the permitted constructions attained CZK 23.4 billion and fell by 2.4% compared to the same period of 2015.

The **number of dwellings started** in June 2016 plummeted by 38.0%, y-o-y, and attained 2 078 dwellings. The number of dwellings started in family houses grew by 11.4% and that of dwellings started in multi-dwelling buildings plummeted by 84.9% mostly due to a high comparison basis of 2015.

The **number of completed dwellings** decreased by 3.5%, y-o-y, in June 2016 and was 1 960 dwellings. The number of completed dwellings in family houses grew by 17.0%. The number of completed dwellings in multi-dwelling buildings declined by 20.0%.

According to Eurostat the WDA (working days adjusted) **construction output in the EU28** decreased by 1.1%, y-o-y, **in May 2016**. Buildings increased by 0.1% and civil engineering works fell by 6.6%. According to the preliminary schedule Eurostat shall release the data for June 2016 on 18 August 2016 (at 11:00 a.m.).

**Construction in Q2 2016**

In Q2 2016 the **construction output** decreased by 10.2%, y-o-y, in real terms. If working days adjusted it fell by 12.0%. Q2 2016 was by three working days longer compared to the same period of the previous year. Compared to Q1 2016 the seasonally adjusted construction output was by 4.3% lower, quarter-on-quarter. The production in building construction decreased by 8.0% (contribution -5.2 p.p.), y-o-y, and the production of civil engineering construction recorded a drop by 14.5% (contribution -5.0 p.p.), y-o-y.

The **average registered number of employees**\*) in construction enterprises with 50+ employees fell by 2.5%, y-o-y in Q2 2016. Their **average monthly nominal wage** increased by 5.4%, y-o-y and reached CZK 32 920.

In Q2 2016 the **number of building orders** of construction enterprises with 50+ employees soared by 38.6%, y-o-y; the enterprises received and concluded 16 291 orders in the Czech Republic. The **total value** of the orders decreased by 2.4% and was CZK 48.0 billion. The building construction orders were for CZK 22.7 billion (growth by 27.4%) and those for civil engineering constructions were for CZK 25.3 billion (drop by 19.3%). The average value of a new concluded building order was CZK 3.0 million and was by 29.5% lower, y-o-y.

At the end of Q2 2016 construction enterprises with 50+ employees had 20.2 thousand orders contracted (increase by 18.7%) and these orders represented the inventory of still unimplemented construction works of the total value of CZK 146.8 billion (drop by 9.5%).

In Q2 2016 the **number of building permits granted** increased by 7.6%, y-o-y; the planning and building control authorities granted 23 193 building permits. The **approximate value** of constructions permitted in Q2 2016 accounted for CZK 85.3 billion and jumped up by 25.6% compared to the same period of 2015.

The **floor area** of new buildings permitted in Q2 2016 was 1 706 thousand m2, which means a growth by 22.5%, compared y-o-y. The floor area of permitted residential buildings decreased by 4.2%, and that of non-residential buildings soared by 58.2%.

The **number of dwellings started** in Q2 2016 fell by 7.0%, y-o-y and accounted for 7 324 dwellings. The number of dwellings started in family houses increased by 17.9%, and that in multi-dwelling buildings plummeted by 47.1%.

The **number of completed dwellings** in Q2 2016 grew by 9.5%, y-o-y and attained 6 077 dwellings. The number of completed dwellings in family houses increased by 9.0%, y-o-y, and the number of completed dwellings in multi-dwelling buildings increased by 21.2%.

*Notes:*

\*) *The indicator of the registered number of employees does not include persons working under various contracts for work, working owners of enterprises and cooperating household members, who do not have contracts of employment. Data on the registered number of employees in construction also exclude agency workers, who have contracts of employment, yet within activities of services (CZ-NACE 78.2).*

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*Method of data acquisition: the CZSO direct surveys of Stav 1-12 and Stav 2-12*

*End of data collection: 2 August 2016*

*Following outcomes:* [*https://www.czso.cz/csu/czso/sta\_ts*](https://www.czso.cz/csu/czso/sta_ts)

[*https://www.czso.cz/csu/czso/bvz\_ts*](https://www.czso.cz/csu/czso/bvz_ts)

*Next News Release will be published on: 7 September 2016*

Annex:

Table 1 Construction production index, construction permits granted, and housing construction (year-on-year indices for the month)

Table 2 Construction production index, construction orders, construction permits granted, and housing construction (year-on year indices for a quarter of the year)