

# Czech construction industry decline accelerated in September

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Total construction output at constant prices accelerated its year-on-year decline to 7.3% from 2.1% in August. The number of started flats fell by 36.7 % to 2,436 flats, 64 % of which are in blocks of flats. Constructors completed 3,363 flats in September, this is a 8,9 % fall. In family houses, the decline in completed units was 16.5 %, in residential buildings it was 1.6 %. The ongoing housing slump, according to experts, reflects the weak demand for new housing also due to the current price level.

Building construction output declined by 1.7 % in September, civil engineering output decreased by 17.2 %. After seasonal adjustment, the construction output in September was at the previous month's level. "Bad situation continues, the slowdown in transport construction is starting to be fully visible," said Michael Smola, Secretary of Association of Building Entrepreneurs (ABE). "The decrease in construction reflects previous economic downturn and subsequent savings by companies, state and households. Investment activities by companies still remains at zero, in addition, the state is starting to be less active," ČSOB analyst Petr Dufek commented on the figures. According to Blanka Dvořáková from KPMG, the Czech Republic cannot expect a significant growth of the sector in 2011 either. "We can only hope that private investors will soon start to believe in growth and will expand their investment and that the lack of finances for public tenders (drivers of the entire construction industry in the last year) will be resolved as soon as possible," she said.

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