

budimex

BUD INDEX

CONSTRUCTION
RANKING
OF THE EUROPEAN UNION

ANNUAL RANKING OF THE COUNTRIES
OF THE EUROPEAN UNION IN TERMS
OF SHARE OF CONSTRUCTION IN GDP,
LIST OF THE LARGEST EUROPEAN
CONSTRUCTION INVESTMENTS,
FORECASTS AND EXPERT COMMENTS.



2020/21

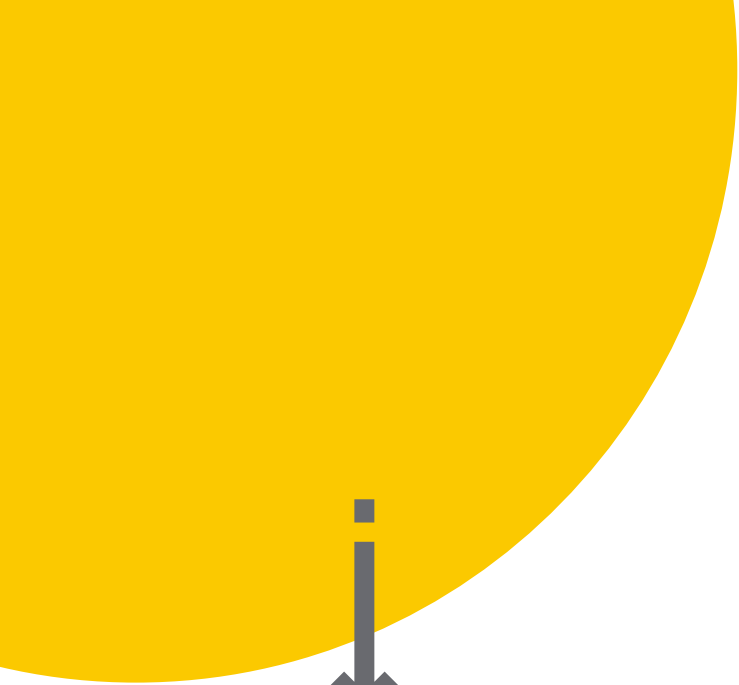


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OPENING

Not only Poland, but the entire European Union is now a huge construction site. In 2020, Europe invested more than EUR 720 billion in construction – this is more than the gross domestic product of the Czech Republic and Poland combined.

The Budindex 2021 report is the first study of this kind in Poland. It shows the scale of development of the construction market in individual countries of the European Union. We draw attention to the biggest construction projects currently being carried out in the countries of the Union. We show the ranking of the countries that are investing the largest funds in construction, in proportion to their gross domestic product.

The report shows a wide variety of construction projects in European countries. Their scale and range have been highlighted: new express roads, high-speed rail lines, housing and cultural districts, hydro-technical and energy projects. Austria and Italy are building a railway tunnel under the Brenner Base in the Alps with a value of more than EUR 8 billion, which accounts for more than PLN 35 billion. This is more than the planned costs of construction of the Central Communication Port in Poland. In the meantime, the largest construction sites in Greece or Portugal are 20 times smaller.

However, major investments are not just a matter for large countries. Smaller countries such as Belgium and the Netherlands are implementing investments of EUR 8 and 12 billion, respectively, which is just a little lower than the largest countries of the Old Continent.

The majority of investments currently being implemented in Europe are international, which is evidence of strong links between European countries.

In the ranking of countries investing the highest number of funds in construction, Poland took second place in the last year. We are a big construction site because we are catching up with investment delays in relation to Western European countries.

Looking at what Europe is building, it is worth remembering that even investment powers such as Germany face many difficulties in the successful implementation of large projects. An example is the construction of the Brandenburg airport next to Berlin, which took over 14 years.

This report begins an annual cycle in which we want to bring together large-scale construction projects implemented in Poland and Europe. We want to look at the constructions of our neighbours, also to make it easier to find a point of reference to Polish constructions sites and new investments.

Enjoy the read.



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ARTUR POPKO
PRESIDENT
OF BUDIMEX S.A.

INTRODUCTION

The optimistic forecasts for construction in 2020 were verified in its first quarter due to the COVID-19 pandemic. Construction activities in the European Union initially slowed, but already by May 2020 there was a clear rebound. At the beginning of 2021, in January and February, the construction production rate remained negative and by March had risen by 16.3%. By far the best month was April, with a 35.5% increase in construction production. The first half of 2021 closed with a positive result and the trend remaining upward. Importantly, the construction production rate in Poland is currently at a higher level than the EU average. Construction remains one of the most important sectors for the European Union's economy, producing close to 9% of the EU GDP and providing 18 million jobs. It is also one of the main sectors responsible for reaching the objectives of the climate policy.

Looking at the results of the budINDEX 2021 ranking, a significant share of construction in the national GDP took place primarily in the countries of Central and Eastern Europe. Poland took the second place, right behind Finland. Finland's first place is the result of many years of government investment in energy, housing and public utility construction. Lithuania, Romania, Latvia, Slovakia and Estonia all rank among the first 10. These countries were favoured by projects co-financed by the EU and increasing demand in housing. An exception here is the Czech Republic, where already in 2019 the construction sector had clearly slowed down.

On the occasion of the results of the budINDEX ranking, it should be noted that in 2020 there was a decrease in GDP across the EU by 4.0% y/y. The tourism sector has had a major impact on this situation, and countries such as Spain, Italy or Portugal have been most affected. In Poland, the decrease in GDP in the fourth quarter of 2020 was 2.8% y/y and this was the seventh best result in the EU.



21.6%

GROWTH
OF THE CONSTRUCTION
OUTPUT INDEX
JANUARY-MAY 2020



↓ 4%
FALL IN GDP
in EU in 2020

Poland, as the largest beneficiary of EU funds, has been focusing on construction for many years. Thanks to the infrastructure projects, such as the construction of sections of the Via Carpatia project, development of the road network and modernisation of the railway network, the economy receives support. In turn, other mega construction projects, like the Central Communication Port, show the directions of industry development as large, integrated investments. Poland's high place in the ranking confirms the role that the construction sector plays in driving the domestic economy and at the same time indicating good forecasts for the future.

BUDINDEX 2021 RANKING

2020

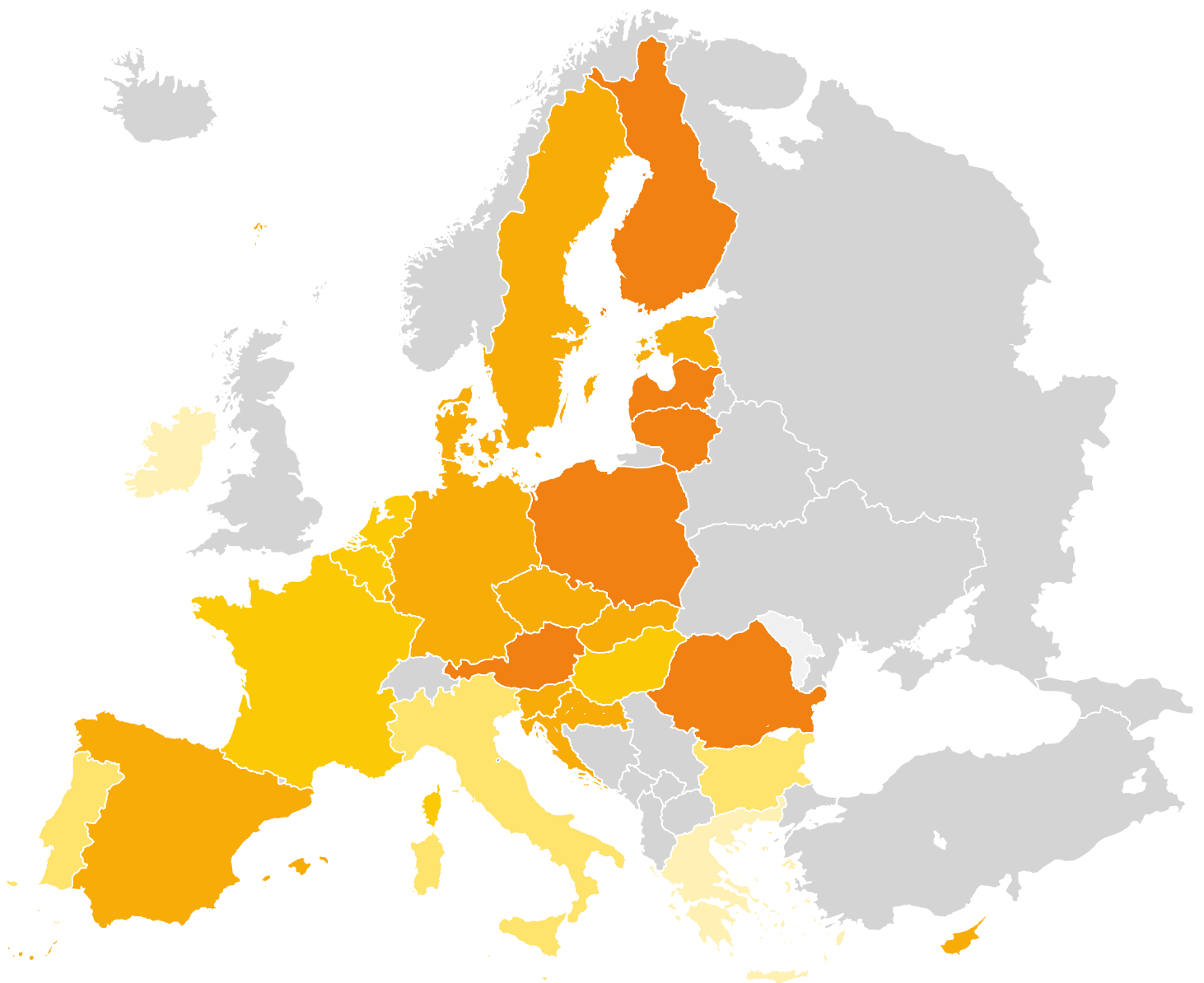


SHARE OF CONSTRUCTION IN GDP
IN 10 EU COUNTRIES IN 2020

Place in the ranking	Country	Percentage of the construction sector share in GDP	GDP in billion EUR	Value generated by construction in billion EUR
1	Finland	8.0%	221	17.67
2	Poland	7.4%	484	35.82
3	Austria	7.4%	350	25.87
4	Lithuania	7.4%	46	3.37
5	Romania	7.3%	203	14.81
6	Latvia	7.0%	27	1.91
7	Slovakia	6.9%	86	5.90
8	Sweden	6.7%	438	29.37
9	Estonia	6.4%	25	1.61
10	Spain	6.3%	1044	65.77
11	Croatia	6.3%	46	2.87
12	Slovenia	6.3%	43	2.71
13	Cyprus	6.3%	19	1.22
14	Luxembourg	6.2%	60	3.70
15	Germany	6.1%	3102	189.19
16	Denmark	6.0%	289	17.36
17	Czech Republic	6.0%	199	11.93
18	Hungary	5.7%	126	7.20
19	Belgium	5.5%	420	23.08
20	Netherlands	5.4%	743	40.13
21	France	5.3%	2121	112.43
22	Bulgaria	4.9%	56	2.76
23	Portugal	4.7%	188	8.85
24	Malta	4.5%	12	0.54
25	Italy	4.3%	1537	66.08
26	Ireland	2.2%	341	7.51
27	Greece	1.7%	154	2.62
	Average for EU-27	5.86%	458.5	26.1

RANKING MAP

BUDINDEX 2021. RANKING OF COUNTRIES
IN TERMS OF SHARE OF CONSTRUCTION
IN GDP IN EU COUNTRIES IN 2020



● 8.0-7.0% ● 6.9-6.0% ● 5.7-5.3% ● 4.9-4.3% ● 2.2-1.7%





LARGEST CONSTRUCTION PROJECTS IN EUROPE

HIGHEST-VALUE CONSTRUCTION
PROJECTS CURRENTLY IMPLEMENTED IN
THE COUNTRIES OF THE EUROPEAN UNION

The scale of construction investments in Europe can best be demonstrated by examples of the largest construction projects currently being implemented in terms of financial outlays. The presented investment projects have already been approved, are already under construction or being modernised. A vast number of them are being implemented with financial support from European Union funds under the cohesion policy. It is worth noting that Poland

is the leader among EU countries in terms of construction projects approved for implementation or planned in the 2014-2020 financial perspective - by the end of August 2021 as many as 122 construction projects had been approved in Poland. A significant proportion of the investments currently carried out in Europe are international, which is evidence of strong trade links between countries.



POLAND

RECONSTRUCTION

OF THE WARSZAWA ZACHODNIA STATION AND MODERNISATION OF THE CROSS-CITY LINE

The construction is one of the largest railway undertakings implemented in recent years, within which approx. 30 km of tracks, 130 turnouts and networking are to be reconstructed.

EUR
420 MILLION



New roofed platforms, stairs, elevators, passages and information system will be created. In total, more than 70 subcontractors and suppliers work on the construction site. The investment is planned to be completed in 2023.

FINLAND

UNDERSEA RAIL TUNNEL

HELSINKI-TALLIN



EUR
13 BILLION



AUSTRIA

BRENNER BASE TUNNEL

AUSTRIA-ITALY

EUR
8.38 BILLION





A 64-kilometre rail tunnel that will connect Austria with Italy under the Brenner Pass in the Eastern Alps. When completed in 2028, it will be the second longest rail tunnel in the world.



LENGTH OF THE
RAILWAY TUNNEL
THAT CONNECTS
AUSTRIA WITH
ITALY WILL BE

64 km



LITHUANIA

VIA BALTICA

A SECTION FROM MARIAMPOL
TO THE BORDER WITH POLAND

EUR
300 MILLION



A 40-kilometre section of the road will be four-lane and allow speeds of up to 130 km/h. Its construction will be completed in 2025.

SWEDEN

STOCKHOLM BYPASS

PROJECT



EUR 2.6 BILLION



SLOVAKIA

MODERNISATION

OF THE RAILWAY LINE ON THE PÚCHOV – ŽYLINA ROUTE

In addition to the modernisation of railway tracks, two tunnels and three bridges will be built as part of the investment.

EUR
471 MILLION





ROMANIA

MODERNISATION

AND EXPANSION OF WATER AND SEWAGE INFRASTRUCTURE IN THE SATU MARE AREA



The water supply networks will be almost 180 km long, with 16 treatment plants and 36 pumping stations to be built. The project will cover 15 cities.



BULGARIA

MODERNISATION

OF THE SOFIA - PLOVDIV
RAILWAY LINE ON THE ELIN
PELIN - KOSTENETS SECTION

EUR
665 MILLION



SPAIN

EUROPE'S

LARGEST PHOTOVOLTAIC PARK



EUR
330 MILLION



CROATIA

PELJESAC BRIDGE

A 2.4-kilometre bridge, the completion of which is scheduled for 2022, will connect Dubrovnik-Neretva with the rest of the country.



EUR 420 MILLION



GERMANY

HAFENCITY

It is Europe's largest inner-city development area, covering 127 hectares. HafenCity is a modern district created in post-industrial areas, where each of the 10 parts is to serve a different function (e.g. work, science, art).

EUR
13 BILLION



HAFENCITY
COVERS
THE AREA OF

127 ha



DENMARK

FEHMARN BELT

FIXED LINK (DENMARK-GERMANY)

It will be the longest immersed rail tunnel in the world. An 18-kilometre investment in the Baltic Sea built of prefabricated units to connect islands in Denmark and Germany.

EUR
7.4 BILLION



CZECH REPUBLIC

D1 MOTORWAY

ON THE ŘÍKOVICE – PŘEROV SECTION

It is the longest Czech motorway, with a total planned length of 376.5 km. The sole Říkovice – Přerov section is 10 km long.

EUR
420 MILLION



NETHERLANDS

RENOVATION

OF THE AFSLUITDIJK WATER PROJECT



EUR 550 MILLION



COMPLETION OF
CONSTRUCTION
IS PLANNED FOR

2023

The over 80-year-old Afsluitdijk dam was the largest project of its kind in the Netherlands; however, due to its too harmful interference with the natural environment, it was decided to reconstruct it. The renovation will include the construction of an artificial river or new crossings for people.



SLOVENIA

SECOND

DIVAČA-KOPER RAILWAY LINE

The extension concerns the railway line commissioned in 1967. The second railway line with a length of 27.1 km will allow for better connections with the port in Koper. 7 tunnels are planned to be built on the route.

EUR
1.19 BILLION



CYPRUS

CITY OF DREAMS

MEDITERRANEAN RESORT

This is the first integrated design of a luxury resort with a hotel base and a variety of entertainment opportunities. After its planned opening in summer 2022, it will be the largest facility of its kind in Europe

EUR
550 MILLION



BELGIUM

SEINE-SCHELDT

PROJECT
(FRANCE - BELGIUM)



A waterway with a total length of 177 km, to be built as part of widening old trade routes on the Rhine and Seine rivers.



EUR 1.19 BILLION

PORTUGAL

LISBON METRO

EXTENSION

Construction of a connection between two metro lines, to facilitate the connection of suburbs and the city centre

EUR
350 MILLION



FRANCE

THE FINAL STAGE

OF THE CONSTRUCTION
OF THE LA DÉFENSE BUSINESS
DISTRICT IN PARIS

EUR
1 BILLION





A business district of Paris, which will be modernised and greened as part of the project.

THE NAME OF THE
DISTRICT WAS GIVEN
IN REMEMBRANCE
OF THE DEFENCE
OF PARIS AGAINST
PRUSSIAN FORCES

in 1871



LUXEMBOURG

NATIONAL STADIUM



HUNGARY

RAILWAY ROUTE

BUDAPEST-BELGRADE (HUNGARY-SERBIA)

EUR
5.6 BILLION

The project comprises the modernisation of the existing railway line, which will make it possible to travel at a speed of 200 km/h. The entire line is 370km long and the first trains on the commissioned sections are due early next year.



ITALY

RAILWAY ROUTE

TURIN-LYON

A 270 km long high-speed rail route has been planned to connect the Italian and French high-speed rail networks. The completion of works is planned for 2032

EUR
25 BILLION



GREECE

NEW MOTORWAY

LINKING PATRAS AND PYRGOS



A new 75km long connection will be built in western Greece by mid-2022.

EUR 77 MILLION



MALTA

NEW WATER

MANAGEMENT SYSTEM



EUR
165.5 MILLION



The project will provide more sustainable water resources and improve water quality for its 434 403 residents and 1.9 million visitors per year. Boring of an underground tunnel is planned as well as an extension of the sewerage network and a distribution system for water.



IRELAND

RECONSTRUCTION

OF THE PORT AREA IN CORK



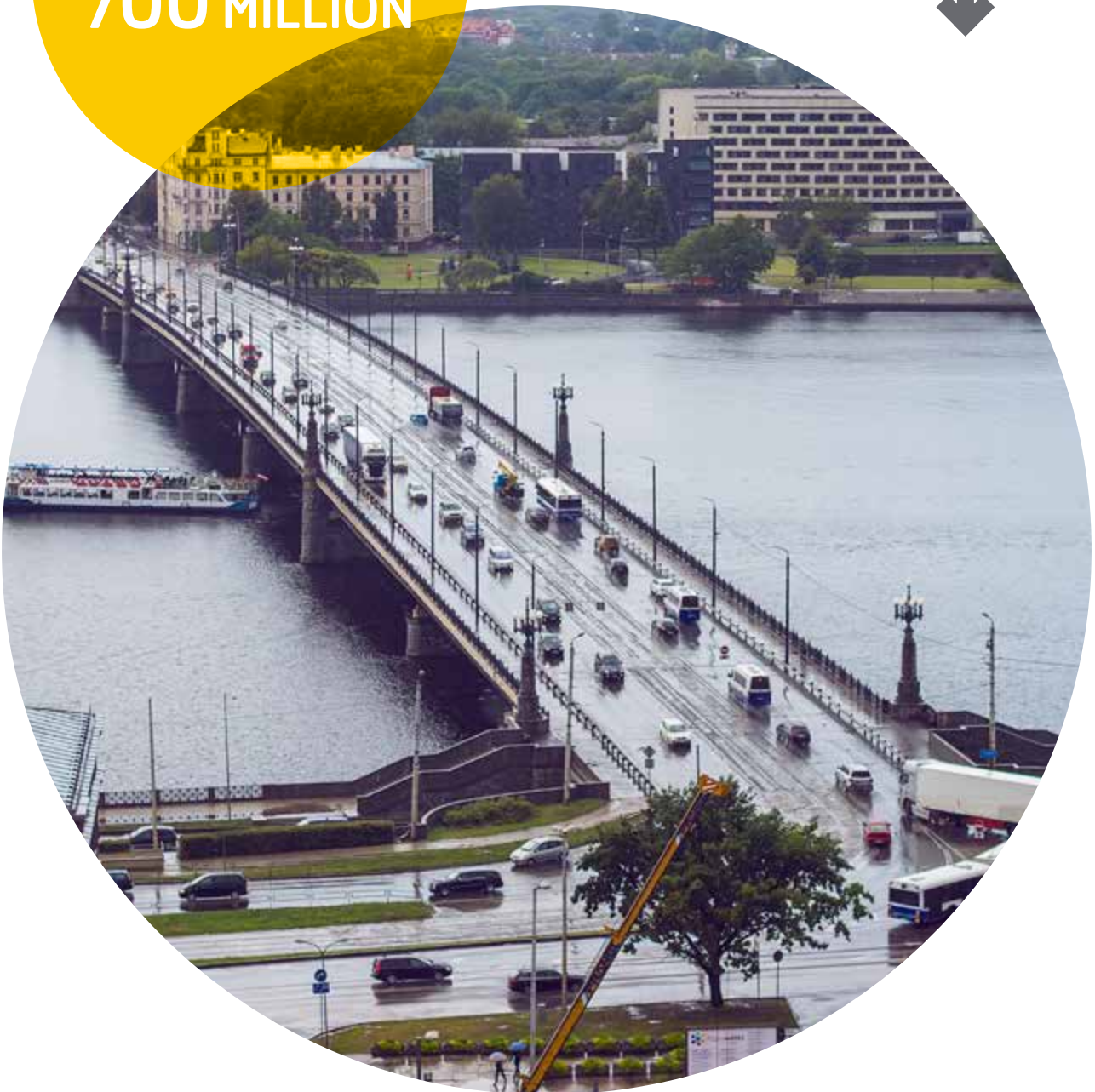
EUR 200 MILLION

LATVIA

MOST

ON THE DVINA RIVER IN RIGA

EUR
700 MILLION



BOOSTING THE ECONOMY

AND FORECASTS FOR THE CONSTRUCTION SECTOR

Poland's high place in the budINDEX 2021 ranking, presenting the construction sector share in GDP, is undoubtedly the merit of spending significant funds on investment by public and private investors. It is worth noting that a significant share of construction is not the result of a low base value. Poland has been developing at a satisfactory rate for over a decade, the result of which are the unflagging investments by our entrepreneurs. In addition, public investors earmark record funds for the implementation of transport, energy and social projects. Poland as a country, after years of delays, had a lot to make up for; however, we were and still are able to use external sources of financing, and the effects of this can be seen in the budINDEX 2021 ranking.

The strength of the Polish construction sector is the flexibility and ability to adapt to the different expectations of investors or customers. In addition, attention should be paid to the strong Polish production sector in construction – Poland is a significant manufacturer of a huge number of construction materials, which ensures self-sufficiency. On the other hand, Polish contractors are characterized by the good levels of experience of its personnel, high quality in the execution of works, but also design skills and knowledge of the latest technologies. It is enough to show that construction companies operating in Poland are able to win complex investments on foreign markets, based on know-how and leading technologies that Polish engineers can effectively use.

The budINDEX 2021 ranking report also shows that European economies and societies are beneficiaries of large construction investments. On the one hand, most of the funds are spent on the implementation of investments ensuring higher levels of life comfort, especially when it comes to transport projects and social infrastructure. On the other hand, significant financial resources in EU countries are earmarked for energy and ICT investments. Even though they may seem less spectacular from the perspective of a standard consumer, their importance for maintaining economic growth in the EU and ensuring Europe's



FOR MORE
THAN A DECADE,

POLAND HAS BEEN
DEVELOPING
AT A SATISFACTORY
PACE



position as a leader in changes in technology, security or sustainable development is particularly important. It should also be noted that large investments in the EU provide numerous workplaces and opportunities to develop and strengthen the potential of smaller subcontractors. Without public investment, it would be difficult to imagine the successes achieved in the past years by Spanish or Portuguese construction companies, which have permanently inscribed in the economic landscape of Europe and other regions in the world.

The year 2021 and the subsequent ones will be difficult for Polish and European construction. The natural phenomenon in the construction industry is that the rapid increase in construction and assembly production is usually not conducive to improving the results of contractors. During a period of high growth dynamics, increasing competition for access to the resources necessary to implement construction investments often leads to a deterioration in the operating conditions of contractors. There is no doubt that the years to come after the COVID-19 pandemic will be marked in Poland and Europe by public investment and spending huge funds to meet investment needs. As a result, we will see an increase in the costs of manufacturing assets, which will not be influenced by contractors. As a consequence, decreasing margins should lead on the side of construction companies to seek more efficiency, including higher specialisation. One might risk putting forward the thesis that by the end of this decade we will be dealing on the one hand with highly specialized smaller companies, technological and construction ones, and on the other hand with concentration on the side of the largest European construction companies, which will be subject to consolidation processes and to some extent mergers by global corporations, mainly from Asia.



JAN STYLIŃSKI
PRESIDENT
OF THE MANAGEMENT
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