

Munich, January 24, 2023

Press Release

ifo Institute outlook for industry in Germany and Europe up to 2025 Construction proves to be robust in the medium term

- **European construction sector stagnates for the time being**
- **German construction industry senses further headwind**
- **Significant decline in apartment construction in Germany**

Felix Kirschenbauer
PR Manager
Tel. +49 89 949 21472
felix.kirschenbauer@messe-muenchen.de

The ifo Institute presented the results of the industry outlook for the German and European construction sector in the period up to 2025 during the BAU consultations. BAU, the world's leading trade fair for architecture, materials and systems, will take place in Munich from April 17 to 22, 2023.

Increasing construction loan interest, high realization costs and economic slowdown – there are many challenges facing the construction industry. How will the situation develop for manufacturers and providers of materials and systems in the construction sector in the medium term? Initial answers to this question are provided in a European market analysis, in which the ifo Institute was involved. Ludwig Dorffmeister, consultant for construction and real estate research, presented the key points at the BAU consultations.

European construction sector stagnates for the time being

Following the significant growth in 2021 and 2022 (+ 5.8 percent and + 3.0 percent), the European construction sector will escape a further decline. This year and the next, the market will stagnate, and will only grow by one percent in 2025. Sources of innovation will include the government aid in the modernization of building construction, some considerable investment needs in the housing and infrastructure sector, and the once again significantly more positive economic outlook as of 2024.

Messe München GmbH
Messegelände
81823 München
Germany
messe-muenchen.de

Press Release | January 24, 2023 | 2/2

“The European construction sector will benefit in particular from the growing demand for construction in France, Spain and Great Britain. There, growth lies between two and a half and nearly seven percent. On the whole, the market may grow by around €26 billion by 2025,” explains Ludwig Dorffmeister.

German construction industry senses further headwind

Following two subdued years, German construction services will grow slowly at best in 2023. Non-residential building construction is not expected to record any more losses in the current year after the past market correction. In the course of the economic recovery and after the inflation shock has settled, commercial and public building construction will pick up again by 2024 at the latest. The market analysis predicts that the scope of building measures for new and existing non-residential buildings in Germany will be around one percent greater in 2025 than it was in 2022. In light of some considerable investment needs, the civil engineering sector is also expected to pick up pace again as of 2024 and grow by a total of two percent by 2025.

Significant decline in apartment construction in Germany

The fact that the German construction sector will ultimately only stagnate in the period from 2021 to 2025 is due to the imminent end of the long-lasting upward trend in residential construction. The large construction backlog and the long project implementation times will initially stabilize the new building market. However, from 2024 onwards, the consequences of the great reluctance on the part of project developers, “house builders” and housing companies are likely to have more and more of an impact. For this reason, Ludwig Dorffmeister predicts that: “For the current year, a small plus can be expected in the housing sector, which also includes construction work on existing buildings. It’s downhill after that.”

More information is available at www.bau-muenchen.com

Press Release | January 24, 2023 | 3/3

About BAU

BAU, the world's leading trade fair for architecture, materials and systems, is the largest and most important event in the industry. Unique worldwide, BAU brings together the industry's market leaders in this multi-trade exhibition every two years. The range of exhibits is broken down according to building materials, products and topics. BAU addresses all those involved in planning, construction and the operation of all types of buildings. BAU is also the world's biggest trade fair for architects and engineers. The numerous events in the supporting program, including high-profile forums with experts from around the world, round out the trade fair program.

Messe München

Messe München is one of the leading exhibition organizers worldwide with more than 50 of its own trade shows for capital goods, consumer goods and new technologies. Every year, a total of over 50,000 exhibitors and around three million visitors take part in more than 200 events at the exhibition center in Munich, at the ICM – Internationales Congress Center München, the Conference Center Nord and the MOC Veranstaltungszentrum München as well as abroad. Together with its subsidiary companies, Messe München organizes trade shows in China, India, Brazil, South Africa and Turkey. With a network of associated companies in Europe, Asia, Africa, and South America, and with around 70 representatives abroad for more than 100 countries, Messe München has a truly global presence.