

PRESS RELEASE

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Central and Eastern Europe to Outpace EU Growth in 2025–2026

Central and Eastern Europe (CEE) is set to remain one of the most dynamic growth regions in Europe, according to the latest *Quarterly Update* by UniCredit's Investment Institute. Despite global uncertainties, CEE economies are expected to grow at roughly twice the pace of the European Union average over 2025–2026, driven by resilient consumption, stabilizing exports, and renewed investment flows.

	Real GDP % change		
	2024	2025F	2026F
EU-CEE	2.0	2.2	2.4
Bulgaria	2.8	3.7	3.7
Croatia	3.9	3.1	3.2
Czechia	1.1	2.2	1.8
Hungary	0.5	0.5	2.4
Poland	2.9	3.2	3.0
Romania	0.8	0.6	1.5
Slovakia	2.1	0.8	1.5
Slovenia	1.6	0.7	2.2
Bosnia and Herz.	2.5	2.5	3.0
Serbia	3.9	2.5	3.4

Stronger fundamentals supporting growth

Private consumption will continue to act as the main engine of expansion, underpinned by strong real wage growth, tight labour markets, and slowing inflation. Meanwhile, external demand shows first signs of stabilisation, with manufacturing output improving in Poland, Czechia, Croatia, and Serbia, and steadying in Romania and Slovakia. New capacity in Hungary's battery sector is expected to contribute positively from 2026 onwards.

“CEE is proving its resilience yet again, although with differentiation across countries” said **Mauro Marrano**, Senior UniCredit CEE economist. *“Household consumption remains the key engine of growth with a 3% average growth in the CEE region, external demand is showing signs of improvement, and EU funds and foreign investment are beginning to accelerate. The region is positioned to capture the benefits of global and European shifts in trade and investment, although uncertainty in the global environment and downside risks prevail”.*

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Investment momentum is building

Declining interest rates, combined with faster absorption of EU funds and a positive spillover from German fiscal stimulus, are set to support fixed investment in 2026, according to the Quarterly. New FDI projects, particularly in manufacturing, are expected to expand export capacity and create long-term competitiveness.

“Investors continue to see opportunity in CEE, not only for its strong domestic demand but also for its geographical location, providing access to European markets” commented Eszter Gárgyán, CEE Strategist at UniCredit. “Although fiscal and political risks remain on the radar, risks will likely remain contained, and unlikely to cause a major setback to the growth potential of the region.”

Balanced outlook with risks on the radar

While the outlook remains robust, the report highlights several factors to watch: the pace of eurozone recovery, potential geopolitical tensions, and upcoming electoral cycles in some countries. Nonetheless, risks are considered manageable, and the baseline scenario continues to favor above-EU-average growth.