



Netherlands

Country Insights and Commodity Report

Q1 2023      

Netherlands

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Annual GDP growth for Netherlands was around 4.5% in 2022, which is expected to revert to a modest 1% in 2023. However, this is expected to slightly rise to 1.3% in 2024, driven by lower inflation and a partial recovery in household purchasing power and lowering of raw material input cost. As per the recent updates by Statistics Netherlands an increase in consumer confidence, export volume, and household consumption are likely to fuel economic growth in the short to medium term.

The Dutch construction industry output is expected to shrink by 0.7% in 2023, reflecting a slowdown in the demand, as well as elevated construction costs. There has been a focus on sustainability in construction. As a result, there are stricter environmental rules, such as subsequent levels of PFAS in the soil, resulting in a short-term delay in the project permits, which is expected to improve in the medium to long term. Chemical and pharmaceutical plant investments, as well as data centre investments, are likely to continue.



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Lumber

Lumber prices have remained relatively high, reflecting high-cost levels. The Netherlands has a relatively high share of wood products used in construction, behind only Finland, Sweden, and Austria, but residential construction demand will be constrained as investment levels are impacted by rising interest rates.



Cement and aggregates

Prices for cement and concrete products are expected to remain high in the first half of 2023, reflecting elevated costs. However, buildings construction activity will be sluggish in the coming quarters, containing further upwards price pressure.



Concrete blocks and bricks

Despite weakness on the demand side, brick manufacturers have been able to pass on higher costs to buyers, and this has been reflected in a jump in brick prices recently. However, upward pressure will ease as demand weakens in the coming quarters.



Steel (rebar and structural)

Steel prices will continue on a downwards trend. Although producers are still struggling with high energy costs, demand in general will ease and supply-side challenges will subside. However, there could be some upward pressure in the short-term reflecting disruption in supplies from Turkey, and domestic demand could be buoyed by government investment in infrastructure projects.



Copper

Copper prices picked up in early 2023, reflecting improving demand from China and concerns over supply side risks. However, global macroeconomic headwinds will contain demand in the short term, but investment in renewable energy projects and electric vehicle manufacturing will sustain long-term demand growth.

Netherlands – Commodity Report



Materials	Q2 2023 (f)	Q2 2022 – Q2 2023 (f)		Q4 2022 – Q1 2023 (e)
	€	€	2022-23* % change	% change
Copper (€/MT)	9,881	8,941	10.5% ↑	3.9% ↑ ●
Steel rebar (€/MT)	768	834	-7.9% ↓	-3.1% ↓ ●
Steel flat (€/MT)	824	895	-7.9% ↓	-3.1% ↓ ●
Stainless steel (€/MT)	3,522	NA	NA	-3.1% ↓ ●
Lumber (€/M3)	106	103	3.0% ↑	-3.1% ↓ ■
Asphalt (€/MT)	84.6	84.3	0.4% ↑	-9.1% ↓ ●
Limestone (€/MT)	94.1	87.5	7.6% ↑	0.4% ↑ ■
Cement (€/MT)	187	165	13.6% ↑	7.4% ↑ ●
Concrete (€/M3)	209	159	31.8% ↑	19.6% ↑ ●
Welded mesh (€/unit)	71.6	82.5	-13.3% ↓	-7.8% ↓ ●
Bricks (€/000 unit)	666	545	22.2% ↑	16.5% ↑ ●
Plasterboard (€/unit)	10.9	11.4	-4.2% ↓	0.0% ↔ ■
Diesel (€/litre)	1.63	2.05	-20.4% ↓	-11.2% ↓ ●

(f) Forecast (e) Estimated

- Q4 2022 to Q1 2023 % change greater than estimation in our Q4 2022 report
- Q4 2022 to Q1 2022 % change less than estimation in our Q4 2022 report

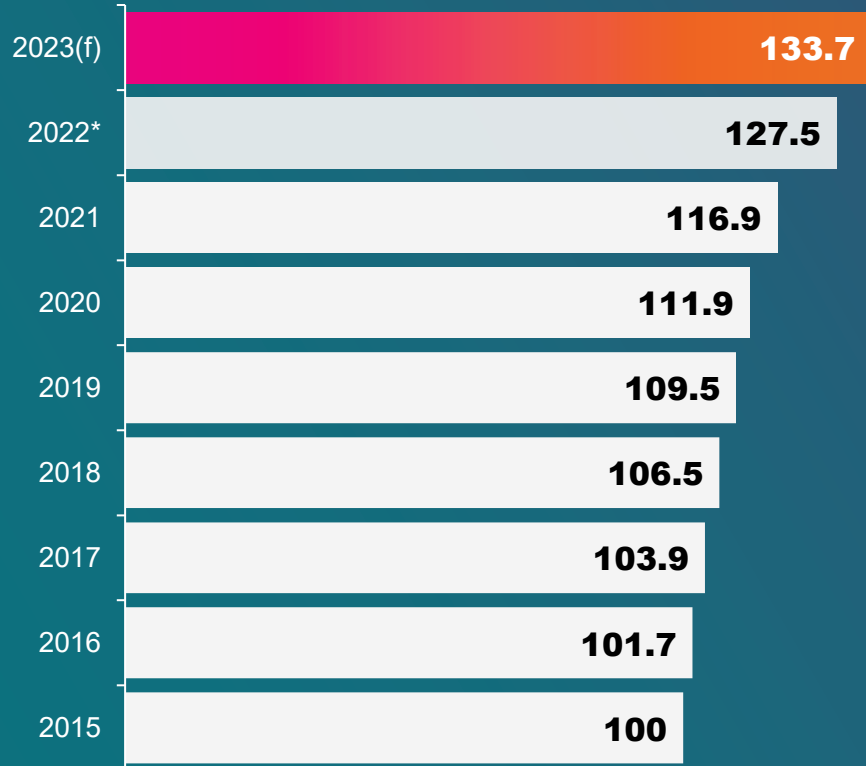
Welded mesh: 200 x 300cm, dia.-6mm Plasterboard: 300 x 120 x 1.25cm (L x W x T)

Material	% change Q1 – Q2 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	+1.5% ↑	Moderate	There will continue to be a high degree of volatility in the copper market. Prices jumped in early 2023, reflecting the impact of expectations of increased demand in China. The domestic sales price index for copper increased by 11.3% year-on-year in the first two months of 2023.
 Steel prices - Steel rebar - Flat steel	-1.0% ↓ -1.0% ↓	Moderate	Steel prices edged downwards in early 2023, reflecting a stronger delivery of steel products and a reduction in energy prices. This trend is expected to continue in the coming quarters.
 Stainless steel	-0.5% ↓	Moderate	Lower demand for stainless steel consumption and increased production capacity in major countries has weakened stainless steel prices. Higher input costs will contribute to some upward pressure, but offsetting this will be weakness on the demand side.
 Lumber	-1.0% ↓	Moderate	Although easing back from recent highs, lumber prices have stayed elevated in recent months. Further price pressure will be contained by weakness on the demand side, with residential construction slowing as reflected in the drop in building permits.
 Asphalt	+1.5% ↑	Moderate	Asphalt prices have been fairly volatile in recent months. Demand will be stimulated by the government's infrastructure investment plans. To reduce the increasing pressure on roads and other transport infrastructure, the government plans to invest €25 billion in the coming five years.
 Limestone	+0.4% ↑	Low	Despite weaker buildings construction demand, higher production and transportation costs have kept limestone prices at recent high levels.











Netherlands – Commodity Report



New dwellings; input price indices building costs (2015-2023) (2015=100)



Note: new dwellings; input price indices building costs 2015=100, *(p): provisional

Material	% change Q1 – Q2 2023 (f)	Level of impact of pricing on construction procurement and supply chain *
 Cement Concrete	+1.0% ↑ +1.0% ↑	 Moderate Cement and concrete prices remained high in February and March 2023, with producers passing on higher costs. The producer price index for ready-mixed concrete increased 19.3% year-on-year in February 2023. Prices are expected to remain high in the coming quarters.
 Welded mesh	-0.5% ↓	 Moderate Welded mesh prices fell back in Q1 2023, reflecting general trends in rebar prices. This trend is expected to continue in the coming quarters, as demand weakens.
 Bricks	+0.5% ↑	 Moderate Brick prices have remained high in recent months, with higher costs being passed on to buyers. The producer price index for bricks was up by 23.5% year-on-year in February 2023.
 Plasterboard	-0.2% ↓	 Moderate Plasterboard prices have stayed relatively high, but as demand growth slows, prices are expected to fall in the coming quarters.
 Diesel	-4.4% ↓	 High Diesel prices have remained low in recent months, with an average quarterly value of €1.70 in Q1 2023. Prices dropped below €1.60 in mid-March, but have since edged upwards. Pressure on global crude oil prices stemming from OPEC+ productions cuts will keep diesel prices around current levels.

* Level of impact rating reflects a combination of factors: the price movement and also price level (compared to recent past beyond the last quarter), the importance of the material, and general state of the supply chain in terms of stability.

Please note that commodity prices are based on representative materials available in the respective countries, and as these materials may not be standard across all markets, cross-country comparisons on prices can be ineffective. For example, asphalt types can vary between hot, cold or a bitumen price, and standard unit sizes for materials can vary across countries.

Netherlands – Construction Materials Pricing (2022-2023)



Material prices relate to raw or unfinished materials, and not to finished, delivered and erected on-site prices.

Netherlands – Macroeconomic overview



Economic indicators



1.03%

GDP growth in 2023 (f)
and **4.52%** in 2022



3.86%

inflation rate in 2023 (f) and
11.63% for 2022



9.57M

people employed in 2023 (f)
and **9.55M** in 2022



3.90%

unemployment rate for 2023 (f)
and **3.54%** in 2022



123.20

Consumer Price Index in
Jan 2023 and **114.50** in Jan
2022



140.40

Producer Price Index in Feb
2023 and **136.50** in Feb
2022

National holidays

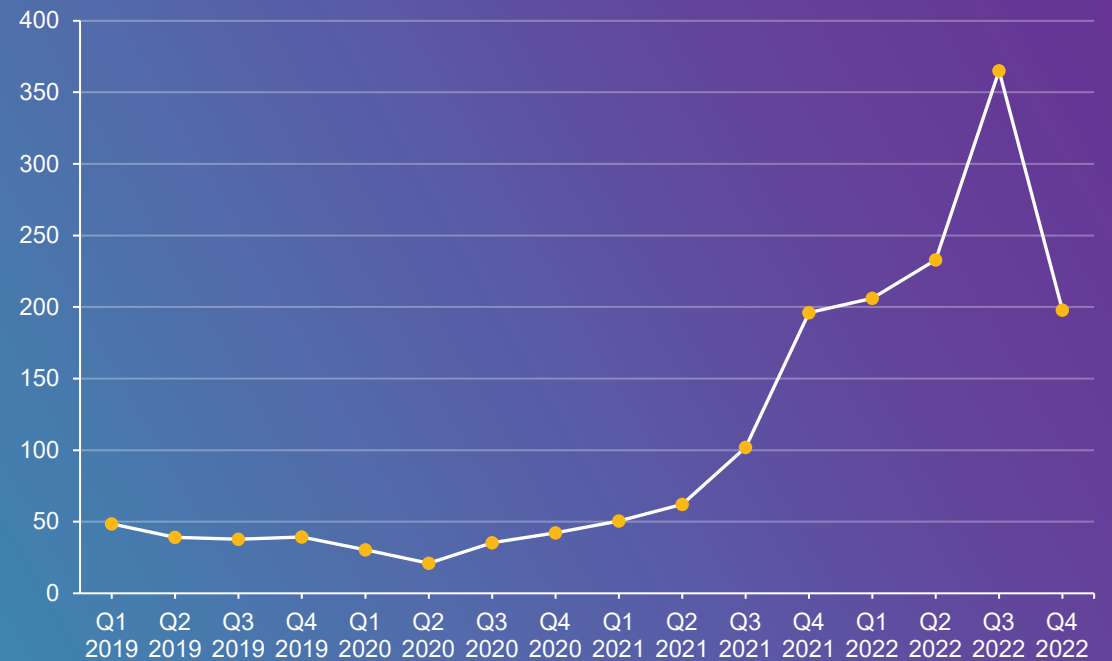


11 public holidays

in Netherlands in 2023.







Energy prices

Average monthly electricity wholesale price in the Netherlands
from Q1 2019 to Q4 2022 (in € per MWh)



Netherlands – Construction overview



Output 2022 and 2023 (in € millions)*			
Sector	Total 2022	Total 2023 (f)	Total 2024 (f)
Commercial 	15,246	14,730	14,966
Energy and Utilities 	6,175	6,347	6,504
Industrial 	3,711	3,632	3,683
Infrastructure 	20,637	20,944	21,355
Institutional 	7,888	7,864	8,015
Residential 	60,640	58,230	59,148

*The output is in real terms at constant prices with 2017 as base year

Long lead equipment (LLE) - Supply Chain Overview

2022 was a turbulent year for the global supply chain with the fallout from the global pandemic combined with the emergence of the Russia-Ukraine conflict, leading to supply chain disruptions across the globe. However, 2023 is showing signs of relief in the market for long lead equipment (LLE). The following are the specifics of the LLE supply chain dynamic:

- Demand:** Demand for LLE has remained exceptionally high across all regions and industry sectors. Organizations have moved to expand their supply chain portfolios and include secondary and tertiary suppliers, whilst most are continuing to invest in inventory management systems to prevent any supply chain disruptions. There is no sign of reduced demand, so the constraints to the supply chain will continue for the remainder of 2023.
- Supply:** The stock levels of raw materials have finally started to stabilise, alleviating some recent pressures on manufacturers and suppliers. However, it is worth noting that most LLE suppliers have reported being at operational capacity, with order books full up to Q3 2024, which may cause some concern for those relying on their products. Nevertheless, there is some hope as Tier 2 and Tier 3 supply chains have started to increase their capacity and support the larger demand within the market, which may help to mitigate any negative impact of capacity restrictions.
- Freight durations and costs:** Freight durations have begun to shorten in early 2023 as the global infrastructure and operations have developed to meet the rising demand and freight companies are shipping much faster than they did during the pandemic. Average freight costs have also reduced to align with pre-pandemic levels suggesting a return to normality within the industry. The benefits have been experienced in early 2023 and further reductions are expected throughout the rest of 2023.

Netherlands – Report methodology



Linesight has commissioned independent global research to track construction materials and commodity prices. The approach and methodology for the collection of construction material pricing and other indicators is based on primary and secondary research.

Primary and secondary research

Primary research is conducted on a quarterly basis with stakeholders in the value chain, including manufacturers and suppliers/distributors of the target materials, to ascertain market information on prices in recent quarters, and also on projections for changes in the coming quarter and remainder of the year. The market analysis also involves a thorough assessment of secondary sources of data on materials and labour prices, in addition to underlying demand and supply trends that will impact market prices.

Sources include GlobalData's Construction Intelligence Center (CIC), the World Bank, IMF, OECD, as well as country specific national statistics offices, such as the U.S. Bureau of Economic Analysis, Bureau of Labor Statistics, and also industry specific associations and publications.

Definitions

- Commodity prices are net of taxes for all the countries
- Prices are not customer delivered
- All commodities are raw materials
- Nominal and real data

Nominal data series do not exclude changes in prices and are also referred to as current prices series.

Annual changes in nominal data for construction output will include changes in construction activity, as well as changes in costs for materials and equipment.

Real data series are calculated by keeping prices constant (so, are also referred to as constant price series), and therefore, they reflect changes in activity only. Growth rates in nominal terms can overstate the pace of growth in construction activity if there is high inflation stemming from rising prices for key inputs.

Sample sources – Netherlands

For the Netherlands, sources for this report include, but are not limited to:

- IMF
- Statistics Netherlands (CBS)
- Organisation for Economic Co-operation and Development (OECD)
- GlobalData's Construction Intelligence Center (CIC)
- Economic Research Institute
- Public Holidays
- Eurostat

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