



Netherlands

Country Commodity Report

Q4 2022



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The Netherlands' economic trend points to a slowdown in the coming years as a result of the Russia-Ukraine conflict, high inflation, and unfavourable energy prices. GDP growth in 2022 is estimated to be around 4.3%, with marginal growth rates of around 0.8% forecast for 2023 and 1.1% in 2024. In Q4 2022, the inflation rate was 15.4%, bringing the year average to close to 11.6%. However, it is expected to moderate by the end of 2024, at roughly 3.9%.

The Dutch construction industry is estimated to grow at 2.5% in real terms in 2022, which is slightly higher than the growth of 2.1% recorded in 2021. However, industry growth is forecast to reduce to 0.4% in 2023, amid high energy costs and inflationary pressures on material prices. The industry will also be impacted by the recent Council of State announcement to revoke the validity of building activity exemptions for nitrogen emissions, which could have an impact on the infrastructure sector. Despite short-term challenges, medium to long-term growth looks reasonable, with the government's continued investment in the renewable and housing sectors.



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Lumber

Lumber prices have stayed relatively high in the Netherlands, reflecting high-cost levels. Residential construction demand will be constrained as investment levels will be impacted by rising interest rates, but government commitments to boost housing will provide some support. The Netherlands has a relatively high share of wood products used in construction compared to others in the region, behind only Finland, Sweden and Austria.



Cement and aggregates

Cement and aggregate prices have been pushed up by high production costs. Despite weakening demand, growth in the construction industry materials prices will remain elevated until energy prices fall back to levels seen prior to the surge in the first half of 2022.



Concrete blocks and bricks

Although brick production in the Netherlands is relatively efficient in terms of energy use, producers have faced increased costs that have been passed on to buyers. However, upward pressure will ease as demand weakens.



Steel (rebar and structural)

Steel prices will continue to trend downwards from the highs of mid-2022, when supply disruptions and soaring energy costs resulted in a sharp jump in prices. Demand will be buoyed by government investment in infrastructure projects, preventing a steep drop in prices when production costs ease.



Copper

Global supply disruptions and concerns over potential tight supplies have been a factor contributing to copper price volatility. Although the weak global economic outlook would typically result in a decline in copper prices, there is scope for demand to build in line with investment in renewable energy projects and electric vehicle manufacturing.



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Materials	Q1 2023 (f)	Q1 2022 – Q1 2023 (f)		Q3 – Q4 2022 (e)
	€	€	2022-23* % change	% change
Copper (€/MT)	9,579	8,814	8.7% ↑	1.9% ↑ ●
Steel rebar (€/MT)	802	762	5.2% ↑	-5.0% ↓ ●
Steel flat (€/MT)	859	817	5.2% ↑	-5.0% ↓ ●
Stainless steel (€/MT)	3,719	NA	NA	NA
Lumber (€/M3)	106	100	6.5% ↑	-0.2% ↓ ■
Asphalt (€/MT)	95.3	81.6	16.8% ↑	6.9% ↑ ●
Limestone (€/MT)	90.8	86.6	4.9% ↑	0.2% ↑ ■
Cement (€/MT)	171	157	8.9% ↑	1.5% ↑ ●
Concrete (€/M3)	171	150	13.9% ↑	4.6% ↑ ●
Welded mesh (€/unit)	77.9	75.4	3.4% ↑	-4.0% ↓ ●
Bricks (€/000 unit)	568	538	5.5% ↑	0.5% ↑ ■
Plasterboard (€/unit)	10.9	10.8	1.6% ↑	6.2% ↑ ●
Diesel (€/litre)	1.8	1.8	-2.6% ↑	-4.8% ↓ ●

(f) Forecast (e) Estimated

● Q3 to Q4 2022 % change greater than estimation in our Q3 report
■ Q3 to Q4 2022 % change less than estimation in our Q3 report

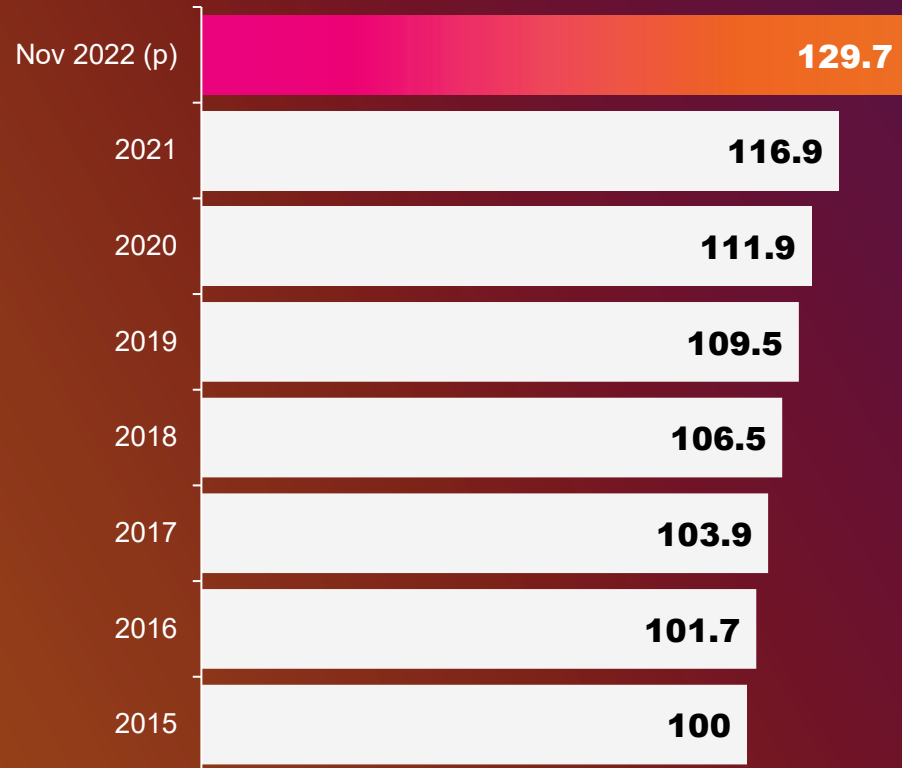
Welded mesh: 200 x 300cm, dia.-6mm Plasterboard: 300 x 120 x 1.25cm (L x W x T)

Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	+1.0% ↑	Moderate	Copper prices regained ground in late 2022, despite growing concerns over the global economic outlook. The recent upturn has reflected supply disruptions and expectations of a possible demand boost following the relaxation of COVID restrictions in China. Despite the global economic slowdown, copper prices will remain relatively high reflecting short-term supply tightness, while demand linked to energy transition investment will also be a factor.
 Steel prices - Steel rebar - Flat steel	-1.0% ↓ -1.0% ↓	Moderate	Reflecting a decline in demand, steel prices have fallen in recent months, despite producers still facing high costs. There will be efforts by producers to try to push up prices in the coming quarters, but insufficient demand could result in production cuts if prices do not reach a level to cover costs.
 Stainless steel	+0.5% ↑	Moderate	Stainless steel prices are expected to edge up further stemming from the increase in the prices for key raw materials, such as nickel.
 Lumber	-0.5% ↓	Moderate	On a quarterly average basis lumber prices stayed relatively high in Q4 2022, owing to high production costs. However, prices are expected to edge downward into 2023. This decline reflects weakness in residential construction, as indicated by the decreasing number of residential building permits recently.
 Asphalt	+1.0% ↑	Moderate	Asphalt prices have been fairly volatile in recent months. Oil prices are expected to remain close to current levels of around \$80 per barrel, and asphalt demand will be stimulated by the government's infrastructure investment plans. To reduce the increasing pressure on roads, rail, airports, and waterways, the government plans to invest €25 billion to construct new roads and to resolve bottlenecks up to 2028.
 Limestone	+0.4% ↑	Low	Despite weaker 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 (2015-2022)



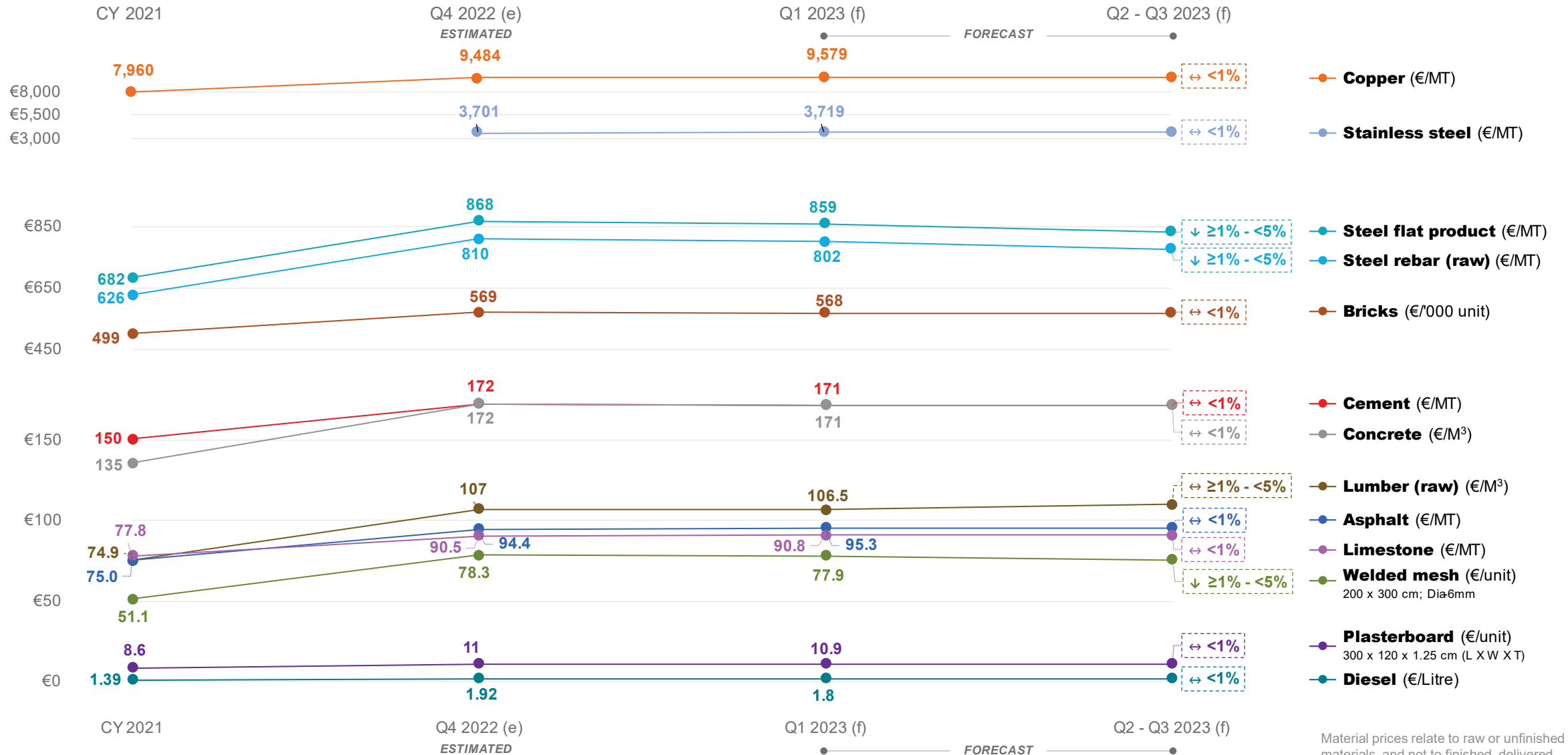
Note: new dwellings; input price indices building costs 2015=100, *(p): provisional

Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Cement Concrete	-0.5% ↓ -0.5% ↓	Moderate	Although the pace of growth in Dutch construction output has been declining steadily, high energy prices have continued to push up costs for energy-intensive materials such as concrete and cement. In November the producer price index for ready-mixed concrete was up by 22% year-on-year. Prices are expected to remain elevated in the coming quarters.
 Welded mesh	-0.5% ↓	Moderate	Welded mesh prices fell back in Q4 2022, reflecting general trends in rebar prices. This trend is expected to continue in the coming quarters, as demand weakens.
 Bricks	-0.3% ↓	Moderate	Given the energy-intensive process of brick production, brick prices have remained high in recent months. The producer price index for bricks was up by 12% year-on-year to November 2022 reflecting the impact of high energy costs, which have largely been passed on to buyers.
 Plasterboard	-0.2% ↓	Moderate	Plasterboard prices stayed high in Q4 2022, with production costs being passed on to buyers. However, with weaker demand growth, price pressure will dissipate.
 Diesel	-6.3% ↓	High	Diesel prices edged up to over €2.1 / litre in October but dropped back to below €1.8 by the end of the year. Prices will remain around this level in the coming quarters, with OPEC+ production cuts keeping crude oil prices elevated despite weakening demand.

* 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 (2021-2023)



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

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)

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