



Belgium

Country Insights and Commodity Report

Q1 2023



Belgium

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Despite a marginal growth rate of 0.1% in Q4 2022, Belgium managed to achieve a 3.1% GDP growth in 2022. With slight improvements in economic activity, GDP is expected to grow at a 0.4% in Q1 2023. However, given the global economic outlook, GDP growth for 2023 is likely to remain around 0.7%. With energy prices falling from their peak in last year, the inflation rate is expected to fall from 10.33% in 2022 to 4.7% in 2023.

The Belgian construction industry decreased by 0.4% in 2022, following the growth of 1.6% year-on-year in 2021. The industry's slowdown is expected to continue in 2023, due to rising energy and interest rates, as well as high construction costs caused by inflated material prices, supply chain disruptions, and labour shortages. However, the industry is expected to grow at a 2.4% annual rate in the period 2024-2027 driven by investments in the energy and transportation sectors. Additionally critical sectors such as life sciences and data centers will continue to grow, as a result of private investments, and support from the public sector particularly for the R&D activities in the Bio-tech sector.



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Lumber

Lumber prices edged up marginally in Q1 2023. The decline in construction output will however contribute to an easing in price pressure in Q2 2023. In the longer term, demand for lumber is expected to increase given the growing popularity of wood as a construction material. Lumber accounts for around a 2% share of total construction value in Belgium, which is amongst the highest in Europe.



Cement and aggregates

Following a sharp increase in Q1 2023, cement prices are expected to stabilise at a high level in the coming quarter. The weakening of demand in the Belgian construction industry is expected to keep the prices of cement and concrete in check in the short term. Several construction companies had suspended projects due to supply chain disruptions, rise in cost of materials, or due to the cancellation of contracts.



Concrete blocks and bricks

The prices of brick – which is an energy-intensive building material – is estimated to have increased by over 10% quarter-on-quarter in Q1 2023, owing to higher cost of production. In Q2 2023, a weaker demand will be a factor in containing upward price pressures, given the wider economic slowdown and rising interest rates; however, a marked reversal in materials prices is not expected.



Steel (rebar and structural)

Steel rebar prices have fallen from the highs reached during the second quarter of 2022. Prices had been falling continuously since Q3 2022, owing to a fall in steel consumption amid weakening economic growth. Steel prices are however expected to improve over the longer term, supported by the Belgian government's commitment to greater infrastructure investment.



Copper

Copper prices rebounded in Q1 2023, due to improving demand from China and tight inventories are expected to exert upward pressure on copper prices in Q2 2023. However, global macroeconomic headwinds and the risk of global recession could pose a downside risk to the demand recovery, thereby capping further price gains.

Belgium - Commodity Report



Materials	Q2 2023 (f)	Q2 2022 – Q2 2023 (f)		Q4 2022 – Q1 2023 (e)
	€	€	2022-23 % change	% change
Copper (€/MT)	8,834	9,212	-4.1% ↓	7.1% ↑ ●
Steel rebar (€/MT)	779	1,268	-38.6% ↓	-8.9% ↓ ●
Steel flat (€/MT)	1,126	1,274	-11.7% ↓	-1.1% ↓ ●
Stainless steel (€/MT)	4,055	NA	NA	4.9% ↑ ●
Lumber (€/M3)	110	108	2.2% ↑	1.2% ↑ ●
Asphalt (€/MT)	79.5	79.7	-0.3% ↓	1.2% ↑ ●
Limestone (€/MT)	96.0	76.3	25.9% ↑	14.0% ↑ ●
Cement (€/MT)	256	206	24.3% ↑	9.7% ↑ ●
Concrete (€/M3)	144	95	51.1% ↑	15.8% ↑ ●
Welded mesh (€/unit)	24.3	37.6	-35.3% ↓	-7.0% ↓ ●
Bricks (€/000 unit)	744	627	18.7% ↑	10.2% ↑ ●
Plasterboard (€/unit)	6.14	4.93	24.5% ↑	15.9% ↑ ●
Diesel (€/litre)	1.75	2.07	-15.2% ↓	-10.2% ↓ ●

(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

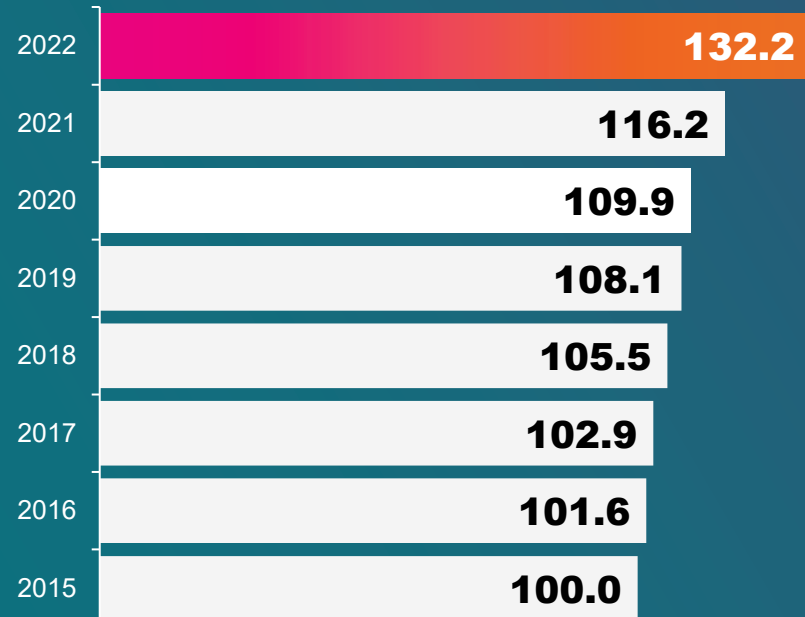
Welded mesh: 200 x 300cm, dia.-6mm Plasterboard: 260 x 60 x 1.3cm (L x W x T)

Material	% change Q1 – Q2 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	+1.8% ↑	Moderate	Copper prices are estimated to have increased by 7.1% quarter-on-quarter in Q1 2023, due to increased demand from China following the removal of its zero-COVID policy. Copper prices are expected to remain high in the coming quarters, owing to an anticipated increase in demand for the commodity in line with the global clean energy transition efforts.
 Steel prices - Steel rebar - Flat steel	-2.2% ↓ -1.0% ↓	Low	Steel rebar and steel-flat product prices have been falling since the second half of 2022, owing to weak steel demand, which is expected to continue in 2023.
 Stainless steel	+2.6% ↑	Low	Stainless steel prices are estimated to have increased by 4.9% quarter-on-quarter in Q1 2023, with the increase in prices expected to continue into Q2 2023, with high energy and input costs offsetting impact of weak demand.
 Lumber	-0.5% ↓	Low	Following a rise in 2022, lumber prices have levelled off and are expected to remain stable in Q2 2023. Price pressures have eased owing to economic uncertainty and declining housing demand, as a result of rising interest rates.
 Asphalt	+0.8% ↑	Low	Asphalt prices are estimated to have increased marginally with strong demand from road construction keeping prices high. Moreover, the new asphalt program that will be undertaken by the Brussels-Capital Region to renovate regional roads is further expected to keep asphalt prices relatively high in the coming quarters.
 Limestone	-0.9% ↓	Low	Limestone prices are estimated to have increased sharply by 14% quarter-on-quarter in Q1 2023, as a result of an increase in transportation and production costs. Prices are however expected to stabilise, owing to subdued demand in the construction industry.

Belgium - Commodity Report



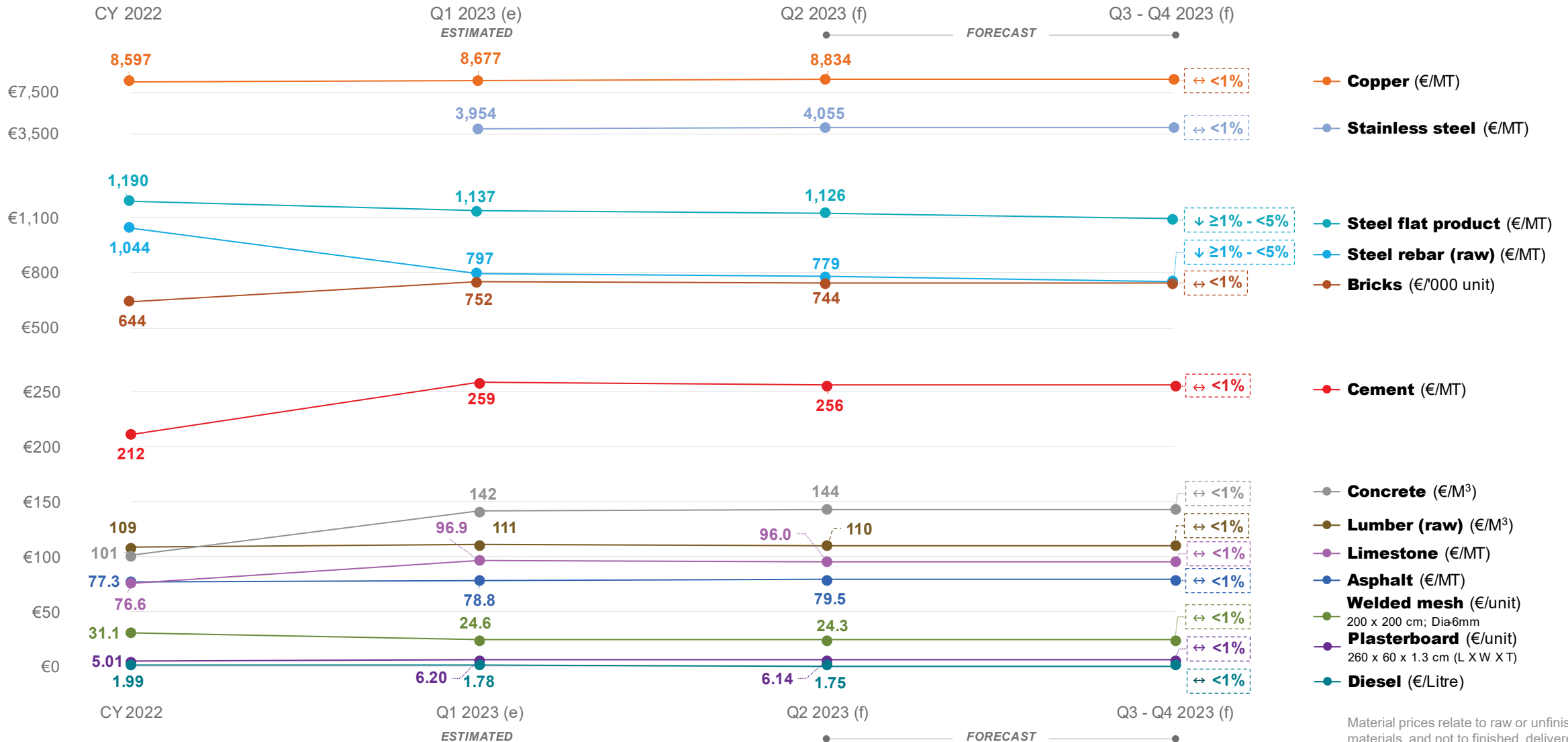
Construction Output Price Index 2015-2022 (2015=100)



Material	% change Q1 – Q2 2023 (f)	Level of impact of pricing on construction procurement and supply chain *
 Cement Concrete	-1.0% ↓ +1.2% ↑	 Moderate Cement and concrete prices are expected to remain elevated, with producers managing to pass on high costs to buyers. However, weakened demand and a drop in construction projects will result in prices levelling off later this year.
 Welded mesh	-1.3% ↓	 Low Mesh prices declined in Q1 2023 as compared to levels of Q4 2022 reflecting the trend in rebar. Soft demand from the construction sector and expected decline in rebar prices will further contribute to weaker mesh prices in the coming quarters.
 Bricks	-1.0% ↓	 Low Brick prices jumped sharply in early 2023, reflecting a surge in production costs. Embuild, Belgium's construction association, expects prices to remain way above pre-COVID levels in 2023, with energy-intensive building materials such as bricks continuing to rise in price in the coming months.
 Plasterboard	-1.0% ↓	 Moderate The price of Plasterboard has increased moderately reflecting the passing on of increased manufacturing cost due to elevated energy prices. However, even with energy prices stabilizing, the price of plasterboard is expected to remain at current high levels in short term despite weak demand.
 Diesel	-1.6% ↓	 Low Diesel prices rose above the Q1 2023 average of EUR1.78 per litre in the first week of April 2023, reaching EUR1.81 per litre. Fluctuations are expected to continue in the coming quarter as OPEC nations decided to cut production in early April 2023, which is expected to keep 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.

Belgium - Construction Materials Pricing (2022-2023)



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

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Belgium – Macroeconomic overview



Economic indicators



0.70%

GDP growth in 2023 (f)
and **3.09%** in 2022



4.68%

inflation rate in 2023 (f) and
10.33% for 2022



5.17M

people employed in 2023 (f)
and **5.17M** in 2022



6.02%

unemployment rate for 2023 (f)
and **5.50%** in 2022



127.67

Consumer Price Index in Mar
2023 and **119.69** in Mar 2022



180.20

Wholesale Price Index in Feb
2023 and **170.70** in Feb 2022

National holidays

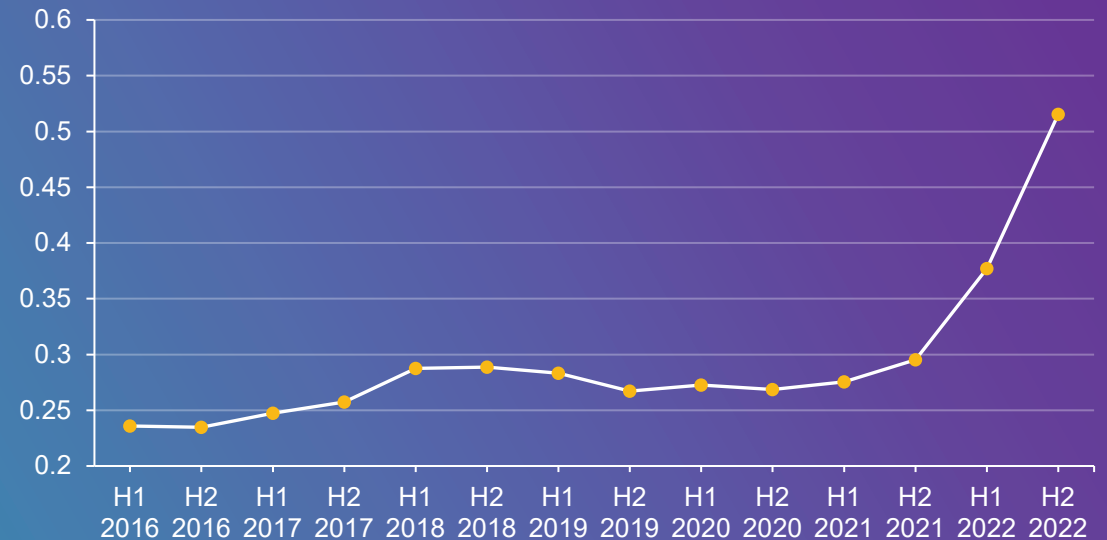


10 public holidays

in Belgium in 2023.

Energy prices

Electricity prices for non-household consumers,
consumption < 20 MWh (€ per kWh)









Note: All taxes and levies included

Belgium – Construction overview



Output 2022 and 2023 (in € millions)*

Sector	Total 2022	Total 2023 (f)	Total 2024 (f)
Commercial 	12,012	11,488	11,861
Energy and utilities 	6,130	6,474	6,674
Industrial 	4,724	4,473	4,590
Infrastructure 	16,301	17,291	17,900
Institutional 	4,386	4,144	4,235
Residential 	31,736	31,012	31,503

*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.

Belgium – 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 – Belgium

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

- National Bank of Belgium
- Organisation for Economic Co-operation and Development (OECD)
- GlobalData's Construction Intelligence Center (CIC)
- STATBEL (the Belgian Statistical Office)
- Economic Research Institute
- Public Holidays
- Eurostat

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