



Netherlands

Country Commodity

Report

Q2 2023



Netherlands

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The Dutch economy witnessed a contraction of 0.3% in Q1 2023, however the contraction was lower than the preceding estimate of 0.7%. Inflation is now easing, in part due to a decrease in fuel prices. Interest rates remain high and continue to negatively impact the construction industry.

Following moderate growth in 2022, the construction industry in the Netherlands is expected to shrink by 8.2% in real terms this year. This is due to elevated interest rates and weakness in the residential sector. Falling housing demand is impacting those at the beginning of the value chain as contractors are ordering fewer building materials such as concrete, cement and bricks, causing production of these material to decrease. Prices of these materials have remained elevated but are expected to fall in coming quarters. Steel prices are also on the decline.

The construction industry is expected to regain momentum with the government's plans to allocate €25bn, to further develop the country's transport infrastructure—particularly roads, railroads, and waterways, as well as the air transport network.



Brian McClinton
Senior Director – Europe



Key Indicators

GDP

Increased by 1.9% on an annual basis in Q1 2023



- On a QoQ basis GDP shrunk by 0.3% in Q1 2023
- This contraction is primarily due to a decline in the trade balance and increased gas withdrawals from storage facilities
- The economy is expected to grow by 1.8% in 2023

CPI

Stood at 5.7% in June 2023 on a YoY basis



- In May, the inflation rate stood at 6.1%
- The decrease in inflation was mainly due to the price reduction of motor fuels and food

Construction output

Expected to shrink by 8.2% in real terms in 2023



- The slowdown is primarily due to subdued investor confidence, high construction costs, and high interest rates
- The industry is expected to be supported by investments in transport and renewable energy

Commodities Pricing Snapshot

	Price % change			Remarks
	YoY Q2 '22 - Q2 '23 (e)	QoQ Q1 - Q2 '23 (e)	QoQ Q2 (e) - Q3 '23 (f)	
 Copper	↓ -9%	↓ -6%	↓ -1%	Prices have declined, but are likely to remain volatile
 Steel rebar (raw)	↓ -42%	↓ -2%	↓ -1%	Prices are trending downward, and are likely to decrease further
 Cement	↑ 15%	↑ 2%	↓ -1%	Prices continued to increase but likely to fall in coming quarters
 Lumber	↓ -15%	↓ -1%	↔ 0%	Prices have remained high but are expected to fall

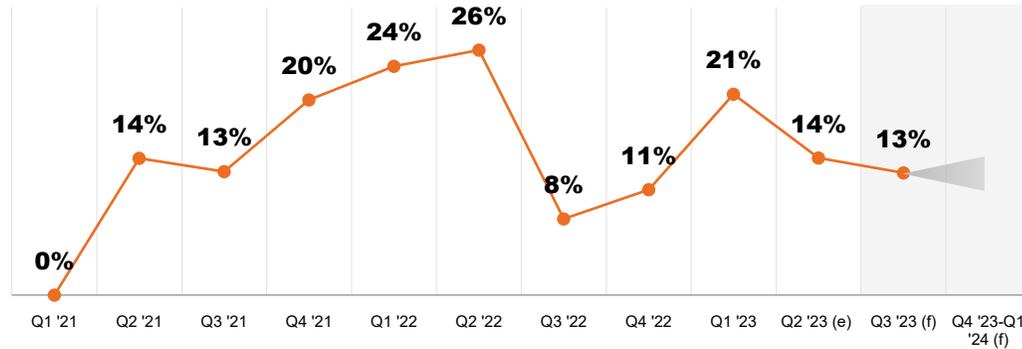
Netherlands – Commodity Price Trends



Copper

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€8,132	€8,023	↓ -5.5%	↓ -1.3%

Price change comparison against Q1 2021



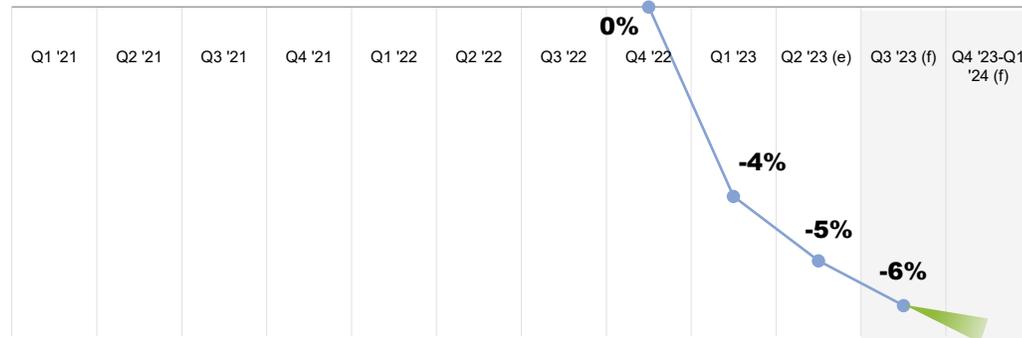
- Copper prices have stayed relatively high in the Netherlands on a quarterly average basis, but there has been some volatility in monthly trends
- Investment in renewable energy projects and electric vehicle manufacturing is helping to sustain demand
- However, global copper prices will remain volatile given concerns over inventories on the one hand and weak global demand amid high interest rates on the other



Stainless Steel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€3,456	€3,421	↓ -1.4%	↓ -1.0%

Price change comparison against Q4 2022



- Price decreases in key raw materials and production costs have resulted in stainless steel prices declining in recent quarters
- There has been a 4% QoQ drop in Q1 2023 and 1.4% in Q2 2023
- Prices will continue to weaken in the short term, given limited demand and increasing global supplies

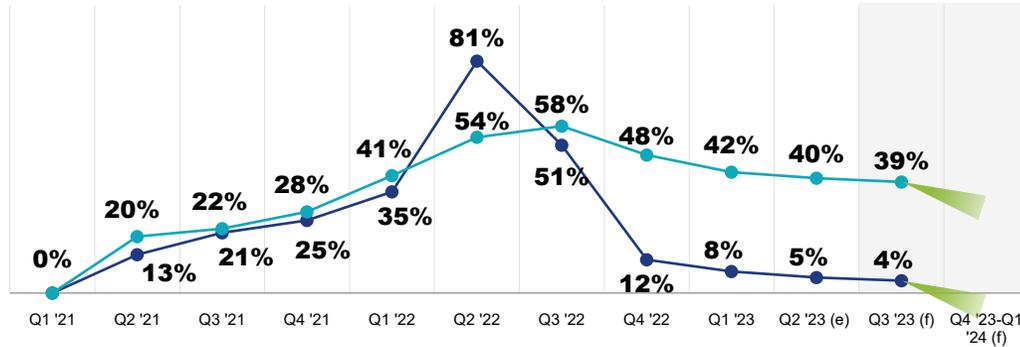
Netherlands – Commodity Price Trends



Steel – rebar and flat

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Low	Moderate	Moderate	
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
Steel rebar (raw) (€/mt)			
€527	€521	↓ -2.0%	↓ -1.0%
Steel flat product (€/mt)			
€812	€804	↓ -1.4%	↓ -1.0%

Price change comparison against Q1 2021



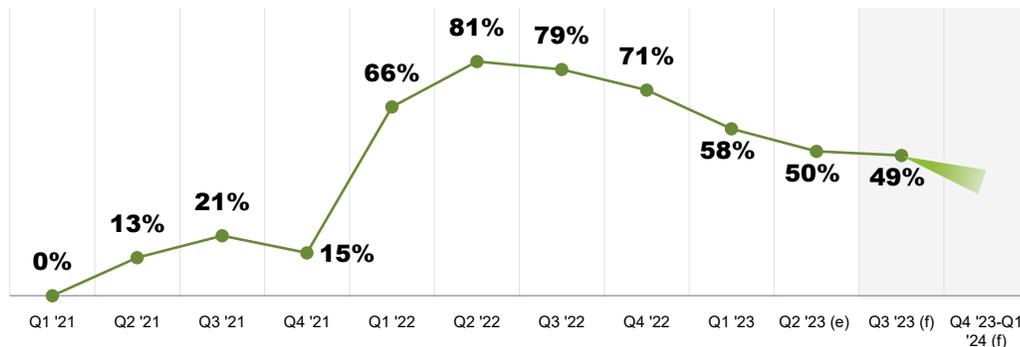
- Steel rebar prices have come down sharply from the highs of Q2 2022, with prices now close to the levels of early 2021
- The slowdown in the residential construction sector will contain any upward pressure in the coming quarters, with production costs also easing
- Prices for flat products have also fallen, but remain relatively high
- Production has decreased recently, due to Tata Steel's plant closure for scheduled maintenance



Welded mesh

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Moderate	Moderate	
Price (€/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€68.4	€68.7	↓ -5.0%	↓ -1.0%

Price change comparison against Q1 2021



- Mesh prices have been steadily declining since Q3 2022, reflecting the falling trends in the prices for raw materials
- Although there will be increased infrastructure spending on the transport network repairs and maintenance, which will provide some support on the demand side, this will be offset by the contraction in building construction activity

* 200 x 300 cm; diameter 6mm

Price direction for Q4 '23 – Q1 '24 (f) ↓ ≥ -5% ↓ ≥ -1% – < -5% ↔ < -1% – < 1% ↑ ≥ 1% – < 5% ↑ ≥ 5%

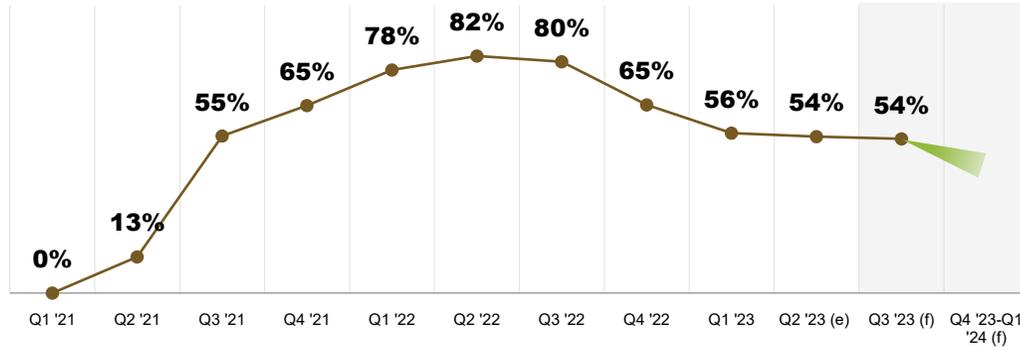
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Lumber (raw)

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Moderate		●●●● Moderate	●●●● Moderate
Price (€/m³)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€86.9	€86.4	↓ -0.8%	↓ -0.5%

Price change comparison against Q1 2021



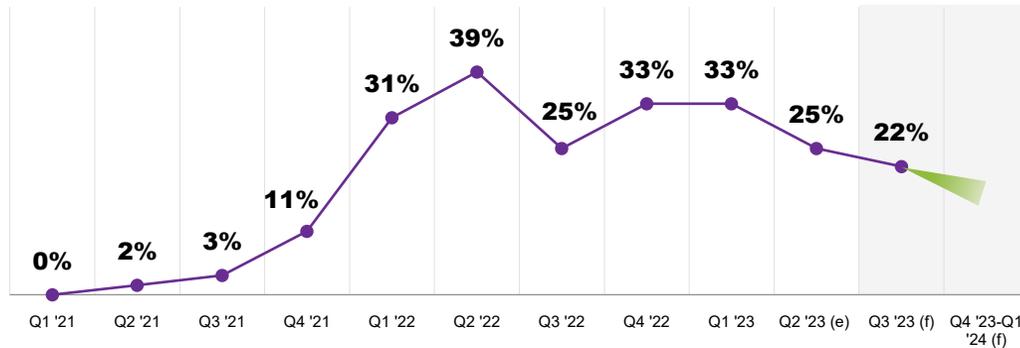
- Prices have remained at a high level in recent quarters, although dropping back from the levels of mid-2022
- Lumber prices will continue to trend lower in the coming quarters reflecting weaker demand and falling prices in the regional market
- Demand from the residential buildings sector will weaken, but there will be some support from the government's "woningbouwimpuls" (residential) scheme to boost affordable housing units



Plasterboard

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Moderate	●●●● Moderate
Price (€/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€10.3	€10.1	↓ -5.8%	↓ -2.5%

Price change comparison against Q1 2021



- Prices are falling on a quarterly basis due to lower construction demand and an easing in supply-side pressures and transportation costs
- This downward trend will continue in the coming quarters, but prices will remain above the levels of early 2021
- Reflecting the sharp drop in residential building permits, housebuilding activity will be subject to a marked decline, and this will make it challenging for producers to keep prices at current levels

* 300 x 120 x 1.25 cm (L x W x T)

Price direction for Q4 '23 – Q1 '24 (f) ↓ ≥ -5% ↓ ≥ -1% – < -5% ↔ < -1% – < 1% ↑ ≥ 1% – < 5% ↑ ≥ 5%

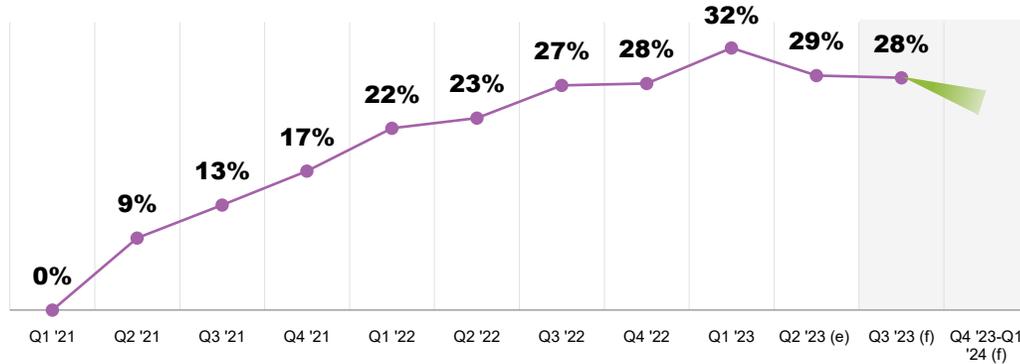
Netherlands – Commodity Price Trends



Limestone

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Low	Low	
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€91.2	€91.0	↓ -2.6%	↓ -0.2%

Price change comparison against Q1 2021

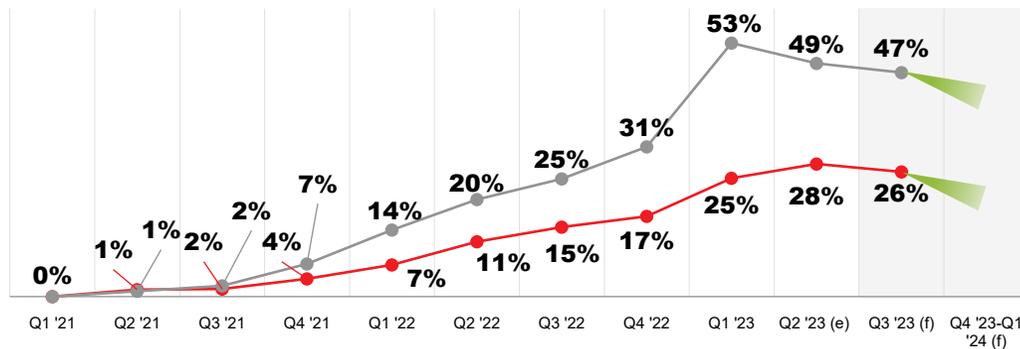


- Prices for limestone have stayed relatively high, having been on a steep upward trend over the past two years
- However, with weakening demand, prices will edge downwards in the coming quarters
- Easing production and transportation cost pressures will also contribute to this downward trend

Cement and Concrete

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Low	Moderate	Moderate	
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€188	€186	↑ 2.4%	↓ -1.3%
● Cement (€/mt)			
€196		↓ -2.8%	
● Concrete (€/m³)			
€194		↓ -1.3%	

Price change comparison against Q1 2021



- Cement prices have continued to rise, and on a quarterly average basis were 2.4% higher than Q1 2023
- Private developers have been delaying projects due to high costs, but public infrastructure projects have been progressing
- However, lower transportation costs and reduced supply-side pressures will result in falling prices in the coming quarters
- Concrete prices started to fall back in May, after surging in Q1 2023, and will continue trending down



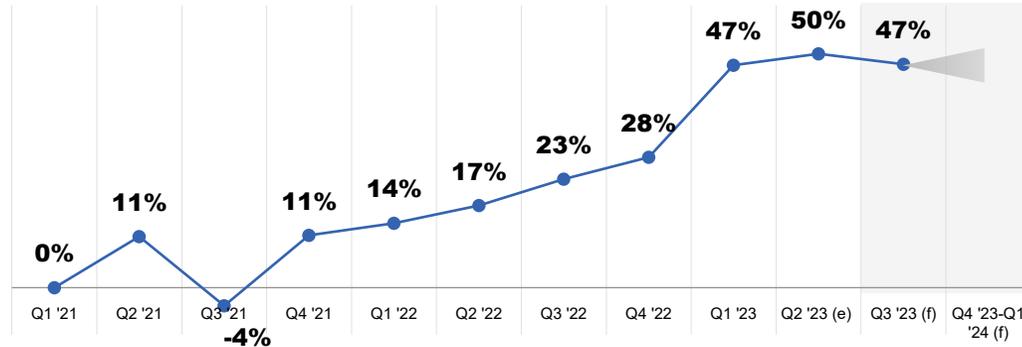
Netherlands – Commodity Price Trends



Asphalt

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Low		Moderate	Moderate
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€107	€106	↑ 1.6%	↓ -1.5%

Price change comparison against Q1 2021



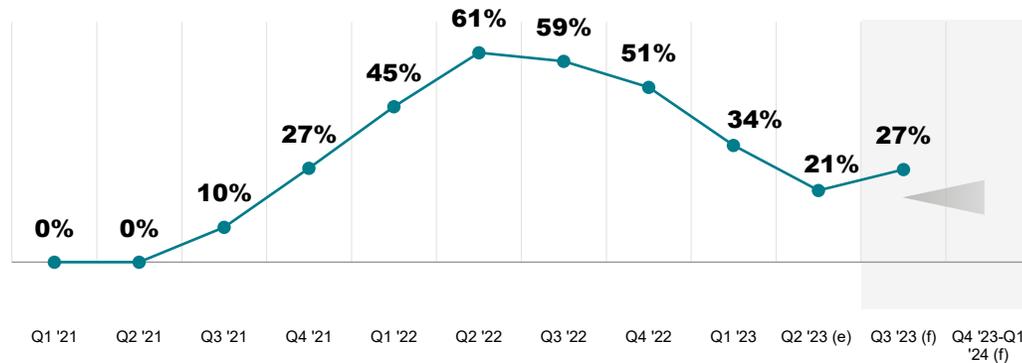
- Asphalt prices remained high in Q2 2023, edging up on a quarterly average basis by 1.6% QoQ
- Price pressures will ease in the upcoming quarters, but demand will continue to grow due to government spending on road maintenance and repair projects
- Prices for key inputs will also fluctuate due to production cuts by OPEC+ and other producers



Diesel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (€/litre)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€1.54	€1.61	↓ -9.8%	↑ 5.0%

Price change comparison against Q1 2021



- Diesel prices dropped sharply in Q2 2023, falling on a quarterly average basis by 9.8%
- Although prices have fallen from the mid-2022 highs, in Q2 2023 they were still 21% higher than in Q1 2021
- Prices in the short term will pick up again, due to the discount on excise duty expiring in the beginning of July, resulting in a 10 cents per litre increase for diesel

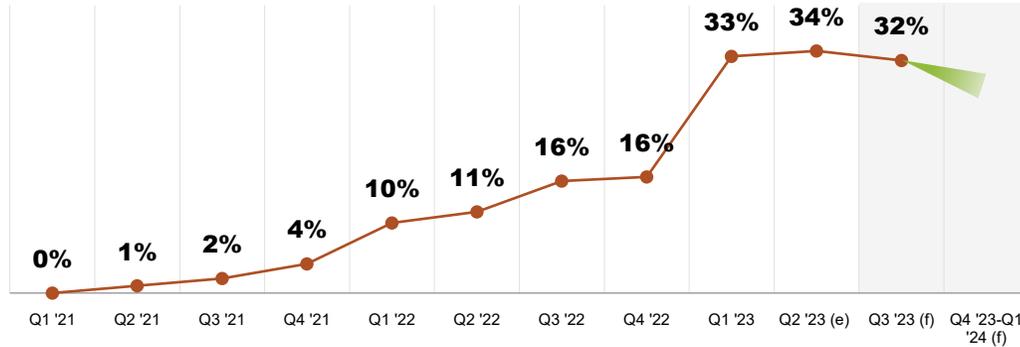
Netherlands – Commodity Price Trends



Bricks

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (€/000 unit)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€655	€648	↑ 0.6%	↓ -1.0%

Price change comparison against Q1 2021



- Bricks prices have continued to rise despite the weakness in housing construction
- Residential building permits fell by 37% YoY in Q1 2023, which has caused brick manufacturers, such as Steenfabriek Klinkers and Wienerberger to halt production with a temporary closure of factories
- Prices will fall gradually over the coming quarters, yet prices will still be above the levels of early 2021

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

Level of Impact					
Price Change Estimate (e) vs Forecast (f)		Material Availability		General State of Supply Chain	
Range	Impact	State	Impact	State	Impact
≥5%	High	Deficit	High	Stressed	High
≥1% – <5%	Moderate	Balanced	Moderate	Adequate	Moderate
<1%	Low	Surplus	Low	Easily Available	Low

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

QoQ Quarter on Quarter
 YoY Year on Year
 MoM Month on Month
 GDP Gross Domestic Product
 CPI Consumer Price Index (wherever not specified)
 e estimated
 f forecasted
 EV Electric Vehicles
 DC Data Centre

Netherlands – Industry trends



Sector trends



Data Centres

The Netherlands is a prominent Data Centres destination, offering excellent connectivity and proximity to major corporations and consumers. However, the industry faces challenges, such as electricity infrastructure congestion and restrictions due to public concerns about landscape changes and power consumption. To address these issues, Data Centres are actively adopting sustainable practices and investing in innovative solutions. Amid moratorium concerns for certain regions, last year the Dutch colocation market slowed down significantly. However, it is expected to grow at a CAGR of 9% (in terms of IT power) from 2023- 2028, as per a recent report by the Dutch Data Center Association (DDA).



Life Sciences

The Life Sciences sector in the Netherlands has been steadily growing, making it a prime location for biotech companies, particularly in biopharmaceuticals and medical technology. The country boasts a well-established and expanding med-tech market, projected to reach €6bn in revenue by 2028, with an expected annual growth rate of 4.16% from 2023 to 2028.¹



High-tech Industrial

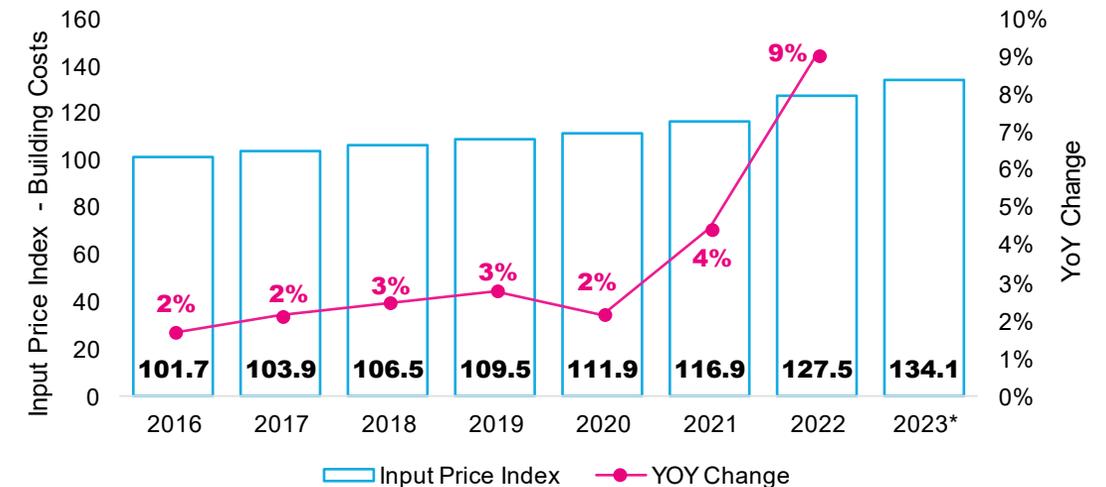
The Netherlands holds a significant position in the European semi-conductor market, with a complete value chain presence. There are also notable investments in large-scale high-tech industries, such as battery manufacturing, with €296mn being allocated by the cabinet to support this sector.



Renewable Energy

The Netherlands has one of the largest per capita solar capacity in Europe. The government aims to reduce greenhouse gas emissions by 49% compared to 1990 levels by 2030 and 95% by 2050. To support this target, it is focusing on increasing the capacity of renewable energy across the country and has recently allocated a fund of €35bn to finance the sustainable Energy projects.

New Dwellings Input Price Index*



*Average from Jan 2023 to May 2023

** New Dwellings Input Price Index - Building costs (base year 2015=100)

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
- Dutch Data Centre Association
- Eurostat
- 1-Statista

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