



Conseil Européen des Economistes de la Construction
The European Council of Construction Economists



Q1 2021: Netherlands Construction Monitor

Private residential sector workloads expand firmly over the quarter

- Construction activity index rises sharply
- Twelve-month expectations turn positive across all sectors
- Material cost inflation forecast to accelerate over the year ahead

The Q1 2021 RICS/CEEC/NVBK Netherlands Construction Monitor results point to a noteworthy improvement in headline activity over the quarter, led by the residential sector. What's more, respondents anticipate the recent growth in workloads to gain further traction over the coming year.

The Construction Activity Index rose to +32 across the Netherlands during Q1, up from a figure of +6 in the previous report. Driving the bulk of this improvement, private residential workloads rose firmly, evidenced by a net balance of +58% of respondents noting an increase (+50% net balance last time). At the same time, private non-residential workloads were reported to have risen for the first time since the survey was established one year ago. Indeed, the latest net balance across the commercial sector rose to +23% compared to a reading of -25% in the previous iteration. Meanwhile, workloads within the infrastructure sector fell over the quarter according to the survey feedback, returning a net balance of -25%.

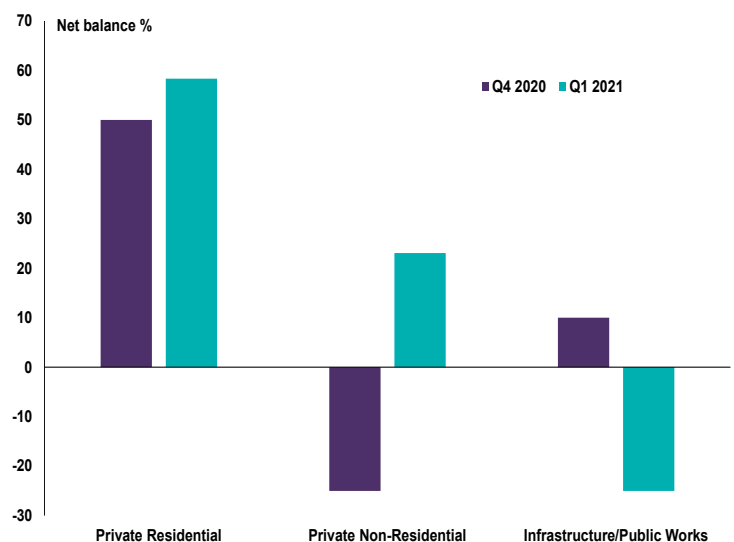
At the headline level, new business enquiries were cited to have risen for a second successive quarter, with a net balance of +19% of survey participants seeing a pick-up in Q1. Alongside this, material cost pressures appear to be intensifying, as a net balance of +54% of respondents saw an increase in prices over the latest survey period (climbing from a net balance of +42% back in Q4). Moreover, respondents are now projecting a near 4% rise in construction material costs over the next twelve months.

There was some more positive news regarding employment levels across the construction industry in Q1. Indeed, a net balance of +25% of contributors reported an increase in headcounts, marking the first positive reading for this indicator in the four quarters

the Netherlands survey has been running. Looking ahead, headcounts are expected to rise further in the next twelve months, with the net balance increasing to +38% (up sharply from a reading of -31% last time out).

Finally, expectations for workloads over the year ahead are now positive across all sectors. The private residential sector displays the strongest outlook, as a net balance of +85% of respondents foresee an increase in workloads. Meanwhile, expectations are also firmly positive across infrastructure, with a net balance of +67% of contributors envisaging a pick-up in activity within the sector. For private non-residential workloads, expectations are slightly more modest, returning a net balance of +21%.

Current Workloads



Key Charts

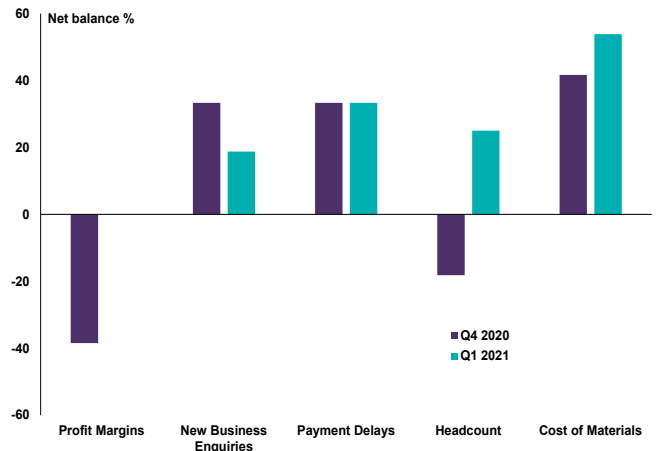
Profit margins reportedly saw no change during Q1, having deteriorated in the previous report. Meanwhile, a net balance of +33% of respondents cited an increase in payment delays, an identical reading to the previous survey findings.

Profit margins are anticipated to improve slightly over the next twelve months however, with the expectations series turning from a net balance reading of -31% beforehand to stand at +13% this time out.

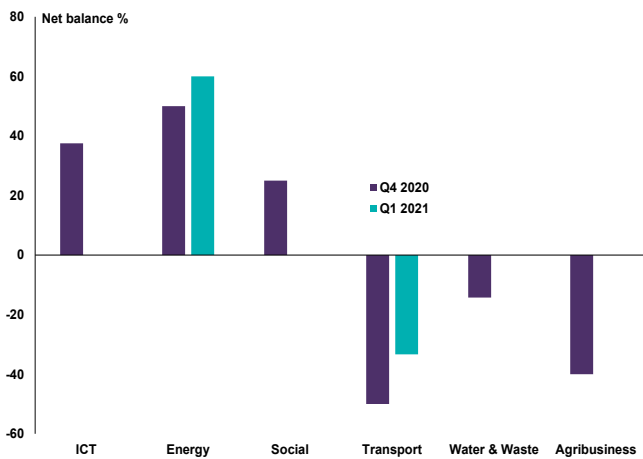
Labour and skill shortages are now the most widely highlighted factors holding back construction activity. Conversely, constraints caused by competition as well as planning and regulation appeared to ease in Q1.

Perhaps due to these shortages, skilled labour costs are forecast to rise firmly over the year ahead, as are total construction costs.

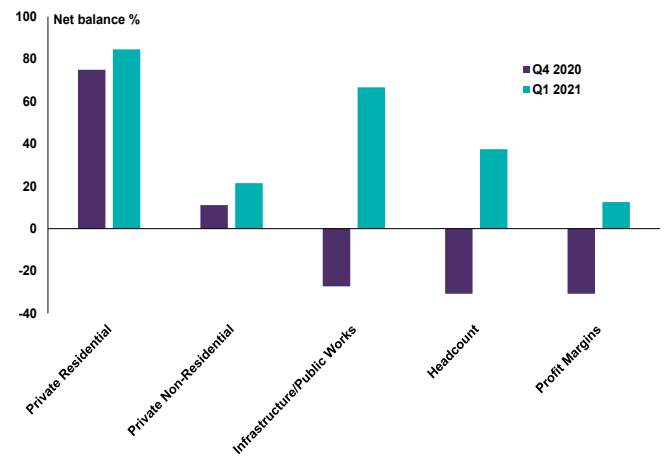
Current Conditions



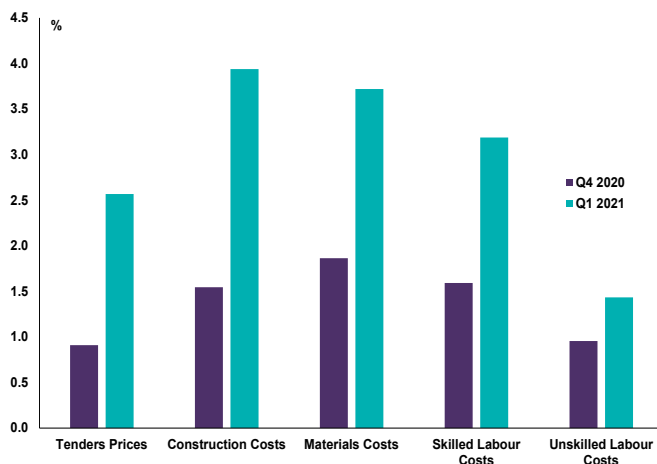
Infrastructure Workloads



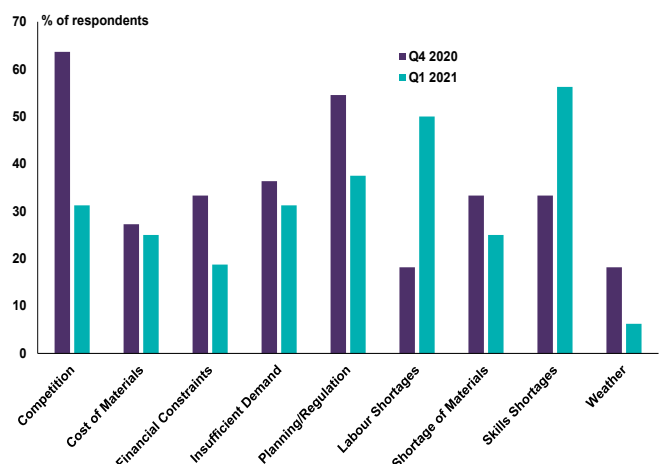
12 month Expectations - Work, Headcount, Profits



Tender Price and Cost Expectations



Factors Holding Back Activity



Information

Global Construction Monitor

RICS' Global Construction Monitor is a quarterly guide to the trends in the construction and infrastructure markets. The report is available from the RICS website www.rics.org/economics along with other surveys covering the housing market, residential lettings, commercial property, construction activity and the rural land market.

Methodology

Survey questionnaires were sent out on 8 March 2020 with responses received until 19 April 2021. Respondents were asked to compare conditions over the latest three months with the previous three months as well as their views as to the outlook. A total of 2250 company responses were received globally, 601 of which were from the UK.

Net balance = Proportion of respondents reporting a rise in a variable (e.g. occupier demand) minus those reporting a fall (if 30% reported a rise and 5% reported a fall, the net balance will be 25%). Net balance data can range from -100 to +100. A positive net balance reading indicates an overall increase while a negative reading indicates an overall decline.

RICS Construction Activity Index is constructed by taking an unweighted average of current and 12-month expectations of four series: residential workloads, non-residential workloads, infrastructure workloads and profit margins. Global and regional series are weighted using the World Bank's GDP PPP (2017 constant prices) data series. Current responses were weighted using the prior years GDP (e.g. the 2020 responses were weighted using 2019 GDP data). Where responses are not sufficient to form a national-level sample, they are binned together to fill in any gaps in regional coverage.

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