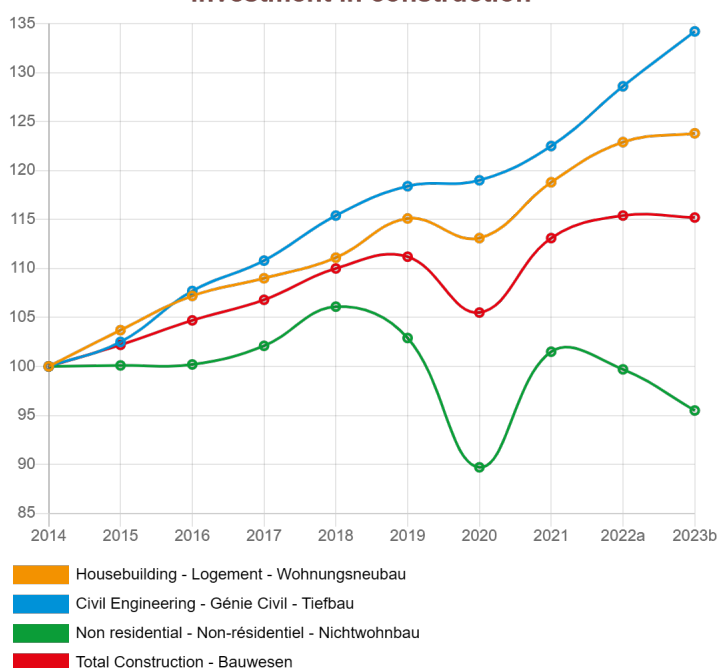


**GDP 2021**  
**€ 305**  
**BILLION**

**POPULATION 2021**  
**6,923,244**

**Total investment in construction in 2021**  
**€ 35**  
**BILLION**

**Investment in construction**



## General economic overview

### Overall construction activity

Overall, construction has grown by 2% in 2022, despite the difficulties associated with rising material costs, high inflation that has pushed up wages, and uncertainties arising from the war in Ukraine.

Continued high material prices and interest rates, which are also significantly higher than in recent years, are the source of much concern, particularly for the residential sector. A sharp decline in building permits has already been observed for new housing, as for new non-residential buildings, fuelling questions about its resilience in a context of high prices and interest rates.

The recovery plans, on the other hand, have a favourable effect, the extent of which will depend on the timing of their implementation. In principle, they should intensify further in 2023 and support growth by half a percentage point.

All in all, zero growth is expected for construction in 2023, and even negative if we disregard the impact of the recovery plans.

### Housebuilding

The activity linked to the construction of new housing continued to progress in 2022 (+2.1%), taking into account the rise in the number of new housing units authorised in 2021 and whose construction was partially completed in 2022. On the other hand, it should decline in 2023 given the clear drop in the number of new dwellings authorised in 2022. The effects of this decline on production will, in any case, be mitigated by the delays in construction starts and the duration of construction sites, which cushion the variations observed in building permits. The extent of the decline, estimated at 1.5%, will also depend on the resilience of new housing in a context of high prices and interest rates. Activity in the housing renovation sector, supported in particular by reconstruction work after the floods of the summer of 2021, continued its progression in 2022 (+4.3%). It should gain a further 2.2% in 2023, among other things, as a result of the ramping up of work linked to the recovery plans, which are largely oriented towards residential renovation in Belgium. This is despite the fact that the volume of work linked to reconstruction should stabilise and that the rest of the renovation sector is experiencing opposite effects. It

is both held back by construction costs and the level of interest rates and boosted by the effects of the energy crisis (and the energy renovation work it calls for).

## Prices of construction materials

Materials prices rise on average by some 20% between 2021 and 2022, on average for the year. During 2022, however, two periods must be distinguished. The first half of the year was marked by a continuation of the increases already observed in 2021 and even by an acceleration of these increases after the outbreak of war in Ukraine. These increases gave way to a stabilisation in the second half of the year, which however conceals divergent developments between the different materials. Some energy-intensive materials in particular continued to rise. Others, whose price is more related to a "supply-demand" balance than to production costs, have started to fall. The opposite trends observed in the second half of the year continued at the beginning of 2023, with an upward effect on the average price of materials, suggesting that materials will remain, on average, at a high price in 2023.

## Non-residential construction

Non-residential renovation, supported in particular by its own dynamics and the increase in recovery plans, has progressed by 3.2% in 2022. The intensification of work linked to those plans, which concern in particular the renovation of public buildings, should enable it to gain a further 1.6% in 2023. On the other hand, new non-residential building appears to be a segment that suffers year after year. Particularly affected by the health crisis (with a decline of 15% in 2020) and having only partially rebounded in (+5%), it has declined again in 2022 (-6%). And the outlook for it remains negative for 2023 (-10%), in a context where business investment is expected to stagnate and where Belgian companies are allocating less and less space to new buildings in their total investments.

## Civil engineering

Activity is estimated to have increased by 5% in 2022, thanks in particular to the effects of the recovery plans and the reconstruction of the areas affected by the floods in the summer of 2021. This sector is also benefiting from a certain revival of interest by the authorities in public investments as well as from the support of certain major construction sites, first and foremost the Oosterweel project. The latter will not only support activity but also growth in civil engineering in 2023, as it is still in an intensification phase. Just like the work related to the recovery plans. The civil engineering sector can thus, in principle, count on growth of more than 4% in 2023, provided that the projects that are the basis of this growth do not fall behind schedule.

Per cent variation of investment in real terms on previous year investment Mln. € fixed prices Sectors 2022a 2018,0 2019,0 2020,0 2021,0 2022a 2023b 1. Building 34150 2,8 0,8 -6,4 8,2 1,3 -1,2 1.1. Housebuilding 20813 1,9 3,6 -1,8 5,1 3,4 0,7 1.1.1. New 8328 3,0 5,1 -7,1 8,0 2,1 -1,5 1.1.2. Renovation 12485 1,1 2,6 2,0 3,2 4,3 2,2 1.2. Non residential (c) 13336 4,0 -3,0 -12,9 13,2 -1,8 -4,2 2. Civil Engineering 7911 4,1 2,6 0,5 2,9 5,0 4,4 (1 + 2) Total Construction 42060 3,0 1,1 -5,1 7,2 2,0 -0,2 a: estimate - b: forecast - c: incl. R&M Number of building permits in residential construction 2018 2019 2020 2021a 2022b single dwelling 20.429 19.876 20.570 21.905 22.963 collective dwelling 32.891 26.659 25.548 27.207 28.521 other types of dwelling 336 277 397 432 459 Total 53.656 46.812 46.515 49.544 51.943 (Collective dwellings and other types of buildings: in number of flats)