

Belgium

BE

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1. Summary

In terms of overall economic growth, the most recent economic outlook broadly confirms the weak growth scenario for the Belgian economy on which the Belgian chapter submitted for the 85th EUROCONSTRUCT Conference was based.

The Belgian economy should generate stable growth of around 1.5% per annum throughout the projection period. Although weak, this growth will create jobs and generate investment. In particular, it should significantly reduce unemployment and support growth in households' disposable income. At the same time, business investment should continue to grow, buoyed in particular by manufacturers' high capacity utilisation rate, requiring extension investment.

Therefore, tendentially the economic situation – characterised by an increase in households' disposable income, a drop in unemployment and a higher level of business investment – should benefit construction, especially since households and companies can still secure cheap financing and the cost of money is only expected to rise to a limited extent.

Overall, the current outlook for construction also reflects the one presented at the time of the 85th EUROCONSTRUCT Conference. However, updates have led to certain adjustments being made, based on changes that have taken place in terms of both the details of the general economic outlook and certain major construction projects.

The outlook for the new residential construction sector is still expected to improve over the projection period, in line with the upturn in the economic climate (characterised mainly by a fall in unemployment and an increase in disposable income). All the same, the annual figures will be substantially

impacted by the energy performance of buildings (EPB) effect, specifically the consequences of the gradual (two-yearly) consolidation of the EPB requirements for new homes, which have led to a temporary rise in demand and increased activity in Belgium's Flemish Region twice already (in 2014 and 2016). In this light, 2018 and 2020 can be expected to be more favourable for the new residential construction segment than 2019 and 2021.

Home renovation works are also expected to increase throughout the projection period, this segment's momentum being driven by systematic growth in demand, in the form of an ever larger housing stock and ever higher quality standards.

Viewed as a whole, new non-residential construction is starting the projection period in an unfavourable position with regard to its short-term development. The number of building permits issued in 2017 clearly point to a decline in production for certain types of buildings (offices) and demand rebalancing (involving increases in some cases and decreases in others) for various others. However, the positive rebalancing, combined with the upward trend in business investment and the ramp-up of certain specific projects, are enough to suggest a recovery in new non-residential construction in 2019, although it should be stressed that this segment is known for its at times unpredictable development.

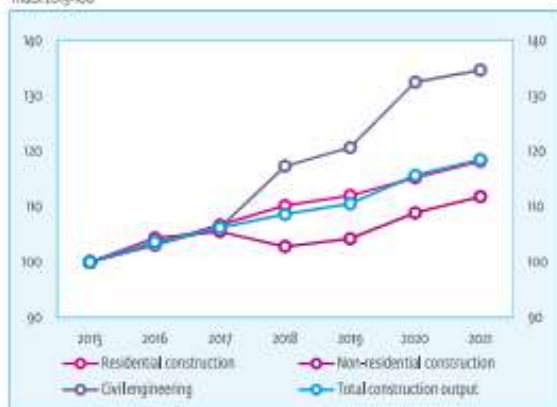
The non-residential construction renovation segment can still count on the momentum it has built up as a result of the increase in and improvement of the building stock.

Overall, the civil engineering sector clearly emerges as the segment with the best prospects for the years ahead, thanks to the work on various flagship projects (the Oosterweel Link road project, the Terneuzen Lock project and, to a lesser extent, the RER regional express network and the Liège tram and Brussels metro projects). In contrast, having been a major growth driver in 2018, local authority investment is expected to go into its traditional post-municipal election decline, curbing the development of civil engineering in 2019-2020.

In any case, the scenario adopted in the current outlook indicates that construction will enjoy fairly steady growth, outperforming overall economic growth throughout the projection period and capitalising on the economic climate as well as other positive factors. A series of specific projects will promote the level of activity in the sector during the projection period. Based on the timetable for these, there should be a temporary acceleration of construction growth in 2020. The introduction of measures resulting in the gradual lowering of construction

Total Construction Output by Sector from 2015 to 2021

Index 2015=100



Source: EUROCONSTRUCT (With Conference)

wage costs is also expected to aid construction in the years ahead. The reduced expenditure in this area will, for example, reduce construction costs and thereby increase demand, especially in the civil engineering segment and more gradually in the residential construction segment as well.

However, this positive scenario for how the construction sector will fare must not blind us to the fact that other scenarios are also possible, even though they theoretically seem less likely. For example, just a change to the timetable for a number of major projects could have a significant impact on the trend for activity levels in the sector or at least in certain subsectors. Of course, the timing of these projects is not the only factor feeding a sense of uncertainty. There are also the doubts surrounding developments in new residential construction, given the difficulty of quantifying the impact of some changes, e.g. the newly consolidated energy performance requirements in Flanders. Finally, the non-residential sector is theoretically facing the greatest uncertainty, as in recent years some of the developments there can only be described as defying all logic.

2. Macro-economic outlook

In terms of overall economic growth, the latest data on the Belgian economy once again confirm the scenarios that were used as a basis for the Belgian chapter of the report for the previous EUROCONSTRUCT Conference. The scenario for the Belgian economy thus remains one of weak growth until the end of the projection period, i.e. until 2021, and even beyond.

The economic growth outlook for the eurozone has hardly changed since the 85th EUROCONSTRUCT Conference, with the Federal Planning Bureau (FPB) expecting 3.9% growth over the period 2018-2019 rather than the 4% forecast at that time. However, there has been a slightly more marked change in the outlook for the Belgian economy. Considering the lower than expected growth seen in the first six months of 2018 (mainly due to a lower than anticipated increase in exports), the FPB's latest forecasts¹ expect growth to weaken in 2018, meaning that instead of a 1.8% growth rate for the Belgian economy in 2018, as predicted at the start of 2018, this is now anticipated to be only 1.5%. Belgian economic growth is then expected to stabilise at this level throughout the projection period.

GDP and Total Construction Output from 2015 to 2021
year to year change in %



Source: EUROCONSTRUCT (86th Conference)

In other words, the Belgian economy is forecast to grow at a rate close to its current growth potential, estimated at 1.4% per annum (as opposed to 2% before 2008), according to the FPB. The main reason for this limited potential growth appears to be related to the weakness of expected productivity gains (0.7% per annum, compared with more than 1% before 2008).

Under these conditions, even limited growth clearly heralds the creation of considerable numbers of jobs and could ensure continued reductions in unemployment. Consequently, the FPB expects the Belgian economy to create 100,000 jobs in 2018-2019. Job creation will probably be less strong at the end of the projection period, but in total the unemployment rate is expected to fall below 5.5%, having been in excess of 7.1% as recently as 2017. This favourable employment outlook is partly due to a strong increase in construction employment, given the decision to reduce employers' social security contributions in summer 2017² under terms that are particularly beneficial to this sector.

Regardless of its impact on unemployment, the growth in employment will boost households' disposable income in the projection period. This should also benefit from an increase in average wages and higher savings income. Overall, the FPB expects households' disposable income to increase by more than 6% across the whole of the period 2018-2021.

Therefore tendentially, the economic situation (characterised in particular by a drop in unemployment and an increase in disposable income) should boost household investment, especially since borrowers can still secure very cheap financing.

¹ Economic Outlook 2018-2019 – September 2018 (only available in French and Dutch at the time of writing), Federal Planning Bureau

² Gradual increases (2018-2020) of subsidy rates for shift work that meets certain wage conditions. However, the provisions concerning the first phase of the 2018 subsidy were not yet operational at the time of writing.

Specifically, according to the Immotheke barometer³, the rate for 20year, fixed-rate mortgages has remained more or less stable at nearly 2% since spring 2016 and therefore claims that it is still possible to find 20year, fixed-rate mortgage loans with interest rates below 2.0%⁴. Moreover, there is no reason to believe that there will be much change in the mortgage rate in the short term, as the FPB expects Belgium's long-term interest rates to remain very close to 2017 levels until at least 2019. As a result, there should theoretically be no sharp rises in mortgage rates during the projection period.

Furthermore, the cost of money should not stand in the way of a recovery in business investment in an economic situation that seems favourable in this regard. Despite a slight drop in the first few months of 2018, production capacity utilisation rates for the manufacturing industry (79.4% in July 2018) continue to flirt with the 80% mark, historically a critical threshold for further investment.

Consequently, the FPB's economic forecasts are based on an annual increase of around 3.5% in business investment until the end of the projection period.

Finally, the latest macro-economic forecasts were drawn up taking account of both an increase in public investment in the general sense of the term⁵ and a series of specific civil engineering projects. They pay particular attention to investments by local authorities which, based on FPB forecasts, should follow their usual cyclical pattern, decreasing in 2019 after picking up considerably in 2018 in the run-up to the municipal elections held on 14 October. They also take into consideration the Oosterweel Link and Terneuzen Lock projects and the **Scholen van Morgen** ('Schools of Tomorrow') follow-up project⁶, which will be accounted for as public investments. The public investment outlook obviously does not factor in projects like the Liège tram project which do not fall within public investments in the national accounts. However, these projects are taken into account in this outlook for construction.

Overall, the economic scenario that has typified the construction outlook since 2015 has remained widely unchanged. Admittedly, developments since the 85th EUROCONSTRUCT Conference mean that a few adjustments will be required, but overall the outlook for the Belgian economy remains one of weak growth, which should nevertheless create jobs and generate investment.

3 Please see <https://www.immothekefinotheke.be/F/barometre-des-taux> (link in French).

4 At the time of writing

5 All types of investment combined, i.e., including investments in research and development, using the ESA 2010 methodology that governs national accounts

6 This is a public-private partnership project for the building of schools in Belgium's Flemish Region.

3. Housing market

The outlook for the construction of new housing units has only changed slightly since the 85th EUROCONSTRUCT Conference, specifically, the general economic climate has remained fairly stable and no new statistical information has been published since with regard to the number of new homes awarded planning permission⁷.

In contrast, housing investment statistics led to a slight downward revision in the trends for the new residential construction segment for the period 2015-2017.

Under these circumstances, the outlook continues to show an upward trend for new homes over the projection period, mainly due to the impact of an upturn in the economic climate (an increase in household disposable income and a fall in unemployment against a backdrop of low interest rates) and the impact of reductions in employers' social security contributions benefiting construction. The anticipated drop in unemployment, which is falling more sharply today than six months ago, explains the improved outlook for new builds at the end of the projection period. Consistently low interest rates, which are expected to persist until 2019 instead of the slight rise predicted in the scenario forming the basis for the outlook presented at the time of the 85th EUROCONSTRUCT Conference, will clearly also boost the prospects for new homes at the end of the period.

However, the annual data show major divergences from this positive trend, associated with an economic climate conducive to household property investment. These divergences appear to be the result of the legislative changes that have been announced for homes in the Flemish Region, with the Flemish authorities increasing the energy performance levels required of new housing units for which a building-permit application was submitted after 1 January 2018. Moreover, it is set to tighten these requirements yet further for applications submitted after 1 January 2020. This gradual (two-yearly) strengthening of EPB requirements for new homes follows on from a programme launched in 2014 which has been behind a temporary rise in demand and increased activity twice already⁸. In this light, 2018 and 2020 can be expected to be more

7 Specifically, the Federal Public Service Economy's statistical teams have temporarily postponed the publication of the statistics for building permits due to technical difficulties related to a new system for collecting data in Belgium's Flemish Region.

8 At the end of both 2013 and 2014, a large number of applications for building permits were submitted by principals seeking to get around the tougher energy performance requirements that were going to be introduced on 1 January the next year. Due to the time it took for these applications to be processed, they were behind an increase in the building permits awarded the next year (the indicated rise in the number of applications has never been followed by a corresponding fall) and therefore an increased level of activity.

Housing Completions from 2015 to 2021
in thousands



Source: EUROCONSTRUCT (85th Conference)

favourable for the new residential construction segment than 2019 and 2021.

Yet the question, already mentioned in the report of the 85th EUROCONSTRUCT Conference, remains how substantial the EPB-related upswings in 2018 and 2020 will be. This is because the absence of statistics on the number of new homes awarded planning permission in the initial months of 2018 means it is still impossible to gauge the scale of the EPB effect for 2018 more clearly⁹. In this light, this outlook seems to confirm the continuation of the cyclical EPB effect (two-year cycle) as suggested at the time of the 84th EUROCONSTRUCT Conference, based on an unpublished survey conducted by the Belgian Construction Confederation. According to this survey, which suggested that in future the EPB effect would be less dramatic than it had been previously, the EPB effect for 2018 will be 75% of the effect for 2016, and for 2020 just 50% of the 2016 effect. This is because there is a less sound basis for assuming such an impact in 2020, given that this is still some time away.

However, the EPB effect is very noticeable when it comes to the number of building permits awarded for new homes but is more diffuse in terms of actual home building, not only because of the deadlines for construction projects and production but also due to the buffer role played by companies' order books. It is worth reiterating that this EPB effect only applies to Belgium's Flemish Region (where around 75% of new homes are built). This means that the developments expected in Wallonia and Brussels are much closer to the general upward trend anticipated over the projection period.

It should also be remembered that actual trends in new residential construction depend on a whole series of factors unrelated to the economic climate whose development or impact is very difficult to

⁹ In addition to the infra-annual profile of building permits issued in 2017 in an effort to confirm the start of an EPB effect for 2018

predict at the time of writing, as we saw in the case of the EPB effect, which could turn out to be more favourable than forecast in this outlook. The 85th EUROCONSTRUCT Conference also mentioned the building of social housing in Flanders, which currently fluctuates unpredictably from one year to the next¹⁰. There is also uncertainty surrounding underlying demand levels in Flanders (i.e. disregarding the cyclical trends triggered by the EPB effects). The report for the 85th EUROCONSTRUCT Conference addresses at length the issue of whether the latest published figures should be considered on the high side compared with the general trend and whether a realignment based on the latter is needed, as the current outlook suggests.

Other uncertainties include the impact of the demand for second homes and for rental (or 'buy-to-let') investments. Demand in both these areas is widely believed to have developed considerably since the financial crisis but the scale and evolution of this is difficult to gauge, especially as these developments seem to be linked to the convergence of new demographic factors (only marginal growth in the labour force, stagnation in household dimension and slower growth in the number of households).

There are, theoretically anyway, significantly fewer uncertainties surrounding the trend for the home renovation segment. Specifically, this market draws on a twofold dynamic associated with both an increasingly larger stock of housing geared towards attaining ever higher quality standards and the spread of energy renovation. Having been affected in 2018 by the complete removal in Flanders¹¹ of the tax benefits previously provided for roof insulation¹², renovation is expected to return to a level of growth close to its usual rate (namely 2.5% growth per annum) in 2019. In 2020-2021, it should also benefit, alongside the new residential construction segment, from the impact of reductions in employers' social security contributions helping the construction sector.

4. Non-residential market

The outlook for the new non-residential construction segment remains, like the prospects for new residential construction, generally in line with that presented at the time of the 85th EUROCONSTRUCT Conference. This has nevertheless also been updated and is the subject of changes that appear more significant than those relating to the outlook for new housing.

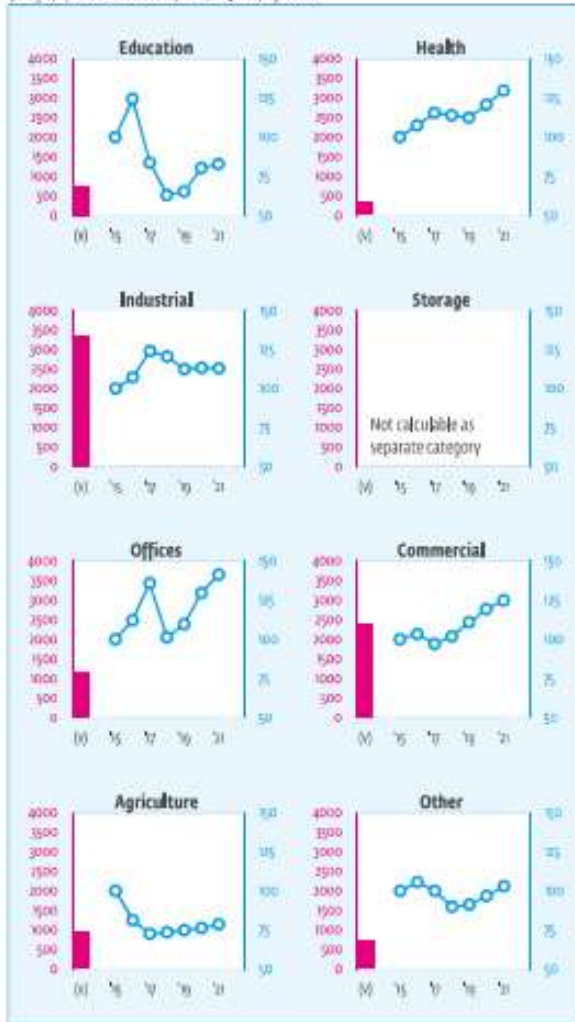
¹⁰ The policy programmes in this area are widely flouted.

¹¹ This measure remains in force in Brussels and Wallonia.

¹² Provisions to phase out the measure, which came into force on 1 January 2017, buoyed activity levels in 2017, with many Flemish contractors taking advantage of the opportunity to receive the tax benefit offered for work performed in 2017 but ordered in 2016.

New non-residential: breakdown by subsectors

(M) = volume 2017, million €, left scale
 (line graph) = index at constant prices, 2015=100, right scale



Source: EUROCONSTRUCT (88th Conference)

However, no new statistical data have been published regarding the number of non-residential buildings awarded planning permission in the past six months¹³ and the general economic outlook has remained fairly stable, as we have seen. In contrast, the publication of a more detailed version of this outlook showed that at the start of the period, the prospects for non-residential construction investments are in fact less favourable than envisaged six months ago, with this being particularly true for agricultural and office buildings.

These changes have hardly affected the outlook for the industrial buildings segment that was presented at the time of the previous EUROCONSTRUCT Conference. To recap, some 29 million cubic metres of buildings of this type were awarded planning permission in 2017, much more than the 2021 million cubic metres corresponding to the demand balance

¹³ Specifically, the Federal Public Service Economy's statistical teams have temporarily postponed the publication of the statistics for building permits due to technical difficulties related to a new system for collecting data in Belgium's Flemish Region.

based on econometric forecasts. Under these conditions, the likeliest scenario is clearly a quick, sharp drop in demand, restoring this to a level closer to the estimated balance from the econometric model. In terms of production and in light of the discrepancy in deadlines for construction projects and the impact of the self-smoothing of production (with companies' order books serving as a buffer), the evolution appears less rugged than for building permits. Nevertheless, it seems that after the strong growth recorded in 2017, a sharp drop in non-residential building construction can be anticipated in 2018-2019 followed by a slight increase at the end of the projection period.

In contrast, the volume of office buildings awarded planning permission in 2017, which is historically at a very low ebb, has reached a level well below the demand balance. This indicates that we can probably expect demand rebalancing, meaning a major increase at the start of the projection period. In terms of production and in light of the deadlines for construction projects and the self-smoothing in production, it is expected that the sharp drop in demand seen in 2017 will only be partially offset by a recovery in this regard in 2018, resulting in a dramatic decrease in production. However, the anticipated recovery in demand should result in the revitalisation of office-building construction from 2019 on, all the more so since this is likely to benefit from the ramp-up of a major project at that time (2019-2020) with the construction of a new home for Flemish public radio and television broadcaster VRT, costing a total of €250 million, the lion's share of this being staggered over the period 2019-2021.

In general, the same mechanism also explains the expected development in the construction of other buildings¹⁴. There is, however, one difference. Construction levels for these buildings did not increase significantly in 2017, and demand for this building type did not enjoy the same boost offices did in 2016.

This mechanism also clarifies the expected development in the construction of commercial buildings. As the drop in demand noted in 2017 was less severe than for offices and other buildings, the recovery in demand can be reasonably anticipated to lead to a recovery in the construction of this type of building from 2018 onwards.

The demand for agricultural buildings, which was expected to increase after the significant decline witnessed in 2016, started to experience a resurgence in 2017. This is likely to continue but not at the rate envisaged in the outlook presented at the time of the 85th EUROCONSTRUCT Conference. It

¹⁴ Non-residential buildings other than hospitals, schools, industrial or agricultural buildings, office buildings and businesses

should nevertheless be enough to ensure growth in the construction of this building type throughout the projection period.

The fortunes of the school-building construction segment seem to be closely intertwined with the development of the **Scholen van Morgen** ('Schools of Tomorrow') project in the period being looked at here, as the completion in 2017-2018 of the initial project (which generated work worth in excess of €500 million in 2016) is behind the significant decline in the construction of this type of building in these two years. Based on the current timetable, the 'Schools of Tomorrow' follow-up¹⁵ project should be gathering momentum in 2020, boosting construction in this segment until the end of the projection period.

Overall, new builds are starting the projection period in an unfavourable position with regard to their short-term development. The number of building permits issued in 2017 clearly points to a decline in construction levels for certain types of buildings (offices) and demand rebalancing (involving increases in some cases and decreases in others) for a whole series of building types. However, the positive rebalancing, combined with the upward trend in business investment and the ramp-up of certain specific projects, are enough to suggest a recovery in the new residential construction segment in 2019.

In this context, given the considerable discrepancy between the demand observed at the end of the historical period and the theoretical demand balance level in this period, it is worth reiterating the very high volatility level of the figures, with fluctuations of around 30 to 40% in the number of building permits granted for non-residential building construction being seen from one six-month period to the next in recent years. These variations suggest that these data may hold surprises in store (unexpected upturns and collapses in demand), buoying or conversely depressing construction levels of this building type. This means it is likely that this outlook with its 'logical' forecast for the development of the new non-residential construction segment will not play out in reality, given that in practice this often takes an unexpected or 'illogical' turn.

Fortunately, the outlook for the renovation of non-residential buildings involves a more predictable trend, being more broadly linked to both the upward trend of this market¹⁶ and the level of economic growth: two factors which point to growth of around 1.5% per annum in this segment throughout the projection period.

¹⁵ A public-private partnership project following on from the previous project, building 42 schools in the Flemish Region, worth a total of €550 million

¹⁶ Related to the growth of the building stock and the changes in quality standards for this stock

Obviously, various one-off factors are likely to accelerate (or curb) this growth during the projection period. In this context, the report for the 85th EUROCONSTRUCT Conference referred to a budgetary decision in summer 2017 involving several hundred million euros to be earmarked for planned work (probably renovation) on public justice-related buildings in 2018. News of this decision gave a significant temporary boost to non-residential building renovation. However, the information used to compile this outlook suggests that this decision has had no real impact on the ground, as whatever the cause might be for this, the budget of the government buildings agency Régie des Bâtiments/Regie der Gebouwen, which is in charge of the buildings set to benefit from these activities, gives no reason to suggest a lot more work on these buildings is planned.

Logically speaking (but bearing in mind this segment's tendency towards unexpected developments), the non-residential segment should manage to emerge from a difficult period from 2019 on and then continue making headway until the end of the projection period. However, forecasts for 2018 indicate that problems associated with new builds (namely related to various demand imbalances) will not be offset by the growth of renovation.

5. Civil engineering market

The information published since the 85th EUROCONSTRUCT Conference has largely backed up the outlook for civil engineering set out at that time. In particular, it has confirmed the fruition of the expected spending drive by local authorities in the run-up to the municipal elections. Despite being a traditional feature ahead of municipal elections, the new budgetary framework the municipalities were required to follow for the first time made it unclear whether this expenditure would be repeated before the 2018 visit to the polls. However, details of the national accounts which have been published since indicate that these investments were indeed made in 2017, and at the anticipated rate.

While the latest information on major civil engineering projects and their timetable alter the growth pattern in this segment, viewed as a whole, a steady increase in civil engineering works seems likely throughout the projection period. This is due to not only a series of major projects but also the announced reductions in employers' social security contributions affecting construction, which will be accompanied by a price effect that civil engineering

should benefit from before any other segment of the construction sector¹⁷.

However, the railway works segment will be affected initially by the government agreement under which there will be a year-on-year reduction in public funding for the SNCB Group (Belgian Railways)¹⁸, including Infrabel, the company running Belgium's rail infrastructure, throughout the legislature (so until 2019). While as expected, Infrabel succeeded in largely limiting the impact of that measure on its investments in 2018, there will be no way of avoiding this in 2019. As a result, the resources that have been released for the railways in the context of 'virtuous lending' or the 'virtuous billion'¹⁹ will only partially make up for the impact of the reduction in public funding to the SNCB in 2019 on Infrabel's total rail investments. Nevertheless, these investments are expected to increase in 2020, as work is stepped up on completing the RER regional express network and on responding to various regional priorities. However, this will depend on the government that emerges from the 2019 parliamentary elections not deciding to further reduce the funding to the SNCB Group.

While the prospects of Infrabel generating a positive outlook for railway projects in the projection period look bleak, there are hopes that two city projects will help to increase activity levels in this area. One of these is the extension of the Brussels metro²⁰, which received a boost in 2018, while the other relates to the expansion of the Liège tram network²¹, with construction to start in 2019 before gathering momentum in 2020.

The Oosterweel Link road project²², a public-private partnership project worth a total of €3.5 billion and aiming to improve mobility around the city of Antwerp, is also expected to pick up pace in 2019 and even more so in 2020, based on the most recent published timetable. It will then generate work worth almost €600 million each year until the end of the projection period.

This project comes on top of other recent and ongoing initiatives on a much smaller scale that are

17 If principals (most of them from the public sector) do not take advantage of this to reduce their budgets accordingly, this reduction in costs will immediately free up budgets, enabling the funding of additional works.

18 A group comprising separate entities for Belgian rail transport and rail infrastructure

19 Funds specifically geared towards completing the RER project as well as certain priority works at regional level

20 A €1.4 billion project lasting until 2025 and involving the extension of the network by creating seven new stations and converting a 'pre-metro' section into a fully-fledged part of the metro network

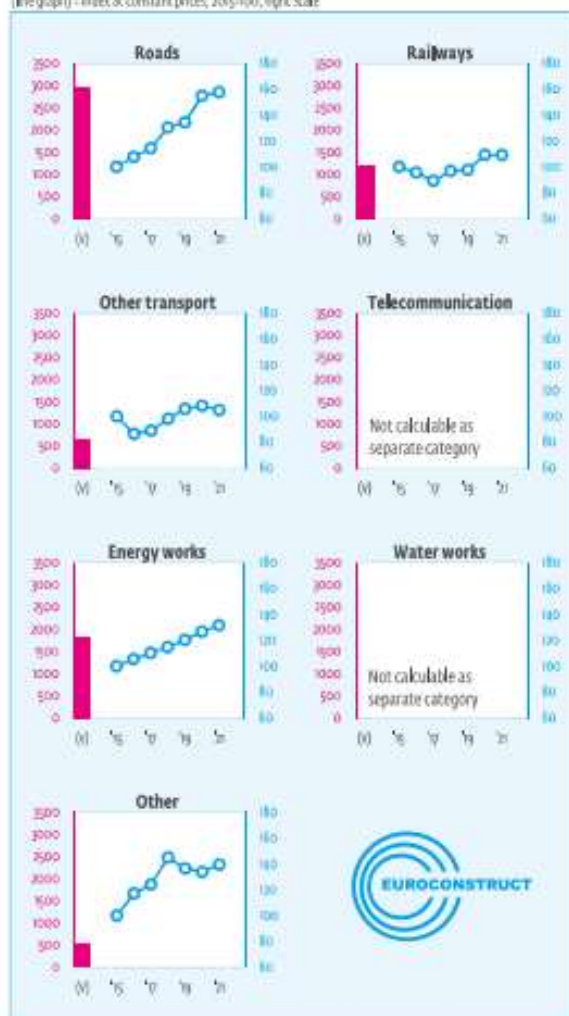
21 A project worth €380 million involving the construction of a 12km section of track in 2019-2022

22 <https://www.oosterweelverbinding.be/oosterweel-link>

Total civil engineering: breakdown by subsectors

(V) = volume 2017, million €, left scale

(line graph) = index at constant prices, 2015=100, right scale



Source: EUROCONSTRUCT (Bath Conference)

already in full swing (the 'Tunnel Plan'²³ in Brussels and the 'Infrastructure Plan'²⁴ for motorways and regional roads in Wallonia).

The other determining factor in the expected development of road construction is linked to the 2018 municipal elections. Following the traditional increased investment by local authorities in the run-up to these elections, which has probably again benefited this segment in 2018, the level of activity is expected to decline in 2019-2020.

23 Emergency plan adopted by the Brussels-Capital Region, faced with an urgent need to renovate its tunnels, some of which had to be closed to traffic at the beginning of 2016. This is a vast multi-annual renovation plan (lasting 15 years) involving major works starting in 2016 (at an annual cost of €3060 million, depending on the year)

24 Plan by the Walloon government to double the loans for roadworks originally planned for the entire 2016-2019 period, whose long-term entrenchment and further development beyond 2020 are set out in this plan (see <http://gouvernement.wallonie.be/files/Documents/PWI.pdf> (in French))

As well as the RER and Oosterweel Link projects, another project will also deliver a boost to civil engineering throughout the projection period. This is the Terneuzen Lock project⁵, a €1billion initiative to facilitate access to the port of Ghent, on which work started in 2017 and will gradually be stepped up in the years up to 2020.

Still on the subject of the outlook for civil engineering, it should also be noted that the forecast trend regarding works falling into the 'Other' category mainly reflects the anticipated trend in local authority investment (as detailed in the section on road projects). However, they also appear to be affected by a significant resurgence in this type of investment at regional level in recent years.

In a nutshell, therefore, civil engineering can look forward to a substantial boost in the projection period, mainly as a result of various flagship projects (above all the Oosterweel Link and Terneuzen Lock projects, but also to a lesser extent the RER, Liège tram and Brussels metro projects).

Having strongly supported growth in 2018, investments by the local authorities are expected to hold it back in 2019-2020.

APPENDIX – DEFINITIONS

Table 1

- Households figures are linked to the historical data and the official forecasts that are now official available in Belgium, concerning this.
- Unemployment and unemployment rate are given according to the Eurostat concept.
- Volumes private consumption, public consumption, etc. are given at market prices, VAT included.
- The indicator used for the construction prices has been modified since the 80th Euroconstruct conference and refers now to the production prices index.

Table 2

- Construction output includes only the production of construction companies. Self-production (Do It Yourself and construction output producing construction goods for their own use, such as the railway companies for instance) is excluded, as is the black economy and export.

Table 3

- The definition of "1+2 family dwelling" means a one-family house as opposed to "flats", which, in fact, indicates 'apartments'.
- The stock of housing units or dwellings is given at the end of the year.
- The "Home ownership rate" is calculated as the ratio between the number of households occupying a dwelling that they own and the total number of households.

Table 4a

- Industrial and storage buildings: The Belgian statistics do not allow for a distinction to be drawn between these two categories of buildings.

Table 4b

- The figures from the International Transport Forum, which are used as a source for civil engineering, are not available anymore since 2010, concerning Belgium. The figures presented are, therefore, estimates.
- Energy works are including water works

Table 5

- Volume Private consumption, public consumption, etc. are given at market prices, VAT included.

Extra

- VAT is excluded by construction output. The normal rate is 21% (6% for renovation of dwellings older than 5 years concerning works executed before 31/12/2015 and older than 10 years after this date).
- Sources of data:
 - Historical series: National Institute for Statistics, Institute for National Accounts, International Transport Forum and Construction Confederation (estimates).
 - Forecast and Outlook: Federal Planning Bureau and Construction Confederation.




MAIN DEMOGRAPHIC AND ECONOMIC INDICATORS
PRINCIPAUX INDICATEURS DÉMOGRAPHIQUES ET ÉCONOMIQUES
WICHTIGE DEMOGRAPHISCHE UND ÖKONOMISCHE INDIKATOREN

				Est.	Forecast		Outlook
	2015	2016	2017	2018	2019	2020	2021
Population ('000s) Population Bevölkerung	11 239	11 295	11 353	11 411	11 467	11 527	11 586
Households ('000s) Ménages Haushalte	4 835	4 860	4 891	4 920	4 948	4 978	5 007
Unemployed ('000s) Chômeurs Arbeitslose	451	416	380	340	327	309	296
Unemployment rate (%) Taux de chômage Arbeitslosenquote	8,5	7,8	7,1	6,3	6,0	5,7	5,4
Change of GDP Variation du PIB Veränderung des BIP (% change in real terms)	1,4	1,5	1,7	1,5	1,5	1,6	1,4
Consumer prices (% change) Prix à la consommation Verbraucherpreise	0,6	2,0	2,1	2,0	1,9	1,7	1,6
Construction prices (% change) ¹⁾ Prix de la construction Baupreise	1,6	1,6	1,3	1,8	1,9	1,7	1,6
Short term interest rate ²⁾ Taux d'intérêt à court terme Kurzfristiger Zinssatz	0,0	-0,3	-0,3	-0,3	-0,2	-0,1	0,1
Long term interest rate ³⁾ Taux d'intérêt à long terme Langfristiger Zinssatz	0,9	0,5	0,7	0,7	0,8	1,3	1,9

1) Refers to new construction only.


2) 3-month interbank rate (or equivalent).

3) 10-year government bonds (or equivalent).


		CONSTRUCTION BY TYPE PAR TYPE D'OUVRAGE BAUPRODUKTION NACH BAUARTEN							
		Volume mill. euro ¹⁾	% change in real terms (volume)						
2017	2015		2016	2017	Est.	Forecast		Outlook	
		2018			2019	2020	2021		
Residential construction Logement Wohnungsbau	New	8 956	3.0	4.0	4.0	6.4	0.6	2.7	1.4
	Renovation	12 228	4.2	2.7	2.8	1.0	2.5	2.9	3.5
	Total	21 184	3.7	3.2	3.3	3.3	1.7	2.8	2.6
Non-residential construction Bâtiments non résidentiels übriger Hochbau	New	9 618	-1.1	4.5	-0.1	-5.4	1.3	6.2	3.5
	Renovation	6 744	1.6	4.0	2.9	1.6	1.5	1.6	1.5
	Total	16 362	-0.1	4.3	1.1	-2.6	1.4	4.5	2.7
Building Bâtiment Hochbau	New	18 574	0.8	4.3	1.9	0.3	0.9	4.2	2.5
	Renovation	18 972	3.2	3.1	2.8	1.2	2.1	2.4	2.8
	Total	37 546	2.0	3.7	2.4	0.7	1.5	3.5	2.6
Civil engineering Génie civil Tiefbau	New	5 325	2.0	3.7	3.8	13.6	3.0	12.2	2.0
	Renovation	1 818	5.4	1.2	1.0	1.1	2.4	1.8	0.3
	Total	7 143	2.9	3.0	3.1	10.4	2.8	9.8	1.6
TOTAL CONSTRUCTION OUTPUT		44 689	2.2	3.6	2.5	2.3	1.8	4.6	2.5
		2017				Est.	Forecasts		Outlook
		Volume mill. tons	2015	2016	2017	2018	2019	2020	2021
Domestic cement consumption Consommation intérieure de ciment Inländischer Zementverbrauch		6,30	4.6	-3.0	1.2	1.9	0.9	3.6	1.2

Renovation covers repair and maintenance, refurbishment and reconstruction.

1) At 2017 prices, excluding taxes.

		RESIDENTIAL CONSTRUCTION CONSTRUCTION DE LOGEMENTS WOHNUNGSBAU						
		Thousands dwellings						
					Est.	Forecast		Outlook
		2015	2016	2017	2018	2019	2020	2021
Building permits Logements autorisés Baugenehmigungen	1+2 family dwellings Individuels 1+2-Familienhäuser	18,5	19,7	18,7	20,3	19,0	20,5	19,7
	Flats Collectifs Mehrfamilienhäuser	27,0	31,6	31,4	34,1	31,9	34,4	33,0
	Total	45,5	51,3	50,1	54,4	50,9	54,9	52,7
Housing starts Logements commencés Baubeginne	1+2 family dwellings Individuels 1+2-Familienhäuser	17,4	19,6	17,0	19,6	17,9	19,3	18,6
	Flats Collectifs Mehrfamilienhäuser	25,8	30,0	27,9	32,9	30,0	32,3	31,1
	Total	43,2	49,6	44,9	52,5	47,9	51,6	49,7
Housing completions Logements terminés Baufertigstellungen	1+2 family dwellings Individuels 1+2-Familienhäuser	20,5	18,1	18,9	18,1	19,1	18,2	19,3
	Flats Collectifs Mehrfamilienhäuser	29,4	27,0	29,2	29,6	31,9	30,4	32,2
	Total	49,9	45,1	48,1	47,7	51,0	48,6	51,5
Housing stock Logements existants Wohnungsbestand	Total	5 286	5 333	5 376	5 426	5 471	5 521	5 568
	thereof second homes dont résid. secondaires davon Zweitwohnungen	128	129	130	130	131	132	133
	thereof vacancies dont inoccupés davon leerstehend	323	345	355	376	392	411	429
	share of family dwellings (%) part des maisons individuelles Anteil 1+2-Familienhäuser	70,2	70,0	69,7	69,4	69,1	68,9	68,6
Home ownership rate ¹⁾ Taux de propriétaires occupants Wohneigentumsquote		69,8	70,2	70,6	70,9	71,3	71,6	72,0

1) Cf. Appendix to the individual country report.

	NEW NON-RESIDENTIAL CONSTRUCTION (PUBLIC AND PRIVATE) CONSTRUCTION NEUVE NON RÉSIDENTIELLE (PUBLIQUE ET PRIVÉE) NEUER NICHTWOHNHOCHBAU (ÖFFENTLICH UND PRIVAT)								
	Volume mil. euro ¹⁾	m2 x 1000	% change in real terms (volume)						
						Est.	Forecast		Outlook
			2017	2017	2015	2016	2017	2018	2019
Buildings for education Bâtiments de l'éducation et de la recherche Gebäude des Bildungswesens	773		71,0	24,3	-32,7	-24,7	3,4	23,2	3,1
Buildings for health Bâtiments de santé Gebäude des Gesundheitswesens	320		-1,4	7,4	7,4	-1,4	-1,4	7,4	7,4
Industrial buildings Bâtiments industriels Industriegebäude	3 355		12,1	7,2	15,6	-2,8	-6,7	0,7	-0,2
Storage buildings Bâtiments de stockage Lagergebäude									
Office buildings Bureaux Bürogebäude	1 126		-36,8	12,1	21,3	-25,5	8,2	18,2	9,1
Commercial buildings Commerces Geschäftsgebäude	2 371		-8,5	3,4	-6,0	4,9	8,9	7,5	4,6
Agricultural buildings Bâtiments agricoles Landwirtschaftsgebäude	948		-7,2	-18,9	-10,6	1,3	1,9	2,0	3,0
Miscellaneous Autres Sonstiges	726		4,5	5,6	-5,2	-10,3	1,6	6,1	6,5
TOTAL	9 618		-1,1	4,5	-0,1	-5,4	1,3	6,7	3,5

1) At 2017 prices, excluding taxes.