

GSB News



Dear members of the GSB,

today it's all about the economy again.

We have taken a closer look at the last quarter of the past year and venture a small forecast for the future.

Your GSB Team



GSB Economic Section

Architecture and Construction in the Year 2020

The figures for the final months of the past year are now available from many European countries.

We have taken a look at the **production volume indices in building construction**. But before we get started, we would like to explain why we have chosen these figures in particular.

In a perfect world, we would have figures on square meters of coated surface for the construction sector – broken down into powder and liquid paint – from every country that affects our membership. But unfortunately, there is simply no database that provides such detailed figures.

In such cases, one has to access data from markets that contain or have a direct influence on the relevant market segment. In our case, this is the construction sector. As you know, the construction sector is divided into building construction and civil engineering. For you as a member company, figures relating to building construction are primarily relevant, as this is the sector in which the coated facade and window components are used.

The market for the coating of aluminum and steel components for building construction is consequently linked to the building construction market. But it could well happen – intentionally presented in an exaggerated way – that there are very high growth rates in the market for coatings for window and facade components, although the building construction market is stagnating.

A hypothetical example of this would be if coated aluminum facades suddenly became the absolute megatrend, but overall construction did not increase. Nevertheless, it is very likely that the market for coatings would benefit from a large growth in the building construction sector.

But now let's take a look at the numbers. What happened last year, which was so strongly affected by the pandemic?

According to an estimate by Eurostat **in December 2020, production in building**

construction decreased by 3.3 % compared to the production of the previous month (EU, 27 countries). But there are significant variations between member states (e.g., Germany - 3.1 %; Poland + 6.8 %; France - 9.7 %). One explanation for this may be pandemic containment measures, which vary significantly from country to country.*

It gets really exciting when the quarterly figures for Q 4 2020 are compared with those of the previous year.**

Here, a minus of 1.7 % can be recorded in the EU (27 countries), whereby this is an estimate by Eurostat. Estimates are made in this case, as data is not available from all countries. Following those numbers that are available for EU member countries and are of interest to our member companies:

- Belgium - 7 %
- Czech Republic - 13.6 %
- Germany + 2.9 %
- France - 5.5 %
- Poland - 0.3 %

When interpreting the data, it is important to note that the prior-year period (Q 4 2019) was not yet affected by the Corona pandemic.

It can therefore be concluded that the Corona pandemic **to date** has had a comparatively **low impact** on the EU building construction market. This is relatively easy to understand. Projects currently underway have been planned prior to the pandemic, building vacancies are being used to carry out renovation work, and it is relatively easy to comply with hygiene regulations on construction sites and in large factory halls – compared with other sectors. Only in the short term and on a local basis is it possible to encounter significant restrictions – for example, through curfews or travel bans.

The question on everyone's mind in the building construction market is what the market will look like when the majority of the projects planned before the pandemic have been completed. We have ventured an attempt at a forecast in the next section of today's issue.

*Calendar and seasonally adjusted.

**Calendar-adjusted and not seasonally adjusted.

Sources:

European Commission. 2021. Production in Construction - Monthly Data. Adjusted Dataset. [Filter for data retrieval varied in each case]. Retrieved from: [LINK](#) [23.2.2021]

European Commission. 2021. Production in Construction - Quarterly Sata. Adjusted Dataset. [Filter for data retrieval varied in each case]. Retrieved from: [LINK](#) [23.2.2021]

A Forecast for the Building Construction Market

To be humorous, one might look at forecasts for periods that have already passed and see what has actually happened – a tragic comedy. If forecasts for individual markets were easy, then the number of people who would have made a respectable fortune on the stock markets would be much larger.

In the market for building construction, however, there is one figure that is able to give one some security, at least in the short term. The number of building permits. The number of building permits should again be seen as a point of reference, because not all cases where newly coated parts are needed require a building permit. Further, the percentage of coated surface is not the same for every construction project.

Currently, annual data from Eurostat for countries of particular interest to GSB members are only available for France. There, - 16.7 % is reported in 2020 compared to 2019.*

For the other countries, data can currently only be viewed up to Q 3 2020. **For the EU (27**

countries), the following was reported for the first three quarters compared with the corresponding period of the previous year:*

→ Q1: - 10,9 %

→ Q2: - 22,4 %

→ Q3: - 12,3 %

Over the past 10 years, there has not been a quarter for the EU (27 countries) that showed a more significant decline than Q 2 2020 compared to the corresponding period of the previous year.

However, there are significant differences when comparing countries. For example, Germany recorded -3.6% compared with the previous year in Q 3 2020. The first half of the year was significantly more positive (Q1 + 5.6 %; Q 2 + 8.7 %).*

But overall, the volume of building permits in the EU (27 countries) is still at a high level. Taking 2015 as a basis (= 100 %), the following picture emerges for the past year:**

→ Q1: 122,2 %

→ Q2: 105,1 %

→ Q3: 114,8 %

Consequently, it can be concluded that there is a clear downturn, but in 2016 - 2019 in particular, a high level was recorded.

*Building permits for building construction; square meters of usable floor space; unadjusted data

** Building permits for building construction; square meters of floor space; seasonally and calendar-adjusted data

Sources:

European Commission. 2021. Building Permits - Annual Data. Adjusted Dataset. [Filter for data retrieval varied in each case]. Retrieved from: [LINK](#) [23.2.2021]

European Commission. 2021. Building Permits - Quarterly Data. Adjusted Dataset. [Filter for data retrieval varied in each case]. Retrieved from: [LINK](#) [23.2.2021]

Editorial Office

We are looking forward to your topic suggestions, questions and comments regarding the GSB-NEWS!

Please contact Philipp Mader:

philipp.mader@gsb-international.de



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