

77th Euroconstruct Summary Report



European Construction: Market Trends until 2016

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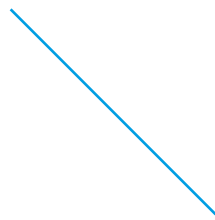
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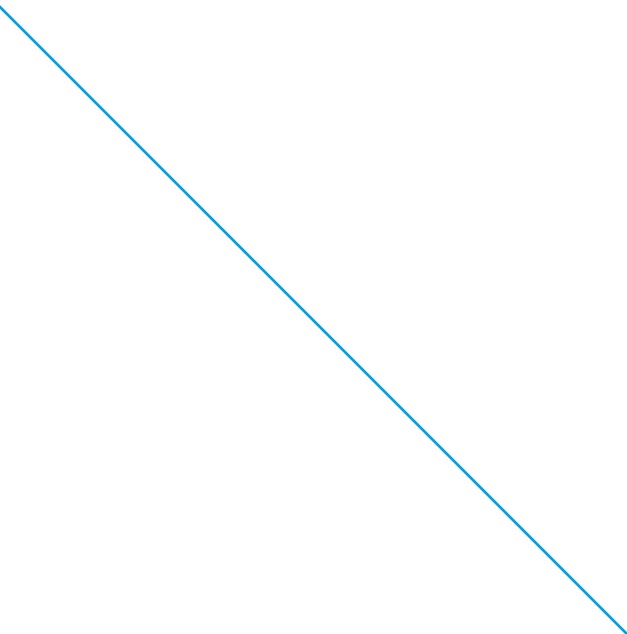
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The Euroconstruct Network

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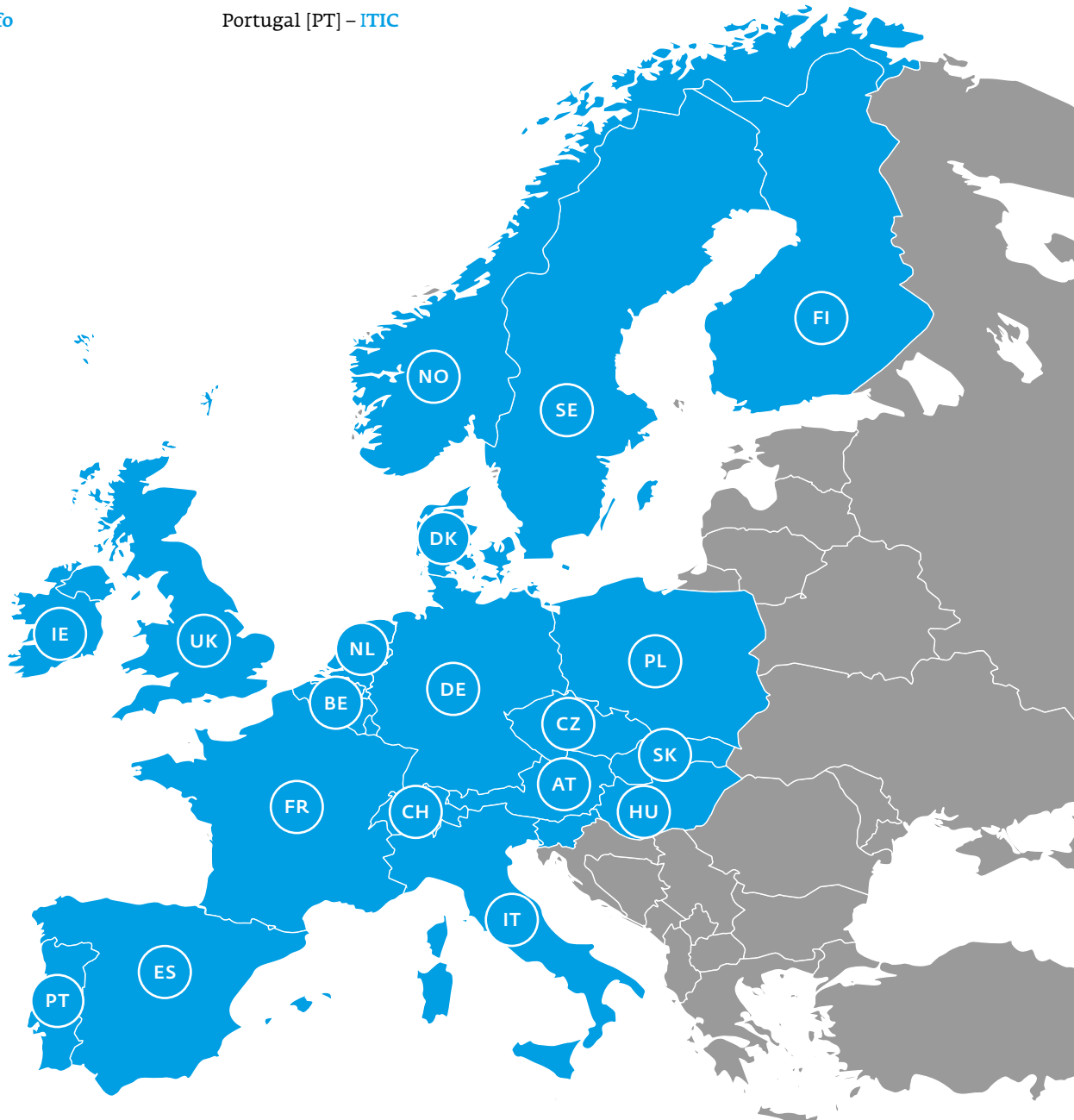
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EUROCONSTRUCT was set up in 1974 by specialised research organisations from Belgium, France, Germany, Italy, the Netherlands and United Kingdom as a study group for construction analysis and forecasting. It has since expanded from the core group to include almost all Western European countries, as well as 4 Central Eastern European countries. At present, EUROCONSTRUCT has member institutes in 19 European countries.

EUROCONSTRUCT's objective is to provide decision makers in the construction sector and other to the construction industry related markets with information, analyses and forecasts to enable them to plan their business better and more effectively. Furthermore, the activities of the EUROCONSTRUCT network addresses to official institutions like ministries or agencies and to national and international associations.

Construction markets are regional or even local. It is, therefore, a great advantage that the analyses and forecasts for these markets are prepared within the EUROCONSTRUCT network by competent national institutes for their respective home markets.

EUROCONSTRUCT's research and advice focuses on:

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 - A special issue selected for its impact on the construction industry (e.g. demographics, privatisation, lifestyles, technological change, internationalisation of strategies, changes in the demand and supply structure).

Recent and forthcoming conference venues:

- Summer 2013 Copenhagen (Denmark)
- Winter 2013 Prague (Czech Republic)
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- Winter 2014 Rome (Italy)
- Summer 2015 Warsaw (Poland)

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For details, please contact the EUROCONSTRUCT partner institute in your country.



77th Euroconstruct Conference o 12-13 June 2014, Oslo

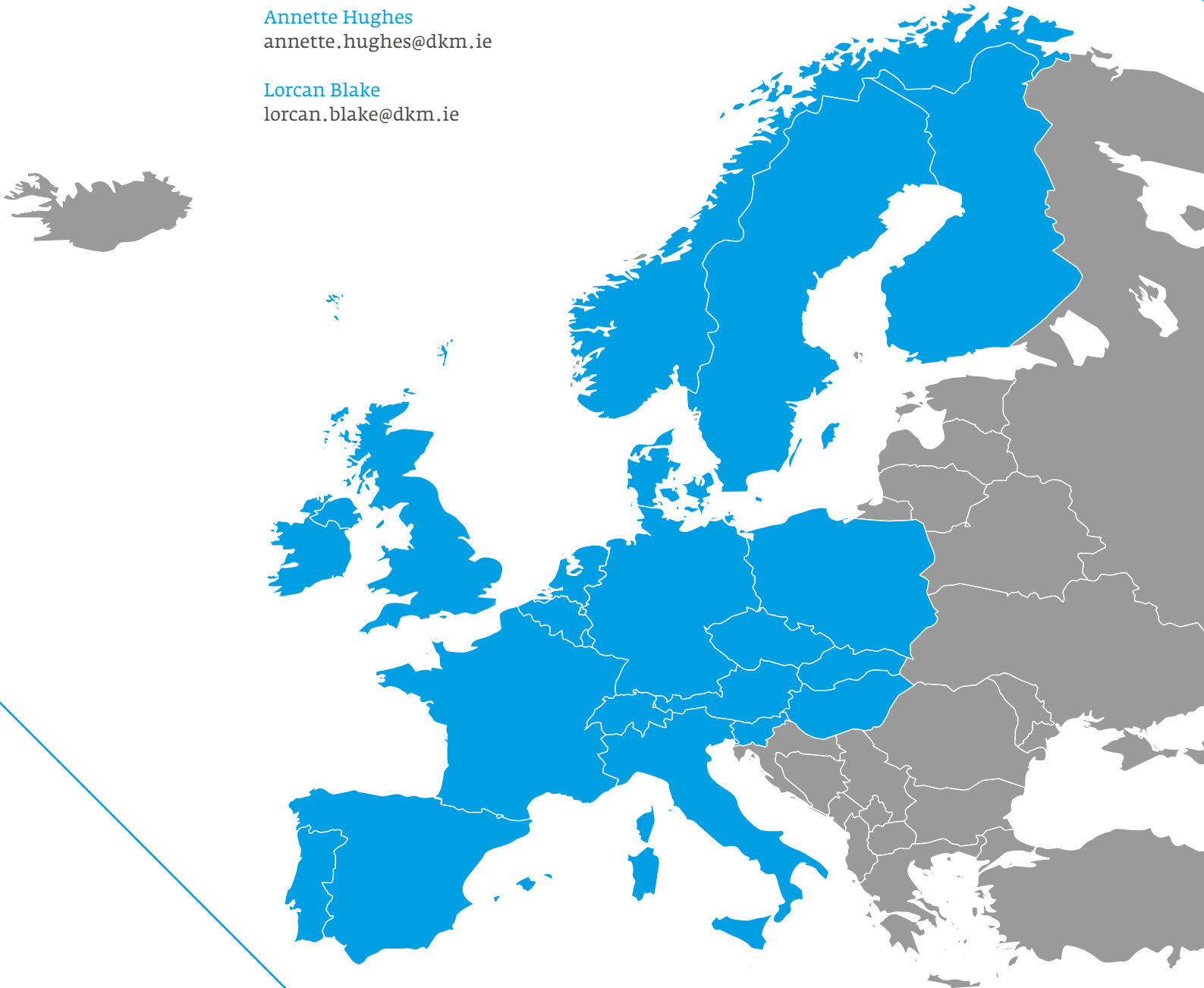


Residential market

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1. The Euroconstruct housing market – where have we come from?

At the 2013 Euroconstruct Winter conference (Prague), it was reported that the European housing market was stabilising following a period of intense turbulence which had begun in 2007. The estimated outturn for the sector expected a further contraction again in 2013, albeit at a slower rate than in 2012, before experiencing a recovery from 2014 onwards. This recovery was forecast to be marginal in nature, with the greatest gains up to 2016 accruing to Eastern European countries. That said the forecast recovery from 2014 onwards was very mixed with those markets most affected by the economic crisis, notably Spain, Italy, Portugal and the Netherlands, expected to see a further contraction in new residential construction in 2014. The renovation market was less volatile but growth rates across the Euroconstruct area as a whole were also projected to be more modest in the medium-term.

Comparing the forecasts over the past four conferences it is evident that:

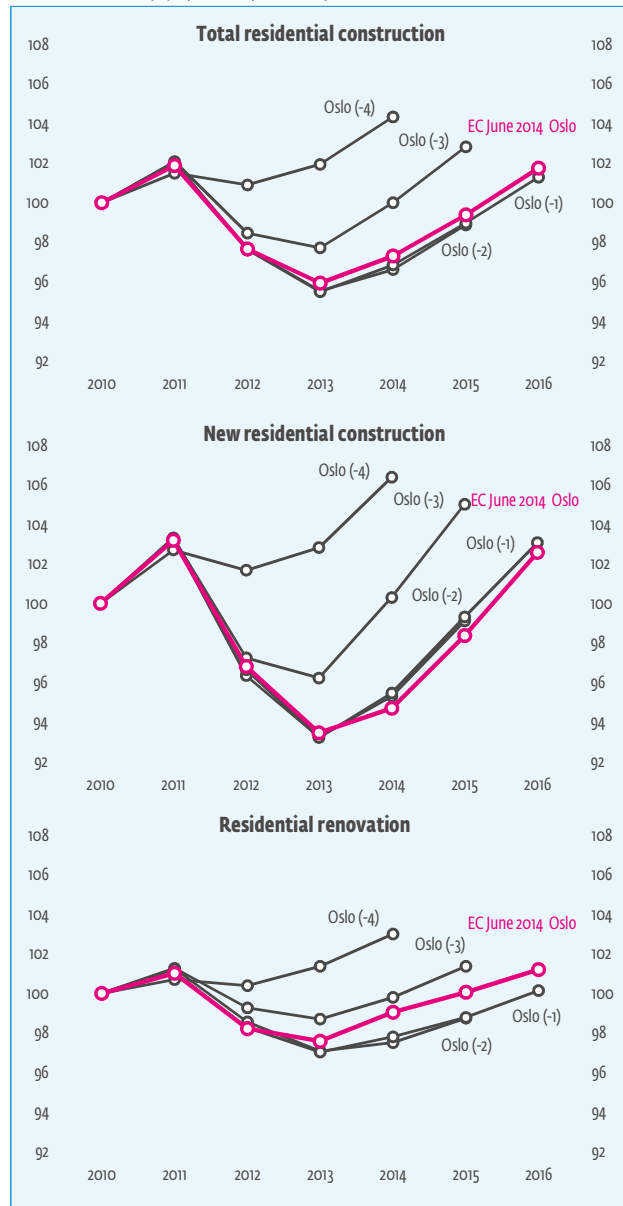
- 2013 was first projected to be the year in which new residential construction was to bottom out according to the December 2012 conference, but the scale of the contraction in 2013 became more pronounced by the subsequent conference in June 2013, following which the medium-term forecasts for the period 2014-2016 have been reasonably close since the June 2013 conference.
- Residential renovation in 2013 was also first expected to bottom out at the time of the December 2012 conference and while it appears to have done so, albeit at a lower level, according to later conferences, the prospects for the period 2014-2016 were weaker at the time of the June and November 2013 conferences than they currently are in June 2014.
- The above trends are replicated for total residential construction with the medium-term prospects for 2014-2016 marginally better now that they were at the time of the last two conferences in June and November 2013.

These comparisons would lead one to conclude that the recovery commenced in earnest this year, and provided the Euroconstruct economy performs in line with expectations and gradually improves, the revival in total residential construction should gather momentum over the medium-term. In a report on the European Housing Market earlier this year¹, Standard and Poor's Rating Services summarised the outlook as one in which "Europe's housing markets may be on a slow path to recovery".

¹ Europe's Housing Markets May Be On A Slow Path To Recovery, Credit Market Services, Standard and Poor's Rating Services, January 22, 2014.

Residential construction, Euroconstruct Countries (EC-19)

Index 2010=100, Oslo (- x) refers to the previous EC forecasts



Source: EUROCONSTRUCT (77th Conference)

However, the Euroconstruct market is very diverse and signs of a recovery are still not evident in some housing markets due to issues to do with oversupply, tight credit conditions and falling residential property prices.

2. Structure of the Euroconstruct residential construction market

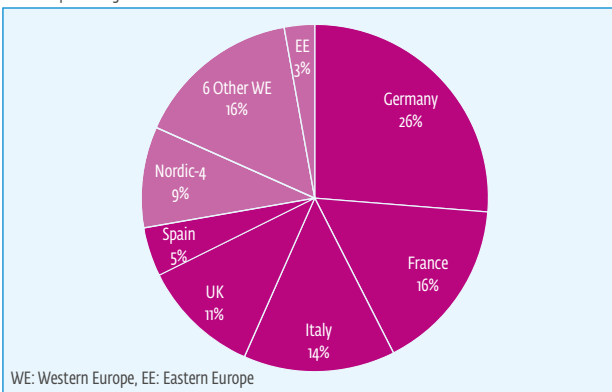
The Euroconstruct housing market is a significant market, representing a total population of almost 466 million persons and over 202 million households. This compares with an estimated 316 million persons and 115 million households in the USA. The total housing stock across the Euroconstruct area is estimated at 233 million. Based on the 14 countries² which reported data on second homes for 2013, second homes represent around 11% of the housing stock. The Home Ownership rate in Western Europe ranges from 45.1% in Germany to 82% in Spain, while the highest rate of 92% is recorded in Hungary.

Notwithstanding the intensity of the crisis which unfolded seven years ago, the total residential market across the Euroconstruct area was valued at €590 billion in 2013 compared with €720 billion in 2007. The renovation market is the dominant segment, accounting for 61.2% of the total, with the balance represented by new residential construction. These proportions contrast with the situation which prevailed at the peak (2007) when new construction represented over half (51.2%) of total residential construction output as against renovation, which accounted for 48.8%. It will be seen later that this shift has been very significant in some countries.

Looking at the composition of output across broad country groups, five groups are selected, comprising the three Big Western European countries (Germany, France and UK), the two large Southern European countries (Italy and Spain), the four Nordic countries (Norway, Sweden, Denmark and Finland), the six remaining small Western European countries and the four country members of Euroconstruct in Central and Eastern Europe. Their respective shares of the total Euroconstruct market in 2013 are shown in the pie chart below.

Residential Construction by Country Groupings, 2013

Share in percentage



Source: EUROCONSTRUCT (77th conference)

Looking at the individual market segments, starting with new residential construction, it is the case that around one-half of the output is generated in the three Big Western European countries, with over one-fifth coming from the small western European countries. The size of the new residential construction market in the Nordic countries is approximately twice that of the Eastern European countries. Spain and Italy, the southern European markets, represent 13.4% of the total between them.

Looking at the renovation market, the Big Western European countries account for 55.6% of the total output. The Nordic countries have close to the same share of the renovation market as they do in the new residential market but in absolute terms, the value of the market is almost 50% higher. Spain and Italy represent 22.1% of the total renovation market. The value of new residential construction output is higher than the value of renovation output in the small Western European and the Eastern European groups of countries. For all other groups the size of the renovation market is greater in absolute terms.

Composition of the Euroconstruct Residential Market across Country Groupings

Market	New Construction	Residential Renovation	New/Renovation
Western Big	€115bn (50%)	€201bn (56%)	0.6X
Western Small	€50bn (22%)	€42bn (12%)	1.2X
Southern Europe	€31bn (13%)	€80bn (22%)	0.4X
Nordic	€22bn (10%)	€33bn (9%)	0.7X
Eastern Europe	€11bn (5%)	€6bn (2%)	2.0X
Total	€229bn (39%)	€361bn (61%)	0.6X
Total market size	€590bn (100%)		

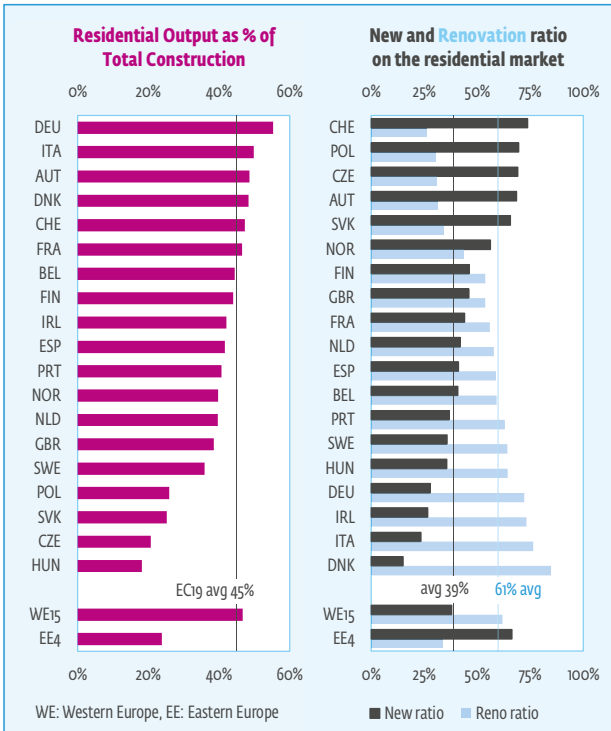
Source: EUROCONSTRUCT (77th conference)

A more detailed analysis of residential construction output as a proportion of total construction activity shows that the proportions vary widely across countries. It is evident that house building and residential renovation are crucial to the economies of Germany, Italy, Austria, Denmark, Switzerland and France where together they account for more than 45% of total construction. In contrast, the four Eastern European countries have a far lower reliance on residential construction. At an average ratio of almost 24%, these countries lie below the Euroconstruct average of 45.5% and this is an indicator of how other segments of construction such as civil engineering and particularly non-residential building are of greater significance in these countries. Thus their residential property markets will have different dynamics to their counterparts in Western European.



² Excluding Ireland, Netherlands, the UK, Czech Republic and Hungary.

Residential share in Total; New and Reno ratio on Residential market percentage



Source: EUROCONSTRUCT (77th conference)

Looking at the breakdown of the residential construction sector across the individual countries, it is apparent that new residential construction dominates across a range of countries, such as Switzerland, Poland, Czech Republic, Austria, Slovak Republic and Norway, representing more than half of total residential construction. At the other end of the spectrum, the renovation market represents more than 50% of the total residential construction market in 13 countries and is above 70% of the total in Denmark (85%), Italy (76%), Ireland (73%) and Germany (72%).

The marked contrasting situation in 2013 compared with 2007

The scale of the crisis in new residential construction is apparent from the contrast with the situation in 2007 where a number of countries have since seen their shares decline significantly in the past six years as follows:

- In Ireland the share of new construction was 78% in 2007 compared with 27% in 2013
- In Portugal the corresponding share declined from 68% in 2007 to 37% in 2013.
- In Spain, the corresponding share fell from 70% in 2007 to 41% in 2013.
- Hungary and Denmark also saw their new residential construction shares decline to 36% (from 63%) and 15% (from 40%) respectively of their total residential construction markets in 2013.

3. Modest recovery in total residential construction in 2014

Residential construction in the 19 Euroconstruct countries remain on course to experience a moderate growth of 1.4% in 2014, albeit from a low base given the severe contractions that have occurred over the past six years. This overall average growth will be supported by recoveries in specific geographies with Hungary, Poland and the Slovak Republic driving growth in Eastern Europe, and Ireland, the United Kingdom and Sweden stimulating Western Europe.

Residential construction forecast, comparison

year to year change in %, real terms

	2014F		2015F		2016F	
	Nov 13	Jun 14	Nov 13	Jun 14	Nov 13	Jun 14
Western Europe	+1.4%	+1.4%	+2.2%	+2.1%	+2.3%	+2.3%
Eastern Europe	+1.7%	+1.7%	+3.3%	+3.2%	+3.4%	+3.6%
Euroconstruct Area (EC-19)	+1.4%	+1.4%	+2.2%	+2.1%	+2.3%	+2.4%

Source: EUROCONSTRUCT, November 2013 & June 2014

However, residential construction in a number of countries will continue to fall as Spain (-5.9%), Norway (-4.4%) and the Czech Republic (-5.7%) are expected to record declines in the volume of production of over 4% in 2014. Finland (-3%), the Netherlands (-2.7%) and France (-1.5%) also record declines in production in 2014, albeit these are less pronounced than in the previous group of countries. Thus, a significant and widespread recovery across all countries is not anticipated this year, although output in the overall area is forecast to increase by 1.4% this year. The growth in residential construction output is expected to accelerate through 2015 and 2016 as GDP expands by almost 2% per annum across the Euroconstruct countries.

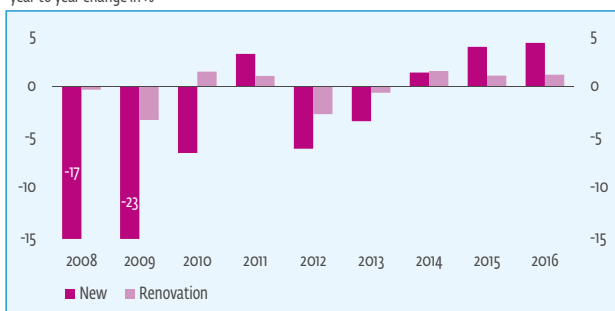
Growth Driven By New Residential Construction 2014 – 2016

Differentiating between renovation and new construction activities in the residential construction sector highlights the importance of new house building in the recovery. New residential construction endured larger contractions in production compared to renovation activities between 2008 and 2013. It will therefore be rebounding from a lower base over the coming years, with growth of 3.9% and 4.3% forecasted for 2015 and 2016 respectively. The construction market for flats, in terms of units completed, recovers more strongly in the period 2014-2016 (+16.4%) compared with 1+2 family dwellings over the same period (+7.1%). The pattern of output from renovation construction has been less volatile and is expected to remain so, with the

renovation market expected to recover by just 2.2% in the 2014-2016 period as against 8.3% for new residential construction.

Residential New and Renovation

year to year change in %



Source: EUROCONSTRUCT (77th Conference)

Renovation Market – less volatile but more modest growth 2014-2016

Renovations, which account for approximately 60% of total residential construction activity in Euroconstruct countries, are also expected to contribute to the recovery but at lower growth rates in the region of 1% in 2015 and 2016.

The volume of renovation output has been a consistent factor in the residential construction sector since 2010. Whereas new residential construction fell by up to 6% per annum, renovations have been a more reliable and steady form of construction activity.

For 2014, forecasts for the renovation and maintenance market have been revised upwards since the Euroconstruct winter conference as an expansion in activity is expected in all but three countries. The market will be assisted to varying degrees by governmental policies across the Euroconstruct group. EU funding along with supportive measures such as government subsidies, tax breaks and incentives – partly prompted by ageing housing stocks and requirements to meet energy efficiency standards – have been introduced to stimulate activity. However, as with other areas, overall government support has declined in the recessionary years with spending policies tightening. This will have reduced the available stimuli for the renovation sector but may rebound as economies stabilise across the Euroconstruct area.

In combination, both new construction and renovation works will support a modest recovery in the residential construction market in Europe. For some countries, such as the United Kingdom, growth is already occurring, while more time will be required before a recovery is experienced in other Euroconstruct countries. This differential is due to both demand and supply side factors which have mixed consequences for domestic construction markets.

4. The role of demand side factors

Interest rates

Credit conditions and interest rates are elements which are having considerable impacts on housing markets across Europe. For Eurozone countries in the Euroconstruct network, the existence of historically low interest rates is a stimulant for demand as mortgages remain affordable for households. This would place upward pressure on house prices in normal circumstances, but tight credit conditions are an ongoing issue. Stricter capital regulations, sluggish loan growth, high mortgage default rates and elevated household debt remain a burden on the recovery as financial institutions remain reluctant to significantly broaden lending. However, a number of countries have reported that cash buyers are entering the market, thus increasing demand without reliance on credit-constrained financial institutions.

Outside of the Eurozone long-term interest rates remain low in most countries. Hungary and Poland are the exception to this trend, as long-term rates are expected to remain above 4.5% in those countries in the coming years, thus reducing the affordability of loans for both households and developers.

Average Long Term Interest Rates

% p.a.

	2010	2011	2012	2013	2014E	2015F	2016F
Eurozone	3.9	5.1	4.3	3.2	3.0	3.2	3.4
Non-Eurozone	4.0	3.8	2.9	2.8	3.1	3.3	3.6
Euroconstruct (EC-19)	3.9	4.5	3.7	3.0	3.0	3.2	3.5

Source: Euroconstruct, June 2014

Of particular interest is the gradual upward trend in average long-term interest rates predicted for both Eurozone and non-Eurozone countries in 2015 and 2016. Such increases could act as a drag on demand for construction and renovation works as borrowing becomes more costly, while house prices could be exposed to less upward pressure.

Government policy

Government intervention on the demand side of residential construction markets is also expected to be highly significant in the coming years. VAT, property and income taxes have direct effects on the spending power of buyers as increased taxes reduce incomes and raise property prices. A trend towards higher taxation rates is evident across many countries as governments implement more austere budgetary plans, and this may act to reduce demand for housing. Additional measures such as maximum Loan-To-Value (LTV) ratios will also act to dampen purchasing power. Policies designed



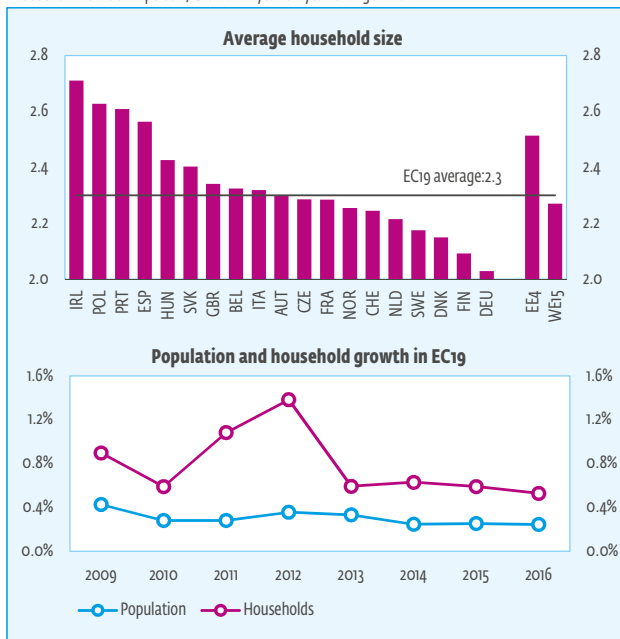
to stimulate demand and assist buyers have been introduced, however. Tax deductions and subsidies for renovations and energy improvements are common in Euroconstruct countries – both of which will assist the R&M sector – while government assistance for borrowers to access affordable loans is also a factor. Such measures will contribute towards recovery, but are largely outweighed by the aforementioned austere policies in some countries which will hinder growth.

Demographic factors

Demographic features of the populations of the Euroconstruct countries are expected to have further implications for housing markets in the coming years. Immigration and natural increases in the populations of countries such as Switzerland, Sweden and Norway are expected to put pressure on both the supply and prices of residential property. Growth rates in population will be modest, on average across, Euroconstruct countries, but a

Demographic indicators

Household number in person, Growth in year on year change in %



Source: EUROCONSTRUCT (77th conference)

trend towards increased numbers of households will create additional implications. This trend, which has arisen from changes in the average household size (along with growth in the overall population) is evident in most Euroconstruct countries.

While the average household size is 2.30 persons per household in the Euroconstruct area, it ranges from 2.71 persons in Ireland to 2.03 persons in Germany. This suggests there is significant scope to reduce the average further which would encourage more residential construction.

For the total period of 2010 to 2016 the growth rate of households is expected to average 4.9% in Euroconstruct countries. This will ultimately increase demand in the countries which experience the greatest household growth. Conversely, emigration and reduced population growth are forecasted to be problematic for other large countries. Spain is a prime example as oversupply has resulted in over 4 million housing units lying vacant in 2014, and this will not be relieved by a rapidly declining population.

Unemployment Rates

Employment is an additional demand-side feature which is expected to impact upon the housing market in the coming years. Unemployment is particularly problematic for peripheral European economies, and will have consequences for residential housing markets as demand and the ability to repay mortgages may be impacted by reduced employment and income levels. The Table below illustrates the elevated unemployment rates in selected Euroconstruct countries, all of which are expected to experience rates of joblessness in excess of 10% between 2013 and 2016.

In contrast to such heightened levels of joblessness, improved economic performance is expected to boost incomes, employment and demand for residential properties and maintenance works in Germany, Sweden and particularly Norway, where ‘full employment’ is expected to be maintained through to 2016. These positive outcomes will be more immediate for those economies compared to countries in which joblessness and economic decline continue to create problems.

Unemployment Rates in Select Euroconstruct Countries

					Forecasts		Outlook
	2010	2011	2012	2013	2014	2015	2016
France	8.9	8.8	9.4	9.9	10.0	10.2	10.0
Ireland	13.9	14.6	14.7	13.1	11.5	10.0	9.5
Italy	8.4	8.4	10.7	12.2	12.7	12.4	12.0
Portugal	10.8	12.7	15.7	16.3	15.7	15.0	14.5
Spain	19.9	21.4	24.8	26.1	25.3	24.2	23.3
Hungary	11.2	11.0	10.9	10.2	9.0	8.9	8.6
Poland	9.5	9.8	10.2	10.4	10.2	10.0	9.5
Slovak Rep.	12.5	13.2	13.6	14.2	13.5	12.8	12.0

Source: Euroconstruct, June 2014

5. The role of supply side factors

Turning to the supply side, new housing is forecasted to experience greater proportional recovery compared to renovation activities up to 2016. It is expected that 1.34m new housing units will be built in Euroconstruct countries this year. This represents a trough in the period 2010-2016, as a meaningful recovery is expected to commence from 2015 onwards. The importance of flat construction in this segment will be maintained up to 2016, but larger dwellings will become more prominent over time. In combination, they will contribute to the gradual re-emergence of a new residential construction market which declined by approximately 13% between 2010 and 2013.

House Completions reach a low of 1.34 million in 2013

2013 proved to be a difficult year for new residential construction as housing completions fell in the majority of Euroconstruct countries. The overall rate of decline was 8% across the 19 countries with the most severe contractions occurring in Spain, Portugal and Hungary where completions reduced by in excess of 30% year-on-year. More positive developments occurred in Norway and Central European countries where completions rose at robust rates.

Looking at the trend in completions, the total house completions across the Euroconstruct area reached a low of 1.34 million in 2013 down from 2.61 million at the peak (2007). A modest recovery is projected by 2015 to 1.36 million with the recovery becoming more broad based in 2016 when completions are projected to reach 1.42 million (+4.5% increase in 2015). A difficult economic situation in Portugal with respect to access to credit, reduced disposable incomes and weak housing transactions is expected to see completions continue to decline sharply over the forecast period by 31% per annum in the period 2014-2016.

A breakdown between 1-2 family dwellings and flats shows flats marginally ahead, accounting for more than half (c.53%) of total completions.

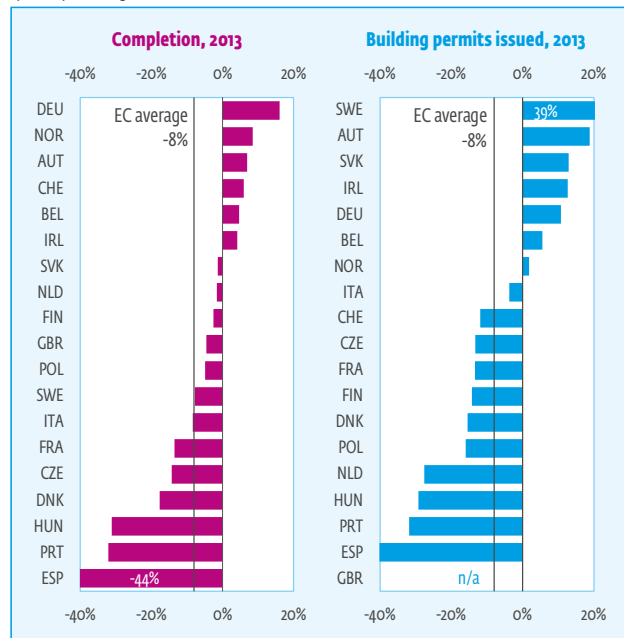
While building permits plummet to 1.28 million in 2013

In the short-term, expectations for new house building growth in 2014 have been revised downwards since the winter 2013 conference as a broad recovery is not yet imminent. The issuance of building permits is a strong indicator of the prospects for construction work in countries over the short- and medium- terms. The year-on-year decline in building permits issued in Euroconstruct countries in 2013 is 8% on average, with most countries, with the exception of Sweden, Austria, Slovak Republic,

Ireland, Germany and Belgium, recording a decline in the number of building permits issued in 2013.

Total permits recover to reach 1.46 million by 2016 with most countries contributing to the recovery in 2015 and 2016.

Changes of Completion and Building permit issued in 2013
year to year change in %



Source: EUROCONSTRUCT (77th Conference)

This steady recovery will be partly driven by housing shortages in a group of smaller countries, where additional supply will be required to address excess demand. Sweden and Switzerland have the most pressing needs in this regard, while specific regions in Denmark, Ireland and Belgium require additional residential construction to temper increased demand and prices. This contrasts markedly with the large economies of Spain, France and Italy where over-supply will be an ongoing issue due to excessive residential construction before the downturn. Such issues will continue to weigh on the housing markets of these countries, where new residential construction is not expected to achieve growth before 2015 and residential vacancies are projected to remain high.

The supply side is also impacted by government policies and taxes. Social housing has traditionally been of great importance in this regard as it provides direct supply to housing markets. Countries such as Ireland, the United Kingdom and the Slovak Republic are subsidising such residential construction, but the opposite is occurring in a number of other countries, thus affecting the housing stock. Further measures such as grants and tax breaks for the construction or upgrade of energy efficient houses are also being used in order to promote construction and meet environmental targets.



Finally, the level of residential production expected in Euroconstruct countries will be closely linked to economic growth. A resurgence in GDP growth is anticipated in specific areas, with particular emphasis on three of the Eastern European countries along with Ireland, the UK and Sweden. Forecasted economic expansions of up to 3.6% in these countries for 2014-2016 will provide confidence to developers to increase supply in expectation of future demand. The Table below illustrates how this return to growth will be accompanied by increased residential construction activity across seven of the Euroconstruct countries.

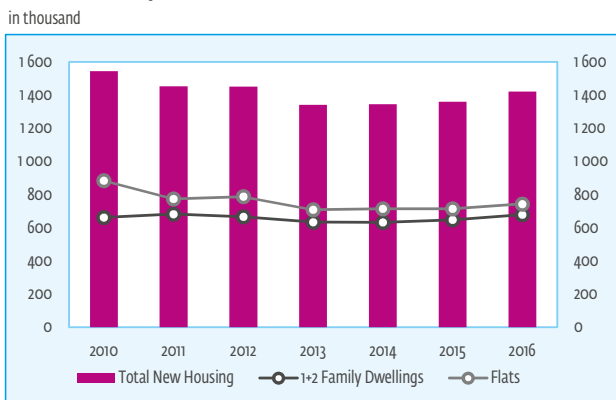
GDP and Total Residential Construction growth
% in real terms, selected EC countries and EC-19 average

		Hungary	Poland	Slovakia	Ireland	UK	Sweden	EC-19 Average
2014F	GDP	+2.3%	+3.3%	+2.4%	+2.4%	+2.8%	+2.6%	+1.8%
	Res. Const.	+4.3%	+3.5%	+2.6%	+15.3%	+6.1%	+7.6%	+1.4%
2015F	GDP	+2.1%	+3.6%	+3.3%	+3.2%	+2.6%	+3.2%	+2.1%
	Res. Const.	+6.9%	+5.2%	+4.4%	+11.5%	+5.8%	+0.2%	+2.1%
2016F	GDP	+2.0%	+3.5%	+3.5%	+3.6%	+2.4%	+3.1%	+2.2%
	Res. Const.	+6.2%	+4.7%	+6.1%	+17.7%	+2.8%	+1.8%	+2.4%

Source: Euroconstruct, June 2014

This upturn in economic performance will provide particular stimuli to the construction of new dwellings as opposed to R&M on the existing housing stock up to 2016.

Total House Completions in Euroconstruct Area



Source: EUROCONSTRUCT (77th Conference)

6. Residential construction outlook to 2016

The overall percentage change in the volume of total residential construction is shown in the next chart for each country in 2014 together with the total percentage change in the period 2014-2016.

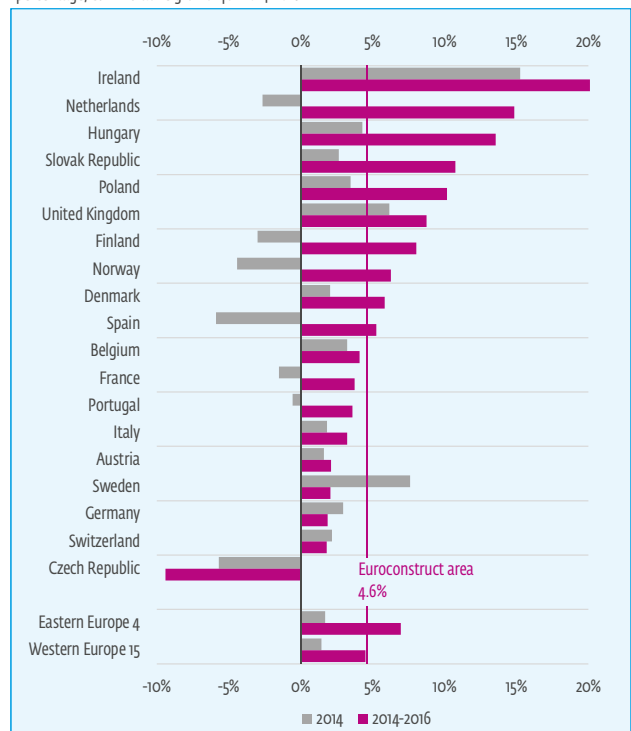
With the exception of Ireland (+31.3%), where a strong recovery in residential construction is projected from a very low base, no country is forecast to grow by more than 15% over the period 2014-2016. The strongest performance over the two year period is expected from the Netherlands (+14.8%), while it is one of four countries where the volume of total residential construction is expected to increase between 10% and 15%.

The volume of residential construction in the next five countries increases by between 5% and 10%. Included in this group is the UK where a generally improving economic outlook and household finances are expected to support growth across the residential construction sector in the medium-term. But also included in this group is Spain (+5.3%), which records its first increase in residential construction in 2015 since the crash in 2007.

The remaining nine countries, with the exception of the Czech Republic, are all expected to record a modest performance, with total residential construction increasing over the two years by between 1.8% (Switzerland) and 4.1% (Belgium). The only country to record a decline in residential construction is

Growth in 2014-2016 on Residential market

percentage, cumulative growth for 2014-2016



Source: EUROCONSTRUCT (77th conference)

the Czech Republic where total output is forecast to decline by 9.4% by 2016 where the macroeconomic situation is not favourable or conducive to residential construction.

7. Key factors of influence

The table below summarises the factors of influence that are expected to drive the residential market until 2015. There are seven main influencing factors which are considered critical for the development of the residential sector. The picture illustrates the diversity of the Euroconstruct housing market. It is clear from the number of positive, neutral and negative factors that some countries are at different stages of their housing cycles than others.

The only country displaying positive or strongly positive effects across all factors is the United Kingdom (UK) where a generally improving economic outlook and household finances are expected to further support growth across the residential construction sector. The UK is also benefitting from a number of government initiatives which are helping potential buyers gain access to mortgage credit.

In Germany the factors of influence are strongly positive with two exceptions (tax incentives and real estate prices) but this reflects favourable economic fundamentals, strong income and employment growth as well as low interest rates. There

are concerns that property prices are overvalued in some cities in Germany due to the easy availability of finance but it is reported to be still more favourable to rent than to buy in Germany while fiscal incentives favour the rental market, all of which are expected to encourage the supply of new housing units.

What is interesting is the large number of countries where 'demographic effects' and 'improving economic prospects' are factors helping to stabilise or recover their housing markets. The notable exceptions are Hungary, Portugal and Spain where the demographics, notably due to net outward migration, are weak in Finland and Spain and are expected to dampen activity in their housing markets up to 2015. Similarly, economic prospects are having a negative impact in the Finnish and Spanish housing markets.

The two factors which are having the most negative influence on the Euroconstruct residential construction market are 'the labour market' and 'financing conditions'. Both are probably not a surprise given the financial crisis which many countries have come through and which has resulted in tight credit conditions. A number of countries also have high mortgage arrears due to the property crash in Ireland and Spain, for example. The impact of the economic crisis on the labour market in a number of countries is negative also, and strongly negative in those countries which suffered most, notably Portugal and Spain with Finland also in this group.



Factors influencing Residential Construction Demand till 2015

Country	Total residential construction: average change per year in % for 2014-2015	Demographic effects	Economic prospects	Tax incentives and subsidies	Real estate prices	Household income	Financing conditions in general	Labour market
Ireland	13.4	+	+	0	-	0	-	0
United Kingdom	6.0	+	+	+	+	+	+	+
Hungary	5.6	-	0	0	+	0	0	-
Poland	4.3	0	+	+	-	-	0	-
Sweden	3.8	+	+	0	0	+	0	+
Slovakia	3.5	+	0	0	0	-	0	-
Belgium	2.7	+	+	0	+	+	-	-
Denmark	2.2	+	+	+	0	+	0	0
Germany	2.2	+	+	0	0	+	+	+
Switzerland	1.7	+	+	0	0	+	-	+
Italy	1.5	+	+	-	-	0	-	-
Austria	1.4	+	+	0	+	-	+	+
Netherlands	1.4	+	+	0	0	0	-	0
Portugal	0.5	-	0	-	0	-	-	-
Finland	-0.1	+	-	+	0	-	0	-
France	-0.2	+	0	-	-	0	0	-
Norway	-1.8	+	+	0	0	+	-	+
Spain	-2.5	-	-	-	-	-	-	-
Czech Republic	-6.1	0	0	-	+	-	0	0

Explanation: ++ strong positive effect, + positive effect, 0 neutral / currently difficult to assess, - negative effect, -- strong negative effect

Source: EUROCONSTRUCT (77th Conference)

The role of 'real estate prices' is interesting with most countries (apart from five in total) reporting that they are expected to have either a neutral or negative impact on the residential construction market up to 2015. In this regard the assumption must be that prices in these countries are not at a sufficient level to encourage residential construction or that demand is being influenced by a series of negative factors which are discouraging potential buyers from transacting in the market. The expectation would be that rising house prices should encourage new residential construction, all others things being equal.

Once again, in terms of the left hand column showing the average percentage change in total residential construction over the two years 2014 and 2015,

the diversity across the Euroconstruct countries is apparent. Three countries, Ireland (from a very low base), the UK and Hungary are expected to increase by over 5% per annum on average in this period, although the factors of influence in the case of Hungary do not appear to be playing a significant role, with the exception of 'real estate prices'. At the other end of the spectrum, in the countries where recovery appears to be stall some way off, there are five countries where the annual average rate of change in 2015 and 2016 is between -6% and 0%.

There are a number of additional factors which the Euroconstruct members have noted also influencing the performance of their residential construction sectors in 2015 and 2016 and these are set out in the next Table.

Additional Factors influencing Residential Construction in Selected Counties

Ireland	UK	Sweden	Denmark	Germany	Netherlands	Finland	Spain
Shortage of supply	Social housing providers accessing more and more private financing	Housing shortage in general	Domestic migration towards larger city areas is a factor in new housing demand	Housing shortage in several regions	Delayed demand	Economic stimulus packages (R&M stimulus)	Large amounts of housing stock remain to be sold or rented
Rising rents	Household formation exceeds levels of net additions to housing stock	Vacancy in general	Interest rates and their influence on real estate prices are major uncertain factor	Stronger energy regulation as of 2016 for new builds will cause some pull-forwards effects	Temporarily lower VAT rate on renovation	Social housing (will be added somewhat)	No more construction of social housing in the next years
Rising house prices	Energy saving measures taken up should increase	Condition of building stock in general	Uncertainty around the lifetime of public support schemes	Building land shortage and also rising cost of land in several agglomeration areas	Energy savings agreement	Housing shortage (important in metropolitan area)	
Positive stimulus package	Special major projects (Ebbsfleet ,garden city')	Domestic migration in general	Growth in social housing is curtailed by weak financial situation of local government	Cost-intensive energy regulation	Social housing	Domestic migration	
New construction strategy May 2014 with some assistance for first time buyers	Inflation fears could end up with a house price bubble	Legal conditions	Still some vacancy of unsold new housing in a few areas, but amount is decreasing	Already many buildings at least partly energetically refurbished		Energy saving measures	
Social housing crisis		Construction costs	Energy savings regulations become stricter			Low interest rates and low consumer confidence	

8. Residential construction: country by country analysis

The housing market in **Austria** has been the driving force behind a strengthening economy, and is expected to grow further through to 2016. Increasing household numbers, improved macroeconomic conditions, declining financing costs and a stimulus programme for housing have combined to drive demand and house prices upwards. Elevated investment levels from both public and private sources have fuelled increased demand for building permits in 2013. An increase in interest rates is anticipated, however, and this may act to dampen demand. The renovation and maintenance market is expected to grow at a more modest rate, and is supported by federal and national ('Renovation Cheque') support schemes.

Belgium's residential market is characterised by high prices for building plots, houses and apartments as little decline has occurred in the market since 2008 in the face of housing shortages. Prices may be up to 50% overvalued at present as households are not hesitating to invest, though credit conditions may tighten further in the coming years resulting in price stabilisation. The numbers of building permits issued highlights a clear division between Flanders and Wallonia, as growth in residential production is anticipated in the former but not the latter. Rising incomes are forecasted to drive demand over the coming years, despite uncertainty over the potential reform of tax benefits for dwellings covered by a mortgage. Belgian house prices are currently among the least affordable in the Eurozone relative to incomes, and this is partly due to supportive government tax policies. Renovations, which declined in 2013, are expected to enter growth in 2014 due to the increased maintenance needs of a larger housing stock and higher quality energy standard requirements.

Despite a brief resurgence in construction in 2011, the residential market in **Denmark** declined in both 2012 and 2013, but growth is forecast in 2014. Turnover in the market is currently low, and some houses may still be overvalued, particularly in larger cities where housing is becoming scarcer and more expensive. The expected growth of the market is due to low interest rates and taxes, but some increases in the latter are anticipated. New house building will remain low, but is supported by subsidies for the construction of rental accommodation for disadvantaged individuals. Growth in renovations is forecast to continue in 2014, as homeowners upgrade houses and avail of a general government support scheme due to conclude at year end. Total growth in residential construction is forecast to be in the region of 2.0% for 2014 with an acceleration in 2015 (+2.4%) and 2016 (+3.3%).

Total residential construction in **Finland** fell by 2.6% in 2013, and this decline is expected to accelerate to c.3% in 2014 as poor economic conditions reduce the demand for houses. High household debt is a major contributory cause, but factors such as new household formation and internal migration have somewhat tempered the decline. Housing starts are expected to fall further in 2014 – despite relatively high flat commencement rates – but are expected to increase again in 2015 with modest support from government measures to stimulate production. Renovation markets – which account for a large proportion (6%) of GDP compared to European averages – are more stable and will be supported by increased subsidies and tax deductions in 2014, though energy grants will be reduced.

The housing market in **France** continued to decline in 2013, with new starts falling 5.2% year-on-year as construction of single family dwellings contracted significantly. Developers have adapted to this decline by stalling new projects; this will contribute to continued reductions in production in 2014. The 'Duflot' scheme launched by the government to promote investment in rental properties has so far failed to make a meaningful impact. Maintenance activities declined for a second consecutive year in 2013 as households' disposable incomes tightened. This will not be aided by rental controls which penalise investment by buy-to-let property owners, and increased VAT rates of 10% (formerly 7%) for companies conducting renovations on properties. Positive developments may arise from a proposed 5.5% VAT rate on energy improvement measures, along with continued investment in the social rental sector. Elevated unemployment and high household debt will impact on recovery, meaning growth will not occur in residential construction activity until the second half of 2014.

The residential construction market in **Germany** has experienced continuous growth since mid-2009, with multi-family buildings providing the main stimulus. This expansion has reduced vacancy rates and is driven by strong economic performance (resulting in low unemployment, and higher wages), low interest rates, and growth in both population and household numbers. Rental caps and high energy requirements may generate some issues, but residential construction is expected to grow to meet housing shortages in certain regions. Renovations account for three quarters of construction conducted in Germany at present and will be supported by state energy subsidies and tax deductions for manual trade services. Total residential construction is expected to increase by 2.9% in 2014 with a moderation in 2015 (+1.5%) and again in 2016 (+0.4%).

The residential market in **Ireland** is currently operating on three tiers as the Dublin region is suffering



from housing shortages (feeding price increases) but the rest of the country is either bottoming out or still in decline. Elevated mortgage arrears and low transaction quantities are stalling a solid recovery, but cash buyers are supporting the market. A crisis is occurring in social housing due to increases in private rents and a shortage of social accommodation, but initiatives have been announced by the government to tackle this pressing issue. Renovations are expected to recover in 2014, with assistance from the state's 'Home Renovation Tax Incentive Scheme' and 'Living City Initiative' providing marked stimuli. Significant growth is forecasted for both new residential construction and renovations in 2014, but this is from a massively reduced base as residential production output declined by an average of 20% per annum between 2009 and 2013.

New house building in **Italy** remains in decline, but renovations have staged a recovery which is expected to continue, supported by fiscal incentives. The housing stock is ageing (64% were built before 1971) so maintenance and renovations will be sustained, particularly in light of greater energy and safety requirements for all properties. 2014 will be a year of transition in overall construction, primarily driven by the renovation sector. High unemployment (particularly amongst youths), reduced population growth and a large unsold housing stock (estimated at 350,000 dwellings) will act as a drag on a widespread recovery. Both public and private investment in the National Housing Plan, along with EU funding for the upgrade of properties in ageing city areas, will provide a stimulus for the sector in the coming years.

The owner-occupied housing market in **The Netherlands** experienced a recovery in the second half of 2013 and is expected to continue in 2014 as house prices remain affordable. Banks and regulatory bodies have tightened requirements for the rental market after instances of financial mismanagement were discovered. Investments in social housing have hence contracted strongly, while household debt remains the highest in the Eurozone area at 127% of GDP. Permits for new construction declined in 2012 and 2013, but are expected to rebound in 2014 in response to delayed demand for housing as household formation outstrips residential construction. New residential construction is forecasted to decline by 9% in 2014, before this augmented supply kicks in. Temporary reduced VAT rates on energy saving modernisations to properties should help a currently depressed renovation market, prompting a 1.9% increase in R&M production in 2014.

In **Norway**, housing starts will fall in 2014 before staging a recovery from 2015 onwards as the availability of low interest credit, high population growth and positive labour market developments

stimulate demand. Downside risks exist in the lack of adequate building sites in cities, oversupply in peripheral regions and the overall vulnerability of the Norwegian economy to fluctuations in oil prices. Maximum LTV ratios of 85% will also act to calm demand, but rising welfare payments and more single-occupant households may reverse this. Renovations were stimulated by repair works after flooding in 2012 and are forecast to grow at a moderate rate of 1.5% in 2014 after a stable year in 2013.

Residential production in **Portugal** fell by 11% in 2013, with new construction works declining by 25%. Increased loan arrears, poor lending growth, high unemployment and restricted incomes have dampened demand across the board and contributed to sharply reduced house prices. The government has further impeded domestic demand with sharp spending cuts and increased taxation. Both new building permits and completions were down 32% year-on-year in 2013, and growth in total residential construction activity is not expected before 2015. However, an expansion in the renovation and maintenance market is anticipated as the rental segment is in expansion and home owners in the main cities of Lisbon and Oporto are looking to upgrade their dwellings.

Spain's housing market is in a continued paralysis as excess supply is compounded by minimal demand, low prices and tight credit conditions. The only relief is being provided by wholesale buyers (many of whom are foreign-based), with the most attractive assets being sold off quickly. Neither employment nor incomes have recovered significantly as of yet, and mortgage lending has not expanded, so cash buyers now constitute 39% of transactions. Uncertainty remains over how the imminent tax reform will impact upon housing. A withdrawal of public sector stimuli in the form of income tax deductions and subsidies for social housing will further impact the market, while population decline is contributing to a supply-demand mismatch. New housing production is not expected to increase before 2016, with a longer recovery forecasted for a renovation sector which is underwhelmed by the government's ineffective and underfunded 'Plan to Foster Rental, Renovations and Urban Renewal'.

Housing construction in **Sweden** grew by 40% year-on-year in 2013 as volatility and unpredictability continued in the market. Multi-family housing has expanded to the greatest degree driven by low interest rates and positive developments in households' incomes. However, a 30% tax deduction on mortgages will be reduced and an 85% LTV limit has been introduced, while it remains cheaper to purchase a second hand house than build a new one, all of which will hamper the sector. Apartment shortages have been recorded in 230 of 287 municipalities, with

overall housing scarcity also being an issue which could inflate a house price bubble. The government has stimulated the market via tax cuts (property tax reduced from 0.4% to 0.3%) and slimmed down building regulations. The 'Attefallhuset' scheme will promote further construction as owners of 1+2 bed dwellings will be encouraged to build another house on their land. Renovations have huge untapped potential in an ageing housing stock, with activity on energy efficiency remaining below optimum levels. The government has assisted by implementing 50% tax deductions on labour costs, but the inability of landlords to increase rent for house improvements is a hindrance.

In **Switzerland**, elevated activity levels in the residential construction sector will be maintained by a sizeable housing order backlog. Large net immigration (+80,000 in 2013) and low interest rates will drive apartment construction numbers up to levels not seen since the 1980s. House prices have continuously grown for 15 years in a row, with particular upward pressure in the urban areas of Geneva, Zurich and Basle. Order backlogs will be eroded in the coming years as building permits have declined, stricter capital requirements have been imposed and second home regulations will be tightened. The renovations sector has a promising outlook in 2014 largely due to the relaxation of a unanimity principle for works on apartment complexes which will make alteration activity far easier.

Residential construction output in the **United Kingdom** grew by 4% in 2013, but remains below its 2004 peak. Public housing increased production by almost 8% in 2013, and contributed to total housing starts which were up 19% year-on-year. New housing will fuel growth in the residential construction sector up to 2015, with more moderate growth occurring in the renovation market as the government's 'Green Deal' for energy efficiency has disappointed the market. A continued upward trend in loan approvals (helped by the state's 'Funding For Lending' programme) coupled with the extension of the government's 'Help to Buy' equity loan scheme up to 2020 is forecast to foster demand. A generally improving economic outlook and household finances will further support growth across the residential construction sector, with London experiencing the greatest expansions.

The housing market in the **Czech Republic** is still in a slowdown phase, despite low interest rates and depressed house prices. Overall economic uncertainty, high unemployment and reduced household incomes (due to tax increases) weigh heavily on the market while an increase in the lower VAT rate from 10% to 14% has made construction more costly. New housing starts have dropped dramatically since 2008, but flats – as the hardest hit

segment—recorded growth of 7.7% in 2013. Housing completions are expected to continue to decline in 2014, and the same applies for renovation work. Total residential construction work is expected to fall by 5.7% in 2014.

Hungary's housing market continued on a downward trend in 2013 as demand fell on foot of high VAT rates and sluggish lending growth. The foreign currency denominated debt burden of households has created difficulties in the market, with total property transactions declining 39% between 2008 and 2013. Second-hand dwellings constitute the vast majority of transactions, and hence create demand for renovation works. Modernisation and maintenance are expected to remain stable in 2014, but may benefit from both domestic and EU regulations in terms of housing stock that must be upgraded for energy efficiency purposes. New residential construction is forecasted to expand by 12% in the year, albeit from a significantly reduced base level compared to 2008.

Poland's housing market has displayed renewed growth in 2014, with both permits and new construction starts increasing year on year as an improving economic outlook, low interest rates and growing cash buyer numbers drive demand. A stabilisation in house prices is anticipated, with the government's 'Home for the Young' lending initiative and broader loan growth in the economy increasing demand. The removal of a lower VAT rate on building materials will heighten building costs over the coming years, but a significant recovery in total residential construction is expected to take hold in 2015 (+5.2%) and 2016 (+4.7%).

The volume of housing construction in **Slovakia** achieved growth of 2.0% year-on-year in 2013, as repairs and maintenance (+32.2% year-on-year) surged due to high demand for thermal insulation and the reconstruction of residential buildings. Modernisation and reconstruction fell by 8.9% year-on-year, while new building permits also declined slightly, but the recovery in house building is forecasted to strengthen in 2015 and 2016. The housing market is characterised by strong activity in specific regions such as Bratislava, but stagnation in the housing market is suppressing opportunities for 25-39 year olds to purchase new houses and flats. There is a need for new house building and modernisation of the existing housing stock, but activity is being hampered by relatively high unemployment, fewer income opportunities and insufficient support from the government budget and the State Housing Development Fund. New housing construction is expected to grow in 2014, and demand will be assisted by a decline in mortgage interest rates, but relatively high prices on new dwellings may act as a drag.



BUILDING PERMITS: 1+2 FAMILY DWELLINGS					(in 000s)		
Country/Year					Forecasts		Outlook
	2010	2011	2012	2013	2014	2015	2016
Austria	15.6	16.3	14.8	14.7			
Belgium	24.0	20.7	21.6	21.0			
Denmark	10.1	9.0	7.0	6.0			
Finland	12.2	11.7	10.1	7.9			
France	229.3	239.6	216.3	190.0			
Germany	94.7	111.3	106.7	109.8			
Ireland	11.6	9.1	5.4	6.0			
Italy	31.5	33.1	33.3	33.2			
Netherlands	43.5	38.7	23.3	20.0			
Norway	10.2	11.4	11.5	11.8			
Portugal	14.3	11.6	8.2	5.4			
Spain	28.9	26.0	18.2	14.3			
Sweden	12.2	10.2	8.0	8.7			
Switzerland	10.1	11.0	11.6	9.7			
United Kingdom							
Western Europe (EC-14)	548.3	559.7	496.1	458.4			
Czech Republic	25.6	27.3	22.9	18.3			
Hungary	7.8	5.8	5.0	4.2			
Poland	98.9	96.4	88.1	78.1			
Slovak Republic	8.9	8.7	8.5	8.3			
Eastern Europe (EC-4)	141.2	138.2	124.5	108.9			
Euroconstruct Countries (EC-18)	689.5	697.9	620.6	567.3			

Source: EUROCONSTRUCT, June 2014

BUILDING PERMITS: FLATS					(in 000s)		
Country/Year					Forecasts		Outlook
	2010	2011	2012	2013	2014	2015	2016
Austria	22.3	29.3	25.0	31.3			
Belgium	25.7	23.4	24.8	28.0			
Denmark	7.6	8.4	6.0	5.0			
Finland	21.6	22.8	21.6	19.3			
France	203.4	268.1	260.5	223.0			
Germany	69.9	88.8	105.9	125.7			
Ireland	6.9	2.5	1.0	1.2			
Italy	97.6	91.2	82.4	78.2			
Netherlands	17.5	18.1	15.5	8.1			
Norway	12.6	18.8	19.3	19.7			
Portugal	10.5	5.5	2.9	2.2			
Spain	62.6	49.9	39.3	16.9			
Sweden	17.8	20.6	18.7	28.3			
Switzerland	39.7	45.4	53.6	47.8			
United Kingdom							
Western Europe (EC-14)	615.7	692.9	676.6	634.6			
Czech Republic	13.6	12.4	11.1	11.2			
Hungary	9.6	6.7	5.6	3.3			
Poland	76.0	87.7	77.0	60.7			
Slovak Republic	5.6	2.9	3.1	4.8			
Eastern Europe (EC-4)	104.8	109.7	96.8	80.0			
Euroconstruct Countries (EC-18)	720.5	802.6	773.4	714.6			

Source: EUROCONSTRUCT, June 2014

BUILDING PERMITS: TOTAL					(in o0os)		
Country/Year					Forecasts		Outlook
	2010	2011	2012	2013	2014	2015	2016
Austria	37.9	45.7	39.8	46.0			
Belgium	49.7	44.1	46.4	49.0			
Denmark	17.7	17.4	13.0	11.0			
Finland	33.8	34.5	31.7	27.2			
France	432.7	507.7	476.8	413.0			
Germany	164.6	200.1	212.6	235.5			
Ireland	18.5	11.6	6.4	7.2			
Italy	129.1	124.3	115.8	111.4			
Netherlands	61.0	56.8	38.8	28.1			
Norway	22.9	30.2	30.9	31.4			
Portugal	24.8	17.1	11.1	7.6			
Spain	91.5	75.9	57.5	31.2			
Sweden	30.1	30.8	26.7	37.0			
Switzerland	49.8	56.4	65.2	57.5			
United Kingdom	0.0	0.0	0.0	0.0			
Western Europe (EC-14)	1 164.1	1 252.7	1 172.6	1 093.1			
Czech Republic	39.2	39.7	34.0	29.5			
Hungary	17.4	12.5	10.6	7.5			
Poland	174.9	184.1	165.1	138.8			
Slovak Republic	14.5	11.6	11.6	13.1			
Eastern Europe (EC-4)	246.0	247.9	221.3	188.9			
Euroconstruct Countries (EC-18)	1 410.1	1 500.6	1 393.9	1 282.0			

Source: EUROCONSTRUCT, June 2014



HOUSING STARTS: 1+2 FAMILY DWELLINGS					(in o0os)		
Country/Year					Forecasts		Outlook
	2010	2011	2012	2013	2014	2015	2016
Austria	14.0	15.1	14.8	14.0			
Belgium	22.9	19.1	21.2	20.0			
Denmark	9.2	8.7	7.5	5.5			
Finland	12.1	11.0	9.2	8.0			
France	174.6	194.0	165.0	151.0			
Germany							
Ireland	7.0	4.4	3.9	4.4			
Italy	32.4	32.4	32.8	33.5			
Netherlands							
Norway	9.7	10.6	11.1	11.2			
Portugal							
Spain	24.6	19.9	14.5	11.3			
Sweden	10.8	10.1	7.0	7.7			
Switzerland	9.4	9.2	8.7	8.4			
United Kingdom	71.9	86.4	77.6	95.1			
Western Europe (EC-12)	398.6	421.0	373.4	370.2			
Czech Republic	18.4	18.9	16.0	13.7			
Hungary							
Poland	86.5	90.5	79.7	72.7			
Slovak Republic	9.6	9.4	9.1	9.2			
Eastern Europe (EC-3)	114.5	118.8	104.8	95.6			
Euroconstruct Countries (EC-15)	513.1	539.8	478.2	465.8			

Source: EUROCONSTRUCT, June 2014

HOUSING STARTS: FLATS					(in oos)		
Country/Year					Forecasts		Outlook
	2010	2011	2012	2013	2014	2015	2016
Austria	21.7	24.6	25.8	26.7			
Belgium	24.9	21.0	24.1	24.8			
Denmark	6.4	8.0	6.0	3.5			
Finland	21.7	20.5	20.0	19.7			
France	158.3	206.0	170.0	168.0			
Germany							
Ireland	1.4	1.2	1.2	0.8			
Italy	100.4	89.4	81.3	79.0			
Netherlands							
Norway	11.5	17.1	19.1	19.2			
Portugal							
Spain	67.0	58.3	29.6	22.6			
Sweden	17.8	18.3	16.0	23.7			
Switzerland	36.5	37.3	39.3	40.6			
United Kingdom	58.6	45.5	41.1	45.7			
Western Europe (EC-12)	526.3	547.3	473.5	474.3			
Czech Republic	9.8	8.6	7.8	8.4			
Hungary							
Poland	71.6	71.7	62.1	54.7			
Slovak Republic	6.6	3.3	4.0	5.5			
Eastern Europe (EC-3)	88.0	83.6	73.9	68.6			
Euroconstruct Countries (EC-15)	614.3	630.9	547.4	542.9			

Source: EUROCONSTRUCT, June 2014

HOUSING STARTS: TOTAL					(in oos)		
Country/Year					Forecasts		Outlook
	2010	2011	2012	2013	2014	2015	2016
Austria	35.7	39.7	40.6	40.8			
Belgium	47.8	40.1	45.3	44.8			
Denmark	15.6	16.7	13.5	9.0			
Finland	33.8	31.5	29.2	27.7			
France	332.9	400.0	335.0	319.0			
Germany	0.0	0.0	0.0	0.0			
Ireland	8.5	5.6	5.1	5.2			
Italy	132.8	121.8	114.2	112.5			
Netherlands	0.0	0.0	0.0	0.0			
Norway	21.1	27.7	30.2	30.5			
Portugal	0.0	0.0	0.0	0.0			
Spain	91.7	78.3	44.2	33.9			
Sweden	28.6	28.5	23.0	31.5			
Switzerland	45.9	46.5	48.0	49.0			
United Kingdom	130.5	131.9	118.7	140.8			
Western Europe (EC-12)	924.9	968.3	846.9	844.6			
Czech Republic	28.2	27.5	23.8	22.1			
Hungary	18.0	7.5	8.0	7.5			
Poland	158.1	162.2	141.8	127.4			
Slovak Republic	16.2	12.7	13.1	14.7			
Eastern Europe (EC-4)	220.5	209.9	186.7	171.7			
Euroconstruct Countries (EC-16)	1 145.4	1 178.2	1 033.6	1 016.3			

Source: EUROCONSTRUCT, June 2014

HOUSING COMPLETIONS: 1+2 FAMILY DWELLINGS					(in oos)		
Country/Year					Forecasts		Outlook
	2010	2011	2012	2013	2014	2015	2016
Austria	14.7	15.1	15.6	15.2			
Belgium	21.0	22.3	20.1	20.6			
Denmark	7.2	8.2	8.5	7.0			
Finland	10.5	11.3	10.0	10.1			
France	170.0	182.0	170.0	155.0			
Germany	85.4	97.0	100.3	105.0			
Ireland	8.6	5.2	4.0	4.3			
Italy	36.5	32.1	32.4	32.4			
Netherlands	30.3	33.6	34.5	33.0			
Norway	8.5	9.3	10.0	10.2			
Portugal	16.6	14.5	14.0	9.8			
Spain	48.0	34.0	25.0	15.0			
Sweden	11.0	11.8	7.7	7.9			
Switzerland	9.4	9.3	9.0	8.4			
United Kingdom	71.7	87.1	87.9	87.1			
Western Europe (EC-15)	549.4	572.9	549.1	521.0			
Czech Republic	21.2	18.6	18.6	16.4			
Hungary	9.7	7.5	6.7	3.8			
Poland	70.4	73.1	81.1	81.3			
Slovak Republic	9.1	8.8	9.5	10.2			
Eastern Europe (EC-4)	110.4	108.0	115.9	111.7			
Euroconstruct Countries (EC-19)	659.8	680.9	665.0	632.7			

Source: EUROCONSTRUCT, June 2014



HOUSING COMPLETIONS: FLATS					(in oos)		
Country/Year					Forecasts		Outlook
	2010	2011	2012	2013	2014	2015	2016
Austria	22.6	22.6	25.1	25.6			
Belgium	23.0	24.2	22.3	23.8			
Denmark	4.7	4.3	8.5	7.0			
Finland	15.4	20.4	21.4	20.5			
France	146.0	154.0	200.0	165.0			
Germany	54.7	64.2	76.3	100.0			
Ireland	2.1	1.3	1.0	0.9			
Italy	164.6	126.7	101.5	90.3			
Netherlands	25.7	24.1	17.5	18.2			
Norway	9.3	10.7	16.2	18.3			
Portugal	21.4	15.0	13.7	9.0			
Spain	192.9	123.4	90.0	49.6			
Sweden	10.5	19.0	19.5	17.2			
Switzerland	34.2	37.3	36.1	39.4			
United Kingdom	57.8	47.1	47.9	42.6			
Western Europe (EC-15)	784.9	694.4	697.1	627.5			
Czech Republic	15.3	10.0	10.8	8.8			
Hungary	11.1	5.2	3.9	3.5			
Poland	65.4	58.0	71.8	64.1			
Slovak Republic	7.9	5.8	5.8	4.9			
Eastern Europe (EC-4)	99.7	79.0	92.3	81.3			
Euroconstruct Countries (EC-19)	884.6	773.4	789.4	708.8			

Source: EUROCONSTRUCT, June 2014

HOUSING COMPLETIONS: TOTAL					(in oos)		
Country/Year					Forecasts		Outlook
	2010	2011	2012	2013	2014	2015	2016
Austria	37.3	37.6	40.7	40.8			
Belgium	44.0	46.5	42.4	44.4			
Denmark	11.9	12.5	17.0	14.0			
Finland	25.9	31.7	31.4	30.6			
France	316.0	336.0	370.0	320.0			
Germany	140.1	161.2	176.6	205.0			
Ireland	10.7	6.5	5.0	5.2			
Italy	201.1	158.8	133.9	122.7			
Netherlands	56.0	57.7	52.0	51.2			
Norway	17.8	20.0	26.3	28.5			
Portugal	38.0	29.5	27.7	18.8			
Spain	240.9	157.4	115.0	64.6			
Sweden	21.4	30.8	27.2	25.1			
Switzerland	43.6	46.6	45.2	47.9			
United Kingdom	129.5	134.2	135.8	129.7			
Western Europe (EC-15)	1 334.3	1 267.2	1 246.1	1 148.5			
Czech Republic	36.5	28.6	29.4	25.2			
Hungary	20.8	12.7	10.6	7.3			
Poland	135.8	131.1	152.9	145.4			
Slovak Republic	17.0	14.6	15.3	15.1			
Eastern Europe (EC-4)	210.1	187.0	208.2	193.0			
Euroconstruct Countries (EC-19)	1 544.4	1 454.2	1 454.3	1 341.5			

Source: EUROCONSTRUCT, June 2014

HOUSING STOCK: TOTAL					(in oos)		
Country/Year					Forecasts		Outlook
	2010	2011	2012	2013	2014	2015	2016
Austria	4 067	4 088	4 113	4 138			
Belgium	5 073	5 110	5 153	5 195			
Denmark	2 970	2 980	2 990	3 000			
Finland	2 807	2 835	2 866	2 895			
France	32 520	32 811	33 102	33 394			
Germany	37 820	37 970	38 140	38 330			
Ireland	1 948	1 995	1 996	1 994			
Italy	29 857	30 046	30 215	30 372			
Netherlands	7 218	7 266	7 315	7 360			
Norway	2 806	2 834	2 863	2 892			
Portugal	5 828	5 858	5 883	5 898			
Spain	25 106	25 249	25 382	25 500			
Sweden	5 062	5 079	5 100	5 118			
Switzerland	4 044	4 128	4 201	4 250			
United Kingdom	27 448	27 614	27 767	27 892			
Western Europe (EC-15)	194 574	195 863	197 085	198 228			
Czech Republic	4 331	4 359	4 389	4 414			
Hungary	4 370	4 390	4 394	4 402			
Poland	13 540	13 665	13 810	13 940			
Slovak Republic	2 019	2 005	2 019	2 033			
Eastern Europe (EC-4)	24 260	24 419	24 612	24 789			
Euroconstruct Countries (EC-19)	218 833	220 283	221 697	223 017			

Source: EUROCONSTRUCT, June 2014

HOUSING STOCK: SECOND HOMES (in 000s)							
Country/Year					Forecasts		Outlook
	2010	2011	2012	2013	2014	2015	2016
Austria	233	234	236	237			
Belgium	124	125	126	127			
Denmark	220	220	220	220			
Finland	224	226	228	230			
France	3 109	3 124	3 139	3 154			
Germany	3 350	3 370	3 380	3 390			
Ireland		335	300				
Italy	5 561	5 591	5 586	5 580			
Netherlands							
Norway	429	438	443	446			
Portugal	1 135	1 133	1 122	1 111			
Spain	3 660	3 682	3 700	3 710			
Sweden	554	555	556	557			
Switzerland	502	513	585	595			
United Kingdom							
Western Europe (EC-12)	19 138	19 248	19 320	19 357			
Czech Republic		167					
Hungary							
Poland	255	280	295	305			
Slovak Republic	58	57	60	61			
Eastern Europe (EC-2)	313	337	355	366			
Euroconstruct Countries (EC-14)	19 451	19 585	19 675	19 723			

Source: EUROCONSTRUCT, June 2014

Aggregate figures through chain-linking with 2013



HOUSING STOCK: VACANCIES (in 000s)							
Country/Year					Forecasts		Outlook
	2010	2011	2012	2013	2014	2015	2016
Austria	203	204	206	207			
Belgium	264	258	267	269			
Denmark	190	190	190	190			
Finland	30	30	30	30			
France	2 304	2 330	2 356	2 381			
Germany	1 490	1 440	1 370	1 330			
Ireland		230					
Italy	1 135	1 133	1 131	1 129			
Netherlands							
Norway	215	215	215	215			
Portugal	728	735	742	750			
Spain	4 385	4 350	4 320	4 290			
Sweden	30	27	25	23			
Switzerland	37	38	39	38			
United Kingdom	737	719	704	635			
Western Europe (EC-13)	11 748	11 669	11 595	11 487			
Czech Republic		465					
Hungary							
Poland	860	890	900	905			
Slovak Republic	201	205	205	203			
Eastern Europe (EC-2)	1 061	1 095	1 105	1 108			
Euroconstruct Countries (EC-15)	12 809	12 764	12 700	12 595			

Source: EUROCONSTRUCT, June 2014

Aggregate figures through chain-linking with 2013

SHARE OF FAMILY DWELLINGS								(in %)
Country/Year					Forecasts		Outlook	
	2010	2011	2012	2013	2014	2015	2016	
Austria	48.1	48.5	48.5	48.5				
Belgium	71.5	71.4	71.2	70.9				
Denmark	58.0	58.0	58.0	58.0				
Finland	40.5	40.4	40.3	40.3				
France	55.9	56.6	56.7	56.7				
Germany	51.0	51.1	51.1	51.1				
Ireland		87.0						
Italy	39.5	39.4	39.3	39.2				
Netherlands								
Norway	61.3	61.0	60.5	60.0				
Portugal	59.8	59.8	59.8	59.9				
Spain	30.5	30.5	30.4	30.3				
Sweden	44.3	44.3	44.3	44.2				
Switzerland	23.2	23.0	22.8	22.7				
United Kingdom	80.6	80.8	81.0	81.1				
Czech Republic		41.8						
Hungary	59.0	59.0	60.0	60.0				
Poland	58.9	58.8	59.1	59.2				
Slovak Republic	49.6	49.3	49.3	49.4				

Source: EUROCONSTRUCT, June 2014

HOME OWNERSHIP RATES								(in %)
Country/Year					Forecasts		Outlook	
	2010	2011	2012	2013	2014	2015	2016	
Austria	55.7	55.4	56.4	56.4				
Belgium	66.8	66.7	66.7	66.6				
Denmark	51.0	51.0	51.0	51.0				
Finland	59.2	59.0	59.0	59.0				
France	57.8	58.1	58.1	58.2				
Germany	44.9	45.0	45.0	45.1				
Ireland	70.0	70.0	70.0	70.0				
Italy	77.1	77.3	77.1	77.0				
Netherlands	59.3	59.3	59.3	59.3				
Norway	76.8	77.0	77.0	77.0				
Portugal	73.8	73.4	73.0	72.7				
Spain	83.0	82.7	82.5	82.0				
Sweden	62.9	63.0	63.0	63.1				
Switzerland	36.8	36.8	37.2	37.4				
United Kingdom	65.6	64.9	64.2	64.4				
Czech Republic		64.5						
Hungary	92.0	92.0	92.0	92.0				
Poland	76.5	77.3	77.5	77.7				
Slovak Republic	93.0	84.9	85.0	85.0				

Source: EUROCONSTRUCT, June 2014



