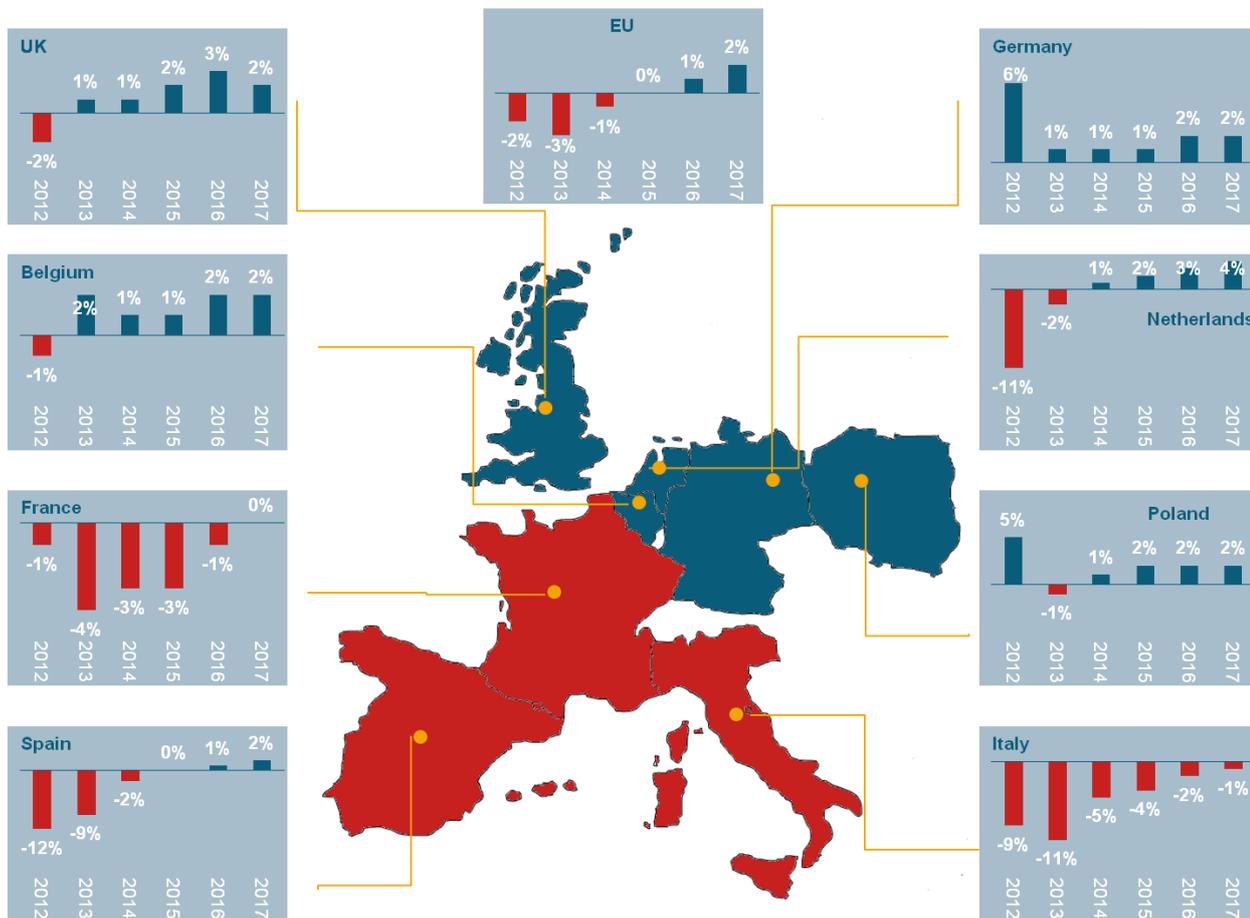


Dutch and Spanish construction sector keep on improving. No recovery before 2017 for Italian and French architects.

After a slight dip in the last semester of 2014, the German construction sector is again growing at a slightly faster pace expected in previous quarters. The positive signs in the Netherlands and Spain which were seen throughout the whole of 2014, are also there in Q1 2015. France and Italy are not recovering as fast as expected in earlier quarters, so a lot of architects in these two countries have been struggling throughout 2014 and keep on doing this in 2015. These are some of the conclusions of the Q1 2015 European Architectural Barometer report, a quarterly research among 1,600 architects in eight European countries. European architects act as a leading indicator for the construction activities.



The **British** market keeps on improving, although at a slightly lower pace than expected in 2014. One of the reasons for this is that the building permits for both residential and non/residential buildings have decreased compared to last quarter and the construction confidence indicator shows a slight decrease (-4.5 compared to -2.4 previous quarter). The Arch-Vision indicators are showing positive signs, e.g. the sentiment within architectural firms is positive in Q3 2014: a strong order book (+34) and turnover (+27) development and fewer architects expecting an empty order book. The first two indicators have a positive effect on the rolling barometers. Nevertheless there are signals that one should be careful about the future. The building permits for residential buildings show a decline, which means this will come into effect in two to three years. Arch-Vision nevertheless predicts a modest growth of the market in 2015 (+2%) which will continue in 2016 (+3%) and 2017 (+2%). The upcoming two years the UK market will profit from the increasing permits in 2013 and first half of 2014, but in 2017 there will still be growth but at a slower pace.

From Q3 2010 onwards there has been a steady positive development among the **German** architects. In the second semester of 2014 both the German order book and turnover development were positive again but the growth was smaller than the growth in previous semesters. However the start of 2015 is promising: the Rolling Order Book Barometer (273) grew by 21 points and the Rolling Turnover Barometer (145) by 11 points in Q1. These are the highest grow figures since Q2-2011. In Q4 only 5% of the architectural firms expect to see an empty order book in the next 12 months. There is however one indicator which may lead to some concern: the construction confidence indicator has slightly declined for three quarters in a row. Next to that the building permits are stable for a second quarter in a row. Therefore Arch-Vision expects growth figures which are not as high as in the beginning of this decennium: 2015 (+1%), 2016 (+2%) and 2017 (+2%).

The **French** construction sector is not showing any improvement, but the sentiment is becoming less negative. There are still more French architects experiencing a decreasing order book (45% in the past semester) than an increasing order book (25% last semester), but the latter group was only 14% big in Q4 2014. The drops in the order book (-21) and turnover (-27) development in Q1 2015 are not as big as the previous two quarters, but the fact that they are still negative shows that the French situation is not improving. Other indicators are also show some movement to a less negative sentiment. The amount of architects experiencing postponed or cancelled projects is slightly decreasing. Therefore Arch-Vision predicts that the French construction market will decrease in 2015 (-3%) and 2016 (-1%) and will not recover before 2017 (2017: 0%). In 2014 we expected the French construction sector to recover in 2016, but there are not enough positive signs.

What was already predicted in Q1 2014 for **Spain**, is being confirmed in the rest of 2014 and continues in 2015: results are positive five quarters in a row as more architects reported an increasing order book (at least more than 30% every quarter, last quarter even 49%) instead of a decreasing order book (not more than 25% every quarter, last quarter even 13%). Unfortunately the more positive attitude is not completely in line with the development in the building permits and the amount of architects with cancelled or postponed projects. The permits for residential buildings show a decline in the last quarter. Next to that, the amount of architects with cancelled and postponed projects has increased, respectively with 9%- and 6%-points. Given the latest results Arch-Vision concludes that the development in 2015 (0%) will be slightly better to the one in 2014 (-2%). The years after 2015 will show the road to recovery of the Spanish construction sector (2016: +1% and 2017: +2%).

After some very bad quarters in 2013 **Italy** experienced drops in the order book and turnover development in 2014 and the beginning of 2015 as well, although not as bad as in 2013. In comparison to 2013 and 2014 we see less architects noticing a decrease in their order book over Q1 2015. This however is still more than those noticing an increase. However the largest amount of architects (60%) noticed neither an increase nor a decrease. Italy has surpassed the low levels of the Rolling Order Book Barometer of Spain in 2013 and improvement of the construction market in Italy seems to be far away. The data on building permits from the first semester of 2014 were slightly positive: they are however still much lower than in previous years. This will have its influence on the construction sector in the 2 – 3 years after the building permits have been granted. Therefore the outlook for the next twelve months is still not very promising. Arch-Vision predicts a shrinkage of the market by 4% in 2015, by 2% in 2016 and 1% in 2017. This on top of the decline in previous years (2014: -5%, 2013: -11% and 2012: -9%).

For the whole of 2014 the **Dutch** order book and turnover development were positive and they are even more positive in the first quarter of 2015 (131 for the order book and 122 for the turnover). These are figures which are not seen since the start of Arch-Vision, leading the Rolling Barometers at a level which can be compared to 2012 (Rolling Order Book Barometer: -114 and Rolling Turnover Barometer -106). The number of architects experiencing improvements (55%) is also the highest since Arch-Vision started the research. At the moment 17% expect an empty order book within the coming 12 months, which is also the lowest percentage in 4 years. The positive architectural sentiment can also be seen amongst other indicators such as the confidence indicators for the construction sector and consumers. These show a big increase in comparison to Q1 2014. Therefore Arch-Vision predicts an increase in 2015 (+2%) and even further improvement in 2016 (+3%) and 2017 (+4%).

2014 and the first quarter of 2015 showed a quite stable positive development regarding the order books of **Belgian** architects; more architects reporting increasing (at least 30%) order books instead of decreasing (at most 25%) order books. This is also reflected in the quarter to quarter Order Book Barometer (Q1: 108) and the Turnover Barometer (Q1: 105) which are again higher than 2013. Only 13% of the Belgian architects expect an empty order book. Although this percentage has increased the past two quarters, it still is lower than the European average. The building permits figures show opposite developments: a big drop for both residential and non-residential in 2014 and slight recovery in the last quarter. In total

together with relatively stable, but slightly negative confidence indicators this leads to a prediction of the Belgian construction sector by Arch-Vision which is one of a steady and modest growth in future years: +1% (2015), +2% (2016) and +2% (2017).

After the negative order book developments in 2013 the **Polish** quarter to quarter Order Book Barometer was positive again for the first three quarters of 2014 (103 every quarter). In Q4 2014 Arch-Vision saw this indicator temporarily drop to 93. However in Q1 2015 this indicator was again at a level of earlier quarters (104) meaning that the number of architects that experienced their order book growing was bigger than the number who saw declining order books. This was already foreseen in Q4 since the number of architects that expected an empty order book within the next 12 months had decreased from 24% to 18%. Poland is a country which heavily relies on new build with respect to the construction sector volumes (73%). Therefore the trend in building permits and turnover development should be watched closely: declining building permits and more architects showing negative turnover development. All together Arch-Vision expects that the Polish construction sector will fluctuate between € 32 billion and € 34 billion euro: +2% (2015), +2% (2016) and +2% (2017).

These and many other results and trends of the developments of the European construction market can be found in the European Architectural Barometer, an international market research conducted among 1,600 architects in Europe. This study is conducted in Germany, France, Italy, Spain, United Kingdom, the Netherlands, Belgium and Poland by Arch-Vision four times a year. Besides indicators to forecast the European building volumes, a specific topic is highlighted each quarter. The topic in Q1 2015 was "Love brands".

More information

Please contact Arch-Vision: Mrs. Hanan Chafia, chafia@arch-vision.eu

Tel. +31 (0)10 2066900