

Germany Market Report, March 2022

This quarterly digest aims to provide a brief overview of the key indices of Germany's construction industry. Please refer to additional Reports for further information, available [News & Insight | Gleeds](#).

In Germany Gleeds has experienced a very intense 1st Quarter in RFQs for TDD services on large portfolio real estate deals, which leads to the assumption that the market will be active in 2022.

In addition to the perception that the market has been buoyant, the data available supports this idea as can be observed in the graphs provided:

- Total 2021 GDP was nearly 100B€ above 2019 results, although the forecasted rate of growth for 2022 has recently been reduced to account for the affects of the war.
- The unemployment rate within the construction and property industry is at a record low level.
- Annual construction turnover appears untouched by any challenges experienced in the past 5 years.

As mentioned in previous reports, material price increases were observed in tenders received especially in 3Q and 4Q 2021 with respect to January 2021 pricing- most noted were steel, insulation materials, plastics and general MEP trades, generally attributed to increased raw material pricing.

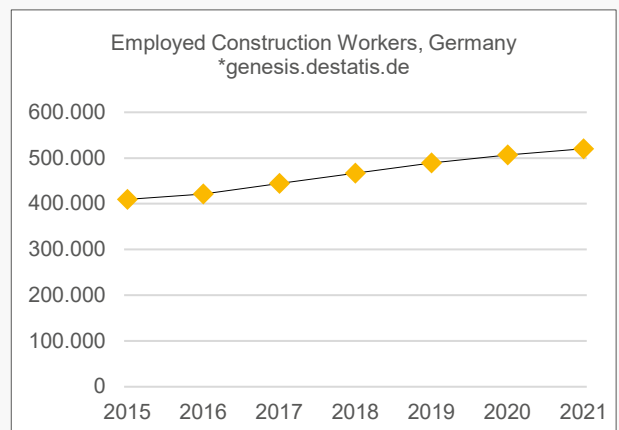
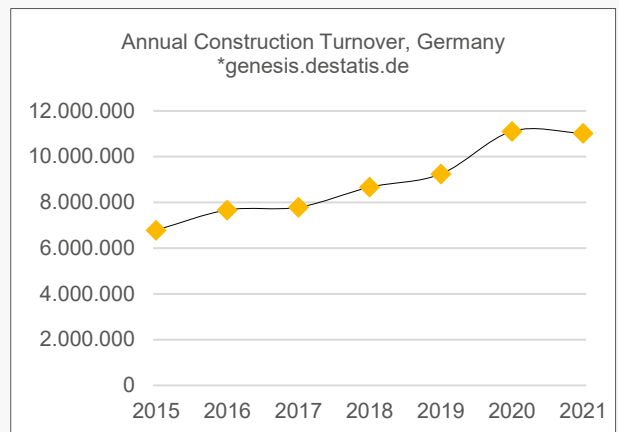
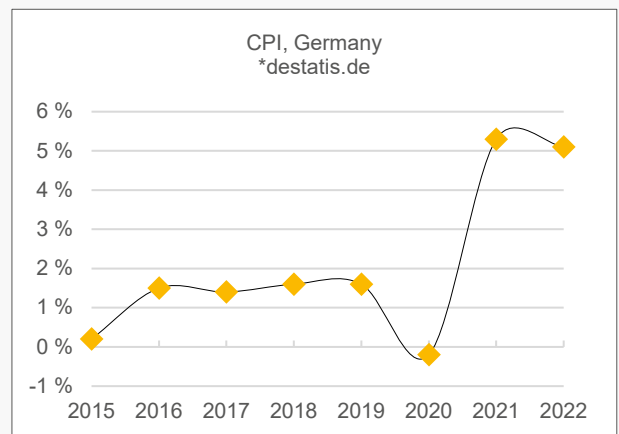
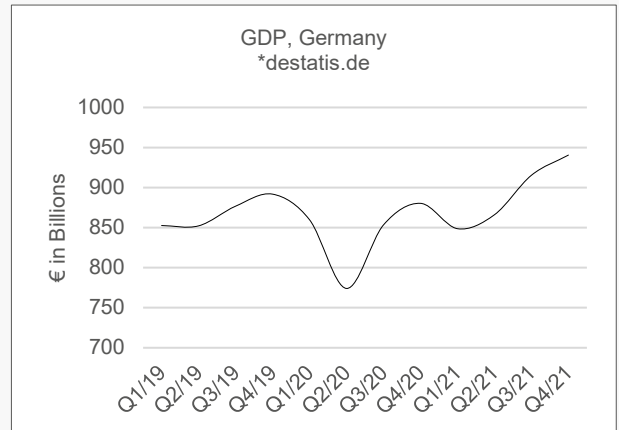
Supply chain challenges and skilled labour shortages further increased unit pricing forcing GCs and Sub-Contractors to avoid fixed price contracts or extended price guarantee time frames, ultimately resulting in higher O&P costs being passed on to investors and developers. As contractors are facing uncertainty and ultimately increased risks, some are becoming more selective of clients and projects they are willing to tender. Other GCs have chosen to include higher profit margins so to prepare for future increases, hence the entire value creation chain is experiencing an inflation.

The unrelenting boom in the global raw materials market, led by gas, oil, steel and aluminium, which remain under enormous demands from the world's largest economies has resulted in never-before-seen price increases. Also worth noting is the rise in energy costs increasing production costs in every industry compounded with the added uncertainty of war in Ukraine, potentially worsening energy supply and costs. The hopes for a swift slowdown in the upward trend of building materials still seems to be practically impossible to meet in the foreseeable future.

In keeping with the current state of the market in Germany, Gleeds strongly recommends revising project budgets set in 2021 (or earlier) to present day figures based on local statistical information, our own internal data and early 2022 forecasts. Additionally, we are advising Investors to consider inflation contingencies in their budgets as materials and labour shortages persist.

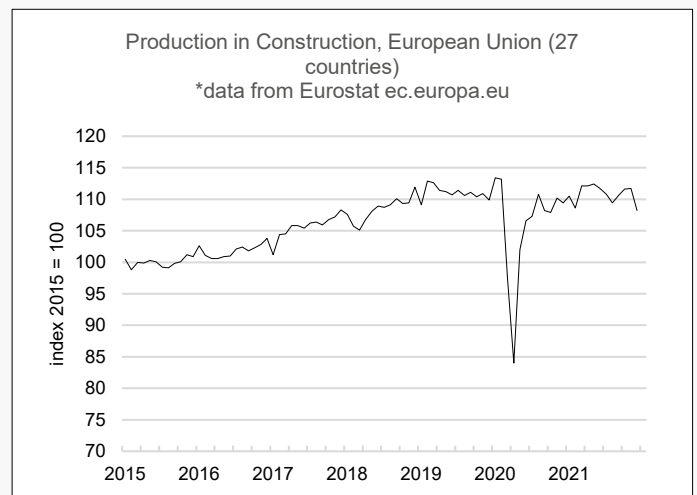
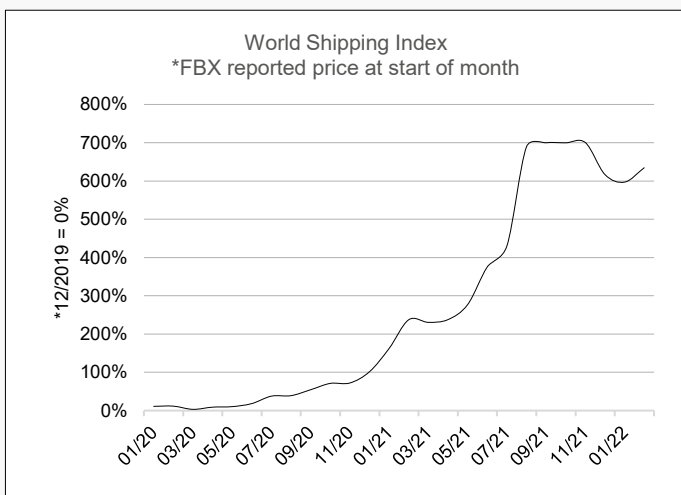
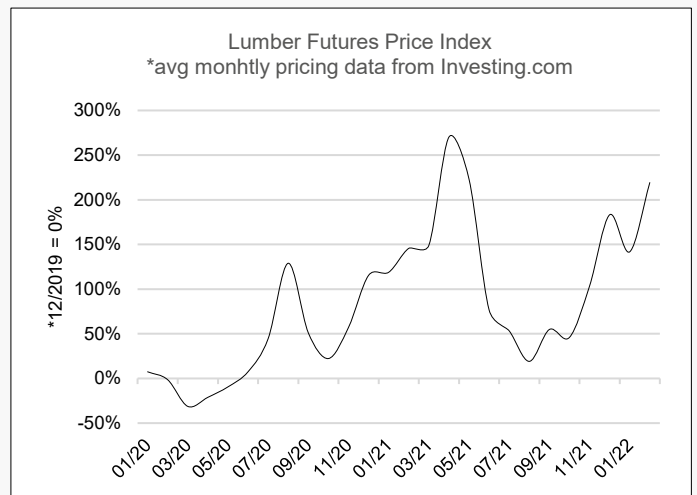
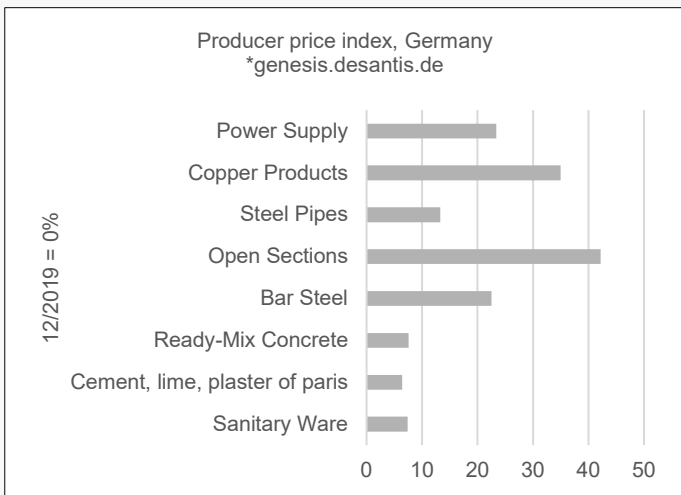
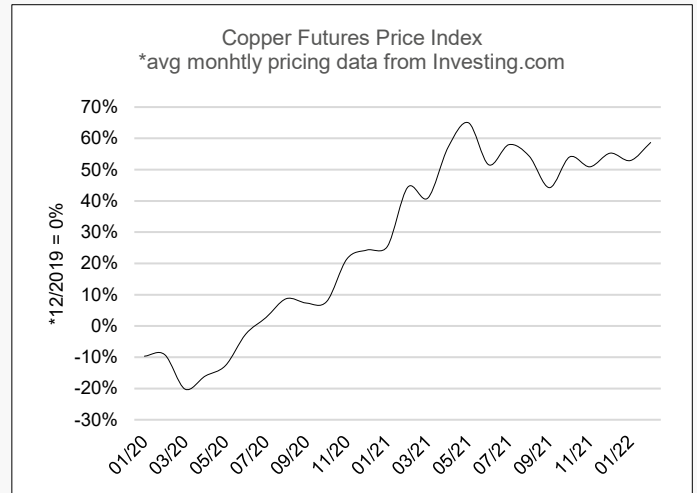
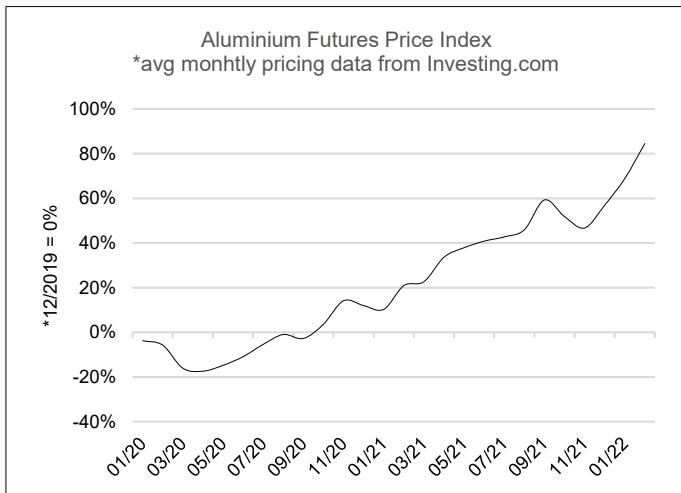
The situation constantly evolves and should be regularly monitored. Early engagement, partnership and collaboration with the supply chain is critical as well as cashflow forecasting.

We welcome all feedback, particularly if there is something you feel should be included in the next edition, please forward suggestions to insightsEMEA@gleeds.com





Global Market Indexes



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