



Market outlook and key construction trends for Euro-Mat (Split May 2025)



1

Market outlook

2

Labour shortage

3

Prefab

4

BIM & new technology

5

Sustainability

About USP

About USP Marketing Consultancy



Over 30 years internationally operating market research and consultancy agency specialized in the construction, DIY, installation and real estate market.



Dedicated research and market reports.



Active in more than 30 countries per year.

Head Office



NL - Rotterdam

Branch Office

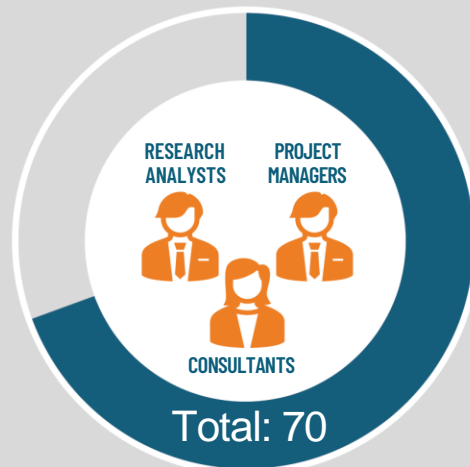


HR - Zagreb

Subsidiary



DE - Dusseldorf



Our Services

USP

DEDICATED MARKET RESEARCH

Our main business area is conducting dedicated, ad-hoc market research worldwide for key stakeholders supplying the construction, installation, home improvement and real estate

MARKET REPORTS

Benefit from a wide variety of ready-made market reports covering a range of topics like BIM, prefab, sustainability, buying behavior and much more, through the eyes of key stakeholders in the value chain

OUR ADDED VALUE

With our 30 years of experience in the industry, USP can do more than just deliver data. Our mission is to provide insights and advice you can build on. We are a sparring partner, instead of a data provider.

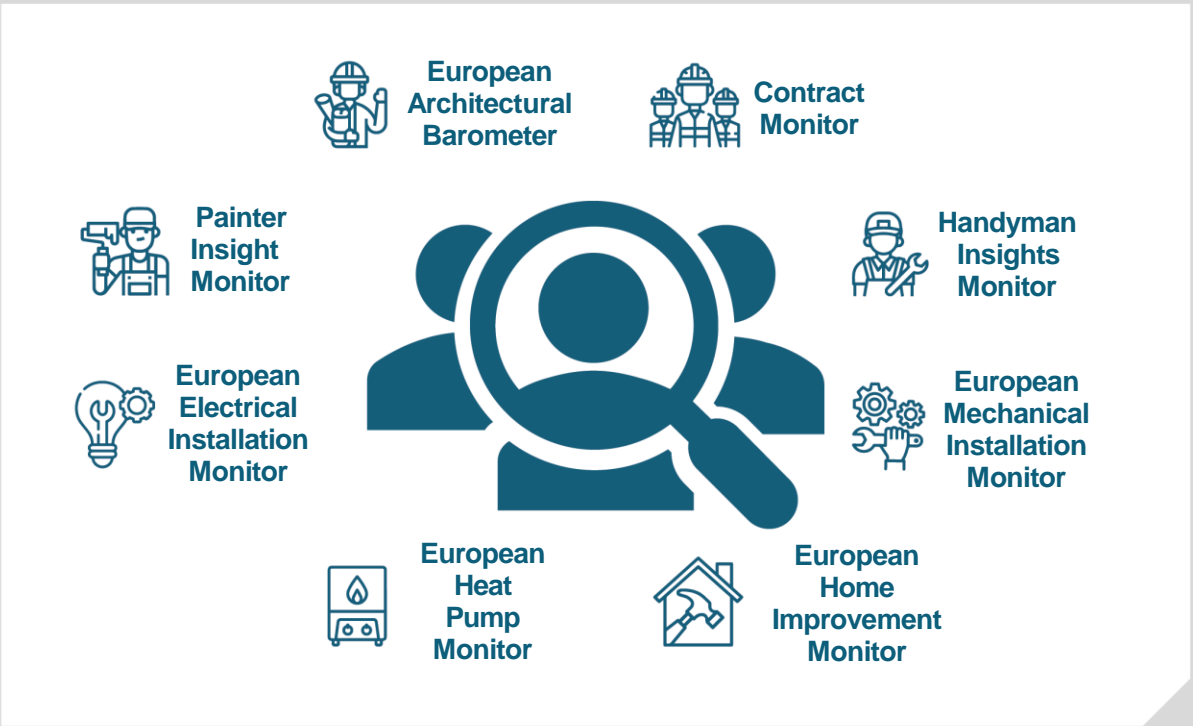
OUR GEOGRAPHIC SCOPE

Our reports cover multiple key markets worldwide and in multiple countries at the same time, ensuring comparability and reliability.

Dedicated Market Research



Market Reports



56.750
Phone interviews

66.400
Online interviews

78
Group discussions

1.778
In-depth interviews

1.778
Number of projects

13.600
Phone interviews

26.400
Online interviews

82
Customers

78
Number of market reports

A selection of USP Marketing Consultancy's clients

USP

Construction

ASSA ABLOY

3M

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VELUX

TOOLSTATION

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fischer

KNAUF

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amtico
flooring

Forbo

ROCKWOOL

covestro

REYNAERS
ALUMINIUM

ArcelorMittal

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BOLTON

AkzoNobel

SIG

Wienerberger

SAINT-GOBAIN

Sika

Installation

ABB

BOSCH

GIRA

DORN
BRACHT

GRUNDFOS

hager

sonepar

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KALDEWEI

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legrand

YELLUX
EMERSON POWER LIGHT

SAMSUNG

VIESSMANN

Vaillant

REHAU

EMERSON

wavin

GEBERIT

DAIKIN

signify

ROTHENBERGER

Home Improvement

adeo

Orkla
House Care UK

Dulux

tesa

3V3

GROHE

Vitex & Bock

MTD

Bostik
EMERSON ADHESIVES

KÄRCHER

hansgrohe

UNILIN

AkzoNobel

NEWAGE

StanleyBlack&Decker

maxeda
DIP Group

DELI HOME

BRIGGS & STRATTON

chromology

ideal

ShurTech
BRANDS

Yale

BOLTON
ADHESIVES

PPG



122.10

108.35

056.73

032.21

82.205

15.512

93.754

08.945

51.125

37.591

05.251

20.05

-07.55

-55.76

-22.10

-18.07

-05.11

0.12

0.54

0.45

1.25

0.591

0.51

0.1

0.0

8.4

-1.2

7.9

5.5

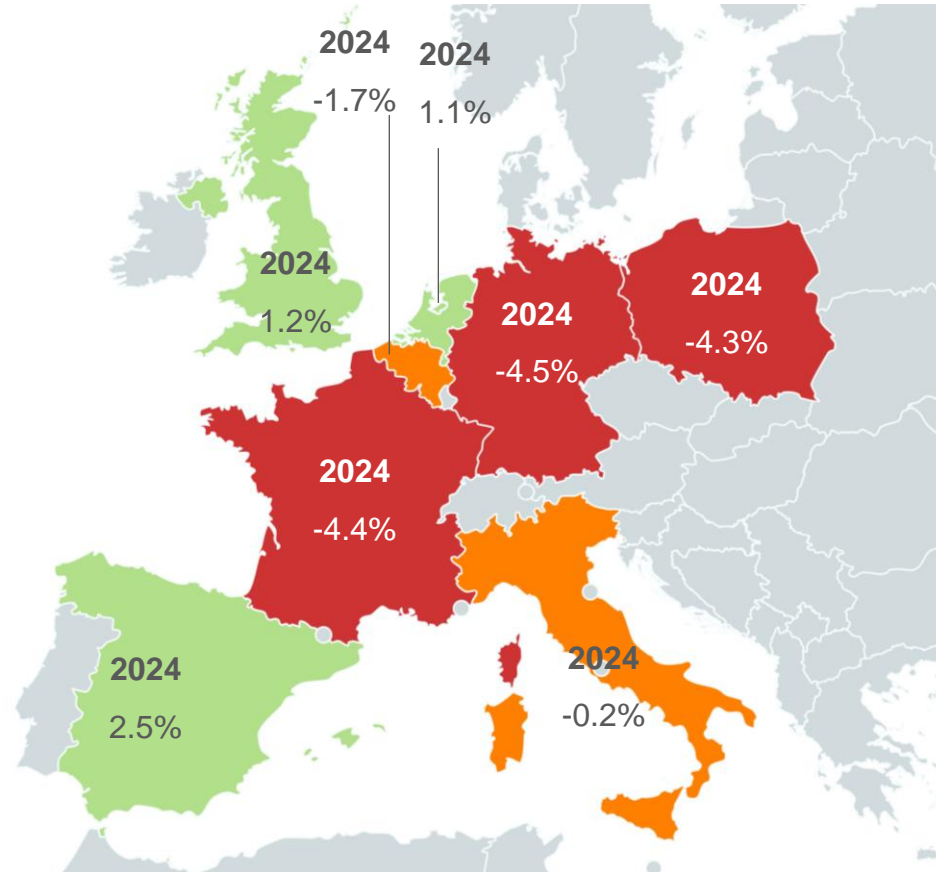
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6

1

It will not be a surprise that the construction market in 2024 didn't perform well

Market outlook



Total value created in the construction industry (inc residential & non-residential, new build & renovation, excluding DIY and civil engineering), percentual change in volumes compared to 2023

1

Some reasons behind the weak construction markets in 2024 are:

Market outlook



High interest rates, thus higher finance costs hurting especially new build



Higher material prices, thus higher material costs



More uncertainty about the economical & political developments



High labor shortage, thus higher labor costs



Less growth in sustainability



Effects of lower building permits in previous periods

1

But what about 2025?

Market outlook

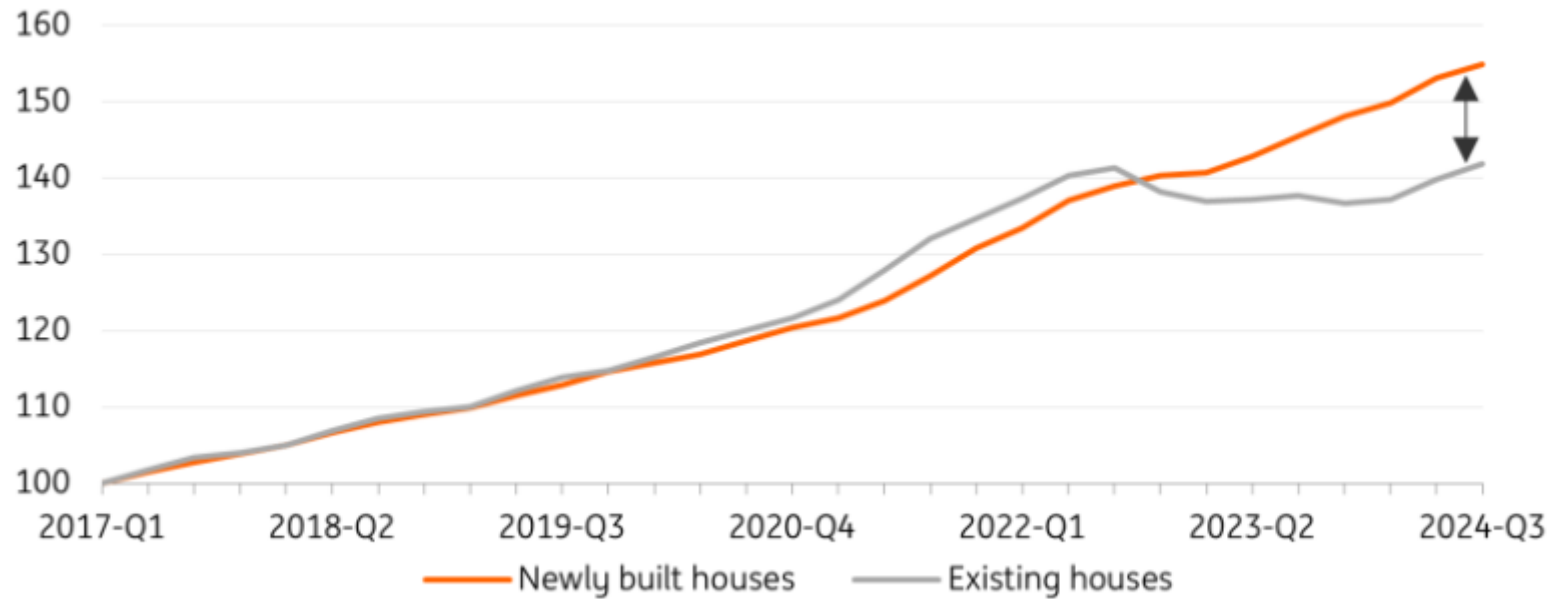


1

Looking at 2025, there are some positive signs, first of all the housing prices for existing houses are increasing again, making new build (although still expensive) more compatible

Market outlook

Price index houses EU-27 (Index 2017 Q1=100)



Source: Eurostat, ING Research

1

And it seems that the higher prices calculated by contractors are not rising strongly anymore

Few contractors plan a sales price increase

Balance of construction companies in the EU that expect to increase or decrease output prices (over the next 3 months)



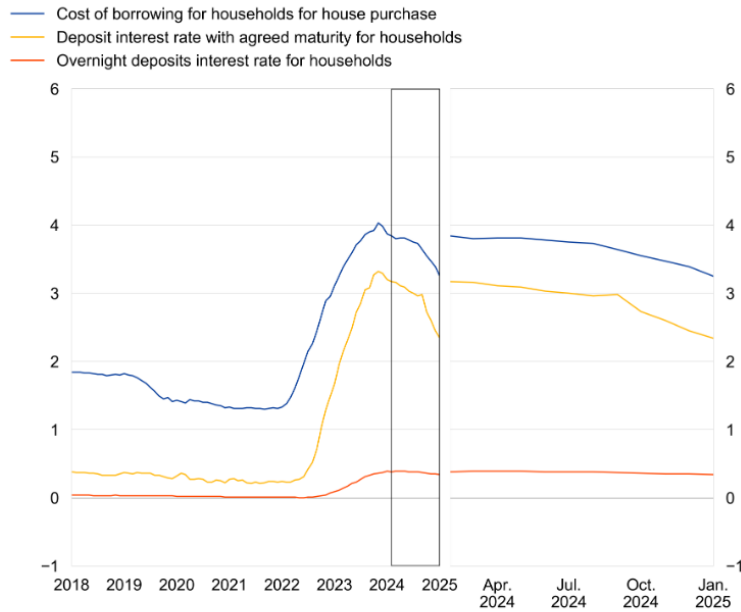
Source: European commission, ING Research

1

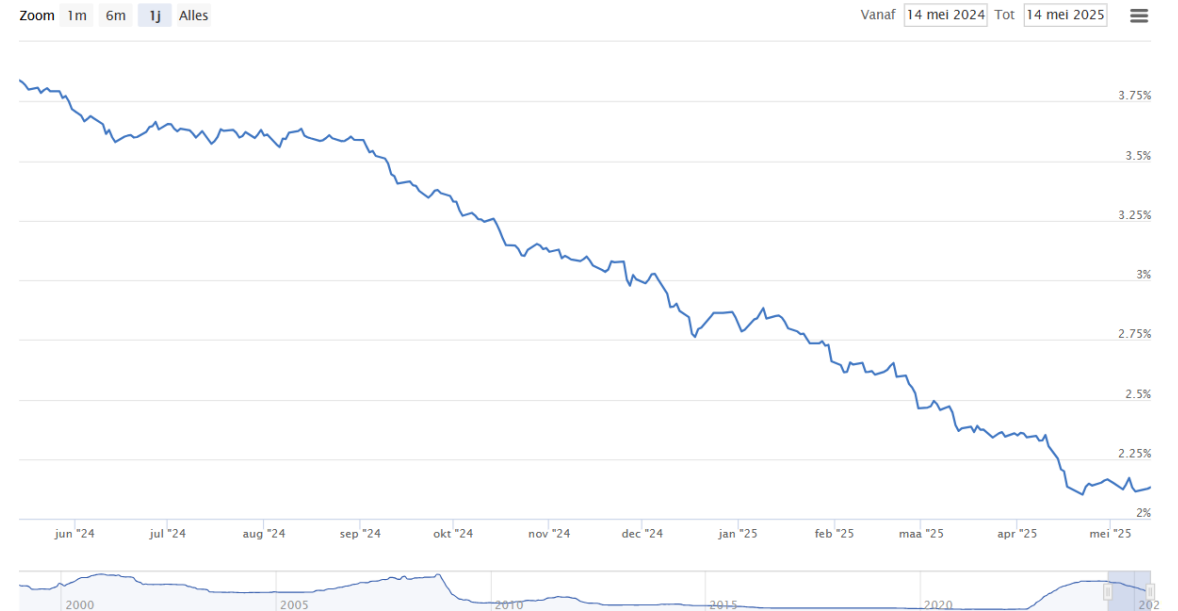
And interest rates, although still relatively high, are decreasing

Market outlook

Bank interest rates on new loans to, and deposits from, euro area households



Euribor 1 maand



1

So, in short, there are some developments that will improve the outlooks for the construction market in 2025 slightly

Market outlook



(affordable) housing shortage, price differences new build vs existing improving



Strong renovation market



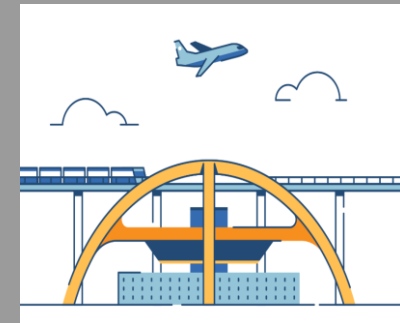
Decreasing interest rate fuelling more new build and housing mobilization



Uptick in Sustainability improvements



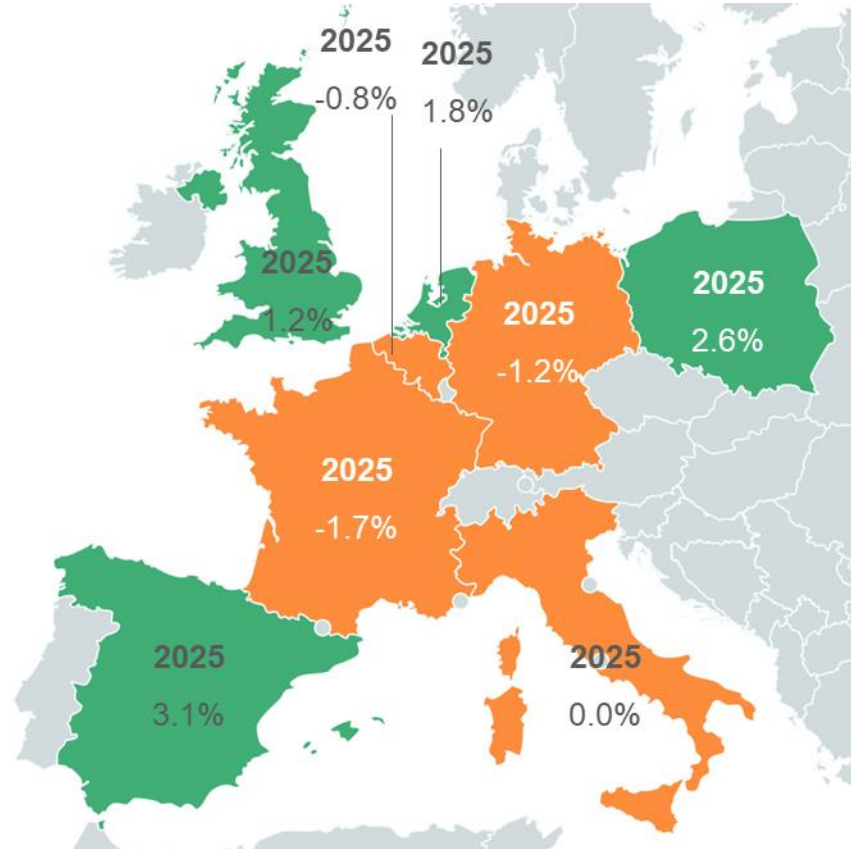
Lower material costs and building costs



Government spending expected to increase

1

But despite all of these positive developments, the outlook for 2025 remains a mixed bag

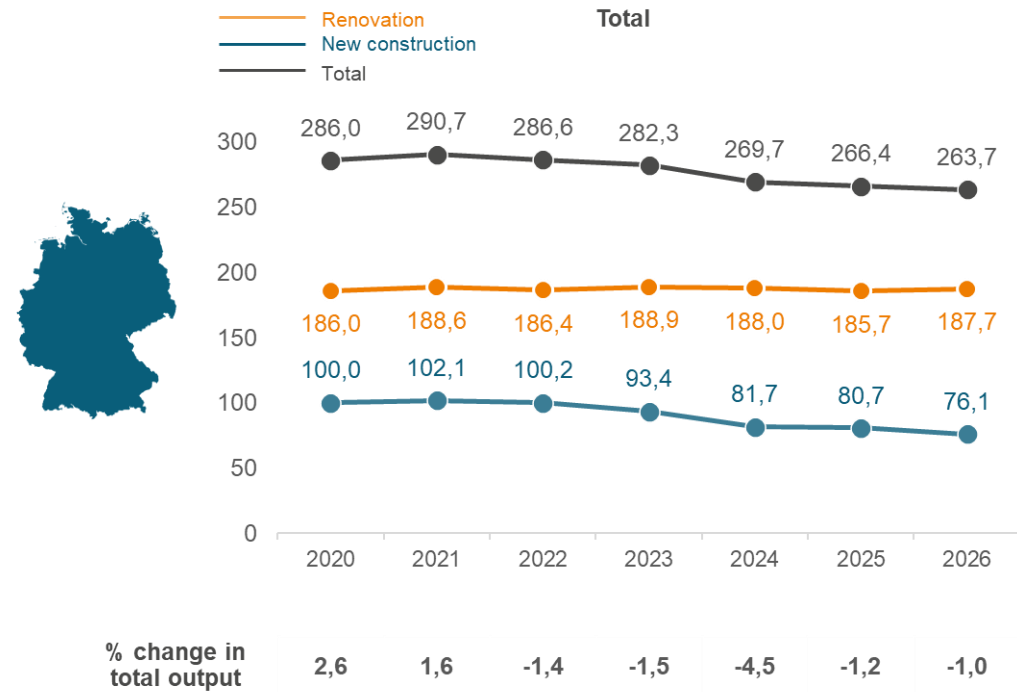
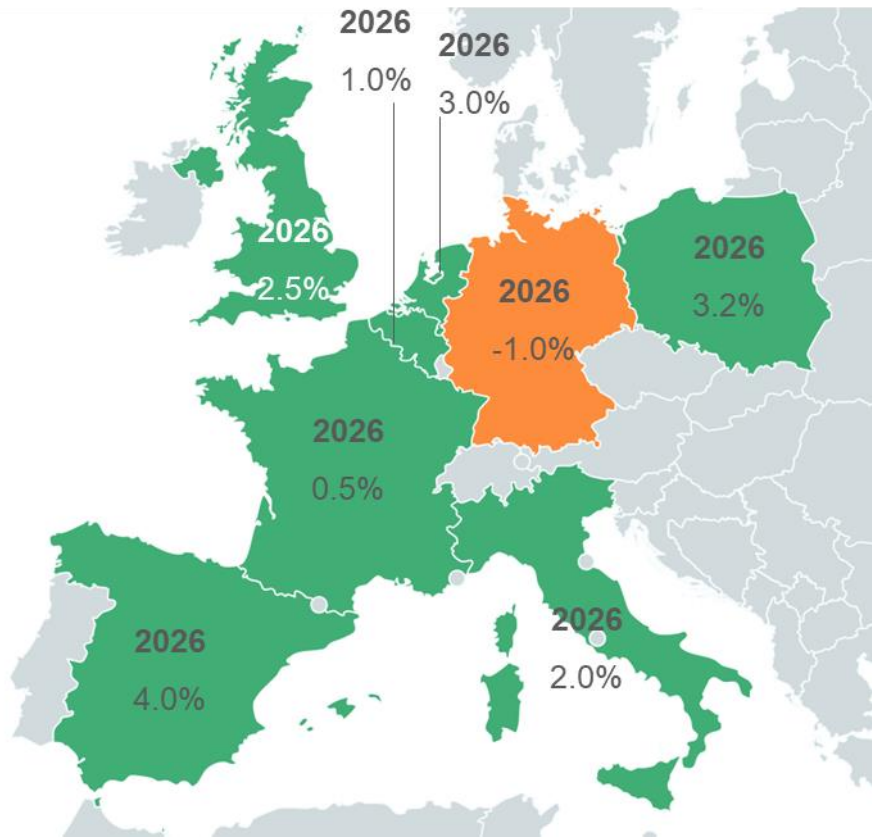


Total value created in the construction industry (inc residential & non-residential, new build & renovation, excluding DIY and civil engineering), percentual change in volumes compared to 2023

1

With continued growth in 2026

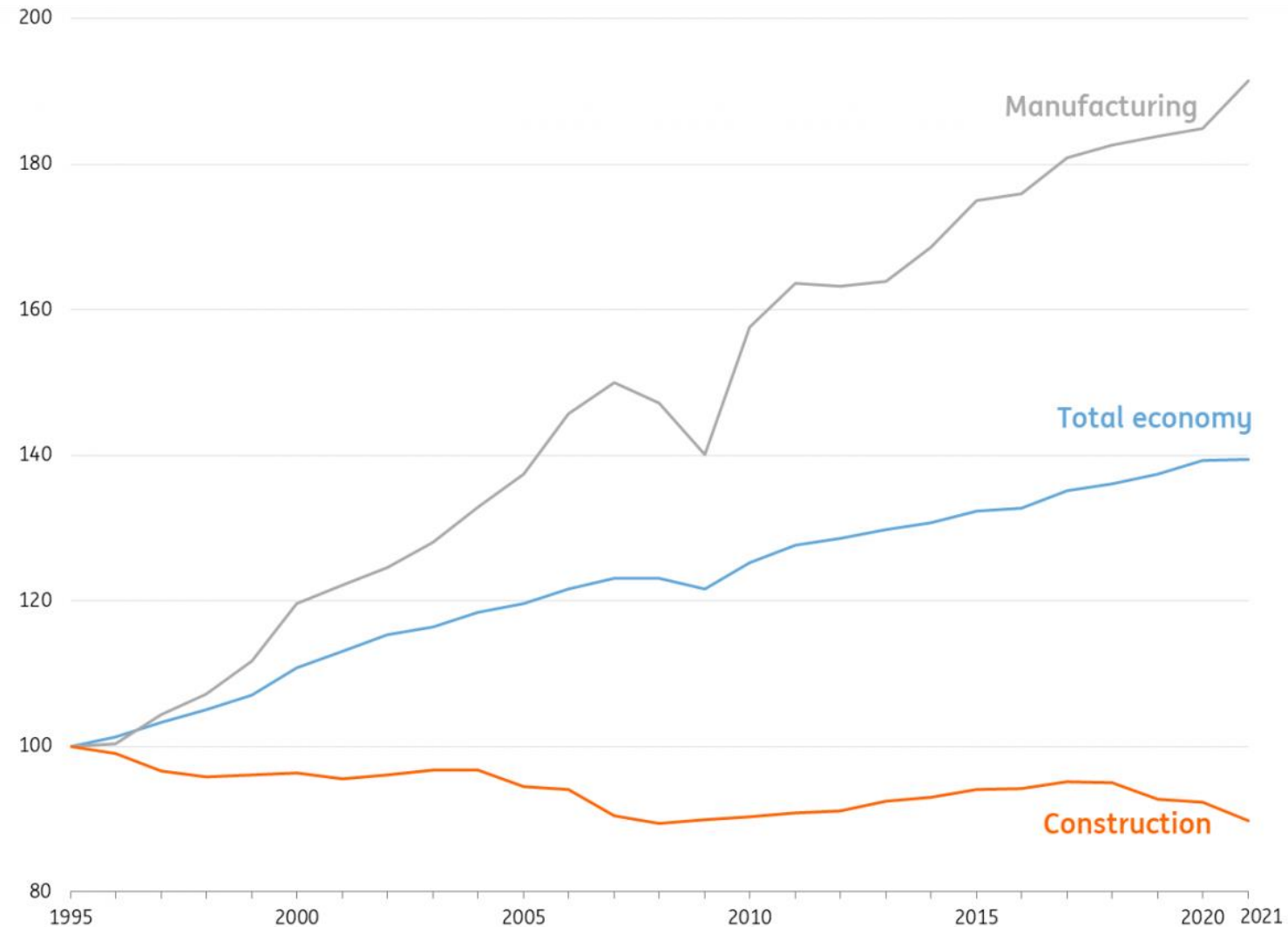
Construction & Installation outlook





2

Labor shortage is perhaps the biggest problem in the construction industry, as productivity levels haven't increased significantly over time, combined with a high average age and a low inflow of youngster



Labour shortage

2

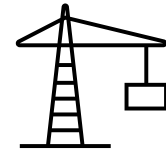
Leading to high labor shortages in Europe now, but also in the future

% of stakeholders experiencing labor shortages



ARCHITECTS

Netherlands
69%
Italy
24%



CONTRACTORS

Netherlands
67%
Italy
18%



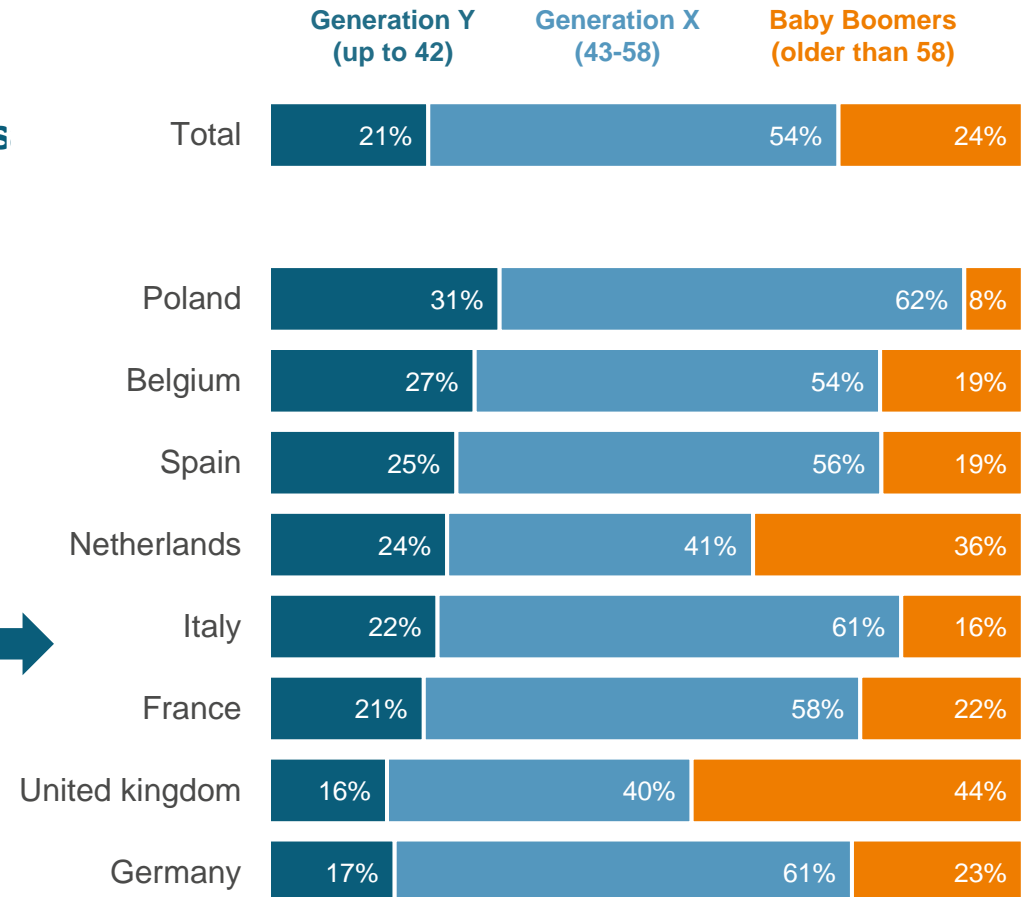
INSTALLERS*

Germany
76%
Italy
37%



PAINTERS

Germany
89%
Italy
47%



Labour shortage

2

And the consequences are severe

Labour shortage



The shortages are leading to higher labor cost, increasing the already high cost of construction



And capacity problems, which result in longer lead times and can severely hinder the sustainable transition



A high work pressure is resulting in focusing on production short term and not long-term improvements



Reduction of productivity due to less skilled and qualified construction workers

KEY TAKEAWAYS



2

Labour shortage



For all players in the construction industry, labor shortage will mostly be a negative trend. Increased building cost & and lower capacity will hinder market growth



Higher levels of labor shortage will lead to more prefab. This could be a potential opportunity, supplying more prefabricated building solutions to the market.



Labor shortages will also lead to more innovations like mechanical application, 3D printing, robotics, AR, AI and so on. Investing early on, could have a high ROI



Contractors will need to focus more on being productive, providing more (paid) services and training will become more important and an opportunity



3

Prefabrication in construction has been steadily increasing in the last decades, but why?

Prefab



Labor shortage



Increased digitalization



Sustainability



High demand, increasing speed of construction

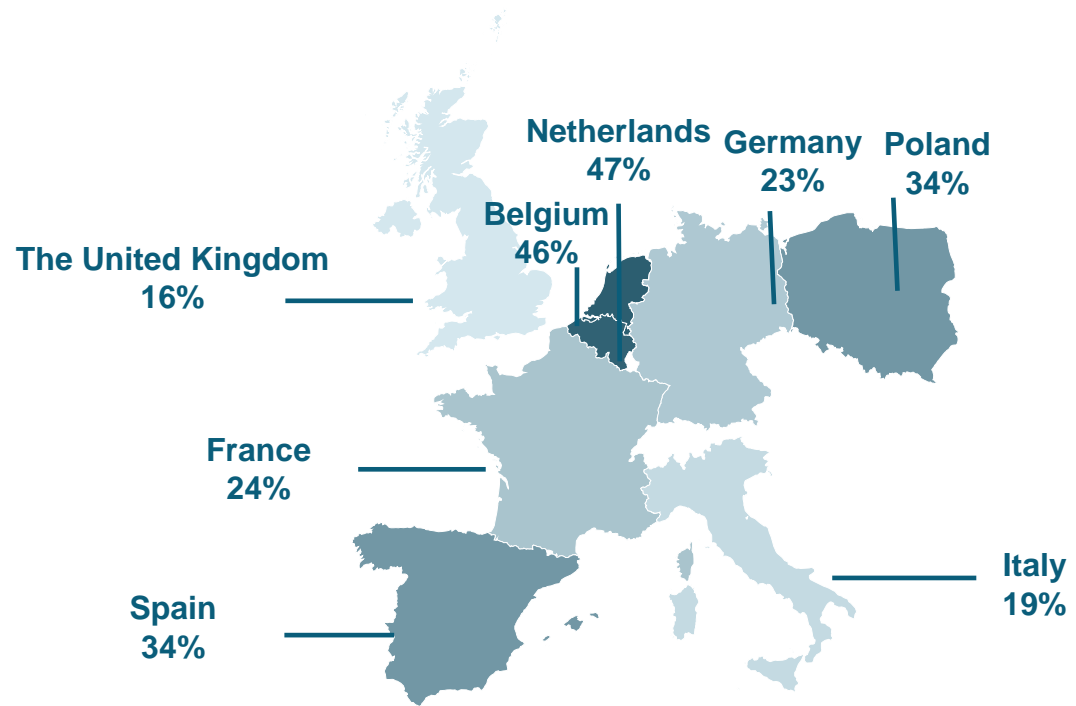


New technologies

3

But the differences per country are quite striking

ARCHITECTS



Share of Prefab users in Europe

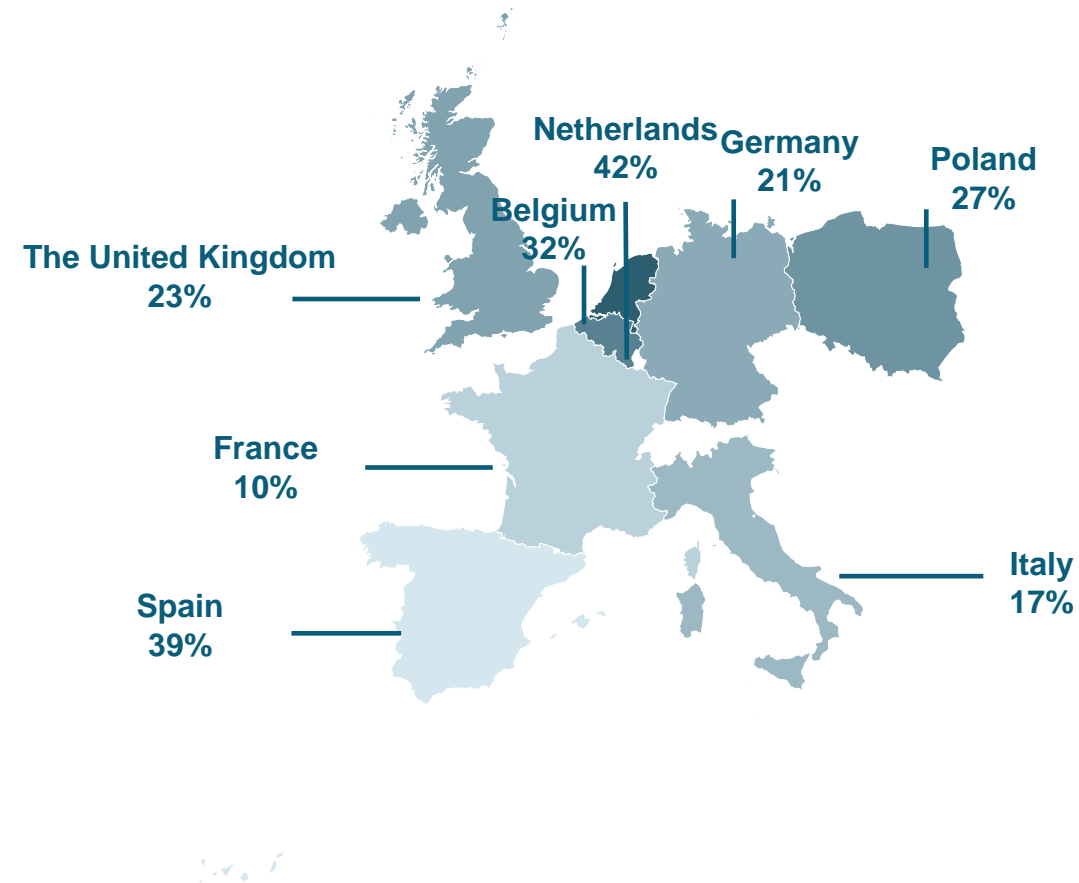
What percentage of your projects (in past 2 years) contained some form of prefab building elements or off-site construction?
 [SPONTANEOUS]

Prefab

3

Even more so with contractors

CONTRACTORS



Share of Prefab users in Europe

*What percentage of your projects (in past 2 years) contained some form of prefab building elements or off-site construction?
[SPONTANEOUS]*

3

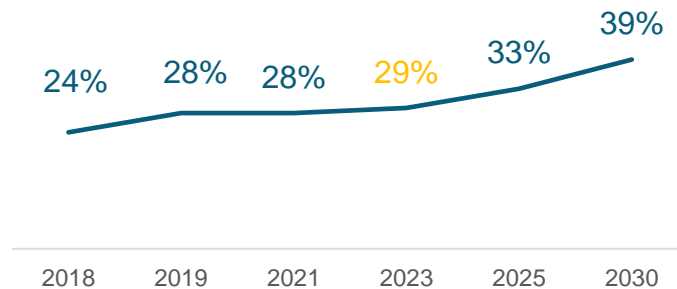
Both contractors and architects report a slow down and even decline in prefab usage

Share of prefab projects and future expectations among European architects and contractors

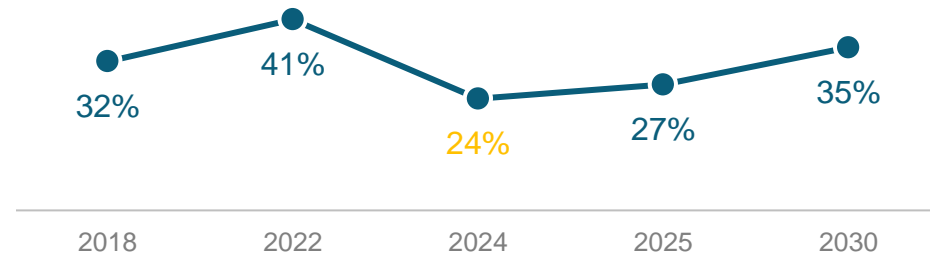
And if you look at the projects you have worked on in the past 2 years. What percentage of your projects contained some form of prefab building elements or off-site construction? What is your expectation for 2025 and 2030

Prefab

ARCHITECTS



CONTRACTORS



3

There are some key reasons why prefab short term is not growing at a faster rate

Prefab



Lower new build levels, where prefab is most often applied. More focus on renovation, where prefab is applied far less often



Uncertainty in the construction and global economy leads to more conservatism and less willingness to innovate. Leading to more traditional build vs prefab



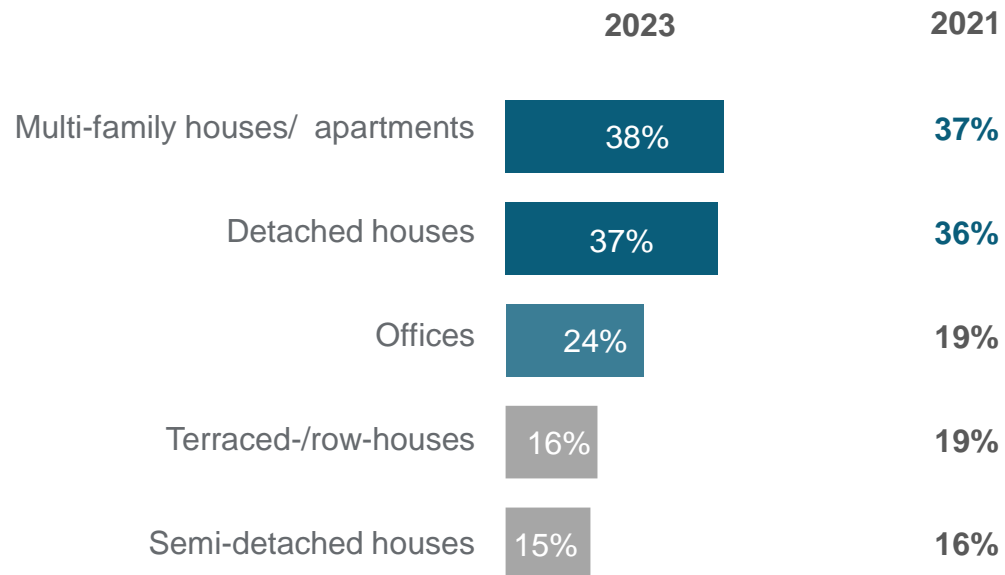
The prefab market has lacked innovation (i.e solutions for renovation) and a low scalability of industrialized prefab, lowering the potential in challenging times

As for segments, according to architects the residential market is most important

ARCHITECTS

Prefab in different building types – Top 5

What kind of projects/ buildings contained prefab building elements?

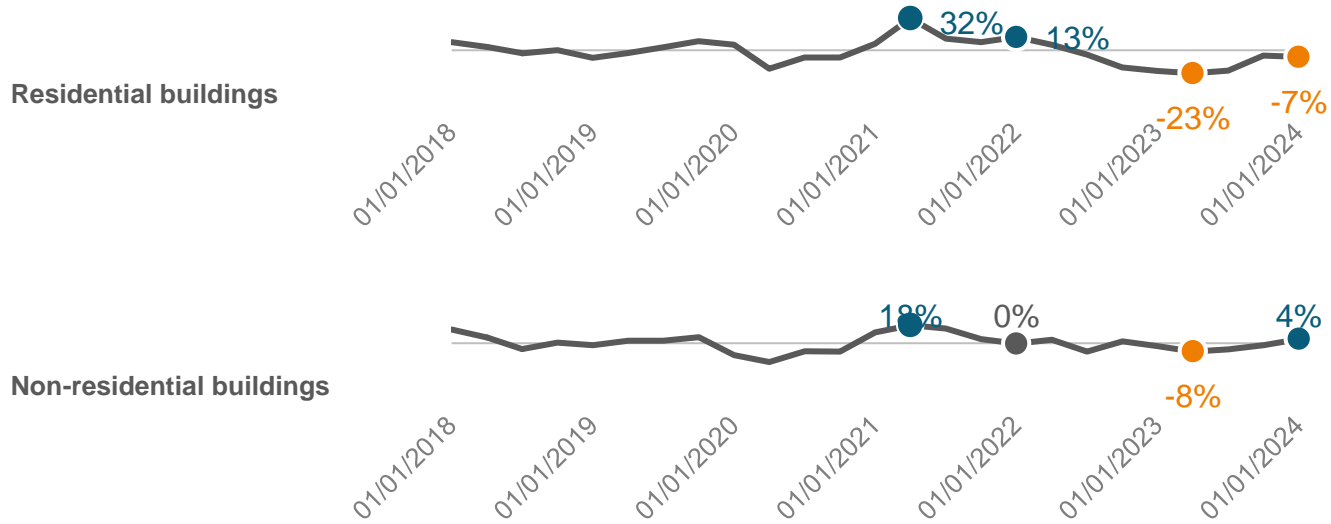


3

Looking closer at the development of building permits, it's clear to see how the drop in new build has an impact

Prefab

Development permit rate
annual rate of change %, Euro area, 20 countries

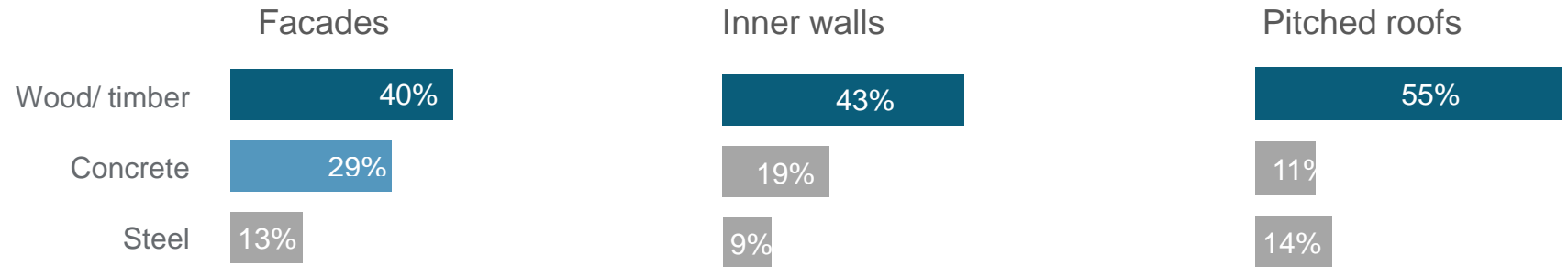


In terms of material usage, architects already see wood as dominant, contractors still see concrete as more dominant

ARCHITECTS

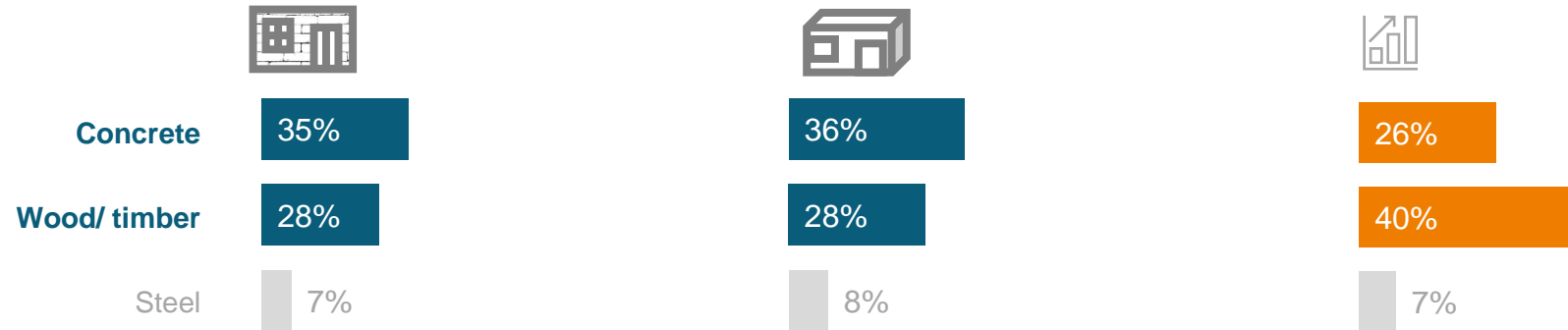
Prefab in future construction works

What structural basic materials do you expect to be dominant for fully finished prefabricated facades/inner walls/pitched roofs?



CONTRACTORS

Most dominant material of prefab panelised systems and modular buildings and overall expectations



Prefab

KEY TAKEAWAYS



3

Prefab



Prefab adoption rates slumped due to lower new build volumes, but future growth is expected



But the market is still mostly adopting and applying simple prefab instead of more advanced forms



A strong growth in wood based prefab can be expected



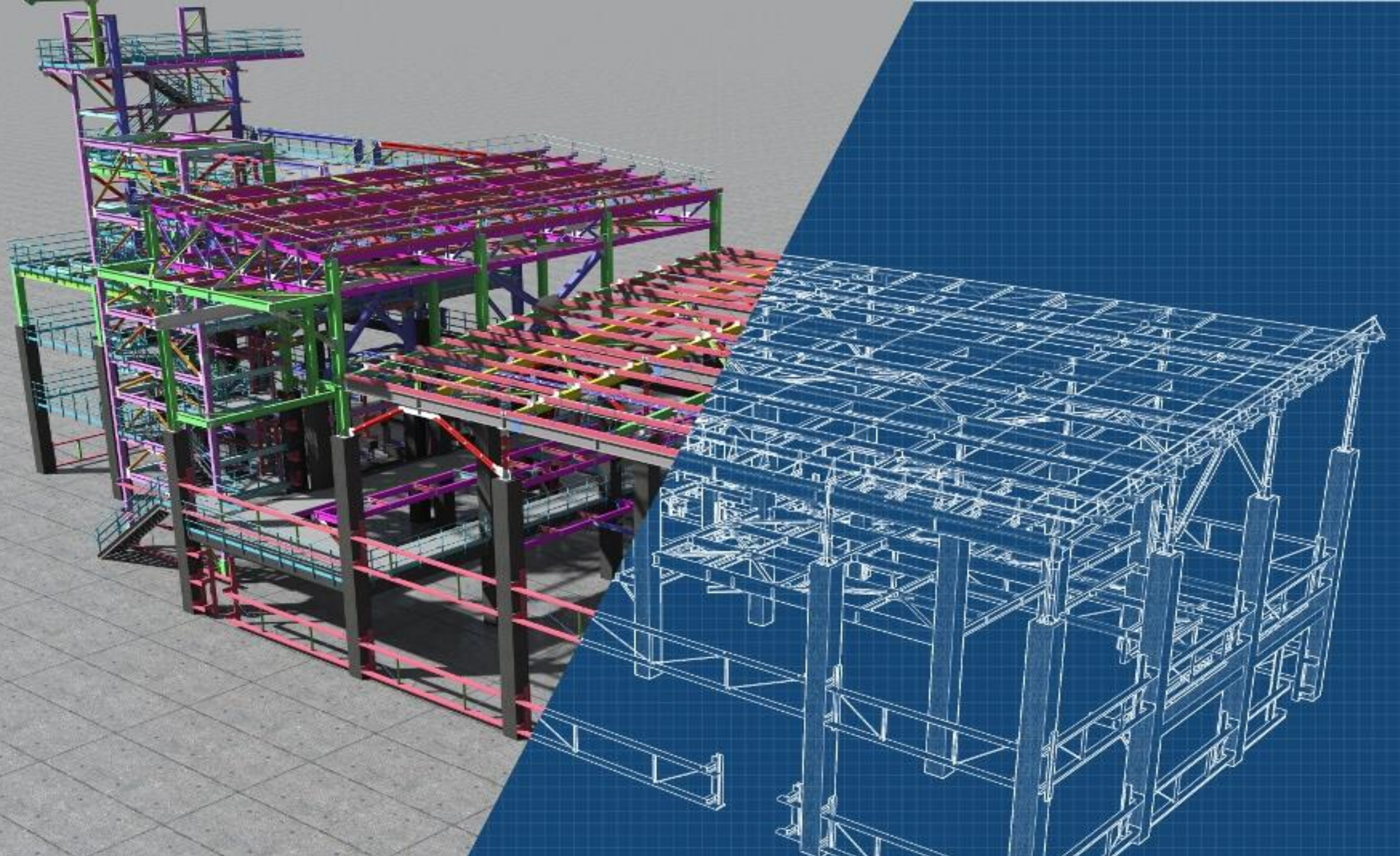
Labor shortages will inevitably drive the market towards more prefab



Prefab construction can lead to up to 90% reduction in material waste compared to on-site construction

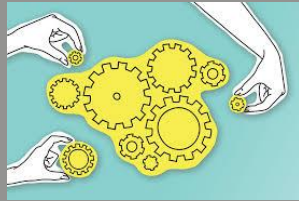


Higher levels of prefab industrialization will improve the benefits of using prefab



4

So why is BIM so important?



Better cooperation and collaboration



Improved visualization of designs



Time savings in the design phase & automation of task



Better project planning execution with 4D and 5D BIM



Improved sustainability calculations



Better life cycle management and maintenance plans



Obligations to use BIM

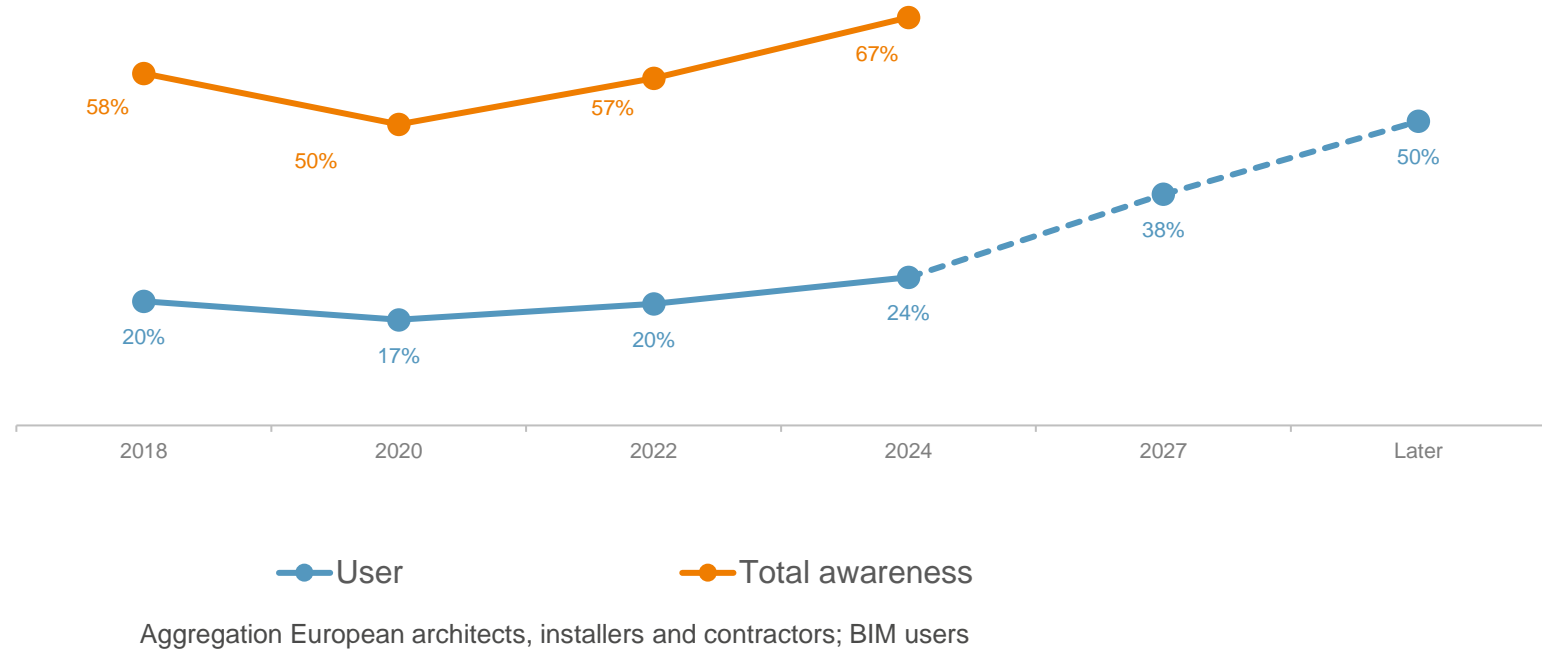


Clash detection and failure cost reduction

4

Looking at BIM awareness and usage on a European level, it shows a slow and steady growth

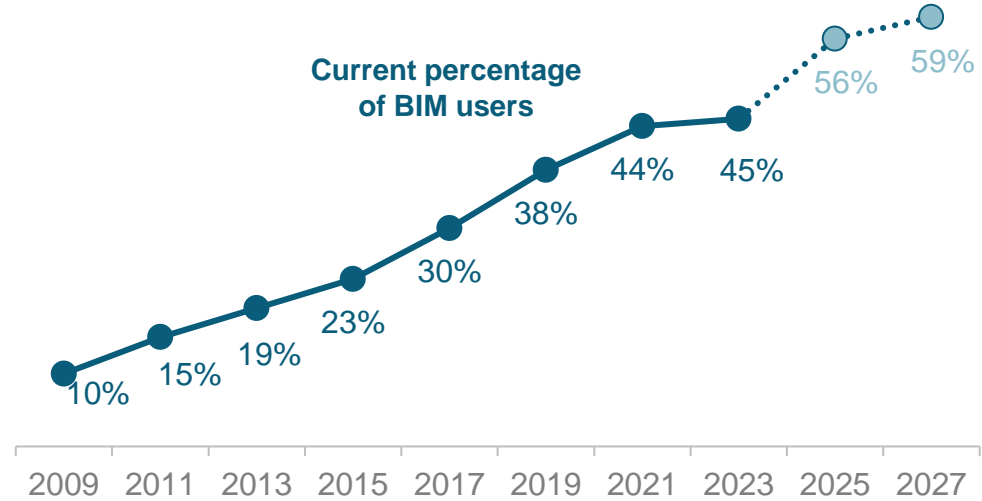
BIM & new technology



4

Among architects, BIM adoption flatlined, but the expectations are that BIM will continue to grow

ARCHITECTS



BIM & new technology

4

Two important things need to be noted though, company size and geography matter strongly.

ARCHITECTS
Current BIM users

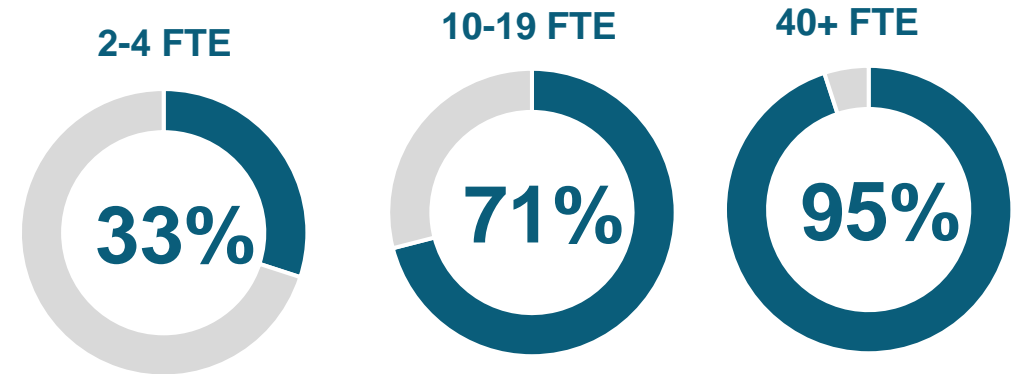


76%



32%

ARCHITECTS
BIM users per FTE



4

So what about other stakeholders?



Architects
45%



Contractors
10%



HVAC installers
9%



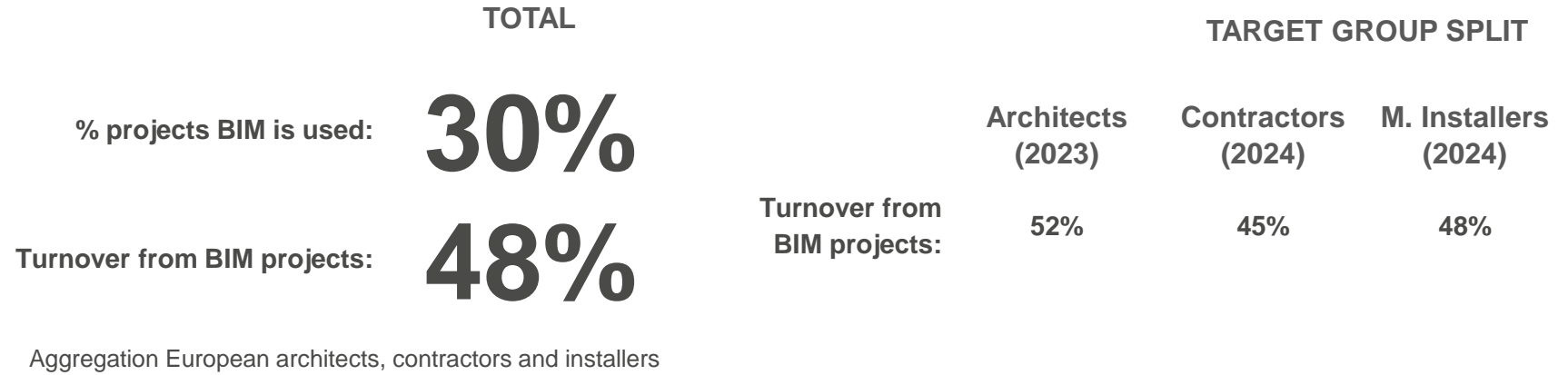
Electrical installers
11%

BIM usage among key stakeholders

4

But, when stakeholders are using BIM, it accounts for a large share of their turnover

BIM & new technology



4

When looking at the features used, there is a lot of untapped potential still

BIM & new technology

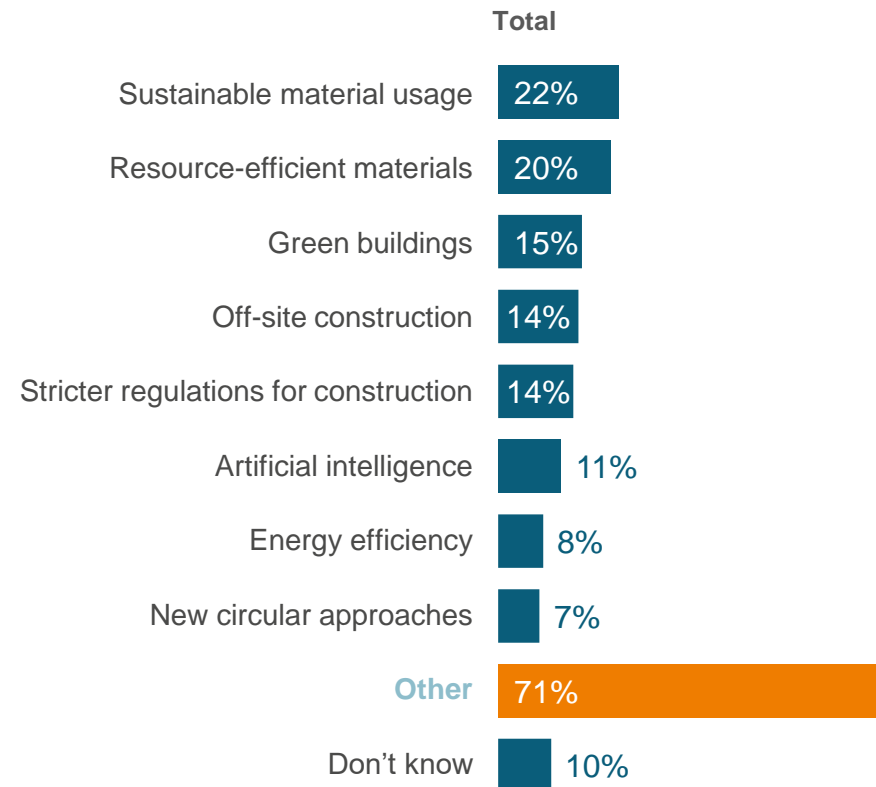
	TOTAL	Architects	Contractors	Mechanical Installers
Generate/ Work with 2D drawings of the installation system coming from the 3D model	74%	89%	77%	57%
3D visualisation and animation	67%	82%	81%	49%
Collision/ clash detection	58%	60%	76%	46%
Determining quantities of construction materials, equipment and man hours	54%	47%	73%	48%
Exchange of structured product information via a Common Data Environment	49%	46%	47%	42%
Extra analysis and simulation capabilities (for for example energy performance, fire resistance, or sustainability)	41%	37%	19%	36%
4D, coupling/ linkage with the planning	32%	15%	28%	35%
5D, coupling/ linkage with the costs	31%	17%	31%	36%

4

When asking architects which trends will shape the construction industry in the upcoming 10 years, the more traditional trends are mentioned

BIM & new technology

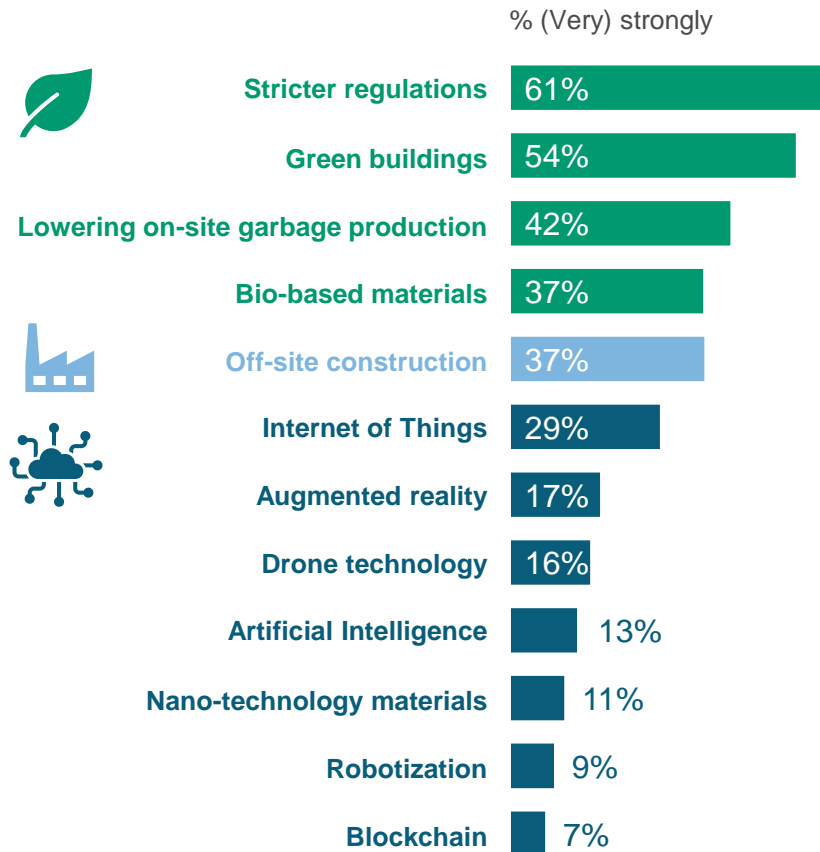
Q: Which trends do you believe will change the construction industry in the coming 10 years the most?



4

Looking at more advanced technology, this is not yet considered in many projects

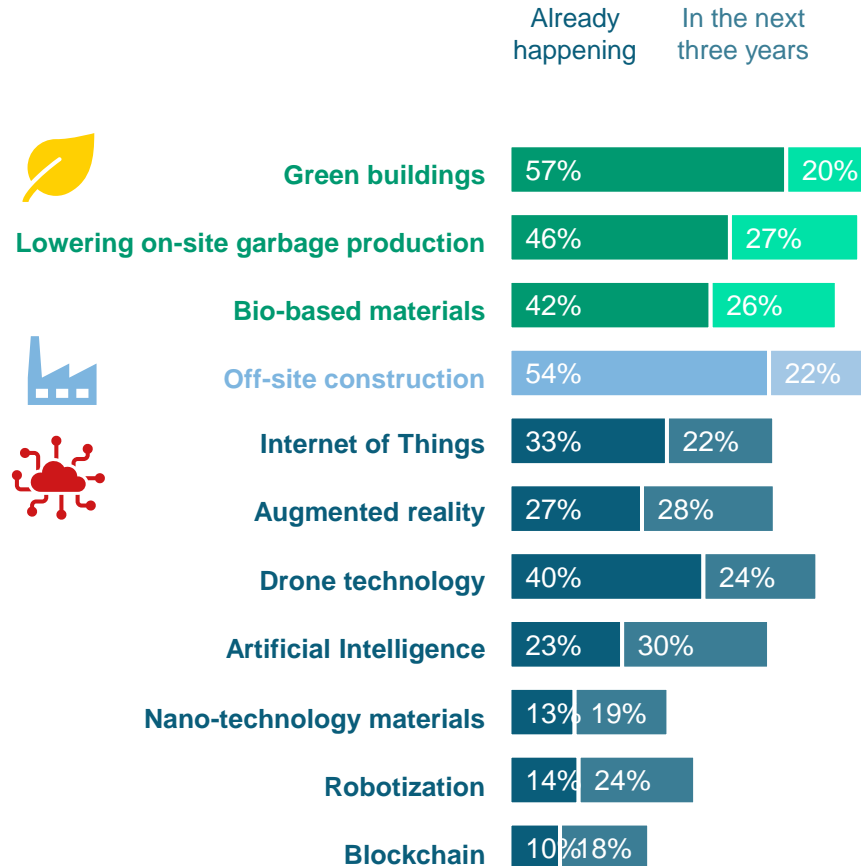
Q: To what extent are the following trends already considered in your current projects?



4

Although their expectations for the implementation are more positive

Q: To How long will it take for the following trends to be implemented in projects in the construction industry?



KEY TAKEAWAYS



4

BIM



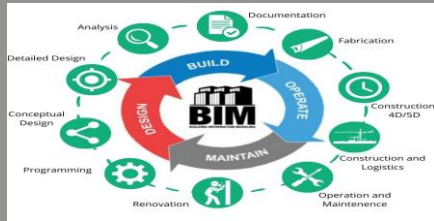
The BIM adoption rate has flattened out somewhat, mostly due to lower new build levels



Future expectations for BIM usage indicate growth, due to new build increases, higher prefab usage, more complexity and regulations/sustainability



However, BIM is mostly still adopted by architects, but company size plays a crucial role



BIM usage still revolves mostly around 'simple' features, leaving a huge untapped potential



BIM also offers new business opportunities like services and greater customer intimacy



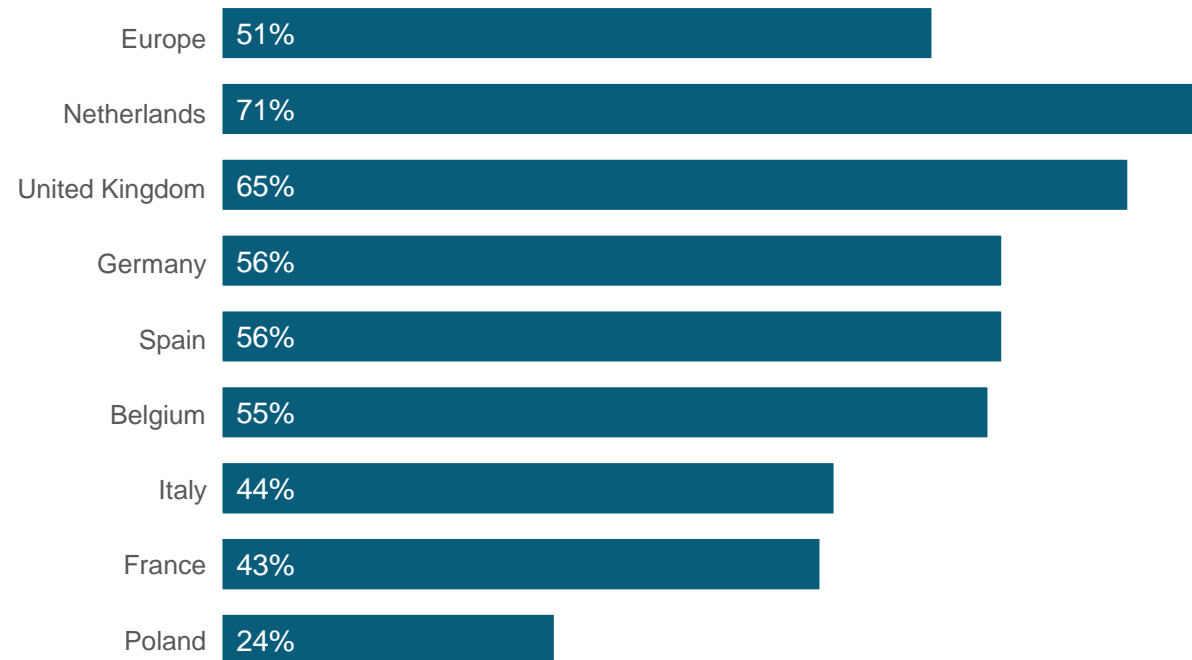
New tech is not seen widely as key trends yet, but the future potential is understood



The level of involvement and awareness regarding sustainability is already quite high among architects and contractors

Architects' and contractors' involvement in sustainable construction economy

Actively involved

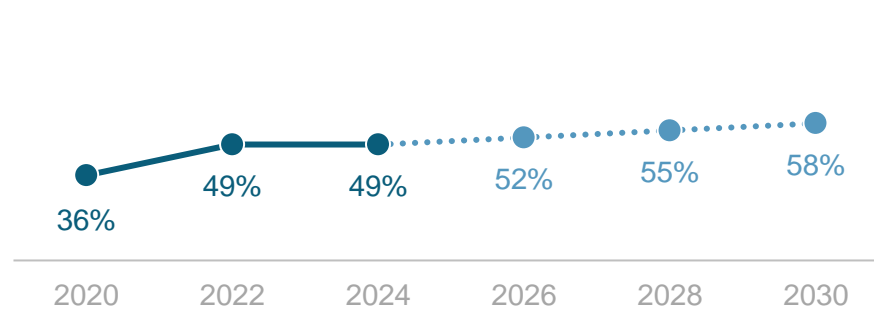


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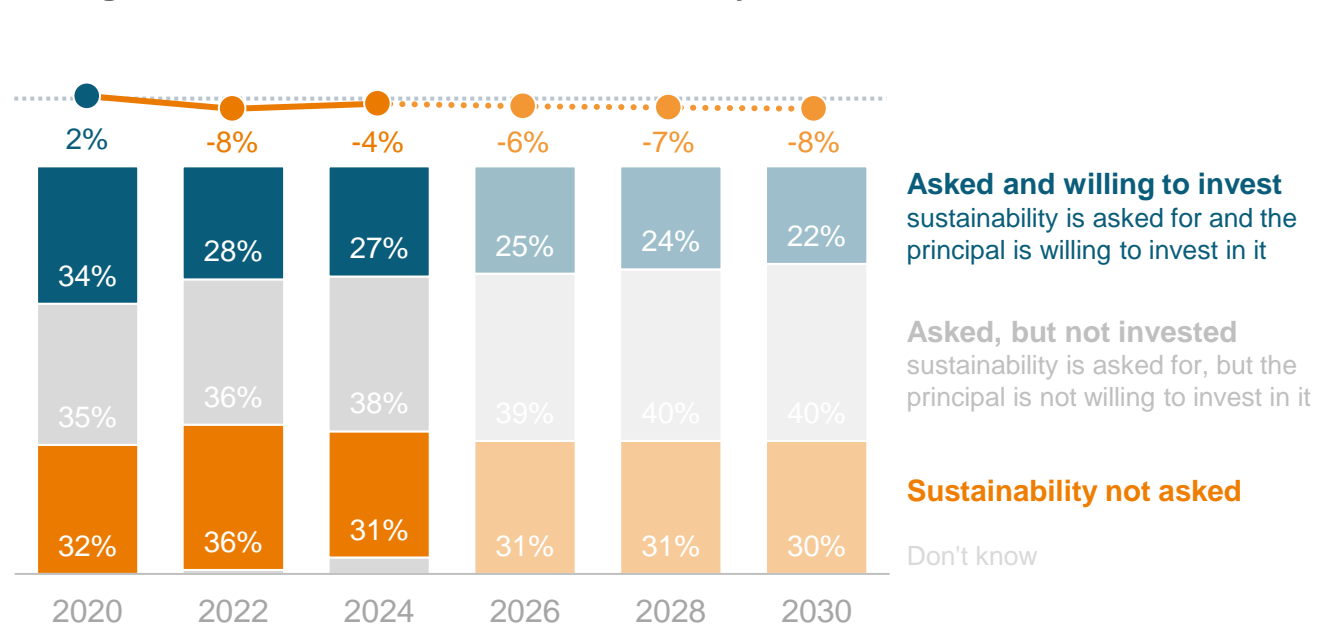
However, the adoption of sustainability in projects is stagnating among contractors and architects, coupled with a decline in investment willingness USP

Sustainability

Share of projects sustainability is taken into account



Willingness from clients to invest in sustainability

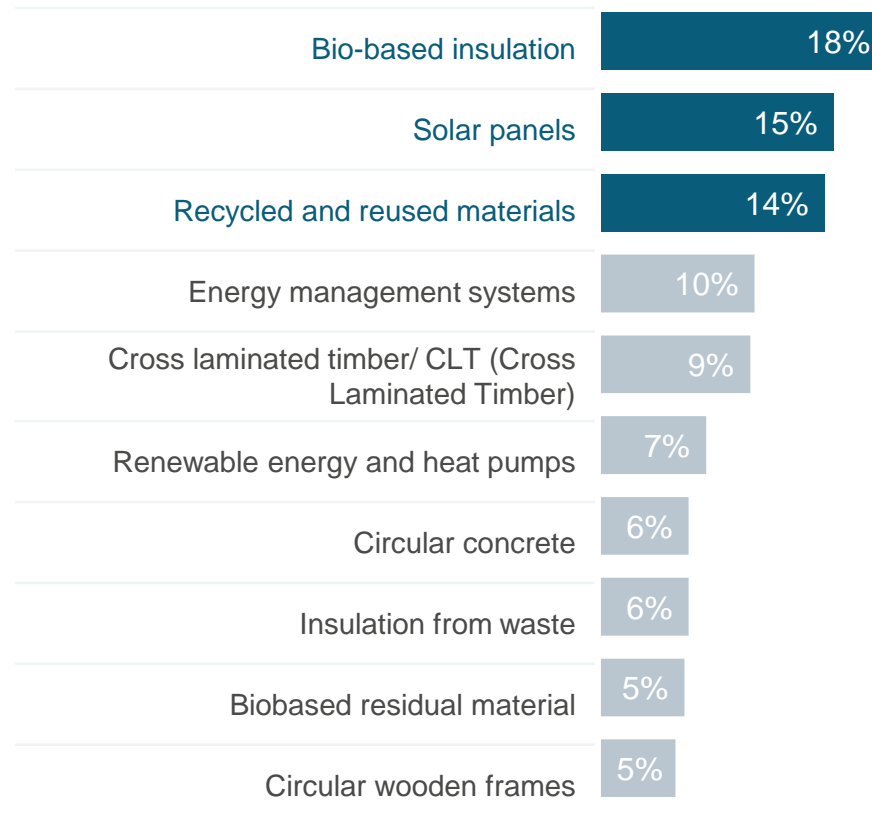


When looking at the innovative solutions that are already in use, Bio-based scores the highest on a European level

ARCHITECTS

Innovative product solutions

What are innovative product solutions with regard to sustainable and circular construction that are already being used? – Top 10

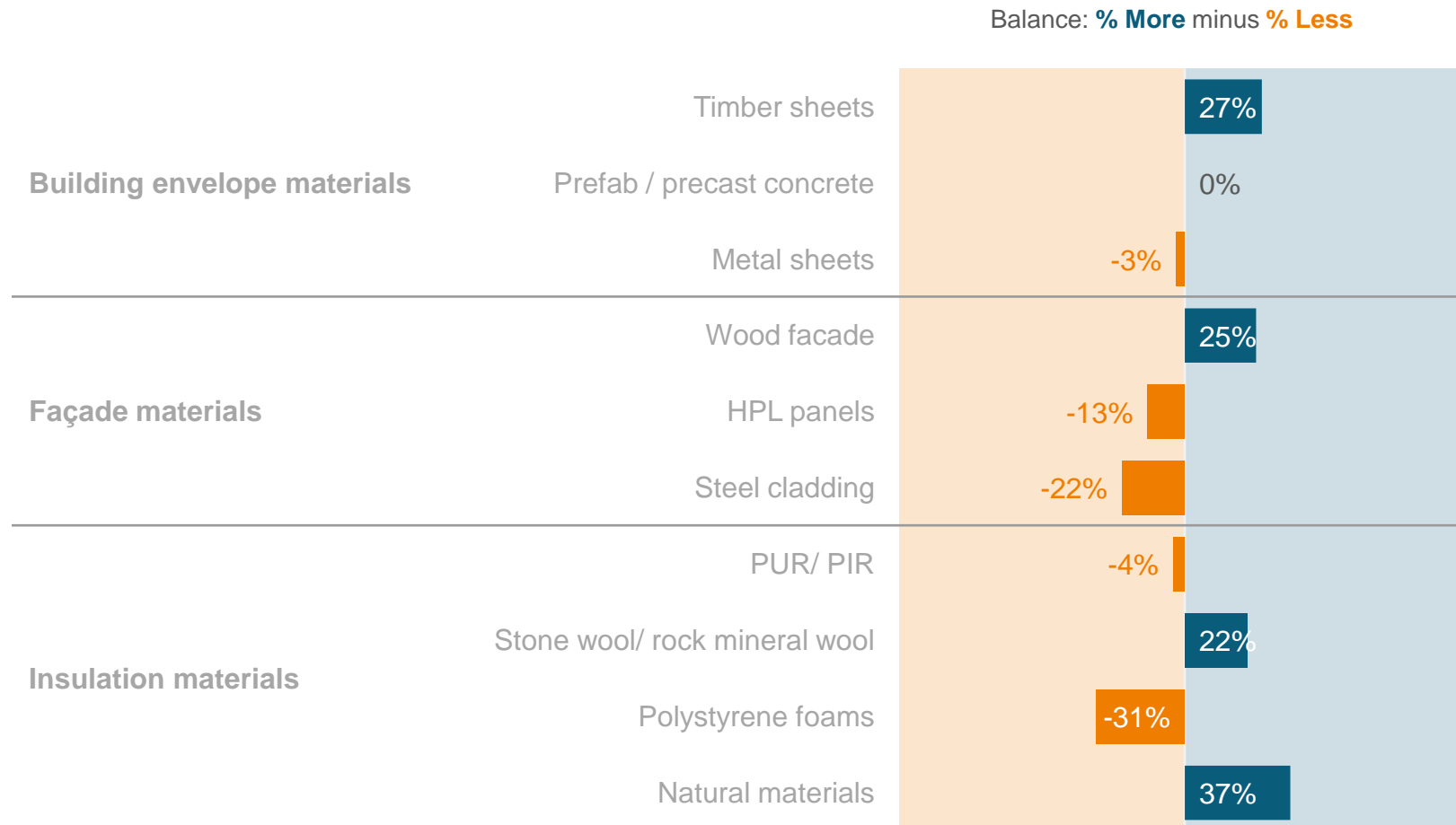


5

And if we look at the expectations of architects in general, in terms of what materials are expected to be used more in the upcoming 5 years, the sustainability impact is clearly visible

Do you expect to use the following building envelope/façade/insulation materials more, equally, or less in projects over the next five years?

Sustainability



KEY TAKEAWAYS





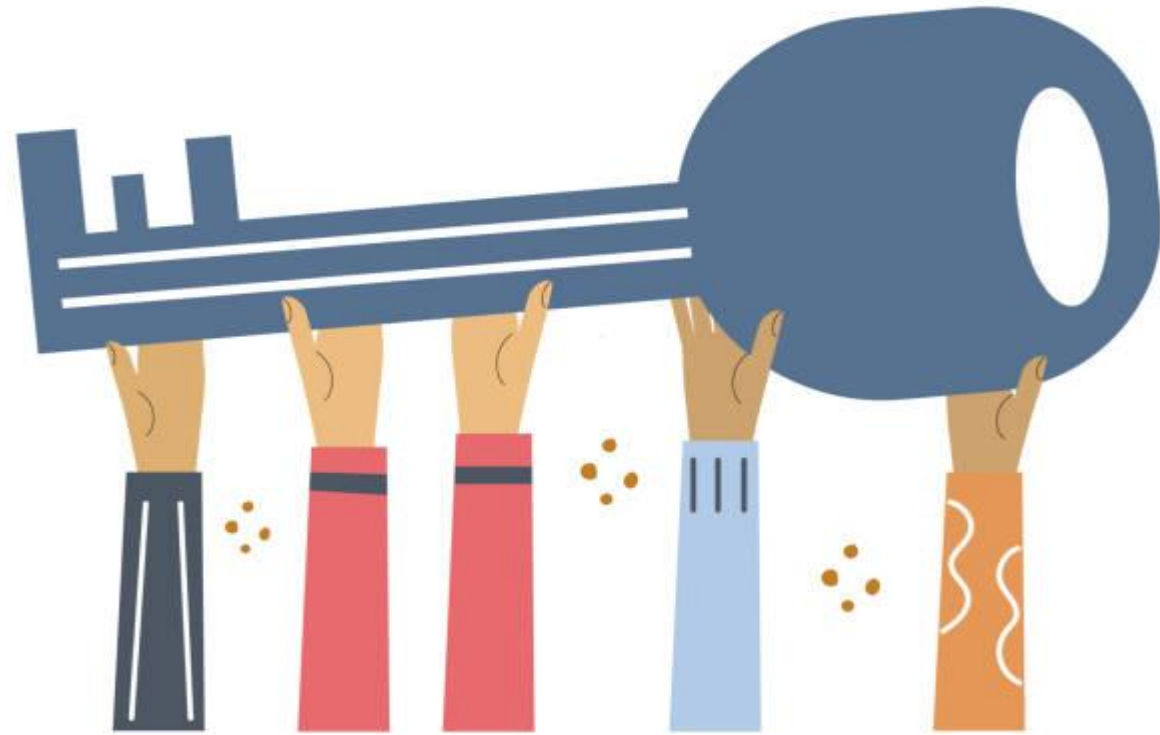
The willingness to pay for sustainability decreased, even though the demand remains stable



The market has a clear preference for wood based solutions when it comes to sustainable construction



Regulations are frequently seen as more of an inhibitor and advanced concept are not widespread yet





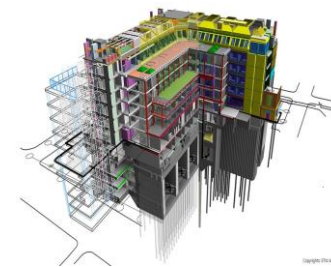
The market in 2024 was not great, but improvements are visible in 2025 driven by renovation and an increase in new build. However, this is very country dependent



Labor shortages are already high and will continue to increase. Driving the market towards more prefab and new innovations like robotization, AI etc



Prefab usage has grown strongly in the past decade, but we see a temporary slow down of the adoption due to lower new build volumes. However, future growth is expected, with more wood and advanced concepts



BIM is already a license to operate for the architectural market. The adoption is already high, but the growth has stabilized but projected to grow further in the upcoming years. However, the advanced features are not used often and there is a lot of untapped potential



The attention for sustainability increased strongly in the last couple of years, but recently a clear drop in the willingness to invest is visible. Overall, natural materials will grow in share due to the increased attention towards sustainability

ANY
QUESTIONS?





The image shows a LinkedIn profile card for Jan Paul Schop. At the top left is the USP logo. The header text reads "Specialized market research agency" and "Premium" with a wireframe building icon. Below the header is a circular profile picture of Jan Paul Schop, a man with glasses in a dark suit. The name "Jan Paul Schop" is displayed in large bold text. Below the name is the text "Founder and new business developer at USP Marketing..." and "The Randstad, Netherlands". At the bottom, it says "USP USP Marketing Consultancy".

USP

Specialized market research agency

Premium



Jan Paul Schop

Founder and new business developer at USP Marketing...

The Randstad, Netherlands

USP USP Marketing Consultancy

If you want to receive the presentation?

Connect on LinkedIn, and I will personally send it to you