

Housing Starts Statistics of Germany

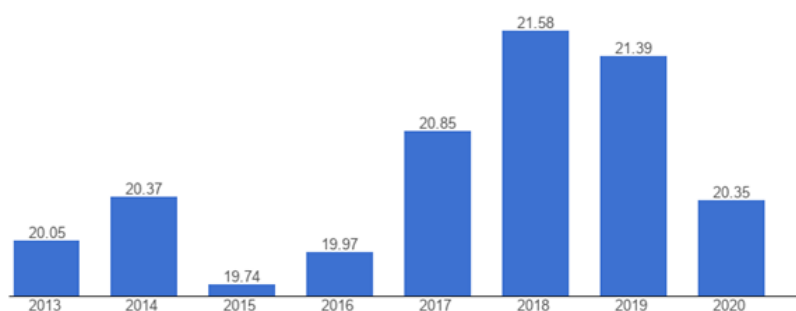
by Sharareh Shahidi Hamedani

German Economy and Demography

Following a prolonged period of stagnation in these 2 years because of the Covid pandemic, German economy is projected to grow by 2.9% in 2021, 4.1% in 2022 and 2.4% in 2023. The recovery is being hampered by shortages of key manufacturing inputs, although a large stock of unfilled orders signals a strong potential rebound as supply constraints ease. Private consumption will accelerate in 2022 as confidence improves. Solid investment will be underpinned by low interest rates and increasing capacity pressures. Inflation is likely to ease in 2022 but remains elevated. The rise in COVID-19 cases and persistent supply shortages in critical industries could slow the recovery.

For that indicator, this article provides the data of Germany from 1970 to 2020. The average investment proportion of GDP for Germany during that period was 23.46 percent with a minimum of 18.56 percent in 2009 and a maximum of 32.7 percent in 1970. The latest value from 2020 is 20.35 percent. For comparison, the world average in 2020 based on 129 countries is 23.04 percent¹.

¹https://www.theglobaleconomy.com/germany/capital_investment/



Graph 1. Germany: Capital investment (Unit in percentage of GDP)

According to current projections, Germany's population is expected to peak at the end of 2021 at 83.9 million people. By the end of the century, Germany's population is expected to fall to 74.73 million people. Germany's death rate has been higher than its birth rates since the 1970s. Currently, the birth rate is 9.397 births per 1,000 people, which has been declining every year. The death rate is 11.392 deaths per 1,000 people. Projections show that 37.6% of the population will be over 60 years old by 2050. The growth that Germany has seen in the past has slowed almost to a halt in recent years, with a growth rate of only 0.20%. By 2025, the population is expected to start decreasing slightly. The population is projected to be 82,540,450 by 2020 but will decrease to less than 80,000,000 by 2050.

Housing Start Statistics

The development of the housing market is governed essentially by changes in general population figures and household sizes. Why is it so?



The reason could be the fact that the household size is getting smaller; therefore people tend to live in shared houses. On the other hand, if the number of house constructions increases, then deflation will occur which is a negative phenomenon for any industries' growth.

In Germany, the trend is an increasing number of small households while the share of large households with five shows a decline (see the below table). The average number of persons per household has decreased from 2.14 in 2000 to 2.01 in 2020; at the same time the number of households is expected to increase from 38.1 million to 40.5 million. The demand for housing in Germany has increased by about 6.4% from 2010 to 2020. Deflation will happen in the housing industry in Germany.

The Number of Households in Germany from 2000 to 2020, by Size²

Number of Persons in a Household	2000		2020	
	Population (Unit: 1,000 people)	Share	Population (Unit: 1,000 people)	Share
1 Person	13,750	36%	16,476	41%
2 Persons	12,720	33%	13,778	34%
3 Persons	5,598	15%	4,915	12%
4 Persons	4,391	12%	3,970	10%
5 Persons	1,665	4%	1,407	3%
Total Population of all Households	38,124		40,546	

²<https://www.statista.com/statistics/464187/households-by-size-germany/>

In an optimistic scenario, the demand will thereafter remain stable at this level, whereas the demand for housing will start to decrease after year 2030 in a pessimistic scenario. There are no figures as to the market share of housing starts market in Germany. However, according to Trading Economics global and analysts' expectations, although building permits in Germany decreased to 26,129 in October from 26,378 in September of 2021, the building permits in Germany was expected to be 34,400 by the end of 2021. In the Mid-term, German Building Permit for New Dwellers is projected to trend at around 40,400 monthly in 2022 and 41,400 in 2023.

Building permits in Germany averaged 20,439 from 2003 to 2021, reaching an all-time high of 36,606 in December of 2019 and a record low of 9,738 in January of 2009.

German Greenhouse Gas Growing

The issues of energy-efficient and sustainable building construction will remain the main agenda items in Germany due to the required reduction of greenhouse gases. In addition, Germans hold wood as construction material in a high regard. Hence, according to experts, the timber frame share in one- and two-family housing will increase from 14% to 30% and in multi-family housing from 2% to 10%, between 2006 and 2030.

Fastener Statistics Related to Housing Starts

The building and construction fastener market has numerous players in the fray

to obtain a prominent position. The players are involved in research and development activities. These activities lead to new discoveries and upgrades in terms of quality across building and construction fasteners. Furthermore, strategic collaborations also form an important part of the building and construction fasteners market growth trajectory. The collaborations help strengthen the influence of the players, eventually increasing the growth rate of the building and construction fasteners market.

Manufacturers in the building and construction fasteners market indulge in production expansion activities. These activities assure seamless distribution of fastener to the end-users. The players, through mergers and acquisitions, also try to expand their prominence across numerous regions. All these aspects ultimately lead to the growth of the building and construction fasteners market. The building and construction fastener market is expected to observe steady growth during the forecast period of 2021-2030. An increase in the construction activities in Germany will serve as a prominent growth-generating factor for this market. Earlier, metal fasteners were in demand due to their properties such as high resistance and robustness but due to the advent of plastic fasteners, the demand decreased. The properties of plastic fasteners such as being lightweight and corrosion-resistant proved to be beneficial. Hence, based on all these factors, the building and construction fastener market is estimated to observe a growth trajectory between 2021 and 2030.

Global Building & Construction Plastic Fasteners Market reached the value of USD 363.5 million by 2020, and with a growing CAGR of 5.0% during the forecast period of 2020-2026, it should be around USD 470.2 million in 2025. Germany's share in this market is 30%, and therefore, Germany's market size of plastic fasteners is around USD 109 million in 2020 and will be around USD 141.1 million in 2025. ■

