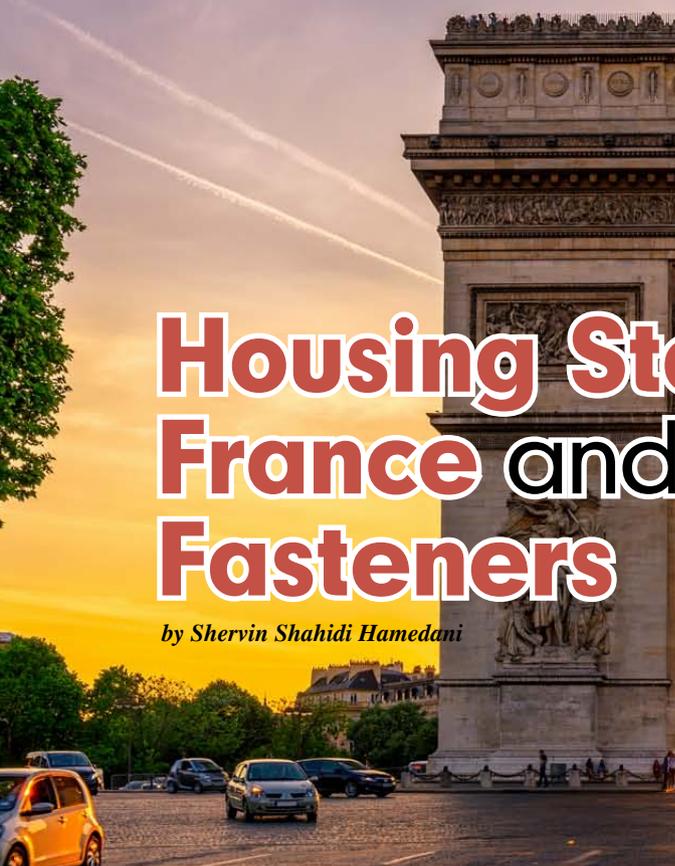


Housing Starts Statistics in France and Construction Fasteners

by Shervin Shahidi Hamedani



has confronted structural difficulties, such as cash issues for businesses, as they failed to provide the required funding for their working capital. Additionally, as a result of the sudden increase in prices in construction material and labor costs, profit margins are projected to be reduced further in the coming years.

Introduction

The construction output in France contracted drastically in 2020 by 14%. This reflects the impact of lockdown measures imposed by the French Government in April and May and consequently the closure of construction sites by a large number of firms in the sector. On a year-on-year basis, the fall in French construction output was substantial in Q2 2020 by 33.6% compared to the second quarter of 2019. That made construction the worst-hit sector in the second quarter of 2020.

Despite the figures recorded in 2020, **the construction output is forecasted to rebound by about 13% by the end of 2021 and to grow about 3% in 2022, while residential building and civil engineering are the key drivers of this recovery.** The renovation work segment remains robust, while the Next Generation EU fund will provide large investments in sustainable projects. The most fragile segment in this sector is commercial construction which is still vulnerable as a result of low investment in retail and office buildings. Overall, with the economy also not anticipated to return to pre-pandemic levels in near future and the risk of new lockdowns, the fragile economic outlook will depress the French construction sector.

Before the current pandemic situation, over the past couple of years, French construction

Although the current sector performance could be evaluated as "Fair" due to the recovery of demand and ongoing incentive measures, structural sector fundamentals (narrow margins, working capital problems, default frequency) stay in a "Poor" condition. All the risks related to the current pandemic will remain, and regardless of the growth which is forecasted for the coming years, French construction is not expected to reach its pre-pandemic levels until 2023.

Residential Construction in France

As stated earlier, residential construction is the key driver of French construction output recovery. In 2020, the French residential construction market registered a total revenue of \$118.3 bn, representing a compound annual rate of change (CARC) of -0.7% between 2016 and 2020. **The French residential construction market is expected to register a total revenue of \$166.03 bn by 2025.**

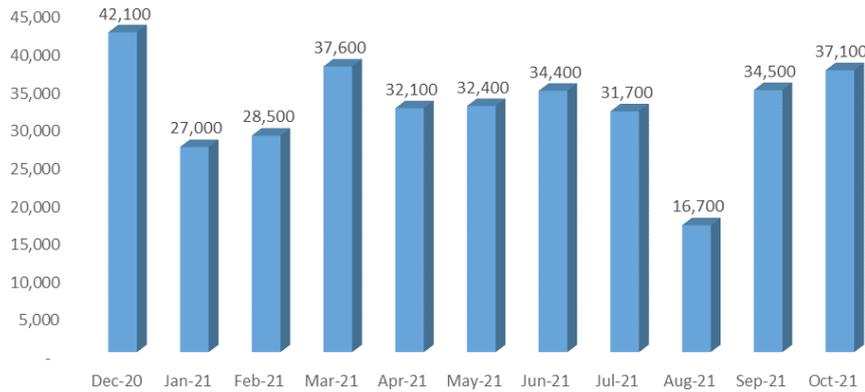
To clarify the above figures, the residential construction market is defined as the value of work required annually for residential buildings, and its market value is defined in general as the total output value of construction activities in any given time, this includes costs of construction materials, equipment and services for new construction, refurbishment, repair and maintenance, and demolition.

Last year, the new construction segment was the most productive and profitable in the market with a total revenue of \$89.9bn, equivalent to 75.9% of the market's overall value. The main reason could be the exemption of residential construction projects from the nationwide lockdown rules in France. However, on-site social distancing measures negatively affected productivity within the market, whilst border restrictions caused European-wide construction material shortages. This caused significant delays to project pipelines, hampering overall market growth within the French residential construction sector.

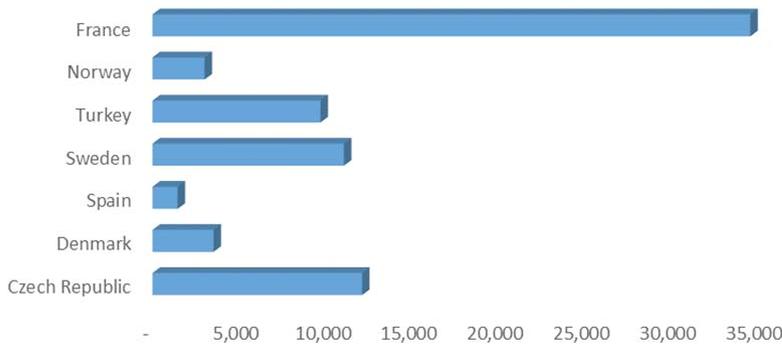


Housing Starts

Housing Starts in France averaged about 32,476 units from 2000 until 2021, reaching an all-time high of 54,300 units in December of 2017 and a record low of 12,300 units in August of 2014. **Housing Starts in France increased to 37,100 units in October from 34,500 units in September of 2021.** The following chart exhibits Housing Starts (by units) in France since December 2020.



Although France may not have the highest Housing Starts in Europe (for instance, the Housing Starts in the United Kingdom was 46,010 units in June 2021), this country is on top of the list compared with most countries in the region. The Housing Starts statistics vary month to month and the changes could be significant within a year, however, we have tried to compare the number of units in a single month of September 2021 between France and some of the major countries in Europe. The following chart shows that Housing Starts in France is significantly higher than those in some European countries.



	Czech Republic	Denmark	Spain	Sweden	Turkey	Norway	France
September 2021 Data	12,096	3,517	1,450	11,050	9,689	3,008	34,500

significant number of Housing Starts in this country. The presence of SMEs, a variety of products, the emphasis on strengthening the value in the supply chain, and the growing population dwelling in cities and rural areas are more likely to increase the market demand and to propel the market growth.

In summary, increasing building and construction activities will fuel the need for products, subsequently aiding the overall market's growth. Variations in product offerings have allowed applications in diverse industries. For instance, the building and construction fasteners market is significantly driven by significant investments made by plastic manufacturers and a wide presence of several players who produce cable ties, plastic clips, plastic grommets, and rivets.

The development of Housing Starts and consequently growing demand for related fasteners have attracted several large-scale investors and numerous market entrants. The ease of availability of materials used in the manufacturing of industrial fasteners will arise in favor of market growth. Moreover, factors such as cost-effectiveness and product durability, and increased reliability will contribute to the development of the fastener market in France during and after the pandemic.

Sources:
 Construction Industry Trends France – 2021, by Atradius Collections
 Residential Construction in France - Market Summary, Competitive Analysis and Forecast to 2025, by MarketLine
 Building & Construction Fasteners Market, by Data Intelio
 Industrial Fasteners Market, by Grand View Research
 TRADINGECONOMICS.COM

Construction Fastener

France is one of the most important markets for industrial fasteners and it accounts for almost one-fifth of European market value this year. This is mainly because, throughout the last decade, France has positioned itself as the second-largest exporter of aircraft and related aerospace equipment. In addition to the aviation industry, **France is home to a large number of automotive manufacturers and has long been a major contributor to European automotive production.**

The next major contributor to industrial fastener demand is the construction sector. The construction fastener is one of the fastest growing markets in France supported by a

