

Spain Market Report, March 2022

Update 24 March 2021

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

Now that the final data has been collected to close out 2021, a series of observations can be made:

- GDP has fully recovered from the effects of the pandemic
- CPI closed at record highs in the past 20+ years and is projected to even higher rates in 2022
- The Monthly Construction Climate index shows some optimism as it closed above the 0 mark.

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, copper pipe and general MEP trades.

Spanish construction sites have also been susceptible to decreased labor availability. While the worker is not earning more in wages, the difference is most likely being applied to growing overhead costs due to increased energy and fuel prices. Delays are commonplace as crews will abandon work sites as specialty contractors seek the highest bidder.

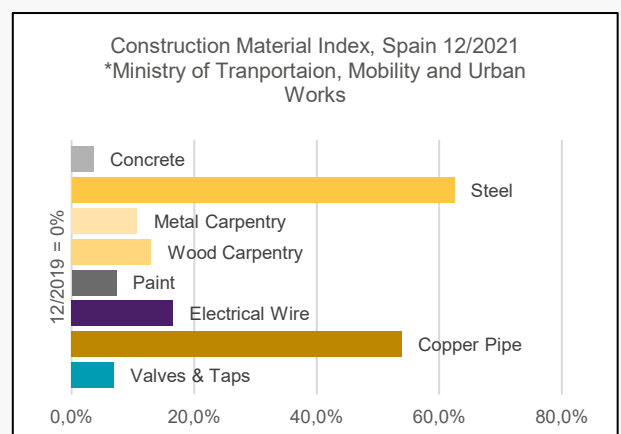
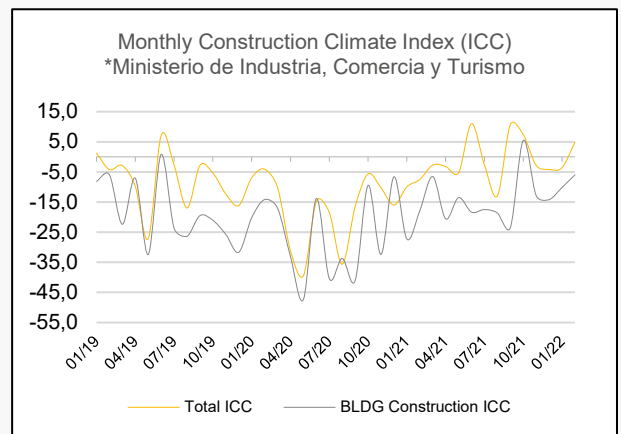
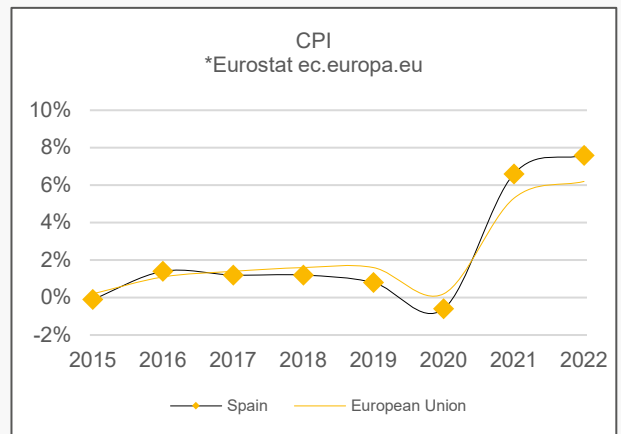
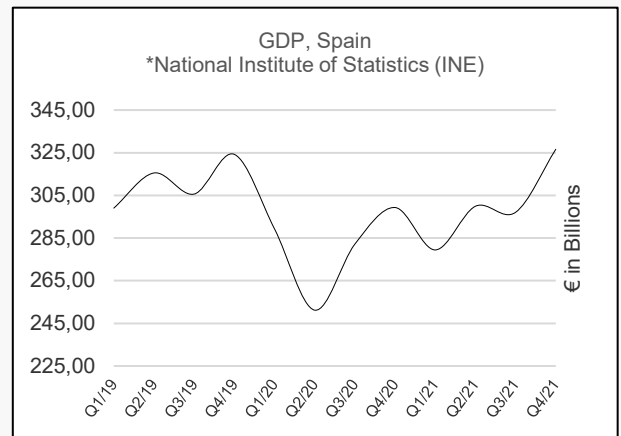
The transportation crisis has not only been a source for delays and increased lead times, but increased fuel prices have led to claims for price revisions on trades like earth work removals relying on repeated travel routes.

The unrelenting boom in the global raw materials market, led by gas, oil, steel and aluminum, which remain under enormous demands from the world's largest economies has resulted in never-before-seen price increases, i.e., Re-bar at 173% increase over December 2019. 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 Spain, 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 labor shortages persist.

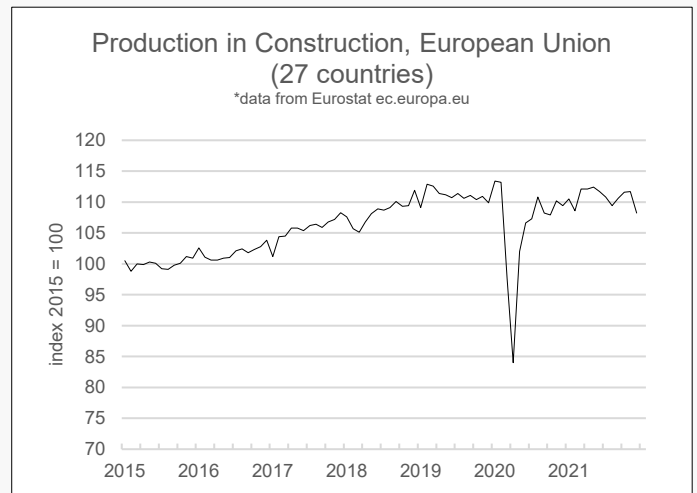
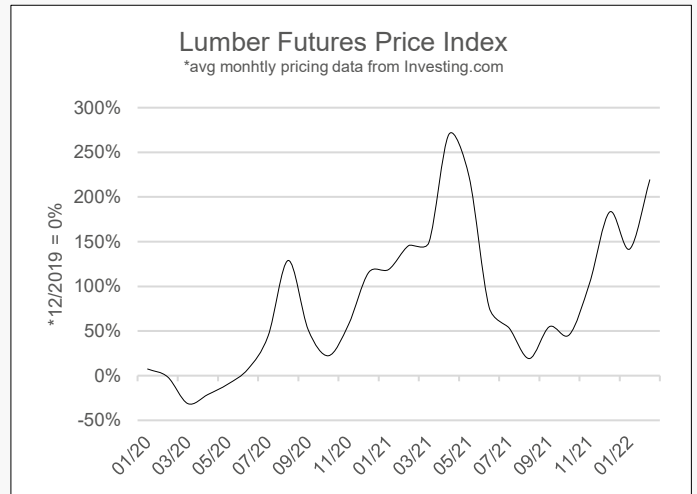
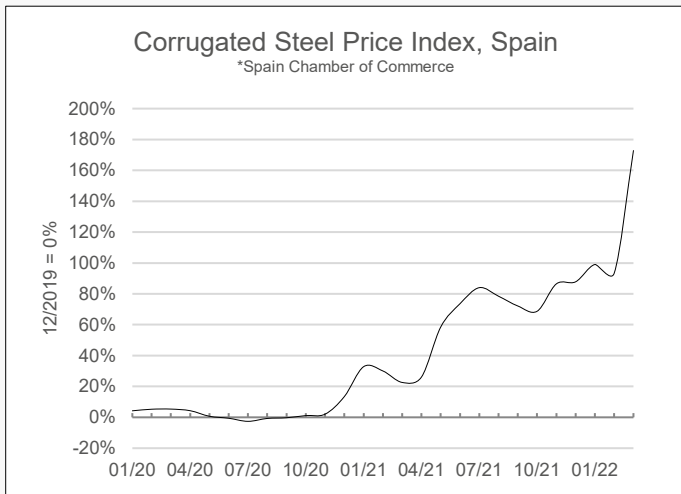
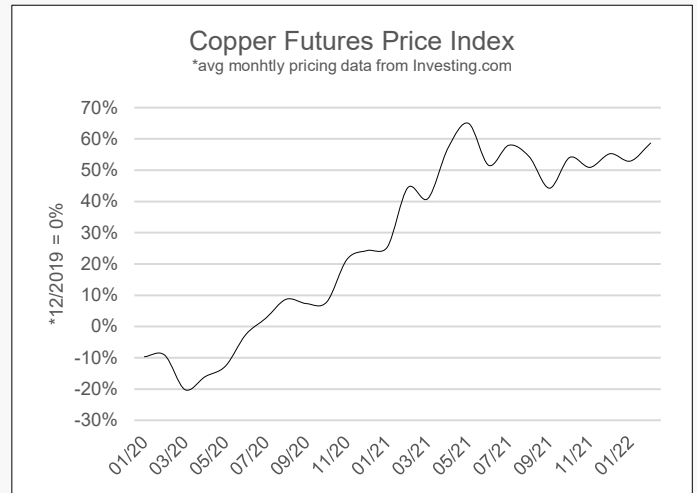
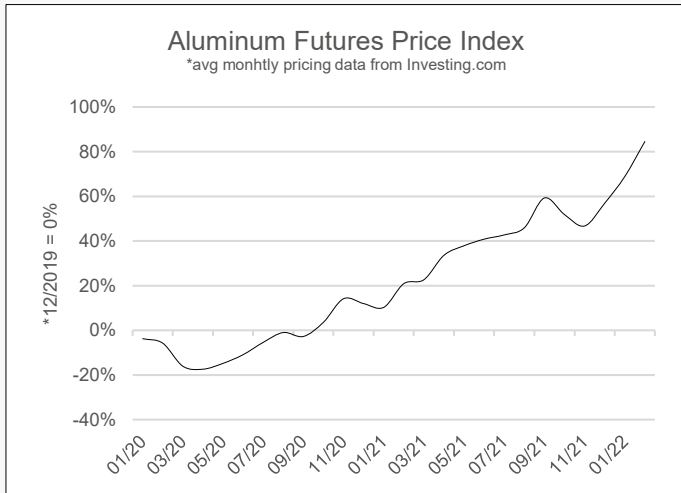
The situation constantly evolves and should be regularly monitored. Early engagement, partnership and collaboration with the supply chain is critical as well as cashflow forecasting.

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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