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NETHERLANDS

Dutch construction profits rise despite stalling production

Profits at Dutch construction companies are rising even though volumes show little growth. This divergence reflects well-filled order books and pricing power while structural bottlenecks continue to constrain growth. The outlook for 2026 suggests more of the same



More than a quarter of Dutch builders reported higher profitability at the start of the fourth quarter – the strongest reading since 2019

Contractors look ahead with confidence

Business confidence among Dutch contractors has climbed this year, with a key indicator reaching its highest level in 3.5 years in November. This marks a sharp turnaround from early 2024, when sentiment was almost negative. The renewed optimism reflects stronger profits and well-filled order books, indicating that firms are increasingly confident about expanding their workforce.

Confidence indicator for construction continues to improve

Confidence indicator Dutch builders (seasonally adjusted until November 2025)



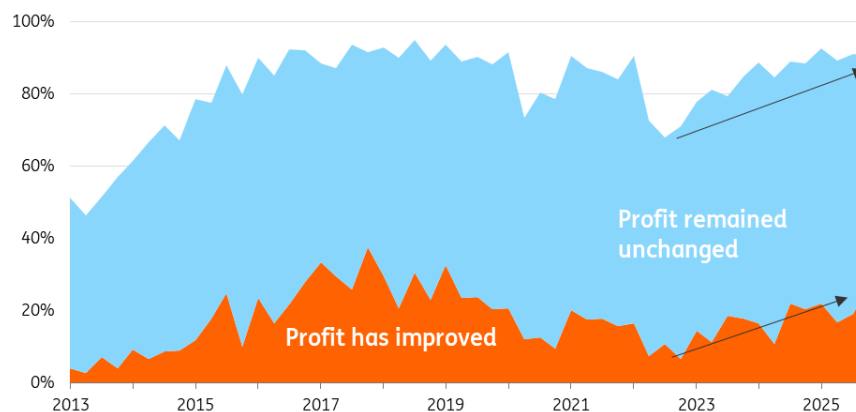
Source: European Commission, ING Research

Construction companies see their profits improve

More than a quarter of Dutch builders reported higher profitability at the start of the fourth quarter 2025 – the strongest reading since 2019, just before the Covid crisis. This improvement has been driven by pricing power. With well-filled order books, firms can avoid high-risk projects and increase prices.

Profits have increased or remained at least the same

Profit trends among Dutch construction firms, quarterly to 4Q 2025



Source: CBS, ING Research

Well-filled order books

Dutch builders had an average of 11.5 months of work in their portfolios in October – the largest October backlog since the business survey began. Although demand growth is limited,

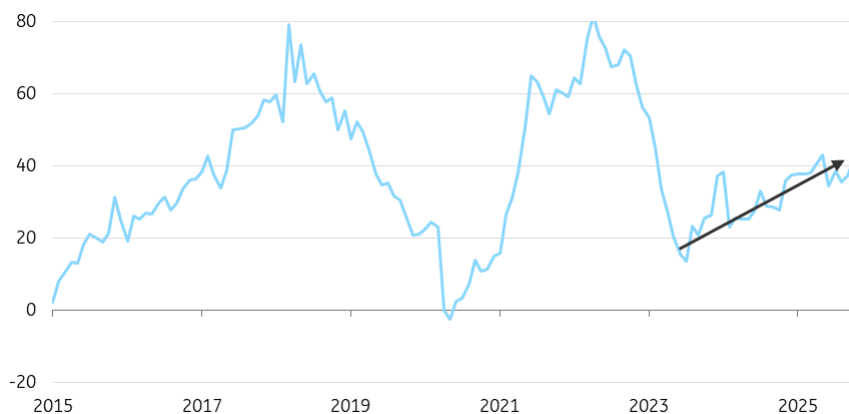
building capacity is constrained by labour shortages. This has resulted in orders slowly piling up at construction companies. Contractors are trying to hire new staff, but with little success due to these shortages. Construction companies can therefore afford to be selective and only choose the most profitable projects where the risks are limited. Larger construction companies such as BAM, Ballast Nedam, Dura Vermeer and Heijmans, in particular, have become more reluctant to take on new large high-risk projects.

Higher profits mainly driven by increased sales prices

Half of construction companies planned to raise sales prices in November, with infrastructure players leading the charge. In part, companies also need higher prices to continue to cover higher wage costs and maintain profitability in a low-growth environment.

More construction companies want to increase sales prices

Balance of Dutch builders planning to raise sales prices (seasonally adjusted until November 2025)



Source: European Commission, ING Research

Volume growth lags behind

The rise in profitability is all the more striking given that volume growth remains subdued. After a significant 2.9% contraction in 2024, we expect Dutch building volumes to increase by just 0.5% in both 2025 and 2026. Housing construction is particularly weak; we forecast just 68,000 new-build homes to be constructed next year. Structural bottlenecks are a many-headed monster, and include a shortage of building land, lengthy and complex permitting requirements, objection procedures, the nitrogen issue (new building projects often require permits proving they won't increase nitrogen emissions) and grid congestion. The problems are complex and require a lot of time and effort – particularly from a new government – to solve.

68,000

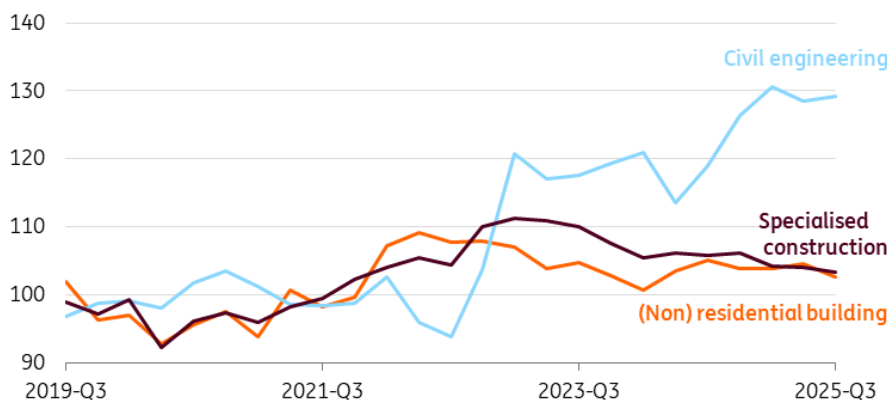
New Dutch houses in 2026

ING Forecast

Investments in commercial buildings are still under pressure. The value of permits for commercial buildings fell by more than a quarter in the first three quarters of 2025, with declines across offices, schools, and particularly warehouses. After the surge in demand for logistics centres, driven in part by online shopping during the pandemic, demand has now reached a saturation point. Geopolitical uncertainty adds another layer of caution, keeping corporate investment subdued.

Substantial volume growth in the infrastructure sector

Volume of Dutch construction subsectors, index 2021=100 seasonally adjusted per quarter



Source: Eurostat, ING Research

Decline in the installation industry

The Dutch installation industry is the largest subsector of specialised construction and was growing significantly until 2023 due to investments in energy savings. When energy prices fell after the energy crisis, the market shrank, as people were less inclined to invest in measures such as insulation, heat pumps or solar panels. The scaling back of government support, for example by abolishing the net metering rule, and the lack of stricter sustainability requirements, also played a role in this. The growing enthusiasm for installing a home battery cannot sufficiently counterbalance this.

The infrastructure sector acts as an important driver of growth

The infrastructure sector is by far the smallest subsector of Dutch construction, but has shown the strongest growth in recent years. By the end of 2025, volumes will have increased by

around 7%. We expect lower growth in 2026. The volume increases are mainly due to more maintenance and investments to comply with the European Water Framework Directive and climate adaptation. This leads to projects such as sewerage improvement and flood defence reinforcement. In addition, billions of euros invested in the expansion of the power grid are driving the energy transition and increasing electrification are creating new business.

Outlook for 2026

For next year, we expect more of the same. A new government is unlikely to resolve the most pressing constraints immediately. The residential sector should see some growth, supported by a slight increase in building permits issued this year and sustained demand driven by ongoing housing shortages. In contrast, the non-residential sector faces challenges, as companies remain hesitant to invest in new premises due to economic uncertainty and restrictions on new electricity connections caused by a fully loaded grid. After a year of strong growth in the infrastructure sector, we anticipate production levels will stay high, but further expansion will be limited by persistent staff shortages. Hence, in 2026, Dutch contractors should be able to increase sales prices further while focusing on less risky, more profitable projects.

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