

Local Market Update - By Chris De Vos, Liberty Mutual Surety

In 2026, Belgium's economy shows signs of resilience, while facing important structural challenges. After several difficult years marked by high inflation and energy shocks, the situation is gradually stabilizing. Economic growth remains modest, reflecting weaker expansion in the eurozone and continuing geopolitical uncertainty. The wars in Ukraine and the Middle East continue to affect energy markets, disrupt supply chains, and weaken investor confidence, making Belgium's recovery more fragile.

Public finances remain a major concern. High public debt and rising interest costs are pressuring the federal budget, strengthening the need for structural reform. These fiscal constraints limit the government's room to act: debt servicing absorbs resources that could otherwise support new policy initiatives, while budget deficits, EU fiscal rules, and political fragmentation reduce flexibility even further.

The labour market presents a mixed picture. Unemployment is relatively low, and some sectors – especially healthcare and technical professions – face persistent labour shortages. Belgium's overall employment rate remains below that of many other European countries, because of a structural mismatch between labour supply and labour market needs.

Belgium's complex institutional structure also affects economic policymaking. The division of responsibilities between federal and regional authorities can slow decision-making and reduce the effectiveness of reforms. Overall, Belgium is experiencing a cautious recovery, but its longer-term stability and growth will depend on how successfully policymakers address fiscal pressures, labour-market mismatches, and investment needs linked to the energy transition.

Economic Indicators

2025 annual increase 1.0%	Down from 2.9% in March 2025	Up from 2.2% in January 2026
Belgium GDP 2026 Growth Forecast	March 2026 Inflation (YoY)	April 2026 Euribor 12-Month Rate
+1.1%	1.7%	2.8%
European Commission	Statbel	Euribor rates.eu

Current Economic Themes:

1. Widening Geopolitical Conflicts - Impacts

- The war in Iran has sparked a global energy shock, threatening progress on inflation and adding economic uncertainty to that created by Russia's war in Ukraine.
- As European countries further increase defence spending, economic growth may be impacted.
- Energy and trade-dependent sectors in Belgium (such as manufacturing and ports) may be particularly vulnerable to an economic downturn.
- While the overall impact on the Belgian economy is still unknown, the current 2026 GDP forecast of +1.1% implies growth may be challenging even without the geopolitical impacts.

[European Commission](#)

2. European Data Centers – Key Trends

- Data Centre supply, commonly measured in Megawatts (MW), increased 133% across Europe, from 2,400 MW in 2020 to 5,600 MW in 2025.
- Growth has been driven by cloud adoption and AI demand, with capacity concentrated in UK, Netherlands, Germany, France, Nordics.
- The outlook for the sector is mixed. While demand is high, power availability, permitting, grid connections, and sustainability requirements may force developers to be more selective.

[CBRE](#)

[Cushman & Wakefield](#)

3. Europe's Energy Transition Slowdown

- While progress continues with wind & solar installations and grid decarbonisation, deployment and policy delivery have slowed relative to expectations.
- Causes of the slowing transition include a mix of:
 1. Higher financing costs and investor caution
 2. Planning, permitting and local opposition
 3. Grid connection delays, transmission/storage
 4. Short-term resurgence of fossil fuels for energy security reasons

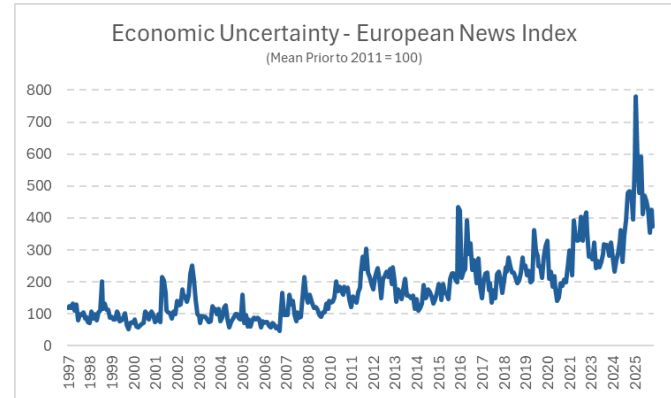
[ACER](#)

[DNV](#)

Common Challenges for the Belgian Business Sectors

1. Economic Impacts of Widening Geopolitical Conflicts

- The primary impact of geopolitical conflicts is a sharp increase in economic uncertainty.
- Global economic uncertainty can weaken investment and business confidence, reduce demand for exports, and raise market volatility.
- Trade-dependent sectors (construction, transport, manufacturing) and ports could feel pressure.
- Weaker economic growth and higher borrowing costs could strain public finances.
- Public policy support could be necessary, with a focus on individuals and the labour market.



policyuncertainty.com

2. Supply & Demand Imbalance (Labor and Materials)

- The **manufacturing** sector is experiencing gaps in advanced digital, engineering, and managerial skills; aging workforce and low rates of vocational upskilling hinder adoption of advanced production practices.
- The **defense** sector has a need for specialized engineers, systems integrators, cyber and software experts, amidst an aging workforce in some legacy manufacturing areas and competition from civilian tech sectors for talent.
- Limited vocational/retraining pipelines specifically tailored to **defense**-relevant skills.

	Mar 2026	Mar 2025
Consumer Inflation (YoY)	+ 1.7%	+ 2.9%
Euribor 12-Month Rate	2.9%	2.3%
	Q4 2025	Q4 2024
Construction Price Index (YoY)	+ 2.5%	+ 2.6%
Employment Rate	72.8%	72.8%
Unemployment Rate	6.5%	5.9%

[StatBel](https://statbel.fgov.be)

[Euribor rates.eu](https://euribor.rates.eu)



European Data Center Sector *Did you know?*

The European Union has several strategies and frameworks for data center construction, primarily focused on sustainability, energy efficiency, and strategic growth.

Here's a summary of the key points:

- 1. Sustainability and Energy Efficiency** - A major focus for the EU is making data centers more environmentally friendly. Goals include a common rating scheme to create transparency in energy consumption, promotion of renewable energy sources, and ultimately to have carbon-neutral data centers by 2030.
- 2. Strategic Growth and Infrastructure** - The EU is encouraging strategic investments in digital infrastructure and are proposing measures to manage energy consumption effectively. This includes promoting on-site power generation to ease the strain on existing power grids.
- 3. Resource Management** - Beyond energy, there's a focus on the efficient use of other resources, such as water. The EU's frameworks aim to guide the data center industry in adopting more sustainable practices for resource management.

[European Data Centre Association](https://european-data-centre-association.eu)

[European Commission](https://european-council.europa.eu)

[CBRE](https://cbre.com)

Key Sectors: Construction and Housing

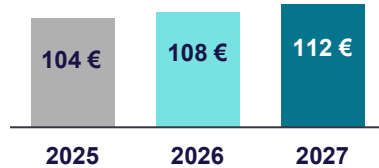
Construction Sector

Construction Output

Total Construction
EUR (Billions)
Change from 2026-2027

+4.2%

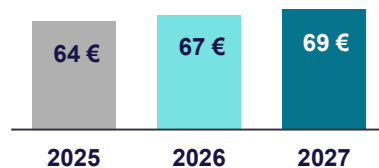
[GlobalData](#)



Non-Residential
EUR (Billions)
Change from 2026-2027

+3.7%

[GlobalData](#)



Spending Includes: Construction Services and Materials

PMI – Eurozone Construction



- Construction activity in the Eurozone declined sharply in March 2026, with reductions recorded across all three monitored sectors.
- After registering positive sentiment for the second time in four years the past month, Germany, France and Italy all registered negative sentiment in March.

[S&P Global](#)

Price Indices

Year-on-Year Percent Change (%)

	Q4 2023	Q4 2024	Q4 2025
Construction Output	3.5%	2.6%	2.5%

[Statbel](#)

Housing Sector

Prices projected to increase 3 to 5% in 2026

Rising Cost of Housing in Europe Annual % Change (Selected Countries)

	2024-Q4	2025-Q4
Netherlands	10.9%	6.2%
Belgium	2.8%	3.5%
European Union	4.9%	5.5%
Germany	1.9%	3.0%
France	-1.9%	1.0%
Italy	4.4%	4.1%

[Eurostat](#)

- Recent trends in the Belgian housing sector show moderate price growth of 2-3% annually, driven by stable demand and a tightening housing inventory.
- Since 2022, we have observed a steady decreasing trend in building permits for residential buildings, suggesting lower output in the coming months and years.
- Mortgage rates have seen an increase, now ranging from 3.2% to 3.8%, which has an effect on buyer affordability.
- As of early 2026, the average cost of housing varies significantly by region. Brussels remains the most expensive, where the average price of an attached home is €539,000, while Wallonia offers the most affordable options.

[Investropa](#)

[StatBel](#)