



Medieninformation

ZVEH Autumn Economic Survey 2023

Despite Weakening: Electrical Trades Maintain Stable Economic Activity

Following the very positive ZVEH Spring Economic Survey 2023, sentiment within the electrical trades has slightly soured as autumn approaches. This shift can be primarily attributed to the broader economic downturn. Across all sectors of the electrical trades, no significant declines in orders have been observed. Consequently, while the business climate index has experienced a minor decrease, it remains strong at 80 points, reflecting generally stable economic indicators.

Frankfurt am Main, October 18, 2023: The progress of the energy transition continues to serve as a stabilizing force within the electrical trades. This becomes evident in the results of the autumn business survey conducted by the Central Association of German Electrical and Information Technology Trades (ZVEH) from September 13 to 28. Over 1,500 guild companies participated in the survey.

Electrical Trades Demonstrate Resilience

Despite a slight dip in values since spring, the business situation remains positive, with encouraging trends in orders and turnover over the last six months. Beyond the psychological impact of the construction sector's crisis, the electrical trades are experiencing a modest decrease in economic indicators such as order backlog and job vacancies. Nonetheless, Alexander Neuhäuser, Managing Director of ZVEH, cautions against overly negative assessments of the current economic situation: "While we do see some shadows, there is no significant drop in sales. Therefore, we should monitor the situation but not overstate it. In comparison to the current developments in the new construction sector, the electrical trades currently exhibit resilience due to their diversification."

Renovation of Old Buildings Compensates for New Construction Downturn

This resilience may stem from the electrical trades' ability to offset the downturn in new construction by effectively transitioning to renovation projects in older buildings. This conclusion can be drawn from a look at the distribution of turnover shares by business segment. After the ZVEH reported the areas "new construction" and "renovation of old buildings" separately for the first time in the current autumn business survey, it shows that renovation of old buildings accounts for the larger share of turnover (18.5 %) compared to the new construction sector (12.9 %). Surprisingly, if new construction projects and refurbishments of old buildings are taken together, the share of turnover has even increased to 31.4 % compared to spring 2023 (30.9 %).



High Business Climate Index at 80 points

The business climate index remains correspondingly stable, still reaching a very high value of 80 points in the current ZVEH survey (spring 2023: 83.6 points). Also, 66.4 % of the companies surveyed continue to perceive the current business situation as good - that is 4.6 percentage points less than in spring 2023 (71 %), but still 1.9 percentage points more than in the survey in autumn 2022.

More cautious about the future

The assessment of the future business situation is much more cautious. Only 17 % of the companies expect the situation to improve. In spring it was still 22.7 %. Meanwhile, 23.8 % expect the situation to worsen - compared to 13.8 % in spring this year. The reason for this - apart from the psychological factors of the widely reported crisis in the construction industry and the deterioration in the mood of society as a whole - could be that the order books, which are traditionally very high in the electrical trades, have melted slightly for the first time in a long time.

Shrinking Order Backlogs, Slowdown in the number of Job Vacancies

Currently, 53.3 % of the survey participants still have an order backlog of more than two months. In spring it was still 59.3 %. At the same time, however, more than a quarter of the firms (26%) still have an order backlog of more than four months. An indication of the slight slowdown is also the number of vacancies. The number of firms with vacancies has now fallen from 66.4 % in spring 2023 to 59.9 %. It is true that there are usually more vacancies in spring than in autumn due to the training cycles. However, the value of vacancies in autumn 2022 was also higher than the current value.

However, companies remain optimistic when it comes to employment trends in the next six months. Despite the growing skills gap, 25.8 % expect the number of employees to increase and only 11.4 percent to decrease. In spring, as many as 35.9 % had expected an increase.

Private Clients as the largest Group

While examining turnover by client, there are slight shifts here. Private clients make up the largest group with 39 %, followed by the commercial sector with 35.2 % (public clients: 13.5 %; housing associations: 11.7 %). While the share of private clients rose slightly in the past six months (spring 2023: 37.5 %), it fell slightly in the commercial sector (spring 2023: 38.0 %). The decisive factor for this decline could be the high interest rates, which have a stronger impact on commercial clients. The growing popularity of photovoltaics proves that private customers are currently continuing to invest, especially in future technologies. Here, owners of single-family homes are clearly among the drivers.

While the turnover shares in the areas of hazard alarm systems, lighting technology or IT services have fallen slightly compared to spring 2023, a look at the future technologies shows: photovoltaics, storage and heat pumps are true turnover drivers. This is especially true for photovoltaics. A short-term saturation can only be observed in charging infrastructure for electromobility. This can be explained by the many subsidy programmes of the past years. A separate press release will be issued in week 42 on the development in "future technologies".

"What we are currently seeing is that the very mixed mood in society as a whole is also having an impact on the electrical trades," says **ZVEH Managing Director Alexander Neuhäuser**: "In the long term, our future is electric! Our companies are therefore well advised to become even



more involved in growth markets such as photovoltaics, storage technologies, energy management systems and heat pumps. Because there will be a lot to do here for the foreseeable future."

Appendix:

- Graph "Business Climate Index
- Graph "Economic Indicators
- Chart "Future Business Situation

The ZVEH: The Central Association of German Electrical and Information Technology Trades (ZVEH) represents the interests of 48,614 companies in the three trades of electrical engineering, information technology and electrical engineering. With 527,354 employees, including 45,967 apprentices, the companies generate an annual turnover of 81.4 billion euros. Twelve regional associations with 313 guilds belong to the ZVEH as the federal guild association.