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PRESS RELEASE

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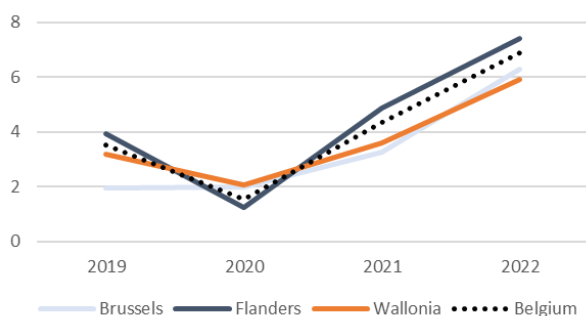
Historically high growth in disposable income in 2022, Brussels residents saved significantly less

- Indexation protected household income levels in Belgium’s three regions from sharp increases in consumer prices.
- The decline in the saving rate continued, with a pronounced drop in Brussels.

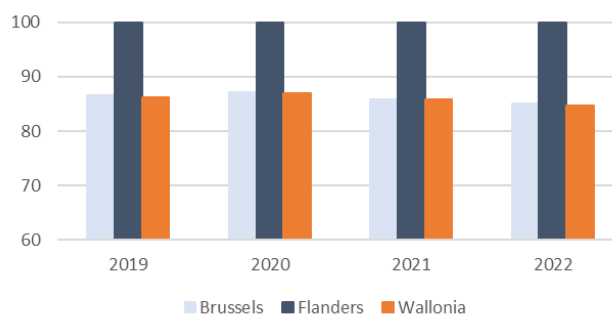
Indexation pushed disposable income growth to historically high levels

After the downturn precipitated by the COVID-19 crisis, per capita disposable income growth (in nominal terms) began to bounce back in 2021 and accelerated markedly in 2022. The strongest increase was observed in **Flanders**, where catch-up growth occurred in 2021 (+4.9%) and strengthened further in 2022 (+7.4%), thereby surpassing the national average growth rate (+4.3% in 2021 and +6.9% in 2022, respectively). **Brussels** and **Wallonia** also saw an upswing, one that was less pronounced in 2021 (+3.3% and +3.6%, respectively) but picked up significantly in 2022 (+6.3% and +5.9%, respectively).

CHANGE IN NET DISPOSABLE INCOME PER CAPITA (%)



NET DISPOSABLE INCOME PER CAPITA (FLANDERS = 100)



Source: NAI

The marked improvement in Flanders further widened regional income disparities. In 2022, net disposable income per capita was €22 588 in Brussels and €22 513 in Wallonia, which was 15% lower than in Flanders (€26 567).

Primary income, which constitutes the bulk of household disposable income, made a robust recovery in 2021 after the sharp decline in 2020 due to the COVID-19 crisis. This momentum continued in 2022, driven mainly by the compensation of employees, which saw significant growth due to successive indexation-based adjustments throughout 2022. Brussels recorded the largest increase, followed by Flanders and Wallonia.

Investment income also played an important role in driving primary income growth, notably through higher dividends and, in particular, increases in interest payments resulting from the rise in market interest rates. The most substantial

climb in investment income occurred in Flanders and Brussels, while Wallonia experienced a more moderate uptick. Overall, primary income made the largest contribution to growth in Flanders (12.2 percentage points), followed by Brussels (12 percentage points) and Wallonia (9.4 percentage points).

Indexation also had a noticeable impact on the secondary distribution of income, affecting both the uses and resources sides. Sharp increases in wages, among other factors, led to a significant rise in social contributions and tax revenue in 2022. Although social benefits also grew as a result of indexation, the impact was tempered by the discontinuation of COVID-19 support measures. Overall, net social transfers - receipts less benefits - made a negative contribution to disposable income growth. Disposable income growth was further boosted by support measures introduced during the “energy crisis”: these transfers made the strongest net contribution in Wallonia, followed by Flanders and Brussels.

NET DISPOSABLE INCOME PER CAPITA - CONTRIBUTION PER COMPONENT TO THE REGIONAL AND NATIONAL CHANGE IN 2022 (in percentage points)

	Brussels	Flanders	Wallonia	Belgium
Net primary income	12.0	12.2	9.4	11.4
Taxes	-2.8	-3.4	-3.3	-3.3
Social benefits and contributions	-2.2	-0.9	-0.5	-1.0
Other current transfers (net)	0.3	0.6	0.8	0.6
Net disposable income (in percentage points)	7.2	8.4	6.4	7.7

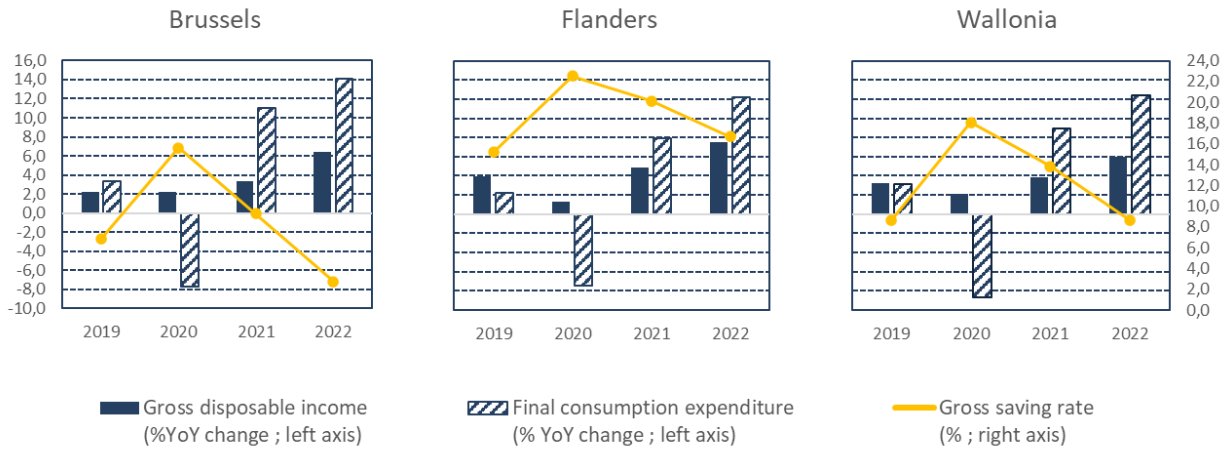
Source: NAI

Rising prices drove growth in consumer spending in 2022; the saving rate normalised in Flanders and Wallonia but dropped significantly in Brussels

The recovery of consumption patterns in 2021 was followed by an acceleration in consumption expenditure growth (in nominal terms) in 2022 as a result of rising prices. According to an initial preliminary estimate, this increase was felt most markedly in Brussels, where growth reached 14.1%, followed by Wallonia (12.4%) and Flanders (12.2%). The stronger growth seen in Brussels was primarily due to its distinct consumption pattern, with Brussels households spending relatively more on housing including energy, a category that was strongly affected by price rises. In addition, the share of household expenditure devoted to culture and leisure also grew faster in Brussels than in the other regions.

Since 2021, the share of disposable income that households are able to save has been moving towards its usual levels in all three regions. However, with a saving rate of 16.7% in 2022, Flemish households still remained above its pre-pandemic level. In Brussels, by contrast, the saving rate fell to an all-time low of 2.6% as consumption growth noticeably outpaced income growth. Finally, in Wallonia, the saving rate matched its pre-pandemic level at 8.7%.

GROSS DISPOSABLE INCOME, FINAL CONSUMPTION EXPENDITURE AND HOUSEHOLD SAVING RATE, PER CAPITA IN NOMINAL TERMS, BY REGION



Source: NAI

The following tables present, per region and for the last three available years, the key variables of household accounts as well as final consumption expenditure by institutional sector, in total and per capita, broken down by place of residence. The figures for 2022 were estimated using the so-called “provisional” method. Figures for earlier years were estimated using the “definitive” or final method. The complete results for the period from 1995 to 2022 can be found in NBB.Stat, the statistics database available on the National Bank’s website.

KEY VARIABLES FROM THE REGIONAL ACCOUNTS BROKEN DOWN BY PLACE OF RESIDENCE

	Absolute figures (€ million)	Share per region (%)	YoY change (%)			Average annual growth rate
	2021	2021	2020	2021	2022	2010-2022
Totals (by place of residence)						
Primary income (net)						
Brussels	30 865.6	9.6	-2.5	5.5	10.1	3.2
Flanders	201 244.6	62.7	-2.7	6.9	10.0	2.9
Wallonia	89 105.5	27.7	-2.4	6.6	8.2	2.6
Belgium	321 215.8	100.0	-2.6	6.7	9.5	2.9
Disposable income (net)						
Brussels	25 951.6	9.7	2.5	3.4	7.2	3.2
Flanders	165 150.1	61.4	1.7	5.4	8.4	3.1
Wallonia	77 683.9	28.9	2.3	3.8	6.4	2.8
Belgium	268 785.6	100.0	2.0	4.8	7.7	3.0
Disposable income (gross)						
Brussels	28 377.0	9.8	2.7	3.5	7.3	3.2
Flanders	179 213.6	61.6	1.8	5.5	8.5	3.1
Wallonia	83 193.4	28.6	2.3	4.0	6.5	2.9
Belgium	290 784.0	100.0	2.1	4.9	7.8	3.0
Household final consumption expenditure						
Brussels	25 979.7	10.7	-7.3	11.2	15.1	4.0
Flanders	144 377.4	59.5	-7.1	8.5	13.2	3.7
Wallonia	72 150.8	29.8	-8.5	9.2	12.9	3.2
Belgium	242 508.0	100.0	-7.5	9.0	13.3	3.6
General government final consumption expenditure						
Brussels	13 199.8	11.0	2.4	10.7	9.4	4.2
Flanders	68 700.2	57.0	2.3	6.3	9.5	3.5
Wallonia	38 542.6	32.0	1.1	7.4	9.3	3.4
Belgium	120 442.5	100.0	2.0	7.1	9.5	3.5
Final consumption expenditure of non-profit institutions serving households						
Brussels	558.7	10.5	-1.2	6.6	13.1	4.6
Flanders	3 047.6	57.3	-1.2	6.9	13.3	4.2
Wallonia	1 713.7	32.2	-1.4	6.5	12.8	4.0
Belgium	5 320.0	100.0	-1.3	6.7	13.1	4.1
Gross savings¹						
Brussels	2 626.6	5.2	138.3	-39.0	-69.7	-8.2
Flanders	36 433.4	71.9	50.5	-5.8	-10.1	0.7
Wallonia	11 604.9	22.9	112.4	-20.3	-33.4	0.1
Belgium	50.665.0	100.0	67.4	-12.0	-18.5	0.2
Gross saving rate¹						
	(%)		(in % points)			
Brussels	9.2		8.9	-6.4	-6.6	
Flanders	20.2		7.3	-2.4	-3.5	
Wallonia	13.9		9.4	-4.2	-5.2	
Belgium	17.3		8.1	-3.3	-4.2	
Average population						
Brussels	1 221 304.0	10.6	0.5	0.2	0.9	1.0
Flanders	6 675 973.0	57.8	0.5	0.5	0.9	0.6
Wallonia	3 655 357.0	31.6	0.2	0.2	0.5	0.4
Belgium	11 552 634.0	100.0	0.4	0.4	0.8	0.6

Source: NAI

	Absolute figures (€)	Share per region (%)	YoY change (%)			Average annual growth rate
	2021	2021	2020	2021	2022	2010-2022
Per capita (by place of residence)						
Primary income (net)						
Brussels	25 272.7	90.9	-2.9	5.3	9.1	2.4
Flanders	30 144.6	108.4	-3.2	6.3	9.0	2.3
Wallonia	24 376.7	87.7	-2.6	6.3	7.7	2.2
Belgium	27 804.6	100	-3.0	6.2	8.7	2.3
Disposable income (net)						
Brussels	21 249.1	91.3	2.0	3.3	6.3	1.7
Flanders	24 738.0	106.3	1.2	4.9	7.4	1.7
Wallonia	21 252.1	91.3	2.1	3.6	5.9	2.2
Belgium	23 266.2	100	1.6	4.3	6.9	1.9
Disposable income (gross)						
Brussels	23 235.0	92.3	2.2	3.3	6.4	2.1
Flanders	26 844.6	106.7	1.3	4.9	7.5	2.5
Wallonia	22 759.3	90.4	2.1	3.8	6.0	2.5
Belgium	25 170.4	100	1.7	4.5	7.0	2.5
Household final consumption expenditure						
Brussels	21 272.1	101.3	-7.7	11.0	14.1	2.9
Flanders	21 626.4	103.0	-7.5	7.9	12.2	3.1
Wallonia	19 738.4	94.0	-8.7	8.9	12.4	2.8
Belgium	20 991.6	100	-7.9	8.6	12.5	3.0
General government final consumption expenditure						
Brussels	10 807.9	103.7	2.0	10.5	8.5	3.1
Flanders	10 290.7	98.7	1.8	5.7	8.6	2.9
Wallonia	10 544.1	101.1	0.9	7.2	8.8	3.0
Belgium	10 425.5	100	1.6	6.7	8.6	2.9
Final consumption expenditure of non-profit institutions serving households						
Brussels	457.5	99.3	-1.6	6.4	12.2	3.5
Flanders	456.5	99.1	-1.7	6.4	12.3	3.5
Wallonia	468.8	101.8	-1.6	6.2	12.3	3.5
Belgium	460.5	100	-1.7	6.3	12.3	3.5
Gross savings						
Brussels	2 150.6	49.0	137.1	-39.1	-69.9	-9.1
Flanders	5 457.4	124.4	49.8	-6.3	-10.9	0.1
Wallonia	3 174.8	72.4	112.0	-20.5	-33.7	-0.3
Belgium	4 385.6	100	66.8	-12.3	-19.1	-0.3

Source: NAI

Methodological notesPrimary income

Primary income is the income that residents receive for direct participation in the production process and the income the owners of financial assets receive for the provision of capital. For households, this income consists of employee compensation, mixed income of the self-employed, operating surpluses and income from savings and investments less land lease payments and interest on consumer credit and mortgage loans.

Disposable income

Net disposable income corresponds to primary income increased by social benefits and non-life insurance proceeds less social contributions, taxes and insurance premiums. Net values are converted to gross by adding the consumption of fixed capital (depreciation in the value of assets) to the amount previously obtained.

Final consumption expenditure

Final consumption expenditure represents the actual expenditure by households, general government and non-profit institutions serving households (NPISH) on goods and services to meet individual or collective consumption needs.

Gross savings and gross saving rate

Gross savings is the percentage of gross disposable income that is not spent in the form of final consumption. The gross saving rate is defined as the ratio of gross savings to gross disposable income, adjusted for the change in household pension entitlements.

Average annual growth rate

The average annual growth rate is the geometric mean of the annual growth rates over a given period.