



## Q2 2020: RICS UK Construction and Infrastructure Monitor

# Infrastructure workloads set to support sector recovery over the next year

- Workloads seen falling across all market segments in Q2
- Government initiatives seen as supporting infrastructure led uplift in activity
- Strong majority of contributors expect onsite productivity to contract

Amid the closure of much of the industry in the midst of the Covid related lockdown, the results for the Q2 2020 RICS UK Construction and Infrastructure Monitor are inevitably quite downbeat. Unsurprisingly, the headline workloads indicator slipped further into negative territory over the quarter. Furthermore, anecdotal commentary suggests that heightened uncertainty alongside labour shortages and difficulties in acquiring materials are weighing heavily on the near term outlook, leaving market confidence close to a decade low.

A net balance of -36% of contributors reported a decline in headline workloads in Q2 down from a reading of -3% in Q1. Workloads reportedly slipped across all market segments with private commercial and private industrial categories seeing the sharpest drop in activity (in net balance terms). Alongside this, a net balance of -27% of contributors reported a fall in private housing workloads signalling an end to the positive momentum noted in this segment in the last seven years. A solid decline in output was reported across the public housing and the other public works categories. Meanwhile, for the first time since 2012, participants on balance, reported a decline in infrastructure workloads with 17% more contributors reporting a fall (as oppose to a rise) during Q2.

Consistent with this broadly subdued picture, net balances on new work and repair and maintenance slipped sharply into negative territory coming in at -43% and -36% respectively (following readings of +1% and +4% in Q1). When asked how business enquiries for new projects and contracts have fared in the last three months, 40% more respondents reported a decrease rather than an increase. Meanwhile, contributors reported virtually no change in new hiring over the quarter.

To gauge the impact of Covid-19 and subsequent lockdowns on the construction sector, the Q2 survey included additional questions on project delays, productivity and bids coming in below cost. Significantly, 80% of the survey contributors noted that projects have been put hold across the UK as a result of government restrictions. Furthermore, only 23% of contributors believed that projects which are currently on hold are likely to restart imminently.

Onsite construction productivity, defined as labour costs to produce the same level of output per month is expected to contract by the majority of participants, on average, the loss is put at somewhere between 10 and 20%. That said, for now at least, only around a quarter of contributors to the survey reported that they are consistently receiving tender bids below realistic cost estimates (and the bulk of those are coming within 5% of costs).

The RICS market confidence indicator, a composite measure of workloads, employment and profit margins expectations for the coming twelve months remains close to a decade low, coming in at -22%, a similar result to the previous quarter. Within this, profit margins are expected to decline in the year ahead with a net balance of -41% of contributors anticipating a fall, a similar result to the previous quarter. Meanwhile, 20% more contributors envisage a decline in new hiring over the course of the next twelve months.

Interestingly, workloads are seen stabilising somewhat over the course of the next twelve months. Headline workloads expectations net balance edged up to -5% in Q2 from a net balance of -15% in Q1. Activity is expected to be most resilient across the infrastructure categories with 40% more contributors expecting workloads to rise rather than fall in the year ahead. This seems to be a response to the government's intention to boost infrastructure investment in the Budget. Subsequent announcements around permitted development rights and the planning system will have provided more support for the private housing sector.

Once again, financial constraints were cited as the most significant impediment to market activity with 70% of contributors taking this view. Critically, it seems that the majority of contributors believe credit conditions will continue to worsen over the three and twelve months horizons, though expectations have eased slightly from the previous quarter.

63% of the survey contributors noted that insufficient demand and shortage of materials were posing a significant challenge to output, once again highlighting the negative impact of global Covid-19 related lockdowns on the UK construction sector.

# Key indicators

Chart 1

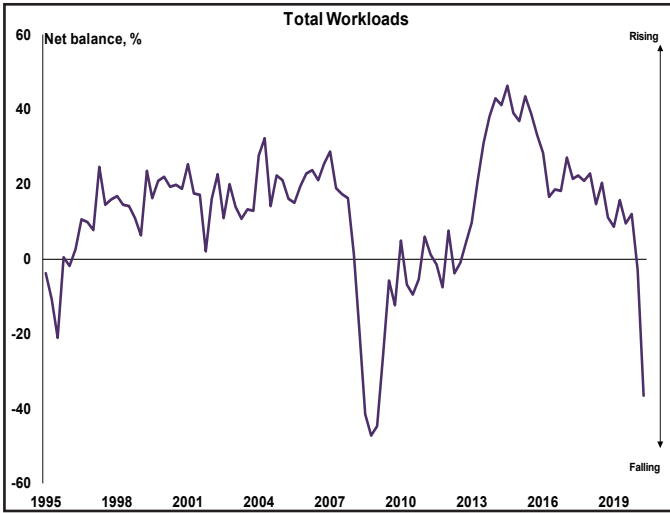


Chart 2

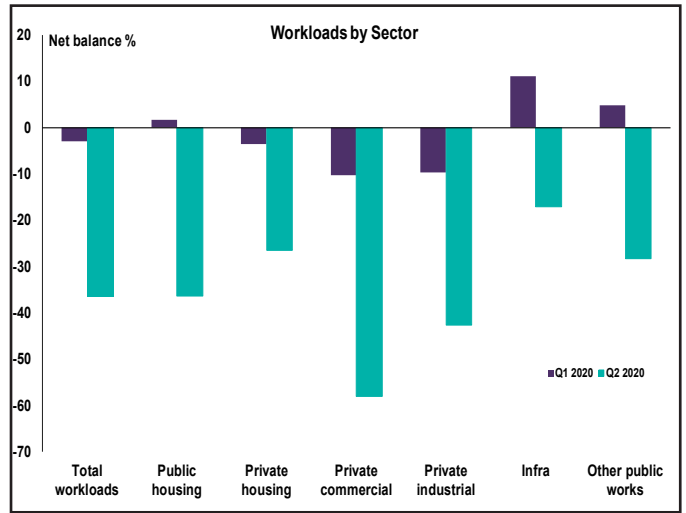


Chart 3

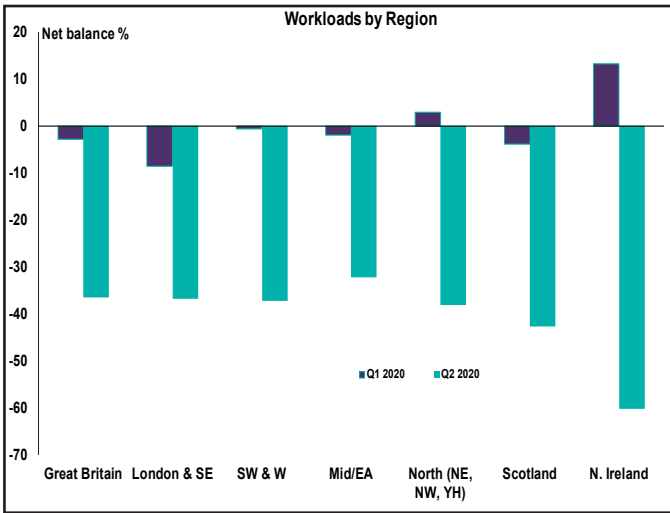


Chart 4

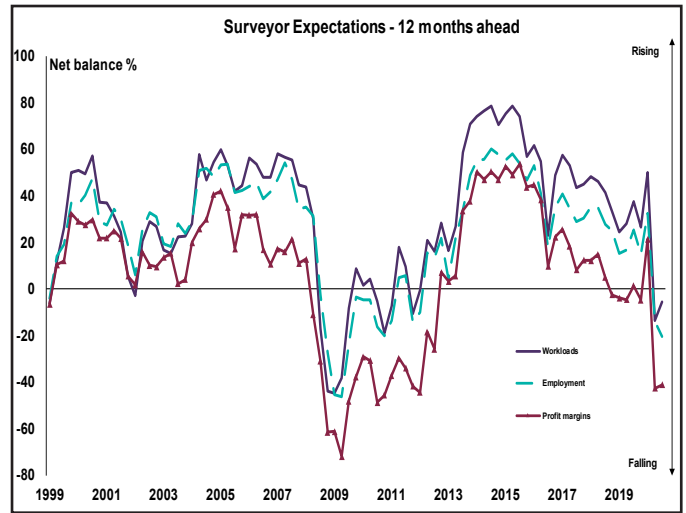


Chart 5

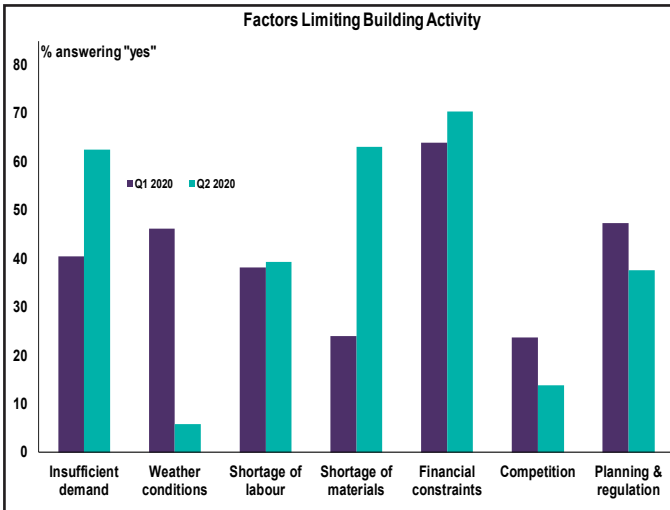
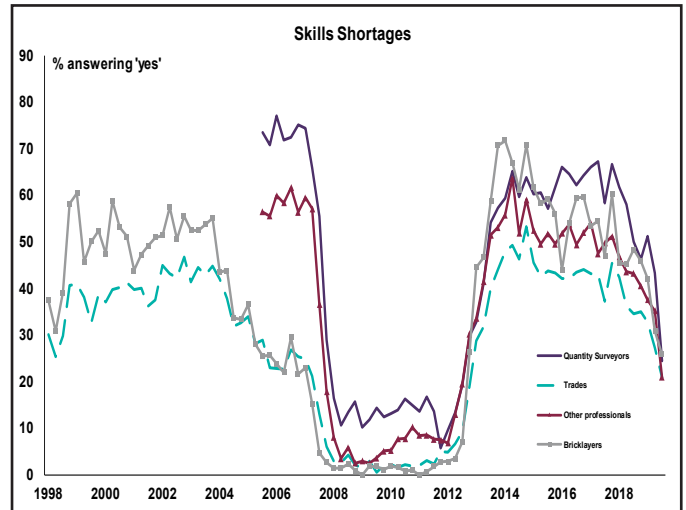


Chart 6



# Key indicators

Chart 7

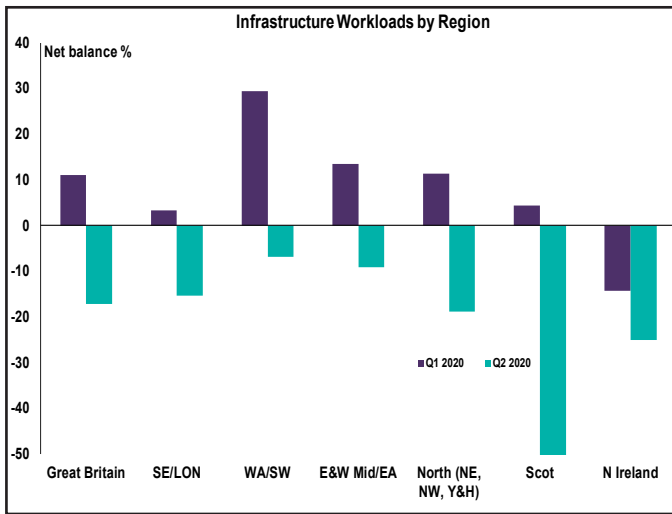


Chart 8

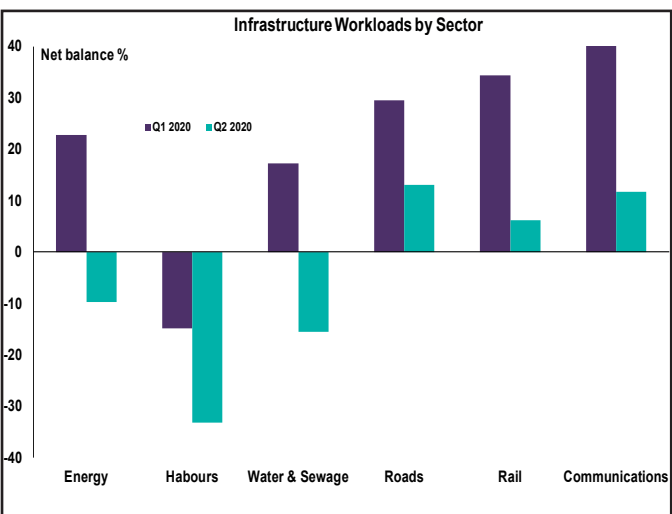


Chart 9

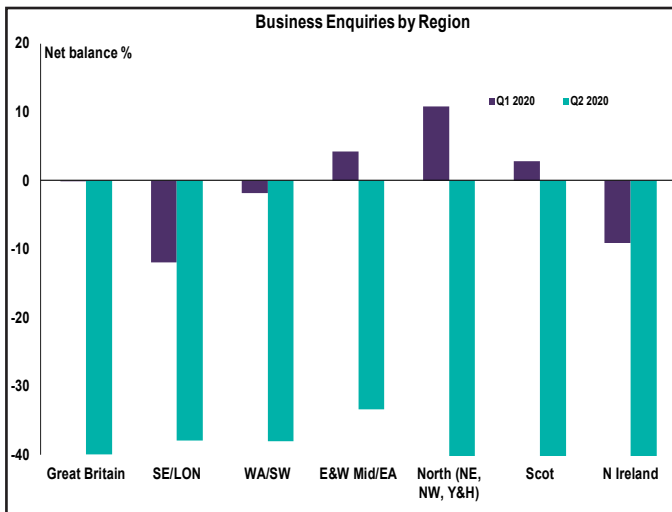


Chart 10



Chart 11

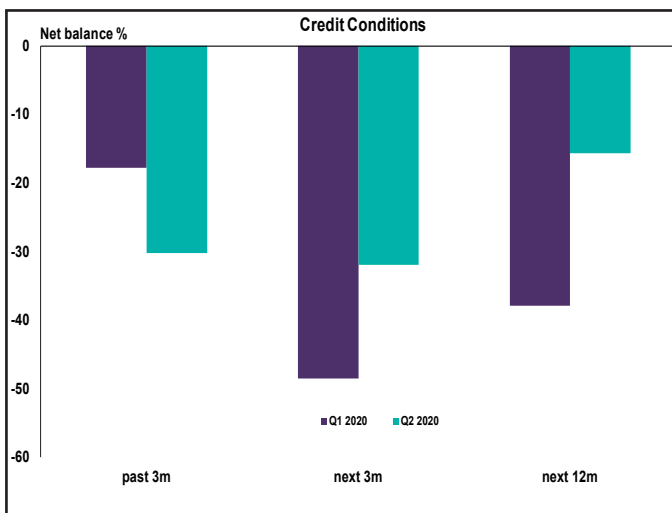
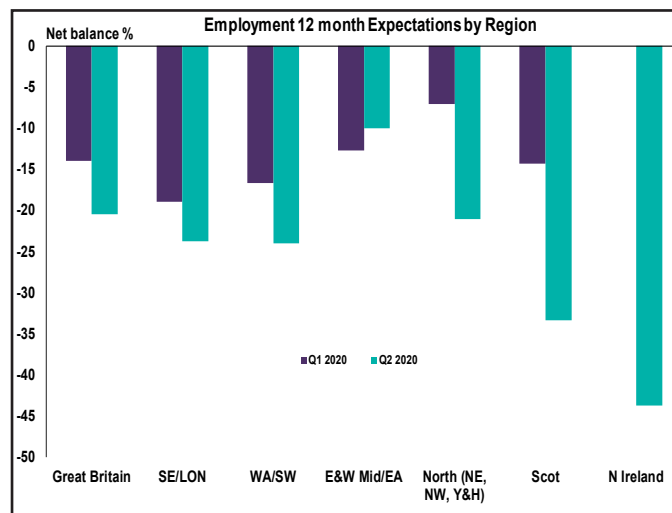


Chart 12



# Key indicators

Chart 13

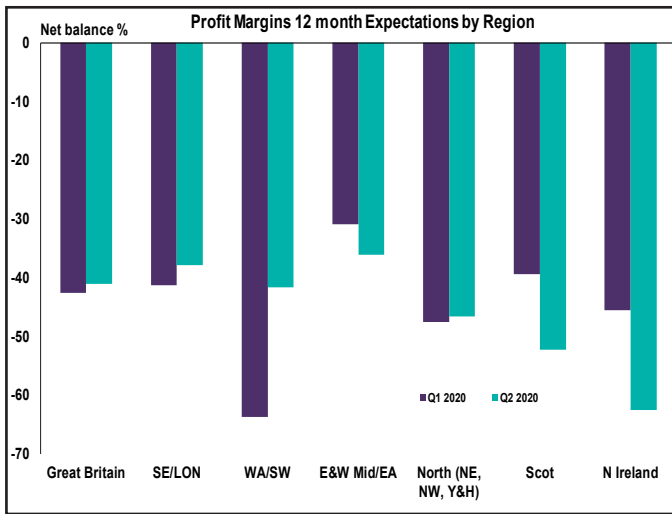


Chart 14

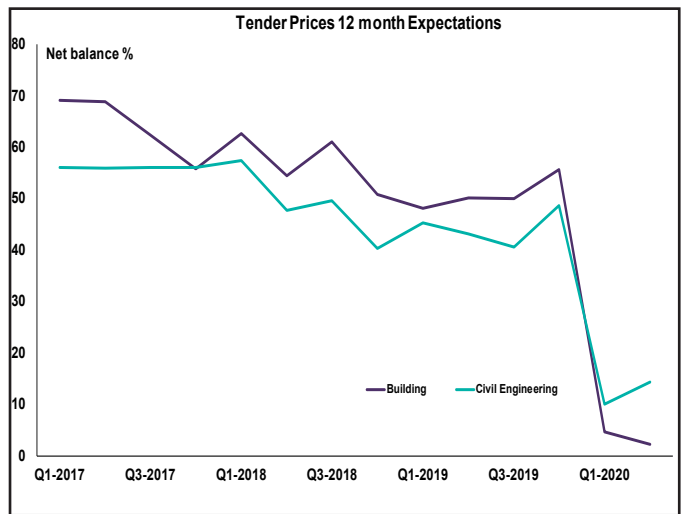
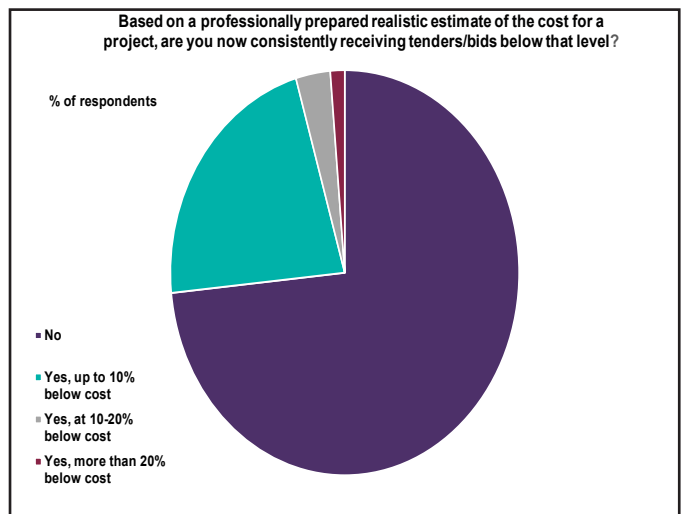
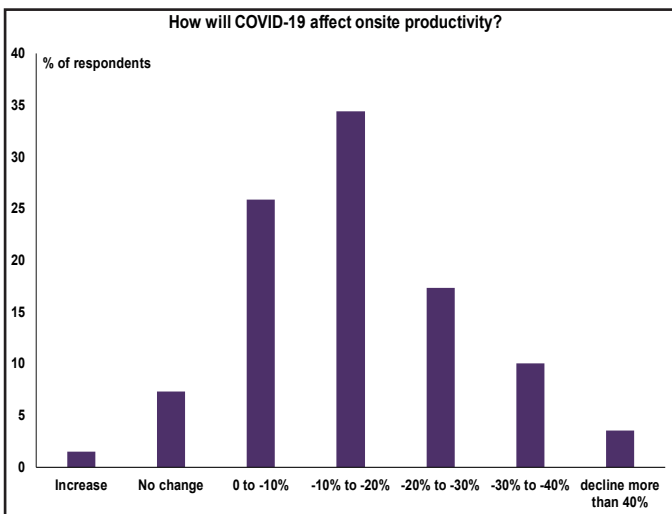
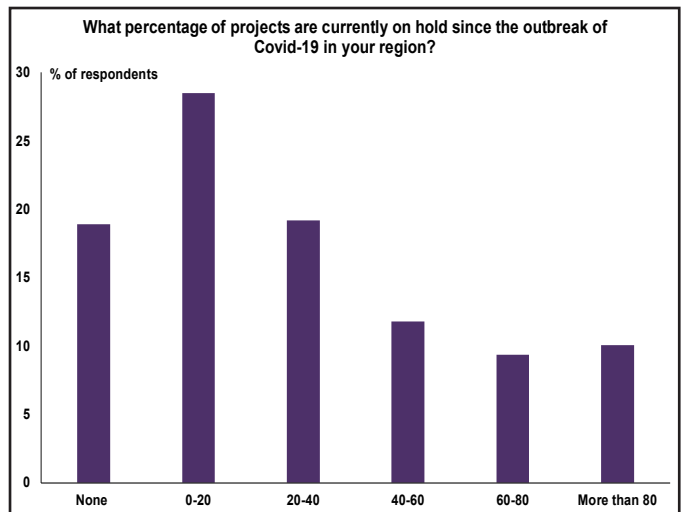
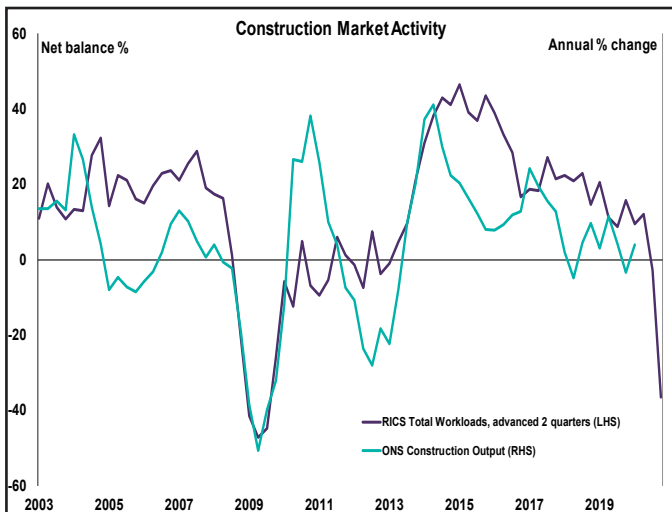


Chart 15



# Chartered Surveyor market comments

## London

Richard Petterson MRICS, Hother Associates LLP, London, rpetterson@hother.co.uk, 02089477999 - Brexit and coronavirus uncertainty are having a strong negative effect.

Richard Nettleton MRICS, Telent Technology Services Limited, England, Scotland & Wales, richard.nettleton@telent.com, 07970618877 - Client restraint in awarding new projects, probably down to the uncertainty in funding those projects.

Nicholas Herridge BSc (Hons) MRICS MIRPM MFPWS, Antony Patrick Associates Ltd., London, nherridge@antonypatrick.co.uk, 07904351685 - Client uncertainty, fears of a post lockdown recession, combined with post-Brexit deal fears has led to potential skills and materials shortages. This may result in long term damage to the economy.

Victor Ekunyan, Freelance QS, London, victor.ekunyan@gmail.com, 07984459107 - Confidence and people behaviours towards demand and supply.

Brendan A Lambert, Turner and Townsend, London, Brendan.lambert@turntown.co.uk, 07495852779 - Covid-19.

Ian Peart MRICS, Cushman & Wakefield, London, ian.peart@eur.cushwake.com, 02032963555 - Covid-19 continues to have impact.

William O'Mahony MRICS, WK O'Mahony Ltd, London, omahonyliamk@gmail.com, 07958200459 - Energy becoming a huge factor on projects.

Philip Graham Holmes MRICS, Praxxes Limited, Isleworth, philip\_holmes\_uk@hotmail.com, 00447710634546 - Exceptional difficulties in recruiting contractors for NHS R&M and Capital Schemes.

Barry Rose FRICS, Fanshawe LLP, London, barry.rose@fanshawe.co.uk, 02076130111 - Firms buying turnover, salary reductions to reduce fee bids.

David Roberts, Gcs1304@gmail.com, Asenby, Gcs1304@gmail.com, 07794983288 - Focus on accelerating projects.

Jon Griffiths, WT Partnership, London, jon.griffiths@wtpartnership.com, 02086860431 - Future Homes requirements.

Ian Bryan MRICS, HRP Partnership London Ltd, London, ian@hrppartnership.co.uk, 07926 276384 - General delays in big statutory companies, TFL, local authorities etc due to so many staff being furloughed.

John Dhumbura MRICS, Mace, London, Jdhumbura71@gmail.com, 07444505423 - Governments response to Covid-19. Also, communication and consistency in government departments messages regarding Covid-19.

Matt Glitz, Keytask management Ltd, London, matt.glitz@gmail.com, 07500776791 - Hospitality industry has been affected heavily and has greatly impacted the amount of risk and projects taken on in this sector.

James Rooks MRICS, Coll Associates Limited, London, jamesrooks@hotmail.co.uk, 07980357192 - Logistic changes in traveling to Central London locations.

Andrew Lowe MRICS, Westfield, London, andrew.lowe@urw.com - Longer working hours on site is mitigating the overall loss of productivity encountered by social distancing

John Bandler, Turner & Townsend, Tunbridge Wells, Kent, John.bandler@hotmail.co.uk, 07584395024 - Material Import delays.

Amir. Fardouee MRICS, Royal Borough of Kensington and Chelsea, London, Amir.fardouee@rbkc.gov.uk, 07967 347793 - Once we get back to old normal.

Kevin McCarthy, Geometra surveyors llp, London, Kevin.mccarthy@justhousinggroup.co.uk, 07958303406 - Planning delays, short supply of quality labour.

Ian Gordon RIBA RIAS RICS, Architecture and Partners llp, London, ian.gordon@architecturepartners.com, 0131 556 3225 - Public confidence and ability of local authority workers to work from home.

Elspeth Webb MRICS, Savills, London, ewebb@savills.com - Skills shortages to deal with increased importance of technology based solutions e.g. Smart buildings, BIM and use of AI.

Steven Wennington MRICS, Shaw and co, London, stevenwennington@yahoo.co.uk, 07789 041062 - Uncertainty.

Colin Farrell FRICS, Faithorn Farrell Timms LLP, London and SE, colinfarrell@effefftee.co.uk, 01689885080 - Uncertainty around economic impact on land and property values and sales market. Uncertainty over longevity of restrictions and impact/risk of unpredictable loss of resource through self-isolation/quarantine and potential second-wave of Covid-19.

Sriyani Harper, CLR Associates Ltd, London, sriyani.harper@clrassociates.co.uk, 0208 995 1750 - Uncertainty with Brexit, No-deal outcome and Covid-19.

Emil Odei, Skanska UK Plc, London, emilodei@gmail.com, 07985414421 - Uncertainty with the direction of the pandemic is likely to affect investment.

Richard Golding MCIM, Gleeds, London, richard.a.golding@gleeds.co.uk - Usage of offsite and modular methods will increase to counter the onsite implications of social distancing. This in turn should open up a new demographic of workers to the industry with a safe, controlled environment to up-skill within.

Chris Mills FRICS, Chris Mills Consulting Limited, London, chris@chrismillsconsulting.co.uk, 07813036395 - Very concerned about skill shortages in most areas. Brexit is a concern for both labour and materials.

Craig MacDougall; MRICS, AECOM, London, craig.macdougall@aecom.com, 07703334204 - Whilst site labour has reduced, due to social distancing, the productivity of the remaining site workforce has increased across sites; so whilst there has been a decline in personnel of around 30%; the overall loss in productivity is less than 10%.

## South East

Glen Selby MRICS FCIQB, Benning Brothers Ltd, Maidstone, glen.selby@bbl-uk.com, 07730896811 - Access to labour and materials has been (and continues) to be affected by the lockdown and people on furlough, which consequently affects the output of the supply chain as they are not up to pre-lockdown operation and won't be for a while yet.

Sathan Sri, Prater Ltd, Croydon, sathansri@hotmail.com, 07956375075 - Coronavirus has not been eliminated, so fear among the public remains the same.

Martin Hall, Hall & Ensom Cotswolds Ltd, Oxford, patandmartinhall@gmail.com, 01 865 883533 - Coronavirus.

Maria Cooper, Stonehouse Consultants Ltd, Buckinghamshire/Berkshire, maria.cooper@stonehouseconsultants.co.uk, 0044 7887535783 - Currently supply chain and labour shortage impacting on site construction. Projects put on hold due to Covid-19.

Joanne Martin, Joanne Martin Consultancy, East Sussex, martinconsultancy14@gmail.com, 01273512305 - Difficulty obtaining some materials.

Chris Tremellen MRICS MAPM, Chris Tremellen, Southampton, chris.tremellen@outlook.com, 07876 808 531 - Government's handling of the effects of Covid-19.

# Chartered Surveyor market comments

Adriano Sapelli MRICS, Southern Housing Group, South of England, [adriano.sapelli@shgroup.org.uk](mailto:adriano.sapelli@shgroup.org.uk), - Increased welfare & PPE costs to follow CLC guidance.

Nevin Hutchinson, Spring BC, Surbiton, [nevin.hutchinson@springbc.co.uk](mailto:nevin.hutchinson@springbc.co.uk), 07855834496 - Lack of materials arriving from Europe: Meaning we have no arrival date for new window installations (which can't be manufactured), a reducing supply of quality carpet tiles (where European suppliers have closed factories) and plasterboard!

Andrew Morley, Lindum Consult, Guernsey, [lindumconsult@gmail.com](mailto:lindumconsult@gmail.com), 07839714393 - Limited contact with countries.

Graham Matthews, University of Cambridge, Cambridge, [Grahamvmatthews@gmail.com](mailto:Grahamvmatthews@gmail.com), 07704 542737 - Material risks arising from Covid-19; prolongation, subcontractor / supplier failure.

Adam J. Mehmet, Louis de Soissons, London and Home Counties, [Adam@louisdesoissons.com](mailto:Adam@louisdesoissons.com), 07721 892935 - Materials availability and construction professional skills.

Robert Owen, SMD Construction Consultancy, Fareham, [rob@smdconsultancy.co.uk](mailto:rob@smdconsultancy.co.uk), 07340565765 - Shop fit-out Contractors, who work predominant in the retail & leisure sectors, appear to have been hit hardest by Covid-19.

David Allen MRICS, ADCC, Kent, [david.allen@allendadswell.co.uk](mailto:david.allen@allendadswell.co.uk), 07710388237 - Social distancing has an effect on health & safety provisions, site welfare facilities, compound sizes and layout and overall anticipated programmes. Whether this will increase tenders going forward remains to be seen.

Keith Gale, Hampshire County Council, Winchester, [keith.gale@hants.gov.uk](mailto:keith.gale@hants.gov.uk), 01962 847271 - The impact of Covid-19 has had an impact on productivity but commitment to public infrastructure remains consistent, although programmes are delayed. The reduction in overall levels of workload will however reduce profit margins for contractors.

Robert Turner, RJ Turner Associates, High Wycombe & London, [robert@rjturnerassociates.co.uk](mailto:robert@rjturnerassociates.co.uk), 07982144124 - There is still uncertainty about the robustness of the material supplies chains in the immediate and short term future and many contractors are wary of committing to projects or undertakings that expose them to risk in this respect.

Mark Izzard, Mark Izzard Cost Consultancy Ltd, Watford, [mark@miqscost.com](mailto:mark@miqscost.com), 07752841332 - Uncertainty over future lockdowns and job security.

George Pratt MRICS, TM Surveying, National, [georgehenrypratt@gmail.com](mailto:georgehenrypratt@gmail.com), 07917307866 - Very unusual situation. We are experiencing high levels of possible new sites and pre-planning activities. Expecting this to however change over next few months, possibly sites stalling.

## North West

Gary Greenwood, Greenwood & Co, Manchester, [gary@greenwoodandco.net](mailto:gary@greenwoodandco.net), 01612883060 - A big factor on repair and maintenance is access issues to occupied areas.

Robert Keith Dalrymple, FRICS, Keith Dalrymple, Chartered Building Surveyor, Isle of Man, [Keith.dalrymple@outlook.com](mailto:Keith.dalrymple@outlook.com), 07624480901 - As a separate island jurisdiction we are adversely affected by the uncertainty and reduced confidence mainly attributable to both Brexit and Covid-19.

Nick Websdell FRICS, J Murphy & Sons, Golborne, [Nicholaswebsdell@murphygroup.co.uk](mailto:Nicholaswebsdell@murphygroup.co.uk), 07791926378 - Central Government funding is still tight for rail infrastructure projects.

Barry Winterbottom, Plans Drawn, Stalybridge, [bawinterbottom@aol.com](mailto:bawinterbottom@aol.com), 07952934281 - Coronavirus; complete drop in enquires.

L G Greaves FRICS, Greaves Project Management Ltd, South East England, [lbg@greavespm.com](mailto:lbg@greavespm.com), 07834664551 - Difficulty in obtaining planning consent for new development.

Alan Jones, Alan Jones Chartered Surveyors, Blackpool, [aj@ajuk.com](mailto:aj@ajuk.com), 01253 625400 - Imports (e.g. windows from Germany)

Stewart Fisher FRICS, Fisher Commercial Management Limited, Barrow in Furness, [fishercommercial@btinternet.com](mailto:fishercommercial@btinternet.com), 07584 358105 - Main Contractors, commercial teams are avoiding delaying payment. This will strangle cashflow and will lead to an adverse impact on construction as a whole.

Andrew Lister MRICS, Quantum Consult Ltd, Manchester, [al@quantumconsult.co.uk](mailto:al@quantumconsult.co.uk), 0161 974 6655 - Mainstream media's negative reporting of every aspect of returning to work is preventing employers opening for fear of criticism. Government support package it to high.

Robert Keith Dalrymple, Keith Dalrymple Chartered Building Surveyor, Isle of Man, Keith, [dalrymple@outlook.com](mailto:dalrymple@outlook.com), 07624 480901 - I live and operate in Isle of Man where we have unique conditions & challenges.

Rene Lim MRICS, Access Floors Limited, London, [rene.limch@gmail.com](mailto:rene.limch@gmail.com), 07725669723 - Our main client /sector Aviation is suffering badly, due to the control measure set out by the WHO and huge decline in passenger numbers.

Hootan Tayefi MRICS, Leedex Construction, Liverpool, [h.tayefi@leedex.co.uk](mailto:h.tayefi@leedex.co.uk), 07917860649 - The construction industry is notorious for lengthy payment terms, non-payment and company insolvencies. My view is that this will become worse.

Anthony Dillon, Willmott Dixon, Manchester, [anthony.dillon@willmotttdixon.co.uk](mailto:anthony.dillon@willmotttdixon.co.uk), 01619473960 - The industry has adapted well to the new conditions and is achieving good levels of productivity, it would be a huge step backwards to now procure on a lowest cost rather than value assessed basis!

Keith N Bennett, Gleeds, Liverpool, [bigknb@gmail.com](mailto:bigknb@gmail.com), 07949171435 - Uncertainty.

## Yorkshire and the Humber

Brian HAYes-Lewin MRICS, Abbey Construction Consultants Ltd, Leeds, [brian.hayes-lewin@abbeycccl.co.uk](mailto:brian.hayes-lewin@abbeycccl.co.uk), 07419589968 - Covid-19 shall require measures to be in place for the next 12 months increasing the occupational health cost considerations of construction tasks and welfare during projects, particularly where some projects require commercial operations to continue.

Ian Young, Network Rail, York, [ian.young3@networkrail.co.uk](mailto:ian.young3@networkrail.co.uk), 07515625202 - Rail infrastructure is probably in a somewhat privileged position in that it has not been severely impacted by the current restrictions.

Philip Vickers FRICS, WT Partnership, Leeds, [phil.vickers@wtpartnership.com](mailto:phil.vickers@wtpartnership.com), 01132457434 - The local construction economy was fairly strong before Covid-19 and it is too early to tell what the ultimate impact of this will be over the next period. The local council however have severe financial problems which will affect their programme.

John Skelton, JSA Design & Development, York, [john@jsadesign.co.uk](mailto:john@jsadesign.co.uk), 01904424242 - Traditional skills shortages.

# Chartered Surveyor market comments

Jason Praill MRICS, Unify Projects, Leeds, jason.praill@unifyprojects.com, 01138800167 - Volumes of feasibility studies remain strong as these can generally be completed from the office. Site survey hindered. Anticipate a bow wave of projects in the next 12 months with some stalling due to funding / resource demand peaks.

## South West

Rebecca Gloyn MRICS, Burke Hunter Adams, Bath, rebecca.gloyn@burkehunteradams.com, 020 7920 9950 - Availability of stone and stone masons due to the closure of quarries has affected projects in progress, materials cannot be produced, and the furlough scheme means labour is unavailable.

R J Hill MRICS, MCIFA, Historic Building Advisory Service Ltd, Salisbury, r.hill@historicbuilding.co.uk, 01747 870772 - Clients are still socially isolating, so it is difficult to arrange meeting to discuss matters.

Peter Lawrence, Camerons Ltd, St Helier, peter.lawrence@camerons.je, 01534725417 - Covid-19.

Andrew McNeile MRICS, Gleeds Energy, Cheltenham, andrew.mcneile@gleeds.co.uk, 01452 596451 - Energy sector and rail buoyed by the recent Government approvals and DCO submissions at Sizewell.

Elizabeth Thornton, BCP, Poole, ejthornton123@gmail.com - Lack of confidence in being safe on site.

Karl Lyons FRICS, Foxes Property Management Ltd, Bournemouth, karl.lyons@foxes.co.uk, 01202 299099 - Lack of planning permissions to convert commercial to residential property.

Niall Whelan, EDF Energy-HPC, Bristol, niallwhelan1@hotmail.com, 07523140913 - Large civil works affecting labour supply to other smaller projects, especially steel fixers.

Mark Stevens, Ward Williams Associates LLP, Salisbury, markstevens@wwa.uk.com, 07879557672 - Main issue is uncertainty and how restrictions following Covid-19 will affect the industry; we are getting mixed messages, some contractors reporting costs down, others up.

Phil Lewis, Randall Simmonds LLP, Exeter, phil.lewis@randallsimmonds.co.uk, 07810808141 - Pipeline delay, awaiting investment decisions from clients.

Keith Sanger FRICS FCIOB FCIArb, Keith Sanger Associates Ltd, Lymington, keith@sanger.co.uk, 01590 676879 - Projects on hold because we can't source gypsum plaster.

Paul Bridges MRICS, Leslie Clark, Bristol, p.bridges@lclark.com, 0117 973 8195 - Social distancing precautions on site are increasing costs and extending programme durations.

Clive Rowe, QSWORKS LTD, Poole, Dorset, qs@qsworks.co.uk, 07715636488 - We are being driven over a financial cliff by an incompetent government.

## Wales

Robert Fisher, Robert Fisher Ltd, Swansea, info@robertfisherlimited.co.uk, 01792720010 - Underlying demand with a lack of materials and skilled labour will lead to higher prices and longer project contract periods.

## West Midlands

Paul Stone, Mac group, Birmingham, Paulstonie@gmail.com, 07527189614 - Aside from Covid-19, the major factor will be Government desire to stimulate the economy, or will it fall back into a renewed state of austerity. Local Authority spending will also have a big impact, which will be determined by the state of their finance.

Lee Jones, Quantem Consulting LLP, Birmingham, lee.jones@quantem.co.uk, 07930371605 - Client access to finance and funds. Access to finance and lack of options related to finance are preventing certain sectors moving forwards. Currently, we are experiencing this in the industrial and residential sectors.

Paddy Murphy, Aggregate Industries, Leicester, Paddy.murphy@aggregate.com, 07885474633 - Clients are continually retendering trades in an effort to achieve reduced prices as a consequence of the reduction in overall workload.

Ian Billington, I Billington Surveying Services Ltd, Bromsgrove, icbillington853@gmail.com, 07802930310 - Clients with much reduced budgets and expectations.

Alex Lambert MRICS, Henry Riley LLP, Bristol, alex.lambert@henryriley.com, 07789036478 - Currently there is a large demand for work/labour driving costs up. Whether this is sustainable is yet to be seen.

Stephen French (FRICS), Arcadis, Birmingham, Steve.french@arcadis.com, 07774 141924 - Currently uncertainty related to potential 2nd outbreak of corona virus. Likely demand for logistics and data centres to support increase demand for online shopping. Overseas investors still keen on UK property mainly residential. Banks keen to lend

Mark Ollerton, Highways England, Birmingham, mark.ollerton@highwaysengland.co.uk, 07901983410 - Demand in the infrastructure sector is larger than capacity. Lack of international interest in UK market.

Lee Atterbury, Villa Surveying Ltd, Birmingham, villasurveying@hotmail.com, 07891 886548 - How much construction suffers post Covid-19 will be greatly affected by government proposals to spend on infrastructure and public housing projects.

Paul Beeston FRICS, Rider Levett Bucknall, Birmingham, paul.beeston@uk.rlb.com, 0121 503 1500 - Somewhat uniquely the industry is currently facing concurrent inflationary and deflationary pressures. Inflationary pressures resulting from Covid-19. These vary significantly by sector and trade.

Rodney Ashford FRICS, Rodney Ashford Associates Limited, Birmingham, rodneyashfordqs@aol.com, 07526 506956 - Uncertainty.

Luke Askill, Projex Building Solutions Limited, Midlands, luke.askill@projex-solutions.com, 07881525551 - Workload increasing at feasibility stage. Sub-contractors appear to be wanting to work to enable cashflow during these times. They have coped well with incorporating government and HSE guidance.

## East Midlands

Tom Burton MRICS MCABE, Node Building Consultancy, Nottingham, tom@nodebuildingconsultancy.co.uk, 0115 7722432 - Business security of clients, funding proposed works. Lack of certainty of income relative to development and investment proposals, as the rental income (for example) is now less certain.

Chris Roberts MRICS, New Revival, Northampton, chris@newrevival.co.uk, 07967802545 - Freedom of movement.

Stephen Blackburn MRICS, Clegg Construction Ltd, Nottingham, stephen.blackburn@cleggggroup.co.uk, 0115 8413121 - General uncertainty in the economy.

Adrian Cox FRICS, Waystone Developments Limited, Heanor, Derbyshire, adrian.cox@waystone.co.uk, 07703372151 - Local authority cooperation is nearly non-existent, despite attempting to accommodate. There is no professionalism and no consistency.

# Chartered Surveyor market comments

Geoff Eaton, Geoff Eaton & Associates Ltd, Derby, geoff.eaton1@ntlworld.com, 07747370337 - Major delays to completion works due to plaster shortages.

Victor Tang MRICS, Vistry Partnerships Eastmidlands, Bedford, Houghton Regis, almega@hotmail.co.uk, 07824888614 - Productivity has surprisingly increased 3 months from May. No cases have been confirmed but there is a lot of fear mongering due to any symptom to a cold can be mistaken for the virus.

William Richardson, Edward Cooper Young Chartered Surveyors, Loughborough, w.richardson@ecyco.co.uk, 01509 416519 - There has been a drop in available competition for certain trades and services, resulting in reduction in choice, increased cost and longer lead times as those businesses look to keep going.

Mike Foster AssocRICS, Mulberry Developments, Northampton, mr.mikefoster@ntlworld.com, 07949327495 - Uncertainty from Covid-19.

Neville Rickett MRICS, Ward Cole Ltd, Lincoln, neville@wardcole.co.uk, 07971 142834 - Very little confidence in current political thinking towards construction industry.

## Eastern

Carl Fox MRICS, Fox Associates, Thetford, post@foxassoc.co.uk, 07747611918 - Lack of confidence and uncertainty in existing markets.

Daniel Fordham MRICS, Completing as an Individual Entity, Norwich, daniel.fordahm@nps.co.uk, 07775 502392 - New housing slowing effecting need for some public sector works such as new schools.

Michael J S Marshall, D J DESIGNS LIMITED, Norwich, djdesignsltd@btinternet.com, 01603437975 - One big concern is tenders and procurement under JCT, especially contract periods. Contractors are pricing in risk because they cannot guarantee labour or material availability in programme terms.

## Scotland

Kevin Marsh MRICS, Marsh & Riddell, Selkirk, kevin.marsh@marshandriddell.co.uk, 01750707000 - Cost of non-productive time on site has increased tenders by around 40% in the last 2 months. Due to social distancing, contractors are now building in contingency to build costs.

David MacDonald FRICS, JC+P, Glasgow, david.macdonald@jcandp.co.uk, 07973226266 - Covid-19 has had a severe impact. During the lockdown, work ceased on all of our sites and contractors now face the extra costs of completing existing contracts over a longer period. Many will not cope and more support is needed.

Andrew Gear, Gear Mackenzie limited, Glasgow, andy@gearmackenzie.co.uk, 07713488749 - Furlough scheme is acting as a barrier to a return to work.

Allan Robertson, RSPB, Scotland Rural Sector, allan.robertson@rspb.org.uk, 07876089995 - General reluctance to allow central belt contractors to carry out works in remote towns and villages

George A. Milne FRICS, Milne and Co, Isle of Skye, info@milnecontracts.co.uk, 01470572375 - Lack of investment capital.

Jack Mc Kinney, Galbraith & Lawson, Glasgow, j.mckinney2006@tiscali.co.uk, 07946 602908 - Planning process timescales and costs hindering development.

Derek Robertson MRICS, Networkrail plc, Glasgow, derek.robertson@networkrail.co.uk, 07766695774 - Potential delay in funding approval for schemes.

Neil MacDougall BSc(Hons) MRICS, Diamond & Co., Glasgow, neil@diamondandco.net, 07470567288 - Practical implications in the event of redundancies upon completion / reduction of furlough schemes. This may see firms understaffed with skill shortages in some areas.

Ian McMillan, Sir Robert McAlpine, UK, ian.mcmillan@srm.com, 07960 459872 - Procurement model / risk transfer

Darren Burns BSc (Hons) MRICS, Dandara Group, Aberdeen and Edinburgh, dburns@dandara.com, 01624693300 - Rental market expected to increase with falling unemployment and uncertainty.

## Northern Ireland

Alan Mitchell MRICS, Henry Brothers Ltd, Belfast, alan.mitchell@henrybrothers.co.uk, 07971793571 - Expenditure of public funds largely dependent upon NI Executive. The New Executive is currently in its infancy and is focused on Covid-19 outputs rather than economic outcomes impacting upon new construction works and construction pipeline.

Michael McCaughey MRICS, info@mjmccaughey.com, 028 87727270 - Future 12 months is unpredictable due to Coronavirus outbreak.

Daniel McCrory, D.S Mc Crory, Ederney, dsmccrory123@gmail.com, 02868632793 - I have found that there has been an immediate reaction by banks and financial institutions to basically "lock down" credit to private individuals who had prospects of developing small scale and private housing. This is adversely affecting workload.

John Reid, KS&P, Belfast, johnreid.ksp@googlemail.com, 07717725286 - Shortages of materials due to manufacturing plants being closed

Ivor McGeehan, J Raymond De Zeeuw, Coleraine, Northern Ireland, ivor@rdezqs.com, 02870358489 - Some material manufacturers not yet up and running or are at part capacity only.

Sean Trainor MRICS, TQS Ltd, Belfast, sean@trainorqs.com, 07887596888 - There are no banking credit facilities readily available, they are manipulating the criteria to prevent credit availability.



# Methodology

## About:

The RICS UK Construction Monitor is a quarterly sentiment survey of Chartered Surveyors who operate across the UK. Data collection began in 1994 with additional questions introduced subsequently.

<https://www.rics.org/uk/news-insight/research/market-surveys/>

Total responses in Q2 2020= 407

## Regions:

- The 'headline' national readings cover Great Britain.
- Specifically, the five regions that comprise the national figure are: (1) London and South East, (2) South West/Wales, (3) Midlands/East Anglia, (4) North West/ North East/ Yorks & Humber, and (5) Scotland. Data on Northern Ireland are not included in the headline figure.
- National data are regionally weighted.

## Sectors:

"Other public works" comprises factories, warehouses, oil, steel, coal, schools/colleges, universities, health, offices, entertainment, garages, shops and agriculture.

For sector definitions, <http://www.ons.gov.uk/ons/rel/construction/construction-statistics/no--16--2015-edition/pdf-construction-statistics-appendix-2.pdf>.

## Net balance data:

- **Net balance = Proportion of respondents reporting a rise in prices minus those reporting a fall** (i.e. if 30% reported a rise and 5% reported a fall, the net balance will be 25%).
- The net balance measures breadth (how widespread e.g. price falls or rises are on balance), rather than depth (the magnitude of e.g. price falls or rises).
- Net balance data is opinion based; it does not quantify actual changes in an underlying variable.
- Net balance data can range from -100 to +100.
- A positive net balance implies that more respondents are seeing increases than decreases (in the underlying variable), a negative net balance implies that more respondents are seeing decreases than increases and a zero net balance implies an equal number of respondents are seeing increases and decreases.
- Therefore, a -100 reading implies that no respondents are seeing increases (or no change), and a +100 reading implies that no respondents are seeing decreases (or no change).
- In the case of the RICS price balance, a reading of +10 should not be interpreted as RICS saying that house prices are going up by 10%, but that 10% more surveyors reported increases rather than decreases in prices (over the last three months).
- A change from +30 to +60 does not mean that the variable grew by 30% in one period and by 60% in the next period, but it does indicate that twice as many surveyors reported an increase compared to a decrease than in the previous period.
- Likewise, if we get a reading dropping from +90 to +5, this still means that more respondents are reporting increases than decreases overall, but the breadth of those reporting increases has fallen dramatically; meanwhile, a shift in the reading from -90 to -5 still means that more respondents are reporting decreases than increases overall, but the breadth of those reporting decreases has fallen dramatically.

## Questions Asked:

- 1a. How has the level of workloads changed over the last three months?
- 1b. Which sector do you think will see the strongest growth in output over the coming twelve months?
- 2a. How have infrastructure workloads changed across the following sub-sectors over the past three months?
- 2b. Which infrastructure subsector do you think will see the strongest growth in output over the coming 12 months?
3. How has the total level of New and R&M workloads changed over the past three months?
4. How have business enquiries for new projects or contracts fared in the past three months?
5. Have you hired anyone new (additional) in the past three months to support new workloads?
6. Have any of the following factors negatively impacted building activity over the past three months?
7. Has your company (or your contractors) experienced skills shortages in the past three months for the following occupations?
8. How have credit conditions changed over the past three months? How do you expect credit conditions to change over the next three/twelve months?
9. What are your company's expectations in each of the following areas over the next 12 months? (Workloads, headcount, profit margins)
10. What are your company's expectations for tender prices in each of the following areas over the next 12 months?
11. How do you expect labour costs per unit to change over the next 12 months?
12. What are your company's investment intentions over the next 12 months?

# Contacts

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## Confidence through professional standards

RICS promotes and enforces the highest professional qualifications and standards in the valuation, development and management of land, real estate, construction and infrastructure. Our name promises the consistent delivery of standards – bringing confidence to markets and effecting positive change in the built and natural environments.

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