



Q4 2020: RICS UK Construction and Infrastructure Monitor

Sentiment improves in Q4 with expectations for workloads at their best level in a year

- Infrastructure workloads rebound as private commercial development continues to contract
- Aggregate workloads and employment expected to increase further over the course of 2021
- Rising construction costs seen as a challenge for profitability

The Q4 2020 RICS Construction and Infrastructure Monitor points to a pick-up in workloads over the period with the improving trend broadening out across the sectors despite on-going concerns around Covid. However the headline reading (for workloads) continues to be held in check by weakness most notably in commercial development. Meanwhile, feedback from respondents continues to highlight concerns around the productivity performance in the face of changes to work practices to limit risks associated with the pandemic.

Significantly, the strongest uplift in workloads (measured in net balance terms) in the final three months of the year appears to have come from the infrastructure sector (+26 compared with +3 in Q3 and -17 in Q2). It is also the area of the industry where expectations for the next twelve months are most upbeat (+45) which is not altogether surprising given the emphasis being placed on infrastructure spend as a key part of the post-Covid recovery plan by government.

Within the infrastructure sector, workloads appear to be rebounding in a number of areas including energy and communications as well as road and rail. There is also a broadly consistent picture across the UK with all regions/countries showing positive numbers in this area.

Alongside this, the Q4 survey also shows that workloads have increased in the residential sector although the readings are still relatively modest (+12 in the public sector and +10 in the private sector). A combination of temporary stamp duty relief and the extension of Help to Buy has helped support the housing market with transaction levels picking up smartly from the low point seen during the first national lockdown last year. Interestingly, despite the likely less supportive policy environment as the various stimulus measures either expire or are tapered over the coming months, private development is anticipated to remain relatively resilient over the course of 2021. Public housing is also envisaged seeing further growth in workloads with local authorities slowly upscaling their building programmes.

As far as the commercial sector is concerned, it is evident from the anecdotal insights provided by

respondents that the structural challenges around both retail (to a greater extent) and offices is impacting on development plans. Current workloads came in with a net balance of -22 (the fourth successive negative reading) and while there is an expectation that the picture might improve over the next twelve months, it is only anticipated doing so modestly.

In terms of the aggregate forward looking indicators for the sector, there is a more positive tone to the numbers which reflects some of the micro trends already mentioned. The headline workloads net balance for the next twelve months now stands at +34 which is the best reading since the final quarter of 2019. The employment outlook also appears to be improving with this series climbing to +17 from -3 in Q3 and -20 and -14 in the preceding two quarters. Meanwhile the indicator capturing sentiment around the prospects for profit margins remains depressed at -8 but this is less negative than it was during any other point in 2020.

Significantly, the profitability challenge facing the parts of the sector reflects the potential uplift in construction costs; these are viewed as rising by in excess of 4% over the next twelve months driven in large part by higher prices for materials. The recent sharp increase in the cost of steel may be indicative of the concerns feeding into this assumption. It is noteworthy that feedback around investment remains broadly flat regarding fixed assets and software and more subdued still when it comes to workforce development and training.

In terms of the obstacles to development, financial constraints and shortages of materials remain the main challenges, albeit less so than previously. Skill shortages remain an issue although once again, it is not as prevalent a theme as it was going back a couple of years. That said, more than one-third of contributors to the survey still highlight issues with recruiting quantity surveyors. Problems with planning have also lessened although, with the government's White Paper in mind, a number of respondents continue to point to the process taking too long and costing too much.

Key indicators

Chart 1

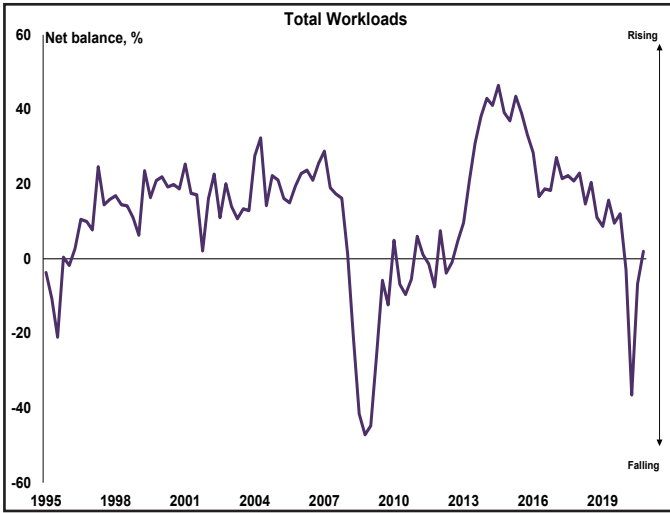


Chart 2

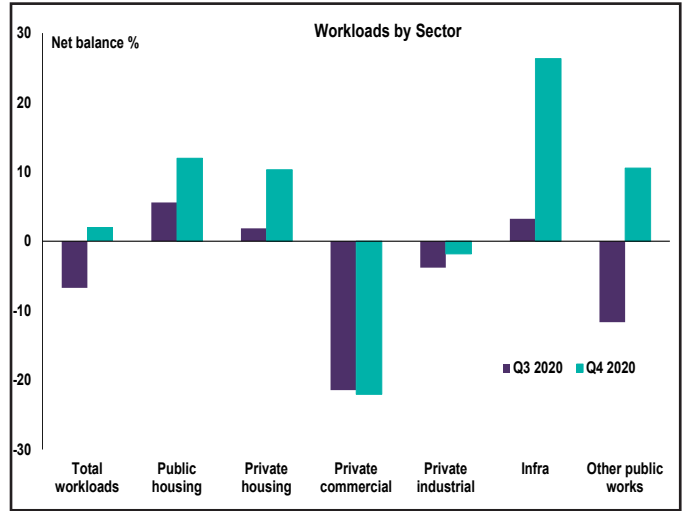


Chart 3

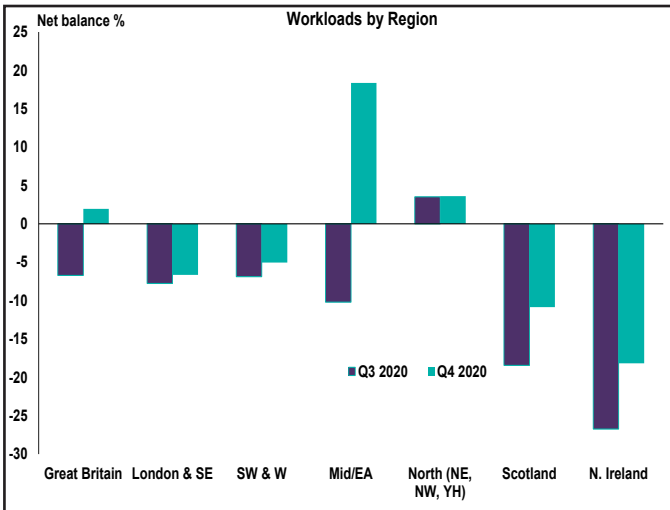


Chart 4

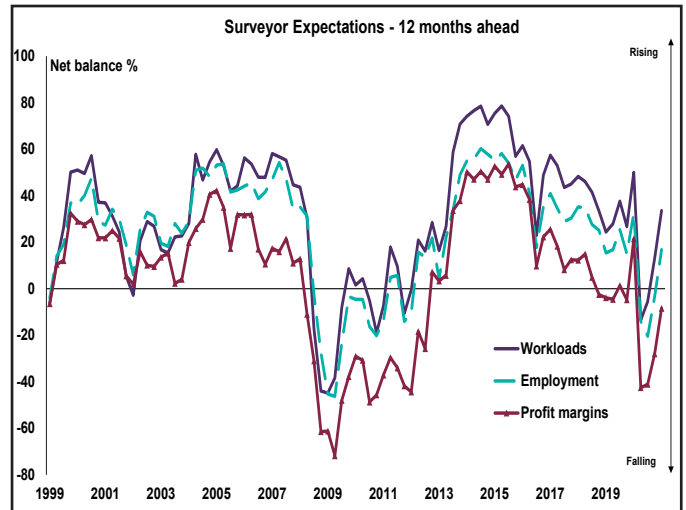


Chart 5

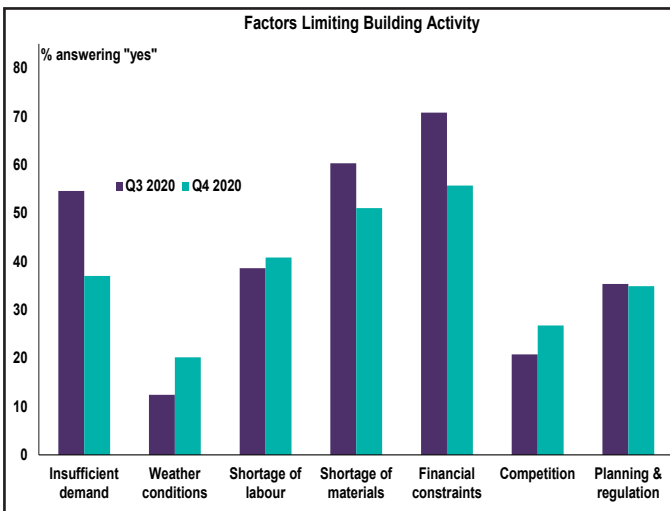
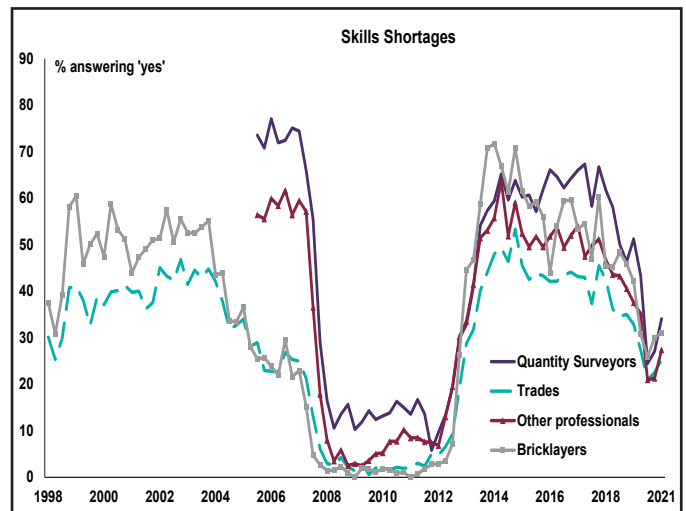


Chart 6



Key indicators

Chart 7

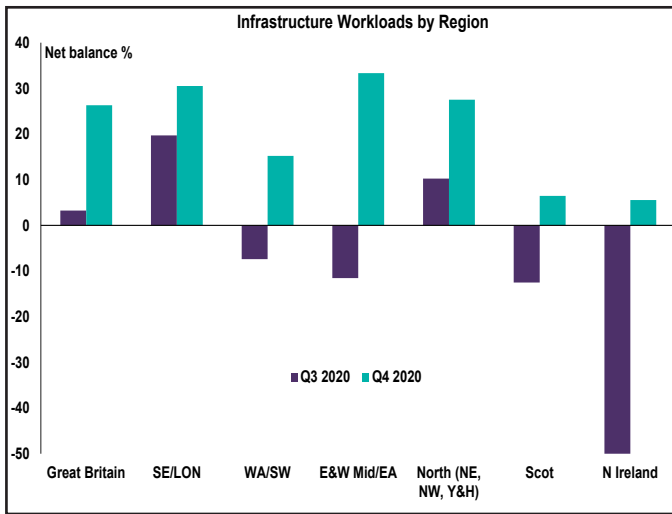


Chart 8

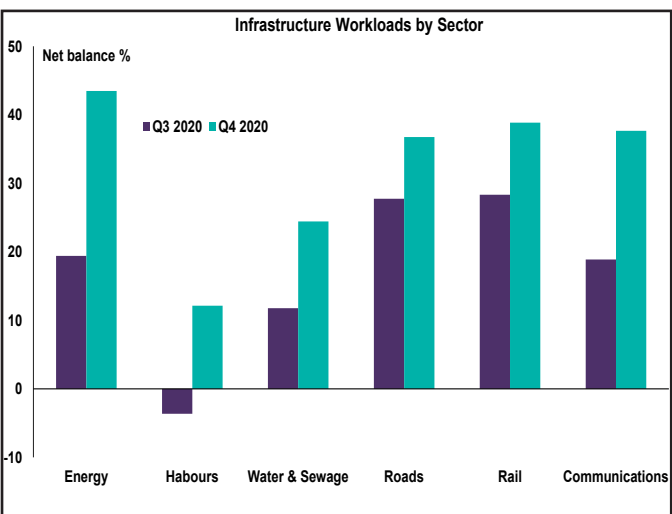


Chart 9

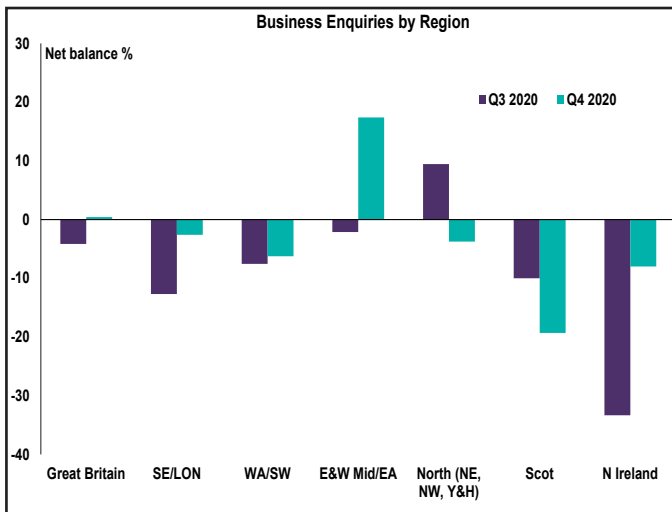


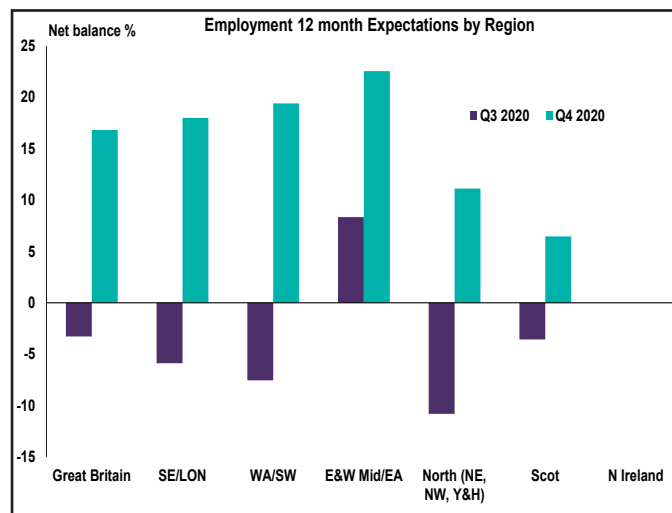
Chart 10



Chart 11



Chart 12



Key indicators

Chart 13

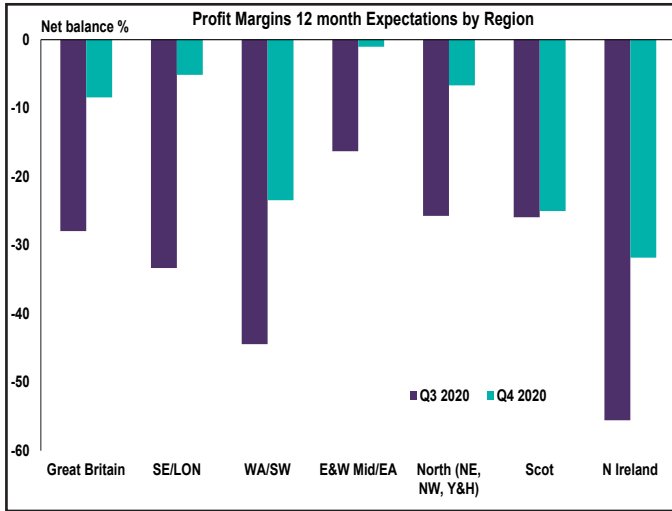


Chart 14

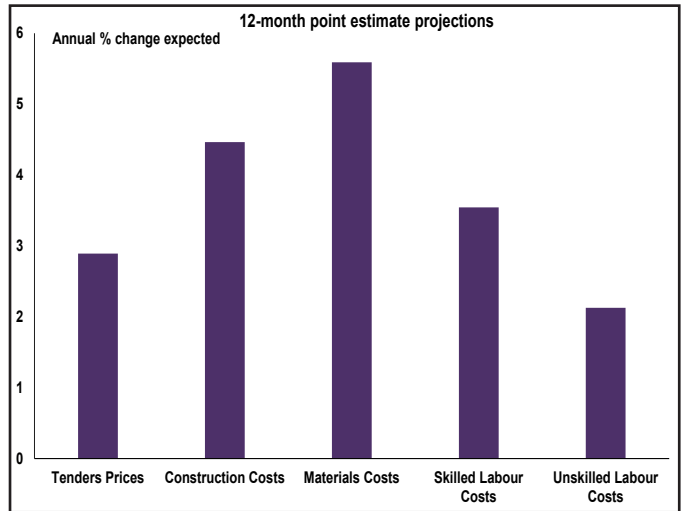


Chart 15

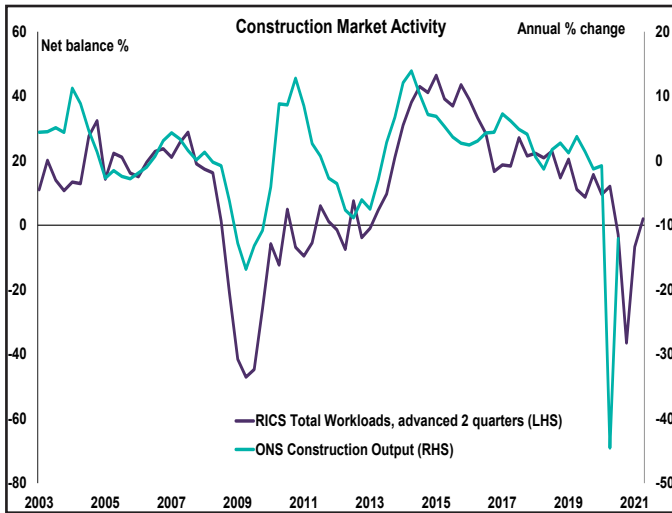
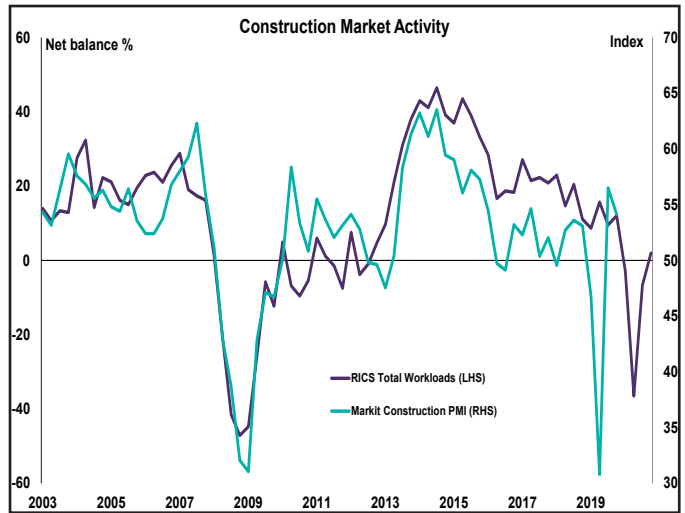


Chart 16



Chartered Surveyor market comments

London

Alex Alekkou, London, Hampton (LDN) Ltd, alex@hamptonldn.com - Covid and future relations with the EU are negatively affecting client investment decisions.

Alex Ennin, London, Arcadis LLP, alex.ennin@arcadis.com - Labour.

Alexander Francis, London, PureGym, alex.chris.francis@gmail.com - The pandemic has caused payment terms to double and suppliers are more risk-averse.

Andrew Waite, London, KFC UKI, andrew.waite@yum.com - Work on site is slightly slower than usual due to Covid safety measures being followed.

Antony Stavrou, London, London Crystal Property Services Ltd, antonystavrou@outlook.com - Costs are becoming volatile and assessing risks difficult, leading to unsuccessful tenders.

Chris Benham, London, HG Construction Ltd, chrisbenham@hgconstruction.co.uk - Demand for our services continue. The concern is resources, particularly skilled labour and materials.

David Brown, London, City of London Corporation, david.brown@cityoflondon.gov.uk - Restricted travel and working from home affecting efficiency, productivity and morale.

David Corry, London, Faithful+Gould, david.corry@fgould.com - Office tenant demand for space will be stagnant during 2021-22 as Covid impacts remain.

David Smith, London, Capital and Provincial, smith@candpltd.com - Isolation.

Dieter Kerschbaumer, London, Barrie Tinkel Partnership Group, kerschbaumer@hotmail.co.uk - COVID-19 Lockdowns and Brexit.

Florentino Bercasio, London, AECOM, florentino.bercasio@aecom.com - Impact of Brexit and Covid 19.

George Prowse, London Mayfair, FM Southern Ltd, george@fm-southern.co.uk - Imports For MEP Equipment from EU now resourcing from Japan (not China).

Ireneusz Gawedzinski, London, CBRE, irek1000@yahoo.co.uk - Brexit.

James B Fomolu, London, Globequest Construction Services Ltd, james.f@globequestconstruction.com - Reduced orders.

James Bryden, London, Multiplex Construction Europe Limited, james.bryden@multiplex.golbal - Productivity decreased due to social distancing requirements etc.

Karthika, London, Base quantum ltd, karthi_uom@yahoo.com - Covid-19.

Kiranjeet Dhillon, London, Beumer, kiran_jeet@hotmail.com - Stakeholder funding and risk averse investors.

Lindsey Summers, London, WSP, lindseysummers@yahoo.co.uk - Client bodies (government department) restricting number of construction workers on site.

Mark Choules, London, NG Bailey Services, markchoules@btopenworld.com - Uncertainty.

Mr Kester Mein, London, MDA Consulting Limited, kmein@mdaconsulting.co.uk - Stamp Duty is driving the housing market and private developers are building, this must be maintained.

Mr Kunwer Singh, London, Balfour Beatty, kunwer.singh@gmail.com - Material shortages.

Mr Nick Guglielmucci, London, Faithful+Gould, nick.guglielmucci@fgould.com - Uncertainty associated with both the COVID-19 pandemic and Brexit.

Niall Flannery, London, Corrigan Street, ndflan@hotmail.com - Covid and Brexit coming together.

Nick Curran, London, Fusion Commercial Associates Limited, nick@fusion-commercial.co.uk - Covid directly & indirectly.

Onur Kayaturan, London, Go Building Service Ltd., onurkayaturan@gmail.com - Work from home has decreased the need in city central. Housing projects will be lowered.

Patrick Mcnamara, London, AECOM, patrick.mcnamara@aecom.com - The uncertainty of Brexit has impacted industry confidence.

Peters Akinmolayan, London, Shabeckint consulting, shhabeckint@gmail.com - Material and labour shortages.

Philip John Roy., London Home Counties, Greencastle Surveying Limited., pjroy@jcoffey.co.uk - Decision making, respect, agreement of issues at all levels in the construction process to improve.

Richard Fitzgerald, London, MSG, richardfit@hotmail.com - Covid restrictions and uncertainty in market caused by the lockdown.

Richard Keith Nicolson, London, MSS Ltd, richardnicolson2101@gmail.com - Design errors and main contractor mismanagement of programme and sequencing.

Richard Petterson, London, Hother Associates LLP, rpetterson@hother.co.uk - Brexit uncertainty is compounding the difficulties caused by Covid.

Steven Shannon, London, Seacon Ltd, stevenshannon95@hotmail.co.uk - Social distancing and isolation affecting productivity and workforce.

Tim Cock, London, TowerEight Limited, tim.c@towereight.com - Site labour impacts from travel related isolation/quarantine periods / covid-19 outbreaks.

Tom Baah, London, Gleeds, tbaah@yahoo.com - The commercial sector is experiencing a slump as retail behaviour moves towards online shopping.

Urszula Nowak, London, MDA Consulting Ltd, ulanowak@yahoo.com - Covid-19.

Victor Ekunyan, London, VSL, victor.ekunyan@gmail.com - Uncertainties of Covid have an effect across the business chain.

William Kosh, London, Skanska, williamkosh@gmail.com - Uncertainty regarding commercial office development.

South East

Andrew Venn, London, Wicksteeds QS Consultants LLP, andrewvenn@wicksteeds.co.uk - Tender prices likely to rise unless tender documents are monitored by the QS.

Arvind Bhanderi, London And Attached Boroughs., Bhanderi Associates Ltd, arvind@bhanderiltd.co.uk - Covid 19 lockdown and Brexit has impacted on material availability and stocks.

David Fryer, Amersham, DFA Contract Services Ltd, davidxfryer@gmail.com - My work comes in from overseas projects. Work progress is slow but claims are increasing.

David Pike, Redhill, Fileturn, david.pike@fileturn.co.uk - Brexit - although currently we seem to be getting most materials without significant changes.

Edward Ward, Chislehurst, Edward Ward Consulting, edward@ewpconsulting.com - Uncertain future market conditions adversely affecting investment decisions.

Gary Dixon, London And The South East Of England, VINCI Construction UK, gary.dixon@vinciconstruction.co.uk - Unrealistic budgetary expectations. An encouragement for contractors to race to the bottom.

Gemma Good, Maidstone, Kent, Jackson Rowe, gemma.good@jackson-rowe.com - Grants are inflating the income of the self employed and they will no longer work weekends.

Chartered Surveyor market comments

George Pratt, Northampton, TM Surveying, georgehenrypratt@gmail.com - Covid having real affect, Brexit impact not kicked in yet.

Harry Alexander, Portsmouth, DDS (UK) Consulting Ltd, harryalexander93@hotmail.co.uk - Investors are unwilling to start works, in fear of delays.

Jason Hitchins, London, Building Perspectives Ltd, j.hitchins@buildingperspectives.co.uk - Deliveries and materials will become a problem.

Jim Briggs, London, Durkan Ltd, jim.briggs@durkan.co.uk - Concern over Brexit and the productivity of clients working from home.

Keith Gale, Winchester, Hampshire County Council, keith.gale@hants.gov.uk - The new way of social distance working has not greatly affected productivity on site.

Marcus Lainton, St Albans / London, John Sisk & Son, m.lainton@hotmail.co.uk - From a commercial perspective, there is a lack of quality, well-skilled QS and commercial people.

Mark Batterson, London And South East, Contract Solutions Services Limited, info@contractsolutionservices.com - An increasing lack of confidence across the industry and fear of impending recession, albeit not yet.

Mark Lister, London, Listers, listers@sg-practice.co.uk - Brexit effect / uncertainty on european supplied items. Effect of Brexit and Covid on investments.

Maryse Shields, Staines / Oxford, A2Dominion, maryse.shields@ntlworld.com - Covid 19 working regulations on site increase costs and slow down production.

Mike Brindley, Romsey, Brindley partnership Ltd, mike@brindleypartnership.co.uk - Consistent shortage of artisan quality tradespeople - bricklayers, plasterers etc. pushing rates up.

Mr C I Whalley, South Croydon, A J Oakes and Partners, chris.whalley@ajoakes.co.uk - Brexit - concerns over supply chain for obtaining materials.

Paul Francis, London And Surrounds, Modus Services limited, paul.francis@modus-services.co.uk - The implementation of social distancing in construction has challenges and impacts productivity.

Paul Sullivan, Hampshire Oxford London, Sullivan Commercial Consulting, sully7714@outlook.com - Covid 19 resultant non recoverable costs, disruption in supply and increased cost of materials.

Peter Papadakis, Milton Keynes, Pronea Ltd, info@pronea.co.uk - Uncertainty regarding covid-19 situation.

Peter Willis, London, IML, peterwillis@yahoo.co.uk - Brexit, material supply.

Phil, Isle Of Wight And We Are In South Not South East Or South West, Pikes Ltd, philip@pikesltd.co.uk - Protracted planning, lack of skilled men, excessive frameworks preventing open access, bid paperwork.

Robert Smyth, Broadstairs, RSQS Limited, robert.smyth63@gmail.com - Concern on Brexit and delivery of materials into UK.

Simon Britton, London, Artelia UK, simon.britton@uk.arteliagroup.com - Coronavirus pandemic, material supply issues from Europe, skilled labour shortages.

Stephen Lloyd, Brighton, Laing O'Rourke, slloyd@laingorourke.com - Covid restrictions on productivity.

Stephen Woodward, London, McBains Limited, spwoodward@mcbains.co.uk - Covid restrictions, opportunities up as we exit Covid: labour shortages: skills gaps across all areas.

North East

Charles Laidlaw, Newcastle Upon Tyne, CL Cost Consultants Limited, charlesglaidlaw@gmail.com - Lack of investment.

Peter Carruthers, Newcastle Upon Tyne, Paragon Construction Consultants Ltd, paragon.consult@hotmail.com - Covid 19, planning permission process, availability of funding.

North West

Anthony Dillon, Manchester, Willmott Dixon, anthony.dillon@willmotttdixon.co.uk - Choosing businesses with sufficient financial strength/resilience to work with is key currently.

Brendan Dooley, Manchester, Dooley Associates Ltd, brendan.dooley@dooleyassociates.co.uk - As an SME, we are being squeezed out of the market by larger companies and PI insurance.

Christopher Stroud, Liverpool, Maro Developments Limited, chrisstroud@manpdl.co.uk - The protracted planning system.

Crystal Jenkins, Preston, C Jenkins QS Services Ltd, crystal@cjqs.co.uk - Slow response times from consultants and councils.

David Bangham, Manchester, GBE Rockway Limited, david@rockwayprojects.com - Adverse effects and uncertainty caused by Covid and Brexit.

Elizabeth Dever, Liverpool, Anthony Dever Construction Limited, e.dever@adever.co.uk - Brexit prices are going to be a problem plus irish border.

Gyles Smith, Manchester, Laing O'Rourke, gdsmith@laingorourke.com - Brexit deal or no deal.

Iwan Jones, Bangor, Dwr Cymru Welsh Water, iwanhywel@hotmail.co.uk - I am aware that there has been a shortage of materials, especially wood.

James Scully, Liverpool, Brickland Limited, james.scully83@gmail.com - Material availability, with plaster finish being particularly difficult to obtain.

Jayne Hennessy, Manchester Liverpool And Cheshire, Peel L&P, jhennessy@peel.co.uk - Contractor unable to get bricklayers stating housebuilders paying more, kit trapped in other countries.

John Doyle, Manchester, Dooley Associates Ltd, j.doyle73@hotmail.com - A lack of networking for SME's to win work.

John Williams, Manchester, NG Bailey, john.williams@ngbailey.co.uk - Shortage of labour / good subcontractors generally in a congested town centre location.

Michael Conway, Bolton, Gateley Vinden Ltd, michael.conway@gateleyvinden.com - Insolvencies.

Nick Quinn, Manchester, Walker Sime Ltd, nquinn@walkersime.co.uk - Lack of tender opportunities for bills of quantities.

Phillip Anthony Knowles, Manchester, Phil Knowles Associates Limited, pkal@btinternet.com - Belt-tightening, which is inevitable at present. Once Covid-free, anticipate small initial growth.

William Askew, Liverpool, Baqus, askews@gmail.com - Uncertainty regarding national and local government policies.

William Briggs, Northwich, Briggs and Partners LLP, wb@seclp.co.uk - Uncertain market conditions, communication issues with large organisations, extending project time.

Chartered Surveyor market comments

Yorkshire & the Humber

Andy Riggott, National, Panasonic ADComms, andyriggott@gmail.com - Uncertainty of release of infrastructure work.

Ayamen Jawad, Leeds, Hamond projects, ayamenjawad@hotmail.com - Covid.

Clare Elliott, York, network rail, clare.elliott@networkrail.co.uk - Social distancing needed to complete activities.

Ian Young, York, Network Rail, ian.young3@networkrail.co.uk - Difficulty of creating optimum working conditions.

James Almond, Leeds, P+HS Architects, j.almond@pandhs.co.uk - Labour shortage, investment opportunities increase.

Martin Sloan, Leeds, Green Croft Consultants, martin@greencroftconsultants.co.uk - Brexit.

Robert Taylor, Sheffield, City Estates, bob.taylor@cityestates.com - As a developer, our workloads remain on hold until increased levels of certainty return to the market.

Stephen Byrne, Sowerby Bridge, Stephen Byrne Associates, steve@stephenbyrne.biz - Lack of demand, particularly in the retail sector.

South West

Alan Michael Ranulph Glanville, Bristol, Freelance working for Wessex Water, alanglanville@hotmail.co.uk - We operate principally in the Somerset, Dorset, Bristol, Bath area and Hinckley has had an impact.

Andrew Morton, Bristol, Ascribe management services limited, info@ascribems.co.uk - Travel during Covid.

Andrew Mosley, Chippenham, EP Stevens Associates, andrew.mosley@epstevens.com - Covid and material shortages.

David Perry, Truro, Wm G Weller & Son Ltd, david@wmweller.co.uk - Cornwall has been extremely lucky in being able to continue working productively being in Tier 1.

Harry Iles, Bristol, Gardiner & Theobald, h.iles@gardiner.com - Social Distancing and Covid cases has meant site labour productivity has reduced.

John Robbins, Bristol, Leslie Clark, j.robbins@lclark.com - Combined impact of Covid & Brexit affecting confidence.

Mark Hyam, Bristol, Secretariat International, mark@hyam.net - We provide expert services in quantum and delay in disputes, which have increased in UK and globally.

Martin Smalley, Bristol, Gleeds, martin.smalley@gleeds.co.uk - Although in the main I have a positive outlook, uncertainty remains around Covid and Brexit.

Paul Bridges, Bristol, Leslie Clark, p.bridges@lclark.com - Uncertainty regarding any Brexit trade agreement in the New Year.

Rachel Papworth, Exeter, J Price Consulting Limited, rachel@priceconsulting.org.uk - Covid is decreasing productivity.

Simon Carey, Gloucester, Barnwood Ltd, simoncarey@barnwood.co.uk - Working with Covid-19 is reducing productivity and increasing costs.

Steve Foxon, Exeter, Taylor Lewis Limited, stevefoxon@taylorlewis.co.uk - Poor quality of work. Lack of consideration for following trades.

Wales

Christopher Evans, Cardiff, Vinci Construction UK Ltd, chris.evans@vinciconstruction.co.uk - Opportunities have picked up in December. Employers may be forecasting end of Covid and Brexit.

G Bacon, Bridgend, TIME PCCM Ltd, bacon_gary@hotmail.com - Lockdown.

Ian Smith, Cardiff, Smith Shipway, ian@smithshipway.co.uk - Covid 19 impact due to workforce isolation and shortage/availability of materials.

Lee Bishop, Cardiff, Chessmann, lbishop@chessmann.co.uk - I expect the Welsh economy to recover at a lower pace than England.

Sonny Wall, Newport, Turner & Townsend, sonnyjwall@hotmail.com - Covid-19 restrictions on site.

West Midlands

Albert Josephs, Birmingham, ANC Projects Ltd, josephsa@yahoo.com - Delay in funding approvals.

David Middleton, Birmingham, Mitchells and Butlers, david.middleton@mbplc.com - I work in retail and we have seen demand for construction service collapse due to lockdowns.

Garrie Weatherley, Birmingham, Trinity Property Consultants Ltd, gjw@trinitypc.co.uk - Covid obviously have an impact, both currently and in the attitude towards schemes due to commence within next 6 months.

Gurwinder Singh Johal, West Bromwich, Greystone Construction Ltd, gurwinderjohal77@outlook.com - Due to Tier 4 restrictions, meeting clients to discuss site operations to agree commercial aspects.

Hugh Raven Mrics, Hereford, The Raven Partnership, h.raven@ravenpartnership.co.uk - As ever, insufficient margin; poor quality management.

Ian Lacon, Halesowen, Lacon Project Solutions Ltd, ian@lacon.co.uk - Cashflow - payments are being delayed. Time spent working for deferred payment.

Jeremy Pardoe, Worcester, Montel Civil Engineering Ltd, jempardoe@gmail.com - I believe that other projects such as HS2 will increase costs for both Labour and materials.

John Hobson, Birmingham, Seddon Construction Limited, johnhobson941@gmail.com - Generally everyone is working together to overcome the issues caused by Covid.

Khumehra Mohammed, Birmingham, RPS, khumehra@hotmail.com - Brexit, poor economic conditions, the third lockdown and continual social distancing on site.

Michael Roach, Tamworth, Roach Hunt Partnership, michaelroach@roachhunt.co.uk - Unknown economic conditions created by the pandemic but some projects on hold are now progressing.

Paul Beeston, Birmingham, Rider Levett Bucknall, paul.beeston@uk.rlb.com - Contractor workloads and pipeline quite varied by size of project and sector exposure.

Peter Griffin, Birmingham, Nicol Thomas, pg@nicolthomas-birm.co.uk - Slow sales of housing.

Stephen Joyce, Birmingham, Network Rail, steve_joyce@hotmail.co.uk - Drop in use of the rail network putting pressure on the central government budget allocation.

Tony Milner, Birmingham, Weatheroak Projects Limited, tony.milner34@gmail.com - Certain material shortages impact progress.

East Midlands

Darrin Quane, Milton Keynes, Lambert Smith Hampton, dquane@lsh.co.uk - Contractual claims noted as contractors are cash hungry.

Graham Clarkson, , Graham Clarkson Associates, graham@grahamclarkson.co.uk - Lack of labour.

Ivor Sheppard, Birmingham / London, Turner & Townsend, ivor.sheppard@turntown.co.uk - Transportation of labour to programmes in the COVID-19 environment has a bearing on cost.

Chartered Surveyor market comments

Jack Coulthard, Derby, Severn Trent Water, jacko1904@aol.com - Concerns over post brexit material costs.

Paul Brien, Lincoln, EFM Consulting Ltd, paulb@efmconsulting.co.uk - Covid restrictions on working practices, Brexit uncertainty.

Steven Syddall, Loughborough, Loughborough University, s.syddall@lboro.ac.uk - Brexit uncertainty funding.

Thomas Kane, Henley-On-Thames, Marshall Kane Consulting Limited, tom.kane50@hotmail.co.uk - Site protocols = inefficient working practices, delays; shortage of labour & materials, claims.

Eastern

Chris Keeble, Ipswich, Gill Associates, ckeebled@gillassociates.co.uk - An increase in private housing has insulated some of the local market from the worst of Covid.

Derek Monnery, Manningtree, Derek Monnery, derek@monnery.net - Brexit, Covid-19.

Jonathan Shilling, Peterborough, AECOM Ltd, jonathan.shilling@aecom.com - Covid-19 & Brexit.

Kearnu Stapleton, Bedford, Highways England, kearnustapleton@gmail.com - Spending the budget and raid space constraints.

Michelle Miranda, Cambridge, Faithful+Gould, michelle.miranda@fgould.com - Main contractors stockpiling where they foresee Brexit cost effects if no deal, increased R&M costs.

Robert Sturman, Walsham Le Willows, Ashwell Construction Ltd, roberts@ashwellconstruction.co.uk - Brexit uncertainty.

Teddy Reeves, Ipswich, Wates Construction Ltd, teddy.reeves@wates.co.uk - The reason for the anticipated increase in material costs is due to Brexit.

Scotland

Alistair Mccracken, Glasgow, Reid Associates, amccracken@reids.uk.com - Delays getting statutory consents are affecting construction, as well as design teams furloughing staff.

Chris Grant, Edinburgh, Carey Group, chris.grant@careysplc.co.uk - Clients still wanting lowest possible price.

Chris Shields, Kilmarnock, TCS Construction Consultants, chris@tcsconstructionconsultants.co.uk - Material shortages, longer lead in times.

Daniel Lockwood, Edinburgh, F+G, daniel.lockwood@fgould.com - Funding restrictions due to Covid & Brexit uncertainty. Slower construction (from social distancing).

David, Glasgow, JC+P, david.macdonald@jcamp.co.uk - Lack of investment and the collapse of retail and hospitality.

David Macdonald, Edinburgh, Scottish Futures Trust, david.macdonald@scottishfuturestrust.org.uk - Lack of clarity on future pipeline.

Derek Robertson, Glasgow, Network Rail, derek.robertson@networkrail.co.uk - Lack of passenger traffic on railways resulting in changed funding priorities.

Eric Gordon, Blanefield, 3C Construction Cost Consultants Ltd, eric@3cqs.co.uk - Small contractors are very busy which is due to home owners extending rather than moving.

Graeme Learmonth, Stirling, Scottish Water, graeme.learmonth@scottishwater.co.uk - Construction contractors in water and wastewater are keen to continue working.

Jack Mc Kinney, Glasgow, Galbraith & Lawson, j.mckinney2006@tiscali.co.uk - Planning permissions costing too much and taking too long.

John Barnard, Glasgow, Balfour Beatty, john.barnard@balfourbeatty.com - Government payment terms still too onerous.

Jordan Gray, Glasgow, Morrison Construction, jordan.gray@morrisonconstruction.co.uk - Lack of clarity on Covid rules.

Jordan Jeffrey, Aberdeen, Faithful+Gould, jordan.jeffrey@fgould.com - Lack of competitive pricing.

Paul Berry, Glasgow, Heronbros, pberry7@hotmail.co.uk - Labour shortages.

Richard Donald Phillips, Edinburgh, Doig + Smith, rphillips@doigandsmith.co.uk - Brexit.

Robin Kernaghan, Inverness, Compass Building & Constructipon Services Ltd, robin.kernaghan@compassbuild.org.uk - Covid 19.

Simon Campbell, Inverness, Cairn Housing Association, simon.campbell@cairnha.com - Labour resource and skills shortages, availability of contractors.

Suzanne Gray, Glasgow, Faithful+Gould, suzanne.gray@fgould.com - Brexit concerns from supplier re. availability of materials from EU. Particularly timber.

William Scott Nicoll, Perth, Perth and Kinross Council, wsnicoll@pkc.gov.uk - Covid 19 is the main issue.

Northern Ireland

Adrian Petticrew, Belfast, Kier Utilities and Rail, adrian.petticrew@kier.co.uk - Challenge of Brexit and the uncertainty that goes with it.

Bridgeen Mchugh, Omagh, Fox Building & Engineering, bridgeenmchugh2000@gmail.com - Weather.

Fergal Mackle, Belfast, AG Wilson Civil engineering Ltd., fergal@agwilsoncivilengineering.com - Brexit may have an effect on the cost of materials.

Garry Mcouat, Belfast, Johnston Houston, garry.mcouat@johnstonhouston.com - The impact of Covid (labour/ materials/working methods etc) on programme & profitability.

Hannah Lambe, Belfast, AECOM, hannah.lambe@aecom.com - Greater adverse attitude to risk in pricing.

John Cunningham, O'Prey Developments Ltd, john@pauloprey.co.uk - Concerns about Brexit.

John Lombard, Belfast, AECOM, john.lombard@aecom.com - Uncertainty around post Brexit cross border trade.

Mark Hughes, Belfast, McNicholl Hughes, mark@mcnichollhughes.com - Brexit is still a major issue as we work in NI and ROI.

S C Burns, Regional Contracts Manager Head Office Belfast, Northern Ireland Housing Executive, stevie.burns@nihe.gov.uk - Covid has changed productivity, and with Brexit has reduced certainty in construction sector.

Sean Brennan, Belfast, Whitemountain Quarries Ltd, sean.brennan@breedongroup.com - Planning delays affecting private sector; procurement decision delays affecting public sector.

Stephen Mccaul, Belfast, Faithful+Gould, stephen.mccaul@fgould.com - Brexit.

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 Q4 2020= 635

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

Simon Rubinsohn

Chief Economist

+44(0)20 7334 3774

srubinsohn@rics.org



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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.

Americas

Latin America

ricsamericalatina@rics.org

North America

ricsamericas@rics.org

Asia Pacific

ASEAN

ricsasean@rics.org

Greater China (Hong Kong)

ricshk@rics.org

Greater China (Shanghai)

ricschina@rics.org

Japan

ricsjapan@rics.org

Oceania

oceania@rics.org

South Asia

ricsindia@rics.org

EMEA

Africa

ricsafrica@rics.org

Europe

ricseurope@rics.org

Ireland

ricsireland@rics.org

Middle East

ricsmiddleeast@rics.org

United Kingdom RICS HQ

contactrics@rics.org