



## Q2 2020: Europe Construction Monitor

# Construction activity declines across Europe, with recovery prospects muted for now

- Workloads, new business enquiries and headcounts all seen falling in Q2
- Construction Activity Index particularly negative in Romania, Spain, Italy and France
- Infrastructure sector shows greater resilience, workloads expected to increase in the coming year

As would be expected given the economic disruption caused by the ongoing global pandemic, the results of the inaugural RICS Europe Construction Monitor point to a challenging near term backdrop across the sector. For the time being, prospects for recovery appear to be subdued at the headline level, albeit sentiment on the outlook for the infrastructure sector is more positive in comparison to all other areas of the market.

### Workloads fall across the board in Q2

Across Europe in aggregate, workloads reportedly fell in the private housing, private non-housing, and infrastructure sectors over the quarter. That said, although infrastructure workloads fell in overall terms, the ICT component bucked the general downward trend, as a net balance of +21% of respondents reported positive growth.

Taking all of this together, the headline construction activity index posted a figure of -25 at the pan-European level. While this index currently sits in negative territory across the vast majority of European nations covered in the survey, the Q2 readings were particularly weak in Romania, Spain, Italy and France. At the other end of the spectrum, the index came in at +2 in Switzerland, consistent with more stability in construction market activity.

### Fall in business enquiries signal weak demand at present

At the aggregate level, a headline net balance of -57% of respondents noted a decline in new business enquiries over the quarter. Given the drop-off in demand conditions, firms opted to reduce headcounts, evidenced by a net balance of -34% of survey participants citing a fall over the survey period.

Alongside this, cost pressures are reportedly mounting across the sector, with a net balance of +29% of respondents seeing an increase in material costs during Q2. Consequently, profit margins appear to be under acute pressure, as a net balance of -57% of contributors saw a deterioration.

A lack of demand was the most frequently cited factor holding back activity. A majority of survey participants in Europe also highlighted financial constraints as an impediment to the market.

### Infrastructure expected to prove more resilient

Turning to the outlook, twelve-month expectations vary at the sector level. While private non-residential work is anticipated to decline further in the year ahead, expectations for private residential workloads are indicative of a stabilization. Respondents are slightly more upbeat on the outlook for infrastructure workloads, with the twelve-month expectations series returning a net balance of +10% implying a modest increase in activity expected over the next year. This doesn't appear to be substantial enough to support the broader

Chart 1: Change in conditions during Q2

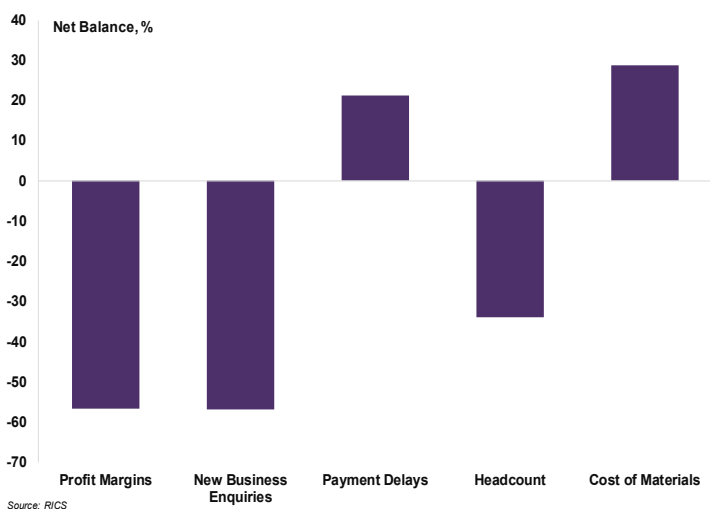
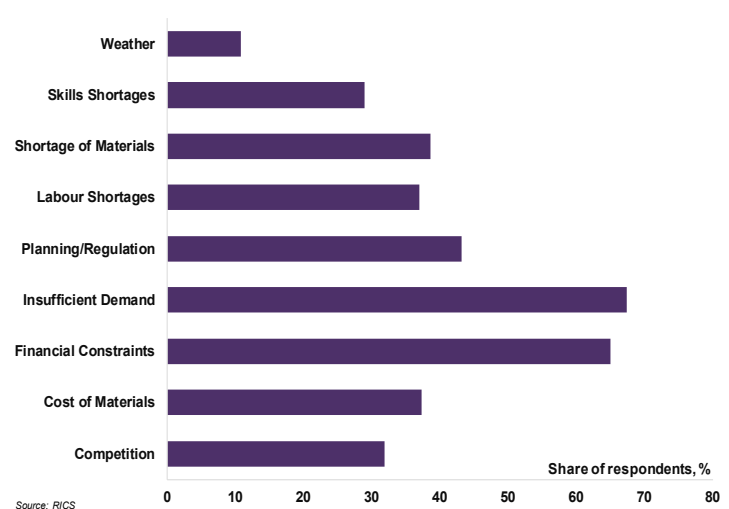


Chart 2: Factors holding back activity



\*The Construction Activity Index is a weighted composite measure encompassing variables on current and expected market activity as well as margin pressures.

construction market however, as both headline profit margins and headcounts are seen falling within the construction industry over the year to come.

Meanwhile, tender prices are forecast to remain more or less unchanged in the next twelve months. At the same time, construction costs are projected to rise by just over 2%, with material costs seen picking up by roughly 3% and skilled labour costs by approximately 1%. The cost of unskilled labour is projected to change very little over the year ahead.

**Project delays incurred**

In an extra question included to get a fuller sense of the impact of the Covid-19 outbreak and associated lockdown measures, respondents were asked what percentage of projects are currently on hold as a result. On average, 22% of projects have been temporarily paused across Europe according to survey participants. While the largest share of respondents (37%) expect work to resume within one to three

months, estimates on the average delay time came in at 110 days throughout the continent.

**Pandemic expected to reduce productivity**

What's more, around three-quarters of respondents feel that onsite productivity will suffer in the wake of the pandemic. Indeed, on average, construction sector productivity is expected to drop by around 9% across Europe. When broken down at the country level, the results show productivity is expected to be most negatively impacted in France and Spain, with 11% declines anticipated in both cases.

Meanwhile, around one-third of European contributors report that they are now consistently receiving tenders below a professionally prepared realistic estimate of the cost for a project. This underbidding appears to be a more prominent issue in Romania, Portugal and Spain, with close to 50% of respondents reporting that they are consistently receiving bids below costs in each nation.

Chart 3: Expectations, next 12-months

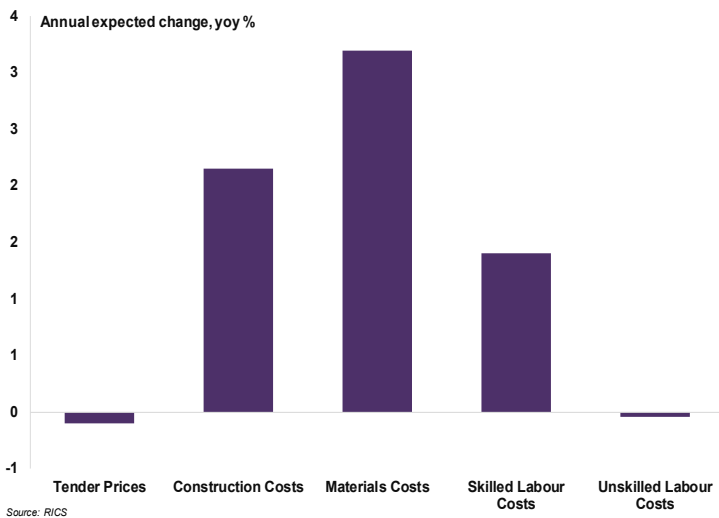


Chart 4: Covid-19 expected impact on productivity

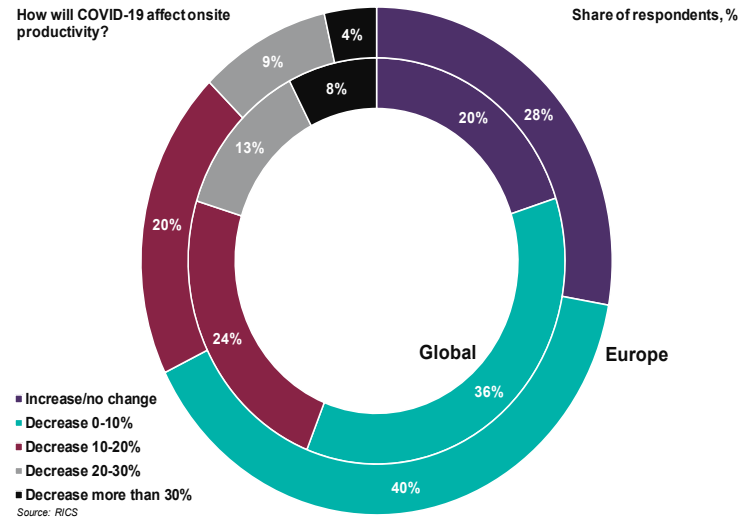
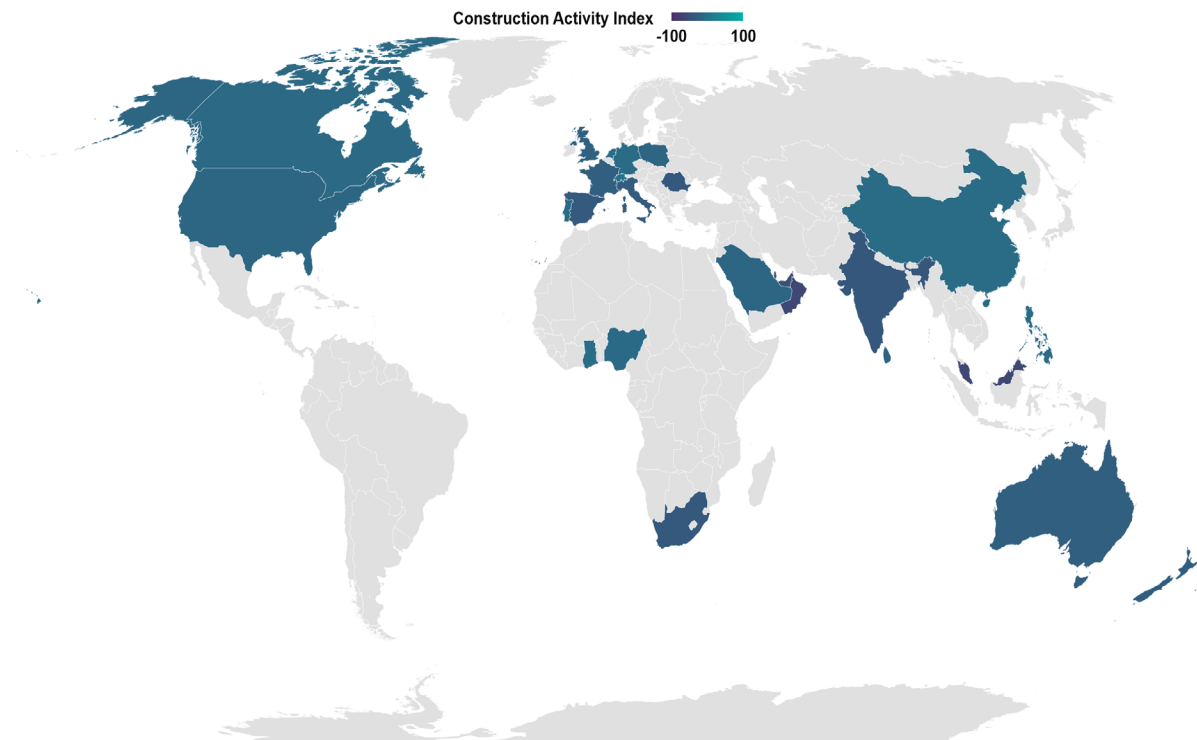


Chart 5: Construction Activity Index by country



# France

The latest feedback across France is consistent with a significant drop in market activity over the quarter. Workloads fell in each sector (private housing, private non-housing and infrastructure), coming together to produce a headline reading of -27 for the Construction Activity Index.

Alongside this, respondents also reported a drop in new business enquiries, profit margins, and headcounts during Q2. Meanwhile, instances of payment delays were reported to have risen.

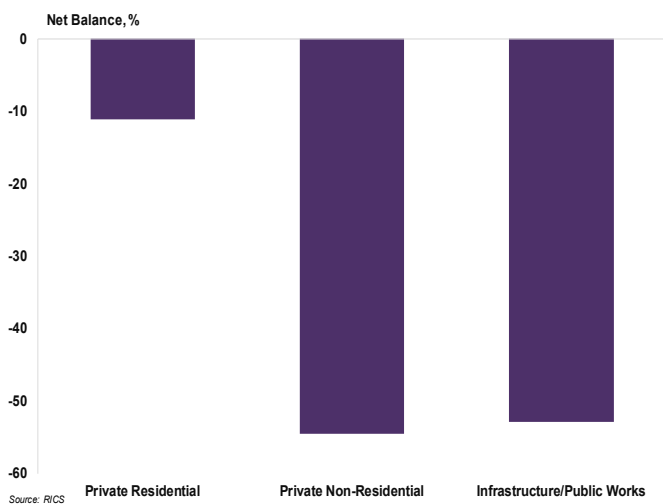
Financial constraints and insufficient demand were the most widely cited factors hampering market activity, with a respective 88% and 76% of contributors highlighting these as restraints.

Projections for the coming twelve months are divergent across sectors. Indeed, twelve-month expectations are negative regarding the private non-residential sector,

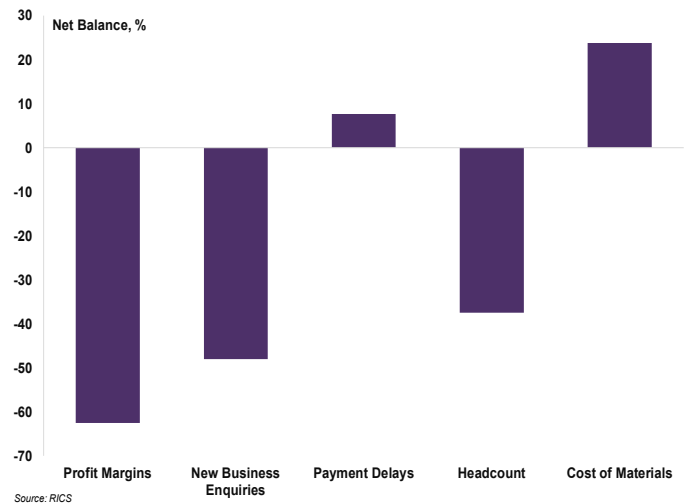
posting a net balance of -27%. On the same basis, expectations are marginally positive for infrastructure/public works, with a net balance of +6% of respondents expecting growth across this category over the year ahead. Likewise expectations are also positive across the private residential sector, where a net balance of +16% of survey participants anticipate workloads picking up. Nevertheless, overall headcounts across the industry are expected to remain flat over the next twelve months.

Tender prices are forecast to rise by 1.5% in the year to come, while construction costs are seen increasing by roughly 3%. Within this, rising material prices look set to provide the largest contribution to the overall increase in costs, while labour costs (both skilled and unskilled) are expected to pick-up only modestly.

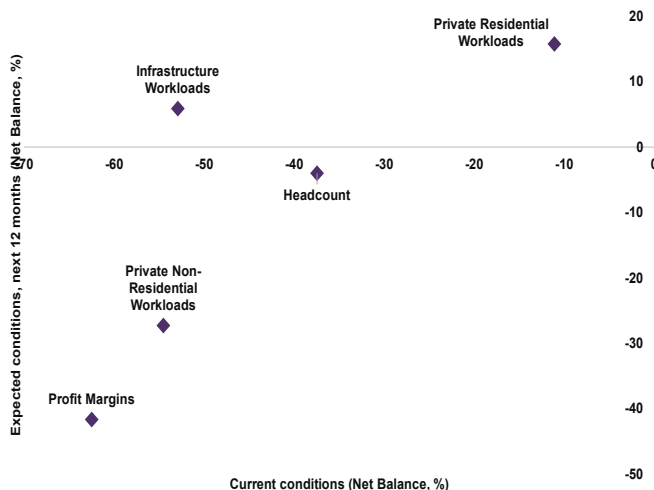
## Workloads, past 3 months



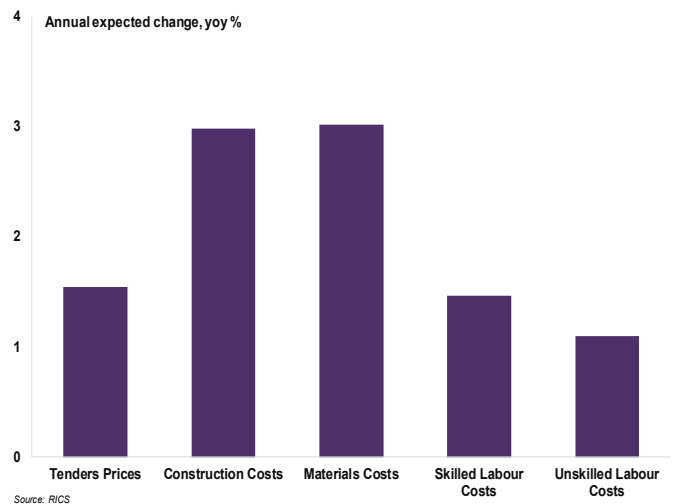
## Conditions, past 3 months



## Past 3 months vs next 12 months (expected)



## Expected cost escalations, next 12 months



# Germany

Although the Q2 2020 results from Germany also point to a fall in construction activity over the survey period, the rate of decline appears relatively less severe than in many other parts of Europe. Indeed, the headline Construction Activity Index registered a value of -9, noticeably less negative than the pan-Europe average of -27.

Notwithstanding this, workloads did decline to some extent in each sector across Germany (private residential, private non-residential and infrastructure). Drilling further into the data covering infrastructure shows that some areas fared better than others, with work on ICT and energy projects reportedly rising. At the other end of the scale, quarterly falls in workloads were cited across the social, transport and water & waste categories.

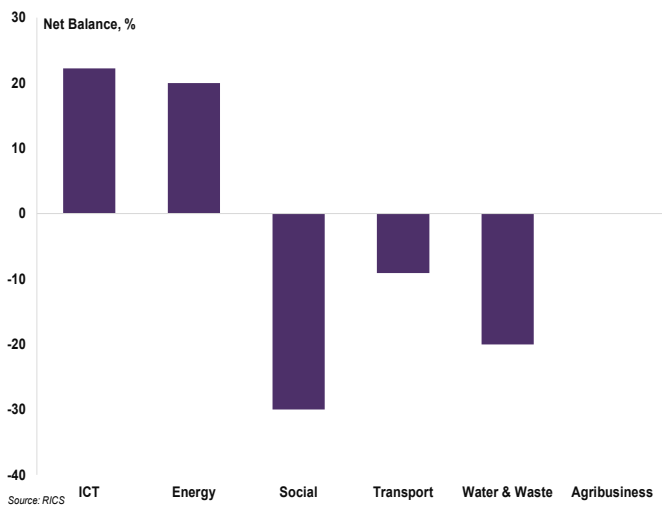
For the coming twelve months, expectations are in negative territory across the private non-residential

sector, as a net balance of -9% of respondents expect workloads to decline further. By way of contrast, a net balance of +36% of survey participants expect the private residential sector to see an uplift in construction activity in the year to come. Similarly, infrastructure/public works are expected to pick-up, albeit modestly, in the year to come.

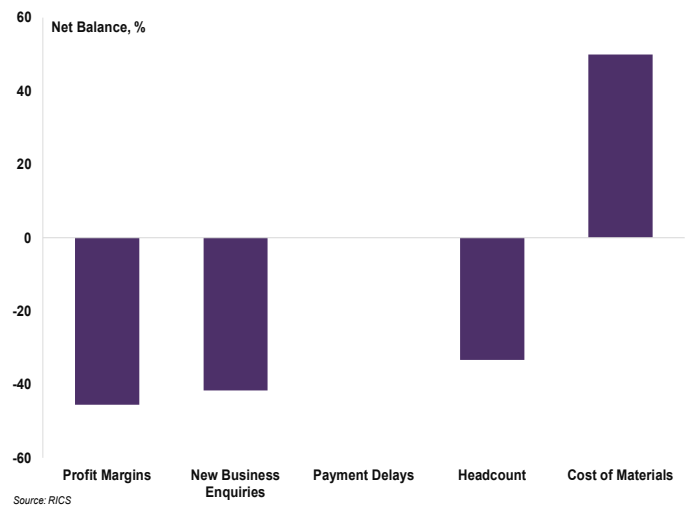
That said, despite the positive outlook across some sectors, two-thirds of respondents in Germany anticipate productivity will be negatively impacted by the Covid-19 outbreak and associated changes in working practices. Within this, the largest share (50%) expect productivity to fall by up to 10%.

Alongside this, just over 40% of contributors report that they are now consistently receiving tenders/bids below a realistic estimate of costs across Germany. This is marginally higher than the European average of 38.5%

## Infrastructure workloads, past 3 months



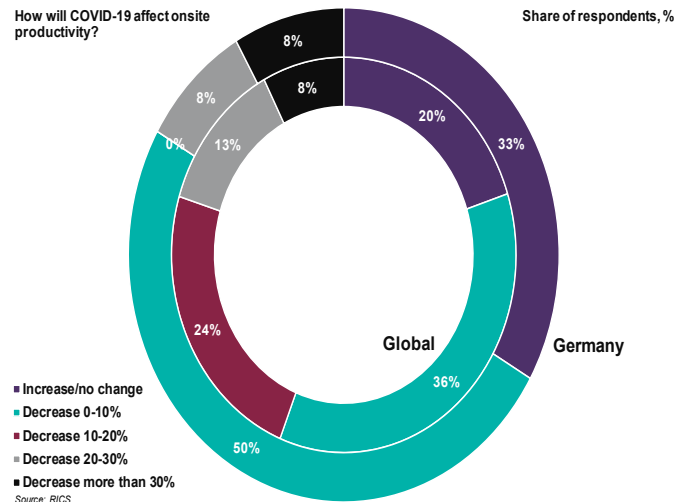
## Conditions, past 3 months



## Past 3 months vs next 12 months (expected)



## Covid-19 expected impact on productivity



# Italy

The latest survey feedback covering Italy signals a sharp deterioration in market conditions over the quarter, with the headline Construction Activity Index returning a figure of -32. Workloads fell significantly across all sectors, evidenced by net balance readings of -53% for private residential, -60% for private non-residential and -56% for infrastructure.

Alongside this, new business enquiries also saw a steep drop-off over the quarter, with the challenging demand backdrop leading firms to reduce headcounts. Furthermore, a net balance of -65% of contributors reported profit margins are being squeezed, in part linked to a noticeable rise in material costs.

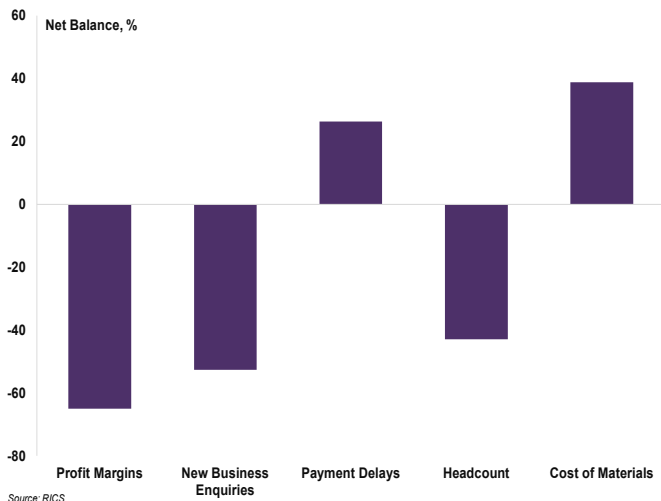
Insufficient demand and financial constraints were the most frequently mentioned issues hampering the market during Q2. Alongside this, a majority of contributors also noted that planning and regulatory systems were acting as an impediment.

For the coming twelve months, expectations are generally subdued, with workloads anticipated to continue to fall across the private residential and private non-residential sectors. That said, the outlook appears much stronger for infrastructure, as a net balance of +38% of survey participants expect a rise in output over the year ahead.

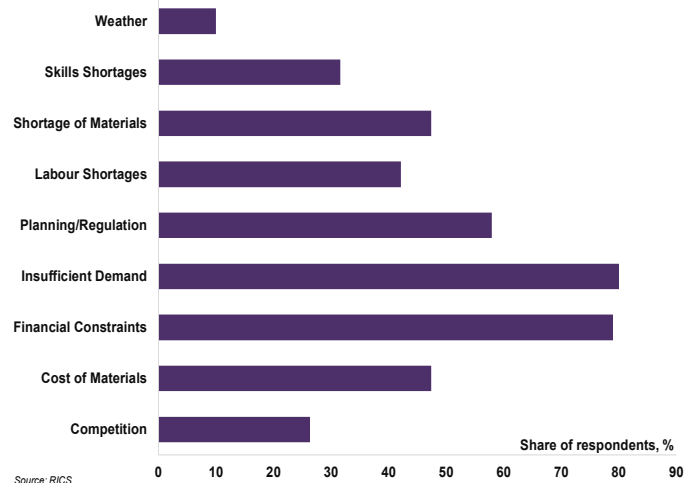
Nevertheless, overall headcounts across the construction industry are still seen falling in the next twelve months, while profit margins are also set to remain under pressure.

Respondents are forecasting around a 3% increase in total construction costs in the year ahead, with material and skilled labour costs driving the bulk of this increase. By way of contrast, unskilled labour costs are expected to see little change. Finally, projections for tender prices are marginally positive, with contributors pencilling in 1% growth.

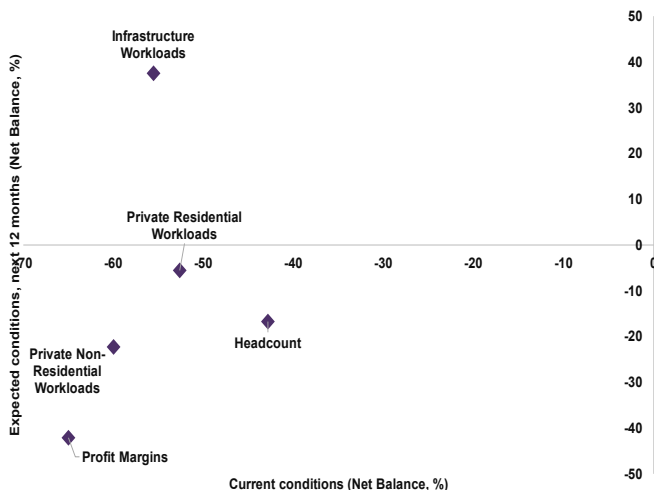
## Conditions, past 3 months



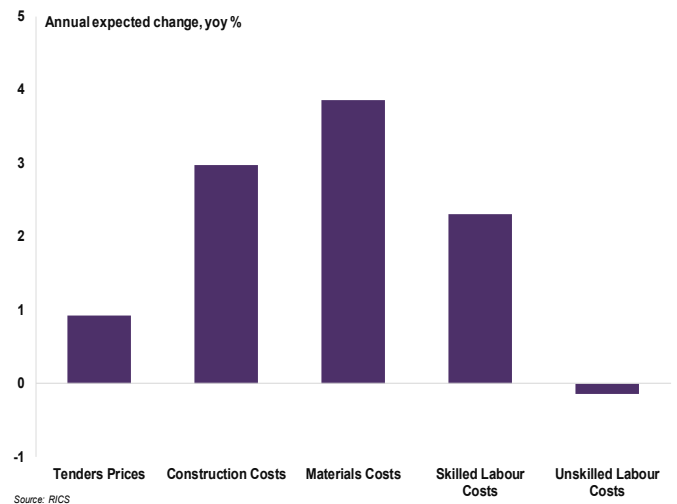
## Factors holding back activity, past 3 months



## Past 3 months vs next 12 months (expected)



## Expected cost escalations, next 12 months



# Netherlands

Across the Netherlands, the headline Construction Activity Index came in at -6 in Q2. Although this reading sits in marginally negative territory, it is significantly less downbeat than the European average of -27.

Quarterly trends in workloads were varied at the sector level. While respondents noted a decline in work taking place across the private non-residential and infrastructure sectors, workloads reportedly edged higher across the private residential sector.

Furthermore, not all components of infrastructure saw a decline in activity over the quarter, with respondents citing a pick-up in workloads across the ICT, energy and water & waste categories.

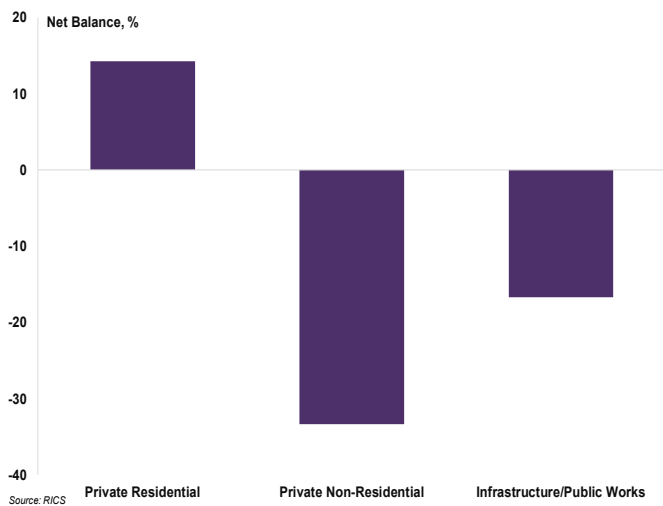
Nevertheless, a net balance of -50% of contributors reported a fall in new business enquiries during Q2. At the same time, headcounts were cut according to a net

balance of -58% of respondents. On a further cautious note, the majority of contributors feel that the Covid-19 outbreak and associated policy measures will reduce onsite productivity by between -10 and -20%.

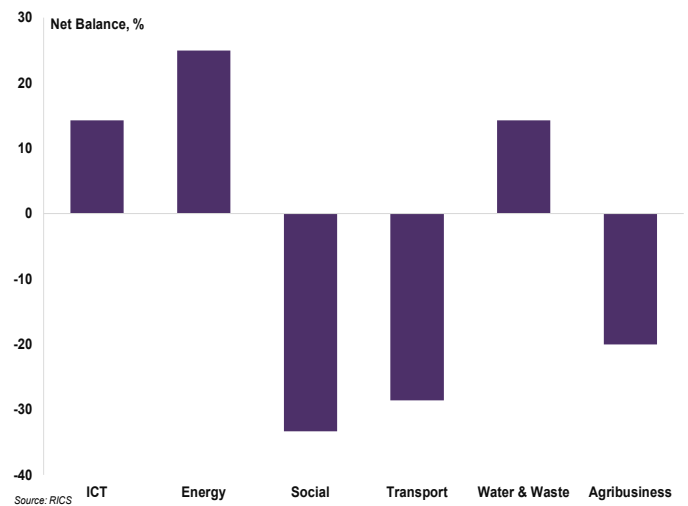
With regards to the outlook over the next twelve months, expectations for future workloads are positive to a greater or lesser extent across all sectors. Even so, private residential output is anticipated to deliver the strongest pick-up (in net balance terms) while growth across the private non-residential sector is expected to be more modest in comparison.

Notwithstanding this, expectations for employment across the construction industry overall are negative for the coming twelve months. Meanwhile, a net balance of -55% of respondents foresee profit margins deteriorating over the same timeframe. Finally, tender price forecasts are slightly negative for the year ahead, with respondents projecting a -1% decline.

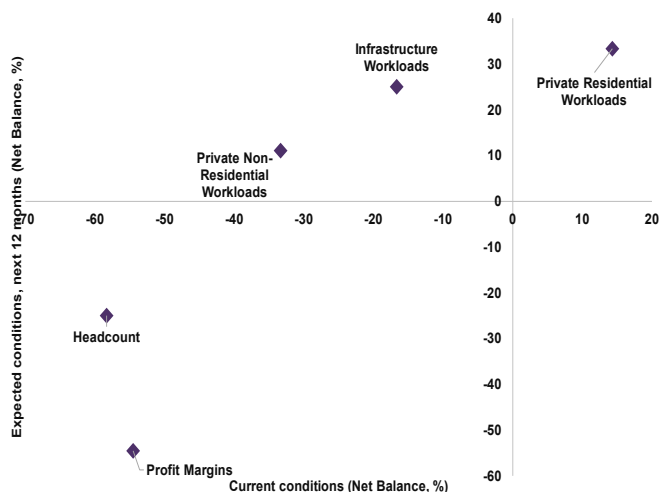
## Workloads, past 3 months



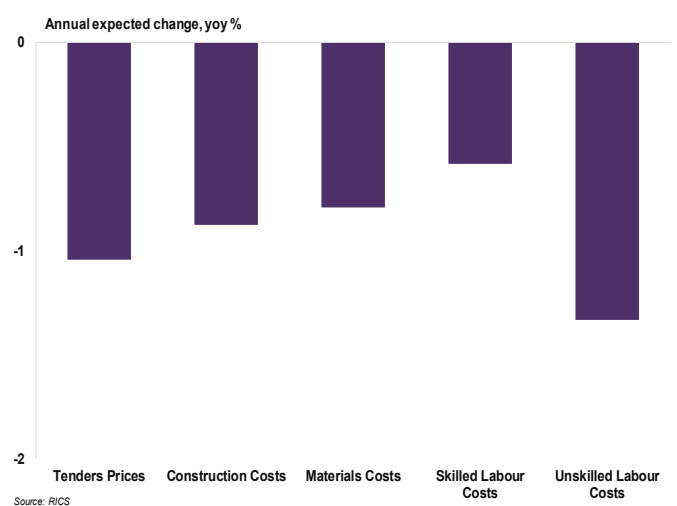
## Infrastructure workloads, past 3 months



## Past 3 months vs next 12 months (expected)



## Expected cost escalations, next 12 months



# Poland

The headline Construction Activity Index came in at -18 in Poland during Q2 2020. This is consistent with a noticeable drop in output over the period, albeit slightly less severe than the average seen across Europe as a whole.

Workloads reportedly fell across the private non-residential and infrastructure sectors in Q2, returning net balances of -22% and -20% respectively. By way of contrast, contributors noted a slight increase in workloads across the private residential sector.

New business enquiries fell sharply over the quarter, evidenced by a net balance of -50% of contributors seeing a decline. What's more, given the challenging economic environment in the wake of the pandemic, firms opted to cut headcounts, with a net balance of -33% of respondents reporting a reduction in Q2.

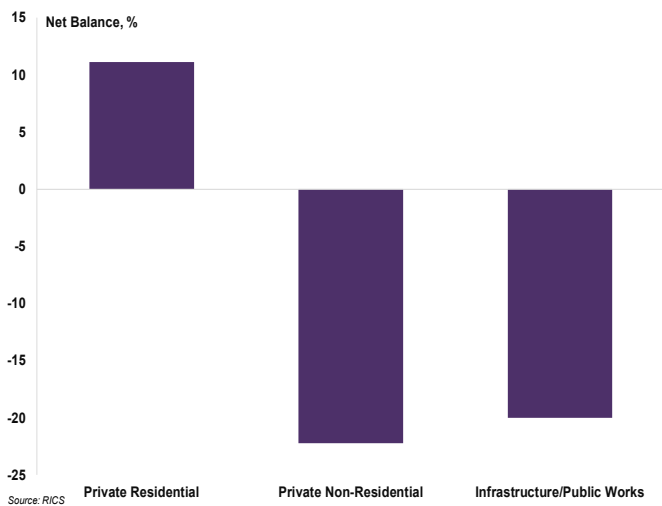
For the twelve months ahead, workloads are

anticipated to decline across most areas covered in the survey. The infrastructure sector is an exception as respondents envisage a largely stable outlook. Even so, overall employment levels across the construction industry are seen falling by a net balance of -38%.

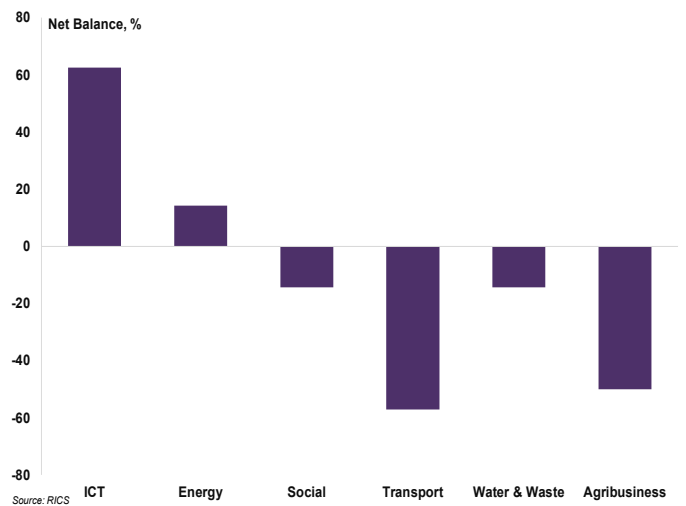
Running counter to most other European markets, the majority of respondents in Poland do not expect onsite productivity to be significantly effected by the pandemic and any accompanying changes in working practices.

Tender price forecasts currently point to a flat trend in the year ahead. Alongside this, total construction costs are anticipated to fall by close to -2%, with a decline in unskilled labour costs appearing to be a large factor behind this overall reduction. This despite a majority of respondents highlighting a shortage of unskilled labour during the second quarter.

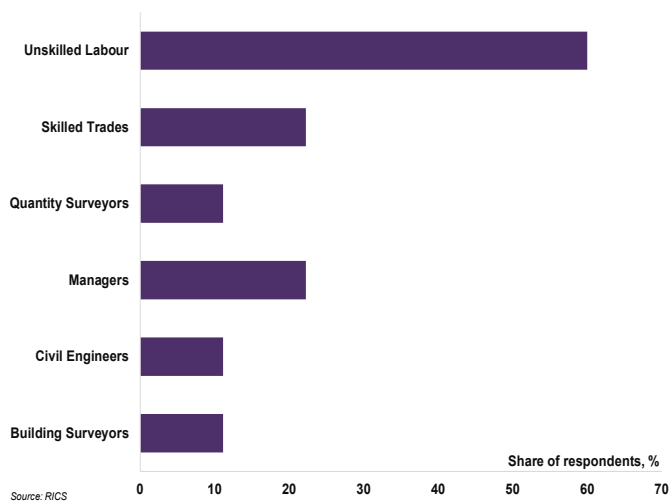
## Workloads, past 3 months



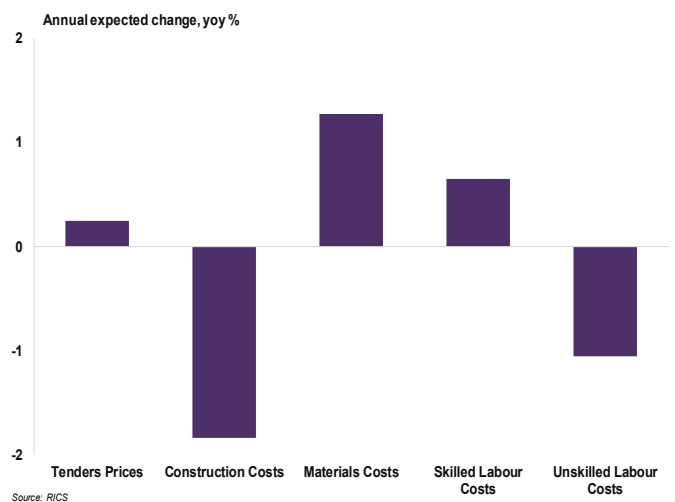
## Infrastructure workloads, past 3 months



## Skills shortages, past 3 months



## Expected cost escalations, next 12 months



# Portugal

The Q2 survey results across Portugal are generally subdued, although there appears to be significant divergence across the various market segments. The headline Construction Activity Index came in at -11, signalling a deterioration in market conditions during the quarter.

Workloads fell within the private non-residential sector, with a net balance of -15% of contributors reporting a contraction. That said, the indicators capturing workloads across the private residential and infrastructure categories returned positive net balances of +23% and +9% respectively.

The pipeline for activity going forward does appear to have weakened significantly at the aggregate level however, with a net balance of -77% of respondents reporting a drop in new business enquiries over the quarter. Similarly, reflecting the difficult economic backdrop at present, headcounts fell according to a net

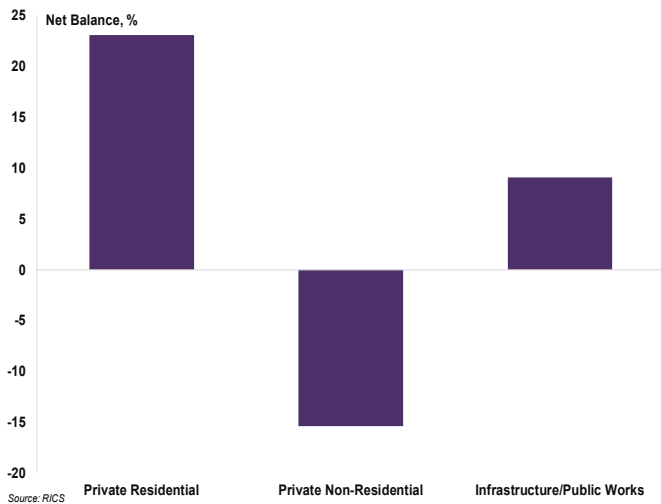
balance of -27% of contributors.

Insufficient demand and labour shortages were the most widely cited factors to be hindering activity over the quarter. In the case of the latter, a shortfall in access to unskilled labour was highlighted as the most significant challenge amongst the various worker categories.

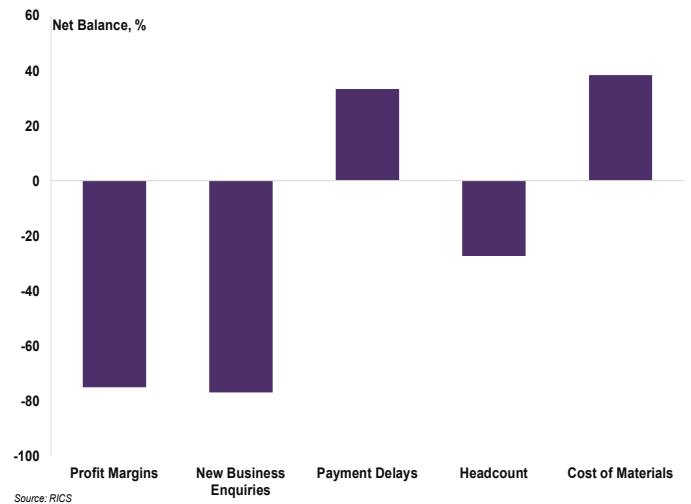
Looking ahead, twelve-month expectations point to mixed fortunes across the sectors. At the stronger end of the scale, infrastructure is expected to prove resilient, with a net balance of +23% of survey participants expecting workloads to pick-up across the sector.

By way of contrast, private non-residential workloads are envisaged falling further in the coming twelve months, while the outlook is flat for private residential activity.

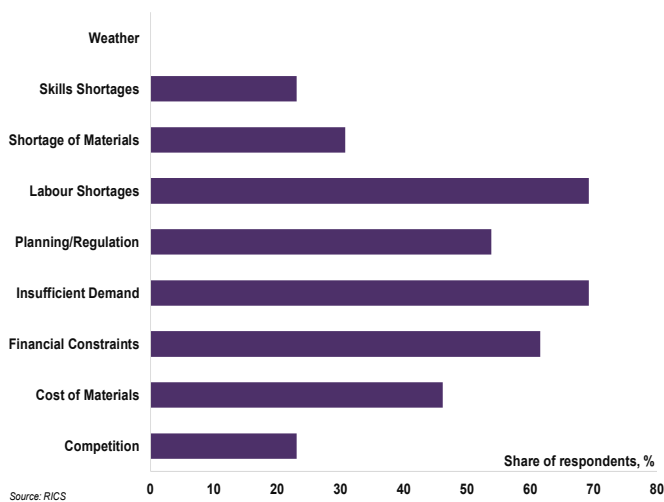
## Workloads, past 3 months



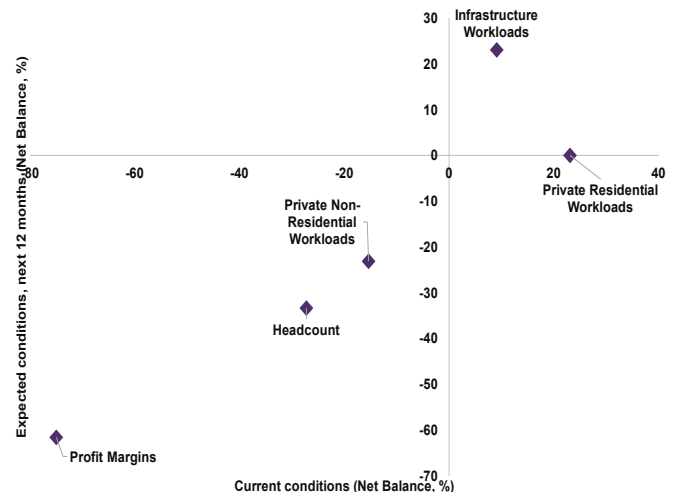
## Conditions, past 3 months



## Factors holding back activity, past 3 months



## Past 3 months vs next 12 months (expected)





# Romania

The latest feedback in Romania is indicative of a sharp downturn in construction output over the second quarter. Indeed, the headline Construction Activity Index came in at -37, representing the weakest reading across all European markets covered in this survey.

Workloads reportedly fell in each market sector (private residential, private non-residential and infrastructure) during the second quarter. A net balance of -67% of respondents cited a decline in new business enquiries over the quarter, with the same proportion also noting a deterioration in profit margins. Unsurprisingly given this challenging environment, headcounts were also cut, evidenced by a net balance of -45% of survey participants seeing a reduction.

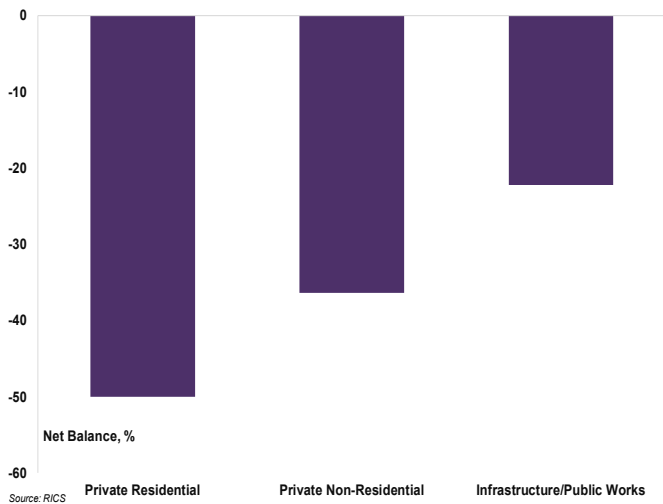
Insufficient demand and financial constraints were the most widely mentioned factors seen to be curtailing market activity over the quarter. While labour shortages overall were not considered to be the

greatest challenge, 42% of contributors did highlight difficulties accessing skilled labour.

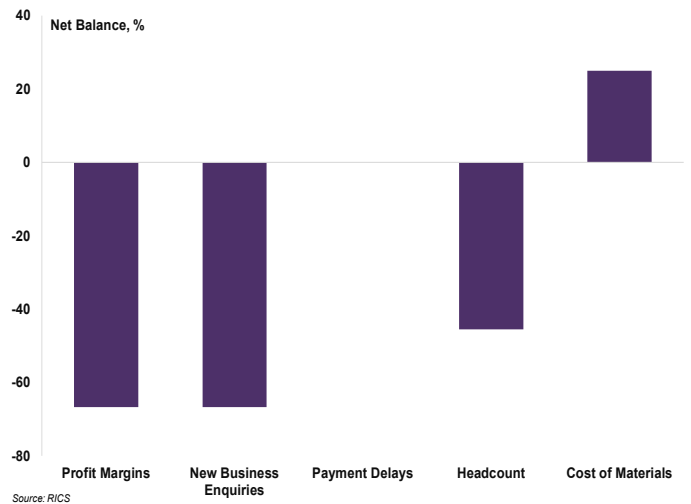
For the coming twelve months, expectations are firmly negative across the private residential and private non-residential sectors, posting net balances of -45% and -50% respectively. Conversely, respondents are noticeably more upbeat on the outlook for infrastructure workloads, with the expectations net balance coming in at +9%. Despite this, overall headcounts across the construction industry are envisaged declining further in the year ahead by at net balance of -42% of contributors.

Roughly two-thirds of survey participants foresee onsite productivity being negatively impacted in the wake of the pandemic. On average, the expected hit to productivity is estimated to be around -7%. This falls below the global average of an 11% fall in activity as a result of Covid-19.

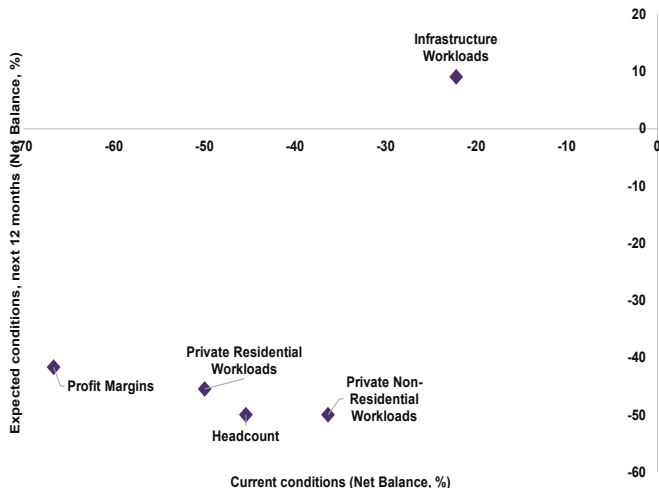
## Workloads, past 3 months



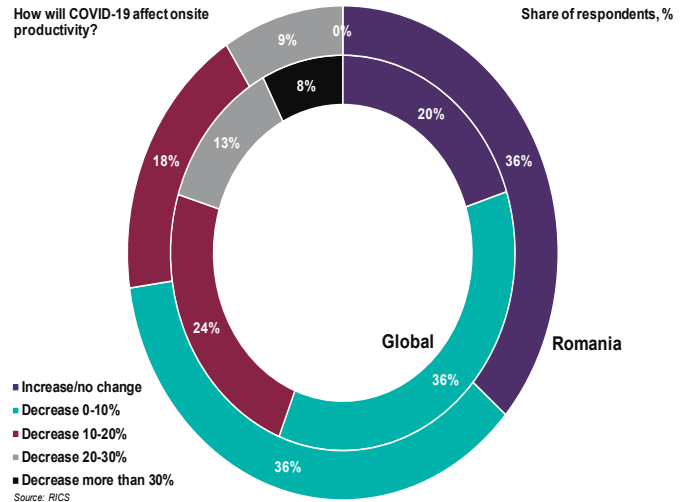
## Conditions, past 3 months



## Past 3 months vs next 12 months (expected)



## Covid-19 expected impact on productivity



# Spain

The Q2 2020 survey returns for Spain are consistent with a significant drop in output over the quarter, with the headline Construction Activity Index (CAI) coming in at -36. This ranks the Spanish construction industry as one of the weakest European markets as measured by the CAI.

Respondents reported a decline in workloads across all areas of the construction market, with the private residential and private non-residential sectors seeing particularly sharp quarterly falls. For infrastructure, the Q2 decline was a little less severe (in net balance terms), supported by work on ICT projects which rose slightly over the survey period.

Nevertheless, overall headcounts were reduced according to a net balance of -21% of respondents. Similarly, both new business enquiries and profit margins saw relatively sharp declines during Q2. Insufficient demand was the most widely referenced

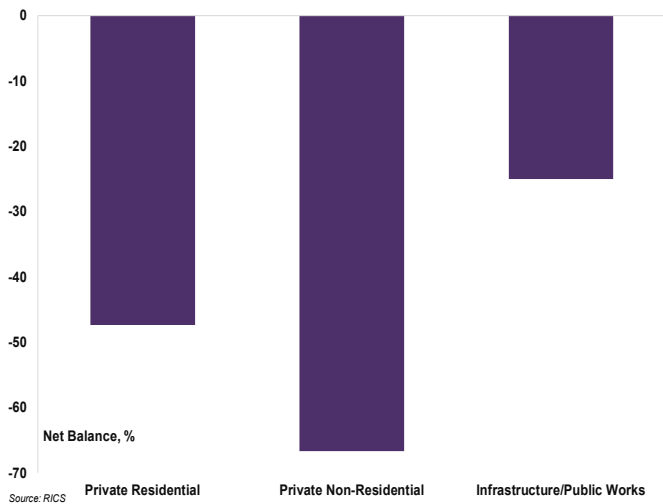
factor impeding activity at present, as 82% of survey participants highlighted the issue.

Looking ahead, twelve month expectations sit in negative territory across the board, with sentiment most downbeat regarding the outlook for private residential workloads. At the same time, expectations are only marginally negative within the infrastructure sector.

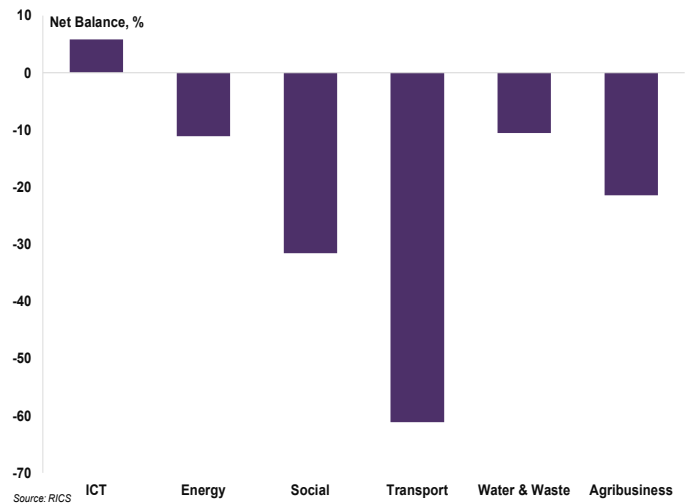
91% of respondents envisage onsite productivity falling to some extent as a result of the pandemic. On average, this reduction in productivity is estimated to be close to -11%.

Tender prices across Spain are seen falling by a little over -2.4% in the year to come. For the time being, cost pressures appear relatively contained, with respondents expecting total construction costs declining by 0.6% over the next twelve months.

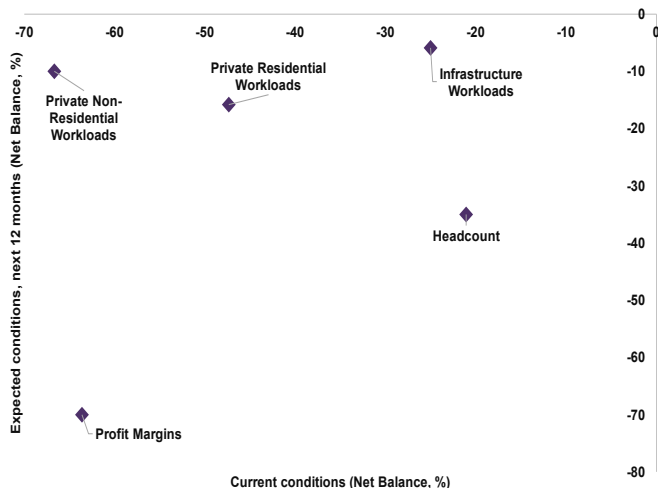
## Workloads, past 3 months



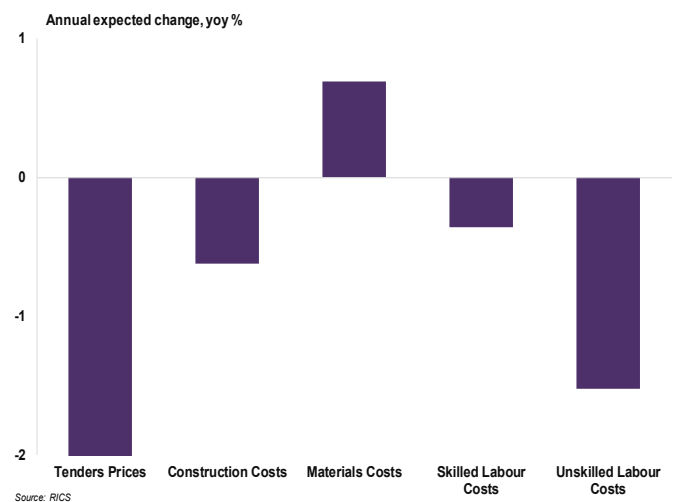
## Infrastructure workloads, past 3 months



## Past 3 months vs next 12 months (expected)



## Expected cost escalations, next 12 months



# Switzerland

The latest results across Switzerland suggest the construction sector has weathered the initial impact of the pandemic relatively well compared to the rest of Europe. The headline Construction Activity Index registered a figure of +2, making Switzerland the only European market covered by the survey to post a non-negative reading.

Interestingly, 42% of Swiss survey participants stated that no projects had suffered delays as a result of the pandemic. This is significantly higher than average at the European and global level, which stand at 19% in both instances.

Trends in workloads were varied at the sector level during Q2. While private residential activity contracted, respondents reported an increase in workloads across the private non-residential and infrastructure sectors. Drilling further into the results for infrastructure, ICT projects reportedly saw the strongest growth by some

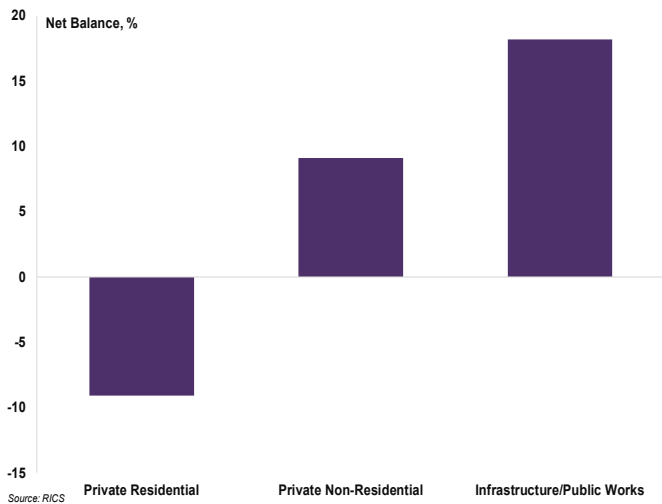
margin (in net balance terms) compared to all other categories.

Notwithstanding this, new business enquiries reportedly fell at the headline level during Q2, with a net balance of -25% of contributors seeing a decline.

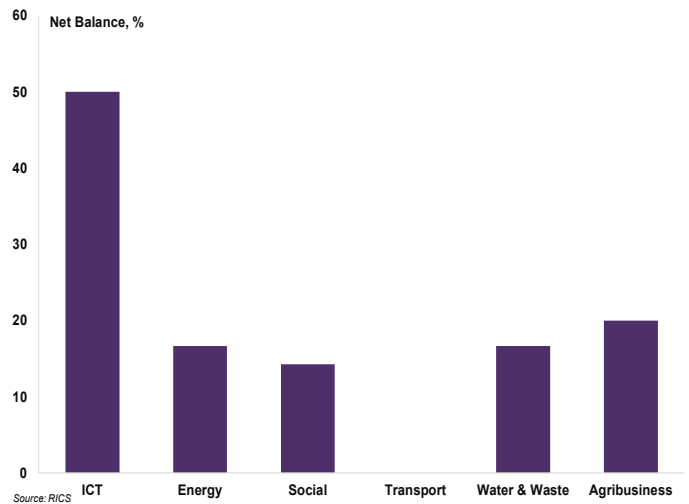
For the coming twelve months, workloads are expected to pick-up in the private residential and private non-residential sectors. Meanwhile, marking a slight turnaround following a solid upturn during Q2, infrastructure workloads display a broadly flat outlook on the same basis. Despite the generally resilient picture in terms of workloads, in overall terms, firms are expected to reduce headcounts across the construction industry in the next twelve months.

Both tender prices and overall construction costs are forecast to remain more or less unchanged at the twelve-month time horizon.

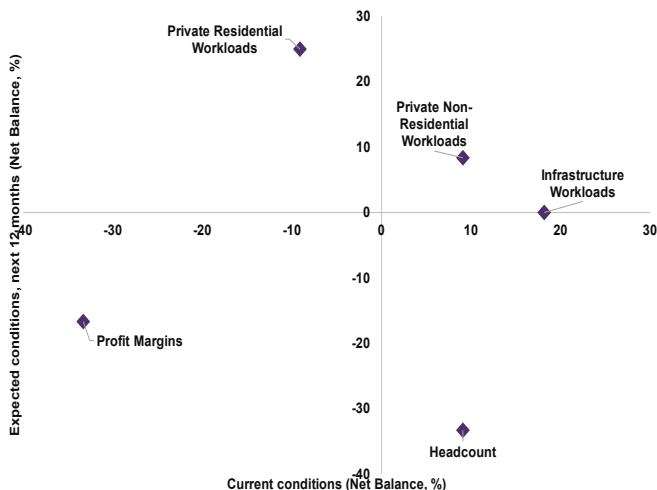
## Workloads, past 3 months



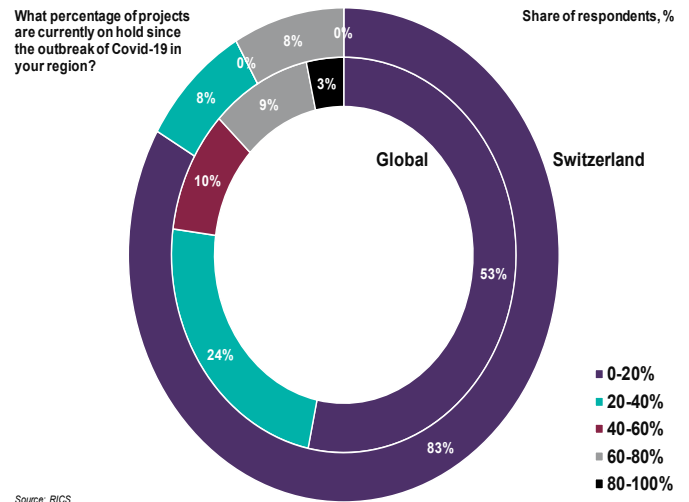
## Infrastructure workloads, past 3 months



## Past 3 months vs next 12 months (expected)



## Share of projects on hold since Covid-19



# Regional Comments from Survey Participants in EMEA ex-UK

## Bahrain

Delivery of materials and shortage of labour due to COVID-19 will continue to be a challenge. -*Manama*

## Botswana

Regulations in terms of work permits as skilled workers are imported, as well as imported materials. -*Gaborone*

## Cyprus

Many Projects have been cancelled due to COVID19 as timescales wont be met. -*Nicosia*

## Egypt

The military conflict in Libya is putting many projects on hold. -*Cairo*

## France

Post-covid remains dynamic, there is concern for September. -*Paris*

Works have been delayed postponing next jobs. Covid-19 protections behaviors make the work more expensive. -*Perpignan*

## Germany

Leisure non-consumable goods demand reduced highly likely to affect investment in future projects. -*Hamburg*

There are some projects stopped and many developers have problems. But we have the same building cap. -*Leipzig*

## Ghana

Due to the Covid-19 pandemic, a lot of hotels have shut down. Office projects are also declining. -*Accra*

## Ireland

The EPC sector needs to digitise. -*Dublin*

## Italy

Difficulty in obtaining permits (private), lack of decisions on the public side. -*Rome*

## Kuwait

Many project on hold & summer working hours reduced in Kuwait. -*Al Zour*

Outsourced materials are on hold since the airports are non operational. -*Kuwait City*

## Lebanon

Market is mostly affected by the financial crisis and devaluation of the currency causing hyperinflation. -*Berlut*

## Mauritius

Reduced labour force due to social distancing, shortage and increase in price of materials. -*Riviere du Rempart*

Investors from overseas are delaying project start. -*St. Pierre*

## Morocco

The sector awaits state intervention to stimulate and restart real estate. -*Rabat*

## Netherlands

Shortage of specific goods (such as solar panels, chillers) because these cannot be delivered.

No users on site is a huge opportunity for maintenance work and constructionwork during business hours. -*Delft*

The Dutch economy is in recession, the late cyclical construction sector will follow this trend. -*Arnhem*

## Nigeria

Currency devaluation and a drop in the quantity of imports when the sector is largely dependent on imports. -*Abuja*

The lockdown and social distancing have have slowed down major constructions in the area. -*Kaduna*

There is a lack of imported building materials owing to restriction of movement globally. -*Lagos*

Interstate lock-down due to Covid-19; difficulty obtaining loans from banks; and high interest rates are issues. -*Port Harcourt*

## Oman

Labour camps have been locked. Government office for permits are still closed. -*Muscat*

Other than Covid-19 our country is highly affected by decline in revenue due to low oil prices. -*Muscat*

Rules and regulations for dealing with Covid-19 are greatly hampering site productivity. -*Muscat*

Laying off expat skill labor & compulsory hiring of local Omani labors is affecting the project cost. -*Muscat*

## Poland

The only sector that is on hold at present is hospitality.

## Portugal

Office and retail demand decreased around 5% in Lisbon. -*Lisbon*

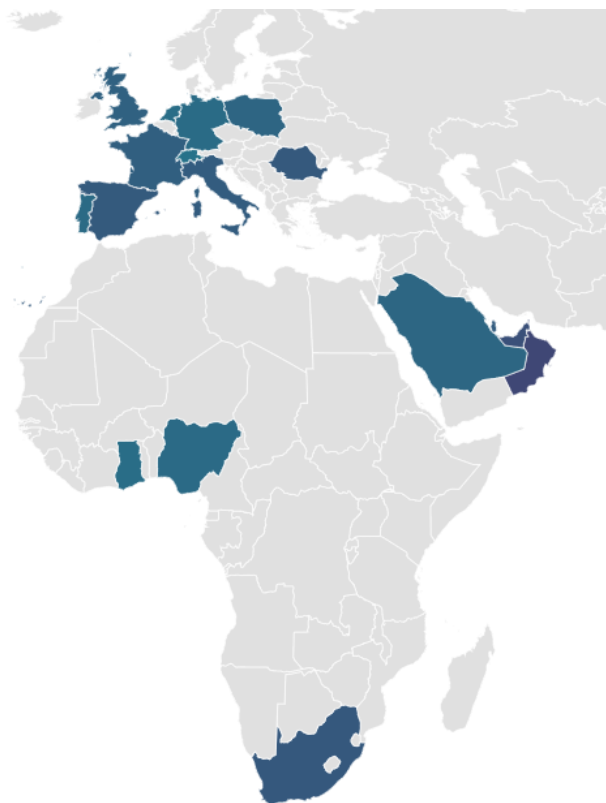
## Qatar

World Cup 2022 projects ongoing, others having funding reviewed. -*Doha*

Delay in tender review and tender award process. -*Doha*

Mainly delays in delivery of imported material are an issue. -*Doha*

## Romania



# Regional Comments from Survey Participants in EMEA ex-UK

There are restrictions regarding the retail activities. -*Bucharest*

## Rwanda

Made in Rwanda products favoured but they are very costly. -*Kigali*

## Saudi Arabia

Need clear guidelines post-covid to run project with time quality and cost. -*Makkah*

The effectivity of 10% increase in VAT and the pandemic greatly affects the construction market. -*Riyadh*

Employers are taking advantage of slowdown and cashflow constraints of contractors by accelerating projects. -*Riyadh*

The implementation of Covid-19 protocols on site are becoming onerous. -*Riyadh*

VAT increase from 5% to 15% and customs duty increase (variable) creates a sharp increase in costs. -*Riyadh*

## Seychelles

The ban on issuance of new GOP for expats means no returning skills. -*Victoria*

Local currency devaluation in excess of 30% leading to inflation and higher costs of production. -*Victoria*

## Slovakia

Building permission including planning and zoning permits is an issue. -*Bratislava*

## South Africa

The effects of Covid-19 will be felt in a few months to come. For now, the picture not yet clear. -*Durban*

The municipality/council/deeds office have been closed during the lockdown and have a backlog. -*Durban*

Lack of new tender opportunities; contractors and subcontractors are unable to survive. -*Johannesburg*

The labour reduction legislation will impact production on many sites. -*Kimberly*

Cost overruns due to slow production affected by Covid-19 regulations. -*Polokwane*

## Spain

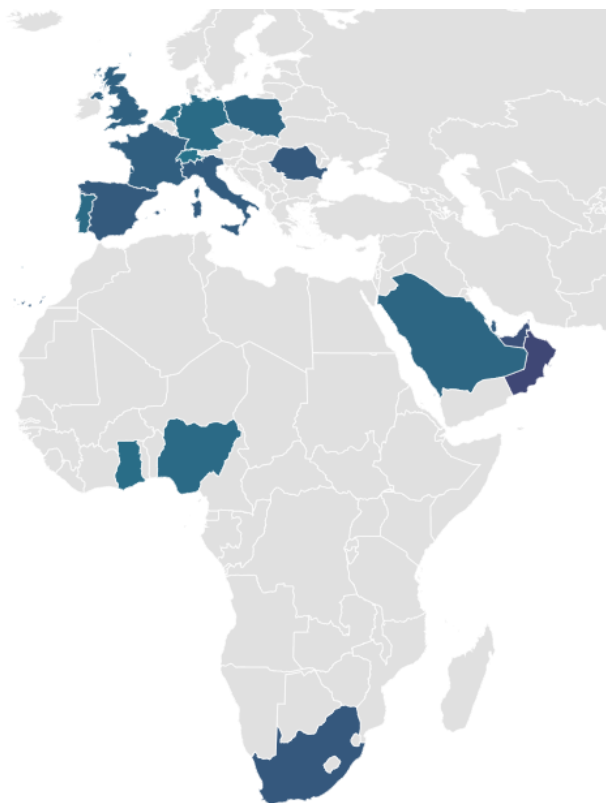
Everything is on hold. -*Barcelona*

Stop and delay of projects as well as investment decisions. -*Torrent*

## Switzerland

Surprisingly, Covid-19 has no impact on construction sites. -*Schindellegi*

The construction market has a big necessity to become more digital.



-*Zurich*

## Tanzania

Use of inappropriate technologies; shortage of competent local consultants and contractors. -*Dar es Salaam*

## Turkey

Material provision and construction time are allongated due to Covid-19 measures. -*Istanbul*

## Uganda

Delays in plan approvals by the government planning officers as most offices are closed. -*Kampala*

Transport costs have soared since public transport is limited and has increased two-fold. -*Kampala*

## UAE

The number of Covid-19 infections are increasing. Financial mismanagement issues with construction companies. -*Abu Dhabi*

Potential projects for tender are quite minimal. -*Abu Dhabi*

There is a lack of demand, oversupply of all levels of personnel; clients are asking for discounts on live contracts. -*Abu Dhabi*

Productivity Rates will go down as a result of social distancing & health protocols. -*Dubai*

Restrictions on movement between cities imposed by the governments are also affecting site activities. -*Dubai*

Due to non payments from the employer, contractors and their subcontractors are suffering. -*Dubai*

Lack of support for expat professionals will have a catastrophic effect on employment. -*Dubai*

The lack of workload means that contractors chasing any work that becomes available. -*Dubai*

Uncertainty in oil and gas market as well as tourism affected by Covid-19. -*Dubai*

There is a shortage of labour and delay in supply of materials, exacerbated by the curfew. -*Kalba*

## Zambia

Both private and public funded projects have been significantly impacted by the Covid-19 pandemic. -*Lusaka*

## Zimbabwe

Construction materials very expensive and not locally available; drought and inconsistent government policies. -*Bulawayo*

Inconsistent government regulations, lack of foreign currency and lack of investor confidence. -*Harare*

## RICS Consensus 12-month Expectations

	Tender Prices	Construction Costs	Materials Costs	Skilled Labour*	Unskilled Labour*
<b>Global</b>	<b>+0.2%</b>	<b>+3.1%</b>	<b>+3.4%</b>	<b>+3.0%</b>	<b>+1.6%</b>
<b>Americas</b>	<b>+0.5%</b>	<b>+2.9%</b>	<b>+3.1%</b>	<b>+2.6%</b>	<b>+1.1%</b>
Canada	+1.3%	+4.1%	+4.3%	+3.1%	+2.1%
USA	+0.0%	+2.4%	+2.6%	+2.9%	+0.9%
<b>Asia Pacific</b>	<b>+0.3%</b>	<b>+3.3%</b>	<b>+3.2%</b>	<b>+4.1%</b>	<b>+2.7%</b>
Australia	-0.3%	+1.7%	+2.7%	+0.4%	-0.7%
China	+0.2%	+2.3%	+2.0%	+4.0%	+2.2%
Hong Kong	-3.2%	-0.2%	+0.7%	-0.5%	-1.5%
India	+1.2%	+7.3%	+6.8%	+7.2%	+7.0%
Malaysia	-1.0%	+2.1%	+2.4%	+2.6%	+1.5%
New Zealand	+0.1%	+2.9%	+3.1%	+1.6%	-0.0%
Philippines	+4.1%	+6.5%	+7.2%	+4.4%	+3.4%
Singapore	+3.6%	+7.3%	+6.3%	+6.9%	+5.9%
Sri Lanka	+3.3%	+7.3%	+7.4%	+5.3%	+4.4%
<b>Europe ex-UK</b>	<b>-0.1%</b>	<b>+2.1%</b>	<b>+3.2%</b>	<b>+1.4%</b>	<b>-0.0%</b>
France	+1.5%	+3.0%	+3.0%	+1.5%	+1.1%
Germany	+1.0%	+2.6%	+3.3%	+2.0%	+1.8%
Italy	+0.9%	+3.0%	+3.9%	+2.3%	-0.1%
Netherlands	-1.0%	-0.9%	-0.8%	-0.6%	-1.3%
Poland	+0.3%	-1.8%	+1.3%	+0.7%	-1.1%
Portugal	-2.8%	+2.0%	+2.6%	+0.2%	-2.7%
Romania	+3.2%	+4.7%	+4.8%	+3.2%	+2.6%
Spain	-2.4%	-0.6%	+0.7%	-0.4%	-1.5%
Switzerland	+0.0%	+0.0%	+0.9%	+1.1%	-0.3%
<b>Middle East &amp; Africa</b>	<b>-0.1%</b>	<b>+0.4%</b>	<b>+0.1%</b>	<b>+0.0%</b>	<b>+0.0%</b>
Ghana	-0.5%	+6.0%	+6.6%	+5.3%	+4.7%
Nigeria	+4.2%	+7.5%	+8.6%	+3.8%	+2.7%
Oman	-3.3%	-0.6%	+0.7%	+0.3%	+0.1%
Qatar	-0.9%	+2.7%	+3.7%	-0.1%	-0.7%
Saudi Arabia	+1.4%	+6.5%	+6.5%	+4.4%	+3.0%
South Africa	+1.7%	+6.2%	+6.7%	+4.0%	+3.3%
UAE	-4.1%	-0.1%	+1.8%	-2.3%	-2.2%

\*Skilled and unskilled labour are expected changes of per unit skilled and unskilled labour costs

# Information

## Global Construction Monitor

RICS' Global Construction Monitor is a quarterly guide to the trends in the construction and infrastructure markets. The report is available from the RICS website [www.rics.org/economics](http://www.rics.org/economics) along with other surveys covering the housing market, residential lettings, commercial property, construction activity and the rural land market.

## Methodology

Survey questionnaires were sent out on 10 June 2020 with responses received until 23 July 2020. Responses from the Philippines were received until 27 July 2020. Respondents were asked to compare conditions over the latest three months with the previous three months as well as their views as to the outlook. A total of 1816 company responses were received globally, 408 of which were from the UK. Responses in Canada were collected in conjunction with the Canadian Institute of Quantity Surveyors. Responses in the United States were collected in conjunction with the Association for the Advancement of Cost Engineering. Responses from the Philippines were collected in conjunction with the Philippine Institute of Certified Quantity Surveyors.

Net balance = Proportion of respondents reporting a rise in a variable (e.g. occupier demand) minus those reporting a fall (if 30% reported a rise and 5% reported a fall, the net balance will be 25%). Net balance data can range from -100 to +100. A positive net balance reading indicates an overall increase while a negative reading indicates an overall decline.

RICS Construction Activity Index is constructed by taking an unweighted average of current and 12-month expectations of four series: residential workloads, non-residential workloads, infrastructure workloads and profit margins. Global and regional series are weighted using the World Bank's GDP PPP (2017 constant prices) data series. Current responses were weighted using the prior years GDP (e.g. the 2020 responses were weighted using 2019 GDP data). Where responses are not sufficient to form a national-level sample, they are binned together to fill in any gaps in regional coverage.

## Disclaimer

This document is intended as a means for debate and discussion and should not be relied on as legal or professional advice. Whilst every reasonable effort has been made to ensure the accuracy of the contents, no warranty is made with regard to that content. Data, information or any other material may not be accurate and there may be other more recent material elsewhere. RICS will have no responsibility for any errors or omissions. RICS recommends you seek professional, legal or technical advice where necessary. RICS cannot accept any liability for any loss or damage suffered by any person as a result of the editorial content, or by any person acting or refraining to act as a result of the material included.

Responses were gathered in conjunction with the following organisations:



Canadian Institute of  
Quantity Surveyors

Institut canadien des  
économistes en construction



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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.

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