



Q3 2022: RICS UK Facilities Management Survey

Demand continues to rise firmly across most sectors although profit margins are expected to be squeezed due to rising costs

- Demand growth remains solid, with FM workloads anticipated to pick-up further over the year ahead
- Energy management still seen as the fastest growing area of sustainability going forward amid intense cost pressures
- On average, respondents report that 46% of the workforce have returned to the workplace compared with pre-Covid

The Q3 2022 RICS Facilities Management Survey results point to market conditions remaining solid. Demand for FM services continues to rise firmly across most sectors, with manufacturing seeing a particularly noticeable acceleration in growth over the latest survey period (in net balance terms). Alongside this, demand remains robust across the healthcare and business sectors, albeit the pace of growth appears to have eased somewhat compared with earlier in the year. At the other end of the scale, retail is still lagging all other areas of the market covered by the survey, even if the latest returns signal a marginal pick-up in demand this time round (shown in chart 1).

With respect to employment trends, a net balance of +51% of respondents reported an increase in headcounts across the industry during Q3. This is identical to the reading posted last time and suggests the rate of growth in FM employment has remained broadly consistent over recent quarters. Looking ahead, survey participants continue to envisage a modestly positive trend in headcounts over the next twelve months, with the employment expectations net balance coming in at +29% compared to +24% in Q2. That said, difficulties in sourcing workers remain prominent in building and operation maintenance, evidenced by 77% of respondents citing trouble finding candidates to fill positions in this area. Moreover, a majority of contributors also continue to highlight challenges around sourcing workers for roles in support services, property management and energy management.

Overall workloads are seen improving across the FM industry by a net balance of +85% of respondents in the year to come, a slight increase on an already strong reading of +77% returned in the previous iteration of the survey. At the same time, sustainability management remains the frontrunner in terms of growth expectations compared to all other areas of FM at the twelve-month time horizon. Meanwhile, workplace and relocation management is still in second place when it comes to the expected growth rankings, closely followed by strategic planning and project management.

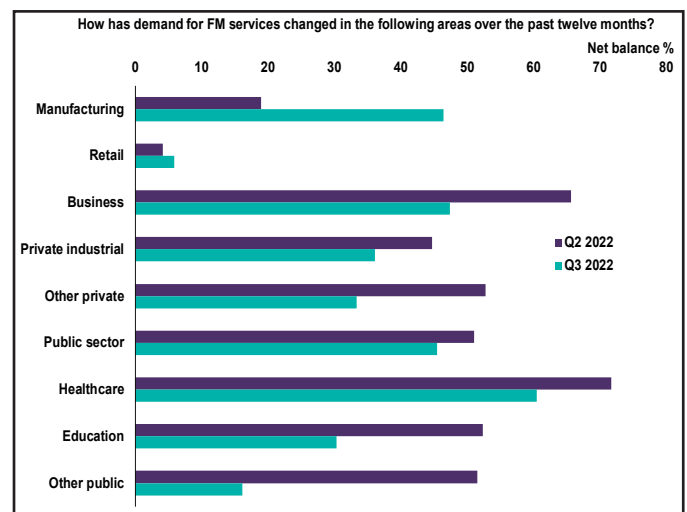
Despite the generally positive outlook across many aspects of facilities management over the coming twelve months, profit margins are expected to come under pressure. This is likely associated with sharp increases in energy costs

over recent months, while inflation is still widely projected to accelerate further over the near-term. As such, a net balance of -29% of respondents anticipate a narrowing in profit margins over the year ahead (a noteworthy deterioration relative to a reading of -8% posted back in Q2).

The largest share of respondents (49%) continue cite potential cost savings as the primary driver of demand for FM services. Looking at contract lengths, a net balance of +8% of contributors note that durations have increased over the past year (slightly down on a net balance of +14% seeing an increase last quarter). With respect to motivation for outsourcing, the importance of accessing broader expertise was seen as the main pulling-factor during Q3, albeit greater flexibility as well as cost savings were seen as being almost equally as important.

Interestingly, respondents (on average) report that a little less than 50% of workers have returned to the workplace compared with prior to the pandemic. Significantly, the share of workers returning, at least on a similar schedule to that found pre-Covid, has remained more or less steady over the past few editions of the survey.

Chart 1



Key indicators

Chart 2

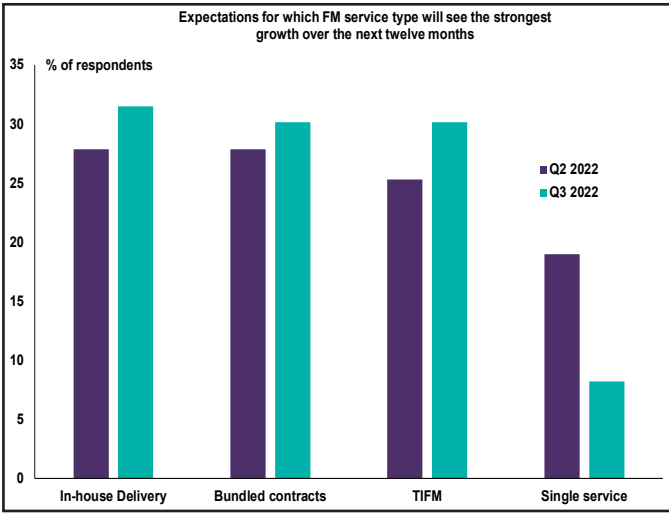


Chart 3

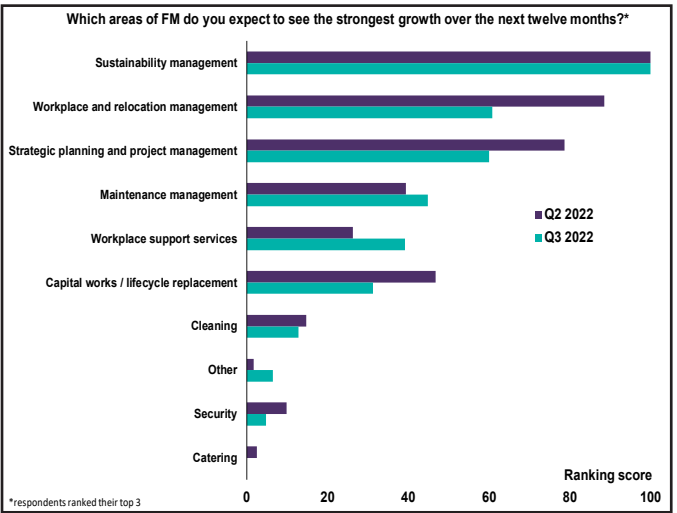


Chart 4

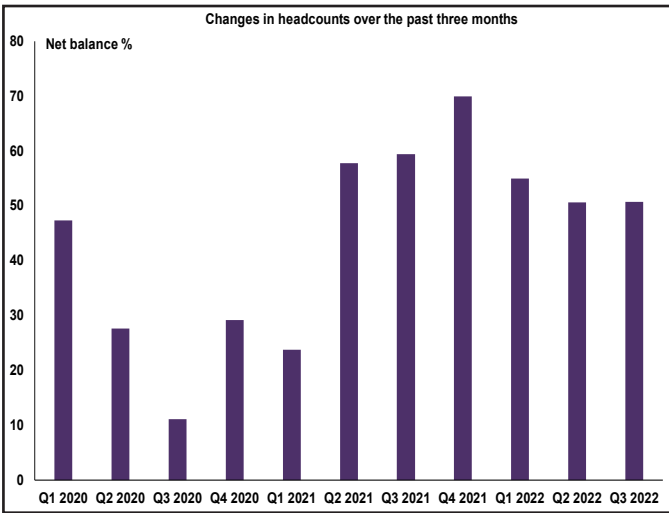


Chart 5

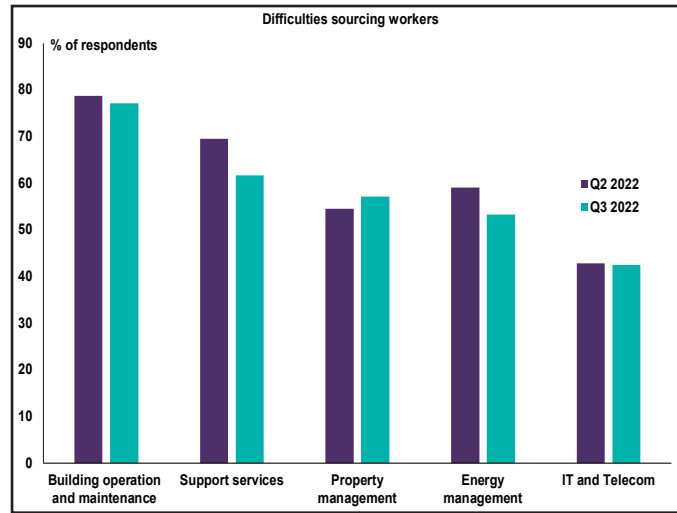


Chart 6

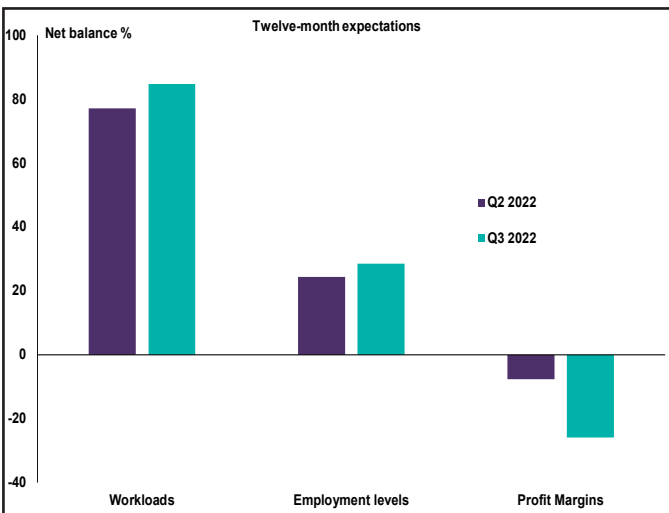
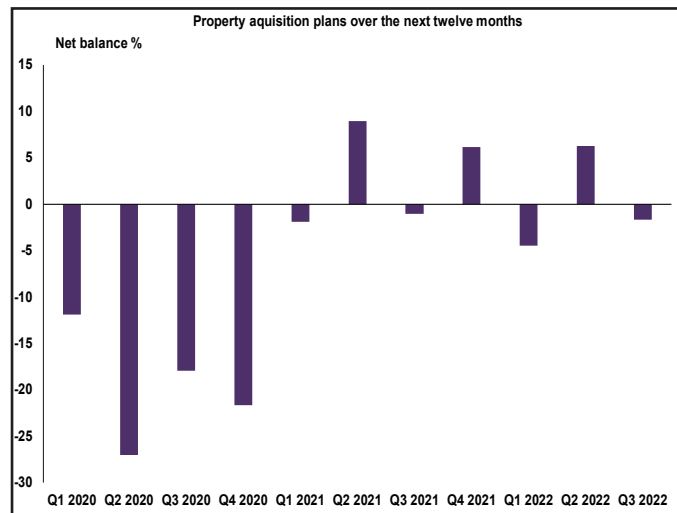


Chart 7



Key indicators

Chart 8

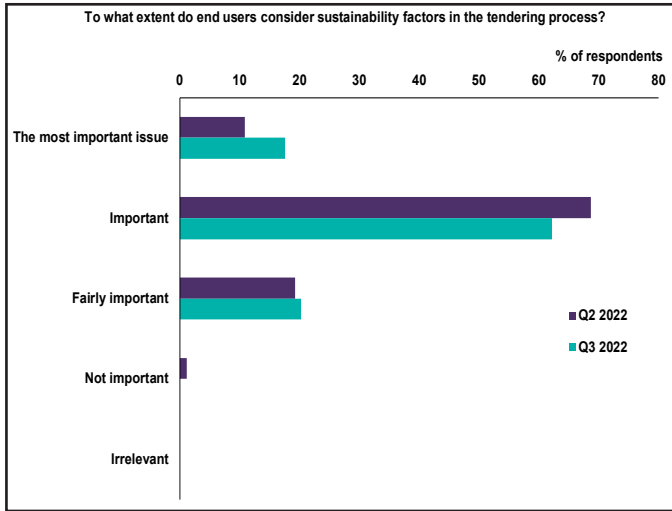


Chart 9

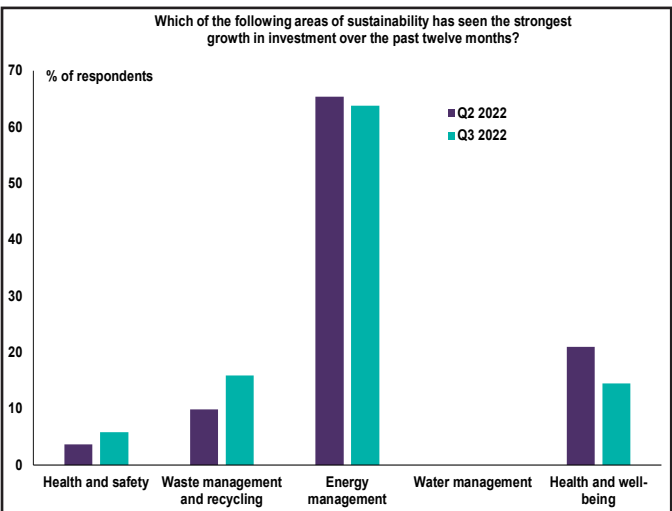


Chart 10

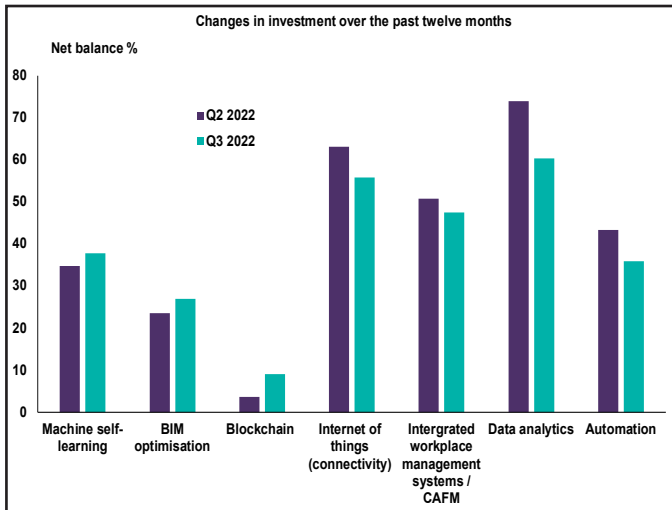
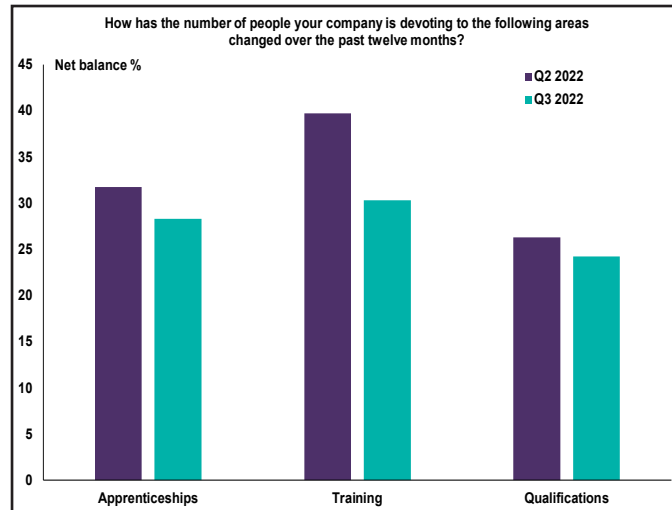


Chart 11



Methodology

About:

The RICS Facilities Management is a quarterly sentiment survey of Facility managers, service providers and FM consultancies who operate across the UK. Data collection began in 2020.

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:

1. What is your occupation?
2. How has demand for FM services changed in over the past twelve months?
3. Which type of FM service do you feel will see the strongest growth over the next twelve months?
4. Which area of FM do you expect to see the strongest growth over the next twelve months?
5. Have you hired anyone new (additional) staff in the past three months?
6. Have you experienced any difficulties in sourcing workers in the following areas over the past three months?
7. How do you expect the following to change for your company over the next twelve months? (Workloads, Employment levels, Profit Margins)
8. Over the next twelve months, do you intend to? (Acquire more property, Retain the same level, Dispose of property)
9. To what extent do you sense end users consider sustainability factors in the tendering process?
10. Which of the following areas of sustainability has seen the strongest growth in investment over the past twelve months?
11. How has investment changed into the following technologies over the past twelve months?

12. How has the number of people your company is devoting to apprenticeships, training and qualifications changed over the past twelve months?

Economics Team

Tarrant Parsons

Senior Economist
tparsons@rics.org

Simon Rubinsohn

Chief Economist
srubinsohn@rics.org

Donglai Luo

Senior Economist
dluo@rics.org

Lauren Hunter

Economist
lhunter@rics.org

Delivering confidence

We are RICS. Everything we do is designed to effect positive change in the built and natural environments. Through our respected global standards, leading professional progression and our trusted data and insight, we promote and enforce the highest professional standards in the development and management of land, real estate, construction and infrastructure. Our work with others provides a foundation for confident markets, pioneers better places to live and work and is a force for positive social impact.

Americas, Europe, Middle East & Africa
aemea@rics.org

Asia Pacific
apac@rics.org

United Kingdom & Ireland
contactrics@rics.org



[rics.org](https://www.rics.org)