



Q1 2020: Qatar Construction and Infrastructure Survey

Total workloads fall amid pandemic although infrastructure activity more resilient

- Headline workloads and new business enquiries fall over the quarter
- Infrastructure workloads still in positive territory, albeit less so than previously
- Financial constraints, competition and insufficient demand all hampering activity

The Q1 2020 RICS Qatar Construction and Infrastructure Survey results show momentum across the sector has been reduced significantly as economies worldwide are gripped by global coronavirus pandemic.

Following two successive quarters of growth during the second half of 2019, total workloads fell during Q1, evidenced by a net balance of -15% of respondents reporting a decline. Looking at the breakdown by sector, private residential and industrial workloads posted the steepest quarterly decline (in net balance terms). At the same time, the private commercial and public residential sectors also saw a dip in activity, while other public works largely stagnated.

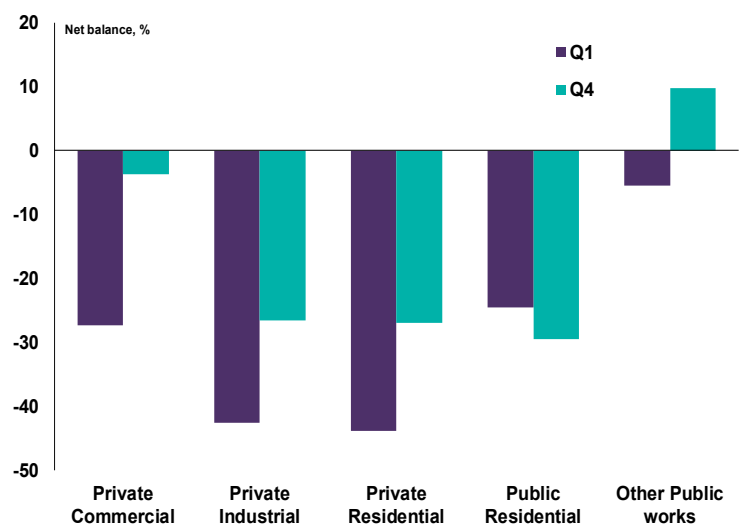
On a more positive note, overall infrastructure workloads continued to rise, albeit more moderately than in Q4, with a net balance of +11% of respondents noting an increase (reading was +34% previously). Within this, the road and utilities sectors saw the strongest pick-up, posting net balances of +21% and +11% respectively. At the other end of the scale, rail workloads fell for a second consecutive quarter, with the net balance slipping further to -33% from a reading of -9% in Q4.

Alongside this, a net balance of -43% of survey participants report that firms reduced headcounts over the past three months, extending a run of negative readings for this indicator going back to the survey's inception in 2018. Furthermore, new business enquiries fell sharply in Q1, while profit margins continue to come under significant pressure. Also adding to the challenging environment, a net balance of +40% of respondents saw an increase in payment delays over the quarter.

Financial constraints were cited by 80% of contributors to be a crucial factor hampering the market at this point in time. In addition to this, a strong majority of respondents also report that intense competition, a lack of demand and cost of materials are all negatively impacting activity.

Looking ahead, total workloads are expected to stabilise over the next twelve months, although expected growth in the infrastructure sector may be offset by a slight decline across non-infrastructure related work. Despite the steadier outlook for workloads, a net balance of -15% of respondents foresee headcounts being reduced further in the year to come, while profit margins are also expected to be squeezed further.

Workloads by sector



RICS Consensus Tender Prices & Construction Costs (Next 12 months)

	Tender Prices		Construction Costs		
	Building	Civil Engineering	Commercial	Residential	Total
North America	+2.1%	+1.8%	+1.7%	+1.4%	+1.9%
Canada	+2.0%	+1.7%	+1.6%	+1.3%	+1.9%
British Columbia	+0.5%	+0.6%	+0.4%	+0.5%	+1.2%
Ontario	+3.4%	+3.1%	+3.2%	+3.1%	+3.2%
Praries & Territories	-1.0%	-1.2%	-1.0%	-1.1%	-0.3%
USA	+2.4%	+2.0%	+2.4%	+1.7%	+1.8%
Northeast	+2.3%	+0.2%	-0.6%	-0.5%	+0.7%
South	+4.1%	+4.4%	+3.4%	+1.6%	+4.1%
West	+1.2%	+1.3%	+3.1%	+2.9%	+0.8%
Asia Pacific	+1.2%	+1.6%	+2.1%	+1.9%	+2.3%
Australasia	+0.8%	+2.1%	+1.8%	+1.4%	+2.1%
Australia	+0.9%	+2.5%	+2.0%	+1.2%	+1.8%
New South Wales	+0.1%	+2.2%	+0.7%	+0.1%	+0.6%
Queensland	+2.6%	+4.9%	+4.2%	+3.1%	+3.5%
Victoria	+0.8%	+1.1%	+2.3%	+1.8%	+2.5%
Western Australia	+0.8%	+1.7%	+1.4%	+0.7%	+1.5%
New Zealand	+0.8%	+1.8%	+1.8%	+1.8%	+2.4%
North Island	+1.1%	+2.3%	+2.2%	+2.6%	+2.9%
South Island	-0.7%	-0.3%	+0.3%	-1.0%	+0.8%
East Asia	-0.1%	+0.1%	+1.0%	+0.8%	+0.9%
China	+4.4%	+4.6%	+4.3%	+3.8%	+4.6%
Eastern Region	+3.8%	+4.0%	+3.6%	+3.2%	+3.5%
Northern Region	+7.1%	+5.8%	+6.4%	+5.8%	+6.4%
South Central Region	+5.7%	+6.4%	+3.9%	+3.5%	+5.4%
Southwest Region	+3.1%	+3.5%	+5.6%	+4.0%	+4.8%
Hong Kong	-2.2%	-2.2%	-0.6%	-0.4%	-0.8%
Japan	+0.5%	+0.3%	+0.3%	-2.3%	+0.3%
South Asia	+4.4%	+4.1%	+4.5%	+4.3%	+4.9%
India	+4.1%	+3.9%	+4.2%	+3.9%	+4.4%
Northern Region	+3.7%	+4.0%	+4.1%	+3.7%	+4.0%
Southern Region	+3.5%	+3.6%	+3.7%	+4.0%	+4.0%
Western Region	+5.1%	+4.3%	+4.8%	+3.4%	+4.6%
Sri Lanka	+5.1%	+4.5%	+5.3%	+5.4%	+6.3%
Western Province	+5.3%	+4.7%	+5.9%	+6.2%	+7.2%

RICS Consensus Tender Prices & Construction Costs (Next 12 months)

	Tender Prices		Construction Costs		
	Building	Civil Engineering	Commercial	Residential	Total
Southeast Asia	+0.6%	+1.0%	+1.7%	+1.5%	+2.0%
Malaysia	-1.9%	-1.6%	-0.8%	-1.1%	-0.7%
Borneo	-2.5%	-3.0%	-0.2%	-0.9%	+0.2%
Northern Region	-2.7%	-1.7%	-1.9%	-0.6%	-0.4%
Southern Region	-3.3%	-3.6%	-3.3%	-2.6%	-4.1%
Western Region	-1.6%	-1.3%	-0.5%	-1.1%	-0.5%
Philippines	+6.6%	+6.8%	+6.8%	+6.9%	+7.2%
Singapore	+0.2%	+1.4%	+1.5%	+1.7%	+2.7%
Middle East & Africa	+1.7%	+1.6%	+2.6%	+1.9%	+2.4%
Middle East	+0.2%	+0.1%	+1.1%	+0.4%	+1.0%
Bahrain	+2.1%	+1.1%	+2.1%	+1.7%	+2.7%
Kuwait	+3.2%	+1.9%	+3.6%	+1.9%	+3.2%
Oman	+1.5%	+1.6%	+2.9%	+2.4%	+2.7%
Qatar	+3.4%	+3.5%	+3.6%	+2.7%	+3.8%
Saudi Arabia	+2.2%	+1.4%	+3.4%	+3.2%	+2.6%
Makkah	+4.1%	+2.6%	+4.1%	+3.6%	+4.4%
Riyadh	+4.0%	+5.9%	+5.7%	+4.8%	+6.2%
UAE	-2.8%	-2.8%	-1.7%	-2.5%	-1.9%
Abu Dhabi	-4.0%	-4.0%	-3.1%	-4.5%	-3.7%
Dubai	-2.4%	-2.4%	-1.2%	-1.7%	-1.2%
Africa	+3.8%	+3.9%	+4.6%	+4.0%	+4.3%
Ghana	+3.1%	+2.6%	+2.6%	+2.7%	+1.8%
Mauritius	+6.5%	+6.4%	+7.1%	+6.9%	+7.1%
Nigeria	+6.8%	+7.8%	+7.3%	+5.5%	+6.3%
Northern States	+7.5%	+7.5%	+7.0%	+5.9%	+6.5%
Southern States	+6.4%	+8.0%	+7.5%	+5.3%	+6.3%
South Africa	+3.0%	+2.8%	+3.8%	+3.8%	+4.1%
Gauteng	+4.0%	+3.5%	+3.9%	+3.5%	+4.1%
KwaZulu Natal	+1.4%	+2.4%	+2.8%	+4.2%	+3.2%

RICS Consensus Labour & Material Costs (Next 12 months)

	Labour Costs		Material Costs					
	Skilled	Unskilled	Bricks	Concrete	Copper	Glass	Steel	Total
Asia Pacific	+2.4%	+1.3%	+2.1%	+2.8%	+2.6%	+2.1%	+2.7%	+2.7%
Australasia	+1.6%	+0.4%	+2.0%	+2.4%	+2.9%	+2.6%	+3.2%	+2.5%
Australia	+1.5%	+0.1%	+1.9%	+2.4%	+2.9%	+2.5%	+3.2%	+2.6%
New South Wales	+1.4%	+0.3%	+2.8%	+3.5%	+3.5%	+3.5%	+3.8%	+3.2%
Queensland	+2.8%	+1.3%	+3.0%	+3.4%	+2.4%	+1.6%	+1.4%	+2.4%
Victoria	+0.4%	+0.1%	+1.0%	+1.0%	+1.2%	+1.7%	+2.4%	+1.8%
Western Australia	+0.5%	-1.8%	-1.2%	-1.2%	+4.7%	+0.7%	+4.5%	+2.7%
New Zealand	+1.7%	+0.9%	+2.2%	+2.4%	+3.1%	+2.9%	+3.4%	+2.5%
North Island	+2.2%	+1.8%	+3.0%	+3.0%	+3.2%	+3.2%	+4.2%	+3.1%
South Island	+0.8%	-0.7%	+0.5%	+1.1%	+2.6%	+2.0%	+1.7%	+1.1%
East Asia	+1.3%	-0.2%	+1.6%	+1.8%	+1.4%	+1.1%	+1.3%	+1.6%
China	+5.8%	+3.8%	+4.4%	+4.5%	+2.9%	+2.2%	+3.1%	+4.0%
Eastern Region	+4.6%	+2.5%	+3.4%	+3.2%	+2.4%	+1.2%	+2.2%	+3.1%
Northern Region	+5.6%	+4.2%	+7.3%	+6.4%	+2.4%	+2.9%	+4.0%	+6.1%
South Central Region	+9.4%	+7.5%	+7.4%	+8.4%	+5.0%	+5.0%	+6.5%	+6.8%
Southwest Region	+5.4%	+1.9%	+2.0%	+2.7%	+2.1%	+0.9%	+1.3%	+1.7%
Hong Kong	-0.7%	-2.2%	+0.5%	+0.7%	+0.6%	+0.6%	+0.5%	+0.6%
Japan	-0.3%	+1.1%	+0.7%	+1.0%	+0.9%	+1.7%	+0.6%	+0.2%
South Asia	+5.2%	+4.5%	+4.2%	+5.1%	+4.9%	+4.0%	+5.3%	+4.8%
India	+5.1%	+4.5%	+4.1%	+4.8%	+4.4%	+3.5%	+4.8%	+4.3%
Northern Region	+4.5%	+3.6%	+4.5%	+5.2%	+4.5%	+4.4%	+5.4%	+4.4%
Southern Region	+5.5%	+4.6%	+4.1%	+4.6%	+4.4%	+3.0%	+3.7%	+3.9%
Western Region	+4.8%	+4.8%	+3.2%	+4.0%	+3.8%	+3.2%	+5.5%	+4.2%
Sri Lanka	+5.6%	+5.0%	+4.5%	+6.1%	+6.7%	+5.7%	+7.3%	+6.6%
Western Province	+5.4%	+4.9%	+5.0%	+6.2%	+7.1%	+6.0%	+7.4%	+6.8%
Southeast Asia	+1.9%	+1.2%	+1.2%	+2.3%	+2.0%	+1.6%	+1.9%	+2.5%
Malaysia	+0.4%	-0.2%	-0.2%	+0.8%	+0.8%	+0.0%	-0.1%	+0.6%
Borneo	+0.9%	-1.2%	+0.7%	+2.6%	+3.6%	+3.6%	+2.1%	+3.2%
Northern Region	+0.9%	-0.8%	-3.3%	-1.1%	+0.0%	-1.9%	-1.8%	-2.1%
Southern Region	-1.5%	-1.5%	-2.4%	-0.9%	-2.3%	-3.6%	-3.2%	-0.5%
Western Region	+0.4%	+0.1%	+0.2%	+1.0%	+0.8%	+0.1%	-0.0%	+0.8%
Philippines	+4.4%	+3.6%	+3.7%	+5.1%	+4.2%	+4.5%	+5.8%	+6.0%
Singapore	+3.1%	+2.5%	+1.5%	+3.3%	+1.8%	+1.8%	+2.2%	+3.4%

RICS Consensus Labour & Material Costs (Next 12 months)

	Labour Costs		Material Costs					
	Skilled	Unskilled	Bricks	Concrete	Copper	Glass	Steel	Total
Middle East & Africa	+2.7%	+1.7%	+2.5%	+2.8%	+3.5%	+3.2%	+3.8%	+3.4%
Middle East	+1.5%	+0.7%	+1.7%	+1.6%	+2.1%	+2.2%	+2.3%	+2.1%
Bahrain	+1.4%	+0.7%	+2.5%	+1.7%	+3.1%	+3.1%	+2.7%	+2.9%
Kuwait	+2.6%	+2.3%	+2.0%	+1.9%	+1.9%	+1.9%	+2.0%	+1.9%
Oman	+2.4%	+2.4%	+0.5%	+1.0%	+2.5%	+2.5%	+2.4%	+2.0%
Qatar	+3.6%	+2.7%	+3.8%	+4.5%	+5.1%	+5.2%	+5.1%	+4.7%
Saudi Arabia	+3.8%	+2.2%	+2.6%	+1.8%	+2.4%	+2.4%	+3.1%	+3.2%
Makkah	+4.8%	+3.7%	+3.6%	+1.7%	+2.7%	+2.5%	+4.0%	+4.5%
Riyadh	+3.8%	+3.3%	+4.7%	+5.9%	+6.5%	+5.3%	+6.8%	+6.6%
UAE	-0.5%	-1.1%	+0.4%	+0.1%	+0.1%	+0.3%	+0.4%	+0.3%
Abu Dhabi	-2.5%	-2.7%	+0.1%	-0.1%	-1.3%	-1.0%	-1.5%	-0.9%
Dubai	+0.3%	-0.5%	+0.6%	+0.3%	+0.7%	+0.9%	+1.2%	+0.9%
Africa	+4.6%	+3.0%	+3.7%	+4.6%	+5.7%	+4.7%	+6.3%	+5.4%
Ghana	+7.5%	+2.9%	+3.9%	+4.3%	+5.8%	+5.6%	+5.0%	+5.8%
Mauritius	+6.0%	+5.5%	+5.5%	+5.2%	+7.4%	+7.8%	+6.2%	+6.5%
Nigeria	+4.9%	+3.5%	+3.5%	+5.3%	+5.6%	+5.9%	+7.3%	+5.6%
Northern States	+7.6%	+5.7%	+4.7%	+5.8%	+5.9%	+6.6%	+8.2%	+6.6%
Southern States	+3.6%	+2.4%	+2.9%	+5.1%	+5.4%	+5.5%	+6.8%	+5.1%
South Africa	+4.7%	+3.9%	+4.5%	+5.1%	+6.8%	+4.4%	+7.2%	+5.3%
Gauteng	+4.3%	+3.7%	+4.0%	+4.8%	+6.9%	+4.0%	+7.7%	+4.8%
KwaZulu Natal	+4.3%	+3.5%	+5.3%	+5.6%	+6.9%	+4.7%	+6.7%	+6.6%

Information

Construction and Infrastructure Survey

RICS' Asia-Pacific and Middle East Construction and Infrastructure Survey 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 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 11 March 2020 with responses received until 16 April 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 1323 company responses were received globally. Results are collated at a country level with regional results only reported if a minimum of ten responses received. 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.

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.

Contact details

This publication has been produced by RICS. For all economic enquiries, including participation in the monitor please contact: economics@rics.org

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.

Economics Team

Tarrant Parsons

Economist
+44(0)20 7695 1585
tparsons@rics.org

Sean Ellison

Senior Economist
+61 0424 845 725
sellison@rics.org

Simon Rubinsohn

Chief Economist
+44(0)20 7334 3774
srubinsohn@rics.org

Kisa Zehra

Economist
+44(0) 7695 1675
kzehra@rics.org

Janet Guilfoyle

Market Surveys Administrator
+44(0)20 7334 3890
jguilfoyle@rics.org



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.

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