



## Q1 2020: RICS UK Construction and Infrastructure Market Survey

# Market confidence falls sharply as lockdown imposed

- Workloads pull-back as government's lockdown measures come into force
- RICS market confidence indicator slips to a decade low
- Profit margins anticipated to fall over the coming twelve months

The Q1 2020 UK Construction and Infrastructure Market Survey results are, unsurprisingly, consistent with a sharp deterioration in momentum following the introduction of social distancing measures to stop the spread of the coronavirus. Indeed, the headline workloads indicator slipped into negative territory for the first time in almost eight years. Furthermore, in keeping with broader concerns regarding the impact these restrictions may have on the UK economy, market confidence has fallen sharply. As such, the majority of contributors envisage a fall in workloads, profit margins and new hiring in the coming year.

It is important to note that feedback turned progressively weaker towards the end of the survey collection period, coinciding with the stricter lockdown measures enacted by the government. For example, survey responses that were received from 5th March till the 26th of March were still indicative of broadly resilient picture with the majority of contributors noting a pick-up in headline workloads (net balance of +16%). However, the tide appeared to turn significantly after this date. Responses that came in between 27th March and 7th April signalled a sharp downturn in workloads with a net balance of -21% of respondents reporting a decline.

Bringing this together, the headline workloads net balance for Q1 2020 came in at -3% (compared +12% in Q4 2019) pointing to virtually no change in activity in the first quarter of the year. That said, momentum slipped across all market segments apart from the infrastructure sector, where contributors reported a modest rise in output (net balance of +11%). In contrast to the positive trend in output growth noted in past few years, private and public housing workloads stagnated in Q1 (net balances coming in at +2 and -4% respectively). Meanwhile, activity fell in the private commercial and industrial sectors, with a net balance -10% of contributors in both categories reporting a decline.

At the headline level, indicators on both new work and repair and maintenance also pointed to broadly flat picture. Alongside this, contributors reported no change in business enquiries for new projects and contracts in the past three months as a whole (although they fell noticeably towards the end of the survey period).

Average twelve-month expectations predictably enough point to a drop in output over the coming year. Headline workload expectations for the next twelve months dipped to -13% in Q1 from a net balance of +50% in Q4. What's more, feedback gathered from the 27th onwards returned a negative net balance of -40% for twelve-month workloads expectations. That said, contributors appear to be more upbeat with regards to infrastructure workloads, with 36% more contributors anticipating workloads to rise rather than fall in the coming year (still +32% in the final week of survey returns). Within infrastructure, the energy, road and rail components are expected to see the strongest growth in output over the coming twelve months. This could be in response to the record investment into transport infrastructure that was promised by the government in the March 11th Budget. However, the risk is whether these projects will all be able to materialise given that government borrowing and overall debt levels are likely to increase substantially this year in consequence to sizable fiscal spending during the pandemic.

The RICS market confidence indicator, a composite measure of workloads, employment and profit margins expectations over the coming twelve months, fell sharply to -23% from +35% in Q4 (focussing on the more recent survey submissions shows the indicator falling to -46%). Within this, profit margins were anticipated to see sharpest fall in the coming year with 43% more surveyors anticipating a fall. Moreover, tender price expectations have eased significantly over the quarter in both the building and civil engineering components. Consistent with this relatively more subdued picture, contributors expressed the intention to decrease investments on fixed assets and equipment and software.

Once again, financial constraints were cited by 64% of contributors as the most significant impediment to building activity. When asked how credit conditions had changed over the past three months, 18% more respondents reported a deterioration rather than an improvement. Critically, this negative sentiment appears to be relatively more downbeat further ahead, as contributors anticipate that credit conditions will continue to worsen both at the three and twelve month horizons (net balance of -49% and -38%).

# Key indicators

Chart 1

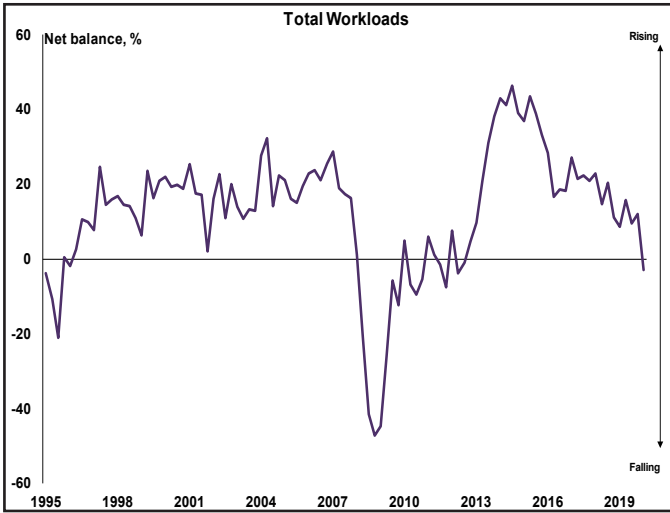


Chart 2

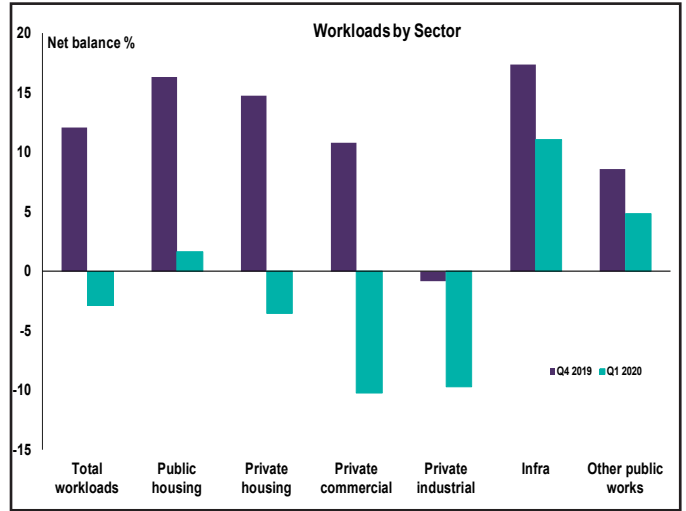


Chart 3

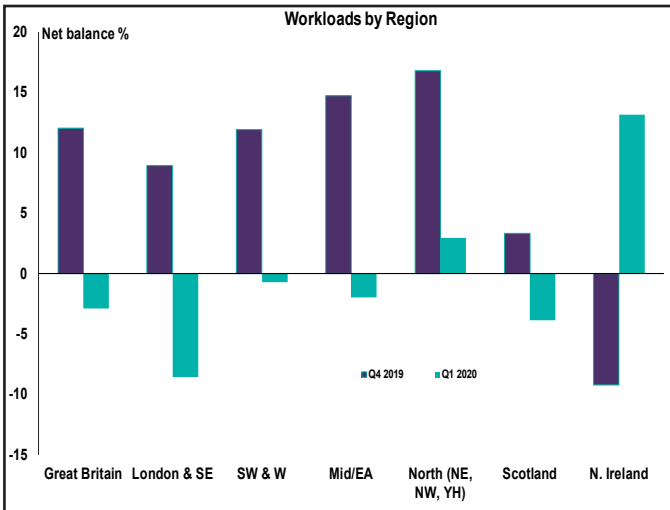


Chart 4

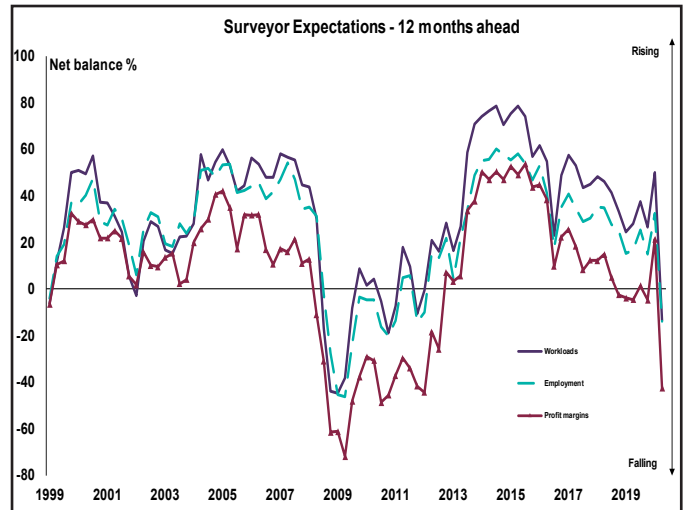


Chart 5

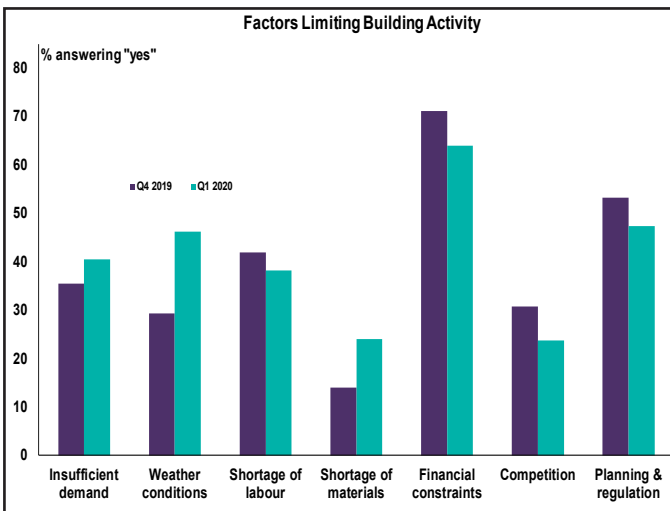
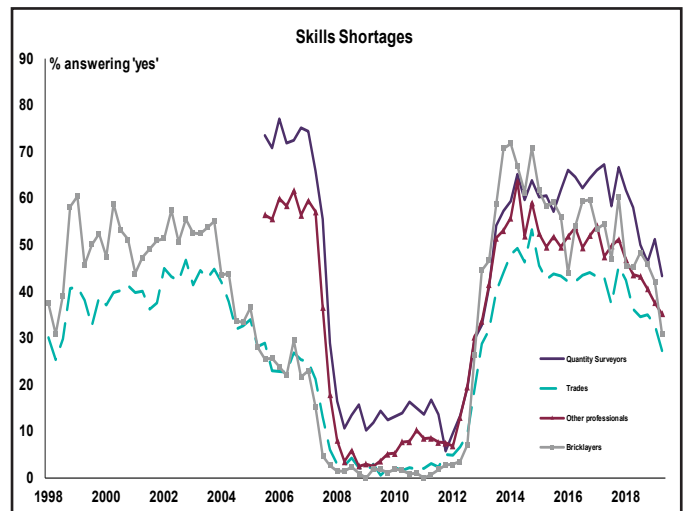


Chart 6



# Key indicators

Chart 7

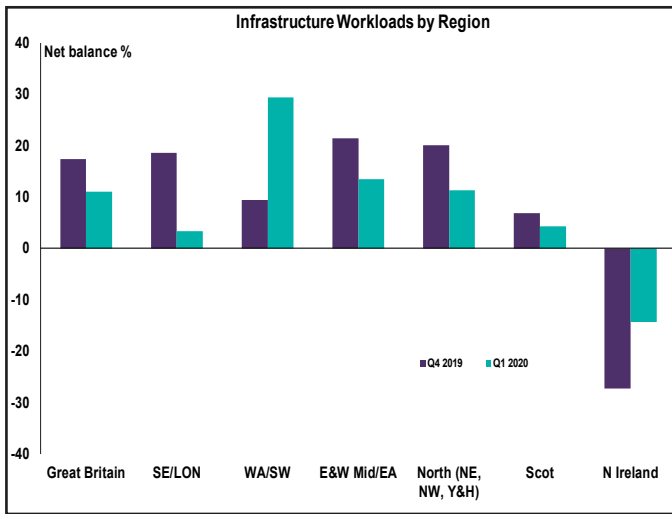


Chart 8

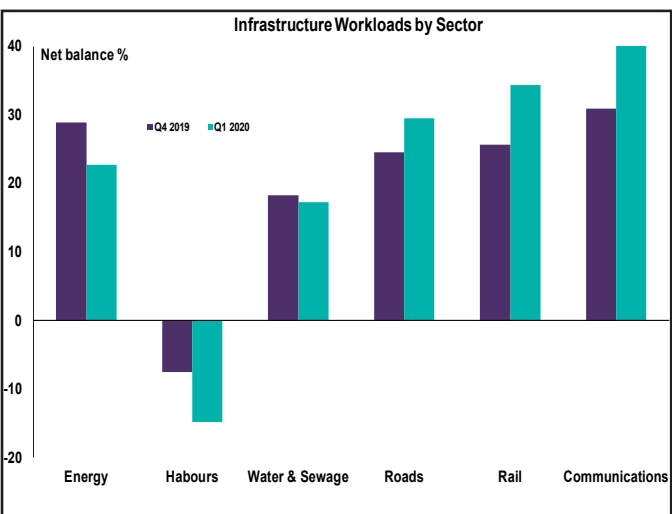


Chart 9

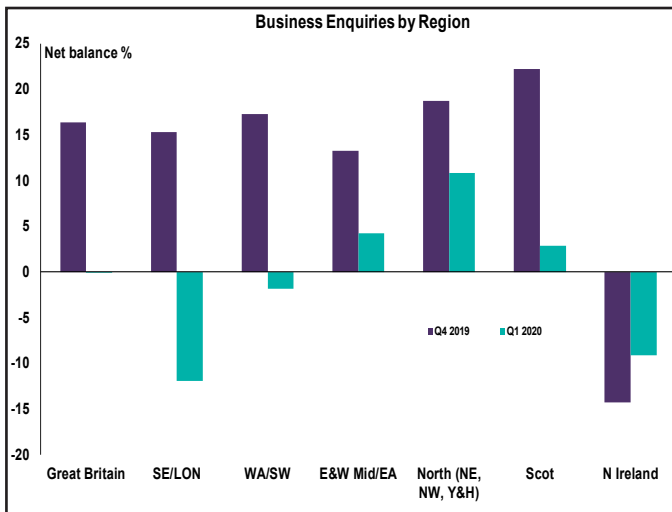


Chart 10

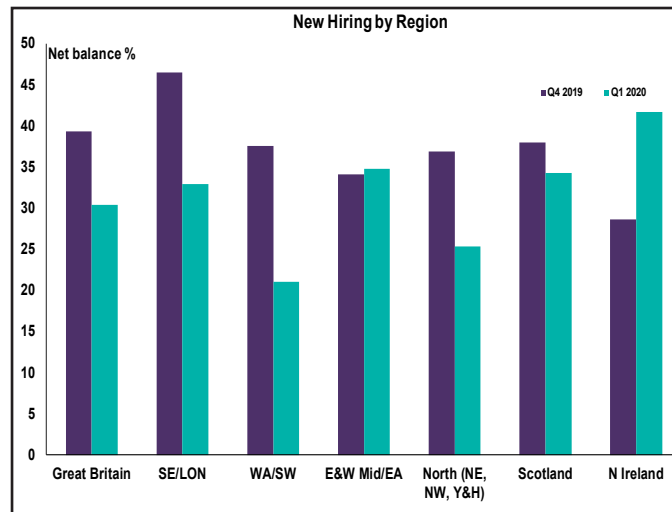


Chart 11

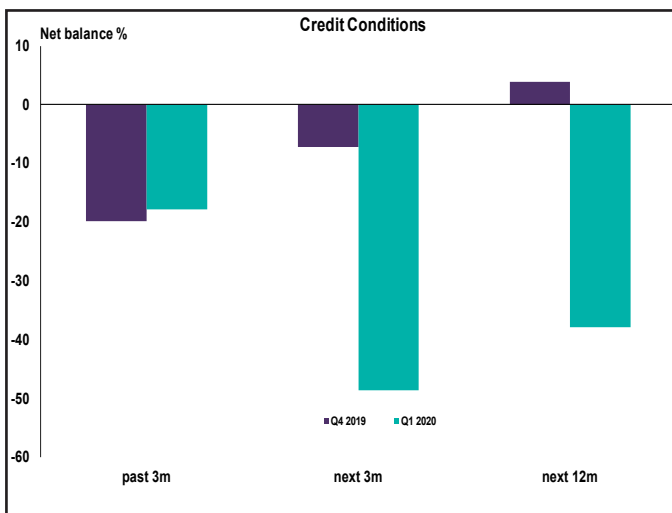
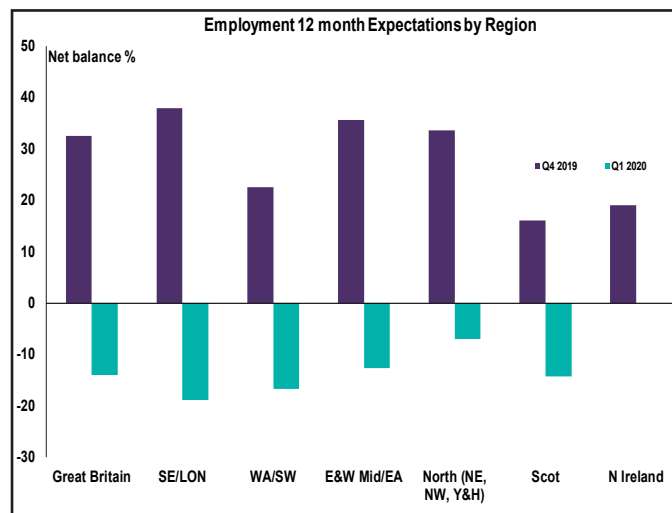


Chart 12



# Key indicators

Chart 13

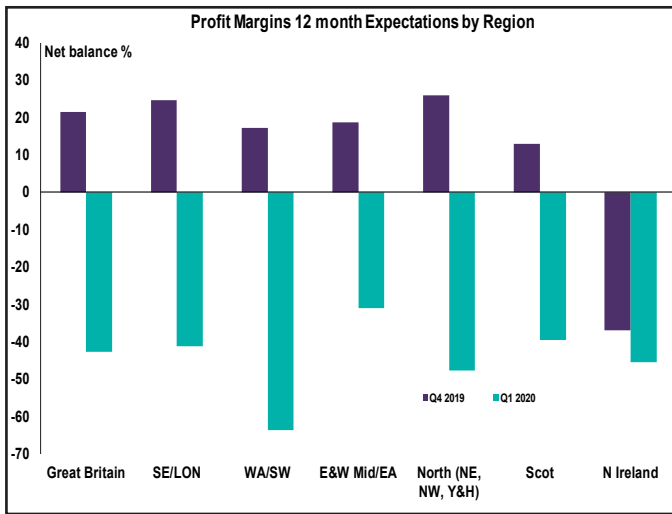


Chart 14

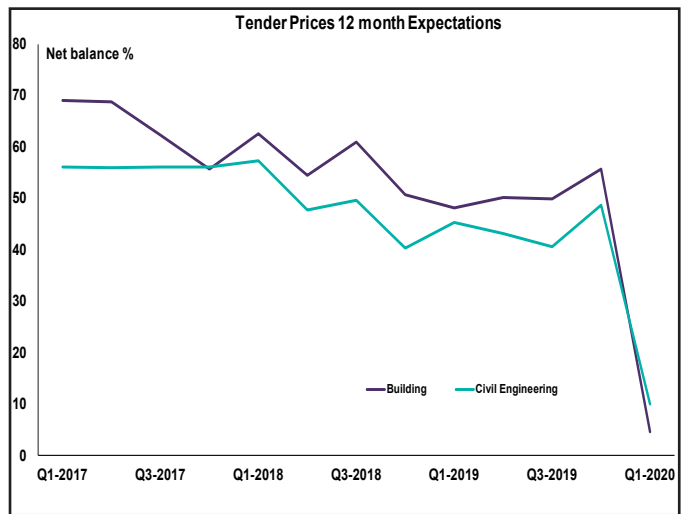
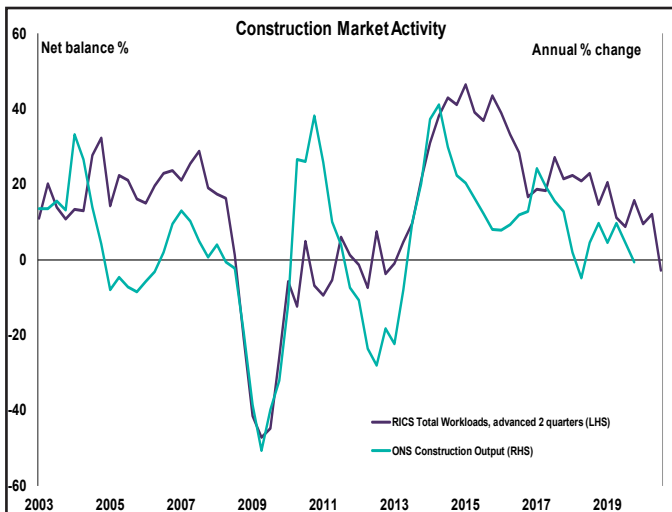


Chart 15



# Chartered Surveyor market comments

## London

Graham Jones, London, Turner & Townsend, graham.jones@turntown.co.uk +44 7484 904 138 - Ongoing Covid-19 pandemic.

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

Sriyani Harper MRICS, Chiswick, London, CLR Associates Ltd, sriyani.harper@clrassociates.co.uk, 0208 995 1750 - Brexit uncertainty has gone on too long. Complete shut-down due to Covid-19.

Andrew Venn MRICS, London, Wicksteeds (QS & FM) Consultants LLP, AndrewVennMRICS@gmail.com, 02026611831 - Building owners & employers are increasingly aware of their responsibility to provide safe, effective, efficient facilities and environments. They are managing their financial risk by tendering with robust documentation, including bills of quantities.

roger watts, LONDON, trident building consultancy, roger.watts@tridentbc.com, 07775944662 - Clients are cancelling projects because of coronavirus.

Peter Smith, London, OD Group, Heath.p@icloud.com, 07889278500 - Constant need for performance bonds limits growth as bond values exceed profits.

Chris Noon, London, CBRE Ltd, chris.noon@cbre.com, 07985876188 - Coronavirus is going to have a significant impact on 2020 workloads and profits.

Barry Rose FRICS, London, Fanshawe LLP, barry.rose@fanshawe.co.uk, 02076130111 – Coronavirus.

Charles Hobson, London, Brack Meekins Partnership, digby@qs-1.com, 07885947655 – Coronavirus.

Ian Peart MRICS, London, Cushman & Wakefield, ian.peart@eur.cushwake.com, 02032963555 - Coronavirus is starting to delay decisions and create uncertainty.

James Lawrie, LONDON, GMS Estates Limited, jl@gms-estates.co.uk, 02074381275 - Coronavirus spread, and the imminent shutdown of the country. Whilst a challenge that can be overcome, the negative implications on developers, contractors and all consultants and the like will be far reaching.

Guy Solway FRICS, London, Faithful & Gould, guy.solway@fgould.com, 07740922923 – Coronavirus.

James Tindall, London, Guardian Surveyors LLP, james@guardiansurveyors.co.uk, 02075610189 - Covid-19.

Peter Tomkins, London, OakNorth Bank, peterjtomkins1@gmail.com, 07760168031 - Covid-19.

Lukasz Plaska MRICS, London, Diocese of Southwark, lukasplaska@gmail.com, 07883041313 - Covid-19 affects construction and all businesses in the UK and all over the world.

Justin Bird, London, BTP Group, justinbird@btppgroup.com, 07500886583 - Covid-19 is going to decimate our industry, starting already and continuing for a minimum of 2 years.

Martin Smith MRICS, London, Buro Four, msmith@burofour.com, 07919058015 - Impact of Covid-19 will last 6 months and cashflow within the construction industry are key, as we run on low profit margins.

William Connolly, London, M3 Consulting, w.connolly@m3c.co.uk - Significant issues from Covid-19

Colin Townsend Green, London, CTG Construction Management, colintg@ctgcm.co.uk, 07973178357 - Covid-19 has brought an immediate halt to some new projects.

John Hicks frics, London, John Hicks, Jfchicks@aol.com, 07710738797 - The Covid-19 pandemic has yet to play out. On a positive note the pandemic provides more focus for the industry to reform; the counter is that a desperate industry will fight to survive by work at any cost and revert to old habits.

Kwasi Adjei Boama MRICS, London, BOAMA Associates Limited, kboama@aol.com, 07402453058 - The current lockdown and uncertainty in the building industry as a result of Covid19.

Nick Harrison, London, Nick Harrison Surveying Services Ltd, nick.harrison@surveying-services.net, 07784617582 - This survey was completed during corona virus early days which is reflected in the view of the future.

Matthew Hopwood MRICS, London, Forma London Construction Services Ltd, matthew@forma.london, 07411761095 - To state the obvious, most of the answers are due to the Covid-19 outbreak and the economic impact that we are all experiencing as a result. There is uncertainty whether the construction environment will return to "normal" this year.

## South East

David Blackmore, Rochester, Blackmore Building consultancy, david@blackmoreBC.com, 07490819316 - Brexit making certain clients delay investment. Coronavirus will impact massively.

Charles Dawson, Broad Oak, Dawson and Associates, chas@dawsonsurveyors.com, 01424 882263 - Bureaucracy is stifling truly affordably housing and commercial development.

Martin Hall FRICS, Sutton, Witney, Hall & Ensom Cotswolds Ltd, patandmartinhall@gmail.com, 01 865 883533 – Coronavirus!

Philip Davies, Dorking, Philip Davies, Jphdavies56@gmail.com, 07770350886 - Coronavirus restrictions. It is like putting the country into a 3 month hold or break. Construction activity assisted by LA/Govt incentives and investment will help.

Keith Sanger FRICS FCIARB, Lymington, Keith Sanger Associates Ltd, keith@sanger.co.uk, 01590 676879 - Coronavirus will have a significant negative impact.

Robert Jupp MRICS, Fareham, Cornerstone Building Surveyors, rob@cbsurveyor.co.uk, 02380 813188 – Coronavirus has restricted movement and being able to undertake work.

Dave O'Sullivan MRICS, London, ENGIE, david.o'sullivan@engie.com, 07525800899 – Covid-19.

Simon Kerton FRICS, Marlow on Thames, PQS2 Limited, simon.kerton@pqs2.uk, 07966250664 – Covid-19.

Tony Bradbury, Windsor, The Blackberries Limited, tonyjbradbury@btinternet.com, 07917585196 – Covid-19.

Daniel bland MRICS, Oxford, Ridge and partners, Danbland@ridge.co.uk, - Covid -19.

Stephen Edkins FRICS, Guildford, 2Plan Project Management, Sedkins@2planpm.co.uk, 01483771165 - Covid-19.

GERARD TVEDT MRICS, London, Tvedt Group Limited, gerard.tvedt@tvedt.co.uk, 07836 242137 - Covid-19 is likely to wreak havoc on construction companies, causing insolvency and bad debts.

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

# Chartered Surveyor market comments

David Dunne BSc(hons) MRICS IMaPS, Canterbury, Baqus Group Limited, david.dunne@baqus.co.uk, 01227 471700 - Delay to Brexit has had major effect over last 6 months with few new projects starting. Covid-19 has subsequently stopped all new work and existing work is likely to stop shortly. Thus, next 6 months will have very little work carried out.

Glen Selby MRICS FCIQB, Maidstone, Benning Brothers Ltd, glen.selby@bbl-uk.com, 07730896811 - Following Brexit, and a very wet winter, the coronavirus is compounding difficult times and having a significant impact on the economy and will continue to do so for a long time to come. Businesses will struggle to adapt and manage this recent issue.

John Allison MRICS, Norwich, Allison Surveying Limited, john@allisonsurveying.co.uk, 07884437072 - It is likely the lockdown will result in a lot of contractors, clients and professionals going out of business.

John May, DORKING, ABMC, j.may@abmc.biz, 07824449738 - Oil price.

Keith Gale, Winchester, Hampshire County Council, keith.gale@hants.gov.uk, 01962 847271 - The impact of Covid-19 is having an impact on face to face business and slowing delivery of projects.

## North East

Stuart Birrell, London, Murray Birrell, stuart@murraybirrell.co.uk, 01689 898288 - Coronavirus.

Allan Thompson Bsc LLB MRICS, Tyne and Wear, Story Homes, a.thompson971@btinternet.com, 07402317166 - Covid-19 will massively have an impact on mortgage lenders as well as consumer confidence. We will need something like the current Help to Buy rules to be extended if possible in the short term (next 12 months at least).

Russell Craig MRICS, Newcastle upon Tyne, Sir Robert McAlpine, Russellcraig90@gmail.com - Covid-19 will seriously hold back the industry in the medium term.

Timothy Dillon MRICS, BLAYDON-ON-TYNE, Mr, timdillon@clarkdillon.co.uk, 07739999865 - The current coronavirus has resulted in most small construction work ceasing.

Lee Gilbert, Newcastle upon Tyne, Siemens Plc UK, leegilbert@siemens.com, 07768034694 - UK market focusing to ROI rather than pure investment.

## North West

Barry Winterbottom, Stalybridge, Plans Drawn, bawinterbottom@aol.com, 07952934281 - Coronavirus has resulted in complete drop in enquires.

Gregg Iredale, Warrington, IF Building Consultancy Ltd, gregg.iredale@ifbuildingconsultancy.com, 07525202063 - Covid-19.

Martin Howarth, Preston, Cowan & Co, martin8736@gmail.com, 07449348596 - Covid-19

Howard Cornes, Trafford, Blackstone Solicitors, howard.cornes@hotmail.com, 0797 127 7752 - Covid-19.

Nicolas Quinn MRICS, Manchester, Walker Sime Ltd, NQuinn@walkersime.co.uk, 07515574977 - Covid-19.

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

Carl Burns MRICS, Liverpool, Liverpool City Council, carl.burns@liverpool.gov.uk, 0151 233 8222 - Government cuts to public sector funding.

Gary Bulloch, Manchester, Savills, gbulloch@savills.com, 07870555826 - High number of contractor failures. Contractor job merry-go-round impacting time, cost and quality.

David Gil Garcia, Manchester, Ardmac PC, davidgilgarcia85@gmail.com, 0034696969011 - It is obvious that the coronavirus crisis is going to affect the industry in the coming months. I expect a quick recovery as soon as the crisis is solved. I am mainly involved in Pharma projects.

Peter M Bromiley MRICS, Cockermouth, Day Cummins Limited, peter.bromiley@day-cummins.co.uk, 01900820700 - Sites being shut down by LA despite government guidance to keep open.

Stewart Pearl, Manchester, Stewart Pearl & Associates, spa@live.co.uk, 07905766136 - The after-effects of coronavirus are undetermined.

Anthony Dillon MRICS, Manchester, Willmott Dixon Construction, anthony.dillon@willmott Dixon.co.uk, 01619473960 - The failure of a high number of regional contractors is having a knock-on negative effect on the supply chain, causing problems and failure. Huge increases and restrictions on insurance policies will generate challenges.

William Briggs, Northwich, Briggs and Partners (Cheshire) LLP, wb@secllp.co.uk, 01606 350026 - The uncertainty and pace of change of the Covid-19 issue has created a general nervousness amongst clients and contractors. We do not anticipate that this will change in the medium term i.e. 3 - 6 months.

Phil Seymour, Manchester, Seymour Surveyors Ltd, phil@seymoursurveyors.com, 07961934414 - Unrealistic expectations for risk transfer in public procurement of major infrastructure projects has caused unnecessary delay and has negatively impacted the contractors working in the sector.

Nick Websdell FRICS, Leyland, J Murphy & Sons, Nicholaswebsdell@murphygroup.co.uk, 07791926378 - Weather is driving emergency projects in the rail sector e.g. land slips from saturated ground. Same should happen with flood defences.

## Yorkshire and the Humber

Stephen Byrne, Sowerby Bridge, Stephen Byrne Associates, steve@stephenbyrne.biz, 01422825400 - Coronavirus will significantly and negatively impact the industry and the entire economy.

Richard Wilkinson, Leeds, WT Partnership, richard.wilkinson@wtpartnership.com, 01132457434 - Coronavirus will be a significant negative issue over the next few months over the entire industry.

Nigel Brook, Huddersfield, Robertson, nigel.brook@robertson.co.uk, 07527388502 - Covid-19.

Douglas Jaram, Hull, Jaram Associates, douglas@jaramassociates.co.uk, 07950 415223 - Current Covid-19 crisis is going to suppress the world economy although things should bounce back quickly.

Stephen Bottom, Huddersfield, AHR Building Consultancy Ltd, stephen.bottom@ahr.co.uk, 017976 294727 - I guess my response has been somewhat tempered by the current Covid-19 pandemic which is certainly influencing the way we go about our business at the present time.

Michael Dunn, Bradford, Stocksfield Construction Limited, michael.dunn@stocksfieldgroup.com, 07887 838694 - I would hope that given the current crisis and the indication that the 'playing field will be levelled' on NI Contributions. Labour will pay the same rate of tax and NI as would have done on PAYE especially in the house building sector.

# Chartered Surveyor market comments

Paul Smith, Leeds, PSC Surveying Ltd, pauls@psc-surveying-ltd.com, 07713 167555 - Our expectations over the future reflect current lockdown imposed by the government.

Tom de la Motte MRICS, Leeds, Renew Holdings PLC, tom.delamotte@renewholdings.com, 07764977331 - Very difficult to see beyond the next 6 months and the impact of Covid-19, however, the longer term opportunities, driven by a very positive Budget, for those Infrastructure companies that survive and retain their key assets, looks very promising.

## South West

Paul Pring FRICS, Plymouth, Bittaford Consulting Ltd, paul@bittaford.com, 07768 815411 - Coronavirus is having a detrimental effect on the winning of new work.

Simon Care, Gloucester, Barnwood Construction, simoncarey@barnwood.co.uk, 01452 614124 - Coronavirus will have a devastating effect on everything this year.

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

Gavin Leney, St Austell, Leney Building Surveying Ltd, gavin@leneybuildingsurveying.co.uk, 01726 216580 - Covid-19 has prevented us from completing residential pre-purchase surveys and valuation reports which is our main source of income.

Angus Taylor FRICS, South West, Bruton Knowles, angus.taylor@brutonknowles.co.uk, 01452880000 - The whole industry is on pause with around 90% of sites we are involved with now closed or closing. I think we have to presume that normal constructions sites will remain closed.

Daniel Brooks-Dowsett, Bristol, Trident Building Consultancy, danielbrooks-dowsett@gmail.com - I would assume the timing of this is skewed by Coronavirus. I think answers may have been a lot more positive were it not for Coronavirus.

Andrew McNeile MRICS, Cheltenham, Gleeds Energy, andrew.mcneile@gleeds.co.uk, 01452 596451 - Commercial Managers are unwilling to move from self-employment to consultancy role.

Paul Bridges MRICS, Bristol, Leslie Clark, p.bridges@lclark.com, 0117 973 8195 - The government's Coronavirus movement restrictions have stopped the vast majority of construction works.

Keith McKay, Poole/Bournemouth, Troika Project Management Ltd, keith@troikadev.com, 07768 780148 - The planning system is choking opportunities.

## Wales

Chris Stevens, Swansea, Chris Stevens Chartered Building Surveyors, chris@chris-stevens.co.uk, 07968538033 - Coronavirus.

James Murray MRICS, Treorchy, Clerestory Surveying & Design Consultancy, james@clerestory.me.uk, 07768 963716 - Covid-19.

Christopher Bray MRICS, Newport, Enterprise Workplace Partners Ltd, chrisbray@btinternet.com, 07739087183 - Covid-19

Gary Williams, Conwy County North Wales, Conwy CB Council, gary.williams9@conwy.gov.uk, 01492574284 - Loss of apprenticeships and local interest in training. Leads to seeking out of country expertise in some sectors.

James Byrne MRICS, Bridgend, Marshall Byrne Architecture Ltd, james@marshallbyrne.com, 07872 468500 - Obviously the storm flood damage and coronavirus will have a great impact.

## West Midlands

Lee Atterbury, Birmingham, Villa Surveying Ltd, villasurveying@hotmail.com, 07891 886548 - Covid-19 throws this wide open, but it looks like the government will invest.

Martyn Tickle MRICS, Newcastle-under-Lyme, Poole Dick, m.tickle@pooledick.co.uk - Covid-19 is anticipated to effect responses in terms of business growth.

Paul Sone, Birmingham, Mac, paulstonie@gmail.com, 07527189614 - Current coronavirus will have severe impact in the next 12 months as depressed demand in the economy translates in lower investment levels.

Jeremy Pardoe, Breirley Hill, Montel civil engineering, Jempardoe@gmail.com, 07581082473 - I think with the current Covid-19 situation, it's going to be a very tough year for all civills and construction contractors, hopefully there will be a thriving market after all the uncertainty.

Patrick Lewis, Wolverhampton, SES, patrick.lewis@ses-ltd.co.uk, 07880382379 - There are still contractors willing to take work at sub-economic prices and this practice is being encouraged by employers (incl their advisors) and main contractors alike.

Phil Hodges MRICS, Redditch, Ridgeways Chartered Quantity Surveyors, phil@ridgewaysqs.co.uk, 01527894514 - Writing this after week 2 of 'lockdown'. Certain contractor clients have a restricted ability to continue working but many are simply unable to. Too many unpredictable factors to be able to say when and how the industry will rise from this.

## East Midlands

Roger Coy, Northamptonshire, Roger Coy Partnership, roger@rogercoy.co.uk, 01327260585 - Corona Virus - Who knows!

Richard Morris MRICS, Derby, RMA, richard@rmauk.co.uk, 07931 388863 - Coronavirus.

David Sandbrook FRICS, Birmingham, Carter Jonas, David.sandbrook@carterjonas.co.uk, 07710317907 - Covid-19.

William Richardson, Loughborough, Edward Cooper Young Chartered Surveyors, w.richardson@ecycs.co.uk, 01509416519 - Massive uncertainty, first caused by Brexit and now Covid-19. Fear that it's a 'long road back'.

Martin Eckersall MRICS, Midlands, NA, meckers75@gmail.com - Obviously Covid-19

Gordon Harrow, Birmingham, AA Projects, gordonharrow@aaprojects.co.uk, 0121 788 1344 - The current lockdown will undoubtedly affect my employer's turnover and profitability.

## Eastern

Saul Humphrey, Norwich, Saul D Humphrey LLP, Saul@saulhumphrey.com, 07375414366 - A month ago my sentiment was entirely positive after the Boris Bounce and the perceived end of Brexit inertia. Now Coronavirus threatens to destroy confidence and destroy businesses. Somehow I fear the corporate and economic impact more.

Adrian J Singleton BSc Hons MRICS, Grays, Adrian J Singleton Limited, adrian@adrianjsingleton.co.uk, 01375 481005 - Construction industry in disarray due to Covid-19 implications.

Gregory Ratcliffe MRICS, Chelmsford, Essex, Essex County Council, gratcliffe17@hotmail.com, - Current unknown impact of coronavirus, approx. half of the sites we are working on are currently closed. These projects are almost certainly going to have a delayed completion. Unknown impact of impending recession on near future tender prices.

Michael Roffe, Stamford, Lincolnshire, Michael Roffe Associates, michael@roffe.co.uk, 01780238491 - Due to the current national situation construction work is on hold. All parties in the construction process are concerned about the economic effect the current shutdown will have for future developments.

# Chartered Surveyor market comments

Chris Barker, Saffron Walden, Chris Barker Surveyor, christopherjbarker1951@gmail.com, 07881915255 - The virus.

## Scotland

Jonathan Howarth, Portree, Jon Howarth Chartered Surveyor, skyesurveyors@gmail.com, 07939 316241 - An increase in tourism over the last 5 years has led to a significant rise in holiday accommodation related construction activity.

Jack Mc Kinney, Glasgow, Galbraith & Lawson, j.mckinney2006@tiscali.co.uk, 07946 602908 - Coronavirus may have an impact but planning application costs and very long timescales also to continue to have a major impact.

Graham Thompson MRICS, Edinburgh, Thomas & Adamson, graham.thompson@thomasandadamson.com, 07815875845 - Covid-19!

John Pascoe, Aberdeen, John Pascoe CQS, john@johnpascoe-cqs.co.uk, 01779 821351 - The events of the last month are still unfolding and impact impossible to gauge. We have seen projects put on hold, sites closed and have no idea of the short term and long term.

Alexander S Millar FRICS, Greenock, Millar Surveying Services, millarsurveying@googlemail.com, 01475 745555 - Industry will become seriously affected by pandemic.

Ian Graham, Stornoway, Tighean Innse Gall, iang@tighean.co.uk, 01851706121 - Labour demand for joinery resource post Coronavirus.

Frank Farrell MRICS MAPM, Glasgow, Renfrewshire Council, fff1963@gmail.com, 01416186170 - Local government budget reductions.

John Mc Kinney FRICS, Glasgow, Galbraith & Lawson, j.mckinney2006@tiscali.co.uk, 07946602908 - Uncertain times for construction. Financial constraints due to risk adverse approach. Concern on political fronts going forward. Planning costs now a large and the planning process takes far too long and is very expensive.

## Northern Ireland

Chris McCollum, Dungannon, McCollum Conservation, chris@mccollumconservation.com, 02887748111 - Clearly the Covid-19 pandemic is and will impact the industry, even after the government provide positive news. I would expect months of a lag before construction picks itself up.

Orla Carew MRICS, Belfast, Turner and Townsend, orla.carew@turntown.co.uk - Covid-19. Lack of energy strategy in NI.

Michael McCaughey MRICS, Dungannon, M J McCaughey Ltd, info@mjmccaughey.com, 028 87727270 - Future 12 months is unpredictable due to coronavirus outbreak.

Colm Carty, Belfast, Jacobs, colm.carty@hotmail.com, +447826233398 - Planning decision process takes too long.

Oliver Smith, Ballymena, SurveyLink [NI] Ltd, olliesmith1959@gmail.com, 07890 555108 - The very important health issues apart, the coronavirus pandemic is and will have a serious impact on the construction economy for a considerable period.

Garry McQuat MRICS, BELFAST, Johnston Houston, garry.mcouat@johnstonhouston.com, 07977507175 - Uncertainty over how long Covid-19 pandemic will affect current construction projects and on the industry and its supply chain in the long term.



# Methodology

## About:

The RICS Construction and Infrastructure Market Survey 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/>

Survey questionnaires were sent out on 3 December 2019 with responses received until 10 January 2019.

Total responses in Q4 2019 = 747.

## Regions:

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

## Sectors:

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

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

## Net balance data:

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

## Questions Asked:

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

# Contacts

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## Confidence through professional standards

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

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