



February 2020: RICS UK Facilities Management Survey

Demand for FM services rising across all sectors

- Demand for serviced business space sees a particularly firm increase
- Sustainability management expected to be the strongest growth area for FM in the year ahead
- Respondents report a widespread pick-up in investment into data analytics and connectivity

The results of the inaugural February 2020 RICS UK Facilities Management Survey point to a solid backdrop across the sector, with demand for FM services increasing, headcounts rising and expectations positive for workloads over the year to come.

Over the past twelve months, demand for FM services reportedly increased in each sector, led by an especially strong pick-up in demand for serviced business space. Meanwhile, demand for FM services in the public sector was also cited to have risen sharply, evidenced by a net balance of +63% of respondents noting an increase. At the other end of the scale, demand trends were much flatter within the manufacturing and retail sectors in comparison, albeit these indicators still returned marginally positive readings (chart 1).

To help fulfil demand growth at the headline level, firms opted to increase headcounts in the three months to January (on balance). Indeed, 54% of contributors report that headcounts increased over the survey period, while only 7% saw a reduction. Even so, 57% of survey participants state that they have had difficulties sourcing building operation and maintenance workers over the past twelve months, with a majority of respondents also noting problems in sourcing support service workers.

Going forward, a net balance of +32% of respondents expect employment levels to rise in the coming twelve months. Alongside this, a robust net balance of +81% of survey participants envisage workloads rising on the same basis. That said, the outlook for profit margins is only slightly positive, with a net balance of just +6% of contributors expecting an improvement.

Regarding the type of FM service that is expected to see the strongest growth in the year to come, 34% of contributors expect bundled contracts to lead the way, just ahead of 31% who feel total integrated facilities management will see the sharpest increase. By way of contrast, only 7% expect single services to deliver the strongest growth in the year to come (chart 2).

As shown in Chart 3, respondents ranked sustainability management as their top choice for which area of FM would see the firmest growth over the next twelve months. Alongside this, strategic planning and project management came in second, while capital works / lifecycle replacement also ranked relatively highly on this metric.

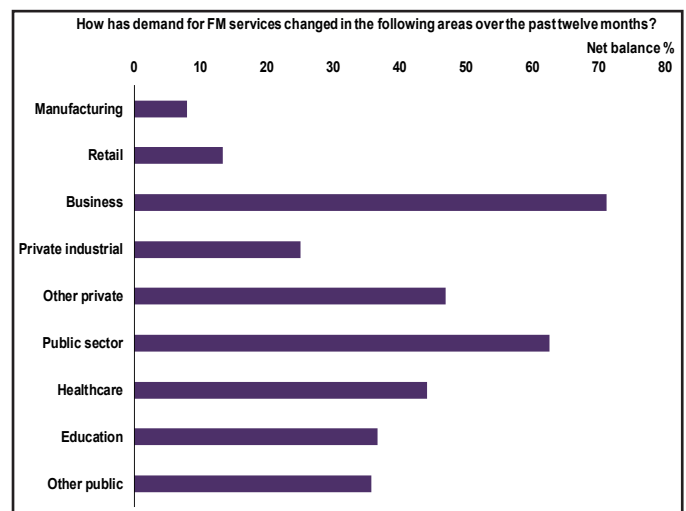
When asked to what extent end users consider sustainability issues in the tendering process, the largest share of respondents (56%) sense that it is deemed to be the most important issue, while a further 30% feel these issues are thought of as important. Only 10% believe clients consider sustainability issues to be irrelevant.

In terms of which areas of sustainability are anticipated to see the strongest growth over the year to come, 40% of respondents see this coming across energy management. Meanwhile, an equal 40% share expect health and well-being to see the strongest expansion of any area of sustainability over the next twelve months (chart 9).

As illustrated in chart 10, investment into data analytics has risen sharply in the past year, evidenced by a net balance of +80% of contributors reporting a rise. Likewise, investment into internet of things (connectivity) has seen significant growth, with a net balance of +76% of respondents citing an increase over the past year.

Finally, according to survey feedback displayed in chart 11, there has been an increase in the number of people being devoted to apprenticeships (net balance +42%), training (net balance +36%) and qualifications (net balance +35%) over the past twelve months.

Chart 1



Key indicators

Chart 2

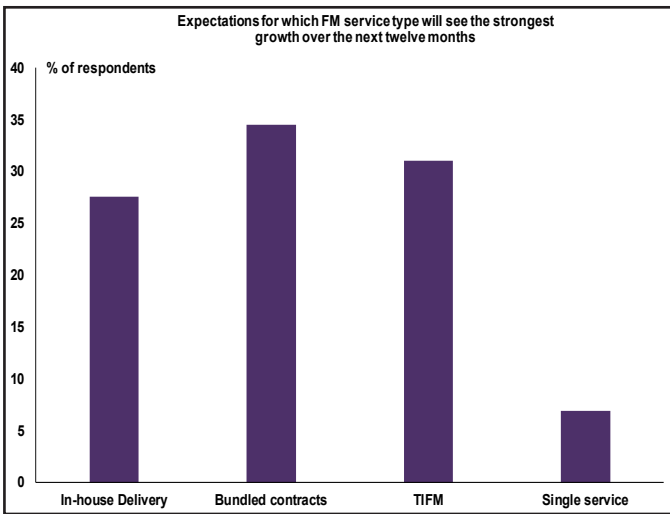


Chart 3

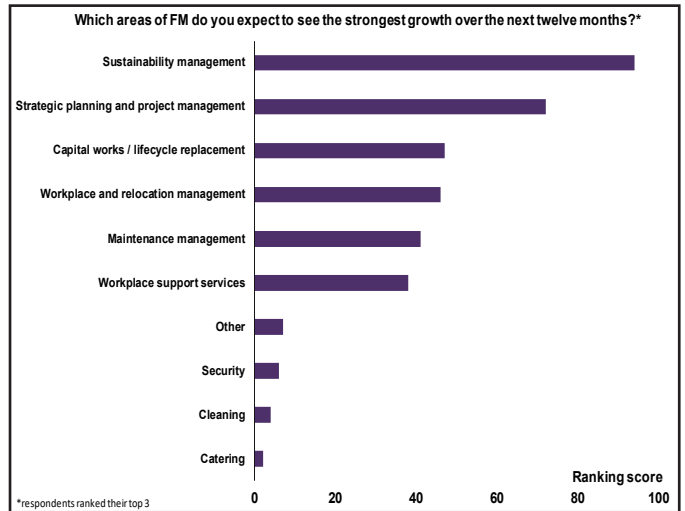


Chart 4

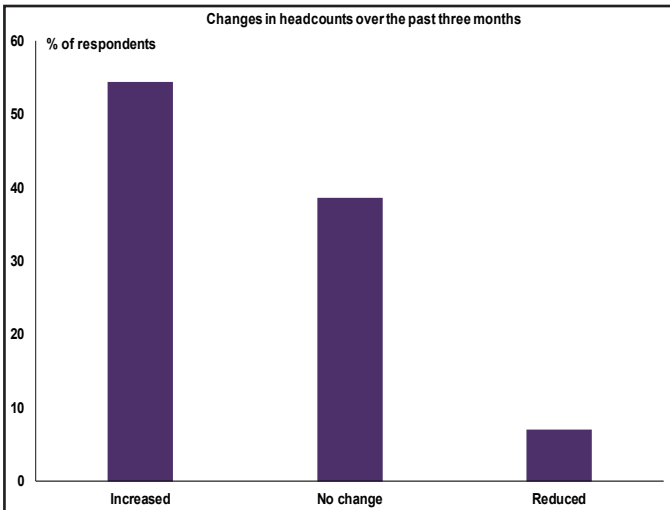


Chart 5

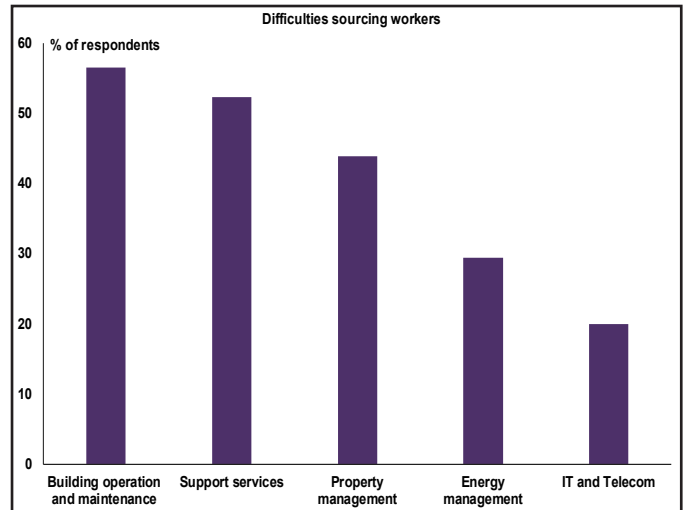


Chart 6

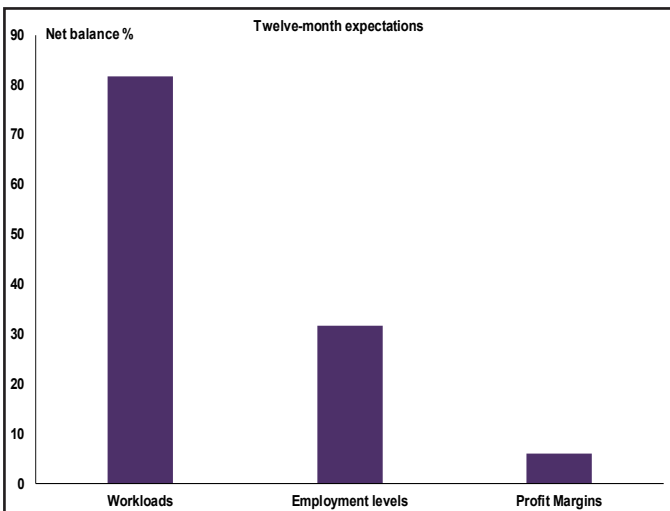
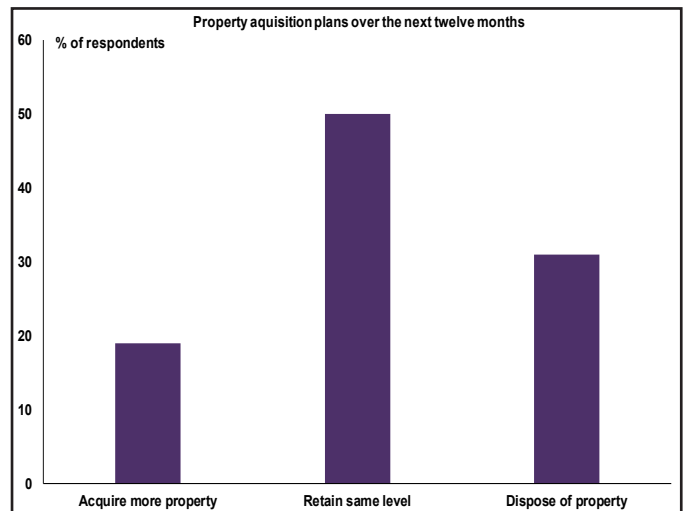


Chart 7



Key indicators

Chart 8

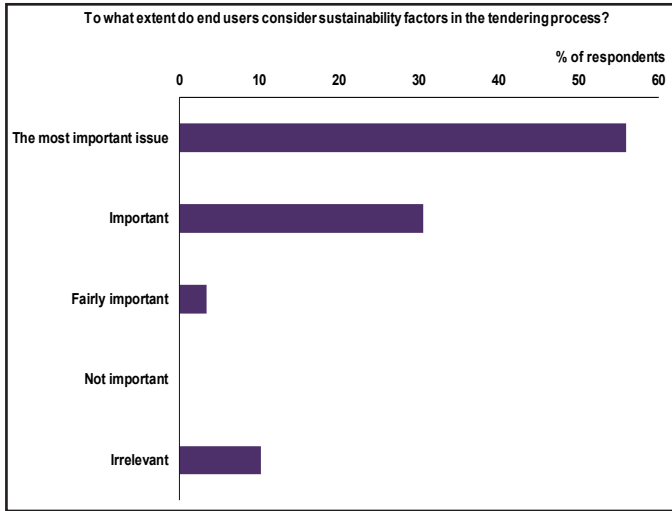


Chart 9

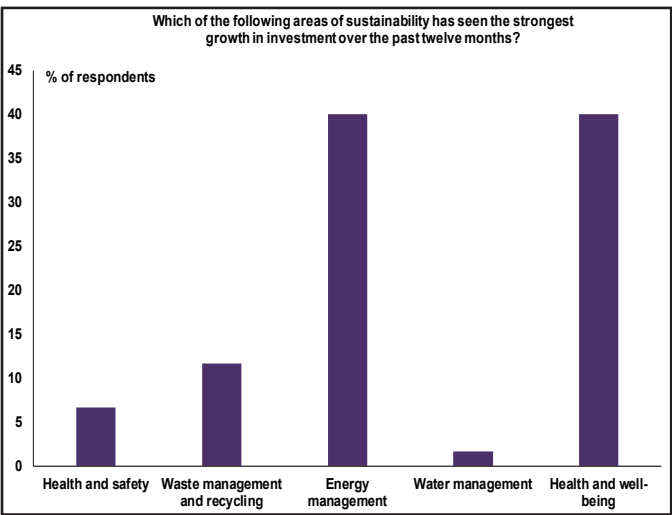


Chart 10

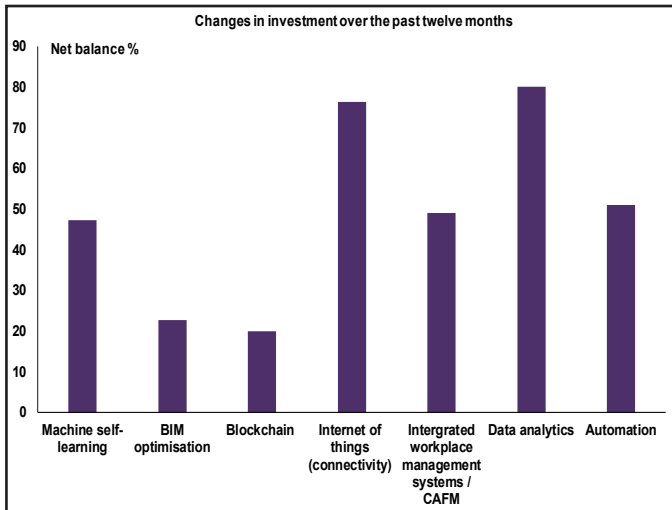
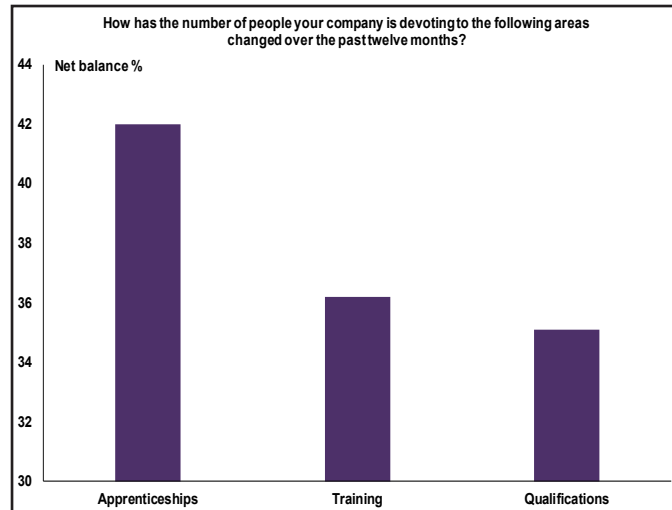


Chart 11



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?

Survey Management:

Tarrant Parsons

Tel: +44 (0)20 7695 1585

Email: tparsons@rics.org



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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