



February 2021: RICS UK Facilities Management Survey

Twelve-month expectations for workloads and employment levels strengthen

- Healthcare continues to see the strongest growth in demand for FM services
- Employment expectations turn positive across the FM industry for the twelve months ahead
- Perceptions shift towards a larger share of workers returning to the workplace post Covid than previously anticipated

The February 2021 RICS UK Facilities Management Survey results signal a slightly more mixed demand backdrop to start the year. Whereas virtually all sectors covered saw demand for FM services rise in the three months to November, growth appears to have stalled across the manufacturing, business and private industrial sectors. Nevertheless, demand continues to rise firmly across most other areas, led by especially strong growth within healthcare (chart 1). By way of contrast, demand continues to fall sharply across the beleaguered retail sector, with the pace of decline seemingly accelerating according to the latest results (in net balance terms).

Alongside this, workplace and relocation management continues to exhibit the strongest expectations for growth over the next twelve months compared to all other areas of FM (chart 3). On the same basis, respondents also foresee robust growth in sustainability management, with expectations improving from an already solid position last time. Similarly, strong growth is anticipated for the year to come across strategic planning and project management, with respondents upgrading their expectations relative to the previous report.

With regards to employment levels across the FM industry, a net balance of +24% of respondents cited an increase in headcounts over the latest survey period. This is broadly unchanged from a reading of +29% previously and extends a run of consistent growth in headcounts seen in each quarter since the survey's inception (February 2020). What's more, employment expectations for the next twelve months turned positive for the first time since last February. Indeed, a net balance of +14% of survey participants now envisage headcounts rising over the year to come, climbing sharply from a reading of -25% beforehand.

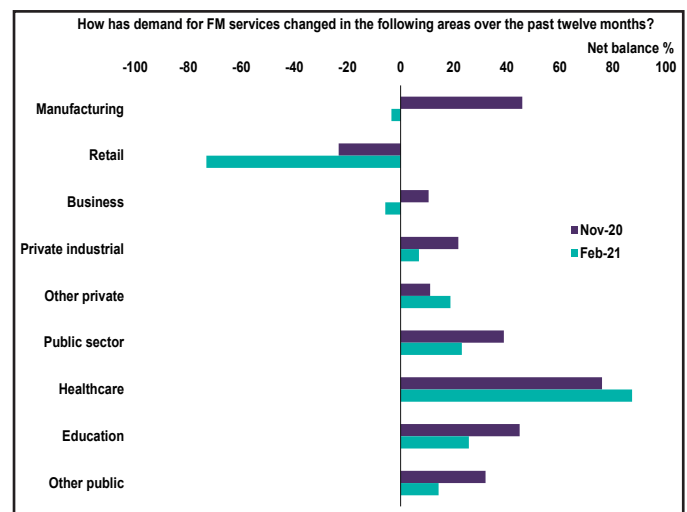
Twelve-month expectations also strengthened regarding the outlook for headline workloads, with the latest net balance coming in at +70% compared to +59%. That said, profit margins are still anticipated to come under pressure, albeit the latest net balance of -15% is significantly less downbeat than the reading of -57% posted in the November report.

Meanwhile, 93% of respondents sense that clients

consider factors around sustainability to be either the most important issue or very important for clients. The share of contributors taking this view has remained above 90% in each of the last three quarters. Energy management, along with health and wellbeing, remain the fastest expanding areas of sustainability in terms of investment growth. This has been an ongoing trend since the series was formed last February.

Interestingly, having remained more or less unchanged over the past three reports, the latest feedback shows a noticeable shift in expectations on the share of workers that will return to the workplace as normal once restrictions are lifted. Previously, the largest share of respondents felt that less than 60% of workers would eventually return on the same schedule as prior to the pandemic. This time, views were much more mixed, with an equal share of respondents choosing the '80%' or '60%' answer categories. Having previously been the most popular answer selection, 'less than 60%' fell to third place (chart 12). This change in perceptions may be attributed to the speed of the UK's vaccination program, with more people now seemingly expecting a faster return to normal life than previously anticipated.

Chart 1



Key indicators

Chart 2

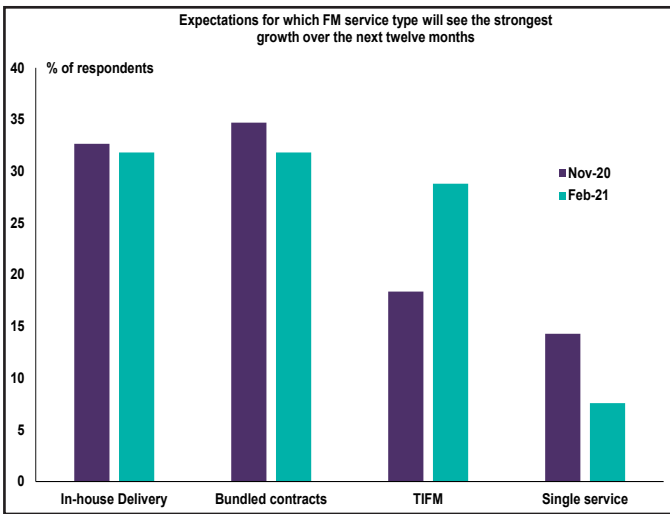


Chart 3

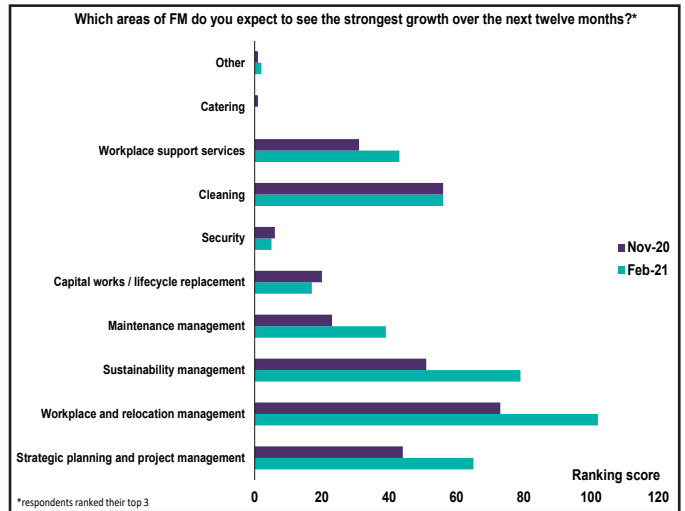


Chart 4

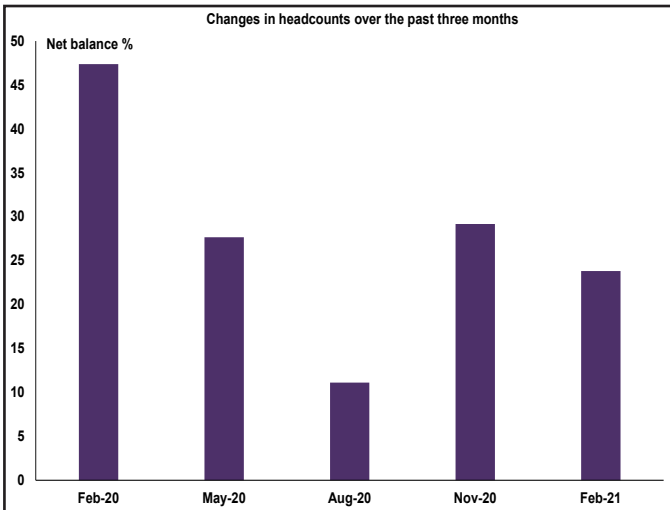


Chart 5

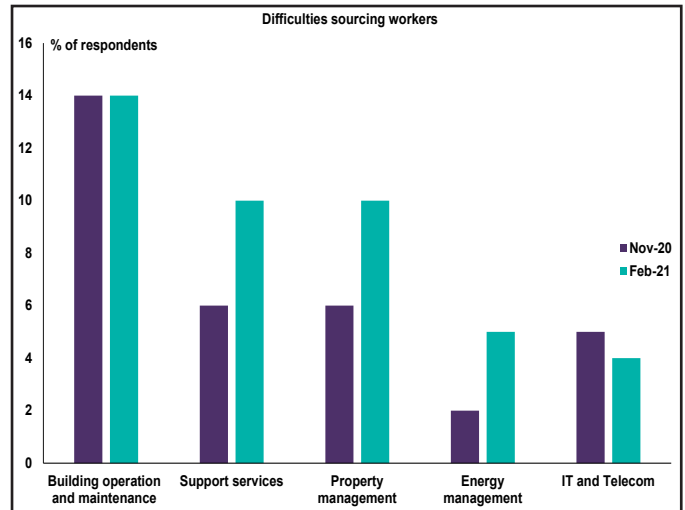


Chart 6

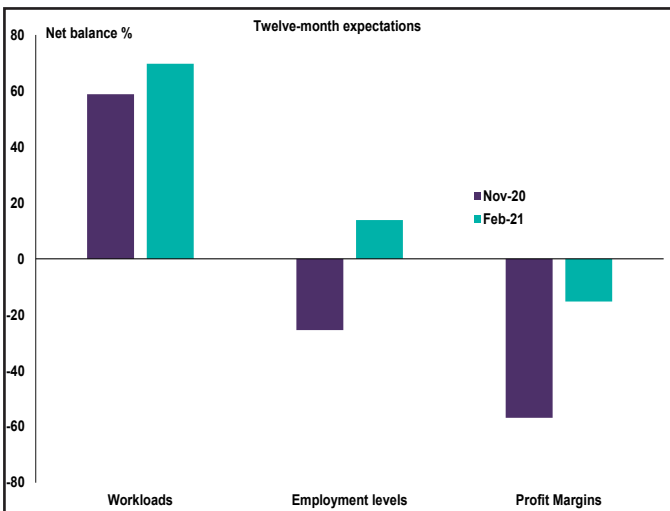
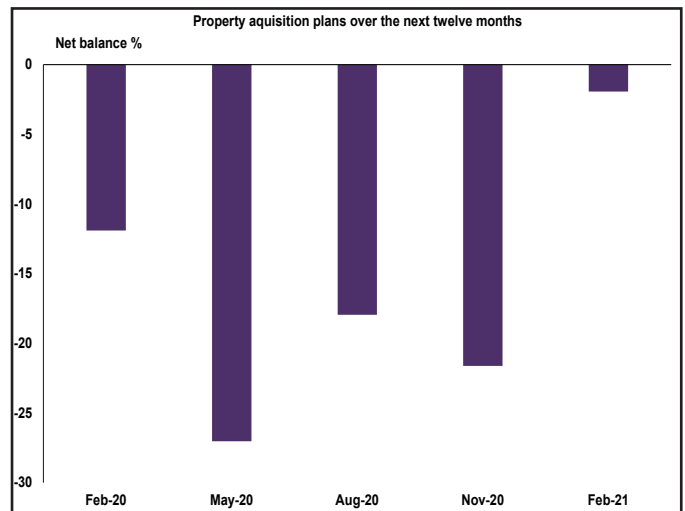


Chart 7



Key indicators

Chart 8

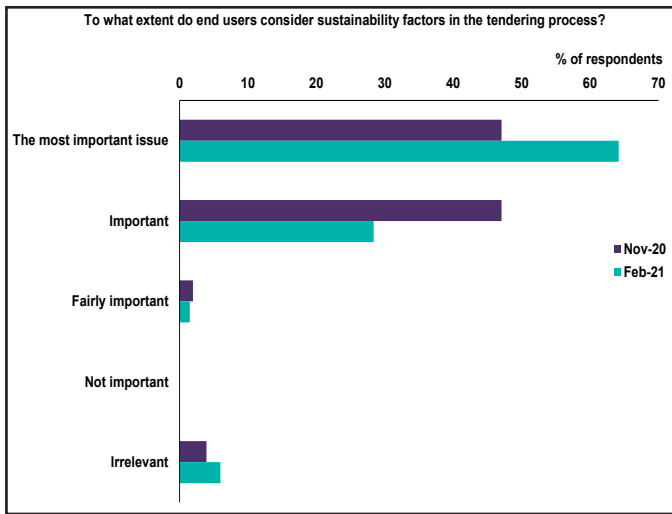


Chart 9

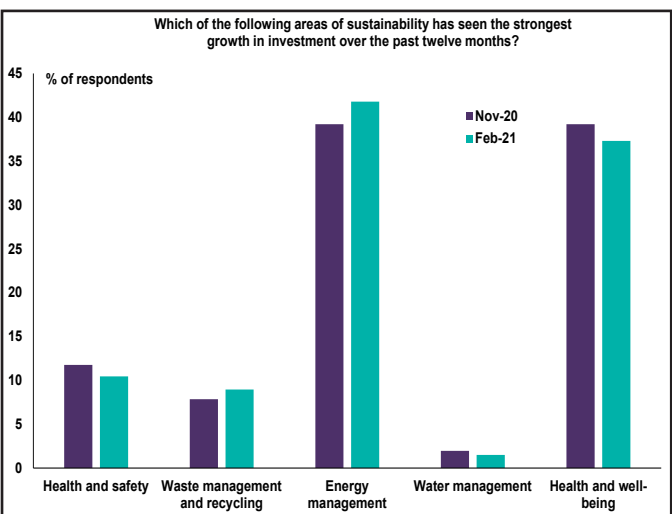


Chart 10

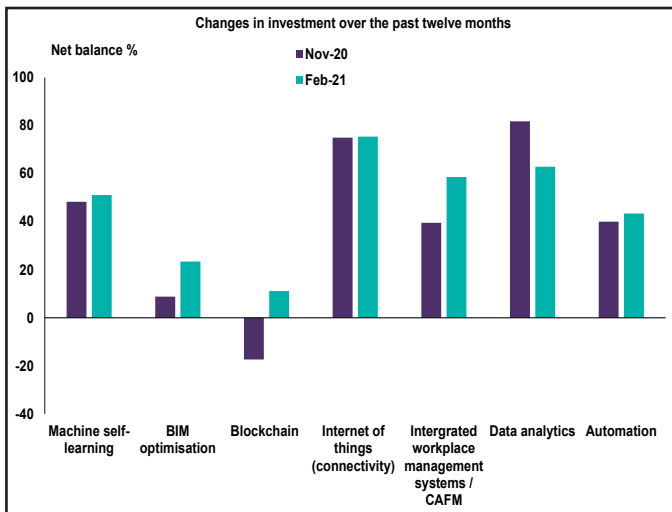


Chart 11

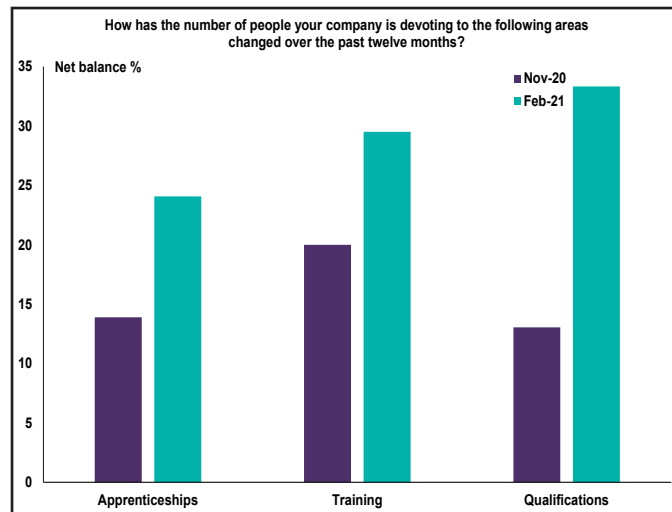


Chart 12

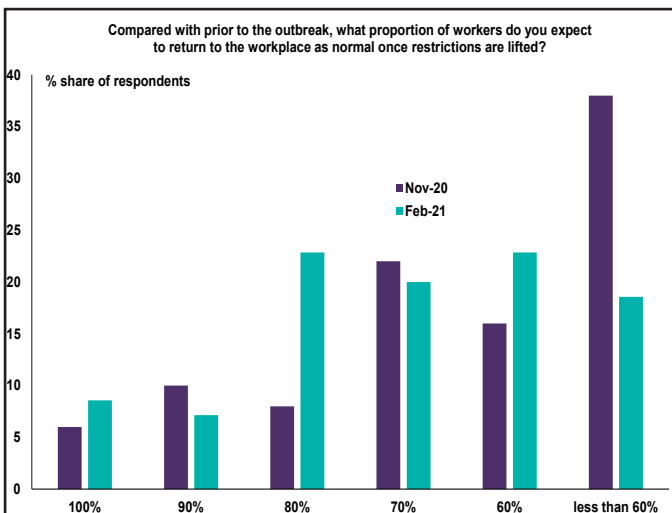
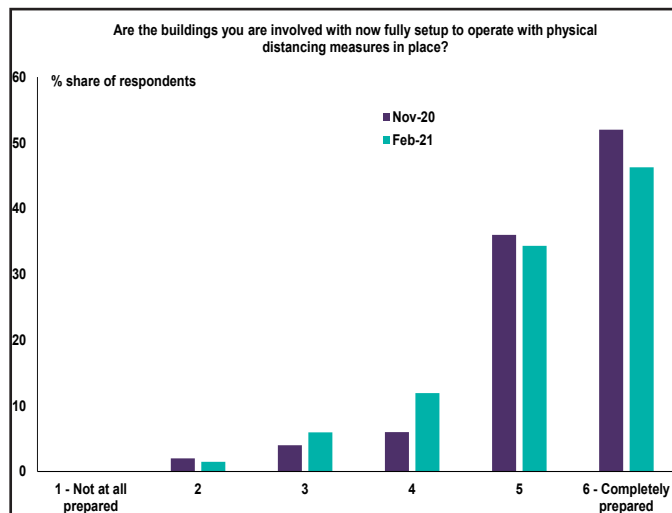


Chart 13



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