



May 2020: RICS UK Facilities Management Survey

Trends across sectors more divergent following Covid-19 impact

- Demand for FM services across the healthcare sector sees strong growth, retail demand falls
- One-third of respondents feel less than 60% of workers will return to the workplace as normal after lockdown is lifted
- Cleaning as well as workplace and relocation management expected to be fastest growing areas in the year ahead

The May 2020 RICS UK Facilities Management Survey suggests the ongoing coronavirus pandemic has had a mixed impact on demand for FM services across different sectors. Indeed, as illustrated in chart 1, demand fell relatively sharply across retail. Meanwhile a flat trend was reported across the education, private industrial and other private sectors. This stands in contrast with the modest growth reported across each of these areas in the previous survey results. At the other end of the scale, demand accelerated sharply within the healthcare sector, evidenced by a net balance of 68% of contributors citing an increase (up from +44% in the February).

The impact of pandemic also comes through very clearly in expectations regarding which area of FM will see the strongest growth over the next twelve months. Whereas sustainability management came out with the strongest rating when this question was asked back in February, it has slipped down the order this time around. Instead, cleaning is now viewed as the area likely to post the strongest growth in the coming year. Likewise, workplace and relocation management moved up the rankings and now displays the second strongest expectations across all categories according to the latest feedback (chart 3 overleaf).

Despite the challenging backdrop across the UK economy at present, a net balance of +28% of respondents report that employment levels across the FM industry continued to increase in the three months to May. Admittedly, this represents an easing compared to the reading of +47% previously, but remains consistent with a pick-up in employment nonetheless. Looking ahead however, expectations for employment over the coming twelve months turned marginally negative, with a net balance of -8% of respondents anticipating a reduction in headcounts (down from a reading of +32% in February). Furthermore, even though workloads are still expected to increase in the year to come, a net balance of -27% of survey participants foresee profit margins deteriorating.

Over the coming twelve months, 49% of respondents now intend to dispose of some properties, up from a share of 30% intending to take this approach in the February results. While the share of respondents planning to acquire more property held broadly steady at 22% compared to 19% previously, there was a drop in the proportion of contributors planning to retain

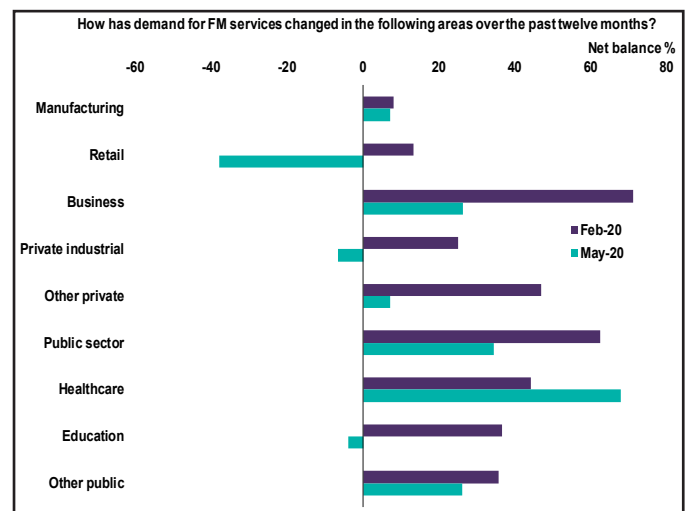
the same level from 50% in February to 30% in May.

Data analytics remains the area which has seen the strongest growth in investment over the past year, with a net balance of +72% of contributors reporting a rise. Alongside this, investment into internet of things (connectivity) has also seen significant growth, as a net balance of +65% of respondents cited an increase over the past year (chart 10).

In a series of extra questions included in the May survey, respondents were asked for their views on some of the longer term impacts of the pandemic going forward. Interestingly, although opinions were mixed, the largest share of contributors (just over a third) felt that less than 60% of the workforce would return to the workplace as normal once lockdown restrictions have been lifted. At the other end of the scale, only 6% felt that all workers would return to the workplace as normal following the removal of restrictions.

On a scale of 1 to 6 (1 being not at all prepared and 6 being completely prepared), 46% of contributors gave a score of 5 out of 6 regarding their preparedness for the reopening of buildings once the lockdown is lifted. Overall, the average rating came in at 4.7 out of 6 indicating a relatively high degree of readiness for reopenings (chart 12).

Chart 1



Key indicators

Chart 2

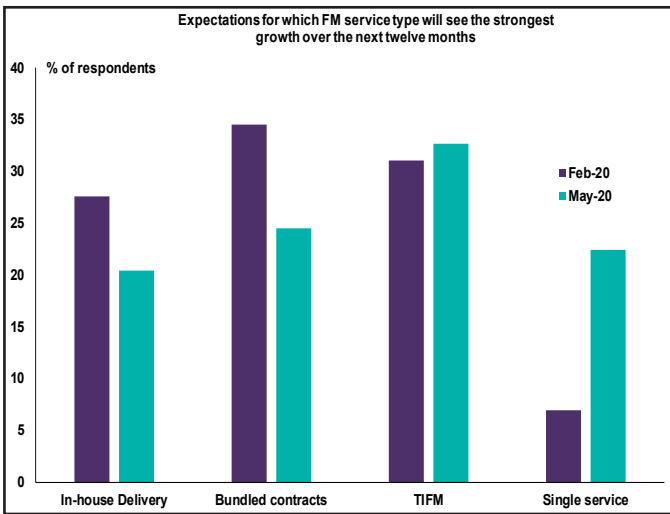


Chart 3

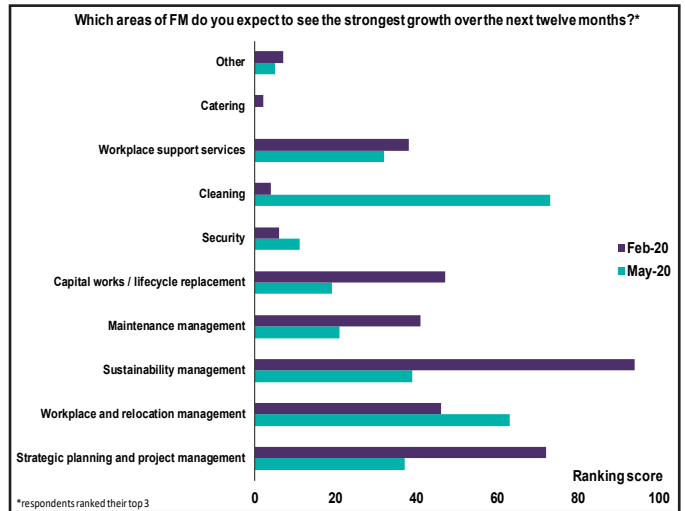


Chart 4

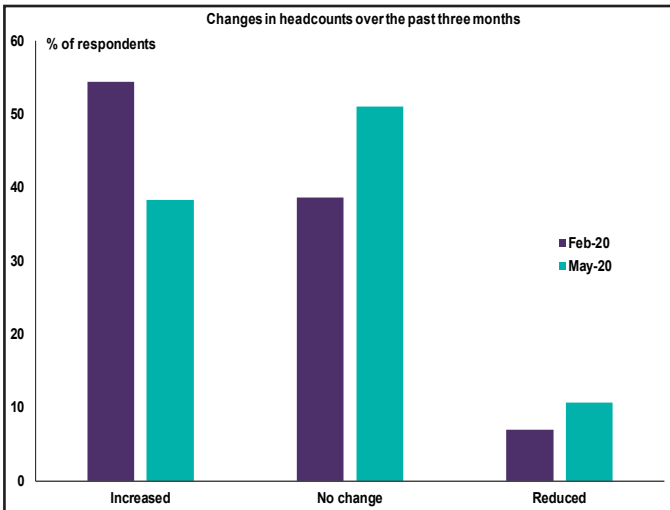


Chart 5

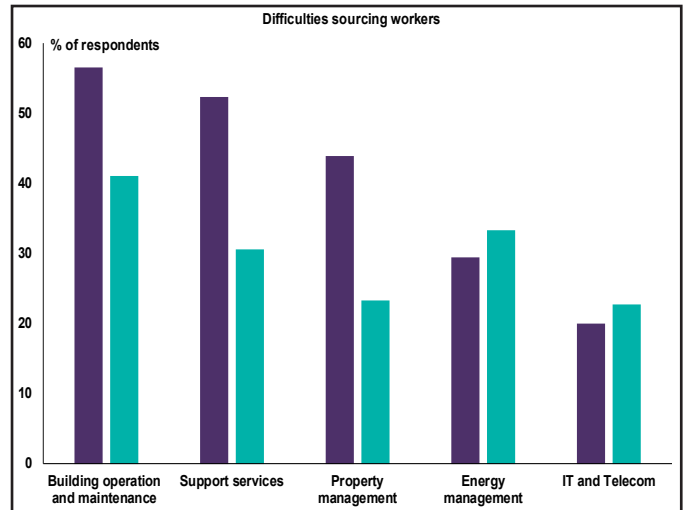


Chart 6

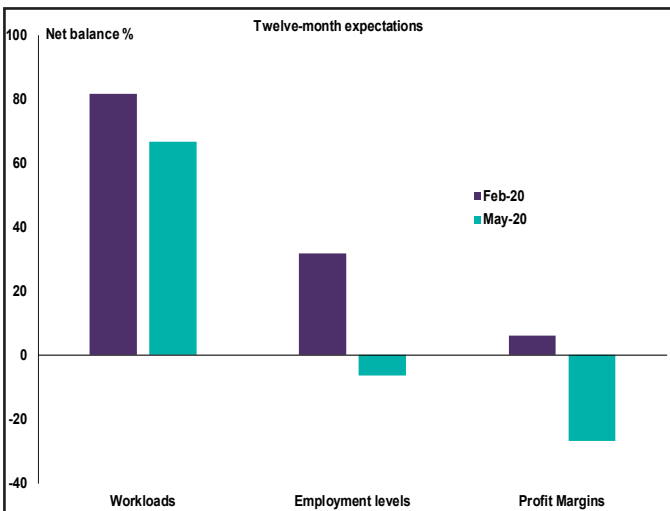
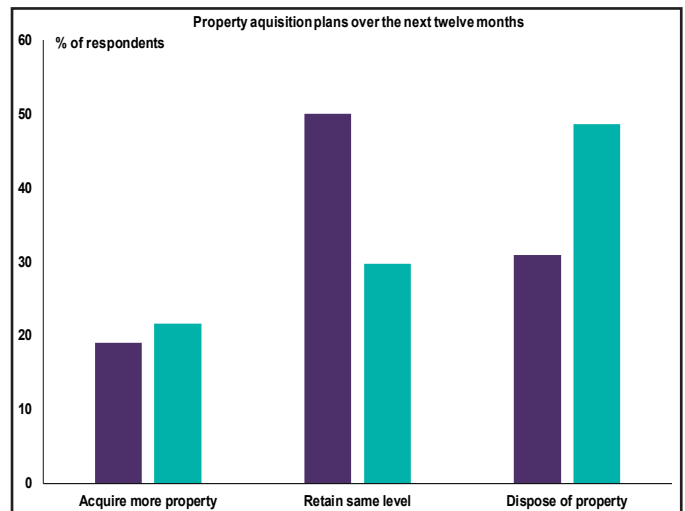


Chart 7



Key indicators

Chart 8

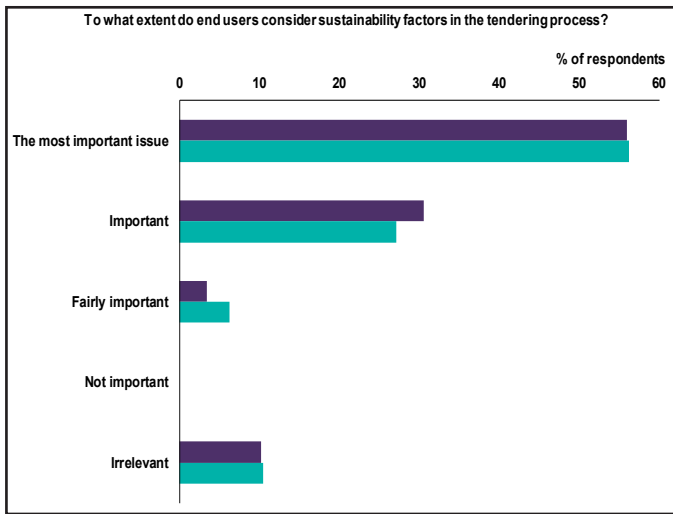


Chart 9

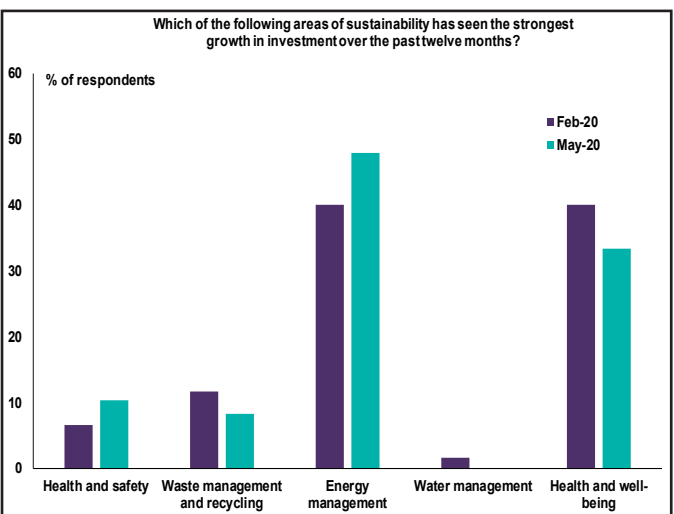


Chart 10

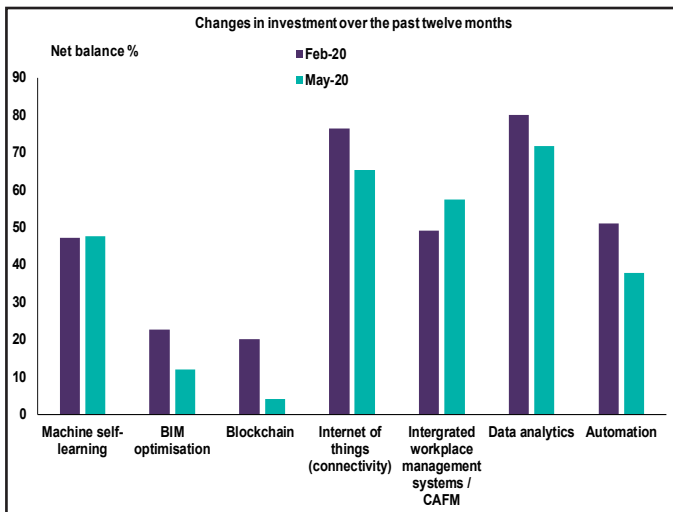
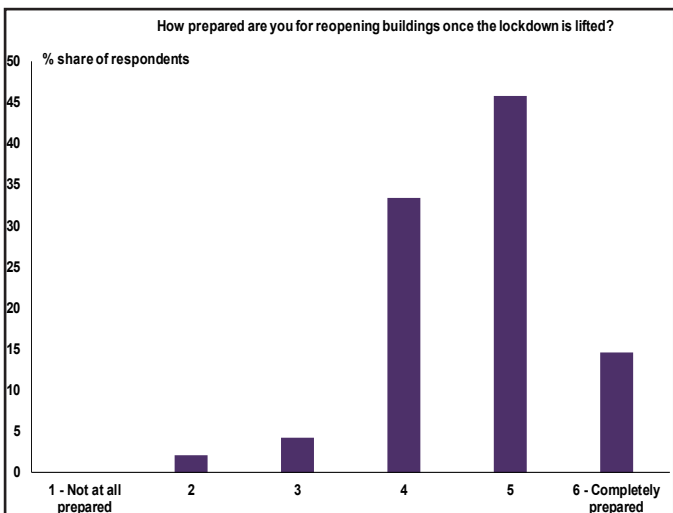


Chart 11



Chart 12



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?

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