



November 2020: RICS UK Facilities Management Survey

Demand for FM services continues to rise firmly across healthcare, manufacturing and education

- Healthcare, manufacturing and education sectors see strong growth in demand, while retail continues to struggle
- Employment levels still rising across the FM industry, although expectations remain negative for the coming year
- Workplace and relocation management still seen as the fastest growing area of FM over the next twelve months.

The November 2020 RICS UK Facilities Management Survey results point to demand for FM services rising across the majority of sectors covered (chart 1). For a third report in succession, healthcare displayed the strongest net balance of respondents reporting a pick-up in demand, with the latest reading coming in +76% (+72% previously). Alongside this, demand growth seemingly gathered pace across both the manufacturing and education sectors in the three months to November, posting net balance readings of +46% and +45% respectively (up from +11% and +14% last time). By way of contrast, demand fell across the retail sector for a third straight quarter, as accelerated growth in online shopping and a lack of footfall associated with social distancing both continue to take a toll on physical retail.

For the coming twelve months, workplace and relocation management still leads the way as the area of FM expected to see the strongest growth (shown in chart 3 overleaf). At the same time, cleaning services again returned particularly upbeat expectations for growth over the year ahead. Aside from these two areas, sustainability management saw a significant uplift in expectations over the quarter and now displays the third most elevated growth expectations over the coming year across all categories. At the other end of the scale, catering services continue to exhibit the weakest growth projections (as has been the case in each report since the FM survey's inception back in February).

Across the FM industry, a net balance of +26% of respondents reported an increase in headcounts over the quarter (up from a reading of +11% last time out). Nevertheless, the twelve month outlook for employment remains negative, with a net balance of -25% of survey participants expecting a reduction in headcounts going forward. Similarly, profit margins are expected to deteriorate over the coming twelve months, as the latest net balance weakened from -29% in August to -57% in November. Notwithstanding this, overall workloads are still anticipated to rise over the same time frame, with a net balance of +59% of contributors foreseeing an increase (chart 6).

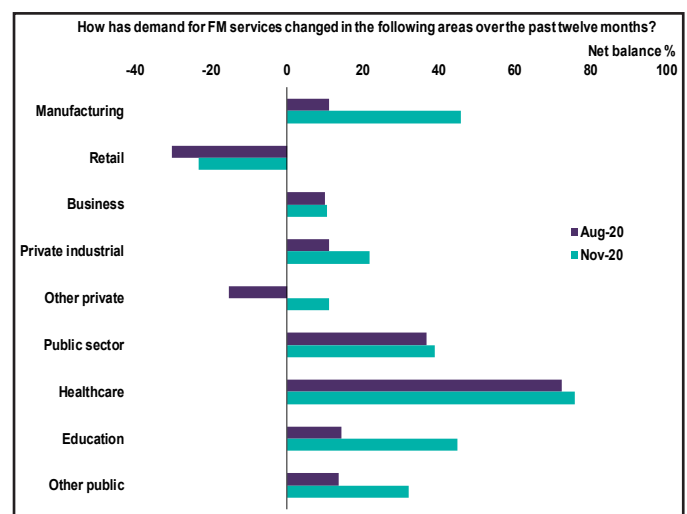
With regards to attitudes towards sustainability, a combined 94% of respondents sense their clients

consider sustainability to be either the most important issue or at least an important issue (broadly aligned with the results from last quarter). Alongside this, health and wellbeing, as well as energy management, were highlighted as the areas of sustainability that had seen the strongest growth over the past twelve months.

Meanwhile, a net balance of +82% of respondents report there has been an increase in investment into data analytics over the last year, rising from a figure of 73% in August. Likewise, investment into connectivity (internet of things) was also cited to have risen firmly, returning a net balance of +75%. Interestingly, blockchain was the only area of technology covered by the survey in which respondents reported a fall in investment (net balance -17%).

Finally, perceptions on the share of employees that will eventually return to the workplace once restrictions are lifted (on a similar schedule as found prior to the pandemic) remained broadly unchanged compared with the previous two quarters. As such, the majority of contributors continue to sense that the proportion of workers returning as before would be 60% or less.

Chart 1



Key indicators

Chart 2

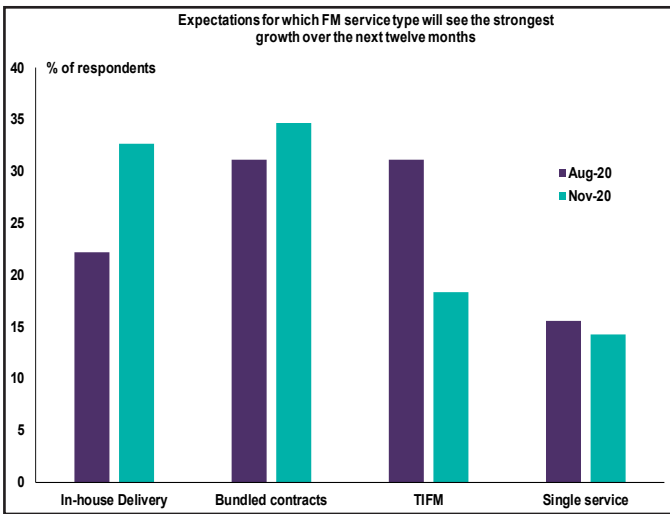


Chart 3

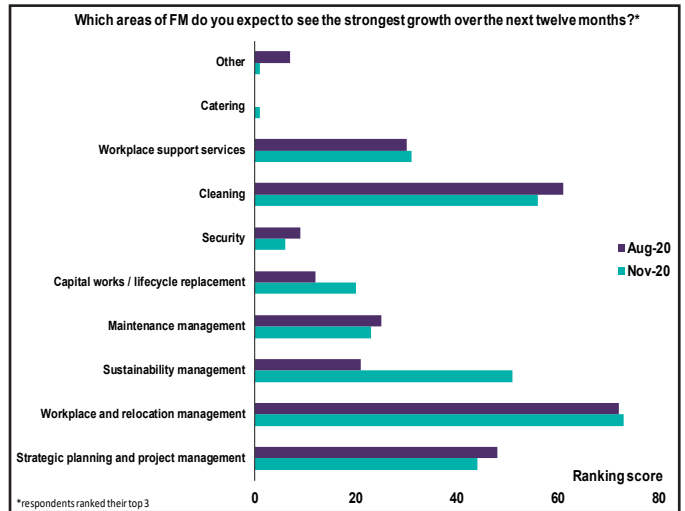


Chart 4

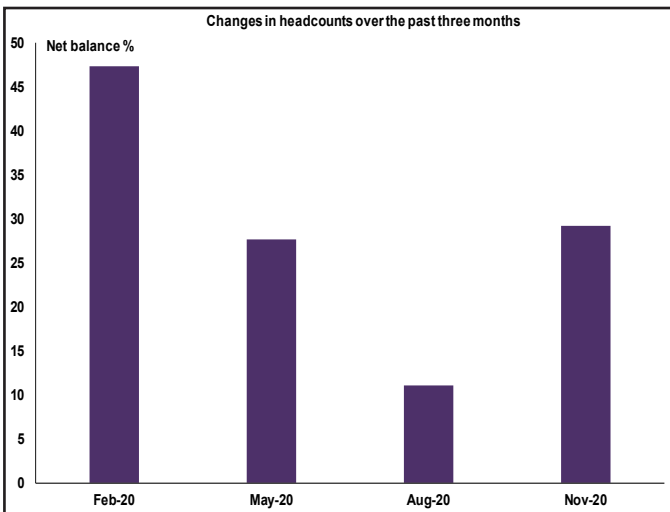


Chart 5

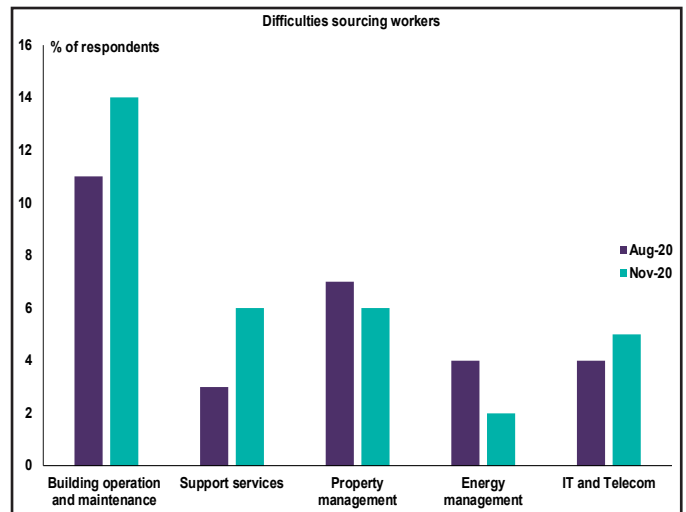


Chart 6

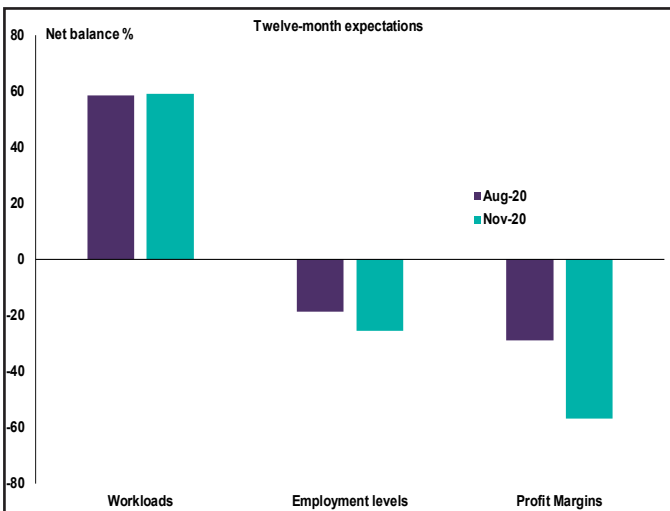
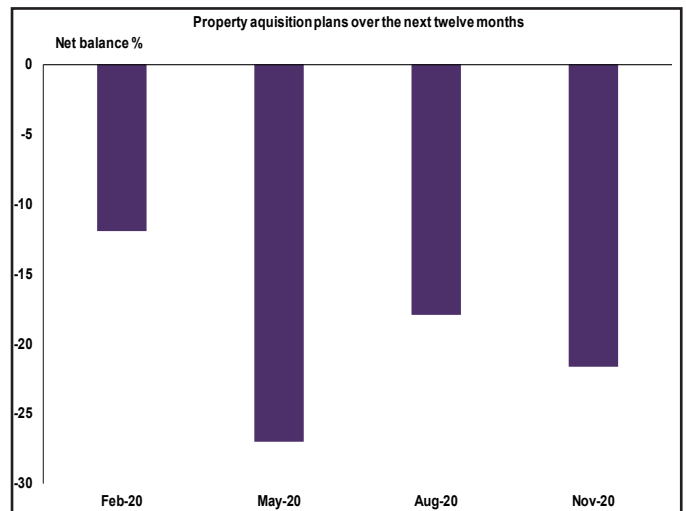


Chart 7



Key indicators

Chart 8

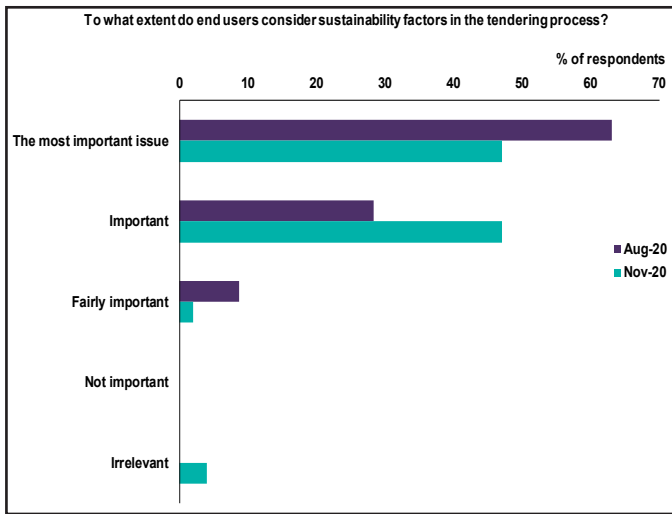


Chart 9

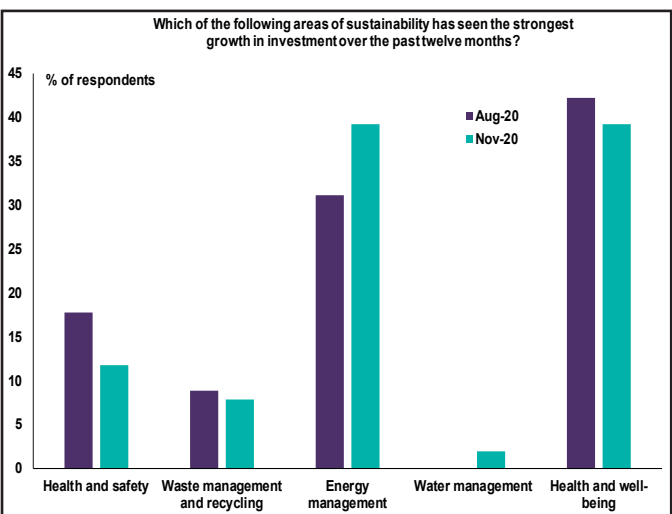


Chart 10

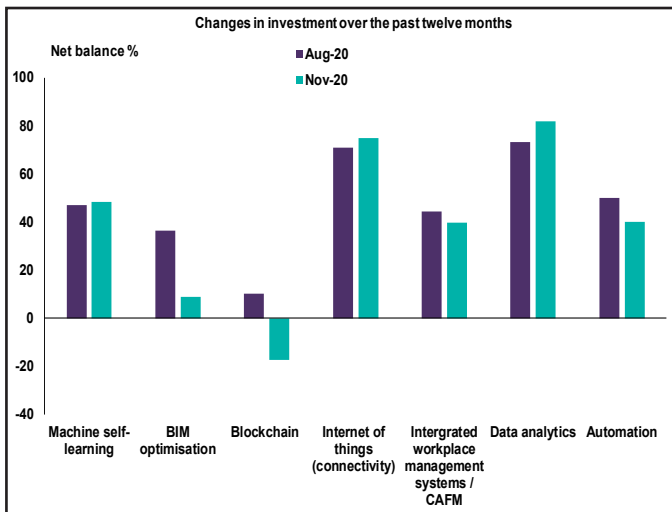


Chart 11



Chart 12

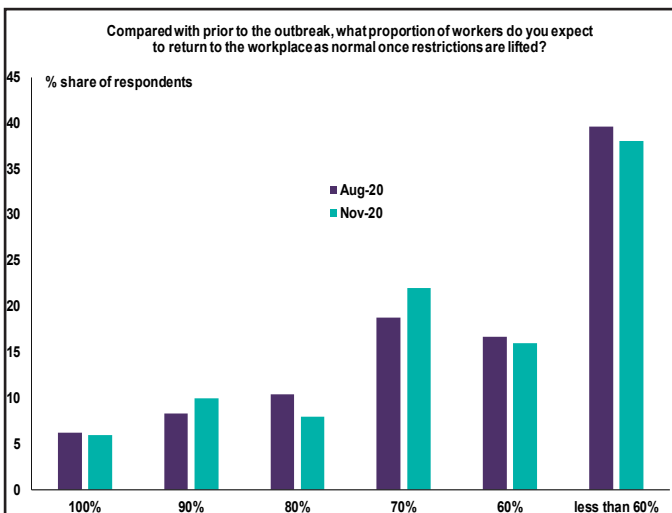
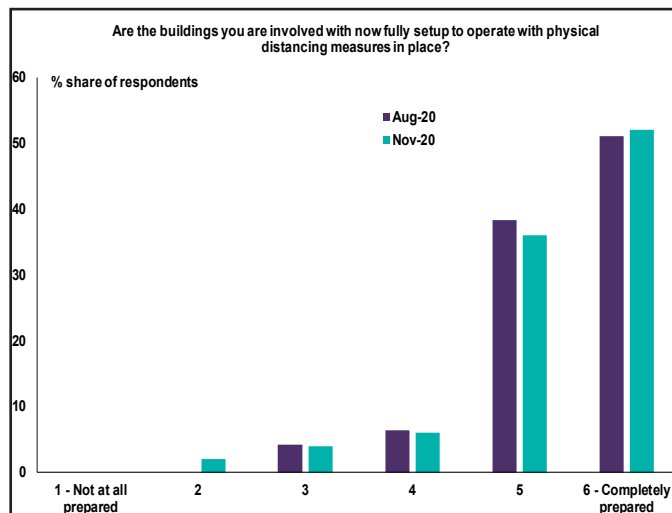


Chart 13



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?

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