



Q1 2023: RICS UK Facilities Management Survey

Outlook for FM workloads remains firmly positive for the year ahead

- Demand growth for serviced business space accelerates, although a flatter picture is seen for retail and manufacturing
- Respondents foresee a continued pick-up in workloads and employment levels across the FM industry
- Sustainability management remains the area of FM expected to see the strongest growth in the year ahead

The Q1 2023 RICS Facilities Management Survey results continue to portray a solid market backdrop, with expectations pointing to an upbeat outlook for the year ahead. As shown in chart 1, most sectors covered by the survey saw an increase in demand for FM services at the start of the year. In particular, demand growth appeared to accelerate across the business sector, posting a net balance reading of +58% compared with +28% last quarter. Interestingly, the latest results mark the first occasion since before the pandemic in which healthcare was not seen as the strongest growing sector in terms of demand (albeit the latest net balance remains firmly positive at +43%). At the weaker end of the spectrum, both retail and the manufacturing sector saw a largely flat demand trend during Q1, posting net balances of +3% and +4% respectively. In the case of the latter, this marks the softest reading seen since Q1 2021.

Looking at which area of FM is anticipated to deliver the firmest expansion over the year to come, sustainability management remained top of the rankings for a sixth straight quarter. Alongside this, expectations were upgraded across strategic planning and project management, with this category now ranked second in terms of growth prospects in the year ahead. At the same time, although respondents continue to envisage solid growth within the workplace and relocation management sphere, expectations have moderated slightly in the Q1 results.

With respect to employment levels across the industry, a net balance of +53% of respondents reported hiring additional staff during Q1, up slightly from a reading of +46% previously. Going forward, a net balance of +18% of survey participants foresee headcount rising over the year ahead (a small increase on the figure of +8% posted back in Q4). Despite the positive outlook, an increasing share of contributors highlighted having trouble sourcing workers for building operation and management roles (71% in Q1 vs 65% in Q4). Similarly, a majority of respondents (61%) continue to cite difficulties finding workers for support services.

More encouragingly however, the latest feedback points to a broad-based increase in the number of people undertaking apprenticeships, training and qualifications across the industry. For training and qualifications in particular, the net

balance of respondents reporting an uplift was the equal strongest reading on record (since the survey's inception back in early 2020).

Turning to investment in technology, the areas seeing the firmest growth during Q1 (in net balance terms) were connectivity, integrated workplace management systems, and data analytics. By way of contrast, blockchain was the only category in which investment was said to be flatlining, with the latest net balance slipping to zero compared to +21% last time.

A series of extra questions were included this quarter to look into the issue of cyber security. While the vast majority of respondents stated that the buildings they are involved with have not been subject to a cyber attack, 16% of the survey sample have experienced an incident of this nature. At the same time, when asked if they feel suitably aware and informed of the risks that their building faces from the use of technology, 74% of contributors responded in the affirmative. Meanwhile, a majority of respondents (53%) were of the opinion that the ultimate responsibility for managing digital risks is shared amongst the owner, occupier and manager of the building.

Chart 1



Key indicators

Chart 2

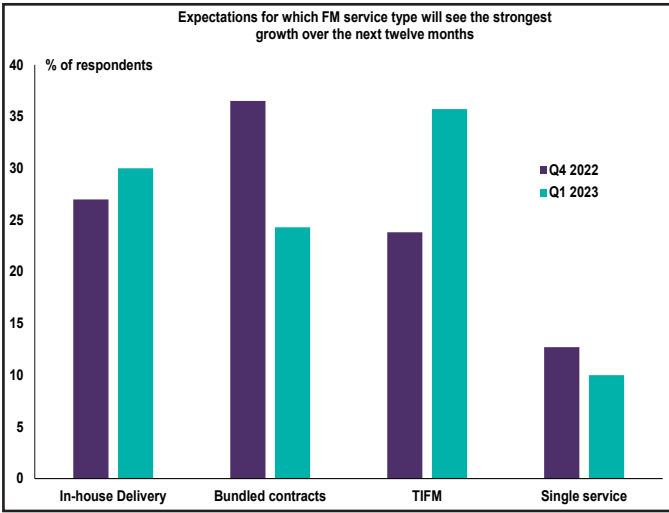


Chart 3

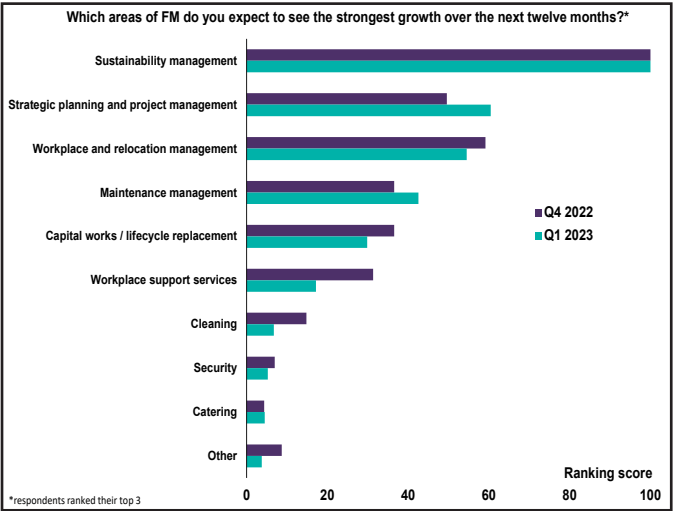


Chart 4

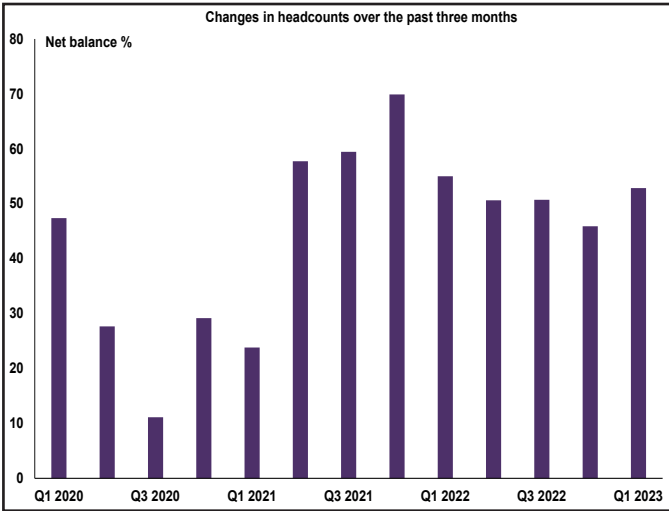


Chart 5

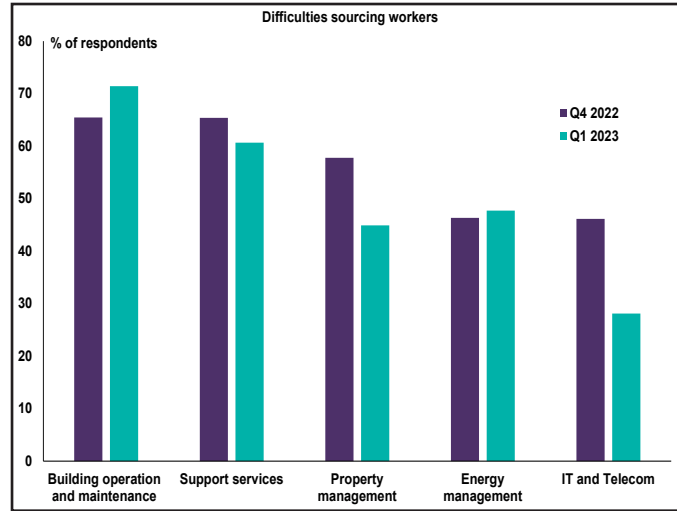


Chart 6

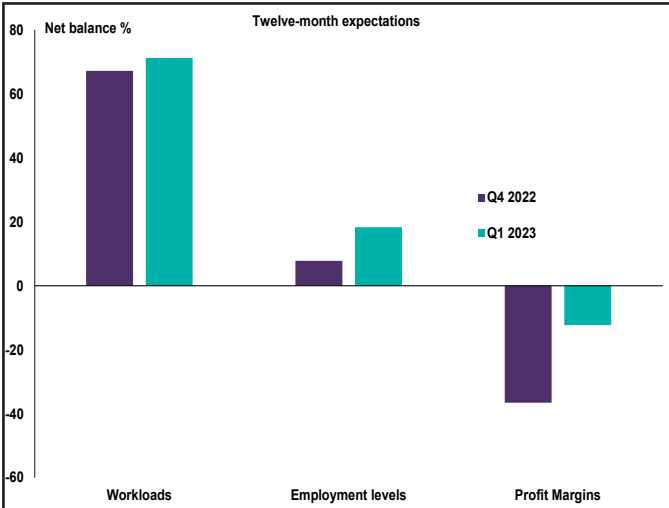
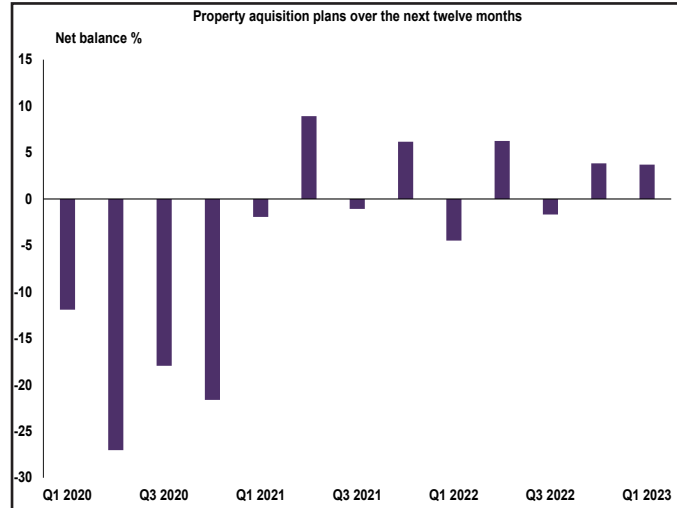


Chart 7



Key indicators

Chart 8

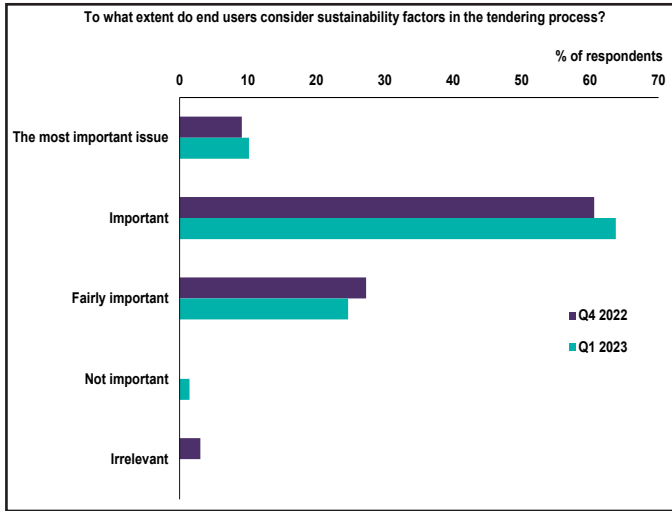


Chart 9

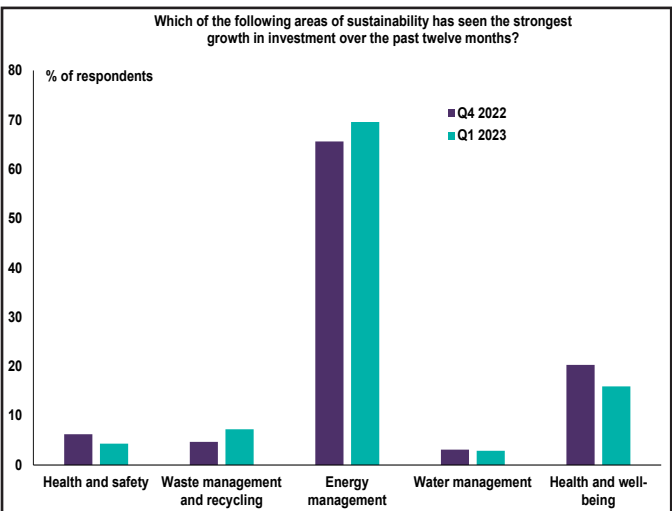


Chart 10

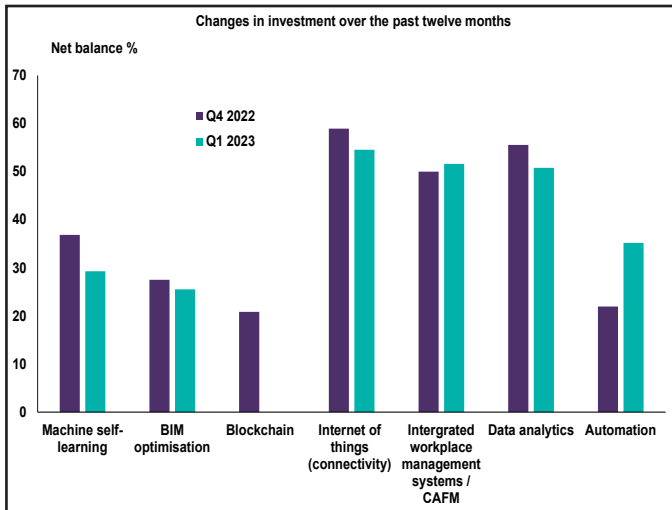
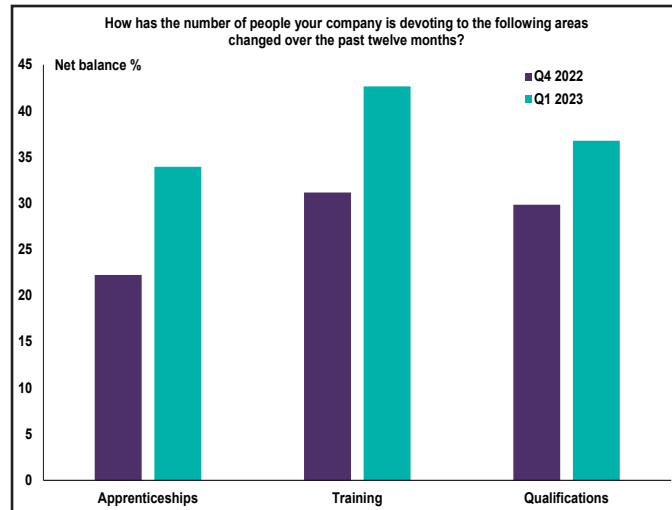


Chart 11



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?

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Delivering confidence

We are RICS. Everything we do is designed to effect positive change in the built and natural environments. Through our respected global standards, leading professional progression and our trusted data and insight, we promote and enforce the highest professional standards in the development and management of land, real estate, construction and infrastructure. Our work with others provides a foundation for confident markets, pioneers better places to live and work and is a force for positive social impact.

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