



Q2 2023: RICS UK Facilities Management Survey

Demand for FM services accelerates across all sectors

- Demand appears to gain momentum across all sectors, with serviced business space seeing the strongest pick-up
- Twelve-month outlook still firmly positive for workloads and employment, while profit margin expectations are now flat
- Respondents continue to cite difficulties in sourcing workers for building operation and maintenance roles

The Q2 2023 RICS Facilities Management Survey results point to a widespread strengthening in demand conditions, with this improvement evident across all sectors tracked by the survey. Displayed in Chart 1, demand for serviced business space saw the sharpest increase (in net balance terms), leading the way for a second quarter in succession. At the same time, a notable acceleration in demand growth was reported across the manufacturing and retail sectors, representing a marked change from the relatively flat picture cited back in Q1. Alongside this, all other categories posted a stronger net balance reading for demand compared to Q1, with education also among the stand-out sectors over the Q2 survey period.

Looking at which area of FM is anticipated to deliver the strongest growth over the year ahead, the latest feedback once again points to sustainability management remaining the frontrunner. On the same basis, respondents envisage solid growth potential across strategic planning and project management, while workplace and relocation management also displays upbeat expectations for the year to come. By way of contrast, catering and security continue to sit near the bottom of the expected growth rankings. In addition, having steadily fallen back since the height of the pandemic, cleaning services are now deemed as having limited growth prospects over the next twelve months.

With respect to employment trends across the industry, a net balance of +49% of respondents reported hiring additional staff during Q2. This is more or less in-line with the net balance of +53% returned in the previous quarter, suggesting the pace of hiring has remained broadly consistent of late. Going forward, a net balance of +24% of survey participants foresee headcounts rising across the industry over the coming twelve months (up from figures of +8% and +18% in each of the past two reports).

Despite the positive view on employment, respondents continue to highlight difficulties in sourcing workers in a number of areas. Recruiting for building operation and maintenance positions appears particularly tricky at present, with 70% of respondents reporting problems in filling such roles. Similarly, a majority of contributors also cite challenges in finding workers for roles in support services, property management, and energy management.

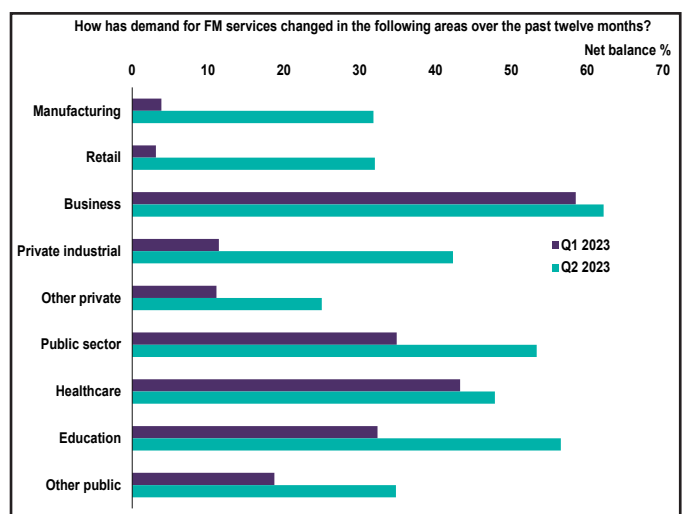
Turning to the wider outlook across the sector, a headline

net balance of +88% of contributors expect workloads to increase over the coming twelve months, up from an already strong figure of +71% last quarter. Meanwhile, respondents now anticipate profit margins remaining broadly flat over the year ahead, posting a net balance of just -2%. This represents an improvement relative to the negative assessment returned in Q1, when a net balance of -12% of contributors expected a deterioration in profit margins.

Around three-quarters of respondents report that end users consider sustainability factors to be of high importance in the tendering process (in keeping with the results seen over the past couple of years). When it comes to the area of sustainability that has delivered the strongest growth over the past year, 78% of contributors point to energy management as having seen the firmest expansion (up from a share of 70% taking this view in the previous quarter).

Interestingly, views around the main motivation for outsourcing shifted somewhat over the quarter. The largest share of respondents (44%) felt outsourcing was opted for in order to access broader expertise. In previous quarters, cost savings were reported as the number one motivation behind outsourcing, but the share of respondents taking this view fell to 29% in Q2 (down from 38% last time).

Chart 1



Key indicators

Chart 2

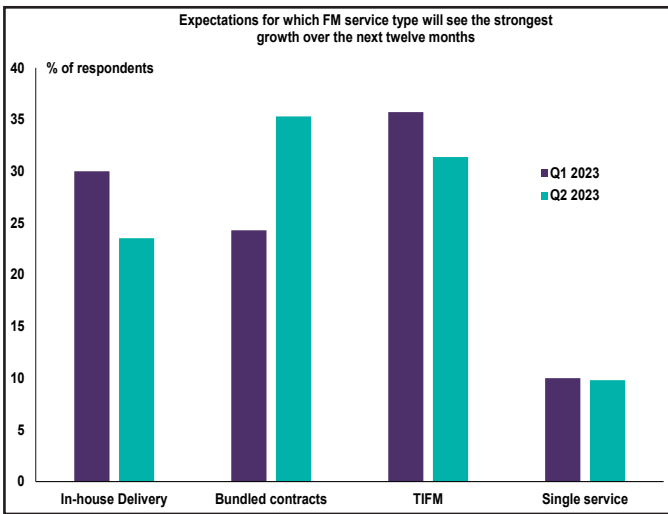


Chart 3

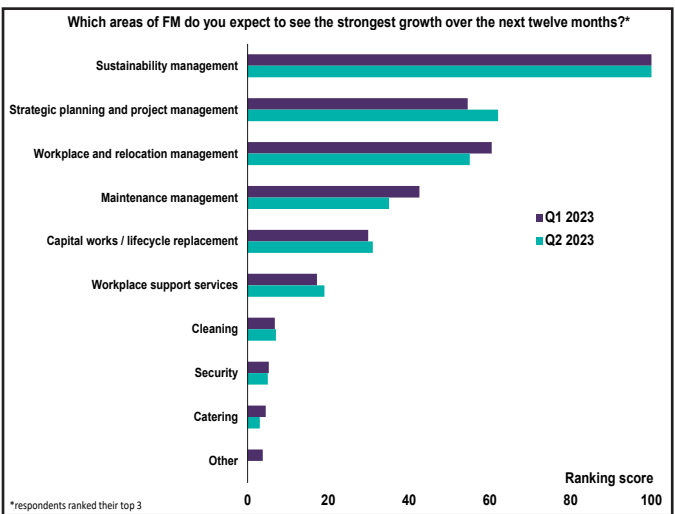


Chart 4

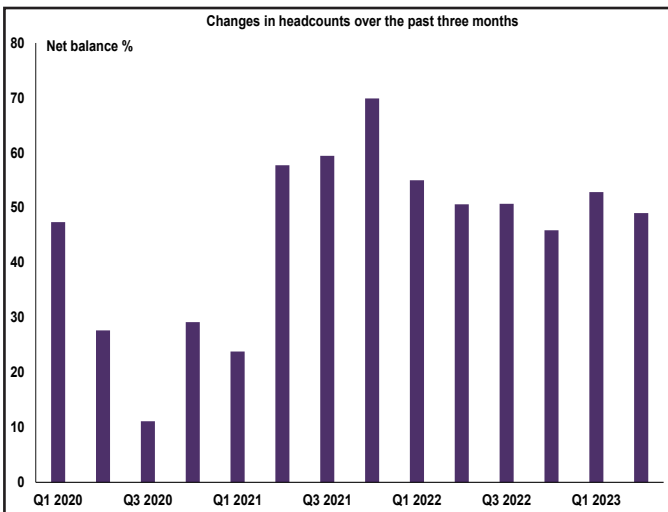


Chart 5

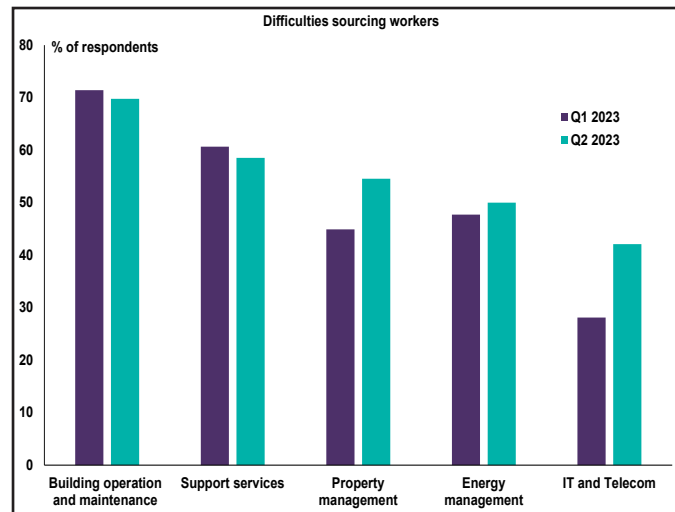


Chart 6

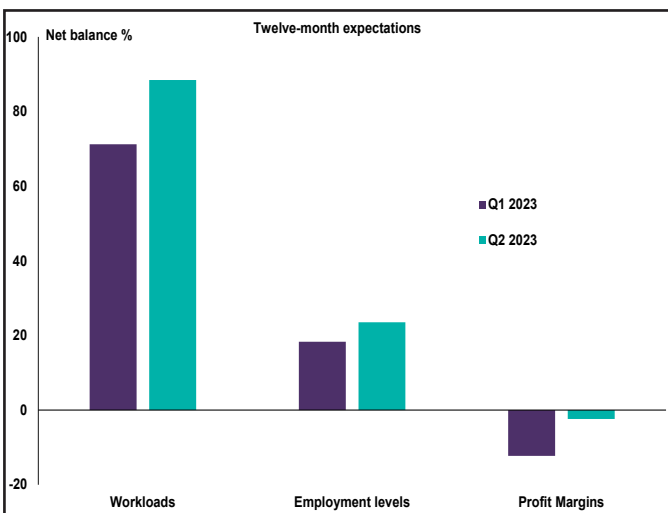
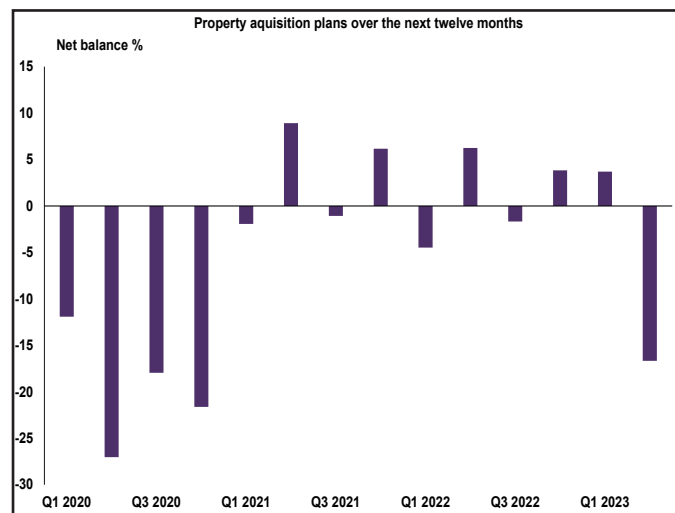


Chart 7



Key indicators

Chart 8

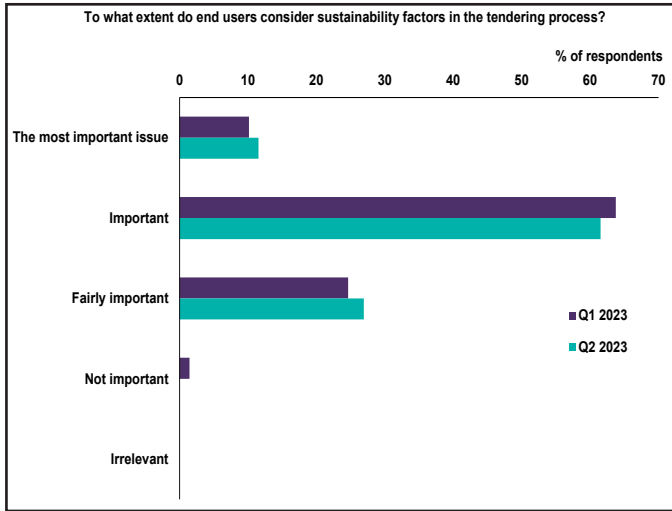


Chart 9

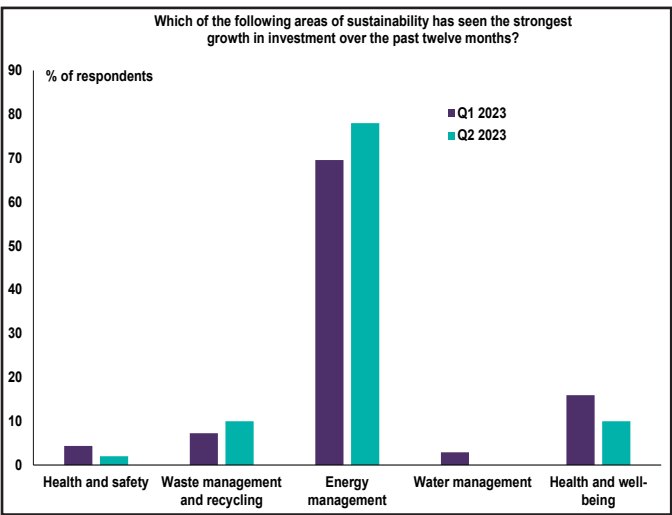


Chart 10

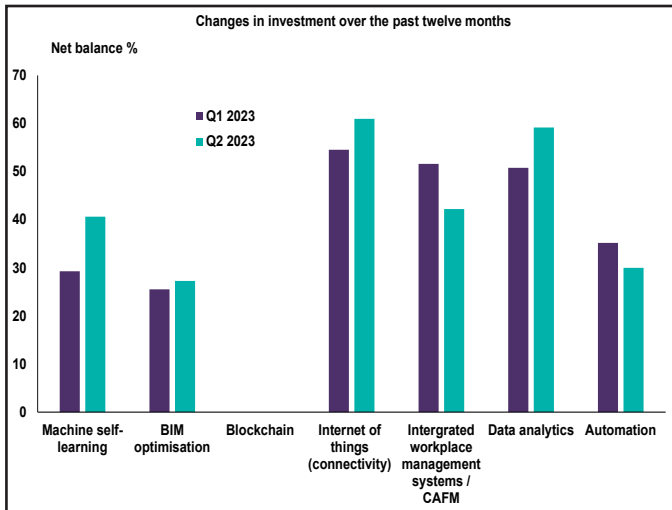
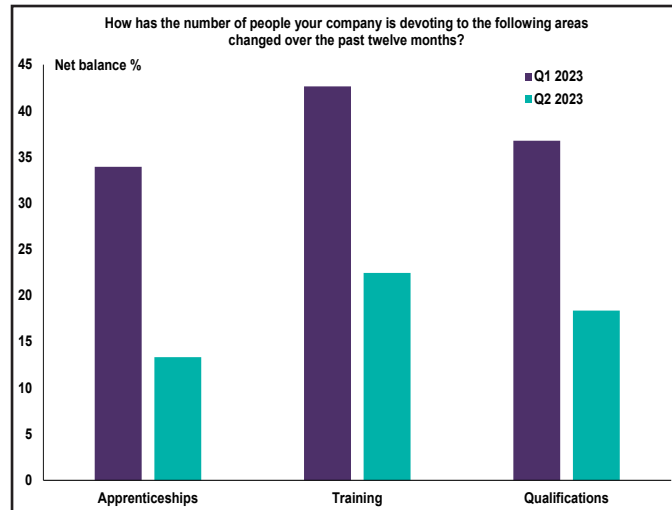


Chart 11



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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