



## Q2 2022: RICS UK Facilities Management Survey

### Outlook remains positive for workloads and employment levels, although profit margins may come under pressure

- Demand for FM services continues to rise across most sectors, while contract durations are reportedly lengthening
- A majority of respondents see cost savings as the primary driver of demand for FM services
- 65% of contributors expect energy management to be the fastest growing area of sustainability in the year ahead

The Q2 2022 RICS Facilities Management Survey results once again point to solid growth occurring across the industry, with demand continuing to rise within most sectors over the quarter. As shown in chart 1, demand for FM services increased firmly in both the healthcare and business sectors, with the latter seeing a noticeable acceleration during the latest survey period. Elsewhere, the vast majority of sectors covered also saw an uplift in demand during Q2, albeit the picture for retail remains generally flat, with the sector continuing to lag all other areas.

Alongside this, a net balance of +14% of respondents reported that average contract durations awarded to FM service providers had lengthened over the past twelve months. With respect to the primary driver of demand, 51% of survey participants sense that potential cost savings are the main factor pulling interest from clients, while 17% feel ESG related factors are the key force behind demand. At the same time, cost savings were also seen as the main motivation behind outsourcing at present by 36% of contributors, with 32% viewing decisions to outsource as being driven by a need to utilise broader expertise.

Over the coming twelve months, a net balance of +77% of respondents foresee workloads across the FM industry rising (compared to a reading of +85% previously). That said, the outlook for profit margins appears to have deteriorated amid the intense inflationary pressures seen across the broader economy. Indeed, a net balance of -8% of contributors envisage margins narrowing in the year to come, down from a reading of +1% back in Q1.

Meanwhile, sustainability management continues to sit at the top of the expected growth rankings for the year ahead, marking the third consecutive quarter in which this has been the case. Also in keeping with the feedback received over recent quarters, respondents foresee solid expansion across workplace and relocation management, as well as strategic planning/project management in the coming twelve months.

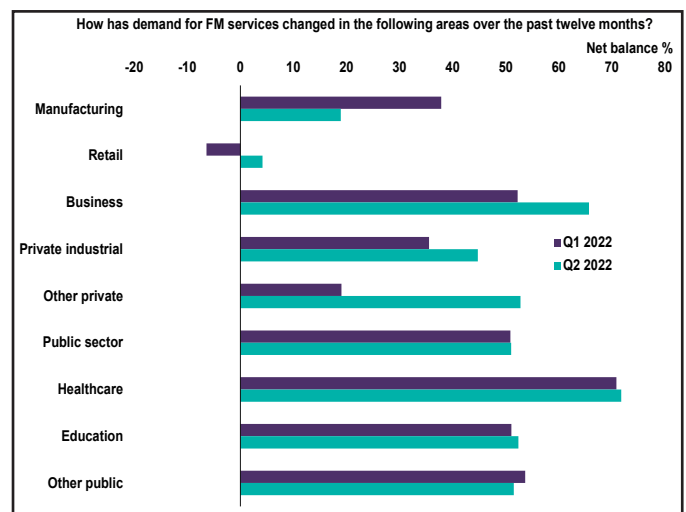
Looking at employment trends, a net balance of +51% of respondents cited an increase in headcount across the FM industry in Q2, similar to a figure of +55% posted beforehand. Nevertheless, while the outlook for employment

remains positive, evidenced by a net balance of +24% of respondents anticipating a rise over the next twelve months, this series has moderated in each of the last two quarters (down from a recent high of +50% back in Q4 of last year).

Potentially feeding into the slight easing in employment growth expectations, access to appropriate skilled workers appears to have become more of an issue for FM recruiters over recent quarters. 79% of respondents cite difficulties finding staff for building and operation management roles, while 70% of survey participants now highlight challenges finding workers for support services (up from 60% taking this view previously). Moreover, a majority of respondents also point to troubles in sourcing staff for positions in property management and energy management.

Regarding attitudes towards sustainability, 80% of respondents report that sustainability is either the most important issue or an important issue for their clients. Significantly, this has increased steadily over the past two years, rising from around 66% back in Q1 2020. Unsurprisingly given the current macro climate, 65% of contributors expect energy management to be the fastest growing area of sustainability over the year ahead (slightly up on 63% taking this view last time).

Chart 1



# Key indicators

Chart 2

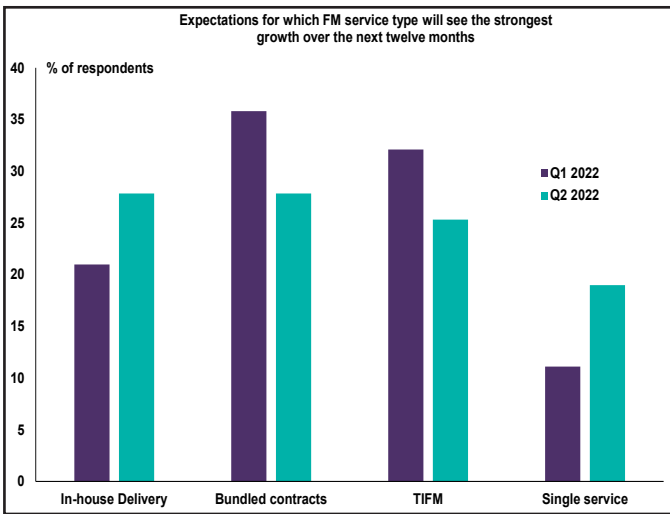


Chart 3

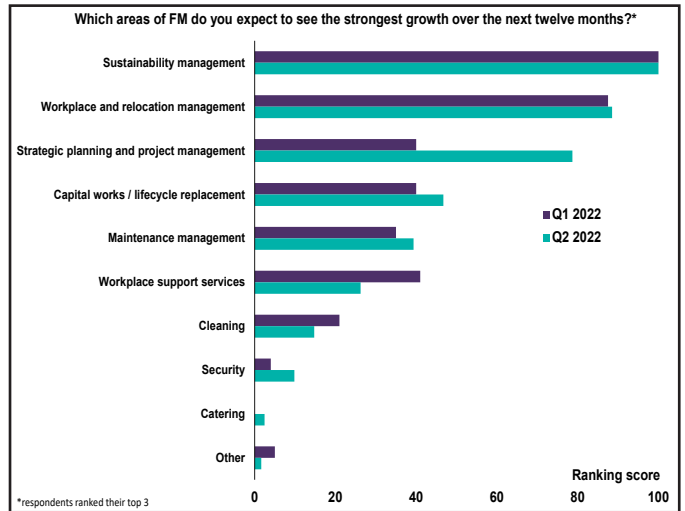


Chart 4

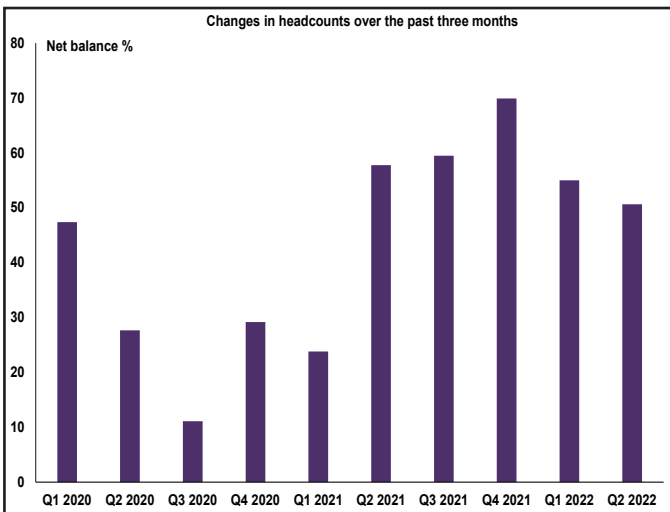


Chart 5

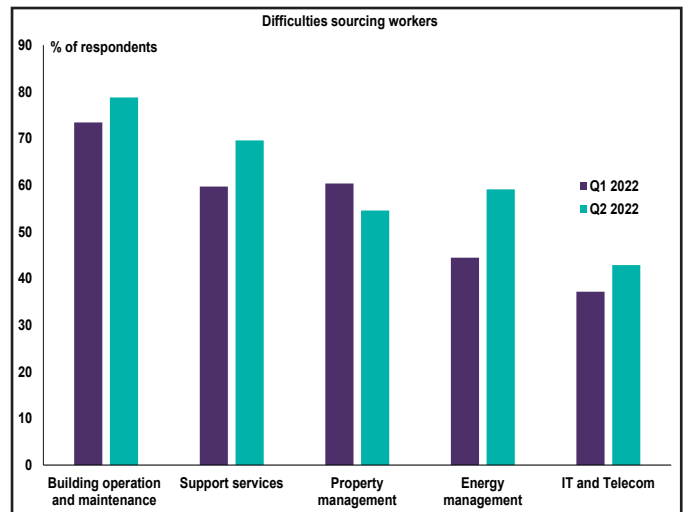
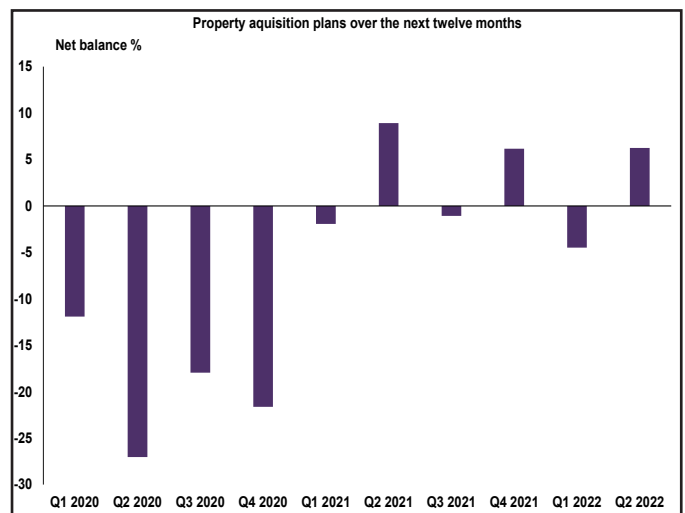


Chart 6



Chart 7



# Key indicators

Chart 8

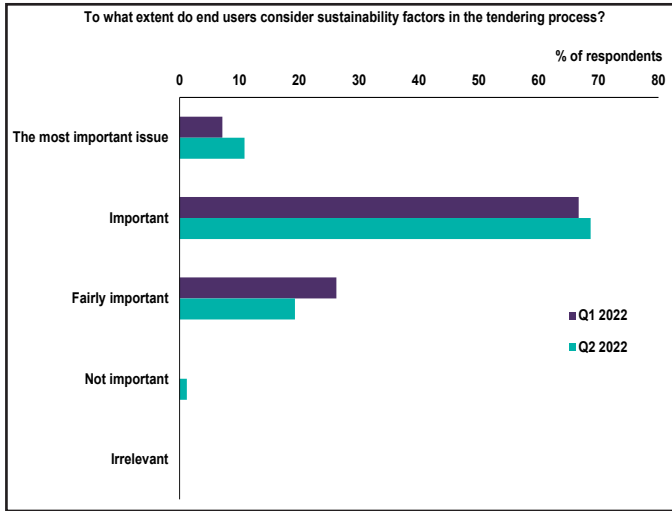


Chart 9

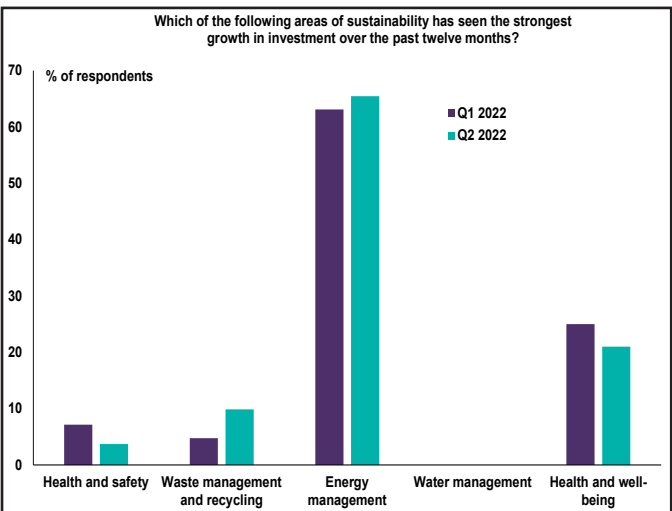


Chart 10

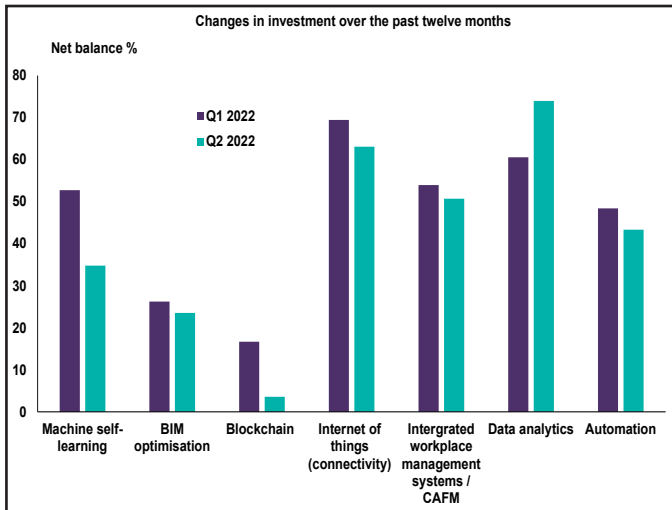
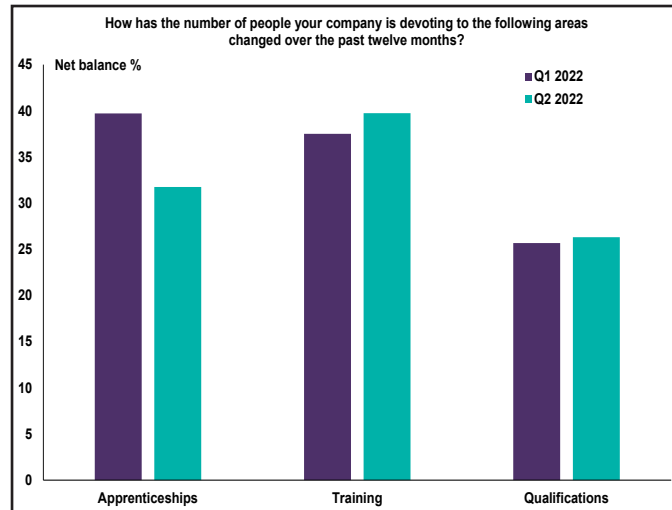


Chart 11



# 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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