



Q3 2023: RICS UK Facilities Management Survey

Outlook remains solid across the industry even if demand growth appears to have eased slightly

- Most sectors see an uplift in demand over the quarter, although manufacturing appears largely stagnant
- Twelve-month outlook remains positive regarding workloads and employment across the industry
- Growth in sustainability management and maintenance management expected to lead the way over the next year

The results of the Q3 2023 RICS Facilities Management Survey once again point to widespread demand growth over the quarter, albeit the pace of increase does appear to have cooled somewhat. Leading the way, Education and healthcare (as well as the broader public sector), displayed firmly positive demand trends for FM services over the latest survey period. Likewise, demand for serviced business space also picked up, even if the net balance of respondents reporting an increase eased to +38% from a much higher reading of +62% last quarter. At the other end of the scale, manufacturing was the only sector in which demand for FM services did not increase, with the latest net balance reading of zero pointing to a flat picture (Chart 1).

Over the coming year, sustainability management is still anticipated to see the strongest growth relative to all other areas of FM. Meanwhile, maintenance management moved up to second spot in the expected growth rankings, overtaking strategic planning and project management for the first time since the survey was formed back in 2020. Displaying a more pessimistic view however, both catering and cleaning remain near the bottom of the expected growth rankings (Chart 3 overleaf).

Turning to employment trends across the industry, a net balance of +46% of survey participants noted an increase in headcounts during Q3. As such, the pace of hiring (in net balance terms) has remained very consistent over recent quarters. Looking ahead, a net balance of +38% of contributors anticipate employment levels rising over the next twelve months. This is up from a reading of +24% last time and represents the strongest figure for the employment expectations series since Q4 2021.

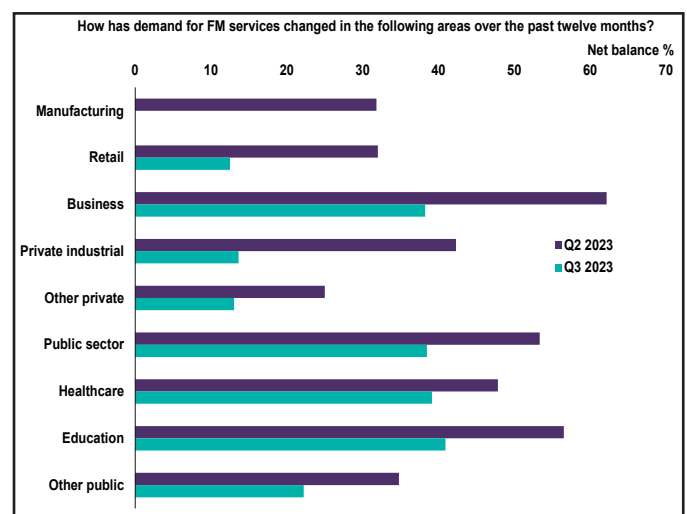
Despite the positive outlook for employment, respondents continue to cite difficulties in finding staff across several areas. Building and maintenance appears most problematic in terms of sourcing suitable skilled workers, with 86% of contributors highlighting troubles filling such roles (up from 70% in the previous quarter and the highest share since the survey was formed in 2020). Similarly, around two-thirds of respondents

report encountering difficulties in sourcing workers for roles in support services. At the same time, 52% point to a shortfall in candidates for property management positions.

More encouragingly for the future talent pipeline however, a net balance of +42% of respondents cited an increase in the number of apprenticeships in Q3 (up from just +13% last time). Likewise, a net balance of +42% also reported an increase in resources dedicated to training, while the figure was a little more modest (but still positive) for qualifications at +22%.

With respect to overall workloads across the FM sector, a net balance of +55% of survey participants foresee continued growth over the next twelve months. That said, this reading is more modest in comparison to the figure of +88% returned in the previous iteration of the survey. In terms of expectations for profit margins, the latest net balance reading of -17% suggests profitability will be further squeezed over the year to come, with high inflation across the UK still a critical issue.

Chart 1



Key indicators

Chart 2

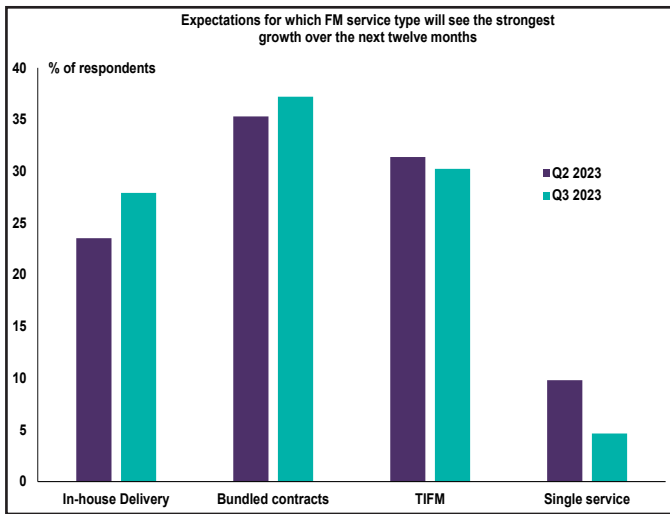


Chart 3

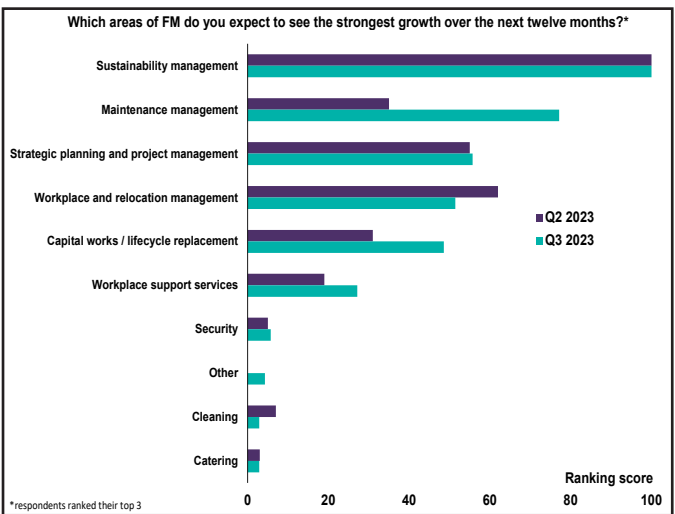


Chart 4

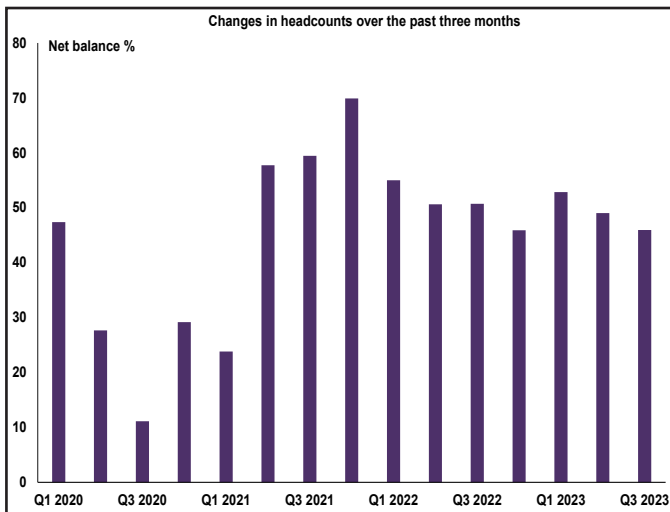


Chart 5

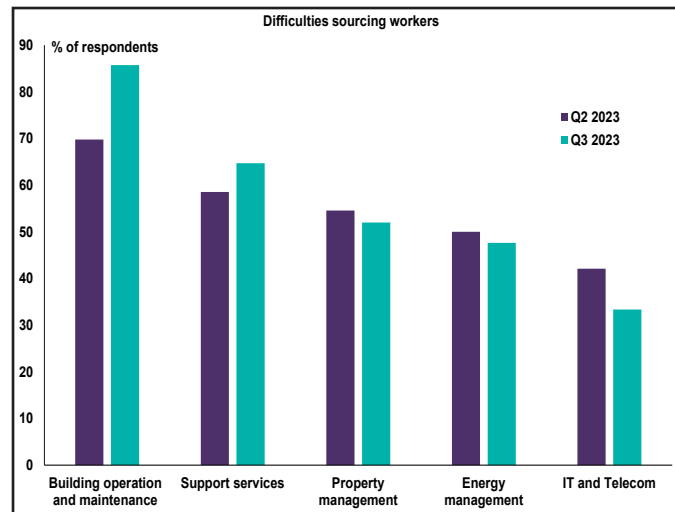


Chart 6

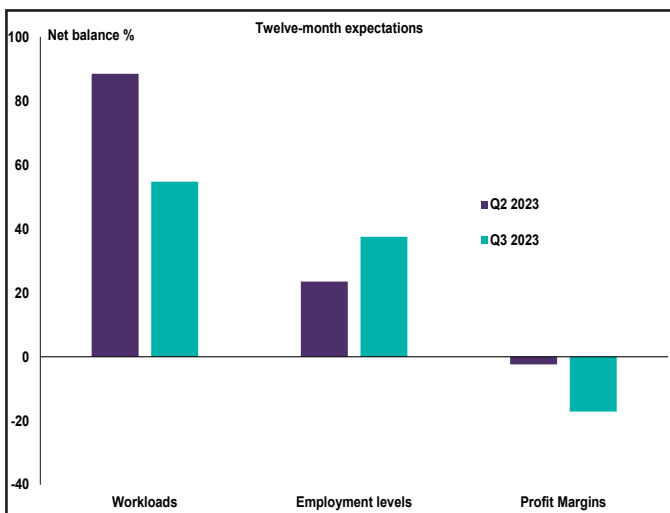
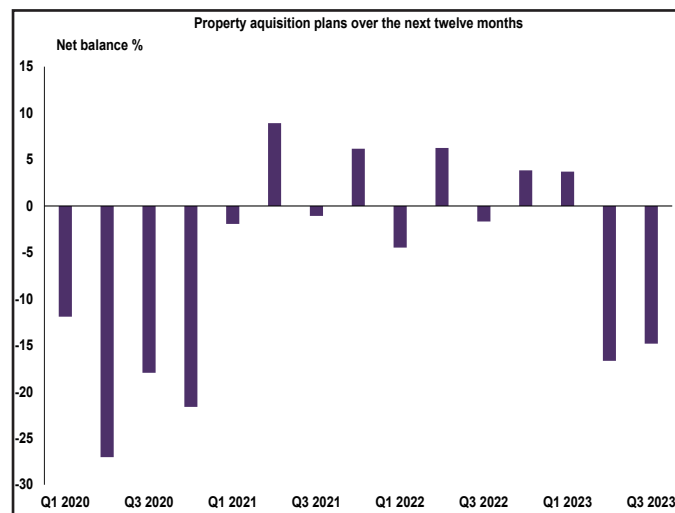


Chart 7



Key indicators

Chart 8

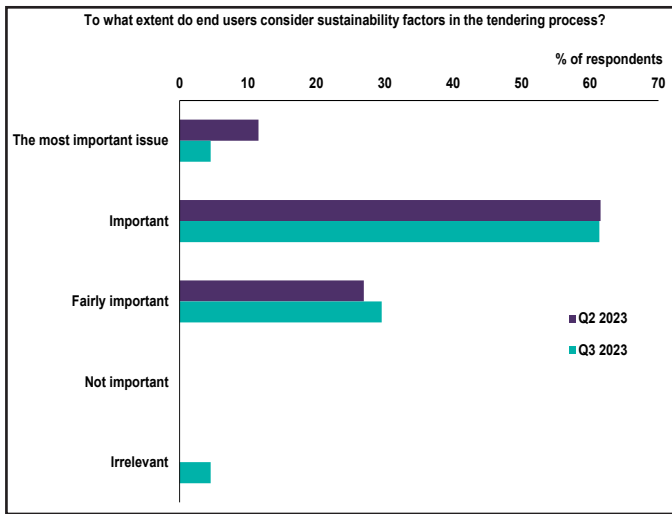


Chart 9

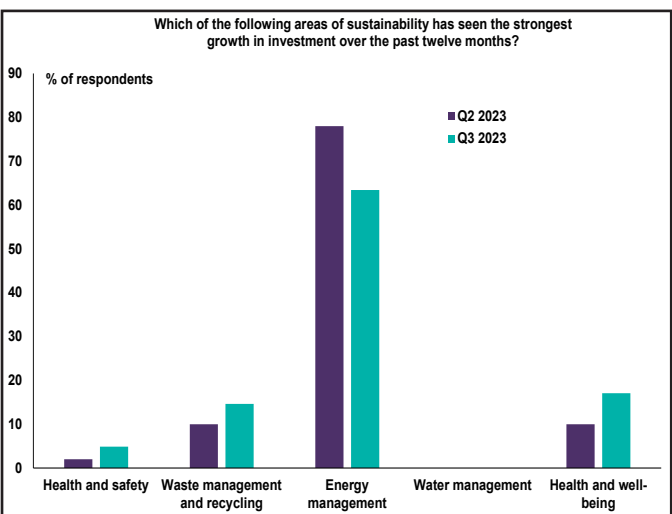


Chart 10

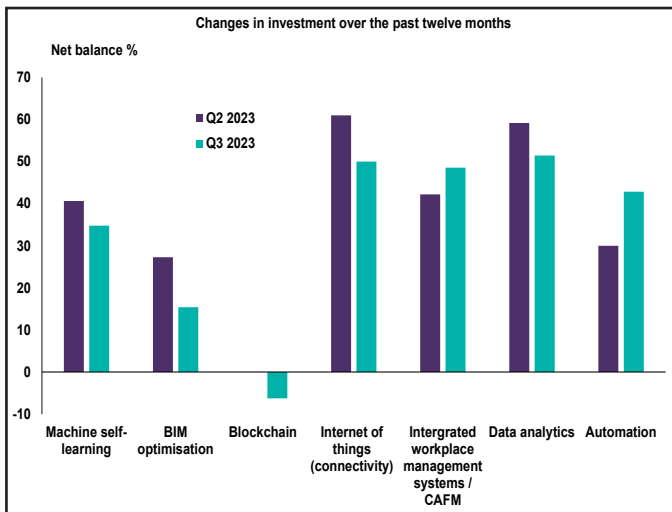
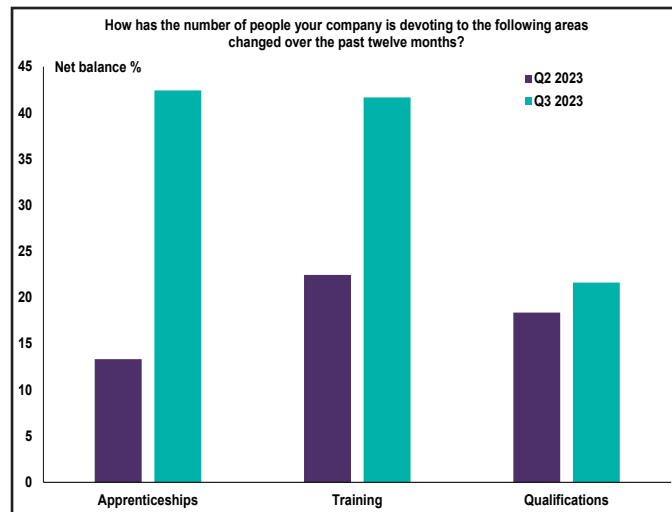


Chart 11



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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