

## Public sector workloads help to sustain construction levels

- Total construction activity rises, but not significantly
- Workloads in the public sector rise in the main, in the private sector the trend is a little mixed
- The outlook over the next 12 months for workloads, employment and profit margins is positive

The inaugural RICS China Construction Market Survey shows momentum in the industry remains positive overall. Indeed, total workloads edged up over the last quarter of 2012, with the headline net balance at +10 i.e. 10% more respondents reported rising rather than falling workloads.

Sectorally, there is a clear divergence between the public and private sectors. Government-sponsored investment projects continue to have a positive impact on activity, with public housing and infrastructure workloads rising fairly strongly. Public non-housing workloads were flat while workloads in energy, oil and gas continued to increase. In contrast, private industrial workloads and private housing declined. Falls in private house building are not that surprising given previous rounds of official measures to cool the residential sector. It is worth noting that the picture in the private commercial sector was better, with building activity reported to have increased slightly.

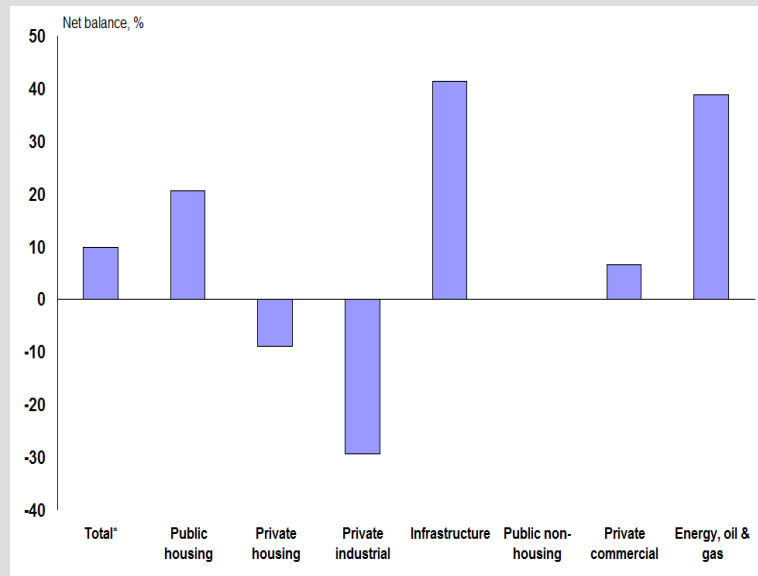
In terms of the outlook for the next 12 months, respondents remain positive on workloads, employment and profit margins. Indeed, the average anticipated increase in construction output and employment over the next year is being placed by respondents in the range of 2.5 to 5%. Meanwhile, profit margins on average are expected to rise between 0 and 2.5 percentage points.

Respondents reported that financial constraints were the main factor limiting building activity in Q4. Competition and skills shortages were also seen as significant factors. Skills shortages were visible across all areas, particularly in the area of quantity surveying.

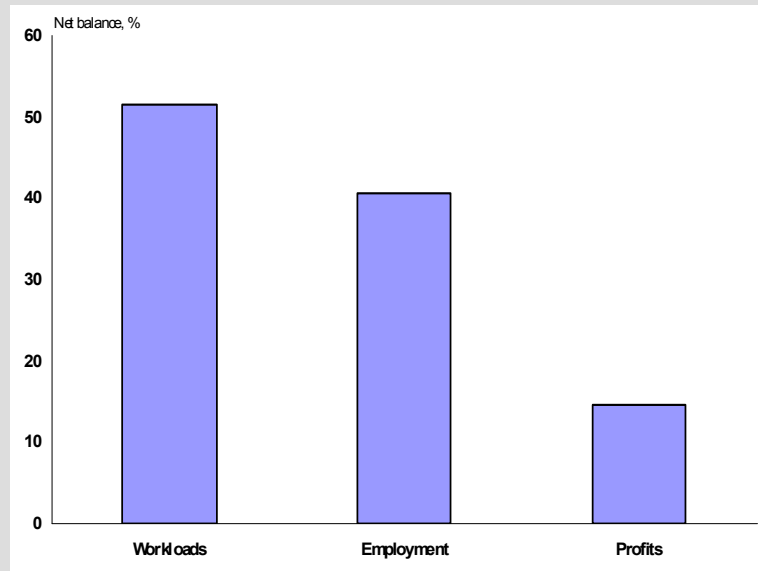
Finally, the results show that Building Information Modeling (BIM) is used by 33% survey respondents. Of those that use it, 44% of do so the area of cost management, 41% in the area of design, 28% in the area of time management and 13% in the area of facilities management.

\*The headline net balance for total construction workloads is an unweighted average and the number is obtained by taking the average of all of the sectors (in net balance terms) covered in the survey.

### Workloads - last 3 months



### Expectations - 12 months ahead

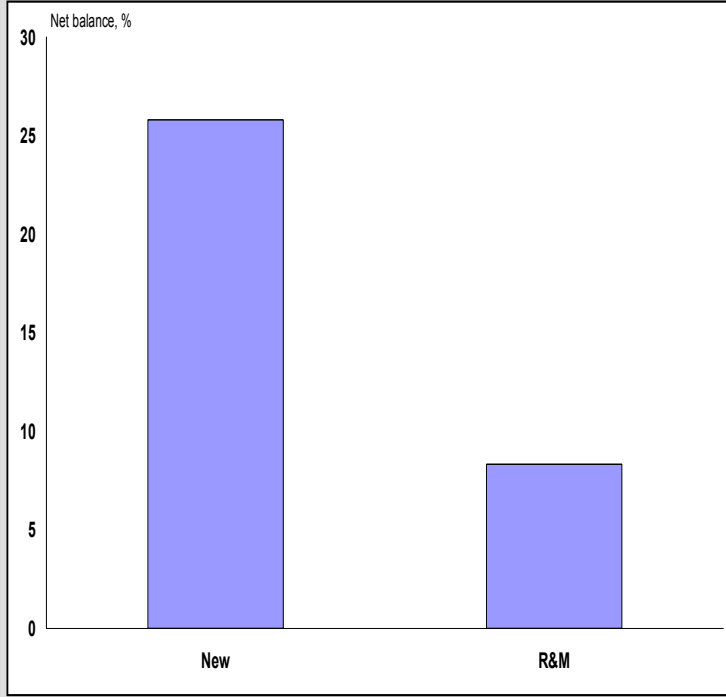


### About:

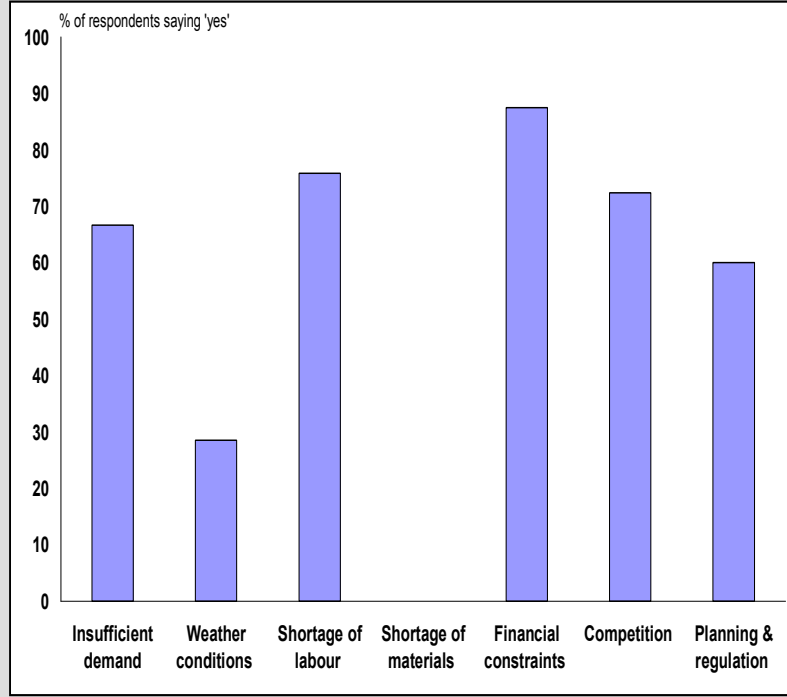
The RICS China Construction Market Survey is a quarterly sentiment survey of respondents who operate in the construction market sector. See back page for further details.

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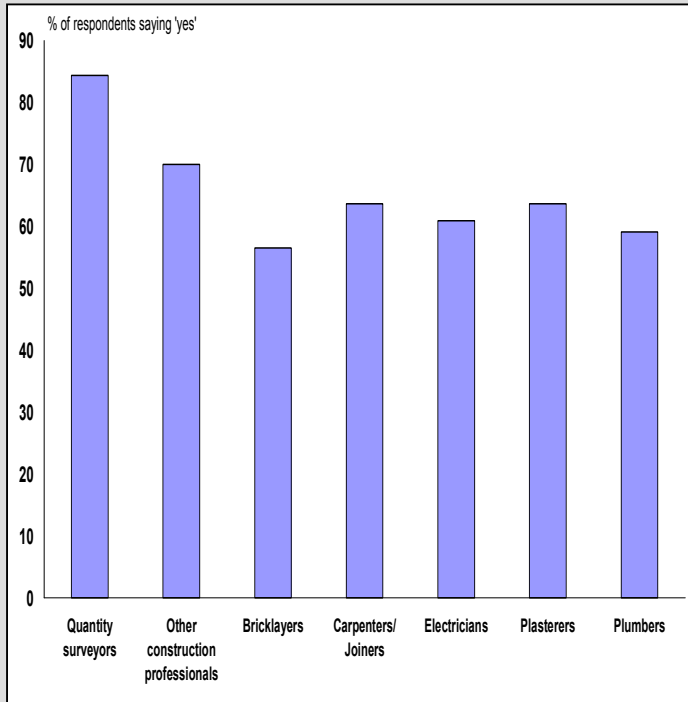
Workloads



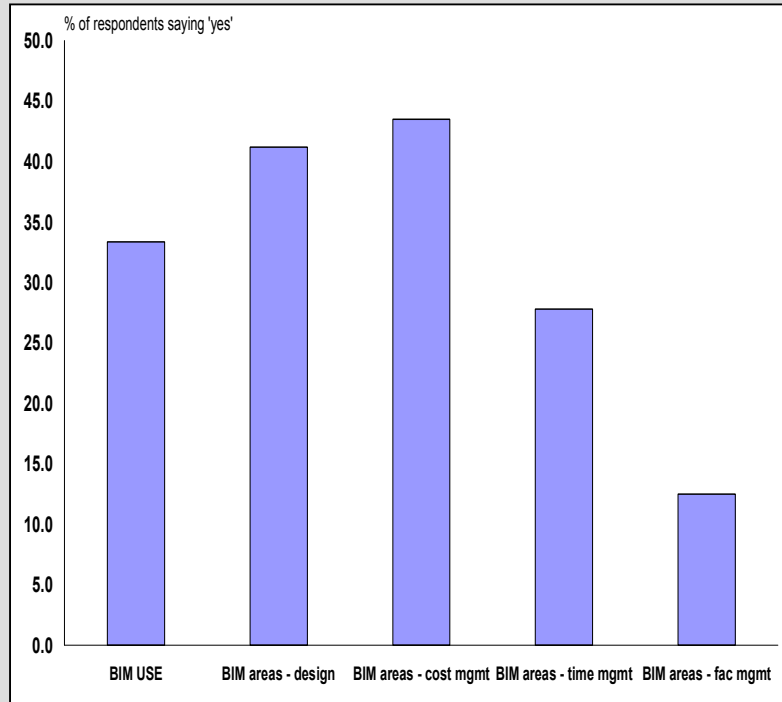
Factors limiting activity



Skills shortages



BIM - change over past 3 months



## Notes to editors / Contacts

**About:**

- The **RICS China Construction Market Survey** is a quarterly sentiment survey of respondents who operate in the construction sector.

**Questions asked:**

1. How has the level of your company's workload in your area changed, comparing the **latest three months** with the previous three months? (up/ same/ down)
2. How has the level of new enquiries for projects changed from clients, comparing the **latest three months** with the previous three months? (up/ same/down)
3. How have workloads for new developments and repair and maintenance changed comparing the **latest three months** with the previous three months? (up/ same/ down)
4. Main factors currently limiting your building activity?
5. Has your company (or your contractors) experienced skills shortages in your area in the **latest three months**?
6. How have per unit input costs changed, comparing the **latest three months** with the previous three months? (up/ same/ down)
7. For a unit of output, has the price of finished buildings risen, fallen or remained unchanged, comparing the **latest three months** with the previous three months? (up/ same/ down)
8. Has the usage of BIM increased or decreased comparing the **latest three months** with the previous three months?
9. Has the requirement for sustainable solutions increased or decreased comparing the **latest three months** with the previous three months? How many branches do these relate to?
10. Over the **next twelve months**, what change do you predict in these three areas of your company/department's activity? (Workloads, employment, profit margins)

**Net balance data:**

- **Net balance = Proportion of surveyors reporting a rise in workloads minus those reporting a fall (if 30% reported a rise and 5% reported a fall, the net balance will be 25%).**

• 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).

• 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.

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