



Q2 2021: RICS UK Construction and Infrastructure Monitor

Supply chain pressures and labour shortages increasingly visible as workloads accelerate

- Access to material seen as main impediment to activity followed by labour shortages
- Residential and infrastructure lead acceleration in workloads over the quarter
- Recovery expected to gain speed over next year with profit margin beginning to increase

Feedback to the Q2 2021 UK Construction and Infrastructure Monitor provides further evidence of the pressures emerging on the supply chain across the sector. Most notably, in response to the question on the factors limiting activity, over 80% cited shortage of materials with close to two-thirds identifying issues around labour. Significantly in the case of the former, this is a record high and by some margin (previous peak 63%) since the question was first introduced in 2012.

As far as labour shortages are concerned, the number of respondents highlighting a challenge in this area has picked-up both for skilled trades as well as for what might be considered 'white-collar' roles. As an example, in the case of bricklayers this has jumped from 34 to 58% while for carpenters it has increased from 33 to 55%. For Quantity Surveyors, the share of contributors signalling a shortage of professionals with this credential now stands at 45%; this is up from 20% in the first quarter and moving back towards the highs seen in the last decade (over 60%).

Workloads continue to gather momentum

The headline metric capturing current workloads jumped to 38 in Q2; that is, 38% more respondents reported a rise rather than a fall compared with the preceding three month period. This reading is effectively a measure of the momentum of the recovery rather than a level; nevertheless, it is the highest number since Q3 2015 which provides some guide as to the trend in the volume of activity being experienced by respondents to the questionnaire.

The private residential sector continues to be the most dynamic part of the construction market at the present with the net balance measure climbing from +39% to +50%, its best reading in six years. Meanwhile infrastructure had the second highest net balance; it rose to +45% from +34% previously. Interestingly in terms of the insight from contributors, the rise in infrastructure workloads was fairly broad based with energy leading the way (net balance +50%) followed by water and sewage (+45%). That said, all segments of the industry that are captured in the RICS Monitor are showing rising

workloads including private industrial and commercial.

Forward looking indicators remain positive

Workloads are projected by respondents to the survey to continue to gain momentum over the course of the next twelve months. The headline reading has climbed to a net balance of +55%, the highest number since the early part of 2016. Meanwhile recruitment is anticipated to reflect the buoyant conditions of the sector with the employment metric (again reflecting changes rather than levels) increasing from +37 to +42%. Significant infrastructure is seen as likely to benefit from the sharpest rise in activity over the period with a reading of +59%. Private residential is only marginally behind (net balance of +55%) with private non-residential also remaining resilient (+45%) in the face of the potential for significant structural changes in the real estate landscape.

It is noteworthy that the series focusing on the outlook for profit margins recorded its second successive positive reading in Q2. This follows nine consecutive quarters of negative results highlighting an extended period of pressure on margins. However it is worth bearing in mind that the latest net balance of +12% is consistent with only a modest improvement and other signals from the survey provide a note of caution.

Most notably, when asked to provide quantitative view on tender prices and construction costs, the former are seen as rising on average by more than 7% over the next year but the projected rise in the latter is put at almost one percentage point higher. Unsurprisingly, this is being driven by material costs which respondents see increasing by close to 10%.

Regional picture broadly balanced

Workloads are rising at a healthy pace across all regions of the UK according to the insight provided by respondents. There is, meanwhile, a fairly consistent picture around labour shortages whether 'white' or 'blue' collar. And in terms of the next twelve months, workloads are generally expected to grow strongly with Scotland viewed as a slight outperformer.

Key indicators

Chart 1

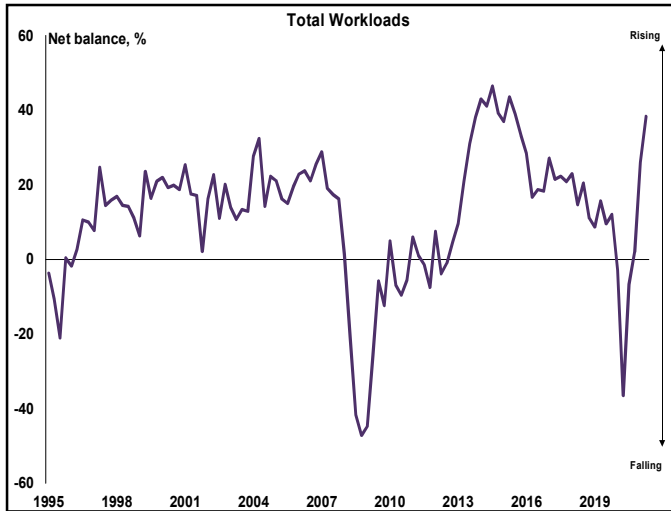


Chart 2

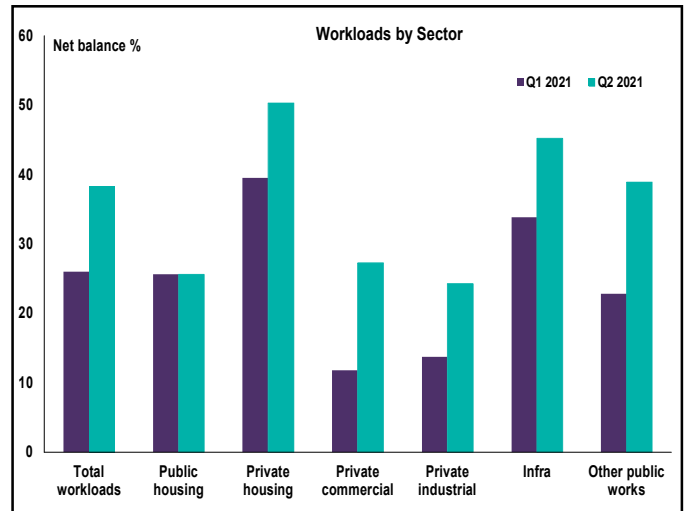


Chart 3



Chart 4

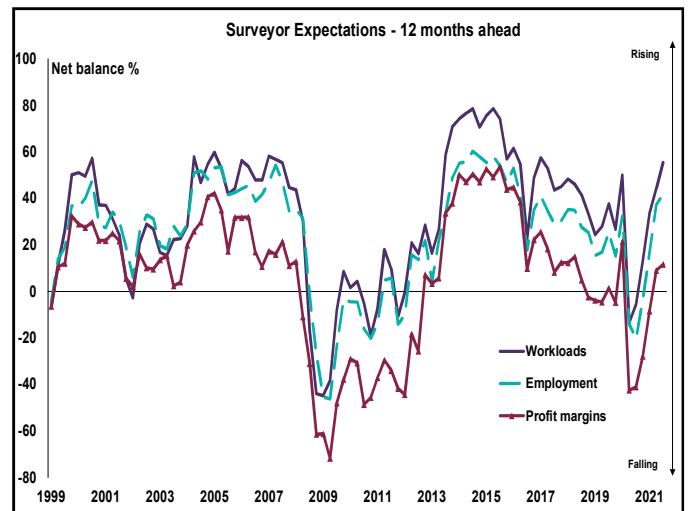


Chart 5

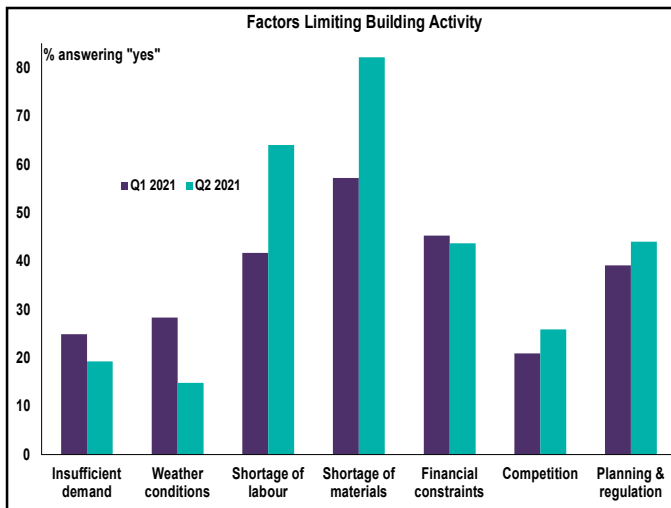
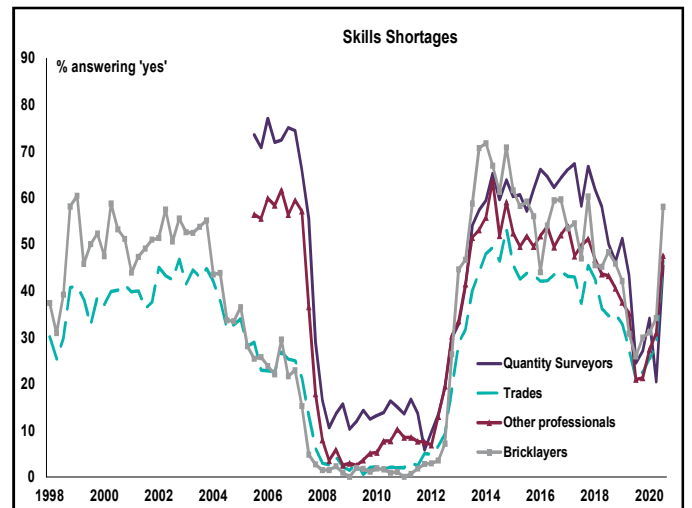


Chart 6



Key indicators

Chart 7

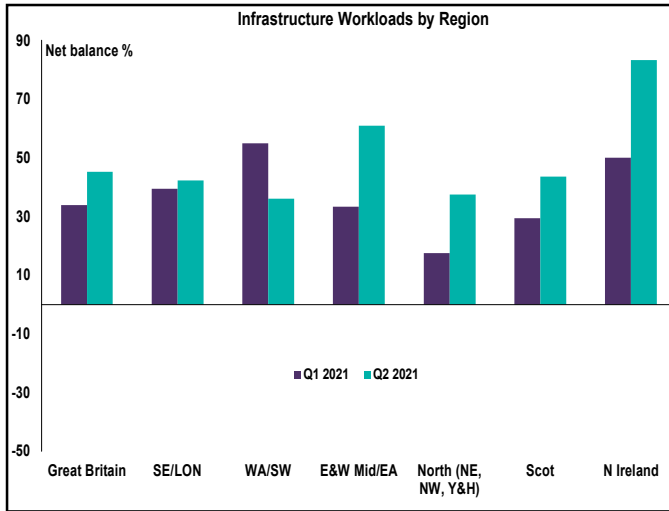


Chart 8

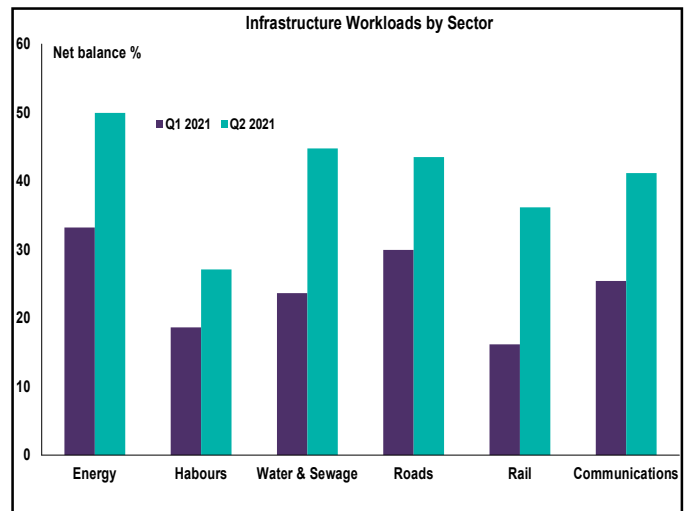


Chart 9

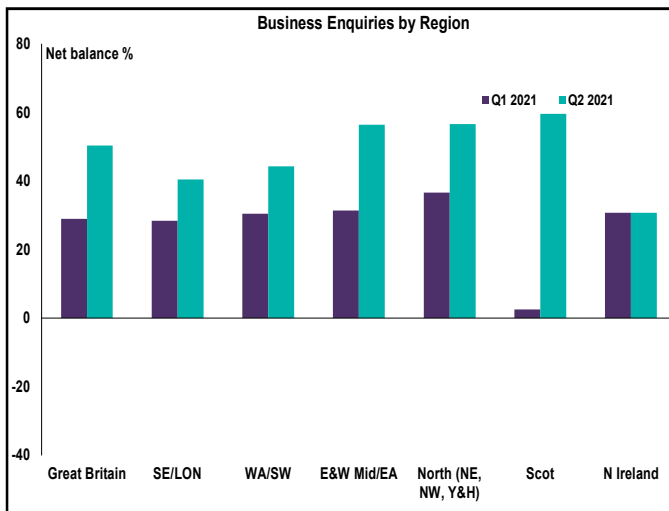


Chart 10

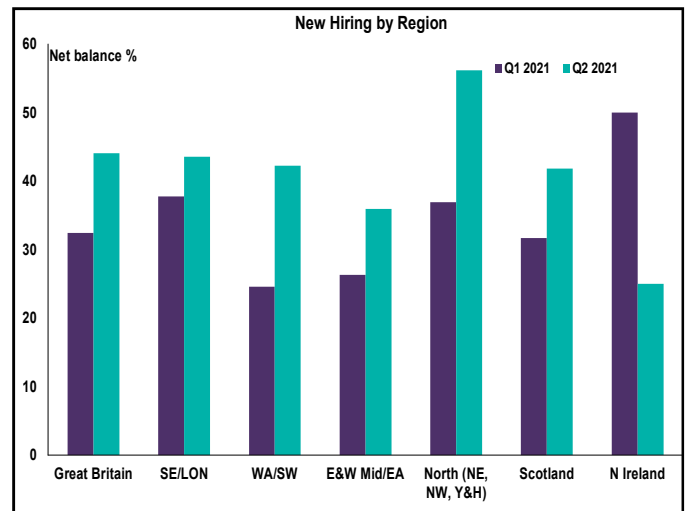


Chart 11

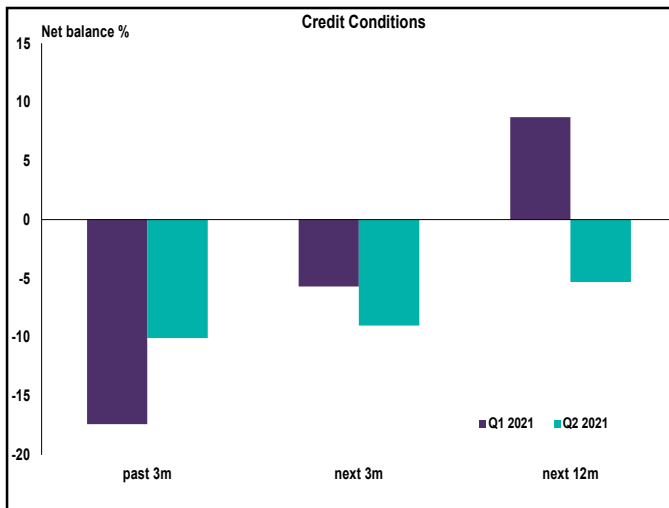
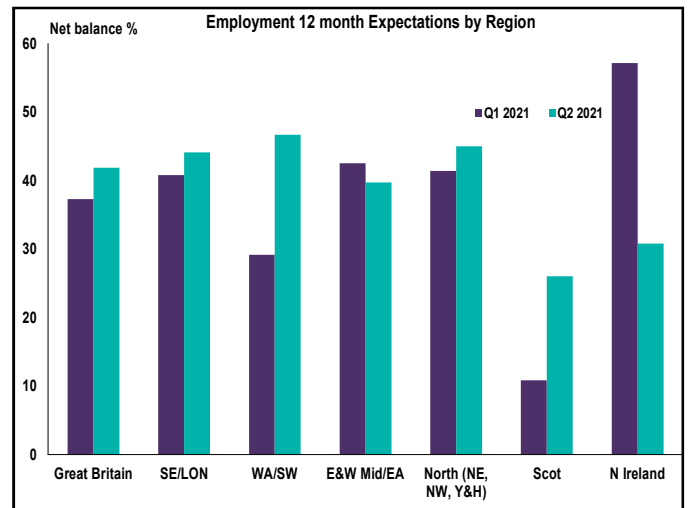


Chart 12



Key indicators

Chart 13

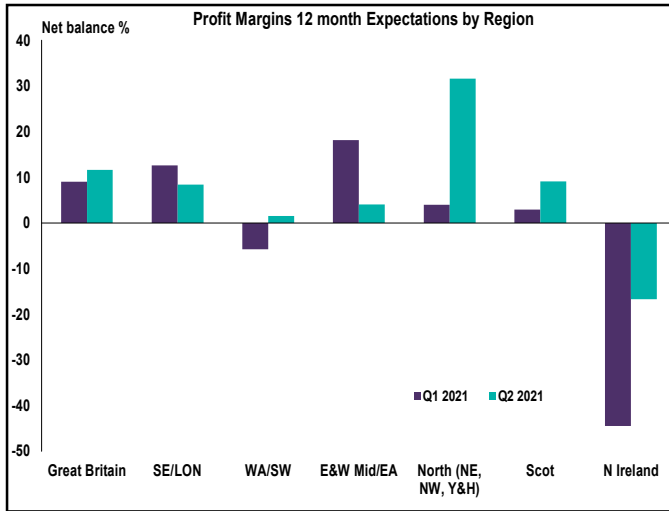


Chart 14

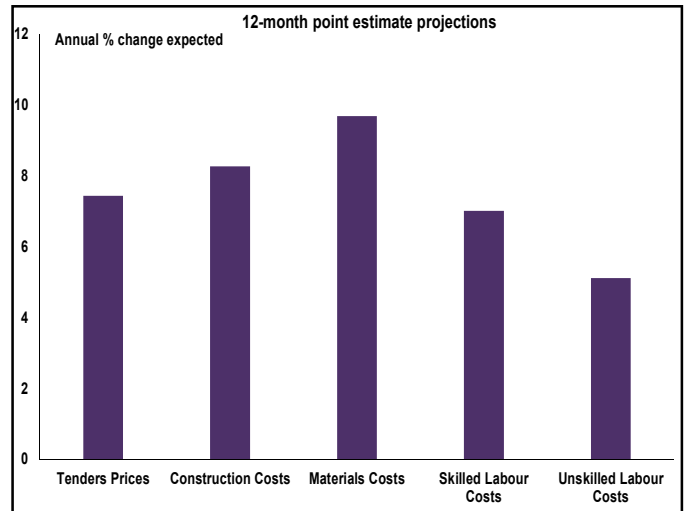
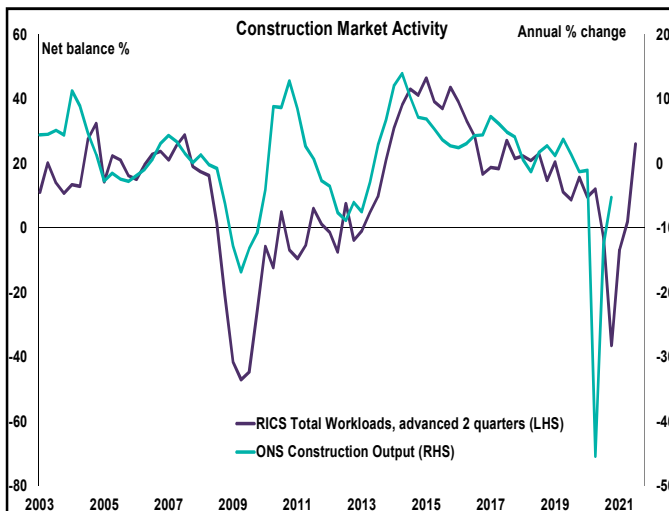


Chart 15



Chartered Surveyor market comments

London

Adam Forster, London, SPS associates, adam@sps-associates.co.uk - Lack of guidance on EWS1 new fire safety bill.

Alex Chinn, London, Kings College London, alexandra.chinn@kcl.ac.uk - Attractiveness to market of competitive tendering. A lot of contractors looking for negotiation.

Andrew Webster, London, Manchester, Leeds, Glasgow, Bristol, Sheffield, Southampton - Where Clients Send Me., MHBC, awebster@mhbccumming.com - Brexit was unwise and is proving to be even more so than expected with material delays on costs and labour.

Brendan Barry, London, Notting Hill Genesis, brendanbarry@hotmail.com - Materials (glass) and lack of quality workforce is limiting projects.

Christopher Charles Shiel, London, City of London, District Surveyors, christopher.shiel@cityoflondon.gov.uk - More retention of existing structure when rebuilding buildings.

David Mitcham, London, UK Power Networks, dhmitcham@hotmail.com - Lack of experienced engineers.

Delva Patman, London, Pennycrest Consultancy Ltd, dfpatman@aol.com - Uncertainty of planning and labour/materials availability.

John Mcevoy, London, Gardiner & Theobald, j.mcevoy@gardiner.com - Slow planning process.

Mike Gibson, London, Taylor Wimpey, mike.gibson@taylorwimpey.com - Slow response time by local authorities to planning applications and condition discharges.

Mr N Beynon, Hampton, NJC Services Ltd, beynon@njcservices.co.uk - The main factor at the moment we are experiencing is the demand is greater than supply.

Ms Sriyani Harper, Bsc (Hons) Mrics, Aciarb Director, London, CLR Associates Ltd, sriyani.harper@clrassociates.co.uk - Brexit, Covid-19 Lockdown.

Patrick Mcnamara, London, AECOM, patrick.mcnamara@aecom.com - The material price rises and shortages are the most immediate concern.

Paul Styles, London Nw., PD Styles & Company Ltd, paulstyles@hotmail.com - Delay to deliveries of imported materials causing shortages.

Paul Townley, London, Mid Group, paul.townley@mid-group.co.uk - Finding a suitable heat source and getting realistic information to use for decisions.

Peter Andrews, London And South East, SNC-L/Atkins, peter.andrews@atkinsglobal.com - Achieve high sustainability outcomes and performance. Demonstrate social value.

Pratik Haria, London, Mace Limited, pratik.haria@macegroup.com - Training and lack of motivated young people to come into the industry.

Richard Hall, London, Trenport, richard.hall@stjames.com - Planning delays are the biggest risk to employment.

Richard Mawson, London, Regal Homes, rdawson@me.com - Travel restrictions imposed by the COVID-19 pandemic.

Richard Petterson, London, Hother Associates LLP, rpetterson@hother.co.uk - Supply issues in materials and labour are causing significant price rises.

Shane Brady, London, Wates Construction Limited, shane.brady@wates.co.uk - Labour/material shortages and competition for work.

Stephen Dzugwahi, London, Be First Regeneration, infobeu@yahoo.co.uk - Uncertainty/unpredictability.

Stephen Patrick, London, Self employed, stevip@me.com - Lack of skilled labour.

Thompson Baah, London, Gleeds, tbaah@yahoo.com - Material price increases forcing contractors to increase prices of returned tenders.

Tim Cock, London, Cumming Group, tim.c@cumming-group.com - Impact of covid (flood of works to market now leaving lockdown) and supply of materials issues.

Vaughan Melsom, London, Islington Council, vaughan.melsom@islington.gov.uk - Discoveries of buildings without significant fire safety components when built.

South East

Andre Cottrell, Milton Keynes, Buckingham Group, andrew.cottrell@buckinghamgroup.co.uk - Volatility in structural steel costs and material availability is becoming a big issue.

Andy Christmas, Brighton, University of Brighton, andychristmas@live.co.uk - Materials, labour and management shortages.

Charles Dawson, Broad Oak, Dawson and Associates, chas@dawsonsurveyors.com - Planning incompetence.

Chloe Debanks-Hirst, Brighton, Arcadis, c.debankshirst@googlemail.com - Availability of materials and workforce.

Chris Benham, Hitchin, HG Construction, chrisbenham@hgconstruction.co.uk - Immigration issues affecting labour and regulatory change impacting on build cost.

Chris Leroy, South Croydon, Ridge Design, christopherleroy@virginmedia.com - Time taken to consider planning applications by LA's on residential alterations.

David Lavender, Portsmouth, Portsmouth City Council, david.lavender@portsmouthcc.gov.uk - Material shortages in the UK.

David William Bishop, South East, Crawford & Co, davidwbishop2003@yahoo.co.uk - Skilled labour shortage.

Gary Barnett, Berkshire, Royal Berkshire NHS FT, gary.barnett@royalberkshire.nhs.uk - Material costs, quality of trades due to lack of skilled operatives. COVID.

Hadley Lenthall, Slough, Hitachi Zosen Inova, hlenthall@hotmail.co.uk - Material cost increases.

Ian Paton, Oxford, Cluttons LLP, ian.paton@cluttons.com - Energy transition to renewables driving work. Not enough legislation to force this change for C&I.

James Lyon, Buckinghamshire, WE Black LTD, jimlyon1963@gmail.com - Planning constraints - timescales, material cost increases, transportation issues.

Joseph Ofosu-Appiah, Brighton, Brighton and Hove City Council, jofosuappiah@aol.com - Effects of Covid-19.

Luca Holden, Oxted, John Cobb Consulting, luca.holden@johncobb.co.uk - Covid-19.

Mark Dove, Norwich, Pontin associates limited, mark.dove@pontinassociates.co.uk - Low demand due to the stuttering economy.

Mark Jackson-Aish, Eastbourne, Stredder Pearce, mowardeeb@yahoo.com - Finance.

Neil Farrance, Tonbridge, Page Pierce Ltd, neil@pagesurveyors.co.uk - Material prices rising exponentially and lead times increasing.

Paul Bayley, Windsor, Eton College, p.bayley@etoncollege.org.uk - Lack of labour.

Phil Walster, Southampton, Faithful and Gould, phil.walster@fgould.com - Availability of materials - concern over covid infections as a result of the work.

Stuart Crowley, Gravesend, Gravesham Borough Council, stuart.crowley@gravesham.gov.uk - Recent supply issues with some materials.

Chartered Surveyor market comments

Thomas Nevin Hutchinson, Surbiton, Spring Building Consultancy, nevin.hutchinson@springbc.co.uk - Delays in materials deliveries / availability.

William Taylor, London, Frankham Consultancy Group, w.b.taylor@gmail.com - Materials and labour shortages are stifling growth in the market.

North East

James Adshead, Newcastle Upon Tyne, Newcastle University, james.adshead@ncl.ac.uk - Increasing material costs and supply issues from EU.

Mark Stracey, Middlesbrough, Serco Limited, mark.stracey@serco.com - Shortage of materials and components and long lead in times.

North West

Anthony Dillon, Manchester, Willmott Dixon Construction, anthony.dillon@willmott Dixon.co.uk - Impact of material/labour availability, cost increases and longer lead in periods is a major concern.

Barry Winterbottom, Stalybridge, Plans Drawn, bawinterbottom@aol.com - Material shortage.

Carl Burns, Liverpool, Liverpool City Council, carl.burns@liverpool.gov.uk - Local government internal policies on sustainability.

Christopher Dawson, Manchester, Liverpool, Leeds, Newcastle, The Arch Company LTD (The ArchCo), christophergerarddawson@blueyonder.co.uk - Materials shortage.

David Haime, Liverpool, Modero Limited, david@modero.co.uk - Tender costs are continuing to rise. Contractors are reporting material cost increases and shortages.

Ian Chadwick, Manchester, Pariter Ltd, ian@pariter.ltd - Cost of construction and materials is increasing at a greater rate than housing sale and rent prices.

Ian Hastie, Rochdale, Ian F Hastie MRICS, ianh@me.com - Materials shortages.

Ian Tunnicliffe, Manchester, Ian Tunnicliffe Building Consultancy Limited, ian@itbcuk.com - Materials shortage and delays continues to affect projects and timescales.

Jenna Whitehead, Bakewell, Peak District National Park Authority, jenna.whitehead@peakdistrict.gov.uk - Material supply and contractors are too busy.

John Stockton, Preston, Hawthorn Estates NW Ltd, johnstockton1@sky.com - Ageing workforce, few young people coming into the industry.

John Winstanley, Manchester, Network Rail, john.winstanley@networkrail.co.uk - Rail framework suppliers very busy so having to look outside the sector for additional resource.

Liam Kelly, Handforth, Bradbury Consulting, liam.kelly@bradburyconsulting.co.uk - The increase in property value is leading to people 'staying put', developing their homes.

Michael Paul, Manchester, The QS Monitor Limited, mike@theqsmonitor.co.uk - Availability of CBILS loans appear to have increased site starts for private residential schemes.

Paul Chesworth, Manchester, Avison Young, paul.chesworth@avisonyoung.com - The key focus is the inflationary pressures as a result of materials shortages and the delays.

Peter Gale, Chester, MD Insurance Services Ltd, peter.gale@mdwis.co.uk - Skilled labour shortage and rising material costs.

Salvo A Eccles, Preston Lancashire, Home Defect Surveys, homesurveydefects@gmail.com - Housing being built on Greenfield. In rural villages. Big impact on infrastructure as it is insufficient.

Simon Long, Manchester, Paragon, simonlong@paragonbc.co.uk - Covid 19 impact on workforces.

Yorkshire & the Humber

Andrew Pell, Kingston Upon Hull, Alan Wood Partnership, andy.pell9@btinternet.com - Delivery of materials delaying completion along with unrealistic client expectations on programme.

Gary Levitt, Driffield, Levitt Commercial Consultant s, garylevitt@live.co.uk - Material shortages.

Nigel Cox, Doncaster, MS International plc, nigel@globalmsi.com - Material shortages.

South West

Barry Reeves, Bristol, Pick Everard, bazza_reeves@yahoo.co.uk - Time barred funding forcing procurement routes that don't offer best value for money.

Geoffrey Hara, Tidworth, KBR ADSL, harageoffrey@gmail.com - Shortage of skilled labour.

James Paul, Wells, DB+Paul Ltd, jimhpaulhome@gmail.com - Labour shortage.

James Slater, Cirencester, James Slater (Surveyors) Ltd., james@jameslater.co.uk - Serious oversupply of mainly private domestic work. Busy contractors unwilling to price/tender.

John Banyon, Plymouth, Gateway Surveyors, j.banyon@gatewaysurveyors.com - Residential property, change in government policies will have an impact on current price increases.

Mark Dykes, Salisbury, Step Associates Ltd, mdd@stepassociates.co.uk - A lack of local government investment in small consultancy firms and unworkable planning system.

Michael Philip Ardley Frics, Gloucester, Gloucester City Council, philip.ardley@gloucester.gov.uk - Competition is keeping tender prices low but shortage of labour and materials is delaying projects.

ND Fryer, Bristol, University of Bristol, nick.fryer@bristol.ac.uk - Lack of 10 yr+ qualified building surveyors available to manage our larger value capital projects.

Nicholas Allen, Bristol, Amity Partnership Ltd, nick@amityproperty.co.uk - Lack of and increased cost of materials & trades.

Nigel Tansley, Gloucestershire, R Williams Building, nigeltansley@hotmail.com - Availability of materials.

Paul Smith, Reading, Thames Water Utilities Ltd, smith.paul@sky.com - Additional cost of COVID and material price increases are the two main factors impacting at present.

Peter Youd, Exeter, ChandlerKBS, pyoud@chandlerkbs.com - Significantly more holiday traffic on the roads in the South West.

Richard Jarman, Exeter, Jarman Ward Limited, richard@jarmanward.com - Professional skills shortage in Senior and above level building surveyors.

Robin Hart, Exeter, Hills, robin.hart@wthills.com - High demand exacerbated by high costs and material shortages.

Sarah Lloyd, Exeter, Taylor Lewis, sarahlloyd@taylorlewis.co.uk - Material supplies is the main issue.

Simon Carey, Gloucester, Barnwood Ltd, simoncarey@barnwood.co.uk - Shortage of materials and lead-ins are the most significant current issues.

Wales

Alan Thomas, Newcastle Emlyn, Alan Thomas, alanthomasproperty@gmail.com - Shortage of skilled and general workforce.

Gareth John Davies, Llanelli, Total Quantity Surveying Ltd, total.qs@outlook.com - VAT on refurbishment projects is hampering bringing old buildings back into use.

Geraint Morgan, Bangor, Watkin Jones and Son Ltd, geraint.morgan@watkinjones.com - Material and component delivery periods are increasing.

Chartered Surveyor market comments

Robert Fisher Bsc Mrics, Swansea, Robert Fisher Limited, info@robertfisherlimited.co.uk - High demand for domestic projects, lack of supply of labour and materials resulting in high costs.

West Midlands

Adrian Aston, Birmingham, Naismiths Limited, adrian.aston@naismiths.com - Planning decisions and planner's response to clearing conditions.

Allan John Chesworth, Birmingham, Chesworth & Allan-John Limited, allan@chesworthallan-john.co.uk - Covid-19 social distancing.

Andrew Clough, Shrewsbury, Property Services Group, Shropshire Council, andy.clough@shropshire.gov.uk - Reduction in tender returns. Possibly due to a busy, healthy construction market.

Chris Cuthbert, Birmingham, Faithful+Gould limited, christopher.cuthbert@fgould.com - Increased supply times for all materials.

Chris Lane, Birmingham, Sir Robert McAlpine Capital Ventures, chrislane2110@yahoo.com - Greater availability of land and properties for sale.

David Borasinski, Stoke-On-Trent, David.B Limited, david.borasinski@outlook.com - Businesses moving from the area.

Garrie Weatherley, Birmingham, Trinity Property Consultants Ltd, gjw@trinitypc.co.uk - Inflation increases and material shortages are now biting hard and seriously impacting development.

Hugh Raven, Hereford, The Raven Partnership, h.raven@ravenpartnership.co.uk - Poor management skills, too high profit aspirations. Too much silo thinking and blame culture.

Jack Street, Birmingham, edgeworth Street, jack@buildingsurveys.com - Construction cost and industrial buildings are in demand.

Jim Darcy, Warwick, Reborn Group Ltd, jim@redbourn-group.co.uk - Material availability/costs.

John Godfrey, Northampton, Weston Allison Wright, john.godfrey@w-a-w.co.uk - Material shortage.

Jonathan Eales, Warwick, CMP Quantity Surveying Limited, jon.eales@cmpqs.co.uk - Rising material costs and availability. Rising labour costs and availability.

Mark Taylor, Halesowen, Taylors surveyors, mark.taylor@taylors-estateagents.co.uk - Delays due to shortage of materials and delays due to contractors being too busy.

Michael Roach, Tamworth, Roach Hunt Partnership, michaelroach@roachhunt.co.uk - Lack of materials, slow progressing of applications by local authorities/ statutory undertakings.

Partridge, Walsall, Kevin J. Partridge Associates Limited, kevin.partridge@btconnect.com - Still competitive.

Philip Clee, Sandwell, VINCI Construction UK Ltd., phil.clee@vincifacilities.com - HS2.

Philip Hodges, Redditch, Ridgeways, phil@ridgewaysqs.co.uk - Great concern regarding inflationary pressure of low supply & increased demand - materials & labour.

Richard Paige, Birmingham, Birmingham City Council, richard.paige@birmingham.gov.uk - COVID-19 safe-guarding.

Tony Milner, Birmingham, Weatheroak Projects Limited, tony.milner34@gmail.com - Material supplies and impact of Covid 19.

East Midlands

George Pratt, Northampton, Fed3 Projects, georgehenrypratt@gmail.com - Materials hard to come by, foreign labour not returning, poor take up after school from UK.

Harry Brightwell, Northampton, WAW, harry.brightwell@w-a-w.co.uk - Fee level and the battle for clients.

James Guard, Leicester, Tilbury Douglas Construction Limited, jamesguardrr05@hotmail.co.uk - NHS trusts planning for future covid waves and also releasing backlog of 2020/21 projects.

East Anglia

Brian Flindall, Cambridge, AECOM, brian.flindall@aecom.com - Covid outbreaks are still having implications on suppliers.

Ian Smith, Ipswich, Kirsop & Co, is0405@icloud.com - Limited land.

James Crawley, Norwich, Crawley & Co Chartered Surveyors, jcrawley@crawleyco.co.uk - Shortage of materials and long lead for materials in concerning.

Jon Nelson, Norwich, RUA LLP, jonathan.nelson@rua.co.uk - Material shortages, main contractor secured workload / ability to resource.

Maynard Grout, Norwich, Maynard Grout Associates Limited, maynardgrout@gmail.com - Planning too slow.

Russell Osborn, Luton & Cambridge, PM & QS Services Ltd, russellosborn@btinternet.com - Concerns over new Govt regulation and legislation.

Scotland

Adrian Green, Edinburgh, Tetra Tech, adrian.green@tetratech.com - Increased cost and shortage of building materials.

Andrew Crossan, Dumfries, AHR Crossan and Co, andrew@ahrcrossan.co.uk - Economic short term outlook.

Craig Macdonald, Glasgow, Brown + Wallace, c.macdonald@brownandwallace.co.uk - Government cost benchmarks not keeping pace with rising tender prices on social housing.

David Macdonald, Edinburgh, Scottish Futures Trust, david.macdonald@scottishfuturestrust.org.uk - The key issues are uncertainty about funding eg £10bn in health spending announced but no funding.

David Mair, Glasgow, Scottish Water Horizons, david.mair@scottishwaterhorizons.co.uk - New technologies. Lots of ideas in the market place with regards to renewables.

Elsbeth Susan Brown, Edinburgh, City of Edinburgh Council, esusan.brown@gmail.com - Cost of retrofit to reduce carbon V life of building/and extent of works required to reduce carbon.

Frank Reid, Elgin, Robertson Group, f.reid5560@gmail.com - Level of current inflation. Clients and industry need to agree way forward to manage inflation.

George Ross, Stirling, Ross Quality Control Limited, georgeross80@sky.com - Availability of competent personnel.

Graham Thompson, Edinburgh, Thomas & Adamson, graham.thompson@thomasandadamson.com - Materials shortage, skilled labour shortage and increasing demand.

Ian Gordon, Stornoway, Architecture and Partners Ltd, ian.gordon@architecturepartners.com - Lack of skill and continuing planning authority lack of officers.

Chartered Surveyor market comments

John Barnard, Glasgow,
Balfour Beatty, john.barnard@balfourbeatty.com - Covid 19 constantly changing restrictions. Scottish neverendum has negative impact.

Lee Dempster, Glasgow, CBRE, lee.dempster@cbre.com - Material price increases due to Brexit and demand elsewhere in China etc.

Robert Mclemon, Glasgow, Ainscough Industrial Services Ltd, r.mclemon@ainscoughindustrial.co.uk - Potential labour shortages.

Robin Kernaghan, Inverness, Compass Building & Constrcutipon Services Ltd, robinkernaghan@hotmail.com - COVID, material shortages & cost increases.

Steven Hyde, Edinburgh, D Blake & Co Ltd, steven.hyde@dblake.co.uk - COVID-19 infections/ isolation periods.

Terence Stevenson, Glasgow, Babcock International, terrystevenson1964@gmail.com - Flow of material from Europe which is significantly hamstrung due to new border regulations.

Tom Higgins, Dumfries, D&G Council, higginstom7@hotmail.com - Geographics.

Tommy Mcquade, Oban, Morham & Brotchie, tommy@morhambro.co.uk - Lack of skilled and unskilled labour and shortage of all materials.

Tony Sharkey, Glasgow, Santander, tony.sharkey@santander.co.uk - Logistics in delivery of materials.

W Michael Beverley, Glasgow, MM Management Services Ltd, michael@mm-managementservices.co.uk - Insurance market has lost faith in building regulations and imposing their own building requirements.

Northern Ireland

David Murray, Belfast, Moore MacDonald and Partners, david@mooremacdonaldandpartners.co.uk - Significant increase in material costs and lack of materials.

Michael Mccaughey, Dungannon, M.J.McCaughey Ltd, info@mjmccaughey.com - Brexit & COVID.

Oliver Smith, Ballymena, SurveyLink [NI] Ltd, olliesmith1959@gmail.com - The impact of Covid, Brexit and ongoing instability & ineffectiveness of devolved government.

Methodology

About:

The RICS UK Construction Monitor is a quarterly sentiment survey of Chartered Surveyors who operate across the UK. Data collection began in 1994 with additional questions introduced subsequently.

<https://www.rics.org/uk/news-insight/research/market-surveys/>

Total responses in Q1 2021= 508

Regions:

- The 'headline' national readings cover Great Britain.
- Specifically, the five regions that comprise the national figure are: (1) London and South East, (2) South West/Wales, (3) Midlands/East Anglia, (4) North West/ North East/ Yorks & Humber, and (5) Scotland. Data on Northern Ireland are not included in the headline figure.
- National data are regionally weighted.

Sectors:

"Other public works" comprises factories, warehouses, oil, steel, coal, schools/colleges, universities, health, offices, entertainment, garages, shops and agriculture.

For sector definitions, <http://www.ons.gov.uk/ons/rel/construction/construction-statistics/no--16--2015-edition/pdf-construction-statistics-appendix-2.pdf>.

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:

- 1a. How has the level of workloads changed over the last three months?
- 1b. Which sector do you think will see the strongest growth in output over the coming twelve months?
- 2a. How have infrastructure workloads changed across the following sub-sectors over the past three months?
- 2b. Which infrastructure subsector do you think will see the strongest growth in output over the coming 12 months?
3. How has the total level of New and R&M workloads changed over the past three months?
4. How have business enquiries for new projects or contracts fared in the past three months?
5. Have you hired anyone new (additional) in the past three months to support new workloads?
6. Have any of the following factors negatively impacted building activity over the past three months?
7. Has your company (or your contractors) experienced skills shortages in the past three months for the following occupations?
8. How have credit conditions changed over the past three months? How do you expect credit conditions to change over the next three/twelve months?
9. What are your company's expectations in each of the following areas over the next 12 months? (Workloads, headcount, profit margins)
10. What are your company's expectations for tender prices in each of the following areas over the next 12 months?
11. How do you expect labour costs per unit to change over the next 12 months?
12. What are your company's investment intentions over the next 12 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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