



Q2 2019: RICS UK Construction and Infrastructure Market Survey

Workloads and expectations improve

- Housing and infrastructure activity supports growth
- Investment intentions gather pace amidst ongoing capacity constraints
- Increase in new hiring and employment expectations despite rise in labour costs

The results of the Q2 2019 RICS Construction and Infrastructure Market Survey point to a modest acceleration in the pace of output growth. A net balance of 16% report an increase in total workloads, up from 9% recorded in the previous quarter. Anecdotal reports suggest that market patience with Brexit-related indecision may be starting to wear thin, with workload and employment expectations for the year ahead actually gaining pace. Indeed, capacity continues to constrain activity with 38% more surveyors having to increase headcount in the past three months to support new work despite ongoing recruitment challenges (Chart 10).

The tone of the data in Q2 was broadly positive but the industrial sector stood at a near standstill for the third consecutive quarter. **Public housing** reported the strongest rise in workloads with 26% more respondents citing an increase rather than a decrease (compared to 6% in Q1). Although too soon to say definitively, this may be early signs that the lifting of the HRA borrowing cap to fund council housing is beginning to influence sentiment. Meanwhile, private housing workloads increased at a steady pace. An improvement in sentiment was also noted in the infrastructure sector which regained momentum after a dip in the previous quarter from 11% to 20%. Growth in activity across the commercial and other public works categories improved modestly with net balances of 10% and 9%, respectively (Chart 2).

At the headline level, net balances on new workloads and repair and maintenance remained marginally positive following more robust averages of 33% and 22%, respectively, over the past six years. When asked how **business enquiries** for new projects or contracts have fared in the past three months, 12% more respondents reported an increase rather than a decrease – unchanged from Q1 (Chart 9).

Looking to the year ahead, workloads are expected to be most resilient in the private housing and **infrastructure** sectors with 27% and 25% more surveyors anticipating activity to rise rather than fall. This aligns with the government's house building ambitions and desire to better connect people, places and ideas as outlined in the Industrial Strategy and Construction Sector Deal. Within infrastructure, energy, rail and communications are the subsectors expected to see the strongest expansion in output over the coming twelve months. While additional fiscal spending has the potential to support this growth, nearly two-thirds of respondents were of the view that infrastructure projects would stall without access to funding from the European Investment Bank.

Despite the prolonged political and economic uncertainty engendered by Brexit, the RICS **market confidence indicator** – a composite measure of workload, employment and profit margin expectations over the coming twelve months – rebounded to 21% (from 13% in Q1). Indeed, 27% more surveyors expressed the intention to increase **investments** on fixed assets including equipment and software, while 33% more expect to do so on workforce development and training. Ongoing competitive bidding pressures for business, however, have kept **profit margin** expectations flat for the past four quarters. Although **tender price** expectations have moderated recently, its still strong growth momentum reflects higher input costs and ongoing capacity constraints across the industry.

Financial constraints are reported by 69% of contributors to be the most significant impediment to building activity (Chart 5). Comments from some respondents suggest that stricter conditions being placed on firms, and SMEs in particular, by financial institutions are limiting growth. When asked how **credit conditions** have changed over the past three months, 18% more respondents report a deterioration rather than improvement (unchanged from the prior quarter). Although this negative sentiment extends to the three and twelve month horizons as well, expectations have become less restrictive than was the case in Q1 (Chart 11).

Despite an increase in hiring intentions (Chart 4), the shortage of skilled labour continues to pose a significant challenge for half of our respondents with the deficiency most acute for professional services such as quantity surveying (Chart 6). This is underscored by rising unit **labour costs** with a net balance of 73% foreseeing an increase in such expenditures over the coming twelve months. Meanwhile, concerns regarding **planning** delays and restrictive regulations have moderated since the start of 2018 and, while still elevated, are now in-line with the average of the past six years.

In terms of geographical breakdown, London and the South East and Scotland reported broad-based improvements to their sectoral growth profiles. Infrastructure activity accelerated across all regions except Northern Ireland, where total workloads contracted for the third consecutive quarter (Chart 3). The North and Scotland exhibited notable resilience in the growth of business enquiries and workload expectations, while the tone of new hiring and employment expectations were strongest in the Midlands (Charts 10, 12). That said, labour shortages were most pronounced in Wales and the South West where private housing and infrastructure activity are anticipated to be the strongest.

Key indicators

Chart 1

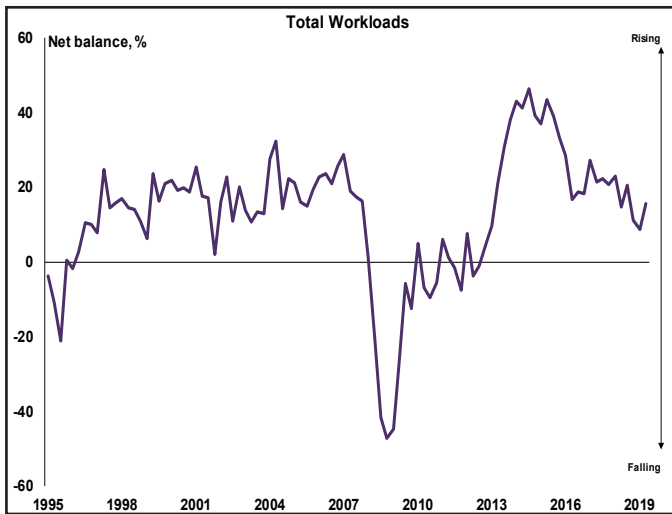


Chart 2

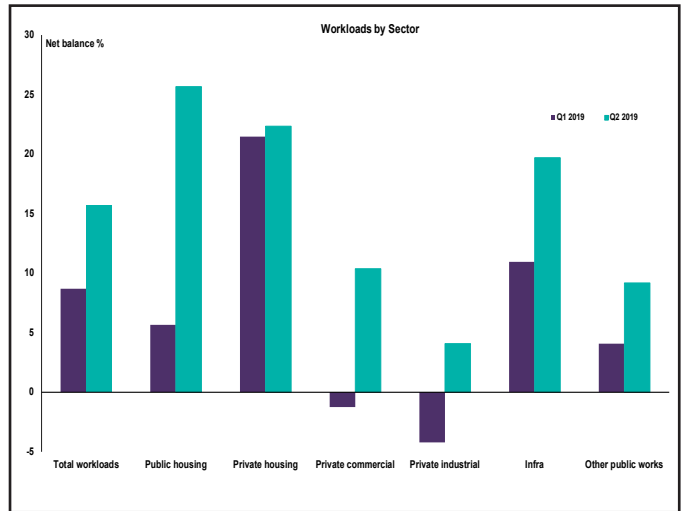


Chart 3

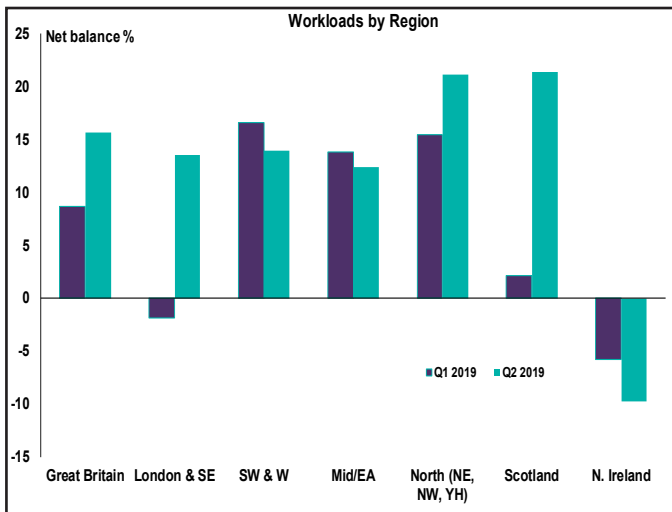


Chart 4

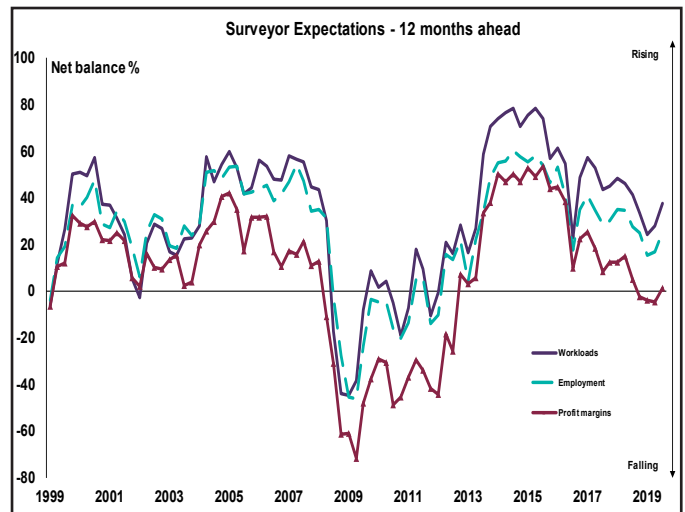


Chart 5

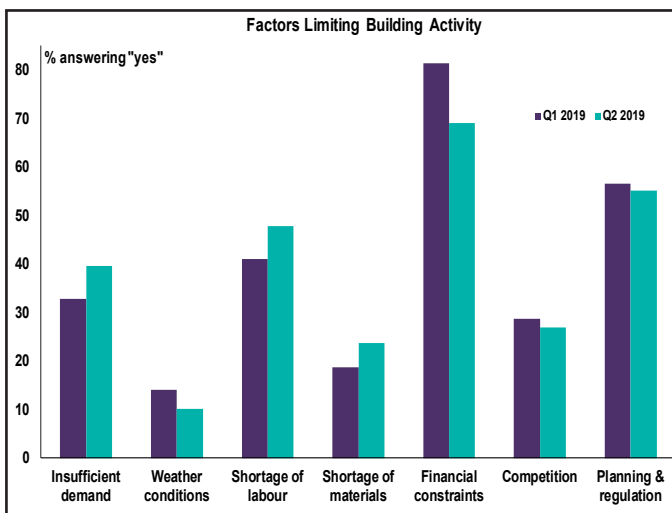
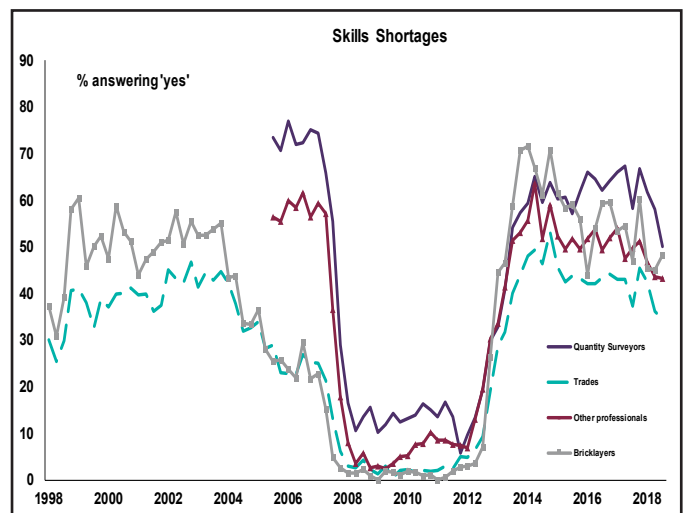


Chart 6



Key indicators

Chart 7

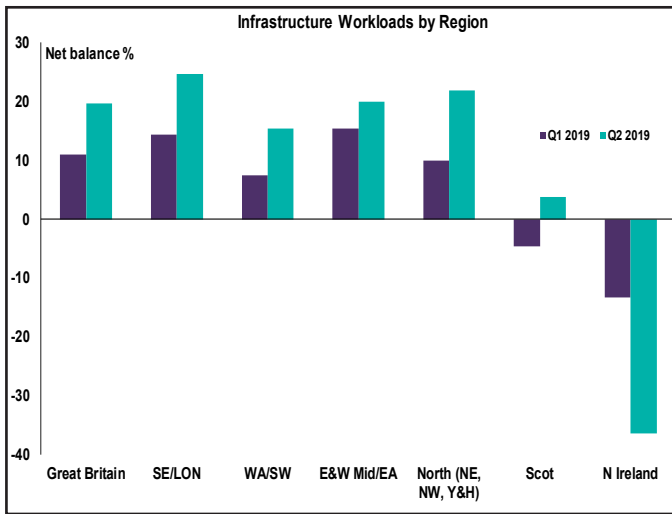


Chart 8

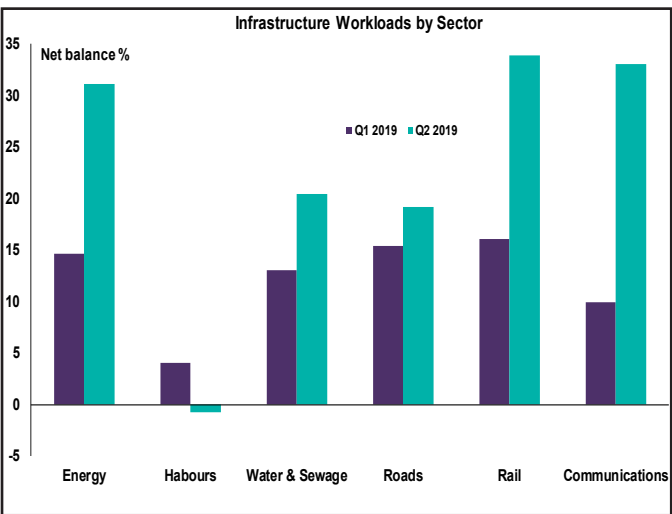


Chart 9

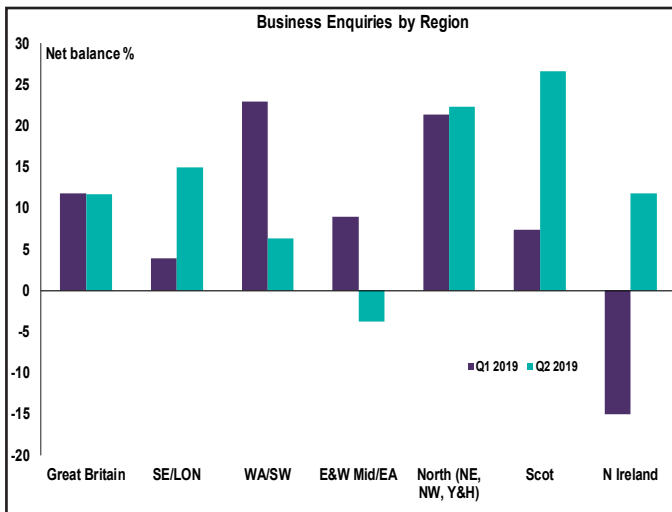


Chart 10



Chart 11

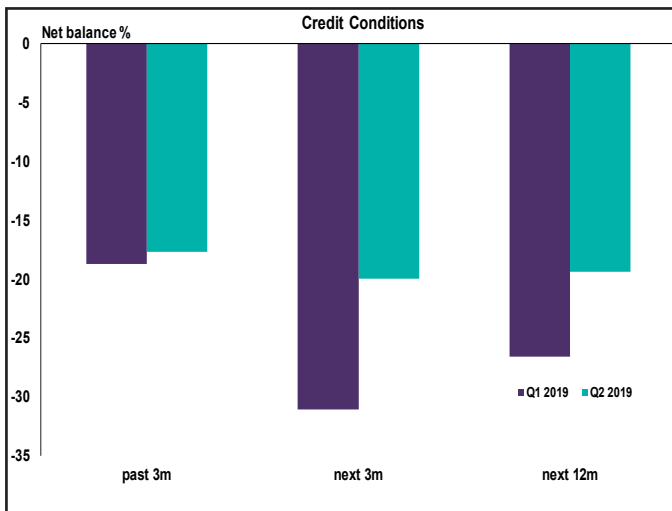
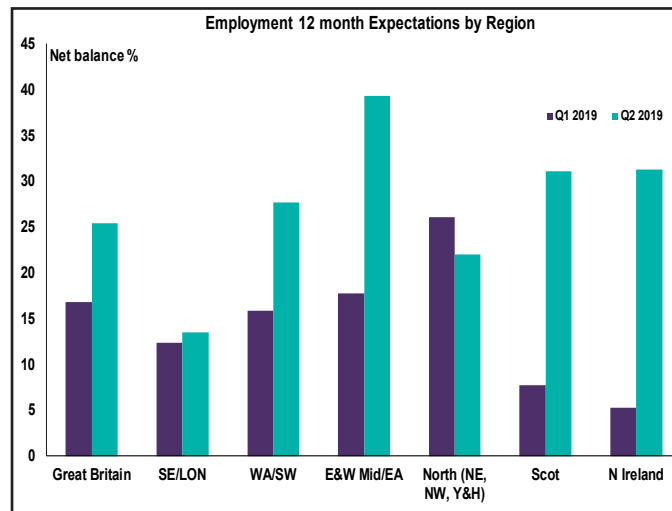


Chart 12



Key indicators

Chart 13

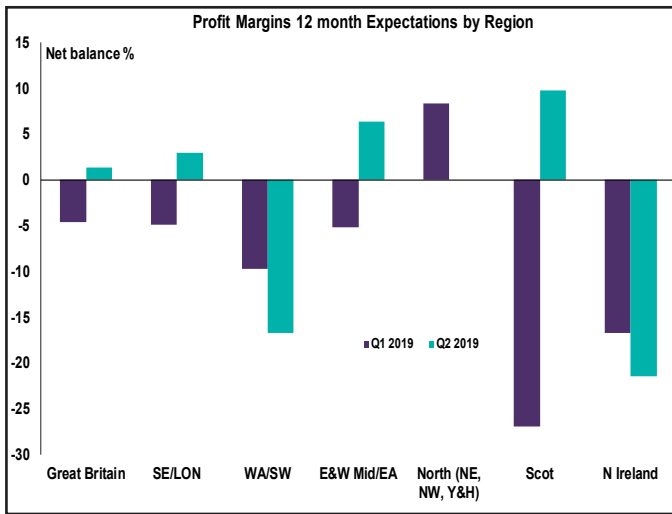


Chart 14

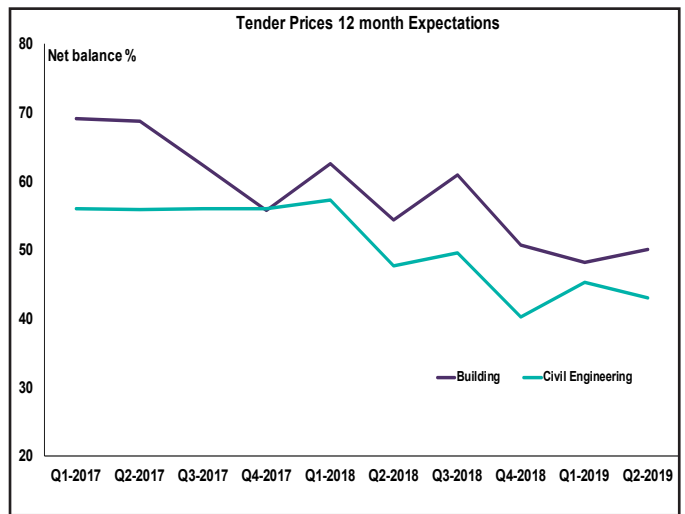
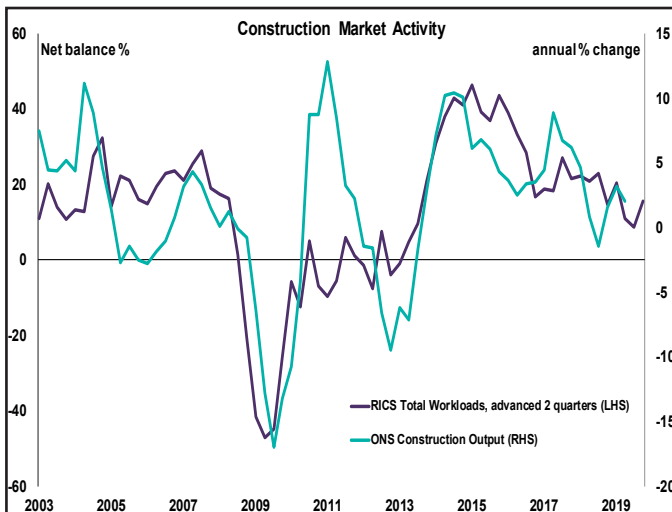


Chart 15



Chartered Surveyor market comments

London

Manish Patel, London, Thompson Cole, manishpatel29@hotmail.co.uk, 07581202139 - As the uncertainty of Brexit seems to continue, in or out has led employers to proceed with projects, rather than wait around and see what the consequences of Brexit may actually be. Whereas when Brexit seemed to be certain, they were hesitant.

Alexandra Chinn MRICS, London, Kings College London Estates and Facilities, alexandra.chinn@kcl.ac.uk, 07909 098000 - Attractiveness of projects to the supply chain is of concern.

Christopher Marsh MRICS, Thatcham, I:Cost Advisory Ltd, chris@icost.co.uk, 07769650780 - Brexit and the lack of a clear strategic investment and project planning process by Government.

Sean Dempsey, London, Boulton LDN Capital Limited, Sean@boultonldn.co.uk, 07909792035 - Brexit uncertainty and a delay in project start-ups, combined with more cautious funding.

Carl O'Boyle MRICS FCIQB, London, Tayross, Carl@Tayross.com, 079768206 to 8 - Brexit uncertainty....

Brian Grey MRICS, London, Leslie Clark, b.grey@lclark.com - Delay to completion of Crossrail.

Martin Quirke FRICS MCIAT, London, Albion Building Consultants, frics2000@gmail.com, 07854 889923 - Lack of competent general builders.

Achille Mboyo MRICS, London, Transport for London, achilleboyo@tfl.gov.uk, 07908 664702 - Lack of strong leadership and ethical standard.

Max Harris, London, Generator Group, max.harris@generatorgroup.co.uk, 07831090844 - No doubt the UK trying to leave the EU is affecting the UK construction industry. It is the uncertainty, and the proof is in the pudding with regards to companies including EU Clauses within their contracts.

Tariq Khalil, Kensington, London, Colet Estates, t.khalil@coletestates.com, 020 7603 5959 - Planning consents and timelines for obtaining them lack transparency and uniformity across the different boroughs.

Richard Petterson MRICS, London, Hother Associates LLP, rpetterson@hother.co.uk, 02089477999 - Political uncertainty and Planning combine to hold back investment

Elsbeth Webb MRICS, London, Savills, ewebb@savills.com, 07976746879 - Quality of labour.

Peter Heath MRICS, MASI, MCIQB, London, Thirty Eight Blue Ltd, peter@38blue.co.uk, 07889278500 - Skills shortage and materials availability.

Sriyani Harper MRICS, Chiswick, London, CLR Associates Ltd, sriyani.harper@clrassociates.co.uk, 0208 995 1750 - Still suffering from the financial crisis in 2008. Brexit uncertainty finished it off.

Matthew Fitzgerald, London, Mace Ltd, matthew.fitzgerald@macegroup.com, 07747 441224 - The construction pipeline in London has stalled in the private sector - in the infrastructure sector the pipeline is still there but is being delayed coming to market by an average of 6 months.

Graham Ash, London, Gva associates Ltd, G.ash@gvaassociatesltd.co.uk, 07437688992 - The failure to deliver Brexit.

Joshua McGuinness MRICS, London, Future Generation, josh.mcguinness@futuregeneration.com, 07961513474 - The uncertainty surrounding Brexit leading to investment being held back.

David Apthorp MRICS, London, Levy Real Estate, david.apthorp@levyreal.co.uk, 02077470190 - Uncertainty caused by the withdrawn bill and possible change of government.

Ian Blackwell MRICS, London, The Building Inspectors, ian@thebuildinginspectors.co.uk, 07836218253 - Brexit uncertainty....

Barry Dickinson MRICS, London, The Berkeley Group, barry.dickinson@berkeleygroup.co.uk, 07917598742 - The continuing Brexit saga is still causing uncertainty amongst buyers in the private residential market, but there are signs of people deciding to proceed with purchases rather than waiting indefinitely.

Mark Crick, London, VolkerHighways, mark.crick@volkerhighways.co.uk, 07768867949 - With regards to skills shortage, lots of highly inflated salaries for people who are not qualified in the roles they are applying for.

South East

Julian Church, Worthing, Julian Church & Associates, julian@jca-ltd.co.uk, 01903533770 - A lack of public explanation of the decisions being made meaning decisions made (Brexit) without careful consideration of likely impacts; the country being run on populism with longer term deterioration of prospects and trade for the country.

Julian Francis FRICS, Marlow, Shanly homes, jfrancis89@aol.com, 07802636652 - Brexit.

Philip Robinson, Hemel Hempstead, Dandara Ltd, borlihp@hotmail.com, 07526 171527 - Brexit.

Clive Wilson, Welwyn Garden City, Echelon Consultancy, clive.wilson08@gmail.com, 07538324777 - Brexit continues to be a massive diversion from the PROPER business of Government.

Charles Dawson MRICS FCIQB FASI FFPWS (P.P), South East, Dawson and Associates Ltd, chas@dawsonsurveyors.com, 01424 882263 - Brexit. Get on with it one way or the other.

Martin Quan MRICS, South Coast England, Willmott Dixon Construction, martin.quan@willmott Dixon.co.uk, 07812062809 - Funding.

Leslie J Long FRICS, Colchester, Eyesurvey Chartered Surveyors, ljl@eyesurvey.co.uk, 07710009930 - General market inactivity and uncertainty.

Andrew Frost, East Sussex, Sea Change Sussex, andrew.william.frost@gmail.com, 07432651070 - Good weather conditions for construction may, in my opinion, be to some extent masking the damage Brexit uncertainty is causing in what would otherwise be a record year.

Matt Henderson MRICS, Hertfordshire, Henderson Curle Ltd, matt@hendersoncurle.co.uk - In the private housing market, development is still commencing at a steady pace but the sales and enquiries have slowed. There is a lack of market labour and Brexit is being blamed by suppliers for increased costs with no real evidence.

Philip Wadge, Newbury, Philip Wadge Associates Ltd, info@philipwadge.co.uk, 07919161912 - Insecurity of the political and Brexit climate.

Mark Jarrett, Southampton, Capita Southampton Ltd (CSL), mark.jarrett@southampton.gov.uk, 07435 267269 - Insufficiently skilled property professionals and budget cuts are leading to insufficient numbers of adequately skilled property professionals being employed to deliver the services required.

Gary Brown, Romsey, R&W Civil Engineering Ltd, gary.brown@rwcivilengineering.co.uk, 07909900356 - Just a big lack of skilled labour at competitive prices. Everybody is chasing a small pool of labour.

Morris Dempster, Amphyll, TJ Quantity Surveying, morris.dempster@yahoo.com.sg, 07919135557 - Lack of skilled trades.

Chartered Surveyor market comments

Leigh Hyatt, Chelmsford, Sedgwick International Ltd, leigh.hyatt@uk.sedgwick.com, 01245 208180 - Market needs to settle post Brexit but all will work out fine.

Suzanne Longhurst FRICS, Southampton, West Itchen Community Trust, suzanne@wict.co.uk, 02380388580 - Shortage of contractors providing good basic building maintenance services.

Paul Sharman FRICS, Ascot, Paul Sharman Project Consultants Limited, paul@sharmanprojects.com, 01344621061 - Uncertainty due to Brexit is creating hesitation on investment decisions.

Matt Collett MRICS, Oxford, AECOM, matthew.collett@aecom.com, 07966983888 - Uncertainty over Brexit is reducing the amount of funding that is released for public projects, i.e. hospitals.

Bruce Smith MRICS, Banstead, Westminster Consultants, bwsmith@westminsterconsultants.co.uk, 01737-366515 - Uncertainty surrounding Brexit.

North East

Peter Carruthers, Newcastle upon Tyne, Paragon Construction Consultants, paragon.consult@hotmail.com, 07764461990 - Although we endeavor to maintain a positive outlook, there has been a noticeable cooling of optimism, with the UK's domestic political uncertainty continuing to be the key factor holding back new investment.

Geoffrey Britton MRICS, Newcastle upon Tyne, Akenside Development Company limited, geoffbritton@akenside.com, 01912616300 - Brexit is a huge factor in confidence of making decisions.

Adam Gibson MRICS, Newcastle, Historic Property Restoration Ltd, gibson7@live.co.uk - Funding appears to be provided to a large degree at present. This may be as the funding is available now, so the funders are panicking and wish to expend it due to uncertainty prior to Britains exit of the EU.

Dan Johnson, Darlington, Highways England, dan.johnson@highwaysengland.co.uk, 07512 192383 - In terms of regulation hindering our projects, we find that pressure from the public, and particularly political figures, can have a significant bearing on the size/scope of a scheme.

C.J. Mills FRICS, Newcastle upon Tyne, Survey Control Services, enquiries@SCSsurvey.co.uk, 01207 544996 - Interminable delays by decision makers.

Stephen Whaley FRICS, Durham, Northumbrian Water Limited, stephen.whaley@nwl.co.uk, 0191 3016492 - Public sector infrastructure spending plans affected by Brexit paralysis.

Andrew Matches, Newcastle Upon Tyne, Turner & Townsend, andrew.matches@turntown.co.uk, 0191 2797200 - UK Government's failure to resolve the Brexit deal is having a negative impact on private investment.

Keith Buglass MRICS, Newcastle upon Tyne, Sedgwick, keith.buglass@uk.sedgwick.com, 07767382374 - Uncertainty over material prices due to Brexit.

North West

David Aspden, Leyland, James and Hague, dave@james-and-hague.co.uk, 01772 623900 - Brexit - this needs resolving one way or the other.

Anthony Dillon, Manchester, Willmott Dixon, anthony.dillon@willmottdixon.co.uk, 01619473960 - Contractors with strong balance sheets/ reputation remain selective in the opportunities they pursue, preferring more collaborative procurement routes such as two stage/frameworks.

Simone Chan, Manchester, Unity Partnership Ltd, simone.chan@unitypartnership.com, 01617701972 - Global economic and political.

Nick Parry, Manchester, Engie, nickrickparry@gmail.com, 07922577690 - Labour is in high demand, tenders are not being responded to, e.g. nine tenders issued but two returned.

Nick Wdowczyk MRICS, Manchester, nwdowczyk@walkersime.co.uk, 01618729955 - Main contractors are now looking for workload for 2020+ which may potentially increase the appetite for tendering projects.

Ken Turner, Workington, Balfour Beatty, kenneth.turner@balfourbeatty.com, 07860894695 - Skills shortages.

Leslie Millar MRICS FCIQB FASI, Isle of Man, Leslie Millar, les.millar@hotmail.co.uk, 07624470776 - The Isle of Man, which is my area of working, has a vibrant construction industry (both capital and private projects) and is somewhat sheltered from the rest of the UK.

Andrew Webster FRICS, Rochdale, Calvert & Webster, calvertwebster@btinternet.com, 01706 344 826 - The uncertainty about the Brexit deal is causing delay to several projects and has now caused projects to be shelved.

James Carter, Preston, Eric Wright Construction, Jimc@ericwright.co.uk, 07850 870785 - There are a number of schemes held back pending an acceptable resolution of the current geopolitical uncertainties.

Chris Stringer, Merseyside, Stringer Surveying, chris@stringersurveying.co.uk, 0151 677 8533 - Uncertainty over Brexit.

Jonathan Higginson MRICS, Manchester and Preston, Building Surveyors NW Ltd, higginson.jonathan@gmail.com, 07989436498 - Uncertainty over Brexit and retail degeneration are issues knocking confidence.

Ian Swallow MRICS, Preston, David Humphries & Associates Ltd., ims@dhaltd.net, 07739803088 - Uncertainty over outcome of Brexit.

James Clifford, Manchester, James Clifford Associates Limited, jamesclifford99@hotmail.com, 07947512574 - We have too many people who are not technically competent because of a 'watered educational supply chain'. Many Degrees and MSc programmes are too easy. Far too many directors are not technically astute and is a major concern.

Phillip Timmis MRICS, Liverpool / Manchester, Arcadis, phil.timmis@arcadis.com, 07747632724 - Work primarily on NHS projects - biggest factors are pressure on NHS revenue budgets and formulation of Central NHS policy - busy with business cases but feel there is a level of distraction filtering down from political uncertainty.

Yorkshire and Humberside

Alan Dickinson FRICS, Hull, Dukes Sutton & Dickinson, Dickinsons@dickinsons.karoo.co.uk, 01482 657371 - Brexit is still slowing down investment.

Michael Stewart, Sheffield, Babcock International, mike.stewart@babcockinternational.com, 07957180338 - Clients are not committing because of uncertainties around Brexit.

Chris Pursehouse, Sheffield, Fern Glen Business Management, chris.pursehouse@outlook.com, 07581 476 421 - Companies indecision due to parliament being unable to finalise Brexit.

Chartered Surveyor market comments

John Willoughby
AssocRICS, York, Bringelly,
willoughbyjohn57@yahoo.co.uk,
07718238485 - Lack of small
experienced builders in the
community housing sector.

Barry Smith MRICS, Sheffield,
M A Cost Consulting Ltd,
barrysmith@macconsultingltd.
com, 07930180302 - Profit
margins being squeezed and
costs moving quickly, meaning
some tenderers are worried
about catching a cold by pricing
too low. Nervousness from
overseas investors regarding
Brexit is affecting scheme
progression and site purchases.

John Carlon, Wakefield,
Cromwell Wood Estate Company
Limited, Cromwell.wood@
gmail.com, 07739256461 -
Replacement rates of raw
materials for construction in
terms of planning and permitting.

Cathal Wright MRICS, Sheffield,
SCC, cathal.wright@sheffield.
gov.uk - Shortage of knowlegable
people, plenty of managers.

John Carlon MRICS, Wakefield,
Fennel Green & Bates,
Johncarlon@tinyworld.co.uk,
07739256461 - The replacement.

South West

Martin Livermore, Poole,
Dorset, Acheson Construction
Ltd, martin.livermore@
achesonconstruction.com,
07776513279 - Brexit needs to
be resolved quickly to avoid lack
of investment in construction.

Simon Gilmour, Swindon,
Marlaywade Ltd, simongilmour@
yahoo.co.uk, 07867527616
- Capacity market payments
suspended.

Graham Thorne, Poole, Thornes,
graham@thornes.org.uk, 07770-
961115 - General slowdown in
sales of residential houses and
difficult retail situation.

Jennifer Cox MRICS, South
West, Network Rail, jennifer.
cox@networkrail.co.uk,
07739778462 - I work within
the rail freight sector. Particular
issues are planning constraints
at depots and lack of availability
of paths on the network as
passenger services increase.

Simon Gilmour, Corsham,
Marlaywade Ltd, simongilmour@
yahoo.co.uk, 07867527616 -
Lack of clarity over the Capacity
Market.

Bates, Dorchester, ZeroC (part
of Places for People Group),
craig.bates@placesforpeople.
co.uk, 01305 250427 - Lack of
experienced staff in key local
authority positions in planning
and highways departments is
significantly affecting timescales
and costs.

David Vestey MRICS, Taunton,
Croft Surveyors Ltd, dv@
croftsurveyors.co.uk, 01823
428466 - Lack of staff and lack of
consistent policies (e.g. planning)
at local authorities.

Thomas Phillip John Hunt,
Bournemouth, Bourne Group
Limited, thomashuntmsc@gmail.
com, 07415350929 - Last year
saw Brexit delay a lot of projects
from Q3 Q4. We are now finding
people are fed up of waiting and
seeing these projects begin to
move regardless of Brexit.

Jestyn Coke, Blandford, A Jestyn
Coke, ajc@ajestyncoke.co.uk,
01258 454029 - The significant
new building taking place in
the area is affecting the supply
of contractors. In one area
where we manage property,
Bridgewater in Somerset,
builders we have used in the
past have gone to work for those
building the power station.

Trevor Barfoot, Paignton,
Aspectum Chartered Building
Consultancy, tjb@aspectum.
co.uk, 01803555945 - Whilst it is
early days since the government
announced that they are aiming
to have a net zero carbon target
by 2050, I anticipate there will be
many ill-conceived regulations
and promises to assist the
construction industry to achieve
this.

Adrian Stenning BSc (Hons)
FRICS, Bath, Stenning & Co Ltd,
adrian.stenning@stenningandco.
com, 07812980175 - Working
mainly in historic building
conservation, repair &
conversion we are experiencing
a loss of skilled craftsmen.
Brexit also appears to be making
clients reticent to fund new
projects.

Wales

Luke Roberts, Swansea, Roger
Roberts Surveys Limited,
luke@rogerroberts.co.uk,
07494586454 - Brexit.

Martin Cotsen FRICS, Cardiff,
Martin Cotsen & Co., martin_
cotsen@yahoo.co.uk, 02920
480568 - Concerns about the
environment, particularly nothing
to help the supply of electric
power being encouraged to use
tidal energy, and the opportunity
of protecting flooding.

Geraint Morgan MRICS,
Cardiff, Watkin Jones Group, ,
07778966738 - Material delivery
periods have lengthened on
plasterboard, cladding and fire
barriers post-Grenfell. Some
consultants are experiencing
difficulty in obtaining insurance
at reasonable market rates for
professional indemnity insurance
for highrise structures.

West Midlands

Tenderayi Masawi, Birmingham,
Turner and Townsend,
tenderayi.masawi@turntown.
co.uk, 07484935731 - Brexit
uncertainty.

Richard Mumford FRICS,
Evesham Worcs, Arthur Griffiths
and Mumford, richard.mumford@
agmfarm.co.uk, 01386852770 -
High Street dire.

Rhys Sandbrook, Bromsgrove,
R O Sandbrook Ltd,
enquiries@rosandbrook.co.uk,
01527835276 - Lack of available
developable land.

Niall Sloan, Birmingham,
Faithful+Gould, niall.sloan@
fgould.com, 07831481338 - Lack
of professional staff - not enough
diversity in the profession.

Kevin Foreman MRICS,
Birmingham, Affordable Home
Options LLP, kf@ahouk.com,
09747533835 - My work is
focused on Birmingham and
the West Midlands conurbation.
There has been sustained
growth in the region with
good short-term prospects
linked to major infrastructure
improvements such as HS2.

Andy Irvine BSc FRICS,
Greater Birmingham Region,
Cushman & Wakefield, andy.
irvine@cushwake.com, 0121
697 7222 - Tory leadership,
Brexit, USA/China and Trump-
factor generally, combined with
a slowdown locally, in West
Midlands.

A D Rushton, Newcastle
Under Lyme, Inhealth Group,
tonyr6kww@live.com,
07971053205 - Uncertainty in
the NHS affects us a supplier
to them. Private sector work
is steady. Brexit not really the
concern; it's made out to be and
is considered over-hyped by
remainers but we'd welcome the
promised lowering of red tape - if
it happens!

Phil Hodges MRICS, Redditch,
Ridgeways Chartered Quantity
Surveyors, phil@ridgewaysqs.
co.uk, 01527894514 - Very mixed
messages from contractors -
either flat out or needing work.
Some sub-contractors / trades
flexing their muscles price-wise
presently.

Ian Reynolds, Midlands, Haston
Reynolds, ian@hastonreynolds.
co.uk, 07903182688 - We deal
with a lot of planning applications
- a good upfront indicator of work
which are currently down on
usual.

East Midlands

Neville Rickett BSc MRICS,
Lincoln, Ward Cole Ltd, neville@
wardcole.co.uk, 07971 142834 -
Brexit dithering.

Mark Elliott FRICS,
Northampton, MEALtd, elliot.
mark@virgin.net - Brexit
uncertainty, general expectation
of economic downturn due to all
uncertainties.

David J Tate BSc MRICS,
Chesterfield, Copelands,
Djt@copelands-uk.co.uk,
01246232698 - High labour
costs.

Chartered Surveyor market comments

Jack Favell MRICS, Lincoln, R G Carter Building, jackfavell22@hotmail.co.uk, 07747721737 - Lack of availability of land at a reasonable price. Cost planning for inflation is difficult due to the ongoing uncertainty with the UK's withdrawal from the EU - a risk which is impossible to quantify and can make investors delay projects (or press ahead out of frustration).

Mike Foster, Northampton, Mulberry Developments, mr.mikefoster@ntlworld.com, 07949327495 - Over-supply of spec. logistics buildings as a result of bullish offers resulting from informal tenders.

Alistair Humphreys, AssocRICS, Lincoln, Lincolnshire County Council, alistair.humphreys@lincolnshire.gov.uk, 01522 550602 - Public sector funding continues to be squeezed but we now have two major road infrastructure projects on line. These were, of course, secured several years ago.

Eastern

Richard Fridd MRICS, Cambridge, Workman LLP, richard.fridd@workman.co.uk, 07771575713 - Brexit uncertainty is really affecting the market at this time, and many of our overseas clients are not spending money in the UK now.

M Roffe MRICS MCIQB, Stamford, Lincolnshire, Michael Roffe Associates, michael@roffe.co.uk, 01780238491 - Lack of confidence in the government.

Maynard Grout, Norwich, Maynard Grout Associates Limited, mgproperty@mail.com, 07850953565 - Level of confidence in clear direction on political issues being provided.

Stephen Nokes BSc MRICS, Ipswich, RVAD, stephennokes1@gmail.com, - Potential effects of Brexit.

Mark Phillips, Ipswich, Elliston Steady & Hawes Ltd, mark.phillips@eshbuilding.co.uk, 07973824992 - The general economic uncertainty.

Saul David Humphrey, Norwich, Saul D Humphrey LLP, Saulhumphrey@hotmail.com, 07375414366 - There is a growing dependency on the public sector and Registered Providers for opportunities as the private sector and developers pause investment decisions whilst Brexit-related political and economic uncertainty persists. This inertia reduces confidence.

Saul Humphrey, Norwich, Saul D Humphrey LLP, Saul@sauldhumphrey.com, 07375414366 - There is an almost constant underlying confidence in the region, but political and economic uncertainty does impact upon investment decisions.

Andrew Outram, Ipswich, Concertus Design and Property Consultants, Andrew.Outram@concertus.co.uk, 01473316600 - Uncertainty over Brexit still weighs on the mind of investors whilst increased scrutiny on public sector funding has seen the size and number of public sector projects reduce.

Chris Keeble, Ipswich, Gill Associates, ckeebled@gillassociates.co.uk, 01473 214646 - Whilst we remain busy, the political climate both nationally and internationally is holding back demand.

Scotland

Iain Kirkpatrick MRICS, Ayr, Iain Kirkpatrick Associates, iaiknal@me.com, 07770563080 - A lack of clear policy and decision making in Westminster.

Iain Clark, Glasgow, Stonegate pub company, iain.clark@stonegatepubs.com, 07917186254 - Brexit and licenced premises changes will affect.

Brian Duthie MRICS, Aberdeen/shire, Aberdeenshire Council, brian.duthie@aberdeenshire.gov.uk, 01467533217 - Government cuts to local authorities.

John Tait MRICS, Shetland, DITT Construction Ltd, john@ditt-shetland.co.uk, 01595692733 - Navigating through statutory authorities and service providers can be exceedingly time consuming and cause considerable delay to projects.

Ian C D Fletcher MRICS, Paisley, Ian Allan Associates UK Ltd, ifletcher@ianallanassociates.co.uk, 01418487470 - Our company operates primarily in the infrastructure area and does not carry out traditional QS services or fee-related work since margins are too tight and there is a higher risk of being sued for not using reasonable skill and care due to skill shortages.

John Mc Kinney, Glasgow, Galbraith & Lawson, j.mckinney2006@tiscali.co.uk, 07946602908 - Planning regulations and process too long and too expensive.

Michael Levack BSc MRICS, Edinburgh & Fife, Harrison & Duff Ltd, michael@harrisonandduff.co.uk, 07725857055 - Proliferation of cash-in-hand white-van-man (not VAT registered and not CITB registered) due to VAT at 20% on RMI.

George Alexander Milne, Isle of Skye, Milne and Company, Chartered Surveyors, info@milnecontracts.co.uk, 01470 572375 - Prospect of leaving the European Union, possible resultant wish for Scotland becoming independent, and general political upheaval at the present time.

Ron Macdonald FRICS, Edinburgh, Robertson partnership homes, Ronald.macdonald@robertson.co.uk, 07825297802 - Red tape around planning and consents needs to look at self-certification for professionals.

David Mitchell, Inverness, Armour and Partners, david.mitchell@armour-qs.co.uk, 01463230365 - Shortage of skilled labour.

Neil Donald, Aberdeen, Robertson Partnership Homes, n.donald@robertson.co.uk, 07870 517781 - There has been supply issues in brickwork and joiner work trades.

Chris Grant MRICS, Edinburgh, Careys Civil Engineering, chris.grant@careysplc.co.uk, 07834 181156 - Uncertainty over Brexit has affected some larger scale projects.

Northern Ireland

Michael McCaughey MRICS, Dungannon, M J McCaughey Ltd, michael@mjmccaughey.com, 028 87727270 - Absence of government having detrimental effect on construction in N. Ireland.

Gary Thompson, Carryduff, G.G.T.Design, ggtdesign@tiscalo.co.uk, 02890813784 - Excessive regulations and time to obtain planning permission.

Jeff McCreanor MRICS, Portadown, Graham, jeffrey.mccreanor@gmail.com, 07888 76240 - For Northern Ireland, still no devolved Government in place, which is hindering allocation of funding to various construction sectors.

Daniel Mc Crory, Enniskillen, Ds Mc Crory, Dsmccrory123@gmail.com, 07739864857 - I feel the current lack of local government is stalling all projects coming to site. This is really going to hurt both the sector and economy. The politicians and civil servants do not seem to share our concerns.

Colm Lavery, Belfast, Turner & Townsend, colm.lavery@turntown.com, 07764767108 - Local lack of executive, political instability and Brexit.

Pauric Quinn, Omagh, Fermanagh & Omagh District Council, pkquinn@btinternet.com, 07808842020 - No local government sitting in NI.

Gerry Millar MRICS, Belfast, Belfast city council, millarg@belfastcity.gov.uk - Politics and lack of Devolved Administration.

Chartered Surveyor market comments

John Reid, Belfast, KS&P,
johnreid.ksp@googlemail.com,
07717725286 - The lack of a
local government is continuing
to affect investment in the
construction industry.

Oliver Smith, Ballymena,
SurveyLink [NI] Ltd, ollie.smith@
tiscali.co.uk, 07890 555108 -
The non-functioning Stormont
Executive continues to have a
significant negative impact on
the construction sector in NI.
Coupled with Brexit uncertainty
dragging out, a bleak outlook
ahead.

Adrian Petticrew MRICS,
Belfast, Kier Utilities & Rail,
adrian.petticrew@kier.co.uk,
02890834101 - The situation
in NI remains perilous with no
functioning government locally
to plan and direct future budgets.
Brexit uncertainty is stalling the
local economy and the future
pipeline of projects is limited.

Ruairi O'Donnell, Belfast, Belfast
City Council, rprodonnell@
gmail.com, 07909567662 - With
Brexit very much on the horizon,
there is a real need for political
leadership to prevent existing
and future infrastructure projects
stalling. I feel the main factor that
will hold back activity in the next
12 - 24 months is skill shortages.

Methodology

About:

The RICS Construction and Infrastructure Market Survey 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 Q2 2019 = 517.

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?

Contacts

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Confidence through professional standards

RICS promotes and enforces the highest professional qualifications and standards in the development and management of land, real estate, construction and infrastructure. Our name promises the consistent delivery of standards – bringing confidence to the markets we serve.

We accredit 118,000 professionals and any individual or firm registered with RICS is subject to our quality assurance. Their expertise covers property, asset valuation and real estate management; the costing and leadership of construction projects; the development of infrastructure; and the management of natural resources, such as mining, farms and woodland. From environmental assessments and building controls to negotiating land rights in an emerging economy; if our members are involved the same professional standards and ethics apply.

We believe that standards underpin effective markets. With up to seventy per cent of the world's wealth bound up in land and real estate, our sector is vital to economic development, helping to support stable, sustainable investment and growth around the globe.

With offices covering the major political and financial centres of the world, our market presence means we are ideally placed to influence policy and embed professional standards. We work at a cross-governmental level, delivering international standards that will support a safe and vibrant marketplace in land, real estate, construction and infrastructure, for the benefit of all.

We are proud of our reputation and we guard it fiercely, so clients who work with an RICS professional can have confidence in the quality and ethics of the services they receive.

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