



Q4 2019: RICS UK Construction and Infrastructure Market Survey

Workloads improve as expectations bounce

- Modest improvement in workloads across most sectors and geographic regions
- Market confidence improves despite a downgrade to investment intentions
- Firms continue to hire in a tight labour market with rising labour costs

The results of the Q4 2019 RICS Construction and Infrastructure Market Survey show a broadly steady pace of growth relative to Q3 with a net balance of 12% of surveyors reporting their workloads to have risen. While on par with the performance of the previous four quarters, this represents a significant slowdown on the pace of growth that prevailed during the three years preceding the EU referendum vote which averaged 36%. While a decisive outcome from the general election has reduced political turmoil, the persistence of economic uncertainty and shortage of skilled labour continues to weigh heavily on investment decisions.

Across most sectors, **workloads** remained modestly positive and unchanged from Q3 (Chart 2). Infrastructure continues to see the strongest momentum with 17% more contributors seeing activity rise rather than fall during Q4. In private housing a net balance of 15% reported a rise in workloads, broadly unchanged from the previous quarter. Meanwhile, activity in the private commercial sector increased slightly with a net balance of 11% of respondents seeing a rise – up from 2% in Q3. Growth in industrial workloads remains at a near standstill for the fifth consecutive quarter. Sentiment in public housing and other public works has improved since the start of 2019, which may continue with the additional fiscal spending expected to be announced in the upcoming Spring Budget.

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, 16% more respondents reported an increase rather than a decrease – up from 4% in Q3 (Chart 9).

For the year ahead, headline workload expectations increased to 50% on a net balance basis from 27% reported in Q3. Activity is expected to be most resilient in the infrastructure and private housing sectors with 25% and 23% more surveyors, respectively, anticipating workloads to rise rather than fall. Within infrastructure, the energy and rail components are expected to see the strongest expansion in output over the coming twelve months. In an extra question added to gain insight into industry views on the lifting of the Housing Revenue Account borrowing cap that came into effect in October 2018, 34% more surveyors reported an increase rather than decrease in expectations for house building workloads over the coming twelve months.

While still a preliminary read on the majority win by the Conservative party at the polls, the RICS **market confidence indicator** – a composite measure of workload, employment and profit margin expectations over the coming twelve months – rose to 35% (from 12% in Q3). Despite this renewed optimism, 25% more respondents expressed the intention to decrease **investments** on fixed assets including equipment and software while 33% more intend to curtail workforce development and training. With surveyors continuing to report full order books, capacity remains a constraint on activity with a net balance of 39% citing an increase in headcount over the past three months to support new work despite ongoing recruitment challenges (Chart 10).

Financial constraints are reported by 71% of contributors to be the most significant impediment to building activity (Chart 5). When asked how **credit conditions** have changed over the past three months, 20% more respondents cited a deterioration rather than improvement (from -23% in the prior quarter). That said, expectations for the coming three and twelve months, although still restrictive, have eased (Chart 11).

Planning and regulatory delays are the second ranked factor restricting activity with 53% of surveyors citing problems in this area. While skill shortages have become less pronounced during the course of this year reflecting the moderation in workload activity, 42% of respondents still report this as an obstacle to growth. Indeed, with hiring intentions gaining pace in Q4 (Chart 4), a net balance of 73% foresee an increase in unit **labour costs** over the coming twelve months.

At the regional level, while most areas have experienced modestly positive growth over recent quarters, workloads in Scotland were flat in Q4 and increasingly negative in Northern Ireland (Chart 3). Infrastructure activity has been particularly resilient in London, the South East, Midlands and North (Chart 7) while the South West, Wales and Scotland have been supported by growth in public housing. Meanwhile, the pace of private housing is expected to be strongest in London and the South East (28%) and Scotland (25%).

Over the coming 12 months, total workloads are foreseen to accelerate across all UK regions with hiring intentions in London, the South East, Midlands and North the most robust (Chart 12). That said, labour shortages were most pronounced in Northern Ireland and Scotland where the lack of quantity surveyors is particularly acute.

Key indicators

Chart 1

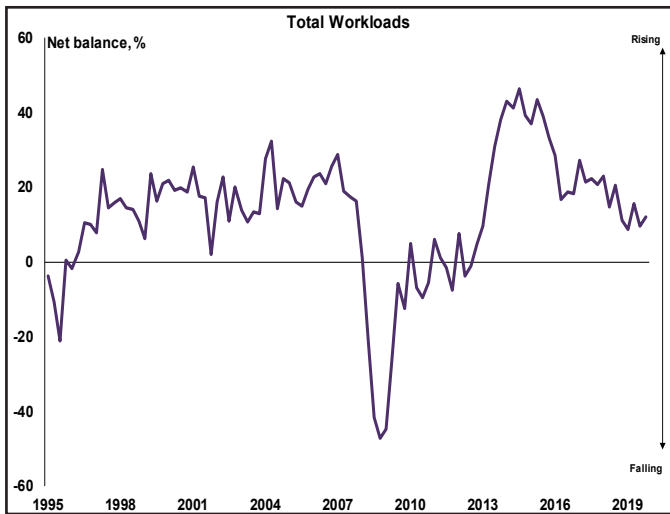


Chart 2

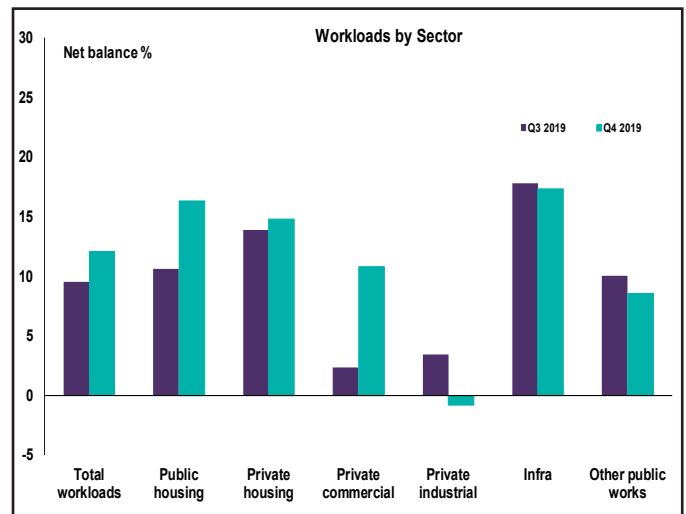


Chart 3

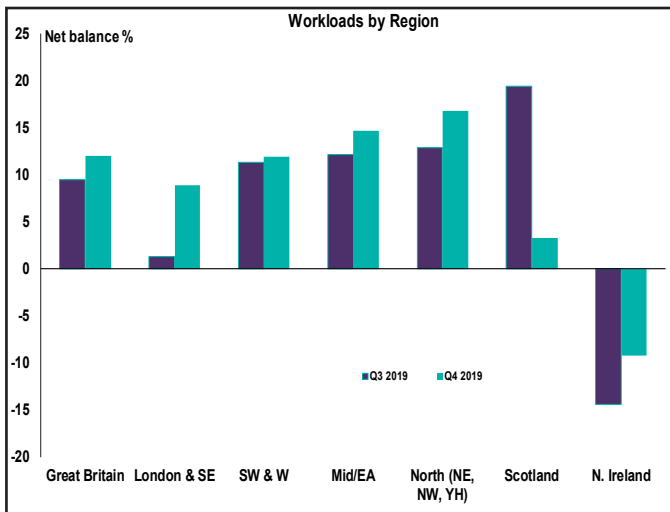


Chart 4

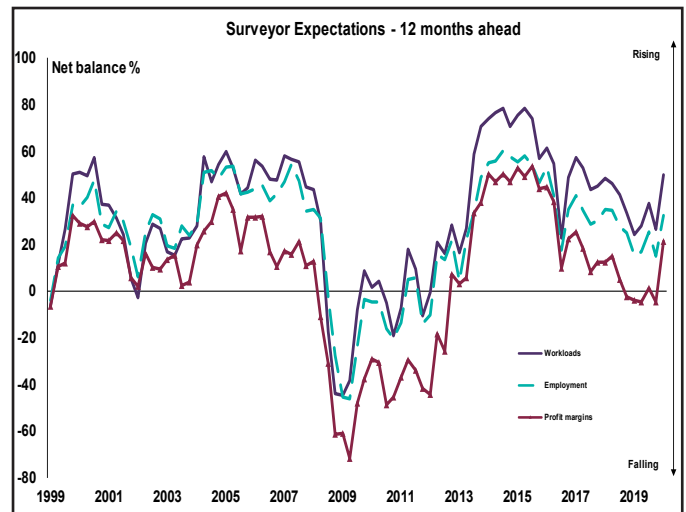


Chart 5

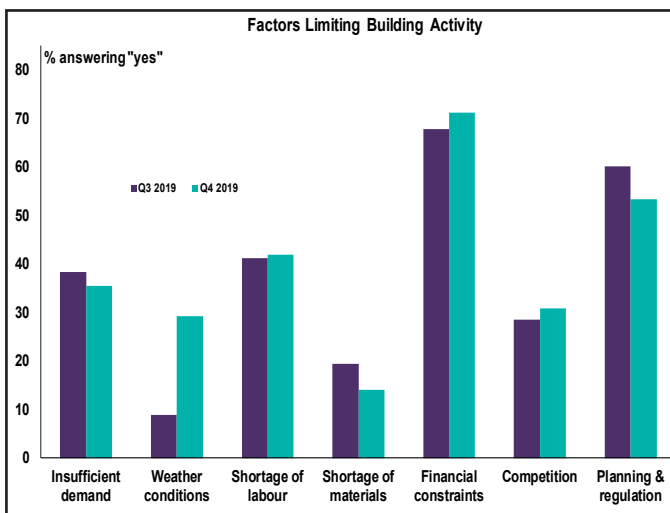
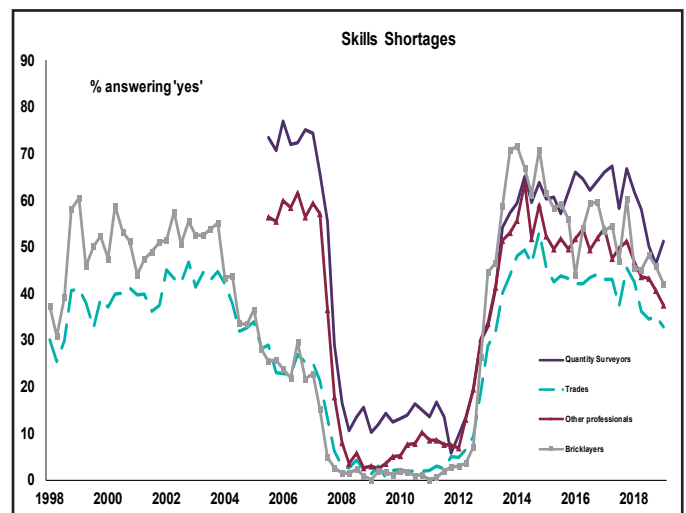


Chart 6



Key indicators

Chart 7

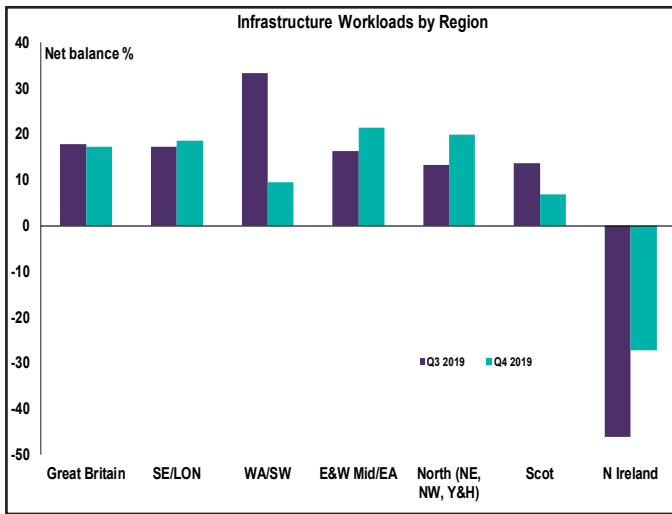


Chart 8

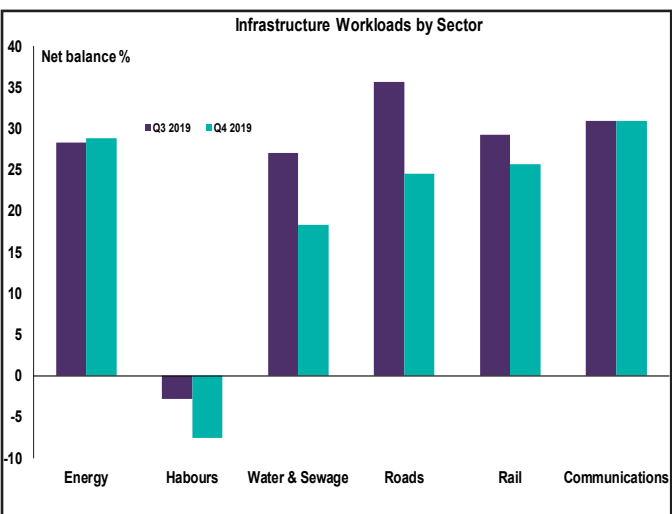


Chart 9

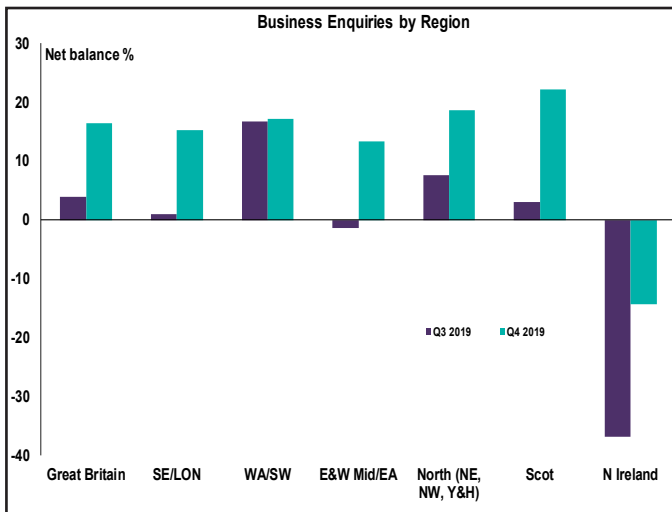


Chart 10

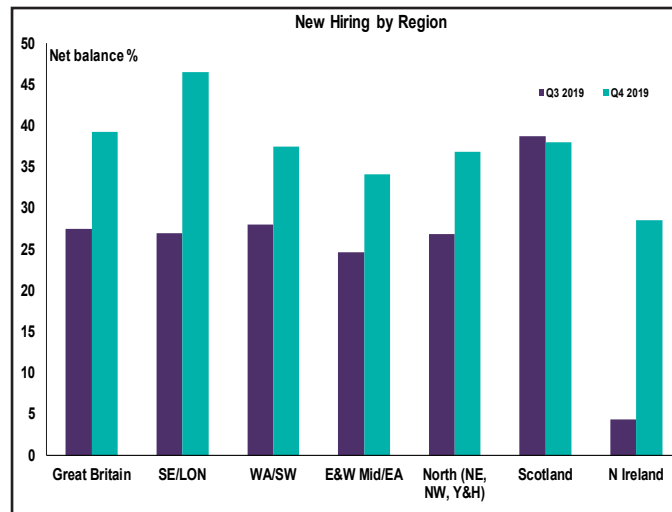


Chart 11

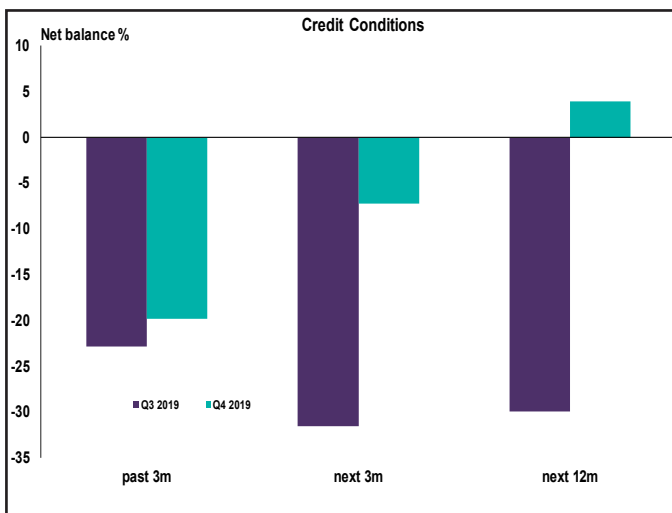
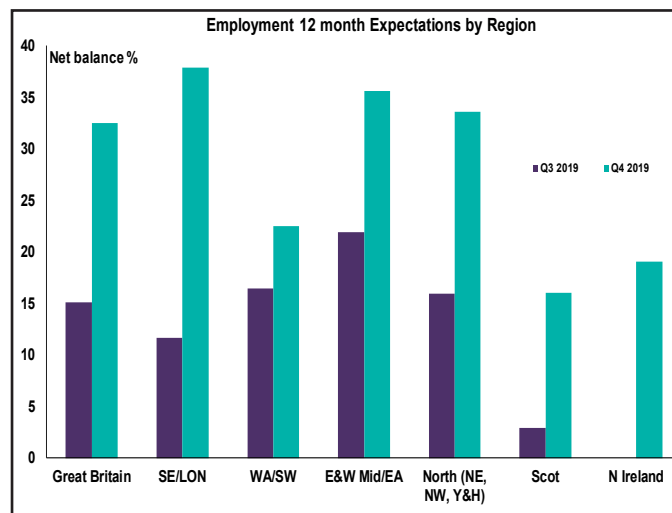


Chart 12



Key indicators

Chart 13

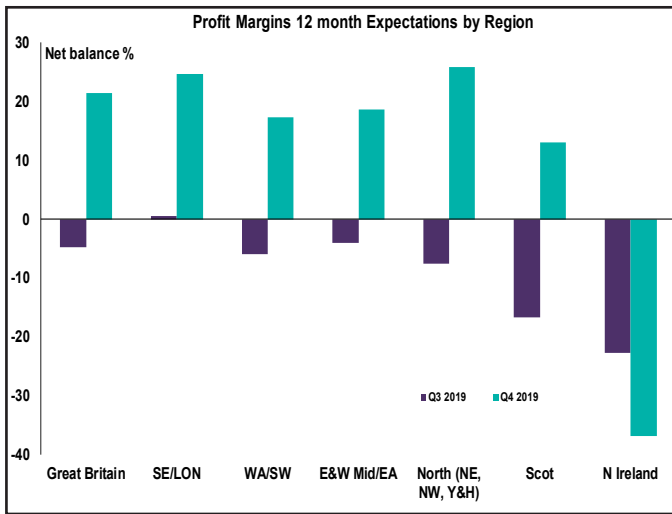


Chart 14

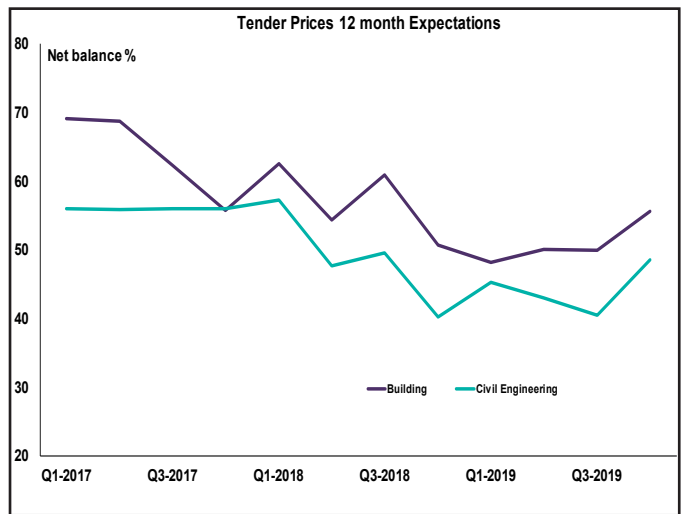
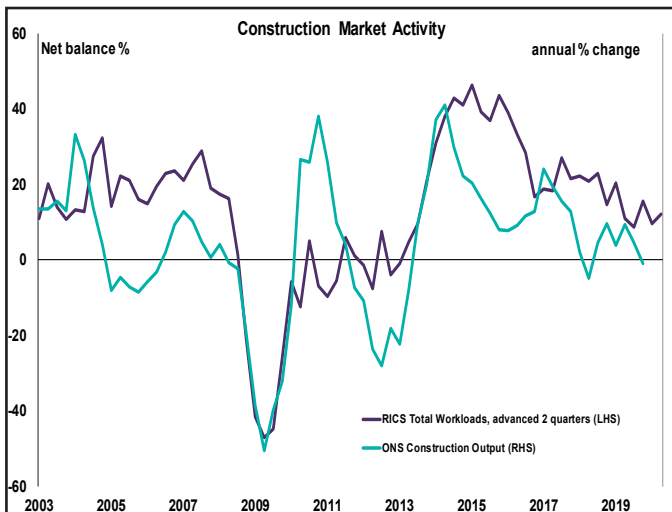


Chart 15



Chartered Surveyor market comments

London

Christopher Payne FRICS, London, Christopher Payne Associates Ltd, mail@cpaltd.co.uk, 01460 24257 - Although I am not involved in construction in the area of Somerset in which I both live and work, there appears to be a marked increase in private housing and commercial premises in the area (planning relaxation?).

James Reed BSc (Hons), London, Kempton Carr Croft, jameswreed@talktalk.net, 07786977983 - An increase in self-contained studio apartment high-rise properties.

Said Hajismaili MRICS, London, Murphy Group, saidhajismaili@yahoo.co.uk, 07852143717 - Brexit and political uncertainty generally has definitely had an impact in 2019. We need to achieve resolution to Brexit and our future relationship with Europe in 2020 to facilitate increased investment in construction.

Lloyd Craig MRICS, London, Gardiner and Theobald LLP, l.craig@gardiner.com, 07899 662228 - Brexit continues to be a factor causing uncertainty together with upcoming election.

Kwame Munyangiri, London, Pellings LLP, kwame.munyangiri@gmail.com, 07787255244 - Brexit is making developers more cautious about investing and this is having a knock on effect in terms of the amount of construction being undertaken. Many developers are waiting for "the dust to settle" before making further investments.

Cetin Ramadan FRICS, London, Charles Ramsden Consultancy Services Limited, cr@charlesramsden.co.uk, 07803047187 - Brexit uncertainty.

Sriyani Harper MRICS, Chiswick, London, CLR Associates Ltd, sriyani.harper@clrassociates.co.uk, 0208 995 1750 - Brexit uncertainty has gone on too long.

Vince Carroll, London, RBS, vince.carroll@rbs.co.uk, 07788567713 - Brexit and uncertain outlook over 2020 and EU deal.

Ian Swaysland, Banbury, Astimo Ltd, ian@astimo.co.uk, 07968114463 - Commencement of projects being held off due to Brexit uncertainty.

Simon Britton MRICS, London, Artelia UK, simon.britton@uk.arteliagroup.com, 0207 269 0450 - Continued uncertainty over the outcome of the Brexit negotiations.

Nicholas Black, London, Buro Four, Nickblack1@live.co.uk, 07920213548 - Convoluted planning process and lack of resource at planning departments.

Haydon Murton MRICS, London, Stiles Harold Williams LLP, Hmurton@shw.co.uk, 07894691988 - Fire legislation and cladding issues following Grenfell resulting in influx of instructions for cladding investigations and surveys.

Les Dunn MRICS, London, Arcadis, leslie.dunn@arcadis.com, 07979517795 - General election outcome and Brexit.

Adriano Sapelli MRICS, Various (UK South), Southern Housing Group, adrianosapelli@gmail.com, 07753509387 - Large increase in planned and reactive spend on Health and Safety compliance.

Stephen Brown MRICS, London, CDM Project Services Limited, stephenbrown@cdmprojectservices.com, 07753739061 - Obviously Brexit has been an issue on investment and confidence. The next 12 months hopefully will see more certainty and more stability which should improve confidence and therefore investment.

Nicholas, Northwood, Middlesex, VDBM Limited, nick.oltarzewski@vdbm.co.uk, 07393327407 - Political uncertainty.

Geoff Sellman, London, United Living (South) Ltd, geoff.sellman@unitedliving.co.uk, 07711 406838 - Political uncertainty is impacting on labour resources and investment decisions.

Thomas D V A Gillespie, London, Ward Williams Associates, victorgillespie@www.uk.com, 02074860501 - Post general election, London will see a significant increase in construction activity with a corresponding decrease in the numbers of skilled construction workers available in the market place.

Meir Porat MRICS, London, HRP Partnership London Ltd, meir@hrppartnership.co.uk, 07306300033 - Recent policy "grey" area in relation to fire is a major problem for consultants and developers. Planning is not managed well by the council – too slow and restrictive.

Athanasios Kafarakis, London, John Murphy and Sons, kafaatha@gmail.com, 07462881683 - Shortage of high quality professionals is impacting the progress and quality of works in London and UK in general. Given the increasing demand of mega projects (Heathrow / HS2) this issue can become even bigger in the coming years.

Sean Howarth, London, Mace, Skidder64@hotmail.co.uk, 06979591992 - Still some uncertainty surrounding Brexit.

Kevin Powell, London, Amazon Web Services, Kepowel@amazon.co.uk, 07584332977 - The UK planning system.

Jo Risby, London, Euro-City Group Ltd, jrisby@euro-city.co.uk, 07508344037 - The uncertainty over Brexit is a massive issue. Also, the demise of Carillion has meant that main contractors are holding on to cash more to demonstrate their financial stability to clients. The way they've done this is to not pay subcontractors.

Julia King, London, Harding Chartered Surveyors, Jking@hardingsurveyors.co.uk, 02077362383 - The upcoming UK Election is deferring the decision making of some clients with regard to spending on refurbishment of London property.

Iain MacDonald, London, Carlton Limited, iain.macdonald@carltonplc.com, 07387265484 - Uncertainty due to Brexit and election.

Chris Mills FRICS, London, Chris Mills Consulting Limited, chris@chrismillsconsulting.co.uk, 07813036395 - Very concerned about skill shortages in most areas.

South East

Simon Wilmot-Wilkinson, Southampton, Black Cat, Simon.wilkinson@bccconsultancy.co.uk, 07958424931 - Availability of young building surveyors.

Tom Macartney FRICS, Milton Keynes, Trivselhus UK, tom.macartney@trivselhus.co.uk, 07825 525274 - Brexit.

Martin Quan, Petersfield, Willmott Dixon Construction, martin.quan@willmott Dixon.co.uk - Brexit causing delay to investment decisions.

Richard Sewell MRICS, Ipswich, Castons, rsewell@castons.com, 01473 257586 - Brexit factor & new government policy on required construction works.

David Blackmore, Rochester, Blackmore Building consultancy, david@blackmoreBC.com, 07490819316 - Brexit making certain clients delay investment.

Glen Selby MRICS FCIQB, Maidstone, Benning Brothers Ltd, glen.selby@bbl-uk.com, 07730896811 - Brexit uncertainty continues to make people cautious and hold back decision making on project start dates. Plus, planning permissions are still too difficult to achieve and very protracted.

Chartered Surveyor market comments

David Allen, South East, Allen Dadswell Construction Consultants, davidwilliamallen@me.com, 07710388237 - Brexit uncertainty has impacted the market but delaying projects and wanting to get particular projects completed as soon as possible seem to balance. Low confidence in predictive indices is making forward-looking viability challenging.

L G Greaves FRICS, South East England, Greaves Project Management Ltd, lgg@greavespm.com, 07834664551 - Difficulty in obtaining planning consent for new development.

David Braid MRICS, Chelmsford, Braid Business Services Ltd, david@braidbusiness.co.uk or davidbraid1@hotmail., 07958511077 - Improved investment and subsequent business confidence post-Brexit election will have a welcome and biggest impact in the next 12 months.

Letwin Muzunze, Southend, Ingleton Wood LLP, letmuzunze@gmail.com, 07904244135 - Lack of technical staff.

Sandors Kurmis, Gravesend, Gravesham Borough Council, mr.sandors@gmail.com - Large quantities of asbestos across our building portfolio, low budgets to get these removed and, instead, we are obligated to pay large amounts of money to survey the same properties every year for management surveys.

Adam Johnson-Zammit, London, ETL, adam.johnson-zammit@etl.co.uk, 07930581315 - NHS funding.

Paul Quigley MRICS, St Albans, Paul Quigley & Associates Ltd, paul@paulquigleyandassociates.co.uk, 07768817569 - Now that Brexit has been confirmed, we await its impact. Will result in better investment for all construction levels but suspect in the long-term salaries will remain high but wages will not increase at the same rate.

David Norris BA Hons, MRICS, Oxford, PSP Construction Consultants Limited, dnorris@pspconsultants.co.uk, 01865 883870 - Oxford is a niche market and tenders/workloads are largely dictated by the level of activity at the university and its colleges.

Graham Matthews, Cambridge, University of Cambridge, Grahamvmatthews@gmail.com, 07704 392747 - Power network capacity and resilience becoming a limiting factor in developing low-carbon, low energy developments. Significant investment is required by organisations such as PNUK to strengthen grid.

Keith Gale, Winchester, Hampshire County Council, keith.gale@hants.gov.uk, 01962 847271 - The recent election results will now provide confidence in public sector spending for infrastructure.

Andrew Ayeni MRICS, Kent, UKPN, andrewayeni@hotmail.com, 07940770224 - The uncertainties of Brexit on availability of labour and imposed tax on materials.

Gary Stanbridge BSc(Hons) MRICS, Eastbourne, Stanbridge Consulting, mail@stanbridgeconsulting.co.uk, 01323 643732 - The uncertainty surrounding Brexit has caused a stagnated property market in Eastbourne over the past 18 months. This has, however, had a positive impact on the rental sector where there has been increased work opportunities.

James A C Cameron FRICS, Eastbourne, Ashburnham Cameron Partnership, tony@acpuk.co.uk, 07973413689 - There are a reduced number of reasonably sized construction companies in the local area.

Laura Bampton, Christchurch, Castlemore Ltd, laura@castlemoreltd.co.uk, 01202486666 - There is a definite shortage of skills generally and knowledge within existing contractors.

John Shepherd, Guernsey, WT Partnership, john.shepherd@wtpartnership.com, 01481 723163 - Uncertainty about the future.

Alex Canham, Banbury, CLoSE UK Ltd, alexcanham@outlook.com, 07825728380 - Unpredictability of upcoming election and UK strategy for leaving the European Union, and how this affects materials and labour.

North East

Tony Rushton MRICS, North, Inhealth Group, tony.rushton@inhealthgroup.com, 07971 053205 - Difficult to get tradesmen in some parts; costs are rising generally. Power supply poor in some areas; planning departments seem to be a law unto themselves and never have enough staff. Grenfell Effect is producing disproportionate responses to fire designs.

Michael Ryder, Whitley Bay, Ryder and Associates Ltd., michael@ryderandassociates.co.uk, 07948392456 - Difficulty for smaller contractors to employ tradesmen from the EU as a result of Brexit.

Andrew Steadman, Newcastle upon Tyne, Copro Consulting Limited, as@coproconsulting.co.uk, 07940205580 - Government policy was held back pending uncertainty over Brexit.

North West

Ayaz Patel, Manchester, Intro Developments Limited, ayazipatel@hotmail.com - Brexit, shortage of skills and labour, and access to developable land.

Michael Hyde, Manchester, Truline Construction & Interior Service Limited, mikehyde@truline-cis.co.uk, 01942227333 - Brexit and political uncertainty resulting in caution for investors in the North West area.

Ian A Dunning MRICS MIWFM, Manchester, Styles and Wood Ltd, ian.dunning@stylesandwood.co.uk, 07415219666 - Client investment now being held back due to political inaction.

Glenn Urmson MRICS, Manchester, QSA(NW)Ltd, glenn.urmson@hotmail.com, 07830 341708 - Investment appears to be stifled by Brexit.

Dermot Roddy, Preston, Leatown Contract Services Limited, dgroddy@sky.com, 07808933398 - Nervousness around IR35 is materially affecting the industry, and obviously Brexit.

Stephen Gillingham, Manchester, Rlder Levett Bucknall, Stephen.gillingham@uk.rlb.com, 07778465413 - Still uncertainty about the impact of Brexit on labour availability, materials supply lead times, exchange rates, inward investment, regulatory change, etc.

John P G Nicholas MRICS, Chester, Glen Ltd, glen.ltd@btconnect.com, 01244344311 - The industry will be governed by the political climate at the time. Private investment is important and if it is financially crippled by over taxation it will go elsewhere.

Anthony Dillon MRICS, Manchester, Willmott Dixon, anthony.dillon@willmottdixon.co.uk, 01619473960 - There have been a high number of regional contractors falling into administration which has had a negative knock-on effect to the supply chain. Sensible procurement routes and budgets are essential to achieve successful outcomes for all!

John Ashall, Manchester, Spring PCC Ltd, john.ashall@springandco.co.uk, 07778572421 - Uncertainty of Brexit and the forthcoming General Election results will have a major bearing on the answers above.

Malcolm L Bell BSc MRICS, Workington, TVH Ltd, malcolm@acerholdings.co.uk, 01900 827637 - We are hoping for more confidence from investors once the Brexit issue is resolved.

Chartered Surveyor market comments

Adrian Pollock, Liverpool, ARP Building Consultancy Ltd, info@arpbuildingconsultancy.co.uk, 01516013658 - We need Brexit uncertainty gone so that investors have the confidence to start projects. Getting Brexit done would be appropriate.

Yorkshire and Humberside

David Jackson, Yorkshire, Jalicko Ltd, davidmartinjackson@hotmail.co.uk, 0113 2826326 - Believe that there will be a boost to construction when Brexit is delivered.

Jonathan Pearce MRICS, Yorkshire, SRA, jpearce559@aol.com - Brexit outcome holding back investments in commercial property.

Darren Hodgson MRICS, Stockholm, DHPM Ltd, darren@dhp.com, 07875492267 - Brexit reservations.

James Cochrane, North & Midlands (Leeds area), Balfour Beatty, jamescochrane89@outlook.com, 07946564440 - Delayed contract signing due to Brexit uncertainty.

Andrew Taylor, Driffield, Andrew Taylor Quantity Surveying Ltd, andrew@atquantitiesurveying.co.uk, 07539048560 - Extreme lack of bricklayers.

Richard Cassells-Smith MRICS, Leeds, John Murphy and Sons Limited, richardcassellsmith@murphygroup.co.uk, 07884113286 - For many young professionals the balance between work and home life is changing, requiring employers to adapt their working practices (such as agile working) quickly to retain their talent.

Daniel Salisbury MRICS, York, SASSUK, daniel@sassuk.com, 07739129070 - General Election resolved - Brexit should bring greater clarity and confidence in the new year.

David Low, Nationwide, Department of Health & Social Care, david.low@dhsc.gov.uk, 07876591772 - General election. Delayed sector business case approvals can lead to rise in project costs but the affordability amount doesn't. Brexit.

Kevin Marling FRICS, Woodmansey, Delaney Marling Partnership Ltd, kevin@delaneymarlingpartnership.co.uk, 01482 623955 - The primary growth in the construction sector is attributed to the conversion of commercial property to buildings of multi-occupation (including elements of mixed development).

James Robertson MRICS, York, Fordhurst Support, j.robertson@fordhurst-support.co.uk, 07443 439784 - Threat of Brexit.

E Turner, Sheffield, Brownill Vickers, eleanor.turner@brownillvickers.com, 0114 2903300 - Uncertainty due to Brexit and the outcome of the general election.

South West

Martin Hoyle, Bristol, PMBC Limited, mh@pm-bc.co.uk, 07580371728 - Brexit and market uncertainty – although now we have a government with a majority it will be interesting to see how this will impact on demand.

John Ramsay, Chippenham, JKR QS Services Limited, jkrqservices@gmail.com - Brexit has had an impact on the above which is not mentioned.

Martin Smalley MRICS, Bristol, Gleeds, martin.smalley@gleeds.co.uk, 0117 317 3200 - Generally, until the country has a stable government and Brexit is sorted we are not going to move forward as an industry or country as we are perceived as a risk to investors.

Robert Rushton, Torquay, RT Rushton Ltd, robert.rushton1@yahoo.co.uk, 07912100056 - Get Brexit sorted one way or another; not helping the country.

Pete Rice MRICS, Exeter, Ravenslade, price@ravenslade.co.uk, 07590847653 - Hinkley Point construction.

Patrick Lehane MRICS, Dorchester Dorset, Dorset Council, p.a.lehane@btopenworld.com, 07851201359 - I work with Dorset Council and we are experiencing a reduction in workload as a consequence of cutbacks in government funding for various projects in education and social care.

Paul Hougham, Wimborne, RLM Architects, paul@rlmarchitects.com, 01202 393407 - Merger of local health authorities and merger of local authorities.

Gary Fisher, Bristol, Mode Consult Ltd, GaryFisher@modeconsult.com, 07581189083 - People are extremely busy, having an effect on outputs.

Liam Mainstone, Truro, Vickery Holman, liam_mainstone@hotmail.com, 078411504719 - Shortage of labour continues to restrict supply in Cornwall.

David Perry, Redruth, Wm G Weller & Son Ltd, david@wmweller.co.uk, 01209215621 - The current political uncertainty and lack of direction from government (and opposition) continues to frustrate businesses in planning and investment for the future. A well-considered and realistic plan for the future of our economy would be a start.

Matt Trahair, Cornwall, CSL Ltd, trahair1@yahoo.com, 07967042472 - Transportation, fibre and shortage of skilled labour. Large out-of-county projects are more attractive and therefore labour and professional skills leave the county.

Andrew McNeile MRICS, Cheltenham/Gloucester, Gleeds Energy, andrew.mcneile@gleeds.co.uk, 01452 586451 - Workforce movement due to IR35 and inability to maintain workload resulting in workforce reduction, uncertainty with Brexit result, and Government commitment to financing larger Infrastructure programmes causing a stall in growth on Engineering work.

Wales

Jonathan Greetham MRICS, Cardiff, Alun Griffiths Contractors Ltd, jon.greetham@alungriffiths.co.uk, 07970735253 - Brexit uncertainty.

Robert Kerby FRICS, Monmouthshire, Moseley, robert@moseleypartnership.co.uk, 01633451033 - One significant factor limiting output is a shortage of skilled labour.

Gareth John Davies, Llanelli, Total Quantity Surveying Ltd, total.qs@outlook.com, 07468 576277 - There is a severe lack of skilled craftspeople within the construction industry. Those apprentices that are coming through do not possess the skills that are required. Self employed craftspeople do not pass on their knowledge and experience.

Titus Wing, Cardiff, WRW, tituswing1212@yahoo.com, 07960632029 - Turnover of staff and insufficient supply of good quality workers within construction.

Robert Fisher, Swansea, Robert Fisher L, info@robertfisherlimited.co.uk, 01792720010 - Workloads are increasing and, with limited labour, tender prices are rising. Many small-medium sized contractors' order books are full for a minimum of the next six months. Government house building targets are probably unachievable.

West Midlands

Michael Fallon MRICS, Stoke on Trent, Michael Fallon Quantity Surveyor, mick.fallon57@hotmail.co.uk, 07528338473 - Austerity, uncertainty with Brexit and businesses afraid to invest.

Victoria Ainsworth, Coventry, University of Warwick, veainsworth@outlook.com, 07748505201 - Brexit.

Quintes Neethling BSc (Hons) CMQS, Birmingham, Quint Interiors Ltd, Quintes@quintinteriors.com, 07398984631 - Brexit and BIM not being implemented by all, rarely by SME.

Chartered Surveyor market comments

Ben Stazaker, Stoke on Trent, Bas, b.stazaker@gmail.com, 07825988128 - Brexit uncertainty.

Hugh Raven MRICS, Hereford, The Raven Partnership, h.raven@ravenpartnership.co.uk, 07974 243 565 - Chronic lack of profitability, toxic contractual disputes and complete lack of skills.

Andy Irvine BSc. FRICS, Greater Birmingham, Cushman & Wakefield, andy.irvine@cushwake.com, 0121 697 7222 - Commeth the hour, commeth the man (or lady) - a hung Parliament would be less than ideal as Brexit must be resolved ASAP.

David Crump, Lichfield, Greenwood Projects Ltd, dbc@greenwoodprojects.com, 01543414777 - Compulsory open tendering is causing a major negative effect on projects - delaying appointments, causing inappropriate contractor and consultant selection, and putting an inappropriate burden on clients. The ability to shortlist tenderers essential

Simon Green MRICS, Birmingham, Gleeds, simon.green@gleeds.co.uk - Confidence of investors.

Michael Idowu FRICS, Birmingham, michael@microidowu.co.uk, 07944200195 - Construction market will have a slow down until the Brexit palava is sorted out. Nobody really wants to invest fully until they are sure exactly on the market.

Phil Hodges MRICS, Redditch, Ridgeways Chartered Quantity Surveyors, phil@ridgewayss.co.uk, 01527894514 - Current hotspots such as Manchester attracting sub-contractors and labour from the Midlands. HS2 jitters still causing concern.

Jeremy Pardoe MRICS, Midlands, Montel Civil Engineering, jempardoe@gmail.com, 07581 082473 - HS2 will have an impact on construction works within the Midlands area and this may be an opportunity for others to expand. Brexit is still the white elephant in the room!

Paul Murray, Birmingham, PMKM Ltd, pmkmltd@gmail.com, 07887801106 - Indecision on Brexit.

Adrian Aston FRICS, Birmingham, Naismiths Limited, adrian.aston@naismiths.com, 07721 535782 - Planning continues to be a factor delaying schemes and increasing costs in achieving planning permissions.

Matt Smith MRICS, England, Amey Defence Services Limited, Matthew.smith@ameydefenceservices.co.uk, 07970 955439 - Salary expectations for young professionals have risen dramatically over the last 12 months.

Hasan Imam, Smethwick, Sandwell Metropolitan Borough Council, hasan_i@hotmail.co.uk - Shortage in specialist expertise. People are retiring and taking the knowledge with them, and the transfer of knowledge to young professionals is less than what it should be. Maybe due to time constraints and a high workload that this is the case.

John Leslie Pidgeon MRICS MaPS, Telford, Shropshire, John Pidgeon Partnership Ltd, john@johnpidgeon.co.uk, 01952 461 881 - There is a shortage of skilled workers in the area which is likely to become more acute over the coming months and years. University courses are not an adequate substitute for practical on-the-job learning.

Rhys Sandbrook, Bromgrove, R O Sandbrook Ltd, enquiries@rosandbrook.co.uk, 01527835276 - There is frustrated demand in our sector probably through Brexit.

East Midlands

Leckie Waterhouse, Daventry, Goodrich Consulting LLP, leckie.waterhouse@gmail.com, 07946780179 - Brexit deadlines always give rise to a pause, or developers taking stock of where a project sits and have resisted pushing some schemes forward when a stage break coincides with another political event.

Christopher Weiss MRICS, Newark / Nottingham, Kaliber Construction Ltd, cweiss@hotmail.co.uk, 07929039059 - Brexit has caused huge stagnation of investment as businesses have no certainty in what they are investing in and for how long over the past 3.5 years.

Martin Turner, Derby, Stagecoach, martturner@hotmail.com, 07824410951 - Government planning on railway franchising delaying infrastructure works.

Stephen Blackburn MRICS, Nottingham, Clegg Construction Ltd, stephen.blackburn@clegggroup.co.uk, 07774172228 - Individual traders are generally becoming less conscientious on-site and less willing to work full shifts.

John Burditt, Northampton, Budworth Hardcastle, jburditt@budworthhardcastle.com, 01604604070 - Local Authority re-organisation from district and borough councils to two unitary authorities.

Mark Elliott, Northampton, Mark Elliott, elliot.mark@virgin.net - Uncertainty over Brexit and economic uncertainty over election outcome.

Matthew Plowe, Milton Keynes, Pinders Professional & Consultancy Services Ltd, matthew.plowe@pinders.co.uk, 07548254802 - Uncertainty over Brexit.

Eastern

Jonathan Nelson FRICS, Norwich, Richard Utting Associates LLP, jonathan.nelson@richarduttingassociates.com, 01603611281 - Construction has a strong pipeline of work - we just need Brexit sorted!

Gregory Ratcliffe MRICS, Chelmsford, Essex County Council, gratcliffe17@hotmail.com - House building levels in the area are down generally resulting in more labour available for site packages including bricklaying and superstructure works. This is offset with less tender competition this year and Brexit uncertainty.

Myles Scrancher MRICS, Lowestoft, SHARP Contract & Surveying Ltd, info@sharpccands.co.uk, 01502582077 - In our area of the country, access to suitable apprenticeship courses (and candidates) is limiting opportunities for training the next generation.

Saul D Humphrey, Norwich, Saul D Humphrey LLP, Saul@sauldhumphrey.com, 07375414366 - Planners remain the biggest obstacle.

Robert Franklin, Bedford, Robinson & Hall LLP, rjf@robinsonandhall.co.uk, 01234352201 - The political uncertainty is making things extremely challenging at the moment.

Paul Drayton MRICS, Cambridge, Pace associates Ltd, Pdrayton@paceassociatesltd.co.uk, 07561326352 - Uncertainty over Brexit has definitely impacted on residential construction spending.

Scotland

John Smith, Glasgow, Balfour Beatty, john.barnard@balfourbeatty.com - Bad payment conditions from governmental bodies.

Kevin Caffrey, Glasgow, Avison Young, kevin.caffrey@avisonyoung.com, 07884116827 - Brexit and general political uncertainty.

Stewart Kellock MRICS, Glasgow, Interserve, stewart.kellock@btinternet.com, 07710536027 - Brexit delays have affected certainty and confidence in the construction industry and we may be in this state for another 6-12 months.

Craig Macdonald, Glasgow, Brown and Wallace, c.macdonald@brownandwallace.co.uk, 01415528881 - Brexit uncertainty and possible tariffs factored into tenders received.

Colin Smith FRICS, Glasgow, Hg Consulting, csmith@hg-group.co.uk, 0141 354 0181 - Delay to projects due to gaining consents bottleneck.

Chartered Surveyor market comments

Gilbert McComb, Glasgow, Patriot Construction Consultancy, gilmccomb1@gmail.com, +1 248 496 5909 - Experience is still required yet unattainable.

Iain Cathro MRICS, Aberdeen, Siemens, iain.cathro@outlook.com, 07590509684 - I expect strong growth in the energy and infrastructure sectors.

David MacDonald, Glasgow, JC+P, david.macdonald@jcandp.co.uk, 01412216607 - Lack of certainty over Brexit seems to be causing a hold on investment but the lower pound value and continued low interest rates seem to compensate. Infrastructure is in a mess, obsession with HS2 and vanity projects stymies investment elsewhere.

Jack Mc Kinney, Glasgow, Galbraith & Lawson, j.mckinney2006@tiscali.co.uk, 07946 602908 - Political threat of upheaval and lack of stability restricting development investment as a consequence of limited guarantee of commercial return.

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.

Donald MacPhail, Western Isles, Comhairle nan Eilean Siar, dan.macphail@cne-siar.gov.uk, 07879027021 - The relatively buoyant market conditions on mainland Scotland, particularly regarding the housing sector, has made it extremely difficult to attract competitive tender bids for work in the islands and the cost uplift is over 35%

John McKelvie MRICS, LLM, MCIARB, Glasgow, The Adept Partnership Ltd, john.mckelvie1@ntlworld.com, 07793672640 - There is a lack of well-trained ground workers and it would appear that no large civil engineering construction company wants to invest the time and money training anyone; or that no one wants to work outside anymore?

Northern Ireland

Sean Stewart, Dungannon, stewart consulting, seanstewart61@hotmail.com, 07710092164 - All-Ireland market trade with hardening of East/West trade, or trade into EU, risking supply chain 'just in time' deliverables.

Mark Hughes, Belfast, McNicholl Hughes, mark@mcnichollhughes.com, 07976879678 - Brexit and the lack of agreement on local government at Stormont is having a huge impact in NI at present, holding back possible investment.

Alan Smith, Belfast, Smith Project Management, smith-alan@sky.com, 07796154893 - Brexit impact.

Andrew Adams MRICS, Belfast, Brendan Loughran & Sons, adamsandrew5587@gmail.com - Challenging times ahead.

Trevor Rea, Belfast, Dept of Finance NI, CPD, Trevor.rea@finance-no.gov.uk, 07885157733 - Lack of mechanical engineers.

Geoff Stewart MRICS, Belfast, CPD, Dept of Finance, N. Ireland, geoff.stewart@finance-ni.gov.uk, 028 90816408 - No local government in place in Stormont.

Andrew Murray MRICS, Belfast, Bruce Shaw, andrew.murray@brucshaw.com, 02890321056 - Planning consultants and prolongation of the planning process.

Oliver Smith, Ballymena, SurveyLink [NI] Ltd, olliesmith1959@gmail.com, 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 BSc MRICS, Belfast, Kier, adrian.petticrew@kier.co.uk, 07733123419 - Workload in N Ireland continues to decline steeply due to lack of functioning government. Brexit uncertainty remains a major concern.

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 Q4 2019 = 747.

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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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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