Construction Workloads Accelerate To 20 Year High

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RICS UK Q3 Construction Market Survey, October 2014

Sharp rise in private housing and private commercial activity pushes up workloads at fastest rate since 1994

Private housing and private commercial construction activity fuelled a record workload in Q3 2014, according to the RICS UK Construction Market Survey – the highest recorded since 1994.

Despite the shortage of quantity surveyors continuing to grow (57% of respondents cited this issue as a problem), industry workloads continue to make a strong recovery, with 46% more surveyors reporting a rise in activity (up from a net balance of 41% in August). This marks the eighth consecutive quarterly rise in workloads.

The private housing sector grew robustly across all parts of the UK, with the London and the South East regions seeing the strongest growth. In the private commercial sector, workloads also reached a series high, with a net balance of 59% more surveyors reporting an increase in activity.

However, while still positive, workloads in infrastructure saw much more balanced growth with 27% more surveyors seeing activity levels rise. Significantly for Northern Ireland, for the fourth consecutive quarter, infrastructure and private industrial sector growth in Northern Ireland remained flat (0% net balance).

Across the whole of the UK, the main factors which were found to be limiting building activity were a shortage of labour, followed by access to finance and a shortage of materials (both a net balance of 58%). Significantly, demand for bricklayers increased strongly on the previous quarter, with 71% of respondents now saying that this is an issue (compared to 59% in Q2 2014). Planning and regulation factors were the fourth highest limiting factors (a net balance of 51%).

However, despite these concerns, the strength and breadth of the growth that is being reported is promising and feeding expectations for further growth over the coming year. As a result, 47% more surveyors expect to see profits increase, rather than decrease, and 58% more respondents expect to take on more people in response to the rising workloads.

Commentating on the data, Alan Muse, RICS Director of Built Environment, said:

"Unprecedented housing demand, the bounce back from a very deep recession and government's commitment to invest £36 billion in over 200 infrastructure projects is driving much-needed confidence across the industry, translating into UK workload sentiment now standing at its highest level in two decades.

Of course factors impacting construction activity, such as skill shortages and material shortages, must be addressed if we are to avoid capacity constraints and promote productivity and efficiency in the workplace, but it is equally important that the underlying framework for effective planning and delivery of projects is in place to ensure long-term construction growth that is evenly spread across the UK.

Government must now ensure it builds on these foundations of confidence with the mechanisms to get house building and infrastructure projects out of the pipeline and into the ground. RICS believes a National Infrastructure Delivery Plan and enforced local planning are among the measures it recommends to make this happen."

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