Q4 2021: RICS UK Construction and Infrastructure Monitor

Expectations for construction actvity remain firm for the year ahead with infrastructure leading the way

- Workload trends remain firm across most parts of the construction industry
- Problems around sourcing materials and labour are little diminished in the latest results
- Activity expected to continue growing strongly but profits recovery still lagging

The Q4 2021 UK Construction and Infrastructure Monitor shows workloads continuing to grow strongly across most parts of the industry with expectations for the next twelve months remaining firm despite ongoing challenges around securing sufficient supply of key building materials as well as the retention of skilled staff.

Workload trend remains solid

The headline Q4 reading capturing activity in the UK Construction and Infrastructure sector was unchanged from the previous three month period at +33%; that signals a significant majority of respondents are continuing to see increases (rather than decreases in workloads). To put this in some context, the recent high for this metric was +38% in Q2 (see chart 1 over the page) with positive momentum last at this pace back in 2015. The infrastructure sector is continuing to see the strongest growth (chart 2) with a net balance of +40% compared with +47% in Q2. Unsurprisingly, the energy subcomponent is still leading the way within infrastructure at +51%. Other Public Work (excluding residential development) has been firm in recent quarters rising alongside the broader infrastructure category. Meanwhile, the private housing sector continues to record solid momentum albeit that the workloads indicator has retreated from +50% (Q2) to +37%.

But significant obstacles still firmly in place

In terms of the major impediments to activity faced by the construction industry, feedback to the latest survey is pretty emphatic that shortages of materials and labour continue to dominate (chart 5). The proportion of contributors identifying these issues as challenges fell very slightly compared with Q3 but remain elevated when put in a historical context. Shortages of materials were highlighted by 84% of respondents as against 89% previously while 77% drew attention to labour related issues as against 81% in the last survey. By way of contrast, financial constraints which were seen as a major barrier prior to the onset of Covid have much diminished in importance. In the latest iteration, they were cited by 42% of contributors which compares with 81% in the first three months of 2019.

In terms of the skills issue, the shortages are visible both across the trades and in white collar roles (chart 6 and in the comments from respondents). Feedback around bricklayers and carpenters remains particularly acute with 65% of contributors noting difficulties in recruiting skilled labour in these areas. However the picture is little better when it comes to plumbers and plasters (59%) and electricians (58%). Meanwhile 49% of respondents identified a problem in sourcing quantity surveyors. Somewhat encouragingly against this backdrop, the net balance reading capturing industry investment in workforce development including training programmes and apprenticeships remained relatively strong in Q4 at +36% compared with +37% previously.

Growth trend likely to stay solid but margins still constrained

Business enquiries were still firm in the final quarter (+37%) which is consistent with generally upbeat expectations for activity looking out over the next twelve months. The headline workload expectations metric edged up to a net balance of +45% (chart 4) and remains only a little way from the recent high watermark of +55% recorded in Q2 of last year. Infrastructure is viewed as likely to continue to lead the lead way but both the private residential and non-residential segments are anticipated as also delivering strong growth in output.

Reflecting this, employment is seen as likely to continue rising notwithstanding the ongoing issues around labour and skills shortages bedevilling the industry. Feedback to the question around profit margins is a little more positive than it was in Q3 with a net balance of +10% of respondents now anticipating an increase over the course of 2022 compared with just +2% in the last survey. However, the somewhat tentative nature of any uplift in profitability in evident in the responses to the questions around ‘point estimates’ (chart 14). So while tender prices are, on average, viewed as likely to rise by something approaching 7.5%, the increase in construction costs in aggregate is seen as exceeding this, albeit only relatively marginally (8%). Disaggregating further, the consensus estimate is for material costs to jump by a further 9% over the period in question with skilled labour costs rising by more than 7% and unskilled costs by between 5 and 6%.

Key indicators

Chart 1

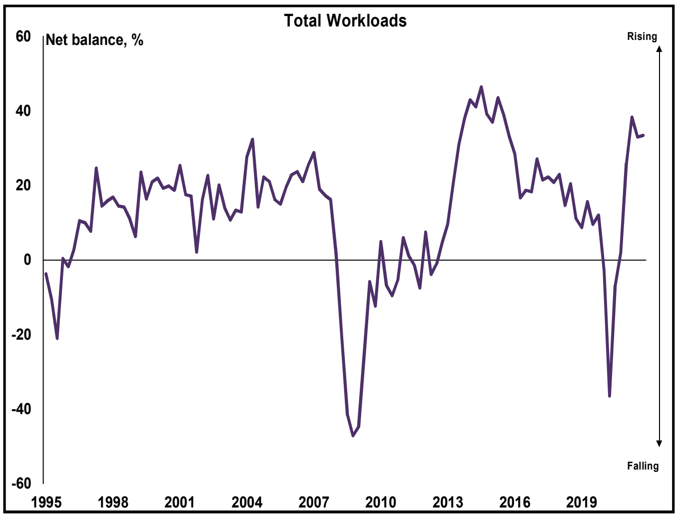


Chart 2

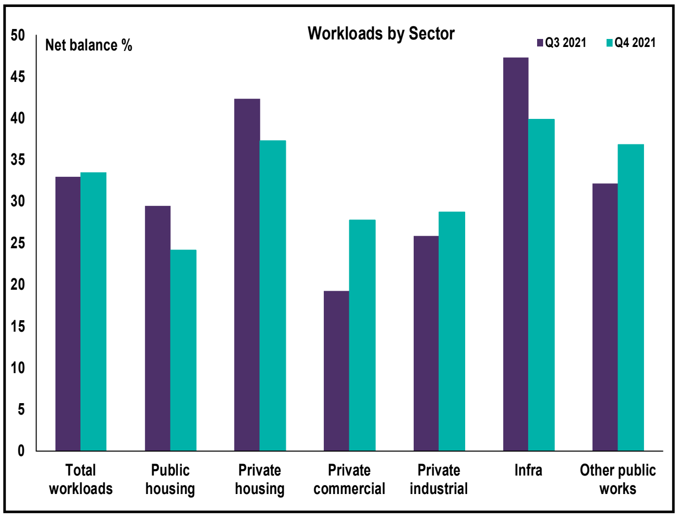


Chart 3

Chart 4

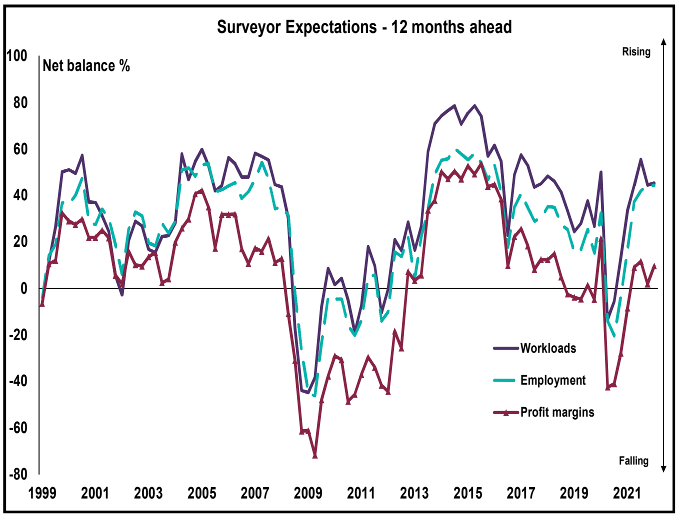


Chart 5

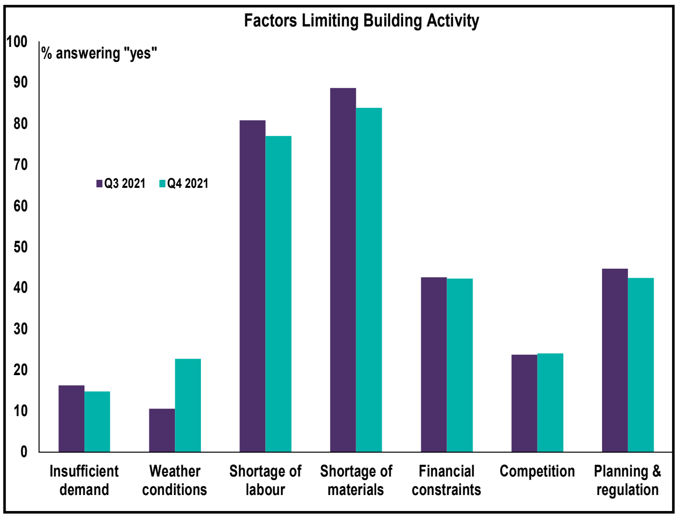
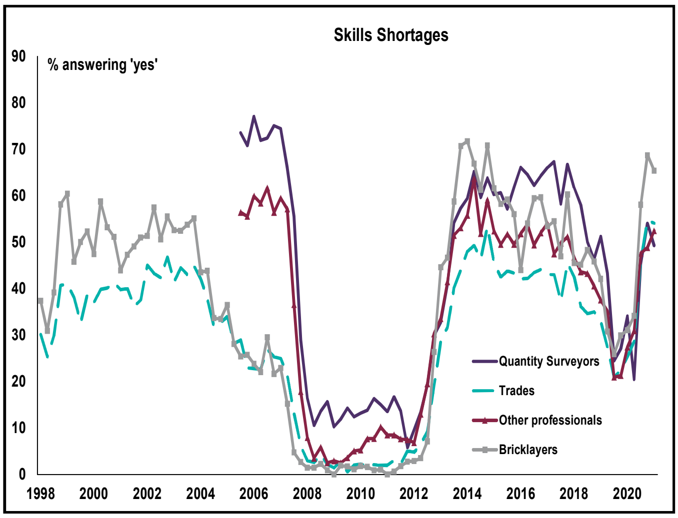


Chart 6



Key indicators

Chart 7

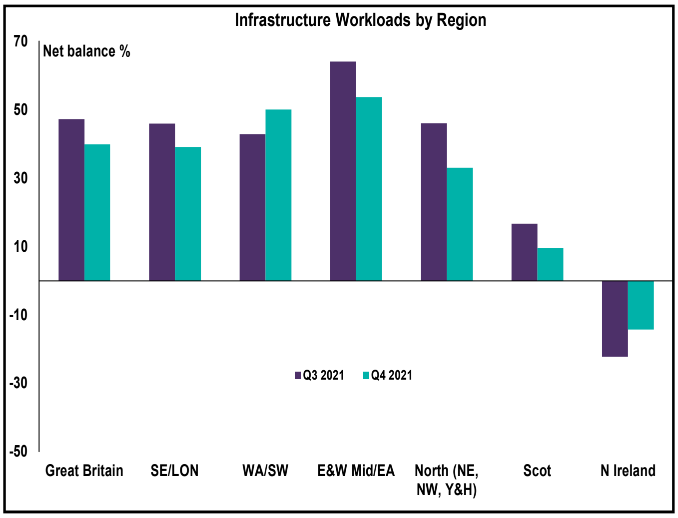


Chart 8

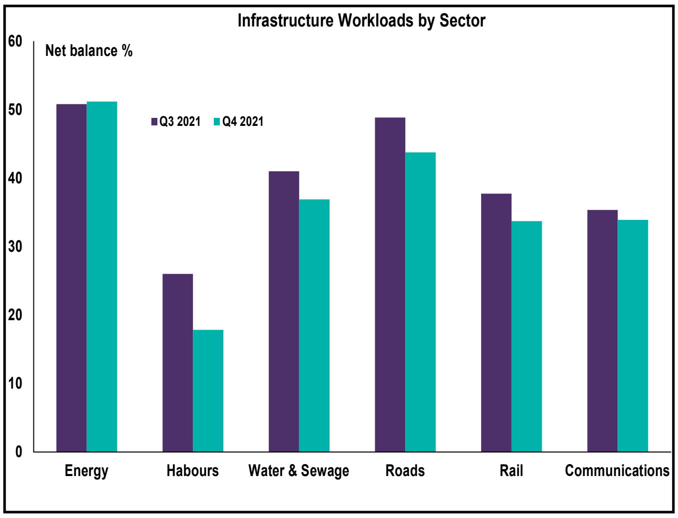


Chart 9

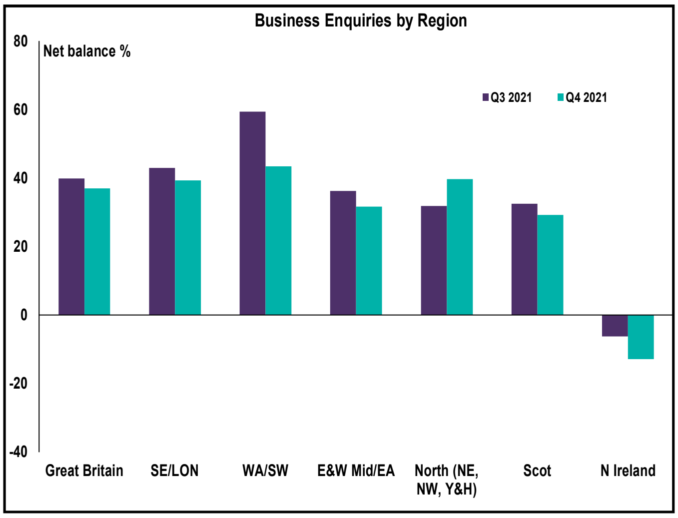


Chart 10

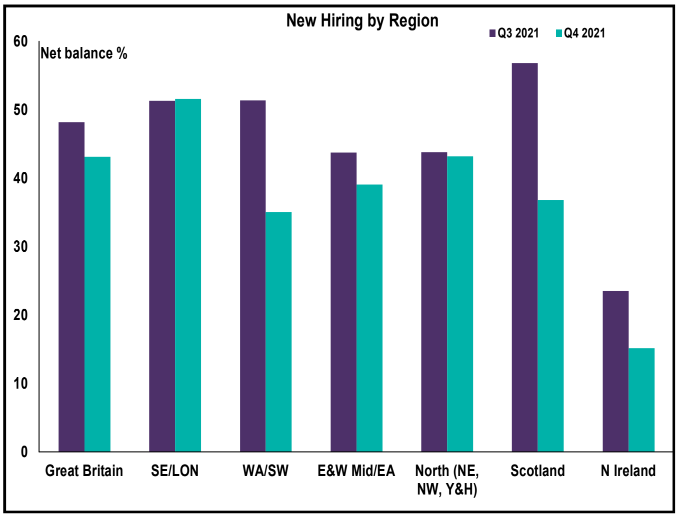


Chart 11

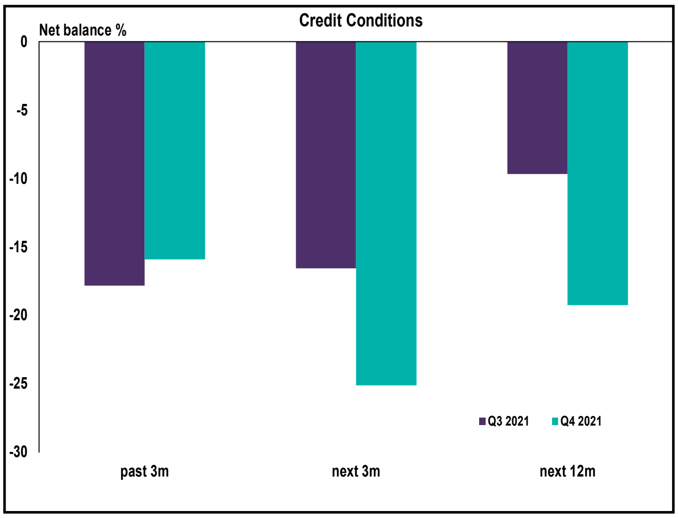
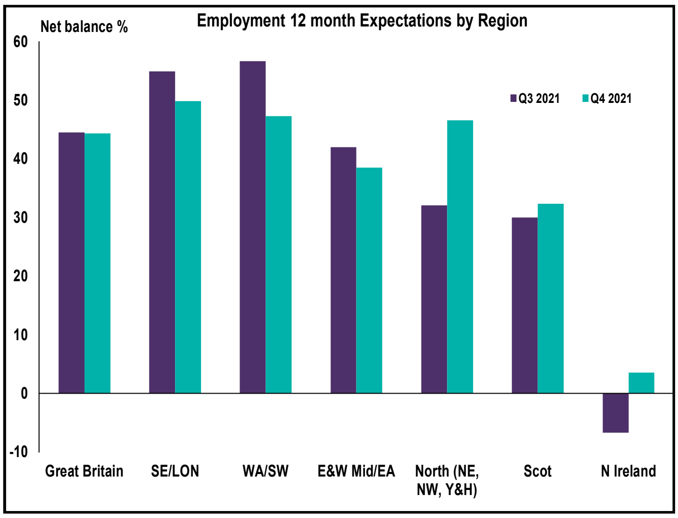


Chart 12



Key indicators

Chart 13

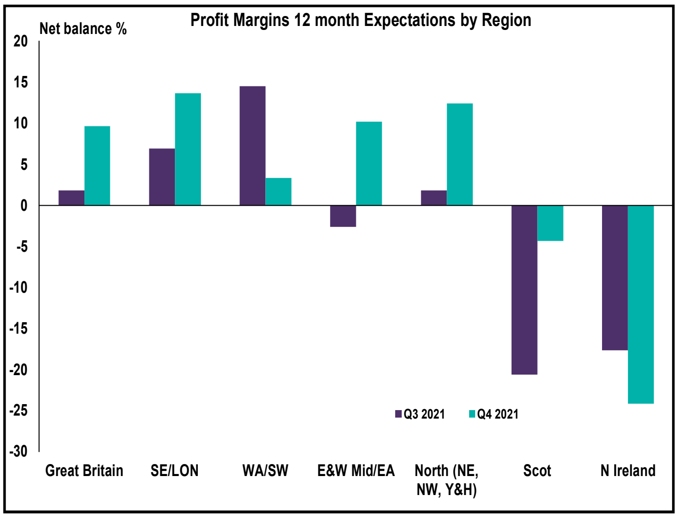


Chart 14

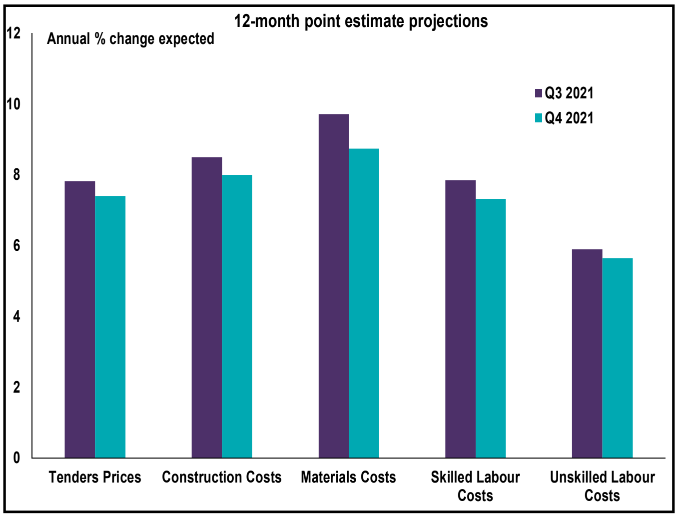
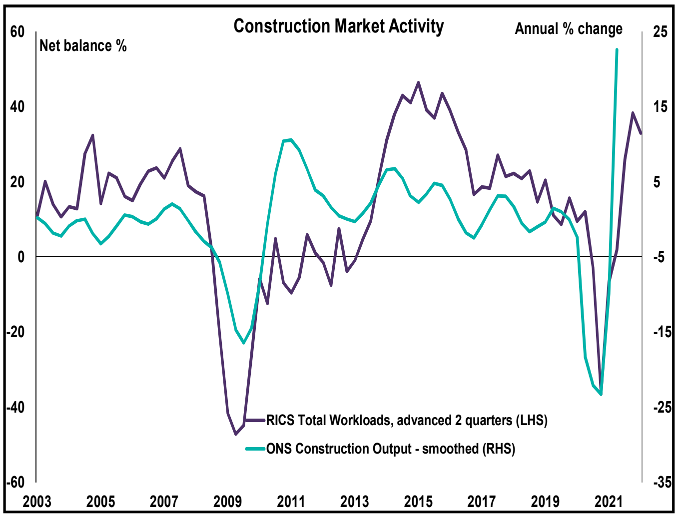


Chart 15



Chartered Surveyor market comments

London

Adam James Mehmet, London, Louis De Soissons Ltd, adam@louisdesoissons.com - Scarcity of labour and resources for construction work.

Alan Stokes, London, Universal Security Systems Ltd, apstokes64@yahoo.com - Uncertainty arising from leaving the EU.

Andrew Pilcher, London, Pierce Hill Consulting Llp, andrewpilcher@piercehill.com - Materials price hike and labour shortages.

Andrew Shepherdson, London, GNP Structural Surveys Ltd, gnpstructuralsurveys@gmail.com - Compliance understanding by local councils.

Andrew Waite, London/National, KFC UKI, andrew.waite@yum.com - Delay in receiving supplies and increase in cost.

Anthony Ehi Osagie, Lewisham, London Borough Of Lewisham, aosagie@live.com - We are currently experiencing price hikes on both labour and materials. Shortages of contractors.

Anthony Riley, London, Ame Partnership Llp, triley@ame-llp.com - Supply of materials and cost uncertainty. Programme uncertainty as a result.

Arnold E Tarling, London, Beta - Chartered Surveyors Limited, arnoldtarlingfrics@gmail.com - Poor workmanship - failure to build to standard or regulations.

Bruce Paige, London, Southwark Building Control, bruce.paige@southwark.gov.uk - Mainly labour shortages and materials cost.

Chris Harrington, London, Rider Levett Bucknall, chris.harrington@uk.rlb.com - Lack of graduates.

Christian Pinnigar, London, Bropin Limited, christianpinnigar@hotmail.com - Covid 19.

Clifford John Moore, London, Vercity, cliffm219@gmail.com - Uncertainty in terms of labour supply compounded by Covid-19 restrictions.

Curt Smith, London, Systech, curtsmithqs@gmail.com - COVID-19 & Staff retention issues.

Dalraj Singh Bancil, Hounslow, Bancil Partnership Ltd, raj@bancilpartnership.co.uk - Funding from lenders.

Derek Evans, London, Central Government, derekevans@mail.com - Dependent on treasury funding.

Donald Stuart Horner, London, Three Pagodas Limited, hornerd7@gmail.com - Lack of experienced construction professionals.

Dorian Burt, London, Dorian Burt Associates, dorian@dorianburt.co.uk - General lack of client confidence, depressed clients putting plans on hold.

Gulam Nadat, Ilford, GN Surveyors Ltd, info@gnsurveyors.co.uk - Uncertainty in the price of materials and labour costs.

Guy Davies, London, Rapleys Llp, guy.davies@rapleys.com - Shortage of labour and Covid isolations.

Harold Wiesenfeld, London, Wiesenfeld Associates Ltd., harold@wiesenfeld.co.uk - Consensus that building costs have escalated and will not reduce.

Ian Peart, London, Cushman & Wakefield, ian.peart@cushwake.com - Lack of labour in trades and services industries are impacting in conjunction with materials.

John Geoghegan, London, Landcorp Private, john.geoghegan@landcorp.ie - Shortage of skilled labour and material price increases are big issues.

Joshua Browne, London, Cumming Group, joshua.browne@cumming-group.com - Large scale cladding replacements and the desire to remedy following the tragedy at Grenfell.

Kenneth Graves, London, Ridge Interiors Limited, k.graves@ridge-interiors.co.uk - COVID causing intermittent labour supply and materials delivery issues.

Lee Driscoll, London, Rougemont Property Consultants Ltd, lee.driscoll@rouge-mont.com - Contract amendments covering items like Covid-19, inflation and delay are affecting Contract Negs.

Lindsey Summers, London, WSP, lindseysummers@yahoo.co.uk - Sharp upward fluctuations in the price of steel for sheet piling.

Matthew Kempton, London, Mercedes-Benz Retail Group Uk Ltd, matthew.kempton71@gmail.com - Covid-19 working practices, Brexit border controls.

Melvyn Hale, London, Lazari Investments., melvyn@lazari.co.uk - The intervention of Covid measures has damaged the supply chain along with the resource markets.

Michael Eastwood, London, M D Eastwood Limited, michael.eastwood1@icloud.com - Suitable experienced professionals.

Michael Jones, London, The Portman Estate, mickeyjones@virginmedia.com - Shortages of competent planning officers meaning applications have taken as long as 50 weeks.

Muiris Liam O'Loingsigh, London, Callan Consultancy, muiris@oloingsigh.com - Uncertainty.

Neil Farrance, London, Page Surveyors, neil@pagesurveyors.co.uk - Lack of skilled labour and variable supply conditions.

Paul Conway, London, Cosmur Construction (London) Ltd, pconway@cosmur.co.uk - Covid uncertainty, transport shortages.

Paul Dennis Knight, Richmond/Twickenham Area, Paul Knight, pdknightsurveyor@gmail.com - Material increased costs are worrying.

Paul Townley, London, Mid Group, paul.townley@mid-group.co.uk - Fluctuating COVID restrictions and affects of self-isolation.

Peter Gatfield, London, Calfordseaden Llp, pgatfield@calfordseaden.com - The Building Safety case is having a direct impact on the design output, format and auditing.

Peter Madden, London, Arcadis, peter.madden@arcadis.com - Effect of Brexit overlayed with the pandemic makes forecasting extremely difficult and volatile.

Peters Akinmolayan, London, Shabeckint Consulting, shabeckint@gmail.com - Labour shortage and materials shortfalls.

Richard Petterson, London, Hother Associates Llp, rpetterson@hother.co.uk - Brexit. Covid. Planning. In that order.

Richard Wright, London, Fcdo Services, richard.wright@fcdo.gov.uk - COVID related restrictions to international supply chains.

Richmond Akomfrah, Middlesex, Rpa Group, r.akomfrah@therpagroup.com - Brexit, Covid issues.

Scott Buchanan, London, Squarepoint Chartered Surveyors, scott@sqpt.co.uk - Materials, labour and delivery issues across the whole sector.

Scott Langley, London, Dendy Byrne, scottlangley3@hotmail.com - Labour from EU.

Sebastian Pampe, London, Agilia Infrastructure Partners, sebastian.pampe@agilia.co.uk - COVID.

Simon Britton, London, Artelia Projects Uk, simon.britton@uk.arteliagroup.com - Covid-19 affecting managers and operatives on construction projects, particularly in London area.

Chartered Surveyor market comments

Stacy Williams, London, Arriva Uk Bus Limited, williamssta@arriva.co.uk - Government funding and incentive schemes.

Stephen Baldock, London, WSB Consultancy Ltd, steve.baldoxk@wsbconsult.com - Inflation, skills shortages and investment.

Stephen John Brown, London, Cdm Project Services Ltd, stevebrown@cdmprojectservices.com - Covid consequences affecting supply,demand and end users for commercial and residential space.

Stephen Lloyd, London, Laing O'Rourke, slloyd@laingorourke.com - Covid pandemic impacting material and people availability compounded by demand growth.

Stewart Dorey, London, Project Focused Consulting Llp, s.dorey@projectfocused.com - Covid sickness/absence and fear of.

Timothy Robinson, London, Arcadis, trobinson133@gmail.com - Funding, Brexit, Planning, COVID.

Tom O'Brien, London, Glenny Llp, t.obrien@glenny.co.uk - There is a lack of confidence in the resilience of the supply chain both in terms of cost and certainty.

Tony Hunter, London, Burke Hunter Adams Llp, thunter@burkehunteradams.com - Lack / delay of demand side decision making due to economic outlook uncertainty.

Victoria Jones, London, Cushman & Wakefield, victoria.jones@cushwake.com - The progressive work from home drive.

Vytautas Macenas, London, Faithful+Gould, vytas.macenas@fgould.com - Increasing tender prices in the last year makes cost estimating difficult.

William Khoo, Enfield, Synergy Construction And Property Consultants Llp, w.khoo@synergyllp.com - Shortages of materials and skilled labour.

South East

Alison Maddison, Home Counties, CLPM Ltd, alison.maddison59@gmail.com - Lack of confidence due to Covid is delaying decision making.

Andrew Neill Graham, Harrow, London, Toureen Contractors Limited, andyngraham@gmail.com - Long lead in times of materials, uncertainty of delivery dates and fluctuation increases on quotations.

Andrew Verner, Southampton, Southampton City Council, andrew.verner@southampton.gov.uk - High demand for trades and design team members, which can't be supplied.

Anthony Waring, West Molesey, Harvey's, tony@tonywaring.com - Covid.

David Beaven, Eton, Eton College Buildings Dept, d.beaven@etoncollege.org.uk - Demand for smaller scale work creating shortage of labour.

David Pullen, Canterbury, Wilson & Partners Llp, david.pullen@wilsonpartners.co.uk - Environmental issues are causing delays on larger schemes.

Gary Brown, Southampton, (But All Over South), R&W Civil Engineering Ltd, gary.brown@rwcivilengineering.co.uk - Uncertainty of work streams.

Gary Dixon, Reigate, Vinci Construction Uk, gary.dixon@vinciconstruction.co.uk - Market uncertainty, although reduced in the last 12 months, continues to delay and hinder.

Helen N. Whitehead, Ashford, Price Whitehead Company Ltd, helen@pricewhitehead.co.uk - Significant shortages of materials.

Jonathan Griffiths, Greater London, Wt Partnership, jon.griffiths@wtpartnership.com - Private sector clients reluctance to invest in BIM where asset is built for sale.

Karl Grover, Aldershot, KPG Associates Chartered Building Surveyors, kgrover@kpgassociates.co.uk - Supply chain issues and increased demand for building works caused by delays imposed by Covid.

Keith Gale, Winchester, Hampshire County Council, keith.gale@hants.gov.uk - The Covid restrictions are still affecting supply chain efficiencies.

Kevin Gould, New Forest, Southampton, New Forest District Council, kevin.gould@nfdc.gov.uk - Inability to recruit skilled building surveyors and all trades - higher tender prices.

Kim Walsgrove, Winchester, Hampsire County Council - Property Services, kim.walsgrove@hants.gov.uk - Rising costs of labour and materials and supply issues with some materials.

Luca Holden, Oxted, John Cobb Consulting, luca.holden@johncobb.co.uk - Shortages in delivery drivers possibly as a result of Brexit or Covid-19.

Mark Willcocks, Winchester, Hampshire County Council, mark.willcocks@hants.gov.uk - Price volatility (mainly materials, but also labour to a lesser extent).

Michael Brindley, Romsey, Brindley Partnership Ltd, mike@brindleypartnership.co.uk - The vast majority of architects dealing with large one-off housing are not adopting BIM - a shame.

Michael Harris, Cranbrook, Michael Harris Associates, info@michaelharrisassociates.com - Lack of skilled labour.

Nathan Dartmouth, Portsmouth, Dartmouth Group Limited Chartered Surveyors, dartmouthn@gmail.com - Skills shortage and skilled tactical and technical individuals leaving the industry.

Oliver Rose, Woking, Madlins Llp, o.rose@madlins.co.uk - Planning timsescales.

Patrick Rego, Brighton, Crossley Anderson, patrick@crossleyanderson.com - Lead in periods for tendering contractors and their supply chains.

Paul Sullivan, Overton, Sullivan Commercial Consulting, sully7714@outlook.co.uk - Covid has seen a lot of skilled trades and professionals rethink their work life balance.

Philip Eades, Thame, Andrews Eades Limited, philip@andrews-eades.co.uk - Youngsters see the construction industry including professions as hard work and poorly paid.

Richard Virr, St Albans, The Abbeyfield Society, richard_virr@hotmail.com - It is difficult to get contractors to even tender. Certainly not in a competitive situation.

Robert Anthony Martell, Berkhamsted, Robert A Martell Limited, robert.martell@robertmartell.co.uk - Lack of training and apprentices for construction.

Scott Rigden, East Kent, Urban Surveying & Design Ltd., scott@urban-surveying.com - Poor local authority approach to development, they demonstrate a lack of knowledge and experience.

Vimbai Chipfupa, Reading, Thames Water, vachipfupa@gmail.com - COVID 19 resource impact.

North East

Anthony Clazey, Newcastle upon Tyne, Semi Retired, tony1clazey@gmail.com - Covid.

Anthony William Kay, Newcastle upon Tyne, Classic Masonry Limited, tony@bespokeconcrete.co.uk - Despite strong order book, clients still delaying starts. Wary of cost increases.

Michael Henning, Newcastle upon Tyne, Todd Milburn, michael.henning@toddmilburn.co.uk - Levelling Up Fund is assisting in replacing the removal of EU funding to support projects.

Chartered Surveyor market comments

Richard Lilley, Sunderland, Sunderland City Council, rich.lilley@gmail.com - Lack of man power/reliable contractors.

Ricky, Newcastle upon Tyne, Surveyors Services Ltd., rickykong2000@hotmail.com - Outdated planning and building regulations law.

Stephen Taylor, Newcastle, Driver Project Services Limited, stephen.taylor@driver-group.com - Limited material supply.

North West

Adam Ratcliffr, Liverpool, Rainford Associates Ltd, adamratcliffe@rocketmail.com - Main areas are labour and material shortages.

Alison Collins, Warrington, Keelagher Okey Klein, alison.collins@kok-surveyors.com - Costs of purchasing software for SME's with only a few users. Need a PAYG option.

Alistair Rose, Lancashire and South Cumbria, Lancashire Adn South Cumbria Ics, alistair.rose1@nhs.net - Poor long-term capital planning by government = surges in cost, resources, & inefficient benefits.

Anthony Dillon, Manchester, Willmott Dixon Construction, anthony.dillon@willmottdixon.co.uk - Labour and material availability/cost remain a huge risk so sensible procurement routes are vital.

Ben Dickinson, Manchester, Independent Quantity Surveyors Limited, ben@iqs.co.uk - Lack of skilled workforce and/or sufficient experience.

Christopher Atkinson, Blackburn, Blackburn With Darwen Borough Council, christopher.atkinson@blackburn.gov.uk - Supply chain delays for materials and rising costs.

David Aspden, Clitheroe, David Aspden, aspden1259@btinternet.com - Very fluid labour and material cost increases.

Frank Stephen Peck, Cockermouth, FSP Construction Services Ltd, frankstephenpeck@aol.com - Staff & workforce absence driven by Covid.

Grant Long, Carlisle, Cumbria County Council, grant.long@cumbria.gov.uk - Brexit affecting supply chains.

Gregg Vincent Iredale, Warrington, IF Building Consultancy Ltd, gregg.iredale@ifbuildingconsultancy.com - Brexit and delivery of materials.

Ian Laurie, Manchester, Watts Group Limited, ian.laurie@watts.co.uk - Difficulty in obtaining skilled labour in certain sectors. Covid continues to impact on operations.

Ian Whittle, Liverpool, Whittle Associates, ian@whittleassociates.com - Alleged local authority corruption - officers and elected persons.

James Roberts, Stockport, Smart Jones Ltd, jamesroberts@smartjones.co.uk - Labour availability.

Jim O`Brien, Manchester, Baqus, jim.obrien@baqus.co.uk - COVID.

John Winstanley, Manchester, Network Rail, john.winstanley@networkrail.co.uk - HS2 absorbing resources from the sector normally used for general renewals - rail sector.

Jonathan Brennan, Manchester, E & M Brennan Ltd, brennanqs@hotmail.com - Weather, material availability, skilled labour shortage, price increases.

Mat Cribb, Liverpool, Collabora Consulting, matc@cclqs.co.uk - Local political climate.

Paul Denson, Manchester, Pick Everard, pauljdenson@yahoo.co.uk - Lorry driver and material shortages.

Peter W Simcock, Preston, Pws Associates, peter_simcock01@hotmail.com - Workload significantly reduced over past two years.

Richard Woolfall, Manchester, Omward Homes, richardwoolfall@hotmail.co.uk - Notable cost rises as a result of immediate shortages of labour.

Robert Short, Liverpool, Youdan Briggs Ltd, rob.short@youdanbriggs.com - Shortage of labour.

Salvo Eccles, Preston, Home Defect Surveys, homedefects@gmail.com - Need more brown sites. Increase in flooding from new developments being built on greenfield sites.

Simon Fullard, Liverpool, Actua Chartered Surveyors, simon.fullard@actuabc.co.uk - Deep lack of suitably skilled candidates and over inflation of salaries vs ability.

Stephen D Buxton, Manchester, Stephen D Buxton & Associates, sdb@sdbuxton.co.uk - General shortage of skilled labour and more recentlty a shortage of materials. Material costs soaring.

Yorkshire & the Humber

Alastair Neilson, Within the Yorkshire, Humberside, Lincolnshire and NE Areas, Bam Construction, aneilson@bam.com - Unprecedented levels of supplier price increases leading to uncertainty with project feasibility.

Andrew Stokes, Sheffield, Pacy And Wheatley, andystokes1889@gmail.com - Delivery driver issues linked to COVID and the number of older trades people leaving the industry.

Anton Calleja, Leeds / York, Aberdeen Enterprise Finance Ltd, anton@aef.co.uk - Delays in the supply of materials.

Carl Batley, Leeds, Perito Building Consultancy, carl.batley@peritobc.co.uk - There are not enough graduates entering the industry, this has been ongoing for some time.

Chris Rugg, Leeds, Faithful+Gould, chris.rugg@fgould.com - Staff retention & recruitment of experienced, capable candidates at the right level.

Daniel Salisbury Mrics, York, Sass Uk Surveying & Sustainability Services, daniel@sassuk.com - The pandemic has seen a massive increase in demand for housing outside of cities.

Darren O Neill, Leeds, DPO Property Consultancy, darren@dpoproperty.co.uk - There is a lack of skilled labour force. Difficulty in obtaining sufficient materials.

Joe Elwood, Sheffield, Kelham Concept Limited, joe.elwood@kelhamconcept.com - Shortage of available staff and construction materials / labour.

John, Wakefield, PDS Design & Build, j.raybould@pdsdesign-build.co.uk - Mainly lack of labour and Covid issues. Brexit has certainly not helped the labour situation.

John S Skelton, York, JSA Design & Development, john@jsadesign.co.uk - Lack of skilled construction trades and uncertainty over material costs and shortages.

Keith Hardcastle, York, Alparchitecture Ltd, keith@alparchitecture.co.uk - Lack of labour due to COVID.

Keith Perigo, Leeds, Freedom Professional Services, k.perigo@btinternet.com - Lack of suitably experienced senior authorised persons in the electrical supply industry.

Mark Coates, Hull, Alan Wood And Partners, mark.coates@alanwood.co.uk - Supply chain nervousness over material and general cost fluctuations / volatility of market.

Nicholas Copley, Leeds, Freedom Professional Services, nco@freedom-group.co.uk - High material costs, long lead in/delivery especially on cold rolled steel and cladding.

Nigel Richardson, York, Nigel Richardson Quantity Surveyor & Cost Consultant, nigel@richardson-qs.co.uk - Lack of experienced tradesmen and subcontractors. Lack of experienced staff employed by suppliers.

Chartered Surveyor market comments

Paul Smith, Leeds, Psc Surveying Ltd, pauls@psc-surveying-ltd.com - Planning approvals are delayed by months, limiting the ability to deliver projects.

Robert Arthur Davison, Birkenshaw, Bradford, Property Manager, West Yorkshire Fire And Rescue Service, rob.davison@westyorksfire.gov.uk - Experienced professionals leaving the profession due to retirement or lifestyle changes.

Robert Grant, York, Grant & Associates Ltd, rob@ga-surveyors.co.uk - Transport across the region East to West is poor. Region heavily reliant on car not rail.

Shaun, Sheffield, The JTS Partnership LLP, shaun.mcloughlin@jtspartnership.co.uk - Public spending and reduction of gov budgets.

Simon Delaney, Yorkshire & the Humber, Delaney Marling Partnership Ltd, simon@delaneymarlingpartnership.co.uk - Lack of smaller (£30-150,00K) contractors.

Stephen Alfred Brigg, Bradford, Michael Eyres Partnership Llp, stephen.brigg@eyres.co.uk - Shortage of available staff. Shortage of materials. Rising cost of materials and tender prices.

Trevor Anscombe, Harrogate, DKP, trevor.anscombe@dkp-qs.co.uk - Long lead-in times on materials.

Trevor Haywood, Snaith, Perito Building Consultancy Ltd., trevor.haywood@peritobc.co.uk - The current position with regards to the availability of professional staff is a concern.

South West

Alastair Jestyn Coke, Blandford,Dt11 7Du, A Jestyn Coke, ajc@ajestyncoke.co.uk - The shortage of skilled labour and rising material costs are causing delays in completions.

Alex Lambert, Bristol, Henry Riley Llp, alex.lambert@henryriley.com - Market volatility.

Andrew Edmondson, Exeter, Alder King Llp, aedmondson@alderking.com - Covid-19 infection rates.

Andrew Scarr, Ringwood, Kendall Kingscott Ltd, andrew.scarr@kendallkingscott.co.uk - Rising material cost and lack of supply leading to last minute substitution or delays in supply.

Ben Sercombe, Bristol, Tft, bsercombe@tftconsultants.com - Lack of resource for labour. Additional time in sourcing materials, and elevated costs.

Charles Michael Broomfield, Lymington, C.M. Broomfield, chasbroomfieldmrics@gmail.com - Involved principally in private housing, buoyant market for house building & extension work locally.

Chris Gunn, Redruth, C M Gunn Mrics, chris@chrisgunnsurveying.co.uk - Lead time for materials is one of the most concerning issues.

Craig Keogh, Bristol, Savills (Uk) Ltd, ckeogh@savills.com - Availability of certain materials like steel. window frame thermal breaks, etc.

David Brain, Plymouth, Livewell Cic, davidbrain@nhs.net - Capital to NHS.

Elizabeth Thornton, Bournemouth, Bcp Council, ejthornton124@gmail.com - Retention of workforce and no training for casual/part time supply workers.

Ian Peel, Bristol, Amey Defence Services, ianwpeel@hotmail.com - The ability of Government to prioritise spending on the public sector when Covid debt is so great.

James Dean, Bath, Western Building Consultants, james@wbcbath.co.uk - Mainly issues with spiralling costs reducing demand.

James Mcallister, Bristol, The Dilapidations Consultancy Ltd, jm@dilapidationsconsultancy.com - Lead in times.

Vickery Holman, jvowles@vickeryholman.com - Main issue is construction materials and costs along with shortage of skilled labour.

Jason Marrett, Bristol, Skysurvuk, jason.marrett@skysurvuk.com - Interest fluctuations.

John Banyon, Mrics, Plymouth, Gateway Surveyors, j.banyon@gatewaysurveyors.co.uk - Labour shortages and rising material costs will have a negative impact.

Marcus Lidster, Bath, Banes, marcuslidster@gmail.com - Supply shortages labour and materials.

Mark Tunstall, Bristol, Frank Timothy Associates Ltd, mark@franktimothy.co.uk - Phosphate / Nitrate planning hold ups in Somerset. Also land availability.

Martin Smalley, Bristol, Gleeds, martin.smalley@gleeds.com - Availability of labour and long lead in time for key materials including steel.

Paul Ashton, Ashburton, Dwelling Technology, paul.ashton1976@hotmail.com - Classical and simple construction not valued or understood well enough.

Richard Jarman, Exeter, Jarman Ward Limited, richard@jarmanward.com - Lack of professional and skilled construction labour.

Sam Kipling, Bristol, Kipling Contracts Uk Ltd, samuel-kipling@hotmail.com - Increases in material cost and reduction of foreign labour since Covid.

Samuel Wheeler, Wincanton, Philip Hughes Associates, sam@pha-building-conservation.co.uk - Grants and similar funding streams are becoming less available.

Steve Nightingale, Bristol, Bloq Management, steve@bloqmanagement.co.uk - Brexit removing skilled workforce and imposing trade barrier. Biggest British mistake in memory.

Wales

Andrew Griffiths, Cardiff, Expedite, andrew.griffiths@expediteps.com - Costs.

Lewis Morgan, Abergavenny, Morgan And Horowskyj Architects Llp, jlmorgan178@gmail.com - Phosphates.

Nigel Sinnett, Haverfordwest, Nigel Sinnett Consulting Limited, nigel.sinnett@btinternet.com - Lack of construction main contractors, sub trades and craftsmen.

West Midlands

Adam Snowden, Birmingham, BAM, lordasnowden@gmail.com - Retention of good staff to competitors.

Adrian Aston, Birmingham, Naismiths Limited, adrian.aston@naismiths.com - Lack of response times from both companies and suppliers relating to Covid issues.

Andrew Harris, Shrewsbury, Amh Cost & Construction Management Services, andrewm.harris@btconnect.com - General availability of materials and uncertainty on future price levels.

Anthony Farnsworth, Oldbury, Sandwell Mbc, tony_farnsworth@sandwell.gov.uk - COVID remains an issue.

Michael Young, Birmingham, Mott Macdonald, michael.young@mottmac.com.uk - The retirement of experienced seasoned professionals across the entire construction spectrum.

Paul Law, Birmingham, Opel Developments, lawpaul481@gmail.com - In respect of the public sector, lack of skilled trades people and suitably qualified managers.

Phil Hodges, Redditch, Ridgeways Chartered Quantity Surveyors, phil@ridgewaysqs.co.uk - High and inconsistent material price rises affecting fixed contracts- return of fluctuation clauses.

Chartered Surveyor market comments

Richard Paige, Birmingham, Birmingham City Council, richard.paige@birmingham.gov.uk - Disrupted supply chains. Supply chain / contractors' capacity. Too few service providers.

Robert Eastham, Birmingham, Faithful+Gould, robert.eastham@fgould.com - Clients are not necessarily interested in many of the foregoing, especially when it seems to cost.

Roger Charles Hodgetts, Birmingham, Birmingham City Council, roger.hodgetts@birmingham.gov.uk - Lack of skilled tradesmen.

Sean Randle, West Midlands, Interclass Plc, seanrandle1974@yahoo.com - Tendering for a lot of schemes that don't go ahead due to clients budget not being high enough.

Simon Lee, Birmingham, Shaw Gilbert & Froggatt, shawgilbert@btconnect.com - Availabliity of skilled labour.

Stephen Gilhooly, Birmingham, R G Commercial Ltd, steve@rgcommercial.co.uk - HS2 is affecting the procurement of materials.

Teja Nial, Burton upon Trent, East Staffordshire Borough Council, teja.nial@eaststaffsbc.gov.uk - Lack of building control surveyors.

Thomas R Kane, Henley-On-Thames, Marshall Kane Consulting Ltd, tom.kane50@hotmail.co.uk - Material & skilled labour shortages.

Tony Milner, Birmingham, Weatheroak Projects Limited, tony.milner34@gmail.com - Material deliveries even once orders have been placed.

Vernon Bardsley, Birmingham, Measured View Consulting Ltd, vernon@measuredview.co.uk - Difficulties in compiling tender lists.

East Midlands

Daniel Garfoot, Lincoln, Banks Long & Co, daniel.garfoot@bankslong.com - How long tenders are left open for and concern regarding contractors financial standing.

David Miller, Milton Keynes, Mercedes-Benz Cars Uk Ltd, david.miller@daimler.com - Covid/Omicron.

Jason Denning, Leicestershire, Eveson Projects Limited, jason@eveson.com - Level of funding available due to uncertainty of cost value of Construction projects 2022-2023.

Jonathan English, Nottingham, Jonathan English Associates Chartered Surveyors, info@jeacs.co.uk - Affordable brown sites to offset the usage of green land.

Michael Stewart, SE/Nationwide, Babcock International (Power Division), mike.stewart@babcockinternational.com - Demand is very high but due to static staff numbers we are all working longer and harder.

Mike Coe, Leicester, Gordonwood Developments Ltd, mikecoe58@hotmail.co.uk - Confidence or lack of it due to pandemic.

Simon Mclean, Derby, Simon Mclean Building Surveyors Limited, simon.surveyor@yahoo.com - Building contractors see LAs as soft targets.

Steven Syddall, Loughborough, Loughborough University, stevensyddall@gmail.com - Shortages of labour, material and challenges in recruiting construction professionals.

East Anglia

Garvan Smith, Norwich, River Green Consulting, garvanfoan@gmail.com - Availability of quality labour resources.

Harvey Cooke, Peterborough, Arbicon Adr Ltd, harvey@arbicon.co.uk - There is a clear trend that following the pandemic costs are increasing with resource levels falling.

Kevin Smith, Southend On Sea Essex, Kegas, ksmith8005@sky.com - COVID-19 and the fear of transmission in the home from contractors.

Paul Taylor, Norwich, Taylor Consulting, taycon@btinternet.com - Pandemic and house price rises in rural areas.

Richard Boother, Ipswich & London, Richard Boother Consultancy Ltd, richard@boother.co.uk - Public Sector - clear government strategy and commitment, private sector confidence.

Thomas Songer, Norwich, Currie & Brown, thomas.songer@curriebrown.com - Lack of skilled labour to deal with demand.

Scotland

Andrew Barclay, Paisley, Renfrewshire Council, andrew.barclay@renfrewshire.gov.uk - Inability to receive more than a few tenders for each project in the current market.

Andrew Crossan, Dumfries, Ahr Crossan And Co, andrew@ahrcrossan.co.uk - Brexit factors (80%) and ongoing covid parameters(20%).

Andrew Duncan, Glasgow, DMA Partnership, andrew@dmaqs.co.uk - Lead in times for materials and offsite fabrication.

Chris Watt, Edinburgh, Csq Consult, chris.watt@csqconsult.com - Covid-19 infections.

Craig Macdonald, Glasgow, Brown + Wallace, c.macdonald@brownandwallace.co.uk - Lack of QS graduates with NRM2/SMM77 measurement knowledge.

Daniel Owen Mckinney, Glasgow, Storrier & Donaldson Ltd, dannymckinney.sanddltd@btconnect.com - Lack of skilled Quantity Surveyors.

David Andrew Boyd, Elgin, Black & White Contract Consultants Ltd, david_boyd1954@hotmail.com - Market is relatively small in size, but is currently fully occupied and stretched.

David Macdonald, Glasgow, Jc+P, david.macdonald@jcandp.co.uk - Brexit imposed shortage of skilled labour + materials pushed up prices. Westminster failed us.

Derek Clarke, Stirling, Marshall Construction Limited, d.clarke@marshallconstruction.co.uk - Very volatile.

Donald Ian Macphail, Stornoway, Comhairle Nan Eilean Siar, dan.macphail@cne-siar.gov.uk - Labour/material/general project costs located in the remote parts of the UK are up 50-100%.

Donald Stevenson, Glasgow, Network Rail, donald.stevenson@networkrail.co.uk - Funding challenges, excessive governance, crippling indecision.

Elspeth Susan Brown, Edinburgh, City Of Edinburgh Council, esusan.brown@gmail.com - Contractors overly increasing tenders to predict rises in resources of all kinds.

Evelyn Dickson, Motherwell, Dickson Assocaites, evelyn@dickson-associates.co.uk - Availability of materials and labour.

Gary Wilson, Inverness and Aberdeen, Wsd Scotland, gary@wsd-inverness.co.uk - Lack of new entrants in industry.

Gavin Mcintyre, Edinburgh, Csq Consult Limited, gavin.mcintyre@csqconsult.com - Drive for sustainability or 'greenifying' refurbishment options- historically reserved for new build.

George Jaap, Edinburgh, Melville Gomes Associates, georgejaap@melvillegomes.co.uk - Delays in planning approval.

Gordon Ross, Glasgow, Gleeds, gordon.ross@gleeds.com - Contractors have orders in place up to a year in advance which reduces competitiviness.

Graeme Todd, Glasgow, DM Hall LLP, graeme.todd@dmhall.co.uk - Lack of processing of planning applications and building warrants in a timely fashion by Councils.

Chartered Surveyor market comments

Hugh Aitken, Glasgow, Martin Aitken Associates Ltd, hugh.aitken@martinaitkenassociates.co.uk - High volume of private housing.

Ian Archibald, Inverness, Ibi Joiners Ltd., ianarchi2004@hotmail.com - High demand and limited and highly localised supply of materials and labour.

Ianmacdonald, Glasgow, Bluestone Cbs Ltd, ian@bluestonecbs.com - Lack of skilled staff.

Joanne Murray, Glasgow, Network Rail, mooncatsmum@gmail.com - Limited number of contractors who can undertake specific 'specialist' works.

John Pascoe, Aberdeen, John Pascoe Cqs Ltd, john@johnpascoe-cqs.co.uk - Supply chain issues with materials and increasing building material costs. Cladding monopoly.

Jonathan Howarth, Isle Of Skye, Jon Howarth Chartered Surveyor, skyesurveyors@gmail.com - Reluctance of subcontractors/suppliers to serve remote locations and islands.

K Miller, Glasgow, Whitecross Building Consultancy, kevin.miller@whitecrossbc.co.uk - Timescales of materials and construction programmes.

Kenny Mcgillivray, Glasgow, Babcock, kennymcgillivray@gmail.com - Government funding / spend.

Michael Beverley, Glasgow, MM Management Services Ltd, michael@mm-managementservices.co.uk - Sub contractors holding main contractor to ransom over financial disputes during construction.

Neil, Glasgow, Robertson Construction, n.robertson@robertson.co.uk - Working from home.

Neil Macdougall, Glasgow, Nlm Building Consultancy Ltd., neil.macdougall@nlmbc.co.uk - Economic uncertainty due to COVID related issues.

Neil Morey, Edinburgh, Thomas & Adamson, neil.morey@thomasandadamson.com - Market conditions creating delay, loss & expense claims or reluctance to fix tender sum.

Niall Fraser, Glasgow, City Building (Contracts) Llp, niall.fraser@citybuildingglasgow.co.uk - Material and labour price increases with Brexit / COVID.

Scott Graham, Glasgow, Aecom, scott_thfc@hotmail.com - COVID 19 being used as a reason for poor performance and high costs.

Stephen Daniels, Glasgow, Mb Langmuir & Hay (Uk) Ltd., stephen@mblh.co.uk - Material issues still being felt but alleviating. Skills shortage affecting certain trades.

Steven Hyde, Edinburgh, D Blake & Co Ltd, stevenhyde66@gmail.com - COVID-19-related absences are still adversely affecting output.

Stuart Finney, Glasgow, Amey Utility Services, stuart.finney@amey.co.uk - Management of COVID in the workplace and workforce.

Northern Ireland

Alan Mitchell, Belfast, Henry Brothers Ltd, alan.mitchell@henrybrothers.co.uk - Increased competition due to insufficient workload / unsustainable tendering practices.

Andrew Murray, Belfast, Skope Projects, andrew.murray@skopeprojects.co.uk - Funding.

Arthur Nugent, Newry, Young -Nugent, achn488@outlook.com - The current pandemic.

Brian Jennings, Downpatrick, Brian Jennings Chartered Quantity Surveyors, brianjenningsqs@btinternet.com - Increasing costs and labour shortages.

Bronagh Regan, Belfast, Northern Ireland Civil Service, bronagh.regan@finance-ni.gov.uk - Covid 19, Brexit.

C Mcquaid, Belfast, Mcquaid Surveying, christopher_mcquaid@live.co.uk - Shortage of labour due to close proximity and high labour rates in ROI.

Eugene Mcnicholl, Belfast, Mcnicholl Hughes Ltd, eugene@mcnichollhughes.com - Brexit.

Francis Farrell, Newry, Farrell Associates, francis@farrellassiciates.net - Lack of finance available for housing and available zoned land.

Ian Maconachie, Belfast, Ian Maconachie Chartered Quantity Surveyors, Project Managers, Cdm Co-Ordinators, ian.maconachie@btinternat.com - The hunger to increase material prices which is driving up labour costs is unsustainable for clients.

Ivor Mcgeehan, Coleraine, J Raymond De Zeeuw, ivor@rdezqs.com - Difficulty in getting materials in a timely manor due to Brexit and NI Protocol issues.

John Reid, Belfast, KS&P, johnreid.ksp@googlemail.com - Brexit and Covid have undoubtably created shortages and driven the costs of materials and labour up.

Mark Hughes, Belfast, Mcnicholl Hughes, mark@mcnichollhughes.com - Double digit increases in material costs and increased labour costs are driving up prices.

Owen Bradley, Omagh, Education Authority Northern Ireland, owen.bradley@eani.org.uk - Lack of labour, price of materials increasing rapidly.

Paul Brogan, Lisburn, John Mcquillan (Contracts) Limited, paul.brogan@mcqcos.com - Major issues with procurement delays in highway maintenance contracts.

Thomas Clarke, Belfast, Mascott, tomclarke@mascott.com - Uncertainty created by Covid-19 for client and supply chain.

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 Q4 2021= 1100

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)

11. How do you expect the following to change over the next twelve months?

(Tender prices, construction costs, material costs, labour costs)

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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