



“This quarter sees the demand for construction skills up 15% from last quarter, while the industry only grew 0.2%. The lack of talent is stunting the growth of the industry compounded by an ageing workforce and lack of STEM educated entrants into the industry.”

Alex Downard, Operations Director

Construction overview & outlook

Summer 2017



Construction overview



According to the ONS, the UK construction industry was estimated to have grown by **0.2%** during Quarter 1 2017, following a growth of **1%** during Quarter 4 2016.

The construction sector contributes over **6%** of the UK's total GVA and **6.5%** of the total UK workforce.

There are currently over **12,000** vacancies within the construction industry and in March 2017 the average salary for construction jobs rose by **11%**.

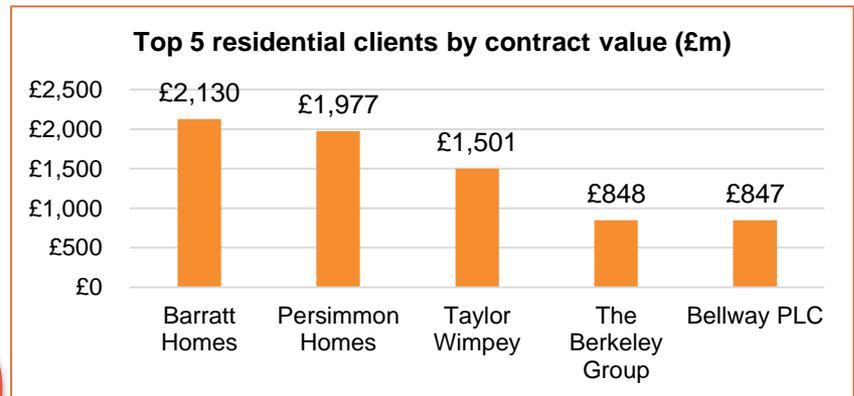
The demand for construction skills increased this quarter by **15%** and is the industry with the highest anticipated skill shortages.

Sector output Feb to March 2017 comparison



The North West of England accounted for the majority of new contracts awarded which accounts for **17%** of the UK's total. This was mainly due to the twin water mains development in Cumbria at a value of **£300 million**.

According to Barbour ABI, April 2017 saw a sharp decrease in construction levels with only **£5.4 million** of new contracts awarded. This is **10.7%** lower than April 2016.



Residential projects took **40%** of the total value of contracts awarded in April.



Construction outlook



Since Brexit, the UK government has committed **£5 billion** to boost housebuilding and a significant number of infrastructure projects. This will further increase the demand for skills, ensuring this will be a healthy sector throughout 2017.

Many recruitment businesses have witnessed solid growth in the construction sector in 2016 and expect this to continue throughout 2017.

"Despite mixed rates of output growth in the first quarter of 2017, it is good news that enquiries for future work grew strongly with confidence in the project pipeline for 2017. But increased costs are beginning to bite. The majority of the supply chain reported increased costs in Q1, especially for materials. If this level of price increase continues, current and future projects could start to feel the squeeze."

Suzannah Nichol, Chief Executive of Build UK

The CITB believe that offsite construction has the potential to revolutionise the construction industry and even provide a solution to the housing shortage that grips the UK. The white paper, *'Faster Smarter, More Efficient: Building Skills for*

Offsite Construction' revealed that **42%** of construction firms that employ over 100 staff believe they will be using offsite methods in five years' time.

The Telegraph reported that the construction sector needs to attract **500,000** new recruits in the next five years to plug the skill gap.

Facilities Management on the up

The FM market has grown steadily over the last few decades and is now estimated to be worth **£11.9 billion** a year to the UK economy. During this period, service outsourcing has evolved and now covers a range of sectors and includes a perpetually increasing number of services which deliver a variety of benefits to the end-user and employ roughly **10%** of the UK working population.

67.9% of FM managers expect companies will outsource more than they do today and according to IBIS, the FM market is expected to grow by a further **3.2%** over the next five years to reach a value of **£13.9 billion** in 2021.

For more on FM, look for the Carbon60 FM whitepaper coming soon.





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