

“As we enter a technical recession we are aware of a lack of confidence in developers and main contractors. And yet, despite this and some of the highly publicised struggles of some of our biggest builders, we still operate in a candidate short market and work tirelessly to find the future workforce of our customers.”

Alex Downard, Operations Director

Construction overview & outlook

Winter 2017



Construction overview



Construction output contracted by **0.9%** in the quarter on quarter comparison for September 2017, but remains at relatively high levels.

The fall of **0.9%** for Q3 follows a decline of **0.5%** in Q2, representing the first consecutive quarter-on-quarter decline in current estimates of construction output since Q3 2012.

The **0.9%** decline in output was due to decreases in both repair and maintenance, which fell **1.4%** and all new work, which fell **0.7%**.

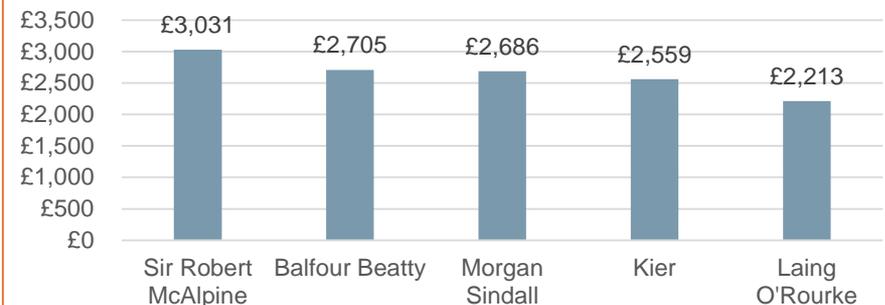
Construction output fell **1.6%** month-on-month in September 2017, stemming from falls of **2.1%** in repair and maintenance and **1.3%** in all new work.

The estimate for construction growth in Q3 2017 has been revised down **0.2%** from **-0.7%** in the preliminary estimate of GDP.

Sector output Sept 2016 – Sept 2017 comparison



Top 5 Construction contractors 12 months to Oct 2017 (£m)



Construction outlook



In the autumn budget it was announced that there would be **£44 billion** in government support for housing to meet their target of building **300,000** new homes a year by 2025.

This should add some hope to construction industry growth expectations that, despite a marginal upturn in activity in October, are at their **lowest since December 2012**, according to a recent industry survey,

The full impact of Brexit on the construction skills crisis has been highlighted by experts at PwC who have been analysing Government numbers from the ONS:

- **10%** of the current UK construction workforce was born in European Economic Area (EEA) countries.
- That increases to **30%** in London which will be hit hardest by any fall in migration.
- A **fifth** of UK-born construction workers in the capital are due to retire in the next five years.
- There are **60,000** vacancies in the industry in London

According to the latest UK Construction Purchasing Managers Index, which is published monthly by IHS Markit and the Chartered Institute of Procurement and Supply, the balance of construction firms expecting an increase in activity over the next year fell to its **lowest level in 58 months**.

An increase in residential work helped push the index into growth territory for the first time in four months.

Commercial and civil engineering activity both fell again with civil engineering experiencing its softest patch for around four and a half years.

Construction workloads are expected to **increase** over the next 12 months but margins will be squeezed, according to a survey by the Royal Institution of Chartered Surveyors.





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