



## Q2 2022: RICS UK Construction and Infrastructure Monitor

# Workload expectations still positive but concerns grow about economic and industry challenges

- Current workloads and expectations for the next twelve months remain solid for now
- Concerns around labour and material shortages continue to be widely cited by respondents
- Profit margins seen as coming under a little more pressure as a result of rising costs

The Q2 2022 UK Construction and Infrastructure Monitor suggests that workloads are continuing to grow firmly across the industry. Moreover, expectations for the next twelve months are still firm, albeit that momentum is viewed as likely to be a little slower when compared with what was anticipated in the first three months of the year. That said, the anecdotal remarks from respondents, captured towards the back of this report show increasing concerns around a range of challenges from the big picture macro to more industry specific issues.

### Broad based growth in workloads

The headline reading designed to capture workload activity for the whole of the industry was little changed in the second quarter of the year with a net balance of +30% more respondents reporting an increase (rather than a decrease) compared with the preceding period. Chart 1 shows this is not far away from the previous reading (+34%) or the recent high of +38% in Q2 2021. Feedback from contributors continues to point to the infrastructure sector as showing the strongest growth (chart 2), displaying a positive net balance of +43% (+41% in Q1). However the tone of the insight provided around other parts of the industry also remains upbeat for the time being even if a little less so than previously. So for example, the net balance for private residential workloads came in at +29% down from +38% while the private commercial net balance was +25% as against +28%.

### Labour and material shortages continue to be cited

Even though workloads are continuing to grow firmly according to respondents to the survey, the difficulty of accessing both building materials and labour (as well as the rising costs attached) remain key challenges for the industry. This is clearly demonstrated in chart 5 with shortages of materials highlighted by 83% of contributors and 77% drawing attention to labour related issues. Significantly, 60% of respondents identified problems with recruiting quantity surveyors which is the highest share since Q4 2018.

Significantly, financial constraints are viewed as a growing problem for the industry; the issue was identified by 54% of contributors as against 51% and 42% in the

previous two quarters. Given the rising trend in interest rates and the expectation that credit conditions are expected (by RICS members) to deteriorate further as demonstrated in chart 11 (net balance of -40% over the next three months and -45% over the next year), this is not surprising.

### Workload expectations metrics still positive

Business enquiries (chart 9) remain positive albeit slightly less so than in Q1 but the net balance of +36% is suggestive that activity in the industry will continue to grow through the course of this year and into 2023. This tone is also captured in other forward looking indicators. So the headline workload net balance for the next twelve months stands at +27%, down from the +40% recorded in the previous quarter. Interestingly, a gap is beginning to emerge in terms of expectations for infrastructure and the rest of the industry. So for the former, workloads are projected to increase by a net balance of +44% compared with +45% previously. The comparable numbers for private residential are +22% as against +40% and for non-residential, +38% versus +23%. T

### Rising costs may dent profits

Material costs have on average risen by around 25% over the past twelve months and are projected to continue increasing through the course of this year even if the pace slows somewhat. Labour costs are also seen as likely to record further gains (8% for skilled labour and 6 to 7% for unskilled labour) reflecting near record vacancy rates across the industry. Inevitably against this backdrop, tender prices will see significant further increases although whether they can match the cost uplift remains to be seen.

Chart 14 shows the point estimates for these indicators provided by respondents to the survey. Meanwhile, chart 4 tracks the feedback regarding the outlook for profit margins in net balance terms (the other way we gather insight on this issue). This metric has slipped back into negative territory with a reading of -14% in Q2; the shift in trend follows five successive quarterly positive results and while not indicative of a major knock to profitability, it does suggest that some adverse impact is probable.

# Key indicators

Chart 1

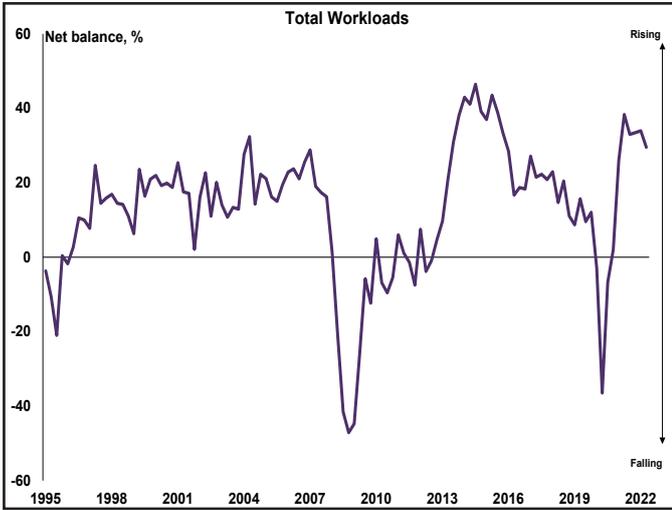


Chart 2

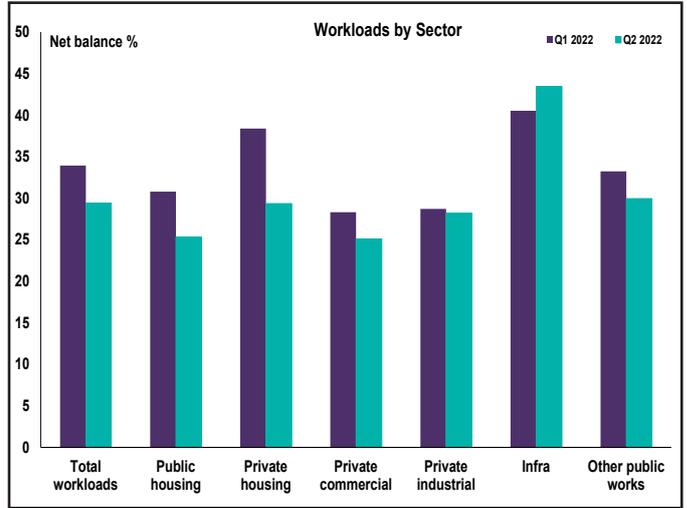


Chart 3

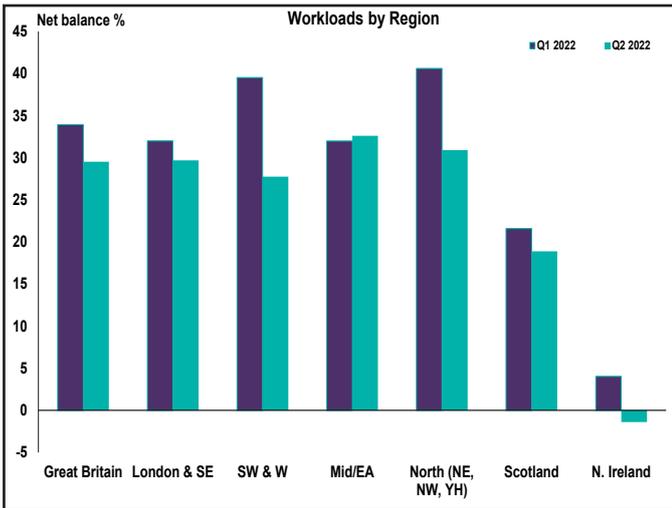


Chart 4

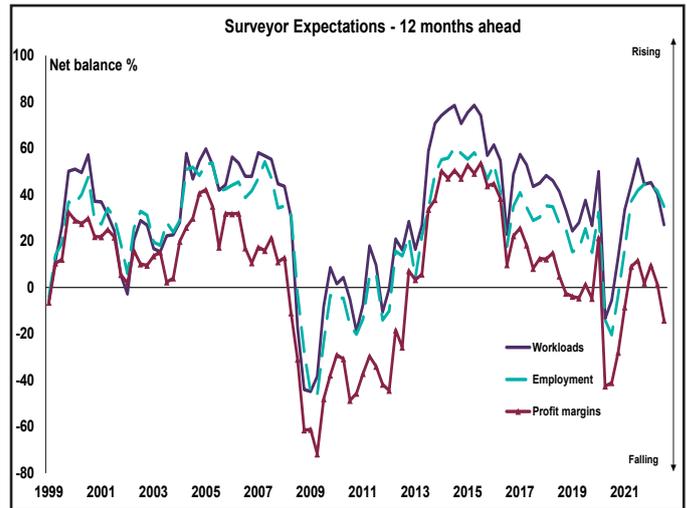


Chart 5

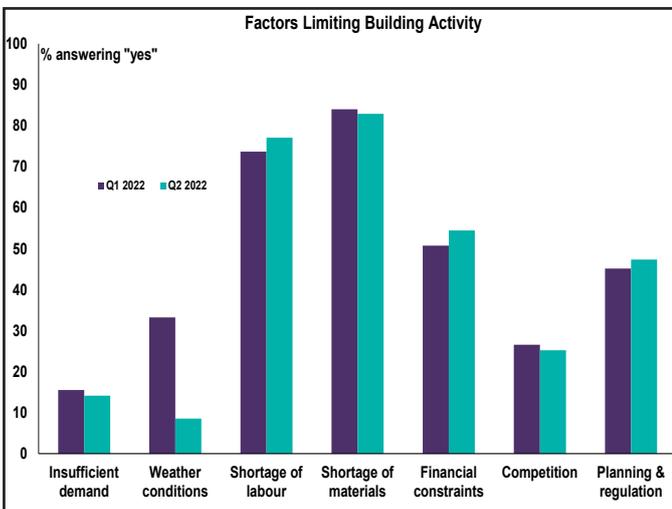
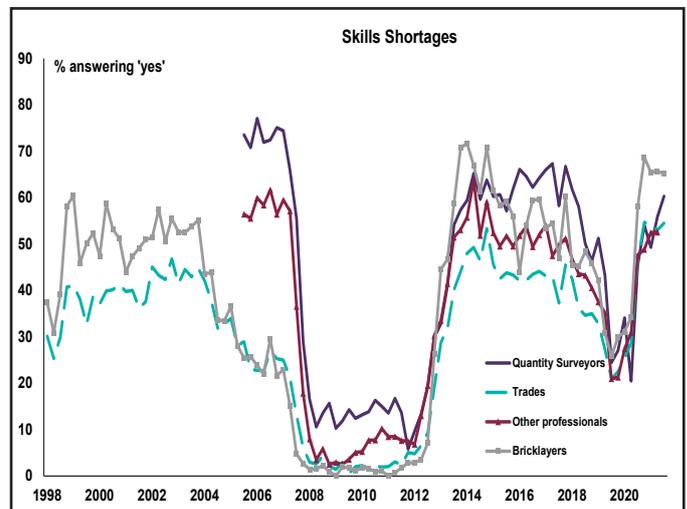


Chart 6



# Key indicators

Chart 7

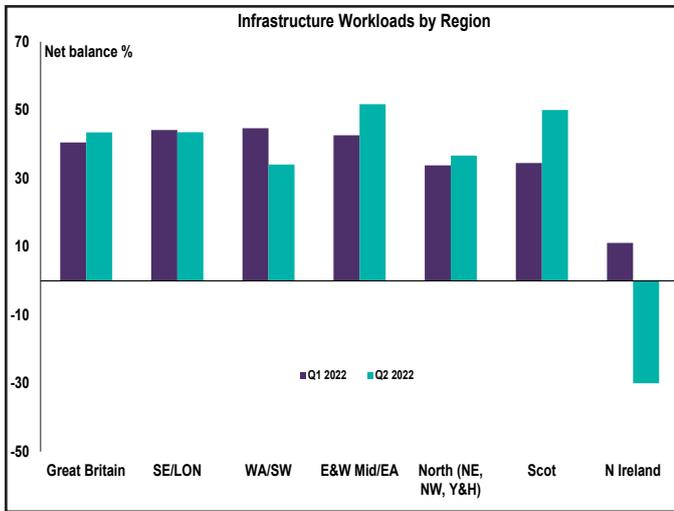


Chart 8

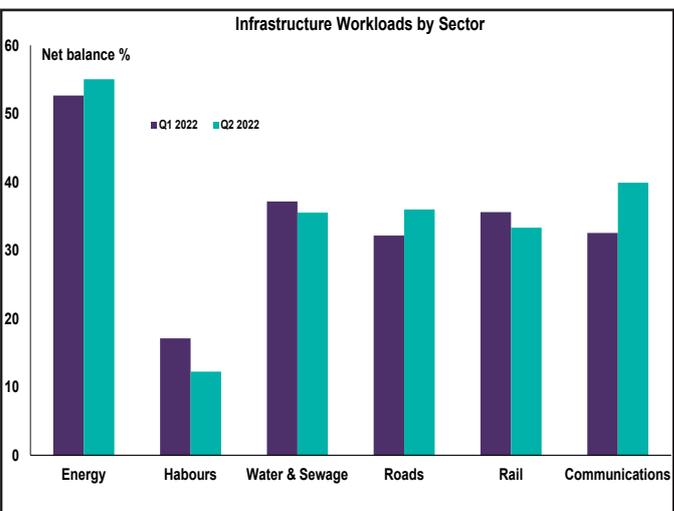


Chart 9

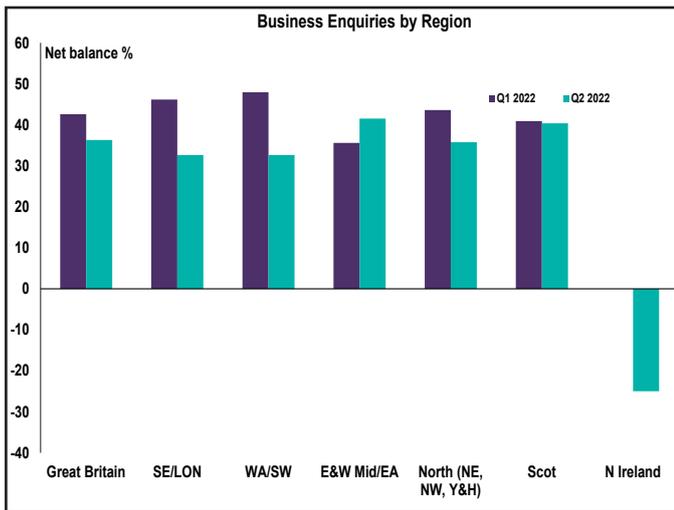


Chart 10



Chart 11

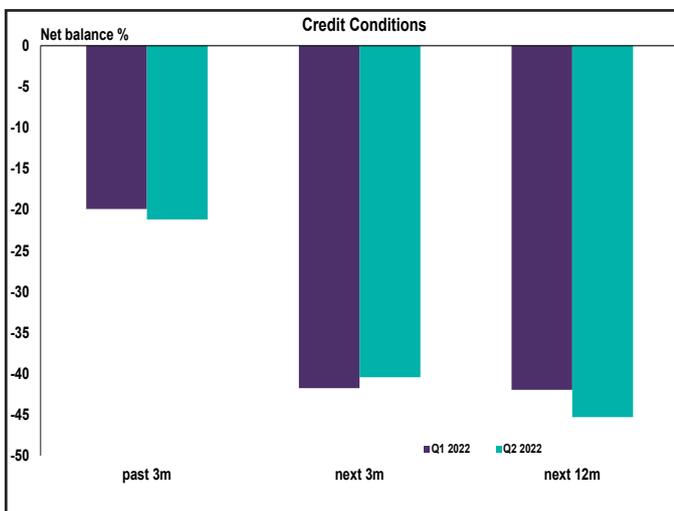
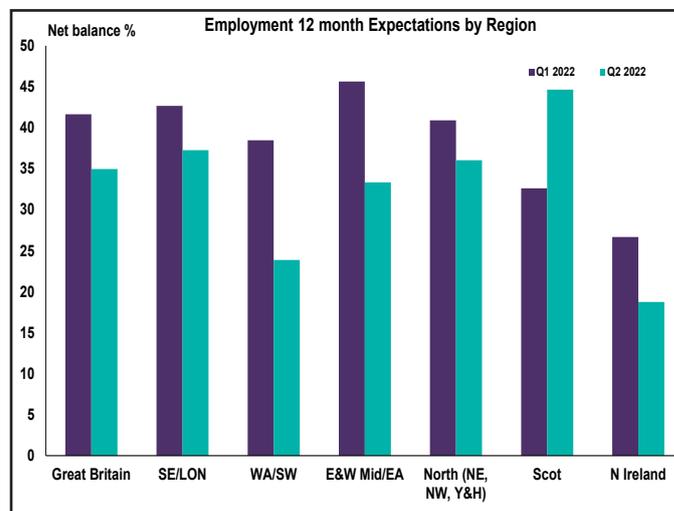


Chart 12



# Key indicators

Chart 13

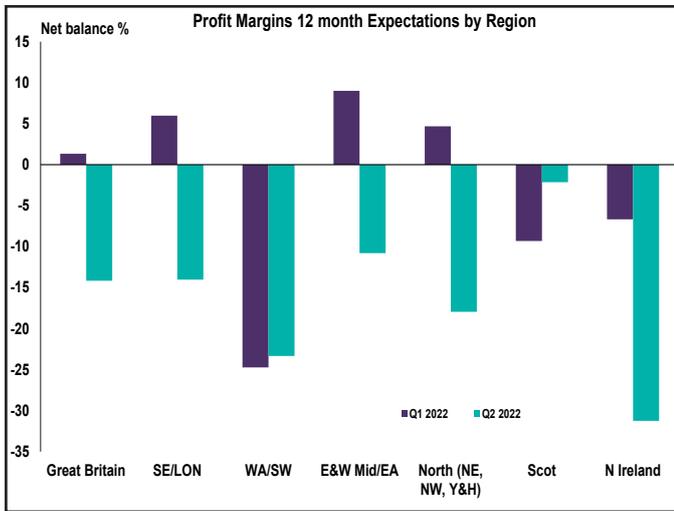


Chart 14

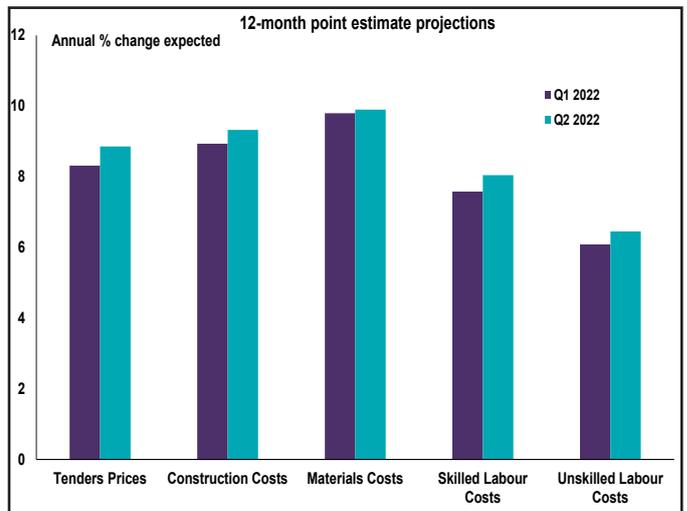
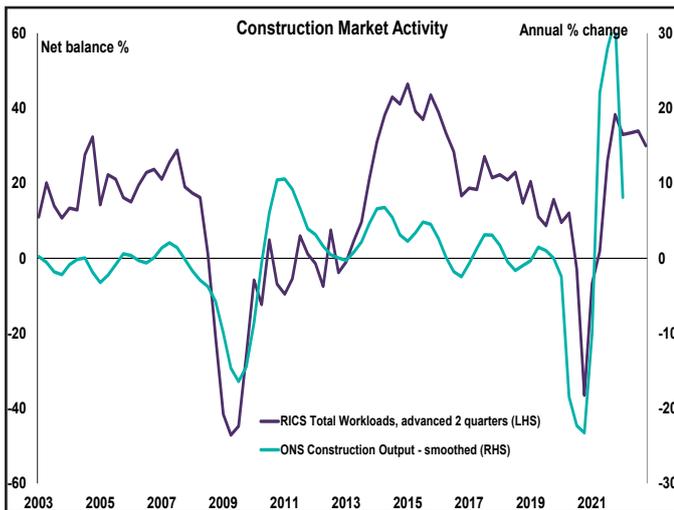


Chart 15



# Chartered Surveyor market comments

## London

Andrew Clay, London, HCA, andrew.clay.ajc@icloud.com - Logistics due to disruption - Train Strikes.

Antony Stavrou, London, LCPS, antonystavrou@outlook.com - Lack of skilled designers / technicians to complete detailed design.

Barry Rose, London, Fanshawe, barry.rose@fanshawe.co.uk - Poor selection of contractors.

Daniel Jarvis, London And South East Of England, Gardiner & Theobald LLP, d.jarvis@gardiner.com - Planning approvals are being delayed continuously and adding risk to taking projects forward.

Deborah Sinclair-Day, London, Barts Health NHS Trust, deborah.sinclair-day@nhs.net - Good quality workforce at all levels.

Delva Patman, London, Pennycrest Consultancy Ltd, delva@delvapatman.com - Uncertainty of planning and labour/materials availability.

Hakan Ince, London, Mace Group, incehakan@yahoo.com - Material price increases and effects of Russia-Ukraine conflict.

Henry Afulukwe, London, JRL, henry.afulukwe@hotmail.co.uk - Skilled labour shortages and steep increases in steel costs over the last year.

Jon Bowman, London, BBD Architecture + Surveying Limited, jonathan.bowman@bbdltd.com - Planners and conservation officers specific requirements, particularly in conservation areas.

Jonathan, Hammersmith, Hunters, j.waro@hunters.co.uk - High levels of inflation.

Josh Hansing, London, Linesight, jhansing@hotmail.co.uk - Aggressive project timescales reduces the time available for sustainability optioneering.

Julia King, London, Harding Chartered Surveyors, jking@hardingsurveyors.co.uk - Supply chain issues, such as blocking of Suez Canal.

Ka Lee Lee, London, Transport for London, ms.kellyman@gmail.com - Different priorities.

Katie Welsh, London, Calfordseaden LLP, kwelsh@calfordseaden.com - Lack of intermediate surveyors.

Lee Driscoll, London, Rougemont Property Consultants Ltd, lee.driscoll@rouge-mont.com - Planning decisions and consistency from Planning Authorities delaying progression of projects.

Nick Sharp, London, Willmott Dixon, sharpnick@yahoo.com - Rise in petrol prices.

Paul Dennis Knight, Richmond/ Twickenham Area, Paul Knight, pdknightsurveyor@gmail.com - Town Planning permission process much too long since staff not back in offices.

Paul Taulor, London, Taylor Cotton LLP, paultaylor@taylorcotton.com - Re-think the use of the EPC, be clear about standards and stick to it.

Richard Larbi, London, Enfield, richalarbi@yahoo.co.uk - Land.

Richard Petterson, Southwark, MEA Hother Ltd, rpetterson@hother.co.uk - Brexit, war, planning - in that order.

Richard Randall, London, EY, richard.randall@btinternet.com - Increasingly high inflation across materials and workforce.

Stephen Dzugwahi, London, Be First Regeneration, infobeu@yahoo.co.uk - Uncertainty/ unpredictability/ exacerbated by inflation and lack of skilled labour.

Steve Baldock, London, WSB Consultancy Ltd, steve.baldock@wsbconsult.com - Certainty of infrastructure investment and commitment is key (a secure pipeline of work).

Vinod P Pansuria, Harrow, Ateliers Consulting Ltd., vinodpansuria@hotmail.com - Shortage of skilled work force and material supply issues.

William George Thomad, London, John Rowan & Partners, wthomas@jrp.co.uk - Cost is the main driver for public sector works. This leads to a reduction in sustainable practices.

## South East

Andrew Hodgson, Reading, Arcadis, andrew.hodgson@arcadis.com - Regulatory bodies requirements.

Andrew Jenner, Tunbridge Wells, JennerJonesLLP, aj@jennerjones.co.uk - Affordability on housing and inflation.

Andrew Pantelli, South East/ London, Pantelli Associates Ltd, andrewp@pantelli.com - Lack of skilled labour is creating substantial delays and costs.

Andrew Venn, South East/ London, Wicksteeds [QS & FM] Consultants LLP, andrewvenn@wicksteeds.co.uk - Inexperienced developers getting into difficulties after being reluctant to engage consultants.

Bim Akin-Agunbiade, Borehamwood, Desmo UK Limited, bimbo@desmo.biz - Brexit.

Charles Dawson, Broad Oak, Dawson and Associates, chas@dawsonsurveyors.com - Planning incompetence.

Chris Leroy, Croydon/Surrey, Ridge Design, christopherleroy@virginmedia.com - Economic worries.

Christopher Howard Barber, Alresford, Howard Barber Associates Limited., chris.hbaltd@gmail.com - Importing too many products from abroad.

David Lavender, Portsmouth, Portsmouth City Council, david.lavender@portsmouthcc.gov.uk - Planning system delays.

Dennis Kolacz, Eastleigh, DSK Associates Ltd, dkolacz01@gmail.com - The project I am currently involved in is definitely seeing material, labour issues due to its size.

Greaves, Aylesbury & Others, , lgg@greavespm.com - Collapse of planning system / logical approach to grant of permission for new developments.

Joseph Ofosu-Appiah, Brighton, Brighton and Hove City Council, jofosuappiah@aol.com - Effect of Covid-19 and Russian/Ukraine war.

Mark Crick, Hoddesdon, VolkerHighways, mark.crick@volkerhighways.co.uk - Major issues are skilled labour and prices of materials.

Matt Brooks, St Peter Port, Geomarine Ltd, matt.brooks@geomarine.gg - Skill shortages currently preventing growth to meet demand.

Matthew Barker, South East/ London, Laing O'Rourke, matthewbarker@laingorourke.com - High inflation on raw materials. Subcontractors are more risk averse so reducing quantity of tenderers.

N. P Brandreth, Paddock Wood, Lambert & Foster, nick.brandreth@lambertandfoster.co.uk - Forthcoming period of concern relating to cost inflation.

Nicola Silvey, Colchester, Essex, Potter Raper, nickyhalls@hotmail.com - Lack of contractors able to construct to Passivhaus standards.

Paul Christian Bird, Braintree, Joscelyne Chase, paul@joscelynechase.co.uk - Developers are finding it difficult to secure fixed price building contracts.

Paul Hughes, Newbury, Malone Roofing (Newbury) Ltd, phughes@maloneroofing.com - Project delays due to material shortages, costs and delivery periods.

Paul Raitt, Welwyn Ngarden City, Brasier Freeth LLP, paul.raitt@brasierfreeth.com - Lack of resource.

# Chartered Surveyor market comments

Paul Sullivan, Basingstoke, Sullivan Commercial Consulting, sully7714@outlook.com - Lack of investment by public bodies.

Peter Ockenden, London & South East, Henry Riley LLP, peter.ockenden@henryriley.com - Significant skills shortages, materials price inflation and shortages, weak political leadership.

Roger Banks, Aylesbury, Preston & Partners, roger@prestonandpartners.co.uk - Unknown increase in material costs.

Samuel Dominic Lester, Winchester, Savills, sam.lester@savills.com - Material prices.

Simon Britton, South East/London, Artelia Projects UK, simon.britton@uk.arteliagroup.com - Economic uncertainty due to the war in Ukraine and trade restraints relating to Brexit.

Simon Clark, Midhurst, Copperstone Consultants Ltd, simon@copperstoneltd.co.uk - Not enough contractors or trades available, lack of training. This is leading to inconsistent quality/skills.

Stuart Chessell, Basingstoke, Curtis Pope Assoc, schessell@gmail.com - Materials shortages due to Brexit.

Stuart Hill, Southampton, CBRE Ltd, selawrencehill@gmail.com - Insistence on renewables when fabric first etc may be more beneficial.

## North East

Alan Bd Thomas, Newcastle Emlyn, Alan Thomas, alanthomasproperty@gmail.com - Lack of skilled and unskilled workforce. Planning delays.

Anthony Kay, Newcastle Upon Tyne, Classic Masonry Limited, tony@classicmasonry.co.uk - Insufficient skills are available to service jobs.

David Burn, Sunderland, VolkerStevin Limited, david.burn@volkerstevin.co.uk - Price volatility and availability of materials.

Ed Alder, Newcastle, Persimmon Homes North East, ed.alder23@gmail.com - Severe delays due to constrained planning system which is stalling major housing delivery.

Simon Brierley, Newcastle, George F White, simonbrierley@georgefwhite.co.uk - Lack of labour / skills shortages.

Stephen Taylor, Newcastle, Driver Project Services, stephentaylor2117@aol.com - Uncertainty.

## North West

Andrew Carter, Manchester, BAQUS, andrew.carter@baqus.co.uk - Reduced resources, difficulties in obtaining materials.

Andrew Darbyshire, Manchester, Merseyside & Lancashire, McDermott Developments Ltd, adarbyshire@mcdermotthomes.co.uk - Competition for labour & materials (as well as development sites/opportunities).

Anthony Dillon, Manchester, Willmott Dixon, anthony.dillon@willmottidixon.co.uk - Market remains buoyant, two stage, framework and negotiated procurement delivering better outcomes.

Crystal Jenkins, Preston, C Jenkins QS Services Ltd, crystal@cjqs.co.uk - Clients expecting fixed prices which cannot be achieved.

David Haime, Liverpool, Modero Limited, david.haime@modero.co.uk - Lead times for MEP items and other materials are having major impacts on construction programmes.

Gary Bulloch, Manchester, Savills, gbulloch@savills.com - Uncertainty and caution influencing more fundamental decision making in challenging sectors.

Ian Chadwick, Manchester, Pariter Ltd, ian@pariter.ltd - Cost of construction and materials is increasing at a greater rate than housing sale and rent prices.

John Winstanley, Manchester, Network Rail, john.winstanley@networkrail.co.uk - Infrastructure frameworks are too prescriptive, reducing competition.

Leslie Rankin Millar, Isle Of Man, Leslie Millar MRICS FCIQB FASI, les.millar@hotmail.co.uk - Scarcity of labour, uncertainty and supply of building materials.

Mark Murphy, Manchester, Egerton New Homes and Developments, mark@egertonhomes.co.uk - Not enough land with planning permission.

Philip Spendlow, Stockport, P G SPENDLOW FRICS Construction Cost Consultant, spendlowphilip6@gmail.com - Continuing increases in material costs and labour shortages.

Russell John Bennett, Manchester, Alexander Dawn Ltd, russ@axdl.co.uk - Fuel/energy prices putting developers off.

Salvo Eccles, Preston Lancashire, Home Defect Surveys, homedefectsurveys@gmail.com - Housing being built on Greenfield, in rural villages. Big impact on infrastructure as insufficient.

Shirley Koo, Manchester, CR Construction (UK) Company Limited, shirleykooly@outlook.com - Inflation, cashflow issues.

Suzanne Lomax, Warrington, SDL, suzannelomax9@gmail.com - Shortage of skilled labour and increasingly high costs of materials.

## Yorkshire & the Humber

Helen Martland, Huddersfield, Kirklees Council, helen.martland@kirklees.gov.uk - Lack of interest in tendering especially fixed price tenders.

James William Robertson, York, Fordhurst Support, j.robertson@fordhurst-support.co.uk - Escalating inflation, Brexit impact on EU labour and EU manufactured materials, sluggish UK economy.

John Charles Pomfret, Grimsby, J C Pomfret Construction Limited, john@jcpuk.com - Larger companies buying up material stocks which in turn affects availability.

Keith Hardcastle, York, Alp architecture ltd, keith@alparchitecture.co.uk - Sub contractors and contractors walking away from any project that could present issues or difficulties.

Kevin Marling, Kingston Upon Hull, Delaney Marling Partnership Ltd, kevin@delaneymarlingpartnership.co.uk - Construction companies outside the area being awarded major contracts within the city.

Laura Richardson, York, Jos Richardson & Son Ltd, lauraodea@live.co.uk - Lack of skilled labour is the primary concern.

Michael Stewart, Sheffield, Morrison Energy Services, mstewart57@icloud.com - We are seeing new business but we are unsure on the financial security of new customers.

Paul M Smith, Leeds, PSC Surveying Ltd, pauls@psc-surveying-ltd.com - Many projects are being delayed by the planning backlog.

Simon Delaney, Hull, Delaney Marling Partnership Ltd, simon@delaneymarlingpartnership.co.uk - Lack of contractors.

Stephen Brigg, Bradford, Michael Eyres Partnership LLP, stephen.brigg@eyres.co.uk - Increasing cost of labour and materials together with a shortage of labour.

## South West

Alan Chambers, Devon, Kikuyuklassix, alan.chambers@aol.com - Inflation, recession, Brexit.

Alex Coward, Bristol, Forward Surveying & Design Ltd, alex@forward-design.co.uk - Media speculation on likelihood of recession.

# Chartered Surveyor market comments

Andrew Dunnell, Guernsey, DRP Architecture, andrew@drp.co.gg - Shortages of material and labour and under resourced planning system.

Christian Cartlidge, Bristol, Osmond Tricks, christiancartlidge@osmondtricks.co.uk - Lack of reliability of labour/trades.

David Jones, Cheltenham, Reading, London, Evans Jones Ltd, david.jones@evansjones.co.uk - Contractors not providing fixed price tenders (understandably).

David Perry, Truro, Wm G Weller & Son Ltd, david@wmweller.co.uk - Skills shortages and supply chain pressures continue to be a challenge for the construction sector.

Gawen, Bristol, Welling partnership LLP, gawenangove@outlook.com - Lack of cost certainty for periods beyond 4 weeks.

Harvey Vernon, Exeter, Willmott Dixon, h\_vernon@sky.com - Public sector spend is weak.

J.Vickery, Exeter, University of Exeter, j.vickery@exeter.ac.uk - Main contractors willing to provide competitive tenders. Lucky to get them to tender stage.

James Paul, Wells, DB+Paul Ltd, jimhpaulhome@gmail.com - Phosphate levels preventing planning approvals.

Karl Mills Lyons, Bournemouth, Foxes Property Management, karl.lyons@foxes.co.uk - Significant shortage of contractors and materials.

Martin Smalley, Bristol, Gleeds, martin.smalley@gleeds.com - Shortages of materials and labour and inflation affecting affordability.

Matt Beech, Bristol, Hookway LLP, mattbeech@hookway.org.uk - Uncertainties.

Paul Andrew Lewis Lowndes, Bristol, This is Gravity Ltd, p.lowndes@thisisgravity.co.uk - Cost of energy vs Europe.

Peter Jmaeff, Sechelt Bc, Local First Nations Government, jmaeff@telus.net - Basic problem consists of skilled and unskilled labour.

Philip Ardley Frics, Gloucester, Gloucester City Council, philip.ardley@gloucester.gov.uk - Severe shortage of experienced development surveyors and on-site labour.

Richard Salmon, Truro, WWA, richardsalmon@wwa.uk.com - There is a lack of contractors with the capacity to carry out works between £1m-£5m.

Simon Carey, Gloucester, Barnwood Ltd, simoncarey@barnwood.co.uk - Shortage of materials and lead-ins are the most significant current issues.

## Wales

Gerwyn Bowden, Cardiff, ChandlerKBS, gbowden@chandlerkbs.com - Labour shortage.

John Allen, Cardiff, AECOM, john.allen1@aecom.com - Demand has been too great for supply; which has pushed up costs and extended programmes.

Neil Taylor, Rhondda Valleys, RHA Wales, neil.taylor@rhawales.com - Planning/SAB/Skill Shortage/Constant Regulatory Change.

Peter Jenkins, Cardiff, Willis Construction Limited, peter.jenkins47@hotmail.co.uk - Covid-19, Brexit attitudes, war in Ukraine.

Sarpomaah Boye, Cardiff, Faithful and Gould, sarpomaaos@gmail.com - Availability of contractors to tender for projects.

## West Midlands

Gerald Sweeney, Birmingham, Carneysweeney, gerald.sweeney@carneysweeney.co.uk - Local Authorities are under resourced to process condition discharges, etc.

Jem Pardoe, Worcester, Montel Civil Engineering, jempardoe@gmail.com - I believe that housing projects will slow down due to cost increases and housing affordability.

Mike Foster, Birmingham, Network Rail, mr.mikefoster@ntlworld.com - Supply of available construction contractors is being outstripped by demand.

Neil Condliffe, Shrewsbury, Ionic Surveying Consultants Limited, neil@ionicsurveying.co.uk - Lack suitably trained skills.

Partridge, Birmingham, Kevin J. Partridge Associates Limited, kevin.partridge@btconnect.com - Still competitive.

Phil Hodges, Birmingham, Ridgeways, phil@ridgewaysqs.co.uk - Uncertainty of future input costs leading to concerns re. potential over / under pricing.

Remei Mulet, Birmingham, Henry Riley LPP, rmulet13@gmail.com - Lack of diversity.

Roger Charles Hodgetts, Birmingham, Birmingham City Council, roger.hodgetts@birmingham.gov.uk - Lack of Clerk of Works in projects.

Simon Lee Cbe Frics, Birmingham, Shaw Gilbert & Froggatt, shawgilbert@btconnect.com - General uncertainty from government and Local Authorities together with supplier delays & labour shortages.

Steve Law, Shropshire, Shropshire Council, steveandanicca@gmail.com - Contractor availability.

Tony Milner, Birmingham, Weatheroak Projects Limited, tony.milner34@gmail.com - Price increases, tenders not held for more than a few days.

## East Midlands

Eleftherios Patsalides, Leicester, John Lester Partnership Limited, lefty@jlpqs.co.uk - Cautious approach by investors is hampering projects and investment from proceeding.

Harvey Cooke, Peterborough, Arbicon ADR Ltd, harvey@arbicon.co.uk - The levels of claims are increasing as the supply chain seeks to recoup losses down the chain.

Iain Cathro, Skegness, IC PM Limited, ic123@icloud.com - Inflation and skills shortages.

Laurence Short, Nottingham, East Midland Homes, laurence.short@emh.co.uk - I see workloads with reduced capacity.

William Keith Wooldridge, Burton Upon Trent, TCQ Surveyors Ltd, keithwooldridge@sky.com - Lack of suitably qualified staff.

## East Anglia

Chris Keeble, Ipswich, Castons, ckeeble@castons.com - Market continues to be busy but costs are an increasing pressure on demand.

Chris Partridge, Cambridge, Gleeds Cost Management Limited, christopher.partridge@gleeds.co.uk - Availability is a significant issue. Typically 80% of contractors declining opportunities.

Christopher Barker, Saffron Walden, Chris Barker Surveyor, christopherjbarker1941@gmail.com - Lack of labour and demand from clients.

David A. Meghan, Yardley Hastings, Meghan & Co Limited, david@meghen.co.uk - The impact of the reducing PI market and type of cover.

John Button, Ipswich, Castons, jbutton@castons.com - Increasing costs and supply issues.

John Shovlin, Cambridge, JJS QS Limited, johnshovlin@mac.com - Unstable construction material prices and poor labour availability.

Peter Hutley, Ipswich, Consultant, peter.hutley@me.com - Price of land and planning delay.

Stuart Goodchild, Cambridge, 3G Construction Consultants Ltd, stuart@3gcc.co.uk - Generally demand outstripping supply for consultants and contractors.

# Chartered Surveyor market comments

## Scotland

Eric Gordon, Blanefield, 3C Construction Cost Consultants Ltd, eric@3cqs.co.uk - Lack of estimators sometimes limits the number of contractors suitable for tendering.

James Robert Wright, Edinburgh, Survey UK Limited, jim.wright@surveyuk.net - Many trades and sub-contractors are busy on residential projects.

Jamie Dempster, Edinburgh, Thomson Gray, jamie.dempster@thomsongray.com - Minor works projects - supply chain availability.

Kinlay Laidlaw, Rural, South Of Glasgow, Laidlaw Associates Building Surveying Ltd, kinlay@laidlawssurveying.com - There is over-emphasis across the industry on new-build. Refurbish and re-purpose to decarbonise.

Leslie Ross, Edinburgh, Morham & Brotchie Limited, leslie.ross@mb-qs.com - Contractors are more selective about the types of work and tending - many seek negotiation.

Marianne Mcleod, Inverness, Kier construction, marianne\_mcleod@yahoo.co.uk - Inflation.

Nick Lawton, Inverness, NIQS Ltd, nick.lawton@cali.co.uk - Lack of skilled resources; time to deal with utilities; delays in local authority consenting.

Robert Graham, Burntisland, RG Contract Services Ltd, bertg@globalnet.co.uk - Increase in costs.

Robert Lovett, Edinburgh, PMP Building Consultancy, robertlovett@pmpplc.co.uk - Poor levels of public transport which stems the flow of labour.

Robin Kernaghan, Inverness, Compass Building & Construction Services Ltd, robinkernaghan@hotmail.com - Covid, material shortages & cost increases, new build benchmarks.

Stephen Digance, Larbert, Springfield Properties plc, stephen.digance@gmail.com - Cost increases from material suppliers are aggressive.

Steven Hyde, Edinburgh, D Blake & Co Ltd, steven.hyde@dblake.co.uk - Difficulty in recruiting new trainees to replace aging workforce.

Terence John Stevenson, Glasgow, Babcock International, terrystevenson1964@gmail.com - High fuel and material costs.

## Northern Ireland

Arthur Connell Nugent, Newry, Young -Nugent, ach488@outlook.com - War in Ukraine.

Damian Mellon, Belfast, Portview Fit Out Ltd, damian.mellon@portview.co.uk - Transport cost between NI and GB. Wage demands.

James Wright, Belfast, Alpha Housing, james.wright@alphahousingni.org - Uncertainty on New Building Control regulations, lack of infrastructure investment by government.

Joseph Edward Green, Belfast, J Green Chartered Quantity Surveyors, info@jgreenqs.com - Supply chain issues.

Norman Lambe, Banbridge, Gibson Bros, norman.lambe@gibsonbros.co.uk - Lack of local government.

Oliver Smith, Ballymena, SurveyLink [NI] Ltd, olliesmith1959@gmail.com - Ongoing instability & ineffectiveness/non-functioning of devolved government.

Philip John Roy., Dromore, County Down., Greencastle Surveying., philipjohnroy8491@gmail.com - Lack of investment, current affairs and related.

# 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 Q2 2022= 759

## 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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