

gleeds

**Summer 2021
UK Market
Report Webinar**

Wednesday 28th July, 4pm

Here with you today



Julian Barlow

External Moderator,
BFC Marcomms Ltd (chair)



James Garner

Senior Director,
Insights + Analytics,
Gleeds



Nicola Herring

Associate Director,
Insights + Analytics,
Gleeds



Louise Ellis

Chief People Officer,
Gleeds



Ben Huskisson

Chief Digital Officer,
Gleeds

Today's discussion

- 01 / **Mixing pot of economic and societal issues**
- 02 / **Tender opportunities and tendering**
- 03 / **Site productivity and labour**
- 04 / **Materials**
- 05 / **Threats to the construction industry**
- 06 / **Inflation forecast**
- 07 / **Recruitment, retention and D&I**
- 08 / **Digital transformation**
- 09 / **Summing up**
- 10 / **Questions and answers**



Poll one

What type of
organisation are
you part of?

01 Mixing pot of economic and societal issues

Societal impacts

GDP

0.8% growth in May was weaker than anticipated, remains 3.1% below pre-pandemic level (ONS)

“Pingdemic”

High levels of contract tracing alerts impacting all areas of life

Employment /furlough

Unemployment estimated to be 0.9% up on March 2020 (ONS)

Construction impacts

Output

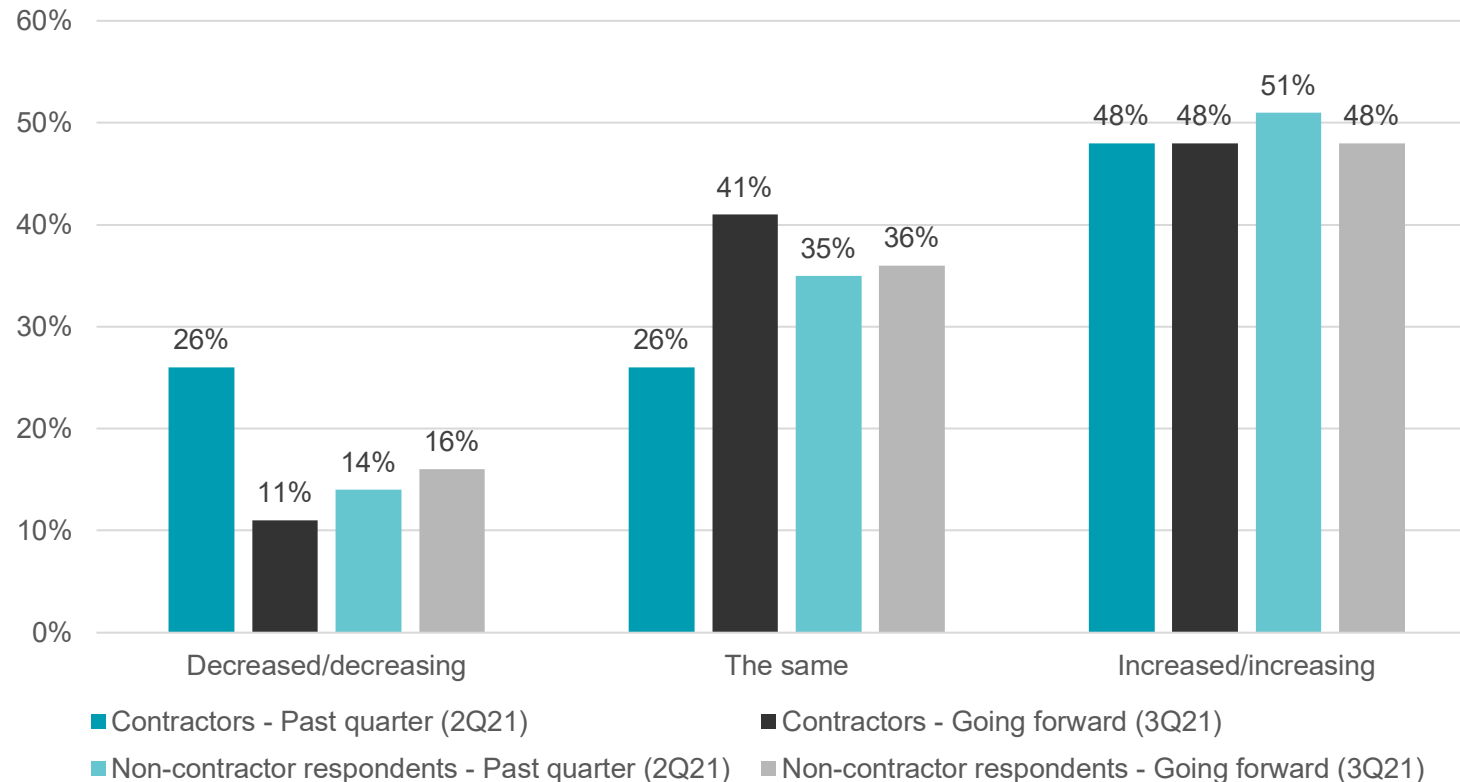
May construction output remained 0.3% above pre-pandemic level (ONS)

New orders

HIS Markit/CIPS UK Construction Total Activity index gained further momentum in June

02 Tender opportunities and tendering

Have tender opportunities decreased or increased over the past quarter? And looking ahead to the next quarter?



Survey respondents indicated that the top five sectors for current tender opportunities are:

- Residential (47%)
- Public (41%)
- Infrastructure (33%)
- Health and care (25%)
- Education (23%)

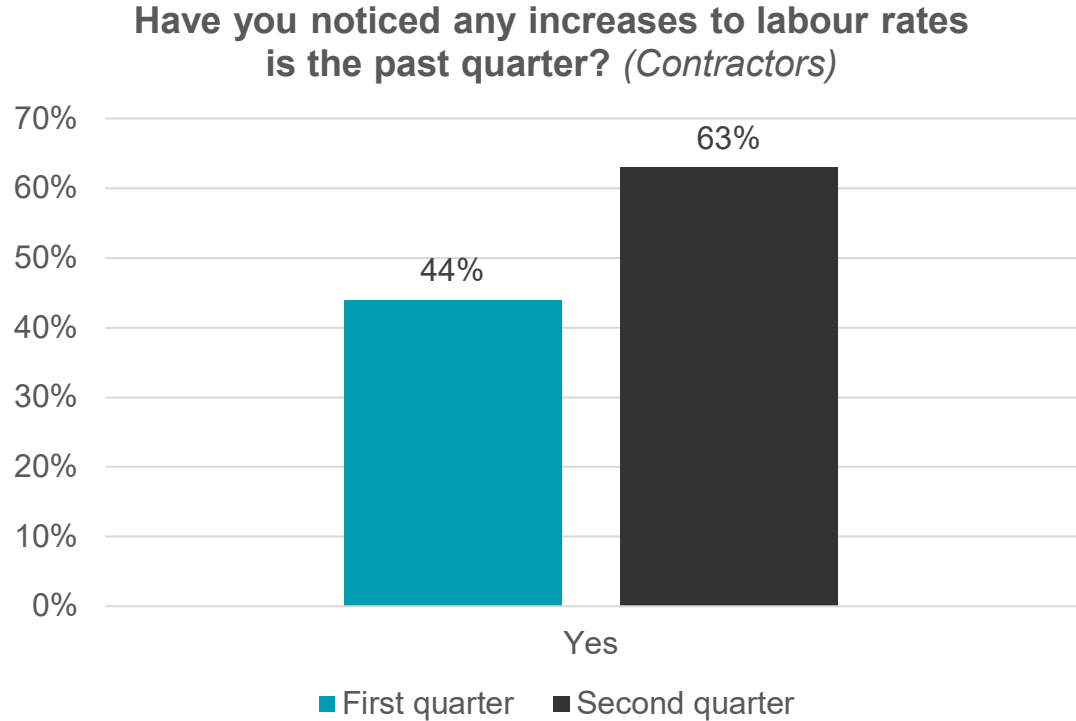
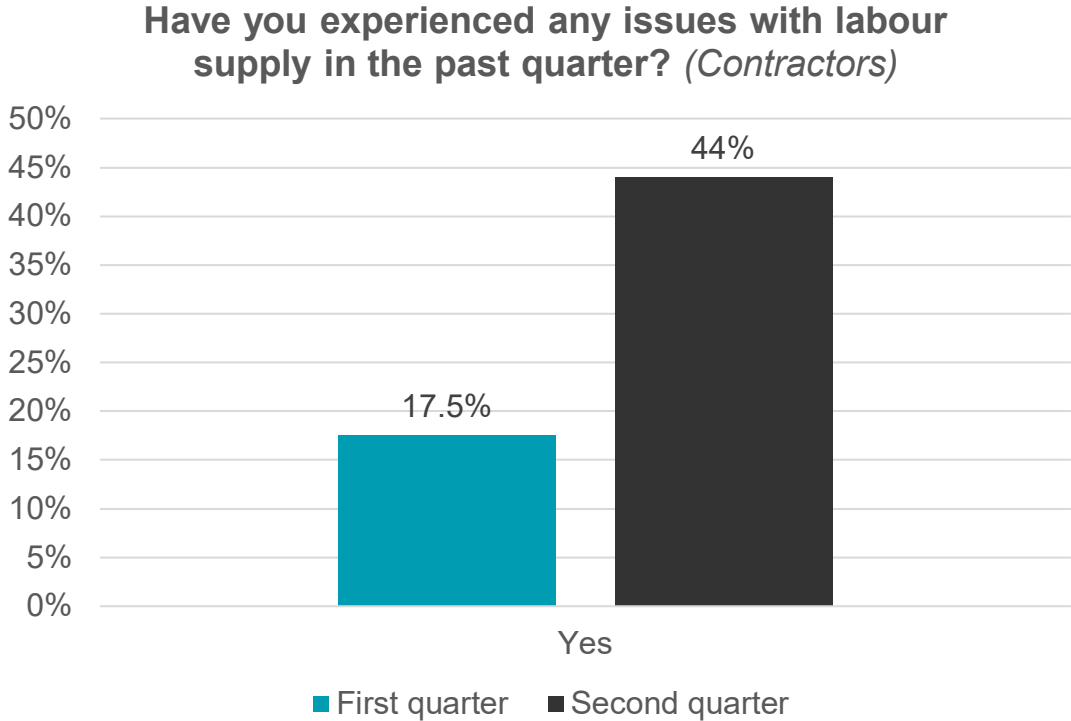
Poll two

Are you seeing an
increase in the
numbers of people
self isolating on
projects?

03 Site productivity and labour

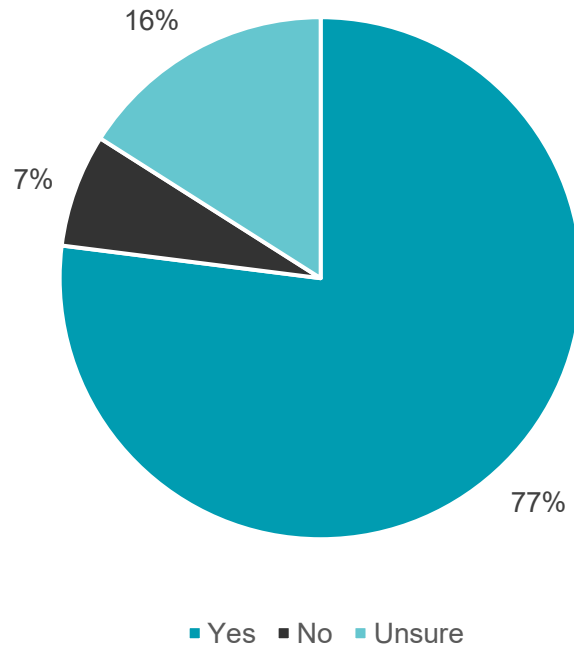
Site productivity is slightly less than our last two reports

70% of contractors said that site productivity is within the 81-100% range



04 Materials

Issues with supply of materials/products have become even more of a problem in the last quarter, do you see the situation getting worse in the next quarter?



Which projects are most impacted by the issues with materials

#1 Large new-build

#2 Medium new-build

#3 Large infrastructure

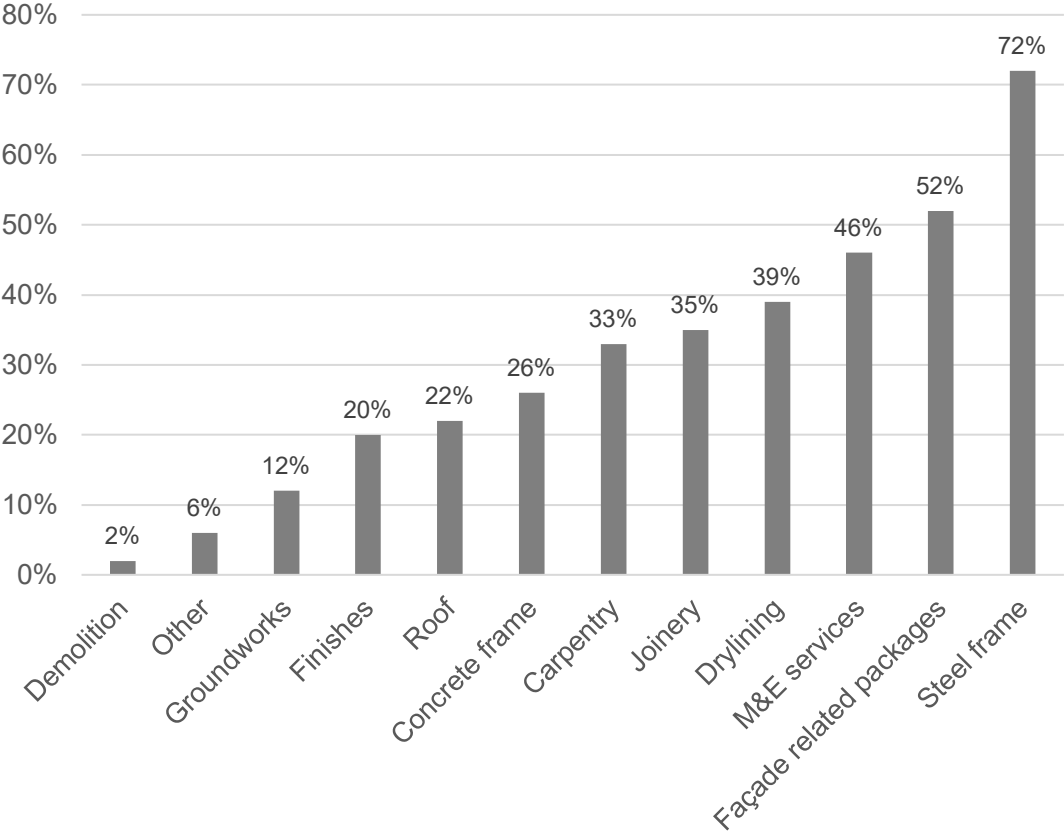
#4 Small new-build

#5 Housebuilding

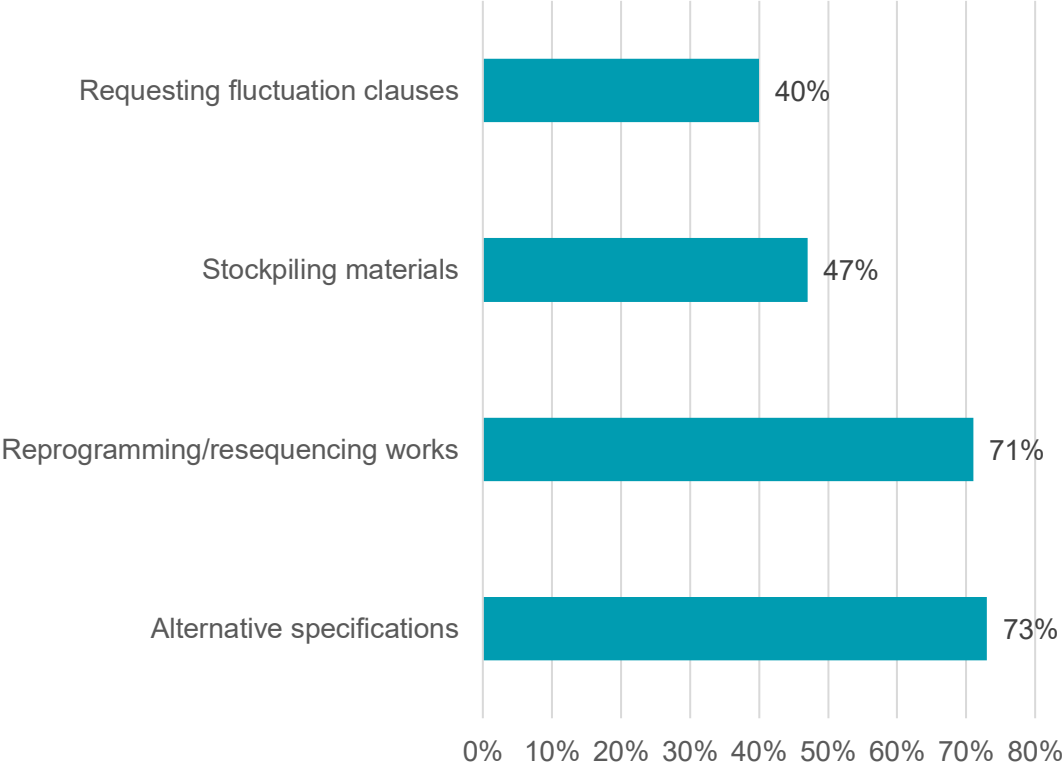
#6 Refurbishments

04 Materials

For which packages are you experiencing issues with products/materials?

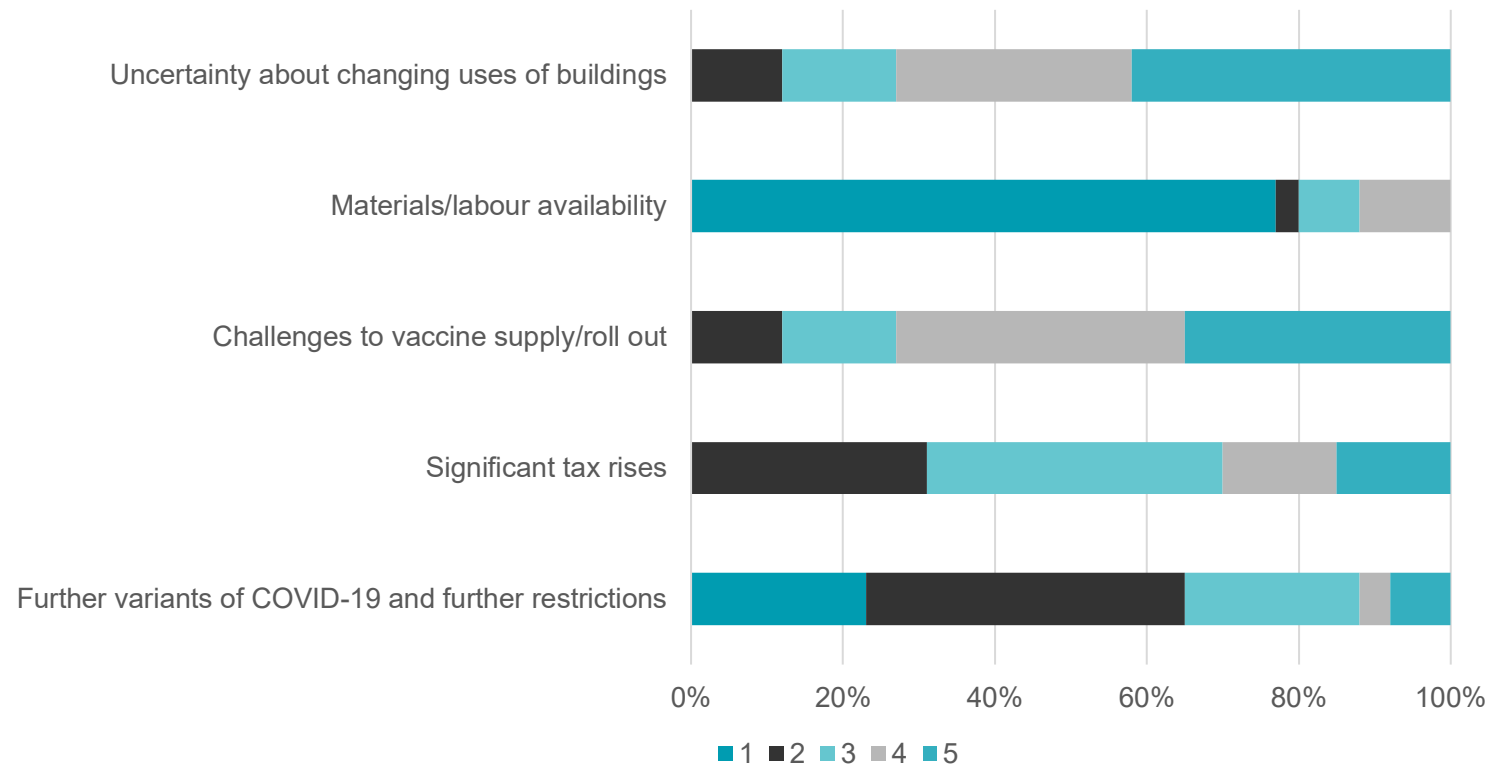


How will contractors overcome materials difficulties on projects?



05 Threats to the construction industry

Rank the biggest threats to the construction industry (contractors) 1 = greatest threat - 5 = limited threat



- 77% of contractors think materials and labour are the biggest threat
- The remaining 23% think that COVID-19, further variants and restrictions is the next biggest threat

06 Inflation forecast: summary of pressures

Negative pressure

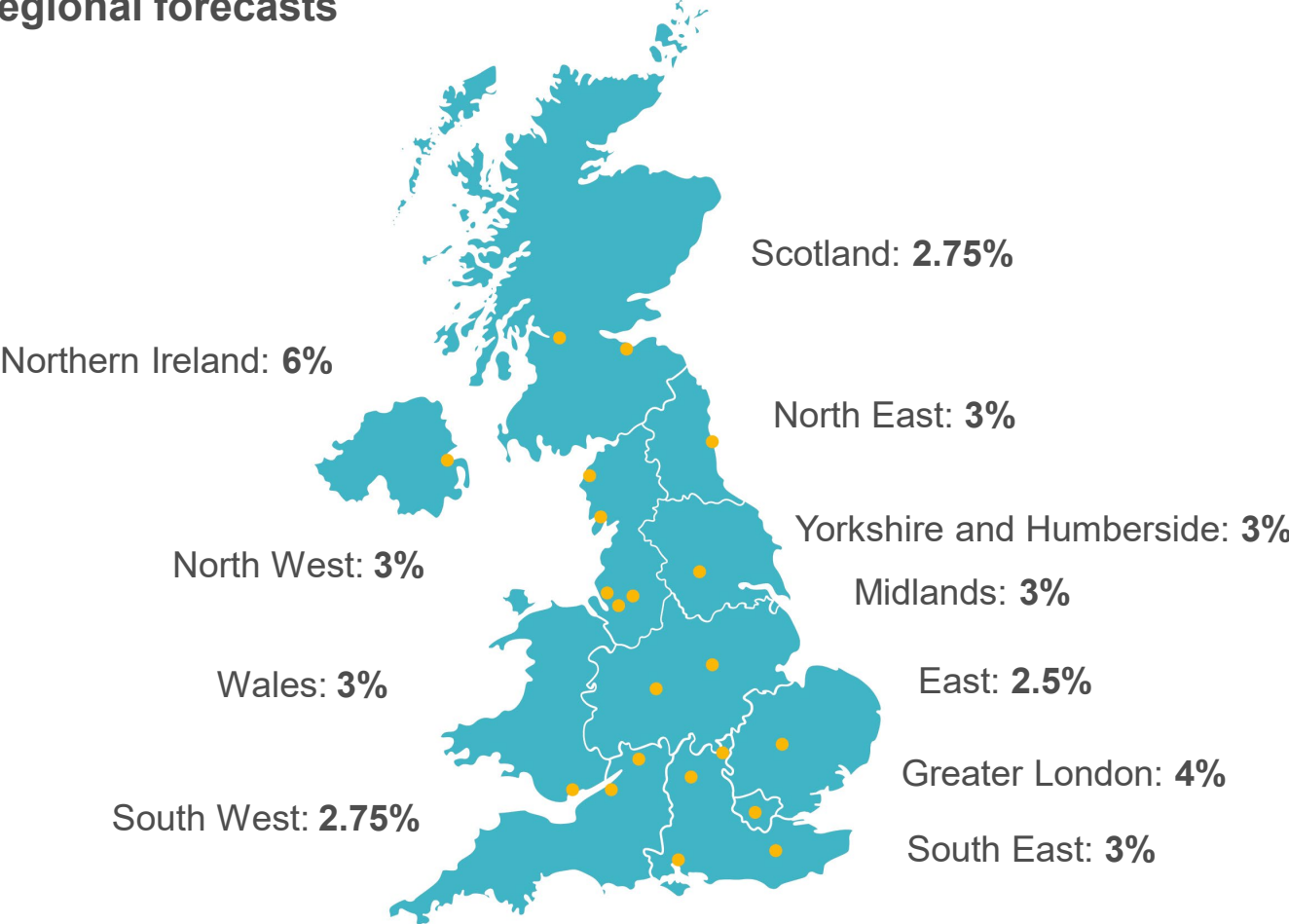
- Project approvals having slowed/been put back in 2020 is creating competitive tendering situations
- Some contractors are still filling their pipeline
- Wider economy still recovering – GDP growth was 0.8% in May, behind the forecast 1.5% due to materials issues

Positive pressures

- Large infrastructure projects are continuing which have large labour and materials demands
- Cost pressures for materials – DBEIS ‘All Work’ construction materials price index increased by 10.2% in the year to May 2021
- Labour shortages – 33,000 vacancies across the construction industry between April and June 2021
- Wider impacts – “Pingdemic”, shortage of drivers

06 Inflation forecast

2021 regional forecasts



Regional inflation forecast ranges 2021 - 2023

3Q21 - 2Q22	2.5% - 6%
3Q22 - 2Q23	2.5% - 4.25%
3Q23 - 2Q24	2.5% - 3.75%

Poll three

Has your
organisation's flexible
working policy adapted
since the pandemic?

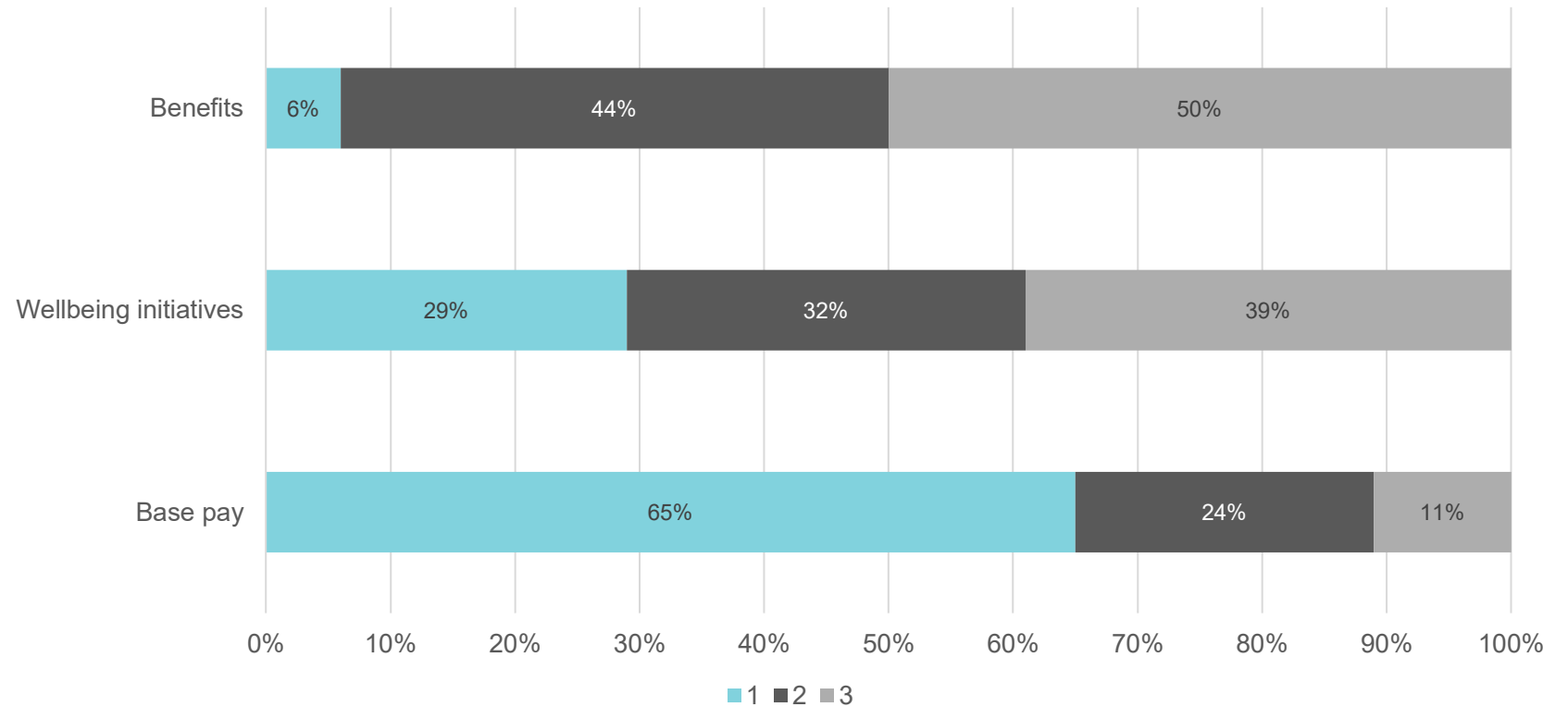
07 Recruitment, retention and D&I

35k
jobs available



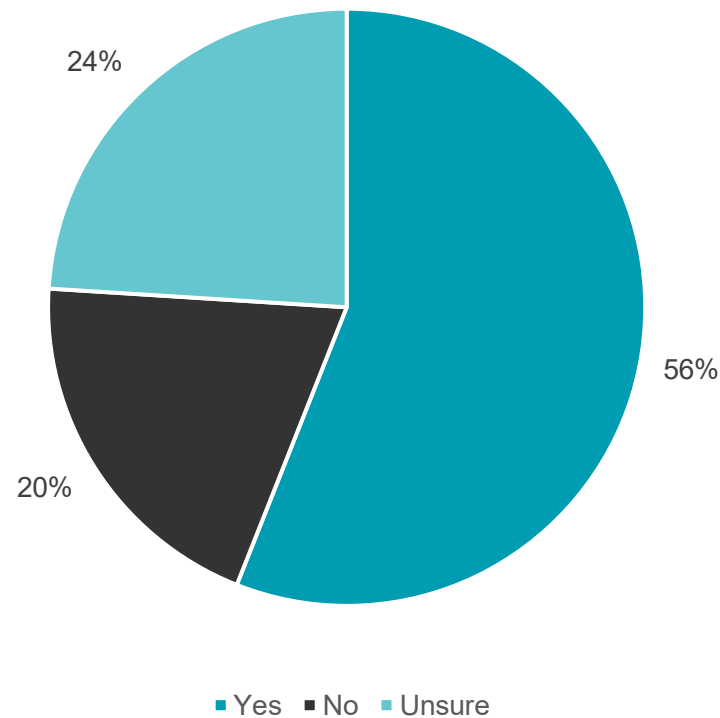
Highest level
of vacancies
in 20 years

Rank what you consider to be most important to people considering a new role, 1 = most attractive

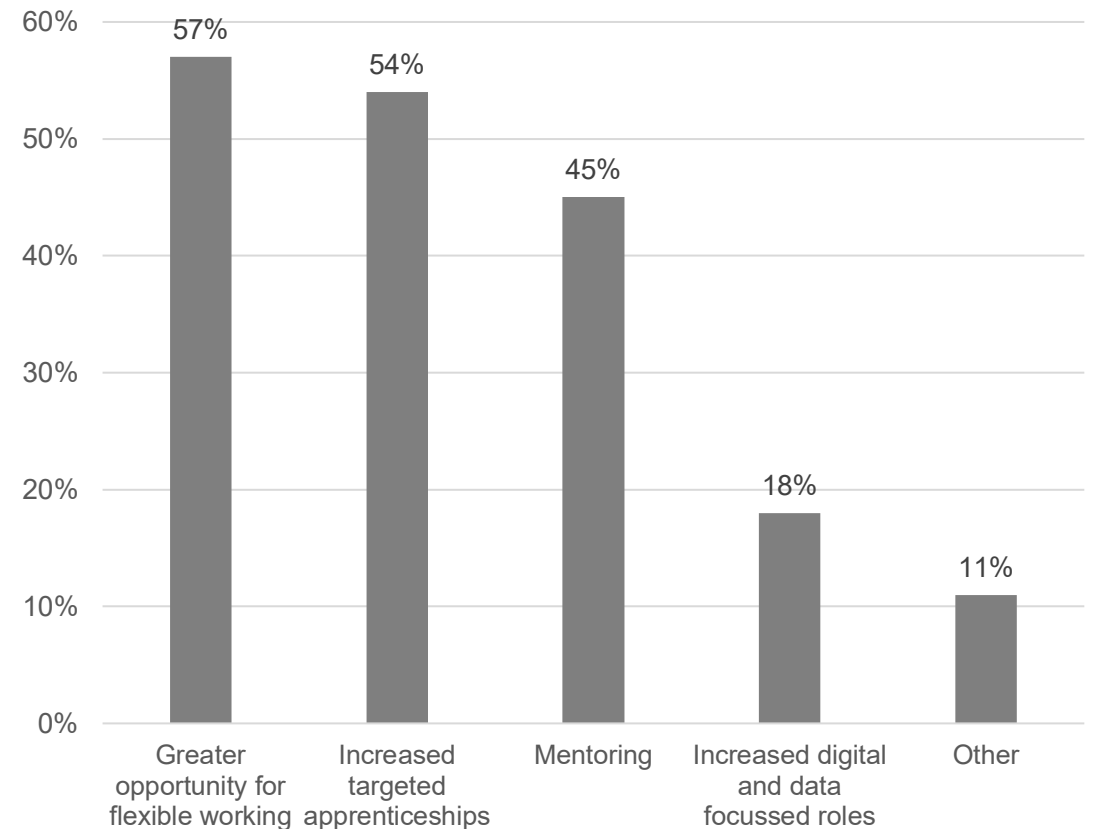


07 Recruitment, retention and D&I

Do you think that the construction industry is taking improving D&I seriously?



How do we increase diversity in construction?



Poll four

Are you seeing
increased use of
digital tools on
projects?

08 Digital transformation

- The digital transformation journey is well and truly underway in all parts of the industry
- We expect exponential growth in the areas of design, data analytics and construction tech in the coming years

Three key opportunities for digitalisation of the industry to alleviate skills shortages

Automation of processes

Reduction of waste

Use of data for project planning and assurance

09 Summing up

- Activity is picking up but some challenges remain
- Despite the construction industry *feeling the burn*, industry has continued to demonstrate great resilience
- **Flexibility, adaptability, collaboration** and **innovation** will continue to be key watchwords to overcome issues
- Want to know more on regional analysis, inflation forecasts and sector insights? Look out for our full report being published next week →



Want to know more?

gleeds

Playing the long game:
Why longer-term contracting is key for driving better, faster, greener delivery



gleeds


Completing the digital puzzle: Putting the pieces together to unleash the power of data and technology for construction



gleeds



Spotlight:
Materials Issues



Transforming Existing Hotels to Net Zero Carbon

ARUP gleeds IHG HOTELS & RESORTS Schneider ELECTRIC

[gleeds.com](https://www.gleeds.com)

gleeds

Thank you
for listening

Questions and answers