



# Construction Industry KPIs – UK Industry Performance Report 2018

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Presented by: Allan Wilén, Economics Director

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# About Glenigan

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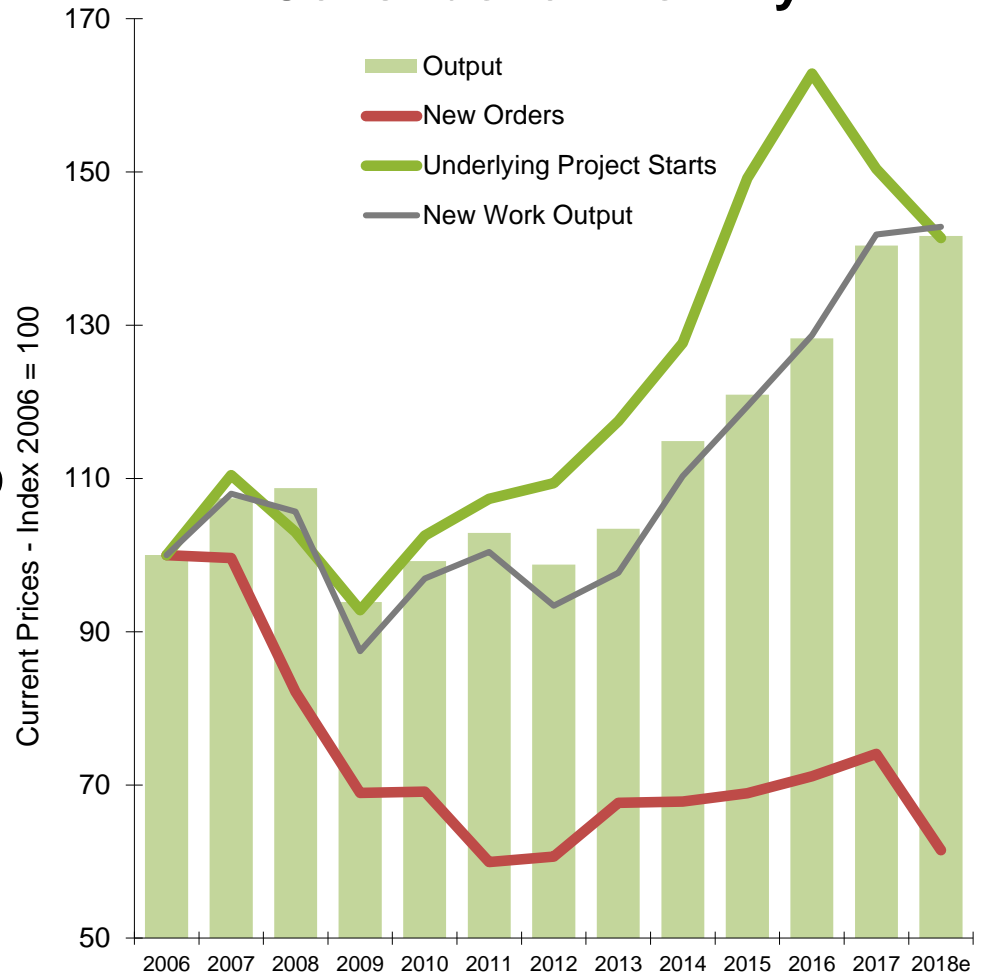
Glenigan provides market intelligence on the UK construction industry. Glenigan uses a robust research process to deliver timely and comprehensive construction project, company and market intelligence:

- Database over 17 years totalling almost 10 million planning applications
- Planning application data collection from all 464 UK local authorities
- A dedicated team of over 100 expert web & telephone researchers
- 10,000 unique non-planning projects a year from industry contacts
- Expert analysis, detailed market interpretation, data-driven forecasts and bespoke analysis

# Market Conditions

- Private sector led recovery
- Costs have risen alongside improved volume
- Output growth, but weaker project starts in 2017 & 2018
- Cost pressures expected to remain
- Brexit additional risk to labour and material availability
- Changing pattern of workload forecast

## Construction Activity

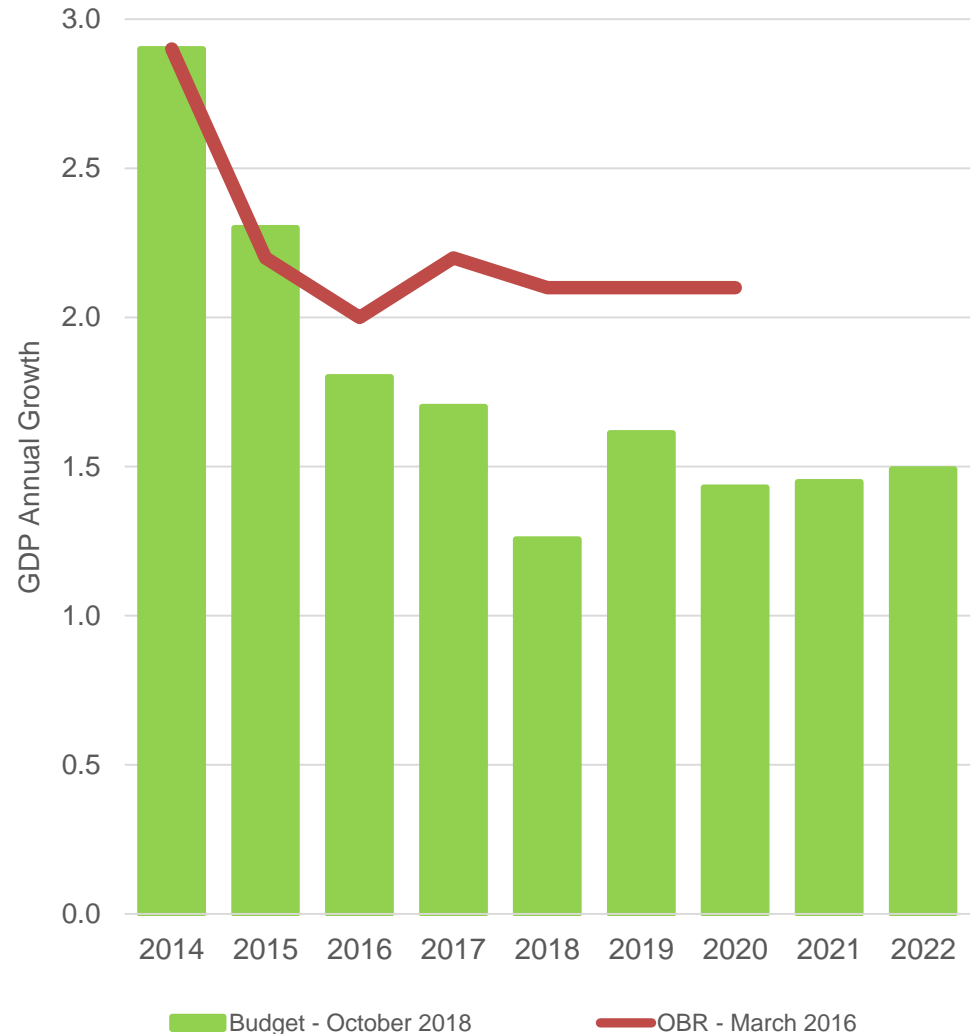


Sources: ONS, Glenigan

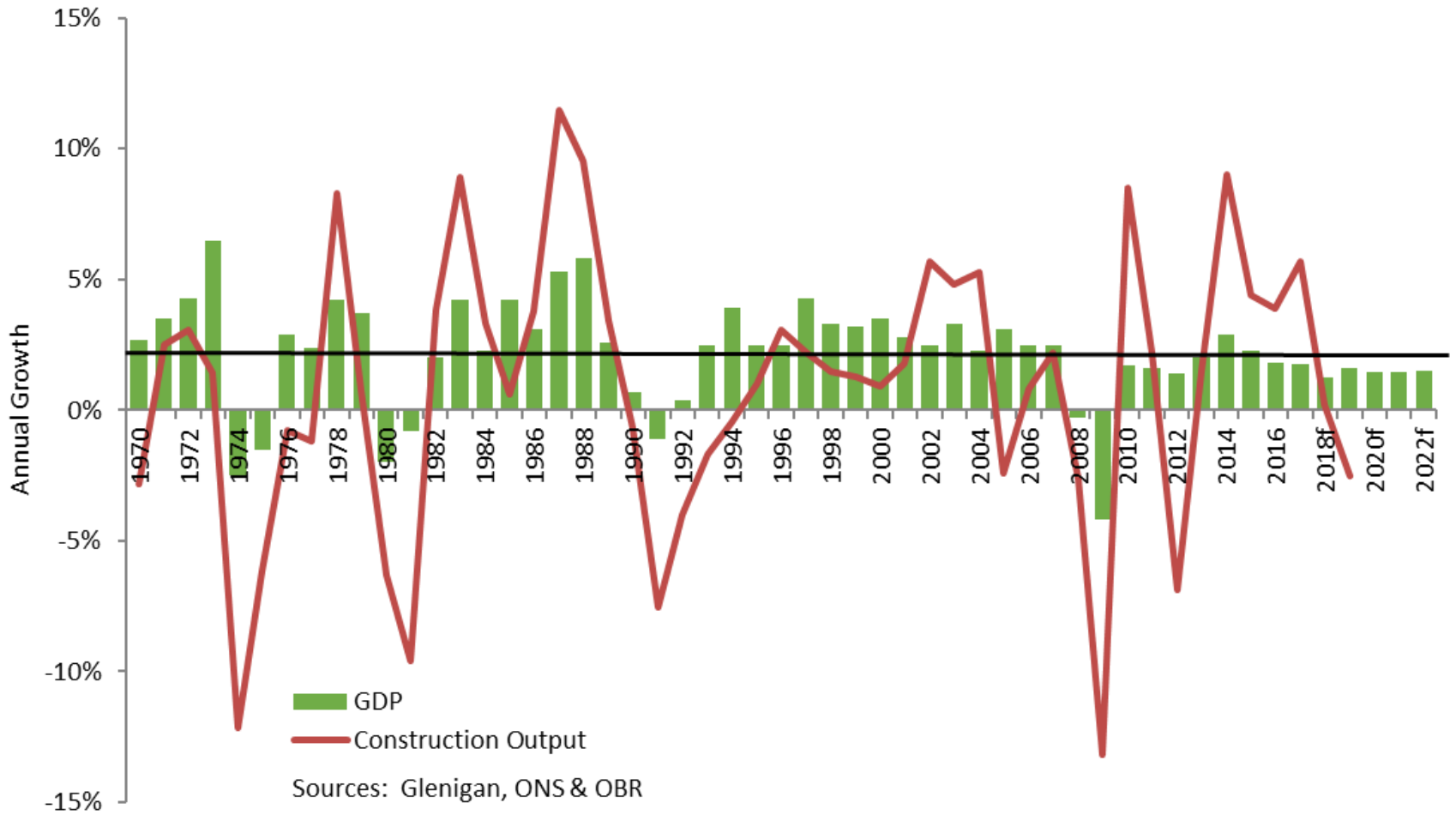
# Weak growth in UK economy hitting construction spending

## Construction starts fall 6% last year and fall a further 2% in 2019 as...

- UK economy grows slowly
- Political uncertainty persists, deterring investment
- Business investment decisions delayed
- Weaker consumer spending growth
  - Cooling housing market
- Government finances under pressure
  - Capital spending v front line services



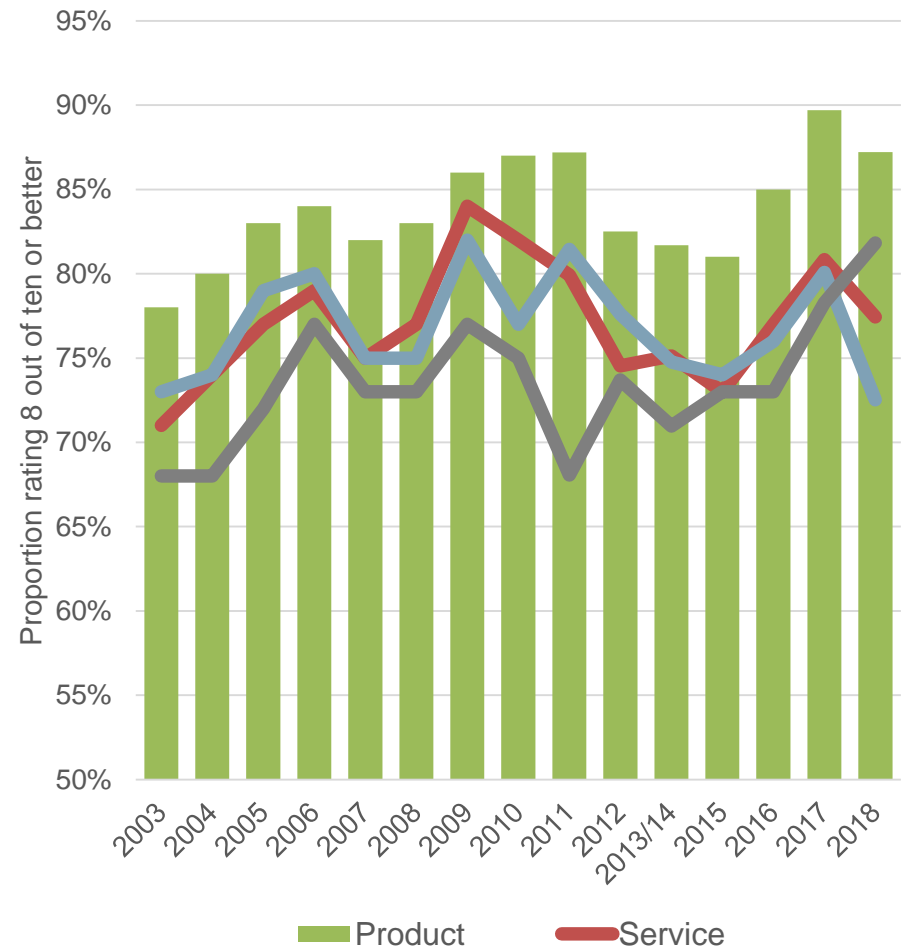
# Construction Output & Economic Growth



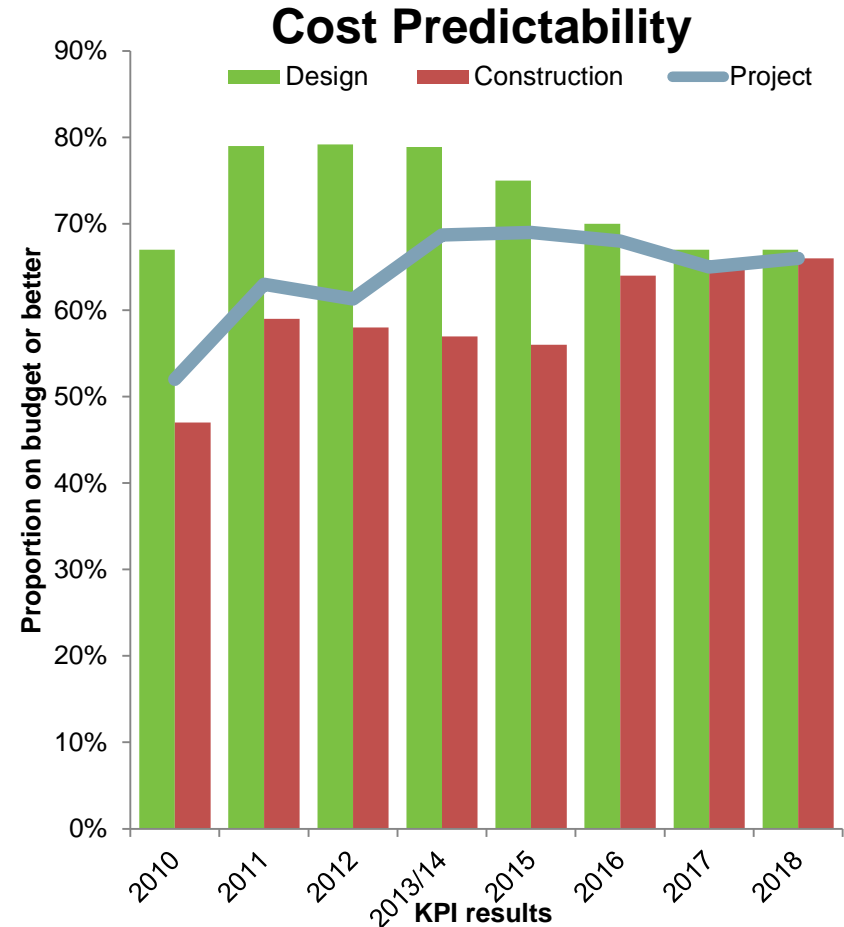
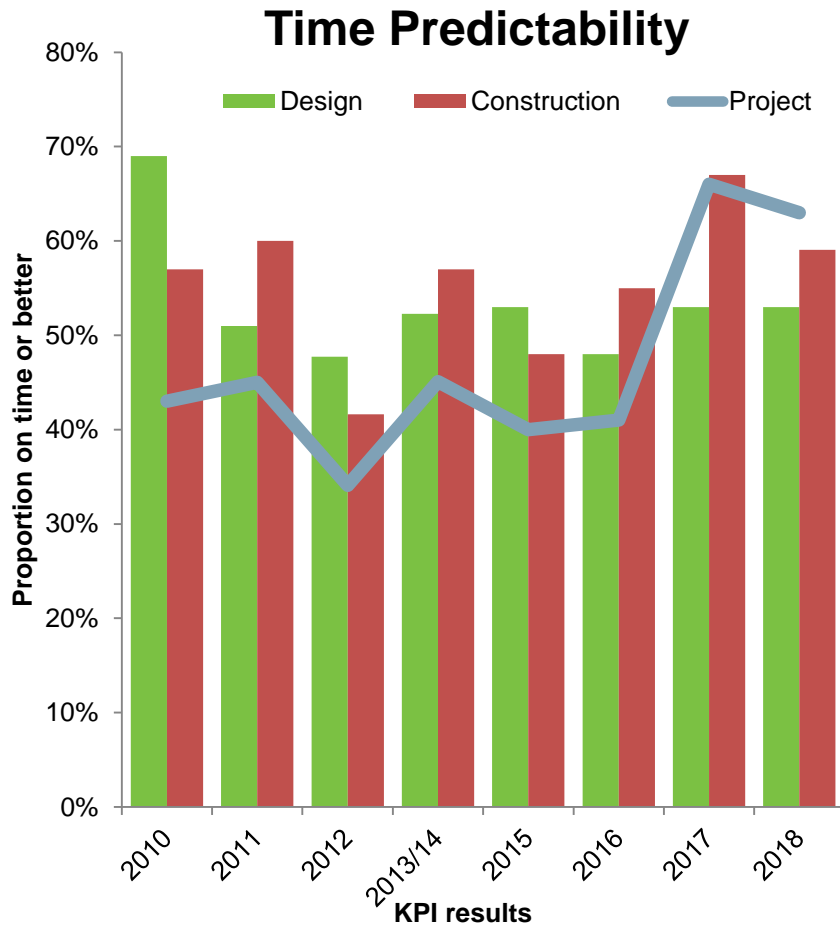
# Improved Customer Satisfaction

## Key indicator

- Drop from peak levels last year
- Client satisfaction KPIs on upward trend
- 87% rate satisfaction with finished product 8 out of 10 or better
- Year on year decline in satisfaction with service and value for money
- Improved satisfaction on defects
- Reduced contractor satisfaction with client, provision of information and payment



# Projects delivered on time & to budget



N.B. KPI results relate to projects completed during previous year

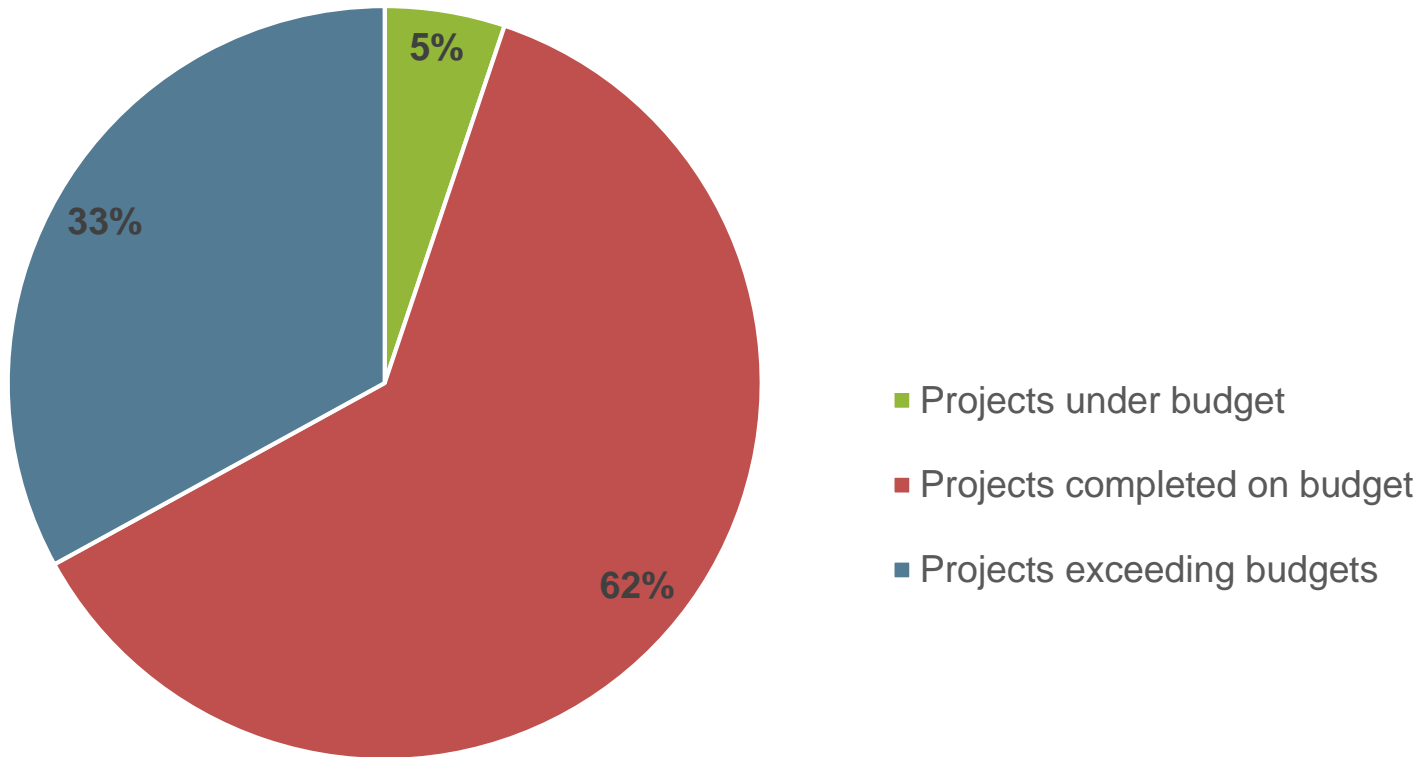
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# Proportion of projects completed to budget

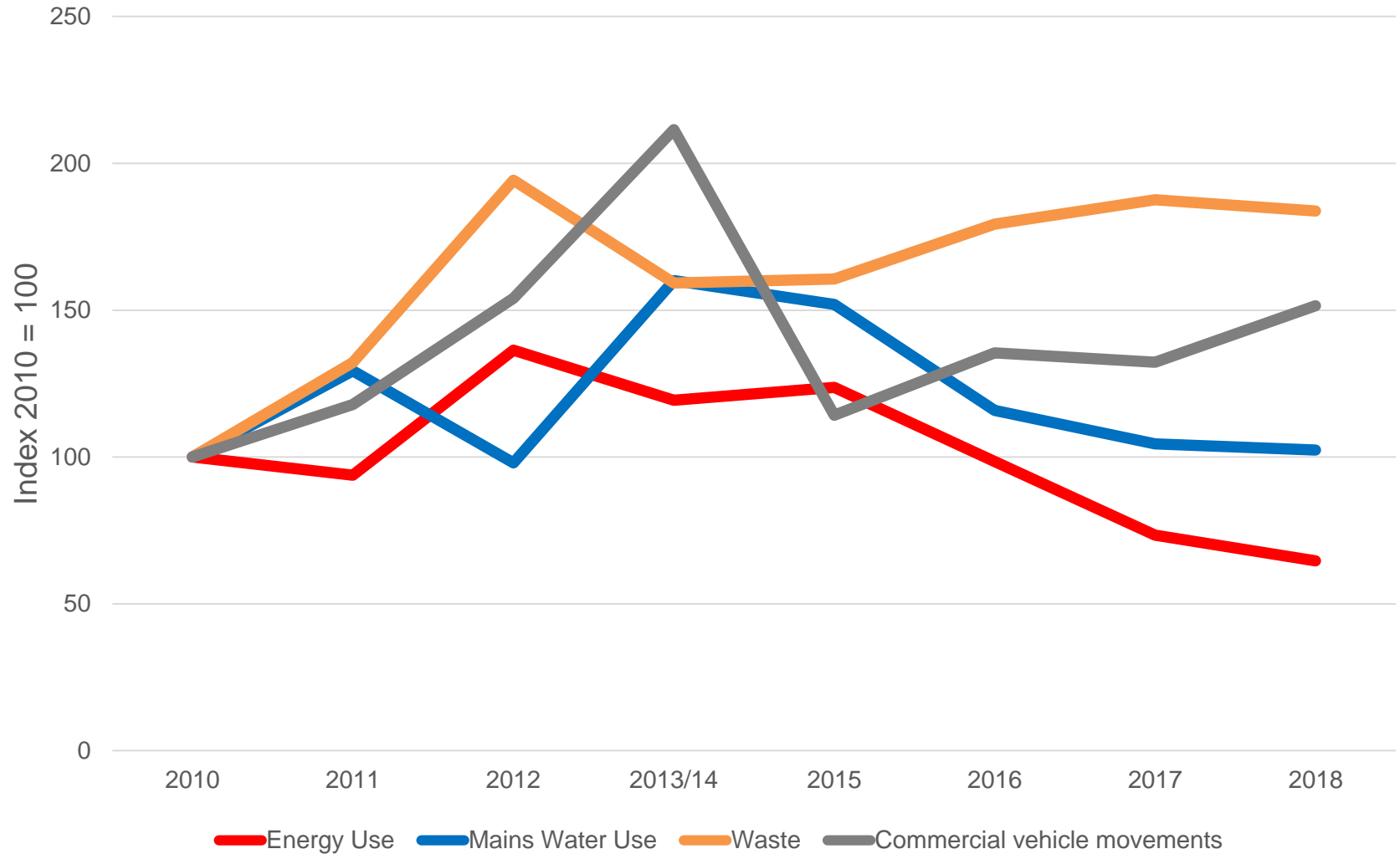
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Sample of completed new orders and their budget outcome



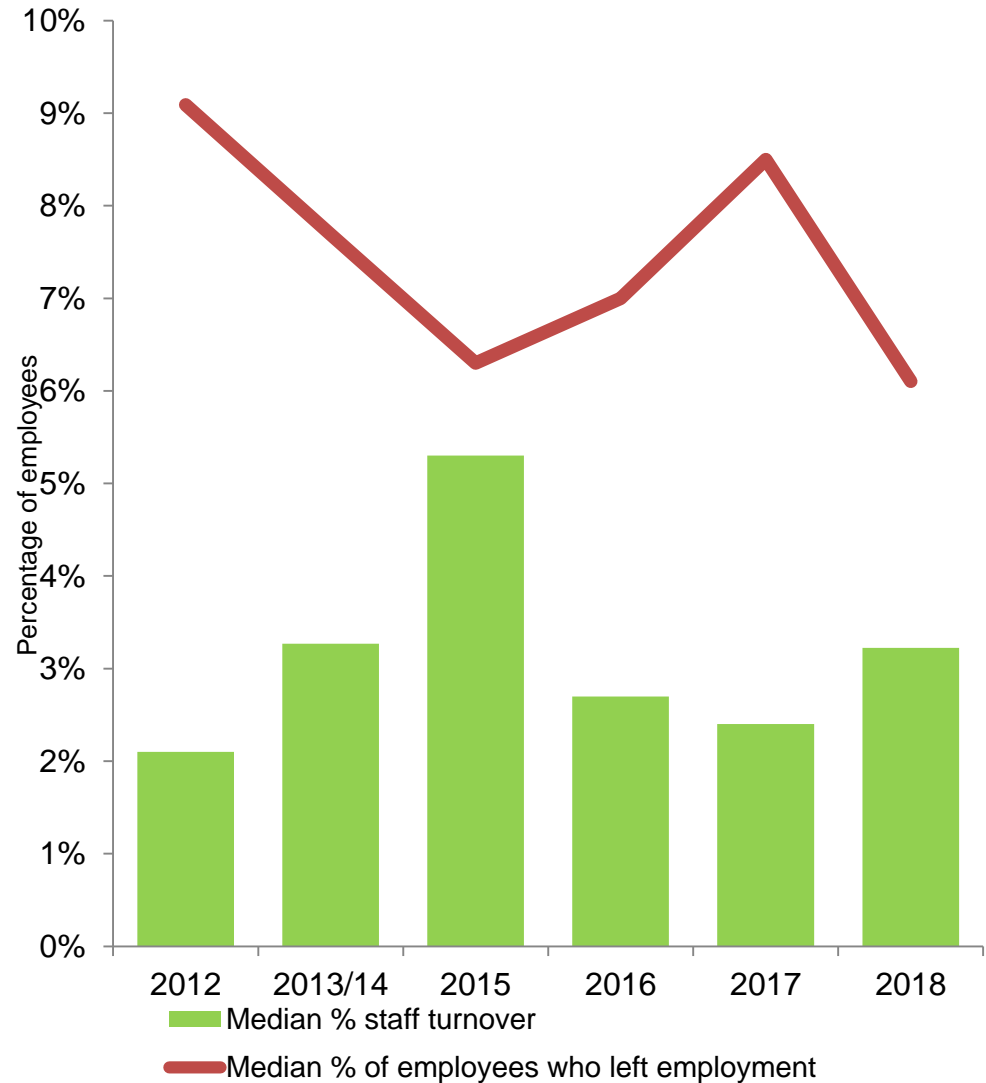
Source: Office for National Statistics

# Mixed environmental performance



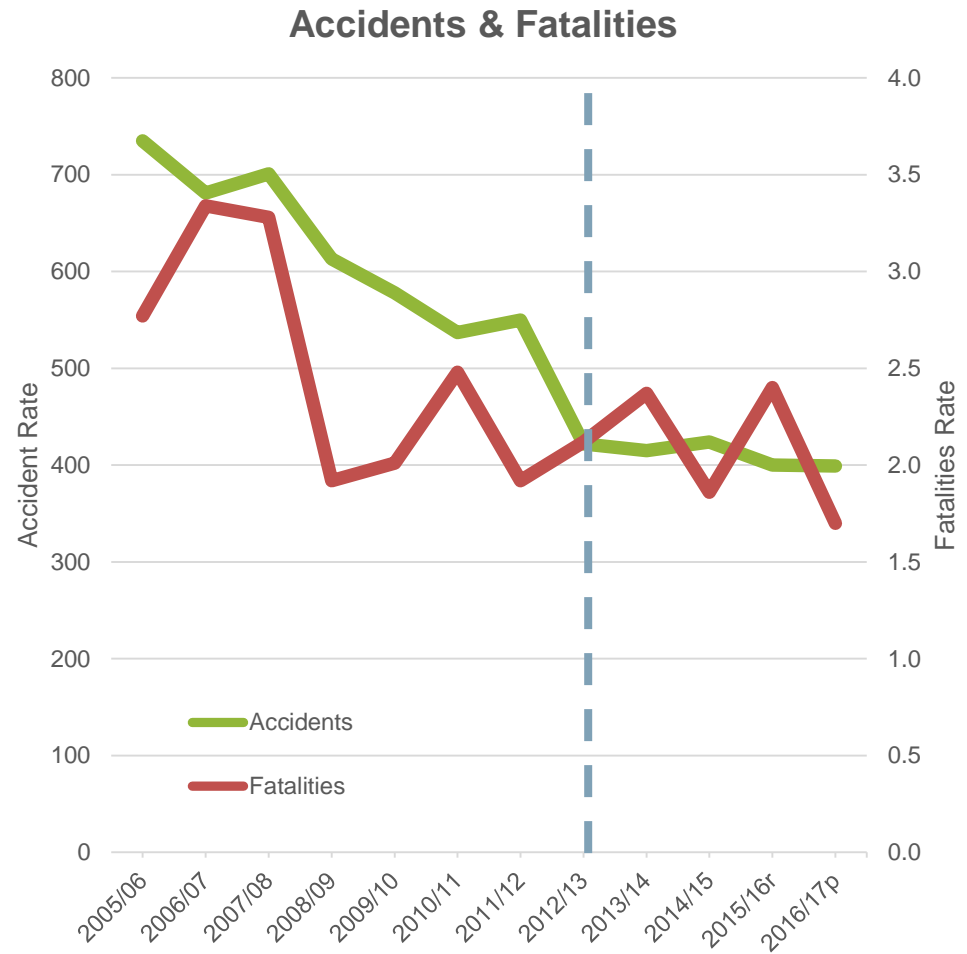
# Firms eager to replace staff

- Fewer staff leaving
- Increased staff turnover
- Firms keen to replace departing staff
- Small drop in skills base
- Increase in training days per employee



# Health & Safety

- Long term improvement in accident rates
- Change to data collection in 2012/13
- Stabilisation in accident rate in last 4 years

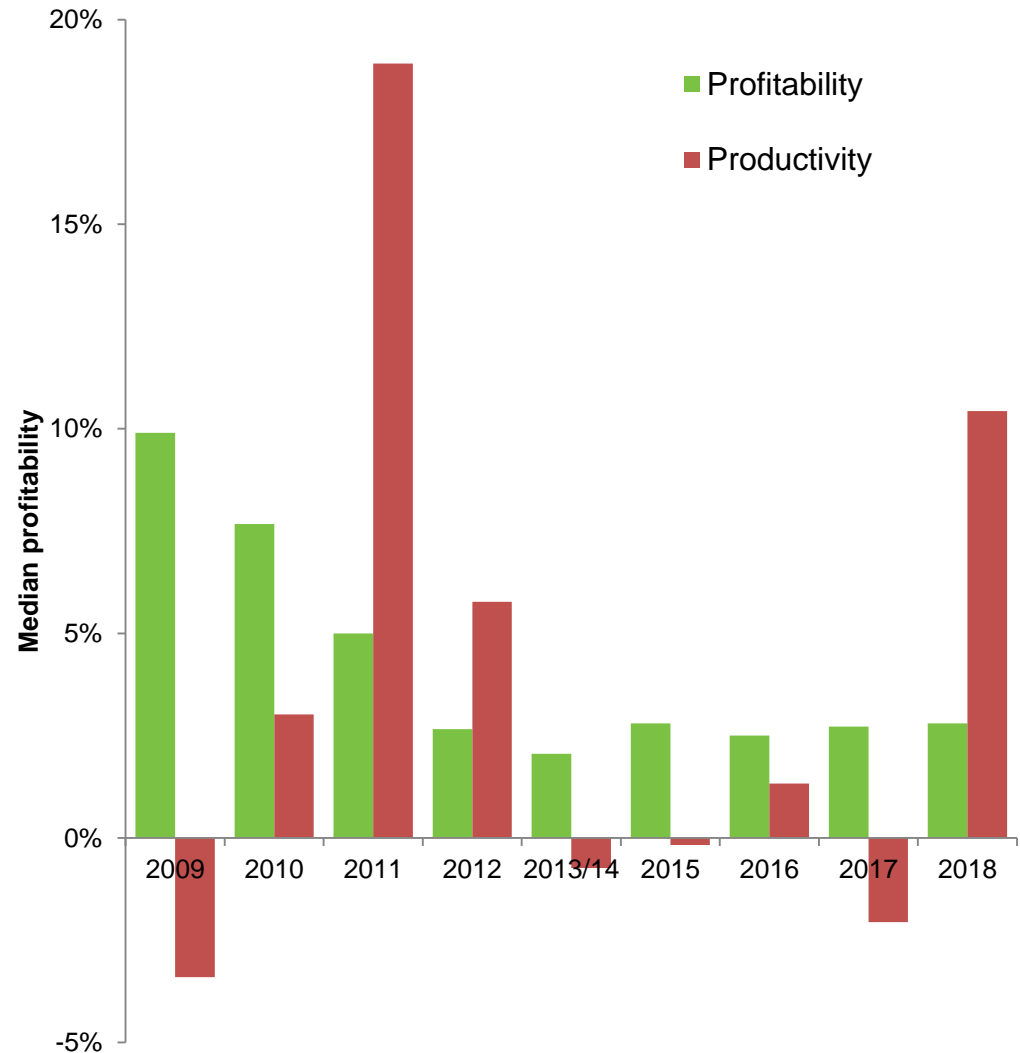


Source: HSE N.B. Break in accident rate series from 2012/13

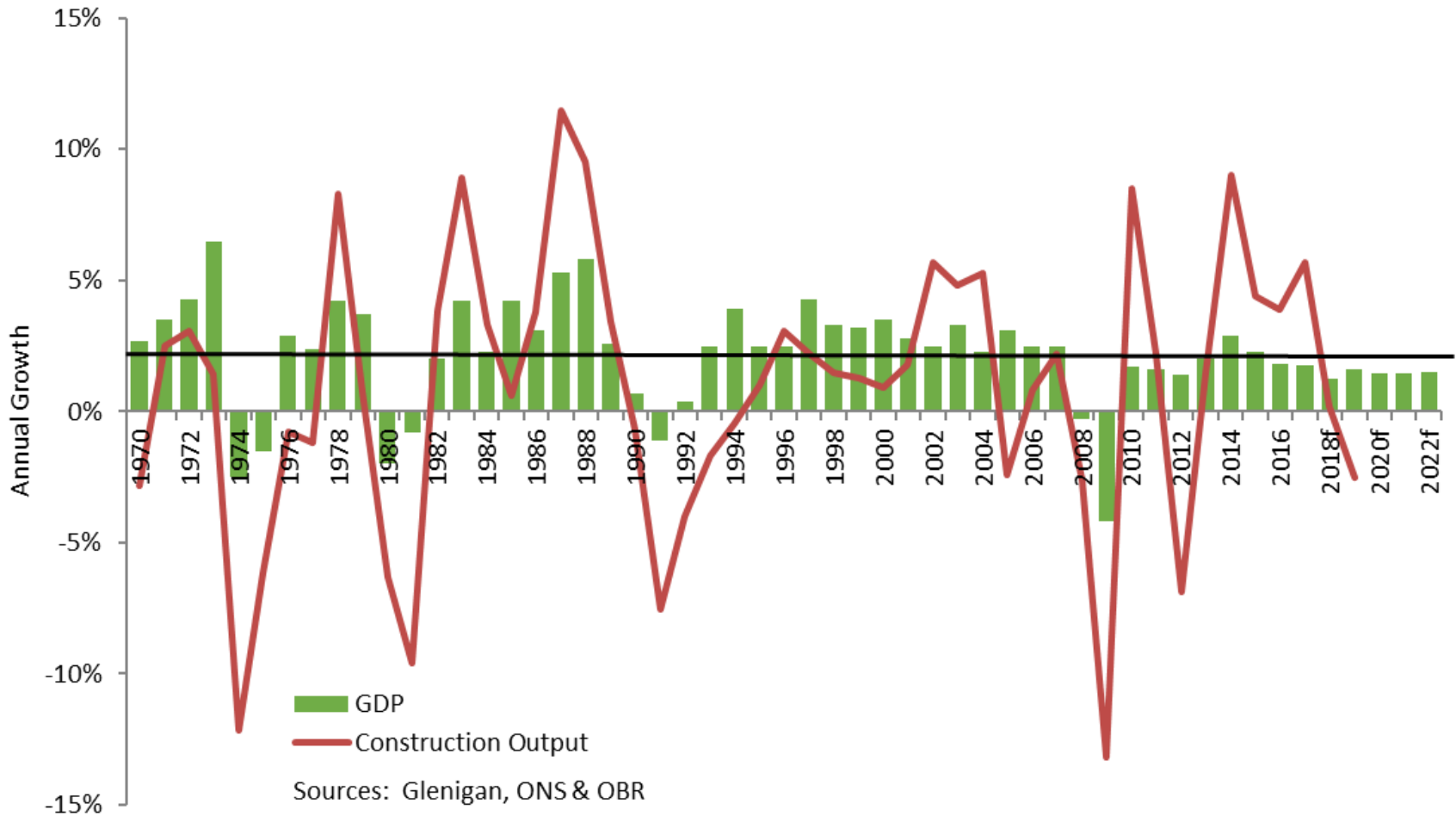
# Industry Profitability Remains Under Pressure

- Margins remain under pressure
- Jump in productivity growth
- Volatile workload and structural changes over next two years
- Industry will face increase pressure on margins and capacity

## Profitability & Productivity



# Construction Output & Economic Growth



# Construction Prospects

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- Brexit uncertainty inhibiting investor and consumer confidence
- Slower UK economic growth
- Government has looked to private sector to lead the recovery
  - Business investment hardest hit by Brexit
  - Consumer confidence also vulnerable
- Weaker housing market growth
- Retail property facing structural change
- Office development pipeline vulnerable
- Industrial starts - manufacture caution v demand for logistics space
- Civil infrastructure potential growth area
- Construction back in recession – falls in project starts & output
- Longer term opportunities - adapting to post-Brexit environment



**Allan Wilén**

Economics Director, Glenigan

T: 0207 715 6433

E: [allan.wilen@glenigan.com](mailto:allan.wilen@glenigan.com)



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