NEWS

Brexit worries are hitting the UK construction industry

Surveys from ONS and RICS reveal slowdown in growth in period after decision to quit the European Union

The high level of uncertainty surrounding the UK’s withdrawal from the European Union, surveys from the UK government’s Office for National Statistics (ONS) and Royal Institution of Chartered Surveyors (RICS) have shown that UK construction has begun slowing in the period following the decision to leave the EU (Brexit).

The third quarter Construction Market Survey from RICS found that financial conditions and levels of investment were continuing to hamper growth. Moreover, it also predicted that the outlook would improve, with nearly 58% of respondents forecasting a rise in workloads over the coming year. As with recent Great Britain figures from the ONS, the RICS survey showed that the majority of UK construction sector respondents were experiencing a slowdown in growth, as Brexit uncertainty continued to cause concern.

The ONS reported that construction output fell 1.1% in August, compared with the previous month. The ONS has now published two reports on construction output post-Brexit, which began with a revised increase of 0.5% in July, after initially reporting no movement.

While 19% more chartered surveyors reported that construction workloads in the UK had increased, RICS said this was a significant slowdown on the trend growth over the previous three years. Looking further ahead, RICS said that while respondents highlighted generally subdued growth over the third quarter, they were more optimistic about the year to come, with 49% more respondents forecasting a rise in workloads rather than a fall.

On average, contributors expected activity to rise by 2.9% over the next three months, said RICS. Brexit was one of the topics at the UK’s annual CEB (Construction Equipment Association) conference in London, UK, on October 2nd, where issues also covered future policies and issues within the construction equipment supply chain. Bob Oller, chief executive of the CEB, described the need for better planning. In post-Brexit UK to be better understood. He also urged the government to address the growing skills gap in construction and engineering, saying, “We can’t just put up stalls around the UK and hope we have the skills we need.”

Construction is ‘crucial’ to EU economy

Construction plays a crucial role in the growth of the EU economy, and contractors in Europe need a long-term view on investments and a level playing field, a Tripartite Social Summit in Brussels, Belgium, has highlighted. Jean Louis Marchand, president of FIC (the European Construction Industry Federation), told the summit, “The construction industry represents 8.5% of GDP (gross domestic product), more than 14 million workers and 8 million companies, notably SMEs and medium-sized enterprises.”

He added, “What our companies need to see is a long-term view on investments and a level playing field.”

As the officially recognised sectoral social partner representing employers from the construction industry, FICP intervened in the employers’ delegation in the Tripartite Social Summit.

The summit was co-chaired by Donald Tusk, President of the European Council, Jean Claude Juncker, President of the European Commission, and Robert Fico, Prime Minister of Slovakia, which currently holds the presidency of the Council.

Marchand underlined the need for EU support for the European Fund for Strategic Investments – which is also known as the Juncker Plan – which FICP said was helping to provide what companies needed, namely a long-term view on investments, in particular in infrastructure and energy efficiency projects, with particular attention given to SMEs’ needs.

He also said that the Federation’s call for more vocational education and training was crucial.

New concrete show for Italy

A new concrete-focused event in Italy has signed up 130 exhibitors, companies, the organisational and a programme of conferences and workshops planned.

The first edition of GCI Italian Concrete Days will be held in Piacenza, in the Emilia-Romagna region of northern Italy from 11 to 12 November, 2016. "It is driven by the aim of providing a perfect organisation of the event, where several hundred visitors have already pre-registered on the website concrete-days.it," a gala dinner is being held on 11 November, for the GCI Italian Concrete Technology Awards will be given out.