RICS®

Q2 2021: Global Construction Monitor

Growth in construction workloads continues to accelerate

- **Construction output rising across all regions, with Europe posting especially strong growth**
- **Infrastructure and private residential sectors are seeing the firmest pick-up at the global level**
- **83% of respondents worldwide cite rising material costs to be a constraint on activity**

The Q2 2021 Global Construction Monitor (GCM) results show the ongoing recovery across the market gaining further traction over the quarter, with the latest feedback strengthening to a greater or lesser degree across all world regions. At the global level, growth in infrastructure workloads continues to lead the way, closely followed by private residential, although the private commercial sector also posted a small pick-up in activity for the first time since the survey was formed last year. On a more cautious note, rising material costs are increasingly highlighted by respondents as a factor hampering construction output, while projections for the year ahead suggest these pressures may well intensify going forward.

Growth in activity continues to gather pace

The Construction Activity Index* (CAI) picked up to +25 in Q2 at the global level, compared to a reading of +14 in Q1, marking a significant turnaround relative to the low of -24 in Q2 of last year. As such, this measure is indicative of an acceleration in output growth over the quarter. Chart 1 demonstrates the scale of the improvement in this series over recent reports, with all world regions sitting in positive territory once again. Nevertheless, there is some variation in the strength of the latest readings across different parts of the world, with Europe (+34), the Americas (+29) and Asia Pacific (+21) all moving into firmly expansionary territory, while feedback remains a little flatter within MEA (+8).

When viewed at the country level, the vast majority of nations covered by the Monitor now exhibit positive readings for the CAI, albeit there are still some areas in which conditions appear to be altogether more subdued. This would include Malaysia, Mauritius and Oman, where downbeat readings continue to be returned, with current workloads remaining in decline across all sectors according to the latest results. At the other end of the scale, the CAI readings are now most elevated across Portugal, the Netherlands, Saudi Arabia and the USA, as respondents cite significant growth in workloads within all market segments.

Respondents upbeat on the outlook for infrastructure and private residential workloads

Globally, twelve-month expectations strengthened across all categories relative to Q1. Leading the way, a net balance of +57% of contributors anticipate infrastructure workloads rising further over the year to come, up from a figure of +49% previously. Alongside this, the latest net balances for private residential and private non-residential expectations stand at +46% and +34% respectively, having increased from +40% and +19% beforehand. As shown in chart 3 overleaf, on a

Chart 1: Construction Activity Index*

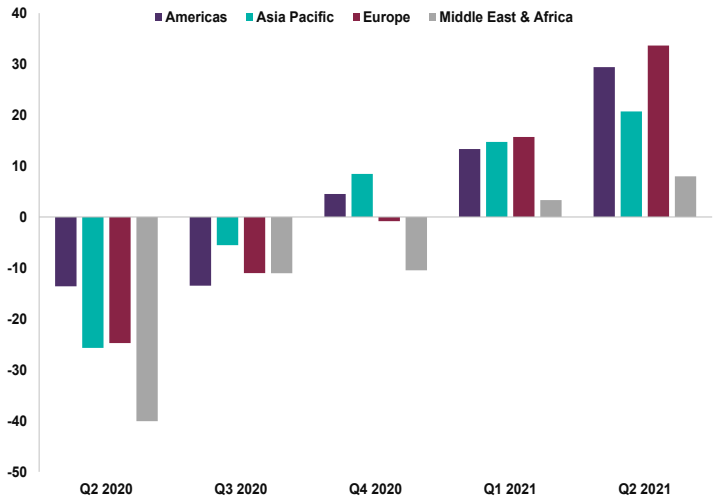
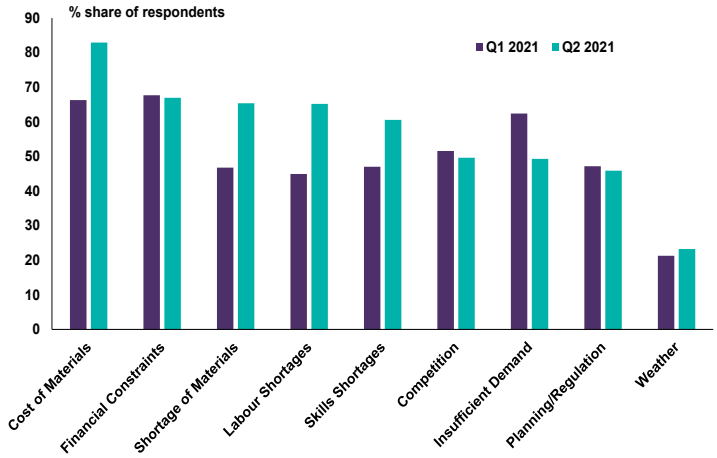


Chart 2: Factors holding back activity



*The Global Construction Activity Index is a weighted composite measure encompassing variables on current and expected market activity as well as margin pressures.

Survey responses were supported by the following organisations:

Canadian Institute of Quantity Surveyors | Institut canadien des économistes en construction

PICQS

Consejo General de la Arquitectura Técnica de España

nvbk Nederlandse Vereniging Bouw Kostendeskundigen – Financiële Beheersing van Bouwprojecten

regional comparison, it is noteworthy that the private non-residential/commercial sector within the Americas displays much stronger twelve-month expectations than elsewhere, with this area of the market lagging somewhat in MEA and to a lesser degree in Europe. Alongside this, the private residential sector in Europe returned robust expectations, with a net balance of +60% of contributors anticipating an increase in workloads over the next twelve months.

Employment levels set to pick-up

Survey participants also returned a more positive outlook for employment levels across the construction industry compared with Q1. Indeed, a net balance of +27% of respondents now foresee headcounts improving in the year ahead, up from +18% in the previous report. Illustrated in chart 6 on the next page, headcounts are expected to pick-up across most countries covered, with the Philippines, Poland, the Netherlands and New Zealand all returning elevated expectations. In fact, close to 90% of the markets covered by the Monitor now display positive expectations for employment trends over the year to come. This represents a substantial improvement relative to the same period in 2020, when contributors expected total construction employment figures to fall in the vast majority of nations. That said, there are still a few markets in which construction headcounts are envisaged falling which include Malaysia, Oman and South Africa.

Rising material costs increasingly concerning

Despite overall sentiment continuing to move in a more favourable direction in Q2, one feature of the rebound appears to be increasingly causing concern among contributors over recent quarters. Material costs were highlighted by 83% of respondents globally as a factor hampering construction activity, rising from a share of 66% last quarter. Moreover, with twelve-month projections for material cost inflation increasing to over 8% (up from 6% previously), these pressures seem set to intensify further going forward as supply chain bottlenecks amid strong demand continue to drive costs higher.

At the same time, close to two-thirds of contributors cite financial constraints, along with shortages in materials, labour and skills, as impediments to market activity in Q2. Taken altogether, there appears to be several emerging headwinds for the sector to contend with and, if these were to continue to escalate, they may well begin take some of the steam out of the current global uplift.

Sustainability

Some additional questions were included in the Q2 GCM, to gather insights on some key areas of sustainability within the construction industry. The full results will be provided in a special report (also including questions added to the Global Commercial Property Monitor) which will be released later this month. Significantly, a majority of respondents globally report that demand has risen for both recyclable and reusable materials (in relation to other materials) over the past twelve months. Among the four broad global regions, this trend was a little more pronounced across Europe and APAC. Meanwhile, the goal of minimising waste was seen as the most important sustainability issue across construction worldwide.

Chart 3: 12-month workload expectations

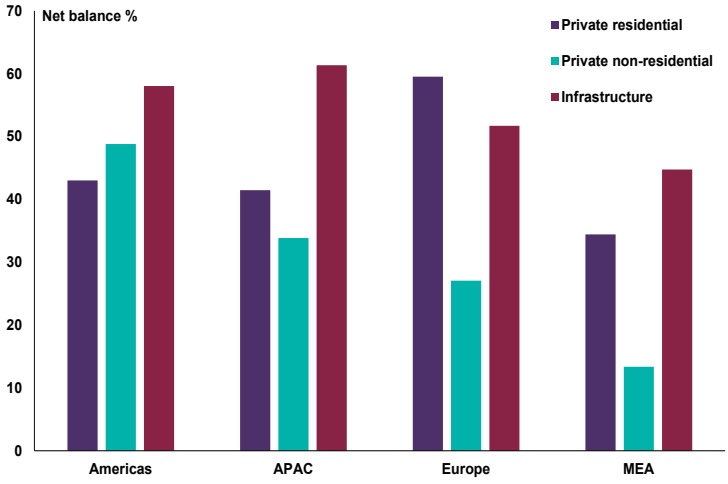


Chart 4: Construction Activity Index by country

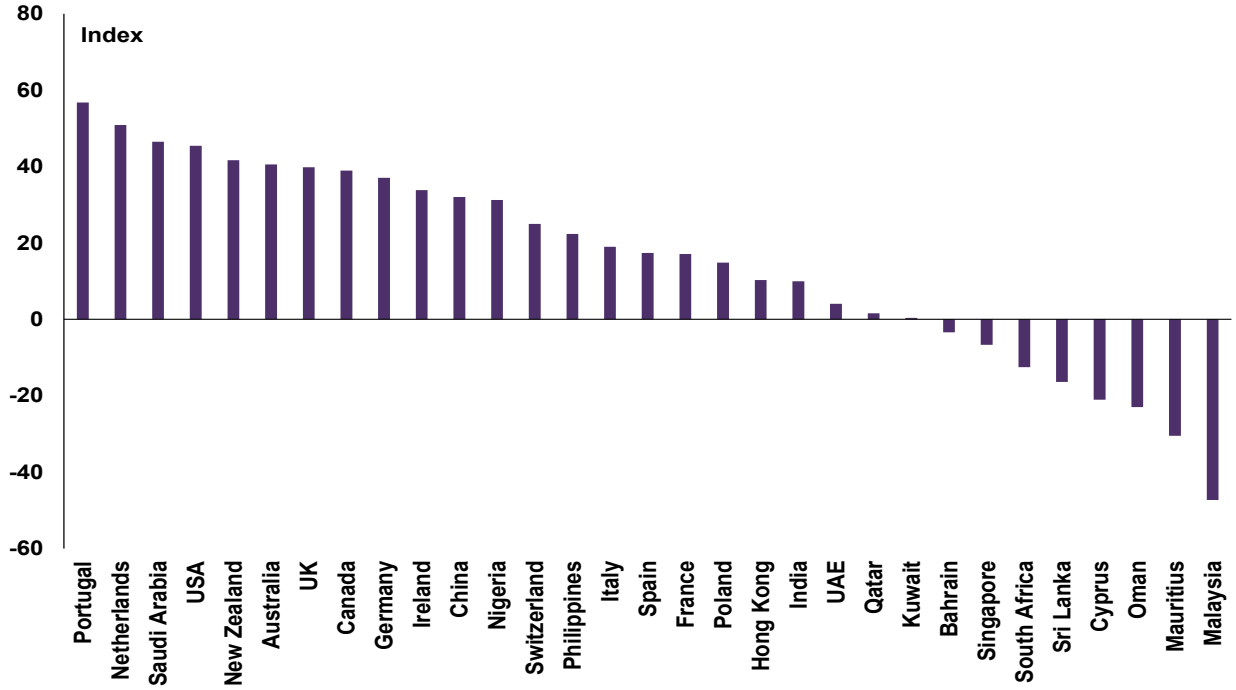


Chart 5: Current and expected workloads

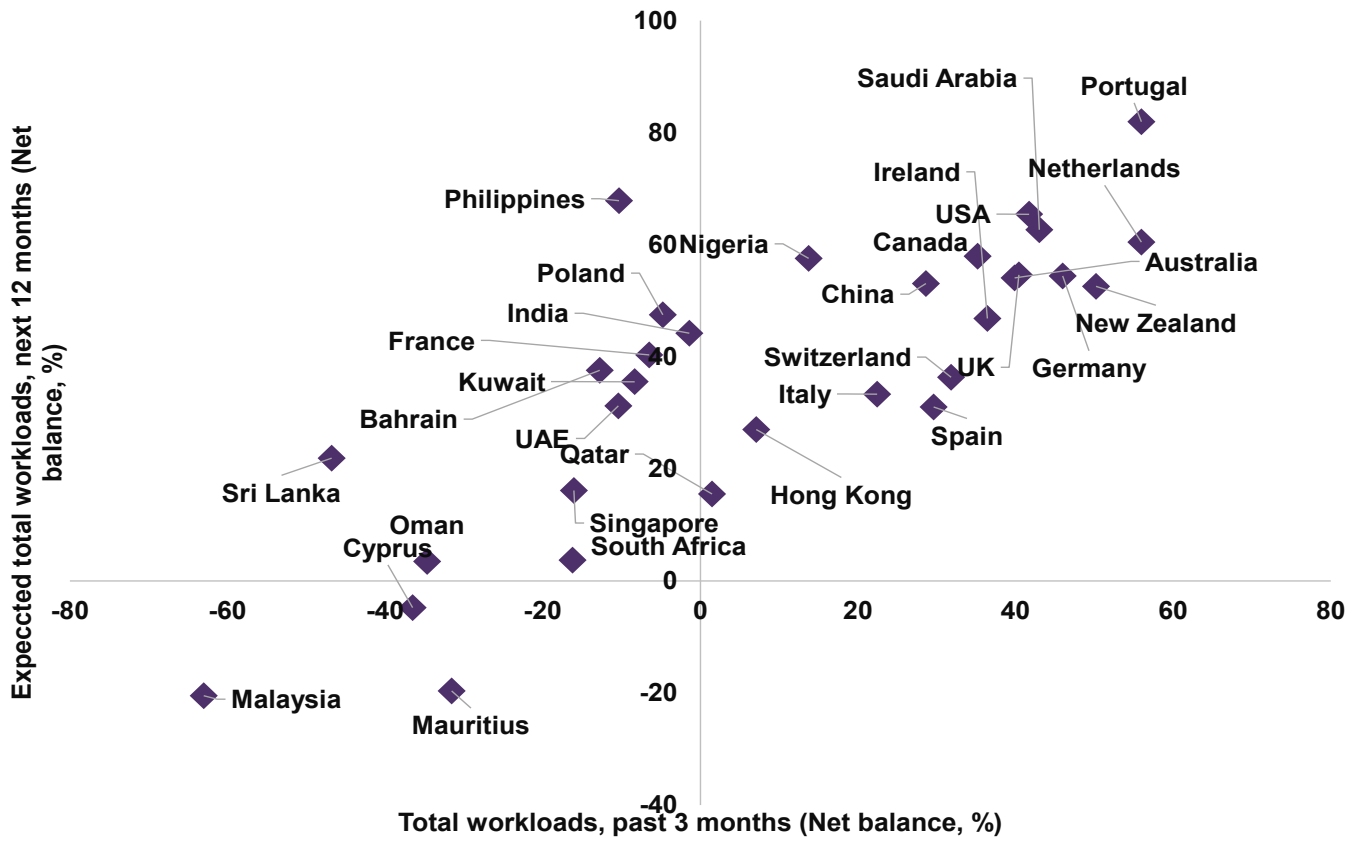
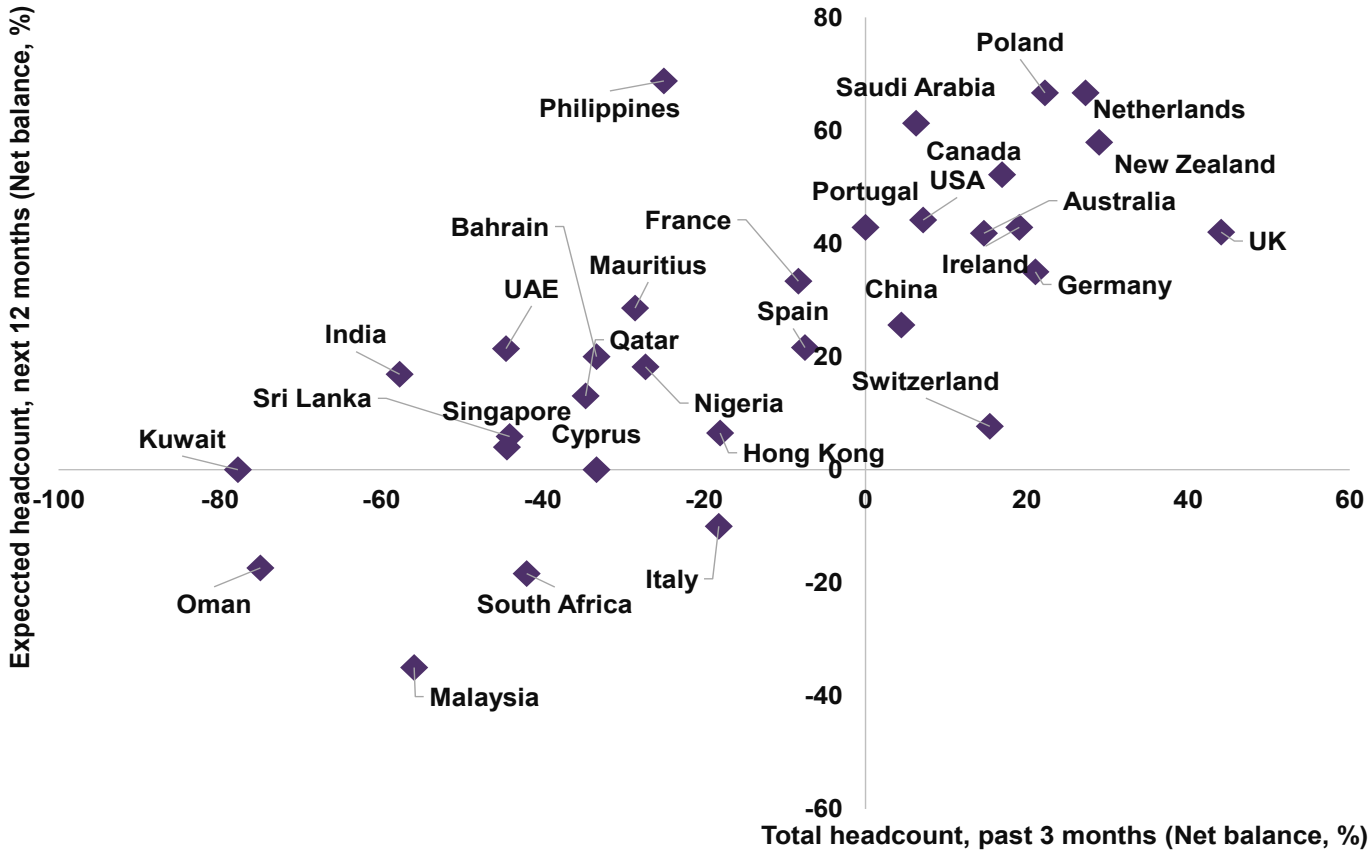


Chart 6: Current and expected headcounts



Americas: Growth in construction workloads gathering pace, with expectations firmly positive for the year ahead

The Q2 2021 Construction Monitor (GCM) results across the Americas show activity gaining further impetus over the quarter, as all sectors returned to growth at the aggregate level for the first time since the pandemic started. What's more, forward looking indicators strengthened again in Q2, with respondents now anticipating greater momentum coming through for private non-residential/commercial workloads alongside solid growth in infrastructure projects. However, rising cost pressures and skills shortages are becoming more prominent features of the market and could impede activity if they continue to worsen.

Construction Activity Index rises sharply

Chart 1 shows the Construction Activity Index (CAI) across both Canada and the USA over recent quarters, with a clear upward trend evident since Q4 of last year. During Q2, readings of +39 and +45 were posted respectively, rising from +32 and +15 in the previous quarter. Driving this pick-up, respondents across both nations cited positive growth in workloads across all sectors, with the acceleration in momentum perhaps most evident across the USA. Indeed, a net balance of +49% of contributors within the USA reported an increase in infrastructure workloads during Q2 (up from +5% beforehand), while the latest net balance came in at +43% for private commercial (a substantial turnaround on -15% last time).

Looking ahead, twelve-month expectations point to solid growth in construction output throughout the Americas in aggregate across all sectors covered. Furthermore, employment prospects within the industry appear to be strengthening, with a net balance of +40% of survey participants now anticipating an increase in headcounts over the coming year (rising from +26% in Q1). Likewise, contributors foresee a more positive trend in profit margins coming through, evidenced by a net balance of +23% expecting an improvement (+14% beforehand).

Pressure on material costs and skill shortages escalating

In keeping with feedback from the rest of the world, an increasing share of respondents in the Americas point to the cost of materials as a constraint on activity at the present time, with 84% drawing attention to this issue (an increase on 65% last time). Alongside this, as demonstrated in chart 2, shortages in labour and skills are also key challenges, particularly in the USA, with 77% and 79% of respondents reporting a shortfall in these areas (much higher than the global average of 65% and 61%). In both Canada (61%) and the USA (74%), a strong majority of respondents report the most acute shortfall to be across 'skilled trades', while around 50% cite a lack of quantity surveyors and managers (chart 3).

Tender price forecasts upgraded but still outstripped by cost projections

Across the Americas in aggregate, respondents revised their tender price forecasts higher in Q2, reaching a little over 5% compared to projections of around 4% last quarter. Nevertheless, costs are now also forecast to rise at a sharper pace than previously envisaged. Total construction costs are now seen increasing by 9% (up from an estimated 6% back in Q1). Material costs seem set to drive the bulk of this rise, but labour costs are also likely to contribute. In fact, overall construction cost forecasts are most elevated in the Americas compared to all other world regions (global average forecasts sit at 7%).

Chart 1: Construction Activity Index

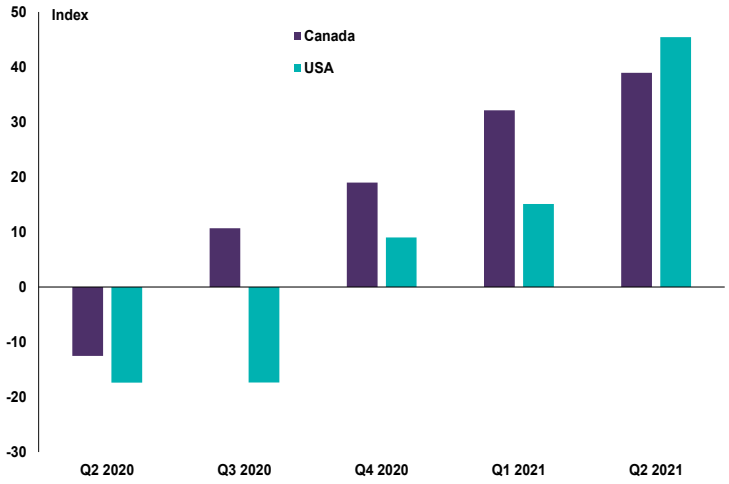


Chart 2: Factors holding back activity

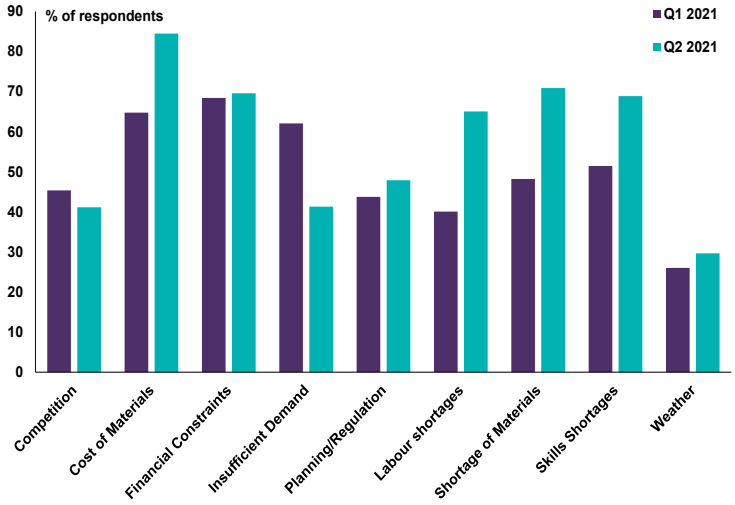
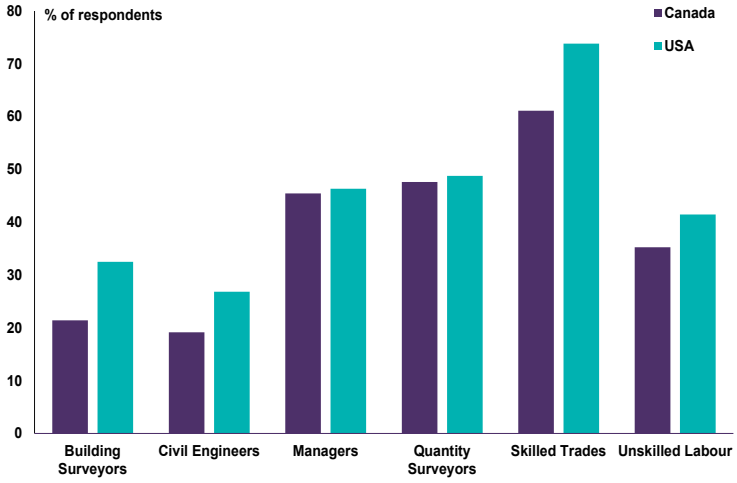
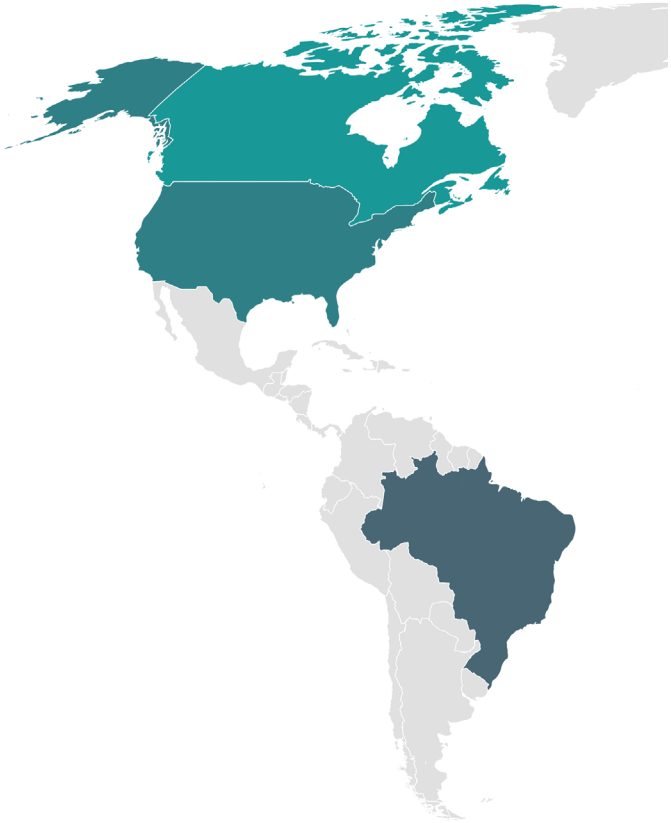


Chart 3: Skills shortages



Regional Comments from Survey Participants in the Americas



Canada

Projects delayed due to unstable supply and cost of materials. - *Barrie*

As with everywhere, lumber price volatility affects the feasibility of projects. - *Cambridge*

Material pricing increases are not sustainable. - *Halifax*

Delivery of mechanical and electrical equipment and fixtures is putting a strain on schedules. - *London*

Rising cost of materials are the biggest contributing factors to higher construction costs. - *Toronto*

Length of time for municipal approvals, cost increases and supply chain problems. - *Toronto*

There is an expectation of a 'rush' of activity once restrictions from the pandemic are fully lifted. - *Toronto*

Constraints on industrial land supply. - *Vancouver*

Delays, supply disruptions, and rising prices of key construction materials are a concerning trend. - *Vancouver*

Supply and demand. Every product in the market appears to be in short supply creating high demand. - Windsor

Construction commercial and residential is very steady in this market. - *Winnipeg*

Trinidad and Tobago

Government lockdown has halted the construction industry. - *Port of Spain*

Implementation and ongoing pandemic lockdown has halted construction. -*San Fernando*

Covid 19 has enforced a national shutdown of the construction industry since may. - *National*

United States

US administration and impact of federal spending. - *Houston*

Covid still impacting short and long term planning. - *Lancaster*

Sustainability has not been seriously regulated at a national level but is in California. - *Los Angeles*

Commodities increasing from steel, copper, sheet metal + skilled labor shortages. - *Los Angeles*

Ongoing impact on labor and supply chain due to COVID-19, extreme climate/weather events. - *National*

Availability of materials; significant delays to obtain HVAC equipment etc. - *New York*

Major labour and material shortages with strong demand on new development. - *Orlando*

Delayed cash flow, rising cost of materials, lack of cost management team. - *Orlando*

Leading tech companies are driving the Carbon issue on a large scale. - *Portland*

Significant wildfire risk, mitigation, and rebuild after several recent major wildfire seasons. - *San Francisco*

Impact of Covid-19, especially on materials and labor. - *Washington*

Asia Pacific: Materials and labour issues provide a key challenge to the recovery

Insight provided by respondents to the Q2 Global Construction Monitor (GCM) is consistent with a further uplift in workloads across the APAC region. The headline Construction Activity Index (CAI), which captures momentum in the sector, climbing from +15 to +19. However, chart 1 suggests there is little consistency in the feedback with the CAI remaining strong in New Zealand (+42), Australia (+41), and China (+32). However, the CAI is slipping a little in India, returning to negative territory in Singapore and Sri Lanka and falling further in Malaysia (from -27 to -44) reflecting, in part, the return of the country to a full nationwide lockdown.

Infrastructure still strongest area of activity

The metrics capturing sentiment around current workloads show infrastructure with the most positive trend. The net balance for APAC in aggregate rose from +30% to +39%. By way of contrast, the reading for workloads in private non-residential now stands at +4% (previously -8%) while for private residential, it is +1% (0 in Q1). Unsurprisingly, the robust picture in infrastructure is particularly visible in those countries where the CAI is relatively firm. The net balance in Australia for this segment of the industry stands at +65%, while it is +62% in both New Zealand and China. But relative outperformance of infrastructure is evident even in those countries lagging behind, which reflects more broadly the emphasis on big capital projects driving the recovery from COVID.

Material and labour shortages hamper industry

One of the legacies of the pandemic has been the challenge around sourcing building materials and the related costs in the wake of interruptions to supply chains and the jump in demand. This is coming through very clearly in the latest GCM. Chart 2 highlights that across the whole of the region over 80% of respondents indicated the price of materials was a significant challenge for the sector. Almost two-thirds of contributors also suggested that shortages of materials was an issue for them. But interestingly, a high proportion of those participating also drew attention to labour issues. That is particularly significant in the context of the net balance reading for the current headcount still being negative. For the next twelve months, employment is viewed as likely to rise relatively modestly (+19%) compared to projections for workloads. New Zealand is seen as likely to see the fastest rate of job growth in construction (net balance of +58%) followed by Australia.

Slow rebound in profits anticipated but..

The current condition indicator for profit margins for APAC remains deeply negative at the present time at -49%. By way of contrast, the twelve-month expectations metrics remains in positive territory albeit relatively modestly so (+14% as against +16% in Q1). But, it remains to be seen whether the improvement in profitability envisaged comes to fruition.

Other indicators cast some doubt over the prospects for the region, with the increase in tender prices over the period (around 2.5%) being comfortably outstripped by forecasts for construction costs (in excess of 6%). Perhaps inevitably, there is a wide dispersion of views around profit margins as chart 3 highlights both regarding the current picture and forward looking trend (in net balance terms).

Chart 1: Construction Activity Index

Chart 2: Factors holding back activity

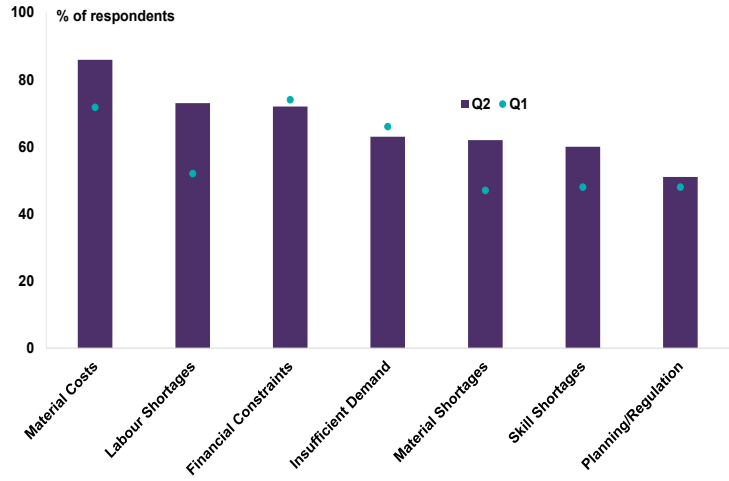
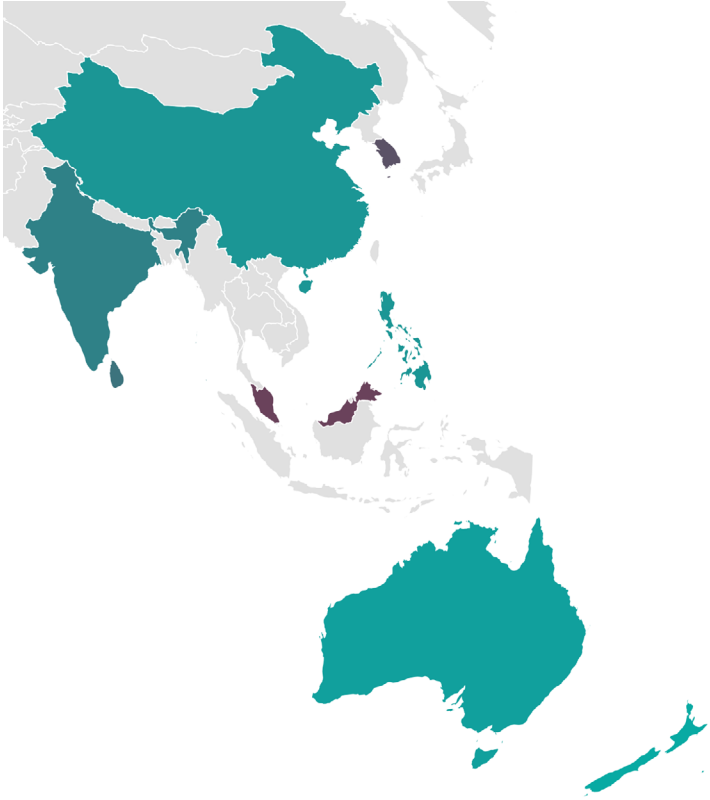


Chart 3: Change in Profit Margins (net balance %)

Regional Comments from Survey Participants in Asia Pacific



Australia

Timber supply. - *Adelaide*

Material supply price increases. - *Brisbane*

Post Covid-19 lockdown restrictions have caused a bounce-back and heightened demand. - *Melbourne*

Covid has created uncertainty with clients, upward pressure on timber and steel prices creating stress. - *Melbourne*

Talk around the UN Global Goals for Sustainability becoming popular. - *Perth*

Covid pandemic. - *Sydney*

Shortage of materials such as timber and steelwork. - *Sydney*

Lack of skilled resources, tender pricing increases. - *Sydney*

Too many projects with closed borders and trade war with China means higher costs and lower skills. -*Sydney*

Building Design Practitioners Act is having a severe impact on residential construction. - *Sydney*

China

The influence of national and local policies is huge. -*Beijing*

The calculation standards for carbon emissions in contractors' construction have not yet been unified. -*Beijing*

Policy changes. -*Beijing*

Rising raw material prices and a lack of skilled workers are factors that will affect the price trend of the construction market in the future- *Guangdong*

Disorderly competition in the industry, the association has less ability to intervene. - *Guangdong*

The green energy-saving policies and measures issued by the government are the main driving force to promote green buildings. -*Shanghai*

Land cost, high cost of living. -*Shanghai*

The impact of the post-epidemic era on construction costs and materials continues. -*Shanghai*

Standardize construction quality management, protect the rights and interests of construction workers, reduce triangular debts, etc.. -*Sichuan*

Increase in labor costs. - Wuhan

Hong Kong

Migration trends.

Brain drain impact will be observed.

Total construction time, labour and material cost.

Low investment incentive due to covid-19.

Surge in metal and material costs.

The mainland China real estate market expectedly facing downturn which worries Hong Kong market.

India

Very tough. - *Bangalore*

Rise in cost of construction cost, drop in demand, high competition. - *Bangalore*

COVID 19 is heavily affecting the Construction Market - *Chennai*

Covid 19. - *Delhi NCR*

Cartelization of some essential materials viz steel and cement. -*Delhi NCR*

Poor demand, disturbed Cash flows, GST on under construction property. - *Mumbai*

Loss of liquid cash in the market because of additional expenditure due to COVID19 precautions. - *Mumbai*

Material prices & labour shortages. - *Mumbai*

Malaysia

Malaysia construction industry is currently experiencing a major slowdown as a result of Covid19. - *Kuala Lumpur*

Affected by the Movement Control Order and lock down implemented by the government. - *Kuala Lumpur*

Pandemic restrictions causing lockdown. - *Kuala Lumpur*

New Zealand

MBIE introduction of embodied carbon requirements. - *Auckland*

Covid and delays in obtaining material supplies. - *Auckland*

Significant skills shortges due to restricted immigration as a result of the pandemic. - *Auckland*

Constrained labour and material supplies as consequence of Covid. - *Christchurch*

Phillipines

Lack of local funds to finance projects. - *Manilla*

Singapore

Restrictions in foreign labour.

Lack of manpower due to migrants workers are not allowed to go back to Singapore because of Covid-19.

Sri Lanka

Lack of skilled and experienced construction and development management. - *Colombo*

Europe: Private residential and infrastructure workload expectations strengthen further across the continent

The Q2 2021 GCM feedback across Europe suggests construction activity continues to shift up a gear, with positive output growth being reported within all sectors for the first time since European coverage was added to the survey last year. Furthermore, expectations regarding the twelve months ahead moved further into expansionary territory over the quarter, led by robust projections across the private residential and infrastructure sectors.

Construction Activity Index picks-up noticeably

When viewed at the aggregate level, the Construction Activity Index (CAI) rose to +34 in Q2, a solid increase on +16 last time and a complete contrast compared to the reading of -25 returned at this point last year. As such, this measure is now consistent with a strong pick-up in construction output over the quarter, with the recovery seemingly gaining momentum during the latest survey period. Looking into the results at the country level shows virtually all nations recorded an uplift in the CAI relative to the Q1 figures. This improvement was particularly evident in areas such as Portugal and the Netherlands, as both nations recorded a reading of over 50. Similarly, the UK, Germany and Ireland all registered comfortably stronger readings in Q2 compared to Q1.

At the pan-European level, a net balance of +54% of respondents reported an increase in private residential workloads (+33% net balance previously), with strong housing transaction levels and price growth across much of the continent driving construction starts in the sector. Alongside this, work on infrastructure projects appeared to accelerate, evidenced by a net balance of +39% of contributors reporting a rise in Q2 versus a net balance of +7% beforehand. Crucially, respondents also cited an increase in workloads across the private non-residential/commercial segment, with a net balance of +19% seeing a rise. This is the first occasion in the five quarters the European survey has been running in which workloads in the non-residential sector have risen across Europe as a whole.

Going forward, all three areas are anticipated to deliver further growth in the year to come. In fact, as demonstrated in chart 2, expectations strengthened across all categories relative to the previous results. Meanwhile, a net balance of +28% of respondents now envisage an increase in headcounts across the industry over the year ahead (rising from a net balance of +13% taking this view last time). At the country level, employment expectations are firmest in the Netherlands (net balance +67%), Poland (+67%), Portugal (+43%) and the UK (+42%). At the other end of the scale, Italy is the only European market covered which still exhibits slightly negative employment expectations.

Cost pressures to restrict profit margin expansion

Although forward looking sentiment on profit margins did improve to some extent over the quarter (as the net balance moved from -10% to +7%), expectations are only marginally positive. No doubt weighing on the outlook, material cost pressures have escalated of late, with 78% of respondents across Europe citing this to be an issue constraining construction activity. Looking ahead, projections for material cost inflation were revised higher during Q2, rising substantially to 8% from 5% previously. Consequently, it appears cost pressures are likely to become an increasing headwind for the sector, which could act to dampen momentum further down the line.

Chart 1: Constuction Activity Index

Chart 2: 12-month expecations

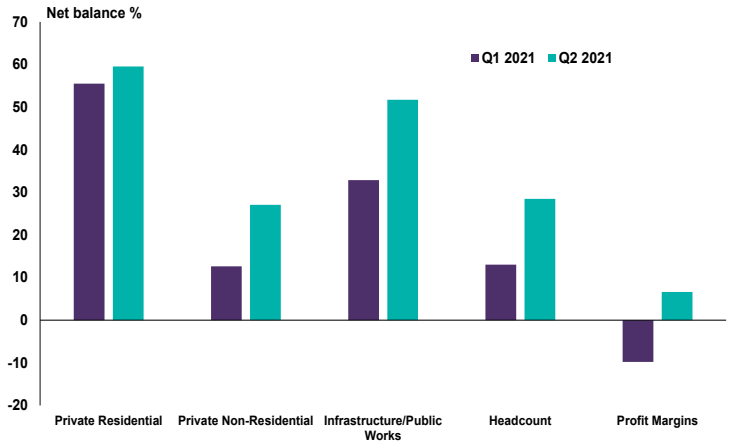
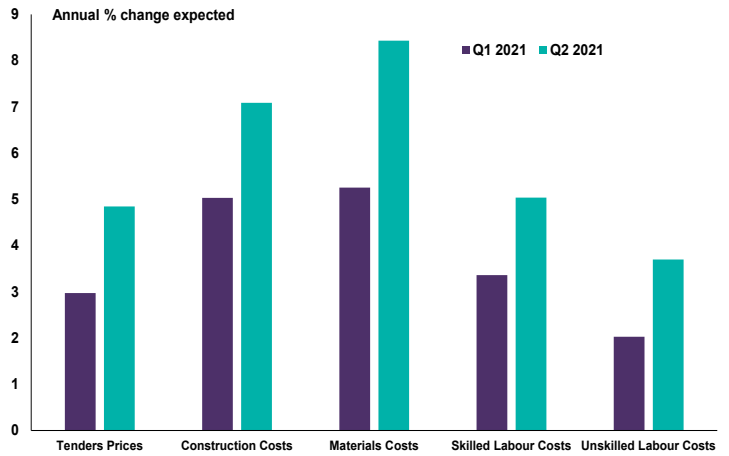
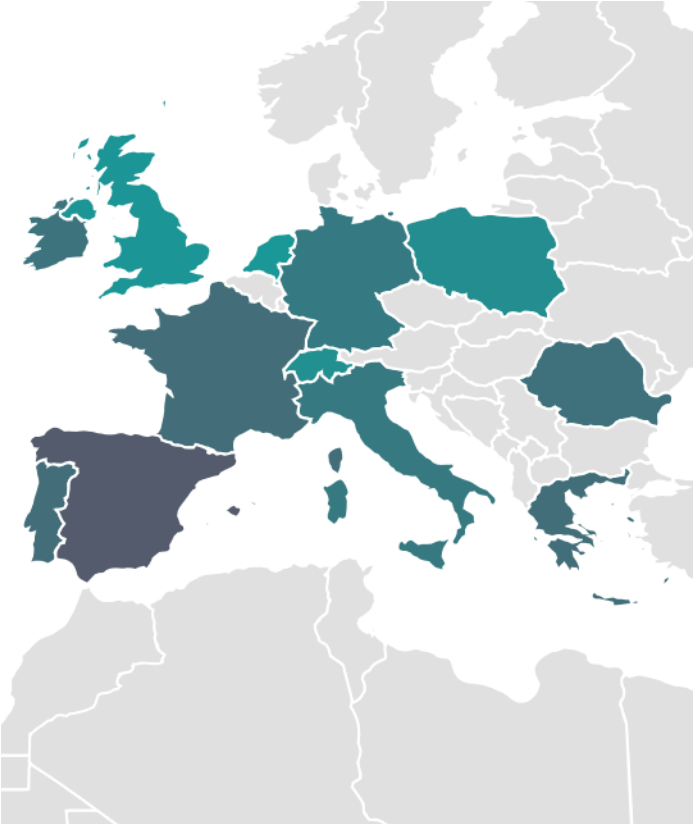


Chart 3: 12-month projections



Regional Comments from Survey Participants in Europe



Austria

High international demand of steel and timber. - *Vienna*

Belgium

Problems with permit processes for complex projects. - *Brussels*

Cyprus

International economy and tourism affected by Covid-19. - *Larnaca*

Denmark

A shift towards partnering contracts. - *Copenhagen*

France

Covid gives pride of place to the regions. - *Velizy*

Germany

The covid-19-pandemic continues to have an affect. -*Köln*

COVID related restriction on construction worker mobility. - *Hamburg*

Material shortages due to COVID-19, Suez canal blockage and large number of infrastructure projects. - *Hamburg*

Delay in planning permissions, delays in delievery, shortages of site wood. - *Munich*

Ireland

COVID is having a very significant impact on the construction market in the area. - *Dublin*

Inflation in cost and lead in times for materials. - *Letterkenny*

Italy

Severe competition between general contractors caused by new tax credits and procedures. - *Rome*

Norway

Generally more difficult due to COVID-19 including delays and associated additional costs. - *Oslo*

Portugal

Lack of labour. - *Lisbon*

Rising construction material cots and legislation changes. - *Lisbon*

Romania

Rising metal (elements, material, components) prices; lack of experienced engineers. - *Bucharest*

Spain

Lack of Labour. - *Avila*

Climate of sustained boom in luxury housing driven by Foreign investments. - *Marbella*

The public administration takes a long time to grant construction licenses. - *Madrid*

Switzerland

Supply chain is struggling to respond to demand. Lead in times are extending. - *Geneva*

Activity is restarting. -*Geneva*

United Kingdom

Covid-19 Pandemic has led to a bottle neck on projects resulting in a temporary high industry demand. - *Leeds*

No available materials causing their costs to rise and this is significantly driving overall construction costs up. - *Romford*

Material shortages are resulting in delays to projects. - *Glasgow*

Middle East and Africa: Headline sentiment improves marginally although conditions still mixed across the region

The latest survey results from the Middle East and Africa (MEA) are consistent with a slightly more positive backdrop emerging at the headline level, particularly when it comes to the survey's forward looking metrics. That said, feedback on current conditions remains highly varied between countries, with some national markets already seeing a solid rebound in activity while others continue to struggle for momentum over the near term. Even so, the outlook for the twelve months ahead is now positive for infrastructure and private residential workloads throughout much of the region.

Construction Activity Index moves into marginally positive territory

Across MEA in aggregate, the Construction Activity Index (CAI) posted a reading of +8 in Q2, slightly higher than the figure of +3 returned in the previous report. This points to the overall market moving marginally into expansionary territory although momentum remains a little more subdued compared to all other world regions. The CAI remains mixed at the country level, with a few markets still posting negative readings, with Oman and South Africa in particular still seeing a contraction in headline activity. Conversely, the latest CAI figures across Saudi Arabia and Nigeria are firmly positive. In both cases, this improvement was driven by a pick-up in workloads being reported within each market sector during Q2.

For the MEA region as a whole, the factors reported to be holding back construction activity are somewhat different to those cited at the global level. Indeed, financial constraints are the most widely highlighted issue across MEA, with 85% of respondents reporting this to be a problem compared to 67% taking this view worldwide. The proportion of survey participants signalling cost of materials as an obstacle for the market is pretty similar in both cases (83% globally and 79% in MEA). However, there was a significantly higher share still reporting insufficient demand as a factor negatively impacting construction activity in MEA (66%) compared to the global figure of 49%. By way of contrast, shortages of labour, skills and materials appear less of an issue across MEA relative to the rest of the world (chart 2).

Twelve-month outlook points to stronger growth ahead

Despite the mixed feedback on current conditions at the country level, confidence in the outlook is consistently more upbeat across all MEA markets covered. Illustrated in chart 3, infrastructure and private residential workloads are expected to gather momentum over the next twelve months, while expectations are also slightly positive for the private non-residential sector. In terms of headcounts, a headline net balance of +18% of contributors throughout the region now envisage some uplift in employment levels, marking a modest improvement on the reading of +12% last time. That said, Oman and South Africa still exhibit slightly negative employment expectations, although these are less downbeat than previously.

Given the pressures created by material cost inflation, respondents do no expect much in the way of profit margin growth over the next year. Notwithstanding this, the latest aggregate net balance of +6% for profit margin expectations does mark a slight improvement on -3% last time out, although both readings are broadly indicative of little change ahead. When disggregated by country, contributors in Nigeria and Saudi Arabia are anticipating an improvement in profit margins over the year ahead, posting net balances of +56% and +30% respectively.

Chart 1: Construction Activity Index

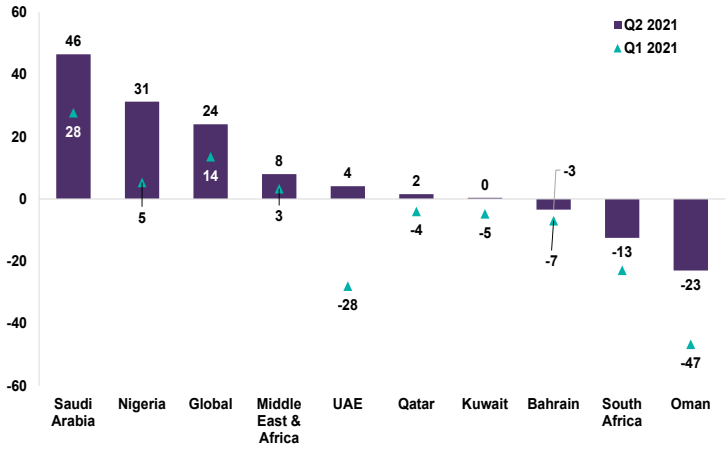


Chart 2: Factors holding back activity

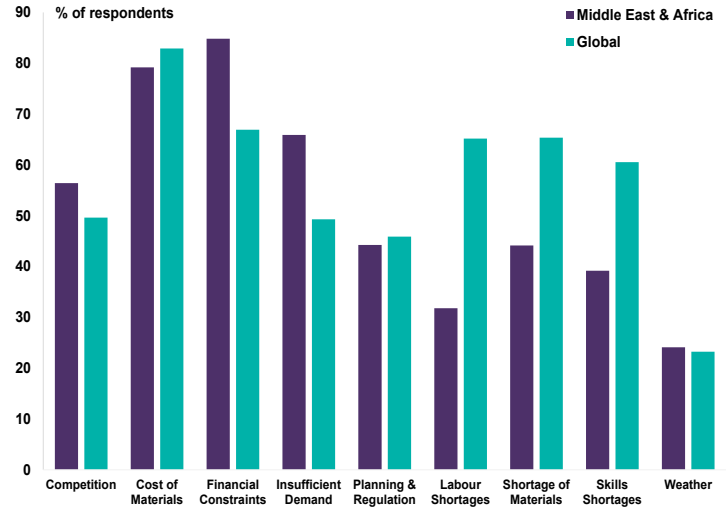
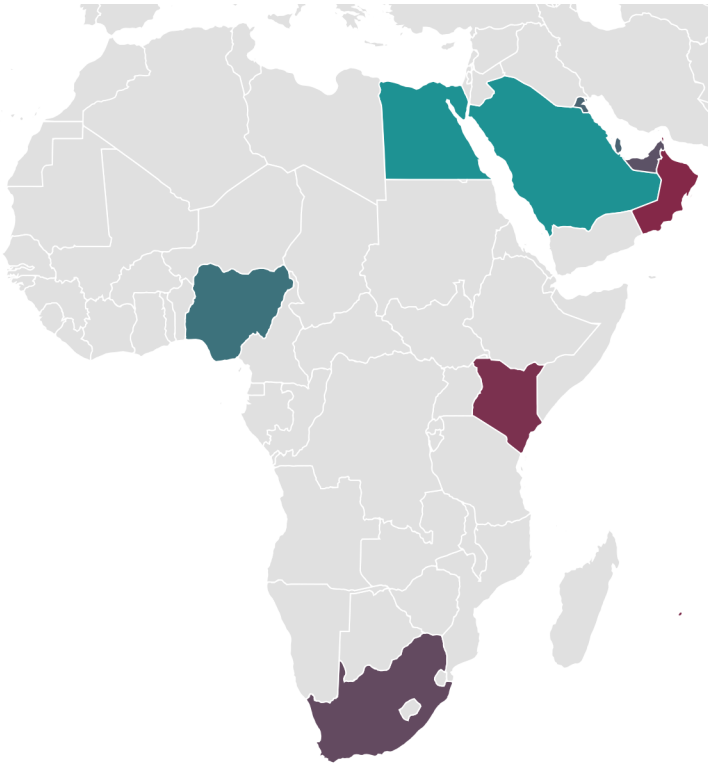


Chart 3: 12-month workload expectations

Regional Comments from Survey Participants in MEA



Bahrain

Covid-19, escalating commodity costs & increased shipping costs/times. - *Manama*

Government labour regulations and environmental measures drives tender prices up. - *Manama*

Botswana

Covid regulations within SADC countries are restricting flow of construction materials and manpower. - *Gaborone*

Egypt

The price of imported materials will increase due to COVID and currency exchange. - *Giza*

Ghana

Prices of building materials in Ghana has gone up astronomically over the past twelve months. -*Accra*

Rise in material prices this year has significantly impacted construction projects in the country. - *Accra*

Kenya

Many projects continue to be adversely affected owing to the Pandemic. Steel prices have risen. -*Nairobi*

Kuwait

Decline in business activities due the negative impact of COVID-19. - *National*

Shortage of expat labour due to Covid related restrictions. - *Salmiya*

Mauritius

Depreciation of our local currency vs the American Dollar and Euro. - *Rose Hill*

Nigeria

Rising inflation and high cost of building materials. - *Lagos*

Serious inflationary trends has undermined the equilibrium of infrastructure deficits. - *Lagos*

The new normal and inflation has seriously affected the construction market. - *Lagos*

Oman

Lack of quality design, no regulation for sustainability, everything lowest cost. - *Muscat*

Non-availability of funds in public sector projects. - *Muscat*

Qatar

COVID and the ongoing visa issues (for new staff). Lack of people at all levels. - *Doha*

Change in International logistic regulations impacted by Covid-19. - *Doha*

Lack of manpower as a result of Covid 19 pandemic. - *Doha*

Saudi Arabia

Lack of unskilled labour. Cannot bring staff in due to covid restrictions. - *Riyadh*

KSA is building the world's most ambitious projects to become a preferred tourist destination. - *Riyadh*

General client delay on payments. - *Riyadh*

South Africa

Very low user demand resulting in very low appetite by developers. - *Johannesburg*

Slow production outputs due to covid regulations relating to construction sites. - *Port Elizabeth*

Due to Covid 19 and lockdown, shortage and backlog of material i.e. steel. Prices have increased. - *Pretoria*

Lack of larger construction projects and delays due to Covid. - *Durban*

Reduced working hours due to occupational health and safety regualtions, reduced budgets. - *Polokwane*

Tanzania

Government policies are negatively affecting the private sector of construction market. - *Dar es Salaam*

UAE

Competition, significant rise in material cost and shipping charges. - *Abu Dhabi*

Liquidity in the market is leading to delayed decisions and payment for consultancy work. - *Dubai*

In real estate sector, supply is greater than demand, which causes a drastic reduction on rentals. - *Dubai*

Major companies are on to cost cutting on a very high level. - *Dubai*

Information

Global Construction Monitor

RICS' Global Construction Monitor is a quarterly guide to the trends in the construction and infrastructure markets. The report is available from the RICS website www.rics.org/economics along with other surveys covering the housing market, residential lettings, commercial property, construction activity and the rural land market.

Methodology

Survey questionnaires were sent out on 9 June 2021 with responses received until 12 July 2021. Respondents were asked to compare conditions over the latest three months with the previous three months as well as their views as to the outlook. A total of 1960 company responses were received globally, 508 of which were from the UK.

Net balance = Proportion of respondents reporting a rise in a variable (e.g. occupier demand) minus those reporting a fall (if 30% reported a rise and 5% reported a fall, the net balance will be 25%). Net balance data can range from -100 to +100. A positive net balance reading indicates an overall increase while a negative reading indicates an overall decline.

RICS Construction Activity Index is constructed by taking an unweighted average of current and 12-month expectations of four series: residential workloads, non-residential workloads, infrastructure workloads and profit margins. Global and regional series are weighted using the World Bank's GDP PPP (2017 constant prices) data series. Current responses were weighted using the prior years GDP (e.g. the 2020 responses were weighted using 2019 GDP data). Where responses are not sufficient to form a national-level sample, they are binned together to fill in any gaps in regional coverage.

Disclaimer

Contact details

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Responses were gathered in conjunction with the following organisations:

Canadian Institute of Quantity Surveyors | Institut canadien des économistes en construction

PICQS

Consejo General de la Arquitectura Técnica de España

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