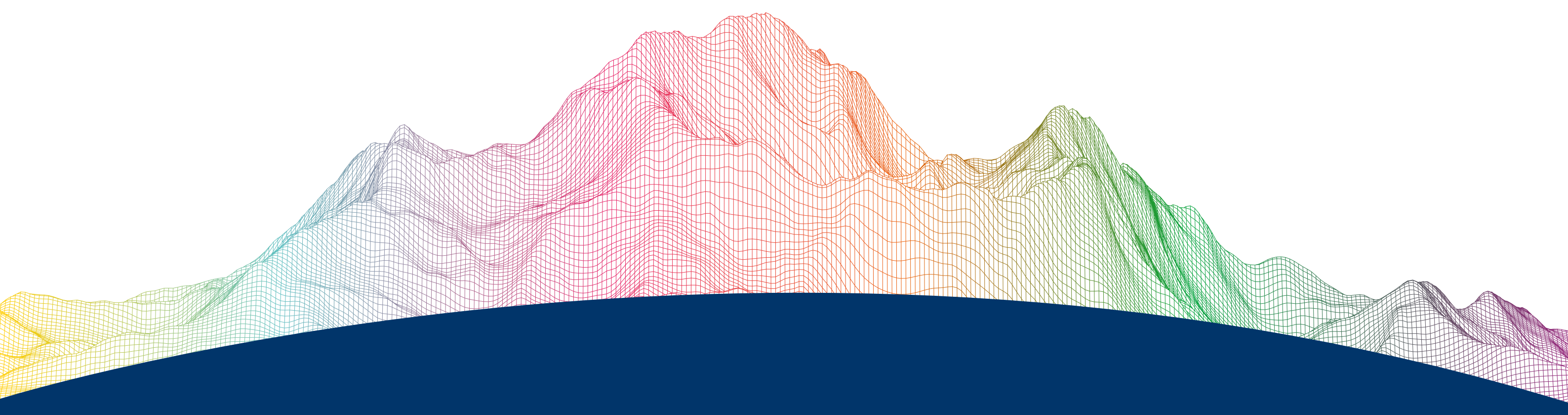
GRM

2021 Construction Sector Forecast **Survey**



We understand land

The Covid pandemic created some unique challenges for the construction sector, many of which will continue through 2021 and possibly beyond.

GRM wanted to try and gain an understanding of the key trends and factors most likely to affect landowners, developers, contractors, consultants, and the wider construction sector this year.

We therefore created a short online survey last December, which was sent out to over 1500 clients and contacts. The uptake was excellent, and we received over 400 responses to the ten questions, along with a wide range of additional bespoke comments.

The results and key findings are presented in this summary paper. If you need further information or have additional comments, then please contact us directly (full details on page 8).

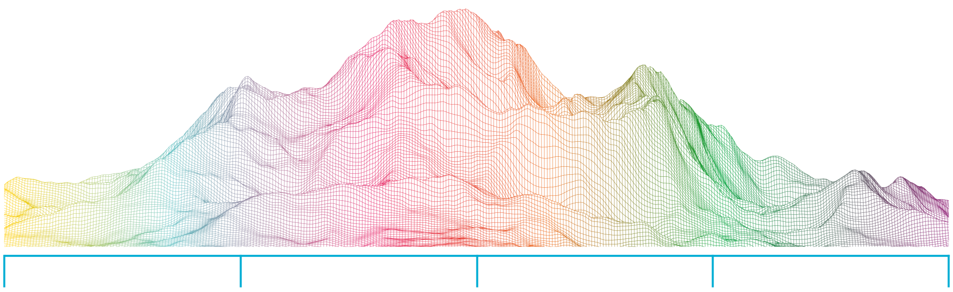
Richard Upton
Marketing & Sales Director
GRM Development Solutions

The Survey

The Survey questions related to how much each of the following factors were likely to be an issue in 2021:

1. **The availability of land for new developments**
2. **Access to private funding**
3. **Reduction in government funding for public sector projects**
4. **Current and future restrictive legislation**
5. **The planning application process & approval delays**
6. **Skills shortages for both employed and contracted staff**
7. **Price sensitivity for the procurement of services e.g., consultants & contractors**
8. **Unviable price undercutting by competitors**
9. **Increases in Professional Indemnity insurance**
10. **Ongoing Covid issues**

Response Options



A — **Not a concern**

B — **Of interest but not significant impact**

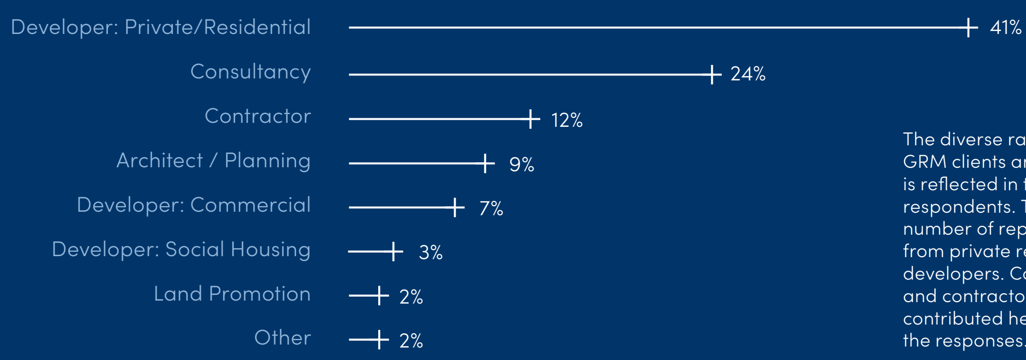
C — **Important but not a major concern**

D — **Very important and a potential issue**

E — **Major issue**

Sector Responses

Even though responses were anonymous, we did ask people to indicate which area of construction they primarily worked in:

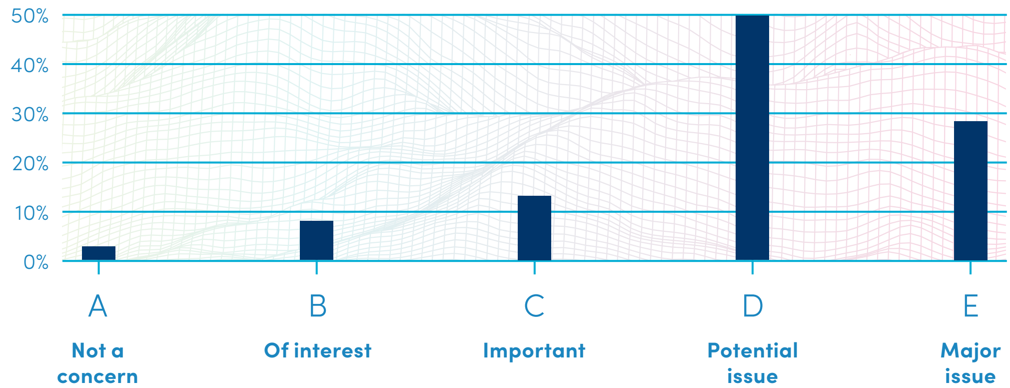


The diverse range of GRM clients and contacts is reflected in the survey respondents. The largest number of replies came from private residential developers. Consultants and contractors also contributed heavily to the responses.

Key Findings

Planning Delays:

78% of respondents are concerned about delays to the planning application process and approval. 26% of these foresee this as a major issue to their business.

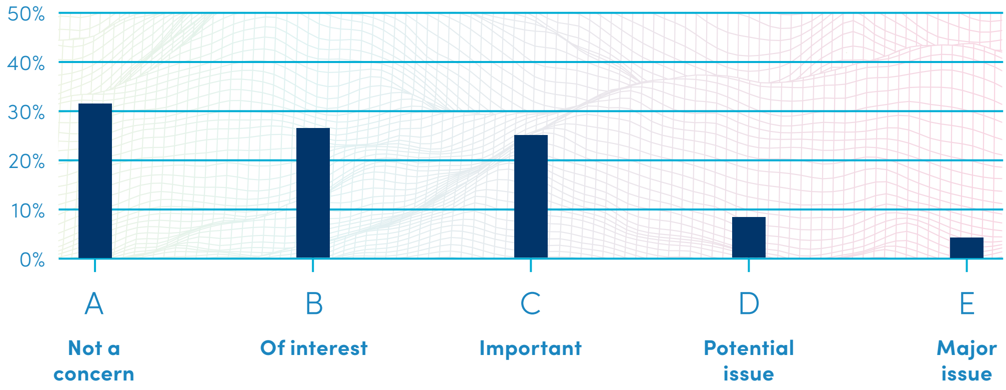


GRM COMMENT

"Delays due to planning are an ongoing issue and whilst 'improvements' are brought in by Central Government they are rarely funded adequately. The battle to resource planning also results in a 'tug of war' over experienced staff between the Local Authorities, Consultants and Developers."

Access to Funding:

Access to Funding: **Only 14% of respondents expect access to private or public funding to be an issue this year.** The remaining 86% do not have any concerns, which reflects the perceived healthy state of the sector in regard to investment.

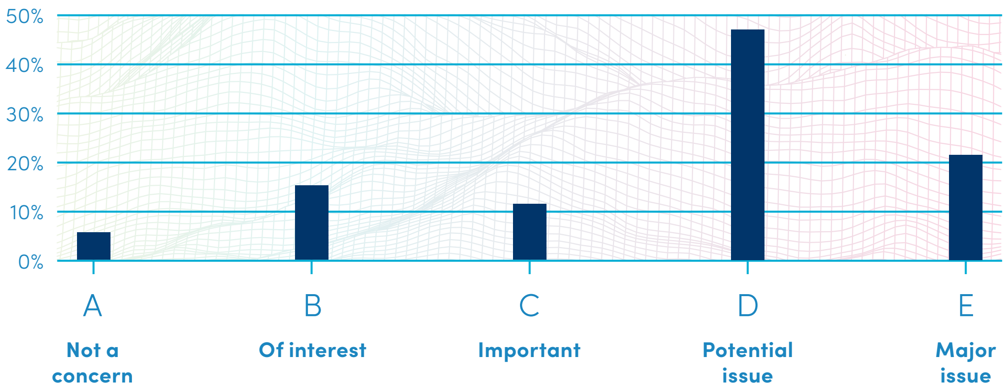


GRM COMMENT

"The construction and development industry is recognised as one of the main drivers of the Economy and it has benefited in recent years from Government Incentive Schemes. Funds that dried up after the 2008 credit crunch have returned, but as yet the redevelopment of brownfield land is still to rebound."

Skills Shortages:

61% of respondents foresee a skills shortage of both employed and contracted staff in 2021.

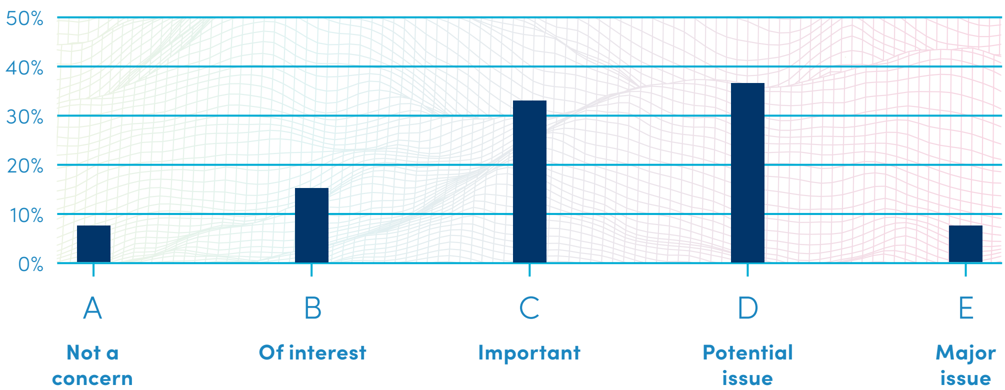


GRM COMMENT

"The cyclical nature of house-building results in the industry losing technical experience at each downturn. Responding to fast upturns quickly is an incredible challenge as the skills shortage leads to managers having to train people from scratch when they are at their busiest."

Price Sensitivity:

36% of respondents are concerned about heightened price sensitivity for the procurement of services. This matches with 42% who believe unviable price undercutting by competitors will be an issue too.



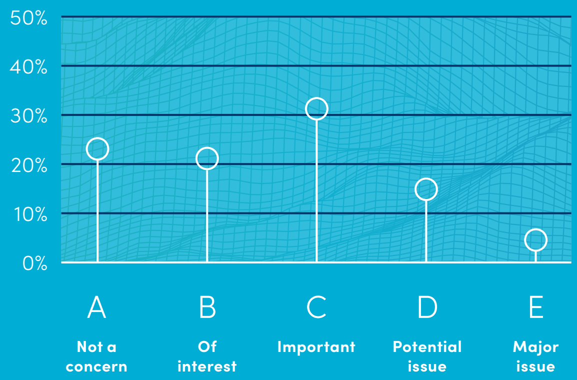
GRM COMMENT

"Competitive pricing, especially at the early stages of development (pre-purchase assessment and initial design), is sometimes causing cost and time delays in later build programmes. Whilst fiscal control is imperative, quantifying the right spend to deduce and reduce development risks properly takes experience and skill."

Additional Responses and Conclusions

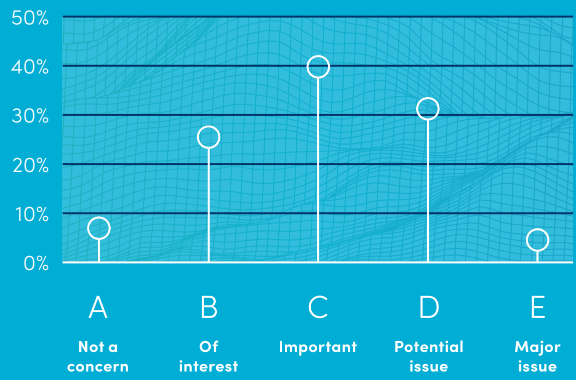
Availability of Development Land:

The availability of land in 2021 is not expected to be an issue for the majority of respondents. This is encouraging and fits hand in hand with one of the key findings, namely the confidence in both private and public sector funding.



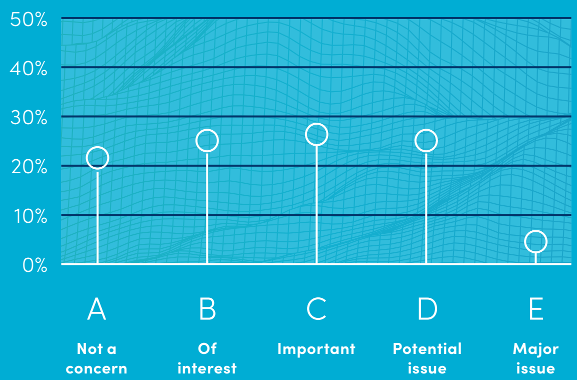
Restrictive Legislation:

One of the key findings was a concern regarding the planning process and approval delays, but the respondents were more confident when it comes to legislation. Only a small percentage predicted major issues this year, with the majority suggesting it was of interest or important to monitor.



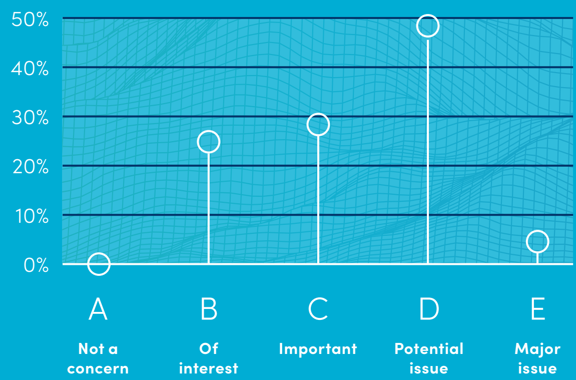
Increases in Professional Indemnity Insurance :

It is accepted that PI insurance has increased considerably over the past few years, but the broad spread of responses suggest this is not a major concern for the sector. This spread may also be reflecting the variation in sector of the respondents too.



Ongoing Impact of Covid Pandemic:

As expected, none of the respondents suggested the Covid pandemic was not a concern. However, only 5% thought it would a major issue in 2021. This is encouraging, and reflects the cautious optimism born out of the resilience of the construction sector as a whole during 2020.



Selected Comments from Survey Respondents

In addition to the survey questions, we also gave respondents the opportunity to provide other comments and input. A selection of these included:

"We hope 2021 will be a better year than 2020. We will still be faced with a number of challenges and we will continue to need the support of the government, with a range of initiatives."

"The governments' Stamp Duty and Help to Buy schemes have given the house building industry a reprieve from the impact of Covid19. However, post March 2021 is still unknown when the incentives expire, hopefully the government maintain the next phase of H2B. Clearly the other known which will impact on the viability of schemes in the future is the roll out of Building Regulation updates in response to climate control and Parts F & L."

"I think Brexit and the pending recession will be the main challenge to our business this year."

General Observations

Looking back on 2020, then the overall feeling from ourselves at GRM and our clients was one of encouragement in regard to business performance through the first stages of the pandemic.

This continued through the autumn of last year, and has started well for 2021 too. The data and conclusions from our survey support this. It is probably best summarised as cautious optimism and reflects the resilience of the construction sector to the Covid pandemic.

The only real concerns came from the expected delays to planning processes and approval, and a potential shortfall of skilled staff across the industry.

About GRM

GRM provide specialist ground, environmental, structural and design services for landowners and developers across the UK.

We are experts in identifying solutions to ground and environmental hazards to ensure development projects can be delivered in a compliant and cost-efficient manner. Our sole aim is to maximise the potential of the site and thereby the commercial return for our clients.

Everyone at GRM is passionate about the personal level of service and relationship on which the company was originally established nearly 30 years ago. This has underpinned our success to date, with an extensive list of long-standing clients and referrers that come back to us time and time again for their development projects. In fact, around 80% of our work is repeat business.

Let's Talk

Please get in touch if you want additional information on this report or any of our services or products.

Full details can be found on our website: **www.grm-uk.com**.

Alternatively, you can contact Richard Upton, Marketing and Sales Director, on **01283 551 249** or via email **richard.upton@grm-uk.com**

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