

CONSTRUCTION OUTLOOK: JULY 2021

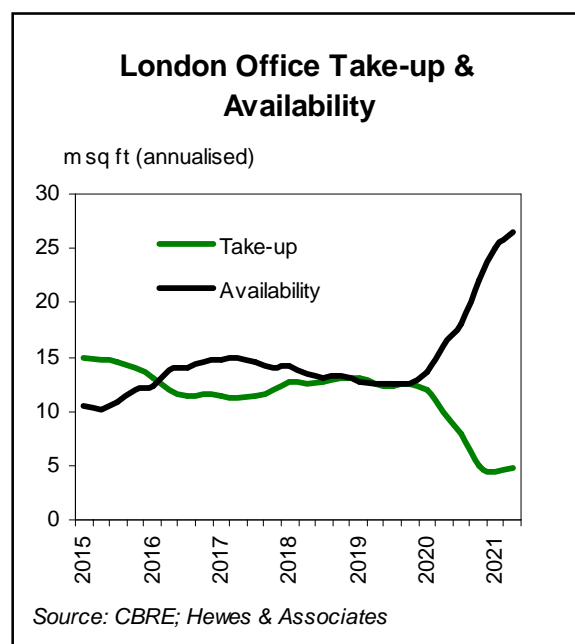
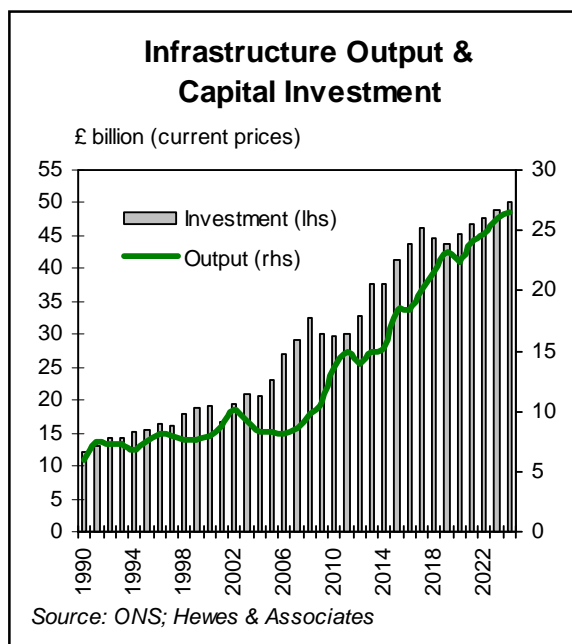
As the UK economy emerges from Covid restrictions, with retail and other businesses opening up, the hope is that a return to normality will ensue over late summer/early autumn. Less positively, emerging Covid strains, continued restrictions on international travel, and the prospect of constraints lingering or being re-imposed, somewhat dampens the outlook.

After declining by 14% in 2020, the outlook for GB construction output is one of a rebound of close to 10% in 2021, followed by near stability in workloads to 2023. Problems pertaining to commercial building in particular, render the medium-term outlook uncertain, and we do not expect the volume of work to reach 2019 levels until beyond 2023/2024.

Over the short-term, private housing will drive industry growth, with the market having benefitted from the Stamp Duty holiday and buyer demand for greater space associated, perhaps, with work from home. The outlook for housing beyond 2021 is one of a weaker market, in line with Stamp Duty returning to normal rates, and Covid economic support drawing to an end.

Beyond 2021 we expect higher levels of investment in the public sector, particularly in public non-housing, to meaningfully impact. To date, increased levels of public investment – promised in late 2019 – have largely taken shape in the transport sector, but we expect public non-housing to enter a growth period from 2022.

Industrial building has a positive outlook, with both the warehouse and factory output expected to increase. In the factory sector investment associated with electric vehicles is forecast to impact from late 2021. Commercial property faces ongoing fallout from Covid restrictions: all key sectors have been (retail and leisure) or will be (offices re. work from home) impacted.



HEWES & ASSOCIATES