

Brexit remains key factor in construction contractor market forecast



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Brexit remains a key factor influencing the forecast with the continued uncertainty impacting expansion plans for businesses as well as consumer spending and confidence. This lack of clarity about the future of the UK outside the EU is beginning to have more marked implications for the construction sector particularly in the form of deferred investment levels.

The construction industry continues to face acute labour shortages in specific areas - notably trades such as scaffolding, bricklaying, roofing, carpentry, plastering and plant operatives. In addition, there is an increased demand for non-construction professional, technical, IT, and other office-based staff and a high demand for construction managers and project managers.

Margins remain under pressure in 2019 and 2020 influenced by rising material costs and wage inflation. With competition for construction work increasing, large

contractors have been considering small and medium-sized contracts in a bid to maintain workloads and boost finances. This has increased competition with smaller, regional companies who have struggled to compete, leading to insolvencies among SMEs and their supply chains.

The road to Brexit remains a key factor influencing the forecast with the continued uncertainty impacting expansion plans for businesses as well as consumer spending and confidence. This lack of clarity about the future of the UK outside the EU is beginning to have more marked implications for the construction sector particularly in the form of deferred investment levels.

Growth is forecast to reduce to around 2% for 2019-20 and increase to 3% annual growth rate to 2024 when total construction output is forecast to be over £190bn. The forecast has been amended to take into account the recent review of construction data carried out by ONS and the uncertainty surrounding the future trading position of the UK, which is reflected in the steady, if modest, annual output growth levels to 2024.

The information was taken from the [Construction Contractors Market Report – UK 2019-2023](#) by AMA Research, which is available to purchase now at www.amaresearch.co.uk or by calling 01242 235724.

Editors Note:

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