



Construction Opportunities & Prospects
Forecast 2022-2024

About us

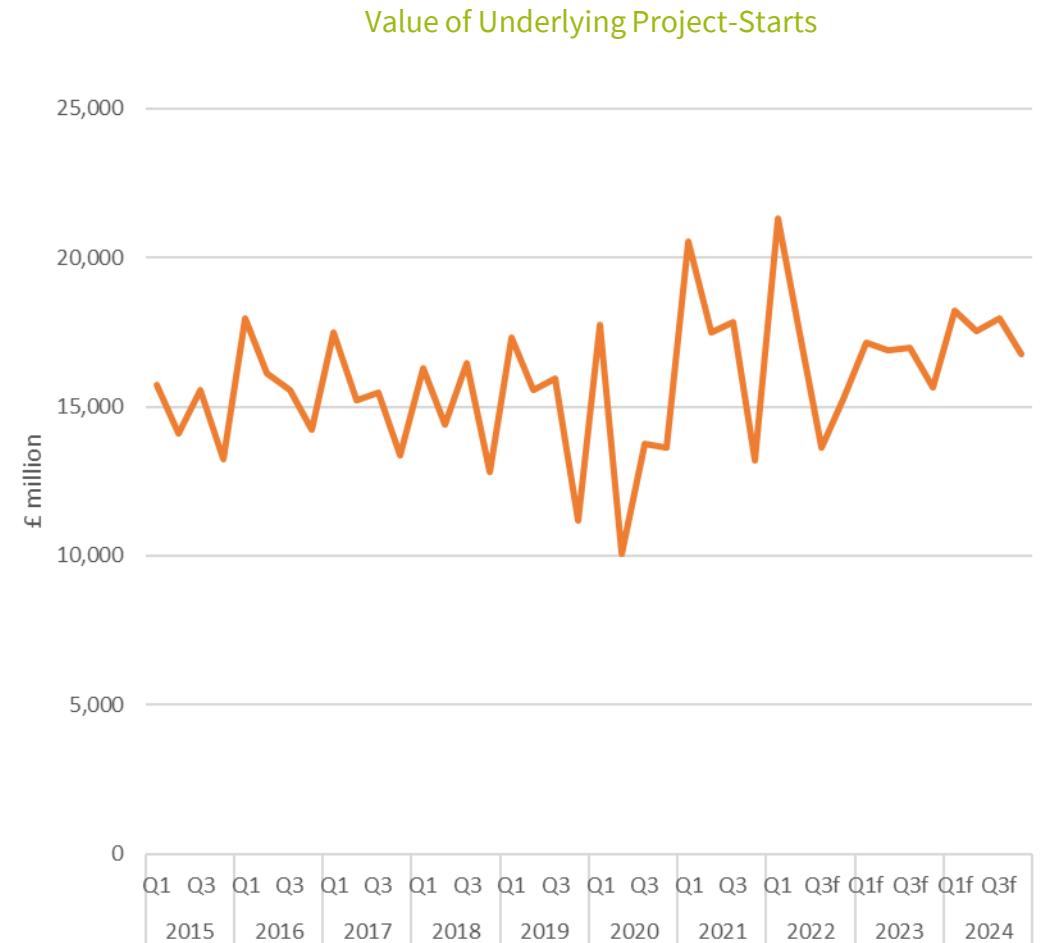
Established in 1973, Glenigan are the trusted provider of construction industry data, analysis, forecasting, company and project intelligence.

- Our clients include companies involved in the design and realisation of construction projects, suppliers of materials and services to the industry and organisations monitoring construction activity.
- We have over 20,000 users, including the majority of the top contractors in the UK and leading property agents.
- We are a part of Byggfakta Group, the European leader in construction information services.



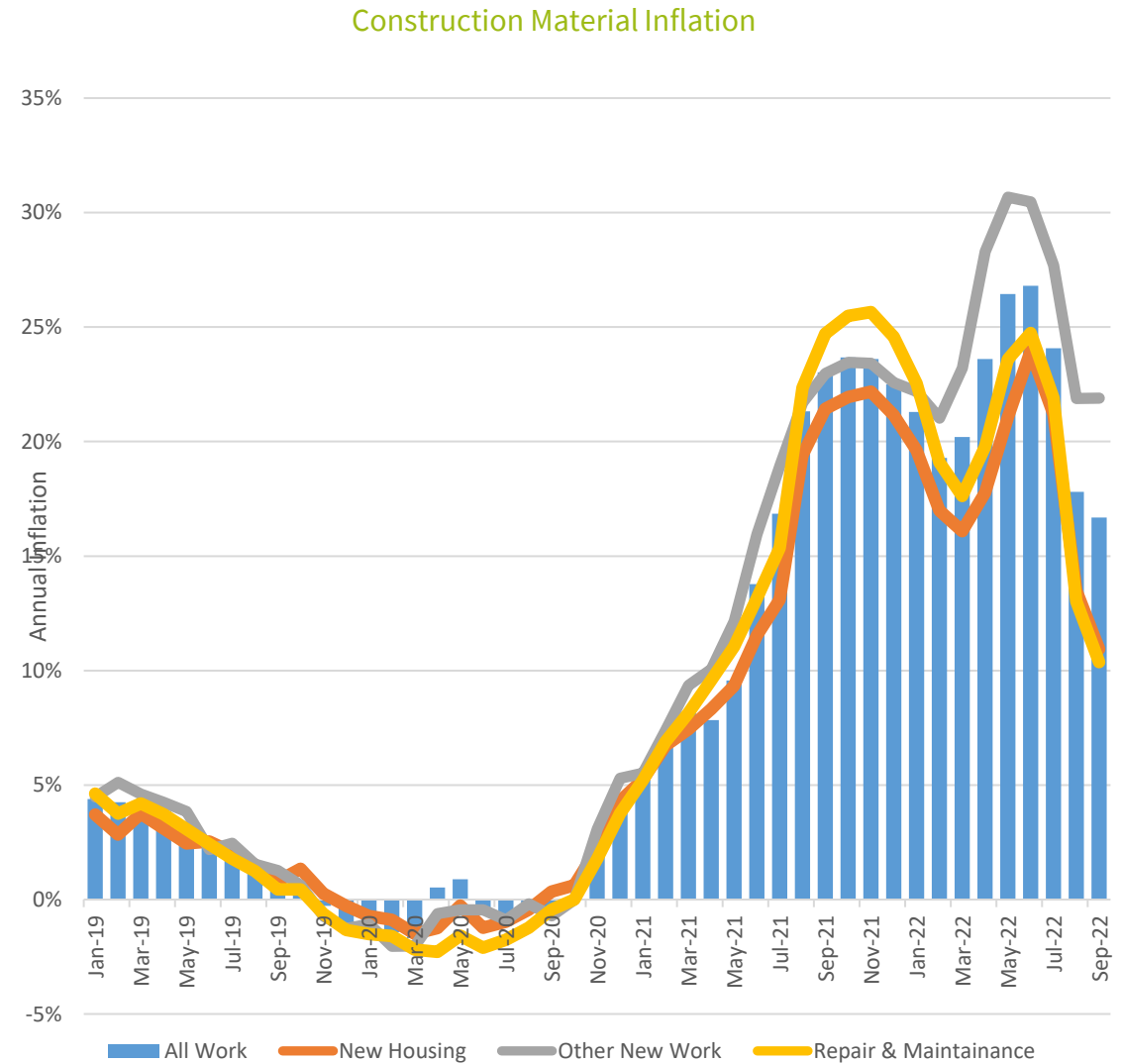
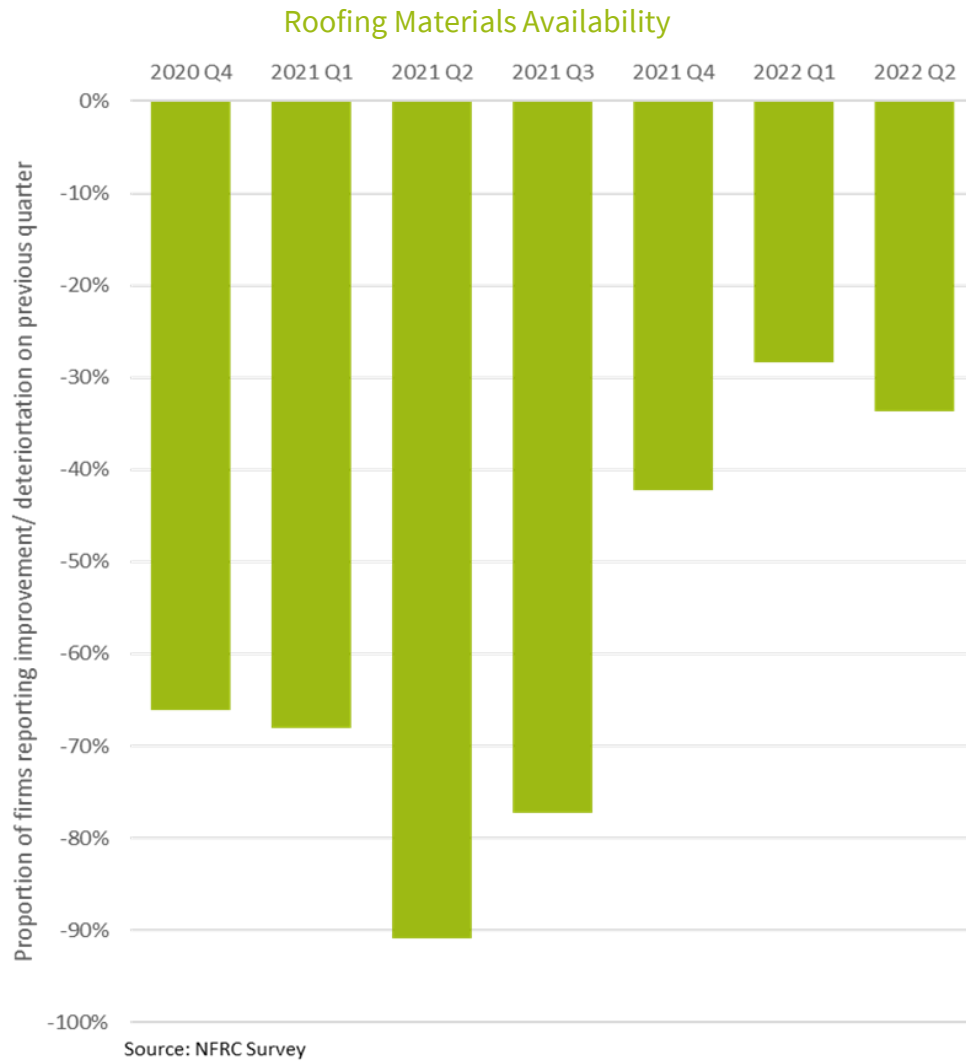
Economic Background and Performance

- UK Economy, Property Market & Construction buffeted by successive economic shocks
 - Brexit
 - Pandemic
 - War in Ukraine
 - Political turmoil
- Stalled UK economic growth and inflation spike
- Weak economic outlook and political disarray expected dampen property market and construction activity in 2023
- Accelerated structural changes in economy reshaping demand for property

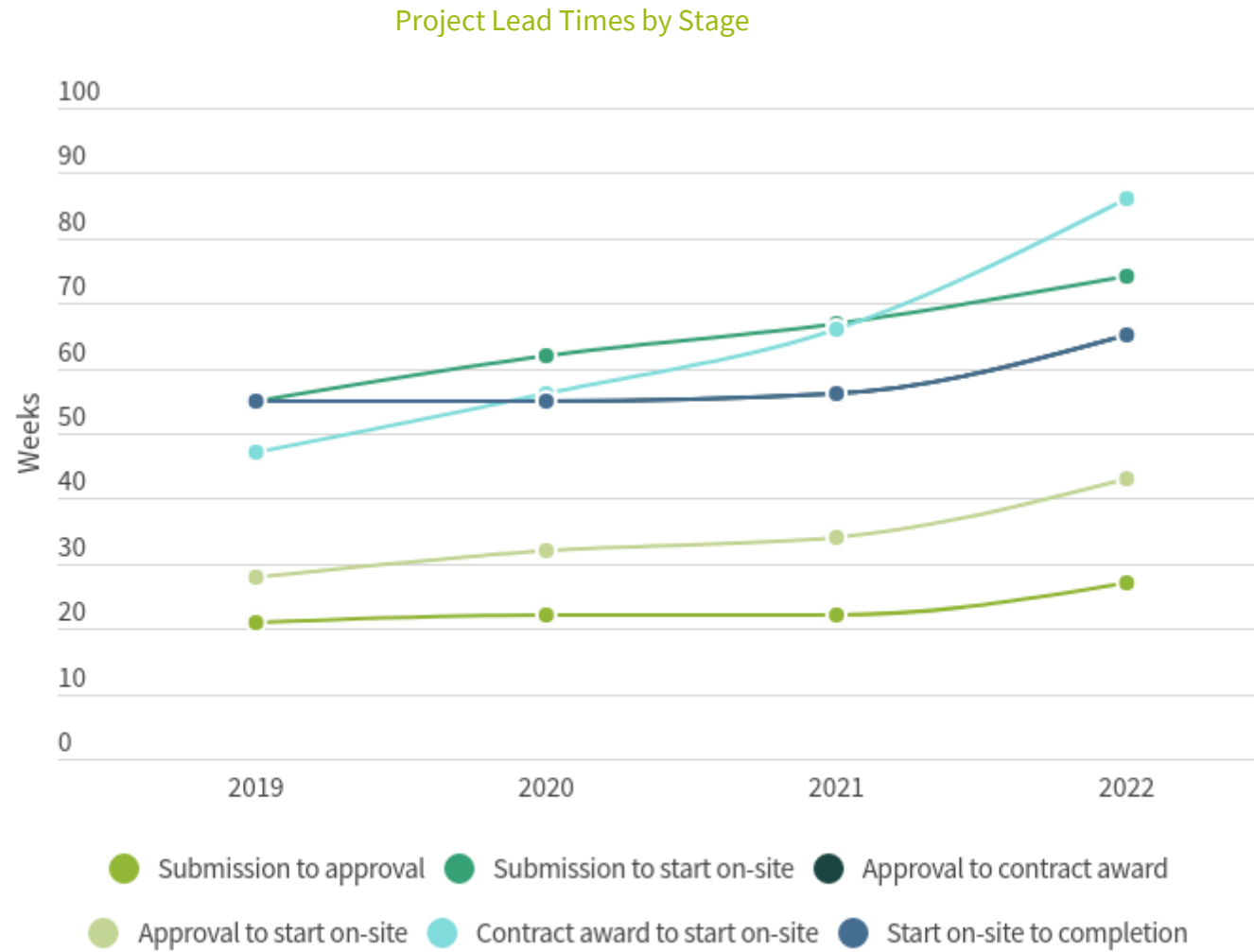


Source: Glenigan

Materials – Limited availability & rising costs



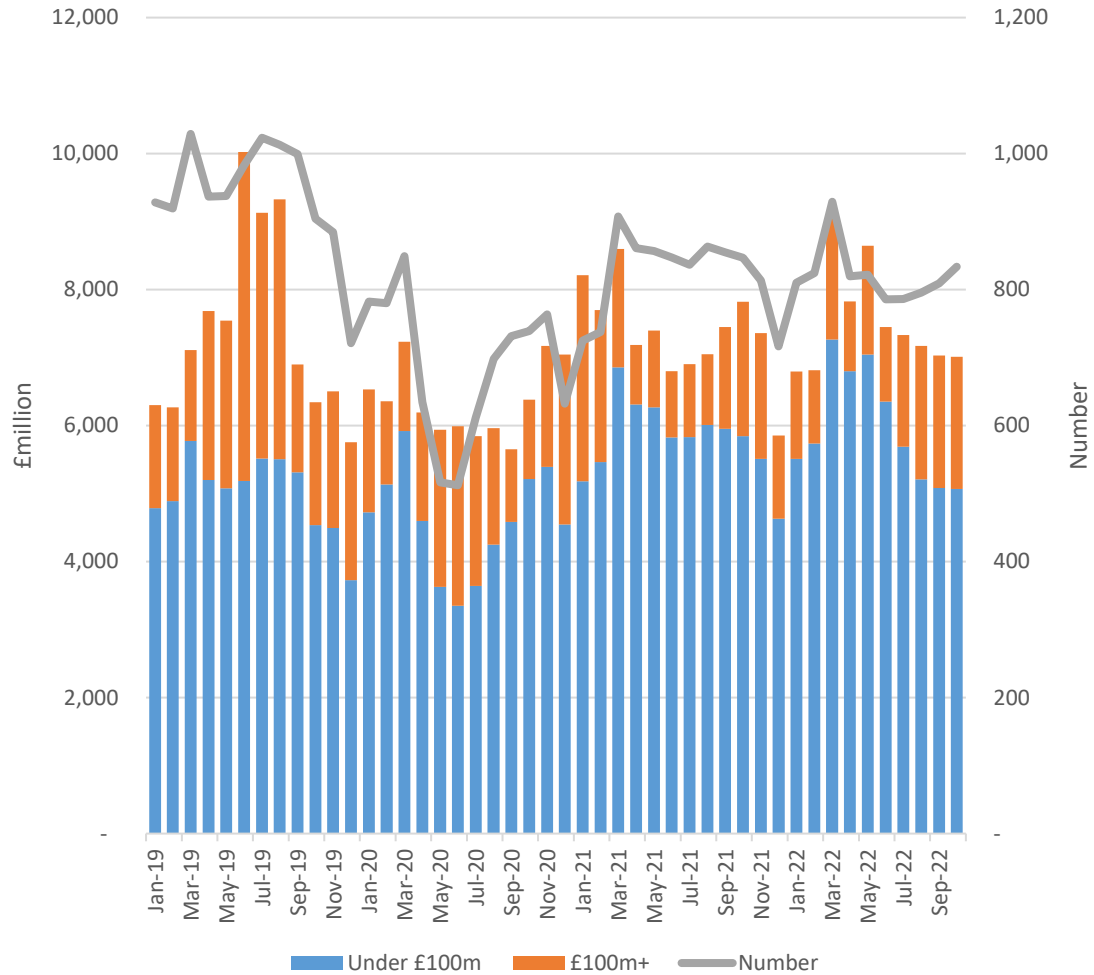
Project Lead Times



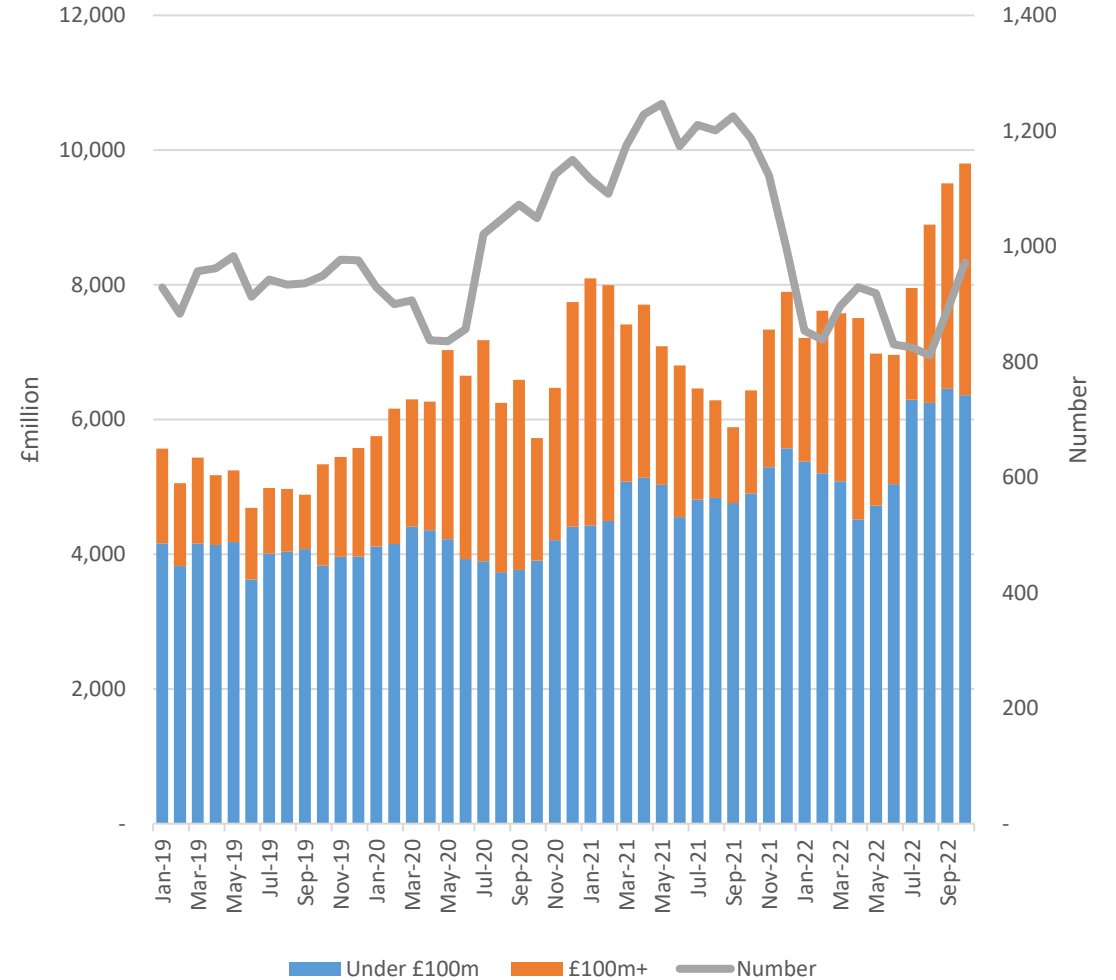
Source: Glenigan

Project Starts & Approvals

Project Starts



Detailed Planning Approvals

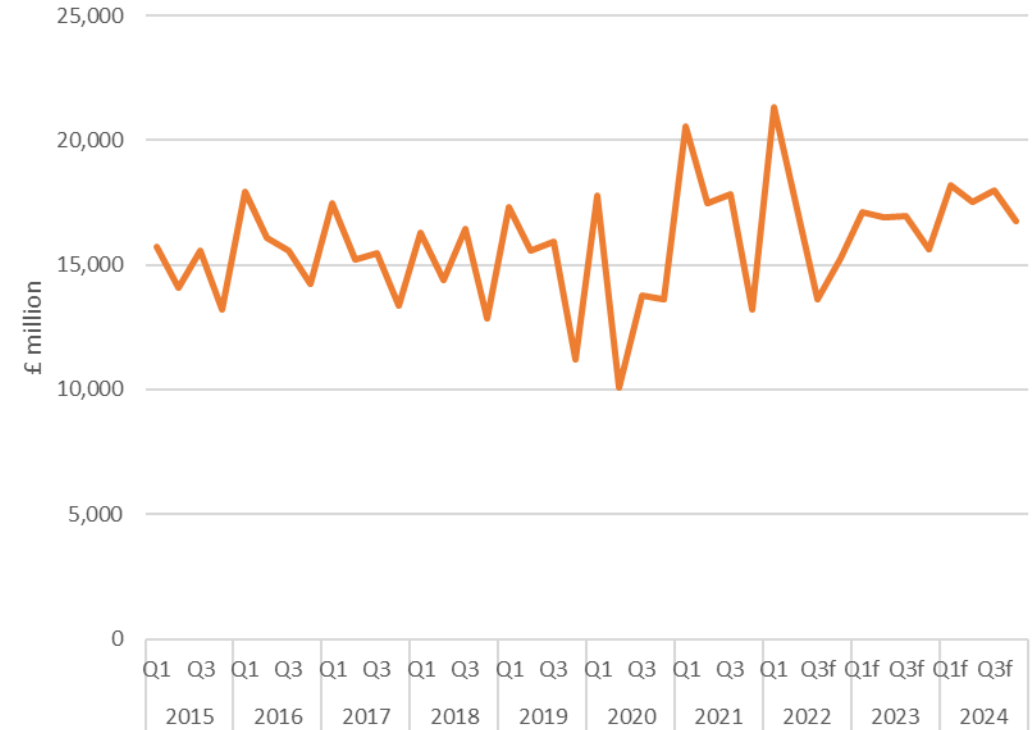


Market Activity & Planning Pipeline

- Weakening planning applications after strong growth in 2021
 - Major projects steady
 - Number of (large) planning approvals 16% lower than a year ago
- Weakening demand and material & labour issues constraining supply
 - Rising construction costs
 - Disruption of development plans
 - Growing insolvency risks
- Construction faces weakening in project starts as UK economy stalls
 - Private residential slows as housing transactions and prices fall
 - Private non-residential sectors curbed by weaker business investment, but logistic demand supporting industrial sector
 - Structural change in commercial property generating refurbishment opportunities
 - Increased public sector investment in Education & Health
 - Civil engineering investment government priority

Value of Underlying Project-Starts

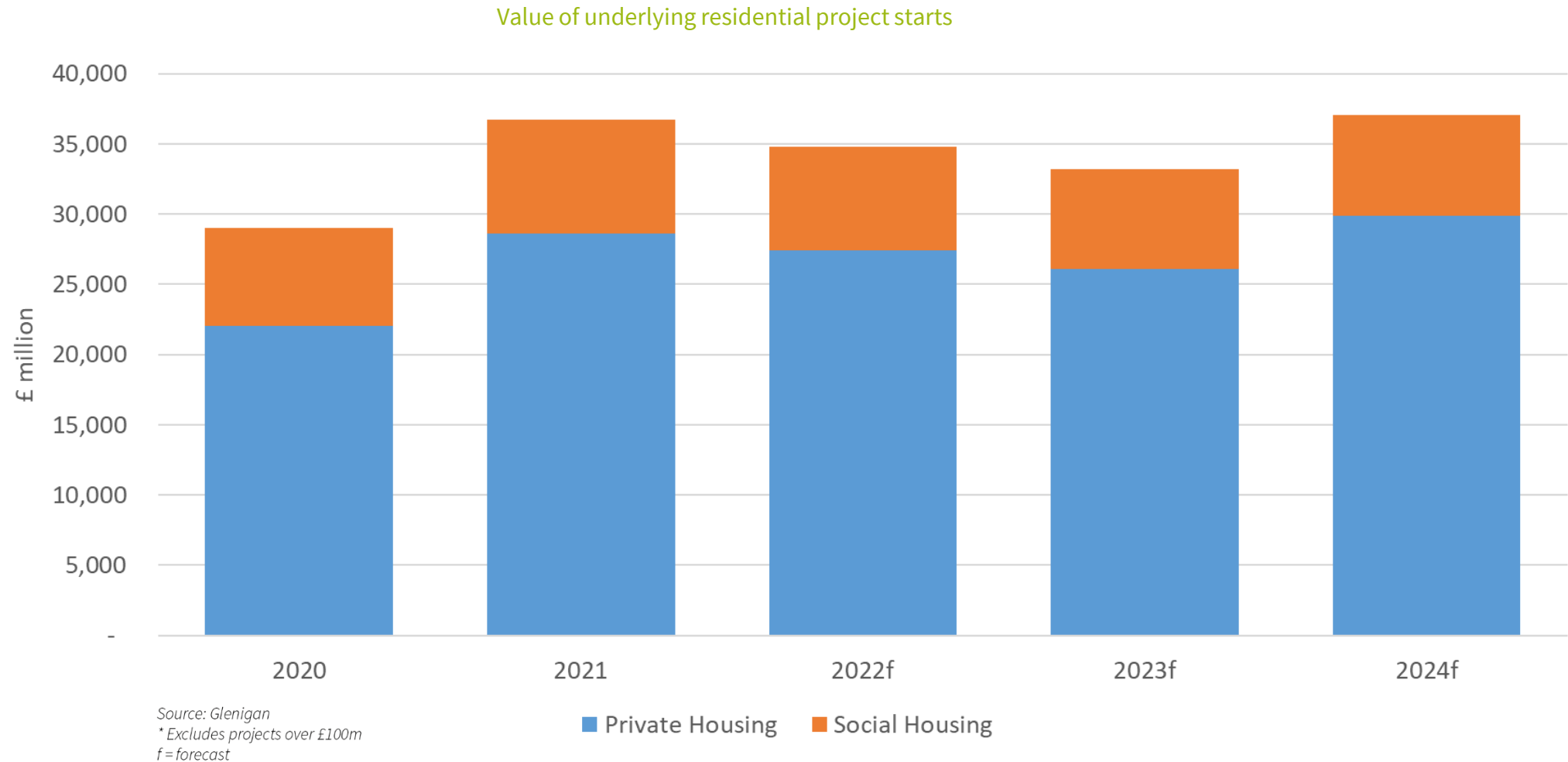
Forecast November 2022



Source: Glenigan

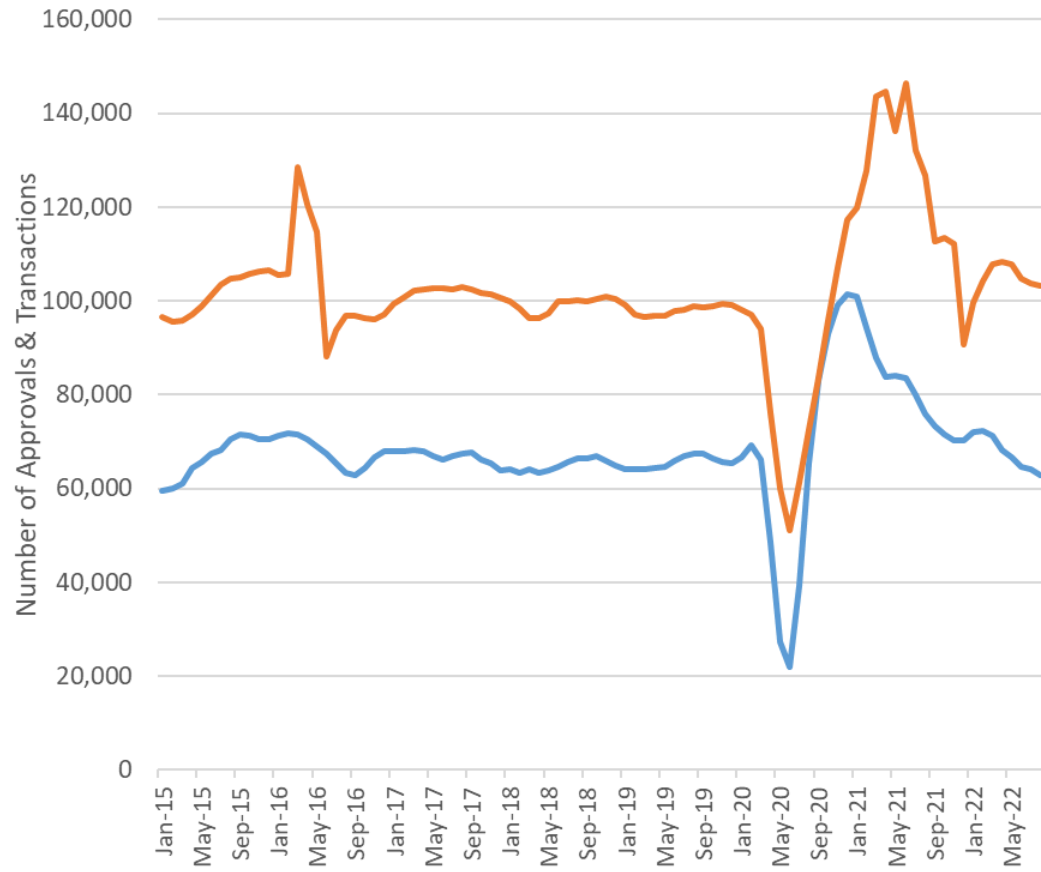
	2021	2022f	2023f	2024f
£ million	69,070	67,690	66,626	70,470
Growth	25%	-2%	-2%	6%

Residential Forecast



Housing Market Activity

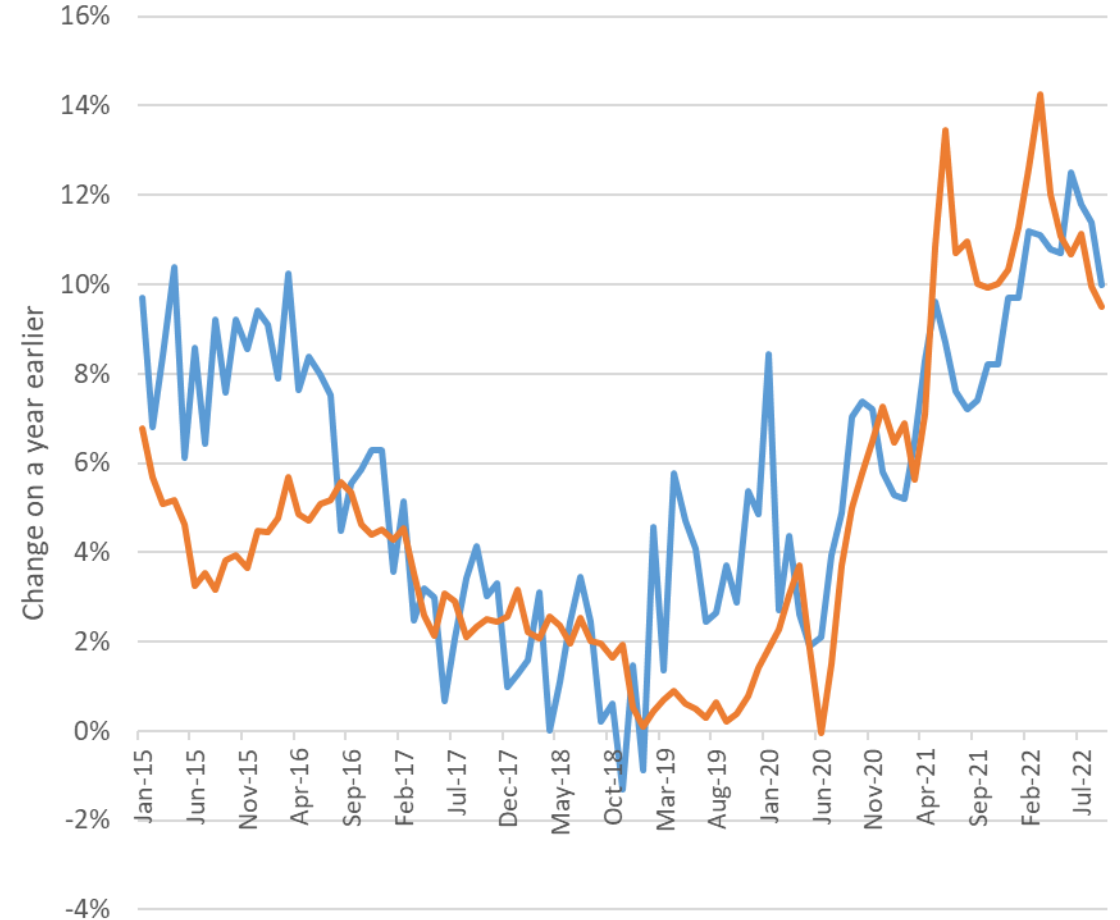
Mortgage Approvals & Property Transactions



N.B. Three month average
Sources: Bank of England & HMRC

— Mortgage Approvals
— Property Transactions

House Prices

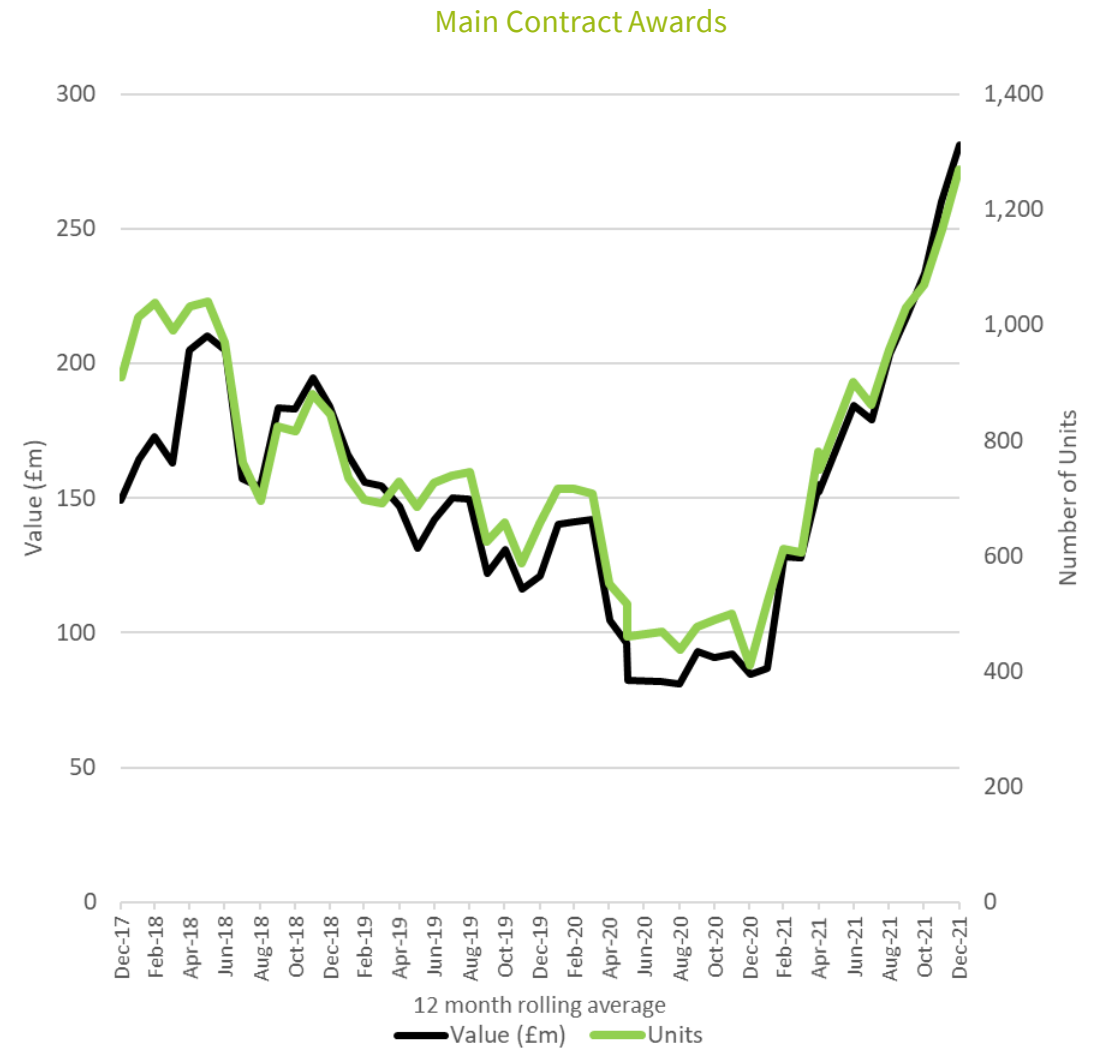


Sources: Halifax, Nationwide

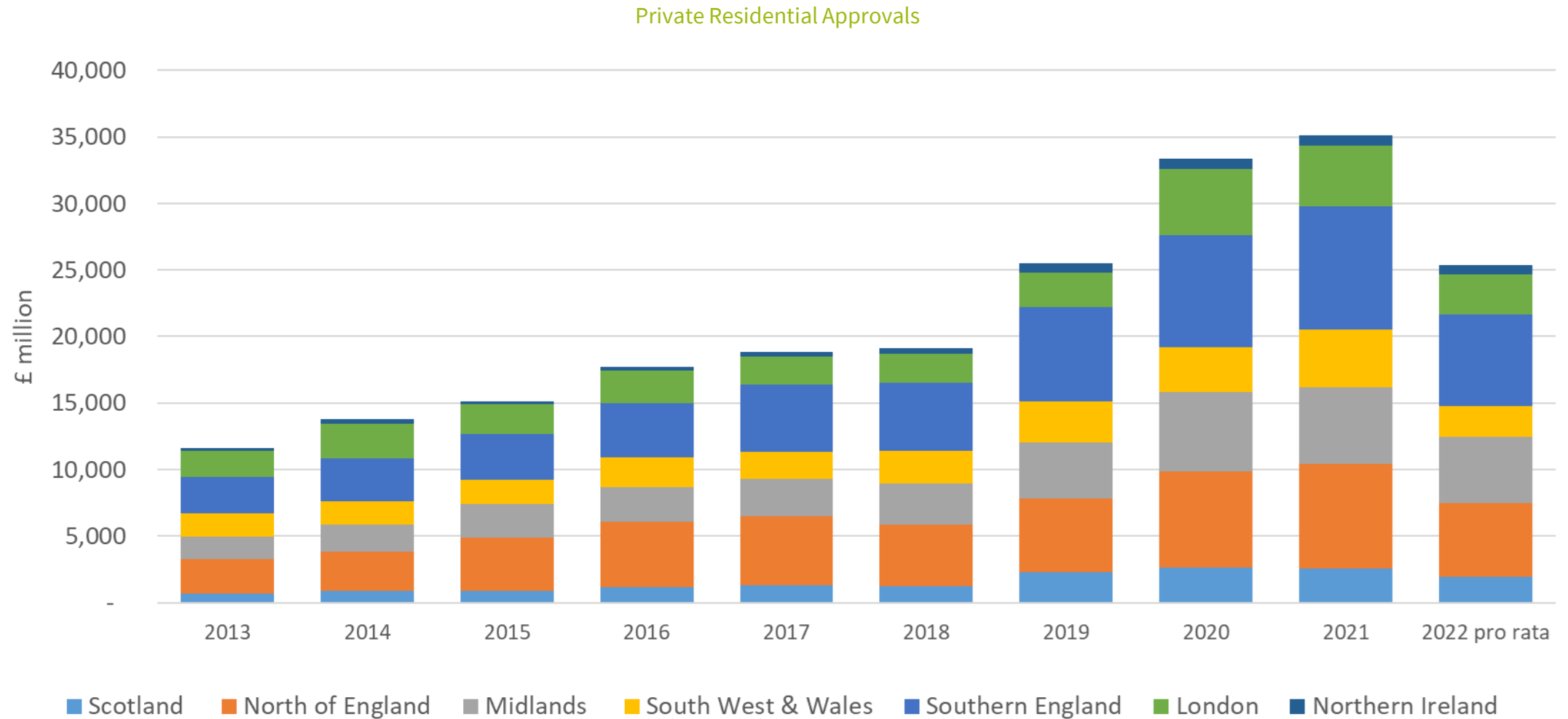
— Halifax — Nationwide

Build to Rent

- Build to Rent development activity hit by political uncertainty and pandemic in 2019 & 2020
- Resurgence in Build to Rent projects over last year
- Contracts awarded totalled £3.4 billion & 15,200 units
- Average project size increasing - 388 units in 2021
- Market dominated by apartments in major urban centres
- Investment planned in SDU developments

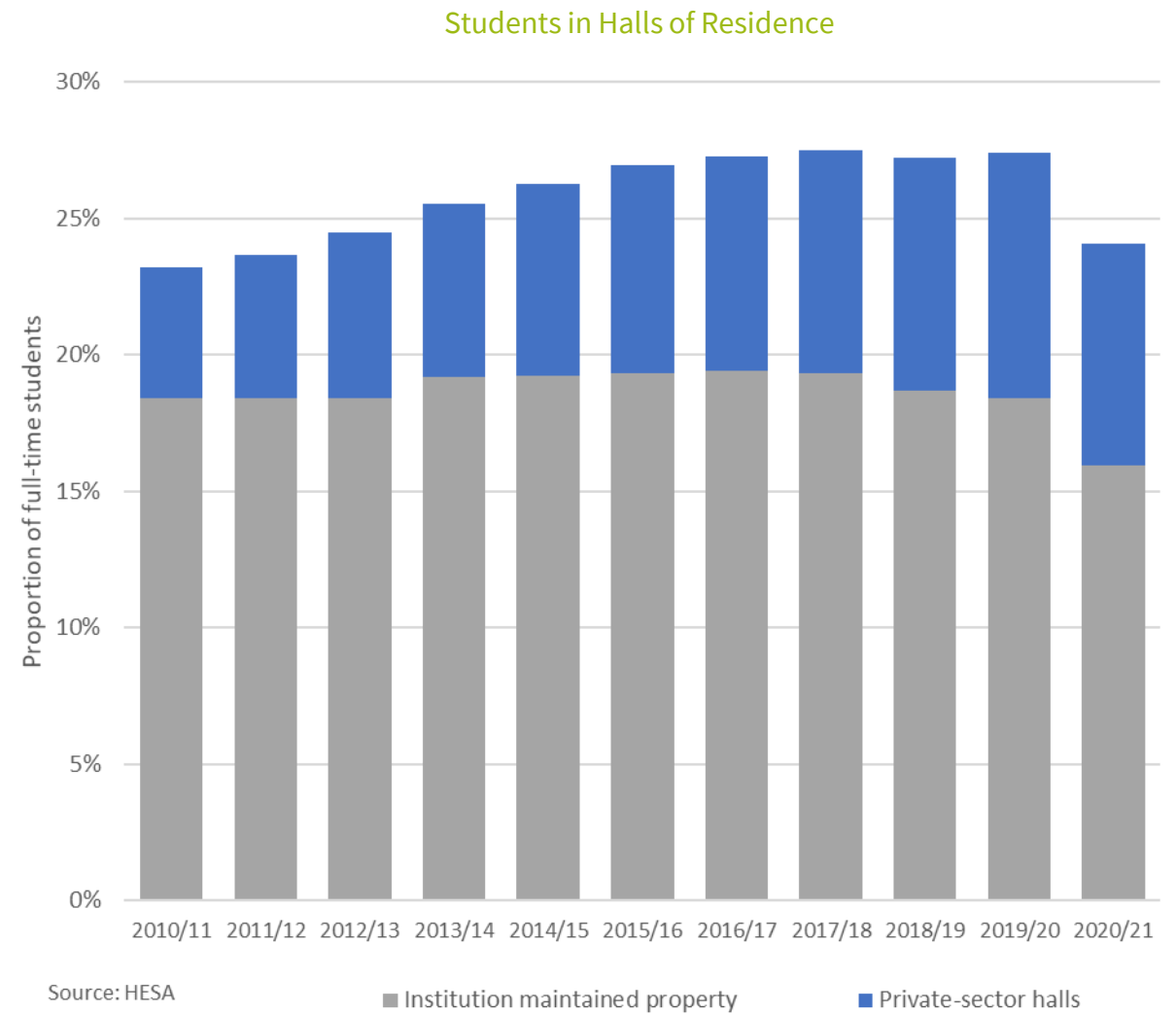
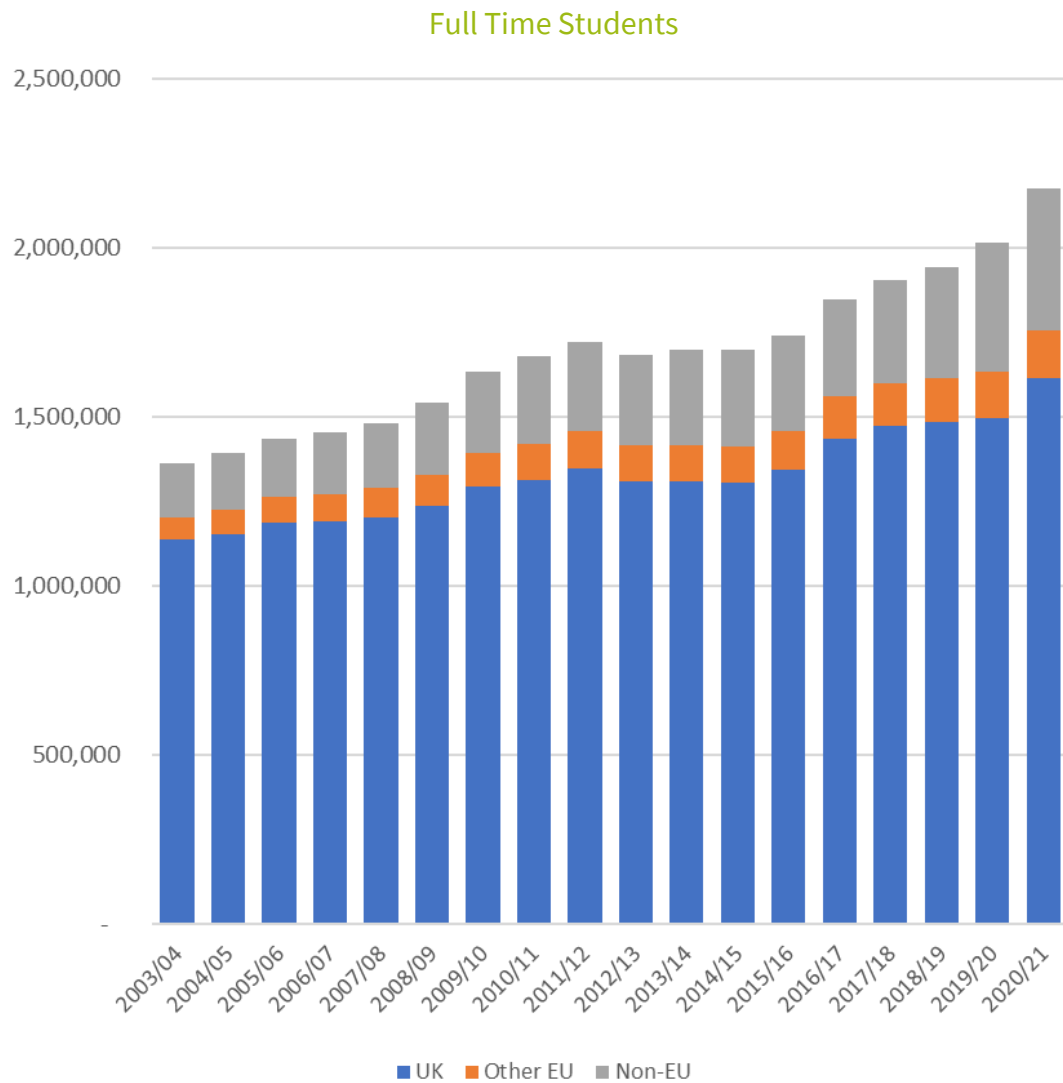


Private Housing Approvals by Region



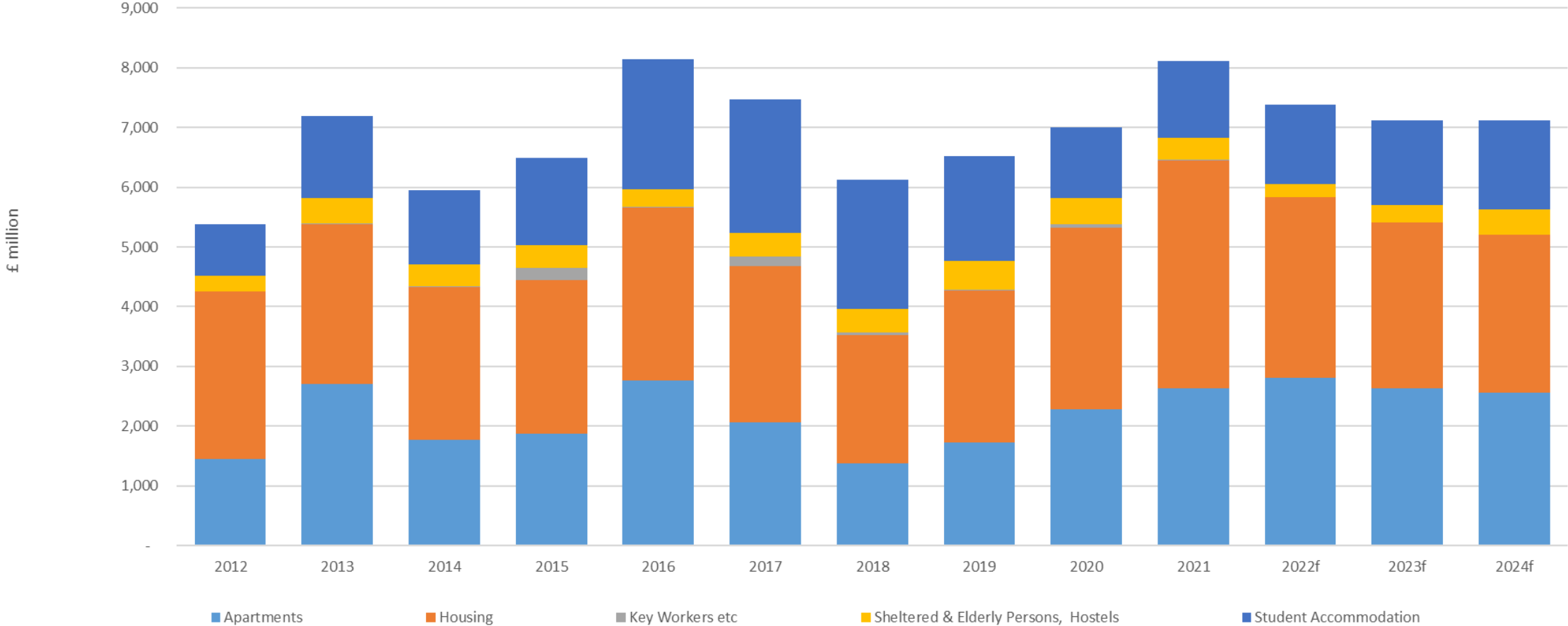
Source: Glenigan N.B. 2022 based on January to September

Student Accommodation Market



Social Housing

Social Housing Starts



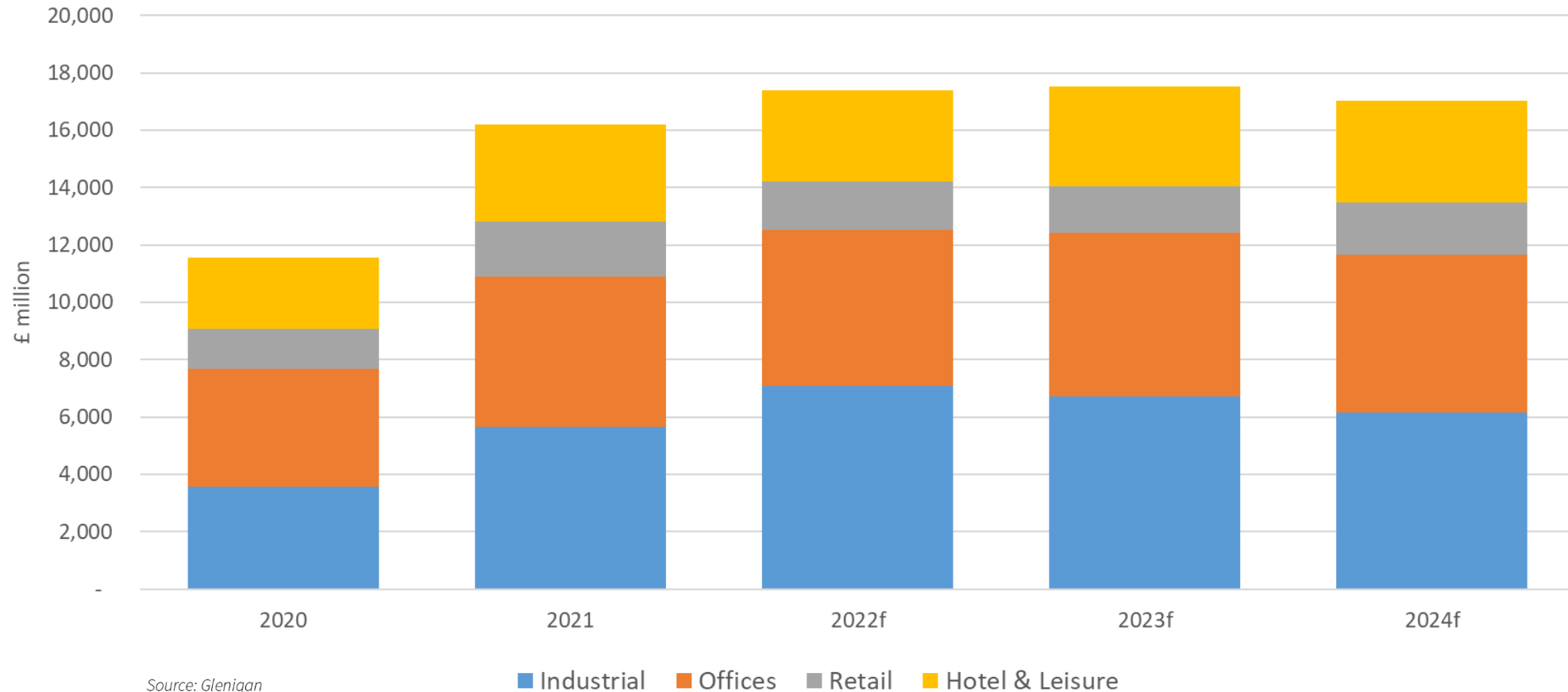
Source: Glenigan

Residential Forecast

- Rebound in new housing activity last year
- Strong potential development pipeline
- Housing market losing momentum
- Weak household earnings and rising taxes and interest rates overshadow housing market
- Renewed growth in Build to Rent market
- Retrenchment in private housing starts during 2022 and 2023, renewed growth from 2024
- Weakening in social housing projects
- Consolidation in Student Accommodation sector

Industrial & Commercial Forecast

Value of underlying industrial & commercial project starts

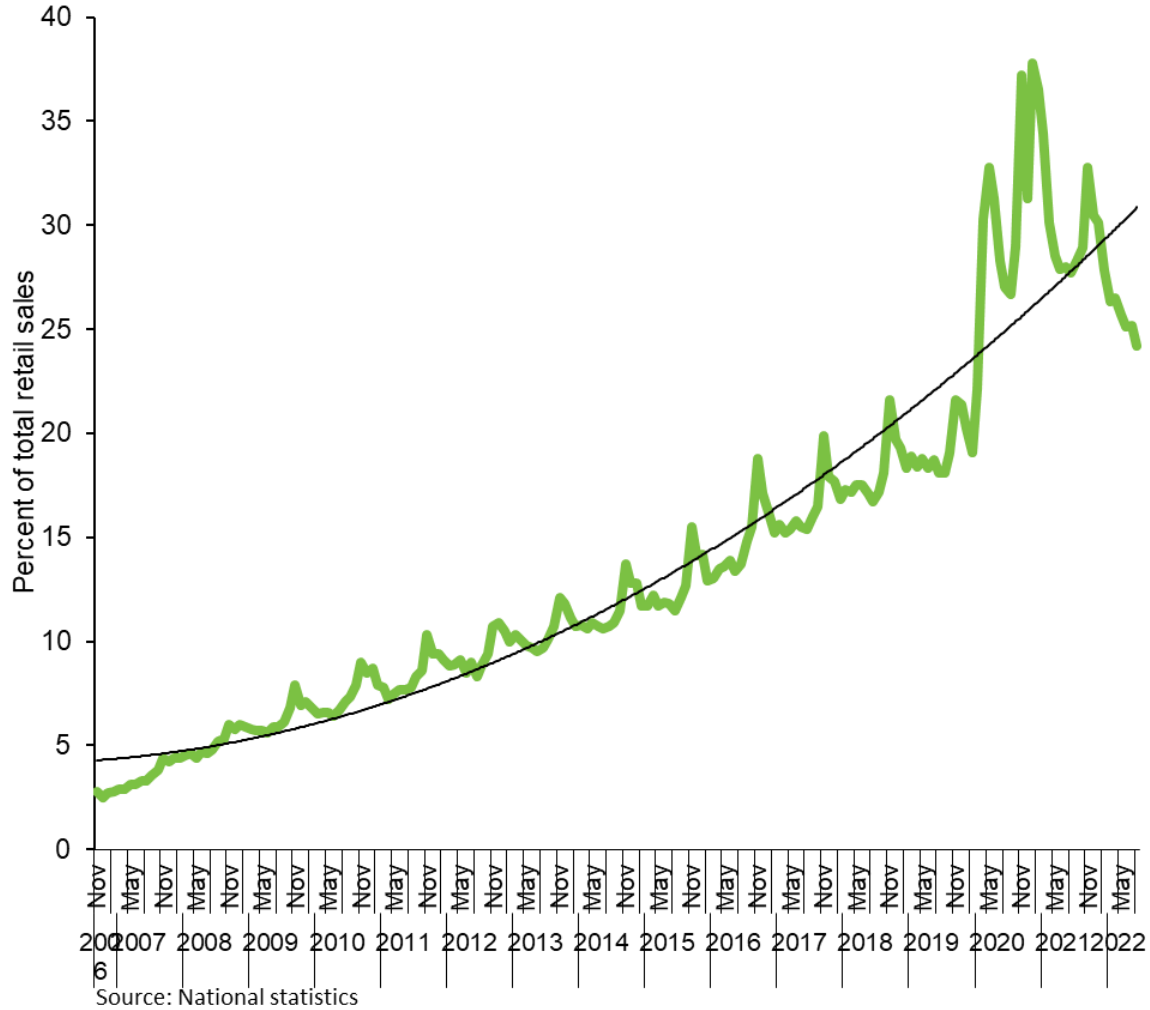


Source: Glenigan
* Excludes projects over £100m
f = forecast

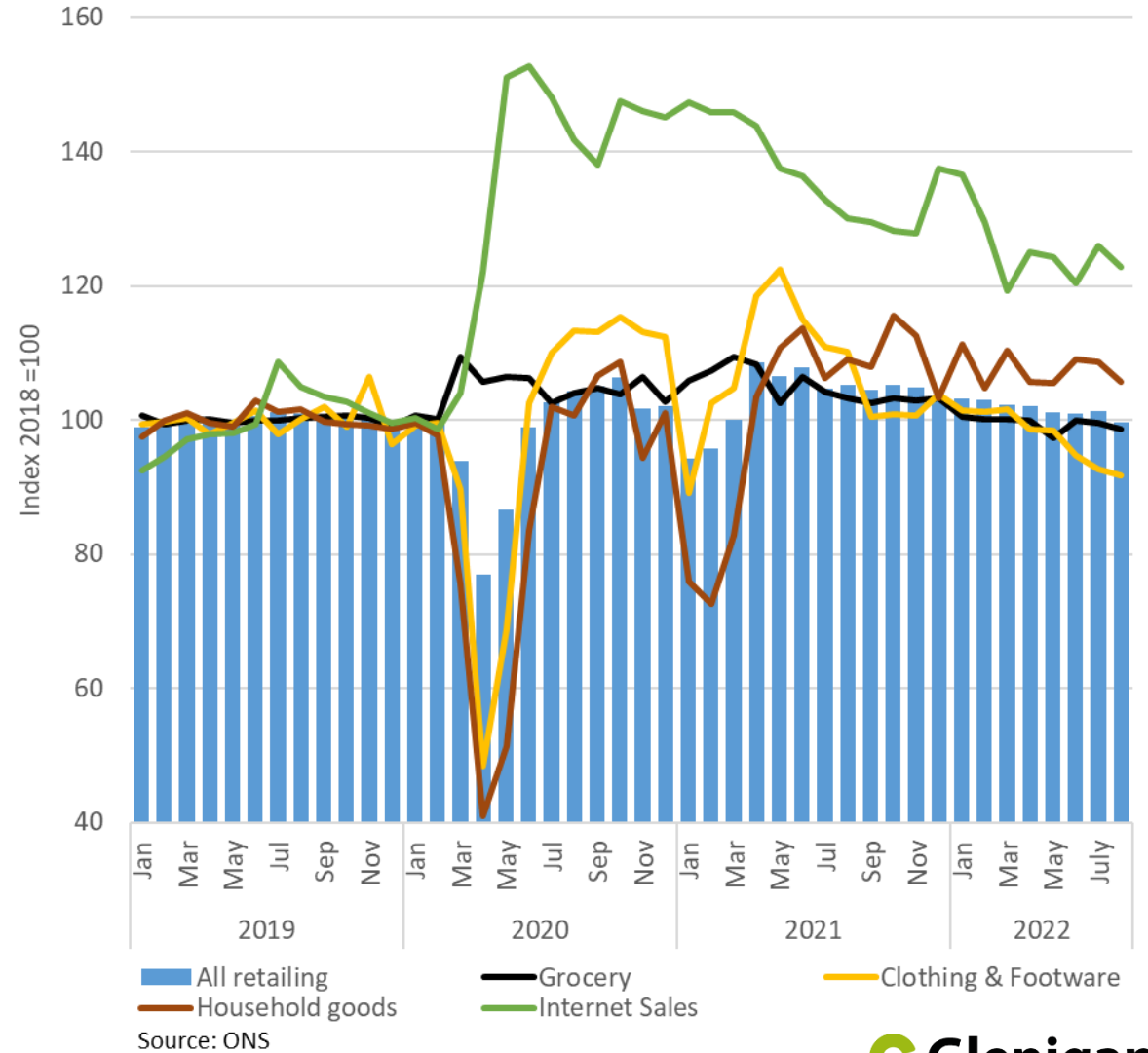
■ Industrial ■ Offices ■ Retail ■ Hotel & Leisure

Consumer Spending Habits

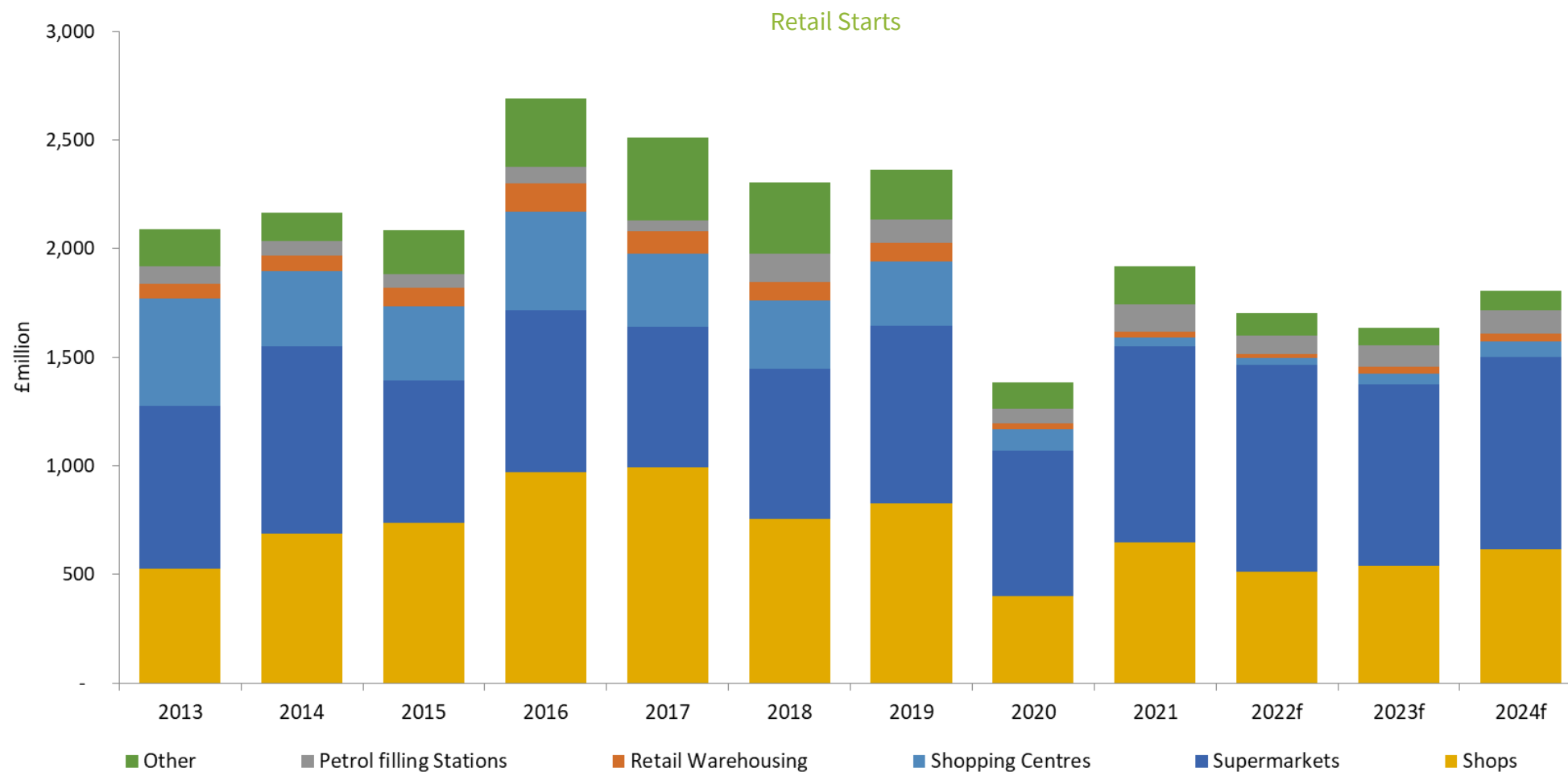
Internet Sales



Retail Sales



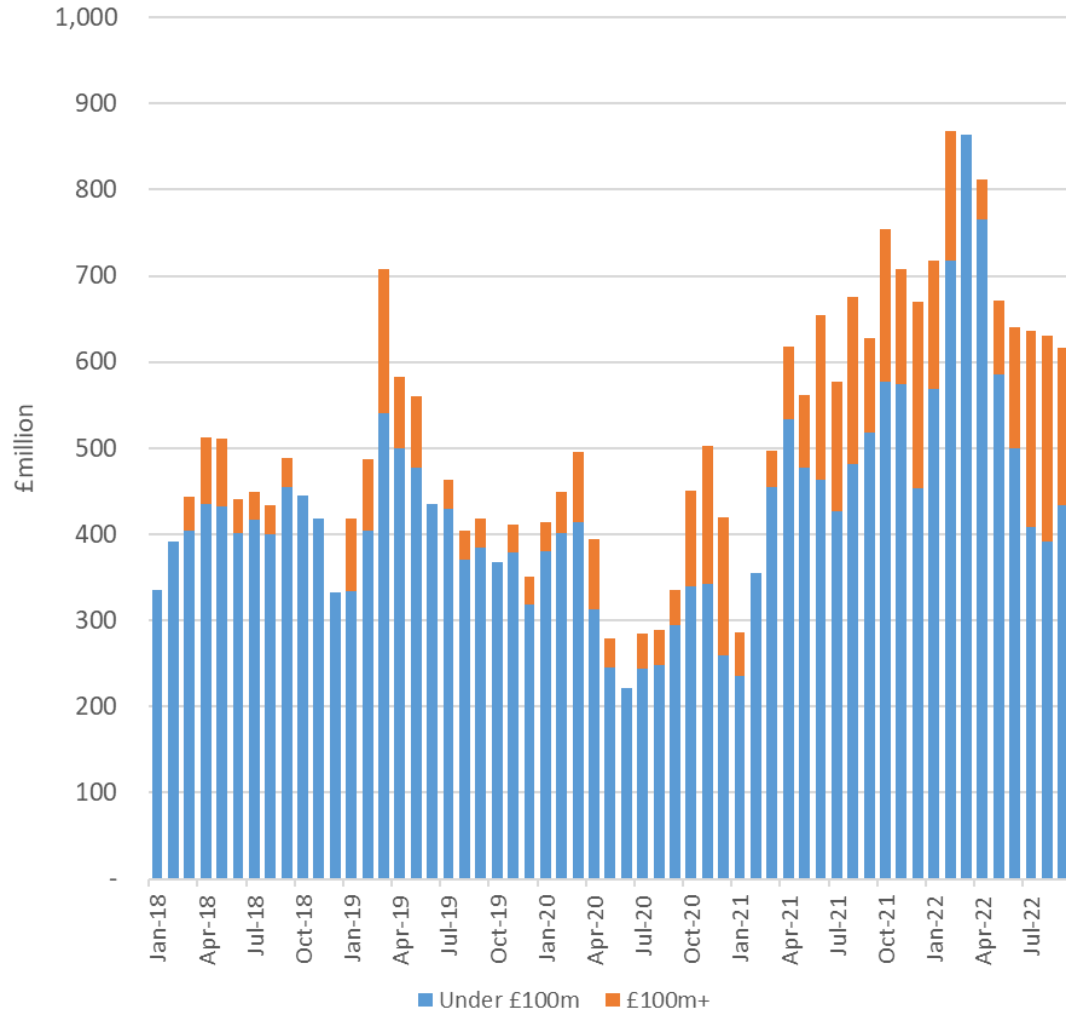
Retailers respond to changing shopping habits



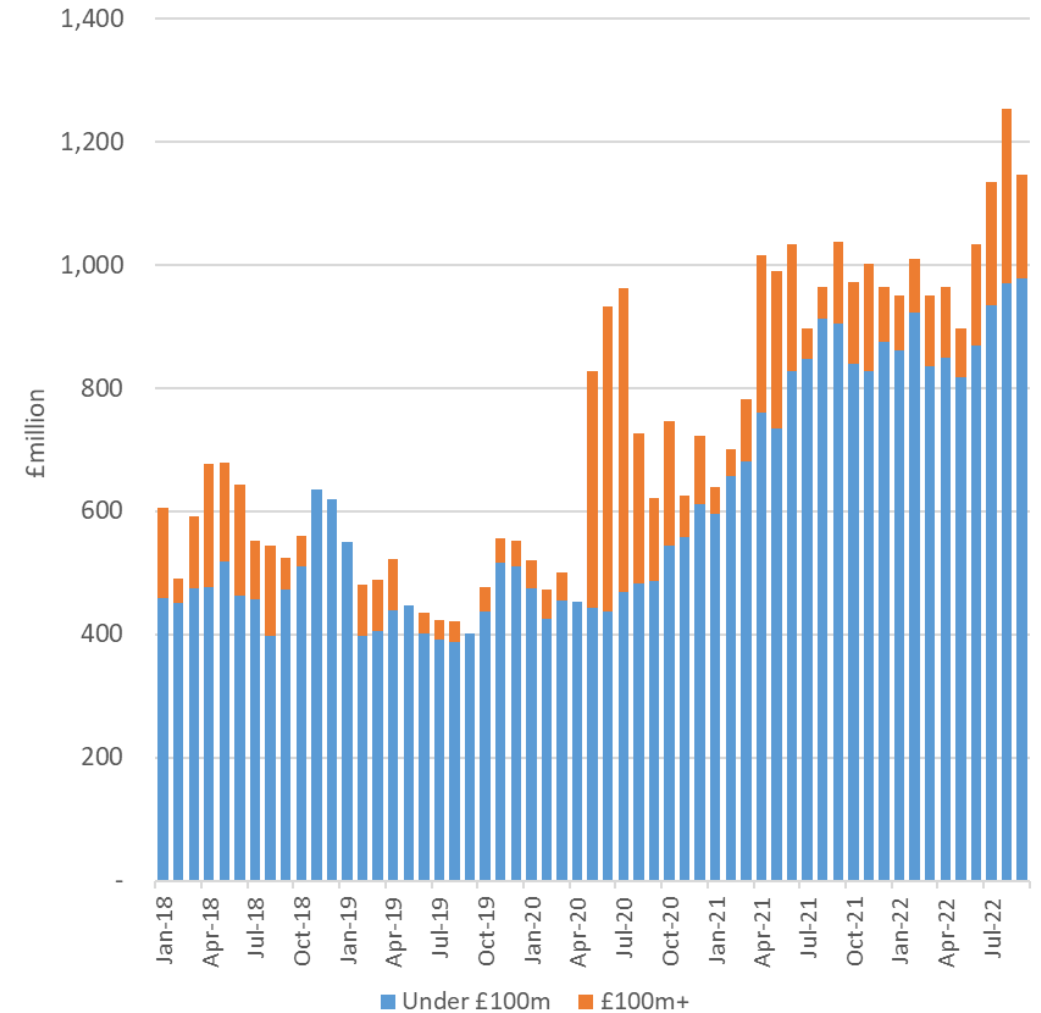
Source: Glenigan

Strong Industrial Pipeline

Starts

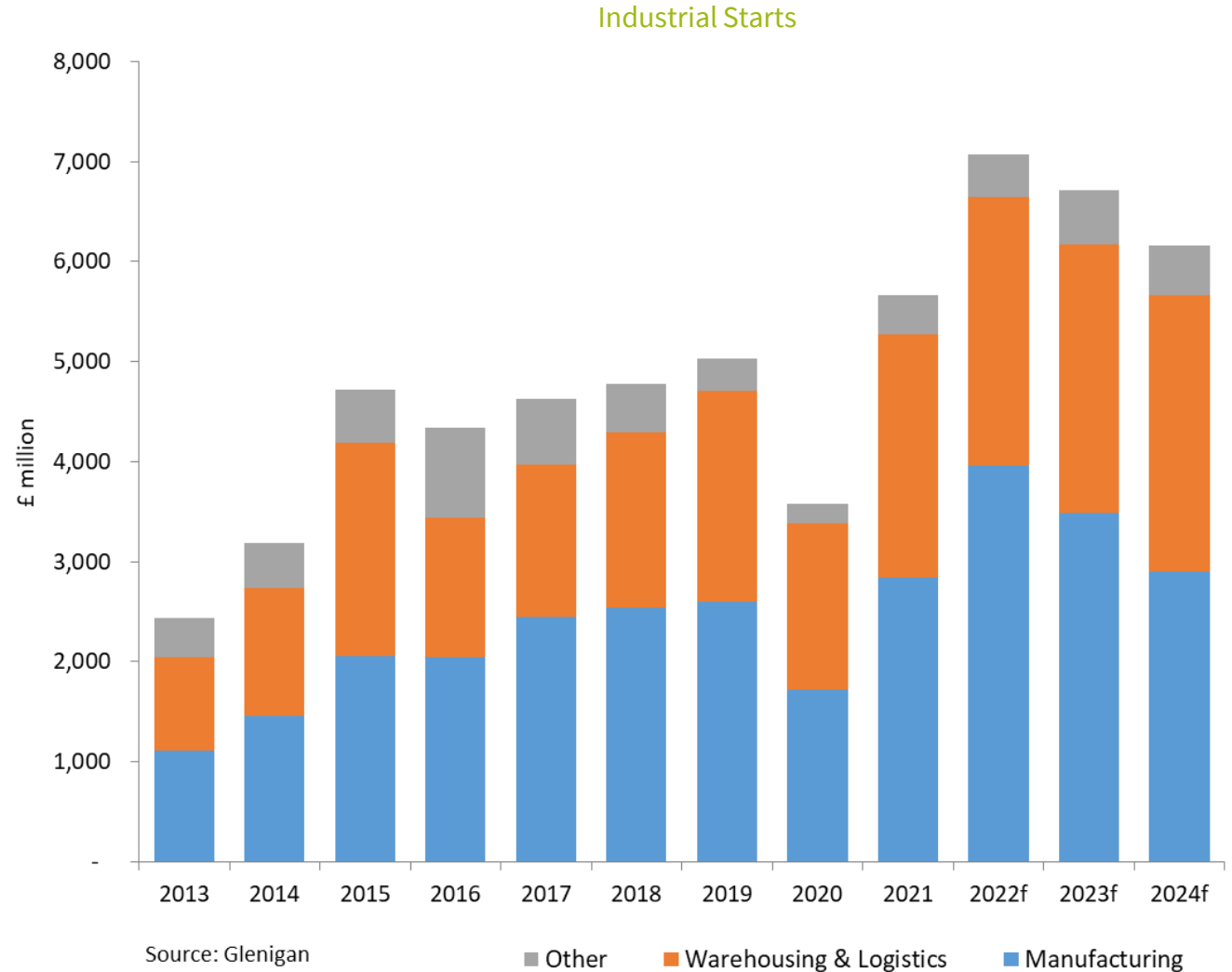


Detailed Planning Approvals

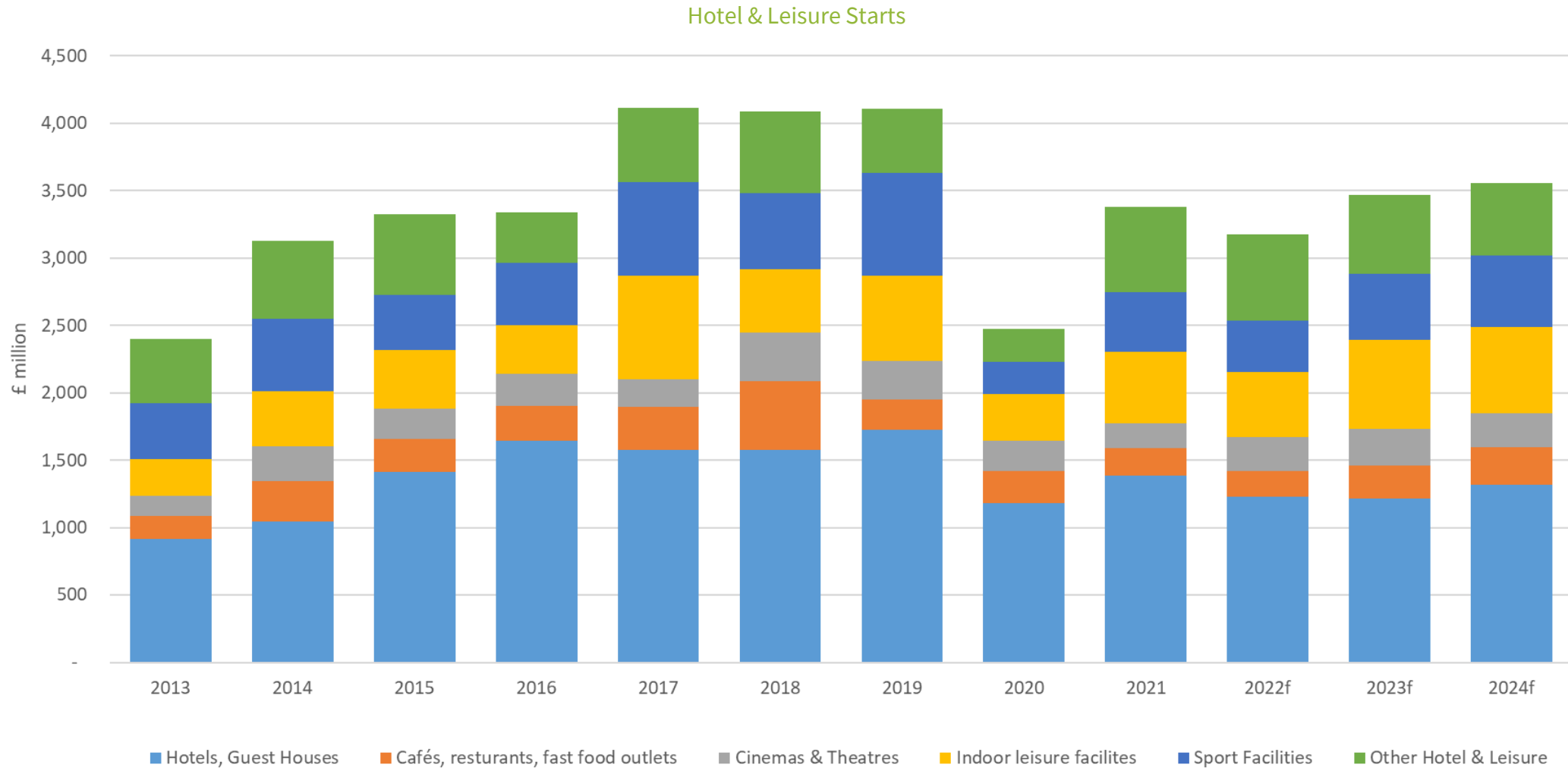


Logistics drives industrial sector growth

- Divergent prospects forecast
 - Manufacturers' long term outlook hit by weak domestic & overseas demand
 - Strong demand for logistics space
 - Demand for major distribution centres benefits Midlands & North West
 - Investment in 'Final Mile' delivery facilities across UK



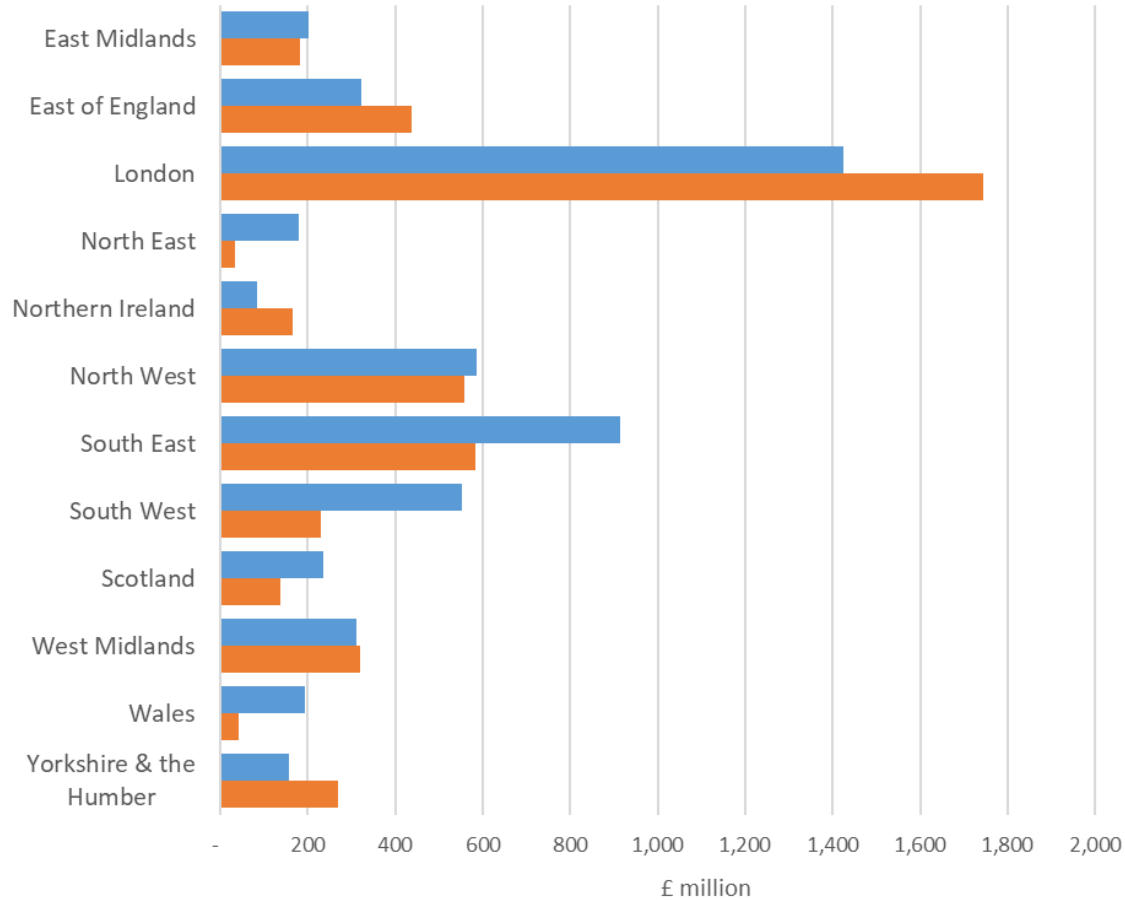
Hotel & Leisure



Source: Glenigan

Office Market in Transition

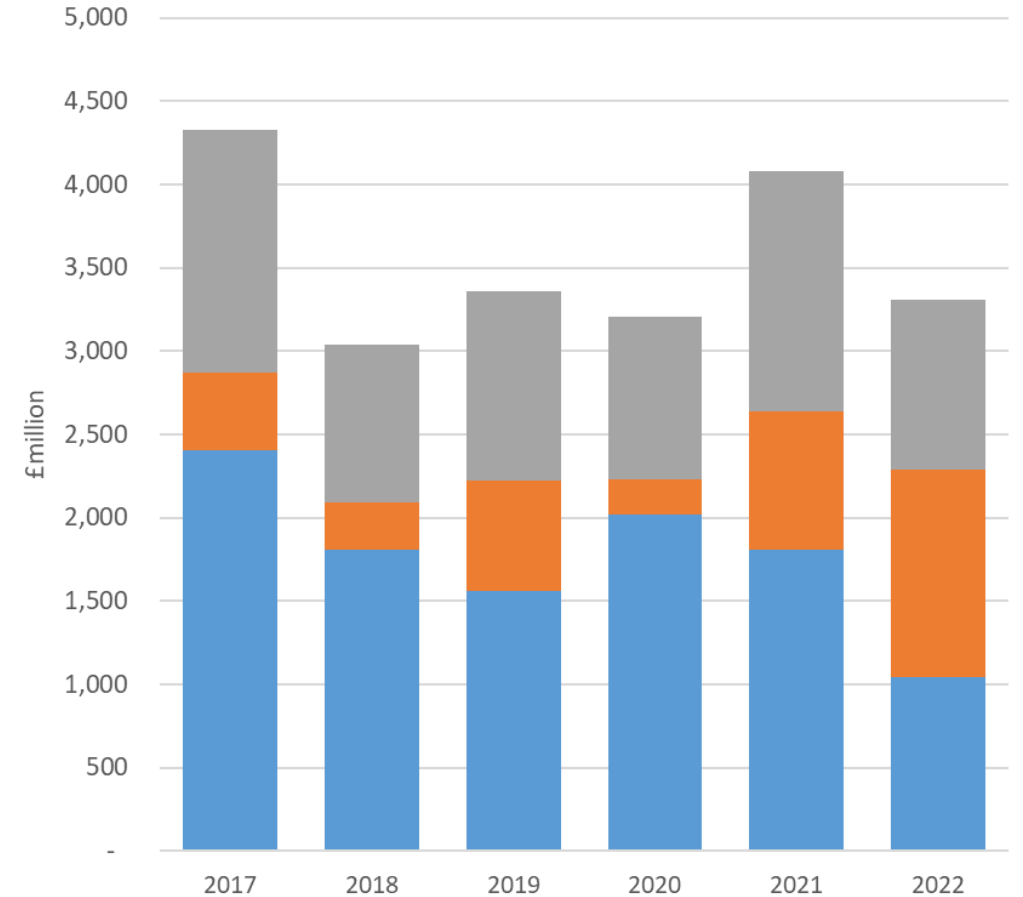
Office Projects Securing Planning Approval



Source: Glenigan
N.B. 2022 data is based on January to September pro rata

■ 2021 ■ 2022

Office Starts

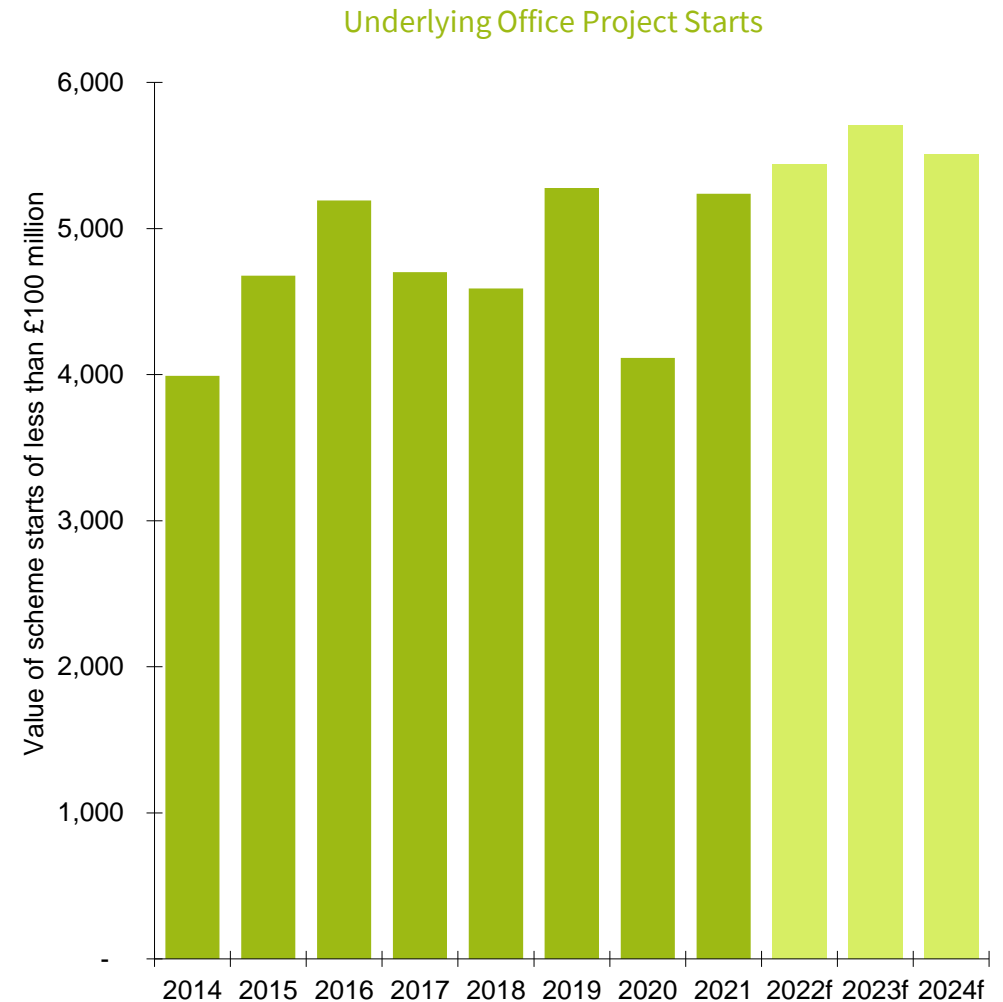


N.B. 2022 based on first nine months pro rata
Source: Glenigan

■ New Build ■ Extension ■ Refurbishment

Office Market in Transition

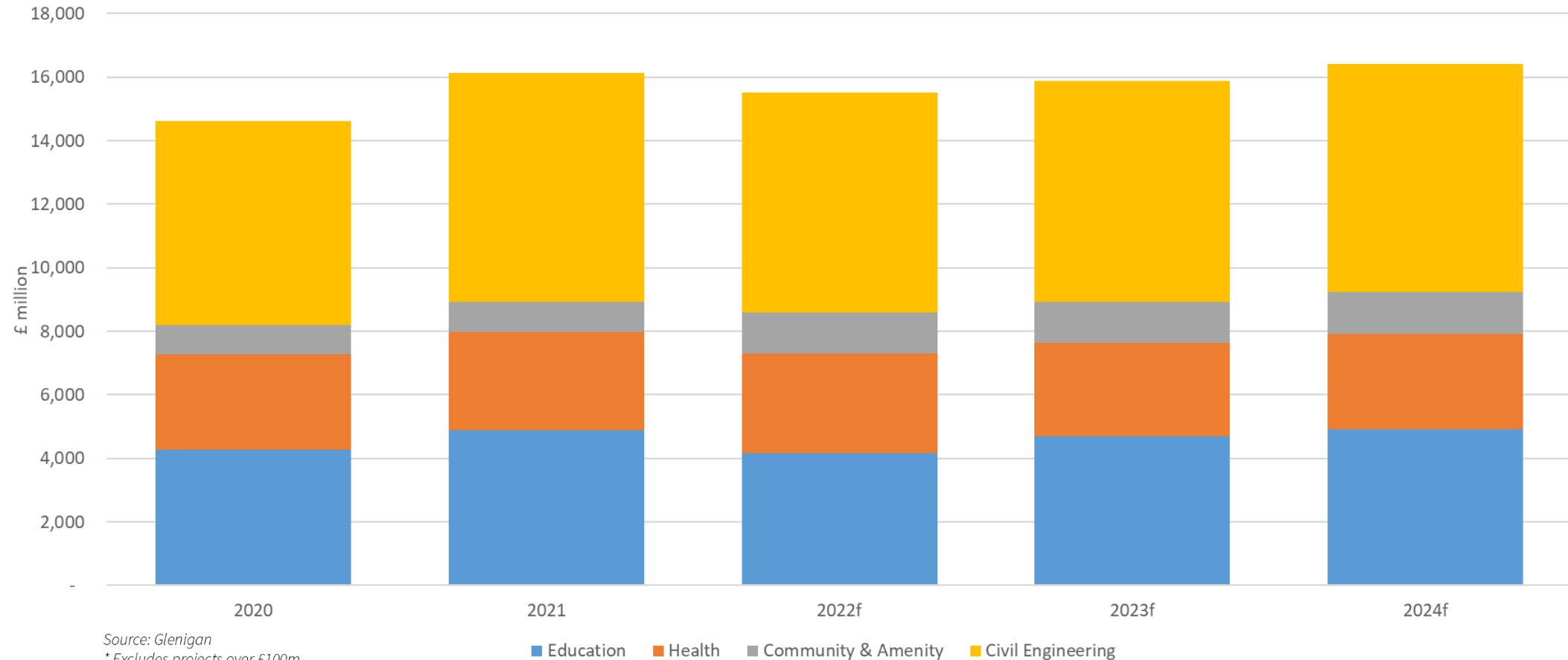
- Strong recovery post-pandemic new build projects will add to supply from 2023
- Hybrid working driving structural changes to office market
 - Size, layout & location
- Increase in transactions, sub-letting and refurbishment
- Net Zero
 - Demand for premium office premises
 - EPC letting restrictions will drive turnover and re-purposing of older properties



Source: Glenigan

Public Non-residential & Civil Engineering Forecast

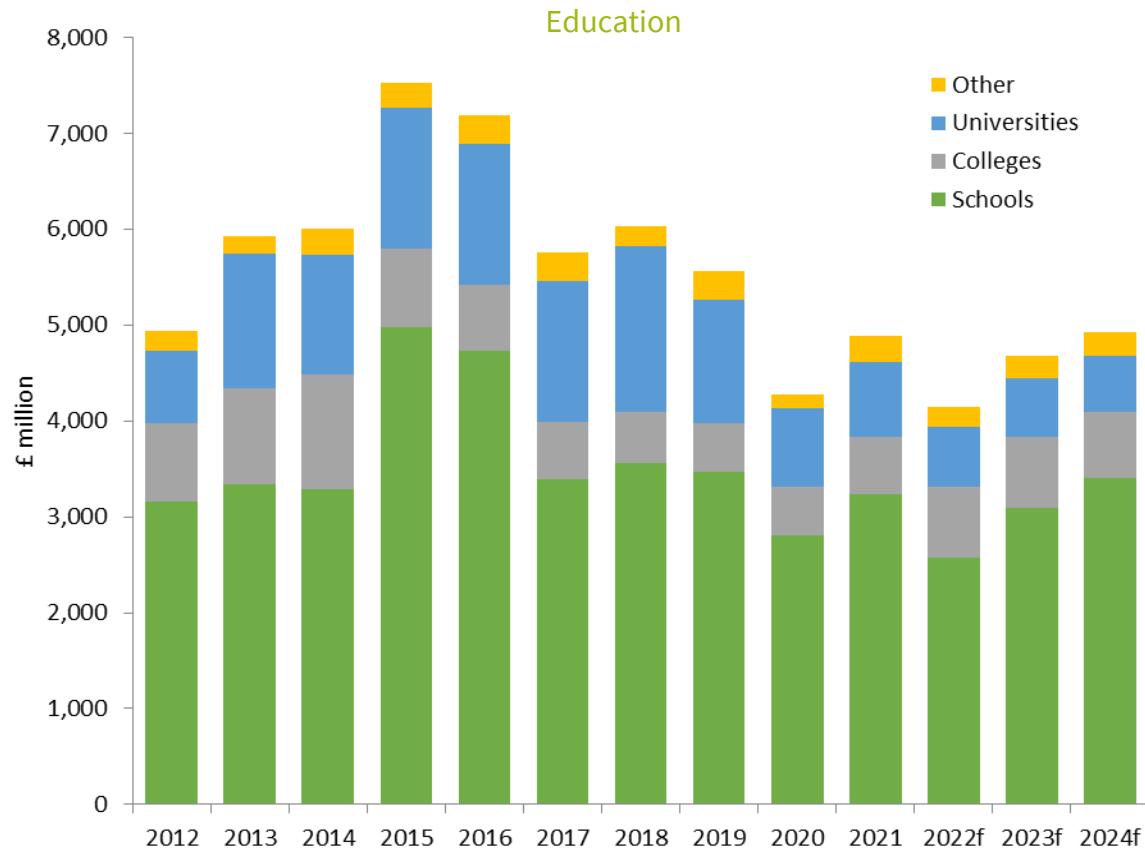
Value of underlying public non-residential & civil engineering project starts



Source: Glenigan
* Excludes projects over £100m
f = forecast

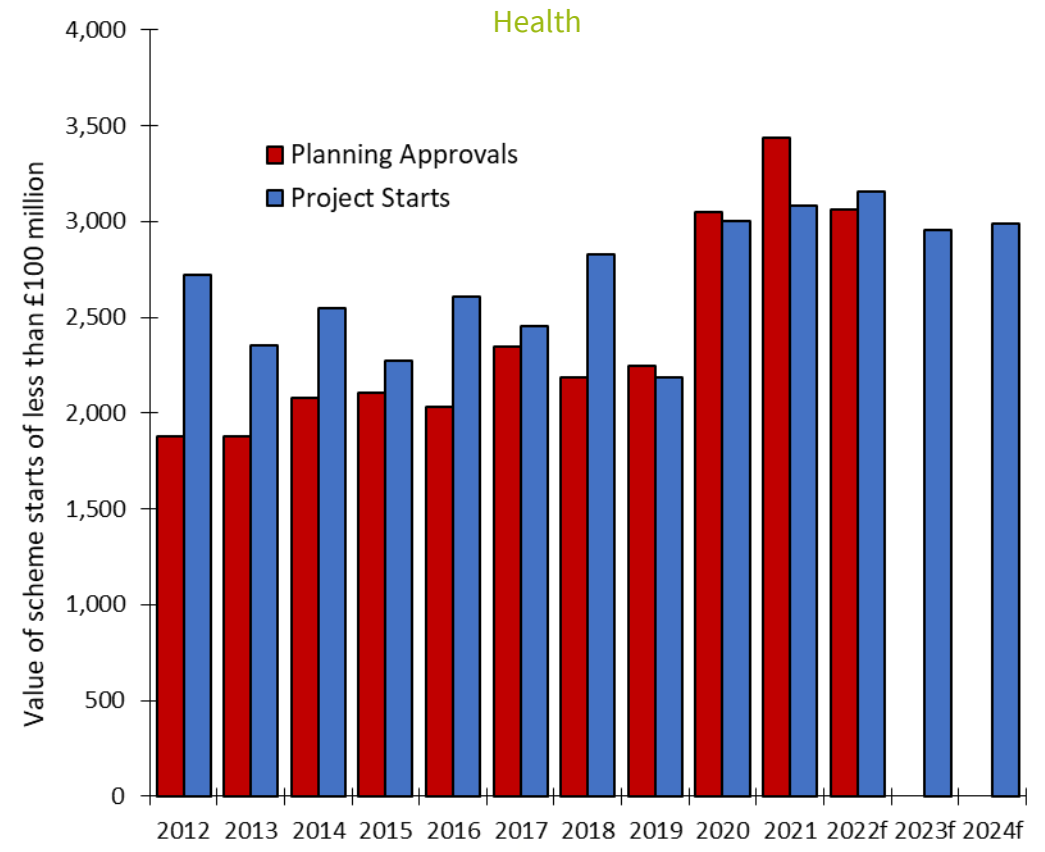
■ Education ■ Health ■ Community & Amenity ■ Civil Engineering

Education & Health



N.B Excludes projects with a construction value in excess of £100m. Source: Glenigan

	2021	2022f	2023f	2024f
£ million	4,884	4,149	4,680	4,931
Growth	14%	-15%	13%	5%

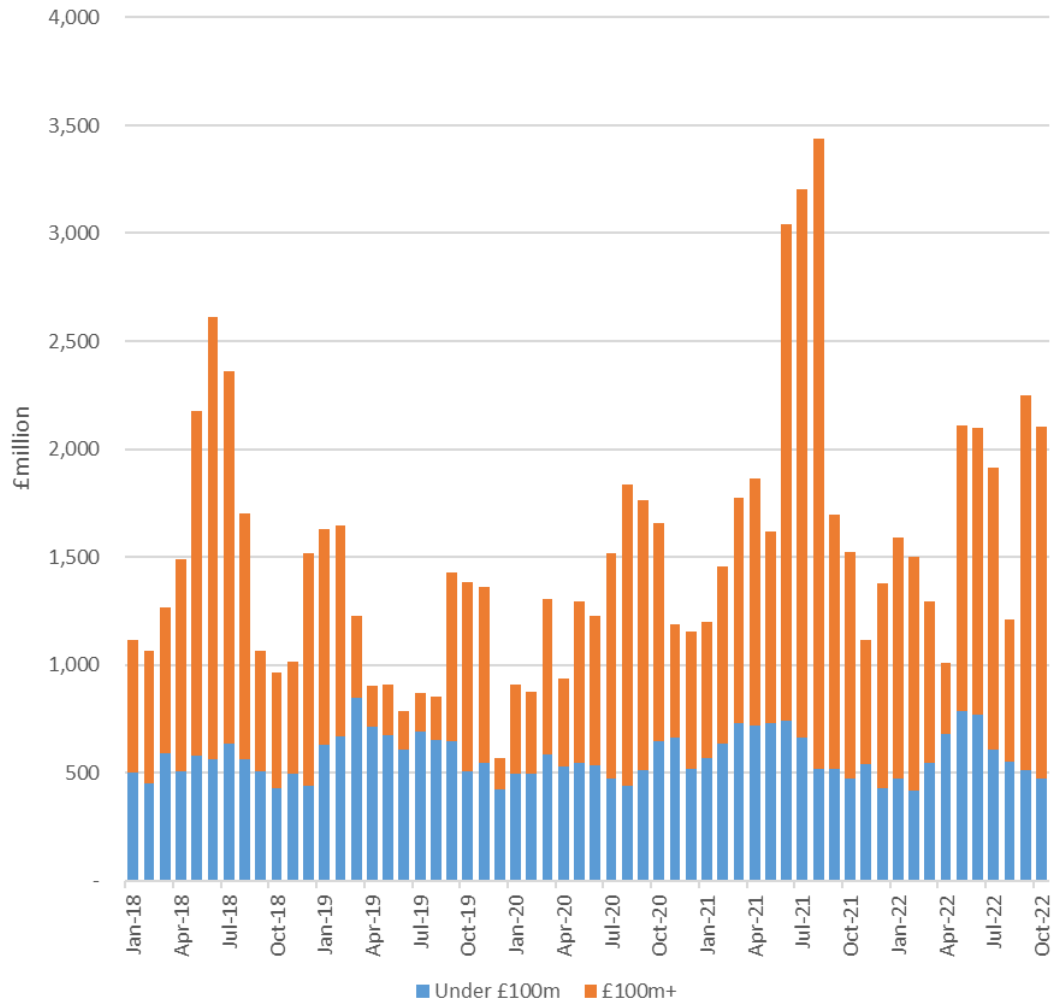


N.B Excludes projects with a construction value in excess of £100m. Source: Glenigan

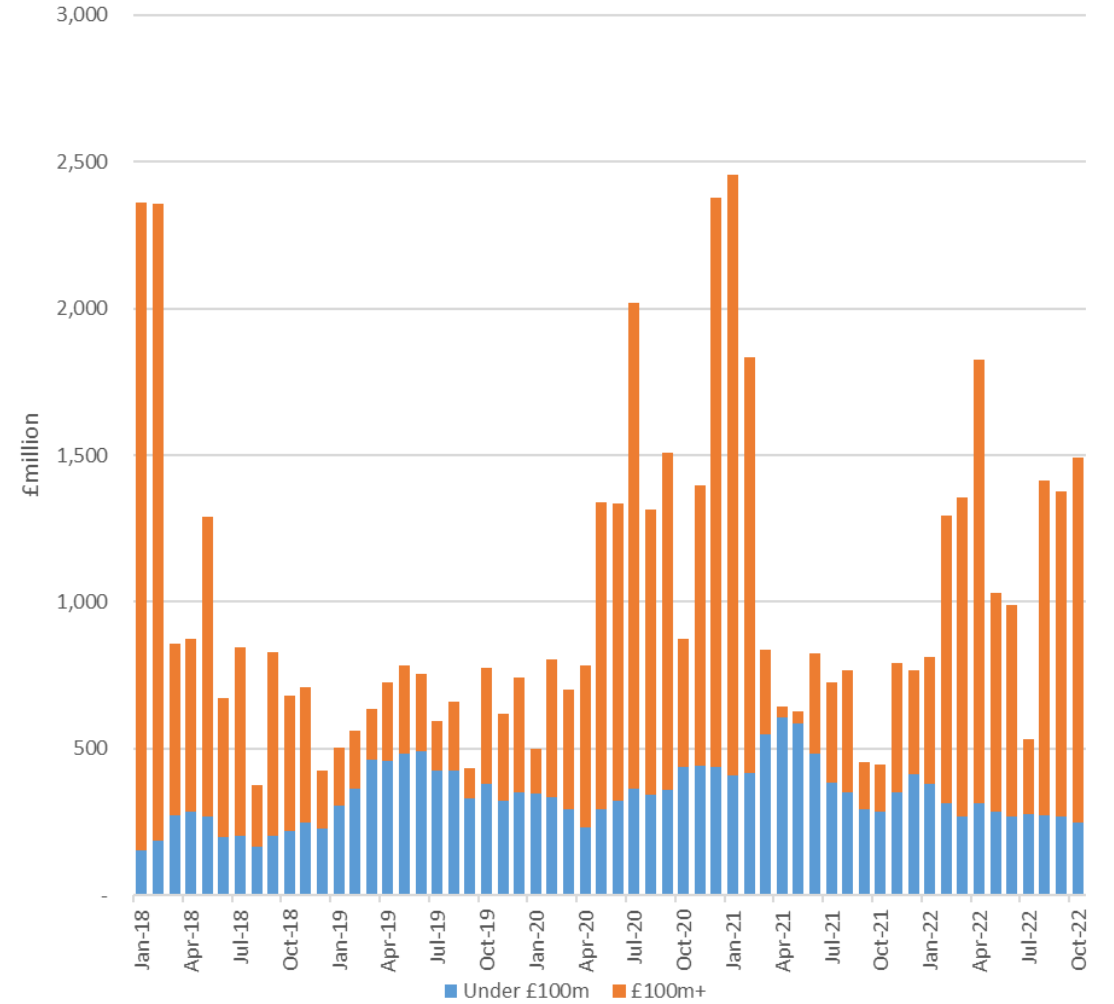
	2021	2022f	2023f	2024f
£ million	3,084	3,157	2,957	2,986
Growth	3%	2%	-6%	1%

Civil Engineering

Starts



Detailed Planning Approvals



Construction Forecast to 2024

Annual Change	2021	2022f	2023f	2024f
Private Housing	30%	-4%	-5%	15%
Social Housing	16%	-9%	-3%	0%
Industrial	59%	25%	-5%	-8%
Offices	27%	4%	5%	-3%
Retail	39%	-11%	-4%	10%
Hotel & Leisure	37%	-6%	9%	2%
Education	14%	-15%	13%	5%
Health	3%	2%	-6%	1%
Community & Amenity	3%	36%	0%	2%
Civil Engineering	12%	-4%	1%	3%
Total	25%	-2%	-2%	6%



G Glenigan

80 Holdenhurst Road, Bournemouth, BH8 8AQ

0800 060 8698 | info@glenigan.com