RICS

Q4 2020: Global Construction Monitor

Feedback points to global construction market recovery

- **Global Construction Activity Index returns to positive territory in Q4**
- **Infrastructure key driver of improving tone followed by private residential development**
- **Rising material costs likely to hamper profit margins over coming year**

Despite considerable uncertainty remaining around the prospects for the global economy, the construction sector is proving to be somewhat more resilient to the macro scarring left by the COVID-19 pandemic. Feedback from contributors to the RICS Global Construction Monitor (GCM) shows clear signs of a rebound in market conditions. However, these results need to be read with some caution; although a recovery appears to be taking shape at an aggregate level, survey participants report significant dispersion in conditions across the various geographies and sub-sectors tracked by the Monitor.

Global market conditions turn positive

Feedback from survey participants indicates that global construction market conditions turned positive in Q4 of 2020. The Global Construction Activity Index* (CAI) rose to +3 in Q4, up from -9 in Q3 and -24 in Q2. The positive reading indicates an improvement in conditions globally, albeit very modest, and is consistent with increased optimism regarding the prospect of a pickup in construction workloads over the coming year.

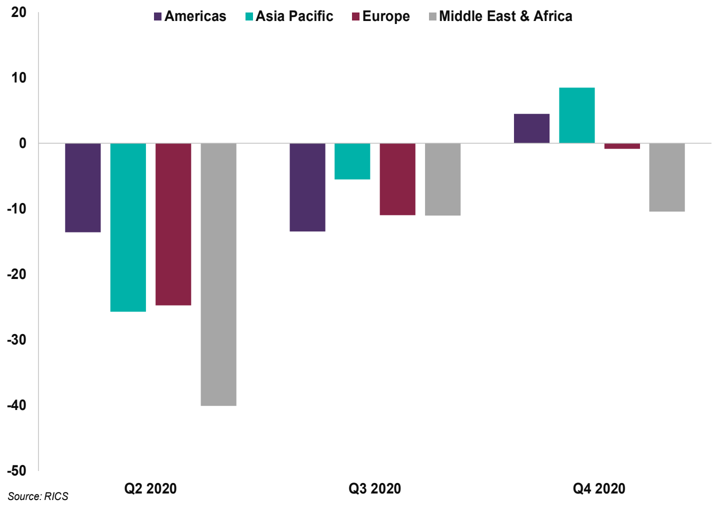
Chart 1 shows how the CAI has evolved from Q2 to Q4 by broad region: the Americas, Asia Pacific (APAC), Europe and the Middle East and Africa (MEA). The impact of COVID-19 and subsequent economic lockdowns were generally most acutely felt in Q2 2020, which is clearly shown in the chart. During Q3, feedback from respondents signalled a continued deterioration in conditions, though the shock was not as significant as in Q2 (and the outlook was slightly more upbeat). This may have been at least partially owing to increased certainty over the policy response to the crisis.

The momentum appears to have gained traction in Q4, particularly in the Americas (+5) and APAC (+8). This is led by the United States (+9), China (+16), Canada (+19) and Australia (+14), where respondents noted an increase in aggregate workloads during the fourth quarter of 2020, or in the case of the United States, have expectations for a fairly robust pickup in workloads over the next year. The picture in other regions was more mixed, with a positive CAI in Germany (+9) and the UK (+13) being offset by weaker readings in Spain (-23) and Portugal (-11) to leave Europe with a neutral CAI (-1). Meanwhile, positive readings in Saudi Arabia (+24) and Nigeria (+13) were offset by those in Turkey (-27) and South Africa (-25) to leave MEA with a negative reading (-10) in Q4.

Dispersion remains high across markets

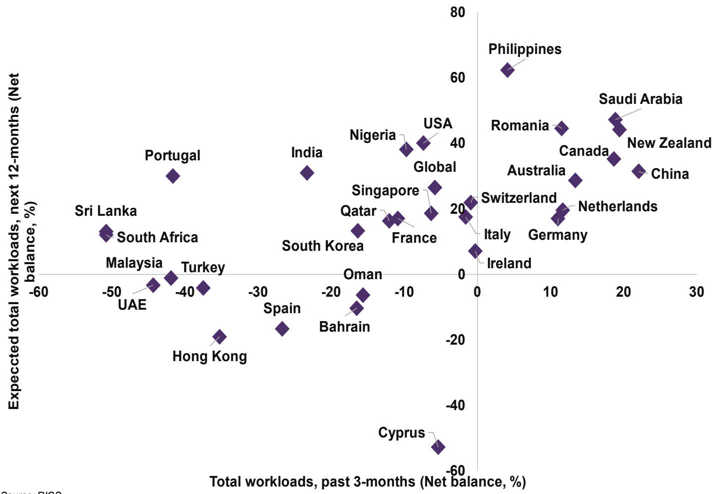
As indicated in the previous section, although the headline results generally pointed to an improvement in conditions, there was a high degree of dispersion between markets.

Chart 1: Regional Construction Activity Index*



Source: RICS

Chart 2: Current and expected workloads



Source: RICS

*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:

AACE INTERNATIONAL

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

PICQS

This can be seen in Chart 2, which shows how the level of aggregate workloads has changed over the previous three months (horizontal axis) against how respondents expect aggregate workloads to change over the next twelve months (vertical axis) in their markets.

Looking at how the level of activity has changed over the past three months, there appear to be three distinct groups. Firstly, those where respondents have reported some degree of growth: this includes Saudi Arabia, China, Canada and to a lesser degree Germany and Australia. Following this, there is a group that reported either little change in aggregate activity or a modest decline in work from Q3 to Q4: this group includes the United States, Italy, Nigeria, South Korea and India, amongst others. Finally, there is a group of countries where participants noted a more acute decline in work to end 2020. This includes Turkey, South Africa, Portugal and the UAE.

The outlook for construction workloads in 2021 is more aligned. Contributors in a majority of markets expect some degree of rebound in work over the next twelve months, with expectations in the Philippines, United States, Saudi Arabia and New Zealand pointing to a particularly robust rebound (in net balance terms). Respondents in some markets (UAE, Malaysia, Turkey) expect workloads to stabilize over the next year, while activity is expected to continue to contract in others (Hong Kong, Spain, Cyprus).

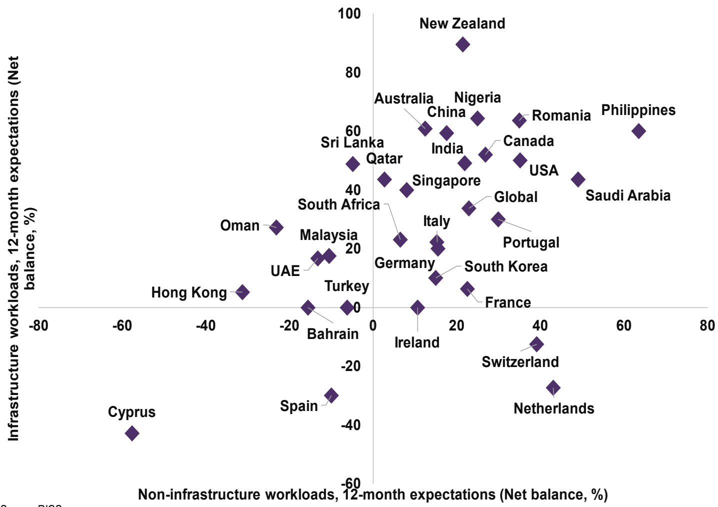
Expectations hinge on infrastructure

Similar to Q3, most of the expectations for a pickup in workloads are centered on an increased level of work on infrastructure projects over the next twelve months. This is perhaps unsuprising given many governments' policy responses to the pandemic have included some fiscal support for infrastructure investment. Chart 3 plots expectations for how work on infrastructure projects will change over the next year (on the vertical axis) against expectations for changes in non-infrastructure workloads over the same period (on the horizonal axis). The outlook for work on infrastructure projects appears to be more robust than that for non-infrastructure projects, albeit slightly less so in Europe and slightly more so in APAC.

Chart 5 shows that work on information and communication technology (ICT) and energy projects continued to increase during Q4, according to feedback from participants. Work on social, transport and water and waste projects was seen to have increased in APAC but not elsewhere. This was primarily driven by China, and to a lesser degree Australia and New Zealand. Respondents in the Americas were the only ones to note an increase in work on agribusiness projects, largely due to the United States and parts of Latin America.

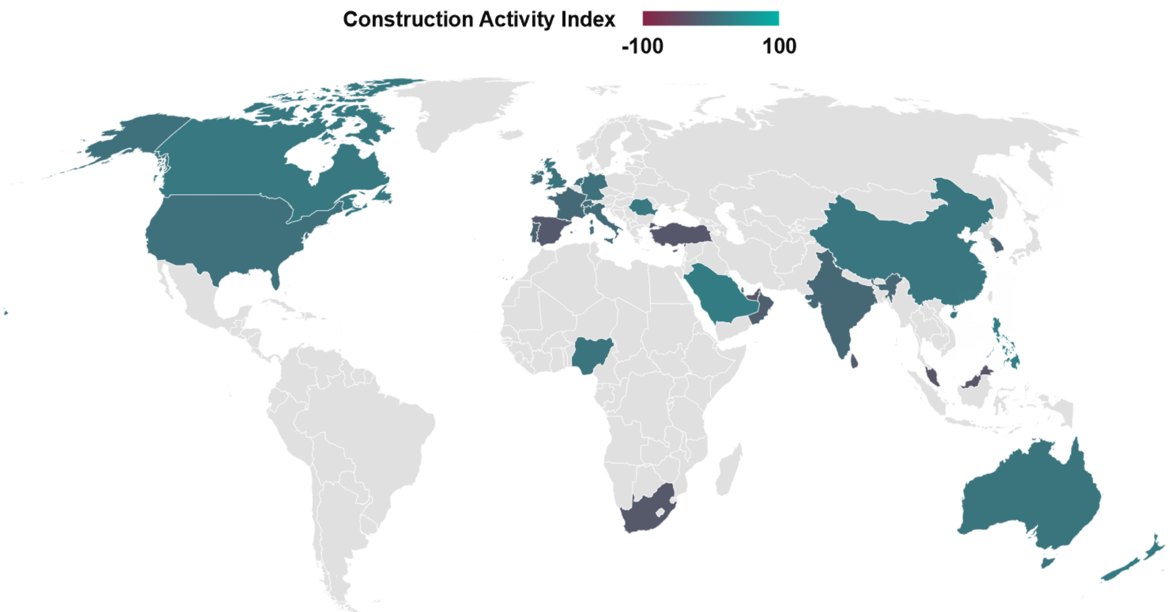
Despite a more upbeat outlook for overall workloads over the next twelve months, business conditions are expected to remain difficult in the construction industry. At the global level, profit margins are expected to be little changed throughout 2021. However, given the outlook for tender prices and construction costs shown in Chart 6, it appears as though cost pressures on the industry will continue to be acute for the next twelve months**. On a more positive note, respondents do expect a modest expansion in headcounts globally, particularly in the Americas and APAC.

Chart 3: Expected workloads, next 12-months



Source: RICS

Chart 4: Construction Activity Index by country



*The other infrastructure sub-sectors tracked by this survey are energy, transportation, social, water and waste, and agribusiness.

**A full breakdown of tender and cost expectations can be found on page 10 of this report

Chart 5: Infrastructure workloads, past 3-months

Source: RICS

Chart 6: 12-month expectations

Source: RICS

Asia Pacific: Expectations point to rebound in 2021 despite slower recovery in China

The construction market in Asia Pacific appears to be poised for a recovery from the COVID-19 pandemic and subsequent economic shock, according to survey respondents. Chart 1 shows that for the second consecutive quarter the CAI either increased or became less negative in almost all markets covered. The only two exceptions were Sri Lanka and China, and in the latter the CAI was still positive, indicative of an expansion. In fact, only three markets (Hong Kong, Malaysia and Sri Lanka) had readings conducive to a deterioration in conditions during Q4, while all others tracked by this dataset either pointed to a stabilization or an expansion. In particular, feedback from Singapore, India and Australia all points to a considerable improvement in these markets from Q3 to Q4.

More optimistic outlook for headcounts

Unlike during the third quarter of 2020, where the expansion was largely driven by China (and to a lesser extent the Philippines and New Zealand), data from the fourth quarter points to an imminent recovery across Asia Pacific construction markets, if it is not already underway. Similar to Q3, the infrastructure segment of the market appears to be leading the recovery. Survey participants in Australia, China, India, New Zealand, the Philippines and Singapore all noted that work on infrastructure projects increased to a greater or lesser degree during Q4. Over the next twelve months work on infrastructure projects is generally expected to increase at a faster pace than other sectors in these markets (in net balance terms). The Philippines is the only exception to this, as the increase in work on private residential projects is expected to slightly outpace the increase for infrastructure.

A notable shift in market sentiment can be observed from headcounts. Chart 2 indicates that with the exception of Australia and New Zealand, where the labour market appears to have stabilized in Q4, cuts in headcount persisted to end 2020 across most markets in Asia Pacific (and indeed globally). However, with few exceptions (Hong Kong, Malaysia, South Korea), hiring is expected to resume in 2021. This is very different than the outlook for headcounts during the third quarter, where most respondents signalled that further cuts in headcount were expected over the next twelve months.

Several obstacles to recovery remain

Chart 3 illustrates a dynamic unique to the Asia Pacific region. When asked about which factors were holding back activity in their markets, a higher share of respondents in Asia Pacific responded "yes" to each factor listed than the global average. It is difficult to determine the reason for this, but financial constraints appear to be the main barrier to activity across the region. Several comments indicated that this was, perhaps unsurprisingly, linked to a lack of demand and competition, and had resulted in payment delays. This is likely to persist, given tender prices are expected to rise more slowly than construction costs over the next twelve months.

Contributors in several markets also commented on persistent supply chain disruptions from COVID-19 either pushing up the costs of materials or resulting in a shortage of materials. Similarly, in markets that experienced regional lockdowns (such as China and India) or depend on imported labour (such as Singapore), respondents highlighted a shortage of labour. Some markets also noted that a lack of skills hampered activity in the industry, but there was no clear regional consensus as to which skills or professions were the most needed. Instances where regulation and weather were highlighted as a constraint were similarly idiosyncratic across Asia Pacific.

Chart 1: Construction Activity Index

Chart 2: Headcounts

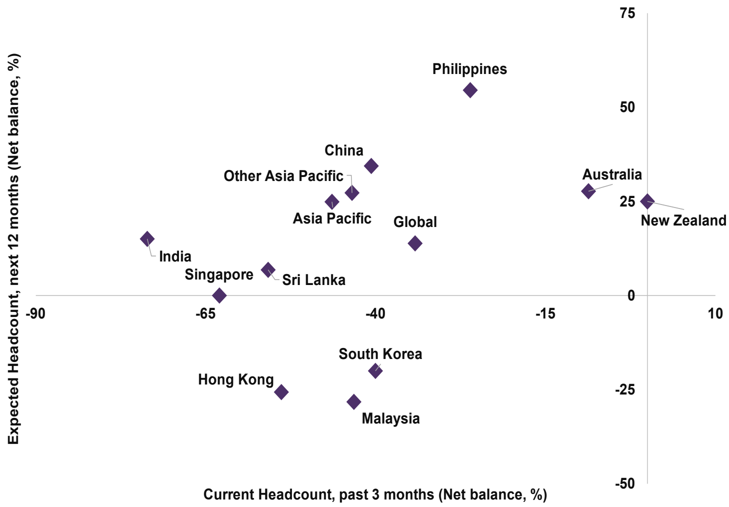
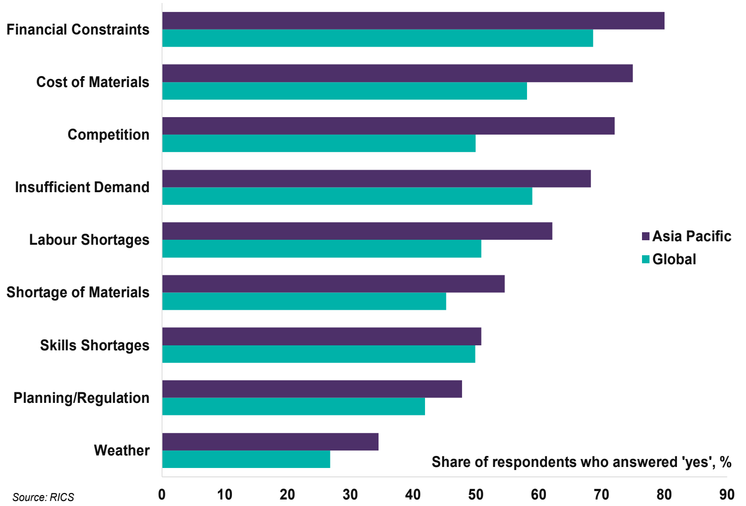


Chart 3: Factors holding back activity



Regional Comments from Survey Participants in Asia Pacific

Australia

Availability of materials manufactured overseas is substantially delaying some project completions. -*Brisbane*

Gap in completion of mega-projects & commencement of new will create short term supply/demand issues. -*Melbourne*

The end of COVID restrictions may see a surge in activity. -*Sunshine Coast*

The infrastructure market is heated with limited players and they are taking huge advantage of this. -*Sydney*

Government stimulus spending will increase construction volumes and demand for subcontractors. -*Sydney*

China

Labor costs have risen severely, and skilled workers are severely affected by the epidemic, especially in winter. The increase in epidemic prevention costs further compressed the profit margin of the project. -*Beijing*

The epidemic has caused employment difficulties, and the economies of all countries need to resume growth, and investment in infrastructure has increased. -*Beijing*

Due to the impact of the new epidemic, some export materials/ equipment have to be reserved for longer procurement time. In addition, due to the epidemic, some non-local workers stayed in their original places to work in other cities, resulting in labor shortages and increased labor costs. -*Shanghai*

The epidemic caused the project to be unable to proceed normally, and the negative impact was very large. -*Shanghai*

The impact of COVID-19 will continue, the use of imported products will decrease, and the shift to domestic products and materials. -*Shanghai*

Material prices will continue to rise due to environmental protection and policy reasons. -*Suzhou*

Increased costs caused by the epidemic. At the same time, the epidemic has also caused insufficient investor confidence, and the number of cautious investors has increased. -*Weihai*

Financial investment will affect the progress of project construction. -*Wuhan*

Hong Kong

Client is holding up some development plans in future due to the COVID-19.

Weak market demand and users' market demote projected profit margin, due to worsening economy.

India

I have never in my past 47 years of professional life I never experienced such an uncertainty. -*Bengaluru*

Availability of skilled manpower, COVID-19 regulations and distancing has resulted in low productivity. -*Bengaluru*

Unpredictability of restrictions due to COVID, lack of demand and finance in certain sectors. -*Delhi NCR*

Design of newly commissioned projects raise concerns regarding post COVID safety measures. -*Delhi NCR*

Material cost like cement & steel prices are fluctuating; unavailablity of skilled & unskilled labours. -*Hyderabad*

Due to budget constraints of clients, payments to consultants, contractors & agencies have been delayed. -*Hyderabad*

Japan

Reduced workload and increased competition for GCs. -*Tokyo*

Malaysia

Uncertainty in the cost of labour, materials due to adverse impact of COVID-19. -*Kuala Lumpur*

Jobs are scarce and many contractors are facing cash flow difficulties and difficult to mobilise. -*Kuala Lumpur*

New Zealand

Lack of materials being shipped and delayed shipping times is starting to cause issues on our projects. -*Auckland*

Severe shortage of labour. Starting to see affects of COVID on delivery of materials into NZ. -*Wellington*

Philippines

Global pandemic made us re-think the contingency allocation for each proposed project. -*Manila*

Singapore

Health and safety measures and restrictions in workplace hamper production recoveries.

COVID-19 affecting supply of workers from traditional sources / poor site productivity.

South Korea

Investment decision delayed due to economic downturn caused by coronavirus. -*Seoul*

Sri Lanka

Skilled labour reluctant to work in urban sites due to health concerns by their families. -*Colombo*

North America: Expectations data points to better trend through the course of the year

Feedback regarding sentiment in the construction sector in North America continues to improve despite ongoing concerns about Covid. For the US, the headline Construction Activity Index turned around from -17 in the third quarter to +9, while for Canada, the indicator rose from 11 to 19 (Chart 1). Disaggregating the numbers predictably shows forward-looking metrics to be stronger than those relating to the current environment.

Resilience more visible in Canada

The situation regarding current workloads (which relates to Q4) is shown in Chart 2. Responses from contributors to the GCM suggests that while output in Canada continued to edge up over the period (unweighted net balance of +18% against +6% previously), for the US the downward trend flattened (net balance of -7% compared with -21% in Q3). In both countries, infrastructure is the sector showing the most positive trend. And within this broad segment, it is unsurprisingly the digital component (ICT) that is leading the way. Alongside this, the results suggest that profit margins in construction more generally remained under some pressure in the run-up to the year end partly because of a visible uplift in material costs. Despite this, it is noteworthy that concerns around payment delays moderated.

Workloads likely to pick up as year wears on

Any caution regarding activity seemingly dissipates in the expectations metrics that are captured in the GCM. Chart 2 shows the breakdown for workloads over the next twelve months for both the US and Canada. For each component, the net balance reading is higher in Q4 than Q3, with infrastructure topping the list in each case. Interestingly the improvement in the US appears particularly striking. However, despite this more upbeat tone regarding the outlook, respondents do continue to draw attention to financial constraints amongst a host of other factors as holding back activity; these include, in the US in particular, concerns around labour and skills, while in Canada, the cost of materials and labour shortages are identified. Recruitment of skilled trades is viewed as a particular challenge in both countries (highlighted by more than 50% of contributors) alongside quantity surveyors.

Nevertheless, delivering the higher level of activity projected through 2021 is viewed as likely to result in a rise in the headcount over the next twelve months. In the US, the net balance reading of +29% compares with -5% in Q3 while in Canada, the comparable numbers are +21% and +9% (again measured in net balance terms).

Cost expectations outstrip tender prices

Although the indicator capturing expectations for profit margins has improved in comparison with the third quarter (0 in the US as against -24 and +5 in Canada versus -7), the projections for tender prices and costs paint a more cautious picture (chart 3). For the US, tender prices are anticipated to remain broadly flat over the year according to respondents to the survey. However construction costs are viewed as rising by between 2 and 3%, with material costs being the biggest driver of this increase.

For Canada, the pattern is similar albeit the point estimates are higher. Tender prices are seen climbing 3% but construction costs could exceed this by a further 2%, with material costs projected as recoding a gain close to 6%. Skilled labour costs are projected to rise in both countries at a faster rate than for unskilled labour.

Chart 1: Construction Activity Index

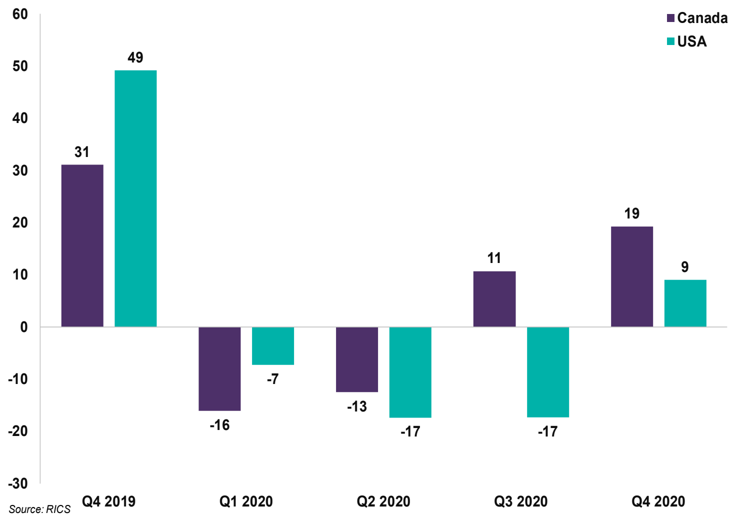


Chart 2: Current and expected workloads

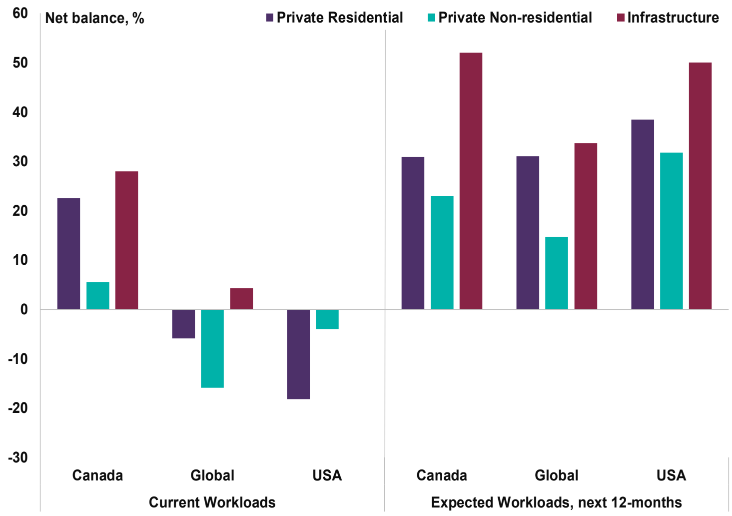
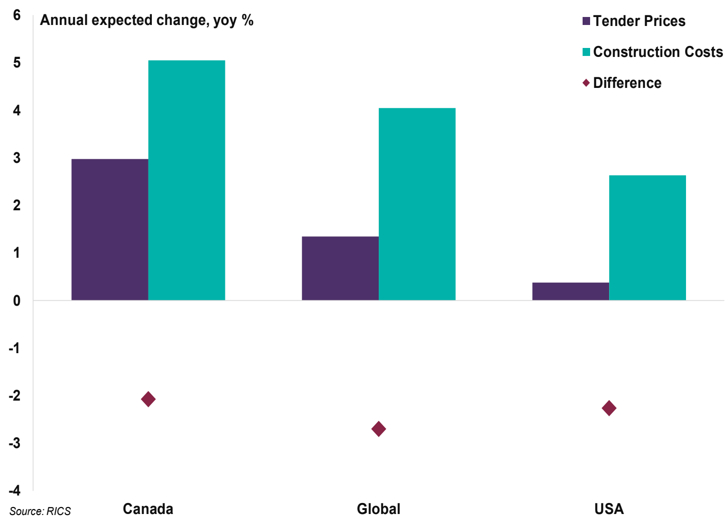
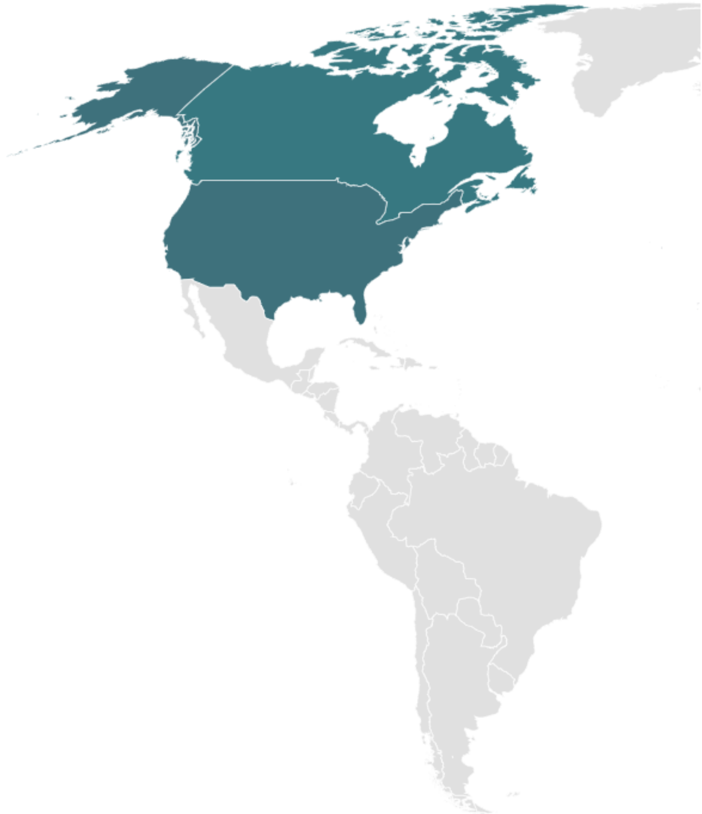


Chart 3: 12-month expectations



Regional Comments from Survey Participants in the Americas



Brazil

Lead time for material delivery. -*Sao Paulo*

Canada

Lack of experienced management and design. - *Bolton*

Material delivery times from US. - *Calgary*

Covid is affecting market confidence and projects being released to the market. - *Calgary*

Oil prices/industry are depressed global . Resulting impact depressed the construction industry. - *Calgary*

International supply, Pandemic. - *Edmonton*

Price of steel, Lumber Supply, Limited private sector work during the pandemic. - *Edmonton*

COVID restriction and tendered projects put on hold is slowing the entire construction industry. - *Edmonton*

Delays with building permit approvals. - *Halifax*

Significant infrastructure work on the street requiring labour. - *Hamilton*

Pandemic has made construction procurement dysfunctional.- *Kelowna*

Qualified and specialized workforce. - *Laval*

Lockdown due to the pandemic.- *Mississauga*

Increase in material costs due to low supply. - *Ottowa*

A lot of govt spending happening to keep economy going helps. - *Ottowa*

Provincial stimulus package details now known - roads, hospitals, musums, etc. New COVID funding. - *Parrsboro*

Skilled labour and cost of materials.- *Quebec*

Materials supply chain slowdown. - *St Johns*

Foreign buyers tax and other regulatory taxes negatively impacted residential market. - *Surrey*

Recovery from COVID with the availability of the vaccines. - *Torronto*

Social distancing, COVID-19 impacts. - *Torronto*

COVID-19 Protocols impact on project schedule and delay of permits & utility providers - *Torronto*

Smaller business operators and subcontractors appear to be more negatively impacted. - *Vancouver*

Shortage of labour resources in COVID 19 situation. - *Victoria*

The increase in government infrastructure spending will impact the private sector. - *Victoria*

The Pandemic is impacting productivity and material supply costs significantly.- *Windsor*

Productivity due to COVID19 restrictions and strict lockdowns. - *Winnipeg*

Cayman Islands

Remote island location, dependent on imports for majority of labour and materials. -*Grand Cayman*

Jamaica

Some developers failure to have restrictive covenants modified prior to residential development. -*Kingston*

The current pandemic (covid 19) has slowed the country's economic growth. -*Kingston*

The construction industry especially in the residential sector is increasing. - *Manchester*

Trinidad & Tobago

Lack of demand for building construction due to less disposable income.- *Couva*

Difficulties for clients to obtain a mortgage / loan, clients are more cautious (scared to spend). - *Point Fortin*

United States

Covid-19. -*Atlanta*

Austin's market is being driven by the continued growth in tech and talent migration. - *Austin*

Reliability in the supply chain for manufacturing parts. - *Greenville*

Steel and lumber prices are going up. -*Greenville*

Lack of skilled tradesmen.- *Harrisburg*

Energy transition. - *Houston*

Shortage of skilled Quantity Surveyors and Schedulers. - *New York*

Vaccine roll outs, government stimulus, presidential candidacy, BREXIT. - *New York*

Downturn in Tourism. - *Orlando*

Covid has delay many projects. - *Portland*

Pandemic. - *Portland*

Supply chain constraints could impact project timelines. - *Portland*

Considerable fall off in new opportunities mean margins for contractors are being reduced. - *San Francisco*

Increased demand. - *Seattle*

Europe, the Middle East and Africa: Construction Activity Index improves to some degree across most markets

The Q4 2020 EMEA construction Monitor results show sentiment improving in several markets, while feedback has turned slightly less downbeat in others, contributing to a more stable picture emerging across the region in aggregate. Driving this steadier headline backdrop, activity across the ICT and energy infrastructure sub-sectors expanded firmly in most individual markets, while the private residential sector saw an uplift in workloads across Europe as a whole. That said, some markets and sub-sectors remain very much under pressure amid the ongoing economic difficulties posed by the pandemic.

Construction Activity Index improves in several markets

As shown in Chart 1, the headline Construction Activity Index edged higher (or became less negative) in the majority of nations covered across the region. The pan-European average moved into neutral territory, climbing from -11 in Q3 to -1 in Q4. Germany and the Netherlands now display marginally positive readings, and most other European nations returned values consistent with a broadly stable headline picture. At the same time, MEA as a whole saw little change, registering a reading of -10 compared to -11 previously. Continuing to weigh on the headline average, sentiment remains deeply negative within the UAE and Bahrain, with the Q4 readings coming in at -28 and -26 respectively (-30 and -37 beforehand). Bucking the general trend within MEA, Saudi Arabia posted the strongest rise in the Construction Activity Index across all nations covered, returning a figure of +24 compared to +5 previously.

A strong theme coming through in the Q4 results across many European markets (although not all) was a noticeable pick-up in activity across the private residential segment. Indeed, respondents across Romania, the Netherlands, Germany, Italy, Ireland and the UK all reported an increase in workloads within the sector. Meanwhile, Saudi Arabia and Nigeria were the only markets within MEA to see an improvement in private residential activity.

Headcounts remain under near term pressure but are expected to stabilise in the year ahead

With the exception of a few markets, headcounts were again cut in the vast majority of EMEA nations covered by the survey. This reduction appeared most severe in parts of the Middle East and Africa, with the UAE, Oman, South Africa and Qatar all returning particularly negative net balance readings. By way of contrast, the UK was the only area in which construction employment levels were reported to have picked up, while Portugal and Germany saw a stable rather than negative trend. Looking ahead, headcounts are expected to rise most firmly in Saudi Arabia and Nigeria over the year to come.

Non-private residential workloads generally expected to lag other sectors

Throughout Europe in aggregate, the private residential sector is anticipated to expand on its recent solid performance, exhibiting the strongest twelve-month workload expectations on a sectoral comparison (chart 3). For the Middle East and Africa, the infrastructure sector is expected to lead the recovery over the next twelve months, although expectations are also modestly positive within the private residential sector. For the time being, private non-residential workloads are not expected to see any uplift in the coming twelve months across Europe as a whole. Although private non-residential projections are marginally positive within MEA, the sector is still expected to lag the overall recovery.

Chart 1: Constuction Activity Index

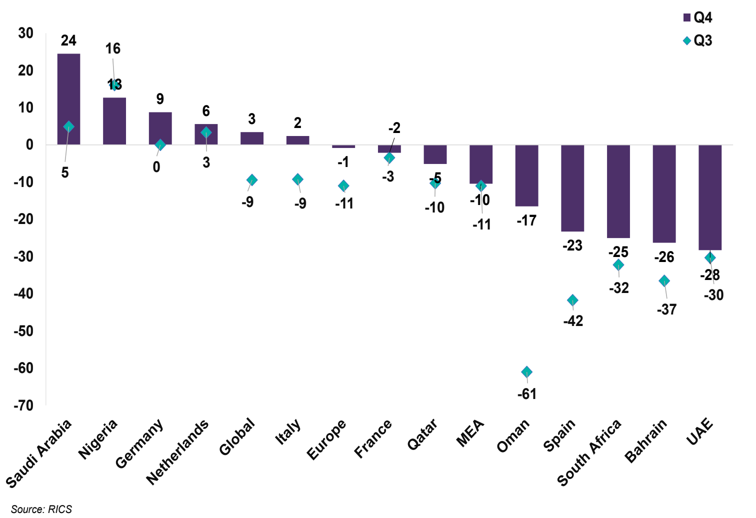


Chart 2: Headcounts

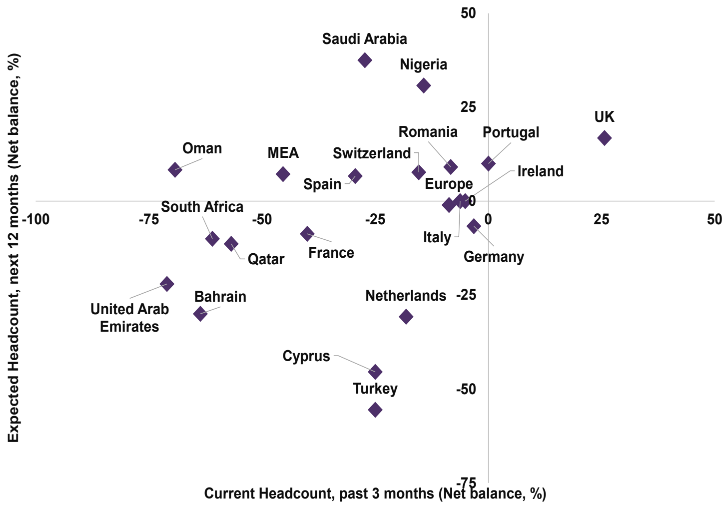
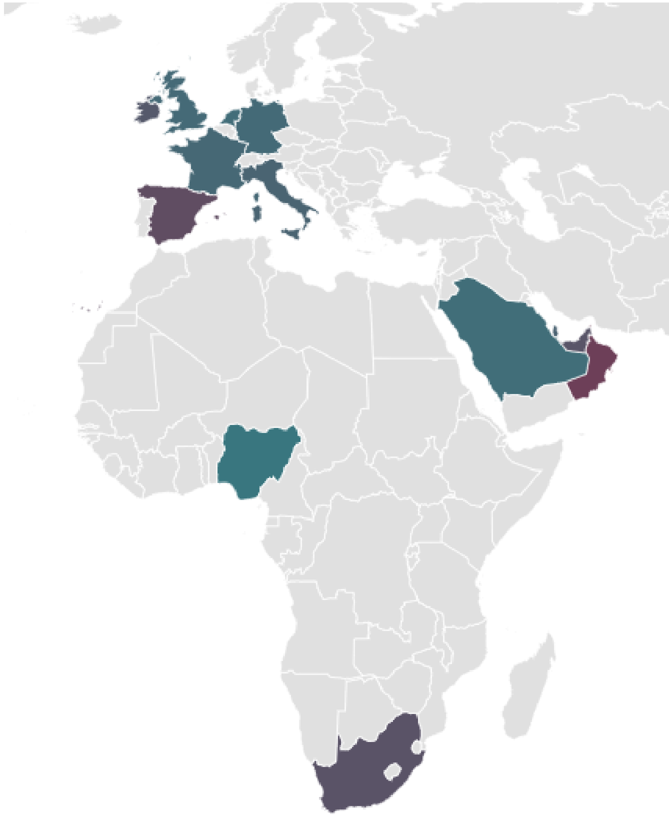


Chart 3: 12-month workload expectations

Regional Comments from Survey Participants in EMEA ex-UK



Bahrain

Covid 19 is causing delays to the delivery of construction materials, and delaying experts' arrival. -*Manama*

Cyprus

The ceasing of investment programmes in Cyprus has resulted in costruction on some high rise buildings not starting. -*Limassol*

France

New local elected officials questioning the programs initially planned. -*Paris*

Germany

Reduced demand for commercial development and financing contraints are affecting new projects. -*Berlin*

Ireland

Brexit and Covid 19 are dampening demand in some sectors. -*Dublin*

Italy

Social distancing decreasing the number of building users/occupants causing a fall in revenue. -*Milan*

Netherlands

Lack of competition in MEP market. -*Amsterdam*

Nigeria

Lower government revenue, increased cost of living, rising inflation, government housing policy. -*Port Harcourt*

Government policies are a major factor affecting the construction market. -*Abuja*

Oman

Reorganisation of the government causing delay in new work. Low oil price. Covid fallout. -*Muscat*

Unexpected lockdown by the authorities, and several time restriction causing delay in construction. -*Muscat*

Restriction of movements between countries adversely affecting the supply chain. -*Muscat*

Portugal

There is a lack of new projects / private investment. - *Lisbon*

Qatar

Travel restrictions affecting the hospitality industry and demand for new hotels. -*Doha*

There is shortage of skilled and unskilled labour because of restrictions due to Covid-19. -*Doha*

Adverse effects of Covid 19, inability to recruit staff from abroad and difficulties in importation. - *Doha*

Romania

Shopping centers are closed due to Covid 19 and developers have stopped construction. - *Bucharest*

Saudi Arabia

The covid-19 pandemic has had an adverse impact on all aspects of the construction industry in KSA.- *Abu Arish*

Covid-19 travel restrictions have limited movement in and out of the Kingdom, disrupting labour supply.- *Dhahran*

Greater competition from new local Saudi companies. -*Jeddah*

South Africa

Public sector spending is down and virtually non existent, as is commercial development. Housing is up.-*Bloemfontein*

Low investor confidence in private sector and delays in local government executing projects. -*Johannesburg*

Over abundance of contractors and not enough work to keep them all busy. -*Pretoria*

Spain

Covid 19 is obviously the main concern in the industry in this moment.- *Barcelona*

Delays due to Covid 19 and ongoing impact on supply chains. -*Marbella*

High land costs, cost of infrastructure, inefficiency of local authorities and delays in licencing. -Marbella

Switzerland

Uncertainty and the need to analyse the changing market are slowing decision making. -*Geneva*

Turkey

Finance costs, project management skills, stakeholder management, miscommunication.-*Istanbul*

UAE

Due to Covid-19, salary and benefits of construction professionals will continue to decline. -*Abu Dhabi*

Supply chains are not functioning efficiently and imported material costs are expected to increase. - *Abu Dhabi*

Steel and cement prices have increased more than 20%. This will impact construction costs. -*Dubai*

Poor outlook for 2021. -*Dubai*

RICS Consensus 12-month Expectations

	Tender Prices	Construction Costs	Materials Costs	Skilled Labour*	Unskilled Labour*
Global	+1.3%	+4.0%	+4.8%	+3.5%	+1.9%
Americas	+1.5%	+3.4%	+5.1%	+2.9%	+1.1%
Canada	+3.0%	+5.1%	+5.7%	+3.7%	+2.5%
United States of America	+0.4%	+2.6%	+4.4%	+3.3%	+1.5%
Other Americas	+3.5%	+4.6%	+6.4%	+1.9%	+0.2%
Asia Pacific	+1.2%	+4.4%	+4.9%	+4.3%	+2.8%
Australia	+2.1%	+3.6%	+4.0%	+3.5%	+2.8%
China	+1.3%	+4.1%	+4.6%	+4.5%	+2.5%
Hong Kong	-0.7%	+0.1%	+0.6%	-0.2%	-1.5%
India	+0.5%	+5.6%	+6.2%	+5.0%	+4.2%
Malaysia	+0.2%	+3.3%	+3.4%	+3.6%	+2.4%
New Zealand	+1.4%	+2.7%	+4.6%	+3.0%	+2.2%
Philippines	+3.9%	+5.6%	+4.8%	+4.4%	+3.6%
Singapore	+4.1%	+7.6%	+5.8%	+7.9%	+8.1%
South Korea	+2.0%	+5.0%	+3.7%	+2.7%	+1.6%
Sri Lanka	+3.4%	+7.3%	+7.8%	+5.2%	+4.5%
Other Asia Pacific	+1.0%	+4.0%	+5.1%	+3.8%	+2.4%
Europe ex-UK	+1.4%	+3.1%	+3.4%	+2.9%	+1.1%
Cyprus	-3.1%	-1.3%	-0.8%	-0.0%	+0.0%
France	+1.4%	+2.9%	+3.9%	+2.1%	+1.4%
Germany	+2.4%	+2.8%	+3.3%	+3.0%	+1.2%
Ireland	+2.7%	+5.5%	+6.1%	+3.8%	+2.9%
Italy	+0.5%	+4.5%	+4.2%	+3.3%	-0.1%
Netherlands	+0.9%	+1.5%	+1.9%	+1.6%	+1.0%
Portugal	-0.6%	+2.5%	+2.8%	+4.8%	+0.3%
Romania	+1.9%	+3.5%	+3.1%	+3.8%	+2.5%
Spain	+0.1%	+1.2%	+1.0%	+0.9%	-0.5%
Switzerland	+0.2%	+1.0%	+3.0%	+1.9%	-1.2%
Other Europe	+1.4%	+3.4%	+3.5%	+3.3%	+1.4%
Middle East & Africa	+1.7%	+6.7%	+6.7%	+3.7%	+2.4%
Bahrain	+0.9%	+4.6%	+3.8%	+0.9%	+0.1%
Nigeria	+6.9%	+8.7%	+7.0%	+6.7%	+6.5%
Oman	+0.5%	+4.1%	+5.2%	+2.5%	+1.1%
Qatar	+0.0%	+3.7%	+2.9%	+3.6%	+2.4%
Saudi Arabia	+1.9%	+3.5%	+3.1%	+3.8%	+2.5%
South Africa	+1.5%	+5.4%	+6.8%	+3.2%	+2.3%
Turkey	+2.0%	+5.0%	+3.7%	+2.7%	+1.6%
United Arab Emirates	+0.1%	+1.2%	+1.0%	+0.9%	-0.5%
Other Middle East & Africa	+3.4%	+7.3%	+7.8%	+5.2%	+4.5%

*Skilled and unskilled labour are expected changes of per unit skilled and unskilled labour costs

Information

Global Construction Survey

RICS' Global Construction and Infrastructure Survey 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 8 December 2020 with responses received until 18 January 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 1813 company responses were received globally, 669 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:

AACE International

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

PICQS

Confidence through professional standards

RICS promotes and enforces the highest professional qualifications and standards in the valuation, development and management of land, real estate, construction and infrastructure. Our name promises the consistent delivery of standards – bringing confidence to markets and effecting positive change in the built and natural environments.

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