

BCIS five-year Facilities Management forecast

3 years ago



The current economic situation, with inflation coming down slower than expected and interest rates rising means that the FM market will be subject to restricted budgets. However, buildings in both the public and private sector need substantial investment.

These pressures are likely to see a fall in total R&M demand this year, followed by a small increase next year. Slow but steady growth is expected for the remainder of the forecast period (to 1Q2028).

Backlog maintenance, particularly in the public sector, needs addressing. Improving the environmental performance of all buildings is also essential if we're to meet our climate change commitments and changing regulations.

FM managers will need to fight hard to maintain their budgets and develop whole life plans – to demonstrate the long-term costs of cutting back – to protect the built environment.

Costs for all FM services will be affected by rising labour costs and a reduced labour pool. Sourcing the right people (particularly skilled craft workers) is becoming increasingly difficult and will be a key challenge over the next few years.

Maintenance costs will rise nearly 20% in the forecast period (1Q2023 to 1Q2028). Costs – which rose 7% in the year to 1Q2023 – are expected to rise 6%, and 4% in the following two years. Over the remaining forecast period, to 1Q2028, costs are forecast to increase less than 3% per annum.

Cleaning costs will rise 28% over the forecast period: labour shortages and the rising cost of living will put pressures on wages. Costs rose 8.3% in the year to 1Q2023 and are forecast to increase nearly 10% in the

year to 1Q2024 and 6% in 2025. These will be followed by annual increases above 3% for the rest of the forecast period.

Energy prices are extremely volatile but are expected to fall by over 60% in the forecast period: prices rose to 77% in the year to 1Q2023. It is anticipated that energy prices will fall for the rest of the forecast period, as the markets stabilise.

Construction R&M annual output is forecast to increase by around 8% over the forecast period: it is anticipated to stagnate over the next couple of years – falling slightly (-0.7%) in 2023 and rising slightly (+0.1%) in 2024. We're expecting consistent growth for the rest of the forecast period. We have assumed that some of the cost of the recladding of buildings in the aftermath of the Grenfell fire – as well as initiatives to tackle backlog maintenance and to cut carbon emissions – will be accounted for in the R&M output numbers and provision has been made for this in the forecast.

The forecast of all BCIS FM indices and output are published in [BCIS Building Running Costs Online](#) service along with the Quarterly Briefing, which contains our market analysis and background assumptions behind our forecasts.