

Mace report highlights stagnant GDP growth and tough 2024

2 years ago



[Mace](#), the global consultancy and construction firm, has released its Q4 Market View, which includes analysis of another poor quarter for construction. Although several sectors have seen growth in terms of new work, there is weakness, largely down to problems in the housing sector, with private housing output down 13.4% from Q3 2022. The wider economy is also struggling, with GDP flatlining in Q3 and forecasts for 2024 weak.

Although material prices have continued to ease slowly, and were 1.1% lower in Q3 compared with Q2, wage pressures and skills shortages are still prevalent, and rising insolvencies are reducing the number of available subcontractors.

The report also highlights the 3.9% rise in new orders compared with Q3. However, this still leaves them 20% down on this time last year, which is likely to hurt output in 2024.

With the detail around the crucial planning reforms announced in November's Autumn Statement yet to be finalised, alongside the Office for Budget Responsibility forecasts for declining business and government investment in the longer term, the economic landscape for 2024 appears increasingly uncertain.

Andy Beard, Global Head of Cost and Commercial Management at Mace, said:

"With forecasts pointing to ongoing weak economic growth, 2024 looks like it will be another tricky 12 months. While interest rates are likely to have now reached their peak, the expectation is that they will only start to come down gradually in the second half of next year.

Higher borrowing costs are having a significant impact on a number of sectors, most notably housing, and

these challenges will persist for some time.

By making it harder to secure credit, the Bank of England has contributed to one of this year's biggest problems for construction, which has been the high number of insolvencies. Similarly, as the Monetary Policy Committee is unlikely to start easing interest rates anytime soon, we expect insolvencies to remain a problem for projects. As a result, the importance of managing the supply chain must still be treated as a priority by consultants, as well as clients and the wider project team."

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