

New report reveals construction industry caution

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[The latest Gleeds UK Market Report](#) has revealed that almost three quarters of construction professionals in the UK feel the current economic and political climate is negatively impacting contracts. Contract conditions and heightened risk profile were common factors among the almost 60% who claimed that they or someone in their supply chain had declined a tender over the quarter.

Higher costs resulting from tax increases and rising labour rates continue to heap on the pressure for construction businesses, keeping the industry at the top of the table when it comes to insolvencies according to recent figures. Almost a quarter of those surveyed by Gleeds said that one or more projects had been affected by a firm's collapse during Q2, with the full impact of tax hikes yet to be revealed.

As a result of the challenging landscape, almost 70% of respondents noticed that contractors were becoming increasingly risk averse, despite the Chancellor's recent pledge to invest in 'renewing Britain'.

Brian McArdle, Gleeds' Managing Director in the UK, said, "In our previous Market Report, respondents reported a sense of cautious optimism in the wake of the Chancellor's Spring Statement, however three months on it appears much of that enthusiasm has dissipated. Concerns around interest rates, inflation, global unrest and supply chain capacity abound, and only half of those surveyed told us their outlook for future investment had been buoyed by recent trade deals with the US, India and EU."

"Optimism has been further eroded by the delays experienced by so many as a result of the introduction of the Building Safety Act. 37% of the people we spoke to said their projects had been held up by the Building Safety Regulator process, with many raising concerns that it was a major threat to project delivery and cost management. However, the recent Spending Review should act as a positive force for many aspects in support of what we and others in the industry are looking to achieve," he went on to add.

Elsewhere, restrictions to immigration following the launch of the Immigration White Paper are expected to result in an increase in labour shortages which had been stabilising, with 43% predicting that new legislation will exacerbate the issue going forward.