

CSN FORECASTS 4,200 NEW CONSTRUCTION CREATED IN THE NORTH EAST FROM 2018-22.

GROWTH RATE:

The region's total construction output is expected to decline on average by 0.8% per annum compared to a UK rise of 1.3%.

JOB CREATION:

Construction trade supervisors are likely to be sought after along with managerial, administrative and professional occupations. The North East's construction employment is anticipated to decrease by an average yearly rate of 1.6%, while annual average expansion of 0.5% is likely for the UK.

MAIN GROWTH DRIVERS/CONTRACTS:

The industrial sector is likely to see the biggest average increases per annum. There are several projects in the pipeline that should lead to steady expansion. For example, work on a £70m Teesside mineral refinery should start next year. The region's biggest sector, private housing, is anticipated to reach a new high of £1.33bn by 2022 (2015 prices). Currently the largest infrastructure project taking place in the sector is MGT Power's £650m Tees Renewable Energy Plant at Teesport.

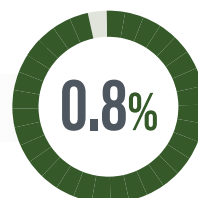
ANNUAL RECRUITMENT RATE (ARR):

The region's annual recruitment requirement (ARR) is estimated at 840, which represents 0.9% of base 2018 employment, below the UK rate of 1.2%.

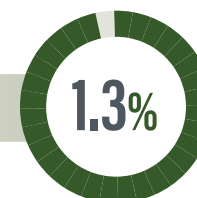
IN A UK CONTEXT:

CSN predicts UK growth of 1.3% over the next five years, with 158,000 jobs to be created. Although UK growth is slightly down on the 1.7% predicted in 2017, the fall was expected and is not dramatic, when taking into account the economy slowing as a whole and uncertainty around Brexit.

North East's construction expected to decline by:



UK average growth:



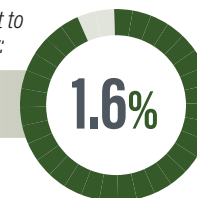
Growth in the UK:



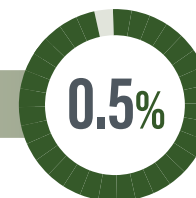
New jobs by 2022:



Employment to decrease by:



UK to grow by only:



Teesside mineral refinery:



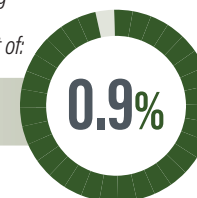
Private housing anticipated high of:



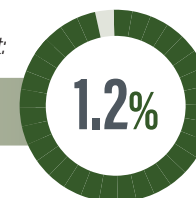
North East's ARR is est. at:



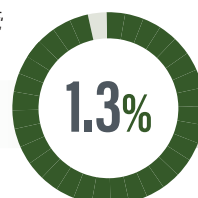
Representing a base 2018 employment of:



UK base employment:



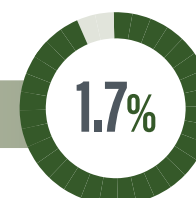
UK growth of:



Jobs created over the next five years:



UK growth down from:



OVERVIEW – NORTH EAST

The North East's construction industry is projected to dip over the next five years, with annual average falls of 0.8%. The new work sector is forecast to decrease by an average of 1.3% per annum while the repair & maintenance (R&M) sector is likely to fare better with marginal average yearly expansion of 0.2%.

The region's biggest sector, private housing, is projected to see output rise by an annual average of 1% between 2018 and 2022. There are projects expected to take place over the forecast period however they are of a small nature. Expansion is likely at developments including the second phase of Karbon Homes' affordable housing scheme in Chester-Le-Street, which will see 19 new two bedroom homes for rent. In 2017, work started on a new project for Ferryhill and Spennymoor. Around 70 social housing properties are to be built which will range from two to three bedrooms, with completion in 2019. By 2022 private housing is anticipated to reach a new high of £1.33bn (2015 prices).

An average yearly fall of 5.1% is projected for the infrastructure sector in the five years to 2022. With no other sizeable schemes like MGT Power's Teesport Energy plant planned, infrastructure output is likely to suffer, despite work scheduled over the long term for a raft of small-sized projects.

An annual average decrease of 1.5% is predicted for the commercial sector between 2018 and 2022. Uncertain economic times as a result of Brexit have caused investors and developers to be wary in taking forward new projects. This is expected to adversely affect sector output during the near term. As the terms of Brexit become clearer, both consumer and investor confidence should rise. This is then likely to lead to some growth in output over the latter part of the forecast period.

Between 2018 and 2022 the region's construction employment is likely to see average yearly falls of 1.6%. However, not all movements are likely to be in a downward direction, with 10 out of the 28 occupational categories seeing increases over the forecast period.

Despite the region's low ARR, construction trade supervisors will be in demand with an ARR ratio between 2.6% and 5% of base employment.

The full report can be read here: www.citb.co.uk/csn