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WALES LEADS UK CONSTRUCTION GROWTH FOR THE FOURTH YEAR RUNNING WITH OVER 12,000 JOBS FORECAST TO 2022.

GROWTH RATE:

Wales' estimated annual average growth rate of 4.6% is above the UK average of 1.3% and is the highest in the UK.

JOB CREATION:

An estimated 12,250 new jobs are forecast to be created by 2022 with a strong demand for civil engineers, surveyors, bricklayers and carpenters. Employment is forecast to grow by 2.1% a year on average – well above the UK rate of 0.5%. The Welsh construction workforce is predicted to reach nearly 121,500 by 2022. Overall, growth will be fairly evenly spread across the major occupational categories with solid growth among managerial, professional jobs, as well as in the trades.

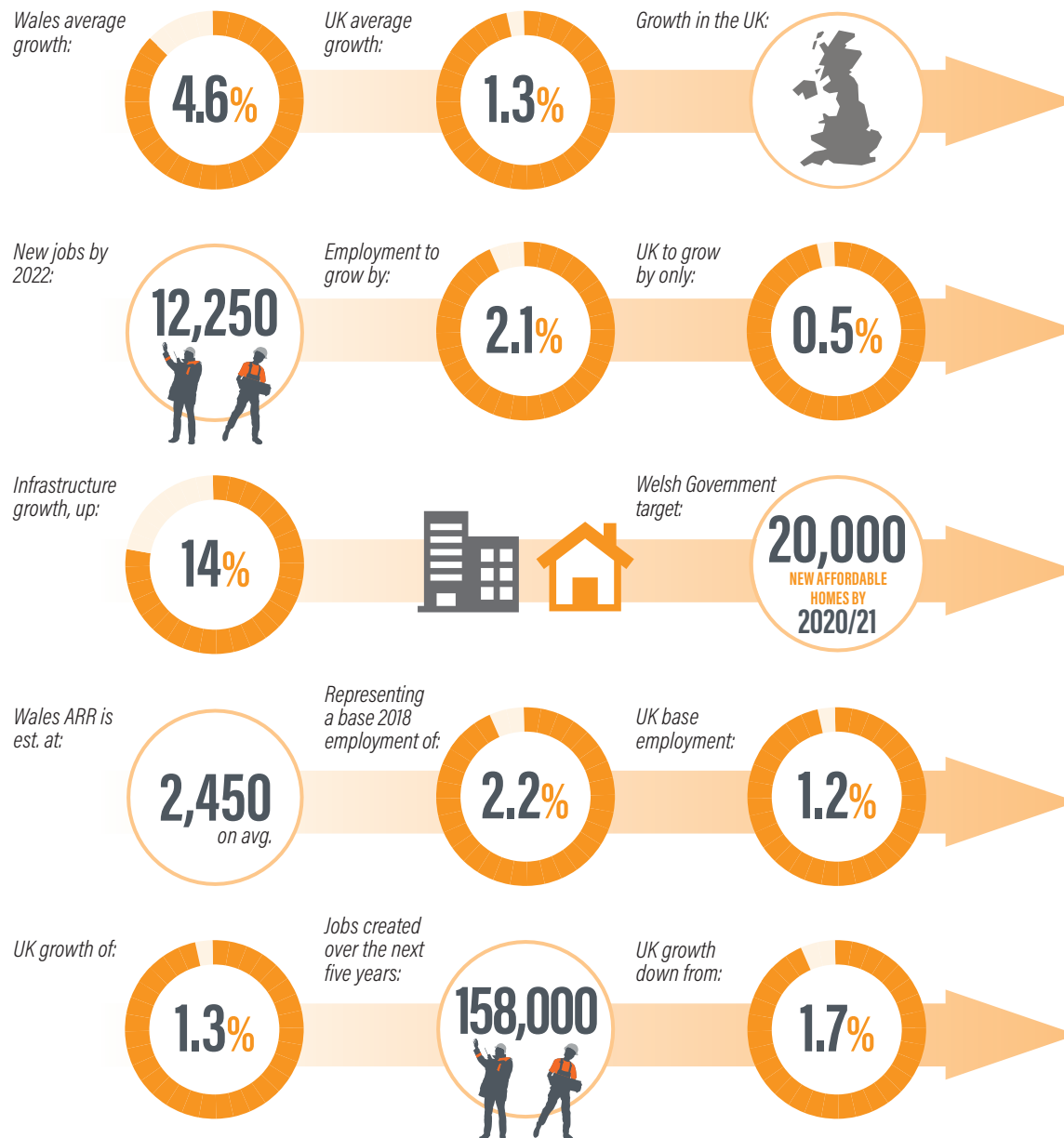## MAIN GROWTH DRIVERS/CONTRACTS:

Infrastructure remains the prime growth driver – 14% a year on average – with a number of energy and transport projects in the pipeline including Wylfa Newydd, M4 relief road and South Wales Metro. Other areas providing a boost to the sector in Wales include both the private and public housing sector, with the Welsh Government setting a target of 20,000 new affordable homes by 2021. The rise in infrastructure output has led to Wales having a significantly different construction industry structure than the UK average.

ANNUAL RECRUITMENT RATE (ARR):

Wales' job growth is estimated at 2,450 a year on average, representing 2.2% of base 2018 employment. This is the highest ratio across all the regions and devolved nations, and well above the UK's 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.

Wales average growth: **4.6%**

UK average growth: **1.3%**

Growth in the UK:

New jobs by 2022: **12,250**

Employment to grow by: **2.1%**

UK to grow by only: **0.5%**

Infrastructure growth, up: **14%**

Welsh Government target: **20,000** NEW AFFORDABLE HOMES BY **2020/21**

Wales ARR is est. at: **2,450** on avg.

Representing a base 2018 employment of: **2.2%**

UK base employment: **1.2%**

UK growth of: **1.3%**

Jobs created over the next five years: **158,000**

UK growth down from: **1.7%**

OVERVIEW – WALES

Expansion will be driven primarily by strong growth in the infrastructure sector, around 14% a year on average. While the start of work on new nuclear build at Wylfa Newydd will be the main engine of growth, the sector will also benefit from a raft of other energy and transport projects, like the M4 upgrade and South Wales Metro. After a 10% rise in 2016, construction output in Wales is estimated to have grown by a further 6% in 2017, to £5.43bn (2015 prices). This growth is close to its 2007 level, but 4% below its 2004 peak. Growth was largely centred in the public housing, public non-housing and commercial sectors, the latter seeing a second consecutive year of very strong double-digit rises, albeit from a very low base.

Governments, both at Westminster and in the devolved nations, are increasingly focussed on increasing housing supply, which means the prospects for both public and private housing have improved. In Wales the Welsh Government target is for 20,000 new affordable homes by 2021, and there are a number of long-term regeneration projects either on site, or in the pipeline, that should provide a steady output for years to come.

In contrast, the prospects for the non-housing sectors are weaker, with public non-housing output only picking up towards the end of the forecast period when Band B of the 21st Century Schools programme ramps up. Commercial construction, after two very good years, is expected to suffer from investor caution due to Brexit over the next couple of years or so.

Wales' forecasted growth is down from 6.2% projected last year (for the 2017 to 2021 period) due in part to changes in the timing of some major projects and the loss of one big project, the electrification of the rail line between Cardiff and Swansea. However, Wales' growth and employment figures remain strong. Wales traditionally suffers from high net outflows of its construction workforce to other areas of the UK, in particular to the South West and North West of England, and thus tends to have high recruitment rates.

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