

ConstructionSkills Network 2010-2014 East of England

LABOUR MARKET INTELLIGENCE



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Labour Market Intelligence



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For more information about ConstructionSkills, please visit our [website](#).

ConstructionSkills is the Sector Skills Council for construction, tasked by Government to ensure the UK's largest industry has the skilled workforce it requires. Working with Government, training providers and employers, it is responsible for ensuring that the industry has enough qualified new entrants and that the existing workforce is fully skilled and qualified, as well as for improving the performance of the industry and the companies within it.



Summary - East of England

Between 2010 and 2014, total construction output in the East of England is expected to grow at an annual average rate of 3.8%, considerably higher than the UK's average of 1.7%. Over the same period, the repair and maintenance (R&M) sector (accounting for 53% of total construction output in 2008) is predicted to grow slowly relative to the new work sector, thus leading to new work becoming the dominant market by 2011. Employment is projected to total 250,230 in 2014, slightly below the 2008 level due in particular to significant falls in R&M activity in 2009 and 2010, which is much more labour intensive than new work.



Regional comparison 2010-2014

	Annual average % change in output	Growth in total employment	Total Annual Recruitment Requirement
North East	0.6%	4,660	3,190
Yorkshire and Humber	1.6%	7,040	2,220
East Midlands	2.6%	10,220	5,260
East of England	3.8%	20,760	7,350
Greater London	2.0%	3,620	3,300
South East	0.8%	-280	2,330
South West	0.4%	1,480	3,020
Wales	2.5%	10,390	5,030
West Midlands	1.5%	9,460	4,050
Northern Ireland	1.1%	1,380	720
North West	0.1%	3,190	4,100
Scotland	2.8%	21,100	7,220
UK	1.7%	93,010	47,790

Source: CSN, Experian
Ref. CSN Explained Section 4, Note 2

Between 2010 and 2014, construction output is expected to grow at an annual average rate of

3.8%

Key findings

Of the regions and nations in the UK, the East of England is forecast to be the only one not to see annual average declines in any of its new work sectors over the medium term. The best performing sector is projected to be infrastructure construction, with average growth of 13.4% in each of the years between 2010 and 2014. Roads projects in the early part of the forecast period – such as the duelling of A11 between Barton Mills and Thetford, and the A120 between Braintree and Marks Tey, are likely to be the driving forces behind the high rate of growth. The Felixstowe Port scheme is already onsite, thus contributing to the high rate of growth for the infrastructure sector. The forecast assumes that a start is made on the London Gateway Ports project in 2011.

Private housing output is likely to grow by double-digits in annual average terms between 2010 and 2014. At 11.1%, construction should be driven by underlying demand for housing as the flow of mortgage credit to consumers picks up and confidence in the housing market returns. The public housing sector should benefit from the uptake in private housing as delivery of social housing units through section 106 resumes, while pressure to increase the provision of affordable housing should also lead to an upward trend in activity.

The healthy average annual rate of increase (8.9%) for industrial output between 2010 and 2014 is predicated upon recovery in the manufacturing sector and rising warehouse construction activity in the hinterlands of the new port schemes. In contrast, the modest rate of growth for public non-housing over 2010–2014 is likely to be a function of pressure on the government to reduce public expenditure post-2011. Drivers in the early part of the forecast period such as the Building Schools for the Future (BSF) Programme and the Primary Capital Programme are likely to be particularly prone to cuts. The commercial sector should also have a weak growth rate over the medium term (0.2%) due to the large falls in activity predicted in the early part of the forecast period.

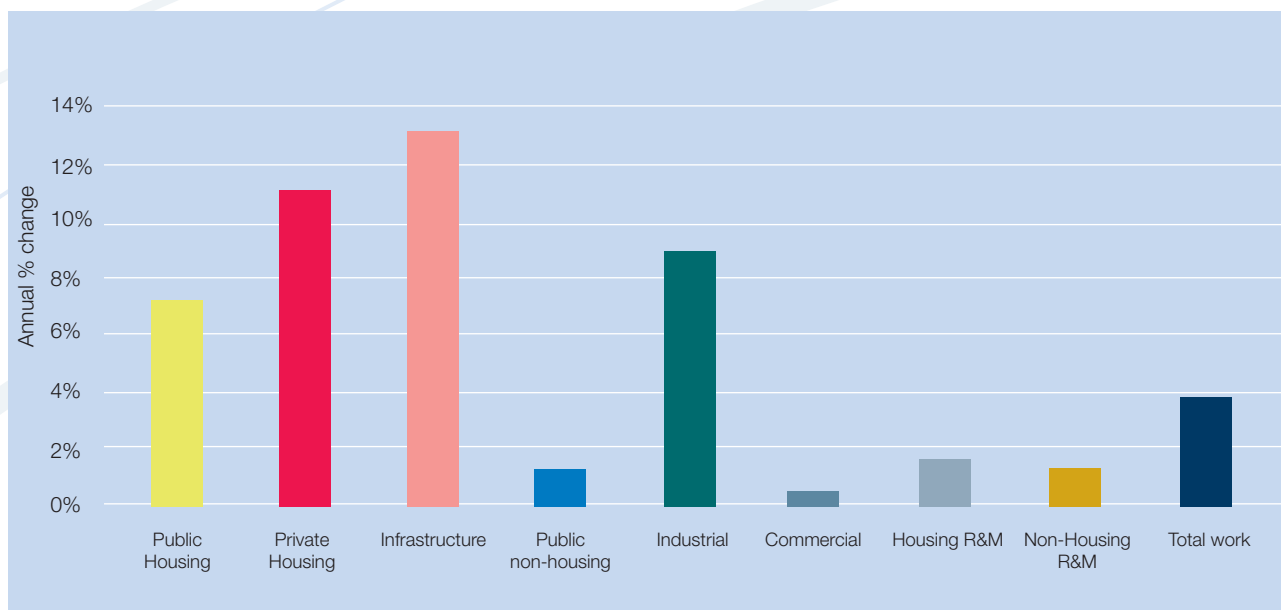
In 2014, total construction employment in the region is expected to reach 250,230, up 9% on the 2010 projected total but down 0.8% on the 2008 outturn. The largest trade occupation in 2008 was wood trades and interior fit-out, accounting for approximately 11.4% of the total construction employment in the East of England. This was broadly in-line with the UK average. Between 2010 and 2014, civil engineering operatives nec* are expected to see the greatest growth in employment (11.4%), while plant operatives (43%) should also do very well, not least due to the strength of the infrastructure sector.

Finally the annual recruitment requirement for the region stands at around 7,350 in the region, with painters and decorators (1,000) and plumbing and Heating, Ventilation and Air Conditioning (HVAC) trades (870) likely to be the most in demand.



Mathematical Science Centre, Cambridge

Annual average construction output growth 2010-2014 - East of England



Source: CSN, Experian
Ref. CSN Explained Section 4, Note 2

* nec - not elsewhere classified

2 The outlook for construction in the East of England

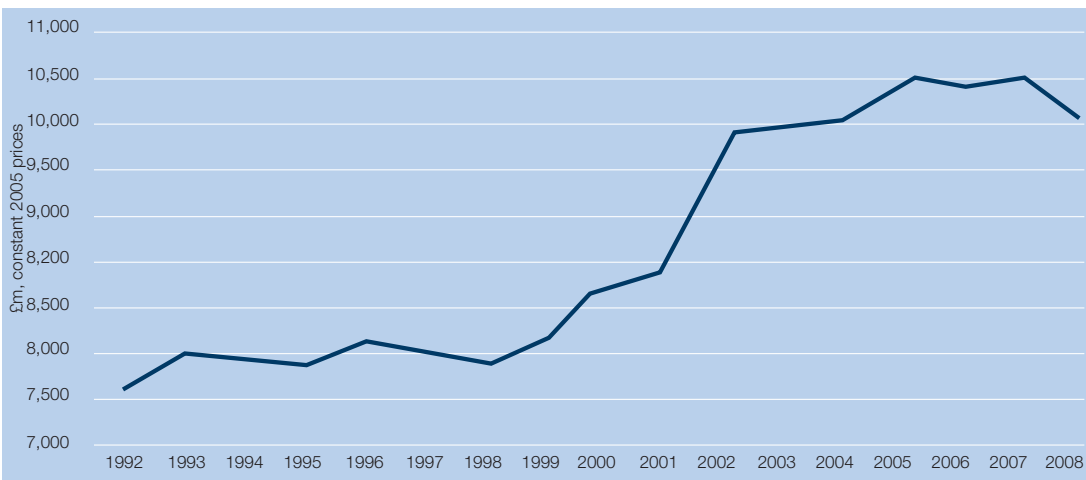
2.1 Construction output in the East of England - overview

Total construction output in the region declined by 5% in 2008 to £10.04bn, in 2005 prices.

The year-on-year decline of 9% in new work output was wholly responsible for the contraction in the region's activity. In contrast, the repair and maintenance (R&M) sector remained stable in 2008. The story was broadly the same for the UK where new work output fell by 3% in 2008, while R&M output experienced a rise of the same magnitude, giving an overall decline of 1% in output.

The only new work sector to experience any growth in the East of England in 2008 was the public non-housing one. Output increased by 19% to reach £903m, the highest level since 2004. In contrast, the industrial and private housing sectors were the worst performing, contracting by 37% and 18%, respectively. However, falls in the other new work sectors remained limited to single digits, with public housing output experiencing a decline of 6%, the first movement into negative territory since 1999. Infrastructure output saw the smallest year-on-year fall of the new work sectors in 2008, while commercial output contracted for the second consecutive year and at a faster pace.

Construction output 1992-2008 - East of England



Source: ONS
ref. CSN Explained, Section 4, Note 1

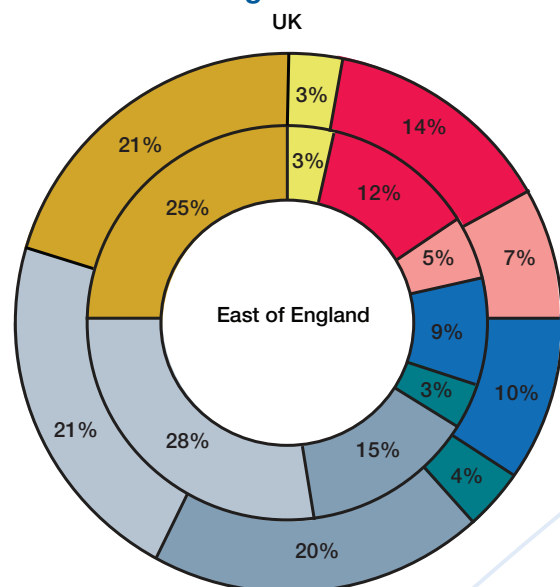
2.2 Industry structure

The diagram, Construction Industry structure 2008 – UK vs. East of England (ET), illustrates the sector breakdown of construction in the East of England compared to that in the UK. Effectively, the percentages for each sector illustrate what proportion of total output each sector accounts for.

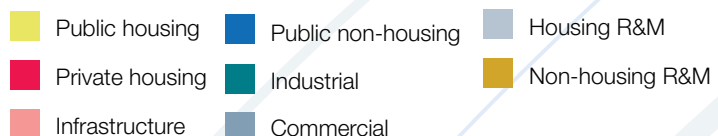
The East of England is a region with a noticeable difference in structure when compared to the UK as a whole. The R&M sector accounted for 53% of total construction output in the region, a larger share when compared to the UK's figure of 42%.

Proportionally, the largest difference between the UK and the region in new work was the variance in the size of the commercial sector. In the East of England, the sector took 15% of the total share, while the national figure stood at 20%.

Construction industry structure 2008 - UK vs. East of England



Source: ONS, Experian



* nec - not elsewhere classified

Economic structure - East of England (£ billion, 2005 prices)

Selected Sectors	Actual	Forecast Annual % change, real terms					
	2008	2009	2010	2011	2012	2013	2014
Public services	20	0.0	1.0	2.1	2.1	2.0	2.0
Financial and business services	28	-4.2	1.2	4.3	3.9	3.6	3.5
Transport and communications	8	-3.8	2.4	4.0	3.2	2.6	2.4
Manufacturing	15	-10.7	1.5	2.5	0.8	0.2	0.0
Distribution, hotels and catering	16	-3.9	1.9	3.0	2.9	2.7	2.5
Total Gross Value Added (GVA)	103	-4.1	1.0	2.5	2.1	1.7	1.9

Source: Experian
Ref. CSN Explained, Section 4, Note 3

2.3 Economic overview

The expected performance of a regional or national economy over the forecast period (2010 – 2014) provides an indication of the construction sectors in which demand is likely to be strongest.

2.4 Economic structure

In 2008, the East of England economy was worth £103.4bn (in 2005 prices), accounting for almost 9% of the UK total.

The largest element of gross value added (GVA) in the region was financial and business services, holding around 27% of the total share. This was roughly in-line with the UK as a whole. The sector has increased its share by more than 7% since the beginning of the decade in the East of England.

Public services accounted for 19% of GVA in 2008 (lower than the UK's figure of almost 22%, making it the second largest sector in the East of England. In broad terms, distribution, hotels and catering and transport and communications sectors were proportionally the same size in the region when compared to the UK overall.

2.5 Forward looking economic indicators

In the East of England, the forecast economic growth between 2010 and 2014 is expected to be slightly above the UK average, with the strongest growth likely to be in the financial and business services sector. However, growth in the regional economy as a whole and in financial and business services is likely to be below that in the decade to 2007.

Between 2010 and 2014, the increase in real household disposable income in the region is expected to be greater than the national average, while household spending is predicted to be almost 11% higher by the end of the forecast period.

In 2008, the debt-to-income ratio for the region was around one-third larger than the UK. Although both are likely to see declines in their figures between 2010 and 2014, the East of England's ratio is projected to remain well above the national level.

According to Communities and Local Government (CLG), average house prices in the East of England reached £228,737 in 2008, down 1% on the previous year. Despite the fall, the figure remained higher than the UK average, although it was below that of Greater London and the South East. Between 2008 and 2010 house prices in the region are expected to decline by around 15% before marginal growth returns in the following year. House price inflation is likely to strengthen to around 6% to 7% a year in the final two years of the forecast period.

Economic indicators - East of England (£ billion, 2005 prices - unless otherwise stated)

	Actual	Forecast Annual % change, real terms					
	2008	2009	2010	2011	2012	2013	2014
Real household disposable income	82	3.0	0.0	1.8	1.9	1.8	1.9
Household spending	82	-0.7	0.9	2.2	2.6	2.7	2.6
Debt:income ratio	2.3	0.1	-1.7	-4.5	-3.2	-0.9	0.4
House prices (£'000, current prices)	229	-11.1	-2.5	0.3	2.6	7.1	6.1
LFS unemployment (millions)	0.14	49.5	22.3	-6.8	-16.0	-17.0	-10.0

Source: ONS, DCLG, Experian

New work construction orders - East of England (£ million, current prices)

	Actual	Forecast Annual % change, real terms				
	2008	2004	2005	2006	2007	2008
Public housing	271	-2.1	78.2	20.9	6.2	-16.5
Private housing	723	31.6	7.7	-4.7	-2.4	-36.0
Infrastructure	1,111	-3.7	58.1	-19.4	-0.7	180.5
Public non-housing	722	27.1	-25.4	-12.4	43.3	4.7
Industrial	169	21.4	117.2	-30.4	3.5	-55.8
Commercial	874	108.7	-27.4	11.6	-4.8	-23.4
Total new work	3,874	43.6	1.8	-5.0	3.9	-4.7

Source: ONS
Ref. CSN Explained, Section 4, Note 4

2.6 New construction orders - overview

Since the beginning of the decade, new orders in the East of England have generally been moving in an upward direction. However in 2008 the region experienced a 5% fall to take the figure below the £4bn mark (current prices) and to its lowest point since 2003.

The infrastructure and public non-housing sectors were the only ones to see growth in new orders last year, with the former seeing an increase of 181% and the latter a rise of 5%. In contrast, the industrial and private housing sectors suffered the steepest declines of 56% and 36%, respectively. Although relatively smaller, the contraction in commercial new orders in 2008 was still significant at 23%, while the decline in public housing orders was also in double figures (16%).

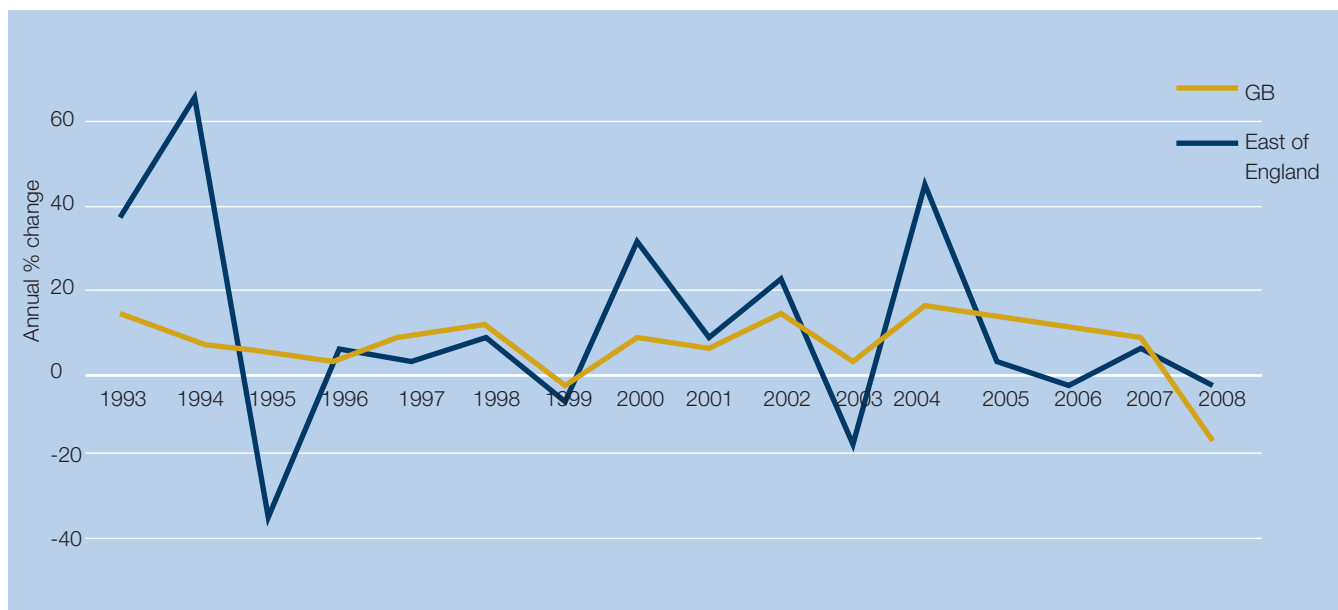
2.7 New construction orders - current situation

Year-on-year, new orders contracted by a further 17% in the first three quarters of 2009 in the East of England.

The worst performers were the industrial and commercial sectors, with decreases of 45% and 49%, respectively. However, the decline in the former had a small impact on the total new orders figure due to the small size of the sector in value terms. The private housing sector also fared poorly, with orders down by one-third in the first nine months of 2009.

On an annualised basis, the infrastructure sector saw only a 1% fall in the first three quarters of this year. If one takes into account the strength of new orders in 2008, this indicates another good year for the sector. The contraction for the public housing sector was a relatively moderate 12%. Conversely, the public non-housing sector was the only one to see an increase in new orders with a rise of 14%.

New construction orders growth 1993-2008 - East of England vs. GB



Source: ONS
Ref. CSN Explained, Section 4, Note 4

2.8 Construction output – short-term forecasts (2010–2011)

Regional Office for National Statistics (ONS) output statistics are published in current prices and are thus inclusive of any inflationary effect. At the time of writing, ONS construction output statistics are only available for the first two quarters of 2009.

Total construction output in the first half of 2009 totalled £5.28bn, down 13% on an annualised basis and a contraction of almost 10% on the preceding six months. Year-on-year, the new work sector performed worse than the R&M sector in the first six months of this year, with a fall of 18% for the former and a 9% decline for the latter.

The short-term outlook for the industry in the East of England is not particularly bright. Following an estimated contraction in output of 9% in 2009, growth should return in 2010, albeit moderately with an increase of 3%. However, in 2011 output growth is predicted to accelerate to 5%, on the back of a strengthening recovery in the housing market.

The bounce back for total construction output in 2010 is expected to be driven entirely by the new work sector, which is predicted to see an annual increase of 7%, in contrast to the R&M sector which is projected to decline by 1%. However, the year-on-year change in 2011 should be positive for both markets.

In new work, the star performer is forecast to be the infrastructure sector. The annual average increase of 18.4% between 2010 and 2011 is likely to be driven mainly by several road projects in the region. Amongst the largest are the £147m duelling of the A11 between Barton Mills and Thetford and the £266m duelling of the A120 between Braintree and Marks Tey, Colchester. There is also the Felixstowe Port project, which is currently onsite and should add to output for some time to come.

The annual average growth rates for the public and private housing sectors for 2010–11 are predicted to be 12.5% and 9.6%, respectively. Higher funding and the recovery of the private housing market, thus reviving delivery of social housing units through section 106 agreements, will be mainly responsible for the robust growth rate for the public housing sector. In private housing, output should be driven by pent-up underlying demand for housing, as well as schemes such as two £200m projects in Cambridge and Chelmsford, both of which are likely to see significant activity getting underway in the short-term.

Although the public non-housing sector is projected to have an annual average growth rate of 11.4% between 2010 and 2011, almost all the growth is in the first year of this period.

At 8.8% the industrial sector is likely to have the lowest annual average rate of growth between 2010 and 2011 but it still does better than the commercial sector, which is predicted to be the only new work one to have a negative growth rate. The decline of 6.7% is expected to be as a result of weak consumer spending hitting corporates' expansion plans, although projects such as the £400m shopping centre in Harlow and the £750m mixed-use scheme called CB1 in Cambridge should prevent commercial output from falling below the £1bn mark in the short term.

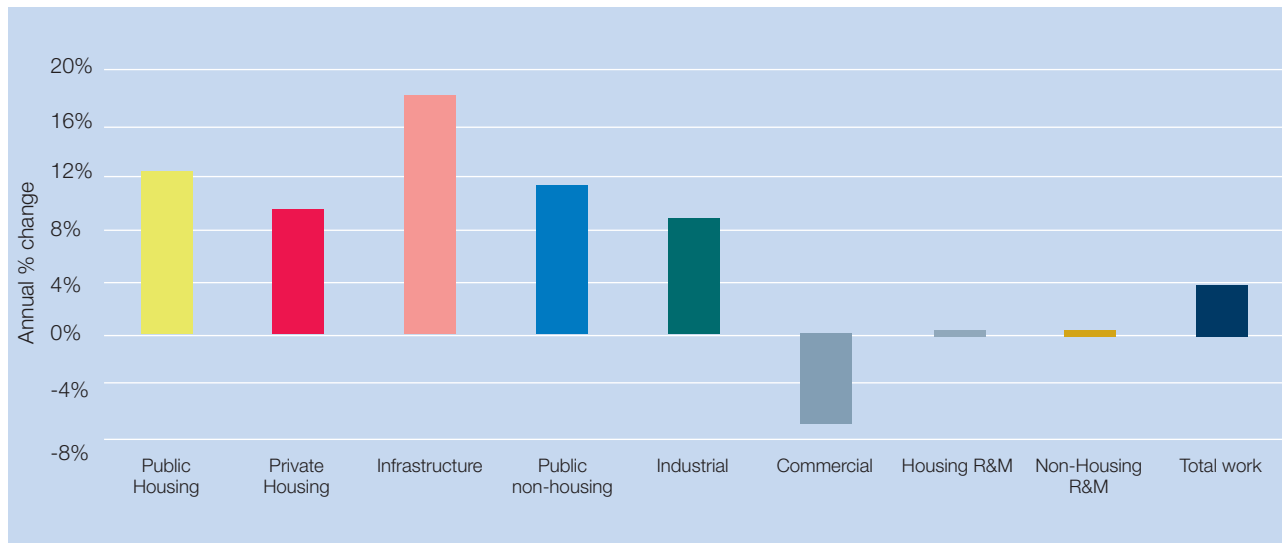
Construction output - East of England (£ million, 2005 prices)

	Actual	Forecast annual % change			Annual average
	2008	2009	2010	2011	2010-2011
Public housing	351	0%	14%	11%	12.5%
Private housing	1,253	-17%	5%	14%	9.6%
Infrastructure	526	8%	20%	17%	18.4%
Public non-housing	903	17%	20%	3%	11.4%
Industrial	341	-44%	9%	9%	8.8%
Commercial	1,466	-23%	-11%	-2%	-6.7%
New work	4,840	-10%	7%	8%	7.5%
Housing R&M	2,665	-10%	-1%	0%	-0.2%
Non-housing R&M	2,536	-6%	-2%	3%	0.2%
Total R&M	5,200	-8%	-1%	1%	0.0%
Total work	10,041	-9%	3%	5%	3.6%

Source: Experian

Ref. CSN Explained, Section 4, Notes 1 and 2

Annual average construction output growth 2010-2011 - East of England



Source: Experian
Ref. CSN Explained, Section 4, Note 2

2.9 Construction output – long-term forecasts (2010–2014)

Between 2010 and 2014, total construction output in the East of England is expected to grow at an annual average rate of 3.8%, higher than the UK average of 1.7%. New work is predicted to have a growth rate of 6.2%, faster than the R&M sector's 1.3%.

The public non-housing and commercial sectors are estimated to have the lowest annual average increases over the medium term. One of the assumptions underlying our UK forecast is that the construction industry is likely to be effected by public expenditure cuts post 2012, and the East of England will not escape their impact. However the falls predicted for the sector from 2012 onwards are smaller in the East of England than the UK as a whole, as the region has not been a major beneficiary from Building Schools for the Future activity in the recent past. In the commercial sector, the decline in output in 2010 and the relatively weak year-on-year increases thereafter are projected to give a 0.2% annual average rate of increase to 2014.

Conversely, the infrastructure sector is expected to be the best performer in the medium term, with an annual average rate of growth of 13.4%. The strong yearly increases in the earlier part of the forecast are likely to be the main cause of the healthy outturn. The infrastructure forecasts for the East of England assume a start on the London Gateway Ports project in 2011. The robust rate of increase in output of 11.1% over 2010–2014 for private housing is predicted to be driven by the double-digit increases in the medium term as underlying demand for housing drives developers to build units. The sector will also benefit in the shorter term from £2.5m of Kickstart funding already allocated to three projects in the region.

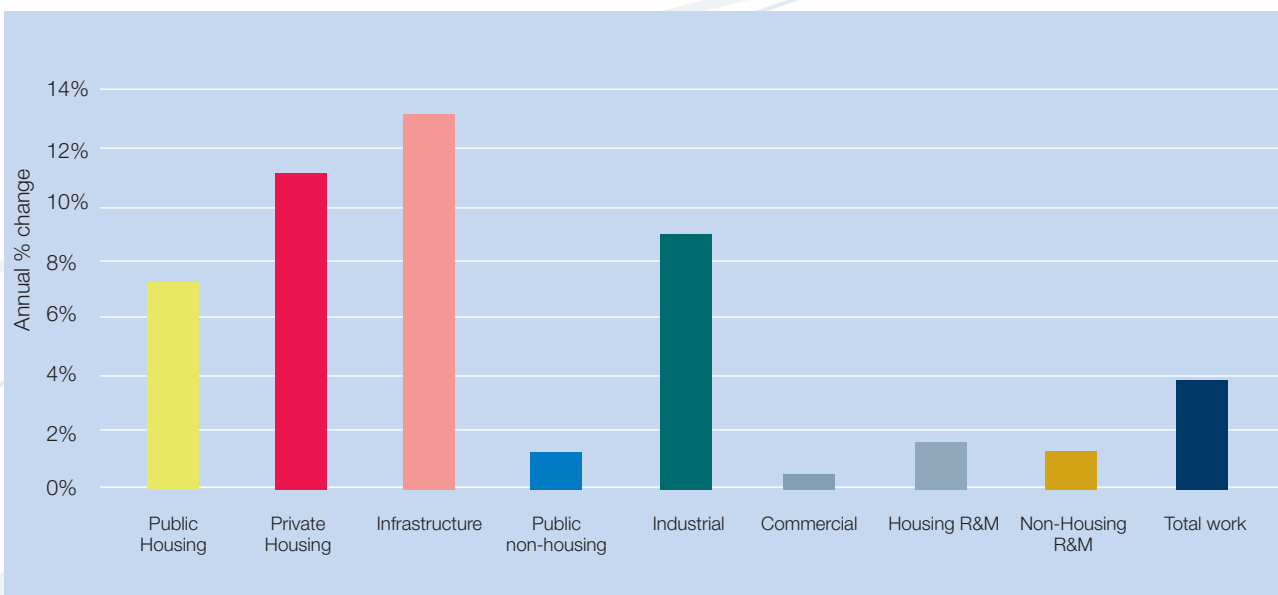
Public housing and industrial output are expected to grow at an annual average rate of around 7.1% and 8.9%, respectively, over five years to 2014. With household projections likely to outgrow public housing provision going forward, there will be ongoing pressure to increase affordable housing and thus the trend of activity in the sector is likely to be upwards. Meanwhile, the latter is expected to be boosted by ports projects in the region as warehousing development takes place in their hinterlands.

Construction output - East of England (£ million, 2005 prices)

	Actual	Forecast annual % change					Annual average
	2009	2010	2011	2012	2013	2014	2010-2014
Public housing	349	14%	11%	2%	5%	5%	7.1%
Private housing	1,040	5%	14%	15%	14%	8%	11.1%
Infrastructure	571	20%	17%	15%	8%	8%	13.4%
Public non-housing	1,058	20%	3%	-8%	-6%	-2%	1.1%
Industrial	191	9%	9%	10%	9%	8%	8.9%
Commercial	1,134	-11%	-2%	3%	4%	8%	0.2%
New work	4,343	7%	8%	5%	5%	5%	6.2%
Housing R&M	2,402	-1%	0%	3%	3%	2%	1.5%
Non-housing R&M	2,387	-2%	3%	2%	2%	2%	1.2%
Total R&M	4,789	-1%	1%	3%	2%	2%	1.3%
Total work	9,132	3%	5%	4%	4%	4%	3.8%

Source: CSN, Experian
Ref. CSN Explained, Section 4, Note 2

Annual average construction output growth 2010-2014 - East of England



Source: CSN, Experian
Ref. CSN Explained, Section 4, Note 2

3 Construction employment forecasts for the East of England

3.1 Total construction employment forecasts by occupation

The table presents actual construction employment (SIC 45 and 74.2) in the East of England for 2008, the forecast total employment in 26 occupational groups and in the industry as a whole between 2010 and 2014. A full breakdown of occupational groupings is provided in Appendix IV.

In 2014, total construction employment in the East of England is expected to reach approximately 250,220, when including SIC 45 and 74.2. Although this figure is predicted to be up by 9% when compared to the 2010 total, it is likely to remain 0.8% down on the 2008 level. A breakdown of total employment in 2014 suggests that 220,840 workers will be working in SIC 45 while 29,380 will be employed in SIC 74.2.

The largest trade occupational group in 2008 was wood trades and interior fit-out, accounting for around 11.4% of total construction employment in the region, marginally higher than the UK average. Although by 2010 the number employed in this occupation is expected to be 11.3% lower when compared to 2008, its size as a proportion of total employment should remain broadly the same.

Other sizeable occupational groups include construction managers, non-construction professional, technical, IT, and other office-based staff and electrical trades and installation, which together are forecast to employ almost 72,000 workers in 2014.

The occupations expected to see the greatest growth in employment between 2010 and 2014 are civil engineering operatives nec* (57.1%), non-construction operatives (48%) and plant operatives (43%). However in absolute terms, labourers nec* (3,110) and other construction professionals and technical staff (2,420) are projected to have the largest increase in employment over the period.

Only five occupational groups are predicted to see a decrease in employment between 2010 and 2014; specialist building operatives nec* (12.4%), roofers (5.9%), floorers (4%), electrical trades and installation (1.9%) and building envelope specialists (1.4%).

Total construction employment forecasts by occupation	Actual 2008	Forecast	
		2010	2014
Senior, executive, and business process managers	12,930	10,750	11,800
Construction managers	22,160	19,950	22,070
Non-construction professional, technical, IT, and other office-based staff	29,470	27,590	29,790
Wood trades and interior fit-out	28,790	25,540	25,710
Bricklayers	9,230	8,780	8,810
Building envelope specialists	12,160	10,690	10,540
Painters and decorators	12,780	12,770	14,310
Plasterers and dry liners	4,590	3,570	3,820
Roofers	5,920	4,580	4,310
Floorers	5,110	4,270	4,100
Glaziers	4,920	4,890	4,820
Specialist building operatives nec*	6,340	5,110	4,480
Scaffolders	3,690	2,420	2,950
Plant operatives	4,720	4,580	6,560
Plant mechanics/fitters	3,040	2,600	2,910
Steel erectors/structural	2,220	1,970	2,290
Labourers nec*	11,790	9,570	12,680
Electrical trades and installation	21,100	20,340	19,950
Plumbing and HVAC Trades	15,970	15,650	16,060
Logistics	2,760	2,270	3,110
Civil engineering operatives nec*	4,760	4,180	6,570
Non-construction operatives	2,440	2,160	3,200
Civil engineers	4,370	4,680	5,510
Other construction professionals and technical staff	13,220	13,140	15,560
Architects	2,430	2,150	2,300
Surveyors	5,410	5,250	6,020
Total (SIC 45)	226,890	204,230	220,840
Total (SIC 45 and 74.2)	252,330	229,460	250,220

Source: ONS, CSN, Experian
Ref. CSN Explained, Section 4, Notes 5 and 6

* nec - not elsewhere classified

3.2 Annual recruitment requirements (ARR) by occupation

The ARR is a gross requirement that takes into account workforce flows into and out of construction due to such factors as movements between industries, migration, sickness, and retirement. However, these flows do not include movements into the industry from training, although robust data on training provision is being developed by ConstructionSkills in partnership with public funding agencies, Further Education, Higher Education and employer representatives. Thus, the annual recruitment requirement provides an indication of the number of new employees that would need to be recruited into construction each year in order to realise forecast output.

The annual recruitment requirement (ARR) between 2010 and 2014 for the 26 occupational groups within the East of England's construction industry is illustrated in the table. The ARR of 7,350 is indicative of the average requirements per year for the industry, as based on the output forecasts for the region. This takes into account 'churn'-flows into and out of the industry.

Painters and decorators (1,000) and plumbing and HVAC trades (870) are expected to have the largest ARR in the East of England. However as a percentage of the base employment number in 2010, logistics personnel (20%) are forecast to be the most in demand, while civil engineering operatives nec* (10%), surveyors (9%) and plant operatives (9%) are also predicted to do quite well.

Please note that all of the ARRs presented in this section are employment requirements and not necessarily training requirements. This is because some new entrants to the construction industry, such as skilled migrants or those from other industries where similar skills are already used, will be able to work in the industry without the need for retraining.

Non-construction operatives is a diverse occupational group including all of the activities under the SIC 45 and SIC 74.2 umbrella that cannot be classified elsewhere, such as cleaners, elementary security occupations nec* and routine inspectors and testers. The skills required in these occupations are highly transferable to other industries and forecasting such movement is hazardous given the lack of robust supportive data. Therefore the ARR for non-construction operatives is not published.

Finally, for certain occupations there will be no appreciable requirement over the forecast period, partly due to the recession creating a 'pool' of excess labour.

ARR by occupation	2010-2014
Senior, executive, and business process managers	190
Construction managers	600
Non-construction professional, technical, IT, and other office-based staff	-
Wood trades and interior fit-out	-
Bricklayers	580
Building envelope specialists	-
Painters and decorators	1,000
Plasterers and dry liners	-
Roofers	60
Floorers	260
Glaziers	370
Specialist building operatives nec*	150
Scaffolders	190
Plant operatives	390
Plant mechanics/fitters	-
Steel erectors/structural	60
Labourers nec*	490
Electrical trades and installation	-
Plumbing and HVAC Trades	870
Logistics	455
Civil engineering operatives nec*	400
Non-construction operatives	-
Civil engineers	-
Other construction professionals and technical staff	680
Architects	150
Surveyors	480
Total (SIC 45)	6,065
Total (SIC 45 and 74.2)	7,350

Source: CSN, Experian
Ref. CSN Explained, Section 4, Notes 5 and 6

* nec - not elsewhere classified

4 Comparisons across the UK

Between 2010 and 2014, construction output for all regions and nations is expected to grow, with the East of England likely to have the highest growth rate on an annual average basis.

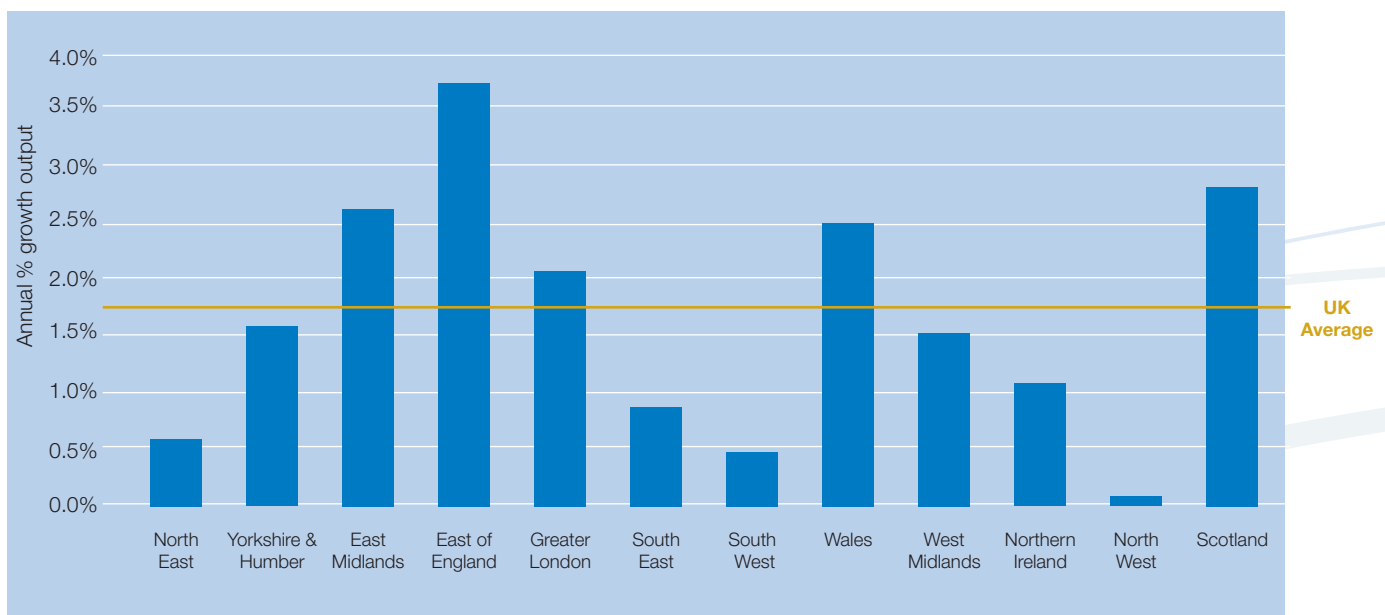
The infrastructure sector should be the best performing market in new work in the UK. Greater London's infrastructure output growth is predicted to be especially strong—driven by work on Crossrail, Thameslink, and the Thames Water Programme. The East of England is likely to be the only other region with its average annual growth rate between 2010 and 2014 in double digits, as roads and harbours projects provide a significant stream of output for the sector.

With the winners of the 2010 General Election likely to be under severe pressure to cut public expenditure, it is expected that the Building Schools for the Future (BSF) Programme – responsible for driving output growth in the public non-housing sector in the recent past - will be among those at significant risk. However, as the East of England

has not been one of the main beneficiaries of the early waves of the BSF Programme, it will not be impacted as strongly as many other regions should funding be cut. In contrast, the high value of BSF projects as a proportion of total public non-housing output in the North East is likely to lead to the region seeing the largest decline in public non-housing output between 2010 and 2014.

In the industrial sector, all of the regions and nations are predicted to grow on annual average basis over the long term, with the East of England likely to have the highest growth rate. Improving demand should be a function of ports construction in the region driving developers to build distribution and logistics facilities in their hinterlands.

Annual average output growth by region 2010 - 2014



Source: Ref. CSN Explained, Section 4, Note 2

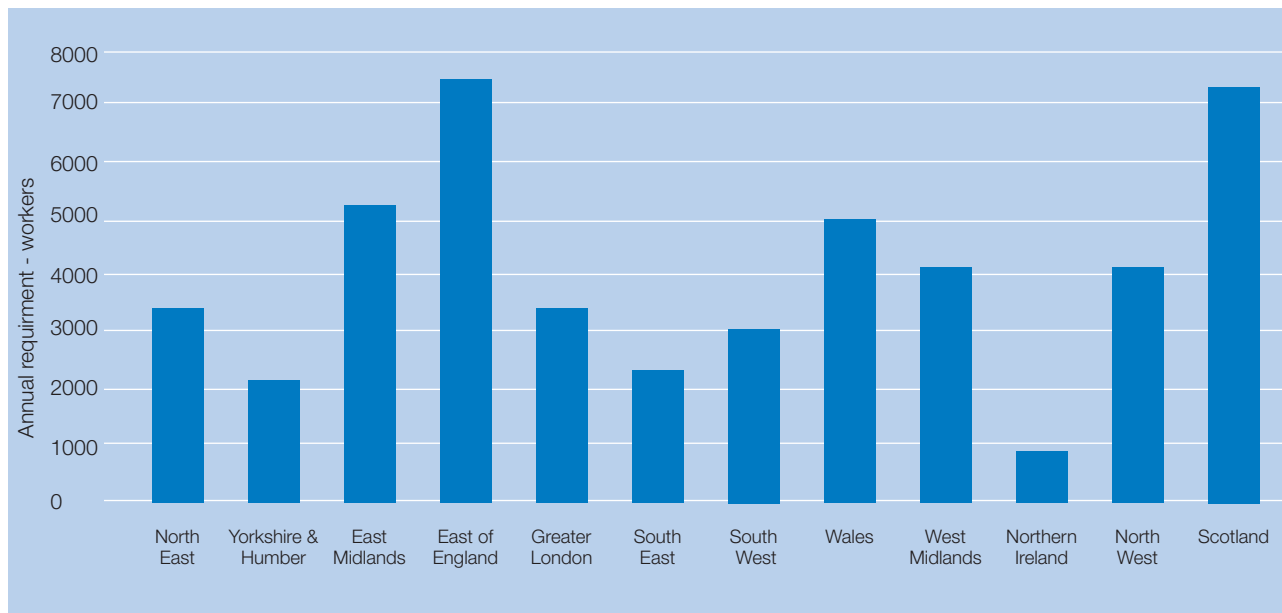
Between
2010 and 2014,

construction output for all regions and nations is expected to grow, with the East of England likely to have the highest growth rate on an annual average basis.

Between 2010 and 2014, the annual recruitment requirement (ARR) for the East of England is estimated to be the highest of all the nations and regions in the UK. The average of 7,350 entrants needed per year is partly down to the region having a large R&M market—which is more labour intensive thus generates more jobs per £1m of output. Scotland's ARR, at around 7,220, is also large, but its sizeable requirements is more a result of significant net outflows from the devolved nation, thus a greater number of construction workers needed to replace them.

In contrast, Northern Ireland has the smallest ARR (720). The province has a small construction market, therefore the number of construction workers needed over and beyond the natural flows in the employment market is likely to be small.

Annual recruitment requirement (ARR) by region 2010 - 2014



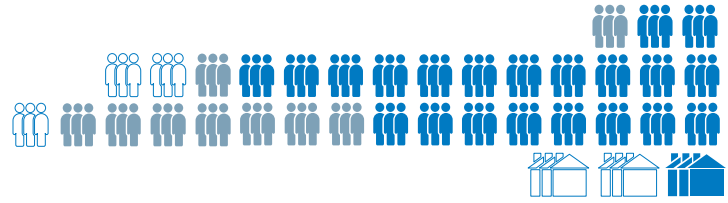
Source: CSN, Experian



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For more information about the **Construction Skills Network**, contact:

Sandra Lilley
 CSN Manager
 0300 456 7933
 sandra.lilley@cskills.org

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