

# ConstructionSkills Network 2010-2014 Northern Ireland

LABOUR MARKET INTELLIGENCE



Contents

1 Summary and key findings

2 The outlook for construction in Northern Ireland

3 Construction employment forecasts for Northern Ireland

4 Comparisons across the UK



# Contents

Labour Market Intelligence



|  | Page |
|--|------|
| 1 Summary and key findings                               | 02   |
| 2 The outlook for construction in Northern Ireland       | 04   |
| 3 Construction employment forecasts for Northern Ireland | 9    |
| 4 Comparisons across the UK                              | 11   |

## Charts & Tables

|  |    |
|--|----|
| 1 Regional Comparison 2010–2014                        | 02 |
| 2 Annual average construction output growth 2010–2014  | 03 |
| 3 Construction output 1992–2008                        | 04 |
| 4 Construction industry structure 2008                 | 04 |
| 5 Economic structure                                   | 05 |
| 6 Economic indicators                                  | 05 |
| 7 Construction output 2010–2011                        | 06 |
| 8 Annual average construction output growth 2010–2011  | 07 |
| 9 Construction output 2010–2014                        | 08 |
| 10 Annual average construction output growth 2010–2014 | 08 |
| 11 Total employment by occupation                      | 09 |
| 12 Annual recruitment requirement by occupation        | 10 |
| 13 Annual average output growth by region              | 11 |
| 14 Annual recruitment requirement by region            | 12 |

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.

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



# Summary - Northern Ireland

Between 2010 and 2014, total construction output in Northern Ireland is expected to rise at an annual average rate of 1.1%, somewhat lower than the UK's average of 1.7%. New work activity is expected to be stronger than repair and maintenance (R&M) and thus the R&M share of the total is likely to shrink further in the province, where it makes up a much smaller share of total construction activity anyway compared to the UK as a whole (18% versus 42%). Employment is expected to reach close to 69,900 in 2014, a 2% rise on 2010's level but 14% down on its 2007 peak.



Obel, Northern Ireland

## Regional comparison 2010-2014

|                      | Annual average % change in output | Growth in total employment | Total ARR     |
|----------------------|-----------------------------------|----------------------------|---------------|
| 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         |
| <b>UK</b>            | <b>1.7%</b>                       | <b>93,010</b>              | <b>47,790</b> |

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

Total construction output in Northern Ireland is expected to rise at an annual average rate of

# 1.1%

between 2010 and 2014.

## Key findings

Increasing concerns have surfaced in the province regarding the future of funding for the Northern Ireland Investment Strategy and it is these concerns that are leading to a fairly modest rate of output growth between 2010 and 2014. In the short term it is the private sectors that are suffering, such as private housing, industrial and commercial, not only in Northern Ireland but across the UK as a whole. As these sectors begin to recover when the economy improves, the need to address ballooning public debt will lead to public expenditure cuts. Unfortunately for Northern Ireland, its economy is more reliant on the public sector than the UK as a whole, as is its construction industry and thus public expenditure cuts are likely to affect the province disproportionately.

Across the UK as a whole the infrastructure sector is projected to be the best performing, while in Northern Ireland it is likely to be the private housing sector as credit conditions ease and demand returns to the market. However, even here, the average annual growth rate is likely to be only a moderate 3.6%, significantly lower than in the most buoyant areas.

Industrial construction is forecast to be the next strongest sector, although this is largely on the premise that with output in the sector dropping to a historic low in 2009, the only way is up. It is likely to be a long slow recovery for manufacturers as they await a sustained upturn in global trade, or particularly with other members of the European Union, and thus can take advantage of the current weakness of sterling.

Activity at the Titanic Quarter is likely to drive commercial construction activity in the province over the medium term, although there are sizeable retail developments planned for other towns as well, such as Newtownabbey, Newtownards, and Lisburn. However, growth in the sector is expected to be at best modest over the forecast period.

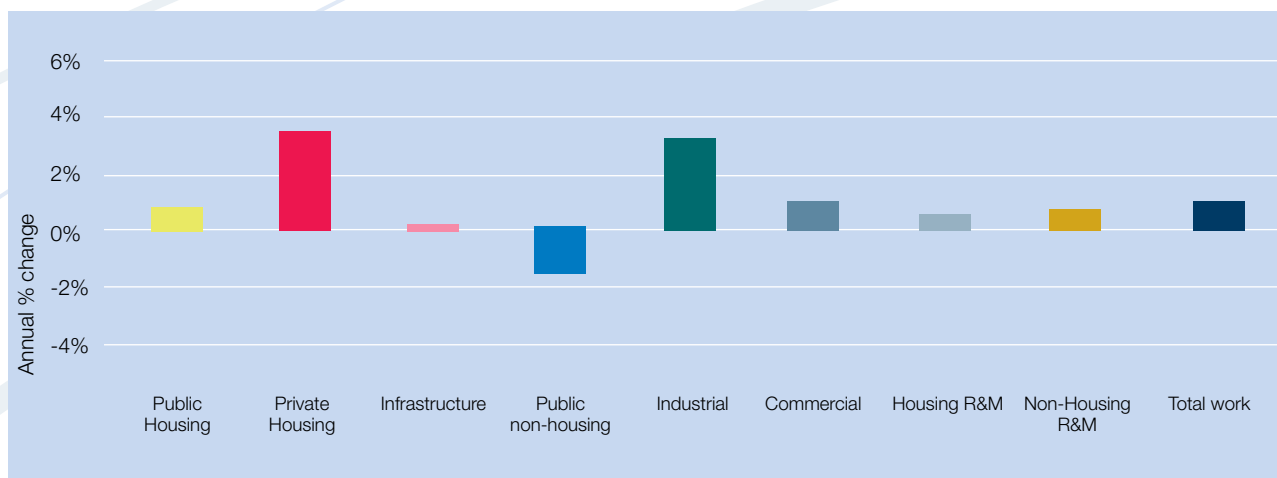
Under threat will be activity in the infrastructure and public non-housing sectors as prospective public expenditure cuts start to bite. In particular it is likely to affect projects under the Investment Strategy that have not yet reached invitation to tender and this is a significant number of schemes, particularly in the education market. Work currently on site in the infrastructure sector, such as A4 dualling is likely to deliver growth in the sector in the short term and keep the rate marginally positive over the whole of the 2010–2014 period. The public non-housing sector, in contrast, is projected to contract between 2010 and 2014 by around 1.4% a year.

The relatively low annual average output growth rate for Northern Ireland implies a very modest rate of employment growth for the province, projected at 2%, once productivity gains have been factored in, which delivers an Annual Recruitment Requirement (ARR) of 720.



The Boat, Belfast

## Annual average construction output growth 2010-2014 - Northern Ireland



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

# 2 The outlook for construction~ in Northern Ireland

## 2.1 Construction output in Northern Ireland - overview

Construction output in Northern Ireland totalled £2.93bn in 2005 prices in 2008, a 6% decline on the previous year. This was mainly as a result of a very significant fall off in private house building, higher than across the UK as a whole as the province's housing market all but collapsed. This was the main reason for the 7% fall in new work, while the level of repair and maintenance (R&M) activity remained stable.

It remains the case that the trend in construction output in Northern Ireland has largely been flat since 2000, and in fact the onset of the

recession means that 2008's outturn was nearly 8% down in real terms when compared with 2000. There have been concerns expressed that this does not reflect the reality of recent developments in the province and that the problem may lie in the use of the GB deflator to produce the official constant price statistics for Northern Ireland. However, a test analysis using the Building Cost Information Services regional Tender Price Indices (which are used in the CSN model to produce constant price data for the English regions, Scotland and Wales) to calculate constant price data for the province has not produced significantly different results from the official data published by the Northern Ireland Statistics and Research Agency (NISRA).

### Construction output 1992-2008 - Northern Ireland



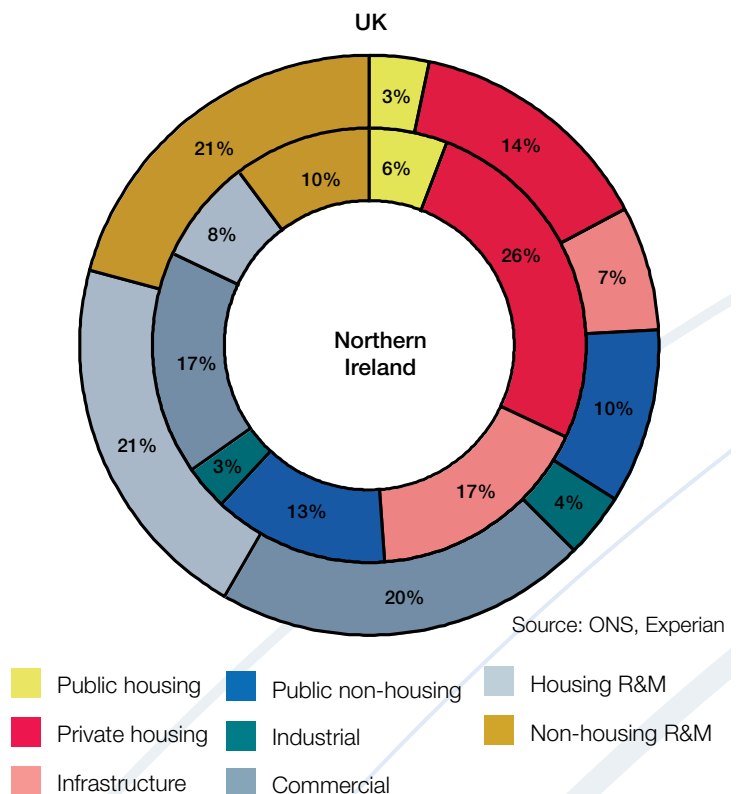
Source: ONS  
ref. CSN Explained, Section 4, Note 1

## 2.2 Industry structure

The diagram illustrates the sector breakdown of construction in Northern Ireland compared to that in the UK. Effectively, the percentages for each sector illustrate what proportion of total output each sector accounts for.

Northern Ireland has a significantly different structure to its construction industry than the rest of the UK, with a very small R&M sector. In 2008 it accounted for only 18% of output in the province compared with 42% for the UK as a whole. In this respect the structure of the industry in Northern Ireland is more similar to that in the Republic of Ireland, where the R&M sector also takes a relatively small proportion of the construction cake (26% in 2008).

### Construction industry structure 2008 - UK vs. Northern Ireland



## Economic structure - Northern Ireland (£ billion, 2005 prices)

| Selected sectors                     | Actual    | Forecast Annual % change, real terms |            |            |            |            |            |
|--------------------------------------|-----------|--------------------------------------|------------|------------|------------|------------|------------|
|                                      | 2008      | 2009                                 | 2010       | 2011       | 2012       | 2013       | 2014       |
| Public services                      | 7         | -0.1                                 | 1.5        | 2.1        | 1.9        | 1.7        | 1.5        |
| Financial and business services      | 4         | -4.5                                 | 0.5        | 2.7        | 2.9        | 2.9        | 2.9        |
| Transport and communications         | 1         | -6.7                                 | 0.4        | 2.3        | 2.4        | 2.2        | 2.1        |
| Manufacturing                        | 4         | -9.1                                 | 1.6        | 3.1        | 2.7        | 2.5        | 2.5        |
| Distribution, hotels and catering    | 4         | -8.0                                 | 2.0        | 4.0        | 3.8        | 3.6        | 3.2        |
| <b>Total Gross Value Added (GVA)</b> | <b>27</b> | <b>-4.7</b>                          | <b>0.8</b> | <b>2.0</b> | <b>1.9</b> | <b>1.6</b> | <b>1.8</b> |

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

Gross value added (GVA) in Northern Ireland was estimated at £26.7bn in 2008 in 2005 prices, which was no change on the previous year. Northern Ireland accounted for 2.25% of GVA in the UK economy as a whole.

The share of public services in the Northern Ireland economy continues to subside, albeit only marginally in 2008 to 27.6% from 27.7% in 2007, but it still takes up a considerably larger share of output in the province than in the UK as a whole. The financial and business services sector has been growing strongly, with its share of output in Northern Ireland rising from 8.4% in 2000 to 16.0% in 2008, but it still remains well below its share in the UK, of 27.4%.

### 2.5 Forward looking economic indicators

No region or devolved nation has been immune to the global recession and the Northern Ireland economy is estimated to have contracted by around 4.7% in 2009, roughly in line with the UK figure, after no growth in the previous year. A mild recovery is expected to start in 2010, albeit more towards the second half of the year than the first. GVA growth is projected to strengthen from 2011, but it is likely to hover a little below the 2.0% mark on average, well under long-term trends.

Growth, when it returns, is likely to be much more evenly spread in the province going forward than it has been in recent years. The very fast increase in the share of output accounted for by the financial and business services sector since 2000 was as the result of a number of years of double digit rises. This is unlikely to be replicated between 2010 and 2014, and over this period it is the distribution, hotels and catering sector that is expected to have the strongest growth, albeit at a fairly moderate 3.3% a year on average.

Total employment in the province is estimated to have fallen by around 3.4% in 2009 and another, smaller, decline is expected in 2010, of around 1%. Trends in employment tend to lag GVA growth or decline, and thus employment is unlikely to start to rise again until towards the end of 2010. The Labour Force Survey (LFS) unemployment rate is forecast to peak at around 7.4% in 2010, a lower rate than the 9.0% likely for the UK as a whole, and then subside slowly thereafter.

Growth in real household disposable income is expected to remain in positive territory over the whole of the forecast period, but that does not prevent declines in consumer spending in both 2009 and 2010 as consumers retrench and seek to reduce their levels of indebtedness. However, as Northern Ireland has a much lower debt to income ratio than the rest of the UK (0.9 compared with 1.7 in 2008) the effects of this retrenchment may be less severe in the province.

In contrast, very strong house price inflation, particularly in 2006 and 2007 has led to a very much faster decline in Northern Ireland than across the UK as a whole and this has the dampening affect of making consumers feel poorer. A return to any significant house price growth in the province is not expected until 2012.

## Economic indicators - Northern Ireland (£ billion, 2005 prices - unless otherwise stated)

|                                      | Actual | Forecast Annual % change, real terms |      |      |       |       |      |
|--------------------------------------|--------|--------------------------------------|------|------|-------|-------|------|
|                                      | 2008   | 2009                                 | 2010 | 2011 | 2012  | 2013  | 2014 |
| Real household disposable income     | 20     | 4.2                                  | 0.3  | 1.9  | 1.4   | 1.2   | 1.2  |
| Household spending                   | 21     | -3.6                                 | -1.0 | 1.0  | 1.7   | 1.4   | 1.2  |
| Debt:income ratio                    | 0.9    | 0.3                                  | -3.1 | -6.0 | -4.0  | -1.9  | -0.9 |
| House prices (£'000, current prices) | 212    | -15.0                                | -4.4 | 0.2  | 2.8   | 3.2   | 3.6  |
| LFS unemployment (millions)          | 0.04   | 50.6                                 | 8.5  | -6.9 | -13.7 | -14.8 | -9.9 |

Source: ONS, DCLG, Experian



## 2.6 Construction output - short term forecasts (2010-2011)

Construction output data for Northern Ireland is published by the Department of Finance and Personnel and at the time of writing data was available for the first half of 2009.

Construction output totalled £1.43bn in 2005 prices in the first half of 2009, similar to the level in the second half of 2008 and 4% down on the same period of that year. This compares with falls of nearly 9% and 13% respectively over the same periods in Great Britain, suggesting that the industry has held up better in Northern Ireland than in the rest of the UK. The R&M sectors have been stronger than the new work ones, with little or no fall in the former over the first half of 2009. However, even in the new work sector, there are very divergent performances, with strong growth in public housing, infrastructure and public non-housing output, and equally strong declines in private housing, industrial, and commercial activity. The pattern of activity across the sectors strongly suggests that, at least in the short term, the Northern Ireland Executive is delivering a good stream of work from the province's Investment Strategy. Overall the expectation is that construction output in the province will have declined by 4% in 2009, compared to a decline of around 13.0% for the UK as a whole.

Over the next two years, the sectors which are driven by public finance, which for Northern Ireland includes infrastructure, are expected to continue to outperform the private ones. The exception will be industrial construction, where a very sharp fall in 2009 will take the output level down to a historic low from which it is unlikely to fall further.

In the infrastructure sector, the M1/Westlink upgrade was completed five months ahead of schedule, but still on site are the dualling of the A1 north of Newry and the Dungannon to Ballygawley section of the A4, due to be completed towards the end of 2010. Invitations to tender have been issued for three lots of A5 dualling, each worth between £140m–£180, and the £80m–£90m dualling of the A8 between Belfast and Larne. The expectation would be that these projects would come on site before the end of 2011.

In the public non-housing sector, work is underway on a raft of projects, including the new campus for Belfast Metropolitan College in the Titanic Quarter, the £270m Acute hospital for the South West due for completion in 2012, and six regional colleges and skill centres across the province with work estimated to be worth between £59m and £86m.

As is the case across the UK as a whole, industrial and commercial construction activity is likely to suffer in the short term, for the former, manufacturers remain very negative regarding investment intentions while for the latter, developers are finding it difficult to attract financing for office, retail and leisure projects in the current economic climate. However, there is increasing use of Public/Private Partnership procurement routes in the province, and the delivery of programmes of work such as the four new schools at Portglenone, Carryduff, Knock and Downpatrick, worth around £45m will help boost commercial output.

Overall, growth in Northern Ireland over the short term (2010–2011) is projected to average a healthy 2.4% a year, on the back of good growth in the short term in the public sectors.

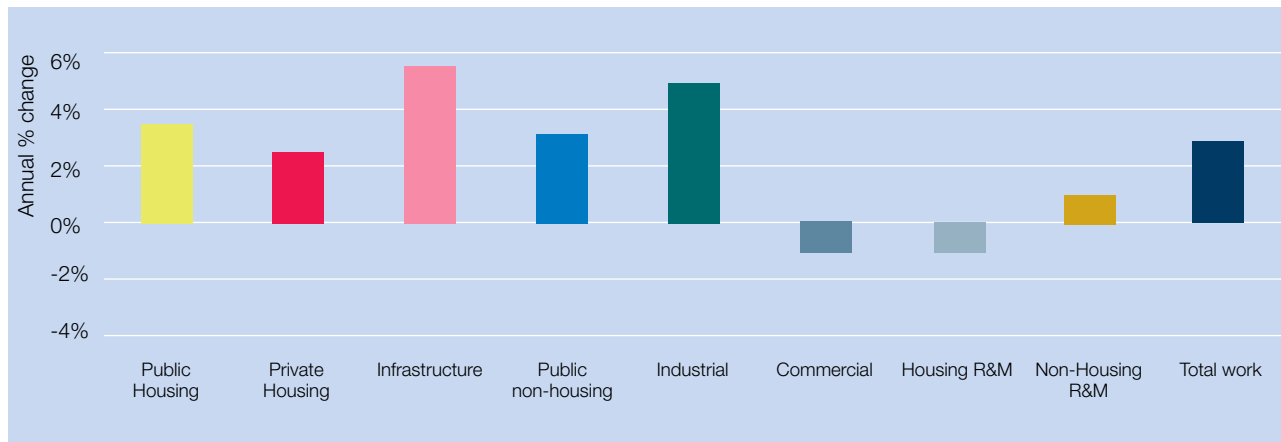
### Construction output - Northern Ireland (£ million, 2005 prices)

|                      | Actual       | Forecast annual % change |            |           | Annual average |
|----------------------|--------------|--------------------------|------------|-----------|----------------|
|                      | 2008         | 2009                     | 2010       | 2011      | 2010-2011      |
| Public housing       | 168          | 21%                      | 3%         | 4%        | 3.6%           |
| Private housing      | 763          | -9%                      | 1%         | 4%        | 2.4%           |
| Infrastructure       | 499          | 14%                      | 4%         | 7%        | 5.4%           |
| Public non-housing   | 383          | 24%                      | 9%         | -3%       | 3.1%           |
| Industrial           | 97           | -35%                     | 4%         | 6%        | 4.9%           |
| Commercial           | 488          | -35%                     | -4%        | 1%        | -1.5%          |
| <b>New work</b>      | <b>2,399</b> | <b>-3%</b>               | <b>3%</b>  | <b>3%</b> | <b>2.9%</b>    |
| Housing R&M          | 225          | -7%                      | -3%        | 2%        | -0.7%          |
| Non-housing R&M      | 305          | -3%                      | -1%        | 2%        | 0.7%           |
| <b>Total R&amp;M</b> | <b>530</b>   | <b>-4%</b>               | <b>-2%</b> | <b>2%</b> | <b>0.1%</b>    |
| <b>Total work</b>    | <b>2,928</b> | <b>-4%</b>               | <b>2%</b>  | <b>3%</b> | <b>2.4%</b>    |

Source: Experian

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

## Annual average construction output growth 2010-2011 - Northern Ireland



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

### 2.7 Construction output - long term forecasts (2010-2014)

Looking further ahead, the prospects for construction in Northern Ireland become much more uncertain. The annual average growth rate falls to 1.1% when looking across the whole of the 2010 to 2014 period, with a much less buoyant outlook for the province from 2012 onwards. This means that construction output in Northern Ireland in 2014 is projected to be only 2% higher in real terms than in 2008. New work is again expected to fare better than R&M, with an annual average growth rate of 1.2% in the former, compared with 0.7% in the latter.

Construction activity over the second part of the forecast period is heavily predicated on delivery of the investment set out for 2012-2018 in the Investment Strategy for Northern Ireland and there are increasing concerns in the province that public expenditure cuts will strongly affect the funding available.

After a couple of very bad years, the biggest sector in Northern Ireland's construction market, private housing, is expected to start recovering in 2010, albeit marginally, with growth to strengthen from 2011 onwards. However, this upturn will be from a very low base and even by 2014 output will be 30% below its level in 2000. The recovery will be predicated on a slowly improving economic environment, an easing of credit conditions and a return of consumer confidence. The big falls in house prices have also led to an improvement in affordability, from an income to house price ratio of 8.7 in 2007 to one of 6.2 in 2012, although it still remains well above historic levels in the province.

Furthermore, after a very bad year in 2009 and another, smaller, decline in 2010, commercial construction activity is expected to start increasing again from 2011, despite CB Richard Ellis' estimation that the province is likely to suffer from overcapacity issues in the offices market going forward. Growth is likely to come from a turnaround in the retail and leisure markets as the economy improves. There are big new retail developments or significant refurbishment of existing ones on site or planned for Newtownabbey, Belfast, Newtownards and Lisburn, to name but a few. While the economic viability of these projects may be under question in the current economic climate, this will not always be the case and all are expected to start before 2014.

However, as is the case with private housing, it should be noted that the moderate growth rates from 2011 are from a very low base and by 2014 commercial construction output is still projected to be nearly a third lower than in 2008 in real terms.

In contrast, cuts in public expenditure are likely to impinge primarily on the infrastructure and public non-housing sectors in Northern Ireland. In the infrastructure sector there are a significant number of projects already on site or soon to be so, but from 2011 onwards the pipeline of new schemes could slow substantially. Most under threat will be those that have not yet reached the invitation to tender stage, such as the dualling of the A6 between Londonderry and Dungiven, estimated to be worth between £200m-£230m. Work in the water and sewerage sector should continue as planned as it is needed to bring the province's water and waste water treatment up to current European Union standards. Overall the projection is for falling output towards the end of the forecast period, giving an annual average growth rate between 2010 and 2014 of just 0.2%.

The public non-housing sector is likely to show the same profile as the infrastructure one, although falls in activity levels could begin earlier as projects in this sector tend to be smaller and have shorter gestation periods. There are currently 67 schools, colleges and libraries projects at pre-tender stage as part of the Northern Ireland Investment Strategy and in a more constrained environment for public finances going forward, it is unlikely that all of these will come to fruition in the medium term. Among these 67 projects are some fairly sizeable ones, such as the £40m-£45m new further education campus to replace existing facilities at Lurgan and Portadown. This could be the sort of project where a decision might be made to carry on with existing facilities for a longer period of time.

The industrial construction sector bounces back in 2010, but largely on the premise that at £63m, the projected outturn for 2009, output in real terms will be at a historically low level and thus it is unlikely to sink any lower. Manufacturers have taken some solace in the current difficult times from the recent announcement by Lord Mandelson regarding rebalancing the UK economy away from financial and business services and towards manufacturing, but how such a policy might pan out in practice is uncertain at the moment especially with a general election set to occur in early 2010.



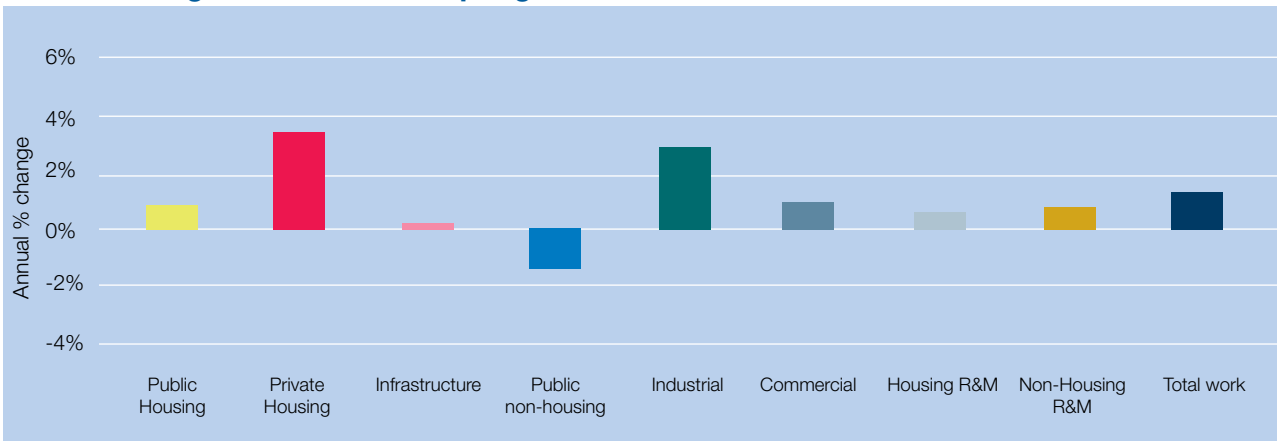
## Construction output - Northern Ireland (£ million, 2005 prices)

|                      | Estimate     | Forecast annual % change |           |           |           |           | Annual average |
|----------------------|--------------|--------------------------|-----------|-----------|-----------|-----------|----------------|
|                      | 2009         | 2010                     | 2011      | 2012      | 2013      | 2014      | 2010-2014      |
| Public housing       | 203          | 3%                       | 4%        | -5%       | 1%        | 1%        | 0.6%           |
| Private housing      | 692          | 1%                       | 4%        | 5%        | 5%        | 3%        | 3.6%           |
| Infrastructure       | 567          | 4%                       | 7%        | 1%        | -5%       | -5%       | 0.2%           |
| Public non-housing   | 475          | 9%                       | -3%       | -8%       | -5%       | 0%        | -1.4%          |
| Industrial           | 63           | 4%                       | 6%        | 3%        | 2%        | 1%        | 3.1%           |
| Commercial           | 318          | -4%                      | 1%        | 2%        | 1%        | 5%        | 1.0%           |
| <b>New work</b>      | <b>2,318</b> | <b>3%</b>                | <b>3%</b> | <b>0%</b> | <b>0%</b> | <b>0%</b> | <b>1.2%</b>    |
| Housing R&M          | 210          | -3%                      | 2%        | 2%        | 1%        | 1%        | 0.4%           |
| Non-housing R&M      | 296          | -1%                      | 2%        | 1%        | 1%        | 1%        | 0.8%           |
| <b>Total R&amp;M</b> | <b>506</b>   | <b>-2%</b>               | <b>2%</b> | <b>1%</b> | <b>1%</b> | <b>1%</b> | <b>0.7%</b>    |
| <b>Total work</b>    | <b>2,824</b> | <b>2%</b>                | <b>3%</b> | <b>0%</b> | <b>0%</b> | <b>0%</b> | <b>1.1%</b>    |

Source: Experian

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

## Annual average construction output growth 2010-2014 - Northern Ireland



Source: Experian

Ref. CSN Explained, Section 4, Note 2

Construction output in Northern Ireland in 2014 is projected to be

**2% higher**

in real terms, than in 2008.

# 3 Construction employment forecasts for the Northern Ireland

## 3.1 Total construction employment forecasts by occupation

The table presents actual construction employment (SIC 45 and 74.2) in Northern Ireland for 2008, the forecast total employment in 26 occupations and in the industry as a whole between 2010 and 2014. A full breakdown of occupations is provided in Section 5 of CSN Explained.

Total construction employment in Northern Ireland is forecast to reach around 69,880 by 2014, when including SIC 45 and 74.2, a 2% increase on the 2010 level. However, by 2010 employment in the province is likely to have fallen by close to 16% from its 2007 peak of over 81,100. Northern Ireland suffered a much greater contraction in construction activity in 2008 than the UK as a whole, thus employment levels in the province started to decline earlier and quicker.

The largest occupational group in Northern Ireland remains the wood trades and interior fit out one, accounting for 15.7% of total construction employment in the province in 2008, a slight rise on its 15.3% share in 2007. The bounce back in housing activity in 2010 is expected to benefit these trades disproportionately and they are projected to increase their share of total employment to 17.0%.

The strongest growth in employment between 2010 and 2014 among construction-specific occupational categories are expected to be in civil engineering operatives nec\* (36%) and plant operatives (19%). It should be noted that a considerable proportion of these operate outside of the infrastructure sector, providing access roads and utilities connections to housing and non-housing building developments, and it is the recovery in the housing, industrial and commercial sectors that will be leading to growth.

The 1.1% annual average output growth rate leads to little change in demand for many occupations between 2010 and 2014 once projected productivity gains are taken into account. This is especially true among construction professionals. Anecdotal evidence also exists of a considerable amount of short-time working in the industry, which means that already existing excess capacity will need to be taken up before employers look to take on new staff as the projected recovery starts to strengthen.

| Total construction employment forecasts by occupation                      | Actual 2008   | Forecast      |               |
|--|---------------|---------------|---------------|
|  |               | 2010          | 2014          |
| Senior, executive, and business process managers                           | 1,260         | 1,300         | 1,450         |
| Construction managers  | 4,340         | 4,330         | 4,450         |
| Non-construction professional, technical, IT, and other office-based staff | 6,390         | 6,760         | 7,270         |
| Wood trades and interior fit-out   | 11,110        | 11,630        | 11,850        |
| Bricklayers  | 4,510         | 4,830         | 4,850         |
| Building envelope specialists  | 2,520         | 1,880         | 1,500         |
| Painters and decorators  | 2,910         | 2,700         | 2,590         |
| Plasterers and dry liners  | 2,680         | 2,470         | 2,400         |
| Roofers  | 1,420         | 1,230         | 1,160         |
| Floorers   | 500           | 410           | 360           |
| Glaziers   | 1,010         | 990           | 970           |
| Specialist building operatives nec*  | 1,980         | 1,770         | 1,680         |
| Scaffolders  | 390           | 290           | 300           |
| Plant operatives   | 3,890         | 3,910         | 4,640         |
| Plant mechanics/fitters  | 1,400         | 1,210         | 1,220         |
| Steel erectors/structural  | 660           | 620           | 620           |
| Labourers nec*   | 4,050         | 3,340         | 3,650         |
| Electrical trades and installation   | 5,550         | 5,650         | 5,280         |
| Plumbing and HVAC Trades   | 4,910         | 4,560         | 4,410         |
| Logistics  | 1,010         | 1,010         | 1,240         |
| Civil engineering operatives nec*  | 1,170         | 1,120         | 1,520         |
| Non-construction operatives  | 610           | 590           | 760           |
| Civil engineers  | 1,940         | 1,680         | 1,620         |
| Other construction professionals and technical staff                       | 1,800         | 1,740         | 1,690         |
| Architects   | 1,440         | 1,220         | 1,140         |
| Surveyors  | 1,190         | 1,270         | 1,260         |
| <b>Total (SIC 45)</b>  | <b>64,270</b> | <b>62,600</b> | <b>64,170</b> |
| <b>Total (SIC 45 and 74.2)</b>   | <b>70,640</b> | <b>68,500</b> | <b>69,880</b> |

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 ARR for the 26 occupational groups within Northern Ireland's construction industry between 2010 and 2014 is illustrated in the table. The ARR of 720 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, excluding training inflow.

The largest ARR's are expected to be for wood trades and interior fit out, plant operatives, and labourers nec\* all with a requirement of 100 or above. It should come as no surprise that the size of the ARR is often a function of the size of the particular occupational category, hence the significant one for wood trades and interior fit out.

Due to the economic downturn, its affects on the construction industry, and the fact that Northern Ireland is a small construction market, many of the occupational ARR's in the province have fallen below 50.

Please note that all of the ARR's 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.

| ARR by occupation  | 2010-2014  |
|--|------------|
| Senior, executive, and business process managers                           | 80         |
| Construction managers  | -          |
| Non-construction professional, technical, IT, and other office-based staff | -          |
| Wood trades and interior fit-out   | 120        |
| Bricklayers  | 50         |
| Building envelope specialists  | -          |
| Painters and decorators  | -          |
| Plasterers and dry liners  | -          |
| Roofers  | -          |
| Floorers   | -          |
| Glaziers   | -          |
| Specialist building operatives nec*  | <50        |
| Scaffolders  | 60         |
| Plant operatives   | 100        |
| Plant mechanics/fitters  | 50         |
| Steel erectors/structural  | -          |
| Labourers nec*   | 130        |
| Electrical trades and installation   | -          |
| Plumbing and HVAC Trades   | -          |
| Logistics  | -          |
| Civil engineering operatives nec*  | 50         |
| Non-construction operatives  | -          |
| Civil engineers  | -          |
| Other construction professionals and technical staff                       | -          |
| Architects   | -          |
| Surveyors  | 60         |
| <b>Total (SIC 45)</b>  | <b>660</b> |
| <b>Total (SIC 45 and 74.2)</b>   | <b>720</b> |

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. At 1.1% Northern Ireland's growth rate puts it 8th out of 12th in the rankings of regions and devolved nations, and is below the projected UK average of 1.7%.

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, while the East of England could have a double digit growth rate as well. In Northern Ireland, the infrastructure sector is much more heavily dependant on public expenditure than in the UK as a whole, and with public expenditure cuts likely after the 2010 General Election, infrastructure output could start to contract in the province, giving only marginal growth over the 2010 to 2014 period as a whole.

The sharp growth in public debt and consequent public expenditure cuts to control it is also likely to substantially affect the public non-housing sector, particularly programmes of work such as Building Schools for the Future (BSF). All regions and devolved nations are likely to be affected by prospective cuts and how badly will be dependant on their exposure to such programmes as the BSF relative to the overall size of their public non-housing market. The projection is that the North East will be the worst affected, and Northern Ireland will be moderately affected.

The housing market is expected to start to recover from 2010 across the UK as a whole as economic conditions improve and demand increases. However, some regions and devolved nations where demographic factors are stronger, such as the East Midlands and the East of England, which are expected to experience high levels of household formation over the long term, will experience stronger growth than others. For Northern Ireland, growth in private housing output is expected to be moderate.

Between 2010 and 2014, Northern Ireland's employment growth and ARR are expected to be modest, at 1,380 and 720 respectively. This is largely a function of the small size of the construction market and the relatively modest output growth rate. It is also probably further exacerbated by the near collapse of the Republic of Ireland's construction market, making the prospects for work south of the border remote in the short to medium term. In contrast the biggest growth in employment and ARR over the forecast period is expected in the East of England and Scotland, both with increases in employment demand of over 20,000 and ARRs of over 7,000. The highest output growth rates are expected in these two areas and in the case of the East of England its higher level of R&M activity also boosts its employment numbers with R&M work being more labour intensive than new work.

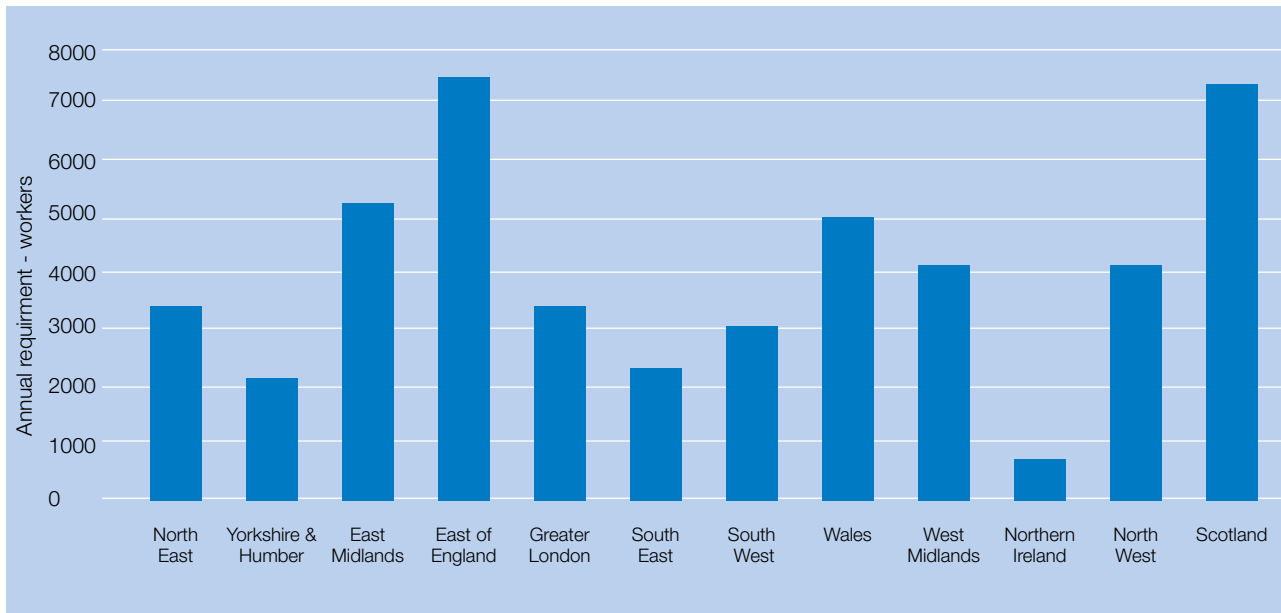
## Annual average output growth by region 2010 - 2014



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

\* nec - not elsewhere classified

## Annual recruitment requirement (ARR) by region 2010 - 2014



Source: CSN, Experian



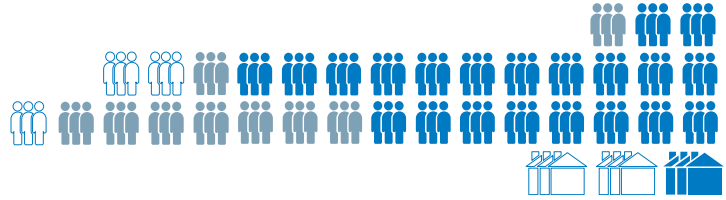
At

# 1.1%

Northern Ireland's growth rate puts it

# 8th out of 12

in the rankings of regions and devolved nations.



These materials together with all of the intellectual property rights contained within them belong to the Construction Industry Training Board (ConstructionSkills). Copyright 2005 ("ConstructionSkills") and should not be copied, reproduced nor passed to a third party without ConstructionSkills prior written agreement. These materials are created using data and information provided to ConstructionSkills and/or EXPERIAN Limited ("Experian") by third parties of which EXPERIAN or ConstructionSkills are not able to control or verify the accuracy. Accordingly neither EXPERIAN nor ConstructionSkills give any warranty about the accuracy or fitness for any particular purpose of these materials. Furthermore, these materials do not constitute advice and should not be used as the sole basis for any business decision and as such neither EXPERIAN nor ConstructionSkills shall be liable for any decisions taken on the basis of the same. You acknowledge that materials which use empirical data and/or statistical data and/or data modelling and/or forecasting techniques to provide indicative and/or predictive data cannot be taken as a guarantee of any particular result or outcome.

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

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

**Cskills website**  
<http://www.cskills.org/>

**CITB-ConstructionSkills Northern Ireland**  
<http://www.citbczni.org.uk/contact-us.aspx>

<http://www.cskills.org/contact-us/offices.aspx>

**CSN Webpage**  
<http://www.cskills.org/supportbusiness/businessinformation/csn/index.aspx>

