



## Q3 2021: RICS UK Facilities Management Survey

### Strong twelve-month outlook for the sector with workloads, employment and profit margins all expected to improve

- Demand for FM services continues to pick-up across most sectors, prompting further growth in employment levels
- Majority of respondents still reporting difficulties sourcing workers in building operation and maintenance
- Outlook for workloads appears robust, while profit margins are now expected to improve modestly

The Q3 2021 RICS UK Facilities Management Survey results are consistent with a solid backdrop overall, as expectations for the coming twelve months again point to a strong pick-up in total workloads. As shown in Chart 1, demand for FM services continues to rise across the vast majority of sectors according to survey feedback. Leading the way (as it has done since the start of the pandemic) healthcare continues to see the strongest rise in demand, with a net balance of +77% of respondents citing an increase over the latest survey period. Alongside this, demand for FM services reportedly rose within the business sector for a second report in succession, marking a turnaround after the slightly negative trend noted at the start of the year. Nevertheless, the retail sector remains the only area in which demand is in decline, with the latest net balance standing at -30% (albeit this is somewhat less downbeat than -46% last time).

In terms of the type of FM service that is expected to see the strongest growth over the coming year, bundled contracts, in-house delivery and total/integrated facilities management all display relatively even expectations. By way of contrast, the single service model stands out as being the least favoured for the year ahead, with only 6% of survey participants anticipating this to be the strongest growing segment.

Looking into the feedback on which area of FM is expected to expand most firmly over the next twelve months, workplace and relocation management remains the clear front runner (a trend that has now been in place for five consecutive quarters). Aside from this, the latest results do show a slight change in the expected growth rankings compared to last quarter, with strategic planning/project management just edging ahead of sustainability management and now displaying the second strongest expectations (Chart 3 overleaf).

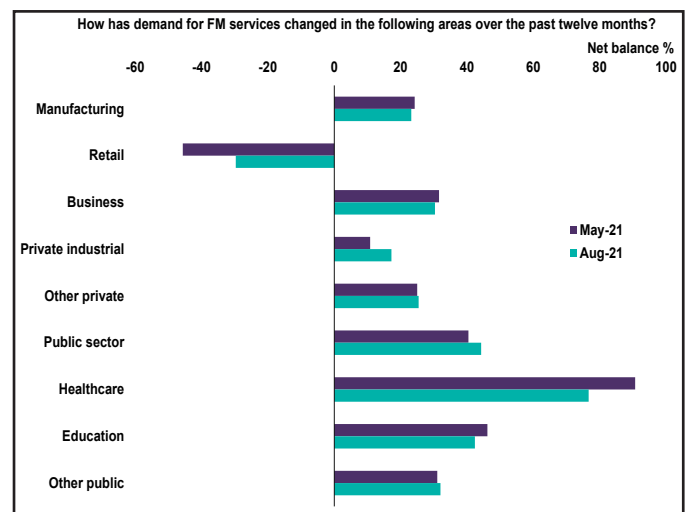
With regards to employment levels across the FM industry, a net balance of +59% of respondents reported that their company had hired additional staff during the past three months. Looking ahead, survey participants continue to expect headcounts to increase over the year to come, with the latest net balance reading standing +27% (although this is slightly more modest than +37% posted previously). On a more cautious note, 55% of respondents noted

difficulties in sourcing workers in building operation and maintenance this quarter, up from 51% last time and noticeably higher than 28% who were citing such issues two quarters ago. Similarly, 40% of respondents report that they are now having problems finding workers for support service which has picked up from just 28% beforehand.

Meanwhile, twelve-month expectations for overall workloads across the sector remain robust, as a net balance of +79% of respondents foresee a further improvement over the next twelve months. On the same basis, expectations for profit margins strengthened slightly over the quarter, even if they remain relatively modest, with a net balance of +13% of respondents now envisaging a widening in margins (up from a net balance of just +6% last time).

Following the lifting of most formal COVID restrictions, the largest share of contributors still anticipate that less than 60% of employees will return to their previous physical workplace on the same schedule as prior to the pandemic. In fact, the proportion taking this view has increased to around one-third, from closer to one-quarter in the previous survey. The full breakdown of the responses to this question are displayed on Chart 12 (page 3).

Chart 1



# Key indicators

Chart 2

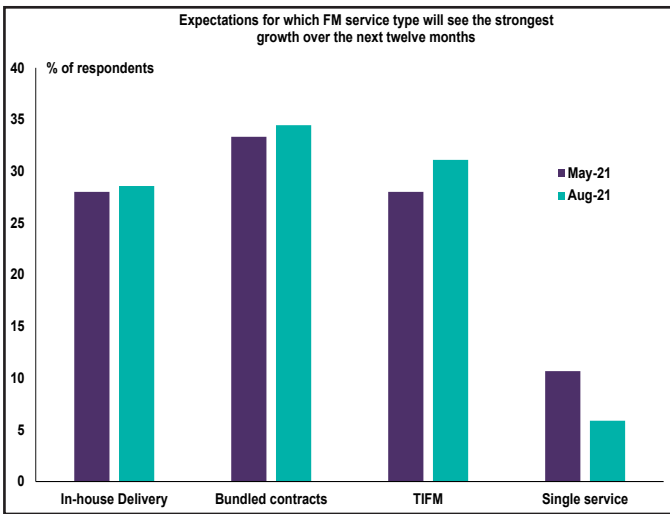


Chart 3

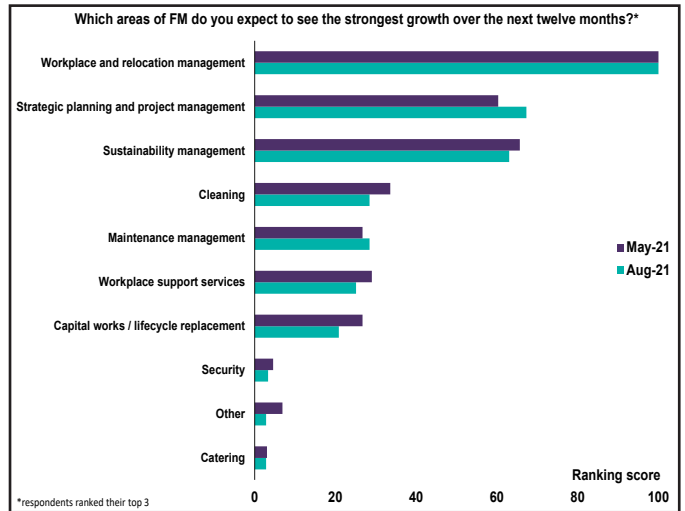


Chart 4

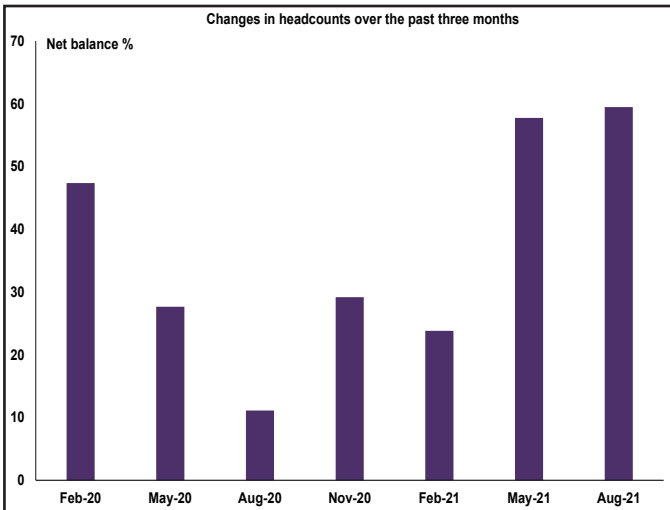


Chart 5

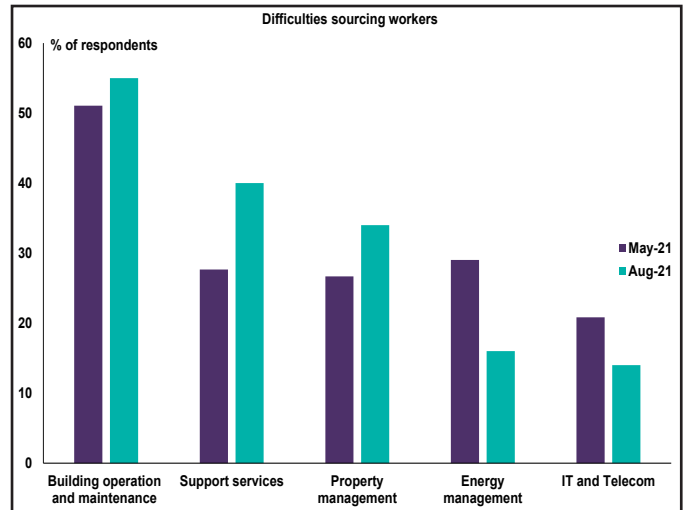


Chart 6

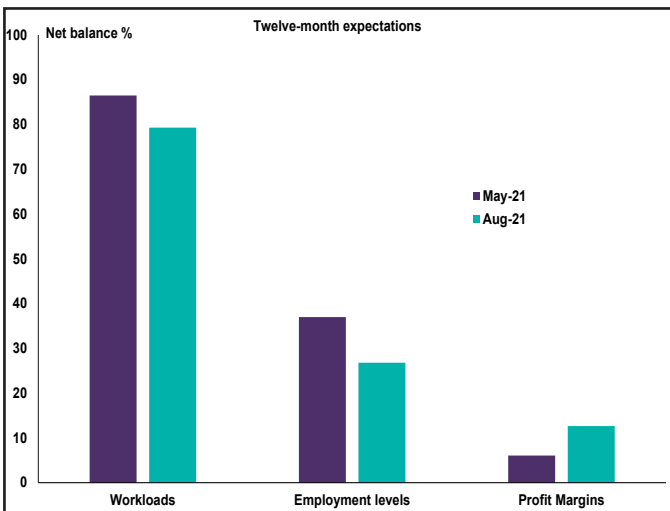
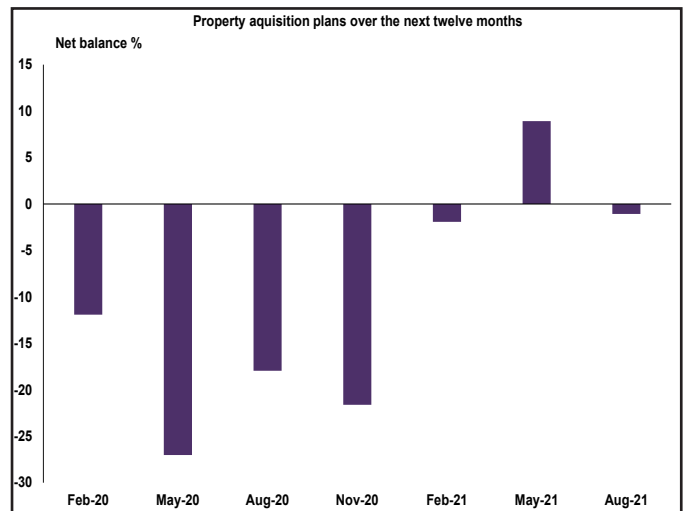


Chart 7



# Key indicators

Chart 8

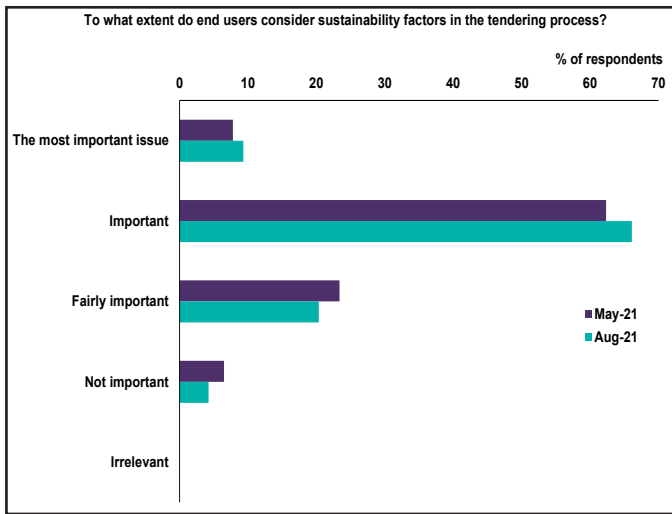


Chart 9

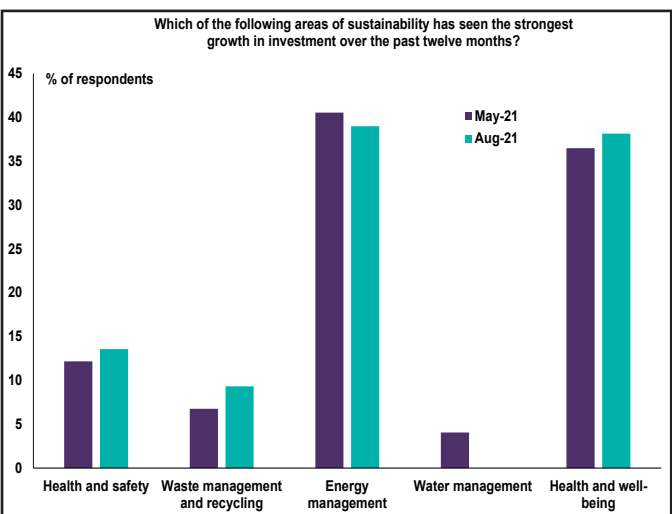


Chart 10

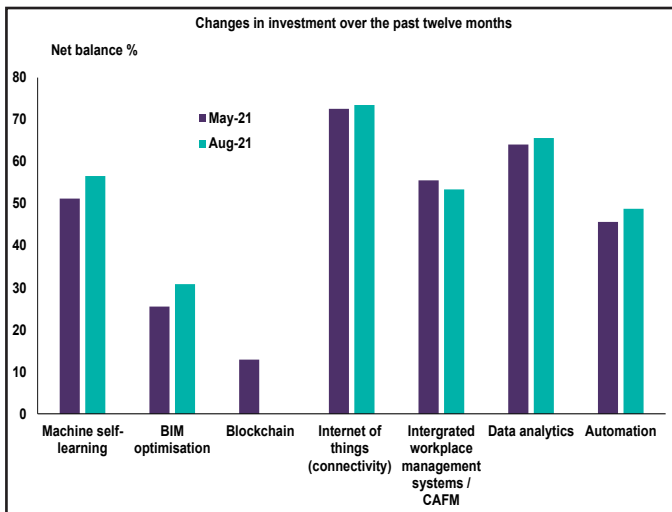


Chart 11

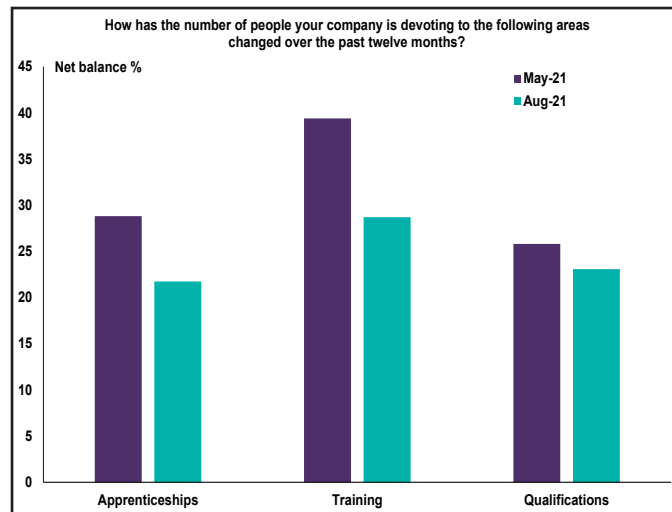
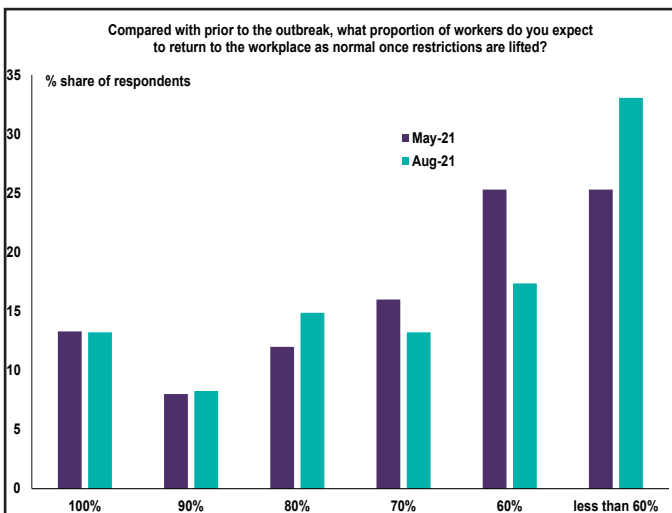


Chart 12



# Methodology

## About:

The RICS Facilities Management is a quarterly sentiment survey of Facility managers, service providers and FM consultancies who operate across the UK. Data collection began in 2020.

## Net balance data:

- **Net balance = Proportion of respondents reporting a rise in prices minus those reporting a fall** (i.e. if 30% reported a rise and 5% reported a fall, the net balance will be 25%).
- The net balance measures breadth (how widespread e.g. price falls or rises are on balance), rather than depth (the magnitude of e.g. price falls or rises).
- Net balance data is opinion based; it does not quantify actual changes in an underlying variable.
- Net balance data can range from -100 to +100.
- A positive net balance implies that more respondents are seeing increases than decreases (in the underlying variable), a negative net balance implies that more respondents are seeing decreases than increases and a zero net balance implies an equal number of respondents are seeing increases and decreases.
- Therefore, a -100 reading implies that no respondents are seeing increases (or no change), and a +100 reading implies that no respondents are seeing decreases (or no change).
- In the case of the RICS price balance, a reading of +10 should not be interpreted as RICS saying that house prices are going up by 10%, but that 10% more surveyors reported increases rather than decreases in prices (over the last three months).
- A change from +30 to +60 does not mean that the variable grew by 30% in one period and by 60% in the next period, but it does indicate that twice as many surveyors reported an increase compared to a decrease than in the previous period.
- Likewise, if we get a reading dropping from +90 to +5, this still means that more respondents are reporting increases than decreases overall, but the breadth of those reporting increases has fallen dramatically; meanwhile, a shift in the reading from -90 to -5 still means that more respondents are reporting decreases than increases overall, but the breadth of those reporting decreases has fallen dramatically.

## Questions Asked:

1. What is your occupation?
2. How has demand for FM services changed in over the past twelve months?
3. Which type of FM service do you feel will see the strongest growth over the next twelve months?
4. Which area of FM do you expect to see the strongest growth over the next twelve months?
5. Have you hired anyone new (additional) staff in the past three months?
6. Have you experienced any difficulties in sourcing workers in the following areas over the past three months?
7. How do you expect the following to change for your company over the next twelve months? (Workloads, Employment levels, Profit Margins)
8. Over the next twelve months, do you intend to? (Acquire more property, Retain the same level, Dispose of property)
9. To what extent do you sense end users consider sustainability factors in the tendering process?
10. Which of the following areas of sustainability has seen the strongest growth in investment over the past twelve months?
11. How has investment changed into the following technologies over the past twelve months?

12. How has the number of people your company is devoting to apprenticeships, training and qualifications changed over the past twelve months?

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## Delivering confidence

We are RICS. Everything we do is designed to effect positive change in the built and natural environments. Through our respected global standards, leading professional progression and our trusted data and insight, we promote and enforce the highest professional standards in the development and management of land, real estate, construction and infrastructure. Our work with others provides a foundation for confident markets, pioneers better places to live and work and is a force for positive social impact.

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