



CITB ANALYSIS AND FORECASTING

Construction Skills Network

The skills construction needs

5-year
Outlook

2021-2025



Who we are



CITB is the Industrial Training Board (ITB) for the construction industry in Great Britain (Scotland, England and Wales). CITB uses its research and labour market intelligence to understand the sector's skills needs, and works with industry and government to make sure construction has the right skills, now and for the future.

CITB is modernising its funding approach to invest in areas that will deliver the best returns for industry, and enable the sector to attract and train talented people to build a better Britain.



Experian's Construction Futures team is a leading construction forecasting team in the UK, specialising in the economic analysis of the construction and related industries in the UK and its regions. As such we have an in-depth understanding of the structure of the construction industry and its drivers of change. The Construction Futures team has collaborated on the Construction Skills Network employment model with the CITB since 2005, manages a monthly survey of contractors' activity as part of the European Commissions' harmonised series of business surveys, and a quarterly State-of-Trade survey on behalf of the Federation of Master Builders.

CITB is tasked by government to ensure the UK's construction 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. These materials, together with all of the intellectual property rights contained within them, belong to the Construction Industry Training Board (CITB). Copyright 2018 ("CITB") and should not be copied, reproduced nor passed to a third party without CITB's prior written agreement. These materials are created using data and information provided to CITB and/or EXPERIAN Limited ("Experian") by third parties of which EXPERIAN or CITB are not able to control or verify the accuracy. Accordingly neither EXPERIAN nor CITB 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 CITB 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.

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Foreword

As the country emerges from the most extraordinary time in its post-war history, this Construction Skills Network (CSN) forecast is more positive than the most fervent optimist would have imagined 18 months ago.

After a sharp fall, we now expect construction to return to pre-Covid output in the first half of next year. This is an exceptional achievement, driven in part by the vaccine programme and extensive government support, but also because many construction businesses were able to stay open and adapted rapidly to the new environment.

Overall we expect output to grow at an average rate of 4.4% across 2021-2025, meaning that construction will need to recruit an extra 217,000 workers, or over 43,000 per year. The fastest growth will be in infrastructure and home building, with a growing contribution from repairs, maintenance and improvement, as retrofit to existing buildings becomes more important. These targets present significant challenges for the industry. In part, this is about plugging current skills gaps, such as bricklayers and dryliners, but we must also invest in leadership and management, digital skills and skills related to energy efficiency to boost productivity and to address growing challenges such as Net Zero carbon emissions and Building Safety. This represents a huge opportunity for construction to modernise, attract a more diverse talent pool and upskill its existing workforce.

Construction employers have worked closely with CITB to ensure that, despite very difficult circumstances, most apprentices have continued with their programmes, sometimes with a new employer. We now need to build on this by investing in the next generation of

workers and upskilling those already working, not easy when employers are still dealing with the aftermath of the pandemic. Our Business Plan focuses on addressing the key challenges that employers face, with a particular emphasis on supporting apprenticeships and building bridges between further education and work so that more learners make it into construction jobs and apprenticeships. We will also target increased attention and support on the key skills and occupations that are critical to employers, both to meet immediate needs and the key emerging challenges, and will report on progress that has been made in these areas.

With construction set to grow faster than some other industries, there is an opportunity to attract workers that might not have considered construction.

We will support employers to do this by providing clear information on the opportunities available and how to realise them, by making taster opportunities to give people a feel for the industry more

accessible and by investing in onsite hubs that provide work experiences and prepare new entrants for working in construction. This builds on the success of the government-funded Construction Skills Fund that has prepared thousands of people for working in construction in the last few years and seen many of them nail down jobs in the industry.

It's great to be looking forward to growth again. That brings its own challenges. By working together, I'm confident that we can meet them.



Steve Radley
Director of Strategy
and Policy, CITB

UK key facts and figures

Annual average workforce growth of 1.0% to 2025, which would mean the construction workforce reaching

↑ **2.84 million**

Recovery

↑ **All sectors will recover from the impact of Covid-19, infrastructure and private housing will see the healthiest pace of expansion.**

Output

↑ **Industry reaching 2019 levels of output in 2022.**

Extra workers required over the next five years to meet projected demand

+ **216,800**

Output

! **The commercial sector faces significant near-term risks while the public sectors could be impacted by tighter government finances.**

Construction's strong recovery and growth outlook should result in

+ **Employment opportunities and potential training requirements.**

Construction outlook

Compared to this time last year, the outlook for the construction industry is a lot more positive.

In May/June 2020 the industry experienced a sharp recession with record falls in construction output following the introduction of the first national lockdown in response to Covid-19.

The general view at the time was that output could take a few years to recover. However, the second half of 2020 saw output levels quickly pick up as construction businesses adapted to social distance working practices, with government providing direct support to businesses and the job-retention/income support schemes reducing potential job losses. These factors, combined with the successful rollout of the UK's vaccination programme, have helped the construction industry to be more resilient to subsequent lockdowns, allowing it to maintain levels of work into the early part of 2021.

With the government looking to implement a programme of growth to Build Back Better, construction will be pivotal in achieving a range of aims. Delivering the investments in infrastructure to upgrade rail, road and broadband networks, along with the new build and retrofit work that will support the built environment's contribution to the UK's accelerating the transition to Net Zero carbon emissions, requires a skilled construction workforce. Likewise, strong demand in the private housing sector with increasing emphasis on using modern methods of construction to help achieve home building ambitions, will also drive demand for a suitably skilled workforce.

While the growth in house building, infrastructure and repair and maintenance sectors will all play a key part in the construction outlook over the next five years, we expect to see this delivered over all areas of the UK. Supporting the levelling up of the UK through the likes of the Levelling Up Fund; City and Growth Deals; Transforming Cities Fund and the creation of Freeports, will aim to help ensure that future construction growth is balanced across the UK.

While the construction industry has initially shown a quicker recovery when compared to previous recessions, with positive prospects for growth in several sectors, there are some challenges. During 2020 and into the start of 2021, construction companies reduced recruitment and there was a significant drop in apprenticeships starts. There are signs that job vacancies and recruitment activity are picking up. However, for the industry to meet increasing demand, a trained, skilled, competent workforce is essential.

Construction needs to attract talented people and make it easy for them to join, particularly people from other industries who want to take advantage of opportunities. Equally, it is crucial that the industry retains its existing skills. These challenges have been made more acute following Brexit.

Underpinning this demand is the need for workers to have the right qualifications and training that reflects the needs of construction companies and the reality

of a modern construction industry. This requires a range of qualifications and standards that support the industry to grow and be more productive with:

- Clear routes into different jobs that encourage talented people to join and develop careers in construction
- Improvements in how managers and leaders understand their businesses' training requirements
- Increase productivity and skills that are more transferable
- Improved understanding of competence and a transition towards a robust competence system for the industry.

This would help the construction industry attract and retain the workforce it needs to take advantage of the opportunities outlined in this outlook.

For the industry to meet increasing demand, a trained, skilled, competent workforce is essential.



Economic view

The outlook for most of the economy looks much more positive, as confidence rises amid a successful vaccine rollout, declining Covid-19 infection rates and the government continuing to follow its 'roadmap out of lockdown' that involves return to some normality.

YouGov/Centre for Economics and Business Research's Consumer Confidence Index in April 2021 recorded its highest score in almost three years, at 108.5.

The index score of above 100 suggests that more consumers are confident than not, and this is being driven by recent business activity in the workplace as the economy gradually reopens. Rising confidence should result in greater prospect for spending and therefore expediting economic recovery from the recession.

Construction is no exception to optimism about the future, with IHS Markit/CIPS' Construction Future Activity Index averaging a score of 73.4 in the first three months of 2021. A score of above 50.0 suggests that the construction industry expects growth over the coming 12 months.

Most of this optimism results from continued resumption of works that were paused during lockdown restrictions and an expected rise in sales, as the economy continues to reopen and lockdown restrictions ease.

As construction output keeps recovering in 2021 the industry's confidence should remain positive.

These positive points could reduce the risk of business insolvency in the near-term. ONS data shows that construction businesses' insolvency risk is slightly better than the all industries average – less than one per cent of construction businesses face 'severe' insolvency risk compared to all industries that is almost double this amount, in percentage terms. Also, nearly half of construction businesses expect 'low'

insolvency risk compared to a weaker score of two-fifths for all industries. However, Ernst & Young's 2020 Profit Warnings report suggests that most of construction's 33 'profit warnings,' when a publicly listed company reports profits materiality below expectations, came from the commercial sector. Structural changes impacted commercial work during 2020, with reduced demand for office space arising from remote working and an ongoing shift towards online shopping impacting retail space, and these changes pose near-term uncertainty for this sector.

The risk for the commercial sector is that its number of insolvencies could rise as government support winds down in 2021.

A swift recovery could present a risk of price pressures for construction and the wider economy. Although inflation is currently low (0.4% in February 2021), we expect inflation to rise to 2% by the end of 2021 as pent-up demand pushes up prices. Construction has recently faced rising material prices, also driven by:

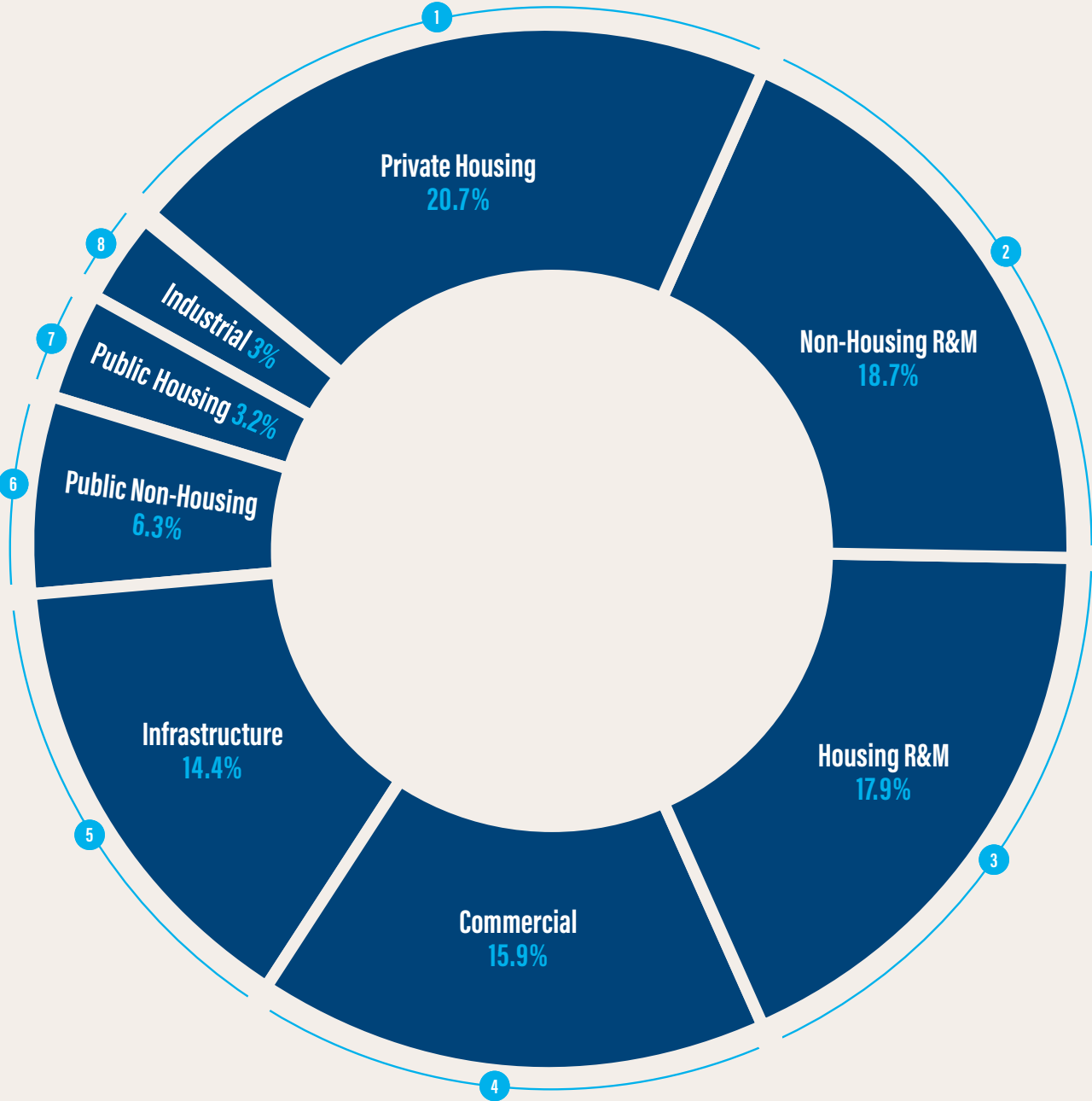
- Difficulties in obtaining materials during the pandemic
- Import tariffs
- Depressed sterling rates.

While some of these factors could be temporary, ongoing price pressures for construction are likely, especially due to potential supply shortages. The Royal Institute of Chartered Surveyors forecast that construction materials prices will rise by 22% between Q3 2020 and Q3 2025, which could pose some challenges for the industry, for example, through uncertainty about future profits and costs that in turn impact investment levels.

The government strategy is clear: bolster the economy with significant support when it is fragile, and claw this back later via higher taxes. However, the UK leaving the European Union (EU) could create potential disruption for recovery with the impact on trade volumes likely to persist this year, even if the teething problems persist. Also, research by the London School of Economics suggests that since Brexit, outward investment into Europe by UK companies has increased as companies had to find new ways to operate in the EU, and this is also likely to continue as businesses look to preserve access to the European Single Market.

Lastly, there are non-economic challenges for the wider economy and several industries, including construction. These include a potential third wave of Covid-19 infection rates resulting from relaxed social distancing restrictions during summer 2021 and increased international travel that might result in further Covid-19 variants. Such challenges could also lead to additional lockdown measures during autumn 2021 and onwards, which could create a dent in wider economic and construction recovery.

Construction output share by industry sector



Source: CSN, Experian.

Construction sectors

While all sectors will recover from the impact of Covid-19, infrastructure and private housing will see the healthiest pace of expansion.

The commercial sector faces significant near-term risks while the public sectors could be impacted by tighter government finances.

Looking ahead, we expect relatively healthy rates of growth in total output during 2021 and 2022, of 10.8% and 3.3%, respectively, and the industry reaching 2019 levels of output in 2022.

Although all sectors will recover, with the bulk of the rebound seen in 2021, the pace of growth will begin to revert to trend from 2022, and there are notable differences by sector as well as associated risks.

In the new works sectors, there is little doubt that the government views new infrastructure projects as critical to supporting the economic recovery.

£27bn is committed for 2021-22, and a pipeline of between £29bn to £37bn coming to the market by April 2021, according to the June 2020 National Infrastructure and Construction Pipeline. All sub-sectors except gas, air and communications are expected to see expansion, with the rate of growth particularly strong in road and rail. Driven by Highways England's Roads Investment Strategy 2 programme and the build-up of work on High Speed 2. There will also be some uplift from new funding for ports that has recently been announced.

The one negative for the sector in output growth terms is the stalling of airport investment due to the dramatic reduction in passenger air traffic in 2020. It could be the mid-2020s before schemes such as the third runway at Heathrow are back on the agenda. Infrastructure is expected to achieve its 2019 output levels by the end of 2021, given its strong annual average growth rate (AAG) of 5.2% over the five years. This sector's forecast is also independent of any notable rebound impact, as it fell by less than 4% in 2020 – in stark contrast to the steep declines in the other sectors.

Private housing remains supported by ambitious home building targets. In addition, government policies such as the suspension of Stamp Duty until end-June 2021 and the ongoing Help to Buy (HtB) scheme continue to support the housing market. Government stimulus for private housing should continue to boost this sector's recovery and its AAG is forecast at 6.7% over the five-year forecast, with 2019 output levels being achieved in 2022.

While demand in hospitality will return once the pandemic is under control and the population is widely vaccinated, increased homeworking and the ongoing move towards online shopping are structural changes that will influence the commercial sector's growth in the long term. However, coverage in early 2021 indicates that pent-up demand is rising for commercial works that were paused during lockdown restrictions.

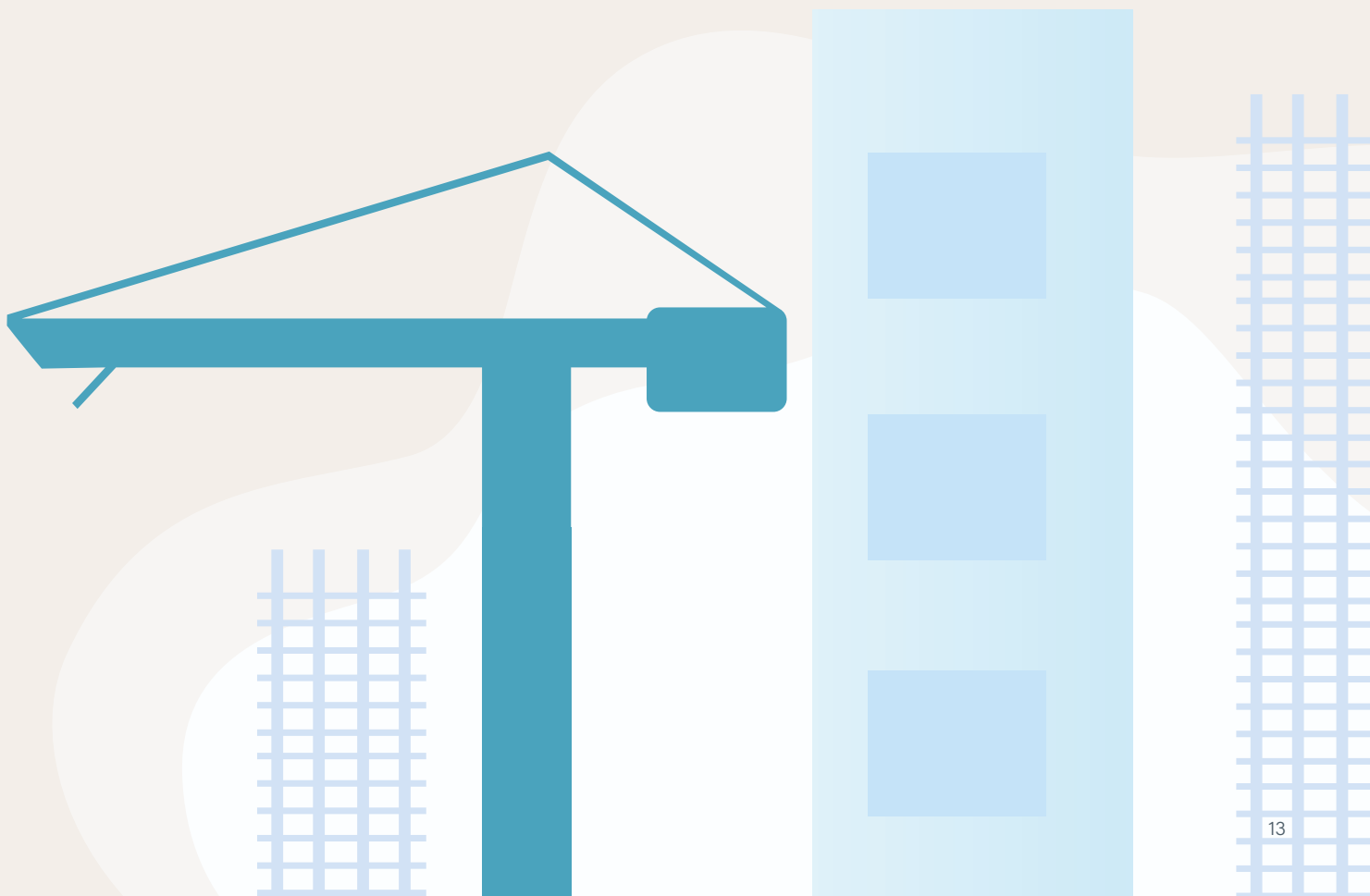
The challenge is that near-term prospects for commercial are uncertain as its biggest sub-sectors (offices, retail and leisure) have been hardest hit by the pandemic, and the risk of business insolvency could be more severe in commercial compared to other construction sectors. Subsequently, commercial's mild recovery is forecast to achieve its 2019 levels in 2025 with an AAG at 4.2%.

The public non-housing sector is forecast to be one of the weakest over the next five years with an AAG of 2.9%, not only because it experienced less of a decline in 2020 to rebound from, but also because it will be held back by strained public finances. Given this sector only faced an 8.1% decline in output during 2020, it is expected to achieve 2019 output levels in 2022. However, the government has committed to significant expenditure in both the health and education sub-sectors, with 40 new hospitals and 500 new schools planned by 2030. How strong the recovery can be in the public non-housing sector will depend on how much of these programmes can be delivered in the next few years.

**CONSTRUCTION
OUTPUT - UK**
(£ MILLION, 2018 PRICES)

	Actual	Forecast (Annual % change, real terms)					Annual average
	2020	2021	2022	2023	2024	2025	2021-2025
Public Housing	4,950	12%	3%	3%	3%	2%	4.6%
Private Housing	31,538	21%	4%	3%	3%	3%	6.7%
Infrastructure	21,902	13%	4%	3%	3%	3%	5.2%
Industrial	9,642	7%	2%	2%	2%	1%	2.9%
Public Non-housing	4,561	9%	4%	3%	2%	1%	3.7%
Commercial	24,208	6%	4%	4%	4%	3%	4.2%
New Work	96,800	13%	4%	3%	3%	3%	5.2%
Housing R&M	27,335	9%	2%	3%	2%	2%	3.5%
Non-housing R&M	28,481	5%	2%	2%	2%	2%	2.5%
Total R&M	55,816	7%	2%	3%	2%	2%	3.0%
Total Work	152,617	11%	3%	3%	3%	2%	4.4%

Source: CSN, Experian



Public housing will see 4.6% AAG in output between the end of 2020 and 2025, to a large extent that captures the recovery from very weak levels in 2020.

Underlying prospects are muted given the strain the public purse will be under for the remainder of this Parliament. While some extra public money was allocated to housing in the November 2020 Spending Review, that will largely be targeted at land purchase, remediation, and local infrastructure. Given that public spending will be under considerable pressure and what money there will be for capital expenditure on construction likely to be targeted mainly at infrastructure and health, public housing is a low priority over the forecast period and it is expected to achieve its 2019 output levels after 2025.

Warehouses took over as the largest sub-sector in industrial construction in 2018 and the gap between it and factories is expected to continue to widen over the forecast period. Construction in both

was heavily impacted by the pandemic, but recovery prospects are better for the former. Even though a Brexit deal has been negotiated, there is likely to be more disruption to just-in-time supply chains, forcing manufacturers and distributors to hold more stock. However, the increase in demand for warehouse space for online retailing, especially during the pandemic, should drive a strong recovery in the warehouse sub-sector.

In contrast, factory construction has been struggling since 2016 and while it should recover somewhat from 2020 levels, there is little to suggest that it will be particularly buoyant given long-running weakness in manufacturing investment. Supply chain disruptions are likely to be a key risk for the industrial sector and could impact output's recovery. Industrial's AAG, at 3.7%, will marginally underperform the UK average in the forecast period and it will not achieve its 2019 output levels before 2025.

The repair and maintenance (R&M) sector will see moderate medium-term growth as household, business and public finances stay constrained in post-pandemic years. Housing R&M is expected to be the

stronger performer underpinning the bulk of the 3% AAG expected in 'All R&M' between 2020 and 2021, and All R&M is expected to achieve its 2019 output levels in 2022.

A key potential upside to this sector's prospects is the UK government's ability to deliver progress on achieving its Net Zero climate change ambitions. If the climate change ambitions are delivered, then relevant construction works will have a positive impact on R&M output.

Key milestones to look out for include the Green Jobs Action Plan, the Heat and Buildings Strategy, and the Net Zero Strategy. Also, if the commercial sector undertakes large-scale refurbishment of office and retail spaces to adapt to a greater prevalence of remote working and online shopping in the future, that could potentially provide some uplift to the non-housing R&M sector.



ANNUAL RECRUITMENT REQUIREMENT (ARR) BY OCCUPATION

NON-MANUAL OCCUPATIONS	TOTAL EMPLOYMENT	2020 2025	ARR
Non-construction professional, technical, IT, and other office-based staff	391,900 411,500		7,850
Other construction process managers	208,100 215,300		3,600
Senior, executive, and business process managers	195,100 198,100		1,350
Construction trades supervisors	48,400 53,900		800
Construction project managers	53,000 54,300		400
MANUAL OCCUPATIONS			
Wood trades and interior fit-out	248,800 258,000		5,500
Electrical trades and installation	183,600 195,600		3,400
Labourers nec*	122,100 130,500		2,700
Bricklayers	74,600 82,300		1,450
Building envelope specialists	100,100 111,200		1,250
Plumbing and HVAC Trades	169,800 166,100		1,250
Plant operatives	42,100 45,900		850
Plasterers	51,700 53,000		800
Painters and decorators	99,500 100,300		650
Plant mechanics/fitters	41,100 42,400		400
Roofers	48,600 47,300		400
Civil engineering operatives nec*	21,800 24,400		350
Logistics	25,200 26,600		300
Steel erectors/structural fabrication	23,300 25,900		300
Specialist building operatives nec*	61,100 56,800		200
Scaffolders	24,000 22,700		200
Floorers	26,300 26,100		100
Glaziers	30,300 29,800		50
Non-construction operatives	34,400 37,200		-
PROFESSIONAL OCCUPATIONS			
Other construction professionals and technical staff	208,050 224,480		5,150
Surveyors	71,920 77,900		1,800
Civil engineers	56,480 60,980		1,350
Architects	43,630 48,530		950

* Not elsewhere classified

Workforce

Construction employment is estimated to have fallen by 0.7% to 2.7 million, in 2020.

However, the decline in jobs has been far less pronounced than the fall in construction output, and recent ONS data shows that construction vacancies have achieved pre-Covid-19 levels in the three months to February 2021. Construction's strong recovery and growth outlook should result in further employment opportunities and potential training requirements.

When the first national lockdown was introduced, the government implemented the Coronavirus Job Retention Scheme (CJRS) and the Self-Employment Income Support Scheme (SEISS) to help sectors protect jobs. Although seen as temporary measures, the schemes have subsequently been extended when further lockdown restrictions were put in place, and along with support provided to businesses by way of loans and grants, they appear to have helped mitigate job losses that would have occurred in their absence.

Current ONS data shows less than 3% of the construction workforce is still on furlough, which lessens the risk of further job losses when the schemes are likely to be phased out later in 2021.

The drop in output levels is also likely to have been absorbed in part by the workforce adapting by reducing number of hours worked, working from home where possible and reducing travel. Social distancing measures and the need to comply with stricter site regulations could also have had an impact on productivity, and offer another reason why jobs haven't fallen as steeply as output.

These trends are now always fully captured in total workforce data, and 2020 was clearly an unusual year for the relationships between construction output and workforce. We expect that revisions will be made to data during 2021-22 as official surveys catch up with changes to the structure of the workforce brought about by the pandemic, as government support schemes wind down and eventually end.

However, as positive workforce growth is projected to return in 2021, at 1.5%, and then reverts to more modest growth from 2023, we anticipate more stable labour market relationships for the forecast with a return to stronger productivity and more hours worked from mid-2022. Overall, we expect an annual average workforce growth of 1.0% to 2025, which would mean the construction workforce reaching 2.84 million.

We've observed a pattern of stronger workforce growth in professional occupations compared with the trades in recent years, and we expect this to continue over the forecast as the industry continues to modernise and automate processes. Some professional occupations will see average annual growth rates of over 3.0% in the five years to 2025, while employment in the skilled trades workforce is slower at about 0.8%.

Based on the forecast for workforce demand growth and supply-side movements, the average annual recruitment requirement (ARR) is estimated at 43,350 for the 2021 to 2025 period. This means that the industry

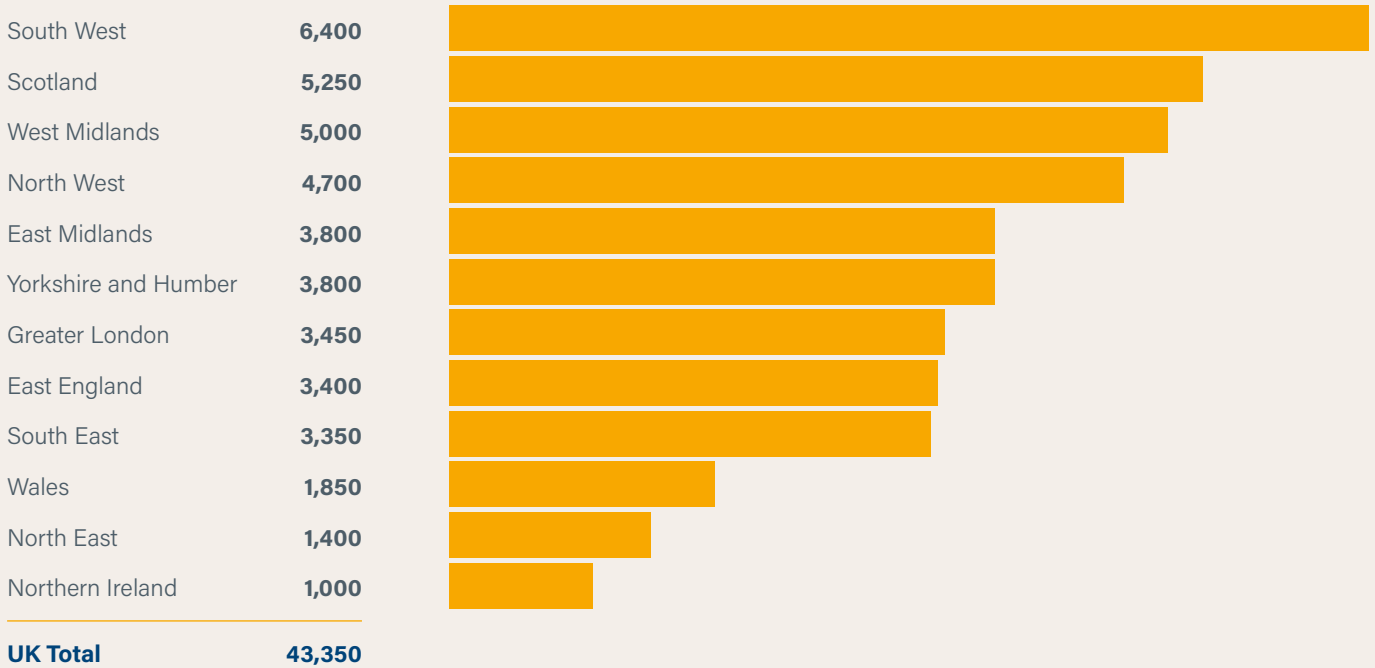
will need to increase current levels of recruitment to attract an extra 216,800 workers over the next five years to meet projected demand. In absolute terms, the highest ARR for construction-specific occupations are for wood trades and interior fit-out (5,480 per year), other construction professionals and technical staff (5,150), construction managers (3,600) and electrical installation trades and (3,400). There will also be a demand for non-construction, office-based professional, technical and IT support staff (7,850).

We also look at the ARR as a percentage of workforce to highlight occupations that might experience stronger recruitment requirements. The total ARR relates to 1.6% of the 2020 with professional occupations such as surveyors, civil engineers, architects, and other professional and technical staff all showing the strongest requirements of between 2.4% to 2.6%.

As shown on the graphs on the following page, some regions have strong ARRs despite weak workforce growth, e.g., the South West. This is due to the region's workforce growth not being strong enough to satisfy the required labour to meet demand for construction works. Also, ARR can exceed workforce growth due to the need to replace industry leavers.

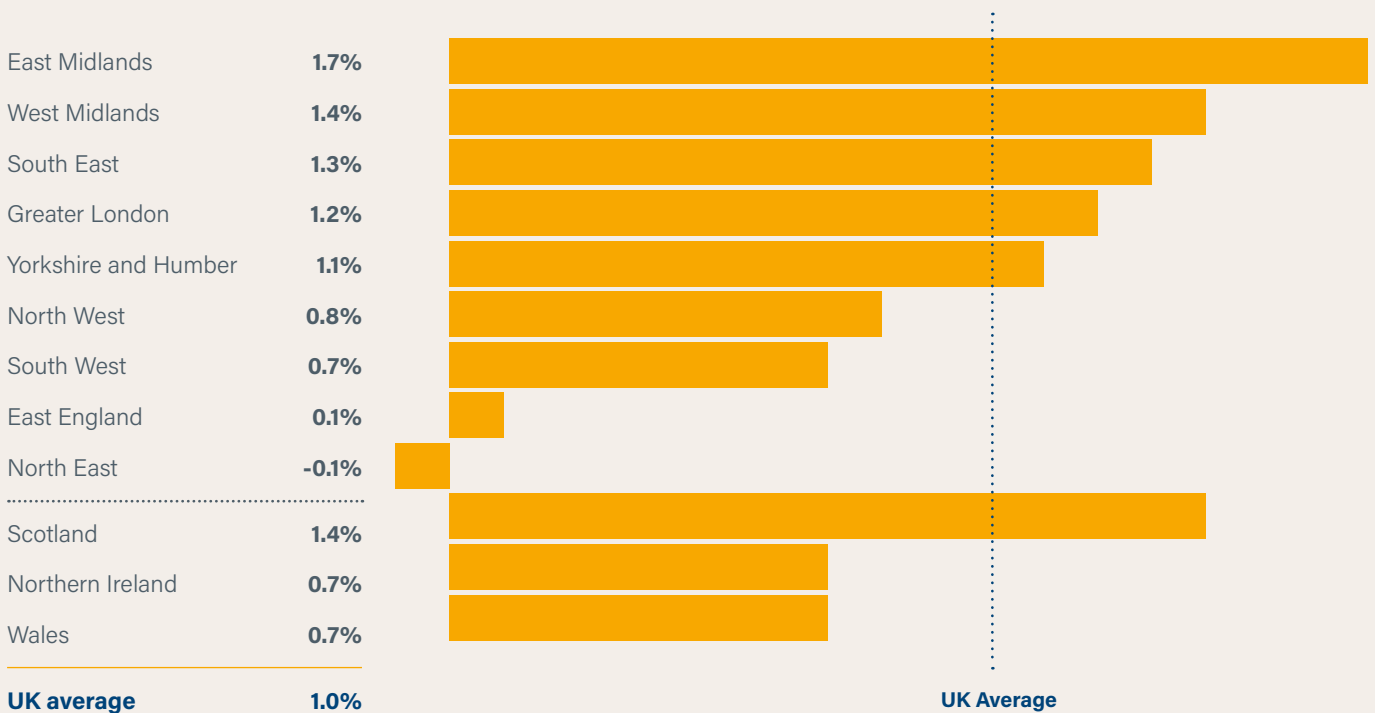
NUMBER OF NEW RECRUITS REQUIRED ANNUALLY 2020-25

Source: CSN, Experian



ANNUAL AVERAGE WORKFORCE GROWTH BY REGION

Source: CSN, Experian



Regions and devolved nations

All regions and devolved nations will see activity gradually recover over 2021-22, possibly with slight variability in performance due to their underlying economic recovery.

Medium-term growth will be driven by infrastructure mega-projects such as HS2, benefiting London and the West Midlands; and Hinkley Point C, in the South West. However, wider programmes of infrastructure work on rail and road networks, along with repair and maintenance and private home building, combined with the levelling up agenda, will deliver growth in all nations and regions.

While all regions and devolved nations have faced similar patterns of weakness over the course of the Covid-19 pandemic, all are expected to see a recovery over 2021 and 2022 with some slight variability. At the time of writing, no sub-regional data for construction output in 2020 had been released by the ONS, therefore the outlook is based on estimates for 2020.

The strongest declines in construction output in 2020, of around 15%, are estimated to have been in North West and Yorkshire and the Humber, areas that had tighter lockdown Tier restrictions compared to the south of England. In contrast, there has been less of a fall in Northern Ireland as output had already been under pressure and contracted for two consecutive years prior to the pandemic.

Infrastructure spending related to HS2 over 2021-23 provides an uplift to Greater London, while demographic pressures

look set to drive strong demand for new housing. However, in the near term, there are some downward pressures as Heathrow cancels or pauses over £650m of capital projects; Transport for London suspends plans for development of Crossrail 2; and weaker prospects for commercial work.

The West Midlands will see strong average annual output growth between 2020 and 2025 driven by HS2 works. The bulk of this growth will be experienced between 2021 and 2023 in line with current HS2 spending plans. Growth in the infrastructure sector largely offsets lingering private sector weakness over the forecast horizon raising the risk of the region falling significantly behind in growth rankings once HS2-driven expansion begins to ease.

Yorkshire and the Humber is expected to see average annual output growth in line with the UK average. The region is not driven by a major infrastructure mega-project and largely reflects a recovery from a very weak base. Nonetheless, some ongoing projects in the pipeline, such as work on offshore windfarms, the £450m Leeds Teaching Hospitals NHS Trust, the £91m prison at Full Sutton near York as well as a £200m rail factory in East Yorkshire, will all support activity.

The West Midlands will see strong average annual output growth between 2020 and 2025 driven by HS2 works.



The East of England is expected to record annual average output growth marginally less than the UK average. In the short term, the private housing sector will support activity benefiting from projects such as the planned £300m 2,000-home Brightwell Lakes development in Martlesham Heath, Suffolk. Infrastructure output in the near term is centred on the East Anglia One windfarm and the £1.4bn A14 upgrade, and will pick up again towards the end of the forecast period as work gets underway on the East Anglia Two and East Anglia One North wind farms. The £2bn Lower Thames Crossing Point project, a road link between Kent and Essex, will see its bid resubmitted in April 2021, with main works set to begin in mid-2022.

The East Midlands continues to lack the kind of major infrastructure projects that are driving strong expansion elsewhere in the UK. In the near-term we expect the region to see some benefit from ongoing work on the £235m HMP Wellingborough prison as well as substantial housebuilding in Nottinghamshire.

The North East will also be slightly behind the UK average annual output growth. While there have been some short-term projects for warehousing, further industrial work has been thin on the ground. A potential upside could come in the form of the Tees Combined-Cycle Power Plant, although the current start-date is being placed in the mid-2020s with completion by the end of the decade.

In contrast, the weakest average annual output growth is expected in the South West. Although it is benefitting from construction work at Hinkley Point C, when that begins to wind down there isn't the same scale of infrastructure investment to replace it. Whereas infrastructure output in the South East is set to be the single biggest driver of overall expansion in the region over the next five years, underpinned by a build-up of HS2 work in the near-term. The £1.2bn Manydown development in Basingstoke will deliver up to a thousand homes by 2023, and twice that number by the end of the decade. If plans for the £3.5bn London Resort progress, this would be a boost to the outlook for work in the South East.

The North West is estimated to have suffered one of the steepest contractions in construction output in 2020. However, there is some work in the pipeline over 2021-22, such as on the new Royal Liverpool Hospital, the £207m Preston Western Distributor and associated link roads, as well as a mixed-use brownfield development led by U&I. Further out in the forecast period, the Mersey Tidal Power project is moving into its next planning phase, with the project proposed to start in 2022. This presents an upside to the medium-term outlook, given the project is likely to involve multi-billion pound of investment.

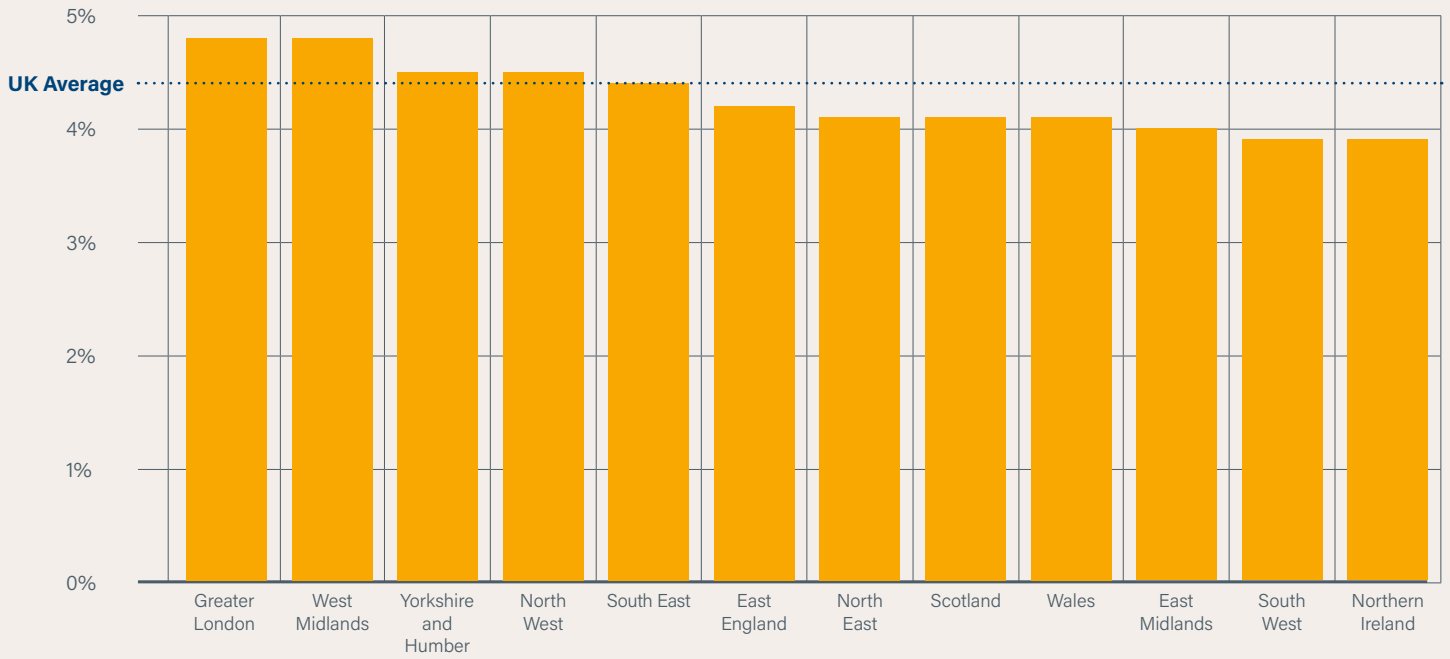
In its January 2021 draft budget, the Northern Ireland Executive government pledged £1.75bn capital spending on flagship infrastructure projects like the A5, A6 and Casement Park, as well as the schools' estate and social housing. A new £208m Belfast Transport Hub has been granted planning approval and work is due to begin in 2022 and complete in 2025. A lack of infrastructure, in particular sewage systems, holding up new private house building and concerns that some projects, such as the York Street Interchange in Belfast, could lose EU funding present further downside risks to an already weak forecast.

Infrastructure-driven growth in Wales will have been impacted by Horizon abandoning plans for Wylfa nuclear power station in January 2021 and confirmation to wind-up Horizon as an active development entity by 31 March 2021. However, work in the rail sector is likely to lead to moderate growth in infrastructure output in the short term along with Welsh Water's plan to invest a total of £366m in 2020-21, which is part of a new five-year £2.3bn investment plan to 2025.

Scotland will see activity supported by large wind farm schemes, the start of the £207m Edinburgh Tram extension, and a £3.6bn capital expenditure programme by Scottish Water. Furthermore, only two of the 11 A9 dualling schemes have yet been let, indicating that there is plenty of work left, although it is looking increasingly unlikely that the 2025 deadline for completion will be met.

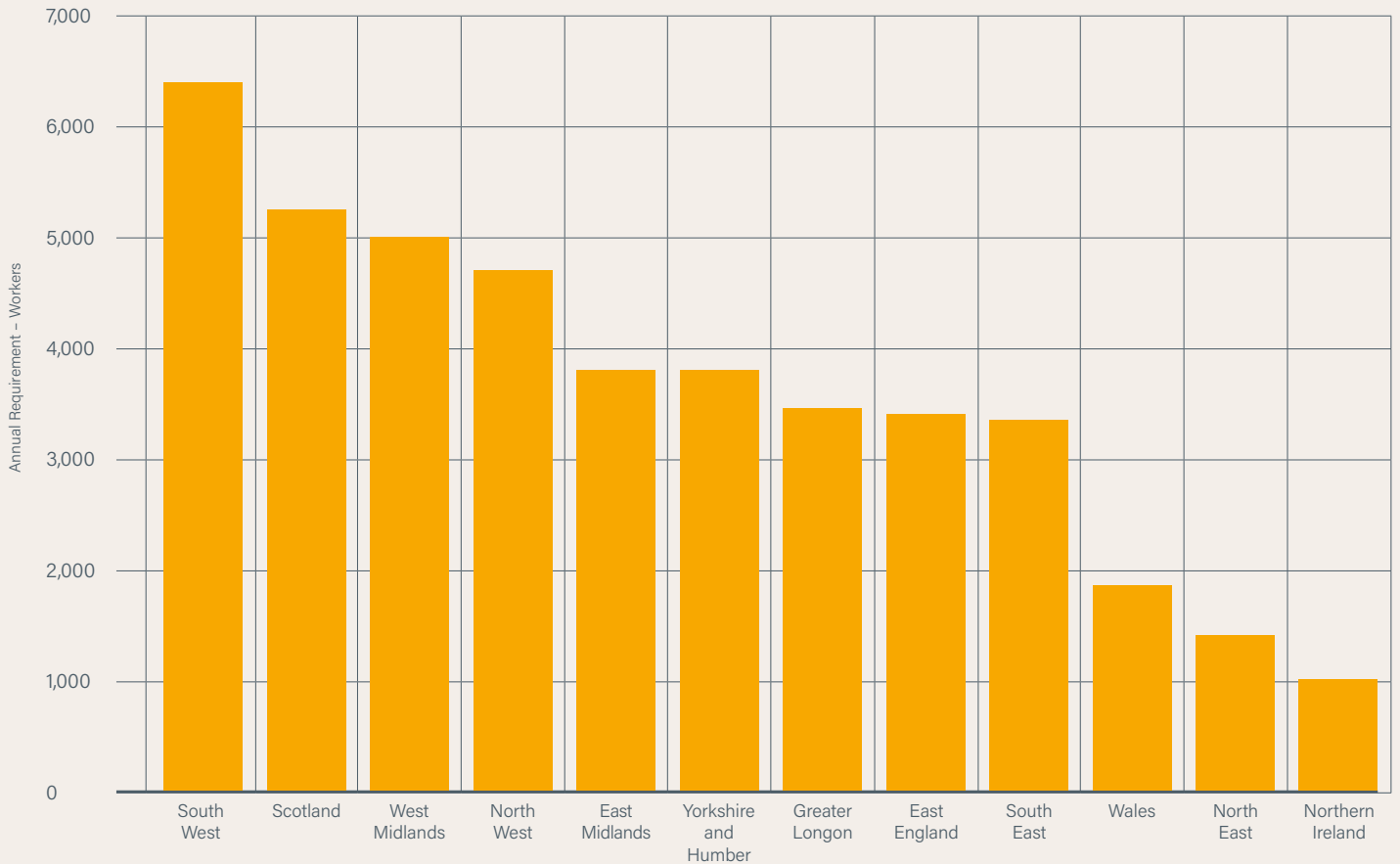
ANNUAL AVERAGE OUTPUT GROWTH BY REGION 2021-25 (UK)

Source: CSN, Experian
Ref: CSN Explained



ANNUAL RECRUITMENT REQUIREMENT BY REGION 2021-25

Source: CSN, Experian
Ref: CSN Explained



Wales

The annual recruitment requirement in Wales of 1.6% per year, means an extra 9,250 new workers are needed between the end of 2020 and 2025.

Growth rate

2020 has been a challenging year for construction in Wales, with annual output dropping by around 14% between 2019 and 2020.

We expect a recovery in output from 2021, although this depends on the success in controlling Covid-19. The volume of work will grow by an annual average rate of about 4.1% from the end of 2020 to the end of 2025, which is slightly below the UK forecast of 4.4%. Private housing sector is expected to have the fastest growth, and we forecast construction output to achieve its pre-Covid-19 levels during 2023.

Job creation

The level of output growth in Wales gives an annual average increase of 0.7% in the construction workforce, slightly lower than the UK-wide equivalent at 1.0%. This means that the estimated workforce of 114,400 at the end of 2020 is set to increase to 118,500 by the end of 2025.

Annual recruitment requirement

At 1.6%, the level of average annual recruitment requirement in Wales, based on a percentage of the 2020 workforce, is the same as the UK. This means the construction industry would have to increase current recruitment by 1,850 new workers each year to deliver the expected work between the end periods of 2020 and 2025.

Main growth drivers/contracts

Private housing and infrastructure work will be the main drivers of growth in Wales, although housing repair and maintenance also looks set to make a significant contribution, particularly in meeting progress towards energy efficiency improvements.

For infrastructure work, the £750m South Wales Metro project commenced in 2020 and Welsh Water plans to invest a total of £366m in 2020-21, as part of a new five-year £2.3bn investment plan to 2025.

The CSN detail for Wales can be found at the [CSN LMI - Wales Report](#)

Wales annual recruitment requirement estimated at

↑ **1,850**

Extra workers required in Wales by 2025

↑ **9,250**

Wales average output growth

↑ **4.1%**

Welsh Water investment plans to 2025

+ **£2.3bn**

Scotland

The annual recruitment requirement in Scotland of 2.3% per year, means an extra 26,250 new workers are needed between the end of 2020 and 2025.

Growth rate

2020 has been a challenging year for construction in Scotland, with annual output dropping by around 13% between 2019 and 2020.

We expect a recovery in output from 2021, although this depends on the success in controlling Covid-19. The volume of work will grow by an annual average rate of about 4.1% from the end of 2020 to the end of 2025, which is slightly below the UK forecast of 4.4%. Private housing sector is expected to have the fastest growth and we forecast construction output to achieve its pre-Covid-19 levels by the end of 2023.

Job creation

The level of output growth in Scotland gives an annual average increase of 1.4% in the construction workforce, higher than the UK-wide equivalent at 1.0%. This means that the estimated workforce of 226,000 at the end of 2020 is set to increase to early 242,000 by the end of 2025.

Annual recruitment requirement

At 2.3%, the level of average annual recruitment requirement in Scotland, based on a percentage of the 2020 workforce, is higher than the UK figure of 1.6%. This means the construction industry would have to increase current recruitment by 5,250 new workers each year to deliver the expected work between the end periods of 2020 and 2025.

Main growth drivers/contracts

Although Scotland's annual average rate of 4.1% is slightly below the UK forecast of 4.4%, the main sectors of growth are similar to the UK with private housing and infrastructure sectors are expected to have the fastest growth rates.

The 6.3% annual average growth forecasted for private housing work from the end of 2020 to the end of 2025, similar to the UK figure and largely influenced by the sector returning to work in 2021.

Infrastructure activity is beginning to ramp up again, with some big wind farm schemes, such as those in the Firth of Forth, ongoing or in the pipeline; the start of the Edinburgh Tram extension; and a £3.6bn capital expenditure programme by Scottish Water. The Moray Firth project has seen the first 100 turbines installed in January 2021 for Moray East, and is expected to be fully operational in 2022, providing enough power for close to a 1m homes.

The CSN detail for Scotland can be found at the [CSN LMI - Scotland](#)

Scotland annual recruitment requirement estimated at

↑ **5,250**

Extra workers needed in Scotland by 2025

↑ **26,250**

Scotland average output growth

↑ **4.1%**

Scottish Water investment plans to 2025

+ **£3.6bn**

Northern Ireland

The annual recruitment requirement in Northern Ireland of 1.5% per year, means an extra 5,000 new workers are needed between the end of 2020 and 2025.

Growth rate

2020 has been a challenging year for construction in Northern Ireland, with annual output dropping by around 12% between 2019 and 2020.

We expect a recovery in output from 2021, although this depends on the success in controlling Covid-19. The volume of work will grow by an annual average rate of about 3.9% from the end of 2020 to the end of 2025, which is slightly below the UK forecast of 4.4%. The private housing sector is expected to have the fastest growth and we forecast construction output to achieve its pre-Covid-19 levels by the end of 2023.

Job creation

The level of output growth in Northern Ireland gives an annual average increase of 0.7% in the construction workforce, also slightly lower than the UK-wide equivalent at 1.0%. This means that the estimated workforce of nearly 65,000 at the end of 2020 is set to increase to 67,200 by the end of 2025.

Annual recruitment requirement

At 1.5%, Northern Ireland's level of annual average recruitment requirement based on 2020 workforce levels, similar to the UK figure of 1.6%. This means the Northern Ireland construction industry would have to increase current recruitment by 1,000 new workers each year to deliver the expected work between the end periods of 2020 and 2025.

Main growth drivers/contracts

Private housing and infrastructure work look set to account for nearly 60% of the forecasted growth in output for Northern Ireland. However, non-housing repair and maintenance work will still be the sector with the main share of work and continue to be important.

In its January 2021 draft budget, the Northern Ireland Executive government pledged £1.75bn capital spending on flagship infrastructure projects like the A5, A6 and Casement Park, as well as the schools' estate and social housing.

The CSN detail for Northern Ireland can be found at the [CSN LMI - Northern Ireland](#)

Northern Ireland annual recruitment requirement estimated at

↑ **1,000**

Extra workers needed in Northern Ireland by 2025

↑ **5,000**

Northern Ireland average output growth

↑ **3.9%**

Government pledge of capital spending on infrastructure projects

+ **£1.8bn**

North East

The annual recruitment requirement in the North East of 1.4% per year, means an extra 7,000 new workers are needed between the end of 2020 and 2025.

Growth rate

2020 has been a difficult year for construction in the North East of England, with annual output dropping by just over 15% between 2019 and 2020.

We expect a recovery in output from 2021, although this depends on the success in controlling Covid-19. The volume of work will grow by an annual average rate of about 4.1% from the end of 2020 to the end of 2025, which is slightly below the UK forecast of 4.4%. Private housing sector is expected to have the fastest growth and we forecast construction output to achieve its pre-Covid-19 levels towards the end of 2023 or early in 2024.

Job creation

With output set to grow slightly behind the UK figure, the workforce in North East is forecast to remain stable with an annual average increase of -0.1% in the construction workforce, compared to the UK-wide equivalent at 1.0%. This means that the estimated workforce of 100,600 at the end of 2020 is set to show a marginal drop to 100,100 by the end of 2025.

Annual recruitment requirement

Although the workforce only shows a marginal change, the North East will have a 1.4% average annual recruitment requirement, based on a percentage of the 2020 workforce, which is the same as the UK. This means the construction industry would still have to recruit an extra 1,400 new workers each year to maintain the workforce needed to deliver expected work between the end of 2020 and 2025.

Main growth drivers/contracts

At the time of writing, private housing work will be the main driver of growth in the North East as the sector recovers, however the announcement of the new Freepost at Teesside could provide a significant boost to the region's forecast. Estimates suggest that it will provide a £3.2bn boost to the region's economy over the next five years.

A further potential upside could come from the Tees Combined-Cycle Power Plant, £700m 1.7GW gas-fired Tees Combined-Cycle Power Plant, though the current start-date is being placed in the mid-2020s with completion by the end of the decade.

The CSN detail for North East can be found at the [CSN LMI - North East](#)

North East annual recruitment requirement estimated at

↑ **1,400**

Extra workers needed in the North East by 2025

↑ **7,000**

North East average output growth

↑ **4.1%**

Teesside Freeport, boost to local economy

+ **£3.2bn**

North West

Private housing and commercial works are the main drivers behind the North West's 4.5% annual average growth in construction output. 23,500 new workers will be required.

Growth rate

The North West had the steepest regional decline in annual output between 2019 and 2020, by around 16%.

We expect a steady recovery in output from 2021, although this depends on the success in controlling Covid-19. The volume of work will grow by an annual average rate of 4.5% from the end of 2020 to the end of 2025 for the North West, which is slightly above the UK forecast. Private housing and commercial are expected to have the fastest sector growth and we forecast for this region's construction output to achieve its pre-Covid-19 levels by 2024.

Job creation

The level of output growth in the North West gives an annual average increase of 0.8% in the construction workforce, which is below the UK-wide equivalent at 1.0%. This means that the estimated workforce in the North West of 283,500 at the end of 2020 is set to increase to 295,300 by the end of 2025, which exceeds its 2019 levels by 6.3%.

The North West's mild annual average growth rate reflects that workforce growth is coming from a strong baseline in 2020. The North West was one of few regions not to experience a decline in its construction workforce during 2020 when the wider industry was impacted by Covid-19. The reasons for this include:

- The Coronavirus Job Retention Scheme and the Self-Employment Income Support Scheme measures helped mitigate job losses that would have occurred in their absence;
- Working from home, where possible; and
- Working locally instead of travelling to nearby regions, due to travel restrictions during lockdown measures.

Annual recruitment requirement

The North West is marginally above the UK on the level of annual average recruitment requirement based on 2020 workforce levels, at 1.7% per year. This means the North West construction industry would have to increase current recruitment by 4,700 new workers each year to deliver the expected work between the end periods of 2020 and 2025.

Main growth drivers/contracts

Private housing growth is forecasted at annual average rate of 6.5% and commercial at 4.7% from the end of 2020 to the end of 2025, with the latter exceeding its UK average. Works across the forecast period include a £1.5bn mixed-use brownfield development led by U&I that will provide 1,500 homes, a 300-bed hotel and 2.3 million square feet of office space by 2022.

The expected multi-billion-pound Mersey Tidal Power project is set to move into its next phases of planning, with the project proposed to start in 2022. Construction has started on the £207m Preston Western Distributor and associated link roads for completion in 2023. The full plans for the £365m Cotton Quay Scheme development in Salford have been submitted, which includes the construction of buildings, housing and either retail or commercial space.

The CSN detail for North West can be found at the [CSN LMI – North West](#)

North West annual recruitment requirement estimated at

↑ **4,700**

Extra workers needed in the North West by 2025

↑ **23,500**

North West average output growth

↑ **4.5%**

Mixed-use brownfield development to provide homes, hotel and office space in the North West

+ **£1.5bn**

Yorkshire and Humber

Forecasted to exceed the UK annual average growth rate, at 4.5%, 19,000 extra workers will need to be recruited to meet expected levels of work over the five-year forecast period.

Growth rate

2020 has been a challenging year for construction in Yorkshire and Humber, with annual output dropping by around 15% when compared to 2019.

We expect a steady recovery in output from 2021, although this depends on the success in controlling Covid-19. The volume of work will grow by an annual average rate of 4.5% from the end of 2020 to the end of 2025 for Yorkshire and Humber, which is slightly above the UK forecast of 4.4%. Infrastructure and private housing are expected to have the fastest sector growth, and we forecast for this region's construction output to achieve its pre-Covid-19 levels by 2023.

Job creation

The level of output growth in Yorkshire and Humber gives an annual average increase of 1.1% in the construction workforce, which slightly exceeds the UK-wide equivalent at 1.0%. This means that the estimated workforce of 211,600 at the end of 2020 is set to increase to 223,900 by the end of 2025, which exceeds its 2019 levels by 4.0%.

Annual recruitment requirement

Yorkshire and Humber is above the UK on the level of annual average recruitment requirement based on 2020 workforce levels, at 1.8% per year. This means the Yorkshire and Humber construction industry would have to increase current recruitment by 3,800 new workers each year to deliver the expected work between the end periods of 2020 and 2025.

Main growth drivers/contracts

Yorkshire and Humber's annual average growth rate at 4.5% from the end of 2020 to the end of 2025, which partly reflects recovery from a weak base in 2020. Private housing and infrastructure are forecasted to have the strongest annual average growth rates, at 6.9% and 5.4% respectively, across the forecast period. Private housing in the region includes a £750m project to construct 4,500 homes in Leeds City Region.

Onshore construction for the £2bn Dogger Bank A started in early 2020, with offshore foundations planned to start in Q2 2022 and first generation forecast in 2023. Onshore construction commenced in autumn 2020 for Seagreen Phase 1. Offshore construction of the two 1.2GW Dogger Bank B and C projects is scheduled to commence sequentially from 2023 and be complete by 2025 and 2026, respectively.

In September 2019, Siemens appointed Mace to support the construction of a £200m rail factory in Goole, East Yorkshire. The first phase of the development, due to open in 2023, will provide facilities for production of Siemens Mobility's next generation Inspiro trains, which have the capability to be driverless, for the London Underground's Piccadilly Line. It is anticipated the broader development will be fully operational in 2025.

The CSN detail for Yorkshire and Humber can be found at the [CSN LMI - Yorkshire and Humber](#)

Yorkshire and Humber annual recruitment requirement estimated at

↑ **3,800**

Extra workers needed in Yorkshire and Humber by 2025

↑ **19,000**

Yorkshire and Humber average output growth

↑ **4.5%**

Project to construct 4,500 homes in Leeds City Region

+ **£750m**

East Midlands

The annual recruitment requirement in the East Midlands of 2.3% per year, means an extra 19,000 workers are needed between the end of 2020 and 2025.

Growth rate

2020 has been a challenging year for construction in the East Midlands, with annual output dropping by around 11% between 2019 and 2020.

We expect a steady recovery in output from 2021, although this depends on the success in controlling Covid-19. The volume of work will grow by an annual average rate of about 4.0% from the end of 2020 to the end of 2025 for the East Midlands, which is below the UK forecast of 4.4%. Private housing is expected to have the fastest sector, and we forecast for this region's construction output to achieve its pre-Covid-19 levels by 2022.

Job creation

The level of output growth in the East Midlands gives an annual average increase of 1.7% in the construction workforce, which exceeds the UK-wide equivalent at 1.0%. This means that the estimated workforce of 165,900 at the end of 2020 is set to increase to 180,100 by the end of 2025, which exceeds its 2019 levels by 1.2%.

Annual recruitment requirement

The East Midlands exceeds the UK on the level of annual average recruitment requirement based on 2020 workforce levels, at 2.3% per year. This means the East Midlands construction industry would have to increase current recruitment by 3,800 new workers each year to deliver the expected work between the end periods of 2020 and 2025.

Main growth drivers/contracts

Major homebuilding developments are planned across the East Midlands, with a key focus in Nottinghamshire, but some works situated in Derbyshire and Northamptonshire. More than 65,000 homes need to be built in the next few years and strict targets have been set for each local council. 6.7% annual average growth is forecasted for private housing work, which is on par with the respective UK average.

The East Midlands lacks major projects that are driving strong expansion elsewhere in nearby regions. In the near-term the public non-residential sector will benefit from on-going work on the £235m HMP Wellingborough prison. In the industrial sector, brick producer Foretta is moving ahead with its £95m project to double production capacity at its plant in Leicestershire.

The CSN detail for East Midlands can be found at the [CSN LMI - East Midlands](#)

East Midlands annual recruitment requirement estimated at

↑ **3,800**

Extra workers needed in East Midlands by 2025

↑ **19,000**

East Midlands average output growth

↑ **4.0%**

Homes to be built in Nottinghamshire

+ **65,000**

West Midlands

4.8% annual average growth rate projected over the five-year forecast, driven by private housing (6.9%) and infrastructure (6.5%). 25,000 new workers will be required.

Growth rate

2020 has been a challenging year for construction in the West Midlands, with annual output dropping by around 14% between 2019 and 2020.

We expect a steady recovery in output from 2021, although this depends on the success in controlling Covid-19. The volume of work will grow by an annual average rate of 4.8% from the end of 2020 to the end of 2025 for the West Midlands, which is above the UK forecast of 4.4%. Private housing and infrastructure are expected to have the fastest sector growth, and we forecast for this region's construction output to achieve its pre-Covid-19 levels by 2022.

Job creation

The level of output growth in the West Midlands gives an annual average increase of 1.4% in the construction workforce, which exceeds the UK-wide equivalent at 1.0%. This means that the estimated workforce of 225,900 at the end of 2020 is set to increase to 242,600 by the end of 2025, which exceeds its 2019 levels by 4.2%.

Annual recruitment requirement

The West Midlands exceeds the UK on the level of annual average recruitment requirement based on 2020 workforce levels, at 2.2% per year. This means the West Midlands construction industry would have to increase current recruitment by 5,000 new workers each year to deliver the expected work between the end periods of 2020 and 2025.

Main growth drivers/contracts

The West Midlands' growth is mainly being driven by HS2 works in the region, with infrastructure expected to grow by an average rate of 6.5% per year from the end of 2020 to the end of 2025. The bulk of this infrastructure growth will be experienced between 2021 and 2023, and most activity during 2021 will focus on the city centre station sites. Furthermore, construction works continue on the West Midlands Metro, which includes the £344m 11km extension from Wednesbury to Brierley Hill due for completion by Q1 2023.

In the public non-housing sector, projects such as Alexander Stadium and the Games Villages reach completion in advance of the 2022 Commonwealth Games in Birmingham. Lastly, the £210m Birmingham Health Innovation Campus project has already received development funding from Birmingham City Council and the Greater Birmingham and Solihull Local Enterprise Partnership, and the first phase is currently set to complete in 2023.

The CSN detail for West Midlands can be found at the [CSN LMI - West Midlands](#)

West Midlands annual recruitment requirement estimated at

↑ **5,000**

Extra workers needed in West Midlands by 2025,

↑ **25,000**

West Midlands average output growth

↑ **4.8%**

HS2 works in the West Midlands region (total HS2 project estimate)

+ **£72-98bn**

East of England

Private housing and infrastructure works are the strongest contributors to the region's 4.2% annual average growth in construction output across the five-year forecast. 17,000 new workers will be required.

Growth rate

2020 has been a challenging year for construction in the East of England, with annual output dropping by around 12% when compared to 2019.

We expect a steady recovery in output from 2021, although this depends on the success in controlling Covid-19. The volume of work will grow by an annual average rate of 4.2% from the end of 2020 to the end of 2025 for the East of England, which is below the UK forecast. Private housing and infrastructure are expected to have the fastest sector growth, and we forecast for this region's construction output to achieve its pre-Covid-19 levels by 2023.

Job creation

The level of output growth in the East of England gives an annual average increase of 0.1% in the construction workforce, which is significantly below the UK-wide equivalent of 1.0%. This means that East of England's estimated workforce of 276,200 at the end of 2020 is set to increase to 277,000 by the end of 2025, which exceeds its 2019 levels by 8.9%.

The East of England's annual average growth rate reflects that workforce growth is coming from a strong baseline in 2020. The East of England was one of few regions not to experience a decline in its construction workforce during 2020 when the wider industry was impacted by Covid-19. The reasons for this include:

- The Coronavirus Job Retention Scheme and the Self-Employment Income Support Scheme measures helped mitigate job losses that would have occurred in their absence;
- Working from home, where possible; and
- Working locally instead of travelling to nearby regions, due to travel restrictions during lockdown measures.

Annual recruitment requirement

The East of England is below the UK on the level of annual average recruitment requirement based on 2020 workforce levels, at 1.2% per year. This means the East of England's construction industry would have to increase current recruitment by 3,400 new workers each year to deliver the expected work between the end periods of 2020 and 2025.

Main growth drivers/contracts

Private housing growth is forecasted at annual average rate of 6.5% and infrastructure at 6.3% from the end of 2020 to the end of 2025, with the latter exceeding its UK average. Private housing works include the planned £300m 2,000-home Brightwell Lakes development in Martlesham Heath, Suffolk. There are several infrastructure works in the pipeline, which includes the East Anglia windfarm projects and the £1.4bn A14 upgrade in the near-term.

The Lower Thames Crossing Point project had been opened for tender by Highways England, with the £2bn package including the design and construction of twin-road tunnels. This bid will be resubmitted in April 2021, with main works set to begin in mid-2022, and end by 2027.

The CSN detail for East of England can be found at the [CSN LMI – East of England](#)

East of England annual recruitment requirement estimated at

↑ **3,400**

Extra workers needed in the East of England by 2025

↑ **17,000**

East of England average output growth

↑ **4.2%**

Lower Thames Crossing Point project

+ **£2bn**

Greater London

Is projected to have the strongest regional growth rate averaging 4.8% over the five-year forecast, driven by infrastructure (6.9%) and private housing (6.7%). 17,250 new workers will be required.

Growth rate

2020 has been a challenging year for construction in Greater London, with annual output dropping by around 11% when compared to 2019.

We expect a steady recovery in output from 2021, although this depends on the success in controlling Covid-19. The volume of work will grow by an annual average rate of 4.8% between 2021 and 2025 for Greater London, which is above the UK forecast of 4.4%. Infrastructure and private housing are expected to have the fastest sector growth, and we forecast for this region's construction output to achieve its pre-Covid-19 levels by 2022.

Job creation

The level of output growth in Greater London gives an annual average increase of 1.2% in the construction workforce, which exceeds the UK-wide equivalent at 1.0%. This means that the estimated workforce of 415,800 at the end of 2020 is set to increase to 442,300 by the end of 2025, which exceeds its 2019 levels by 3.3%.

Annual recruitment requirement

Greater London is below the UK on the level of annual average recruitment requirement based on 2020 workforce levels, at 0.8% per year. This means the Greater London construction industry would have to increase current recruitment by 3,450 new workers each year to deliver the expected work between the end periods of 2020 and 2025.

Main growth drivers/contracts

Strong growth in both infrastructure and private housing works are driving growth in the capital, at average rates 6.9% and 6.7% respectively, from the end of 2020 to the end of 2025. Infrastructure growth is mainly being driven by HS2 works. The six-year £750m London Power Tunnels 2 project to remove or decommission 44km of oil-filled cables that is due to complete in 2026, will also drive growth in this sector. However, in the near term, there are some downward pressures as Heathrow cancels or pauses over £650m of capital projects and Transport for London suspends plans for the development of Crossrail 2.

Demographic as well as cost pressures in the capital have meant strong demand for new and affordable housing, particularly for rent. In addition to the £288m the Mayor of London, Sadiq Khan, pledged last year, he has promised a further £200m for the capital's Affordable Homes Programme (AHP), which he has urged the government to match. This is part of the initiative to meet his target of 116,000 new affordable homes in the next four years and recently the deadline for work on housing projects to start has been extended by a year to March 2023. The Mayor also announced a new £4bn, which runs from 2021-26. Both this and the 2016-23 AHP will provide a boost to housing provision for the social sector.

The CSN detail for Greater London can be found at the [CSN LMI – Greater London](#)

Greater London annual recruitment requirement estimated at

↑ **3,450**

Extra workers needed in Greater London by 2025

↑ **17,250**

Greater London average output growth

↑ **4.8%**

Brent Cross Town urban regeneration

+ **£5bn**

South East

Growth of 4.4% per year will mainly be driven by private housing (6.9%) and infrastructure (5.4%) sectors. 16,750 new workers will be required.

Growth rate

2020 has been a challenging year for construction in the South East, with annual output dropping by around 10% when compared to 2019.

We expect a steady recovery in output from 2021, although this depends on the success in controlling Covid-19. The volume of work will grow by an annual average rate of 4.4% from the end of 2020 to the end of 2025 for the South East, which is on par with the UK forecast. Private housing and infrastructure are expected to have the fastest sector growth, and we forecast for this region's construction output to achieve its pre-Covid-19 levels by 2022.

Job creation

The level of output growth in the South East gives an annual average increase of 1.3% in the construction workforce, which exceeds the UK-wide equivalent at 1.0%. This means that the estimated workforce of 373,400 at the end of 2020 is set to increase to 398,900 by the end of 2025, which exceeds its 2019 levels by 3.6%.

Annual recruitment requirement

The South East is below the UK on the level of annual average recruitment requirement based on 2020 workforce levels, at 0.9% per year. This means the South East construction industry would have to increase current recruitment by 3,350 new workers each year to deliver the expected work between the end periods of 2020 and 2025.

Main growth drivers/contracts

Private housing growth is forecasted at annual average rate of 6.9% and infrastructure at 5.4% from the end of 2020 to the end of 2025, both of which exceed their respective UK averages. In the South East, infrastructure output is underpinned by a build-up of HS2 work in the near-term and ongoing works on Gatwick Airport's masterplan.

The £1.2bn Manydown development in Basingstoke will deliver up to a thousand homes by 2023, and twice that number by the end of the decade. Also, plans have been submitted for the £3.5bn London Resort, the largest proposed theme park in Europe. If approved, construction will begin in 2022 for two years, presenting an upside risk to the region's forecast.

The CSN detail for South East can be found at the [CSN LMI - South East](#)

South East annual recruitment requirement estimated at

↑ **3,350**

Extra workers needed in the South East by 2025

↑ **16,750**

South East average output growth

↑ **4.4%**

Manydown housing development in Basingstoke

+ **£1.2bn**

South West

The annual recruitment requirement in the South West of 2.6% per year is the strongest across the UK, and means an extra 32,000 new workers are needed between the end of 2020 and 2025.

Growth rate

2020 has been a challenging year for construction in the South West, with annual output dropping by around 13% between 2019 and 2020.

We expect a recovery in output from 2021, although this depends on the success in controlling Covid-19. The volume of work will grow by an annual average rate of about 3.9% from the end of 2020 to the end of 2025, which is slightly below the UK forecast of 4.4%. Private housing sector is expected to have the fastest growth, and we forecast construction output to achieve its pre-Covid-19 levels by the end of 2022.

Job creation

The level of output growth in the South West gives an annual average increase of 0.7% in the construction workforce, slightly lower than the UK-wide equivalent at 1.0%. This means that the estimated workforce of 244,000 at the end of 2020 is set to increase to 252,600 by the end of 2025.

Annual recruitment requirement

At 2.6%, the level of average annual recruitment requirement in the South West, based on a percentage of the 2020 workforce, is the highest of all regions/nations in the forecast. This means the construction industry would have to increase current recruitment by 6,400 new workers each year to deliver the expected work between the end periods of 2020 and 2025.

Main growth drivers/contracts

While private housing work will be the main sector for growth over the next five years, infrastructure work, particularly Hinkley Point C, has helped the South West.

Work is underway on the concrete pour for the base of the second nuclear reactor, which is due to be completed in June this year, while work on the above-ground element of the first reactor has started. The latest EDF announcement sees the cost of the project having risen to between £22-23bn overall, with a six-month delay seeing the first electricity generation in June 2026, as opposed to end-2025.

The CSN detail for South West can be found at the [CSN LMI – South West](#)

South West annual recruitment requirement estimated at

↑ **6,400**

Extra workers needed in the South West by 2025

↑ **32,000**

South West average output growth

↑ **3.9%**

Infrastructure, important with Hinckley Point C

+ **£22bn**

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