CITB RESEARCH – THE CONSTRUCTION SKILLS NETWORK IN THE WEST MIDLANDS

THE WEST MIDLANDS' CONSTRUCTION GROWTH FORECAST IS HIGHER THAN LAST YEAR'S AND ABOVE THE UK AVERAGE. NEARLY 17,000 JOBS WILL BE CREATED IN THE NEXT FIVE YEARS.

GROWTH RATE:

The West Midlands' (WM) annual average rate of 1.8% is higher than the estimated UK average of 1.3%. This figure is also up from last year's forecast of 1.3%. The region is third in CSN's UK growth chart.

JOB CREATION:

CSN forecasts 16,950 new jobs to be created between 2018 and 2022. Employment is anticipated to grow at an annual average rate of 0.8%, outperforming the UK average of 0.5%. Increased demand is forecast for steel erectors and structural fabrication, construction project managers, architects and supervisors. However, the strongest job growth is in white collar occupations.

MAIN GROWTH DRIVERS/CONTRACTS:

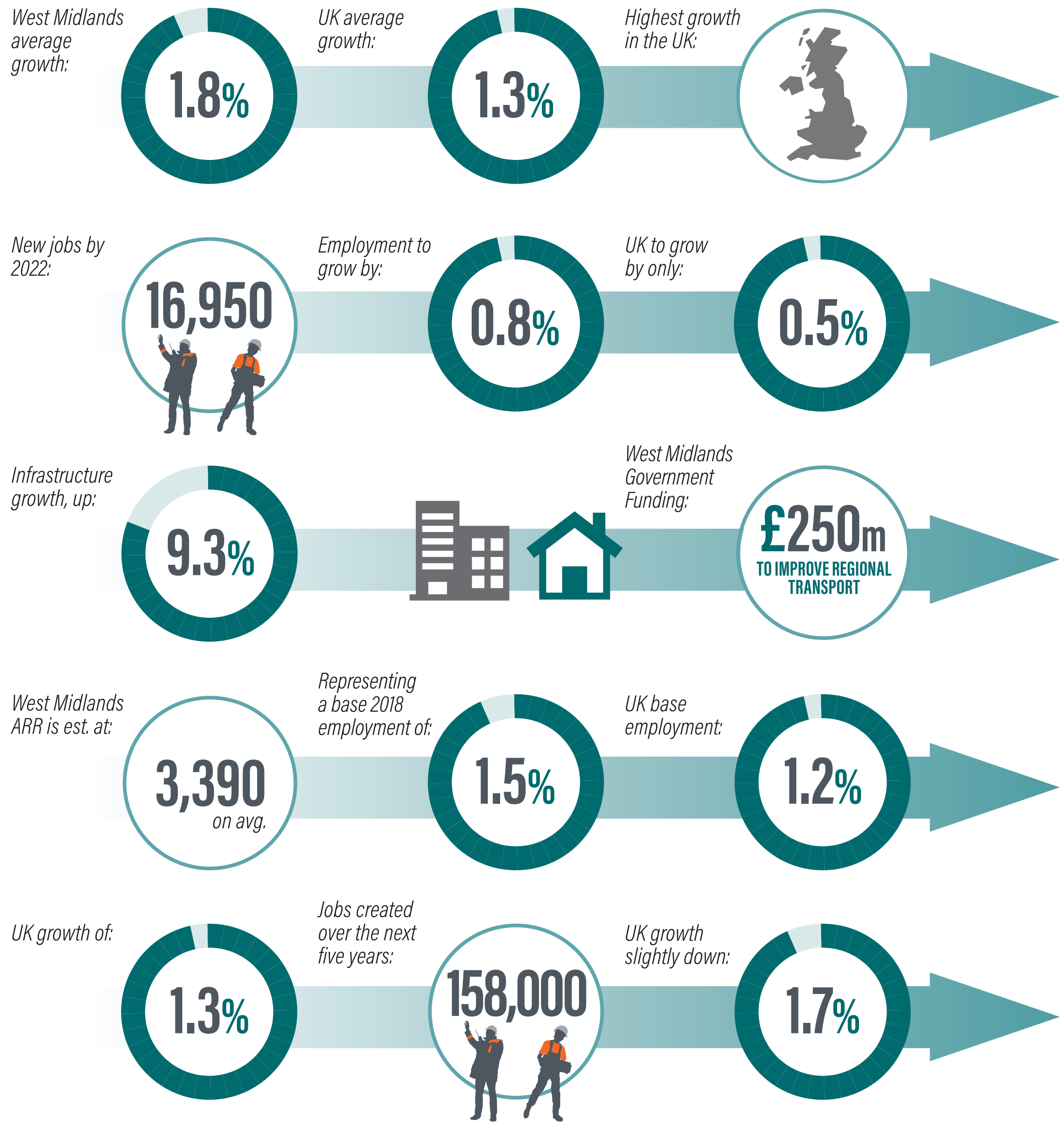
An anticipated 9.3% annual average increase in infrastructure construction output, including strong rises in 2020 and 2021, makes by far the largest contribution to growth. A number of large projects, including work on the HS2 scheme and £250m of government funding to improve other regional transport, will contribute towards the gain. With more emphasis in government circles on social housing supporting house building targets, the prospects for the public housing sector are improving. Funding to the tune of £48m has been allocated under the 2016–21 Shared Ownership and Affordable Homes Programme, for the construction of 1,590 homes across the Midlands and Yorkshire. 500 of the homes will be built in the West Midlands, supporting healthy construction output growth in the sector in 2018 and 2019.

ANNUAL RECRUITMENT RATE (ARR):

Recruitment is projected to be 3,390 annually over the five years. This represents 1.5% of base 2018 employment, above the UK average.

IN A UK CONTEXT:

CSN predicts UK growth of 1.3% over the next five years, with 158,000 jobs to be created. Although UK growth is slightly down on the 1.7% predicted in 2017, the fall was expected and is not dramatic, when taking into account the economy slowing as a whole and uncertainty around Brexit.



OVERVIEW – WEST MIDLANDS

Construction output in the West Midlands represents an upgrade on last year's forecasts.

Total construction output in the West Midlands increased by 3% in 2016 to £11bn in 2015 prices. This follows gains of 8%, 8% and 4% in the three previous years, and the outturn was the highest it has been since 2006. The increase was driven by rises in output of 34% and 20% in the private housing and industrial sectors respectively. Private housing rose to an all-time high of £2.5bn. The infrastructure and commercial sectors also both grew, but by a much more moderate 5% and 3% respectively. Conversely, there were output declines of 4% and 8% in the public housing and public non-housing sectors.

The private housing and industrial sectors continued to contribute strongly to growth in the first three quarters of 2017, registering gains of between 28% and 17% in current prices compared with the same period a year earlier.

Private housing starts and completions continue to accommodate growth. A large project expected to start in early 2018, subject to planning consent being granted, is a three-tower block unit on the site of a former Renault car dealership on the high street in Digbeth. The development, funded by Shanghai-headquartered boutique investment bank PGC Capital, is expected to contain approximately 515 apartments.

In addition, the public housing sector turned around its weak 2016 performance, growing by 13%, from a low base, and in the commercial sector output appears to be trending up, growing by 22%. However, the infrastructure sector made by far the largest contribution to growth, doubling to over £1bn. The public non-housing sector did less well, with output falling by 8%.

Total construction output is expected to grow at an annual average rate of 1.8% in the 2018–2022 period. An anticipated 9.3% annual average increase in infrastructure construction output, including strong rises in 2020 and 2021, makes by far the largest contribution to growth. This is offset somewhat by an anticipated contraction of 0.8% in the industrial sector in the same period, and a gain of just 0.1% in public non-housing output.

Three-quarters of the 28 occupational categories are expected to see an increase in jobs, with annual average recruitment projected to be 3,390. None of the occupational categories were flagged as having a high ARR requirement (more than 5% of base 2018 employment), however nine were deemed to have medium requirements (between 2.6% and 5%).

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