CONSTRUCTION SKILLS NETWORK

FOCUSING ON THE SKILLS CONSTRUCTION NEEDS.

LABOUR MARKET INTELLIGENCE REPORT

UK

2024-2028

CONTENTS

REGIONS AND DEVOLVED NATIONS:

FOREWORD

The UK construction industry needs to attract the equivalent of 50,300 extra workers per year to meet expected levels of work over the next five years, an increase from last year's figure of 45,000.

We are now into the first half of 2024 and the outlook for construction work is showing signs of improvement from what was seen at the end of 2023. Growth is forecast to be modest in 2024, before picking up from 2025 through to 2028, with opportunities in new housebuilding, infrastructure, and repair and maintenance work.

The need for extra workers is not a new or unfamiliar message. CITB started producing Outlook reports in 2006, and although the number of additional workers has varied from more than 88,000 per year just before the 2008 recession, to 29,000 in 2013, there has always been a demand for workers.

GROWTH IS FORECAST TO BE MODEST IN 2024, BEFORE PICKING UP FROM 2025 THROUGH TO 2028, WITH OPPORTUNITIES IN NEW HOUSEBUILDING, INFRASTRUCTURE, AND REPAIR AND MAINTENANCE WORK.

It is important to put this need into context. In 2023:

- The UK construction workforce was 2.67m
- An estimated 210,000 workers left the industry
- Around 200,000 joined
- An average of 38,000 vacancies were advertised per month
- And for almost a third (31%) of construction employers, finding suitably skilled staff was their key challenge.

While the industry does attract workers, the additional number highlighted by the report shows that there is more to do if the construction industry is going to have the workforce it needs for the future, such as:

- Improve recruitment methods, including tapping into the great diversity of the workforce
- Recruit people to replace those leaving each year as well as meeting future growth demand
- Train workers to have the skills needed for their jobs, and to take advantage of future opportunities such as productivity improvements and meeting net zero retrofit targets.

The construction industry has a range of options to protect its future workforce:

- Increasing the number of people joining
- Reducing the number of people leaving
- Supporting those working in the industry to be more productive.

These choices are not mutually exclusive, and a mix will be needed as the labour market is expected to remain highly competitive over the coming years. There is also a mismatch between the workers that construction employers are looking for, and workers that are available, whether by occupation, location, or both. This presents opportunities for training and retraining, although, uncertainty over growth means that employers may be holding back from making training investments.

Equally important is the support that CITB offers to the construction industry and our thinking is to shift from paying for training activity (grant schemes), to developing a skills system capable of meeting the challenges set out in this report.

FOREWORD

As employers are struggling to find workers, CITB will support the construction industry by investing over £267m in three priority areas:

Inform and enable diverse and skilled people into construction: by raising the profile of construction careers through activities such as Go Construct, Skillbuild, and STEM Ambassadors. Supporting people into the industry through work experience and Tasters, Apprenticeships, the New Entrant Support Team, and Onsite Experience hubs, and providing funding to support the cost of training new entrants.

CITB WILL SUPPORT THE CONSTRUCTION INDUSTRY BY INVESTING OVER £267M IN THREE PRIORITY AREAS

Develop a training and skills system to meet current and future needs: updating standards, to ensure training delivers the skills industry needs, working with industry to develop a competence-based skills system that will provide more flexible routes in, and working with governments to influence apprenticeships on industry's behalf.

Support the industry to train and develop its workforce: this is imperative to meet the skills needs of industry. Employers have told us they are looking to upskill their workforce to fill gaps, and core occupational training needs to be delivered efficiently. To make this work, CITB will develop and test a new Training Needs Analysis service, to help small businesses make informed decisions about the training they need. CITB will also provide financial incentives to help businesses to do more training and work with providers to identify gaps in supply so that good quality training is available when and where it's needed.

Although the coming years will still pose challenges, the construction industry has continued to show resilience over the past 12 months and the long-term picture is becoming more positive. CITB will strive to support UK construction to attract and train a diverse range of recruits, equipping them with modern skills for rewarding construction careers. ■

Tim Balcon
CITB Chief Executive
May 2024

KEY FACTS AND FIGURES UK

251,500 Extra workers will be required to meet UK construction output by 2028 (50,300 per year, an increase on the 45,000 in the 2023–2027 Outlook).

All devolved nations and English regions will see output growth over the forecast. Modest growth is expected in 2024 that gains pace from 2025.

Major sectors for demand are:

PRIVATE HOUSING

INFRASTRUCTURE

REPAIR & MAINTENANCE

If projected growth is met, by 2028 construction employment will increase to

2.75m

UK MACROECONOMIC BACKDROP

UK GDP in 2023 is estimated to have increased by only 0.1% compared with 2022 as the economy went into a mild recession in the second half of 2023, **with two consecutive quarters of contraction (-0.1% in 2023Q3 and -0.3% in 2023Q4).**

There are signs that the recession isn't likely to continue into 2024 with monthly GDP data showing a 0.2% rise in January and 0.1% in February.

Output for each major sector of the UK economy (Services; Production, and Construction) declined in the last quarter of 2023, increases in output for Services and Construction have contributed to the growth seen so far this year. These figures can be subject to revision as the data is refined and the growth levels are relatively low.

February's UK Purchasing Managers' Index (PMI) adds to evidence that economic activity is improving with the composite index recording a fourth consecutive month of expanding activity and confidence. The index registered 53.0 in February, marginally above the 52.9 reading for January. The service sector was the main driver within the composite index following another month of expanding business activity, and a confirmed services PMI reading of 53.8 in February.

There was an improvement in the construction sector PMI registering 49.7 in February, up from 48.8 in January on the back of new business growth and a pick-up in order books, which was the first rise reported since July 2023. Unfortunately, the manufacturing sector continues to struggle, reporting a nineteenth consecutive PMI reading below 50.0 at 47.5 in February.

Consumer confidence had been trending upwards in recent months, adding to the picture of improving economic activity. However, GfK's consumer confidence index headline score of -21 in February, was slightly down from -19 in January, marking the first fall in four months and highlighting how the recent mix of economic news is affecting consumer confidence. The reduction in inflation will be a factor in helping consumer confidence. In February 2024, monthly Consumer Price Inflation, including housing costs (CPIH) was 3.8%, significantly down from 9.2% in February 2023, with expectation of further drops to come due to falling energy bills. We expect inflation to continue to drop as we progress through 2024, reaching the Bank of England's 2.0% target by the middle of the year.

The number of vacancies being advertised continues to reduce, having peaked at 1.3million in the first half of 2022, there are now just over 900,000 (Dec 2023–Feb 2024). While this is a sign that the labour market appears to be cooling, vacancy levels are still higher than those seen in 2019/2020 before the pandemic, where there were around 820,000 vacancies.

Slowing wage growth is another indicator of a generally cooling labour market, however, there is still an unusual tightness in the labour market that is creating upwards pressure on wages.

The employment rate for 16–64 year olds remains around 75%, with unemployment staying low at 3.9%, while inactivity is relatively high as 21.8%. The inactivity level means approximately 9.2 million people are absent from the labour force, which is 700,000 more than pre-pandemic levels, with long-term illness being one of the main reasons.

Although there are positive signs of economic growth, the prevailing view is that it will be 2025 before the pace picks up. The economic outlook published by the Office for Budget Responsibility (OBR) in March 2024 forecasts GDP growth to pick up by 0.8% in 2024, increasing to around 2.0% in 2026, then settling down to around 1.8% in 2027 and 2028.

The forecast could be influenced by the up-coming UK general election although we are not expecting short term changes. Government spending plans, taxation levels and the UK's net debt, which stands at 97% of GDP, are all factors that the next government will have to weigh when considering their plans. Other factors that could have an effect are the on-going war in Ukraine, along with conflict in the Middle East.

Although the overall outlook for the UK economy in 2024 is improving, we're not yet in a position of strong economic growth. ■

CONSTRUCTION OUTPUT – SECTORS

UK Construction output rose by 2% in 2023, the third consecutive year of growth. From 2024 to 2028 output is projected to rise by an average of 2.4% a year, although this is with little or no growth in 2024.

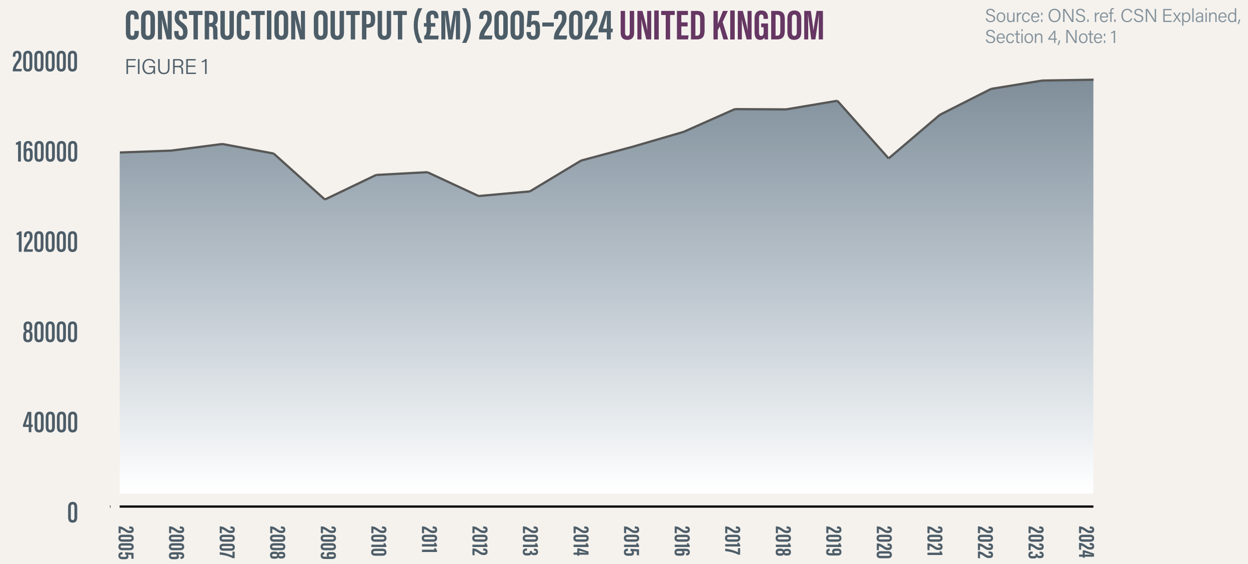
We are forecasting that repair and maintenance (R&M) work (2.8% average growth rate) will perform slightly better than new work (2.1%).

Construction output has picked up from the decline seen in 2020, and while the growth rate of 2% in 2023 is lower than the 6.6% seen in 2022, the year ended with output being 5% higher than in 2019. Growth in 2023 was focused on the R&M sectors, which increased by 8.4%, whereas new work output declined by -2.0%. New work was dragged down mainly by a sharp fall in private housing output, as the combination of rises in interest rates, high inflation and weak consumer confidence negatively impacted the housing market.

While the macroeconomic view is improving, 2024 is still likely to be challenging for construction, as the continued low levels of GDP growth have an effect. This impact was seen in the new orders data, with their value falling sharply in 2023 after two years of growth. Output is not expected to increase in the private housing sector this year, while infrastructure and industrial work is forecast to go into a decline.

While total output is likely to flatline in 2024, this is a better view than we previously expected as the UK is likely to have picked up from a mild technical recession at the end of 2023.

Over the five-year forecast period, total output is expected to grow by 2.4% a year on average. This is an upgrade on the 1.5% growth in last year's 2023–2027 Outlook. All major sectors are expected to see expansion and R&M continues to outperform new work. As a general election will be held between now and the end of January 2025, the forecast assumes no short-term revisions of public expenditure plans on construction services. ■



CONSTRUCTION OUTPUT – SECTORS

CONSTRUCTION OUTPUT – UNITED KINGDOM (£ MILLION, 2019 PRICES)

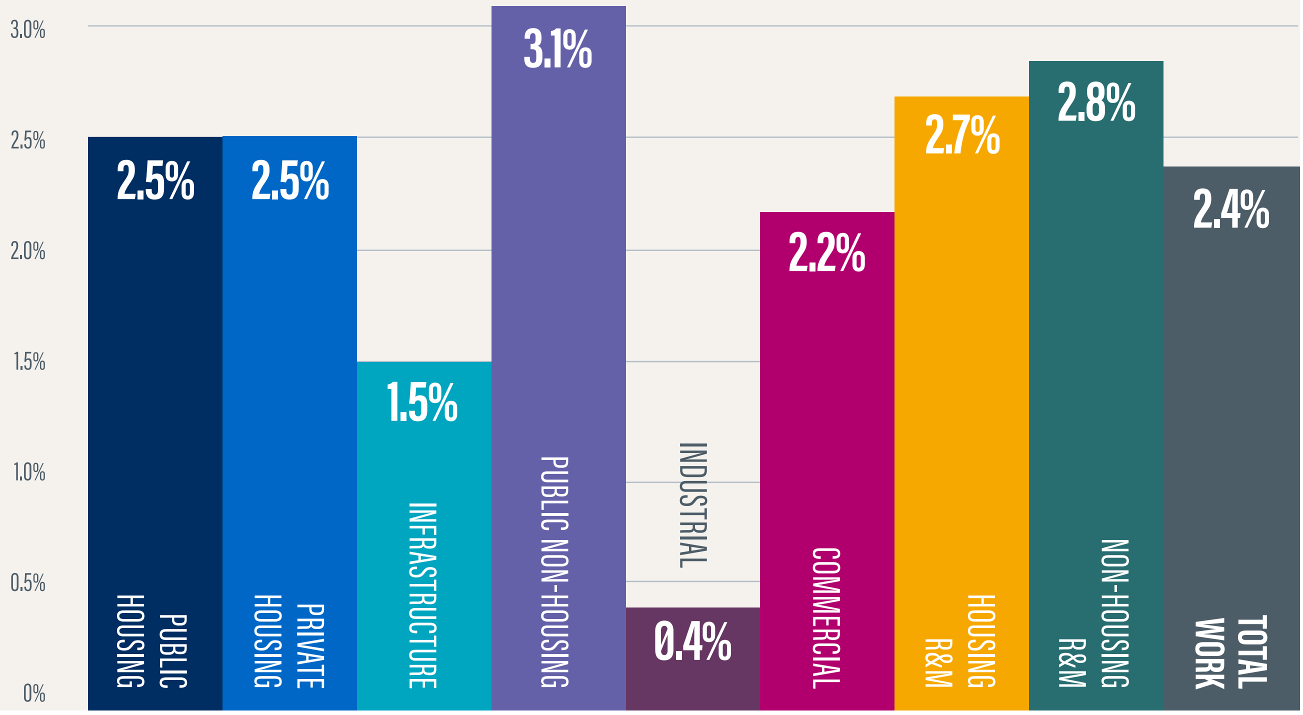
FIGURE 2

	ACTUAL LEVEL	FORECAST ANNUAL % CHANGE					ANNUAL AVERAGE
	2023	**2024**	**2025**	**2026**	**2027**	**2028**	**2024–2028**
Public housing	5,597	0.3%	2.8%	3.1%	3.1%	3.0%	2.5%
Private housing	36,208	-6.2%	10.8%	2.7%	2.9%	2.8%	2.5%
Infrastructure	29,517	-3.4%	2.5%	3.1%	2.7%	2.6%	1.5%
Public non-housing	9,723	3.1%	4.3%	3.2%	2.7%	2.4%	3.1%
Industrial	6,707	-6.2%	1.1%	2.9%	2.5%	2.1%	0.4%
Commercial	23,516	1.0%	2.6%	2.5%	2.4%	2.3%	2.2%
New work	**111,268**	**-2.8%**	**5.2%**	**2.8%**	**2.7%**	**2.6%**	**2.1%**
Housing R&M	38,497	3.0%	3.7%	2.4%	2.3%	2.2%	2.7%
Non-housing R&M	39,120	5.9%	2.0%	2.3%	2.0%	1.9%	2.8%
Total R&M	**77,617**	**4.5%**	**2.8%**	**2.3%**	**2.2%**	**2.1%**	**2.8%**
Total work	**188,885**	**0.2%**	**4.2%**	**2.6%**	**2.5%**	**2.4%**	**2.4%**

ANNUAL AVERAGE CONSTRUCTION OUTPUT GROWTH 2024–2028 UNITED KINGDOM

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

FIGURE 3



CONSTRUCTION OUTPUT – SECTORS

Public housing
Given the weak performance of the private housing sector in 2023, public housing output held up well, rising by nearly 5% in real terms, although it remains well below pre-pandemic levels. Homes England has been working to expand funding for its ECF (formerly known as the English Cities Fund) development partnership with Legal & General and Muse. The ECF was originally set up in 2001 with £100m of investment but has now expanded that to £400m. By 2036, ECF is expected to deliver 17,000 new homes, and additional social infrastructure to support health and wellbeing. From 2023 to 2028, public housing output is projected to rise by 2.5% a year on average, slightly above the construction rate of 2.4%, as there remains a significant need for affordable social housing.

Private housing
The weak performance of the housing market in 2023 meant that housebuilders slowed down delivery of new schemes, and output saw a sharp decline of over 13% in real terms. Towards the end of 2023 and the beginning of 2024 there have been signs of a more positive housing market. The latest RICS' Residential Market Survey for 2024, at the time of this report, shows further modest improvement, with sentiment on buyer demand, sales and new instructions all turning mildly positive.

THE NUMBER OF MORTGAGE APPROVALS ROSE TO 55,227 IN JANUARY ACCORDING TO THE BANK OF ENGLAND. THEIR FOURTH CONSECUTIVE MONTHLY INCREASE.

In addition, all the main house price indicators have shown improvements in recent months with many returning to positive territory.

Although the provisional seasonally adjusted estimate of the number of UK residential transactions increased by 2% month-on-month in January, to 82,000, this was still 12% lower than in January 2023. It may take a while for these improvements in the market to feed through into a significant increase in private housing starts. Especially as the Bank of England's base interest rate has been held at 5.25% and is not expected to reduce until the second half of the year. Our forecast is that 2024 will see private housing output decline before it picks up in 2025, then settle down to a projected to rise by 2.5% a year on average, the same as public housing and slightly above total construction.

Infrastructure
New infrastructure output rose by a little over 4% in 2023, after flatlining in 2022. The sector has a projected average annual growth rate of 1.5% from 2024 to 2028, one of the lowest of all sectors, and includes a decline this year. Construction cost inflation has impacted project budgets. HS2 is estimated at between £49bn and £56.6bn in 2019 prices, compared to the latest government forecast of £45bn. Network Rail's Control Period 7 (CP7) programme shows a 1% real terms reduction on renewals and other capital expenditure projects compared with CP6. The government's £5.2bn capex programme for flood defences has also been impacted negatively by inflation, as well as skills shortages, with the Environment Agency delivering less than 20% of its initial target despite using up 33% of the time and more than 25% of the funding as of November 2023, according to the National Audit Office.

Examples of work that will contribute to infrastructure output in the coming years are, the reallocation of £4.7bn in funding following the cancellation of the northern leg of HS2. The new Local Transport Fund will provide better public transport, reduce congestion and upgrade local bus and train stations. The North is due to receive £2.5bn and the Midlands £2.2bn from April 2025. The assumption is that the bulk of this funding will be spent on road projects.

While the government has eased some of its net zero policies, it remains committed to phasing out unabated coal generation by October 2024. The new Civil Nuclear Roadmap describes how the UK could meet its existing target to generate up to 24GW of nuclear power by 2050. The UK has one nuclear plant under construction, the 3.2GW Hinkley Point C, with Sizewell C in Suffolk progressing through the planning stages. The roadmap confirmed the government is still considering a further large power plant the size of Sizewell or Hinkley, as well as new small modular reactors from the mid-2030s.

CONSTRUCTION OUTPUT – SECTORS

In the water and sewerage sub-sector of infrastructure work, the main driver of output will be Asset Management Programme 8 (AMP8), which will run from April 2025 to March 2030. Water companies propose spending £96bn under AMP8, an increase of more than 88% from AMP7, and if approved by Ofwat, the plans will deliver water supply improvements and cut leakage by more than 25% by 2030 from 2020 levels. Water companies are under intense public pressure to reduce discharges of raw sewage into our rivers and seas.

With global demand for air travel projected to exceed pre-pandemic levels in 2024, investment in upgrading and expanding airports will help with future work. There are significant capital programmes planned at Heathrow, Gatwick, Manchester, Luton, Bristol, and Leeds Bradford airports, upgrading facilities and infrastructure.

Public non-housing
Was the fastest growing new work sector in 2023, with output rising by 9.6% to £9.72bn (2019 prices). Most of the sub-sectors saw expansion, with agriculture & miscellaneous being particularly strong, driven by defence and prisons work.

This comes after six consecutive years of decline, which left output in 2022, in real terms, only around two thirds of its previous peak in 2016. Growth is expected to slow this year, but from 2024 to 2028 is projected to average 3.1%, the best across all sectors, with education and hospital projects helping to drive growth.

THE GOVERNMENT HAS COMPLETED ITS REINFORCED AUTOCLAVED AERATED CONCRETE (RAAC) AUDIT OF THE SCHOOL ESTATE AND FOUND 1% OF SCHOOLS IMPACTED, AMOUNTING TO SOME 234 IN TOTAL IN ENGLAND.

Of these, 119 will require the rebuilding or refurbishing of at least one building, nearly all funded through the School Rebuilding Programme after they were included in the final tranche of allocations. These will almost certainly be counted as new work in the statistics, with the remaining smaller scale works featuring R&M. Given the urgency of this work, the expectation is that education construction output should begin rising this year.

In the universities arena, there will be an increase of new projects, such as Northumbria University's £50m North East Space Skills and Technology Centre in Newcastle, and Manchester Metropolitan University's £90m zig-zag library.

Even though new hospital schemes are subject to individual business cases, which take time to prepare and assess, health construction output rose by 15% in current prices last year, with the expectation of further modest growth until at least 2026.

Industrial
After robust growth in 2022, industrial construction output fell back slightly in 2023, by 1.7%. New orders have weakened in recent quarters, particularly for warehouses, meaning a fall in output is expected this year before a recovery in 2025. From 2023 to 2028 growth is projected to average 0.4% a year, the lowest of any sector.

Tata Group is pressing ahead with its plans for a £4bn battery cell manufacturing facility on the Gravity Smart Campus in Bridgwater, Somerset. The plant will consist of three buildings with supporting structures. The tender process for the first phase of the main construction is currently underway with four contractors believed to be in the running.

While the post-Brexit bounce in demand for new logistics and distribution facilities has ended, there are still some big long-term projects in the pipeline. Developer Panattoni's £900m plan for the demolition of Honda's old car plant in Swindon and its replacement by up to 7.2 million square feet of logistics and manufacturing space is one example.

CONSTRUCTION OUTPUT – SECTORS

Commercial
After five consecutive years of decline, commercial construction output finally returned to growth in 2023, with an increase of 5.2%, with most sub-sectors, except for education and retail, contributing. 2024 may not be such a good year, the macroeconomic background remains weak as retail sales are still struggling to show any sustained growth in real terms. They did bounce back in January from the fall in December, and consumer confidence, while improving, remains negative. Commercial output growth is expected to fall to just 1% in 2024, then pick up, with projected average growth of 2.2% a year from 2024–2028.

London tends to account for most of the office construction and the City of London Corporation has recently reported that over 9 million square feet of space will be delivered over the next few years as investors start returning to the capital's financial centre. The Corporation saw a 25% rise in planning applications in 2023 compared to 2022, and a similar increase in the number of approvals. Much of this work is refurbishment rather than completely new build, with many portfolio owners looking to upgrade Grade B offices to Grade A. RICS' Commercial Property Monitor (Q4 2023) shows a subdued picture across both the offices and retail markets, and while indicators such as occupier demand, availability, investment enquiries, showed some modest improvement, they remained negative.

Retail sales volumes fell by 0.2% in the three months to January 2024 when compared with the previous three months, although this was the smallest fall since August 2023. In January they were still 1.3% below their pre-pandemic level in February 2020. Overall, it remains a challenging environment for retailers, with little incentive to expand their physical presence. As with retail, leisure construction relies on the health or otherwise of consumer spending. A subdued economic backdrop, elevated interest rates, and high inflation continued to impinge on hospitality businesses, which are still trying to rebuild revenue streams. There is work in the pipeline, on sports stadia, film studios, hotels, and spa resorts. With weak order books in 2023, we expect a decline in output in 2024, which then returns to growth in 2025.

Repair & maintenance (R&M) sectors
Grew strongly in 2023 with output rising by 6.7% in housing R&M and over 10% in non-housing R&M, making it the fourth consecutive year that R&M outperformed new work. Over the 2024 to 2028 period, growth in R&M work is projected to average 2.8% a year, better than new work (2.1%), with non-housing R&M (2.8%) faring marginally better than housing R&M (2.7%).

Despite the higher interest rates and the pressures on household finances from elevated inflation levels, private housing R&M output has held up well, possibly as homeowners looked to improve their current property rather than moving. For public housing R&M, cladding remediation and damp issues continue to push housing associations into more investment in R&M.

In non-housing R&M, some 110 schools and colleges have been identified with more minor RAAC issues than those who will require a major rebuild, and this work will probably fall within the R&M sector, with new grant funding available to support. The procurement body Fusion21 has appointed 80 specialist firms to its national Heating, Renewables and Electrical Framework worth up to £820m over four years. Alongside traditional heating installations and electrical testing/works, it also covers ground-source and air-source heating. The framework is specifically designed to support public sector organisations, including housing, education, and healthcare providers. ■

NATIONS AND REGIONS

An average annual output growth rate of 2.4% for the UK is an increase on what was published in last year's report and is reflected in the forecasts for nations and regions. **The strongest output growth is projected for the south east corner of England, although Northern Ireland's forecast has been upgraded and it has moved towards the top of the growth ranking.**

Figure 4 shows the relative share of 2023 UK construction output, with Greater London accounting for nearly a fifth of all construction work, followed by the South East with 14.1%.

CONSTRUCTION OUTPUT SHARE BY REGION 2023

- East Midlands
- East of England
- Greater London
- North East
- North West
- Northern Ireland
- Scotland
- South East
- South West
- Wales
- West Midlands
- Yorkshire & the Humber

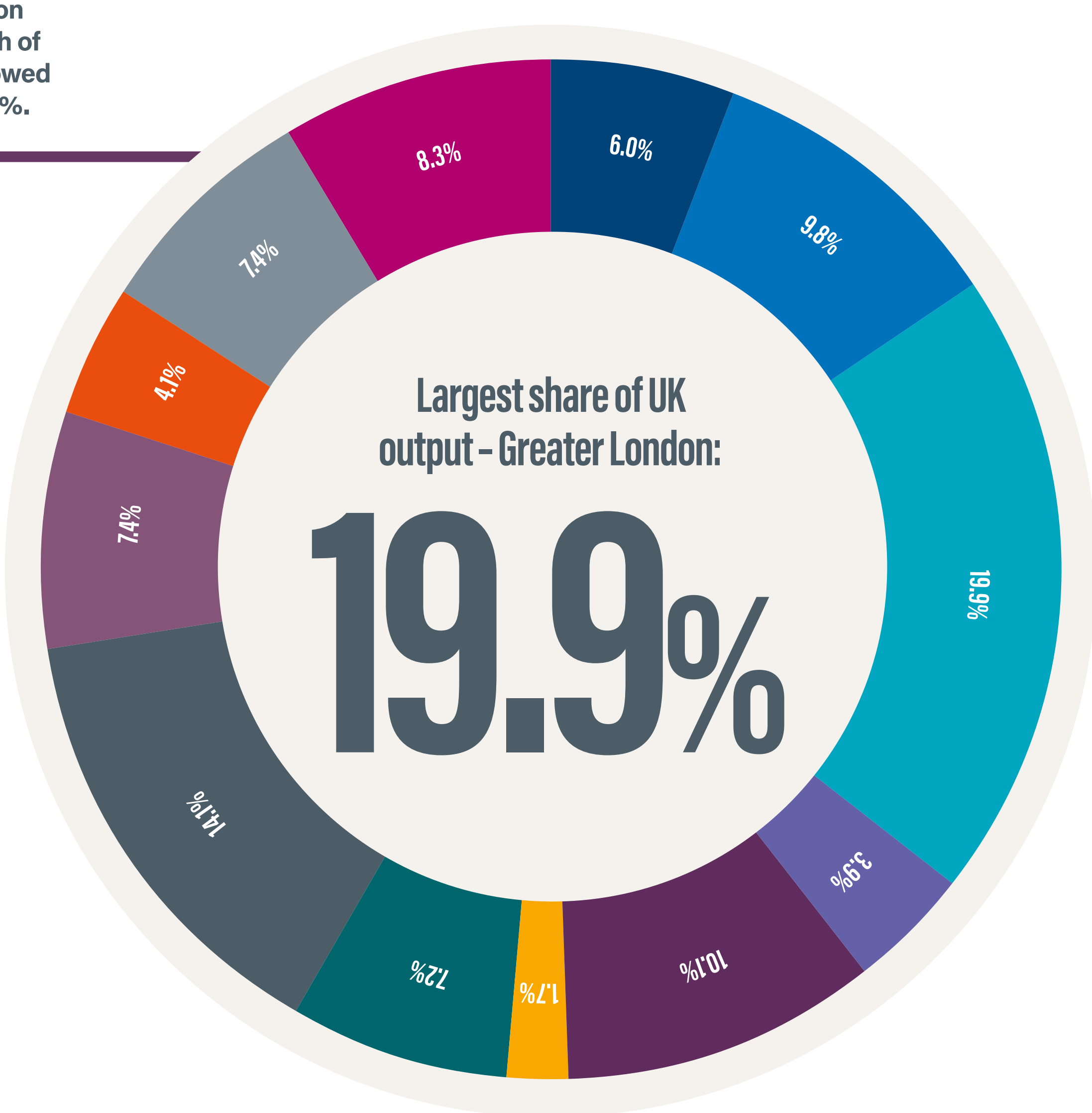


FIGURE 4

UK average annual output growth rate of:

2.4%

Northern Ireland will benefit :

£3.3bn

Greater London's projected annual average growth of 2.9% from 2024 to 2028 is the joint strongest and represents an upgrade on the 2023 forecast. Demographic factors are always a strong positive driver in the capital, pushing up the housing projections, and the R&M sector is expected to be more buoyant going forward. Commercial construction growth will be driven by a recovery in office building, particularly in the City. There are also other projects in the pipeline such as the development of £700m of office and leisure facilities at the former ITV Studio site on London's South Bank, and a £400m data centre in Silvertown.

East of England also has a growth rate of 2.9%, and although there has been a slight downgrade to the level of infrastructure work, there are still significant projects planned. The largest project in the region will be Sizewell C nuclear power station, with enabling works underway. The government recently allocating a further £1.3bn for this phase of the project. There is a £400m upgrade to the A47 around Norwich due to start and a £300m energy from waste incinerator in Wisbech on the Cambridgeshire-Norfolk border.

Northern Ireland's growth rate of 2.8%, is not far behind Greater London and the East of England, with the infrastructure and R&M sectors being the main drivers. It is obviously a boost, for construction and the economy in general, to have the assembly back in Stormont. Plans like, Infrastructure 2050 – The Investment Strategy for Northern Ireland, will be able to move forward. Northern Ireland will also benefit from a £3.3bn financial package to restore the devolved government. This was announced by the UK Government in the Spring Budget, part of which is establishing a £150m Enhanced Investment Zone.

The South East is expected to have one of the fastest growing construction sectors with an average annual growth rate of 2.7% over the 2024–28 period. Once again population demographics and the need for more homes are likely to drive growth in both the public and private housing sectors. The largest ever housing estate to be built in a UK national park has won planning permission, with 685 super-insulated, sustainable homes to be built on the site of a former ironworks in Lewes, East Sussex.

Yorkshire & the Humber's growth rate of 2.2%, is slightly below the UK average, although it is still a relatively strong region due to a pipeline of infrastructure work. Drax has received development consent from the government to build the world's largest carbon capture facility at its North Yorkshire power station. The Bioenergy with Carbon Capture and Storage (BECCS) project would entail installing plant to capture carbon dioxide emissions from two existing biomass units.

Construction output in **the North West** is projected to grow at an average annual rate of 2.2% to 2028, a little below the UK rate of 2.4%. As is the case in most regions and nations, good growth is expected in the R&M sectors, along with public non-housing. Manchester Metropolitan University has had plans approved for its £90m zigzag library. The new 13-storey building will be the home for the University's Special Collection Museum and the Manchester Poetry Library. Work should start soon on the next major phase of work at Manchester Science Park to redevelop the Greenheys building to provide 131,000 square feet of specialist lab space.

Scotland's construction industry is forecast to experience average annual growth of 2.1% in the 2024–2028 period, slightly below the UK rate. Strongest growth in new work is expected in the public non-housing and commercial sectors, with the R&M sectors also performing well. If plans for

NATIONS AND REGIONS

the £250m revamp of Charing Cross in the centre of Glasgow go ahead, work will be split into two phases. Phase 1 will cover student accommodation and a healthcare and GP surgery facility. Phase 2 will include a mixed-tenure development of residential city living, state-of-the-art office space and a hotel. Removal of the Tay House bridge over the M8 also forms part of the plans to create a new gateway into the city centre.

The West Midlands is expected to see average annual output growth of 2.0% over the forecast period, with all sectors, except infrastructure, seeing some growth. Plans are being drawn up for the development of Queen's Hospital Close in Birmingham, which will provide a mix of student accommodation, build-to-rent apartments, commercial and amenity facilities for students, as well as new public spaces. Planning permission has been granted to demolish Birmingham's Ringway Centre and replace it with a triple tower scheme to provide 1,750 apartments.

The forecast for **the South West** of 1.9% average output growth is towards the bottom end of the regional rankings, though to be expected. Infrastructure output will decline as construction work at Hinkley Point C comes to an end and it becomes operational. The housing sectors are expected to be strong, with projects such as the Brabazon expected to deliver around 6,000 new homes as well as social infrastructure, industrial and commercial facilities. The development will be built on the former Filton Airfield, near Bristol.

The East Midlands also has an average growth rate of 1.9% over the 2024–28 period, although R&M work (2.6%) is expected to see better growth than new work (1.5%). One of the largest projects in the region is the energy from waste scheme planned for Flixborough Wharf on the River Trent, which is estimated to cost £1bn. There is also a £370m residential-led new community proposed for Rushden, Northamptonshire, and more student accommodation for Nottingham University.

The North East is forecast to see annual average output growth of 1.5%, at the lower end of the growth rankings. Only the public non-housing (3.0%) and non-housing R&M (2.9%) sectors are expected to see annual average growth of more than 2.0% over the 2024–2028 period, with the industrial construction sector experiencing a decline (-2.8%). Northumbria University has submitted plans to build the £50m North East Space Skills and Technology Centre (NESST) in Newcastle. The facility is expected to open in 2025. The North East will also see the first of the major RAAC school rebuilds, with demolition due to start on St Leonard's Catholic School in Durham. Construction on the £46m project is scheduled to start in the autumn.

With an average growth rate of 1.2% over the forecast period, **Wales** is the weakest of the regions and devolved nations, at half of the UK rate. Of the new work sectors, public non-housing, public housing, and private housing are expected to fare best, with growth rates of between 2.1% and 2.5%. The University of South Wales is constructing a new academic building at its Treforest Campus in Pontypridd. The £40m facility will provide teaching, research, and support space for computing, engineering, and technology. Meanwhile, in Cardiff there are plans to regenerate the Embankment site, providing 2,500 homes alongside 54,000 square metres of business space and opportunities for leisure, hospitality, and retail facilities. ■

WORKFORCE

Construction employment is estimated to have fallen by 0.9% in 2023, following marginal growth in the previous year. **A further decline is predicted for 2024 at 1.5%, before employment growth returns in 2025.**

2024-2028
Average annual increase of construction workforce

0.6%

Over the five years to 2028 employment growth is projected to average 0.6% a year, with expansion continuing to shift away from the professional services, where it has been for the past decade, and towards the trade occupations.

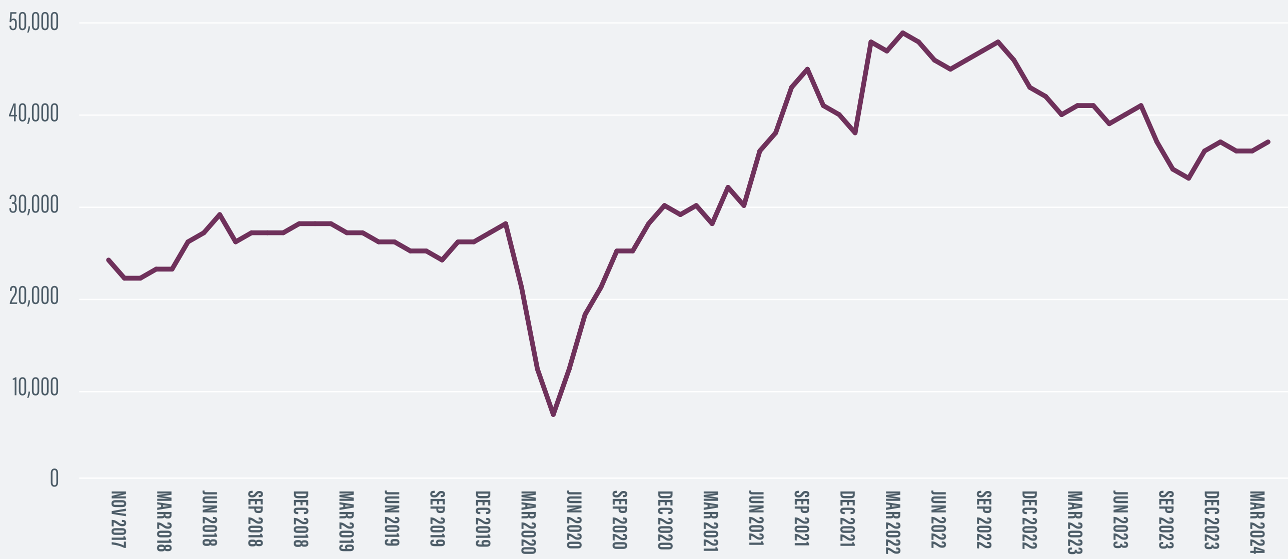
ONS's labour market data (February 2024) showed the unemployment rate at 3.9% in the three months to January 2024, the same as in the previous three-month period. The employment rate was slightly down, at 75% between November 2023 and January 2024, which is 1.2 percentage points below its immediate pre-pandemic level in December to February 2020. Consequently, the inactivity rate has ticked up, by 0.1 percentage points. UK Job vacancies peaked at over 1.3 million in the three months to May 2022, then fell consistently to 908,000 in the December 2023 to February 2024 period, though remaining well above the long-term average of 695,000.

While average regular weekly earnings growth had subsided from a peak of 8% in July 2023 to 5.9% in January 2024, it remains historically high. Overall, the UK labour market has remained remarkably buoyant given the lack of economic growth the country is experiencing. Job vacancies in the construction industry were stable at 36,000 in the three months to February 2024, the same as in the previous three-month period. They have moved little from May to July 2023 when they stood at 40,000. It should be noted that the ONS figures are based on SIC(2007) 41–43 only. ■

NUMBER OF CONSTRUCTION JOB VACANCIES

FIGURE 5

Source: Office for National Statistics



TOTAL WORKFORCE BY OCCUPATION – UK

FIGURE 6

NON-MANUAL OCCUPATIONS	2023 2028		ARR
Non-construction professional and technical office based staff	298,940 289,240		10,950
Other non-construction office-based staff	237,300 238,050		4,410
Directors, executives and senior managers	270,850 277,060		2,580
Construction trades supervisors	51,180 51,540		850
Construction project managers	58,330 62,530		370
MANUAL OCCUPATIONS			
Labourers	132,840 140,560		5,100
Carpenters and joiners	161,960 177,320		2,940
Electrical installation trades	164,180 170,100		2,780
Plant operatives	41,310 43,480		1,110
Plumbing and HVAC trades	135,880 147,340		950
Roofers	40,030 42,630		910
Bricklayers and masons	63,090 67,050		760
Plant mechanics/fitters	36,880 37,990		720
Painters and decorators	70,870 75,760		590
Plasterers	49,480 52880		350
Logistics	44240 43890		340
Scaffolders	24,250 24,460		310
Groundworkers	29,970 31,360		270
Road and rail construction operatives	23,550 24,200		230
Steel erectors and metal workers	18,450 20,020		140
Glaziers and window trades	18,680 19,550		70
Floorers and wall tilers	35,790 37,650		-
Other construction and building trades	185,470 198,860		530
Non-construction trades and operatives	37,280 38,580		210
PROFESSIONAL AND TECHNICAL OCCUPATIONS			
Other professionals and technical staff working in construction	264,450 262,220		8,670
Civil engineers	61,090 60620		1,600
Surveyors	74,220 74,050		1,380
Architects	35,640 37,680		1,180

WORKFORCE

By 2028 construction workforce of:

^

2.75m

Construction employment is estimated at 2.67 million in 2023, a 0.9% decline on the previous year. The 2% rise in output in 2023 was unable to sustain an increase in employment despite experiencing a 6% increase in output in 2022. While the distortion of the relationship between output and employment caused by the covid pandemic is lessening, it is taking time for a more normal relationship to return. Construction employment is expected to see another fall in 2024, of around 1.5%, before growth returns in 2025 and continues to 2028. Over the 2024 to 2028 period average annual output growth of 2.4% is projected to generate average annual employment growth of 0.6%. According to these projections, construction employment should reach 2.75 million in 2028, over 80,000 higher than in 2023, but still nearly 50,000 below its pre-pandemic level in 2019.

In recent years the strongest occupational growth has been seen in the professional and technical occupations, with weaker growth amongst skilled trades and operatives. This trend may be reducing, with a stronger requirement for skilled trades and operatives identified in this report.

The construction-specific occupations projected to see the strongest growth over the five years to 2028 are carpenters and joiners with an average growth of 1.8%, followed by steel erectors and metal workers (1.7%) then plumbing and HVAC (1.6%). The strongest growth in the managerial professions is projected for construction project managers, at 1.4%, and for architects among professional services, at 1.1%.

STRONGER REQUIREMENT FOR SKILLED TRADES AND OPERATIVES IDENTIFIED IN THIS REPORT.

The modelling looks at the forecasted employment growth and what we expect to happen with people moving in and out of the construction workforce to produce the average annual recruitment requirement (ARR). The ARR for the 2024–28 period is estimated at 50,300, which is an increase over the 45,000 reported last year, and means the industry needs to recruit the equivalent of over 251,000 extra workers over the next five years. This is over and above the level of recruitment that has been happening in recent years.

In absolute terms, the highest ARR values for construction specific occupations are for:

- Other construction professionals and technical staff (8,670),
- Labourers (5,100),
- Carpenters and joiners (2,940)
- Wood trades & interior fit-out (2,940)

These values tend to be a function of the relative size of each occupational group, and when viewed as a proportion of 2023 employment, the most in demand occupations are:

- Labourers (3.8%)
- Other professionals and technical staff working in construction (3.3%)
- Architects (3.3%)
- Plant operatives (2.7%)
- Civil engineers (2.6%).

Average workforce growth:

0.6%

TOTAL EMPLOYMENT BY OCCUPATION – UNITED KINGDOM	ACTUAL 2023	ESTIMATE 2024	FORECAST 2028
Directors, executives and senior managers	270,850	267,420	277,060
Construction project managers	58,330	57,720	62,530
Non-construction professional and technical office based staff	298,940	287,550	289,240
Other non-construction office-based staff	237,300	232,520	238,050
Construction trades supervisors	51,180	50,090	51,540
Carpenters and joiners	161,960	163,670	177,320
Bricklayers and masons	63,090	62,920	67,050
Other construction and building trades	185,470	184,380	198,860
Painters and decorators	70,870	70,220	75,760
Plasterers	49,480	48,860	52,880
Roofers	40,030	39,560	42,630
Floorers and wall tilers	35,790	34,910	37,650
Glaziers and window trades	18,680	18,340	19,550
Scaffolders	24,250	23,650	24,460
Plant operatives	41,310	40,930	43,480
Plant mechanics/fitters	36,880	36,250	37,990
Steel erectors and metal workers	18,450	18,510	20,020
Labourers	132,840	131,080	140,560
Groundworkers	29,970	29,570	31,360
Electrical installation trades	164,180	160,900	170,100
Plumbing and HVAC trades	135,880	135,370	147,340
Logistics	44,240	42,750	43,890
Road and rail construction operatives	23,550	23,180	24,200
Non-construction trades and operatives	37,280	36,730	38,580
Total (SIC 41-43)	**2,230,800**	**2,197,080**	**2,312,100**
Civil engineers	61,090	59,680	60,620
Other professionals and technical staff working in construction	264,450	258,900	262,220
Architects	35,640	36,000	37,680
Surveyors	74,220	73,630	74,050
Total (SIC 41-43, 71.1, 74.9)	**2,666,210**	**2,625,300**	**2,746,680**

FIGURE 7

WORKFORCE

Extra workers needed each year:

50,300

ANNUAL RECRUITMENT REQUIREMENT BY OCCUPATION – UNITED KINGDOM	% OF 2023 WORKFORCE	VALUE
Directors, executives and senior managers	1.0%	2,580
Construction project managers	0.6%	370
Non-construction professional and technical office based staff	3.8%	10,950
Other non-construction office-based staff	1.9%	4,410
Construction trades supervisors	1.7%	850
Carpenters and joiners	1.8%	2,940
Bricklayers and masons	1.2%	760
Other construction and building trades	0.3%	530
Painters and decorators	0.8%	590
Plasterers	0.7%	350
Roofers	2.3%	910
Floorers and wall tilers	0.0%	0
Glaziers and window trades	0.4%	70
Scaffolders	1.3%	310
Plant operatives	2.7%	1,110
Plant mechanics/fitters	2.0%	720
Steel erectors and metal workers	0.8%	140
Labourers	3.9%	5,100
Groundworkers	0.9%	270
Electrical installation trades	1.7%	2,780
Plumbing and HVAC trades	0.7%	950
Logistics	0.8%	340
Road and rail construction operatives	1.0%	230
Non-construction trades and operatives	0.6%	210
Civil engineers	2.7%	1,600
Other professionals and technical staff working in construction	3.3%	8,670
Architects	3.3%	1,180
Surveyors	1.9%	1,380
Total (SIC 41–43, 71.1, 74.9)	**1.9%**	**50,300**

FIGURE 8

WORKFORCE BY REGION

OVER THE FORECAST PERIOD, MOST NATIONS AND REGIONS ARE SHOWING AVERAGE ANNUAL OUTPUT GROWTH THAT'S CLOSE TO THE UK FIGURE OF 2.4% INCLUDING 2.9% IN EAST OF ENGLAND 2.8% IN NORTHERN IRELAND 2.2% IN YORKSHIRE & THE HUMBER.

NORTHERN IRELAND
2024–2028

2.8%

Output average annual growth rate (AAGR)

5,200

Extra workers needed in Northern Ireland by 2028

1,040

Northern Ireland's annual recruitment requirement (ARR)

£360m

Strule Shared Education Campus, Omagh

Growth rate

Northern Ireland has an average annual output growth rate of 2.8%, which is above the UK rate of 2.4% and one of the stronger performing nations and regions. Over the forecast we are expecting new work and R&M to have a similar average growth rate, however the profiles are different. New work will dip in 2024, before picking back up in 2025, whereas R&M will build on its recent strong performance in 2024 before slowing down over the forecast. This is the same pattern we expect to see across the UK.

Job creation

The level of output growth in Northern Ireland gives an annual average increase of 0.8% in the construction workforce, which is higher than the UK figure of 0.6%. We forecast that the 2023 workforce of 64,290 will decrease slightly to 63,910 in 2024 before increasing to reach 66,840 by 2028. This is the same pattern seen across the UK with the construction workforce reducing in 2024.

Annual recruitment requirement (ARR)

The ARR in Northern Ireland is set to average 1.6% per year, based on 2023 workforce levels, which is slightly lower than the UK figure of 1.9%. This means the construction industry would have to increase current recruitment by 1,040 new workers each year to deliver the expected work between the start of 2024 and end of 2028.

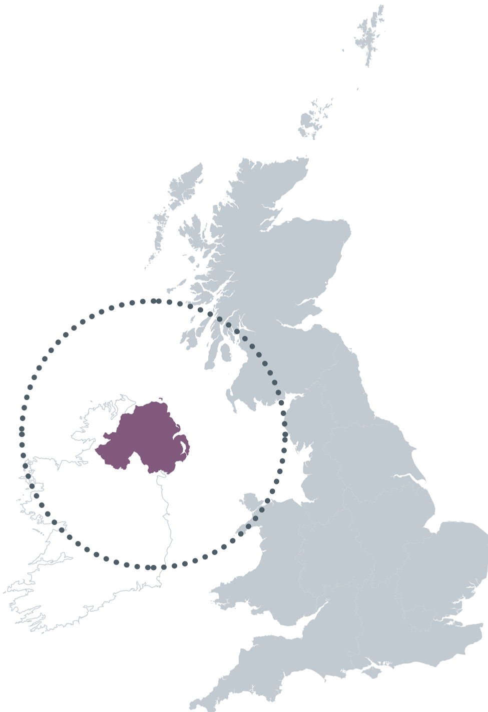
Main growth drivers and contracts

Since devolution was restored and the 2024–25 Budget was agreed by the Executive, there has been £181m of support towards flagship construction projects. This includes the A6 road upgrade, the Belfast Transport Hub and the new Learning Development Centre for the Fire and Rescue Service.

£88.5m will directly support the delivery of the £500m A5 road scheme, while £20m will support the £380m Strule Campus, with both projects aiming to unlock economic benefits and make a positive impact on the people and economy in NI.

Construction on the Belfast Transport Hub is well underway and is projected to be completed by the end of 2024.

THE CSN DETAIL FOR NORTHERN IRELAND CAN BE FOUND HERE



SCOTLAND 2024–2028

2.1%	Output average annual growth rate (AAGR)
26,100	Extra workers needed in Scotland by 2028
5,220	Scotland's annual recruitment requirement (ARR)
£200m	Scottish Gas Networks mains replacement

Growth rate

Scotland has an average annual output growth rate of 2.1%, which is just below the UK rate of 2.4%. Over the forecast we are expecting R&M to have a slightly better growth rate than new work, with their profiles being different. New work will dip in 2024, before picking back up in 2025, whereas R&M will build on its recent strong performance in 2024 before slowing down over the forecast. This is the same pattern we expect to see across the UK.

Job creation

The level of output growth in Scotland gives an annual average increase of 0.3% in the construction workforce, which is lower than the UK figure of 0.6%. We forecast that the 2023 workforce of 213,080 in the nation will decrease slightly to 208,490 in 2024 before increasing to reach 216,090 by 2028. This is the same pattern seen across the UK with the construction workforce reducing in 2023 and 2024.

Annual recruitment requirement (ARR)

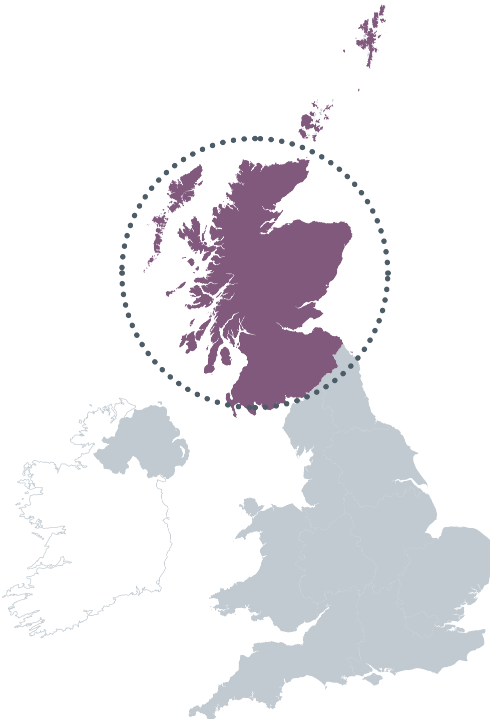
The ARR in Scotland is set to average 2.4% per year, based on 2023 workforce levels, which is higher than the UK figure of 1.9%. This means the construction industry would have to increase current recruitment by the equivalent of 5,220 new workers each year to deliver the expected work between the start of 2024 and end of 2028.

Main growth drivers and contracts

With investments being supported by City Region Deals, Regional Growth Deals and Green Freeports, activity ranges from a proposed debris flow shelter for the A83 at Rest & Be Thankful, to the £25m project to develop a hydrogen demonstration network in Fife, and £200m towards Scottish Gas Networks mains replacement. Work for the £91m Clyde Waterfront & Renfrew Riverside project is well underway, which includes a new River Clyde Bridge and is part of the Glasgow City Region Deal.

Work is due to complete on Dunfermline's Learning Campus worth over £250m, located on a 58-acre purpose-built low carbon site in the eastern expansion area of the town.

THE CSN DETAIL FOR SCOTLAND CAN BE FOUND HERE



WALES 2024–2028

1.2%	Output average annual growth rate (AAGR)
11,000	Extra workers needed in Wales by 2028
2,200	Wales annual recruitment requirement (ARR)
£590m	A465 Heads of the Valley Road

Growth rate

Wales has an average annual output growth rate of 1.2%, which is lower than the UK rate of 2.4%. Over the forecast we are expecting R&M to have slightly better growth rates than new work, although the yearly profiles are also slightly different. New work is expected to dip in 2024, before picking back up in 2025, whereas R&M will see growth in 2024 before slowing down over the forecast. This is like the pattern we expect to see across the UK.

Job creation

The level of output growth in Wales gives an annual average increase of 0.5% in the construction workforce, which is only slightly lower than the UK figure of 0.6%. We forecast that the 2023 workforce of 118,250 in the nation will decrease slightly to 116,520 in 2024 before increasing to reach 120,960 by 2028. For the UK, we're also forecasting a reduction in the workforce in 2024, picking back up to 2028.

Annual recruitment requirement (ARR)

The ARR in Wales is set to average 1.9% per year, based on 2023 workforce levels, which is the same as the UK. This means the construction industry would have to increase current recruitment by the equivalent of 2,200 new workers each year to deliver the expected work between the start of 2024 and end of 2028.

Main growth drivers and contracts

The recent approval of the Awel y Môr wind farm project off the coast of Llandudno, which should generate 500MW of electricity, enough to power 500,000 homes, by 2030.

Work is continuing on the £590m Dowlais Top to Hirwaun section of the A465 Heads of the Valley Road and will run through to mid-2025.

Cardiff Council has also approved proposals for the £360m Embankment site. 47 acres of brownfield land to the south of the city, will be regenerated to provide 2,500 homes alongside 54,000 square metres of business space.

THE CSN DETAIL FOR WALES CAN BE FOUND BELOW:
IN WELSH HERE
IN ENGLISH HERE

EAST MIDLANDS 2024–2028

1.9%	Output average annual growth rate (AAGR)
17,500	Extra workers needed in the East Midlands by 2028
3,500	East Midlands' annual recruitment requirement (ARR)
£500m	Midland Main Line Railway project from Market Harborough to Sheffield

Growth rate

East Midlands has an average annual output growth rate of 1.9%, which is below the UK rate of 2.4%. The region is expected to show a strong performance in the R&M sectors during 2024 and then continue a steady rate of growth to 2028. New work in the East Midlands is expected to see a sizable reduction in output during 2024, before recovering with a 5.2% increase in output in 2025 and then stabilising at around 3% growth per year for the remainder of the forecast period. These patterns are like what we expect to see across the UK.

Job creation

The level of output growth in the East Midlands gives an annual average increase of 0.3% in the construction workforce, which is lower than the UK figure of 0.6%. We forecast that the 2023 workforce of 191,210 in the region will decrease to 184,480 in 2024 before increasing to 193,900 by 2028. This is the same pattern seen across the UK with the construction workforce reducing in 2023 and 2024.

Annual recruitment requirement (ARR)

The ARR in the East Midlands is set to average 1.8% per year, based on 2023 workforce levels, which is slightly lower than the UK figure of 1.9%. This means the construction industry would have to increase current recruitment by the equivalent of 3,500 new workers each year to deliver the expected work between the start of 2024 and end of 2028.

Main growth drivers and contracts

Work continues on the £1.5bn Midland Mainline electrification upgrade, with phase 3 valued at £500m and concentrating on the 155km stretch of track from Market Harborough to Sheffield.

The East Midlands Freeport's (EMF) three sites continue to attract investment in zero-carbon technology, energy hub, rail-logistics infrastructure and modern manufacturing. This benefits construction output over a number of sectors such as industrial, commercial and infrastructure.

Major developments such as the £750m, 3,000 home development at Fairham Pastures, near Clifton in Nottinghamshire, along with plans by several local authorities could result in over 60,000 new homes being built.

THE CSN DETAIL FOR THE EAST MIDLANDS CAN BE FOUND HERE

EAST OF ENGLAND
2024–2028

2.9%	Output average annual growth rate (AAGR)	^
19,750	Extra workers needed in the East of England by 2028	^
3,950	East of England's annual recruitment requirement (ARR)	^
£20bn	Sizewell C project obtained its development consent order	^

Growth rate

East of England has an average annual output growth rate of 2.9%, which is above the UK rate of 2.4%. Over the forecast we are expecting new work and R&M to have a similar average growth rate, however the profiles are different. New work will dip in 2024, before picking back up in 2025, whereas R&M will build on its recent strong performance in 2024 before slowing down over the forecast. This is the same pattern we expect to see across the UK.

Job creation

The level of output growth in the East of England gives an annual average increase of 0.8% in the construction workforce, which is higher than the UK figure of 0.6%. We forecast that the 2023 workforce of 248,930 in the region will decrease slightly to 243,620 in 2024 before increasing to reach 258,680 by 2028. This is the same pattern seen across the UK with the construction workforce reducing in 2023 and 2024.

Annual recruitment requirement (ARR)

The ARR in the East of England is set to average 1.6% per year, based on 2023 workforce levels, which is lower than the UK figure of 1.9%. This means the construction industry would have to increase current recruitment by the equivalent of 3,950 new workers each year to deliver the expected work between the start of 2024 and end of 2028.

Main growth drivers and contracts

In January 2024, the development consent order for the £20bn Sizewell C nuclear plant was obtained enabling the building of supporting infrastructure can begin. The final investment decision is expected later this year.

The Lower Thames Crossing Point project was opened for tender by Highways England, with the £8.2bn package including the design and construction of twin-road tunnels.

Private housing will benefit from the Brightwell Lakes development in Martlesham Heath in Suffolk which has already started work. The £300m project is set to deliver 2,000 new homes, including 500 affordable homes for rent or shared ownership.

THE CSN DETAIL FOR THE EAST OF ENGLAND CAN BE FOUND HERE

GREATER LONDON
2024–2028

2.9%	Output average annual growth rate (AAGR)
26,250	Extra workers needed in Greater London by 2028
5,250	Greater London's annual recruitment requirement (ARR)
£8bn	Thamesmead Regeneration

Growth rate

Greater London has an average annual output growth rate of 2.9%, which is above the UK rate of 2.4%. Over the forecast we expect R&M to slightly outperform new work with overall growth rates of 3.2% and 2.8%, however the profiles are different. New work will dip in 2024, before picking back up in 2025, whereas R&M will build on its recent strong performance in 2024 before slowing down over the forecast. This is the same pattern we expect to see across the UK.

Job creation

The level of output growth in Greater London gives an annual average increase of 0.8% in the construction workforce, which is higher than the UK figure of 0.6%. We forecast that the 2023 workforce of 410,770 in the region will decrease slightly to 402,260 in 2024 before increasing to reach 426,760 by 2028. This is the same pattern seen across the UK with the construction workforce reducing in 2023 and 2024.

Annual recruitment requirement (ARR)

The ARR in Greater London is set to average 1.3% per year, based on 2023 workforce levels, which is lower than the UK figure of 1.9%. 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 start of 2024 and end of 2028.

Main growth drivers and contracts

In Greater London there are a number of very large scale, long term developments such as Thamesmead (£8bn), Brent Cross Town (£8bn) and Meridian Water Regeneration (£6bn), that will deliver output for a number of sectors.

Work has increased on HS2, while the planned restoration and renewal of the Houses of Parliament is another significant project that could start during the forecast.

The 2021–26 Affordable Homes Programme plans to build 180,000 new homes, with £7.47bn to be distributed via Homes England. The London Mayor also secured £3.39bn to deliver 29,456 homes with councils and housing associations from the first round of bidding.

THE CSN DETAIL FOR GREATER LONDON CAN BE FOUND HERE

NORTH EAST
2024–2028

1.5% Output average annual growth rate (AAGR)

6,850 Extra workers needed in the North East by 2028

1,370 The North East's annual recruitment requirement (ARR)

£475m Crown Works film and TV studio development in Sunderland

Growth rate

The North East has an average annual output growth rate of 1.5% over the next five years, which is lower than the UK rate of 2.4%. This is due to a combination of a drop in new work for 2024, which picks up slowly from 2025 onwards, alongside low growth for the R&M sectors from 2025. This is like the pattern we expect to see across the UK, just at a slightly reduced level.

Job creation

The level of output growth in the North East gives an annual average increase of 0.1% in the construction workforce, which is lower than the UK figure of 0.6%. We forecast that the 2023 workforce of 92,030 in the region will decrease slightly to 89,730 in 2024 and remain around this level in 2025, before increasing to reach 92,560 by 2028. This is similar to the pattern seen across the UK with the construction workforce reducing in 2024, although most regions are seeing a bit of a pick-up in 2025.

Annual recruitment requirement (ARR)

The ARR in the North East is set to average 1.5% per year, based on 2023 workforce levels, which is lower than the UK figure of 1.9%, and a reflection of the lower growth rate in output. This means the construction industry would have to increase current recruitment by 1,370 new workers each year to deliver the expected work between the start of 2024 and end of 2028.

Main growth drivers and contracts

Projects in North East include Sunderland's Riverside development, 1,000 new energy efficient homes in four distinctive neighbourhoods and a new central business district; the £475m proposal for Crown Works film and TV studio; Hartlepool's transformational programme is underway that will capitalise on £121m of capital development funding; Gateshead Health NHS Foundation Trust and The Newcastle Upon Tyne Hospitals NHS Foundation Trust have secured £20m to develop a Community Diagnostic Centre (CDC) at the Metrocentre in Gateshead.

THE CSN DETAIL FOR THE NORTH EAST CAN BE FOUND HERE

NORTH WEST
2024–2028

2.2%

Output average annual growth rate (AAGR)

23,850

Extra workers needed in the North West by 2028

4,770

The North West's annual recruitment requirement (ARR)

£1bn

Bolton's town centre masterplan regeneration

Growth rate

The North West has an average annual output growth rate of 2.2%, which is just below the UK rate of 2.4%. Over the forecast we are expecting R&M to perform better than new work, although both are set to grow, their profiles are slightly different. New work will dip in 2024, before picking back up in 2025, whereas R&M will build on its recent slightly strong performance in 2024 before slowing down over the forecast. This is the same pattern we expect to see across the UK.

Job creation

The level of output growth in the North West gives an annual average increase of 0.2% in the construction workforce, which is lower than the UK figure of 0.6%. We forecast that the 2023 workforce of 265,290 in the region will decrease slightly to 261,500 in 2024 before increasing to reach 268,440 by 2028. This is the same pattern seen across the UK with the construction workforce reducing in 2023 and 2024.

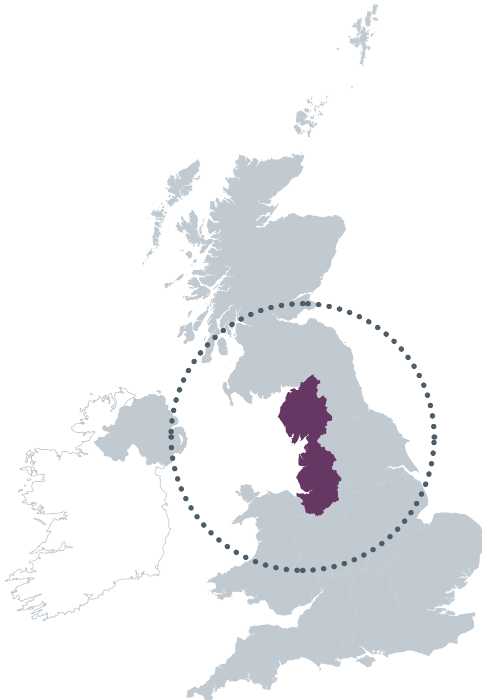
Annual recruitment requirement (ARR)

The ARR in the North West is set to average 1.8% per year, based on 2023 workforce levels, which is marginally lower than the UK figure of 1.9%. This means the construction industry would have to increase current recruitment by the equivalent of 4,770 new workers each year to deliver the expected work between the start of 2024 and end of 2028.

Main growth drivers and contracts

Main projects in the North West include £130 million redevelopment of the Galleries Shopping Centre in Wigan; Bolton's £1billion town centre masterplan regeneration; Darwen Town Deal, £100m of new funding for major schemes; Blackburn Town Centre Masterplan's investment of £250m over ten years to regenerate the town centre; Liverpool's Pumpfields Development, plans have been submitted for £250 million Infinity Towers residential complex.

THE CSN DETAIL FOR THE NORTH WEST CAN BE FOUND HERE



SOUTH EAST 2024–2028

2.7%	Output average annual growth rate (AAGR)	^
10,400	Extra workers needed in the South East by 2028	^
2,080	The South East's annual recruitment requirement (ARR)	^
£8.2bn	Lower Thames Crossing project	^

Growth rate

The South East has an average annual output growth rate of 2.7% over the next five years, which is above the UK rate of 2.4%. Over the forecast we are expecting strong growth in both housing and non-housing R&M above that expected across the UK. In terms of new work in the South East, growth is expected to be in line with the UK, though the housing sectors are the main contributor to these gains.

Job creation

The level of output growth in the South East gives an annual average increase of 0.5% in the construction workforce, which is slightly lower than the UK figure of 0.6%. We forecast that the 2023 workforce of 379,480 in the region will decrease slightly to 378,800 in 2024 before increasing to reach 396,560 by 2028. This is the same pattern seen across the UK with the construction workforce reducing in 2023 and 2024.

Annual recruitment requirement (ARR)

The average annual recruitment requirement in the South East is set to average 0.5% per year, based on 2023 workforce levels, which is lower than the UK figure of 1.9%. This means the construction industry would have to increase current recruitment by the equivalent of 2,080 new workers each year to deliver the expected work between the start of 2024 and end of 2028.

Main growth drivers and contracts

The Lower Thames Crossing is a major project for the South East and UK's road network as it would be the longest road tunnel in the country. It is estimated to cost between £6.4bn–£8.2bn and be completed by 2030.

Gatwick Airport have plans to reposition the Northern Runway in order to allow dual operations, current use is limited to a taxiway only. The £2.2bn privately financed plan could inject £1bn into the region's economy every year once operational.

There are also large housing projects in the region including Otterpool Park, a garden town near Folkestone in Kent. The development includes 8,500 homes, 1,870 of which will be affordable housing.

THE CSN DETAIL FOR THE SOUTH EAST CAN BE FOUND HERE

SOUTH WEST 2024–2028

1.9%	Output average annual growth rate (AAGR)	^
42,400	Extra workers needed in the South West by 2028	^
8,480	The South West's annual recruitment requirement (ARR)	^
£25bn	Hinkley Point C nuclear new build	^

Growth rate

The South West has an average annual output growth rate of 1.9% over the next five years, which is lower than the UK rate of 2.4%. This is due to a combination of a drop in new work for 2024, which picks up from 2025 onwards, alongside low growth for the R&M sectors from 2025. This is like the pattern we expect to see across the UK.

Job creation

The level of output growth in the South West gives an annual average increase of 0.8% in the construction workforce, which is higher than the UK figure of 0.6%. We forecast that the 2023 workforce of 249,050 in the region will decrease slightly to 245,850 in 2024 before increasing to reach 258,700 by 2028. This is the same pattern seen across the UK with the construction workforce reducing in 2023 and 2024.

Annual recruitment requirement (ARR)

The ARR in South West is set to average 3.4% per year, based on 2023 workforce levels, which is higher than the UK figure of 1.9%. This means the construction industry would have to increase current recruitment by the equivalent of 8,480 new workers each year to deliver the expected work between the start of 2024 and end of 2028.

Main growth drivers and contracts

While work on Hinkley Point C new nuclear build is still the main project in the region, there are other planned projects such as; £4bn electric vehicle battery plant in Bridgwater, Somerset, that has been confirmed by Tata Group; Hengrove Park development will deliver over 1,400 properties in South Bristol; and also in Bristol, the Galleries shopping centre is set to be demolished, with site redevelopment to include shops, restaurants, entertainment, community facilities, home and offices.

THE CSN DETAIL FOR THE SOUTH WEST CAN BE FOUND HERE

WEST MIDLANDS 2024–2028

2.0%	Output average annual growth rate (AAGR)
35,600	Extra workers needed in the West Midlands by 2028
7,120	The West Midlands' annual recruitment requirement (ARR)
£1.9bn	Smithfield Development regeneration project

Growth rate

The West Midlands has an average annual output growth rate of 2.0%, which is just below the UK rate of 2.4%. This is due to a combination of a drop in new work for 2024, which picks up from 2025 onwards, alongside low growth for the R&M sectors from 2025. This is like the pattern we expect to see across the UK, just at a slightly reduced level.

Job creation

The level of output growth in the West Midlands gives an annual average increase of 0.4% in the construction workforce, which is lower than the UK figure of 0.6%. We forecast that the 2023 workforce of 231,450 in the region will decrease slightly to 228,430 in 2024 before increasing to reach 236,520 by 2028. This is the same pattern seen across the UK with the construction workforce reducing in 2023 and 2024.

Annual recruitment requirement (ARR)

The ARR in the West Midlands is set to average 3.1% per year, based on 2023 workforce levels, which is higher than the UK figure of 1.9%. This means the construction industry would have to increase current recruitment by 7,120 new workers each year to deliver the expected work between the start of 2024 and end of 2028.

Main growth drivers and contracts

The £1.9bn Smithfield Development is a 10 year regeneration project to provide a new market to Birmingham's city centre and create cultural spaces for music and art in the community. There will be hotels, bars and restaurants, along with plans for over 3,000 new homes.

The £1bn West Midlands Interchange project will be the country's largest intermodal logistics site, sitting alongside 8 million square feet of warehousing facilities and will be directly connected to the West Coast Mainline.

Coventry City Centre regeneration scheme estimated at £450m is expected to provide 1,550 new homes. Project plans offer 8,000 square metres of commercial space and 17,000 square metres of open space.

THE CSN DETAIL FOR THE WEST MIDLANDS CAN BE FOUND HERE

YORKSHIRE & THE HUMBER 2024–2028

2.2% Output average annual growth rate (AAGR)

26,600 Extra workers needed in Yorkshire & the Humber by 2028

5,320 Yorkshire & the Humber's annual recruitment requirement (ARR)

£400m New prison at Full Sutton

Growth rate

Yorkshire & the Humber has an average annual output growth rate of 2.2%, which is just below the UK rate of 2.4%. Over the forecast we are expecting new work and R&M to have a similar average growth rate, however the profiles are different. New work will dip in 2024, before picking back up in 2025, whereas R&M will build on its recent strong performance in 2024 before slowing down over the forecast. This is the same pattern we expect to see across the UK.

Job creation

The level of output growth in Yorkshire & the Humber gives an annual average increase of 0.8% in the construction workforce, which is higher than the UK figure of 0.6%. We forecast that the 2023 workforce of 202,380 in the region will decrease slightly to 201,730 in 2024 before increasing to reach 210,680 by 2028. This is the same pattern seen across the UK with the construction workforce reducing in 2023 and 2024.

Annual recruitment requirement (ARR)

The ARR in Yorkshire & the Humber is set to average 2.6% per year, based on 2023 workforce levels, which is higher than the UK figure of 1.9%. This means the construction industry would have to increase current recruitment by 5,320 new workers each year to deliver the expected work between the start of 2024 and end of 2028.

Main growth drivers and contracts

Main projects in Yorkshire & the Humber include new £400m prison being built at Full-Sutton; plans for a new Airedale General Hospital; a converter station at Drax for the £2bn Eastern Green Link 2 (EGL2) "electricity superhighway"; Unity Way development providing over 3,000 new homes in Doncaster; and Cirrus Point, in Leeds which will be the largest student accommodation building in the world at 45-storeys.

THE CSN DETAIL FOR YORKSHIRE & THE HUMBER CAN BE FOUND HERE

UK

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