GREATER LONDON'S CONSTRUCTION GROWTH EXCEEDS THE UK AVERAGE, WITH KEY DRIVERS INCLUDING HS2, THE LONDON CITY AIRPORT UPGRADE AND GOOGLE'S HEAD OFFICE.

GROWTH RATE:

At 1.5% London's estimated 2018–22 annual construction growth outpaces the UK rate of 1.3%. Its construction output is projected to reach a new high of £34.9bn by 2022.

JOB CREATION:

London needs to recruit over 10,000 construction workers in the next five years. In-demand roles include plant operatives, civil engineers, logistics, scaffolders and construction trade supervisors.

MAIN GROWTH DRIVERS/CONTRACTS:

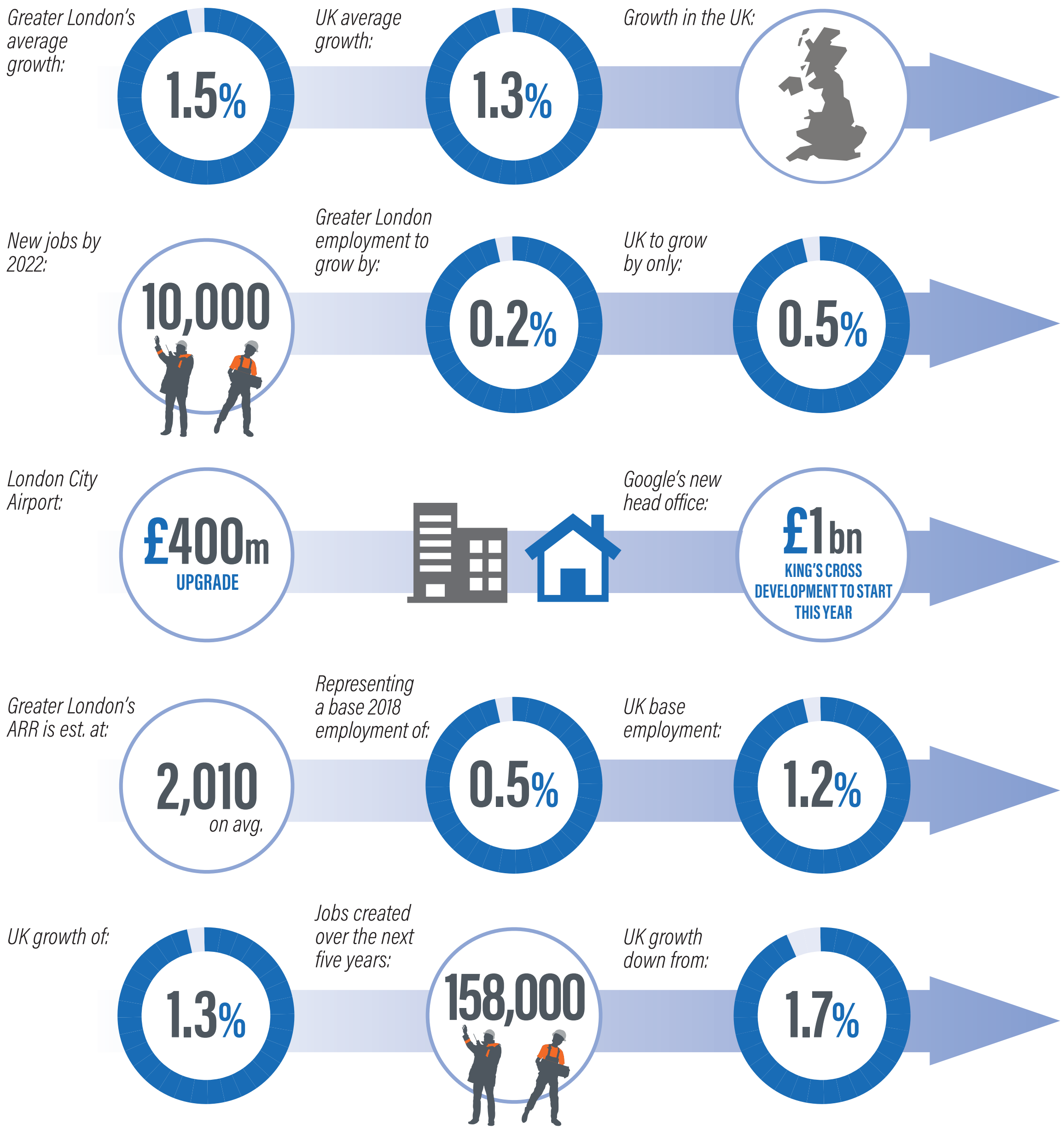
Infrastructure is expected to be the biggest growth driver. The largest project is High Speed 2 (HS2), which more than offsets large schemes nearing completion, such as Crossrail. Other big contracts in the pipeline include the £400m upgrade at London City Airport. The first phase of Google's new £1bn King's Cross head office is expected to start this year. The first phase of works, worth £350m, is expected to start this year and will be carried out by LendLease. Once complete the 11-storey building will contain floorspace of more than one million square feet.

ANNUAL RECRUITMENT RATE (ARR):

At 2,010, Greater London's ARR is 0.5% of base 2018 employment. London traditionally has a very low ARR as it naturally acts as a magnet for the construction workforce from other areas of the country and overseas. The UK recruitment rate is 1.2%.

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 framed by the turbulent 12 months we've seen: the UK economy has slowed and complex Brexit negotiations are ongoing.



OVERVIEW – GREATER LONDON

The private housing sector is predicted to see a rise of 3.0% per annum in the five years to 2022. Expansion is expected to be minimal over the next couple of years as uncertainty surrounding Brexit reduces investment in the sector. However, growth should pick up in the second half of the forecast period as the terms of Brexit become clearer, bringing confidence to the sector. There are many housing projects currently underway or planned over the next five years. Grosvenor has recently announced plans to invest £500m into a former biscuit factory site in Bermondsey to build 1,500 new homes for rent. Aecom has been appointed to take forward the £800m Spire London Tower, set to be the tallest residential development in Western Europe. Once complete the Spire will provide 861 apartments and penthouses.

Brexit is likely to have a bigger impact on the capital's commercial sector as moderate declines in commercial output are anticipated over the next three years. There is work on large regeneration schemes entering the pipeline, such as Brent Cross, that are anticipated to take place in the five years to 2022, but there is sharp output falls expected in commercial sub-sectors such as offices, hindering the overall performance of the sector.

Public non-housing output is expected to grow by a yearly average of 1.3% over the long term. Expansion is likely to be the strongest over the next couple of years due to work that is scheduled to take place on University College London's new campus.

Public housing output is expected to accelerate in 2019 as the government is looking to encourage local authorities to start building again. In terms of projects, housing association Catalyst was chosen for the Mayor of London's first 100% affordable housing scheme. The development will be situated in Waltham Forest on the former Webbs Industrial Estate. Approximately 330 residential properties will be built, which will either be affordable or available for shared ownership.

In 2016 Greater London accounted for more than one in seven of all UK construction jobs, at 16%. Between 2018 and 2022 construction employment is likely to see only marginal growth overall. Plant operatives are anticipated to see the strongest annual average increases of 3.5%.

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