



## H2 2024: RICS UK Facilities Management Survey

# Outlook remains upbeat across the industry despite some challenging areas of recruitment

- Widespread growth in demand for FM services reported
- Workload expectations for the coming twelve months upgraded, along with plans to acquire more properties
- Catering is the only area of FM anticipated to see a fall in activity over the year ahead

The H2 2024 RICS Facilities Management Survey results remain upbeat, with expectations pointing to a solid outlook across the industry overall. As depicted in Chart 1, respondents reported an increase in demand across all sectors covered over the latest survey period. In particular, demand across the public sector gathered momentum, evidenced by a net balance of +59% of contributors citing an increase (the strongest reading since 2021). Alongside this, demand for serviced business and manufacturing space also increased noticeably. Whereas retail had stood out as being one of the only sectors to see falling demand in previous reports, the latest results signal a sharp improvement, with a net balance of +41% respondents noting a rise in demand (the most upbeat return for this measure since the survey's inception in 2020).

Going forward, a net balance of +86% of contributors foresee activity levels increasing across sustainability management over the next twelve months. Likewise, strong growth is expected across strategic planning and project management in the year to come. On the same basis, expectations are also firmly positive across maintenance management, capital works/ life-cycle replacement, workplace and location management, as well as security. By way of contrast, catering is the only area of FM covered in which respondents expect to see a decline in activity over the next twelve months.

Diverging somewhat from the picture seen in each of the three previous reports, respondents no longer expect bundled contracts to be the most favoured FM solution for clients moving forward. Instead, in-house delivery options are seen growing at a stronger pace in the coming twelve months. Meanwhile, a net balance of +19% of respondents note that they are planning to acquire more properties in the year ahead. This is up from a reading of +11% beforehand and also marks the most positive return for this measure on record.

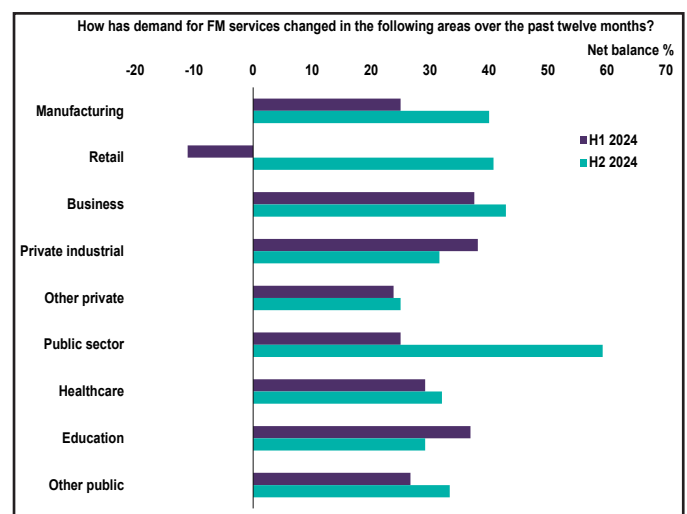
Turning to industry employment trends, a net balance of +53% of survey participants reported an increase in headcounts over the past three months. While this still indicates a solid pace of hiring, the latest reading is slightly more modest than that seen in the previous iteration of the survey. Looking ahead, twelve-

month expectations point to a modest further uplift in employment levels moving forward (net balance +21%). That said, three-quarters of respondents continue to report difficulties in sourcing workers for building operation and maintenance roles. Similarly, although shortages do not appear to be quite as acute as previously, more than 40% of contributors also cite issues in finding workers for property management and support services positions.

With respect to the outlook for profit margins across the industry, a net balance of +11% of respondents are of the opinion that margins will expand to some extent over the year ahead. Even so, these expectations have been tempered slightly compared to last time, with the latest reading flatter than the figure of +19% seen in the previous report.

Interestingly, there has been a gentle rise in the share of workers reportedly returning to their physical place of work on a regular basis. Indeed, the latest results now point to 68% of workers (compared to prior to the pandemic) now physically attending, which is up from 60% at the start of 2022.

Chart 1



# Key indicators

Chart 2

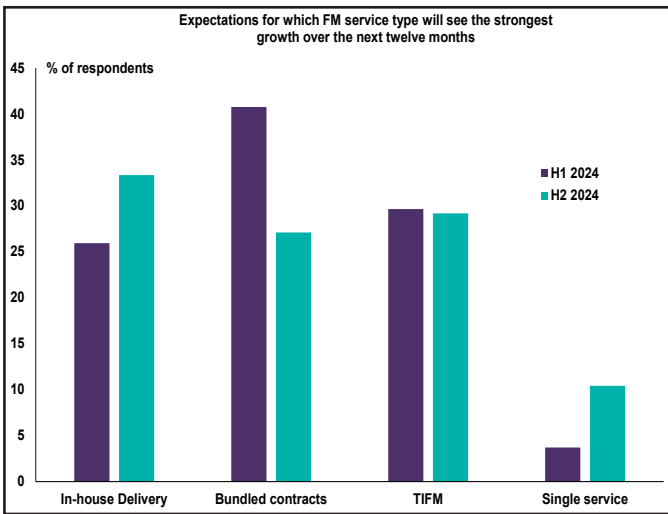


Chart 3

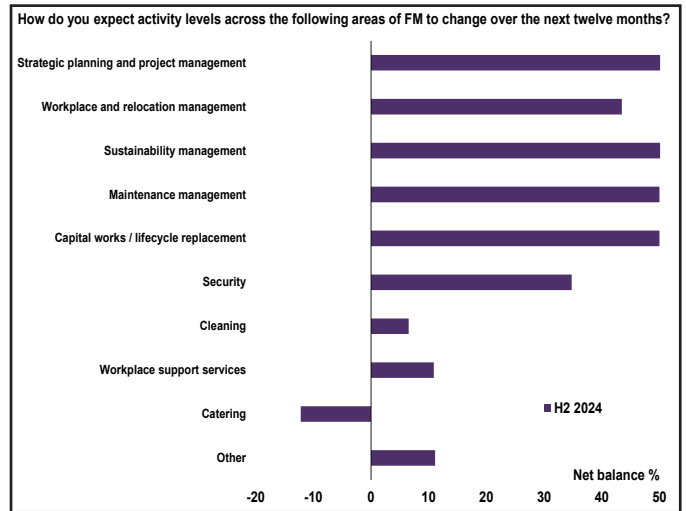


Chart 4

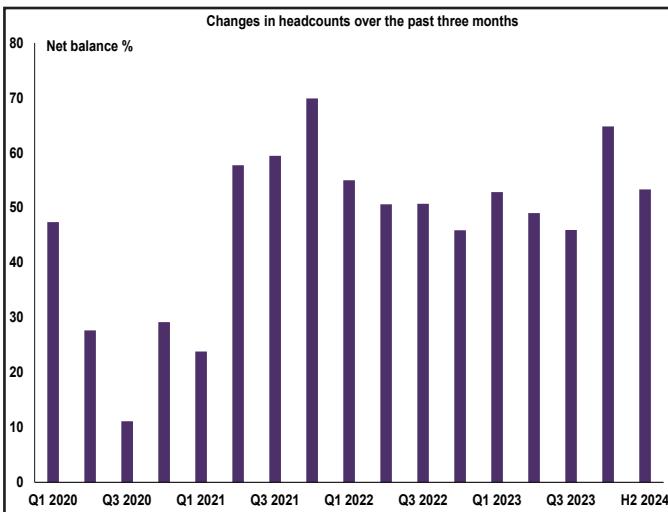


Chart 5

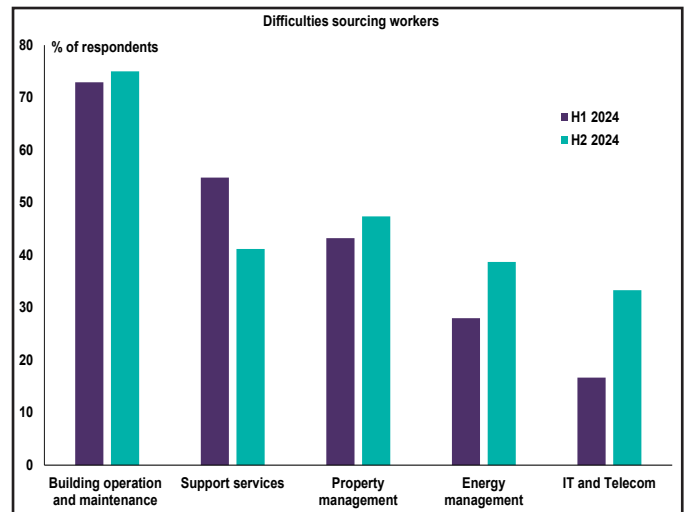


Chart 6

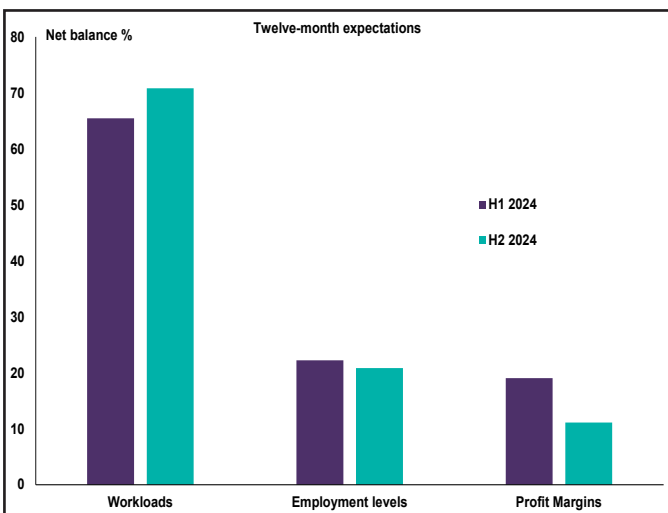
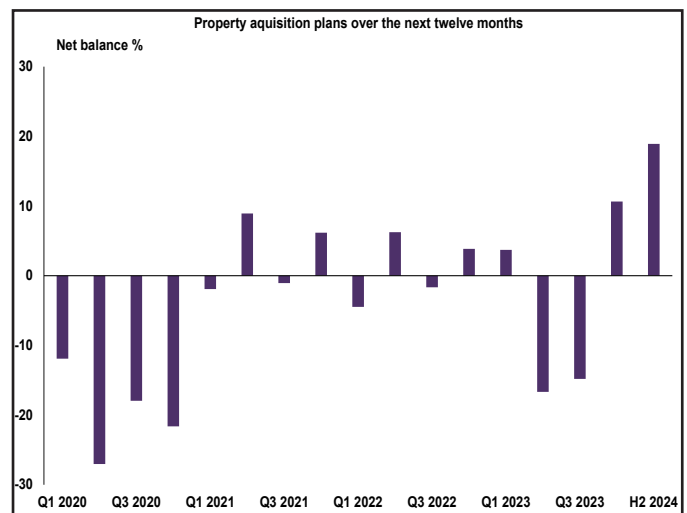


Chart 7



# Key indicators

Chart 8

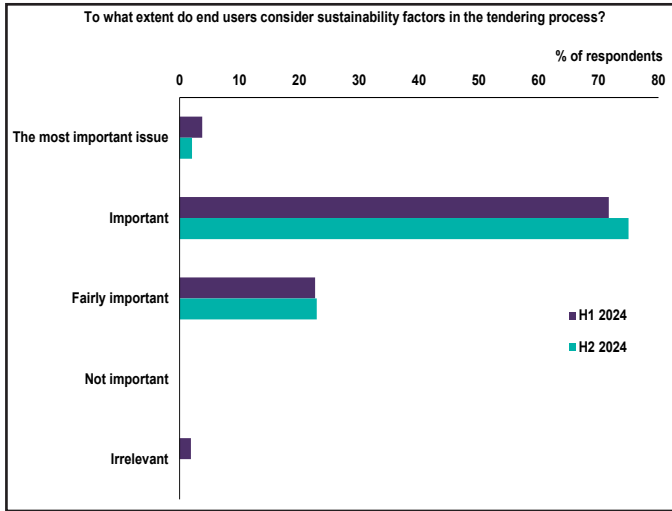


Chart 9

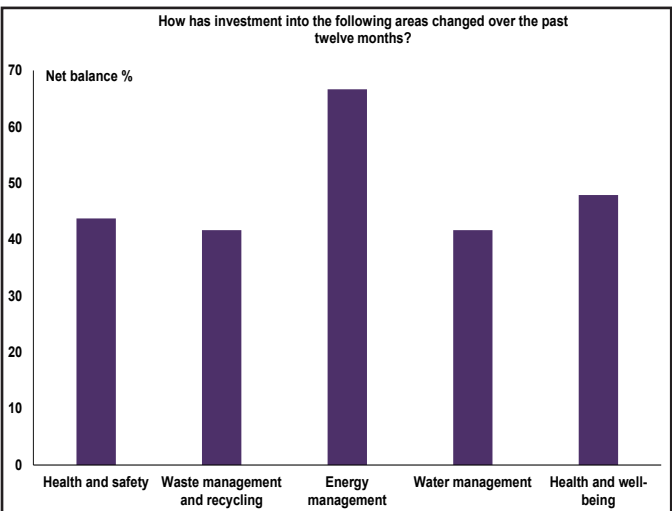


Chart 10

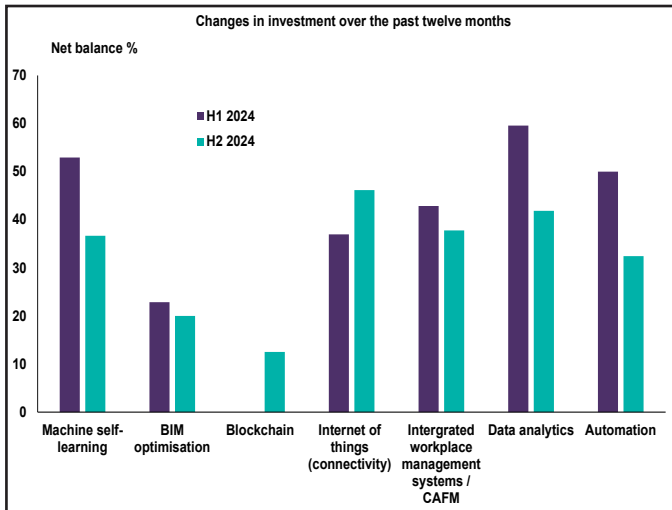
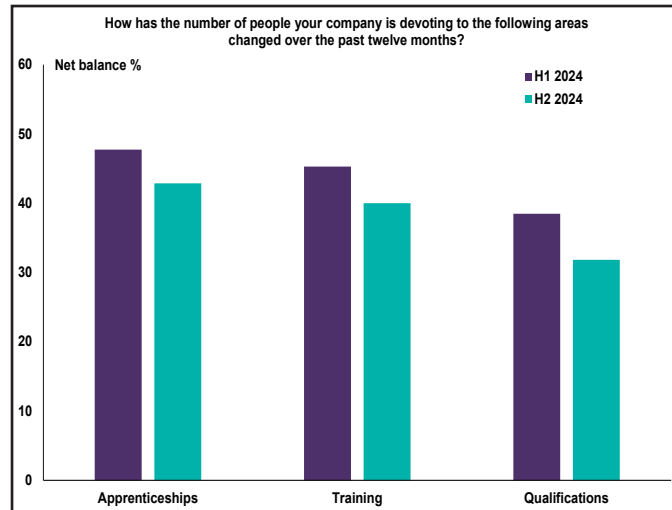


Chart 11



# Methodology

## About:

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

## Net balance data:

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

## Questions Asked:

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

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

## Economics Team

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## Delivering confidence

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

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