

## New Study Puts a Number to UK Construction Delays



After a rough couple of years for the global construction industry, trade publication New Civil Engineer reports on a new analysis that sheds light on exactly how hard the situation has been in the UK. The study, conducted by machine-learning start-up nPlan, looked at over 500,000 construction schedules, mainly from large-scale projects.

According to the data, construction delays have doubled since the start of the pandemic, jumping from 100 days to 200 or more in most cases. Around 85% of the projects surveyed were delivered late and over 13% were delayed by at least a year.

### Supply Chain Blues

The UK's construction woes are driven, in part, by the ongoing supply chain and materials difficulties facing the industry. In September 2021, the Independent reported that material costs increased 20% YoY, and that many building companies were facing a double whammy of supply and worker shortages. Adding to the "perfect storm" the industry faces are the UK's Brexit-related immigration policy changes, which have resulted in a shortage of skilled workers.

Andrew Goodwin, chief UK economist at Oxford Economics, summarized the situation, saying that there would be: "[A] knock-on effect on the recovery if construction companies aren't completing projects quickly," adding "If people stop doing building work because they know they'll face delays, that will start to have a real effect on the wider economy."

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### Shifting Usage

One of the knock-on effects that is already visible in the commercial real estate sector is a contraction in office-space, which has made developers wary of further investment. And while some are taking the strategic approach of designing offices with top-notch facilities to tempt workers back, others are predicting that adaptive reuse is a sounder strategy.

The shift towards new usage is supported by the more flexible development laws that have been rolled out in the country. David Rawlence, an associate at real-estate law firm Boodle Hatfield, puts it this way: “...the unique circumstances during the pandemic of remote working and the government’s move to expand permitted development rules, [allows] the change of use from commercial to residential with minimal planning permission.”

### Mixed Forecast

Despite the difficulties that 2021 brought, the UK construction industry was showing new signs of vigor through November 2021. Commercial projects, in particular, gained traction at the end of last year, but the overall forecast is still mixed.

Recent covid restrictions have slowed industry gains, resulting in a drop-off in key indicators of recovery. For now, easing inflationary pressure and an expected uptick in demand are factors to keep an eye on as the industry proceeds through 2022, and the possibility of a strong recovery is certainly still on the cards.

