



REPORT

COVID-19: GLOBAL SURVEY

THE IMPACT ON THE CONSTRUCTION SECTOR ACROSS THE WORLD

JUNE 2020 - ISSUE 3

RLB

Rider
Levett
Bucknall

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INTRODUCTION

This is Issue 3 of our rolling global survey, providing a snapshot of the ongoing impact of COVID-19 on the built environment and including the views of our colleagues across the world on how the situation is evolving in their respective countries.

RLB colleagues in 57 offices around the globe have supplied their insights on how their own markets are reacting to the challenges through the period of the outbreak.

Considered together, these insights provide an indicator of the trends to the pandemic, and the ways in which the various governments and local industry players and sectors have responded.

This report is based on data collected on 3 June 2020 and incorporates feedback from 31 countries. It also provides comparative data and analysis derived from our previous global surveys, on 14 April (Issue 1) and 4 May (Issue 2).

Answers to individual questions on their respective overall market circumstances are supplemented by the analysis of respondents' views on the performance of sectors within their market. Where we have identified particularly significant change, we have commented in the text.

As a consequence of the varying progression of each country's journey through the COVID-19 outbreak, there are wide-ranging views on sectoral effects. To make this simpler to interpret, the sectoral analysis has been shown on a regional basis, together with overall, global rankings, to depict both the local and global performance.

Methodology: Colleagues from around the world were asked a series of questions, and their responses were ranked, so that comparisons could be made. The aim was to produce numerical and visual analysis of their views, reflecting their current position regarding the COVID-19 outbreak. One survey response per city was collected, completed by a senior colleague, who adopted an industry-wide local appreciation of marketplace effects.

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HIGHLIGHTS



Relaxation of lockdown

84%

of cities have entered relaxation of social lockdown

Productivity

63%

of respondents claim the fall of productivity is less than **20%**



Tender enquiries

10.5%

of June respondents report a **41-50%** drop-off, compared to **28%** of May respondents



Best performing sectors



Datacentres



Healthcare



Industrial & logistics

Construction sites

70%

of respondents estimated there were less than **10%** site closures



Least affected cities in Europe



**BUDAPEST
LONDON
PARIS**



Most affected cities in Europe

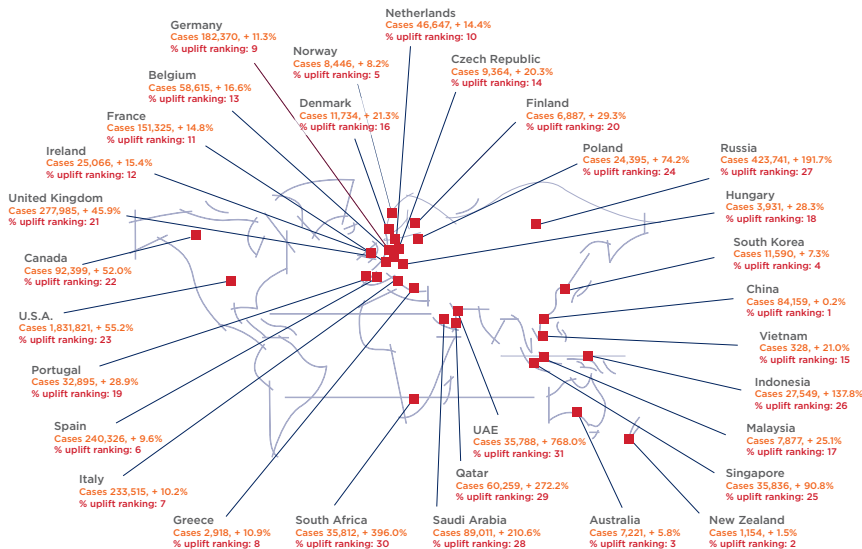


**HELSINKI
LISBON
MOSCOW**

GLOBAL SURVEY

The map of the world shown below indicates the countries across RLB offices that have contributed to the survey. We have represented in orange the number of COVID-19 cases as at 3 June and a percentage increase from the number of cases as at 4 May.

Countries which have performed best, having least proportion of new cases, show the lowest ' % uplift ranking figures'. In this edition, China has uplift of only 0.2% new cases, so has a ranking of 1, followed then by New Zealand.



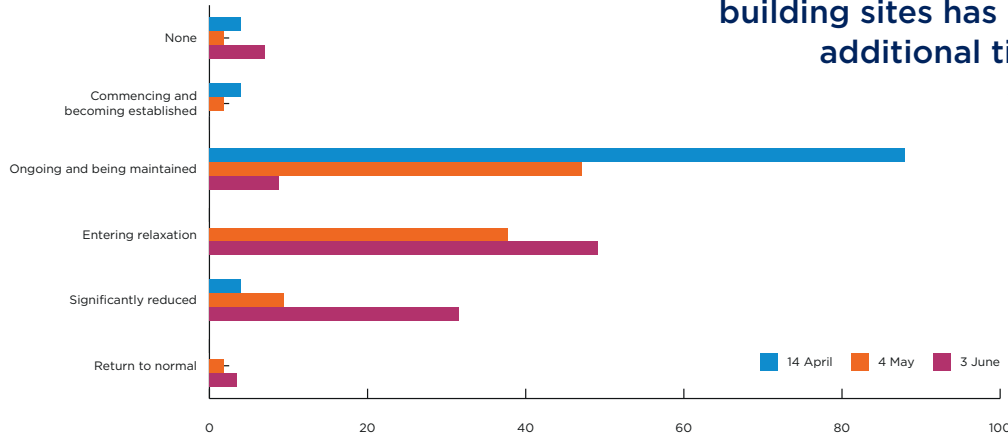
Source: RLB R&D, derived from: Hale, Thomas, Sam Webster, Anna Petherick, Toby Phillips, and Beatriz Kira (2020), Oxford COVID-19 Government Response Tracker, Blavatnik School of Government.

ANALYSIS

1. WHAT IS THE CURRENT STATE OF SOCIAL LOCKDOWN IN YOUR LOCATION DUE TO COVID-19?

Our third survey sees a significant move towards the relaxation of lockdown around the globe. Over 84% of locations are now reporting that they are entering a relaxation of the restrictions phase, with some locations even stating that things have returned to 'normal'.

The key indicator in this data lies in the lockdown 'ongoing and being maintained' field, which is down from over 47% from our survey in May to under 9% in June.



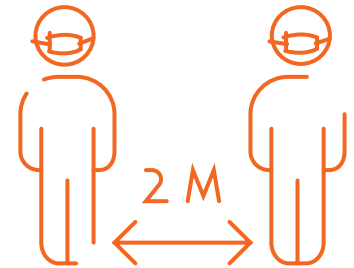
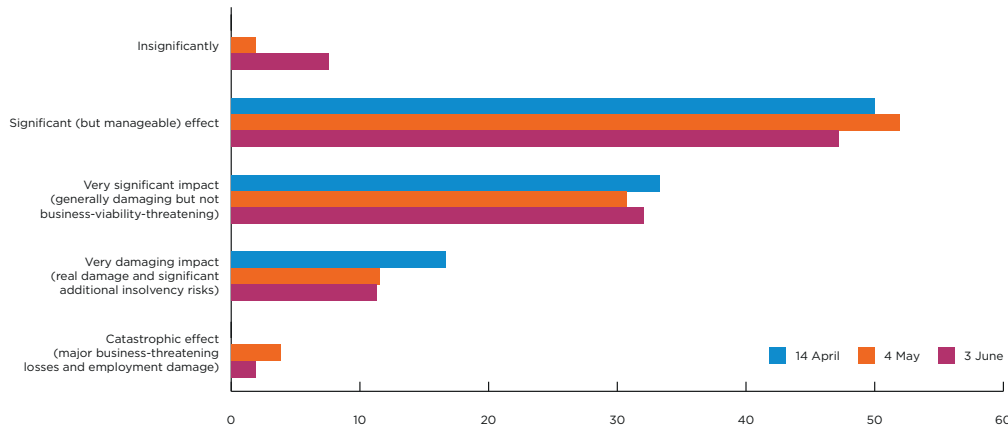
“New established working protocol on building sites has impacted efficiency as additional time and cost is lost for conducting screening”

Shah Alam, Malaysia

2. HOW SIGNIFICANTLY HAS THE LOCKDOWN AFFECTED NORMAL CONSTRUCTION ACTIVITY?

The latest edition of the survey shows a slight hardening of the view that the effects have been significant, but not business-viability threatening.

This change may be reflective of the need for affected countries to invest in construction activity post-pandemic, in order to re-stimulate their respective economies for the long-term.



Percentage of responses

2. HOW SIGNIFICANTLY HAS THE LOCKDOWN AFFECTED NORMAL CONSTRUCTION ACTIVITY?

Comments we received in relation to the lockdown's effects across various countries in June include the following:

South Africa - In Cape Town, as sites are opening the view is a little more positive than reported in our last survey, however there is a concern around the future demand for developments in 12-18 months and whether these will be feasible.

UK - In Birmingham, London and Manchester, with support from government, many businesses have been shielded from the worst impacts of the lockdown. Activities on site are generally becoming more manageable due to the government's Construction Leadership Council's (CLC) guidance. There have been some delays to materials delivery as well as some lower productivity on sites.

Mainland Europe - In Oslo, **Norway**, some housing, office and retail projects have been put on hold, but civic works and infrastructure are keeping up the pace. The worst affected sector is cited as probably being the offshore industry.

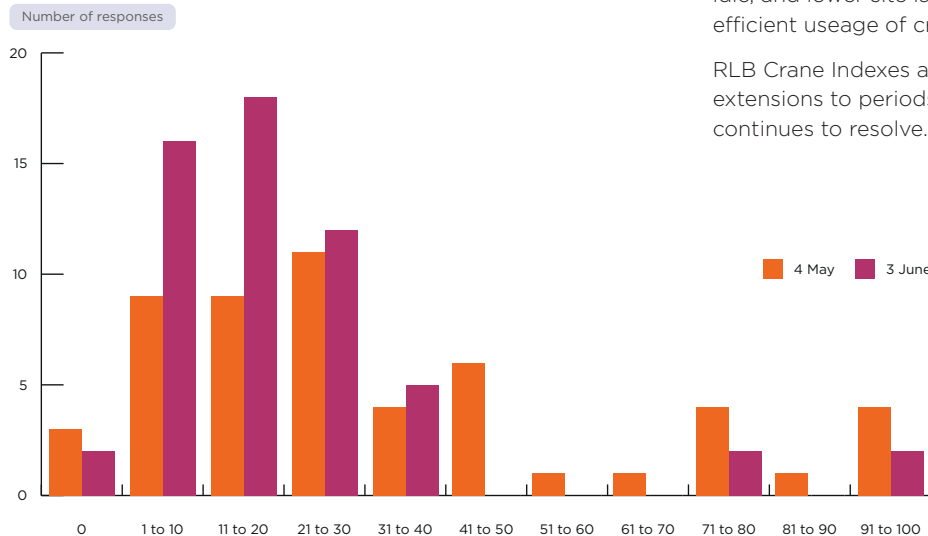
In Budapest, **Hungary**, ongoing construction projects are continuing but new site openings had been delayed, whilst in Prague, **Czech Republic**, materials deliveries from abroad have been affected and teams have been reduced to avoid risks on site. In Milan, **Italy**, respondents reported that they believed the impact on construction activity may be felt in the longer term if investment falters.

Asia - In **Malaysia**, construction activity in Shar Alam has been greatly affected due to government enforced working protocols including morning screening of all workers and social distancing on sites. In **Singapore**, only 5% of construction activities were allowed for essential work during the lockdown. In Jakarta **Indonesia**, the late delivery of materials is still ongoing.

Australia and New Zealand - As with the last survey in May, respondents in Canberra and Melbourne, **Australia**, reported the majority of sites are still operating and more continue to open with protocols in place. Productivity is improving but not yet back to pre-COVID-19 levels.

3. WHAT IS THE ESTIMATED PERCENTAGE FALL IN PRODUCTIVITY OF ON-SITE CONSTRUCTION OPERATIONS?

The majority of respondents, 84%, report reduction in site productivity of less than 30%, with over 63% saying that any fall is less than 20%.



As part of Issue 2 and 3 of our surveys, we asked a question on productivity to gain a better understanding of how COVID-19 has affected on-site construction operations.

Expressed in groupings of 10%

This result significantly differs from our previous study, which suggested that only just over 41% believed productivity levels had fallen by less than 20%.

Whilst site productivity is being affected to differing extents around the world, site overhead costs have continued to accrue even where sites have been at a complete standstill. In particular, tower cranes incur significant costs even standing idle, and lower site labour productivity brings with it less efficient useage of craneage.

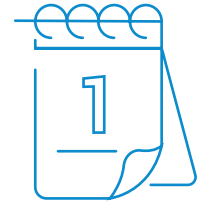
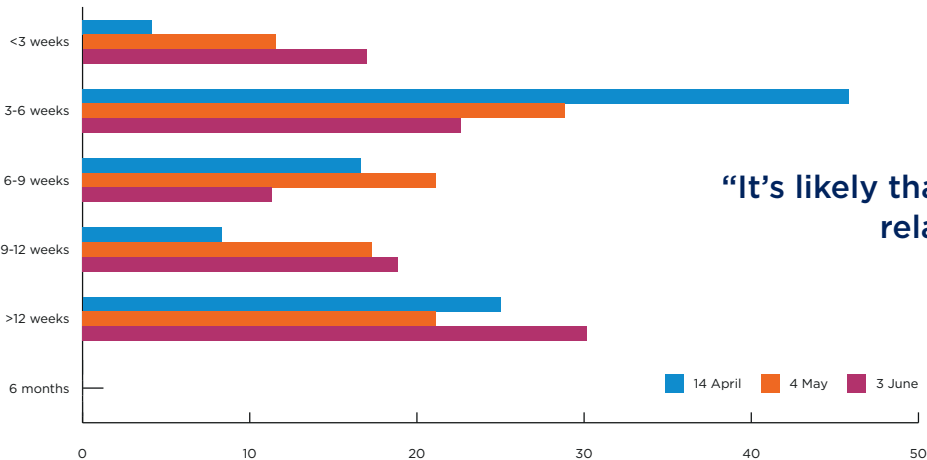
RLB Crane Indexes around the world will capture the effect in extensions to periods of cranes' use on site as the pandemic continues to resolve.

4. FROM THIS POINT, HOW LONG DO YOU FORECAST FOR LOCKDOWN TO BE COMPLETELY REMOVED?

The headline figure for this graph is the fact that now over 30% of respondents believe that it will be more than 12 weeks until the complete removal of lockdown.

This is significant as it seems to reflect a maturing of understanding of the extent of the outbreak's impact from both a social and workplace standpoint.

In our previous survey in May, over 38% foresaw the timeframe being 6-12 weeks, against just over 30% who now see that as being the case.



“It’s likely that we’ll see a progressive relaxation of measures over quite a long period”

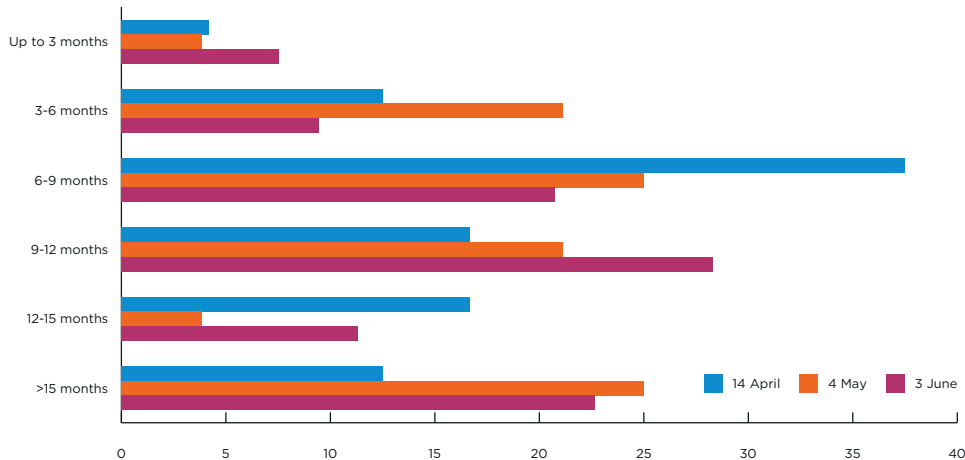
London, UK

Percentage of responses

5. AFTER RELAXATION OF LOCKDOWN, WHAT IS THE ESTIMATE OF RECOVERY TIME FOR YOUR LOCAL MARKET?

Almost 40% of our respondents now believe that full market recovery will take between 9 and 15 months. This compares with only 25% who reported that timeframe in our last survey in May.

A sizeable proportion, almost 23%, still hold the opinion that recovery will take in excess of 15 months, compared to 12% in our first survey in April.



Percentage of responses

5. AFTER RELAXATION OF LOCKDOWN, WHAT IS THE ESTIMATE OF RECOVERY TIME FOR YOUR LOCAL MARKET?

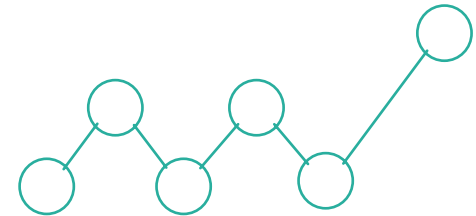
Comments from respondents across the globe on their best estimate for recovery in the local market referred to how difficult this was to predict due to factors including:

Australia and New Zealand - The view from Auckland, **New Zealand** was that with borders closed and tourism decimated they expected to be in recession mode for some time. This was a view also reflected in Melbourne, **Australia** where international tourism and students play a significant role in the local economy.

US, Hawaii and Caribbean - As with our last survey, in Waikoloa and Honolulu, **Hawaii** and Castries, **St Lucia** the impact on the hospitality and tourism sector is also understandably reported as having a long-term effect.

South Africa - Respondents from Stellenbosch and Cape Town both stated that the economy was weak prior to the arrival of COVID-19, which has exacerbated a difficult situation.

Asia - In Jakarta, **Indonesia**, our respondents report that they thought most of the projects currently on hold will be activated in early 2021. In Wuhan, **China** the estimate was around three months if work is resumed from July 2020.



“As we have a lot of our clients from the public sector we are not heavily affected so far. Delayed or postponed projects in the private sector will probably be more noticeable after the summer break”

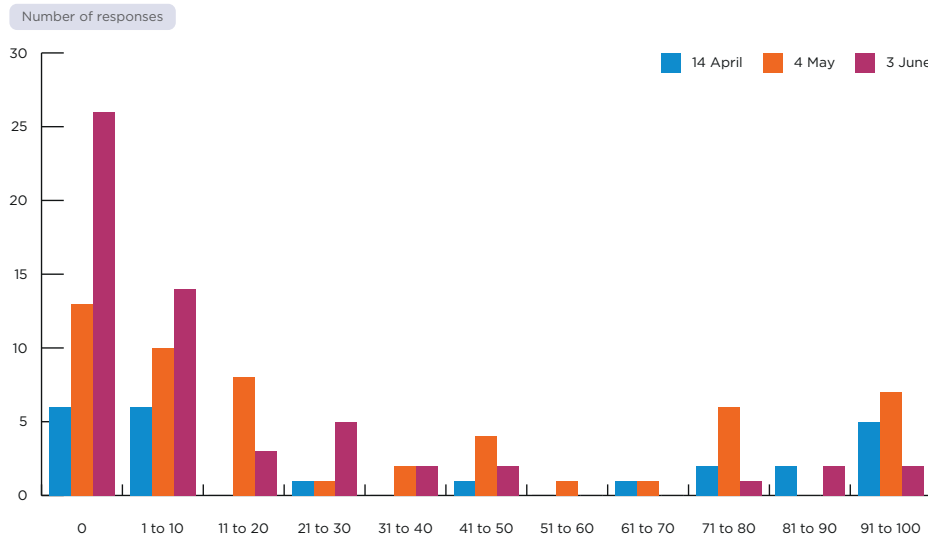
Oslo, Norway

6. WHAT PERCENTAGE OF CONSTRUCTION SITES ARE CURRENTLY CLOSED?

Almost 46% of our respondents indicated that they have no sites currently closed in their locations, and overall, 70% stated that they had less than 10% site closures.

This is a major point of difference from our previous survey in May. In our last report less than 25% of respondents reported no site closures and a significant proportion reported more than 50% of sites being closed.

This corresponds with earlier responses in the current survey, that there is an ongoing relaxation of constraints albeit against continuing watchfulness as to the future spread of the virus.



6. WHAT PERCENTAGE OF CONSTRUCTION SITES ARE CURRENTLY CLOSED?

This is reflected in the comments received however, there are still some areas where sites are just opening or remain closed.

Mainland Europe and Ireland - In Amsterdam, **The Netherlands**, a strategic decision was taken to keep sites open throughout the period which has been very positive for the industry. In Dublin, **Ireland**, all sites have now reopened. In Paris, **France**, all sites are reopening, a position that has also been reported by survey respondents in Moscow, **Russia**; Copenhagen, **Denmark**; and Oslo, **Norway**, with only a few sites reported to be at a complete stop.

UK - In Birmingham, London and Manchester the view is that the majority of sites have opened in most of the sectors with only a few remaining closed.

Middle East - In **Dubai** sites are not closed due to restrictions but many have been put on hold by developers. Whereas in Riyadh, **Saudi Arabia** the comments were that it was very hard to predict a nationwide picture with regard to closures. The lockdown plan concludes at the end of June. However, borders are currently closed, and consultants and labour force cannot return, nor can materials be delivered which are relied on heavily in **Saudi Arabia**.

US, Hawaii and Caribbean - As reported in our previous surveys, site closures vary by state. In New York only essential work is ongoing, however in Las Vegas most union projects have remained open and in Phoenix, Arizona there are no known site closures. In Washington DC only those sites which have had cases of COVID-19 have been temporarily closed. In Castries, **St Lucia**, while many sites have reopened the only new projects commencing are in civil construction.

South Africa - Sites starting to be reopened from the beginning of June were reported by respondents in Durban, Pretoria, Cape Town and Stellenbosch.

Asia - In Jakarta, **Indonesia**, most of the sites that are closed are due to clients' instructions to stop work.

“All construction sites are re-opening”

Paris, France

7. ON AVERAGE, FOR SITES THAT ARE CURRENTLY CLOSED, HOW LONG HAVE THEY BEEN CLOSED?

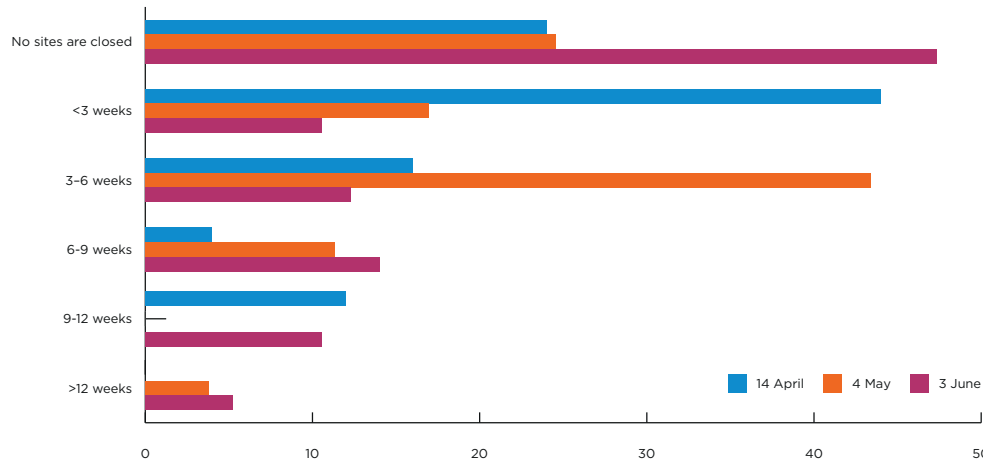
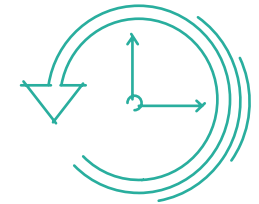
The numbers of respondents recording open sites has almost doubled in this current survey, to over 47% of the total.

The majority of this change seems to have been derived from those sites that had previously been closed for between three and six weeks that have now reopened.

However, where sites are remaining closed, nearly 30% of the total of respondents reported those sites have been closed for in excess of six weeks.

“We are hoping construction will resume before July 2020”

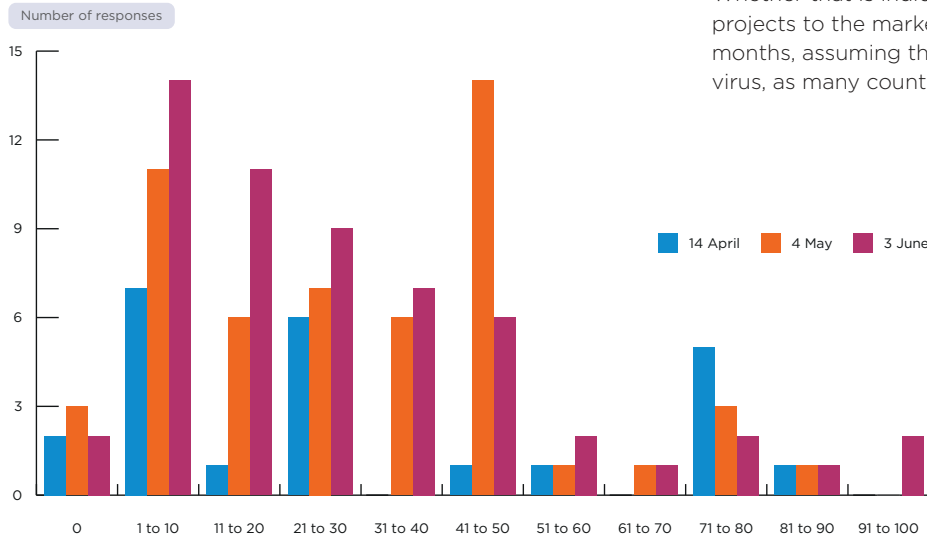
Wuhan, China



Percentage of responses

8. WHAT PERCENTAGE OF PROJECTS (BY NUMBER) HAS BEEN PUT ON HOLD AT PRE-CONSTRUCTION STAGE?

As with the previous April and May reports, there is still a range of standstill of projects at pre-construction stage globally.



In the current report, 63% of respondents say that up to 30% of projects are held at pre-construction stage. Whilst there are still some locations greatly affected with hold-up at higher levels, the real change is those who felt that 41-50% of projects are held at pre-construction. Currently, fewer than 11% of respondents report this level of hold-up, as against 26% having that view in the previous survey.

Whether that is indicative of a return of pre-construction projects to the marketplace will be seen over the next few months, assuming there are no renewed outbreaks of the virus, as many countries relax their lockdown measures.

8. WHAT PERCENTAGE OF PROJECTS (BY NUMBER) HAS BEEN PUT ON HOLD AT PRE-CONSTRUCTION STAGE?

Comments we received in relation to projects being put on hold at pre-construction stage included:

US and Caribbean - The impact on individual cities has slightly moved in line with the global wave of the pandemic. Cities in the US that reported little impact on pre-construction projects in May now express, for example in Tucson, Arizona that “some agencies are evaluating continuation of pre-construction over set periods of time, instead of at design and estimating milestones”. Washington DC commented that they have seen “many future projects delayed or put on hold”. In Castries in the Caribbean, “as many projects are international until borders reopen, they will remain suspended”.

Mainland Europe & Ireland - In Europe, views vary often dependent on certainty of how individual sectors will respond post-pandemic with Budapest, **Hungary**, highlighting retail, hotel and commercial projects on hold due to uncertainty of future demand echoed in Dublin, **Ireland**, which also highlighted residential and hotels as sectors paused currently. Oslo, in **Norway**, remained in a similar situation to where they were in May with housing projects, hotel, retail, offices and factories still on hold.

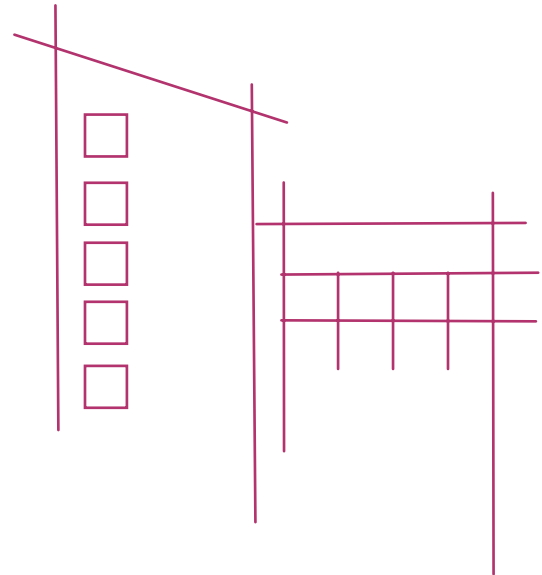
UK - The UK seemed more optimistic with London less impacted as the majority of larger projects are continuing. However, Birmingham reported the number of stalled projects may increase as funding markets are hardening and easing of constraints will be key to many projects being unlocked. Manchester commented that it is mainly industrial sites awaiting tenants that have been delayed.

8. WHAT PERCENTAGE OF PROJECTS (BY NUMBER) HAS BEEN PUT ON HOLD AT PRE-CONSTRUCTION STAGE?

Australia and New Zealand - Oceania, which hasn't felt the effect of the virus outbreak as much as other continents, seems to be returning to a level of normality with **New Zealand** declaring no live cases of the infection in early June. Melbourne reported that private investment has been hit the hardest across the residential, retail and commercial sectors, with Sydney also mentioning that the market is apprehensive as a number of private sector projects remain on hold.

South Africa - In Cape Town, many of the projects were part of a long-term pipeline initiative and therefore pre-construction delays were having little impact on business.

Asia - Shah Alam in **Malaysia** commented on limited numbers of new projects at pre-construction stage and Jakarta in **Indonesia** reported projects are on hold at the tendering stage until more certainty around the economy is given.

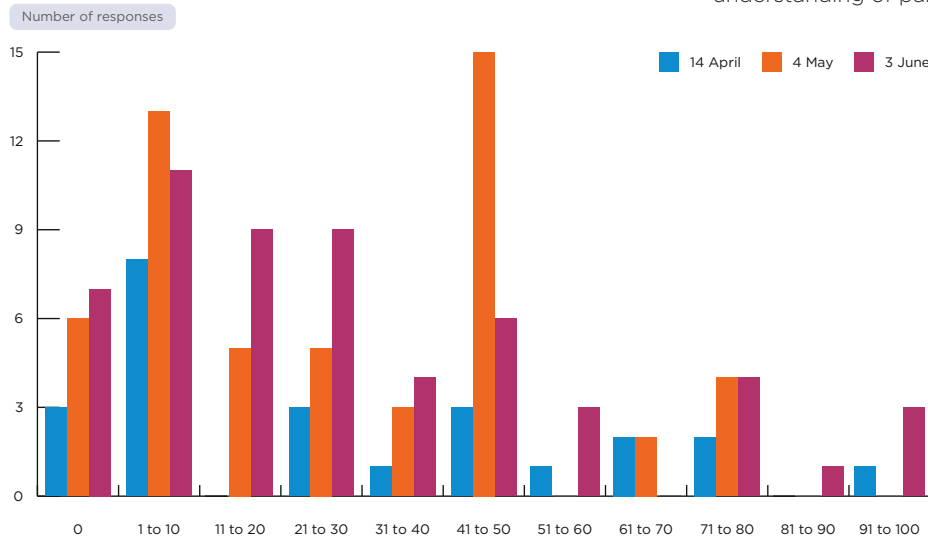


9. BY WHAT PERCENTAGE HAS THERE BEEN A DROP-OFF IN THE NUMBER OF TENDER ENQUIRIES?

Responses to this question also show a slight shift towards a more optimistic picture.

Less than 11% of responses now report a drop-off of 41-50%, against 28% who reported that view in the previous survey.

This shift illustrates a possible regeneration of the construction industry globally. The reduction shown in the 40-50% bracket appears to have been redistributed to the region from 10% to 30%, which suggests maturing knowledge of markets' responses to their situations, as well as a clearer understanding of pandemic exit strategies.



9. BY WHAT PERCENTAGE HAS THERE BEEN A DROP-OFF IN THE NUMBER OF TENDER ENQUIRIES?

Commentary from RLB offices on the drop-off in number of tender enquiries included:

US and Hawaii - States differed widely in their responses to the drop-off rate in tender enquiries. Waikoloa in **Hawaii** reported business as usual in terms of bids, whereas Washington DC in mainland **US** says that COVID-19 has definitely affected their tender enquiry pipeline.

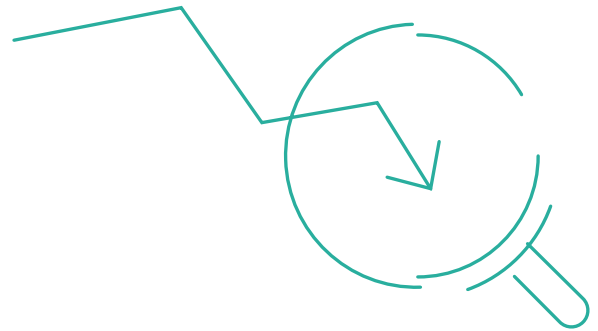
UK - In the UK, enquiries and tenders seem to be regaining some momentum after a period of quietness.

Mainland Europe - This was echoed in mainland Europe, with Berlin in **Germany** reporting a high level of RFPs (request for proposals) being received and Amsterdam in **The Netherlands** commenting that they have managed a normal level of enquiries throughout the pandemic.

South Africa - In Africa, where Cape Town stated in May that clients were in “damage control mode”, they reported that enquiries had completely stopped in their region, which could be the impact of the virus now hitting the African region more severely than previously.

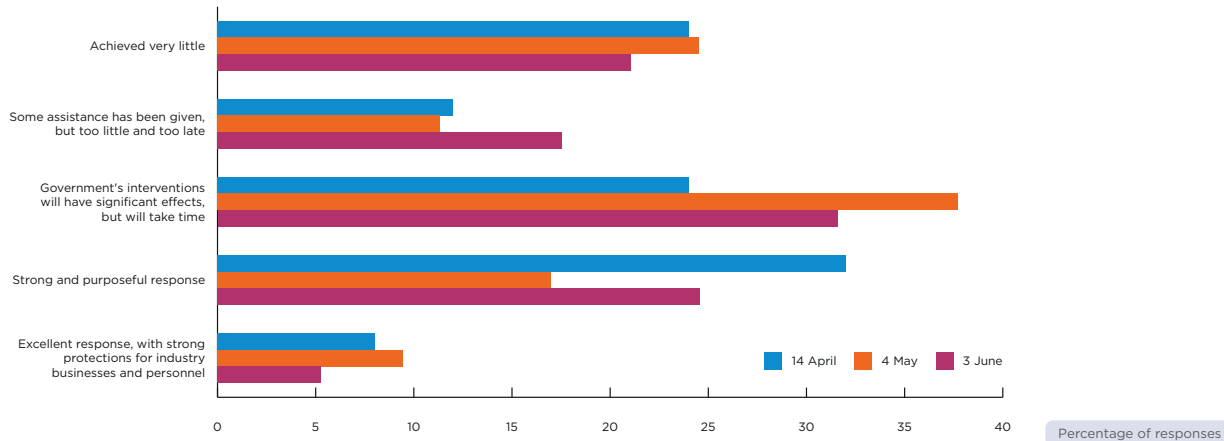
Asia - Singapore reports a more cautious approach in June with many private developers adopting a ‘wait and see’ approach.

Middle East - Riyadh, **Saudi Arabia** continues to buck the trend commenting that they have experienced additional enquiries during this period including some appointments.



10. HOW HAS YOUR NATIONAL GOVERNMENT'S ACTIVITIES IN RELATION TO THE COVID-19 PANDEMIC AFFECTED THE CONSTRUCTION INDUSTRY?

The view of our respondents, in relation to whether governments' reactions in relation to the pandemic have affected the industry, has shifted slightly. Overall, almost 30% of answers now report strong and purposeful, or excellent, government response. In the May survey, the corresponding figure was 26%, so the current survey shows a slight lift in sentiment.



10. HOW HAS YOUR NATIONAL GOVERNMENT'S ACTIVITIES IN RELATION TO THE COVID-19 PANDEMIC AFFECTED THE CONSTRUCTION INDUSTRY?

However, the overall sentiment remains as it was in May; government actions will take time to have an effect with 32% of respondents agreeing in June and 38% in May. There is also a high proportion who still feel that government intervention has “achieved very little” or was “too little, too late” at 39% in June and 36% in May.

Comments we received on governmental intervention include:

Hawaii and the Caribbean - **Hawaii** and the **Caribbean** commented that government activity was lacking with Waikoloa commenting that their government was slow to act and prepare, and Castries adding there was very little assistance provided.

UK - In Manchester and Liverpool, it was felt that specific construction industry support had been limited. In Birmingham, they reported that interventions had been immediate and as these ease back, attention will inevitably have to shift to a focus on longer term economic recovery.

Australia and New Zealand - In Christchurch, **New Zealand** there were recent announcements of subsidies that promoted construction. In Auckland they were waiting on an announcement of funding on “shovel ready” projects as an injection to the industry especially in civil and infrastructure sectors.

Across the Tasman, in **Australia**, they reported that the government is currently examining further measures to provide a positive response to the pandemic.

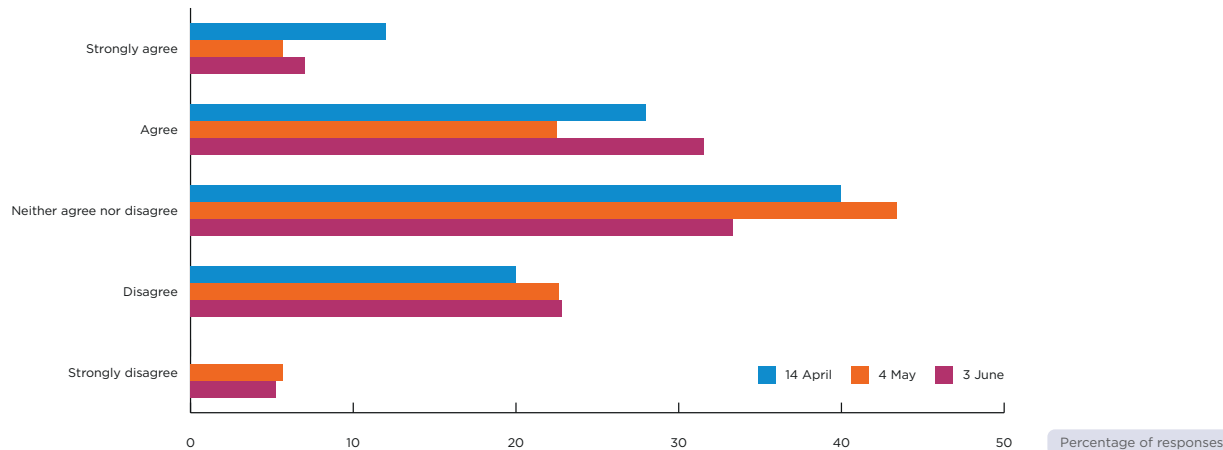
UAE - In Dubai the feedback was that the government had retained the construction industry as an essential sector although little financial assistance has been given to companies.

“The Government is introducing new regulations on safe living, safe workplaces and safe management. This unfortunately comes with huge costs and is expected to increase construction cost that eventually will be passed on”

Singapore, Republic of Singapore

11. WILL THE AFTERMATH OF THE PANDEMIC INCLUDE RELAXED PLANNING CONSTRAINTS AS A STIMULUS TO SPEEDY RESUMPTION OF ACTIVE DEVELOPMENT?

There is still uncertainty to whether or not planning constraints will be relaxed to stimulate development post the pandemic, with 1 in 5 respondents neither agreeing nor disagreeing. However, there was more of a positive sentiment with 39% of our respondents agreeing there will be a stimulus on relaxed planning, compared to 28% in May.



11. WILL THE AFTERMATH OF THE PANDEMIC INCLUDE RELAXED PLANNING CONSTRAINTS AS A STIMULUS TO SPEEDY RESUMPTION OF ACTIVE DEVELOPMENT?

Comments we received regarding whether relaxed planning constraints would be implemented to stimulate recovery included:

US - In the mainland US, Los Angeles felt that it is too early to tell whether there will be a change in process of planning to help recovery, but those in Tucson, Arizona commented that there are already discussions in their region of relaxing environmental approval processes.

UK - London commented that a relaxation has been mooted but that there is no evidence of it happening as yet, and Manchester reported the need to stimulate residential projects in particular.

Mainland Europe - There is talk of changes in planning processes in Europe. In Copenhagen, **Denmark**, they mentioned that other actions have been taken, such as pushing forward planned investments and relaxing constraints on other public investments.

Australia and New Zealand - Over in Oceania, Canberra reports that the approvals process has been streamlined but not relaxed and Melbourne comments that their government was looking at ways to expedite planning processes, although restraints remain pre-COVID-19 at this stage.

Asia - Singapore seemed more positive, reporting that their government has already implemented some relaxation of planning constraints and they were hoping and expecting more to come. However in **Hong Kong** there are no plans to change the current planning regulations, which is also the case in Jakarta, **Indonesia**.

“There should be some planning relaxation, but our local authorities don’t seem to have the capacity to expedite building applications”

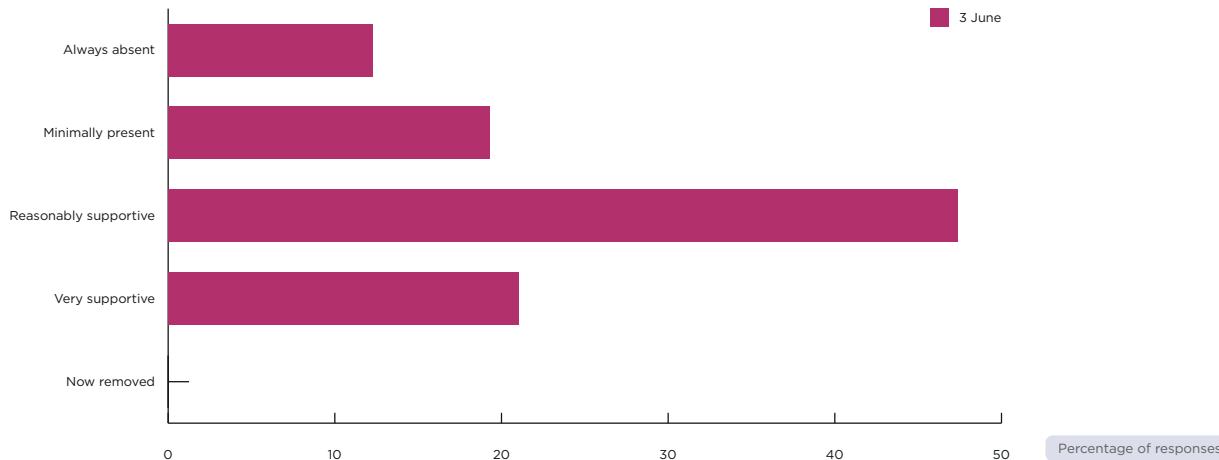
Cape Town, South Africa

12. WHAT HAS BEEN THE EXTENT OF GOVERNMENT SUPPORT TO LARGER COMPANIES?

Overall, over 68% of respondents were of the view that governments' support to larger companies has been at least reasonably supportive. However, 31% commented that governments' direct financial support to larger companies was either 'always absent' or 'minimally present'.

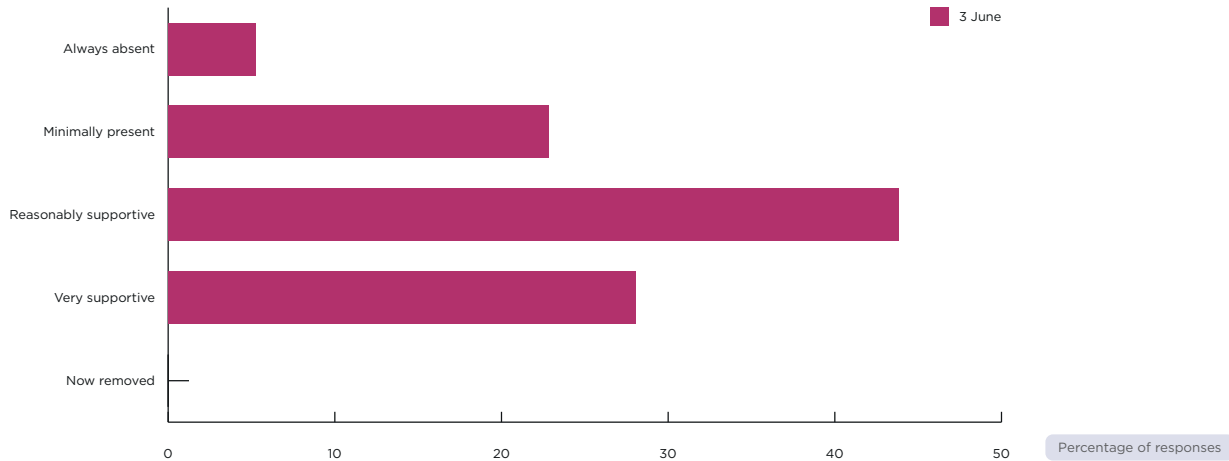
As part of this third iteration of our rolling global survey, we asked four additional questions to gauge views on government support as applied to different sizes of organisation and different industry sectors.

Answers to these questions are reflections of views on changing tender price effects and sectoral impacts identified elsewhere in this report.



13. WHAT HAS BEEN THE EXTENT OF GOVERNMENT SUPPORT TO SMALL AND MEDIUM-SIZED ENTERPRISES (SMES)?

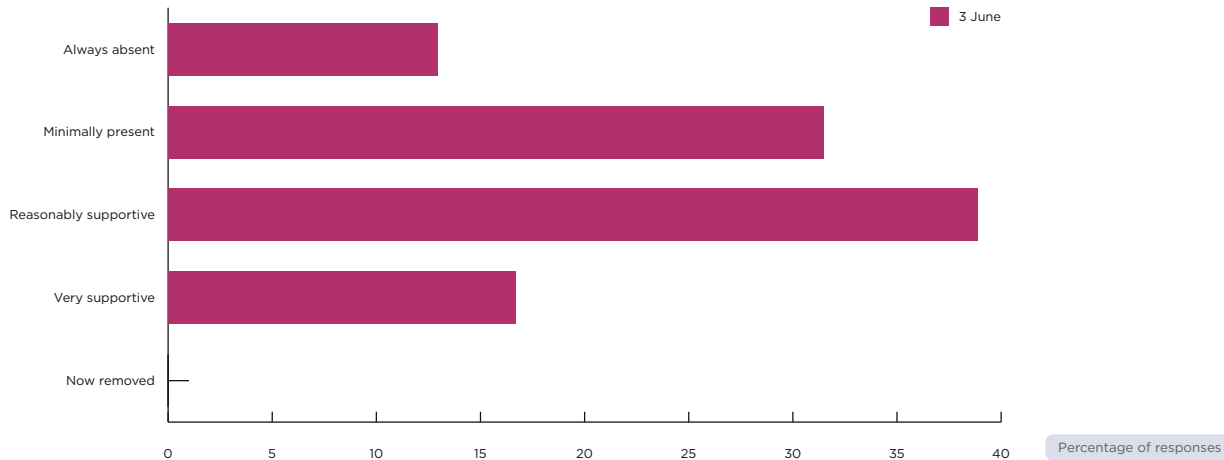
A slightly higher proportion, almost 72% of the total respondents, reported that government support for SMEs has been reasonably supportive with over 28% responding as 'very supportive'.



14. WHAT HAS BEEN THE EXTENT OF GOVERNMENT SUPPORT TO SELF-EMPLOYED INDIVIDUALS?

It is the self-employed that it was feared have fared the worst in terms of government financial support, with nearly half, 44%, of responses reporting a lack of support from government.

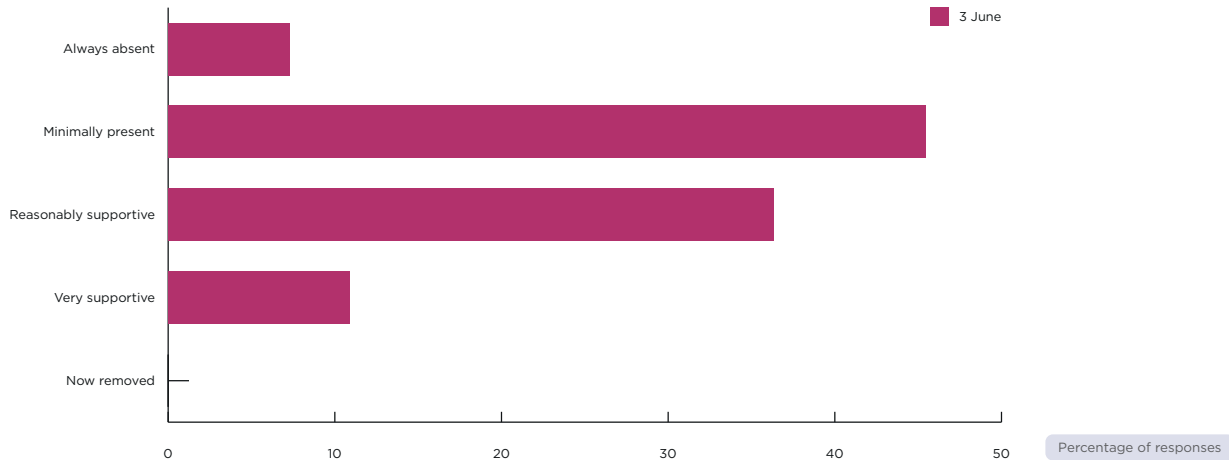
This could be an area of weakness, dependent of course, on local markets' resilience, as many in the supply chain and contractor side of the market fall within the self-employed sector.



15. WHAT HAS BEEN THE EXTENT OF GOVERNMENT SUPPORT TO INDUSTRY SECTORS?

In terms of government support to industry sectors, over 47% of respondents felt that governments' sectoral responses had been 'at least reasonably' supportive.

This result doesn't reflect the full picture and is open to interpretation, due to the variance of sectors' relevance in particular locations and regions. For further analysis, see sector by city and cities' own sectoral performance on pages 30 to 36.

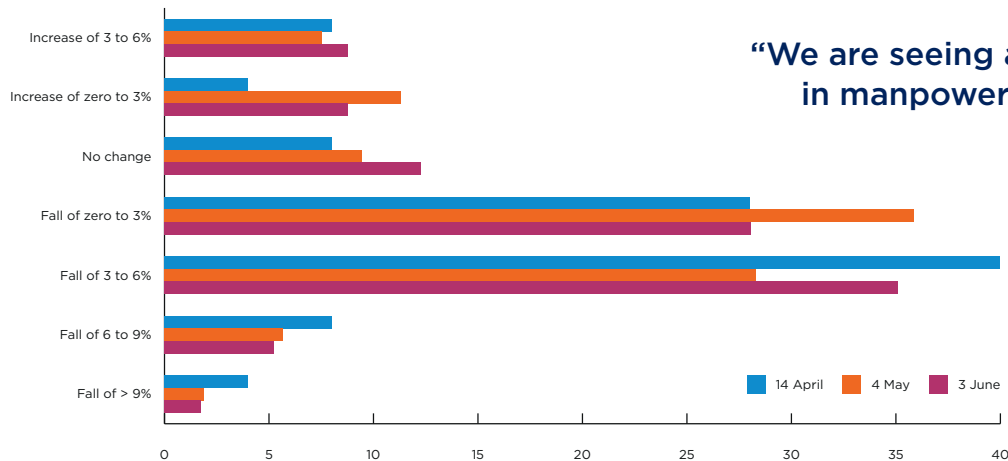


16. HOW WILL TENDER PRICES BE AFFECTED FOR THE OVERALL YEAR 2020?

The major change here is the consolidation of views that tender prices may fall between 3-6% when the effects of the outbreak eventually wash through the tendering system this year.

Clearly, there are views that movement could be either positive or negative, and these are based predominantly on cities' own particular situations, and how their markets stood at the beginning of this COVID-19 phase.

Both views are valid, as they are driven by cost input, existing margin and overhead and profit levels, anticipated labour and materials availability and general workload pick-up imperatives. All of these variables have become unknowns in the current environment.



“We are seeing about a 30% reduction in manpower on construction sites”

Washington DC, US

16. HOW WILL TENDER PRICES BE AFFECTED FOR THE OVERALL YEAR 2020?

Commentary in relation to how tender prices will be affected in 2020 included:

US, Hawaii and the Caribbean - In the **US** the feeling is mixed with Tucson, Arizona commenting that pricing has not seen significant signs of reduction, but that this could change later in 2020. In Chicago lower productivity was foreseen but bidding could be more aggressive to assure workload. In **Hawaii**, they reported concern and some uncertainty as to materials' sourcing and delivery, which will filter through to tender pricing.

UK - This uncertainty was also seen in the UK with Manchester and London commenting that there was still a balancing of input costs changes against workload effects, with outcomes pending and a possible negative impact on the Tender Price Forecast (TPF) in the short term but tempered by the supply chain's resistance to risk.

Mainland Europe - Most of our respondents across Europe reiterated the difficulties inherent in anticipating changes in tender prices at present, with several noting that there are forces pulling in both directions.

South Africa - Currency fluctuation was mentioned in Cape Town where there was a feeling that prices will fall due to contractors being desperate for work, but this may be offset by a weak rand and higher cost of imported materials. Pretoria reported that it was difficult to predict at their stage of the COVID-19 journey although also mentioned currency weakness.

Asia - In countries where the impact of the pandemic has been evident over a longer period of time, such as **Hong Kong**, there was talk of adding to an already downward trend with a further -2 % to -3% forecast from December 2019.

Singapore reflected on the impending increase in costs from the regulations brought in to ensure safe living and workspace and management.

Middle East - The views are split between outcomes showing significant increases as against significant decreases in pricing levels, depending on the eventual balancing of the variables.

Australia - In **Australia**, Canberra reported an exchange rate related increase in cost of supply of material of 6-10% affecting the TPF, so while there may be a negative correction, they do not feel it will be major. In Melbourne, they have revised their pre-COVID-19 forecast of 3.25% to 2.25% taking into account pressures on currency fluctuation, wage increase and high demand for building/civil trades.

SECTOR ANALYSIS

WHAT IS THE GENERAL EFFECT OF THE PANDEMIC ON CONSTRUCTION SECTORS?

As reported in Issue 2, individual sectors differ widely in different countries, dependent on whether lockdown restrictions have been eased or are still being stringently applied.

There are, of course, some global sector trends with, not surprisingly, retail, hotel, hospitality and leisure significantly affected. The commercial sector has also seen an international easing however, there remains a question mark over how this will recover in the next six-nine months across different regions.

There is also a query over the sports sector which has demonstrated innovations through 'closed arenas' that is beginning to regenerate the sector activity.

Other sectors such as healthcare and data centres seem to have positively benefited, as interest is piqued in resolving current difficulties and planning ahead takes place to deal with perhaps a radically different future.

Methodology: The narrower single width entries reflect a respondent's view that a particular sector has been positively or negatively affected (value +1 or -1).

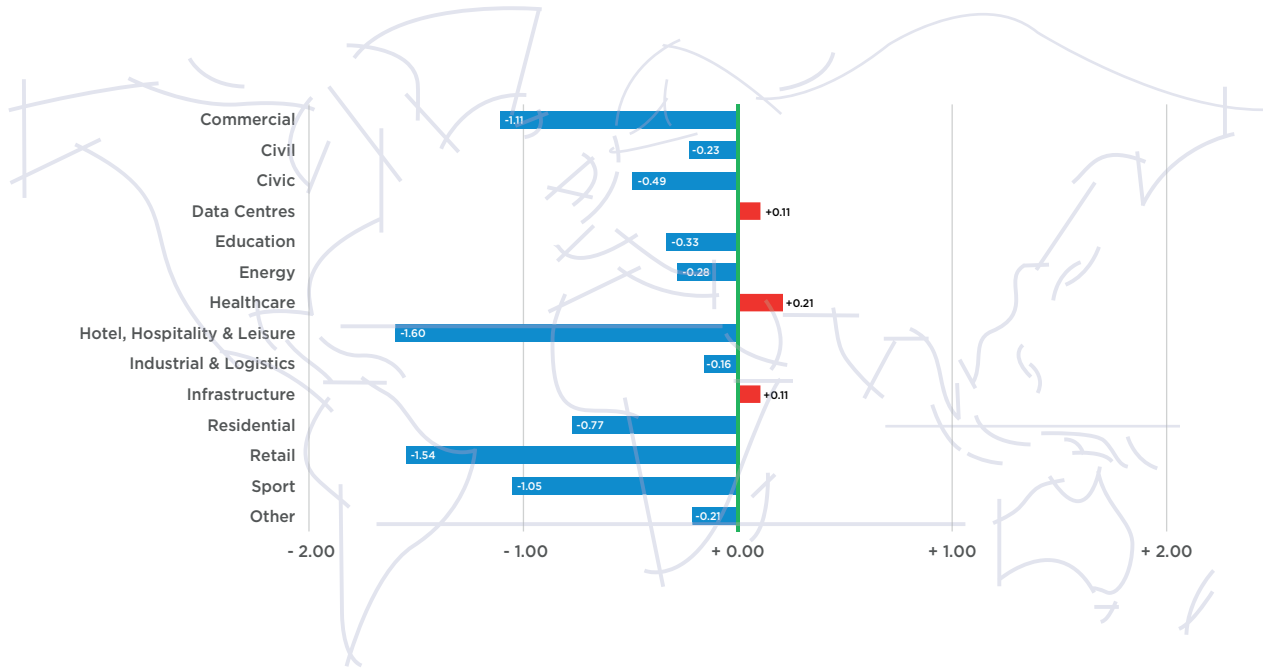


Double width bars indicate major positive or major negative effects in a particular sector (value +2 or -2).

Where a respondent indicated no effect on a sector, that sector has a bar with nil length (effectively does not exist).

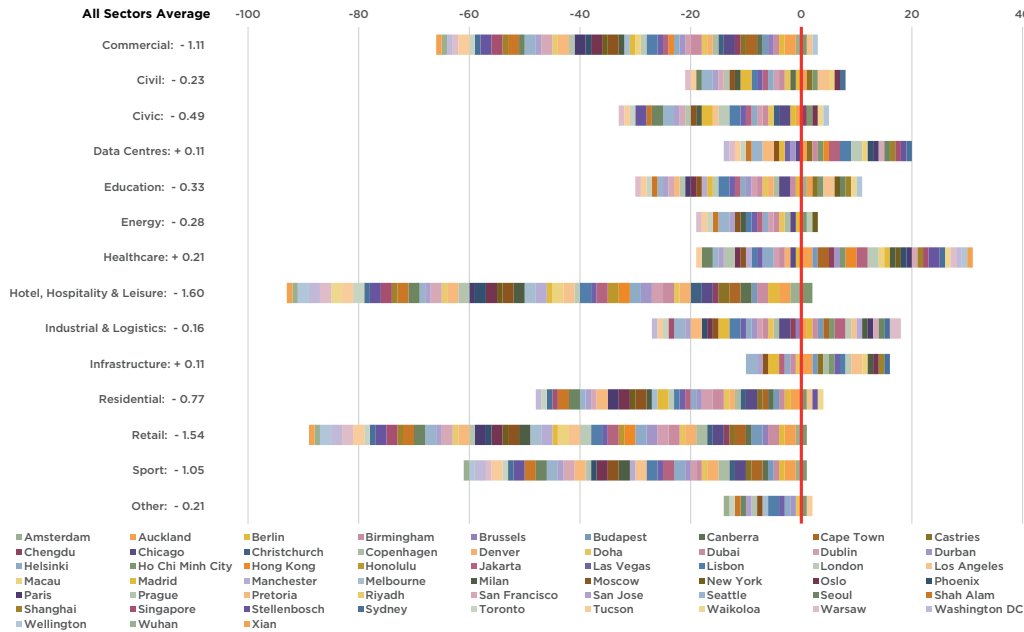
GLOBAL ANALYSIS BY SECTOR

The following chart shows the global average for each sector, a broad descriptor of the impact of COVID-19 on particular sectors, over the range of the cities included in the RLB survey.



CITY ANALYSIS BY SECTOR

This stacked bar chart presentation is a consolidation of the cities' sector summaries, showing how each city contributes positively or negatively to the overall global sector performance, which is shown as an average on the left of the chart.



SECTOR ANALYSIS BY CITY

The overall composition of cities' contribution to sectors' status is shown in this section.

This detailed version of the overall chart demonstrates that sectors including health, hospitality and leisure are particularly badly affected globally, in part because, in this case, only one city recorded a positive view on the sector. The same applies to retail and sport, emphasising the difficulties that may arise going forward.

Cities' overall sector averages and global rankings are shown on the left of the charts.



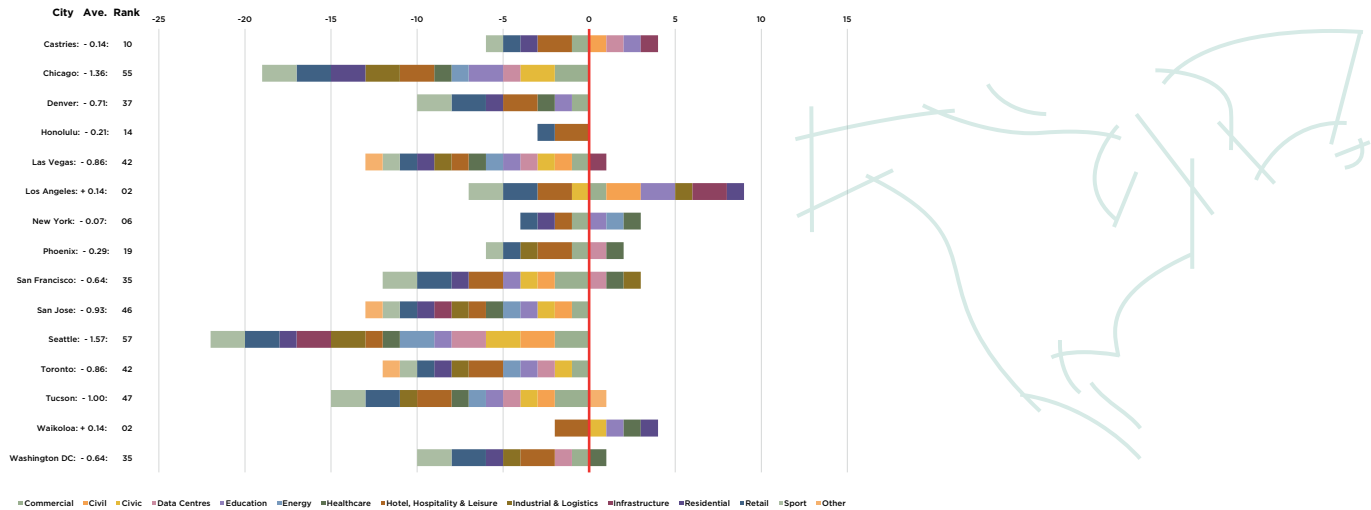
"Sectors such as healthcare and data centres seem to have positively benefited, as interest is piqued in resolving current difficulties, and planning ahead takes place to deal with perhaps a radically different future"

London, UK

SECTOR ANALYSIS BY CITY (AMERICAS)

In the Americas, there is a broad spread of sectoral performance. Where cities appear to have performed best overall, the difference lies in the fact that each less affected city is reporting multiple sectors which are having a positive outcome through the pandemic.

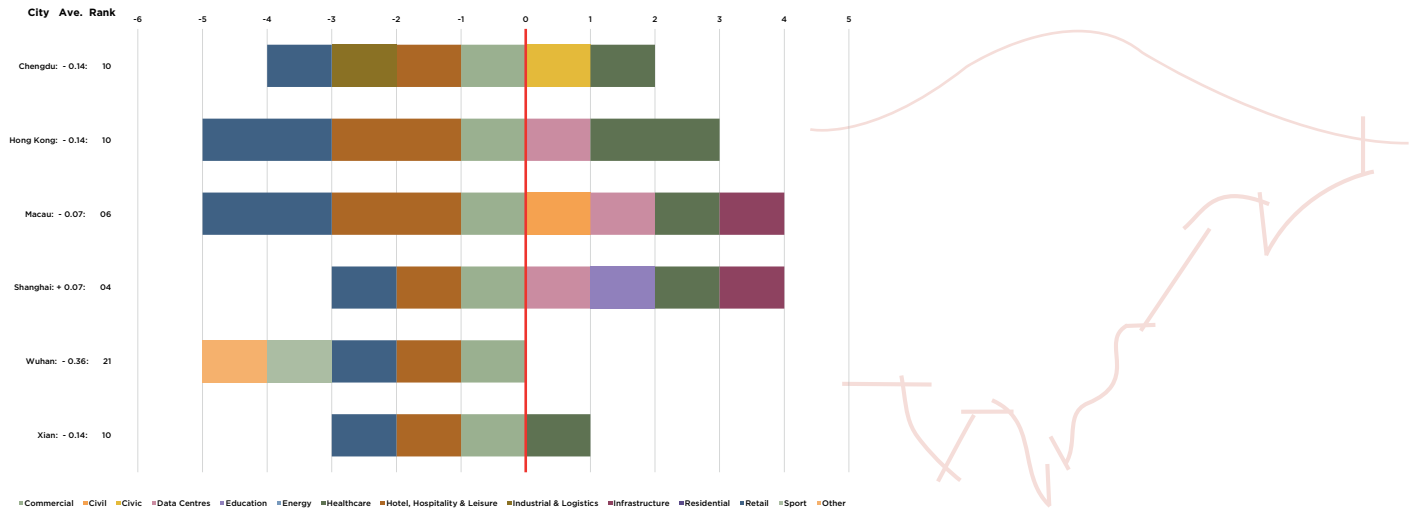
Los Angeles, San Francisco and New York are good mainland examples. Seattle, Chicago and San Jose are the worst impacted, with Tucson, Toronto and Las Vegas next in the list. All of these locations appear in the top 30% of cities most affected, as recorded in this survey.



SECTOR ANALYSIS BY CITY (CHINA)

Chinese cities appear well placed in the global rankings, with only Wuhan outside the top ten of our surveyed locations. The respective positions are buoyed by multiple positive sectors, to offset the negative impacts, and possibly denoting the position of China as being further along the pandemic curve.

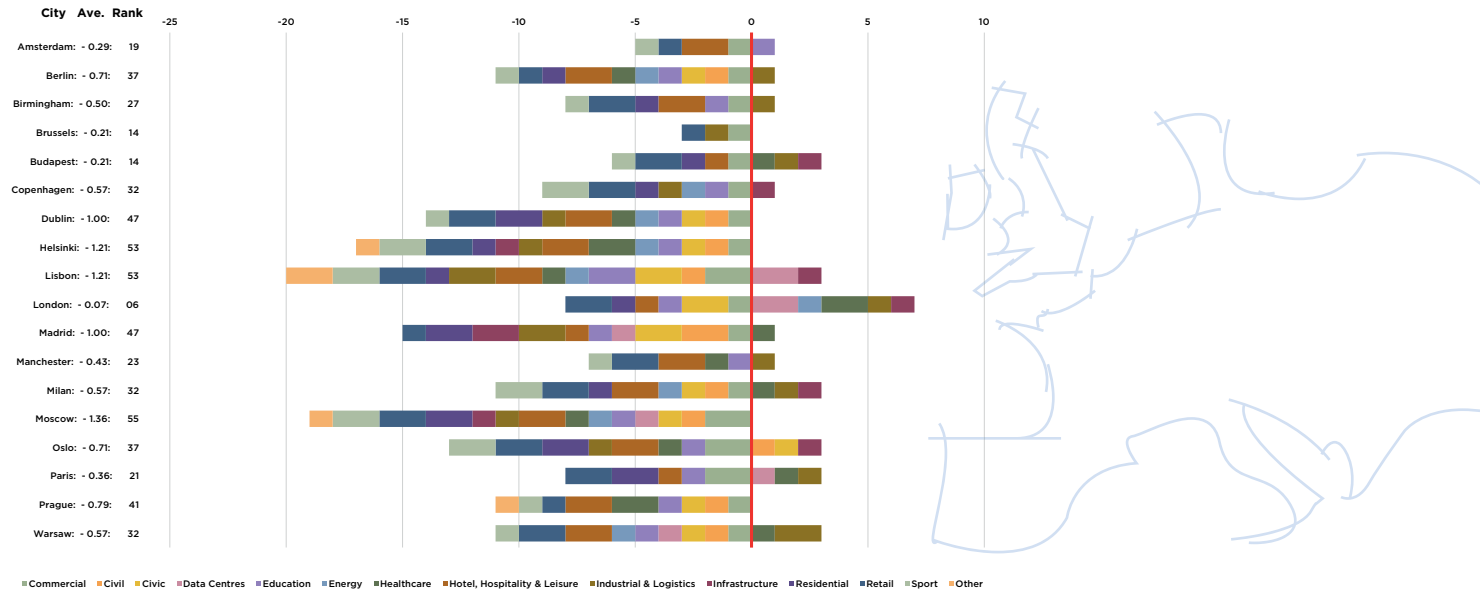
Though having the same number of negative sectors as Wuhan, Hong Kong and Macau are good examples of such counterbalancing, but much of course depends on the relative impact of the particular sectors within the cities' overall markets.



SECTOR ANALYSIS BY CITY (EUROPE AND UK)

While Europe and the UK appear to have fared reasonably overall, it is clear that all of the overall city averages are in negative territory, so the positivity is relative.

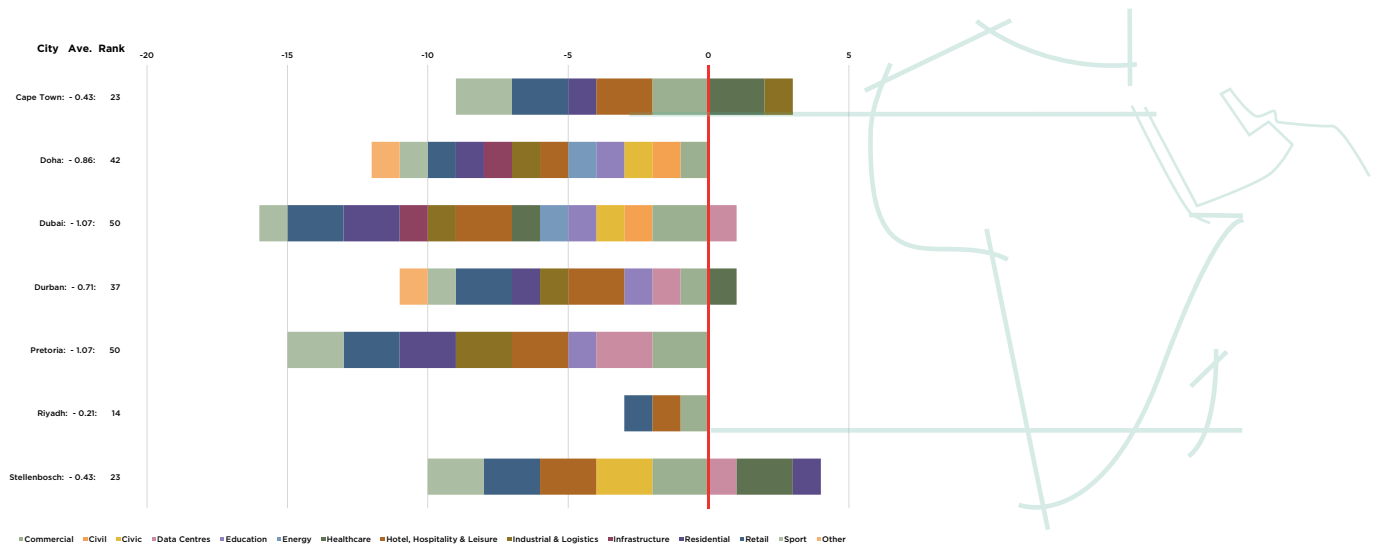
Lisbon, Helsinki and Moscow appear particularly affected, appearing solidly in the 10% worst affected cities globally.



SECTOR ANALYSIS BY CITY (MIDDLE EAST AND AFRICA)

South Africa and the Middle East feature very different marketplaces but are shown together here for comparison purposes.

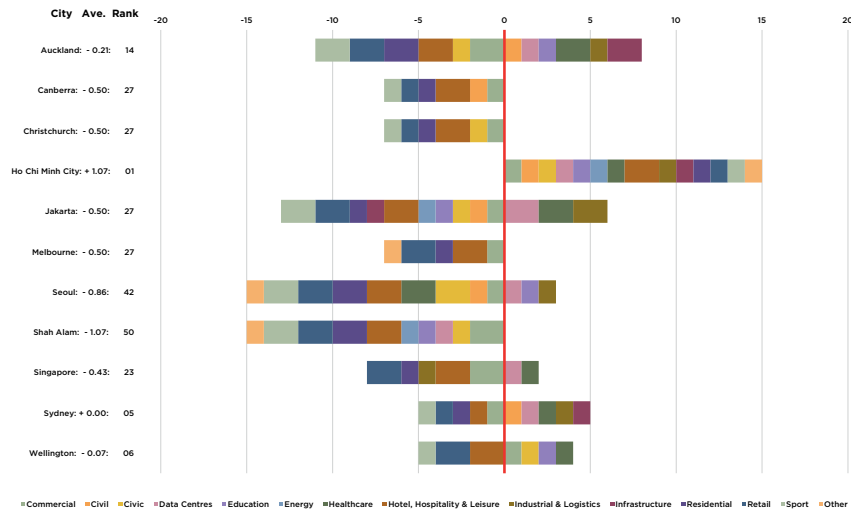
Only Cape Town and Stellenbosch feature multiple positive sectors, placing them in the top half of performers globally. However, Riyadh shows a large number of "neutral" sectors, and few negatives, so comes through as well-placed globally. Dubai and Pretoria are reported as quite badly affected by sector, each being in the 15% most affected globally.



SECTOR ANALYSIS BY CITY (OCEANIA AND SOUTH ASIA)

Cities in Australia and New Zealand appear to be faring better than most. Both New Zealand and Australia have been able to maintain work on site at higher levels and also, more widely, retain confidence in markets.

Having said that, only Ho Chi Minh City has no negative sectors, whereas the other cities have sectors which are adversely affected, but which are, in cases like Sydney's balanced by positively affected sectors.



CONCLUSION

Issue 3 of RLB's COVID-19 global survey has reported ongoing and developing relaxation of curtailment of economic and social life around the world.

Working and trading conditions after the pandemic may be very different from conditions prior to the outbreak. However, local effects are founded on local conditions going into and subsequently exiting the process.

Some locations are proffering the '2 metre rule' as appropriate safe distancing, others are adopting a '1 metre rule'. That superficially simple choice has enormous connotations right across social life and work life, especially in formerly crowded work environments.

Density of workers' numbers in confined spaces naturally varies across building sectors, so constraint and cost effects differ widely, but are certainly exercising the minds of the more sophisticated contractors, who are re-programming and re-scheduling work activities to match the new constraints.

Clearly the key to re-creation of normality lies in a vaccine, but that does seem, as yet, some way away, as would be the process of inoculating whole populations. In the meantime, distancing and additional health & safety considerations will continue to affect input and output costs, but tender prices will in their turn be heavily influenced by contractors' and sub-contractors' need for workload.

The overall result is a complex mix of uncertainties, which the RLB survey will continue to enquire into and provide views on, as the situation develops.



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