



REPORT

COVID-19: GLOBAL SURVEY

THE IMPACT ON THE CONSTRUCTION SECTOR ACROSS THE WORLD

AUGUST 2020 - ISSUE 5

RLB

Rider
Levett
Bucknall

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INTRODUCTION

This is issue 5 of our rolling global survey, providing a monthly snapshot of the developing impact of COVID-19 on the built environment and including viewpoints from colleagues around the world on how their markets are evolving and coping with the unfolding pandemic in its different stages.

As it is a snapshot in time, this survey obviously captures locations in different stages of their national response to the outbreak and continuing development of the virus, reflecting on local events at the point of data collection. As a result, some analysis may be out of synchronisation, but that is simple reality in the evolving circumstances. The regionalised sectoral analysis attempts to break through the comparability problem and offers localised comparison that can be interpreted in, and for, each region.

In this issue, colleagues from 58 offices in 28 countries share their responses to a series of structured questions designed to produce answers which can be analysed individually and collectively, to provide local insights as well as national and regional overviews.

The data for this survey was collected on 3 August 2020. The market views of senior local RLB staff are supplemented by statistical analysis of the wider COVID-19 pandemic situation. This enables us to produce a report which explores the effects, responses and expectations of participants in local markets, and places them in wider context to compare with each other.

Questions in the survey focus on both the general, high level views on market-wide issues, and on the specifics of sectoral effects. The premise of the analysis is to identify change effects - to feature the impacts of change over the period of this series of surveys, enabling us to track and understand what has happened, why, and what may happen in the future.

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
69%

of cities are reporting relaxation of social lockdown.

Productivity

Over **74%**

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



Tender enquiries

20 out of **58**

of our respondents reported less than **10%** drop-off of enquiries



Best performing sectors



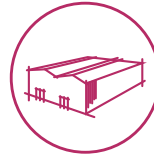
Data centres



Healthcare



Infrastructure



Industrial & Logistics

Government response

Almost **59%**

of respondents considered the actions of their respective governments as excellent or critical to the industry recovery.



Least

affected cities sectorally by continent



- SAN FRANCISCO
- BEIJING
- LONDON
- STELLENBOSCH
- HO CHI MINH CITY

AMERICAS
CHINA
EUROPE & UK
MIDDLE EAST & AFRICA
OCEANIA & SOUTH ASIA

- SEATTLE
- HONG KONG
- OSLO
- DUBAI
- MELBOURNE



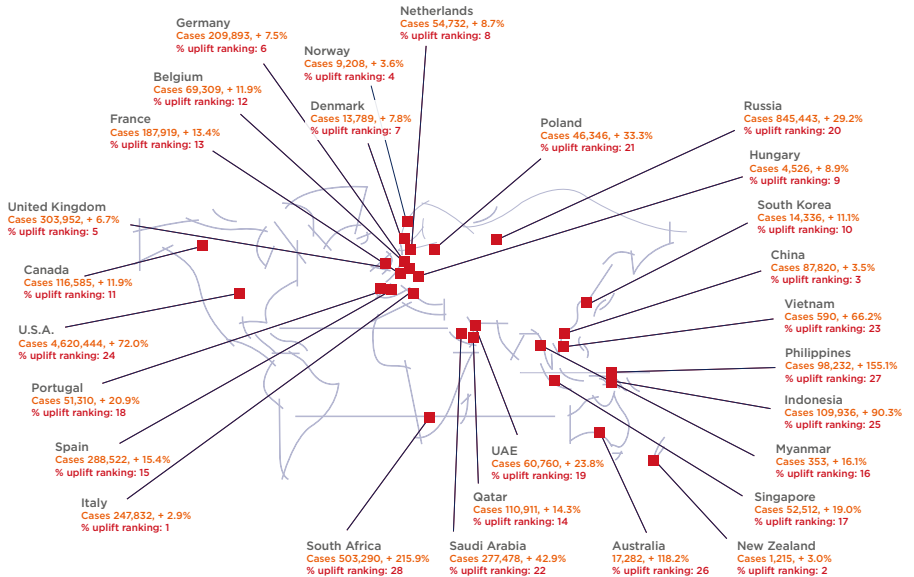
Most affected cities sectorally by continent

GLOBAL SURVEY

The map of the world shown here indicates the countries across the RLB global practice that have contributed to Issue 5 of the survey. We have represented in orange the number of COVID-19 cases confirmed in each country as at 3 August 2020, and a percentage increase from the number of cases confirmed as at 2 July 2020.

Countries reporting the lower proportions of new cases show the lower % uplift ranking figures. In this edition, Italy leads the way, with only 2.9% new cases. China's additional 3.5% of cases pushes it to third place in the table, being overtaken by New Zealand's 3% uplift. At the other end of the table, South Africa shows an increase of cases of almost 216%, and the USA, although showing an uplift of 72% of cases, has the highest absolute number, with an uplift of 1,933,964 new cases.

Where countries have changed their reporting methodology, the previous-date figure is sourced from current published data, so may not match the previous RLB survey.



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

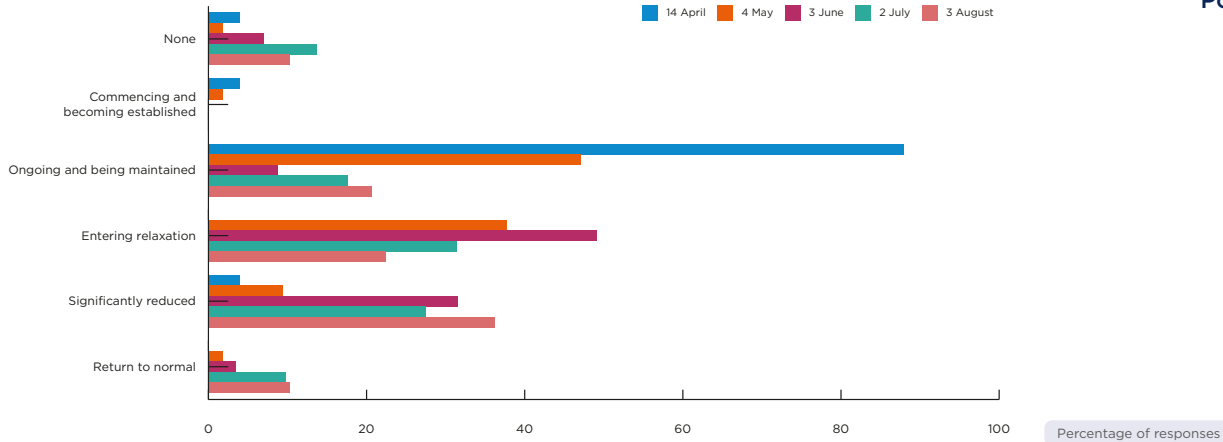
1. WHAT IS THE CURRENT STATE OF SOCIAL LOCKDOWN IN YOUR LOCATION DUE TO COVID-19?

In Issue 5 of our rolling survey the numbers reported for locations having entered relaxation or having had measures significantly reduced are roughly the same. There is a noticeable 9% fall in locations entering relaxation, in favour of those in which constraints have been significantly reduced.



“Our city is still in the re-opening phase and is experiencing mixed results. Full relaxation of social lockdown is unlikely in the foreseeable future”

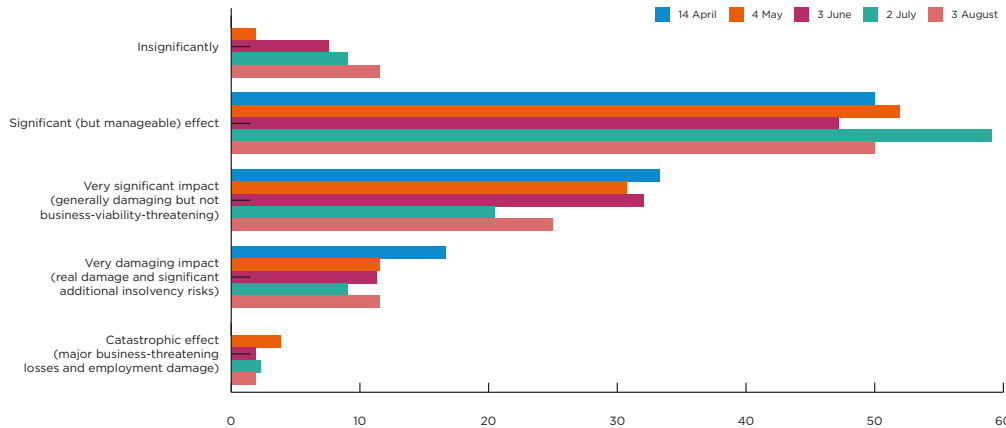
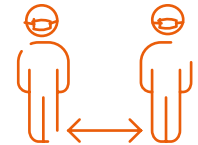
Portland, USA



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

Our latest survey indicates there has been a reduction in the number of those holding the view that effects are significant, falling back by 9% overall compared to our survey in July.

However, almost three quarters of that change has been transferred to respondents denoting even more damaging effects. This is a change in sentiment from Issue 4, which reported a focus around the less damaging impacts.



“The impact of lockdown has been significantly reduced, compared to the amount of time the city has had to maintain social distancing”

Shanghai, People’s Republic of China

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 August include the following:

USA (including the Caribbean) – In mainland cities including New York, Phoenix and Chicago, our respondents reported a significant effect on their respective construction activities as major projects are now on hold. However, in Tucson, although previous construction projects were affected, now the impact is reduced. In Honolulu, while construction is still deemed essential, there are consultants and contractors who are avoiding working in the island to fulfil their scope of work, which is having a major impact on the industry.

Europe & UK – In Berlin, **Germany**, our respondents reported that the residential sector has been heavily impacted as house buyers' hesitation to buy has increased. In Budapest, **Hungary**, most construction work has continued. The same applies to Copenhagen, **Denmark**, with the added risk of investment and planning being affected. In Brussels, **Belgium**, the biggest impact is in relation to the start of new projects. In London, Manchester and Birmingham, **UK**, our respondents agreed that the real damaging effects of the pandemic are likely to take some time to play through.

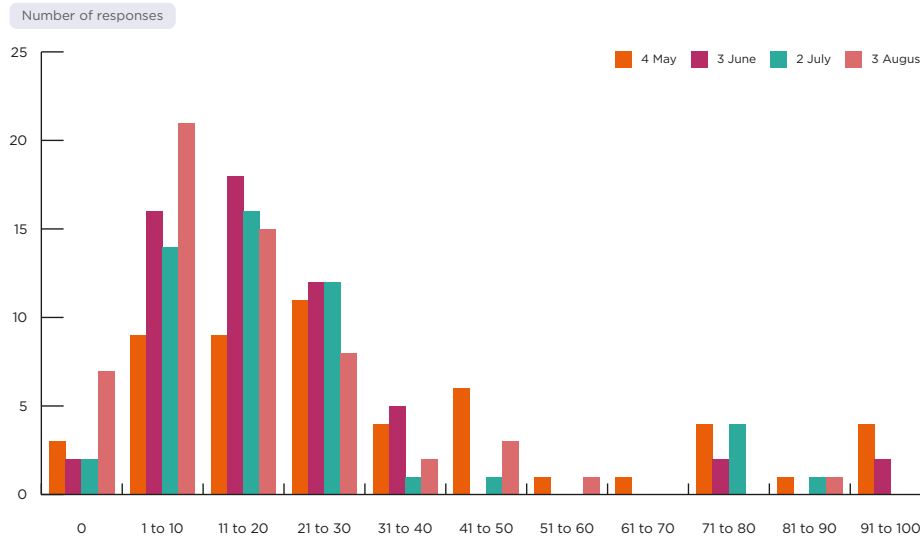
Middle East & Africa – In Riyadh, **KSA**, COVID-19 has had an impact on some of the work packages as part of the iconic giga-projects that were going to commence on site. However, most projects are planning to progress to meet the city's 2030 vision. In **South Africa**, as previously reported, the construction industry was already in a difficult state before COVID-19. Our respondents in Pretoria and Stellenbosch reported that the pandemic has resulted in the collapse of many smaller construction companies. However, in Durban the sentiment is slightly more positive as construction sites are back to normal, albeit new developments are progressing slowly.

Oceania & Asia – In Shanghai, **People's Republic of China**, the impact has been significantly reduced compared to the period when the city was in lockdown. In Melbourne, **Australia**, although lockdown is being reintroduced, on-site construction continues as it is considered an essential service.

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

In our latest survey, 43 of the 58 respondents, over 74%, reported falls in site productivity of less than 20%, while 51 of the 58 (88%) reported falls of less than 30%.

This suggests that sites have taken action to mitigate losses in terms of revised working practices and methodologies, as is necessary in the changed circumstances.



“We’ve experienced a slight fall in productivity, due to, amongst other things, the lack of foreign skilled labour”

Copenhagen, Denmark

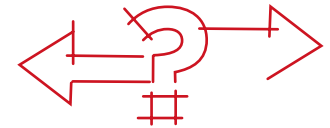
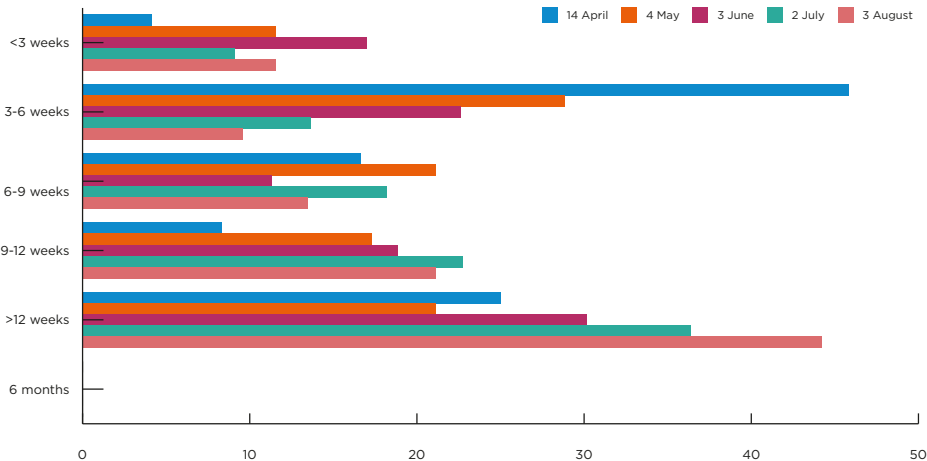
As part of survey issues 2, 3, 4 and 5, we asked a question on productivity to gain a better understanding of how COVID-19 has affected on-site construction operations.

Expressed in groupings of 10%

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

The sentiment towards lockdown removal being in excess of 12 weeks has gathered further support in survey 5, with 44% (compared with 36% in July) now holding the view that normal functioning cannot be expected within 3 months.

As the months roll on, this hardening of expectation for timelines inevitably translates to continuing concerns for productivity and output for the construction sector.



“Difficult to guess, the government is totally unpredictable and decisions have been impulsive”

Pretoria, South Africa

Percentage of responses

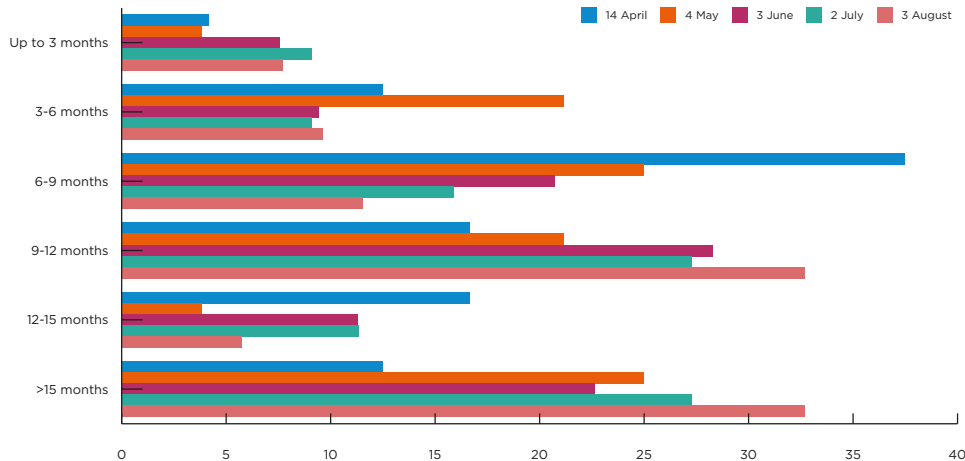
5. AFTER RELAXATION OF LOCKDOWN, WHAT IS THE ESTIMATE OF RECOVERY TIME FOR YOUR LOCAL MARKET?

Almost a third of respondents now believe that recovery will take more than 15 months, and overall, over 70% expect it to take more than 9 months. This move towards longer timeframes is consistent with expectations as to removal of lockdown, or lockdowns being reintroduced, and reflects an acceptance of the reality of a lengthy process being underway.



“Recovery will depend on how long the social lockdown goes on for”

New York, USA



Percentage of responses

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

Specific comments which show the range of different factors affecting local markets included:

USA (including the Caribbean) – In New York our recovering respondents reported that the recovery will depend on the extent to which the Federal Government adds stimulus. In Washington DC the market seems to be doing better than in the last three months with concerns, however, about the recent spike in COVID-19 cases, which will slow down the market. In cities dominated by tourism including those in St Lucia and Hawaii, our respondents reported that with travel restrictions and high level of infections, it is unlikely the market will recover this year.

Europe & UK – In Lisbon, **Portugal**, our respondents reported positivity as the market is slowly recovering, especially in the hospitality sector. In Copenhagen, **Denmark**, the overall sentiment is that recovery is governed by macro-economics and the willingness to invest. In Budapest, **Hungary**, our respondents are relying on strong government initiatives to boost recovery and start new projects mainly in infrastructure and public sectors. In London, Manchester and Birmingham, **UK**, all eyes are on the government and its financial support,

although generally the feeling is that the effects of the pandemic will be long lasting.

Middle East & Africa – In Pretoria and Stellenbosch, **South Africa**, our respondents' opinions are pessimistic, and they fear that the construction industry is in trouble, expecting years for it to recover.

Oceania & Asia – In Melbourne, **Australia**, although in the last survey they anticipated the recovery to take 3-6 months, now they predict it to be up to a year for all the economic activity to fully recover.

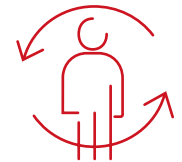
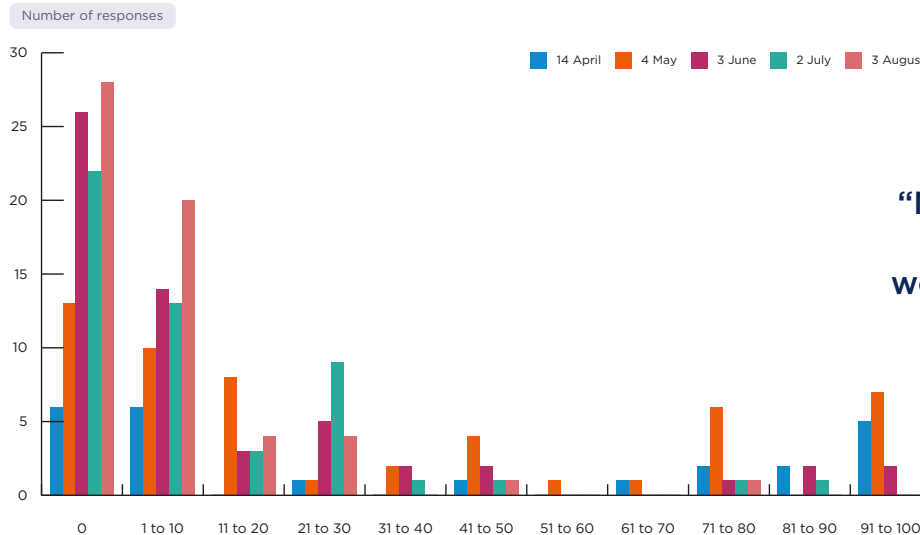


6. WHAT PERCENTAGE OF CONSTRUCTION SITES ARE CURRENTLY CLOSED?

Following on from our previous survey, the predominance of reported figures is now very much concentrated in the groupings of construction sites closed not exceeding 10%. This has been caused partially by progressive re-opening of sites and partially by contractors and sub-contractors initiating safe

working methods and social distancing modes of working in order to return to work in a safe manner.

However, maintenance of sites in an open and working state will depend on continuing safe working protocols and practices on site and is dependent on governments' policies in response to localised flare-ups of the virus.



“Most construction sites have obtained permits to resume work but delays are occurring as foreign workers are still subject to clearance tests”

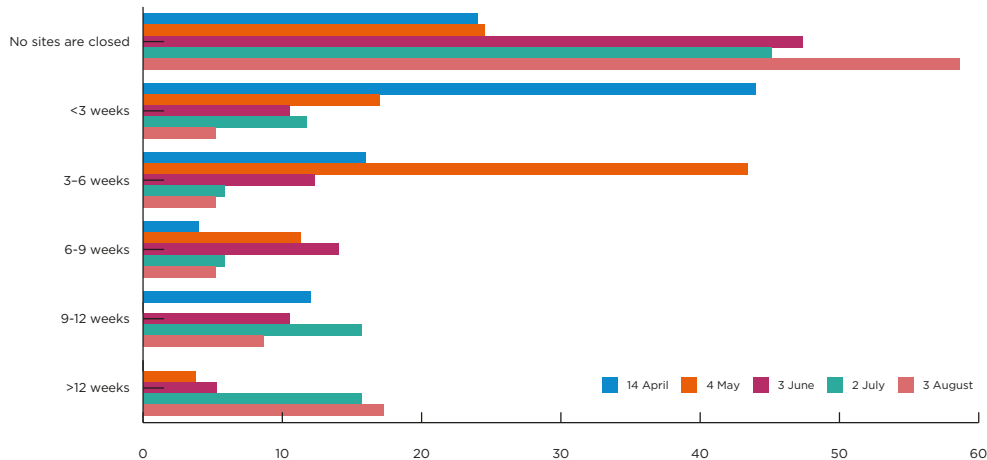
Singapore

Expressed in groupings of 10%

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

In this latest survey our respondents now report that in almost 60% of locations, sites are now open, up from 45% in Issue 4 of our survey in July. This result exemplifies the fact that a great many locations have established measures to permit

safe working and have thus been able to re-open sites that had been closed. The ongoing maintenance and development of that improved situation depends, of course, on safe working practices and on wider local situations of lockdown constraints.



“Giga projects are progressing well to meet the city’s 2030 vision”

Riyadh, KSA

Percentage of responses

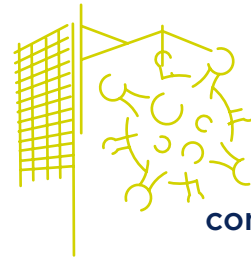
7. ON AVERAGE, FOR SITES THAT ARE CURRENTLY CLOSED, HOW LONG HAVE THEY BEEN CLOSED?

Commentary from across the regions included:

USA (including the Caribbean) - In areas where tourism and travel is a key economic driver, including St Lucia, our respondents reported that some sites remain closed. However, our respondents across the USA's cities mentioned that they are not aware of any closures of construction sites at this time.

UK - Generally, most construction sites that are closed, have been closed since lockdown was enforced. These sites relate to distressed sectors, which have been closed through conscious client decision rather than construction safety.

Oceania & Asia - In Melbourne, **Australia**, construction sites have done very well to remain COVID-19 secure, with minimal sites reporting infections. In Hong Kong, **People's Republic of China**, although no sites have been closed due to lockdown, a small number have been closed temporarily for disinfection due to workers being tested positive.



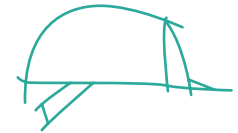
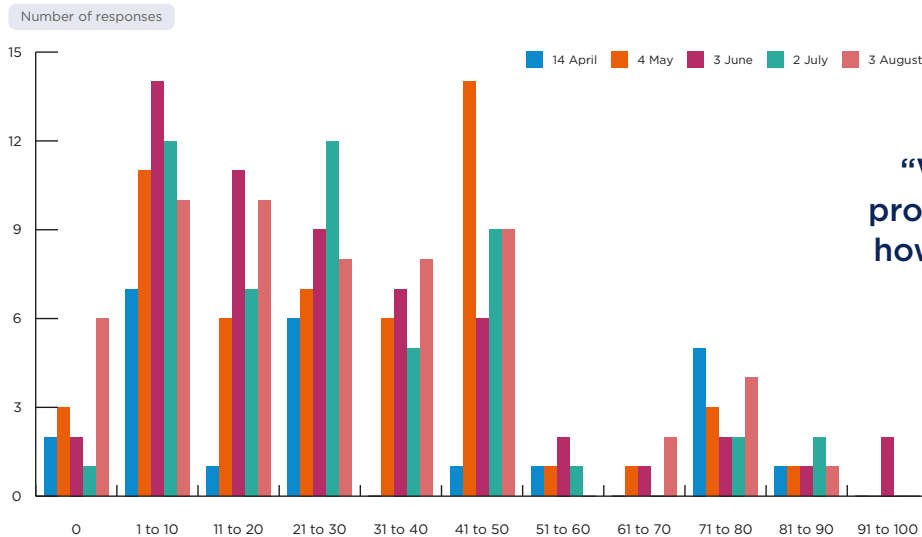
“Construction has been considered essential during the pandemic, so sites remained open. The industry has done very well with few sites reporting infections”

Melbourne, Australia

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

Our survey in August has given rise to a broad and fairly even spread of responses across the range of optional answers up to 50%. Much depends on a location's original starting point,

as some markets had been bustling and others had been much less active - the effect being that the less active markets would already have had lower expectations on the way into the COVID-19 situation.



“We have seen a reduction in project management enquiries, however the cost management service line is steady”

Honolulu, USA

Expressed in groupings of 10%

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

Comments we received included:

USA (including the Caribbean) – In Los Angeles, our respondents reported that the main issue is funding as developers are cautious and have slowed down. Equally, in Tucson and Seattle a few projects at pre-construction stage or new schemes have paused. In Hawaii and St Lucia, where cities are heavily dependent on tourism and hospitality work, there is as yet no upturn in sight and projects have been deferred until international travel has stabilised.

Europe & UK – In Milan, **Italy**, our respondents reported that investment companies are planning to revisit projects after the summer. In Berlin, **Germany**, only projects in the residential and hospitality sectors are on hold, whilst in Budapest, **Hungary**, the sectors affected are hospitality, manufacturing and commercial offices. In Copenhagen, **Denmark** and Lisbon, **Portugal**, projects on hold are in the retail sector including shopping centres. In Manchester, **UK**, our respondents commented that pre-construction projects have been the most significant area of the industry to suffer due to the pandemic. In London, **UK**, most sectors are progressing apart from hospitality and high street retail.

Middle East & Africa – In Riyadh, **KSA**, giga projects are progressing, whilst private developers have slowed down projects. Equally, in Stellenbosch and Pretoria, **South Africa**, developers continue to be extremely risk averse.

Oceania & Asia – In **Singapore**, our respondents commented that clients are deferring projects or putting them on hold and developers are taking extra time to review projects at design stage. In Jakarta, **Indonesia**, developers are waiting to see how the market fares post the pandemic.

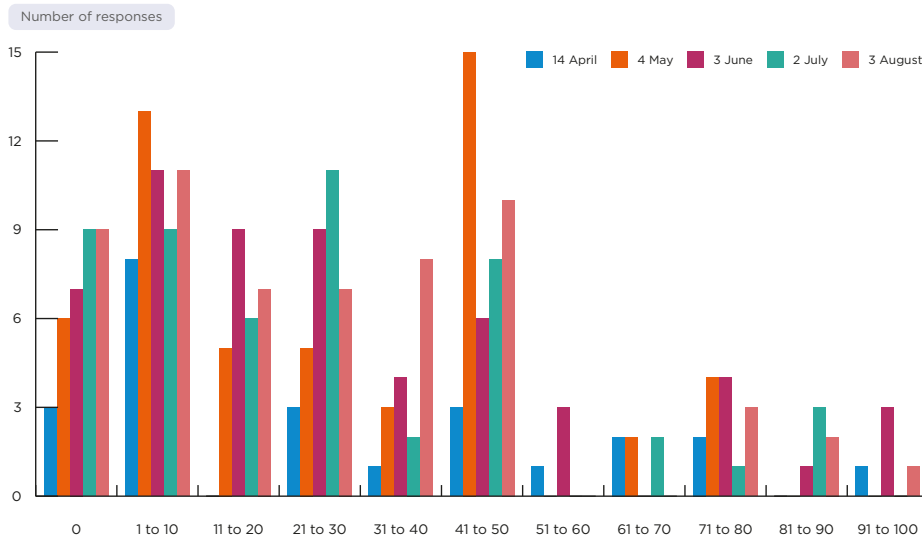


“We are expecting investors and funding companies to revisit projects after the summer”

Milan, Italy

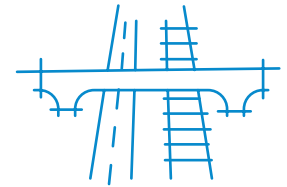
9. BY WHAT PERCENTAGE HAS THERE BEEN A DROP-OFF IN THE NUMBER OF TENDER ENQUIRIES?

Drop-off of enquiries appears to have evened out to show a broad range of up to 50%, with over a third of respondents now holding the view that drop-off does not exceed 10%.



Expressed in groupings of 10%

This result is significant in that it depicts general confidence that work can still be forthcoming in the contracting marketplace as it passes through consultants' hands on the way to market.



“Large state financed projects are in the pipeline, mainly in the infrastructure and public sectors”

Budapest, Hungary

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

Comments we received included:

USA (including the Caribbean) – The general view is that there has been a slight reduction in tender enquiries and New York appears to be the worst affected city, whereas in Portland there has been a minor drop off. Interestingly in Honolulu the impact is service driven and enquiries on project management services have declined.

Europe & UK – Across Europe there is a general reduction of enquiries, but the expectation is that the situation will improve after the summer. In London, **UK**, our respondents reported that bidding has not declined as initially anticipated. The main concern is that decisions by clients are taking longer.

Middle East & Africa – In Riyadh, **KSA**, our respondents have seen a noticeable increase in bid opportunities, but clients are taking longer to make decisions.

Oceania & Asia – In Macau, **People’s Republic of China**,

our respondents have noticed an increase in enquiries for renovation projects, although these tend to be less urgent. In Sydney, **Australia**, our respondents have seen positive moves since our last survey in July.



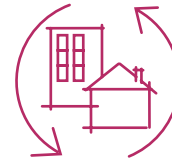
“Tender enquiries have increased but clients are taking longer to make decisions”

Riyadh, KSA

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

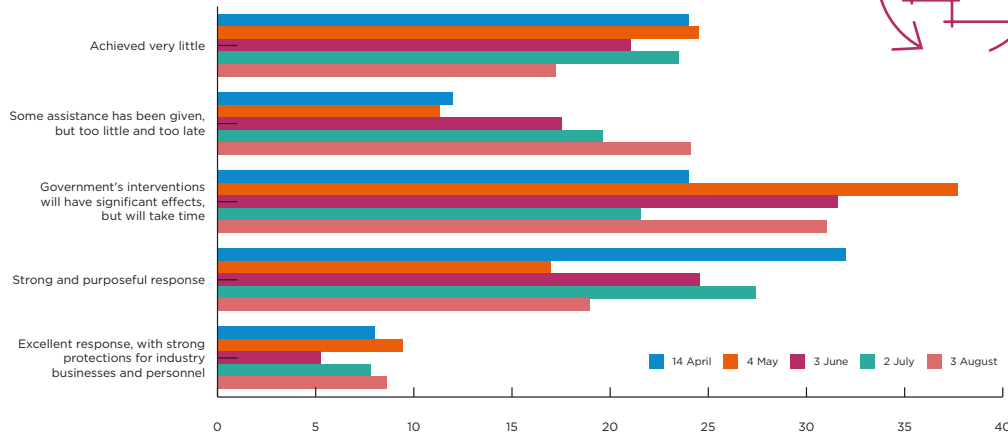
Overall, belief in the effectiveness of governments' responses appears to have rolled back somewhat from our last survey, with a fall from 27% to 19% of respondents holding the view

that the response has been strong and purposeful. This may be a knock-on effect of a balancing percentage taking the position that the effects of support, though they do exist, are taking time to completely filter through the system.



"There are still no plans to change or relax the current planning regulations"

Indonesia, Jakarta



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

Comments we received included:

USA (including the Caribbean) – The overall view across the USA's cities is that the government has had little positive impact in construction; in Washington DC the city's local government stopped construction activity at the beginning of the outbreak and in Tucson and St Lucia, there were minimal funds to provide support to the industry.

Europe & UK – In Budapest, **Hungary**, government financed projects in infrastructure and public sectors are currently in progress. In Copenhagen, **Denmark**, construction activities have been pushed forward but it is felt that the impact will not be appreciated until later on this year. Across the **UK**, our respondents reported that the introduction of the Job Retention Scheme has assisted many businesses but it is now tailing off. The stimulus measures and investment/build initiatives will assist the construction industry, but it will take time.

Middle East & Africa – In Dubai, **UAE**, the construction

industry has been considered an essential industry and therefore remained open, even during the strictest lockdown periods, which has benefitted construction.



“The government has put in place many financial support packages and continues to endeavour to stimulate the wider economy”

London, UK

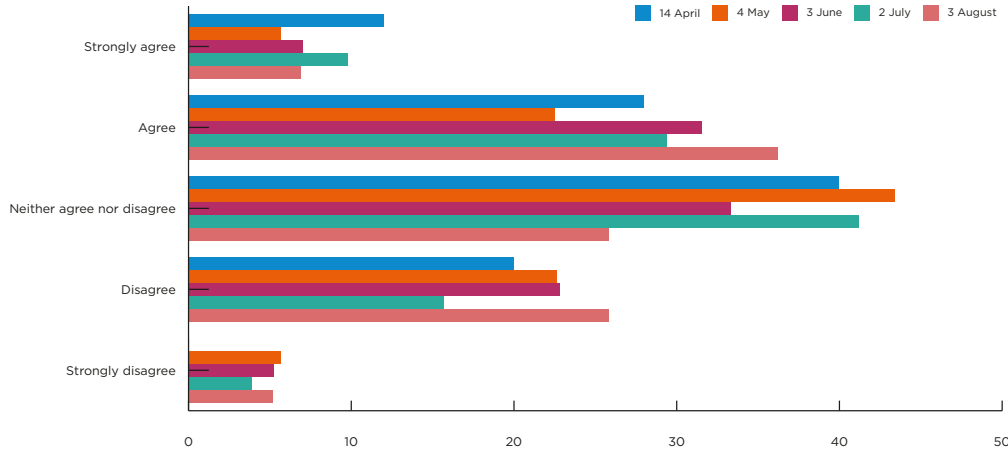
11. WILL THE AFTERMATH OF THE PANDEMIC INCLUDE RELAXED PLANNING CONSTRAINTS AS A STIMULUS TO SPEEDY RESUMPTION OF ACTIVE DEVELOPMENT?

This survey sees a slight strengthening of the view that planning relaxations may take place, but there is still a broad spectrum of responses, with almost a third of respondents being of the opinion that no such relaxation will take place, and a further quarter offering no view either way.



“I don’t see planning constraints being a fundamental issue. The same due diligence will be completed as before the pandemic”

New York, USA



Percentage of responses

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

Comments we received included:

USA (including the Caribbean) – In Tucson, our respondents mentioned that regulation has changed slightly in relation to commencing construction projects but it is not certain whether this is in response to COVID-19. In Portland, the overall feeling is that the local authorities may tighten planning constraints. In Seattle, Calgary and Washington DC our respondents do not believe there should be relaxed planning constraints at the moment. However, in Waikoloa our respondents would welcome relaxed planning measures, although the Island of Hawaii has not been able to expedite the permit approval process for over eight years.

Europe & UK – In Berlin, **Germany**, our respondents believe the government is very conservative in loosening the reins, so again it seems improbable. In Brussels, **Belgium**, the consideration is that procedures are becoming even longer than before the lockdown restrictions. Across the **UK**, our respondent in Birmingham reported that some relaxations of Permitted Development Rights have been announced and more fundamental overhaul of the planning system is

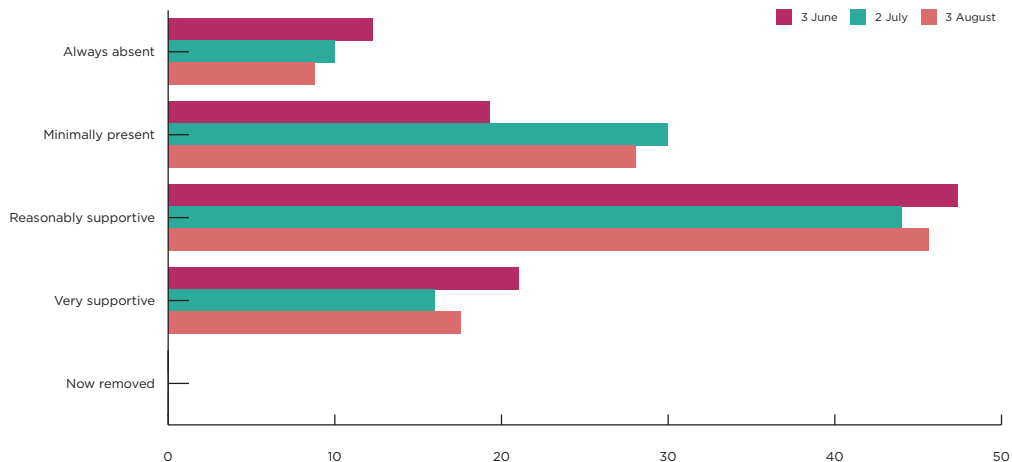
expected. Our respondent from London reported that tangible evidence of implementation of these new regulations needs to be realised.

Middle East & Africa – In Pretoria, **South Africa**, our respondent were hoping for relaxation of planning but none seem to be on the horizon and in fact they are facing some instability with government offices on strike, which will delay service delivery by councils.

Oceania & Asia – In Jakarta, **Indonesia**, our respondents are not expecting any changes in the current planning regulations. In Auckland, **New Zealand**, our respondents reported that political and environmental issues may create a greater block to relaxation, whereas in Sydney, **Australia**, the government has been very supportive and continued to alter planning laws to speed up the approval process.

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

Surveys from July and August included an update of responses to four questions regarding government support to different sizes of construction entities.



Overall, Issue 5 of our survey records views on government support to larger companies that are broadly in line with previous surveys. There is a slight strengthening of positive views, but still over one third report minimal or no support.



“The government is accelerating some public works to counterweight the fallout of COVID-19”

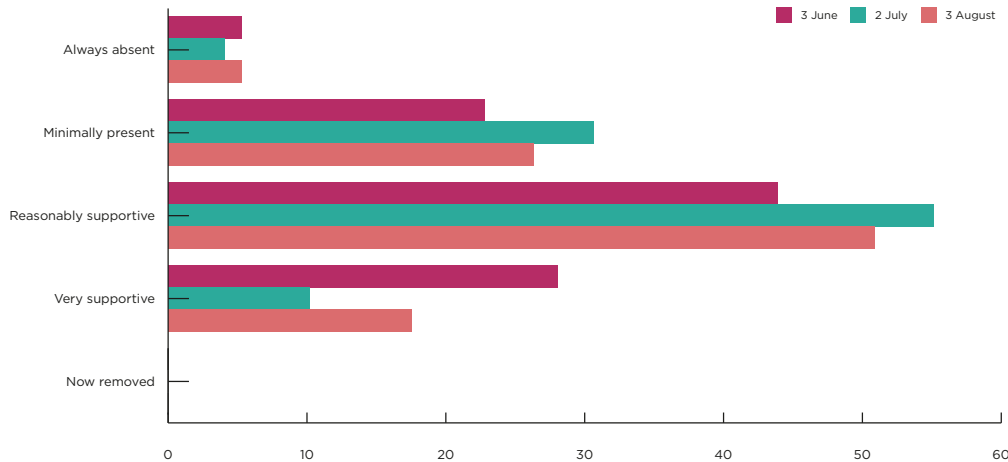
Macau, People’s Republic of China

Percentage of responses

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

Views on support for SMEs appear to be firming up around a belief that government intervention has been positive and effective, with survey 5 showing an increase of positive attitudes in this respect. However, it is noteworthy that the

“very supportive” response is still much less populated than was the case two months ago. This suggests that initial enthusiasm gave way to realisation that any support was not a cure-all, but rather a means to tide-over the many smaller organisations until better trading conditions return.



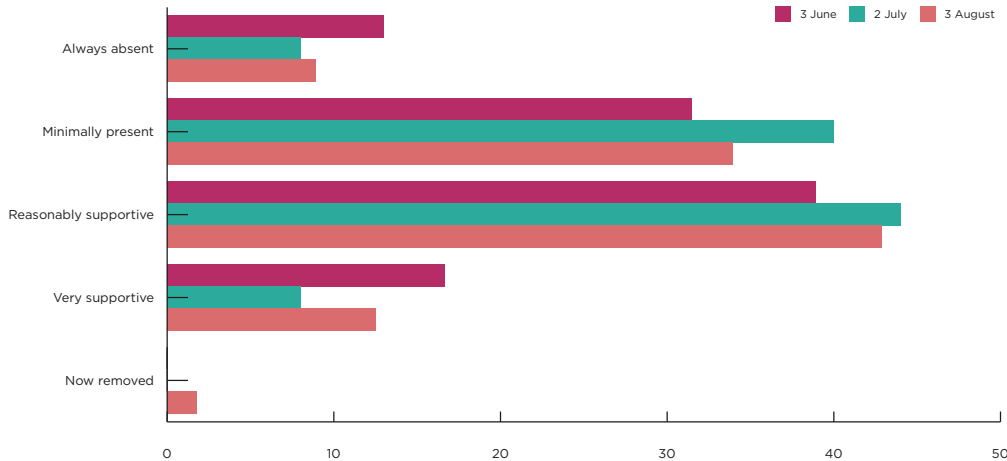
“Government spending to subsidise small businesses in our region has been minimal”

Portland, USA

Percentage of responses

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

Although there is still the view from many locations that more could be done, responses in this latest survey display a broad spectrum of views, showing an even balance. There is a strong central grouping of respondents, some 43%, who report a reasonably supportive response, which is very much in line with our last survey in July.



“Targeting investment has been evident in ‘build, build, build’ policy. The government is keen to bring people to the city centre workplace”

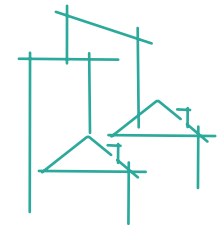
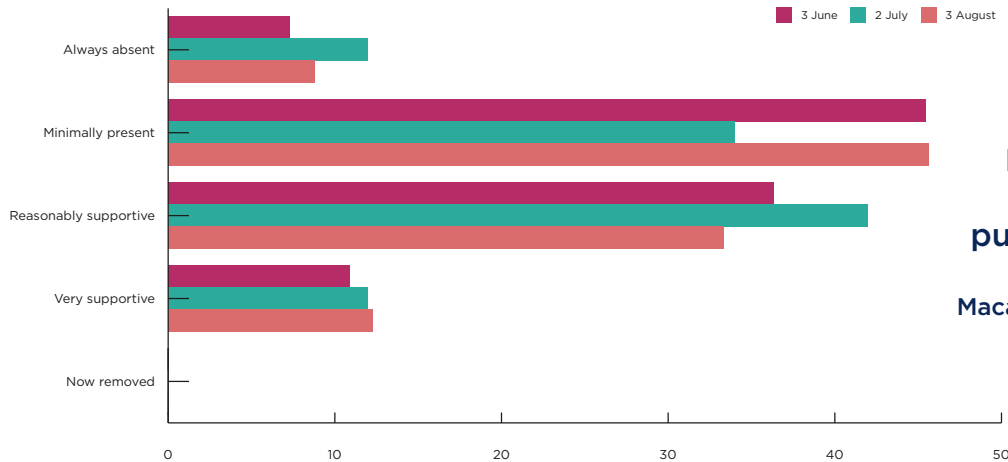
Birmingham, UK

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

Direct support to the industry via investment in specific sectors is of course an area in which there can be a significant time lag between inception and implementation.

The perception of action having taken place can be overtaken by realisation that the impact will take time to come to fruition

and does not solve current problems. That may explain the strengthening view that governmental support has been minimal and the weakening of the view that it has been reasonably supportive.



“We are seeing acceleration of the progress of large scale public works such as public housing projects.”

Macau, People’s Republic of China

Percentage of responses

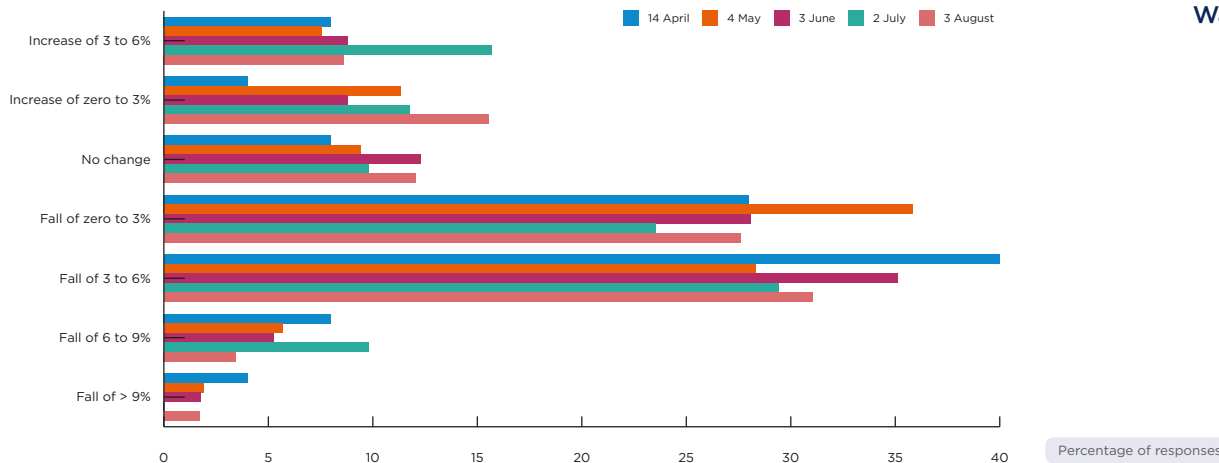
16. HOW WILL TENDER PRICES BE AFFECTED FOR THE OVERALL YEAR 2020?

Different local economic situations have resulted in widely dispersed views on tender market effects, and this is a similar result to that from survey 4 back in July. However, there is also a broad consistency of view, in that over 60% of respondents then and now, foresee a fall in tender prices. There is also more support in this current survey for falls of no more than 6%.



“Tender prices have not yet fallen, although market trends anticipate a fall by the year end”

Waikoloa, USA



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:

USA (including the Caribbean) – In New York, our respondents believed that to start there will be an increase on tender prices due to lack of productivity but the longer this situation goes on, the more the prices will drop. In Tucson, it is felt that changes in tender prices will likely be dependent on the Presidential election and in Washington DC our respondents reported an increase in pricing due to delay in materials.

UK – In Birmingham, volatility in tender pricing has been witnessed by our respondents. In Manchester, as future workload diminishes, tender prices are expected to fall, whereas in London, in light of the forecast reduction of workload, our respondents expect that tender prices will become more competitive.

Middle East & Africa – In Pretoria, **South Africa**, our respondents show some concern in relation to the currency being very weak. Imported equipment costs are very high and electrical equipment has seen a 20% increase. However, they are experiencing a decrease in rates on local materials and labour.

Oceania & Asia – In Auckland, **New Zealand**, our respondents reported a significant drop in tender prices as contractors look to secure work.



“While a fall of tender prices of up to 3% is likely given the state of the economy, there is a risk of an increase in imported materials costs in the second half of this year due to continued exchange rates movements.”

Hong Kong, People’s Republic of China

SECTOR ANALYSIS

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

As reported in Issue 4 in July, individual sectors differ widely in different countries, dependent on whether lockdown restrictions have been eased or are still being stringently applied.

Our overall sectoral analysis in survey 5 is broadly consistent with that of survey 4. Global sector analysis continues to show hotel, hospitality & leisure as the significantly worst-affected sectors, followed by the retail and commercial sectors. Data centres, healthcare and infrastructure are the least affected sectors across the world.

One point of note is the fact that the industrial & logistics sector is now shown as marginally in positive territory, whereas in the previous report it was slightly negative. This change may be explained by the fact that large-scale distribution facilities may become an even more relevant feature post COVID-19.

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).



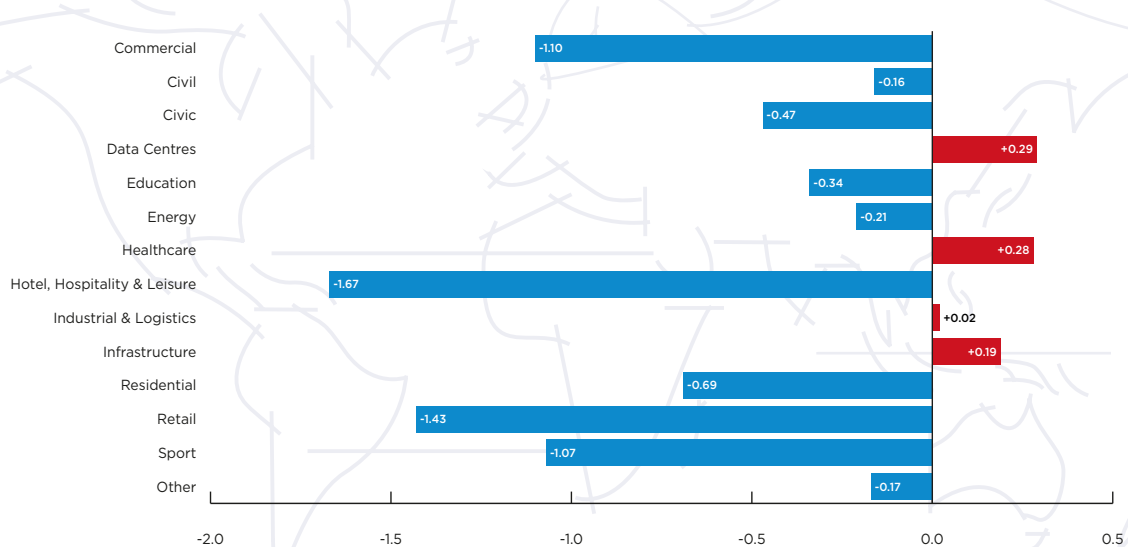
Double width bars indicate major positive or major negative effects in a particular sector (value + 2 or -2).

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

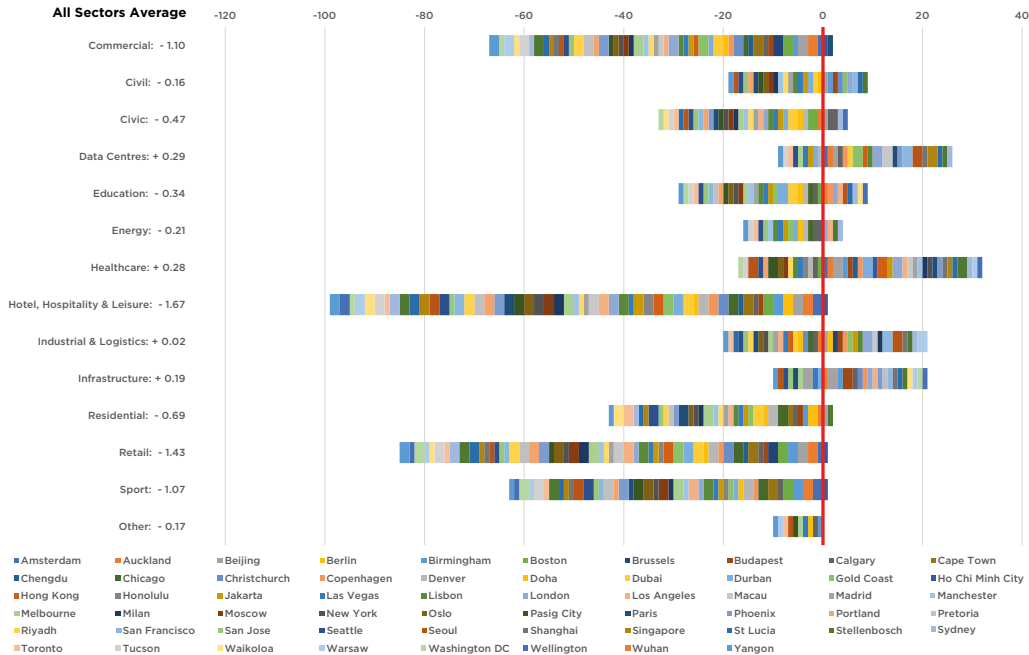
The following chart shows the global average for each sector, a broad descriptor of the impact of COVID-19 on sectors, over the range of the cities included in the RLB survey.

Unsurprisingly, the healthcare, infrastructure and data centres sectors continue to show positive effects, but much will depend not only on the re-shaping of life after COVID-19, but on the shape, length and extent of the recovery phase.



CITY ANALYSIS BY SECTOR

This latest survey again exposes sectors' individual performance, yet also depicts an overall industry in which there are upsides as well as the more publicised downsides.



SECTOR ANALYSIS BY CITY

Breaking down the sectors' performance by city shines a light on the real effects of the downturn in specific sectors.

The industrial & logistics sector's performance is marginally positive but the majority of our respondents indicated that the downsides are not extremely adverse.

On the other hand, and consistently across the world, the hotel, hospitality & leisure sector is seriously adversely affected by COVID-19, despite reporting positive trends by some locations.

“Hospitality and high street retail remain problematic, but other sectors appear to be faring reasonably well”

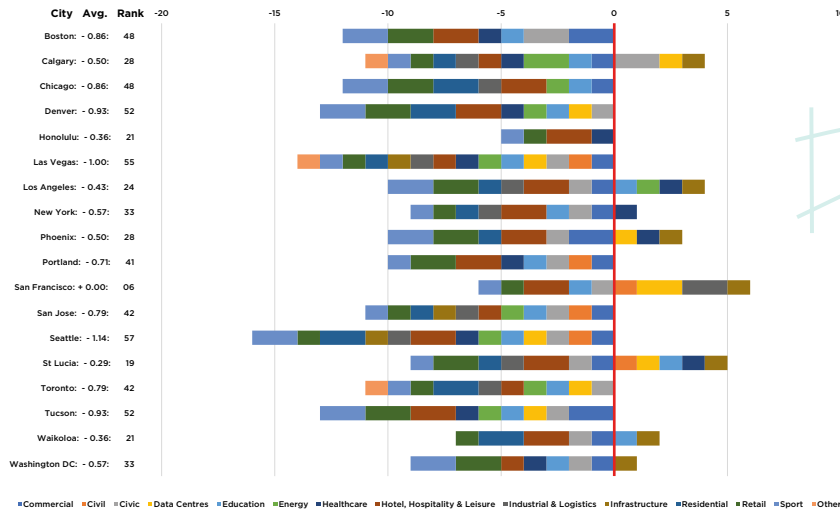
London, UK



SECTOR ANALYSIS BY CITY (AMERICAS)

The Americas' sectors show Seattle, Tucson, Las Vegas and Denver as the most affected cities, each being in the 10% most affected overall in this worldwide study. In common with other cities which fare worst in this survey, none has any positive sectors, so the situation is one of uniform negative impacts, although some sectors may be neutral. Seattle ties with Melbourne as the overall most affected location in the survey.

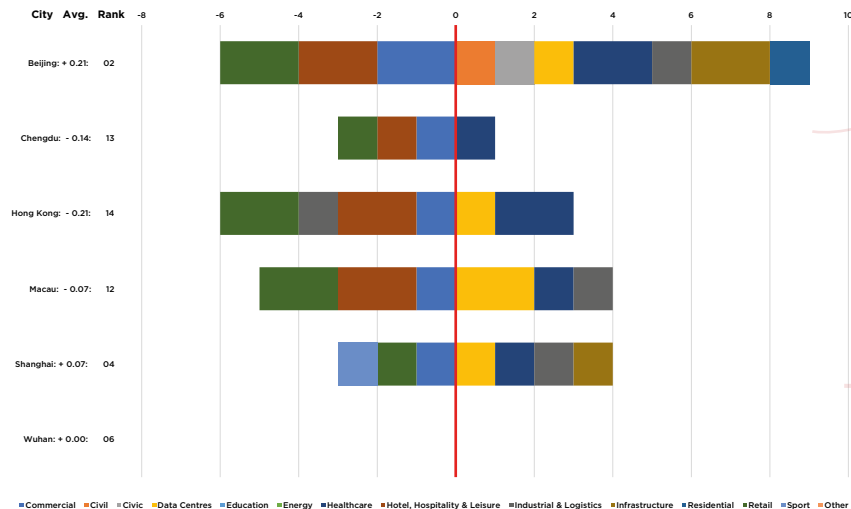
On the positive side, the outstanding Americas' performer is San Francisco, which sits in sixth position globally. This is due to it having five neutrally affected sectors alongside four positively affected sectors, two of which are significantly positively affected.



SECTOR ANALYSIS BY CITY (CHINA)

Wuhan shows all sectors neutrally affected and other Chinese locations show at least one positive sector, which offsets most of the negative effects. Beijing and Shanghai fare particularly well, showing rankings of second and fourth in the overall survey, but for different reasons. Beijing has seven positive sectors offsetting three very adversely affected sectors, whereas Shanghai's marginally positive outcome is achieved via four positive sectors against three negative.

Overall, however, China's cities are well-placed to bounce back from COVID-19, each one appearing in the top 25% of cities globally.

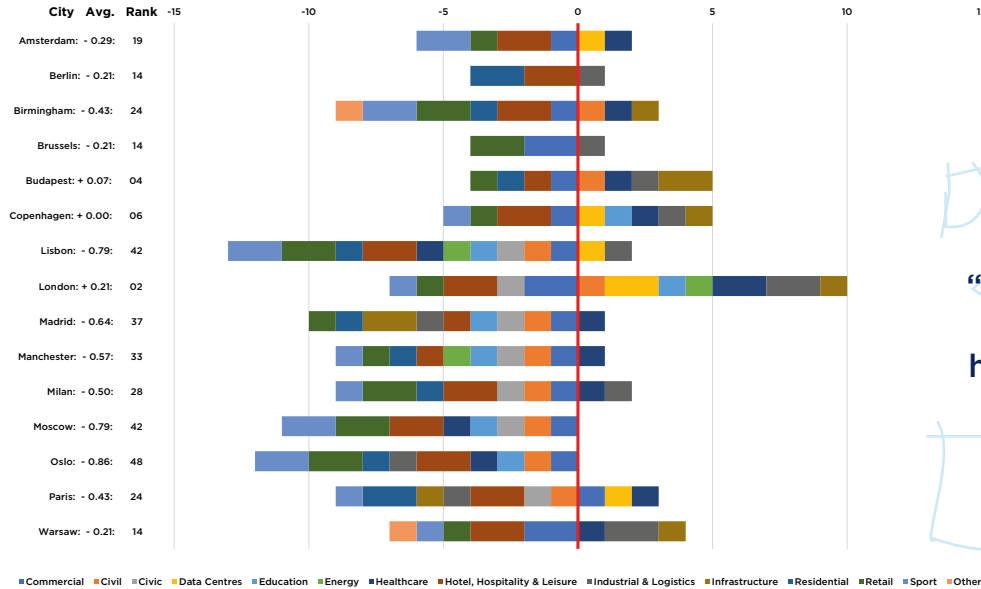


“Working from home and on-line shopping will be the new normal, which is creating a surging demand in the data centres and logistics sectors”

Shanghai, People's Republic of China

SECTOR ANALYSIS BY CITY (EUROPE AND UK)

In the UK and Europe, London still stands out as the top performer, ranking second globally, even though it has five negatively affected sectors, while Budapest features well in tied fourth place, due to six neutral sector scores. Lisbon, Oslo and Moscow are each in the 30% of locations most affected globally. Moscow and Oslo may be particularly challenged as they move beyond the pandemic, as each shows no positive sectors, and are significantly adversely impacted in multiple areas.

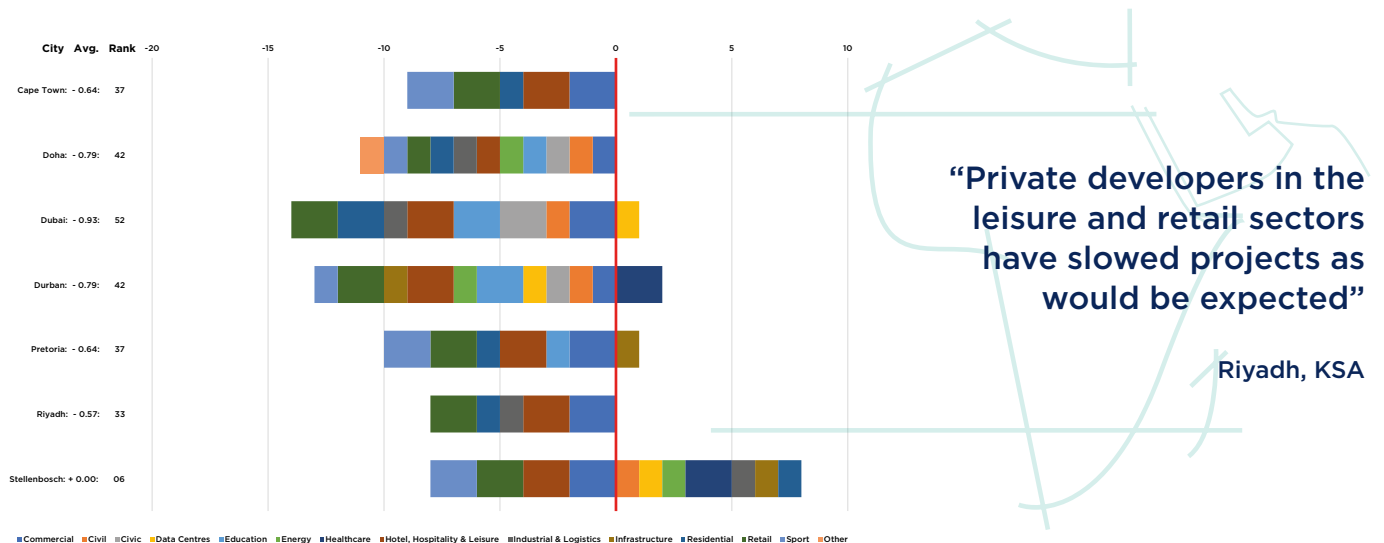


“Projects under the retail and hospitality sectors have been put on hold at pre-construction stage”

Lisbon, Portugal

SECTOR ANALYSIS BY CITY (MIDDLE EAST AND AFRICA)

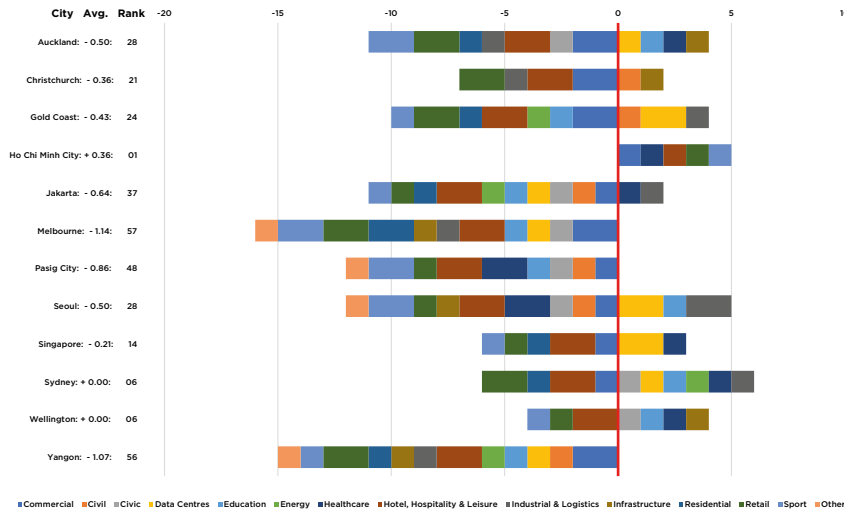
Stellenbosch once again stands out in this analysis as the only city not in negative territory, and it is ranked sixth globally. That may bode well post-covid, but in fact says more about the conditions in other cities' markets. Of this grouping, the rest are in the worse-affected half of the survey, Dubai being 52nd of the 58 cities. Dubai's low rating is due to its having six sectors which are very adversely affected by the situation, as against only one positive sector, and five neutral sectors. Stellenbosch's overall neutral position does display four very adversely affected sectors but these are offset by multiple positive effects.



SECTOR ANALYSIS BY CITY (OCEANIA AND SOUTH ASIA)

The Oceania and South Asia group of cities displays both the least and most affected cities in this global survey. Ho Chi Minh City (HCMC) is currently showing five positive sectors and no negatively affected sectors, with the result that HCMC holds the highest ranking in the study. Juxtaposed with this are Yangon and Melbourne, which are third last and tied last in the rankings.

Neither Melbourne nor Yangon currently display any positive sectors, which creates a cumulative negative impact with no offsetting sectors to mitigate the downside.



“The government’s investment in public infrastructure and educational healthcare buildings as part of the 2016-20 development plan will support the construction growth”

Ho Chi Minh City, Vietnam

CONCLUSION

Issue 5 of RLB's COVID-19 rolling global survey has sought to further develop and examine the continuing global government moves toward relaxation of economic, social and workplace constraints, but has coincided with new uplifts in case numbers and reinstatement of some lockdowns.

One point that is particularly worthy of mention is that the COVID-19 outbreak, in whatever stage and in whichever country, affects everyone everywhere. All countries' economies are affected, although some will fare better or worse, and some will have to cope with the outbreak for a longer period. Governments' challenge is not only to suppress and retain suppression of the virus, but to revive economies to re-ignite growth to replace lost GDP. Traditional measures of GDP may be somewhat irrelevant for a period, as countries weigh health against economics and come out with varied solutions.

An end to the problem by way of vaccination still seems a way off, as would the distribution and vaccination of billions. Meantime where relaxations have been lifted, in many cases they have had to be re-imposed due to resurgent outbreaks, and sometimes more harshly than had originally been the case. This on-off-on condition is giving rise to a series of new "interim normals".

In most countries, the construction industry has been either not closed-down, or re-opened as an essential industry, and steps have been taken to ensure social distancing and other health protections. Our survey does reveal however, that there are costs to the steps, which may in the medium term have consequences on the make-up of the industry, as input costs rise, but tender prices look set to fall in various locations.

This squeeze from both ends may well result in insolvencies within the supply chain, especially as governments' support packages, comparatively plentiful around the world, are removed.

Construction's place at the table remains vital in any economic revival, as almost everywhere the industry is a key employer and investment in construction produces significant multiplier effects throughout the economy. As noted in our survey, there are certainly many ideas for stimulating construction, but time is of the essence as the patient slowly revives.



ABOUT RIDER LEVETT BUCKNALL

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We provide expert management of the relationship between value, time and cost from inception to completion. We do this through our global and local team of experts, who possess a passion for both core services and innovation.

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