COVID - 19 EDITION
SECOND QUARTER 2020

INTERNATIONAL REPORT

CONSTRUCTION MARKET INTELLIGENCE

RLB Rider Levett Bucknall

INDEPENDENT CONSULTANTS, LOCAL KNOWLEDGE AND EXPERTISE, GLOBAL NETWORK

The strength of Rider Levett Bucknall (RLB), the largest independent and most geographically prevalent construction cost consultancy of its kind in the world, is that it has the foremost construction intelligence available to it.

RLB collects and collates current construction data and forecast trends on a global, regional, country, city and sector basis. The RLB International Report, published half-yearly, provides a snapshot of construction market intelligence provided by the RLB network of offices around the globe.

Each RLB office contributes to the global intelligence by providing current insights into the local conditions and trends that impact the construction industry within that region. Information that is gathered and disseminated by each local office includes:

- Forecast Tender Price Index
- RLB Construction Market Activity Cycle
- Key building type cost ranges in local currencies

TENDER PRICE INDEX

RLB's Tender Price Index (TPI) showcases the historical and forecast movements in construction cost inflation/escalation on an annual basis. The TPI annual rate represents an overall forecast of the movement of construction costs for the industry as a whole within the key cities of RLB's network.

RLB MARKET ACTIVITY CYCLE

The RLB Market Activity Cycle focuses on seven key sectors within the overall construction economy. Local RLB directors assess the current position of each sector within the market activity cycle for each respective city.

BUILDING COST

RLB's Building Cost Ranges can be found within the RLB Intelligence App which is updated regularly and in each region's Cost Intelligence publications which can be found on www.rlb.com under the publications tab.

RELATIVITY INDEX

Using TPI data and cost modelling, RLB provides a general cost comparison for building costs between locations. The Relativity Index ranks each city in respect of other locations within the RLB network of offices. Currently forty-nine are included in the index.

CONSTRUCTION MARKET INTELLIGENCE

A summary of Construction Market Intelligence is provided by each region highlighting the issues that are impacting the construction industry and providing key insights into current construction price movements.

Cover: UCHealth – Steadman Hawkins Clinic Denver and CU Sports Medicine, Englewood, Colorado, North America

RLB publishes key industry intelligence publications throughout each year. For more detailed sector, city, country and regional information that is published by RLB, please review our regional or country specific publications which can be found within the publications section of **RLB.com**.

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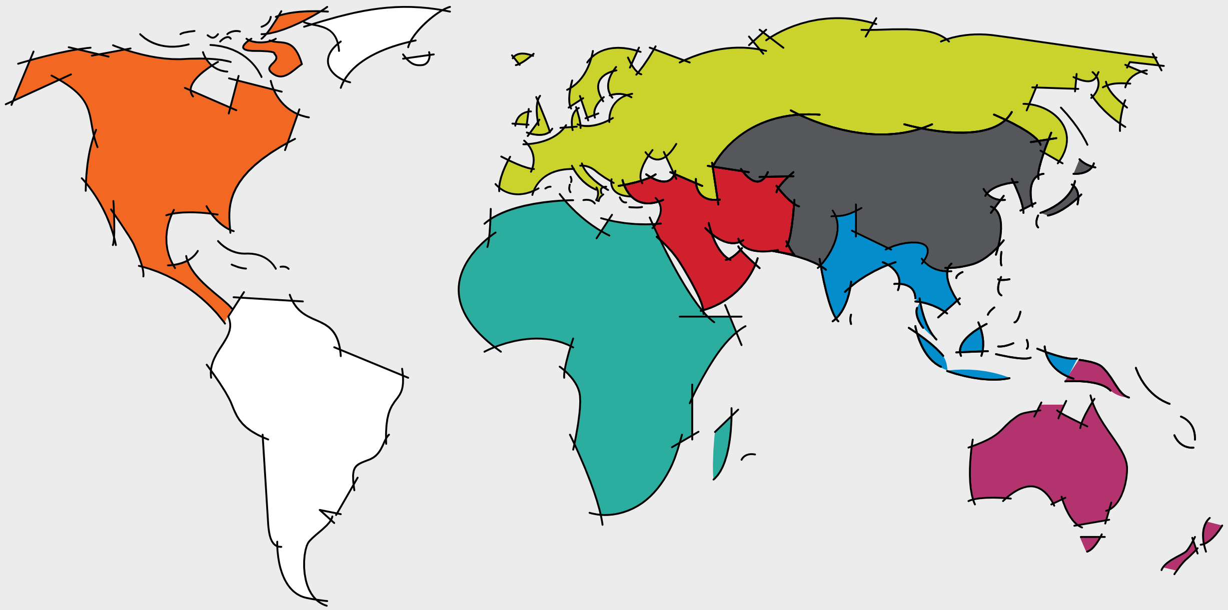


Each coloured region represents a section within the **Regional Intelligence** pages of this report.

EXECUTIVE SUMMARY

Since March 2020, countries around the globe have been responding to the COVID-19 pandemic by balancing the need to 'flatten the curve' with maintaining an appropriate level of economic activity across their respective country. The construction industry and associated supply chains were deemed 'essential industries' in some countries/states and have continued to operate, whereas in others, full site shutdowns caused the industry to hibernate.

As industries across the globe emerge, our offices are seeing a muted future pipeline of projects commencing. In the recent RLB COVID-19 Global Survey (July 2020) over two thirds of respondents are foreseeing a period of at least nine months required for things to return to normal in their local market.

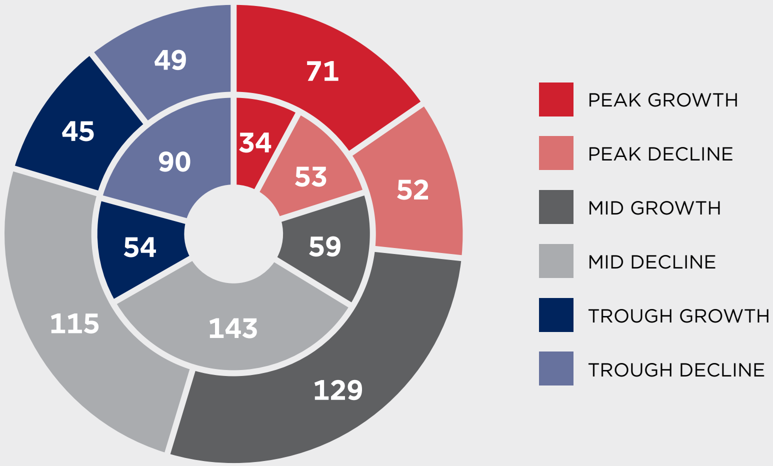
This path to 'normal' however is at the present time mostly predicated on the achievement of a scientifically-based outcome for containing the virus globally. Striking the balance between economic and human outcomes is a risky exercise, and finding an acceptable landing spot based upon health in the population, weighed against the return of economic stability, is the current focus of most governments around the world. There are more and more examples from around the globe of the effects of reopening economies too early, with resulting virus flare-ups and hotspots which are causing 'off again / on again' community impacts.

Many nations are facing economic challenges unseen before now. Most countries are seeing significant surges in unemployment, and where there have been job support schemes in place in some countries, the enormous consequences of ending these schemes is yet to be seen. Construction has long been seen as a staple in governments' range of tools to stimulate economic recovery, and there is evidence that this will again be the case. However, the construction industry will be challenged by the securing of immediate workload, set against increasing costs and fallen productivity levels, giving rise to considerable potential market volatility.

Within this edition of the RLB International Report, we have endeavoured to summarise the key issues that will be impacting our global industry. As economies relax the economic, social and workplace constraints that have been implemented, we see market volatility as the leading issue to be faced in all regions. This volatility will be fuelled by supply chain movements, longer initial project gestation, site productivity, conservative contractor risk acceptance, potential decreases in available projects, and volatility in both labour and material availability due to border closures impacting costs. Most offices have identified a fall in construction escalation during 2020, which is identified within each region's intelligence pages, but in these uncertain times, the only real constant is change itself.

GLOBAL MARKET SECTOR ACTIVITY

NUMBER OF GLOBAL SECTORS



OUTER RING – MARKET SECTORS AS AT Q4 2019
INNER RING – MARKET SECTORS AS AT Q2 2020

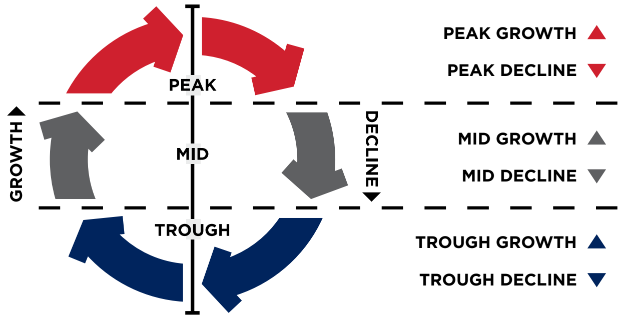
Globally, within the RLB network of offices, key cities have reported the current position of the seven key sectors within their local construction market. On a consolidated basis the results highlight that the impact that the current pandemic is having on the construction market globally. The chart to the right highlights the sudden downward movement of the global industry as a whole since 2019.

This edition sees a shift in sectors from the peak zone to the trough zone. The proportion of sectors that were previously in the peak zone at Q4 2019 has fallen from 27% to a current value of 20%. The trough zone has shown the reciprocal effect doubling from 20% previously to 33%.

Continuing global issues surrounding the finalisation of general trade agreements between key nations, falling global manufacturing, impact on the construction supply chain due to the COVID-19 and the slowdown of global growth have all played a role in this lowering of sentiment within all markets across the globe.

This dynamic may change quickly as the impact of the pandemic lessens and each country's economy reverts to "normal". The timeline of this is still unknown at this stage

RLB MARKET SECTOR ACTIVITY CYCLE



Activity within the construction industry traditionally has been subject to volatile cyclical fluctuations. The RLB Market Activity Cycle (cycle) is a representation of the development activity cycle for the construction industry within the general economy.

Within the general construction industry, RLB considers seven sectors to be representative of the industry as a whole. These sectors are: houses, apartments, offices, industrial, retail, hotel and civil.

Each sector is assessed as to which of the three zones (peak, mid and trough) best represents the current status of the sector within the cycle, then further refined by identifying whether the current status is in a growth phase or a decline phase.

GLOBAL MARKET SECTOR ACTIVITY

Overview

The ‘up’ and ‘down’ arrows within the tables represent whether the sector is in a growth or decline phase with the colour of the arrow determining the zone within the cycle. The three colours identified in the cycle diagram (red, grey and blue) represent the peak, mid and trough zones of the cycle.

	HOUSES	APARTMENTS	OFFICES	INDUSTRIAL	RETAIL	HOTEL	CIVIL
AFRICA							
CAPE TOWN	▼ grey	▼ grey	▼ grey	▼ grey	▼ grey	▼ grey	▼ grey
DURBAN	▼ grey	▼ red	▼ grey	▼ red	▼ grey	▼ grey	▼ grey
GABORONE (BOTSWANA)	▼ grey	▼ grey	▼ grey	▼ grey	▼ grey	▼ blue	▼ grey
JOHANNESBURG	▼ grey	▼ grey	▼ red	▼ grey	▼ blue	▼ grey	▼ red
MAPUTO (MOZAMBIQUE)	▼ grey	▼ grey	▼ grey	▼ grey	▼ grey	▼ grey	▼ grey
PORT LOUIS (MAURITIUS)	▼ grey	▼ grey	▼ grey	▼ grey	▼ grey	▼ red	▼ blue
AMERICA							
BOSTON	▼ blue	▼ grey	▼ red	▼ grey	▼ grey	▼ grey	▲ red
CHICAGO	▼ grey	▼ grey	▼ grey	▼ red	▼ blue	▼ blue	▲ grey
DENVER	▼ grey	▼ grey	▼ grey	▼ grey	▲ blue	▼ blue	▲ grey
HONOLULU	▲ grey	▲ red	▼ blue	▲ blue	▼ grey	▼ grey	▲ grey
LAS VEGAS	▲ blue	▼ red	▼ blue	▲ blue	▼ red	▼ red	▲ blue
LOS ANGELES	▼ grey	▼ grey	▼ grey	▲ grey	▼ blue	▼ grey	▼ red
NEW YORK	▼ grey	▼ red	▲ red	▼ grey	▼ red	▼ red	▲ red
PHOENIX	▲ red	▲ red	▼ grey	▼ grey	▼ grey	▼ grey	▼ red
PORTLAND	▼ red	▼ red	▲ blue	▲ blue	▼ blue	▼ grey	▲ grey
SAN FRANCISCO	▲ red	▲ red	▲ grey	▼ red	▼ grey	▼ grey	▲ red
SEATTLE	▼ grey	▼ grey	▼ grey	▼ grey	▼ grey	▼ grey	▲ grey
WASHINGTON, D.C.	▲ blue	▼ grey	▼ grey	▼ red	▼ grey	▼ grey	▲ red
AUSTRALIA							
ADELAIDE	▼ grey	▼ red	▲ grey	▼ grey	▼ blue	▲ grey	▼ red
BRISBANE	▼ grey	▼ grey	▲ blue	▼ grey	▼ grey	▲ red	▲ grey
CANBERRA	▼ grey	▼ red	▼ grey	▲ grey	▼ blue	▲ blue	▼ blue
DARWIN	▲ grey	▼ blue	▲ grey	▲ grey	▼ blue	▲ grey	▲ red
GOLD COAST	▲ blue	▼ blue	▼ blue	▲ blue	▼ blue	▲ grey	▼ blue
MELBOURNE	▼ red	▼ grey	▼ grey	▼ red	▼ grey	▼ blue	▲ red
PERTH	▼ grey	▼ red	▼ grey	▲ blue	▼ grey	▼ red	▲ grey
SYDNEY	▼ grey	▼ grey	▼ red	▼ red	▼ red	▼ red	▲ red
TOWNSVILLE	▼ blue	▼ blue	▼ blue	▼ blue	▼ blue		▲ blue

	HOUSES	APARTMENTS	OFFICES	INDUSTRIAL	RETAIL	HOTEL	CIVIL
EUROPE							
MADRID	▼ blue	▼ blue	▲ blue	▼ blue	▼ blue	▼ blue	▼ blue
MILAN	▼ blue	▼ blue	▼ blue	▼ blue	▼ blue	▼ blue	▼ grey
MOSCOW	▼ blue	▲ blue	▼ blue	▲ blue	▼ blue	▼ blue	▲ blue
OSLO	▲ grey	▲ grey	▼ grey	▲ grey	▼ blue	▼ blue	▲ red
PARIS	▼ blue	▲ blue	▼ blue	▲ blue	▼ blue	▼ blue	▲ grey
NEW ZEALAND							
AUCKLAND	▼ red	▼ red	▼ red	▼ red	▼ red	▼ red	▲ red
CHRISTCHURCH	▼ blue	▼ blue	▼ blue	▼ blue	▼ blue	▼ blue	▲ grey
WELLINGTON	▲ grey	▲ grey	▲ grey	▲ grey	▲ grey	▲ grey	▲ red
NORTH ASIA							
BEIJING	▼ blue	▼ grey	▼ grey	▼ blue	▲ grey	▼ grey	▲ grey
CHENGDU	▼ red	▲ grey	▲ blue	▼ grey	▼ blue	▲ blue	▲ grey
GUANGZHOU	▼ blue	▲ grey	▼ red	▼ grey	▼ grey	▼ grey	▲ red
HONG KONG	▼ grey	▼ grey	▼ grey	▼ grey	▼ grey	▼ grey	▼ grey
MACAU	▼ grey	▼ grey	▼ grey	▼ grey	▼ grey	▼ grey	▼ grey
SEOUL	▼ blue	▼ blue	▼ grey	▼ red	▼ red	▼ grey	▲ grey
SHANGHAI	▼ red	▼ blue	▲ blue	▲ blue	▲ blue	▼ red	▲ blue
SHENZHEN	▼ grey	▲ grey	▼ red	▲ grey	▼ red	▼ grey	▼ red
SOUTHEAST ASIA							
HO CHI MINH CITY	▼ blue	▼ blue	▼ grey	▲ grey	▲ blue	▲ grey	▼ grey
JAKARTA	▼ grey	▼ grey	▼ grey	▲ grey	▼ grey	▼ grey	▼ grey
KUALA LUMPUR	▼ grey	▼ blue	▼ blue	▼ grey	▼ blue	▼ blue	▼ grey
SINGAPORE	▼ grey	▼ grey	▼ grey	▼ grey	▼ grey	▼ grey	▼ grey
UNITED KINGDOM							
BIRMINGHAM	▲ blue	▲ blue	▲ grey	▲ red	▼ blue	▼ blue	▲ red
BRISTOL	▲ grey	▲ grey	▲ grey	▼ grey	▼ grey	▼ grey	▼ grey
LONDON	▲ blue	▲ blue	▲ grey	▲ red	▼ blue	▲ blue	▲ grey
MANCHESTER	▲ red	▲ red	▲ grey	▲ red	▼ blue	▼ blue	▲ grey

RLB CRANE INDEX®

Overview

In September 2012, the Rider Levett Bucknall Oceania Research & Development and communication teams created the RLB Crane Index® as a simple insight into the construction sector's health within Australia. It was based on the theory that cranes in the sky supported the construction industry which is a significant contributor to Australia's economic growth.

The RLB Crane Index® has now grown and is published biannually in Australia, New Zealand & North America and annually in the Middle East. The index currently tracks the numbers of cranes in 42 key cities within the RLB network of offices across the globe. It is anticipated that during the coming year further RLB and affiliate offices will be contributing crane numbers to extend the coverage across the globe.

The RLB Crane Index® gives a simplified measure of the current state of the construction industry's workload in each of these locations.

Each RLB office physically counts all fixed cranes on each city's skyline based on a defined area which provides the base information for the index.

AUSTRALIA CITIES	Q3 2019	Q1 2020	MOVEMENT % CHANGE
ADELAIDE	19	15	-21.1%
BRISBANE	57	58	1.8%
CANBERRA	25	27	8.0%
CENTRAL COAST	14	9	-35.7%
DARWIN	1	1	0.0%
GOLDCOAST	29	33	13.8%
HOBART	5	4	-20.0%
MELBOURNE	213	196	-8.0%
NEWCASTLE	12	17	41.7%
PERTH	34	37	8.8%
SUNSHINE COAST	11	11	0.0%
SYDNEY	319	299	-6.3%
WOOLONGONG	18	15	-16.7%
AUSTRALIAN CITIES	**757**	**722**	**-4.6%**

NEW ZEALAND CITIES	Q3 2019	Q1 2020	MOVEMENT % CHANGE
AUCKLAND	95	88	-7.4%
CHRISTCHURCH	9	12	33.3%
DUNEDIN	1	1	0.0%
HAMILTON	4	3	-25.0%
QUEENSTOWN	10	12	20.0%
TAURANGA	6	5	-16.7%
WELLINGTON	6	7	16.7%
NEW ZEALAND CITIES	**131**	**128**	**-2.3%**

AMERICA CITIES	Q3 2019	Q1 2020	MOVEMENT % CHANGE
HONOLULU	4	9	125.0%
LOS ANGELES	49	47	-4.1%
SAN FRANCISCO	23	33	43.5%
LAS VEGAS		17	
PORTLAND	30	28	-6.7%
SEATTLE	49	36	-26.5%
PHOENIX	3	9	200.0%
DENVER	18	25	38.9%
CHICAGO	27	29	7.4%
BOSTON	14	13	-7.1%
NEW YORK	27	26	-3.7%
WASHINGTON D.C.	28	25	-10.7%
UNITED STATES CITIES	**272**	**297**	**9.2%**
CANADA CITIES			
CALGARY	34	37	8.8%
TORONTO	120	121	0.8%
CANADIAN CITIES	**154**	**158**	**2.6%**

MIDDLE EAST CITIES	Q4 2018	Q4 2019	MOVEMENT % CHANGE
DUBAI	1,193	1,345	12.7%
ABU DHABI	338	257	-24.0%
DOHA	468	401	-14.3%
MIDDLE EASTERN CITIES	**1,999**	**2,003**	**0.2%**

AFRICAN CITIES	Q3 2019	Q1 2020	MOVEMENT % CHANGE
DURBAN	–	8	–
CAPE TOWN	–	29	–
STELLENBOSCH	–	6	–
JOHANNESBURG	–	36	–
PRETORIA	–	15	–
SOUTH AFRICAN CITIES	**–**	**94**	**–**

RLB TENDER PRICE INDEX

RLB's Tender Price Index (TPI) annual percentage change showcases the calendar year annual movement in general construction cost inflation/ escalation for the cities within the table. The TPI annual % change for 2020 represents our offices' forecast of the movement of tendered construction costs for the industry as a whole, within the key cities of RLB's global network.

The RLB Tender Price Index is an index based representation of each key city's general construction escalation calculated on a monthly basis. Both historical and forecast escalation data is available for most key cities in our network from January 2000 through to December 2025 and is available via our mobile app or at www.rlbintelligence.com.

The current forecasts within the table have been calculated with local intelligence concerning the many significant impacts of the COVID-19 pandemic that have impacted all regions across the globe.

Obviously each country's response to the outbreak has been and is different causing differing impacts to construction escalation or de-escalation. Forecasts are being updated regularly within our network with the most current forecasts available at www.rlbintelligence.com or via our mobile app, available to download at no cost, in both Apple and Google stores worldwide.

RLB TENDER PRICE ANNUAL % CHANGE - Q2 2020	2019	2020 (F)	2021 (F)	2022 (F)	2023 (F)	2024 (F)	2025 (F)
AFRICA							
CAPE TOWN	5.0	5.7	6.0	NP	NP	NP	NP
DURBAN	5.0	5.6	5.8	5.9	6.0	NP	NP
GABORONE	3.2	3.3	NP	NP	NP	NP	NP
JOHANNESBURG	5.1	5.5	5.7	NP	NP	NP	NP
MAPUTO	1.0	1.1	NP	NP	NP	NP	NP
PORT LOUIS	3.5	3.0	NP	NP	NP	NP	NP
MIDDLE EAST							
ABU DHABI	2.2	3.0	3.5	3.0	2.5	2.0	NP
DOHA	7.2	NP	NP	NP	NP	NP	NP
DUBAI	2.2	3.0	3.5	3.0	2.5	2.0	NP
RIYADH	3.1	2.0	3.0	3.5	4.0	4.2	4.8
NORTH ASIA							
BEIJING	2.0	1.5	3.0	2.0	2.0	2.0	2.0
CHENGDU	0.9	2.0	3.0	3.0	3.0	3.0	3.0
GUANGZHOU	0.0	(5.0)	4.0	3.0	3.0	3.0	3.0
HONG KONG	(4.1)	(6.0)	(2.0)	2.0	2.0	2.0	2.0
MACAU	(4.1)	(6.0)	(2.0)	2.0	2.0	2.0	2.0
SEOUL	3.0	2.6	2.3	1.1	2.0	1.9	1.8
SHANGHAI	(1.5)	2.5	3.0	3.0	3.0	3.0	3.0
SHENZHEN	2.0	0.0	3.0	3.0	3.0	3.0	3.0
SOUTHEAST ASIA							
CEBU	1.6	NP	NP	NP	NP	NP	NP
CLARK	1.6	NP	NP	NP	NP	NP	NP
HO CHI MINH CITY	1.1	1.6	3.0	3.0	3.0	1.6	1.6
JAKARTA	3.0	3.0	NP	NP	NP	NP	NP
KUALA LUMPUR	1.5	0.0	NP	NP	NP	NP	NP
MANILA	1.6	NP	NP	NP	NP	NP	NP
SINGAPORE	0.9	7.2	6.5	3.0	3.0	3.0	3.0
SUBIC	1.6	NP	NP	NP	NP	NP	NP
AUSTRALIA							
ADELAIDE	3.9	0.2	1.5	2.0	3.0	3.5	4.0
BRISBANE	1.5	0.0	3.0	3.0	3.0	3.0	3.0
CANBERRA	3.5	3.0	2.8	2.8	3.0	3.0	3.0
DARWIN	0.5	0.8	1.2	1.5	2.0	2.4	3.0
GOLD COAST	1.3	0.0	2.5	3.0	3.0	3.0	3.5
MELBOURNE	3.0	2.0	2.8	3.0	3.0	3.0	3.0
PERTH	1.5	1.5	2.7	3.0	3.0	3.0	3.0
SYDNEY	4.1	1.5	2.2	3.0	3.5	3.5	3.5
TOWNSVILLE	3.0	0.5	3.0	3.0	3.0	3.0	3.0

RLB TENDER PRICE ANNUAL % CHANGE - Q2 2020	2019	2020 (F)	2021 (F)	2022 (F)	2023 (F)	2024 (F)	2025 (F)
NEW ZEALAND							
AUCKLAND	3.5	(5.0)	(1.5)	1.5	3.0	3.5	3.5
CHRISTCHURCH	2.0	0.5	1.5	2.0	2.0	3.0	3.0
WELLINGTON	3.0	2.0	3.0	3.0	3.0	3.0	2.0
UNITED STATES OF AMERICA							
BOSTON	4.4	3.0	3.0	3.0	3.0	3.0	3.0
CHICAGO	5.5	(1.9)	0.0	2.0	3.0	3.0	3.0
DENVER	4.1	2.1	3.0	3.0	3.0	3.0	3.0
HONOLULU	6.1	(1.5)	0.0	3.0	3.0	3.0	3.0
LAS VEGAS	4.9	(0.6)	0.0	3.0	3.0	3.0	3.0
LOS ANGELES	2.0	3.5	3.0	3.0	3.0	3.0	3.0
NEW YORK	5.4	0.0	2.0	3.0	3.0	3.0	3.0
PHOENIX	4.7	1.5	3.0	3.0	3.0	3.0	3.0
PORTLAND	5.1	(1.2)	2.0	3.0	3.0	3.0	3.0
SAN FRANCISCO	7.2	2.2	3.0	3.0	3.0	3.0	3.0
SEATTLE	5.6	2.5	3.0	3.0	3.0	3.0	3.0
WASHINGTON D.C.	4.3	0.6	2.0	3.0	3.0	3.0	3.0
CANADA							
CALGARY	0.0	1.9	3.0	3.0	3.0	3.0	3.0
TORONTO	13.7	3.0	3.0	3.0	3.0	3.0	3.0
UNITED KINGDOM*							
BIRMINGHAM	2.3	1.8	4.0	4.0	3.0	3.0	3.0
BRISTOL	2.4	1.1	3.2	3.8	NP	NP	NP
LONDON	1.0	0.0	2.0	2.8	NP	NP	NP
MANCHESTER	2.0	2.5	3.5	3.5	3.5	NP	NP
IRELAND & MAINLAND EUROPE*							
AMSTERDAM	3.1	(4.5)	(3.5)	NP	NP	NP	NP
ANKARA	1.0	(1.0)	NP	NP	NP	NP	NP
ATHENS	3.0	(1.5)	NP	NP	NP	NP	NP
BERLIN	1.8	(2.7)	1.5	1.5	1.5	NP	NP
BUDAPEST	10.0	3.5	6.0	NP	NP	NP	NP
COPENHAGEN	2.2	2.5	NP	NP	NP	NP	NP
DUBLIN	6.7	7.3	NP	NP	NP	NP	NP
MADRID	0.1	(4.4)	NP	NP	NP	NP	NP
MOSCOW	5.0	6.5	NP	NP	NP	NP	NP
OSLO	3.5	(4.0)	3.5	3.5	NP	NP	NP
PARIS	1.0	(6.0)	NP	NP	NP	NP	NP
PRAGUE	5.5	2.5	3.0	NP	NP	NP	NP

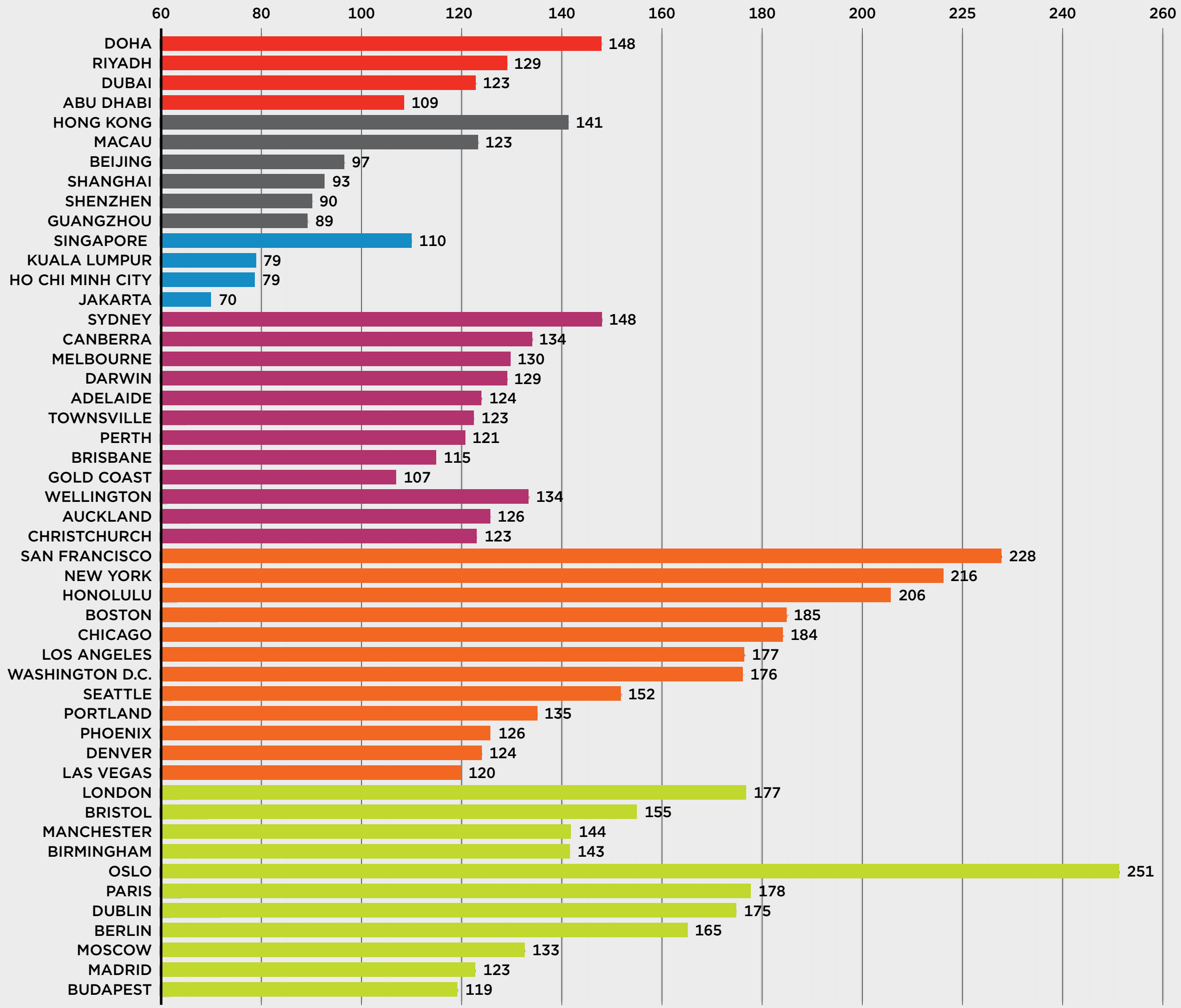
Note: * Annual 2020 TPI movements for both United Kingdom and Ireland & Mainland Europe are the midpoints of forecasted ranges.

GLOBAL CONSTRUCTION COST RELATIVITY INDEX

RLB's Construction Cost Relativity Index identifies the relative cost of constructing similar buildings across the globe. The index is based on the local costing of standard building models/basket of goods. These are costed globally, and within regions, using the same quantities and similar specifications. They are costed in local currencies and relativities calculated using a combination of statistical methods including:

- Conversion into one currency method by converting local currency model costs using USD and IMF's published Purchasing Power Parity (PPP)
- RLB developed EKS multilateral index
- RLB Relativity Factor, a weighted sum of 'one currency' results

The resultant index highlights the relativity in construction costs between key global cities at Q4 2020



REGION	RELATIVITY INDEX	CITY	MOVEMENT	POSITION
MIDDLE EAST	16	DOHA	▶	0
	25	RIYADH	▲	2
	33	DUBAI	▲	2
	41	ABU DHABI	▶	0
NORTH ASIA	19	HONG KONG	▼	2
	31	MACAU	▼	3
	43	BEIJING	▶	0
	44	SHANGHAI	▶	0
	45	SHENZHEN	▶	0
	46	GUANGZHOU	▶	0
S.E. ASIA	40	SINGAPORE	▲	2
	47	KUALA LUMPUR	▶	0
	48	HO CHI MINH CITY	▶	0
	49	JAKARTA	▶	0
AUSTRALIA	15	SYDNEY	▶	0
	21	CANBERRA	▲	1
	24	MELBOURNE	▼	1
	26	DARWIN	▼	1
	29	ADELAIDE	▲	2
	35	TOWNSVILLE	▼	1
	36	PERTH	▲	1
	39	BRISBANE	▶	0
	42	GOLD COAST	▼	2
NEW ZEALAND	22	WELLINGTON	▼	0
	27	AUCKLAND	▼	0
	32	CHRISTCHURCH	▶	0
AMERICA	2	SAN FRANCISCO	▶	0
	3	NEW YORK	▶	0
	4	HONOLULU	▶	0
	5	BOSTON	▲	2
	6	CHICAGO	▼	1
	9	LOS ANGELES	▲	1
	10	WASHINGTON D.C.	▼	2
	14	SEATTLE	▶	0
	20	PORTLAND	▶	0
	28	PHOENIX	▲	2
	30	DENVER	▲	3
	37	LAS VEGAS	▼	1
UNITED KINGDOM	8	LONDON	▲	1
	13	BRISTOL	▶	0
	17	MANCHESTER	▲	1
	18	BIRMINGHAM	▲	1
EUROPE	1	OSLO	▶	0
	7	PARIS	▼	1
	11	DUBLIN	▲	1
	12	BERLIN	▼	1
	23	MOSCOW	▲	3
	34	MADRID	▼	5
	38	BUDAPEST	▶	0

AFRICA

CURRENT EFFECTS

It is difficult to quantify or predict the effect that COVID-19 will have on the South African building industry. The current situation is that the building industry is in lockdown since March, with some urgent government projects that were allowed to be continued early May.

As the country will be moving to what is called 'Phase 3', at the beginning of June, hopefully the industry will be allowed to come to full operation again. Nevertheless, there will definitely be some construction firms, that were already under pressure before the lockdown, that will not make it. Similarly, subcontracting firms as well as some material suppliers were equally hard hit by the period of inactivity, and it remains to be seen how many bankruptcies will be the result of the lockdown.

It also remains to be seen what the impact will be on professional consulting firms, but if the market does not recover very soon, the future looks equally bleak for the professions. One good aspect to come out of COVID-19 is that the prime lending rate has been cut by 2.50% since the start of the lockdown.

This will help the economy in the short term, but it is likely to be raised again once the situation returns to normal.

CONSTRUCTION COST IMPACT

It is equally difficult to speculate on what will happen with the TPI movement after lifting of the ban on construction activity. Before the lockdown the inflation rate was already low, with some QS firms reporting equal or even lower tender rates than those received during 2019.

If there is going to be a quick uptake of new work across all sectors (public as well as private), contractors will most likely try to make up losses in earnings of previous years, with the resultant spike in tender prices. That is however unlikely because of the lack of capital for new projects.

Although the government promised a cash injection for the industry, this will most likely be for infrastructure where the civil engineering industry may profit. Knowing the slow bureaucratic nature of implementing such projects, it is unlikely that this will happen in the very near future.

MARKET SECTORS AFFECTED

All market sectors will be influenced by COVID-19, but the private, commercial sector may suffer the most. As mentioned, the past two years (2018 and 2019) showed very little new activity in this market.

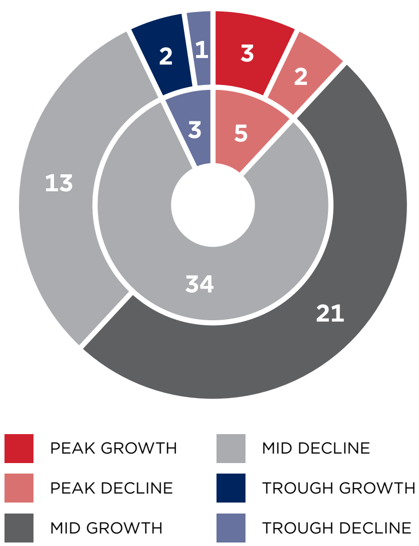
With a large number of businesses that were impacted by the lockdown period, and even had to close their doors, there will be very little appetite for any new commercial buildings such as office blocks, shopping malls and leisure buildings such as hotels, because there will be no one to take up such space.

Some government projects, such as schools and clinics, may come on to the market for tender purposes, but, as was mentioned before, the government is not known for its ability to get such projects going on a large scale.

RLB TPI ANNUAL % MOVEMENT

	2020		2021	
	Q4 19	Q2 20	Q4 19	Q2 20
CAPE TOWN	*5.7%*	5.7%	*6.0%*	6.0%
DURBAN	*5.6%*	5.6%	*5.8%*	5.8%
GABORONE	*3.3%*	3.3%	*NP*	NP
JOHANNESBURG	*5.5%*	5.5%	*5.7%*	5.7%
MAPUTO	*1.1%*	1.1%	*NP*	NP
PORT LOUIS	*3.0%*	3.0%	*NP*	NP

MARKET SECTOR ACTIVITY



OUTER RING – MARKET SECTORS AS AT Q4 2019
INNER RING – MARKET SECTORS AS AT Q2 2020

MIDDLE EAST

CURRENT EFFECTS

COVID-19 is likely to have a long standing effect on current and future construction projects in Saudi Arabia due to two main factors; disruptions to previously stable supply chains & the limited mobility of labour.

Saudi Arabia has a long history of importing goods to be used in the construction of projects. Two of the largest importers have been Italy & China, both at the epicentre of the recent pandemic. In addition, the closure of borders has prevented the movement of materials and more worrying is the potential closure of businesses due to COVID-19

Curfew restrictions remain in place, limiting the mobility of the labour force and plant and materials.

Construction projects are still ongoing, but evidently at a significantly slower pace.

CONSTRUCTION COST IMPACT

Q2 2020 in Riyadh has seen a downturn in previously forecast TPI figures, this being due to two main factors, the ongoing volatility of oil prices and the COVID-19 pandemic.

Saudi Arabia's budget is based primarily on the oil markets (the 2030 Vision plan focuses on diversifying away from this reliance).

There has been a significant downturn in oil prices and global demand in 2020 as a result of both COVID-19 and the OPEC nation's oil price dispute.

With the oil price dropping over 40% from Q2 2019, the Saudi Arabian Government is reviewing the 2020 budget for all state funded construction projects.

The impact of these budget reviews may result in projects being deferred

Saudi Arabia has announced that VAT will increase from 5% to 15% from 1 July 2020. Currently no other Middle Eastern country has followed this.

MARKET SECTORS AFFECTED

KSA work within many sectors including residential, leisure, hotels, retail and commercial, alongside engagement on several of the P.I.F projects.

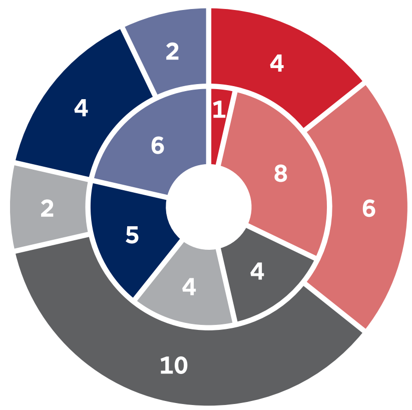
It is evident that the sectors most impacted in the short term will be leisure, hotels, retail and commercial.

We are however seeing clients looking to accelerate their pre-contract activities. Time will tell if this develops into tangible commissions and further onto site for delivery.

RLB TPI ANNUAL % MOVEMENT

	2020	2021
ABU DHABI	3.0	3.5
DUBAI	3.0	3.5
RIYADH	2.0	3.0

MARKET SECTOR ACTIVITY



PEAK GROWTH
PEAK DECLINE
MID GROWTH
MID DECLINE
TROUGH GROWTH
TROUGH DECLINE

OUTER RING – MARKET SECTORS AS AT Q4 2019
INNER RING – MARKET SECTORS AS AT Q2 2020

NORTH ASIA

CURRENT EFFECTS

The COVID-19 pandemic has significant adverse impacts on regional society and economy. The prevention and control measures taken by the government including social distancing, home isolation, delaying resumption of work, business closures and lockdowns have caused sharp contractions in logistics, manufacturing, consumer spending and investment activities.

In the first quarter of 2020, mainland China's GDP fell by 6.8% year-on-year, while Hong Kong suffered the largest recession on record since 1974 with its GDP contracting by 8.9% year-on-year in real terms. South Korea suffered the worst economic contraction since 2008 with GDP shrinking by 1.4% in the first quarter of 2020 as compared with the previous quarter.

Whilst countries in North Asia appear to have begun to emerge from the pandemic, there are mounting uncertainties in the regional economic outlook in the short term.

CONSTRUCTION COST IMPACT

The uncertainty in the global economy stemming from the COVID-19 outbreak will deteriorate construction investment in private sectors with shrinking construction activities in the next few quarters, and contractors are expected to become more competitive in submitting tenders.

In the first quarter of 2020, the prices of steel and cement in Shanghai fell by 7% and 4% respectively compared with the previous quarter; the prices of reinforcement and ready-mixed concrete in Shenzhen fell by 11% and 8% respectively over the same period. TPI of major cities in China were generally in downward trends in the first half of 2020 amid a competitive material supply market.

In Hong Kong and Macau, the downward trend of tender prices will continue, resulting from a slowdown in construction activities with the setback in private construction investment locally and the rising unemployment rate in the construction industry.

As South Korea has a strong domestic investment base and a rising commercial property market, construction activities may not shrink as significantly as other cities within the region and a mild upward trend is forecast for TPI movement in 2020.

MARKET SECTORS AFFECTED

Social distancing and business closures have affected the majority of domestic industries within the region, particularly the retail and catering industries. The hotel industry also suffered from the halting of tourism; the hotel utilisation rate in South Korea has fallen below 30%.

The direct economic losses for China from sharply contracting tourism and consumer spending are expected to exceed one trillion RMB for the first two months of 2020. Disruptions in supply chains and shutdown in manufacturing sectors have restrained major domestic and cross-border trading activities. Setback in private investment sentiment also affects local real estate demands adversely.

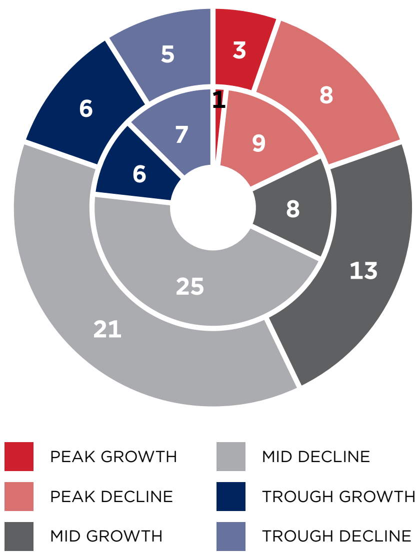
Despite social distancing, non-contact e-commerce businesses picked up quickly with thriving online shopping and tele-education. The worldwide pandemic continues to affect the world in the short term, leading to instability and uncertainty in the global economy. The region is expected to face various challenges in achieving an economic rebound.

Across the region, the market has moved downwards with small movements to the trough zone of the cycle. The housing sector bucked this trend in Shanghai and Chengdu where activity saw movement into the peak zone.

RLB TPI ANNUAL % MOVEMENT

	2020		2021	
	Q4 19	Q2 20	Q4 19	Q2 20
BEIJING	*3.0%*	1.5%	*3.0%*	3.0%
CHENGDU	*3.0%*	2.0%	*3.0%*	3.0%
GUANGZHOU	*1.0%*	-5.0%	*2.0%*	4.0%
HONG KONG	*-2.0%*	-6.0%	*2.0%*	-2.0%
MACAU	*-2.0%*	-6.0%	*2.0%*	-2.0%
SEOUL	*1.7%*	2.6%	*1.5%*	2.3%
SHANGHAI	*2.0%*	2.5%	*2.0%*	3.0%
SHENZHEN	*3.0%*	0.0%	*3.0%*	3.0%

MARKET SECTOR ACTIVITY



OUTER RING – MARKET SECTORS AS AT Q4 2019
INNER RING – MARKET SECTORS AS AT Q2 2020

SOUTH ASIA

CURRENT EFFECTS

Singapore reported the first case of COVID-19 on 23/1/20. Border entries into the country were restricted on the same day, with borders closed to all short-term visitors by 23/3/20.

Singapore's economy contracted 2.2 per cent y-on-y in Q1 2020, according to flash estimates, while the full year GDP growth is expected to contract by between 1% and 4%. The government has, to date, announced three budget support packages in response to the pandemic, totalling US$42.1B and accounting for around 12% of GDP.

During Malaysia's Movement Control Order (MCO), almost every sector of the economy was shut down and production was only permitted for essential goods and services. Labour-intensive sectors such as construction and manufacturing were greatly impacted. The construction sector alone recorded losses of about RM11.6 billion in MCO Phase 1.

Leading international organisations have considerably lowered growth forecasts for Vietnam this year. The World Bank estimates a growth of 4.9%, and the IMF just 2.7%. Vietnam's GDP growth in the first quarter fell to a 10 year low of 3.82%

Total textile and garment export value in the first four months of this year dropped by 6.6% y-o-y. The reduction is reflected in the industry's lack of export orders, and those figures are forecast to drop further in May and June because most export orders for those months have been cancelled.

CONSTRUCTION COST IMPACT

Singapore TPI movement is expected to be negligible for the second quarter of 2020 as tenders are few and far between since the start of the pandemic.

TPI for the second half of the year is projected to see an increment of 2 to 5 per cent due to: (a) an anticipated overhaul of the foreign worker dormitories arrangements and conditions resulting in increased overheads, (b) new work flows, physical distancing measures and housekeeping practices when construction sites re-open and (c) supply chain and plant and equipment disruptions and delays as economies worldwide re-open in varying degrees.

Over the last 2-3 months in Malaysia, tenders which were supposed to be called have been delayed due to the MCO and CMCO in the prevention of the COVID-19 pandemic. As such, there has been a lack of cost data to verify TPI movements to date. However, we foresee that the TPI would fall due to a scarcity of projects in the market and fierce competition among contractors struggling to stay afloat.

We also believe that uncertainties in employment and business stability will cause demand for properties to drop drastically which will invariably affect developers' confidence to build. The developers are currently adopting a wait-and-see approach on the health of the economy before proceeding with sale launches of buildings.

MARKET SECTORS AFFECTED

The construction sector took the largest hit in the Q1 2020, shrinking 4.3% y-o-y and 22.9 per cent on a q-o-q basis. The sharp contraction was attributed partly to lockdowns in other countries as the construction sector is highly reliant on imported materials and foreign labour. The disruption in supply chains and the return of foreign workers adversely affected the progress of ongoing construction projects. The closure of construction sites in the second quarter is expected to have an adverse impact on the sector as well

The aviation and tourism/hospitality sectors in Malaysia are the most affected by the current impacts of COVID-19. More than 50% of their workforce is being asked to take unpaid leave or a pay cut.

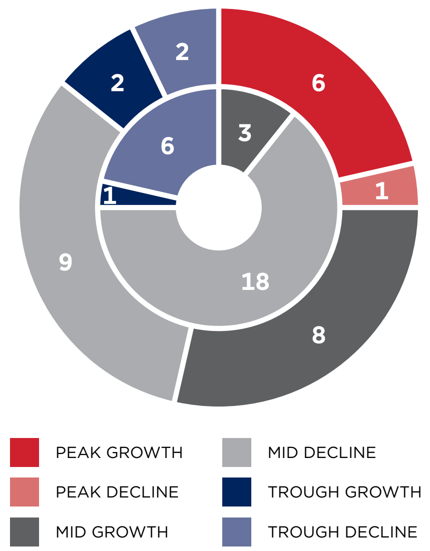
A slowdown in Vietnam's exports has less of an impact on the economy than would a comparable magnitude slowdown in tourist arrivals. The value that Vietnam captures from each dollar that foreign tourists spend in the country is higher than that earned by assembling products for export by profit maximising multinationals.

Vietnam's tourist arrivals collapsed from 7% growth in 1Q19 to an 18% drop in 1Q20, which reduced the country's GDP growth by 0.7%pts, and tourist arrival growth is expected to plunge from +16% in 2019 to -50% in 2020.

RLB TPI ANNUAL % MOVEMENT

	2020		2021	
	Q4 19	Q2 20	Q4 19	Q2 20
HO CHI MINH CITY	*1.6%*	1.6%	*3.0%*	3.0%
JAKARTA	*3.0%*	3.0%	*NP*	NP
KUALA LUMPUR	*0.0%*	0.0%	*NP*	NP
SINGAPORE	*3.5%*	7.2%	*6.5%*	6.5%

MARKET SECTOR ACTIVITY



OUTER RING – MARKET SECTORS AS AT Q4 2019
INNER RING – MARKET SECTORS AS AT Q2 2020

NORTH AMERICA

CURRENT EFFECTS

Across America, the COVID-19 outbreak has had differing impacts across the country. Because each state differs in classifying what is deemed essential and non-essential work, state and local governments have had mixed responses. For example, Boston suspended all regular work at construction sites, allowing only for emergency work approved by the city. California, a statewide shelter-in-place requirement delayed some projects. Owners are cancelling relatively few projects outright, compared to those that are being suspended, put on hold, or being reconsidered.

The construction industry lost 975,000 jobs in April, according to the most recent report from the U.S. Bureau of Labor Statistics, as contractors experienced less demand for their services amid the pandemic. This drop represents approximately 13% of the country's construction workforce.

The United State Census Bureau stats for April showed new residential construction permits dropped to 1,074,000; down 20.8 per cent on March and 19.2 per cent lower than April 2019.

The census stats for April also showed housing starts dropped to 891,000; 30.2 per cent below March and 29.2 per cent below April 2019.

Meanwhile completions were at 1,176,000; 8.1 per cent below March and 11.8 per cent below April.

CONSTRUCTION COST IMPACT

Given the dual concerns of COVID-19 and Brexit, the industry's tendering market has had to cope with multiple influences, upward and downward.

Long term, time will tell what the outcome in change of material pricing really is. Perhaps the biggest issue will be the shrinking of the national volume of construction. Back in 2009-10, when there was virtually no construction activity, supply and demand prices came down significantly.

Unemployment in the industry is currently at 16.6 per cent, higher than the national average and up from 6.9 per cent in March of this year.

MARKET SECTORS AFFECTED

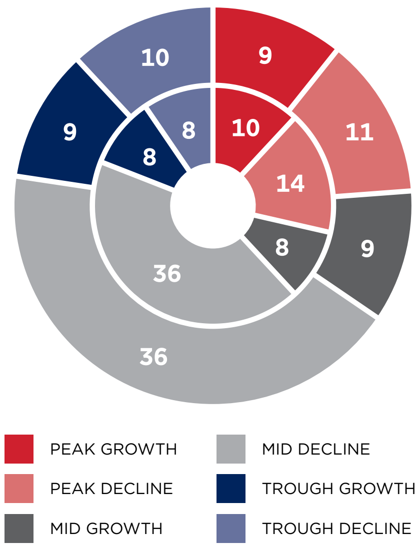
The impacts of COVID-19 to all sectors are significant. In a recent survey of the North American RLB offices, 95% of market sectors will be negatively impacted in the short term by the pandemic. Only the health sector was felt to be immune from the immediate effects during 2020 and 2021. As noted in most regions across our network, both the tourism and retail sectors have been impacted the most by the pandemic. The outlook for the related sectors of aviation and hospitality is also weakened until borders fully re-open and confidence returns for both the international and domestic traveller.

The market sentiment that was previously relatively positive within the retail and residential sectors has declined on the back of changing social distancing requirements and a potential movement from higher density locales. Demand for new commercial office space will decline as businesses restructure, and given the success of people working from home during the lock-down there are new attitudes in flexible working arrangements. This will likely lead to downsizing of tenancy area requirements. Infrastructure sentiment is mixed due to the uncertainty and delays in federal planning funding policies.

RLB TPI ANNUAL % MOVEMENT

	2020		2021	
	Q4 19	Q2 20	Q4 19	Q2 20
BOSTON	4.0%	3.0%	4.0%	3.0%
CHICAGO	4.0%	-1.9%	3.0%	0.0%
DENVER	3.5%	2.1%	3.0%	3.0%
HONOLULU	3.0%	-1.5%	3.0%	0.0%
LAS VEGAS	4.0%	-0.6%	3.0%	0.0%
LOS ANGELES	3.5%	3.5%	3.0%	3.0%
NEW YORK	4.0%	0.0%	4.0%	2.0%
PHOENIX	4.0%	1.5%	3.0%	3.0%
PORTLAND	4.0%	-1.2%	3.0%	2.0%
SAN FRANCISCO	5.0%	2.2%	4.5%	3.0%
SEATTLE	4.0%	2.5%	3.0%	3.0%
WASHINGTON D.C.	4.0%	0.6%	3.0%	2.0%

MARKET SECTOR ACTIVITY



OUTER RING – MARKET SECTORS AS AT Q4 2019
INNER RING – MARKET SECTORS AS AT Q2 2020

AUSTRALIA

CURRENT EFFECTS

Since March 2020, Australia has been responding to the COVID-19 pandemic by balancing the need to 'flatten the curve' with maintaining an appropriate level of economic activity across the country. The construction industry and associated supply chains were deemed 'essential industries' by all states and territories and have avoided some of the unprecedented and significant ramifications that other industries have experienced.

As restrictions are being lifted , it will take time before the consumer economy is allowed to return to full strength, as the resumption of entertainment, tourism and hospitality industries is limited, and expected to remain that way for some time.

Currently many projects that were planned to commence or in the design phase are being put on hold or are progressing at a slower and more cautious pace. A recent survey of RLB offices indicates that 15% of projects that were in the final stages of pre-construction (design development, tender pricing etc.) fall into this category.

Market indicators suggest a significant decline in commencement volumes over the next six to twelve months. As current projects finish, there may be a considerable lag in project commencements until the market indicators return to 'normal'.

CONSTRUCTION COST IMPACT

Across Australia, construction costs have been impacted by the economic effects of the COVID-19 pandemic. Tender prices were forecasted to be relatively stable across Australia in 2020 and 2021 when forecast in Q4 2019. Since the initial supply chain disruptions in Q1 2020 and subsequent government introduced measures to limit the impact of the virus, RLB offices have seen a relaxing pressure on construction costs due to falling activity within the key cities across Australia.

It was anticipated prior to the impact of COVID-19, both Queensland and Western Australia in 2020 would see positive movement in new work and see construction costs rise due to increased demand. With falling demand across the board predicted, Brisbane is forecasting no uplifts to tender pricing for 2020, Townsville 0.5% and Perth 1.5%. Melbourne is forecasting a drop of up to 2.0% whereas Sydney remains at 3.5% for 2020.

The current consensus across RLB offices is that the general inputs into construction costs are generating a number of opposing factors.

The reducing construction volumes are likely to increase competition and reduce margins. However volatile exchange rates, supply chain reliability and changing work practices resulting in lower productivity potentially increasing program durations, are all likely to increase costs.

MARKET SECTORS AFFECTED

The Australian industry has been impacted in 2020 by a number of unprecedented events. Initially, in early January, bushfires ravaged significant regions of the country, followed by the growth of the COVID-19 pandemic.

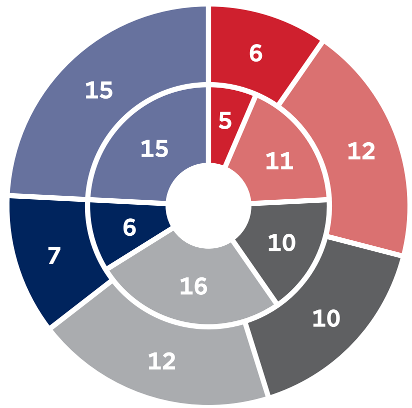
These events have impacted all market sectors across the country in differing ways. Since Q4 2019, there has been a shift within the construction cycle from the growth phase to decline phase. This has been very pronounced across the eastern seaboard where new project starts are likely to be severely compromised in the short to medium term as the economy recovers from COVID-19. With disruption to immigration, major events, general business and tourism, the major sectors of residential, retail and commercial office will find market conditions difficult for new projects to remain feasible.

Most cities see that for the time being, construction activity is relatively resilient to the disruptions and effects of lockdown. As we head towards the end of 2020 however, the outlook is more uncertain.

RLB TPI ANNUAL % MOVEMENT

	2020		2021	
	Q4 19	Q2 20	Q4 19	Q2 20
ADELAIDE	4.0%	0.22%	4.5%	1.50%
BRISBANE	3.0%	0.00%	4.1%	3.00%
CANBERRA	3.0%	3.00%	3.0%	2.75%
DARWIN	1.2%	0.80%	1.8%	1.20%
GOLD COAST	2.5%	0.00%	3.0%	2.50%
MELBOURNE	3.3%	2.00%	3.3%	2.75%
PERTH	2.8%	1.50%	3.0%	2.70%
SYDNEY	3.5%	1.50%	3.8%	2.20%
TOWNSVILLE	3.0%	0.50%	3.0%	3.00%

MARKET SECTOR ACTIVITY



PEAK GROWTH
PEAK DECLINE
MID GROWTH
MID DECLINE
TROUGH GROWTH
TROUGH DECLINE

OUTER RING – MARKET SECTORS AS AT Q4 2019
INNER RING – MARKET SECTORS AS AT Q2 2020

NEW ZEALAND

CURRENT EFFECTS

Due to the outbreak of COVID-19 New Zealand went in to a 'Level 4' lockdown on 27 March. During this time all but essential activity including construction was stopped and strict social distancing measures were enforced. These restrictions were eased on 27 April where construction activity could re-start with new social distancing measures and tracing capability.

At the time of this report there are only a handful of remaining COVID-19 active cases. Given New Zealand relies heavily on trade and international tourism the effects on the economy have been significant.

There has been a wave of redundancies across most economic sectors despite the government injecting a $12b wage subsidy scheme to encourage employers to retain staff at a minimum 80% wage. This subsidy expires at the end of June and combined with deteriorating economic conditions a wave of redundancy and unemployment is expected.

CONSTRUCTION COST IMPACT

The volume of construction related activity across New Zealand has been strong over the last few years, particularly within the Auckland and Wellington regions, whereas the level of construction activity in Christchurch has been declining since the post-earthquake re-build.

Prior to COVID-19 the forecast TPI was typically around the 2-3% which is more in-line with general CPI, but slightly above. The forecast now post COVID-19 is varied across the regions.

In Auckland it is already apparent that the market has reduced margins to secure work in the short term as several planned projects have either been deferred or mothballed and the forecast TPI movement is now -5% for the 2020 year.

The Wellington market is much smaller than Auckland and to date there has been lesser immediate impact on the construction market and no impact on TPI, although this is expected to change over the next few months.

Christchurch is forecasting a slight TPI increase of 0.5% for 2020, down from 2%, with reasonable activity still planned, primarily in the health and education sectors.

MARKET SECTORS AFFECTED

New Zealand is heavily focused on the tourism sector and employs nearly 10% of the total New Zealand workforce and is contributing over $16b to GDP. The impacts of COVID-19 to this sector are massive. The outlook for related sectors of aviation and hospitality is bleak until such time as borders re-open and confidence returns for the international traveller.

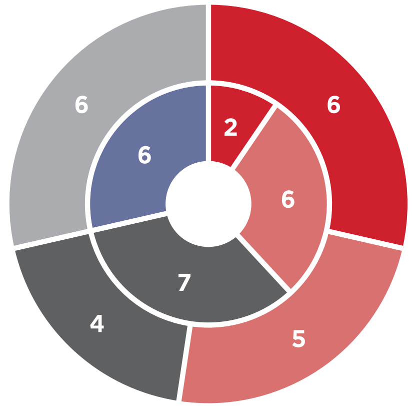
Retail and residential sectors will also suffer a downturn on the back of this. Demand for commercial office space will decline as businesses restructure, and given the success of people working from home during the lock-down there are new attitudes in flexible working arrangements. This will likely lead to downsizing of tenancy area requirements.

The central government is looking at stimulating construction activity and has set aside $12b for 'shovel ready' projects that can proceed into construction quickly. Most of these projects will be infrastructure related and therefore this sector remains in a growth phase.

RLB TPI ANNUAL % MOVEMENT

	2020		2021	
	Q4 19	Q2 20	Q4 19	Q2 20
AUCKLAND	3.0%	-5.0%	3.0%	-1.5%
CHRISTCHURCH	2.0%	0.5%	2.0%	1.5%
WELLINGTON	3.0%	2.0%	3.0%	3.0%

MARKET SECTOR ACTIVITY



PEAK GROWTH
PEAK DECLINE
MID GROWTH
MID DECLINE
TROUGH GROWTH
TROUGH DECLINE

OUTER RING – MARKET SECTORS AS AT Q4 2019
INNER RING – MARKET SECTORS AS AT Q2 2020

UNITED KINGDOM

CURRENT EFFECTS

The advent of COVID-19 has been a developing situation since February in the UK, with the government having introduced legislation regarding treatment of cases, and then follow-on measures as the outbreak developed across the country. As the UK is composed of four nations, each of the Scottish, Welsh and Northern Irish Governments introduced legislation broadly matching that of England, the emphasis of which was to control the spread of the outbreak, to 'flatten the curve' in order to protect the National Health Service (NHS) from overwhelming demand and to create a window of time in which to produce tracking and tracing methods, medications and, ideally, a preventative vaccine.

Social distancing needs and protection of vulnerable groups in the community gave rise to stay-home orders and communal meeting constraints, actively policed and enforced, leading to inevitable large-scale business closures and massive government funding injections to support businesses and individuals adversely affected.

CONSTRUCTION COST IMPACT

Given the dual concerns of COVID-19 and Brexit, the industry's tendering market has had to cope with multiple influences, upward and downward.

Issues of prospective shortages of skilled and unskilled labour forecast for next year, when European workers may be less readily available, have been upstaged by current site closures where socially distanced working has not been possible.

Where sites are open, productivity has been adversely affected, and materials' availability called into question as producers and distributors have likewise been affected by the same constraints faced by the sites.

Looking at the wider business environment, construction clients are themselves struggling to cope with understanding what a post-COVID-19 world looks like, with total orders likely to reduce.

Over all of this, contractors' estimators have to estimate their input costs, while directors have to balance how to apply overheads costs and profit to win work - an unenviable task in a world awash with uncertainty in ways no-one has ever experienced before.

MARKET SECTORS AFFECTED

Analysis of the RLB COVID-19 Survey reveals that in the UK the sectors believed to be worst affected are Hotel, Hospitality and Leisure, non-food Retail, and in some areas, Residential. However, there are areas of upside as well, with Health work and Data Centre sectors reporting likely positive effects

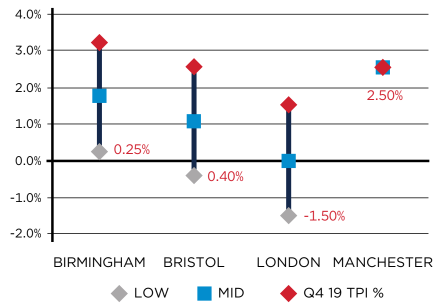
Clearly, uncertainty in businesses, centring around large gatherings in enclosed spaces, is giving rise to a re-think of how the post-COVID-19 world will look. That is a debate which is being placed front and centre now, rather than taking place over the upcoming decade, as had been envisaged.

While the growth of the health and data centre markets is a reasonable expectation, the outcome of the new 'agile-remote-working' environment, effectively foisted on many employers out of necessity, may yet prove a major factor in the re-shaping of what it means to do business, and therefore of where and how businesses are located. The effects of any consequent changes are something that will only become clear in the fullness of time, but they may be many and they may be enormously consequential for major cities' development.

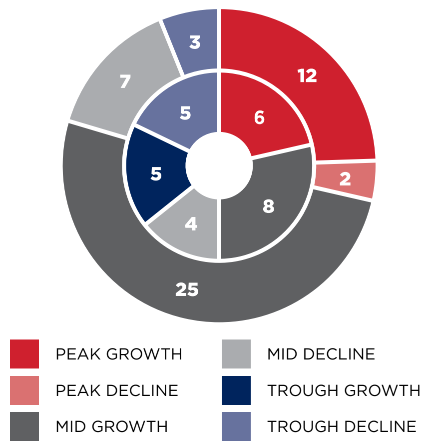
RLB TPI ANNUAL % MOVEMENT

	Q2 2020 TPI% RANGE HIGH	LOW	MID	Q4 19 TPI %
BIRMINGHAM	3.3%	0.3%	1.8%	*3.3%*
BRISTOL	2.6%	-0.4%	1.1%	*2.6%*
LONDON	1.5%	-1.5%	0.0%	*1.5%*
MANCHESTER	2.5%	2.5%	2.5%	*2.5%*

2020 UK TPI % CHANGE RANGE



MARKET SECTOR ACTIVITY



OUTER RING – MARKET SECTORS AS AT Q4 2019
INNER RING – MARKET SECTORS AS AT Q2 2020

MAINLAND EUROPE

CURRENT EFFECTS

The COVID-19 experience has been widely variable in Europe, with the many countries in the region coping in widely diverging ways. The first effects were seen in Italy, but before long they had spread to the whole of Europe.

As might be expected due to population size, Italy, Germany, France and Spain initially led the way with case numbers and associated response measures, but they were soon overtaken numerically by Russia. Belgium has been particularly affected, perhaps because of population density. Direct comparison of countries' responses is problematic, as varied methods of response were adopted, dependent on local conditions. However, the one common feature is the imposition of social and business lockdown, and subsequent relaxation, supported by local, and in the case of the EU, regional, governmental support money injection designed to maintain temporarily closed businesses and non-employed populations.

Throughout, the construction industry has experienced shutdowns and re-openings, with the introduction of social distancing measures. Wherever possible, sites have remained open, as construction is seen to be a major contributor in almost all economies.

CONSTRUCTION COST IMPACT

All cities, apart from Moscow, are forecasting a drop in overall pricing through 2020 from that forecast at the end of 2019. In relation to tender price movements, there are competing effects in most markets across Europe.

On one hand, projects and developments have been delayed, incurring live costs as a consequence, while other projects have been deferred, depriving the industry of much-needed follow-on workload.

On the other hand, building costs may rise, due to availability of materials, distribution costs and labour productivity issues at factory/production level, and site costs could increase due to output falls in relation to social distancing measures.

Together, these input and output considerations play out against a backdrop of contractors and sub-contractors chasing new work and potentially squeezing margins to obtain it. The outcome remains to be seen but is dependent on the advent of COVID-19 vaccination availability, which seems as yet months away.

MARKET SECTORS AFFECTED

Like other regions, sectors most obviously affected by the outbreak are generally hotel, travel and tourism, with retail, sport and commercial following. The recent RLB COVID-19 Survey has also repeatedly noted the upside on the Health and Data and Logistics sectors generally, as countries' governments respond to the health challenges, and the data and logistics sector takes up the demand for online purchase and distribution of goods direct to purchasers' doorsteps.

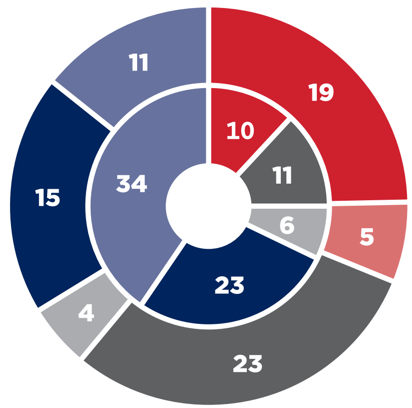
The notable issue for the commercial sector, which includes commercial offices, lies in the future status of the office during the rest of the outbreak and beyond, and to what extent major cities' public transport systems are fully returned to previous functioning levels.

Generally, all sectors across Europe have moved downwards within the RLB market sector activity cycle.

RLB TPI ANNUAL % MOVEMENT

	Q2 2020 TPI% RANGE			Q4 19
	HIGH	LOW	MID	TPI %
AMSTERDAM	-3.0%	-6.0%	-4.5%	0.0%
ANKARA	2.0%	0.0%	1.0%	0.0%
ATHENS	0.0%	-3.0%	-1.5%	3.0%
BERLIN	1.8%	5.2%	2.7%	1.8%
BUDAPEST	5.0%	2.0%	3.5%	8.0%
MADRID	-2.9%	-5.9%	-4.4%	0.1%
MOSCOW	8.0%	5.0%	6.5%	2.0%
OSLO	-2.5%	-5.5%	-4.0%	3.5%
PARIS	-4.5%	-7.5%	-6.0%	1.5%
PRAGUE	4.0%	1.0%	2.5%	4.0%

MARKET SECTOR ACTIVITY



PEAK GROWTH
PEAK DECLINE
MID GROWTH
MID DECLINE
TROUGH GROWTH
TROUGH DECLINE

OUTER RING – MARKET SECTORS AS AT Q4 2019
INNER RING – MARKET SECTORS AS AT Q2 2020

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AFRICA | AMERICAS | ASIA | EUROPE | MIDDLE EAST | OCEANIA

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