



REPORT

COVID-19: GLOBAL SURVEY
THE IMPACT ON THE CONSTRUCTION SECTOR
ACROSS THE WORLD

2021 - ISSUE 10

RLB

Rider
Levett
Bucknall

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INTRODUCTION

This 10th edition of the RLB Covid-19 Survey changes focus slightly, to include reference to not only the current position around the world, but also to explore some insights into what can be expected as the construction industry moves forward through an end of the pandemic and into the post-pandemic world.

Waves of virus and new mutations have been arising and spreading, alongside a background of increasing levels of vaccination coverage and developing pressures on all governments to return economies to a pre-pandemic footing. However, the process of re-establishment of economies is complicated by the fact that the virus is not static in its make-up, changing and posing risks that are uncertain and impossible to fully quantify. Equally, with countries around the world having responded in differing ways and having very variable levels of cases and vaccination, there is no clear global solution, despite the urge to return to normality.

Despite the impulse to carry on as was formerly usual, reality suggests that much has changed, though again that change is variable as between countries, and even in regional areas within some countries. Government support cannot

be expected to carry on forever, and the return to market-dictated relationships may yet expose further challenges for many businesses. As recovery progresses, questions are arising in relation to materials and labour supply, both of which have been adversely impacted by Covid and its downstream effects. Contractors and subcontractors alike face shortages, which are reflected in direct cost and risk to them, and which must somehow pass on to clients of the industry, either in the form of price rises or in clients' own risk-mitigation requirements.

This RLB Covid-19 Survey report now contains respondents' views on how they see some aspects of these future scenarios reaching out before them in their respective cities. Questions regarding labour and materials availability and pass-through of added costs to bid/tender prices were added to the survey in order to elicit statistically analysable responses and commentary, aiming to provide additional market and economic insights on a forward-looking basis.

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HIGHLIGHTS

EFFECT ON THE INDUSTRY

150%
 increase
 on locations reporting
 a return to normality.

40% 
 of responses state
 that there is now
 no perceived drop-off
 in enquiries.

Over
85% 
 report adverse
 effects on city-centre
 workplace and supporting
 businesses' activity levels.

89% 
 indicate that
 some home-working
 will remain

Consistent best performing sectors



Data centres



Healthcare



Infrastructure



Industrial &
Logistics



Energy



Residential


+36% 
 Those expecting a
recovery period of
 3 to 9 months have
 increased in number.

Least
 affected cities
 sectorally by
continent



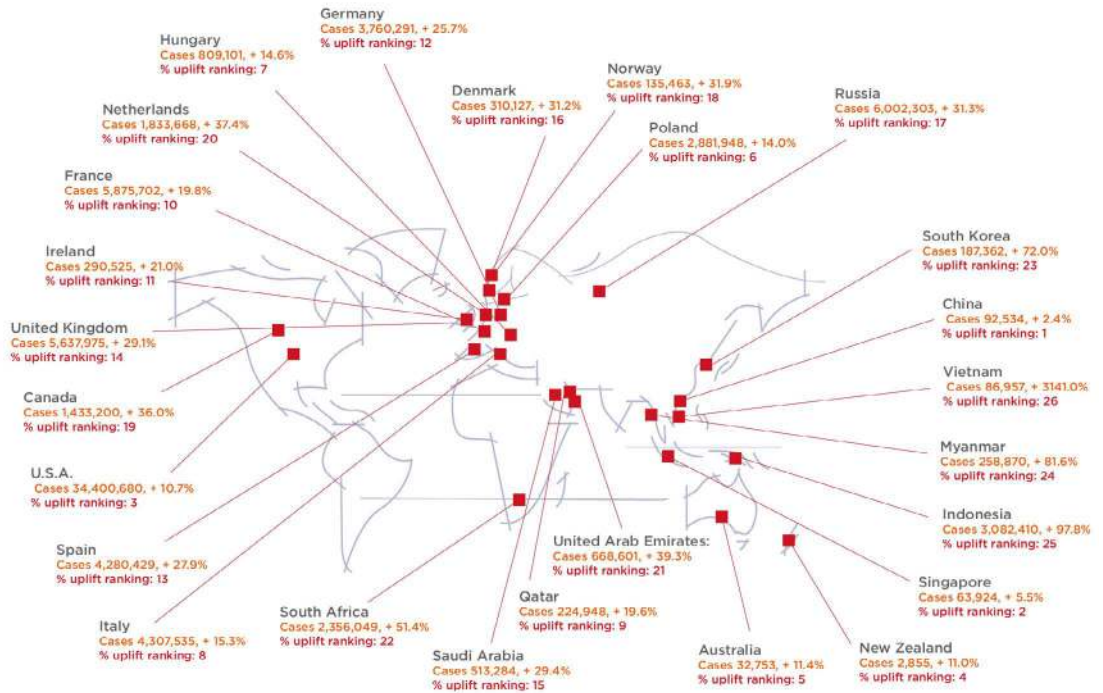
HONOLULU	AMERICAS	SAN JOSE
WUHAN	CHINA	CHENGDU
WARSAW	EUROPE & UK	OSLO
PRETORIA	MIDDLE EAST & AFRICA	DURBAN
SYDNEY	OCEANIA & SOUTH ASIA	SEOUL

Most
 affected cities
 sectorally by
continent



GLOBAL SURVEY

The map of the world shown here shows the countries with RLB offices that have contributed to Issue 10 of the survey. We have represented in orange the number of COVID-19 cases confirmed in each country as at 23 July 2021, and a percentage increase over the number of cases confirmed as at 9 April 2021.



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.

OVERVIEW

In Issue 10 of the RLB COVID-19 survey, covering the period from 9 April 2021 to 23 July 2021, responses were received from 47 cities in 26 countries. China continues to lead the way with least percentage of increases in cases, followed now by Singapore and the United States. New Zealand once again records the smallest number of new cases, this time at 284, followed by China, Singapore and Australia. Australia's strong standing is again a feature in terms of both percentage and absolute numbers uplifts.

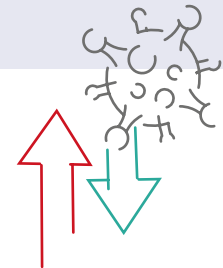
Countries most affected by additional cases are now the United States, Indonesia, Russia and the United Kingdom, each with well over an additional million new cases in the period and the United States with an additional 3.3 million. The title for highest percentage uplift goes to Vietnam, which shows an enormous 3,141% increase in cases, though from a comparatively low base of only 2,683 at April 2021. In the first three weeks of July, cases in Vietnam almost quintupled from 17,727 to 86,957.

The vaccination development, production, delivery and injection challenge is obviously ongoing, with large swathes of some countries' populations having been given the required one, or two, injection(s). However, at this point much remains to be done, as is reflected by the rapidly rising case numbers in some locations and by the relatively small proportions of global population currently fully vaccinated.

As a consequence, although many countries are progressing toward re-opening their respective economies fully, stringent safety and mitigation measures cannot be said to be things of the past, and nor can the pandemic be reasonably claimed to be of the past.

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 analyses 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.

Surveys 1 to 5 were produced monthly. From Survey 6 onwards, production timings have been adjusted to reflect the changes that are taking place and to be more proactive in commenting on possible outcomes.



ANALYSIS

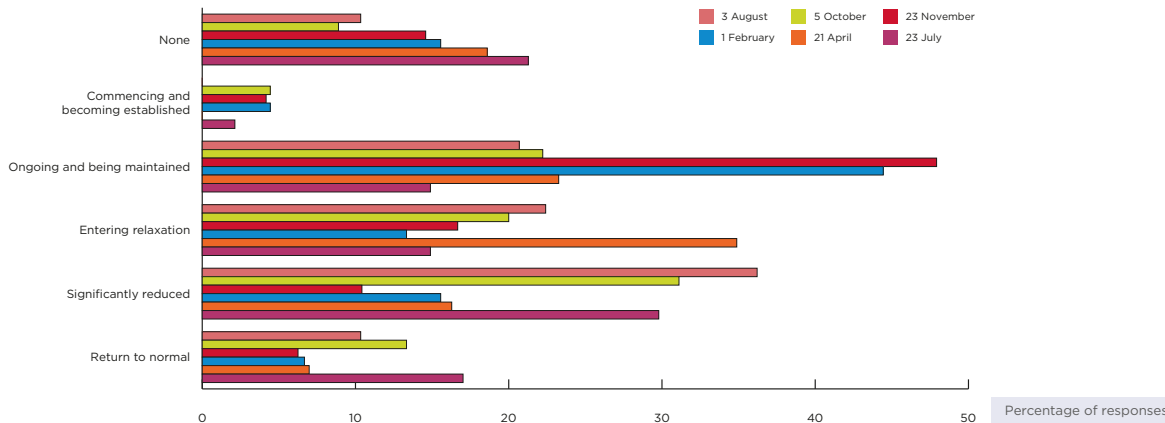
1. WHAT IS THE CURRENT STATE OF GENERAL ECONOMIC LOCKDOWN DUE TO COVID-19, IN YOUR LOCATION?

Standing aside from the 21% of locations reporting having had no lockdown, almost 62% of locations report moves toward normality. The key feature here is the near doubling of proportions shown as having significantly reduced lockdown, and a 150% increase on locations reporting a return to normality.



"All parties have adapted to the 'new normal.'"

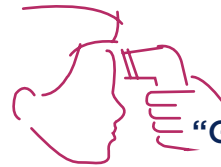
Macau, China



2. HOW SIGNIFICANTLY, IN YOUR CURRENT VIEW, IS ANY ECONOMIC LOCKDOWN AFFECTING NORMAL CONSTRUCTION INDUSTRY ACTIVITY?

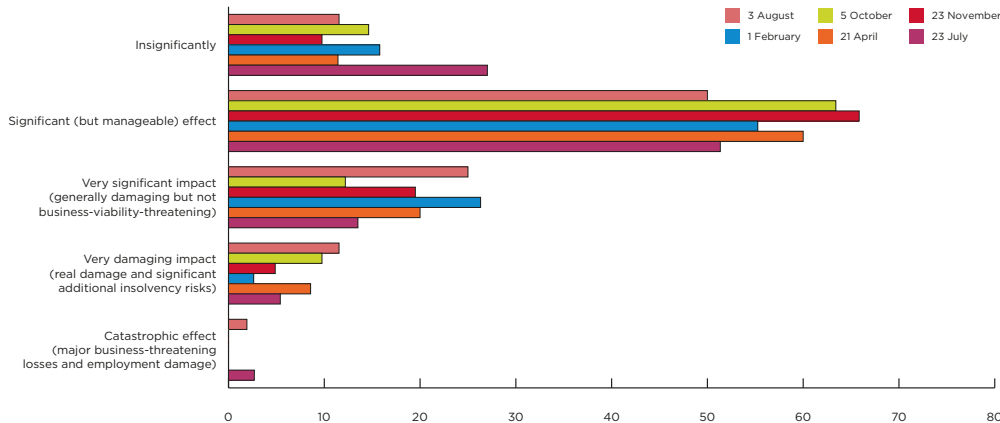
Lockdown impacts continue to be successfully alleviated by those still affected by them. That is shown in this chart by the sharp uplift in numbers of respondents reporting insignificant impacts and is testament to the speedy acknowledgement of the needs of lockdowns and implementation of measures to cope with the constraints as they arise. As a result, the

adverse effects foreseen in the earliest surveys have largely been avoided as safety measures have become embedded features of the working environment.



“General construction activities remain relatively unaffected by the lockdown, although some measures on site are requiring additional costs/resources to maintain social distancing practices.”

Gold Coast, Australia

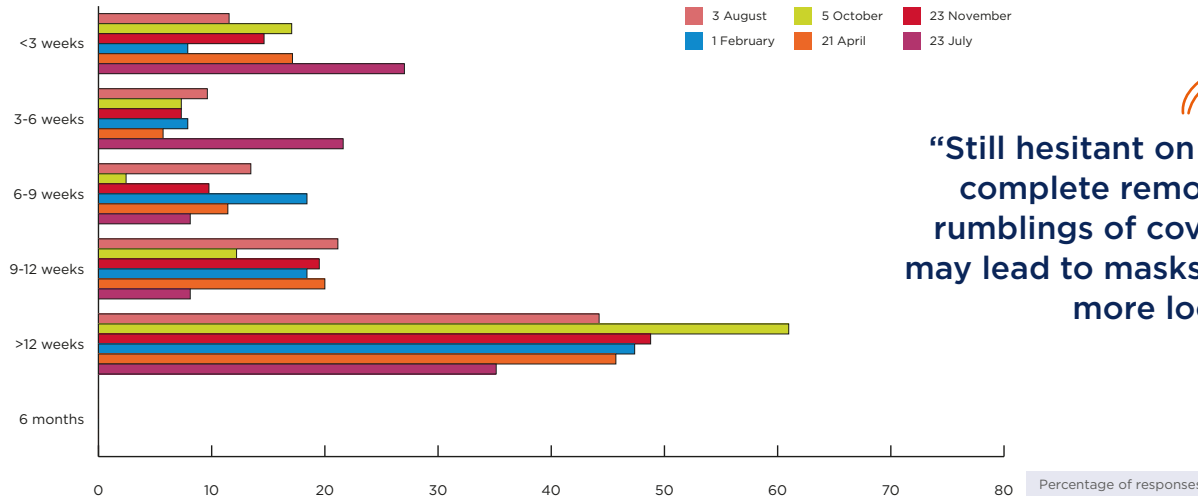


Percentage of responses

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

Expected timescales for lockdown removal can now be seen as falling rapidly, although there is still a backcloth of over one third of respondents who see ongoing issues of in excess of 3 months. This substantial tail of the distribution reflects

the fact that waves of new variants of the virus are appearing and there is a variable response globally to vaccination programmes and uptake numbers.



“Still hesitant on predicting complete removal, due to rumblings of covid variants may lead to masks again and more lock downs.”

Seattle, USA

4. AFTER RELAXATION OF ALL LOCKDOWN MEASURES, WHAT WOULD BE YOUR BEST ESTIMATE OF RECOVERY FOR YOUR LOCAL ECONOMY?

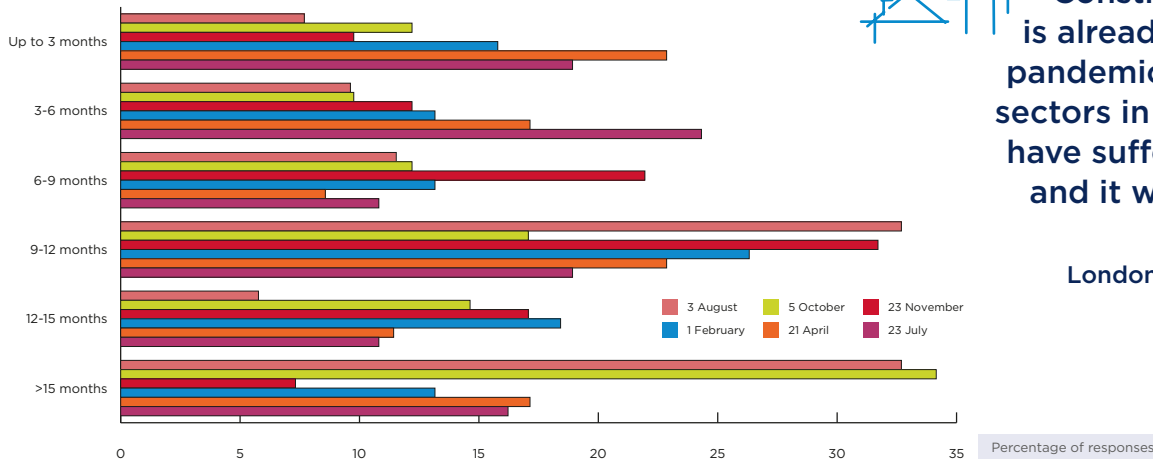
A feature of respondents' views as to recovery period is that, although there is still a grouping that expects recovery to take more than 15 months, those expecting a period of 3 to 9 months have consistently increased in number. This suggests

a continuing development of understanding of specific effects of the pandemic on the construction industry, set alongside a realism that complex inter-relationships exist between construction and the wider economy, locally and globally.



“Construction sector is already back to pre pandemic levels, other sectors in the economy have suffered however and it will take time.”

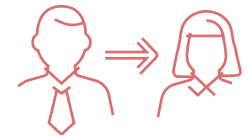
London, United Kingdom



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

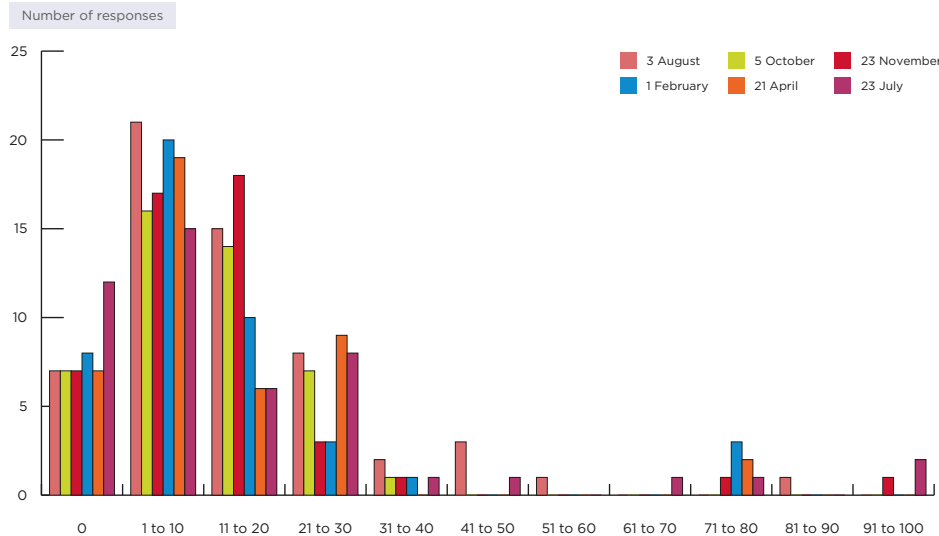
Over 70% of responses currently show any productivity loss as less than 20%, but there is now a group coalescing in the 21-30% bracket, which is of the view that there is a fall of between 20% and 30%. That group represents approximately

17% of the total, so is an important part of the whole. Previous recent editions of the survey have shown a greater emphasis on the lesser diminutions of productivity, so this strengthening of view suggests awareness of real issues.



“Double shifts have been imposed in certain circumstances to meet deadlines and to ensure distancing.”

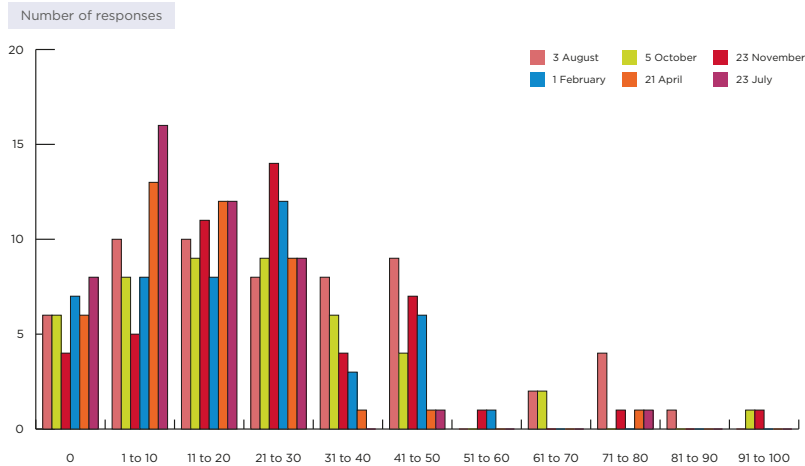
Oslo, Norway



6. WHAT PERCENTAGE OF PROJECTS (BY NUMBER) WOULD YOU SAY ARE ON HOLD PRE-CONSTRUCTION AS A RESULT OF THE EFFECTS OF THE PANDEMIC?

Figures for projects held pre-construction have hardened in this survey, with over half now of the view that less than 10%

have been held, over 76% showing less than 20% and over 95% showing less than 30%. This result is to be expected, as some economies are now returning to a form of normality, with "held" projects being released and some stalled projects re-started.

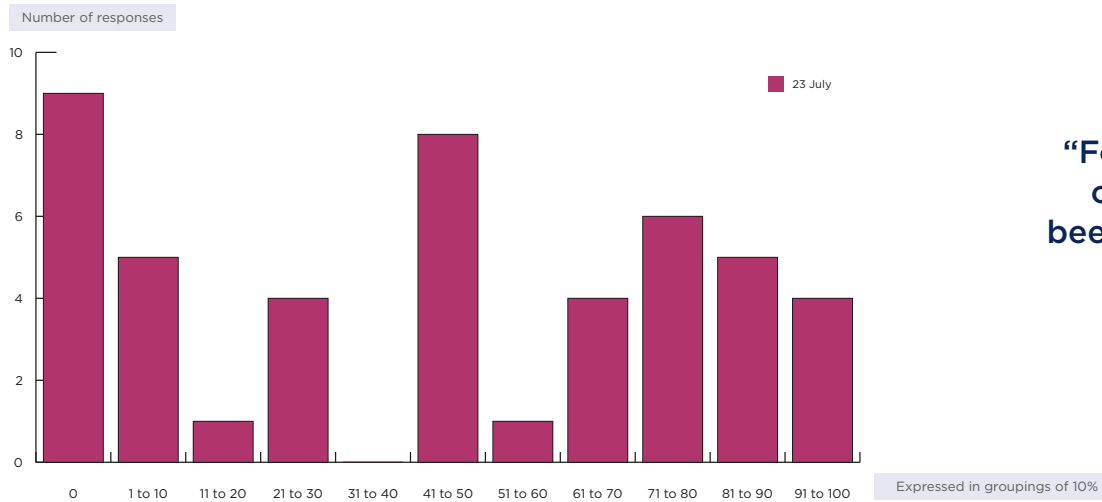


“High construction cost escalation is causing some owners to reconsider programming.”

Tucson, USA

7. WHERE PROJECTS HAVE BEEN HELD PRE-CONSTRUCTION AND ARE NOW BEING RELEASED, WHAT PROPORTION OF THOSE HELD WOULD YOU SAY HAVE NOW BEEN OR WILL SHORTLY BE, RESUMED/RELEASED?

In line with the earlier question on projects on-hold, responses to the current question show major numbers of projects being released to market, but there remains an underlying group of projects which may have been shelved or delayed significantly due to concerns for the specific market into which the projects were aimed.



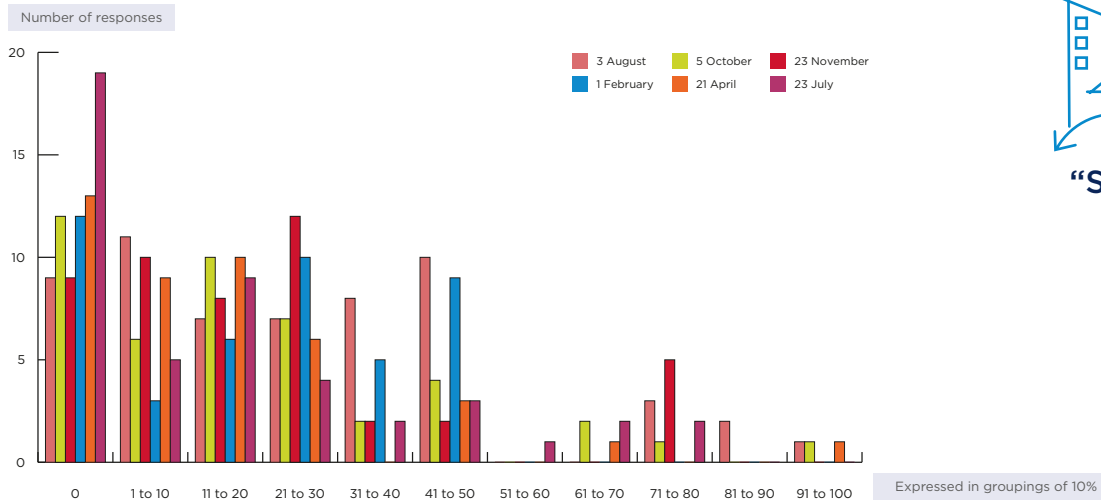
“Four out of five of our projects have been reinstated into our workload.”

Honolulu, USA

8. BY WHAT PERCENTAGE WOULD YOU SAY THERE HAS BEEN A DROP-OFF IN THE NUMBER OF BID INQUIRIES FOR RLB / EURO ALLIANCE SERVICES?

In common with projects held-up, inquiries' drop-offs have also consolidated toward the lower end of the range. In this survey, 40% of responses state that there is now no perceived

drop-off. A further near 30% show drop-off of up to 20%. Taken together, the figures in the current chart depict the construction industry clearly dealing with something of a resurgence of activity and interest levels. Some of this may be due to actual new work arising, some through pent-up demand for projects to be commenced, and some due to stimulatory activities on the part of governments and governmental bodies.



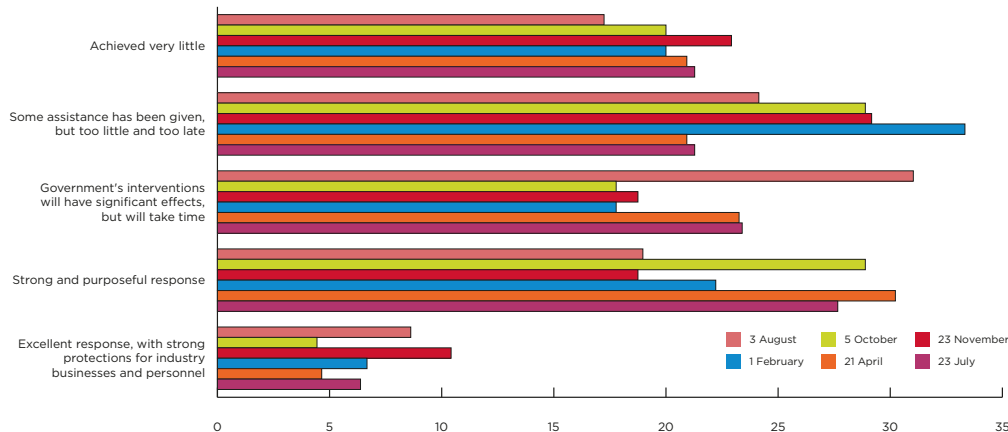
“Seeing a lot more enquiries on old jobs from 2019 and 2020.”

Chicago, USA

9. IN YOUR CURRENT VIEW, ARE YOUR NATIONAL GOVERNMENT'S CURRENT POLICIES AND RESPONSES BENEFITING THE CONSTRUCTION INDUSTRY?

On the question of efficacy of government interventions, this survey shows broad consistency with the previous survey. This confirmation of views is suggestive of the position being taken that whatever responses governments have made, have

Number of responses



by now become part of the fabric of the wider picture and are now built-in to the industry's response-set. However, where government alleviation measures remain in place at present, there is a further step to consider when these measures are removed or reduced.



“Strong but not necessarily purposeful. The construction sector is overheated partly because of positive market sentiment and partly because of government spending on major projects”

Budapest, Hungary

Expressed in groupings of 10%

SECTOR ANALYSIS

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

Analysis of the general effects of the pandemic on construction sectors is necessarily subjective, capturing the views of respondents on the situation in their local markets.

In order to compare their analyses with each other, RLB has modelled responses to questions aimed at each sector separately, and then grouped the cities' total sector responses together, to produce the charts shown in the following pages. This is the 10th edition of the Survey, so this latest iteration of the Survey shows the emergence of views arising from a much later part of the Covid response sequence than has been the case so far.

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).



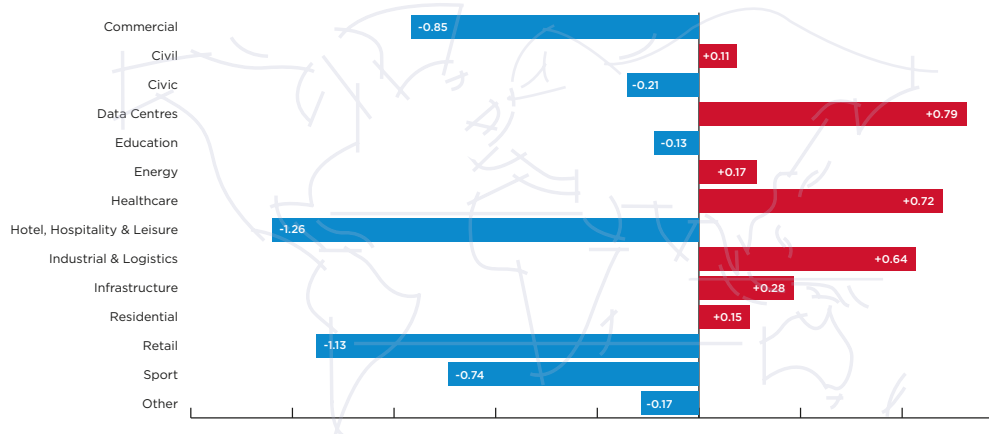
Double width bars indicate major positive or major negative effects in a particular sector (value +2 or -2).

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

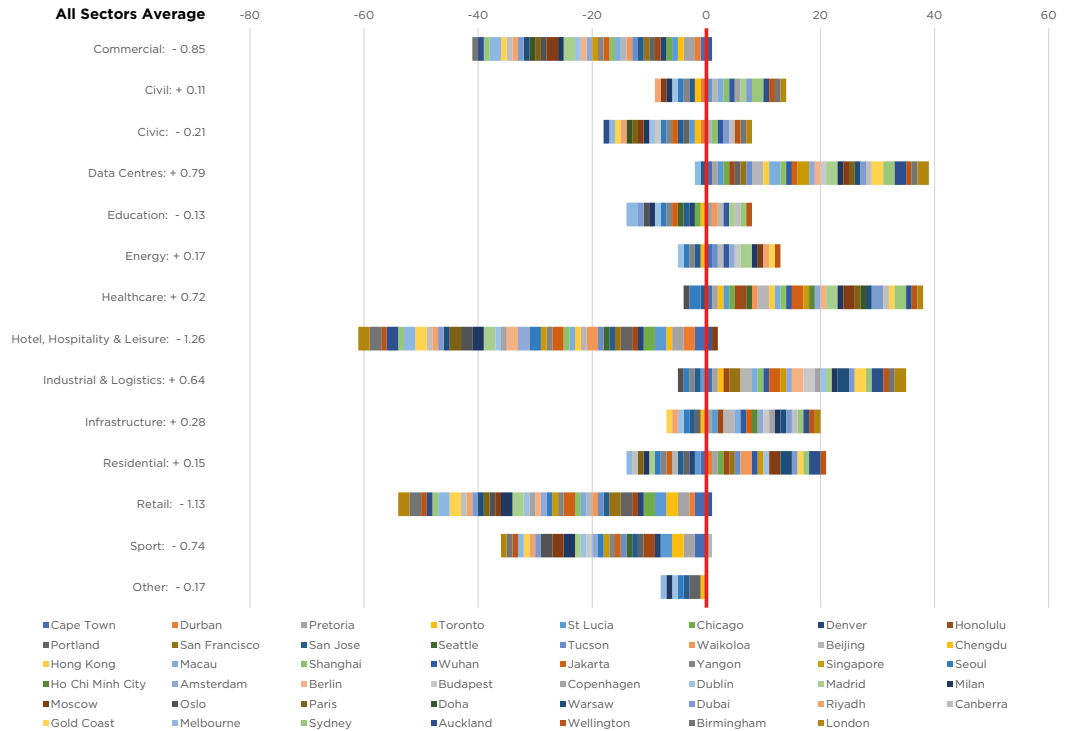
Survey 10 shows something of a breakout and break away from previous surveys, in that several more sectors are now showing positive effects, after initial surveys showed mostly adverse impacts. The sectors which have previously featured in positive territory, namely, Data Centres, Healthcare, Industrial & Logistics and Infrastructure, have now been joined by Civil, Energy and Residential. This global revival, though

tentative in some sectors, is suggestive of re-kindling of activity in sectors where considerable negative effects had previously been felt. In particular, the Residential sector has bounced back into positive ground. Although sectors cannot be compared directly against each other because in each location their proportional significance varies, the overview is a general move from the left of the chart toward the right side. Even the formerly most severely affected sectors of Commercial, Hotel, Hospitality & Leisure and Retail are now reported as less adversely affected than in previous surveys.



CITY ANALYSIS BY SECTOR

The city-by-city sectoral breakdown shows in detail how sectors' overall averages are compiled. In the case of this Survey 10, there is a broad range of sectoral reporting, with a reasonable balance now of positive and negative. On a simple arithmetic average, the chart is showing only a very slight negative lean, which is starkly different from the results shown in earlier surveys. This change can be accounted-for by resurgence of some sectors, and by softening of perceptions of extreme adverse effects in others.



SECTOR ANALYSIS BY CITY

The regional city-centric analysis of sectors, overleaf, shows the totality of sectors' positions in their respective city locations and within their regions. The overall average shown for each city is their total sector average, and is the best comparator measure as between cities.

Readers will also note that the cities' rankings are on a global basis (the 47 responses), so show how a region sits in the overall framework of global sector activity.

A particularly relevant point about the sectoral breakdown, is that in many cases what appears to be a balance is shown, between positive and negative sectors. This may be slightly misleading, as whether there is in fact a balance, depends on the respective activity levels that existed in each sector of each city, before the advent of COVID.

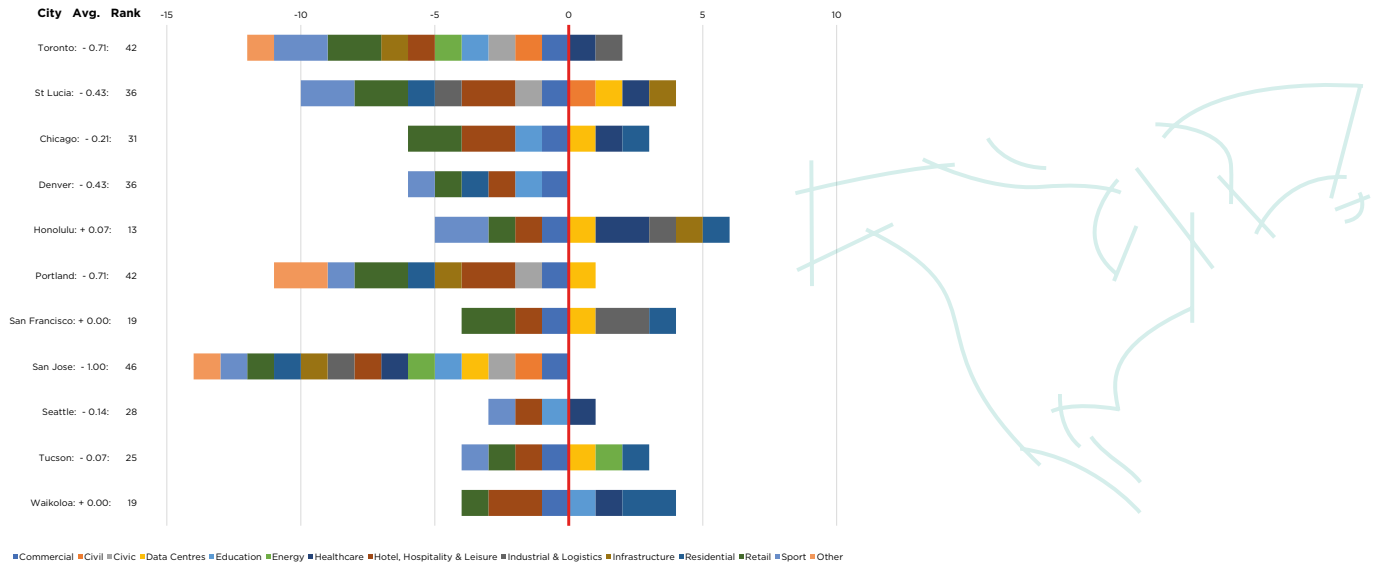


“Solutions are being led by the private sector. Some sectors have proved more resilient than others - however the leisure sector really is in dire need of support.”

London, UK

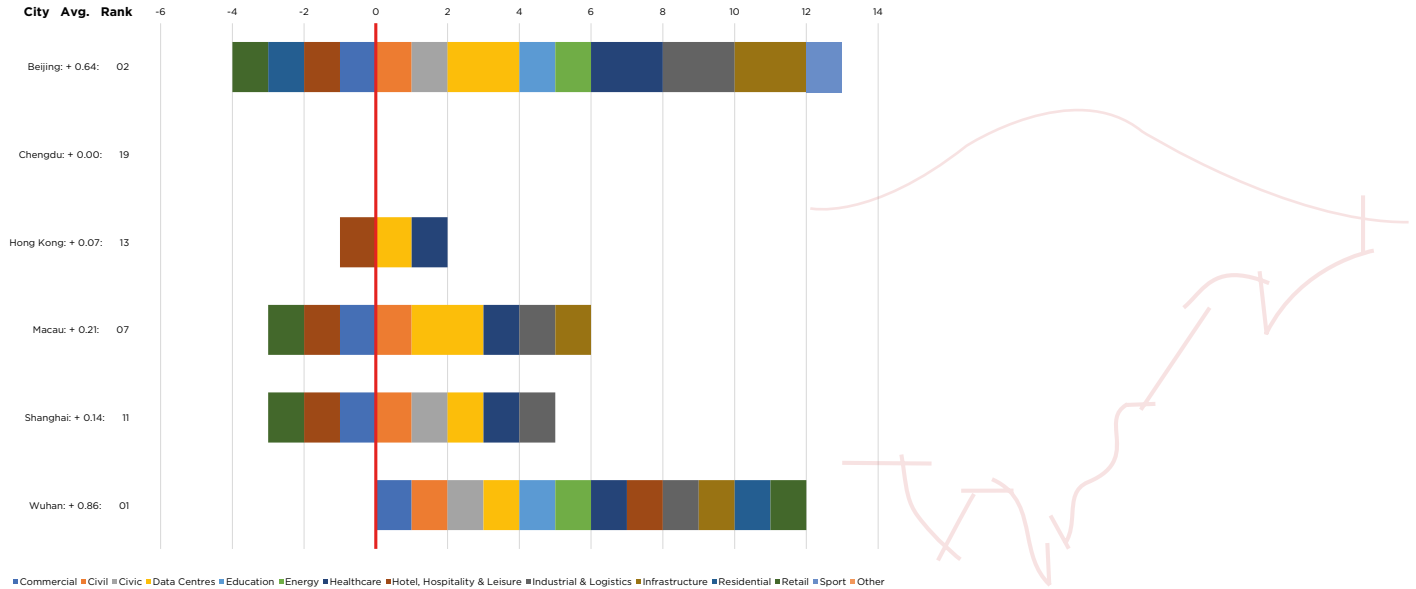
SECTOR ANALYSIS BY CITY (AMERICAS)

In the Americas, all cities reporting, except those in Hawaii and San Francisco, are still reporting an overall negative effect on their respective markets. However, most of the locations can also be found to have softened their views on the extent of the negative effect, as they all move forward in the process of dealing with the pandemic. Given some other Regions' significant movement toward and into positive figures, The Americas still shows the bulk of locations in the bottom third of the global sectoral rankings, despite the improvement in absolute figures.



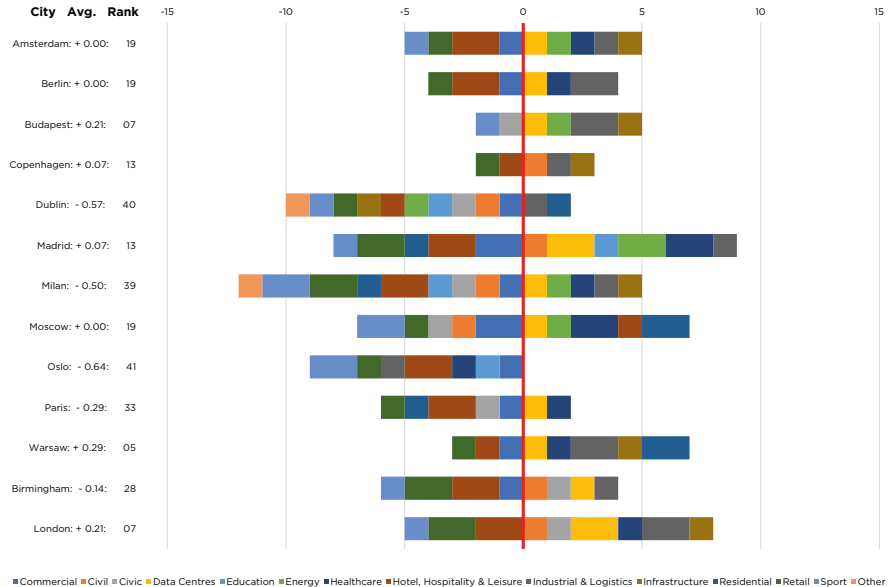
SECTOR ANALYSIS BY CITY (CHINA)

For China, all reporting cities other than Chengdu lie in the positive half of the chart, and also in the top third of the global rankings. Even Chengdu, with its overall sector score of zero, lies at 19th, very close to that uppermost third. China, which experienced the first phases of the pandemic early compared to some other Regions, also has the two top performers globally, Wuhan and Beijing



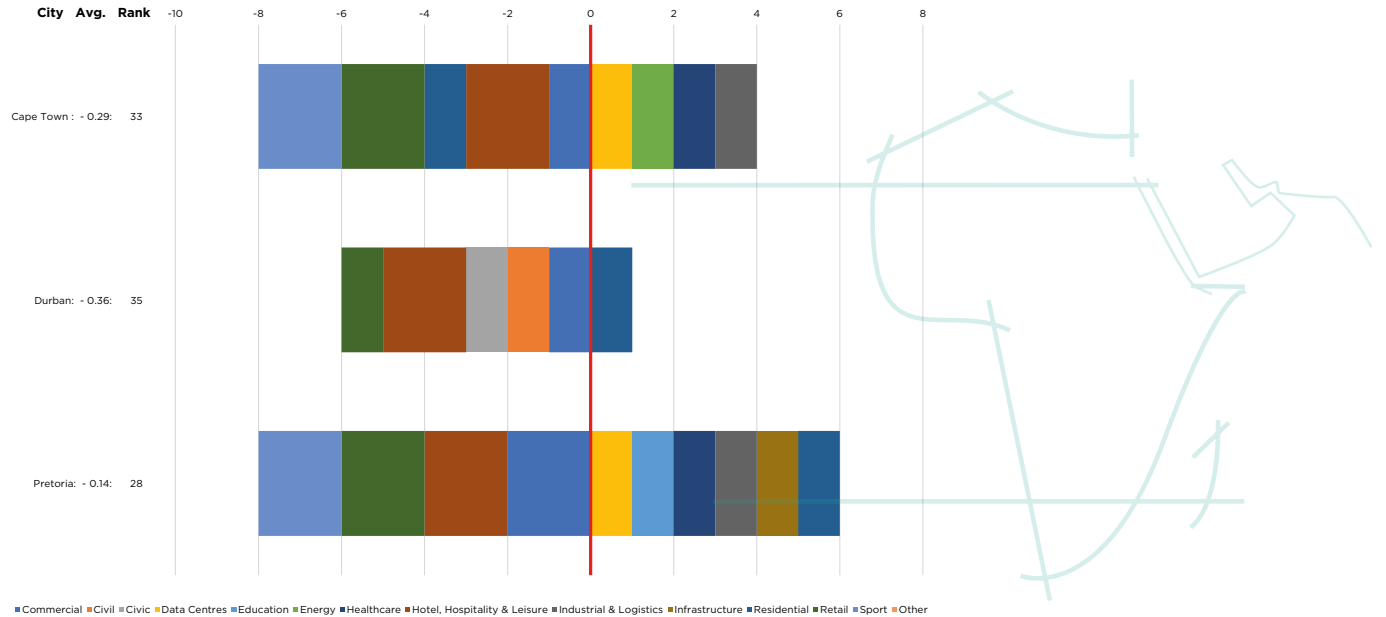
SECTOR ANALYSIS BY CITY (EUROPE AND UK)

For the UK and Europe, there is a very broad spectrum of responses, which in itself acknowledges the wide range of responses and stages of the progress of the virus. Warsaw, Budapest and London fare well in this analysis, being to the fore in global ranking terms, while Dublin and Oslo report lingering negative effects across several sectors. The overall effect locally of course is dependent upon which sectors are positive or negative, because the current analysis weights all sectors equally.



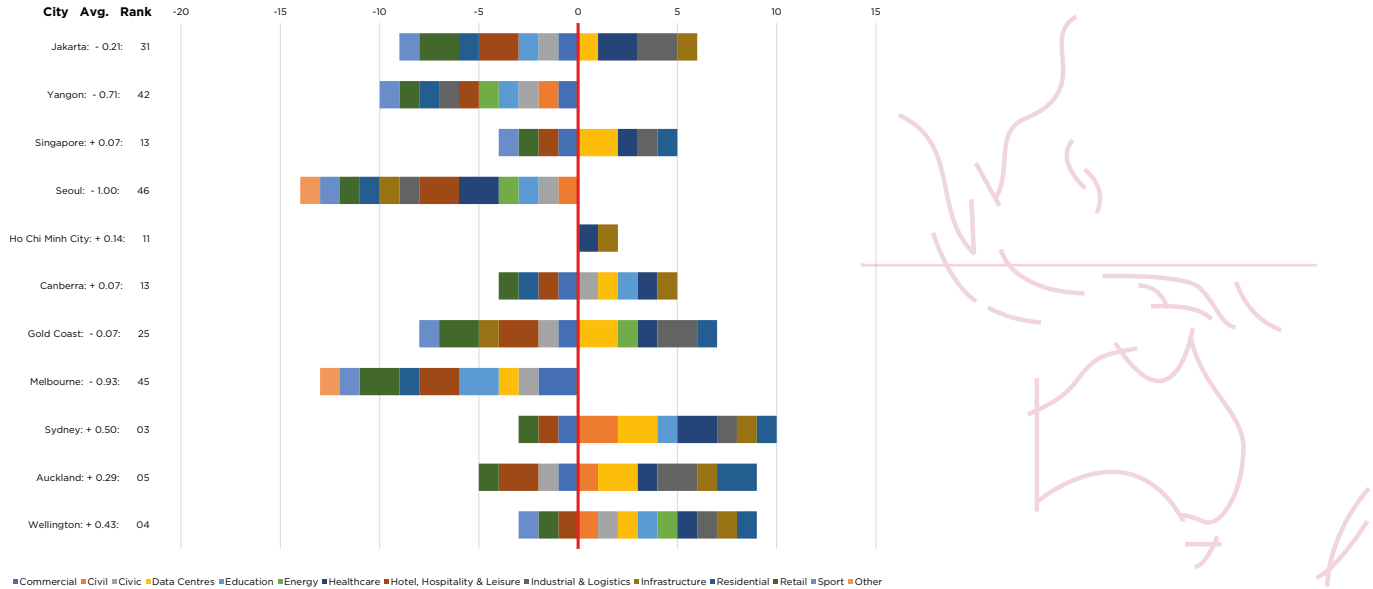
SECTOR ANALYSIS BY CITY (SOUTH AFRICA)

South Africa's cities appear quite far down the overall global rankings, but it is striking that a significant number of sectors are reported as showing a neutral impact. Despite their rankings, all of the reporting South African cities show improvement in overall sectoral performance, with a general move toward the right of the chart.



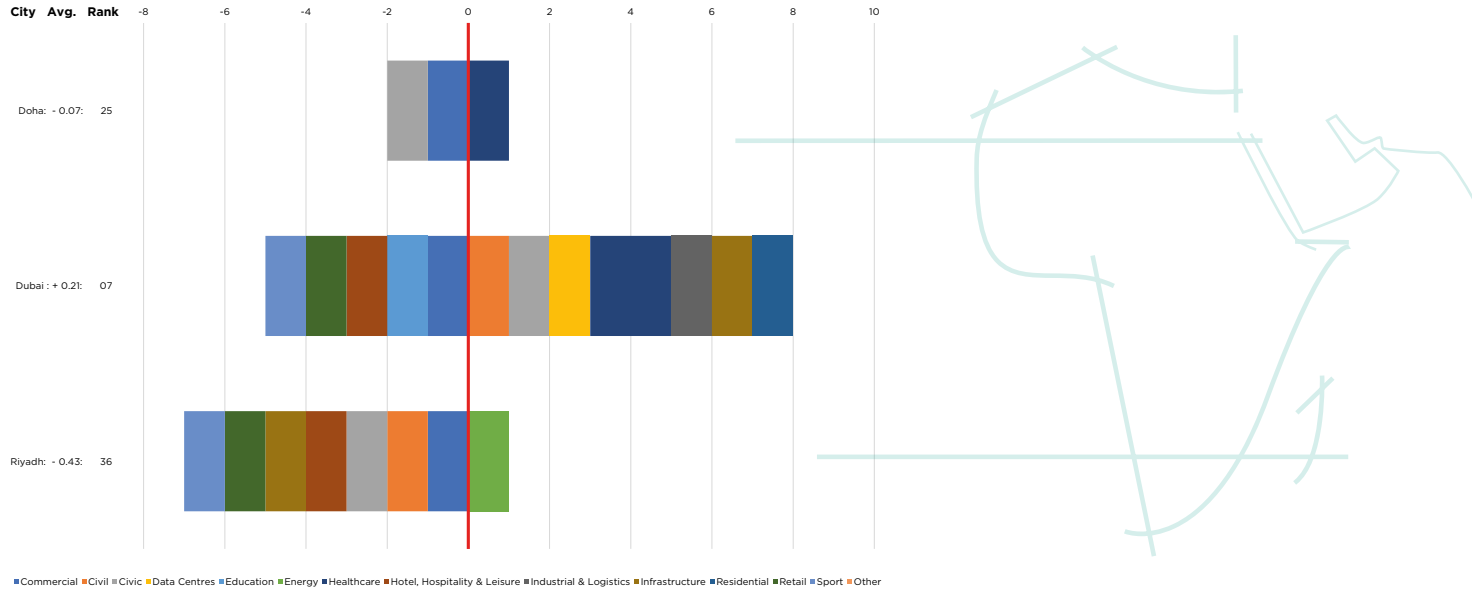
SECTOR ANALYSIS BY CITY (OCEANIA AND SOUTH ASIA)

As might be expected in a geographical area as large and diverse as Oceania and South Asia, global rankings vary from near to the top of the figures, to near the bottom. Sydney, Auckland and Wellington report strongly positive sectors, whereas Melbourne's ranking is near the end of the list. Other strong performers are Ho Chi Minh City, Singapore and Canberra, each featuring well into the uppermost third of the rankings.



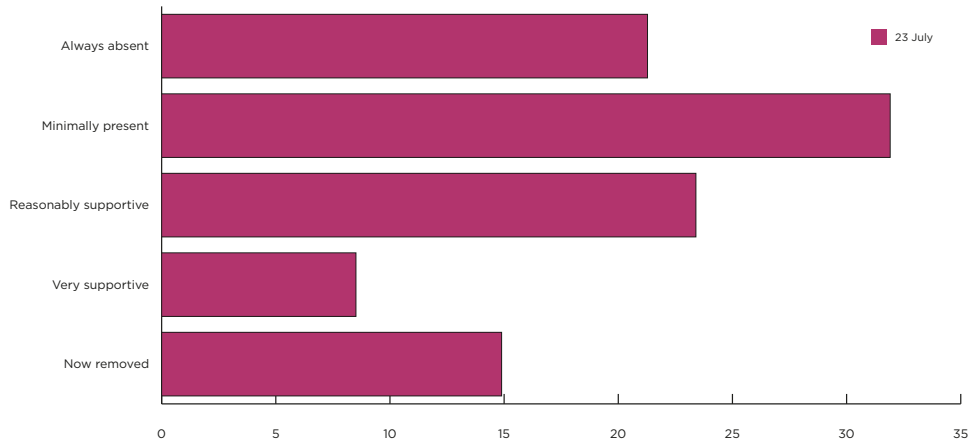
SECTOR ANALYSIS BY CITY - MIDDLE EAST

In the middle East, there is a broad range of reported performance, although with many of the sectors in Doha and Riyadh showing neutral effects. Dubai is the Region's stand-out, being well up toward the top of overall global ranking.



10. FOR LARGER CONSTRUCTION SECTOR COMPANIES, IN YOUR CURRENT VIEW, WHAT FORM WILL FUTURE GOVERNMENT POST-PANDEMIC SUPPORT TAKE?

Questions regarding government support have been re-framed in this survey, to provide views on future support rather than to look back at past and current situations. Responses in relation to larger companies' situations suggest a belief among over two thirds of respondents that government



support will be removed, although the key to this is the timeline of that removal. This response is not surprising, although construction continues to be a key industry in most countries' programmes for recovery, which explains the expectation of at least some ongoing support. The form of any support mechanisms will vary worldwide, from direct to indirect.

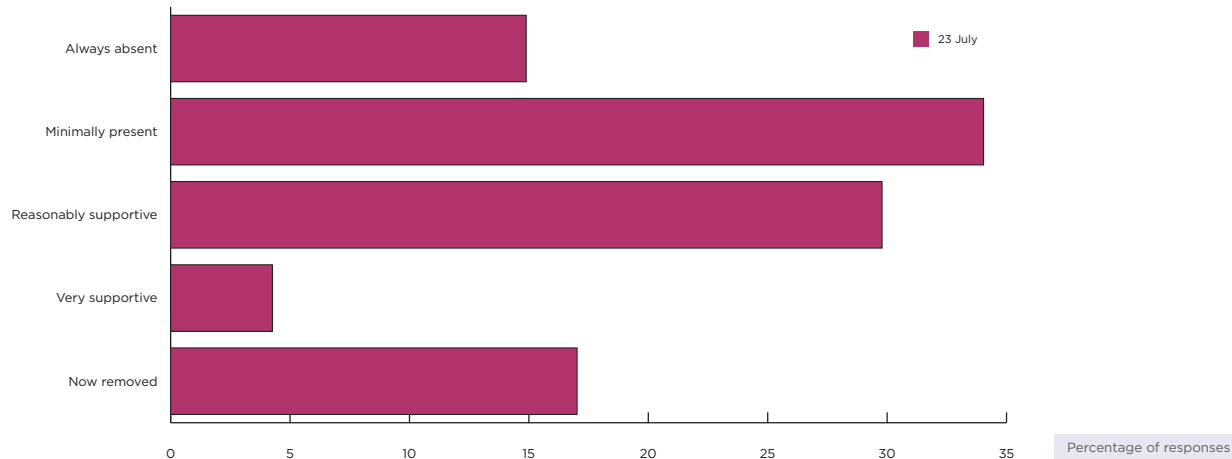


“It is likely that a US infrastructure spending plan will pass this year, but it will respond to only a small piece of the actual need. Labor is still expected to be scarce.”

Tucson, USA

11. FOR SMALL AND MEDIUM-SIZED CONSTRUCTION SECTOR ENTITIES, IN YOUR CURRENT VIEW, WHAT FORM WILL FUTURE GOVERNMENT POST-PANDEMIC SUPPORT TAKE?

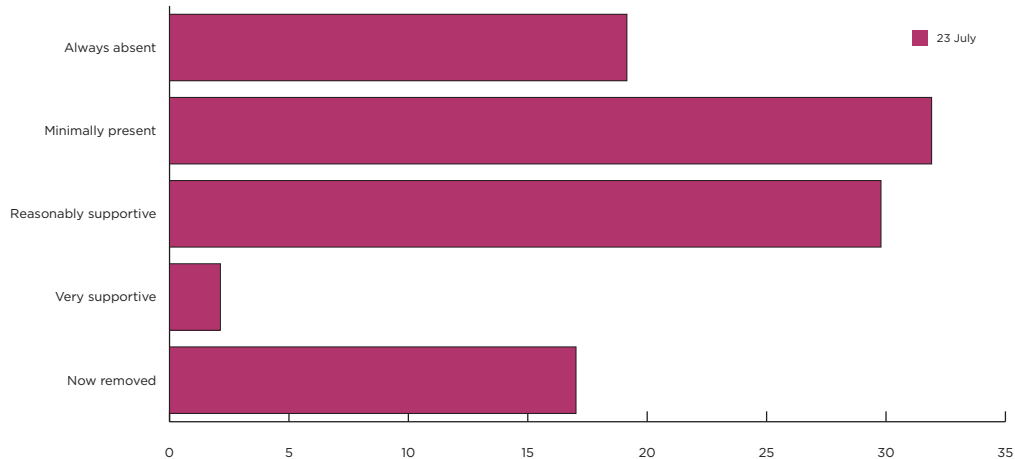
For SMEs' support, the picture is similar to that of larger entities, with approximately one third expected to continue to receive support at some level. Given reported shortages of skilled tradespeople, locally, regionally and even globally, the form of that support will be the key to its efficacy.



12. FOR THE SELF-EMPLOYED IN THE CONSTRUCTION SECTOR, IN YOUR CURRENT VIEW, WHAT FORM WILL FUTURE GOVERNMENT POST-PANDEMIC SUPPORT TAKE?

A slightly lesser percentage of respondents believe that support will continue for the self-employed in the industry. This is understandable from the standpoint of governments, which require political upside to balance support measures.

The political gain from applying resources to support larger producers and larger employers can be viewed as being valuable in retaining and enhancing support for these measures. However, there remains a large pool of self-employed individuals across the industry globally. Although many of these people work on contracts for larger entities, and as such could benefit vicariously from some forms of support to larger entities, still many remain exposed to severe impacts of health stringencies and work constraints due to the pandemic.



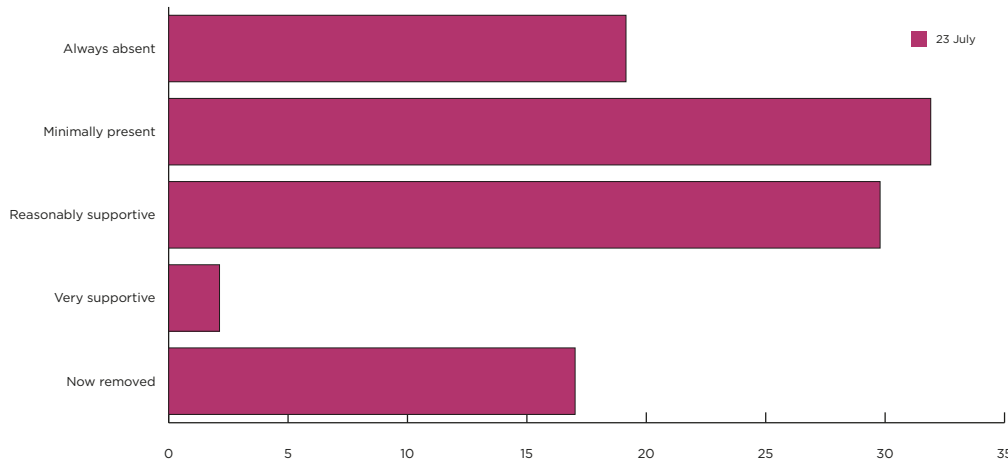
“Very little targeted response other than large spend on public infrastructure projects.”

Auckland, New Zealand

13. FOR KEY CONSTRUCTION INDUSTRY SECTORS, IN YOUR CURRENT VIEW, WHAT FORM WILL FUTURE GOVERNMENT POST-PANDEMIC SUPPORT TAKE?

Responses to this overview question suggest that almost half of respondents foresee specific industry sectors continuing to be supported by governments. The forms of that support will of course vary, but the expectation is reasonable given

governmental enthusiasm for kick-starting recovery. The construction industry has long been understood to be a key industry in multiplying government stimulus spending and having its effects flow through an economy.

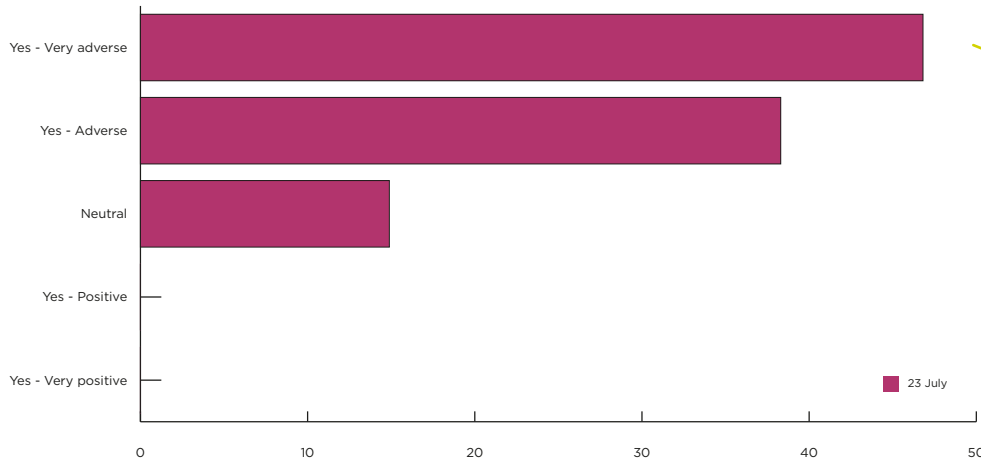


“We are now very much in a supply side crisis as demand is so strong from a number of sectors and materials are either not being created quickly enough or delayed by BREXIT.”

London, UK

14. IN YOUR CURRENT VIEW, IN THE AFTERMATH OF THE PANDEMIC WILL THERE BE OVERALL CHANGES TO YOUR CITY CENTRE'S WORKPLACE OCCUPANCY LEVELS AND SUPPORTING BUSINESSES' LEVELS OF ACTIVITY?

This new question drew a striking response of over 85% of respondents reporting expectation of adverse effects on city-centre workplace and supporting businesses' activity levels.



The consistency of responses suggest a strong understanding of the reality of the situation, although the outturn effects have yet to be fully analysed and quantified.

“There will have to be more residential in the centre of the city - potentially a move to a 'Central Residential District' rather than a 'Central Business District'.”

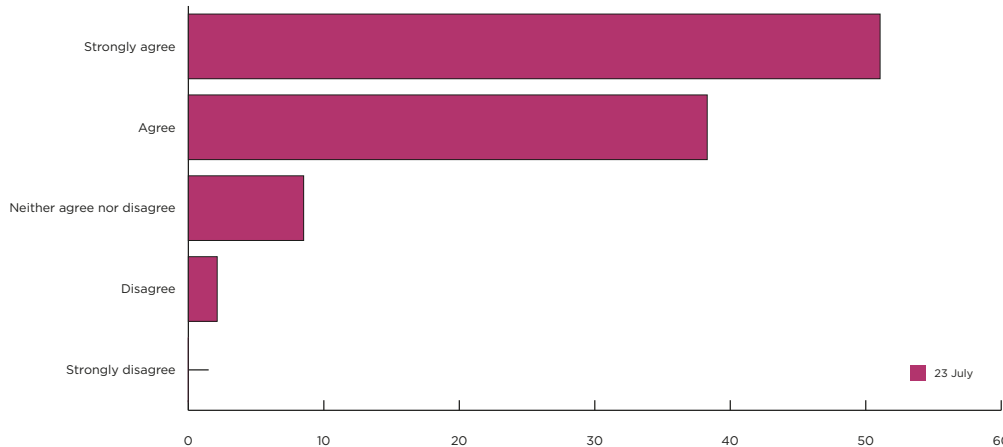


London, UK

15. IN RESPECT OF MATERIALS AVAILABILITY AND PRICE GENERALLY, IN YOUR CURRENT VIEW, IS THE EFFECT OF THE COVID PANDEMIC RESULTING IN SIGNIFICANT SHORTAGES AND/OR PRICE INCREASES?

Materials shortages are acknowledged across almost 90% of responses. There is a strong base for this response in the fact that, globally, industries' and suppliers' production levels were significantly affected in the early stages of the pandemic,

and output levels fell to the point of users having exhausted any stock levels. The result is a need for catch-up, and in some cases extreme competition for what stocks are available. Transportation and freight issues only serve to exacerbate the problems, as demand for both is, in many cases, far exceeding the capacity of the providers. As time passes, RLB will monitor developments and alleviation steps, but the difficulty in production and distribution is something that will take time to rectify.

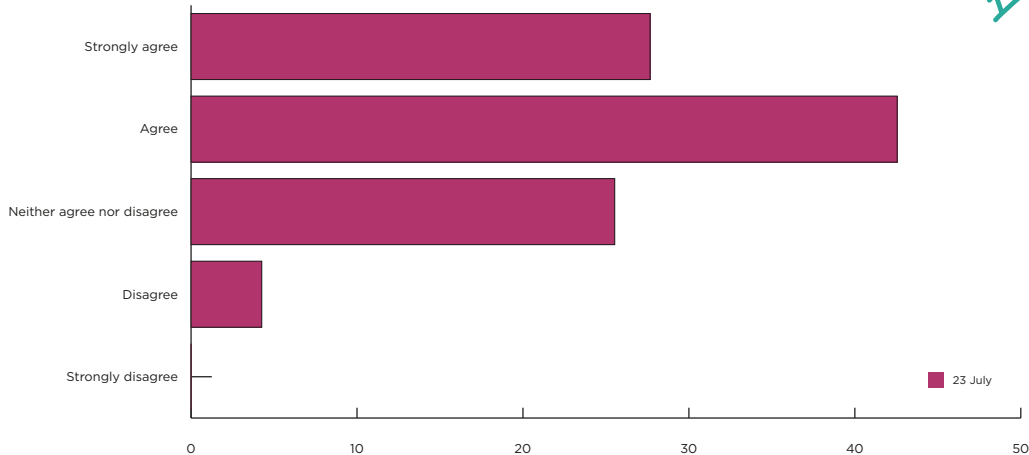


“We have a weakening currency, political unrest, manufacturing constraints, material shortages and rising cost of imports, all contributing to abnormal increases.”

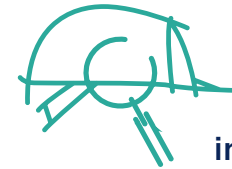
Pretoria, South Africa

16. IN RESPECT OF LABOUR AVAILABILITY AND COST GENERALLY, IN YOUR CURRENT VIEW, ARE THE EFFECTS OF THE COVID PANDEMIC RESULTING IN SIGNIFICANT SHORTAGES AND/OR COST INCREASES?

Over 70% of responses to this question agree that the Covid outbreak has resulted in significant labour shortages, although the reasons for the shortages are quite variable. In some cases there are geographical problems, as immigrant workers



have returned to their country of origin and been unable or unwilling to return. In other locations, shutdowns of economies and industries have resulted in intermittent dislocation of normal market functioning. Overall, sharp reduction in labour mobility remains a key issue and one which will need to be resolved.

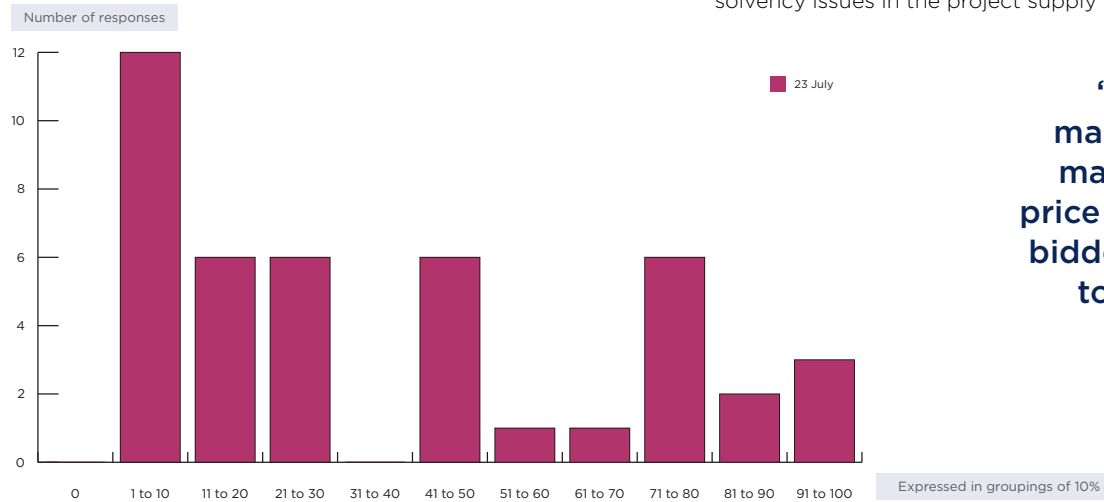


“Although increases are significant if looked at in isolation, the overall effect on a project cost is in the region of 1-2%.”

Melbourne, Australia

17. IF YOUR VIEW IS THAT MATERIALS PRICES HAVE INCREASED MORE THAN IS USUAL IN THE FIRST HALF OF THE YEAR, PLEASE ADVISE ON APPROXIMATELY WHAT PERCENTAGE OF THE PRICE INCREASES ARE BEING PASSED-THROUGH TO TENDER PRICES?

There is a broad range of views as to pass-through of materials cost increases. The extent of pass-through is relevant as it is a proxy for levels of competitiveness. Where there is little or no competition, pass-through will near 100%, whereas in a highly competitive marketplace, contractors and sub-contractors have to take a view on whether to pass-on input costs and thus possibly lose the opportunity to carry out the work. The countervailing risk is obviously that of cost outstripping accepted bid, which creates liquidity and possibly solvency issues in the project supply chain.

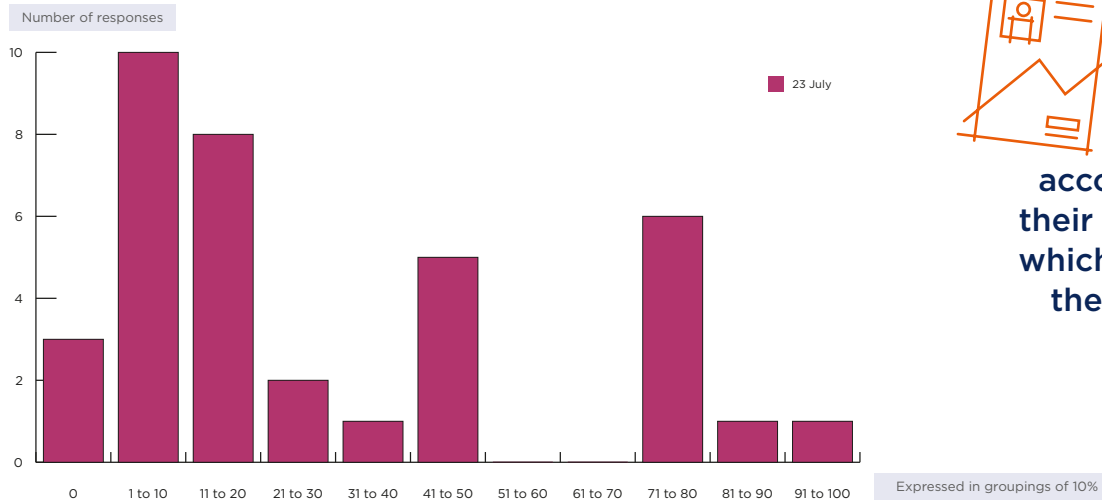


“In a competitive market, increases in material and labour price are absorbed by bidders in their quest to secure the job.”

Singapore, Singapore

18. IF YOUR VIEW IS THAT LABOUR COSTS HAVE INCREASED MORE THAN IS USUAL IN THE FIRST HALF OF THE YEAR, PLEASE ADVISE ON APPROXIMATELY WHAT PERCENTAGE OF THE PRICE INCREASES ARE BEING PASSED-THROUGH TO TENDER PRICES?

The shape of labour pass-through is very similar to that of materials, which suggests consistency of understanding of the component parts of local markets. The spread shows varying levels of competition, but an overall consistency of approach, although there may be an incomplete total match of labour and materials pass-through.



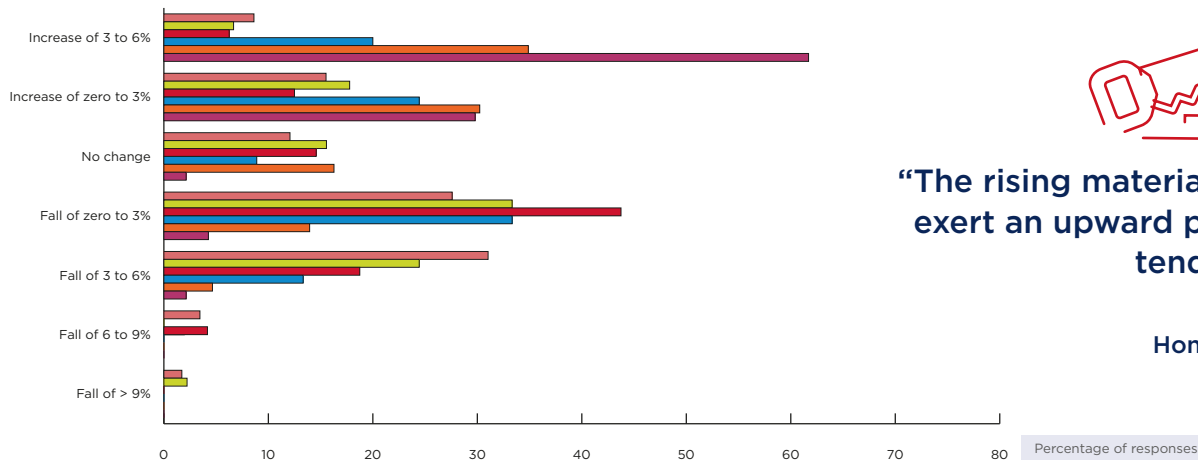
“Contractors have to provide accommodations for their imported labour, which in turn increase their tender prices.”

Macau, China

19. IN YOUR CURRENT VIEW, HOW WILL BID/TENDER PRICES MOVE IN YOUR LOCATION FOR THE OVERALL YEAR 2021?

Over time, views as to the effects of the pandemic on bid and tender prices have swung from negative to positive impact. In the first few surveys, responses tended toward the view that the industry would be significantly slowed and that workload and output would suffer. Currently, the view is hardening that

significant increases will take place, although these may be due to related factors rather than those specific to Covid, as discussed as discussed above and later in this report. The striking near-doubling of views that increases of 3% to 6% are to be expected, shows that the earlier expectations of industry slowdown have not come to fruition but rather have, in many locations, been replaced by governments' stimulation and support of the market, offsetting the constraining factors.



“The rising material costs will exert an upward pressure on tender prices.”

Hong Kong, China

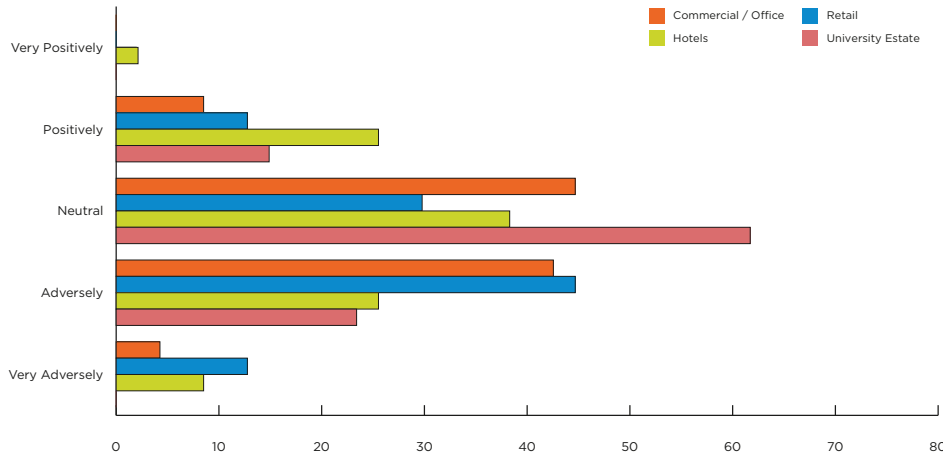
POST-PANDEMIC EFFECTS

20. IN YOUR CURRENT VIEW, HOW WILL THE AFTER-EFFECTS OF THE PANDEMIC FUNDAMENTALLY AFFECT BUSINESS ACTIVITY IN THE FOLLOWING SECTORS IN YOUR CITY CENTRE AFTER THE PANDEMIC HAS SUBSIDED?

Although almost 45% of respondents have a neutral view on the Commercial/Office sector, the belief that there will be

adverse effects far outweighs any balancing belief that effects could be positive.

For Retail, while there is some support for the view that there will be a positive effect, the majority position is that the ensuing period will yield ongoing adverse effects for the sector. This indicates that there is strong belief that Retail may be permanently changed by what has happened in the last eighteen months, which will have inevitable effects on city centres.



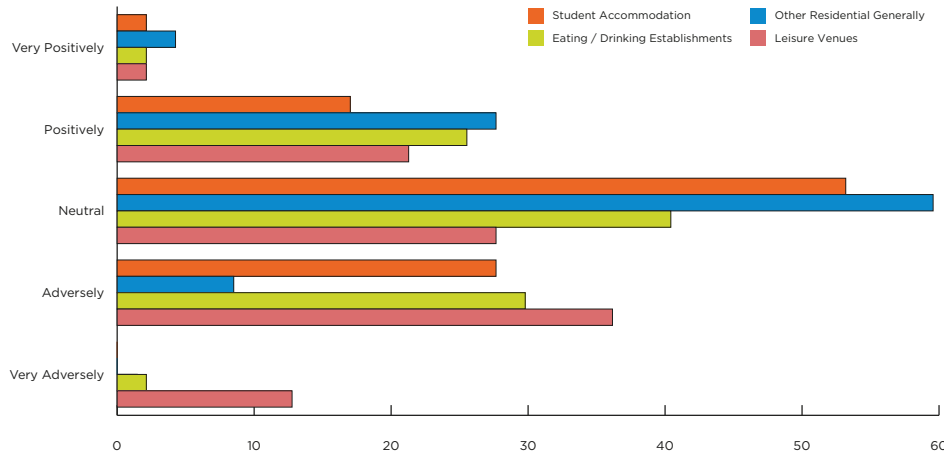
In the Hotel sector, the effects of the lockdowns and related health measures have been particularly problematic so far, but respondents' views on the future show more positive outcomes. Overall, views on this sector appear to be much more balanced on both sides of Neutral than is the case with some other sectors.

For University estate, the predominant view is Neutral, although there is a significant, over 23%, camp of Respondents who see the sector as being adversely impacted.

Continuing the sectoral consideration, the Student Accommodation sector mirrors the estate sector generally, but does indicate slightly stronger support for the positive view of effects.

For "Other Residential" there is a view that almost one third of respondents see a positive effect, the highest proportion of any sector surveyed here.

There seem to be reasonably balanced responses to the



question of whether eating and drinking establishments will be affected positively or negatively.

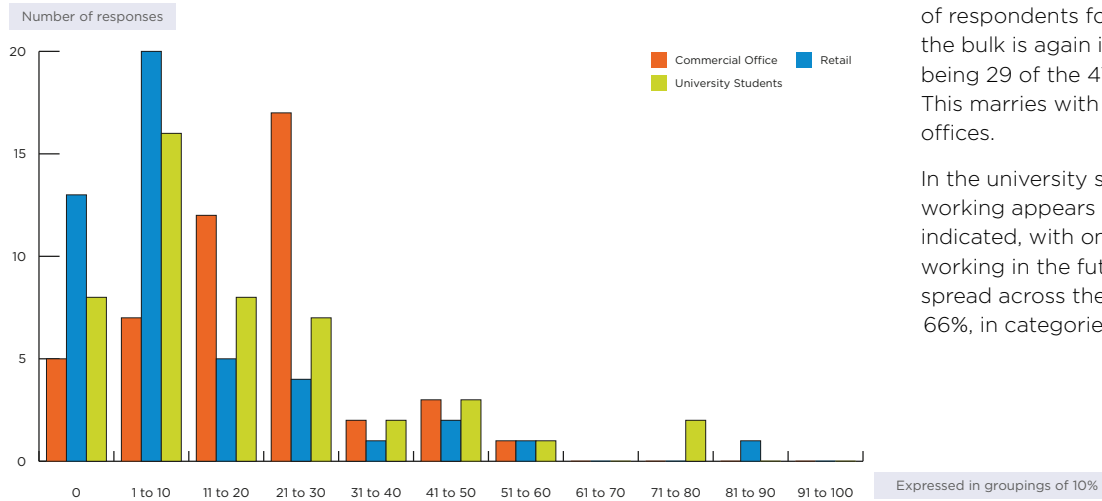
Almost half of responses recorded a view that leisure venues will be adversely affected after the end of the pandemic.

However, there is also a strong grouping of over 23% who see any effect as being positive, so the outcome is as yet unclear. What is particularly notable is that for this sector, the Neutral responses were well less than 30% of the whole, indicating some strong views, and less uncertainty among the respondents.

“Continued trend of working from home for 2+ days per week will negatively affect local retail and F&B establishments.”

San Francisco, USA

21. IN YOUR CURRENT VIEW, WHAT PERCENTAGE OF PRE-PANDEMIC CITY-CENTRE WORKERS/RESIDENTS IN THE FOLLOWING SECTORS WILL WORK FROM HOME PERMANENTLY AFTER THE PANDEMIC IS OVER? (FULL-TIME EQUIVALENT (FTE), SO IF 40% OF EMPLOYEES WORK 60% OF THEIR TIME FROM HOME, FTE = 0.4 X 0.6 = 24%)



This chart shows a large percentage of office sector employees expected to work part of their time from home. Over 89% of responses indicate that some home-working will remain, while only 11% believe that home-working will be overtaken by a return to office. The greatest part of the distribution lies in the range of 11% to 30%, almost 62% of responses indicating a belief that office workers will be based at home 11% to 30% of the time.

In relation to the Retail sector, while 28% of respondents foresee no home-working, the bulk is again in the range of up to 30%, being 29 of the 47 responses, almost 62%. This marries with views on commercial offices.

In the university student sector, home working appears even more strongly indicated, with only 17% seeing no home-working in the future. The other 87% are spread across the range, with the bulk, 66%, in categories up to 30%.

CONCLUSION

As the RLB Covid-19 Survey series hits double figures, the pandemic has clearly developed through a lifespan, and local commentators' understanding of its effects, responses and outcomes have developed in parallel.

At this point in time, focus has moved onto how to re-open economies without creating an upsurge in case numbers, recognising that economies have to eventually return to some form of normal after what has been a very tough year-and-a-half in the shadow of Covid.

While RLB's offices around the world report very different local situations, there is however a significant move toward greater levels of optimism than encountered in the recent past. In many cases, high levels of workload are reported, even though health measures remain in place, and the main concerns are often labour shortages and materials availability issues.

The factory and quarry down-time of the last 18 months, caused initially by strong governmental responses to the extremely serious health threat, has resulted in a series of direct and indirect consequences in which materials are short

in supply, shipping is out of position, freight and container availability is low and costly, and key labour resources are not available or in some cases simply don't exist. Meanwhile to alleviate economic problems, governments respond by stimulating economies, in part via construction projects, particularly housing projects, further adding to the imbalance between supply of resources and demand for them.

The upshot of materials and labour shortages and associated cost and price uplifts then raises important questions of pass-through of input costs of contractors and subcontractors, to bid/tender prices for clients. Although contractors want and need pipeline workload, its availability is a double-edged sword. Input costs are rising rapidly, and some may need to be absorbed rather than passed-through to bid/tender, if replacement workload is to be acquired in competition with other bidders. In principle this is normal, but these are not normal times, and RLB respondents' opinions on pass-through spread right across the range from zero to 100%, demonstrating the fluidity in markets and the possible associated elevation of risk levels.

Although the Covid-19 pandemic is not yet completely in the rear-view mirror, there are better days ahead, as is indicated by increasing vaccination coverage and degrees of re-opening, and, with or without the advent of new Covid-19 variants, the construction industry will be a central feature of recovery operations worldwide.

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