

Gaps and openings

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Detailing current chances and challenges faced by the industry, Sean Ofsarnie offers a snapshot of global construction in 2018

Right now, there are plenty of chances and challenges for the construction industry. On one hand, it can be safe in the knowledge that governments and private investors across the world will always have need of its services. On the other, there are internal and external constraints to which bosses need to be wise if they are to thrive in 2018. Let's tackle these first.

Shortfalls and uncertainties

While the construction industry generally appears to be in rude health, with booming investment and growth predicted worldwide, there is justifiable fear of a growing skills shortage in many countries. An ageing workforce, a lack of new talent, the impact of technology and rising investment have all combined to create problems. The [situation](#) is most acute in Japan, India, Brazil and Turkey, although European countries such as Greece, Germany, Italy, France and the UK are experiencing it as well. Obvious ways of redressing this skills gap are far from clear, but it is something that the industry must tackle in coming years if it is to meet the growing demand for its services.

Another issue is technology. While this can be massively helpful in many aspects of our professional lives, it is also costing people jobs. This is nothing new: from the Industrial Revolution to the present, new advances have had an impact on employment. However, the rate at which technology is currently developing could well be an issue in the years ahead, when machines and computers become both cheaper and more effective than their human counterparts.

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Construction also has to adapt to the sustainability agenda of governments around the world. While this may ultimately be a good thing for the planet, it will be a tricky ? and expensive ? period of adjustment for the industry. This is largely a European problem, although some other countries will have to deal with it as well. However, US firms may not have to worry about this in the short term. President Trump ? a known climate change denier ? has pulled the country out of the Paris Agreement, and has given no indication that he will lumber the construction industry with environmental regulations.

The last couple of years have been notable for such political unpredictability. With the UK's vote to leave the EU, Trump's ascension to the US presidency, the resurgence of the far right in a number of European countries and growing secession movements ? such as those

in Catalonia and Scotland ? politics is a lot more difficult to predict than it used to be. This creates its own problems for construction: it is difficult to plan for the future if you aren't certain who will be in government in 12 months? time. Political unrest can also cause governments to delay the release of lucrative contracts for tender.

Lack of productivity is another global problem that has affected every sector in the decade since the financial crisis. However, construction has felt the [impacts](#) more keenly than most. Wealthy countries are the worst affected, with Germany and Japan having seen negligible growth in construction since 1995. The picture is bleaker yet in the USA, where productivity has fallen by half since the 1960s. Fixing this will require intervention from governments across the world, who would be better placed spreading their construction spending rather than continuing to sustain the cycle of boom and bust we have now.

Demand for development

Investment in the construction industry is on the up, which creates myriad opportunities for the industry. Infrastructure is likely to be one key area of focus; in developed countries, antiquated systems are in dire need of upgrading, while developing countries need fresh facilities built to support their growing economies.

New developments in machinery are another factor from which construction businesses can obviously benefit, as are advances in software. Although leaps in technology can have negative implications, as discussed above, there are also plenty of positives, and construction bosses need to stay well informed on the latest developments.

A particular opportunity lies in the use of drones in construction. From transport, communication and land surveying to security and surveillance, there are numerous potential uses for these. In the coming years, don't be surprised to see them appear as standard on building sites across the world.

Another technological advance that could come into play is 3D printing; this, too, could be commonly deployed on building sites in the not too distant future. It would certainly make sense to have equipment available that can manufacture parts and tools within a number of hours, as delivering them can be costly.

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A further opportunity lies in housing. The amount of liveable accommodation is a growing problem across the world as governments struggle to cope with the demands of rising populations, and this is evidenced by soaring rents and house prices across the developed world. The problem is particularly acute in major cities such as London, Paris, Dublin, Athens, Warsaw and Barcelona. But this crisis also creates a huge chance for the industry, as governments will continue to tender contracts in a bid to build more good-quality, affordable housing.

As the population rises and people increasingly move to cities in search of work, large amounts of construction work are created in the world's biggest metropolises. Indeed, in the UK, London seems to have been slowly expanding into every corner of the South East of England over the past few decades. A similar phenomenon has been occurring in

many of the world's major cities, and it shows no signs of slowing soon. Construction bosses need to be aware of the opportunity presented by increasing urbanisation, and be in a position to take advantage of it.

As mentioned above, however, there is a considerable need for construction talent. India and Brazil are both in the grips of a skills shortage, with demand for construction workers as both countries continue their rapid development. This creates opportunities for overseas firms to set up shop there. Getting your staff to relocate halfway across the world may be a tricky sell, but if you can pull it off the rewards could be great.

Similarly, the Chinese construction industry is booming, and offers a great market in which firms from other countries can invest. China's economy is predicted to overtake that of the USA by 2030, so it would be savvy to invest now before the market gets flooded with foreign talent. There are some barriers to investment ? you need to secure investment from a Chinese company or individual before you are allowed to do business there ? but this is a small barrier that you can easily overcome if you are determined.

Sean Ofsarnie is Co-founder and Director of UK construction chemicals supplier [Resapol](#)

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