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Facilities Management Outsourcing – Health and Education Markets - UK 2009-2013

New AMA report provides a major review of these significant FM sectors

“While the downturn in the economy is expected to have a negative impact on the growth of the overall FM market, the Healthcare and Education sector is due to receive a boost over the short to medium term from the Government’s decision to bring forward £3bn of capital spending to 2009-10 from 2010-11 in order to provide some impetus to the economy. However, this measure will result in lower departmental capital expenditure limits in 2010-11, resulting in more moderate growth in the sector in the medium to longer term even though the overall economy is expected to slowly recover in that period.”

A brief summary of the report is included on the following page.

Priced at £775, the report is currently available from AMA Research Ltd, Telephone 01242 235724 or e-mail at sales@amaresearch.com.

Editors Note:

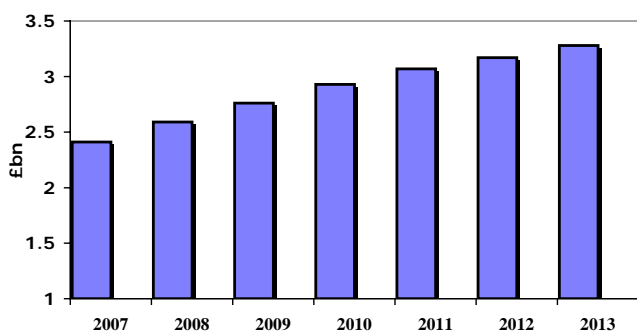
Attached is a summary of the report. Please use brief extracts if you wish, **but we would request that references to company market shares are not published without our prior permission.**

If you would like to receive an editorial review copy or would like to speak to an author of this report, please contact Chris Moore or Keith Taylor on (01242) 235724.

Please include our web address and telephone number on any review printed, it would also be appreciated if a copy of the review could be forwarded to AMA Research. Thank you.

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FACILITIES MANAGEMENT OUTSOURCING – HEALTH AND EDUCATION MARKETS - UK 2009-2013



UK Bundled FM Outsourcing Market within the Healthcare and Education Sectors at Current Prices 2007 – 2013

The Facilities Management market has shown good growth since the early 1990's, influenced by the desire to control operational efficiencies and costs, as well as more recently a trend within the private sector for companies to refocus their business in order to concentrate on core competencies. Further growth since the turn of the millennium was influenced by the buoyant state of the economy, as well as public sector developments funded through the Private Finance Initiative (PFI)/ Public Private Partnerships (PPP). This has contributed to an overall market value for outsourced 'bundled' services and TFM of almost £14.5bn in 2008.

This report is specifically focussed upon the Healthcare and Education application sectors, representing some of the most dynamic end use sectors for outsourced FM services over the last decade. Accounting for an estimated 18% of the overall market, the market for outsourced 'bundled' services within the Healthcare and Education sectors is valued at around £2.6bn in 2008, with the development of this market between 2007 and 2013 illustrated in the chart above:

The UK economy is currently forecast to remain weak over the short to medium term, with the potential for a slow return to growth from 2010 at the earliest. While the downturn in the economy is expected to have a negative impact on the growth of the overall FM market, the Healthcare and Education sector is due to receive a boost over the short to medium term from the Government's decision to bring forward £3bn of capital spending to 2009-10 from 2010-11 in order to provide some impetus to the economy. However, this measure will result in lower departmental capital expenditure limits in 2010-11, resulting in more moderate growth in the sector in the medium to longer term even though the overall economy is expected to slowly recover in that period.

The penetration of FM outsourcing within the Healthcare sector is estimated at around 40-50%, with outsourcing generally higher for 'soft' rather than 'hard' services. The healthcare sector is largely approaching maturity, with limited potential for growth particularly in the acute hospital sector, although there remain opportunities in the primary care sector. In contrast the education sector is less mature with outsourcing accounting for around 21% of overall FM provision by value, leaving considerable potential for growth. Historically outsourcing has often taken the form of single service contracts, although TFM provision is increasing, with a boost likely to arise as a result of the BSF programme.

As the market has continued to mature over the last few years, the number of new market entrants has slowed significantly. Indeed, the FM market has recently experienced an unprecedented number of mergers and acquisitions, as well as number of business failures and market withdrawals. The level of acquisitions has been largely influenced by market maturity, as well as changes in procurement practices, with end users seeking to reduce procurement costs by using fewer suppliers each of whom provide multiple services.

AMA Research's report "**Facilities Management Outsourcing – Health and Education Markets – UK 2009-2013**" is available in hard copy or electronic format for £775 and can be ordered online at www.amaresearch.co.uk or by calling 01242 235724.