

FOR IMMEDIATE RELEASE JULY 2011

Facilities Management Outsourcing – Health and Education Market Report - UK 2011-2015 Analysis

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

“The government budget cuts and the cancellation of major programmes such as Building Schools for the Future are expected to have a negative impact on the growth of the Healthcare and Education sector as capital expenditure is reduced and associated FM contracts are no longer made available, 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 £795, the report is currently available from AMA Research Ltd, Telephone 01242 235724 or e-mail at sales@amaresearch.com.uk.

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.**

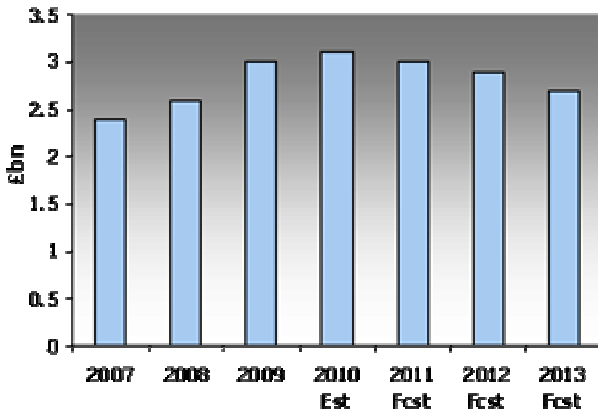
If you would like to receive an editorial review copy or would like to speak to an author of this report, please contact Chris Moore or Keith Taylor on (01242) 235724.

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 MARKET REPORT- UK 2011-2015 ANALYSIS

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, and 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 and public sector developments. 2009 saw the market decline as the economy overall experienced a period of recession. This has led to an overall market value for outsourced 'bundled' services and TFM of over £14 billion in 2010.

This report is specifically focussed upon healthcare and education application sectors, representing some of the most dynamic end use sectors for outsourced FM services over the last decade. The market for outsourced 'bundled' services within healthcare and education is valued at more than £3 billion in 2010, with the development of this market between 2007 and 2013 illustrated in the chart above.

The UK economy appears to have stabilised and is forecast to start seeing some growth from 2011 continuing in the short to medium term. While the downturn in the economy had a negative impact on the growth of the overall FM market, the Healthcare and Education sector received a boost initially as the Government's decision to bring forward £3bn of capital spending to 2009-10 from 2010-11 to provide some impetus to the economy saw increased investment in these sectors. However, following the general election in 2010 and the formation of the coalition government, policies have changed and budgets have been cut, along with a number of capital expenditure programmes, resulting in more moderate growth in the sector in the medium to longer term even though the overall economy is expected to 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' services. The healthcare sector is largely approaching maturity, with limited potential for growth particularly in the acute hospital sector, although there remain some opportunities in the primary care sector. In contrast, the education sector is less mature with outsourcing accounting for around 20-25% of overall FM provision by value, leaving more potential for growth. Historically outsourcing has often taken the form of single service contracts within education, although TFM provision increased, with a boost from the BSF programme. However, the cancellation of BSF means this growth in bundling and TFM is likely to slow.

The FM market has 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 the poor performance within the economy overall but also by market maturity, as well as by the increasing array of services being outsourced leading to larger companies seeking to 'buy in' specialist knowledge.

AMA Research's report "**Facilities Management Outsourcing – Health and Education Market Report – UK 2011-2015 Analysis**" is available in hard copy or electronic format for £795 and can be ordered online at www.amaresearch.co.uk or by calling 01242 235724.