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## Facilities Management Outsourcing Market – UK 2010-2014

New AMA report provides a major review of the UK Facilities Management Outsourcing Market

“The deterioration in the UK economy from mid to late 2008 has had a negative impact on the development of the FM market, with reduced opportunities in the corporate sector moderated by the influence of public sector contracts arising from long-term projects coming ‘on stream’ and government attempts to stimulate the economy through increased public sector expenditure. These combined factors have resulted in marginal deterioration in the FM market since mid 2008, with the market for outsourced ‘bundled’ services and TFM valued at almost £14.2bn in 2009. The market is forecast to stabilise and reach £14.9bn by 2014.”

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

Priced at £650, the report is currently available from AMA Research Ltd, Telephone 01242 235724 or e-mail at [sales@amaresearch.co.uk](mailto:sales@amaresearch.co.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.**

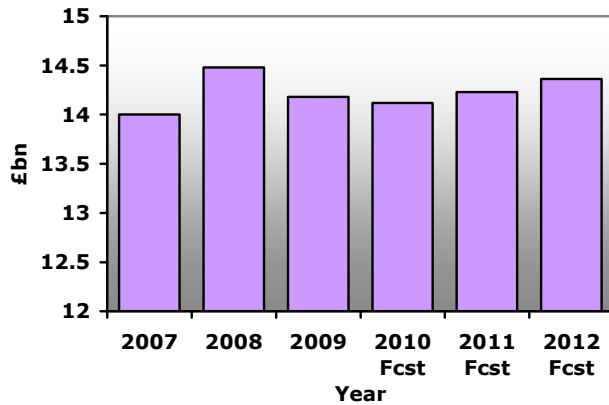
If you would like to receive an extended summary or would like to speak to an author of this report, please contact Chris Moore or Keith Taylor on (01242) 235724.

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 MARKET UK 2010-2014

### UK Bundled FM Outsourcing Market at Current Prices



The Facilities Management market has exhibited good levels of growth for much of the last twenty years, influenced by company/organisational desires 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.

The deterioration in the UK economy from mid to late 2008 has had a negative impact on the development of the FM market, with reduced opportunities in the corporate sector moderated by the influence of public sector contracts arising from long-term projects coming 'on stream' and government attempts to stimulate the economy through increased public sector expenditure. These

combined factors have resulted in marginal deterioration in the FM market since mid 2008, with the market for outsourced 'bundled' services and TFM valued at almost £14.2bn in 2009. The market is forecast to stabilise and reach £14.9bn by 2014.

Another factor influencing the development of the FM market in recent years has been the trend to outsource an increasing array of services, with a gradual shift towards 'bundled service' and TFM contracts adding to contract values.

The market is now considered to be relatively mature across a wide range of sectors such as corporate offices, retail and most Central Government Departments. As a result there is relatively limited potential for growth through increased penetration making the FM market increasingly subject to the performance of the economy. The recent economic downturn has heightened price competition in the market, with end users frequently adopting a 'more for less' attitude at the time of tendering for contracts. This has had a negative impact on contract prices and has resulted in lower margins for FM providers.

Central & Local Government represents the largest end use sector, accounting for around 46% of the market, with the corporate sector accounting for 34%. Healthcare & Education has been the most rapidly growing sector in recent years to account for a share of around 20%. FM outsourcing has increased in both the public and private sectors over the last decade to account for around 63% of overall non-core service provision. Despite this there remain a number of niche sectors where outsourcing is less well established and potential for growth remains, these include Local Authorities, Schools, Leisure, Manufacturing and Social Housing.

The last few years have seen significant consolidation in the supply structure of the FM market, with an unprecedented number of mergers, acquisitions, business failures and market withdrawals. Maturity in the FM market makes it heavily dependent upon the economic climate, through its influence on the prospects for organic growth in key end use sectors such as commercial offices, retail and leisure. Even if the economic recovery continues, Treasury forecasts are currently indicating only 1% growth in 2011 rising to 2% in 2012.

The government is committed to reducing the level of public sector debt over the next five years, resulting in reduced levels of expenditure across virtually all government departments. Bearing in mind the influence of public sector applications on the FM market, this will have a significant dampening effect on growth prospects over the medium term.

AMA Research's report "**Facilities Management Outsourcing Market – UK 2010-2020**" is available in hard copy or electronic format for £775 and can be ordered online at [www.amaresearch.co.uk](http://www.amaresearch.co.uk) or by calling 01242 235724.