

FOR IMMEDIATE RELEASE JULY 2009

## Construction in Scotland - 2009-2013

**Significant new AMA report reviews the construction market in Scotland and considers future developments**

“Projections formulated in 2008 suggested that strong infrastructure output growth of 4.1% annually between 2008 and 2012 was likely to be a driving force behind construction growth for Scotland. This included the Scottish Government’s £3 billion Transport Investment Programme and large scale regeneration projects, including the development of a new town at Ravenscraig. The Scottish Government has also set a target of 35,000 new homes annually by 2015.”

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.com](mailto: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.**

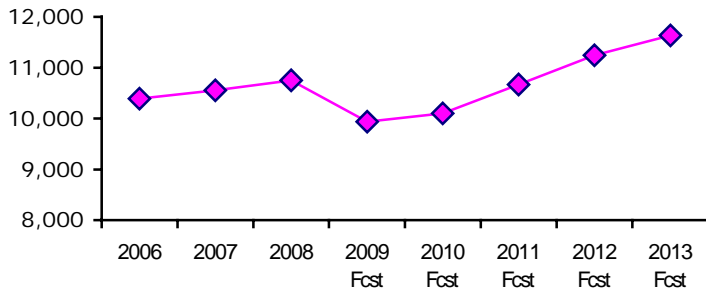
If you would like to receive an editorial review copy or would like to speak to an author of this report, please contact Keith Taylor or Chris Moore on (01242) 235724.

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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## Scottish Construction Market Contractors Output (£m)



The construction industry is vitally important to the Scottish economy. It employs over 220,000 people, with around 90% of these being skilled professionals and contributes more than £12 billion to the Scottish economy each year, representing about 10% of Scotland's GDP. For comparison purposes this is twice the contribution of the agricultural sector and almost three times that of the combined utility services.

The Scottish construction market was valued at an estimated £10,751m in 2008, an increase of 2% on the level reached in 2007. Trends in market size and forecast growth rates are illustrated in the chart above. The output of the Scottish construction industry expanded steadily from £7,676m in 2003 to £10,751m in 2008, although the rate of growth moderated throughout the period, with growth slowing significantly to 2% in both 2007 and 2008.

New work has grown from 61% of the sector in 2002 to around 66% in 2007, however, this proportion declined to 64% in 2008 and is likely to decline further in the next few years, as the recession impacts more significantly on new construction projects.

**Housing activity** accounted for 41% of the total construction industry output in 2008, compared to 40% in 2002, and while this is expected to decrease further in the short term, it is expected to increase to 42% by 2013, reflecting the development of a new town at Ravenscraig and the Scottish Government's target of 35,000 new homes annually by 2015.

**Private new commercial** output currently accounts for around 18% of total construction output in Scotland and is the second largest sector in the industry. Output has grown steadily since 2003 to reach £2,129m by 2007, but declined in 2008. While there are a number of developments which will offer support in the short to medium term, in Glasgow in particular, the significant downturn in the overall commercial and industrial segment of the economy is expected to constrain construction performance.

As far as **public sector construction investment** is concerned, transport forms the major sector with £2,584m allocated over the 2008-11 period, followed by climate change and the water industry with £1,830m allocated over the period and the health sector with £1,676m expenditure for the same period. The schools sector of the education portfolio is administered by local government, though investment in this sector is substantial and recent announcements of additional government support will make the education sector the largest for capital investment over the next 3 years.

Clearly, the economic circumstances facing Scotland are very hard to gauge at the present time, though there are certain factors providing support to the construction sector in Scotland. It is therefore estimated that total construction work will decline by 8% in the current year, will remain virtually static in value terms in 2010, before increasing by 5-6% in the following years, to reach a value of £11,635m by 2013.

AMA Research's report "**Construction in Scotland – 2009 - 2013**" is available in hard copy or electronic format for £650 and can be ordered online at [www.amaresearch.co.uk](http://www.amaresearch.co.uk) or by calling 01242 235724.