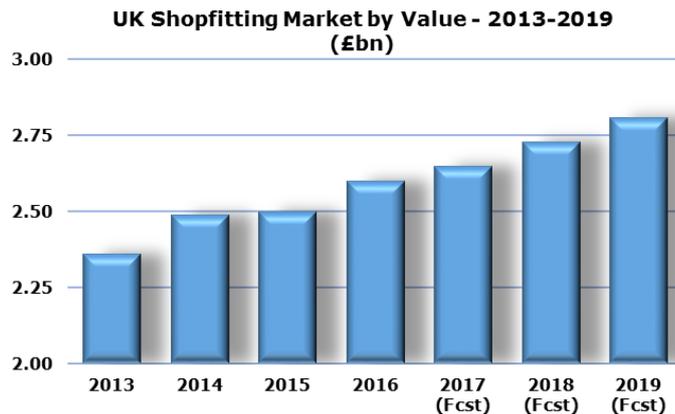




## PRESS RELEASE

### Market growth of 4% in the UK Shopfitting sector

May 2017 – Cheltenham, UK



The shopfitting market has increased by 4% in 2016, following steady growth in recent years, according to a new report by construction market analysts AMA Research. The market has been driven by leading retailers and supermarkets in particular investing in existing portfolios through fit-out and improvement works, rather than adding new space through new build development. In 2017, the value of the UK shopfitting market is forecast to rise by a further 2%.

The pace of convenience/discount store format roll-out programmes, changing consumer habits, shifts in fashion, shrinking retailer budgets and the challenge of shopper expectations impacting on store design and space requirements, are all influencing the sector and providing opportunities for shopfitters. The challenge for shopfitting clients in the retail sector is the growth of online sales, as retail footfall continues to decline as more consumers focus on online shopping.

A number of other key issues are affecting the retail sector including the Government's overhaul of the planning system on retail planning and development; the growing importance of sustainability and ethical retailing and the growth of technology, which is changing how shoppers, retailers and suppliers engage with one another.

The UK shopfitting sector is complex and highly fragmented, and has seen a relatively high level of consolidation in recent years, which has led to the number of suppliers focused on shopfitting declining over the past 8-10 years. Market consolidation has also led to a shortage of specialists to carry out the available work. Going forward, it is expected that the rate of consolidation activity will slow, however competition continues to be high and companies are increasingly required to provide a wider number of services to their customers.

Profit margins also continue to be under pressure. For a number of years, the focus on low price management contracts under competitive tendering has increased for smaller projects. However, procurement routes such as partnering and framework agreements are predominantly used in major roll-out programmes. There is an indication of a slight increase in formal framework and partnership agreements in the shopfitting sector, although winning future work is still heavily performance based.

*"In the short to medium term, the UK market for shopfitting is forecast to increase by around 3-4% per year, reflecting the projected increase in refit programmes compared with new build schemes" said Hayley Thornley, Market Research Manager at AMA Research. "Short-medium term opportunities for shopfitting contractors are likely to come from the value and discount retailers and the grocery convenience sector, along with refits and re-branding programmes in the entertainment sector. The adoption of in-store concessions and collaborations between retailers has also grown."*

Construction output in the overall retail sector is expected to fall further in 2017 and 2018, before seeing moderate growth rates of between 1% and 3% until 2021. Growth prospects vary considerably between sectors and those with the best prospects for growth include budget and high end hotels, budget gyms, food-led pubs and restaurants. In 2017, output in the entertainment sector is expected to rise by around 3% with growth rates set to remain at around 3% per annum over the remainder of the forecast period.

The '**Shopfitting Market Report – UK 2017-2021 Analysis**' report is published by AMA Research, a leading provider of market research and consultancy services with over 25 years' experience in the construction and home improvement markets. The report is available now and can be ordered online at [www.amaresearch.co.uk](http://www.amaresearch.co.uk) or by calling 01242 235724.

**Editors Note:**

If you would like to receive more information on the report, or would like to speak to the author, then please contact Anna Eriksson or Hayley Thornley on 01242 235724.

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

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