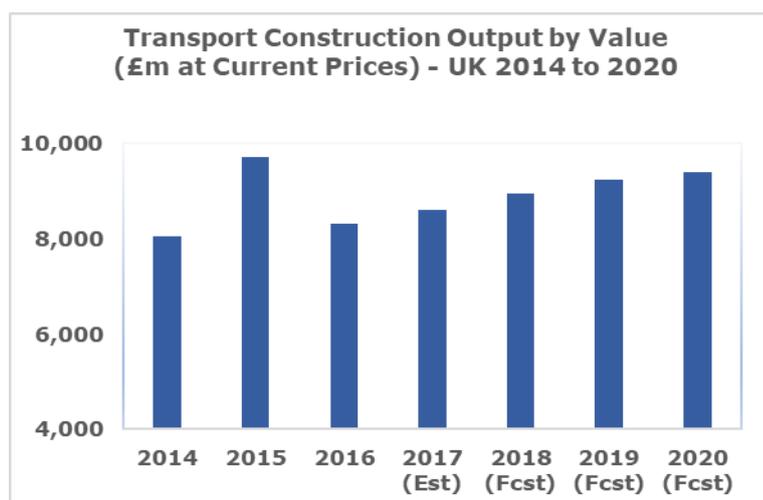




PRESS RELEASE

Transport set to dominate output within the UK infrastructure sub-sector into the next decade

January 2018 – Cheltenham, UK



In 2017, contractors' output in the transport sector was valued at around £8.6bn. Major transport infrastructure development programmes are largely driven by public sector funding under 5-year investment programmes, with funding allocated on an annual basis. Between 2012 and 2016, contractors' output in the transport infrastructure sector had been volatile, due to annual fluctuations in new road construction output and year-on-year decreases in rail construction activity levels.

Roads construction and maintenance is mainly being driven by the first phase of the Highways Agency's 5-year Roads Investment Strategy (RIS1), which is part of the National Infrastructure Plan (NIP). Under this, over £15bn of funding has been allocated for capital enhancement and renewals for the period 2015-16 to 2020-21. Other major road schemes are being delivered as part of the multi-modal Transport Strategy for the North, which sets out the strategic options for future transport investment in the north of England to boost the Government's concept of a "Northern Powerhouse".

As a result of these and other ongoing schemes, roads construction output is forecast to increase in 2018 and 2019 as road improvement contracts under Highways England's Collaborative Delivery Framework (CDF) translate into increased output. In addition to new works and major upgrade programmes, Highways England also has a maintenance budget of £1.3bn over its first fixed 5-year investment period for to 2019-20.

In the rail sector, there have been significant increases in contractors output and new orders, underpinned by a combination of major projects and regional frameworks. Contractors working in the UK rail sector currently have £38bn funds available for Network Rail for Control Period 5, covering the period between 2014 and 2019.

Rail construction output is expected to grow significantly during the period 2017-2019, underpinned by a substantial number of major schemes. These include the Bank Station redevelopment project, main tunnelling works on the Northern Line extension to Battersea and electrification of certain cross-country routes, the delayed Metropolitan Line extension project and enabling works on Phase 1 of the HS2 Project.

In the airports sector, proposed additional runway capacity at Heathrow should underpin future development, though major construction works are not likely to begin until 2021. Output in the airports sector is also expected to be boosted by a 4-year development programme at Manchester Airport and a £1.2bn capital investment programme over the next 5 years at Gatwick Airport.

Furthermore, announcements of additional capacity and investment at the UK's major airports, together with a number of smaller and medium sized projects at both major and regional airports should also generate additional work in the sector over the next few years.

In the UK ports sector, a number of major schemes are currently being planned or are progressing, many of which are part of key major regeneration schemes including: a significant expansion at the Port of Tilbury; the Western Docks Revival (DWDR) project at the Port of Dover; the second phase of Peel Ports Group Liverpool2 terminal expansion programme; and a major expansion of Southampton Docks.

In Scotland, Wales and Northern Ireland each devolved administration produces its own infrastructure plan setting out spending on economic infrastructure. The Scottish investment pipeline includes 30 major programmes and over 100 individual projects. In Wales, around £2bn is being invested in transport infrastructure projects, while in Northern Ireland, £2.6bn is being invested, with the majority being spent on roads.

The outlook for transport infrastructure construction is positive, with the Government recently committing to providing the biggest investment in transport infrastructure in years, and as a result. Forecasts indicate increasing output and a significant pipeline of major projects under the National Infrastructure and Government Construction Pipeline (NIP). As part of the NIP, around £92bn is to be invested in transport infrastructure over the period to 2020-21, of which more than half will be put into railways projects. A further £40bn will be invested across the infrastructure sector at large after 2021.

The '**Transport Infrastructure Construction and RMI 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 within the construction and home improvement markets. The report is available now and can be ordered online at 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 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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