

The M&E market bouncing back rapidly from the impact of Covid-19



The M&E market suffered a 12% fall in total value in 2020 resulting from disruption of work during the Covid-19 pandemic but contractors have shown considerable resilience in adapting working practices and initiating a speedy recovery. As the economy bounces back, further robust growth is expected in the M&E market over the next two years, underpinned by the adoption of new products and technologies in the drive towards zero carbon, although market value is not expected to return to pre-pandemic levels until 2023.

The market is highly competitive and profit margins remain fairly low although they have been improving over the last two years, especially among large companies, as contractors have refocused their business on profitable sectors and avoided the low bidding on contracts that characterised the market in the recent past. As a result, the M&E contracting sector appears to be in a relatively robust state to withstand the impact of the Covid-19 pandemic compared with other sectors of the construction industry.

In the private sector, industrial construction output will be buoyed by growth in demand for warehouse and distribution hubs arising from the growth of e-commerce. Office construction is likely to be slower, as it is dependent on how working patterns adapt post-Covid. Output in the retail sector is also forecast to still be below pre-Covid levels by 2025. Overall, private non-residential new work output remains susceptible to changes in levels of business confidence and the economic uncertainty in the wake of Covid-19.

Market recovery has continued into 2021 but the speed of recovery is being hindered. Abdul Tantouch, Research Manager at AMA Research comments “following the huge disruption in Q2 2020 caused by the Covid-19 pandemic, the M&E contracting industry showed great resilience in rapidly adapting working conditions and returning to activity. However, the fall-off in new orders and continuing economic uncertainty mean that the market will take some time to return to pre-pandemic levels and is being hindered by supply shortages and price rises of materials, caused by disruption at all levels of the supply chain. Government efforts to boost recovery, including support for the drive to zero carbon, will help to sustain future growth.”

Overall, the performance of the M&E contractors’ market is heavily dependent on the performance of the non-residential construction sector. Although a strong recovery from the downturn of 2020 is forecast for the next two years, the pace of recovery is likely to vary considerably across the various sub-sectors of non-residential construction.

Editors Note:

The information was taken from the [M&E Contractors Market Report – UK 2021-2025](#) by AMA Research, which is available to purchase now at www.amaresearch.co.uk or by calling 01242 235724.

Please include our web address on any press release or article published. If you would like to receive more information on the report, or would like to speak to the Editor, then please contact:

Roshni Cornock
AMA Research
t: +44 (0) 1242 235724
e: roshnipatel@amaresearch.co.uk

About AMA Research

AMA Research is a leading provider of market research and consultancy services with over 30 years’ experience within the construction and home improvement markets. For more information, go to www.amaresearch.co.uk or follow us on Twitter [@AMAResearch](https://twitter.com/AMAResearch) for all the latest building and construction market news.