

Healthcare construction output fell by over 15% to £2.5bn in 2018



According to the new Healthcare Construction Market Report from AMA Research, the overall picture for construction output in the health sector in 2018 is that output fell to the lowest level since 2015 – declining by over 15% to an estimated value of £2.5bn. The healthcare pipeline is now mainly concentrated on smaller, lower value extension and refurbishment projects of existing facilities.

The public sector still has the majority value share at around 60% in 2018 but has fluctuated due to budget cuts impacting on the sector, representing close to 70% only a year before. The change in public/private sector mix is indicative of recent moves within health sector construction away from PFI funded larger-scale hospital development towards the smaller scale local health authority controlled programmes.

However, demand from private healthcare providers for expansion in facilities has dwindled in previous years due to a fall in referrals from the NHS and lower numbers of overseas patients receiving private treatment in the UK. This has led to a decline in private healthcare construction output, which has fallen from a peak of £4.9bn in 2008 to around £1bn in 2018.

Additionally, there is now an urgent need for investment across the NHS estate in England to ensure healthcare infrastructure is fit to deliver new models of integrated care. The Government has made it clear that it will need to find funding from a range of sources, including from the private sector to help fund future infrastructure projects and to address the £6bn maintenance backlog.

Going forward, the outlook for health construction output remains steady, if moderate, into the medium-term, with moderate annual growth rates forecast to 2023. In the short term, output levels are expected to be underpinned by small NHS frameworks such as the £4.26bn ProCure22 programme, which is providing a steady stream of work.

For more information or to purchase this report please visit www.amaresearch.co.uk or call us on 01242 235724.

The information was taken from the [Healthcare Construction Market Report - UK 2019-2023](#) by AMA Research, which is available to purchase now at www.amaresearch.co.uk or by calling 01242 235724.

Editors Note:

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