

United Kingdom Facility Management Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The UK facility management market is expected to register a CAGR above 4.5% during the forecast period. The United Kingdom is one of the largest markets for facility management services in Europe in terms of maturity and sophistication. Given the high penetration of facility management services, several service vendors operating in the country have been focused on expanding their presence to leverage the growing demand for facility management, especially with the recent trend favoring the outsourcing of non-core operations.

Key Highlights

The UK facility management industry operates via integrated contracts provided by large vendors across continents and borders. The smaller local players focus on single contracts and single-service solutions. However, there are increasing opportunities to leverage facility management and corporate real estate in new ways, given the dynamics occurring across the country.

Over the last decade, several service vendors operating in the region have been focused on expanding their presence to leverage the increasing demand for facility management, especially with the recent trend favoring the outsourcing of non-core operations. Further, the country has been witnessing increased opportunities to leverage facility management and corporate real estate in innovative ways, given the dynamics across the country.

Owing to the government's constrained budget, which leads to the continuous outsourcing of essential facility management services, the public sector's contribution to the facility management market in the region is significant.

The outbreak of COVID-19 has had a mixed business impact on facility management firms, as the restrictions on the movement of people resulted in a decline in project work and a reduced level of activity across many customer sites. The major players in the market, such as Mitie and CBRE Group, were adversely affected due to the pandemic-related lockdown.

FM providers have been experiencing supply chain disruptions, leading to difficulties in procuring materials and supplies. They have found it harder to cope with staff shortages owing to various factors that include lockdown restrictions, self-isolation, and

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illness. However, the readily built environment has played an important role in supporting various industries, from health and social care to transport and utilities, and helped tackle the spread of the virus.

The facility management industry is heavily reliant on workers from the European Union. The soft FM services are primarily dependent on this source of labor, and restricted access post-Brexit can have significant implications. FM businesses, particularly those holding EU contracts, are expected to be affected by potential changes to migrant labor, the supply chain, and other regulations in the post-Brexit scenario.

UK Facility Management Market Trends

Single FM Service is Expected to Witness a Significant Growth

Working with a single facility management service provider entails primarily delegating task management to separate entities. It also entails having a different service provider for each service the organization requires, such as cleaning, reception, and vending machines. Using the services of specialized service providers has several advantages.

It enables the customers to concentrate on their core business, while single-service providers provide effective services to customers and help operational efficiency. Having experts handle task management will result in much higher efficiency and service quality. It will also free up company employees to focus on the most important business areas while saving resources for non-core activities.

The outsourced FM has been successfully used in various sectors, including the public sector, retail, professional services, healthcare, technology, logistics, manufacturing, and education. The areas that FM services look after vary widely, primarily depending on their type, the size of the company, and the sector in which it operates. Some organizations will only require a single service solution provider. This is driving the demand for single FM in the country.

Vendors operating in the UK market have been offering single services to clients, regardless of the emergence of bundled and integrated services, because some organizations still require single solutions. For example, TC Facilities Management Ltd offers single services, such as cleaning and security, across multiple sectors in more than 5,500 locations nationwide.

Increased leasing activity in the commercial real estate sector is expected to drive the demand for soft facility management services. Although the number of people going to the office is yet to reach pre-pandemic levels, COVID-19 has highlighted the necessity for soft FM services in office buildings.

Commercial End User Sector is Expected to Hold a Significant Market Share

The commercial end-user sector cover office buildings occupied by business services, such as corporate offices of manufacturers, IT and communication, and other service providers. Owing to this, the provision of necessary fitments and interiors and commercial buildings decoration and management has gained significant importance, thereby driving the market in the country's commercial sector.

UK Commercial Group provides a broad range of commercial facilities management services, such as commercial cleaning services, duct cleaning training, and complete facilities management across its Newcastle office. Similarly, B38 Group is a national facilities management and property support company established to meet clients' highest expectations in the commercial property sector. It delivers commercial property support services, including facilities management, property maintenance, construction, civil engineering, corporate interior fit-out, and energy services.

The spread of COVID-19 has forced the mass closure of workspaces and the implementation of work-from-home policies in most industries, especially in the corporate buildings of the IT and telecommunication sector, which negatively affected the market. However, for some businesses, the new normal initially may mean virus-proofing their offices through short-term fixes, new

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working patterns, and long-term design upgrades that put hygiene at the core of workplace planning. This may positively impact soft services, such as COVID-19 cleaning services, in the region.

The market is witnessing multiple partnerships, mergers, and acquisition activities between vendors and commercial entities in the United Kingdom. For instance, CBRE Group Inc. acquired 60% of Turner & Townsend Holdings Limited, a United Kingdom-based professional service company.

In March 2022, Walton Centre NHS Foundation Trust extended its partnership with ISS UK to provide security, helpdesk, retail restaurant, patient catering, healthcare cleaning services, and hospitality across both the main hospital and Sid Watkins buildings. The new contract is worth EUR 3.5 million a year for three years and has the option to extend for up to two further years.

UK Facility Management Market Competitor Analysis

The United Kingdom facility management market is fragmented as it is a highly competitive market with the presence of several players of different sizes. This market is expected to experience a number of mergers, acquisitions, and partnerships as companies continue to invest in offsetting the present slowdowns that they are experiencing strategically.

June 2022 - ISS has mobilized a contract with a global investment company, abrdn, to deliver services across ten sites in Scotland and England. The contract sees ISS delivering technical, catering, support, workplace, and cleaning services.

June 2022 - Kier was awarded a place on the Crown Commercial Service's (CCS) GBP 35 billion Facilities Management and Workplace Services RM6232 Framework. The company would provide hard services, including mechanical and electrical engineering maintenance, several statutory obligations, including asbestos management and electrical testing, and internal and external building fabric maintenance.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

Table of Contents:

1 INTRODUCTION

1.1 Study Assumption and Market Definition

1.2 Scope of the study

2 RESEARCH METHODOLOGY

3 EXECUTIVE SUMMARY

4 MARKET INSIGHTS

4.1 Market Overview

4.2 Industry Attractiveness - Porter's Five Forces Analysis

4.2.1 Bargaining Power of Suppliers

4.2.2 Bargaining Power of Buyers

4.2.3 Threat of New Entrants

4.2.4 Threat of Substitutes

4.2.5 Intensity of Competitive Rivalry

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4.3 Assessment of COVID-19 Impact on the Market

5 MARKET DYNAMICS

5.1 Market Drivers

5.1.1 Growing Trend Toward Commoditization of FM

5.1.2 Growing Demand for IFM and Outsourcing of Non-core Operations from Emerging Verticals

5.1.3 Renewed Emphasis on Workplace Optimization and Productivity

5.2 Market Challenges/Restrains

5.2.1 Market Saturation in the Public Sector

5.2.2 Growing Competition Expected to Impact Profit Margins of Existing Vendors

5.3 Analysis of Penetration of Integrated Facility Management Services in the United Kingdom

6 MARKET SEGMENTATION

6.1 By Facility Management Type

6.1.1 Inhouse Facility Management

6.1.2 Outsourced Facility Management

6.1.2.1 Single FM

6.1.2.2 Bundled FM

6.1.2.3 Integrated FM

6.2 By Offering Type

6.2.1 Hard FM

6.2.1.1 Building Services

6.2.1.2 HVAC Services

6.2.1.3 Mechanical, Electrical, and Plumbing Services

6.2.2 Soft FM

6.3 By End User

6.3.1 Commercial

6.3.2 Institutional

6.3.3 Public/Infrastructure

6.3.4 Industrial

6.3.5 Other End Users

6.4 By Region

6.4.1 London and South East England

6.4.2 South West England

6.4.3 Midlands & East England

6.4.4 North of England

6.4.5 Rest of the United Kingdom

7 COMPETITIVE LANDSCAPE

7.1 Company Profiles

7.1.1 CBRE Group

7.1.2 Mitie Group PLC

7.1.3 EMCOR Facilities Services WLL

7.1.4 Cushman & Wakefield PLC

7.1.5 G4S Facilities Management UK Limited

7.1.6 ISS UK

7.1.7 Serco Group PLC

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- 7.1.8 Kier Group PLC
- 7.1.9 Sodexo Facilities Management Services
- 7.1.10 Compass Group
- 7.1.11 Equans
- 7.1.12 VINCI Facilities Limited
- 7.1.13 Aramark Facilities Services
- 7.1.14 Elevare
- 7.1.15 Andron Facilities Management
- 7.1.16 Logosoft
- 7.1.17 CSM Facilities Management Group
- 7.2 Market Share Analysis

8 INVESTMENT ANALYSIS

9 FUTURE OUTLOOK OF THE MARKET

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