

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

Market Report | 2023-01-23 | 120 pages | Mordor Intelligence

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Report description:

The Europe Hard Facility Management (HFM) Market is expected to register a CAGR of 2.5% over the next five years. Because of Europe's expanding population and rising urbanization, the region's HFM market is expected to witness constant growth.

Key Highlights

Contracting hard facility services is becoming more and more widespread in Europe. Organizations are re-evaluating their business strategies to boost value creation. Before contracting out facility management to outside parties, they do consider the best mix of insourcing and outsourcing based on capability, cost, and coverage. The market for HFM services has grown significantly in Europe owing to outsourcing. The trend is being driven by increased demand for top-notch working environments and decreased operating costs.

Europe has one of the highest HVAC service market shares in the world. The market's growth is mostly attributed to the rising use of ecological building techniques. Growing public knowledge of the energy efficiency of HVAC equipment and aftermarket services is driving economies to embrace sustainable building practices.

In Europe, notably in the United Kingdom, Germany, and France, government rules and regulations about energy efficiency and the use of environmentally friendly refrigerants are anticipated to enhance the demand for HVAC equipment. The German government strongly encourages the rapid advancement and use of efficient, renewable heating and cooling systems through new legislation and rewarding incentives.

According to research by the real estate firm CBRE, 87% of major corporations continue to use a hybrid work approach in which people work remotely at least occasionally. When health and hygiene is the most important point of concern, facilities managers require serious consideration to properly design the construction of the office so that people can maintain a safe distance and have a more open and well-partitioned cabin.

Today, the shortage of engineers and other professionals harms Europe's ability to modernize sustainably and prosper

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economically. Europe is experiencing a skills gap in engineering certifications, a trend that has existed for some time. Over time, the demand for professional equipment personnel in Europe is rising exponentially.

In developed countries like the United Kingdom and Germany, with the start of the offices post-COVID-19 pandemic, there is an escalated demand for hardware and infrastructural management services. Proper maintenance of assets and equipment in large enterprises can significantly impact organizational performance and help ensure the equipment's good life cycle.

Europe Hard Facility Management Market Trends

HVAC Service Demand is on the Frontline

The European Commission has suggested stricter regulations for the treatment of urban wastewater as well as for surface and groundwater pollution. For the well-being of both humans and ecosystems, clean air and water are crucial. For instance, the environment Act of last year by the United Kingdom's government mandates that the administration establish legally binding environmental goals for England in four priority areas, including air quality, as well as an additional goal on fine particulate matter (PM2.5), which is thought to be the air pollutant that poses the greatest risk to human health.

Energy-efficient HVAC systems services are in high demand across industries owing to the EU's adoption of stringent regulations. Energy-efficient technologies are more likely to be required as public awareness of greenhouse gas emissions grows. In the U.K., Germany, and France, it is anticipated that these variables would have the greatest effects on the demand for modern temperature-control equipment.

Some European countries have experienced heat waves in the past year like never before. According to climate data provider Kayrros, emissions from coal and gas increased significantly throughout Europe in July because of high temperatures driving up demand for air conditioning. From 12 June to 17 July, the bloc's daily carbon emissions increased by 18%. By upgrading the outdated HVAC equipment and increasing the effectiveness of the duct system, power and fuel consumption can be significantly decreased. Implementing these developing technology services can help reduce emissions and your carbon footprint.

As per the report of ING, a worldwide economic research expert, the European construction sector is predicted to expand by 2.5% this year because of new investment from the EU recovery fund. The construction industry significantly influences the demand for HVAC facility services in Europe. These rising construction growths are expected to drive the demand for HVAC installations and maintenance services.

Furthermore, the pandemic made filtration even more crucial, which played a big part in the region's increased demand for HVAC equipment in the region. According to multiple pieces of research, interior locations, including workplaces (offices, factories), and other indoor settings like churches, restaurants, shopping malls, and cars, were most conducive to COVID-19 transmission.

Compared to raising the air exchange rate in enclosed environments, air filtration decreased the risk of viral transmission. The demand for air filtration and purification increased manifold after the COVID-19 outbreak across the globe, including European countries.

According to JRAIA, Europe's demand for air conditioning equipment reached its highest level in ten years, at over 8.9 million units. The only notable exception to this overall upward tendency was during the investigated period when only about 7.6 million units were sold. Since 2015, the demand for air conditioning has been rising gradually.

Growing Commercial Construction Drives the Market

As a result of the widespread construction in Europe and the continued growth of different residential, commercial, and industrial constructions across the region have driven the Europe HFM market. Although construction activity paused due to the adverse impact of the COVID-19 pandemic, the market is recovering, with more investments being made in the industry. A recent study

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found that the strength of the European construction market was evidenced by the 5.2% growth in total investment in the last year.

The United Kingdom and Spain remained most active in the case of commercial construction this year. According to the organization's 65th Statistical Report, Slovenia (+10.4%), Spain (+5.4%), Ireland (+7.3%), and the Netherlands (+5.0%) would have the fastest-growing construction markets in Europe this year. Germany's construction is expected to rise by 1%, and France would see 3.5% growth. Thereby the demand for engineering and consulting, installation and commissioning, operational improvement, and maintenance services are anticipated to grow in the upcoming periods.

Numerous large-scale new infrastructure plans and initiatives have been launched globally during the last few years. To aid EU Member States in recovering their economies from the coronavirus epidemic, the European Commission established Next Generation EU, a EUR750 billion (USD 771 billion) fund. With the growing infrastructure, businesses seek more individualized services, convenience, and on-demand maintenance and repair services, the HFM managers are rapidly digitizing their services. The Companies have recognized the long-term cost benefits linked to preventative maintenance from asset management services, thereby raising recurring maintenance and repair income for sector operators.

The European market highly depends on outsourcing hard facility services for their enterprises. Ongoing service contracts and agreements, growing product development rates, and market expansion contribute to the HFM market's growth. Building planning, design, and maintenance are aided by mechanical, electrical, and plumbing (MEP) service providers, who also provide services, including machine monitoring and repair and plumbing system design and maintenance.

Europe Hard Facility Management Market Competitor Analysis

The Europe Hard Facility Management (HFM) is fragmented, with local and international players having decades of industry experience. The HFM vendors are incorporating a powerful competitive strategy by leveraging their expertise. North America HFM companies are incorporating technologies into their services, strengthening their service portfolio. Further, the major players are Sodexo, Inc., Johnson Controls International, CBRE Group Inc, VINCI Facilities, and ISS AS.

In June 2022, AECOM unveiled that it has completed its ninth Pavilion project for the Serpentine Galleries in London and has served as the gallery's technical advisor for all its exhibitions and estate developments for ten years.

In July 2022, VINCI Facilities won a new Crown Commercial Service Framework position. VINCI Facilities and the CCS have collaborated on prior frameworks for more than eight years. With this new framework award, it can now submit bids for various individual contracts across six lots valued at GBP 1.5 million (USD 1.78) and above.

Additional Benefits:

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

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