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UK Facility Management - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

Market Report | 2024-02-17 | 180 pages | Mordor Intelligence

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Report description:

The United Kingdom Facility Management (FM) Market size is expected to grow from USD 69.28 billion in 2024 to USD 75.19 billion by 2029, at a CAGR of 1.65% during the forecast period.

In terms of maturity and sophistication, the United Kingdom is one of Europe's most mature and sophisticated markets for facility management services. Given the increasing penetration of facility management services, providers are actively focusing on specialized services to obtain a foothold in the inoothold in the industry, which also saw many changes due to the region's macroeconomic and social changes.

Key Highlights
-Various service providers operating in the country have emphasized growing their presence over the last decade in order to benefit from the increasing demand for facility management, especially with the current trend favoring the outsourcing of non-core functions. The country is witnessing increased opportunities to leverage facility management and corporate real estate in innovative ways, given the dynamics across the country.
-For instance, in April 2022, Iron Mountain, a provider of asset lifecycle management, innovative storage, and information management services, announced plans to expand into the United Kingdom. In response to increased demand for its logistics and storage capabilities from existing and new users, the company is also expected to open additional locations in Lutterworth and Kettering.
-Furthermore, demand from various end-user industries is seeing exponential growth, positively impacting the market. According to a study by RICS in May 2022 on the United Kingdom facilities management market, the demand accelerated sharply within the healthcare sector, evidenced by a net balance of more than 55% of contributors citing an increase that is showing a more significant need present for services across all of the sectors, including the retail industry, therefore, further increasing the facility

management employment opportunities.
-The growing competition in the market impacts the profit margins and growth of existing vendors. The competition level between suppliers is so high that FM services are transitioning to commoditized in the region. However, the country's recovering economic stability is anticipated to improve the market demand gradually and, subsequently, the profit margins of the market players. As suggested by the UK Facilities Management Market Survey by RICS, the profit margins, workloads, and employment opportunities are also anticipated to grow over the next couple of years.
-The COVID pandemic caused the demand for soft FM services to grow faster than hard services. To ensure the safety and cleanliness of buildings and occupants' circulation spaces, companies introduced a range of soft services focused on sanitization. For instance, Polyteck Group established a deep cleaning and sanitation division to meet growing demand from the UK's social housing and commercial sectors for hygiene services during the COVID-19 crisis.

UK Facilities Management Market Trends

Single FM Service is Expected to Hold Major Share

- Working with a single facility management service provider primarily delegates 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 includes several advantages.
- It allows customers to concentrate on their core business, while single-service providers provide adequate customer services and help operational efficiency. Experts handling task management will result in much higher efficiency and service quality. It will also free company employees to focus on the most critical business areas while saving resources for non-core activities.
- The outsourced FM is 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 its type, the company size, and the sector in which it operates. Some organizations will only require a single service solution provider. It is driving the demand for single FM in the country.
- Further, the Q4 2022 RICS UK Facilities Management Survey suggested that approximately 10% of the respondents believed that the single FM sector would witness the highest growth in the next twelve months. The response rate increased to 10% of the respondents that believed single FM to witness the highest growth. However, substantial respondents in the survey believed that other services, such as bundled FM and in-house services, are poised to see the highest growth rate in the next 12 months.
- When businesses choose a single service provider, they outsource their day-to-day operations to a specialist provider. They can be assured of superior service quality and efficiency by hiring the help of specialists. Using several service providers is a time-consuming activity that necessitates the management of multiple vendors as well as the associated hazards.
- Furthermore, the scale of the developing and developed economies makes working with a single supplier and servicer impossible. Unfortunately, many businesses still operate with a single mindset, relying on a single property management service provider for all their needs.

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

- Office buildings used by providers of business services, including manufacturers' corporate offices, IT and communication companies, and other service providers, are mainly referred to as the commercial end-user sector. Due to this, the overall supply of commercial building decoration, essential interior fittings, and management grew in importance, pushing the region's commercial sector market.
- In October 2022, SPIE UK, the independent European provider of multi-technical services in communications and energy,

declared a new contract with Altrad Babcock, a professional in the delivery of aftermarket, engineering, and upgrade services to the entire energy industry. The agreement mainly supplies facilities management services to 3 buildings in Renfrew, Renfrewshire. As part of the contract, SPIE UK would be significantly responsible for completing HVAC and mechanical works, reactive services, preventative and planned maintenance, and lifecycle projects for three separate buildings, including a large manufacturing facility.
- Moreover, the overall spread of COVID-19 forced the mass closure of workspaces and the implementation of work-from-home policies in several industries, especially in the corporate buildings of the IT as well as telecommunication sector, which negatively impacted the market.
- Additionally, the market offers several opportunities for vendors to implement and execute various IoT-based facility management and enhance the development of smart buildings within the United Kingdom. It is due to the rising interest in establishing smart buildings and IoT technologies. Also, the surge in the business acumen among industry providers and the diversification of the economy from various industries is anticipated to maximize the demand for facility management services within the region.
- In January 2023, Fisco UK, the Facilities management company, partnered with (MWS) managed workplace services provider Apogee Corporation to expand its overall IT offering and deliver a more automated and integrated solutions portfolio to its client base. Through the partnership, the firm boosted machinery uptime for its clients by around 28% compared to its previous MWS supplier. Hence, these significant developments are poised to drive the demand for FM services in the commercial space in the United Kingdom.

UK Facilities Management Industry Overview

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

- November 2022 - Atlas FM announced that the cleaning and support services business Lewis & Graves Partnership (L&G) had joined the Atlas family. With L&G joining, Atlas could offer a new level of expertise and service delivery to existing and future education clients.
- June 2022 - ISS mobilized a contract with a global investment company, abrdn, to deliver services across ten sites in Scotland and England. The agreement 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 (~USD 43.35 billion) Facilities Management and Workplace Services RM 6232 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

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