CONSTRUCTION ACTIVITY HIT BY OMICRON – DECEMBER 2021

The latest information from Builders’ Conference shows that the number of contracts awarded in December fell to its lowest level for four years. The combination of the Christmas break, the spread of the Omicron COVID-19 variant and the move to ‘Plan B’ restrictions also meant that the value of contracts was lower than at any point since June 2020. The industry will be hoping that the Prime Minister is right that the country can ‘ride out this Omicron wave’ over the next few weeks and construction activity starts to pick up again.

Drop in Number of Contracts

The number of contracts awarded in December was just 321, a decrease of 28% compared to November (447) and 36% lower than the monthly average over the last year (498). Whilst the number of contracts is traditionally lower in December due to the Christmas shutdown, this year’s figure is 11% down on December 2020 (360) when the country was subject to various lockdown restrictions as part of the tiered system, showing the impact that the Omicron variant is having on the industry.
Value of Contracts Also Falls

The value of contracts awarded in December was **£4.4 billion**. This is 14% down on the previous month (£5.1 billion) and 36% lower than the monthly average over the last year (£6.9 billion). The figure for December 2020 was skewed by two large rail projects worth a combined total of £8.5 billion, making it difficult to draw a direct comparison across the two years.

79% of all the contracts awarded by value were in the private sector. Overall, there were 101 housing projects worth £1.6 billion (36%); 42 office projects totalling £664 million (15%), the largest of which was a £140 million project to build two new office blocks in Newcastle; and 49 education projects worth £574 million (13%).

England continues to dominate, recording 89% of the value. London represented 18% of the total and the North West 15%, including the month’s largest contract for £480 million to build an energy from waste facility near Northwich in Cheshire.
Tender Opportunities Remain Scarce

The number of tender opportunities available in December was **299**. This was 23% lower than November (389) and 54% below the monthly average of 651 projects available for tender between December 2020 and November 2021.

At present, there are only 199 tender opportunities available until the end of March 2022, according to Builders’ Conference.