

# Market Outlook Survey: the state of our sector in 2022 and beyond

12pm, Wednesday 20 April 2022

**iwfm**

**WEBINAR SERIES**

Navigating turbulent times

# Today's panel



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Research and  
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Partner and  
Director of  
Energy &  
Environment,  
Frost &  
Sullivan

# Market Outlook Preview

What is the market outlook survey?

A snapshot of how the UK workplace and facilities management market has performed over the last year; how it may perform over the next 12 months; and the factors that are affecting it.

## IWFM Market Outlook 2022 survey report



# Market Outlook Preview

In 2022 the survey was open from 25<sup>th</sup> January to 25<sup>st</sup> February 2022.

All members were invited to respond to the survey during this period.

## PROFILE OF RESPONDENTS IN 2022

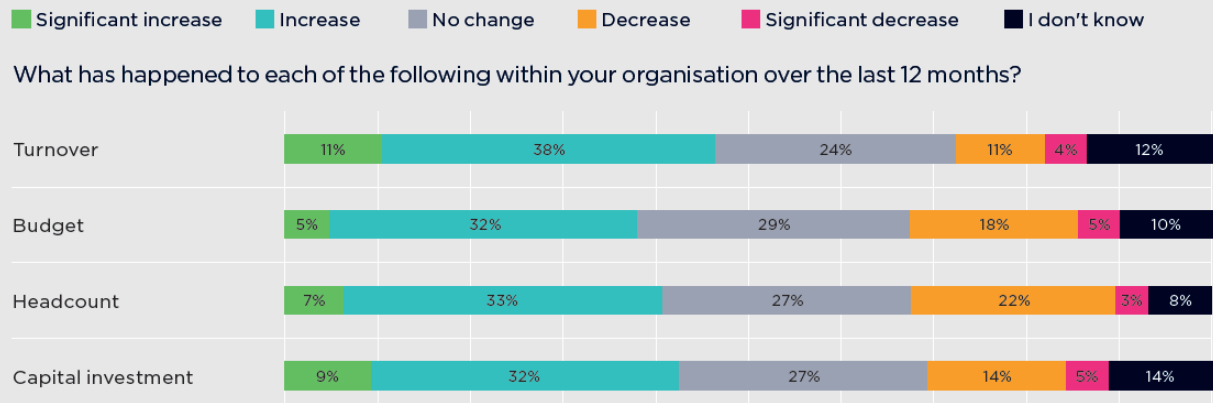
Responses in 2022

**293** 

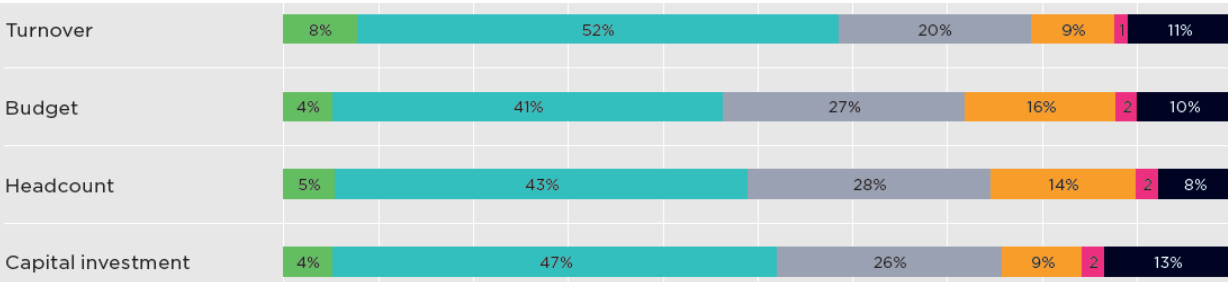
# IWFM Market Outlook 2022 survey report

# Market Outlook Preview – Key Insights

## Respondents Views looking back to 2021 in their own organisation



## Respondents Views looking forward to 2022 in their own organisation



# Market Outlook Preview – Key Insights

The pandemic has had a significant impact on working practices, ie. changes to working strategies covering:

working from home	79%
working flexibly	56%
job sharing	47%
staggered hours	46%

While the pandemic has generally had a negative impact, positive impacts were cited by some as follows:

the team has been positioned better within the organisation	38%
an increase in the way suppliers are valued	36%

## Market Outlook Preview – Key Findings

- When looking forward at how the FM market might perform over the next 12 months, the majority of respondents in this year's survey expect the market to improve.
- Brexit has continued to exert a largely negative impact on the FM industry, in particular, by exacerbating skilled labour shortages and supply chain disruptions.
- Keeping abreast of changing skill requirements as market demands change and experienced workers retire remains a key challenge moving forward. Addressing these skill challenges will be pivotal to the future success of FM companies in all areas.

## Market Outlook Preview – Key Findings

- COVID has continued to be a major driver within the industry, with some FM organisations capitalising on increased market opportunities in areas such as cleaning, security and support and transitioning to changing working patterns such as hybrid and remote working.
- For some the pandemic has reduced FM activity as a result of reductions in occupied space and cutbacks to budgets





## Market Outlook Preview – Key Findings

- Increasing energy prices have presented major challenges in 2021, with expectations amongst respondents that this will continue throughout 2022. Recent predictions of the UK domestic energy market, coupled with the outbreak of war in Ukraine since the Market Outlook Survey imply these challenges will be even greater than envisaged.
- It is clear that the adoption and use of technology linked to the appropriate use of data remain key drivers of positive change in the FM market.
- A much more mixed picture is evident in relation to climate change concerns, with a broadly similar proportion of respondents identifying this as having a positive impact on the FM market as those perceiving this as a negative influence.



## Market Outlook Preview – Key Findings

- On diversity and inclusion, the survey results indicate that awareness and focus on these matters has continued to increase, it is also clear that barriers remain that hinder progress in this area, particularly unconscious bias and lack of support, mentors and role models.
- At the time of the survey, the pace of recovery was expected to accelerate, linked in part to increasing levels of investment. However, this was before the Ukraine invasion and associated impacts of this.
- Recognition of the importance of the FM profession has increased as a result of COVID. It will be important to capitalise on the potential opportunities arising from this increased recognition.
- In these turbulent times, what is clear is that those FM organisations that are agile enough to capitalise on new market opportunities and adapt to changing market conditions will be the key winners.

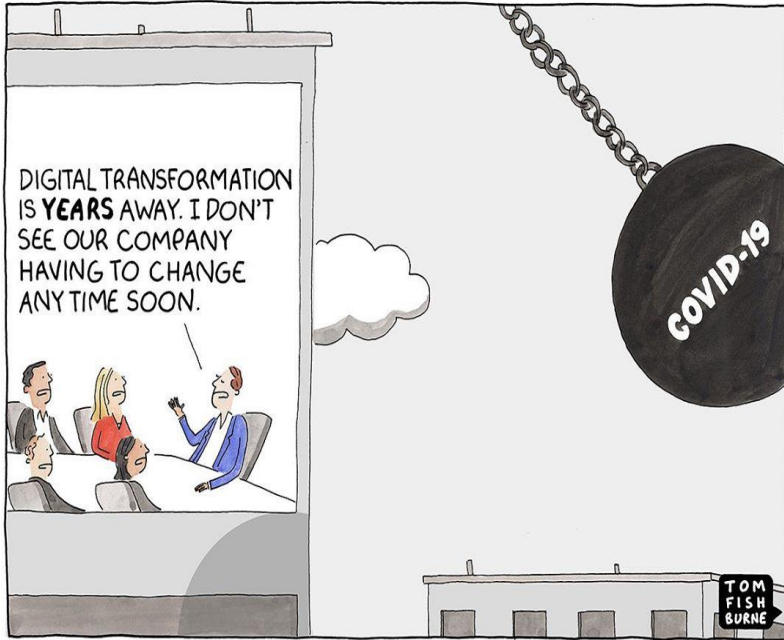


# The Future of FM

## Sustainability and Technology Driving Growth in FM Service Markets

John Raspin  
April 2022

*The Growth Pipeline™ Company  
Powering clients to a future shaped by growth*



*Don't worry about sustainability. They're all LEED buildings!*

# INCREASINGLY COMPLEX WORLD ... OUR TRENDS UNIVERSE



# CRITICAL SUB-TRENDS IMPACTING FM



**Sustainability  
& ESG**



**Living with  
COVID-19**



**Evolution  
of Work**



**Smart & Cognitive  
Buildings**



**(End) Customer  
Centricity**



**Economic  
Uncertainty**



**Service Delivery  
Models**



**Talent  
Wars**

Source: Frost & Sullivan

## QUESTION FOR YOU ...



What are you seeing as the biggest challenge to the FM industry in 2022?

1. Staff shortages and talent gaps
2. Supply chain problems
3. Ongoing COVID challenges
4. High inflation driving up costs

# TOP TRANSFORMATIONAL TRENDS IN FM & WORKPLACE

## BUSINESS PRODUCTIVITY, RESILIENCE & RISK



Value propositions to drive customer profitability and business resilience

## USER EXPERIENCE AND HUMAN TOUCH



Satisfaction and engagement with building users and visitors

## SUSTAINABILITY & ESG



Climate action, energy management, carbon reporting, social goals beyond energy & environment

## AI AND ROBOTS



Entering the era of smart and cognitive facilities

## SELLING OUTCOMES



Performance contracting & guaranteed efficiency outcomes

## PARTNERSHIPS AND COLLABORATIONS



Skill sharing in an increasingly complex market

## IOT AND CLOUD SERVICES



Digital transformation, data analytics and 'Cloud FM'

## HEALTH & WELLNESS



Happy, healthy, engaged workers

Source: Frost & Sullivan



# FM GROWTH OUTLOOK

**\$977.96 B**

Global FM Market Revenue by 2026

**(5.5%**

Global Decline in Revenues in 2020

**3.6%**

Global Compound Annual Growth Rate (CAGR) for FM Revenue, 2020–2026

**13.5%**

Global Penetration of Integrated Facilities Management (IFM) by 2026

**6.8%**

Global CAGR for IFM Services

**10.8%**

Combined Global Market Share of Top 5 FM Suppliers by 2026

**19.0%**

IFM Penetration in North America (Highest Region Globally) in 2026

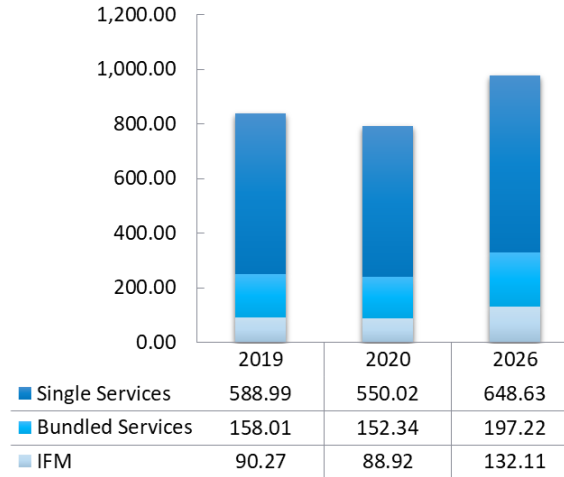
**The Middle East**

Fastest Growing FM Market to 2026

**Asia**

Largest Regional FM Market in the World by 2026

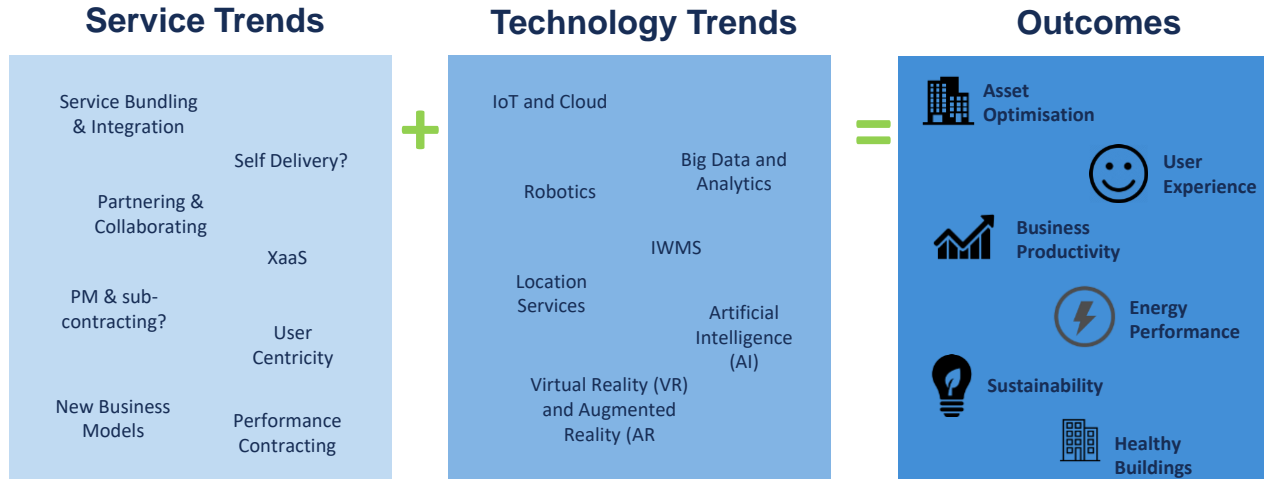
**FM Market: Revenue Forecast by Service Delivery Model, Global, 2019, 2020, and 2026**



Total	<b>\$837.27 Billion</b>	<b>\$791.28 Billion</b>	<b>\$977.96 Billion</b>
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Source: Frost & Sullivan

# ACHIEVING A (POST-COVID) FOCUS ON CUSTOMER OUTCOMES



*“Shift away from **problem solving** to **delivering positive outcomes**”*

# TECHNOLOGY AND MARKET IMPACTS IN 2022

## Workplace Innovation



Shift towards hybrid working model – acceleration of the implementation of smart workplace solutions

## IAQ-based Ventilation



IAQ-based ventilation to become the core element of healthy buildings in the post-COVID-19 environment

## AI-driven Building Solutions



AI-driven building solutions to assist end-customers achieve sustainability goals

## LaaS-based Digital Lighting Solutions



Digital lighting solutions backed by Light-as-a-service (LaaS) model to take off post-COVID-19 world

## Healthy Building Certifications



Healthy building certifications to become the new minimum for buildings in the post-COVID-19 environment

## Resilient Business Models



Futuristic business models prioritizing digital solutions and post-COVID-19 applications to take centre stage

## Digital Twin-based Cognitive Buildings



Digital twin in the built environment to play a critical role in autonomous operation and maintenance of connected buildings

## Washroom Innovations



Washroom innovations to pick up pace in the post-COVID-19 environment, focusing on the health and wellbeing of occupants

Source: Frost & Sullivan

# QUESTION FOR YOU ...



What do you see as the biggest opportunity area for the FM industry in 2022?

1. Workplace services and apps
2. Increased focus on Sustainability
3. Digital technology driving efficiency of services
4. Increased demand for services after COVID

# BUILDINGS & FM – AT THE VERY CORE OF ENVIRONMENTAL AND SOCIAL ISSUES

40%

Of global CO2 emissions are related to our buildings and built environment.

75%

Of the global workforce work in facilities such as offices, hospitals, schools, warehouses, universities, retail centres, factories, government buildings and hospitality.

80%

Of energy use over a building's life cycle is from the building's operation phase – known as operational energy.

35%

Of the total volume of waste generated globally comes from our buildings.

Source: Frost & Sullivan



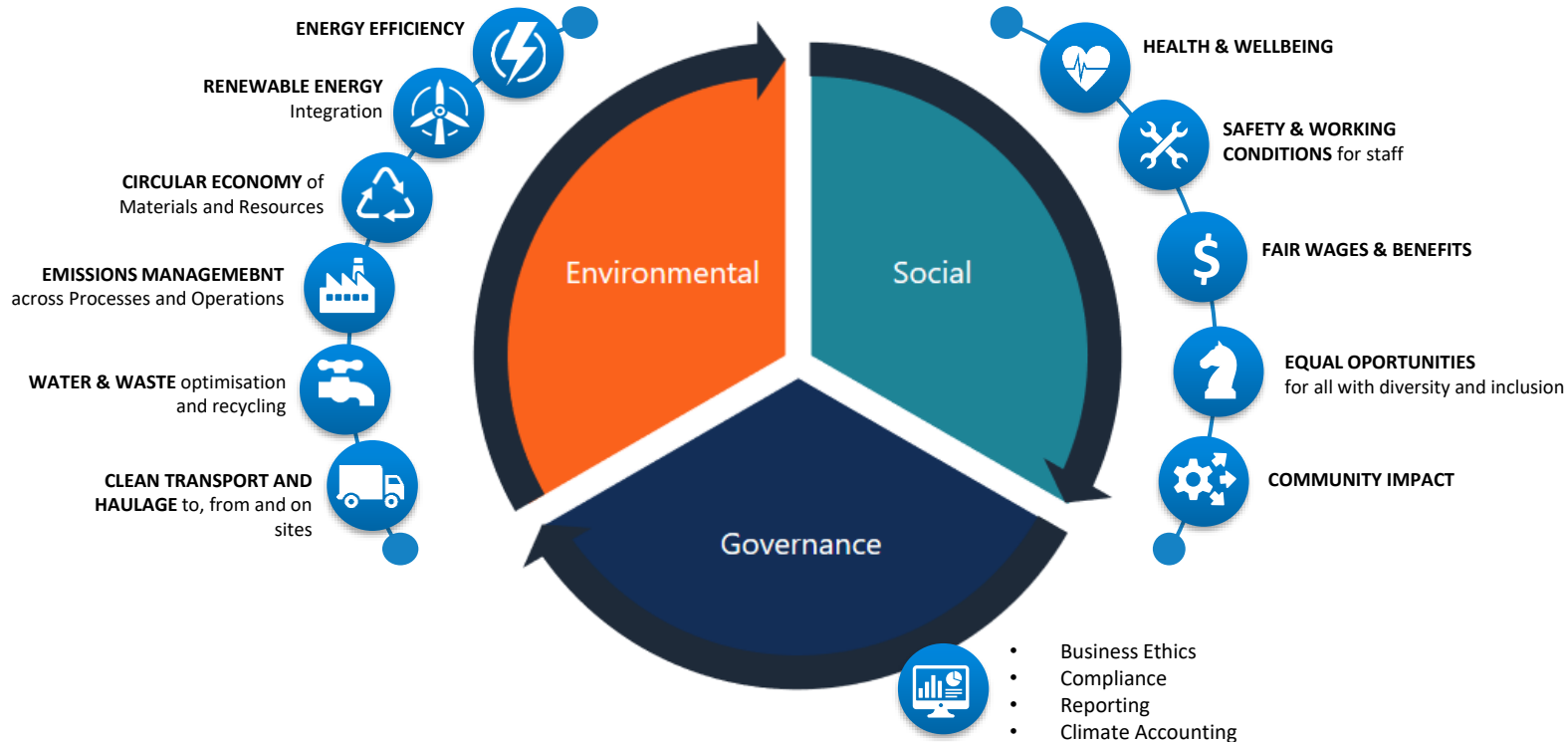
# SUSTAINABLE DEVELOPMENT GOALS



Source: Frost & Sullivan

# WHAT DOES MORE FOCUS ON ESG MEAN FOR FM?

More Complexity → More Data → More Opportunity



Source: Frost & Sullivan

## QUESTION FOR YOU ...



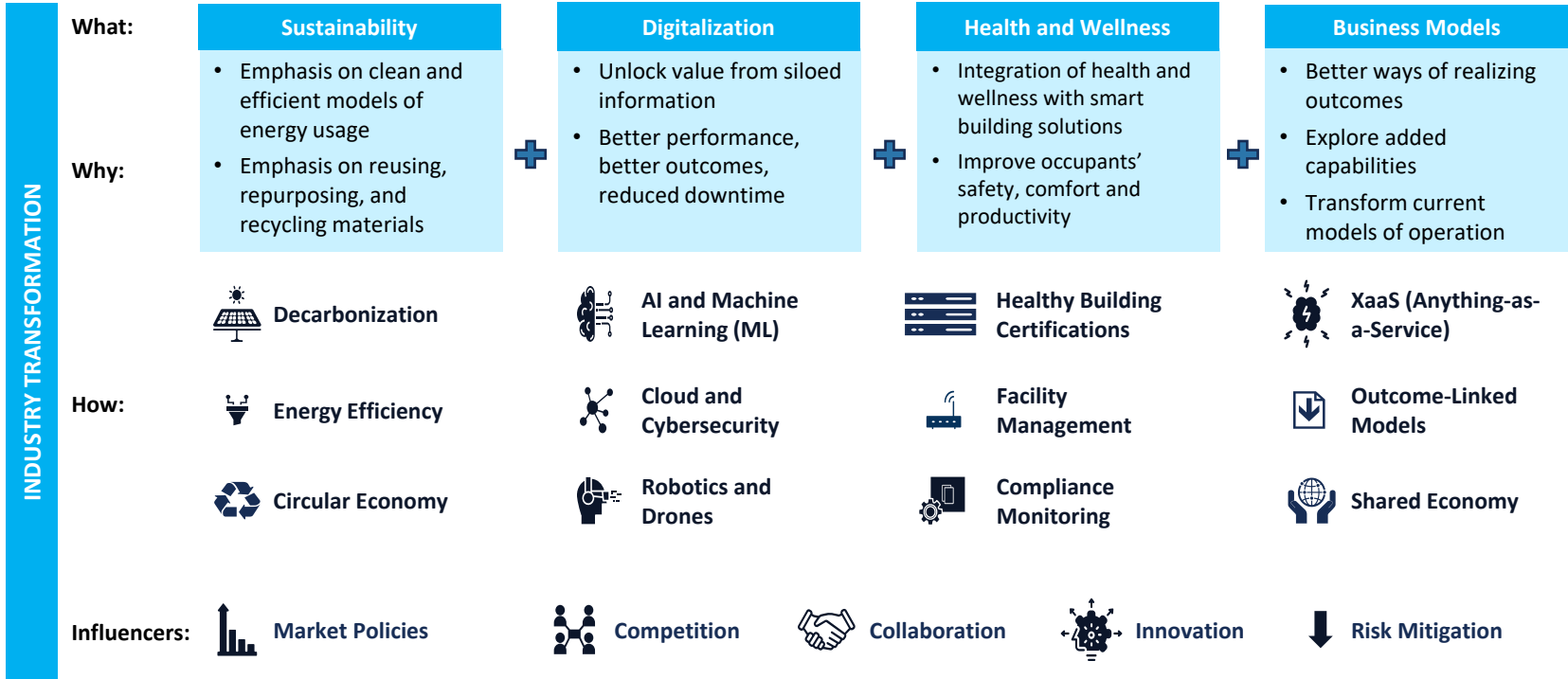
What do you see as the main driver of sustainability initiatives?

1. Pressure from end customers
2. Improving our company's reputation
3. Compliance with regulations and legislation
4. Reducing environmental impact and carbon footprint
5. Internal pressure from our staff



# SUMMARY ... KEY MARKET FORCES OF CHANGE

Sustainability, digitalization, health and wellness, and business models are the 4 underlying factors for future buildings transformation. Influencing the 4 models will be necessary to build resilience and lower the financial risk for customers.



# CLOSING COMMENTS ....

1

In the building solutions and facility management (FM) industries, both ***sustainability and workplace optimisation have shifted from long-term goals to urgent, short-term priorities.***

2

Post COVID-19 ***innovation must focus on the digitalisation of buildings, workplace optimisation, providing healthy and safe buildings, new customer-centric business models, user experience, and holistic productivity solutions.*** There will be increased need to focus on organisational resilience and sustainability.

3

COVID-19 will force the FM world to move ***beyond Total Cost of Ownership (TCO) and building efficiency.*** Next-generation solutions are focussed on the convergence of digital technology and services to deliver value propositions to enhance total business productivity and user experience with sustainability at the heart.

4

With complexity, change and technology convergence becoming ever more commonplace, the pressure on building owners, occupiers and service providers is increasing. The ***need for solutions that fully integrate wide-ranging inputs and provide actionable data and visualisation for users has never been stronger.***

# Your questions

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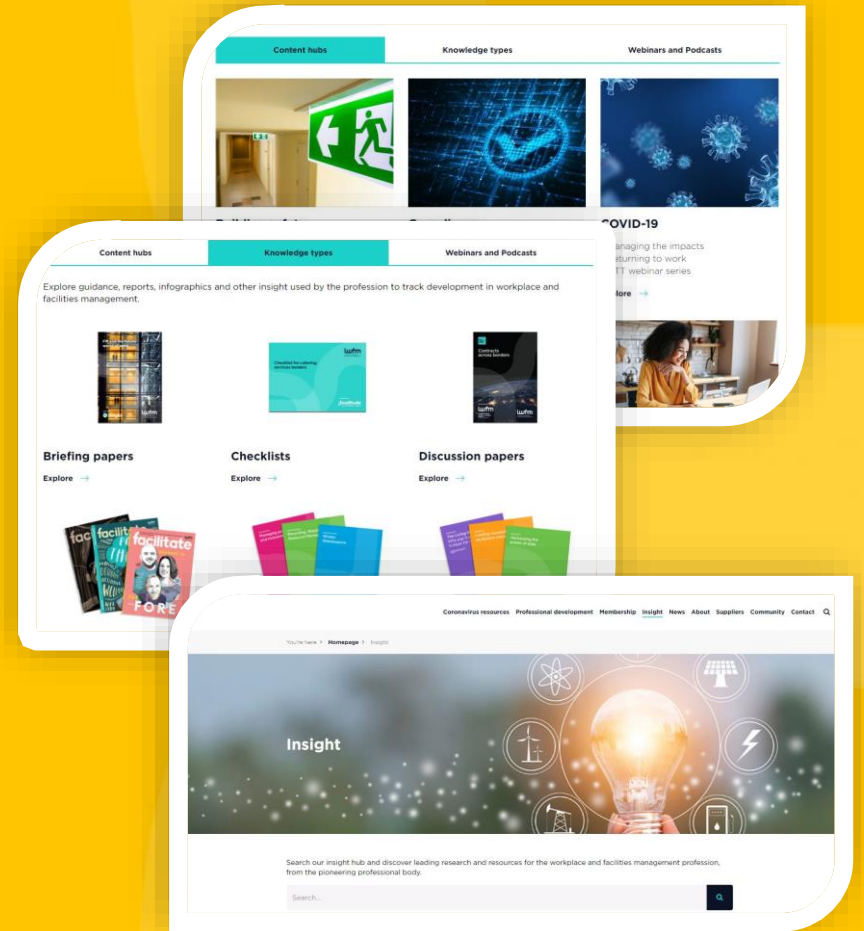
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- Research reports
- Good practice guides
- Guidance notes
- And more...

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# iwfm CONFERENCE 2022



# AGENTS OF CHANGE



Insight sponsor



8 June 2022, Euston, London

Technology sponsor





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