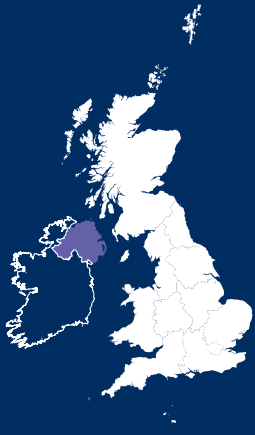


**CONSTRUCTION SKILLS NETWORK**

# The skills construction needs



**Northern Ireland**  
Five Year Outlook 2023-2027



# NORTHERN IRELAND

The volume of construction work in Northern Ireland will grow, slightly below the UK forecast of 1.5% by an annual average rate of

↑ **1.4%**

Fastest sector rate of growth expected for

↑ **Infrastructure and Commercial sectors**

The occupations with the strongest additional recruitment requirement levels:

↑ **Non-construction professional, technical, IT and other office-based staff** (330 per year)  
**Wood trades** (150 per year)  
**Electrical trades** (150 per year)

Major projects in Northern Ireland include the Belfast Region City Deal offering a package investment of

+ **£700m**



Key facts and figures

2022

2023

2024

2025

2026

2027

2028

2029

The annual recruitment requirement rate in Northern Ireland of 1.4% per year is slightly below the UK figure of 1.7% and means an extra 4,450 workers will be needed from 2023 to 2027.



# UK Macroeconomic backdrop

Having bounced-back in 2021, with an annual increase in gross domestic product (GDP) of 7.5%, the UK's economic growth in 2022 slowed in the first half of the year, before declining by -0.2% in Q3. November's monthly data release points to the UK entering a recession by the end of 2022, when, as forecast, there will have been two consecutive quarters of declines in GDP.

The economic challenges were highlighted by monthly GDP at the end of September 2022 being 0.2% below its pre-pandemic level (February 2020), and in real terms, the UK is the only G7 economy where a shortfall relative to its pre-pandemic level exists. The S&P Global/CIPS Purchasing Managers Indices (PMI) shows business activity declining for three consecutive months as the UK composite index fell to 47.2 in October from 49.1 in September and 49.6 in August, with a reading of less than 50 indicating a decline.

Inflationary pressure on household budgets continues to drive up Consumer Price Index (CPI) inflation, which hit a 41-year high of 11.1% annually in October 2022. Inflation is expected to remain high well into the first half of 2023 and tackling this, while keeping mortgage rises down, is a priority for Government. However, as set out in the 2022 Autumn Statement, this requires difficult decisions to address Government debt and deficit through a combination of tax rises and controlling public sector spending.

The prevailing view of independent forecasters, the Bank of England (BoE), the Office for Budget Responsibility (OBR) and the UK's Chancellor when delivering his Autumn Statement in parliament, is that the UK is set to face a period of recession with GDP declines

through 2023 and possibly into 2024, before the economy then begins to pick up. However, the suggestion is that it will be a shallower recession when compared to the recent falls seen during 2020 and 2008.

While the UK economic conditions in 2022 were challenging, construction output held up better than expected. When GDP declined by -0.2% in Q3, construction output increased by 0.6% and is on track to show an annual increase of over 4% by the end of 2022, with new housing and repair and maintenance sectors being key contributors. However, growth has increasingly been driven by the backlog of work as new orders have fallen and are now at their weakest since June 2020.

It's unlikely that construction output will continue to outperform the economy, which is why we are expecting a decline in output during 2023 that picks up in 2024. The commercial, infrastructure and industrial sectors look set to weather this slightly better than new housing or housing repair and maintenance. Housing repair and maintenance work is likely to be squeezed as households reprioritise their spending, and there are signs of a slowdown in the housing market with fewer new buyer enquiries and a reduction in mortgage approvals.

We still see the construction industry having a long-term challenge when it comes to recruiting workers. Vacancy levels remained high throughout 2022, unemployment rates are low, inactivity due to ill health is rising, and construction will be competing against other industries to attract and retain the workers it needs.

Although the next five years will see a period of recession followed by slow growth, the UK construction industry will still account for at least 6% of UK GDP, have an annual output value of over £170bn and a workforce of over 2.6m. Recruiting and developing the workforce for the future will help to ensure that the industry is able to contribute to growth opportunities such as building the volume of homes the country needs, the infrastructure for energy and transport, and retrofitting the built environment to meet net zero targets.

**THE UK IS THE ONLY  
G7 ECONOMY WHERE A  
SHORTFALL RELATIVE  
TO ITS PRE-PANDEMIC  
LEVEL EXISTS.**

# Structure

The construction industry in Northern Ireland has some significant differences to the UK structure.

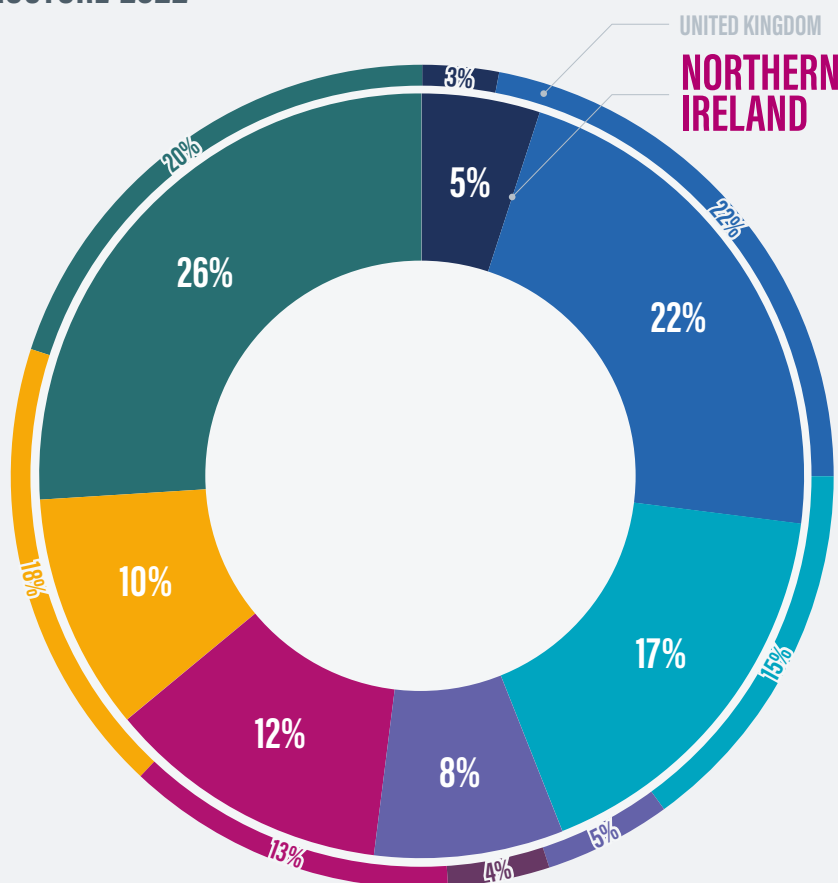
The construction industry in Northern Ireland has 5,590 businesses<sup>1</sup> with more than one employee, which is 15% of all employers in the nation. In 2022 the industry is estimated to have total output of around £3.2bn which is structured as shown in the chart. There is some variation in structure

when comparing Northern Ireland to the UK, with non-housing R&M, infrastructure and public non-housing all having slightly larger shares, whereas housing R&M has a smaller share. Note: data on the industrial sector in Northern Ireland is not produced.

Although there is a variation in underlying industry structure, infrastructure, housing and R&M work are still the main sectors for construction work that are important to both Northern Ireland and the UK.

## CONSTRUCTION INDUSTRY STRUCTURE 2022 NORTHERN IRELAND VS UK

- Public housing
- Private housing
- Infrastructure
- Public non-housing
- Industrial
- Commercial
- Housing R&M
- Non-housing R&M



Non-housing R&M output

**26%**

# 2022 view

Total annual output 2022

**£3.2bn**

Total estimated output 2023

**£3.2bn**

The volume of construction work in Northern Ireland will grow by an annual average rate of 1.4%, slightly below the UK forecast of 1.5%.



# 2022 view

Construction work in Northern Ireland **picked up strongly** at the end of 2020 and into 2021.

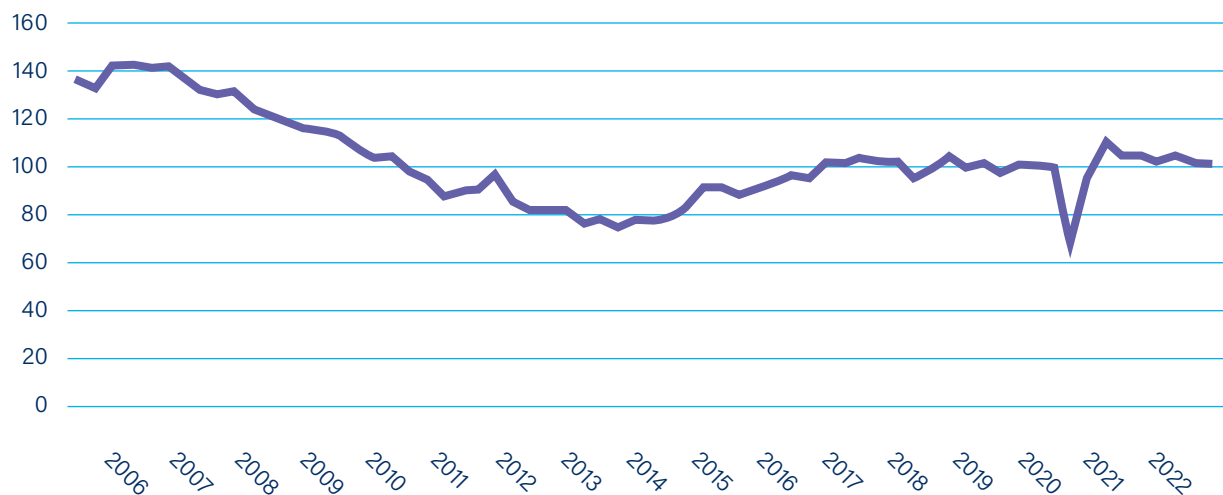
2022 has seen output continue to be above pre-covid levels, although there has been a slightly easing of work levels in the first half of the year. As UK construction output has remained buoyant going into the second half of 2022, we're expecting a similar pattern to be seen in Northern Ireland, which should see output for the year remaining close to what was seen in 2021.

However, as the chart shows, there is still considerable ground to be made up if construction work was to get back to levels seen before the 2008 financial crash and looking forward into 2023, we're forecasting a drop in construction output due to the expected recession the UK and Northern Ireland are facing.

## CONSTRUCTION OUTPUT 2006 - 2022 NORTHERN IRELAND

Northern Ireland Statistics and Research Agency (NISRA)

2019 Base year = 100



## OUTPUT FORECAST 2023 - 2027

Over the forecast we expect the volume of construction to grow by an annual average rate of 1.4% in Northern Ireland, which is marginally below the UK forecast of 1.5%. This is a downward revision when compared to the previous 2022-2026 outlook as 2023 and 2024 are likely to be challenging years for the construction industry, especially for private housing and housing R&M work. This means the

growth is more in the latter years of the forecast as the economy recovers from the expected recession.

In Northern Ireland the long-term growth rates are slightly better for new work than R&M, with private housing, infrastructure and commercial work all forecast to have the highest growth rates, with each over 2%. However, the gains in output are mainly from 2024,

and at the end of the forecast period, actual values will show modest growth in value.

Average growth rate for Northern Ireland

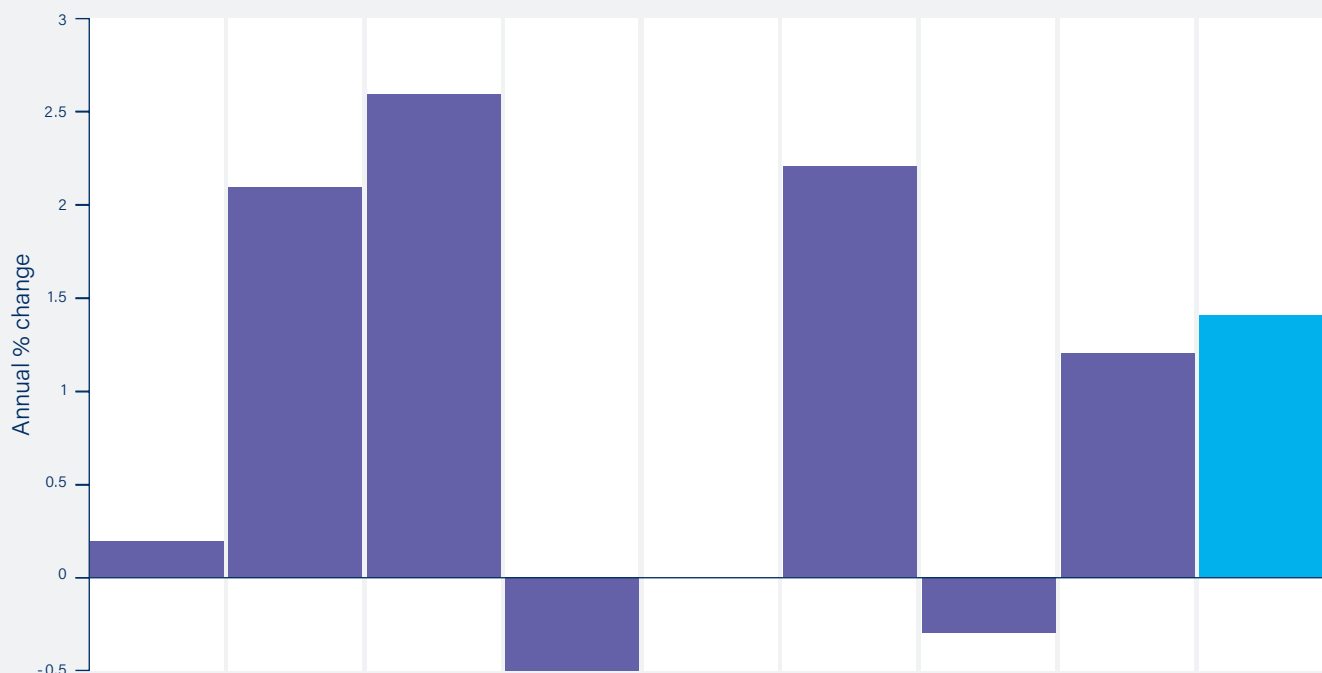
**1.4%**

# Forecast

## ANNUAL AVERAGE OUTPUT GROWTH BY SECTOR 2023-2027 NORTHERN IRELAND

Source: Experian  
Ref: CSN Explained, Section 4, Note 2

Public housing	Private housing	Infrastructure	Public non-housing	Industrial	Commercial	Housing R&M	Non-housing R&M	Total work
0.2%	2.1%	2.6%	-0.5%	N/A	2.2%	-0.3%	1.2%	1.4%



## CONSTRUCTION OUTPUT - NORTHERN IRELAND (£ MILLION, 2019 PRICES)

Source: Experian  
Ref: CSN Explained, Section 4, Note 2

	Forecast	Forecast (Annual % change, real terms)					Annual average
	2022	2023	2024	2025	2026	2027	2023-2027
Public housing	154	-5.0%	0.2%	1.7%	2.1%	2.1%	0.2%
Private housing	714	0.1%	2.7%	2.4%	2.5%	2.6%	2.1%
Infrastructure	571	-0.9%	1.9%	4.6%	3.8%	3.8%	2.6%
Public non-housing	267	-4.6%	0.3%	0.0%	0.8%	0.9%	-0.5%
Industrial	n/a	-	-	-	-	-	-
Commercial	390	0.9%	2.9%	2.4%	2.4%	2.3%	2.2%
<b>New work</b>	<b>2,095</b>	<b>-1.0%</b>	<b>2.0%</b>	<b>2.6%</b>	<b>2.6%</b>	<b>2.7%</b>	<b>1.8%</b>
Housing R&M	329	-4.4%	-0.2%	0.5%	1.3%	1.5%	-0.3%
Non-housing R&M	869	-0.5%	0.2%	2.4%	1.8%	2.0%	1.2%
<b>Total R&amp;M</b>	<b>1,198</b>	<b>-1.6%</b>	<b>0.1%</b>	<b>1.9%</b>	<b>1.7%</b>	<b>1.8%</b>	<b>0.8%</b>
<b>Total work</b>	<b>3,293</b>	<b>-1.2%</b>	<b>1.3%</b>	<b>2.4%</b>	<b>2.3%</b>	<b>2.4%</b>	<b>1.4%</b>

The annual average growth rate is the rate of growth between the end of 2022 and the end of 2027, i.e., a five-year period.



# Infrastructure activity continues to provide a steady stream of work in Northern Ireland for both new work along with repair & maintenance activity.

Examples of the main projects in Northern Ireland over the forecast are the Belfast Region City Deal which is a £700m co-investment from the UK government, local government, the universities and the private sector. This is designed to deliver a step change in Northern Ireland's economic fortunes, helping to achieve a ten year programme of sustainable, inclusive growth, and create up to 20,000 new and better jobs that are accessible to people from all communities.

Although the York Street Interchange has been delayed in October 2022, the Infrastructure Minister, John O'Dowd, published the Placemaking and Active Travel Review (PATR), signalling that the project is moving forward. The project aims to provide a solution to the significant traffic bottlenecks in North Belfast between the A12 Westlink, M2, and M3, is estimated to cost £165m in total.

Kings Hall Health & Wellbeing Park in south Belfast has undergone a makeover and, along with the surrounding land, is being transformed into a "wellbeing park". Costing an estimated £100m, the project is a joint venture between Belfast developer Benmore Group and

UK healthcare and property investor Octopus Real Estate. It will feature health, community and leisure facilities, alongside a hotel, restaurants, a care home, and a gym.

Construction on the Belfast Transport Hub is now underway and is projected to be completed by 2025. The aim will be to enhance local and international connectivity via bus, coach, and rail links across Northern Ireland and beyond. The project is said to potentially create 400 jobs over a five-year period. Leisure, residential, and commercial facilities will be constructed in the area surrounding the hub as part of the associated "Weavers Cross" development plan.


Tribeca Belfast comprises of 12 acres of Belfast city centre and is a world leading £500m urban regeneration scheme. The aim is to transform the city centre through comprehensive regeneration and put Belfast at the forefront of European cities. At completion, the scheme will create a new urban space that blends Tribeca Belfast's history with state-of-the-art design. It will provide residential, Grade A office, retail, food and beverage space.

 **Belfast Region City Deal accessible jobs programme**

**£700m**

 **Kings Hall Health & Wellbeing Park**

**£100m**

 **Tribeca Belfast urban regeneration scheme**

**£500m**

# Workforce<sup>2</sup> forecast

The construction workforce in Northern Ireland isn't expected to change that much over the next five years.

The level of output growth in Northern Ireland gives an annual average increase of 0.1% in the construction workforce, which is the same as the UK figure. An average annual increase of 0.1% is clearly a marginal change and basically means that Northern Ireland's construction workforce will remain static over the next five years. This is reflected in the figures below with the 2022 workforce of 61,900

increasing to 62,000 by the end of 2027, and only very marginal change across each of the occupational groups.

It should be noted that the workforce figures cover people that are directly employed in construction work as well as those that are self-employed.

## TOTAL WORKFORCE BY OCCUPATION - NORTHERN IRELAND

	Actual	Estimate	Forecast	
	2021	2022	2023	2027
Senior, executive, and business process managers	3,400	3,300	3,100	3,400
Construction project managers	1,100	1,100	1,100	1,100
Other construction process managers	4,700	4,600	4,600	4,700
Non-construction professional, technical, IT, and other office-based staff	9,800	9,800	9,600	9,800
Construction trades supervisors	800	900	900	1,000
Wood trades and interior fit-out	7,300	7,200	7,400	7,000
Bricklayers	2,300	2,300	2,300	2,300
Building envelope specialists	900	900	900	900
Painters and decorators	2,600	2,600	2,600	2,600
Plasterers	2,300	2,400	2,400	2,400
Roofers	1,000	1,000	1,000	1,000
Floorers	300	300	300	300
Glaziers	600	600	600	600
Specialist building operatives nec*	800	800	800	700
Scaffolders	200	200	200	200
Plant operatives	1,400	1,500	1,500	1,600
Plant mechanics/fitters	700	800	800	800
Steel erectors/structural fabrication	200	200	200	200
Labourers nec*	4,200	4,100	4,100	4,000
Electrical trades and installation	4,300	4,300	4,300	4,200
Plumbing and HVAC Trades	3,300	3,200	3,100	3,000
Logistics	500	400	400	500
Civil engineering operatives nec*	400	400	400	400
Non-construction operatives	200	300	300	300
<b>Total (SIC 41-43)</b>	<b>53,100</b>	<b>53,300</b>	<b>52,900</b>	<b>52,900</b>
Civil engineers	2,000	2,100	2,100	2,200
Other construction professionals and technical staff	4,300	4,300	4,400	4,400
Architects	1,400	1,300	1,400	1,500
Surveyors	800	900	900	1,000
<b>Total (SIC 41-43, 71.1, 74.9)</b>	<b>61,700</b>	<b>61,900</b>	<b>61,700</b>	<b>62,000</b>

Source: ONS, CSN, Experian  
Ref: CSN Explained, Section 4, Notes 5 and 6

# Annual Recruitment Requirement (ARR)

While the workforce levels are remaining static, there is still a need for the construction industry in Northern Ireland to increase its recruitment of new workers. In a typical year, Northern Ireland's construction industry would recruit between 3,500 – 5,000 workers, with the usual the movement of people into and out of the industry or workforce churn. When looking at the future recruitment demand, we recognise that a level of churn always happens, and take this into account to producing the ARR figure.

Northern Ireland's ARR value for an extra 890 workers per year, represents 1.4% of the 2022 workforce, which is slightly lower than the UK rate of 1.7%. With output levels dropping and the workforce remaining static, it's to be expected that the ARR value would reduce when compared to the 2022-2026 outlook, however, it also shows that the industry will have to increase recruitment to maintain its workforce numbers.

**The following occupations have some of the strongest recruitment requirements values:**

- Non-construction professional, technical, IT and other office-based staff (330 per year)
- Wood trades (150 per year)
- Electrical trades (150 per year)

## ARR BY OCCUPATION - NORTHERN IRELAND

	ARR as % of 2022 workforce	ARR value per year
Senior, executive, and business process managers	-	-
Construction Project Managers	-	-
Other construction process managers	-	-
Non-construction professional, technical, IT, and other office-based staff	3.4%	330
Construction Trades Supervisors	-	<50
Wood trades and interior fit-out	2.1%	150
Bricklayers	-	-
Building envelope specialists	-	-
Painters and decorators	-	<50
Plasterers	-	-
Roofers	-	-
Floorers	-	<50
Glaziers	-	-
Specialist building operatives nec*	-	-
Scaffolders	-	-
Plant operatives	-	-
Plant mechanics/fitters	-	<50
Steel erectors/structural fabrication	-	-
Labourers nec*	2.9%	120
Electrical trades and installation	3.5%	150
Plumbing and HVAC Trades	-	<50
Logistics	-	<50
Civil engineering operatives nec*	-	<50
Non-construction operatives	-	-
<b>Total (SIC 41-43)</b>		<b>750</b>
Civil engineers	3.8%	80
Other construction professionals and technical staff	1.4%	60
Architects	-	<50
Surveyors	-	<50
<b>Total (SIC 41-43, 71.1, 74.9)</b>	<b>1.4%</b>	<b>890</b>

Source: ONS, CSN, Experian  
Ref: CSN Explained, Section 4, Notes 5 and 6

However, there would also be pressure on civil engineers and labourers where demand is high compared to their workforce level. For occupations that have no ARR value on the table, indication is that recent levels of recruitment will be able to meet future need if they are maintained.

When looking at the workforce and ARR forecast it is important to note that in 2022, Northern Ireland, like other areas of the UK has seen a strong increase in construction job vacancies, with companies having difficulty in finding suitably skilled workers. This has led to skills shortages being reported over a range of occupations and wage rates increasing as companies look to attract workers.

While there are indications of a drop in construction vacancies towards the end of 2022 for Northern Ireland, levels are still slightly higher than what was seen before the impact of Covid-19, therefore we expect the labour market to be highly competitive for the foreseeable future.



To fill vacancies and recruit new staff, construction companies can look at several routes such as:

**Attracting skilled workers who are already working elsewhere** in the construction industry, although this obviously moves existing workers around rather than meet overall industry need

**Attracting skilled workers who have left the industry** back into construction. This would be either those who have left to work in other industries or those that have become unemployed/inactive

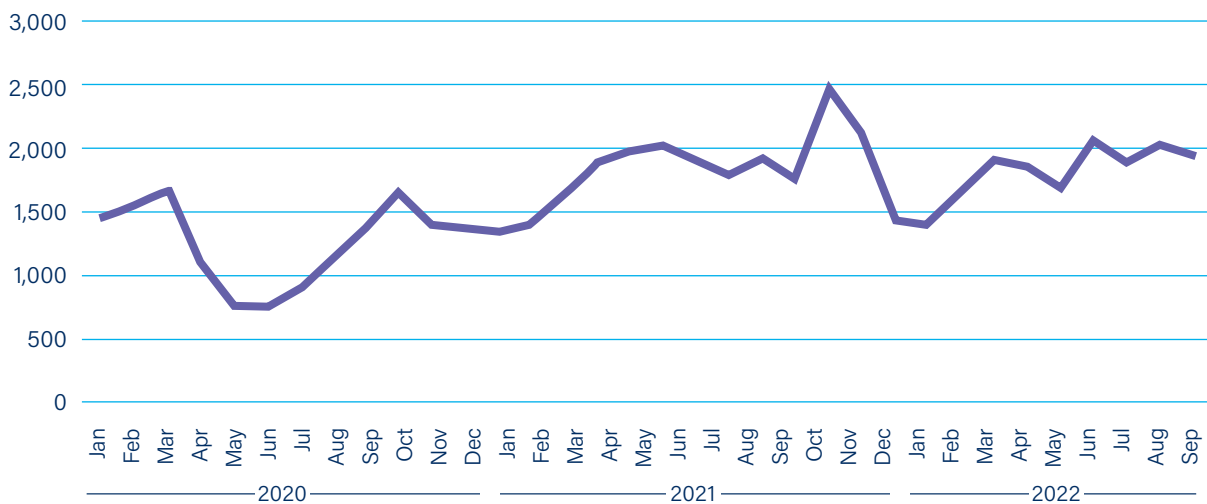
**Recruiting and training new entrants into construction** from those leaving school, further education, higher education or migration

**Improving the retention of workers** within the industry

Looking at **how productivity can be improved.**

## MONTHLY UNIQUE ONLINE JOB POSTINGS - NORTHERN IRELAND

Source: Lightcast, unique vacancies, main construction occupations, Northern Ireland



## The response to skills shortages is likely to be a mix of these options, however, there are challenges.

The strength of the jobs market has been influenced by relatively low levels of unemployment (3%) and an increasing proportion of people who are classed as being economically inactive. This shift in people being economically inactive looks to be focused on a few areas with a noticeable increase in people over 50 years of age becoming inactive along with an increase in people with long-term illness. The net effect is that the pool of available workers that all industries are looking to

recruit within has been squeezed, leading to increased competition.

As highlighted in CITB's Rethinking Recruitment report, construction companies across the UK in general will have to look for new ways to attract, recruit and develop the workers they need both now, and in the future, and in a way that maximises the diverse pool of people looking for work.

In Northern Ireland the trends for construction training have been different with both apprenticeship starts and vocational qualification achievement data showing only a slight dip in 2020 and then strong increases in 2021 and 2022. Chart below illustrates construction apprenticeship framework starts in Northern Ireland increasing very strongly

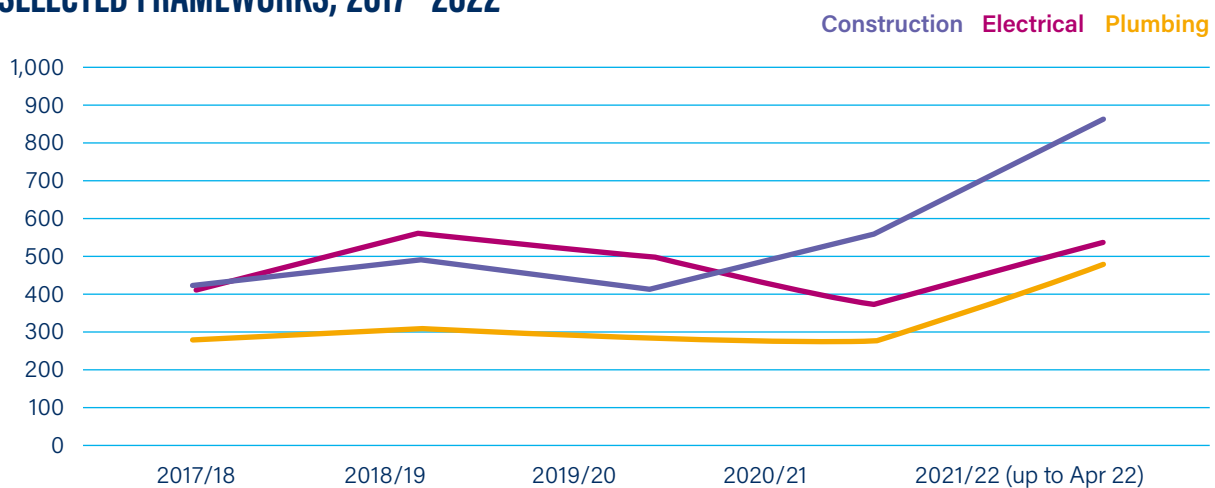
in 2021/22, increasing by 53% before full year results are confirmed. A similar pattern is also seen when looking across the range of construction sector, occupational qualification achievements that are published by the Council for the Curriculum, Examinations & Assessment (CCEA).

The chart covers achievements for construction occupational qualifications, which are mainly NVQs. The positive trends that we'd seen in 2021 has continued into 2022 with a consistent increase in qualification achievements when compared to earlier years.

Both charts show a positive trend of increased volumes of construction training in Northern Ireland.

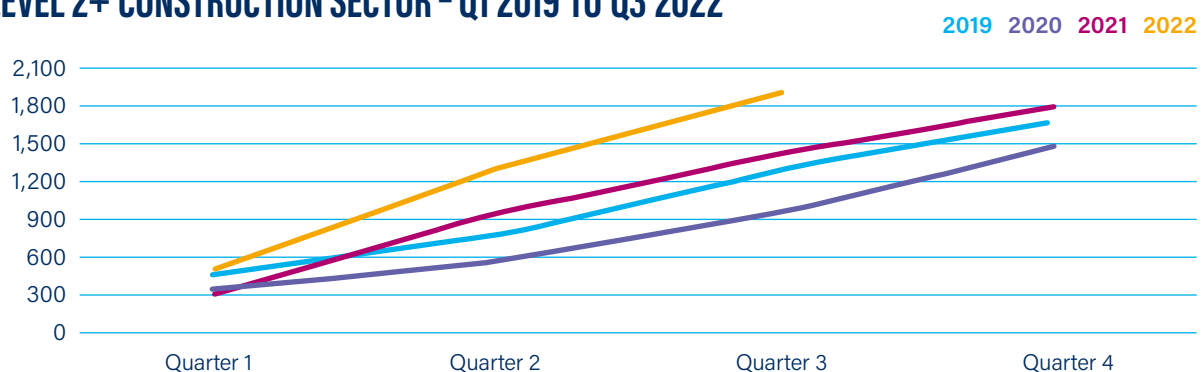
### NORTHERN IRELAND APPRENTICESHIP STARTS PER YEAR SELECTED FRAMEWORKS, 2017 - 2022

Source: CITB-NI, Northern Ireland Department for the Economy



### QUARTERLY OCCUPATIONAL QUALIFICATION ACHIEVEMENTS LEVEL 2+ CONSTRUCTION SECTOR - Q1 2019 TO Q3 2022

Source: CCEA Regulation, Construction Sector Subject Area, occupational qualifications



# CITB support to the construction industry in Northern Ireland

CITB NI **will continue to support the industry** through its training grants scheme and several initiatives including financial support in the form of employment and qualification grants for companies employing apprentices.

A new pilot scheme is being launched in early 2023, The Women in Construction Plant Operator Programme, funded by the CITB NI Training in Partnership grants scheme. This pilot offers a training programme to gain plant operator qualifications, CSR card and health and safety training. The successful participants will be encouraged and supported to gain employment as a plant operator in the construction industry.

The recently introduced Adopt a School programme provides opportunities for employers to engage with post primary schools in either their local or work areas. Companies can engage with prospective employees and their influencers and provide job sampling opportunities and advise of the benefits of a career in construction.

The simulated construction site project is built and due to be launched in 2023 and will offer the industry a simulated

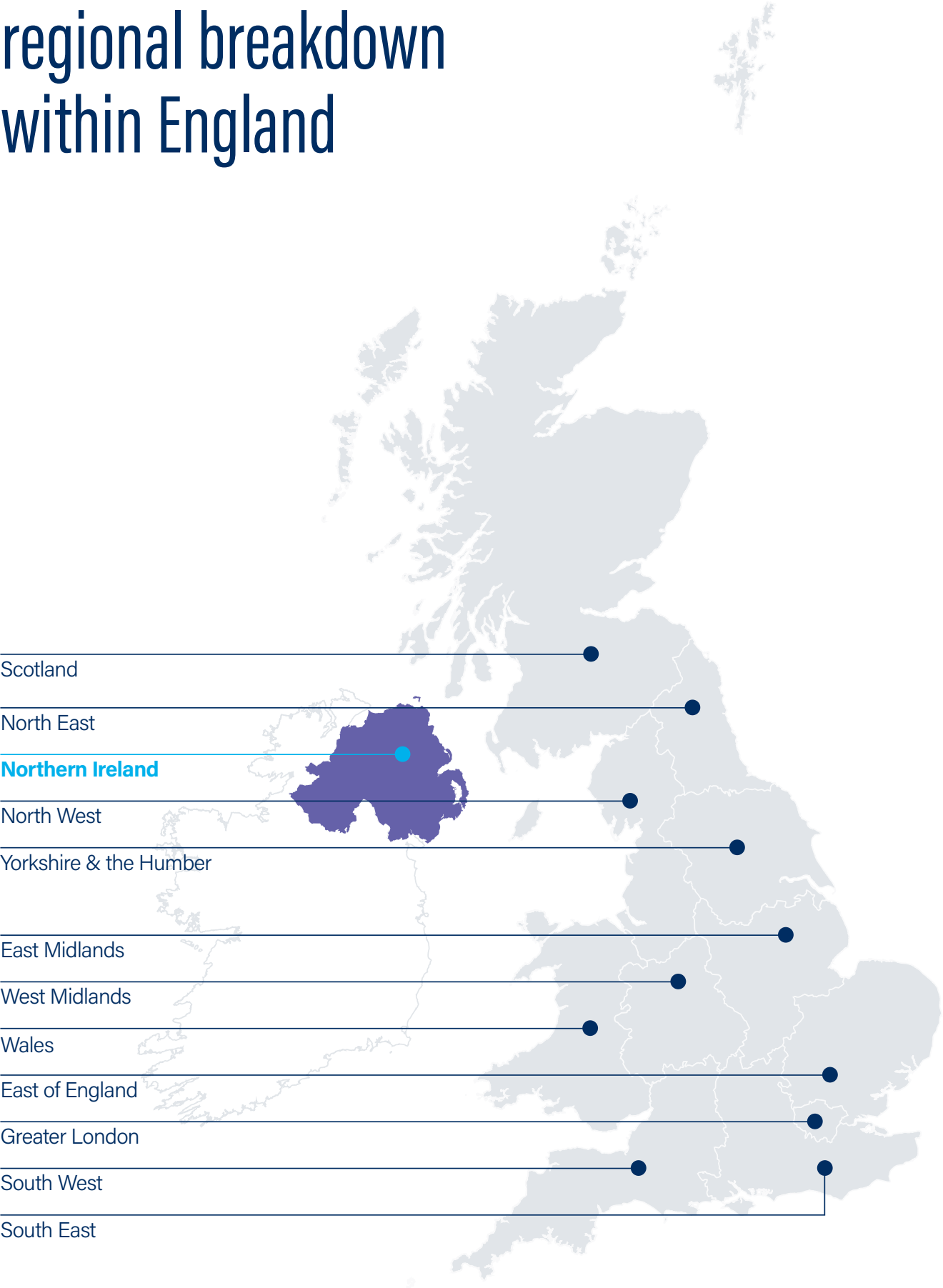
and controlled real world working example, of a typical building site. Training providers will be able to use this facility for training and development in areas such as on-site health and safety through to formal training in the likes of brick and blockwork, external insulation and rendering.

However, overcoming skills shortages in a more competitive labour market with demand for construction workers will require combined action from CITB NI, construction companies and government. Recruiting and developing the workforce for the future will help to ensure that the industry is able to contribute to growth opportunities such as building the volume of homes the country needs, the infrastructure for energy and transport, and retrofitting the built environment to meet net zero targets.

The construction industry will continue to contribute over

# £3.2bn

# Overview of the UK and regional breakdown within England



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