Surveying Labour Market Trends: A Demand and Supply Analysis of the Quantity Surveying Profession in Ireland

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ABSTRACT

The construction and property sectors in Ireland have undergone significant change over the past decade. From a period of sustained growth in output and employment to a recession returning to the current period of expansion. While the cyclical nature of the sector and consequential impact on the labour market is widely recognized, the impact on the quantity surveying profession specifically is comparatively less well evidenced.

A widespread survey of employers was undertaken to ascertain recent employment trends and likely future demand for quantity surveyors. At the same time an analysis of current enrolments on surveying programmes across the country provided the required data to estimate the likely medium term supply of qualified quantity surveyors. The findings concluded that a significant shortage in qualified QS’s is predicted over the next three years, particularly at graduate level. An annual study of graduates from Ireland’s largest provider of third level surveying programmes provides the basis for detailed analysis of graduate employment trends over a three year period to 2015.

Keywords: quantity surveying, employment, education, Ireland.

INTRODUCTION

The importance of the construction industry to the economy as a contributor to GDP and to employment is well evidenced (DKM, 2015). In Ireland, while data pertaining to direct employment in construction is widely available limitations remain in the available national statistics pertaining to employment in the professions, specifically Quantity Surveying (QS). Industry, professional bodies and education providers are stakeholders for whom labour market trends are especially important given the cyclical nature of the construction industry.

The purpose of the research is to bridge the perceptible gap in knowledge pertaining to labour market trends for QS’s in Ireland. The objectives of the study are to determine the current demand for QS professionals in Ireland; to ascertain the extent to which demand for QS’s is being met by the supply from third level institutions; and to examine the response strategies from industry and third level institutions to address the market imbalance in this regard.

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The following section outlines the current economic conditions in Ireland to provide context for the analysis of labour market trends for QS’s. A multi-method research approach is employed prior to analysis being provided.

CONTEXT

Economic Growth
In early 2000 the Irish economy grew by an average of 7.5% per annum (CSO, 2016a). Growth was driven by a booming property sector which was fuelled by the low cost of borrowing and lax lending criteria. At the same time, demand for non-residential construction was propelled by the influx of international firms enticed by the low corporate tax rate, as well as an injection of EU structural funding for large scale infrastructure projects. Despite buoyant private sector demand the government continued to inject money into the economy rather than engage in counter cyclical fiscal measures. By 2006 the construction industry contributed almost 25% of total GNP and 18% of employment in Ireland (DKM, 2015).

The global financial crises in 2008 had a devastating impact in Ireland where systemic, banking and industry failings were also uncovered. The banks lack of supervision enabled excessive lending to the property development sector at a time when prices were already over-inflated. This was coupled with heavy borrowing from abroad by Irish banks. The fear of contagion resulting from the international exposure to such lending practices ultimately resulted in an EU/IMF bailout in 2010. Several years of austerity followed.

Following years of running a budget surplus to 2007, the general government deficit spiked to over 10% and the national debt to 124% of GDP by 2013 (Department of Finance, 2015). Mortgage arrears and insolvency became a major problem and market uncertainty resulted in a substantial reduction in investment expenditure (public and private). Such was the impact on construction that it plummeted from contributing almost 25% of GNP in 2006 to less than 7% by 2013 (DKM, 2015).

Employment in Construction
Growth in the property and construction sectors propelled a substantial increase in national employment, and between 2001 and 2006 unemployment nationally was at a low of 3.5-4.5% per annum (CSO, 2016b). The second quarter of 2007 represents the peak of construction employment when direct employment reached 273,900 people increasing to 383,460 when including indirect employment. This was 18% of total employment nationwide. However it was also the turning point toward a downward trajectory, as is evidenced in Table 1.

Table 1: Irish Construction and National Employment

<table>
<thead>
<tr>
<th>Year/Quarter</th>
<th>Direct Construction Employment</th>
<th>Indirect Construction Employment</th>
<th>Total Construction Employment</th>
<th>Total Employment Whole Economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007 Q2</td>
<td>273,900</td>
<td>109,560</td>
<td>383,460</td>
<td>2,136,100</td>
</tr>
<tr>
<td>2008 Q2</td>
<td>246,100</td>
<td>98,440</td>
<td>172,270</td>
<td>2,147,300</td>
</tr>
<tr>
<td>2009 Q2</td>
<td>158,200</td>
<td>63,280</td>
<td>221,480</td>
<td>1,974,000</td>
</tr>
<tr>
<td>2010 Q2</td>
<td>126,500</td>
<td>50,600</td>
<td>177,100</td>
<td>1,893,600</td>
</tr>
<tr>
<td>2011 Q2</td>
<td>106,400</td>
<td>42,560</td>
<td>148,960</td>
<td>1,861,300</td>
</tr>
<tr>
<td></td>
<td>2012 Q2</td>
<td>2013 Q2</td>
<td>2014 Q2</td>
<td>2015 Q2</td>
</tr>
<tr>
<td>-------</td>
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<td>---------</td>
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</tr>
<tr>
<td>Quantity Surveying Employment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statistical data pertaining to direct construction employment is widely available however, accurate data pertaining to indirect employment, including surveying, are limited. The aggregation of QS with, for example, architectural technology amongst other professions in the national data is an ongoing restriction.</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>The lack of available evidence and the turmoil facing the profession as a whole prompted the Society of Chartered Surveyors Ireland (SCSI) to commission a research report to determine current trends in surveying employment, likely future demand for surveyors and future skills needs for construction and property surveying (Murphy and Walsh, 2013).</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>For the purposes of the report a widespread survey of SCSI member practices was undertaken with a response solicited from the most senior person in each practice. For QS practices a response rate of 28% was obtained and an estimate of future demand for QS’s at various levels of the organisation based on 1%, 2% and 3% GDP growth was determined. Interviews were conducted with a number of stakeholders outside of surveying practices as in Ireland QS’s are also employed within large retail, management consultant, legal and accounting firms. Based on the response rate a multiplier was used to gross figures to determine the total future demand for QS’s.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The supply side was measured by attaining data from each third level institution in Ireland providing QS programmes. Based on the premise that an honours QS degree programme is four years duration, the total supply of graduate surveyors up to 2018 could be determined based on current enrollment.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Data pertaining to the demand and supply side of QS professionals was thus measured and analyzed. A 3% GDP growth rate was considered the “optimistic” scenario based upon leading forecasts (including OECD, IMF etc.) at the time. However, the actual growth rate in 2015 was 7.5% (CSO, 2016 a) indicating that the extent of the shortage in qualified QS professionals is likely to be underestimated.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Situation Drivers of Growth</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Following years of recession and austerity, the Irish economy is firmly on the path to recovery. Confidence has returned, construction activity has expanded and unemployment rates are steadily declining, with increases in construction employment on the ascent.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Demand for residential construction is being driven by a shortage in the sector following several years of inactivity while there is a shortage of prime office space,</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
particularly in the Greater Dublin Area (GDA). As a small open economy, with favorable corporate taxation rates and improved competitiveness, Ireland is an attractive place for Foreign Direct Investment (FDI) which will continue to drive demand for non-residential and infrastructure projects. Investment in public sector works, including healthcare and education facilities is being driven by demographic trends.

The recovery in construction and property will increase the demand for surveyors, particularly at a junior level, however to date scant empirical evidence pertaining to graduate employment trends exists. The following section outlines the methodology by which the research was undertaken to address the apparent gap in the field.

**Research Method**

A multi-method approach was used for the purpose of the study.

The author was commissioned by the SCSI to undertake an in-depth analysis of employment opportunities for construction and property surveyors, reported in an earlier section. The field work undertaken involved a widespread survey in addition to in-depth semi-structured interviews to ascertain the likely future demand for QS professionals at various levels.

The detailed findings of the report are published elsewhere thus unnecessary to particularise in full, however key data points are repeated to contextualise subsequent segments of this investigation.

The next phase of research focused specifically on graduate quantity surveyors. This phase was undertaken independently of the aforementioned report. It sought to provide further detail of labour market trends concentrated at the level at which the likely future opportunities lay.

Data was collected over a three year period of graduate QS’s from the largest provider of third level QS programmes in Ireland. An online survey was administered annually between 2013 and 2015 within five months of respondents completing the BSc Quantity Surveying and Construction Economics honours degree programme. The response rate each year was in excess of 80%.

A conscious decision was made to exclude graduates from an MSc Quantity Surveying (conversion) programme as students enrolled on the programme had several years’ post-graduate experience and were undertaking the programme on a part time basis while working in industry. While a comparatively smaller number of candidates will qualify as a QS within the timeframe, inclusion of this group for the purposes of the second phase of the research, would have distorted some findings (e.g. salary).

Finally, the author participated in several focus groups in the evaluation, review and re-development of the above honours QS degree programme. The review of the programme was undertaken to ensure content was current, relevant to the changing environment facing the profession, and continued to provide graduates with the required technical knowledge and employability skills to meet industry needs.
DISCUSSION

Demand and Supply
The prolonged recession in Ireland had a devastating impact on QS practices, with the number of people employed significantly decreasing (at all levels) as evidenced from the initial phase of research which reproduced in table 2.

Table 2: QS Employment

<table>
<thead>
<tr>
<th>Level/Position in Company</th>
<th>2007</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director/Partner</td>
<td>287</td>
<td>249</td>
</tr>
<tr>
<td>Associate/Regional Director</td>
<td>182</td>
<td>116</td>
</tr>
<tr>
<td>Senior Surveyor</td>
<td>619</td>
<td>436</td>
</tr>
<tr>
<td>Junior Surveyor</td>
<td>536</td>
<td>281</td>
</tr>
<tr>
<td>Graduate Surveyor</td>
<td>282</td>
<td>138</td>
</tr>
<tr>
<td>Total Surveying Staff</td>
<td>1906</td>
<td>1220</td>
</tr>
</tbody>
</table>

Source: Murphy & Walsh (2013)

Many of those who managed to retain their employment in QS practices were often reduced to a shorter working week, which is similar to the findings of Boon (2008) in a study of New Zealand Quantity Surveying Practices. Interview respondents noted that organisations became “top heavy”, with senior management the last people to be dispensed with.

The recession in Ireland led to emigration, which peaked in 2013 when 89,000 people emigrated out of a total population of 4.56 million people (CSO, 2016c). Mass emigration resulted in a “brain drain” from the Irish labour market. It is difficult to determine from the national statistics the specific number of construction professionals, such as QS’s, that emigrated during this time.

The fragile nature of the construction sector resulted in a reduction in the number of students registering onto QS programmes, falling by over 50% in some cases. There was a perception that construction was an uncertain and unstable career path, therefore many chose alternatives. An estimation of the number of graduates was collated based on enrolment statistics provided by every provider of QS programme nationwide. It was estimated that 430 additional QS’s would graduate during the timeframe (to 2018).

The Irish economy has recorded solid economic growth on an annual basis since 2012 (CSO, 2016a) and construction companies are actively employing. Direct construction employment has increased (see table 1) and the demand for QS’s has also increased. The latest available data reports that based on a conservative estimate for economic growth of 3% (which we now know is an underestimation) there will likely be a demand for an additional 1,100 surveyors up to 2018 in Ireland (Murphy and Walsh, 2013).
It is recognised that the apparent shortage of 670 QS professionals may in part be filled by returning immigrants, however, it is impossible to accurately quantify this trend, thus remains outside the scope of the present work.

Graduate Surveyors
An annual survey was undertaken between 2013 and 2015 of graduates of the largest QS degree programme in Ireland. The purpose of the survey was to ascertain a number of variables pertaining to recently qualified QS’s. Aspects such as their location, employment status, type of company and salary were among the key features analysed.

National data indicated that emigration was on the increase in 2013, therefore the survey sought to identify the location of graduates within six months of completing the programme. The number of graduates remaining in Ireland increased from 57% in 2014 to 83% in 2015, demonstrating a clear indication of the domestic opportunities for Irish QS’s.

Respondents were asked to describe their employment status at the time of the survey. In 2013, 64% confirmed that they were in permanent employment however, by 2015 that had increased to 84%. This is a substantial increase in a relatively short period which correlates with the increase in GDP during the timeframe.

QS’s are also employed in non-construction organisations such as management consulting, accounting, financial services and government bodies, as well as in more traditional PQS and construction contractor organisations. Table 3 provides an insight into the types of companies within which graduate QS’s were employed.

Table 3: PQS or CQS Practice

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>PQS Practice</td>
<td>31.3%</td>
<td>63.2%</td>
<td>33.3%</td>
</tr>
<tr>
<td>Contractor</td>
<td>31.3%</td>
<td>26.3%</td>
<td>50%</td>
</tr>
<tr>
<td>Other</td>
<td>37.5%</td>
<td>10.5%</td>
<td>16.7%</td>
</tr>
</tbody>
</table>

The earlier survey pointed to a more widespread distribution of QS graduates, with many selecting the “other” category confirming employment in a variety of sectors including, construction, retail, transport and aviation. This is indicative of the volatility in the construction labour market at that time. The most recent study on the other hand shows that half of the graduates are working within contractor organisations. It is reasonable to assume that contractors are likely to have decreased company size by a proportionately larger amount than PQS practices during the downturn, therefore require a more rapid response to resourcing as the economy recovers.

Regardless of the type of company within which recent graduates were working, in 2015 78% of respondents confirmed that they had secured their position prior to completing their undergraduate degree (up from 34% in 2013). It is envisaged that this figure will continue to increase due to developments in the programme, most notably the introduction of work placement (discussed below).

The shortage of QS’s in Ireland has also put upward pressure on salaries. Table 4 outlines the change in salaries over the period.
Table 4: QS Graduate Salary

<table>
<thead>
<tr>
<th>Salary Range</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;€20,000</td>
<td>25%</td>
<td>5.3%</td>
<td>-</td>
</tr>
<tr>
<td>€20,000-€24,000</td>
<td>18.8%</td>
<td>21.1%</td>
<td>16.7%</td>
</tr>
<tr>
<td>€25,000-€29,999</td>
<td>37.5%</td>
<td>15.5%</td>
<td>27.8%</td>
</tr>
<tr>
<td>€30,000-€34,999</td>
<td>18.8%</td>
<td>26.3%</td>
<td>22.2%</td>
</tr>
<tr>
<td>€35,000-€39,999</td>
<td>-</td>
<td>5.3%</td>
<td>16.7%</td>
</tr>
<tr>
<td>€40,000-€44,999</td>
<td>-</td>
<td>21.1%</td>
<td>-</td>
</tr>
<tr>
<td>&gt;€45,000</td>
<td>-</td>
<td>5.3%</td>
<td>16.7%</td>
</tr>
</tbody>
</table>

Further analysis of the data reveals that those employed in contractor organisations are likely to earn a marginally higher salary than those employed in PQS practices.

Response from Third Level
The construction industry is changing, not only in Ireland as a consequence of the severity of the economic downturn, but globally. Many factors are impacting construction, from globalisation, demographics, urbanisation, technology and new ways of working to name but a few. But what steps has the education sector taken to ensure that QS professionals are fully equipped to handle the change?

A number of responses have been initiated within the largest provider of QS graduates in Ireland including:

- Continued alignment of curriculum content to RICS competencies
- Work placement included as a mandatory element
- Increase in technology-related content, including BIM
- Employability skills modules reinforced with varying assessment methods
- Inclusion of company project as an option as an alternative to the traditional dissertation
- Inclusion of option modules (including foreign languages)

The first cohort of students on the revised programme will graduate in October 2016, and early indications show that the majority are already employed on a part time basis, and have been offered full time position (in many instances by the company with which they undertook their work placement) on completion of their programme.

Other initiatives involving industry sponsorship of students on a part time basis as well as industry partnering with a particular year of the degree programme have also been rolled out. This serves the dual purpose of ensuring students have a broader awareness of the industry, but also provides industry partners with the opportunity to liaise with potential future staff.

CONCLUSION
The construction industry in Ireland has recovered from several years of austerity following the 2008 global financial crises. However, the legacy of the recession and uncertainty in the construction industry has resulted in a reduction in the number of people enrolled on third level QS degree programmes. This coupled with a “brain drain” caused by emigration during the recession has reduced the supply of qualified QS graduates. The recovery that has taken hold has had a positive impact on
construction output and employment, consequently the demand for surveyors has increased. The QS labour market is clearly in disequilibrium.

Opportunities in Quantity Surveying offer potential for a varied and global career path and as such is an alluring career choice. The multi-disciplinary nature of the QS profession must be highlighted to encourage more entrants into the profession. Industry, professional bodies and third level education providers must continue to collaborate in finding innovative approaches to marketing the profession as a diverse, global career choice that can endure cyclical fluctuation.

REFERENCES


RICS (2014) Our Changing World: Let’s Be Ready Published by the Royal Institute of Chartered Surveyors Futures