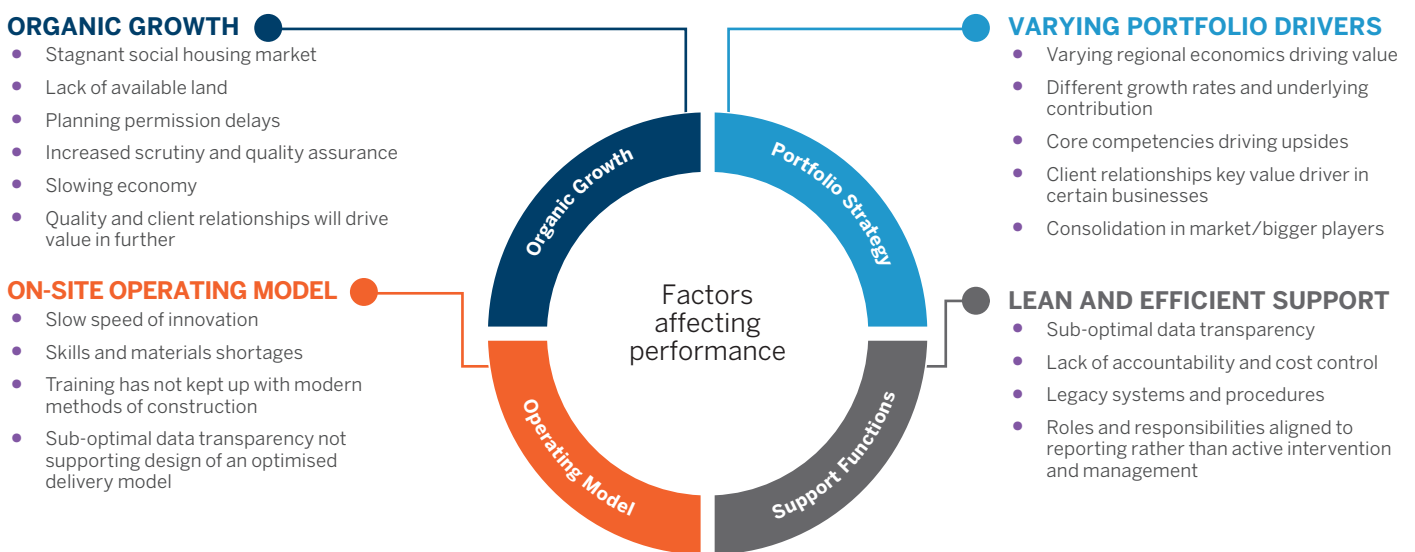


Impacts of Brexit on the Construction Industry

FTI Consulting is an independent global business advisory firm dedicated to helping organisations manage change, mitigate risk and resolve disputes.

With dedicated teams in key political and commercial capitals, FTI Consulting is well placed to help you navigate your Brexit challenges and manage commercial risk.

The Construction industry has already been facing multiple issues impacting performance



Brexit further adds to the complexity and may have long reaching impacts on both ease to do business and profitability

Economy

- Brexit could have severe consequences for economy in general
- A slowing economy may impact demand directly but also impact government spending and investment into new housebuilding resulting in firms fighting to get any work available by slashing their prices and cutting corners as work reduces

Passporting of professional services

- International workers occupy significant real estate capacity
- The passporting of professional services (including accountancy and law), as well as the financial services sector, is hugely important to the investment in and occupation of commercial property, and the footprint of such firms in our major cities
- Potential impact likely more severe for any newly certified professionals working in the UK after Brexit

Loss of EU funding and infrastructure challenge

- Currently social housing retrofitting and regeneration schemes receive a significant funding from EU
- If there is a loss of EU funding then this would significantly impact regeneration and related businesses
- Further if government does not tackle infrastructure challenge and brings in private investors then UK's global competitiveness could be impacted

Access to labour

- Access to a skilled international workforce including professional services and a focus on developing the next generation of home-grown talent are critical to ensure continuity
- Without freedom of movement, construction workers may find it easier to find work in other EU nations resulting in the UK industry missing out on new insight and skills from EU

Access to resources and costs

- Having a Free Trade Agreement results in a simpler process of importing resources, tools and materials from other member states
- If trade agreements with favourable terms are not secured then this could result in increasing the cost of resources, tools, materials and subsequently projects

Exchange rate

- The referendum favouring UK's exit has already resulted in pound sterling falling by 20% resulting in a higher cost of materials imported from EU
- Many construction businesses reported losses in the following quarters citing the devalued currency as one of the key reasons

Brexit checklist: **What should you be thinking about?**

- ✔ Obtain political and regulatory insight and intelligence to create clarity
- ✔ Address any potential commercial and operational requirements
- ✔ Ensure you have the right financial and investment strategies in place
- ✔ Monitor and influence legislative programmes to protect commercial interests
- ✔ Consider any corporate restructure, valuation or business modelling needs
- ✔ Mitigate any tax risks
- ✔ Undertake market analysis and economic scenario modelling to inform your business decisions
- ✔ Understand the implications for your governance, trade and investor protection rules
- ✔ Engage all your internal and external stakeholders effectively across all platforms

Our Brexit **Leadership Team**



JOHN MALONEY

Senior Managing Director, Operational Transformation Practice

London

+44 (0)203 727 1277

john.maloney@fticonsulting.com



HANS HACK

Senior Managing Director, Financial Services

Brussels

+32 (0)2 289 08 75

hans.hack@fticonsulting.com



MELORIA MESCHI

Senior Managing Director, Economic Analysis

London

+44 (0)20 3727 1362

meloria.meschi@fticonsulting.com



RICHARD BAXTER

Senior Managing Director, Tax

London

+44 (0)20 3727 1655

richard.baxter@fticonsulting.com



FIONA HOLROYDE

Managing Director, Public Affairs

London

+44 (0)20 3727 1543

fiona.holroyde@fticonsulting.com



LOUISE HARVEY

Non-Executive Chair, Strategic Communications

Brussels

+32 (0)2 289 09 35

louise.harvey@fticonsulting.com



EXPERTS WITH IMPACT

About FTI Consulting

FTI Consulting is an independent global business advisory firm dedicated to helping organisations manage change, mitigate risk and resolve disputes: financial, legal, operational, political & regulatory, reputational and transactional. FTI Consulting professionals, located in all major business centres throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges and opportunities.

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