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Stable consulting engineering markets in Europe

The latest sector review from the European Federation of Engineering Consultancy Associations (EFCA) shows a stabilised market in Europe that is still growing in some parts. But there are also factors that challenge profitability.

Henrik, Garver, Chair of EFCA's Barometer task group commented the release of the latest EFCA Barometer, which shows biannual trends and expectations amongst European consulting engineers.

"In general," says Mr Garver, "activity in the consulting engineering industry in Europe is stable. The markets in southern Europe are still improving while the markets in Northern Europe are staying at a steady level of progress after a period of steady growth."

Market signals are positive. In eight of 20 countries there has been an increase in the average order stock of the consulting engineering companies. In the remaining 12 countries order stock is stable. Compared to the EFCA 2017 autumn barometer, order stock has increased by almost two months. As a result of growing order stocks, turnover is also increasing. 12 out of 20 countries expect the total turnover of the consulting engineering industry in their country to increase. Profitability is also improving across Europe. The average profit ratio (EBITDA) for 2017 was 7.9%, which was an improvement from 7.1% in 2016.

In conclusion, the market is good or very good in 14 out of 20 countries. Only Spain still has a weak market.

Profitability is expected to level out in 2019 as staff shortages lead to more competition for employees which speed up salary increases. Low fees and staff shortage are two major challenges for the consulting engineering industry.

Mr Garver added that "BIM and new business models will be key drivers for the next improvement in profitability."

EDITOR'S NOTE

The EFCA Barometer (autumn 2018) is available from the website: www.efcanet.org.

EFCA has member associations in 26 countries, and is the sole European federation representing the business interests of professional engineering consultancy and related services, a sector that employs around one million staff in Europe – www.efcanet.org

EFCA, Avenue des Arts, 3-5, B-1210 Brussels, Belgium - Tel: +32 209 07 70, Email: efca@efca.be , www.efcanet.org