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Signs that European Consultancy Engineering Markets may be starting to cool

The latest *Industry Barometer* from the European Federation of Engineering Consultancy Associations (EFCA) shows that the past 6 months have been very busy for the consultancy and engineering industry in Europe. Order books are also still looking very good, but the employment index is now falling. Current largest challenges for the consultancy and engineering industry in Europe are the shortage of staff, low fees and salary increases. Yet, the impact from the war in Ukraine, the energy crisis, rising inflation and increasing interest rates are continuing factors contributing to more uncertainty about market developments in the future.

Henrik, Garver, CEO of the Danish Association of Consulting Engineers and Chair of EFCA's Economic Environment Committee commented the release of the latest EFCA Industry Barometer, which shows biannual trends and expectations amongst European consulting engineers.

“The EFCA Market Index, showing the overall development of the European markets, has improved markedly from spring 2022 and is at the highest level recorded since the start in 2018. The employment index reached a peak in spring 2022 and has now fallen back to more normal levels and is expected to decline slightly in the coming 6 months.” says Mr. Garver.

The development of the EFCA employment index correlates with the Autumn Forecast made by the European Commission on labour markets. Employment growth is forecast at 1.7% in the EU this year, before coming to a standstill in 2023 and moderately edging up to 0.4% in 2024.

Mr Garver added “Whilst staff shortage remains the most salient concern, there are less concerns over late payment, low fees, and access to finance, and increased concerns over salary increases. Noteworthy is that political uncertainty has become a top-five challenge for the consultancy and engineering industry.

Profitability fell back significantly from a high of 7.1% in 2020 to 4.9% in 2021 - which is a fairly similar level as 2018-2019. However, 4.9% is the second worst level since uniform EFCA measurements began in 2013. ”

Given the EU's dependence on imported fossil fuels and the current energy price shock, EFCA is strongly advocating the right regulatory incentives and investments for mitigating adverse impact of climate change, increasing energy efficiency and accelerating the production of renewable energies. The engineering consulting industry has a major role in delivering on Europe's ambitious climate change targets.”

EDITOR'S NOTE

The EFCA Barometer (autumn 2022) is available from the website: www.efcanet.org.

EFCA has member associations in 28 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.

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