# Construction industry faces significant changes ahead



As the construction industry navigates an unpredictable economic landscape, several key companies are poised to make significant impacts in the year ahead. Construction News explores the trajectory of various firms and projects which could shape the sector's future.

Lendlease, ranked 39th in the CN100 for 2024, has announced its intention to withdraw from the UK market and other construction operations outside its native Australia. Chief Executive Tony Lombardo assessed that these overseas businesses were proving to be a "drag" on shareholder returns. Initial estimates suggested that Lendlease’s UK and US divisions would be on the market by the end of 2025. However, the resignation of Simon Gorski, Managing Director of Lendlease Europe, in July has raised questions regarding the sales progress, with speculation about interest from five potential bidders.

In a significant development, the Grenfell Tower Inquiry's final report has prompted Prime Minister Keir Starmer to pledge reforms within the construction products industry. At a recent parliamentary session, Starmer asserted that the government would ensure that homes are constructed with safe materials and that those compromising safety would face consequences. As a result of the inquiry, initial warning letters have been sent to firms named in the report, including Kingspan, Arconic, and Celotex. The implications of these actions on public work access and ongoing projects for these companies may become clearer as 2025 unfolds.

Statom, a reinforced concrete specialist, has exhibited commendable growth, with revenues rising by over a quarter to £143.2 million for the year ending 30 November 2023. The company's pre-tax profit also saw a 9 per cent increase, reaching £8 million. By investing in new machinery and expanding its managerial team, Statom is diversifying into housing and infrastructure sectors. The firm’s recent accolade as the CN Awards Specialist Contractor of the Year reflects its commitment to integrating supply chains and providing thorough training.

Laing O’Rourke has also marked a noteworthy turnaround this year. Having appointed Cathal O’Rourke as Chief Executive in July, the tier one contractor reported a pre-tax profit of £40 million following a considerable loss the previous year. Directors attribute this recovery to a focus on project delivery and resilience, raising questions about a potential renaissance for the firm in the coming months.

The new MADE Partnership, initiated by the Labour government, aims to drive innovative housing developments. Backed by Homes England, Barratt Developments, and Lloyds Bank, the venture is targeting the creation of new garden villages with initial equity of £150 million. Despite its ambitious goals to contribute towards the construction of 1.5 million new homes by 2029, the specifics of how success will be measured remain undetermined.

A shift in expectations can also be seen at Balfour Beatty, the UK’s largest contractor. Following a drop in profit margins, Chief Executive Leo Quinn expressed a desire to double the margins due to the promising growth in sectors such as energy security and defence. While concrete timelines are absent, Quinn's goals could signal increased focus on efficiency and profitability in upcoming projects.

Given its tumultuous 2024, Sir Robert McAlpine faces a challenging recovery ahead. The contractor reported a significant £102.6 million loss but is currently engaged in a £4 billion project for a gigafactory in Somerset. This investment aligns with the Labour Party’s pledge to bolster funding in the high-tech infrastructure sector, providing a potential lifeline for the firm.

The housebuilding sector remains crucial to both the news cycle and the government's ongoing construction initiatives. Noteworthy developments included a merger between Redrow and Barratt, valued at £2.5 billion, greenlit by the Competition and Markets Authority. However, a proposed acquisition involving Crest Nicholson and Bellway did not come to fruition, highlighting the complexities in this rapidly shifting market.

Innovation continues to dominate discussions within the construction sector. Winvic has made strides by utilising remote-controlled cranes, enhancing efficiency and safety on sites. Despite a significant drop in turnover, the demand for data centres remains robust, positioning Winvic for potential growth in the coming year.

Meanwhile, Mace has reported record revenues of £2.36 billion, establishing itself as the fifth-largest contractor in the UK. As CEO Mark Reynolds transitions to a chairman role, his successor Jason Millett inherits a company poised for further engagements in extensive infrastructure projects, including those related to transportation and airports, prompting interest in how Mace will evolve under new leadership.

As 2025 approaches, these developments across various firms highlight the construction industry's ongoing adaptations to economic pressures, safety reforms, and innovative practices. The outcomes of these efforts will shape the industry's trajectory in the forthcoming year.

Source: [Noah Wire Services](https://www.noahwire.com)

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