

News release

Contact:

Eileen Mercer

+44 (0)7990 802 830

eileen.mercer@marsh.com

Contact:

Jennifer Ainslie

+44 (0)7974 190032

jennifer.ainslie@guycarp.com

Global construction industry faces mounting climate change and sustainability challenges as economies build their way to recovery: Report

London, 27 September, 2021 – With the infrastructure boom set to fuel global economic growth over the next decade, the construction industry must address the mounting pressures associated with climate change and the race to net zero greenhouse gas emissions (net zero), according to a report published today by Marsh and Guy Carpenter, both businesses of Marsh McLennan, the world's leading professional services firm in the areas of risk, strategy and people.

The report, [*Future of Construction: A Global Forecast for Construction to 2030*](#), written with Oxford Economics, a global leader in economic forecasting and analysis, provides a view on the future of construction as the industry recovers from the unprecedented effects of COVID-19 and the key drivers shaping its future over the next decade.

According to the report, global construction output is expected to grow by 6.6% in 2021 and by 42% by 2030, driven largely by government stimuli and the demand for residential construction. As the sector grows, however, so too does the risk of greater pollution and waste, the report warns. Construction and the wider built environment currently accounts for around 40% of the world's global greenhouse gas emissions.

Climate change and the race to net zero are arguably the greatest challenges that face the construction industry, according to the report. The need to radically reduce the amount of carbon embedded in new construction will drive the growth of a deconstruction industry that reuses huge existing urban stockpiles of construction materials, the report predicts.

The reports states that in 2020, environmental, social, and governance (ESG)-related capital for infrastructure grew 28%, which was largely due to a flow of fundraising into sustainability-related strategies. Given that significant equity is usually allocated to infrastructure by major construction companies and developers using their own corporate balance sheets, opportunities exist for those companies that develop new technologies, designs, and processes.

Richard Gurney, Global Head of Construction, Marsh Specialty, commented: "Climate change and the ESG agenda – and the risks and opportunities they present – are among the biggest challenges the global construction industry faces over the next decade. These forces are changing risk profiles for the sector. Organisations must adapt in order to harness the sector's massive potential for growth while playing a pivotal role in the advancement of economies and communities around the world."

Simon Liley, Co-Head, Global Engineering, Guy Carpenter, added: "The construction and engineering industry is entering a period of exciting opportunity but also one that will require new ways of approaching risk by the insurance and reinsurance sectors. These dynamics call for effective knowledge sharing from industry innovators at one end all the way through to reinsurance actuaries at the other. Understanding the shifting profile of exposure,

technology, and sources of capital will be important to enable insurers and reinsurers to establish underwriting platforms and offer products that meet the construction industry's changing needs."

Other projections for the industry to 2030 include:

- Predicted average annual growth in construction of 3.6% per annum – faster than either the services or manufacturing sectors.
- The next decade for construction will see global growth up by 35% compared to the previous decade, driven by unprecedented levels of stimulus spending on infrastructure and the unleashing of excess household savings; it will represent more than 10% of GDP in North America.
- Global infrastructure construction is forecast to grow by an annual average of 5.1%.
- Annual growth in UK infrastructure is expected to average 3.7%, rivalling China over the period as UK mega projects provide heightened growth.

Graham Robinson, Global Infrastructure and Construction Lead at Oxford Economics and lead author of *Future of Construction*, said: "It is unusual to see construction outstripping growth in both services and manufacturing over a more sustained period. We would normally expect to see construction growing faster than other sectors of the economy for shorter periods in a cyclical upturn. However, it's not surprising that construction is expected to power the global economy over this next decade, considering the unprecedented nature of the stimulus spending on infrastructure by governments and the unleashing of excess household savings in the wake of COVID."

ABOUT MARSH

[Marsh](#) is the world's leading insurance broker and risk advisor. With around 40,000 colleagues operating in more than 130 countries, Marsh serves commercial and individual clients with data-driven risk solutions and advisory services. Marsh is a business of [Marsh McLennan](#) (NYSE: MMC), the world's leading professional services firm in the areas of risk, strategy and people. With annual revenue over \$18 billion, Marsh McLennan helps clients navigate an increasingly dynamic and complex environment through four market-leading businesses: [Marsh](#), [Guy Carpenter](#), [Mercer](#) and [Oliver Wyman](#). For more information, visit [mmc.com](#), follow us on [LinkedIn](#) and [Twitter](#) or subscribe to [BRINK](#).

ABOUT GUY CARPENTER

[Guy Carpenter & Company, LLC](#) is a leading global risk and reinsurance specialist with more than 3,200 professionals in over 60 offices around the world. Guy Carpenter delivers a powerful combination of broking expertise, trusted strategic advisory services and industry leading analytics to help clients adapt to emerging opportunities and achieve profitable growth. Guy Carpenter is a business of [Marsh McLennan](#) (NYSE: MMC), the world's leading professional services firm in the areas of risk, strategy and people. The Company's 78,000 colleagues advise clients in 130 countries. With annual revenue of over \$18 billion, Marsh McLennan helps clients navigate an increasingly dynamic and complex environment through four market-leading businesses including Marsh, Mercer and Oliver Wyman. For more information, visit <http://www.guycarp.com> and follow Guy Carpenter on LinkedIn and Twitter @GuyCarpenter.

ABOUT OXFORD ECONOMICS

[Oxford Economics](#) was founded in 1981 as a commercial venture with Oxford University's business college to provide economic forecasting and modelling to UK companies and financial institutions expanding abroad. Since then, we have become one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on more than 200 countries, 250 industrial sectors, and 7,000 cities and regions. Our best-in-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact.

Headquartered in Oxford, England, with regional centres in New York, London, Frankfurt, and Singapore, Oxford Economics has offices across the globe in Belfast, Boston, Cape Town, Chicago, Dubai, Dublin, Hong Kong, Los Angeles, Melbourne, Mexico City, Milan, Paris, Philadelphia, Stockholm, Sydney, Tokyo, and Toronto. We employ more than 400 full-time staff, including more than 250 professional economists, industry experts, and business editors— one of the largest teams of macroeconomists and thought leadership specialists. Our global team is highly skilled in a full range of research techniques and thought leadership capabilities from econometric modelling, scenario framing, and economic impact analysis to market surveys, case studies, expert panels, and web analytics.

Oxford Economics is a key adviser to corporate, financial and government decision-makers and thought leaders. Our worldwide client base now comprises over 1,500 international organisations, including leading multinational companies and financial institutions; key government bodies and trade associations; and top universities, consultancies, and think tanks.