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Press release

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Environment Analyst report identifies long-term opportunities in UK environmental consultancy market

- Legislative drivers contribute to robust 9% market growth last year despite economic downturn (2008: £1.46 billion)
- Recession set to knock overall growth rate in 2009
- But continued demand for climate change & energy and waste management will offset declines in other services

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A new report from *Environment Analyst* concludes that the UK environmental consultancy sector grew by 9% in 2008 to reach a turnover of £1.46 billion. This marks a deceleration on the average 13% per annum growth of the previous four years (2004-07).

Consultancy is inherently a lagging indicator of economic cycles due to work signed off in the pipeline months in advance, so it was not until the last few months of 2008 when the tide turned and environmental consultancies were suddenly struggling to keep all of their staff busy. It was during this period of uncertainty that *Environment Analyst* conducted its first annual benchmark survey of firms active in the sector.

The final report **– Market Assessment of the UK Environmental Consulting Sector 2009 –** forecasts that the overall market will be flat this year, growing by low single digits at best, but still outperforming the economy as a whole and related areas such as management consulting.

Environmental consultancy disciplines with strong underlying regulatory and political drivers – such as climate change & energy and waste management – are expected to be most resilient. Demand from both the traditional energy sector (oil, gas and nuclear) and renewables industry are also still growing strongly for the environmental consultancy market as a whole. There is also healthy growth in government-funded projects, with the public sector accounting for just under a third of total market revenues in 2008.

Export commodity

Another positive finding is that UK environmental consultancy expertise is very much in demand globally, with overseas work and projects for international clients accounting around a quarter of our survey sample’s total UK revenues. Extrapolating these figures to the market as a whole would mean international work brings in revenues of some £350 million on top of UK-sourced contracts.

The report’s author, *Environment Analyst* Editor Liz Trew comments: “British environmental consultancies have developed world-leading expertise in areas such as climate change and carbon management and are successfully exporting their services. Our survey shows that most are hoping to win more overseas work over the coming months to help offset the softening domestic market – with the Middle East emerging as having the best growth prospects for these firms globally in spite of the region’s recent problems.”

Recession impacts

Of the twelve disciplines which *Environment Analyst* considers to form the core of the environmental consultancy market, the strongest performers in 2008 were climate change & energy and ecological/landscape services – both growing in excess of 20%. Growth in revenues from environmental impact assessment (EIA) and related services also increased above the overall market rate last year, but will be inevitably curtailed in 2009 due to a slowdown in the pipeline of development support work.

The survey findings confirm that contaminated land, the biggest single income stream for environmental consultancies (at 16% of total market revenues), has taken the biggest hit from the economic downturn of all the major service areas. Around half of the consultancies surveyed were experiencing contracting revenues from this field of work at the time of the survey, while revenues were flat for a further 20%.

Liz Trew comments: “Overall, the contaminated land segment continued to grow by a respectable 7% in 2008 – largely thanks to projects completed in the first half of the year – but is set to fall sharply this year as brownfield development in the commercial sector has effectively ground to a halt in many areas.”

A cutback in discretionary spend among specific client sectors is also evident from the survey responses. Two thirds of consultancies reported a reduction in revenues from the construction/property sector – with one in ten suffering a drop of 15% or more. Half of consultancies also saw a decline in project spend coming from financial & professional organisations as the banking sector crisis accelerated from the middle of 2008. Revenues from the manufacturing industry were also down or flat for 75% of consultancies.

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FURTHER INFORMATION

1. A **Market Research Summary**, including a full list of figures, is available from Liz Trew at the above email address.

2. Environment Analyst is a publishing and market research organisation with a remit to track performance and opportunities within the environmental services sector, with a particular focus on the environmental consulting and support services market.

3. Market Assessment of the UK Environmental Consulting Sector 2009 is available to Environment Analyst’s Market Intelligence Service customers via the website, www.environment-analyst.com/intelligence

4. Environment Analyst’s market research has identified over 500 companies active in the environmental consultancy sector, which are estimated to employ more than

25,000 people across the country and handle approximately 77,500 contracts annually

5. The benchmark survey was undertaken in the final months of 2008 and first quarter of 2009. Responses were received from a cross-section of firms, including large multidisciplinary consultancies and small boutique operators – whose combined revenues account for in excess of 35% of the total market. Gap analysis and additional research were employed to build up the full picture of the market

6. The UK environmental consultancy sector remains highly fragmented, with some two dozen firms achieving UK environmental consulting revenues in excess of £20 million. In order of market share, these are:

1. RPS Group
2. AEA
3. Atkins
4. RSK Group
5. Entec UK
6. Jacobs
7. ERM
8. Mouchel
9. Mott MacDonald
10. Arup
11. WSP Environment & Energy
12. Aecom (Faber Maunsell)
13. Halcrow Group
14. Hyder Consulting (UK)
15. MWH
16. SLR Consulting
17. White Young Green Environmental
18. Enviros
19. URS Corporation
20. Scott Wilson
21. Bureau Veritas
22. Capita Symonds
23. ADAS UK
24. Golder Associates (UK)