

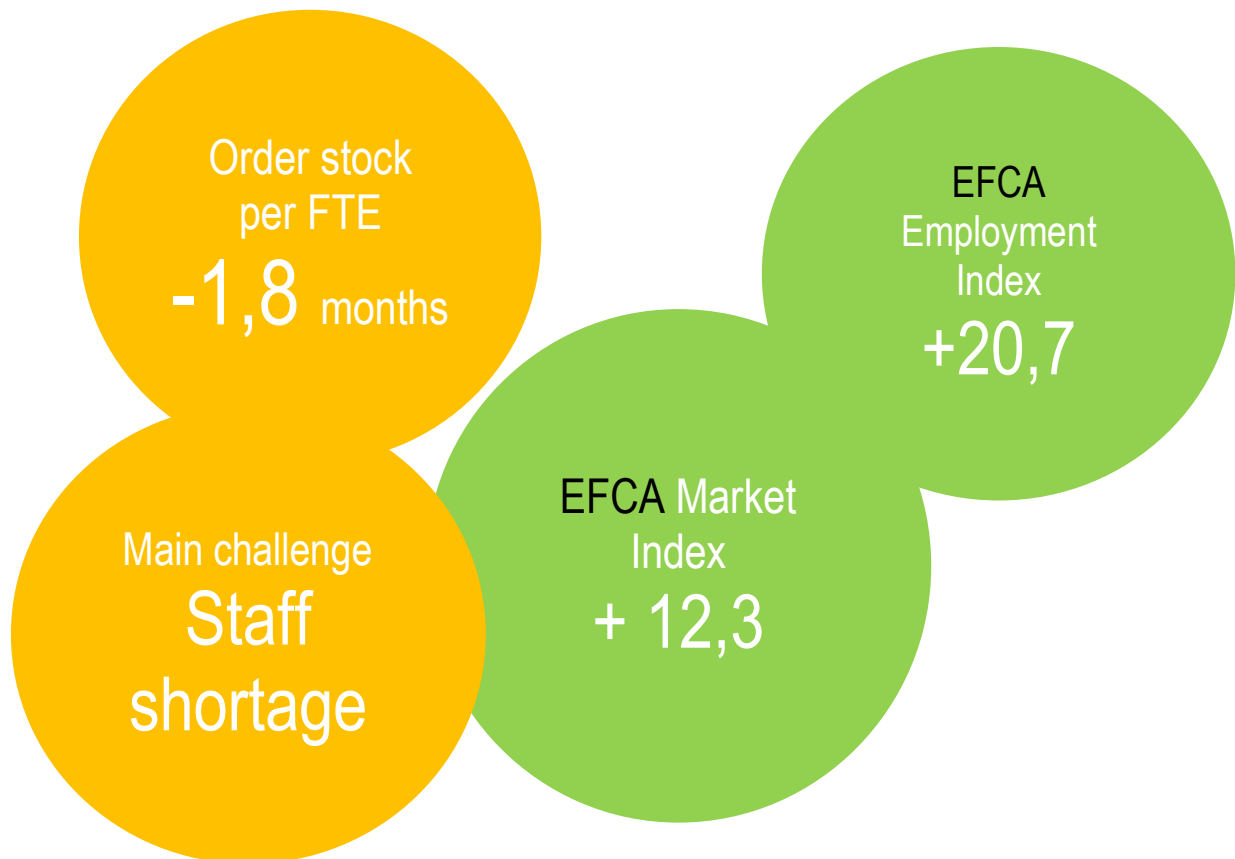


# The State of the European Consulting Engineering Sector

**BAROMETER** spring 2024

**efca**

European Engineering Consultancies



#### Participating Associations, in this survey

Austria, ACA	Finland, SKOL	Italy, OICE	Portugal, APPC	Sweden, FSIC
Belgium, ORI	France, Syntec / Cinov*	Latvia, LIKA	Romania, ARIC	Switzerland, suisse.ing
Bulgaria, BACEA	Germany, VBI	Luxemburg, OAI	Russia, NACEC **	The Netherlands, NLingenieurs
Czech Republic, CACE	Greece, Hellasco	Macedonia, ACEMA	Serbia, ACES	Turkey, ATCEA
Denmark, FRI	Hungary, AHCEA	Norway, RIF	Slovenia, NACES	Ukraine, ICEG
Estonia, EAACEC	Ireland, ACEI	Poland, SIDIR	Spain, TECNIBERIA	United Kingdom, ACE ***

\* France is represented by both Syntec-Ingénierie and Cinov. Their replies are aggregated and presented as one.

\*\* Russia's EFCA observer membership is currently suspended.

\*\*\* United Kingdom (ACE) is a cooperating association.

#### EFCA Economic Environment Committee

Henrik Garver	FRI – Foreningen af Rådgivende Ingeniører (Denmark)
Ari Soilammi	RIF – Rådgivende Ingeniørers Forening (Norway)
Vincent Detemmerman	ORI – Organisatie van advies- en ingenieursbureaus (Belgium)
Richard Österberg	FSIC – Innovationsföretagen (Sweden)

The Economic Environment Committee has produced this report and analysis based on best available information on the current state of business in the spring of 2024, collected through a survey by the member associations of EFCA for their respective countries. For European averages, national figures have been weighted by full time employees on the market of each country according to Eurostat figures. For the latest Eurostat figures see the appendix.

If you want to contact the Committee, please contact the EFCA secretariat - [efca@efca.be](mailto:efca@efca.be)

# CONTENTS

Executive summary	3
Market development	4
Employment	5
Order stock	6
Turnover	7
Profitability	8
Challenges	9
Country Overview	10
Appendix	12

# Executive summary

## Engineering consultancies of Europe remain strong and optimistic

**Order books are still good. The majority of European consultancies report good market conditions and a positive outlook for the next 6 months. That is an improvement since autumn 2023.**

**The largest challenges for the consultancy and engineering industry in Europe are the shortage of staff and increasing labour costs. Bureaucracy and political uncertainty are also on the rise.**

The EFCA Market Index shows the overall development of the European markets. This spring report shows a marked upturn of 12,3 points, bringing the index back to a very positive outlook. 95% of the participating countries are currently reporting stable or increasing markets.

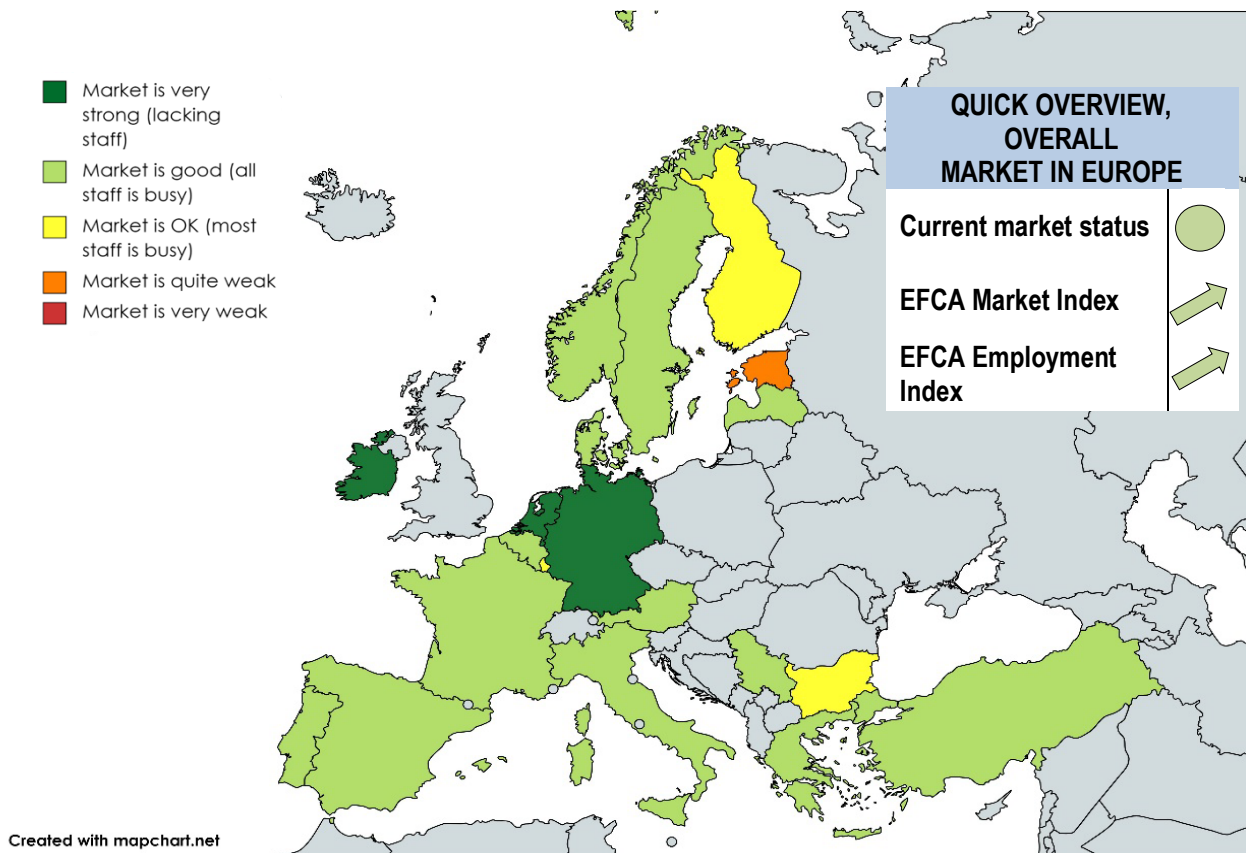
Optimism is back, as shown by the employment index increasing over 20 points.

Almost 60% of participating countries in this survey are also expecting increased turnover in the coming 6-month period, and most others are expecting status quo.

Profitability was at 5.4% on average in 2022, the estimate for 2023 is that this has stayed unchanged. However the predictions for 2024 shows an expected improvement of profitability in the majority of markets.

The survey was conducted in March-April 2024, 20 EFCA member associations have responded (75%).

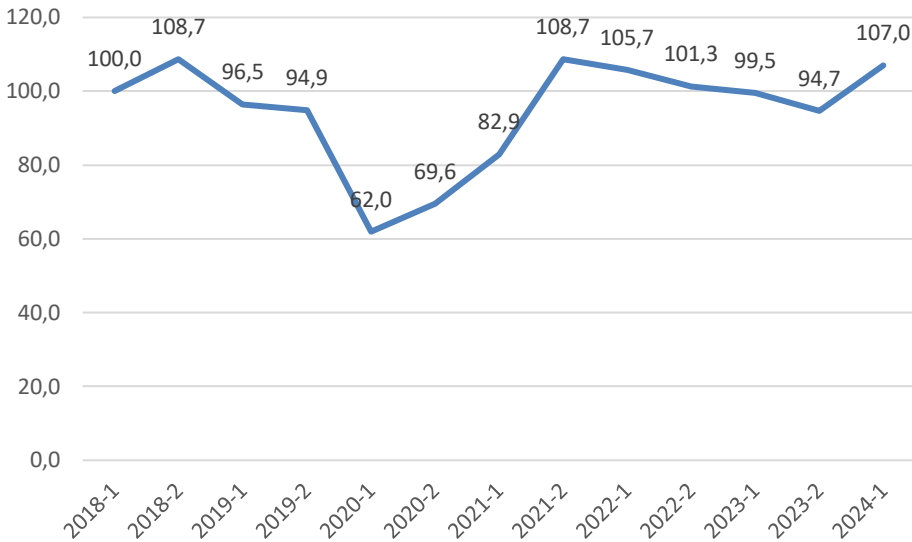
### Current state of European Markets. EFCA Survey Spring 2024



# Market development

## EFCA Market Index, spring 2018 – Spring 2024

2018-1 = 100 (see appendix, definitions).

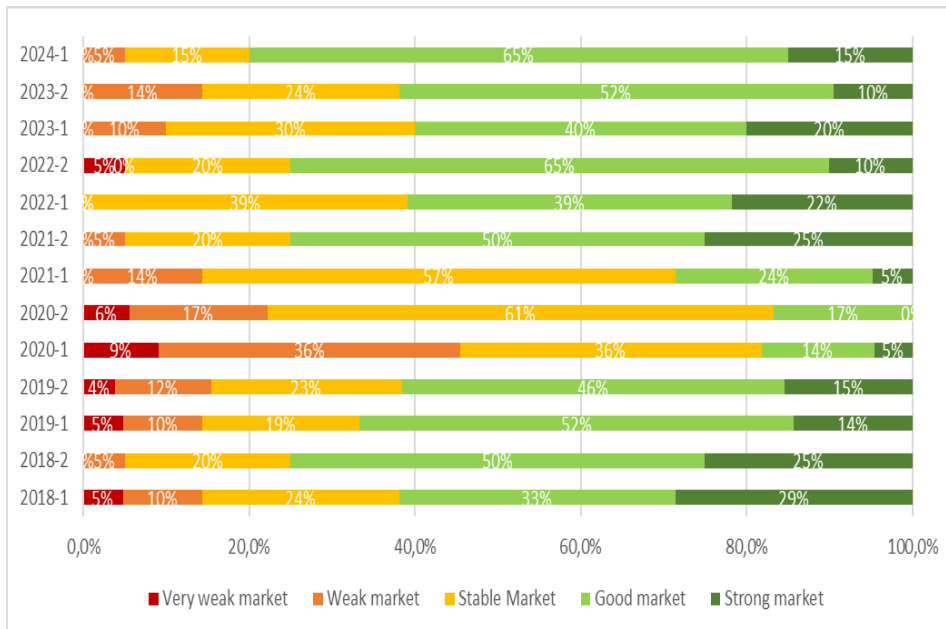


The EFCA Market Index shows the overall development of the European markets.

The markets had a distinct peak in 2021, coinciding with the end of the covid pandemic, and was followed by a steady but slow downwards trend– until now.

This report shows a marked upturn of 12,3 points of the EFCA market index, bringing the market index back to a very positive outlook.

## Market development by category in percent



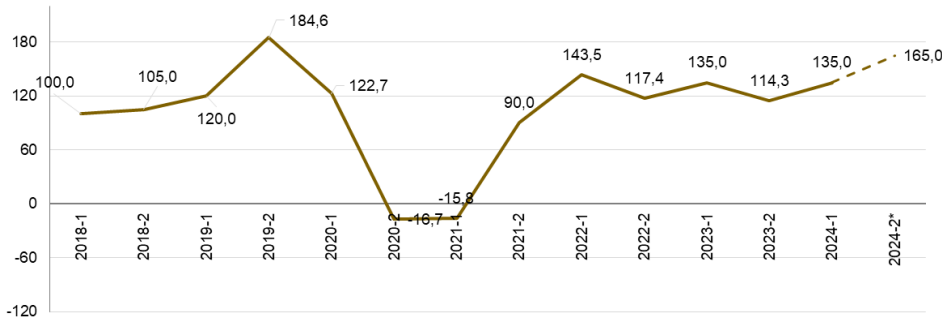
As shown in the previous graph, market development in the past six months has had a significant positive upturn.

95% of the participating countries are currently reporting stable or better markets.

# Employment

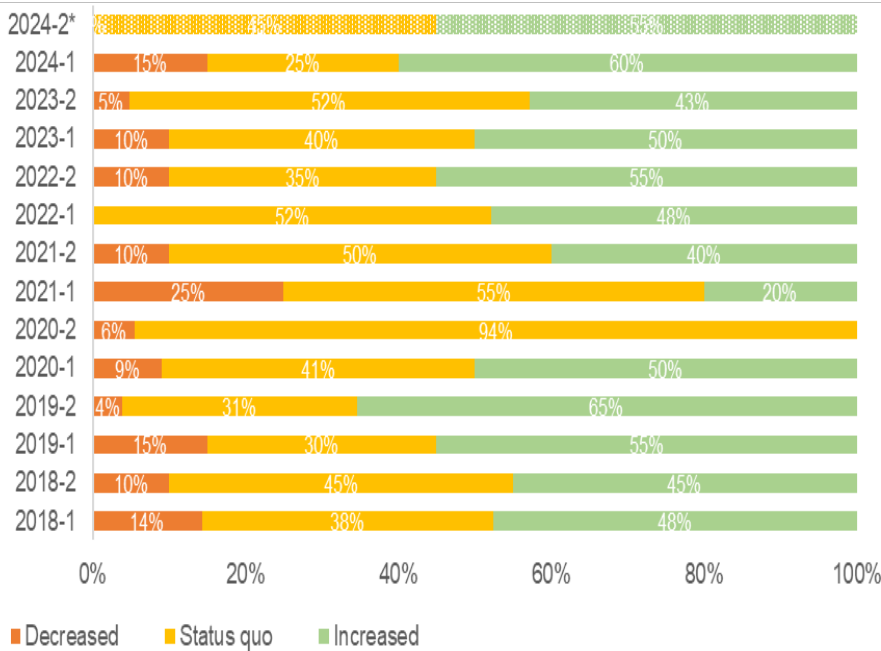
## EFCA Employment Index, spring 2018 – Spring 2024

2018-1 = 100 (see appendix, definitions).



The employment index is following the same positive upturn as the market index, ending the negative trend that was apparent in the previous report. In autumn 2023 the expected index for spring 2024 was as low as 71,4 – thus pessimism has now turned to optimism.

## Staff development by category in percent (\* = expected)



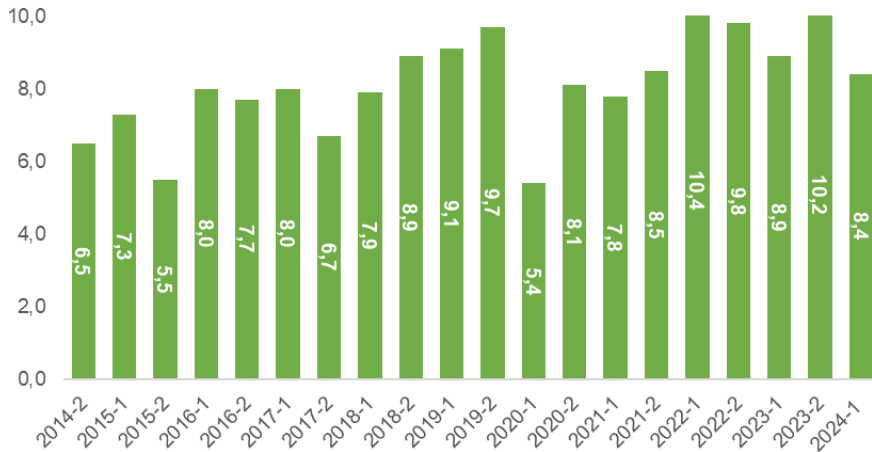
In the previous report of autumn 2023, 15% of MA's were reporting reduced need for staff in the coming period, and 55% were reporting increased staff development.

Staff development expectation in the spring of 2024 is noticeably more positive, since 100% of participating countries are now expecting to either maintain or increase staff numbers in the coming 6-month period.

# Order stock

## Average order stock in months, European average 2014-2024

The figure for average order stock in months is weighted according to market size, based on Eurostat figures (see appendix)

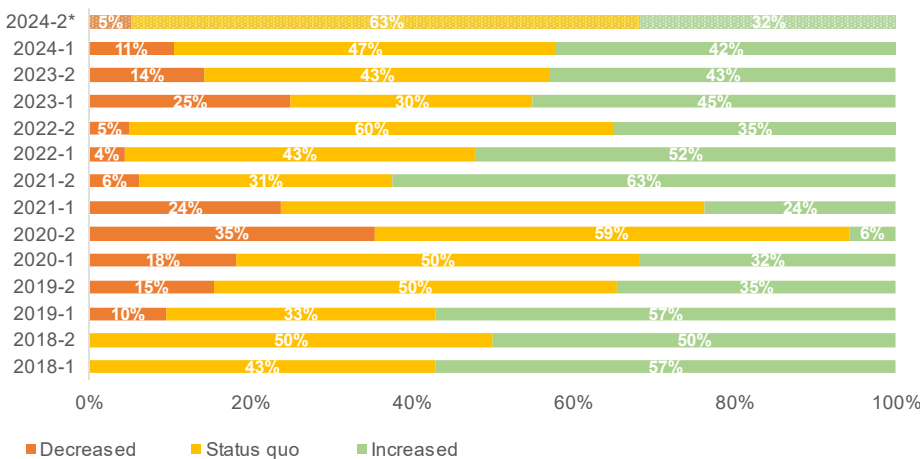


The order stock of European consultancies is at present still fairly high at 8.4 months, even if there is a noticeable decline from the (best ever) peak of spring 2022.

The current level of 8.4 months is a result of a slower market in the autumn of 2023 and an ability by European consultancies at large, to grow their staff numbers, and as a consequence reduce the relative backlog of orders.

As it has been shown in previous graphs, there is a lot of positive momentum in the industry, which may result in order stocks going back up in the coming periods.

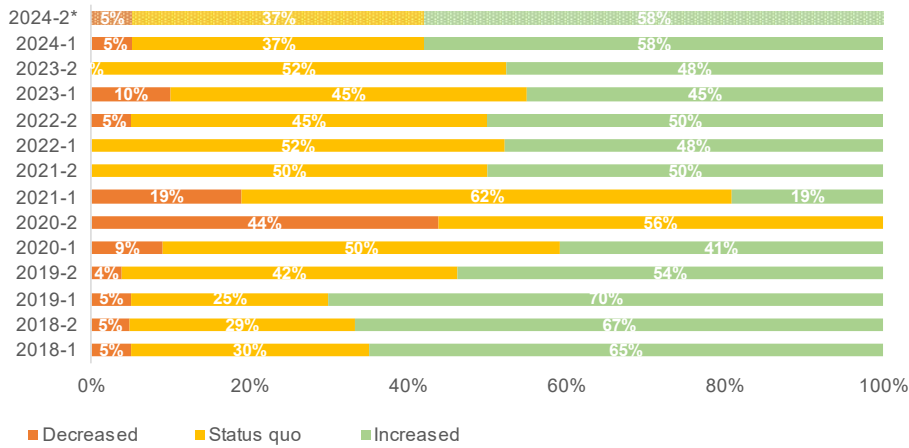
## Order stock development by category in percent (\* = expected)



The expected order stock development in the coming 6 month period can be described as neutral to positive, with most countries (63%) expecting no significant change in order stock. It should also be noted that only one country is expecting falling order stocks in the near future.

# Turnover

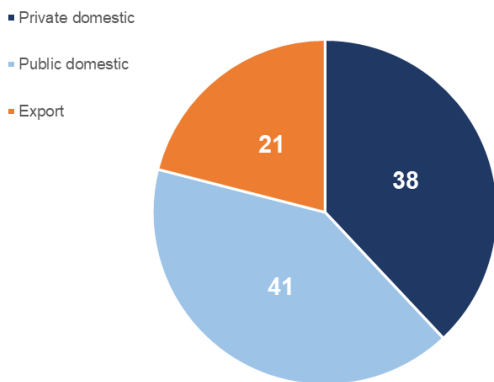
## Turnover development by category in percent (\* = expected)



The optimistic outlook for turnover development is still clearly present, since almost 60% of countries are expecting increased turnover in the coming 6-month period, and most others are expecting status quo.

With the exception of a short downturn during the pandemic in 2020-21, turnover in 90-100% of countries has remained stable or increasing since 2018.

## Turnover by domestic (private/public) and export activity, European average, spring 2024



## Client\* turnover distribution, top three participants, spring 2024

Private domestic	Public domestic	Export
1 Norway (70%)	1 Latvia (80%)	1 Serbia (80%)
2 France (70%)	2 Estonia (65%)	2 Spain (70%)
3 Sweden (60%)	3 Belgium (55%)	3 Turkey (60%)
4 Bulgaria (60%)		

\*Note: The client (of the consultant) is registered as a private entity (such as a private EPC contractor) even if the project owner / source of finance is a public entity.

Turnover distribution remains at a fairly constant average distribution between domestic private, domestic public, and export markets – at about 40/40/20 percentages, as in previous periods. But there are significant differences between the European countries. Countries with the highest levels of export of engineering services are Serbia, Spain and Turkey, all at 60% exports or above, much higher than the rest. Private domestic clients remain dominant in most northwestern countries.

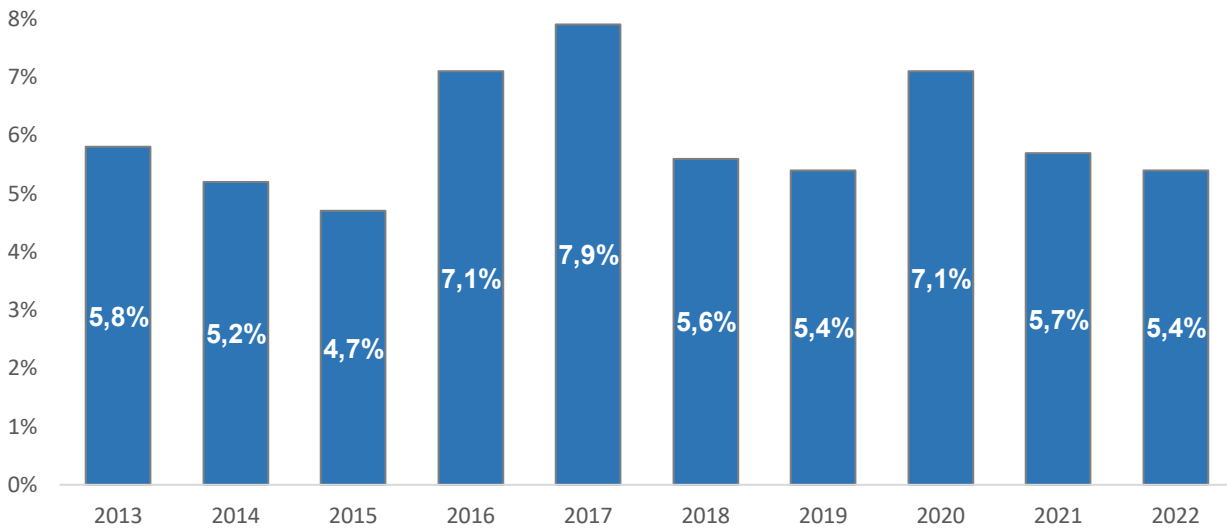


# Profitability

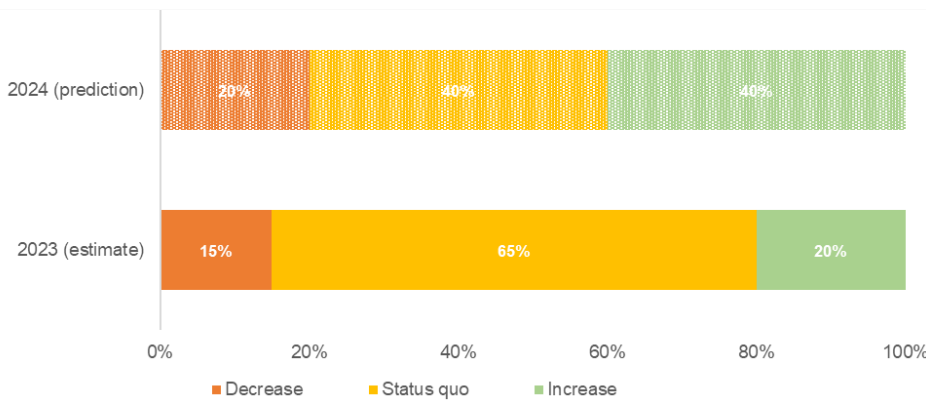
Profitability of European engineering firms has fallen from 5.7% in 2021 to 5.4% in 2022. The average level from 2013-2022 is 6.0%, which means that both 2021 and 2022 were slightly below average year for the industry in terms of profitability. The order stock however was very high in the same time period, indicating that consultancies in general are not capitalizing on very good markets.

## Profit ratio (EBITDA). European average, 2013-2022

The figure for Profit ratio (EBITDA), is weighted according to market size, based on Eurostat figures (see appendix)



## Profitability development by category in percent (\* = expected)



The profitability for 2023 at an industry level, is not yet available, however most countries expect no major changes in profitability, as compared to 2022.

However, the predictions for 2024 show more optimism, 40% of reporting countries expect an upturn in profitability.

# Challenges

Staff shortage and salary increases (labour costs) are still the two top challenges for the European engineering consultancies – as has been the case since 2021.

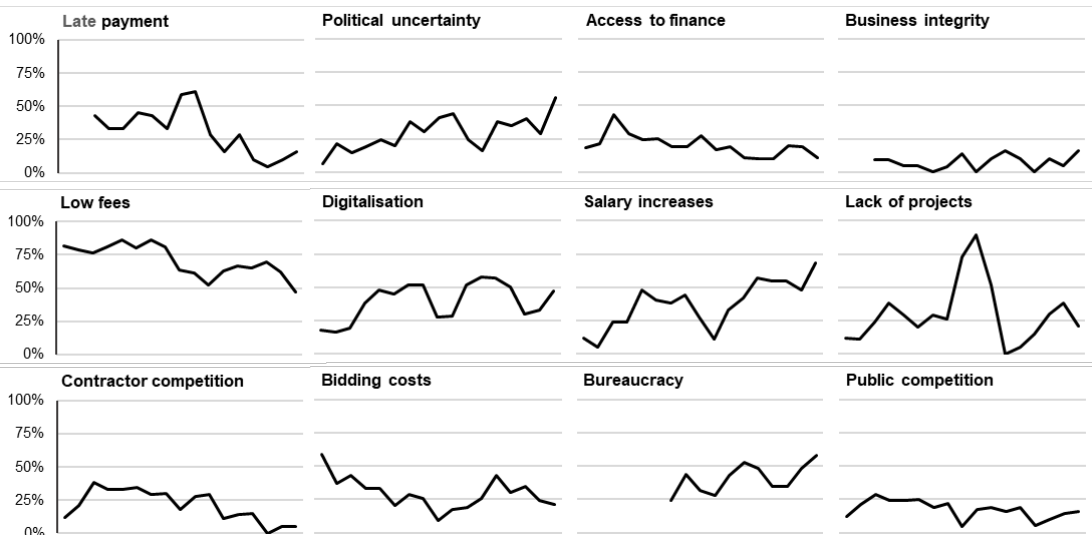
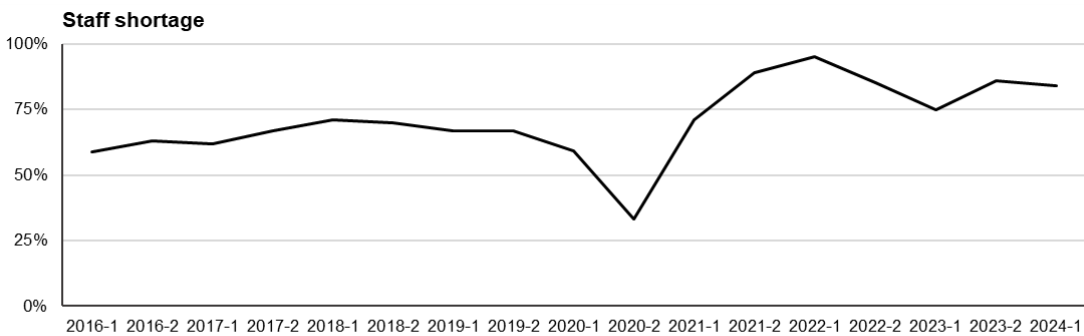
Bureaucracy and political uncertainty are on the rise and may contend for the top challenges in the future if the trend continues.

The issue of low fees seem to be less of a challenge, though still significant.

## Top 5 challenges faced by European companies

Challenge	Rank	Change
Staff shortage	1	-
Salary Increases	2	+1
Bureaucracy	3	-
Political Uncertainty	4	+3
Low fees	5	-3
Digitalisation	5	+1

## Main challenges faced by European companies over time, 2016-2024



# Country Overview (spring 2024)

<b>Austria, ACA</b>			<b>Belgium, ORI</b>			<b>Bulgaria, BACEA</b>					
Market	Good		Market	Good		Market	OK				
Staff	→	→	Staff	↗	↗	Staff	↘	→			
Order stock	N/A	→	↘	Order stock	22,0	↗	↗	Order stock	5,0	→	→
Turnover	↗	↗	Turnover	↗	↗	Turnover	→	→			
Domestic/Public/Export	N/A	N/A	N/A	Domestic/Public/Export	40	55	5	Domestic/Public/Export	60	35	5
Profit ratio (EBITDA)	5	→	Profit ratio (EBITDA)	9,1	↗	→	Profit ratio (EBITDA)	5	↘	→	
<b>Czech Republic, CACE</b>			<b>Denmark, FRI</b>			<b>Estonia, EAACEC</b>					
Market			Market	Good		Market	Weak				
Staff			Staff	↗		↗	Staff	↘		→	
Order stock			Order stock	6,8	↗	→	Order stock	2,5	↘	↘	
Turnover			Turnover	↗		↗	Turnover	↘		↘	
Domestic/Public/Export			Domestic/Public/Export	40	43	17	Domestic/Public/Export	30	65	5	
Profit ratio (EBITDA)			Profit ratio (EBITDA)	6,1	→	↗	Profit ratio (EBITDA)	5,4	↗		
<b>Finland, SKOL</b>			<b>France, Syntec / Cinov*</b>			<b>Germany, VBI</b>					
Market	OK		Market	Good		Market	Strong				
Staff	→	↗	Staff	↗		↗	Staff	→		→	
Order stock	5,0	↘	→	Order stock	18,0	→	→	Order stock	10	→	→
Turnover	→		→	Turnover	↗		↗	Turnover	→		→
Domestic/Public/Export	33	43	24	Domestic/Public/Export	70	27	3	Domestic/Public/Export	45	54	1
Profit ratio (EBITDA)	10,2	↗		Profit ratio (EBITDA)	7,1	↗		Profit ratio (EBITDA)	0	→	
<b>Greece, Hellasco</b>			<b>Hungary, AHCEA</b>			<b>Ireland, ACEI</b>					
Market	Good		Market			Market	Strong				
Staff	↗	↗	Staff			Staff	↗		↗		
Order stock	4,5	↗	↗	Order stock			Order stock	↗		↗	
Turnover	↗		↗	Turnover			Turnover	↗		↗	
Domestic/Public/Export	40	45	15	Domestic/Public/Export			Domestic/Public/Export	50	40	10	
Profit ratio (EBITDA)	9,0	→		Profit ratio (EBITDA)			Profit ratio (EBITDA)				
<b>Italy, OICE</b>			<b>Latvia, LIKA</b>			<b>Luxemburg, OAI</b>					
Market	Good		Market	Good		Market	OK				
Staff	↗	↗	Staff	→		↗	Staff	↗		→	
Order stock	↗	↗	Order stock	6	→	→	Order stock	13,0	→	→	
Turnover	↗		↗	Turnover	→		→	Turnover	→		→
Domestic/Public/Export	20	43	37	Domestic/Public/Export	15	80	5	Domestic/Public/Export	50	40	10
Profit ratio (EBITDA)	↗		↗	Profit ratio (EBITDA)	5	↘	→	Profit ratio (EBITDA)	5,9	↘	
<b>Macedonia, ACEMA</b>			<b>Norway, RIF</b>			<b>Poland, SIDIR</b>					
Market			Market	Good		Market					
Staff			Staff	↗		↗	Staff				
Order stock			Order stock	9,0	→	→	Order stock				
Turnover			Turnover	↗		↗	Turnover				
Domestic/Public/Export			Domestic/Public/Export	70	25	5	Domestic/Public/Export				
Profit ratio (EBITDA)			Profit ratio (EBITDA)	7,4	→		→	Profit ratio (EBITDA)			
<b>Portugal, APPC</b>			<b>Romania, ARIC</b>			<b>Russia, NACEC **</b>					

Market		Good		Market
Staff		↗	↗	Staff
Order stock	N/A	↗	↗	Order stock
Turnover		↗	↗	Turnover
Domestic/Public/Export	N/A	N/A	N/A	Domestic/Public/Export
Profit ratio (EBITDA)	N/A			Profit ratio (EBITDA)

Market
Staff
Order stock
Turnover
Domestic/Public/Export
Profit ratio (EBITDA)

#### Serbia, ACES

Market		Good	
Staff		↗	↗
Order stock	4	↗	→
Turnover		→	→
Domestic/Public/Export	20	10	70
Profit ratio (EBITDA)	10,5	↗	

#### Slovenia, NACES

Market
Staff
Order stock
Turnover
Domestic/Public/Export
Profit ratio (EBITDA)

#### Spain, TECNIBERIA

Market		Good	
Staff		↗	→
Order stock	N/A	↗	→
Turnover		↗	↗
Domestic/Public/Export	10	20	70
Profit ratio (EBITDA)	1	↗	→

#### Sweden, FSIC

Market		Good	
Staff		→	→
Order stock	5	→	↗
Turnover		↗	↗
Domestic/Public/Export	60	37	3
Profit ratio (EBITDA)	7,2	↗	↗

#### Switzerland, suisse.ing

Market
Staff
Order stock
Turnover
Domestic/Public/Export
Profit ratio (EBITDA)

#### The Netherlands, NLingenieurs

Market		Strong	
Staff		↗	→
Order stock	6,5	→	→
Turnover			
Domestic/Public/Export	N/A	N/A	N/A
Profit ratio (EBITDA)			

#### Turkey, ATCEA

Market		Good	
Staff		↘	→
Order stock	N/A	→	→
Turnover		→	→
Domestic/Public/Export	10	30	60
Profit ratio (EBITDA)	0	→	→

#### Ukraine, ICEG

Market
Staff
Order stock
Turnover
Domestic/Public/Export
Profit ratio (EBITDA)

#### United Kingdom, ACE \*\*\*

Market
Staff
Order stock
Turnover
Domestic/Public/Export
Profit ratio (EBITDA)

\* France is represented by both Syntec-Ingénierie and Cinov. Their replies are aggregated and presented as one.

\*\* Russia's EFCA observer membership is currently suspended.

\*\*\* United Kingdom (ACE) is a cooperating association.

# Appendix

The appendix carries information from the European Commission, which is of interest for the consulting engineering industry, when reviewing market trends as well as the Eurostat figures that are used for calculating European averages in the EFCA Barometer.

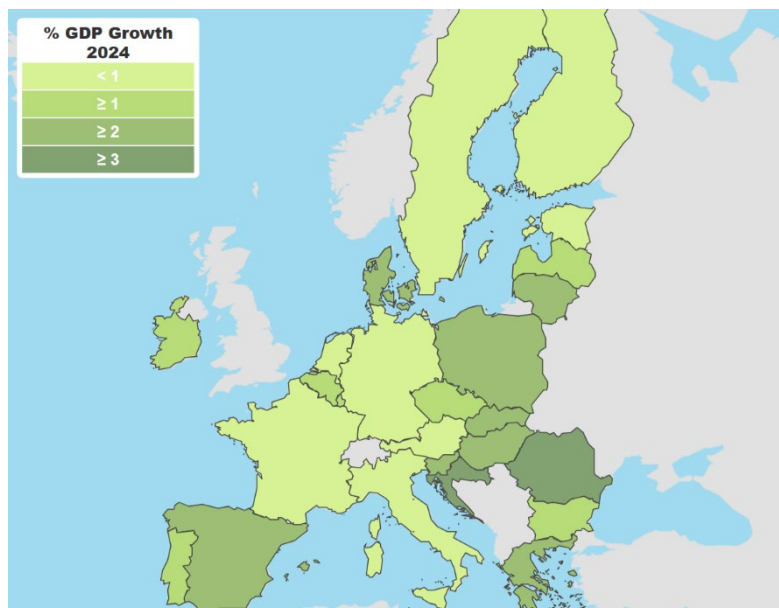
## Spring 2024 Economic Forecast

EU growth disappointed and broadly stagnated at + 0.4% in 2023. But the EU economy staged a comeback at the start of the year, with a stronger than expected growth in the first quarter. The Spring Forecast now projects GDP growth in 2024 at 1.0% in the EU and 0.8% in the euro area. EU growth is forecast to further improve to 1.6% in 2025 (1.4% in the euro area). Low growth in 2023 facilitated the disinflationary process. HICP inflation is set to decrease from 5.4% in 2023 to 2.5% in 2024 (from 6.4% to 2.7% in the euro area). It is expected to decline further by 2025. Markets now expect a gradual pace of policy rate cuts. Euro area short-term nominal interest rates are forecast to decrease from 4% to 3.2% by the end of the year, and to 2.6% by the end of 2025. EU private consumption only grew by 0.4% in 2023. Despite robust employment, high interest rates and uncertainty sustained precautionary savings. As a result, the expansion of private consumption should be limited to 1.3% in 2024, improving to 1.5% in 2025.

Investment grew by 1.5% in 2023, but largely driven by a sizeable carry-over from 2022. Weakness in investment was widespread, with a pronounced downsizing of the construction sector (-0.8% in 2023. Bank lending has so far failed to rebound. The conditions for a gradual expansion of investment activity are in place (+0.3% in 2024, +2% in 2025). While non-residential construction investment is expected to be resilient, housing investment is projected to continue contracting due to continued fall in house prices and high inventories. Overall, investment in construction is set to further decline (+0.8%) in 2024 and come back up by 1.1% in 2025.

The EU government deficit in 2023 increased marginally from 3.4% to 3.5% of GDP. It is projected to resume declining in 2024 and 2025, to 3.0% and 2.9% respectively. The EU fiscal stance turned neutral in 2023, after significant expansion in the 2020-22 period. It is set to be contractionary in 2024 and to turn broadly neutral in 2025. Public investment should remain strong and supported by the RRF, with a predicted growth of 3.6% in 2024 and 3.7% in 2025.

Outside risks have increased in recent months amid two ongoing wars in EU neighbourhood and mounting geopolitical tensions. Global trade and energy markets appear particularly vulnerable. Risks associated to climate change and the degradation of natural capital increasingly weigh on the outlook. Europe is particularly affected, as it is the continent experiencing the fastest increase in temperature.



The upturn of the EFCA market index seems to reflect the improved outlook for GDP growth and to indicate that the consulting engineering industry, while affected by the downsizing of private investment in construction, finds compensations in other market segments. It may also hint at a faster than expected recovery in investment.

The Spring 2024 Economic Forecast is part of the Economic Forecast publication cycle of the European Commission. It provides a specific forecast for each of the EU Member States as well as for candidate and some non-EU countries. The next forecast will be the Autumn 2024 Economic Forecast, scheduled to be published in November.

Source: [https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/spring-2024-economic-forecast-gradual-expansion-amid-high-geopolitical-risks\\_en](https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/spring-2024-economic-forecast-gradual-expansion-amid-high-geopolitical-risks_en)

## Eurostat figures

For calculations of European averages, the figures for each country are weighted by the FTE-numbers provided by Eurostat. The Eurostat figures may not always correspond exactly with the actual numbers of employees in each country, since they are based on NACE industry codes that can sometime inflate or deflate the size of the market depending on how accurately companies are coded. But they give an idea of the comparative size of each national market, and they are consistent.

### *Employees in FTE (Full Time Equivalent units)*

Employees in full time equivalent units	2017
Austria	40,146
Belgium	31,110
Bulgaria	14,182
Croatia	21,196
Czech Republic	51,497
Denmark	41,008
Estonia	5,745
Finland	38,753
France	308,495
Germany (until 1990 former territory of the FRG)	565,113
Greece	15,377
Hungary	34,674
Ireland	25,348
Italy	63,158
Latvia	7,904
Lithuania	10,785
Luxembourg	6,412
Netherlands	96,500
North Macedonia	5,642
Norway	40,566
Poland	67,759
Portugal	32,267
Romania	63,230
Russia *	400,000
Serbia *	25,000
Slovakia	17,277
Slovenia *	9,000
Spain	175,888
Sweden	97,937
Switzerland	93,302
Turkey *	50,000
Ukraine *	50,000
United Kingdom	442,472

\* Figures are not available from Eurostat and have therefore been estimated.

# Definitions

**EFCA:** European Federation of engineering Consultancy Associations – the sole association for the engineering consultancy industry in Europe

**EFCA Index:** The indexes (EFCA Market Index and EFCA Employment Index) introduced to the survey in spring 2020, take the initial measurements (baseline: spring 2018) and transform them to 100 index points. Measurements from consecutive surveys are then transformed accordingly, in order to present the change in index points and/or percentage points compared to the baseline. For the autumn 2023 Barometer report, the reported changes are the changes in index points.

**ECB:** European Central Bank

**FTE:** Full time equivalent. Number of staff/employees is defined as FTE, where the total number of hours worked by the staff in a company is divided by the equivalent of a full year's workload. *Example:* four half-time employees are counted as two employees according to the FTE-definition.

**Order stock:** The total work/assignments that the firm has agreed to do in the future.

**Order stock in months:** Order stock defined by what it represents in time for the firm. How much time, how many months, does the workload of the current order stock represent for the whole firm? *Example calculation:* The order stock is €1 million. The firm has 20 employees. The average yearly (12 months) turnover/employee is €100,000. The current order stock/employee is: €1 million/20 = €50,000/employee.

Order stock defined in months is: €50,000/€100,000 = 0.5 \* 12 (months) = 6 months

**Profit ratio/margin:** Turnover divided by profit, measured as EBITDA (earnings before interest, taxes, depreciation, and amortization)

**RRF:** The European Recovery and Resilience Fund

**Turnover:** Total revenues/sales

**General information:** The data for the report is based on a survey of companies and organizations that are members of EFCA. The respondents' answers (companies and organizations) have been added up by country. Unless otherwise noted, the charts in the report show the state of business in the EFCA countries. It should be noted that these data are not weighted based on the size of each country's engineering sector.



EFCA  
Avenue des Arts 3/4/5  
B - 1210 Brussels  
phone: +32 (0)2 209.07.70  
e-mail: [efca@efca.be](mailto:efca@efca.be)  
[www.efcanet.org](http://www.efcanet.org)

European Federation of Engineering Consultancy Associations

**EFCA is representing FIDIC in Europe**