

Contractor calculator market report - February 2007

The market for contractors in IT and engineering will continue to grow in the UK in the months to come, according to the Colchester-based Web job board [Jobserve](#).

Market Summary

- o Early indications are for a continuing upward trend in all the main sectors
- o Demand for IT contractors rose 33%
- o Demand for Engineers rose by 127%
- o 140,000 IT jobs added
- o UK creates 23,000 jobs each month.

Jobserve Expects Continuing Market Growth

Says Jobserve head of marketing Ian Frost: "January is always a very busy month for us and we would expect February to be a little slower, but early indications are for a continuing upward trend in all the main sectors."

Dot-Net and Java

Those out in the marketplace see some particular trends. "Demand is still high for dot-net and for Java," says [Jason Gorman](#), an IT contractor and consultant based in the UK. "What I see is less demand for senior positions many of which seem to be going in-house now. There is lower demand for architects, or lead developers, and more demand for bread-and-butter coding. And the bar has been raised higher: you are expected to have Unified Modeling Language, and more qualifications than before in general."

Certainly the year-on-year statistics are encouraging. The number of job applications broke the one million a month barrier for the first time in January at Jobserve. Across all industry sectors a total of 1,007,920 applications were processed an increase of 33% from January 2006. A combination of more job seekers and the introduction of improved job matching technology, contributed to the success.

“ Early indications are for a continuing upward trend in all the main sectors ”

Jobserve-Ian Frost

Impressive Growth Driven by GDP Growth

"All sectors have seen impressive growth over the past year, and we've no reason to expect a decline in any of them," Frost says. Contractor market growth is being driven by overall GDP growth in the UK which seems to survive wars and oil shocks to continue apace. Data from the [Office of National Statistics](#) released on February 25 shows that gross domestic product data confirmed 0.8% quarter-on-quarter growth in October-December, marking the highest quarterly growth rate since April-June 2004.

In year-on-year terms, GDP growth was also unrevised at 3.0%, its highest growth rate since the third quarter of 2004. The [U.K. Treasury](#) believes the country's potential economic growth rate to be 2.75%. Construction output also accelerated slightly, growing 0.9% in October-December after 0.7% growth in the previous quarter. Gross fixed capital formation rose 2.5% in the fourth quarter, faster than 1.9% in the earlier period. That reflected a 3.3% gain in business investment and strong growth in infrastructure. From the year-earlier quarter, gross fixed capital investment grew 7.2%.

Investment in Business is Also on the Rise

Put in simpler terms, this means that investment in business continued to grow rather rapidly in the UK, and that means that spending on IT and engineering projects will continue to grow. It's not surprising, then that Jobserve has seen the the highest levels of job application growth were seen in engineering with a 127% year on year improvement, followed by construction at 100%, electronics at 75% higher and IT at 33%. IT is not slowing down; it has simply been growing so rapidly over the past few years that year-on-year statistics are not as important.

The number of vacancies published on the site also recovered well from the Christmas lull with electronics seeing an 84% year on year improvement, logistics up 74% and engineering up 47%. IT job numbers saw a modest increase but are still the biggest sector with over 140,000 job adverts, Frost adds.

“ Engineering is up 127 per cent since last year and IT is up 33 per cent ”

Jobserve-Ian Frost

While it is largely at the lower end of the market, there has been some competition from foreign workers, particularly in the IT market. According to the [Home Office](#), some 33,756 visas were issued to overseas IT workers entering the UK in 2006, up from 25,000 in 2005. The number is double that seen at the height of the technology boom in 2000, and 10 ten times higher than ten 10 years ago. There is some, but not considerable, downward pressure on

contractor fees through foreign competition.

But most notably, the UK continues to create 23,000 jobs each month according to the [Department of Trade and Industry](#) through continued investment driven by competitive pressure. So contractors can count on solid demand in the country for the near future.



Published: Thursday, March 01, 2007

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