

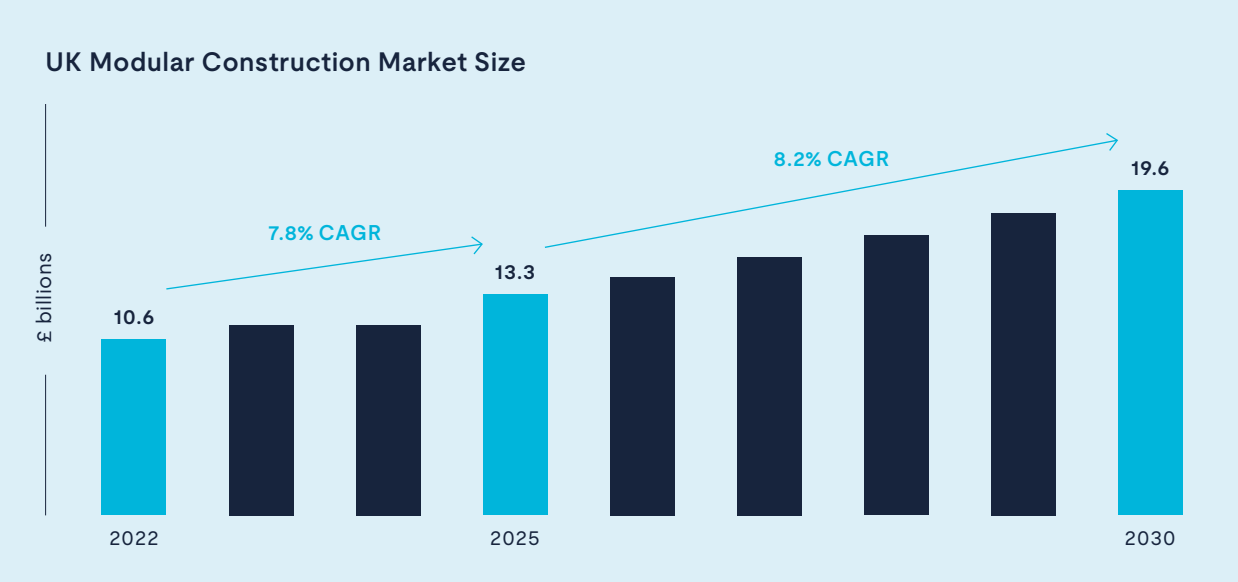
Modular construction: Building faster, smarter, and more sustainably



Speed, sustainability and scalability are forces reshaping the built environment. Modular construction isn't just about speed, it's redefining how buildings are designed, delivered, and valued. With projects delivered up to 50% quicker, carbon footprints slashed and quality standards rising, modular is moving from niche to mainstream. For investors and operators across the value chain, this is a market on the brink of growth and the question isn't if it will scale, but who will lead it.

Market outlook

The UK modular construction market stands at £13.3 billion in 2025, growing at a post-COVID CAGR of 7.8% (2022–2025), outpacing the wider construction industry’s 5.4%. Forecasts show continued momentum, with the UK market expected to reach £19.6 billion by 2030, maintaining 8.2% CAGR, ahead of both European and global benchmarks. Permanent modular builds now account for two-thirds of sector revenue, signalling a lasting structural shift.



Drivers of growth

1.

Housing demand meets industrial efficiency

The UK’s chronic housing shortage is the sector’s primary catalyst. With the government targeting 300,000 homes a year but consistently falling short, modular construction offers the only scalable route to close the gap. The Affordable Homes Programme (£11.5 billion) mandates that at least 25% of funded homes be built modularly.
2.

Rapid deployment for critical infrastructure

The flexibility of modular construction has been repeatedly proven in crisis response. During the pandemic, modular hospitals were deployed at the ExCeL London and NEC Birmingham within weeks. Following the RAAC concrete crisis across UK schools, modular classrooms provided immediate solutions.
3.

Policy, sustainability, and global momentum

Governments are embedding modular mandates into housing and infrastructure policy. Canada’s Housebuilding Technology and Innovation Fund accelerates prefabrication. Sweden now requires 45% of new homes to be modular, while Portugal’s Simplex+ programme streamlines permits for offsite builds. For investors, modular construction’s alignment with sustainability targets, embodied carbon reduction, and circular economy principles makes it a core ESG opportunity.

UK market perspective

Modular construction isn't a stopgap, it's a permanent shift in UK infrastructure delivery, driving solutions for the housing crisis and net-zero goals, with landmark projects leading the way:

- **Port Loop, Birmingham:** £7.5 million Homes England investment to transform a former industrial site into a vibrant modular housing community, delivering sustainable homes and revitalising the city's waterfront.
- **Northstowe:** £90 million Homes England-backed modular housing development, creating one of the UK's largest new towns with energy-efficient homes and integrated infrastructure.
- **Premier Modular, TopHat, and Laing O'Rourke** are driving innovation in offsite manufacturing, advanced BIM integration, and sustainable design practices, reducing build times, cutting carbon, and improving quality across major UK projects.

Industrialisation and supply chain capacity

Delivering modular at scale requires an industrial base capable of precision manufacturing, logistics, and rapid assembly. The UK's factory capacity is expanding, but supply chains remain fragmented across design, fabrication, transport, and installation.

Recent moves highlight consolidation trends:

- Offsite Solutions acquired Taylor & Kilduff (steel fabrication).
- Premier Modular acquired NetZero Buildings (sustainability expertise).
- ALLPLAN acquired Manufacton (merging BIM design with offsite manufacturing capability).





Investor and M&A outlook

The modular construction value chain, from digital design to factory assembly and on-site logistics, is primed for consolidation.

Key areas of opportunity include:

- Large construction firms seeking sustainability and speed advantages, following examples like BAM's acquisition of Modern Homes Ireland.
- Technology integration, as BIM and CAD platforms merge with manufacturing systems to shorten design-to-delivery cycles.
- Material suppliers and logistics, where vertical integration can secure cost control and supply chain resilience.
- Environmental consultancies, increasingly vital as embodied carbon accounting and lifecycle sustainability become embedded in procurement frameworks.

With the UK's modular market outpacing traditional construction, and government policy reinforcing demand, the coming decade will see modular construction shift from innovative alternative to mainstream infrastructure delivery model.



Heligan perspective

Modular construction is becoming a central pillar of the built environment's industrial shift. The market is moving from niche adoption to scaled delivery, and that evolution will reshape investment priorities.

We expect leading players to emerge from major contractors, offsite specialists, and digital design platforms, with private equity backing integrated models that combine manufacturing, logistics, and BIM capability. Sustainability expertise will be critical as carbon compliance becomes embedded in procurement.

With the UK leading Europe in modular adoption, driven by policy mandates and industrial investment, the next decade will be a race to expand factory capacity, consolidate fragmented supply chains, and establish leadership in offsite delivery.



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