

Friday, 08 September 2017

New Orders in Construction Fall to the Lowest in Three Years

ONS figures published today show that construction output in July fell by 0.9% and was 0.4% lower compared with one year earlier. In addition, new orders in Q2 declined 7.8% and fell 12.6% on an annual basis.

Rebecca Larkin, Senior Economist at the Construction Products Association, commented: “Today’s data from the ONS confirms that alongside a 1.3% contraction in output in Q2, new orders in construction hit the lowest level since 2014 Q1.

“In particular, the sectors suffering the largest falls were the industry’s largest three; private housing, commercial and infrastructure. Commercial new orders began tailing off in the second half of 2016 and are 11.2% lower since the EU Referendum. Whilst this downward trend was expected amid the rising uncertainty giving way to a reluctance to invest in new offices space, private sector house building and infrastructure are the key drivers of growth in the CPA’s forecasts for 2018 and 2019. New orders in these key sectors were the lowest since 2015 and highlight that there are now lower volumes of work queued up in the pipeline.

“Nevertheless, for the year to date, construction output is still 1.3% higher than a year ago. The weakness in new orders is factored in to the CPA’s forecasts for 2018, with construction growth slowing to 0.7% as activity on projects reaching an end is not replaced at the same rates.”

ENDS

NOTE TO EDITORS:

The data for construction output and new orders from the ONS can be found [here](#).

The [Construction Products Association](#) represents the UK’s manufacturers and distributors of construction products and materials. We are committed to raising the profile of our industry and members’ businesses, helping grow the market and reducing regulatory risk. The sector directly provides jobs for 288,000 people across 22,000 companies and has an annual turnover of more than £55 billion. The CPA is the leading voice to promote and campaign for this vital UK industry.

The CPA produces a range of economic reports including the quarterly Construction Industry Forecasts, Construction Trade Surveys and the State of Trade Surveys. All are available to members or subscribers via our website.

Much of the CPA’s work is focused on serving as the first point of contact for politicians and policy makers requiring advice and information about matters that affect construction products or the wider construction

industry. This includes understanding the need for investment into manufacturing or the built environment, new housing and energy-saving retrofitting of the existing housing stock; helping to develop effective, UK and EU legislation, regulations and product standards; and promoting the role of manufacturers in delivering a resource efficient built environment.

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