

**Monday, 10 November 2014**

## **Private Housing Slows in Q3 but Growth Extends to All Sectors to Boost Construction Industry**

The latest Construction Trade Survey, published today, reports that construction activity rose in Q3, the sixth consecutive rise in activity. Although private housing output slowed, this was offset by growth in all other sectors. Firms across construction, from SMEs to the largest contractors, reported increased output in the third quarter.

Commenting on the survey, Dr Noble Francis, Economics Director at the Construction Products Association, said, "Construction firms reported growth once again in the third quarter of 2014, the sixth consecutive rise in activity for the first time in six and a half years. Activity rose in the third quarter according to 60% of contractors, on balance.

"Private housing activity slowed in Q3 with 35% of firms, on balance, reporting that private housing output rose compared with 57% in Q1 and 41% in Q2. This slower growth in private housing, however, was offset by significant growth in other sectors. On balance, 43% of firms reported growth in private commercial, the largest construction sector, which covers offices and retail work. A further 41% of firms, on balance, reported work growing in the private industrial sector, which covers factories and warehouses construction.

"Construction firms also reported rises in forward looking indicators such as orders and enquiries, which clearly indicate that activity will rise throughout 2015. A rise in Q3 order books in private housing was reported by 15% of contractors, on balance. A further 13% and 12% of firms reported rises, on balance, in orders books across private industrial and public non-housing (education and health) respectively.

"The only dark clouds in construction were seen around margins, which continued to be hit hard. Construction firms had to suffer rises in costs in Q3 once again and although tender prices

also rose in Q3, the benefits of these tender price rises are only likely to be felt when the work from these contracts occurs in 2015.”

Stephen Ratcliffe, Director UKCG, said, “These figures are encouraging, especially since growth is now apparent in all sectors of construction. They are in line with ONS data and paint a better picture than earlier this year. Labour cost rises do signal the need for the industry to attract new recruits and emphasise the importance of our campaign ‘Born to Build’, which is trying to entice young people to consider a career in construction.”

Richard Beresford, Chief Executive of the National Federation of Builders, added, “The industry is in recovery. The good news of across the board rises in reported output makes it tempting for us to take our eye off some of the industry’s structural issues. With more work around, we have a little breathing space, an opportunity to address access to finance, tender costs, skills and security of materials’ supply to ensure a more sustainable recovery.”

Key survey findings include:

- 60% of building contractors, on balance, reported that construction output rose in the third quarter of 2014 compared with a year ago
- Private housing output in Q3 rose according to 35% of building contractors, on balance
- 43% of building contractors, on balance, reported that private commercial output rose in the third quarter of 2014 compared with a year ago
- Private industrial output in Q3 rose according to 41% of building contractors, on balance
- 68% of firms reported labour costs rose and 74% of firms reported that materials costs rose in Q3 compared with the previous quarter
- 11% of building contractors, on balance, reported a fall in margins in Q3 compared with Q2
- 41% of building contractors reported difficulties recruiting bricklayers in Q3 compared with 47% in Q2
- 39% of building contractors reported difficulties recruiting carpenters in Q3 compared with 47% in Q2

**ENDS**

**NOTE TO EDITORS:**

**CONSTRUCTION PRODUCTS ASSOCIATION:**

The [Construction Products Association](#) represents the UK's manufacturers and distributors of construction products and materials. The sector directly provides jobs for 300,000 people across 20,000 companies, has an annual turnover of more than £40 billion and accounts for over 1/3 of total construction output. The Association acts as the leading voice to promote and campaign for this vital UK industry.

The Construction Trade Survey is one of a range of economic publications produced by the Association, including the Construction Industry Forecasts and the State of Trade Survey. These reports are available to Association members and interested parties via our website.

**NATIONAL FEDERATION OF BUILDERS:**

The [National Federation of Builders](#) (NFB) represents around 1,500 builders and contractors across England and Wales. In addition to providing specialist advice and business services, the federation, with a network of four regional offices, lobbies local, national and European government on a range of issues to sustain positive trading conditions for members. With origins dating back to 1876, today's NFB is a modern organisation providing the medium sized contractor and smaller builder with an unparalleled package of services.

**NATIONAL SPECIALIST CONTRACTORS COUNCIL:**

The [National Specialist Contractors Council](#) (NSCC) brings together the common aims of specialist trade organisations within the construction industry and is the authoritative voice of Specialist Contractors in the UK. NSCC has 29 member organisations that collectively represent over 7,000 Specialist Contractors engaged in the planning, design, construction, refurbishment and maintenance of the built environment in both the commercial and domestic sectors. By using the collective strength of the specialist sector, NSCC has the influence to make a real difference to how the UK construction industry operates.

**CIVIL ENGINEERING CONTRACTORS ASSOCIATION:**

The [Civil Engineering Contractors Association](#) (CECA) has over 300 member firms that carry more than 80% of all civil engineering work in Great Britain. The CECA survey of civil engineering workload trends, in which more than a third of the membership takes part, tests for changes over the past year in contractors' workload, workforce, order books, cost trends, and tender prices. It also examines the supply situation for key resources, and contractors' expectations of trends in new orders and employment in the coming 12 months.

**UK CONTRACTORS GROUP:**

The [UK Contractors Group](#) (UKCG) represents more than 30 leading contractors operating in the UK. Its mission is to represent contractors' interests to government and key clients and to encourage contractors to work together to promote change and best practice, especially on health and safety and environmental issues. UKCG also works closely with the CBI Construction Council to ensure that contractor's interests are properly reflected in the wider business agenda.

**FEDERATION OF MASTER BUILDERS:**

The [Federation of Master Builders](#) (FMB) is the UK's largest trade association in the building industry, with nearly 10,000 small and medium-sized (SME) construction firms operating across England, Wales, Scotland and Northern Ireland. Established in 1941 to protect the interests of SME building firms, the FMB is independent and non-profit-making, lobbying for members' interests at both national and local levels.

The FMB is a source of knowledge, professional advice and support for its members, providing a range of modern and relevant business building services to save them time and money. The FMB also offers advice to consumers via its "[Find a Builder](#)" service. Within its membership, around 38% of FMB members engage in house building either as their primary function or as part of the suite of building services they provide, but most are primarily active in the domestic RM&I market.

**FOR FURTHER INFORMATION CONTACT:**

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