

Monday, 14th July 2014

Construction Product Manufacturers Report Fifth Consecutive Quarter of Rising Sales

The Construction Products Association's latest State of Trade Survey reports strong growth in sales of construction products in Q2. Firms are showing increasing signs of optimism going forward and, for the first time in five years, product manufacturers reported increases in levels of capital investment across all areas of their business.

Following on from Q1, both heavy side and light side firms reported increasing cost pressures stemming from wages and salaries. Whereas lack of demand remains a key concern for light side manufacturers, data from heavy side firms suggests that capacity pressures may be emerging.

Kallum Pickering, Senior Economist at the Construction Products Association, said:

"These results confirm that the construction products industry is firmly on the path of recovery. All firms reported that sales increased compared with the second quarter of last year and, looking forward, no firms expect sales to fall over the coming year. These findings fall in line with the recent broadening of growth across private construction.

"There are clear signals that firms are looking to capitalise on the positive growth outlook. Both heavy side and light side firms reported that capital investment increased across all areas of business and, investment intentions over the next 12 months were equally positive.

"Product manufacturers increased headcount for a fourth consecutive quarter, and whilst this is positive news, data on cost inflation suggests that wages are beginning to make a significant contribution to rising costs of firms. 95% of heavy side firms and 80% of light side firms indicated that wages and salaries contributed to cost inflation in Q2"

Key points include:

- 100% of construction product manufacturing firms, on balance, reported a rise in sales in Q2 compared with the previous year
- 83% of product manufacturers reported that they anticipate sales rising over the coming year
- 65% of all product manufacturers reported that they anticipate sales rising by over 5% in the next year
- Costs continue to rise with 87% of firms reporting a rise in costs primarily due to wages and salary
- 46% of all product manufacturers reported that costs rose in Q2 compared to a year ago and over 62% reported that costs would rise in 2014
- Headcount increased compared to a year ago for 70% of heavy side and 82% of light side product manufacturers

ENDS

NOTE TO EDITORS:

The [Construction Products Association](#) represents the UK's manufacturers and suppliers of construction products, components and fittings. The Association acts as the voice of the construction products sector, representing the industry-wide view of its members. The sector has an annual turnover of more than £40 billion, accounts for over 1/3 of total construction output and directly provides jobs for more than 300,000 people.

The State of Trade Survey is one of a range of economic publications produced by the Association, including the Construction Trade Survey and the Construction Industry Forecasts.

FOR FURTHER INFORMATION CONTACT:

Kallum Pickering Senior Economist
Construction Products Association
Tel : 020 7323 3770
Fax : 020 7323 0307
Mobile : 079 3135 3730
E-mail : kallum.pickering@constructionproducts.org.uk

Jonathan Bloom Public Affairs Manager
Construction Products Association
Tel : 020 7323 3770
Fax : 020 7323 0307
E-mail : Jonathan.bloom@constructionproducts.org.uk

Follow the Construction Products Association on Twitter: https://twitter.com/CPA_Tweets