

**Monday 27 January 2014**

## **Construction Products Sales Grow In Q4 But Cost Rises Are Key Constraint**

The Construction Products Association's latest State of Trade Survey released today indicates that sales of construction products rose in Q4, driven by wider UK economic growth and key private construction sectors, together with strength in export markets. Product manufacturers are also anticipating further growth in sales, both domestically and abroad, over the next year.

Dr Noble Francis, Economics Director at the Construction Products Association, said:

"In previous surveys, private housing was the key driver of domestic demand; however, Q4 has seen construction growth spread to other key sectors such as private commercial, the largest construction sector, and infrastructure.

"Demand for exports picked up in the second half of 2013 and manufacturers anticipate exports rising further in 2014, primarily due to wider economic recovery in key export markets combined with the relatively low value of sterling.

"As a consequence, a rise in product sales during Q4 occurred for the majority of manufacturers, across both heavy and light side products.

"Importantly, manufacturers reported that, overall, capacity is not a significant issue and is unlikely to be during 2014 despite an expected rise in demand.

"Of concern, however, manufacturers reported margins continue to be severely hindered by cost rises, especially in energy and transport fuel. In addition, manufacturers also reported that labour costs and materials costs rose in the fourth quarter."

Other key points include:

- 67% of both heavy and light side manufacturers reported that sales rose compared with the third quarter.
- 61% of heavy side manufacturers and 67% of light side manufacturers also reported that sales rose in Q4 compared to one year earlier.
- For 2014 as a whole, 73% of heavy side manufacturers and 85% of light side manufacturers are anticipating a rise in sales.
- 45% of heavy side manufacturers and 58% of light side manufacturers anticipated that exports would rise in 2014.
- Over the next 12 months, 24% of heavy side and 25% of light side firms are anticipating that they will be operating at 90% capacity or above.
- 82% of heavy side manufacturers and 86% of light side manufacturers reported rises in fuel costs.
- 76% of both heavy side and light side manufacturers suffered from a rise in energy costs.

**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.

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