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Construction Survey Indicates Broader Growth Ahead

The latest Construction Trade Survey, published today, shows that activity in construction rose for the second consecutive quarter in Q3. Furthermore, this growth was reported by firms across all areas of the industry; building contractors, SMEs, specialist contractors, civil engineers and product manufacturers.

Commenting on the survey, Noble Francis, Economics Director at the Construction Products Association, said: "It was encouraging to see that the recovery, which started in Q2, has continued into Q3. A balance of 43% of contractors reported rises in activity, the second highest level since pre-recession 2007. Although private housing is clearly driving industry growth, all construction sectors enjoyed increases in output. With rises in new orders and enquiries, the industry clearly expects that the recovery in output will continue over the next 12 months.

"Construction tender prices in Q3 also increased for the first time in over four years, with 4% of firms, on balance, reporting a rise. However, higher costs, most recently due to increasing labour costs, offset this. As a result, 11% of firms, on balance, reported that profit margins in the industry declined in Q3.

"Overall, only 7% of firms reported difficulty in recruiting trades to work on construction sites. However, the breakdown of trades highlights that 34% of firms reported difficulties in recruiting bricklayers and 32% of firms reported difficulties recruiting plasterers due to the sharp increase in private house building in recent months.

Stephen Ratcliffe, Director UKCG, said: "These results are more encouraging signs of a turn round in the construction. Housing, as the leading indicator, is still the main growth driver

and general construction still has some catching up to do. Nevertheless, the mood music amongst UKCG members is more positive than it has been for some time.”

Julia Evans, Chief Executive of the National Federation of Builders added: “Confidence is returning to the industry and we are seeing measurable signs of growth and a healthy number of orders. However, the cost of doing business continues to rise as materials and labour cost increases far outpace revenues.

“Repair and maintenance continues to fall behind all other areas in construction and this could be taken as further evidence that the Green Deal is not yet taking hold. Furthermore, cutting the Energy Companies Obligation would further depress retrofit activity as it is the only scheme currently generating any significant output in this sector. We need greater promotion of all the options for retrofit and not get tied up in the red tape of the Green Deal.”

Key survey findings include:

- 43% of building contractors, on balance, stated that activity rose in Q3, the second highest balance since 2007
- Private new housing was the key driver of construction growth in Q3 with 22% of contractors, on balance, reporting that activity rose in Q3 compared with a year ago
- Building contractor new orders reached their highest level since 2007
- The most positive sector for new orders was public non-housing, which primarily covers education and health, with a balance of 9%
- 49% of building contractors reported that costs rose in Q3, with labour costs and materials costs both contributing to the rise
- A balance of 4% of building contractors reported that tender prices rose in Q3; however, with costs also rising, a balance of 11% reported that profit margins had continued to fall
- Only 7% of building contractors, on balance, reported that they had difficulties recruiting trades. Within the trades, however, 34% of building contractors reported difficulties recruiting bricklayers and 32% reported difficulties recruiting plasterers, the highest levels since 2008

ENDS

NOTE TO EDITORS:

CONSTRUCTION PRODUCTS ASSOCIATION:

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

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.

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