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Association Forecasts Housing Growth to Drive Construction Recovery

The Construction Products Association published its latest forecasts today and anticipates construction output growth of 2.2% in 2014 and 4.5% in 2015. The recovery will be led primarily by private housing in the short-term, with infrastructure expected to further boost activity in the medium-term.

Noble Francis, Economics Director of the Construction Products Association, commented: 'The industry has suffered greatly over the past five years and earlier this year saw its lowest levels since 2001. Even with growth in the second half of this year, output is set to fall 1.5% for 2013. However, our forecast is for construction to recover from 2014. Growth over the next 12-18 months is predominantly due to a surge in housing sector activity, which is benefitting from the Help to Buy scheme.

'Help to Buy has clearly stimulated demand and led to increasing supply from housebuilders. We forecast housing starts will rise 39% by 2015.'

In the medium-term, further growth should be provided by infrastructure activity, particularly from rail construction such as Crossrail, Europe's largest project, and energy-related work including nuclear, offshore wind, and small renewables schemes.

Regional disparities are evident with London and the South East showing the strongest levels of activity owing to major contracts and refurbishment projects. Elsewhere, contractors are experiencing poor workloads.

The Association forecasts reflect several key risks to the industry, most notably the dependency of the housing recovery on both a wider economic recovery and government

support. Furthermore, infrastructure growth is dependent upon the government's ability to ensure that its capital investment announcements translate into real activity on the ground.

Noble Francis continued: 'Recent housing policies have proved that when government announcements are followed through, the result is immediate and significant. Help to Buy Part 2 would be expected to make an even wider and more significant contribution through its support for the secondary housing market. Should the government do the same in other parts of construction then this industry will further support the wider economic recovery.'

Key points in the Forecast include:

- Construction output to fall 1.5% in 2013 before 2.2% growth in 2014 and 4.5% in 2015
- Private housing starts to rise 15% in 2013 with average growth of 9% per year from 2014
- Factories construction to rise 42% by 2017 driven by manufacturing and export growth
- Rail infrastructure to rise 41% by 2016 driven by Crossrail and station refurbishments
- Energy infrastructure to rise 89% by 2017
- Public sector construction to fall 5.2% in 2013 after an 11.4% fall last year

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NOTE TO EDITORS:

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

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