

Embargoed until 00.01am Monday 5 November 2012

Pessimism Grips Construction Industry

The latest Construction Trade Survey published today shows that construction activity fell sharply in Q3, despite a return to growth for the UK economy as a whole. Of greater concern, however, the forward looking indicators of orders and enquiries, were also negative, reinforcing concerns that the sector is unlikely to experience growth until at least 2014.

Commenting on the survey, Noble Francis, Economics Director at the Construction Products Association said: 'Conditions throughout construction continued to worsen in Q3, as for the first time we experienced a decline in all construction sectors. Whilst the public sector construction activity has been falling for some time as a result of the government's cuts, private sector activity is also now falling sharply. On top of this bad news, infrastructure work declined in Q3, which is extremely concerning given the number of recent announcements from government aimed at stimulating infrastructure activity.'

Speaking about the survey, Stephen Ratcliffe, Director UKCG, said: 'These figures show how difficult trading conditions continue to be. With declining public sector spend and a lack of confidence amongst private investors, action is urgently needed to kick-start the construction sector.'

'The industry welcomes the steps Ministers have taken to boost confidence in construction, but the focus must now be on delivery. Programmes such as the UK Guarantees Scheme are a positive step, but we need to see shovels in the ground as soon as possible.'

Julia Evans, Chief Executive of the National Federation of Builders added: 'These figures are a stark reminder that, while the rest of the economy is showing tentative signs of growth, the government should not take its eye off the ball with regards to construction. The

government's moves to streamline and speed up planning, fast track and fund infrastructure and fund more house building will not yield immediate results, but they are the building blocks necessary to ensure a sustainable recovery for construction. The more immediate consideration for government is to continue to ensure that access to finance for small and medium-sized businesses remains a high priority,'

Key survey findings include:

- Public new housing and public non-housing were the worst hit sectors for building contractors, with a balance of 38% and 34% respectively, reporting falls in output
- 29% and 27% of building contractors reported that, on balance, output fell in the private industrial and private commercial sectors respectively
- 20% of heavy side product manufacturers and 41% of light side manufacturers reported that, on balance, sales fell in Q3
- 26% of contractors reported that, on balance, orders fell in the third quarter
- 17% of civil engineers reported a fall in workload, on balance, during Q3
- 50% of large and medium sized building contractors, on balance, suggested that tender prices reduced in 2012 Q3
- 32% of building contractors, on balance, reported rises in costs, marginally higher than the 30% in Q2
- The proportion of contractors, on balance, reporting falls in profit margins remained unchanged at 49%

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 £50 billion and accounts for 40% of total construction output.

The Construction Products Association undertakes a comprehensive quarterly survey of its members operating across this sector.

NATIONAL FEDERATION OF BUILDERS:

The National Federation of Builders (NFB) represents over 1,500 builders and contractors across England and Wales. In addition to providing specialist advice and business services, the Federation, with a network of eight 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 32 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 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 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 FMB is the largest employers' body for small and medium sized firms in the construction industry, and with 11,000 members, it is the recognised voice of small and medium sized builders. FMB is committed to promoting excellent standards in craftsmanship and assisting builders to improve levels of building performance and customer service. Within its membership, the FMB has around 4180 firms which engage in house building, either as their primary function or as part for the suite of building services they provide, but most are primarily active in the domestic RM&I market.

FOR FURTHER INFORMATION CONTACT:

Simon Storer, Communications and External Affairs Director
Construction Products Association
Tel: 020 7323 3770
Mobile 07702 862 257
Fax: 020 7323 0307
E-mail: simon.storer@constructionproducts.org.uk

Noble Francis, Economics Director
Construction Products Association
Tel : 020 7323 3770
Mobile: 0791 261 2882
Fax : 020 7323 0307
E-mail : noble.francis@constructionproducts.org.uk