

Monday 15 October 2012

Contraction Increases for Construction Output

Construction output is forecast to fall by 6.3% this year and a further 1.4% next, before a return to growth in 2014 according to the latest Construction Industry Forecasts published today by the Construction Products Association. This decline will mean a reduction of almost £8.5 billion of construction activity over these two years, undermining the ability for construction to lead the UK's economic recovery.

Commenting on these forecasts, Noble Francis, Economics Director at the Construction Products Association, said: 'Construction is currently experiencing sharp falls, both for orders and output as a result of severe cuts in the government's capital spending, coupled with a very subdued private sector recovery. Construction has already lost £4.5 billion of work this year as the industry returned to recession for the third time in five years. Prospects for the industry going forward are bleak.

'Although growth is expected in 2014, the next 12-18 months are likely to cause considerable pain to an industry that is already reeling from a prolonged decline. Considering how important construction is to the economy as a whole, and how many times government has stated that construction is essential for recovery, these latest forecasts will do nothing to improve confidence in the UK economy.

'With the Autumn Statement less than two months away, it is imperative that government prioritises its spending by switching from current spending to capital investment for essential housing and infrastructure, as well as sorting out the long overdue model for drawing in private investment into construction. Otherwise, rather than driving economic growth in the near term, construction will keep the UK economy flat-lining as it has been for the past two years.'

Other key findings in the Forecasts include:

- 2012 total housing starts of 118,000, which is fewer than half the number needed to meet the number of new households being created
- Public sector construction work to fall 19% between 2010 and 2014
- Private sector construction work to fall 4% in 2012 but rise by 15% between 2012 and 2016
- Rail construction set to rise by more than one third by 2015
- Energy construction set to double by 2016

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

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