

Monday 23 July 2012

Construction Industry Facing Two More Years of Decline, as Private Sector Recovery Peters Out

Construction output is forecast to fall by almost 6% over the next two years, before a return to growth in 2014, according to the latest Construction Industry Forecasts published today by the Construction Products Association. The majority of this decline is a result of the cuts to the capital budget and is being exacerbated by a lack of recovery from the private sector which will experience virtually no growth over this same period.

Once recovery starts in 2014 there will be a rapid rise in activity and growth is expected to remain buoyant for the foreseeable future, but until then construction is likely to have a significant drag on the UK economy as a whole, despite numerous government initiatives, which to date have had little impact in reinvigorating the economy.

Commenting on these forecasts, Noble Francis, Economics Director of the Construction Products Association, said: 'Between now and 2014, total construction is expected to lose £10 billion as public sector construction activity falls away sharply. Although this has been expected for some time following the government's deficit reduction plan announcements, the hoped for recovery in the private sector, which was expected to offset these falls, has not materialised.

'Although the medium term prospects are more encouraging, if government is serious about lifting the economy out of recession quickly, it needs to ensure that it focuses clearly on public and private investment, rather than a series of announcements and initiatives that lead to very little activity.'

Key findings in the Forecasts include:

- Construction output to fall 4.5% in 2012 and 1.3% in 2013

- Housing starts to fall 3% in 2012. The 3% rise expected in private housing is offset by a 23% fall in public housing
- Green Deal to have little effect on private housing repair, maintenance and improvement
- Commercial offices construction to fall 2% in 2012
- Rail construction to rise 55% in just three years
- Energy construction to rise 115% by 2016

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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 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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