

**Tuesday, 27 October 2015**

## **Construction Output Falls in Q3 but Medium-term Prospects Remain Bright**

The latest ONS figures, released today, highlighted a decline in construction activity during Q3. Output in the construction industry was 2.2% lower than in Q2 and 0.1% lower than a year ago, and was 4.3% lower than the pre-recession peak.

Dr Noble Francis, Economics Director at the Construction Products Association, put the data into context: “The fall in construction output in Q3, compared to a year ago, was the first annual fall since 2013 Q1. Skills shortages have been a key issue recently in the industry and are hindering growth, especially in house building. Where skilled labour is available, wage inflation has also been a serious issue, hindering the viability of many sites.

“In the private commercial sector, the largest construction sector, there are still many projects in the pipeline due to contracts that were signed 18-24 months ago. However, sharp rises in costs since then, due to a lack of skilled labour, have adversely affected margins and meant that many projects are on hold for the moment whilst contractors go back to clients and renegotiate prices.

“Overall, recovery is never a straight line and there are always a few bumps and scrapes along the way. Projects in the pipeline across most construction sectors suggest that activity in the industry will rise in 2016 and our forecasts anticipate 4.2% growth in total construction next year, driven by recovery in house building, commercial and infrastructure activity. Skills shortages, however, are proving to be a key issue constraining growth for the industry.”

**ENDS**

## **NOTE TO EDITORS:**

The [Construction Products Association](#) represents the UK's manufacturers and distributors of construction products and materials. The sector directly provides jobs for 300,000 people across 20,000 companies and has an annual turnover of more than £47 billion. The Association acts as the leading voice to promote and campaign for this vital UK industry.

## **FOR FURTHER INFORMATION CONTACT:**

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