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## **Strong Construction Growth in 2015 but Election Uncertainty to Hinder Prospects in 2016 and 2017**

Construction output is forecast to increase 5.5% in 2015 according to the latest forecasts from the Construction Products Association; however, growth is expected to slow in the following two years due to the impacts of election uncertainty.

Key highlights from the forecasts include:

- Private house building forecast to rise 10.0% in 2015, 5.0% in 2016 and 3.0% in 2017
- Commercial construction expected to increase 6.4% in 2015, 5.2% in 2016 and 4.4% in 2017
- Infrastructure activity forecast to rise 7.6% in 2015, 9.2% in 2016 and 10.6% in 2017

Dr Noble Francis, Economics Director, commented: “Construction output is forecast to increase 5.5% in 2015, which is more than double the rate of growth for the UK economy, due to growth in the three key sectors of construction; private housing, commercial and infrastructure.

“There has been a slowdown in the general housing market but house building continues to drive construction industry growth. After rising 13.3% in 2014, private house building is forecast to increase a further 10.0% to 142,000 new homes in 2015. Commercial construction, worth £22 billion each year, is forecast to rise 6.4% in 2015 due to work on major towers in London and also large offices projects in Birmingham and Manchester.

“Over the following two years, however, construction output is forecast to be adversely affected by the UK’s most uncertain election in more than 40 years. The lag between construction contracts and work on the ground means that construction activity in 2015 probably won’t be impacted, since the majority of work for the year has already been planned. Instead, we expect a break in private and

public investment this year for future projects, which in turn will lead to slower construction growth of 4.0% in 2016 and 3.4% in 2017.”

Dr Francis continued: “Although fewer homes are being built than we need each year, private house building growth is forecast to slow to 5.0% in 2016 and 3.0% in 2017. Again, this is primarily due to uncertainty regarding government policy such as Help to Buy, which has otherwise stimulated house building in the last two years. This means that despite five years of recovery projected to 2017, private house building at that time is still forecast to be 19.2% lower than at the pre-recession 2007 peak.

“Similarly, increases in commercial activity are likely to be constrained by a hiatus in business investment this year due to the election, with growth in the sector expected to slow to 5.2% in 2016 and 4.4% in 2017.

“One area expected to be largely unaffected by the election is infrastructure activity, which is anticipated to increase throughout the forecast period to 2018. Strong growth of 7.6% this year is expected to accelerate to 9.2% in 2016 and 10.6% in 2017 owing to the £466 billion pipeline of work under the National Infrastructure Plan. This includes large projects such as the £1.5 billion A14 redevelopment, the £4.2 billion Thames Tideway Tunnel and, eventually, the £16 billion Hinkley Point C nuclear power station.”

“Overall,” Dr Francis concluded, “the Construction Products Association forecasts construction output surpassing the pre-recession peak next year, and expect output in 2018 to be 17.9% higher than in 2014. For this to materialise, however, industry will need to work together with the new government to address the need for greater investment in capacity and skills.”

**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, has an annual turnover of more than £47 billion and accounts for over 1/3 of total construction output. The Association acts as the leading voice to promote and campaign for this vital UK industry.

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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