Press Release

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CPA Survey Shows Twelfth Consecutive Quarter of Construction Growth but Uncertainty Prevails

The Construction Product Association's latest Construction Trade Survey, published today, shows that construction activity increased across the supply chain in Q1. This was the twelfth consecutive rise reported by construction product manufacturers representing the beginning of the supply chain, through to main contractors, specialist contractors, SME builders and civil engineers carrying out work on the ground.

Commenting on the survey, Rebecca Larkin, Senior Economist at the CPA, said, "After a slowdown at the end of last year, firms throughout the construction industry experienced a stronger opening quarter in 2016. In spite of this, the clear theme for Q2 is uncertainty, with main contractors reporting lower orders in all sectors as projects are paused or postponed ahead of the EU referendum in June.

"Beyond that, firms continued to indicate that a shortage of skilled workers is the largest threat to construction activity over the rest of the year. Main contractors reported difficulties in recruiting bricklayers, carpenters and plasterers in Q1, whilst low availability of labour was also reflected in upward pressure on wage bills among product manufacturers and civil engineers."

Suzannah Nichol, Chief Executive of Build UK said, "There continue to be mixed messages in terms of growth; however, industry intelligence shows increasing levels of activity over the last quarter. Employers are experiencing both rising material and labour costs as they head towards maximum capacity and this continues to highlight difficulties in recruiting appropriate skills at all levels. Build UK is leading the way on the war for talent with its members opening their projects up to the public during Open Doors week in June to attract the brightest talent to projects at a both local and national level."

Richard Beresford, Chief Executive of the National Federation of Builders, said, "Uncertainty over the outcome of the EU referendum and over the nation's defining issue – housing – is reflected in slowing industry performance. While homes will continue to be built, as long as there is uncertainty over government policy, we will not be able to provide anywhere near the number of homes people need."

Key survey findings include:

- 19% of main building contractors, on balance, reported that construction output rose in the first quarter of 2016 compared with a year ago
- A balance of 38% of specialist contractors reported a rise in output during Q1
- On balance, 13% of SME contractors reported increased workloads in Q1 compared to three months earlier
- A balance of 13% of main contractors reported a decrease in orders in private housing and 42% reported a decrease in public new housing orders
- 25% of SMEs and 21% of specialist contractors reported an increase in enquiries in Q1, on balance
- 13% of civil engineering firms reported an increase in new orders in Q1, on balance

- 50% of main contractors reported difficulties recruiting carpenters, 40% for bricklayers and 36% for plasterers in Q1
- Overall costs increased for 74% of civil engineers contractors, whilst 42% of main contractors reported labour costs rose in Q1 compared with the previous quarter
- 100% of heavy side product manufacturers reported that wages and salaries increased from a year earlier

ENDS

NOTE TO EDITORS:

1. The Construction Products Association represents the UK's manufacturers and distributors of construction products and materials. The sector directly provides jobs for 313,000 people across 21,000 companies and has an annual turnover of more than £50 billion. The Association is the leading voice to promote and campaign for this vital UK industry.
   The CPA produces a range of economic reports including the quarterly Construction Industry Forecasts, Construction Trade Surveys and the State of Trade Surveys.

2. Build UK provides a strong collective voice for the contracting supply chain in construction. Build UK brings together 27 of the industry's largest main contractors and 40 leading trade associations representing over 11,500 specialist contractors. Build UK was created as a result of a merger between the National Specialist Contractors' Council (NSCC) and UK Contractors Group (UKCG) in 2015.

3. The National Federation of Builders (NFB) represents around 1,500 builders and contractors across England and Wales. In addition to providing specialist advice and business services, the federation, with a network of four 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.

4. The Civil Engineering Contractors Association (CECA) 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.

5. The Federation of Master Builders (FMB) is the UK's largest trade association in the building industry, with nearly 10,000 small and medium-sized (SME) construction firms operating across England, Wales, Scotland and Northern Ireland. Established in 1941 to protect the interests of

SME building firms, the FMB is independent and non-profit-making, lobbying for members' interests at both national and local levels.

The FMB is a source of knowledge, professional advice and support for its members, providing a range of modern and relevant business building services to save them time and money. The FMB also offers advice to consumers via its "Find a Builder" service. Within its membership, around 38% of FMB members engage in house building either as their primary function or as part of the suite of building services they provide, but most are primarily active in the domestic RM&I market.

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