

Friday, 11 March 2016

Construction Output Falls in January but New Orders Point to Growth in 2016

ONS figures published today show that construction output in January fell by 0.2% and by 0.8% compared with one year earlier. In addition, the ONS's orders data indicate that construction new orders in Q4 were 0.5% lower than Q3 but 1.4% higher than a year ago.

Professor Noble Francis, Economics Director at the Construction Products Association, commented: "The fall in the ONS's construction output in January was disappointing but largely reflects the impacts of poor weather at the start of the year with floods in many parts of the country. In addition, skills shortages in sectors such as house building have meant that project costs have risen and affected the viability of sites.

"This fall in output is expected to be a temporary, however, and the ONS's construction new orders data suggest that activity should increase significantly during 2016. Although new orders in Q4 were 0.5% lower than in Q3, they were still 1.4% higher than a year ago. Furthermore, new orders can be volatile, so it is better to look at the data within the context of the year as a whole. New orders in 2015 were 2.8% higher than in 2014.

"Our forecasts anticipate that output will increase 3.6% in 2016, with growth in the three largest sectors of construction; private housing, commercial and infrastructure. Nevertheless, whilst fundamentals such as projects in the pipeline remain good, the risks around the forecast are quite high due to skills shortages, concern about the delivery of major projects like Hinkley Point C and increased uncertainty for investors owing to the EU referendum."

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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 313,000 people across 21,000 companies and has an annual turnover of more than £50 billion. The Association acts as the leading voice to promote and campaign for this vital UK industry.

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