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Growth in Q4 Construction but Skills Concerns Persist

The Construction Product Association's latest Construction Trade Survey, published today, shows that activity in construction rose for the eleventh consecutive quarter in Q4. This growth was reported by firms across all areas of the industry, and was led by new building activity in the private housing, commercial and infrastructure sectors.

Commenting on the survey, Rebecca Larkin, Senior Economist at the CPA, said, "It is encouraging that growth continues to be reported across the entire construction supply chain. Overall, the near-term outlook appears positive, as firms from construction product manufacturers at the beginning of the supply chain to specialist contractors, SME builders and civil engineers carrying out work on the ground reported modest increases in enquiries, orders or anticipated sales for Q1 and the 12 months ahead. Main contractors' order books suggest some weakness in Q1, however.

"Growth will continue to be led by work in the private housing, industrial and infrastructure sectors, but there are clearly areas that are languishing. Activity and orders were reported to be lower in public housing, which reflects the headwinds facing housing associations and local authorities amid recent policy decisions. Orders were also reported to be lower for repair and maintenance (R&M), both housing and non-housing, in Q4.

"A shortage of skilled on-site labour remains the largest threat to construction activity over the coming months, however. Half of main contractors found it difficult to recruit bricklayers, carpenters and plasterers in Q4, which continues to exert upward pressure on wage bills and raises the concern of whether expected volumes of work can be delivered."

Suzannah Nichol, Chief Executive of Build UK said, "Whilst we are continuing to see growth in construction the market is very mixed and the difficulties in recruiting the right skills are causing very real concerns as labour costs rise. With an expectation of rising workloads over the coming 12

months Build UK will focus on inspiring young people and those looking for a change of career to choose construction whilst motivating the workforce to stay within the industry.”

Paul Bogle, Head of Policy and Research at the National Federation of Builders, said, “While costs and the recruitment of skilled tradesmen remain an issue, we could be seeing the start of a trend as public housing output declines. It is highly unlikely the Government will realise its aspiration of building one million homes by 2020 without a strong house building public sector. Without more widespread access to small sites for SMEs the increases in private house building numbers can not be sustained over the longer term.”

Key survey findings include:

- 23% of main building contractors, on balance, reported that construction output rose in the fourth quarter of 2015 compared with a year ago
- A balance of 31% of specialist contractors reported a rise in output during Q4
- On balance, 6% of SME contractors reported increased workloads in Q4 compared to three months earlier
- A balance of 25% of main contractors reported an increase in orders in private housing, whilst industrial orders were higher for a balance of 6%
- Public housing orders decreased in Q4 according to 55% of main contractors, on balance
- 6% of SMEs reported an increase in enquiries in Q4, on balance
- 21% of civil engineering firms reported an increase in new orders in Q4, on balance
- 60% of main contractors reported difficulties recruiting carpenters, 50% for plasterers and 47% for bricklayers in Q4
- 41% of main contractors reported labour costs rose in Q4 compared with the previous quarter

ENDS

NOTE TO EDITORS:

CONSTRUCTION PRODUCTS ASSOCIATION:

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.

The CPA produces a range of economic reports including the quarterly Construction Industry Forecasts, Construction Trade Surveys and the State of Trade Surveys.

BUILD UK:

[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.

NATIONAL FEDERATION OF BUILDERS:

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.

CIVIL ENGINEERING CONTRACTORS ASSOCIATION:

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.

FEDERATION OF MASTER BUILDERS:

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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