press **release**

construction products association

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Construction Bounces Back in Q2

The latest Construction Trade Survey, published today, shows that conditions in Q2 improved across all construction sectors and throughout the supply chain. Even small and medium-sized businesses, hardest hit by the downturn, reported their first rise in activity since 2007. Private housing was one of the key contributors to the improving workloads, together with a 'catch-up' across many sectors following a poor first three months of 2013, when adverse weather significantly affected output.

Industry prospects are also showing signs of improvement, with manufacturers, specialists, civil engineers, and SME contractors all reporting more orders for future work.

Commenting on the survey, Noble Francis, Economics Director at the Construction Products Association, said: 'Construction growth in Q2 is encouraging. As house building – boosted by Help to Buy until 2016 – is a key driver, this growth should be sustained. We must recognise, however, that this growth builds on Q1's historically low level when output was its worst since 2001.

'Forecasts from the Association anticipate that construction output will rise 2.2% in 2014 and a further 4.5% in 2015, driven by both private housing and infrastructure. To ensure growth in infrastructure, it is essential that all the announcements we have heard over the past three years actually turn into activity on the ground. This has not happened so far, as infrastructure output fell 13% last year.'

Stephen Ratcliffe, Director UKCG, said: 'The improvement in construction activity is encouraging, though any improvement should be set against the difficult conditions of the last few years. The survey shows increased workloads for contractors in the second quarter, but the majority still report falling order books.

‘Bringing forward public sector investment in construction projects will help sustain any recovery. The government has recognised the importance of the construction sector, and the industry will continue to work with ministers to develop a clearer pipeline of work in order to build further industry confidence.’

Julia Evans, Chief Executive of the National Federation of Builders added: ‘The return of confidence and the fruits of some government schemes are beginning to show measurable results. However, we must not take our eye off the ball as a sustained recovery needs a continuing, sustainable level of investment. While, as an industry, we do not expect to return to pre-2008 levels of activity, it is important to ensure that investment continues – particularly the investment that is dependent on future spending cuts.’

Key survey findings include:

- 72% of building contractors reported a rise in building work on an annual basis, on balance, compared to flat output in Q1.
- Building activity increased across all sectors with improved conditions most frequently reported in housing.
- 42% of contractors working on private housing developments and 40% of contractors working on public housing developments, reported rises in output year-on-year, on balance.
- Light side product sales were broadly unchanged versus Q1, on balance, but 14% of heavy side companies saw sales increase on a quarterly basis in Q2, on balance.
- Civil engineering workloads were broadly unchanged for the third consecutive quarter with 2% of respondents indicating that sales fell from a year ago, on balance. Orders increased, however, according to 5% of respondents, on balance.
- SMEs reported the first rise in annual output since 2007 Q4 and 5% of firms reported a rise in enquiries, on balance.
- According to 11% of large and medium sized contractors, overall new work orders fell on an annual basis, on balance.
- Tender prices fell according to 26% of specialist contractors, on balance, and 31% of companies indicated that margins declined.
- Cost pressures increased and 58% of contractors, on balance, indicated that costs were higher on a quarterly basis.

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NOTE TO EDITORS:

CONSTRUCTION PRODUCTS ASSOCIATION:

The Construction Products Association represents the UK's manufacturers and suppliers of construction products, components and fittings. The Association acts as a single voice for the construction products sector, representing the industry-wide view of its members. The sector has an annual turnover of more than £40 billion and accounts for over 1/3 of total construction output.

The Construction Trade Survey is one of a range of economic publications produced by the Association, including the Construction Industry Forecasts and the State of Trade Survey. These reports are available to Association members and interested parties via our website.

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.

NATIONAL SPECIALIST CONTRACTORS COUNCIL:

The National Specialist Contractors Council (NSCC) brings together the common aims of specialist trade organisations within the construction industry and is the authoritative voice of Specialist Contractors in the UK. NSCC has 29 member organisations that collectively represent over 7,000 Specialist Contractors engaged in the planning, design, construction, refurbishment and maintenance of the built environment in both the commercial and domestic sectors. By using the collective strength of the specialist sector, NSCC has the influence to make a real difference to how the UK construction industry operates.

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.

UK CONTRACTORS GROUP:

The UK Contractors Group (UKCG) represents more than 30 leading contractors operating in the UK. Its mission is to represent contractors' interests to government and key clients and to encourage contractors to work together to promote change and best practice, especially on health and safety and environmental issues. UKCG also works closely with the CBI Construction Council to ensure that contractor's interests are properly reflected in the wider business agenda.

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.

FOR FURTHER INFORMATION CONTACT:

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