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Construction New Orders Reflect the Good and the Bad

Construction new orders for the first quarter of 2013, released today by the ONS, fell 10% compared to the fourth quarter and were 0.2% lower than the same quarter one year earlier. Although most sectors showed little change, the key differences were a marked rise in private housing orders, offset by a significant fall in infrastructure activity.

Commenting on the ONS figures, Dr Noble Francis, Economics Director at the Construction Products Association said; 'Recent GDP figures have pointed to signs of growth in the overall economy, but construction has continued to face very challenging conditions with output already 7% lower than a year ago. Today's new orders figures reflect these continuing difficulties.

'Most encouraging were indications of growth in the private housing market. Government policies – particularly FirstBuy, Funding for Lending and the recently announced Help to Buy – are giving major house builders the confidence to build. Because private housing has a short time-lag between orders and output, these new orders should lead to a further rise in housing activity this year.

'Of greater concern, however, is the 50% drop in the infrastructure sector since the previous quarter and the 39% fall compared to Q1 last year. This came despite the government's regular and enthusiastic pronouncements of support over the last two years, such as the Chancellor's £5 billion capital investment 'boost' in last year's Autumn Statement, £20 billion in new private investment in infrastructure and a further £5.5 billion capital investment 'boost' in December.

'As we have previously highlighted, the government must do better at translating such infrastructure announcements into new orders and real activity on the ground. Those aimed at housing are clearly delivering a beneficial effect; infrastructure must match this if we are to have a sustained economic recovery.'

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NOTE TO EDITORS:

[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.

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