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Construction Activity Falls in Weather Affected Q1

The latest Construction Trade Survey, published today, shows that activity in the majority of the construction industry fell during the first quarter of 2013 with the impacts of falling demand exacerbated by the adverse impacts of poor weather. Looking forward, industry prospects remain downbeat with contractors, specialists and civil engineers all reporting declining orders for future work.

Commenting on the survey, Noble Francis, Economics Director at the Construction Products Association said: 'The weather in January and March undoubtedly had a negative effect on activity in construction and, as a result, we would expect to see a degree of catch-up in the second quarter. However, prospects for this year are still poor with a subdued private sector and continuing austerity affecting most sectors of the industry. Overall, construction output is expected to fall 2% this year but private housing and infrastructure are potentially looking more positive and could be drivers of growth for the industry next year. Also, product manufacturers are looking forward with some optimism and are anticipating that exports could boost sales.

Speaking about the survey Stephen Ratcliffe, Director UKCG, said: 'The fall in construction output is not unexpected. Market conditions remain challenging, and as a lagging indicator construction will trail behind growth in the wider economy. However there are some positives in the latest survey – improving sentiment amongst major players and better prospects in housing and infrastructure - and construction remains a £100bn sector and a major contributor to jobs and output. Government has recognised the importance of the sector, and the industry is working with Ministers to bring projects forward and build confidence.'

Julia Evans, Chief Executive of the National Federation of Builders added: 'Output, especially among SMEs, has continued to fall. However, in each of the last three years between February and March, there has been a marked increase in construction output. We can only hope that despite construction companies continuing to have difficulties accessing finance that history repeats itself and that construction will soon be able to report positive growth. To enable the construction industry to thrive past this point, what we need to see from the government is the delivery of its many schemes and a laser-like focus on ensuring that the schemes benefit those they were intended to help, and within a reasonable timeframe.'

Key survey findings include:

- 10% of building contractors reported that, on balance, output in private commercial work continued to fall yet all building output flatlined
- Private housing and non-housing R&M were the worst hit sectors for building contractors, with 29% and 12% respectively, reporting falls in output, on balance
- 39% of heavy and 38% of light side manufacturers reported an annual contraction in sales in Q1, on balance
- Civil engineering workloads were broadly flat in Q1 for a second consecutive quarter with a balance of 1% recorded
- A quarter of contractors reported that, on balance, orders fell in the first quarter
- 11% of large and medium sized building contractors, on balance, suggested that tender prices reduced in the first quarter of 2013, compared to 43% in Q4
- 43% of building contractors, on balance, reported rises in costs, an increase from 30% in Q4
- 27% of contractors, on balance, reported falls in profit margins, down from 46% in Q4

ENDS

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 £40 billion and accounts for 40% of total construction output.

The Construction Products Association undertakes a comprehensive quarterly survey of its members operating across this sector.

NATIONAL FEDERATION OF BUILDERS:

The National Federation of Builders (NFB) represents over 1,500 builders and contractors across England and Wales. In addition to providing specialist advice and business services, the Federation, with a network of eight 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 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 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 FMB is the largest employers' body for small and medium sized firms in the construction industry, and with 11,000 members, it is the recognised voice of small and medium sized builders. FMB is committed to promoting excellent standards in craftsmanship and assisting builders to improve levels of building performance and customer service. Within its membership, the FMB has around 4,180 firms which engage in house building, either as their primary function or as part for the suite of building services they provide, but most are primarily active in the domestic RM&I market.

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