

Friday 8 March 2013

Falls in Construction Output Point to Poor Q1

The latest figures from ONS published today show that construction output fell sharply in January, with falls across almost every sector of the £100 billion industry. Overall, construction output in January was 6.3 per cent lower than in December and 7.9 per cent lower than it was one year ago.

Commenting on these latest figures, Noble Francis, Economics Director at the Construction Products Association said: 'Although poor weather during January undoubtedly exacerbated conditions, the construction output figures illustrate the current state of the industry, where output is now 17 per cent lower than it was just five years ago. Output in the last three months was 11.0 per cent lower than in the previous three months and 10.2 per cent lower than a year earlier. Furthermore, these latest figures clearly indicate that construction output is likely to fall in Q1, worsening conditions for the wider economy.'

'Of most concern, the falls occurred across all areas of construction. The effects of public sector cuts can clearly be seen as public housing output in the three months to January was 13.5 per cent lower than in the previous three months and 20.5 per cent lower than a year earlier. Private sector construction also endured sharp falls and output in commercial, the largest construction sector, fell 11.3 per cent in the three months to January compared to the previous year.'

'Government has made a large number of announcements over the past two years including £5.5 billion capital investment in Autumn Statement 2012 in addition to £4.69 billion capital investment and £20 billion private finance investment for infrastructure in Autumn Statement 2011. However, infrastructure output in the three months to January was 9 per cent lower than a year earlier. With the Budget in less than two weeks, it is critical that the Chancellor focuses on delivery rather than announcements. If this capital investment occurred then it would provide an additional 0.8 per cent GDP growth for the UK economy.'

ENDS

NOTE TO EDITORS:

The Construction Products Association represents the UK's manufacturers and suppliers of construction products, components and fittings. The Association acts as the voice of the construction products sector, representing the industry-wide view of its members. The sector has an annual turnover of £50 billion and accounts for 40 per cent of total construction output.

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