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Construction Recession in Q1 Deeper than Previously Estimated

Today's data from the ONS show that construction output fell by 5% in the first quarter of 2012, considerably worse than the estimate of -3% that ONS previously indicated for GDP in Q1.

Commenting on these latest figures, Noble Francis, Economics Director at the Construction Products Association said: 'The construction industry is now firmly back in recession and, although there are some areas of growth, such as private housing, the overall picture shows an industry clearly suffering from the effects of public sector cuts. Public housing output fell 11% during the first quarter of 2012 and public non-housing, which covers education and health, fell 7% in Q1. Equally worrying, although government expected that the private sector would fill the void, the Q1 figures show that this was not the case. Construction output in the private sector also contracted in Q1, suffering from poor confidence and lack of lending. Private commercial, the largest construction sector, fell by 7.1% in Q1.'

'The fall in construction during Q1 is greater than ONS estimated for GDP just a few weeks ago and it is clear that this will have a negative impact upon Q1 GDP, making the recession significantly worse than initially expected. Unless confidence and lending improves significantly, private sector construction will remain subdued and the effects of further public sector cuts are likely to ensure that construction has a negative impact on the wider economy over the next 12 months.'

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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 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% of total construction output.

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