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Construction Product Sales Increase in Q2, with Widespread Optimism over the Next Year

The CPA's latest State of Trade Survey for the second quarter of 2015 indicates construction product manufacturers' sales increased for a ninth consecutive quarter, driven by growth in all key areas of the UK construction market, together with a rise in export demand.

Key points include:

- A balance of 78% of heavy side firms and 73% of light side firms reported that sales rose during the second quarter of 2015, compared to a year earlier
- 78% of heavy side product manufacturers and 50% of light side product manufacturers reported that they anticipate a rise in sales over the coming year
- Exports increased for 20% of heavy side firms and 40% of light side firms
- 23% of heavy side firms and 38% of light side firms anticipate a rise in exports over the next year
- 33% of heavy side firms reported capacity utilisation of over 90% during Q2. 28% of heavy side firms and 15% of light side firms reported operating at over 90% capacity over the last 12 months
- 89% of heavy side firms and 47% of light side firms increased employment in the year to Q2
- 72% of heavy side firms and 50% of light side firms anticipate increasing investment in plant and equipment over the next 12 months

CPA economist, Rebecca Larkin, said: "The construction recovery has broadened beyond private house building to the commercial, industrial and infrastructure sectors, which has increased demand for construction products and led to a sustained period of growth among manufacturers.

"78% of heavy side firms and 73% of light side firms reported a rise in sales in Q2 compared to a year earlier. In contrast to Q1, which saw a decline in export sales, domestic strength was also boosted by

an increase in sales to overseas markets. Manufacturers anticipate that this dual source of rising demand will continue to drive sales over the next 12 months. Reinforcing optimism over the outlook and indicating that manufacturers anticipate a sustained increase in production, two-thirds of heavy side firms reported that investment in plant and equipment increased in Q2 compared to a year earlier and was cited as the primary area of investment for the next 12 months.

“The increase in demand has seen production increase and manufacturers have begun to absorb spare capacity, particularly on the heavy side, where a third of firms reported operating at over 90% capacity in Q2. In turn, increased capacity utilisation has been reflected in manufacturers reporting higher costs.

“Wages and salaries were reported to be higher for 100% of firms on the heavy side and 93% on the light side in Q2, but firms have increased hiring despite the upside pressure on wage bills. 89% of heavy side manufacturers and 47% of those on the light side also increased headcount in Q2.”

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NOTE TO EDITORS:

The [Construction Products Association](#) represents the UK’s manufacturers and distributors of construction products and materials. The sector directly provides jobs for 300,000 people across 20,000 companies and has an annual turnover of more than £47 billion. The Association acts as the leading voice to promote and campaign for this vital UK industry.

The State of Trade Survey is one of a range of economic publications produced regularly by the Association, including the Construction Trade Survey and the Construction Industry Forecasts.

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