

Friday, 12 June 2015

Construction Output Falls Prior to General Election but New Orders Point to Significant Growth Going Forward

The latest construction output from the ONS indicates that overall activity in the industry fell 0.8% in April compared to March. New construction work rose 1.6% and basic repairs and maintenance work decreased 4.8%.

Dr Noble Francis, Economics Director, commented: "Total construction output fell slightly in April but this was expected due to the uncertainty prior to the General Election and its adverse impacts on consumer and business confidence. Specifically, this influenced the kinds of construction work that can be temporarily delayed such as repairs, maintenance and improvements work, which fell 4.8% in April. New construction work was affected to a lesser extent and, despite election uncertainty, private housing output was 4.5% higher than in March and 16.6% higher than one year earlier.

"Overall, construction output was still 1.5% higher than one year earlier and, looking forward, the ONS new orders for construction point to further growth in activity over the next 12-18 months.

"New orders in Q1 were 8.0% higher than one year earlier with orders growth in the three key construction sectors; private housing, infrastructure and commercial. Private housing new orders in Q1 were 1.5% higher than a year earlier, which points to further growth in house building but at a potentially slower rate due to skills and capacity constraints. Infrastructure new orders in Q1 rose by 68.9% as work continues to feed through on major projects in the £466 billion National Infrastructure Plan. New orders in the commercial sector in Q1 rose 14.9% due to a boost from offices and retail projects in Central London, Birmingham and Manchester."

Dr Francis concluded: "The CPA has previously highlighted issues regarding the ONS construction output data and we welcome the new construction output price deflators that the ONS has

implemented in this data release. As the ONS states, the new price deflators are an interim solution; the CPA will be working with the ONS to ensure that the construction output figures will be as robust as possible in the medium-term.”

ENDS

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, 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 CPA produces a range of economic reports including the quarterly Construction Industry Forecasts, Construction Trade Surveys and the State of Trade Surveys.

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