

Tuesday 12 May 2015

Construction Industry Reports Eighth Straight Quarter of Growth

The latest Construction Trade Survey, published today, shows that firms across the construction industry reported an eighth consecutive quarter of growth in activity in the first quarter of 2015. Large contractors, SMEs, civil engineers and product manufacturers all enjoyed growth in output in Q1, and further expansion is anticipated throughout 2015.

Commenting on the survey, Dr Noble Francis, Economics Director at the Construction Products Association, said, “Activity rose in the first quarter of 2015 compared to a year earlier according to 50% of contractors, on balance. Furthermore, increases in orders and enquiries indicate that the construction industry’s longest expansionary streak in six years is set to continue over the next 12 months.

“Increased activity was led by the private housing sector, in which 54% of firms, on balance, reported a rise in output. Increased output was also reported in private commercial, the largest construction sector, where 23% of firms, on balance, reported rising volumes of offices and retail work.

“This momentum is set to continue, as it was in the private housing and commercial sectors that contractors registered growth in order books in Q1. Specialist contractors and SMEs also reported a noticeable upturn in new enquiries in the quarter.

“Increased activity over the last two years has widely translated into higher tender prices, but contractors, SMEs and civil engineers also reported elevated costs on the labour and materials side, which in turn are squeezing profit margins. Only product manufacturers reported a significant benefit from the downward movements in fuel, energy and exchange rate costs.

“A balance of 81% of contracting firms experienced cost increases during Q1 and 63% reported an increase in labour costs. In addition, 59% of contractors reported difficulties in recruiting plasterers in Q1 and 56% experienced

difficulties in the availability of bricklayers. Ongoing difficulties in recruiting skilled on-site trades will contribute to this upward pressure on costs.”

Stephen Ratcliffe, Director UKCG, said, “The continued growth in construction reported by the latest survey is encouraging, and hopefully the clear general election result will help minimise any impact on work pipelines. Rising costs continue to reflect skills shortages, and the need to focus on recruiting and training new people into the industry.”

Richard Beresford, Chief Executive of the National Federation of Builders, added, “Companies are finding that prices agreed during leaner times have risen and are eroding profits, despite a rise in orders. With the industry entering a growth period, companies must take a longer term view when setting prices to ensure their survival.”

Dr Diana Montgomery, Chief Executive of the Construction Products Association, concluded, “Surveys from the CPA, wider industry and independent sources indicate that the UK construction recovery appears set to continue through 2015. Despite rising costs and general election uncertainties, enquiries and orders are clearly translating into activity on the ground and contributing to steady and consistent growth.”

Key survey findings include:

- 50% of building contractors, on balance, reported that construction output rose in the first quarter of 2015 compared with a year ago
- Private housing output rose in Q1 according to 54% of building contractors, on balance
- 23% of building contractors, on balance, reported that private commercial output rose in the first quarter of 2015 compared with a year ago
- 9% of building contractors reported a fall in both housing and non-housing repair and maintenance output in Q1, on balance
- 9% of contractors, on balance, reported a rise in orders for private housing in Q1
- Orders in the private commercial sector increased according to 25% of contractors, on balance
- Public housing orders decreased in Q1 according to 45% of building contractors, on balance
- 63% of firms reported labour costs rose and 81% of firms reported that materials costs rose in Q1 compared with the previous quarter
- 59% of building contractors reported difficulties recruiting plasterers in Q1 compared with 31% in Q4

ENDS

NOTE TO EDITORS:

CONSTRUCTION PRODUCTS ASSOCIATION:

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 and accounts for over 1/3 of total construction output. The Association acts as the leading voice to promote and campaign for this vital UK industry.

The Construction Trade Survey is one of a range of economic publications regularly produced by the Association, including the Construction Industry Forecasts and the State of Trade Survey. These reports are available to Association members and interested parties via our website.

NATIONAL FEDERATION OF BUILDERS:

The [National Federation of Builders](#) (NFB) represents around 1,500 builders and contractors across England and Wales. In addition to providing specialist advice and business services, the federation, with a network of four 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](#) (CECA) 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](#) (UKCG) 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 [Federation of Master Builders](#) (FMB) is the UK's largest trade association in the building industry, with nearly 10,000 small and medium-sized (SME) construction firms operating across England, Wales, Scotland and Northern Ireland. Established in 1941 to protect the interests of SME building firms, the FMB is independent and non-profit-making, lobbying for members' interests at both national and local levels.

The FMB is a source of knowledge, professional advice and support for its members, providing a range of modern and relevant business building services to save them time and money. The FMB also offers advice to consumers via its "[Find a Builder](#)" service. Within its membership, around 38% of FMB members engage in house building either as their primary function or as part of the suite of building services they provide, but most are primarily active in the domestic RM&I market.

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