

Sunday 22 February 2015

Construction Industry Activity to Rise this Year, but Skills Concerns Continue

The latest Construction Trade Survey, published today, reports that construction activity rose for the seventh consecutive quarter in the fourth quarter of 2014. Firms across construction, from the largest contractors to SMEs, product manufacturers and civil engineers reported output growth in Q4, with further growth expected in 2015.

Commenting on the survey, Dr Noble Francis, Economics Director at the Construction Products Association, said, “Another quarter of growth confirms the construction industry’s strongest performance in six and a half years. Activity rose in the fourth quarter compared to a year earlier according to 44% of contractors, on balance, although this moderated from 60% reported in Q3.

“Increased activity was led by the private housing sector, in which 53% of firms, on balance, reported a rise in output. Output was also driven by private commercial, the largest construction sector, where 40% of firms on balance reported rising volumes of offices and retail work.

“Looking forward, contractors expect continued strength in private housing and commercial this year, boosted by public non-housing as a stream of work on the Priority School Building Programme gets underway. Outside of these sectors, however, order books weakened in Q4, suggesting a moderation in growth in 2015. SMEs in particular reported a noticeable slowdown in new enquiries in Q4.

“In addition, only product manufacturers felt the effects of falling oil prices in Q4. Contractors, SMEs and civil engineers continued to report elevated costs, which implies any gains from a wider slowdown in inflation are yet to filter down the supply chain.

“Ongoing difficulties in recruiting skilled on-site trades are also likely to keep upward pressure on costs. Amongst large contractors, 70% reported difficulties in recruiting bricklayers in Q4, up from 41% in Q3.”

Stephen Ratcliffe, Director UKCG, said, “Recovery in construction is good news for everyone in the industry. Hopefully, possible political changes in the UK and economic uncertainty in the Eurozone will not damage the industry’s growth prospects. Cost pressures continue to be a worry largely reflecting skills shortages. That is why UKCG members are focussing their activities on attracting new people into construction.”

Richard Beresford, Chief Executive of the National Federation of Builders, added, “While the industry is reporting broad-based growth and a strong pipeline of work, it is unable to capitalise on that. The rising costs associated with a shortage of skilled labour and for tenders are eliminating the profit advantage that increased workloads bring. With changes to procurement rules imminent, now is the time to see how we can remove unnecessary cost from the tendering process.”

Key survey findings include:

- 44% of building contractors, on balance, reported that construction output rose in the fourth quarter of 2014 compared with a year ago
- Private housing output rose in Q4 according to 53% of building contractors, on balance
- 40% of building contractors, on balance, reported that private commercial output rose in the fourth quarter of 2014 compared with a year ago
- 11% of building contractors reported a fall in housing repair and maintenance output in Q4, on balance
- 12% of contractors, on balance, reported a rise in orders for private housing in Q4
- Orders in the private commercial sector increased according to 9% of contractors, on balance
- Public non-housing orders (education and health) increased in Q4 according to 16% of building contractors, on balance
- 57% of firms reported labour costs rose and 68% of firms reported that materials costs rose in Q4 compared with the previous quarter
- 70% of building contractors reported difficulties recruiting bricklayers in Q4 compared with 41% in Q3

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 £40 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.

FOR FURTHER INFORMATION CONTACT:

Noble Francis, Economics Director
Construction Products Association
Tel : 020 7323 3770
Mobile: 0791 261 2882
E-mail : noble.francis@constructionproducts.org.uk

Jeff May, Marketing and Communications Manager
Construction Products Association
Tel: 020 7323 3770
Mobile 07904 476 166
E-mail: jeff.may@constructionproducts.org.uk

Follow the Construction Products Association on [Twitter](#)