

Friday, 08 December 2017

Construction Output Continues to Fall

ONS figures published today show that construction output in October fell by 1.7% and was 0.2% lower compared with one year earlier. New orders in Q3 rose 37.4% over the quarter and 25.5% on an annual basis.

Rebecca Larkin, Senior Economist at the Construction Products Association, commented: “Today’s data confirm that previous falls in new orders over the last twelve months are beginning to translate into lower construction activity in the commercial and public non-housing sectors. In addition, output in private housing RM&I, the third-largest sector, has now fallen for two consecutive months and taken in conjunction with the recent decline in new car registrations, suggests consumer willingness to spend on big-ticket purchases is being constrained by the fall in real wages.

“With regards to new orders in Q3, the strong headline growth rate was driven by infrastructure, reflecting the award of phase one contracts for HS2, a project worth £55.7 billion overall. As the ONS points out, new orders growth rates this high were only previously recorded when contracts for the Channel Tunnel were awarded in 1987. This aligns with the CPA’s forecast of infrastructure as the primary driver of output growth over the next two years.

“Excluding infrastructure, new orders rose 4.1%, including a 35.4% increase in public housing, to the highest in three years as work accelerates under the Shared Ownership and Affordable Homes Programme. However, the data for new orders signals that the weakness in the commercial and public non-housing sectors is likely to continue.”

ENDS

NOTE TO EDITORS:

The data for construction output and new orders from the ONS can be found [here](#).

The [Construction Products Association](#) represents the UK’s manufacturers and distributors of construction products and materials. We are committed to raising the profile of our industry and members’ businesses, helping grow the market and reducing regulatory risk. The sector directly provides jobs for 288,000 people across 22,000 companies and has an annual turnover of more than £55 billion. The CPA is 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. All are available to members or subscribers via our website.

Much of the CPA's work is focused on serving as the first point of contact for politicians and policy makers requiring advice and information about matters that affect construction products or the wider construction industry. This includes understanding the need for investment into manufacturing or the built environment, new housing and energy-saving retrofitting of the existing housing stock; helping to develop effective, UK and EU legislation, regulations and product standards; and promoting the role of manufacturers in delivering a resource efficient built environment.

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