**Tuesday, 8 May 2018**

Construction Activity Faltered in Weather-Affected Q1

Weather disruption and the demise of Carillion resulted in a mixed performance for the UK construction supply chain in the first quarter of 2018 according to the Construction Products Association’s Construction Trade Survey for 2018 Q1.

The latest research found that although activity continued to increase for main contractors and SME builders, there was a smaller proportion of firms reporting a rise. Additionally, civil engineering firms reported a second consecutive fall in workloads and heavy side product manufacturers’ sales, a leading indicator of structural and groundworks, fell for the first time in five years. On the upside, more than one quarter of firms surveyed expected orders, enquiries and product sales for the year ahead to remain positive, although contractors reported that orders were concentrated in the housing and infrastructure sectors. Combined, these sectors account for over 35% of total construction output.

Commenting on the survey, Rebecca Larkin, Senior Economist at the CPA, said: “The industry’s run of growth was halted by a quarter that combined the liquidation of Carillion and the snow disruption in February and March. Encouragingly, order books throughout the supply chain suggest activity will pick up again throughout the year. This appears to be driven by just two sectors, housing and infrastructure, which are reliant on a ‘steady state’ of government support. Private sector house building continues to benefit from Help to Buy, housing associations are commencing activity under affordable homes funding programmes and contract awards for major strategic infrastructure projects such as HS2 are lining up a pipeline of longer-term infrastructure activity.”

CECA Chief Executive, Alasdair Reisner, said: “2018 has seen challenging market conditions in the UK’s infrastructure sector, where the aftershocks of the Carillion liquidation continue to be felt. We believe there is more the Government can do to support the sector, by committing to projects outlined in the National Infrastructure Delivery Plan and continuing to develop this pipeline to secure economic growth. At the same time, our members are reporting that they are expecting orders to turn into activity, as schemes come forward to market in the coming year. While the first quarter of 2018 has proved a challenging period for many of our members, we believe that there is light at the end of the tunnel, and that industry will act as a platform for secure growth in the coming years.”

Richard Beresford, Chief Executive of the National Federation of Builders (NFB), said: “The CPA’s latest construction trade figures indicate lower output in larger players. While the largest players are suffering, SMEs and regional contractors have reported increases in both workloads and enquiries. Figures show that clients could be splitting their risks away from just main contractors to regional contractors and SMEs. This trend would contribute to the longer term benefit of the industry, if maintained.”

Key survey findings include:

* On balance, 5% of main building contractors reported that construction output rose in the first quarter of 2018 compared with a year ago
* Half of specialist contractors reported a fall in output during Q1
* 1% of civil engineers, on balance, reported a decrease in workloads during Q1
* On balance, 8% of SME contractors reported increased workloads in Q1 compared to three months earlier
* Main contractors reported that order books were lower in industrial, commercial and public non-housing
* 24% of civil engineering firms reported an increase in new orders in Q1, on balance
* 23% of SMEs and 50% of specialist contractors reported an increase in enquiries in Q1, on balance
* Overall costs increased for 84% of civil engineering contractors, whilst 87% of main contractors, 90% of heavy side manufacturers and 84% of light side manufacturers reported raw materials costs rose in Q1
* 39% of main contractors reported a fall in profit margins in Q1

**ENDS**

**NOTE TO EDITORS:**

1. The [Construction Products Association](http://www.constructionproducts.org.uk) represents the UK’s manufacturers and distributors of construction products and materials. The sector directly provides jobs for 333,000 people across 23,000 companies and has an annual turnover of more than £56.5 billion. The Association 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.

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.

1. [Build UK](http://www.builduk.org) provides a strong collective voice for the contracting supply chain in construction. Build UK brings together 27 of the industry’s largest main contractors and 40 leading trade associations representing over 11,500 specialist contractors. Build UK was created as a result of a merger between the National Specialist Contractors’ Council (NSCC) and UK Contractors Group (UKCG) in 2015.
2. The [Civil Engineering Contractors Association](http://www.ceca.co.uk/) (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.
3. The [Federation of Master Builders](http://www.fmb.org.uk/) (FMB) is the largest trade association in the UK construction industry representing thousands of firms in England, Scotland, Wales and Northern Ireland. Established in 1941 to protect the interests of small and medium-sized (SME) construction firms, the FMB is independent and non-profit making, lobbying for members’ interests at both the national and local level. Within its membership, around 45% of FMB members build new homes 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. The FMB is committed to raising quality in the construction industry and offers a free service to consumers called ‘Find a Builder’.
4. The [National Federation of Builders](http://www.builders.org.uk/) (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.

**FOR FURTHER INFORMATION CONTACT:**

Rebecca Larkin, CPA Senior Economist

Tel: 020 7323 3770

E-mail: [rebecca.larkin@constructionproducts.org.uk](mailto:REBECCA.LARKIN@constructionproducts.org.uk)

Emma Salmon, CPA Senior Communications Executive

Tel: 020 7323 3770

E-mail: [emma.salmon@constructionproducts.org.uk](mailto:emma.salmon@constructionproducts.org.uk)

Follow the Construction Products Association on Twitter: [twitter.com/CPA\_Tweets](https://twitter.com/CPA_Tweets)