



Department for Business & Trade

Business Statistics Team

11th July 2024

Monthly Construction Update

Construction output increased by 1.9% in volume terms in May 2024

The **Office for National Statistics** published estimates of construction output, new orders, and output prices for [May 2024](#) this morning.

- Monthly construction output is estimated to have grown by 1.9% in volume terms in May 2024; this follows a fall of 1.1% in April 2024 (revised from a fall of 1.4%).
- The increase in monthly output came from increases in both new work (2.7%), and repair and maintenance (0.8%); anecdotal evidence from survey returns noted that warmer weather contributed to increased output in May, with the Met Office confirming in their [Monthly climate summary](#) (PDF, 4.6MB) that May 2024 was the warmest on record.
- At the sector level, eight out of the nine sectors saw growth in May 2024, the main contributors to the monthly increase were a 2.8% increase in total new housing, with both private and public new housing increasing on the month, infrastructure new work, which rose by 3.5%, and non-housing repair and maintenance, which grew by 2.1% on the month.
- Construction output is estimated to have fallen by 0.7% in the three months to May 2024; this came from a decrease in new work of 0.9%, and repair and maintenance, which fell by 0.3%.

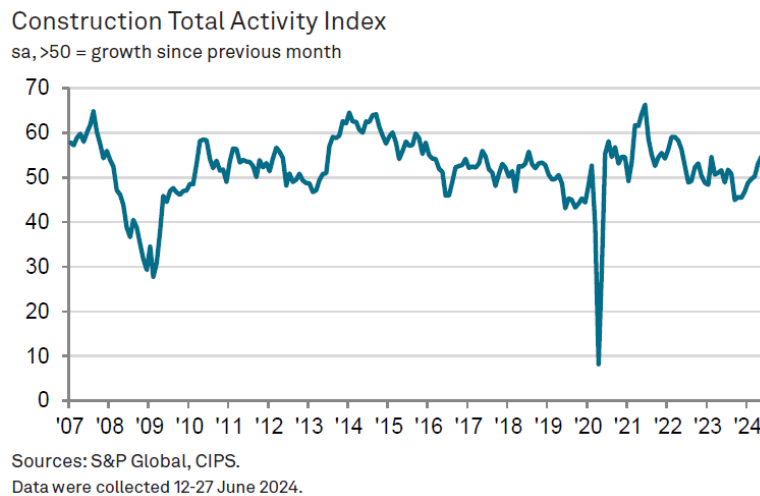
Gross Domestic Product increased by 0.4% in May 2024

The **Office for National Statistics** published estimates of GDP for [May 2024](#) this morning.

- Monthly real gross domestic product (GDP) is estimated to have grown by 0.4% in May 2024 after showing no growth in April 2024 (unrevised from our last publication).
- Real gross domestic product is estimated to have grown by 0.9% in the three months to May 2024 compared with the three months to February 2024, driven by a growth of 1.1% in services output.
- Services output grew by 0.3% in May 2024, following growth of 0.3% in April 2024 (revised up from 0.2% growth in our last publication), and was the largest contributor to monthly GDP growth in May 2024.
- Production output grew by 0.2% in May 2024 following an unrevised fall of 0.9% in April 2024 and showed no growth in the three months to May 2024.
- Construction output grew by 1.9% in May 2024, following a fall of 1.1% in April 2024 (revised up from a fall of 1.4% in our last publication), and fell by 0.7% in the three months to May 2024.

S&P Global / CIPS UK Construction Purchasing Managers Index for June 2024

S&P Global CIPS published their latest [construction purchasing managers index](#) for June 2024 on 4th July 2024.



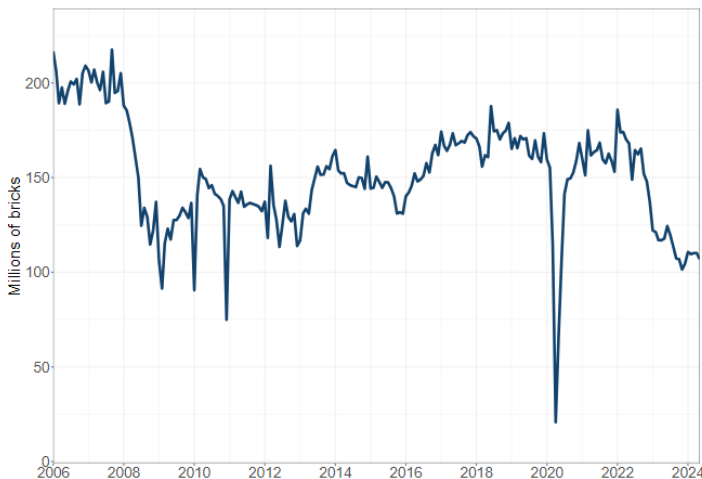
- Construction output increased again in June, with the Construction Total Activity Index remaining above the 50 no-change mark for the fourth consecutive month.
- The Construction Total Activity Index registered 52.2 in June, down from 54.7 in May. This represents sustained improvement in construction activity, albeit at a slightly slower rate of growth compared to the previous month.
- Commercial construction activity was the main driver of growth, increasing again in June. However, civil engineering activity increased at a slower rate than the previous month, while housing activity decreased, after recording its first increase in 19 months in the previous month.
- Anecdotal evidence suggested that the expansion in total activity was partly due to the securing of new contracts throughout June. New orders showed a fifth consecutive monthly expansion amid successful tendering and a rise in client activity. However, the rate of new orders was the slowest recorded since February, which some respondents indicated is a result of uncertainty around the general election.
- Despite slowed activity and new orders, construction firms increased hiring for the second month running, with the rate of job creation at the highest level since August 2023. Companies also increased their use of sub-contractors for the third month in a row. Despite increases in demand, sub-contractor availability continued to rise, with the rate of increase the highest in nine months.
- Overall increases in activity and new orders led to increased purchasing activity for the second month running, with the rate of expansion similar to that seen in May. Despite this, vendor delivery times have shortened for the sixteenth consecutive month, indicating no increase in pressure on supply chains.
- Input costs rose only slightly in June. While the rate of inflation increased due to rising raw material costs, it remained well below the series average, and sub-contractor rates increased, albeit at the slowest pace in four months.
- Increased confidence in ability to secure new contracts has led to continuing optimism in the 12-month outlook for construction activity in June. This positive sentiment was helped by expectations of decreasing interest rates. More than half of respondents predicted an increase in construction activity, with levels of confidence similar to those seen in May.

Building Materials

The latest [Monthly Statistics of Building Materials and Components](#) were published on 3rd July 2024.

Figure 1: Seasonally adjusted deliveries of bricks, GB

Number of bricks



Source: Monthly statistics of building materials and components, table 9

Headline findings:

- Deliveries of bricks decreased by 9.3% in May 2024 compared to May 2023
- Deliveries of blocks decreased by 3.7% in May 2024 compared to May 2023
- The material price index for 'All Work' decreased by 2.0% in May 2024 compared to May 2023

Business Insights and Impact on the UK economy

The **Office for National Statistics** published further information from their fortnightly [Business insights and impact on the UK economy](#) publication on 5th July 2024, summarising information on the overall UK business population. The survey was live from 17th to 30th June 2024.

- Nearly 1 in 10 (9%) trading businesses reported that they are currently stockpiling goods and materials; although this is broadly stable from March 2024, the proportion is up from the 4% reported in January 2024 and is the highest proportion reported since the question was first introduced into the Business Insights and Conditions Survey (BICS) in February 2021.
- In late June 2024, more than half (52%) of businesses reported that they were not concerned about the impact climate change may have on their business; this is the highest proportion reported since the survey question was introduced in late September 2022.
- Approximately 1 in 8 (13%) businesses reported that they are currently using some form of artificial intelligence (AI) technology in late June 2024, broadly stable with March 2024; for businesses with 250 or more employees, this percentage was higher at 25%, a rise of 2 percentage points over the same period.
- Approximately 1 in 10 (10%) businesses expect their capital expenditure to increase between July and September 2024; this is broadly stable with expectations for between April and June 2024.

Construction Output Forecasts

Experian published their Summer 2024 [forecasts](#) for the construction sector in July 2024.

Key points:

- Total construction output is projected to decline by 0.6% in 2024, then grow by 3.3% in 2025 and 3.2% in 2026
- The new housing sector is expected to decline by 4.2% in 2024, then grow by 7.7% in 2025 and 6.4% in 2026
- Total repair, maintenance and improvement (RM&I) is forecast to grow by 3.7% in 2024, 2.8% in 2025 and 2.3% in 2026
- The new infrastructure sector is expected to decline by 2.9% 2024, then grow by 2.0% in 2025 and in 2026
- The private industrial sector is expected to decline by 12.3% in 2024 and by 1.0% in 2025, then grow by 4.8% in 2026.
- The private commercial sector is expected to decline by 3.0% in 2024, then grow by 1.1% in 2025 and 1.8% in 2026.
- The public non-residential sector is forecast to grow by 0.7% in 2024, 2.3% in 2025 and 2.5% in 2026

The **Construction Products Association** (CPA) published their [Spring construction industry forecast](#) on 26th April 2024.

Key points:

- The CPA forecasts construction output to fall by 2.2% in 2024, before growing by 2.1% in 2025 and 3.6% in 2026
- Private new housing is expected to fall by 5.0% in 2024 and grow by 5.0% in 2025
- Private housing repair, maintenance and improvement (rm&i) is expected to fall 4.0% in 2024

Gross Domestic Product Forecasts

The latest monthly **Consensus Economics** [Forecast Survey](#) (which uses an average of private sector forecasts) results were published in June 2024.

- The mean GDP forecast for 2024 is 0.6%, up from 0.5% in the previous month's forecast.
- The mean GDP forecast for 2025 is 1.1%, same as the previous month's forecast.

The **OECD** published their latest [Economic Outlook](#) in May 2024:

- UK GDP is projected to grow by 0.4% this year, down from the 0.7% in the previous forecast in February, and to grow by 1.0% in 2025, down from 1.2% forecasted in February.
- Global GDP growth is projected to increase by 3.1% this year, up from the 2.9% forecasted in February, and to increase by 3.2% in 2025, up from the 3.0% forecasted in February.

Bank of England Summary of Business Conditions

The **Bank of England** published its most recent update to the [Agents' Summary of Business Conditions](#) on 20 June 2024, covering intelligence gathered in the 6 weeks to mid-May 2024.

Key points:

- The pace of annual decline in housebuilding continues to ease, and contacts are expecting increased output towards the end of the year, aided by stabilising costs and expected easing in bank rate.
- Despite housebuilding still being down compared to the same time last year, smaller housebuilders have reported modest improvements in Q2 2024 compared to Q1 2024.
- Large private developers have been focusing more on social housing projects to maintain output until private demand increases. Despite this, however, new social housing output continues to fall.
- There has been a decrease in public sector projects due to budget constraints, however, increases in utility and core infrastructure developments have partially offset this.
- Repair and maintenance output remains steady across the public sector, social housing and private homes, as refurbishment of buildings continues in pursuit of lower running costs and improved energy ratings.
- Commercial development has continued to fall modestly compared to the same time last year. Project deferrals have continued due to higher funding and build costs, and confidence remains subdued due to sub-contractor failures and long planning processes.

Builders Merchant Building Index

The [Builders Merchant Building Index](#) for April 2024 was published by the **Builders Merchants Federation, GfK** and **MRA Research** on 2nd July 2024.

April 2024 vs April 2023:

- Total Builders Merchants value sales for the month increased by 3.9% compared to April 2023. Volume sales increased 4.7% while prices decreased slightly by -0.8%. With three more trading days in April this year, like-for-like value sales were down 11.0%.
- Eight of the twelve categories performed better than the average for Total Merchants, led by Workwear & Safetywear (28.9%), Miscellaneous (15.0%) and Plumbing Heating and Electrical (13.2%). The three largest categories, Heavy Building Materials (4.8%), Timber & Joinery Products (3.6%) and Landscaping (3.2%) grew more slowly than the Total Merchants average.

April 2024 vs March 2024:

- Total Builders Merchants sales were 5.0% higher in April compared to March 2024. Volume sales were up by 7.4% while prices were down by 2.3%. With one more trading day this month, like-for-like sales were flat (0.0%).
- Ten of the twelve categories sold more. One of the largest categories, Landscaping (15.4%), was well up, while other large categories, Heavy Building Materials (4.8%) and Timber & Joinery products (3.6%) grew more slowly. Plumbing Heating & Electrical (-1.4%) and Workwear & Safetywear (-4.6%) were the weakest performing categories.

Expected dates for future construction output releases

Release for:	Publication date:
June 2024	15 th August 2024
July 2024	11 th September 2024
August 2024	9 th October 2024