

Monthly Construction Update

Business Statistics Team
13 December 2024



Department for
Business & Trade

Construction output decreased by 0.4% in October 2024

The **Office for National Statistics** published estimates of Construction Output for [October 2024](#) this morning.

Main points:

- Monthly construction output is estimated to have fallen by 0.4% in volume terms in October 2024; this follows an increase of 0.1% in September 2024.
- The decrease in monthly output came solely from a fall in repair and maintenance (1.3%) as new work grew by 0.2%.
- At the sector level, four out of the nine sectors fell in October 2024; the main contributor to the monthly decrease was private housing repair and maintenance, which fell by 3.8%.
- Construction output is estimated to have increased by 0.4% in the three months to October 2024; this came solely from an increase in new work (1.7%), as repair and maintenance fell by 1.2%.

Gross Domestic Product decreased by 0.1% in October 2024

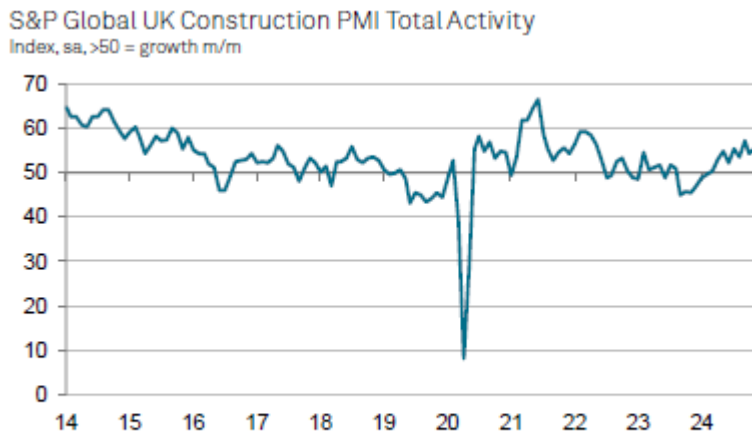
The **Office for National Statistics** published estimates of GDP (Gross Domestic Product) for [October 2024](#) this morning.

Main points:

- Monthly real gross domestic product (GDP) is estimated to have fallen by 0.1% in October 2024, largely because of a decline in production output; this follows a fall of 0.1% in September 2024.
- Real GDP is estimated to have grown by 0.1% in the three months to October 2024, compared with the three months to July 2024, with growth in the services and construction sectors in this period.
- Monthly services output showed no growth in October 2024 after also showing no growth in September 2024, but grew by 0.1% in the three months to October 2024.
- Production output fell by 0.6% in October 2024, because of falls in manufacturing, and mining and quarrying output, following a fall of 0.5% in September 2024; production output fell by 0.3% in the three months to October 2024.
- Construction output fell by 0.4% in October 2024, following a growth of 0.1% in September 2024, but grew by 0.4% in the three months to October 2024.

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

Figure 1: Monthly Construction Total Activity Index, start of series to November 2024.



Data compiled 12-28 November 2024.

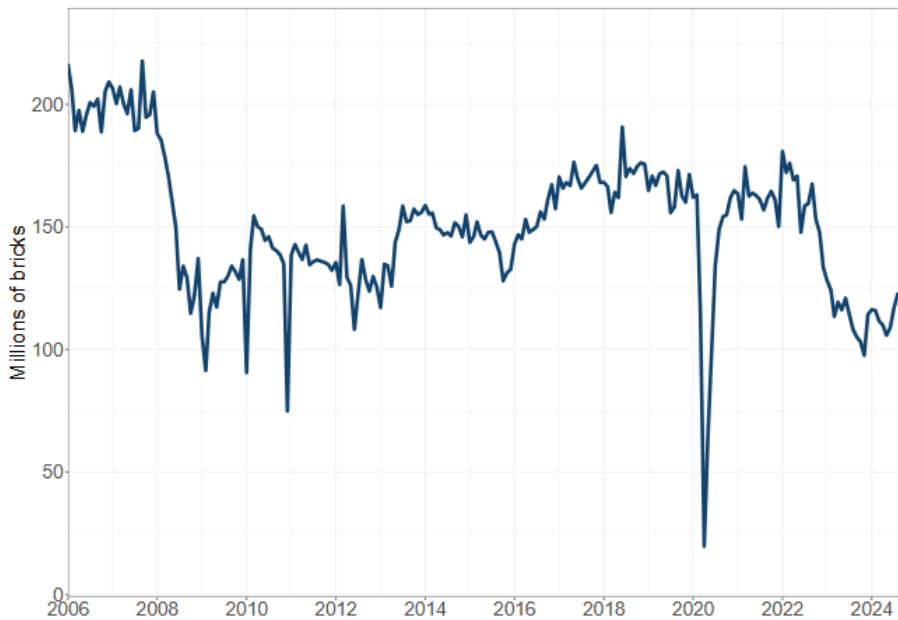
Source: S&P Global PMI. ©2024 S&P Global.

S&P Global CIPS published their latest [construction purchasing managers index](#) for November 2024 on 5th December 2024.

- November PMI data highlighted a robust upturn in UK construction output, however, new order growth eased to a five-month low and year-ahead business activity expectations were the least upbeat since October 2023.
- The UK Construction PMI rose to 55.2 in November, up from 54.3 in October. This pointed to an accelerated expansion of overall construction activity. The headline index has now posted above the 50.0 no-change threshold for nine months running.
- This upturn in construction output was driven by the strongest rise in commercial work for two and a half years, with the index at 58.1. Civil engineering activity expanded to 55.9, albeit at the slowest pace for three months. House building remained the weakest performing category at 47.9, once again hindered by elevated borrowing costs and fragile consumer confidence.
- New business volumes increased across the whole construction sector for the tenth consecutive month in November. However, the rate of growth slipped to the lowest level since June. Some reports suggest that political and economic uncertainty around the Autumn Budget had affected client confidence.
- The rate of job creation in November eased to a three-month low. Anecdotal evidence highlighted increasing employment costs as a factor holding back staff hiring. Linked to this, subcontractor usage has increased for the first time since July.
- Purchasing activity increased at the slowest pace since the current phase of expansion began in May, reflecting a loss of momentum for new order growth. Supplier performance deteriorated to the greatest extent since February 2023.
- Construction companies recorded the fastest rise in average cost burdens for 18 months. This was linked to a general increase in raw material prices and higher staff costs.
- Most of the survey panel predict an increase in business activity during the year ahead. While this signals optimism, the degree of optimism was down sharply since October and the lowest for 13 months.

Building Materials and Components

Figure 2: Monthly seasonally adjusted deliveries of bricks (in millions), Great Britain, 2006 to October 2024



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

The latest [Monthly Statistics of Building Materials and Components](#) were published on 4 December 2024.

Headline findings:

- Deliveries of bricks increased by 19.0% in October 2024 compared with October 2023
- Deliveries of blocks increased by 5.2% in October 2024 compared with October 2023
- The material price index for 'All Work' decreased by 0.8% in October 2024 compared with October 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 5 December 2024, summarising information on the overall UK business population. The survey was live from 18 November to 1 December 2024.

Key Points:

- In late November 2024, 41% of private sector businesses with 10 or more employees expected staffing costs (including wages, bonuses, national insurance, and pension contributions) to increase over the next three months, up 13 percentage points from late August 2024; some businesses expressed concerns around the increase of national insurance employer contributions in April 2025.
- Nearly a third (32%) of private sector businesses with 10 or more employees reported that their staffing costs had increased over the last three months, 5 percentage points down, compared with late August 2024.
- Fewer than 1 in 10 (8%) private sector businesses reported that their employees' hourly wages increased in October 2024, compared with September 2024, with this figure rising to 14% for businesses with 10 or more employees; these percentages were broadly stable and down 3 percentage points, respectively, from July 2024.
- In late November 2024, more than three in five (62%) private sector businesses with 10 or more employees reported that they had not experienced any challenges because of worker shortages; of those that had, the most reported challenge was employees working increased hours (18%).
- Nearly a third (32%) of private sector businesses with 10 or more employees reported experiencing difficulties recruiting employees in October 2024, with 53% of those businesses reporting a lack of qualified applicants for the roles on offer.
- In late November 2024, more than one in five (21%) private sector businesses reported they are either using or intending to use increased home working as a permanent business model going forward; of those businesses, the most reported reason for doing so was reduced overheads (55%), followed by improved staff wellbeing (45%).

Construction Output Forecasts

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

Key points:

- Total construction output is projected to decline by 1.2% in 2024, then grow by 2.7% in 2025 and 3.6% in 2026.
- The new housing sector is expected to decline by 6.0% in 2024, then grow by 3.8% in 2025 and 8.0% in 2026.
- Total repair, maintenance, and improvement (RM&I) is forecast to grow by 4.5% in 2024, 3.0% in 2025 and 2.8% in 2026.
- The new infrastructure sector is expected to decline by 8.0% in 2024, then grow by 1.5% in 2025 and 0.5% in 2026.
- The private industrial sector is expected to decline by 4.0% in 2024, the grow by 0.1% in 2025 and 5.7% in 2026.
- The private commercial sector is expected to decline by 2.8% in 2024, then grow by 1.5% in 2025 and 2.2% in 2026.

- The public non-residential sector is forecast to grow by 0.9% in 2024, then 3.1% in 2025 and 2026.

The **Construction Products Association** (CPA) published their [Autumn construction industry forecast](#) on 28 October 2024.

Key points:

- The CPA forecasts construction output to fall by 2.9% in 2024, before growing by 2.5% in 2025 and 3.8% in 2026.
- Private new housing is expected to fall by 9.0% in 2024 and grow by 8.0% 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 December 2024.

- The mean GDP forecast for 2024 is 0.9%, showing no change from previous month's forecast.
- The mean GDP forecast for 2025 is 1.3%, showing no change from previous month's forecast.

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

- UK GDP is projected to grow by 0.9% this year, down from 1.1% in the previous forecast in September, and to grow by 1.7% in 2025, up from 1.2% forecasted in September.
- Global GDP growth is projected to increase by 3.2% this year, with no change to September's forecast, and 3.3% in 2025, up from the 3.2% forecasted in September.

Bank of England Summary of Business Conditions

The **Bank of England** published its most recent update to the [Agents' Summary of Business Conditions](#) on 19 September 2024, covering intelligence gathered in the 6 weeks to late August 2024.

Key points:

- The pace of annual decline in construction output continues to ease.
- Improvement in sentiment has been driven by government comments on new housebuilding targets and planning reforms, as well as cuts in interest rates. Growth is expected to return in 2025.
- Private housebuilding activity is down slightly compared to the same time last year, but as some contacts note a return to growth, the sector is close to stabilising.
- Social housebuilding activity continues to fall, as a result of Housing Associations facing continued funding pressures.
- Repair, maintenance and improvement activity continue to grow on last year as a result of diverted Housing Association spending and office refits following post-covid changes in usage patterns.
- New commercial development is still down compared to last year, particularly traditional office space. However, demand for warehouses and data centres remains robust.
- Across sectors, contacts continue to cite high interest rates, increased building costs, labour shortages and planning delays as constraints to increasing construction activity.

Builders Merchant Building Index

The [Builders Merchant Building Index](#) for September 2024 and Q3 2024 were published by the **Builders Merchants Federation, GfK** and **MRA Research** on 6 December 2024.

Q3 2024 vs Q3 2023:

- Total Builders Merchants value sales for Quarter 3 decreased by 2.6% compared to the same quarter last year. Volume sales were 2.8% lower with prices virtually unchanged (+0.2%).
- Eight of the twelve categories performed better than total merchants, with Workwear & Safetywear (+14.7%) and Tools (+6.4%) performing best. The two biggest categories, Heavy Building Materials (-3.5%) and Timber & Joinery Products (-4.8%), performed worse than Total Merchants. Renewables & Water Saving lagged behind other categories at -29.1%.

Q3 2024 vs Q2 2024:

- Total Builders Merchants value sales for Quarter 3 increased by 1.7% compared to Quarter 2.
- Eight of the twelve categories performed better than total merchants, led by Workwear & Safetywear (+6.6%) and Ironmongery (+3.8%). The two largest categories, Heavy Building Materials and Timber & Joinery Products (both +3.2%), also performed well. Landscaping (-9.3%) was the worst performing category.

September 2024 vs September 2023:

- Total Builders Merchants value sales for the month decreased by 3.5% in September 2024 compared to the same month last year. Volume sales were lower (-3.6%) with prices flat (+0.1%).
- Seven of the twelve categories performed better than Total Merchants, led by Workwear & Safetywear (+20.1%), Tools (+7.5%) and Services (+4.4%). The two largest categories, Heavy Building Materials (-4.3%) and Timber & Joinery Products (-5.6%) were weaker than Total Merchants. Renewables & Water Saving (-28.0%) lagged other categories.

September 2024 vs August 2024:

- Total Builders Merchants sales for the month decreased by 1.7% in July 2024 compared to June 2024. Volume sales were down by 0.7% and prices decreased by 1.0%.
- Seven of the twelve categories performed better than Total Merchants, led by Workwear & Safetywear (+22.5%), Plumbing, Heating & Electrical (+9.6%) and Kitchens & Bathrooms (+6.0%). Landscaping (-13.0%) and Services (-6.6%) were the weakest performing categories.

Expected dates for future construction output releases	
<i>Release for:</i>	<i>Publication date:</i>
November 2024	16 January 2025
December 2024	13 February 2025
January 2025	14 March 2025