

Monthly Construction Update

Business Statistics Team
13 February 2025



Department for
Business & Trade

Construction output increased by 0.5% in Quarter 4 2024

The **Office for National Statistics** published estimates of Construction Output for [December 2024](#), [along with new orders and Construction Output Price Indices for Q4 2024](#) this morning.

Main points:

- Construction output is estimated to have increased by 0.5% in Quarter 4 2024 compared with Quarter 3 2024; this came solely from an increase in new work (1.2%), as repair and maintenance fell by 0.4%.
- Monthly construction output is estimated to have fallen by 0.2% in volume terms in December 2024; this came solely from a fall in repair and maintenance (1.8%) as new work grew by 1.1%.
- At the sector level, five out of the nine sectors fell in December 2024; the main contributors to the monthly decrease were non-housing repair and maintenance, and private housing repair and maintenance, which fell by 1.8% and 1.4%, respectively.
- Total construction new orders fell by 2.4% (£231 million) in Quarter 4 2024 compared with Quarter 3 2024; this quarterly decrease came solely from infrastructure new work and private industrial new work, which fell by 23.5% (£496 million) and 19.7% (£197 million), respectively.
- Annual construction output increased by 0.4% in 2024 compared with 2023; this is the fourth consecutive year of annual growth.
- The annual rate of construction output price growth was 3.0% in the 12 months to December 2024.

Gross Domestic Product increased by 0.4% in December 2024

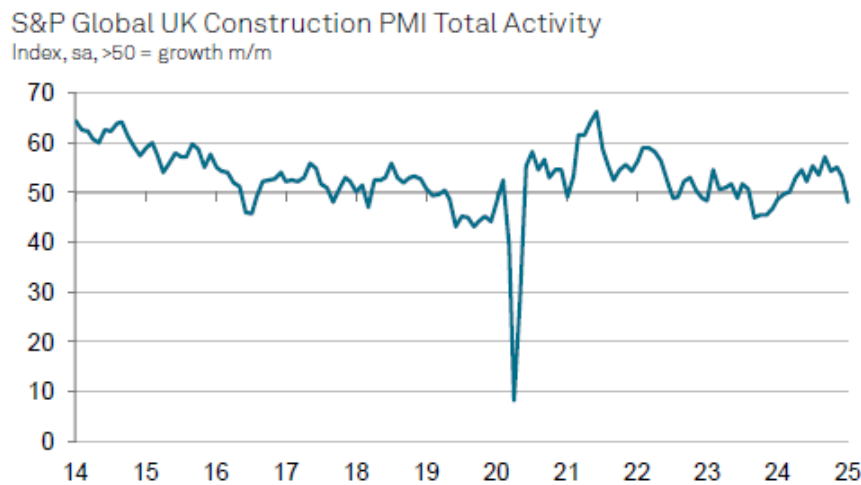
The **Office for National Statistics** published estimates of GDP (Gross Domestic Product) for [December 2024](#) this morning.

Main points:

- Monthly real gross domestic product (GDP) is estimated to have grown by 0.4% in December 2024, largely because of growth in the service sector, following growth of 0.1% in November 2024.
- Real GDP is estimated to have grown by 0.1% in the three months to December 2024, compared with the three months to September 2024.
- Monthly services output grew by 0.4% in December 2024, following growth of 0.2% in November 2024, and grew by 0.2% in the three months to December 2024.
- Production output grew by 0.5% in December 2024, following a fall of 0.5% in November 2024; production fell by 0.8% in the three months to December 2024, driven by a decline in manufacturing output.
- Annually, output GDP is estimated to have grown by 0.8% in 2024 compared with 2023.

S&P Global / CIPS UK Construction Purchasing Managers Index for January 2025

Figure 1: Monthly Construction Total Activity Index, start of series to January 2025.



Data compiled 09-30 January 2025.

Source: S&P Global PMI. ©2025 S&P Global.

S&P Global CIPS published their latest [construction purchasing managers index](#) for January 2024 on 6 February 2025.

- A modest fall in total industry output in January has ended a 10-month period of sustained expansion in the construction industry.
- The headline S&P Global UK Construction PMI registered at 48.1 in January, sharply down from 53.3 in December. This is the first time the index has fallen below the 50.0 no-change threshold since February 2024.
- Construction companies cited economic uncertainty and delayed decisions by clients on construction projects as drivers of this decrease in construction activity.
- Housebuilding activity declined for the fourth consecutive month down to 44.9, while Civil Engineering activity declined sharply to 44.6, partly due to disruptions from unusually wet weather at the start of the year. Output in the commercial sector returned to contraction at 48.9, due to a lack of tender opportunities and clients' reluctance to commit to new projects.
- January data showed a decline in incoming new work for the first time in 12 months, with anecdotal evidence suggesting that a lack of confidence among clients and worries about UK economic outlook has contributed to fewer sales enquiries. Purchasing activity declined for the second month in a row, reflecting a lack of new work to replace completed projects.
- Despite decreasing demand for construction products and materials, January saw the steepest rise in input costs since April 2023. Respondents noted that suppliers have been passing on rising energy, transportation and staff costs. Vendor performance also deteriorated, partly due to shipping delays.
- Sub-contractor charges increased at the highest pace in 21 months in January, despite reductions in sub-contractor usage. Construction companies signalled renewed cutbacks to their staffing levels, with employment decreasing for the first time since August 2024.
- Around 38% of respondents predicted a rise in business activity over the year ahead, while only 17% predicted a reduction. This is the lowest degree of optimism since October 2023, with respondents citing a post-budget dip in confidence among clients and lacklustre domestic economic conditions.

Building Materials and Components

Figure 2: Monthly seasonally adjusted deliveries of bricks (in millions), Great Britain, 2007 to January 2025



Source: monthly statistics of building materials and components, Table 9

The latest [Monthly Statistics of Building Materials and Components](#) were published on 5 February 2025.

Headline findings:

- Deliveries of bricks increased by 9.1% in December 2024 compared with December 2023
- Deliveries of blocks increased by 27.4% in December 2024 compared with December 2023
- The material price index for 'All Work' decreased by 0.1% in December 2024 compared with December 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 6 February 2025, summarising information on the overall UK business population. The survey was live from 20 January to 2 February 2025.

Key Points:

- In late January 2025, 21% of businesses with 10 or more employees reported that they had exported goods, services, or both in the last 12 months; of these businesses, 18% reported that they exported more in December 2024, compared with December 2023, while 24% exported less.
- Around 3 in 10 (29%) exporting businesses with 10 or more employees reported that the costs of exporting in December 2024 were higher than in December 2023; this is broadly stable with September 2024 (30%).
- In late January 2025, 27% of businesses with 10 or more employees reported that they had imported goods, services, or both in the last 12 months; of these businesses, 14% reported that they imported more in December 2024, compared with December 2023, while 18% imported less.
- Approximately a third (33%) of importing businesses with 10 or more employees reported that the cost of importing had increased in December 2024, compared with December 2023; although this proportion is broadly stable with September 2024 (34%), it has fallen steadily since early March 2022 (70%).
- In December 2024, 31% of businesses with 10 or more employees reported that they were able to get the materials, goods, or services they needed from the EU; in contrast, 2% reported they were not able to, which has been broadly stable since March 2023.

Construction Output Forecasts

Experian published their Winter 2024 [forecasts](#) for the construction sector in January 2025.

Key points:

- Total construction output is projected to decline by 1.1% in 2024, then grow by 3.5% in 2025 and 4.8% in 2026.
- The new housing sector is expected to decline by 7.1% in 2024, then grow by 4.6% in 2025 and 11.2% in 2026.
- Total repair, maintenance, and improvement (RM&I) is forecast to grow by 4.2% in 2024, 3.0% in 2025 and 2.8% in 2026.
- The new infrastructure sector is expected to decline by 7.0% in 2024, then grow by 2.7% in 2025 and 2.5% in 2026.
- The private industrial sector is expected to decline by 2.0% in 2024, then grow by 2.0% in 2025 and 4.5% in 2026.
- The private commercial sector is expected to decline by 1.1% in 2024, then grow by 4.4% in 2025 and 2.7% in 2026.
- The public non-residential sector is forecast to grow by 3.0% in 2024, 3.8% in 2025 and 3.9% in 2026.

The **Construction Products Association** (CPA) published their [Winter construction industry forecast](#) on 24 January 2025.

Key points:

- The CPA forecasts construction output to grow by 2.1% in 2025 and 4.0% in 2026.
- Private new housing is expected to grow by 6.0% in 2025 and 8.0% in 2026.
- Private housing repair, maintenance, and improvement (rm&i) is expected to grow by 3.0% in 2025 then 4.0% in 2026.

Gross Domestic Product Forecasts

The latest monthly **Consensus Economics** [Forecast Survey](#) (which uses an average of private sector forecasts) results were published in January 2025.

- The mean GDP forecast for 2025 is 1.2%, down from 1.3% in previous month's forecast.
- The mean GDP forecast for 2026 is 1.4%, up from 1.3% in 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 December 2024, covering intelligence gathered in the 6 weeks to late November 2024.

Key points:

- The rate of decline in construction output continues to ease compared to a year ago. Despite the budget weakening sentiment, contacts expect modest growth to return in the first half of 2025.
- Private housing building rates have picked up, with output close to where it was one year ago. Social housing providers are struggling to buy their share of private development, causing a constraint.
- Repair and maintenance has seen ongoing growth, with office refits increasing and housing associations focused on improving existing stock. However, spending on home improvements has fallen and some public sector projects have been delayed or cancelled.
- While recent and current drivers of the construction industry relate to demand factors, some contacts are concerned that supply constraints such as planning and limited labour availability could limit future output growth.

Builders Merchant Building Index

The [Builders Merchant Building Index](#) for November 2024 were published by the **Builders Merchants Federation, GfK** and **MRA Research** on 30 January 2025.

November 2024 vs November 2023

- Total Builders Merchants value sales for the month decreased by 4.6% in November 2024 compared to November 2023. Volume sales were 1.3% lower, while prices were down by 3.4%. With one less trading day this month, like-for-like value sales were flat (-0.1%).
- Four of twelve categories performed better than total merchants, including Heavy Building Materials (-4.0%). Only one category, Tools, showed growth (+3.5%). Renewables and Water Saving (-15.1%), Kitchens & Bathrooms (-8.6%) and Workwear & Safetywear (-8.4%) performed the weakest.

November 2024 vs October 2024

- Total Builders' Merchants Value Sales were 10.0% lower in November 2024 compared to October 2024, while Volume Sales were down by 11.2% and prices were up by 1.3%. With two less trading days this month, like-for-like value sales were down by 1.4%.
- All twelve categories sold less in November compared with October. Kitchens & Bathrooms (-2.6%) performed best, while Renewables & Water Saving (-17.1%), Landscaping (-14.4%) and Heavy Building Materials (-10.4%), one of the biggest categories, performed worst. The other largest category, Timber & Joinery Products (-9.9%), performed slightly better than total merchants.

Expected dates for future construction output releases	
<i>Release for:</i>	<i>Publication date:</i>
January 2025	14 March 2025
February 2025	11 April 2025
March 2025	8 May 2025