

Monthly Construction Update

Business Statistics Team
14 March 2025



Department for
Business & Trade

Construction output decreased by 0.2% in January 2025

The **Office for National Statistics** published estimates of Construction Output for [January 2025](#) this morning.

Main points:

- Monthly construction output is estimated to have fallen by 0.2% in volume terms in January 2025; this follows a decrease of 0.2% in December 2024.
- This decrease in monthly output came solely from a fall in new work (0.7%) as repair and maintenance grew by 0.4%.
- Anecdotal evidence from survey returns noted adverse weather, including heavy rain, snow and storms as having a negative effect on output.
- At the sector level, three out of the nine sectors fell in January 2025; the main contributors to the monthly decrease were private commercial new work, and private housing new work, which fell by 6.1% and 1.8%, respectively.
- Construction output is estimated to have increased by 0.4% in the three months to January 2025; this came solely from an increase in new work (1.4%), as repair and maintenance fell by 0.9%.
- The increase in construction output in the three months to January 2025 came solely from November 2024 (0.6%).

Gross Domestic Product decreased by 0.1% in January 2025

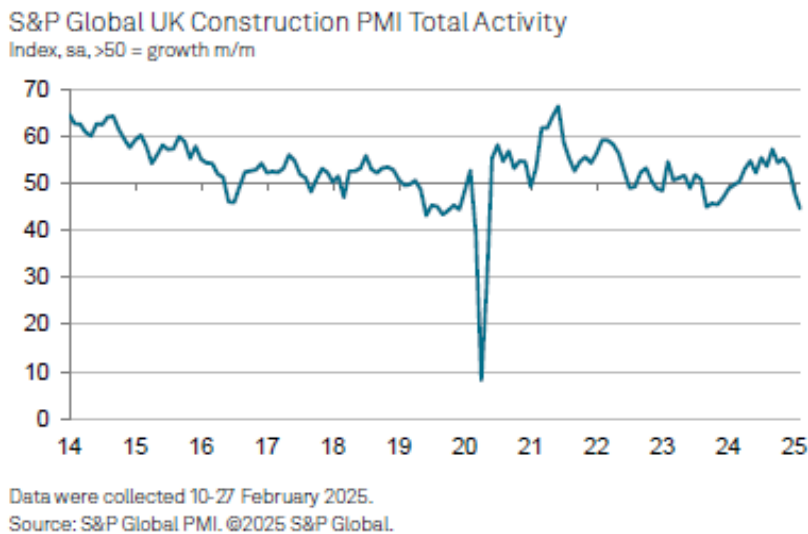
The **Office for National Statistics** published estimates of GDP (Gross Domestic Product) for [January 2025](#) this morning.

Main points:

- Monthly real gross domestic product (GDP) is estimated to have fallen by 0.1% in January 2025, mainly caused by a fall in the production sector, after growth of 0.4% in December 2024.
- Real GDP is estimated to have grown by 0.2% in the three months to January 2025, compared with the three months to October 2024, mainly because of growth in the services sector.
- Monthly services output grew by 0.1% in January 2025, following growth of 0.4% in December 2024, and grew by 0.4% in the three months to January 2025.
- Production output fell by 0.9% in January 2025, following growth of 0.5% in December 2024, and fell by 0.9% in the three months to January 2025, with manufacturing output driving both the monthly and three-month falls.

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

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



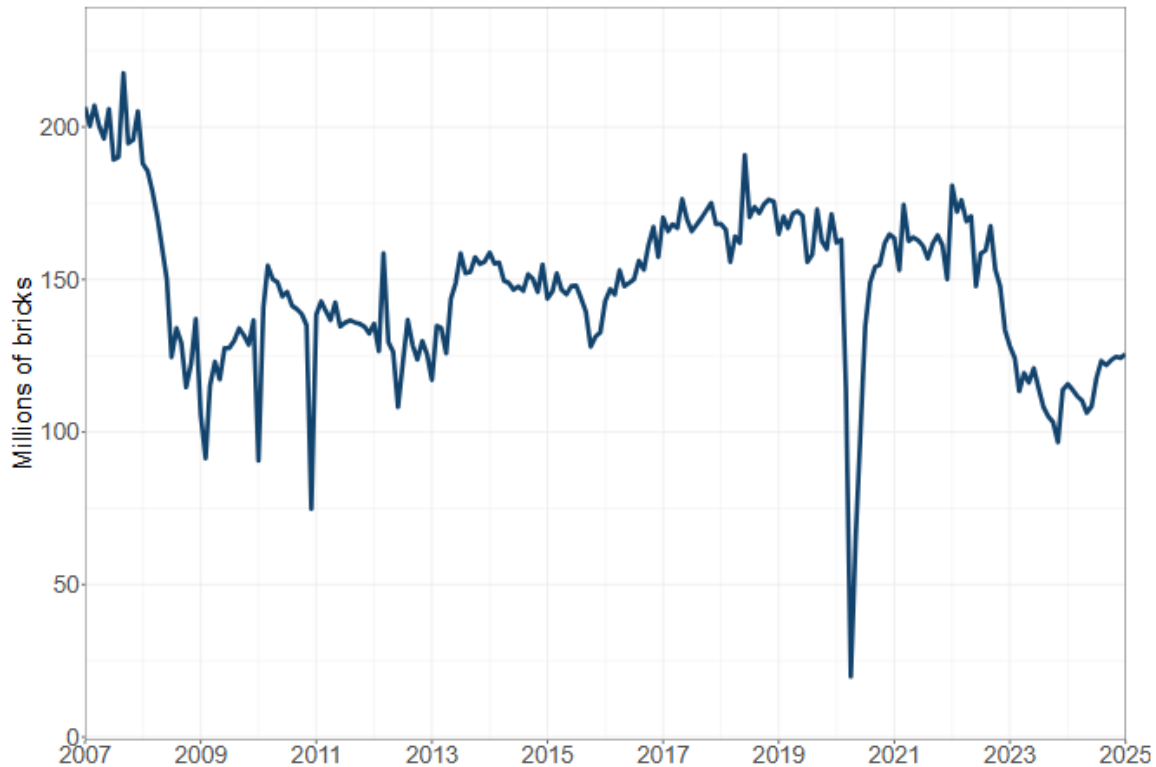
S&P Global CIPS published their latest [construction purchasing managers index](#) for February 2025 on 6th March 2025.

Main Points:

- February data shows a steep decline in construction activity, at a rate not seen since May 2020.
- The S&P Global UK Construction PMI registered at 44.6 in February, down from 48.1 in January, below the no-change 50.0 threshold for the second month running. This is also the lowest readout in the last five years, since the 2020 Covid-19 pandemic.
- Residential building decreased for the fifth month at 39.3, with respondents citing that weak demand, elevated borrowing costs and lack of new work contributed to the decrease.
- Civil engineering activity also registered a steep decline at 39.3, lowest since October 2020. Commercial construction showed some resilience at 49.0, with only a marginal drop.
- With new order intakes decreasing at the greatest extent since May 2020, February data points to worsening demand conditions across the sector. Respondents cited delayed decision-making among clients due to limited budgets and pessimistic economic outlook.
- Construction companies indicated a reduction in staffing numbers for the second consecutive month, with the rate of job loss sharpest since November 2020. However, this has been linked to non-replacement of voluntary leavers rather than outright losses. Similarly, a sharp decrease in subcontractor usage was reported.
- Input buying decreased for the third month in a row, however, due to this weaker demand, overall supplier performance improved for the first time since October 2024. Inflationary pressures have worsened, with 38% of the panel reporting a rise in input prices.
- While the overall outlook is still positive despite these downturns, with 39% of respondents forecasting an upturn in output this year compared to 17% forecasting a downturn, this level of optimism is significantly lower than the average seen throughout 2024. Confidence is supported by an improvement in market conditions and lower borrowing costs, while there are worries about risk aversion among clients and subdued consumer spending.

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 8.5% in January 2025 compared with January 2024
- Deliveries of blocks increased by 4.2% in January 2025 compared with January 2024
- Exports of construction materials decreased by 0.4% in 2024 compared to 2023, while imports increased by 1.0%

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 March 2025, summarising information on the overall UK business population. The survey was live from 17 February to 2 March 2025.

Key Points:

- In late February 2025, more than a third (36%) of businesses with 10 or more employees reported that their staffing costs (including wages, bonuses, national insurance (NI) and pension contributions) had increased over the last 3 months, up 5 percentage points compared with late November 2024, and up 2 percentage points compared with late February 2024.
- In late February 2025, around two-thirds (67%) of businesses with 10 or more employees expected their staffing costs to increase over the next 3 months, up 26 percentage points from late November 2024; some businesses commented that increases in employer NI contributions and the national living wage in April 2025 were contributing factors to this.
- When asked in late February 2025, nearly half (49%) of businesses with 10 or more employees reported they would adapt to future rises in employment costs by increasing prices, while 26% reported they would reduce their number of employees, both up 9 percentage points compared with late September 2024; 32% reported that they would absorb the costs within their profit margins, broadly stable over the same period.
- Around 1 in 6 (17%) businesses with 10 or more employees reported that their employees' hourly wages increased in January 2025 compared with December 2024, a 3 percentage point rise compared with October 2024, and the first rise in the proportion of businesses to report this since April 2024; conversely, the proportion reporting hourly wages had decreased was 5%, up 2 percentage points compared with October 2024.
- In late February 2025, around 3 in 5 (59%) businesses with 10 or more employees reported that they had not experienced any challenges as a result of worker shortages, down 3 percentage points from late November 2024; of those that had, the most reported challenge experienced was employees working increased hours (21%).
- Nearly a third (31%) of businesses with 10 or more employees reported experiencing difficulties recruiting employees in January 2025, broadly stable with October 2024; half (50%) of those businesses reported a lack of qualified applicants for the roles on offer, down 3 percentage points from October 2024, while nearly a quarter (24%) reported that they cannot offer an attractive pay package to applicants, up 3 percentage points over the same period.

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 March 2025.

- The mean GDP forecast for 2025 is 0.9%, down from 1.1% in previous month's forecast.
- The mean GDP forecast for 2026 is 1.2%, down 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 December 2024 and Quarter 4 2024 was published by the **Builders Merchants Federation**, **GfK** and **MRA Research** on 30 January 2025.

Report for Quarter 4 2024:

Q4 2024 vs Q3 2024

- Total Builders' Merchants value Sales were 8.2% lower in Q4 2024 compared to Q3 2024. With 4 fewer trading days this quarter, like-for-like value sales were down by 13.9%.
- All categories with the exception of landscaping (-30.9%) and Heavy Building Materials (-14.5%), one of the two biggest categories, performed better than Total Merchants. Only three categories, Plumbing, Heating & Electrical (+2.7%) as well as Workwear & Safetywear and Renewables & Water Saving (both +1.5%), showed growth from Q3 2024 to Q4 2024.

Q4 2024 vs Q4 2023

- Total Builders' Merchants value sales were 0.5% lower in Quarter 4 2024 compared to Quarter 4 2023. With one fewer trading day this year, like-for-like value sales were down by 2.2%.
- Five categories performed better than Total Merchants, with Tools (+8.8%) and Services (+4.4%) leading the charge. Renewables & Water Saving (-8.9%) and Kitchens & Bathrooms (-3.4%) were the worst performing categories.

Report for December 2024:

December 2024 vs November 2024

- Total Builders' Merchants value sales were 32.5% lower in December 2024 compared to November 2024. Volume sales were down 34.5%, while prices were up 3.0%. With four fewer trading day this month, like-for-like value sales were down 16.7%.
- All categories showed a decrease this month, with Heavy Building Materials (-34.3%) and Timber & Joinery Products (-33.7%), the two largest categories, showing the biggest decrease. Services (-20.1%) and Miscellaneous (-26.0%) showed the least significant decrease.

December 2024 vs December 2023

- Total Builders' Merchants value sales were 3.0% higher in December 2024 compared to December 2023. Volume sales were up 7.4%, while prices were down 4.1%. With one more trading day this year, like-for-like value sales decreased 3.1%.
- Four categories performed better than Total Builders' Merchants, with Landscaping (+15.9) and Services (+8.8%) at the top. Renewables & Water Saving (-13.0%) and Plumbing, Heating and Electrical (-3.9%) showed the largest drops.

Expected dates for future construction output releases	
<i>Release for:</i>	<i>Publication date:</i>
February 2025	11 April 2025
March 2025	8 May 2025
April 2025	12 June 2025

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