Monthly Construction Update

Microdata, Business Surveys and Corporate Stats Team

11 September 2026

Department for Business, Innovation, Science and Trade

Construction output grew by 0.1% in July 2026

The **Office for National Statistics** published estimates of Construction Output for July 2026 this morning.

Main points:

- Total construction output is estimated to have fallen by 0.5% in the three months to July 2026; this follows four consecutive increases in the three-monthly series, with strong growth seen in the three months to April and May, of 1.3% and 1.5%, respectively.
- Over the three-month period, both new work, and repair and maintenance, fell, by 0.4% and 0.7%, respectively.
- At the sector level, six out of the nine sectors fell in the three months to July 2026; the main negative contribution to the decrease was private housing repair and maintenance, which fell by 1.7%.
- Monthly construction output is estimated to have grown by 0.1% in July 2026; this follows a decrease of 0.1% in June 2026 and a decrease of 0.8% in May 2026.
- The increase in monthly output in July 2026 came solely from an increase in repair and maintenance, which grew by 0.8%, while new work fell by 0.4%; the main contribution to the monthly increase in repair and maintenance was private housing repair and maintenance, which grew by 1.7%, while the largest contribution to the decrease in total new work was a fall of 4.9% in private housing new work.

Gross Domestic Product grew by 0.4% in July 2026

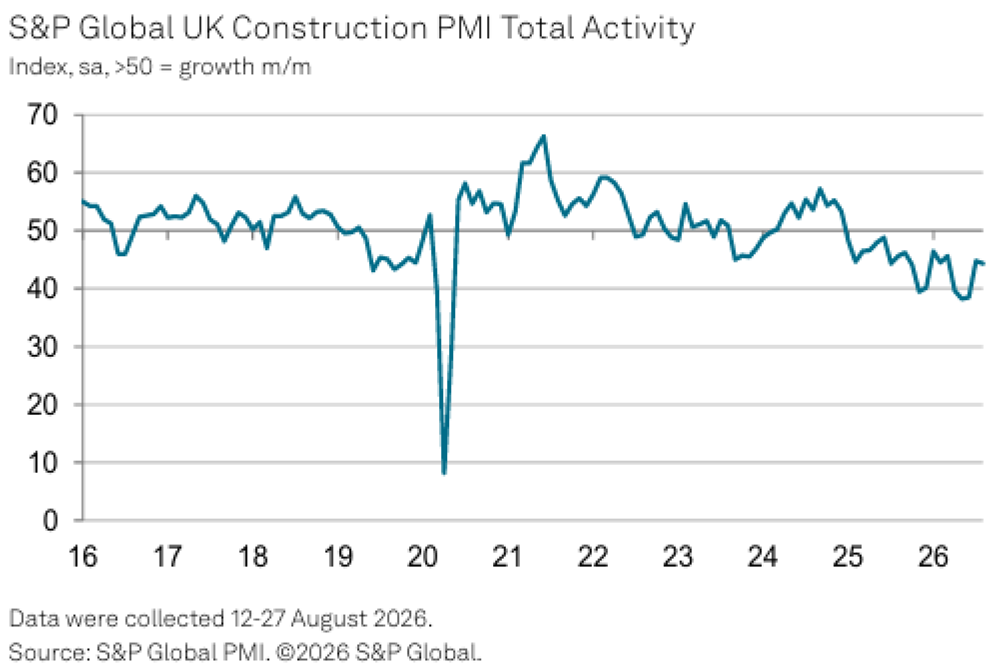
The **Office for National Statistics** published estimates of GDP (Gross Domestic Product) for July 2026 this morning.

Main points:

- Real gross domestic product (GDP) grew by 0.4%, following a growth of 0.4% in the three months to June 2026 and a growth of 0.6% in the three months to May 2026.
- Services output grew by 0.6%, after growing by 0.5% in the three months to June 2026.
- Production output fell by 0.5%, following no growth in the three months to June 2026.
- Construction output fell by 0.5%; this follows a growth of 0.3% in the three months to June 2026.
- Monthly GDP grew by 0.4% in July 2026, following a growth of 0.3% in June 2026 and no growth in May 2026.
- The growth in July was because of rises of 0.4% in services, of 0.2% in production and of 0.1% in construction.

S&P Global / CIPS UK Construction Purchasing Managers Index for August 2026

Figure 1: Monthly Construction Total Activity Index, start of series to August 2026.



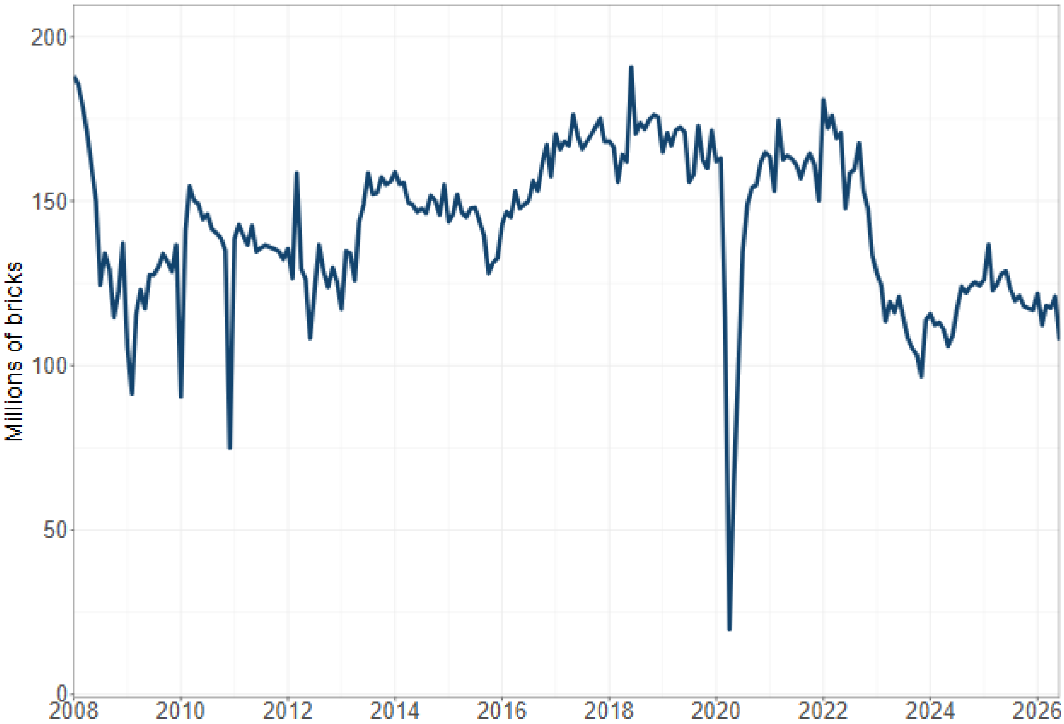
S&P Global CIPS published their latest construction purchasing managers index for August 2026 on 4 September 2026.

Main Points:

- The S&P Global UK Construction PMI registered at 44.3 in August down from 44.7 in July, below the neutral 50.0 threshold for the twentieth successive month.
- Much slower rates of contraction were seen in all three main sub-sectors in July. **Commercial construction** at 47.8 fell at the slowest rate since January, while **civil engineering activity** (40.5) decreased to the least marked extent since March. The downturn in **residential work** (index at 37.6) was sharper than seen elsewhere in the construction sector.
- Construction companies signalled a fall in **total new order** intakes during August, but the rate of contraction was only modest and the slowest since September 2025. Anecdotal evidence often cited heightened risk aversion in the wake of the Middle East conflict and delayed decision-making by clients, but some firms noted improvements in infrastructure work.
- A lack of new business to replace completed projects, alongside intense cost pressures, resulted in another reduction in **employment numbers** across the construction sector. However, the rate of job shedding was only modest and the smallest since February. At the same time, subcontractor usage increased for the first time in just under two years.
- **Purchasing activity** fell sharply in August and at a faster pace than seen during the previous survey period. Softer demand helped to alleviate some pressure on supply chains, but delivery times were broadly stable overall. A number of survey respondents commented on longer international shipping times.
- Construction companies were still upbeat on balance about the outlook for **business activity** during the year ahead, but the degree of positive sentiment eased from July's five-month high.

Building Materials and Components

Figure 2: Monthly deliveries of bricks, Great Britain, 2008 to June 2026



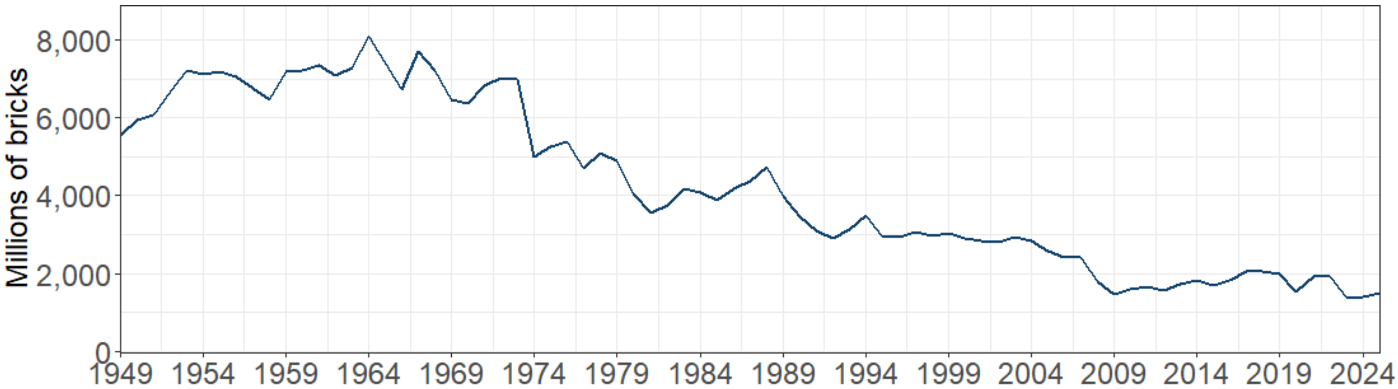
Source: monthly statistics of building materials and components, table 9

The latest Monthly Statistics of Building Materials and Components were published on 1 July 2026. **Note figures for the September 2026 update will be published on 16 September 2026.**

Headline findings:

- Deliveries of bricks decreased by 16.3% in June 2026 compared with June 2025.
- Deliveries of blocks decreased by 12.3% in June 2026 compared with June 2025.
- The material price index for 'All Work' increased by 6.0% in June 2026 compared with June 2025.

Figure 3: Annual deliveries of bricks, 1949 to 2025.



- Historically, deliveries of bricks hit a peak during the post-war construction boom, and have steadily declined since.
- Brick deliveries are a useful gauge of housebuilding activity, dropping in response to financial crises as seen in 2008.

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 3 September 2026, summarising information on the overall UK business population. The survey was live from 17 August to 30 August 2026.

Key Points:

- In August 2026, 28% of businesses with 10 or more employees reported that they were concerned about international conflict impacting supply chains over the next year, while 21% were concerned about the impact of shipping disruption; these proportions were broadly stable compared with July 2026, but up 17 and 12 percentage points, respectively, from September 2025.
- In August 2026, 13% of businesses with 10 or more employees reported that they were concerned about climate change impacting supply chains over the next year, rising 4 percentage points compared with July (9%) and 9 percentage points from September 2025 (4%).
- Of businesses with 10 or more employees that were concerned about supply chain factors in August 2026, 53% expected the cost of sourcing materials to increase, and 46% expected transportation costs to increase; these are both broadly stable compared with July 2026, but 5 and 12 percentage point rises, respectively, from September 2025.
- Approximately three in five (59%) businesses expressed some degree of concern regarding energy prices in late August, broadly stable compared with early August; 63% of businesses reported some level of concern about increases in fuel prices, also broadly stable compared with early August.
- In August 2026, 38% 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 three months; this proportion is down 11 percentage points compared with a year ago.
- Around one in six (16%) businesses with 10 or more employees reported that their employees' hourly wages increased in July 2026, down 38 percentage points from April 2026, though broadly stable compared with a year ago; this large fall is likely because of the previous data being collected shortly after the rise in the minimum wage in the new financial year.

Construction Output Forecasts

Experian published their Summer 2026 forecasts for the construction sector in May 2026.

Key points:

- Total construction output is projected to increase by 2.4% in 2026, 4.3% in 2027 and 5.0% in 2028.
- The new housing sector is expected to increase by 4.4% in 2026, 9.0% in 2027 and 10.1% in 2028.
- Total repair, maintenance, and improvement (RM&I) is forecast to grow by 0.9% in 2026, 2.3% in 2027 and 2.6% in 2028.
- The new infrastructure sector is expected to increase by 2.3% in 2026, 4.0% in 2027 and 6.1% in 2028.
- The private industrial sector is expected to increase by 5.9% in 2026, 5.2% in 2027 and 6.4% in 2028.
- The private commercial sector is expected to increase by 0.9% in 2026, 2.5% in 2027 and 2.4% in 2028.
- The public non-residential sector is forecast to grow by 5.5% in 2026, 2.4% in 2027 and 2.1% in 2028.

The **Construction Products Association** (CPA) published their Summer construction industry forecast on 26 July 2026.

Key points:

- The CPA forecasts construction output to contract by 3.3% in 2026.
- Private new housing is expected to shrink by 10.0% in 2026.
- Private housing repair, maintenance, and improvement (rm&i) is expected to decrease by 8.0% 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 August 2026.

- The mean GDP forecast for 2026 is 1.0%, up from 0.9% from the previous month's forecast.
- The mean GDP forecast for 2027 is 1.0%, unchanged from the previous month's forecast.

The **OECD** published their latest Economic Outlook in June 2026:

- UK GDP is projected to grow by 0.9% in 2026, then 1.1% in 2027.
- Global GDP growth is projected to increase by 2.8% in 2026 and 3.1% in 2027.

Bank of England Summary of Business Conditions

The **Bank of England** published its most recent update to the Agents' Summary of Business Conditions on 11 September 2026, covering intelligence gathered in the 6 weeks to mid-August 2026.

Main points:

- Contacts still cite heightened uncertainty and continuing cost pressures as factors delaying construction projects and weighing down on confidence and output more generally.
- Funding conditions have reportedly tightened, too. Private housebuilding activity continues to be particularly weak, especially in London.

- The pipeline of public and private infrastructure work, including nuclear, other energy, utilities, and defence, is substantial, but some contacts worry about delivery, given planning and regulatory constraints.
- Contacts expect activity to remain subdued at best with further contraction possible.

Builders Merchant Building Index

The Builders Merchant Building Index for June 2026 was published by the **Builders Merchants Federation**, **GfK** and **MRA Research** on 1 September 2026.

June 2026 vs June 2025

- Total Builders Merchants value sales were 2.2% higher in June 2026 compared to last year. Volume sales were down 5.7% but prices were up 8.4%.
- Online was the strongest performing category in terms of values (+25.0% and prices up 14.7%) while Renewables & Water Saving and Ironmongery were the weakest performing categories (value sales down 1.1%).

June 2026 vs May 2026

- Total Builders Merchants value sales were 6.8% higher in June 2026 compared to May 2026. Volume sales were down 1.4% but prices were up 2.0%. With three more trading days this month, like-for-like value sales were down 7.8%.
- Kitchens & Bathrooms was the strongest performing category (+13.8% value sales).

Expected dates for future construction output releases	
Release for:	*Publication date:*
August 2026	15 October 2026
September 2026	12 November 2026
October 2026	2 December 2026

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