



Department for Business & Trade

Business Statistics Team

15th August 2024

Monthly Construction Update

Construction output fell by 0.1% in Quarter 2 2024

The **Office for National Statistics** published estimates of construction output, new orders, and output prices for [June 2024 and Quarter 2 2024](#) this morning.

- Construction output is estimated to have fallen by 0.1% in Quarter 2 (Apr to June) 2024, compared with Quarter 1 (Jan to Mar) 2024; this came solely from a decrease in new work (0.5% fall), as repair and maintenance grew by 0.4%.
- Monthly construction output is estimated to have grown by 0.5% in June 2024; this came from rises in both new work (0.9%), and repair and maintenance (0.1%).
- At the sector level, seven out of the nine sectors grew in June 2024, with the main contributors to the monthly increase from non-housing repair and maintenance, and private commercial new work, which grew by 3.2% and 2.1%, respectively.
- Total construction new orders grew by 16.5% (£1,771 million) in Quarter 2 2024, compared with Quarter 1 2024; this quarterly increase mainly came from private commercial new work, and infrastructure new work, which grew by 15.1% (£503 million) and 23.4% (£389 million), respectively.
- The annual rate of construction output price growth was 1.9% in the 12 months to June 2024.

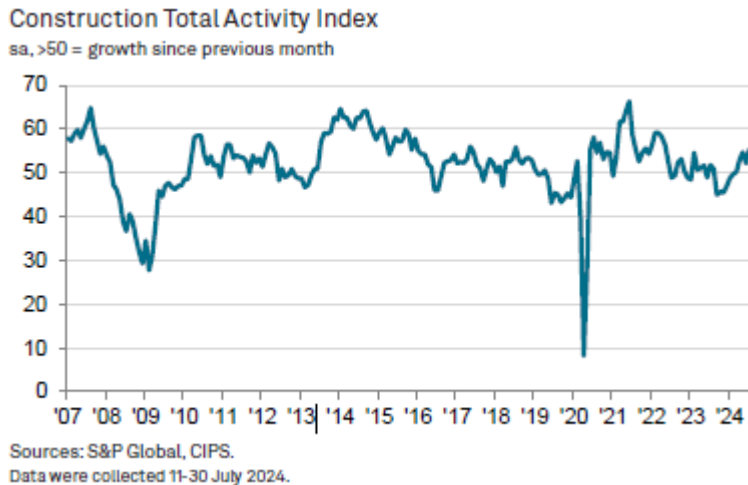
Gross Domestic Product grew by 0.6% in Quarter 2 2024

The **Office for National Statistics** published estimates of GDP for [June 2024](#) this morning, including estimates of GDP for the three months up to June 2024.

- Real GDP is estimated to have grown by 0.6% in the three months to June 2024, compared with the three months to March 2024 with widespread growth in the services sector driving growth in this period.
- Monthly real gross domestic product (GDP) is estimated to have shown no growth in June 2024, following unrevised growth of 0.4% in May 2024.
- Services output fell by 0.1% in June 2024, following unrevised growth of 0.3% in May 2024, but grew by 0.8% in the three months to June 2024.
- Production output grew by 0.8% in June 2024, following growth of 0.3% in May 2024 (revised up from 0.2% in our last publication), but fell by 0.1% in the three months to June 2024.
- Construction output grew by 0.5% in June 2024, following growth of 1.7% in May 2024 (revised down from 1.9% in our last publication), but fell by 0.1% in the three months to June 2024.
- There are revisions to April and May 2024 in this monthly release in accordance with the National Accounts revision policy; data revisions up to 2022, as announced in our Blue Book 2024: Advanced aggregate estimates release, and any additional updates to data from 2023 onwards, will be published in the ONS GDP release on 11 October 2024.

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

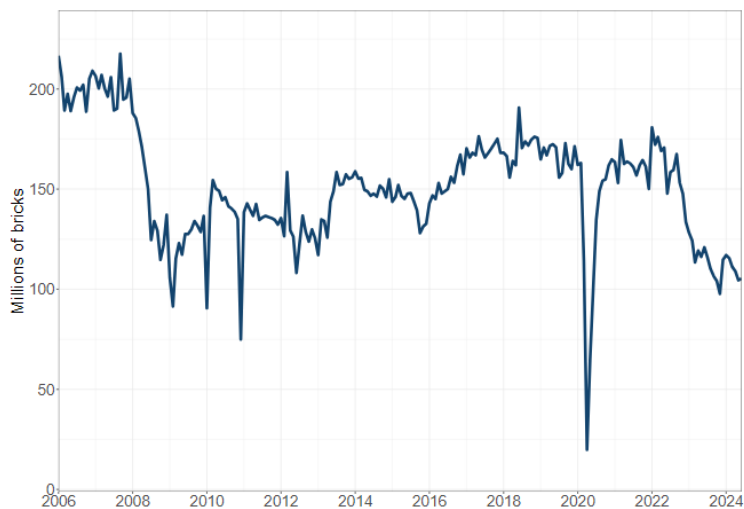
S&P Global CIPS published their latest [construction purchasing managers index](#) for July 2024 on 6th August 2024.



- Growth in the UK construction sector accelerated as the second half of the year began, with much faster increases in both activity and new orders in July.
- The Construction Total Activity Index rose significantly to 55.3 in July from 52.2 in June, extending the current sequence of growth to five months and displaying the fastest rate of expansion since May 2022.
- All three categories of construction saw increases in activity as work on housing projects returned to growth. While commercial activity increased solidly, the fastest increase was seen in civil engineering, where the rate of growth was highest in the past two and a half years.
- According to respondents, the main factor behind this rise in construction activity was success in securing new orders. New business expanded at the strongest pace since April 2022, showing an increase for the sixth month running. There have also been reports that customer confidence has strengthened, making them more willing to release previously paused projects.
- The rising workloads have led construction firms to expand employment more quickly in July. Staff levels were up for the third consecutive month, with the increase in staffing at the highest pace that was the fastest for a year. Sub-contractor usage rose for the fourth month running, and sub-contractor availability has also continued to increase, albeit at the slowest rate since June 2023.
- Purchasing activity has increased sharply, at the most pronounced rate in almost two years. This increased demand for inputs has put some pressure on suppliers, ending a 16-month sequence of improving vendor performance. While some respondents reported issues with the manufacturing and transportation of inputs, others indicated that suppliers had sufficient stocks to keep on top of these increased orders.
- The rate of input cost inflation picked up as suppliers increased prices in line with increasing demand. This increase is joint fastest in 14 months, equal to that seen in January 2024. Despite this, the rate of inflation was still much lower than the series average.
- Construction firms remain strongly optimistic that activity will expand over the coming year, although sentiment has fallen to the lowest level in three months. However, improving client confidence is predicted to lead to a growth of new orders, further increasing activity. Nearly 53% of respondents predicted a rise in construction activity over the next 12 months.

Building Materials and Components

The latest [Monthly Statistics of Building Materials and Components](#) were published on 7th August 2024.



Headline findings:

- Deliveries of bricks decreased by 12.9% in June 2024 compared to June 2023
- Deliveries of blocks decreased by 9.8% in June 2024 compared to June 2023
- The material price index for 'All Work' decreased by 0.9% in June 2024 compared to June 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 1st August 2024, summarising information on the overall UK business population. The survey was live from 15th to 28th July 2024.

- In the last 12 months, 21% of businesses with 10 or more employees had exported goods, services, or both; this figure was 26% for businesses reporting they had imported.
- Of those businesses that had exported, 16% said that their exports had increased in June 2024 compared with the same month last year, while 24% had exported less.
- Of those businesses that had imported, 13% reported that their imports had increased in June 2024 compared with the same month last year, while 18% had imported less.
- In July 2024, 33% of businesses with 10 or more employees reported they were able to get the goods or services they needed from within the EU; 2% were unable to get what they needed, and the remaining proportion (64%) indicated that the question was not applicable to them.
- When asked in late July 2024, more than a quarter (28%) of businesses with 10 or more employees reported they had purchased goods or services from a UK nation other than their own in the last 12 months; this is the highest reported figure since the question was introduced in October 2023.
- More than one-quarter (27%) of businesses with 10 or more employees reported they had sold goods or services to a UK nation other than their own in the last 12 months; 16% of those businesses said transport costs had caused challenges while selling to other nations.

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 [Summer construction industry forecast](#) on 26th July 2024.

Key points:

- The CPA forecasts construction output to fall by 2.9% in 2024, before growing by 2.0% in 2025 and 3.6% in 2026
- Private new housing is expected to fall by 7.0% in 2024 and grow by 6.0% in 2025
- Private housing repair, maintenance and improvement (rm&i) is expected to fall 6.0% 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 July 2024.

- The mean GDP forecast for 2024 is 0.8%, up from 0.6% 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 May 2024 was published by the **Builders Merchants Federation, GfK** and **MRA Research** on 30th July 2024.

May 2024 vs May 2023:

- Total Builders Merchants value sales for the month decreased by 5.2% compared to May 2023. Volume sales decreased by 7.0% while prices increased by 2.0%. With one more trading day in May this year, like-for-like value sales were down 9.7%.
- Nine of the twelve categories performed better than the Total Merchants average, with the highest increases seen in Workwear & Safetywear (+18.8%), Decorating (+3.7%) and Kitchens and Bathrooms (+2.0%). However, the two largest categories, Timber and Joinery Products (-6.9%) and Heavy Building Materials (-7.7%) declined more than Total Merchants. The weakest category was Renewables and Water Saving (-37.1%).

May 2024 vs April 2024:

- Total Builders Merchants sales were 3.0% higher in May compared to April 2024. Volume sales were up by 2.2% while prices slightly increased by 0.8%. There was no difference in trading days between the months.
- Six of the twelve categories sold more, with the two largest categories, Landscaping (+12.7%) and Heavy Building Materials (+3.7%) doing best. Plumbing Heating & Electrical (-5.8%) and Renewables & Water Saving (-18.4%) were the weakest performing categories.

Expected dates for future construction output releases	
<i>Release for:</i>	<i>Publication date:</i>
July 2024	11 th September 2024
August 2024	11 th October 2024
September 2024	14 th November 2024

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