

Monthly Construction Update

Business Statistics Team
15 November 2024



Department for
Business & Trade

Construction output increased 0.8% in Q3 2024

The **Office for National Statistics** published estimates of Construction Output for [September 2024, new orders and Construction Output Price Indices, July to September 2024](#) this morning.

Main points:

- Construction output is estimated to have increased by 0.8% in Quarter 3 (July to Sept) 2024 compared with Quarter 2 (Apr to June) 2024; this came solely from an increase in new work (2.0%), as repair and maintenance fell by 0.6%.
- Monthly construction output is estimated to have grown by 0.1% in volume terms in September 2024; this came solely from a rise in repair and maintenance (0.4%) as new work fell by 0.2%.
- At the sector level, four out of the nine sectors grew in September 2024; the main contributor to the monthly increase was private housing repair and maintenance, which grew by 1.3%.
- Total construction new orders fell 22.0% (£2,722 million) in Quarter 3 2024 compared with Quarter 2 2024; this quarterly decrease came mainly from private new housing and private commercial new work, which fell 31.3% (£861 million) and 20.8% (£786 million), respectively.
- The annual rate of construction output price growth was 2.0% in the 12 months to September 2024.

Gross Domestic Product increased by 0.1% in Q3 2024

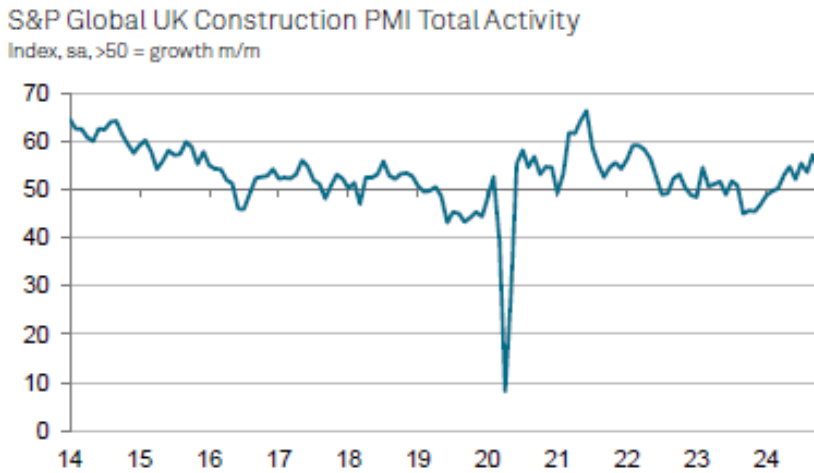
The **Office for National Statistics** published estimates of GDP (Gross Domestic Product) for [September 2024](#) this morning.

Main points:

- Real gross domestic product (GDP) is estimated to have grown by 0.1% in the three months to September 2024 compared with the three months to June 2024, mainly because of growth in retail trade and new construction work.
- Monthly real GDP is estimated to have fallen by 0.1% in September 2024, largely because of declines in manufacturing output and information/communication services, after growth of 0.2% in August 2024.
- Monthly services output showed no growth in September 2024, and grew by 0.1% in the three months to September 2024.
- Production output fell by 0.5% in September 2024, mainly because of a fall in manufacturing output. It fell by 0.2% in the three months to September 2024.
- Construction output grew by 0.1% in September 2024, following a revised growth of 0.6% in August 2024; it grew by 0.8% in the three months to September 2024.

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

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



Data compiled 10-30 October 2024.

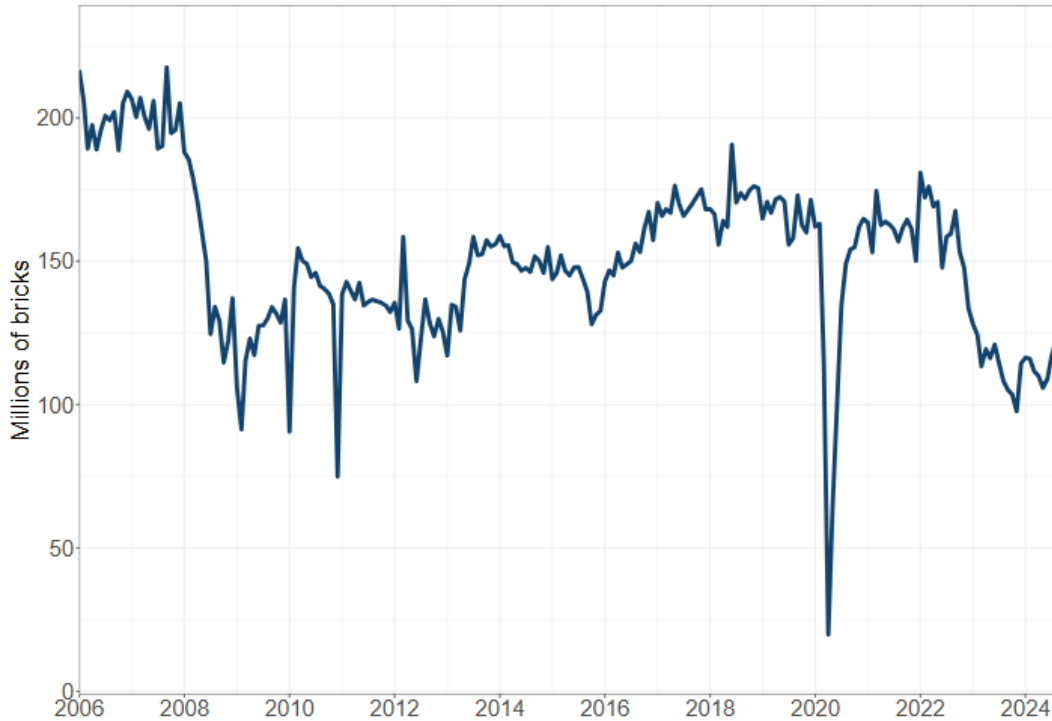
Source: S&P Global PMI. ©2024 S&P Global.

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

- PMI data indicated that output growth slowed considerably across the construction sector after reaching a 29-month high in September.
- The S&P Global Construction PMI registered at 54.3 in October, down from 57.2 in September. Despite the sharp fall, the index is above the 50 no-change mark for the eighth month running, and higher than the average of 51.4 seen in the first half of 2024.
- Civil engineering was by far the best-performing category at 56.2, driven by rising demand for energy infrastructure projects. Commercial work also increased (52.8), albeit with the weakest increase in the current period of growth which began in April. House building was the only category to register a decline in output (49.4), with demand constrained by elevated borrowing costs and uncertainty ahead of the Autumn Budget.
- Total new work expanded at a solid pace in October, but similar to the trend for output growth, this increase was softer than the two-and-a-half year high seen in September. This softening may be a result of political uncertainty and cost-of-living pressures.
- The increase in new business encouraged additional staff recruitment in October, accelerating to a three-month high, despite a significant decline in business optimism to the lowest level since December 2023.
- Construction companies continued to boost their purchasing activity in October, mainly linked to increased workloads and new project starts. However, this increase in purchasing activity was only marginal and the weakest since the current phase of expansion began in May. Supplier's delivery times have improved for the third month running, which was linked to rising inventories among suppliers.
- Average cost burdens also increased at a solid pace, with the rate of inflation remaining stronger than seen on average in the first half of 2024, despite being lower than in September.

Building Materials and Components

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



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

The latest [Monthly Statistics of Building Materials and Components](#) were published on 6 November 2024.

Headline findings:

- Deliveries of bricks increased by 14.7% in September 2024 compared to September 2023.
- Deliveries of blocks decreased by 4.0% in September 2024 compared to September 2023.
- The material price index for 'All Work' decreased by 0.7% in September 2024 compared to September 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 7 November 2024, summarising information on the overall UK business population. The survey was live from 21 October to 3 November 2024.

Key Points:

- More than 1 in 5 (22%) trading businesses with 10 or more employees reported that they had exported goods, services, or both in the last 12 months; of these businesses, 17% reported that they had exported more in September 2024, compared with September 2023, while 23% had exported less.
- In September 2024, 30% of exporting businesses with 10 or more employees reported that the cost of exporting increased, compared with September 2023; this proportion has fallen steadily from the 61% reported in August 2022.
- More than a quarter (27%) of trading businesses with 10 or more employees reported that they had imported goods, services, or both in the last 12 months; of these businesses, 15% reported that they had imported more in September 2024, compared with September 2023, while 16% had imported less.
- More than a third (34%) of importing businesses with 10 or more employees reported that the costs of importing in September 2024 were higher than in September 2023; this proportion has fallen steadily from the 70% reported in late March 2022.
- Only 3% of trading businesses with 10 or more employees reported they were unable to get the materials, goods, or services they needed from the EU in September 2024; this proportion has remained broadly stable since March 2023.

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 [Summer 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 November 2024.

- The mean GDP forecast for 2024 is 0.9%, down by 0.1% 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 September 2024:

- UK GDP is projected to grow by 1.1% this year, up from the 0.4% in the previous forecast in May, and to grow by 1.2% in 2025, down from 1.0% forecasted in May.
- Global GDP growth is projected to increase by 3.2% this year, up from the 3.1% forecasted in May, and by the same amount in 2025, up from the 3.0% forecasted in May.

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 August 2024 was published by the **Builders Merchants Federation**, **GfK** and **MRA Research** on 30 October 2024.

August 2024 vs August 2023:

- Total Builders Merchants value sales for the month decreased by 5.6% in August 2024 compared to the same month last year. Volume sales were lower (-5.7%) with prices flat (+0.2%). With one less trading day this year, like-for-like value sales were down by 1.1%.
- Seven of the twelve categories performed better than Total Merchants, led by Services (+2.5), Workwear & Safetywear (+2.3%) and Decorating (+0.2%). The two largest categories, Heavy Building Materials (-6.1%) and Timber & Joinery Products (-8.2%) were weaker than Total Merchants. Renewables & Water Saving (-30.8%) lagged other categories.

August 2024 vs July 2024:

- Total Builders Merchants sales for the month decreased by 8.1% in July 2024 compared to June 2024. Volume sales were down by 9.2% and prices increased by 1.2%. With two less trading days this month, like-for-like value sales were up 0.7%.
- All categories sold less in August compared to July 2024. Services (-4.4%), Timber & Joinery Products (-7.4%) and Decorating (-7.5%) fell less than Total Builders Merchants. Plumbing Heating & Electrical (-10.0%), Renewables & Water Saving (-11.3%) and Workwear and Safetywear (-14.7%) were the worst performing categories.

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

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