

# Monthly Construction Update

Business Statistics Team  
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Department for  
Business & Trade

## Construction output fell by 0.6% in May 2025

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

Main points:

- Monthly construction output is estimated to have fallen by 0.6% in May 2025; this follows three consecutive periods of growth, including an increase of 0.8% in April 2025.
- The decrease in monthly output in May 2025 came solely from a decrease in repair and maintenance (2.1% fall), as new work increased by 0.6%.
- At the sector level, output in five out of the nine sectors fell in May 2025; the main contributors to the monthly decrease were non-housing repair and maintenance, and private housing repair and maintenance, which fell by 2.4% and 1.8%, respectively.
- Total construction output is estimated to have grown by 1.2% in the three months to May 2025; new work increased by 0.9%, and repair and maintenance by 1.5%.

## Gross Domestic Product fell by 0.1% in May 2025

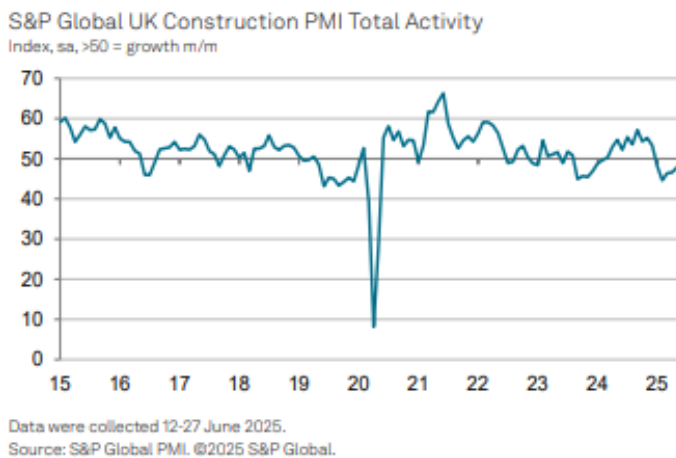
The **Office for National Statistics** published estimates of GDP (Gross Domestic Product) for [May 2025](#) this morning.

Main points:

- Monthly real gross domestic product (GDP) is estimated to have fallen by 0.1% in May 2025, following an unrevised fall of 0.3% in April 2025 and revised growth of 0.4% in March 2025.
- Real GDP is estimated to have grown by 0.5% in the three months to May 2025, compared with the three months to February 2025, largely driven by growth in the services sector in this period.
- Monthly services output grew by 0.1% in May 2025, following a revised fall of 0.3% in April 2025 and grew by 0.4% in the three months to May 2025.
- Production output fell by 0.9% in May 2025, following a fall of 0.6% in April 2025, but grew by 0.2% in the three months to May 2025.

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

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



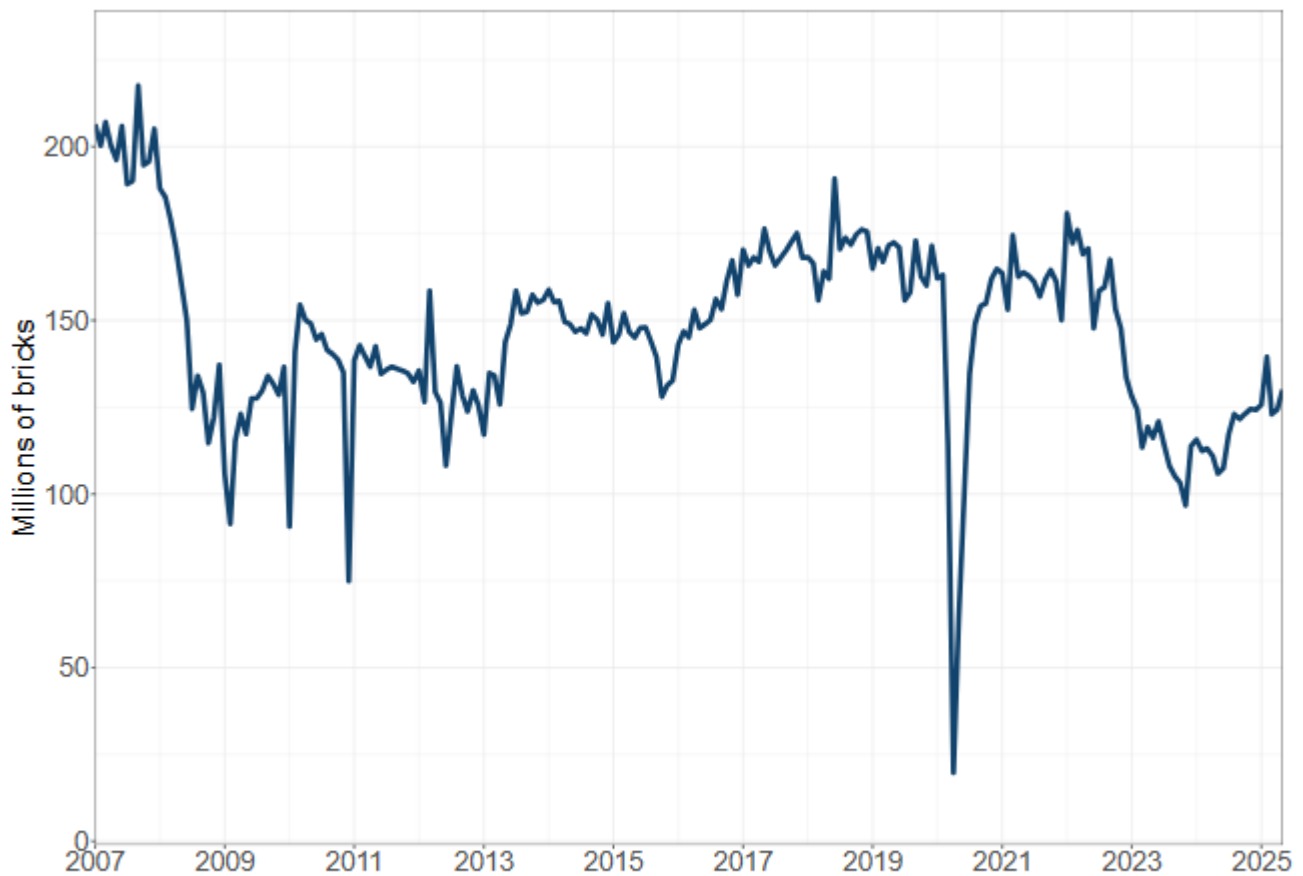
**S&P Global CIPS** published their latest [construction purchasing managers index](#) for June 2025 on 4<sup>th</sup> July 2025.

### Main Points:

- Construction companies indicated a marginal reduction in business activity in June, with new orders and business optimism decreasing at an accelerated pace.
- The S&P Global UK Construction PMI posted at 48.8 in June, up from 47.9 in May. This represents a decrease in activity for the sixth month running, though the slowest rate of decline in this period of decline.
- This decline in construction output comes from the commercial category (45.1), subdued by current UK economic conditions and cutbacks to customers' investment spending, and the civil engineering category (44.2), which fell again for the sixth month in a row.
- Housebuilding was the only category to show overall growth at 50.7, the first time this sector has grown in 2025. Some firms have commented on an increase in new projects and sales pipelines for this category.
- New orders have decreased for the sixth month running in June, at an accelerated rate since May. Respondents have commented on fewer tender opportunities and competition for new work, reflecting weak demand conditions and increased client risk aversion.
- Employment numbers saw a decrease again in June, continuing a six month downturn. This was again linked to lower demand and efforts to reduce overhead costs.
- Demand for construction product purchasing has decreased again in June. This has been declining consistently since December 2024, albeit the most recent decrease was the softest for five months. Supplier performance has improved to the greatest extent since June 2024, despite reports of international shipping delays.
- Purchasing costs increased sharply in June. However, the overall rate of costs inflation softened for the third month in a row and is now lowest since January.
- Business expectations deteriorated since June, with 345 of survey panel anticipating an improvement in output and 18% expecting a decline. This indicates the lowest degree of business optimism since December 2022. Subdued sales enquiries and worries about the UK economic outlook have weighed on business confidence.

## Building Materials and Components

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



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

The latest [Monthly Statistics of Building Materials and Components](#) were published on 2 July 2025.

Headline findings:

- Deliveries of bricks increased by 22.9% in May 2025 compared with May 2024
- Deliveries of blocks decreased by 0.3% in May 2025 compared with May 2024
- Due to the [Office for National Statistics pausing the publication of producer price indices](#) (PPIs), publication of construction material price indices also had to be paused, leading to no new data for May 2025.

## 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 July 2025, summarising information on the overall UK business population. The survey was live from 16 to 29 June 2025.

### Key Points:

- In late June 2025, more than a third (37%) of businesses with 10 or more employees reported they had some form of concern about their supply chains over the next 12 months, up 5 percentage points from late March; the most reported concern was international conflict at 19%, up 6 percentage points over the same period.
- 60% of businesses reported in late June 2025 that they were not concerned about the impact climate change may have on their business; this is up 3 percentage points from late March and the largest proportion reported since the question was introduced in late September 2022 (46%).
- Approximately one in five (21%) businesses reported that they are currently using some form of artificial intelligence (AI) technology in late June 2025, up 11 percentage points since the question was first introduced in late September 2023; for businesses with 250 employees or more, the proportion was higher at 36%.
- When asked in late June 2025, around one in seven (14%) businesses reported they were planning to adopt some form of AI technology within the next three months; up 2 percentage points from late March and the largest proportion reported since the question was introduced in late September 2023.
- Approximately one in six (16%) trading businesses reported they had no cash reserves in late June 2025, although broadly stable with late March, it is the largest proportion recorded since this question was introduced in late June 2020; in contrast, 26% reported they expect their cash reserves to last more than six months, also broadly stable with late March.
- In late June 2025, 12% of businesses with 10 or more employees reported that they were affected by the United States tariffs in the previous month, broadly stable compared with late May; the most reported impact was businesses experiencing additional costs, at 6%.

## 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 [Spring construction industry forecast](#) on 25 April 2025.

Key points:

- The CPA forecasts construction output to grow by 1.9% in 2025 and 3.7% in 2026.
- Private new housing is expected to grow by 4.0% in 2025 and 7.0% 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 June 2025.

- The mean GDP forecast for 2025 is 1.0%, up from 0.8% in previous month's forecast.
- The mean GDP forecast for 2026 is 1.0%, showing no change from the previous month's forecast.

The **OECD** published their latest [Economic Outlook](#) in June 2025:

- UK GDP is projected to grow by 1.3% in 2025, down from 1.4% in the previous forecast in March, and to grow by 1.0% in 2026.
- Global GDP growth is projected to increase by 2.9%, down from 3.1% from the previous forecast in March, and 2.9% in 2026.

## 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 June 2025, covering intelligence gathered in the 6 weeks to mid-May 2025.

Key points:

- Construction output remains modestly down on the same period last year, with uncertainty weighing more on expectations. Any meaningful pickup is now expected in 2026.
- New private commercial development is slowing on last year due to increased uncertainty.
- Industrial development continues for projects such as data centres, renewable energy and waste-to-energy schemes.
- The infrastructure sector remains subdued, but water and defence projects are a source of growth.
- Despite uncertainty, private house building is gradually improving and marginally ahead of last year.
- Public residential activity remains focused on repair and maintenance.
- Public residential activity remains positive. Contacts continue to cite planning, utility connections and relative costs as constraints on future growth.

## Builders Merchant Building Index

The [Builders Merchant Building Index](#) for April 2025 was published by the **Builders Merchants Federation, GfK** and **MRA Research** on 26 June 2025.

*April 2025 vs April 2024*

- Total Builders Merchants value sales were up 3.0% in April 2025 compared with the same month last year. Volume sales were up 3.4% and prices were down 0.3%. With one trading day fewer this month, like-for-like value sales were up 8.2%.
- Four categories performed better than Total Merchants, with Landscaping (+19%, like-for-like) performing by far the strongest. Plumbing, Heating & Electrical (+0.9), Decorating (+1.6%) and Kitchens and Bathrooms (+2.1) had the weakest performance.

*April 2025 vs March 2025*

- Total Builders Merchants value sales were up 0.9% in April 2025 compared to March 2025. Volume sales were flat (-0.2%) and prices were up 1.0%. With one fewer trading day this month, like-for-like value sales were up 5.9%.
- Two categories performed better than Total Merchants, with Landscaping (+21.4%, like-for-like) showing by far the highest increase. Plumbing, Heating & Electrical (-5.5%) and Renewables & Water Saving (-0.3%) were the two categories to show a like-for-like decrease in value sales.
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Expected dates for future construction output releases	
<i>Release for:</i>	<i>Publication date:</i>
June 2025	14 August 2025
July 2025	12 September 2025
August 2025	16 October 2025

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