Monthly Construction Update

Microdata, Business Surveys and Corporate Stats Team

16 July 2026

Department for Business & Trade

Construction output shrunk by 0.8% in May 2026

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

Main points:

- Total construction output is estimated to have grown by 1.6% in the three months to May 2026; this is the third consecutive increase in the three-monthly series.
- Over the three-month period, both new work and repair and maintenance grew by 1.1% and 2.1%, respectively.
- At the sector level, seven out of the nine sectors grew in the three months to May 2026; the main positive contributor to the increase was non-housing repair and maintenance, which grew by 3.0%.
- Monthly construction output is estimated to have fallen by 0.8% in May 2026; this follows a decrease of 0.1% (revised from an increase of 0.1%) in April 2026, and an increase of 1.4% in March 2026.
- The decrease in monthly output in May 2026 came solely from a decrease in repair and maintenance, which fell by 2.1%, while new work grew by 0.2%; the main contributor to the monthly decrease in repair and maintenance was private housing repair and maintenance, which fell by 5.0%.

Gross Domestic Product grew by 0.1% in May 2026

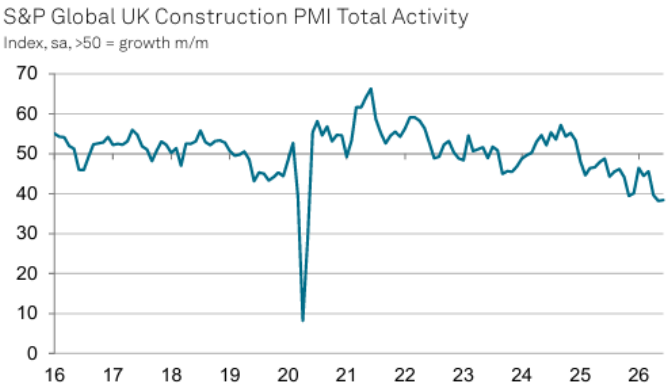
The **Office for National Statistics** published estimates of GDP (Gross Domestic Product) for May 2026 this morning.

Main points:

- Real gross domestic product (GDP) grew by 0.7%, following a growth of 0.8% in the three months to April 2026 (revised up from a growth of 0.7% in our previous publication) and an unrevised growth of 0.6% in the three months to March 2026.
- Services output grew by 0.7%, after growing by 0.9% in the three months to April 2026 (revised up from a growth of 0.8% in our previous publication).
- Monthly GDP grew by 0.1%, following an unrevised fall of 0.1% in April 2026 and an unrevised growth of 0.3% in March 2026.
- The growth in May was because of a rise of 0.3% in services and was partially offset by falls of 0.5% in production, and 0.8% in construction.

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

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



Data were collected 11-29 June 2026.
Source: S&P Global PMI. ©2026 S&P Global.

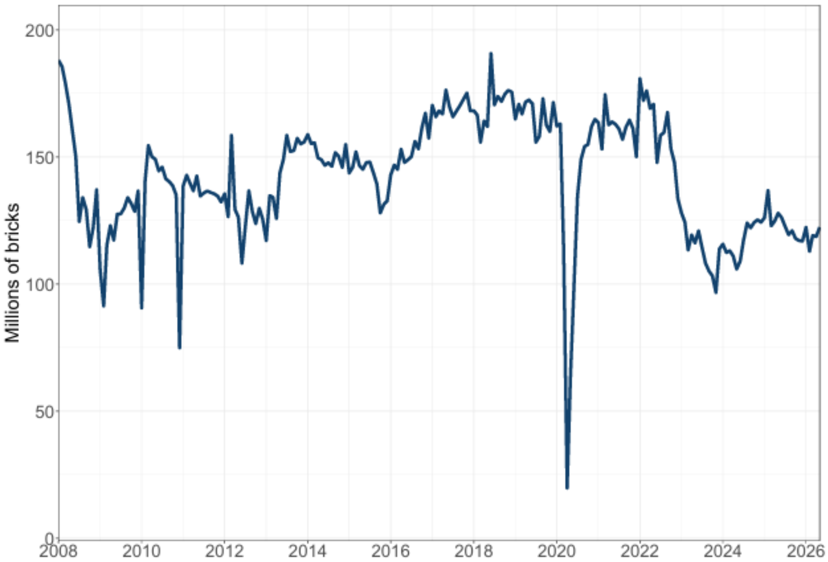
S&P Global CIPS published their latest construction purchasing managers index for June 2026 on 6 July 2026.

Main Points:

- The S&P Global UK Construction PMI registered at 38.4 in June, up slightly from May's six-year low of 38.2. Construction output has decreased in each month since January 2025 and the latest fall was the second fastest since the start of the pandemic.
- **Commercial construction** was the best-performing category and showed some resilience in June (index at 41.5). It was also the only segment to record a slower downturn in activity than in the previous month.
- **House building** activity (index at 35.9) decreased at the sharpest pace in 2026 to date.
- Meanwhile, **civil engineering** activity fell to the greatest extent since April 2020 (index at 22.1).
- Lower levels of **construction activity** were attributed to a mixture of subdued housing market conditions, higher borrowing costs, elevated business uncertainty, and delayed project starts.
- **Total new work** in June signalled another sharp fall although the speed of the downturn was the slowest since March. Anecdotal evidence cited factors such as fewer new build house sales, weak business investment spending, and intense competition for new orders. Some firms commented on improved opportunities to tender for defence and energy sector projects.
- Cutbacks to **employment numbers** continued across the construction sector in June. This marked 18 months of sustained job shedding. Subcontractor usage fell sharply. This contributed to the fastest improvement in subcontractor availability since April 2025.
- **Demand for construction products and materials** softened again in June, which helped to alleviate pressures on supply chains. Measured overall, supplier performance deteriorated to the least marked extent since March.
- Twice as many construction companies (38%) expect an increase in **business activity** over the year ahead as those that predict a decline (19%). This pointed to a marked rebound in business optimism from the six-month low seen in May.

Building Materials and Components

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

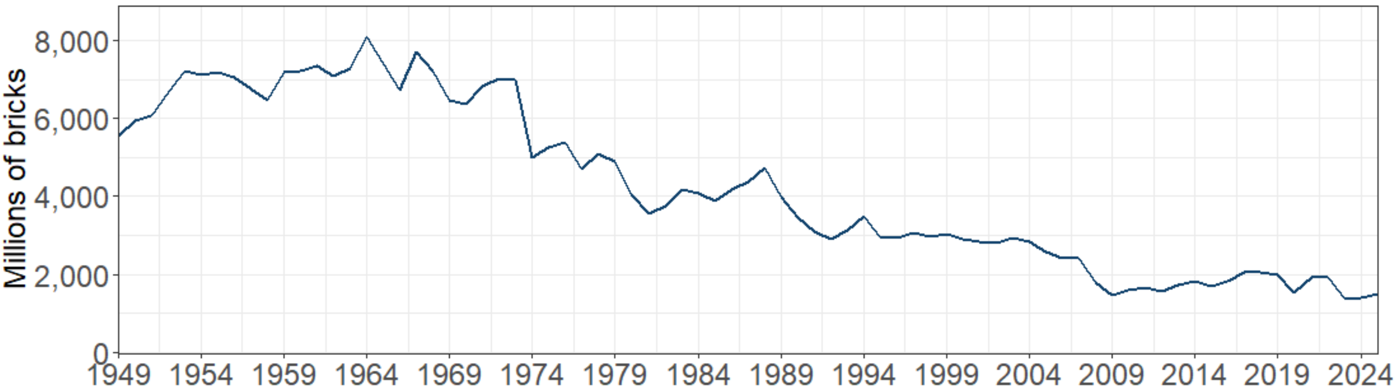


Source: monthly statistics of building materials and components, table 9

The latest [Monthly Statistics of Building Materials and Components]() were published on 1 July 2026. Headline findings:

- Deliveries of bricks decreased by 4.4% in May 2026 compared with May 2025.
- Deliveries of blocks decreased by 9.1% in May 2026 compared with May 2025.
- The material price index for 'All Work' increased by 5.4% in May 2026 compared with May 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 2 July 2026, summarising information on the overall UK business population. The survey was live from 15 to 28 June 2026.

Key Points:

- In June 2026, 31% of businesses with 10 or more employees reported concern about international conflict impacting supply chains over the next year, a continued fall from the recent peak this April (38%), but up 11 percentage points compared with June 2025; similarly, 22% were concerned about shipping disruption, down from April (25%), but up 10 percentage points compared with June 2025.
- Almost two-thirds (64%) of businesses reported some degree of concern about energy prices in late June 2026, broadly stable with early June; the accommodation and food service activities industry had the highest proportion of businesses expressing concern (88%), up 4 percentage points from late May 2026.
- Around two-thirds (68%) of businesses expressed some degree of concern about fuel prices in late June 2026, down 2 percentage points compared with early June; the transportation and storage industry reported the highest proportion of concern (86%).
- Nearly three in ten (29%) businesses reported using at least one type of artificial intelligence (AI) technology in June 2026, up 8 percentage points compared with June 2025, and continuing the upward trend over the last 3 years; for businesses with 250 or more employees, the proportion was higher at 49%, up 13 percentage points from a year ago.
- In June 2026, the AI technology that businesses had adopted the most was text generation using large language models (17%), followed by visual content creation (14%); these proportions are up 12 and 11 percentage points, respectively, since the question was introduced in September 2023.
- 32% of businesses reported some degree of concern over the impact climate change may have on their business, up 5 percentage points from March 2026.

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 Spring construction industry forecast on 5 May 2026.

Key points:

- The CPA forecasts construction output to contract by 2.5% in 2026.
- Private new housing is expected to shrink by 7.0% 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 June 2026.

- The mean GDP forecast for 2026 is 0.9%, up from 0.7% in the previous month's forecast.
- The mean GDP forecast for 2027 is 1.0%, down from 1.1% in the previous month's forecast.

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

- UK GDP is projected to grow by 0.7% in 2026, then 1.3% in 2027.
- Global GDP growth is projected to increase by 2.9% in 2026 and 3.0% 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 24 April 2026, covering intelligence gathered in the 6 weeks to mid-April 2026.

Main points:

- Construction output continues to fall on an annual basis, reflecting temporary effects from exceptionally wet weather in January and February.
- Residential construction is being reduced due to weak demand and elevated costs.
- Public sector spending on infrastructure is flat and lower than expected, and commercial work remains weak.
- Residential repairs and maintenance are showing modest growth.

- Confidence overall has dipped further, with contacts fearing the conflict in the Middle East will lead to higher interest rates and reduce demand.

Builders Merchant Building Index

The Builders Merchant Building Index for April 2026 was published by the **Builders Merchants Federation**, **GfK** and **MRA Research** on 30 June 2026.

April 2026 vs April 2025

- Total Builders Merchants value sales were 0.6% lower in April 2026 compared to last year. Volume sales were down 3.5% but prices were up 3.0%.
- Services was the strongest performing category in terms of values (+7.0%, prices up 2.3%) while Renewables & Water Saving were the weakest performing category (value sales down 6.6%).

April 2026 vs March 2026

- Total Builders Merchants value sales were 0.7% lower in April 2026 compared to March 2026. Volume sales were up 9.9% but prices were down 0.6%. With two more trading days this month, like-for-like value sales were up 9.2%.
- Landscaping was the strongest performing category (+27.8% value sales).

Expected dates for future construction output releases	
Release for:	*Publication date:*
June 2026	13 August 2026
July 2026	11 September 2026
August 2026	15 October 2026

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