

Friday 19 April 2013

Construction Decline In 2013 But Growth In 2014

Construction output is set to fall by more than 2% this year following an 8% contraction in 2012, according to the latest forecasts published today by the Construction Products Association. A recovery is anticipated in the medium-term with growth of 1.9% in 2014 and 3.8% in 2015.

Noble Francis, Economics Director of the Construction Products Association, commented: 'The industry lost £9 billion of activity last year and these latest forecasts anticipate a further £2 billion loss in 2013. This fall is primarily due to the lack of private sector investment and the continuing bite of public sector spending cuts. Conditions were exacerbated by poor weather during the first quarter.

'Of most concern is the fall in output in private commercial, the largest construction sector, which fell 10% last year and is estimated to fall a further 7% in 2013.

'Despite this, we are already encouraged by signs of improved market activity, primarily driven by private housing and infrastructure. We anticipate that government policies such as Help to Buy will boost private housing, which is expected to rise 19% in just two years. Infrastructure activity is set for 7% growth in 2013, boosted primarily by rail construction such as Crossrail, Europe's largest project, and station refurbishments around the country.

'Overall, 2013 is anticipated to be extremely challenging. From 2014 prospects are brighter for the industry, but the key risk is the extent to which government announcements feed through to activity on the ground.'

Key points in the Forecasts include:

- Construction output to fall 2.1% in 2013
- Private house starts to rise 19% in two years
- Public education and health construction both set to fall 15% this year
- Private commercial, the largest sector, to fall 7% this year
- Rail infrastructure to grow 14% in 2013
- Energy infrastructure to grow 15% per year from 2015

ENDS

NOTE TO EDITORS:

The Construction Products Association represents the UK's manufacturers and suppliers of construction products, components and fittings. The Association acts as the voice of the construction products sector, representing the industry-wide view of its members. The sector has an annual turnover of £40 billion and accounts for over 30% of total construction output.

FOR FURTHER INFORMATION CONTACT:

Noble Francis Economics Director
Construction Products Association
Tel : 020 7323 3770
Fax : 020 7323 0307
Mobile : 0791 261 2882
E-mail : noble.francis@constructionproducts.org.uk

Jeff May Marketing and Communications Manager
Construction Products Association
Tel : 020 7323 3770
Fax : 020 7323 0307
Mobile : 0790 447 6166
E-mail : jeff.may@constructionproducts.org.uk

Follow the Construction Products Association on Twitter: https://twitter.com/CPA_Tweets