CPA – Measuring UK Construction Activity

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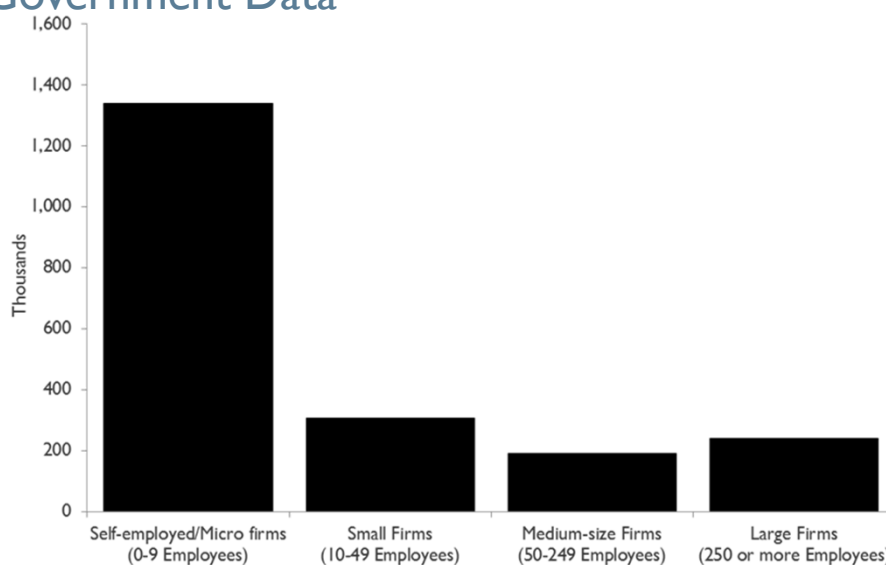cpa | construction products association

UK Construction Activity

- Construction is a complex process compared with most sectors

- Primarily a bespoke product

- Convoluted supply chain

- JVs/teams often brought together for only one project

- Not one industry; we forecast 30 different sectors

- Firms working across sectors & even industries

- There's no panacea, no perfect dataset

Industry Trade Surveys

- Trade associations or economic research consultancies provide monthly or quarterly trade surveys but mainly…

- Cover one part of the supply chain

- Small sample surveys

- Measure change rather than size and structure of the firms

- Measure only a 'net balance of firms'

Government Data

Source: Table 5, UK Sections, Business Population Estimates 2018, Department for Business, Energy and Industrial Strategy (BEIS)
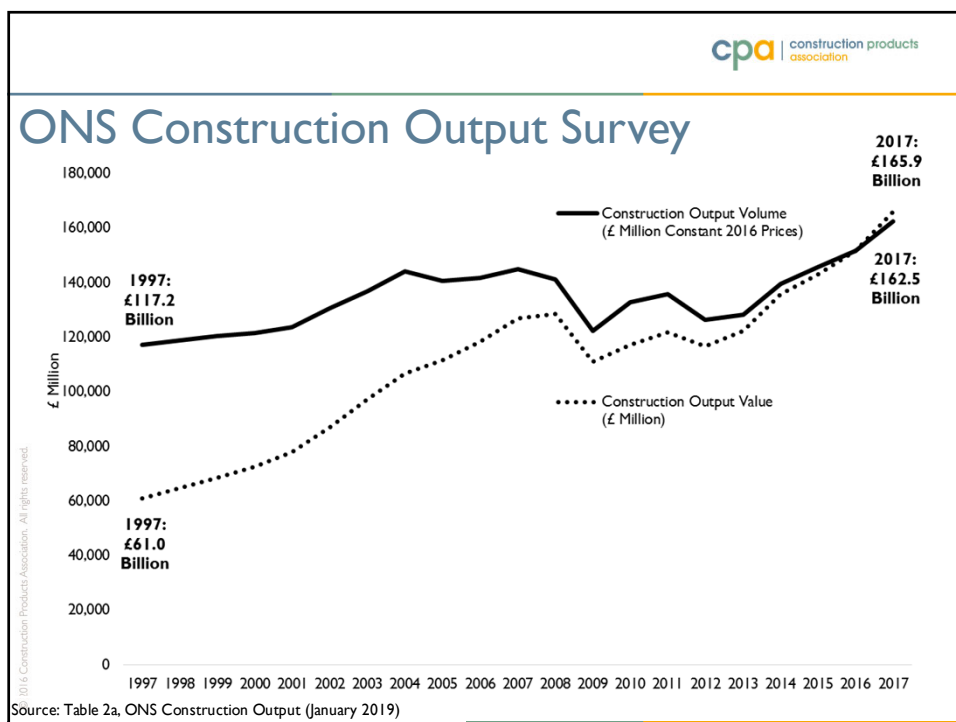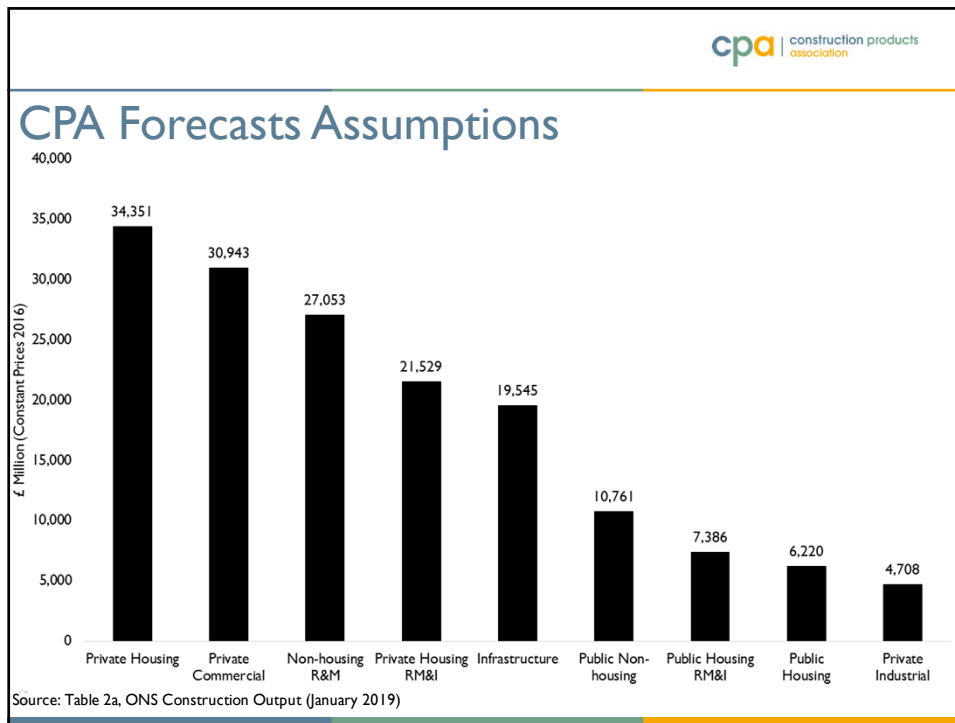
ONS – Annual Business Survey

- Turnover leads to double-counting when considering the supply chain

- Contractors (Large & SMEs) account for most of the firms & GVA

- Product manufacturing is highly capital intensive – e.g. bricks

	Gross Value Added	Employment	Number of Firms	Capex	Turnover
	£ Million			£ Million	£ Million
Construction products manufacturing	21,501	337,300	23,818	2,084	60,159
Building contractors	87,854	1,423,000	292,447	6,349	239,825
Materials and products distribution	9,383	190,000	10,221	688	48,248
Construction plant hire	4,213	42,000	4,187	1,005	6,324
Building professional services	8,586	98,000	22,911	603	10,609
Total Construction	131,537	2,090,300	353,584	10,729	365,165

Source: Tables B, C, F, G UK Annual Business Survey 2017, Office for National Statistics (2018)

ONS Construction Output Survey

Source: Table 2a, ONS Construction Output (January 2019)

CPA Forecasts Assumptions

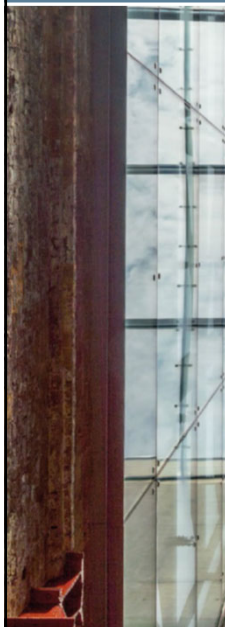Source: Table 2a, ONS Construction Output (January 2019)

Concluding Remarks

- Construction is one of the least understood industries by government, media & the wider public

- It accounts for only 6% of GVA in the UK (only contracting) according to media & various government construction strategies

- Construction is an enabling industry, analogous to banking

- ONS construction output data series are imperfect but absolutely vital for forecasting

- Need to understand the issues around the data otherwise it is easy to end up with spurious results

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For Questions please contact:

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