

“one **industry**
one **voice**”

Builders Merchant Building Index



Monthly Report for August 2016

Building the Industry & Building Brands from Knowledge



Introduction

John Newcomb, Managing Director BMF



This Builders Merchant Building Index (BMBI) report contains data from GfK's ground-breaking Builders Merchants Panel, which analyses data from over 80% of generalist builders' merchants' sales throughout Great Britain.

Trend data in the BMBI is indexed on the 12 month period July 2014 to June 2015. The monthly series tracks what is happening in the market month by month and includes an in-depth review every quarter. This trend series gives our industry access to far more accurate and comprehensive data than that available to other construction sectors.

Data from GfK's Builders Merchants Panel is setting a new standard to give us a reliable market picture. Unlike data from sources based on estimates, or sales from suppliers into the supply chain, this up-to-date data is based on actual sales out from merchants to builders and other trades.

Measuring the level of RMI work in the economy is hugely important to everyone including Government. Yet until now there has not been any decent measure of RMI, or even an approximation of it. The Builders Merchants Panel provides a reliable measure on a national scale.

We recognise the importance of sharing this data. In this spirit, MRA Marketing produces the Builders Merchant Building Index to communicate to the wider market as the voice of the industry as well as the voice of individual Expert Brands. We now have nine Expert Brands: Crystal Direct, Keylite Roof Windows, Timbmet, Alumasc Water Management Solutions, Hanson Cement, IKO PLC, Keystone Lintels, Knauf Insulation and Encon Insulation providing valuable commentary on market trends and influences.

GfK insights go deeper than the category sectors contained in this document. They can trace product group performance and track features that are relevant to you. GfK can also produce robust like-for-like market comparability tailored to the requirements of an individual business. As more merchants join in to submit their monthly sales-out data the quality of this information can only become more extensive and rigorous. Merchants or Suppliers who are interested in getting involved should contact Ricky Coombes at Ricky.Coombes@gfk.com

The BMBI website enables you to compare Landscaping with Heavy Building Materials, or Kitchens with Timber on our interactive charts. Download the latest report, read the news or search through comments or blogs at www.bmbi.co.uk. Follow us and the Experts [@theBMBI](https://twitter.com/theBMBI).

Monthly: Index and Categories

July 2015 – August 2016 (Indexed on monthly average, July 2014 – June 2015)

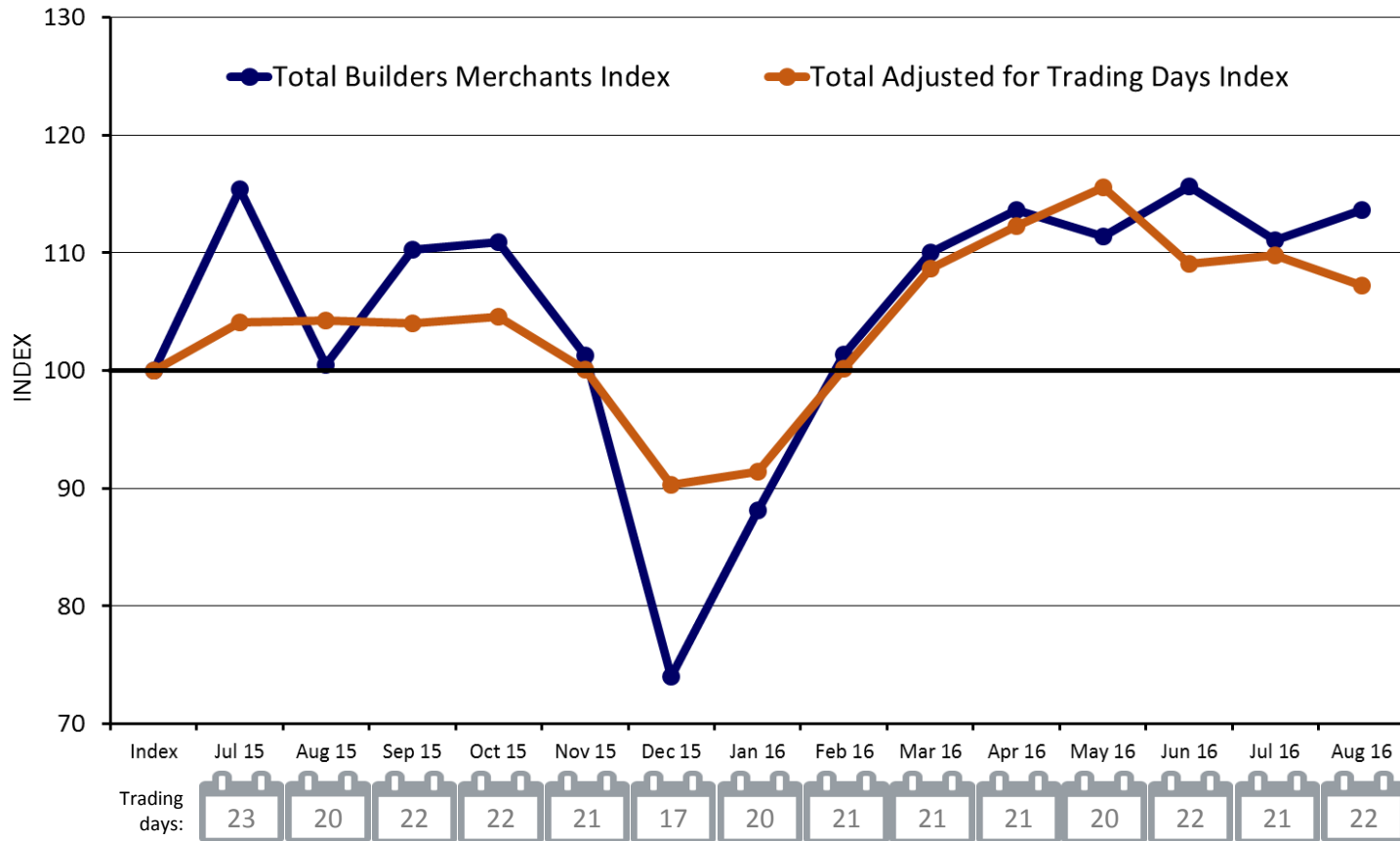
VALUE EX VAT £	Index	Jul 15	Aug 15	Sep 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16	Jul 16	Aug 16
Total Builders Merchants	100	115.4	100.5	110.3	110.9	101.3	74.0	88.2	101.3	110.0	113.6	111.4	115.7	111.1	113.7
Timber, Sheet & Joinery Products	100	113.8	100.4	110.6	112.1	102.9	74.7	91.3	101.6	107.1	108.9	106.0	112.1	107.8	112.2
Heavy Building Materials	100	115.6	100.3	110.8	111.1	100.2	72.2	87.1	100.8	110.1	114.3	111.7	116.2	111.9	114.4
Decorating & Renovation	100	114.8	104.6	111.9	112.7	103.2	78.4	90.9	101.3	106.6	107.5	105.4	108.1	107.8	112.5
Tools	100	107.9	94.4	105.1	105.7	103.7	75.9	89.6	99.7	104.1	106.9	99.8	104.0	101.5	102.4
Workwear & Safetywear	100	105.9	98.0	120.1	119.4	119.6	75.7	112.6	106.5	105.5	96.3	96.5	107.6	98.5	98.6
Ironmongery	100	114.1	101.5	111.7	112.3	108.1	84.3	100.5	108.9	113.0	112.8	110.9	112.8	111.0	115.8
Landscaping	100	132.4	108.4	107.0	101.7	83.2	59.0	65.2	88.9	115.7	137.7	144.2	144.7	132.0	129.2
Plumbing, Heating & Electrical	100	107.3	93.6	111.4	119.1	118.3	89.6	106.3	114.6	115.2	110.8	101.4	103.3	100.5	103.6
Renewables & Water Saving	100	75.7	67.7	104.0	99.6	95.9	76.0	78.1	71.8	72.5	67.1	64.8	75.5	63.7	63.1
Kitchens & Bathrooms	100	112.4	97.0	110.3	109.6	108.6	77.5	91.6	109.0	110.5	106.7	98.0	107.6	101.7	105.3
Miscellaneous	100	106.3	96.6	107.1	110.1	103.3	83.7	104.0	107.4	112.9	113.1	107.4	113.3	115.3	114.5
Services	100	112.7	102.5	108.4	111.4	102.4	83.1	86.2	102.3	114.6	111.3	116.7	116.1	115.5	115.2

Monthly Index

Adjusted for Trading Days



Total Builders Merchants Index v Total Adjusted for Trading Days Index

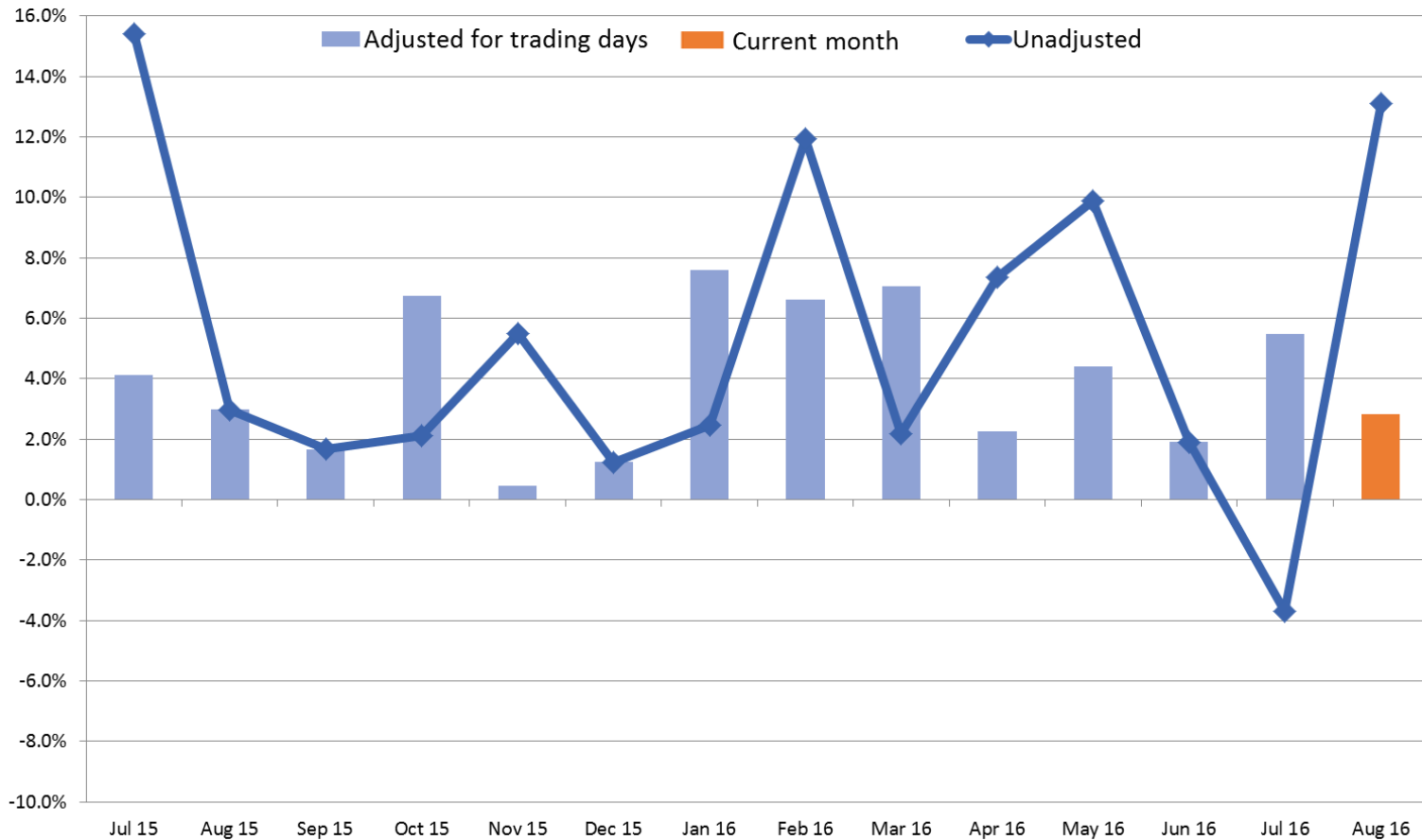


Monthly Sales

Adjusted and Unadjusted for Trading Days

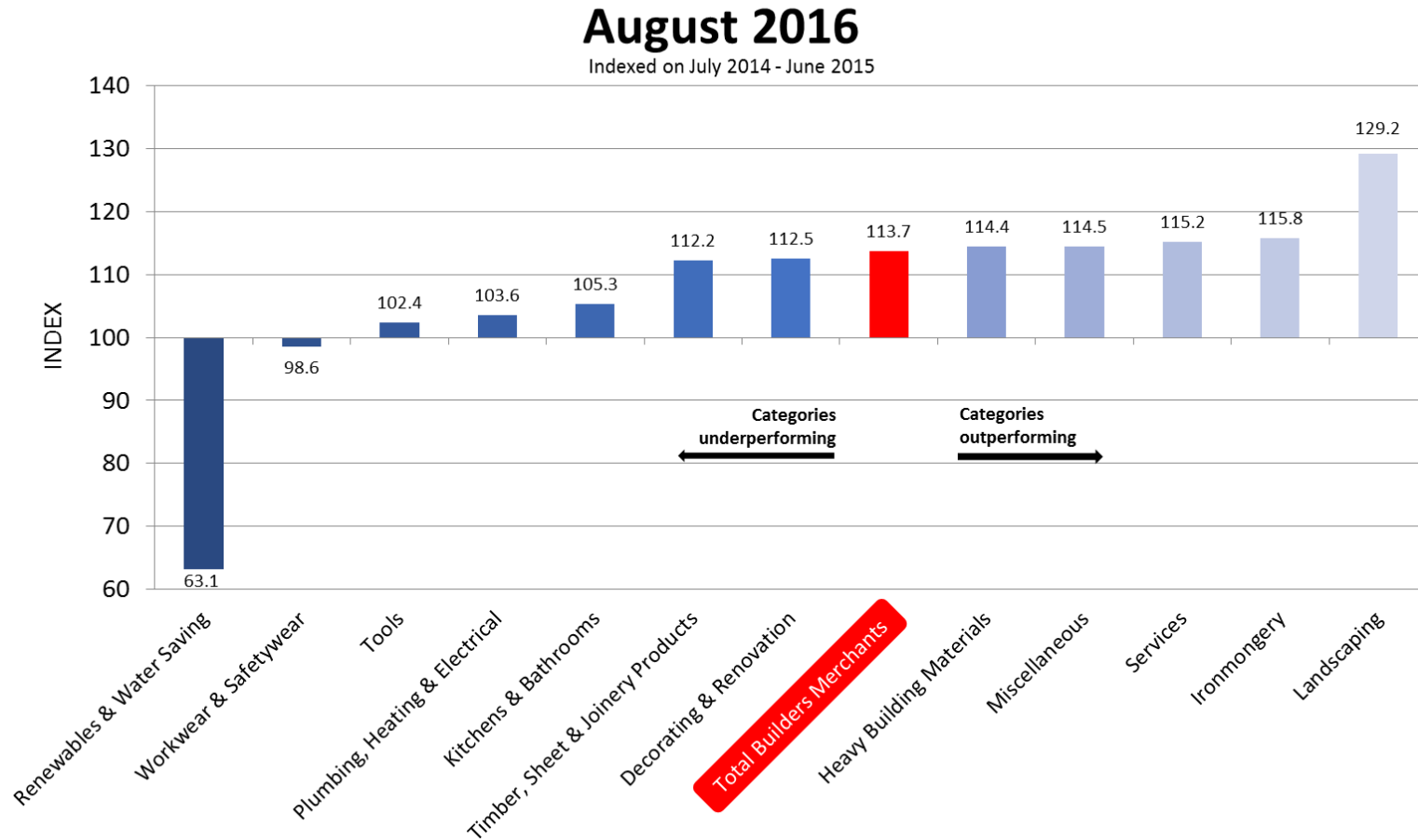


Year on Year



Monthly: Index and Categories

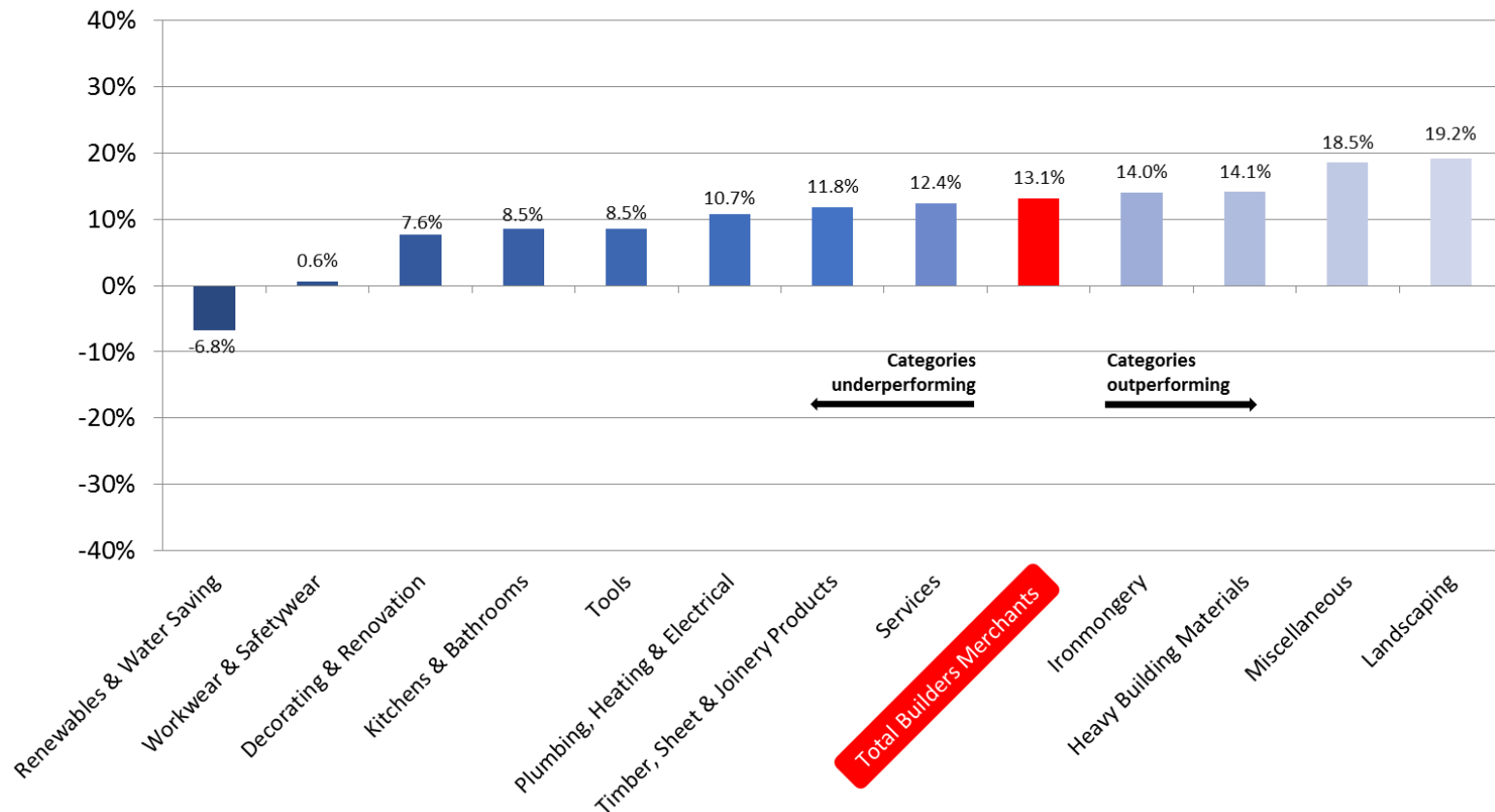
August 2016



Monthly: this year v last year

August 2016

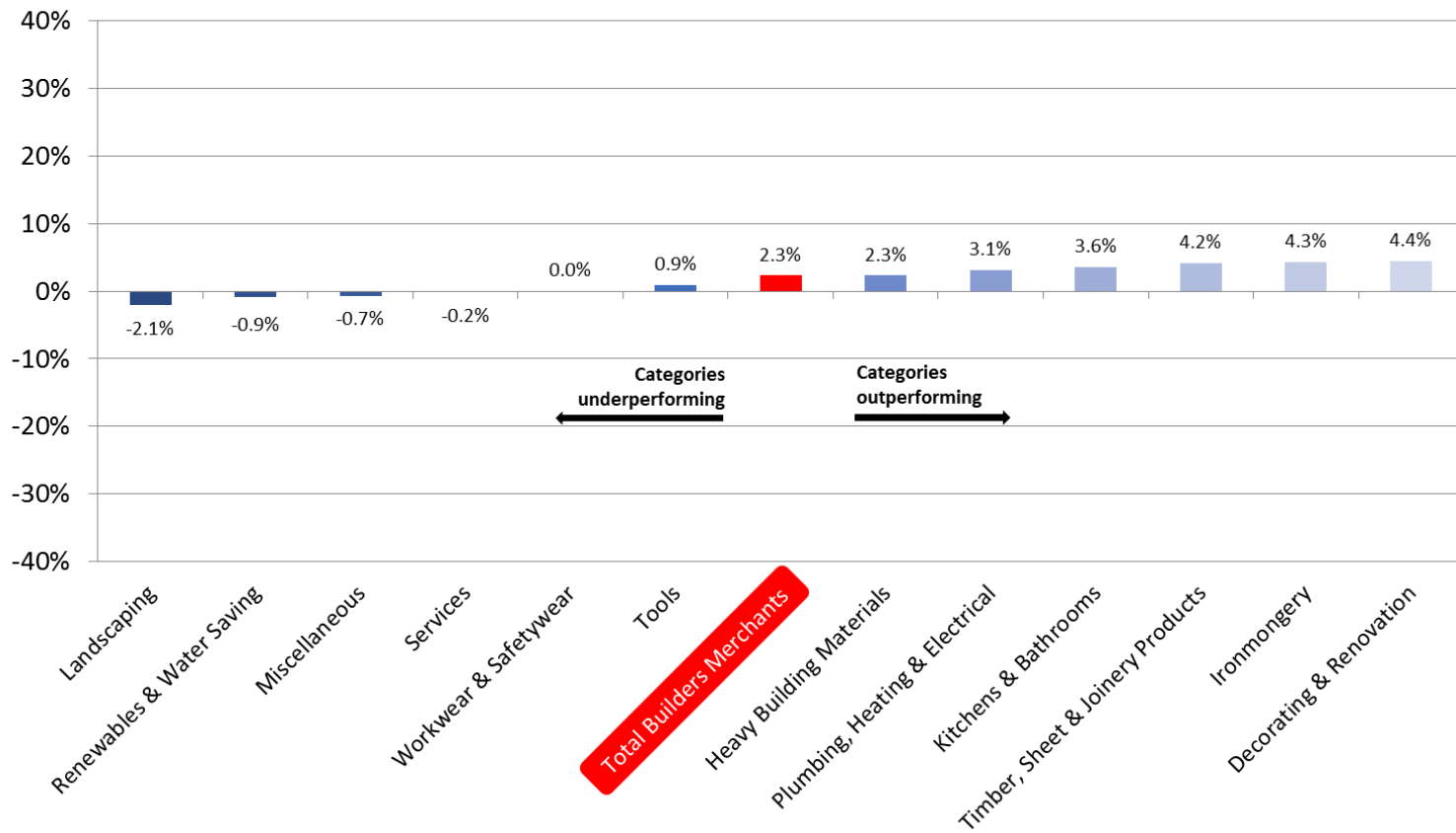
August 2016 v August 2015



Monthly: this month v last month

August 2016

August 2016 v July 2016



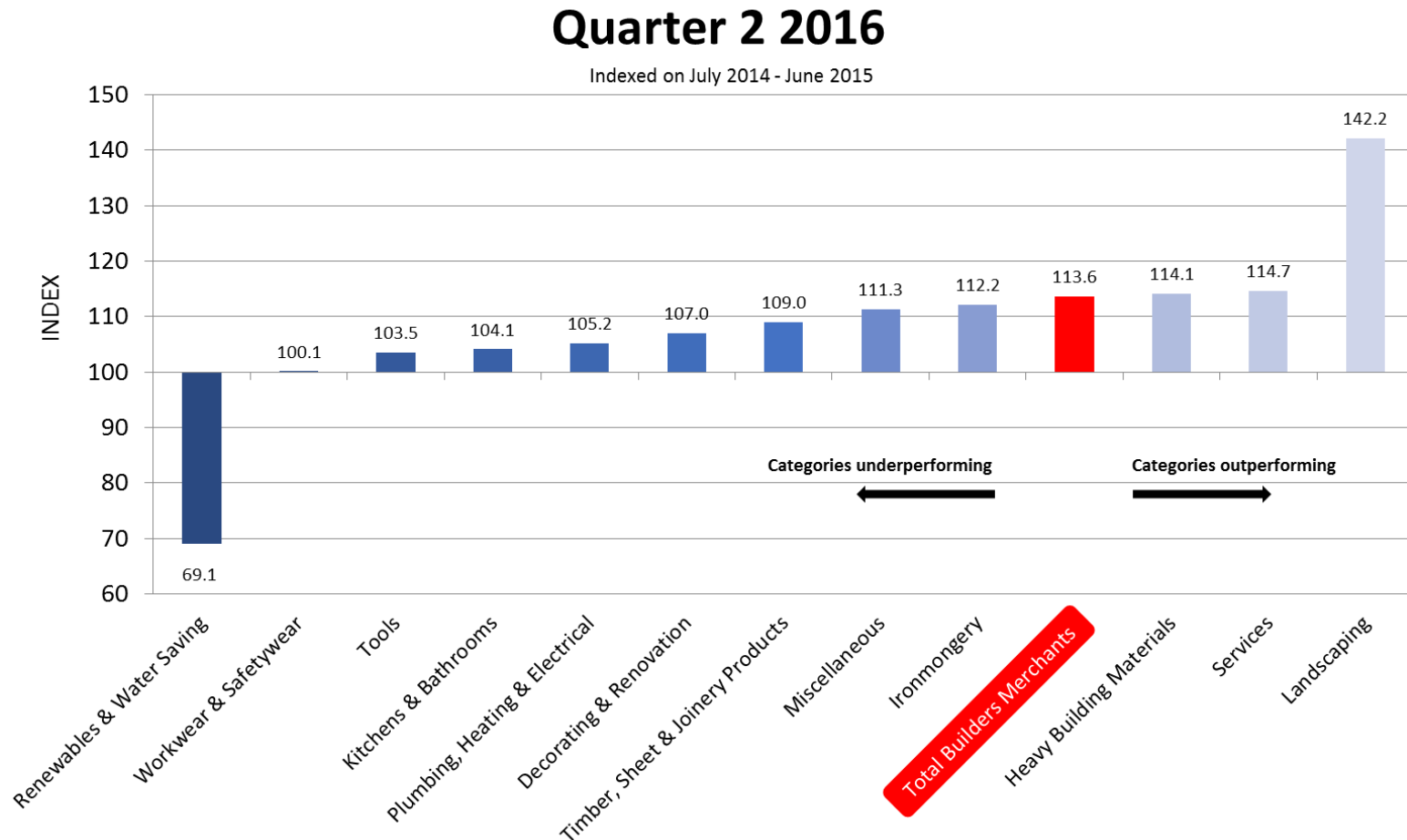
Quarterly: Index and Categories

Quarterly (Indexed on July 2014 to June 2015)

VALUE EX VAT £	Index	Q3, 2015	Q4, 2015	Q1, 2016	Q2, 2016
Total Builders Merchants	100	108.7	95.4	99.8	113.6
Timber, Sheet & Joinery Products	100	108.3	96.6	100.0	109.0
Heavy Building Materials	100	108.9	94.5	99.3	114.1
Decorating & Renovation	100	110.4	98.1	99.6	107.0
Tools	100	102.5	95.1	97.8	103.5
Workwear & Safetywear	100	108.0	104.9	108.2	100.1
Ironmongery	100	109.1	101.6	107.5	112.2
Landscaping	100	115.9	81.3	89.9	142.2
Plumbing, Heating & Electrical	100	104.1	109.0	112.0	105.2
Renewables & Water Saving	100	82.5	90.5	74.1	69.1
Kitchens & Bathrooms	100	106.6	98.5	103.7	104.1
Miscellaneous	100	103.4	99.0	108.1	111.3
Services	100	107.9	99.0	101.0	114.7

Quarterly: Index and Categories

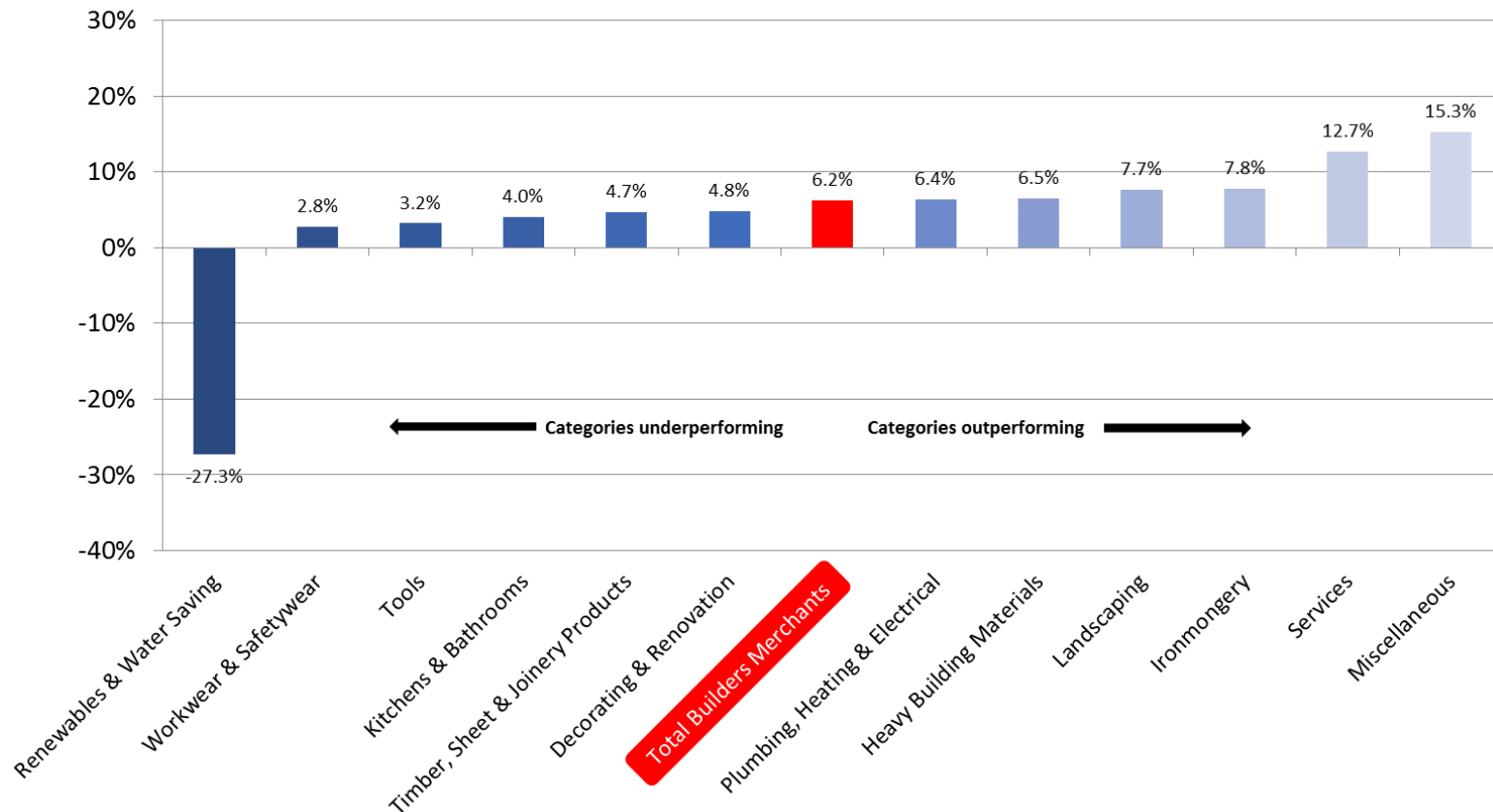
Q2, 2016



Quarterly: this year v last year

Q2, 2016

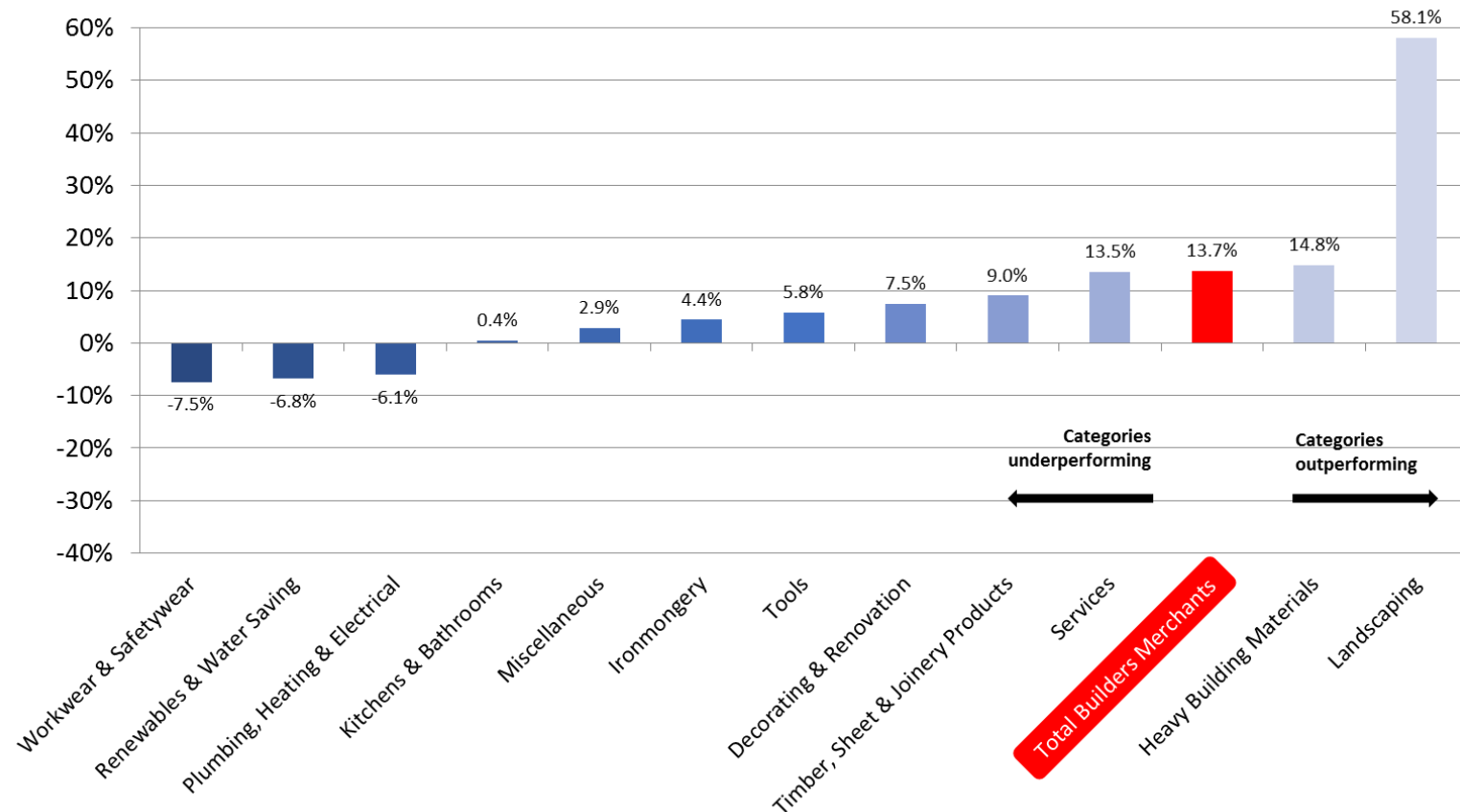
Quarter 2 2016 v Quarter 2 2015



Quarterly: quarter on quarter

Q2, 2016

Quarter 2 2016 v Quarter 1 2016



Overview

John Newcomb, Managing Director BMF



August builders' merchants' sales were positive, with little evidence of predicted post-Brexit blues.

Year on year

Total Builders Merchant August sales were 13.1% up on the same month in 2015, assisted by two additional trading days. Four categories did better, including Landscaping (+19.2%) and Heavy Building Materials, the largest category (+14.1%). Two categories achieved their highest sales in the last 12 months, Ironmongery (+14.0%) and Timber Sheet & Joinery Products, the second-largest category (+11.8%).

Without the two extra trading days, total sales per day in August were 2.8% up year on year.

Month on month

Compared with July, August was up 2.3% helped by one additional trading day. Six categories grew more strongly including Decorating & Renovation (+4.4%), Timber Sheet & Joinery Products (+4.3%) and Kitchens & Bathrooms (+3.6%). Four categories sold less, with Landscaping (-2.1%) **weakest**.

Landscaping's season normally dips sharply between July and August but this year demand only fell slightly. As a result it had the highest year-on-year increase but also the greatest month-on-month decrease of any category.

Rolling three months

Total sales in the three months June to August were 1.6% higher than in March to May, although taking the three additional trading days into account, average sales per day were 3.1% lower. Timber Sheet & Joinery Products was strongest (+3.1%) and Plumbing Heating & Electrical weakest (-6.1%).

Index

The Builders Merchant Building Index for August was 113.7 with one additional trading day. All but two categories were positive, with Landscaping (129.2) continuing its seasonal surge. Ironmongery (115.8) and Timber Sheet & Joinery Products (112.3) both saw their highest indices in the last 12 months. Renewables & Water Saving (63.1) had its lowest index.

Sterling has become more volatile, trading well down against the Dollar and Euro. This will impact on the cost of energy and imported goods in the coming months. It's not clear yet what the UK's European exit strategy will be, making it difficult to predict how our industry will be affected but it is looking ahead with confidence.

For greater detail and benchmarking your market contact Ricky Coombes at GfK.

The Expert Panel

Speaking for their markets



The Builders Merchant Building Index (BMBI) includes a growing panel of industry Experts. In each quarterly report they comment on the market, with a particular focus on the story behind the trends.

Experts are leading brands, or brands aspiring to become leaders, who are the voice of their markets.

To access the Q2 2016 report, which includes commentary from our experts, [click here](#)

Meet the Builders Merchant Building Index Experts:

Steve Halford, Managing Director, Crystal Direct is BMBI's Expert for PVCU Windows and Doors



Steve Durdant-Hollamby, Managing Director, AWMS is BMBI's Expert for Civils, Metal Rainwater & Drainage



Derrick McFarland, Managing Director, Keystone Group UK is BMBI's Expert for Lintels



John Duffin, Managing Director Keylite Roof Windows is BMBI's Expert for Roof Windows.



Keith Ellis, Commercial Director, Hanson Cement is BMBI's Expert for Cement and Aggregates



John Sinfield, Managing Director Knauf Insulation is BMBI's Expert for Mineral Wool Insulation



Nigel Cox, Managing Director Timbmet is BMBI's Expert for Timber & Panel Products



Andy Williamson, Group Managing Director IKO PLC is BMBI's Expert for Roofing Products



Mike Beard, Merchant Development Director Encon Insulation is BMBI's Expert for Insulation Products - Distribution.

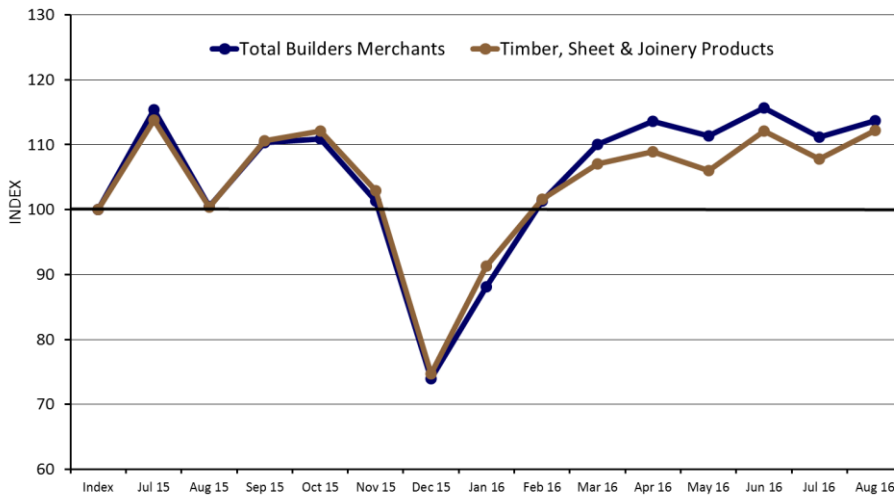


Monthly Report

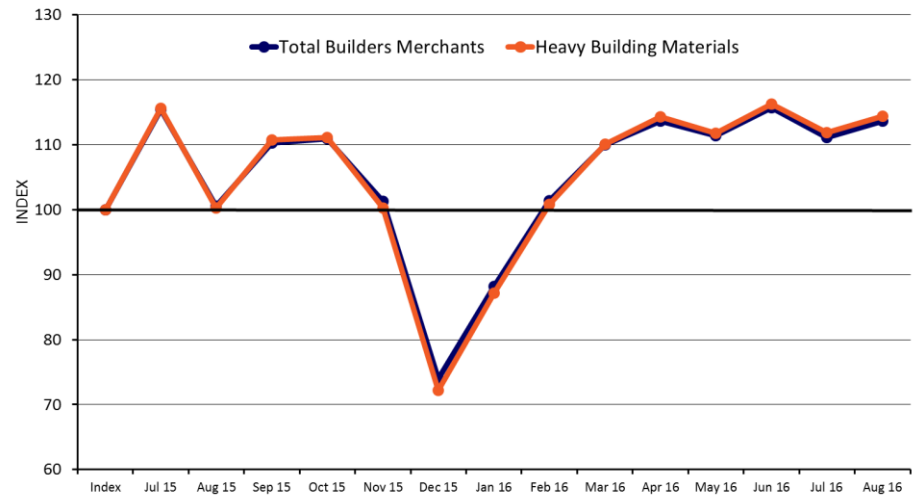
August 2016



Timber, Sheet & Joinery Products



Heavy Building Materials



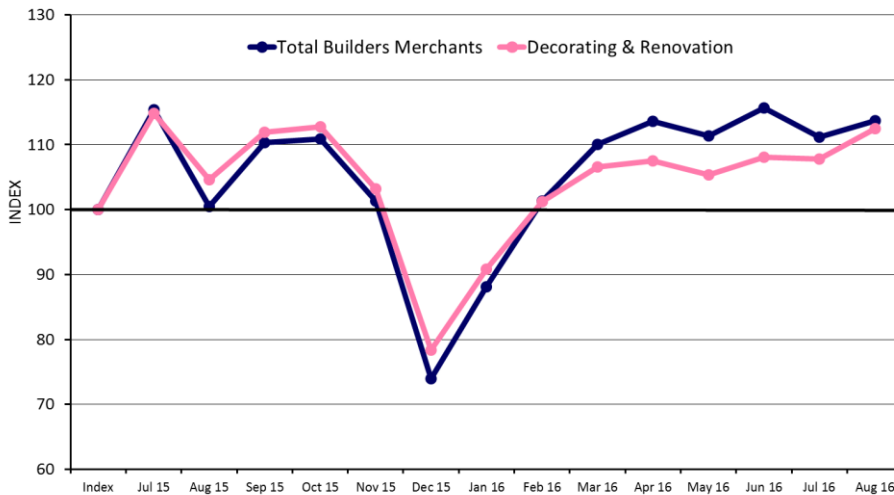
Charts indexed on July 2014 – June 2015

Monthly Report

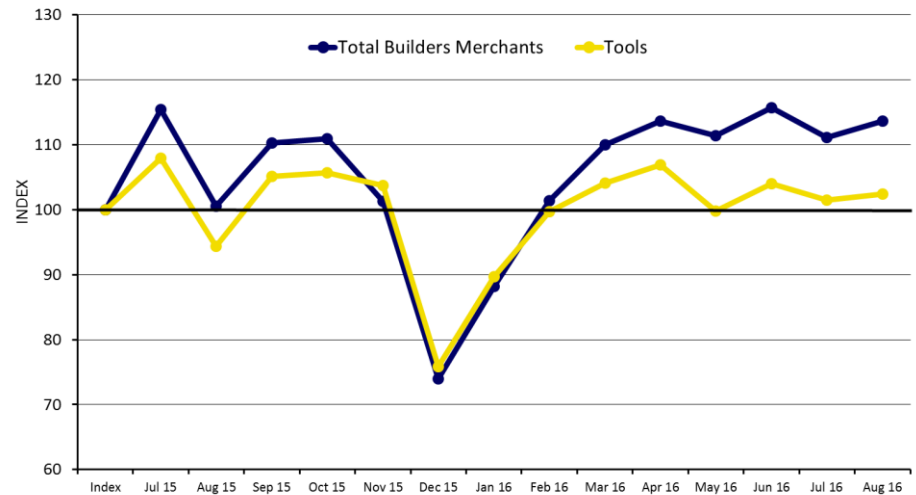
August 2016



Decorating & Renovation



Tools



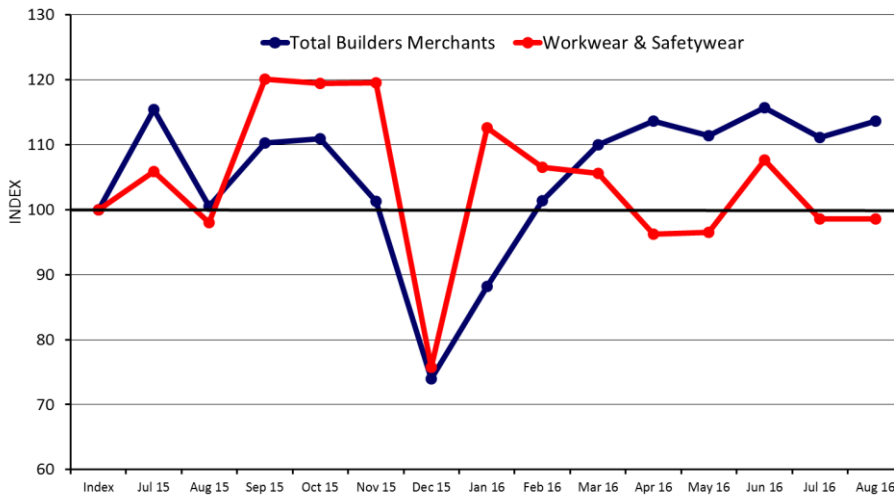
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Monthly Report

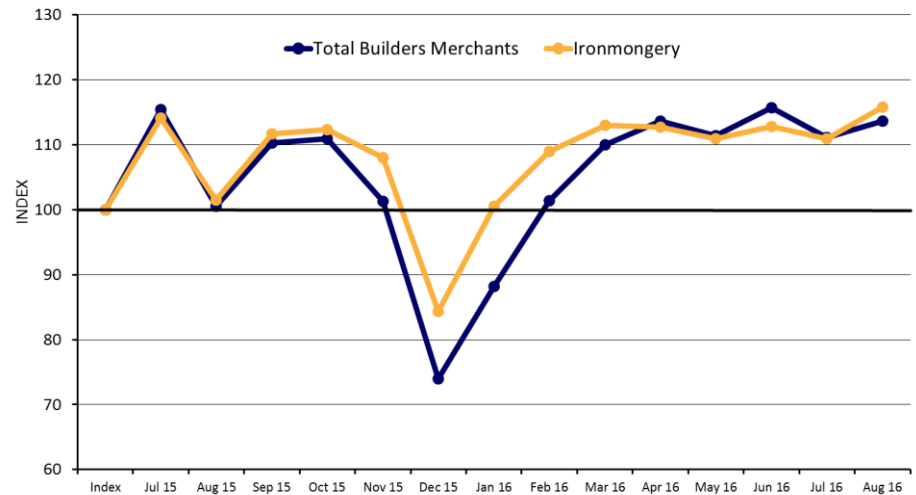
August 2016



Workwear & Safetywear



Ironmongery



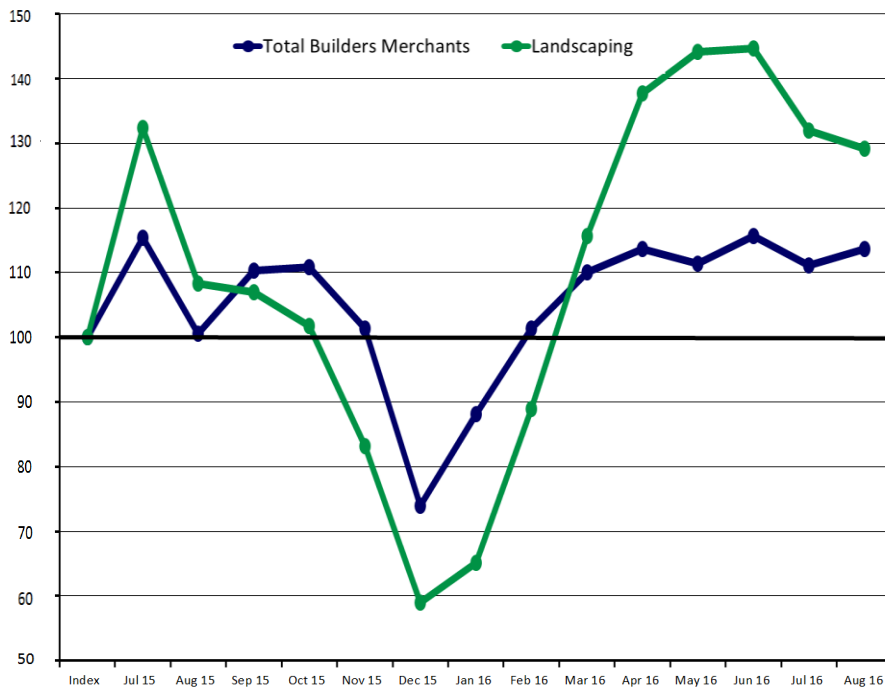
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Monthly Report

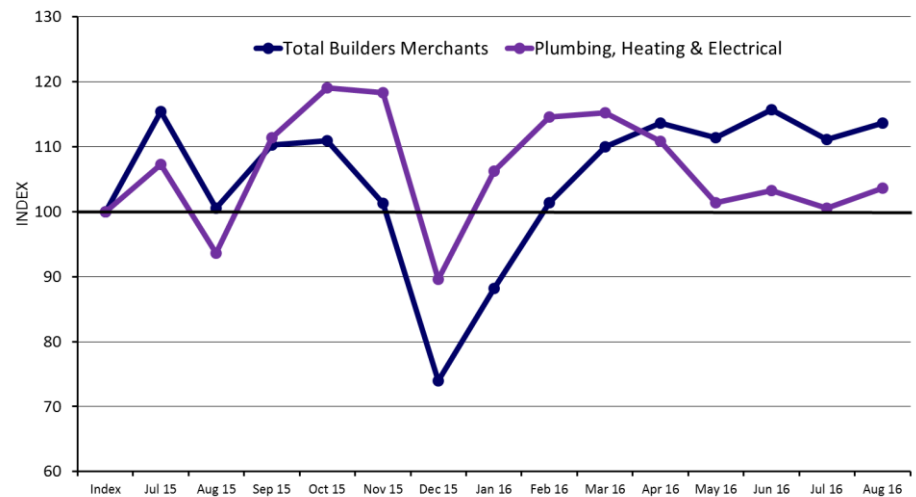
August 2016



Landscaping



Plumbing, Heating & Electrical



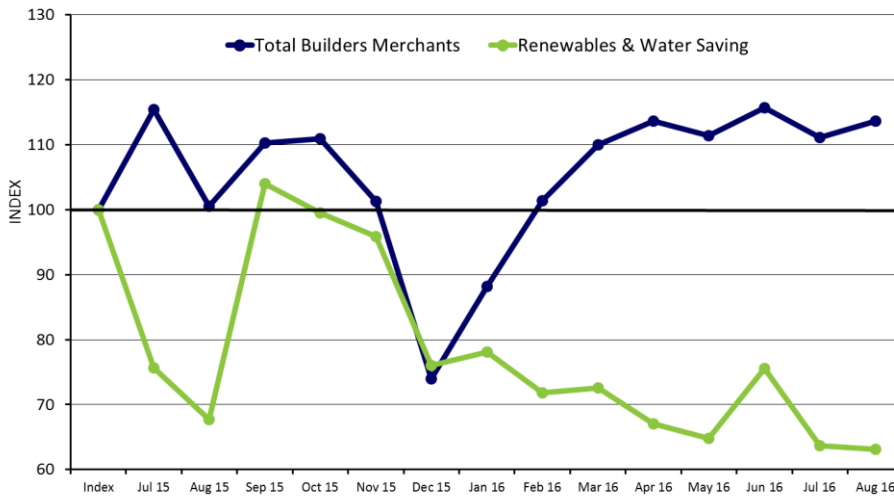
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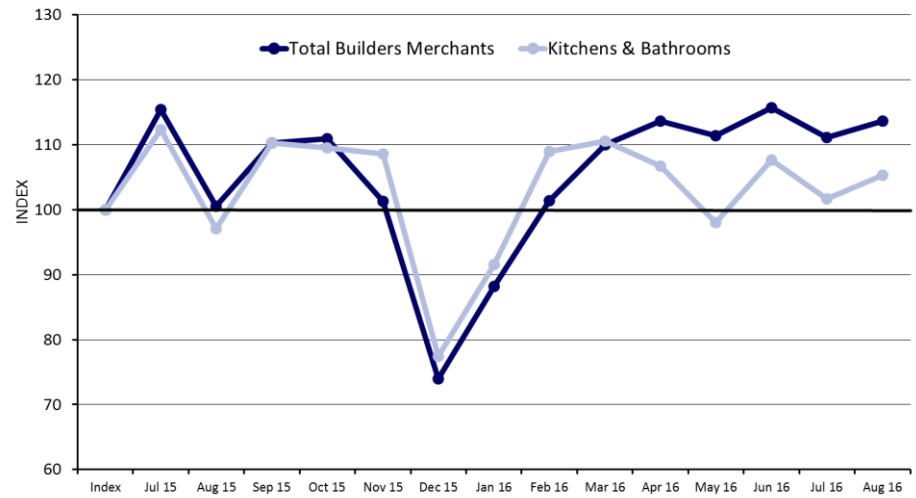
August 2016



Renewables & Water Saving



Kitchens & Bathrooms



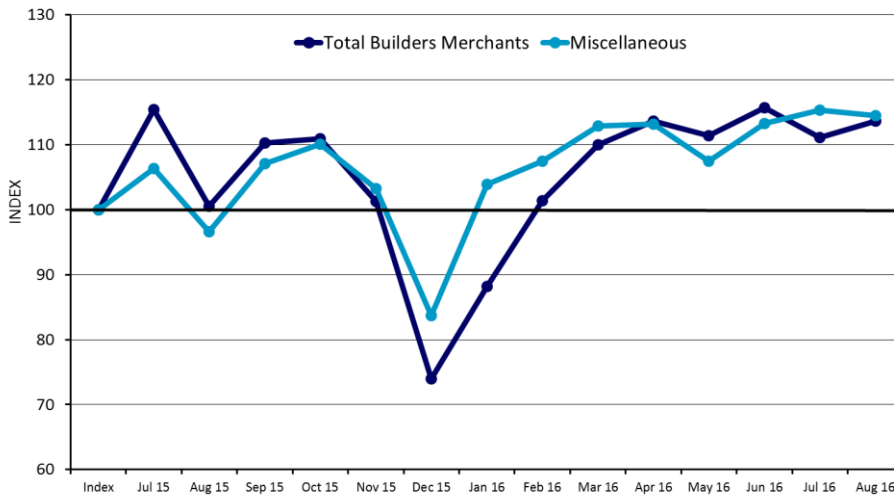
Charts indexed on July 2014 – June 2015

Monthly Report

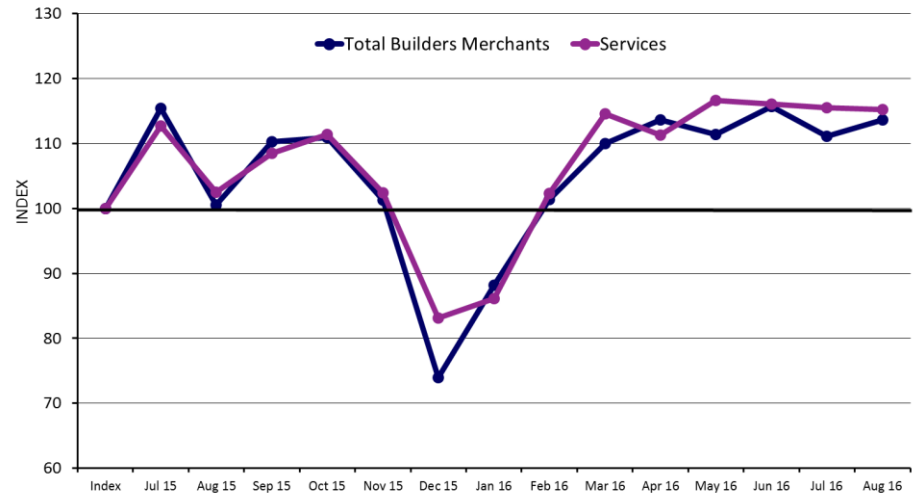
August 2016



Miscellaneous



Services



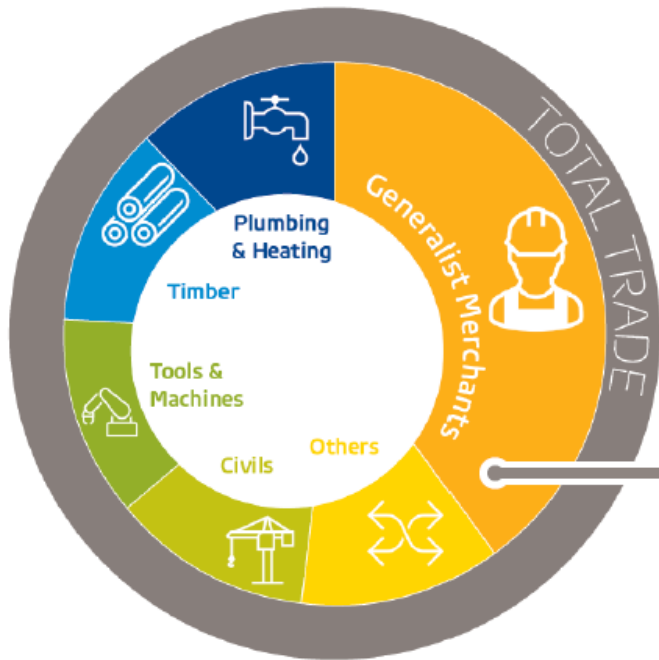
Charts indexed on July 2014 – June 2015

GfK's Panel

Generalists Builders Merchant Panel (GBMs)



The Multiple Generalist Builders Merchants Channel



Generalist Builders Merchants

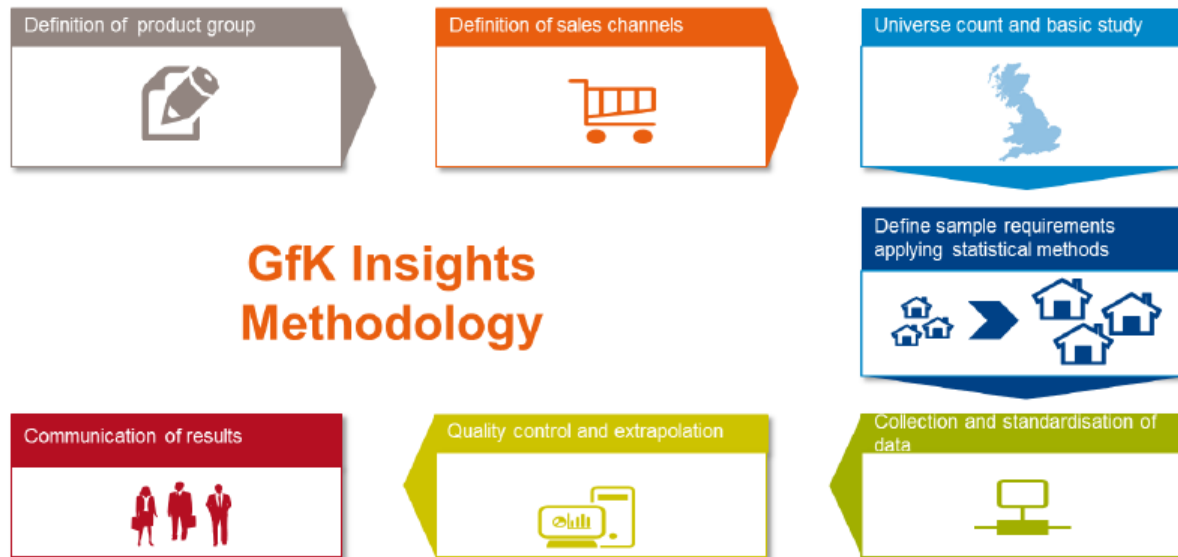
Builders Merchants handle an extended range of building materials and components (e.g. doors, windows, interior furnishing materials, insulation materials, tiles, cement, mortar, adhesives, sealants, nails, hardware products, pipes, ironware, paint) and generate their turnover with professional end users.

Multiple merchants are those defined as having more than 3 outlets or a turnover of greater than £3m p.a.

Examples include:



GfK Insights Methodology



GfK collect live sales-out data from our panel of merchant partners.

We add value to that data through the application of each sold product's unique technical features. We compare like-for-like products and categories from like-for-like merchants and aggregate this within our reports.

Our international methodology is based on robust scientific principles and delivers continuous, reliable information that can be applied to your business requirements.

GfK's Product Categories

Reports cover category headline values & in-depth, brand-level insights



Headline values available

Timber & Joinery Products

Timber
Sheet Materials
Cladding
Flooring & Flooring Accessories
Mouldings
Stairs & Stairparts
Window & Frames
Doors/Door Frames

Heavy Building Materials

Bricks Blocks & Damp Proofing
Drainage/Civils/Guttering
Lintels
Cement/Aggregate/Cement Accs
Concrete Mix/Products
Plasters Plasterboards And Accessories
Roofing Products
Insulation
Cement Mixers/Mixing Buckets Products
Builders Metalwork
Other Heavy Building Equipment/Material

Decorating

Paint/Woodcare
Paint Brushes Rollers & Pads
Adhesives/Sealants/Fillers
Tiles And Tiling Accessories
Decoration Preparation & Decorating Sundries
Wall Coverings

Tools

Hand Tools
Power Tools
Power Tool Accessories
Ladders & Access Equipment

Workwear And Safetywear

Clothing
Safety Equipment

Ironmongery

Fixings And Fastenings
Security
Other Ironmongery

Landscaping

Garden Walling/Paving
Driveways/Block Paving/Kerbs
Decorative Aggregates
Fencing And Gates
Decking
Other Gardening Equipment

Plumbing Heating & Electrical

Plumbing Equipment
Boilers Tanks & Accessories
Heating Equipment/Water Heaters/Temperature Control/Air Treatment
Radiators And Accessories
Electrical Equipment
Lighting And Light Bulbs

Renewables And Water Management

Water Saving
Renewables & Ventilation

Kitchens & Bathrooms

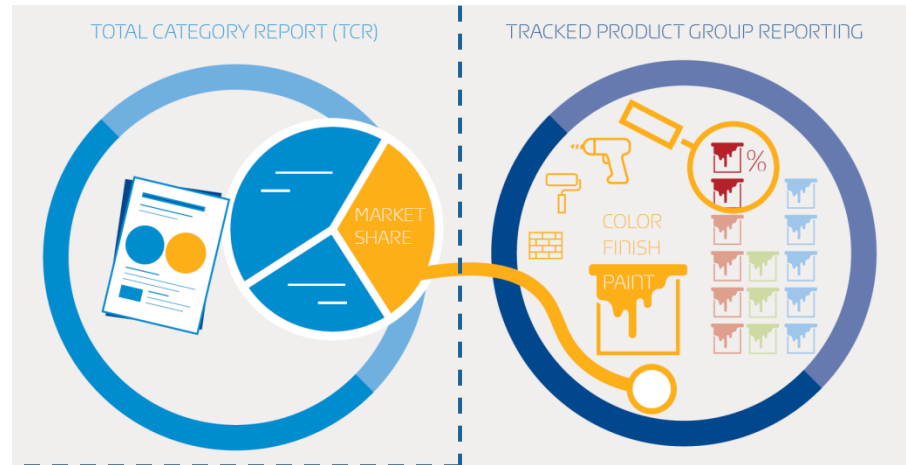
Bathroom (Including Showering)
Fitted Kitchens
Major Appliances

Miscellaneous

Cleaning/Domestic/Personal
Automotive
Glass
Other Furniture & Shelving
Other Misc

Services

Toolhire / Hire Services
Other Services



In-depth product group reporting

Monthly sales values, volumes, pricing analysis & distribution facts available by brand and key product features.

For insights on your product group please contact Pete Church at GfK (pete.church@gfk.com).

Available categories:

Heavyside

Bricks
Insulation

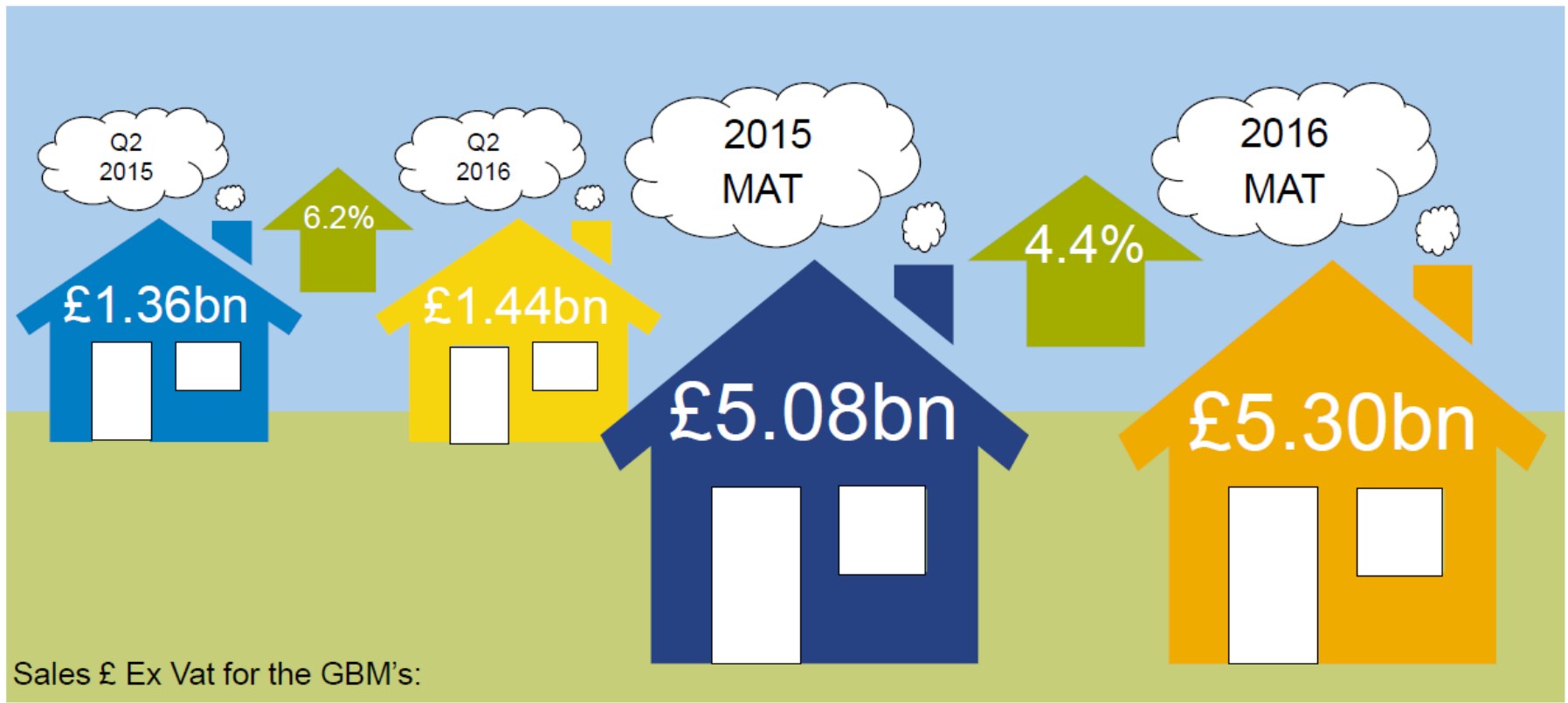
Lightside

Emulsion Paints (incl. Masonry & Base)
Trim Paints
Primers/Undercoats
Woodcare
Adhesives
Sealants
Fillers/PU Foam
Tile Fixing (Adhesives/Grout)

GfK Insights



The first Moving Annual Totals (MAT) show strong year on year growth to June 2016. How will this change in the coming months?



Sales £ Ex Vat for the GBM's:

Source: GfK's GBM TCR report. Data July 2014 to June 2016 showing £ ex Vat Value

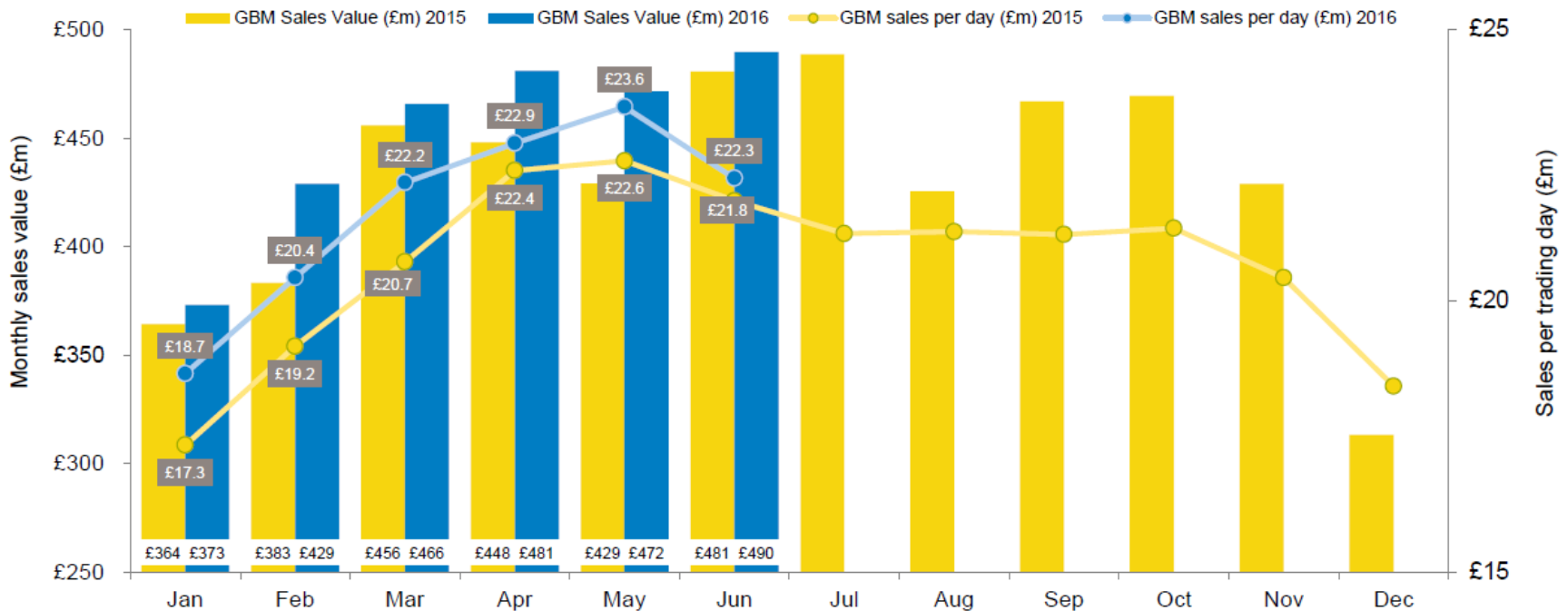
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GfK Insights



Growth continues in each month YoY.

With building projects long lead time when do we expect to see any impact from Pre and Post Brexit's cautious investment warnings? Will low borrowing rates and housing demand maintain growth rates?



TRADING DAYS	JAN	FEB	MAR	Apr	May	June
2015	21	20	22	20	19	22
2016	20	21	21	21	20	22

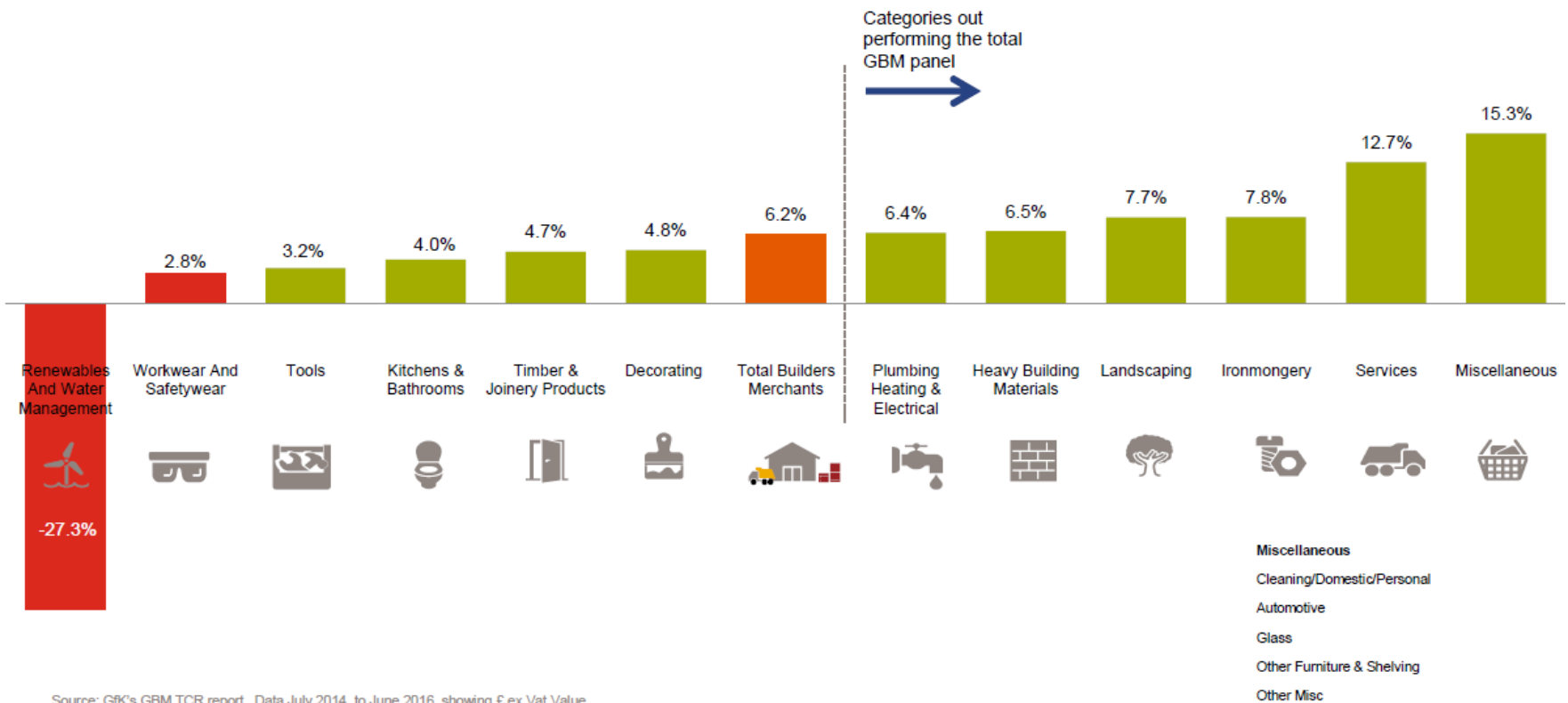
Source: GfK's GBM TCR report. Data July 2014 to June 2016 showing £ ex Vat Value

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GfK Insights



Quarter 2 YoY sales growth in all categories except Renewables.
 Particularly strong in Ironmongery, Plumbing and Heating and Landscaping.



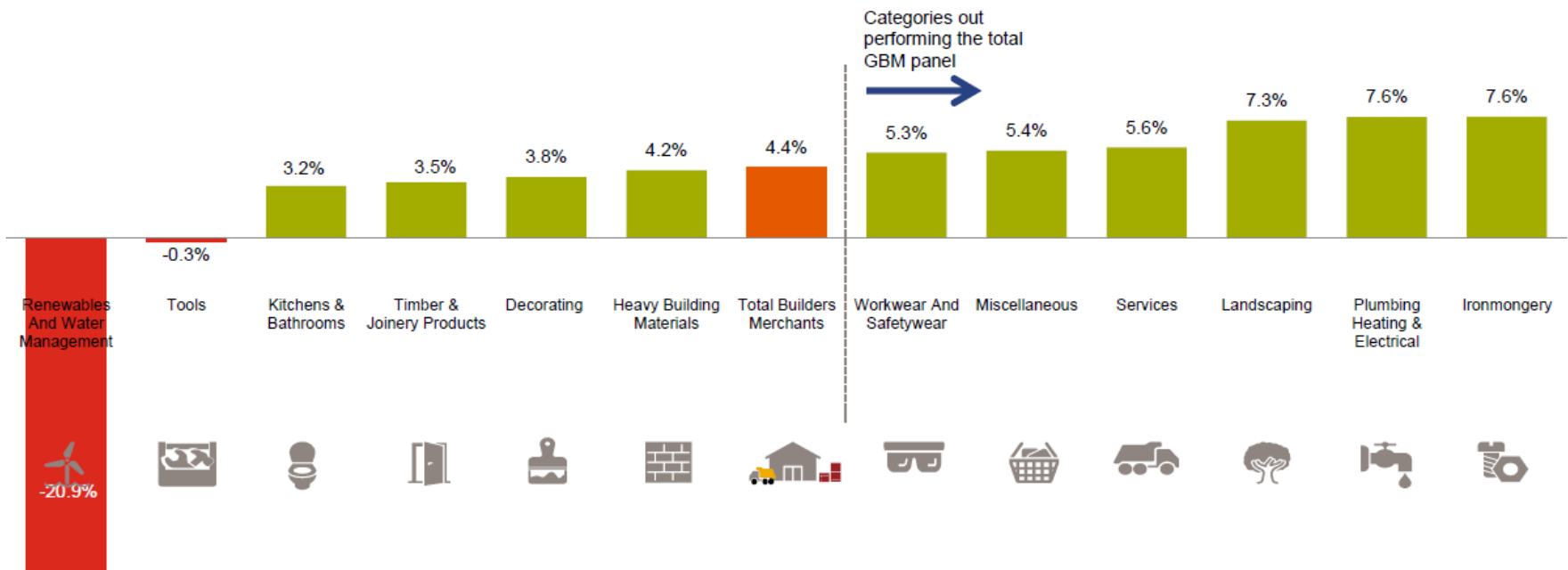
Source: GfK's GBM TCR report. Data July 2014 to June 2016 showing £ ex Vat Value

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GfK Insights



The first MAT sales show growth YoY in all categories except Renewables. Particularly strong in Ironmongery, Plumbing and Heating and Landscaping.



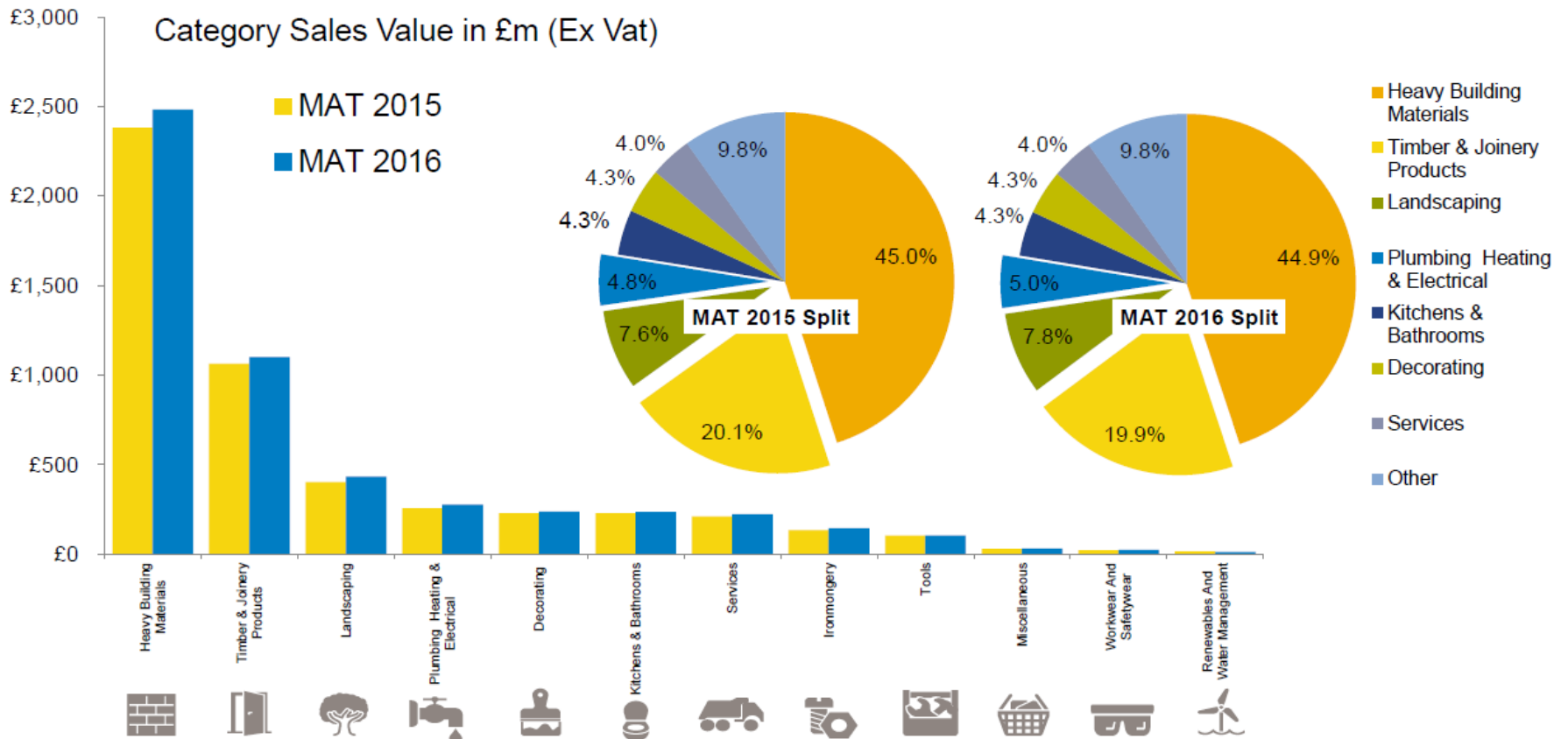
Source: GfK's GBM TCR report. Data July 2014 to June 2016 showing £ ex Vat Value

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GfK Insights



Total GBM sales value by Category showing consistency of results YoY



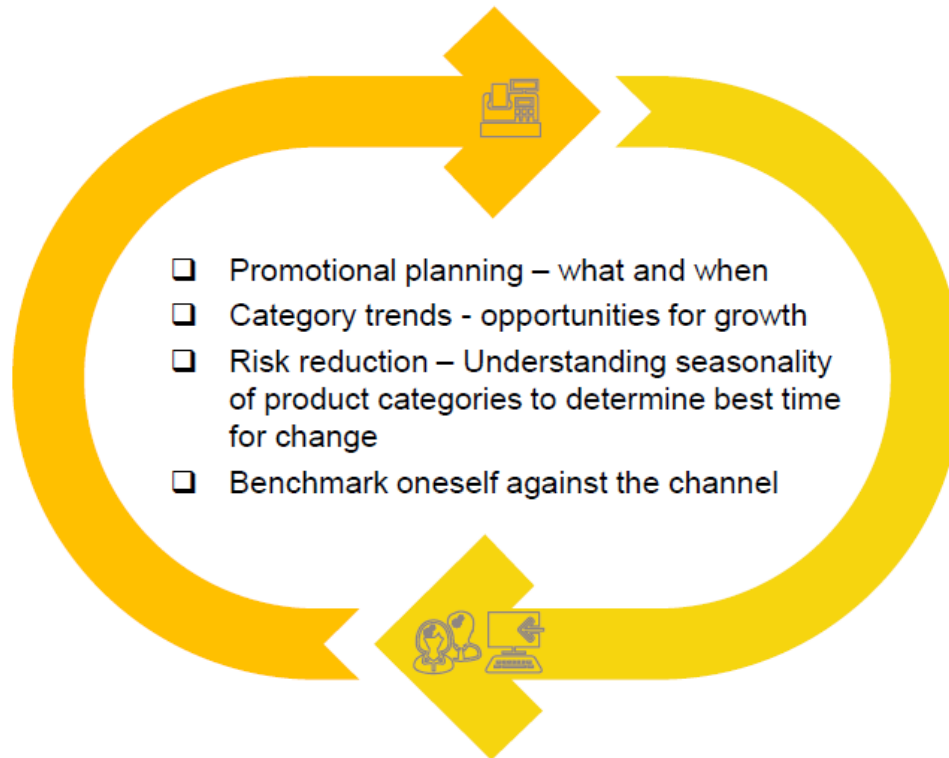
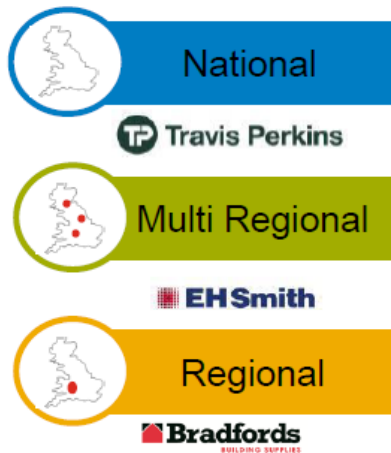
Source: GfK's GBM TCR report. Data July 2014 to June 2016 showing £ ex Vat Value

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GfK Insights



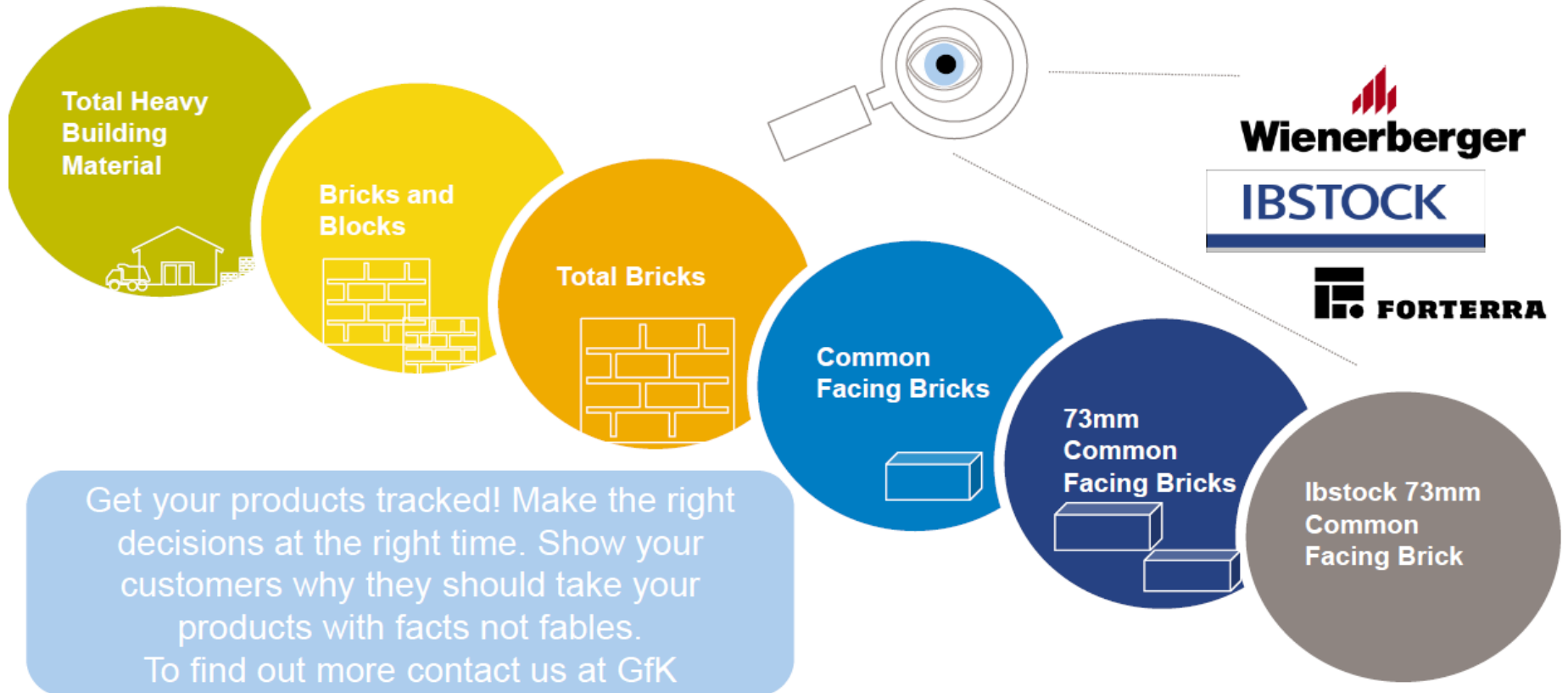
How can these top level insights help.



GfK Insights



Bricks Product Group insights at feature by brand level are now available! Enabling informed strategic and tactical decision making.



Macro factors impacting Merchants



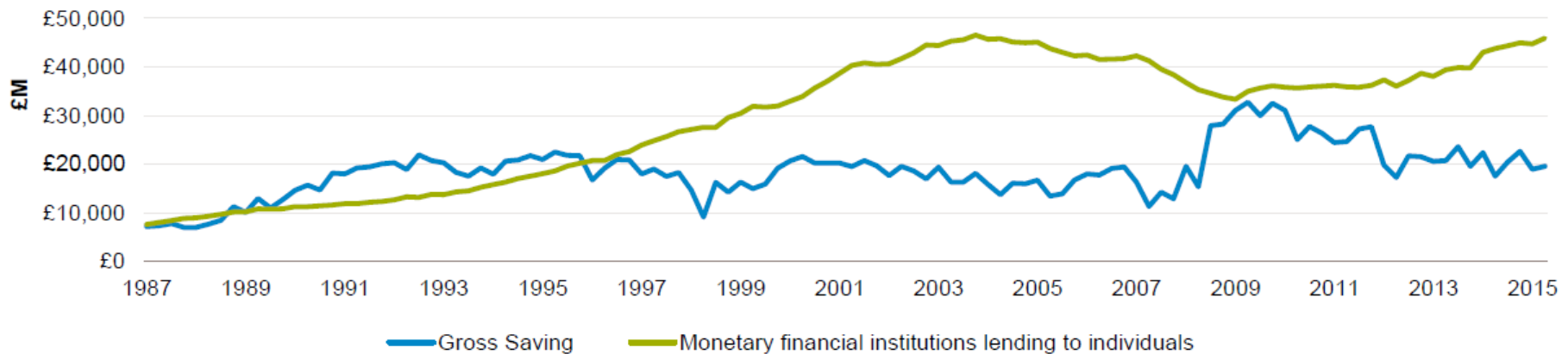
Comparing borrowing to saving

Quarterly savings (household) and quarterly unsecured gross lending (individuals)

- While borrowing has always outpaced saving, between 1997 and 2005 a large disparity developed
- This disparity is occurring again as we enter 2016

- Saving reached a low as fear of bank losses peaked, then grew as fear of unstable spending conditions peaked.
- Over recent years, the gap between borrowing and saving is once again beginning to widen as lendings outstrip savings.

- Lending to individuals increased 4.9% in Q1 2016 compared to the same quarter in the previous year.
- Q1 2016 Savings increased by 11.4% compared to Q1 2015



Source: Office for National Statistics

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Macro factors impacting Merchants

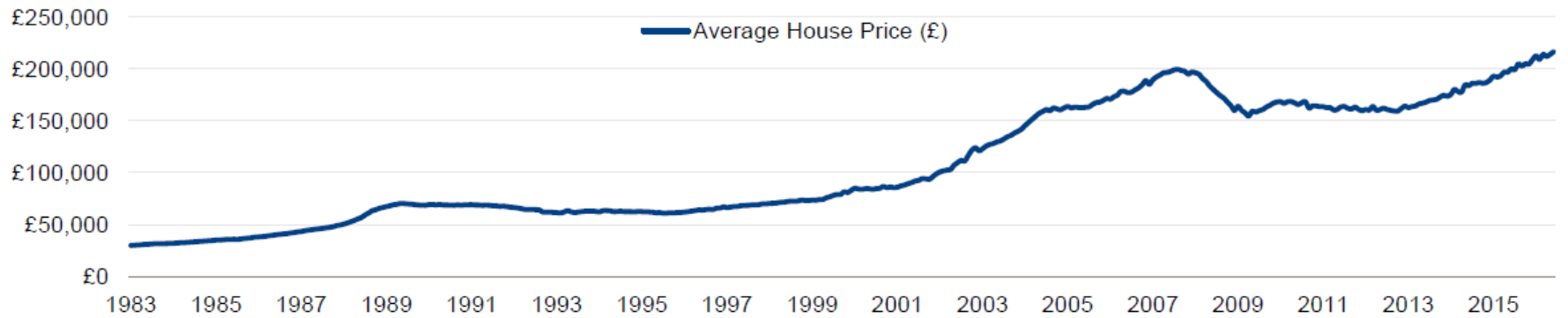


Standardised average house prices

Average Price (year end)		
1995	£62,374	-10%
2000	£84,868	+36%
2005	£163,139	+92%
2010	£168,390	+3%
2013	£174,220	+3%
2014	£189,426	+8%
2015	£208,286	+10%

▪ Housing demand continues to be supported by an economic recovery that is gathering pace, with employment levels growing and rising consumer confidence, although real earnings growth remains sluggish

▪ At the end of June 2016, the average house price in the UK was £216,823. An increase of 1.3% on the previous month
 ▪ The annual rate of house price growth fell to 8.4% the lowest level for 11 months



Source: Lloyds Banking Group plc

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Macro factors impacting Merchants



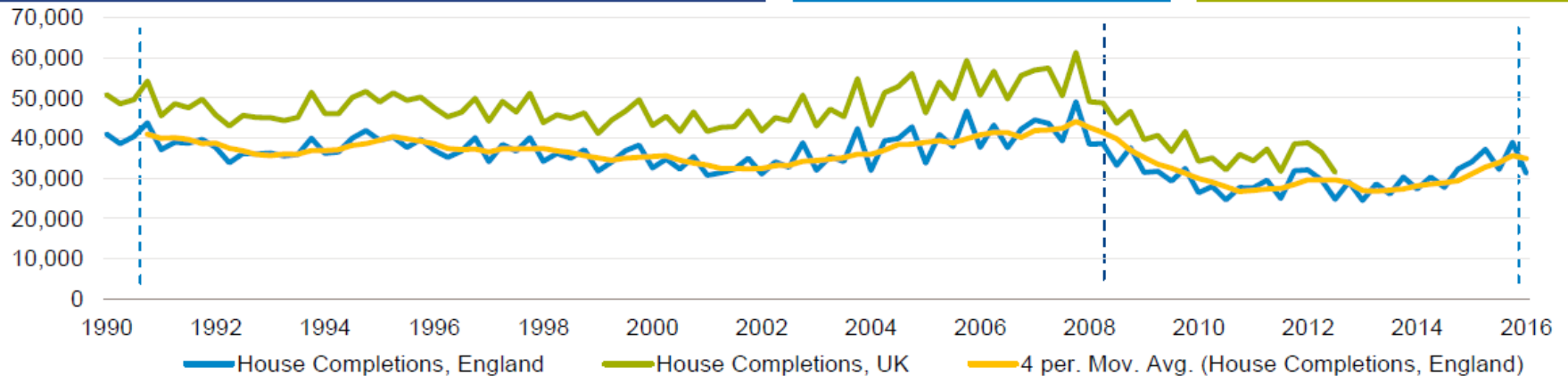
New house builds

Quarterly

▪ Home construction dropped off from the 2007 high, with a large number of construction firms leaving the market. As a result we are now seeing housing price uplifts, as the supply of affordable housing is not meeting current demand

▪ Looking at a 4 period moving average, the recent trend of continued growth may be beginning to end in 2016

▪ In Q1 2016, 31,240 permanent dwellings were completed, compared to a Q1 2015 figures of 34,110 (-8.4%)



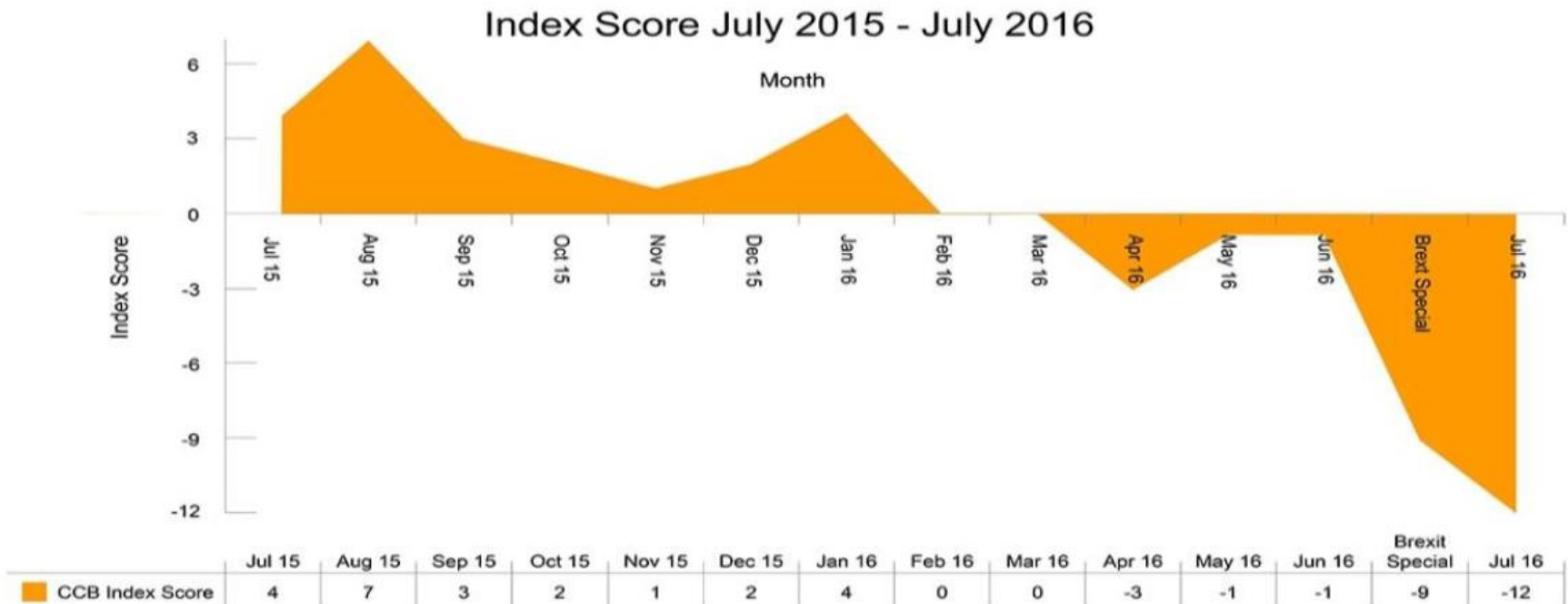
Source: GOV.UK

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Macro factors impacting Merchants



Brexit causes dramatic 11-point drop in consumer confidence to -12



Source: GfK Consumer Confidence Barometer on behalf of the European Commission (July 2016)

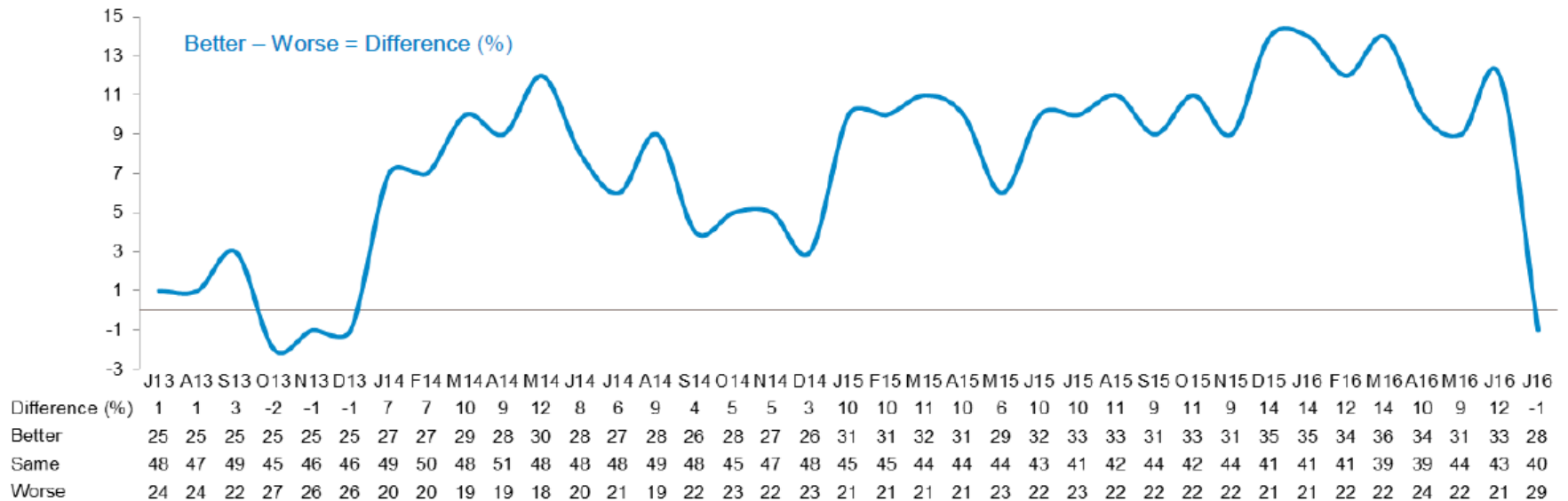
Macro factors impacting Merchants



Consumer Confidence Barometer



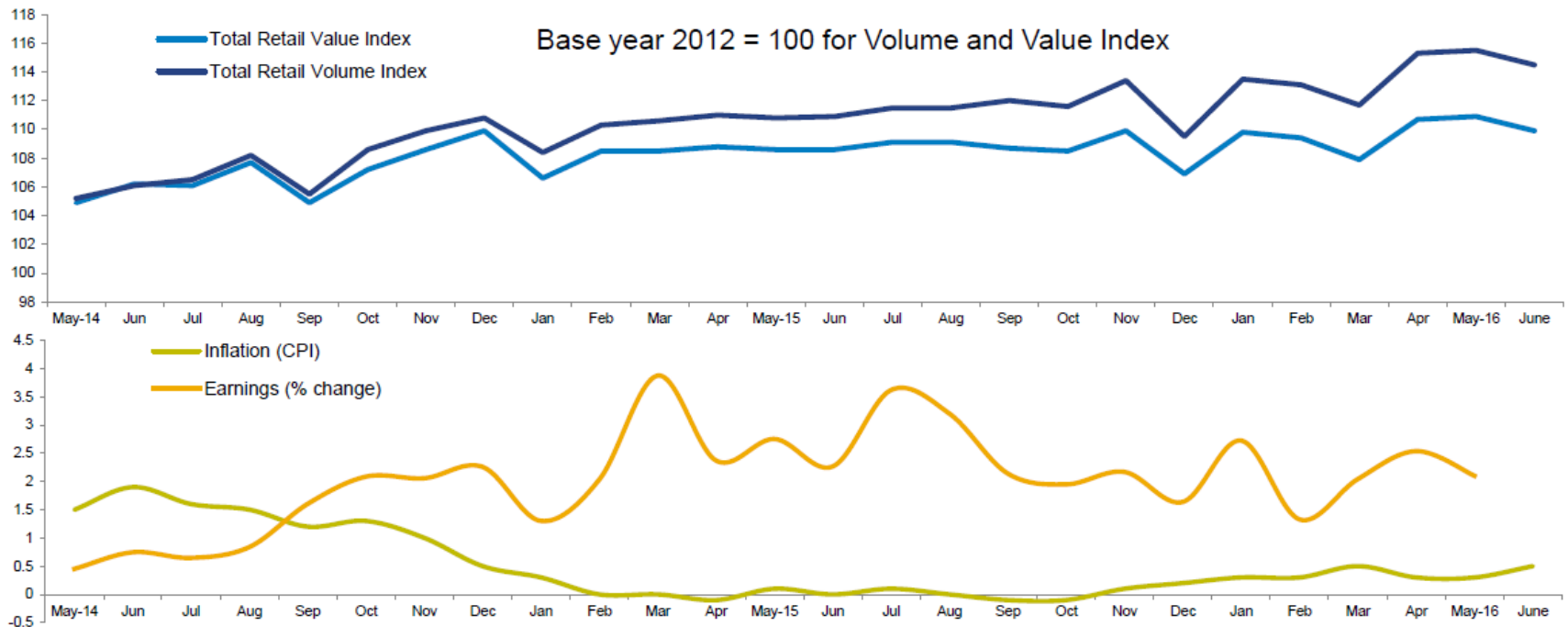
How do you think your household's financial position will change over the next twelve months?



Macro factors impacting Merchants



Wage Inflation in decline, Inflation growing, continued gap between Volume and Value within the Retail Index showing price pressures. Will the recent cut in Interest Rates maintain demand? Quarter 3 will give the best indications.



How will this effect building projects?

Source: Office for National Statistics Retail Index

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Contact Us

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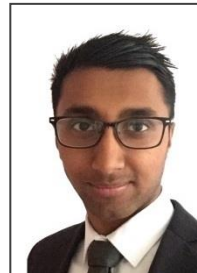


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