

“one **industry**
one **voice**”

Builders Merchant Building Index



Quarter 3 2017

Building the Industry & Building Brands from Knowledge



Contents - 1

Click links below and overleaf to visit pages.



Click links to visit pages:	Page
Introduction	5
Overview and Insights, Richard Frankcomb, Senior Account Manager GfK	6
Merchants' View, John Newcomb Chief Executive BMF	7
Monthly data:	
Monthly BMBI indices, by category	8
Monthly index chart, unadjusted and adjusted for trading day differences	9
September index chart, by category	10
September index chart, by category, average sales per day	11
September year-on-year chart, unadjusted and adjusted for trading day differences	12
September year-on-year index chart, by category	13
September year-on-year index chart, by category, average sales per day	14
September v August index chart, by category	15
September v August index chart, by category, average sales per day	16
Quarterly data	
Quarterly BMBI indices, by category	17
Quarterly index chart, unadjusted and adjusted for trading day differences	18
Q3 index chart, by category	19
Q3 index chart, by category, average sales per day	20
Quarterly indices, by categories	21
Quarterly indices year-on-year chart, unadjusted and adjusted for trading day differences	22
Quarter 3 year-on-year index chart, by category	23
Quarter 3 year-on-year average sales per day index chart, by category	24
Quarter 2 v Quarter 2 chart, by category	25
Quarter 3 v Quarter 2 chart, by category, average sales per day	26

Continued over the page...

The 'Contents' link below brings you back to this page.

Contents - 2

Continued. Click links below to visit pages

Full Year data:	Page
Rolling 12 months sales index chart, by category	27
Rolling 12 months average sales per day index	28
Expert Panel:	
Steve Halford, The Crystal Group	29
John Duffin, Keylite	30
Nigel Cox, Timbmet	31
Steve Durdant-Hollamby, AWMS	32
Andrew Simpson, Hanson	33
Andy Williamson, IKO	34
Derrick McFarland, Keystone Lintels	35
John Sinfield, Knauf Insulation	36
Mike Beard, Encon Insulation	37
Tony France, Ibstock	38
Malcolm Gough, Natural Paving Products	39
Paul Rivett, Heatrae Sadia	40
Monthly and Quarterly Category Charts:	
Timber & Joinery Products	41
Heavy Building Materials	42
Decorating	43

Monthly and Quarterly Category Charts contd:	Page
Tools	44
Workwear & Safetywear	45
Ironmongery	46
Landscaping	47
Plumbing, Heating & Electrical	48
Renewables & Water Saving	49
Kitchens & Bathrooms	50
Miscellaneous	51
Services	52
Methodology	53 - 55
GfK Macro-Economic Factors	56 - 60
BMF Sales Indicators	61 - 70
Contacts	71

Introduction

John Newcomb, CEO 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. GfK's Builders Merchant Point of Sale Tracking Data sets a gold standard in reliable market trends. Unlike data from sources based on estimates, or sales from suppliers to the supply chain, this up-to-date data is based on actual sales from merchants to builders and other trades.

BMBI trend data 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 insights than that available to other construction sectors.

MRA Marketing produces the Builders Merchant Building Index, a brand of the BMF, to communicate to the wider market as the voice of the industry as well as the voice of individual Expert Brands: The Crystal Group, Keylite Roof Windows, Timbmet, Alumasc Water Management Solutions, Hanson Cement, IKO PLC, Keystone Lintels, Knauf Insulation, Encon Insulation, Ibstock, Natural Paving Products and Heatrae Sadia, who provide valuable commentary on market trends and influences.

BMBI shortlisted for more awards

The Builders Merchants Building Index has been shortlisted as a finalist in three categories in this year's Construction Marketing Awards: Best Use of Research; Best Product Launch and Best Use of PR. Supported by The Chartered Institute of Marketing Construction Industry Group (CIMCIG), the awards showcase the construction industry's creativity, innovation and effectiveness in marketing. The collaboration between GfK, BMF and MRA is providing the industry with unique access to robust market data and BMBI is being recognised across our industry and beyond.

The monthly and quarterly reports provides valuable top-level indices but there's considerably more data available. GfK insights go much deeper and include sales value data. GfK can quantify market values and drill down into contributing categories, tracing product group performance, to focus on aspects that are critical to you. GfK can also produce robust like-for-like market comparability tailored to the requirements of an individual business. As more merchants join 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 acquiring data or getting involved should contact Richard Frankcom richard.frankcom@gfk.com

The BMBI website enables you to compare Landscaping trends 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).

Overview and Insights

Richard Frankcom, Senior Client Insight Manager

– Trade Panel, GfK



The Builders Merchant Building Index (BMBI) shows that builders' merchants have experienced continued strong sales value growth in the third Quarter (Q3) of 2017.

Taking one less trading day difference into account, average sales per day in Q3 2017 were nearly 7% ahead of Q3 2016. The largest increases were in the Ironmongery (+10.0%) and Kitchens & Bathrooms (+9.9%) product categories.

Q3 has also shown impressive growth compared to the Year to Date (YTD) growth values, where total sales were 4.9% ahead of the same period in 2016. All categories made gains other than Landscaping, where Q3 and YTD was identical (+4.1%) attributed largely to seasonal variations.

Builders' merchants continue to buck the trends seen across most areas of the retail market. However we saw a steady rise in inflation during Q3, starting in July at 2.7% and rising to 3.0% by September which led to the first rise in interest rates since July 2007.

With the BMBI still in its infancy, we are yet to fully appreciate the correlation between merchant sales and wider economic indicators. Property value growth is slowing, but still positive, and improvements to the home are still good long term investments. But wages are lagging behind price inflation and homeowners have less to spend. GfK's long-running Consumer Confidence Index slipped by one point to -10 in October and continues to bump along in negative territory.

Will we see a slow down over the coming months or will the UK's demand for new properties continue to drive our segment? Only time will tell.

“Builders’ merchants continue to buck the trends seen across most areas of the retail market.”

Merchants' View

John Newcomb, CEO BMF



The BMBI Q3 2017 report is published a few days after the latest numbers from the Office of National Statistics (ONS). Judged by the headline figures alone, it appears that builders' merchants inhabit a different world to the construction industry described by the ONS.

Once again, the year on year sales figures recorded for the BMBI in Q3 tell a positive story. The ONS headline figure has construction output falling by 0.9% in Q3 compared with Q2, which they note is the second consecutive quarter of decline. Dig deeper into the ONS figures, however, and you find that construction output for the quarter remains 2.6% higher than during Q3 a year ago.

While we could breathe a sigh of relief on this news, we should also be mindful that our own BMBI figures found that average sales per day fell in Q3 over Q2. So what is really happening?

It seems there is a real variation of performance between different sectors. According to the Construction Products Association (CPA) areas of weakness include private commercial, where new orders have fallen for the last three quarters. As office and retail projects come to an end there is a lack of work coming forward to replace them. The public non-housing sector is also suffering from lower volumes of work on schools, new hospitals etc.

Meanwhile private housing output continues to grow, sustained by Help to Buy. Along with positive news for the rented sector, private house building is likely to be given a further boost in the Chancellor's Budget later this month.

More housebuilding is good news for builders' merchants. But what of their other key market, housing refurbishment? This market is largely driven by consumer confidence, and we don't yet know what effect, if any, the first rise in interest rates for 10 years could have. If confidence does slip, the stalled growth we now see in the private commercial sector may spread closer to home.

That said, the merchant sector has shown resilience throughout the first three quarters of 2017 and we are confident that the industry will continue to prosper through the rest of the year and maintain its momentum into 2018.

“More housebuilding is good news for builders' merchants. But what of their other key market, housing refurbishment? This market is largely driven by consumer confidence, and we don't yet know what effect, if any, the first rise in interest rates for 10 years could have.”

Monthly: Index and Categories

September 2016* – September 2017

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



VALUE EX VAT £	Index	2016				2017									
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	
Total Builders Merchants	100	113.8	112.3	113.6	77.1	94.7	100.5	122.8	106.7	121.1	120.2	119.2	120.2	117.5	
Timber & Joinery Products	100	113.3	112.8	113.7	76.1	99.1	100.9	121.2	102.9	117.1	116.7	116.3	117.3	116.9	
Heavy Building Materials	100	114.6	113.4	114.1	77.0	94.0	100.1	123.0	106.9	122.5	121.2	120.6	121.6	119.4	
Decorating	100	109.8	108.3	110.4	76.3	92.8	97.0	115.6	98.8	111.0	111.8	114.6	115.6	110.5	
Tools	100	104.6	106.5	111.3	74.8	97.6	101.7	120.7	97.2	107.0	109.9	109.8	110.8	110.4	
Workwear & Safetywear	100	101.0	110.9	133.2	72.6	109.5	102.7	114.1	85.1	101.4	99.4	95.2	96.2	107.0	
Ironmongery	100	119.8	118.0	119.9	84.6	107.5	109.4	129.2	107.5	121.6	124.5	125.6	126.6	123.4	
Landscaping	100	119.9	110.2	97.2	62.4	71.0	87.7	129.5	138.1	153.1	146.9	140.8	141.8	117.1	
Plumbing, Heating & Electrical	100	111.7	116.0	132.4	94.0	114.9	116.1	128.7	98.3	109.7	110	106.6	107.6	120.3	
Renewables & Water Saving	100	72.8	61.2	73.4	42.4	68.1	76.2	90.3	68.2	70.2	69.9	66.6	67.6	69.2	
Kitchens & Bathrooms	100	111.4	109.4	121.7	83.8	98.1	110.2	123.6	99.3	111.3	118.3	113.7	114.7	114.5	
Miscellaneous	100	115.7	113.6	122.2	92.6	113.2	108.8	124.4	103.4	120.5	113.7	117.2	118.2	119.8	
Services	100	111.1	108.3	107.1	81.3	87.8	95.0	115.0	100.6	112.4	109.7	110.6	111.6	110.6	

*Click the web link below to see the complete series of indices from July 2015.

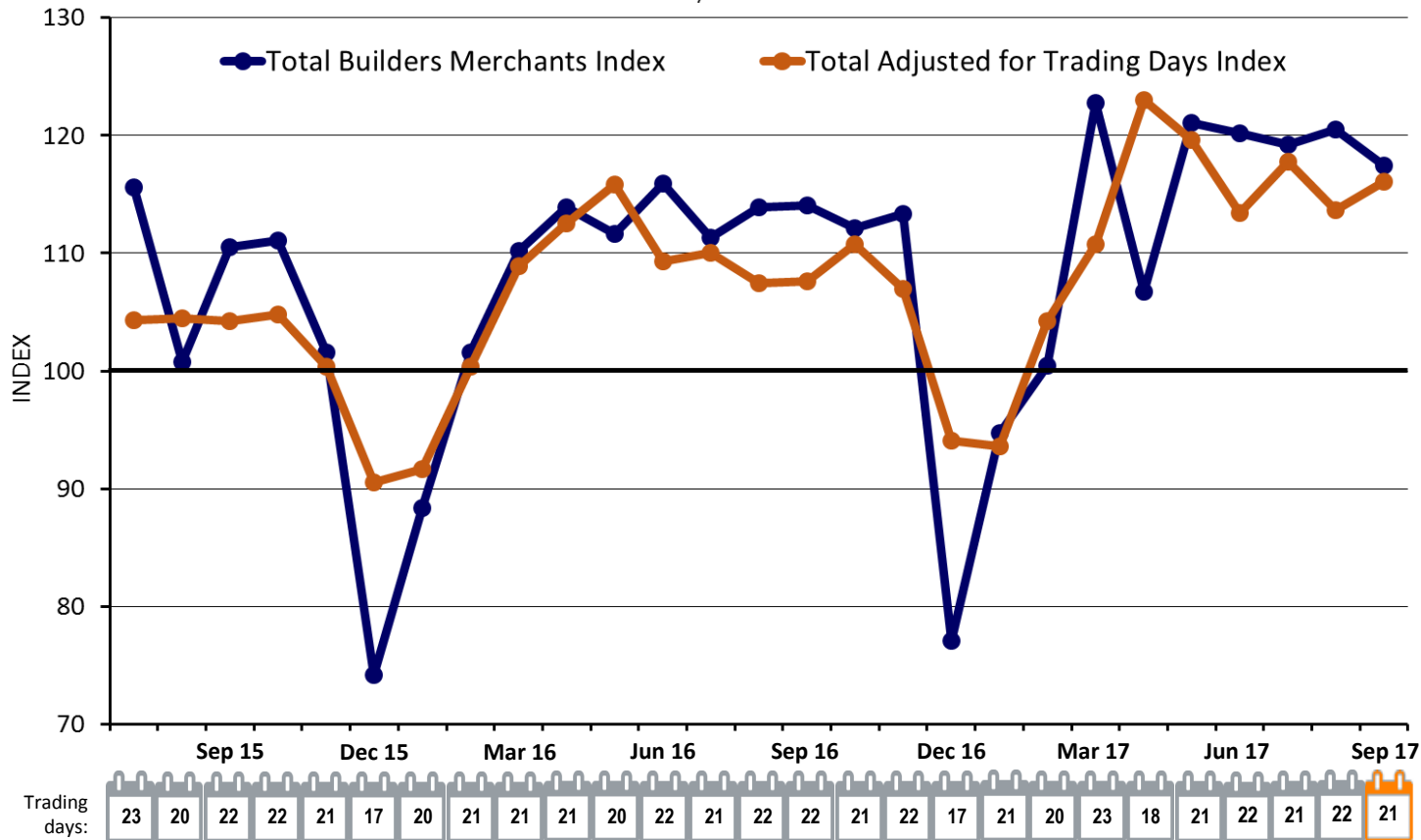
 Source: GfK's
Builders Merchants
Total Category Report
July 2015 to September 2017

Monthly: Index

Adjusted and unadjusted for trading days

Total Builders Merchants Index v Total Adjusted for Trading Days Index

Indexed on July 2014 - June 2015



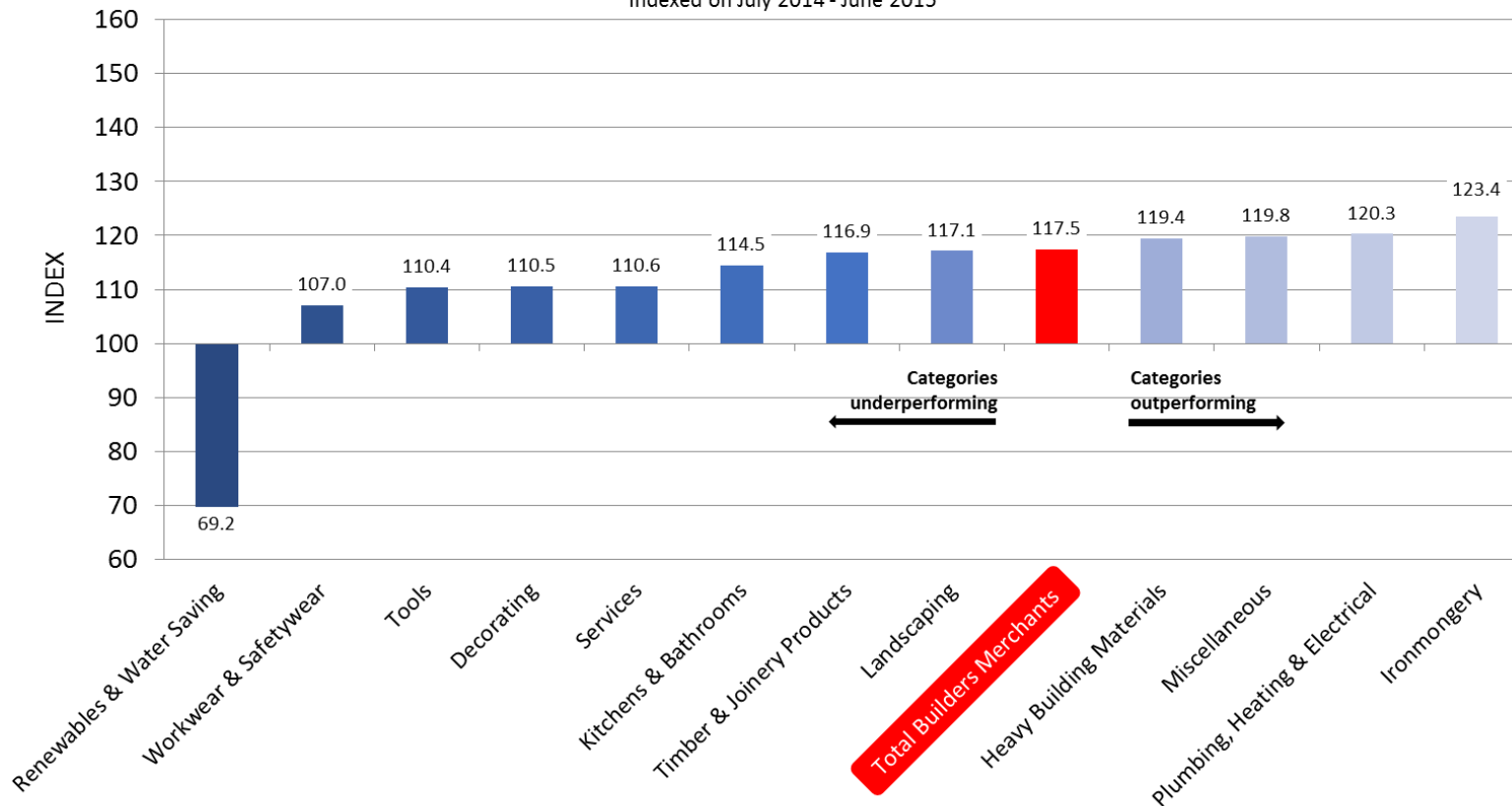
 Source: GfK's
Builders Merchants
Total Category Report
July 2015 to September 2017

Monthly: Index and Categories

September 2017 index

September 2017

Indexed on July 2014 - June 2015



 Source: GfK's
Builders Merchants
Total Category Report
July 2015 to September 2017

Monthly: Index and Categories

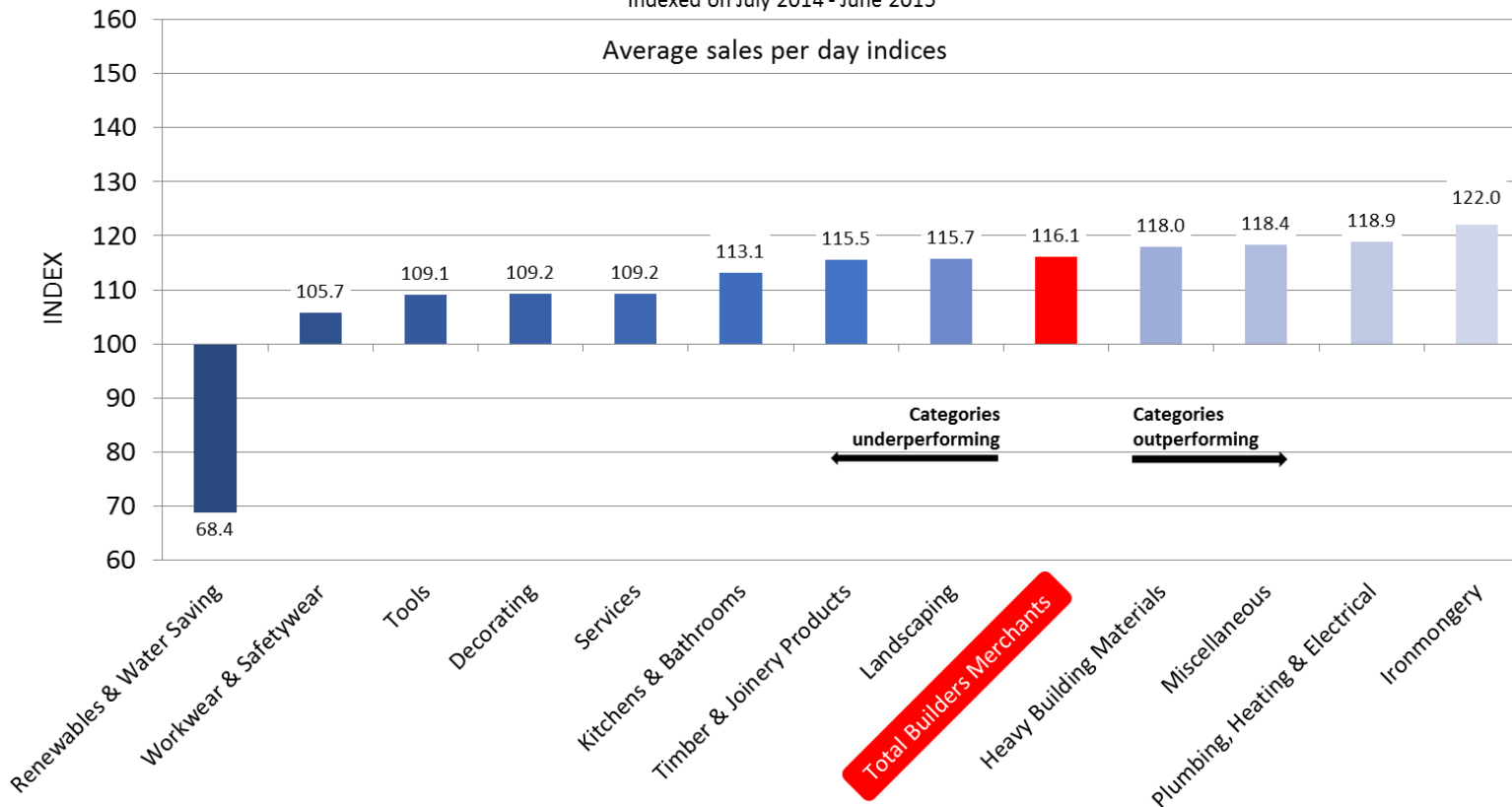
September 2017 index

average sales per day

September 2017

Indexed on July 2014 - June 2015

Average sales per day indices

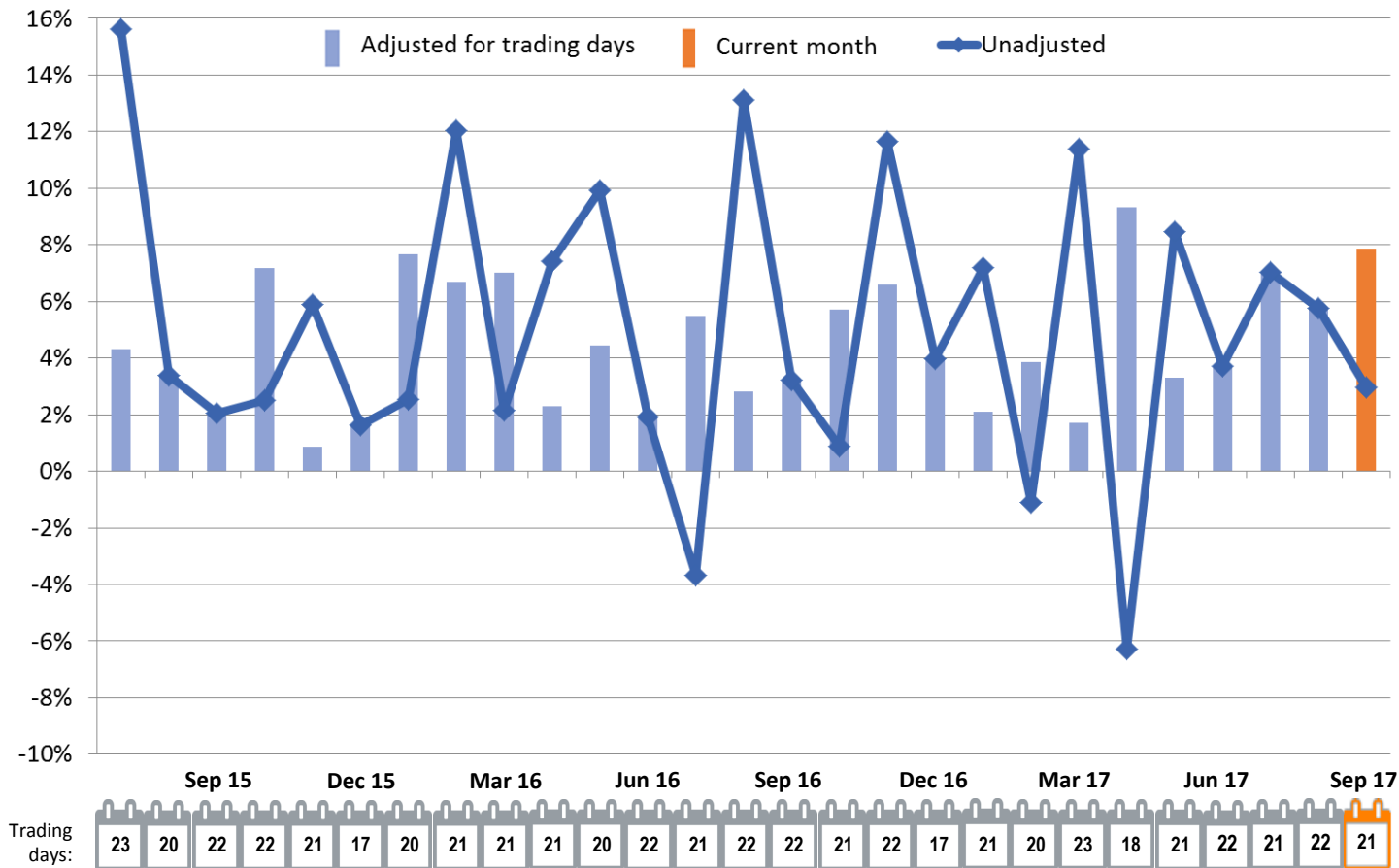


 Source: GfK's
Builders Merchants
Total Category Report
July 2015 to September 2017

Monthly: Sales Indices

Adjusted and unadjusted for trading days

Monthly: Year on Year

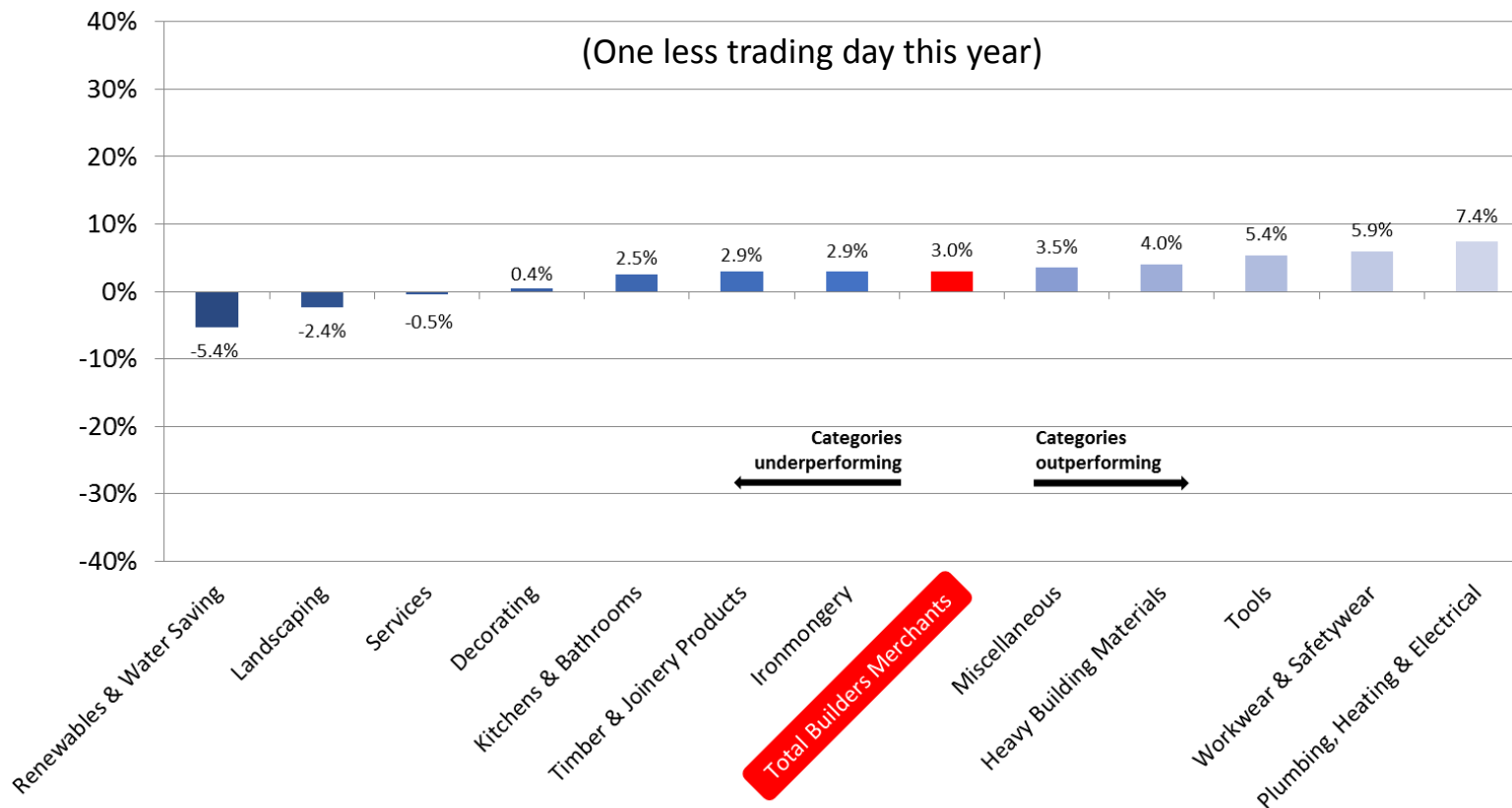


 Source: GfK's Builders Merchants Total Category Report July 2015 to September 2017

Monthly: This year v last year

September 2017 sales indices

September 2017 index v September 2016 index

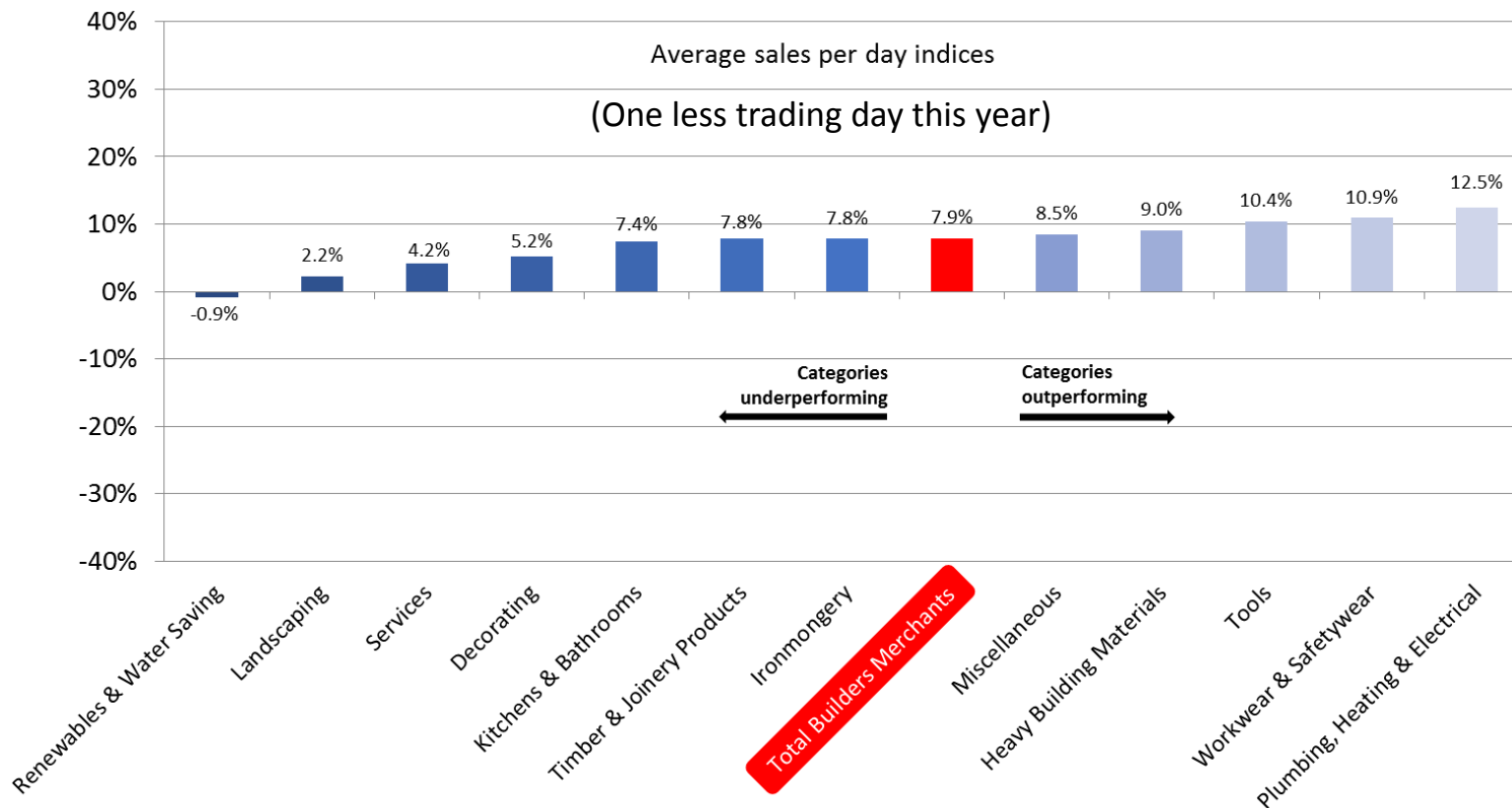


 Source: GfK's
Builders Merchants
Total Category Report
July 2015 to September 2017

Monthly: This year v last year

September 2017 average sales per day indices

September 2017 index v September 2016 index

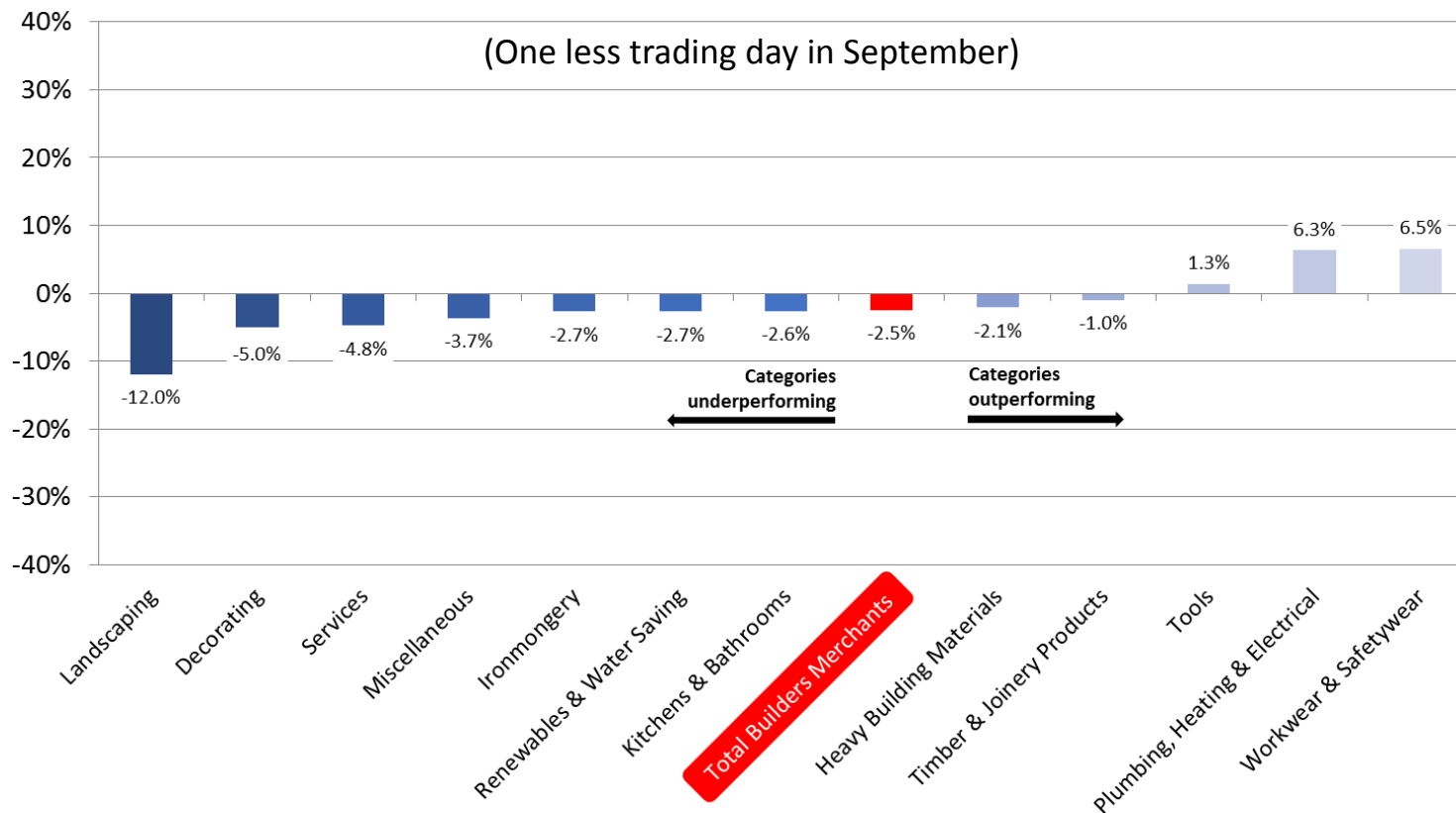


 Source: GfK's Builders Merchants Total Category Report July 2015 to September 2017

Monthly: This month v last month

September 2017 sales indices

September 2017 index v August 2017 index

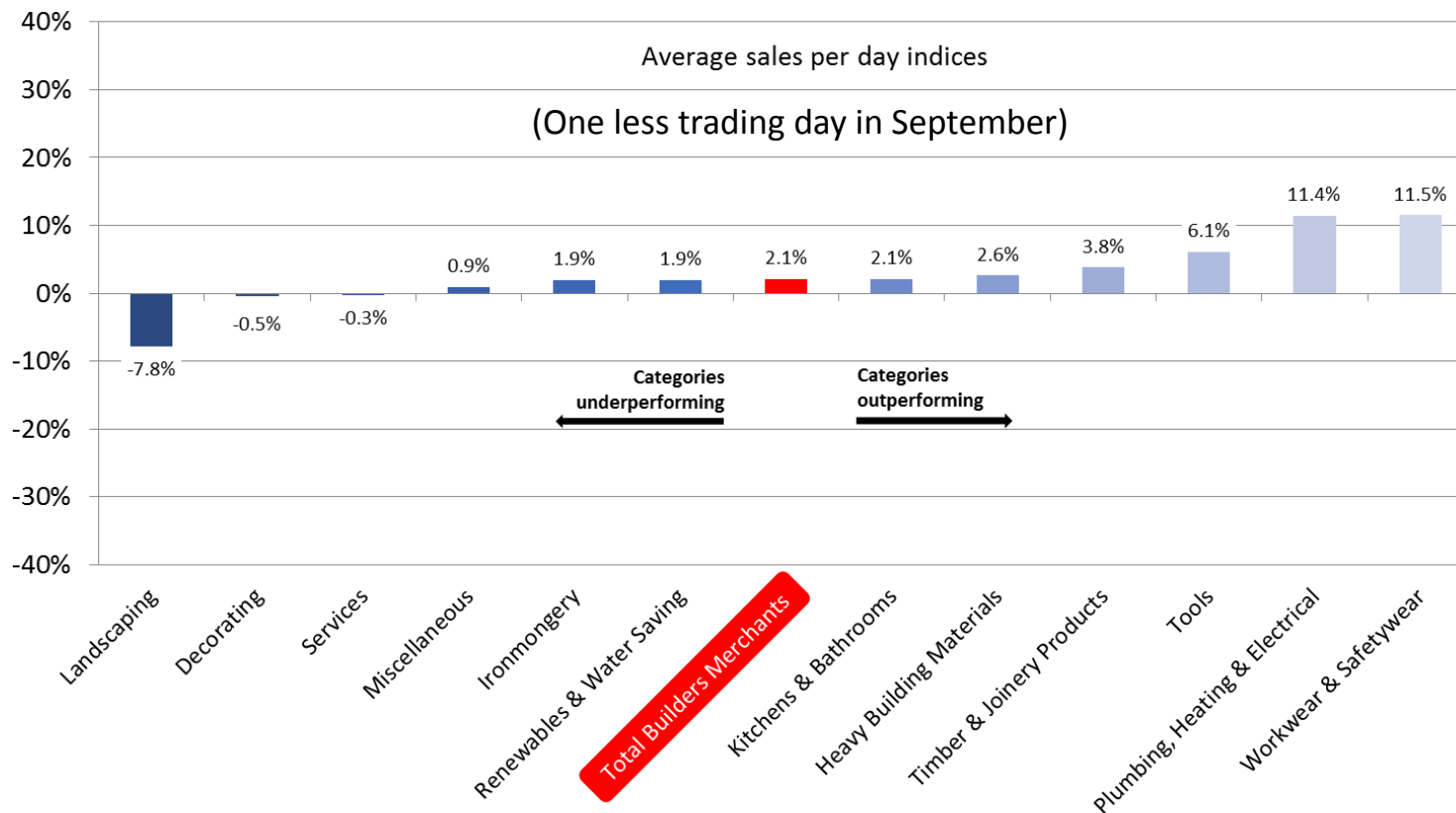


 Source: GfK's
Builders Merchants
Total Category Report
July 2015 to September 2017

Monthly: This month v last month

September 2017 average sales per day indices

September 2017 index v August 2017 index



GfK Source: GfK's Builders Merchants Total Category Report July 2015 to September 2017

Quarterly: Index and Categories

Quarter 3 2016* to Quarter 3 2017

(Indexed on July 2014 to June 2015)



VALUE EX VAT £	Index	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017
Total Builders Merchants	100	112.9	100.9	106.0	116.0	119.1
Timber & Joinery Products	100	111.1	100.7	107.1	112.3	117.1
Heavy Building Materials	100	113.6	101.4	105.7	116.9	120.7
Decorating	100	110.0	98.2	101.8	107.2	113.9
Tools	100	102.8	97.3	106.7	104.7	109.8
Workwear & Safetywear	100	99.4	105.5	108.8	95.3	100.9
Ironmongery	100	115.5	107.4	115.3	117.9	125.3
Landscaping	100	127.0	89.8	96.1	146.0	130.4
Plumbing, Heating & Electrical	100	105.3	113.9	119.9	106.0	113.4
Renewables & Water Saving	100	66.5	59.0	78.2	69.4	69.0
Kitchens & Bathrooms	100	106.1	104.7	110.6	109.6	115.2
Miscellaneous	100	115.1	109.4	115.5	112.5	120.5
Services	100	113.9	98.9	99.3	107.6	112.4

*Click the web link below to see the complete series of quarterly indices from September 2015.

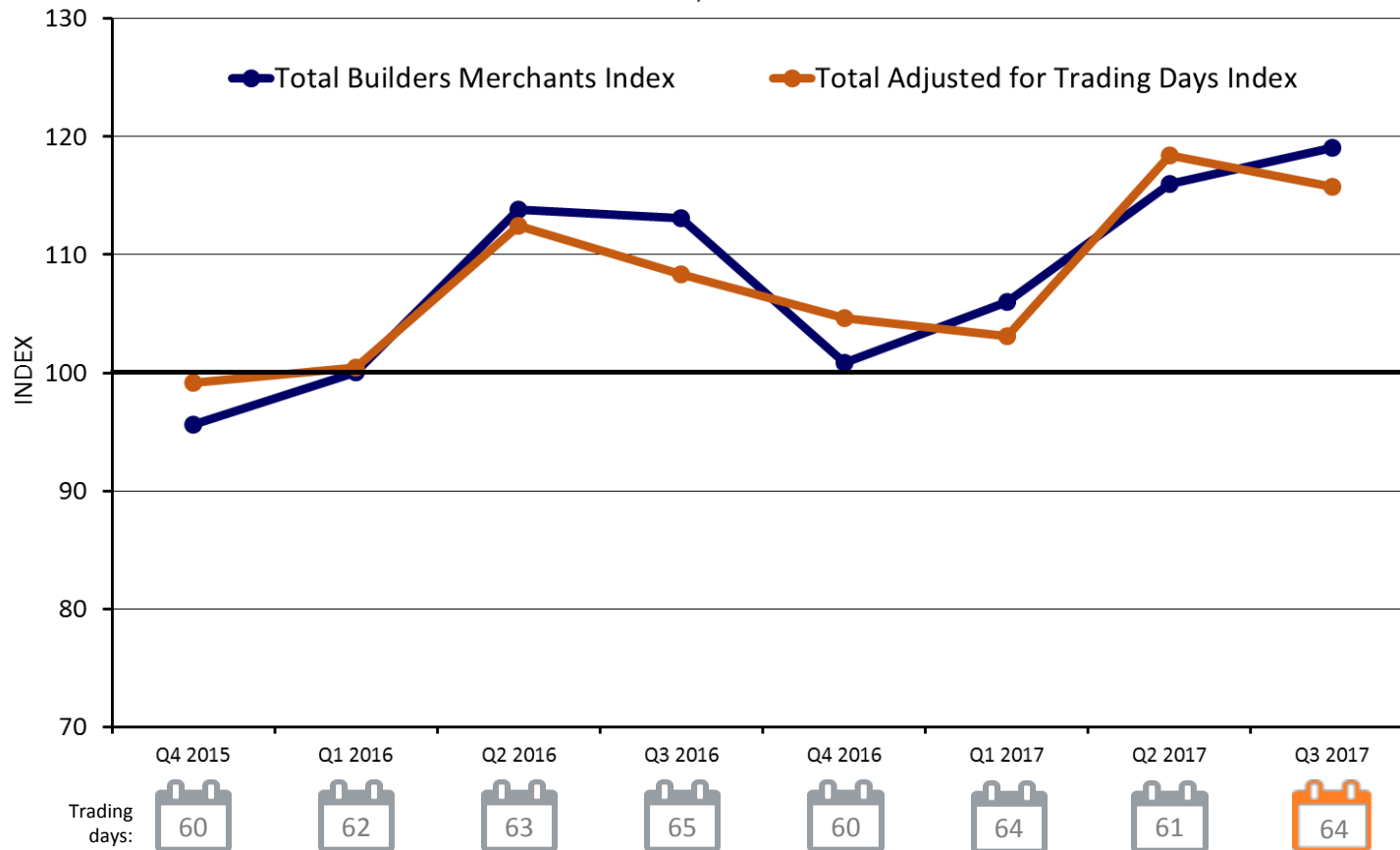
 Source: GfK's
Builders Merchants
Total Category Report
July 2015 to September 2017

Quarterly: Index

Adjusted and unadjusted for trading days

Total Builders Merchants Index v Total Adjusted for Trading Days Index

Indexed on July 2014 - June 2015



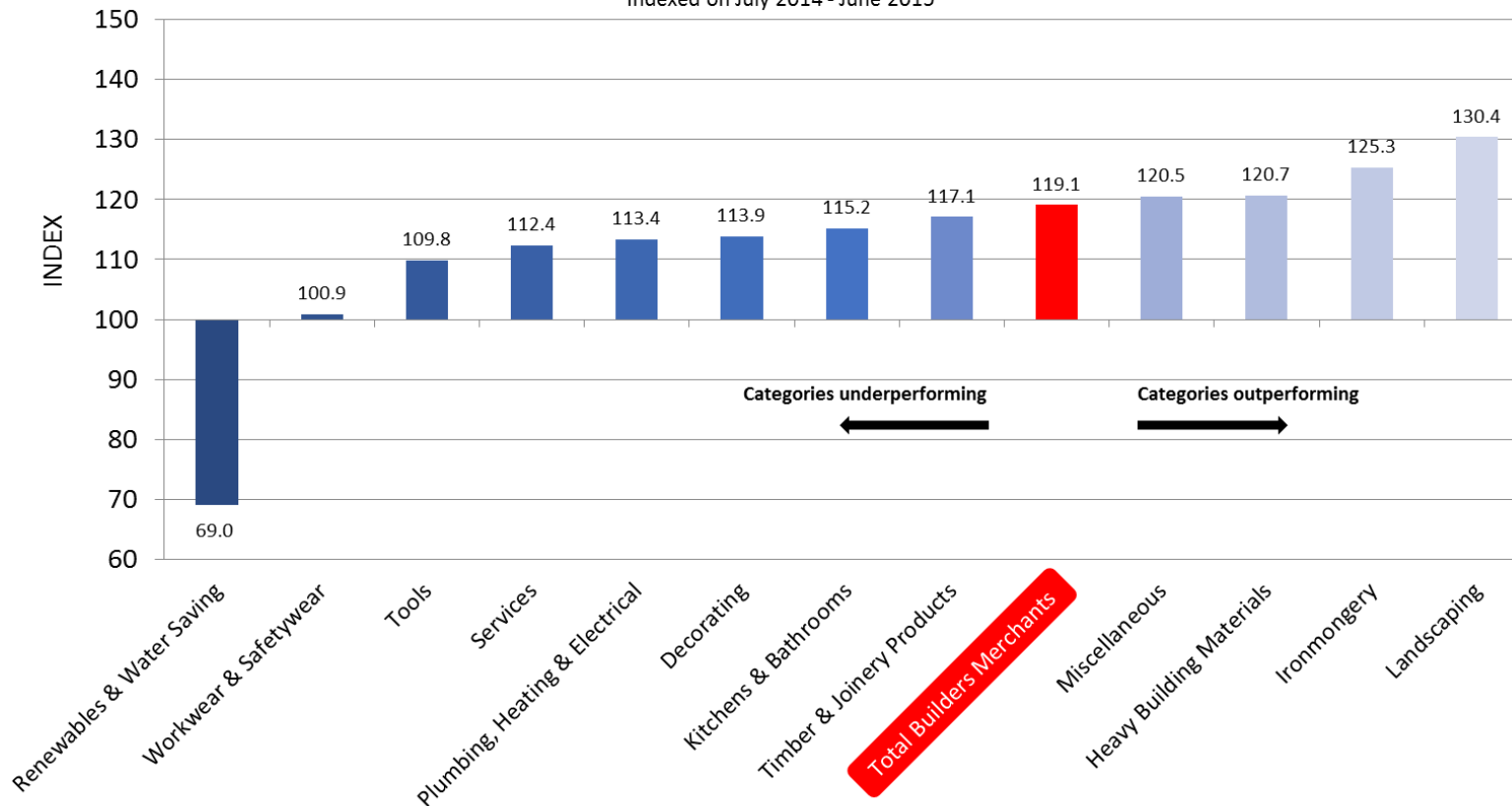
 Source: GfK's
Builders Merchants
Total Category Report
July 2015 to September 2017

Quarterly: Index and Categories

Q3 2017 index

Quarter 3 2017

Indexed on July 2014 - June 2015



 Source: GfK's
Builders Merchants
Total Category Report
July 2015 to September 2017

Quarterly: Index and Categories

Q3 2017 index

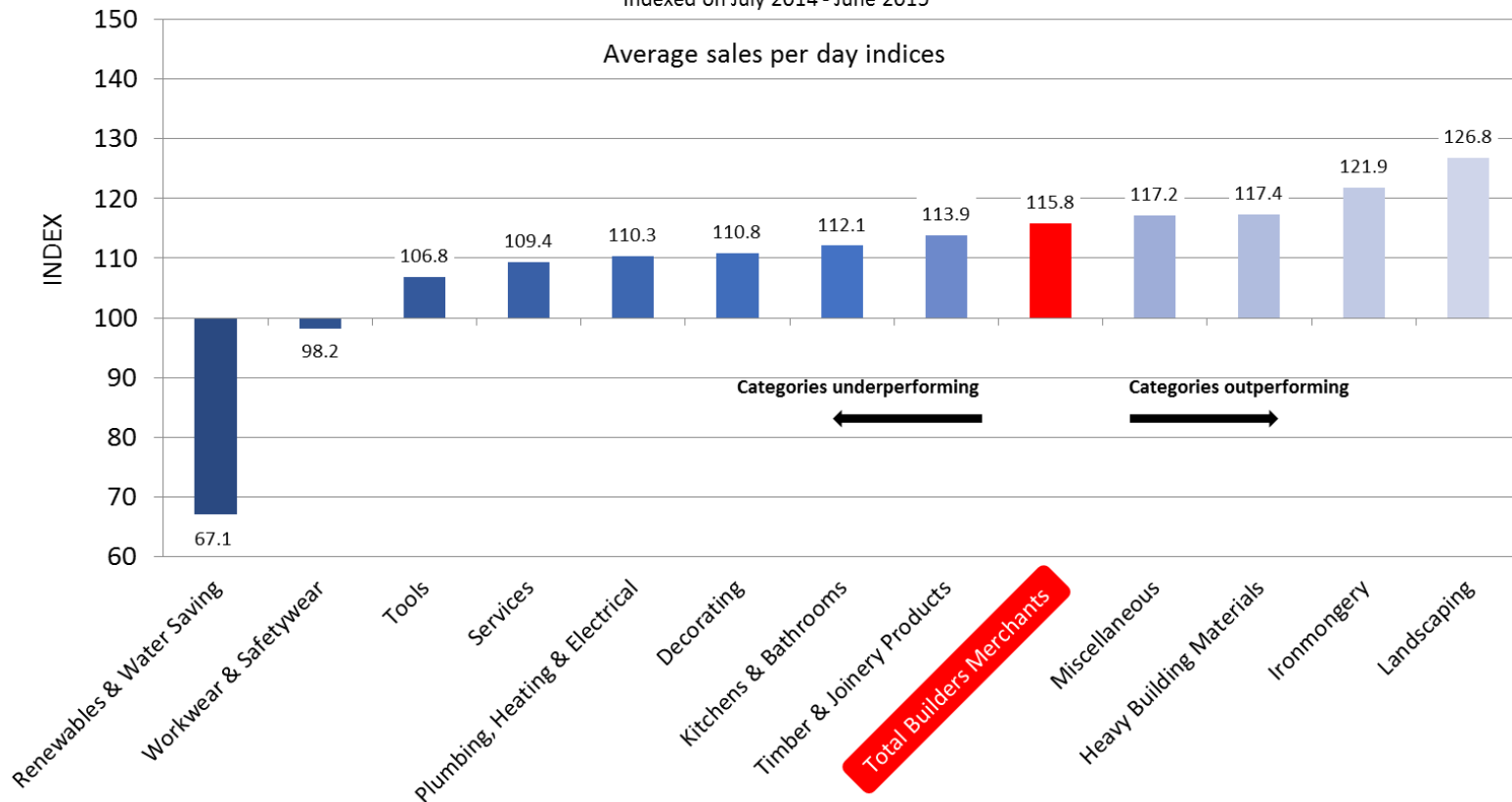
average sales per day



Quarter 3 2017

Indexed on July 2014 - June 2015

Average sales per day indices



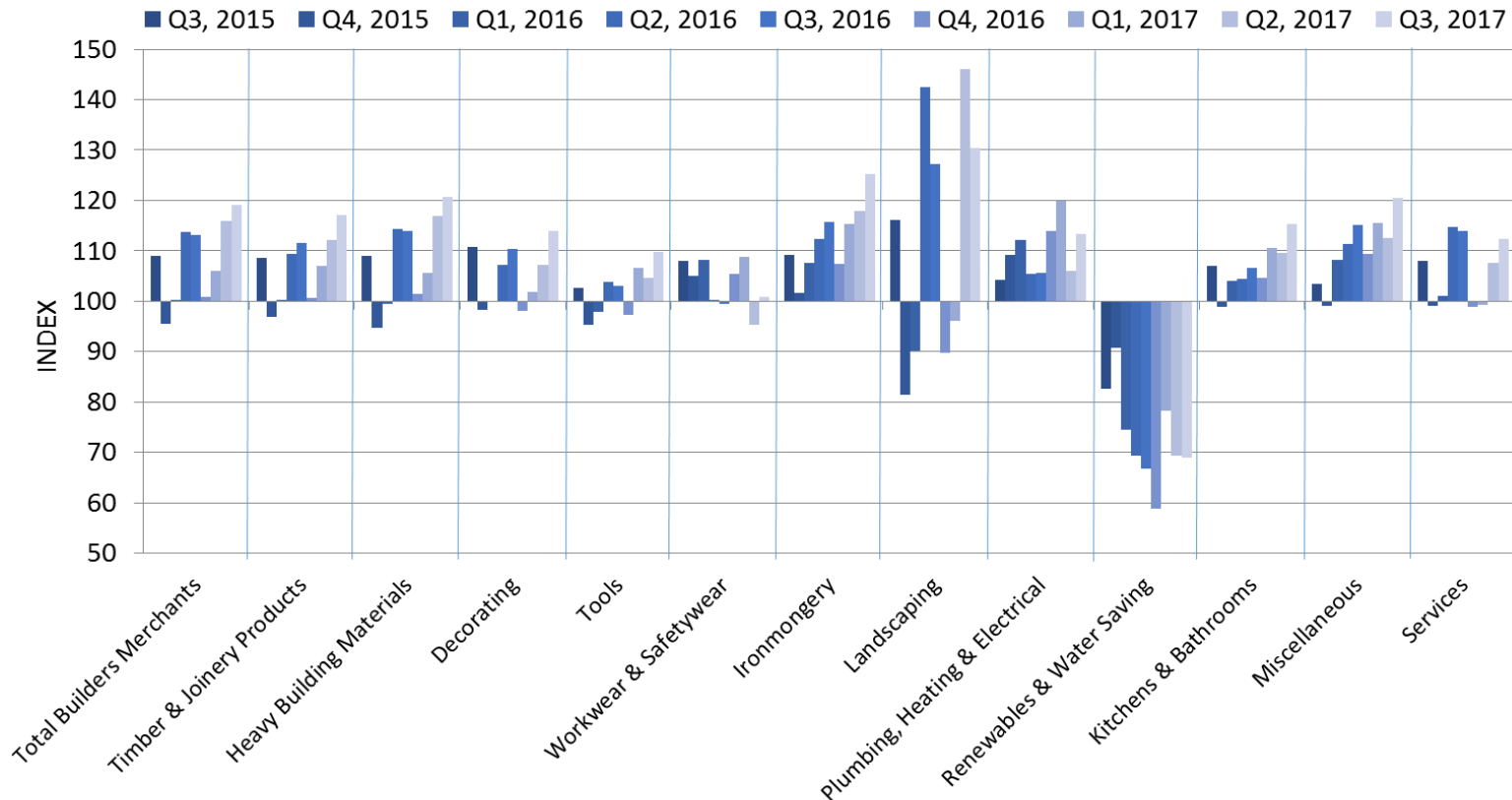
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to September 2017

Quarterly: Index and Categories

Quarterly indices

Quarterly Indices

Indexed on July 2014 to June 2015

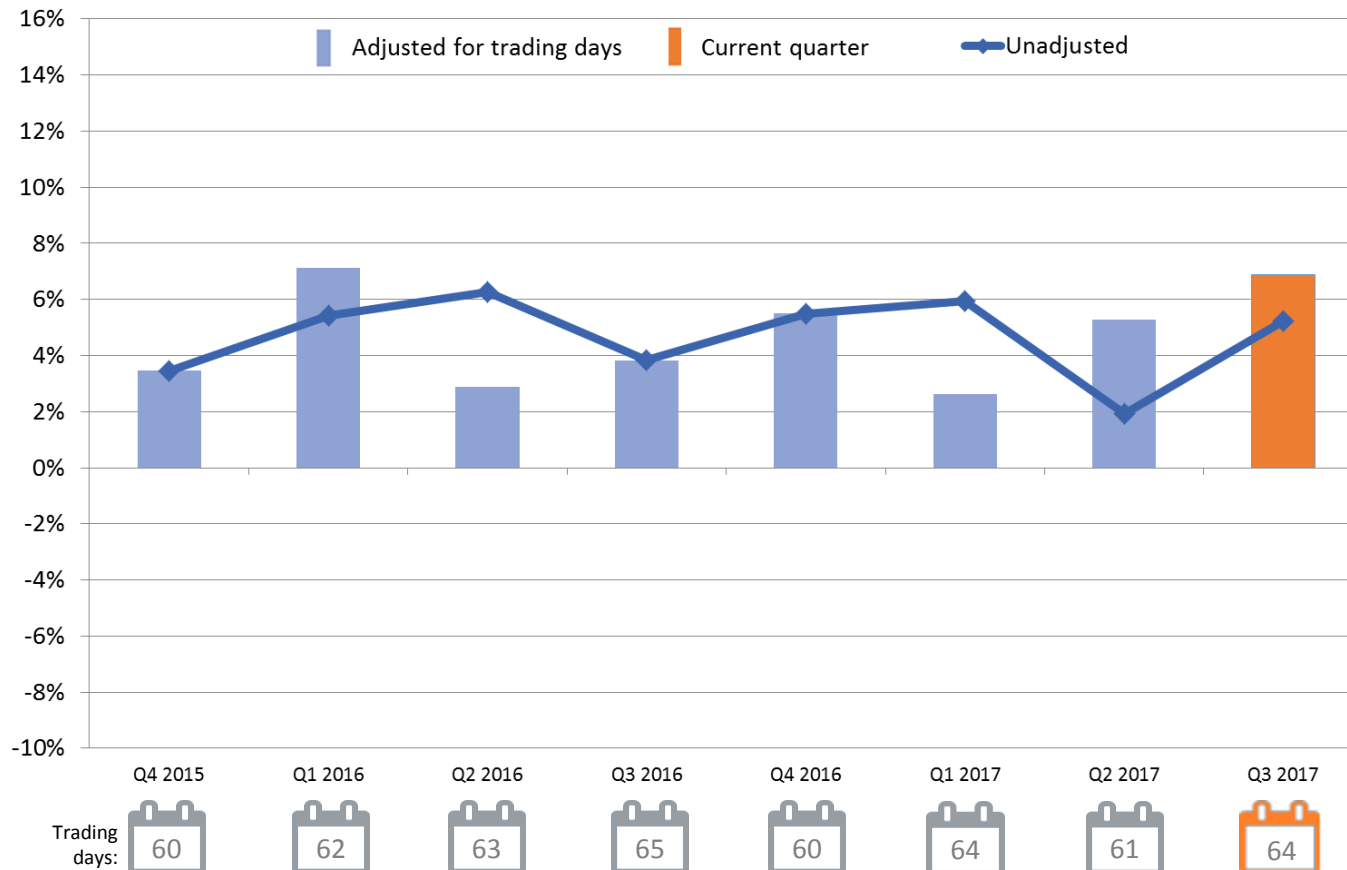


 Source: GfK's
Builders Merchants
Total Category Report
July 2015 to September 2017

Quarterly: Sales Indices

Adjusted and unadjusted for trading days

Quarterly Indices: Year on Year

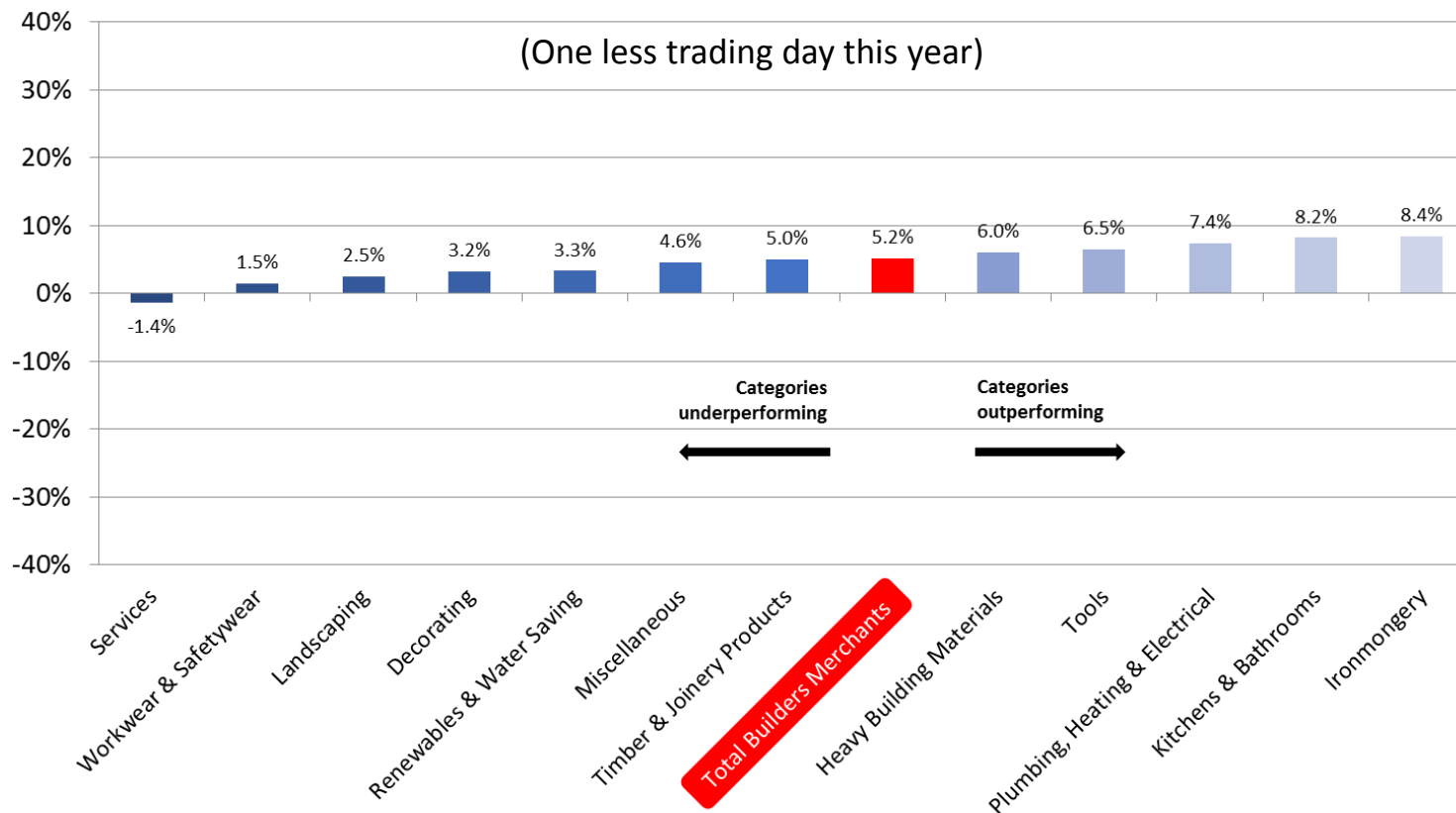


 Source: GfK's
Builders Merchants
Total Category Report
July 2015 to September 2017

Quarterly: This Year v Last Year

Q3 2017 sales indices

Quarter 3 2017 index v Quarter 3 2016 index

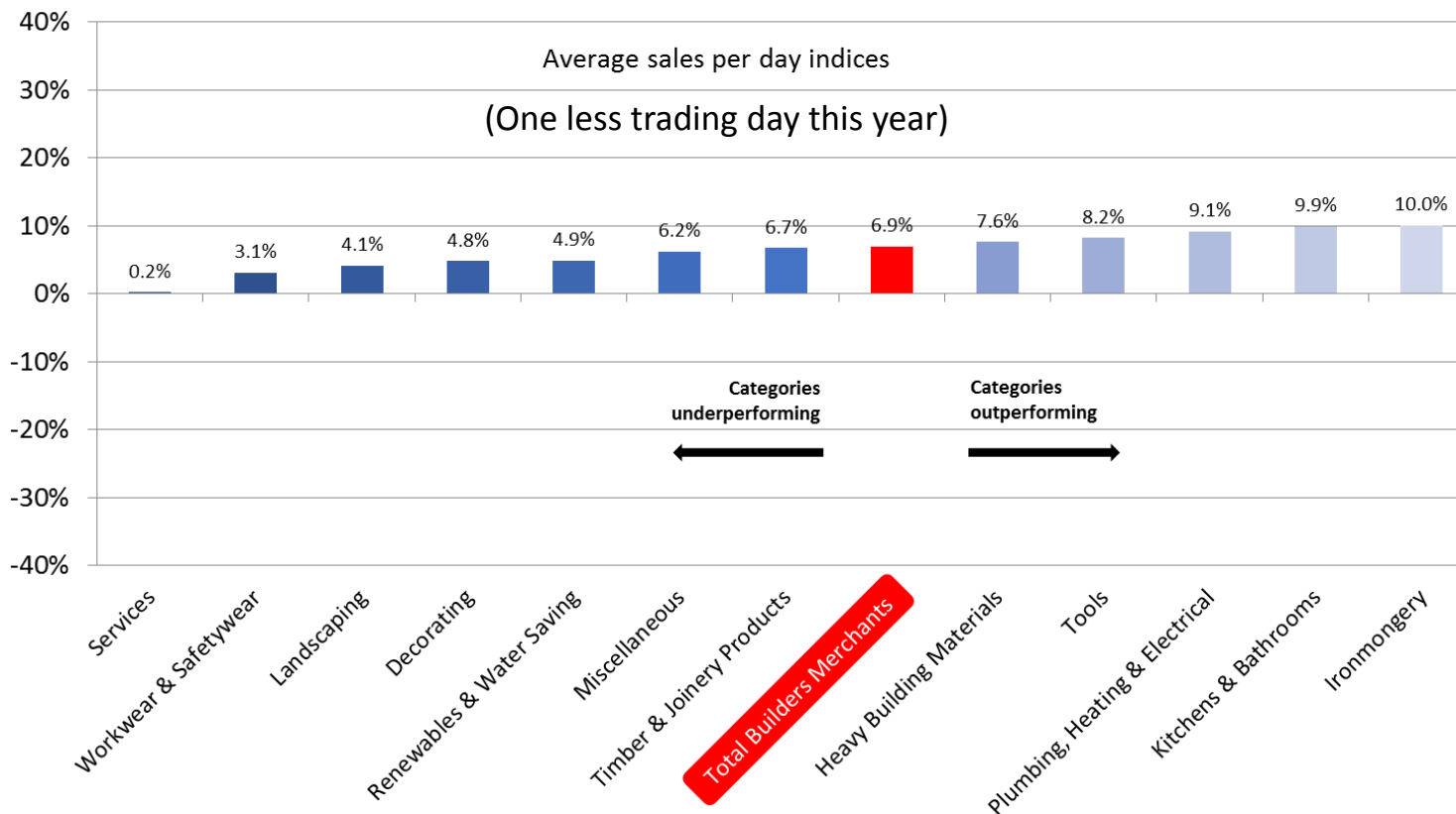


 Source: GfK's
Builders Merchants
Total Category Report
July 2015 to September 2017

Quarterly: This Year v Last Year

Q3 2017 average sales per day indices

Quarter 3 2017 index v Quarter 3 2016 index

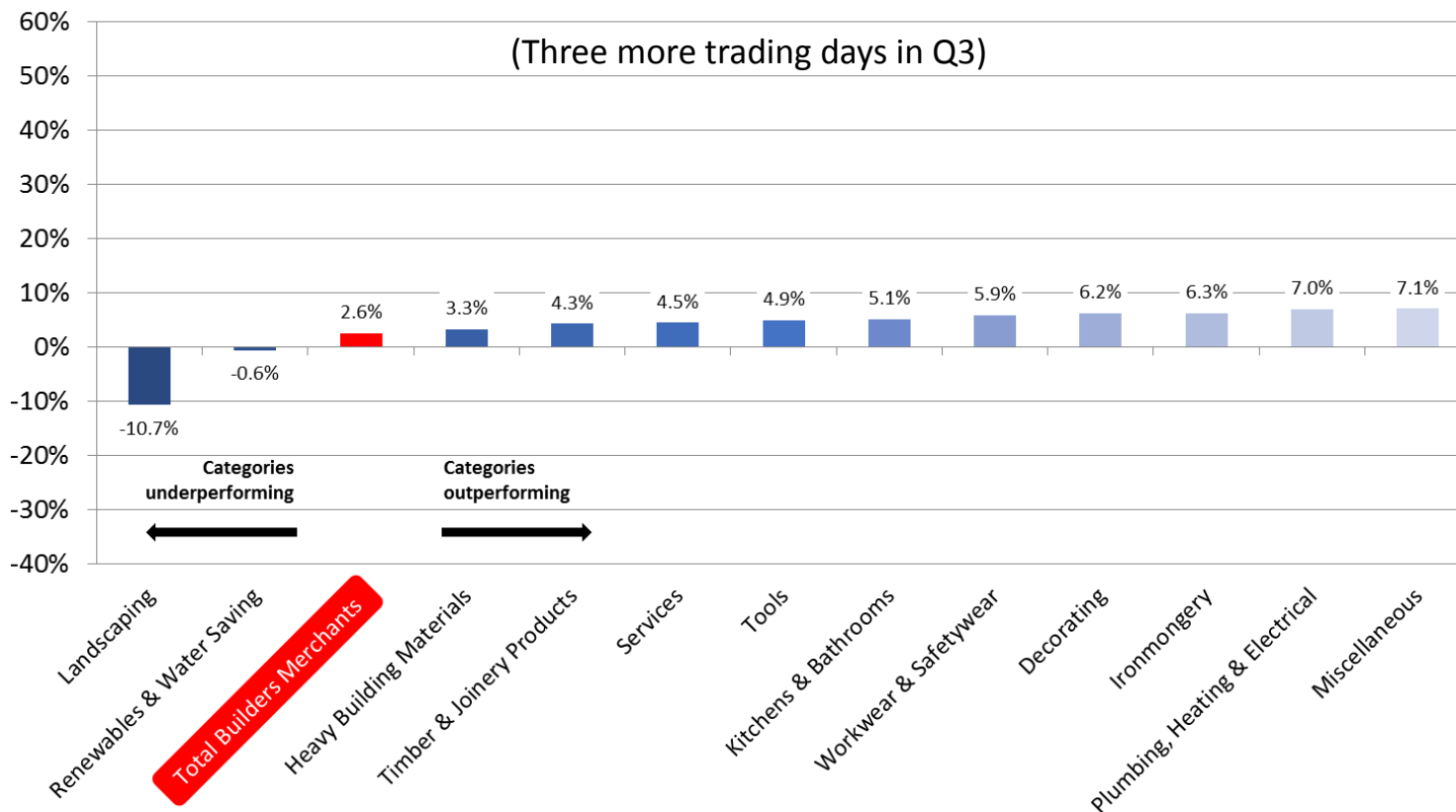


 Source: GfK's Builders Merchants Total Category Report July 2015 to September 2017

Quarterly: Quarter on Quarter

Q3 2017 sales indices

Quarter 3 2017 index v Quarter 2 2017 index

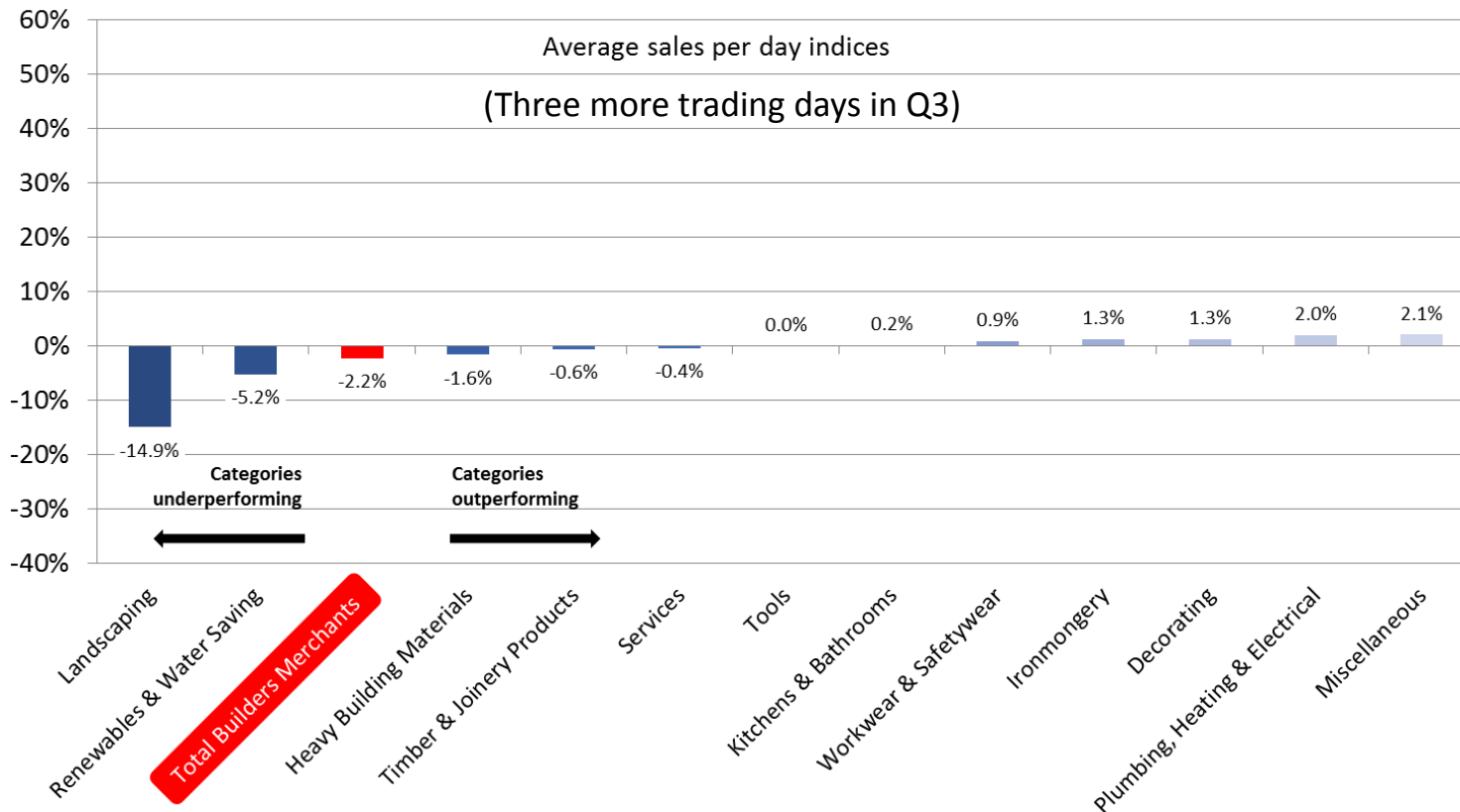


 Source: GfK's
Builders Merchants
Total Category Report
July 2015 to September 2017

Quarterly: Quarter on Quarter

Q3 2017 average sales per day indices

Quarter 3 2017 index v Quarter 2 2017 index

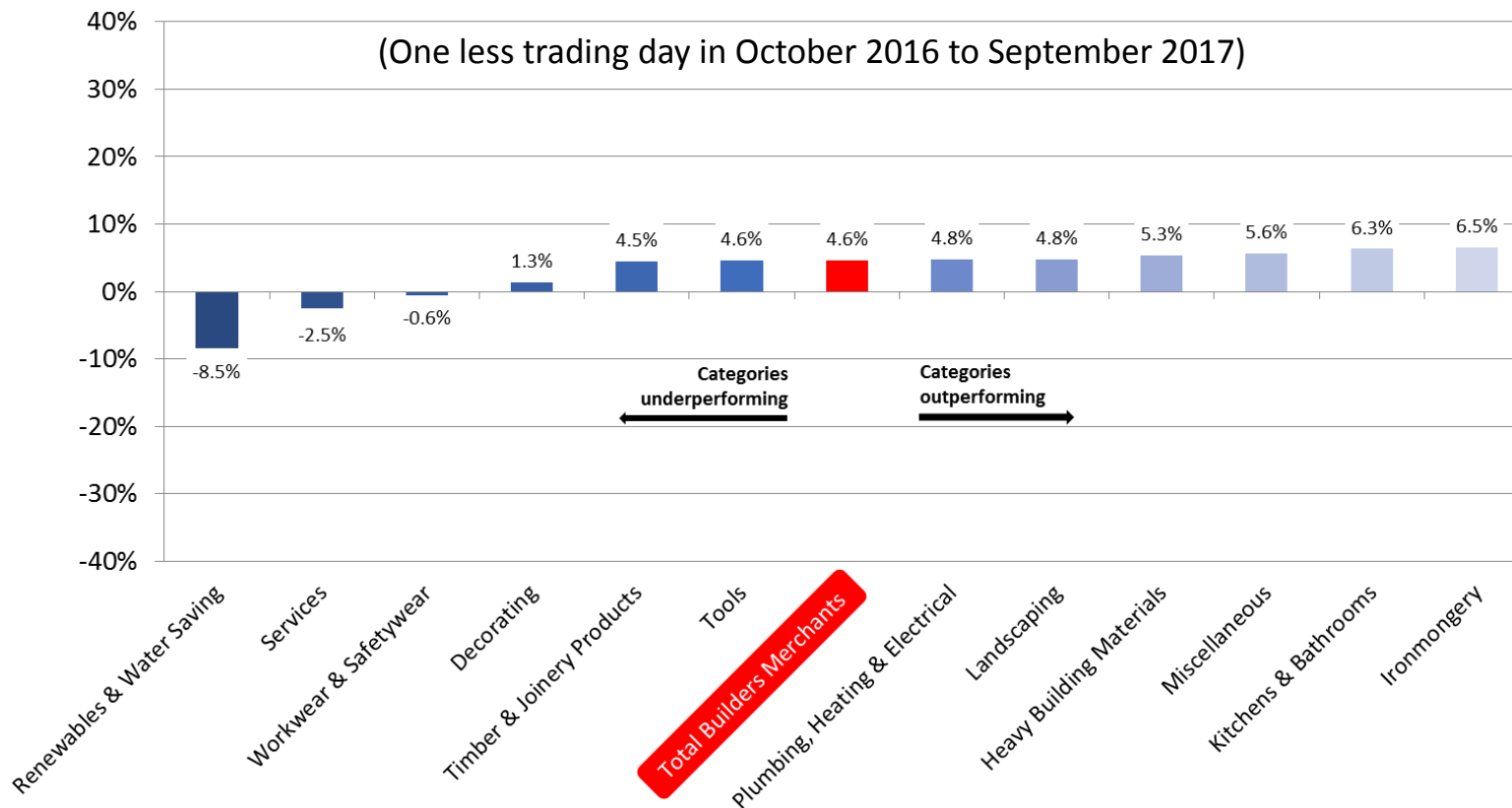


 Source: GfK's Builders Merchants Total Category Report July 2015 to September 2017

Last 12 Months: Year on Year Rolling 12 months sales indices

12 months Oct 16 to Sep 17 v 12 months Oct 15 to Sep 16

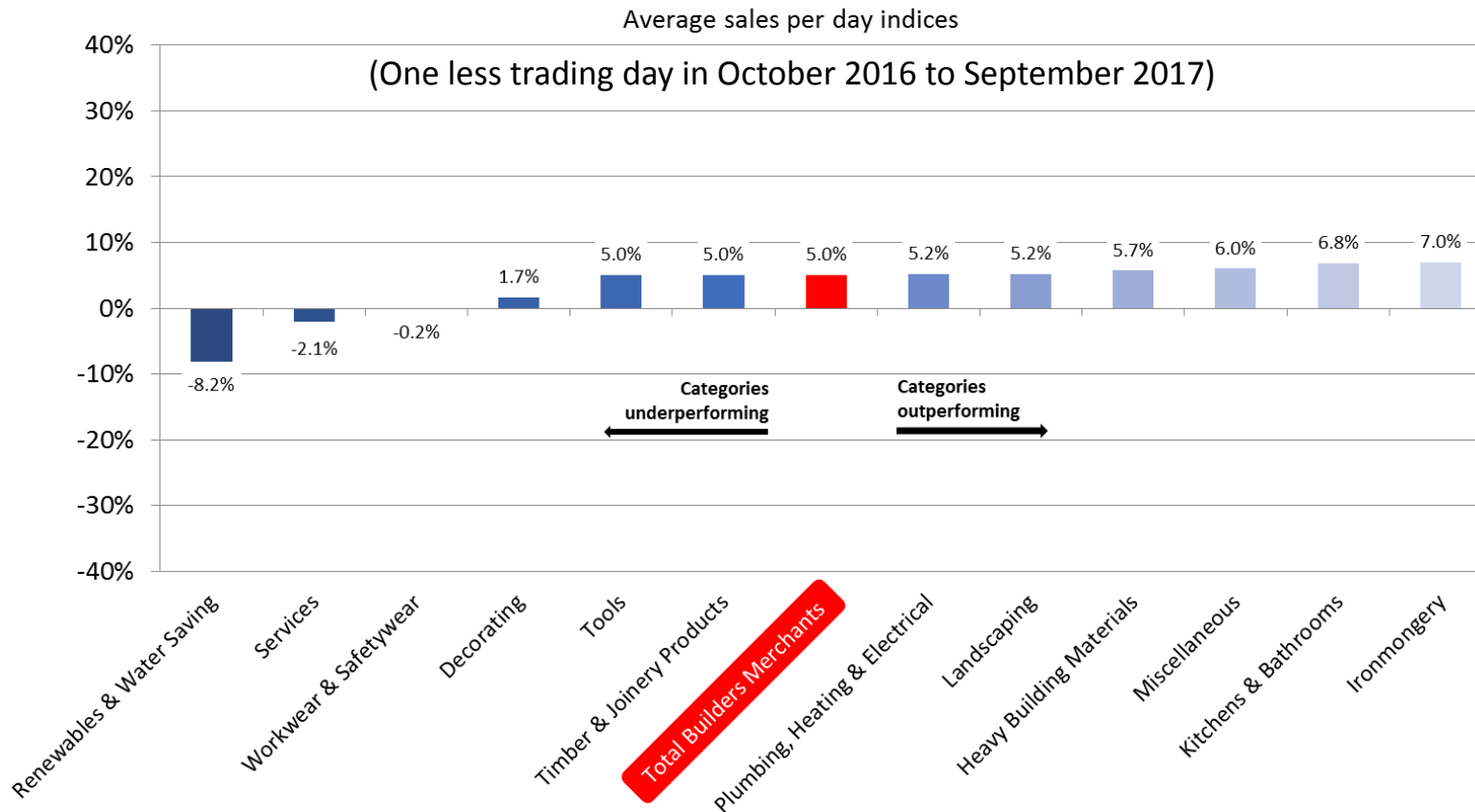
(One less trading day in October 2016 to September 2017)



 Source: GfK's
Builders Merchants
Total Category Report
July 2015 to September 2017

Last 12 Months: Year on Year Rolling 12 months sales indices average sales per day

12 months Oct 16 to Sep 17 v 12 months Oct 15 to Sep 16



 Source: GfK's
Builders Merchants
Total Category Report
July 2015 to September 2017

Expert Panel

PVC-U Windows & Doors

(Part of Timber & Joinery Products)



No.1 for choice • No.1 for colour



Steve Halford, Group Managing Director The Crystal Group is BMBI's Expert for PVC-U Windows & Doors.

It was a challenging third quarter for merchants selling PVC-U windows and doors, possibly linked to a slowdown in consumer confidence: quarter-on-quarter and year-on-year enquiry levels were well down. Nevertheless, builders' merchants' sales of PVC-U windows and doors were up around 15% in Q3 2017 compared with the same period last year.

This level of growth is very strong, particularly as overall sales in the PVC-U windows and doors market are down nearly 10% on 2016. How can that be, and how can we be confident that merchants' sales will continue to grow strongly?

What we are seeing is a big shift in builders' routes to market: in effect a swing back to builders' merchants where builders source most of their materials. Twenty years ago, builders who wanted to buy PVC-U windows had to go to their local window fabricator. But with the rise of very large trade fabricators, many with their own chain of small trade counters, it became uneconomic for local window fabricators to make windows and over 1,000 of them stopped and bought them in from large trade firms. So builders switched and bought from chains of trade counters instead.

However, since builders' merchants have got their act together to sell bespoke PVC-U windows and doors in any style and any colour in 5 days, builders are switching to merchants to buy where they get all their other building materials. It is estimated that over 15,700 builders now install PVC-U windows and doors for the home, conservatories or other extensions – it's a big shift as merchants win their customers back and take share of a valuable £5 billion a year market.

Sustainable growth though, will come from merchants that are able to create a seamless customer experience between in-branch and online. Purchasing behaviours have changed significantly in recent years, greatly influenced by digital. Merchants that combine virtual reality with in-branch showrooms and initiatives, and invest in slick processes that make it easy, quick and efficient to buy, will be the winners in the long run.

“Builders’ merchants’ sales of PVC-U windows and doors were up around 15% in Q3 2017 compared with the same period last year.”
“...overall sales in the PVC-U windows and doors market are down nearly 10% on 2016.”

Expert Panel

Roof Windows

(Part of Timber & Joinery Products)



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

Overall BMBI reports growth of around 7% on the previous year when adjusted for trading days. But taking price inflation into account we get a more accurate picture of the market, which is in a current state of limbo - a reflection of the economy. Total UK construction figures are lower, pulled down by infrastructure and industrial, but new housing and RMI have fared better, reflecting the constant demand for new housing, with regional variations.

The roof window market is growing as housebuilders and homeowners turn empty roof space into habitable living room. We see no end to this trend. Government is promising to boost housebuilding and in much of the UK there is an acute shortage of living space.

Keylite's own sales of roof windows more than reflect this trend with double figure growth in the period, partly boosted by innovative new windows, however the expected September sales peak was a little lacklustre. This weaker month reflects poor RMI figures for September with the ONS reporting +0.4% on the year before, and -2.0% compared to August.

Looking at the wider economy, there are warning lights flashing on the high street which reported its lowest quarterly growth rate in four years, with September dipping sharply and economists pointing to inflation, static earnings and Brexit fears as the main culprits.

One thing which hasn't been slipping however is the UK's relentless march towards e-commerce, with month after month of new highs in online trade. Buying online has become a way of life, especially among the emerging generations, and this is both a threat and an opportunity for the merchant. The threat of online is that it enables those with relatively little local resource or investment to cream off vast swathes of business which was traditionally the domain of bricks and mortar businesses. Where the builders' merchant industry has been slow to adopt e-commerce there is always the risk that impatient manufacturers will bypass the merchant and sell directly to their customers.

Merchants may feel the nature of their business protects them against direct selling, but already we can see some roof window manufacturers cutting the merchant out via their online activities. Is it in merchants' best interests to support manufacturers selling directly in competition with them?

“Where the builders’ merchant industry has been slow to adopt e-commerce there is always the risk that impatient manufacturers will bypass the merchant and sell directly to their customers.”

Expert Panel

Timber & Panel Products

(Part of Timber & Joinery Products)



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

Timber and Panel Products had a slow start to the third quarter of 2017, but enquiry levels improved as we moved into September and the improvement is continuing in Q4.

We are finding ways to live with the continuing political uncertainty from protracted Brexit negotiations, but the uncertainty is causing delays to infrastructure investment which will slow timber and panel products growth. However supply problems, particularly for panel products, have had a bigger impact on performance and will influence trade from quarter four into next year. So we'll see price pressure, regardless of the strength of the pound, with shortages of product and changes in regulations across supplying countries.

The supply of hardwood timber in Q3 was relatively stable and availability generally good. However, legislative changes in Croatia that require kiln drying of Croatian grown European Oak in the country rather than exporting to facilities in other European countries, has delayed supply which is affecting availability. Demand for western red cedar, specifically for cladding, remains strong and prices will continue to rise.

Supply of Far Eastern timber, specifically Meranti, will come under pressure in Q4 and Q1 2018. Changing legislation has reduced the number of sawmills, and demand for logs for plywood will trigger price inflation.

OSB (Oriented Strand Board) supply difficulties show no signs of improvement. Manufacturers in UK and Ireland are limiting allocations and available volume from overseas manufacturers is also limited. Pricing will be stable in Q4 but we expect further increases early in Q1 2018.

Continued MDF (Medium Density Fibreboard) production problems have tightened the supply chain again. So supply difficulties will certainly continue into the next quarter, causing significant price increases over this period.

Costs and supply of veneers for plywood production, along with environmental moves to come away from coal-fired energy, means that production is under pressure in China. These pressures will reduce availability and naturally increase price levels.

“Timber and Panel Products had a slow start to the third quarter of 2017, but enquiry levels improved as we moved into September and the improvement is continuing in Q4.”

Expert Panel

Civils, Metal Rainwater & Drainage

(Part of Heavy Building Materials)



Steve Durdant-Hollamby, Managing Director Alumasc Water Management Solutions (AWMS) is BMBI's Expert for Civils, Metal Rainwater & Drainage.

The market for metal rainwater was up around 7% in value in quarter three, compared to the previous quarter, boosted by price inflation from rising raw material costs and exchange rates that never recovered from the announcement of Brexit. The increase is also driven by the growing demand for colour, and for metal products and the flexibility of metal systems to deliver bespoke designs.

We're seeing a surge in enquiries and orders for aluminium fascia and soffits, new colours like Anthracite grey to match the colour of windows are particularly popular. Homeowners appear increasingly interested in colour and how it enhances the exterior look of their home

The steel rainwater market is growing particularly in social housing and new build as local authorities and developers realise the benefits in performance, colour choice, durability and long trouble-free life of metal solutions compared with plastic. And with the cost of steel similar to plastic, it makes little difference to the overall cost of the project.

In civil and drainage, the market is down about 3% from ongoing delays in large infrastructure projects. Orders have slowed, and competition is increasing as manufacturers fight over a smaller pool of work. This isn't just in the UK. We've seen a slowdown globally, which affects exports. On the upside, above and below ground metal drainage is becoming the material of choice for fire performance. Following Grenfell, specifiers are looking for better performing products that meet stringent fire standards with cost becoming less of a restricting factor.

The cast iron manholes covers and gratings anti-dumping issue continues for manufacturers importing from China or India. However, there may be good news about the EU levy. It's expected to be reduced from around 35% to 25%. It's an unnecessary and unfair cost at a challenging time, and a reduction would make a significant difference

Many of us look at statistics and gloomy comments in the media, which feeds concerns and creates caution. It's too soon to know how this will affect public spending or RMI, but it's not all bad as some markets like metal rainwater uncover new growth opportunities. We strive to make this continue!

“The steel rainwater market is growing particularly in social housing and new build as local authorities and developers realise the benefits in performance, colour choice, durability and long trouble-free life of metal solutions compared with plastic.”

Expert Panel

Cement & Aggregates

(Part of Heavy Building Materials)



Andrew Simpson, National Commercial Director Hanson Cement is BMBI's Expert for Cement & Aggregates.

Taking a broader look at the UK construction market, not just through builders' merchants, the latest report by the Mineral Products Association shows demand for heavy-side construction products fell in Q3 2017 across all materials except for mortar, compared with Q2 2017 and the same period in 2016. This is the second consecutive quarter of decline for aggregates and ready mixed concrete (RMC), and the third for asphalt. These sluggish sales figures provide further evidence of a weakening in general construction activity since the middle of the year.

Demand for mortar increased by 1.6% in Q3 2017, compared to the previous quarter, supported by strong housebuilding. But sales volumes were down 1.1% for aggregates, 1.8% for RMC and 2.9% for asphalt, with a notable decline in road maintenance activity in Scotland. Continued reductions in RMC sales, notably in London, can be directly attributed to weaknesses in commercial office building as the political uncertainties around Brexit continue to erode developers' confidence.

In addition, delays to large infrastructure projects such as the new Hinkley Point C nuclear power station and some big motorway upgrade schemes are adding pressures to our markets and making it a bumpy ride for those who are heavily dependent on publically-funded projects. The Government must take action and commit to infrastructure to keep construction and the economy stimulated.

However, although our markets are perhaps not as good as expected, it's important not to talk ourselves into recession. There are green shoots. For example, the £4.2bn investment in the Thames Tideway Tunnel - London's super sewer that will take several years to complete - will help boost volumes. There are also opportunities for businesses that move with the needs of the market: adopt digitalisation, and continue to invest in product development and in service to customers.

The 2008 downturn challenged many businesses, but it also encouraged organisations to look at their operations and strip out cost. Many came out of recession leaner and more focused, and I believe our industry is now in a stronger position to ride out the current squalls and adapt to future challenges.

“Delays to large infrastructure projects such as the new Hinkley Point C nuclear power station and some big motorway upgrade schemes are adding pressures to our markets and making it a bumpy ride for those who are heavily dependent on publically-funded projects.”

Expert Panel

Roofing Products

(Part of Heavy Building Materials)



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

While we welcome the reported increase in sales in the BMBI report, we should be cautious. Value is up, but when you factor in double-digit inflation, overall volume - while still relatively high - is likely to be down.

A number of indicators show the overall market is slowing, and roofing is likely to follow suit. ONS figures indicate a softening with construction technically in recession. Although up 2.6% compared with Q3 2016, output contracted 0.9% in Quarter 3 (July to September) compared to Q2 2017, following a decline of 0.5% in the previous quarter. That's the first consecutive quarter-on quarter decline since 2012, leading to calls for a stimulus from the Government. Meanwhile new order and output statistics – and CPA 'state of trade' data from Q2 2017 – suggests investors are beginning to hold off funding major commercial projects.

How worried should we be? The declines in output are small – under 1%. And ONS data for a month or quarter tends to be revised upwards over the following few months as more data comes in, and that revision can be substantial. Infrastructure is positive and housebuilding is increasing, with a number of housebuilders forecasting modest growth. And while Theresa May has avoided radical changes, extra funding has been announced for councils to build a further 5,000 homes a year for the next five years. The concern is that construction is being held up by the house building and infrastructure sectors, which is great for these sectors, but RMI is more of a challenge.

RMI is very much linked to consumer confidence and income availability. With real time inflation and wages squeezed, and car and retail sales down, confidence seems to be slowing. The roofing market has held up well so far, but we are likely to feel the effects more in the coming months.

There are other factors we also need to take into consideration. For example, raw material price increases and shortages of supply continue to affect the roofing specification market. Roofing felt is part of a system that includes other components that have been particularly affected (eg PIR insulation), so the overall cost of a project has increased. The knock-on effect means a client may do two projects rather than three.

Affecting everything, the skills shortage is an underlying challenge. It continues to constrain growth in construction and roofing - and isn't going to go away soon.

“A number of indicators show the overall market is slowing, and roofing is likely to follow suit.”

Expert Panel

Steel Lintels

(Part of Heavy Building Materials)



Derrick McFarland, Managing Director Keystone Lintels is BMBI's Expert for Steel Lintels.

Quarter three 2017 sales compared with the same period in 2016 are slightly skewed as a result of merchants purchasing ahead last year to beat late summer price increases. The results show slightly less volume for 2017 versus the same period last year, although merchants are still reporting growth. Encouraging, but not flattering, Q3 has been a couple of percentage points better than the strong Q2, indicating a fairly flat but consistent year since March. October, and week to date November show more of the same. I reported last quarter on the interesting trend towards non-standard lintels, special lintels and thermally efficient lintels and this trend continued.

The house building sector has increased consumption of thermally performing lintels over the quarter. This is a trend which promises to continue as more 2018 specifications are adopting this unique type of lintel. The 'Fabric First' approach is helping to drive specification change, along with merchant supply chain partners and competitive pricing. Merchants who put stock on the ground to service sites are earning the rewards by selling a greater mix of thermally performing lintels. The biggest day-to-day risk is the supply of other heavy building materials which can encourage some builders to buy timber frame, even at higher costs than traditional build.

Enquiries dipped slightly this quarter, which is in line with previous years due to the summer holidays, however year to date numbers are still ahead of 2016. These enquiries are the life blood of the business. Increased product availability for larger house builders and increasing costs are slowing the productivity of the RMI market. The work is there, but the combined factors of product availability, price and accessible labour are holding RMI back.

Compliance to standards and regulations are a huge risk, with in-depth knowledge possibly lacking for new products such as thermally performing lintels for example. Even CE marking on structural products is not fully understood, so we're working with merchant partners to raise awareness on product certification, product specification and, equally important, pound note earnings.

“The house building sector has increased consumption of thermally performing lintels over the quarter. This is a trend which promises to continue as more 2018 specifications are adopting this unique type of lintel.”

Expert Panel

Mineral Wool Insulation

(Part of Heavy Building Materials)



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

The housing crisis rages on. Low supply is hamstringing first-time buyers' ability to get on the ladder and as a result it's garnering even larger political focus. Ahead of the party conferences in October, we saw new commitments from Government to boost both supply and demand through the extension of the Help to Buy equity loan.

Housing is a key market for the insulation industry and high targets for the delivery of new homes have been a key driver for sales this year – we have seen annual growth in our mineral wool insulation for cavity wall application as well as quarterly growth in glass mineral wool sales. The government's commitment to Help to Buy is going to maintain demand for mineral wool products into the future.

Of course the key challenge the entire industry faces in meeting housing need is the availability of skills. Brexit's effect on the value of Sterling is already removing the incentives to come to the UK to work. For the many construction workers from Eastern Europe living here who send money back home, working in the UK simply gives them less money than they once had. And, should we be faced with a deal that halts immigration, the issue will only become more acute.

Given the uncertain climate, innovation is going to be the name of the game for businesses seeking to maintain strong sales.

“Housing is a key market for the insulation industry and high targets for the delivery of new homes have been a key driver for sales this year...”

Expert Panel

Insulation Products - Distribution

(Part of Heavy Building Materials)



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

Brexit continues to cast a shadow of uncertainty over Britain's future. In the short term independent builders' merchants' markets are holding out well. Longer term it may be a different story, as it's unclear what the impact will be on investment into the UK, on labour and changes in regulation. In the interim, we hope increasing pressure on Government to build more homes will be reflected in new policies. Soon! We also hope product availability shortages and price inflation will ease soon. If they don't, they will sap future growth.

On a much more positive note, the Government's Clean Growth Strategy, published in October, is a significant development for the insulation market. It promises to benefit ECO and social housing, private rental and new build sectors.

Clean technology is developing at a rapid pace and the new 'clean growth' strategy will help drive energy efficiency measures, as well as create jobs and contribute to economic growth. The initiative is an important milestone in the UK's work to cut emissions and grow the economy, and should make a real difference to people's lives, from reducing energy bills and improving air quality, to supporting new technologies and boosting earning power in high-quality jobs. The Government is confident it will be a success, with progress already made towards its existing 2050 target to reduce emissions by at least 80% compared with 1990. We hope it backs 'able to pay' targets with sufficient fiscal 'stick and carrot' measures to prime the pump and build momentum quickly so it achieves this long term goal.

The global transition to a low carbon economy has huge growth opportunities. The UK's low carbon sector already employs over 230,000 people directly, and another 200,000 through supply chains. The Committee on Climate Change estimates that the low carbon economy has the potential to grow 11% a year from 2015 through to 2030 – four times faster than the rest of the economy.

So, while the construction industry faces many challenges it's reassuring to see new initiatives like the Clean Growth Strategy open up new opportunities for our markets.

“We hope increasing pressure on Government to build more homes will be reflected in new policies. Soon! We also hope product availability shortages and price inflation will ease soon. If they don't, they will sap future growth.”

Expert Panel

Bricks

(Part of Heavy Building Materials)

IBSTOCK



Tony France, Sales Director Ibstock, is BMBI's Expert for Bricks.

The primary sectors of demand for facing bricks are private housing and RMI and both appear set to progress strongly. Builders' merchants' brick sales remain strong, the volume of bricks in merchants' depots has returned to normal, and stockists are generally reporting healthy demand.

At the same time, developers continue to increase their build programmes in response to the demand for new housing. According to a recent NHBC report, new home registrations saw their highest third quarter total for a decade. During July to September, (Q3 2017) 37,936 new homes were registered, a 6% increase on the same period last year. Of these 29,083 were for the private sector, a 9% increase on Q3 2016.

Evidence indicates a greater proportion of detached, semi-detached houses and bungalows being built and fewer flats and apartments. This leads to more bricks being required to build the average unit. As a result, demand for bricks is at a particularly high level. In the first six months of 2017, the GB brick industry experienced its three single biggest despatch months in nearly ten years – since before the credit crunch.

In the 12 months to the end of September 2017, GB brick manufacturers have despatched 176m more bricks than they have collectively produced, resulting in depletion of stocks at many factories and, therefore longer 'availabilities'. These figures exclude volumes of imported bricks, which are continuing to rise to supplement GB supply.

GB brick manufacturers are increasing production levels at their factories wherever possible, and there are still stocks of bricks available for customers at some factories. In addition, Ibstock's new factory will be producing at the rate of up to 100 million bricks a year by the end of 2018.

The imbalance in supply and demand is expected to continue throughout next year and it is important that builders' merchants work closely with their customers to plan their direct-to-site brick needs as early as possible. I'd also advise merchants to consider their ongoing depot stock requirements and place accurate schedules for key products for 2018.

“In the 12 months to the end of September 2017, GB brick manufacturers have despatched 176m more bricks than they have collectively produced, resulting in depletion of stocks at many factories and, therefore longer ‘availabilities’.”

Expert Panel

Natural Stone Landscaping Products

(Part of Landscaping)



Malcolm Gough, Group Sales & Marketing Director Natural Paving Products is BMBI's Expert for Natural Stone Landscaping Products, Vitrified Paving & Artificial Grass.

Q3 was busy despite the dampening effect of price rises. We estimate 2017 market volumes are up by about 4%, and for a seasonal product, it's good to see the end of the year still buoyant: landscaping is selling across the UK, except in bad weather. Long may this milder weather continue!

Shipping prices usually relax around this time of year but we haven't yet seen any changes. However these are unpredictable times and we're assuming shipping will rise again early next year so expect Indian natural stone price to increase early 2018. Sterling still hasn't recovered and this has a negative impact on stone raw material costs and importing.

The definitive trend for 2017 has been 'grey' - from stone and polished concrete to Italian porcelain. Manufacturers are now making every grey variation they can, and I'm sure when all the 2018 landscaping brochures land at merchants' doors there will be a sea of grey products to choose from.

The biggest winner is vitrified paving - a market that's gathering speed as more and more merchants take the product into stock. Having stock on the ground makes it more accessible and a real alternative to the landscaper. This of course has been helped by prices coming down and consumer demand increasing. Next year we're predicting a massive spike in vitrified paving sales. The worrying factor in this market is that cheap imported ceramics rather than true porcelain are entering the market, bringing quality issues and damaging the reputation of this premium alternative to stone or concrete.

There is currently a lot of noise about 'British made' products - even artificial grass is now having this badge applied, but don't be misled by clever marketing. While some of the product is manufactured in Britain most of the yarn is imported from China, Turkey or Holland. When the major component is imported, how can these artificial grasses be called British? Always read the small print! It's pleasing therefore to see that higher quality artificial grasses are this year's winner.

“The biggest winner is vitrified paving - a market that's gathering speed as more and more merchants take the product into stock. Having stock on the ground makes it more accessible and a real alternative to the landscaper.”

Expert Panel

Water Heating

(Part of Plumbing Heating & Electrical)

HEATRAE SADIA
SMARTER | CLEANER | WARMER



Paul Rivett, Managing Director Heatrae Sadia is BMBI's Expert for Water Heating.

Merchants' sales of all types of water heaters were flat during the third quarter of 2017. This is an improvement on the previous quarter, and on the first half of the year when sales were down over these periods.

Electric commercial water heating, boiling and chilled water dispensers, and packaged solutions for multi-occupancy domestic dwellings continue stronger than the domestic unvented cylinder sector. Sales of these products to the private new build sector have been affected adversely by an increase in the use of 35kW Combi boilers in larger house types. However, the increase in sales of Combi boilers may be reversed with the onset of winter when ambient water temperatures are much lower than in the summer. This is a more realistic test of a Combi boiler's suitability, as lower ambient temperatures affects their performance and potentially result in poor flow rates.

Packaged solutions are factory assembled, plumbed and wired, and consist of a selection of products such as an unvented cylinder, mechanical ventilation and recovery unit, controller and a Heating Interface Unit. They are ideal for large volume multi-occupancy dwellings as the design is agreed up front with the contractors and specification engineers, and the packages are factory assembled - so quality and layout is well controlled. Offsite packaged solutions are also particularly beneficial at a time of widespread skills shortages. They help to ease project delays and avoid the potential problems of poor installations.

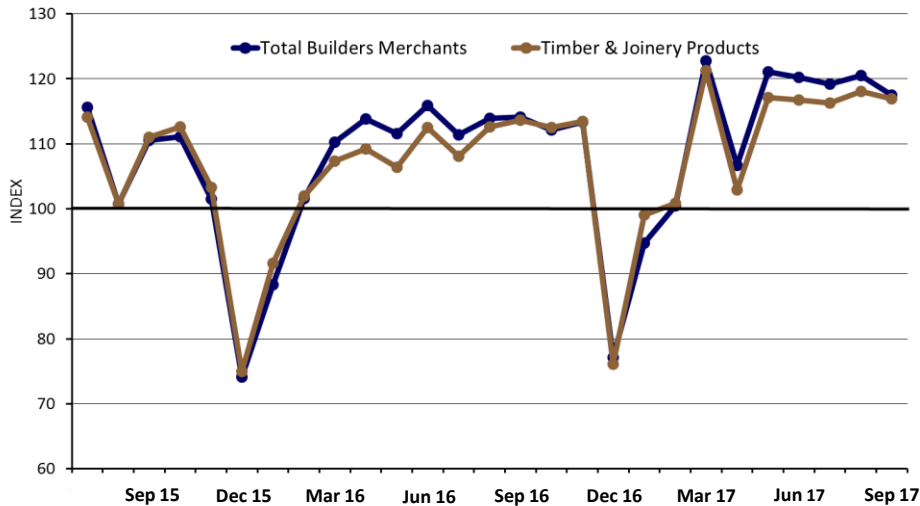
Looking ahead, we expect the market to stay flat in the fourth quarter of 2017, followed by a small increase as we head into 2018. But with the uncertainty around the Brexit negotiations continuing to affect confidence and the financing of construction projects, next year will be exceptionally challenging, particularly in sectors such as commercial offices construction.

“Looking ahead, we expect the market to stay flat in the fourth quarter of 2017, followed by a small increase as we head into 2018.”

Monthly and Quarterly Indices

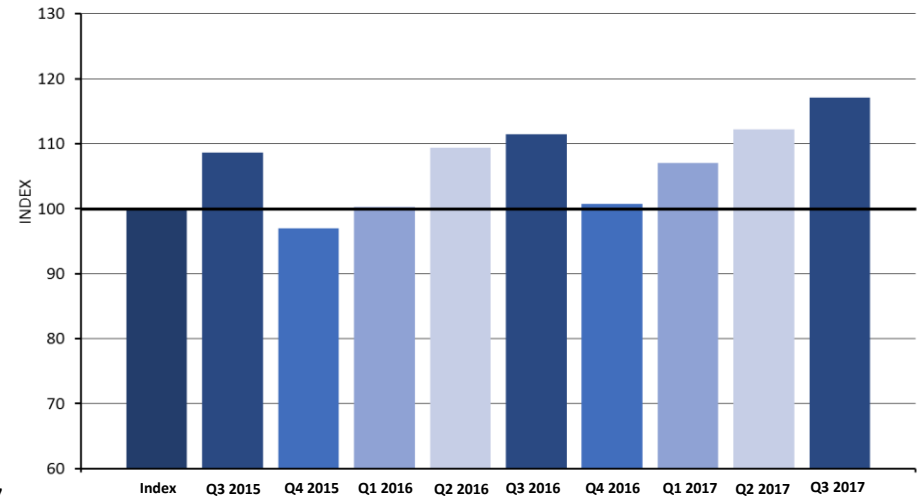
September 2017 and Q3 2017

Timber & Joinery Products



Monthly chart indexed on July 2014 – June 2015

Timber & Joinery Products - Quarterly



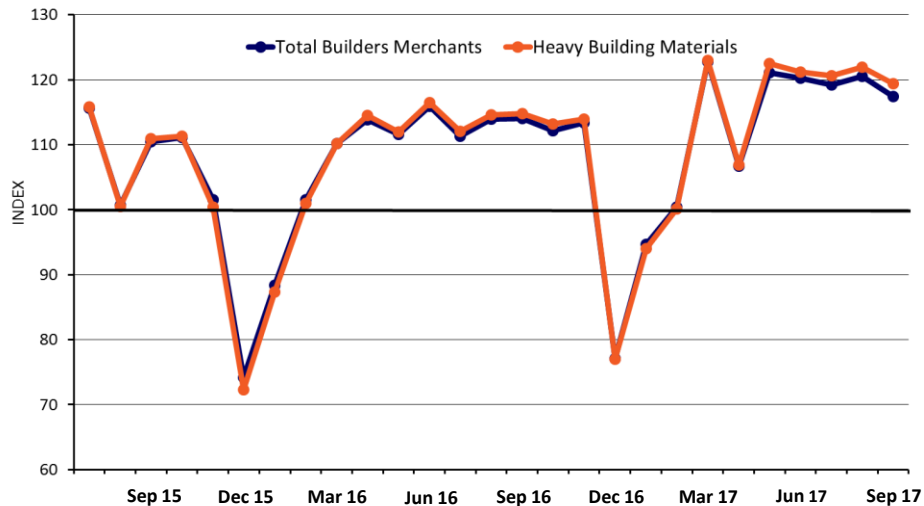
Quarterly chart indexed on July 2014 – June 2015

 Source: GfK's
Builders Merchants
Total Category Report
July 2015 to September 2017

Monthly and Quarterly Indices

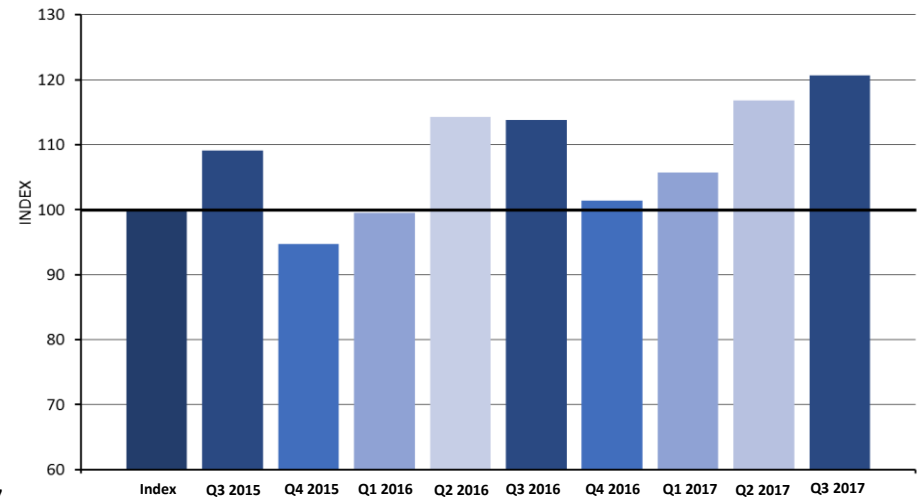
September 2017 and Q3 2017

Heavy Building Materials



Monthly chart indexed on July 2014 – June 2015

Heavy Building Materials - Quarterly



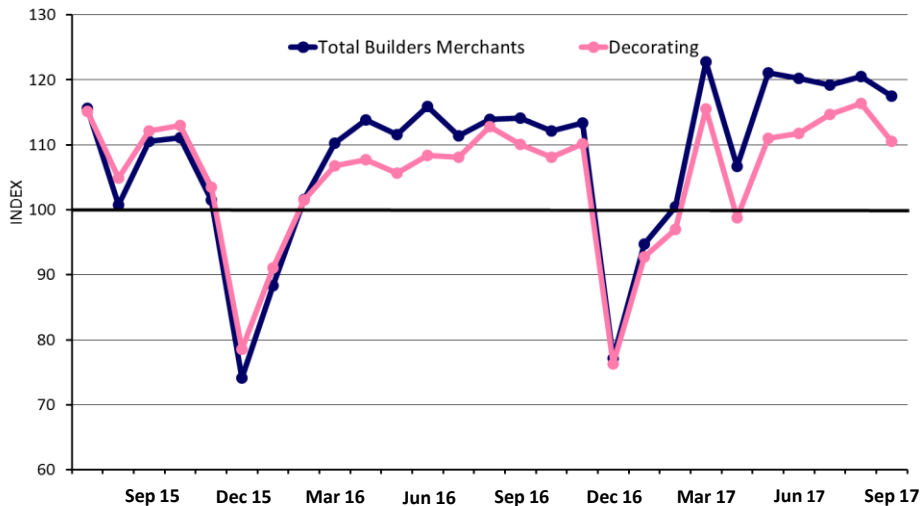
Quarterly chart indexed on July 2014 – June 2015

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July 2015 to September 2017

Monthly and Quarterly Indices

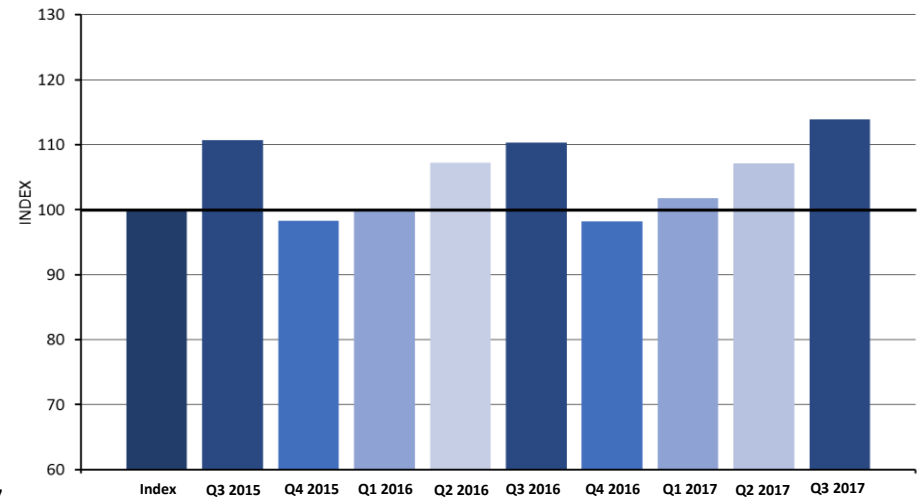
September 2017 and Q3 2017

Decorating



Monthly chart indexed on July 2014 – June 2015

Decorating - Quarterly



Quarterly chart indexed on July 2014 – June 2015

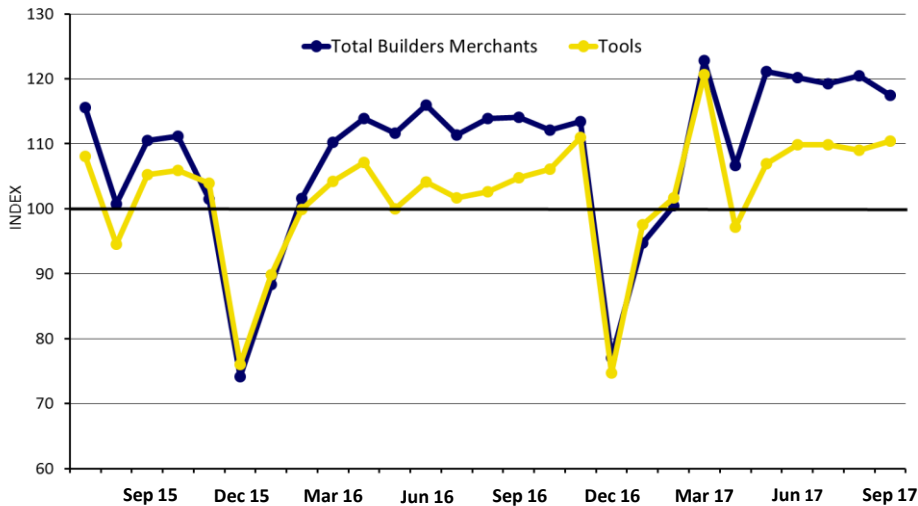
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Monthly and Quarterly Indices

September 2017 and Q3 2017

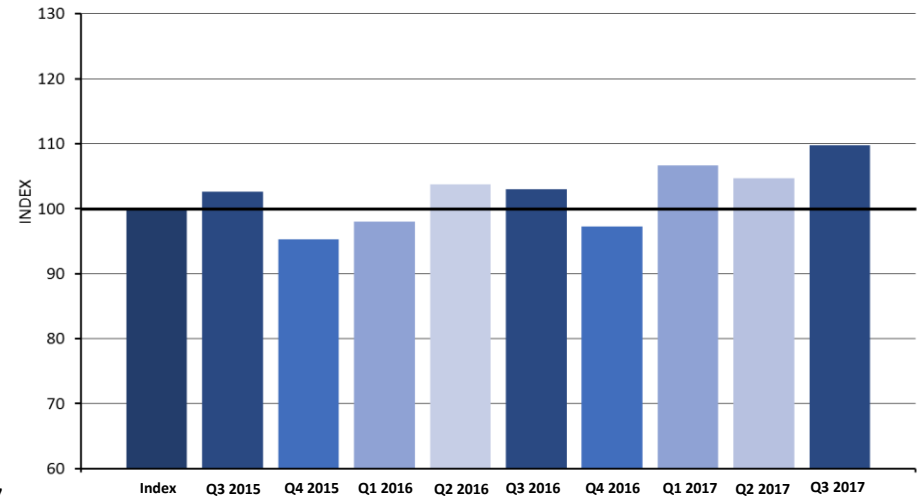


Tools



Monthly chart indexed on July 2014 – June 2015

Tools - Quarterly



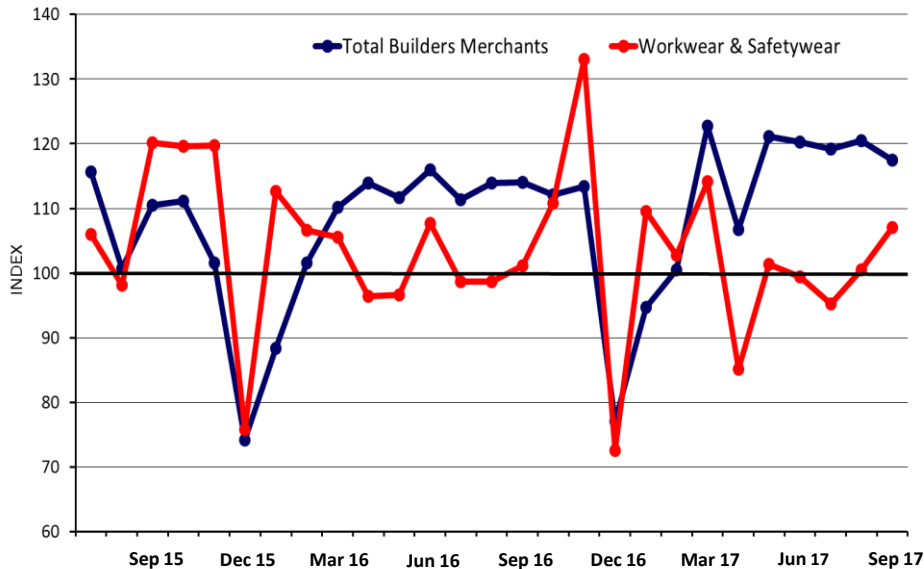
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July 2015 to September 2017

Monthly and Quarterly Indices

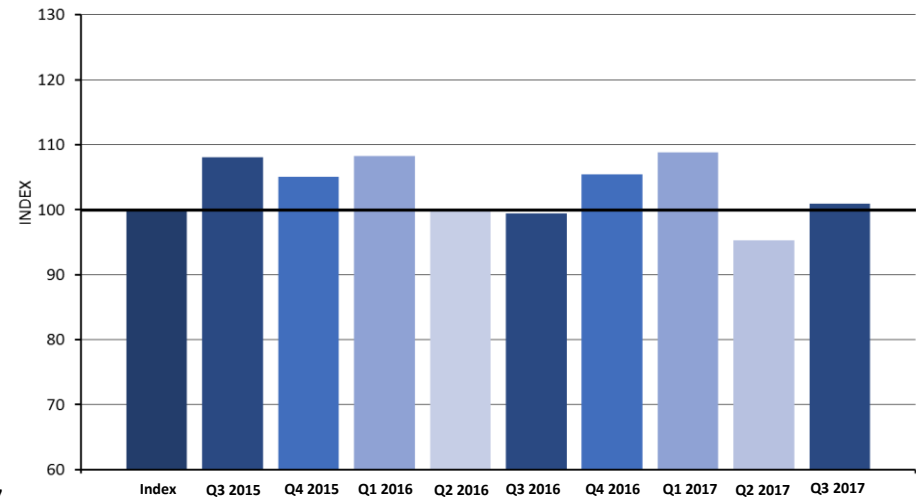
September 2017 and Q3 2017

Workwear & Safetywear



Monthly chart indexed on July 2014 – June 2015

Workwear & Safetywear - Quarterly



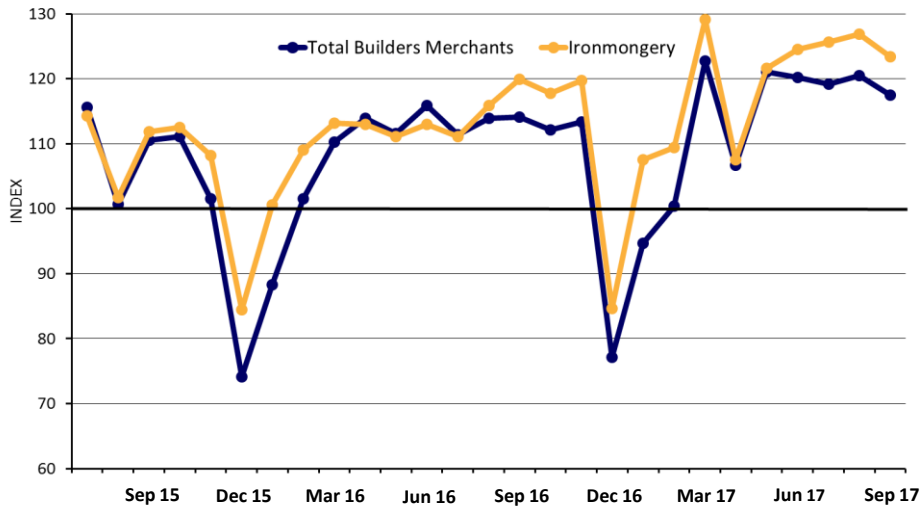
Quarterly chart indexed on July 2014 – June 2015

Monthly and Quarterly Indices

September 2017 and Q3 2017

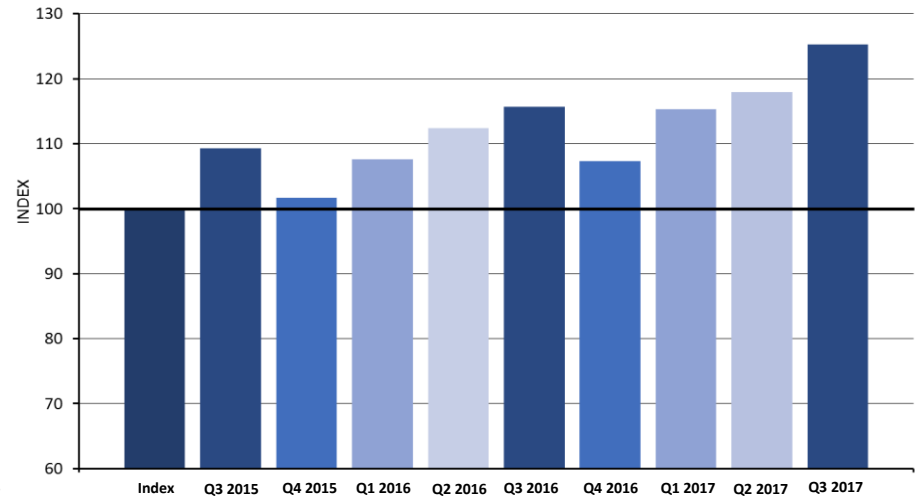


Ironmongery



Monthly chart indexed on July 2014 – June 2015

Ironmongery - Quarterly



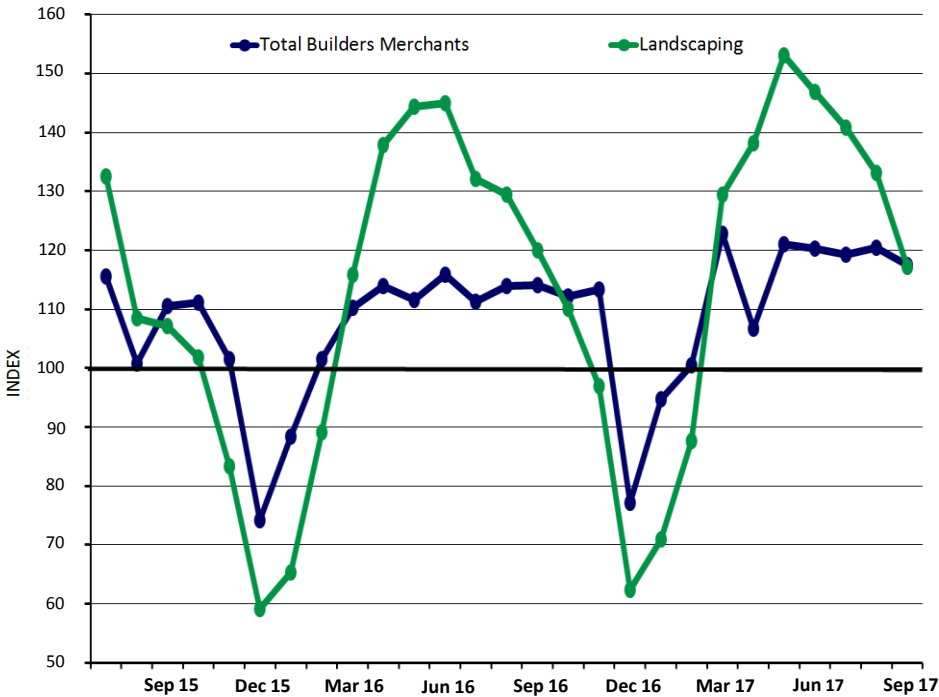
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GfK Source: GfK's
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Monthly and Quarterly Indices

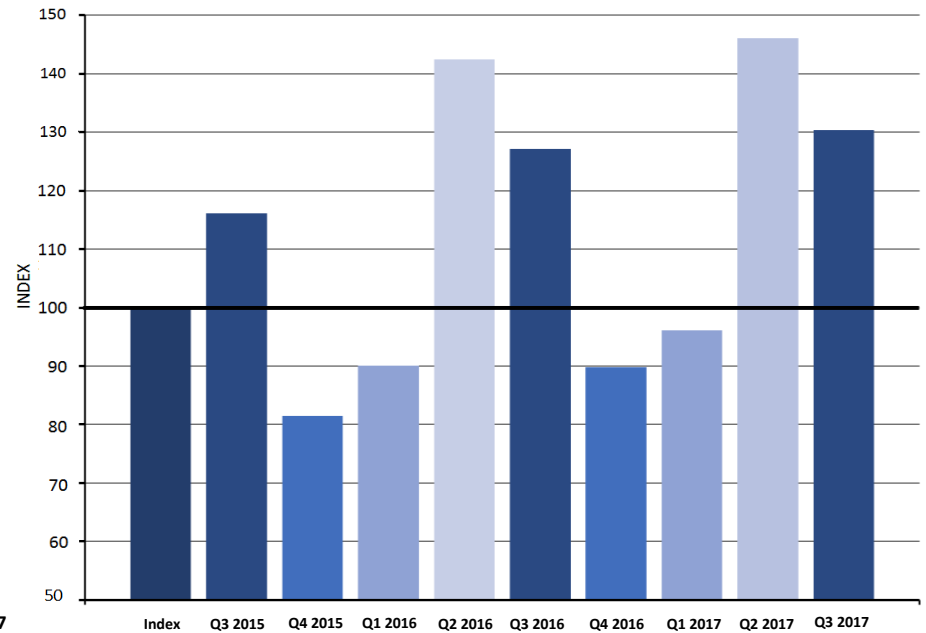
September 2017 and Q3 2017

Landscaping



Monthly chart indexed on July 2014 – June 2015

Landscaping - Quarterly



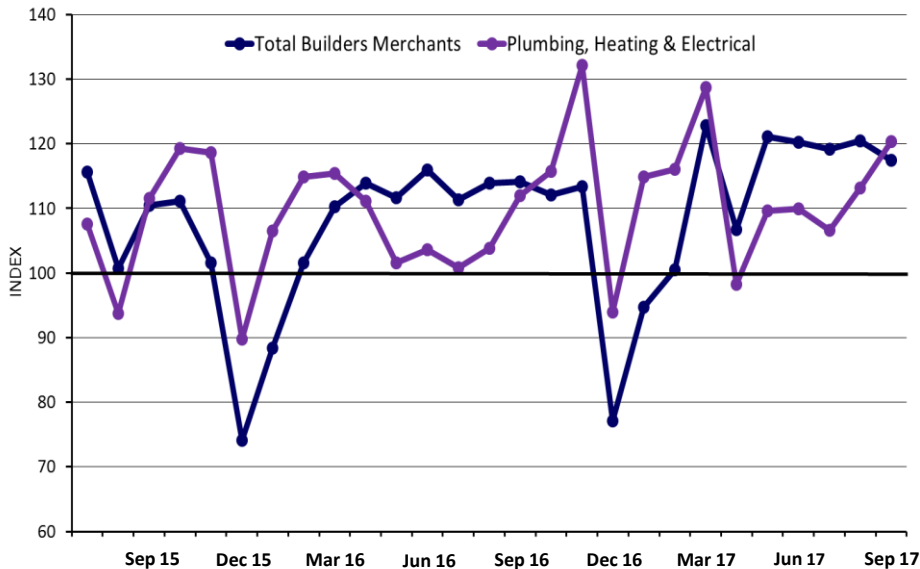
Quarterly chart indexed on July 2014 – June 2015

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July 2015 to September 2017

Monthly and Quarterly Indices

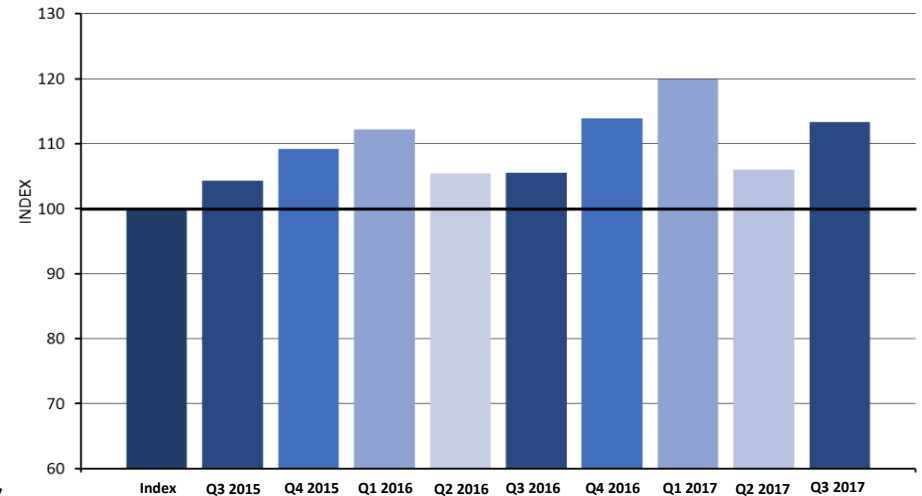
September 2017 and Q3 2017

Plumbing, Heating & Electrical



Monthly chart indexed on July 2014 – June 2015

Plumbing, Heating & Electrical - Quarterly

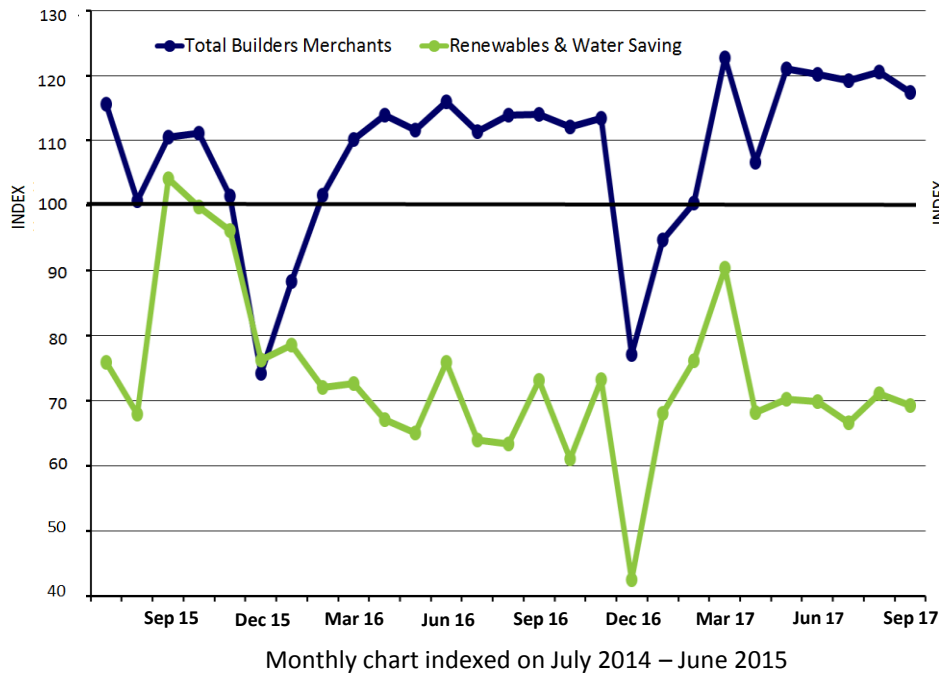


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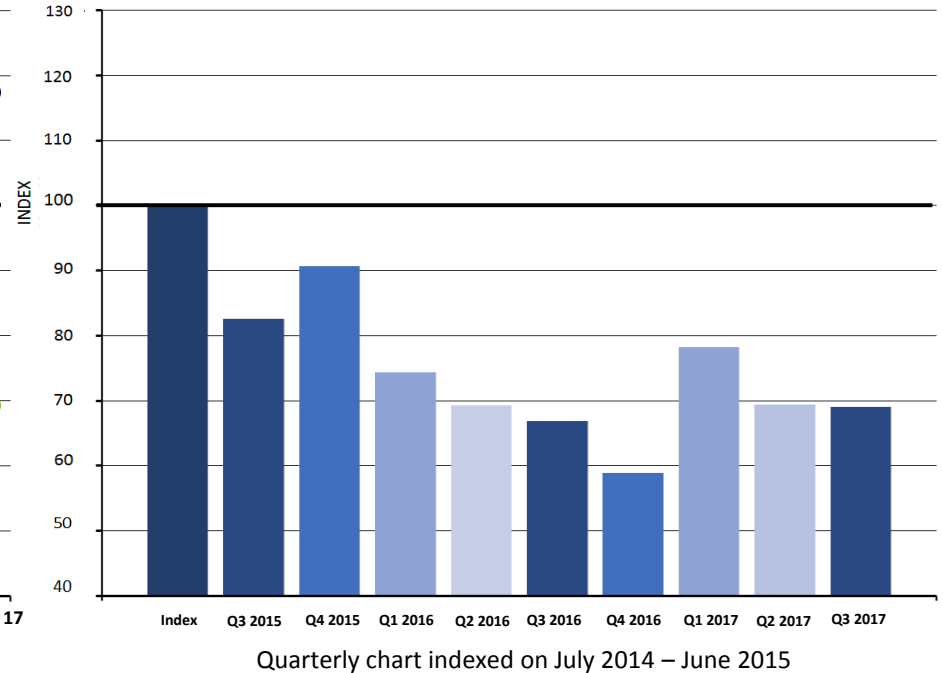
Monthly and Quarterly Indices

September 2017 and Q3 2017

Renewables & Water Saving



Renewables & Water Saving - Quarterly



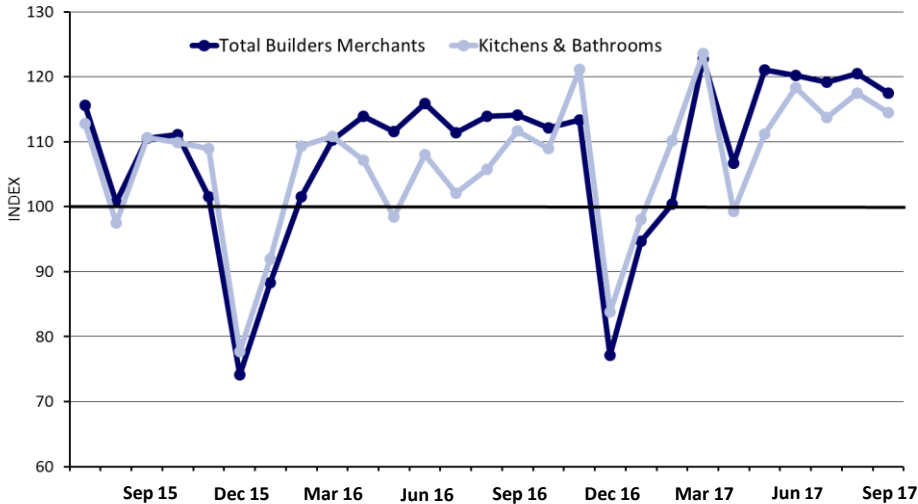
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Monthly and Quarterly Indices

September 2017 and Q3 2017

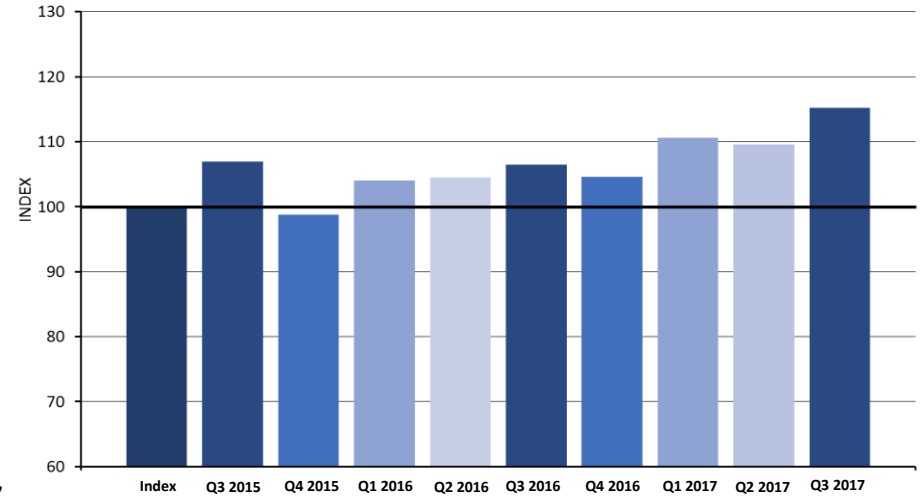


Kitchens & Bathrooms



Monthly chart indexed on July 2014 – June 2015

Kitchens & Bathrooms - Quarterly



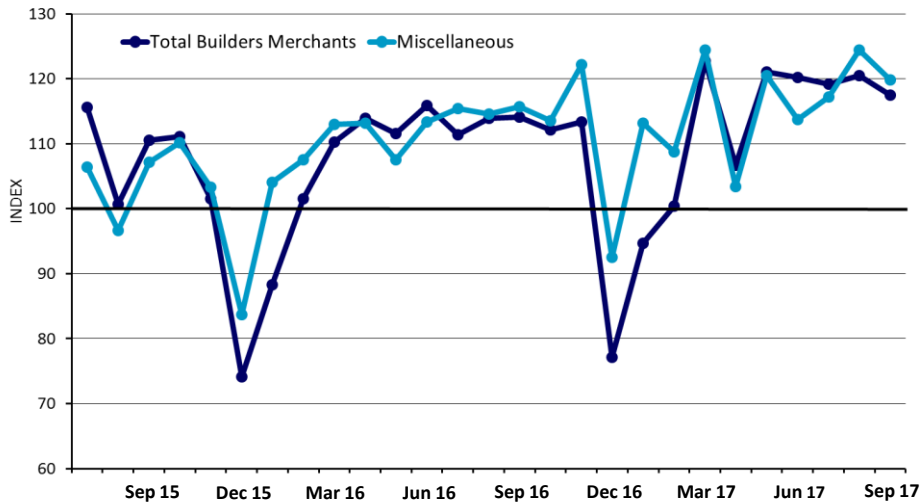
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Monthly and Quarterly Indices

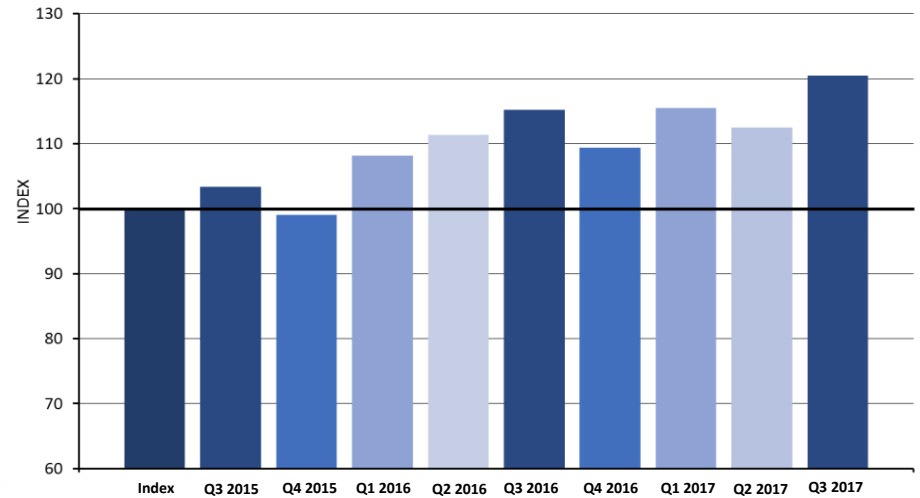
September 2017 and Q3 2017

Miscellaneous



Monthly chart indexed on July 2014 – June 2015

Miscellaneous - Quarterly



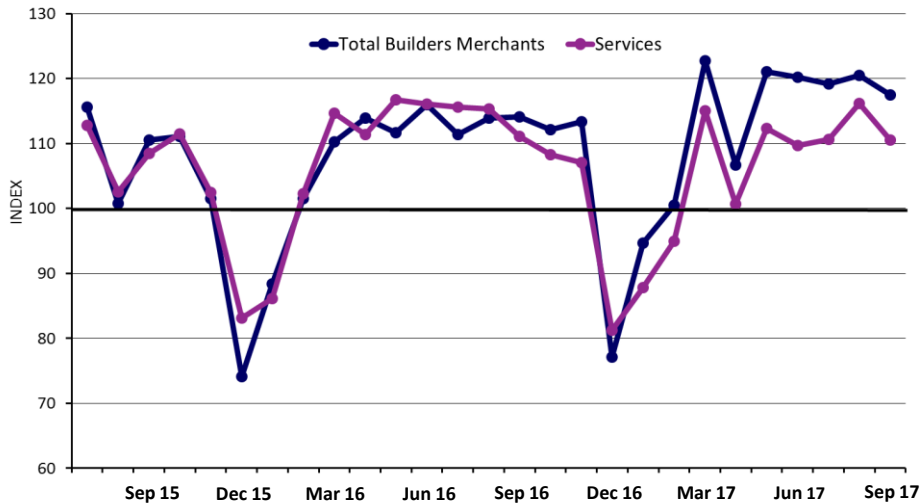
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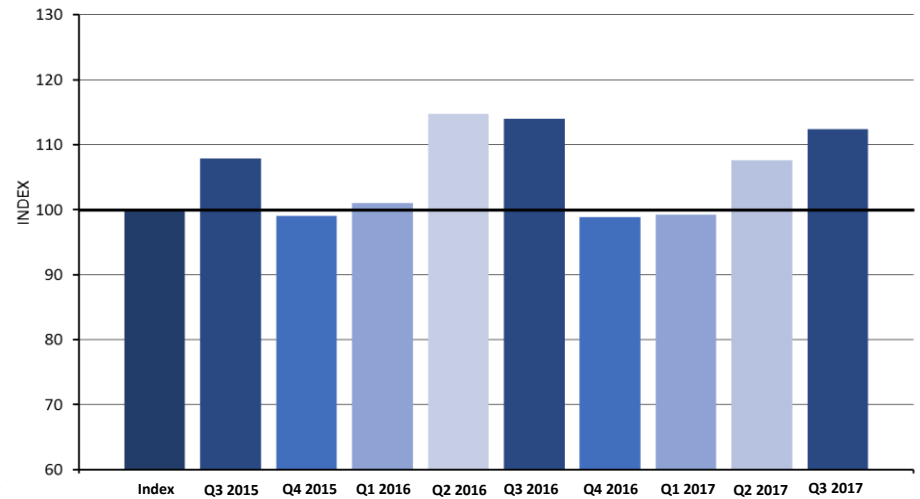
September 2017 and Q3 2017

Services



Monthly chart indexed on July 2014 – June 2015

Services - Quarterly



Quarterly chart indexed on July 2014 – June 2015

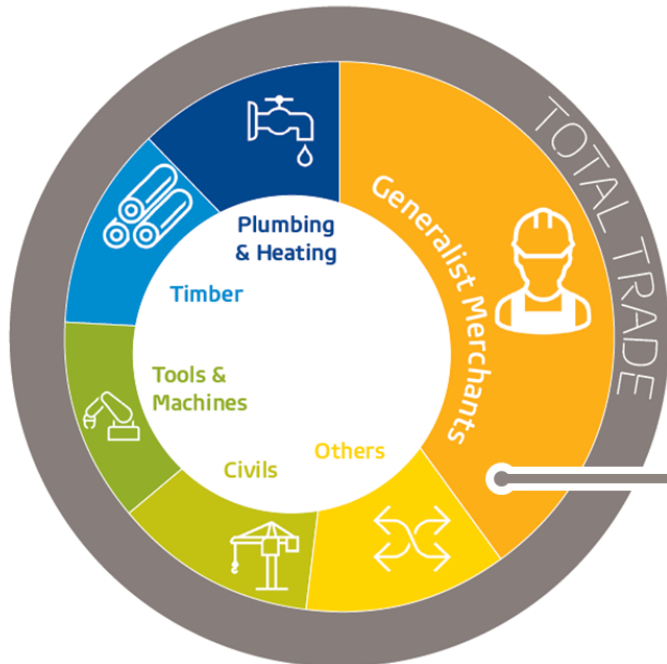
 Source: GfK's
Builders Merchants
Total Category Report
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GfK's Panel

Generalist Builders Merchant Panel (GBM's)



The Multiple Generalist Builders Merchants Channel



Generalist Builders Merchants

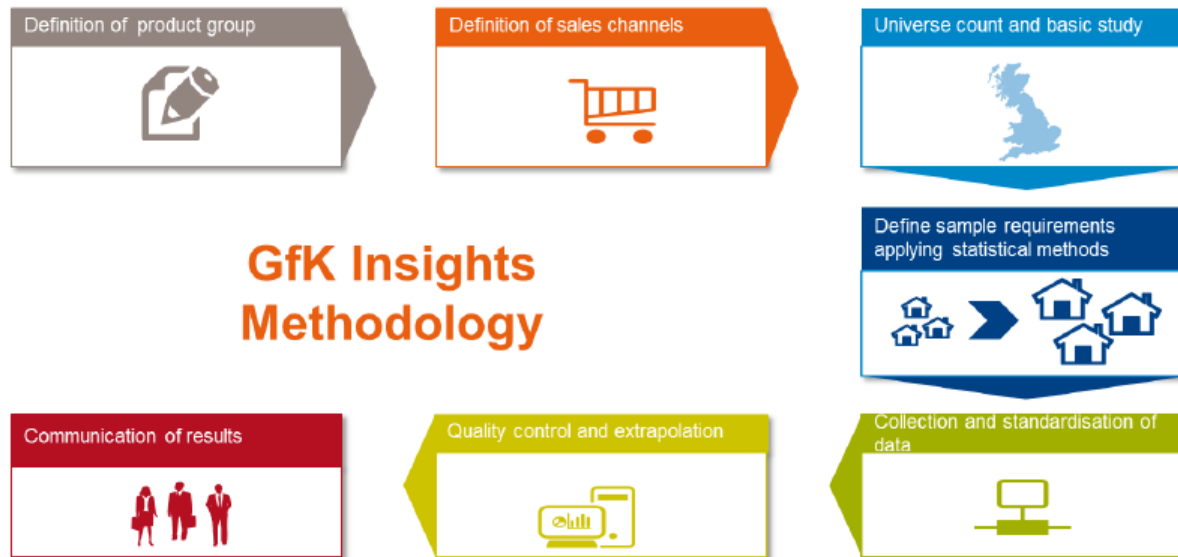
Builder Merchants handle an extended range of building materials and components (e.g. doors, windows, interior furnishing materials, insulation materials, tiles, cement, mortar, adhesives, sealants, nails, hardware products, pipes, ironware, paint) and generate their turnover with professional end users.

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

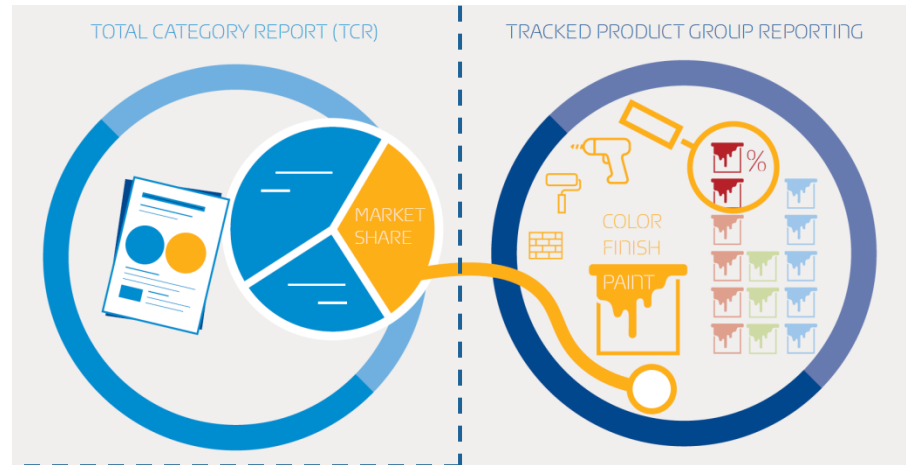
Bathroom (Including Showering)
Fitted Kitchens
Major Appliances

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)

Macro factors impacting Merchants



Bank interest rates

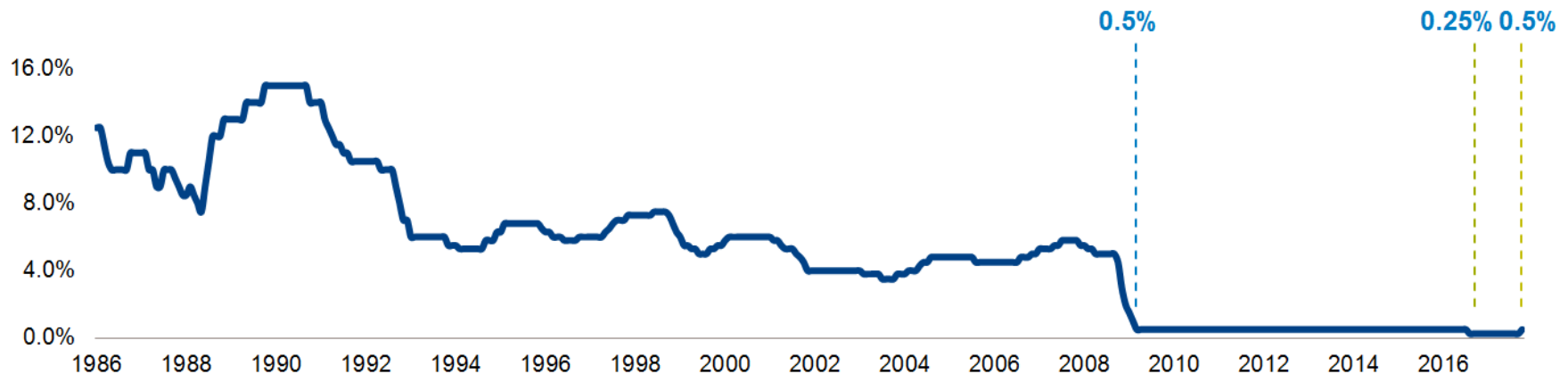
Set monthly by the MPC (Monetary Policy Committee)

▪ The base rate of interest is one of the tools used by the Bank of England to target price stability. Since 1997 when the Bank's Monetary Policy Committee gained autonomy the rate has been between 7.5% and 0.25%

▪ The economic crisis caused the Bank to drop rates to 0.5%, as the inflation pressure was considered less important than the stability of the economy
▪ The further reduction in August 2016 was designed to further promote growth and achieve the Bank's 2% inflation target.

▪ At its meeting on the 4th August 2016, the Bank of England reduced the base rate from the previous historic low of 0.5% to a record-breaking 0.25%

▪ 2nd November 2017 the Bank of England Monetary Policy Committee voted 7:2 to raise the Bank Rate to 0.5%



Source: Bank of England

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Macro factors impacting Merchants

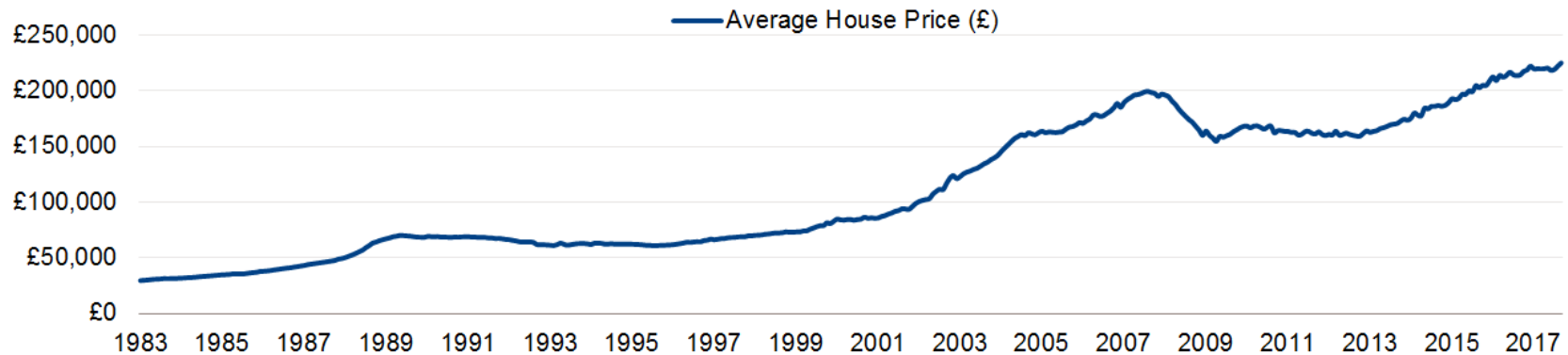


Standardised average house prices

Average Price (year end)		
2000	£84,868	+36%
2005	£163,139	+92%
2010	£168,390	+3%
2013	£174,220	+3%
2014	£189,426	+8%
2015	£208,286	+10%
2016	£222,190	+7%

- The housing market has seen an easing in house price inflation over the last 6 month.
- This follows a period of sustained growth, fuelled by the economic recovery and rising employment

- At the end of September 2017, the average house price in the UK rose to £225,109 from £222,293 in August 2017.



Source: Halifax House Price Index

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Macro factors impacting Merchants



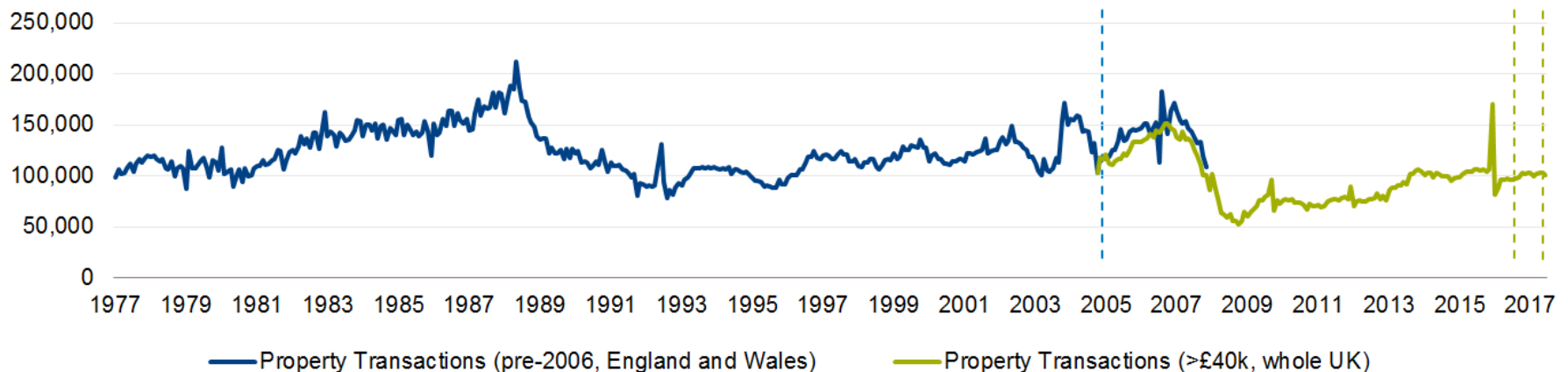
Property transactions

Monthly transactions, residential, seasonally adjusted

Annual total	
2009	847,540
2010	879,050
2011	883,770
2012	932,000
2013	1,067,700
2014	1,223,120
2015	1,228,710
2016	1,234,500

- Stamp duty was altered significantly on 1st December 2003
- April 2016, major changes to the amount of Stamp Duty property investors will have to pay when purchasing a second home or a buy to let property

- Provisional levels of seasonally adjusted property transactions dropped 1.7% in September 2017 compared to the previous month.



Source: HM Revenue & Customs

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Macro factors impacting Merchants



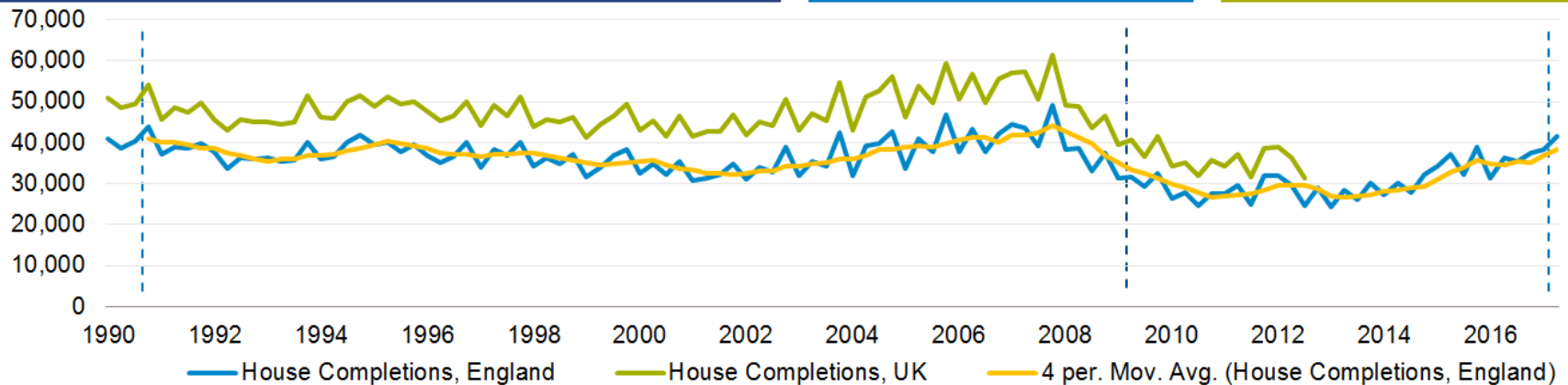
New house builds

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 had stalled in 2016. However, it appears to have started off 2017 with a period of growth.

▪ In Q2 2017, 41,610 permanent dwellings were completed, compared to Q2 2016 figures of 36,230 (+32.5%)
▪ Next quarterly update 24th October 2017



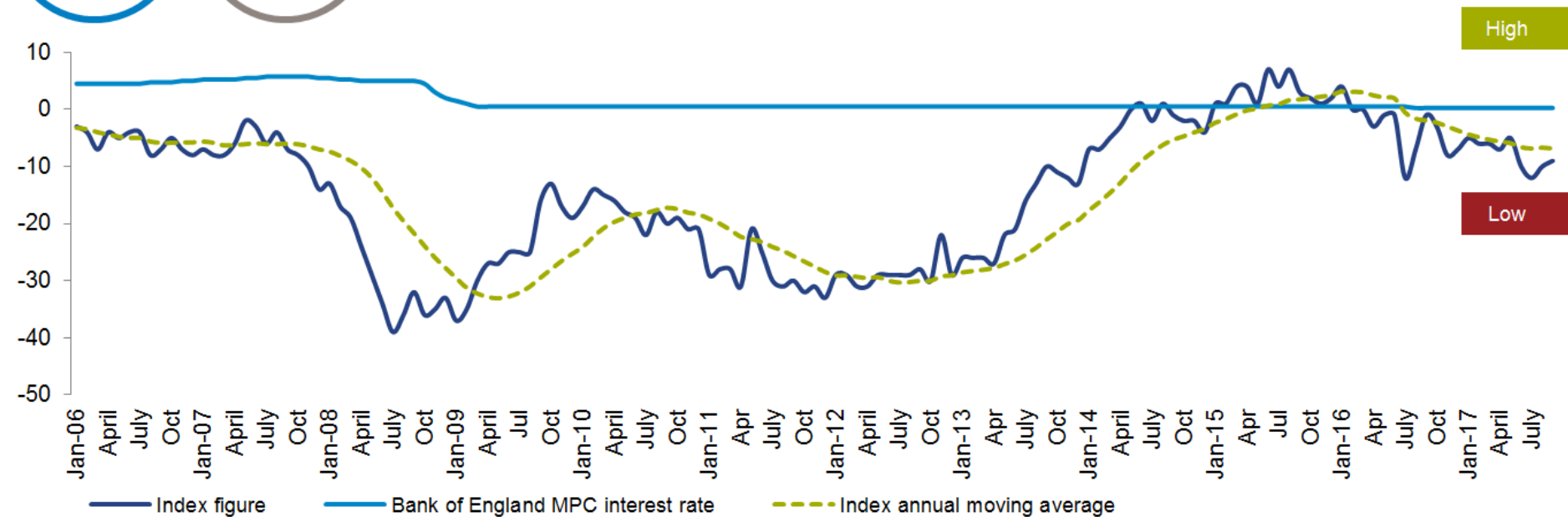
Source: GOV.UK

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Macro factors impacting Merchants



Consumer Confidence Index



The Index Score is calculated using the results of five questions (1,2,3,4, and 8). The mean score from each of these five questions is combined and the Index Score is the average.

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BMF Sales Indicators

September 2017

The final section of the report contains data from the BMF's Sales Indicators and is for BMF members only.

BMF Sales Indicators

September 2017 - Summary

The Builders Merchants Federation's Sales Indicators are compiled every month from sales turnover information from the majority of merchant members outlets.

The Builders Merchants Federation Ltd (BMF) is the only trade association representing and protecting the interests of builders' merchants and suppliers to the merchanting industry in the UK. Total membership at 1 July 2017 stood at 600 merchant and supplier companies who together have combined sales of over £27.4bn and employ over 120,000 people in the building materials industry. BMF's 316 merchant members operate from over 4,900 branches across the UK.

Builders Merchants Sales nationally when adjusted for both price inflation & trading day differences were up 10.8% for the three months July 2017 – September 2017 when compared with the same three months in 2016 and were up 15.9% when compared with the preceding three month period April 2017 – June 2017.

The 12 month comparison was up by 5.9% over the previous 12 month period and the monthly comparison was up 8.8% over September last year.

Builders Merchants Sales nationally when unadjusted were up 9.7% for the three months July 2017 – September 2017 when compared with the same three months in 2016. The 12 month comparison was up by 8.3% over the previous 12 month period and the monthly comparison was up 7.6% over September last year.

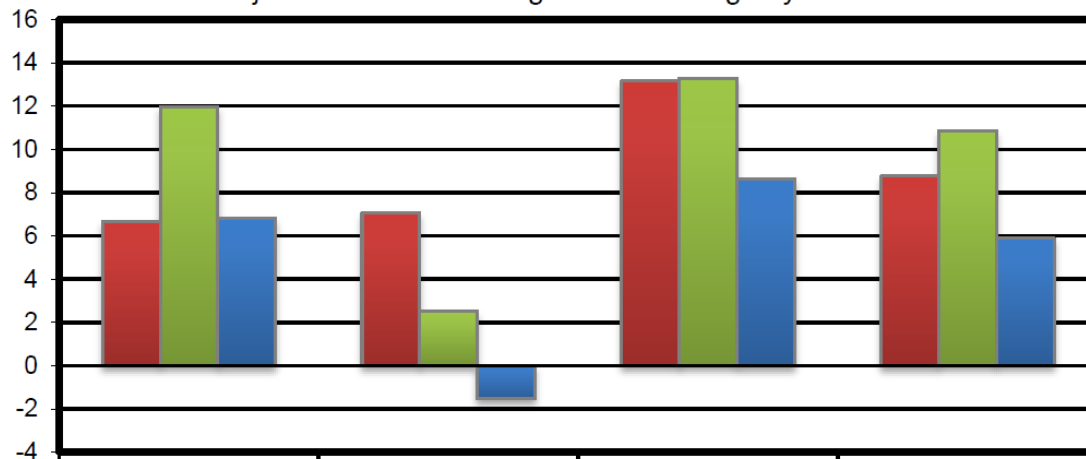
If you are a merchant interested in participating or would like access to the full report, please contact Richard Ellithorne, BMF on 024 7685 4980 or email richard.ellithorne@bmf.org.uk

BMF Sales Indicators

September 2017

UK Sales by Merchants' Trading Classifications

Adjusted for Price Changes and Trading days



	Heavy	Light	Mixed	Total
■ Monthly	6.7	7.1	13.2	8.8
■ 3 Monthly	12.0	2.5	13.3	10.8
■ 12 Monthly	6.8	-1.5	8.6	5.9

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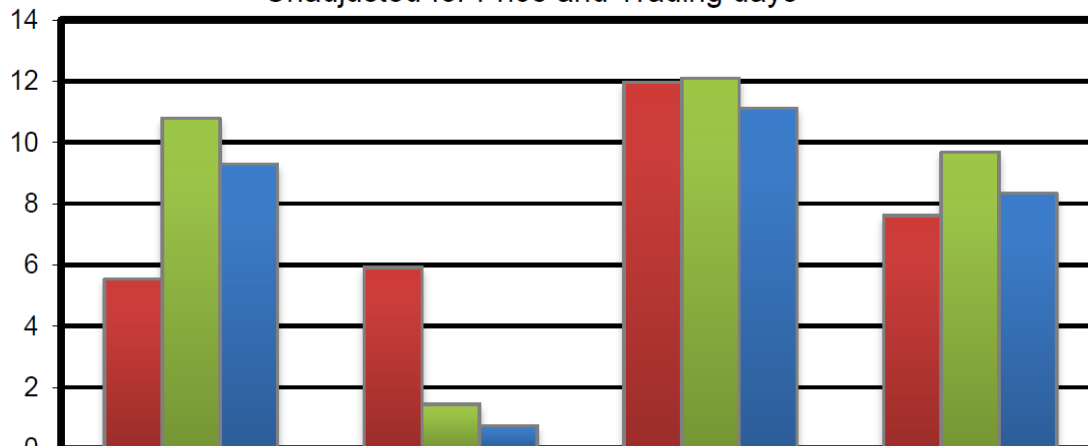
The 'Mixed' classification represents the trading results of those Merchants who sell both heavyside & lightside product ranges.

The 'Heavy' & 'Light' classifications measure sales of appropriate product types from Merchants specialising in one or the other product range or from those companies able to split their sales into the two product categories.

BMF Sales Indicators

September 2017

UK Sales by Merchants' Trading Classifications
Unadjusted for Price and Trading days



	Heavy	Light	Mixed	Total
Monthly	5.5	5.9	12.0	7.6
3 Monthly	10.8	1.5	12.1	9.7
12 Monthly	9.3	0.7	11.1	8.3

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BMF Sales Indicators

September 2017

Coverage and Source Data

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Prices and Trading Days Adjustments

Unadjusted figures show the percentage change in the actual cash values of sales between given dates with no allowance made for any increases or decreases in building materials prices over the periods.

Adjusted figures show the percentage change in the value of sales between given dates taking into account price changes computed from the Government's own Construction Building Materials price inflation index.

- Month 2017 vs Month 2016 price inflation 1.05%
- 3 monthly price inflation 1.05%
- Annual Rolling price inflation 1.04%

In addition, the Adjusted comparisons allow for differences in the number of trading days.

- September 2017 = 23.5 days / September 2016 = 24.0 days
- July – September 2017 = 71.0 days / July – September 2016 = 72.5 days
- Latest 12 Months = 284.5 days / Previous 12 Months = 281.0 days

It should be noted that the sales figures in the BMF Sales Indicators Report for the corresponding month a year ago may differ from those published previously. This is due to changes in the sample of reporting Members.

BMF Sales Indicators

National Data

	Sep 2017 vs Sep 2016 % Change	Jul 17-Sep 17 vs Jul 16-Sep 16 % Change	12 Months to Sep 17 vs 12 Months to Sep 16 % Change		Sep 2017 vs Sep 2016 % Change	Jul 17-Sep 17 vs Jul 16-Sep 16 % Change	12 Months to Sep 17 vs 12 Months to Sep 16 % Change
Unadjusted				Adjusted			
<u>Ex-Stock</u>				<u>Ex-Stock</u>			
Heavy	4.6	10.8	8.7	Heavy	5.7	12.0	6.2
Light	5.7	1.5	0.8	Light	6.8	2.5	-1.5
Mixed	10.5	11.2	10.8	Mixed	11.6	12.4	8.3
Total	6.6	9.1	7.6	Total	7.7	10.3	5.2
<u>Direct</u>				<u>Direct</u>			
Heavy	9.1	10.8	11.5	Heavy	10.2	12.0	9.0
Light	37.3	1.3	-1.0	Light	38.8	2.3	-3.2
Mixed	17.9	15.3	12.6	Mixed	19.2	16.5	10.1
Total	12.4	12.3	11.7	Total	13.6	13.5	9.2
<u>Total Sales</u>				<u>Total Sales</u>			
Heavy	5.5	10.8	9.3	Heavy	6.7	12.0	6.8
Light	5.9	1.5	0.7	Light	7.1	2.5	-1.5
Mixed	12.0	12.1	11.1	Mixed	13.2	13.3	8.6
Total	7.6	9.7	8.3	Total	8.8	10.8	5.9
<u>Percentage Share of Total Sales in Latest Periods</u>							
Ex-Stock	81.3	81.6	81.6	Ex-Stock	81.3	81.6	81.6
Direct	18.7	18.4	18.4	Direct	18.7	18.4	18.4

BMF Sales Indicators

Regional Data

	Sep 2017 vs Sep 2016 % Change	Jul 17-Sep 17 vs Jul 16-Sep 16 % Change	12 Months to Sep 2017 vs 12 Months to Sep 2016 % Change		Sep 2017 vs Sep 2016 % Change	Jul 17-Sep 17 vs Jul 16-Sep 16 % Change	12 Months to Sep 2017 vs 12 Months to Sep 2016 % Change
Unadjusted				Adjusted			
A Northern	6.8	3.7	6.5	A Northern	7.9	4.8	4.1
B Yorkshire	8.0	5.3	5.0	B Yorkshire	9.2	6.4	2.6
C East Midlands	8.6	6.8	3.8	C East Midlands	9.8	7.9	1.4
D East Anglia	8.6	9.5	10.5	D East Anglia	9.8	10.6	8.0
E1 Greater London	11.3	12.4	8.7	E1 Greater London	12.5	13.6	6.2
E2 South East – North of Thames	6.6	2.2	2.5	E2 South East – North of Thames	7.7	3.2	0.2
E3 South East – South of Thames	4.8	25.9	9.0	E3 South East – South of Thames	5.9	27.3	6.5
E Total for South East	7.3	14.3	6.9	E Total for South East	8.5	15.5	4.5
F South West	7.3	12.1	14.4	F South West	8.4	13.2	11.8
G West Midlands	-4.0	2.3	6.9	G West Midlands	-3.0	3.3	4.5
H North West	14.4	15.2	12.3	H North West	15.7	16.4	9.7
J Wales	16.5	14.8	15.1	J Wales	17.8	16.0	12.5
K Scotland	0.8	2.2	3.1	K Scotland	1.9	3.2	0.8
National Total	7.6	9.7	8.3	National Total	8.8	10.8	5.9

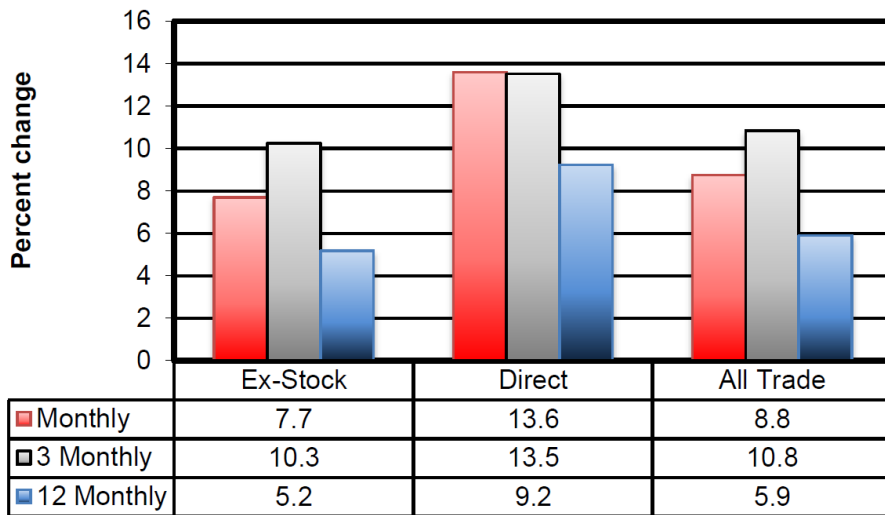
Note:

Regions are Government Standard Planning Regions, except for the split of the South East outside London according to counties North and South of the Thames.

BMF Sales Indicators

September 2017

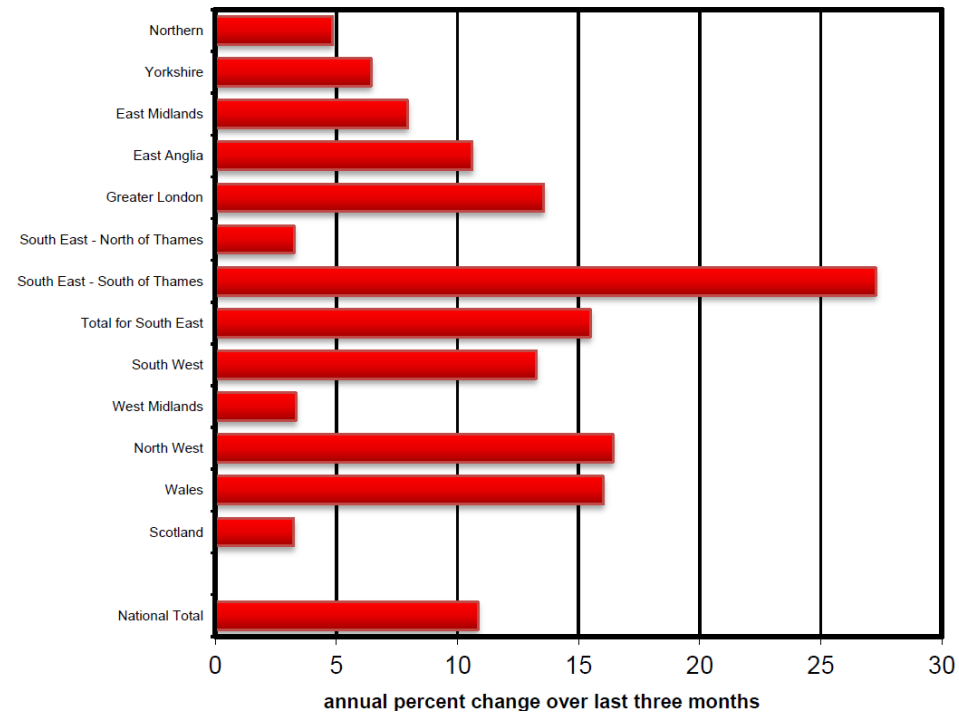
UK Sales by Type



- Monthly: compares September 2017 with September 2016
- 3 Monthly: compares July 2017 – September 2017 with July 2016 – September 2016
- 12 Monthly: compares the 12 months October 2016 – September 2017 with October 2015 – September 2016

Regional Sales Trends

Adjusted for Price



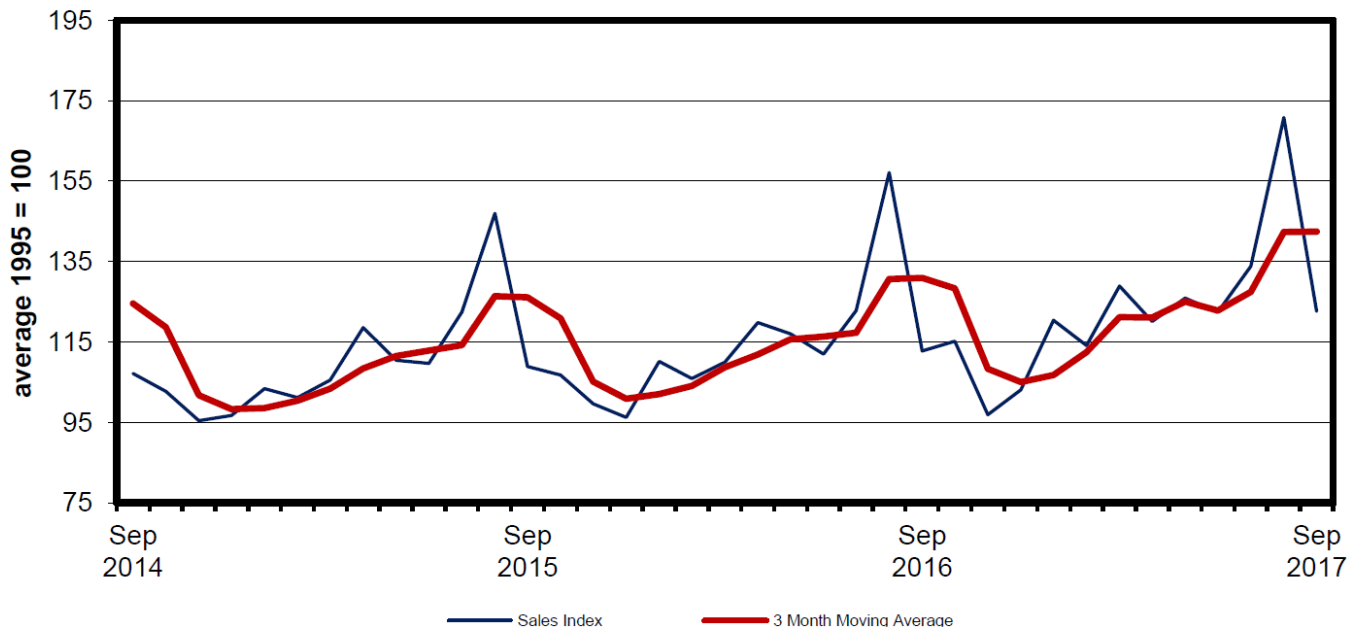
BMF Sales Indicators

National Sales Indices

Adjusted sales volume indexed on 1995

National Sales Index

Adjusted for Price Changes and Seasonal Variations



The Builders Merchants Federation's Sales Indices measure the volume of sales.

They are adjusted for changes in prices and seasonal variations. The Indices are based so that the average for 1995 is equal to 100. The Index figure for a particular month expresses that month's sales as a percentage relative to the 1995 average.

The Indices allow comparisons to be made between successive quarters and can identify turning points in sales trends.

It is advisable to make comparisons between three month periods, because the Indices can be erratic from one month to the next.

BMF Sales Indicators

Regional Sales Indices

Adjusted sales volume indexed on 1995

		← Bi-monthly indices →					← Monthly indices →		% Change Jul 17-Sep 17 vs Apr 17-Jun 17	
		2016		2017						
		September	November	January	March	May	July	August	September	
A	Northern	206.9	349.3	315.1	238.1	260.6	229.3	343.4	223.2	11.1
B	Yorkshire	117.4	90.3	127.9	126.2	141.8	163.3	184.1	128.2	17.9
C	East Midlands	75.5	69.6	98.5	79.6	85.3	99.2	126.8	82.9	28.7
D	East Anglia	122.4	97.2	125.3	156.6	160.0	143.1	183.6	134.4	1.4
E1	Greater London	120.2	111.1	211.4	132.6	194.9	144.5	191.9	135.3	-9.7
E2	S. East - Nth Thames	114.7	91.2	104.8	118.9	139.9	113.9	184.1	123.6	18.3
E3	S. East - Sth Thames	145.3	124.1	138.4	164.4	202.5	193.7	283.5	153.9	21.2
E	Total for South East	127.4	110.3	139.0	139.7	172.6	149.5	200.7	138.3	8.5
F	South West	97.3	87.3	109.0	133.5	107.7	113.5	136.7	105.5	11.1
G	West Midlands	90.8	86.2	157.4	114.3	91.5	123.8	149.9	88.0	0.5
H	North West	92.2	74.3	96.6	116.9	115.5	107.2	158.3	106.6	11.6
J	Wales	178.5	95.7	114.3	238.5	180.7	132.0	277.0	210.3	23.9
K	Scotland	101.7	73.3	77.2	108.1	94.9	105.2	119.6	103.7	15.4
National Total		112.8	97.0	120.4	129.0	126.0	133.9	170.8	122.7	15.9

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