

“building **excellence**
in materials supply”

Builders Merchant Building Index



Quarter 2 2019

Building the Industry & Building Brands from Knowledge



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Introduction



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 relatively small samples or 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. It's therefore a very good proxy for housing RMI.

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 the industry access to far more accurate and comprehensive insights than that available to other construction sectors. BMBI data is highlighted by the Department for Business, Energy & Industrial Strategy in its monthly construction update, alongside the ONS, CPA, Experian, IHS Markit and the Bank of England.

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, Talasey Group, Heatrae Sadia, Dulux Trade and Lakes, who provide valuable commentary on market trends and influences.

Further recognition for BMBI

One of the aims of BMBI is to reach across and beyond construction. It's now syndicated to a growing number of trade magazines in different sectors on a regular basis. Outside the industry, economists, banks, consultancies, investment bodies and the big accountants regularly refer to it. In addition, the Sunday Times sought BMBI Experts in February for a contribution to a review on preparations for Brexit. This August, BBC News contacted one of the BMBI Experts and MRA on the same subject.

More data available

This BMBI report 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 Emile van der Ryst at emile.van-der-ryst@gfk.com.

Overview and Insights

Emile van der Ryst, Senior Client Insight
Manager - Trade, GfK



The exit of Theresa May, arrival of Boris Johnson and the passing of two Brexit deadlines has impacted business and consumer confidence in 2019. However it is the noticeable effect that weather has had on the industry over the past 18 months that stands out. Q2 2019 saw a decline of -1.2% in value terms against Q2 2018, but this is exclusively driven by the month of June. June 2018 will be remembered for extreme heat and a lack of rain, while 2019 saw most of England and Wales with a higher rain fall than average, alongside one less trading day resulting in June 2019 being down by -8.1% year on year. Furthermore Q2 2018 sales spiked due to Q1 external construction delays following the Beast from the East, so assessing Q2 2019 too harshly would be wrong.

The topline value indicator for Q2 2019 vs 2018 shows Timber & Joinery stable at -0.1%, balanced against minimal Timber increases and a slight decline in Sheet Materials. Heavy Building Materials has declined by 1.6%, with highlights including growth for Plaster & Plasterboards and Insulation and a decline in Aggregates.

Year to date figures still show value growth against 2018, but this has slowed down to 2.1% with price inflation the driver as volume continues to slow. The core sectors of Heavy Building Materials and Timber & Joinery have driven most of this growth, increasing in value by 2.2% and 3.1% respectively. Landscaping remains the best performing, up by 6.5% however Tools has shown a sluggish performance down by -4.9%.

Core sub-categories within these main categories are driving this performance and provide a positive indicator that the market continues to plug away, with Bricks, Plasterboards, Insulation, Timber & Flooring all seeing higher than market average increases. Does this emphasize the fortitude of the industry in riding through this challenging time, with better days hopefully ahead? Time will tell.

Q3 should provide some smoothing of these short term weather trends, as well as a more realistic outlook on how the industry has progressed in 2019. The 31st of October deadline is just around the corner; will this deliver the end of these gloomy and turbulent times? In this current political climate who can tell.

“Year to date figures still show value growth against 2018. The core sectors of Heavy Building Materials and Timber & Joinery have driven most of this growth, increasing in value by 2.2% and 3.1% respectively.”

Merchants' View

John Newcomb, CEO BMF



In my overview for the Q1 Report I noted that the overall picture for our sector remained fairly positive, despite living in uncertain times. Is it time to change that view?

The latest ONS figures show that construction output in Great Britain decreased by 1.3% in the second quarter of 2019, largely reversing the increase of 1.4% shown in their revised figures for the first quarter. Digging deeper into the ONS figures may trigger more alarm bells for the merchant sector, as the reported decrease was driven by a fall of 2.6% in repair and maintenance, itself due largely to a 6.0% decline in private house RMI, the mainstay of the merchant customer base.

While the ONS figures are frequently revised as more data becomes available, the Federation of Master Builders Q2 State of Trade also points to a slow down in RMI work amongst their members. The net balance for private RMI declined by 4 percentage points to -2, moving into negative territory with more firms registering lower workloads than those reporting higher workload.

The Construction Products Association's Q2 State of Trade Survey found annual growth in product sales was markedly weaker for all construction products manufacturing sectors, although both heavy side and light side manufacturers anticipated sales increasing during the rest of the year. Analysing their results, the CPA found it difficult to pinpoint whether the weakness in manufacturers' sales in Q2 reflects merely an unwinding of the stockpiling by construction firms that occurred in Q1, a more concerning a slowdown in the volumes of work on the ground, or a combination of both.

Our unpredictable weather may provide a third factor in the year on year slowdown. Snow and ice in the first quarter of 2018 held sales back, which then soared as a warm spring and early summer followed in Q2 that year. 2019 has seen a reverse of the position, with a relatively dry and mild winter quarter, followed by unseasonably bad weather in June delaying work on site, particularly in RMI.

And, of course, there is still the small matter of Brexit looming over us, with the unknown consequences of a No Deal Exit looking more and more likely. Small wonder then that homeowners are delaying work and homebuyers proceeding with caution.

While I still think it is too early to shift our overall outlook for the industry to a negative position, it does seem likely that we are in for another uncertain quarter leading up to 31st October.

“While I still think it is too early to shift our overall outlook for the industry to a negative position, it does seem likely that we are in for another uncertain quarter leading up to 31st October.”

Monthly: Index and Categories

June 2018* – June 2019

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



		2018							2019					
MONTHLY SALES VALUE INDEX	Index	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Total Builders Merchants	100	127.6	129.1	124.7	118.4	131.8	122.5	77.4	107.8	108.7	121.9	122.0	129.3	117.2
Timber & Joinery Products	100	126.2	131.1	129.3	124.7	137.2	126.8	79.9	114.7	112.2	123.3	122.3	127.9	118.3
Heavy Building Materials	100	128.0	128.8	123.9	117.8	132.4	121.8	75.6	106.6	108.1	121.2	121.1	129.2	116.2
Decorating	100	114.9	119.4	117.2	112.0	124.6	116.1	78.8	104.6	103.3	114.8	109.7	115.1	108.1
Tools	100	113.3	112.5	109.7	108.0	123.2	117.8	73.0	100.3	99.8	108.8	99.5	104.5	96.7
Workwear & Safetywear	100	95.7	95.9	98.3	107.5	123.5	129.5	79.9	111.5	96.8	101.5	95.5	100.1	99.3
Ironmongery	100	123.9	128.8	124.4	117.9	133.6	129.3	84.5	120.8	115.5	125.2	122.5	127.6	117.7
Landscaping	100	164.1	156.6	142.4	122.8	126.0	106.1	64.0	87.1	98.2	131.6	154.5	171.1	146.6
Plumbing, Heating & Electrical	100	117.1	116.8	114.5	120.4	141.1	146.5	96.9	130.8	125.7	131.2	117.6	120.2	109.7
Renewables & Water Saving	100	75.0	73.5	64.8	67.8	76.4	68.5	45.8	69.3	65.7	78.5	64.5	61.4	73.1
Kitchens & Bathrooms	100	117.8	121.4	118.4	113.0	122.5	128.2	81.2	109.5	115.3	122.8	115.2	116.5	112.7
Miscellaneous	100	115.3	116.8	113.9	106.6	126.3	119.1	85.1	122.7	111.6	115.1	113.6	122.5	113.7
Services	100	116.9	121.1	120.1	106.9	125.1	114.2	79.9	94.5	99.7	110.0	113.6	121.8	106.4

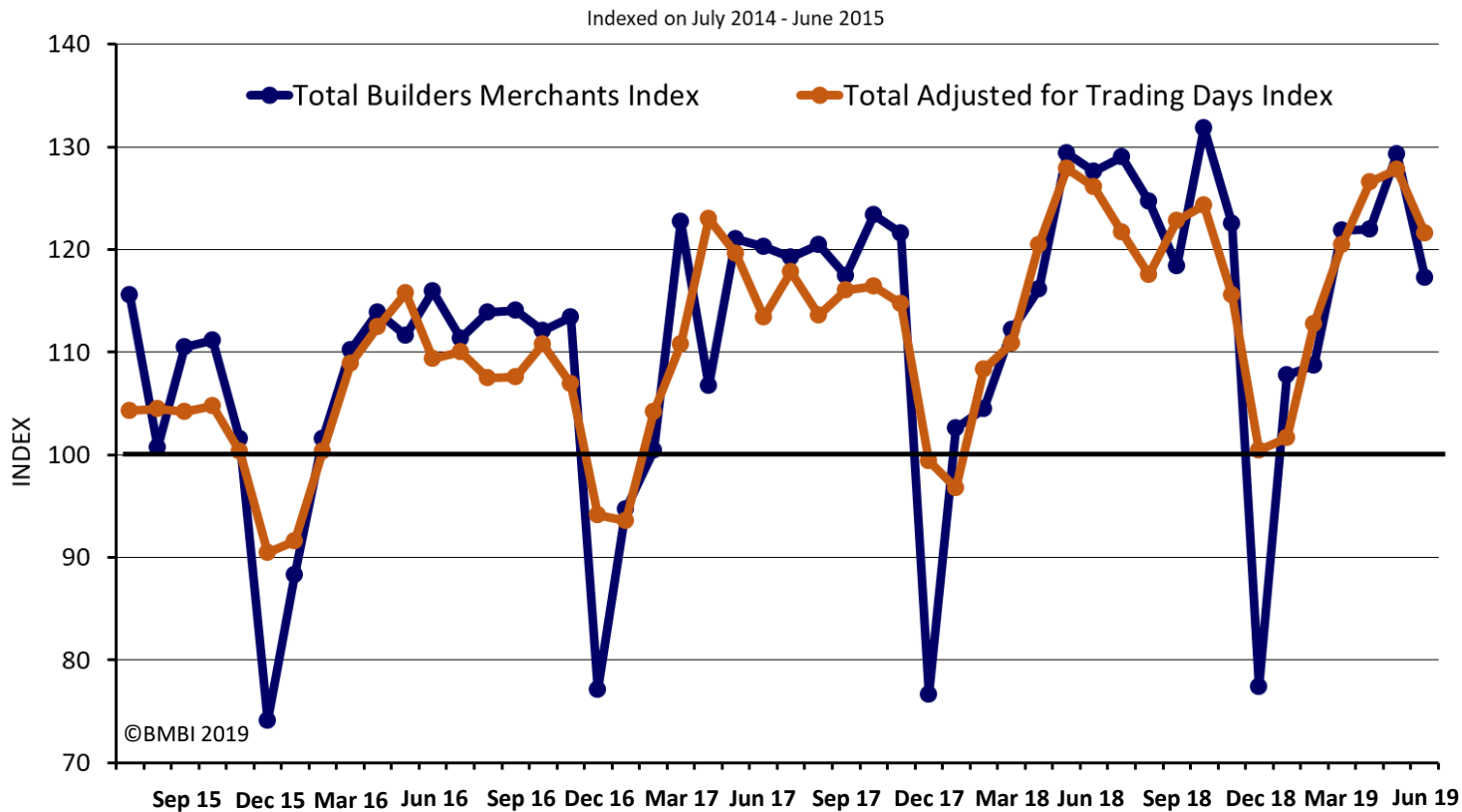
*Click the web link below to see the complete series of indices from July 2015.

Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2019

Monthly: Index

Adjusted and unadjusted for trading days

Total Builders Merchants Index v Total Adjusted for Trading Days Index



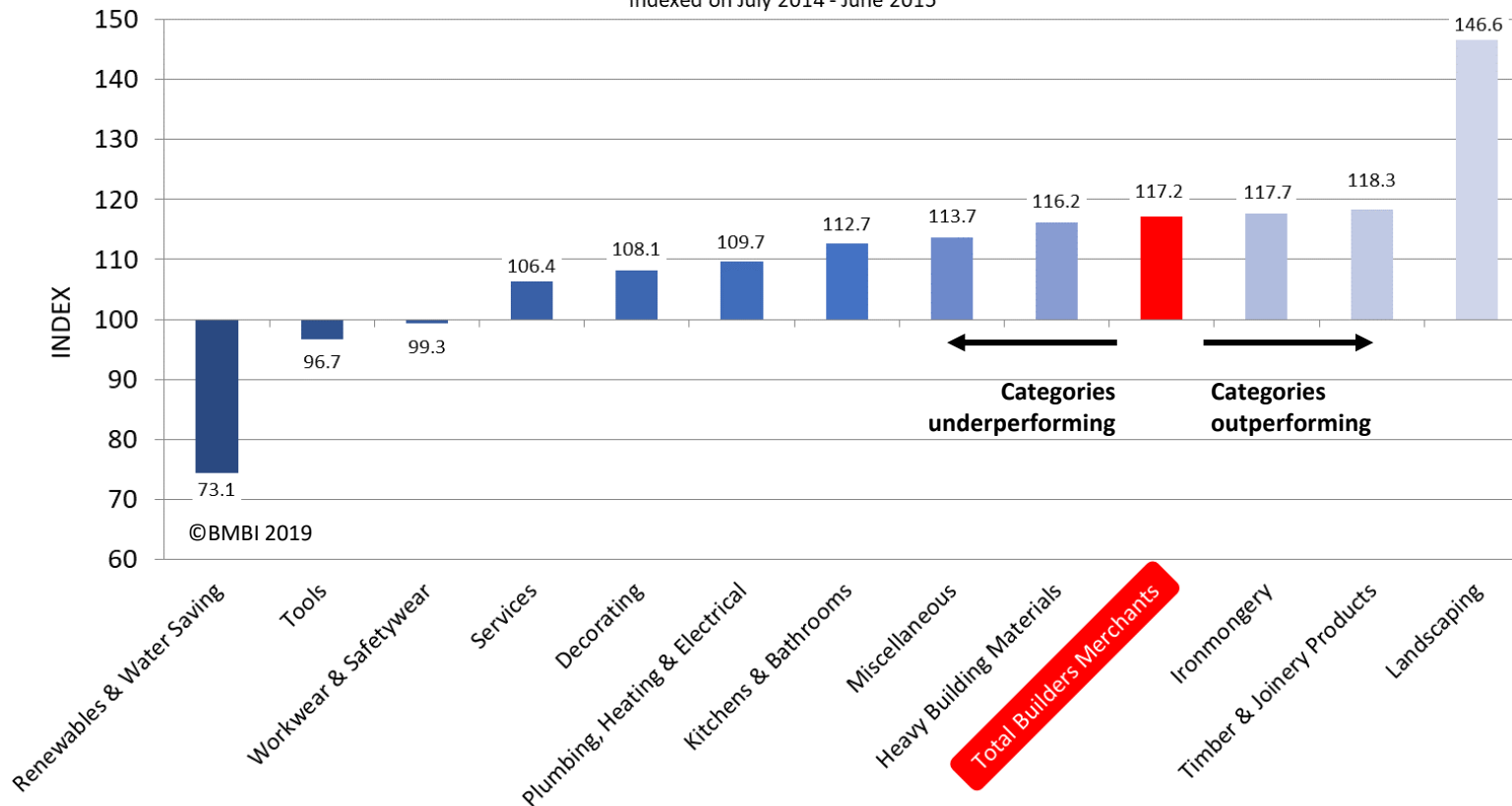
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2019

Monthly: Index and Categories

June 2019 index

June 2019 Index

Indexed on July 2014 - June 2015



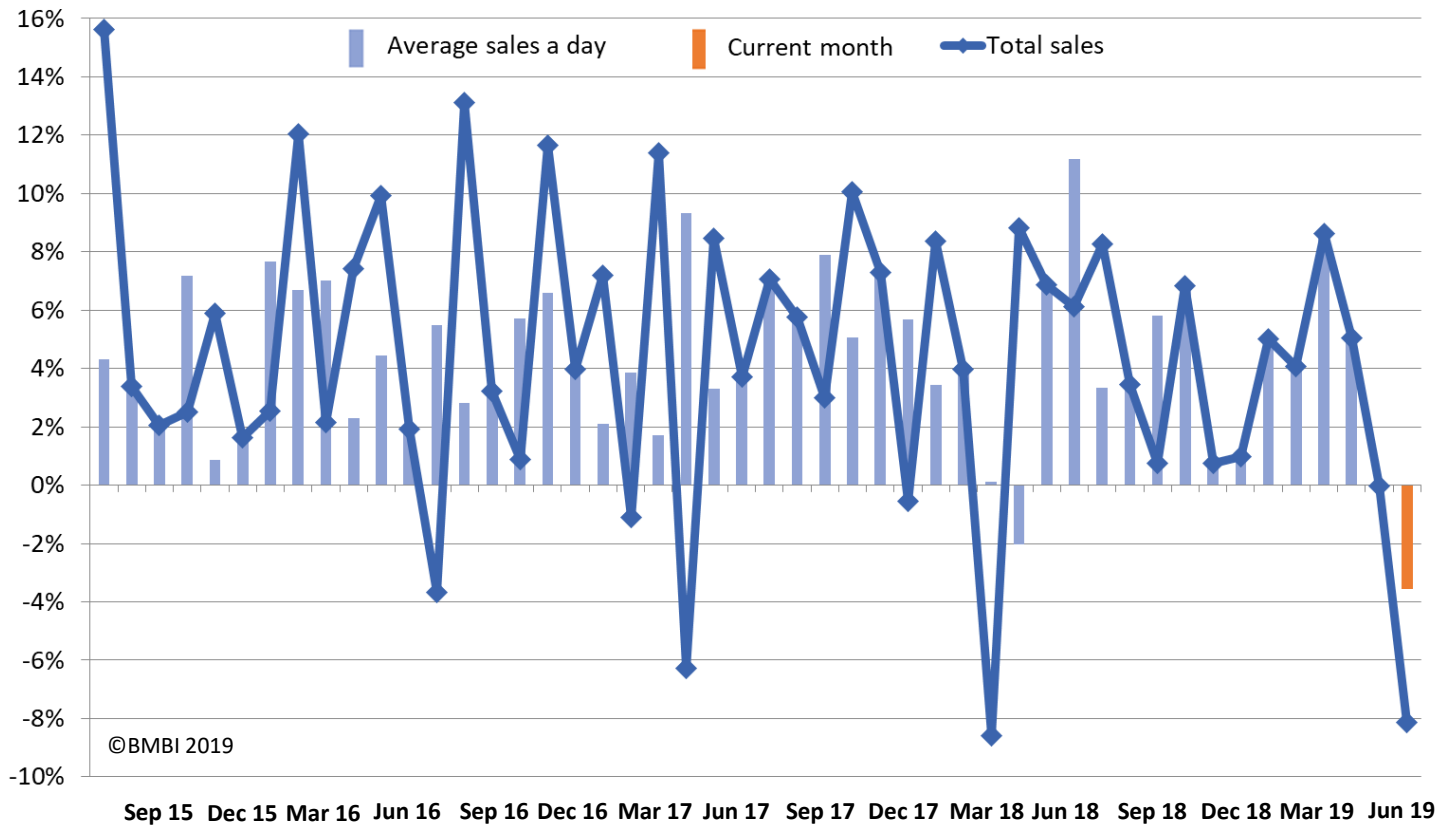
©BMBI 2019

 Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2019

Monthly: Sales Indices

Adjusted and unadjusted for trading days

Monthly: Year on Year

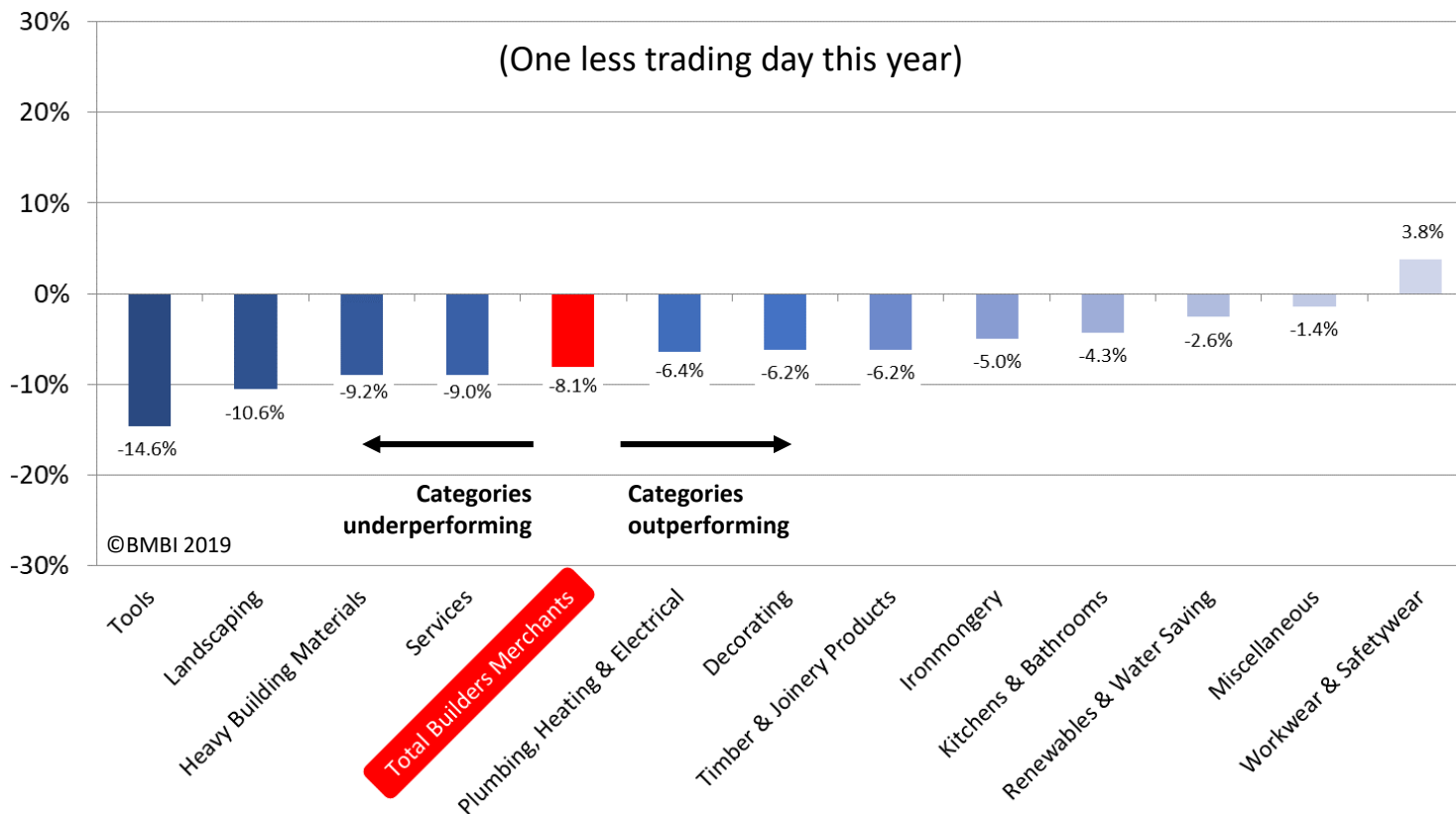


 Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2019

Monthly: This year v last year

June 2019 sales indices

June 2019 index v June 2018 index

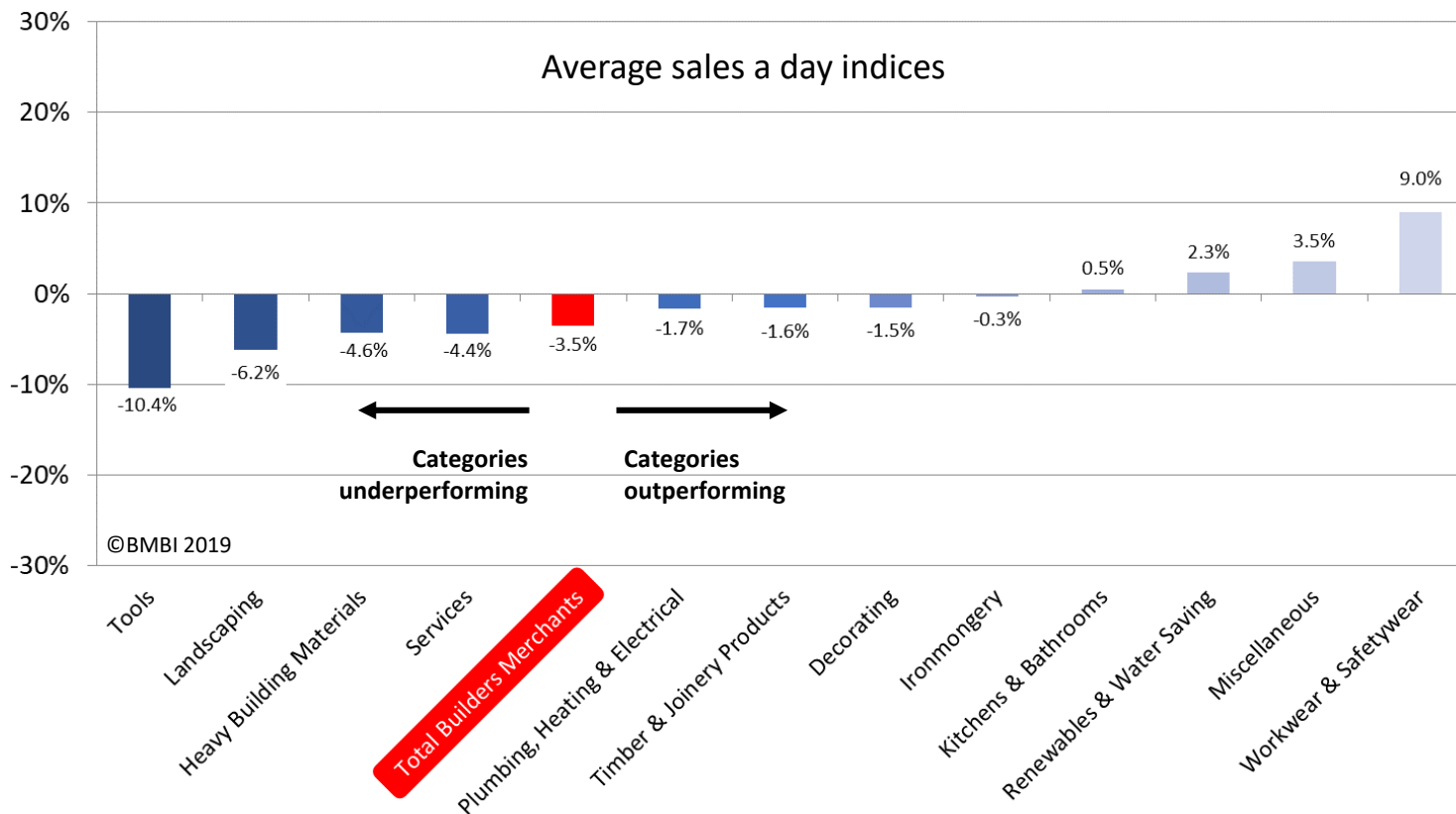


Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2019

Monthly: This year v last year

June 2019 average sales a day indices

June 2019 index v June 2018 index

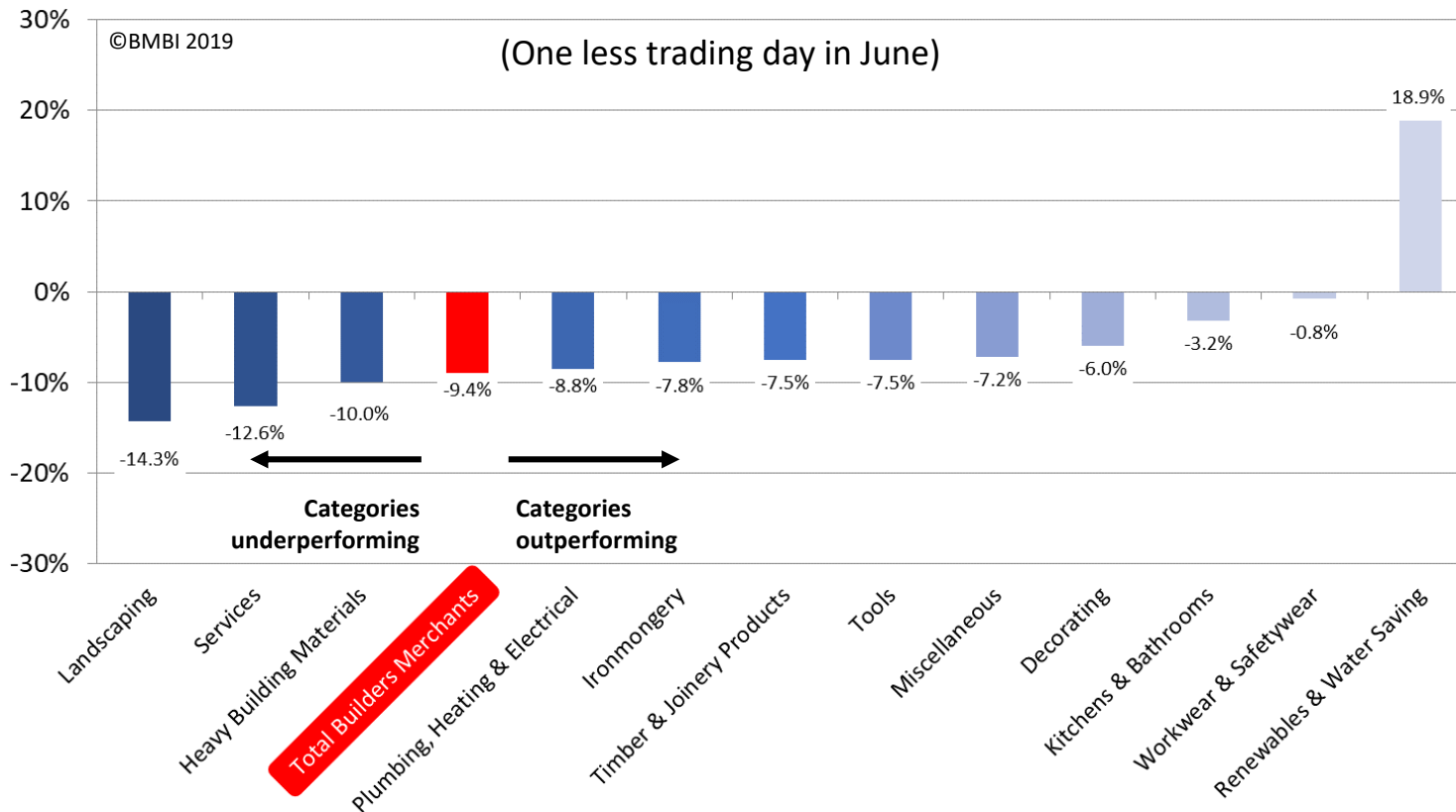


 Source: GfK's Builders Merchants Total Category Report July 2015 to June 2019

Monthly: This month v last month

June 2019 sales indices

June 2019 index v May 2019 index

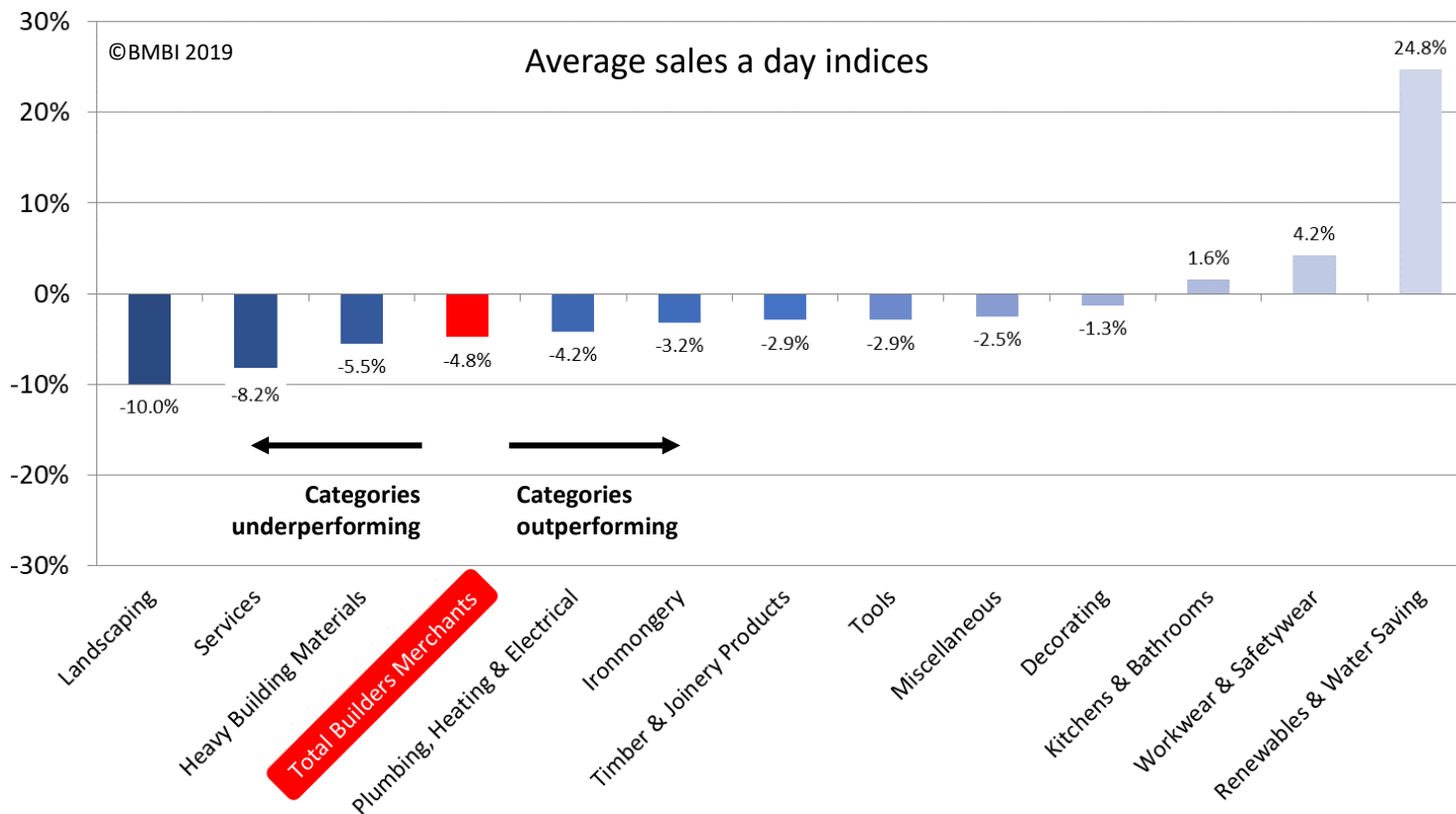


 Source: GfK's Builders Merchants Total Category Report July 2015 to June 2019

Monthly: This month v last month

Average sales a day indices

June 2019 index v May 2019 index



 Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2019

Quarterly: Index and Categories

Quarter 2 2018* to Quarter 2 2019

(Indexed on July 2014 to June 2015)



QUARTERLY SALES VALUE INDEX	Index	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Total Builders Merchants	100	124.4	124.0	110.6	112.7	122.9
Timber & Joinery Products	100	122.9	128.3	114.7	116.7	122.8
Heavy Building Materials	100	124.2	123.5	109.9	112.0	122.2
Decorating	100	112.8	116.2	106.5	107.5	111.0
Tools	100	109.6	110.1	104.7	103.0	100.2
Workwear & Safetywear	100	97.3	100.6	110.9	103.2	98.3
Ironmongery	100	122.3	123.7	115.8	120.5	122.6
Landscaping	100	155.5	140.6	98.7	105.6	157.4
Plumbing, Heating & Electrical	100	120.1	117.2	128.1	129.2	115.8
Renewables & Water Saving	100	73.2	68.7	63.6	71.2	66.3
Kitchens & Bathrooms	100	116.3	117.6	110.6	115.9	114.8
Miscellaneous	100	115.7	112.4	110.1	116.5	116.6
Services	100	117.3	116.1	106.4	98.8	113.9

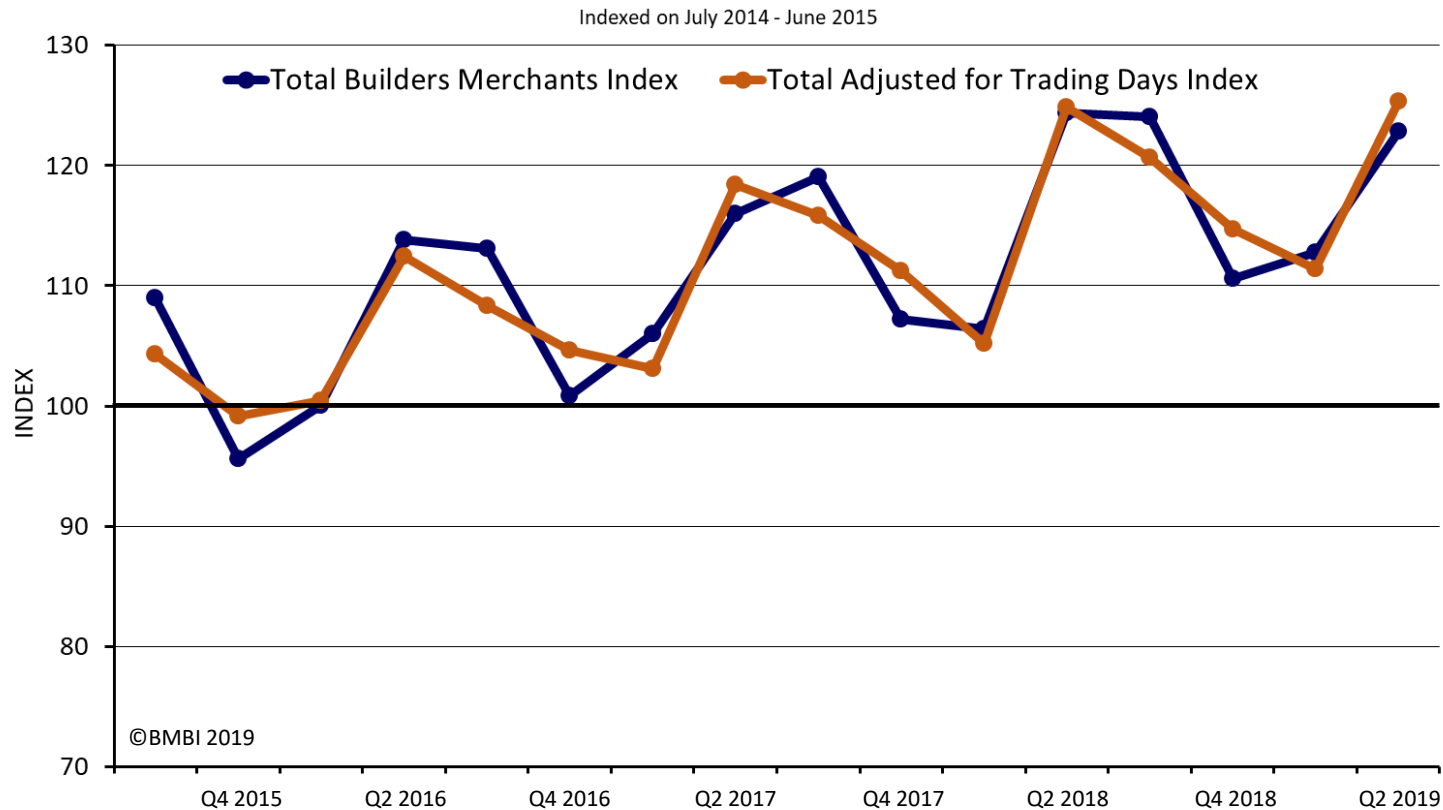
*Click the web link below to see the complete series of quarterly indices from Q2, 2015.

 Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2019

Quarterly: Index

Adjusted and unadjusted for trading days

Total Builders Merchants Index v Total Adjusted for Trading Days Index



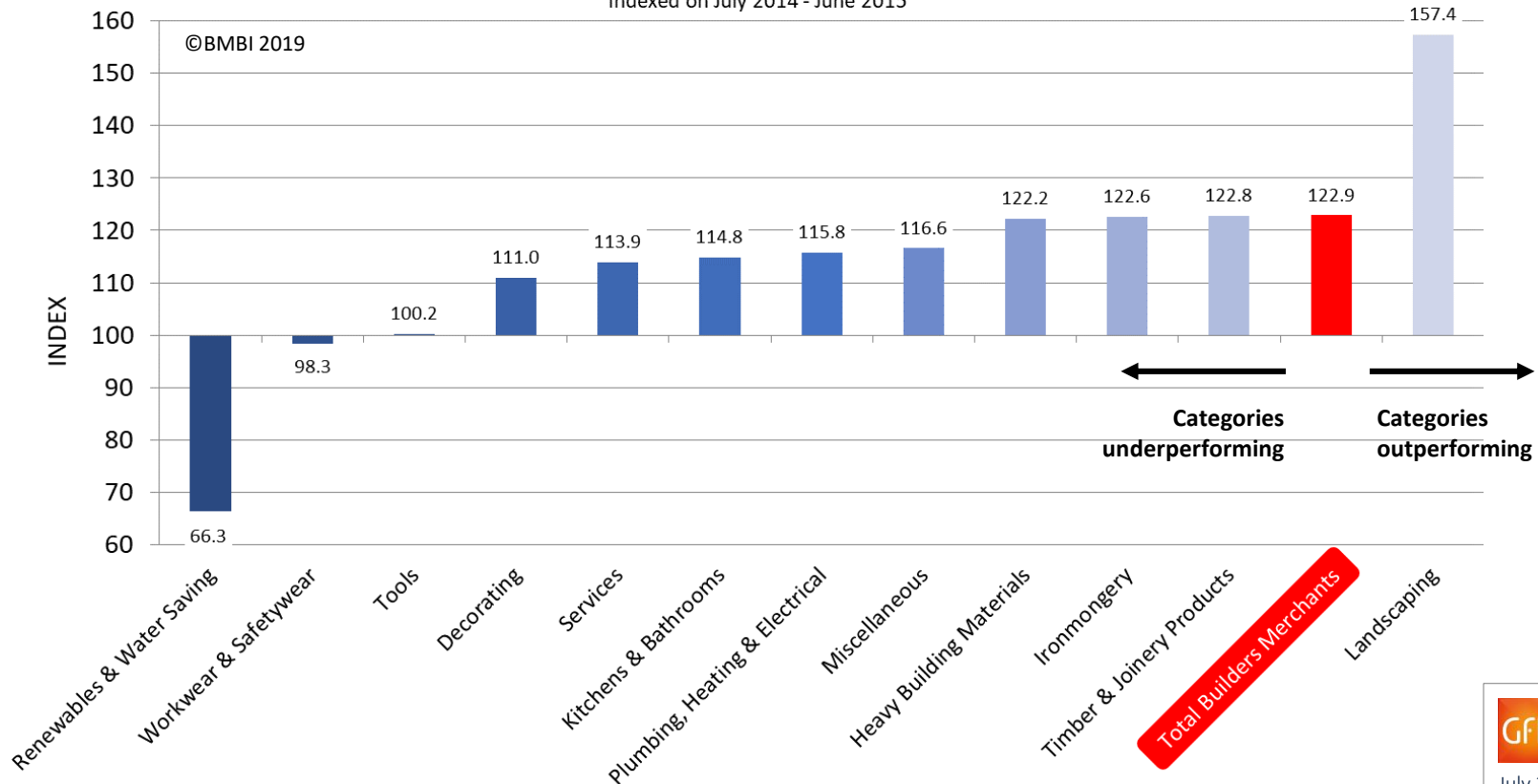
 Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2019

Quarterly: Index and Categories

Q2 2019 index

Quarter 2 2019

Indexed on July 2014 - June 2015



GfK Source: GfK's Builders Merchants Total Category Report July 2015 to June 2019

Quarterly: Index and Categories

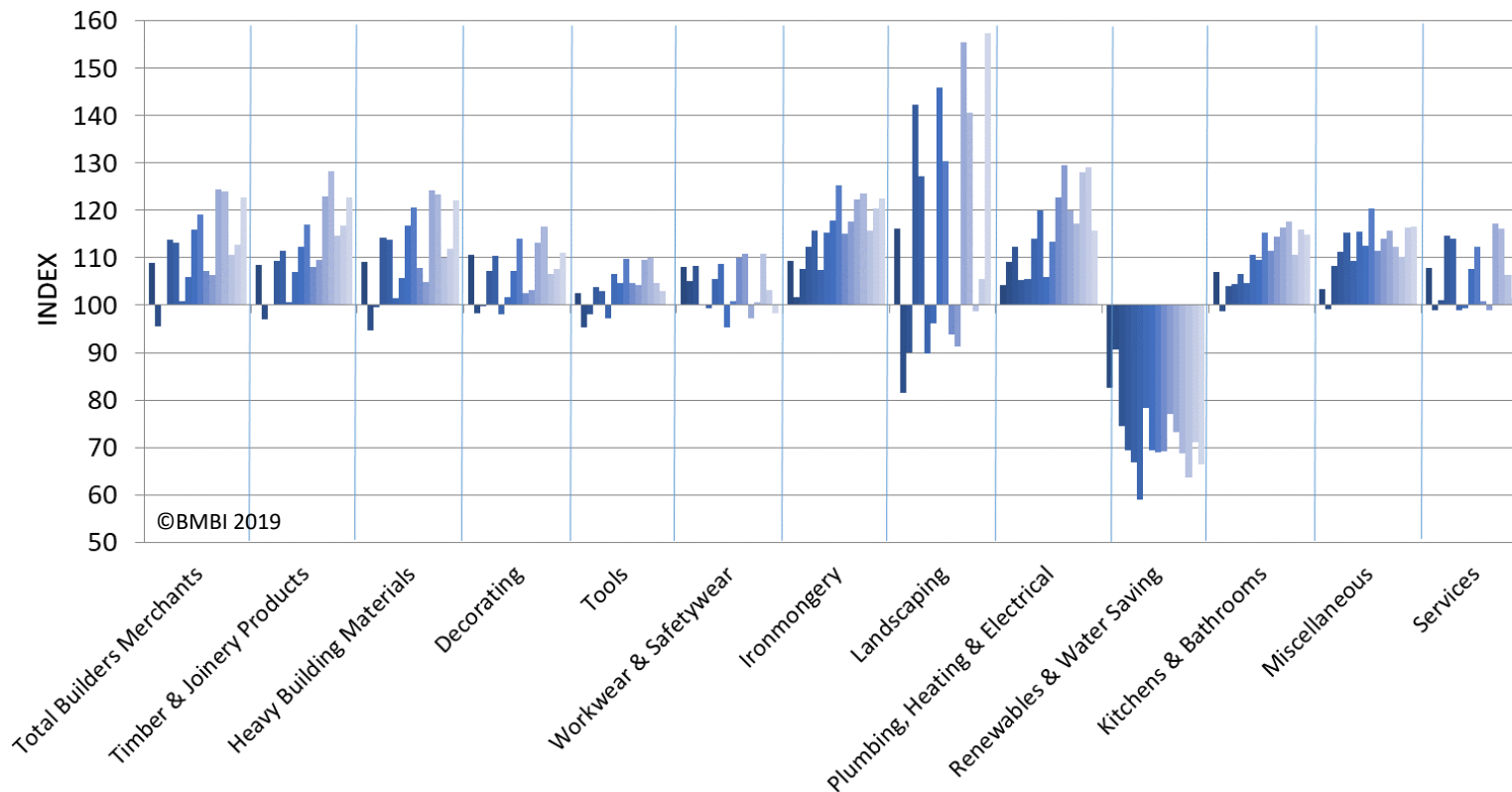
Quarterly indices



Quarterly Indices

Indexed on July 2014 to June 2015

Chart shows quarterly indices, by category, from Q3 2015 (darkest blue) to Q2 2019 (lightest blue)



Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2019

Quarterly: Sales Indices

Adjusted and unadjusted for trading days

Quarterly Indices: Year on Year

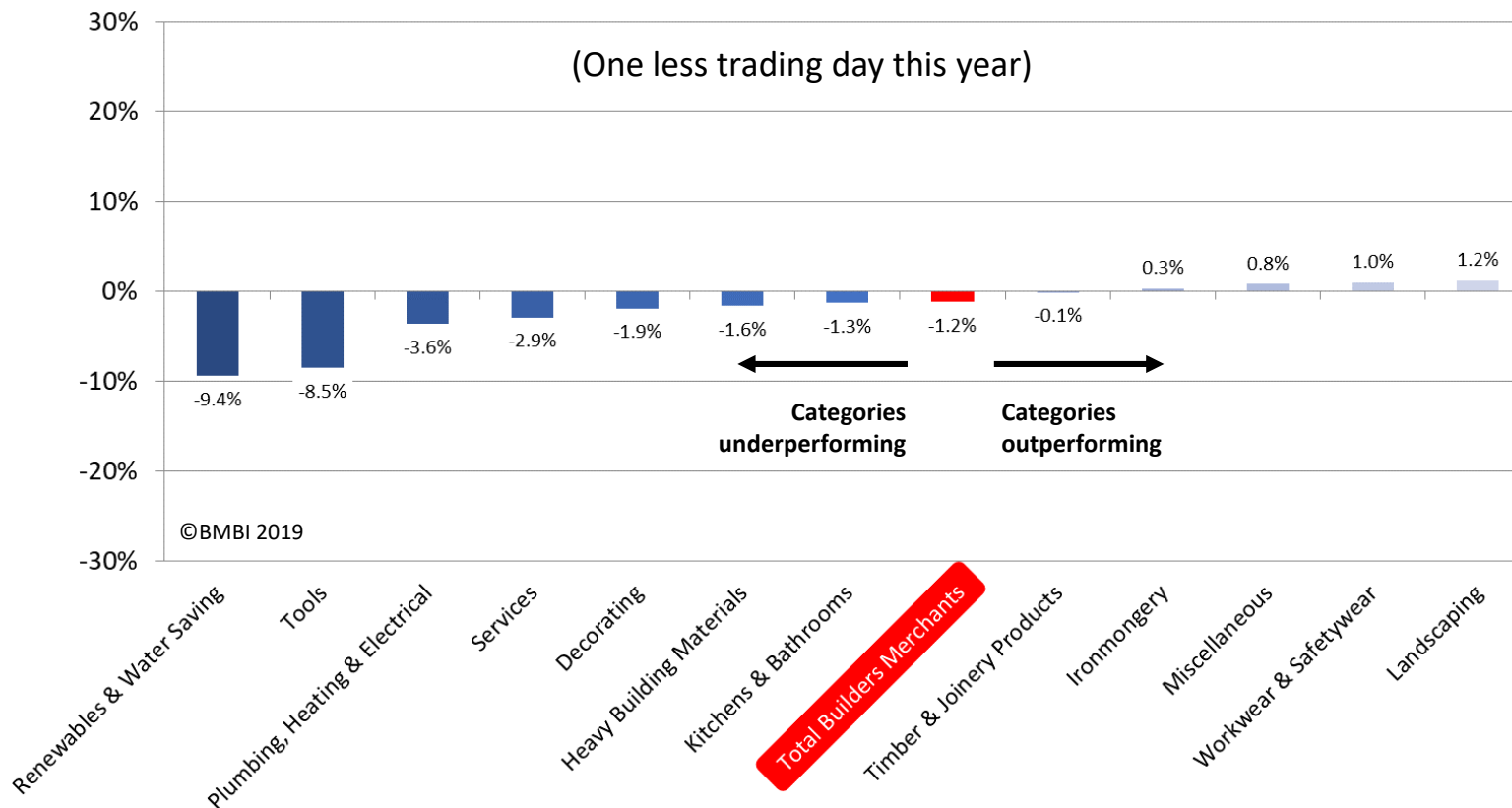


 Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2019

Quarterly: This Year v Last Year

Q2 2019 sales indices

Quarter 2 2019 index v Quarter 2 2018 index



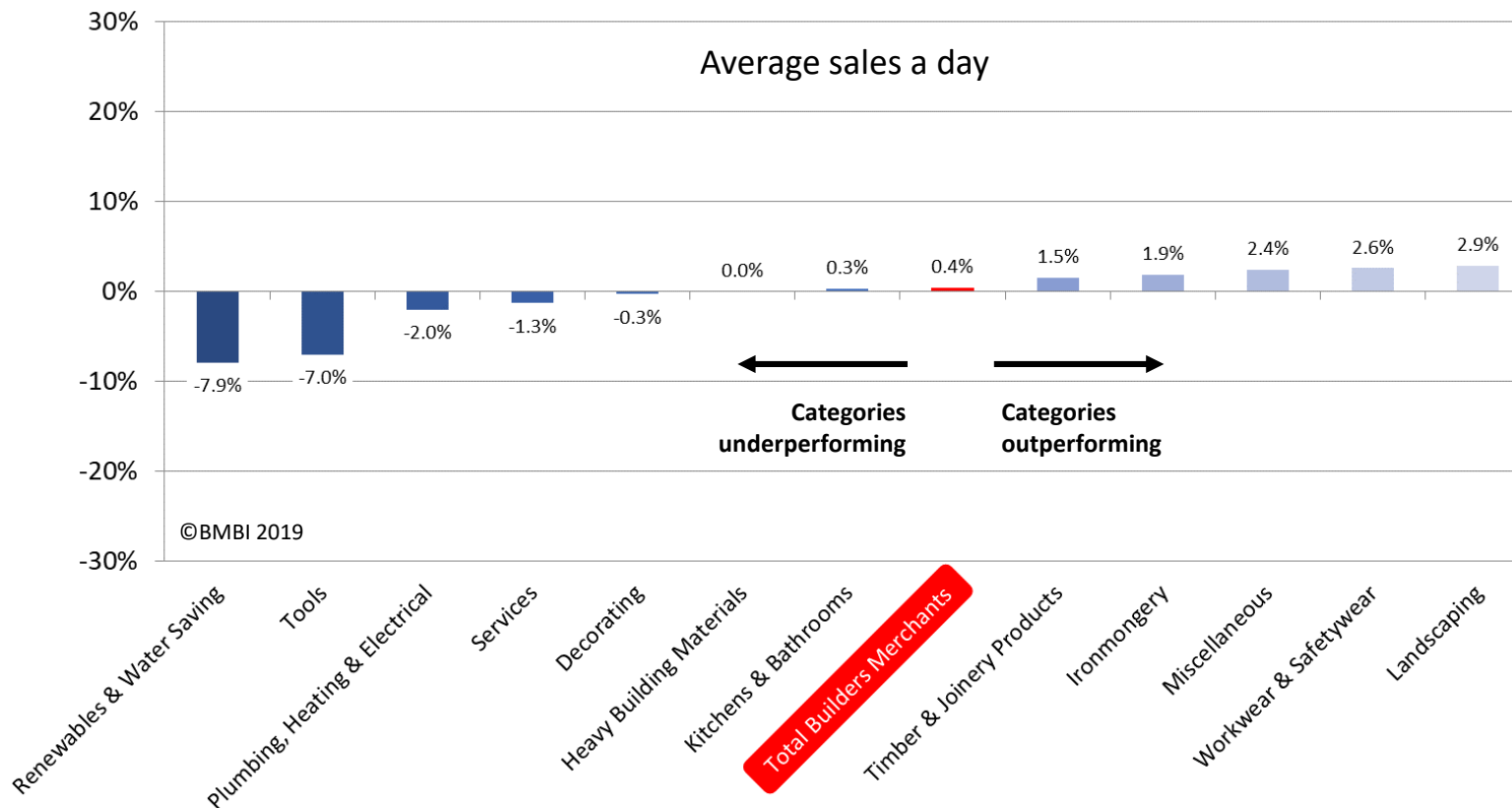
 Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2019

Quarterly: This Year v Last Year

Q2 2019 average sales a day indices



Quarter 2 2019 index v Quarter 2 2018

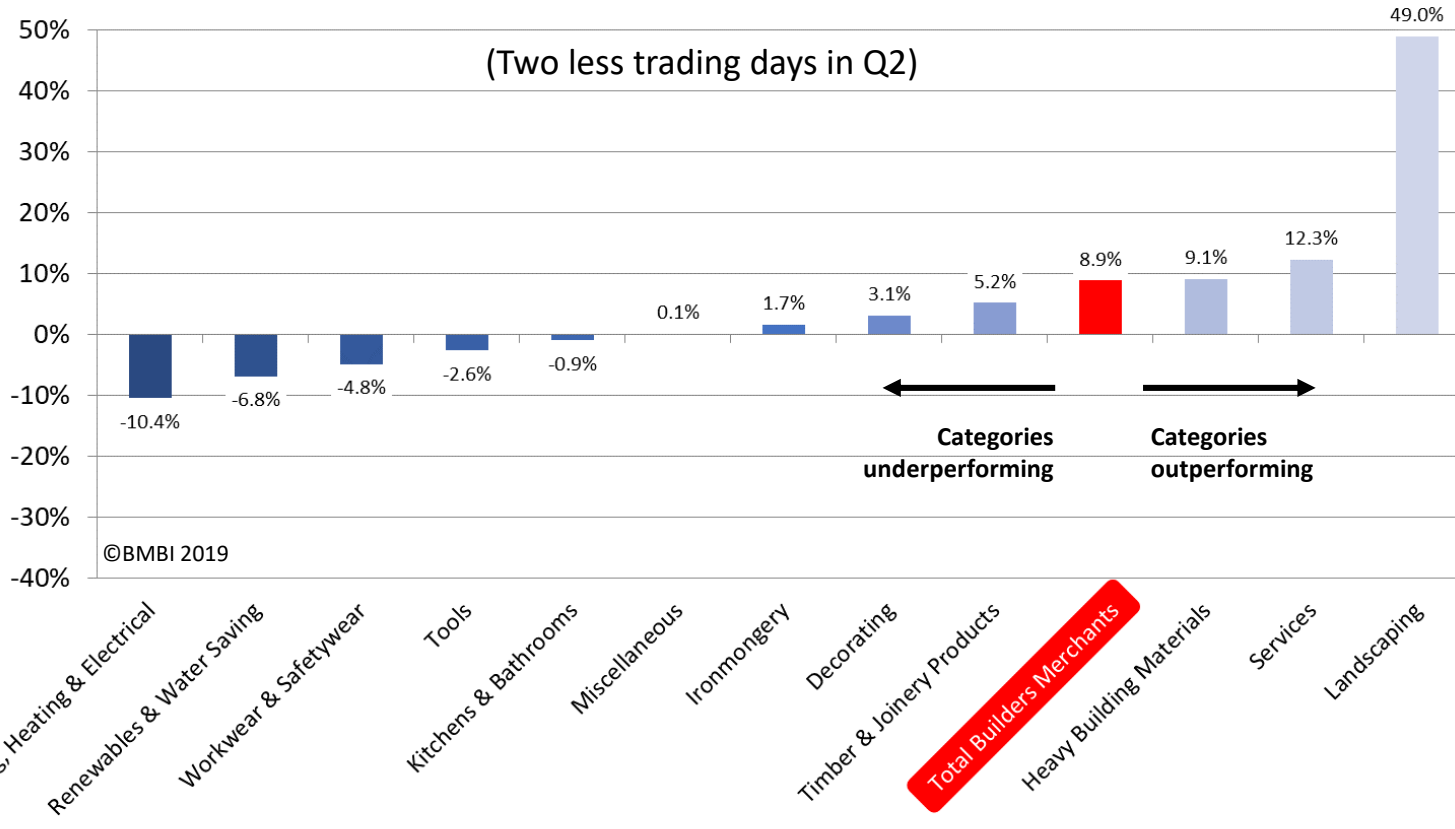


Source: GfK's Builders Merchants Total Category Report July 2015 to June 2019

Quarterly: Quarter on Quarter

Q2 2019 sales indices

Quarter 2 2019 index v Quarter 1 2019

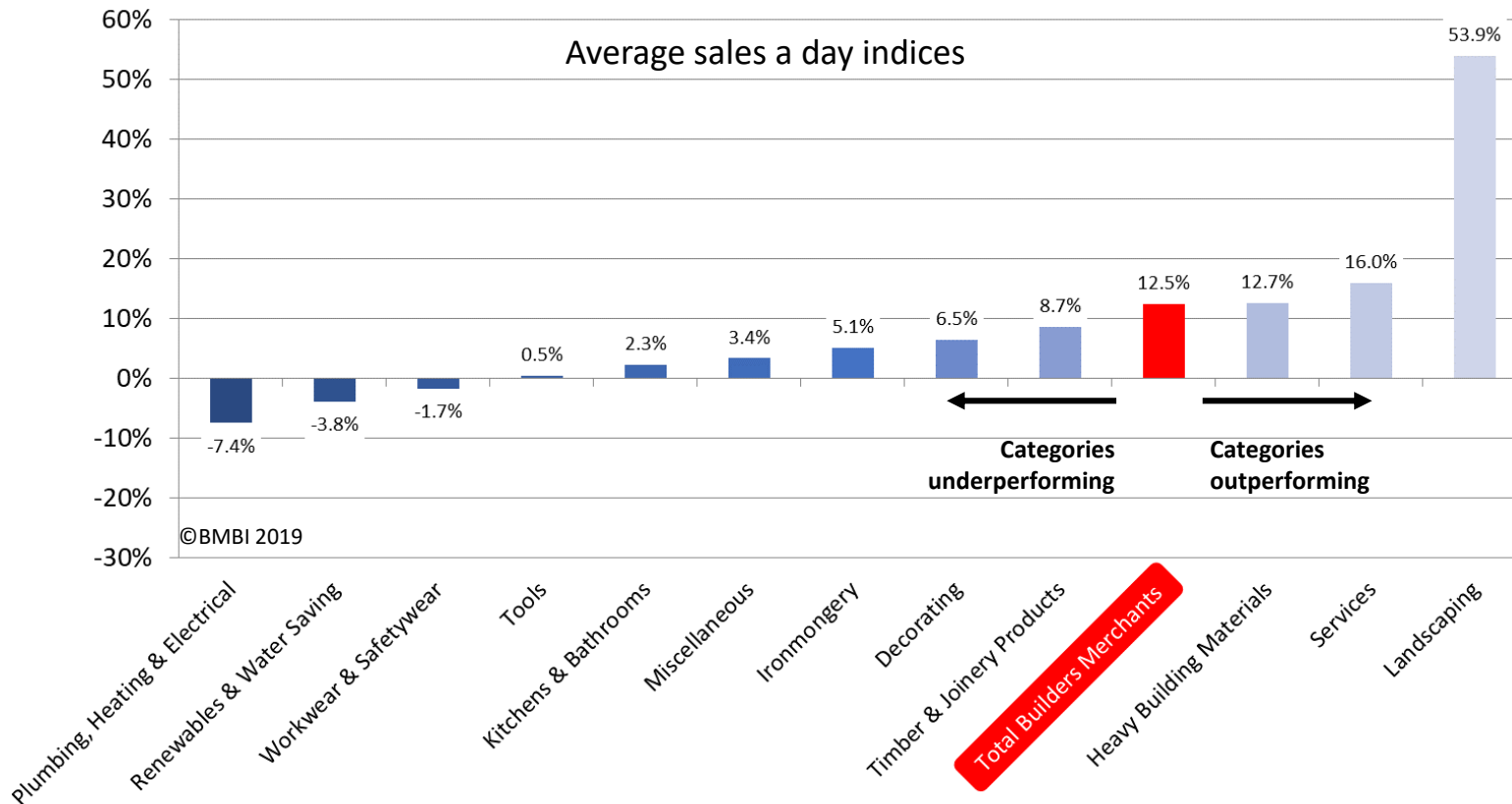



 Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2019

Quarterly: Quarter on Quarter

Average sales a day indices

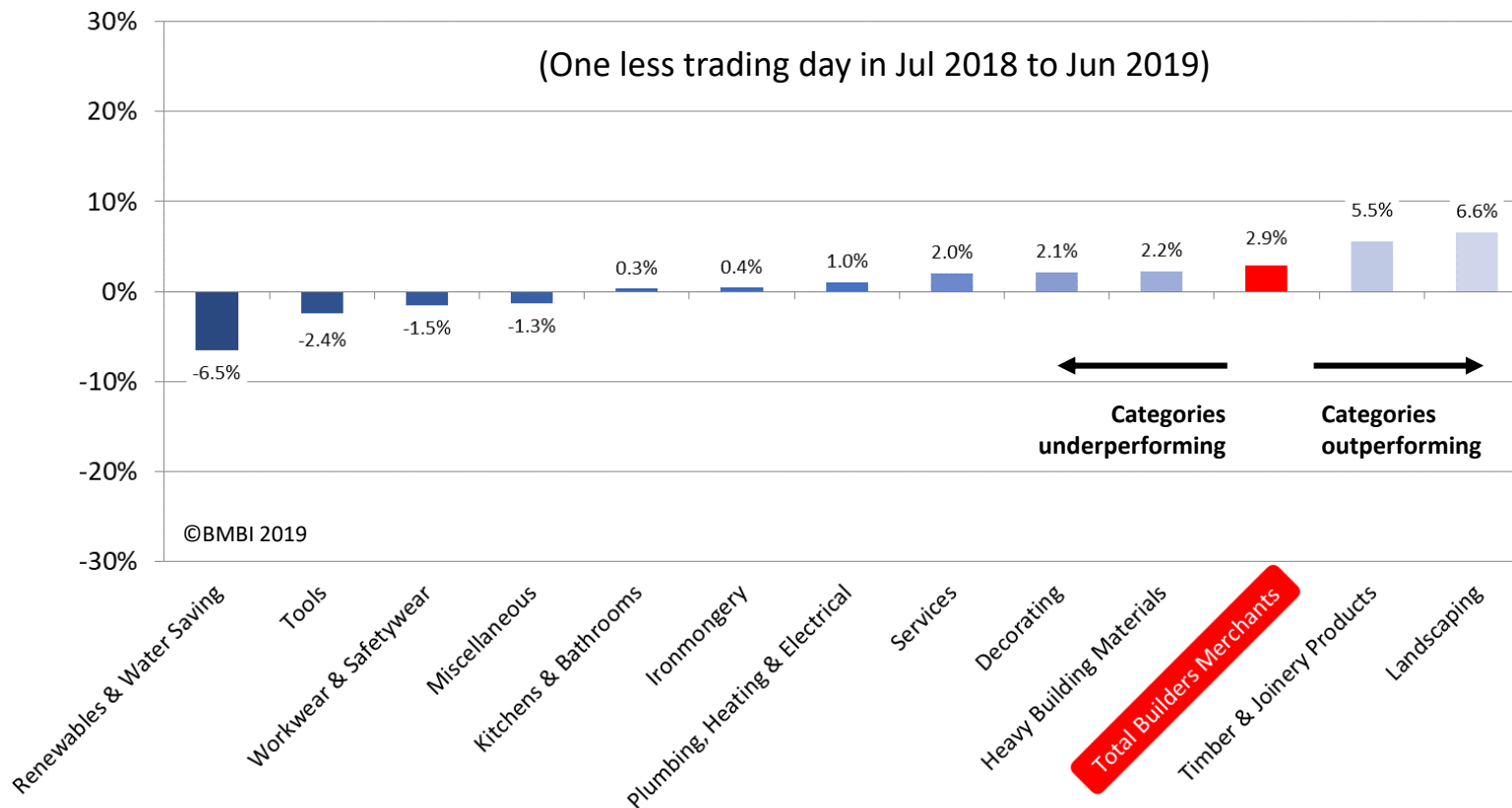
Quarter 2 2019 Index v Quarter 1 2019



 Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2019

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

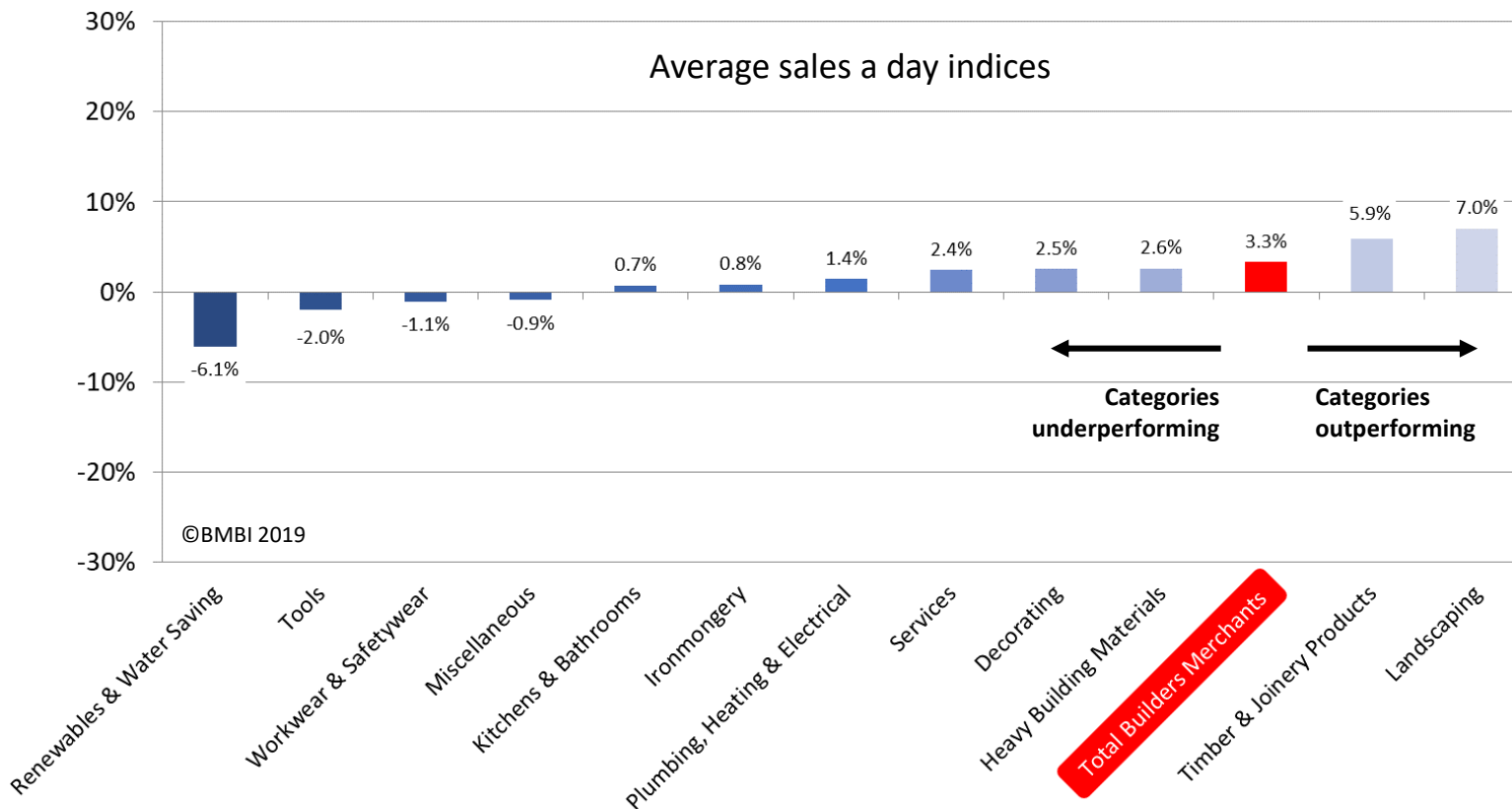
12 months Jul 18 to Jun 19 v 12 months Jul 17 to Jun 18



 Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2019

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

12 months Jul 18 to Jun 19 v 12 months Jul 17 to Jun 18



 Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2019

Expert Panel

Shower Enclosures & Showering

(Part of Kitchens & Bathrooms)



Mike Tattam, Sales & Marketing Director Lakes is BMBI's Expert for Shower Enclosures & Showering.

Three years of negative headlines with politicians changing position and pretending they haven't, has taken its toll on public trust. It's making people ask if they should buy products such as bathrooms and showering spaces now or wait until the fog clears and there's less to worry about.

According to Edelman's 2019 Trust Barometer, 59% of people are tired of hearing about Brexit, but 51% say uncertainty about the UK's trading relationship with the EU and rest of the world is their biggest concern, up from 39% in 2018. But who can you trust to level with you? Fifty eight percent say none of our political leaders are honest with the public, and 61% say their views are not represented in the media. People trust academics, technical experts and people like themselves the most, and Government and the media the least. No wonder we're confused and uncertain.

Politicians and the press are in a panic over what will happen in November. They may be right, but cry wolf too often and people will ignore them.

Consumers are concerned about the wider economy, but while real incomes are rising, they're much happier with their own finances and prospects. However, they're holding back on big ticket sales like cars, bathrooms and showering products. Lakes, our own brand, is doing better than the market but we estimate that shower enclosures and associated products are down around 9% in the first six months. Unlike boilers, showers are not distress purchases, they're planned in advance and can be delayed.

Brexit concerns are also weighing on the pound with suppliers absorbing increased costs, but now that's not sustainable in the long term particularly if sterling falls further.

The public recognises Brexit as businesses' biggest challenge, but 49% of consumers see online shopping leading to the decline in the high street as the second biggest. Helping stockists respond to it is the next challenge. Stockists want support from their suppliers who need to give a clear indication of their strategy and trading route so customers can make decisions on their own future requirements.

“Consumers are holding back on big ticket sales like cars, bathrooms and showering products. We estimate that the market for shower enclosures and associated products are down around 9% in the first six months.”

Expert Panel

Paint

(Part of Decorating)



Paul Roughan, Trade Merchants Sales Director Dulux Trade is BMBI's Expert for Paint.

Uncertainty and low confidence continued in quarter two, compounded by the Brexit saga. Deal or no deal? Will we or won't we?

We're all having to prepare for potential risks to supply after we leave the EU on 31st October 2019. The potential for delays to deliveries to the UK is one of the main risks so it's important to work closely with suppliers to ensure they have continuity of supply throughout the second half of the year. Our number one priority is safeguarding the supply and quality of our products and services to our customers, who should continue to order in their normal manner and ordering pattern.

Comparing the trade paint market Q2 19 with Q2 18, the British Coatings Federation reports growth of 3.2%. April and May sales were very strong as we had much better weather than Q2 2018. June was a challenging month though with exterior trim and masonry paint sales down significantly, with nearly three times as many wet days as June 2018.

The performance of the premium emulsion category, which includes durable and scrubbable emulsions rather than standard vinyls and contract emulsions, grew 8% year to date. It's the fastest growing decorative paints category. This is good news, demonstrating that customers see the benefit of durable emulsions and are prepared to pay more for them. This adds much needed value into the market and benefits us all.

I wanted to finish by mentioning the problem of waste paint in the UK. Fifty million litres of paint goes to waste in the UK every year. That's approximately 13% of all sales. Sixty four per cent of this is still usable yet only 1% is currently being reused. The average person has 17 used tins in their garage or shed! Community RePaint is a UK-wide paint reuse network that aims to collect this leftover paint and redistribute it to benefit individuals, families and communities at an affordable cost. So, if your customers ask what they can do with their waste paint, there are much better options than leaving it in the garage or storage to gather dust.

“The performance of the premium emulsion category, which includes durable and scrubbable emulsions rather than standard vinyls and contract emulsions, grew 8% year to date. It's the fastest growing decorative paints category... This adds much needed value into the market and benefits us all.”

Expert Panel

PVC-U Windows & Doors

(Part of Timber & Joinery Products)



No.1 for choice • No.1 for colour



Kevin Morgan, Group Commercial Director The Crystal Group is BMBI's Expert for PVC-U Windows & Doors.

The overall windows and doors market had a poor first half. According to FENSA, registered installations - mostly those sold by installers to homeowners - were down 8.2% in the first six months of 2019 compared to the same period last year. However, sales of PVC-U windows and doors through builders' merchants to builders and installers continue to grow strongly.

Now that builders can order any window or door they like, in any colour, from builders' merchants with a faster delivery time than elsewhere, it's a natural and easy way to sell. It's also additional business for them.

The strongest merchant performances are coming from those who have invested in showrooms and engaged, with Crystal for example, to provide new initiatives to builders and end-users.

It's not just a replacement and improvement market. Doors and windows can represent up to 12% of house build costs. While major housebuilders buy direct, small local builders often need help, and if merchants are not set up to supply them properly they could miss the added value sales from houses that are being built, probably by existing customers.

Over the years, national direct-sell window companies have been cited by consumer watchdogs, the media and Which? Report for their hard sales tactics and inflated prices, so it's not surprising that homeowners and builders are a bit wary of window and door companies. When homeowners ask friends and family who they've used, and search online, a local builders' merchant is seen as a safe, credible source. While merchants would not have been top of mind in the past, they're trusted for reliable building expertise and fair dealing. Merchant customers who have worked with us on initiatives to provide showroom displays, expertise and reassurance show conclusively that these are 'enablers' that sell more doors and windows.

One such 'enabler' is Crystal's new supply and fit installation service. Rolled out nationally in Q1, it offers a full service to builders who may not have the confidence or experience to offer windows and doors to their customers, and sales show it's working. Developing this channel is all about making it easy for builders to buy.

“Sales of PVC-U windows and doors through builders' merchants to builders and installers continue to grow strongly. The strongest merchant performances are coming from those who have invested in showrooms.”

Expert Panel

Roof Windows

(Part of Timber & Joinery Products)



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

Roof window growth was still in double figures in Q2 (as in Q1) with strong regional performances compensating for weaker regions, for example strong growth in both Northern Ireland and cross-border sales in the Republic of Ireland.

Overall, there was a fall in roof window year-on-year growth – below 10% for the first time in June with a poor June reported by all UK merchant partners. July seems to have rebounded but only time will tell by how much.

Regional and national housebuilder customer growth has remained steady in low single figures but it's a small share of the total roof window market. Site registrations are strong and with good demand and the 'Help to Build' scheme in place until 2022, we don't predict any decline in this sector. Sales of Keylite over-the-counter sales, for example, predominately to the RMI sector, outstrip sales to new build and boost performance of our merchant partners. This makes roof windows a good news story for merchants wanting to grow regional market share.

As ever, the RMI sector is a barometer of consumer confidence and disposable income, and homeowners' willingness to renovate or improve properties. Perhaps the June sales dip was a consequence of the weakness in sterling with the increased cost of hard-earned foreign holidays taking a bigger share of family spending, with holidays prioritised over potential home improvements.

Political jockeying in the Conservative party won't have helped sterling in the short term but hopefully the return of some degree of leadership will help confidence in the currency markets in Q3. This is all before the 'Oh yes we will!' - 'Oh no you won't!' no-deal pantomime hits the stage in October.

In summary, while Keylite and the roof window sector have enjoyed another good quarter, I believe construction has been trading water in Q2 on the back of stock building prior to March 31st. Until we have some clarity on Brexit I think Q3 may need someone to throw it a buoyancy aid if we are to maintain momentum.

“While Keylite and the roof window sector have enjoyed another good quarter, I believe construction has been trading water in Q2 on the back of stock building prior to March 31st.”

Expert Panel

Timber & Panel Products

(Part of Timber & Joinery Products)



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

The second quarter saw weaker year-on-year growth in the demand for timber and panel products, although the product sector continued to outperform many. It was inevitable that stockpiling would occur prior to 31st March and this impacted on the second quarter's performance. Political and economic uncertainty is continuing, and consumer confidence is low, and little will change over the coming months with the current No Deal Brexit rhetoric.

The Timber Trade Federation (TTF) recently reminded members of the risks that a No Deal Brexit will bring. Their guidance will help contingency planning as we consider the actions to mitigate the impacts of exiting with no terms. While we should expect delays, as shipments clear ports, product availability shouldn't be a concern.

The global markets for hardwood are still fragmented. Trade conflicts between the USA and China continue to build, and there has been a weakening of demand for European supply. Availability across the species is good although many mills are managing their output with lower demand, specifically from China. African timber supply has improved over recent months with increasing demand for sapele.

Medium Density Fibre board (MDF) and Oriented Strand Board (OSB) availability is much improved on last year. Availability during the quarter was strong and is forecasted to continue. Similarly plywood availability remains good. The concern, regardless of product, will be the impact caused by a volatile exchange rate.

The TTF, Wood Protection Association (WPA) and Timber Decking and Cladding Association (TDCA) continue to work together to help provide guidance on fire-rated products post Grenfell and Barking. Through the Confederation of Timber Industries, it has been recommended that timber-based cladding and balcony components should be treated using a quality assured factory-applied flame retardant to Euroclass B. This is unless it is shown not to be necessary by an appropriate risk assessment process.

Merchants are reminded to ask suppliers for appropriate Declarations of Performance, a requirement under the Construction Products Regulation, providing information on the performance of the product.

“It was inevitable that stockpiling would occur prior to 31st March and this impacted on the second quarter's performance. Political and economic uncertainty is continuing, and consumer confidence is low.”

Expert Panel

Civils, Metal Rainwater & Drainage

(Part of Heavy Building Materials)



John Coe, Commercial Director Alumasc Water Management Solutions (AWMS) is BMBI's Expert for Civils, Metal Rainwater & Drainage.

The second quarter of 2019 was challenging across every rainwater and drainage sector, a view that was echoed by many suppliers and merchants that suggested this was industry wide.

Why the change from an apparently buoyant first quarter? There would have been an element of increased stock levels in preparation for the Brexit March deadline which overstated the sales line. More significantly, the like-for-like sales comparisons were based on a poor Q1 in 2018 which was affected by adverse weather conditions for much of the quarter.

The Brexit saga continues, and until there is some clarity, investors will hang back. There are also concerns about skill shortages, material shortages, labour inflation and possible import and export tariffs.

Against this background, how busy is the market in real terms?

Enquiry levels are ahead of last year, and our own specification teams are very busy working with architects and consultants/civil engineers. This suggests that the work is there, but the tap is currently 'turned off' until Brexit is resolved. But it also suggests that when the Brexit fog clears there will be healthy bank of projects that will become live.

Major projects supplied by our sector include docks and national and regional airports where the pipeline seems to be continuing. During Q2, AWMS undertook a major project of our own and successfully relocated our Gatic civil drainage division to our Halstead site (Wade Head Office). This was a £750,000 investment which will improve the manufacturing efficiencies and provide a solid platform to grow the civil drainage business.

Across all the AWMS business units, we are also seeing an increase in the requirement for more bespoke solutions. This can be anything from a tweak to a standard component to an out and out project specific solution.

We see the outlook for Quarter 3 as again being challenging across most of the sectors we service. The uncertainty is having a negative impact, and not just within the construction industry.

“Our specification teams are very busy working with architects and consultants. This suggests that the work is there but for many projects the tap is still turned off until Brexit is resolved.”

Expert Panel

Cement & Aggregates

(Part of Heavy Building Materials)



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

Market conditions have been mixed this year. Sales were strong in quarter one, helped by good weather. Quarter two was weaker because of political uncertainty and bad weather in June. The Mineral Products Association reports that volumes of concrete, aggregates and asphalt have now declined for two consecutive quarters. Mortar sales are positive, which is to be expected given the national focus on housing. The decline in commercial construction is offset by an increase in infrastructure and new housing.

The Construction Products Association (CPA) is forecasting that construction output will decline by 0.3% in the remainder of 2019. Due to concerns regarding the government's record in delivering large infrastructure projects such as HS2, the CPA has also reduced its 2020 and 2021 construction forecasts.

The RMI (Repair Maintenance & Improvement) sector has performed well throughout most of 2019 although most merchants reported lower sales in June. Construction activity is down, however the RMI sector is less volatile because of its diverse market and broad customer base. Large companies and projects tend to react similarly to external events and economic forces, while the army of small builders, installers and tradesmen buying from builders' merchants are by nature less synchronised.

Other than market performance, we face big challenges as an industry which question our ability to meet the government's new housing targets. There's been much debate, but few answers, to the problem of labour and skills shortages, as well as the problem of reduced capacity, which was a direct consequence of the global recession ten years ago. Political uncertainty has led to a lack of confidence in the construction sector: Firms are reluctant to sign off capex for expansion until they're sure they'll get a return on their investment. It's also hard to imagine that the government's suggestion - that offsite construction holds the answer to skills shortages - will be achieved without significant investment. Many companies are reaching out to schools, colleges and universities - promoting our industry to address skills and capacity issues, particularly among small builders, and tradesmen. But it's a very large gap to fill, and as a large proportion of the workforce comes up to retirement, the question of who replaces them is unanswered.

“The RMI (Repair Maintenance & Improvement) sector has performed well throughout most of 2019. Construction activity is down, however the RMI sector is less volatile because of its diverse market and broad customer base.”

Expert Panel

Roofing Products

(Part of Heavy Building Materials)



Paul Owen, Commercial Director Distribution IKO PLC is BMBI's Expert for Roofing Products.

The second quarter started strongly in the roofing sector with sales up year on year, notably among roofing specialists. The month of June, however, took the shine off with sales to the general merchant and distributor sectors faltering a little. Year-to-date, the sector remains very buoyant.

After a very difficult start in the retail sector during Q1, sales of roofing products recovered very well in Q2. The retail sector is often overlooked by roofing specialists. It tends to be serviced by the retail giants and a few retail-focussed builders' merchants. However, there is a growth in demand for those products linked to our appetite for multi-use garden buildings that extend our living space. These include shed felts through to more aesthetically pleasing shingles and lightweight slates.

Demand for the specialist application systems remains very strong, with some contractors reporting full order books to Q1 2020. Hot-melt and inverted roof systems are a popular specification choice for clients in residential urban development projects. The Midlands and South-East, particularly, show a lot of activity with these types of projects.

Enquiry levels are steady, indicating a degree of client optimism and continuity, but some sectors are reporting a slight drop in project enquiries for Q4, perhaps acknowledging the uncertainty ahead.

Quarter three is traditionally a busy period for the roofing sector, particularly for those who are involved with the refurbishment of buildings in the education sector. Delivering projects on time, safely, and within budget, requires a collaborative approach across the whole client, contractor, merchant supply chain because it isn't just product. They also benefit from technical back up, support and service innovation. IKO, for example, has invested in developing and expanding our range of self-adhesive and torch-free membranes to further support Safe2torch best practice.

“There is a growth in demand for those products linked to our appetite for multi-use garden buildings that extend our living space. These include shed felts through to more aesthetically pleasing shingles and lightweight slates.”

Expert Panel

Steel Lintels

(Part of Heavy Building Materials)



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

As reported last quarter, quarter two 2019 started strongly, with April and May in line with market predictions. However, June ended all hope for the quarter. Whilst the quarter overall was slightly up on the previous year, June's performance has set alarm bells ringing. Q3 has started firm to flat and if, as with the last few years, September does not perform, Q3 may not see growth overall.

The NHBC (National House-Building Council) Q2 report has registrations around 39,000, down 3% on 2018. When combined with the small increase in Q1, year-on-year registrations for the half year are flat when compared to 2018. So what's the outlook?

Political uncertainty, recent local elections and their influence on local housing plans, prime ministerial elections and the Brexit debate throw down a challenge to medium-term house building strategies. Depending on location, UK house price inflation is moderating and the outcome of Brexit will inevitably further influence the economy and housing market. The government's support for housebuilding is still an opportunity for the industry, with the 'Help to Buy' scheme extended to 2023, offering added confidence for first-time buyers.

House sales remain fairly buoyant, reflecting the demand for houses. Ease of borrowing and low mortgage rates combined with modest wage inflation and softening house prices could be a good deal for buyers. The new build market remains strong and the outlook is positive although EU labour and skills will be critical in maintaining our current build programmes.

We now have a new prime minister, and of course another new housing minister. Most importantly, the government is committed to construction – that's the good news! How and when this will be delivered depends on what happens when parliament returns and the 31st October Brexit deadline.

“House sales remain fairly buoyant, reflecting the demand. The new build market remains strong and the outlook is positive although EU labour and skills will be critical in maintaining our current build programmes.”

Expert Panel

Mineral Wool Insulation

(Part of Heavy Building Materials)



Neil Hargreaves, Managing Director Knauf Insulation is BMBI's Expert for Mineral Wool Insulation.

Demand for mineral wool insulation has been strong in the second quarter of 2019. Although the sector has remained in allocation, this is beginning to ease, and we are starting to see stock levels recover to a more normalised position. At Knauf Insulation, we hope to be able to relax our allocation further in the second half of the year, and ultimately, remove it altogether.

Going forward, the picture for insulation demand is mixed. Renewed environmental commitments, like the 2050 zero-carbon target and the government's Future Homes Standard, mean the long-term direction of travel for the sector is positive. But it looks like there will be some turbulence in the short to mid-term. It's becoming increasingly clear that the current political situation has introduced some nervousness and uncertainty in the market.

Our supposedly less moderate new Prime Minister, and the perceived increase in the likelihood of a no-deal Brexit, have impacted general construction activity. The Office for Budget Responsibility (OBR) has just estimated a £30bn economic impact from a hard exit from Europe. Similarly, the Construction Products Association (CPA) has forecasted a potential 12% reduction in new build housing next year in a no-deal scenario. It's not surprising that such forecasts are having a detrimental effect on confidence in the construction industry, with the brakes being put on some major projects.

Many industry commentators warned of the potential for uncertainty from a no-deal situation. Well, the signs show this potential uncertainty is becoming a reality. The numbers are indicating a slowdown in the sector, although it's difficult to know to what extent allocation is masking true levels of current demand.

What's more, this uncertainty is set to deepen and continue for some time to come. No doubt, by the time of the next BMBI quarterly report, businesses will still be unsure about how they will be trading with our European partners.

“Demand for mineral wool insulation has been strong in the second quarter of 2019. Although the sector has remained in allocation, this is beginning to ease, and we are starting to see stock levels recover to a more normalised position.”

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.

A new Prime Minister and government should mean that a conclusion to the Brexit impasse is more likely by the end of October. But nothing is certain, and the style of the new regime is creating fresh uncertainty and short-term confidence is fragile. Falls in sterling are undermining it even further.

We know little of the government's housing plans, and realistically can't expect anything until November at the earliest. Assuming the government survives challenges in parliament and probably an early general election we hope to see a new policy emerge to boost new build and the number of housing transactions, which should affect insulation positively. Given the, now unarguable, effects of climate change on the economy, improving the poor energy performance of Britain's housing stock needs to be one of the most pressing priorities of a new government. Insulation is at the heart of any effort to improve energy efficiency of new or existing housing. But, however many homes we build, it's almost inconceivable that more than 1% of the housing stock can be built in a year, so serious reductions in carbon can only come from improvements to existing dwellings.

For that reason, I call on the government to encourage homeowners to improve the energy efficiency of their homes by reducing VAT on home improvement projects whether they DIY, or a builder does it for them. The green agenda is gathering momentum, and insulation as a market sector will surely benefit from this environmental focus, provided the government gets behind it.

Currently, glass mineral wool insulation and plasterboard are only available on an allocated basis from manufacturers. For insulation this has mainly been caused by temporary plant shut-downs for routine maintenance and capacity uplift but levels are improving. However plasterboard still proves to be a longer term challenge. Demand has pushed UK manufacturing capacity to its limits and imported products – priced at a premium – have not kept pace with demand. New capacity takes time and cash to action and political and economic circumstances are likely to weigh on investment decisions. This is worrying for a basic construction product in a market that's stable at best. If there's a post-Brexit bounce in housing and RMI this could become a problem.

Finally, I welcome 'The Pulse' (<https://www.mra-research.co.uk/the-pulse/>), a new research initiative that tracks merchant confidence and industry issues such as online developments, product and skills shortages.

“Demand has pushed UK manufacturing capacity to its limits and imported products – priced at a premium – have not kept pace with demand. New capacity takes time and cash to action and political and economic circumstances are likely to weigh on investment decisions.”

Expert Panel

Bricks

(Part of Heavy Building Materials)

IBSTOCK | BRICK

an IBSTOCK plc company



Simon Taylor, Director of Sales – Builders Merchants Ibstock is BMBI’s Expert for Bricks.

So far, in the first five months of 2019, an additional 25 million clay bricks have been produced by GB brick-makers compared with the same period last year. This 3% increase is matched by the additional volume despatched to customers.

During the same period, the volume of bricks imported into the UK has increased by 16% or 18 million bricks. Just over 80% of bricks imported into the UK in this period were produced in Belgium, Netherlands and Germany. However, the numbers of bricks that are being transported from countries many thousands of miles away, such as India, Pakistan and Turkey, has doubled this year against last.

A few housebuilders are choosing to use concrete bricks to supplement the perceived shortage of clay products. Concrete bricks represent only a small percentage of the total brick market and independent reports suggest they are heavier to transport and handle, slower and more difficult to work with on site (bricklayers can lay around 17% more clay bricks a day than concrete) and there is a limited range of colours and textures to select from.

Despite the current economic uncertainty, which affects the confidence to decide to make major capital investments, UK clay brick manufacturers are continuing to spend money increasing production, improving yields and maintaining quality to keep UK developers and builders’ merchants readily supplied with their first-choice external cladding material – UK produced clay bricks.

“Despite the current economic uncertainty...UK clay brick manufacturers are continuing to spend money increasing production, improving yields and maintaining quality to keep UK developers and builders’ merchants readily supplied.”

Expert Panel

Natural Stone Landscaping Products

(Part of Landscaping)



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

It was a mixed second quarter for landscaping. April was very buoyant, as predicted in last quarter's report, following an incredibly busy first quarter. But the market cooled down in May and June with much poorer weather in June. An increase in economic and political uncertainty also probably prompted people to postpone landscaping projects.

Not all products were affected. Sales of resin-based products did well, a relatively new product which is generating interest with more landscapers offering it as a solution to customers. Vitrified porcelain paving also bucked the trend and is also still seeing positive growth. There was a slowdown in sales of artificial grass, but we believe this was a blip and just a slight loss of forward momentum. In support of product sales, our own Talasey Training Academy is working flat out, keeping up with the demand for training in all areas. It was particularly busy in June as landscapers tend to down tools during poor weather conditions.

Looking towards the rest of the year, economic uncertainty will continue to put pressure on two important areas: shipping and exchange rates.

Shipping costs and a weak pound play a large factor of the cost of natural stone products, but they also impact on a number of other imported landscaping products. Shipping rates are still high and have not fallen as a result of Brexit uncertainty and the pound just keeps getting weaker. As smaller businesses pay more for the stone and the shipping, they may feel more pressure to pass on some of these higher costs to customers if rates remain high. This issue affects many sectors, not just construction, as companies decide how much stock they should bring in.

Speaking for our own group, currently the second largest stockholder of natural stone in the UK, we've committed to maintain high stock levels to mitigate the uncertainty.

The strong momentum of the first quarter did not continue into the second quarter. However, we believe the landscaping market will pick up momentum again in the third quarter despite negative headlines from the turmoil in Westminster.

“The strong momentum of the first quarter did not continue into the second quarter. However, we believe the landscaping market will pick up momentum again in the third quarter despite negative headlines from the turmoil in Westminster.”

Expert Panel

Water Heating

(Part of Plumbing Heating & Electrical)

HEATRAE SADIA
SMARTER | CLEANER | WARMER



Jeff House, Head of External Affairs Baxi Heating UK (incorporating Heatrae Sadia) is BMBI's Expert for Water Heating.

The outlook for the wider economy worsened in quarter two with both construction output and the consumer confidence index taking a hit. According to the Office for National Statistics (ONS) construction output was down by 1.3% in Q2, reversing the growth seen in Q1.

Continuing uncertainty over Brexit is partly to blame for this recent slowdown especially with an increased possibility of a hard exit. Bad weather in June also disrupted and delayed work in the RMI sector, giving a mixed picture in terms of build activity. The CPA cites 'pockets of activity in housebuilding from housing associations and local authorities' with 39.0% of starts in 2018/19 being funded under the Shared Ownership and Affordable Homes Programme (up from 32.9% in 2017/18), an indication that activity is increasing under this scheme. According to MHCLG data, private residential housing starts fell 7.3% in Q1 2019 against Q4 2018 (seasonally adjusted), a fall on the same quarter last year of 11%. Completions in England fell 0.4% in Q1 2019 against Q4 2018, but this is up 15.2% on the same quarter last year. Activity on major infrastructure projects is helping to offset falls in other sectors, but the CPA has revised its output forecasts for this sector in 2020 and 2021 downwards.

Looking at product performances, hot water cylinder sales were down by 3% as a moving annual total (EUA statistics). This is a product with its fortunes linked to future regulation changes. Although not required when combi boilers are fitted, they will be a positive option if new build specifications change to electric heating to meet environmental legislation.

Two important reports have been issued recently. The first, "Building a Safer Future", contains recommendations from the Hackitt Review that closed at the end of July. Its proposals have significant implications for, amongst others, those operating in residential buildings with a storey height above 18 metres.

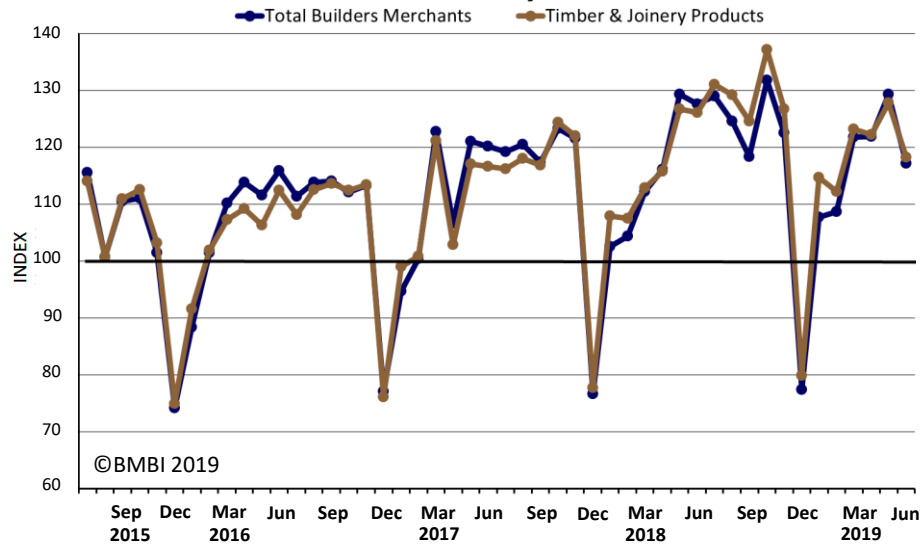
The second report concerns environmental issues with wide policy implications. This was issued by the Green Construction Board (part of the Construction Leadership Council) and has recommendations with regard to the 2030 Buildings Mission. The report aims to show "how achieving the 2030 target to halve all new building energy use over 2018 standards is achievable by tightening energy and systems efficiencies and moving to a culture of transparency on out-turn performance through the measurement of total energy in use."

“Continuing uncertainty over Brexit is partly to blame for this recent slowdown especially with an increased possibility of a hard exit. Bad weather in June also disrupted and delayed work in the RMI sector.”

Monthly and Quarterly Indices

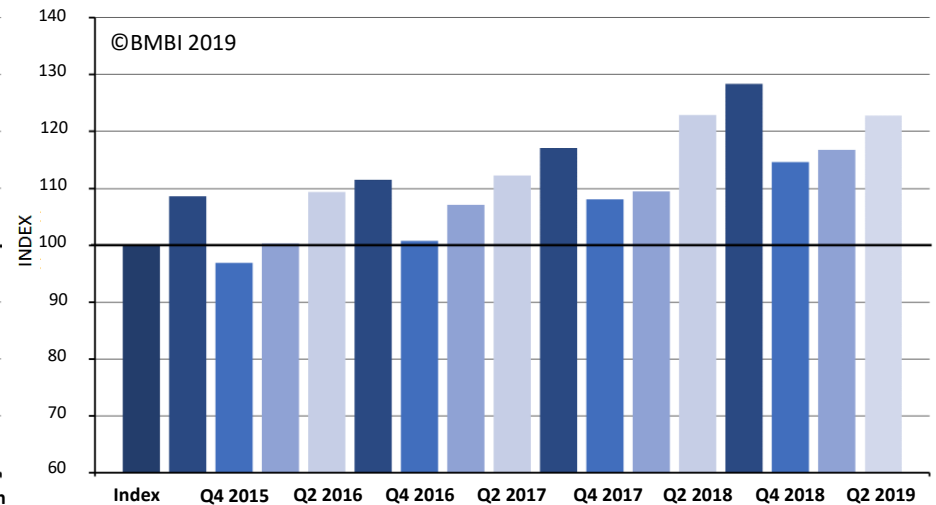
June 2019 and Q2 2019

Timber & Joinery Products



Monthly chart indexed on July 2014 – June 2015

Timber & Joinery Products - Quarterly

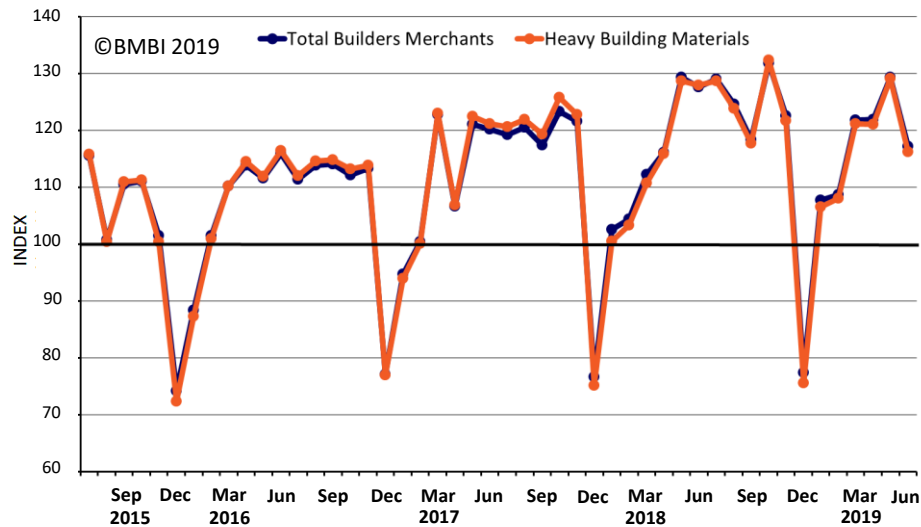


Quarterly chart indexed on July 2014 – June 2015

Monthly and Quarterly Indices

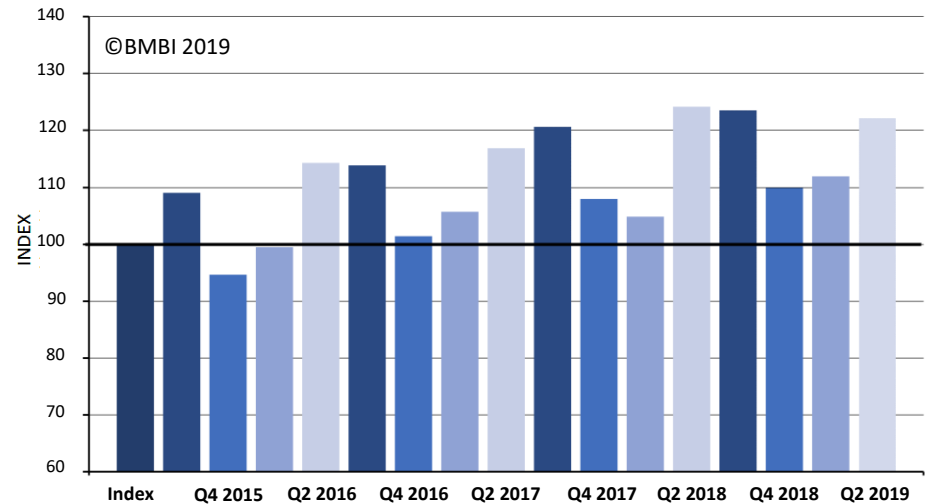
June 2019 and Q2 2019

Heavy Building Materials



Monthly chart indexed on July 2014 – June 2015

Heavy Building Materials - Quarterly



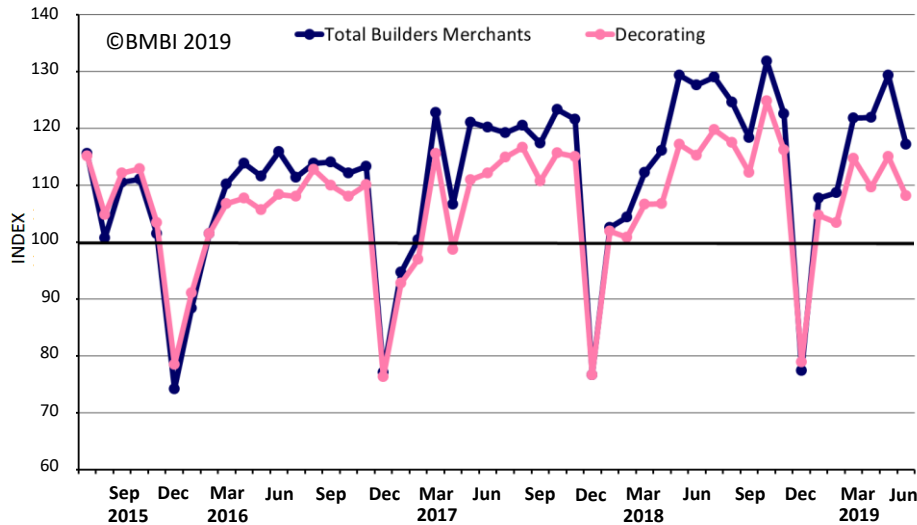
Quarterly chart indexed on July 2014 – June 2015

 Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2019

Monthly and Quarterly Indices

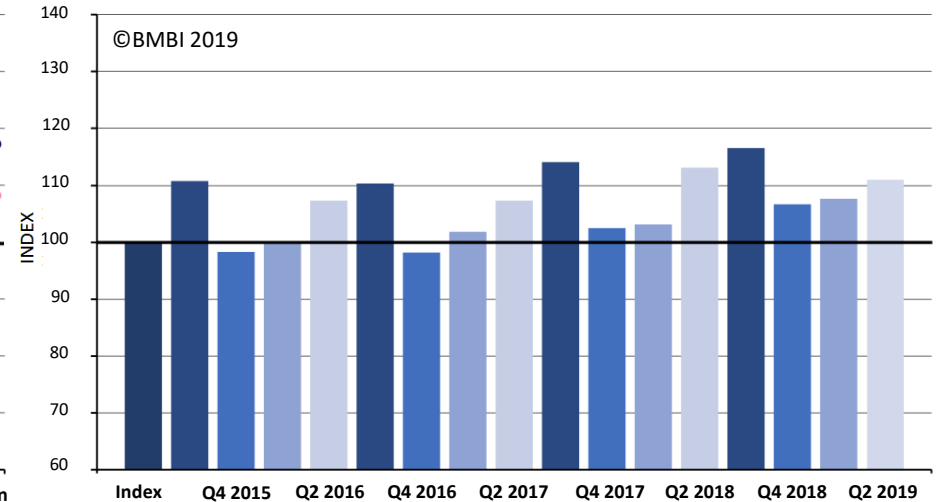
June 2019 and Q2 2019

Decorating



Monthly chart indexed on July 2014 – June 2015

Decorating - Quarterly

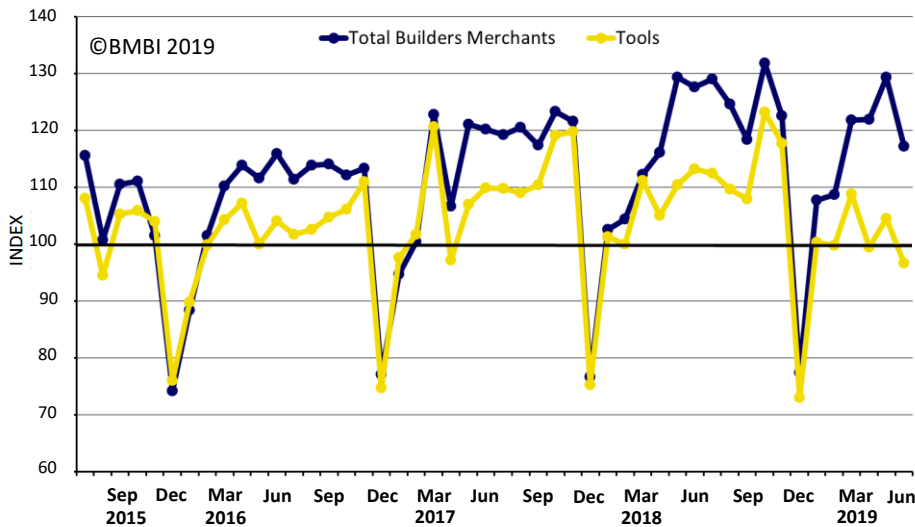


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Monthly and Quarterly Indices

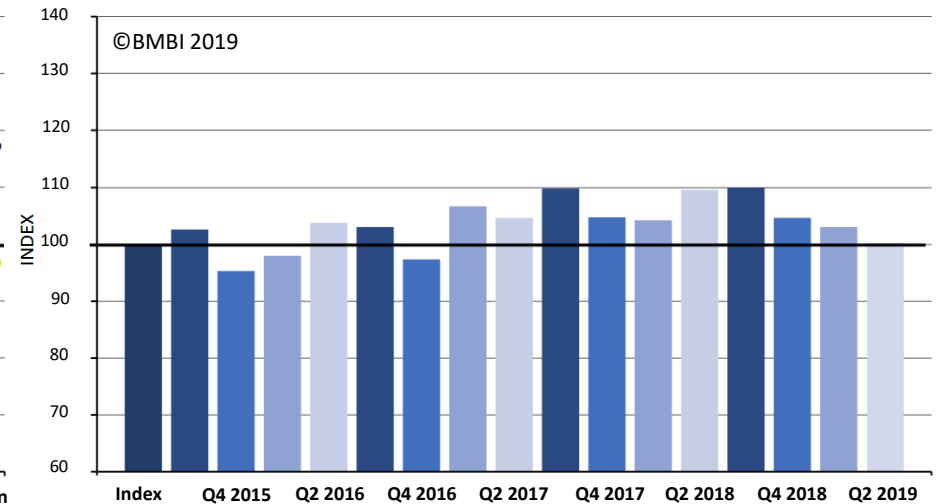
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Tools



Monthly chart indexed on July 2014 – June 2015

Tools - Quarterly



Quarterly chart indexed on July 2014 – June 2015

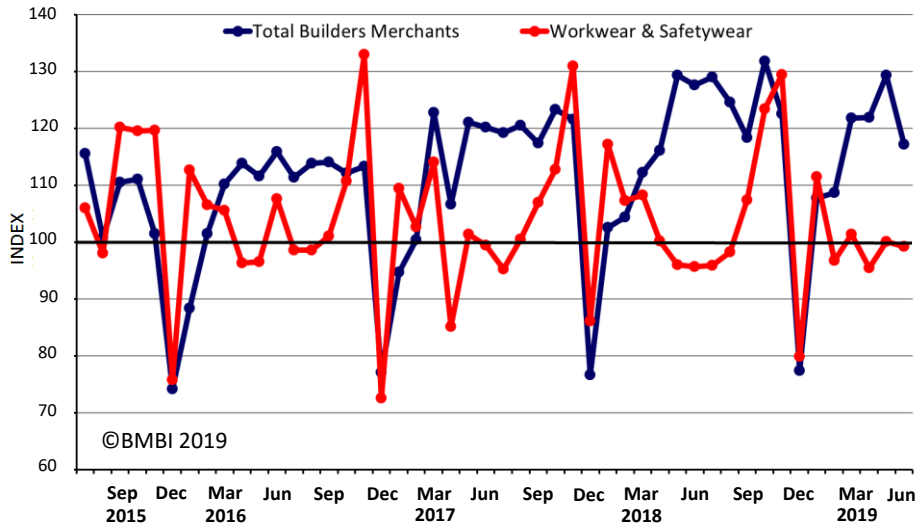
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Total Category Report
July 2015 to June 2019

Monthly and Quarterly Indices

June 2019 and Q2 2019

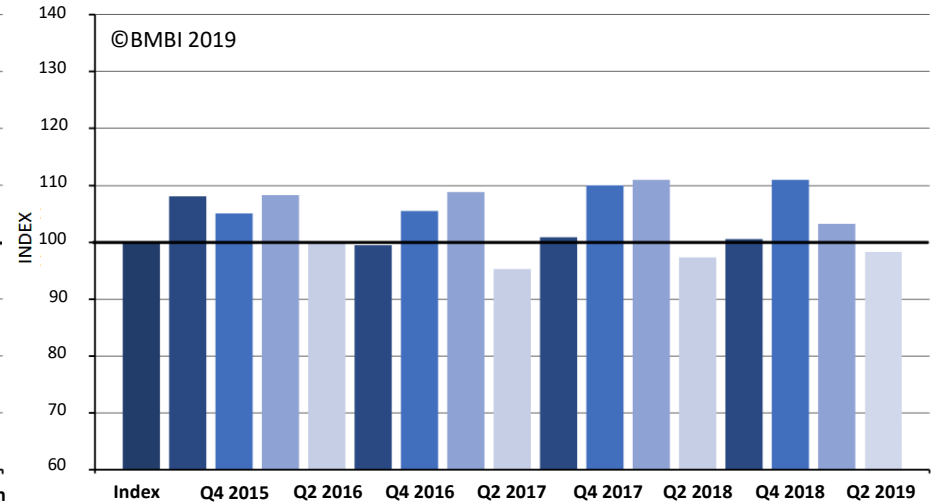


Workwear & Safetywear



Monthly chart indexed on July 2014 – June 2015

Workwear & Safetywear - Quarterly



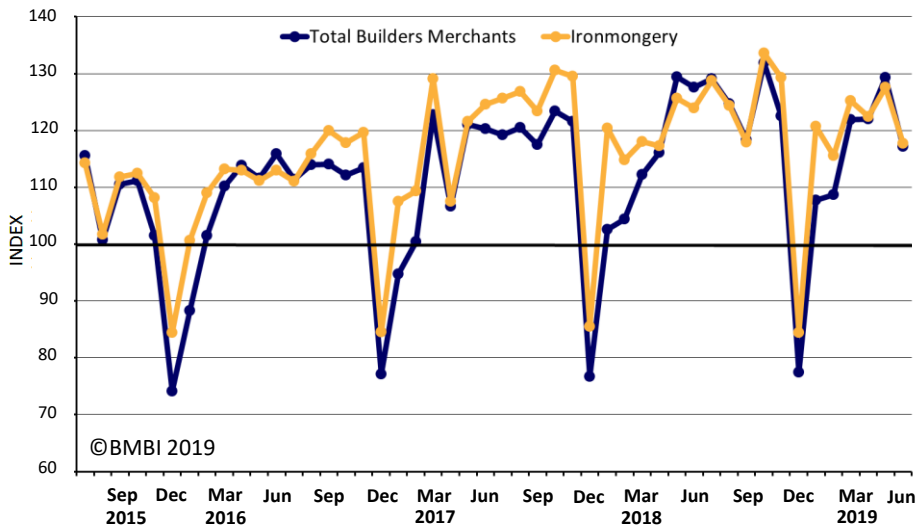
Quarterly chart indexed on July 2014 – June 2015

GfK Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2019

Monthly and Quarterly Indices

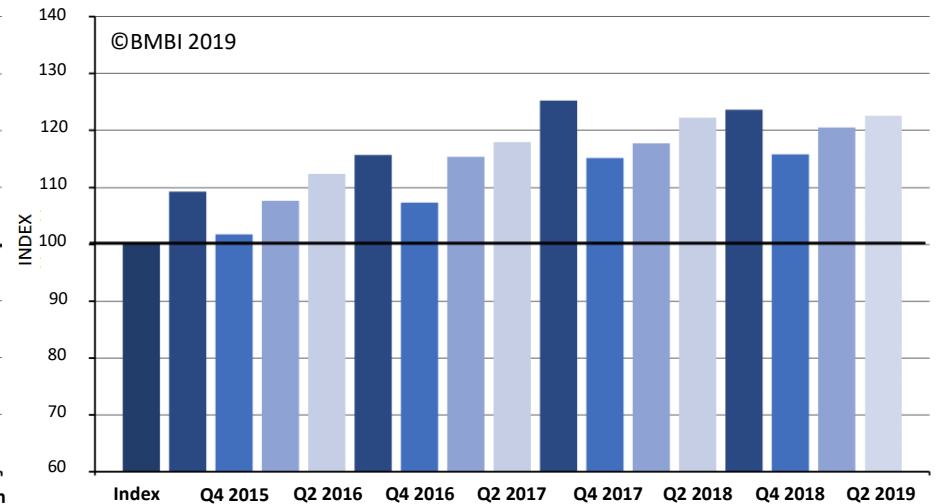
June 2019 and Q2 2019

Ironmongery



Monthly chart indexed on July 2014 – June 2015

Ironmongery - Quarterly



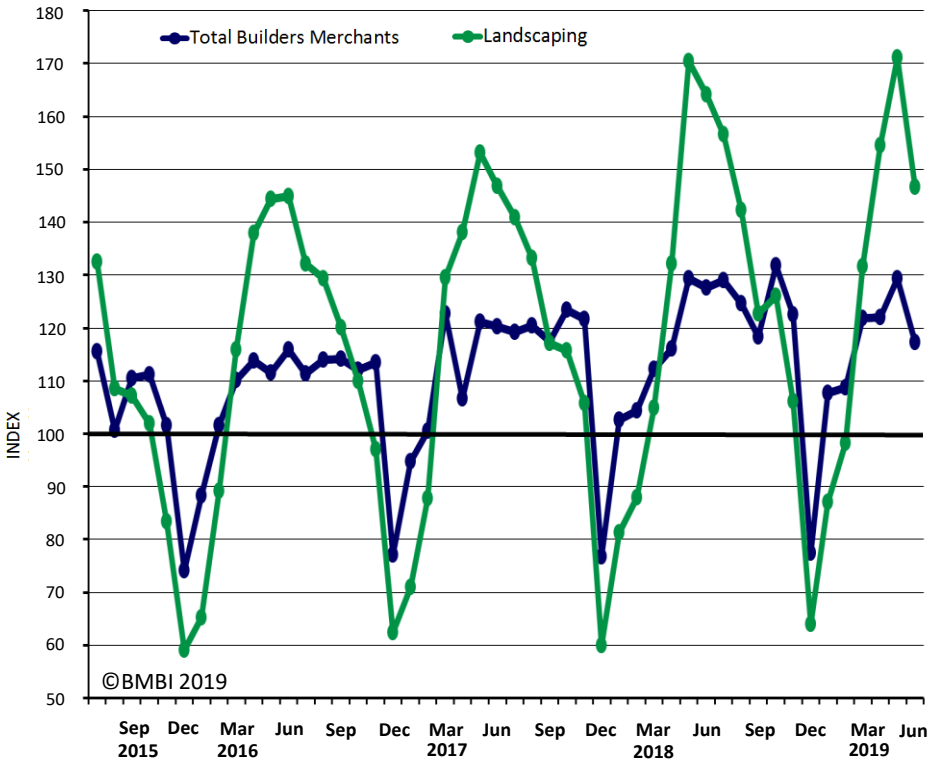
Quarterly chart indexed on July 2014 – June 2015

 Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2019

Monthly and Quarterly Indices

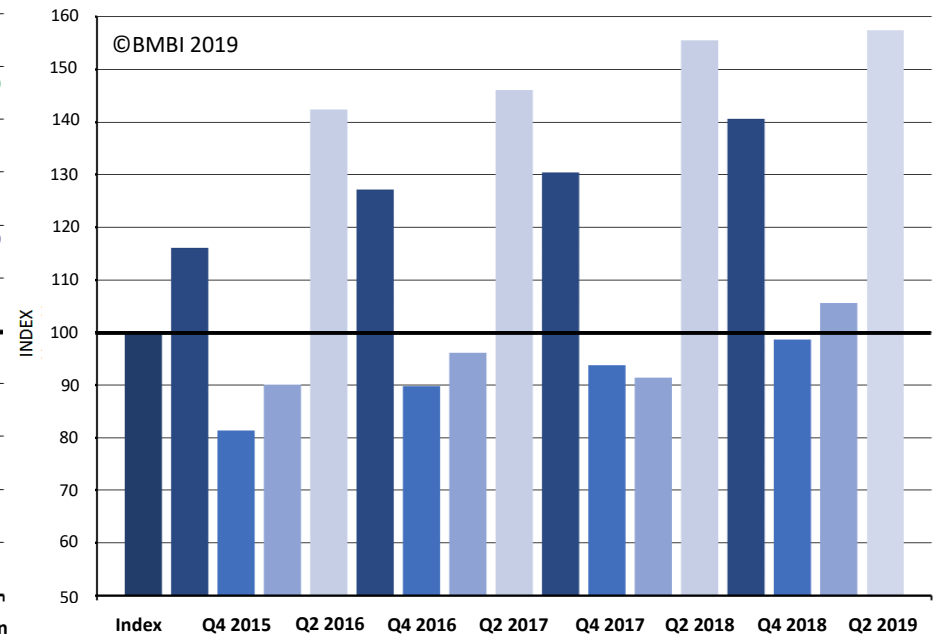
June 2019 and Q2 2019

Landscaping



Monthly chart indexed on July 2014 – June 2015

Landscaping - Quarterly



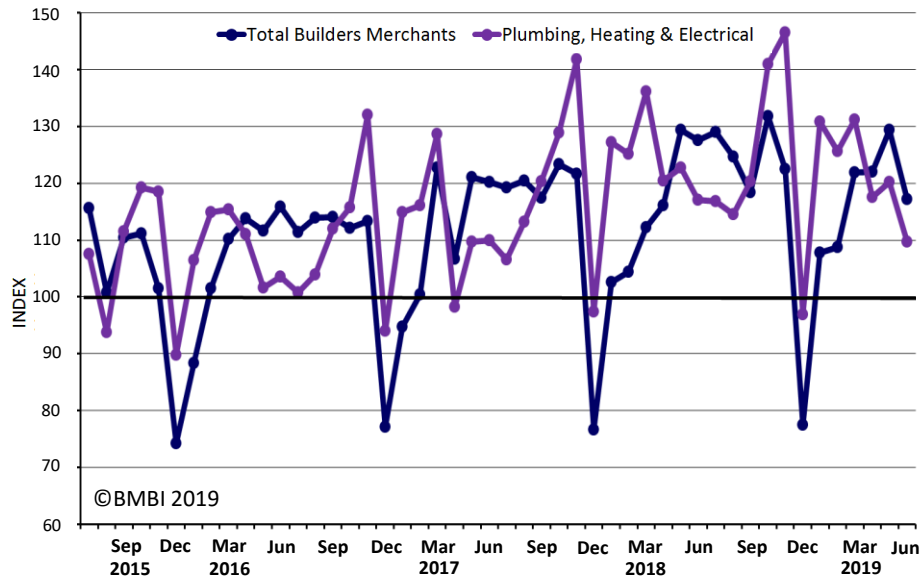
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Monthly and Quarterly Indices

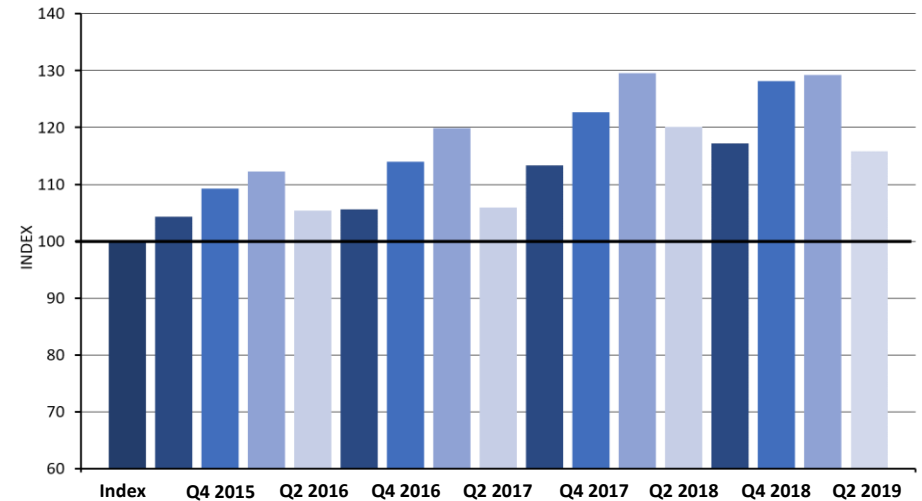
June 2019 and Q2 2019

Plumbing, Heating & Electrical



Monthly chart indexed on July 2014 – June 2015

Plumbing, Heating & Electrical - Quarterly



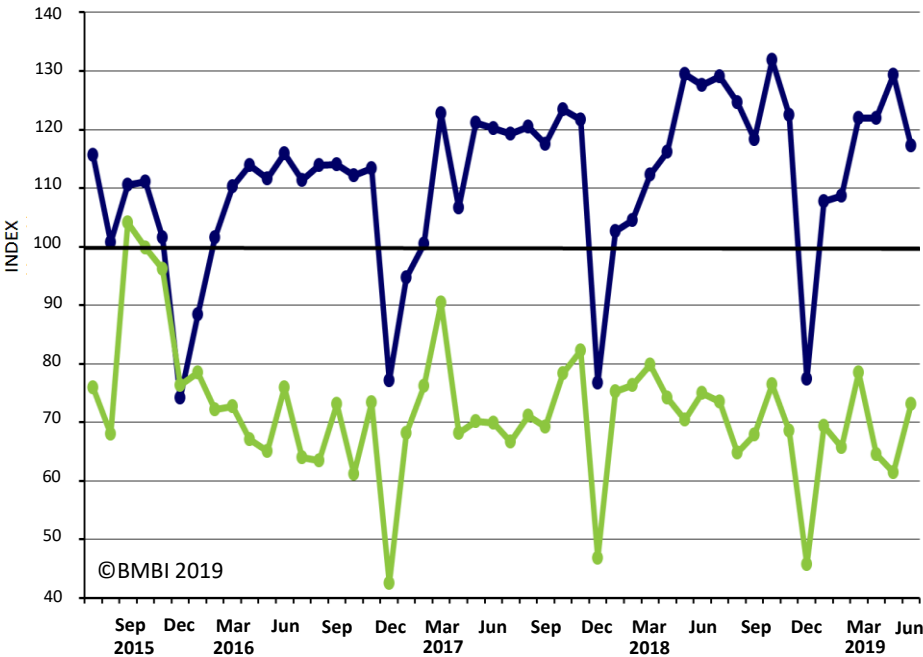
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Monthly and Quarterly Indices

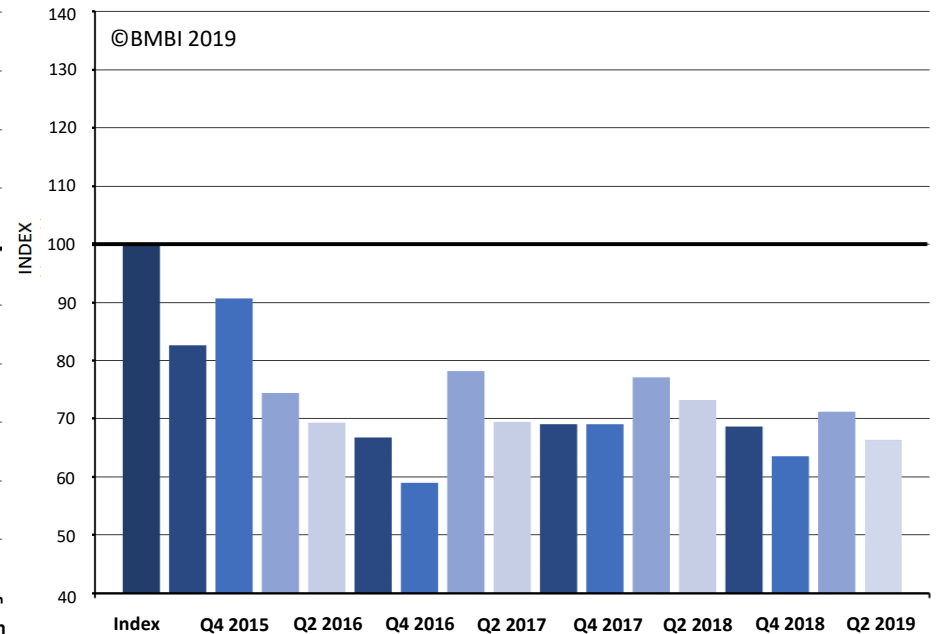
June 2019 and Q2 2019

Renewables & Water Saving

● Total Builders Merchants ● Renewables & Water Saving



Renewables & Water Saving - Quarterly



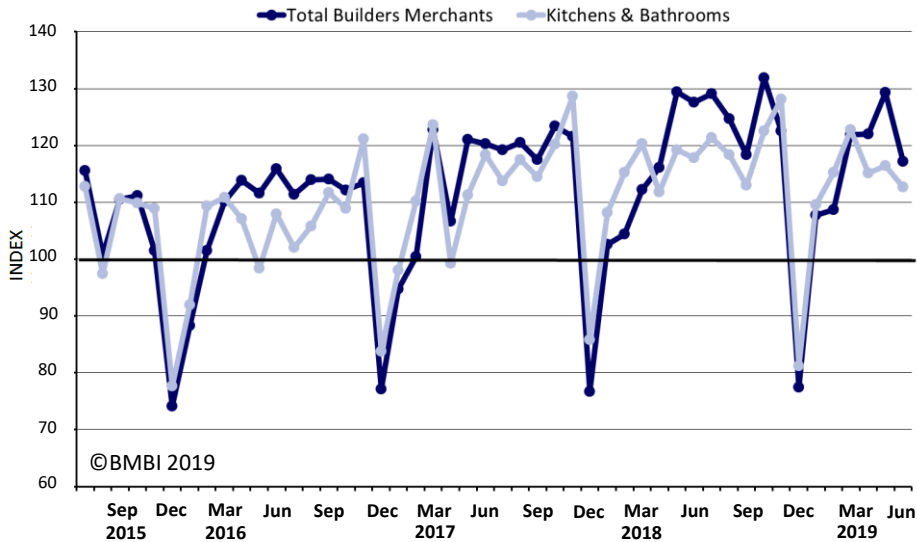
Charts indexed on July 2014 – June 2015

GfK Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2019

Monthly and Quarterly Indices

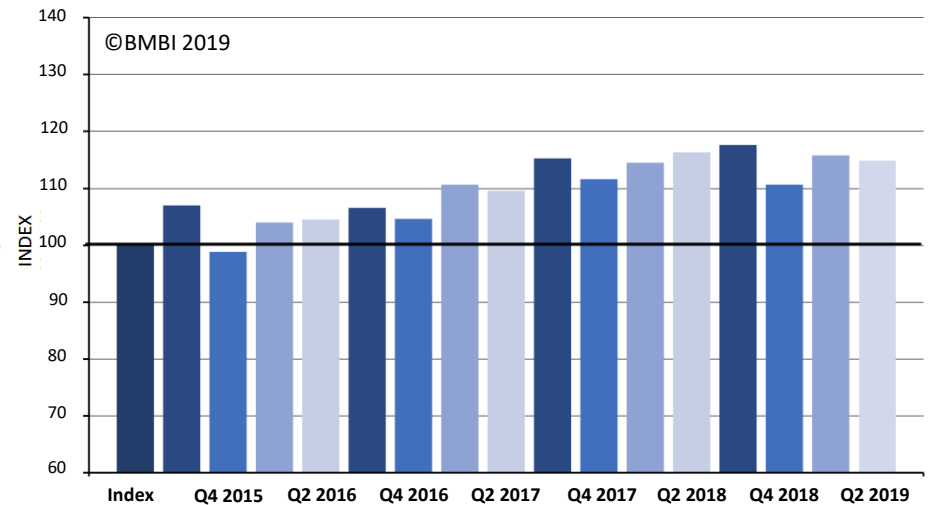
June 2019 and Q2 2019

Kitchens & Bathrooms



Monthly chart indexed on July 2014 – June 2015

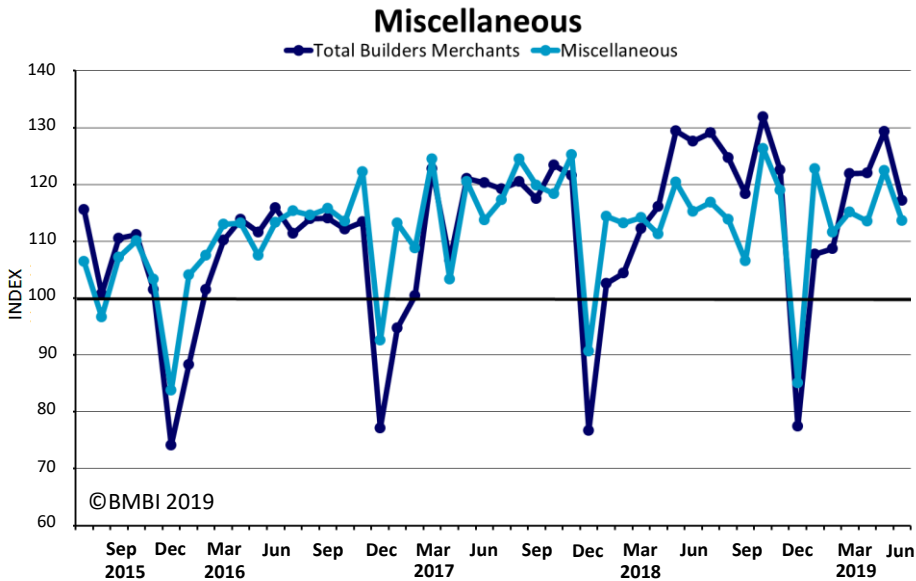
Kitchens & Bathrooms - Quarterly



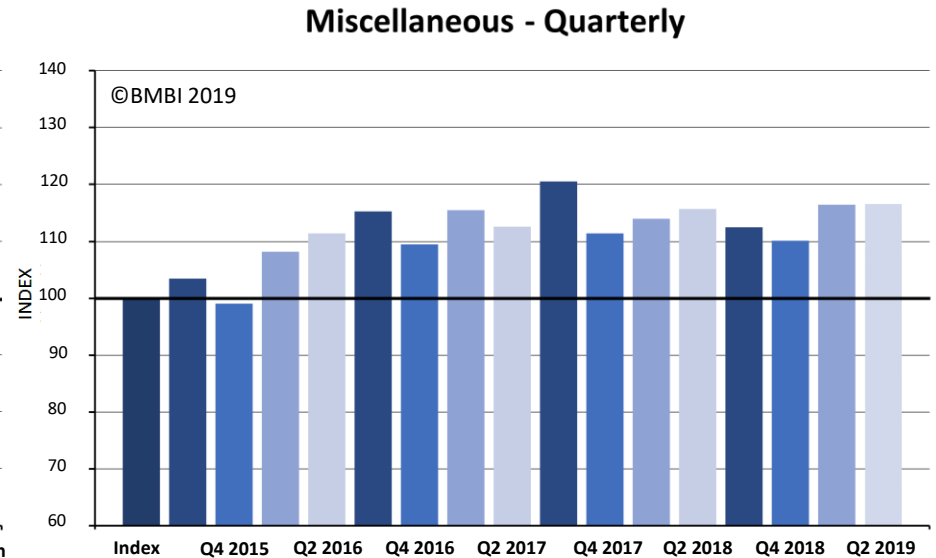
Quarterly chart indexed on July 2014 – June 2015

Monthly and Quarterly Indices

June 2019 and Q2 2019



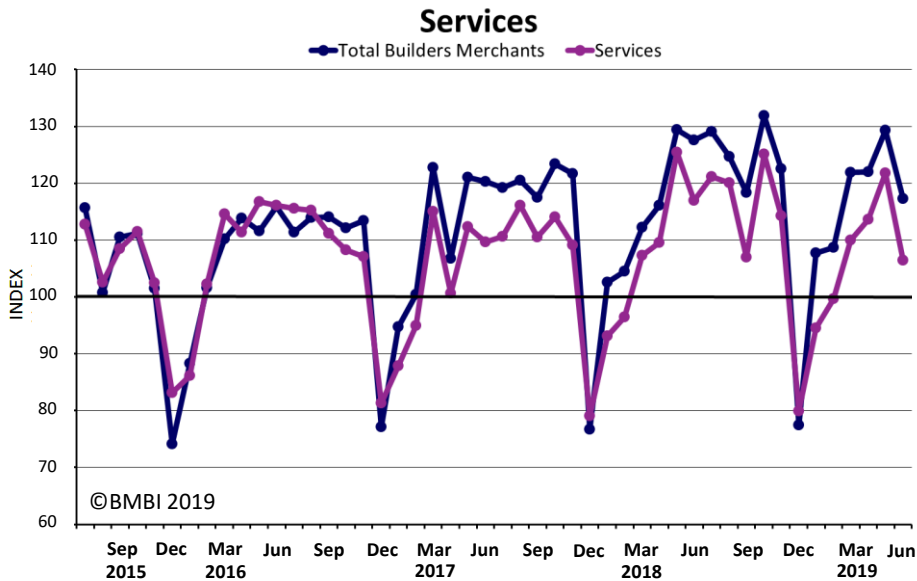
Monthly chart indexed on July 2014 – June 2015



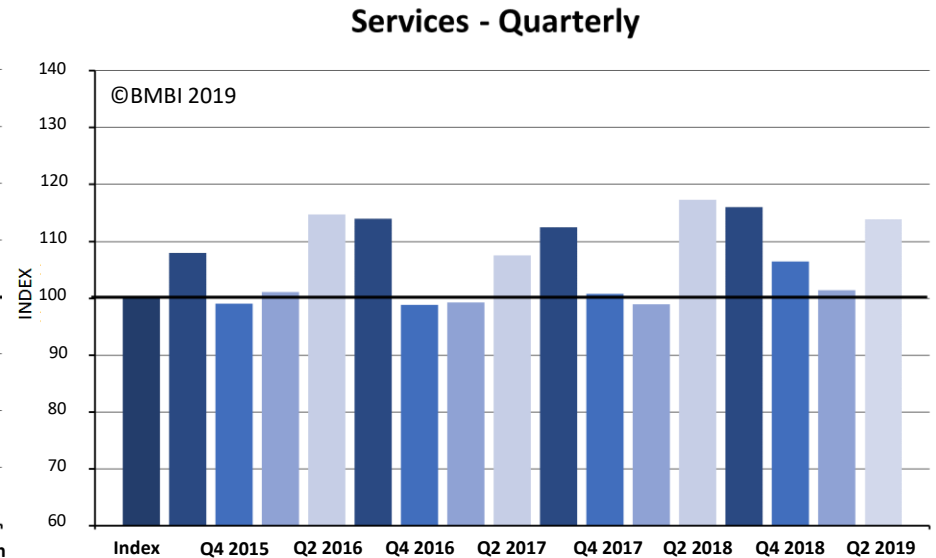
Quarterly chart indexed on July 2014 – June 2015

Monthly and Quarterly Indices

June 2019 and Q2 2019



Monthly chart indexed on July 2014 – June 2015



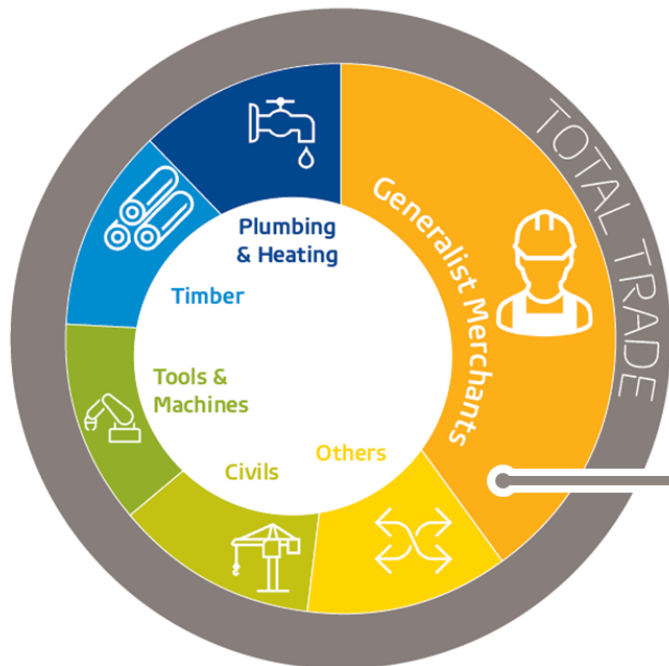
Quarterly chart indexed on July 2014 – June 2015

GfK's Panel

Generalist Builders Merchant Panel (GBM's)



The Multiple Generalist Builders Merchants Channel



Generalist Builders Merchants

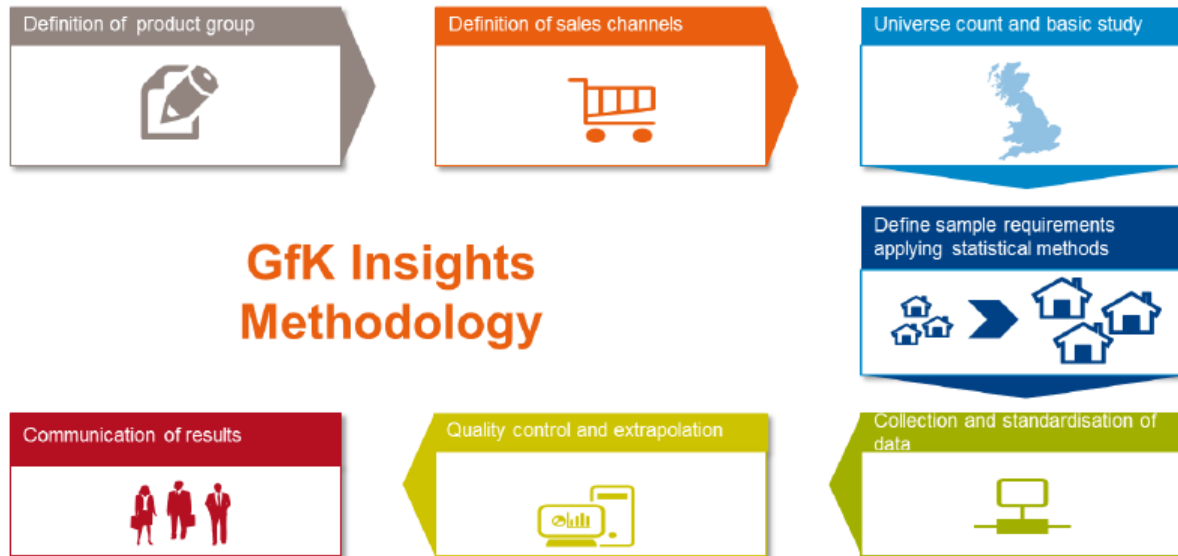
Builder Merchants handle an extended range of building materials and components (e.g. doors, windows, interior furnishing materials, insulation materials, tiles, cement, mortar, adhesives, sealants, nails, hardware products, pipes, ironware, paint) and generate their turnover with professional end users.

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

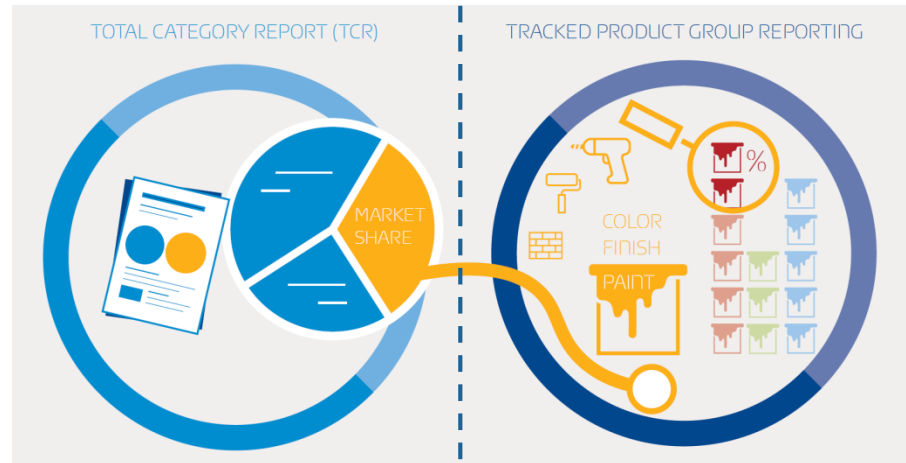
Bathroom (Including Showering)
Fitted Kitchens
Major Appliances

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

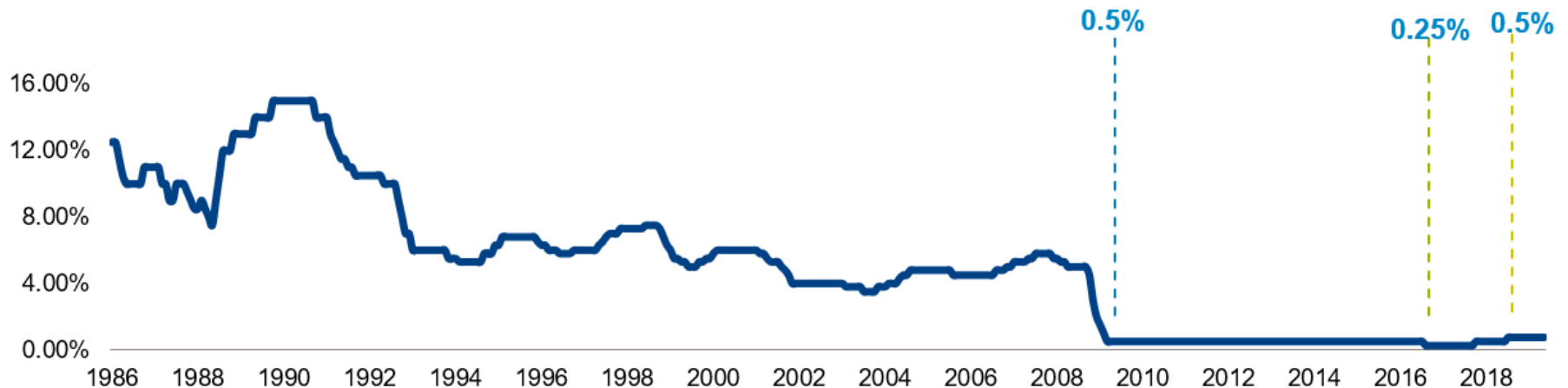
Set monthly by the MPC (Monetary Policy Committee)

▪ 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 May 2019 the Bank of England Monetary Policy Committee voted 9:0 to maintain the Bank Rate at 0.75%



Source: Bank of England

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Macro factors impacting Merchants

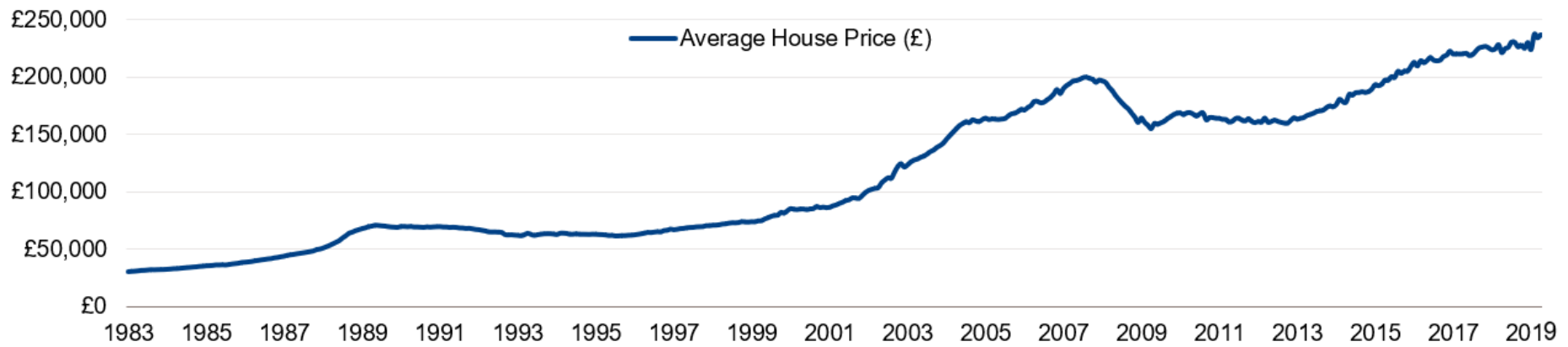


Standardised average house prices

Average Price (year end)		
2000	£84,868	+36%
2005	£163,139	+92%
2010	£168,390	+3%
2015	£208,286	+10%
2016	£222,190	+7%
2017	£225,032	+1%
2018	£229,729	+2%

- 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 April 2019, the average house price in the UK rose to £236,619 from £233,995 in March 2019.



Source: Halifax House Price Index

Macro factors impacting Merchants



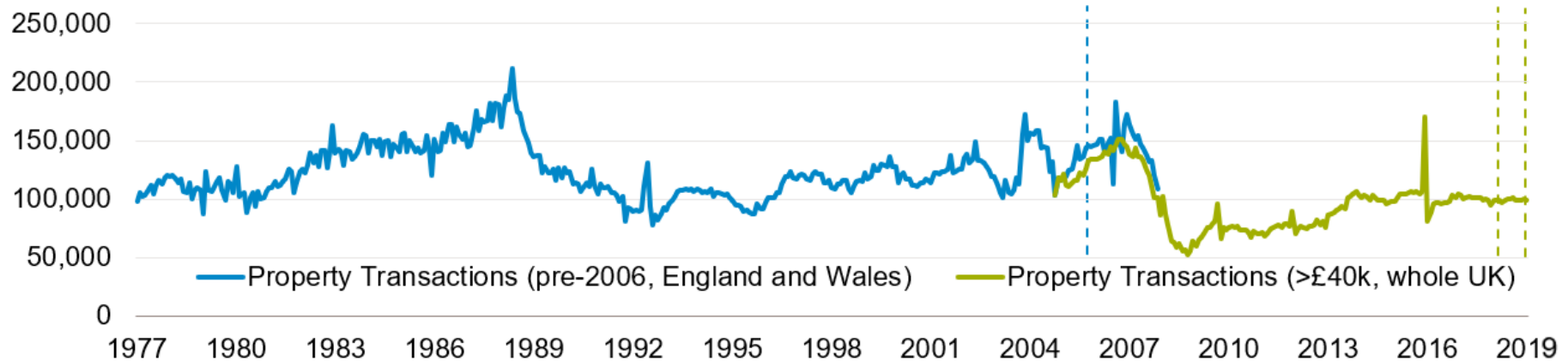
Property transactions

Monthly transactions, residential, seasonally adjusted

Annual total	
2010	879,050
2015	1,228,710
2016	1,234,500
2017	1,223,400
2018	1,190,350

- 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 increased 0.6% in April 2019 compared to the previous month.



Source: HM Revenue & Customs

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Macro factors impacting Merchants



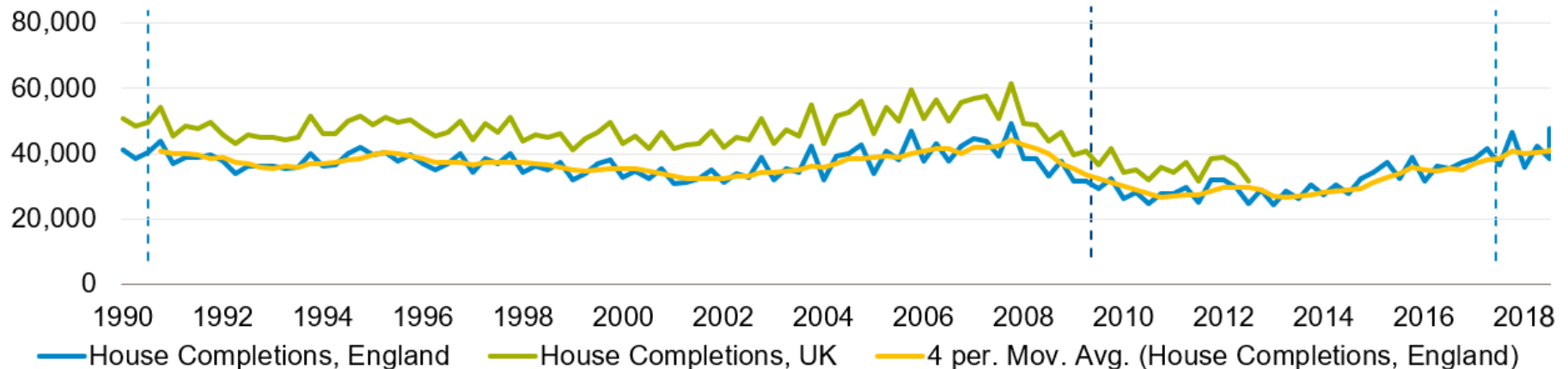
New house builds

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 Q4 2018, 47,740 permanent dwellings were completed, compared to Q3 2018 figures of 39,170 (24.1%)



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.

Contact us

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