

“building **excellence**  
in materials supply”

# Builders Merchant Building Index



Quarter 3 2019

# Building the Industry & Building Brands from Knowledge



# Contents - 1

Click links below and overleaf to visit pages.

Click links to visit pages:	Page
<a href="#">Introduction</a>	<a href="#">5</a>
<a href="#">Overview and Insights</a>	<a href="#">6</a>
<a href="#">Merchants' View, John Newcomb Chief Executive BMF</a>	<a href="#">7</a>
<b>Quarterly data</b>	
<a href="#">Quarterly BMBI indices, by category</a>	<a href="#">8</a>
<a href="#">Quarterly index chart, unadjusted and adjusted for trading day differences</a>	<a href="#">9</a>
<a href="#">Quarter 3 index chart, by category</a>	<a href="#">10</a>
<a href="#">Quarterly indices, by categories</a>	<a href="#">11-13</a>
<a href="#">Quarterly indices year-on-year chart, unadjusted and adjusted for trading day differences</a>	<a href="#">14</a>
<a href="#">Quarter 3 year-on-year index chart, by category</a>	<a href="#">15</a>
<a href="#">Quarter 3 year-on-year index chart, by category, average sales a day</a>	<a href="#">16</a>
<a href="#">Quarter 3 v Quarter 2 chart, by category</a>	<a href="#">17</a>
<a href="#">Quarter 3 v Quarter 2 chart, by category, average sales per day</a>	<a href="#">18</a>
<b>Monthly data:</b>	
<a href="#">Monthly BMBI indices, by category</a>	<a href="#">19</a>
<a href="#">Monthly index chart, unadjusted and adjusted for trading day differences</a>	<a href="#">20</a>
<a href="#">September index chart, by category</a>	<a href="#">21</a>
<a href="#">September year-on-year chart, unadjusted and adjusted for trading day differences</a>	<a href="#">22</a>
<a href="#">September year-on-year index chart, by category</a>	<a href="#">23</a>
<a href="#">September year-on-year index chart, by category, average sales a day</a>	<a href="#">24</a>
<a href="#">September v August index chart, by category</a>	<a href="#">25</a>

Continued over the page...

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

# Contents - 2

Click links below to visit pages

<b>Full Year data:</b>	<b>Page</b>
<a href="#">Rolling 12 months sales index chart, by category</a>	<a href="#">26</a>
<b>Expert Panel:</b>	
<a href="#">Mike Tattam, Lakes</a>	<a href="#">27</a>
<a href="#">Paul Roughan, Dulux Trade</a>	<a href="#">28</a>
<a href="#">Kevin Morgan, The Crystal Group</a>	<a href="#">29</a>
<a href="#">John Duffin, Keylite Roof Windows</a>	<a href="#">30</a>
<a href="#">Nigel Cox, Timbmet</a>	<a href="#">31</a>
<a href="#">John Coe, AWMS</a>	<a href="#">32</a>
<a href="#">Andrew Simpson, Hanson</a>	<a href="#">33</a>
<a href="#">Paul Owen, IKO</a>	<a href="#">34</a>
<a href="#">Derrick McFarland, Keystone Lintels</a>	<a href="#">35</a>
<a href="#">Neil Hargreaves, Knauf Insulation</a>	<a href="#">36</a>
<a href="#">Mike Beard, Encon Insulation</a>	<a href="#">37</a>
<a href="#">Simon Taylor, Ibstock</a>	<a href="#">38</a>
<a href="#">Malcolm Gough, Talasey Group</a>	<a href="#">39</a>
<a href="#">Jeff House, Heatrae Sadia</a>	<a href="#">40</a>

<b>Monthly and Quarterly Category Charts:</b>	<b>Page</b>
<a href="#">Timber &amp; Joinery Products</a>	<a href="#">41</a>
<a href="#">Heavy Building Materials</a>	<a href="#">42</a>
<a href="#">Decorating</a>	<a href="#">43</a>
<a href="#">Tools</a>	<a href="#">44</a>
<a href="#">Workwear &amp; Safetywear</a>	<a href="#">45</a>
<a href="#">Ironmongery</a>	<a href="#">46</a>
<a href="#">Landscaping</a>	<a href="#">47</a>
<a href="#">Plumbing, Heating &amp; Electrical</a>	<a href="#">48</a>
<a href="#">Renewables &amp; Water Saving</a>	<a href="#">49</a>
<a href="#">Kitchens &amp; Bathrooms</a>	<a href="#">50</a>
<a href="#">Miscellaneous</a>	<a href="#">51</a>
<a href="#">Services</a>	<a href="#">52</a>
<b>Methodology</b>	<b>53 – 55</b>
<b>GfK Macro-Economic Factors</b>	<b>56 – 59</b>
<a href="#">BMF Forecast Report</a>	<a href="#">60</a>
<b>Contacts</b>	<b>61</b>

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

# 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 is 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 and BBC News have both sought comments from BMBI Experts and MRA.

## **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](mailto:emile.van-der-ryst@gfk.com).

# Overview and Insights

Emile van der Ryst,

Senior Client Insight Manager - Trade, GfK



As the year starts drawing to a close, the Builders' Merchants' industry can look back at a difficult 2019 and applaud itself for weathering the ongoing storm. As an industry directly affected by political, economic and actual climate, it has still seen small growth, despite fluctuating weather patterns and the dreaded "B-word". Year to date the growth is still up by 1.1% from 2018, with the core categories of Heavy Building Materials and Timber & Joinery still growing by 1.3% and 0.3% in value. Landscaping has been the big winner this year, increasing by 4.6% from 2018.

The reality is that the past three months have continued to be challenging for the industry. 2019 Q3 had one more trading day than 2018 Q3, but still saw a decrease of -0.8% in value. This is therefore the second consecutive quarter where we have seen a decline, following the -1.2% from Q2. Volumes continue to see a decrease, with price inflation the main driver behind market growth.

This trend is mostly driven by a -4.7% decline in Timber & Joinery from 2018 Q3, with the core subcategories of Timber and Sheet Materials key contributors. Heavy Building Materials is down by -0.4% in value, with a decline in Bricks balanced against growth in Cement / Aggregate, Plasters & Plasterboards and Insulation. The surprising winner from the past quarter has been Plumbing, Heating & Electrical, which has grown by 2.4% from 2018 Q3.

Year to date growth has slowed down from 2.1% in June to 1.1% by September, as mentioned above, but we still see growth in core subcategories such as Timber, Bricks, Plasters & Plasterboards and Insulation. The challenges of 2019 have however resulted in declines in other key areas such as Sheet Materials, Drainage and Roofing.

With the upcoming election we will hopefully have some finality to the dreaded "B-word" and this will allow the industry to start looking forward again. This shouldn't take anything away from the hard work and perseverance of this industry throughout the year and the resilience to ride this storm.

“Year to date the growth is still up by 1.1% from 2018, with the core categories of Heavy Building Materials and Timber & Joinery still growing by 1.3% and 0.3% in value.”

# Merchants' View

John Newcomb, CEO BMF



Last Quarter I found myself sitting on the fence and unwilling to predict whether the industry was on course for a period of negative growth. Three months later, you find me in the same uncomfortable position. Like the curate's egg, construction results during Q3 have been good in parts.

If the latest ONS figures are accurate – and they are often revised as additional data becomes available – construction as a whole grew by 0.6% in Q3. This was driven by an increase in new work, which rose by 1.4%, but offset by poorer results for repair and maintenance work which was down by 0.8%. Within this, private housing RMI output – a mainstay of merchant sales – fell by £150m over the quarter.

Meanwhile the Construction Products Association's Q3 State of Trade Survey revealed marked differences between heavy side and light side product sales. While 3% of heavy side manufacturers on balance reported a fall in sales in Q3 over Q2, sales of light side products, typically used in the later stages of construction, were reported to have increased by a balance of 54% of manufacturers.

Looking forward, heavy side manufacturers continue to be cautious, with 11% anticipating a fall in sales in 2020 – the first negative reading of the CPA's forward-looking indicator in seven years.

This decline in forward confidence is mirrored in the Federation of Master Builders (FMB) Q3 State of Trade, where employment levels dipped for a second quarter, Q2 having seen the first decline in over 5 years. A balance of 19% of respondents predicted lower future workloads, an increase from 12% in the previous quarter. 86% also anticipated a rise in material prices.

That said, a balance of 34% of FMB builders reported a rise in current workloads in Q3 – up from 27% in Q2, giving some positive news.

Overall, however, 2019 is unlikely to go down as a classic year. In July, the BMF downgraded its Forecast for merchant sales growth, and there is no reason to think this was not the right call. Anecdotal reports from merchants over the late summer and into early autumn have come to pass in the Q3 BMBI data. With the final quarter of the year dominated by a general election, I fear we will have to wait until 2020 to see evidence of the next upturn.

“2019 is unlikely to go down as a classic year... With the final quarter of the year dominated by a general election, I fear we will have to wait until 2020 to see evidence of the next upturn.”

# Quarterly: Index and Categories

Quarter 3 2018\* to Quarter 3 2019

(Indexed on July 2014 to June 2015)



QUARTERLY SALES VALUE INDEX	Index	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
<b>Total Builders Merchants</b>	<b>100</b>	<b>124.0</b>	<b>110.6</b>	<b>112.7</b>	<b>122.9</b>	<b>123.1</b>
Timber & Joinery Products	100	128.3	114.7	116.7	122.8	122.4
Heavy Building Materials	100	123.5	109.9	112.0	122.2	123.0
Decorating	100	116.5	106.5	107.5	111.0	116.6
Tools	100	110.1	104.7	103.0	100.2	101.4
Workwear & Safetywear	100	100.6	110.9	103.2	98.3	105.0
Ironmongery	100	123.7	115.8	120.5	122.6	124.8
Landscaping	100	140.6	98.7	105.6	157.4	142.5
Plumbing, Heating & Electrical	100	117.2	128.1	129.2	115.8	120.1
Renewables & Water Saving	100	68.7	63.6	71.2	66.3	76.7
Kitchens & Bathrooms	100	117.6	110.6	115.9	114.8	121.4
Miscellaneous	100	112.4	110.1	116.5	116.6	127.4
Services	100	116.1	106.4	98.8	113.9	118.3

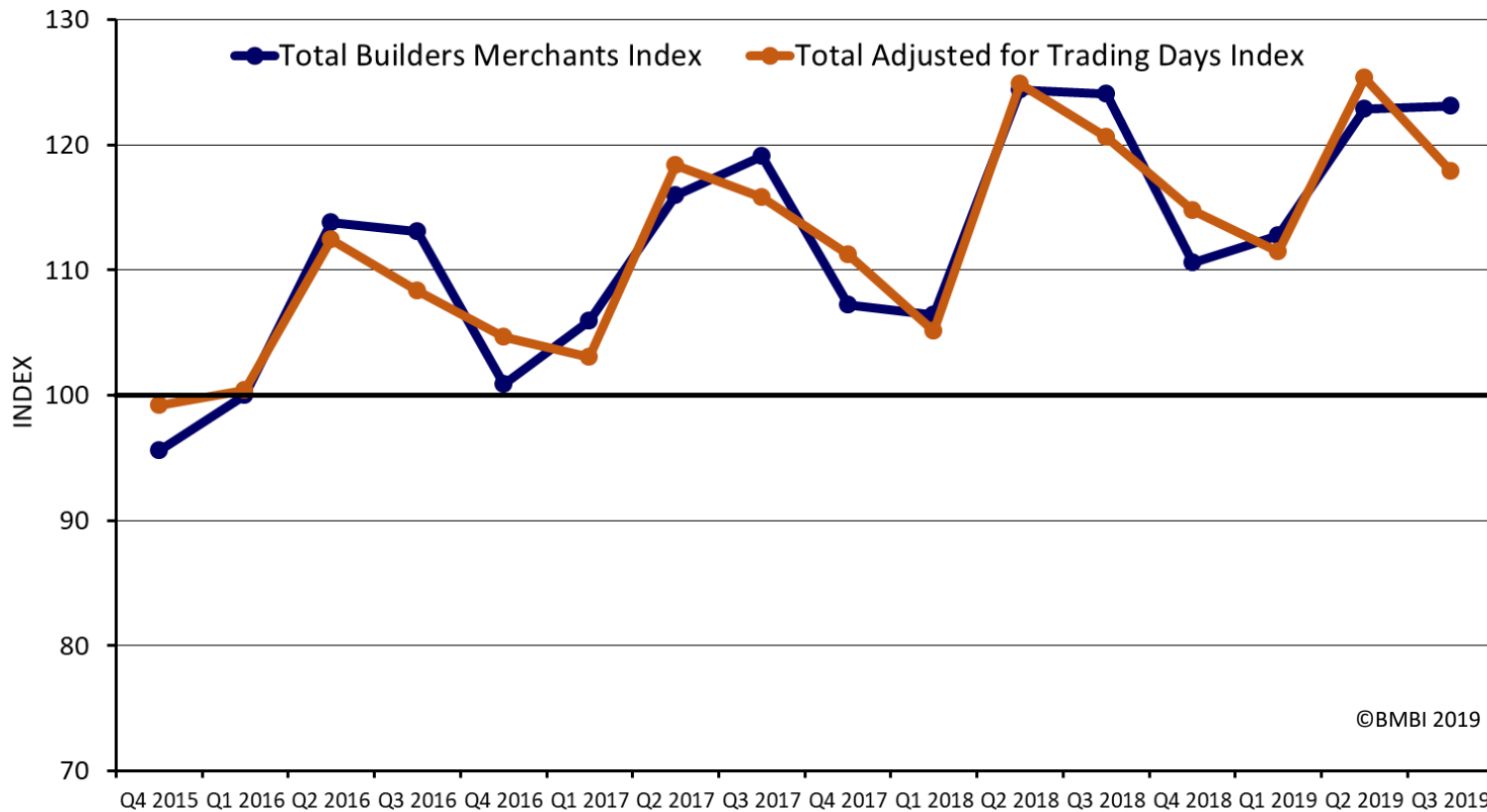
\*Click the web link below to see the complete series of quarterly indices from Q2, 2015.

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



# Quarterly: Index

Adjusted and unadjusted for trading days



©BMBI 2019

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

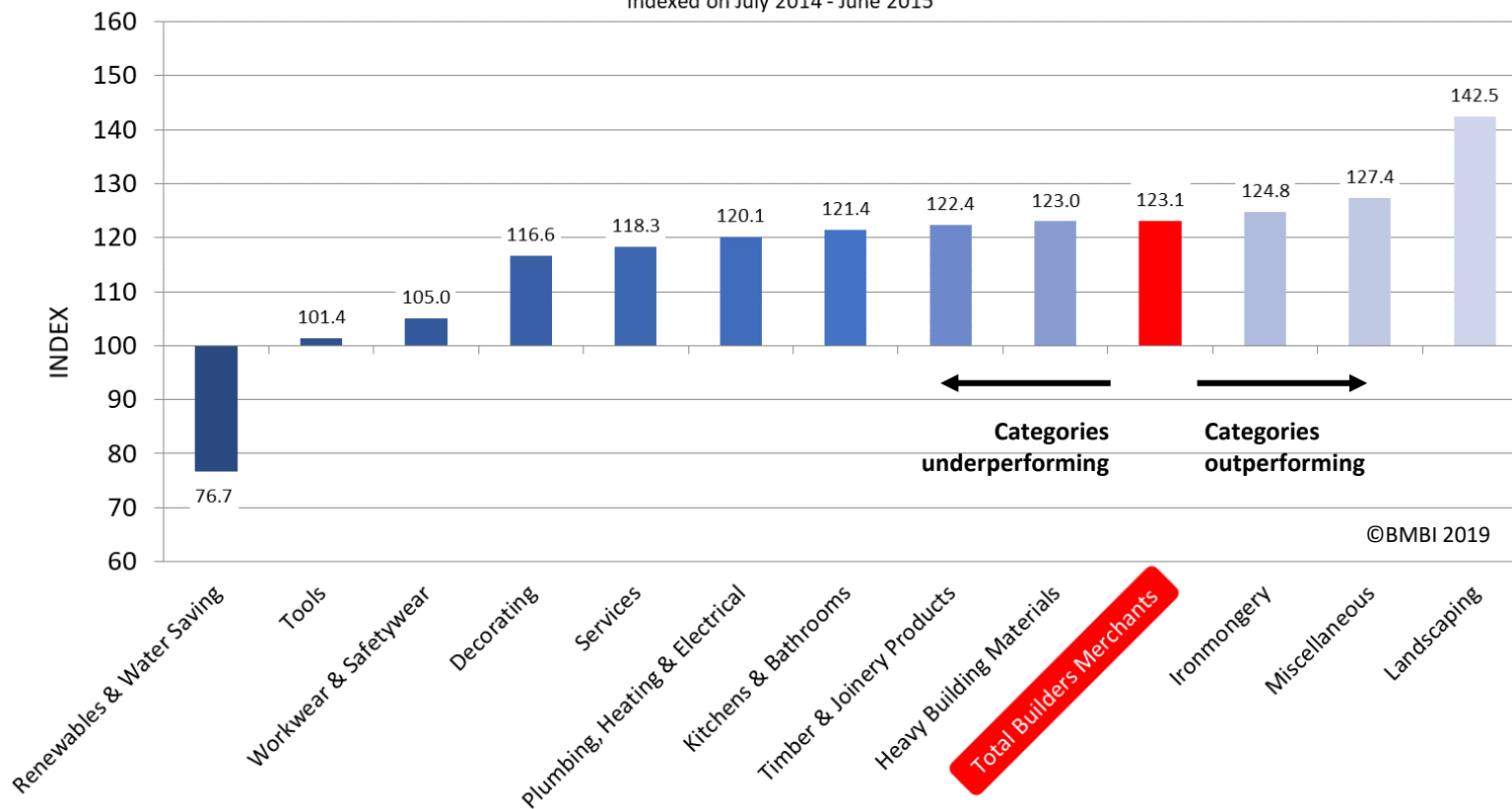
# Quarterly: Index and Categories

Q3 2019 index



## Quarter 3 2019

Indexed on July 2014 - June 2015



©BMBI 2019

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

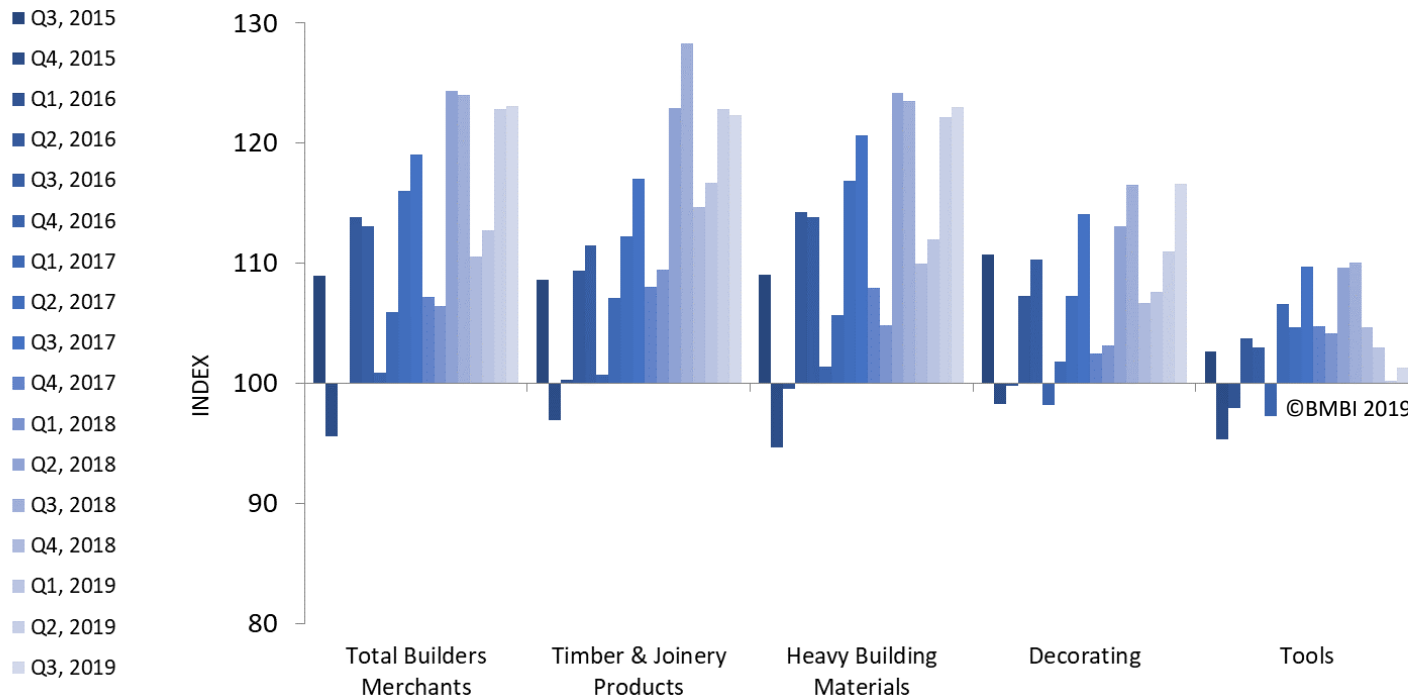
# Quarterly: Index and Categories

Quarterly indices



## Quarterly Indices

Q3 2015 to Q3 2019



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

Indexed on July 2014 to June 2015

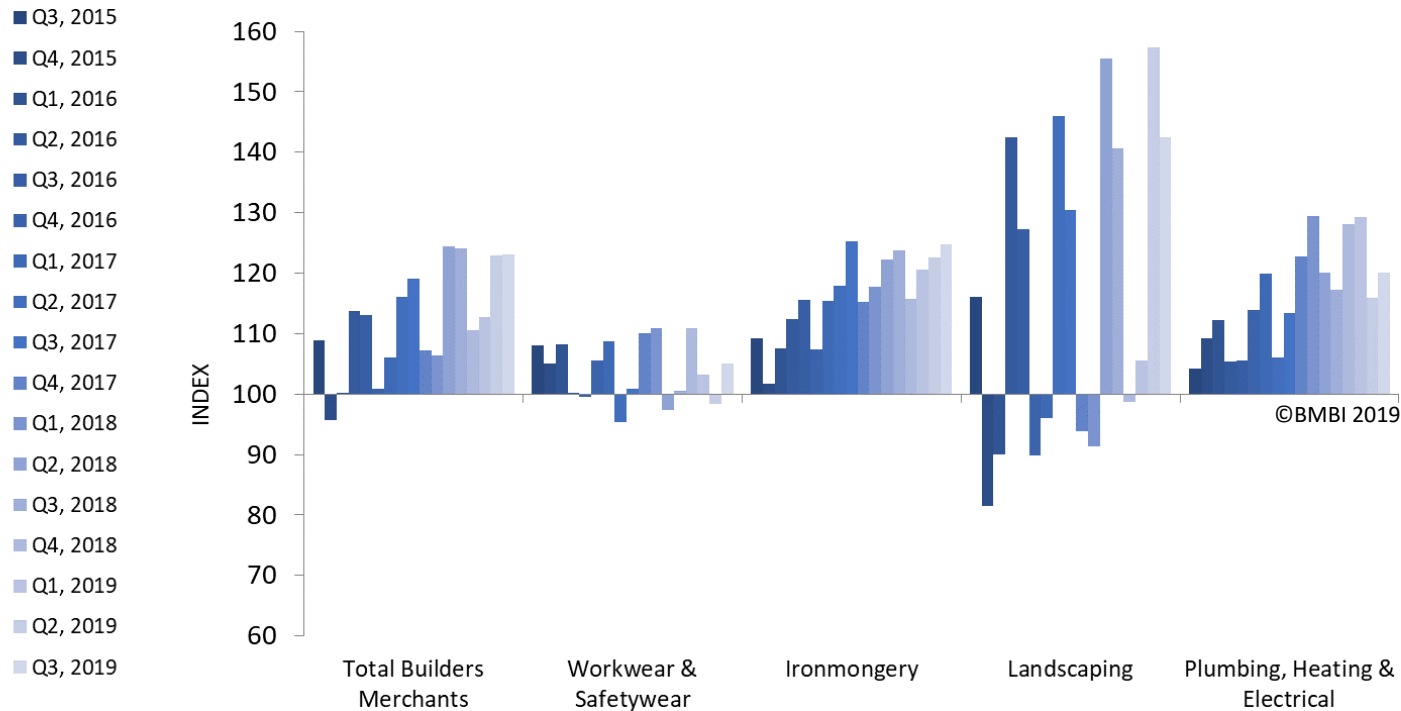
# Quarterly: Index and Categories

Quarterly indices



## Quarterly Indices

Q3 2015 to Q3 2019



Indexed on July 2014 to June 2015

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

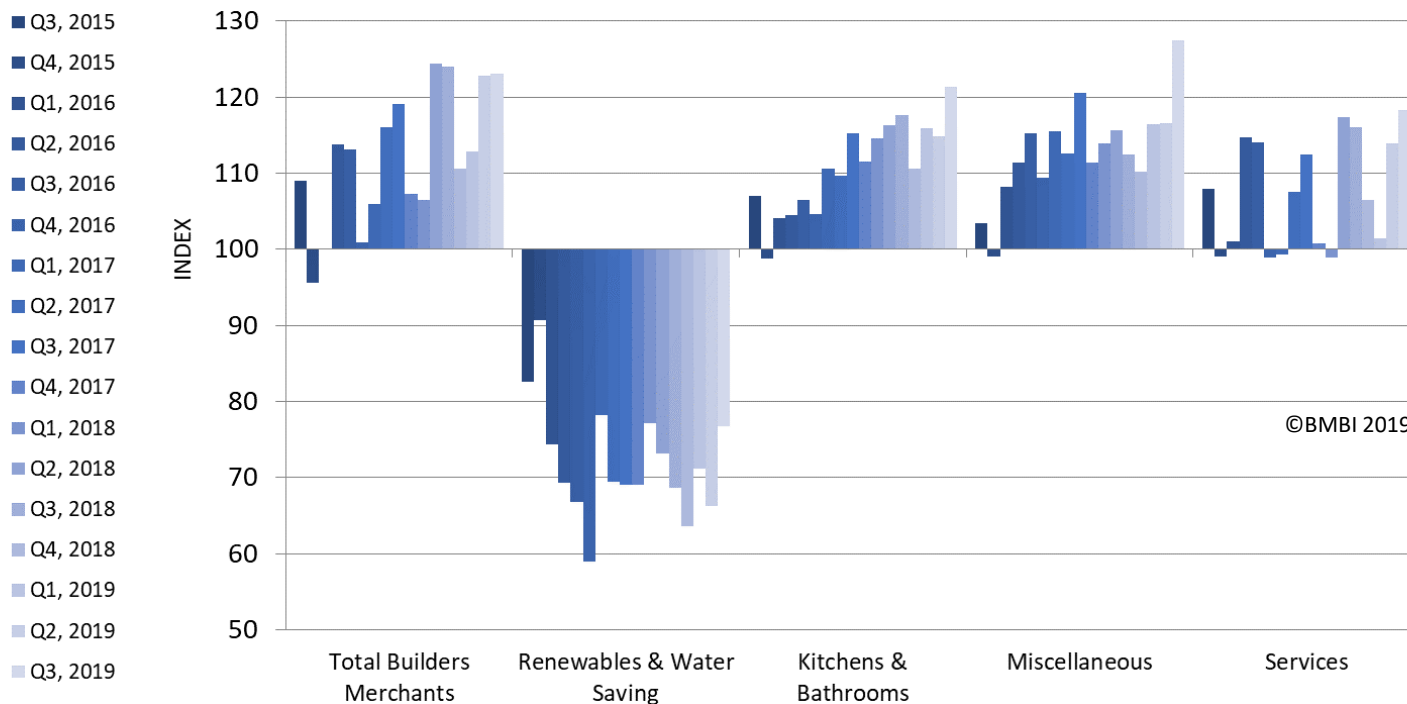
# Quarterly: Index and Categories

Quarterly indices



## Quarterly Indices

Q3 2015 to Q3 2019



©BMBI 2019

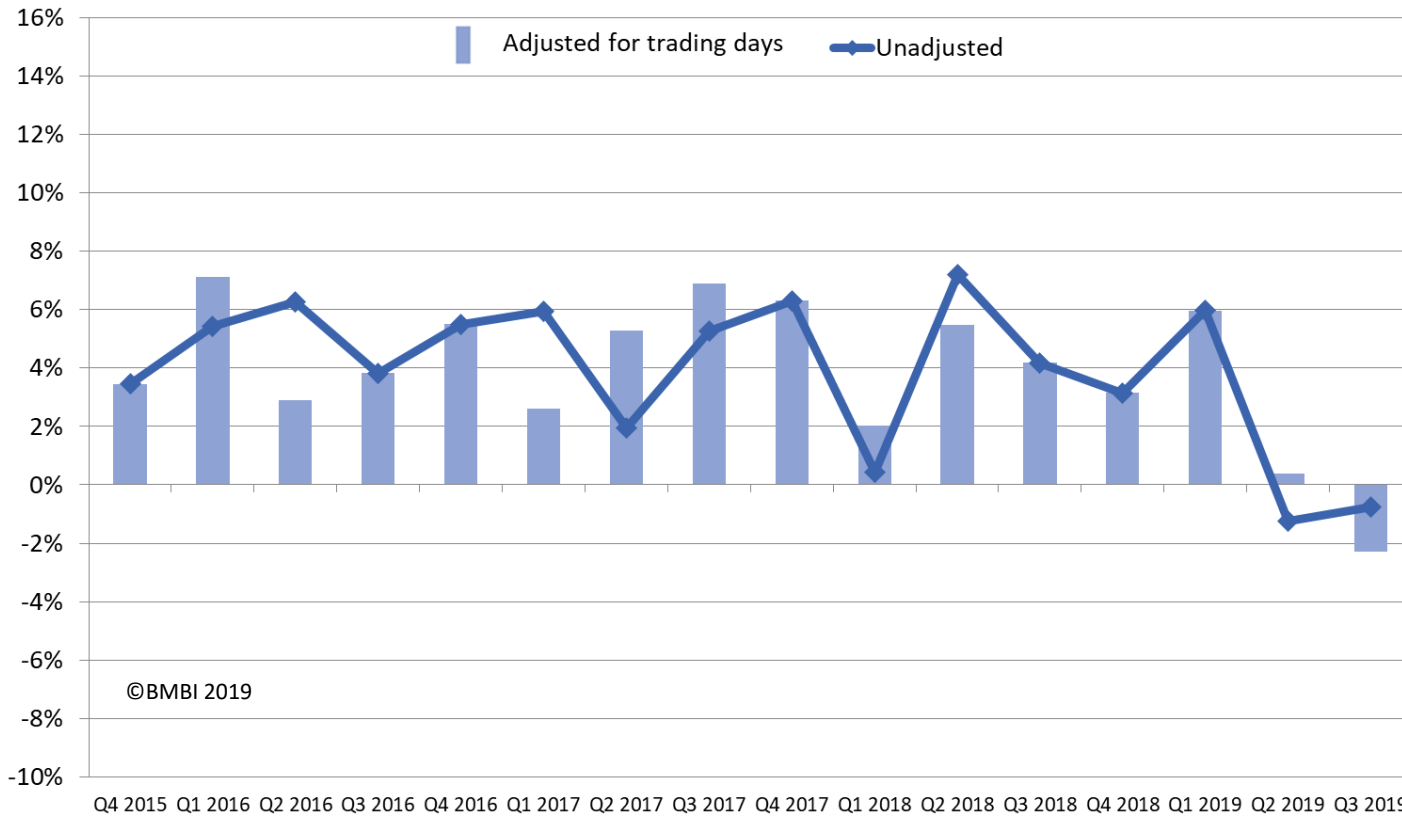
Source: GfK's Builders Merchants Total Category Report July 2015 to September 2019

Indexed on July 2014 to June 2015

# Quarterly: Sales Indices

Adjusted and unadjusted for trading days

## Quarterly Indices: Year on Year



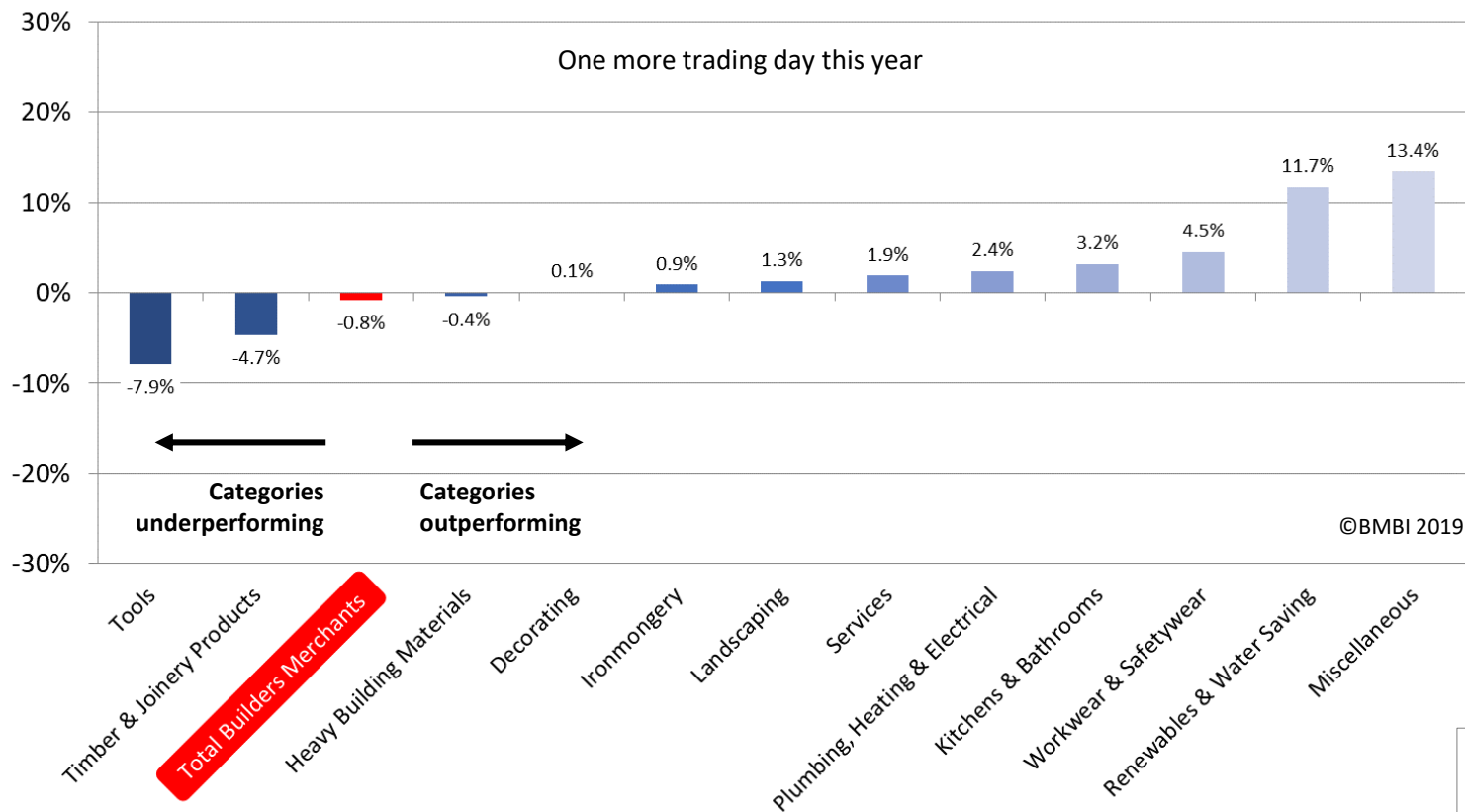
©BMBI 2019

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

# Quarterly: This Year v Last Year

Q3 2019 sales indices

## Quarter 3 2019 index v Quarter 3 2018 index



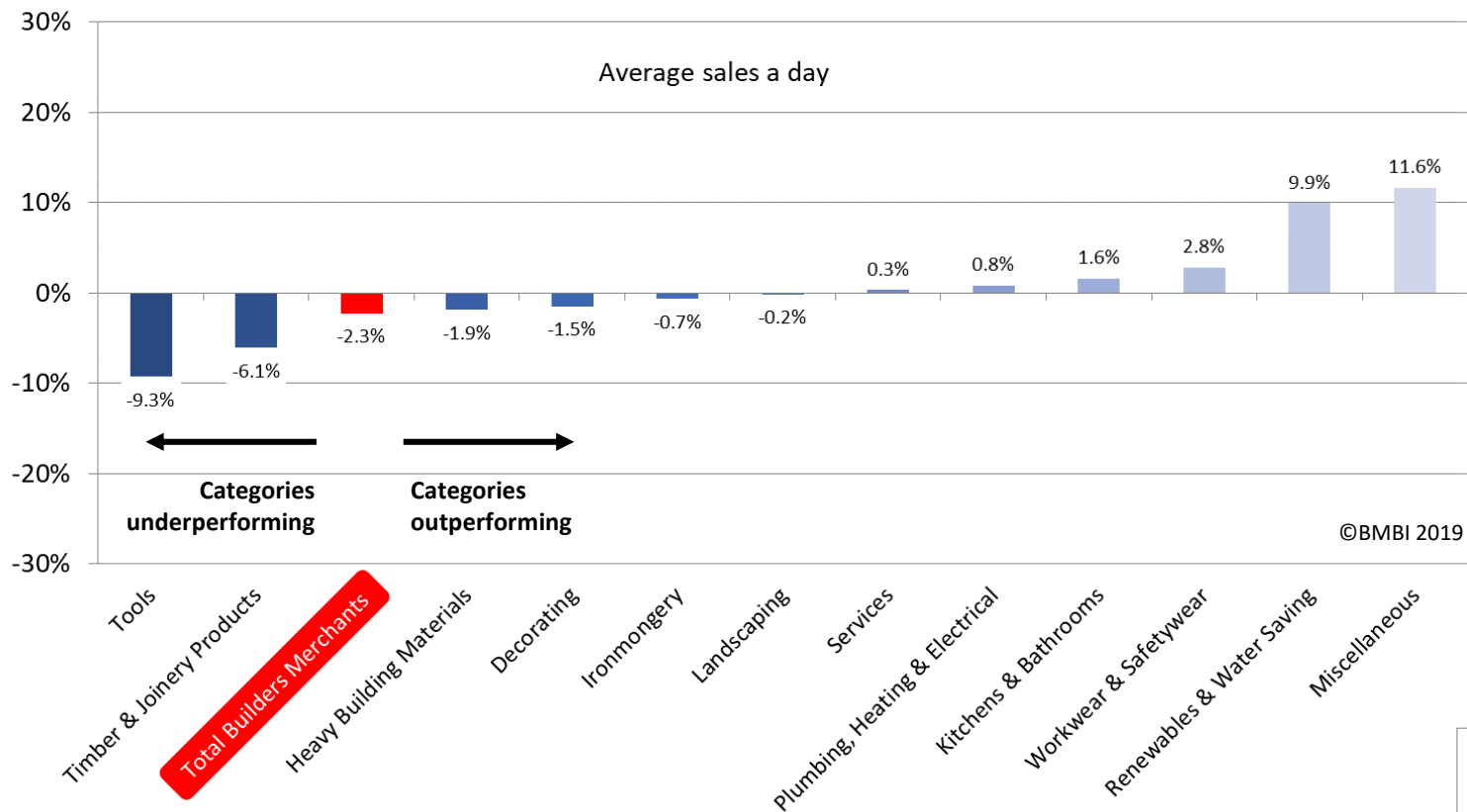
Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to September 2019

# Quarterly: This Year v Last Year

Q3 2019 average sales a day indices



## Quarter 3 2019 index v Quarter 3 2018 index



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

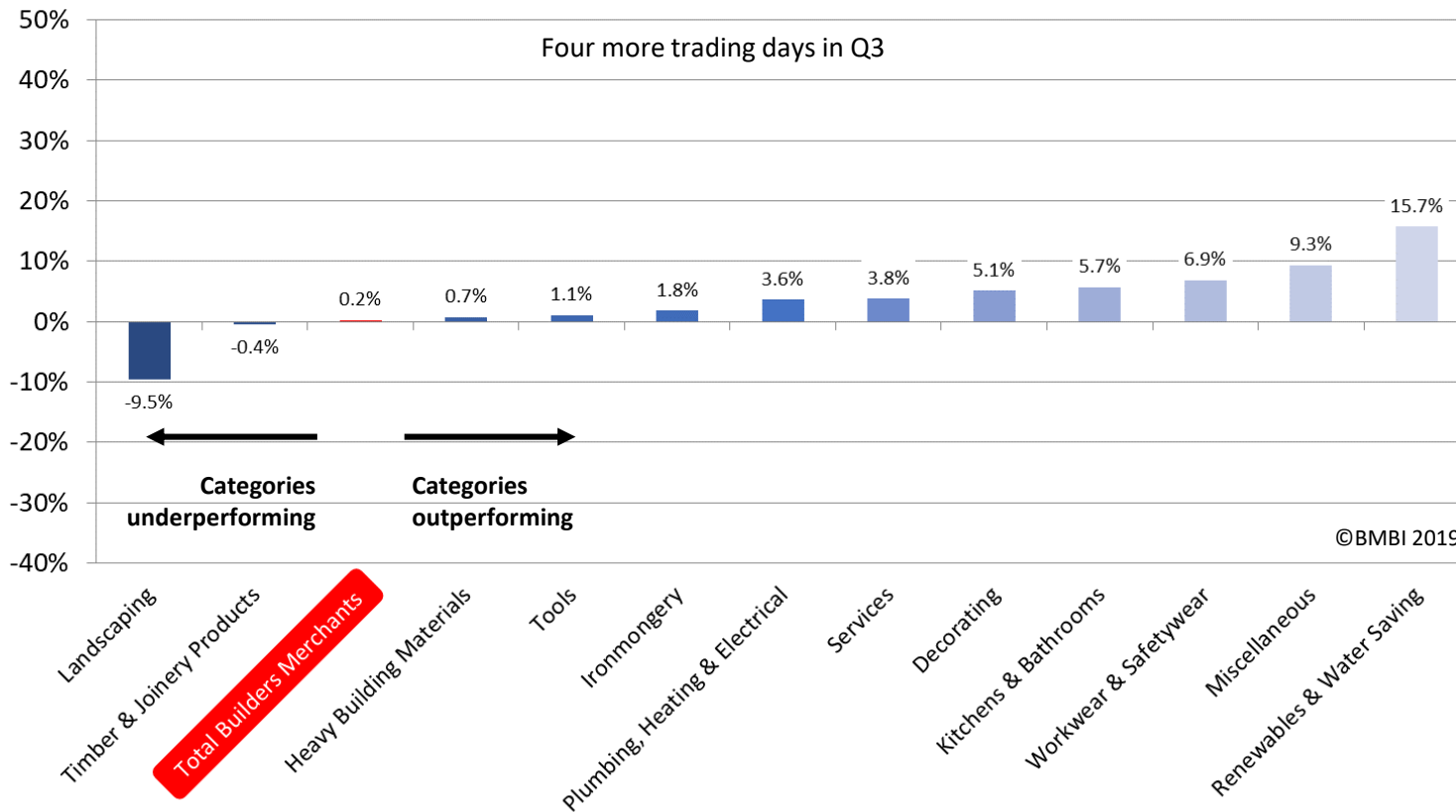


# Quarterly: Quarter on Quarter

Q3 2019 sales indices



## Quarter 3 2019 v Quarter 2 2019

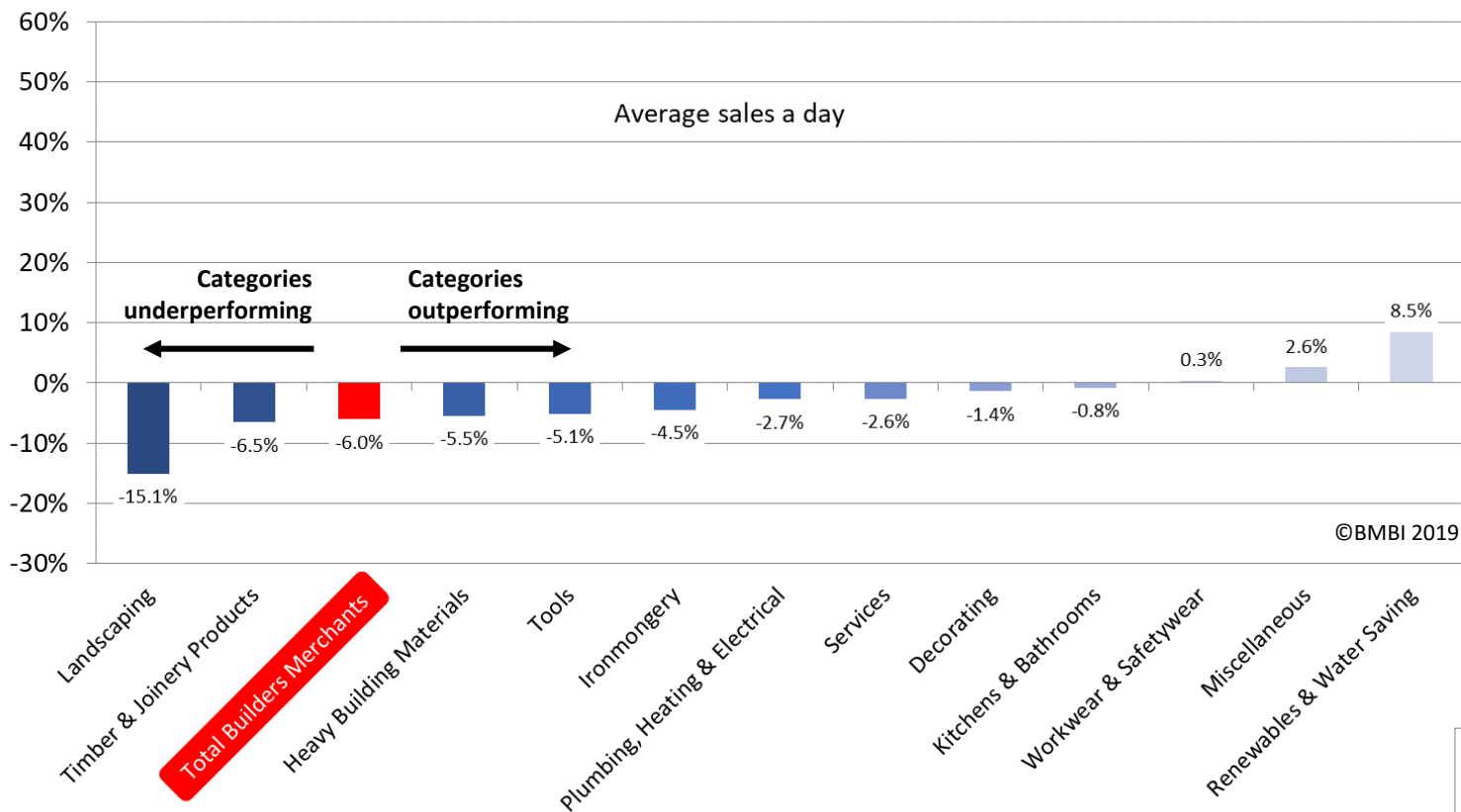


**GfK** Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to September 2019

# Quarterly: Quarter on Quarter

Q3 2019 average sales a day indices

## Quarter 3 2019 v Quarter 2 2019



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

# Monthly: Index and Categories

## September 2018\* – September 2019

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



MONTHLY SALES VALUE INDEX	Index	2018				2019								
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep
<b>Total Builders Merchants</b>	<b>100</b>	<b>118.4</b>	<b>131.8</b>	<b>122.5</b>	<b>77.4</b>	<b>107.8</b>	<b>108.7</b>	<b>121.9</b>	<b>122.0</b>	<b>129.3</b>	<b>117.2</b>	<b>132.8</b>	<b>117.7</b>	<b>118.9</b>
Timber & Joinery Products	100	124.7	137.2	126.8	79.9	114.7	112.2	123.3	122.3	127.9	118.3	130.9	117.0	119.3
Heavy Building Materials	100	117.8	132.4	121.8	75.6	106.6	108.1	121.2	121.1	129.2	116.2	132.5	117.3	119.1
Decorating	100	112.3	124.8	116.3	78.9	104.7	103.4	114.8	109.7	115.1	108.1	124.2	113.2	112.5
Tools	100	108.0	123.2	117.8	73.0	100.3	99.8	108.8	99.5	104.5	96.7	106.7	97.3	100.0
Workwear & Safetywear	100	107.5	123.5	129.5	79.9	111.5	96.8	101.5	95.5	100.1	99.3	108.8	95.5	110.9
Ironmongery	100	117.9	133.6	129.3	84.5	120.8	115.5	125.2	122.5	127.6	117.7	133.1	120.6	120.7
Landscaping	100	122.8	126.0	106.1	64.0	87.1	98.2	131.6	154.5	171.1	146.6	165.4	136.7	125.3
Plumbing, Heating & Electrical	100	120.4	141.1	146.5	96.9	130.8	125.7	131.2	117.6	120.2	109.7	123.8	111.8	124.6
Renewables & Water Saving	100	67.8	76.4	68.5	45.8	69.3	65.7	78.5	64.5	61.4	73.1	76.1	78.0	76.0
Kitchens & Bathrooms	100	113.0	122.5	128.2	81.2	109.5	115.3	122.8	115.2	116.5	112.7	129.2	116.4	118.5
Miscellaneous	100	106.6	126.3	119.1	85.1	122.7	111.6	115.1	113.6	122.5	113.7	135.8	118.5	128.0
Services	100	106.9	125.1	114.2	79.9	94.5	99.7	110.0	113.6	121.8	106.4	125.6	116.0	113.2

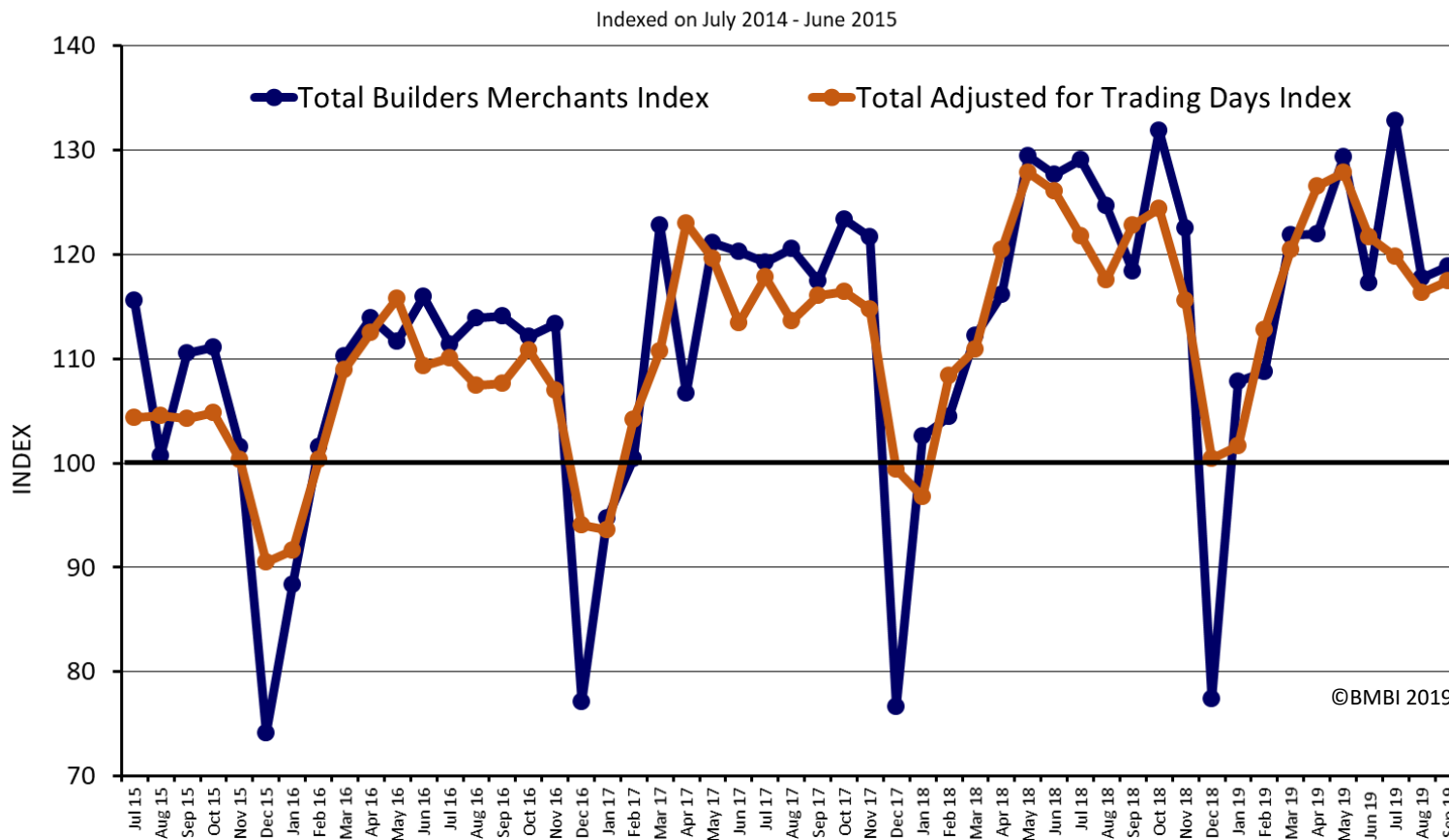
\*Click the web link below to see the complete series of indices from July 2015.

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

# Monthly: Index

Adjusted and unadjusted for trading days

## Total Builders Merchants Index v Total Adjusted for Trading Days Index

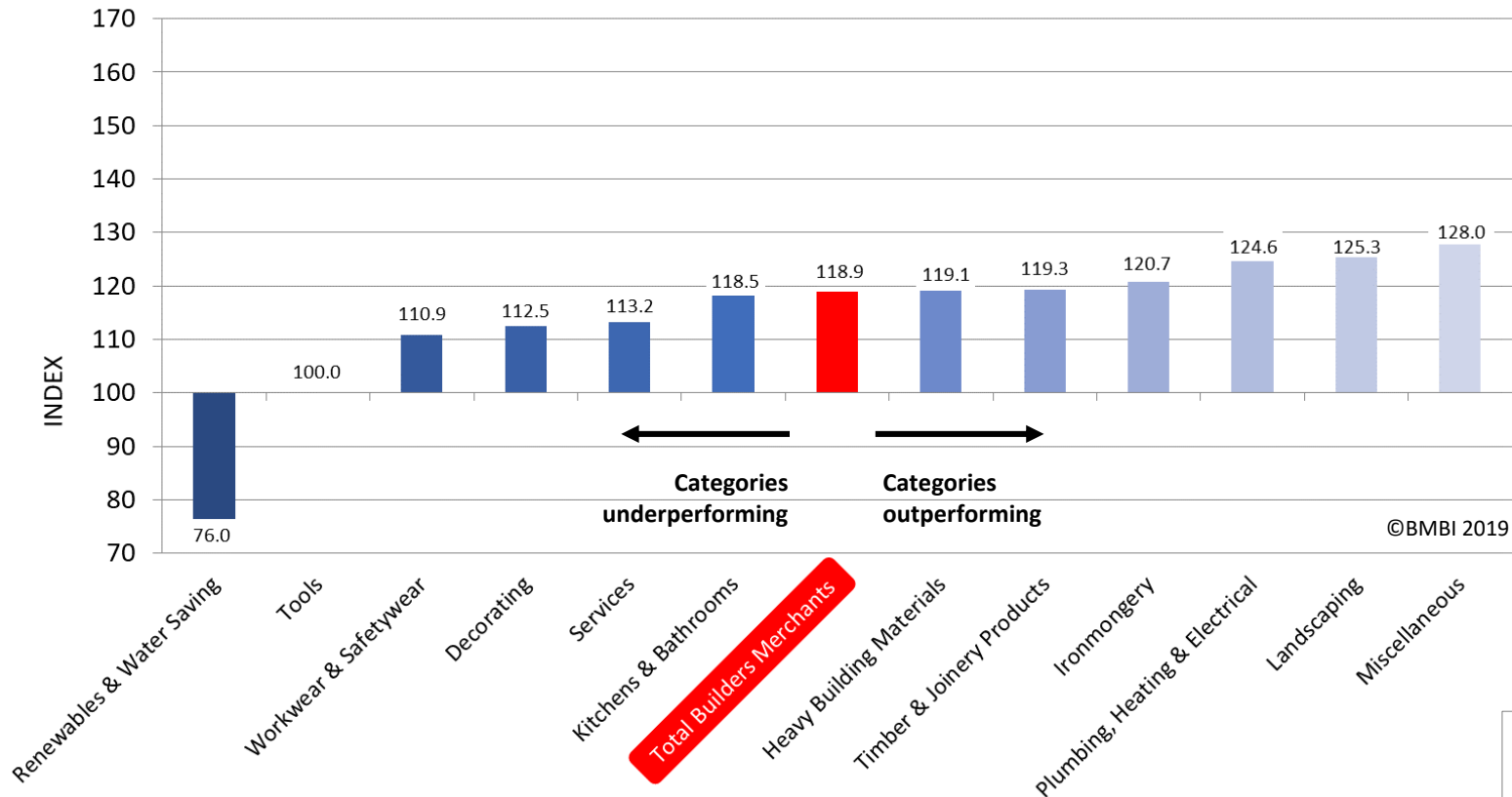


 Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to September 2019

# Monthly: Index and Categories

September 2019 index

## September 2019



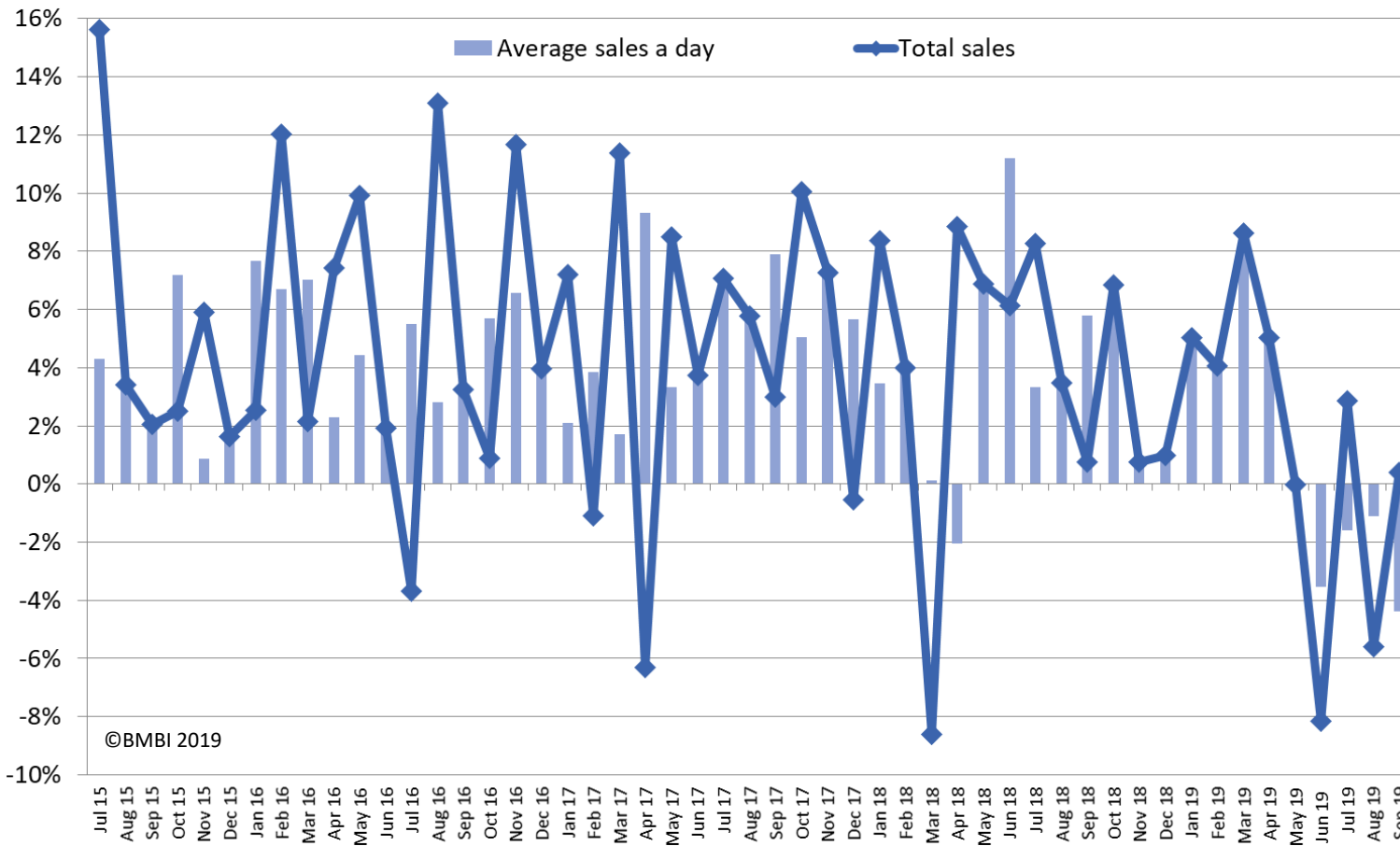
©BMBI 2019

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

# Monthly: Sales Indices

Adjusted and unadjusted for trading days

## Monthly: Year on Year



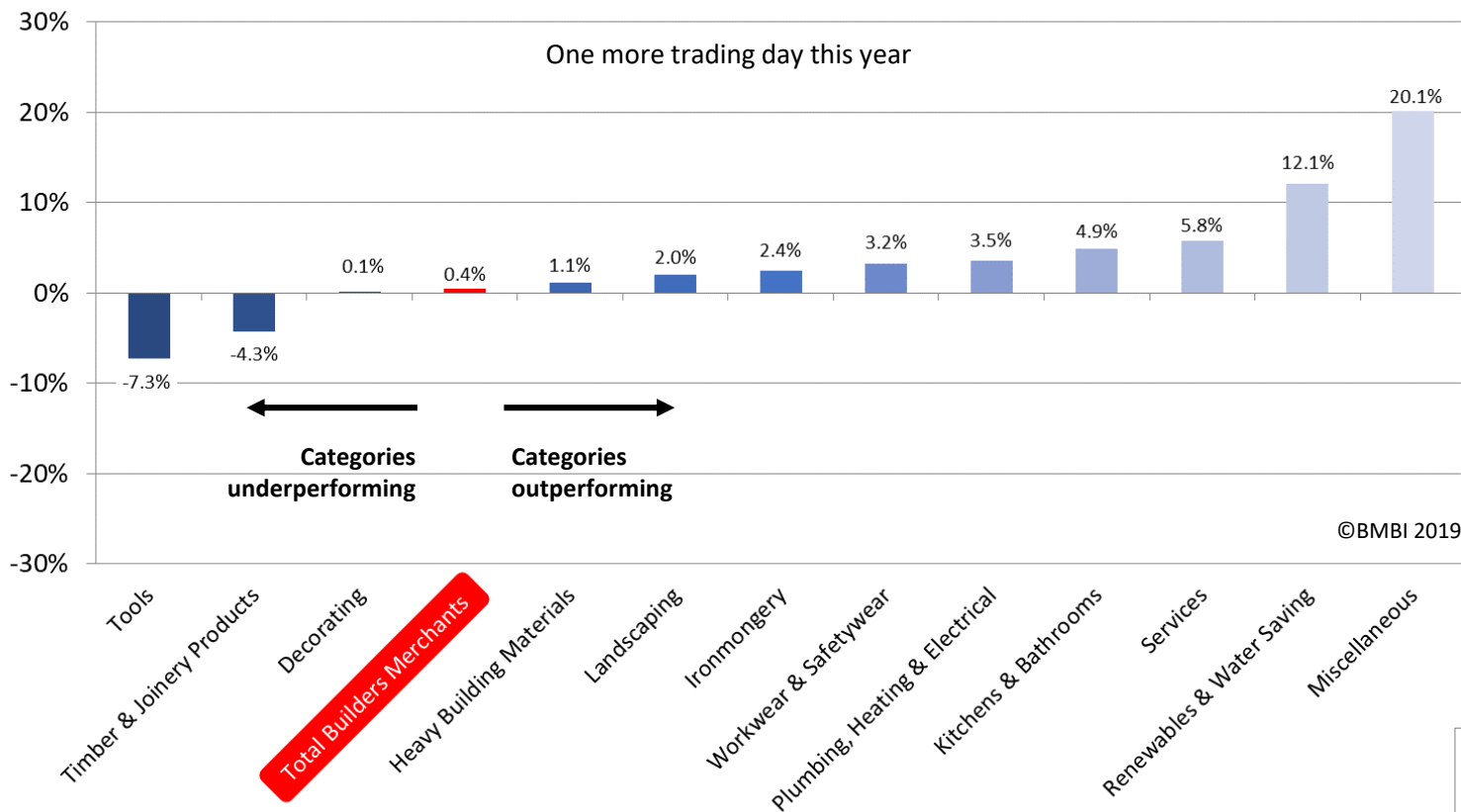
Source: GfK's Builders Merchants Total Category Report July 2015 to September 2019

# Monthly: This year v last year

September 2019 sales indices



## September 2019 index v September 2018 index

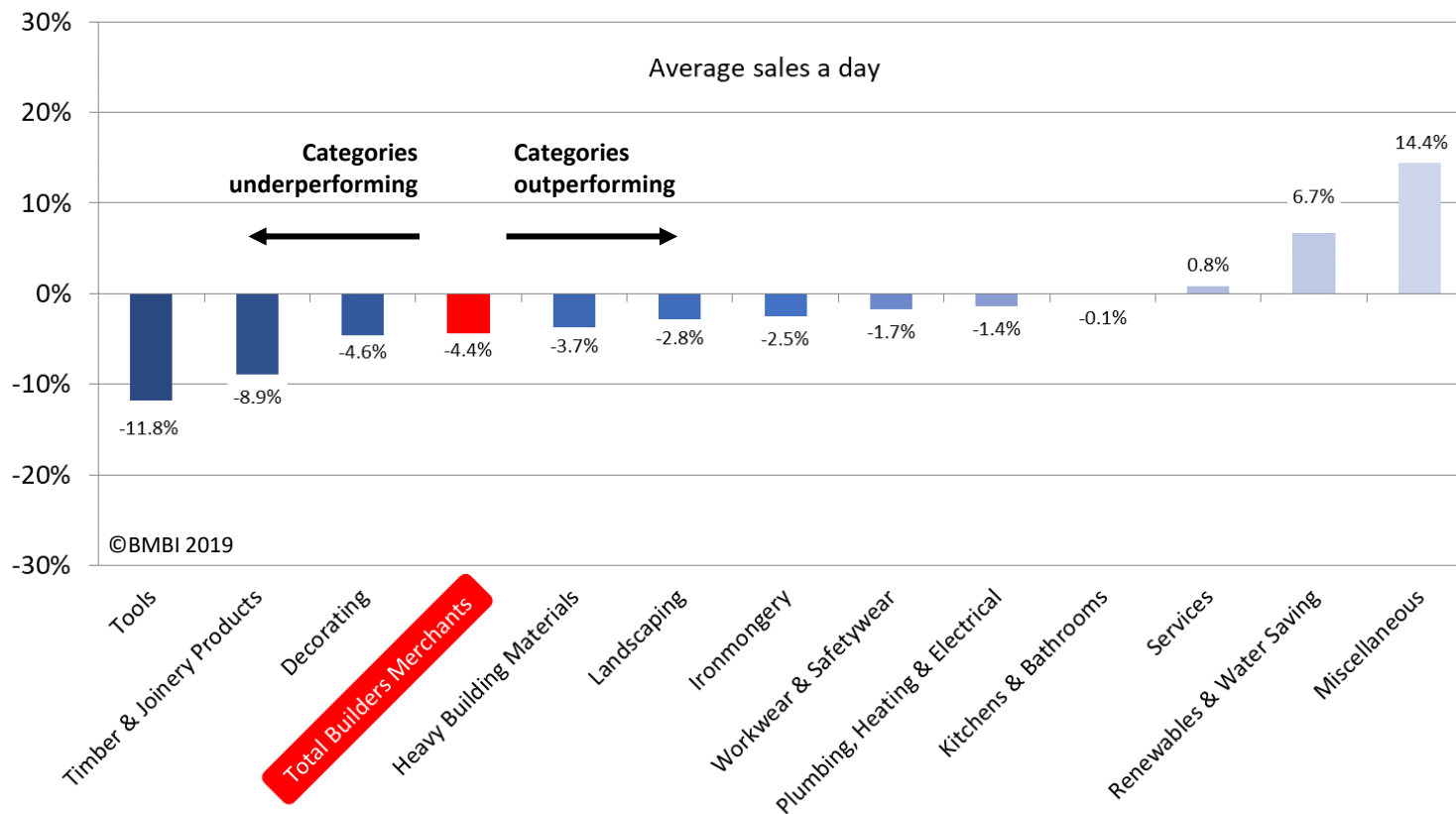


Source: GfK's Builders Merchants Total Category Report July 2015 to September 2019

# Monthly: This year v last year

September 2019 average sales a day indices

## September 2019 index v September 2018 index



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

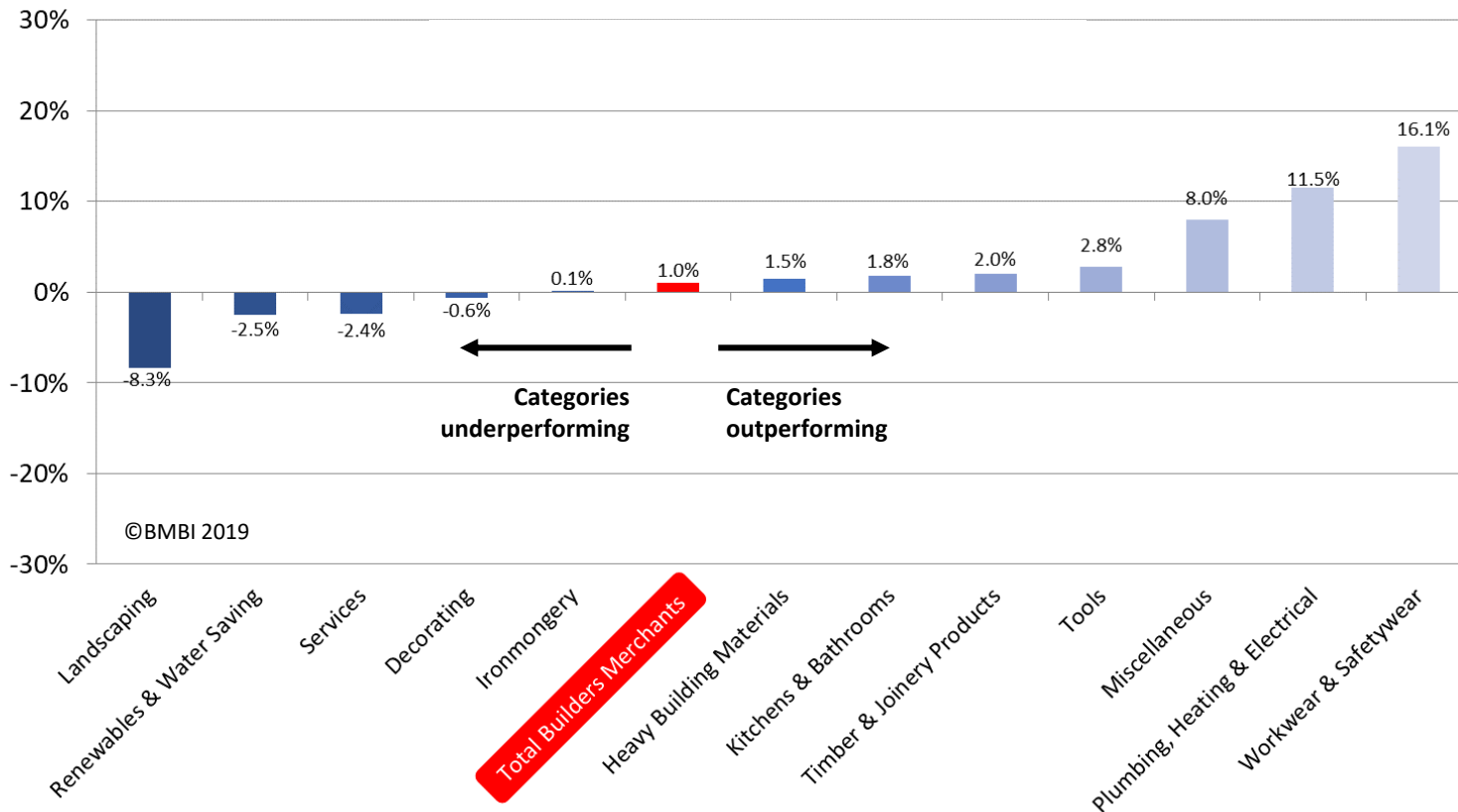


# Monthly: This month v last month

September 2019 sales indices



## September 2019 index v August 2019 index



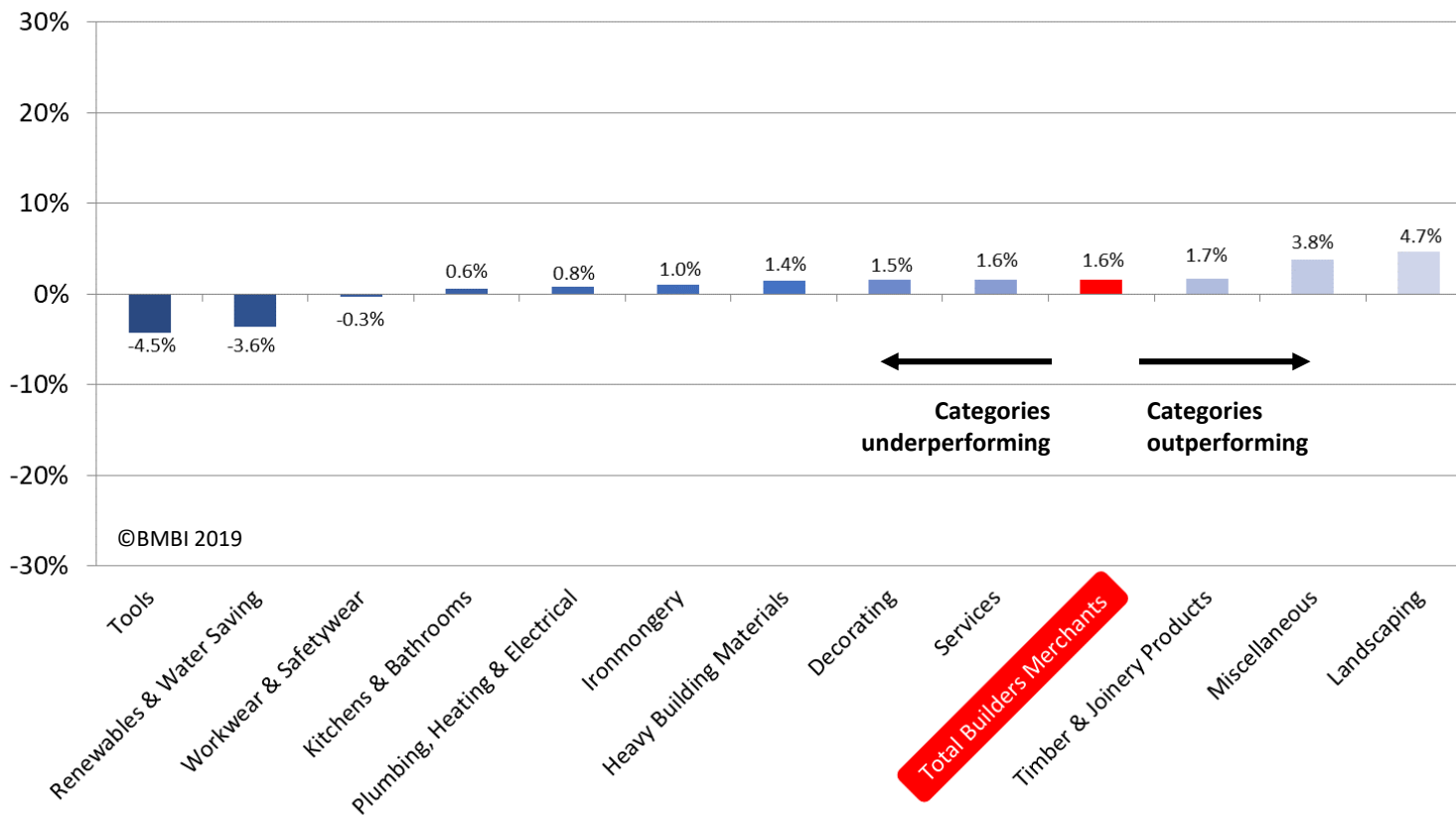
**GfK** Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to September 2019

# Last 12 Months: Year on Year

Rolling 12 months sales indices



## 12 months Oct 18 to Sep 19 v 12 months Oct 17 to Sep 18



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

# Expert Panel

## Shower Enclosures & Showering

(Part of Kitchens & Bathrooms)



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

With political parties outdoing themselves in predicting dire consequences, and politicians and the media flinging large numbers around, it's no wonder people are uncertain and less confident.

GfK's Consumer Confidence Index dropped a further two points in October to -14. The index is calculated as an average of averages from five core questions. The questions are about people's personal financial situation, based on how it's changed in the last 12 months and how it's expected to change in the next 12 months, how the general economic situation has changed and is expected to change, and in view of that, whether now is the right time to make major purchases?

The gaps between their own situation and their expectations and views of the economy are huge.

In October, consumers' personal financial situation and expectations for the next 12 months are both +1 i.e., still positive, and the Major Purchase Index (which includes most RMI projects) is also +1 so it's still a good time to buy. But, consumers' views of how the economy has performed in the last 12 months have tanked (-33), as have their expectations for the next 12 months (-37)! Could there be any clearer demonstration of the negative effect of the grandstanding and self-serving behaviour in parliament and the snide commentary we've been exposed to in the national media?

The Environment Bill that was introduced to Parliament after the Queen's speech, has been parked while we elect a new Government. If enacted, it will set environment targets for the UK. Industry will be required to recycle glass, metal, plastic, paper and card and cover the costs of doing so, including the costs of collecting and transporting the waste.

Whether this Bill makes it or not, another will follow so manufacturers need to act now. That's why Lakes recently announced new sustainable packaging to reduce waste. It will also make it safer and easier for customers and installers to handle large heavy packaging. And it's why we're establishing a closed-loop mechanism to bring back packaging waste from stockists and installers to us.

**“In October, consumers' personal financial situation and expectations for the next 12 months are both still positive... But, consumers' views of how the economy has performed in the last 12 months have tanked.”**

# Expert Panel

## Paint

(Part of Decorating)



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

Last quarter, the BMBI macroeconomics commentary was filled with uncertainty and low confidence. Brexit didn't happen, again, and an election has been called for December 12<sup>th</sup>, adding to the uncertainty.

The consumer confidence index continued to decline in Q3, with all five of the measures that the index tracks declining in October. Housing transactions are at their weakest for two years, however GDP grew by 0.3% in Q3 with services leading the way. Inflation is roughly at the government's target with house prices, mortgage demand and construction output all positive.

The trade paints market grew by 2.7% in volume and 6.3% in value in the 12 months to September 2019. Within this performance, there are three key growth sectors: durable emulsions, premium aesthetics, and water based trim paints. Firstly, based on current trends in value terms, durable emulsions will be larger than contract emulsions by 2021. Premium aesthetics, or 'luxury paints', are growing at 28% year-on-year in volume, while water-based trim paints, although currently less than 25% of total interior trim sales, are forecast to reach 34% in three years.

Interestingly, all these three growth sectors command a price premium. This is great news as it seems as if decorators, generalist painters and consumers are all willing to pay a premium for products that deliver performance benefits.

The number of painting operatives in the UK has remained stable over the last three years. However, the proportion working in painting and decorating businesses has increased and there are signs of growth in painting works among other trades. This is an opportunity for merchants because customer feedback suggests these other trades are predominantly shopping in specialist merchants for their decorating needs rather than in general builders' merchants.

Finally, according to the ONS, net migration of Europeans into the UK is declining. More central and eastern Europeans are leaving the UK than arriving for the first time since 2004. There will soon be, if not already, a significant squeeze on labour supply.

“All three growth sectors command a price premium. This is great news as it seems as if decorators, generalist painters and consumers are all willing to pay a premium for products that deliver performance benefits.”

# 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 construction and refurbishment sectors, along with fenestration, have entered more difficult times. Some companies have announced strong sales, but the quarter three market reality has been difficult with flat to falling trading. The window industry's FENSA first half figures revealed an 8.2% drop in volume, and we're seeing more companies heading towards administration or sale, reported jobs cuts and weaker profitability.

While some blame Brexit, the reality is that we're coming to the end of a global economic cycle with slowdowns in China and Europe, and in that context Britain is holding its own.

Heading into the quietest time of the year, Crystal's top performing customers have done well due to a mix of product choice, showroom investment, the continuing trend to colour, and competition exiting the market. Supply-and-fit is also raising order values, if not margin.

Sales of PVC-U windows and doors through Crystal's network of independent merchants are 7% up year-on-year, demonstrating that merchants are in a good place to weather a weaker market and grow, if they do the right things. Some national merchants report performance up around 18% year to date.

Looking ahead, the prospects for continuing strong growth in bespoke PVC-U windows and doors are undimmed. Builders' merchants initially missed out on this large market as builders had to buy elsewhere to get the choice, availability, display and service they needed. By providing merchants with the means to offer better choice, availability, display and service Crystal has shown that merchants can boost sales easily by recapturing 'lost' sales by selling to existing customers. Merchants who invest in showrooms and marketing as they do for kitchens and bathrooms do extremely well: one south coast merchant saw a 43% year-on-year category growth.

As we head into quarter four and economic uncertainty, it's worth noting the launch of [www.doorsandwindows-compare.com](http://www.doorsandwindows-compare.com). The site helps consumers navigate big ticket projects, steering them towards alternative choices - such as their trusted local builders' merchant. If merchants choose to be a part of this exciting development Crystal is ready to help.

“Sales of PVC-U windows and doors through Crystal's network of independent merchants are 7% up year-on-year, demonstrating that merchants are in a good place to weather a weaker market and grow.”

# Expert Panel

## Roof Windows

(Part of Timber & Joinery Products)



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

What a mixed bag 2019 has been, and quarter three was no different.

July sales were well ahead of the previous year, but a weaker August and September left roof window sales much the same at the end of Q3 as they were at the end of Q2 – in high single figures up on 2018.

In quarter two, regional abnormalities saw growth in the Irish market offsetting the UK. Quarter three has now seen these variations ironed out and growth is more consistent across all regions.

New build has been steady throughout the quarter and indications from our national and regional housebuilding customers are that this will continue until the end of the year. Forecasts for 2020 volumes range from flat to +5%. However, RMI (the housing repair, maintenance and improvement sector) which accounts for the bulk of sales will deliver any growth that's forecast.

As we enter the real pantomime season, in contrast to the unending parliamentary panto we seem to have been in for the past three years, it will take a positive majority outcome from the December 12<sup>th</sup> election to restore consumer confidence. In the face of continued Brexit uncertainty, GfK's Consumer Confidence Index fell 3 points to -14 this October. However, not to overstate the gloom, for major purchases such as room-in-the-roof projects where roof windows are required, the GfK's Major Purchase Index has slipped 3 points from October 2018, but it's still positive at +1, which indicates growth.

Consumers need a boost in confidence to fuel the growth in over-the-counter sales within builders' merchants if the roof window industry is to see another double-digit growth year.

Regardless of what happens at government level, Keylite will maintain its readiness to deal with any outcome, and we continue to hold high levels of raw materials and finished goods stock. This ensures that we are perfectly positioned to weather even the most uncertain of storms. Quarter four has got off to a steady start, the like of which high street businesses might be envious. Let's just hope they are all still here when it comes to loading up Santa's sleigh!

“New build has been steady throughout the quarter ... However RMI which accounts for the bulk of sales will deliver any growth that's forecast.”

# Expert Panel

## Timber & Panel Products

(Part of Timber & Joinery Products)



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

In the continued political and economic uncertainty, little has changed since my comments in the last quarter's report. Brexit dominates the news and, despite the fact another deadline is approaching, we are still no clearer as to whether there will be a deal or not. The extended time period has allowed distributors to plan for all eventualities and therefore product availability shouldn't be a concern.

The uncertainty led to a weakening in demand for timber and panel products in Q3 2019 despite the good weather. This was clearly shown in the BMBI August statistics where average daily sales of the timber and joinery products category were down 5.2% year-on-year.

Hardwood timber supply of the major species is generally good with stable pricing, although exchange rate fluctuations remain a concern. The market is still being influenced by trade tariff exchanges between China and the USA which are weakening trade. It's noticeable that demand from China has softened resulting in material becoming more readily available. The reduction from China in its demand for red oak means there is also a good supply of this wood at an attractive price point. Historically used for internal joinery and mouldings, the demand for red oak has been increasing now that the material is easier to supply.

Medium density fibre board (MDF) and oriented strand board (OSB) availability is still good and this position is expected to continue throughout the fourth quarter. The same applies for plywood and decorative boards although buyers should be aware that a number of manufacturers will be refreshing their colour ranges over the next two quarters.

The Wood Protection Association (WPA) has recently launched its new website with a new series of fact sheets covering flame retardant (FR) products. This should prove valuable as part of the industry's work in providing guidance on fire-rated products, particularly after two major housing fires in Barking and Worcester Park. It includes a link to the Wood Campus website – the UK's wood industry free information and learning site – where online CPD (Continuing Professional Development) training can be undertaken.

“The Wood Protection Association (WPA) has recently launched its new website with a new series of fact sheets covering flame retardant (FR) products. This should prove valuable as part of the industry's work in providing guidance on fire-rated products.”



# 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.**

Quarter three was challenging. Despite two reasonable performances in July and September, August was slow, suffering delays in project starts, Brexit uncertainty, holidays and poor weather.

Prolonged wet weather in October and November, with severe flooding in some areas, is further evidence of a changing climate and Britain's lack of readiness for it. It's particularly concerning that climate change scientists seem to have undercooked their forecasts rather than exaggerating them, as sceptics have accused. Aspects of climate change appear to be accelerating, and the Government identifies flooding as one of the six biggest climate change risks to the UK. However, actions to mitigate the effects lag behind. For example, not only were many recently flooded houses built on flood plains, but many more are in the planning pipeline.

New regulations coming into force April 2020 aim to keep rainwater out of the sewerage system, using sustainable drainage systems (SuDS). The rules will help accelerate the adoption of SuDS by developers by smoothing the transfer of ownership and responsibility to water companies once developments are complete.

Whether it's a water management solution for individual buildings, developments, towns or wider, we need joined-up solutions. As an example of non-joined up thinking, residents in a recently flooded town downstream from Sheffield blamed new flood defences installed to protect the city for displacing their flooding on to them. AWMS (Alumasc Water Management Solutions) was itself formed a few years ago from separate brands to provide joined-up water management solutions for buildings, every step of the way from rain to drain.

The Brexit extension to the end of January and resulting uncertainty with clients is a problem that affects the entire supply chain. Concerns over import and export tariffs, labour and material shortages compound a reluctance by clients to 'press go' on larger projects while the outcome is uncertain.

Enquiry levels are healthy which suggests there is work in the pipeline and, looking to Q4, October has been a good month across all AWMS business units. However, we believe this is more of a timing issue than an indication of an uplift in market activity.

“Concerns over import and export tariffs, labour and material shortages compound a reluctance by clients to ‘press go’ on larger projects while the outcome is uncertain.”



# Expert Panel

## Cement & Aggregates

(Part of Heavy Building Materials)



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

The Mineral Products Association reported that seasonally-adjusted demand for construction products improved in Q3 compared to Q2. Mortar sales were up 5.2% followed by asphalt (4.1%), aggregates (1.7%) and Ready Mixed Concrete (RMC), up 1.4%.

This is an improvement, but the construction market is still weak. For instance, RMC is the biggest sales channel for cement, so it's a concern that important markets such as London and the South East are in decline year-on-year. These two markets account for about a third of GB demand with volumes now 10% lower than 2018. The underlying problem is the decline in commercial projects and the postponing of infrastructure projects. These can be directly linked to Brexit and political uncertainty which are stifling investment and delaying decisions. It could be some time before confidence and investment returns.

Sales to builders' merchants have been difficult to predict. Wet weather has been a factor, but many merchants report lower order books and a slowing in demand. With continued political uncertainty and heavy rains this autumn, Q4 will be a challenge.

Electricity producers and other industries have received subsidies to move from fossil fuels to renewable energy sources, but these subsidies are not available for cement producers. Even though producers have made significant progress by moving to dry processes and replacing considerable proportions of fossil fuel usage with alternatives, there is a gap between allocation and usage as set by the European Union in 2003, and there are limited options due to the highly energy-intensive production process. One option is to allow a wider range of cement to be used on construction projects. Investment in carbon capture technology is also essential.

The effect of the tightening cap and other policies has resulted in a steep increase in the cost of European Emission Allowances (EUAs) over the last five years from around €7 to €25. The UK government forecast in 2017 that carbon would be around £80/tonne in 2030. However, the actual increase has already been much higher than predicted.

**“The construction market is still weak. The underlying problem is the decline in commercial projects and the postponing of infrastructure projects. It could be some time before confidence and investment returns.”**

# Expert Panel

## Roofing Products

(Part of Heavy Building Materials)



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

Quarter three has been a strong three months for the roofing sector, with sales up significantly on quarter two. This reflects an expected seasonal uptick for the RMI (Repair Maintenance and Improvement) flat roofing market, but more importantly these sales were also up on the same three months of 2018.

General merchants have gained from this increased seasonal demand, notably those who have invested in their stock proposition and in their skills and expertise. However, specialist independent roofing distributors who have positioned themselves best to benefit from this opportunity have gained even more. Some are reporting double digit growth over the same period last year. Not to be left out, the retail sector has continued to grow in the closing months of the summer season. Retail sales were up on the second and third quarter in 2018 and they're on track to deliver year-on-year growth. And that's despite Britain falling out of love with DIY. It seems our desire to keep a roof over a shed that's full of expensive power tools we no longer use, is just the right type and size of job to get stuck into on a Sunday morning. It's a job that can be finished in time to relax and enjoy the afternoon.

Looking at major projects, RMI in the education sector remained a key source of work for flat roofing specialists in quarter three, with the school holiday period once again a hive of activity. With such volumes of work for time-critical contracts, effective management of the logistics and supply chain is crucial. Merchants that can add value to this are positioned well to support and benefit from this demand.

Within the new build sector, flat roofing systems are the preferred choice on low-rise urban residential projects. They not only insulate, and keep the building watertight, but create a usable environmentally-friendly space.

Looking forward, contractor order books are full for 2019 and the early months of 2020. There is still, however, an undertone of concern that economic uncertainty may temper investment and stifle what has been a busy and successful period for roofing.

“Quarter three has been a strong three months for the roofing sector... This reflects an expected seasonal uptick for the RMI flat roofing market.”

# Expert Panel

## Steel Lintels

(Part of Heavy Building Materials)



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

Quarter three started firm to flat and, while September's performance was better than the previous year, the quarter overall ended as it started, firm to flat. With the Government's deadline of 31<sup>st</sup> October looming, and then subsequently delayed, quarter four has started in a more reserved manner than last year.

The seasonally adjusted CIPS UK Construction total activity index rose to 44.2 in October, recovering some of September's slippage to 43.3. This is close to the ten-year low seen in June, as domestic political uncertainty and economic slowdown weighed on demand. New orders dropped for the seventh month in a row and business confidence is among the weakest since 2012, according to IHS Markit. Looking ahead however, UK construction firms are mildly optimistic that volumes will improve through 2020.

Assuming the next Government can command a majority in parliament after 12<sup>th</sup> December, the questions remain. Will the Government put out the Brexit fire or continue to pour fuel on its constant flame? Will the 31<sup>st</sup> January 2020 end this nightmare, or will it get kicked down the road once more? This all suggests a subdued year ahead.

Once again we set plans in place to support our loyal customers after the end of January 2020 with a substantial stock of raw material and finished goods in the United Kingdom. By questionable fortune, we are now well-practised in this task.

Away from all the negativity, enquiry levels are fairly strong, the demand for housing hasn't gone away, and mortgage rates are still low. As I commented in the last report, such low mortgage rates combined with modest wage inflation and softening house prices could be a good deal for buyers.

Looking forward to 2020, once things do finally become clear in Westminster, the market looks positive. But, to maintain our build programmes and supply a market that starts moving again, we believe that continuing access to EU labour and skills will be critical.

“Away from all the negativity, enquiry levels are fairly strong, the demand for housing hasn't gone away, and mortgage rates are still low... Looking forward to 2020, once things do finally clear in Westminster, the market looks positive.”

# Expert Panel

## Mineral Wool Insulation

(Part of Heavy Building Materials)



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

Since mid-2018, the UK's major glass mineral wool manufacturers have had to operate allocation programmes to manage supplies. At Knauf Insulation, we were able to relax our allocation throughout Q3, before removing it entirely from 1<sup>st</sup> November (our rock mineral wool products remained fully available throughout).

Speaking with our customers, it's clear that stock levels have returned to normal. This is of course good news for merchants, as it means they can supply products to meet customer demand for high-performance insulation. It's also good news because it means it will be much easier to get a better sense of the reality of that demand. During the period of allocation, sales figures were driven by availability – now we can assess the true underlying demand for glass mineral wool insulation.

Speaking of which, housing sector completions remained stable throughout Q3. Most indicators suggest housing starts haven't quite kept pace though, which may result in fewer completions through 2020. It appears larger housebuilders are continuing to build, but smaller housebuilders – more reliant on borrowing – are reducing activity pending Brexit and the imminent election. At the time of writing, we're no nearer to knowing how Brexit will be resolved, or even whether we'll have a stable majority government.

Once we do eventually have more certainty, it's likely that we'll see a boost in some construction activity. Many of the fundamentals are in place – unemployment remains low, real wages are rising, and consumer spending is strong. Business confidence is the main area of concern, with the UK Construction Purchasing Managers Index having dropped four points since May, though it saw a small rise in October, possibly as a result of parliament passing the Benn Act to avert a No Deal Brexit.

Anticipating eventual stability, we're looking ahead at the other factors that will affect merchants in 2020. The energy efficiency of homes is high on all parties' agendas which bodes well. The Part L 2020 consultation and Future Homes Standard will also be critical – the industry must deliver resilient buildings that perform as designed in the real world. For merchants, that will mean an increasing focus on supplying the right product for every application.

“Anticipating eventual stability, we're looking ahead at the other factors that will affect merchants in 2020. The energy efficiency of homes is high on all parties' agendas which bodes well.”

# 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.**

The last quarter has been frustrating for everyone as the Westminster paralysis has taken its toll on business and consumer confidence, and delayed investment has held back the market.

If the general election resolves the paralysis the country can move on, however the election has had one potentially positive result already. Just as persistent problems of availability and rising prices eventually moved housing from the front pages to a priority for any UK government, energy efficiency and the poor state of our housing stock is also becoming a priority.

Take it with a pinch of salt or not, Labour's hugely ambitious promise to invest billions to cut carbon emissions by 10% with 'Warm Homes for All' is the largest home improvement programme in decades. The scheme aims to spend £60bn to encourage a total investment of £250bn by offering every UK household the chance of "upgrading the fabric of (their) home with insulation and cutting-edge heating systems". We have learned to be cynical of election promises and over complicated schemes like the Green Deal, but insulation is now firmly at the heart of Britain's future. Other parties must surely come up with their own schemes to tackle what is recognised as a serious problem: Britain's housing stock is the least energy efficient in Europe.

Assuming the election does break the parliamentary stand-off, construction will be released to grow again, which will have a positive impact on the building materials sector. That will then shift the focus on to the supply of materials – for example the capacity to meet the growing demand for plasterboard is limited - and on to labour where there are skills shortages at many stages of the construction process.

One area that really does need more focus is achieving new build designs that aim to eradicate heat loss right from the beginning. Ensuring compliance to increased design standards to achieve this would also need the correct checks for public and industry reassurance.

“Assuming the election does break the parliamentary stand-off, construction will be released to grow again. That will then shift the focus on to the supply of materials and on to labour.”

# 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.**

Brick manufacturing output has continued its robust upward trajectory for the nine months to October 2019, with the sector on track to match levels not seen since before the global recession of 2008-09.

In the first six months of 2019, UK brick production increased 2.2% year-on-year, equating to some 25 million additional bricks.

Unfortunately, the first half of 2019 has been characterised by a slowdown in housing starts, particularly in London and the South East. However, recent figures suggest that these trends could be more of a pause than a long term concern.

The latest set of NHBC figures show that completions are significantly higher on both a three month and twelve month rolling basis and the Q3 report confirms that smaller builders are showing a 4.9% increase on starts, which is particularly encouraging for builder’s merchants.

There’s no doubt that the current climate of political and economic uncertainty is having an impact on the construction industry but with demand still high and supply improving, the fundamentals of the market are strong even if they have become more challenging.

With that in mind, UK brick manufacturers continue to invest in production and range development; a sign of confidence as brick deliveries continue to improve, year-on-year, post-recession. This confidence is supported by stats from the NHBC, published in July, which reported that 43,438 new homes were registered between April and June 2019. In total, this is up 12% on the same period in 2018 (38,937) and the highest since Q4 2007, when 43,525 were registered.

With clay bricks remaining by far the most popular building material of choice for UK house builders, British brick manufacturers are well placed to meet the ever-growing demands of the housing market.

“With demand still high and supply improving, the fundamentals of the market are strong even if they have become more challenging.”

# 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.

Held back by the uncertainty overhanging Brexit, overall performance in quarter three has been flat. However, there were significant differences between product performances within the category.

The continuing success of porcelain is starting to impact on sales of natural stone. With pressure to reduce prices, some suppliers are compromising the specification of stone project packs. But thinner slabs (some are pared down to 18mm) can lead to through-bed staining, and smaller slab sizes lead to patios taking longer to piece together and using more jointing compound. Ultimately, such compromises mean quality will suffer.

Shipping rates are still fairly flat and interest rates are still favourable, so some suppliers are taking the opportunity to buy in cheaper porcelains from India and Poland. This could ultimately be a decision their customers regret.

Sales of natural stone for patios are also being affected by the increasing popularity of composite decking. Specifications of ceramics are also under pressure as cheaper and inferior alternatives to Italian products are being used in some areas.

For a very different product story, the demand for quality artificial grass is still rising. Homeowners seem happy to pay for higher quality and the product has become part of every professional landscaper's portfolio. For homeowners, not having to give up their own valuable time to mow their lawn or pay to bring in someone else to do it is a big benefit.

More merchants want to display landscaping materials – particularly attractive porcelain – and get the right product training. Both are important as the pressure from online landscaping websites is growing by offering direct delivery. But, homeowners want to look and touch quality products, and ask the questions that help them decide.

Performance over the next 3-6 months is very weather dependent, but this is the sector's traditional pattern, and merchants will be destocking and planning new lines for next year.

In this flat and difficult climate, we're proud to say that Talasey has had a year of growth, and we look forward to our new products and a new brochure helping customers grow in 2020.

“Shipping rates are still fairly flat and interest rates are still favourable, so some suppliers are taking the opportunity to buy in cheaper porcelains ... This could ultimately be a decision that their customers regret.”



# 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.

Economic indicators paint a mixed picture of the quarter. The latest from the seasonally adjusted CIPS UK Construction total activity index rose to 44.2 in October, well below the neutral 50 reading. Readings below 50 signal negative growth. Despite the increase, the figure is still close to June's ten-year low. The Construction Products Association (CPA) trade survey for Q3 reports a positive performance for light side products although heavy side product sales fell.

Demand continues to be affected by the uncertainty surrounding Brexit, and the snap election in December increases the uncertainty.

The Energy and Utilities Alliance (EUA) Economic Report for September shows boiler sales down 5% in September, although year to date sales were ahead by 0.5%. Hot water cylinder sales were up 10.3% in the month, but 1.0% down in the year to date.

The Energy Company Obligation (ECO 3) scheme, the government initiative designed to reduce CO<sub>2</sub> emission and tackle fuel poverty, helped to boost boiler volumes. Similarly, the Renewable Heat Incentive (RHI) scheme continues, promoting a range of heating products in our sector.

The 'Future Homes Standard', which I have highlighted throughout this year, has now reached an important stage. Proposals for changes to Approved Documents L and F of the Building Regulations specific to the residential new build sector are now open to consultation. I urge all those who will be affected to contribute before the deadline of the 10th January 2020. The consultation from the Department of Housing, Communities and Local Government also seeks views on the longer term, stating that the 'Future Homes Standard' will require new build homes to be future-proofed with low carbon heating and world-leading levels of energy efficiency. It will be introduced by 2025.'

We expect the requirements of revised regulation in the heating industry to change the existing product mix in commercial and residential new build designs. More interest in electric heating, and subsequently more potential use of hot water cylinders, is anticipated. Architects and developers will look to source products whose usage will impact positively on the compliance calculations for new build properties.

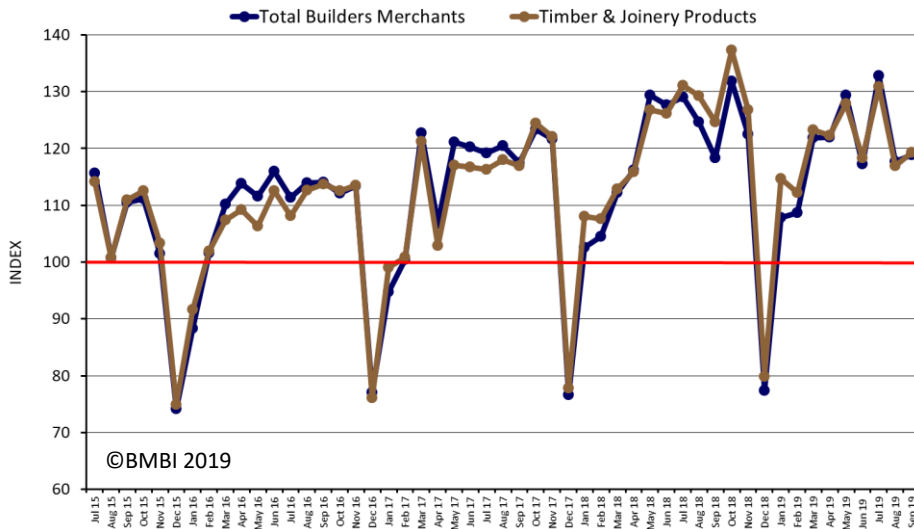
“The ‘Future Homes Standard’ will require new build homes to be future-proofed ... Architects and developers will look to source products whose usage will impact positively on the compliance calculations for new build properties.”



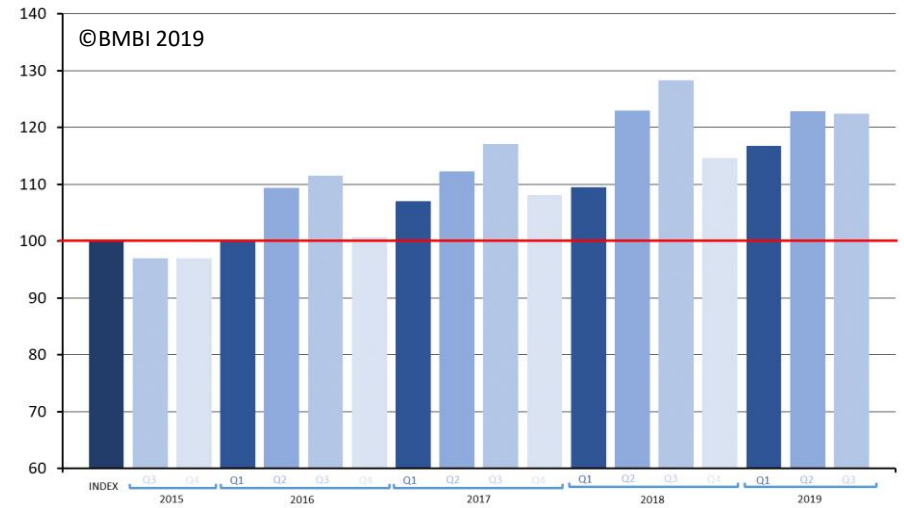
# Monthly and Quarterly Indices

## September 2019 and Q3 2019

### Timber & Joinery Products



### Timber & Joinery Products - Quarterly



Charts indexed on July 2014 – June 2015

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

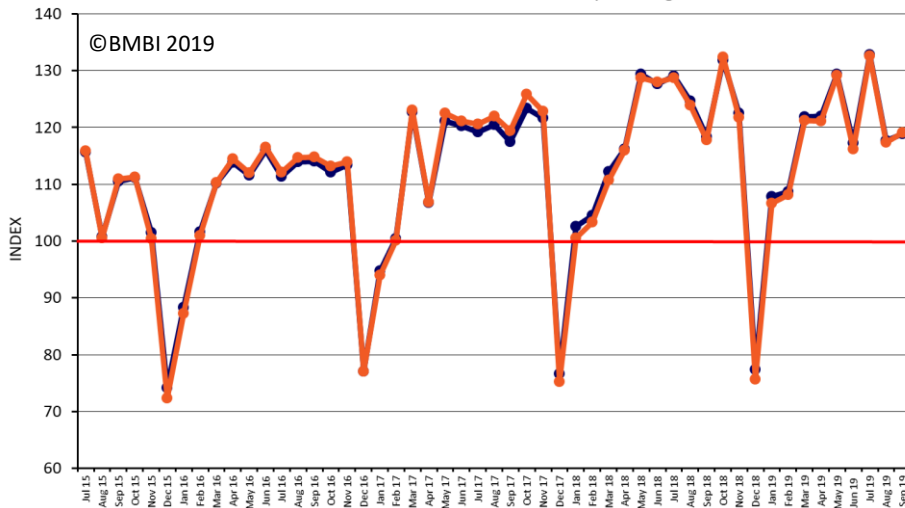
# Monthly and Quarterly Indices

## September 2019 and Q3 2019

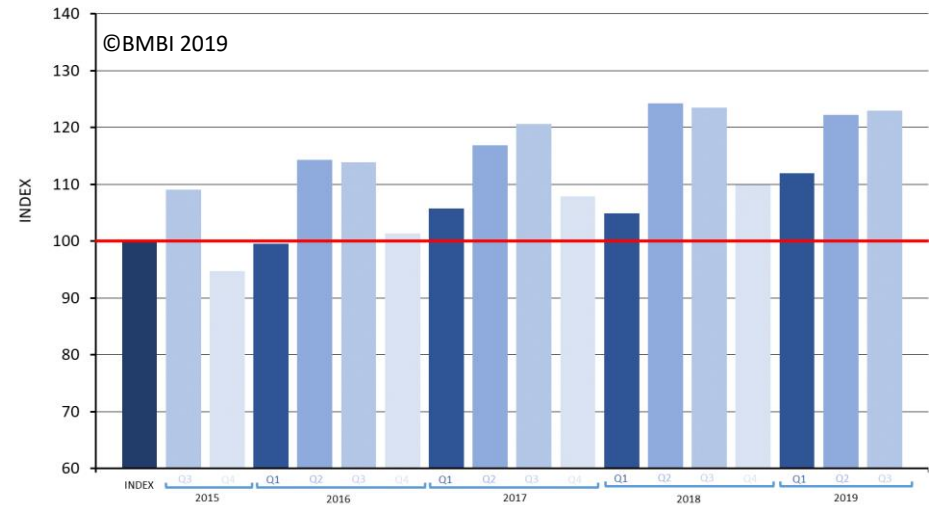


### Heavy Building Materials

● Total Builders Merchants ● Heavy Building Materials



### Heavy Building Materials - Quarterly



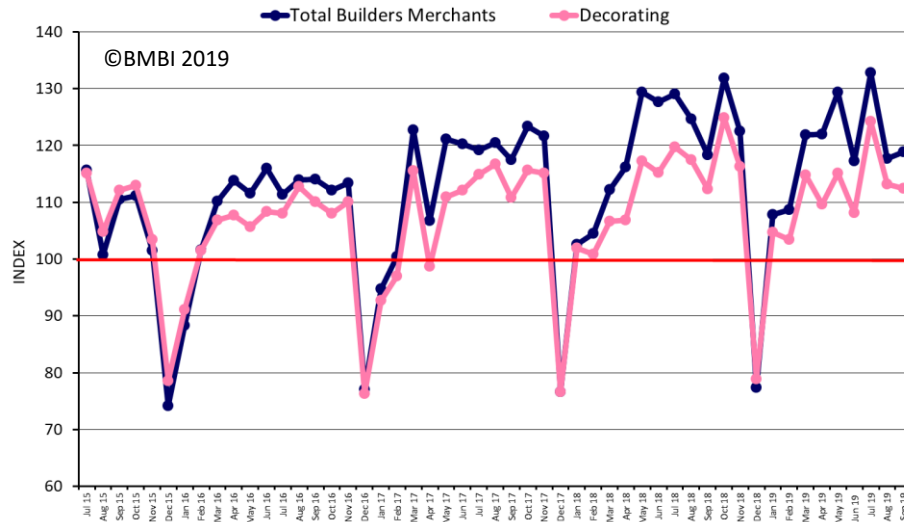
Charts indexed on July 2014 – June 2015

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

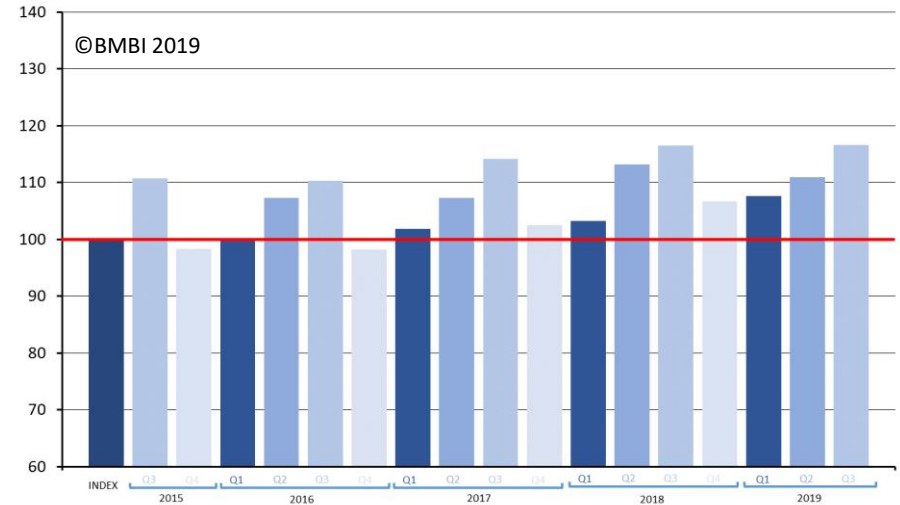
# Monthly and Quarterly Indices

## September 2019 and Q3 2019

### Decorating



### Decorating - Quarterly

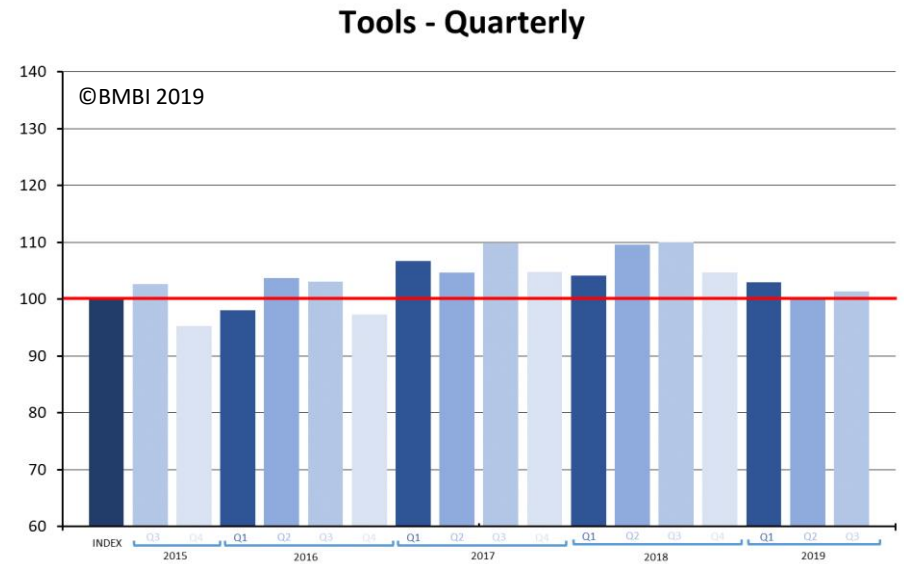
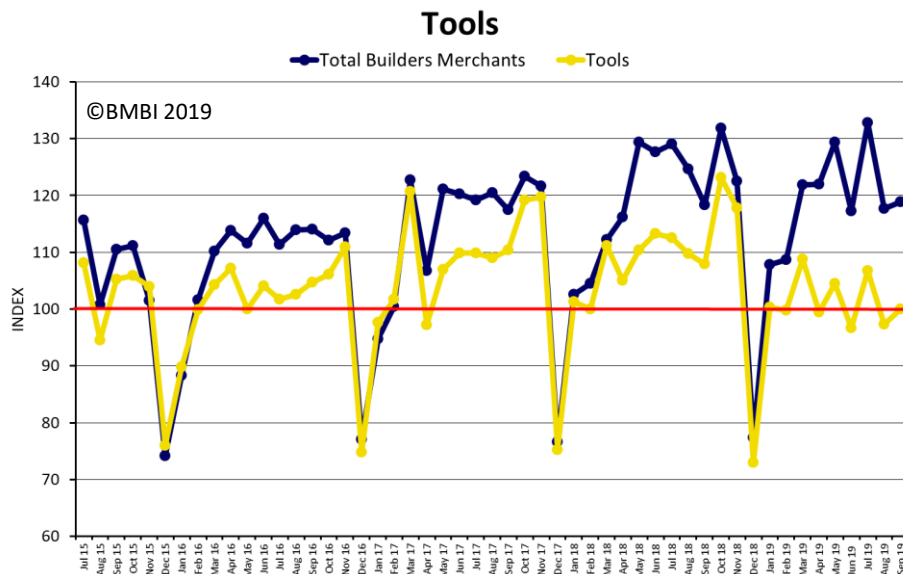


Charts indexed on July 2014 – June 2015

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

# Monthly and Quarterly Indices

## September 2019 and Q3 2019



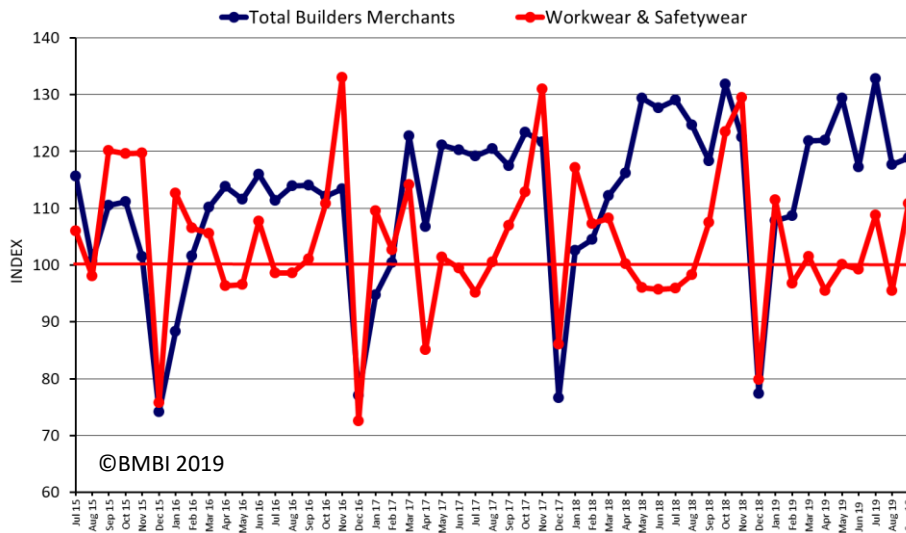
Charts indexed on July 2014 – June 2015

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

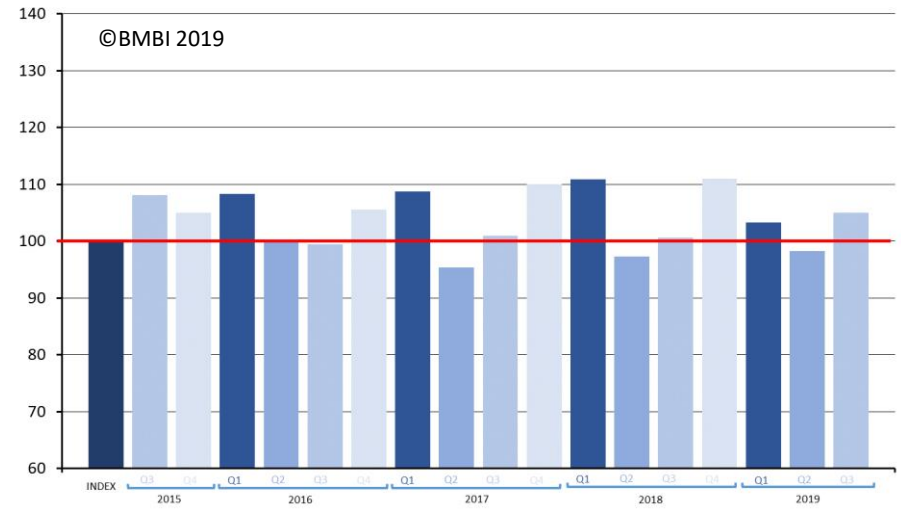
# Monthly and Quarterly Indices

## September 2019 and Q3 2019

### Workwear & Safetywear



### Workwear & Safetywear - Quarterly



Charts indexed on July 2014 – June 2015

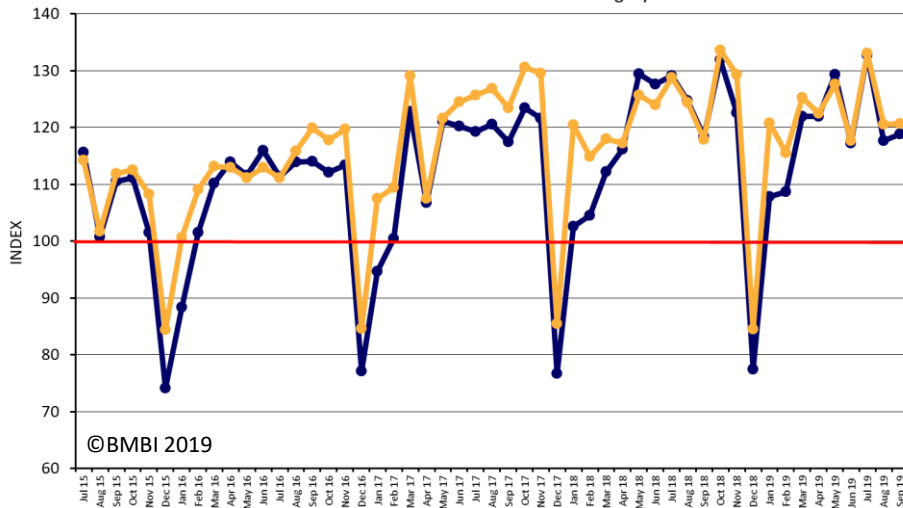
Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to September 2019

# Monthly and Quarterly Indices

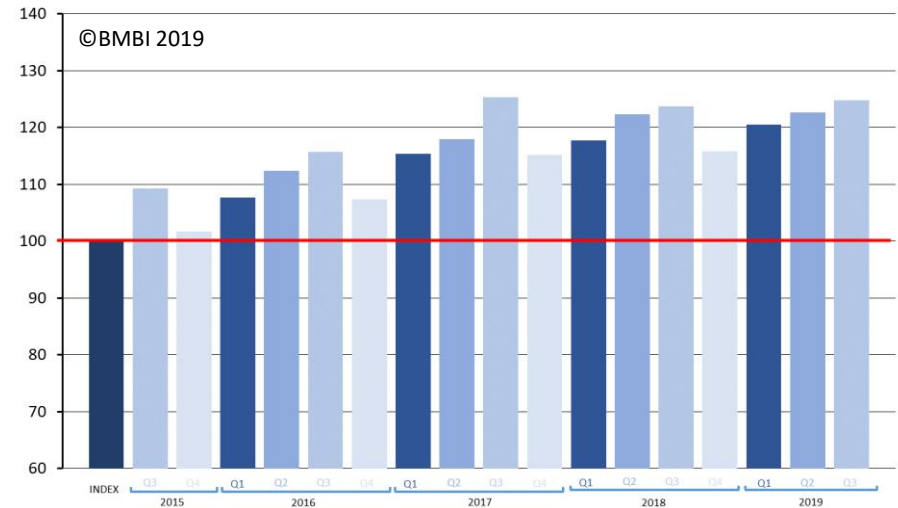
## September 2019 and Q3 2019

### Ironmongery

● Total Builders Merchants ● Ironmongery



### Ironmongery - Quarterly

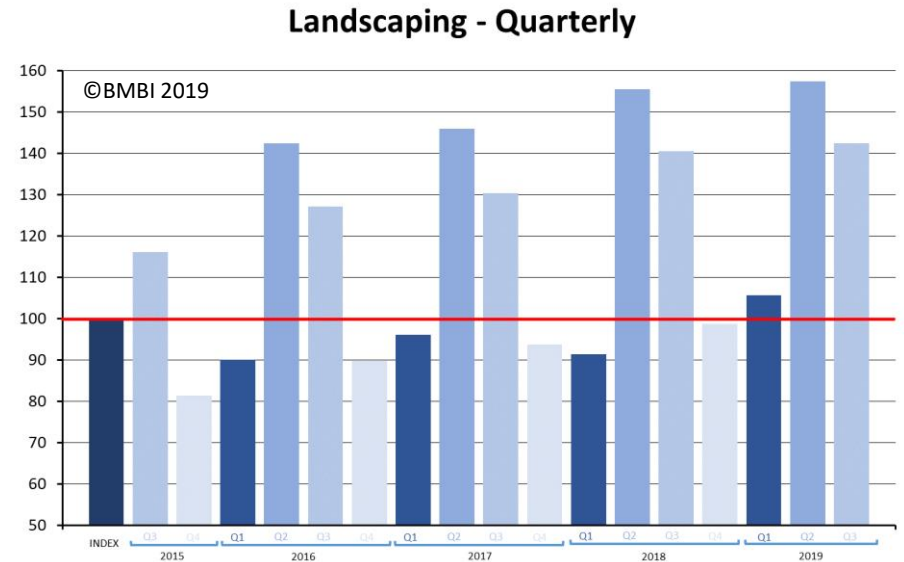
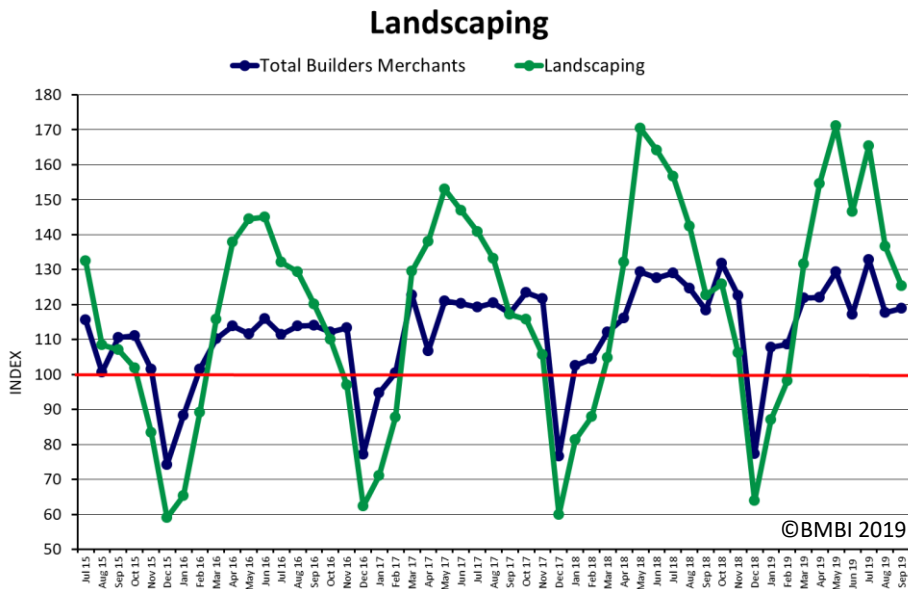


Charts indexed on July 2014 – June 2015

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

# Monthly and Quarterly Indices

## September 2019 and Q3 2019



Charts indexed on July 2014 – June 2015

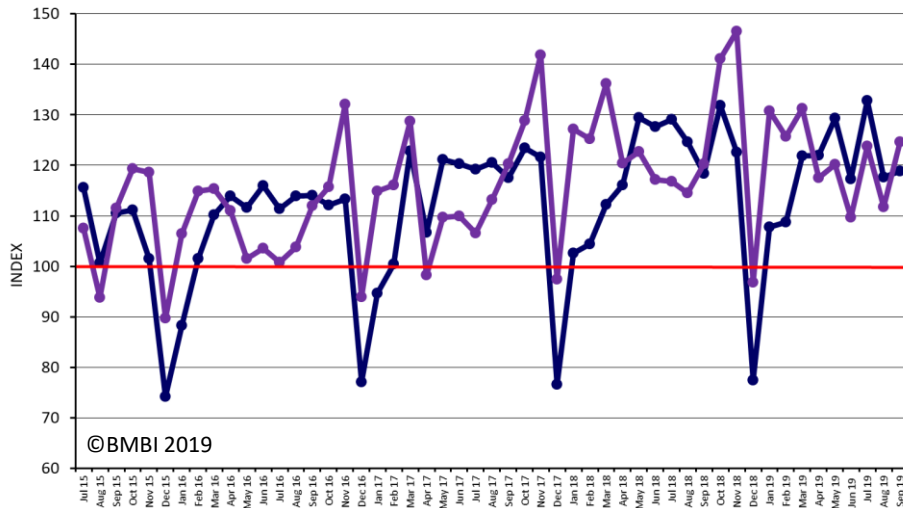
Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to September 2019

# Monthly and Quarterly Indices

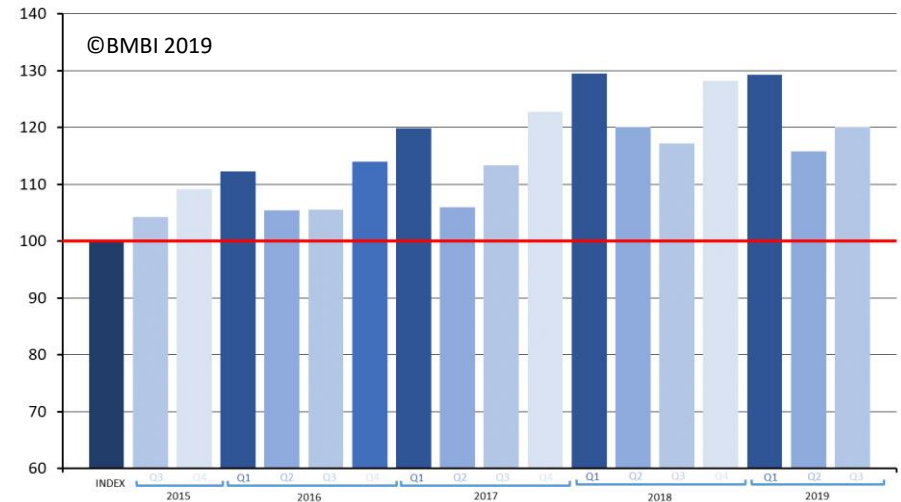
## September 2019 and Q3 2019

### Plumbing, Heating & Electrical

● Total Builders Merchants ● Plumbing, Heating & Electrical



### Plumbing, Heating & Electrical - Quarterly



Charts indexed on July 2014 – June 2015

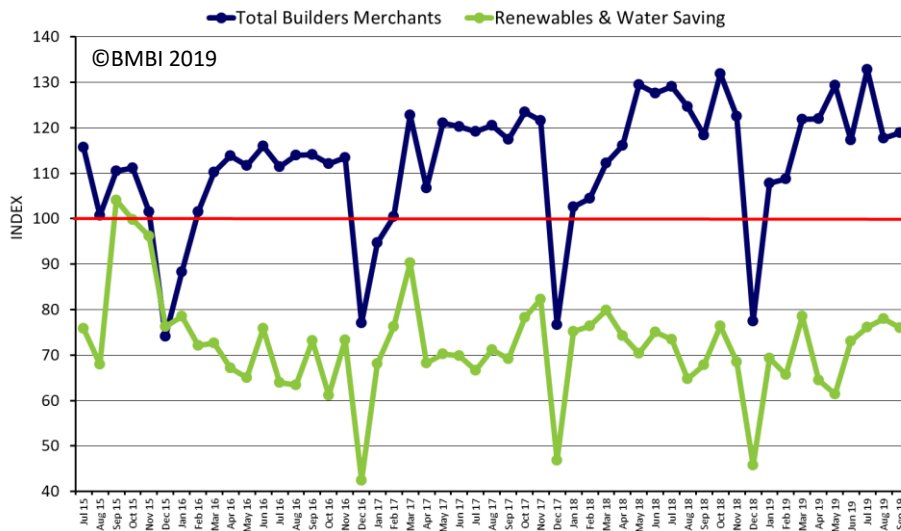
**GfK** Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to September 2019



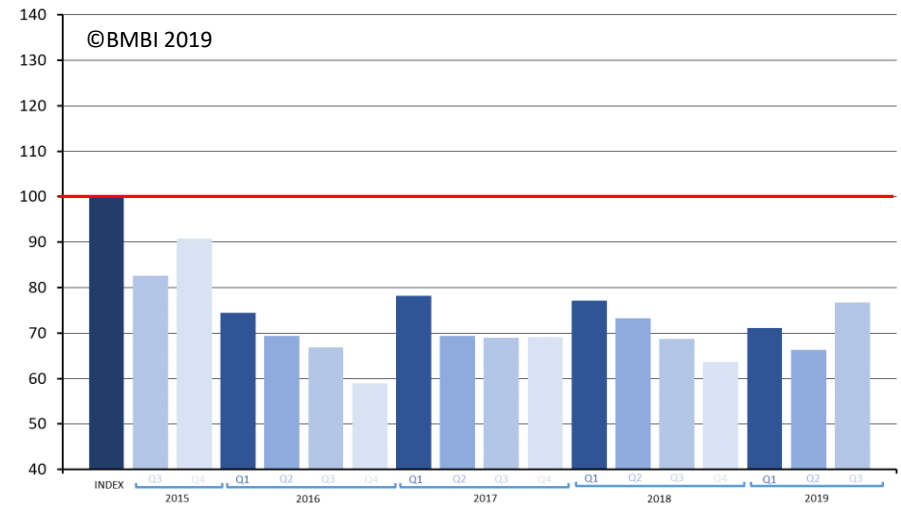
# Monthly and Quarterly Indices

## September 2019 and Q3 2019

### Renewables & Water Saving



### Renewables & Water Saving - Quarterly



Charts indexed on July 2014 – June 2015

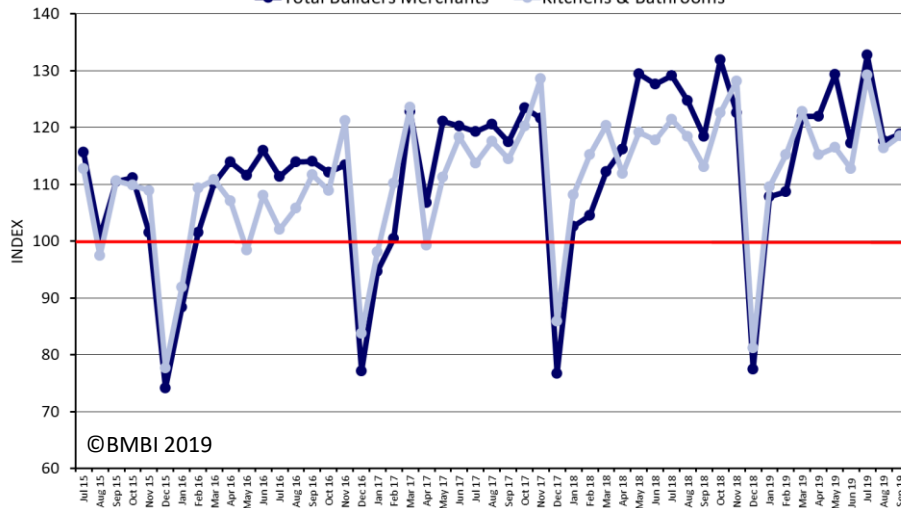
Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to September 2019

# Monthly and Quarterly Indices

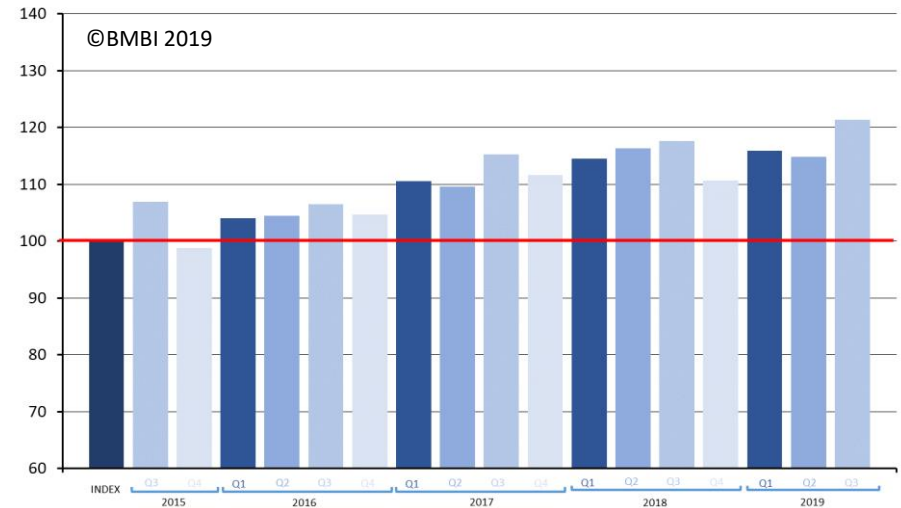
## September 2019 and Q3 2019

### Kitchens & Bathrooms

● Total Builders Merchants ● Kitchens & Bathrooms



### Kitchens & Bathrooms - Quarterly



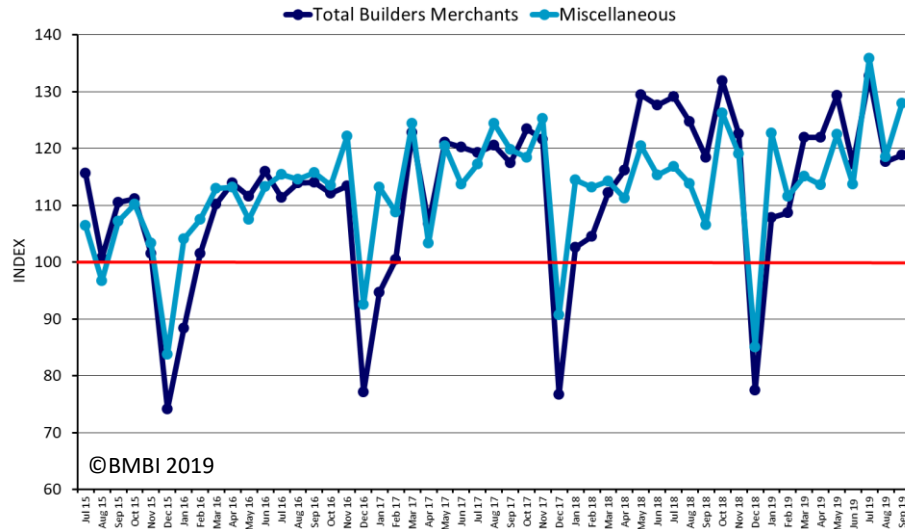
Charts indexed on July 2014 – June 2015

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

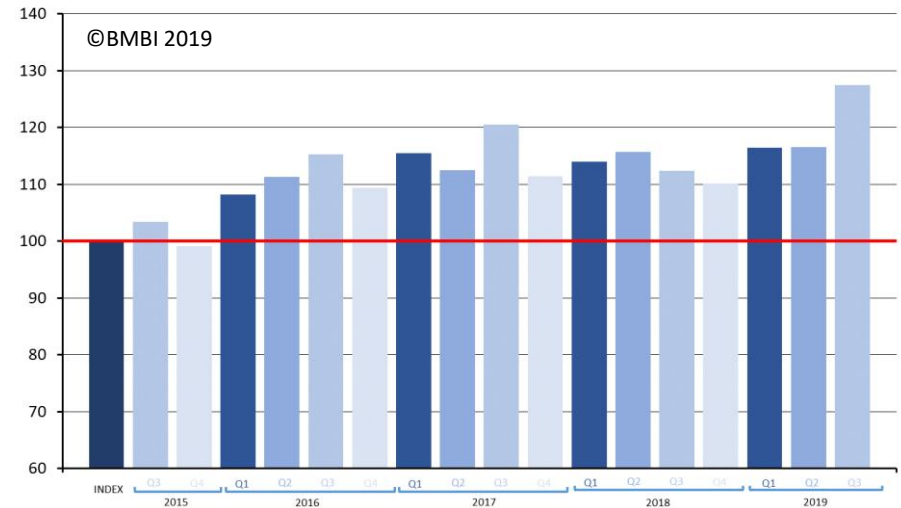
# Monthly and Quarterly Indices

## September 2019 and Q3 2019

### Miscellaneous



### Miscellaneous - Quarterly

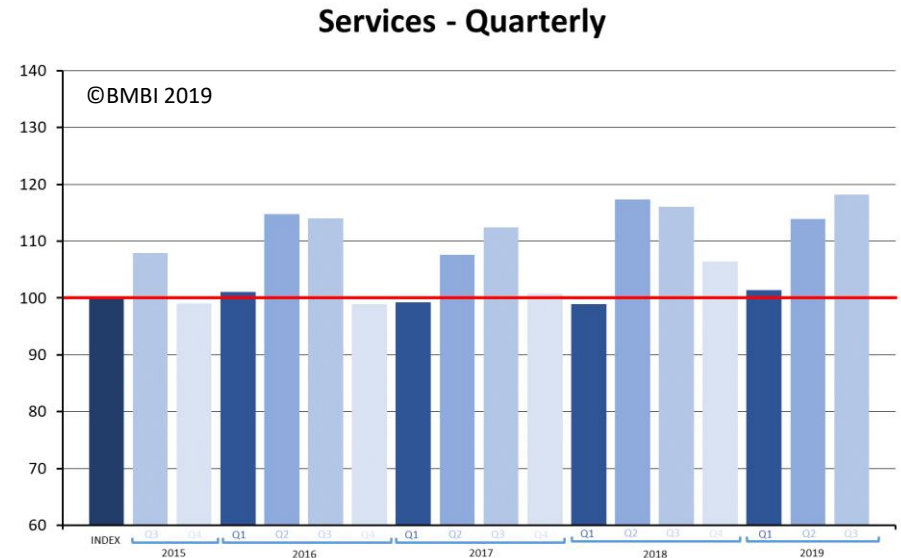
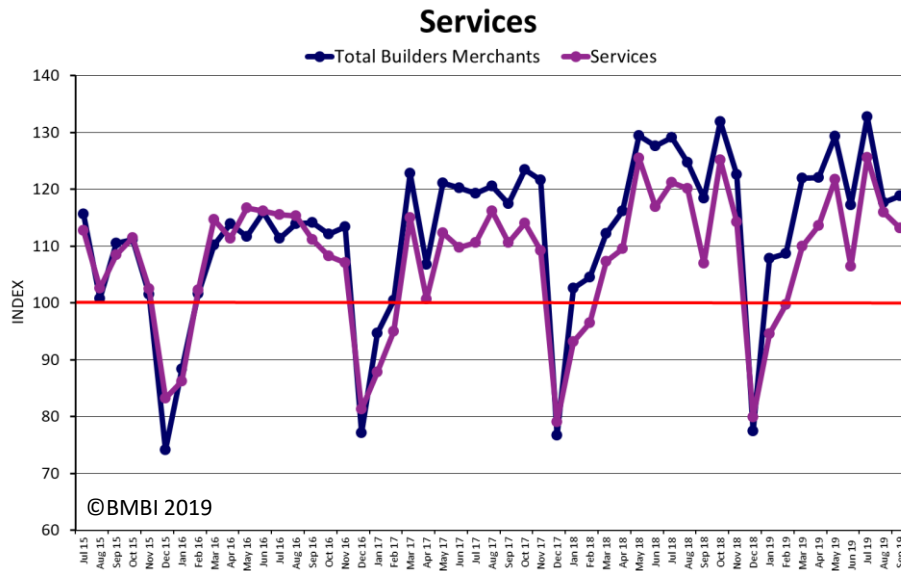


Charts indexed on July 2014 – June 2015

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

# Monthly and Quarterly Indices

## September 2019 and Q3 2019



Charts indexed on July 2014 – June 2015

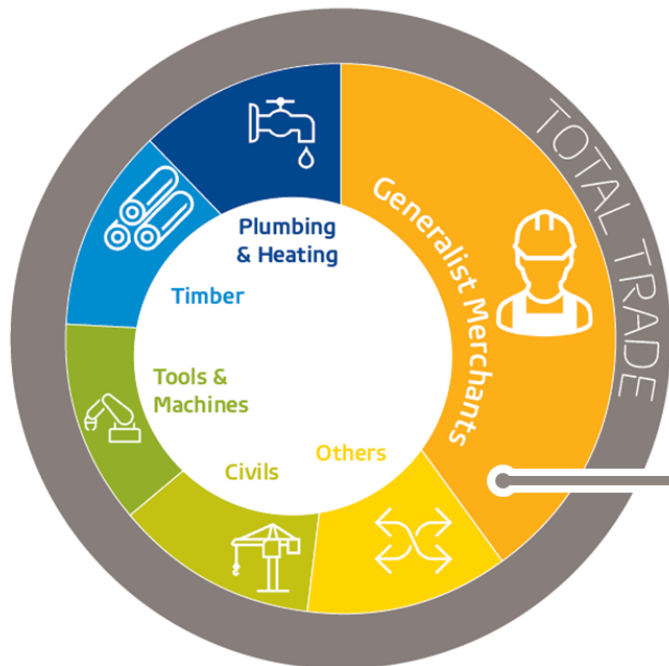
Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to September 2019

# GfK's Panel

## Generalist Builders Merchant Panel (GBM's)



### The Multiple Generalist Builders Merchants Channel



#### Generalist Builders Merchants

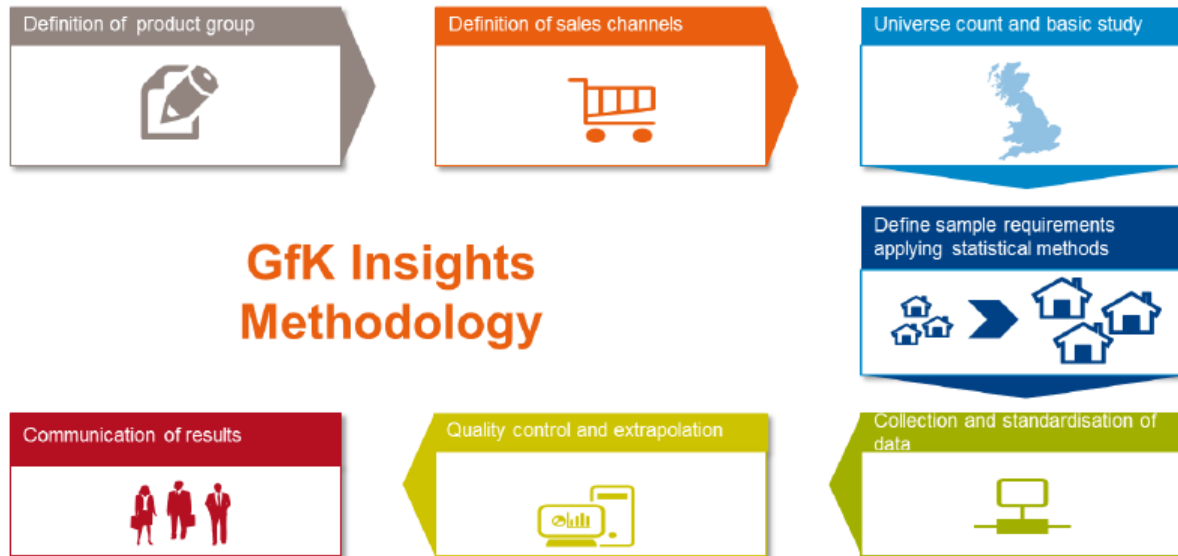
Builder Merchants handle an extended range of building materials and components (e.g. doors, windows, interior furnishing materials, insulation materials, tiles, cement, mortar, adhesives, sealants, nails, hardware products, pipes, ironware, paint) and generate their turnover with professional end users.

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

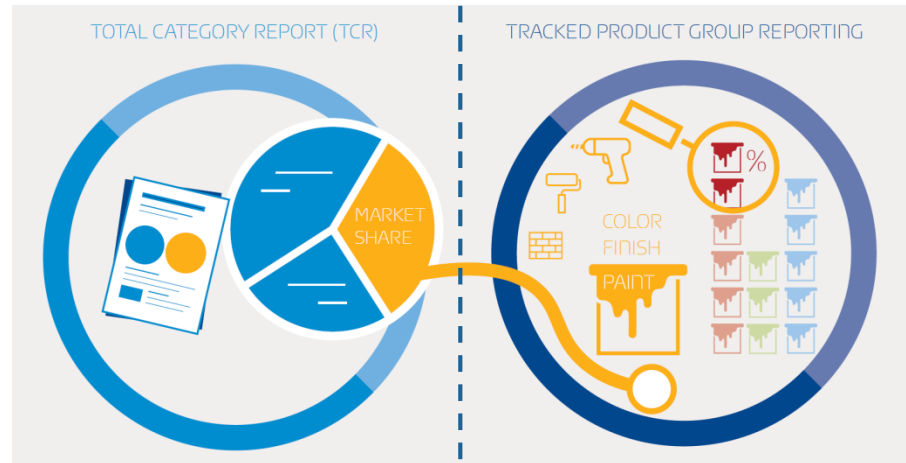
Bathroom (Including Showering)  
Fitted Kitchens  
Major Appliances

### 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](mailto: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)

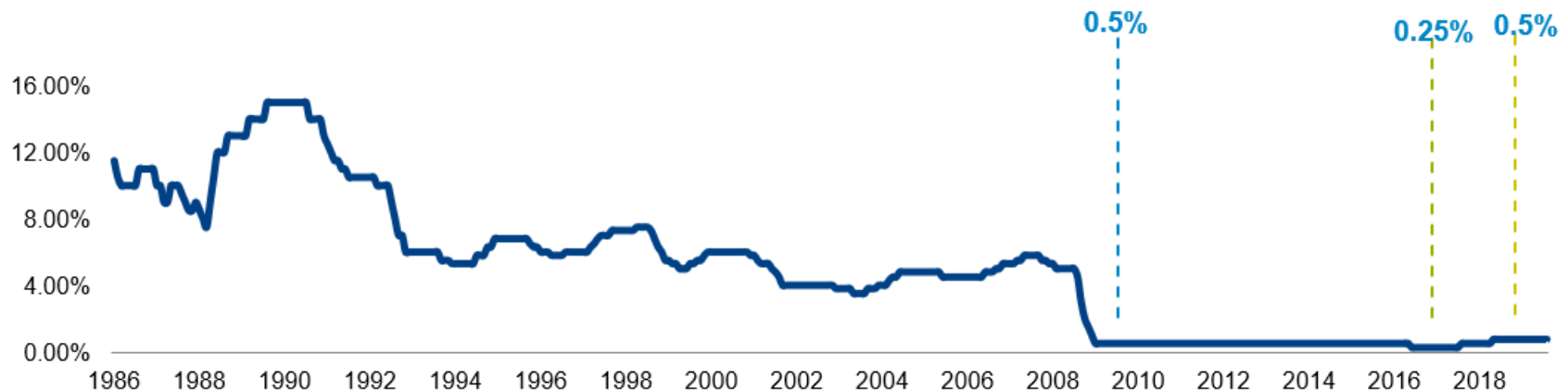


▪ The base rate of interest is one of the tools used by the Bank of England to target price stability. Since 1997 when the Bank's Monetary Policy Committee gained autonomy the rate has been between 7.5% and 0.25%.

▪ 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 4<sup>th</sup> August 2016, the Bank of England reduced the base rate from the previous historic low of 0.5% to a record-breaking 0.25%.

▪ 1<sup>st</sup> October 2019 the Bank of England Monetary Policy Committee voted unanimously to maintain the Bank Rate at 0.75%.



Source: Bank of England

© GfK 2019 | Economic Overview



# Macro factors impacting Merchants

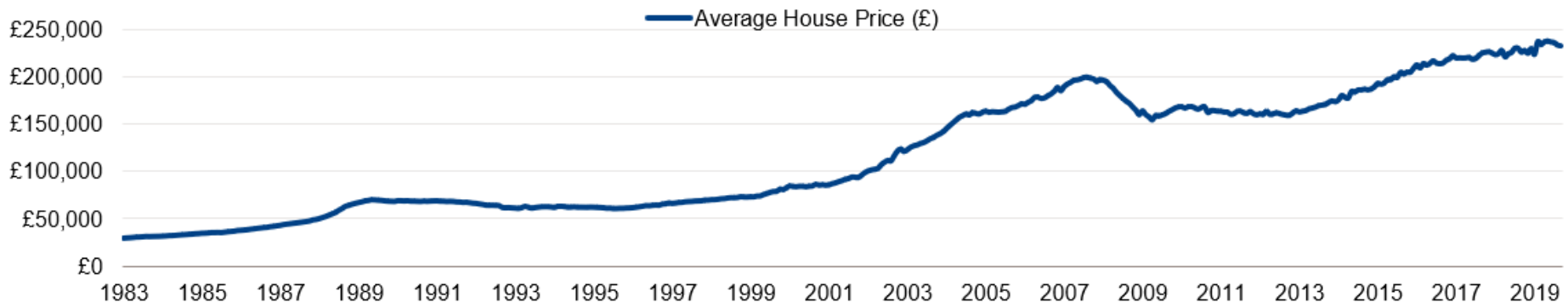
## Standardised average house prices



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%

- There was no real shift in house prices in September as the average property value fell by just 0.7% month on month.
- This further extends the predominantly flat trend we've seen over the last six months, with average house prices having barely changed since March.

- At the end of September 2019, the average house price in the UK decreased to £232,574 when compared to £232,876 in July 2019.
- House prices in September 2019 were 1.1% higher than the same month a year earlier.



Source: Halifax House Price Index

© GfK 2019 | Economic Overview

# Macro factors impacting Merchants

## Property transactions

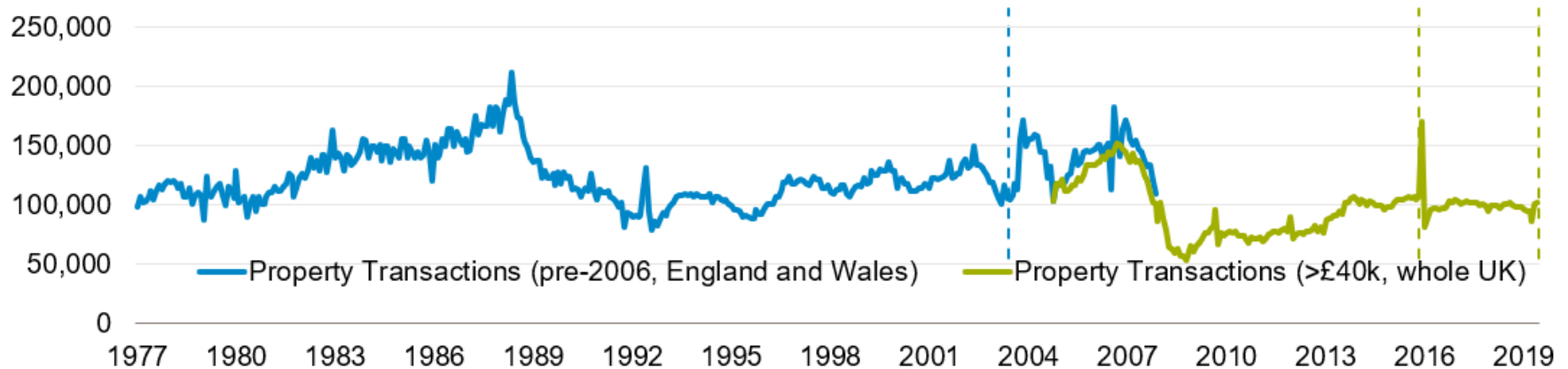
Monthly transactions, residential, seasonally adjusted



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 1<sup>st</sup> 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.

- The seasonally adjusted UK property transaction count for September 2019 was 101,740 residential and 10,500 non-residential transactions.
- The seasonally adjusted count of residential property transactions in September 2019 is 1.3% higher than September 2018 and 1.9% higher than August 2019.



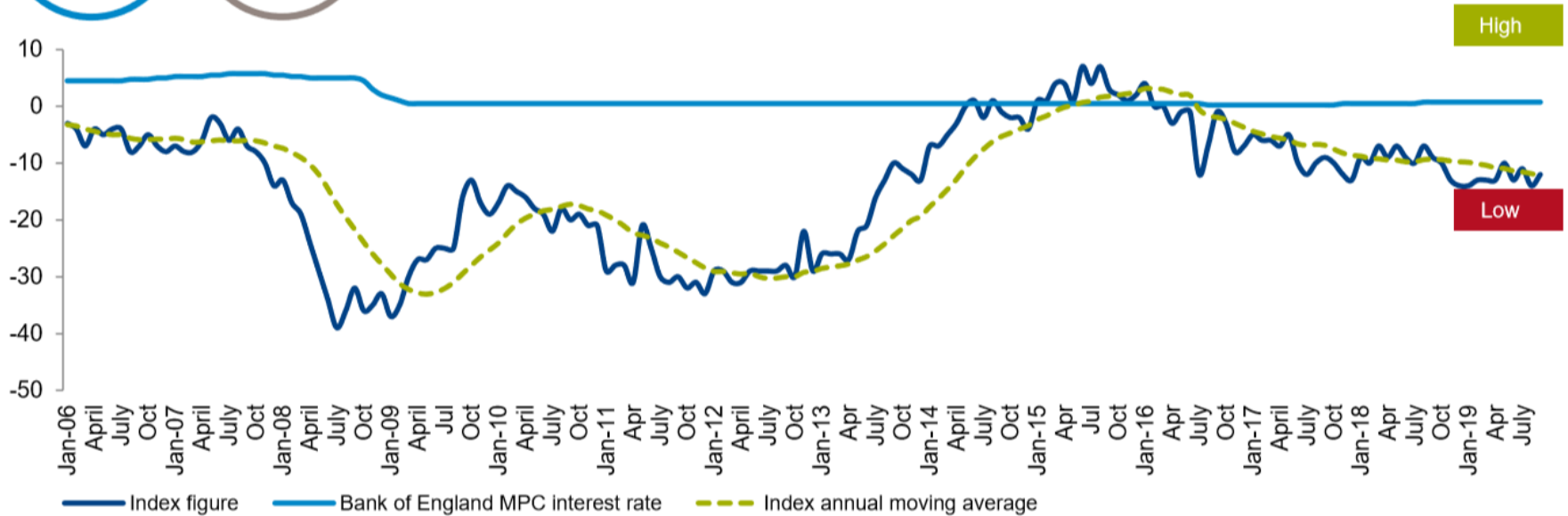
Source: HM Revenue & Customs

© GfK 2019 | Economic Overview

# 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.

© GfK 2019 | Consumer Confidence Barometer | September 2019

# BMF Forecast Report

## Quarterly editions



### Builders' Merchants' Industry Forecast Report

While the Builders' Merchants' Building Index (BMBI) data, which is provided by GfK and is based on actual sales category performance, has enabled users to see which products and regions are currently growing, the BMF Forecast Report takes this one stage further to meet the industry's need for accurate forecasting.

The BMF forecast model incorporates several lead indicators to signal future events that will impact our markets.

Using BMBI data coupled with advanced modelling techniques the BMF have developed a channel specific forecasting model to show what is likely to happen in the next 12 months, making it possible for merchants and suppliers to forecast their customers' requirements more accurately.

The report is updated on a quarterly basis and the next report (Winter 2019) is due out in December. The forecast report can be downloaded by BMF members free of charge - once logged in – [here](#).

Non-members can purchase the report by contacting Nyssa Patel on 024 7685 4994 or email [nyssa.patel@bmf.org.uk](mailto:nyssa.patel@bmf.org.uk)



**Builders Merchants  
Industry Forecast**  
2019 - 2021

**Nyssa Patel**  
Industry Analyst/Economist  
Quarter 2 edition – £195

The BMF. Building your people. Building your skills. Building your business. Building your voice. Building excellence.

# Contact us

## For further information



**Emile van der Ryst**

Senior Client Insight Manager - Trade

[Emile.van-der-ryst@gfk.com](mailto:Emile.van-der-ryst@gfk.com)

+44 (0) 20 7890 9615



**Neil Frackiewicz**

Head of Retail UK

[Neil.frackiewicz@gfk.com](mailto:Neil.frackiewicz@gfk.com)

+44 (0) 20 7890 9123



**Nyssa Patel**

Industry Analyst / Economist

[nyssa.patel@bmf.org.uk](mailto:nyssa.patel@bmf.org.uk)

+44 (0) 24 7685 4994



**Lucia Di Stazio**

Managing Director

[lucia@mra-marketing.com](mailto:lucia@mra-marketing.com)

+44 (0) 1453 521621



**Tom Rigby**

Commercial Manager

[tom@mra-marketing.com](mailto:tom@mra-marketing.com)

+44 (0) 7392 081276