

“building **excellence**
in materials supply”

Builders Merchant Building Index



Quarter 4 2021

(Published 22 February 2022)

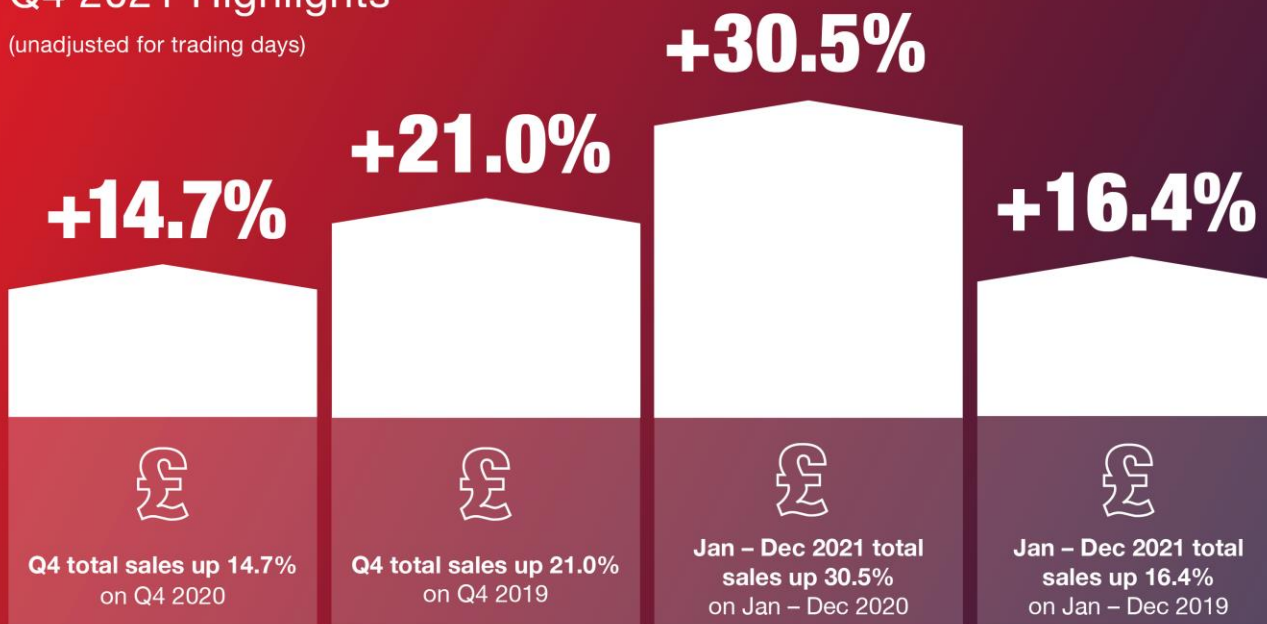
Highlights

“A full year review shows a value increase of 30.5% against 2020 and 16.4% against 2019. Heavyside continues to drive activity as Heavy Building Materials, Timber & Joinery & Landscaping all perform strongly”. Emile van der Ryst, Senior Client Insight Manager - Trade, GfK. Read Emile’s full comment on page 6.

BMBI Report

Q4 2021 Highlights

(unadjusted for trading days)



“ Sales in 2021 as a whole were 16.4% higher than in 2019.”

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Introduction:

Builders Merchant Building Index



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.

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

Executive Summary

Short of time and just want to read the headlines? Download an Executive Summary that provides a snapshot on value sales and trends from Britain's Builders' Merchants for Quarter 4 and December 2021 [here](#).

BMBI Expert Panel

MRA Research 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. **Meet the Experts and read their comments on pages 18 to 32 of this report or read their previous comments [here](#).**

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 and BMBI is referenced alongside the Office for National Statistics (ONS) data in the Government **Department for Business, Energy and Industrial Strategy (BEIS)** monthly construction update. **Download the latest update [here](#).**



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 final quarter of 2021 saw the merchant trade boom inevitably slowing down but takes nothing away from an exceptional year after the local and global uncertainty that was 2020. Most of the year was characterised by supply shortage, with Q4 seeing a shift towards more substantial price increases. Q4 was still the third best quarter on record after the previous two and was still up by 14.7% against 2020 Q4. This same metric shows that growth is exclusively driven by pricing, with volume down.

A full year review shows a value increase of 30.5% against 2020 and 16.4% against 2019. Heavyside continues to drive activity as Heavy Building Materials, Timber & Joinery & Landscaping all perform strongly. Against 2020 these three categories saw increases of 24.0%, 52.1% and 31.3% respectively. 2021 against 2019 has been a more accurate barometer for merchants this year, with this revealing growth of 9.7% for Heavy Building Materials, 37.7% for Timber & Joinery and 38.4% for Landscaping. Within these categories, all of Bricks, Blocks, Insulation, Lintels, Plasterboard, Sheet Materials and Roofing Products saw their highest average price during the fourth quarter, highlighting some of the macroeconomic cost pressures that have been well documented.

In the Lightside categories, Workwear & Safetywear was the only area to see minimal year-on-year growth in 2021, only up by 2.3%. Decorating was the only other category with growth of less than 20%, increasing by 17.8%. Tools was up by 26.6%, Kitchens & Bathrooms by 24.0% and Plumbing, Heating & Electrical by 23.5%.

This is a year that merchants can look back at with pride, efficiently adjusting to unique market conditions and maximizing returns to the best of their abilities. 2022 does however bring a dark cloud of even more price increases, further economic difficulties for consumers and potential geopolitical issues further afield. It won't be an easy year, which makes predictions even more difficult, but there's an expectation that the market will remain relatively flat. Only time will tell, but right now signs point towards a bumpy year.

Q4 was the third best quarter on record after the previous two and was up by 14.7% against Q4 2020. This same metric shows that growth is exclusively driven by pricing, with volume down.

Merchants' View

John Newcomb, CEO BMF



Despite the year's many challenges, the construction industry has demonstrated remarkable resilience and as this final report of the year shows, the building materials sector has performed strongly.

With increasing inflationary pressures now evident, will the post-Covid revival continue?

The latest figures from the Office of National Statistics (ONS) show construction output during 2021 increased by +12.7% compared with 2020. Although we must remember that activity in 2020 was severely compromised by Covid restrictions, resulting in a record -14.9% fall in output that year.

Construction output overall saw a slight increase in Quarter 4 2021, growing by +1.0% over Q3 2021. October recorded a month-on-month contraction of -1.5%, but monthly construction output increased in both November (+1.9%) and December (+2.0%) bringing a positive end to the year. However, the month-on-month rise in December 2021 came solely from an increase in new work (+3.5%), whereas Repair, Maintenance and Improvement (RMI) saw a decline of -0.7%.

The Federation of Master Builders State of Trade for Q4 2021 found many members reporting the most difficult trading conditions they have seen over many years in business, with a majority finding both current workloads and future enquiries down on Q3. RMI was the strongest area with 32% of FMB members seeing a net increase in workload and enquiries, however, this growth was considerably lower than Q3 which reported a net increase of 50%.

FMB members are being squeezed on several fronts, with 95% affected by increased material costs and 62% reporting a rise in wages and salaries to secure skilled workers. As a result, 74% have increased their charges for work and expect these trends to continue.

What does this mean for 2022? Rising energy prices, price inflation and rising interest rates are creating a high degree of uncertainty at this stage. If these issues worsen or persist building material sales across 2022 will be restricted. If there is a gradual correction over the year, we are likely to see a flat rate growth. However, if the issues ease quicker than expected, we may see an even better trading year than 2021.

Despite the year's many challenges, the construction industry has demonstrated remarkable resilience and as this final report of the year shows, the building materials sector has performed strongly.

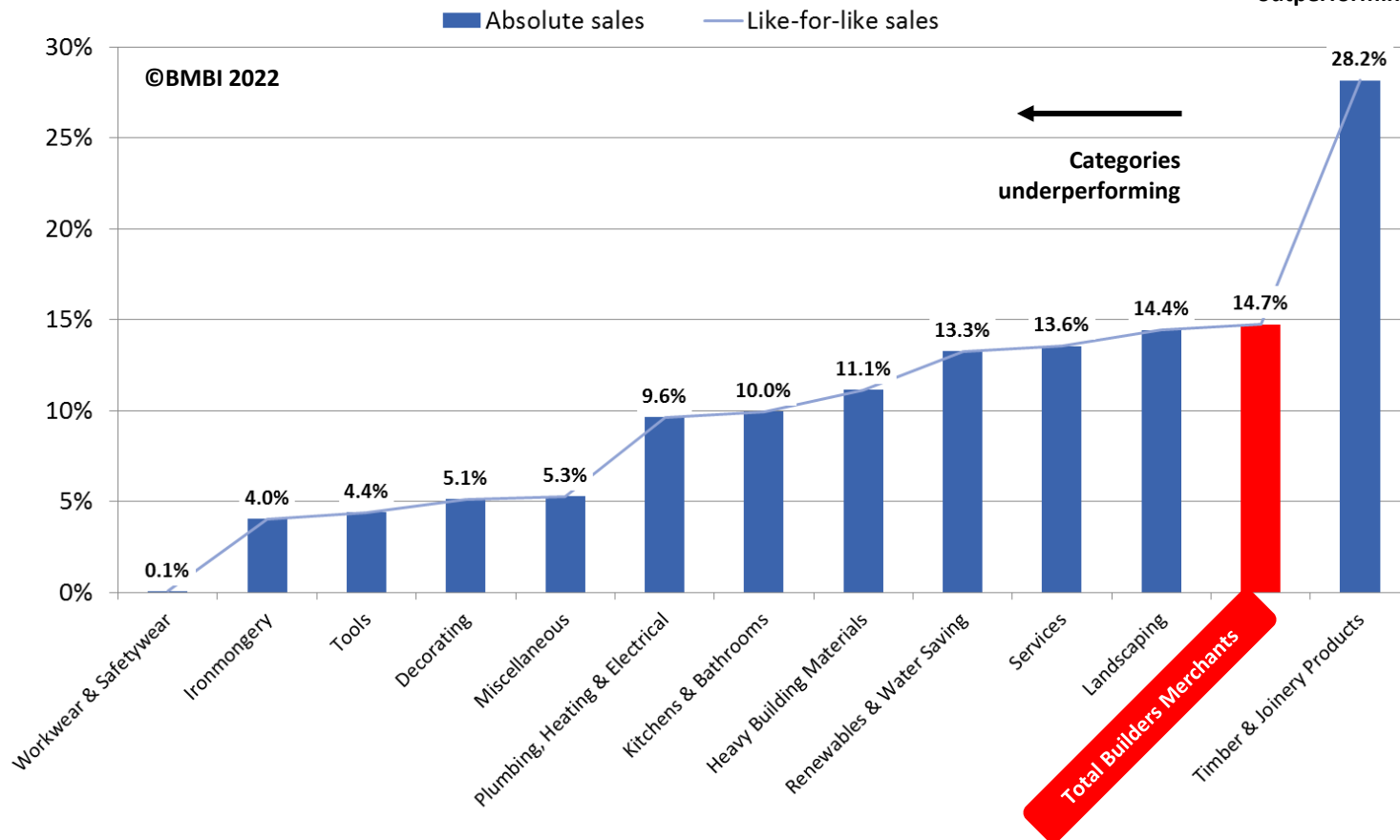
Quarterly: This Year v Last Year

Q4 2021 sales



No difference in trading days. Like-for-like sales take trading day differences into account.

Quarter 4 2021 v Quarter 4 2020



Source: GfK's Builders Merchants Total Category Report July 2015 to December 2021

Values shown for absolute sales

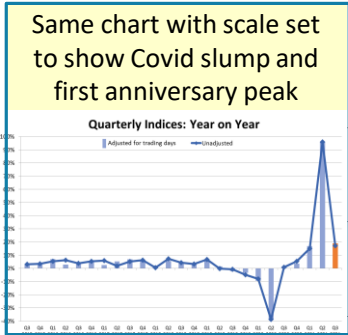
Timber & Joinery Products grew at twice the rate of merchants generally in Quarter 4 2021, compared with Q4 last year.

Quarterly sales: Year-on-year

Absolute and Like-for-like sales



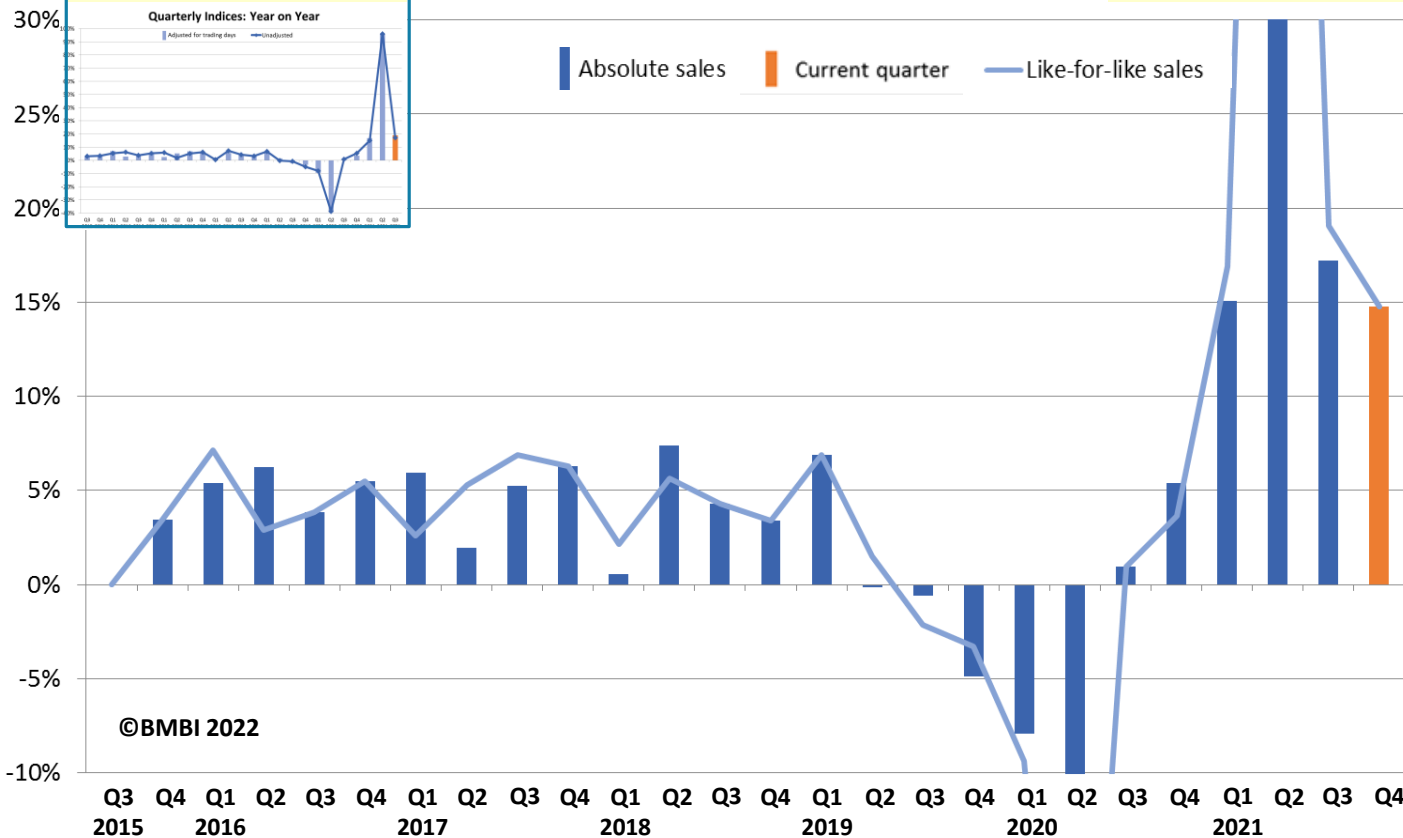
No difference in trading days this quarter. Like-for-like sales take trading day differences into account.



Quarterly sales: Year on Year

Year-on-year sales peaked at +96.0% in Q2 2021

Source: GfK's Builders Merchants Total Category Report July 2015 to December 2021



Year-on-year sales slumped to -38.6% in Q2 2020

Year-on-year growth remains strong. Total Merchant Sales sales in Quarter 4 were 14.7% higher than in the same quarter last year.

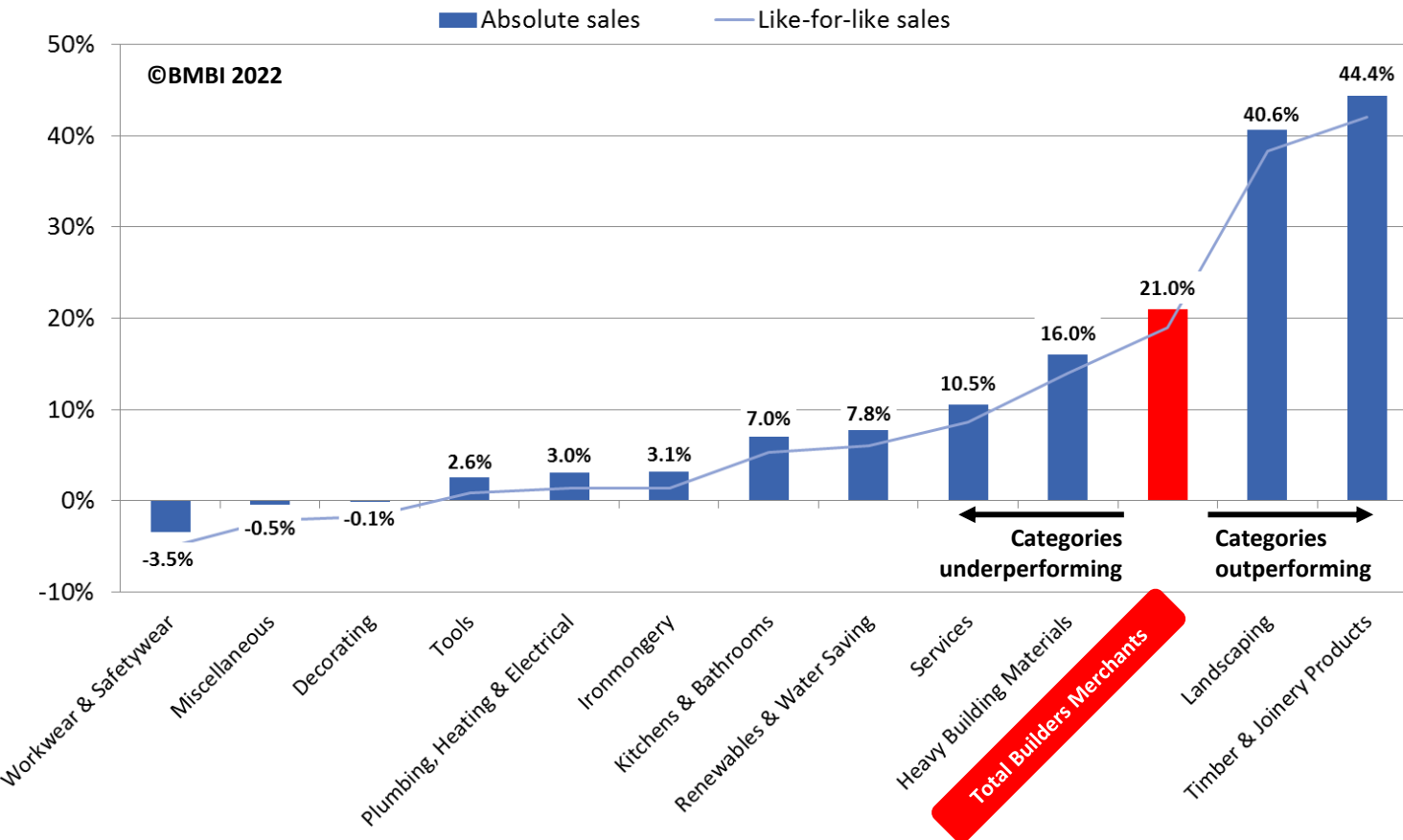
Quarterly: This Year v 2019

Q4 2021 2-year sales



One more trading day this year. Like-for-like sales take trading day differences into account.

2-year comparison: Quarter 4 2021 v Quarter 4 2019



Source: GfK's Builders Merchants Total Category Report July 2015 to December 2021

Values shown for absolute sales

The value of Timber & Joinery Products and Landscaping sales were both over 40% higher in Q4 2021, compared with pre-pandemic Q4 2019.

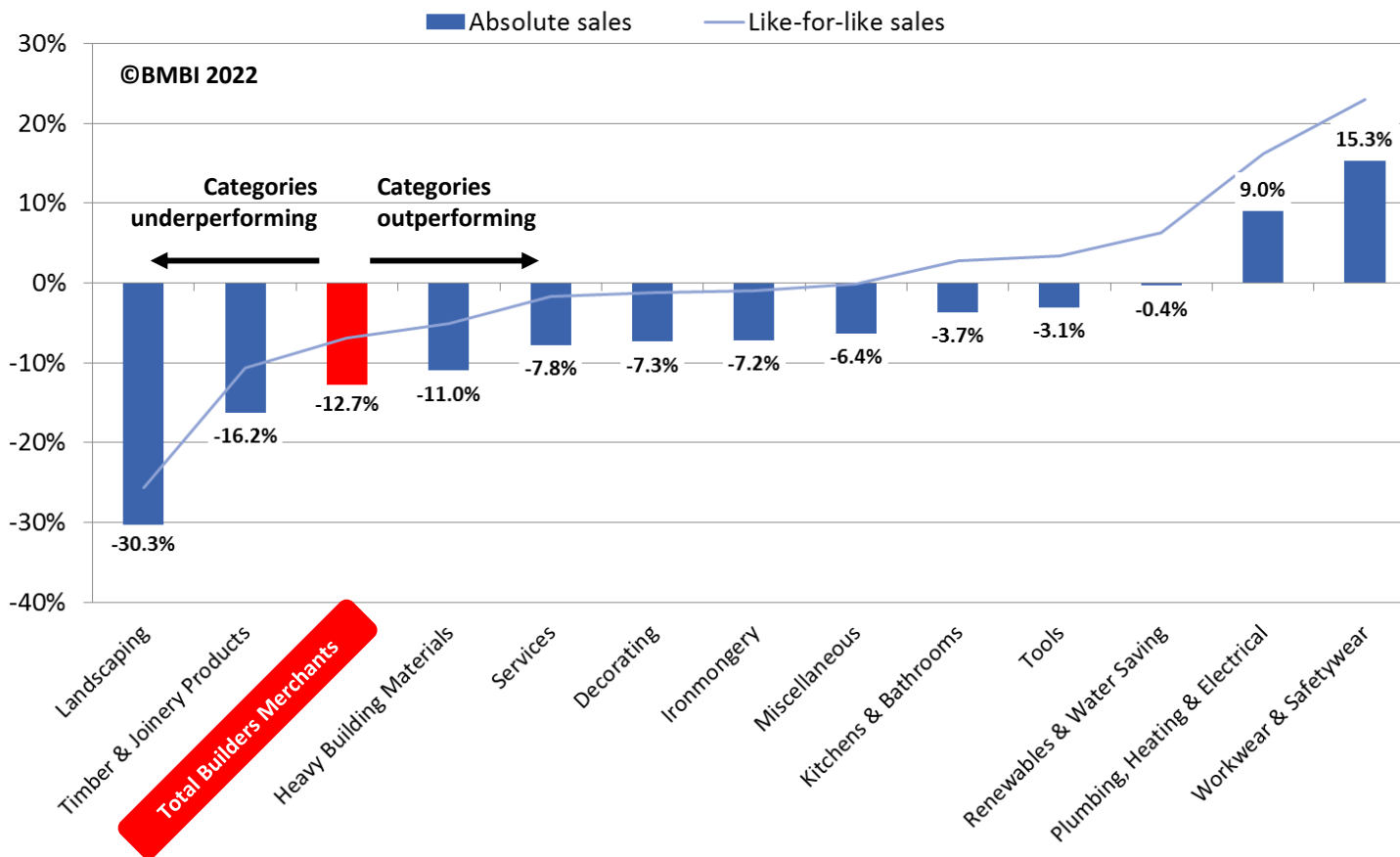
Quarterly: Quarter on Quarter

Q4 2021 sales



Four less trading days this quarter. Like-for-like sales take trading day differences into account.

Quarter 4 2021 v Quarter 3 2021



Source: GfK's Builders Merchants Total Category Report July 2015 to December 2021

Values shown for absolute sales

Fourth quarter sales were 12.7% lower than Quarter 3 but this was in line with seasonal trends. Only Workwear & Safetywear and Plumbing Heating & Electrical sold more.

Quarterly: Index and Categories

Quarter 4 2019* to Quarter 4 2021

Indexed on July 2014 to June 2015



QUARTERLY SALES VALUE INDEX	Index	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Total Builders Merchants	100	105.4	104.9	76.4	124.6	111.1	120.7	149.7	146.1	127.5
Timber & Joinery Products	100	111.3	108.5	78.0	133.4	125.4	141.5	183.0	191.9	160.7
Heavy Building Materials	100	102.3	102.5	75.1	119.9	106.8	113.1	136.3	133.3	118.7
Decorating	100	104.7	101.1	56.3	108.5	99.5	101.1	112.2	112.9	104.6
Tools	100	92.2	86.0	41.0	94.4	90.7	99.6	103.0	97.6	94.6
Workwear & Safetywear	100	117.4	128.7	67.5	113.7	113.3	117.3	103.9	98.3	113.3
Ironmongery	100	113.6	112.9	65.0	123.2	112.6	119.3	133.8	126.2	117.2
Landscaping	100	91.2	100.1	138.8	175.5	112.1	141.5	237.5	184.0	128.3
Plumbing, Heating & Electrical	100	123.4	118.5	53.9	104.6	116.0	122.9	118.6	116.7	127.2
Renewables & Water Saving	100	65.8	76.6	31.5	66.4	62.6	70.3	77.2	71.2	70.9
Kitchens & Bathrooms	100	112.8	109.4	48.4	111.6	109.8	107.5	116.7	125.3	120.8
Miscellaneous	100	114.9	129.1	63.3	111.0	108.6	115.9	119.2	122.1	114.3
Services	100	110.3	104.8	72.8	115.9	107.3	110.4	127.9	132.1	121.8

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

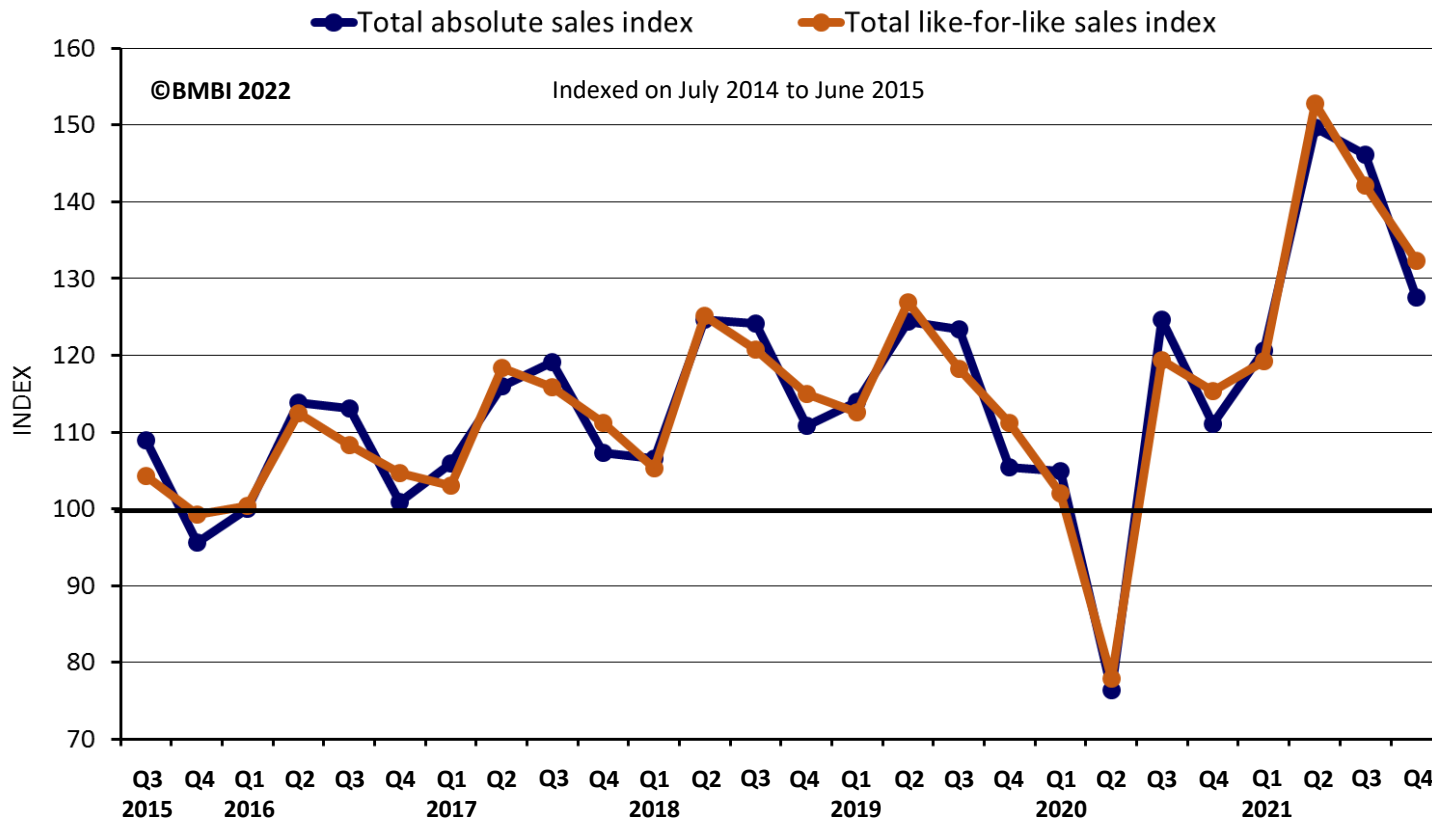
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to December 2021

Quarterly: Index

Absolute and Like-for-like index

Two less trading days this quarter. Like-for-like sales take trading day differences into account.

Total Builders Merchants absolute sales index v like-for-like sales index



Source: GfK's
Builders Merchants
Total Category Report
July 2015 to December 2021

The fourth quarter index was lower than Quarter 3, reflecting seasonal norms, but exceeding pre-pandemic levels.

Quarterly: Index and Categories

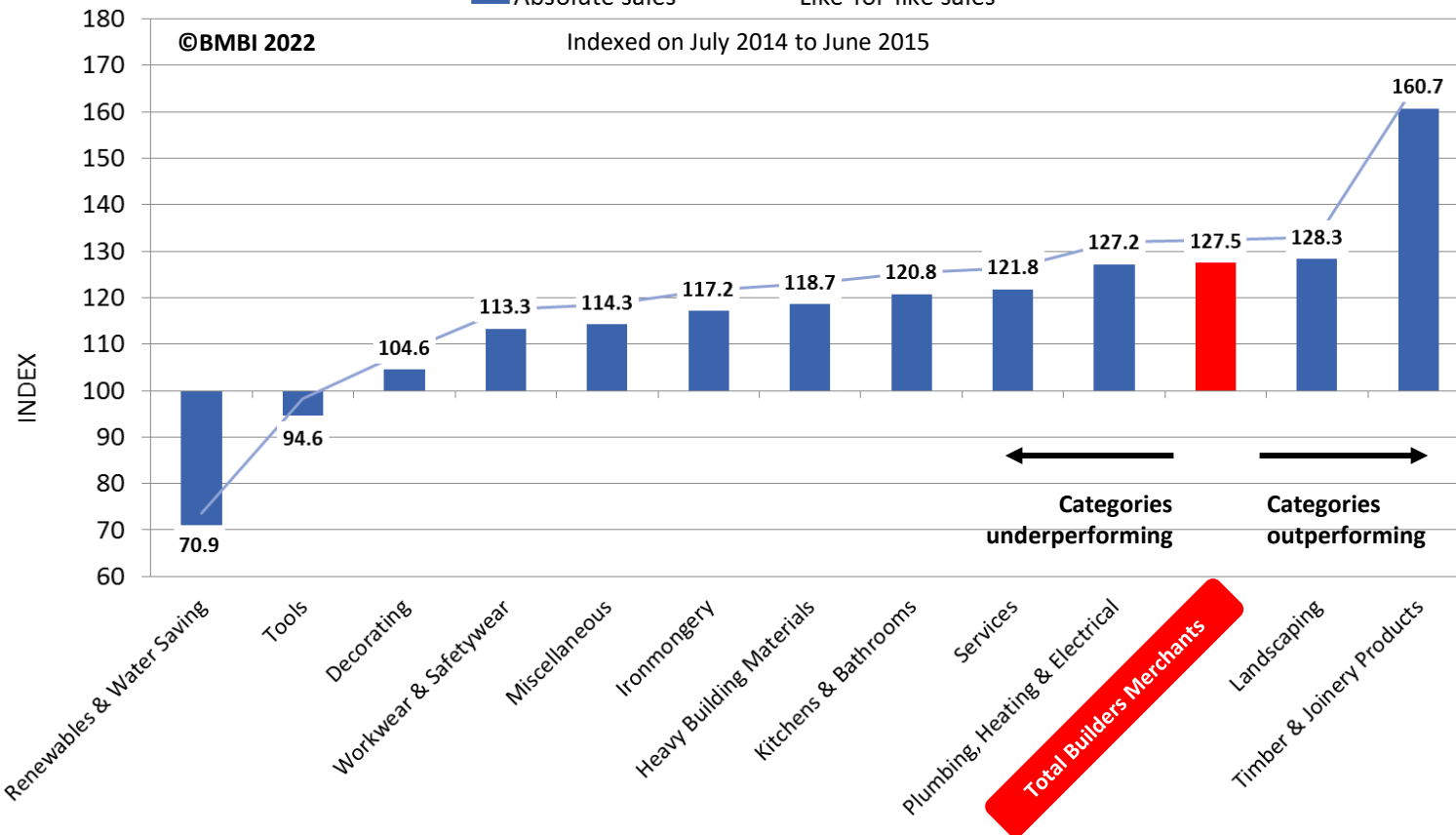
Q4 2021 index



Two less trading days this quarter. Like-for-like sales take trading day differences into account.

Quarter 4 2021

Absolute sales Like-for-like sales



Source: GfK's
Builders Merchants
Total Category Report
July 2015 to December 2021

Values shown for
absolute sales

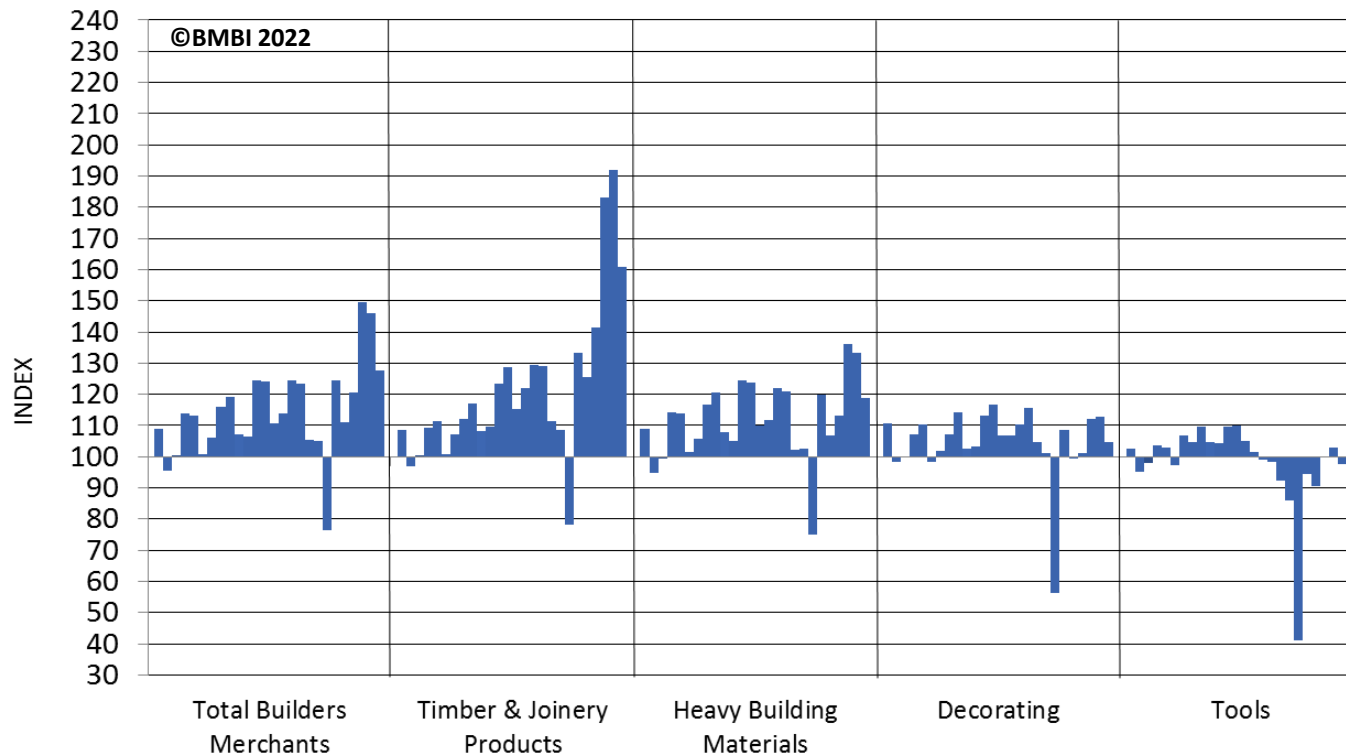
Timber & Joinery
Products
significantly out-
performed other
categories.

Quarterly: Index and Categories - 1

Quarterly indices



Quarterly Indices Q3 2015 to Q4 2021



Source: GfK's
Builders Merchants
Total Category Report
July 2015 to December 2021

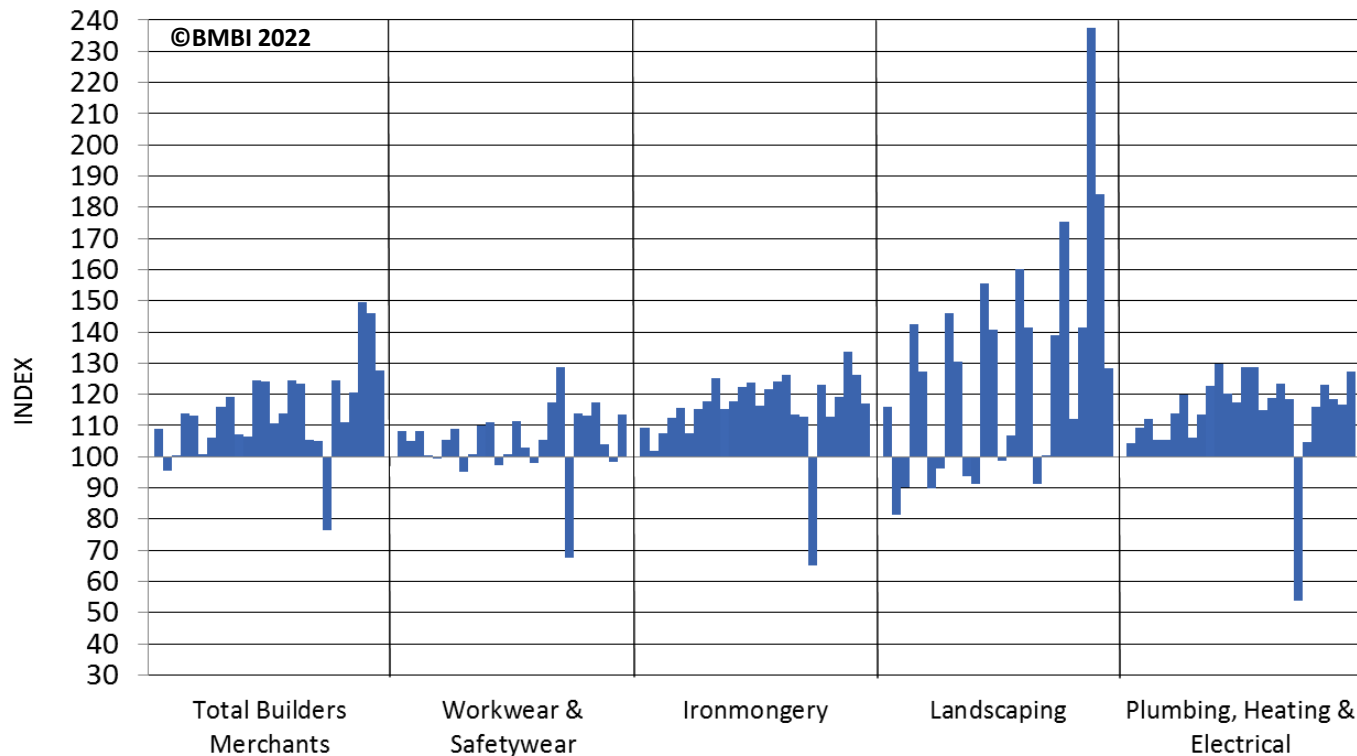
Timber & Joinery Products continued to out-perform most other categories.

Quarterly: Index and Categories - 2

Quarterly indices



Quarterly Indices Q3 2015 to Q4 2021



Source: GfK's
Builders Merchants
Total Category Report
July 2015 to December 2021

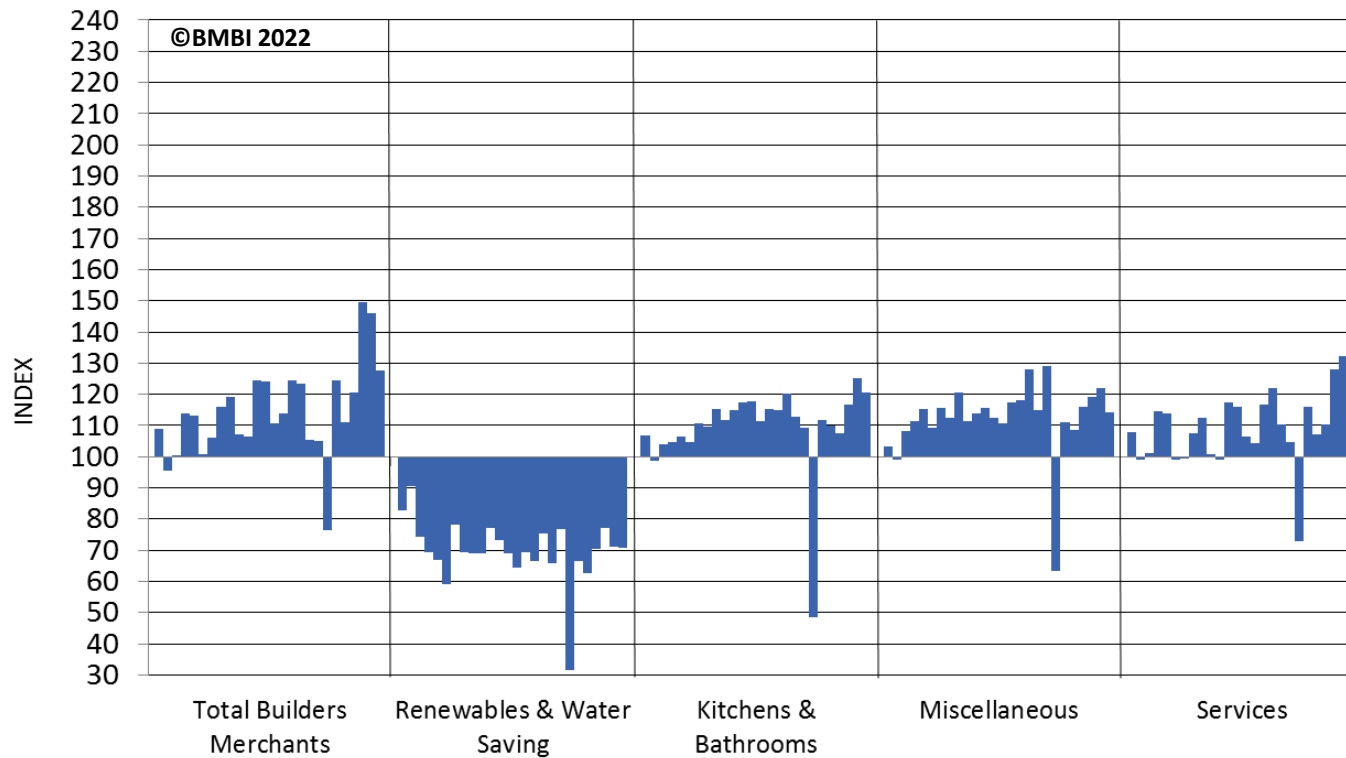
The seasonality of Landscaping can be clearly seen. In Q2 2021 the category achieved the highest BMBI Index of any category.

Quarterly: Index and Categories - 3

Quarterly indices



Quarterly Indices Q3 2015 to Q4 2021



Source: GfK's
Builders Merchants
Total Category Report
July 2015 to December 2021

Kitchens & Bathrooms was hit particularly hard by the pandemic in Q2 2020 but the most recent three quarters have seen a much-improved performance.

Expert Panel

Wood-Based Panels

(Part of Timber & Joinery Products)



Simon Woods, European Sales Marketing & Logistics Director West Fraser (formerly known as Norbord) is BMBI's Expert for Wood-Based Panels.

Throughout 2021 demand for timber products ran at unprecedented levels but, as unprecedented demand met unprecedented supply problems and rising costs, it was a challenging year. In Q4 though, we may just have turned the corner.

Timber Trade Federation (TTF) statistics show that imports of timber and panel products declined in November, as more regular demand patterns returned, but most product categories are still nearing record volumes, even when heading into the usual winter decline.

Driver shortages, which were in part responsible for last year's supply chain issues, were much improved in Q4. Logistics UK announced in December they were starting to see the green shoots of recovery. As more drivers were being trained and fewer drivers were leaving overall driver numbers increased.

The CITB estimates that over 200,000 new workers will be needed by 2025 across the construction industry, including those with woodworking and joinery skills. To encourage the next generation to get qualified, the British Woodworking Federation (BWF) is launching an apprenticeships campaign as part of a wider focus on skills, talent recruitment and retention.

Looking ahead to 2022, sustainability will stay front of mind for architects and specifiers. The new way to build more sustainable buildings? The traditional way, by using timber as a primary building material. A return to wood would be beneficial for the planet. Not only does it remove more CO2 from the atmosphere than it adds through manufacture, but by replacing carbon-intensive materials such as concrete or steel it doubles its contribution to lowering CO2.

After a hiatus in high demand over the festive period and the start of 2022, we expect to see sales increase again in the spring when conditions are drier. Only then will we really know whether timber and timber product sales will stay high above pre-Covid levels and to what extent supply chain resilience has returned. While we like to think we operate in isolation and control our own paths, any hiccups or major disruption in the global supply chain affects us all.

Throughout 2021 demand for timber products ran at unprecedented levels but, as unprecedented demand met unprecedented supply problems and rising costs, it was a challenging year.

In Q4 we may just have turned the corner.

Expert Panel

Natural Stone & Porcelain Paving

(Part of Landscaping)



Krystal Williams, Managing Director Pavestone UK Ltd, is BMBI's Expert for Natural Stone & Porcelain Paving.

The market experienced a sharp decline in Q4, with a lot of stock left on the ground at the end of the year. It's difficult to pinpoint the reasons behind the drop, but with many landscapers already fully booked for 2022, the pipeline of orders is there, we just need to wait for them to filter through.

What we do know is that 2022 is already shaping up to be a challenging year. We now have to pay multiple surcharges for every shipment we receive, and shipping prices are on the up again, as shipping companies reduce or cancel planned voyages from India to the UK to drive up competition for container space. These factors will push up the cost of sandstone, which is largely sourced from India.

Porcelain, which enjoyed a surge in popularity in 2021 as sandstone supplies were disrupted by India's Covid crisis, is also set to increase in price. Higher energy costs are making it unviable to manufacture, so many kilns are now shutting, rather than selling it at a cost its customers aren't willing to pay. This means there won't be enough capacity to meet European demand and prices will go up as a result.

With both the cost of natural stone and porcelain set to rise, it is even more important for merchants to hang on to the stock they have and not be tempted to sell it cheap to run down supplies.

Another cautionary tale for 2022 is the rise (and downfall) of the 'furlough landscaper'. While on furlough, a lot of people changed jobs to become landscapers as it was a very profitable sector. With the best landscapers fully booked, untrained and inexperienced landscapers will be picking up a lot of jobs. The result? A lot of badly laid paving and unhappy customers.

We are encouraging homeowners to use recommended tradespeople and to do their research before agreeing anything. We've also invested in a suite of videos to show landscapers how to – and how not to – lay our products for best results.

On a more positive note, the greige (grey beige) colour trend is really starting to pick up pace, and it's now made its way into interior paint choices. It's going to be big.

With both the cost of natural stone and porcelain set to rise, it is even more important for merchants to hang on to the stock they have and not be tempted to sell it cheap to run down supplies.

Expert Panel

Adhesives & Sealants

(Part of Decorating)



Mathew Whitehouse, Marketing Director at Bostik UK is BMBI's Expert for Adhesives and Sealants.

The wider economy continued to recover in Q4 and it was particularly pleasing to see construction surpassing pre-COVID levels for the first time in November, ahead of economic forecasts. Infrastructure as a whole has witnessed a significant rise in activity.

This is all positive, however ongoing issues remain. Although the increase in raw material costs flattened slightly, supply chains are still experiencing bottlenecks. Many chemical companies are placing customers on allocation or calling force majeure, and, historically, slim manufacturing margins have meant further price rises. In addition, towards the end of last year we saw energy prices more than double. The combination of these factors makes further cost increases inevitable.

There are options for the industry to take action. One solution is alternative technologies, but this does take time to bring through.

In Q4, global attention also turned to Glasgow and the COP26 climate-change summit. During the summit, the Construction Leadership Council (CLC) hosted an event that demonstrated how companies across the sector are already leading the transition to Net Zero as part of its Construct Zero programme.

From architects to builders through to merchants and the entire supply chain, we all have a vital role to play if we're to reach the Government's target of becoming Net Zero by 2050.

However, the volatile nature of business that we've all become accustomed to in the past 18-24 months provides us with an opportunity to challenge the 'business as usual' approach.

Can we convince end users to favour more environmentally friendly technologies? Are we able to use more recyclable materials in our packaging? Can we consolidate deliveries to reduce the number of lorries on the road?

Signing up to collaborative schemes like the CLC's Construct Zero will help, but let's ensure these conversations are happening between merchant and supplier at every opportunity. Let's not do 'business as usual'.

Although the increase in raw material costs flattened slightly, supply chains are still experiencing bottlenecks. Many chemical companies are placing customers on allocation or calling force majeure.

Expert Panel

Bricks & Roof Tiles

(Part of Heavy Building Materials)



Kevin Tolson, Commercial Director Wienerberger UK is BMBI's Expert for Bricks & Roof Tiles.

The final quarter of 2021 in many ways has mirrored the previous nine months in our sector. Positive rays of sunshine, but with little outbreaks of rain to keep us on our toes.

December was a perfect example to end another unique year. According to the latest figures from IHS Markit and the Chartered Institute of Procurement (Cips), housebuilding experienced the strongest growth and was the only subsector to gain momentum in December.

This was a reflection of the hard work that many manufacturers have put in to boost production capacity and resolve supply chain issues, the number of construction firms reporting supplier delays dropped from 47% in November to 34% in December.

However, the same survey of 150 construction companies, showed building companies ending 2021 on a weaker footing, with coronavirus infections and fresh pandemic restrictions hitting demand.

As we come through another disrupted year and look to 2022, I can reflect on the amazing work and resilience I've seen from within our organisation, across the industry, our trade customers, and the UK as a whole.

We come out of this quarter and into the new year ready to face the inevitable challenges: soaring energy costs, CPI inflation at over 5% - the highest in a decade - and the inevitable monetary tightening all look set to figure prominently. As an industry, we'll overcome these obstacles and ensure the building sector continues on a positive trajectory.

We come out of this quarter and into the new year ready to face the inevitable challenges: soaring energy costs, CPI inflation at over 5% - the highest in a decade - and the inevitable monetary tightening all look set to figure prominently.

Expert Panel

Civils & Green Infrastructure

(Part of Heavy Building Materials)



Clark McAllister, Sales Director Polypipe Civils & Green Urbanisation is BMBI's Expert for Civils & Green Infrastructure.

Like friends and colleagues across our industry, the Christmas break was a timely and much needed circuit-breaker from the challenges of 2021. Those challenges have not magically disappeared, far from it, but it was an opportunity to take breath and consider how we move forward into 2022.

The upstream supply uncertainties throughout the second half of 2021 remain equally volatile, making the implementation of accurate strategic plans and effective operational decisions far from easy. With demand staying relatively firm, albeit with expected seasonal variation, and forecasts of price fluctuations combined with interest rate rises and a squeeze on the cost of living, we could see volumes fall back in some sectors.

In contrast, infrastructure and green urbanisation activity is set to see continued strong growth led by projects such as HS2 and legislative drivers such as the Environment Act. The Environment Act's requirements for developments to achieve a net-gain uplift in biodiversity will transform our urban landscape and deliver a wealth of multi-functional benefits for communities and the environment. We will be watching carefully to see what targets will be introduced this year to improve nature, air and water quality.

For manufacturers such as ourselves serving these sectors, the continuing challenge is to maintain a consistent level of service while mitigating, as far as we can, the impacts of material constraints and price instability.

Perhaps it's too early to say that we are now through the worst of Covid-19. Let's hope we are. Its legacy, however, is more structural and permanent. The workplace is now more flexible, connected and dynamic. New practices shaped by technology are changing perceptions and expectations of the next generation. If the construction industry is to attract and build the skilled and engaged workforce it needs, we must embrace this opportunity to innovate.

That said, on a very human level, it is good to see face-to-face meetings making a welcome return. Technology is a great enabler but there is no substitute for direct contact with colleagues and customers. Good construction, after all, thrives off building good relationships.

Infrastructure and green urbanisation activity is set to see continued strong growth led by projects such as HS2 and legislative drivers such as the Environment Act.

Expert Panel

Steel Lintels

(Part of Heavy Building Materials)



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

Q4 continued to display the same strong sales trend as we saw in the previous quarters of 2021, with sales volumes up circa 10% on the same period of 2020. However, the last couple of years have been impacted by the pandemic and Brexit, and in reality Q4 2021 is only a few percentage points up in volume terms on Q4 2018.

Looking ahead, will the intensity of 2021 continue this year or will 2022 be more of a 'levelling up' year in terms of demand, as the world returns to normality? It could go either way. The volume house builders are reporting several months of advanced sales already secured for 2022. But as inflation hits, home improvement spend will be competing with opportunities to go on holidays. The availability of labour to complete projects though, is most likely to be the deciding factor.

Allocation in the steel lintel market continues as further price increases are implemented in Q1, and lead times are longer than normal. Access to raw materials, at time of writing, has indeed improved throughout the supply chain – as predicted in our Q3 comment - and finished goods stock holding is getting back to normal levels too.

While things are looking up, my best advice to all merchants is to embrace the lead times and place orders in time. This will in turn help the OTIF (on time in full) and over the quarter this will continue to improve. I would also recommend keeping stock levels high as we head into the summer months.

We are actively building stocks in advance of Q3 2022 when we expect the traditional holiday season to impact labour availability. To support our stocking merchants, we are adding over 150 additional Stock Keeping Units (SKUs) to our stock range to build a greater depth and breadth of product offer. This focus on new products and energy saving will also cover wider cavity lintels and be duplicated in our Hi-therm range, which has grown at over 70% year on year through the pandemic years.

Our area sales managers will be communicating the final details once the new range has been fully completed and is ready to be implemented.

As inflation hits, home improvement spend will be competing with opportunities to go on holidays.

Expert Panel

Drylining Systems

(Part of Heavy Building Materials)



Gordon Parnell, Sales Director British Gypsum is BMBI's Expert for Drylining Systems.

During Q4 we continued to see the ongoing challenges of high prices and low availability of materials, however supply is improving. At the height of the pandemic last year, availability of materials proved to be an ongoing problem for the industry, so during the second quarter, we introduced an allocation system to make sure that the products that we had available were evenly distributed. We worked closely with suppliers to try and ease the situation and ensure we could meet the demands of customers.

Supply and demand improved considerably towards the end of 2021. We had a better balance in Q4, and this enabled us to start 2022 with an end to our product allocation system.

What we have experienced in terms of supply and demand in Q4 was mirrored in a statement from the Construction Leadership Council's (CLC) Product Availability Working Group, which shared a more positive position on the supply of materials.

In January, the co-chairs of the CLC's Product Availability Working Group issued a joint statement updating the industry on the product shortages that have plagued supply in the last 12 months. Seasonal reduction in demand, it said, coupled with a gradual improvement in supply meant that there were relatively good stocks and availability on most products going into 2022.

For the most part this is true, however, there are still delays on the supply of some raw materials for drylining because of lengthened lead times. The drylining industry's costs are also impacted by the ongoing and rapid rise in energy inflation.

We are continuing to experience strong levels of demand for our high-performance drylining solutions and to help meet this, we have implemented a number of capacity improvement projects. Collaboration across the whole supply chain continues to be critical.

Looking forward, British Gypsum echoes the closing statement made by the CLC group - that working closely and collaboratively across the supply chain will be the best way to manage challenges that arise in the year ahead.

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Expert Panel

Mineral Wool Insulation

(Part of Heavy Building Materials)



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

The latest data shows an industry that accelerated over the finish line in 2021. November & December sales of heavy building materials (including insulation) were up significantly on 2019 levels, and fears Omicron might bring things skidding to a halt proved unfounded.

The road ahead looks smoother too. Ongoing shortages of some critical materials, like bricks, might apply some drag to construction, but the worst of the supply disruption appears behind us. Our own stock levels are higher as we move into the new year.

Merchants still face challenges. Soaring energy, raw material and distribution costs have pushed construction product prices up, and insulation is not unaffected. High energy costs are likely to have a positive effect on the demand for Mineral Wool insulation though, as doubling domestic bills make investment in efficient building fabrics even more necessary, and the returns more attractive.

There's an even more significant driver for improved energy efficiency coming in the form of new building regulations. December brought the long-awaited publication of the new Part L standards, to come into force in June this year. It enforces a welcome step-up in the energy efficiency of buildings – new and existing – and introduces greater scrutiny of the fabric 'as-built' in a foretaste of further regulation changes to come.

That's the key watchword for insulation this year – scrutiny. The imminent Construction Products Regulator, for example, will monitor claims about product performance, with robust enforcement powers to address inaccurate or misleading data. It was created in response to a recommendation in the Hackitt Review, as was the Code for Construction Product Information (CCPI), a proactive industry-led initiative to raise standards for the provision of clear, unambiguous product data.

For merchants, who often play a critical advisory role in the supply chain, the Code gives confidence that their product recommendations are grounded in technical accuracy, and will ultimately deliver the performance needed. Knauf Insulation contributed to the development of the Code, and has applied to be an early adopter. So, as scrutiny shifts up a gear in 2022, opportunities to sell high quality Mineral Wool insulation will too.

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Expert Panel

Cement & Aggregates

(Part of Heavy Building Materials)



Andrew Simpson, Packed Products Director Hanson Cement is BMBI's Expert for Cement & Aggregates.

Q4 finished on a high, wrapping up a positive year for volume sales in the cement and aggregates industry.

We'd normally expect to see a drop in demand for our products over winter, but this year bulk cement and aggregate sales remained buoyant in Q4. Bagged cement sales to merchants performed as expected.

Figures from the Mineral Products Association (MPA) showed that construction demand for mineral products remained strong in Q4 across the board, despite uncertainty caused by the Omicron variant. Ready-mixed concrete was up 5.9% compared to Q3, while asphalt (-0.3%) and mortar sales (-0.7%) were only marginally down. With a robust pipeline of new work being reported, strong growth could easily be sustained into 2022 and 2023.

Sales are high, but so too are our costs. Carbon and energy prices are the highest they've ever been, and they are still rising. At the time of writing, carbon credits are over £85 a tonne – a year ago they were £35.

To add to industry's cost pressures, April 2022 will see a ban on the use of red diesel on construction sites, and a new plastic packaging tax. We have already invested in new Tough Bags for our bagged cement products, which are predominantly paper but have a small plastic element, to reduce our plastic use. Demand for plastic packaging with recycled content is increasing, which put pressure on its supply chain.

Supply chain issues eased considerably in Q4, but beware – the issues are far from resolved, they are just less prevalent. When product demand returns to normal around March, don't be surprised to see the return of pinch points, such as driver and haulage shortages. We are urging merchants to keep stock levels high, so they don't get caught out later down the line by the same supply chain disruptions we saw throughout 2021.

If the pandemic has taught us anything, it's to expect the unexpected and plan for the worst. We are better prepared for 2022 than we were for 2021, and we are now quicker to react and ready for whatever the year has in store.

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Expert Panel

Lead

(Part of Heavy Building Materials)



Kyle Hazeldine , Sales & Marketing Manager Midland Lead is BMBI's Expert for Lead.

Rounding off 2021, we experienced another period of uncertainty across the board. Although the summer was unusually busy in comparison to previous years, Q4 wasn't quite as busy as we had anticipated.

Several factors influenced trading conditions. The UK saw a rising number of Covid cases towards Christmas, causing a steep rise in the numbers of people unable to work due to self-isolation and in those directly affected by the new variant. As a result, many tradespeople took a longer break and builders' merchants were running down stock towards the end of a very busy year.

During this period, price increases started to show as raw materials and shipping costs were hit by some of the largest price rises we have ever seen. It was unavoidable that these price increases were passed on to the end user, despite many suppliers trying to protect customers by holding up the increases as much as possible during 2021.

Midland Lead's priority is supplying UK merchants and customers, but we also service a strong export market. This export market has been deeply affected by cost increases as container costs rose to a level that put a real strain on shipping product overseas, especially to territories such as the Middle East and USA.

Our recycled lead is sourced 100% within the UK, and although production staffing has been challenging because of the restrictions, our operations team are flexible and multi-skilled, and both these factors helped us keep a continuity of product supply and manufacture. As an industry, we've all had to adapt to the ever-changing regulations and be quick to respond, working closely with merchants to maintain supply and service to customers.

Even with many new challenges, the construction sector is booming, and Q4 was a strong finish to a positive year. The year twenty twenty one was not easily compared with previous trading periods, but we can see that things are starting to settle, and we expect the construction sector to remain buoyant throughout 2022.

Q1 has got off to a very strong start, however we remain cautious as there are still challenges to be faced. Overall, we expect this year to remain positive.

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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.

Consumer confidence weakened at the end of the year, according to GfK's Consumer Confidence Index, no doubt driven down by the threat of further restrictions and a new Covid variant. Heading into 2022, this caution has continued with some people now putting off major spending and purchases such as windows and doors until the full impact of the energy price rises on household bills is known. GfK's Major Purchase Index which asks consumers 'Do you think now is the right time for people to make major purchases (such as furniture or electrical goods)?' fell 4 points to -10 in January.

There was some good news in Q4 with a return to normal service for lead times (within two weeks on standard items) as supplies of resin, PVC-U profiles and glass became readily available. The industry had hoped the price hikes on raw materials and components that were driven by supply chain problems earlier in 2021 would abate, but costs remain high as rocketing energy bills ramp up production costs.

Sustainability continues to be front of mind for the window industry. In December it was announced that amendments to Part L of the Building Regulations will come into force on 15 June 2022. These require replacement windows for existing homes to achieve U-values of 1.4 W/m²K or below, and installations in new build dwellings to achieve an overall value of 1.4 W/m²K. While many of our products already meet or exceed this standard, some manufacturers – particularly those making aluminium windows - will struggle to hit the higher efficiencies required without extensive technical upgrades.

Reducing energy use will remain a major concern for us all. Even well-known retailers are looking at how they can offer energy saving measures to help consumers worst hit by higher gas and electricity bills.

2022 could be a tough year for window sales. Our numbers for the New Year are currently flat against Q1 2021 but given the increased costs we are experiencing, we are down in real terms. It's the same across the industry. Managing cash flow is going to be a big concern this year, so don't be surprised to see even profitable businesses struggling.

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Expert Panel

Paint

(Part of Decorating)



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

It was a tough but positive end to the year, as labour and material supply issue challenges continued into Q4, while the arrival of the Omicron variant and the subsequent restrictions and light lockdown impacted sales. Reports of softening footfall also came to light across a number of merchant groups. We saw significant raw material price increases that could not be absorbed too.

Overall 2021 ended at +1.8% volume growth for Trade paint versus 2020, and making it flat against 2019. The constraints mentioned above impacted the previous, more positive Q3 forecast, however, 2021 Trade volumes were still the highest on record. Retail paint market volumes ended circa -10% versus 2020. Not a huge surprise given the big spike in volumes in 2020, but it's also worth noting that the October peak season was more muted than expected. Nevertheless, Retail market volumes ended above 2019 levels.

Digital sales have been the focus for many throughout 2021, as people took on board the learnings from those merchants who saw the benefits of a robust digital offer during the 2020 lockdown. Given this background, it's been interesting to see the number of new physical store openings across the Trade market, which is in stark contrast to what we have seen across Retail.

So where have we seen growth in the Trade paint market in 2021? It was no surprise really to see the biggest volumes come from New House Build, Commercial and Private Housing RMI.

If we look at category performance, 77% of Trade paint sold was emulsion, up 1%. This share has been captured from the masonry category which has suffered this year, most likely due to exterior volumes that were pulled forward into 2020 alongside long term category decline.

For the trim category, interior satin finish grew significantly, offset by a decline in solvent borne gloss. A change in trend, but this is also reflective of the importance of sustainability and a change in attitude. Which brings to mind a key question for merchants: do your planograms and stock profile reflect the trends we are seeing?

Overall, the category finished 2021 up 3.3ML, a positive end to a challenging year.

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Expert Panel

Roof Windows

(Part of Timber & Joinery Products)



Jim Blanthorne Managing Director of Keylite Roof Windows is BMBI's Expert for Roof Windows.

As 2021 drew to a close, demand for roof windows went up and up!

Finished goods stocks were stretched to the limit and beyond, as exceptionally strong orders from every market were met head-on with ongoing material supply challenges. Global supply chains struggled to deal with the mixture of demand and Covid-related capacity disruption, making it a challenging quarter for all involved.

As a result of the clash of strong demand and weak supply chains, a number of manufacturers were forced to announce product allocations to ensure their available capacity was shared fairly among customers. These allocations were met by a good level of acceptance from both the merchants and their trade customers, who have all become increasingly used to planning their material requirements well ahead of time throughout the pandemic.

As global cost inflation built up, Keylite and industry competitors announced price increases in Q4, which took effect early in 2022. The price increases announced were higher than the long term average, but were not exceptional in the context of the increases implemented by other categories during the past 12 - 18 months. We had taken every possible measure to shelter our customers from price increases during 2021, but exceptional cost inflation made this impossible to keep up long term.

Material and shipping costs show no sign of slowing down, let alone reversing and coming down. As we enter 2022, the widely reported soaring energy prices are significantly increasing the production costs of commodities such as aluminium and glass, further adding to roof window material cost inflation and putting renewed pressure on margins.

At Keylite we are grateful to our customers for their ongoing support during these difficult times and were delighted to win the Roofing Category Supplier of the Year award at the BMJ awards in London. We will continue to work hard to navigate the challenges for our loyal customers – whatever 2022 throws our way.

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Expert Panel

Shower Enclosures & Showering

(Part of Kitchens & Bathrooms)



Mick Evans, Operations Director Lakes is BMBI's Expert for Shower Enclosures & Showering.

Q4 rounded off the year in style, with the continuation of strong homeowner spending putting the cherry on top of a good year for bathroom product manufacturers.

The latest [Renovation Nation Report](#) by money.co.uk revealed that more than three quarters (77%) of homeowners spent money on changing or improving their properties and 9% chose to invest in their bathroom. The Report estimates that UK homeowners spent £21 billion on home renovations, DIY projects and furnishing in 2021. While the spending figures for 2021 are down on the spectacular numbers recorded in 2020, there is still much to celebrate. The Bathroom Manufacturers Association reported record breaking sales for members, reflecting solid demand for home improvements and the determination of suppliers to deliver, even when facing numerous challenges.

Can this upward trajectory be sustained in 2022? This will depend on the resolution of a number of factors which continue to cause concern. Shipping issues show no sign of easing, and [industry forecasts](#) suggests it could be the second half of 2022 before things get better, particularly if renewed Covid outbreaks cause further disruptions. It may be 2023 before things get back to a new normal. Rising prices were an issue throughout 2021, and although we have seen costs start to stabilise in Q4, there could be more fluctuations ahead. This could put some homeowners off starting a home improvement project, more so in the coming months as household budgets are getting squeezed thanks to increases in energy costs, inflation, higher interest rates and national insurance rises.

A shortage of skilled workers coming through apprenticeships could also spell delays or cancellations to new bathroom projects. More regulation and compliance checks means the average job length is increasing, further stretching a dwindling workforce which sees more retirements than newly qualified fitters to replace them.

As we move through Q1 2022, there is a big opportunity for merchants selling or upselling items on their green credentials as the trend for more sustainable products gathers momentum. Whether its water, energy or packaging, sustainability is a key concern and homeowners are prepared to spend more for the products that help them save, benefitting both the planet and their monthly outgoings.

Q4 rounded off the year in style, with the continuation of strong homeowner spending putting the cherry on top of a good year for bathroom product manufacturers.

Expert Panel

Website & Product Data Management Solutions



Andy Scothern, Managing Director eCommonSense is BMBI's Expert for Website & Product Data Management Solutions.

As one year ends and another begins, it's a good time to consider where you can make improvements to your business to make operations more streamlined and efficient. One way of doing this is to move from paper-based systems to a digital ERP system, but to get the most from it, you need to change the way you think about how you do business.

At a recent meeting with one of our largest clients, the MD said, "You can't digitalise spaghetti" and the statement really resonated. Otherwise known as a poorly designed paper system that has evolved and been replicated into a digital one, "spaghetti" (or tangled, confusing and often contradictory processes and systems) is something that we see all too often.

It's entirely understandable that merchants are reluctant to completely change processes that they might have been following for five, ten, or maybe more years. However, by simply replicating paper-based systems into digital ones, legacy mistakes and inefficiencies become baked-in.

Consider the long-term impact of this. Once an ERP is customised to suit those processes, it is virtually impossible for anyone aside from those involved in the implementation to understand how it's configured. Should a problem be encountered, the ERP support team will struggle to effectively resolve the issue, as the organisational knowledge is not shared. Over time, as people switch roles or move firms, the pool of those with a detailed knowledge of that specific system dwindles.

Worryingly, this is happening all too often. As the trusted advisors, ERP providers need to start saying 'no' as simply implementing everything the way the client thinks they want it, will be damaging to their business long-term.

Not only will merchants struggle to access good quality support, they will also remain tied into inefficient processes unsuitable for the needs of the digital economy and if you're thinking of trading online, then that only exacerbates the problems.

Before implementing a new ERP system, the provider and end-user must sit down to understand the current processes, identify the areas that can be re-engineered and agree on a solution that provides true value for money.

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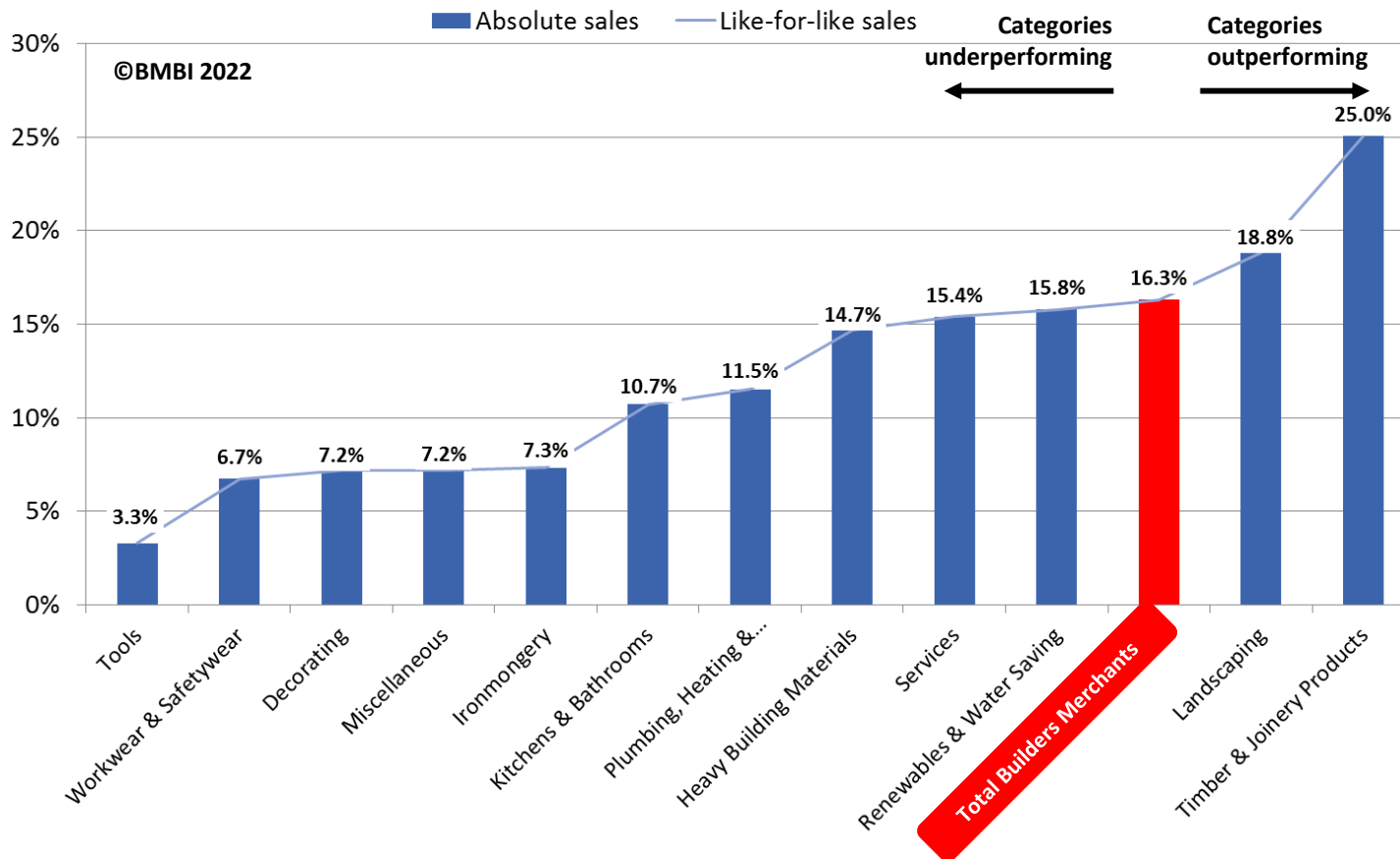
Monthly: This year v last year

December 2021 sales



No difference in trading days this year. Like-for-like sales take trading day differences into account.

December 2021 v December 2020



Source: GfK's Builders Merchants Total Category Report July 2015 to December 2021

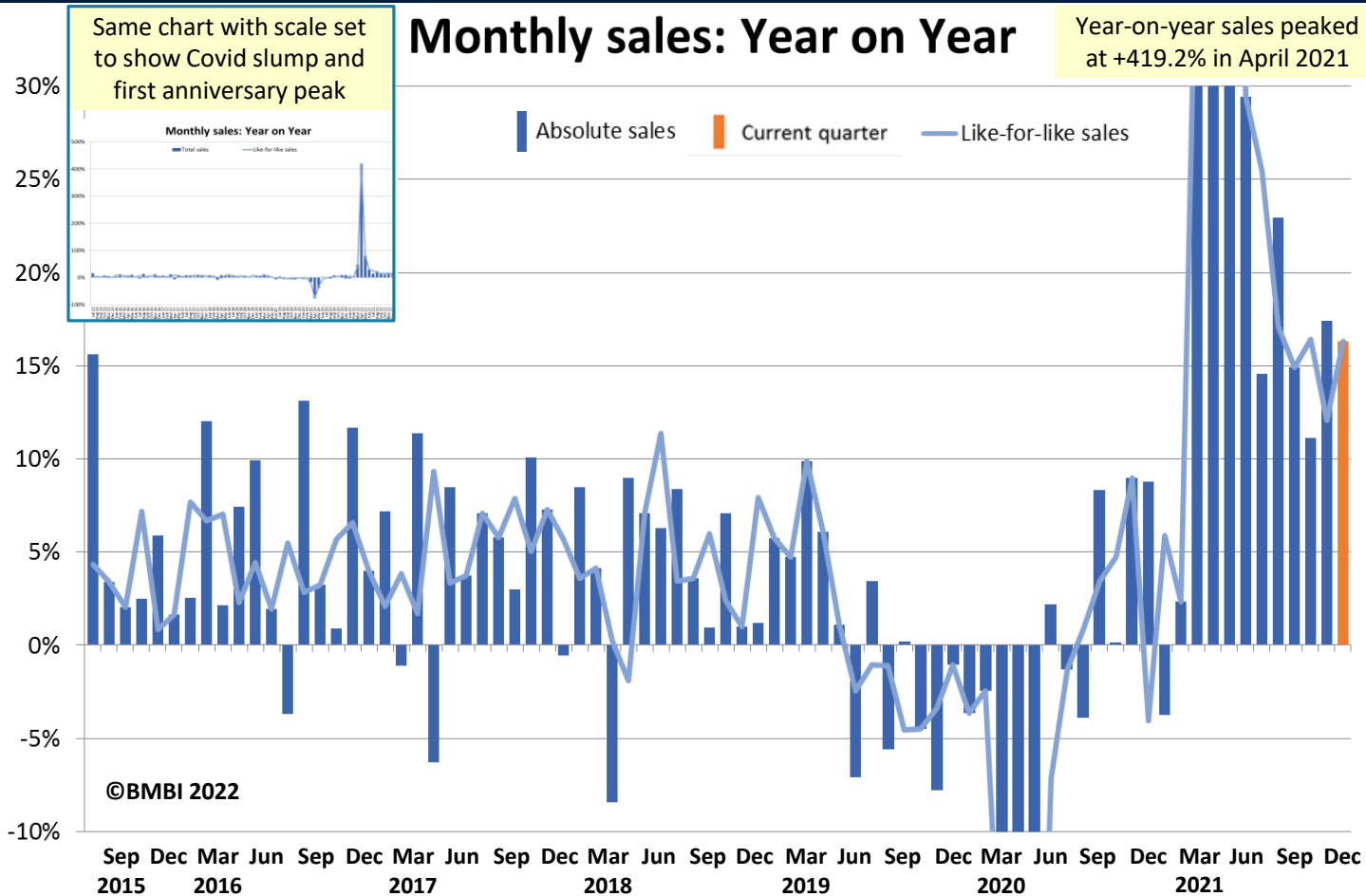
Values shown for absolute sales

All categories sold more this year compared with December 2020. Timber & Joinery Products (+25.0%) did best.

Monthly: Year on Year

Absolute and Like-for-like sales

Like-for-like sales take trading day differences into account.



Source: GfK's
Builders Merchants
Total Category Report
July 2015 to December 2021

December (+16.3%) performed strongly compared with last year, exceeding pre-pandemic growth.

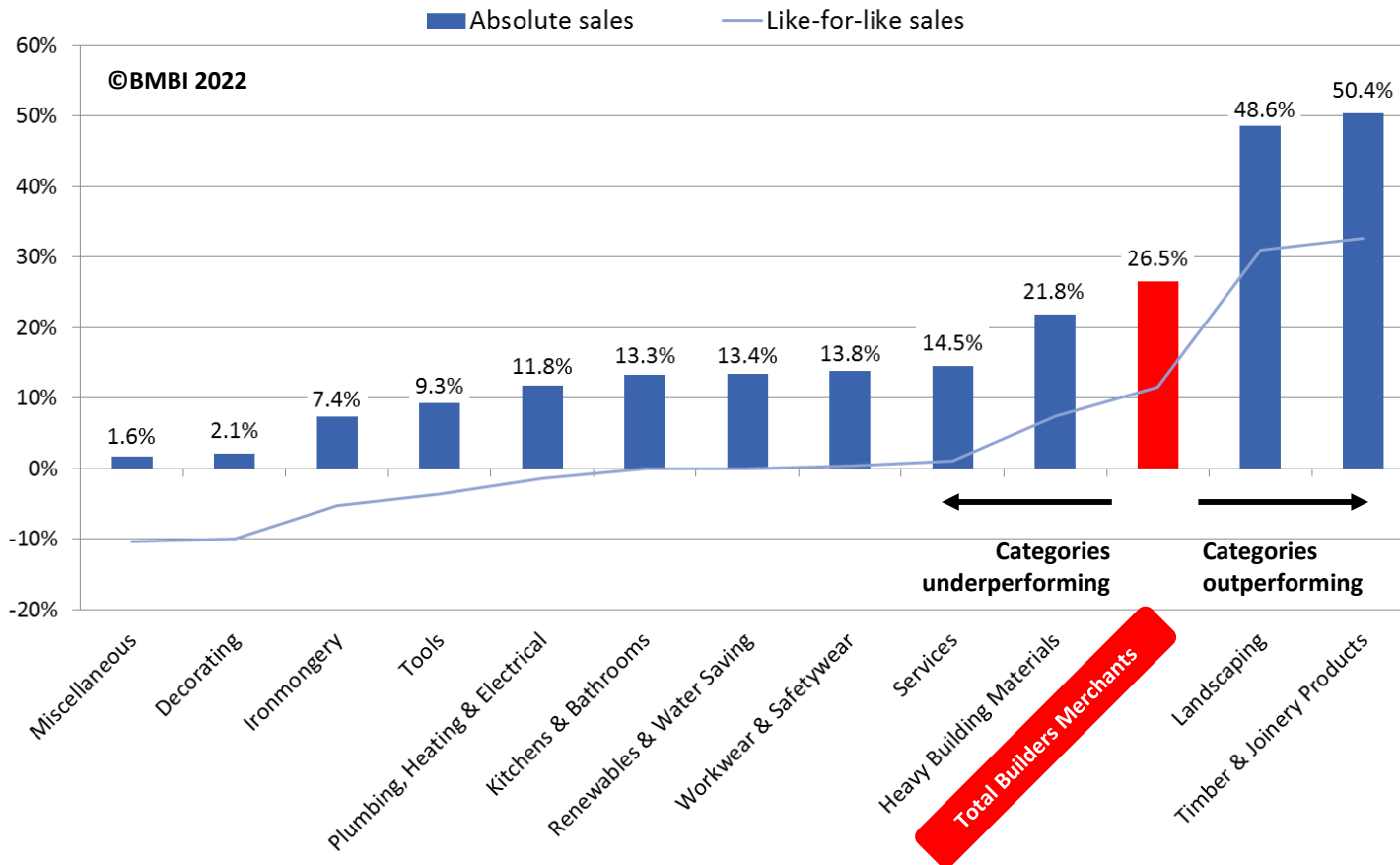
Monthly: This year v 2019

December 2021 2-year sales



Two more trading days this year. Like-for-like sales take trading day differences into account.

2-year comparison: December 2021 v December 2019



Source: GfK's Builders Merchants Total Category Report July 2015 to December 2021

Values shown for absolute sales

Value sales of Timber & Joinery Products (+50.4%) and Landscaping (+48.6%) grew much faster than other categories, compared with December 2019.

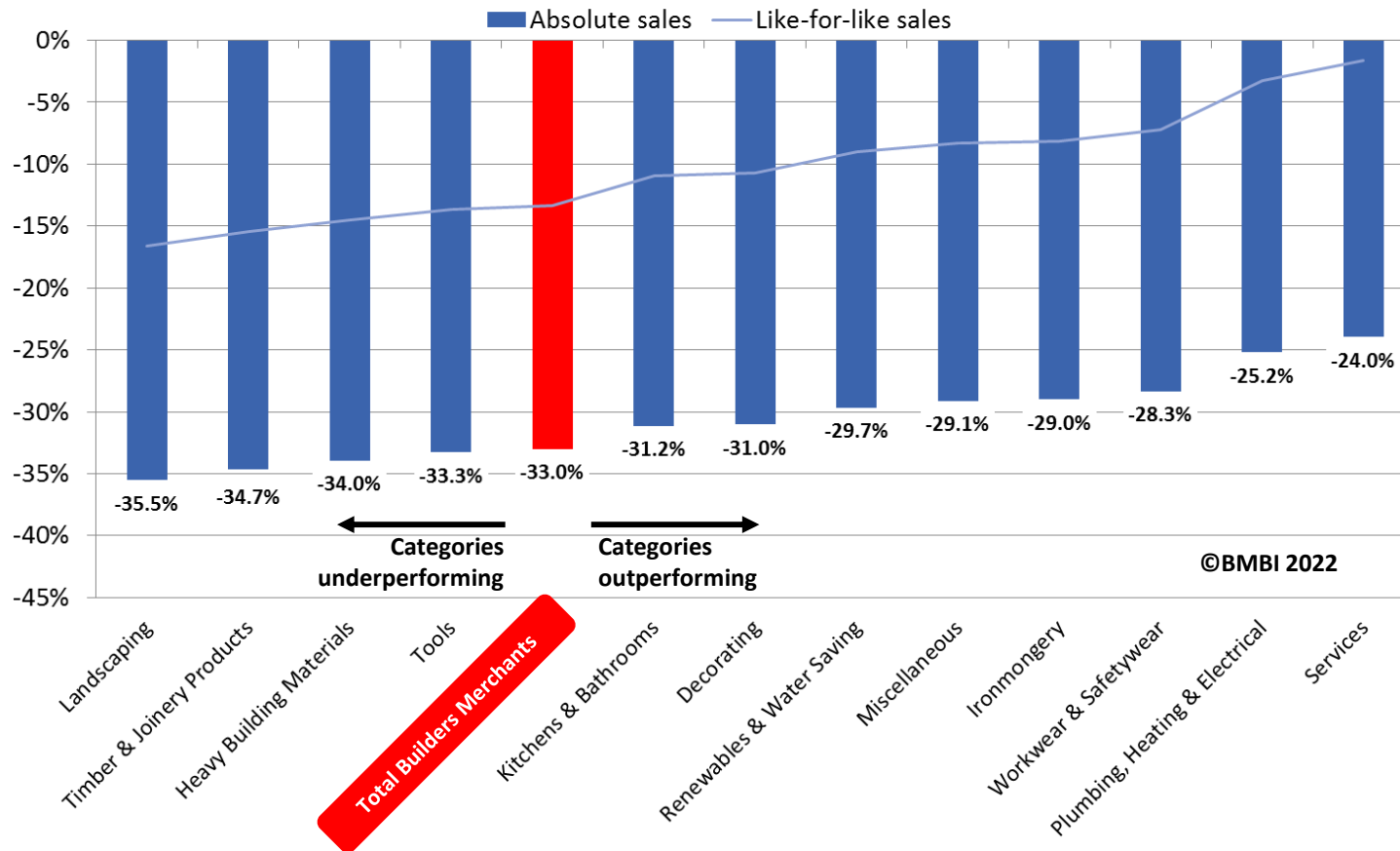
Monthly: This month v last month

December 2021 sales



Five less trading days this year. Like-for-like sales take trading day differences into account.

December 2021 v November 2021



Source: GfK's Builders Merchants Total Category Report July 2015 to December 2021

Values shown for absolute sales

With five less trading days, sales fell sharply in December, compared with November but this was in line with seasonal norms.

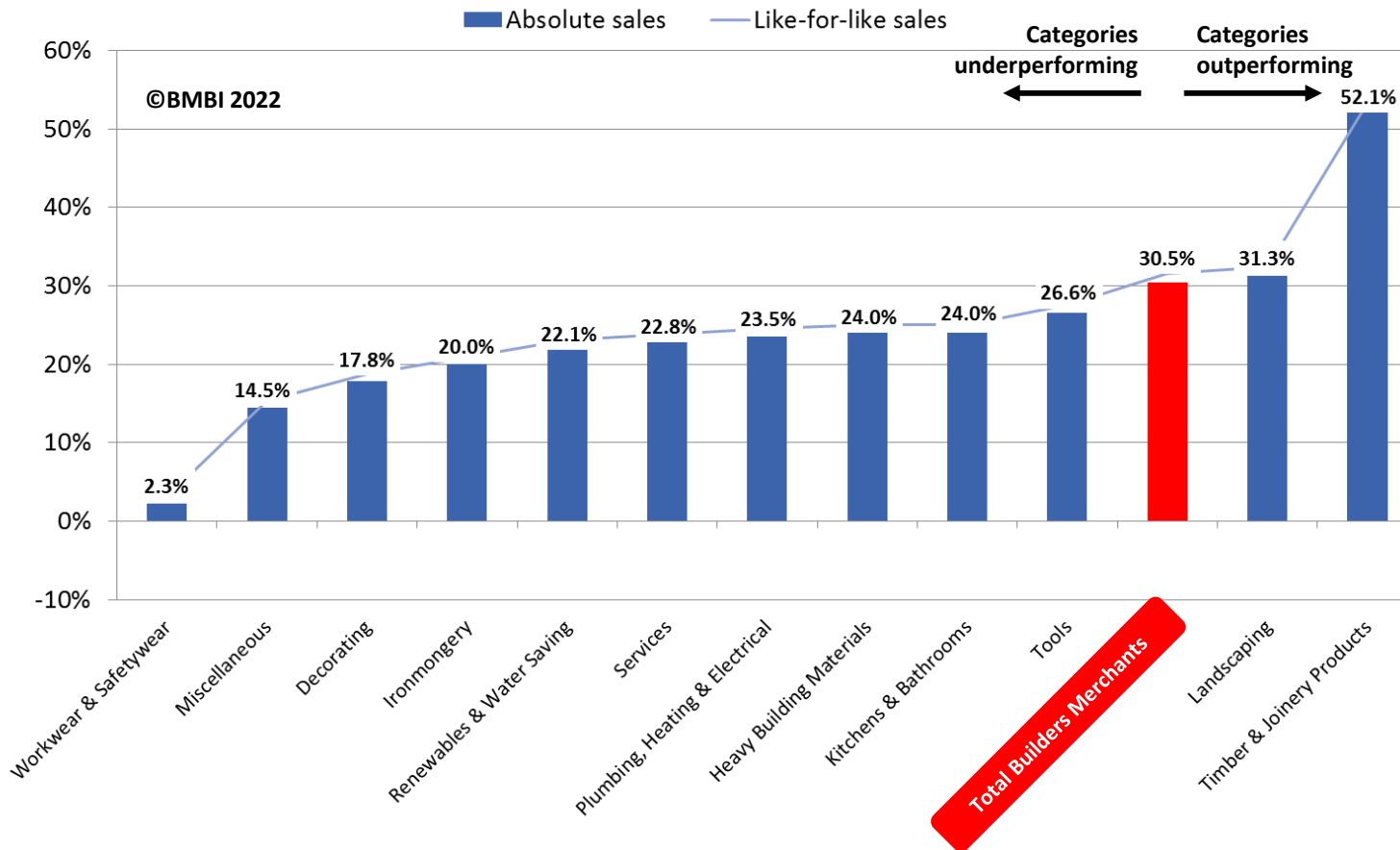
Last 12 Months: Year on Year

Absolute and like-for-like sales



Two less trading days this year. Like-for-like sales take trading day differences into account.

12 months Jan 21 to Dec 21 v 12 months Jan 20 to Dec 20



Source: GfK's Builders Merchants Total Category Report July 2015 to December 2021

Values shown for absolute sales

Sales in 2021 were 30.5% higher than Covid-affected 2020.

Workwear & Safetywear had the smallest increase, but growth was achieved against a strong performance last year, due to the pandemic.

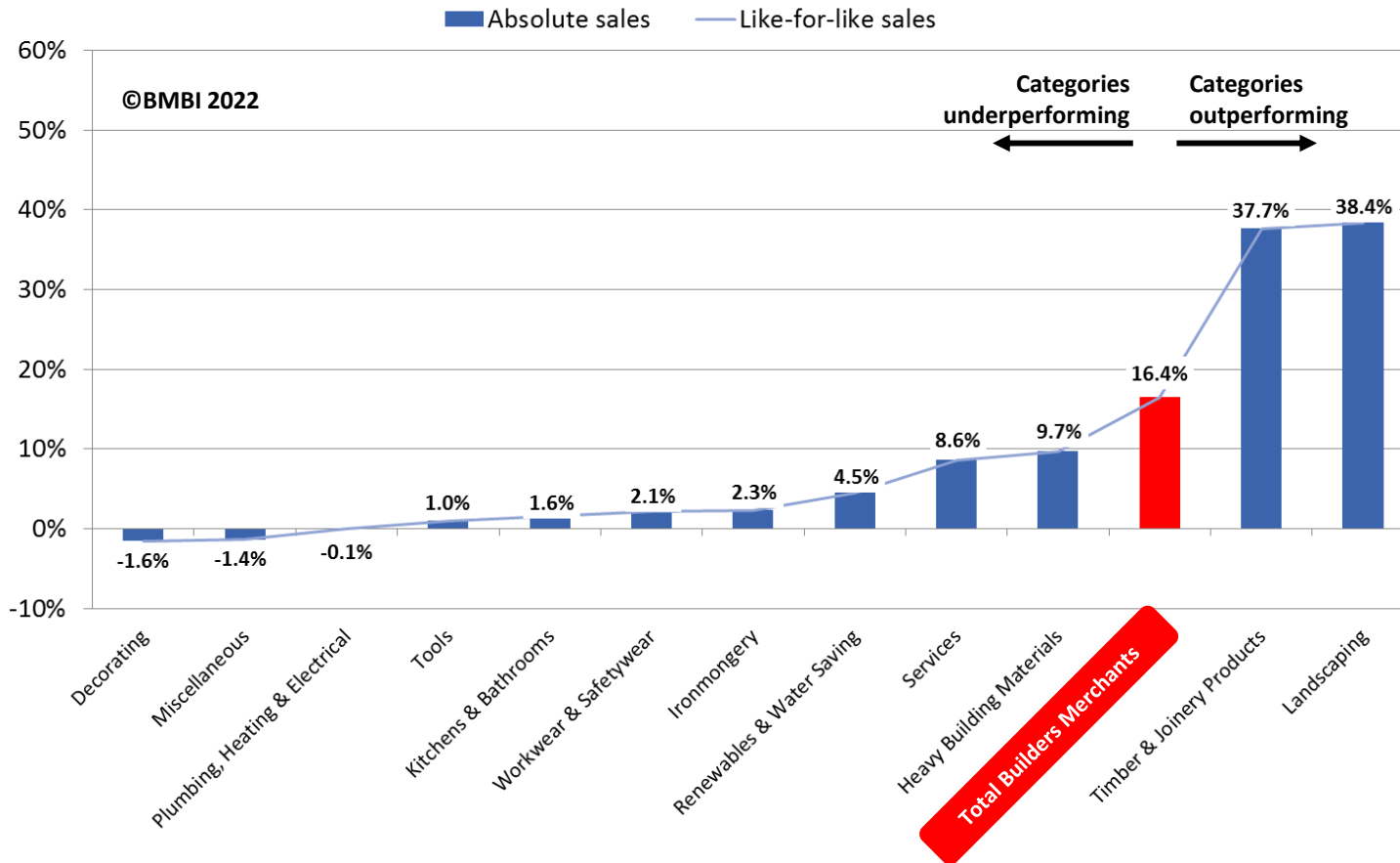
Last 12 Months: v 2019

Absolute and like-for-like sales



No difference in trading days this year. Like-for-like sales take trading day differences into account.

12 months Jan 21 to Dec 21 v 12 months Jan 19 to Dec 19



Source: GfK's Builders Merchants Total Category Report July 2015 to December 2021

Values shown for absolute sales

Looking back two years, sales in 2021 were 16.4% higher than January to December 2019.

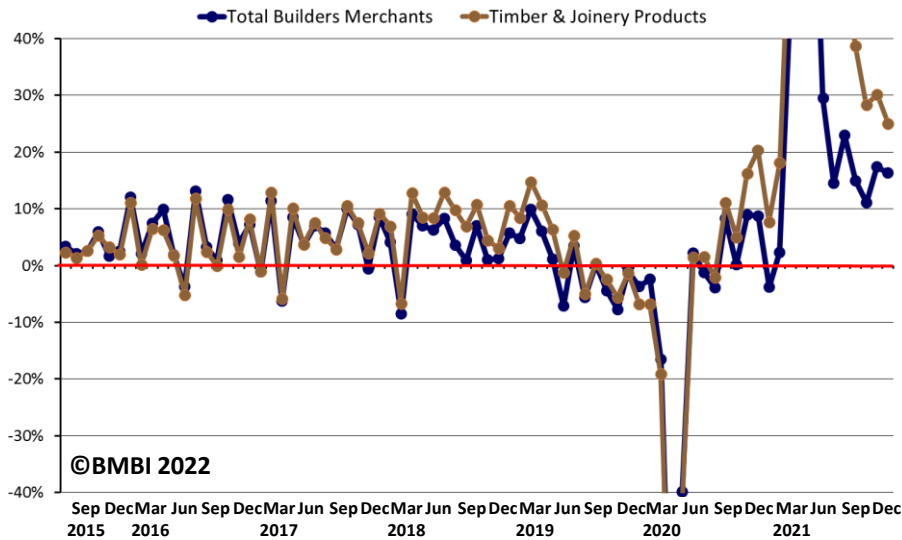
Landscaping and Timber & Joinery Products did particularly well.

Monthly and Quarterly Year-on-year

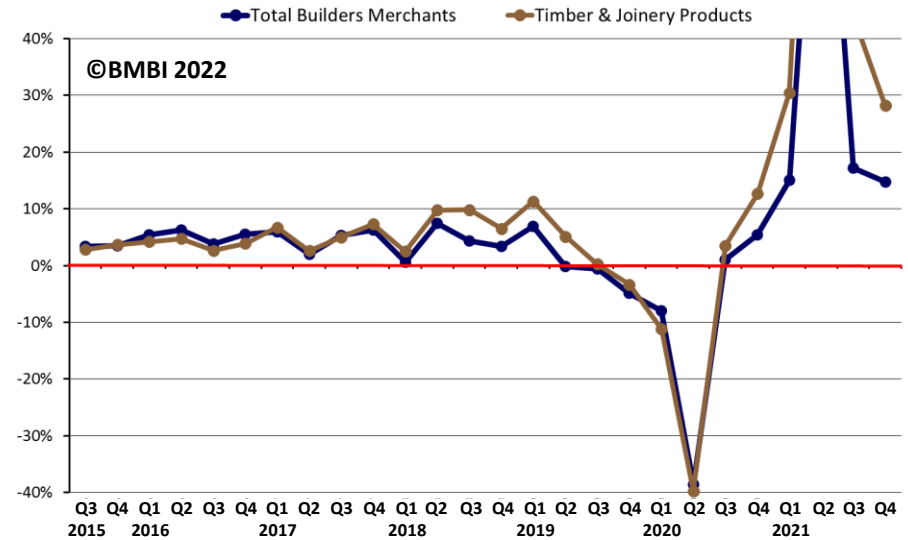
December 2021 and Q4 2021



Timber & Joinery Products - Monthly



Timber & Joinery Products - Quarterly



Covid19 peaks and troughs (off the chart)

April 2020 trough:	Timber & Joinery Products	-79.0%
	Total Builders Merchants	-76.5%
April 2021 peak:	Timber & Joinery Services	+555.8%
	Total Builders Merchants	+419.2%

Covid19 peaks and troughs (off the chart)

Q2 2020 slump:	Timber & Joinery Products	-39.8%
	Total Builders Merchants	-38.6%
Q2 2021 peak:	Timber & Joinery Products	+134.6%
	Total Builders Merchants	+96.0%

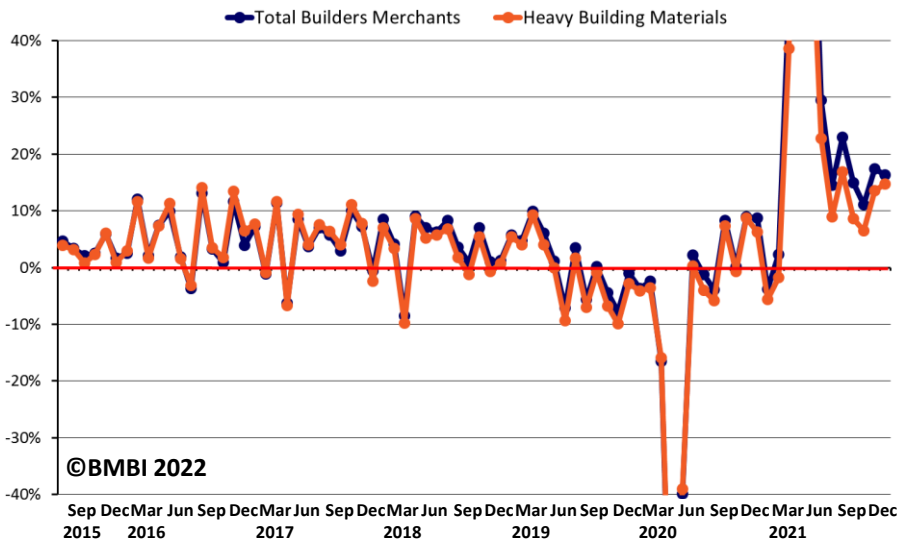
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to December 2021

Monthly and Quarterly Year-on-year

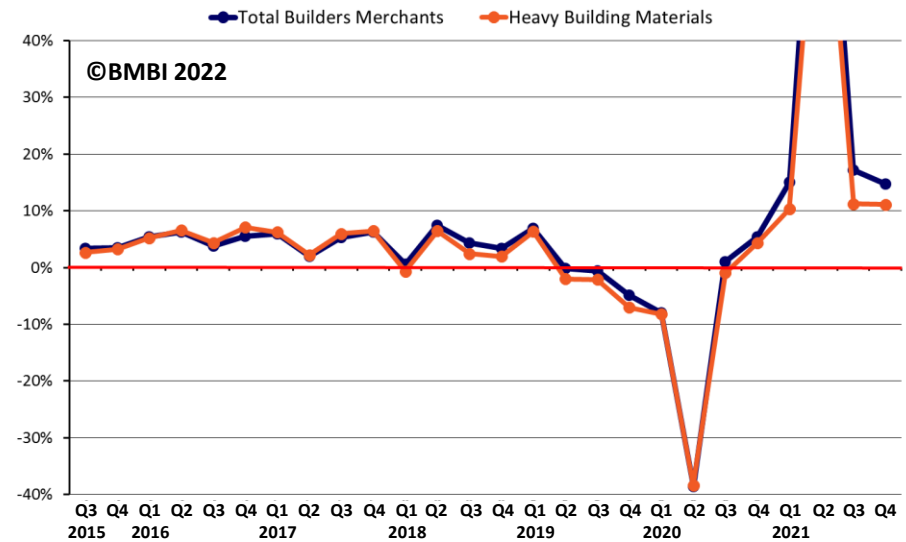
December 2021 and Q4 2021



Heavy Building Materials - Monthly



Heavy Building Materials - Quarterly



Covid19 peaks and troughs (off the chart)

April 2020 trough:	Heavy Building Materials	-74.7%
	Total Builders Merchants	-76.5%
April 2021 peak:	Heavy Building Materials	+350.6%
	Total Builders Merchants	+419.2%

Covid19 peaks and troughs (off the chart)

Q2 2020 trough:	Heavy Building Materials	-38.4%
	Total Builders Merchants	-38.6%
Q2 2021 peak:	Heavy Building Materials	+81.4%
	Total Builders Merchants	+96.0%

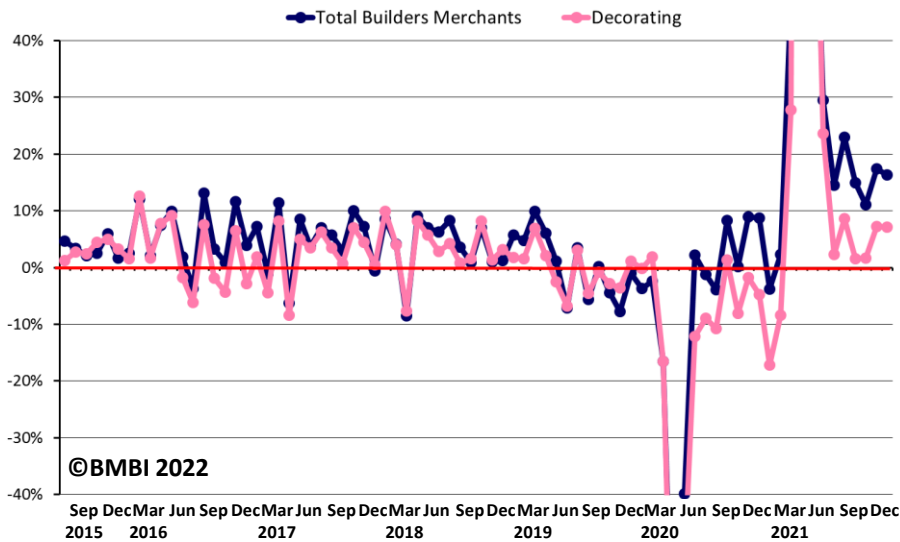

Source: GfK's
 Builders Merchants
 Total Category Report
 July 2015 to December 2021

Monthly and Quarterly Year-on-year

December 2021 and Q4 2021



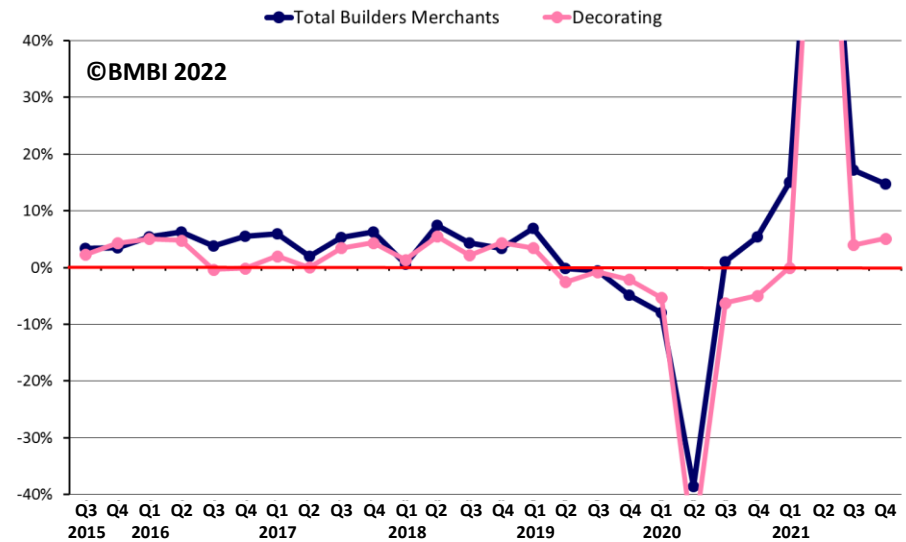
Decorating - Monthly



Covid19 peaks and troughs (off the chart)

April 2020 trough:	Decorating	-81.6%
	Total Builders Merchants	-76.5%
April 2021 peak:	Decorating	+472.1%
	Total Builders Merchants	+419.2%

Decorating - Quarterly



Covid19 peaks and troughs (off the chart)

Q2 2020 trough:	Decorating	-48.9%
	Total Builders Merchants	-38.6%
Q2 2021 peak:	Decorating	+99.1%
	Total Builders Merchants	+96.0%

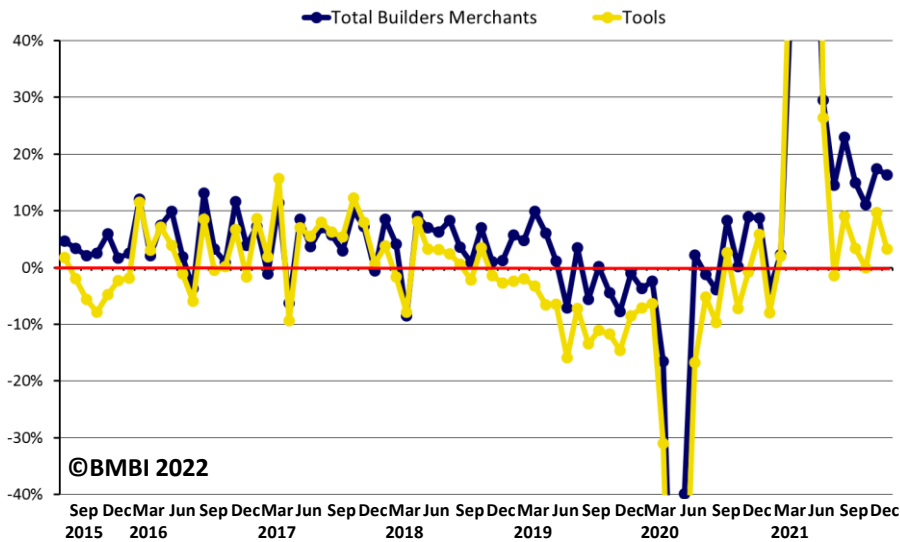

Source: GfK's
 Builders Merchants
 Total Category Report
 July 2015 to December 2021

Monthly and Quarterly Year-on-year

December 2021 and Q4 2021



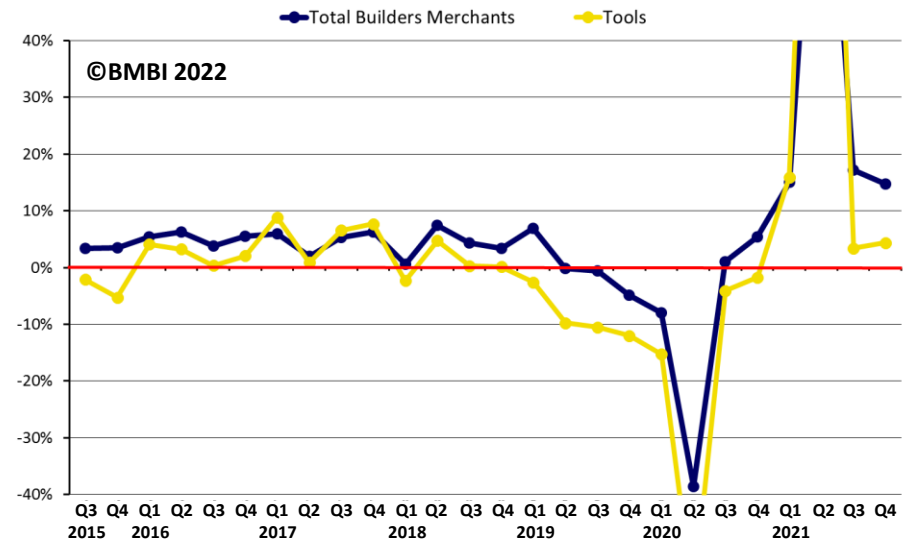
Tools - Monthly



Covid19 peaks and troughs (off the chart)

April 2020 trough:	Tools	-90.0%
	Total Builders Merchants	-76.5%
April 2021 peak:	Tools	+1188.1%
	Total Builders Merchants	+419.2%

Tools - Quarterly



Covid19 peaks and troughs (off the chart)

Q2 2020 trough:	Tools	-58.6%
	Total Builders Merchants	-38.6%
Q2 2021 peak:	Tools	+151.4%
	Total Builders Merchants	+96.0%

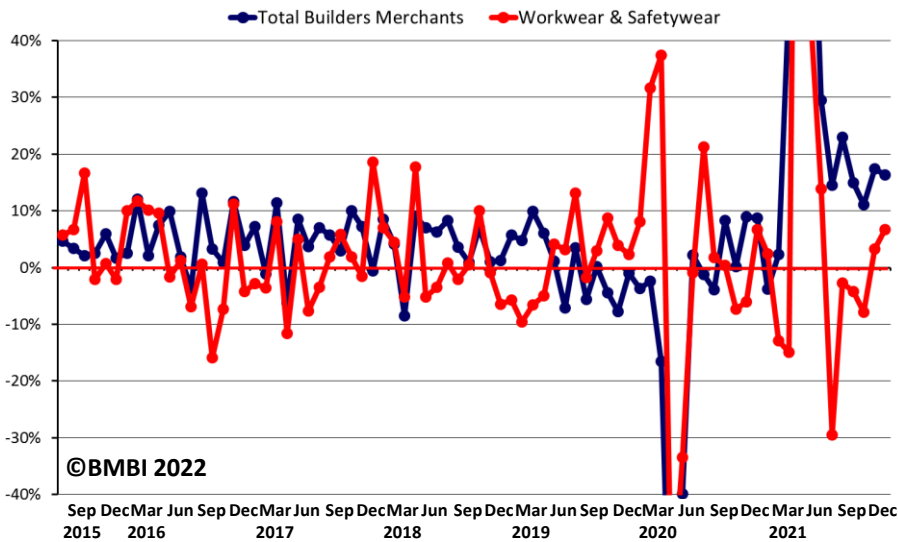
Source: GfK's
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Total Category Report
July 2015 to December 2021

Monthly and Quarterly Year-on-year

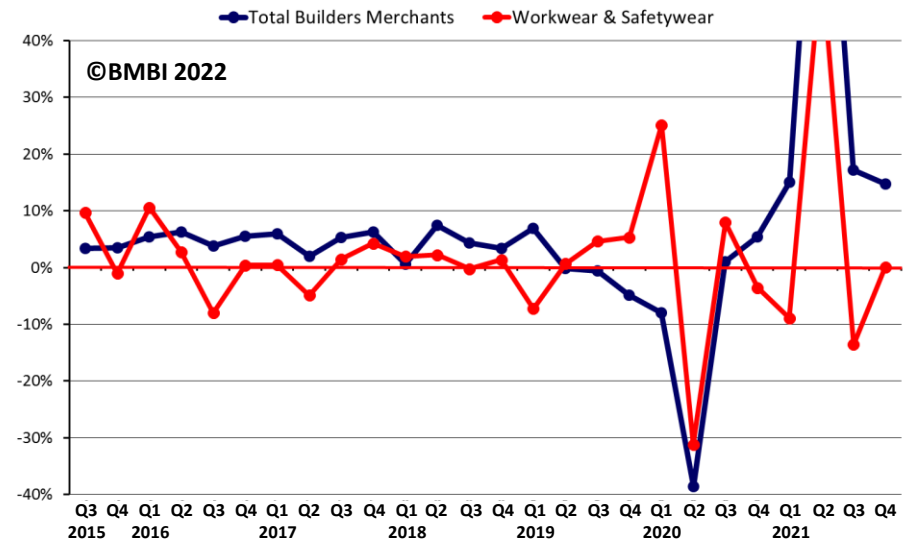
December 2021 and Q4 2021



Workwear & Safetywear - Monthly



Workwear & Safetywear - Quarterly



Covid19 peaks and troughs (off the chart)

April 2020 trough:	Workwear & Safetywear	-60.2%
	Total Builders Merchants	-76.5%
April 2021 peak:	Workwear & Safetywear	+175.8%
	Total Builders Merchants	+419.2%

Covid19 peaks and troughs (off the chart)

Q2 2020 trough:	Workwear & Safetywear	-31.2%
	Total Builders Merchants	-38.6%
Q2 2021 peak:	Workwear & Safetywear	+53.9%
	Total Builders Merchants	+96.0%

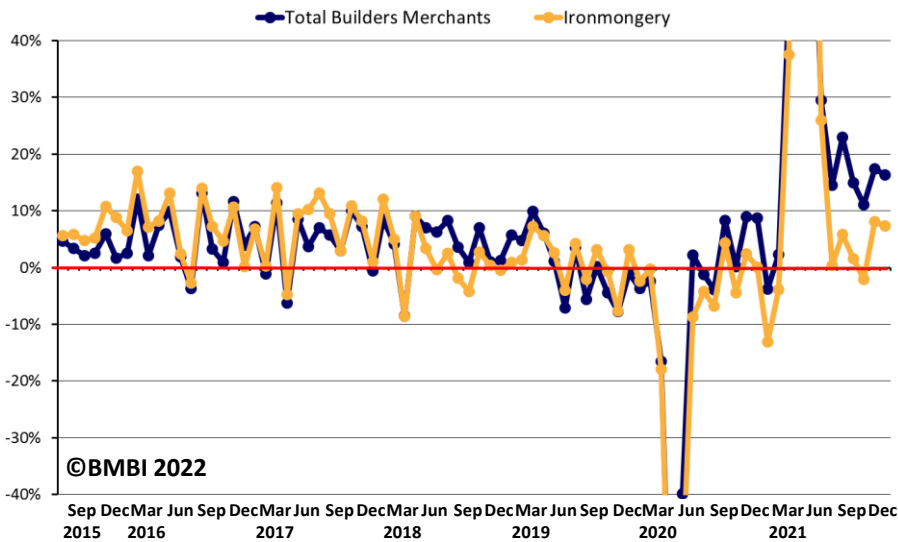
Source: GfK's
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Total Category Report
July 2015 to December 2021

Monthly and Quarterly Year-on-year

December 2021 and Q4 2021



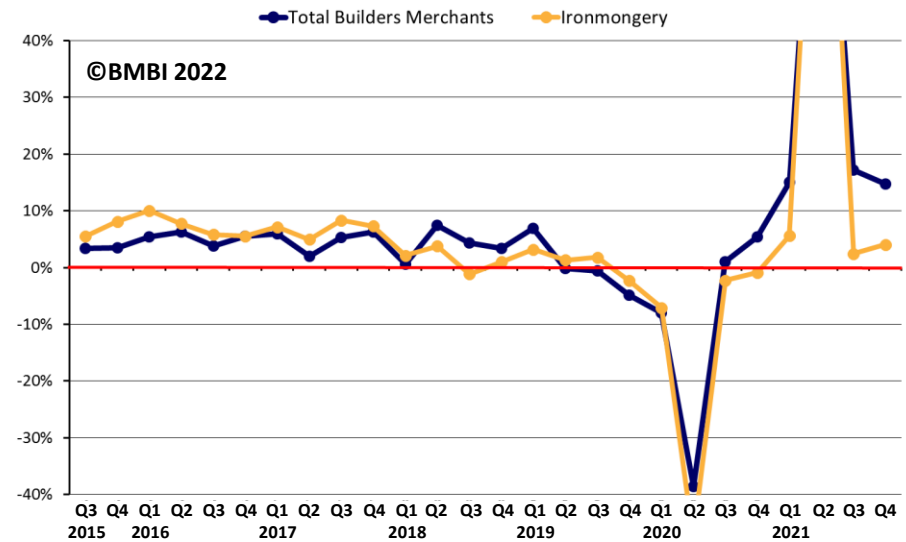
Ironmongery - Monthly



Covid19 peaks and troughs (off the chart)

April 2020 trough:	Ironmongery	-77.8%
	Total Builders Merchants	-76.5%
April 2021 peak:	Ironmongery	+403.2%
	Total Builders Merchants	+419.2%

Ironmongery - Quarterly



Covid19 peaks and troughs (off the chart)

Q2 2020 trough:	Ironmongery	-47.6%
	Total Builders Merchants	-38.6%
Q2 2021 peak:	Ironmongery	+105.9%
	Total Builders Merchants	+96.0%

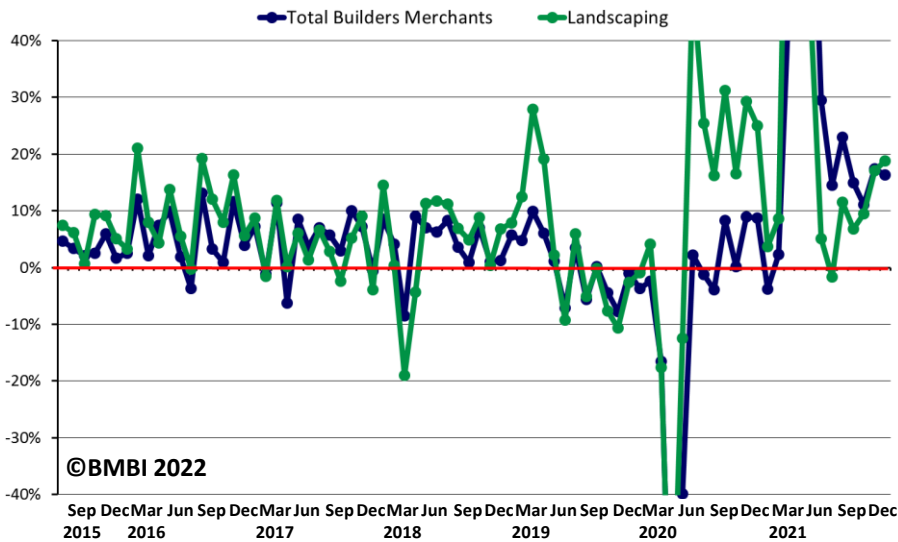
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to December 2021

Monthly and Quarterly Year-on-year

December 2021 and Q4 2021



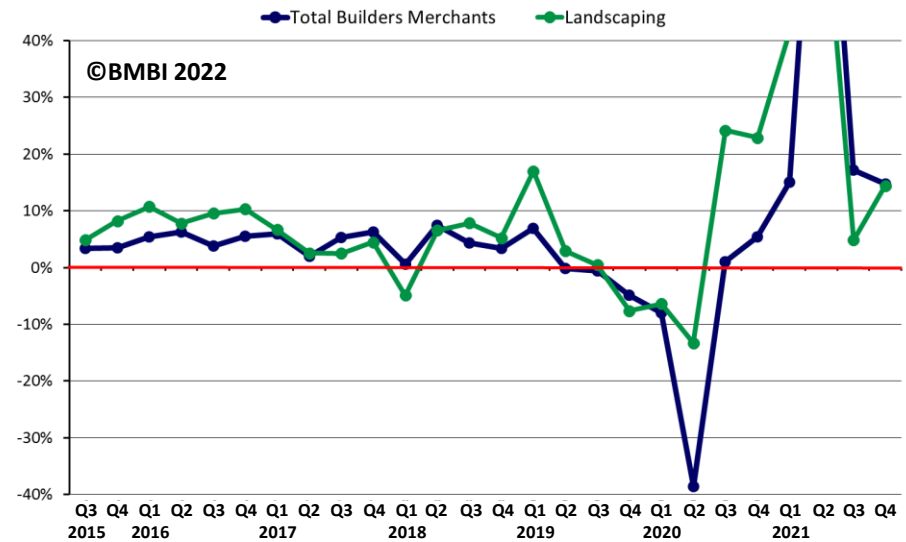
Landscaping - Monthly



Covid19 peaks and troughs (off the chart)

April 2020 trough:	Landscaping	-74.4%
	Total Builders Merchants	-76.5%
April 2021 peak:	Landscaping	+538.4%
	Total Builders Merchants	+419.2%

Landscaping - Quarterly



Covid19 peaks and troughs (off the chart)

Q2 2020 trough:	Landscaping	-13.3%
	Total Builders Merchants	-38.6%
Q2 2021 peak:	Landscaping	+71.1%
	Total Builders Merchants	+96.0%

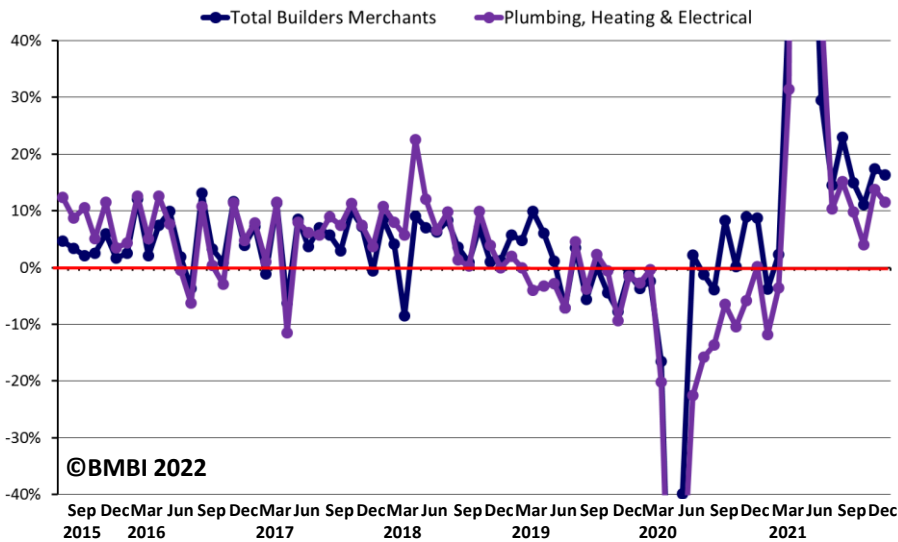
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to December 2021

Monthly and Quarterly Year-on-year

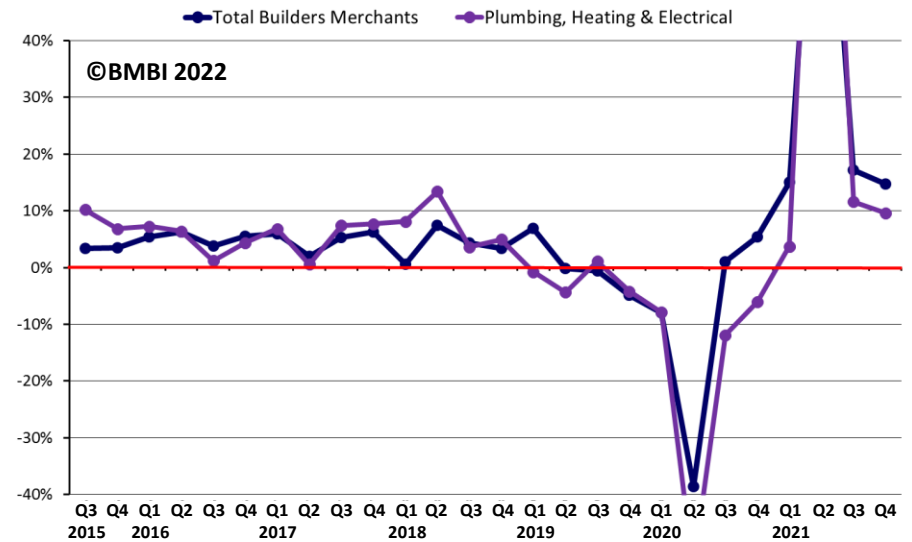
December 2021 and Q4 2021



Plumbing Heating & Electrical - Monthly



Plumbing Heating & Electrical - Quarterly



Covid19 peaks and troughs (off the chart)

April 2020 trough:	Plumbing Heating & Electrical	-77.9%
	Total Builders Merchants	-76.5%
April 2021 peak:	Plumbing Heating & Electrical	+369.9%
	Total Builders Merchants	+419.2%

Covid19 peaks and troughs (off the chart)

Q2 2020 trough:	Plumbing Heating & Electrical	-53.1%
	Total Builders Merchants	-38.6%
Q2 2021 peak:	Plumbing Heating & Electrical	+120.3%
	Total Builders Merchants	+96.0%

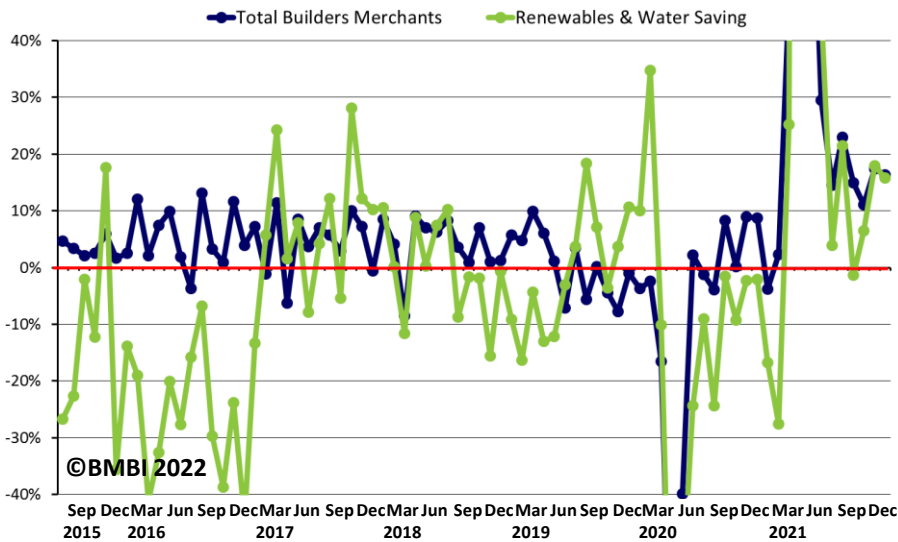
GfK Source: GfK's
Builders Merchants
Total Category Report
July 2015 to December 2021

Monthly and Quarterly Year-on-year

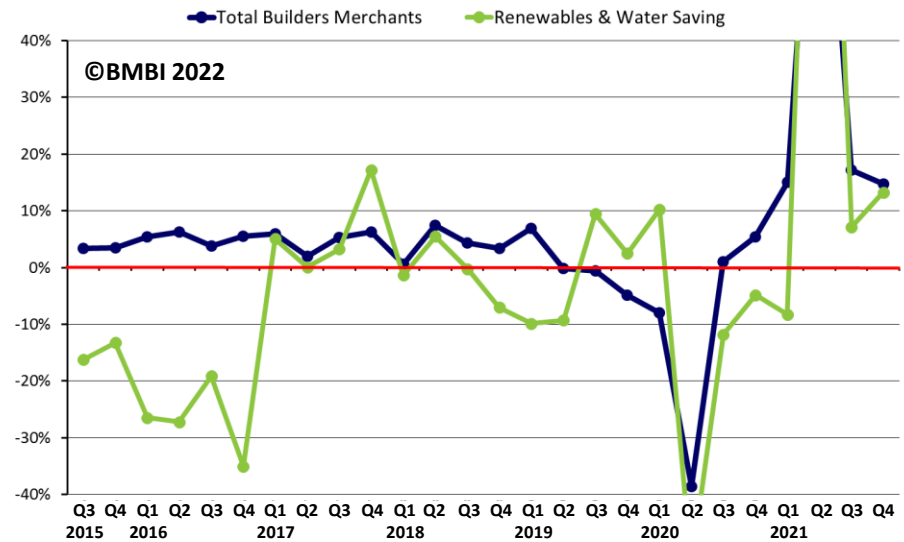
December 2021 and Q4 2021



Renewables & Water Saving - Monthly



Renewables & Water Saving - Quarterly



Covid19 peaks and troughs (off the chart)

April 2020 trough:	Renewables & Water Saving	-77.4%
	Total Builders Merchants	-76.5%
April 2021 peak:	Renewables & Water Saving	+518.1%
	Total Builders Merchants	+419.2%

Covid19 peaks and troughs (off the chart)

Q2 2020 trough:	Renewables & Water Saving	-52.6%
	Total Builders Merchants	-38.6%
Q2 2021 peak:	Renewables & Water Saving	+145.0%
	Total Builders Merchants	+96.0%

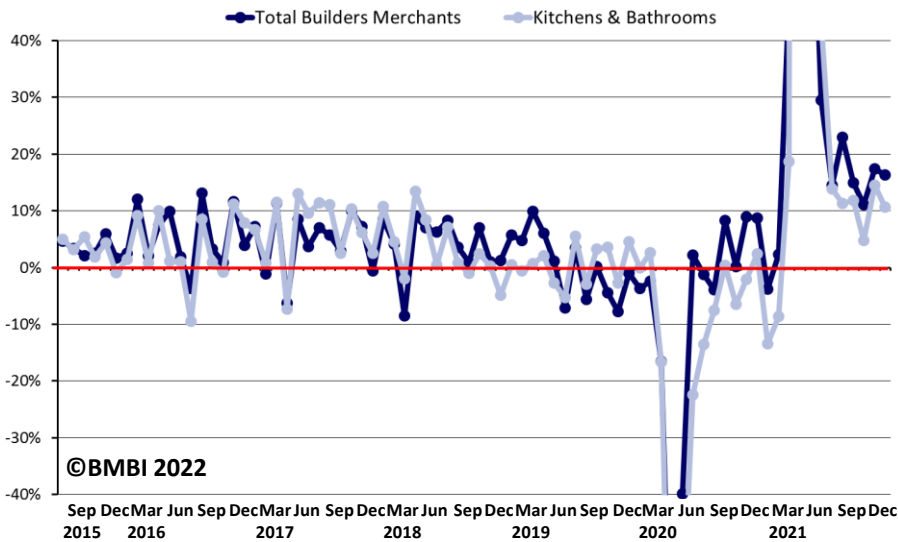
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to December 2021

Monthly and Quarterly Year-on-year

December 2021 and Q4 2021



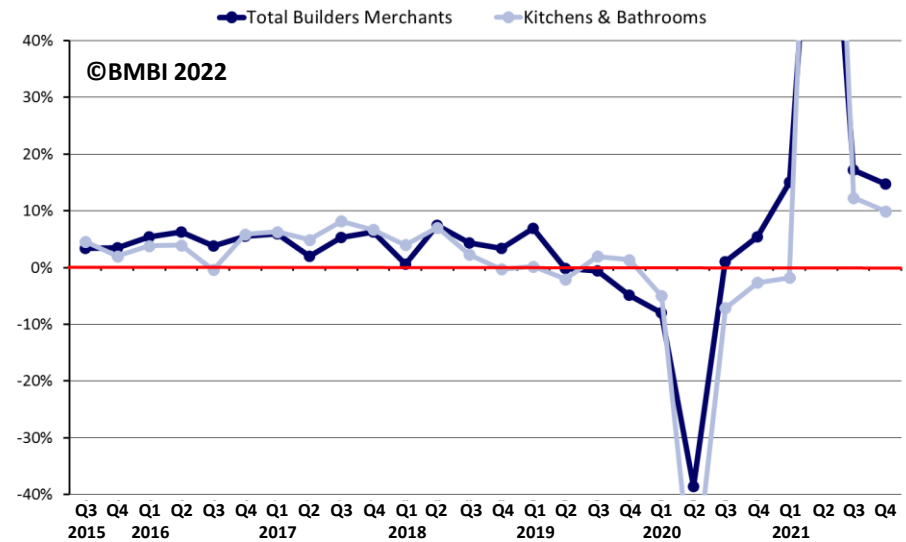
Kitchens & Bathrooms - Monthly



Covid19 peaks and troughs (off the chart)

April 2020 trough:	Kitchens & Bathrooms	-86.8%
	Total Builders Merchants	-76.5%
April 2021 peak:	Kitchens & Bathrooms	+706.3%
	Total Builders Merchants	+419.2%

Kitchens & Bathrooms - Quarterly



Covid19 peaks and troughs (off the chart)

Q2 2020 trough:	Kitchens & Bathrooms	-57.9%
	Total Builders Merchants	-38.6%
Q2 2021 peak:	Kitchens & Bathrooms	+141.3%
	Total Builders Merchants	+96.0%

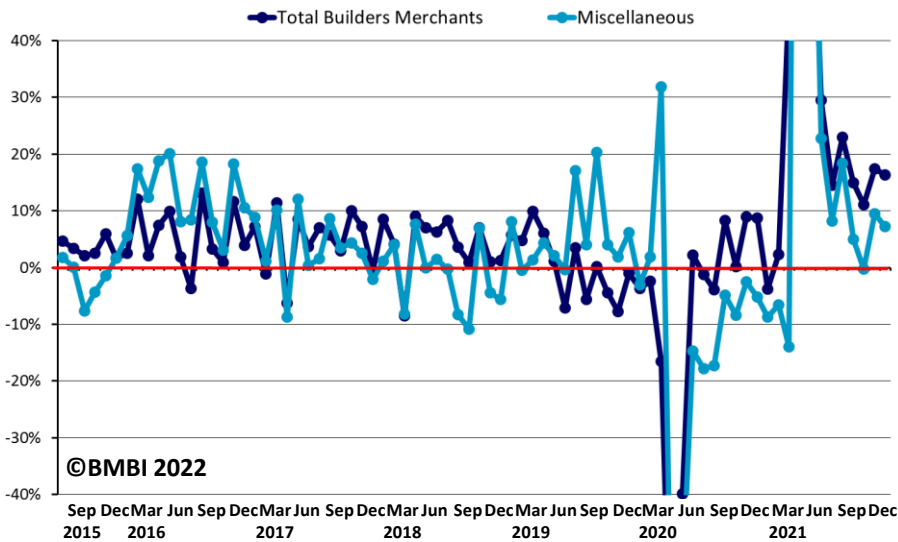
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to December 2021

Monthly and Quarterly Year-on-year

December 2021 and Q4 2021



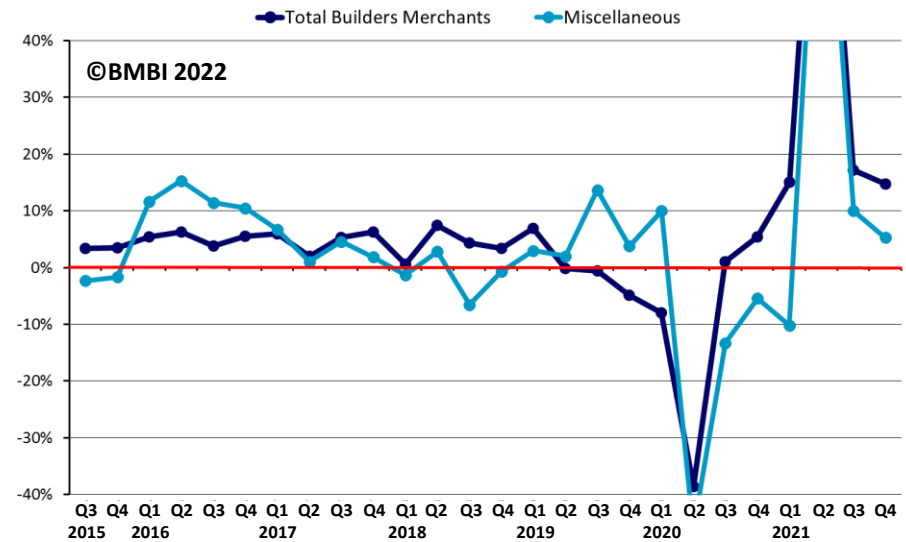
Miscellaneous - Monthly



Covid19 peaks and troughs (off the chart)

April 2020 trough:	Miscellaneous	-67.7%
	Total Builders Merchants	-76.5%
April 2021 peak:	Miscellaneous	+243.5%
	Total Builders Merchants	+419.2%

Miscellaneous - Quarterly



Covid19 peaks and troughs (off the chart)

Q2 2020 trough:	Miscellaneous	-46.4%
	Total Builders Merchants	-38.6%
Q2 2021 peak:	Miscellaneous	+88.4%
	Total Builders Merchants	+96.0%

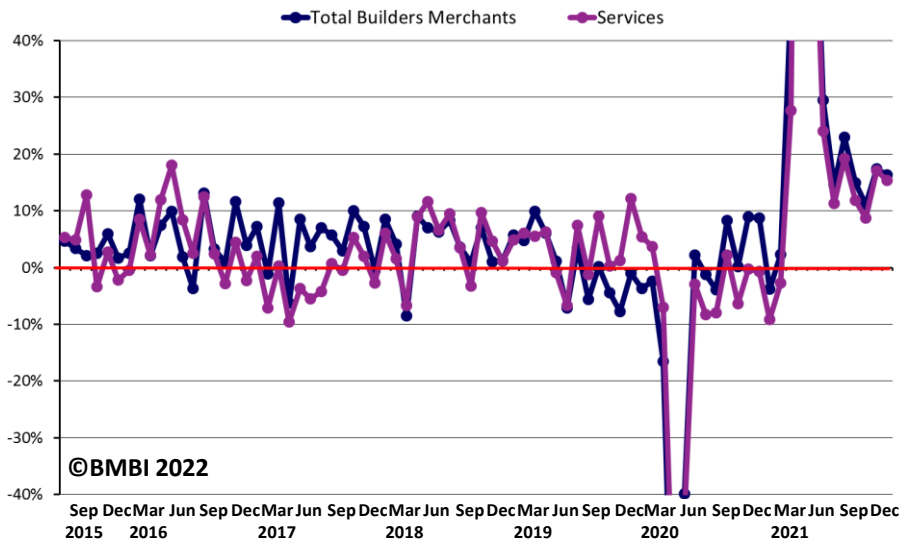
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to December 2021

Monthly and Quarterly Year-on-year

December 2021 and Q4 2021



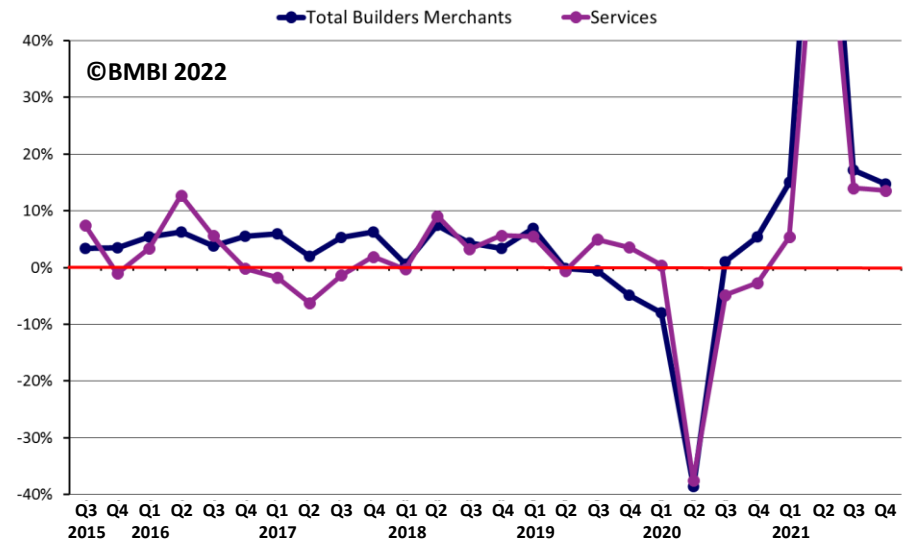
Services - Monthly



Covid19 peaks and troughs (off the chart)

April 2020 trough:	Services	-62.9%
	Total Builders Merchants	-76.5%
April 2021 peak:	Services	+204.2%
	Total Builders Merchants	+419.2%

Services - Quarterly



Covid19 peaks and troughs (off the chart)

Q2 2020 trough:	Services	-37.6%
	Total Builders Merchants	-38.6%
Q2 2021 peak:	Services	+75.6%
	Total Builders Merchants	+96.0%


Source: GfK's
 Builders Merchants
 Total Category Report
 July 2015 to December 2021

Monthly: Index and Categories

December 2020* – December 2021

Indexed on July 2014 – June 2015



MONTHLY SALES VALUE INDEX	Index	2020		2021										
		Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Total Builders Merchants	100	83.5	100.7	109.4	151.9	150.6	141.4	157.1	151.1	139.3	147.9	140.4	145.0	97.1
Timber & Joinery Products	100	95.2	120.0	128.8	175.7	176.3	173.2	199.6	199.8	182.6	193.3	181.0	182.1	119.0
Heavy Building Materials	100	78.1	95.9	102.0	141.3	137.4	128.6	142.8	136.8	127.0	136.2	130.8	135.6	89.6
Decorating	100	76.2	85.8	95.7	121.7	113.2	106.5	116.7	115.0	108.7	114.8	113.5	118.5	81.7
Tools	100	70.9	84.4	93.7	120.8	110.7	98.2	100.2	97.6	93.6	101.8	100.9	109.8	73.2
Workwear & Safetywear	100	87.9	122.3	111.3	118.2	104.0	95.8	111.8	92.8	95.7	106.5	115.4	130.8	93.8
Ironmongery	100	87.8	103.1	111.5	143.1	137.4	127.0	137.0	129.2	120.2	129.2	124.6	132.8	94.2
Landscaping	100	78.0	90.1	111.9	222.5	257.0	220.5	235.1	204.8	175.3	171.9	148.5	143.7	92.6
Plumbing, Heating & Electrical	100	96.1	111.3	120.3	137.1	119.2	112.9	123.7	113.7	109.7	126.7	131.0	143.3	107.2
Renewables & Water Saving	100	50.4	62.6	62.3	85.9	78.8	72.7	80.1	72.1	70.6	70.9	71.5	82.9	58.3
Kitchens & Bathrooms	100	87.4	94.4	107.4	120.7	113.5	111.5	125.1	126.5	118.3	131.2	124.9	140.6	96.8
Miscellaneous	100	86.1	109.4	107.1	131.2	126.2	111.2	120.3	121.6	116.2	128.4	120.4	130.2	92.3
Services	100	89.0	93.5	103.3	134.5	128.8	123.5	131.4	132.8	130.2	133.4	127.7	135.1	102.7

*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 December 2021

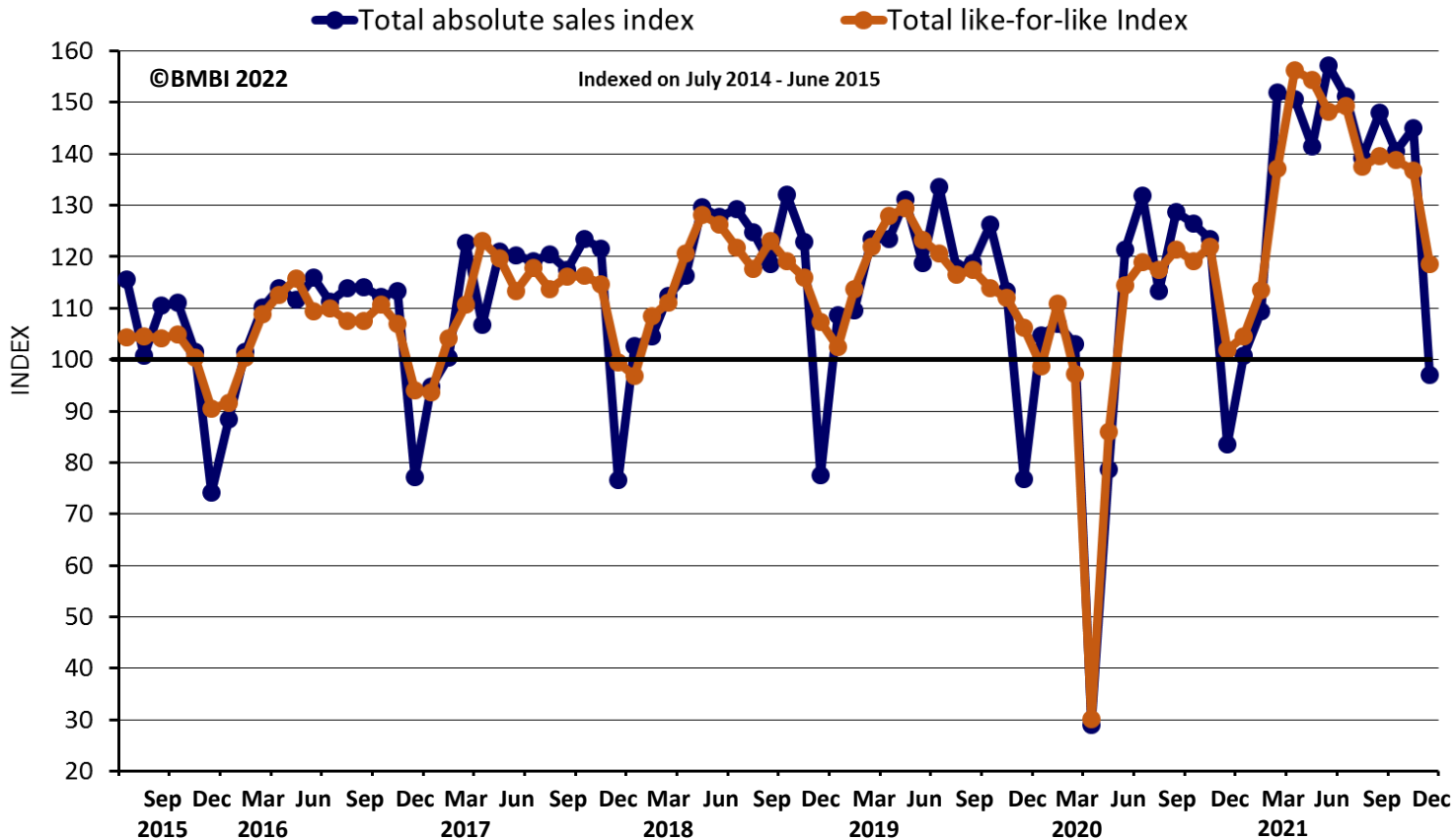
Monthly: Index

Absolute and Like-for-like index



Four less trading days this month. Like-for-like sales take trading day differences into account.

Total Builders Merchants absolute sales v like-for-like sales index



Source: GfK's Builders Merchants Total Category Report July 2015 to December 2021

This year saw the highest December index (97.1) since BMBI started in July 2014. A difference of four trading days accounts for like-for-like sales (118.5) being considerably higher.

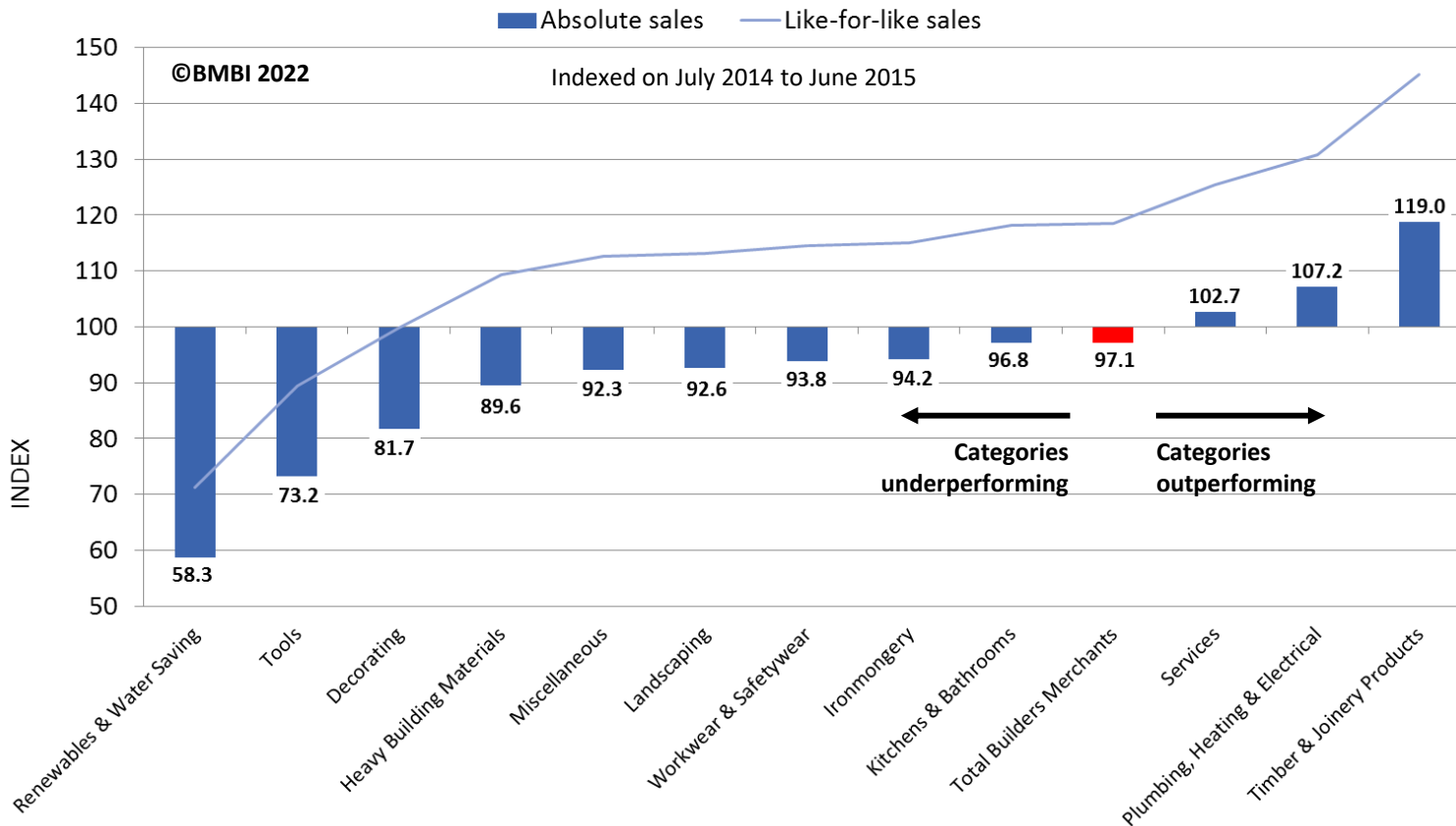
Monthly: Index and Categories

December 2021 index



Four less trading days this month. Like-for-like sales take trading day differences into account.

December 2021 Index



Source: GfK's Builders Merchants Total Category Report July 2015 to December 2021

With four less trading days in December, most categories indexed below 100 but Timber & Joinery Products was significantly up.

Trading Days



Monthly

Index: 20.8

2019											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
22	20	21	20	21	20	23	21	21	23	21	15
2020											
Jan	Feb	Mar*	Apr*	May*	Jun	Jul	Aug	Sep	Oct	Nov	Dec
22	20	22	20	19	22	23	20	22	22	21	17
2021											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
20	20	23	20	19	22	21	21	22	21	22	17

Quarterly

Index: 62.3

2019			
Q1	Q2	Q3	Q4
63	61	65	59
2020			
Q1	Q2	Q3	Q4
64	61	65	60
2021			
Q1	Q2	Q3	Q4
63	61	64	60

Half Year

2019	
H1	H2
124	124
2020	
H1	H2
125	125
2021	
H1	H2
124	124

Full Year

2019
248
2020
250
2021
248


Source: GfK's
 Builders Merchants
 Total Category Report
 July 2015 to December 2021

*Some merchants temporarily closed branches between March and May 2020 and this will have affected trading day comparisons.

GfK's Definition of Builders Merchant Panel



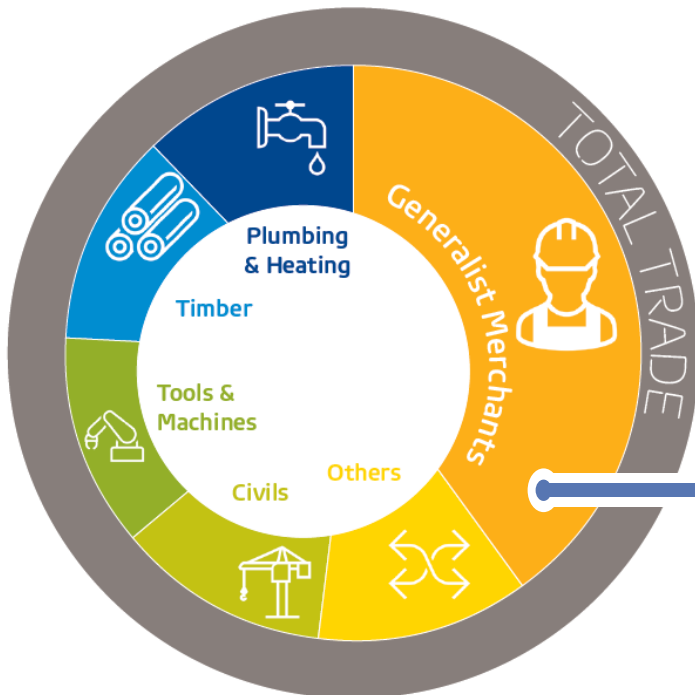
Generalist Builders Merchants definition:

- 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. Only multiple merchants are considered; they are defined as having more than 3 outlets or a turnover of greater than £3m p.a.
- This excludes branches that generate all their sales from specialized areas such as Civils, Tiles and Tools. Estimated coverage of this channel sits at 82%.

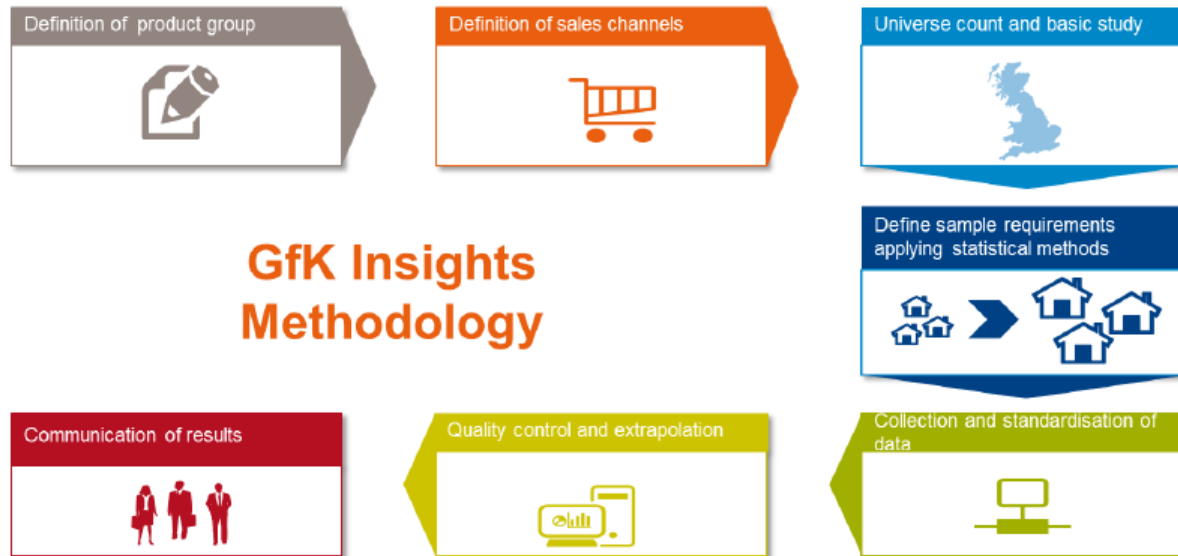
Examples include:



INDEPENDENT BUILDERS
MERCHANT GROUP



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

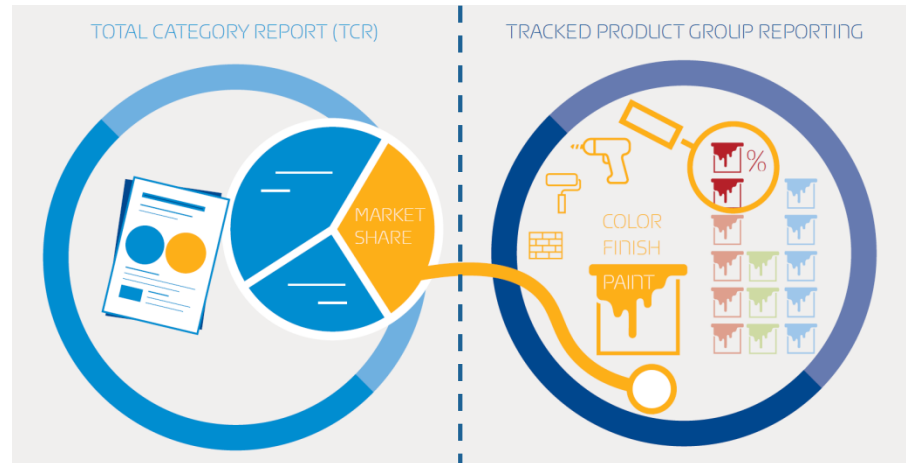
Bathroom (Including Showering)
Fitted Kitchens
Major Appliances

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 Emile van der Ryst at GfK
emile.van-der-ryst@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

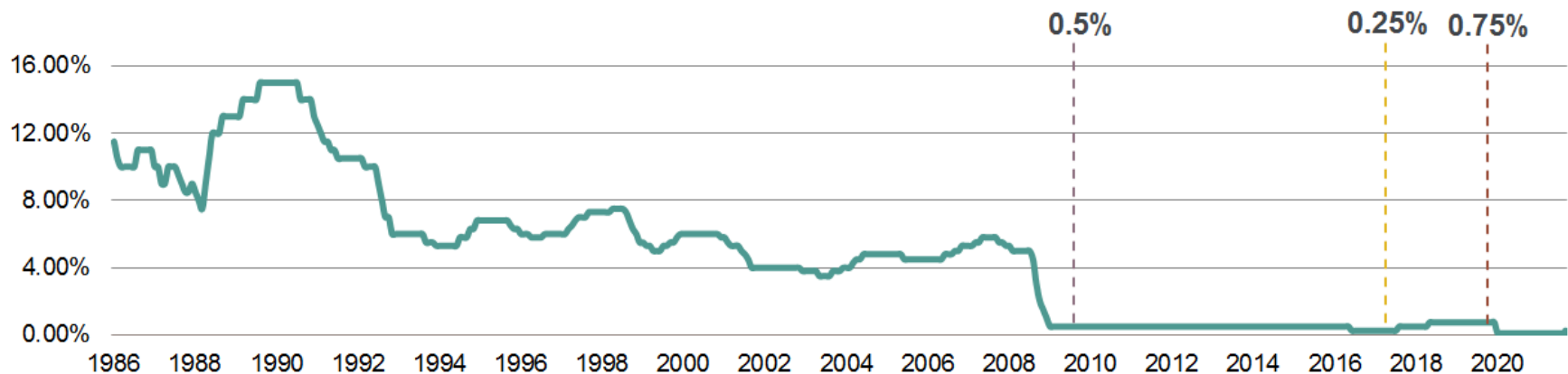
Set monthly by the MPC (Monetary Policy Committee)

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

▪ The MPC voted by a majority of 8-1 to increase Bank Rate by 0.15 percentage points, to 0.25%.
▪ The Committee voted unanimously for the Bank of England to maintain the stock of sterling non-financial investment-grade corporate bond purchases at £20 billion.



Source: Bank of England

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Macro factors impacting Merchants

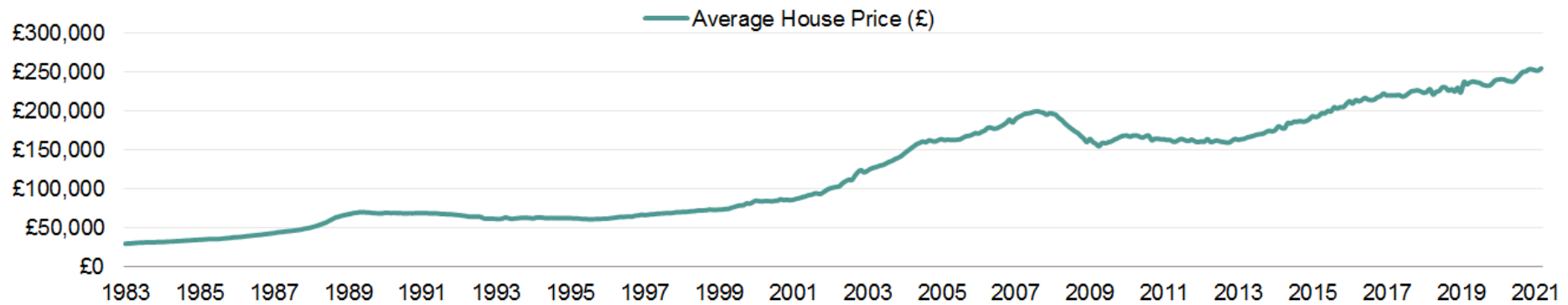


Standardised average house prices

Average Price (year end)		
2015	£208,286	+10%
2016	£222,190	+7%
2017	£225,032	+1%
2018	£229,729	+2%
2019	£238,963	+4%
2020	£244,112	+2%
2021	£262,454	+8%

- UK house prices climbed again in December for the sixth consecutive month in a row, up 1.1%.
- House prices have increased by over £24,500 in 2021, the largest annual cash rise since March 2003.

- At the end of December 2021, the average house price in the UK increased to £276,091 from £272,992 in November 2021.
- House prices in December were 9.8% higher than in the same month a year earlier.



Source: Halifax House Price Index

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Macro factors impacting Merchants



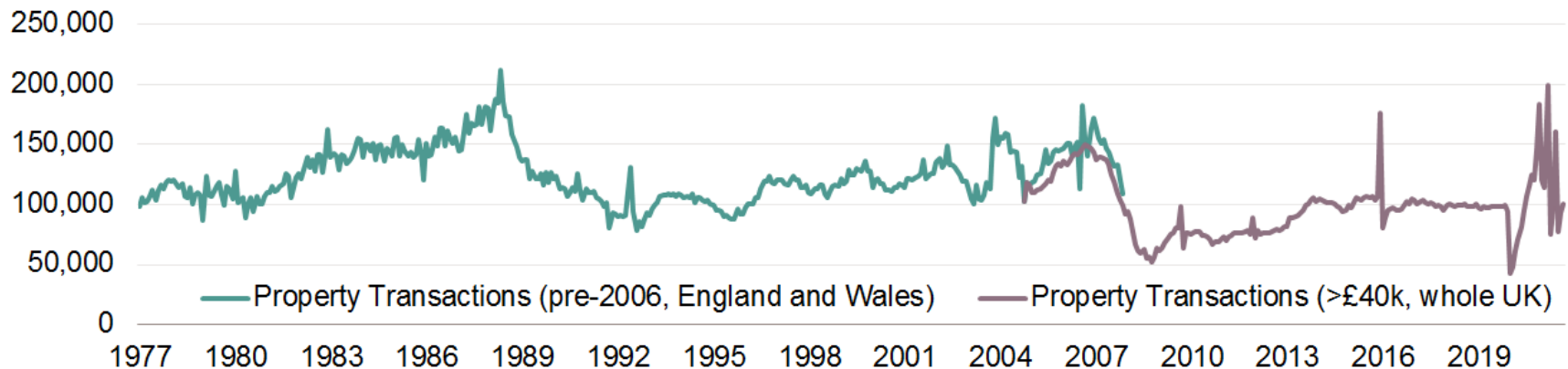
Property transactions

Monthly transactions, residential, seasonally adjusted

Annual total	
2017	1,223,400
2018	1,190,350
2019	1,171,520
2020	1,041,610
2021	1,486,680

- Stamp duty was altered significantly on 1 December 2003.
- In April 2016, there were 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 December 2021 was 100,110 residential and 9,760 non-residential transactions.
- The seasonally adjusted count of residential property transactions in December 2021 is 7.6% higher than November 2021 and 20.0% lower than December 2020.



Source: HM Revenue & Customs

© GfK 2021 Consumer Confidence Barometer | December 2021

Macro factors impacting Merchants



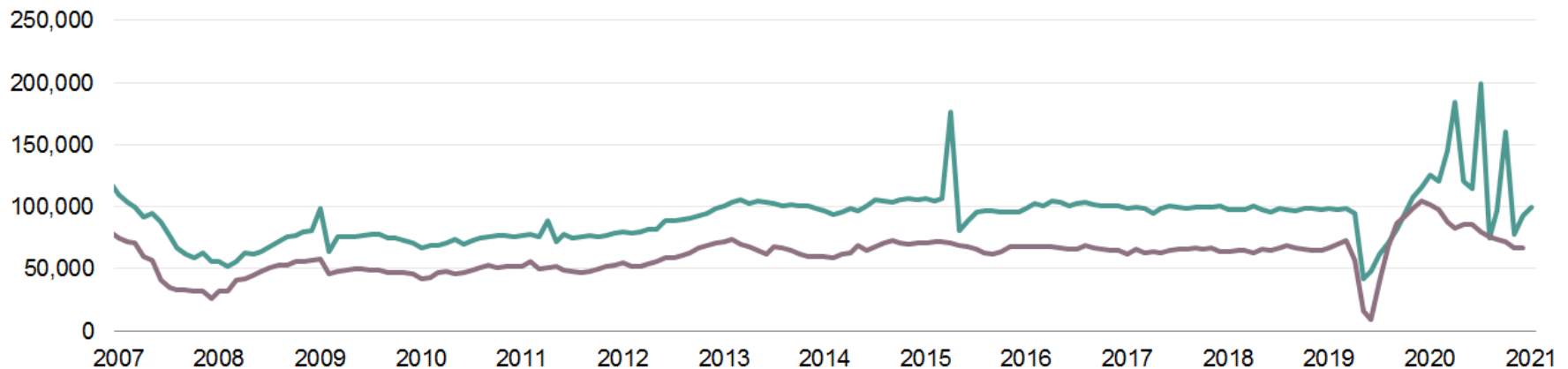
Mortgage approvals and property transactions

Monthly residential transactions and mortgage approvals (seasonally adjusted)

▪ Mortgage approvals for house purchase refers to the firm offers of lenders to advance credit secured on specific dwellings to their customers.

▪ Following year-on-year decreases in April and May 2020 of around 50% caused by the coronavirus pandemic, non-seasonally adjusted UK residential transactions gradually increased, before peaking in March, June and September 2021.

▪ The number of loan approvals for house purchase in the United Kingdom fell to 67,000 in November 2021 - this represents a 0.3% decrease from October 2021.



Source: HM Revenue & Customs

Property Transactions (>£40k, whole UK) Approvals for mortgages for house purchase...

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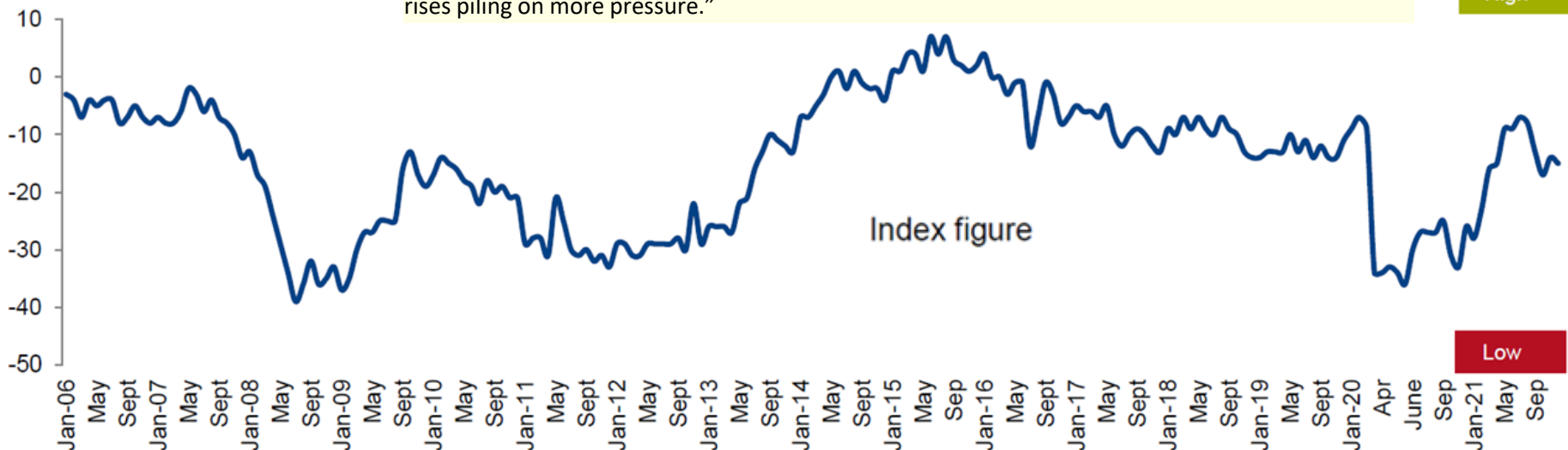
Macro factors impacting Merchants



Consumer Confidence Index

Joe Staton, Client Strategy Director, GfK says: “News about the Omicron variant could not have arrived at a worse time for festive celebrations. With thoughts turning to Christmas and the New Year, Omicron jumped out of nowhere and brought Santa’s sleigh crashing to a halt.

December’s headline score slipped one point to -15 as the lack of Yuletide cheer was evident. Both measures that look at how people see the coming year slipped – down one point for personal finances over the next 12 months and down one point for the wider economy during 2022. This was driven by concerns over the soaring cost of living with the prospect of looming interest rate rises piling on more pressure.”



“building **excellence**
in materials supply”



“building **excellence**
in materials supply”

BMF Forecast Report

BMF Forecast Report

Winter 2021/22 edition



Builders Merchants Industry Forecast Report

The ninth edition of the BMF's Builders Merchants Industry Forecast, covering Winter 2021/22 onwards, is available now.

While 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 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 has 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, with the Winter 2021/22 edition now available. The forecast report can be downloaded by BMF members free of charge - once logged in – [here](#).

Non-members can purchase the report by contacting Sarup Ubhi on 024 7685 4994 or email: sarup.ubhi@bmf.org.uk



Building the Industry & Building Brands from Knowledge



Contact us

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