

“building **excellence**  
in materials supply”

# Builders Merchant Building Index



**Quarter 1 2022**

(Published 18 May 2022)

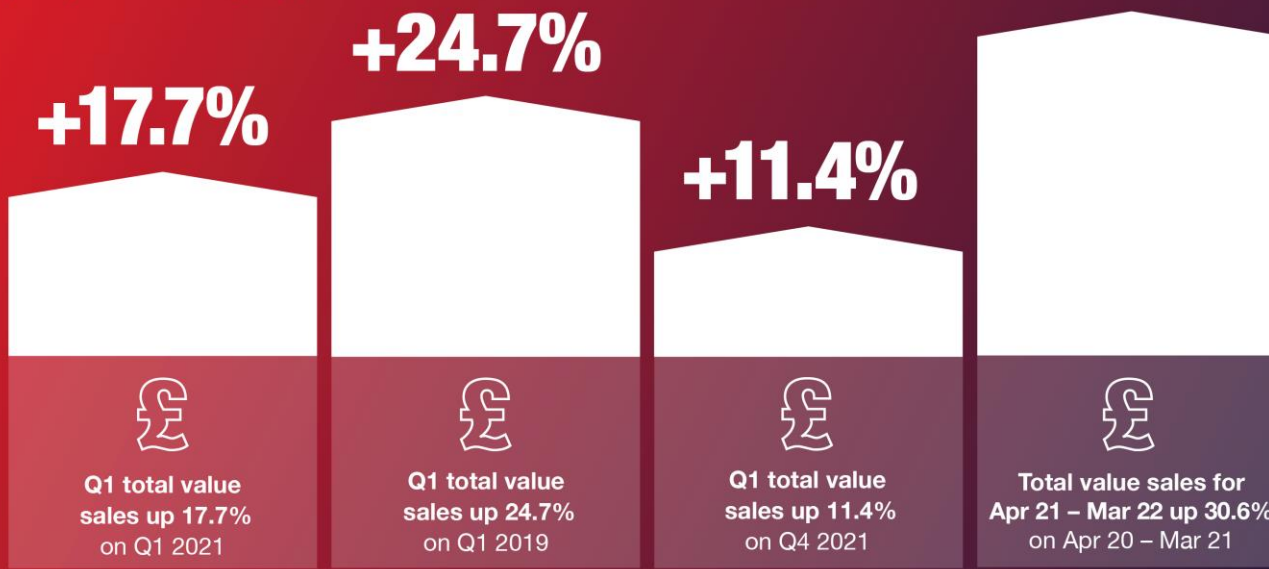
# Highlights

“The first quarter of 2022 has shown value growth, up by 17.7% against 2021 Q1. Almost all of this is driven by price increases, with volume only up by 1.5%.” Emile van der Ryst, Senior Client Insight Manager - Trade, GfK. Read Emile’s full comment on page 6.

## BMBI Report

### Q1 2022 Highlights

(unadjusted for trading days)



[www.bmbi.co.uk](http://www.bmbi.co.uk)

“The first quarter of 2022 saw value growth, up 17.7% against Q1 2021, mostly driven by price increases (+16.0%), with volume only 1.5% higher.”

Note: As one or two year comparisons are still likely to produce some unusual differences, we are comparing figures with 2019, where possible, to give a pre-Covid three-year comparison

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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 1 and March 2022 [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](mailto:emile.van-der-ryst@gfk.com).

# Overview and Insights

Emile van der Ryst,

Senior Client Insight Manager - Trade, GfK



2022 was thrown into complete turmoil at the end of February when Russia did the unthinkable and invaded Ukraine. The horrifying human cost and tragedy seen since then has created even more difficulty for the global economy. Growth forecasts have been revised down and there's widespread commentary around financial pressures, cost of living and expected food shortages.

Against this sombre backdrop there's the acceptance that day to day life in the UK will become much more challenging in the next couple of years. This will of course influence construction and trade, either through less contracted work, price increases or supply chain issues. For now, the first quarter of 2022 has shown value growth, up by 17.7% against 2021 Q1. Almost all of this is driven by price increases, with volume only up by 1.5%.

From 2021 Q1 to 2022 Q1 Heavy Building Materials is up by 17.4% in value, but its volume is only up by 5.0%. Within this category all of Blocks, Bricks, Cement, Plasterboard and Roofing Products saw its highest average quarterly price to date.

Timber & Joinery is even more affected by pricing, with value up 21.4% and volume down by -11.3%. This price increase of 36.9% from 2021 Q1 shows the current reality of the Timber & Joinery market, but it's important to mention that pricing has seen a decrease of -6.7% against 2021 Q4, so it might have already peaked. Landscaping, as the final core category, has seen a value increase of 14.4%, with volumes down by -3.5%.

Outside of the core categories Lightside has seen its best performing value quarter to date. Most of this is again influenced by pricing, with the highest average price on record seen for Ironmongery, Tools, Workwear and Safetywear and Plumbing, Heating and Electrical. The latter has seen value growth of 16.4% and has benefitted from both volume (+5.6%) and pricing (+10.2%) growth against 2021 Q1.

The second quarter is very difficult to predict, but as mentioned earlier, there's the expectation that market conditions will become increasingly more difficult as prices continue to rise and consumer spend is stretched further and further.

“...day to day life in the UK will become much more challenging in the next couple of years. This will of course influence construction and trade, either through less contracted work, price increases or supply chain issues.”

# Merchants' View

John Newcomb, CEO BMF



Although construction output continued to rise in the first quarter of 2022, there is growing uncertainty in the supply chain, which further increased following Russia's invasion of Ukraine. The conflict will further exacerbate the impact of rising energy costs as well as constraining availability of certain products and raw materials.

The Federation of Master Builders' Q1 State of Trade Survey found materials pricing and availability were the key concerns for SME builders, who form a core element of the builders' merchant customer base. During the first quarter of the year, 73% of FMB members had delayed jobs due to a lack of materials, with 98% reporting increases in materials costs, and 95% expecting further price increases during the year. In response, 83% have put up their own prices for work.

While current workload and forward enquiry levels appear to be stable in the SME market for now, the domestic repair & maintenance market is potentially the most exposed to price inflation, and with increased pressure on household costs likely affecting consumer confidence, we may see more projects put on hold later in the year.

Looking at the broader market, initial ONS figures estimate that construction output rose by +3.8% in Q1. Outside of the coronavirus pandemic period, this is the strongest quarter on quarter growth since Q1 2019 (when output rose by +3.9%). Both new work and repair & maintenance recorded increases, with new private housing (+5.2%) and domestic repair & maintenance (+4.5%) amongst the highest contributors.

There are, however, signs of the market cooling as the ONS reports total construction new orders fell by -2.6% in Q1 2022 against Q4 2021.

Building out projects currently on site should see strong demand continuing through the summer months, but continuing pressure on availability coupled with rising costs for raw materials, energy and labour suggests that price inflation will be the main story of 2022.

The BMF has adjusted its Spring Forecast in the light of these factors. Having initially anticipated that material price inflation would ease throughout the coming year, we are now forecasting merchant sales growth of 6.1%, with the majority of that due to price inflation.

The domestic repair & maintenance market is potentially the most exposed to price inflation, and with increased pressure on household costs likely affecting consumer confidence, we may see more projects put on hold later in the year.

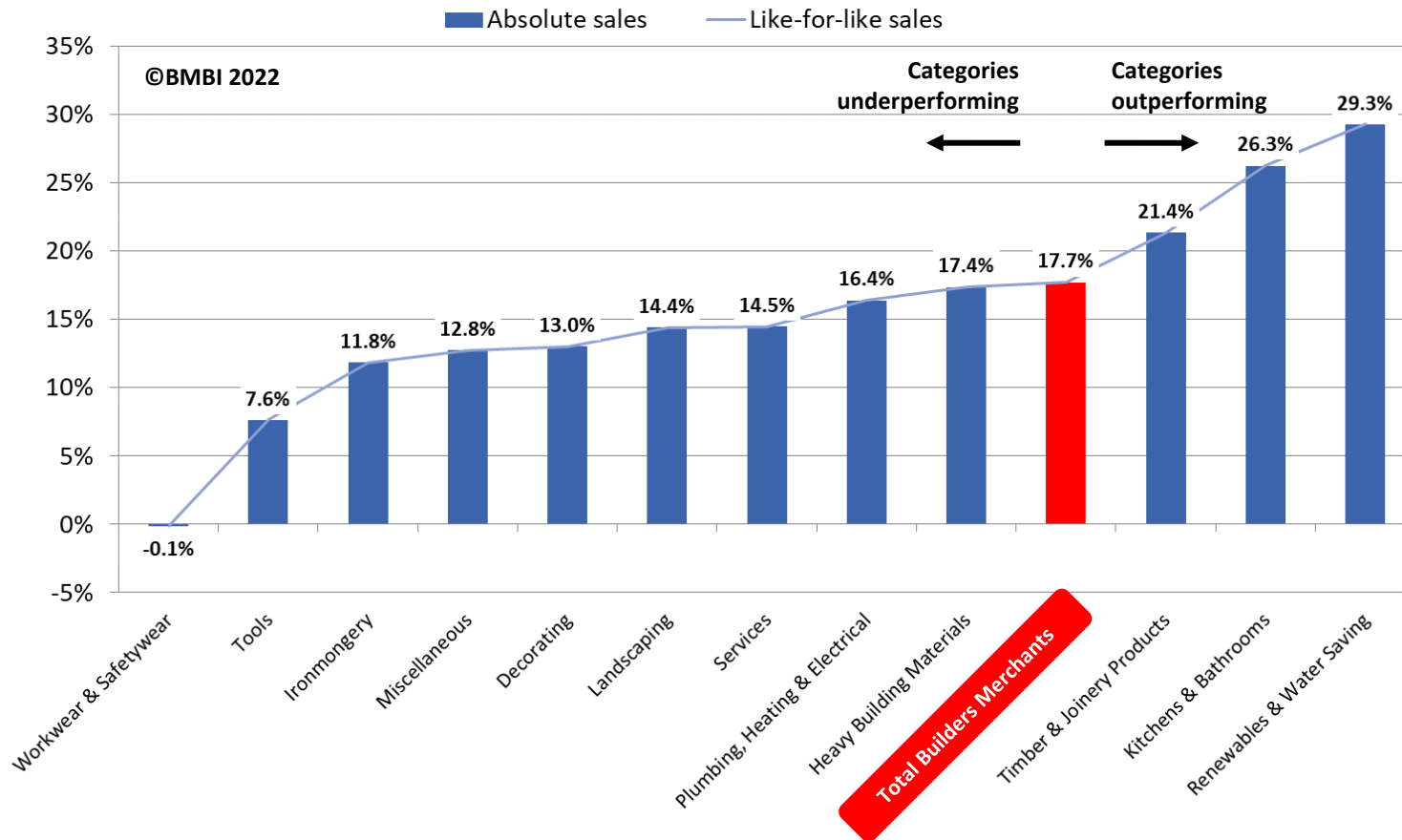
# Quarterly: This Year v Last Year

Q1 2022 absolute and like-for-like sales



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

## Quarter 1 2022 v Quarter 1 2021



Source: GfK's Builders Merchants Total Category Report July 2015 to March 2022

Values shown for absolute sales

Total Merchant sales were 17.7% higher in Quarter 1 this year compared with Quarter 1 2021. However, this was driven more by higher prices (+16.0%) than volume (+1.5%).



# Quarterly sales: Year-on-year

Absolute and Like-for-like sales



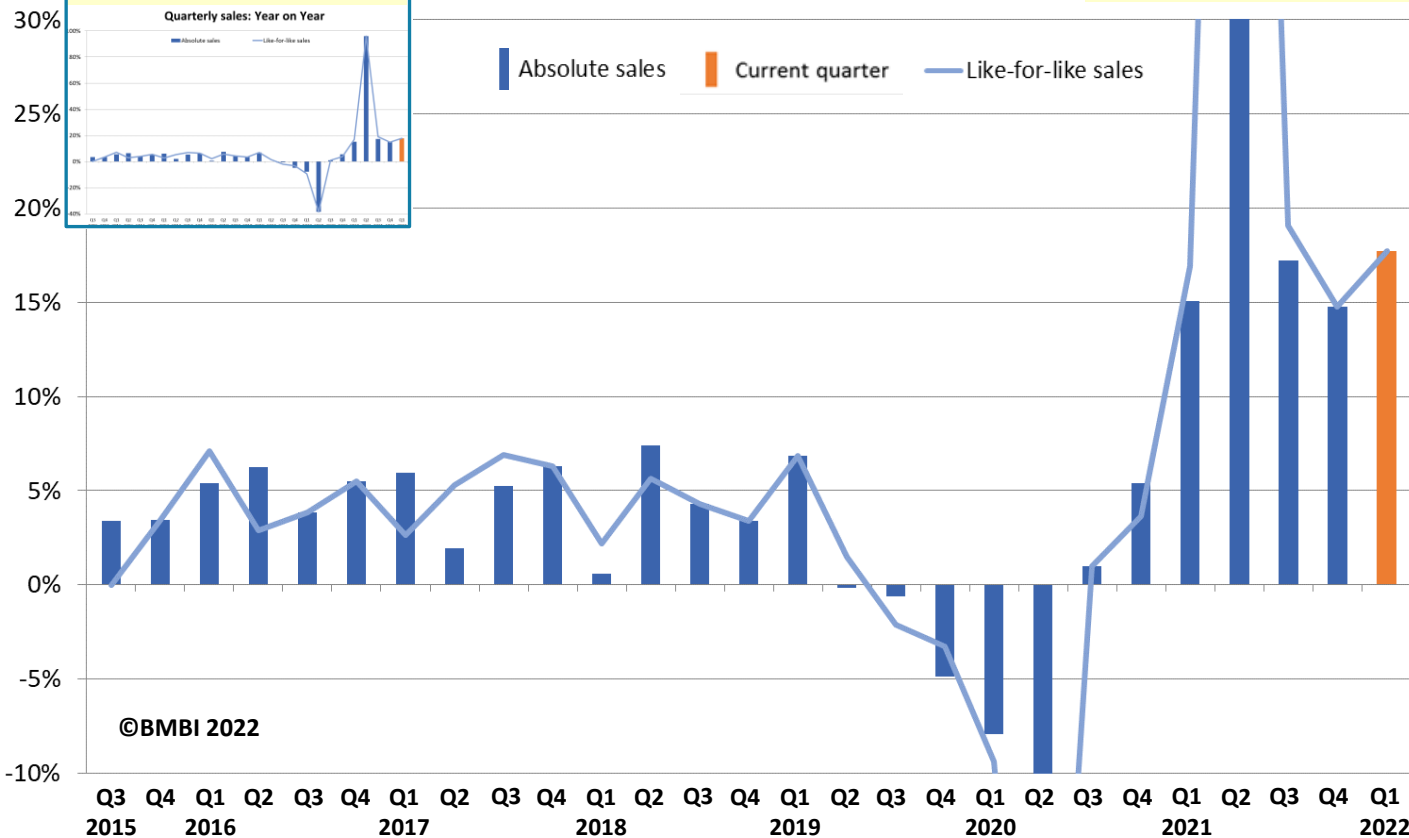
No difference in trading days this quarter. Like-for-like sales take trading day differences into account.

Same chart with scale set to show Covid slump and first anniversary peak



## Quarterly sales: Year on Year

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



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

Source: GfK's Builders Merchants Total Category Report July 2015 to March 2022

Quarter 1 2022 saw the second-highest year-on-year growth since BMBI started.

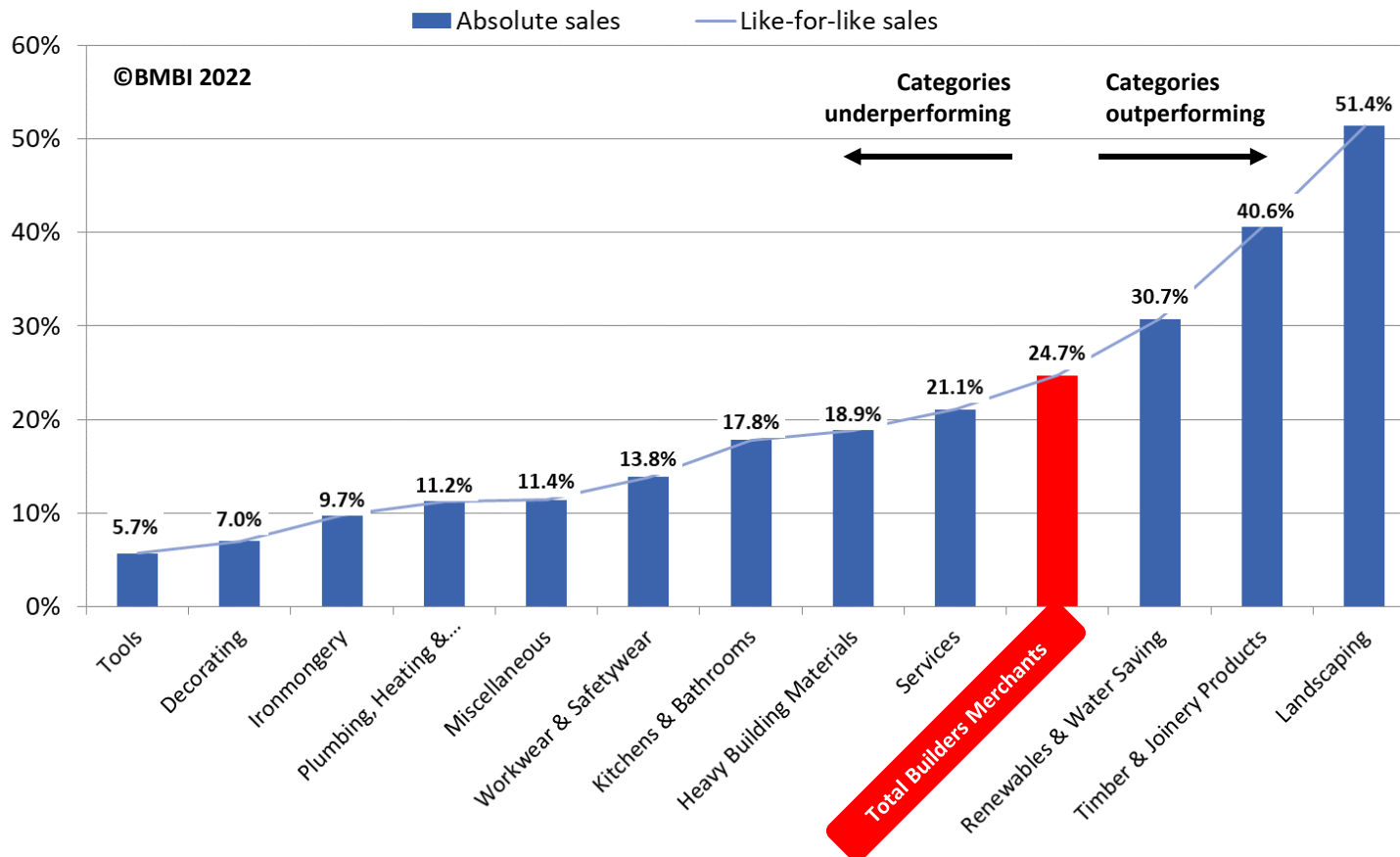
# Quarterly: This Year v 2019

Q1 2022 3-year absolute and like-for-like sales



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

## 3-year comparison: Quarter 1 2022 v Quarter 1 2019



Source: GfK's Builders Merchants Total Category Report July 2015 to March 2022

Values shown for absolute sales

Sales of Landscaping in Quarter 1 2022 were over 50% higher than in Quarter 1 2019 (pre-pandemic).

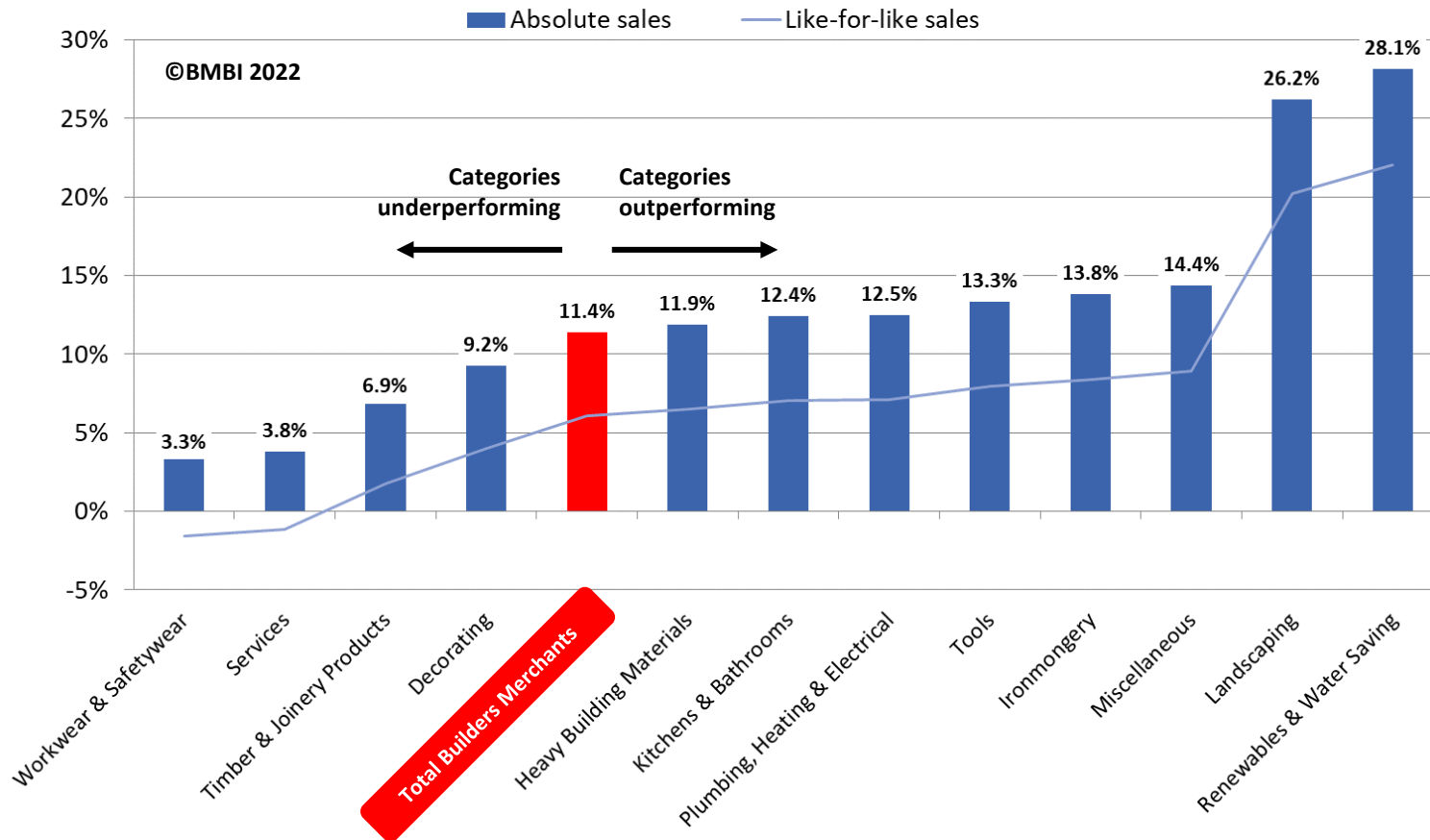
# Quarterly: Quarter on Quarter

Q1 2022 absolute and like-for-like sales



Three more trading days this quarter. Like-for-like sales take trading day differences into account.

## Quarter 1 2022 v Quarter 4 2021



Source: GfK's Builders Merchants Total Category Report July 2015 to March 2022

Values shown for absolute sales

Total sales in Quarter 1 2022 were 11.4% higher than in Quarter 4 2021, led by Renewables & Water Saving and Landscaping.

# Quarterly: Index and Categories

Quarter 1 2020\* to Quarter 1 2022

Indexed on July 2014 to June 2015



QUARTERLY SALES VALUE INDEX	Index	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
<b>Total Builders Merchants</b>	<b>100</b>	<b>104.9</b>	<b>76.4</b>	<b>124.6</b>	<b>111.1</b>	<b>120.7</b>	<b>149.7</b>	<b>146.1</b>	<b>127.5</b>	<b>142.1</b>
Timber & Joinery Products	100	108.5	78.0	133.4	125.4	141.5	183.0	191.9	160.7	171.7
Heavy Building Materials	100	102.5	75.1	119.9	106.8	113.1	136.3	133.3	118.7	132.7
Decorating	100	101.1	56.3	108.5	99.5	101.1	112.2	112.9	104.6	114.2
Tools	100	86.0	41.0	94.4	90.7	99.6	103.0	97.6	94.6	107.3
Workwear & Safetywear	100	128.7	67.5	113.7	113.3	117.3	103.9	98.3	113.3	117.1
Ironmongery	100	112.9	65.0	123.2	112.6	119.3	133.8	126.2	117.2	133.4
Landscaping	100	100.1	138.8	175.5	112.1	141.5	237.5	184.0	128.3	161.9
Plumbing, Heating & Electrical	100	118.5	53.9	104.6	116.0	122.9	118.6	116.7	127.2	143.0
Renewables & Water Saving	100	76.6	31.5	66.4	62.6	70.3	77.2	71.2	70.9	90.9
Kitchens & Bathrooms	100	109.4	48.4	111.6	109.8	107.5	116.7	125.3	120.8	135.7
Miscellaneous	100	129.1	63.3	111.0	108.6	115.9	119.2	122.1	114.3	130.7
Services	100	104.8	72.8	115.9	107.3	110.4	127.9	132.1	121.8	126.4

\*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 March 2022

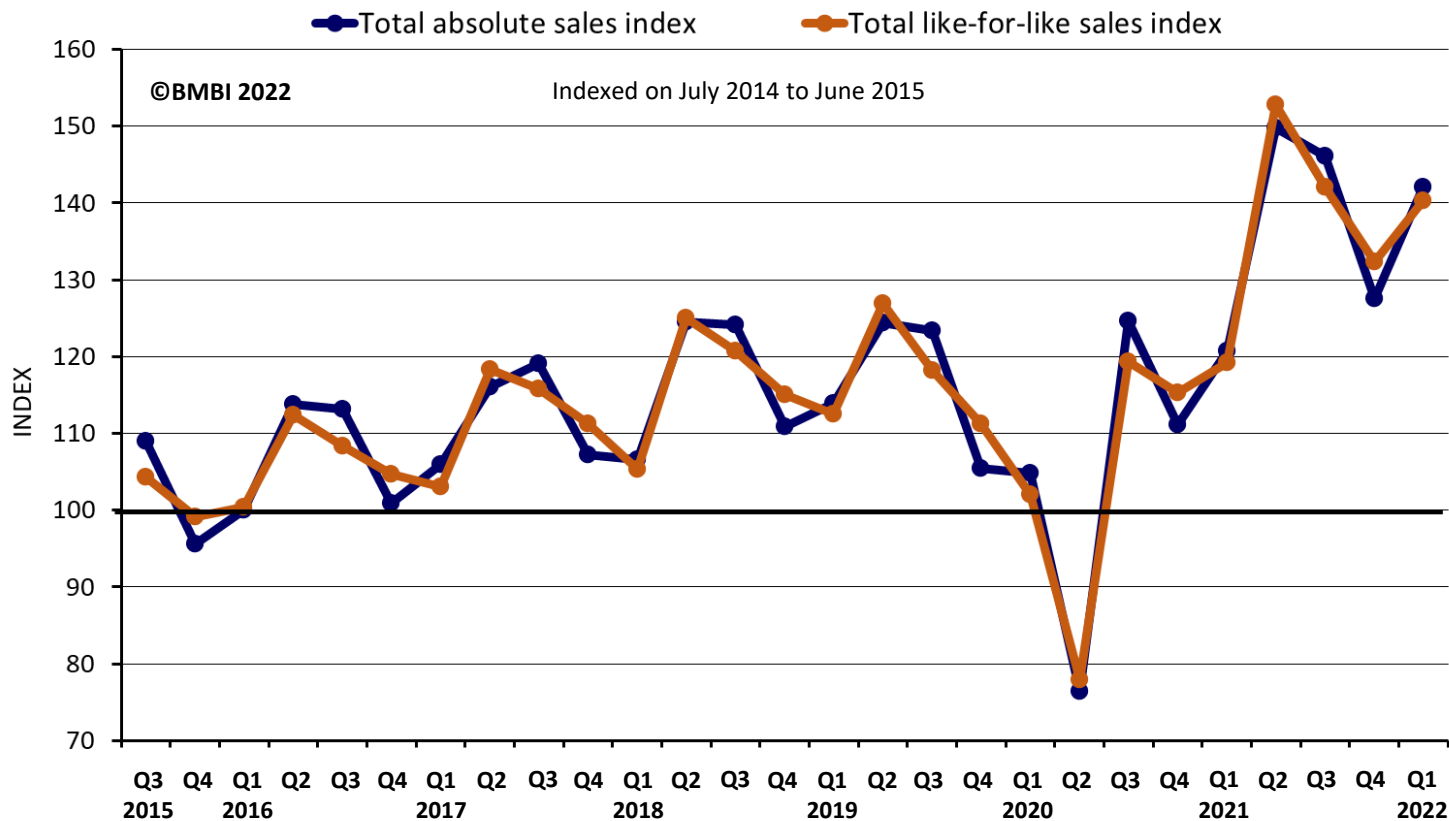
# Quarterly: Index

## Absolute and Like-for-like index



No difference in 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 March 2022

Quarter 1 2022 had the highest first-quarter index (142.1) since BMBI started.

# Quarterly: Index and Categories

Q1 2022 index

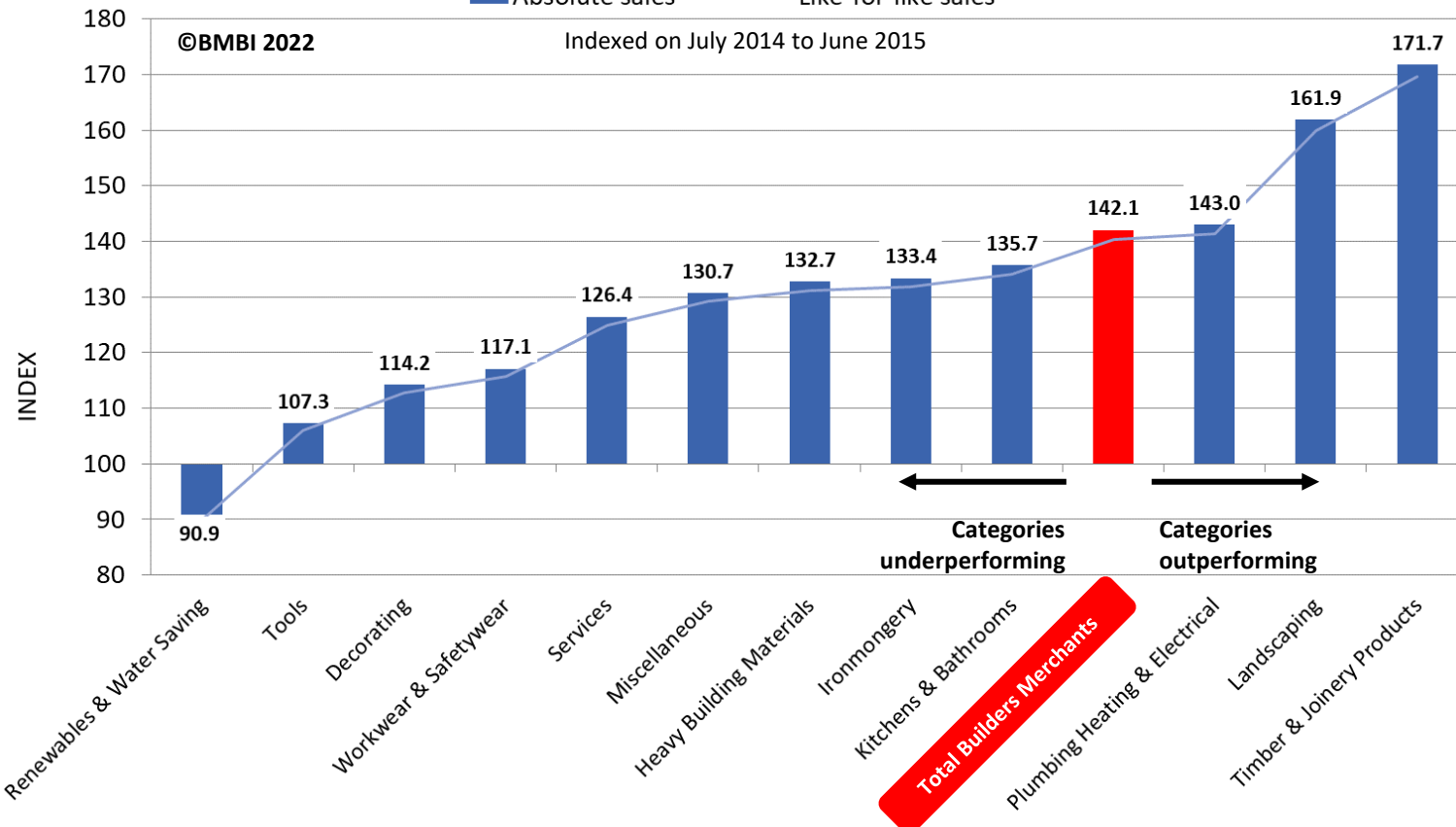


No difference in trading days. Like-for-like sales take trading day differences into account.

Source: GfK's Builders Merchants Total Category Report July 2015 to March 2022

## Quarter 1 2022

Absolute sales Like-for-like sales



Values shown for absolute sales

Timber & Joinery Products and Landscaping significantly outperformed other categories.

# Quarterly: Index and Categories - 1

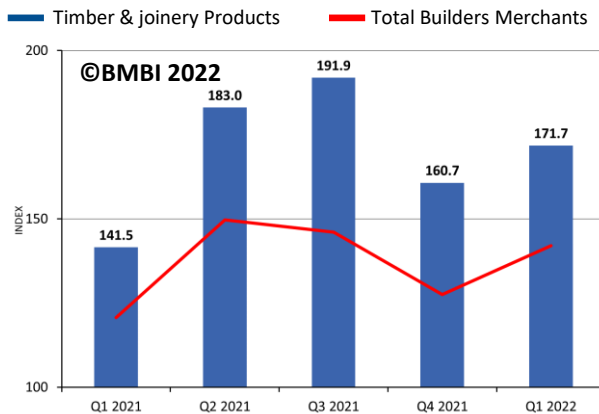
## Quarterly indices



Source: GfK's Builders Merchants Total Category Report  
July 2015 to March 2022

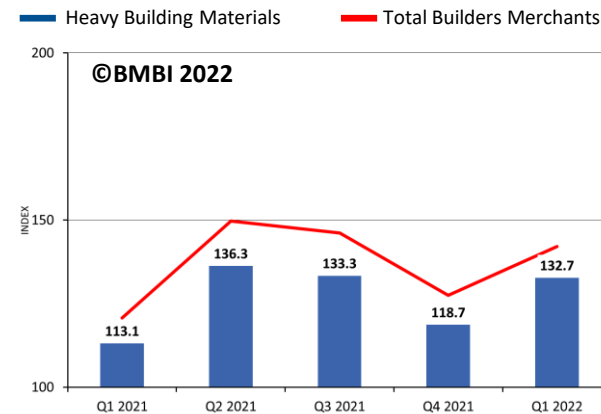


### Timber & Joinery Products



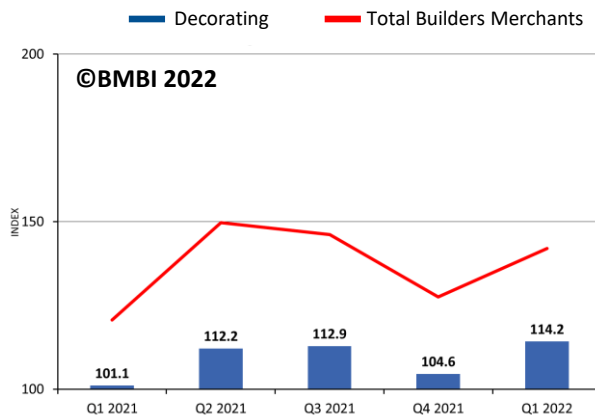
Timber & Joinery Products strongly out-performed Total Merchants in each of the last five quarters. This pushed up the Total index, resulting in other categories appearing to under-perform.

### Heavy Building Materials



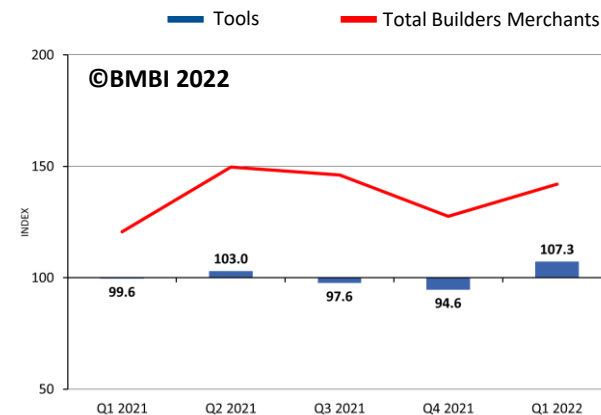
Heavy Building Materials has performed less-well than Merchants overall in the last five quarters, indexing at 132.7 in Quarter 1 2022.

### Decorating



Decorating has under-performed compared with Total Merchants for a number of years, indexing at 114.2 in Quarter 1 2022.

### Tools



Tools has been consistently weaker than Merchants overall and has only exceeded 100 twice in the last five quarters. The Quarter 1 2022 index was 107.3.

# Quarterly: Index and Categories - 2

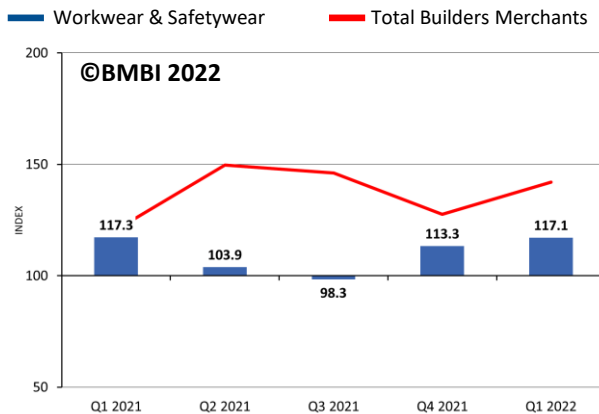
## Quarterly indices



Source: GfK's Builders Merchants Total Category Report  
July 2015 to March 2022

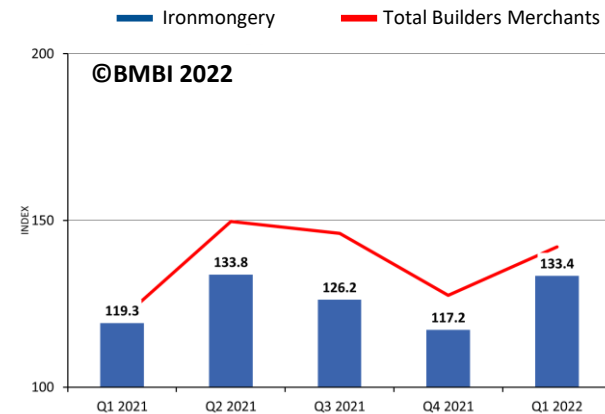


### Workwear & Safetywear



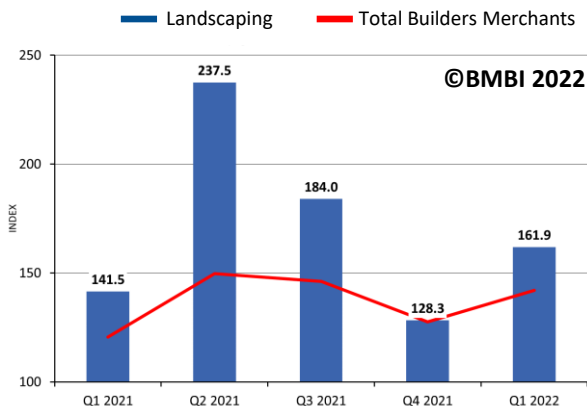
Workwear & Safetywear has been generally weak in the last five quarters, indexing at 117.1 in Quarter 1 2022.

### Ironmongery



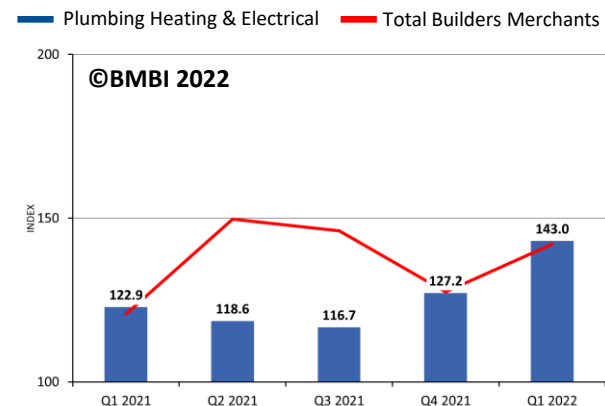
Ironmongery has followed the general trend but been a little weaker than Merchants overall, indexing at 133.4 in Quarter 1 2022.

### Landscaping



Landscaping has been one of the top performers over recent quarters, driving up Total Merchants index and resulting in most other categories appearing to under-perform.

### Plumbing Heating & Electrical



Plumbing Heating & Electrical has a degree of seasonality that sees it perform more strongly in autumn and winter. Quarter 1 2022 indexed at 143.0.



# Quarterly: Index and Categories - 3

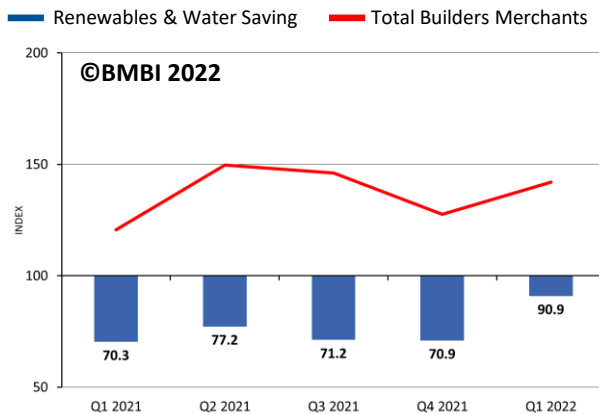
## Quarterly indices



Source: GfK's Builders Merchants Total Category Report  
July 2015 to March 2022

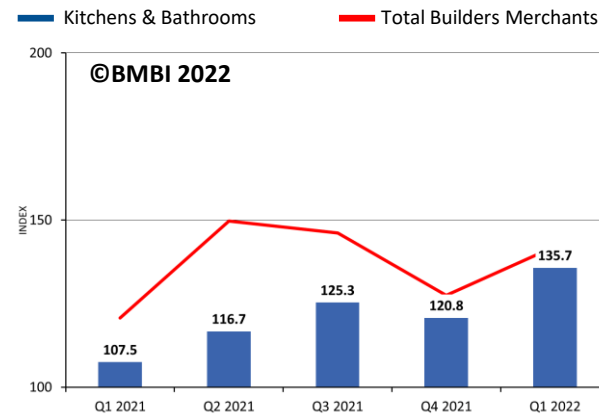


### Renewables & Water Saving



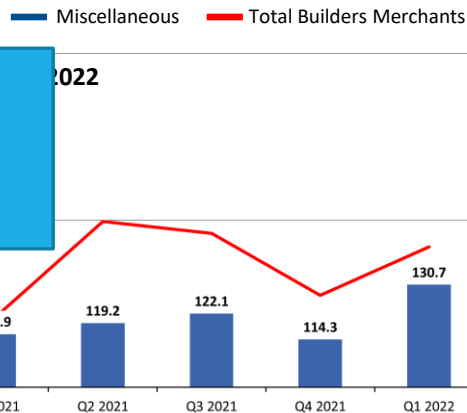
Renewables & Water Saving is a small category where revenue fluctuates significantly. Quarter 1 2022 indexed at 90.9.

### Kitchens & Bathrooms



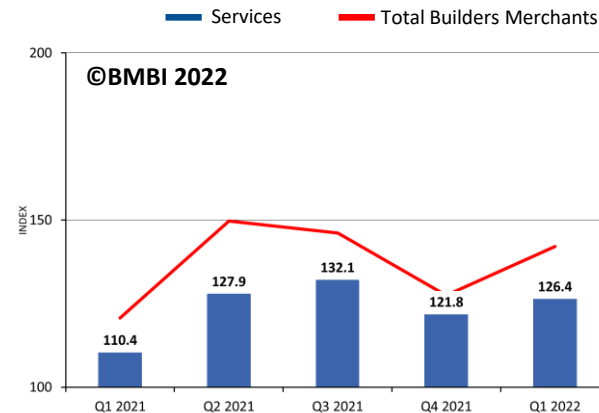
Similar to other 'inside trades', Kitchens & Bathrooms under-performed during the Covid pandemic, but has recently recovered, indexing at 135.7 in Quarter 1 2022.

### Miscellaneous



Miscellaneous comprises a mixed-range of products (see page 57) that have been generally weaker than Merchants overall. Quarter 1 2022 indexed at 130.7.

### Services



Services (predominantly tool/hire services) has closely followed the Total Merchants trend, indexing at 126.4 in Quarter 1 2022.

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# 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.**

Just over two years ago we all thought that Brexit was our biggest issue. Then along came Covid. Now it's the conflict in Ukraine.

It's been a tricky two years for timber. Having successfully navigated the challenges posed by Brexit and then Covid, the conflict in Ukraine is disrupting supply chains and causing major problems in many different areas of our business.

The first is on the supply of timber products which are usually sourced solely, or mostly from Russia, Belarus, or Ukraine. Russian Birch Plywood, for example, is widely used for its looks and strength, characteristics that are difficult to emulate with other materials. As such, timber suppliers have been scrambling to find replacements for it since the invasion began. A specially formulated OSB with a paper coating is one possible alternative being investigated.

Fibre (wood) is also in short supply. The movement of fibre from Russia and Belarus into Europe has almost completely stopped, causing major issues for some manufacturers. Fibre was already experiencing shortages thanks to an increase in bark beetle infestations. The upshot is that fibre is now more expensive, and it will go to sectors able to pay the higher prices.

The invasion has also put further pressure on energy resources, so prices are volatile. Gas has a long term (10 year) average cost of around 50p, however in the first weeks of March it rose more than tenfold to 539p. In the first week of April it dropped back to approximately 240p. The scale of the increase is catastrophic to manufacturing businesses who rely heavily on energy (70% of UK electricity is derived from gas) and are unable to absorb the extra outgoings.

The availability and cost of chemicals such as urea (a base chemical for manufacturers and crop fertilisers), a fifth of which is sourced from Russia, is also causing major disruption.

Altogether, it's made for a difficult start to the year, and there may well be more choppy waters ahead for timber, as a fragile supply chain and rising prices will surely take its toll on all those involved in the sector as we move through Q2 and beyond.

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# 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.**

It's been a rocky start to 2022 for the paving industry, as the war in Ukraine is affecting both porcelain supplies and consumer demand.

At the end of last year, we encouraged merchants to keep stock on the ground. This strategy was a saving grace in helping merchants navigate temporary shortfalls in porcelain supplies in Q1 caused by the war.

In Italy, the huge spike in energy costs early on in the invasion led to factories closing for four weeks, as it wasn't viable for them to open. The break gave our porcelain supplier the time to source alternative materials as most European porcelain incorporates Ukrainian clay, which is about five times cheaper than Italian clay. As a result, prices are going up.

We source our porcelain from different countries to mitigate local problems like those seen in Italy, but other suppliers also had problems meeting orders. One factory on the Poland/Ukraine border lost Ukrainian workers who returned to their country to fight, while in Spain, a hauliers' strike put the brakes on getting product out of the country for five weeks at least.

The war is knocking consumer confidence, particularly on their intentions to spend on larger purchases such as home improvement projects. Good landscapers are largely booked up for 2022 and only losing a few jobs due to rising living costs. So, we expect to see more paving products being laid by DIYers and 'furlough landscapers' who are new to the industry, to save on labour costs. We have a complete library of 'how to' videos to support these customers.

Overall, Q1 paving sales are still up on pre-pandemic levels, but what happens in Q2 and beyond will hinge on a number of factors – none of which are in our control. If the situation in Ukraine improves, consumer confidence and spending will get a boost, while some better weather will also encourage people to get outdoors and tackle their gardens.

Our advice to merchants is to be prepared for the upswing. Keep stock levels healthy as customers don't like to wait for the products they want. If you haven't got what they want, they'll take their business elsewhere.

...most European porcelain incorporates Ukrainian clay, which is about five times cheaper than Italian clay. As a result, prices are going up.

# Expert Panel

## Adhesives & Sealants

(Part of Decorating)



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

As the cost of living continues to increase, the importance of living a more sustainable lifestyle has never been higher. According to a survey from Rated People, 63% of UK tradespeople are planning to make eco changes in 2022 and as many as 70% are planning to extend their skillset to take on more eco jobs.

With nearly half of homeowners saying they'd be more likely to choose a tradesperson if they were environmentally friendly, there's a big opportunity for tradespeople increasing their green credentials this year.

From an adhesive and sealants perspective, this means we're likely to see further increases in demand for products packaged in Post-Consumer Recycled (PCR) cartridges or foil 'sausages', due to their reduced impact on the environment. The move towards hybrid products, which can both seal and bond, is also likely to continue. Why buy two to three products when one will do the job?

From a training perspective, one key reason why people leave any industry is limited opportunities to progress, so it's vital for companies to invest in their employees. Even when work is busy, training should still be part of the job. Formal training with recognised qualifications requires significant commitment, however learning new skills at a training centre or with a manufacturer over a day or two enables people to get hands-on with products, and there is often the flexibility to create bespoke sessions.

Despite the continued rise in UK construction output, a number of uncertainties remain, particularly as confidence in supply chains is further unsettled by the war in Ukraine. Occasionally, this is resulting in merchants - and subsequently the end user - having to source alternative products at short notice.

For manufacturers, this means having accurate product data that's easily accessible has never been more important and why the Code for Construction Product Information (CCPI) will help the industry reach higher standards.

Going forward, manufacturers need to assess their processes for product data and ensure they have the right systems in place to be able to provide reliable sources of information for everyone, from specifiers down to the end user. As an industry, it's vital we rise to this challenge.

The move towards hybrid products, which can both seal and bond, is also likely to continue. Why buy two to three products when one will do the job?

# Expert Panel

## Bricks & Roof Tiles

(Part of Heavy Building Materials)



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

Relaxing Covid restrictions, improved supply chains, and continued construction workload rises have all contributed to a strong start to the year for many manufacturers, Wienerberger included.

According to the S&P Global / CIPS UK Construction PMI for March data, UK construction output has increased again, helped by the fastest rise in new work for seven months. However, globally the impact of inflation continues to be felt.

The Consumer Prices Index (CPI) rose by 6.2% in the 12 months to March 2022, up from 5.5% to February. This is the highest CPI 12-month inflation rate in the National Statistic series which began in January 1997, and the highest rate in the historic modelled series since March 1992, when it stood at 7.1%. These inflationary pressures have led to a weakening of positive sentiment for activity in the year ahead.

One positive omen for the coming year and beyond though, is the continued focus being placed on sustainability by many in our sector. For the first time, in 2022 Wienerberger combined our Annual and Sustainability report, holding us accountable for progress beyond the financial successes. Keeping people and sustainable values at the heart of our organisations will be the essential foundations to allow for continued growth for the future.

As we look back on the first quarter of 2022, I want to take this opportunity to highlight the resilience I've seen in our sector. Despite a very challenging two years, with more challenges still to come, I believe that most in our sector are stronger and more prepared to succeed than ever before.

For the first time, in 2022 Wienerberger combined our Annual and Sustainability report, holding us accountable for progress beyond the financial successes.

# 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.**

Through the first quarter of 2022, we saw a strong return after the much needed Christmas break. January and February were extremely buoyant, despite the continuing pressures on material supply and accelerating cost-inflationary pressures being felt across the wider economy.

We began to see a change through March. The material supply situation began to ease a little but, driven-on by the situation in Ukraine, price rises became the dominant factor influencing market behaviour and strategic decision making.

Nevertheless, the outlook remained positive through early March with strong quotation activity. As we moved towards April there were early signs of project delays across the majority of construction sectors with the exception of infrastructure, with the likes of HS2 and high-speed communication networks continuing to forge ahead.

Today, quote levels have stayed positive, but the underlying uncertainty resulting from the broader economic situation makes short to medium term forecasting extremely difficult.

Wage inflation is affecting all businesses, not just in construction, and adding further cost-complexity, the industry is struggling to address the continuing issue of skills shortages. A high percentage of the UK's construction workforce is within five to ten years of retiring and the industry urgently needs to attract large numbers of young men, and women in particular, who see a long term future in construction. As we all step up a gear and change to meet the considerable challenges of climate change and sustainable resource management, it is imperative that innovations such as Green Urbanisation showcase the potential for exciting, long-term careers.

Finally, the impact of the new regulatory requirements brought in by the Environment Act are beginning to be felt. With developers now being asked to provide greater detail on issues such as biodiversity-net-gain and nutrient neutrality, projects will potentially be subject to further time pressures as local authorities and utilities consider proposals against a far more rigorous sustainability-driven legislative agenda.

Quote levels have stayed positive, but the underlying uncertainty resulting from the broader economic situation makes short to medium term forecasting extremely difficult.

# Expert Panel

## Steel Lintels

(Part of Heavy Building Materials)



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

After the madness of the last couple of years, the first quarter of 2022 seemed to be getting back to what one would describe as more normal daily volumes. Merchants, distributors and building sites all reported good stocks, and we too report good stock levels. In sales volume, Q1 2022 was very similar to the same period in 2021.

Demand from the construction sector is relatively good, particularly the new build sector, where, reportedly, many houses have been forward sold. However, growth this year may be curtailed by the availability of labour, and the pressure of building material inflation has to be a concern for all – specifically the RMI market.

While it has been a positive start to the year, global supply chains were still reeling from the effects of the pandemic, and Russia's invasion of Ukraine has added a whole new set of problems. The war and the sanctions applied against Russia and Belarus have further choked the flow of vital resources for steel supply and manufacturing.

Russia, Ukraine, and Belarus account for almost one quarter of finished steel imports into the EU & UK, and 80 percent of the region's imports of semi-finished steel. The war has resulted in spiraling costs and disrupted supply lines. Prior to Russia's invasion, steel producers were already lifting prices due to higher costs, particularly for energy.

Recent lockdowns in Shanghai, the world's largest container port, and US ports continually plagued by industrial labour disputes, are hitting global trade, with further disruption to maritime shipping expected for up to 12 months.

In 2021 we experienced the biggest impact on our material availability ever. However, even with the disruption of the war, availability so far in 2022 is back to what we'd expect in more normal times, albeit at significantly higher prices. Lead times are still extended, but the supply is currently smoother.

The only clear good news is that the new building regulations are imminent, bringing with it a chance for energy saving products to shine.

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# Expert Panel

## Drylining Systems

(Part of Heavy Building Materials)



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

The first quarter saw demand off to a slightly slower start than forecasted, with stocks remaining high across the supply chain following year end purchasing. However, as we moved through February and into March, purchase levels returned to forecasted volumes. The big question is whether this strong start to the year can be sustained, as the rising cost of inflation puts pressure on supply and demand.

Released on 21st April, the co-chairs of the Construction Leadership Council's (CLC) Product Availability Working Group made a joint statement updating the industry on the availability of construction materials and products. While overall product availability remains good, one of the main challenges that we continue to face is the rate at which energy and other costs are rising.

Last year, there were significant cost increases in raw materials and logistics. Now, like the rest of the sector, our costs are being impacted by the ongoing and rapid rise in energy inflation. Energy is a considerable portion of the cost to make our products and, with energy inflation continuing to soar, it is crucial that we work closely with our construction partner customers to ensure we remain resilient.

Looking ahead to Q2 and the rest of 2022, we will continue to seek to mitigate and absorb operating costs where possible and keep our pricing under review for the rest of this year in the face of this unprecedented volatility affecting all customers and the wider UK market. Crucially, we will keep our valued partners continually updated, understanding that even the smallest cost increases have a ripple effect along the whole supply chain.

While we needed to announce incremental price increases this year, we are dedicated to keeping our prices competitive for the long term. One of the ways we are doing this is by future-proofing our distribution network with a focus on delivering for our distribution partners in an efficient, secure, safe and sustainable way.

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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.

Merchants spent much of 2021 wrestling with questions of supply and demand. 2022 has seen those two words remain at the fore, but not just in relation to products. This time, it's all about energy. Even before the invasion of Ukraine, soaring energy bills were raising alarm. Hopes of a temporary spike have faded. The current prognosis is for a prolonged period of uncertainty and higher costs compared to previous baselines.

A long-term problem requires long-term solutions. But while policy has so far focused on energy supply, this quarter has seen growing calls from across the political spectrum – and the construction supply chain – for meaningful action to reduce demand. That means fixing Britain's leaky buildings – still among the worst in Europe for energy efficiency – which in turn means widespread insulation upgrades. Imminent building regulation updates will take care of new construction, and a strategy to address existing buildings must surely follow.

How will that affect merchants? I think there are three conclusions to draw.

One, it's clear that demand for insulation – already robust – will continue to grow, and that it will be sustained for the long-term. Merchants will need new supplies to meet this demand.

Two, the push for more efficient buildings will require product innovation. Over the coming years, merchants will need new solutions that deliver better thermal performance, without compromising on other critical factors like fire safety.

And three, there will be more emphasis on embodied carbon in the supply chain. Construction must play its part, and merchants will need reliable sustainability data on hand to recommend lower-carbon solutions to their customers.

In that context, I'm pleased to be able to confirm a £45m+ investment in our Glass Mineral Wool manufacturing plants in St Helens and Cwmbarn that will address all three of these requirements. The programme of work will boost our capacity by 30,000 tonnes by early 2024, enabling us to manufacture new lower-lambda products, and reduce the embodied carbon of our products manufactured in St Helens by a further 20%.

Merchants face new challenges as the industry responds to the changing world. The supply chain must step up to help.

While policy has so far focused on energy supply, this quarter has seen growing calls from across the political spectrum... to reduce (energy) demand. That means fixing Britain's leaky buildings.

# Expert Panel

## Cement & Aggregates

(Part of Heavy Building Materials)



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

This year has started well for the cement and aggregate industries, with strong quarterly volume sales despite January and February construction output being hampered by bad weather.

The latest Mineral Products Association (MPA) figures show that an easing in the supply chain issues which dogged 2021 and firm customer demand boosted sales in Q1, with ready-mixed concrete sales up 3.2% compared to Q4 2021. Mortar (+5.5%), sand and gravel (+2.1%) and asphalt (+1.0%) were also up.

Overall, we are seeing a return to normal sales and trading patterns. Some sectors continue to perform strongly, such as housebuilding and infrastructure. The booming RMI market has dropped off, as householders choose holidays over home improvements and discretionary spend on DIY purchases falls in line with pre-Covid levels.

Further from home, the invasion of Ukraine has had a knock-on effect on the cement and aggregates industry. Russia is a major timber exporter so the supply of wood for pallets and paper bags is being adversely affected. Even plastic bags are made using oil. The major impact though has been on the cost of energy.

Escalating fuel costs disproportionately affect energy intensive industries like ours. Earlier this year, one Spanish cement company shut several kilns because it couldn't afford to operate them. Extra energy costs can't be absorbed by manufacturers; price rises are inevitable.

The Ukraine conflict has highlighted our reliance on fossil fuels and the importance of seeking alternatives. Hanson has a sustainability plan which will see us making progress towards having the UK's first zero carbon cement plant as part of our commitment to becoming a net zero company by 2050. This will require switching to non-fossil fuels such as hydrogen, as well as capturing carbon from the manufacturing process and devising less-carbon intensive concrete mixes.

But it's not all doom and gloom. We expect the robust pipeline of large-scale construction projects to keep sales buoyant throughout Q2, while possible threats to growth are mainly human-related, namely shortages of HGV drivers, cement plant workers and skilled construction workers.

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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.**

The first quarter has again been full of unpredictable global circumstances that affected every single business, not least the construction sector.

During the pandemic there was an increase in activity as people invested in making improvements to the home at a level we had not experienced before. Over the last few months things have settled down and it feels like we have returned to pre-pandemic levels of sales and activity. As well as material shortages, the storms in February had a negative effect as roofers couldn't work to full capacity, although this is not unusual during the winter months.

But the sector is now bracing itself to face the ongoing challenges of rising costs in logistics, fuel and energy as a result of the conflict in Ukraine. These additional costs, along with the significant increase in container and storage prices and the instability of the situation, makes it difficult for any business to plan effectively. However, we maintain our objective to help reduce the impact on the end-user as much as possible.

Lead is a commodity that has always fluctuated in price, and the price of lead is predicted for the market by the London Metal Exchange. So, suppliers don't have set prices. The invasion of Ukraine has caused unprecedented volatility every single day and we are seeing extreme fluctuations in the price of lead that are both sporadic and unpredictable. This unfortunately means that it's impossible to hold quoted trade prices very far ahead.

Last year the sector had to focus on the availability of building materials. This year's focus is on pricing, as consumer confidence will be affected by the rising cost of living and the impact of the conflict.

It isn't possible to predict the next few months, but as long as there are projects, the construction sector will continue to maintain good levels of demand and supply.

So, let's all take a breath and prepare for another unpredictable year. Stay calm and focus on what your business can control such as good customer service, sustainability and maintaining levels of supply.

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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.

A lot has changed over the past two years, and the windows and doors industry seems to have been presented with new challenges to overcome every month. Twenty twenty-two looks set to continue in that same vein.

Having worked our way through Covid, negotiated its restrictions to keep our businesses operational, and contended with the resulting supply chain issues and cost inflation, Q1 has given us a new set of problems triggered by the conflict in Ukraine. The war has amplified existing inflation and supply problems and added more pressure to energy costs when we were hoping to see improvements.

The war has also knocked consumer confidence and total demand for windows and doors started to fall in Q1. Rapid food and energy inflation has disproportionately hit homeowners with low or average incomes, and this is where volumes are falling the most. These 'Have Not' homeowners, many under 45, are now delaying non-critical home improvements, doing less while more confident DIYers are doing those they really need themselves to save on costs.

Forecasts for the rest of the year and 2023 have been reduced following the events of Q1, but what we are increasingly seeing is a market of two parts which are still diverging, making the market as a whole harder to read. While demand among the 'Have Not' homeowners is dropping off, the 'Haves' continue to spend.

The 'Haves' are mostly homeowners without mortgages or with low mortgages. They are predominantly older homeowners whose properties have been appreciating in value over the last 20 years. They account for the bulk of UK savings which increased significantly over the last two years, and they're often referred to as the Bank of Mum & Dad. They have continued to spend on a range of home improvements and we hear that waiting lists for installers have got even longer.

So, while there are challenges to overcome, there are clearly still opportunities for suppliers to the Haves and the DIY market, and for those selling into the New Build and commercial markets, which remain buoyant. Continue to market your windows and door products strongly: there are prospects for growth even in the most difficult circumstances.

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While demand among the 'Have Not' homeowners is dropping off, the 'Haves' continue to spend.

# Expert Panel

## Paint

(Part of Decorating)



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

With inflation at a 30-year high, disposable incomes are starting to be squeezed. The cost of living crisis dominated headlines in March as annual inflation hit 7%, weakening demand across the sector. At the same time the market's reaction was not as severe as expected and our own monthly total paint missed forecast for March by just 1.2%.

March's trade market moving annual total was 1.3% points down compared with the previous year, not as steep as it could have been. Year to date, volumes were up 0.2% points against the previous year.

Apart from holidays, home improvements are also a priority for many, with 40% of consumers planning to save to invest in their homes in 2022. Priority does not equal reality. With consumer wallets getting squeezed, priorities will be shifting based on what is affordable as the year progresses, which might have a significant effect on categories reliant on consumer spend. Within builders' merchants, this particularly is a 'watchout' as the decorative category within builders' merchant groups underperforms the market.

In the short term, Trade is unlikely to soften further as surveys suggest 44% of painters and decorators are booked up five months and more in advance, with only 3% having no advance bookings.

Construction output increase continues with a forecast for 2022 of +4.3% and +2.3% in 2023 and already showing increases in quarter two of +2.3% year on year.

Premium emulsion volumes are up +11.2% year on year and will continue to rise. A clear message is to focus on where the value is, and for trade to up sell from contract emulsions. Masonry paint dropped -12.8% year on year, most likely affected by poor weather in Q1 2022, but it could also be an indication of the exterior category being in a downward trend as part of a two-year cycle following the spike in sales during 2020 lockdown.

Retail sales are forecast to decline as the DIY boom softens with people returning to work, as well as considerable economic uncertainty over the next few years.

The Trade Paint market on the other hand is forecast to see continued growth over the next few years, driven by new house building as well as commercial and private housing RMI.

Surveys suggest 44% of painters and decorators are booked up five months and more in advance, with only 3% having no advance bookings.

# Expert Panel

## Roof Windows

(Part of Timber & Joinery Products)



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

At the end of 2021, we reported exceptional demand for roof windows. This prompted most suppliers to put their customers on allocation to ensure available capacity was shared fairly across their customer base. To an extent, this may have prompted over ordering and an artificial spike in order intake.

Keylite though was able to ensure all customers received an allocation at least equal to historic sales levels, and above that, for partnering merchants to enable them to grow.

At our manufacturing site, we significantly increased production output to meet the additional demand, resulting in the backlog of orders being completely cleared by the end of Q1. Aside from catching up, underlying sales demand was approximately in line with our forecasts for 2022.

Entering Q2, the good news is that customer allocation has ended, lead times have returned to normal and stocks for the UK & Ireland market are in a healthy position. Raw material and labour availability has returned to normal levels. What could possibly go wrong?

Looking forward, there is an understandable level of concern from the trade and merchants at what the rest of 2022 holds. Inflation is taking hold and industry analysts are busy revising down their growth forecasts, with RMI in particular being reduced. There are positives however: housebuilders remain buoyant, demand for quality housing remains strong and the cost of borrowing is extremely low compared to the long term average.

As a nation we remain aspirational, while as an industry we have shown ourselves to be resilient, time and time again. Most of us have improved the robustness of our supply chains and are focused on reversing as much material inflation as possible. There will need to be further price increases though. The Ukrainian conflict has had an immediate impact on input costs, largely driven by the energy crisis. However, we will be cautious not to dampen demand and are committed to asking only for what we need.

It is simpler to comment on what has happened than predict what will happen but, whatever 2022 brings, we will continue to work hard to support our merchant partners to ensure we prosper together.

Customer allocation has ended, lead times have returned to normal and stocks for the UK & Ireland market are in a healthy position. Raw material and labour availability has returned to normal levels. What could possibly go wrong?



# Expert Panel

## Shower Enclosures & Showering

(Part of Kitchens & Bathrooms)



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

This year has got off to a stuttering start in Q1 as rising inflation, the Russia-Ukraine conflict and labour shortages contribute to new challenges for the KBB industry to negotiate.

Inflation is a major worry for KBB suppliers. Over the coming months, we expect consumers to be more cautious and selective in their spending and focusing on the essentials, particularly among younger homeowners (under 50s), those whose outgoings are rising faster than their incomes, and households on lower earnings.

While the cost of living stays high, we expect KBB buyers to focus on products which save money in the longer term. For example, showers that use half the water, require half the heating, so where homeowners are investing, showers may become even more popular than baths.

The outbreak of war in Ukraine has also undermined consumer confidence (according to GfK) which will hit demand for bigger RMI projects, such as a new bathroom.

The war has not had a direct impact on the supply of showering spaces or bathroom products, but the ensuing energy crisis has. China opened more mines to increase the nation's energy output from coal, and rationed energy usage in the short term by shutting power supplies to factories on certain days of the week. This knocked the supply of a wide range of products including bathroom components, hardware (handles, hinges, locks etc) and aluminium profiles.

Supplies are also being hindered by lags in international freight, coupled with congestion and covid restrictions in large ports like Shanghai. You may have seen posts on LinkedIn showing the approaches to Shanghai port chock-a-block with vessels trying to get in and out.

At the very end of Q1, BiKBB reported a positive uptake on its new [apprentice programme](#). This is encouraging as the UK skills shortage is a growing problem which needs addressing now and in the longer term. Unless the industry's ageing workforce is replaced and fresh talent brought in to fill the places of European workers who left following Brexit and Covid, meeting demand for bathroom installations in reasonable timeframes will be impossible.

Unless the industry's ageing workforce is replaced and fresh talent brought in to fill the places of European workers who left following Brexit and Covid, meeting demand for bathroom installations in reasonable timeframes will be impossible.

# Expert Panel

## Website & Product Data Management Solutions



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

While significant financial investment in cutting edge technology is unobtainable for many small to medium sized merchants, digital solutions are necessary to make their business attractive in an increasingly competitive labour market. In fact, digitalisation is a cultural journey as much as a technology one and to navigate it, the right talent must be attracted to provide the diversity and skills required to be successful.

For businesses looking to attract the best millennial and Generation Z talent, misconceptions around a lack of career progression and out-dated processes are a common problem. According to one PWC study, opportunities for career progression is the top priority for graduates considering a workplace, while over half said that an employer's provision of state-of-the art technology was an important factor.

Flexible working is increasingly important to younger generations or those with family commitments. Whether prospective employees are looking to work from home on a full or part-time basis, employers will struggle to meet this demand with technology systems that require full time office attendance.

As highlighted throughout the COVID-19 pandemic, the implementation of specialist technology facilitated a transition to remote working across the merchant sector, allowing many staff to successfully undertake their role from home.

Being able to log-in to business systems from any location allows all departments to view key business data and do their jobs, at least in part. While this might have taken some getting used to, this shift has highlighted the fact that many prospective employees now expect and demand it.

Career advancement opportunities are of vital importance for young people, with many seeking ongoing training opportunities within their role. Without a robust digital infrastructure, we can't convey the image of a progressive and adaptable industry which is committed to improvement, and younger recruits will be deterred.

From attracting the best talent, to scaling and opening new sites, digital solutions are increasingly being viewed as the key to future success and arguably the best way to combat the lack of diversity within the sector, without which any aspirations of digitalisation will not be successful.

Digitalisation is a cultural journey as much as a technology one and to navigate it, the right talent must be attracted to provide the diversity and skills required to be successful.



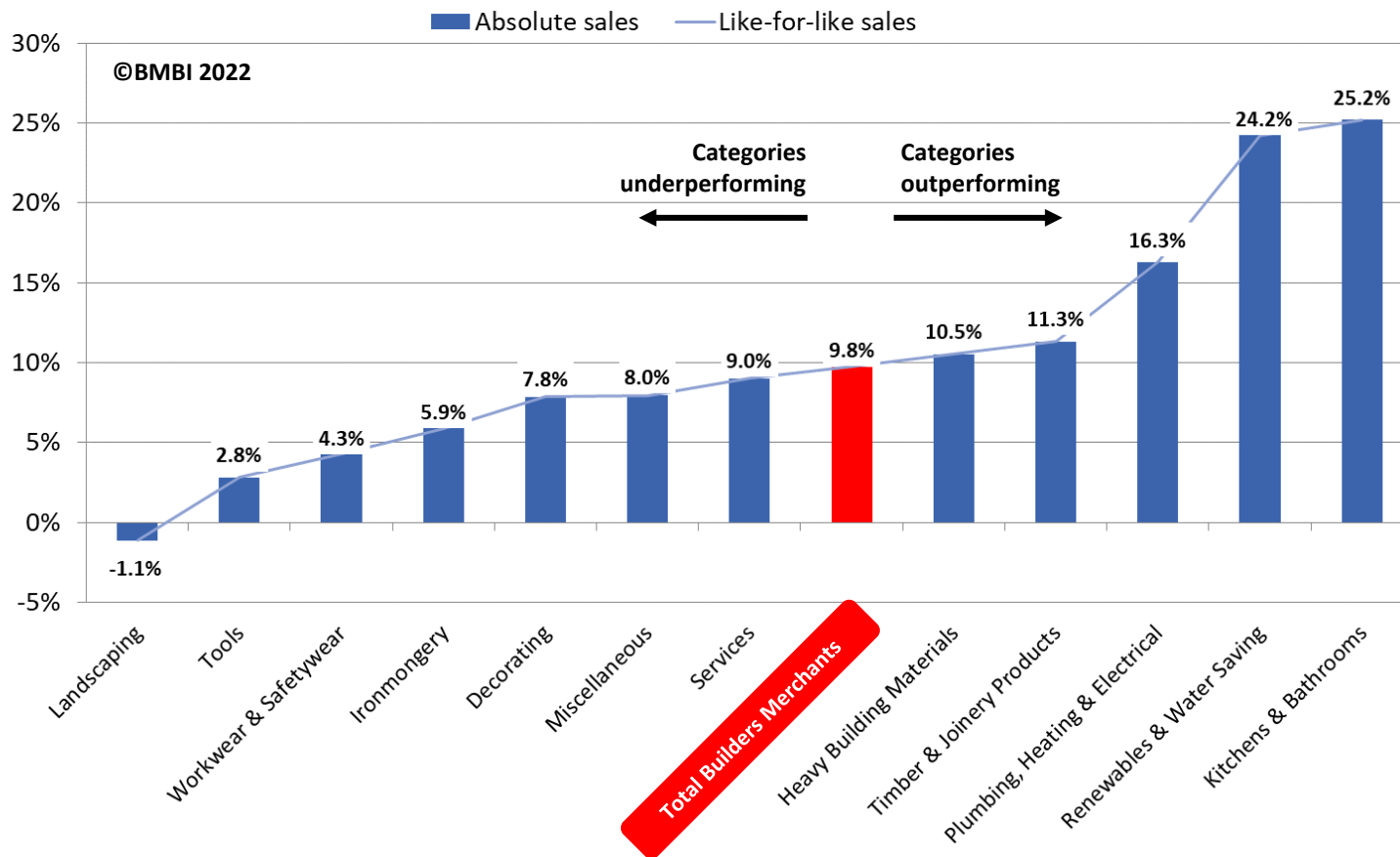
# Monthly: This year v last year

## March 2022 absolute and like-for-like sales



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

### March 2022 v March 2021



Source: GfK's Builders Merchants Total Category Report July 2015 to March 2022

Values shown for absolute sales

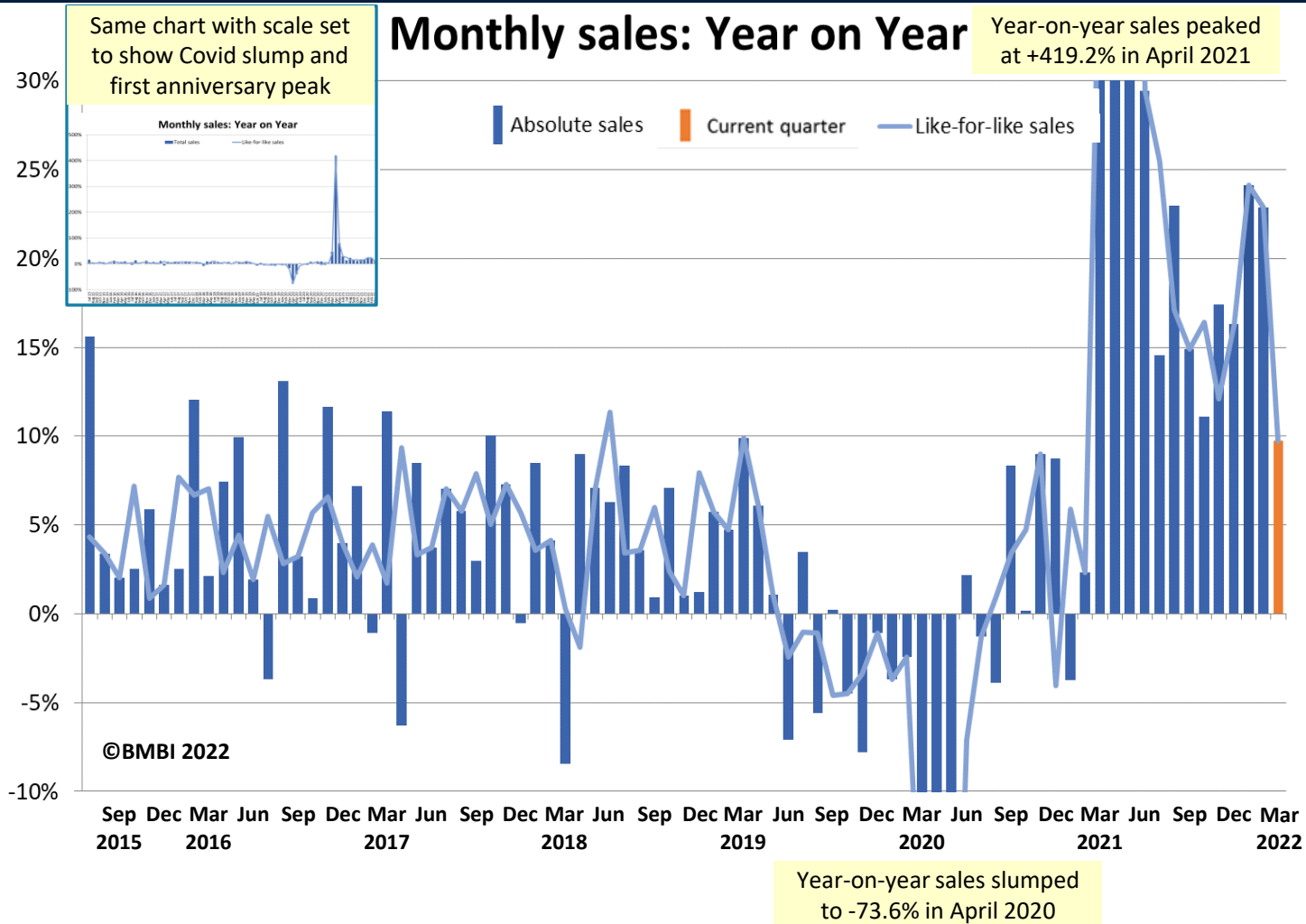
Kitchens & Bathrooms was the top performer in March 2022, having been one of the weakest categories in March last year.

# Monthly: Year on Year

Absolute and like-for-like sales



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



Source: GfK's Builders Merchants Total Category Report July 2015 to March 2022

Total sales in March were 9.8% higher than in March 2021. However, growth was entirely driven by price inflation (+18.5%). Volume was 7.3% lower.

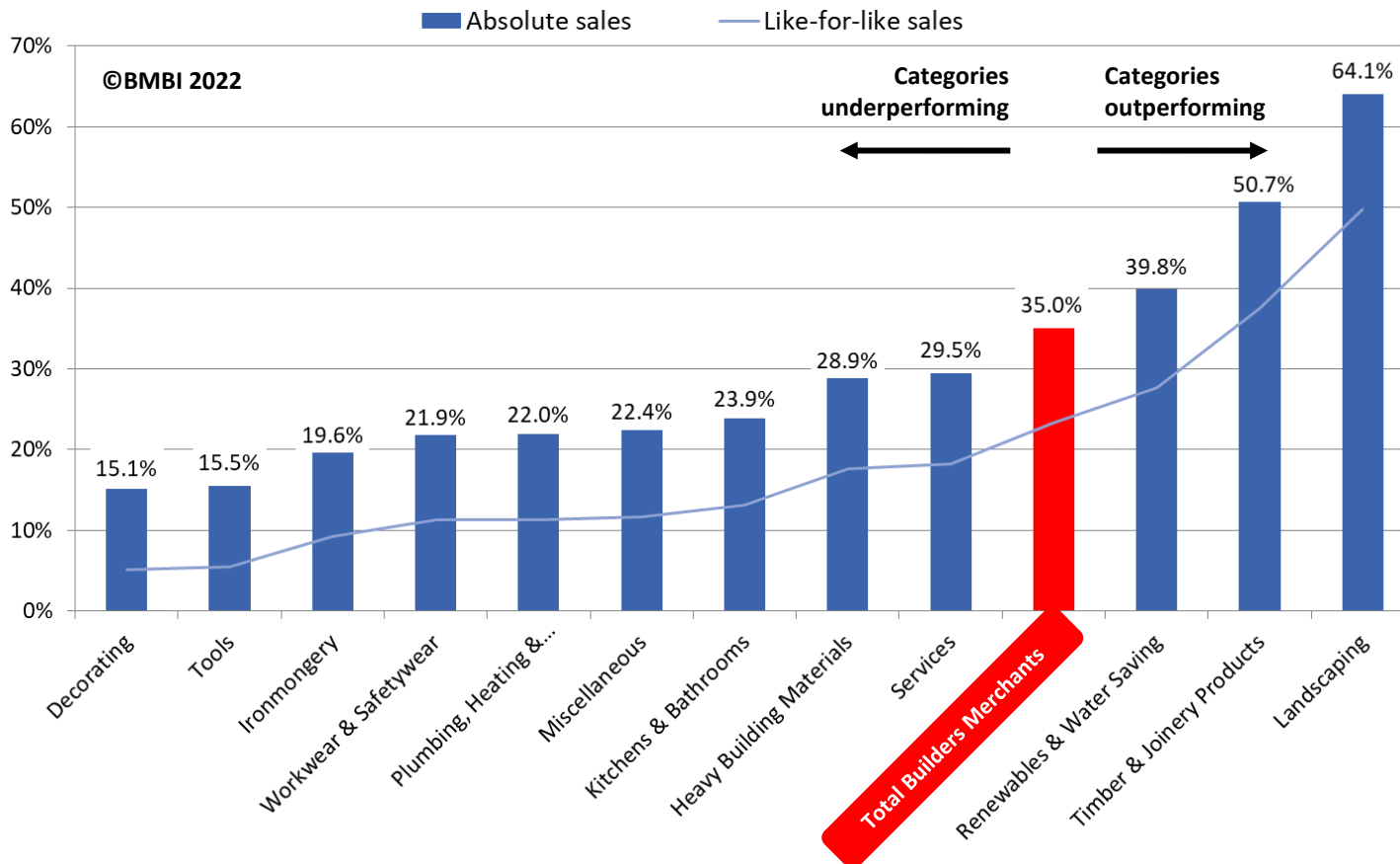
# Monthly: This year v 2019

March 2022 3-year absolute and like-for-like sales



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

## 3-year comparison: March 2022 v March 2019



Source: GfK's Builders Merchants Total Category Report July 2015 to March 2022

Values shown for absolute sales

Value sales of Landscaping (+64.1%) and Timber & Joinery Products (+50.7%) grew much faster than other categories, compared with March 2019.

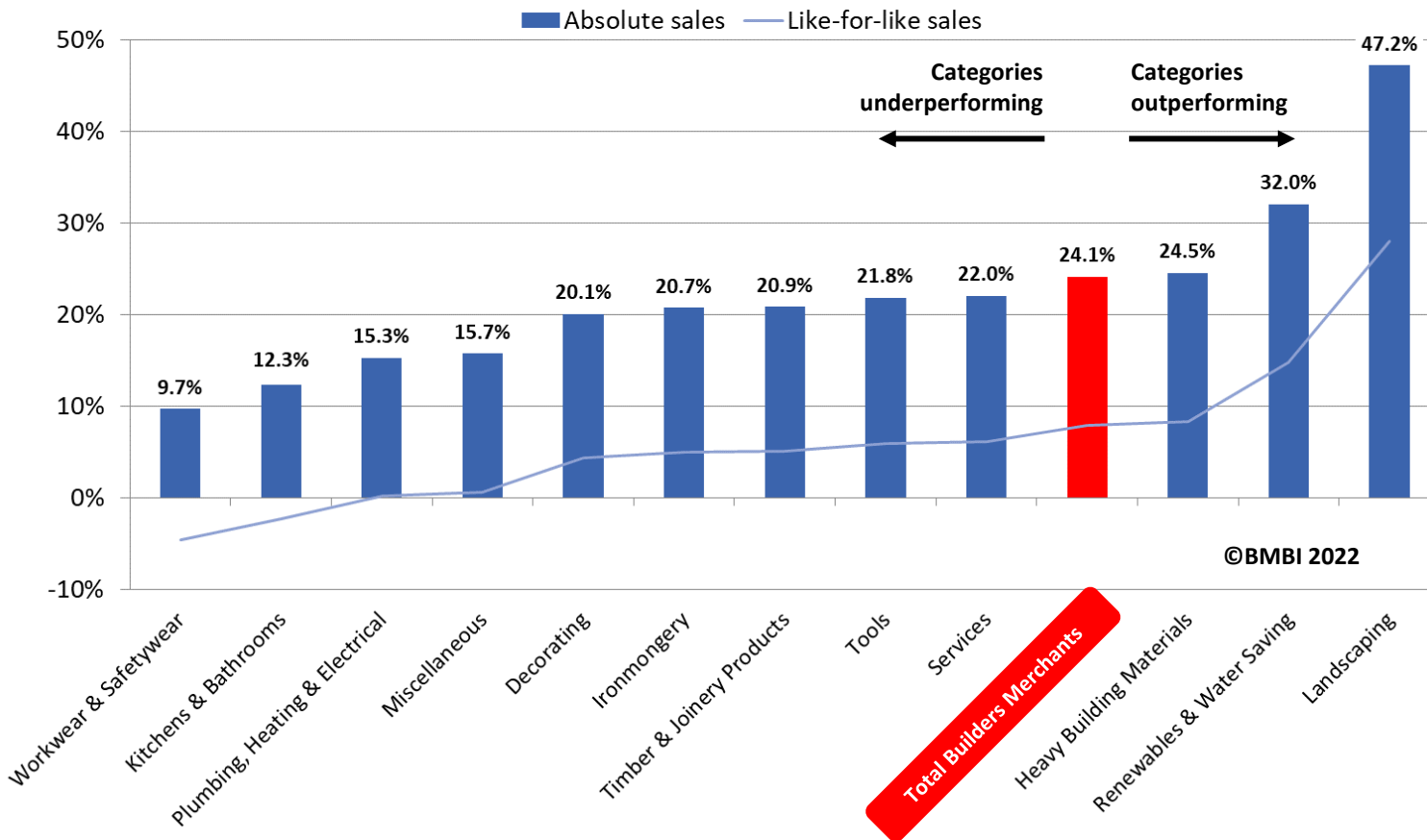
# Monthly: This month v last month

## March 2022 absolute and like-for-like sales



Three more trading days this month. Like-for-like sales take trading day differences into account.

### March 2022 v February 2022



Source: GfK's Builders Merchants Total Category Report July 2015 to March 2022

Values shown for absolute sales

Seasonal category Landscaping grew significantly in March compared with February.

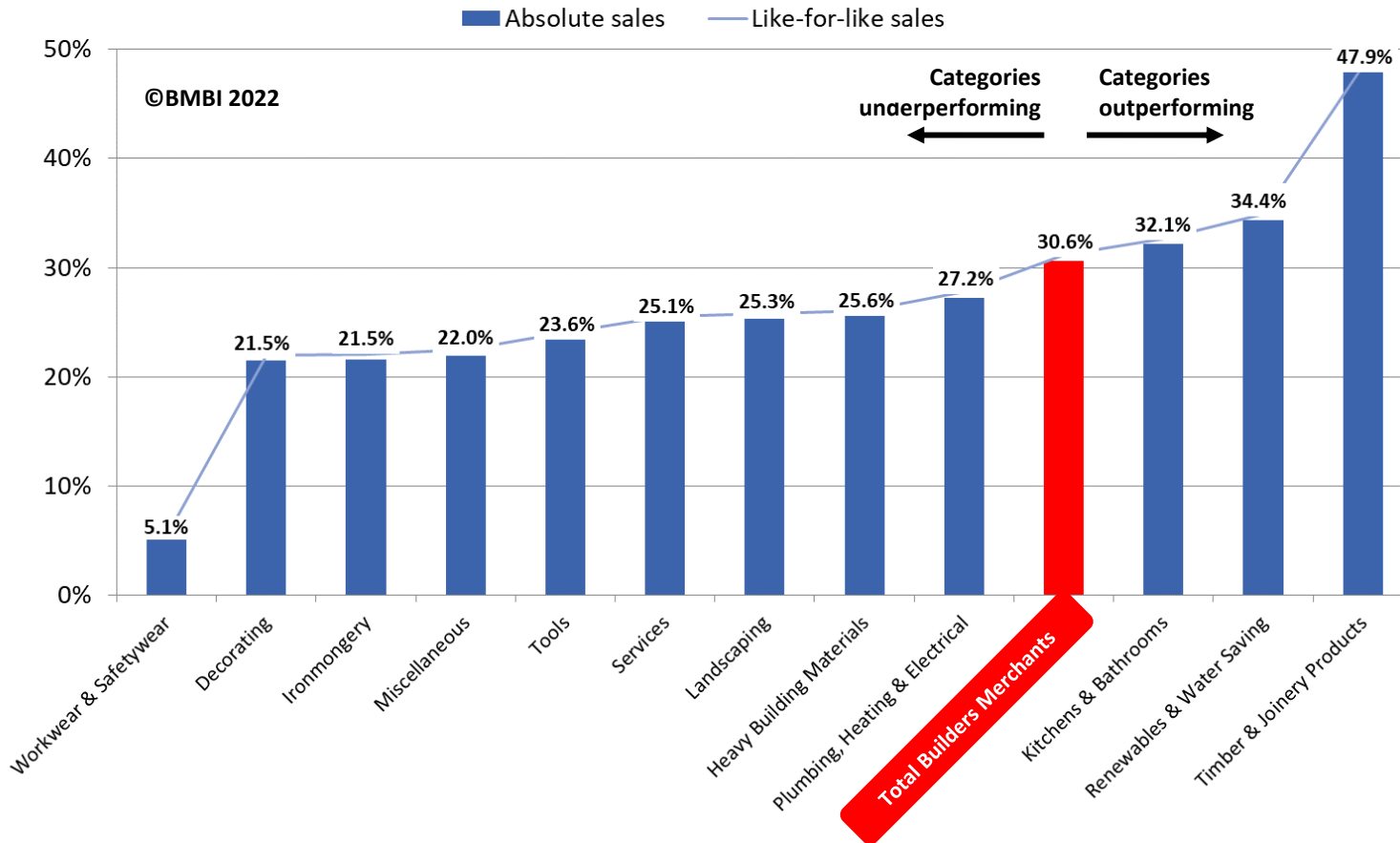
# Last 12 Months: Year on Year

Absolute and like-for-like sales



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

## 12 months Apr 21 to Mar 22 v 12 months Apr 20 to Mar 21



Source: GfK's Builders Merchants Total Category Report July 2015 to March 2022

Values shown for absolute sales

Total sales in the 12 months to March 2022 were 30.6% higher than a year earlier.

Timber & Joinery Products has performed strongly since the pandemic, although much of the growth resulted from price inflation.

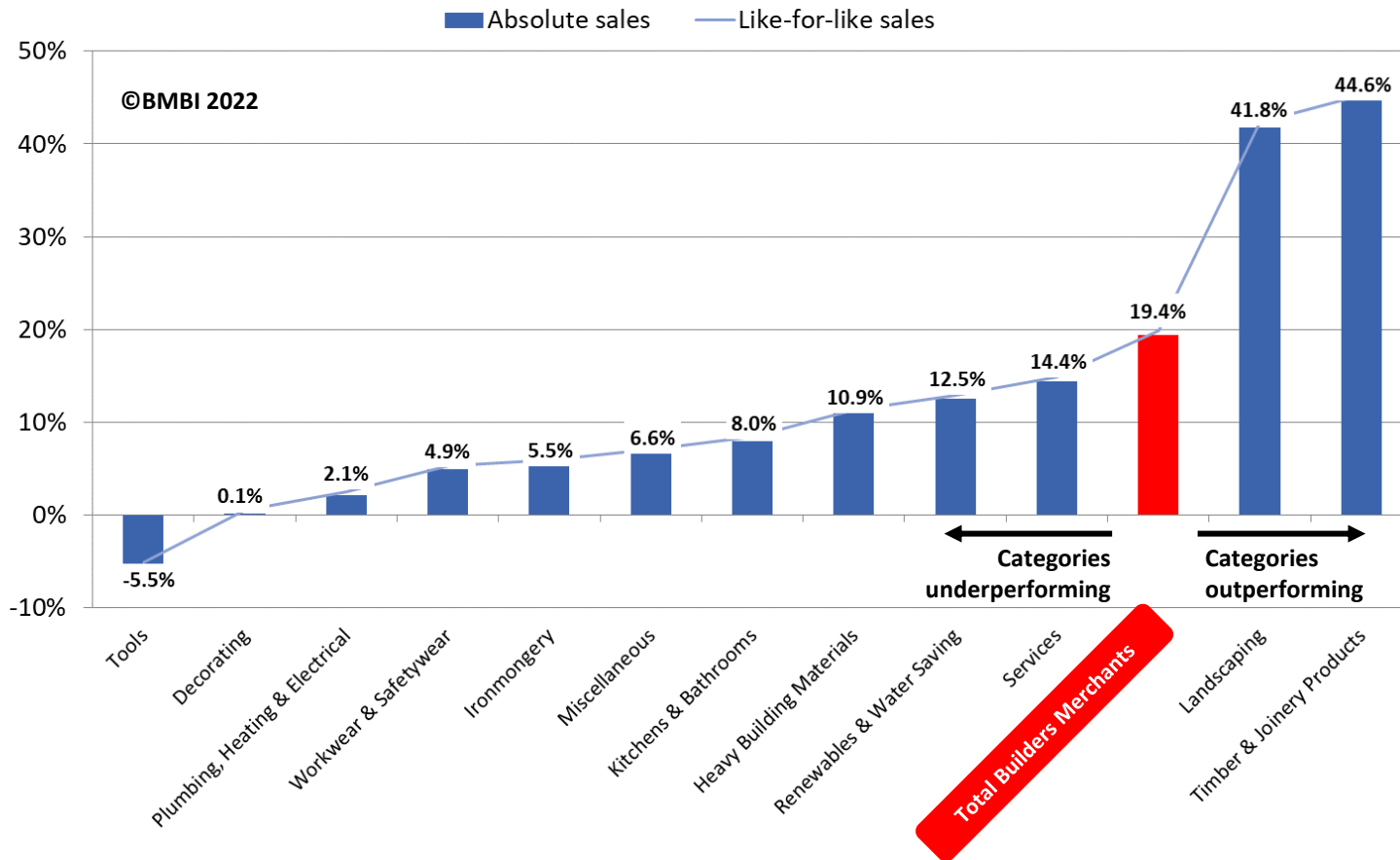
# Last 12 Months: v 2019

Absolute and like-for-like sales



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

## 12 months Apr 21 to Mar 22 v 12 months Apr 18 to Mar 19



Source: GfK's Builders Merchants Total Category Report July 2015 to March 2022

Values shown for absolute sales

Looking back three years, sales in the twelve months to March 2022 were 19.4% higher than three years ago (pre-pandemic).

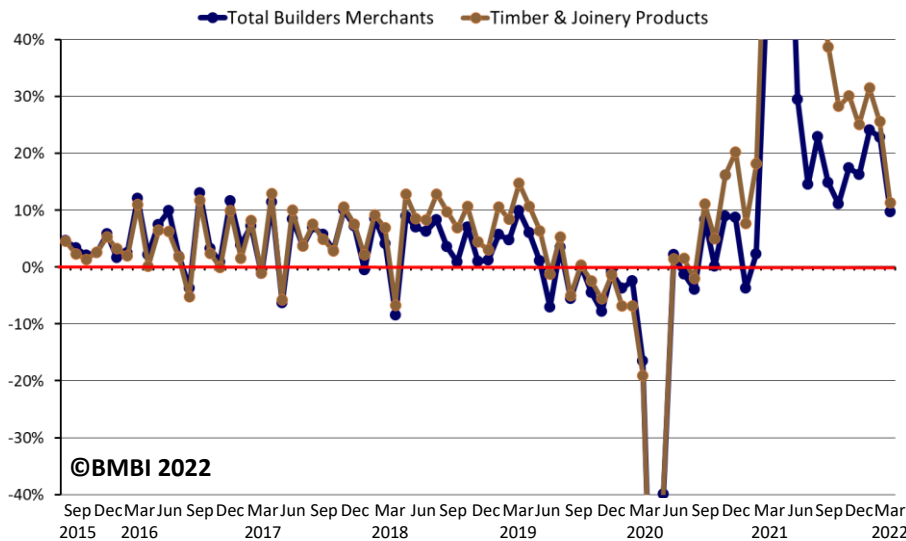
Timber & Joinery Products and Landscaping were particularly strong.

# Monthly and Quarterly Year-on-year

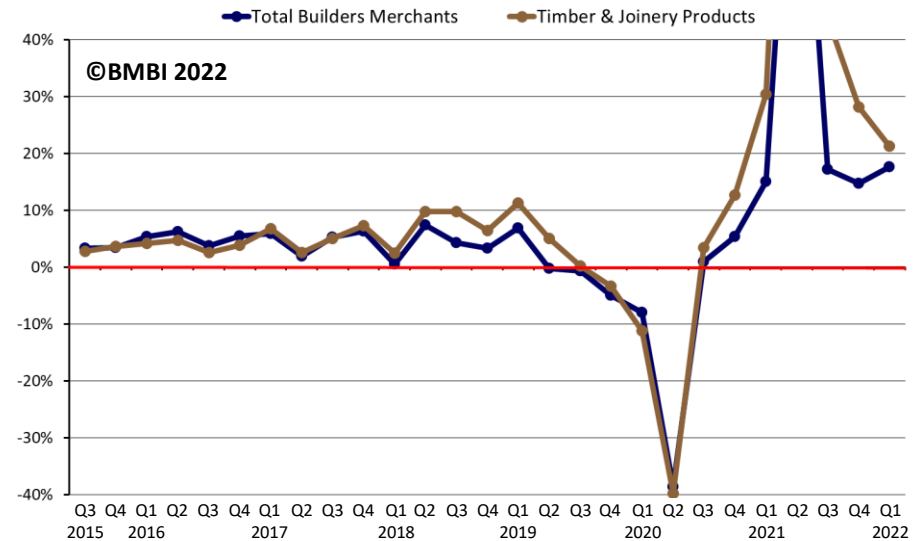
March 2022 and Q1 2022



### 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%

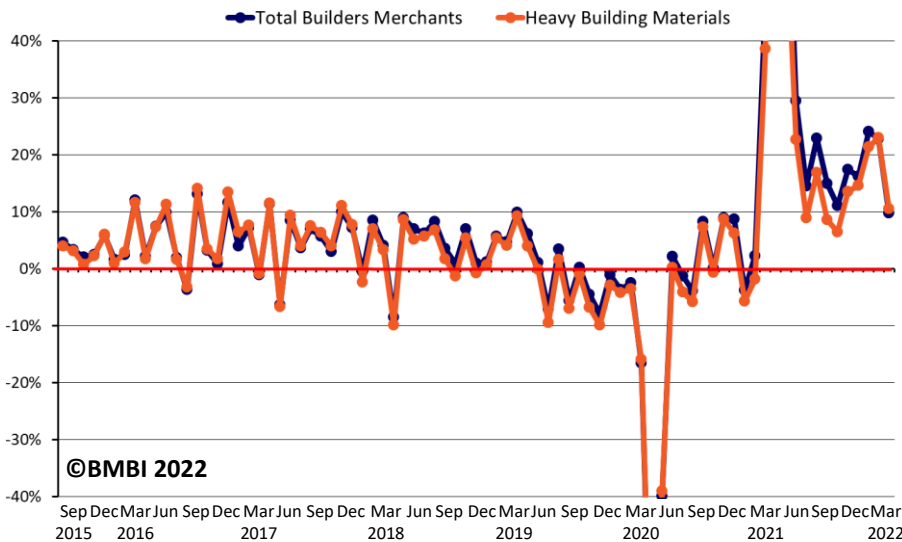
**GfK** Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to March 2022

# Monthly and Quarterly Year-on-year

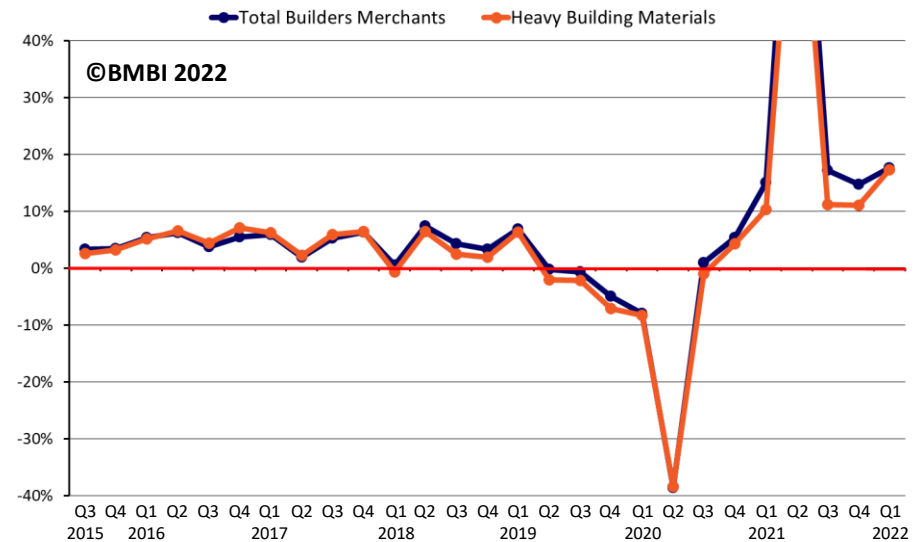
March 2022 and Q1 2022



### 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 March 2022

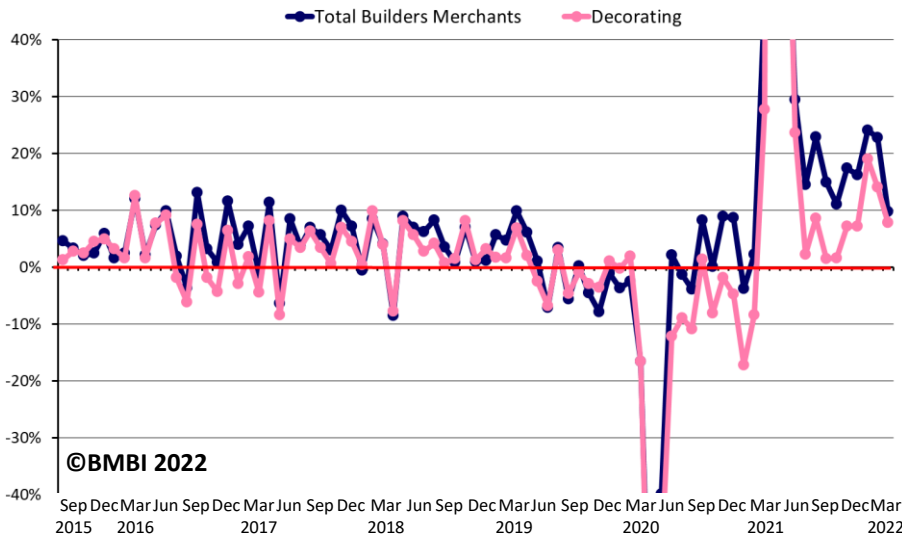


# Monthly and Quarterly Year-on-year

March 2022 and Q1 2022



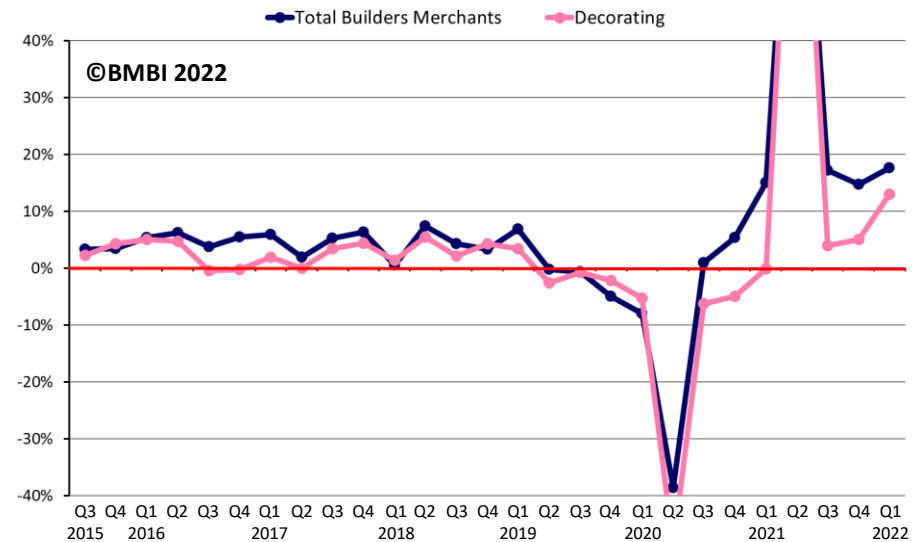
### Decorating - Monthly



#### 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%

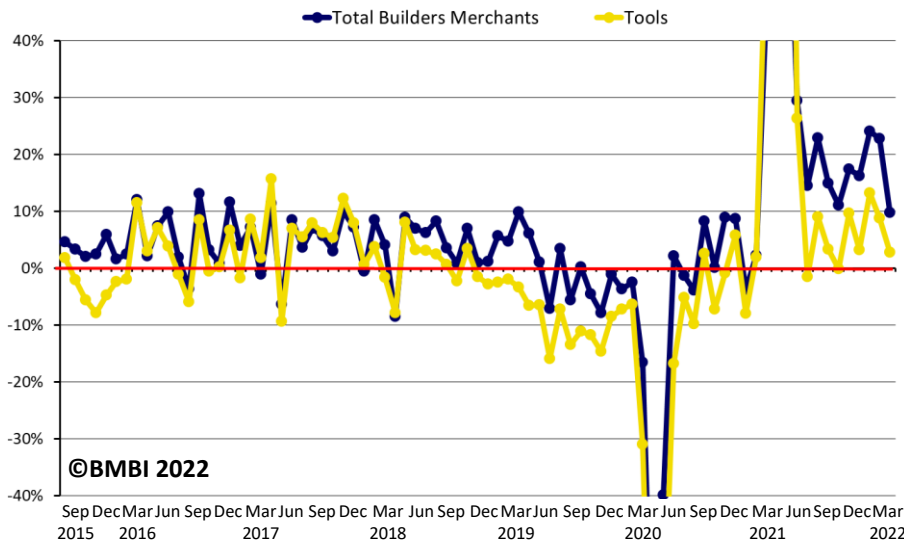
Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to March 2022

# Monthly and Quarterly Year-on-year

March 2022 and Q1 2022



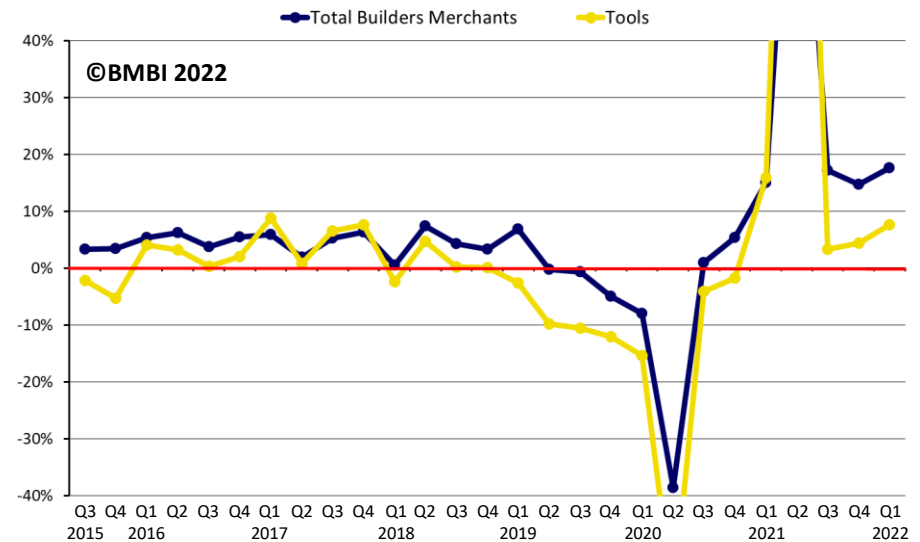
### Tools - Monthly



#### 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%

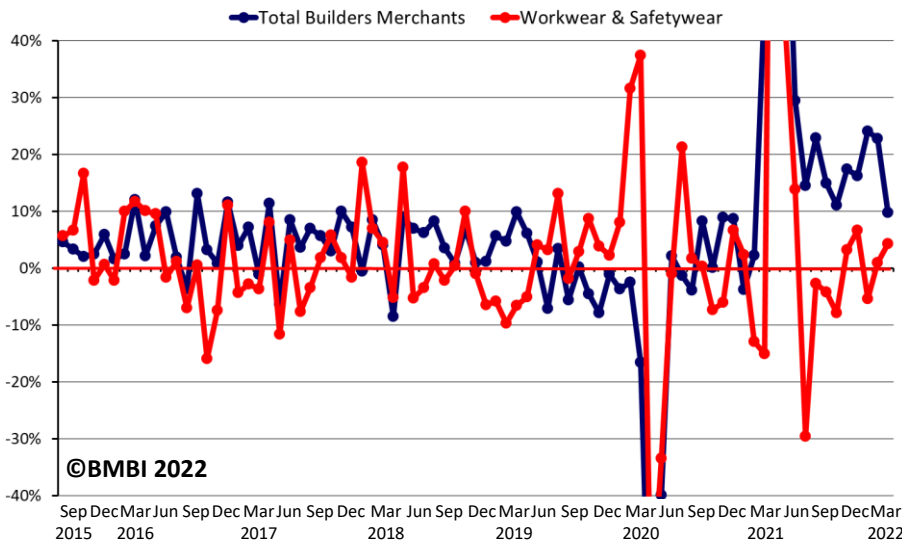

**Source: GfK's**  
 Builders Merchants  
 Total Category Report  
 July 2015 to March 2022

# Monthly and Quarterly Year-on-year

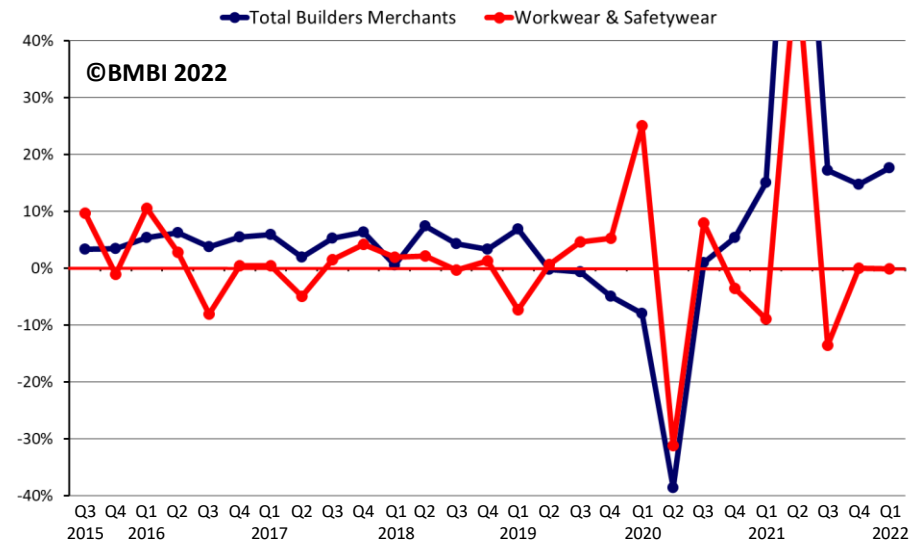
March 2022 and Q1 2022



### 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%

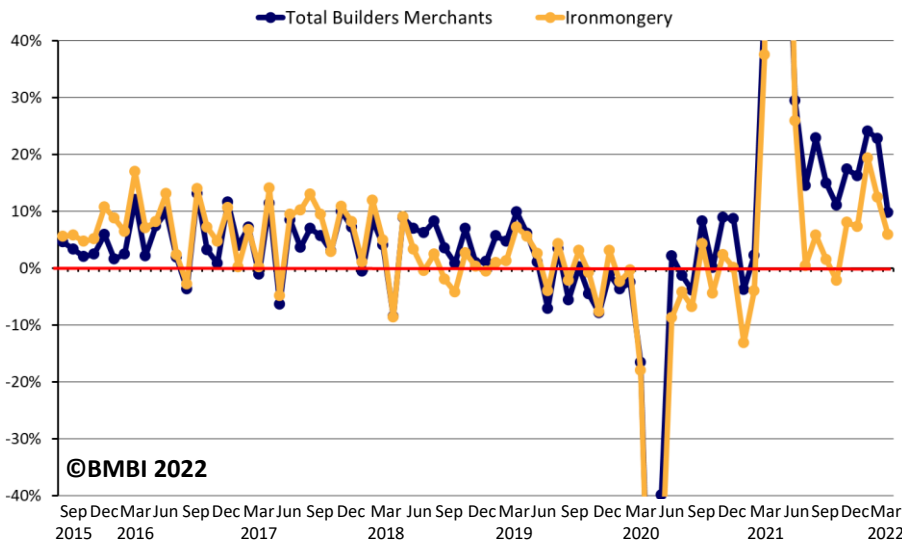
Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to March 2022

# Monthly and Quarterly Year-on-year

March 2022 and Q1 2022



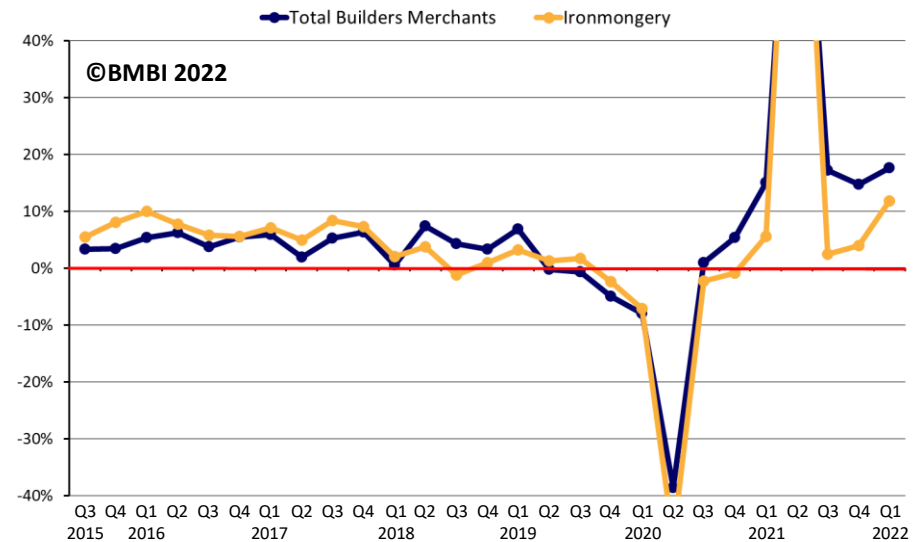
### Ironmongery - Monthly



#### 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%

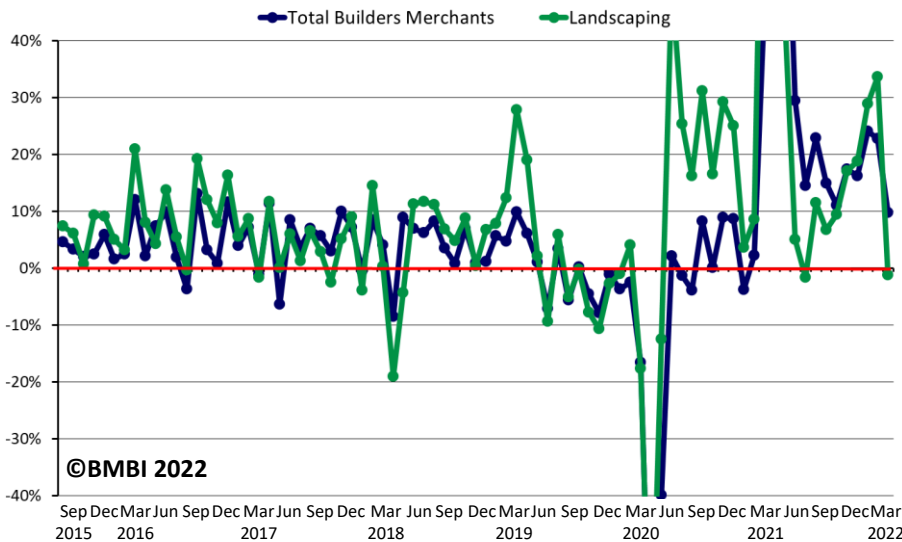
Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to March 2022

# Monthly and Quarterly Year-on-year

March 2022 and Q1 2022



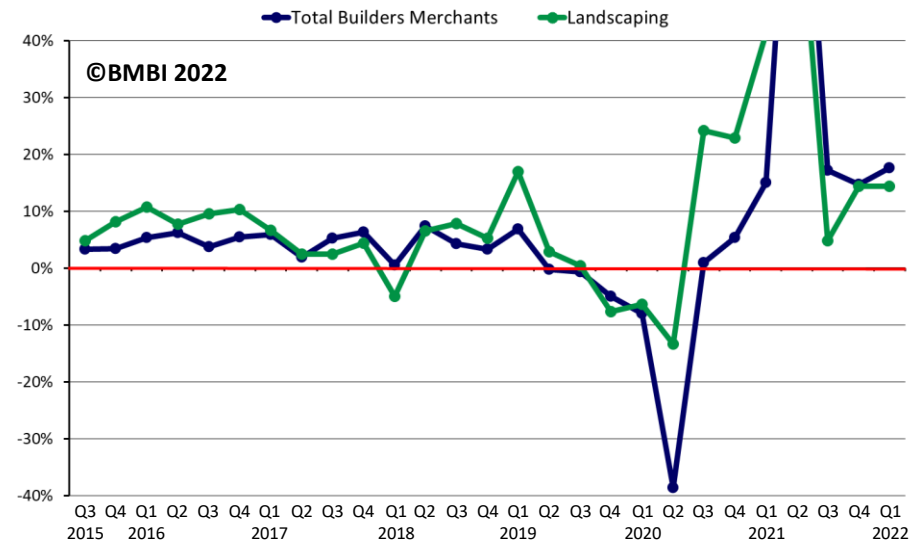
### Landscaping - Monthly



#### 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%

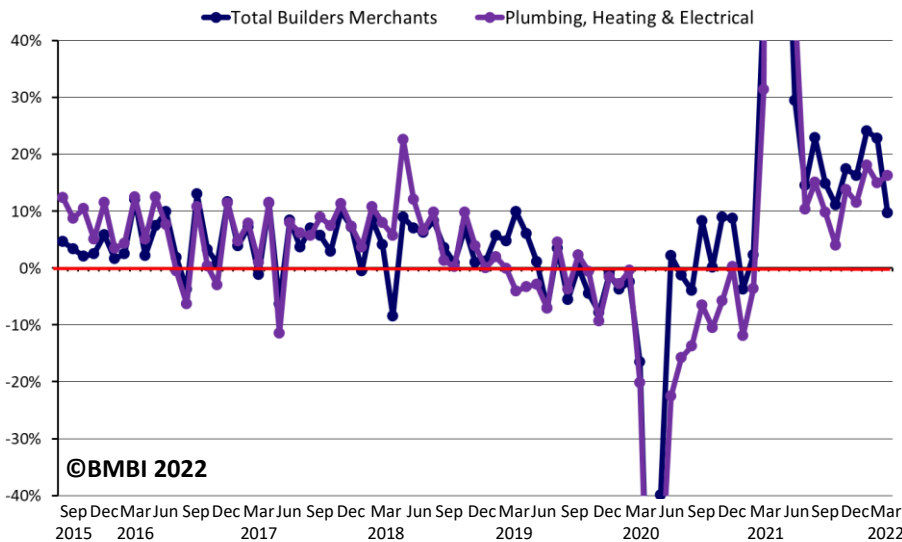
Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to March 2022

# Monthly and Quarterly Year-on-year

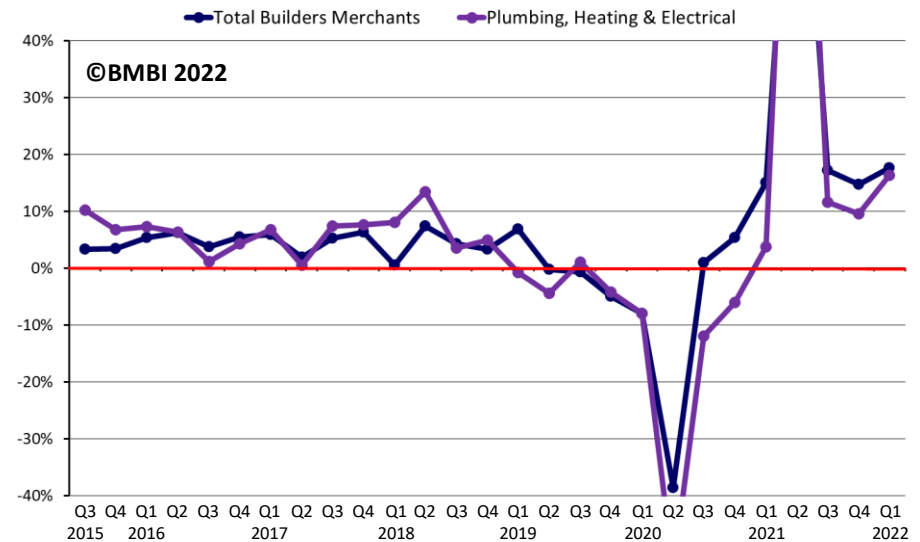
March 2022 and Q1 2022



### 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%

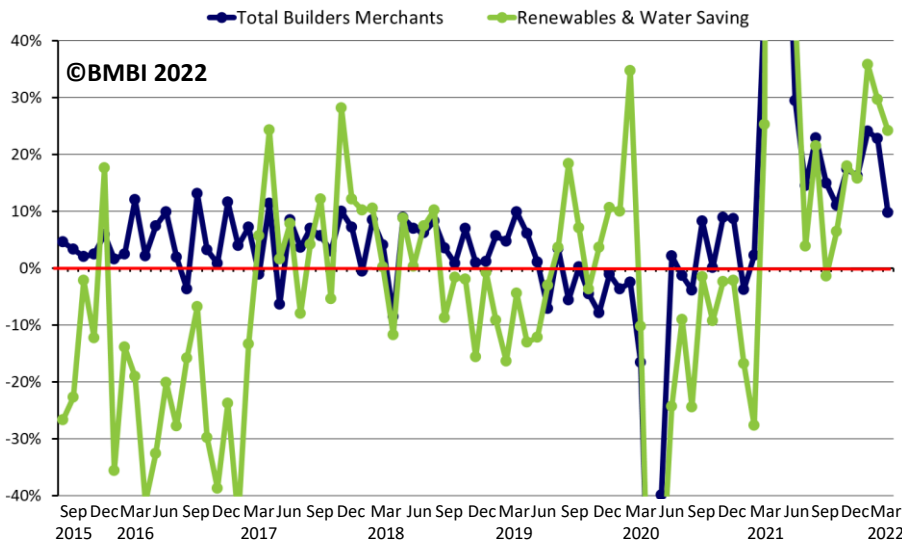
**GfK** Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to March 2022

# Monthly and Quarterly Year-on-year

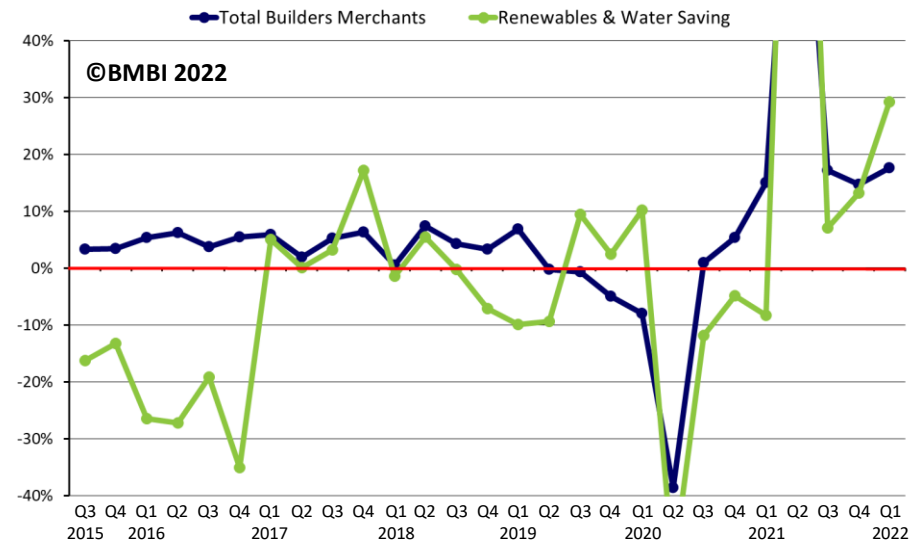
March 2022 and Q1 2022



### 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 March 2022

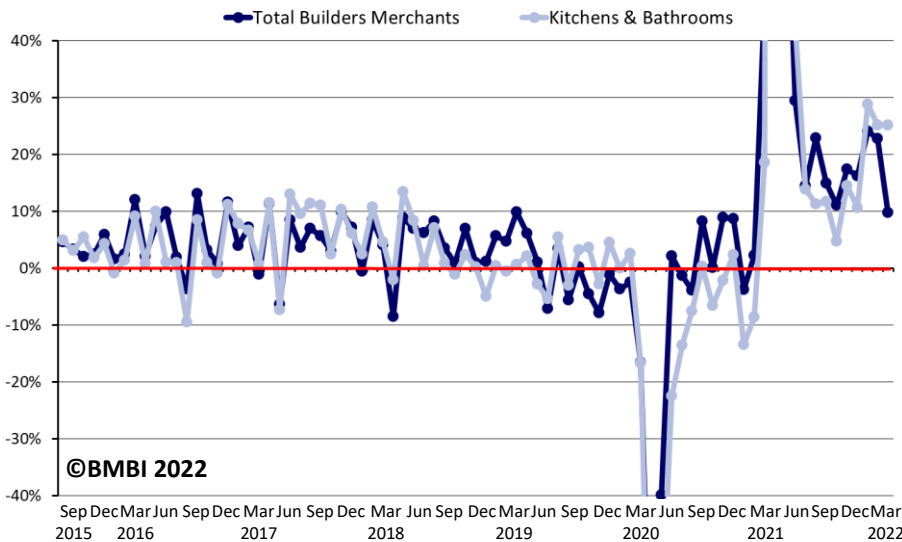


# Monthly and Quarterly Year-on-year

March 2022 and Q1 2022



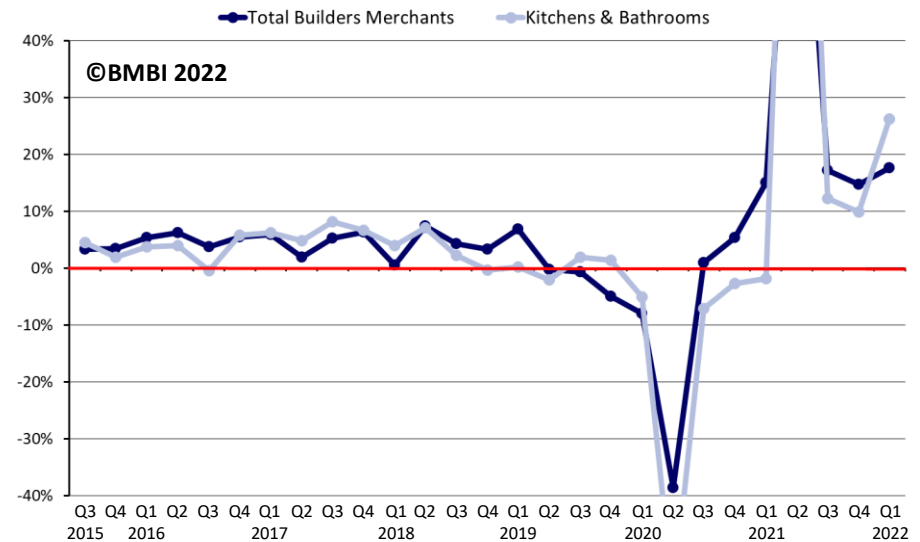
### Kitchens & Bathrooms - Monthly



#### 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 March 2022

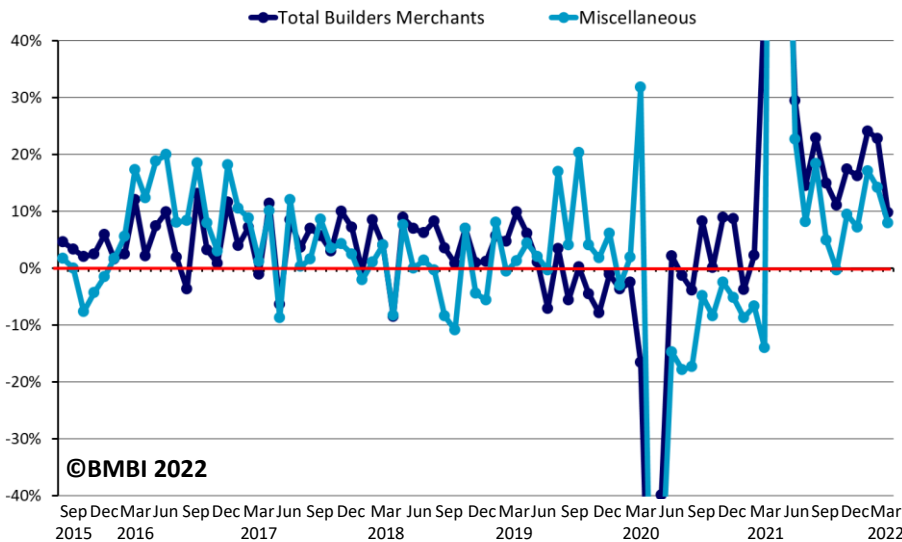


# Monthly and Quarterly Year-on-year

March 2022 and Q1 2022



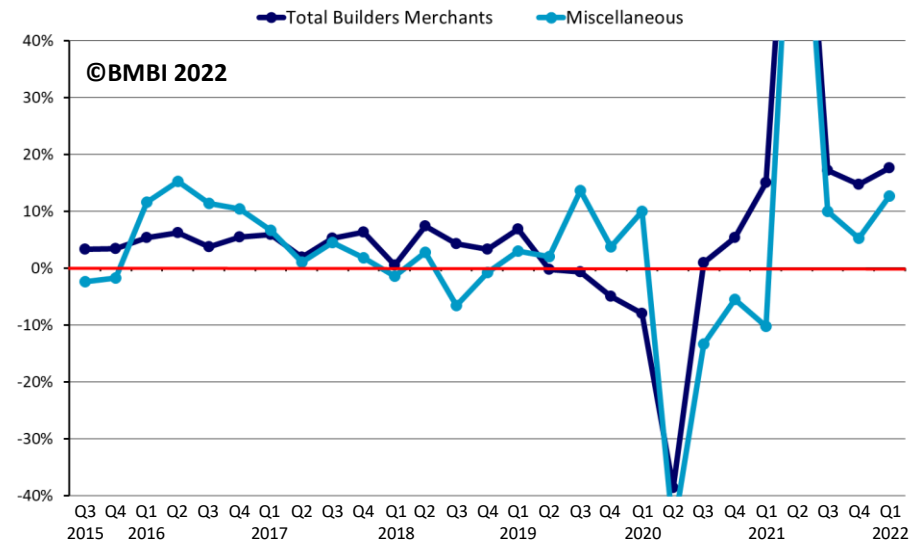
### Miscellaneous - Monthly



#### 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%

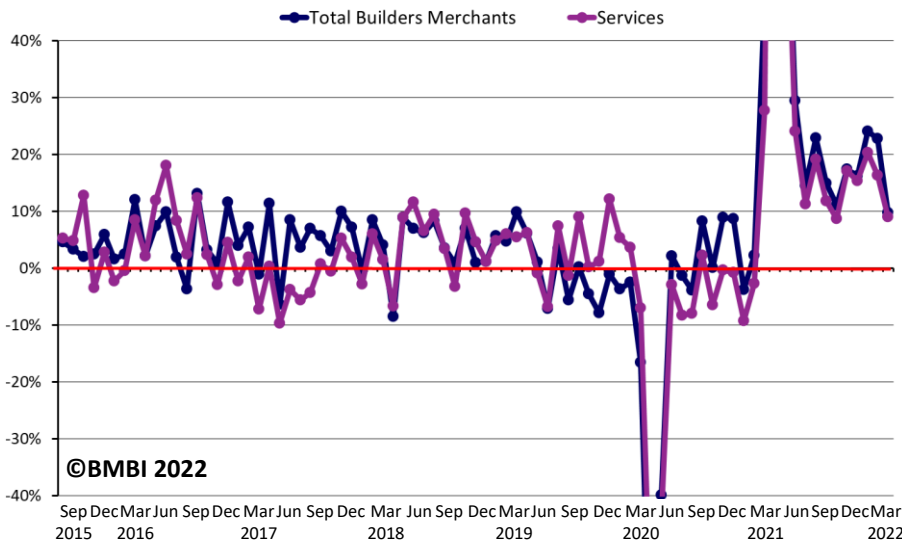
**GfK** Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to March 2022

# Monthly and Quarterly Year-on-year

March 2022 and Q1 2022



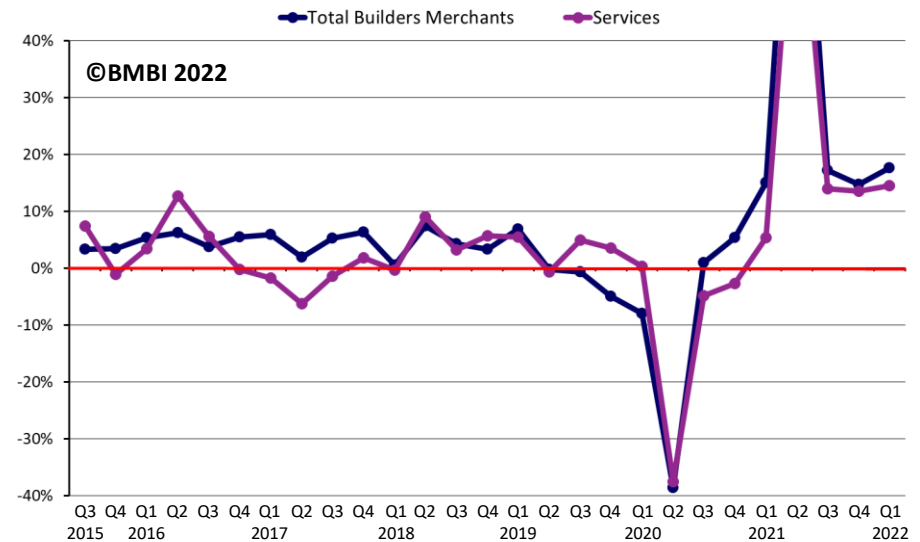
### Services - Monthly



#### 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 March 2022

# Monthly: Index and Categories

March 2021\* – March 2022

Indexed on July 2014 – June 2015



		2021										2022		
MONTHLY SALES VALUE INDEX	Index	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
<b>Total Builders Merchants</b>	<b>100</b>	<b>151.9</b>	<b>150.6</b>	<b>141.4</b>	<b>157.1</b>	<b>151.1</b>	<b>139.3</b>	<b>147.9</b>	<b>140.4</b>	<b>145.0</b>	<b>97.1</b>	<b>125.0</b>	<b>134.4</b>	<b>166.8</b>
Timber & Joinery Products	100	175.7	176.3	173.2	199.6	199.8	182.6	193.3	181.0	182.1	119.0	157.8	161.8	195.6
Heavy Building Materials	100	141.3	137.4	128.6	142.8	136.8	127.0	136.2	130.8	135.6	89.6	116.5	125.4	156.2
Decorating	100	121.7	113.2	106.5	116.7	115.0	108.7	114.8	113.5	118.5	81.7	102.2	109.3	131.2
Tools	100	120.8	110.7	98.2	100.2	97.6	93.6	101.8	100.9	109.8	73.2	95.7	101.9	124.2
Workwear & Safetywear	100	118.2	104.0	95.8	111.8	92.8	95.7	106.5	115.4	130.8	93.8	115.7	112.4	123.3
Ironmongery	100	143.1	137.4	127.0	137.0	129.2	120.2	129.2	124.6	132.8	94.2	123.2	125.5	151.5
Landscaping	100	222.5	257.0	220.5	235.1	204.8	175.3	171.9	148.5	143.7	92.6	116.2	149.5	220.0
Plumbing, Heating & Electrical	100	137.1	119.2	112.9	123.7	113.7	109.7	126.7	131.0	143.3	107.2	131.4	138.3	159.4
Renewables & Water Saving	100	85.9	78.8	72.7	80.1	72.1	70.6	70.9	71.5	82.9	58.3	85.1	80.9	106.8
Kitchens & Bathrooms	100	120.7	113.5	111.5	125.1	126.5	118.3	131.2	124.9	140.6	96.8	121.6	134.5	151.1
Miscellaneous	100	131.2	126.2	111.2	120.3	121.6	116.2	128.4	120.4	130.2	92.3	128.0	122.4	141.7
Services	100	134.5	128.8	123.5	131.4	132.8	130.2	133.4	127.7	135.1	102.7	112.5	120.1	146.6

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

Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to March 2022

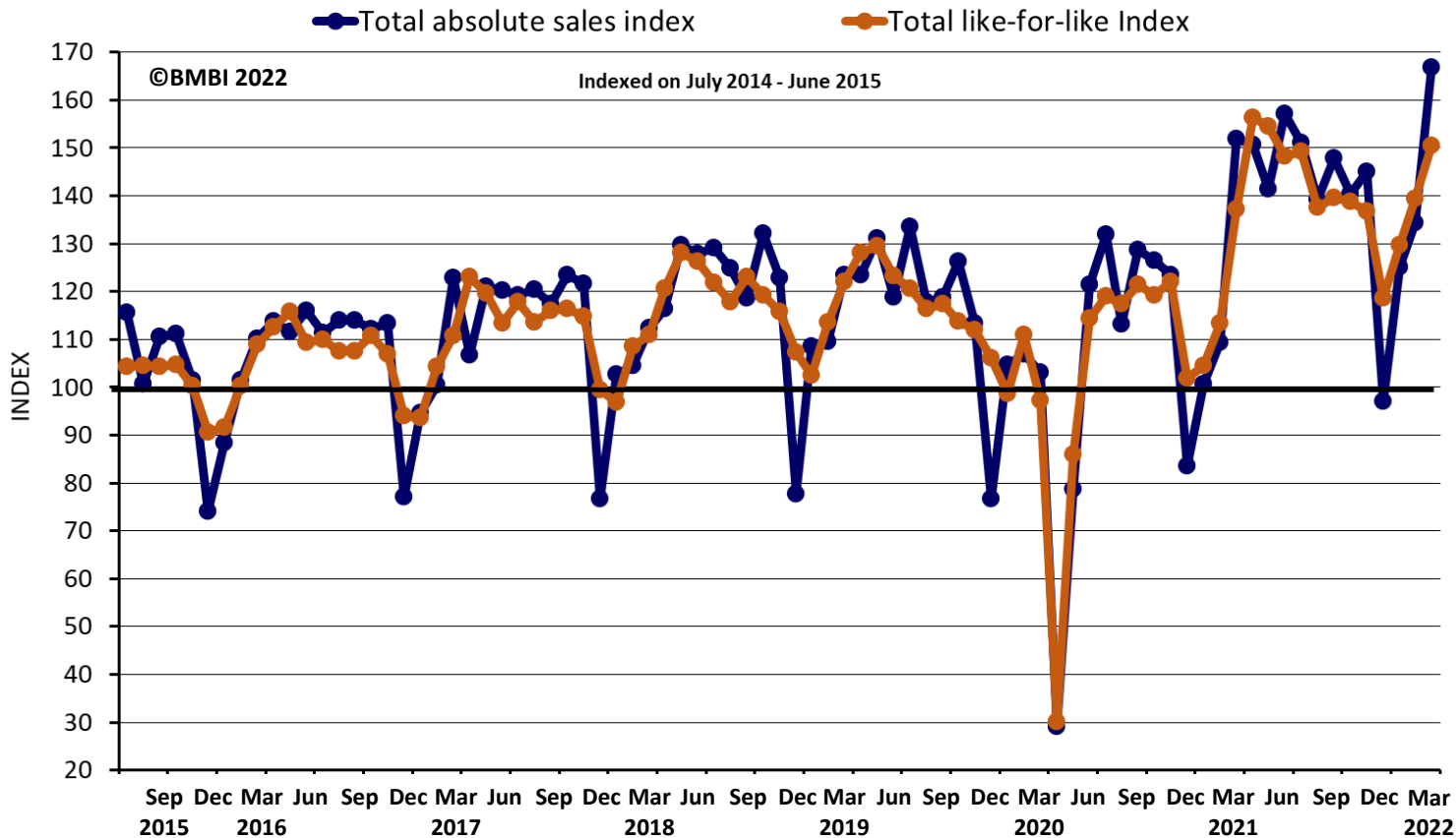
# Monthly: Index

Absolute and like-for-like sales index



Two more 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 March 2022

March (166.8) was the highest monthly index since BMBI started.

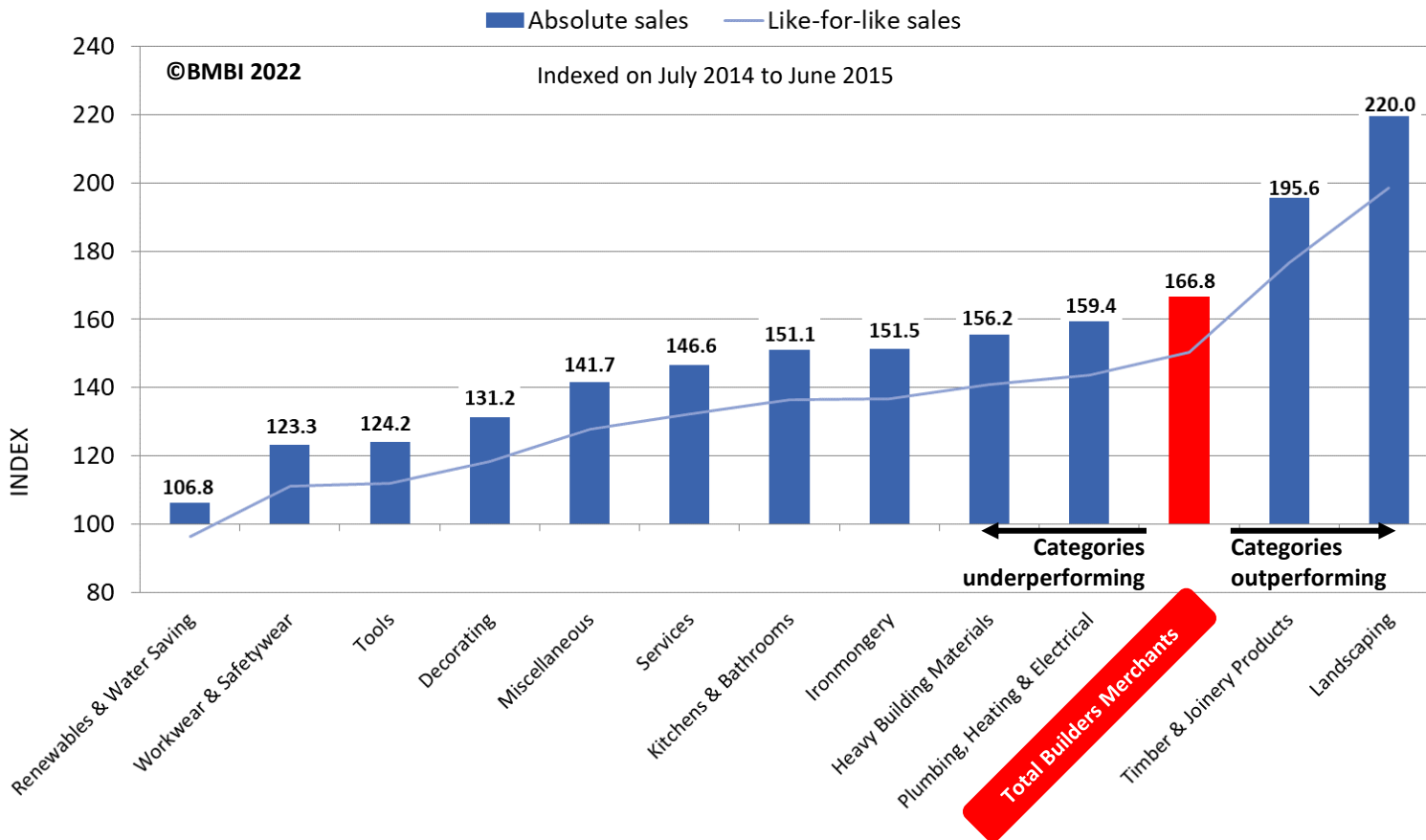
# Monthly: Index and Categories

March 2022 absolute and like-for-like sales index



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

## March 2022 Index




Source: GfK's Builders Merchants Total Category Report July 2015 to March 2022

Landscaping and Timber & Joinery Products significantly outperformed other categories in March 2022.

# Trading Days

Monthly												Quarterly				Half Year		Full Year
Index: 20.8												Index: 62.3						
<b>2020</b>												<b>2020</b>				<b>2020</b>		<b>2020</b>
Jan	Feb	Mar*	Apr*	May*	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Q1	Q2	Q3	Q4	H1	H2	<b>250</b>
22	20	22	20	19	22	23	20	22	22	21	17	64	61	65	60	125	125	
<b>2021</b>												<b>2021</b>				<b>2021</b>		<b>2021</b>
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Q1	Q2	Q3	Q4	H1	H2	<b>248</b>
20	20	23	20	19	22	21	21	22	21	22	17	63	61	64	60	124	124	
<b>2022</b>												<b>2022</b>				<b>2022</b>		<b>2022</b>
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Q1	Q2	Q3	Q4	H1	H2	
20	20	23										63						

 Source: GfK's  
Builders Merchants  
Total Category Report  
July 2015 to March 2022

\*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



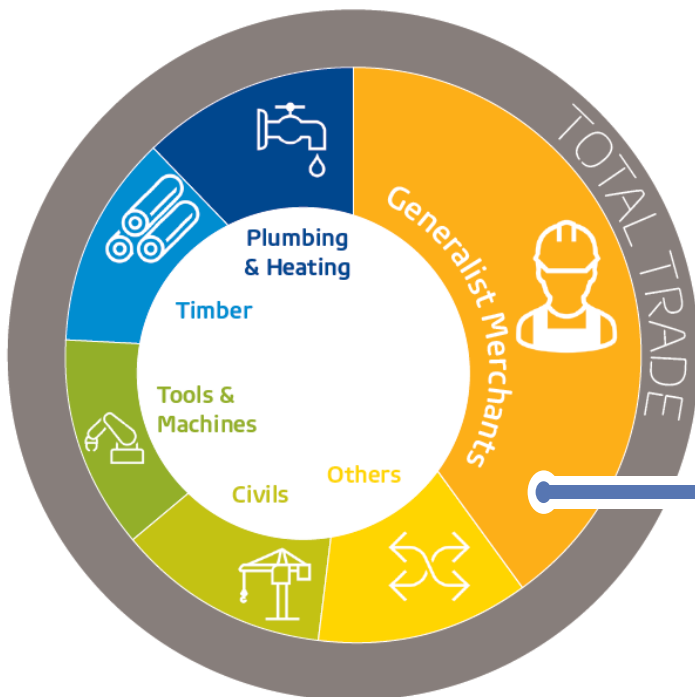
## Generalist Builders Merchants definition:

- 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%.

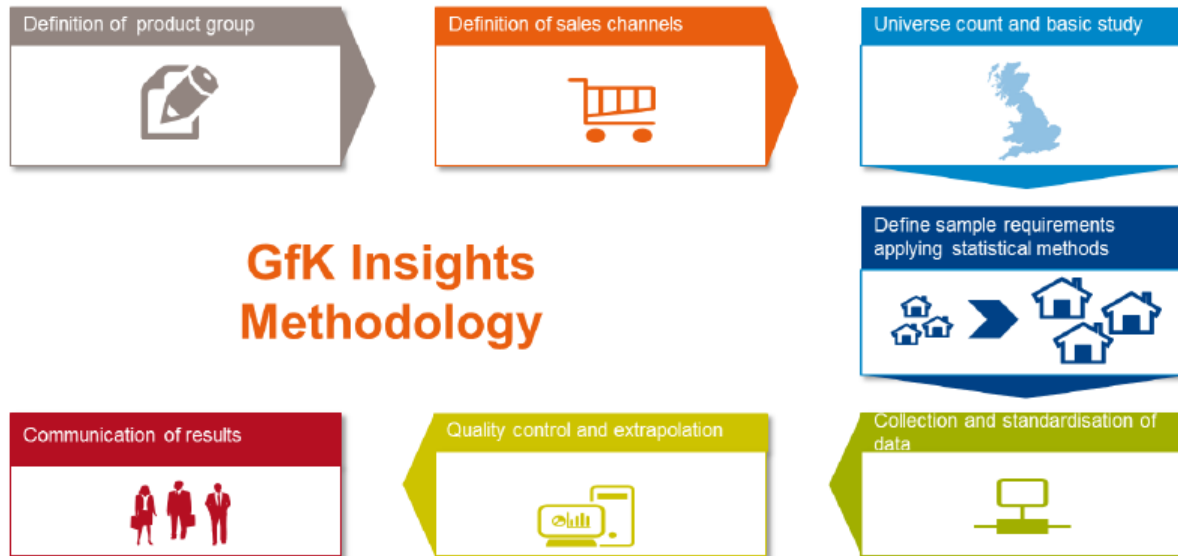
Examples include:



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

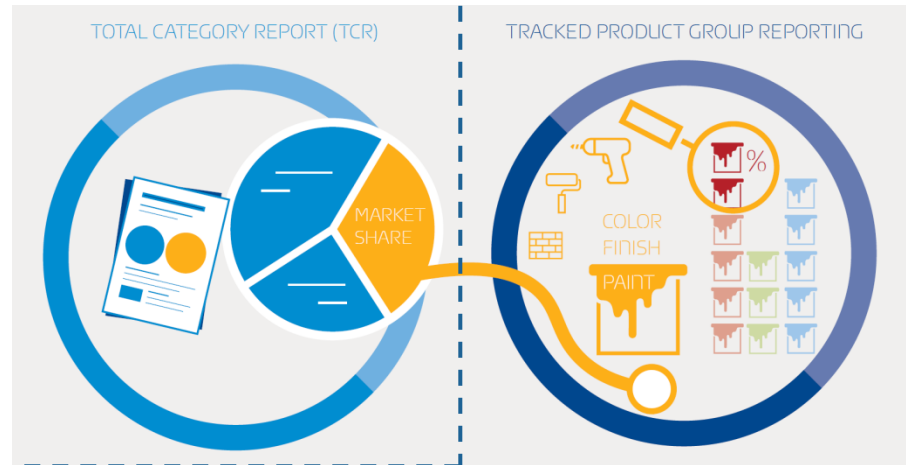
Bathroom (Including Showering)  
Fitted Kitchens  
Major Appliances

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

### Available categories:

#### Heavyside

Bricks  
Insulation

#### Lightside

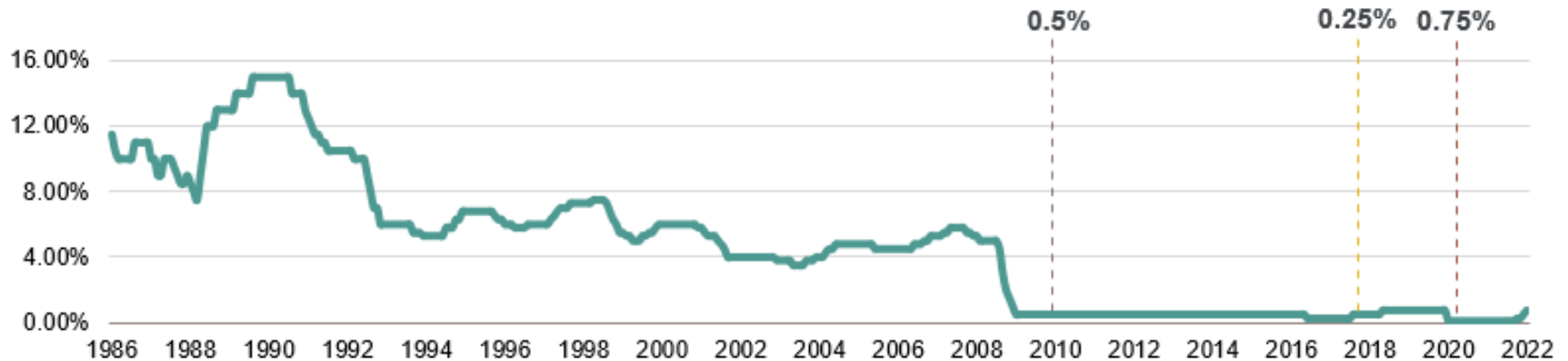
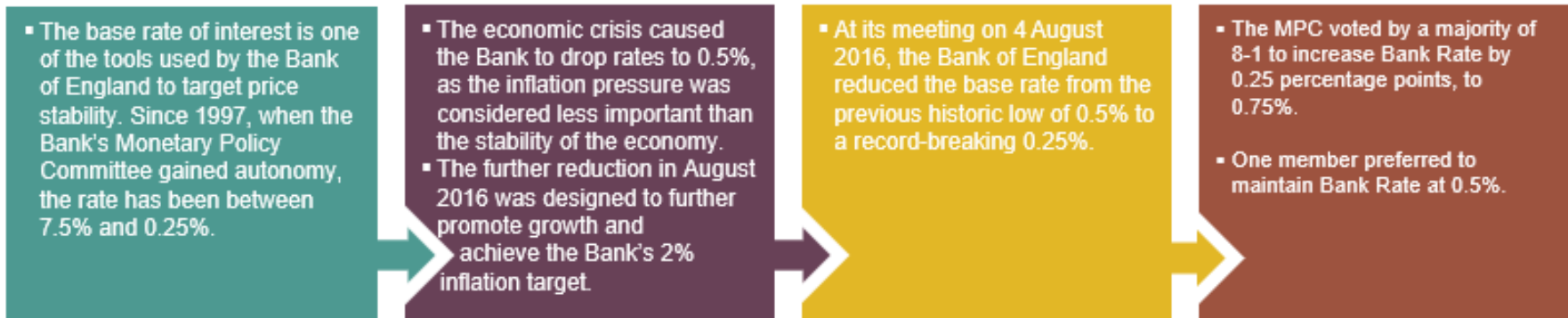
Emulsion Paints (incl. Masonry & Base)  
Trim Paints  
Primers/Undercoats  
Woodcare  
Adhesives  
Sealants  
Fillers/PU Foam  
Tile Fixing (Adhesives/Grout)

# Macro factors impacting Merchants



## Bank interest rates

Set monthly by the MPC (Monetary Policy Committee)



Source: Bank of England

© GfK 2022 | Consumer Confidence Barometer | March 2022

# Macro factors impacting Merchants

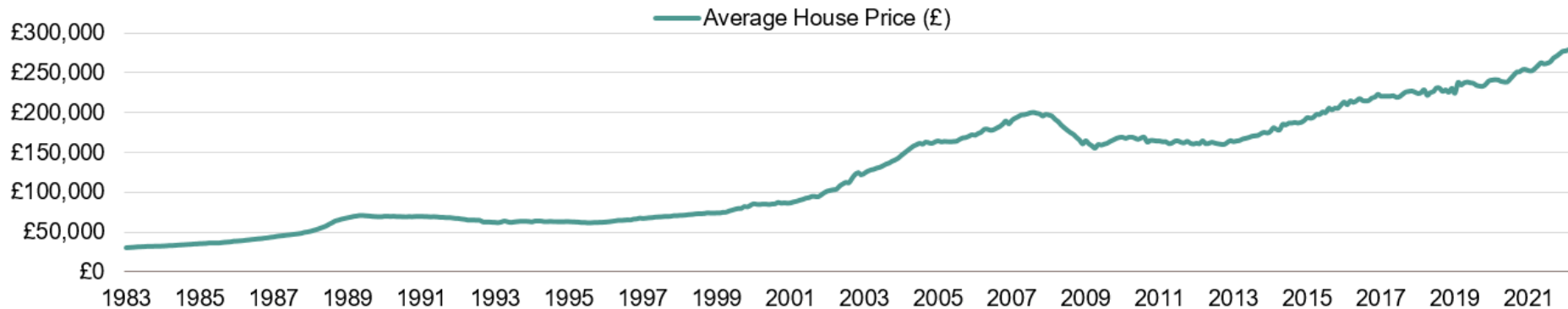


## Standardised average house prices

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%

- House prices rise at fastest annual pace since 2007 to reach new record high.
- Two years on from the start of the pandemic, average property values have now risen by £38,709 (+16%) since February 2020.

- At the end of February 2022, the average house price in the UK increased to £278,123 from £276,759 in January 2022.
- House prices in February 2022 were 10.8% higher than in the same month a year earlier.



Source: Halifax House Price Index

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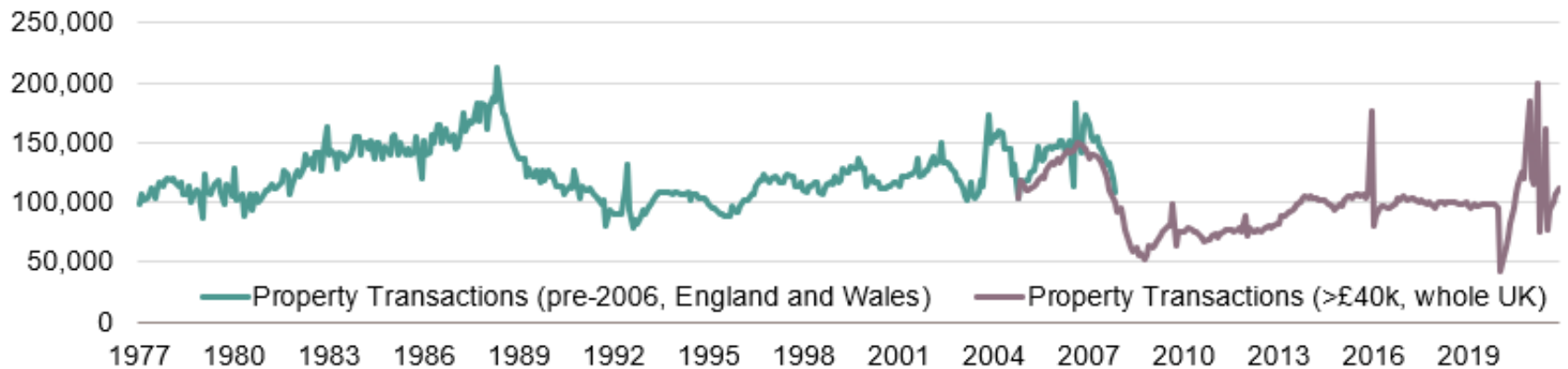
## Property transactions

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 February 2022 was 112,240 residential and 11,020 non-residential transactions.
- The seasonally adjusted count of residential property transactions in February 2022 is 4.4% higher than January 2022 and 20.8% lower than February 2021.



Source: HM Revenue & Customs

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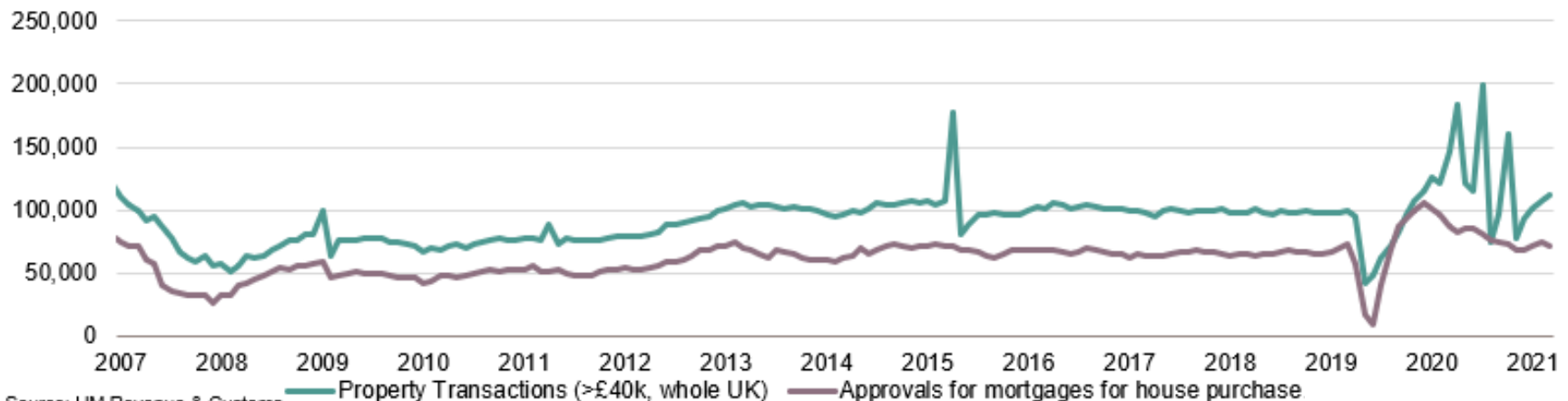
## Mortgage approvals and property transactions

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 70,993 in February 2022 - this represents a 3.9% decrease from January 2022.



Source: HM Revenue & Customs

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## Consumer Confidence Index – March 2022



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**Joe Staton, Client Strategy Director, GfK says:** “A wall of worry is confronting consumers this month and there is an unmistakable sense of crisis in our numbers. Consumers across the UK are experiencing the impact of soaring living costs with 30-year-high levels of inflation, record-high fuel and food prices, a recent interest-rate hike and the prospect of more increases to come, and higher taxation too – all against a background of stagnant pay rises, financial duress and a horrifying war in Europe.

This is the fourth month in a row that UK consumer confidence has dropped and it’s certain there’s more bad news to come.”

“building **excellence**  
in materials supply”



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## BMF Forecast Report



# BMF Forecast Report

## Spring 2022 edition



### Builders Merchants Industry Forecast Report

The tenth edition of the BMF's Builders Merchants Industry Forecast, covering Spring 2022 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 Spring 2022 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](mailto:sarup.ubhi@bmf.org.uk)



# Building the Industry & Building Brands from Knowledge



# 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



**Sarup Ubhi**

Industry analyst / economist

[sarup.ubhi@bmf.org.uk](mailto:sarup.ubhi@bmf.org.uk)

+44 (0) 24 7685 4994



**Ralph Sutcliffe**

Business Development Director

[ralph@mra-research.co.uk](mailto:ralph@mra-research.co.uk)

+44 (0) 1453 521621