

“building **excellence**
in materials supply”

Builders Merchant Building Index



Quarter 2 2022

(Published 22 August 2022)

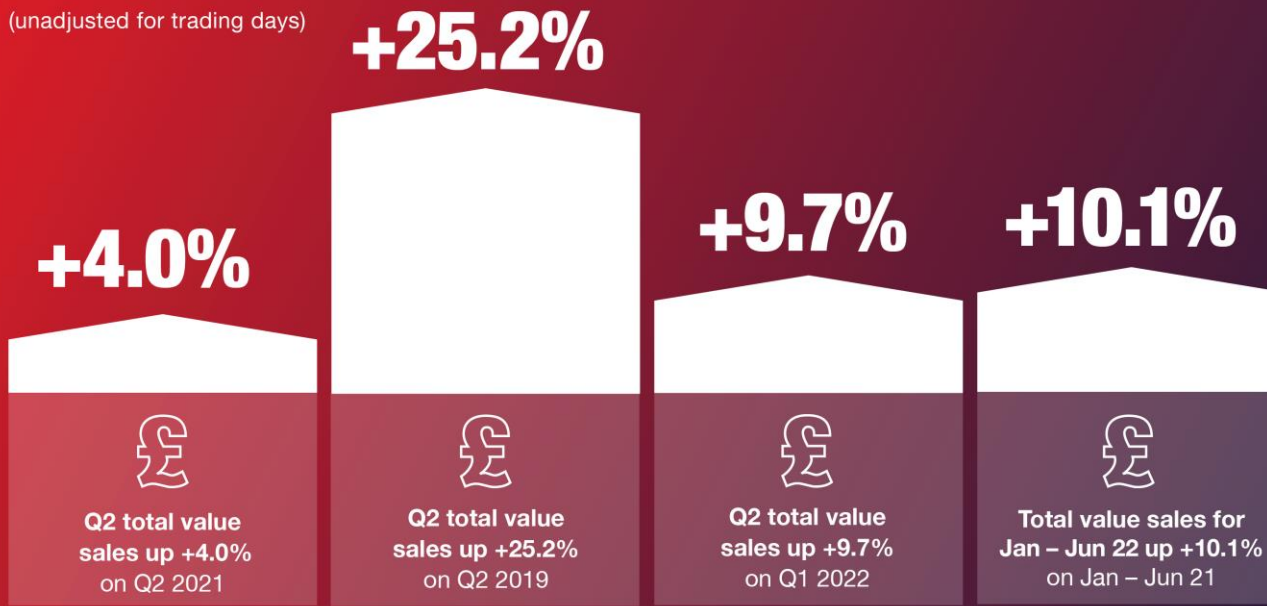
Highlights

“The inflationary aspect has been the driving force behind a first half value growth figure of 10.1% when compared against 2021.”
Emile van der Ryst, Senior Client Insight Manager - Trade, GfK. Read Emile’s full comment on page 6.

BMBI Report

Q2 2022 Highlights

(unadjusted for trading days)



www.bmbi.co.uk

“Q2 Volume is down -11.3% year-on-year with price inflation of +17.3%.”

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

Contents - 1

Click links below and overleaf to visit sections.



Click links to visit pages:	Page
Quarter 2 Highlights	2
Index	3-4
Introduction to Builders Merchant Building Index	5
Overview and Insights, Emile van der Ryst, Senior Client Insight Manager - Trade, GfK	6
Merchants' View, John Newcomb Chief Executive, BMF	7
Quarterly sales:	
Quarter 2 year-on-year chart, by category	8
Quarterly year-on-year chart, Q3 2015 to date	9
Three-year view: Quarter 2 2022 v Quarter 2 2019 chart, by category	10
Quarter 2 2022 v Quarter 1 2022 chart, by category	11
Quarterly indices:	
Quarterly BMBI indices table, by category	12
Quarterly index chart, Quarter 3 2015 to date	13
Quarter 2 index chart, by category	14
Quarterly category indices charts	15-17
Expert panel:	
Simon Woods, West Fraser	18
Krystal Williams, Pavestone UK Ltd	19
Mathew Whitehouse, Bostik	20
Kevin Tolson, Wienerberger UK	21
Clark McAllister, Polypipe Civils	22

Derrick McFarland, Keystone Lintels	23
Gordon Parnell, British Gypsum	24
Neil Hargreaves, Knauf Insulation	25
Andrew Simpson, Hanson	26
Kyle Hazeldine, Midland Lead	27
Kevin Morgan, The Crystal Group	28
Paul Roughan, Dulux Trade	29
Jim Blanthorne, Keylite Roof Windows	30
Darren Bedford, Lakes	31
Andy Scothern, eCommonSense	32
Monthly sales:	
June year-on-year chart, by category	33
Monthly year-on-year chart, July 2015 to date	34
Three-year view: June 2022 v June 2019 chart, by category	35
Year to date v 2021 sales chart, by category	36
Year to date v 2019 sales chart, by category	37
June v May chart, by category	38
Other periods:	
Last 12 months year-on-year chart, by category	39
Three-year view: Last 12 months v 2019 chart, by category	40

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

Continued over the page...

Contents - 2

Click links below and on previous page to visit sections



Continued from pervious page...

Click links to visit pages:	Page
Monthly and Quarterly Category Charts:	
Timber & Joinery Products	41
Heavy Building Materials	42
Decorating	43
Tools	44
Workwear & Safetywear	45
Ironmongery	46
Landscaping	47
Plumbing, Heating & Electrical	48
Renewables & Water Saving	49
Kitchens & Bathrooms	50
Miscellaneous	51
Services	52
Monthly indices:	
Monthly BMBI Index table, by category	53
Monthly BMBI Index chart, July 2015 to date	54
June BMBI Index chart, by category	55

Additional content:	
Trading days	56
Methodology	57 – 59
GfK Macro-Economic Factors	60 – 64
BMF Forecast Report	65 – 66
Brands behind BMBI	67
Contacts	68

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 2 and June 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.

Overview and Insights

Emile van der Ryst,

Senior Client Insight Manager - Trade, GfK



The second quarter of this year has amplified some of the global difficulties, with the continued Russian invasion and spiraling cost of living issues at the forefront. Unfortunately, no immediate end is in sight as most countries brace themselves for a recession.

Locally, inflation is approaching double digits, growth forecasts continue to be revised down and GfK's own Consumer Confidence is at its lowest level since tracking started in 1974. The counterbalance between inflation and interest rates is increasingly difficult to control and will be the ultimate test for the UK in the next year or so.

The inflationary aspect has also not escaped the Builders' Merchants sector and has been the driving force behind a first half value growth figure of 10.1% when compared against 2021. In previous BMBI editions the focus has always been on value growth, but in 2022 this narrative has noticeably shifted to pricing.

Unpacking this, the market has seen a 2022 first half price growth of 16.7% versus a volume decline of -5.6%. Against 2021 comparisons Q2 pricing has seen a small increase from Q1, up from 16.0% to 17.3%. Behind this however is a very telling picture of where the market is heading. Q1 pricing was heavily influenced by a Timber & Joinery increase of 36.9%, which has dropped to 30.5% in Q2. Heavy Building Materials has now become the category under pressure, with price growth up from 11.8% in Q1 to 18.3% in Q2.

Q2 value indicators have seen Heavy Building Materials increase by 9.2%, but both Timber & Joinery and Landscaping have seen decreases, down by -3.0% and -6.3% respectively. Kitchens & Bathrooms was the best performing category, increasing by 18.5% in value. Only 3 categories saw volume increases from Q2 2021 to Q2 2022. Services was up by 37.2%, while Renewables and Water Management and Kitchens & Bathrooms were up by 10.6% and 3.3% respectively.

The next quarter will be influenced by the leadership contest between Rishi Sunak and Liz Truss, with both having the unenviable task of trying to bring some much-needed economic relief. The Bank of England already believes the UK will see a recession until the end of 2023, so a difficult reality remains the short-term future.

The inflationary aspect has been the driving force behind a first half value growth figure of 10.1% when compared against 2021. In previous BMBI editions the focus has always been on value growth, but in 2022 this narrative has noticeably shifted to pricing.

Merchants' View

John Newcomb, CEO BMF



We are starting to see signs of the market slowing in some areas as professional clients, particularly those negotiating fixed price contracts, and householders considering RM&I work think twice about projects amid rampant cost inflation.

With escalating input costs it comes as no surprise that the Construction Products Association's Q2 State of Trade report found that nearly a third of heavyside producers expect sales to fall in the third quarter, with over half expecting sales to fall by up to 5% in the next 12 months.

Amongst contactors, SME builders appear to be taking the brunt of the market slowdown at this point. Nearly all (98%) Federation of Master Builders (FMB) members reported an increase in material costs in Q2, with 95% expecting further increases in Q3. Almost half (49%) reported a negative impact on their bottom lines over the quarter, with downturns in both workload and enquiries compared to Q1. The prospect for future work is particularly concerning, with only 3% reporting more enquiries, compared to 30% in Q1.

The market for new housing, however, remains buoyant. The NHBC reports new home completions up by 16% in Q2 2022 over Q2 2021, and new home registrations increasing by 45%.

Looking at the broader market, the latest ONS statistics show construction output increased by 2.3% in Q2 2022 compared with Q1, with increases seen in both new work (3.3%) and repair & maintenance (0.8%).

However, the ONS figures reveal a 10.4% decrease in total construction new orders in Q2 2022 compared with Q1, the largest quarterly fall in construction new orders since Q4 2020 (11.7%). ONS figures also highlight price inflation, citing the annual rate of construction output price growth as 9.6% in the 12 months to June 2022; the strongest annual rate of price growth since records began in 2014.

Looking ahead, the BMF's latest Forecast Report, to be published in August, is more pessimistic than our previous report, predicting annual merchant sales growth of 4.7% in 2022, down from 6.1% in our Spring Report. This is entirely due to increasing inflationary pressure and we see little to suggest any improvement until mid 2023.

We are starting to see signs of the market slowing in some areas as professional clients, particularly those negotiating fixed price contracts, and householders considering RM&I work think twice about projects amid rampant cost inflation.

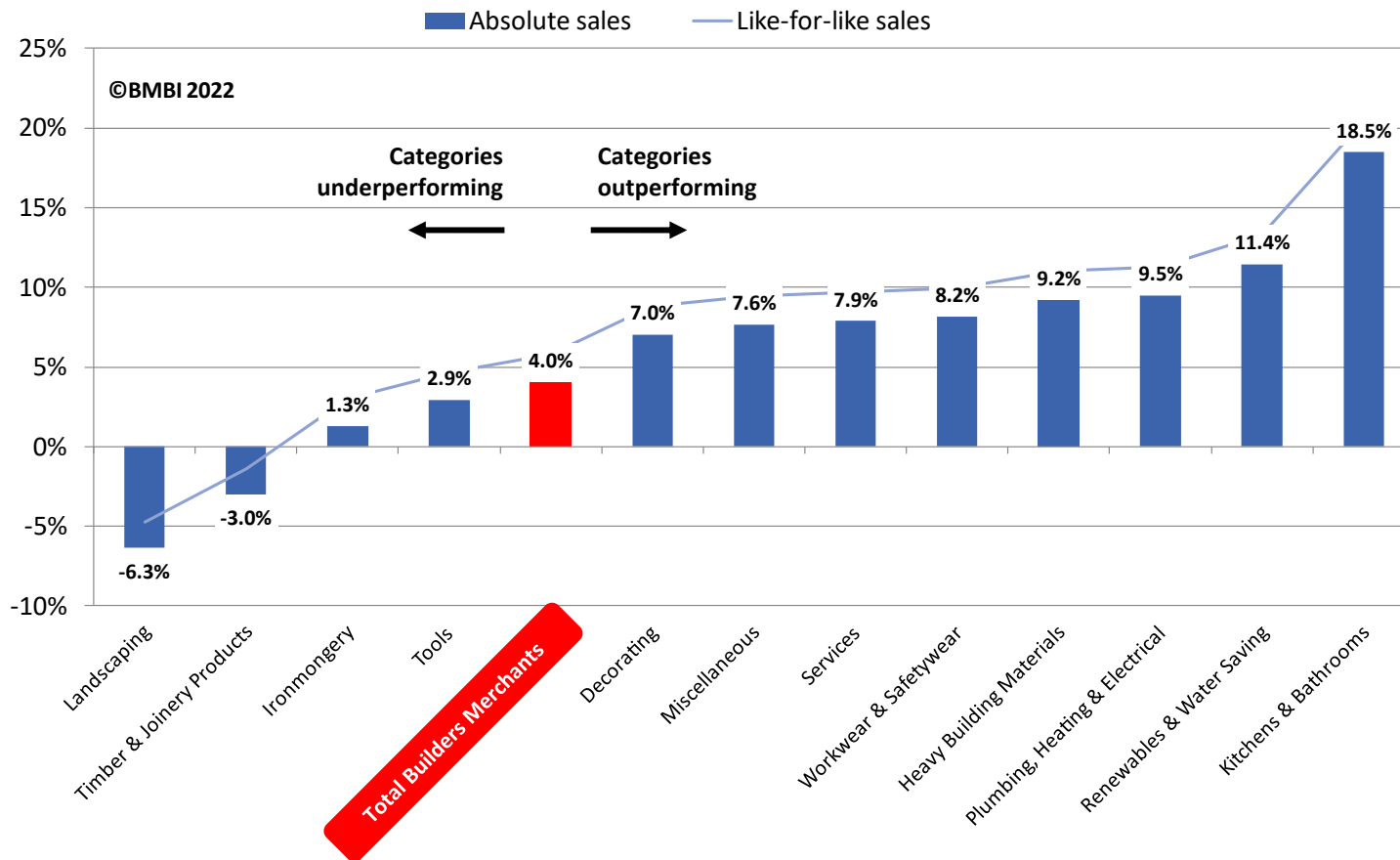
Quarterly: This Year v Last Year

Q2 2022 absolute and like-for-like sales



One less trading day in the latest quarter. Like-for-like sales take trading day differences into account.

Quarter 2 2022 v Quarter 2 2021



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

Values shown for absolute sales

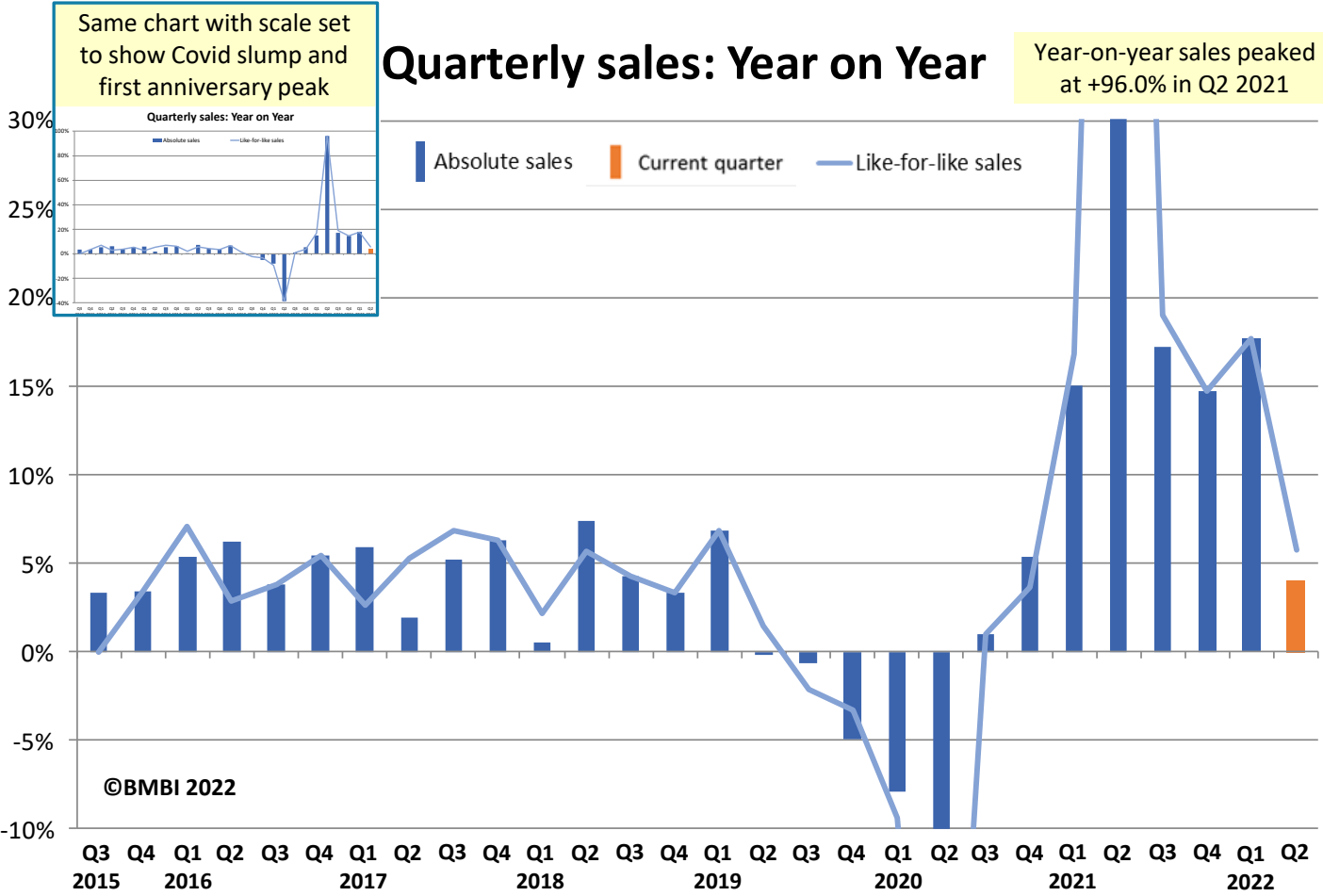
Total Merchant sales were +4.0% higher in Quarter 2 this year compared with Quarter 2 2021. However, this was driven entirely by higher prices (+17.3%) rather than volume (-11.3%).

Quarterly sales: Year-on-year

Absolute and Like-for-like sales



One less trading day in the latest quarter. Like-for-like sales take trading day differences into account.



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

Like-for-like sales were +5.8% higher in Quarter 2 2022 than in Quarter 2 2021.

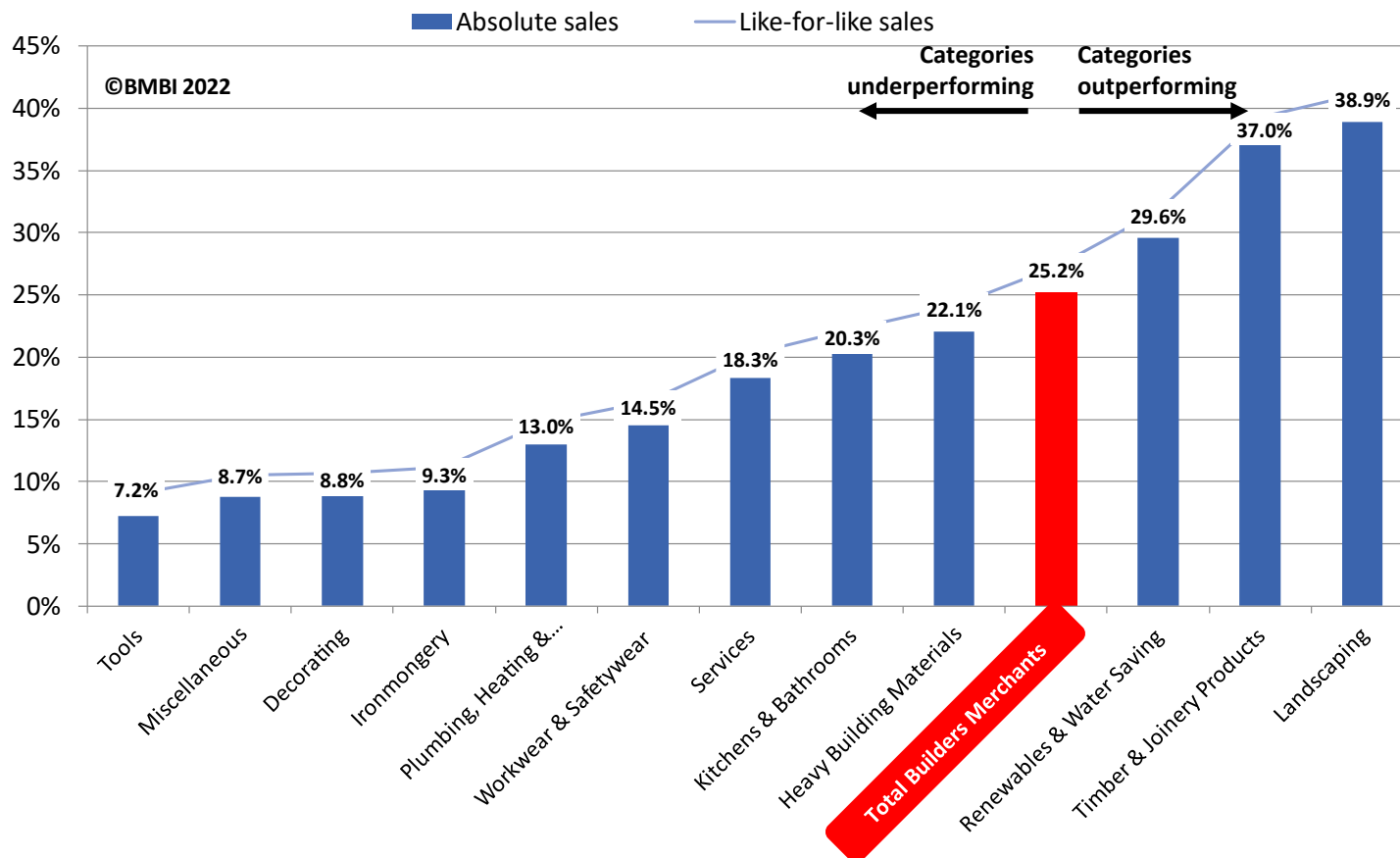
Quarterly: This Year v 2019

Q2 2022 3-year absolute and like-for-like sales



One less trading day in the latest quarter. Like-for-like sales take trading day differences into account.

3-year comparison: Quarter 2 2022 v Quarter 2 2019



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

Values shown for absolute sales

Sales of Landscaping in Quarter 2 2022 were +38.9% higher than in Quarter 2 2019 (pre-pandemic).

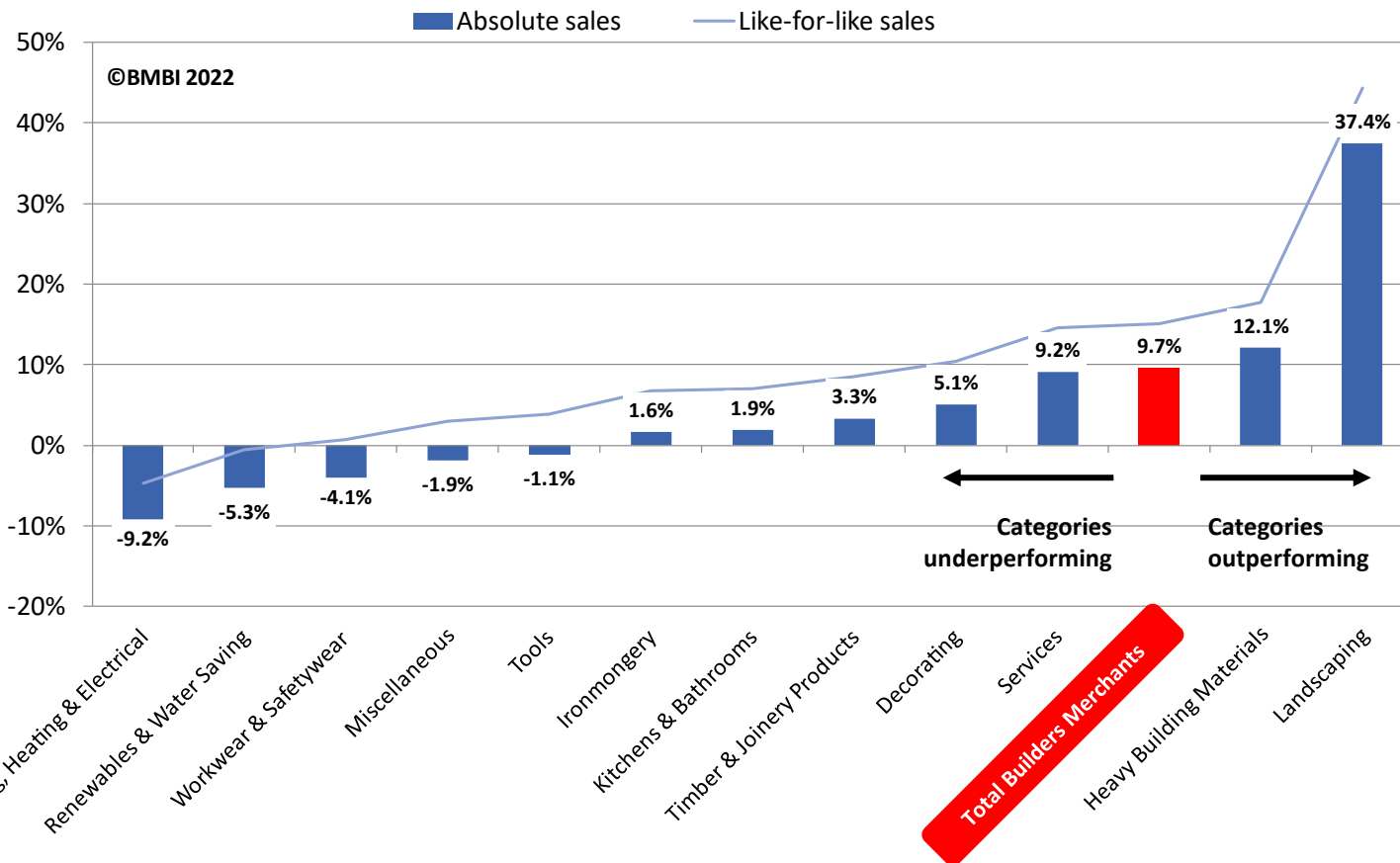
Quarterly: Quarter on Quarter

Q2 2022 absolute and like-for-like sales



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

Quarter 2 2022 v Quarter 1 2022



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

Values shown for absolute sales

Total sales in the latest three months were +9.7% higher than in the previous three months, led by Landscaping.

Quarterly: Index and Categories

Quarter 2 2020* to Quarter 2 2022

Indexed on July 2014 to June 2015



QUARTERLY SALES VALUE INDEX	Index	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Total Builders Merchants	100	76.4	124.6	111.1	120.7	149.7	146.1	127.5	142.1	155.8
Timber & Joinery Products	100	78.0	133.4	125.4	141.5	183.0	191.9	160.7	171.7	177.5
Heavy Building Materials	100	75.1	119.9	106.8	113.1	136.3	133.3	118.7	132.7	148.8
Decorating	100	56.3	108.5	99.5	101.1	112.2	112.9	104.6	114.2	120.1
Tools	100	41.0	94.4	90.7	99.6	103.0	97.6	94.6	107.3	106.1
Workwear & Safetywear	100	67.5	113.7	113.3	117.3	103.9	98.3	113.3	117.1	112.4
Ironmongery	100	65.0	123.2	112.6	119.3	133.8	126.2	117.2	133.4	135.5
Landscaping	100	138.8	175.5	112.1	141.5	237.5	184.0	128.3	161.9	222.5
Plumbing, Heating & Electrical	100	53.9	104.6	116.0	122.9	118.6	116.7	127.2	143.0	129.8
Renewables & Water Saving	100	31.5	66.4	62.6	70.3	77.2	71.2	70.9	90.9	86.0
Kitchens & Bathrooms	100	48.4	111.6	109.8	107.5	116.7	125.3	120.8	135.7	138.3
Miscellaneous	100	63.3	111.0	108.6	115.9	119.2	122.1	114.3	130.7	128.3
Services	100	72.8	115.9	107.3	110.4	127.9	132.1	121.8	126.4	138.0

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

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

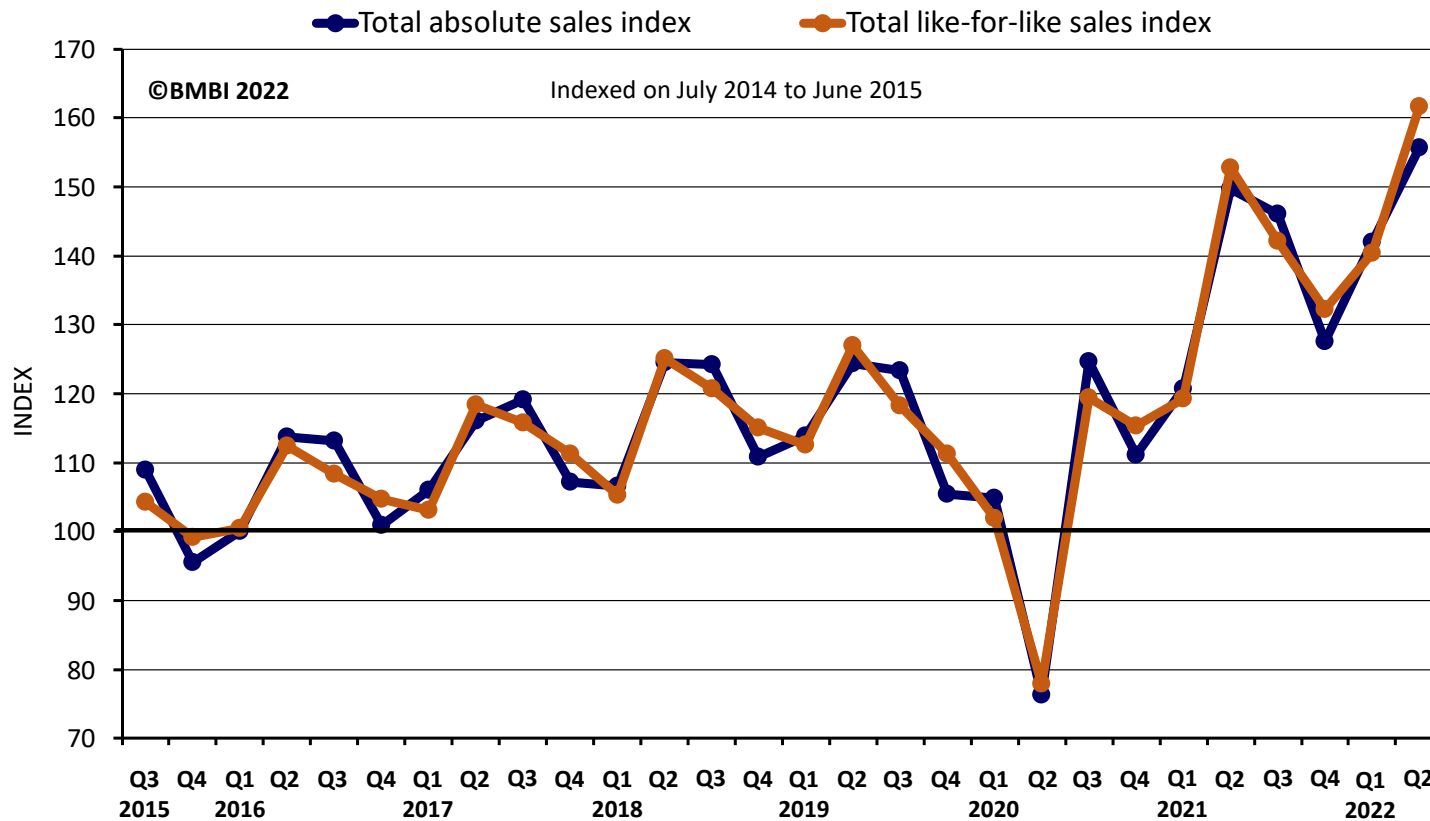
Quarterly: Index

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 June 2022

Quarter 2 2022 had the highest quarterly index (155.8) since BMBI started.

Quarterly: Index and Categories

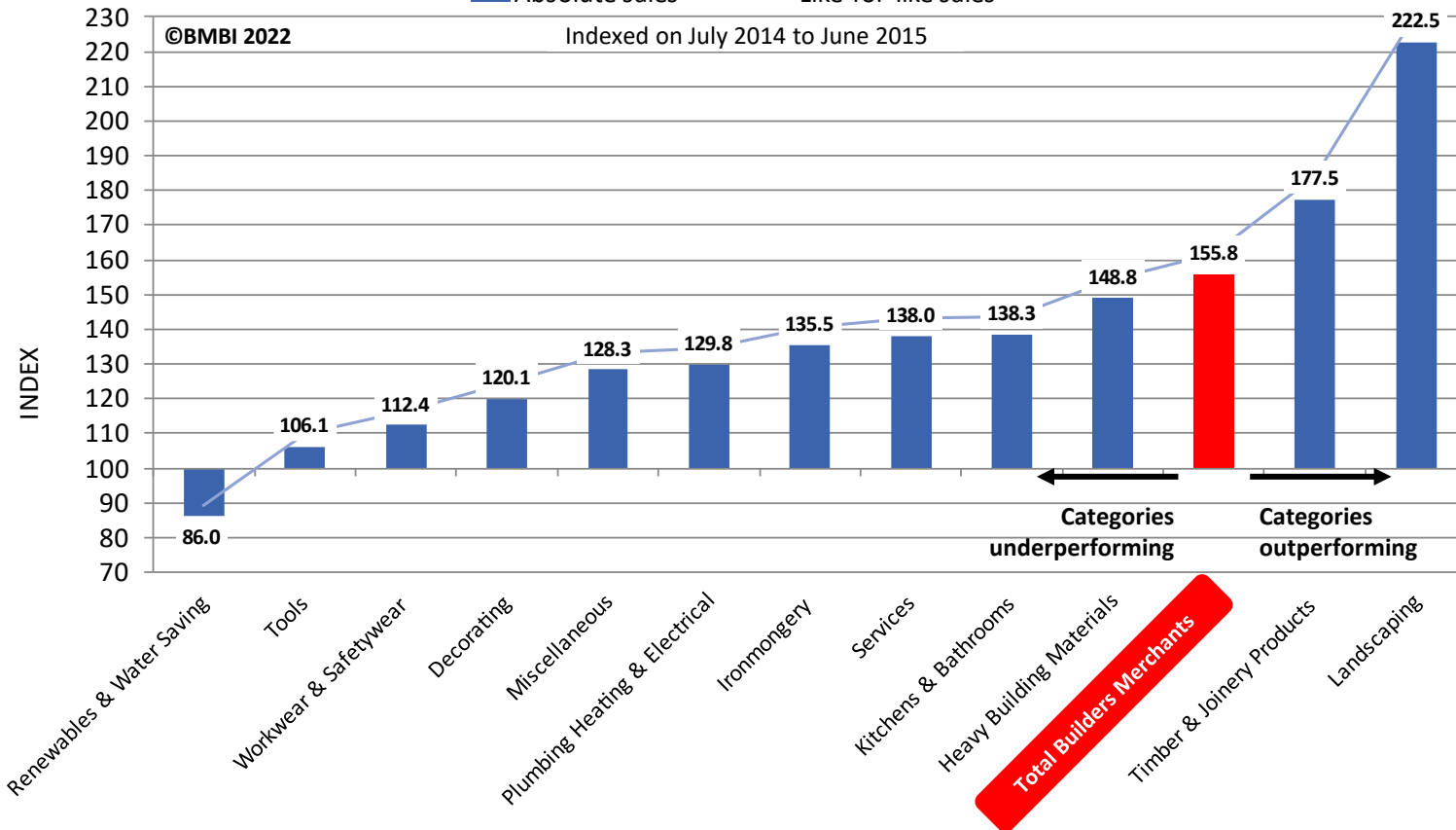
Q2 2022 index



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

Quarter 2 2022

Absolute sales Like-for-like sales



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

Values shown for absolute sales

Landscaping and Timber & Joinery Products significantly outperformed other categories.

Quarterly: Index and Categories - 1

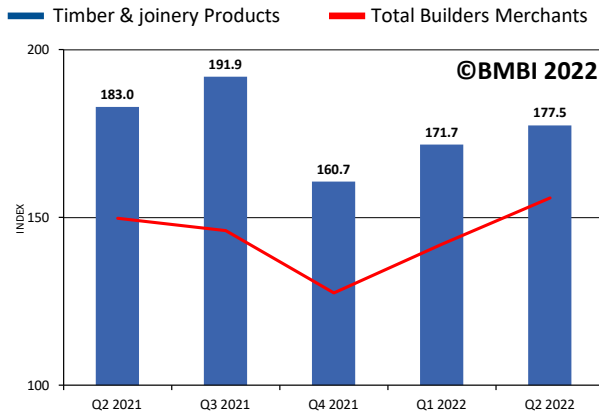
Quarterly indices



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

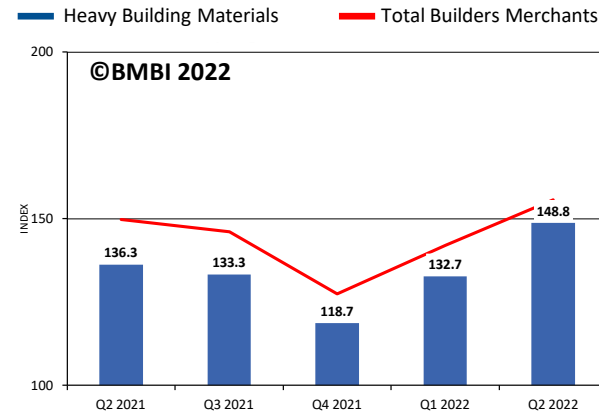


Timber & Joinery Products



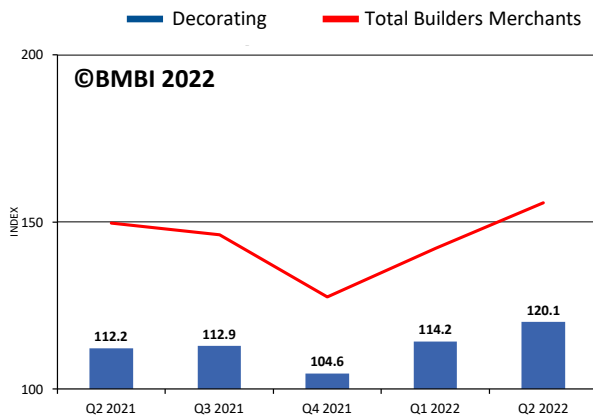
Timber & Joinery Products strongly out-performed Total Merchants in each of the last five quarters. This pushed up the Total index, resulting in other categories appearing to under-perform.

Heavy Building Materials



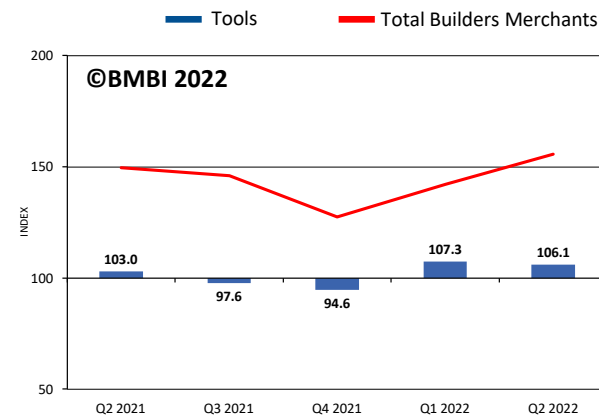
Heavy Building Materials has performed less-well than Merchants overall in the last five quarters, indexing at 148.8 in Quarter 2 2022.

Decorating



Decorating has under-performed compared with Total Merchants for a number of years, indexing at 120.1 in Quarter 2 2022.

Tools



Tools has been consistently weaker than Merchants overall and has only exceeded 100 three times in the last five quarters. The Quarter 2 2022 index was 106.1.

Quarterly: Index and Categories - 2

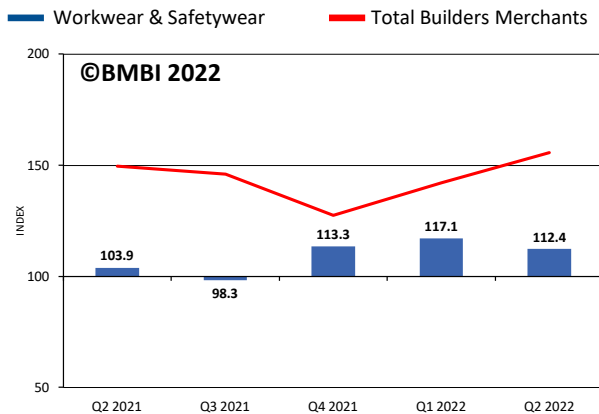
Quarterly indices



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

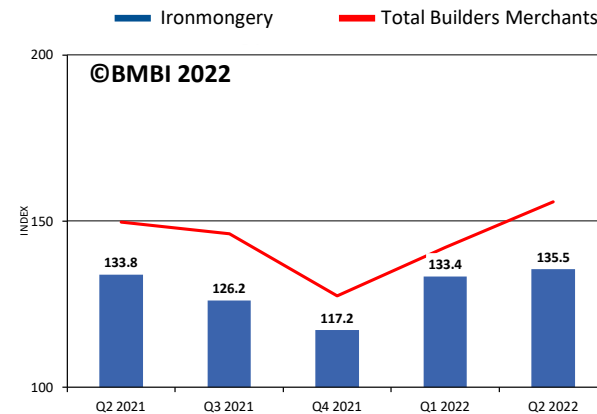


Workwear & Safetywear



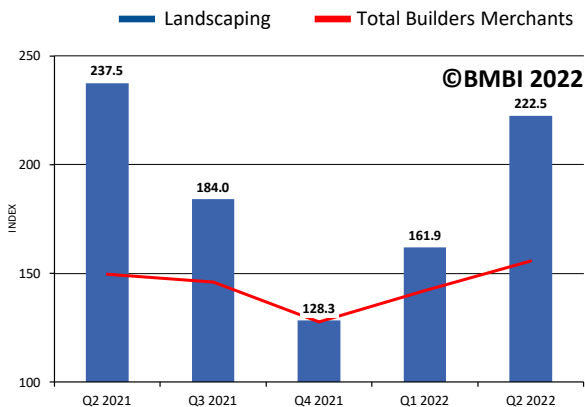
Workwear & Safetywear has been generally weak in the last five quarters, indexing at 112.4 in Quarter 2 2022.

Ironmongery



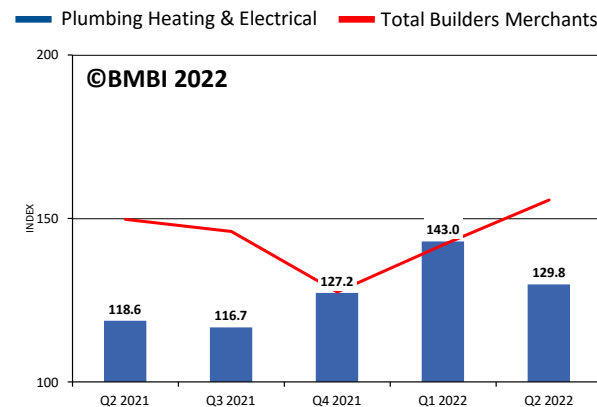
Ironmongery has followed the general trend but been a little weaker than Merchants overall, indexing at 135.5 in Quarter 2 2022.

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 2 2022 indexed at 129.8.

Quarterly: Index and Categories - 3

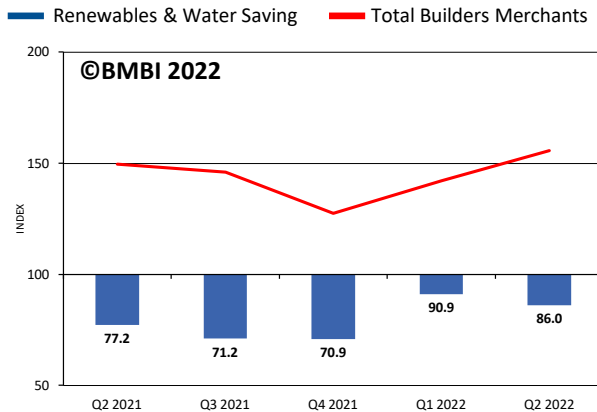
Quarterly indices



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

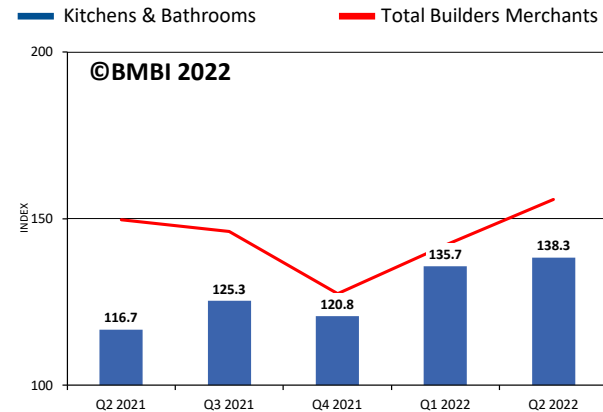


Renewables & Water Saving



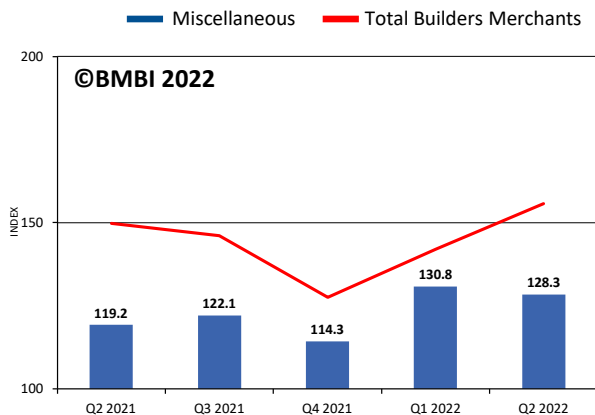
Renewables & Water Saving is a small category where revenue fluctuates significantly. Quarter 2 2022 indexed at 86.0.

Kitchens & Bathrooms



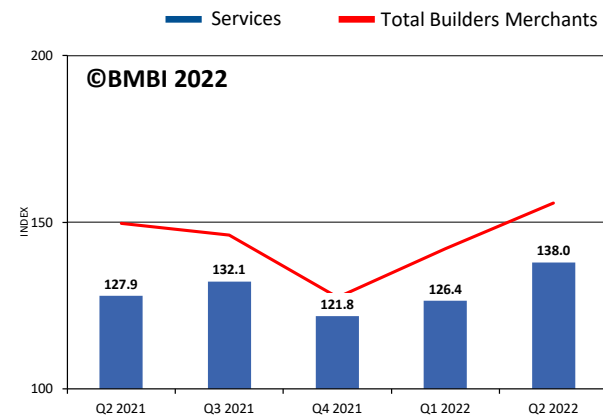
Similar to other 'inside trades', Kitchens & Bathrooms underperformed during the Covid pandemic, but has recently recovered, indexing at 138.3 in Quarter 2 2022.

Miscellaneous



Miscellaneous comprises a mixed-range of products (see page 59) that have been generally weaker than Merchants overall. Quarter 2 2022 indexed at 128.3.

Services



Services (predominantly tool/hire services) has closely followed the Total Merchants trend, indexing at 138.0 in Quarter 2 2022.

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.

The timber industry has seen a slowdown in demand over recent weeks – some describing it as a correction, others as a collapse – and it may be different in each segment. Either way, we're not seeing the crazy highs we saw in the summer months of last year. Yet they could be just around the corner.

Demand has softened due to many factors including plunging consumer confidence (the lowest in 40 years, thanks partially to social media and a tendency for national media to talk soaring markets down), higher energy costs, increasing interest rates, rising fuel costs, rising consumer price inflation etc.

The world has been changing on the supply side too. In response to the Ukraine war, heavy sanctions have been imposed and, since midnight 9th July, imports of any wood based material is no longer possible from Russia and Belarus. They're no longer possible from Ukraine either, for different, more direct and hopefully temporary reasons.

This removes a significant volume of "wood" in its various forms from the market. In some assessments that's estimated to be more than 55mln m3 (Roundwood equivalents) a year. This will have a significant effect on countries previously importing from Russia and Belarus, and they are now seeking replacements from within Europe. Finland was a huge importer from Russia and Belarus, and it's now seeking to replace it with wood from European locations and is targeting the Baltics heavily. The knock from that means that the cost of wood is increasing, and at a very quick pace. This will, in turn, affect all those products derived from Roundwood: Sawn Timber, Oriented Strand Board (OSB), Particle Board (PB), which includes chipboard and low-density fibreboard, medium-density fibreboard (MDF), Pulp etc.

About 8% of total OSB (over 500K m3) has been removed from the European market, due to the ban on Russian and Belarussian imports. Over 1.2mln m3 of Hardwood, Plywood, and almost 800K m3 of PB have also been removed from the market.

As demand recovers, availability will be interesting, but hopefully European producers can step forward and fill the voids.

In response to the Ukraine war, heavy sanctions have been imposed and, since midnight 9th July, imports of any wood based material is no longer possible from Russia and Belarus. They're no longer possible from Ukraine either, for different, more direct and hopefully temporary reasons.

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 for porcelain continues to grow, while sales of sandstone are still in decline. Good quality porcelain is now cheaper to buy than natural sandstone, so it's an obvious choice for landscapers and consumers.

India has lost a large chunk of its natural sandstone market around the world, not just in the UK. We expect sales for sandstone to continue to dip, although pricing may start to decrease as suppliers try to recoup losses from falling volumes.

Shipping prices are finally reducing, but this seems more difficult to manage than when prices were going up! Like everyone in the supply chain, we are left with stock which is now worth less than it was when we bought it.

Supplies of European porcelain are now stable, particularly with stock from Spain and Italy. This has made up for the difficulties in getting porcelain from Poland, where our supplier was located on the Ukraine border.

Consumer confidence is at its lowest since records began (-41 in July falling to -44 in August). That said, the top end of the market, which is financially secure, continue to spend on landscaping and garden projects. Good landscapers are still fully booked into next year, so there is a pipeline of demand. At the bottom end, the decline in sales is likely to fall further as people struggle to get by.

This leaves middle earners where there is potential for growth for DIY. Stockists say retail sales are falling – possibly due to holidays – but these could return depending on the impact of energy increases. Those middle earners with a bit of money are more likely to do it themselves and save money on labour rather than the product.

Supply chain issues have resolved, and there is plenty of stock available, so merchants don't need to bulk buy – merely keep their stocks topped up.

Looking ahead, reducing demand may raise competitiveness between merchants. So keep stocks plentiful, as customers will go elsewhere if you don't have what they need when they need it.

Sustainability remains a concern and our policy now is only to use electric vehicles as company cars. It's difficult to cut emissions due to the nature of our products but we continue to look for ways to offset this.

Good quality porcelain is now cheaper to buy than natural sandstone, so it's an obvious choice for landscapers and consumers.

Expert Panel

Adhesives & Sealants

(Part of Decorating)



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

Research from The Pulse showed that a combination of factors including price increases, energy costs, and uncertainty about the war in Ukraine have all affected merchants' confidence in the market. Many businesses and consumers are tightening their belts and acting more cautiously, which has the potential to affect the construction sector. Consumer confidence is at its lowest since 2008.

Construction output has slowed, particularly in the residential sector, with housebuilding experiencing its weakest rise in the last two years. This has been slightly offset by a more buoyant market for commercial and civil engineering.

Inflation is starting to have a greater impact on businesses with price volatility – largely driven by rising fuel and energy costs - being a major issue. Although builders' merchants have seen the value of sales for building materials rising, it's mainly been driven by price increases. For most, sales volume has risen at a much lower rate.

Future easing of COVID restrictions in China means we could see production of some materials return to more normal levels towards the end of the year. However, this should be viewed cautiously as shipping capacity may not be able to manage higher levels of demand, and rising fuel prices may have a knock-on effect on distribution.

The construction industry is responsible for 25% of the UK's greenhouse gas emissions so, while energy conservation is advisable to help mitigate some of these rising fuel prices, we should also be prepared for more environmental legislation to encourage a cut in emissions. A recent report from the Environmental Audit Committee recommends more efficient methods of construction that utilise low-carbon building materials. Increasingly, new builds are being looked at with a 'whole-life' assessment, which takes account of emissions from the construction, maintenance and demolition of a building, and from the energy used in its day-to-day operation. We can, therefore, expect greater scrutiny from specifiers and contractors. With sustainable construction becoming a higher priority, branch staff need to be fully informed on a product's performance characteristics and environmental credentials to make the right sale to the customer.

If sealants are incorrectly specified, for example, it can lead to many issues including reduced building performance and life expectancy, so they should always be proven for the intended purpose.

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Expert Panel

Bricks & Roof Tiles

(Part of Heavy Building Materials)



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

Market demand for bricks and roof tiles continued to be very strong in the second quarter of 2022. Despite rising interest rates and inflation, the demand for new homes still outstrips supply. In the wider construction sector, a large upward revision to output in April (-0.4% to +0.3%*) means strong growth, (1.5% m/m*) in May is the sector's seventh consecutive month of growth. New work (+2.8% m/m*) continued to rise despite the challenging backdrop of material shortages and higher input costs. However, evidence from PMI indices suggests that while demand in the sector is strong, momentum is beginning to soften.

Like many manufacturers, Wienerberger continues to be focused on maximising production volumes while maintaining quality and managing customer expectations. This hard work and the collaboration between manufacturers and merchants have undoubtedly benefited the wider construction sector in the first half of this year.

As we move to the second half of the year, the outlook remains positive and is supported by the latest CPA State of Trade Survey, April 2022, which found that 80% of heavyside manufacturers expect rising sales. While demand is likely to be robust, the sector must guard against complacency and be cautious of weakening demand.

As consumers start to tighten up on basic needs (a recent ONS survey suggests 46% of adults are buying less food, up from 18% at the start of the year) it shouldn't be a surprise if reduced spending starts to impact the construction sector. In the coming months, we'll continue to see increasing energy prices, adding to the cost of living crisis currently being experienced by many.

In July, research firm Cornwall Insight published new, higher forecasts of energy prices that were 10% higher than those forecast just two weeks prior. With energy being a significant input into many construction products, we will continue to proceed through the year with cautious optimism.

*ONS Construction output in Great Britain: May 2022

Market demand for bricks and roof tiles continued to be very strong in the second quarter of 2022.

Despite rising interest rates and inflation, the demand for new homes still outstrips supply.



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

A few months back, in March, we began to see a slight easing in the constraints around material availability. But as we rolled into quarter two, mounting concerns over the conflict in Ukraine, particularly in relation to energy and materials supply, saw a fall in heavyside demand and further concerns over commodity price volatility. For an industry already dealing with the fall-out from significant price rises in the second half of last year, this has increased the challenge of maintaining economic stability.

Throughout quarter two there has been a slowing in demand across both housing and civils sectors. Industrial project growth has remained strong however, driven primarily by the continuing uplift in new warehousing starts. Similarly, opportunities across the infrastructure sector have also increased as projects related to HS2 and the regulated sectors; highways and rail, gather momentum.

Given the underlying economic and commercial unpredictability, quotation activity remains stable with strong enquiry volumes matched to those of a year ago. However, we are seeing a change in delays to on-site start dates, particularly on those projects with fixed price elements. Many contractors burdened with fixed price contracts have been attempting to renegotiate while product cost inflation surges to record levels.

In what we believe is a fundamental shift, construction businesses and industry-related stakeholders are increasingly collaborating to meet the challenges of sustainable, net-zero development. Once the preserve of specialists, increasing numbers of merchants and developers are engaging with experts in the areas of water neutrality, nutrient neutrality, and biodiversity-net-gain to establish knowledge partnerships and increase learning. These areas are having a growing impact throughout the supply chain.

If we are to combat the effects of climate change and achieve the required transformational change in what we build and how we build it, we'll only do it, at the scale that is necessary, through greater collaboration.

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Expert Panel

Steel Lintels

(Part of Heavy Building Materials)



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

Quarter two 2022 followed the same strong pattern as quarter one. Strong in the sense of steady daily sales as compared to the madness of 2021. While demand is on par with the prior year, it is inevitable when there are price increases that merchants stock up, possibly skewing actual market performance. The first couple of weeks of quarter three certainly suggest that to be the case, or perhaps everyone has gone on holiday.

It seems every two to three years we have Prime Ministerial elections, only this year we also have to contend with rising inflation, strong demand for new houses, higher house prices, increasing mortgage and interest rates, and a shortage of labour and materials. Add in the impact of the war in Ukraine and the reliance of Europe on Russian gas, and there could be further ramifications for our industry.

That said, demand from the construction sector remains relatively good, particularly from the new build sector. House builders continue to report soaring forward sales, even at higher house prices. Labour shortages challenges though will have an impact on the speed of build and will curtail growth. At some point in the current economic cycle, there must be serious concern that weak consumer confidence will reduce the demand for new housing.

Even with the disruption of the war, steel availability, albeit at significantly higher prices, is back to more normal supply, and the extended lead times are expected to reduce late 2022 to early 2023. Foolishly, I forecast steel challenges would ease at the end of 2021 to the start of 2022, but then Putin invaded Ukraine, and that did not pan out.

The new building regulations coming into force requiring CO2 emissions of new homes to be 31% lower than previously will drive a more technical sale for merchants, particularly around the specification of Hi-therm lintels to satisfy the fabric first approach.

Even with the disruption of the war, steel availability, albeit at significantly higher prices, is back to more normal supply, and the extended lead times are expected to reduce late 2022 to early 2023.

Expert Panel

Drylining Systems

(Part of Heavy Building Materials)



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

Product availability and supply improved rapidly during Q2, and demand has remained strong across the three principal sectors with which drylining systems are typically aligned (Residential, Commercial and RMI/ Change of use).

The project pipeline remains strong, but concerns are developing around high inflation and labour availability across the economy, which is subduing short to medium-term confidence and demand.

The latest CLC report predicted that recruitment and retention will become the most important challenges facing construction in 2023, and some smaller building companies have become reluctant to take on new projects as they cannot access the skilled tradespeople necessary to complete them.

Effectively meeting the skills challenge necessitates an industry-wide approach, with all parties across the sector collaborating to ensure a sufficient pool of skilled and motivated tradespeople, committed to a long-term career in construction.

British Gypsum have recently launched our new training offering following a significant investment in people, digital and physical infrastructure. Our training is specifically designed to help construction sector partners upskill their workforces to ensure quality builds are achieved every time. In response to the changing needs of those working on site and to help reduce the amount of time installers spend away from site, we have developed new training pathways, and launched an interactive and immersive training prospectus and e-learning platform.

With the acceleration of interest rate rises and forecasts that the UK economy is heading for a challenging 12-18 months, the sector's resilience will be tested once again. However, we are a critical part of the UK economy. As such, we have a responsibility not just for our own businesses but also to the broader construction industry which supports so many jobs, to ensure we approach the coming months with a positive mind-set, seeking every opportunity for growth. Fundamentally, the underlying demand for new or improved buildings is there - and we have a critical role to play in the UK's decarbonisation strategy.

As such I remain optimistic about the industry's medium- to long-term future. Despite the many challenges, the sector has demonstrated strong resilience. We and our partners remain ready to support the needs of the construction sector with high-quality products and unrivalled service.

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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.

These are uncertain times. Though UK GDP was surprisingly high in May, June's Construction PMI fell to its lowest level since December 2020 – when the nation was in the grip of the second Covid lockdown. The warning lights on the economy are blinking, raising fears of recession.

The cost of energy is chief among the causes. It's already been a key contributor to the inflationary pressures faced by merchants, and is now the principal antagonist in the cost-of-living crisis hammering households.

Perversely, these sky-high energy costs are likely to protect demand for insulation in the face of a slowdown. With the price cap increasing further in October and January, we should expect a rush to install low-cost, high-return insulation – fixing the UK's millions of leaky lofts, for example. That's not to mention any government spending on a national insulation scheme.

Uncertainty prevails in the construction industry too, as building regulations changed in June. The new Part L is the biggest change to fabric efficiency standards in a generation, mandating a carbon emissions reduction of almost a third for all new buildings.

What's most significant about Part L though is the introduction of the BREL report. For the first time, the industry must be ready to prove that insulation has been installed correctly, in every building. It's a small step but also a giant leap towards accountability for an industry facing increasing scrutiny of as-built performance.

For merchants, that means stocking and recommending the right insulation solutions for every application. Considering not just the theoretical thermal performance of lambda values, but how easily they can be installed correctly on-site.

It's time to create buildings that perform as promised, in the real world. We must close the performance gap that comes at such a high cost to people and planet. That's one area of uncertainty that construction can control.

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It's a small step but also a giant leap towards accountability for an industry facing increasing scrutiny of as-built performance.

Expert Panel

Cement & Aggregates

(Part of Heavy Building Materials)



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

Q2 construction demand for mineral products was down on Q1, and Q2 2021. Q2 sales volumes of asphalt were down -6% compared to Q1, with ready-mix concrete down -7.4%, aggregates down -9.8% and mortar down -3.4%.

As expected, now Covid travel restrictions have been lifted there has been a shift in consumer behaviour with people keen to get away on holiday, rather than commit to RMI projects. How much of the RMI drop is due to people delaying or rethinking projects due to cost inflation remains to be seen. Underlying data suggests that normal, seasonal sales variances are as they were pre-Covid.

Tradespeople are still booked up, so the availability of staff and skilled labour could put a spanner in the works. The workforce is more mobile as employers compete to retain staff, offering higher wages to attract and keep them. There are more vacancies than people looking for work. This could be down to people taking early retirement during Covid, changing jobs or lifestyle during the pandemic, and the shortage of labour from the EU. Pressure in the supply chain is not about the supply of product now. There is still a shortage of HGV drivers, but as volumes are lower, it's not so problematic.

We expect to see a sales bounce back in Q3 and Q4 as people return from holiday and continue to do home improvement projects. We predict that the repair, maintenance and improvement (RMI) market will stabilise and, if interest rates continue going up, those with savings may choose to spend on home improvements.

Cost is a big issue for the industry. Russia's response to the sanctions from the West has had an off-the-scale impact for high energy users. Coal, gas and oil prices are going up and what was £200 p/MWhr is forecast to be over £500 come December.

Regulations continue to be an issue. The UK Reach regulations, being brought in post-Brexit are time-consuming, costly and frustrating to agree on.

We continue to support our customers in their efforts to decarbonise, focus on promoting and developing our sustainable products, and have a clear plan to meet our 2030 sustainability targets. You can find out more about what we're doing to be more sustainable on our website.

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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.

For the first time since Q2 2020, it is beginning to feel like we have returned to pre-pandemic trading levels. This was expected after the last two years the industry has experienced. Q2's UK volume sales were down -3% on Q1 2022, driven by several issues such as the aggressive rise in gas, electricity and fuel prices, and the knock on to living costs.

The construction industry faces continuous cost inflation on many products, and this just adds to the mood of the nation which has affected consumers confidence and caused uncertainty. This has been felt in all sectors, and yet again I write this in circumstances that are just so unusual. Hopefully, they won't become the norm.

However, in general, construction has remained robust because of on-going projects that need to be completed and new-build sites remaining active. We have seen an increase in other sectors such as lead ballast for boats and lead being used in the healthcare sector for radiation protection purposes. On a further positive note, container prices have settled, and even improved in some instances which has allowed us to extend our export offering.

Although many of the economic factors have played against us, we continue to deliver our core values, specifically around sustainability, staff wellbeing and supporting future talent. In the next few months, we are committed to delivering on some exciting projects that will take three to five years to complete. They will further demonstrate how we are invested in the future green economy.

Environmental issues are high on the agenda for the construction sector and many of our customers hold our sustainability values with high regard while still being cautious over rising costs.

Our advice is to stick to your core values. These unpredictable times will start to settle down and, once the wider political issues have balanced out, it will help us all look into the future with much more optimism.

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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.

After a rocky start to the year, the challenges for window and door suppliers have continued into Q2, as we battled against the legacy of Covid-related supply chain issues, difficulties caused by the war in Ukraine and the realities of Brexit finally becoming apparent.

Many merchants are still reporting increases in sales for windows and doors, but this is giving a false sense of security as much of the uplift is driven by price increases rather than volume. The wave of material price increases are forecast to continue and need to be passed along. Manufacturers margins are being eroded by minimising the amount passed on, but that's not sustainable in the long term.

Suppliers, fabricators and installers are reporting a year-on-year drop off in sales of between 25-30%. We've never experienced such a sharp decrease in demand but there could be many reasons for it. This summer is the first since 2019 that holidays abroad are back on the cards and some homeowners would rather spend what savings they have on travel than home improvements. Household spending is being reined in, as the impact of food and energy price increases bite.

With consumer uncertainty likely to continue into 2023, we believe a 'grown up approach' is required to ride out the storm. We've had to re-evaluate our business model over the last quarter and adapt to trading conditions to stay competitive for our customers and viable as an operation. As demand picks up, we'll build back better.

Change is never easy but burying your head in the sand is not the answer. If you spot a downward trend, you must react quickly to minimise losses and look for new opportunities to adapt and diversify.

We've recently expanded our selling channels to attract the growing number of online buyers in consumer marketplaces who want windows and doors, we've increased our 'drop ship' offer and expanded our product portfolio by partnering with other businesses.

Moving into Q3, we hope there'll be a bounce in confidence with a new Prime Minister, particularly if they focus on inflation reducing measures. Until then it's business as usual, with a renewed passion for innovation in the face of adversity.

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Expert Panel

Paint

(Part of Decorating)



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

Three major events, Brexit, Covid-19 and the war in Ukraine, plus the cost of living crisis have been dominating headlines as annual inflation hits 9%, weakening consumer confidence and demand across the sector. But the market's reaction was not as severe as expected.

The Trade Paint market, down -2% against the forecast for Q2, was not as steep as it could have been. Year to date volume was down -1.3% vs the same period in 2019, and -3.8% down year on year.

A -2.3% drop in disposable income and a downgrade in the forecast for 2023 against 2022 from 1.3% to 0.1% may result in a decline in the amount of disposable income available to invest in homes this year and next.

Trade could soften further as our (Applier pipeline survey) data suggests just 33% of painters-decorators are booked up five months ahead, down from a high of 49% in April. However, evidence on social media suggests decorators, perhaps, do not book past Christmas.

The outlook for 2022 into 2023 continues to soften, with the CPA (Construction Products Association) revising down total construction output for the year 2022 from +2.8% year on year to +2.5%, with the decline stronger in RMI than new work.

In terms of sectors, house completions have been revised down in their latest forecast from 2% to 1% year on year, with concern about brick costs and supplies which have heavy energy requirements. That will likely hit potential paint sales too.

Trade paint is most reliant on Housing RMI, and construction value in the sector is still expected to contract -3% this year. Public Housing RMI and housebuilding growth might offset some of this volume loss, but Industrial is expected to grow strongly this year and next.

Retail sales are continuing a longer-term trend of decline, with a revised quarter two forecast of -7% for 2022, as the cost of living hits the amount of disposable income.

Overall, the Trade Paint market is in a challenging period, and it's forecast to see minimal growth from 2023 onwards.

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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.

Looking back to 'normal trading conditions' pre-war in Ukraine, pre pandemic, and pre Brexit, these last half dozen years have taught us all is that the UK & Irish construction industry is resilient, robust, agile, and adaptable.

Reflecting these unpredictable, inconsistent trading conditions, we saw a strong start to 2022, then an obvious cooling in certain areas and markets. Keylite witnessed record sales and exceptional demand in Q1, then a slow Q2. House building remained strong and consistent, up 3.9% on a year ago, while RMI was down 6.5%*, as homeowners took much needed holidays or kept their money in their pocket.

Doom and gloom! But we remain optimistic. While global geopolitical issues continue to make trading and recruitment more difficult (nearly 300,000 left the industry over the past three years, with EU nationals leaving due to Brexit concerns and others retiring early during the pandemic), and changes to building requirements, there are positives. Prices are starting to level off, and as an industry we're become more adept at managing the supply chain and these wider challenges. Keylite, for example, invested in experienced specialists to improve our cross-border supply chain, shortening some and developing these closer to Europe, and increased our stock holding in the UK. Automation has increased capacity at our Polish manufacturing facility.

Within the UK, housing is at a premium, and while many first time buyers, and homeowners looking to move and improve, consider their household spending, investments in new builds and improvements will continue. Employment will remain strong and pay levels and cost of living will find a balance.

We innovate, we improve, and we adapt.

None of us, especially not the politicians, know whether we will again see a period of normal trading within the next few years or whether we, as an industry, continue to demonstrate our agility and innovation during further changing conditions and positively adapt to the challenges ahead, I for one believe in the latter.

*figures from the CPA.

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Expert Panel

Shower Enclosures & Showering

(Part of Kitchens & Bathrooms)



Darren Bedford, Sales Director Lakes is BMBI's Expert for Shower Enclosures & Showering.

GfK's Consumer Confidence Index is at historic lows (dropping from -41 to -44 in August) as the after-effects of Covid on the Global supply chain combine with global disruption from the war in Ukraine.

A 2-point improvement in hopes for our personal financial situation for the next 12 months, and a 1-point improvement in Major Purchases Index (eg a new bathroom) might reflect optimism over imminent change at the top of the UK government, but the overall index is crushed by a cost of living crisis.

Anecdotal reports reinforce the shifting priorities of hard pressed homeowners, particularly those under 45. Their incomes may be higher than older homeowners but the cost of their outgoings have risen sharply over the last year. A kitchen upgrade, new patio, windows and doors, or bathroom may have to wait while homeowners struggle with rising energy and food prices. But older homeowners who have paid off their mortgage, or are near to doing so, with savings in the bank - the Bank of Mum and Dad - are still spending. As a window manufacturer put it: 'we're selling more premium windows, colour and aluminium to the Haves, but white windows have become a luxury to those who normally buy them. They don't have the money.'

Internal categories like bathrooms were slower to benefit from the pickup after Covid, but have continued to grow while other categories have fallen. Shower enclosures, especially the more premium, are doing better than most.

Until a new PM is elected in September we don't know where the UK is heading, and we'll have to wait while a new cabinet get its feet under the table. As for the really big questions on where everyone is going to live, how we're going to keep the lights on, and prepare and pay for climate change, they're unlikely to be resolved quickly however important they are.

Freight rates have fallen from earlier highs, but they are still very costly and given China's internal problems they are unlikely to reduce to the levels of two years ago.

Looking beyond the current turbulence, the long term prospects for construction, housing and improvement, bathrooms and showering spaces have never looked stronger.

Internal categories like bathrooms were slower to benefit from the pickup after Covid, but have continued to grow while other categories have fallen.

Shower enclosures, especially the more premium, are doing better than most.

Expert Panel

Website & Product Data Management Solutions



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

It's safe to say that businesses now realise that digitalisation and implementing eCommerce is crucial to growth and staying relevant in a quickly changing market. Whilst introducing new technology is undoubtedly an exciting development for any business and a marker of sustained growth and development, it's worth also highlighting the ever-increasing cyber security risks.

If cybercrime were a country, its economy would be the third largest in the world, behind the USA and China. Only a few months ago, we saw one of the world's biggest building supply manufacturers, Knauf, issue a statement to the market announcing that it had been victim of a cyber-attack. The attack was so big that they had been forced to close many of their systems for several days while they isolated the attack and assessed the damage.

Cyberattacks can have disastrous consequences. In 2022 the global average cost of a data breach hit an all-time high of \$4.35 million for the organisations in the study.

The cost of cyber-attacks isn't only financial, with companies having to spend time recovering from the attack, as well as re-establishing trust with customers and potentially repairing any subsequent damage to their brand.

Even some of the most tech-savvy individuals and businesses can fall victim to cyber-crime. Criminals use a range of tactics, from hacking, aiming to access and potentially sell valuable data, to malware or ransomware attacks. The latter two methods involve a form of malicious software being installed within a system, usually via a phishing scam, and then encrypting the business's data.

Online security is similar to climate change in that most people ignore it until they have been affected, and, by then, it is often, unfortunately, too late. Clearly, businesses seeking to digitalise their operations need to be partnering with software providers who understand the risks to ensure their businesses are protected.

For our part, ECI has a dedicated team of full-time security professionals and spends millions of dollars a year on the best security tools on the market to ensure that customers are protected against threats, so it's worth asking your technology providers if they do the same.

Online security is similar to climate change in that most people ignore it until they have been affected, and, by then, it is often, unfortunately, too late.

Monthly: This year v last year

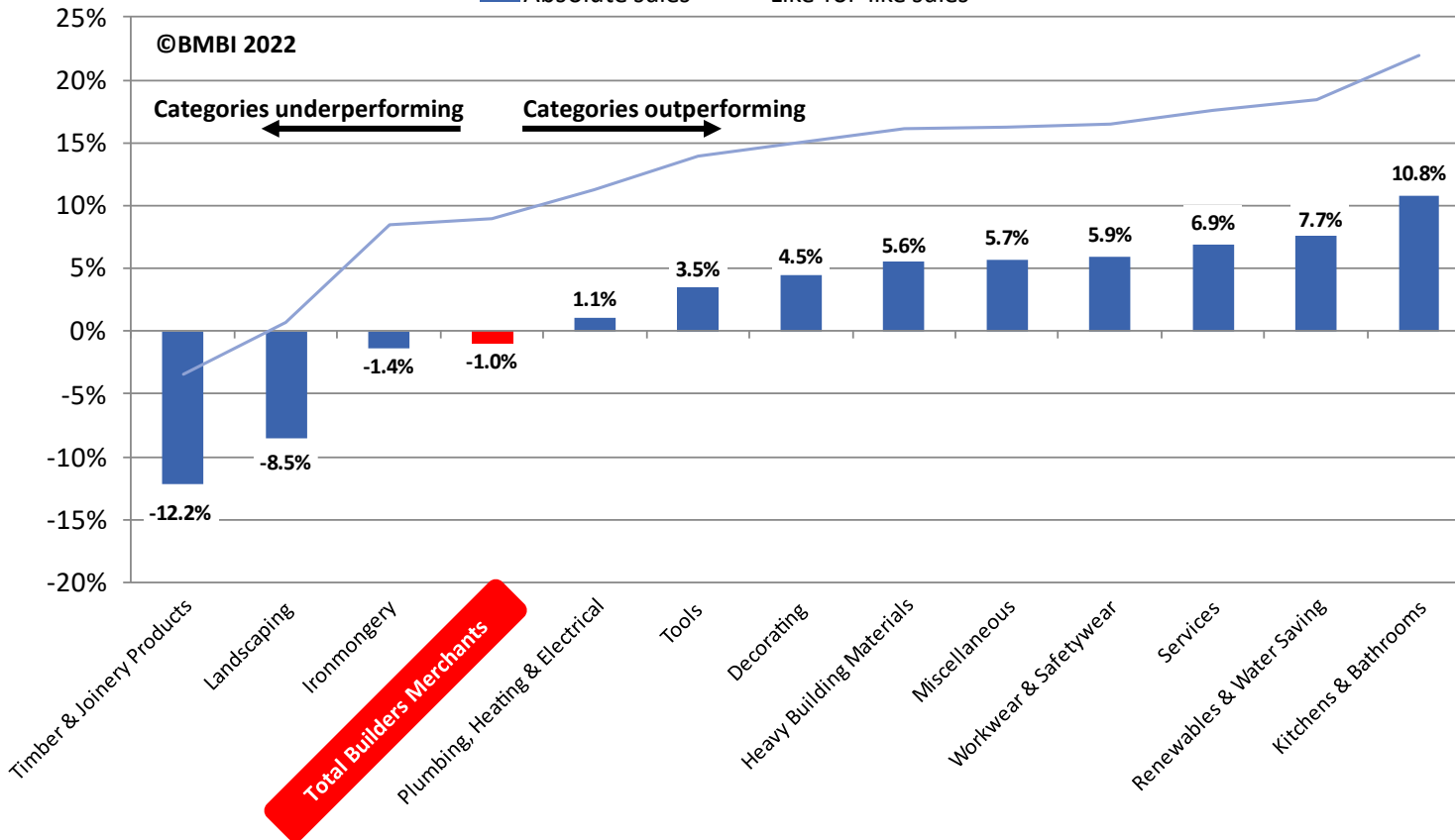
June 2022 absolute and like-for-like sales



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

June 2022 v June 2021

Absolute sales Like-for-like sales



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

Values shown for absolute sales

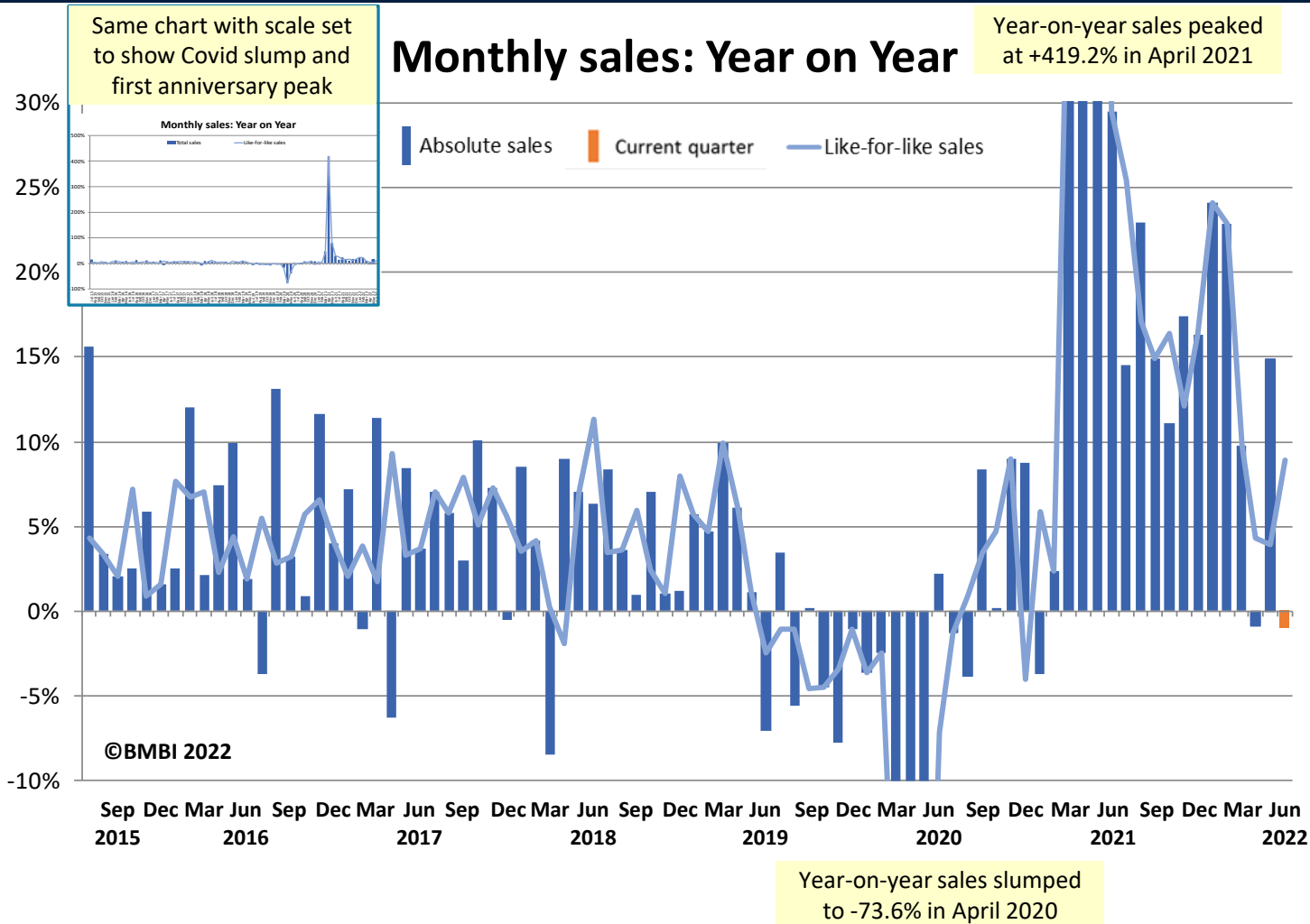
Nine of the twelve categories sold more and did better than Merchants overall, led by Kitchens & Bathrooms (+10.8%).

Monthly: Year on Year

Absolute and like-for-like sales



Two less trading day in the latest month. Like-for-like sales take trading day differences into account.



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

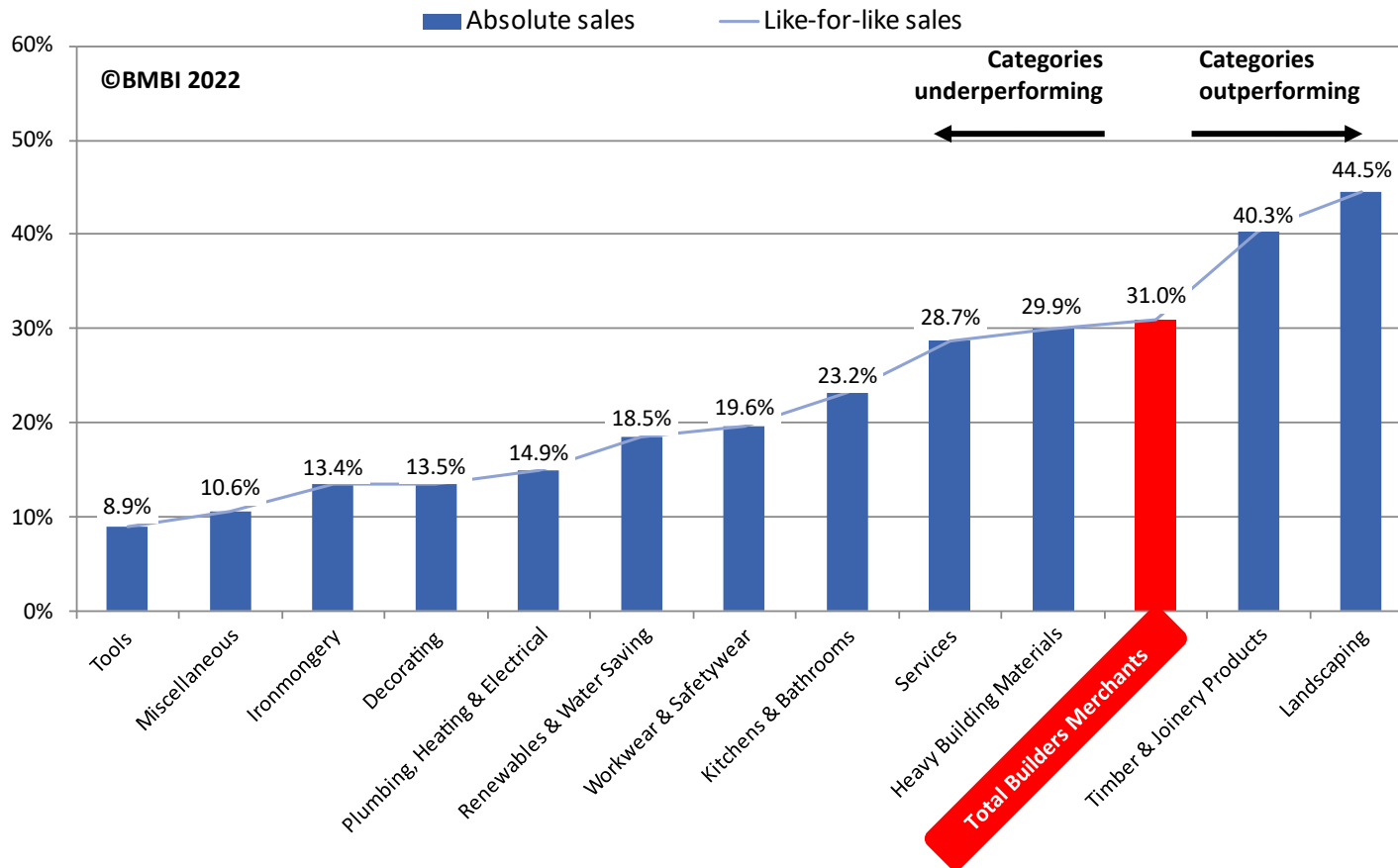
Total sales in June were -1.0% lower than in June 2021, not helped by two less trading days. Like-for-like sales (which take trading day differences into account) were +8.9% higher.

Monthly: This year v 2019

June 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: June 2022 v June 2019



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

Values shown for
absolute sales

All categories sold more in June 2022 than the same month three years ago and two categories were particularly higher: Landscaping (+44.5%) and Timber & Joinery Products (+40.3%).

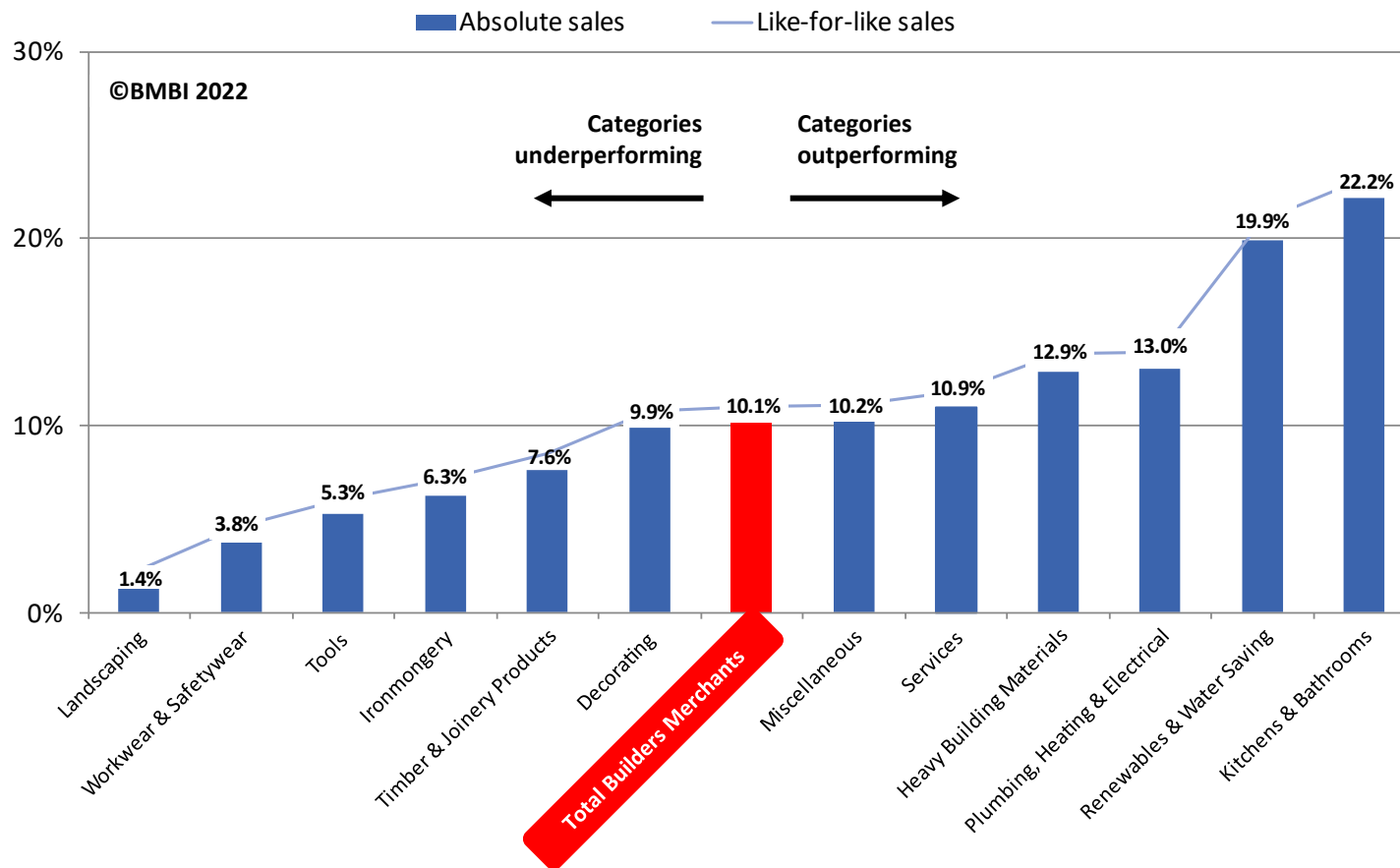
Year to date: v 2021

Last 6 months absolute and like-for-like sales

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



Year to date: Jan 22 to Jun 22 v Jan 21 v Jun 21



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

Values shown for absolute sales

Total Merchants value sales in January to June 2022 were +10.1% higher than in the same period a year earlier. All categories sold more. Kitchens & Bathrooms and Renewables & Water Saving were higher than other categories.

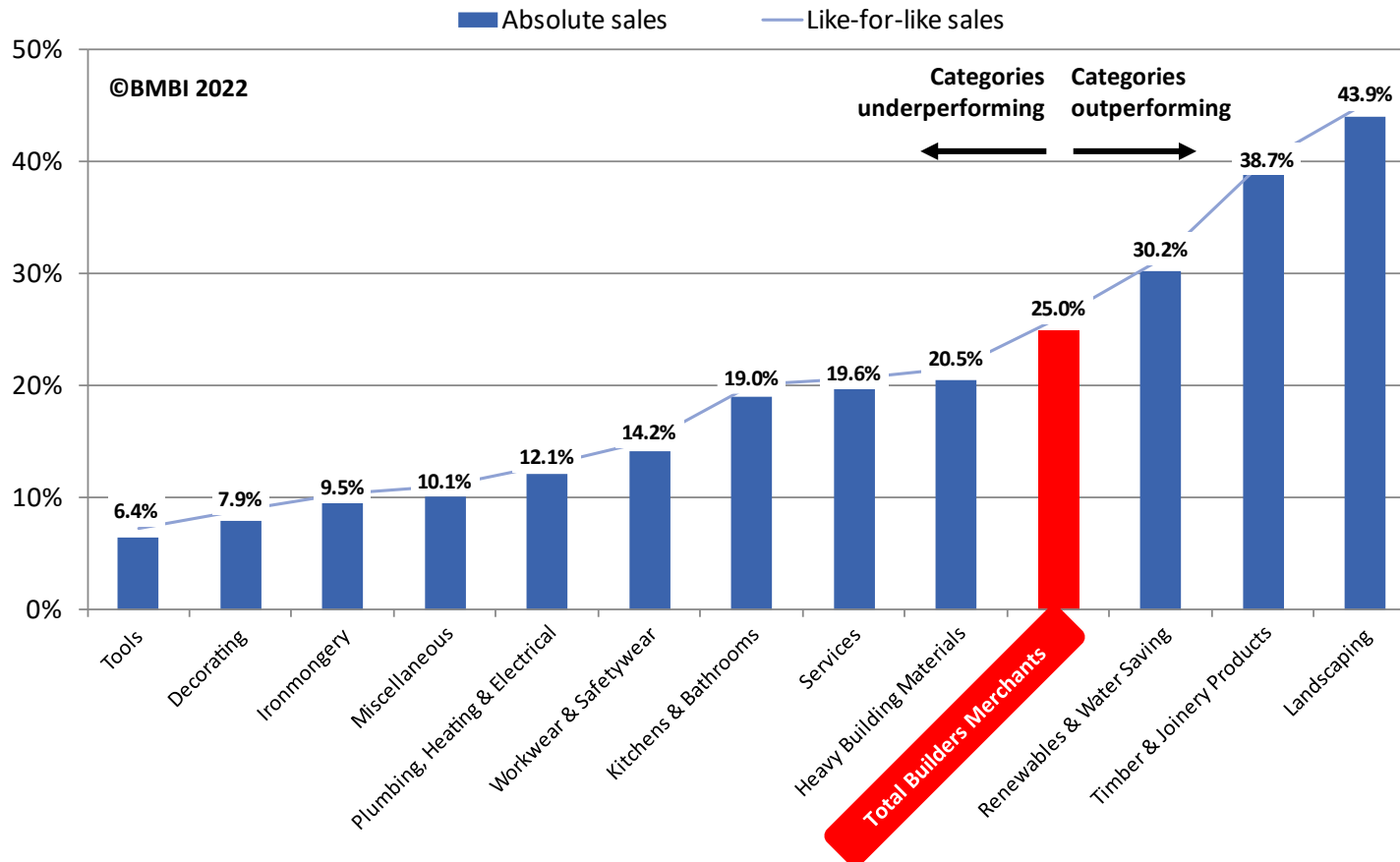
Year to date: v 2019

Last 6 months absolute and like-for-like sales

One less trading day in the most recent period. Like-for-like sales take trading day differences into account.



3-year comparison: Jan 22 to Jun 22 v Jan 19 to Jun 19



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

Values shown for absolute sales

Total Merchants value sales in January to June 2022 were +25.0% higher than in the same months in 2019. All categories sold more.

Monthly: This month v last month

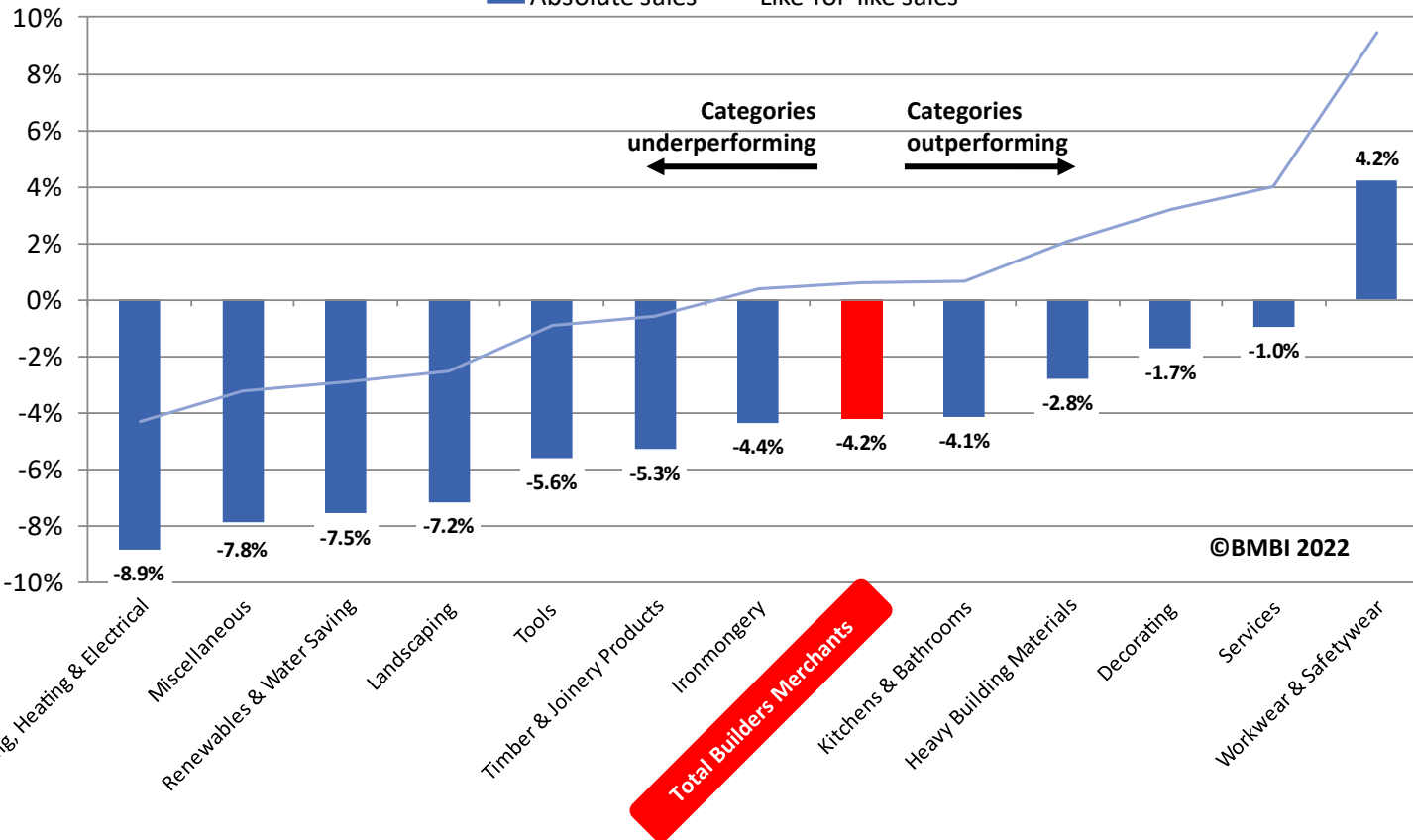
June 2022 absolute and like-for-like sales



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

June 2022 v May 2022

Absolute sales — Like-for-like sales



©BMBI 2022

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

Values shown for absolute sales

Workwear & Safetywear (+4.2%) was the only category to sell more in June compared with May.

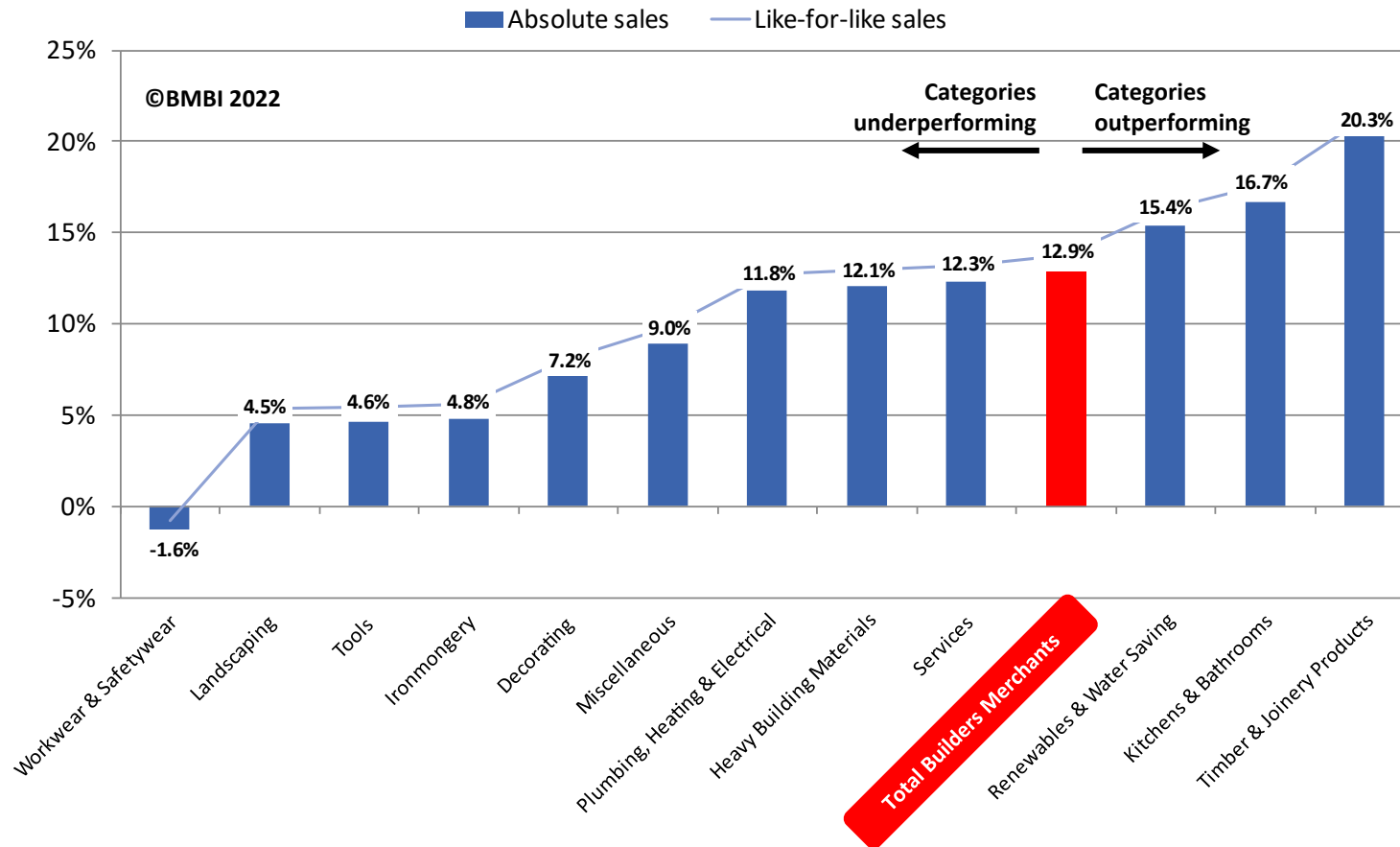
Last 12 Months: Year on Year

Absolute and like-for-like sales



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

12 months Jul 21 to Jun 22 v 12 months Jul 20 to Jun 21



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

Values shown for absolute sales

Total Merchants sales in July 2021 to June 2022 were +12.9% higher than in the same 12 months a year earlier.

Timber & Joinery Products (+20.3%) and Kitchens & Bathrooms (+16.7%) grew more than other categories.

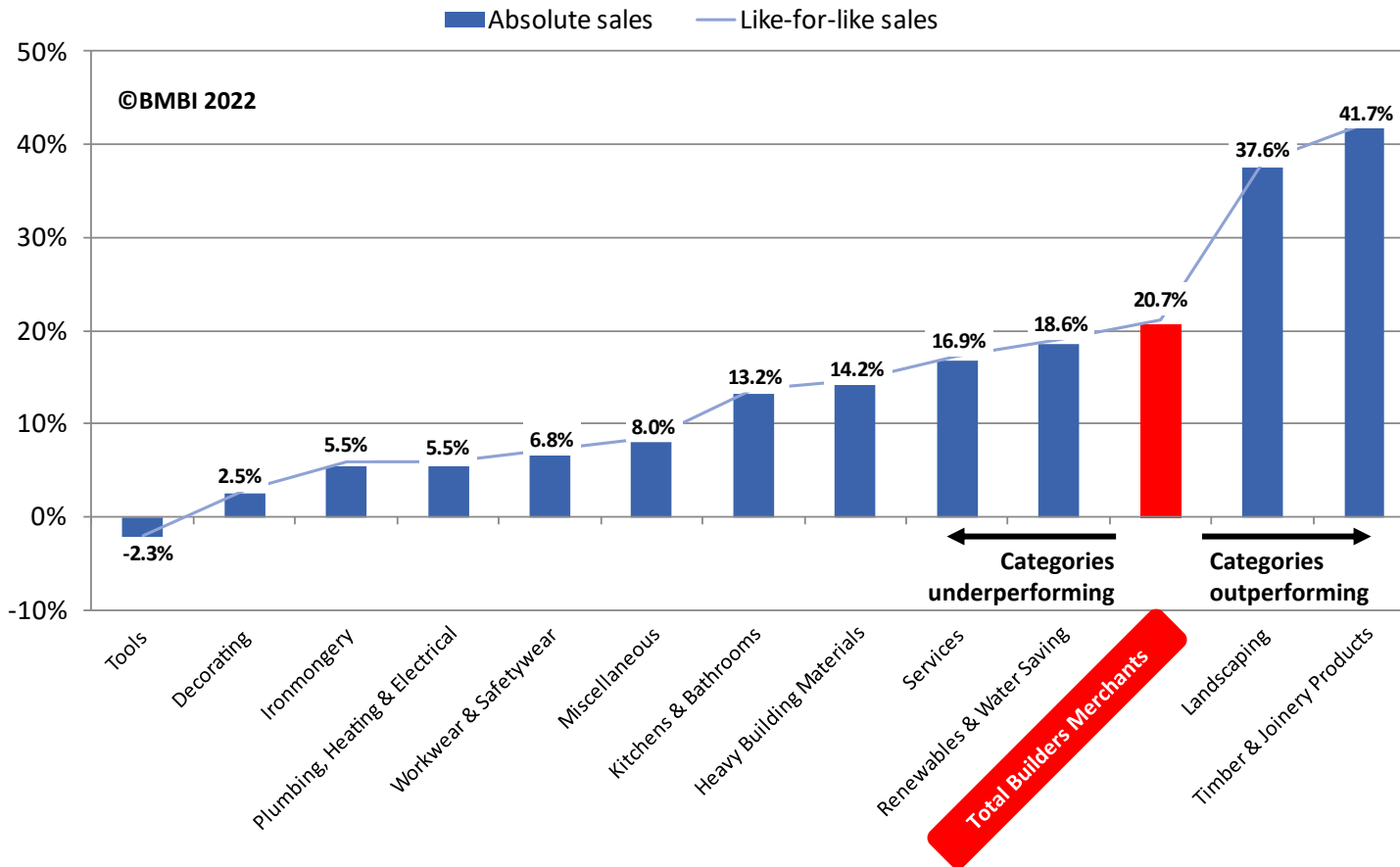
Last 12 Months: v 2019

Absolute and like-for-like sales



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

12 months Jul 21 to Jun 22 v 12 months Jul 18 to Jun 19



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

Values shown for absolute sales

Looking back three years, sales in the twelve months to June 2022 were +20.7% higher than three years ago (pre-pandemic).

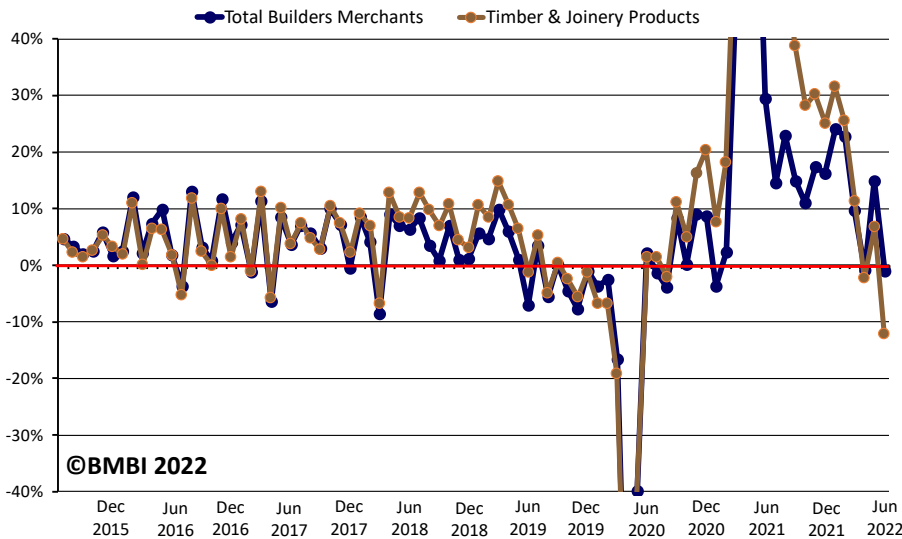
Timber & Joinery Products and Landscaping were particularly strong.

Monthly and Quarterly Year-on-year

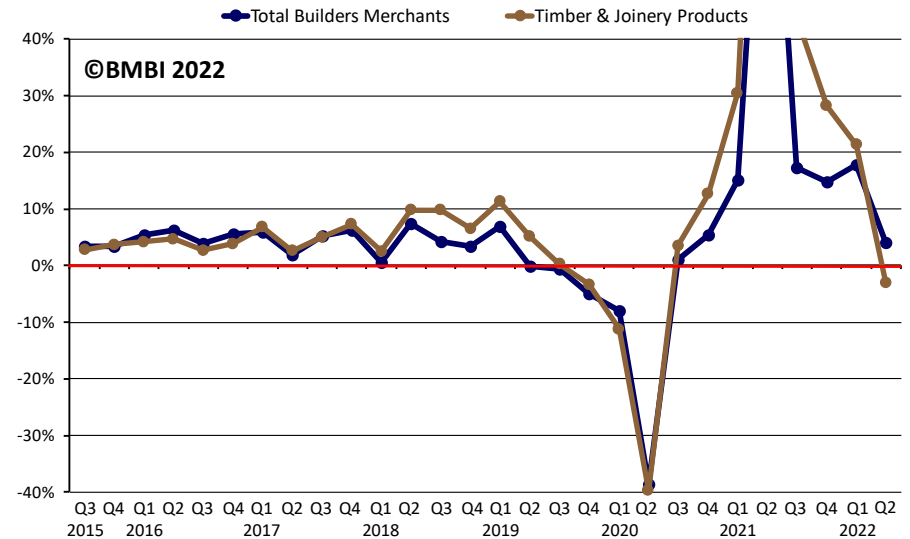
June 2022 and Q2 2022



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%

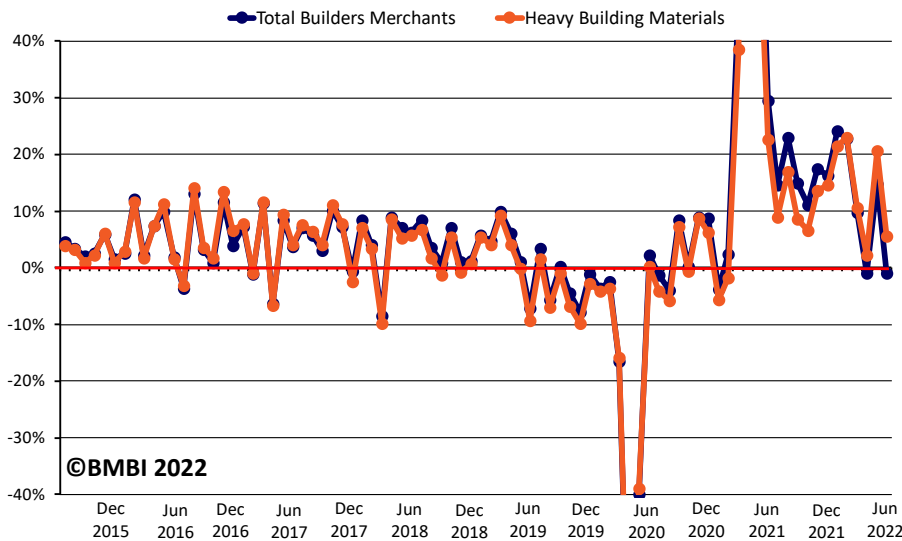
Source: GfK's Builders Merchants Total Category Report July 2015 to June 2022

Monthly and Quarterly Year-on-year

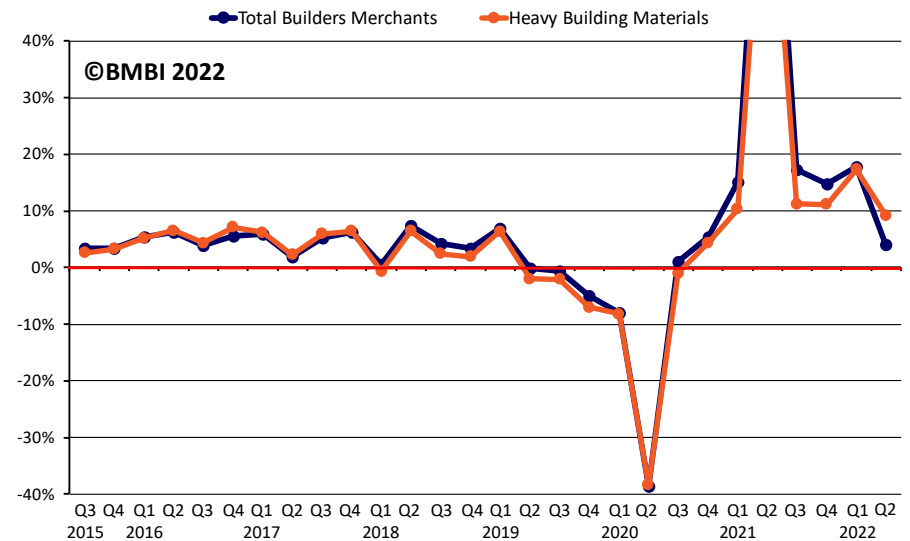
June 2022 and Q2 2022



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%

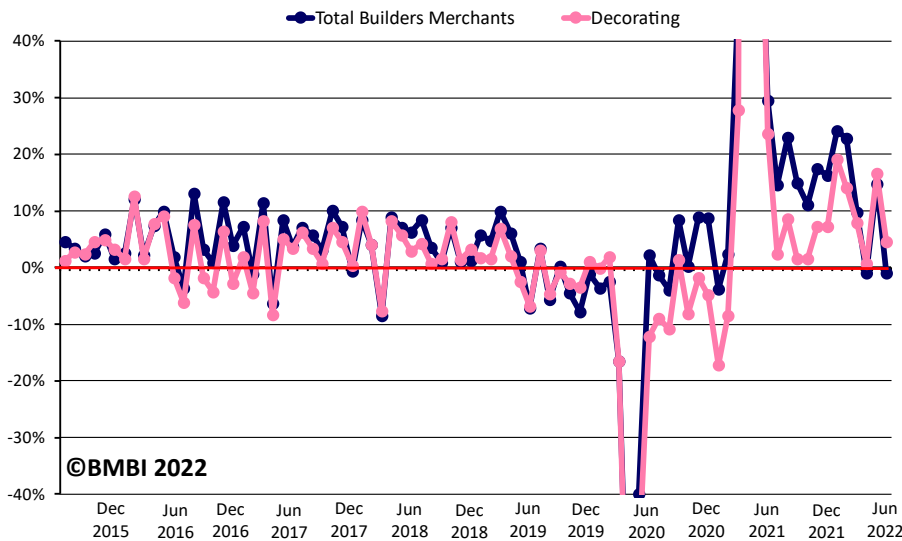

Source: GfK's
 Builders Merchants
 Total Category Report
 July 2015 to June 2022

Monthly and Quarterly Year-on-year

June 2022 and Q2 2022



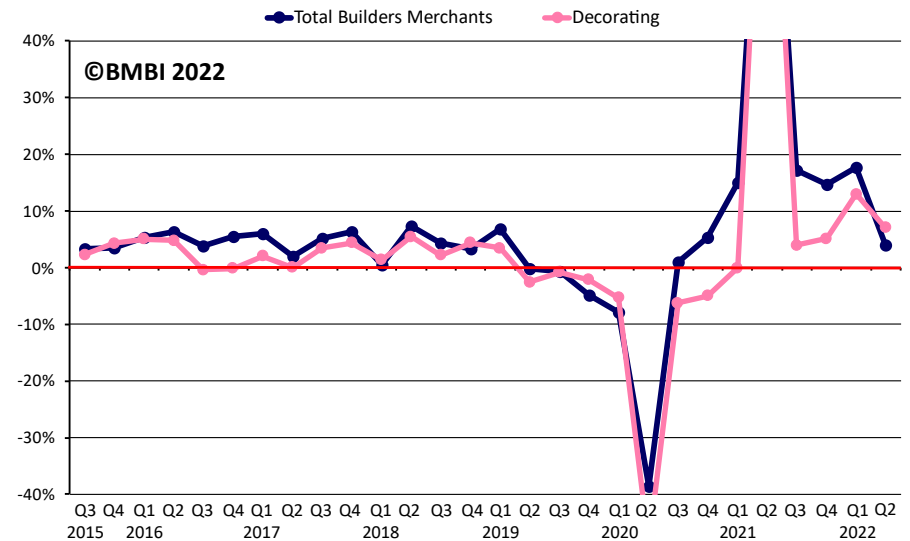
Decorating - Monthly



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%

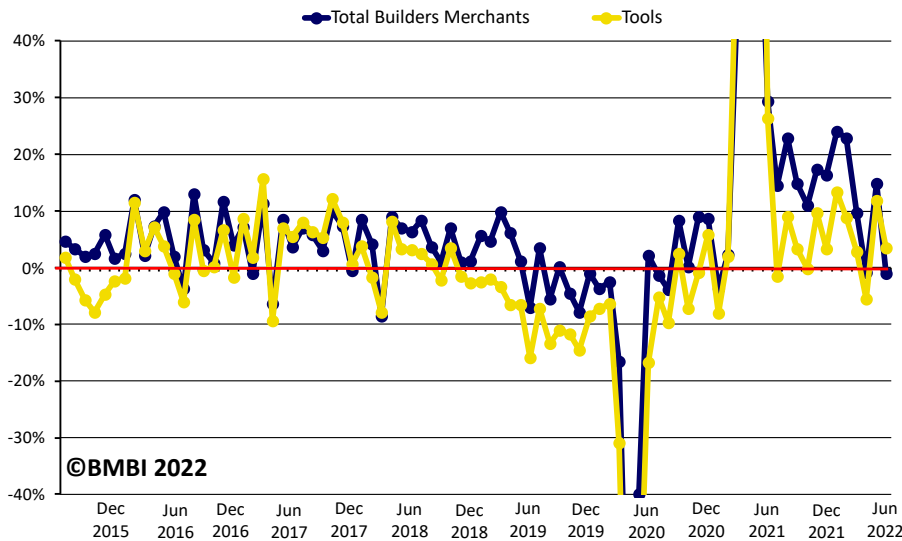
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2022

Monthly and Quarterly Year-on-year

June 2022 and Q2 2022



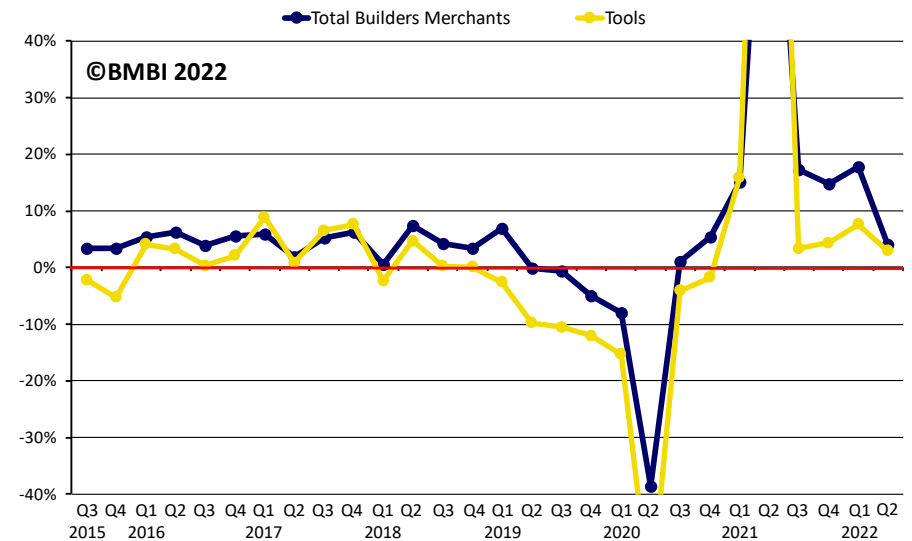
Tools - Monthly



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%

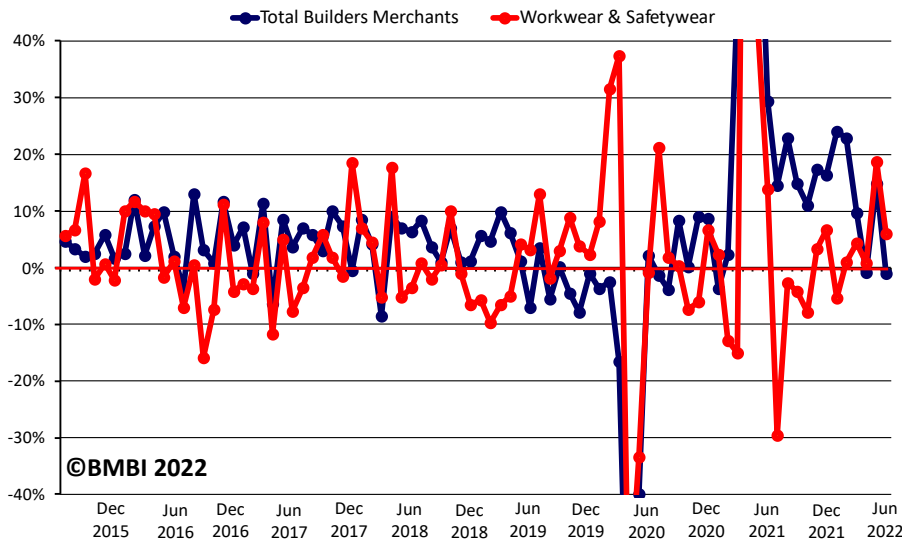
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2022

Monthly and Quarterly Year-on-year

June 2022 and Q2 2022



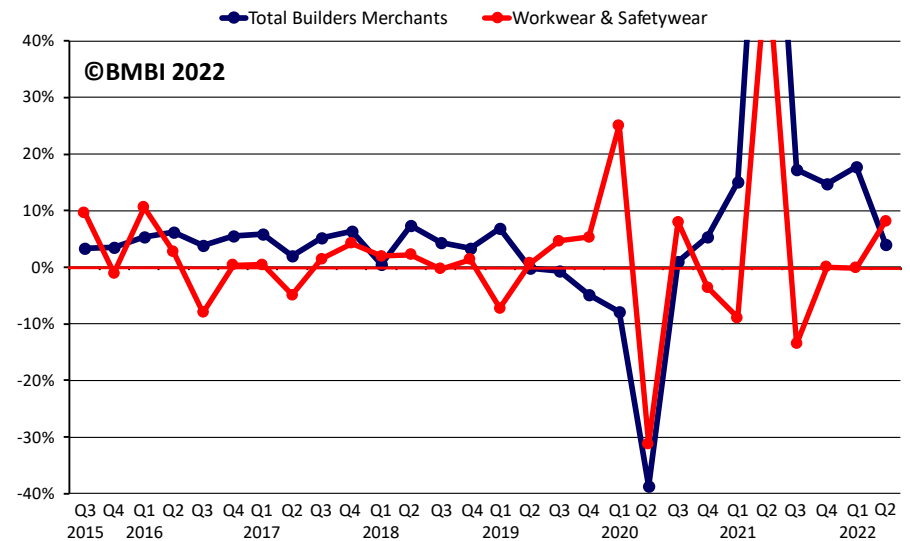
Workwear & Safetywear - Monthly



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%

Workwear & Safetywear - Quarterly



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%

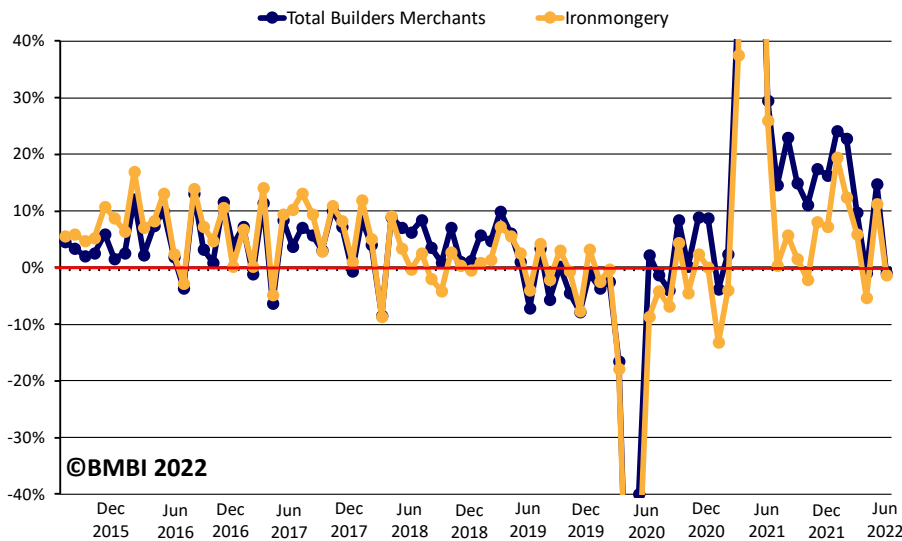
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2022

Monthly and Quarterly Year-on-year

June 2022 and Q2 2022



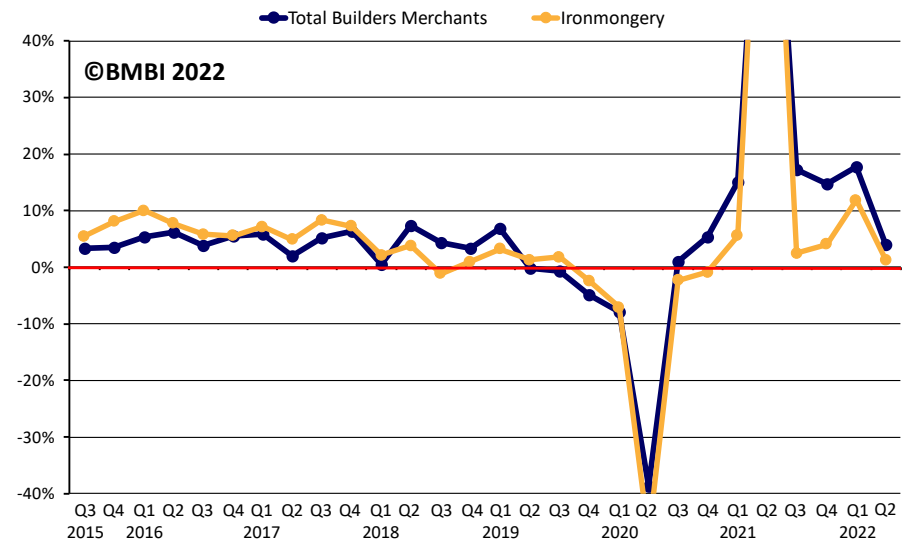
Ironmongery - Monthly



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%

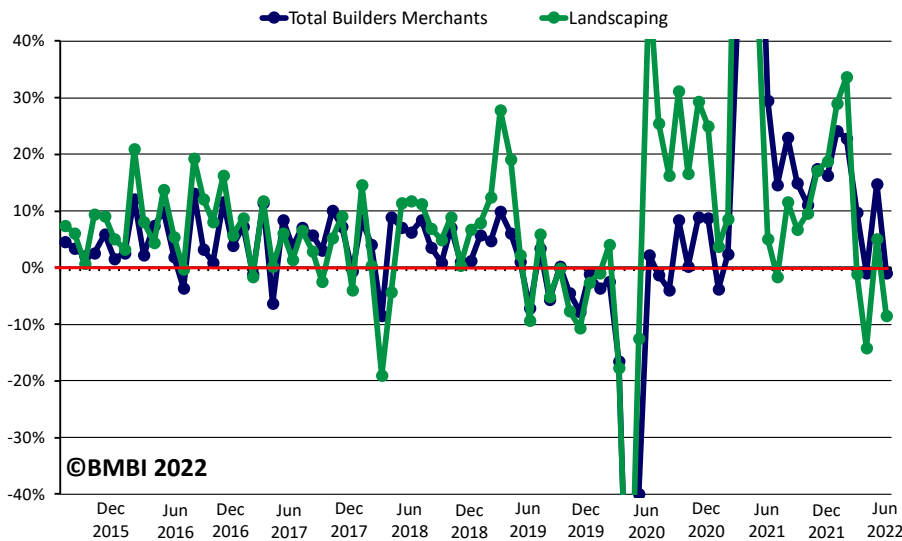
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2022

Monthly and Quarterly Year-on-year

June 2022 and Q2 2022



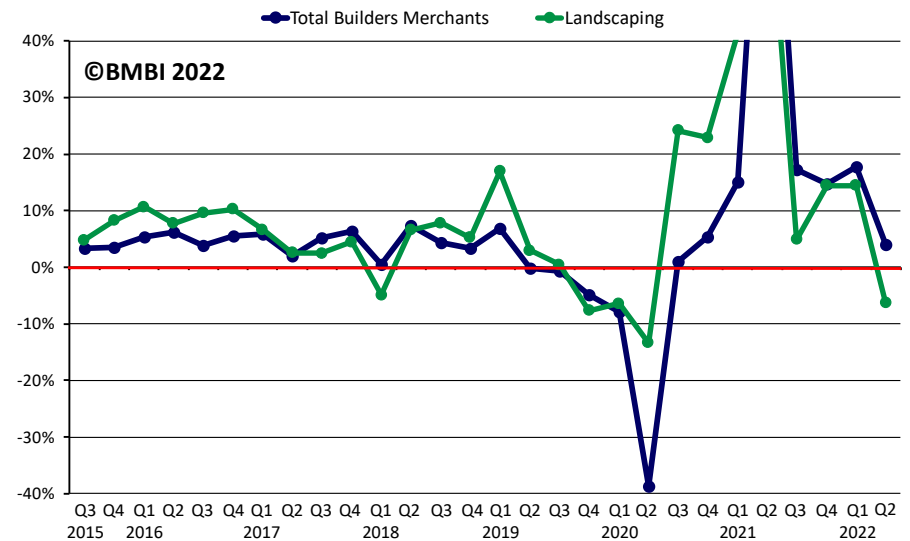
Landscaping - Monthly



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%

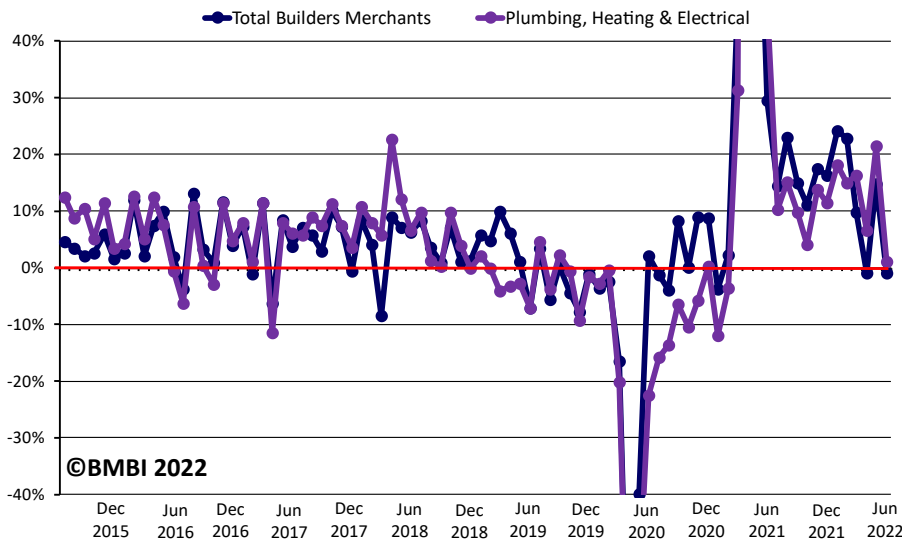
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2022

Monthly and Quarterly Year-on-year

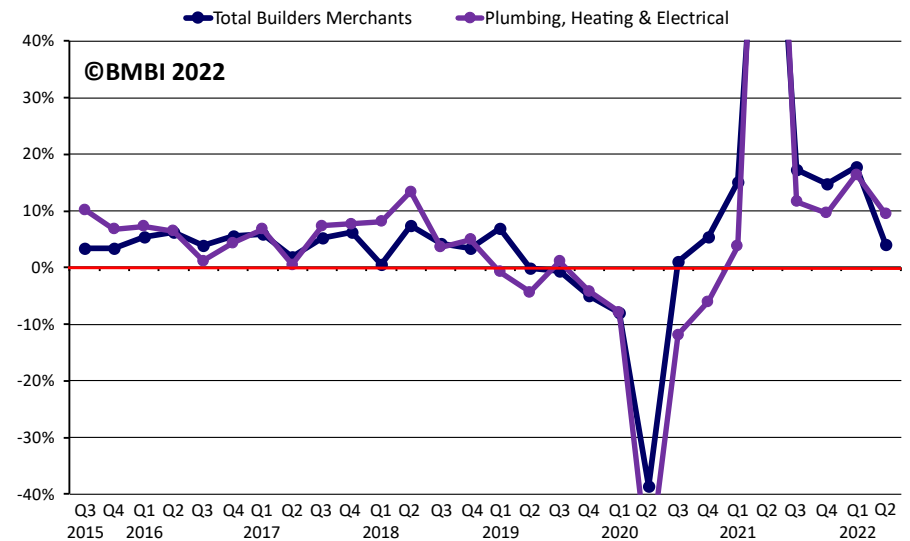
June 2022 and Q2 2022



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%

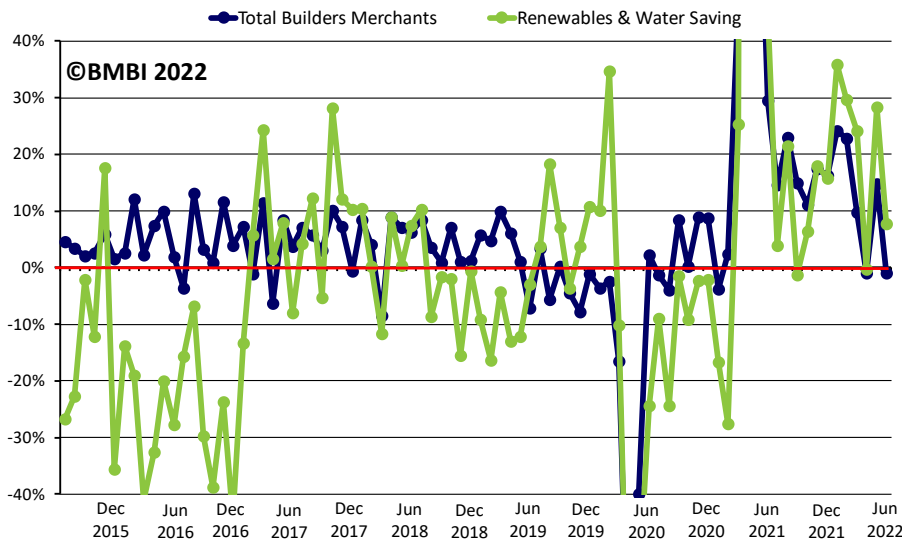
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2022

Monthly and Quarterly Year-on-year

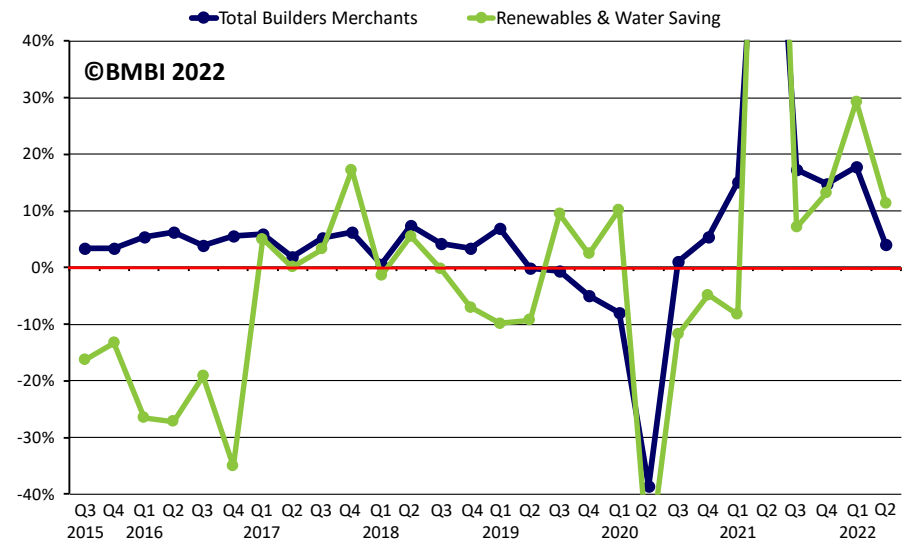
June 2022 and Q2 2022



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%

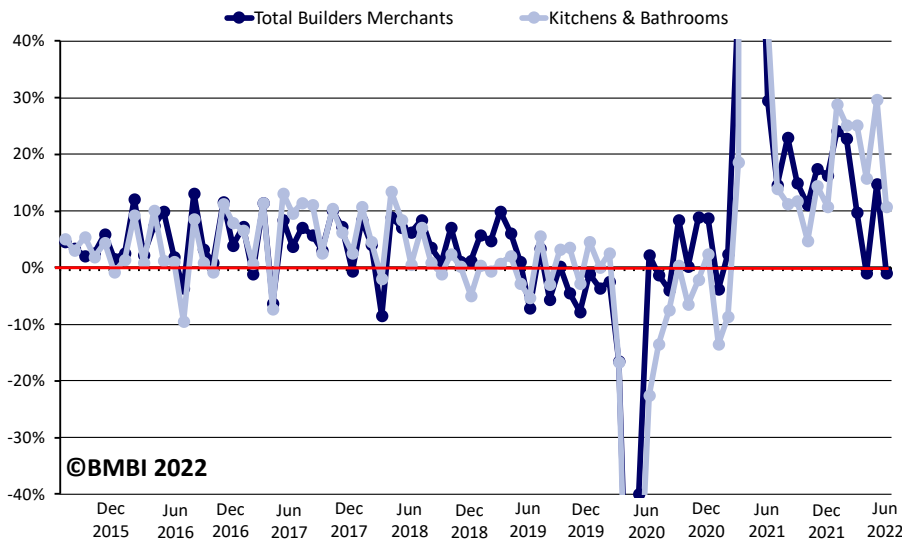
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2022

Monthly and Quarterly Year-on-year

June 2022 and Q2 2022



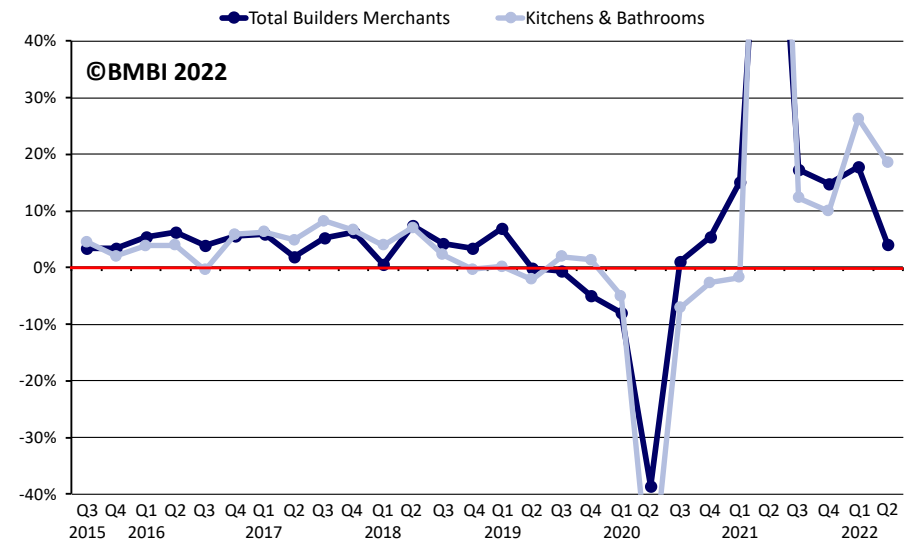
Kitchens & Bathrooms - Monthly



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%

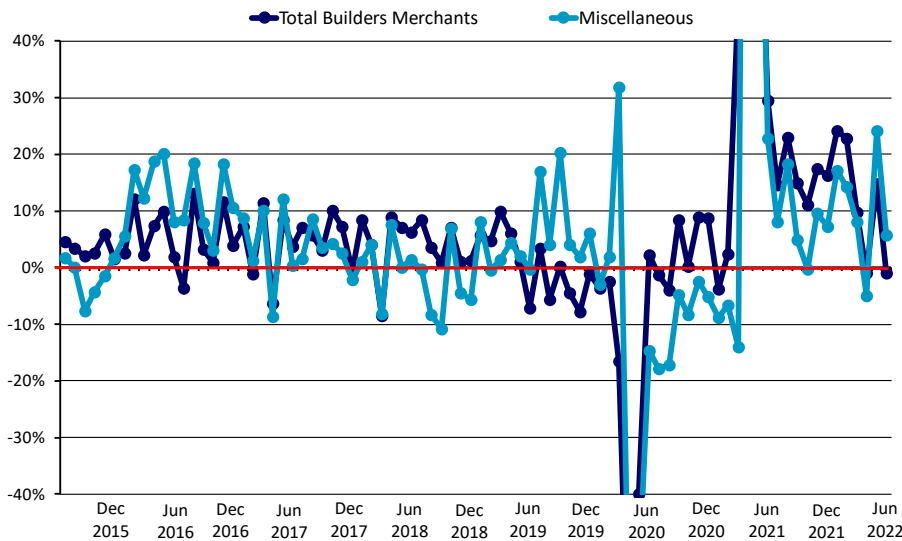
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2022

Monthly and Quarterly Year-on-year

June 2022 and Q2 2022



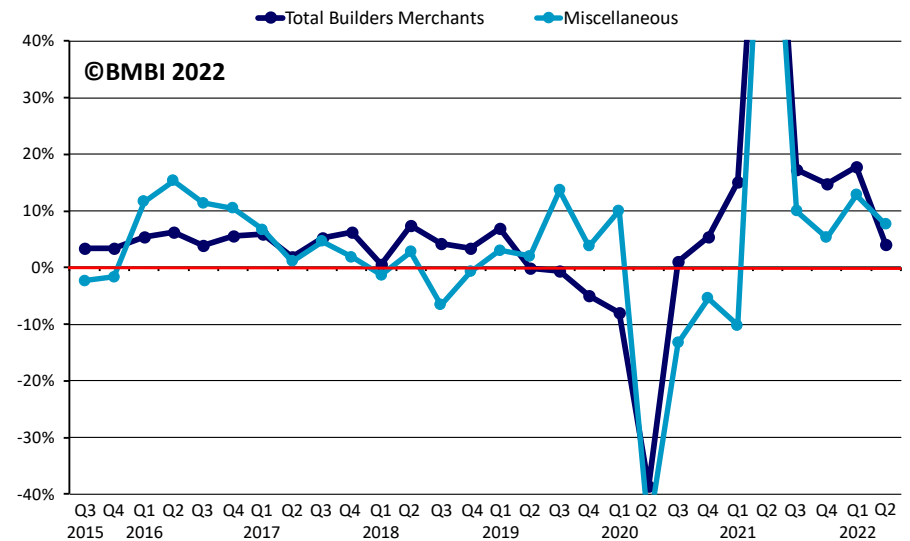
Miscellaneous - Monthly



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%

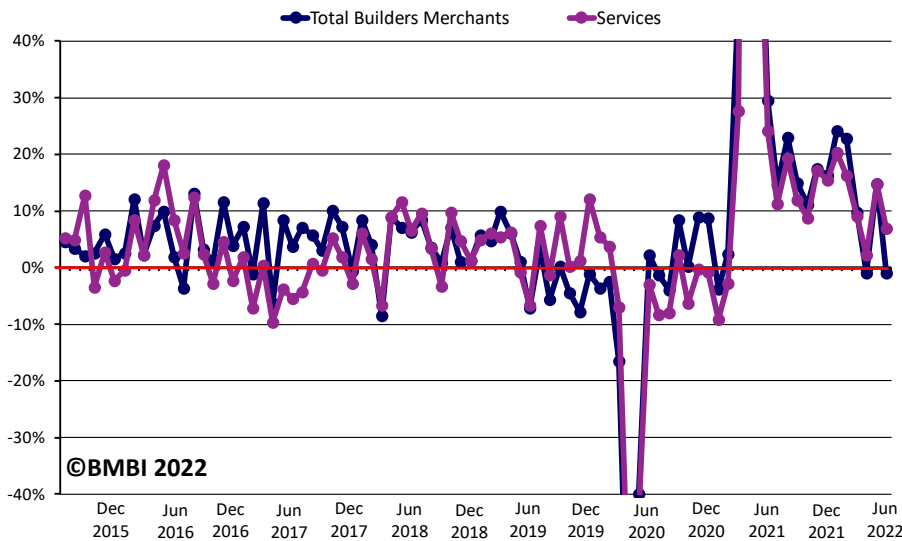
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to June 2022

Monthly and Quarterly Year-on-year

June 2022 and Q2 2022



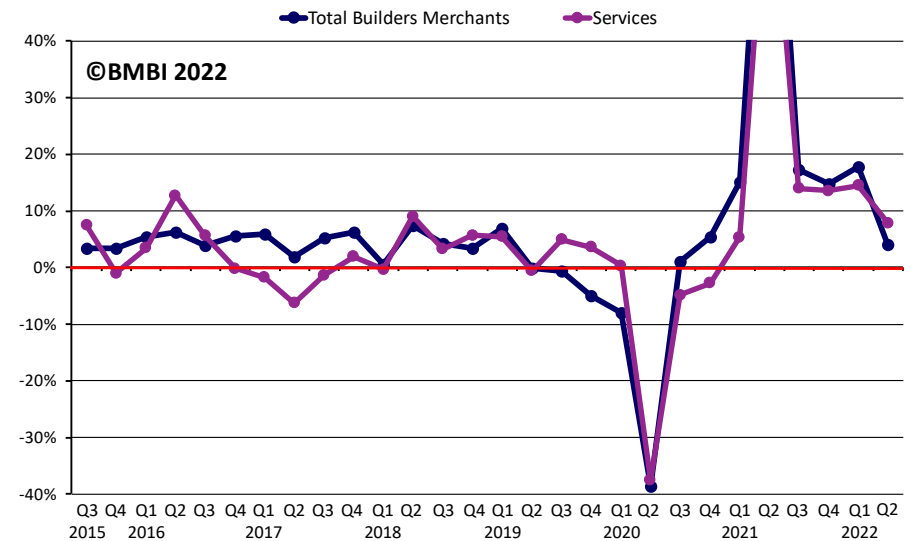
Services - Monthly



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 June 2022

Monthly: Index and Categories

June 2021* – June 2022

Indexed on July 2014 – June 2015



		2021							2022					
MONTHLY SALES VALUE INDEX	Index	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Total Builders Merchants	100	157.1	151.1	139.3	147.9	140.4	145.0	97.1	125.0	134.4	166.8	149.3	162.4	155.6
Timber & Joinery Products	100	199.6	199.8	182.6	193.3	181.0	182.1	119.0	157.8	161.8	195.6	172.3	185.0	175.2
Heavy Building Materials	100	142.8	136.8	127.0	136.2	130.8	135.6	89.6	116.5	125.4	156.2	140.4	155.1	150.8
Decorating	100	116.7	115.0	108.7	114.8	113.5	118.5	81.7	102.2	109.3	131.2	114.0	124.2	122.0
Tools	100	100.2	97.6	93.6	101.8	100.9	109.8	73.2	95.7	101.9	124.2	104.6	109.9	103.7
Workwear & Safetywear	100	111.8	92.8	95.7	106.5	115.4	130.8	93.8	115.7	112.4	123.3	104.9	113.7	118.5
Ironmongery	100	137.0	129.2	120.2	129.2	124.6	132.8	94.2	123.2	125.5	151.5	130.1	141.3	135.2
Landscaping	100	235.1	204.8	175.3	171.9	148.5	143.7	92.6	116.2	149.5	220.0	220.8	231.7	215.1
Plumbing, Heating & Electrical	100	123.7	113.7	109.7	126.7	131.0	143.3	107.2	131.4	138.3	159.4	127.1	137.3	125.1
Renewables & Water Saving	100	80.1	72.1	70.6	70.9	71.5	82.9	58.3	85.1	80.9	106.8	78.6	93.3	86.3
Kitchens & Bathrooms	100	125.1	126.5	118.3	131.2	124.9	140.6	96.8	121.6	134.5	151.1	131.5	144.6	138.7
Miscellaneous	100	120.3	121.6	116.2	128.4	120.4	130.2	92.3	128.0	122.4	141.7	119.9	137.9	127.1
Services	100	131.4	132.8	130.2	133.4	127.7	135.1	102.7	112.5	120.1	146.6	131.7	141.8	140.5

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

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

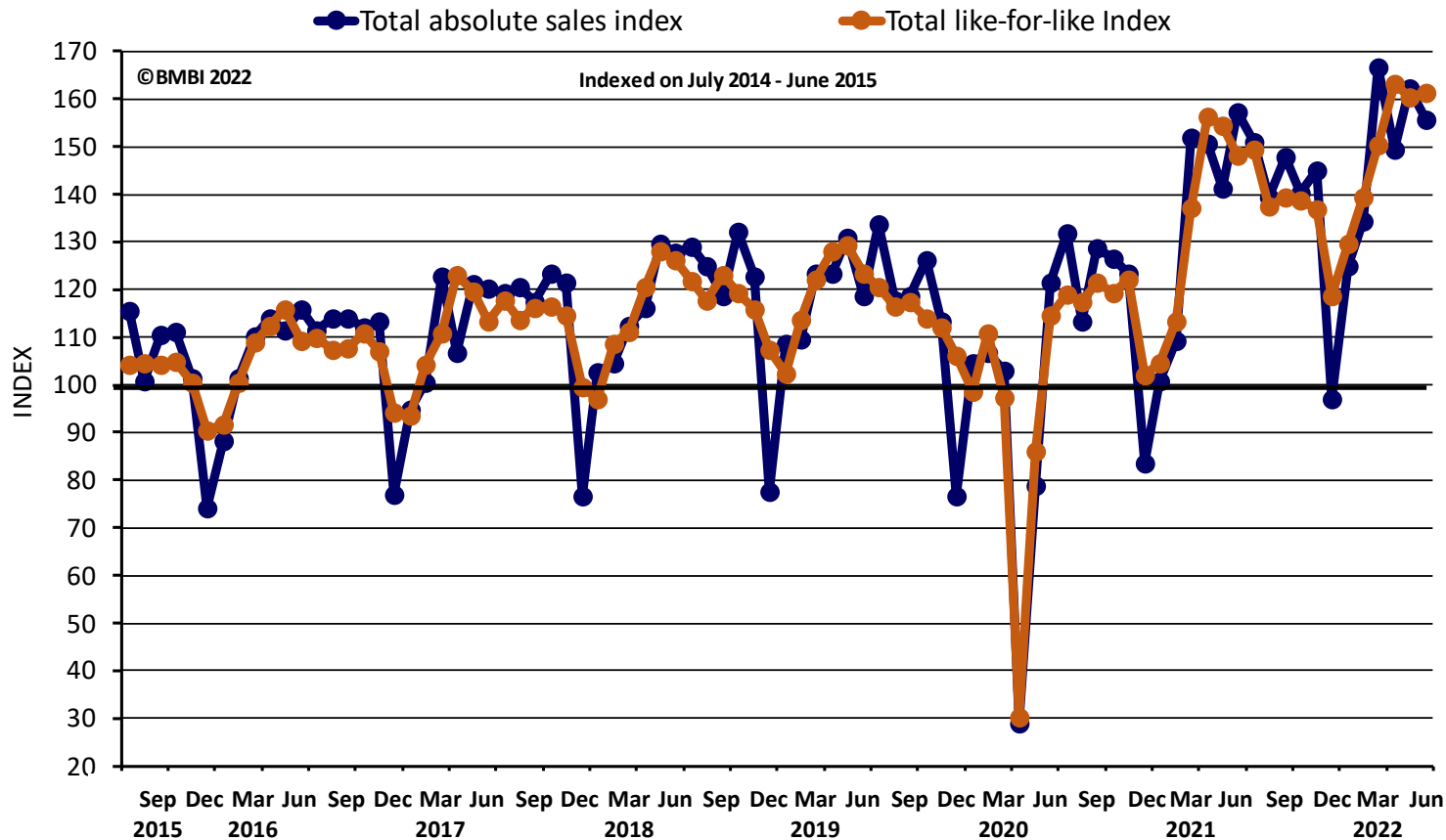
Monthly: Index

Absolute and like-for-like sales index



One less trading day 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 June 2022

June's overall BMBI index was 155.6. With one less trading day this month, June's like-for-like sales index was 161.4.

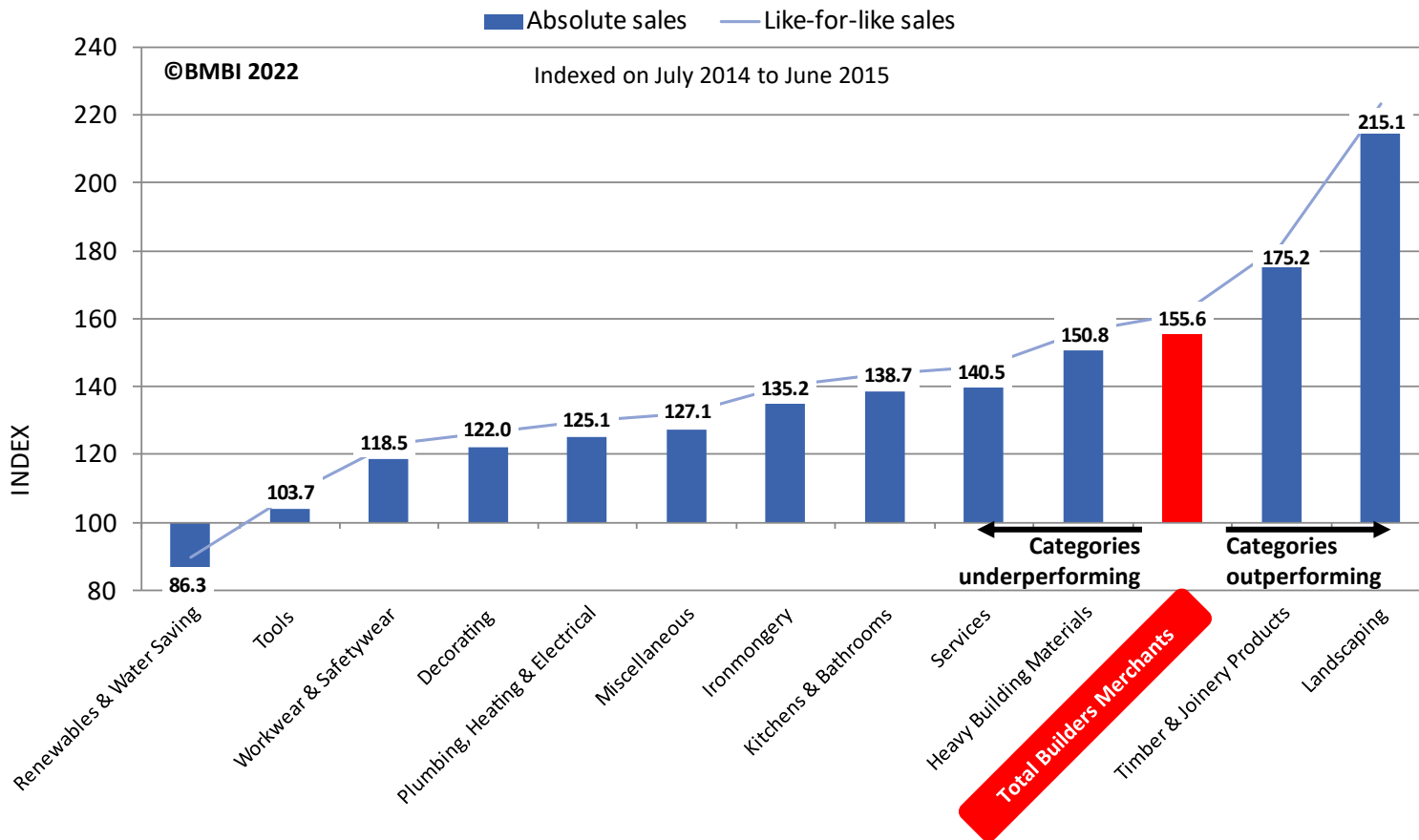
Monthly: Index and Categories

June 2022 absolute and like-for-like sales index



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

June 2022 Index



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

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

Trading Days

Monthly												Quarterly				Half Year		Full Year
Index: 20.8												Index: 62.3						
2020												2020				2020		2020
Jan	Feb	Mar*	Apr*	May*	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Q1	Q2	Q3	Q4	H1	H2	250
22	20	22	20	19	22	23	20	22	22	21	17	64	61	65	60	125	125	
2021												2021				2021		2021
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Q1	Q2	Q3	Q4	H1	H2	248
20	20	23	20	19	22	21	21	22	21	22	17	63	61	64	60	124	124	
2022												2022				2022		2022
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Q1	Q2	Q3	Q4	H1	H2	
20	20	23	19	21	20							63	60			123		

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



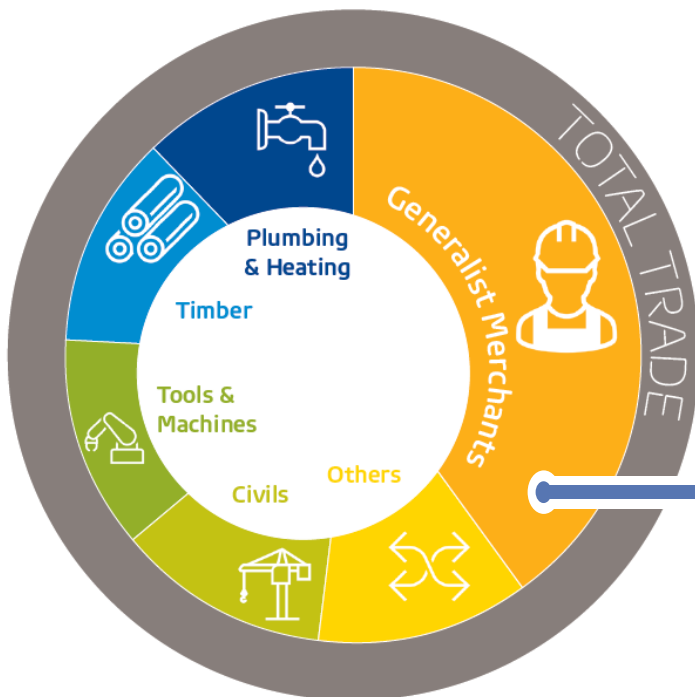
Generalist Builders Merchants definition:

- 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%.

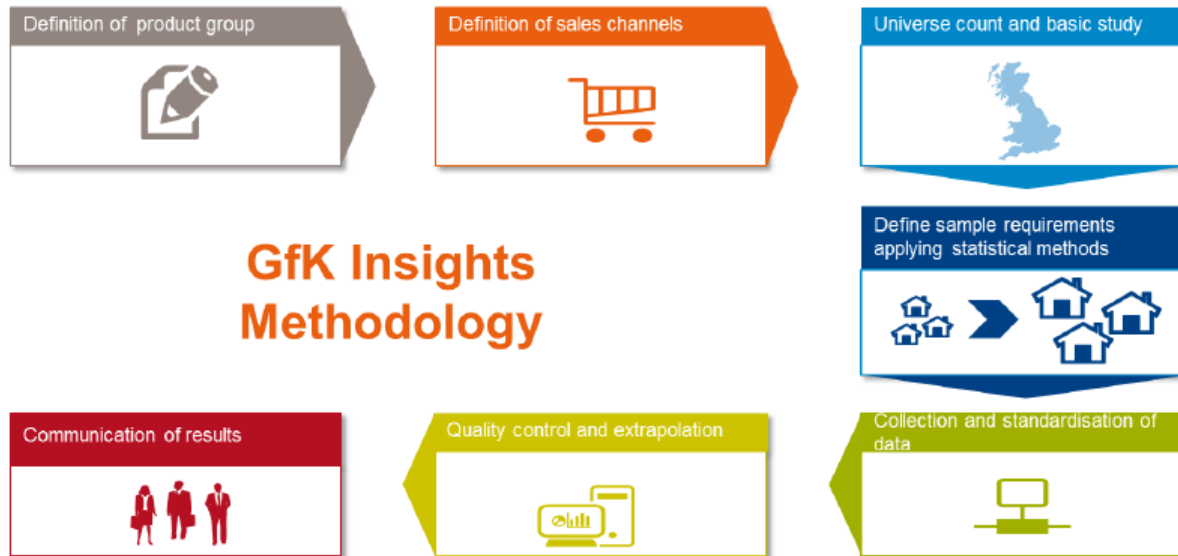
Examples include:



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

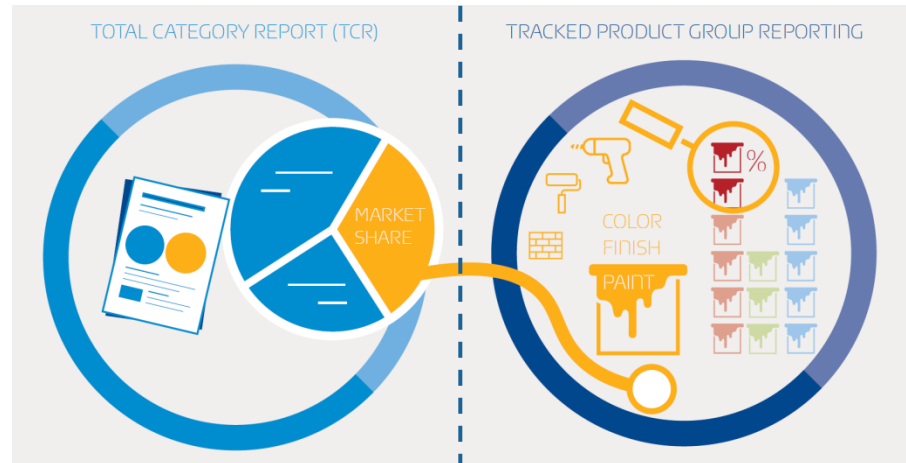
Bathroom (Including Showering)
Fitted Kitchens
Major Appliances

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

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

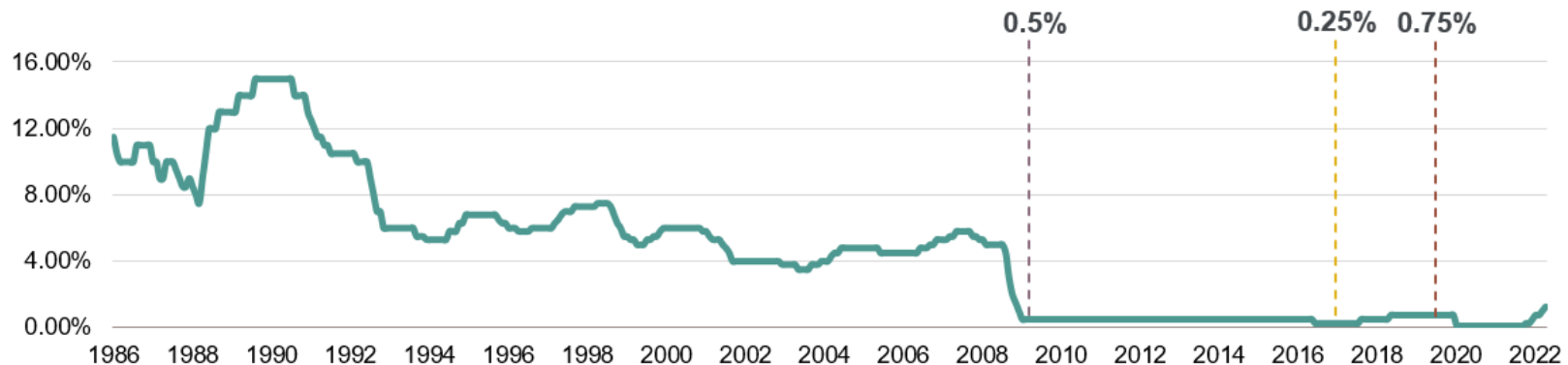
Set monthly by the MPC (Monetary Policy Committee)

▪ 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 6-3 to increase Bank Rate by 0.25 percentage points, to 1.25%. Those members in the minority preferred to increase Bank Rate by 0.5 percentage points, to 1.5%.



Source: Bank of England

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Macro factors impacting Merchants



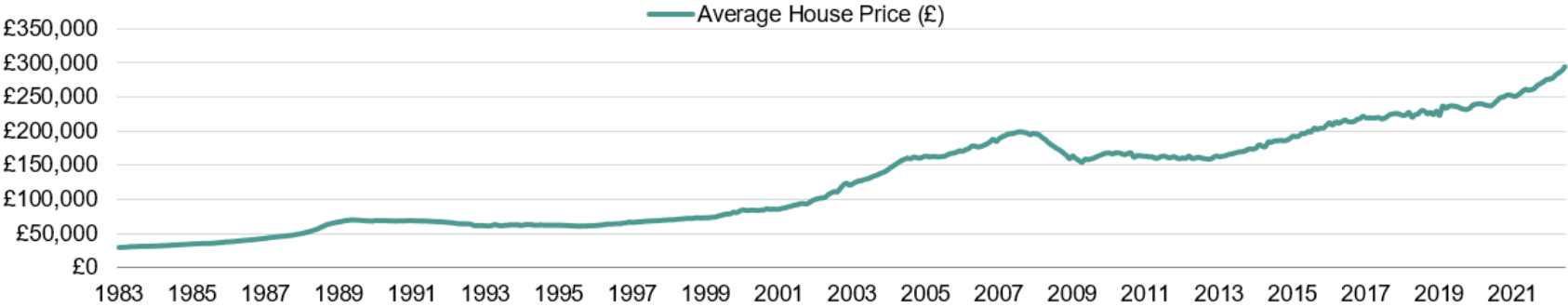
Standardised average house prices

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%

▪ The UK housing market defied expectations of a slowdown, with average property prices up 1.8% in June, the biggest monthly rise since 2007. This means house prices have now risen every month over the last year and are up by 6.8% or £18,849 in cash terms so far in 2022.

▪ At the end of June 2022, the average house price in the UK increased to £294,845 from £289,099 in May 2022.

▪ House prices in June 2022 were 13.0% higher than in the same month a year earlier.



Source: Halifax House Price Index

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Macro factors impacting Merchants

Property transactions

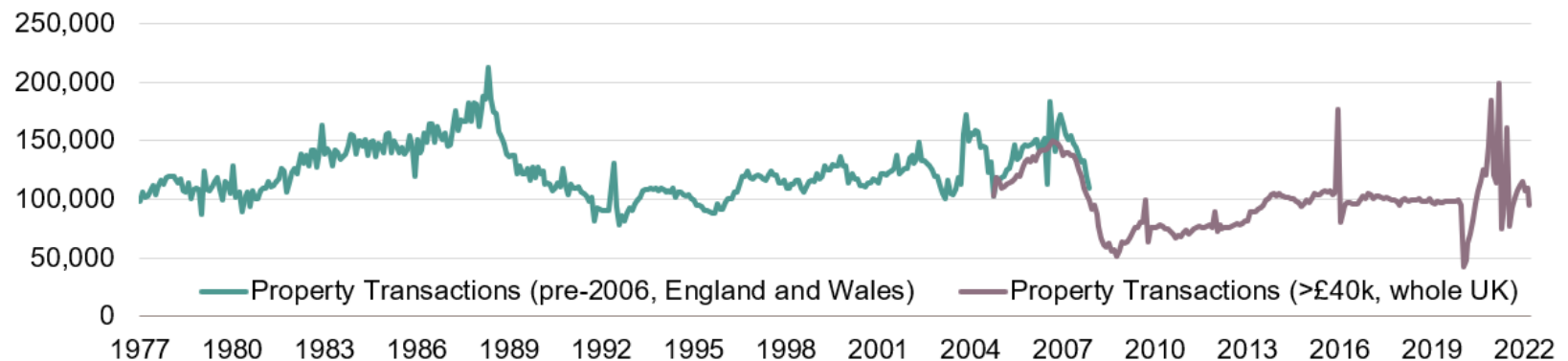
Monthly transactions, residential, seasonally adjusted



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 June 2022 was 95,420 residential and 9,110 non-residential transactions.
- The seasonally adjusted count of residential property transactions in June 2022 is 54.3% lower than June 2021 and 7.9% lower than May 2022.



Source: HM Revenue & Customs

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Macro factors impacting Merchants

Mortgage approvals and property transactions

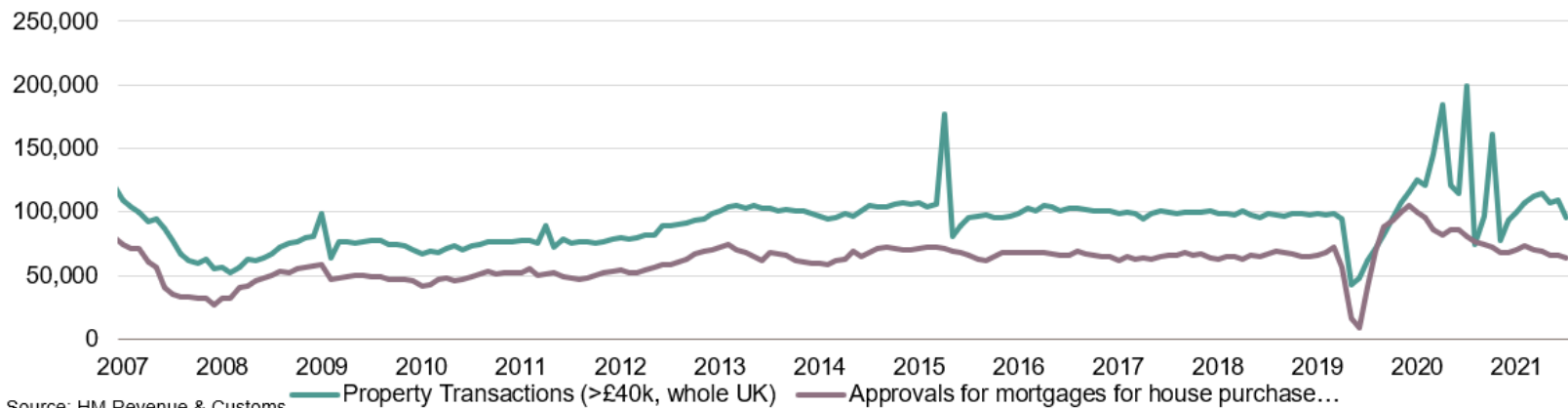
Monthly residential transactions and mortgage approvals (seasonally adjusted)



▪ 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 63,726 in June 2022 - this represents a 3.0% decrease from May 2022.



Source: HM Revenue & Customs

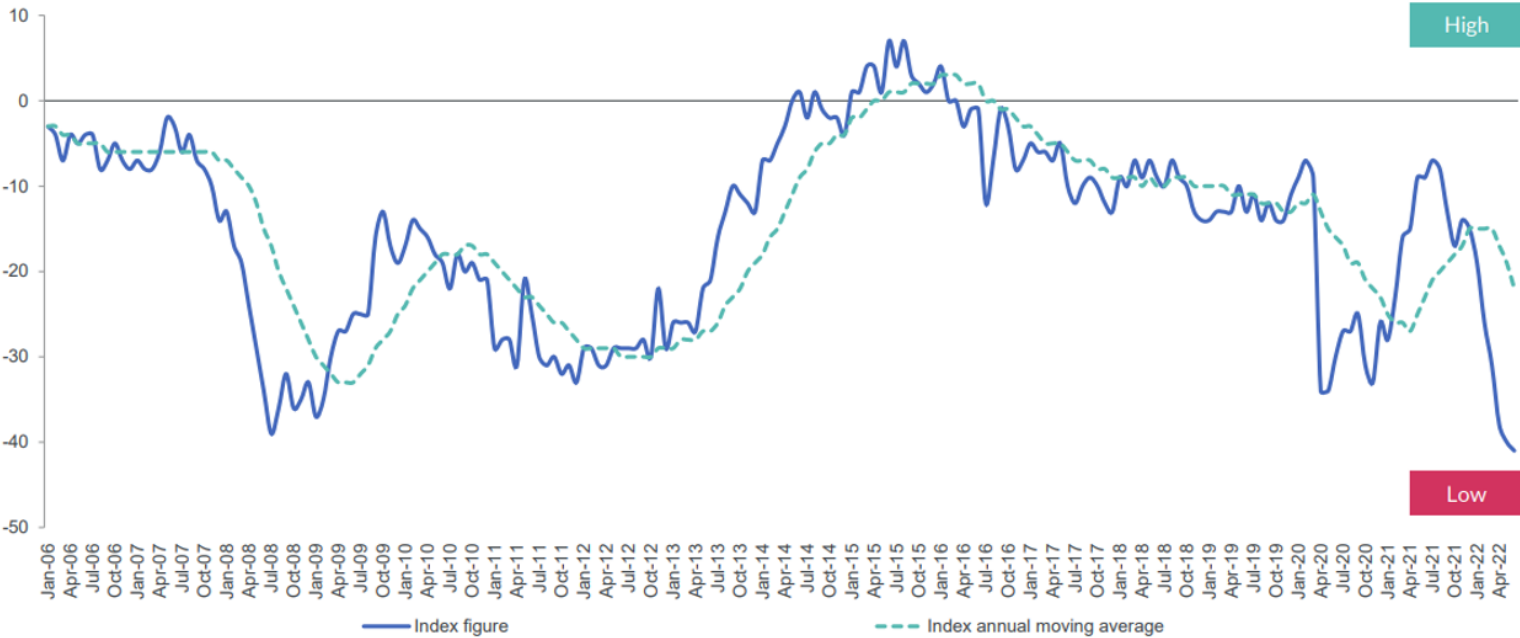
Property Transactions (>£40k, whole UK) Approvals for mortgages for house purchase...

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Macro factors impacting Merchants



Consumer Confidence Index – June 2022



Joe Staton, Client Strategy Director, GfK says: “With a headline score of -41 for June, the GfK Consumer Confidence Barometer has set a record low for the second successive month. With prices rising faster than wages, and the prospect of strikes and spiralling inflation causing a summer of discontent, many will be surprised that the index has not dropped further.

The consumer mood is currently darker than in the early stages of the Covid pandemic, the result of the 2016 Brexit referendum, and even the shock of the 2008 global financial crisis. Britain faces a stark new economic reality and history shows that consumers will not hesitate to retrench and tighten their purse strings when the going gets tough.”

“building **excellence**
in materials supply”



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in materials supply”

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 Thomas Lowe on 024 7685 4994 or email: thomas.lowe@bmf.org.uk



Building the Industry & Building Brands from Knowledge



Contact us

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