

“building **excellence**
in materials supply”

Builders Merchant Building Index



Quarter 3 2022

(Published 22 November 2022)

Highlights

“This consistent theme of price increases and volume declines mirrors much of what is seen across the UK economy and like other sectors there’s probably an expectation that volumes will continue decreasing.” Emile van der Ryst, Senior Client Insight Manager - Trade, GfK. Read Emile’s full comment on page 6.

BMBI Report

Q3 2022 Highlights

(unadjusted for trading days)

+23.4%

+4.3%



Q3 2022 total sales up +4.3% on Q3 2021



Q3 2022 total sales up +23.4% on Q3 2019



Q3 2022 total sales down -2.2% on Q2 2022



Year to date total sales up +8.1% on Jan – Sep 2021

+8.1%

-2.2%

www.bmbi.co.uk

“ Q3 2022 sales were up +4.3%, but volume was down (-9.0%) with +14.6% price inflation. ”

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 3 and September 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



My previous BMBI Overviews have generally had an undercurrent of economic uncertainty, some volatility, and increasing difficulty, but none come close to trying to encapsulate the chaos of the past few months.

There was Boris Johnson's resignation in July, Trussonomics and its rejection by the market. Liz Truss resigned after seven weeks, followed by Rishi Sunak's appointment and a market seemingly stabilising, but continued inflation, a cost-of-living spiral, intervention by the Bank of England and a mortgage crisis.

GfK's Consumer Confidence continued setting new record lows, reaching -49 in September. This has been the lowest on record since tracking started in 1974, and a clear reflection of the difficulties currently experienced and the expected continuation of them going forward.

Keeping this background in mind, it's no surprise that growth has started slowing down in the Builders Merchants sector as almost all market growth has come from pricing. September year to date (YTD) sees the market up 8.1% in value against 2021, with Q3 on Q3 only seeing growth of 4.3%. YTD volume is down by -6.7% and price up by 15.9%.

YTD indicators show both Timber & Joinery and Landscaping remaining almost flat in value, with volume declines of -17.8% and -13.5% respectively. Heavy Building Materials volumes are down by -4.0%, while all three have seen price growth of between 16-22%. The overall Lightside category, which includes the likes of Decorating, Tools and Kitchens & Bathrooms only saw a small volume decrease of -1.6%, growing 12.5% in value thanks to a 14.3% growth in price.

From a 2021 Q3 versus 2022 Q3 perspective the volume decrease is even larger, sitting at -9.0%. Both Timber & Joinery and Landscaping continue to drive this volume decline, while the other major trend is Heavy Building Materials pricing growing by 21.2%. Big ticket items such as Aggregates, Cement and Plasterboard have been some of the main contributors.

This consistent theme of price increases and volume declines mirrors much of what is seen across the UK economy and like other sectors there's probably an expectation that volumes will continue decreasing. The final quarter of the year will be increasingly difficult, as highlighted by the Bank of England expecting a two-year recession.

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Merchants' View

John Newcomb, CEO BMF



In his Autumn Statement, the Chancellor confirmed the UK is in recession and that this will last for some time. This was not surprising as the latest figures from the Office of National Statistics (ONS) showed that the UK economy shrank in the third quarter, with GDP falling by -0.2% between July and September 2022, ending five consecutive quarters of growth.

However, the quarterly fall was driven by manufacturing, which saw widespread declines across most industries, and there was also a notable fall in retail. Construction, however, posted a small increase over the previous three-month period. Whether or not this will be seen as a final hurrah at the end of a period of growth will be seen in the coming months.

According to ONS figures construction output saw an increase of +0.6% in Q3. This was, however, the weakest quarterly growth since Q3 2021 (which saw a -1.1% fall). The increase was driven solely by growth in new work (+2.4%), whilst repair & maintenance saw work levels decrease by -2.2%.

Private commercial work was one of the main contributors to growth, with project-level data suggesting that many businesses are carrying out office refits and refurbishment as workers return to the office.

The third quarter presented a mixed picture for residential work.

Despite expectations that property sales will slow in the new year due to higher mortgage rates and faltering consumer confidence, NHBC new home registrations increased by +33% in Q3 2022 - recording the highest Q3 figure since 2007. Private-for-sale registrations were up by +26% over Q3 2021, whereas the affordable and build-to-rent sector grew by +55%.

The picture is not as rosy for those at the smaller end of the market. The Federation of Master Builders' (FMB) Q3 State of Trade Report found both workload and forward enquires decreasing in Q3 2022 compared to Q2 2022.

Economic pressures are already beginning to bite for small, local building companies, as material costs continue to rise, and their domestic customer base is feeling the combined squeeze of inflation and interest rates. This will undoubtedly feed into the next 12 months as the Chancellor's measures to counteract recession further reduce consumer spending.

Construction posted a small increase over the previous three-month period...

...economic pressures are already beginning to bite for small, local building companies, as material costs continue to rise, and their domestic customer base is feeling the combined squeeze of inflation and interest rates.

Quarterly: This Year v Last Year

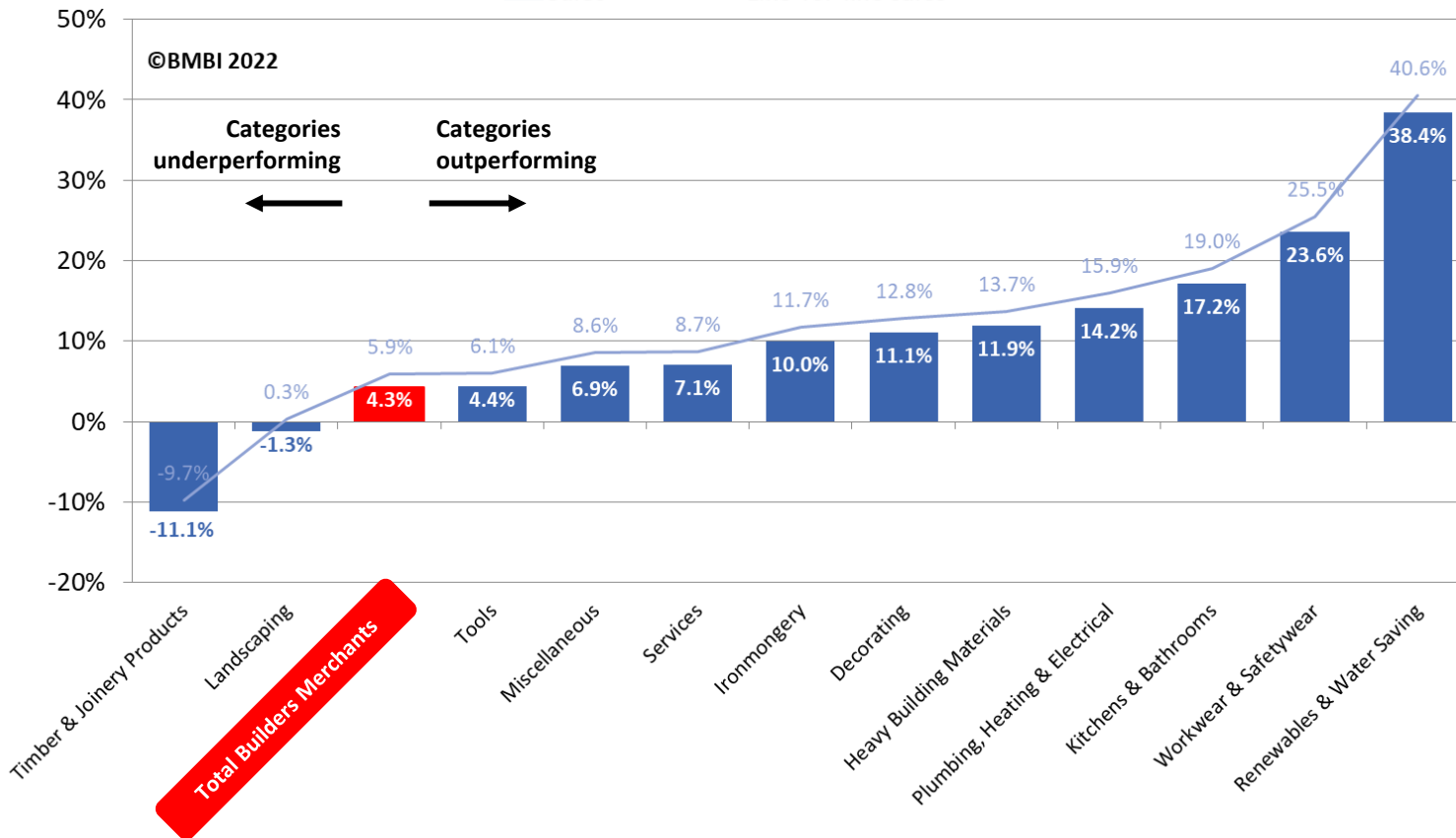
Q3 2022 sales and like-for-like sales

64 trading days this year v 65 trading days last year. Like-for-like sales take trading day differences into account.



Quarter 3 2022 v Quarter 3 2021

■ Sales — Like-for-like sales



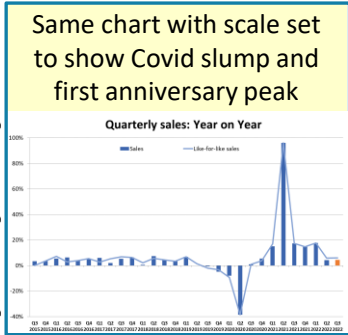
Source: GfK's Builders Merchants Total Category Report July 2015 to September 2022

Total sales in Quarter 3 were up +4.3% on the same period last year. Volume sales were -9.0% lower with price up +14.6%.

Quarterly sales: Year-on-year

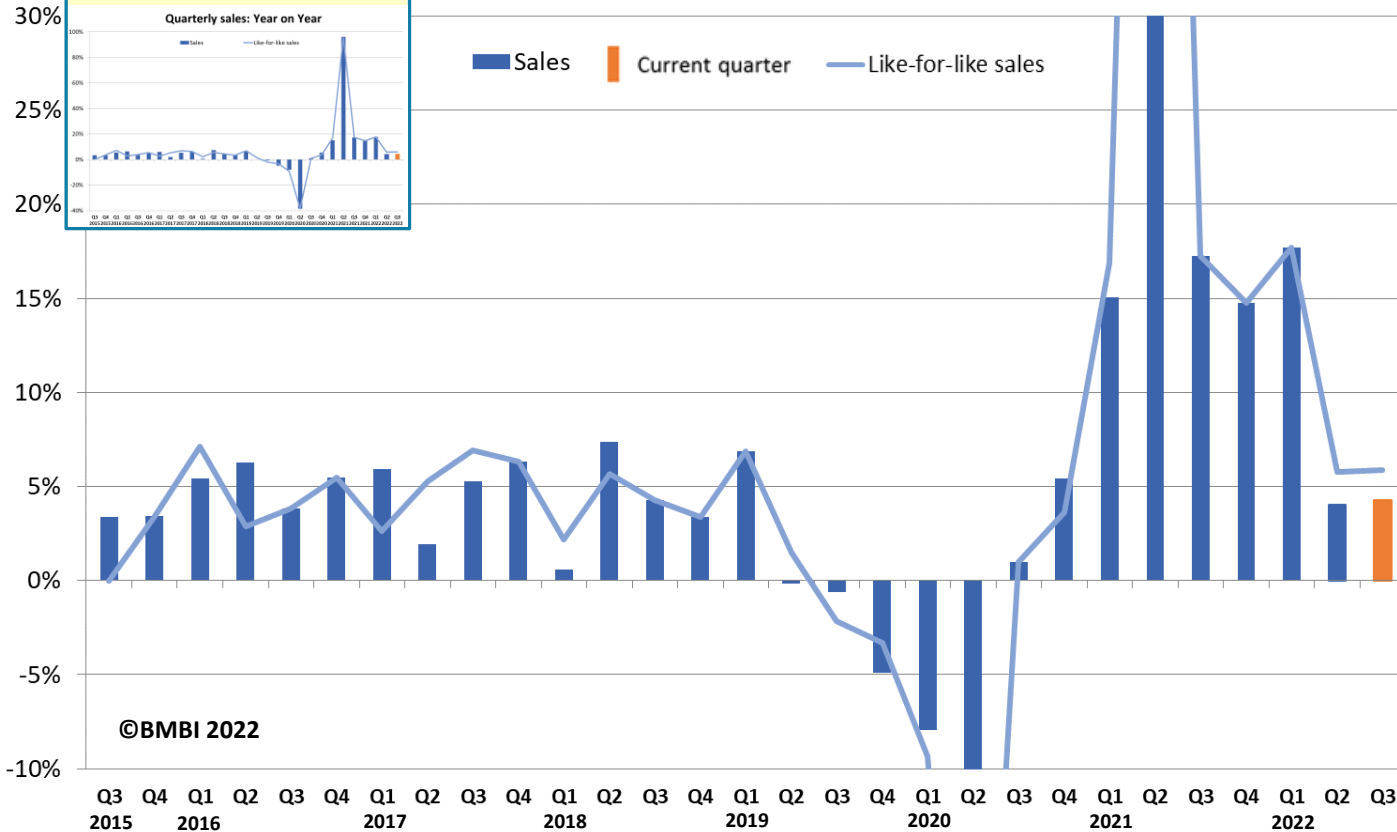
Sales and Like-for-like sales

64 trading days this year v 65 trading days last year. Like-for-like sales take trading day differences into account.



Quarterly sales: Year on Year

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



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

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

Like-for-like sales were +5.9% higher in Quarter 3 2022 than in Quarter 3 2021.

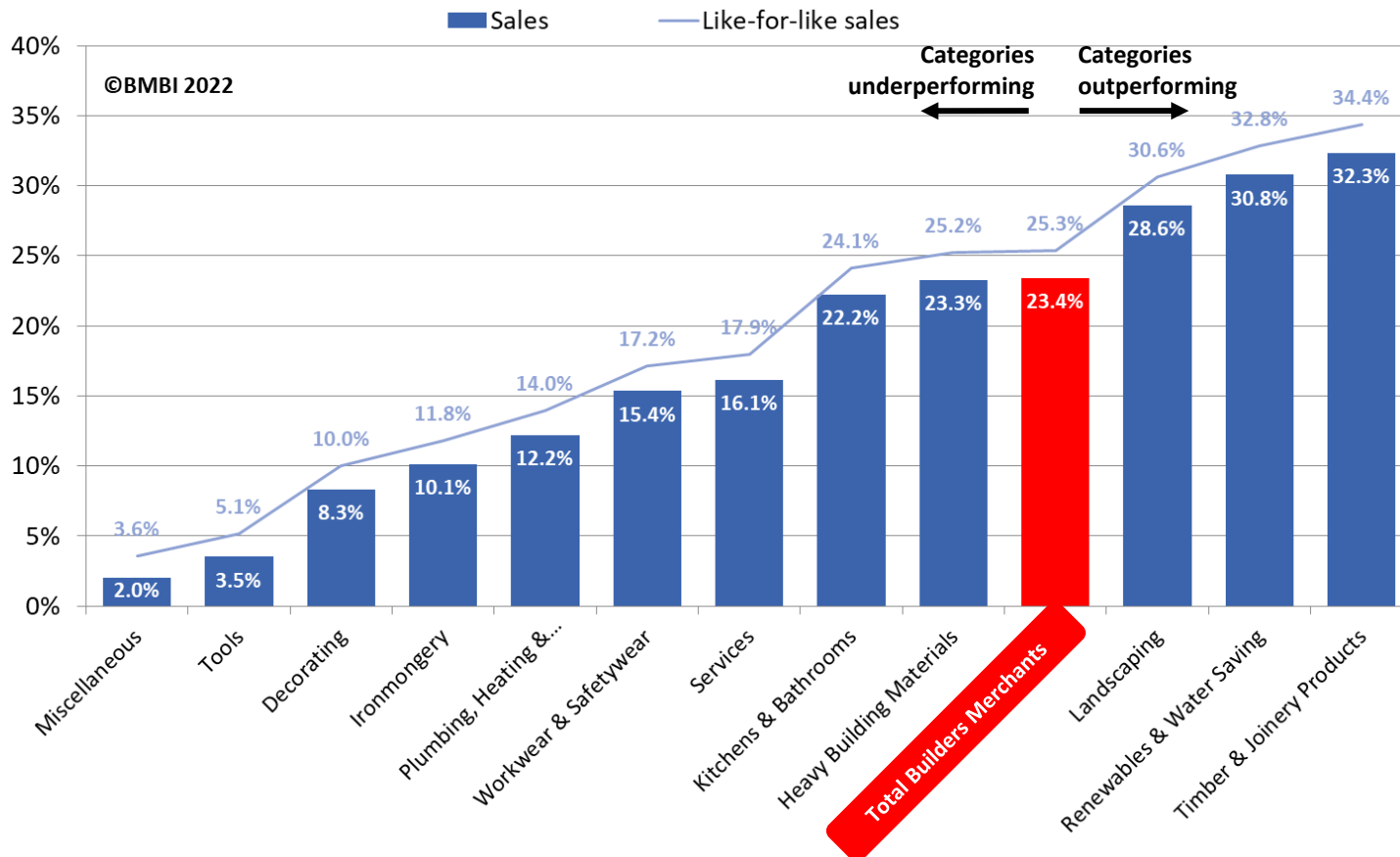
Quarterly: This Year v 2019

Q3 2022 3-year sales and like-for-like sales

64 trading days this year v 65 trading days three years ago. Like-for-like sales take trading day differences into account.



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



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

Three categories grew faster than Total Merchants (pre-pandemic): Timber & Joinery Products (+32.3%), Renewables & Water Saving (+30.8%) and Landscaping (+28.6%).

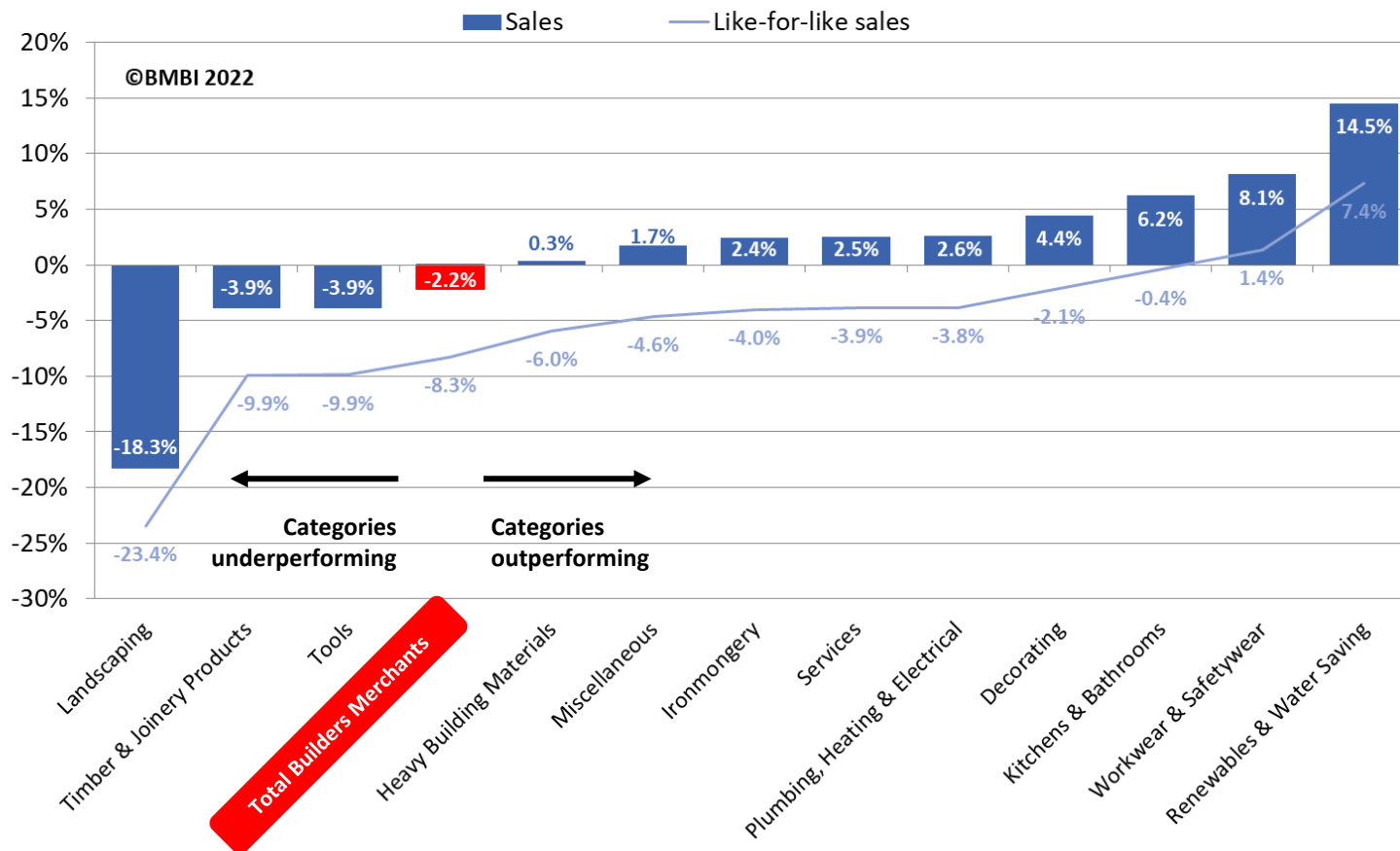
Quarterly: Quarter on Quarter

Q3 2022 sales and like-for-like sales

64 trading days this quarter v 60 trading days last quarter. Like-for-like sales take trading day differences into account.



Quarter 3 2022 v Quarter 2 2022



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

Total sales in the latest three months were -2.2% lower than in the previous three months. Renewables & Water Saving did best (+14.5%).

Quarterly: Index and Categories

Quarter 3 2020* to Quarter 3 2022

Indexed on July 2014 to June 2015



QUARTERLY SALES VALUE INDEX	Index	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Total Builders Merchants	100	124.6	111.1	120.7	149.7	146.1	127.5	142.1	155.8	152.3
Timber & Joinery Products	100	133.4	125.4	141.5	183.0	191.9	160.7	171.7	177.5	170.6
Heavy Building Materials	100	119.9	106.8	113.1	136.3	133.3	118.7	132.7	148.8	149.2
Decorating	100	108.5	99.5	101.1	112.2	112.9	104.6	114.2	120.1	125.4
Tools	100	94.4	90.7	99.6	103.0	97.6	94.6	107.3	106.1	102.0
Workwear & Safetywear	100	113.7	113.3	117.3	103.9	98.3	113.3	117.1	112.4	121.5
Ironmongery	100	123.2	112.6	119.3	133.8	126.2	117.2	133.4	135.5	138.8
Landscaping	100	175.5	112.1	141.5	237.5	184.0	128.3	161.9	222.5	181.7
Plumbing, Heating & Electrical	100	104.6	116.0	122.9	118.6	116.7	127.2	143.0	129.8	133.2
Renewables & Water Saving	100	66.4	62.6	70.3	77.2	71.2	70.9	90.9	86.0	98.5
Kitchens & Bathrooms	100	111.6	109.8	107.5	116.7	125.3	120.8	135.7	138.3	146.9
Miscellaneous	100	111.0	108.6	115.9	119.2	122.1	114.3	130.7	128.3	130.5
Services	100	115.9	107.3	110.4	127.9	132.1	121.8	126.4	138.0	141.5

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

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

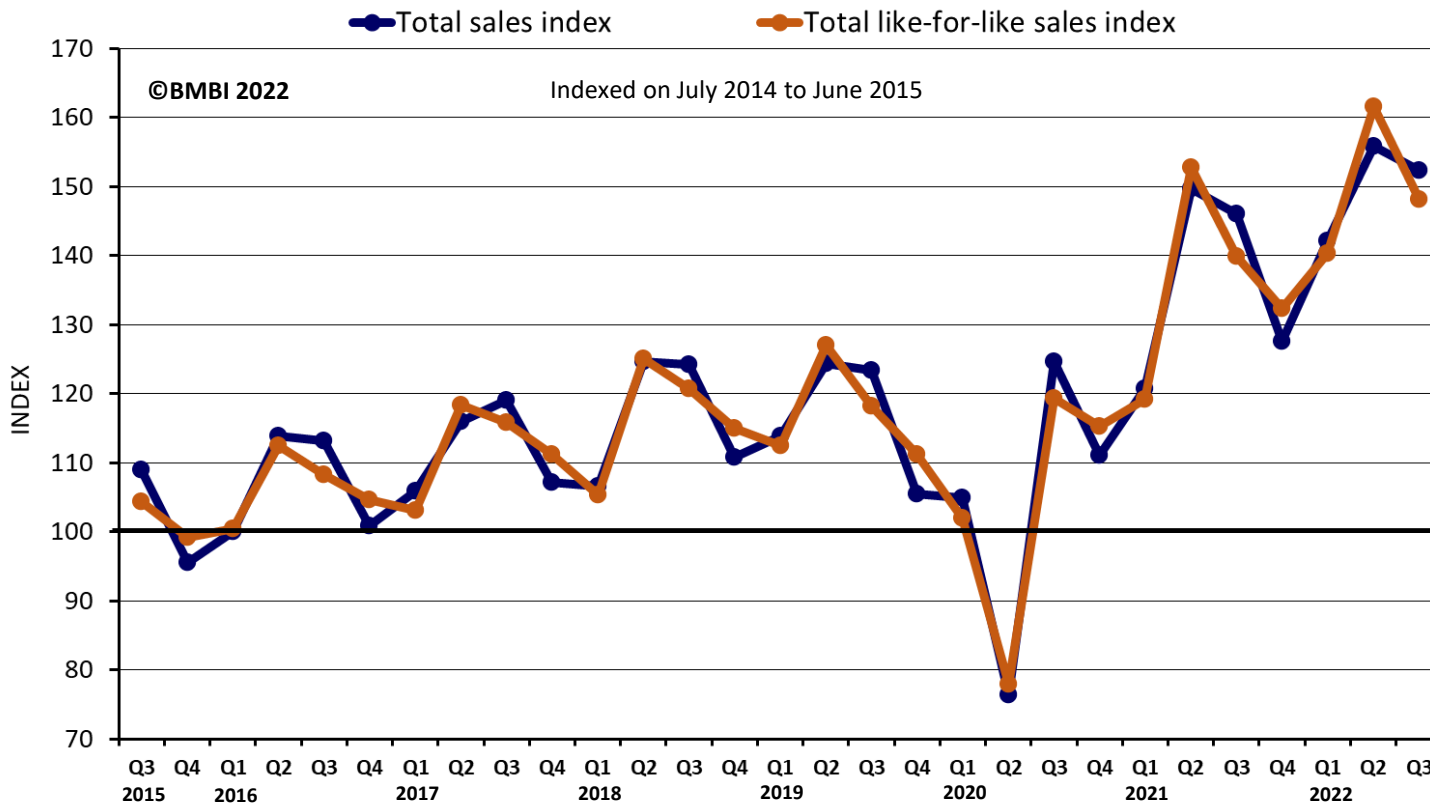
Quarterly: Index

Sales and Like-for-like index

64 trading days this quarter v 62 trading days last quarter. Like-for-like sales take trading day differences into account.



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



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

The Quarter 3 BMBI Index was 152.3, the second highest quarterly index since BMBI started.

Quarterly: Index and Categories

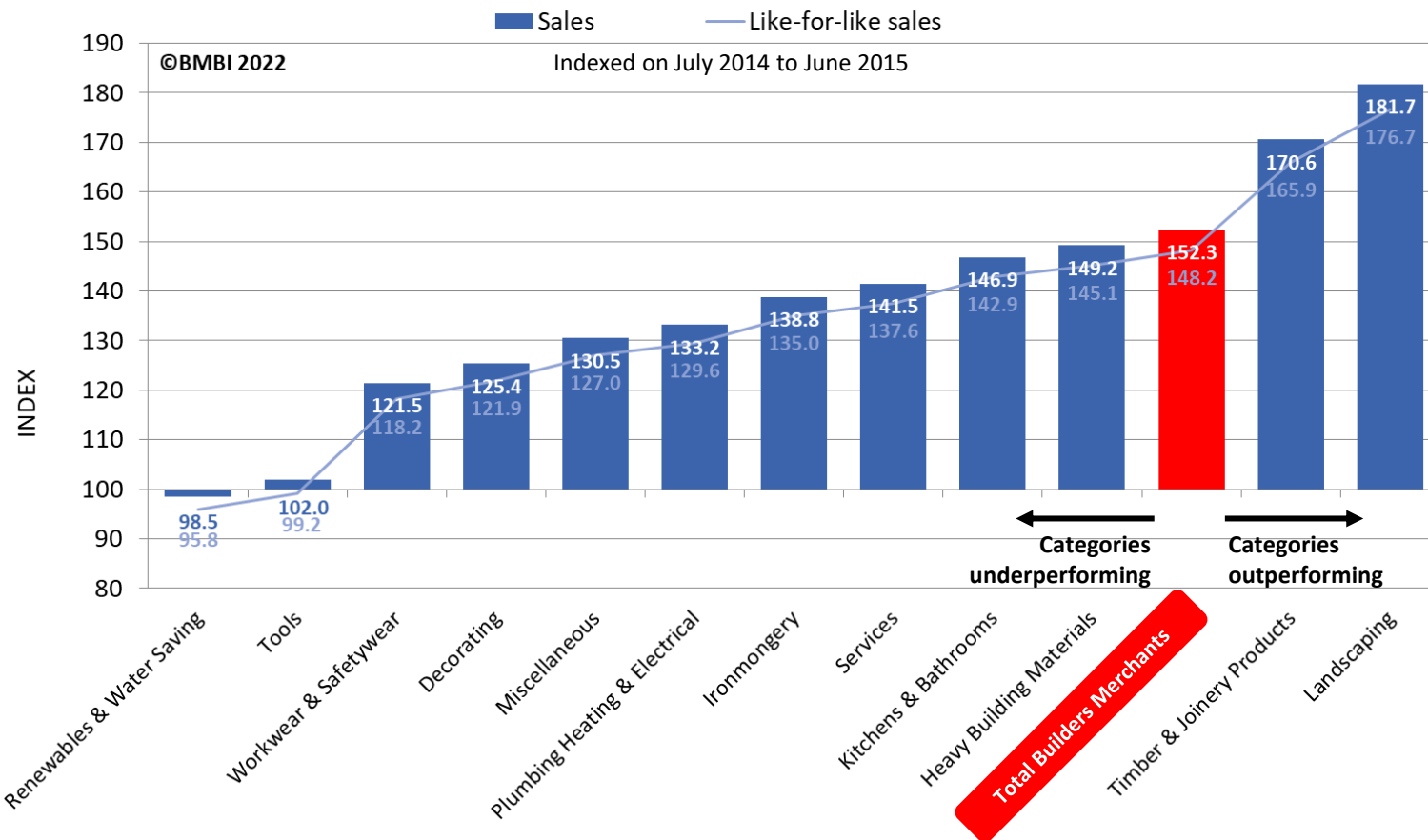
Q3 2022 index

64 trading days this quarter v 62 trading days last quarter. Like-for-like sales take trading day differences into account.



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

Quarter 3 2022



Landscaping and Timber & Joinery Products significantly outperformed other categories.

Quarterly: Index and Categories - 1

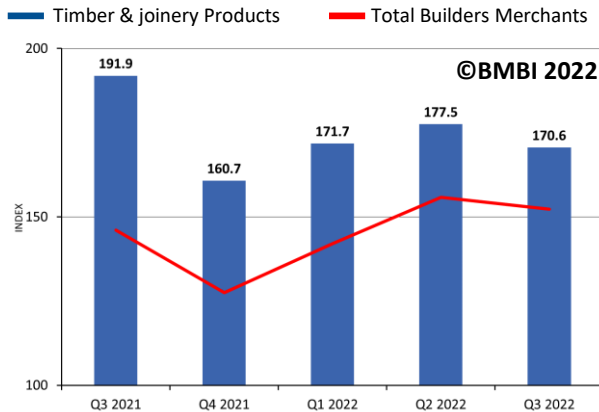
Quarterly indices



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

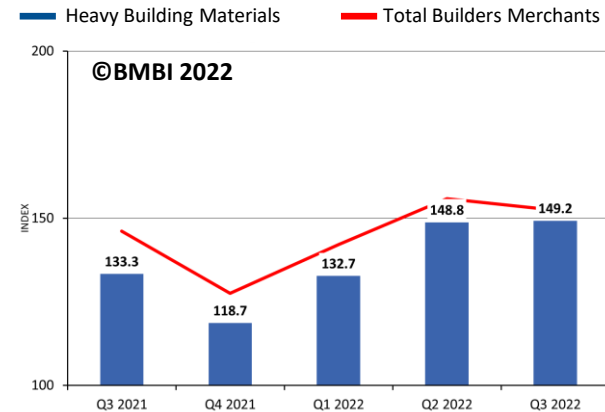


Timber & Joinery Products



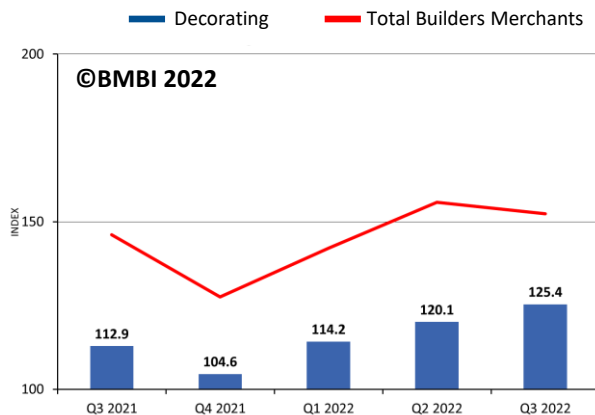
Timber & Joinery Products strongly out-performed Total Merchants in each of the last five quarters. This pushed up the Total index, resulting in other categories appearing to under-perform.

Heavy Building Materials



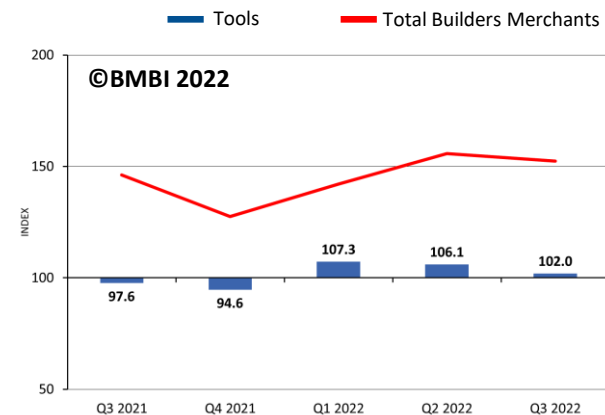
Heavy Building Materials has performed less-well than Merchants overall in the last five quarters, indexing at 149.2 in Quarter 3 2022.

Decorating



Decorating has under-performed compared with Total Merchants for a number of years, indexing at 125.4 in Quarter 3 2022.

Tools



Tools has been consistently weaker than Merchants overall and has only exceeded 100 three times in the last five quarters. The Quarter 3 2022 index was 102.0.

Quarterly: Index and Categories - 2

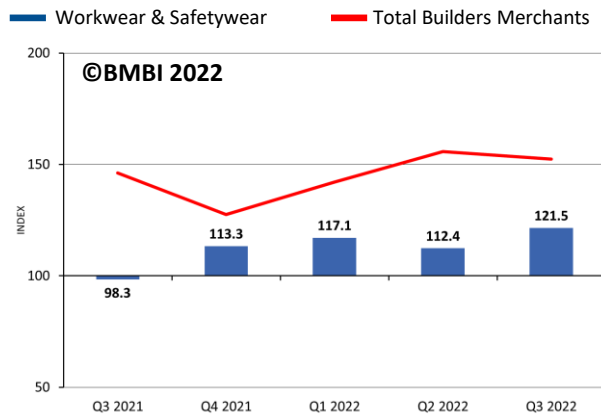
Quarterly indices



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

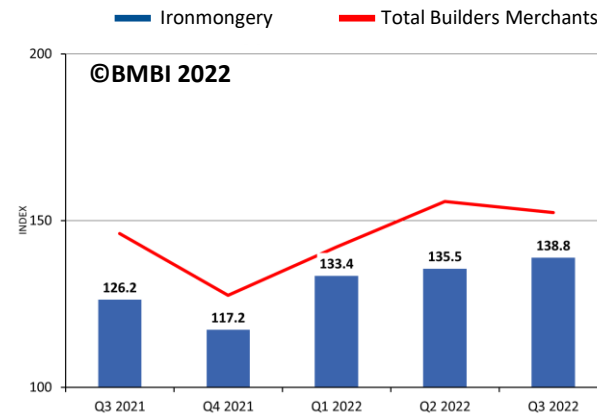


Workwear & Safetywear



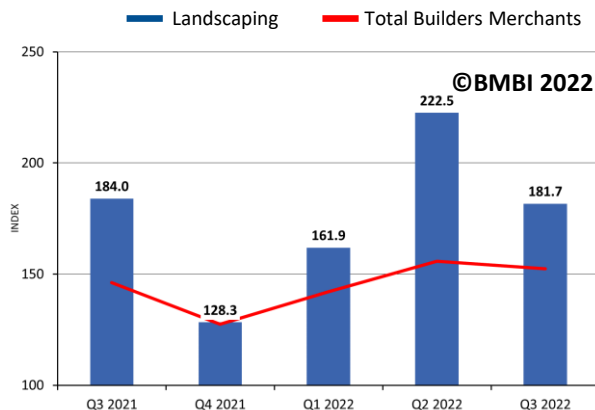
Workwear & Safetywear has been generally weak in the last five quarters, indexing at 121.5 in Quarter 3 2022.

Ironmongery



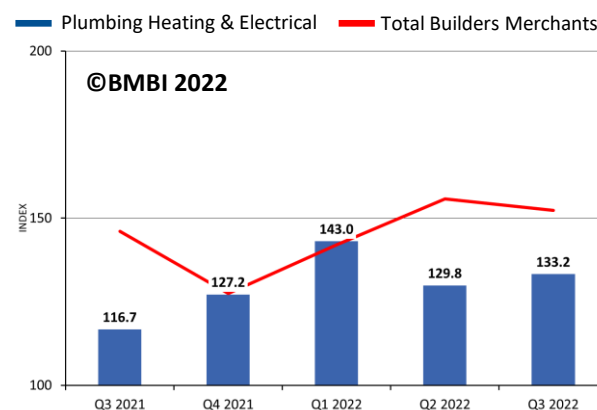
Ironmongery has followed the general trend but been a little weaker than Merchants overall, indexing at 138.8 in Quarter 3 2022.

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 3 2022 indexed at 133.2.

Quarterly: Index and Categories - 3

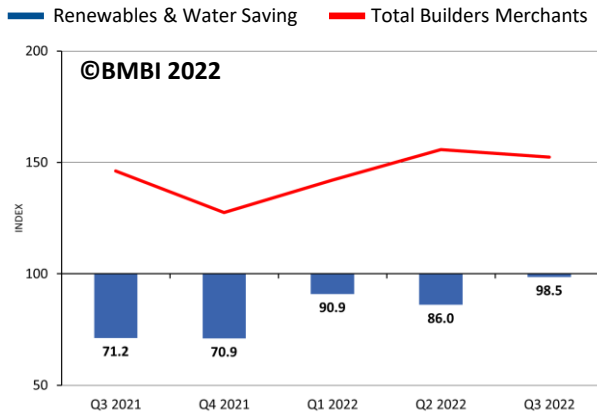
Quarterly indices



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

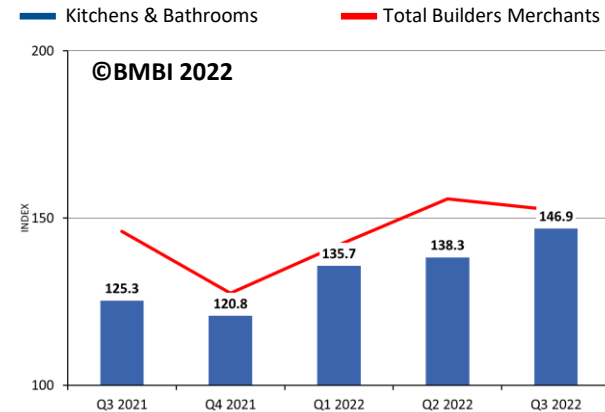


Renewables & Water Saving



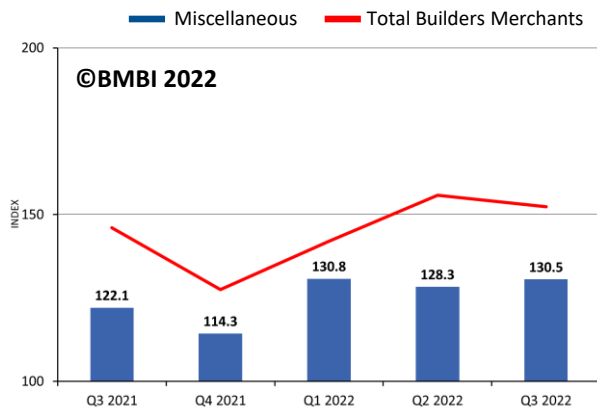
Renewables & Water Saving is a small category where revenue fluctuates significantly. Quarter 3 2022 indexed at 98.5.

Kitchens & Bathrooms



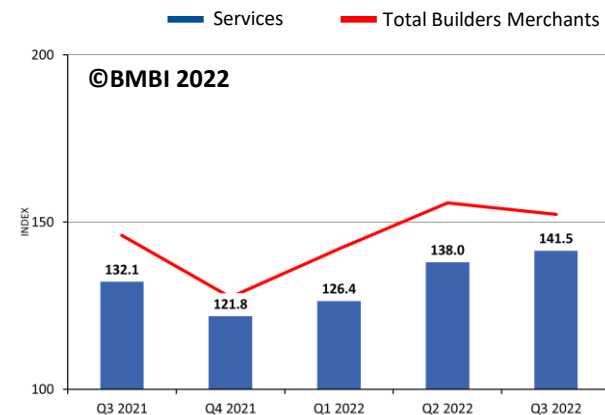
Similar to other 'inside trades', Kitchens & Bathrooms underperformed during the Covid pandemic, but has recently recovered, indexing at 146.9 in Quarter 3 2022.

Miscellaneous



Miscellaneous comprises a mixed-range of products (see page 59) that have been generally weaker than Merchants overall. Quarter 3 2022 indexed at 130.5.

Services



Services (predominantly tool/hire services) has closely followed the Total Merchants trend, indexing at 141.5 in Quarter 3 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.

High inflation, now 11.1%, high energy costs, and the effects of war in Ukraine are tipping the world into recession.

In Q3 we saw a further softening in market demand that began earlier in the year. General construction and infrastructure are experiencing a slowdown, as is the Repair, Maintenance and Improvement market which affects timber volumes. National housebuilders report slowing order files, as a surge in mortgage rates causes home buyers to delay their purchases, and housebuilders are scaling back their build programmes. The boom in middle to budget home improvement projects has stalled as consumer confidence reels from the turmoil and uncertainty, although demand at the upper end of the market is largely unaffected.

Rising energy costs are impacting the timber products most in demand from end-user customers. Wood fibre prices are surging thanks to European manufacturers searching to fill the gap left by the Conflict in Ukraine along with higher demand for biomass products for wood-fired boilers which are now more economical to run than fossil fuel alternatives.

UK manufacturers working with timber are under immense pressure with rising input costs, particularly energy, resin and wood. With high inflation, there is a reluctance to put prices up further, particularly as volumes have fallen, but there may be no other way to protect margins and remain profitable.

What of next year? We live in uncertain times. The Truss Government promised £50bn of tax cuts and spending that triggered an economic and political crisis. Three months later, a new Prime Minister and Chancellor reversed course with £55bn of tax rises and spending cuts, pushing us into recession and what looks like Austerity 2.0. Britain's reputation for economic competence was salvaged by the correction, but at what cost to growth, productivity and living standards?

With the 20th Housing Minister of the last 20 years or so now learning the ropes, where does this leave construction, and timber and wood based panel products? Every household and business is having to rethink its plans for the future. In more normal times the implications of the Autumn Statement would seem devastating, but over the last three years construction has learned resilience and not much phases it. It's also learned that not much is fixed and with a general election two years away, there may be more to cheer about.

Wood fibre prices are surging thanks to European manufacturers searching to fill the gap left by the Conflict in Ukraine along with higher demand for biomass products for wood-fired boilers which are now more economical to run than fossil fuel alternatives.

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 third quarter saw a bigger drop off in demand than anticipated, as plummeting consumer confidence, uncertainty around the impact of rising energy costs and Government disruption scuppered growth. We'd normally expect a slowdown during Q3, but this was more dramatic than previous years.

The slowdown is not being felt evenly across the market. Landscapers servicing the top end of the market remain busy as people with more money, such as those with savings and small or no mortgages, are still spending on outdoor improvements. It's the middle to lower end of the market where landscapers tell us they are starting to take a hit. For many people, a new patio is a want and not a need.

Supply chains have fully recovered from the chaos caused by the pandemic. As such we have seen a return to merchants using the 'just in time' model and reducing their stock holdings. The result is also a return to last minute orders!

The porcelain market continues to grow but it's where we import product from which is the big Q3 talking point. Higher energy prices are pushing up the cost of European porcelain, while lower shipping costs are making Indian porcelain more competitive. The market conditions are also opening the door to new countries to sell into the UK.

This doesn't mean the market will be flooded with cheap imports. The quality of entry level porcelain from India is completely fine. It's the aesthetics which differentiate it, and that's where savvy merchants can upsell product with a quick side-by-side comparison to the customer.

This kind of product knowledge is often the difference between a sale and customers going elsewhere. We support merchants with an advanced training offer which educates branch staff about everything from how paving products are made and how they are laid, to how to upsell and cross sell. We also offer a troubleshooting guide for customer enquiries, to help merchants resolve matters more quickly and efficiently. Knowledge is power, as they say, and a bit of product knowledge can go a long way.

It's the middle to lower end of the market where landscapers tell us they are starting to take a hit. For many people, a new patio is a want, not a need.

Expert Panel

Adhesives & Sealants

(Part of Decorating)



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

Construction output bucked the wider economic trend by rising slightly in August. It remains above pre-pandemic levels and looks relatively strong in the near-term. However, as we enter the winter months – a quieter period for parts of the industry anyway – it is likely to be impacted by the changing political and economic landscape. Interest rates are at their highest in 14 years, inflation the highest for 30 years, and further increases for both are expected. The Bank of England is currently predicting that the UK will enter recession in the fourth quarter of 2022 or the first half of 2023.

Despite this, the adhesives and sealants sector has continued to be robust overall. While adhesives and sealants have been affected by inflationary pressures, volume sales have remained fairly stable. Low investor confidence in the UK economy is weakening the pound, which in turn is increasing the cost of importing raw materials, so companies who are able to source from manufacturers within the UK will reap the benefits.

Recent political uncertainty has also meant that the switch to a new UKCA standard hasn't been at the top of the Government's to-do list. The transition arrangements are far from streamlined and testing capacity hasn't been scaled up to meet demand: there simply isn't enough capacity. As a result, construction leaders are calling on the Government to halt plans to switch from CE quality marking to a new UKCA standard from January.

Not all construction products are affected, but most adhesives and sealants are, and these are vital if the industry is to deliver the new homes, schools and hospitals the country needs. The aim is to get a two-year delay to allow a joint working party to be established between Government and the construction sector.

At the time of writing, political and economic uncertainty means decision-making on projects such as this is being delayed. The UKCA deadline has already been extended by a year due to the pandemic, so it remains to be seen if a further extension will be granted.

The adhesives and sealants sector has continued to be robust overall. While adhesives and sealants have been affected by inflationary pressures, volume sales have remained fairly stable.

Expert Panel

Bricks & Roof Tiles

(Part of Heavy Building Materials)



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

Although many in our industry have become used to uncertainty and changing market conditions, the past three months have certainly been more challenging than many will remember. The world was deeply saddened by the passing of Her Majesty Queen Elizabeth II, which was then swiftly followed by political and economic upheaval. However, demand for bricks and roof tiles remained stable with brick deliveries increasing 2.6% in September 2022 compared to September 2021, as per Office of National Statistics (ONS) estimates. In many areas the construction sector defied expectations, ONS estimates put August construction output value at over £15 billion, close to the highest level since records began in 2010.

Rising fuel costs remain one of the UK's largest challenges, which won't be helped by the change to the 'energy price guarantee', originally a two-year cap but now ending in April 2023. Many will face personal impact to disposable income, with more than five million families also facing an average rise in annual mortgage payments of £5,100 between now and the end of 2024, according to the Resolution Foundation thinktank. We are prepared for the business impact this will have on our sector, while recognising other challenges such as skilled labour shortages. Where challenges exist, we must also look to future opportunities, such as the demand for more sustainable products and housing decarbonisation.

As we transition to a more sustainable future we must adapt and grow. Over the next seven years, the global economy needs to emit 25 percent less greenhouse gases than in 2022 to have a chance to reach the goals set in Paris in 2015 and avert damaging climate disruptions. Our commitment to low carbon production here at Wienerberger includes the ambitious renovation of our Broomfleet factory lines, making it Europe's first-ever clay roof-tile plant to completely eliminate the use of natural gas and the associated CO2 emissions from the firing process, thus reducing the carbon footprint of products by an impressive 75%.

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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.

Considering the somewhat turbulent quarter we've witnessed at the heart of government - and that's putting it mildly - commercial activity across the civils and green urbanisation sectors has, by contrast, remained relatively steady over the last three months. The easing of building material availability continues, albeit at a relatively slow pace, and quotation volumes are holding firm. In certain markets, they are even slightly ahead of last year.

Grounds for optimism? With some analysts predicting an economic recession deeper and longer than we've seen for a generation, it would be a brave person to say so. The fact is, that for the short term at least, there is no consensus because the fundamentals keep changing. Not until the UK's budget strategy is in place, and interest rates and inflation are given time to moderate will we be able to determine forecasts with any degree of certainty.

The inevitable consequence of this is that project starts are being pushed back. We see this to a lesser extent in publicly funded infrastructure programmes, as witnessed by the relatively stable civils numbers. It is across residential markets where we see delays having potentially the greatest impact. The early signs are there, but again it won't be until the Chancellor has made his Autumn Statement that we will have any indication of future trends.

Climate change is never far from the headlines, and with COP27 upon us, we are seeing again how communities around the world, and not just those under immediate threat, look to the strategies and actions agreed at the conference for assurance that there is a unified approach to tackling the issue. From our own experience in the UK, we understand that change on the scale needed isn't easy, but the momentum is driving investment and legislative commitment is growing. Let's hope we see further proof positive from Egypt at the end of November.

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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.

Wow! What happened? The political world has convulsed across Great Britain and Northern Ireland. Nothing new I suppose. The third quarter of 2022 is certainly a change from the previous two years with volumes crashing well below 10%. New enquiries are also down well below 10%. Confidence is being squeezed out of the market with 'mini' budgets, a series of u-turns, and increasing mortgage rates.

The dreaded R-word is here too, and the short to mid-term outlook will be challenging. The pound note margin, as opposed to the percentage margin, is critical as the costs of maintaining businesses continues to rise even when our raw material pricing is stabilising. After celebrating 30 years at Keystone this month, who said construction was boring!

But, in spite of the gloom and doom we do have our 'Key' areas to focus on.

The new Building regulations 2022 will require manufacturers and builders' merchants to manage stock ranging in greater detail. Wider cavities and thermal performing lintels are becoming more frequently specified. And at Keystone we have increased our breadth of stock to cover up to 150mm wide cavities along with an extended Hi-therm range to help satisfy the variance in demand coming into 2023. It is envisaged that standard 100mm cavity steel lintel requirements will decrease, hence greater attention to stock management in line with specification will be a priority from now on.

Sustainability is another Key area, and all our Keystone packaging is fully recyclable. Combined with the use of renewable energy, electric forklifts, hybrid-electric cars, LED lighting, planting etc we have made significant strides over the years to reduce our carbon footprint. Now with science-based targets we are focused across our business to further reduce emissions by 60% by 2030, in line with the Climate Change Council's ambitions.

The pound note margin, as opposed to the percentage margin, is critical as the costs of maintaining businesses continues to rise even when our raw material pricing is stabilising.

Expert Panel

Drylining Systems

(Part of Heavy Building Materials)



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

At the start of Q3, as expected, we experienced reduced demand over the summer months primarily as a result of seasonality. Demand picked up towards the end of the quarter and that momentum has continued into Q4. However, this demand is again affected by seasonality patterns as a result of a volatile landscape commercially.

Product availability and supply is robust. The Construction Leadership Council said on the 17th of October: "as we move into the fourth quarter of 2022, all regions are reporting the best product availability in two years, both in the range and volume of products available and delivery/lead times."¹ This is a positive sign for the immediate future, however the economic turmoil we have seen over the last few months continues to affect consumer confidence. As a result, we are experiencing early signs of demand slowing for 2023 across our principal sectors of Residential, Commercial and particularly RMI/ Change of use.

Rising energy costs are a concern, but also a significant opportunity for our industry to operate more sustainably and accelerate progress towards the UK government's target of being net zero by 2050.² Construction is responsible for around 25% of the UK's greenhouse gas emissions³, but plenty can be done to reduce this output, and we're already seeing a more focused collective effort from businesses across the industry. Forty percent of our vehicle fleet is now fuelled by hydrotreated vegetable oil (HVO), and another 10% by liquefied natural gas (LNG). These changes are expected to reduce our carbon emissions by 70% year-on-year.

Manufactured from waste materials, which are not fit for human consumption, such as cooking oil, HVO can reduce CO2 emissions by up to 90%.⁴ Its popularity is increasing worldwide as a viable alternative to traditional fuels, and we encourage businesses in our industry and beyond to explore the potential of multi-fuelled vehicles. I take confidence from the efforts construction businesses are making towards sustainability and the net-zero target. It's important that we continue our sustainability push and set an example for other industries. Despite huge uncertainty, we remain committed to supporting the needs of customers, working closely and collaboratively across the supply chain to manage the challenges ahead.

1. <https://www.constructionleadershipcouncil.co.uk/news/construction-product-availability-statement-19/>

2. <https://www.gov.uk/government/publications/net-zero-strategy>

3. <https://committees.parliament.uk/committee/62/environmental-audit-committee/news/171103/emissions-must-be-reduced-in-the-construction-of-buildings-if-the-uk-is-to-meet-net-zero-mps-warn/#:~:text=From%20residential%20to%20commercial%20buildings,assess%20and%20reduce%20these%20emissions>

4. <https://www.nationwidefuels.co.uk/faq/what-is-hvo-fuel-an-faq/>

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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.

£4,347. 260%. 8 million. Three numbers that tell the story of demand for mineral wool insulation over the coming months. £4,347 is the latest prediction for a typical annual energy bill come April, for those households who won't receive any support when the current universal price cap ends. 260% was the increase in sales of loft roll insulation reported by Kingfisher Group in September compared to the same three-week period in 2019, as the October price cap increase loomed.

And 8 million is the estimated number of uninsulated lofts in the UK. If we add "under-insulated" lofts, it's many millions more. Bear in mind new build lofts are often insulated to a depth of half a metre nowadays. So, there's a compelling impetus for more loft insulation, the trend is already noticeable, and the potential market is huge, even in the absence of a sorely needed national retrofit scheme.

After years of being driven largely by public policy (e.g. building regulations and the ECO scheme), sales of insulation are now largely being driven by a much simpler calculus for households. For those able to pay, it pays to top up their loft. That presents a significant market opportunity for merchants. These new DIY customers will need a level of support and expert advice that may not be available to them in large retail chains. By preparing branch staff, merchants will be well-placed to capitalise.

Staff will need to be ready to advise on:

- How much insulation a homeowner should install (what's the newbuild standard, and what's the value of going beyond it). Up-selling opportunities abound here, as in general, more insulation means lower energy bills.
- How to ensure a quality installation. That includes giving guidance on the right insulation product for the application, and also the potential challenges and pitfalls of retrofit jobs, and how proper preparation and equipment can mitigate them. This creates cross-selling opportunities, as customers may need ancillaries like sealants and eaves vents. More importantly, it makes a quality outcome more likely.

Merchants keen to serve this customer base can visit our website for a suite of DIY-friendly materials that answer these questions, and provide step-by-step installation instructions.

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Expert Panel

Cement & Aggregates

(Part of Heavy Building Materials)



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

Quarter 3 did not perform as expected, with a loss of momentum and uncertainty over construction demand in the second half of 2022 impacting aggregate sales. According to the Mineral Products Association, all products other than mortar are forecast to contract this year with asphalt sales volumes likely to fall by 4% compared to last year. Ready-mix concrete (-3%) and aggregate (-7%) volumes are also predicted to decrease in 2022.

Some individual sectors are still performing. Housebuilding and infrastructure are still going strong however the repair, maintenance, and improvement (RMI) sector continues to experience a marked decline. RMI has always been a robust sector and we have every faith it will bounce back. While the cost-of-living crisis may bring RMI spend to a halt for people with variable mortgage rates and no savings, homeowners who have paid off their mortgages and have money in the bank will be less impacted by interest rate rises.

In fact, there's lots to be positive about as we move into the final quarter. We know that tradespeople still have full order books and that housebuilders are busy. Supply chain issues have eased off and the milder weather is encouraging building work to continue much later into the year.

Energy prices remain a concern. The Energy Relief Bill was not quite the relief businesses needed as the discount on already high prices doesn't cover the surcharges which add 10-15% onto baseline costs. It could be a tough winter, with additional cost pressures for everyone.

It's hard to predict what will happen in Q4, or indeed 2023, which makes setting budgets very tricky. There are so many external factors that impact our industry that we can't control. Our approach is to focus on what we can influence – delivering good products, good service and taking steps to control our costs and our supply chain wherever we can.

We are also focusing strongly on [sustainability](#) and committed to decarbonising our business and supporting our customers. Our CO2 emissions are down by 12% since 2016 and more than 50% of our car fleet is now electric or hybrid. We are continuing to collaborate with the industry around hydrogen and expect to demonstrate a world first – a hydrogen-fuelled asphalt plant – in 2023.

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Expert Panel

Fasteners and Fixings

(Part of Ironmongery)



Ian Doherty, Chief Executive of Hexstone, and the Owlett-Jaton brand is BMBI's Expert for Fasteners & Fixings

Fasteners and fixings are everywhere in construction and make building possible but, unlike some bigger construction products, they may not be what people think about first. So firstly, an introduction. Owlett-Jaton is the UK and Ireland's leading wholesale supplier of fasteners, fixings, and associated products to the distributor and merchant trade. With over 30,000 product lines, it has the most comprehensive range of screws, nails, nuts and bolts, pins, brackets, clamps, caps, clips, ties, struts, straps, washers, wall plugs, chains, ropes, fastenings, and fixings generally. It's the largest stockholder in the industry, and Owlett-Jaton is the name behind some of the UK's leading fastener and fixing brands, including JCP, JRP, Thunderbolt, Unifix, and Vortex.

Government delays in clarifying testing and certification requirements for the introduction of UKCA to replace CE marking has delayed many suppliers in the fastener and fixings sector from being able to introduce UKCA marked packaging. This delay is regrettable, and expectations that all CE marked products sold to merchants from 1st January 2023 will be UKCA marked is unlikely to be achieved. However, while it is an absolute requirement for new products to be UK tested and UKCA marked, existing products already on the market can continue to be sold as CE marked, and not UKCA marked, providing they were imported into the UK before 31st December 2022.

As demand in the market has slowed in volume terms, many suppliers have seen stock levels rise. This has helped product availability recover from the lows of 2021, but these higher stocks will slow the arrival of UKCA marked product onto the market. It is quite possible that non-UKCA stock will still be moving through the extended supply chain well into 2024.

With the current state of the economy, slowing demand in both the RM&I and new build sectors seems likely to continue. In turn, this will feed through to slowing volume demand in fasteners and fixings. Price levels seem unlikely to fall. Although shipping costs are falling in US Dollars, and most fasteners and fixings are imported, the weakness of Sterling has offset it to a large extent, leaving forecast value of sales still in growth.

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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.

There has been a cooling off in demand for PVC-U windows and doors over the last quarter, and although as a business we are up on average 19% month-on-month, this incremental growth can be attributed to inflation as well as a streamlining of our operations.

While things have cooled, there is still a strong foundation of customers who continue to buy windows and doors despite worsening economic conditions. In fact, more homes in the UK are [owned outright](#) than have a mortgage, so if those homeowners also have savings, the interest rate increases may boost the RMI market. The cake may be smaller, but there are still plenty of opportunities for merchants to take a slice.

One way to grow your slice is the drop ship vending model. There is massive potential to grow the e-commerce and digitalisation offer in our industry and we are rapidly increasing our own commercial partnerships in this area. Windows and doors are bulky, heavy, difficult to store and easily damaged. With drop ship, these items can go straight from the factory to the customer via a third-party merchant who simply adds the products to their portfolio to upsell customers.

As well as remaining agile by giving the merchant and end-user customers multiple routes to selling and buying the products, Q3 saw the roll out of our plan to 'right size' our business. It's prudent to ensure you are profitable whether you are busy, or sales are in a dip, particularly given the forecasts for recession and the uncertain times we've been in since 2020.

Q3 also saw the roll out of Approved Document F of the Building Regulations in England to improve ventilation in properties by fitting replacement doors and windows with trickle vents. This new specification has divided opinion in the industry as the ventilation naturally creates a draught which negatively affects the energy efficiency of the product.

There was some good news this quarter as proposed energy surcharges from raw material suppliers didn't materialise. We hope this is the start of material costs starting to come back down as suppliers look to gain a competitive edge as we move into 2023.

There has been a cooling off in demand for PVC-U windows and doors over the last quarter.

Expert Panel

Paint

(Part of Decorating)



Paul Edworthy, Commercial Lead: Builders Merchant Group; Dulux Trade is BMBI's Expert for Paint

In this past quarter we have seen more positive trends despite continued raw material shortages. The market appears to have stabilised in the last two months with September down just 0.7%.

September 2022 had an unexpected additional non-working day due to the passing of Queen Elizabeth II. Promotional activities were suspended or postponed during the mourning period and many retailers and workplaces closed their doors on the day of the funeral as a sign of respect. Despite that, total paint market volume has not fallen as intensely as was expected compared with the same period in 2021, and by only -0.9% compared with 2019. The rolling quarterly measure is now just 2% lower than the same period last year.

Interior Trim and Masonry paint had a very good 2021, so year on year comparisons show that these went through a harder correction with the Moving Annual Total volume down -13.3% and -15.4% respectively. However, Premium Emulsion beat expectations as the only category in growth with volume up +1.5% year to date compared with year-to-date 2021 (source is Actualise Research best estimates August 2022).

According to the ONS, total new housing output appears strong (being up 12% in August, the latest month available) but repair and maintenance work fell as growth slowed sharply in recent months.

Retail trend analysis from the financial crisis in 2008 showed many consumers abandoned complete projects, scaling down in favour of interior work. Similar trends can be observed today, and even though technically we are not yet in recession, consumers believe otherwise and behave appropriately.

Retail paint sales have responded sharply to the deepening cost of living crisis with consumer sentiment at rock bottom: 11.6 ML of paint was sold in the retail channel in August 2022, 11% less than in 2021, and in August the moving annual total volume now sits -17% below the same measure in 2021. However, the Trade Paint market is performing better than anticipated as we run into the end of the year.

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Expert Panel

Roof Windows

(Part of Timber & Joinery Products)



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

The third quarter presented more unforeseen challenges for UK construction with as much uncertainty as any period over the past decade. Political turmoil over the past few months have made trading conditions unfavourable and confidence in the markets and general public is at an all-time low. Homeowners are keeping their money in their pocket instead of investing in home improvements and repairs, particularly where their spending is discretionary.

Finances for local authorities and other public bodies are under threat and, for now, house builders continue to build. The sudden recent rise in interest rates stunned the market, but they are moderating, and Michael Gove's commitment to 300,000 new homes a year encourages us to believe that the government is committed to increasing the housing stock. However, nothing changes the fact that there is a serious shortage of quality housing.

For the first half of 2022, Keylite Roof Windows saw a double digit increase in volume, offset by a slowdown during Q3, where volumes have been flat year on year. The CPA is forecasting very little growth for 2023, mainly due to a slowdown in private housing and a fall in private housing RMI.

None of us have a crystal ball, however we believe, like most of the industry, that 2023 will start rather flat due to uncertainty, with a slight recovery through the year as confidence returns in the handling of the economy. By then, hopefully, the fear of spiralling energy bills will be behind us, inflation will have 'normalised' and personal finances be better understood.

We've invested in our manufacturing to allow us to flex production capacity more easily than previously. Near 20% increases in Poland's minimum wage will have a significant impact on manufacturing costs, as will energy prices, but we have an established, skilled workforce that provides us with the output and quality that is required for markets like the UK.

Builders' merchants and manufacturers have proven their agility over the past five years, to manage stock and the supply chain, moving with market demand to shield the industry from the worst of the pressures. 2023 will present even more challenges, but we have collectively proven our ability to ride these challenges and thrive.

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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.

Quarter three saw an exaggerated return to pre-Covid trends, with a significant dip in demand over the school holidays that was much higher than expected. This could be attributed to a shift in consumer priorities from home improvements to holidays abroad.

Low consumer confidence continues to impact sales particularly in the mid-market, where the ongoing cost of living crisis is affecting disposable income. We are also seeing reductions in the trade sector particularly social housing, where non-essential repair and replacement work is being pushed back.

However, the high end of the bathrooms market carries on as usual, because it's not price-led. In fact, the feedback we are getting from our customers is that while showroom footfall is down, the people coming through the doors are serious buyers. They are gravitating to trend products like the industrial-style brushed metal or black enclosures, fuelling the 'keeping up with the Jones' competition between homeowners. Given an expected [10% fall in house prices](#) in 2023, the 'improve don't move' market could keep the premium end of the market busy for some time. Value is increasingly important, and homeowners are shopping around more. Using a one-stop-shop for a complete bathroom makeover is now making way for customers sourcing products from different places to keep costs down. Savings are more valued than convenience.

Quarter three created challenging economic conditions for bathroom product manufacturers. Rising energy prices are pushing up costs, particularly for raw materials like aluminium and glass which are high energy industries. For manufacturers buying commodities from outside of the UK, there is the double whammy of fluctuating currency rates. We've seen the price for certain items go up 10% overnight because of the weakness of the pound.

Unfortunately, there are only so many more price increases consumers can take. Our approach is to absorb as much additional cost as possible and only pass on what we feel we can't recover through our own efficiencies.

Looking ahead, it's still a positive market, underpinned by demand for new homes and outside private investment in UK housing. Add in a renewed desire for bathroom renovations from those with money to spend, and the next quarter and year could look much brighter.

Quarter three created challenging economic conditions for bathroom product manufacturers. Rising energy prices are pushing up costs, particularly for raw materials like aluminium and glass which are high energy industries.

Expert Panel

Website & Product Data Management Solutions



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

It's estimated that global construction levels equate to a city the size of Paris being built every week, it's therefore unsurprising that construction and the built environment accounts for [38% of worldwide carbon emission](#).

In May 2019, the UK Parliament declared an 'environment and climate change emergency', with the government committing to a 2050 net zero emissions target. And in October 2021, it became mandatory for bidders for government contracts worth more than £5m a year to commit to achieving new zero emissions by 2050, taking into account business travel, employee commuting, transportation, distribution and waste production.

Meanwhile, a combination of Brexit, COVID-19, conflict in Ukraine, plus the [highest inflation rate in four decades](#) in quick succession, has resulted in extensive material shortages, fractured supply chains and [building materials price increases](#). Many businesses, especially SMEs, have struggled to fully recover from one challenge before the next setback occurs. Business leaders have no choice but to deal with pressing issues like these first. As a result, bigger issues such as global warming and the climate crisis are frequently put to one side.

To maintain our focus, the first issue that needs to be addressed is the level of awareness within the industry about construction's environmental impact. Shipping and air freight contributions are frequently excluded from industry data, deemed "international emissions" and therefore eradicated from the total equation, despite playing a key role in the supply chain. Once we begin delivering a true measure of emissions in the supply chain end to end, we can get a true image of our climate crisis impact and act accordingly.

For change to happen, the whole construction industry, from manufacturers to builders' merchants should improve their resilience to reduce their carbon footprints. Specialist ERP (enterprise resource planning) systems, such as [ECI Spruce](#), and sector specific eCommerce platforms like [eCommonSense](#) drive efficiency. Giving business managers total visibility over supply chains and sales, specialist software streamlines a builders' merchant's workflows, helping to reduce the effects of major delays and crises.

Tackling the climate crisis and other existing industry challenges is no small task, but by deploying technology and making the most of industry-specific software, builders' merchants will be in the best position to thrive in the future.

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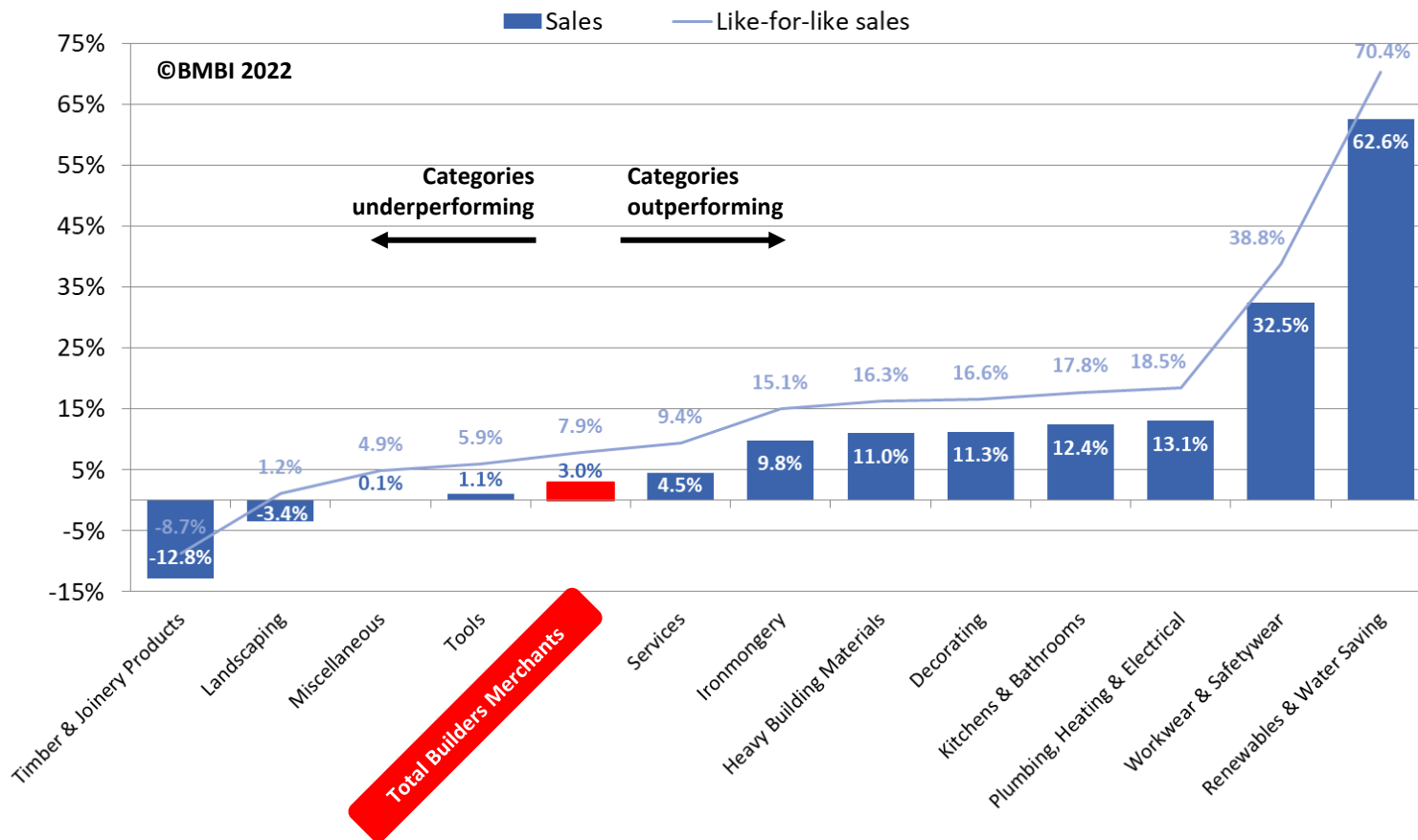
Monthly: This year v last year

September 2022 sales and like-for-like sales

21 trading days this year v 22 trading days last year. Like-for-like sales take trading day differences into account.



September 2022 v September 2021



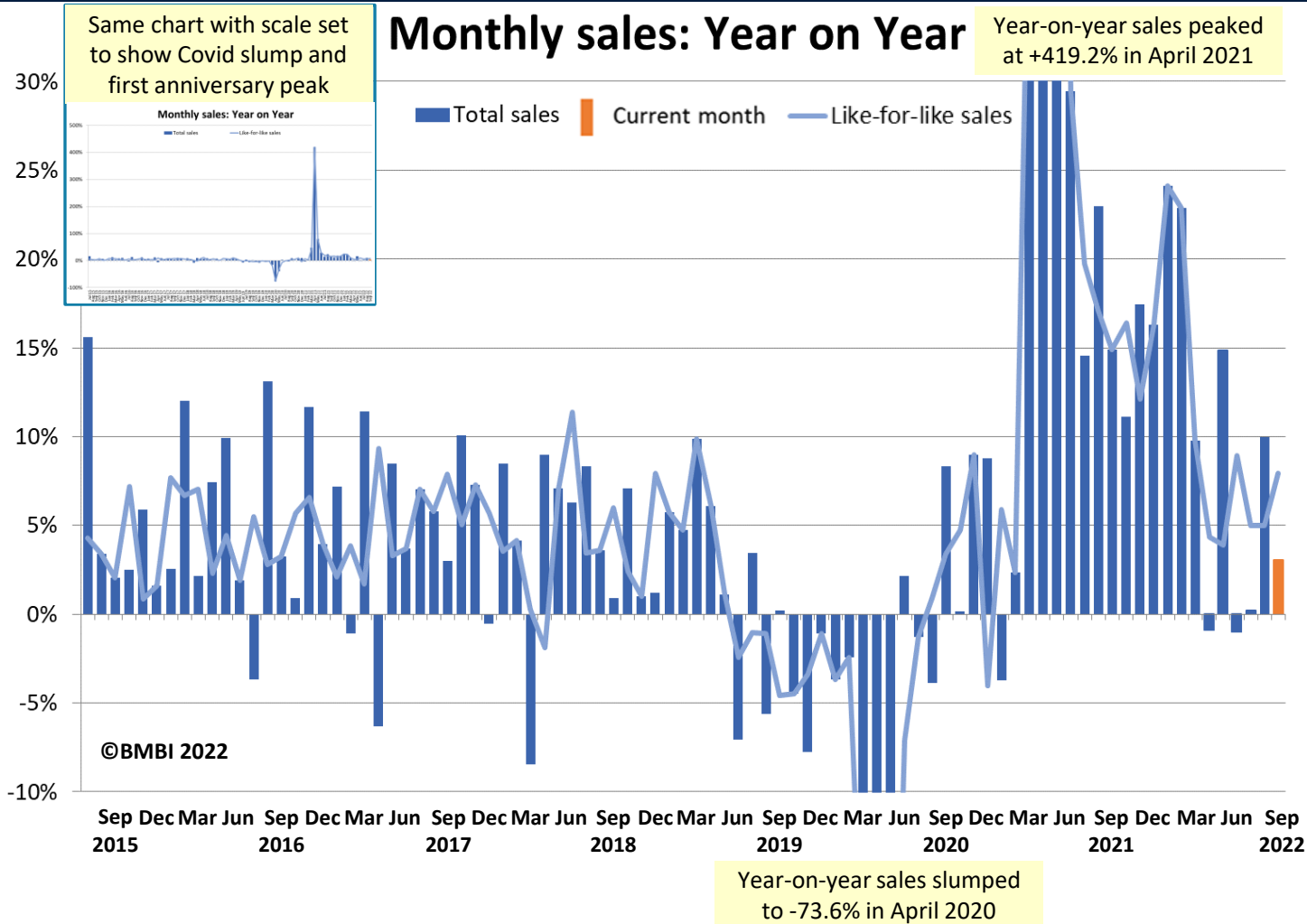
Source: GfK's Builders Merchants Total Category Report July 2015 to September 2022

Nine of the twelve categories sold more and eight of which did better than Merchants overall, but Renewables & Water Saving (+62.6%) and Workwear & Safetywear (+32.5%) grew most.

Monthly: Year on Year

Sales and like-for-like sales

21 trading days this year v 22 trading days last year. Like-for-like sales take trading day differences into account.



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

Total Builders Merchants value sales were +3.0% higher in September 2022 than the same month last year.

Like-for-like sales (which take trading day differences into account) were +7.9% higher.

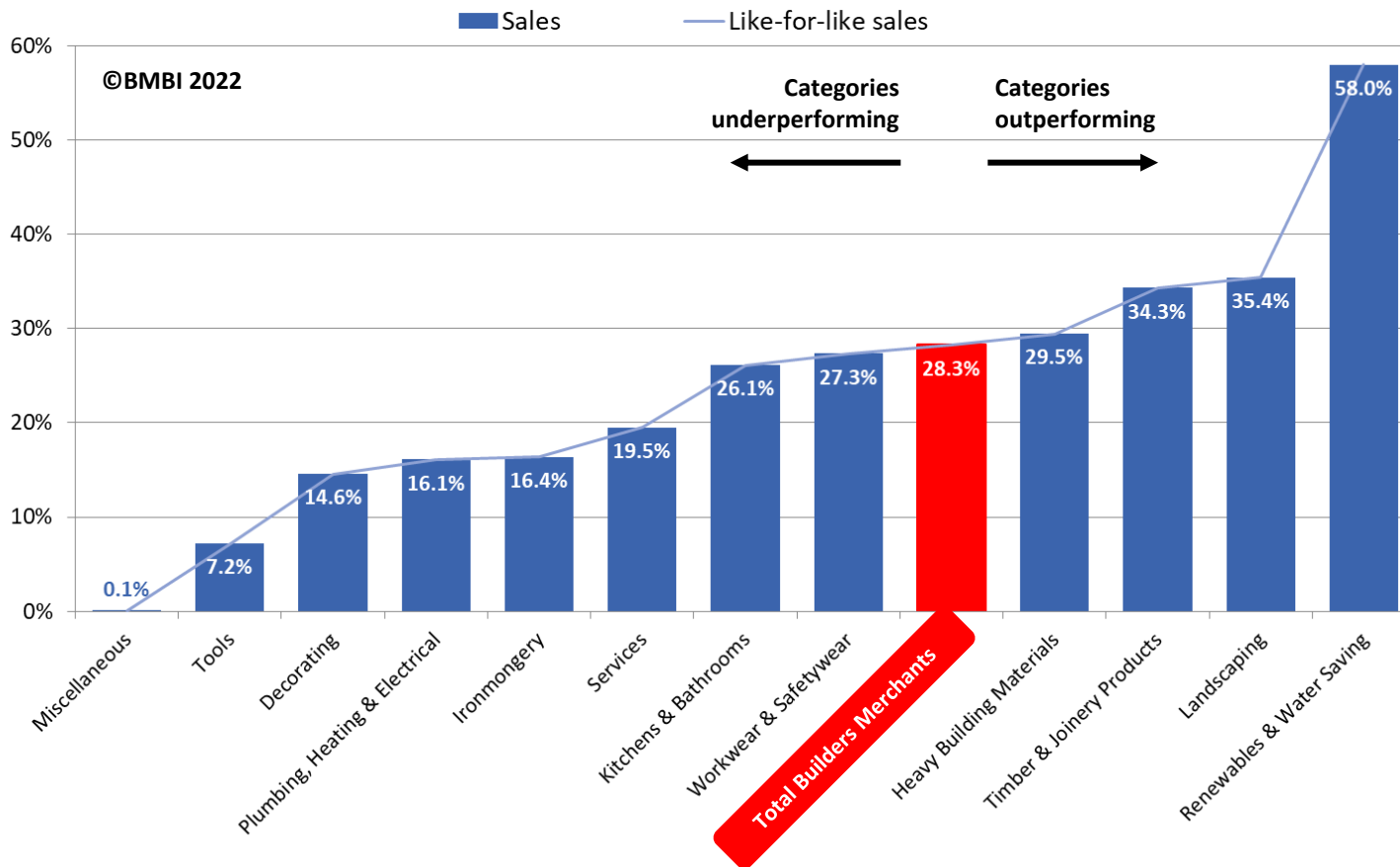
Monthly: This year v 2019

September 2022 3-year sales and like-for-like sales

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



3-year comparison: September 2022 v September 2019



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

Values shown for absolute sales

Renewables & Water Saving (+58.0%), Landscaping (+35.4%) and Timber & Joinery Products (+34.3%) increased the most.

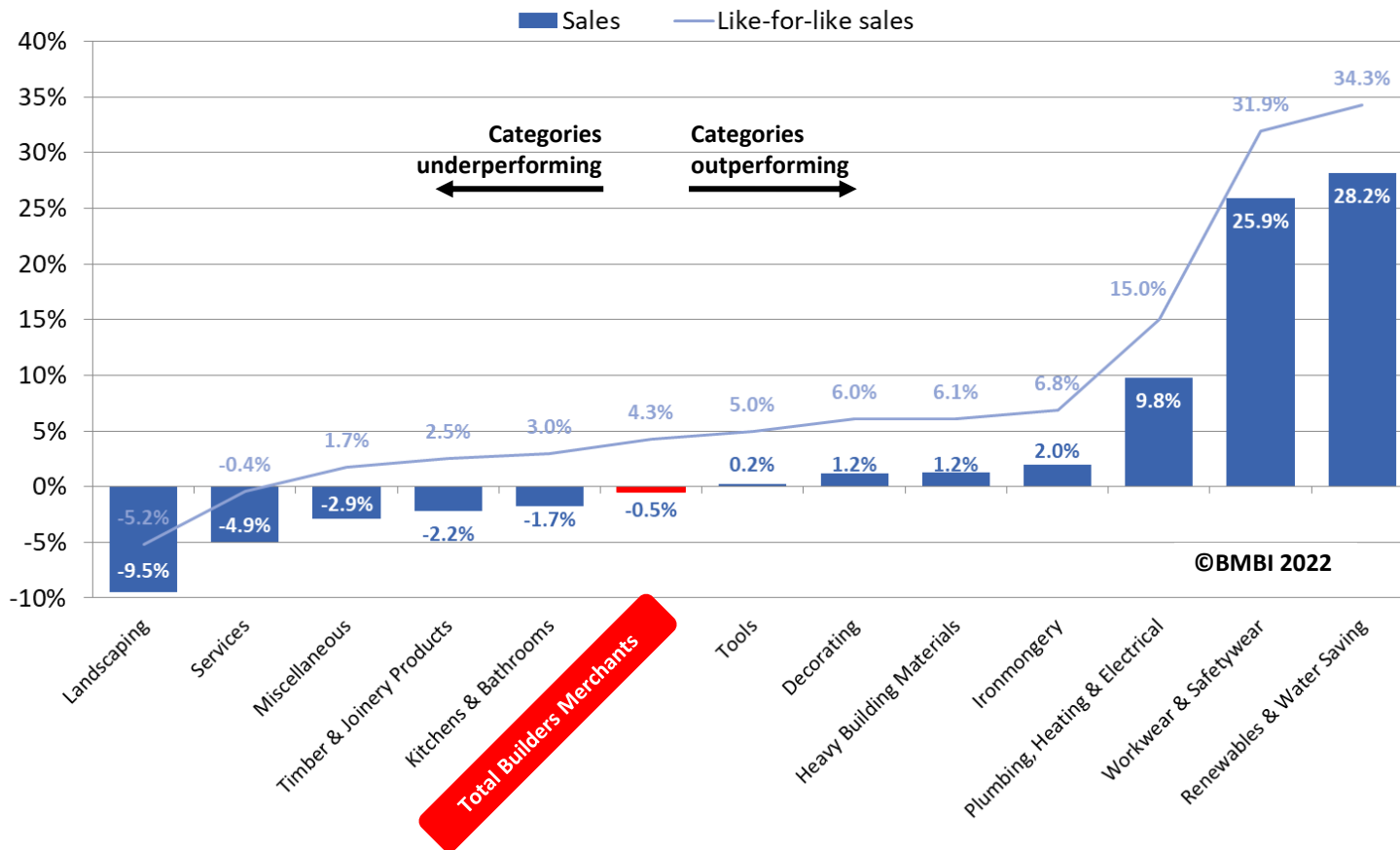
Monthly: This month v last month

September 2022 sales and like-for-like sales

21 trading days this month v 22 trading days last month. Like-for-like sales take trading day differences into account.



September 2022 v August 2022



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

Total Merchants sales were -0.5% lower in September 2022 than in August 2022. Seasonal category Landscaping (-9.5%) declined most.

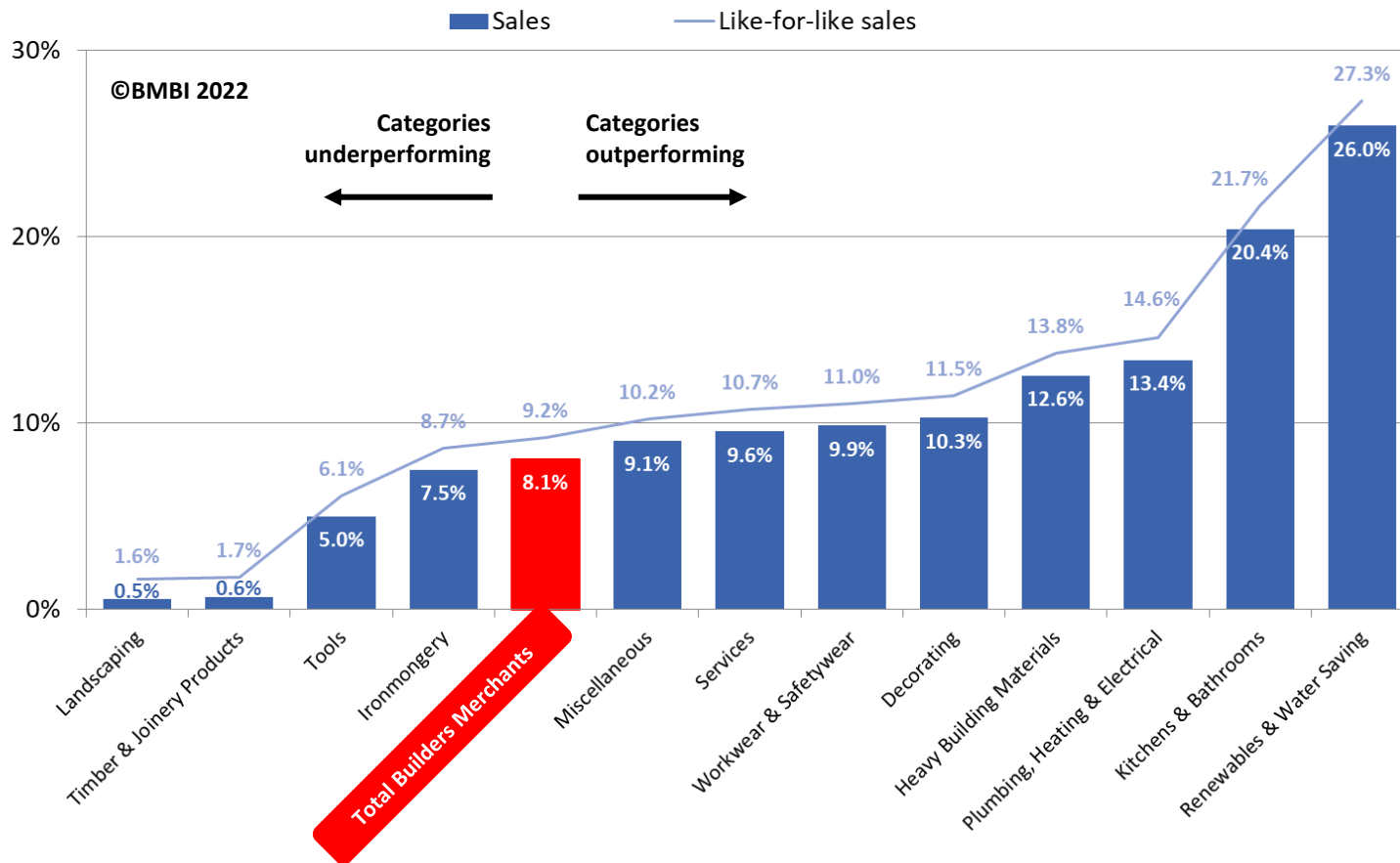
Year to date: v 2021

Last 9 months sales and like-for-like sales

187 trading days this year v 189 trading days last year. Like-for-like sales take trading day differences into account.



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



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

Total Merchants sales in January to September 2022 were +8.1% higher than in the same period a year earlier.

Renewables & Water Saving and Kitchens & Bathrooms did best.

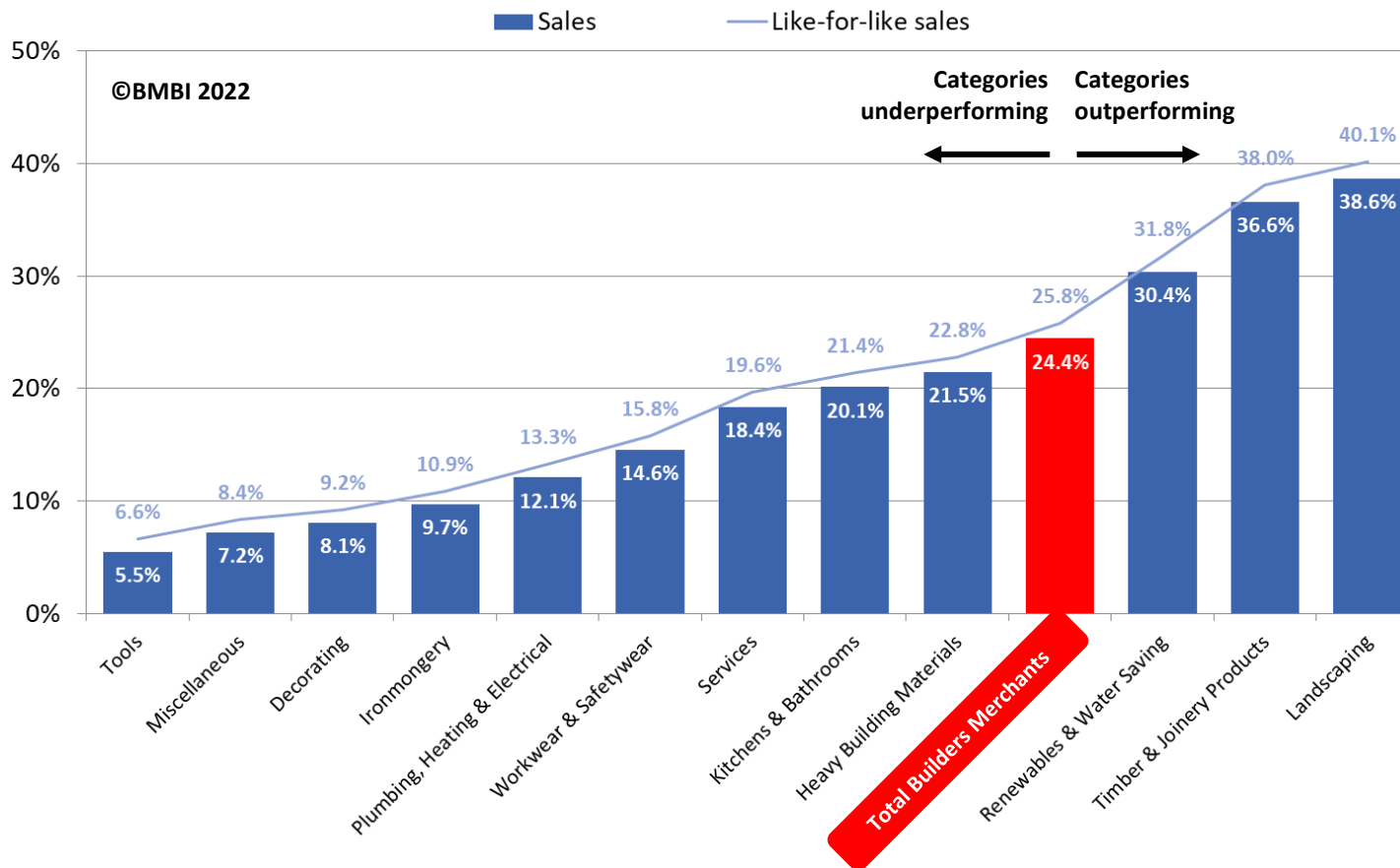
Year to date: v 2019

Last 9 months sales and like-for-like sales

187 trading days this year v 189 trading days three years ago. Like-for-like sales take trading day differences into account.



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



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

Total Merchants sales in January to September 2022 were +24.4% higher than in the same nine months in 2019.

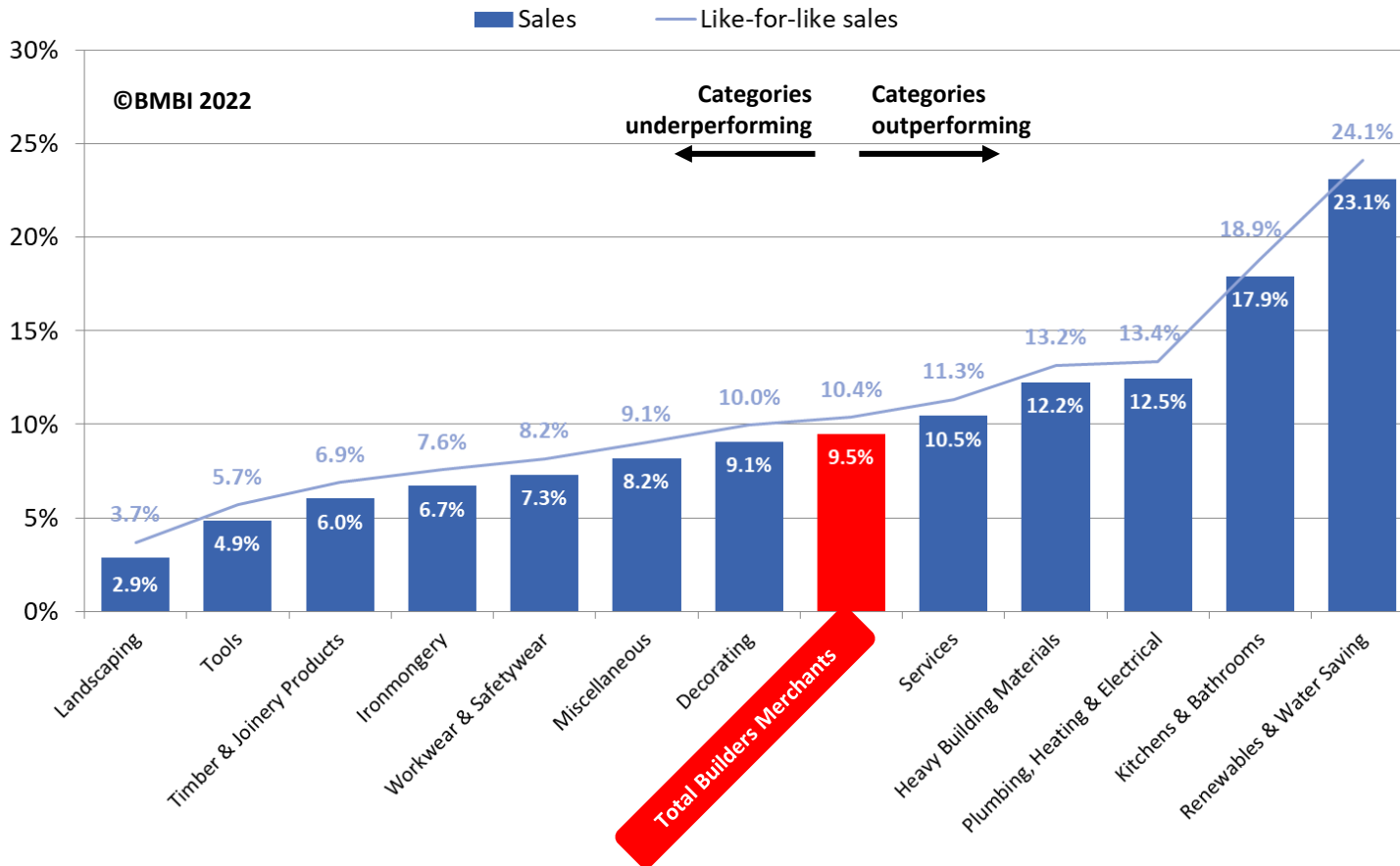
Last 12 Months: Year on Year

Sales and like-for-like sales

247 trading days in the most recent 12 months v 249 trading days in the previous 12 months. Like-for-like sales take trading day differences into account.



12 months Oct 21 to Sep 22 v 12 months Oct 20 to Sep 21



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

Total Merchants sales in October 2021 to September 2022 were +9.5% higher than in the same 12 months a year earlier.

Renewables & Water Saving (+23.1%) increased the most.

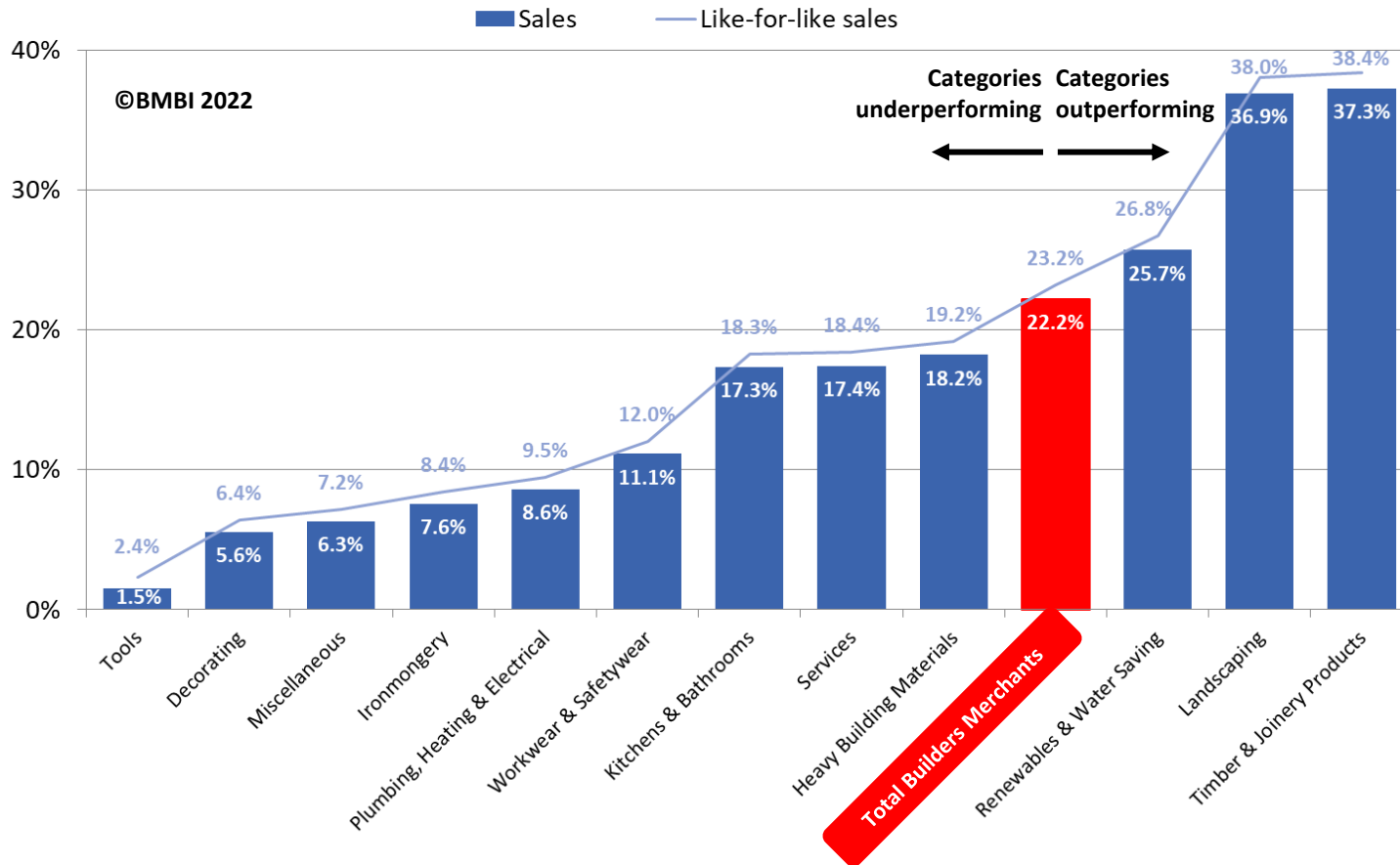
Last 12 Months: v 2019

Sales and like-for-like sales

247 trading days in the most recent 12 months v 249 trading days in earlier 12 month period. Like-for-like sales take trading day differences into account.



12 months Oct 21 to Sep 22 v 12 months Oct 18 to Sep 19



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

Total Merchants sales in October 2021 to September 2022 were +22.2% higher than in the 12-months October 2018 to September 2019.

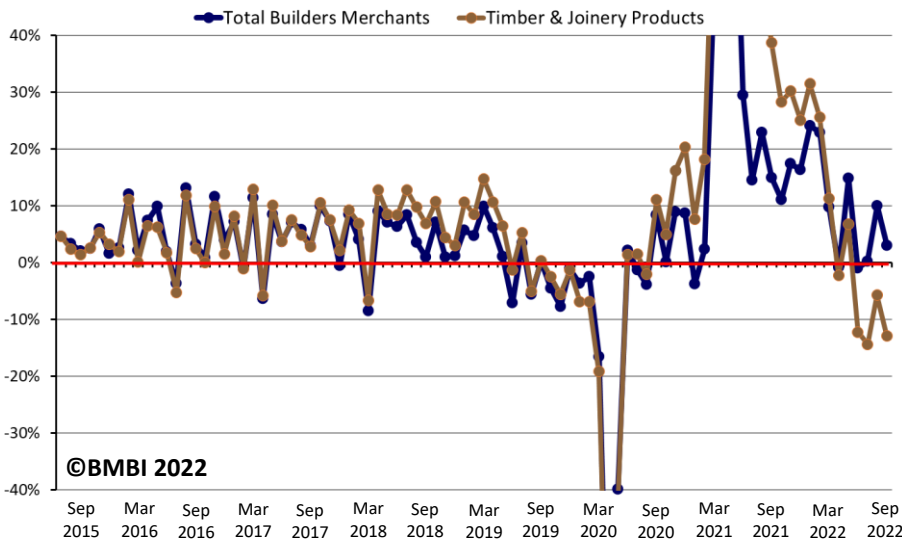
Timber & Joinery Products and Landscaping increased the most.

Monthly and Quarterly Year-on-year

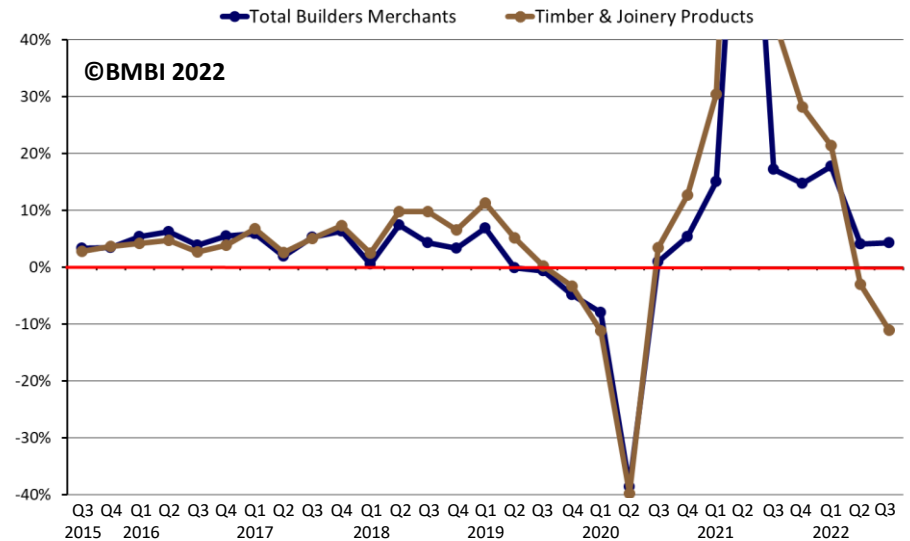
September 2022 and Q3 2022



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%

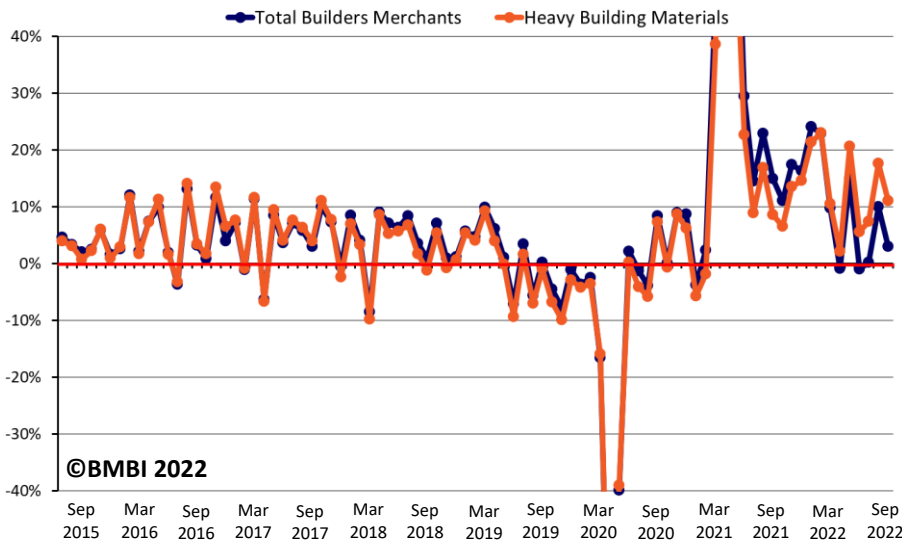
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to September 2022

Monthly and Quarterly Year-on-year

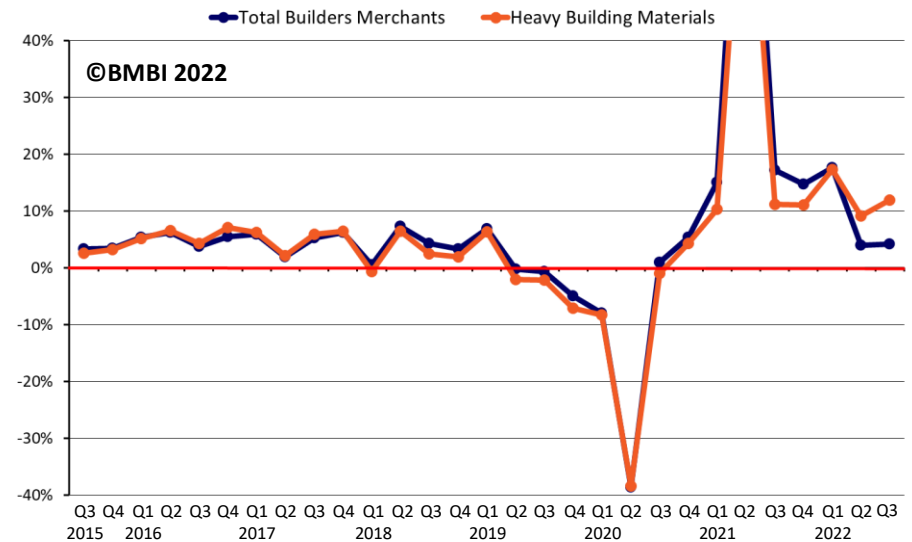
September 2022 and Q3 2022



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%

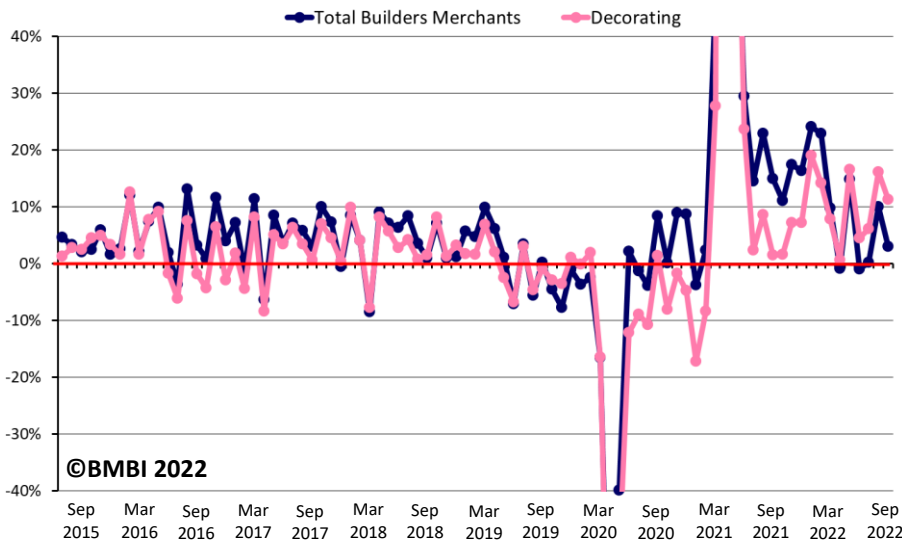

Source: GfK's
 Builders Merchants
 Total Category Report
 July 2015 to September 2022

Monthly and Quarterly Year-on-year

September 2022 and Q3 2022



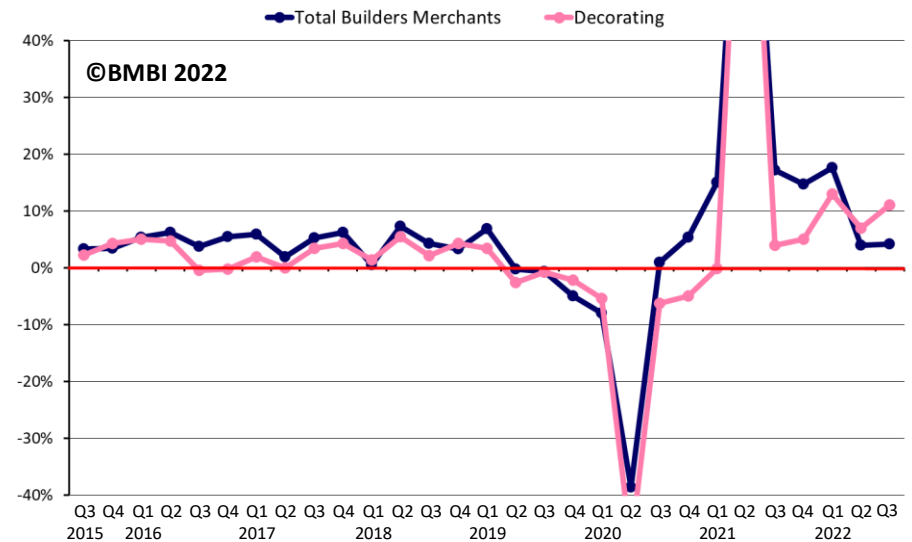
Decorating - Monthly



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%

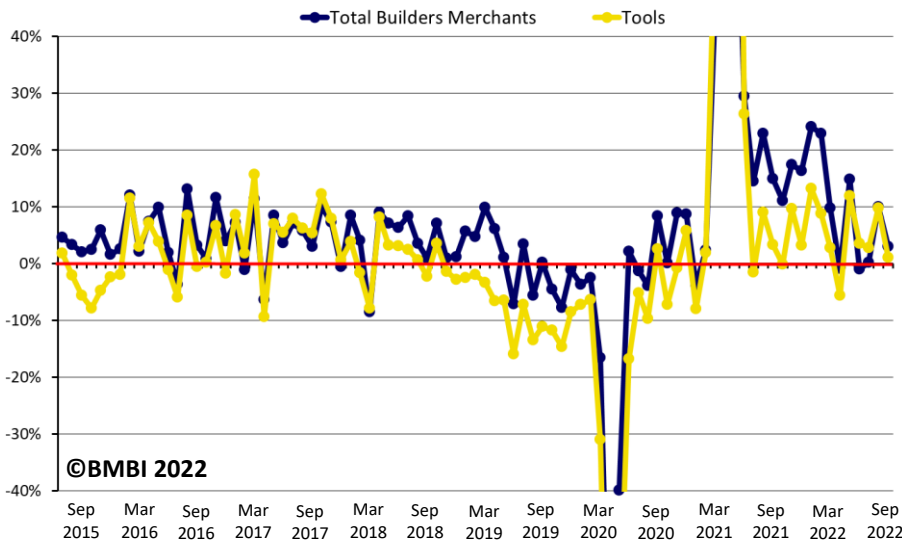
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to September 2022

Monthly and Quarterly Year-on-year

September 2022 and Q3 2022



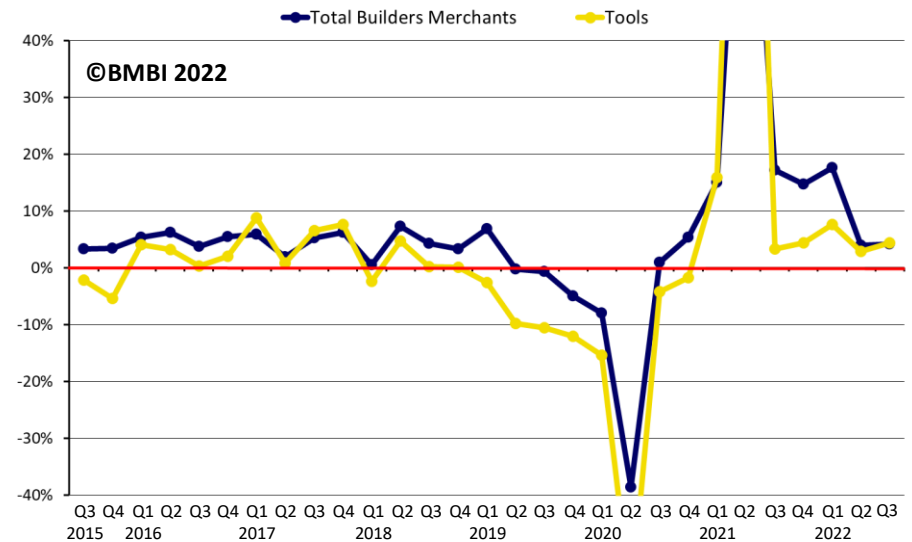
Tools - Monthly



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%

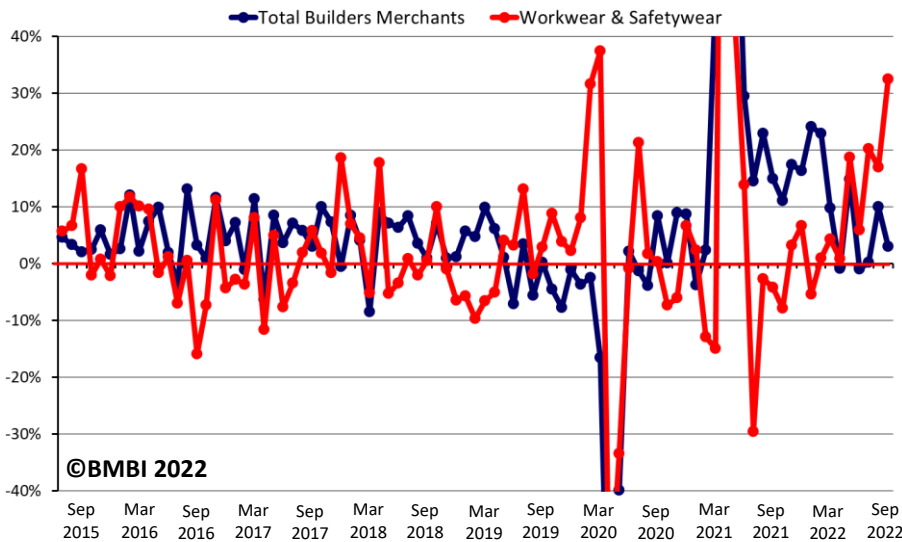
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to September 2022

Monthly and Quarterly Year-on-year

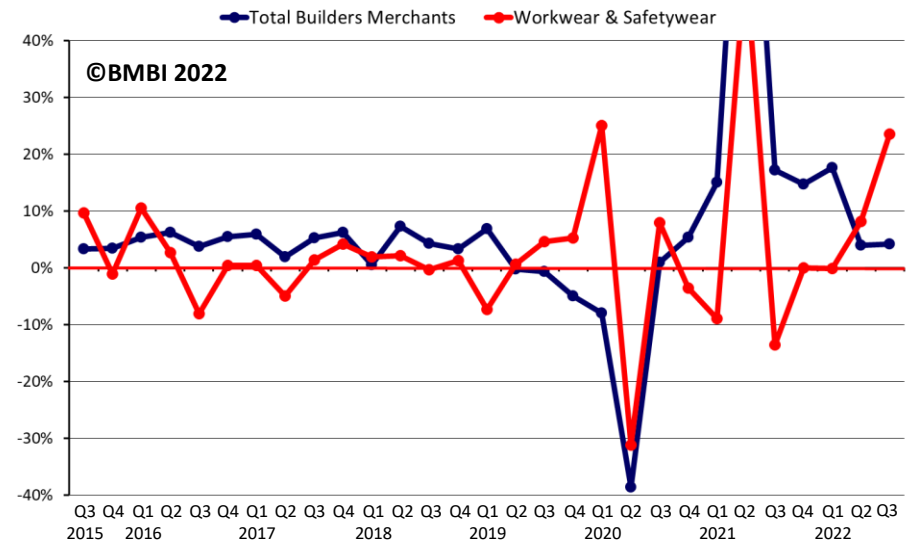
September 2022 and Q3 2022



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%

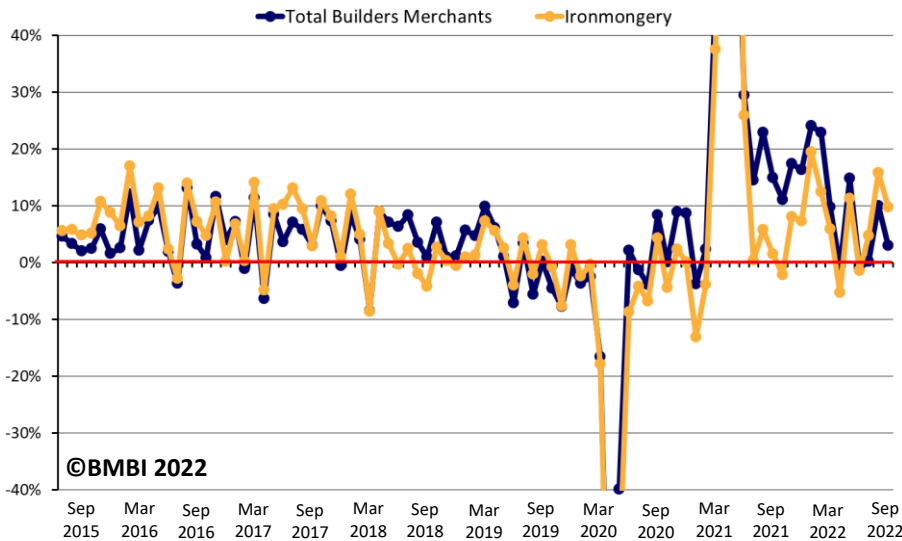
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to September 2022

Monthly and Quarterly Year-on-year

September 2022 and Q3 2022



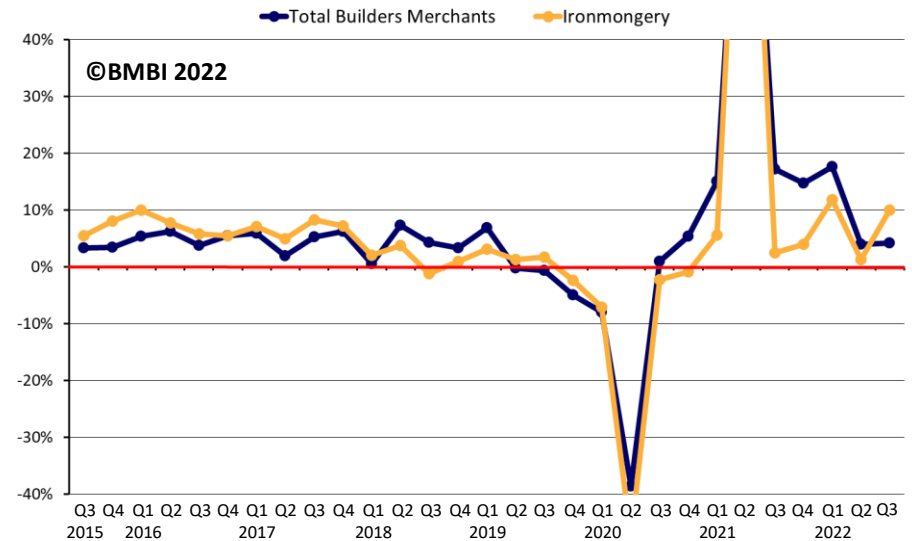
Ironmongery - Monthly



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%

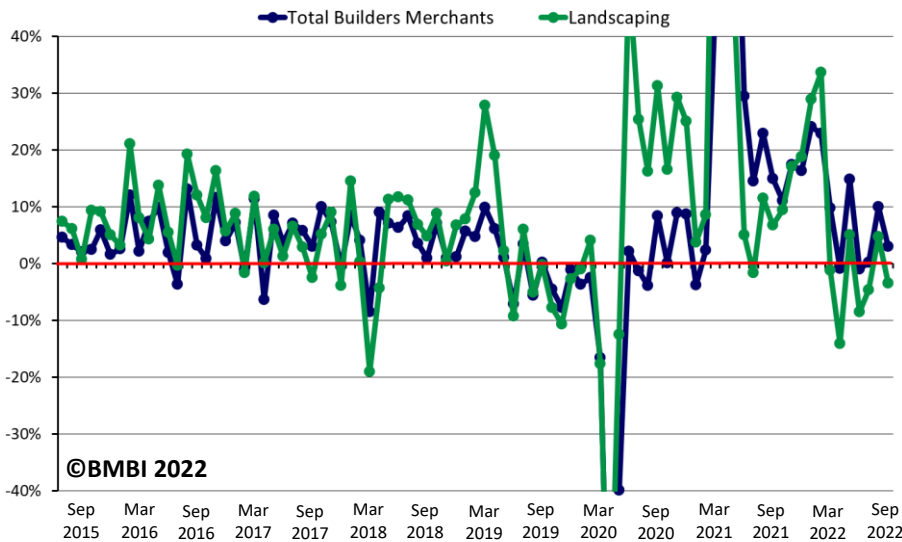
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to September 2022

Monthly and Quarterly Year-on-year

September 2022 and Q3 2022



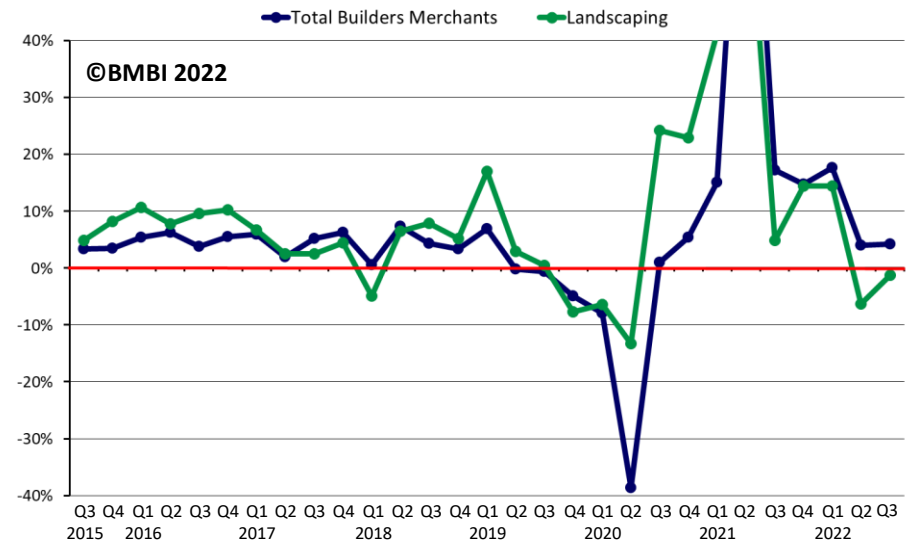
Landscaping - Monthly



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%

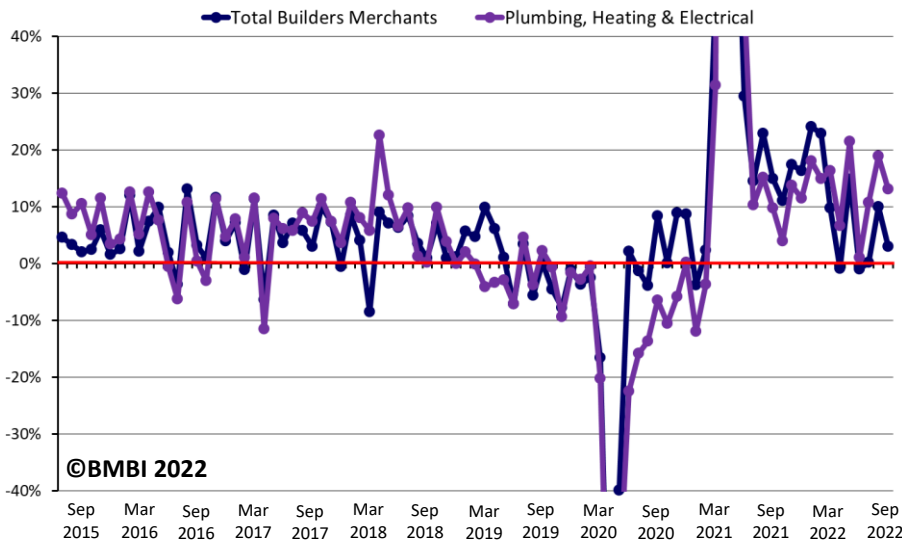
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to September 2022

Monthly and Quarterly Year-on-year

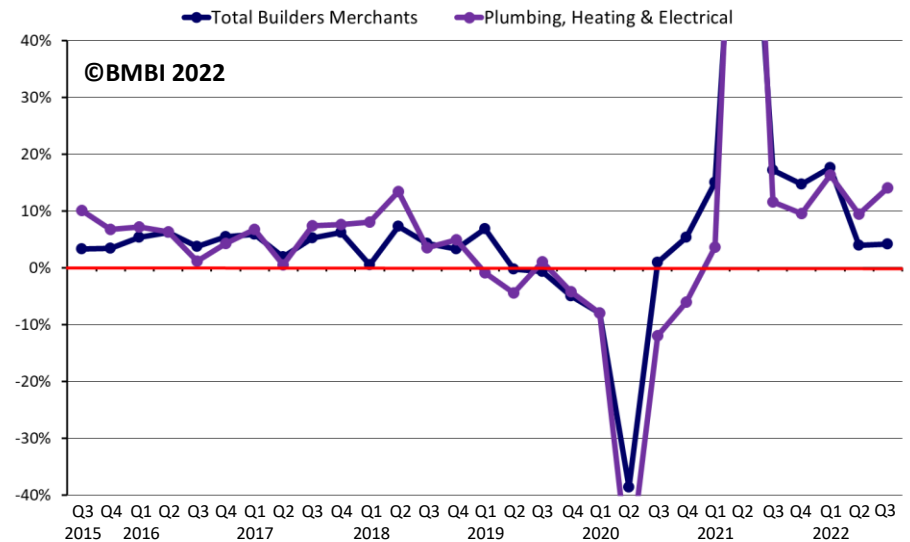
September 2022 and Q3 2022



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%

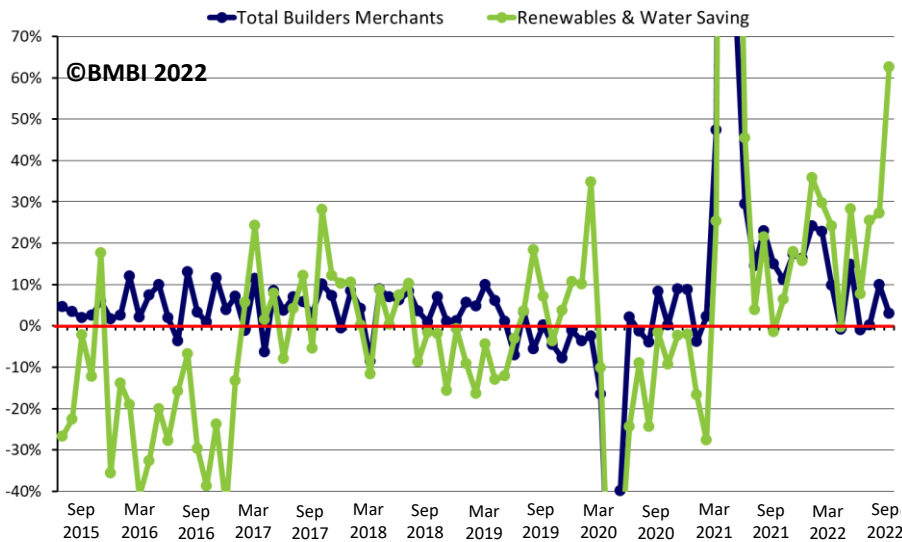
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to September 2022

Monthly and Quarterly Year-on-year

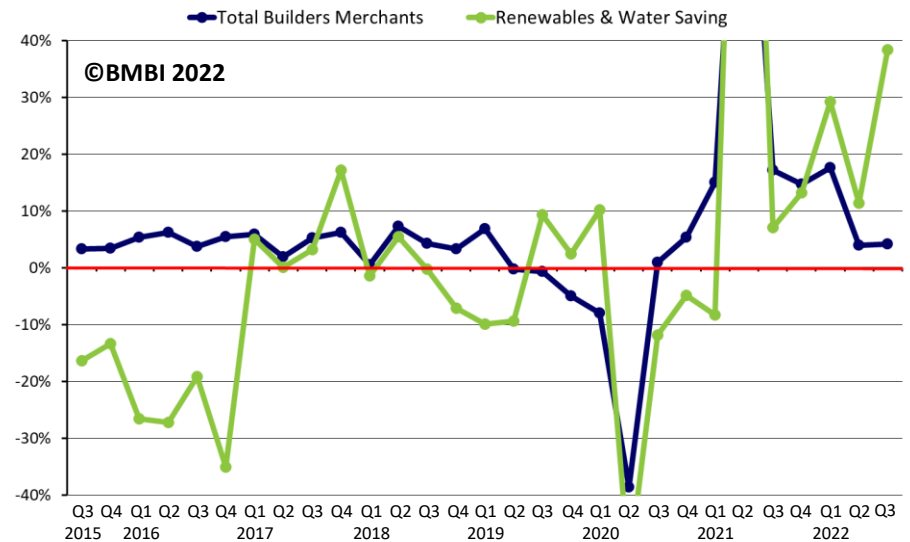
September 2022 and Q3 2022



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%

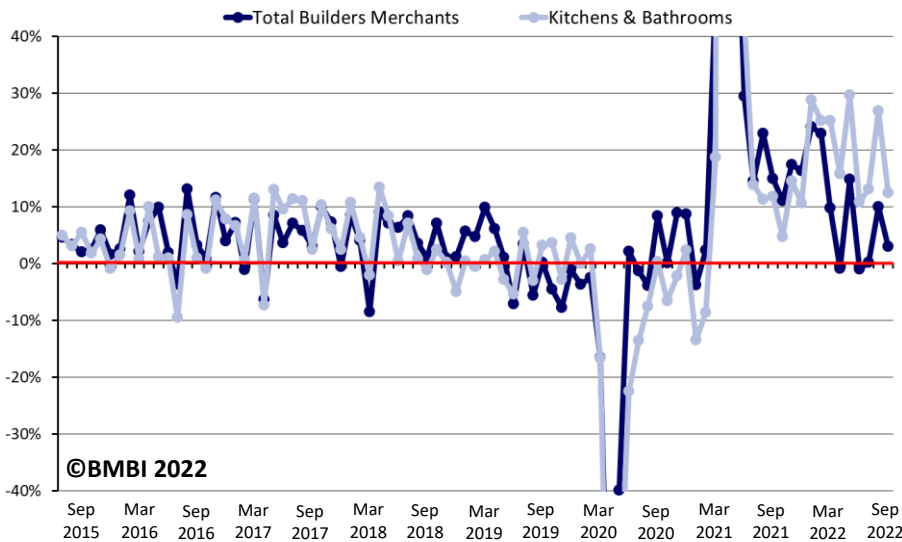
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to September 2022

Monthly and Quarterly Year-on-year

September 2022 and Q3 2022



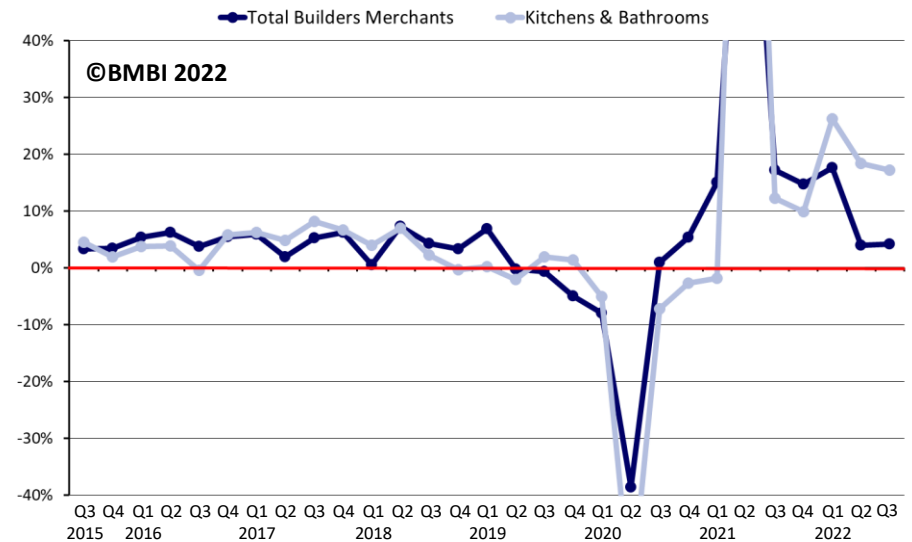
Kitchens & Bathrooms - Monthly



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%

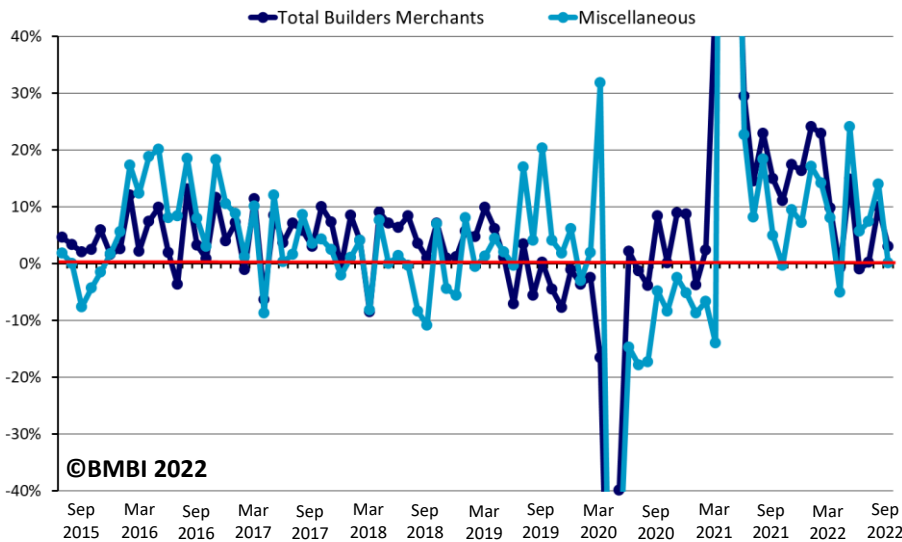
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to September 2022

Monthly and Quarterly Year-on-year

September 2022 and Q3 2022



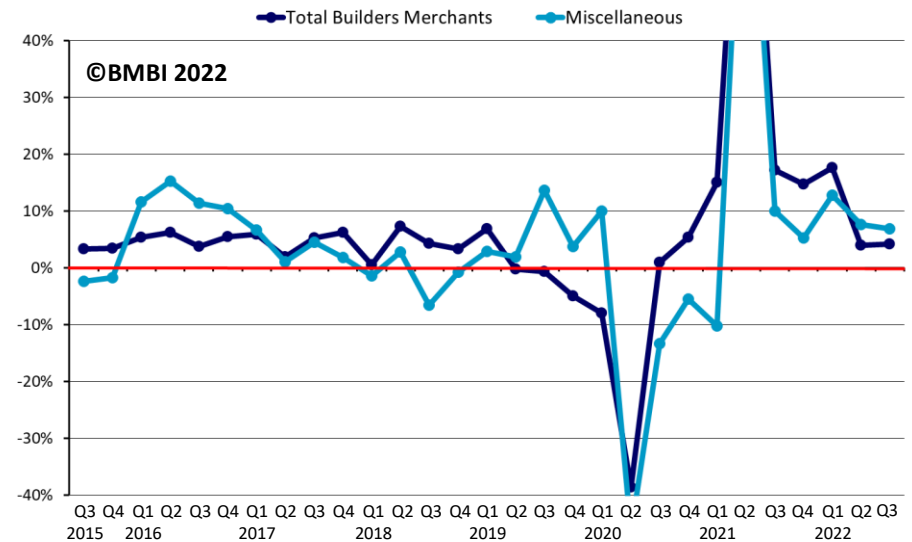
Miscellaneous - Monthly



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%

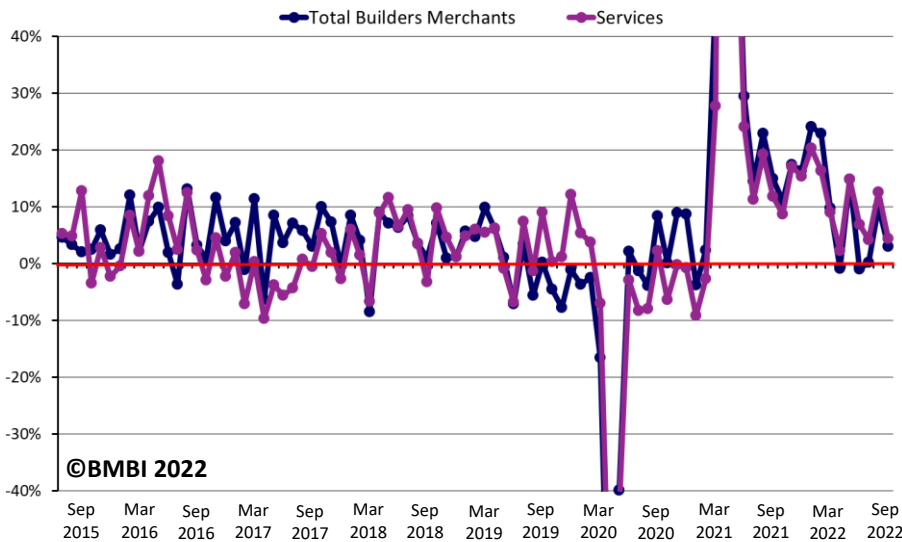
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to September 2022

Monthly and Quarterly Year-on-year

September 2022 and Q3 2022



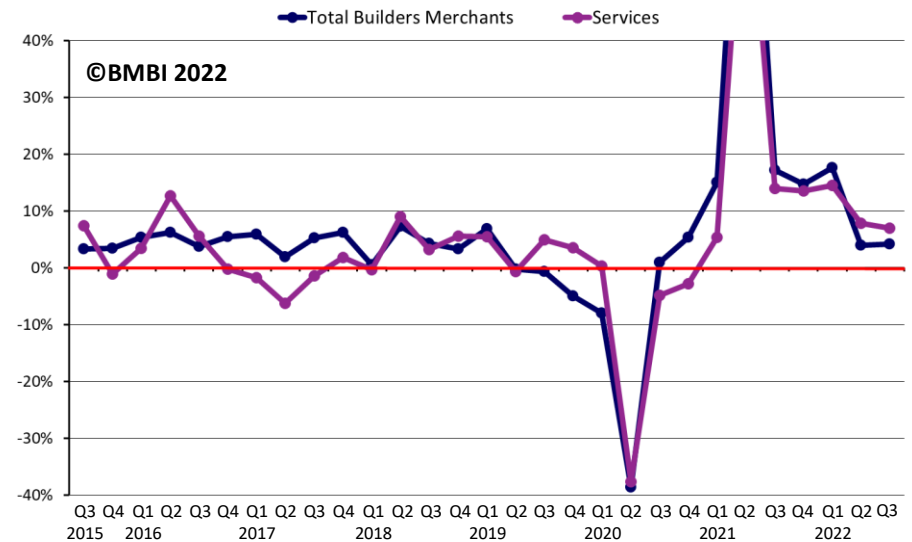
Services - Monthly



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 September 2022

Monthly: Index and Categories

September 2021* – September 2022

Indexed on July 2014 – June 2015



		2021				2022								
MONTHLY SALES VALUE INDEX	Index	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Total Builders Merchants	100	147.9	140.4	145.0	97.1	125.0	134.4	166.8	149.3	162.4	155.6	151.5	153.1	152.4
Timber & Joinery Products	100	193.3	181.0	182.1	119.0	157.8	161.8	195.6	172.3	185.0	175.2	171.0	172.2	168.5
Heavy Building Materials	100	136.2	130.8	135.6	89.6	116.5	125.4	156.2	140.4	155.1	150.8	147.0	149.4	151.3
Decorating	100	114.8	113.5	118.5	81.7	102.2	109.3	131.2	114.0	124.2	122.0	122.1	126.2	127.8
Tools	100	101.8	100.9	109.8	73.2	95.7	101.9	124.2	104.6	109.9	103.7	100.3	102.7	102.9
Workwear & Safetywear	100	106.5	115.4	130.8	93.8	115.7	112.4	123.3	104.9	113.7	118.5	111.5	112.0	141.0
Ironmongery	100	129.2	124.6	132.8	94.2	123.2	125.5	151.5	130.1	141.3	135.2	135.3	139.2	141.9
Landscaping	100	171.9	148.5	143.7	92.6	116.2	149.5	220.0	220.8	231.7	215.1	195.5	183.5	166.1
Plumbing, Heating & Electrical	100	126.7	131.0	143.3	107.2	131.4	138.3	159.4	127.1	137.3	125.1	125.9	130.5	143.3
Renewables & Water Saving	100	70.9	71.5	82.9	58.3	85.1	80.9	106.8	78.6	93.3	86.3	90.4	89.9	115.3
Kitchens & Bathrooms	100	131.2	124.9	140.6	96.8	121.6	134.5	151.1	131.5	144.6	138.7	143.1	150.1	147.5
Miscellaneous	100	128.4	120.4	130.2	92.3	128.0	122.4	141.7	119.9	137.9	127.1	130.6	132.4	128.6
Services	100	133.4	127.7	135.1	102.7	112.5	120.1	146.6	131.7	141.8	140.5	138.4	146.6	139.4

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

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

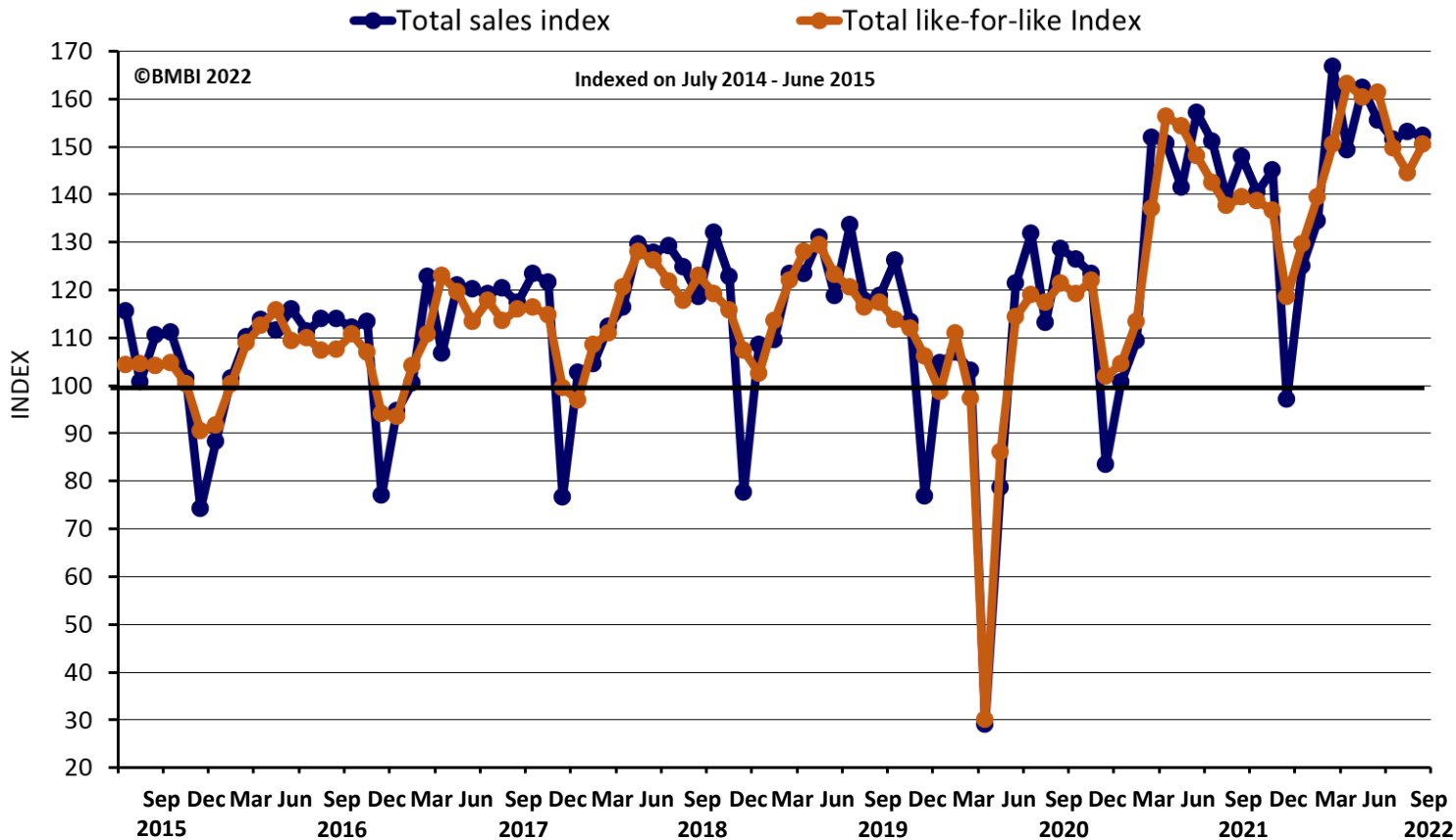
Monthly: Index

Sales and like-for-like sales index

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



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



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

September's overall
BMBI index was
152.4.

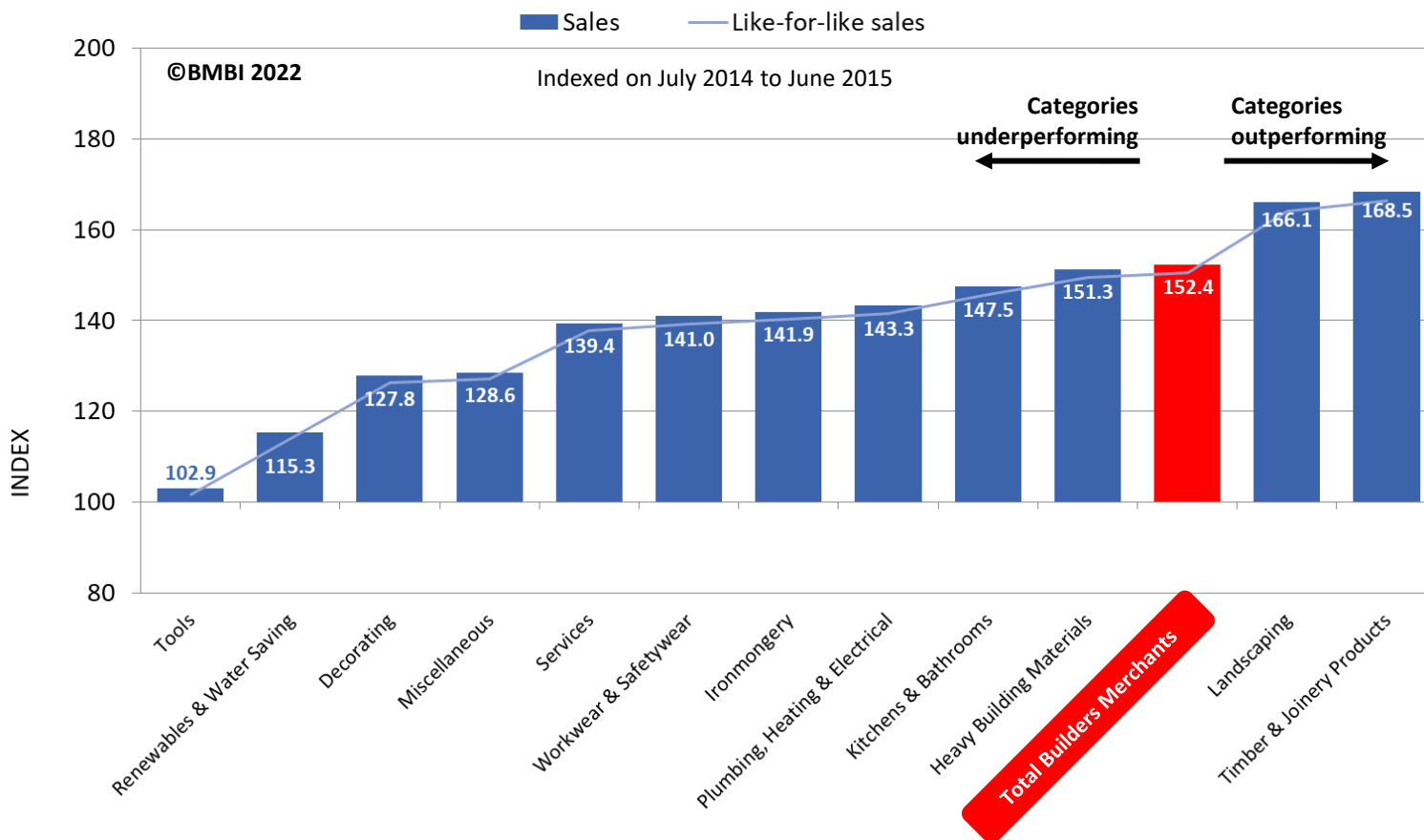
Monthly: Index and Categories

September 2022 sales and like-for-like sales index

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



September 2022 Index



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

Timber & Joinery Products and Landscaping outperformed other categories in September 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		
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Q1	Q2	Q3	Q4	H1	H2	249
20	20	23	20	19	22	22	21	22	21	22	17	63	61	65	60	124	125	
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	21	22	21				63	60	64		123		

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



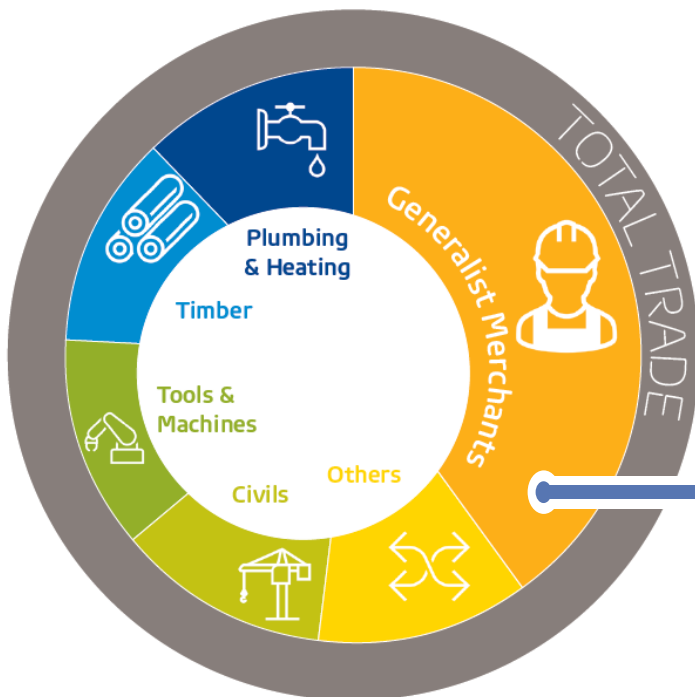
Generalist Builders Merchants definition:

- 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%.

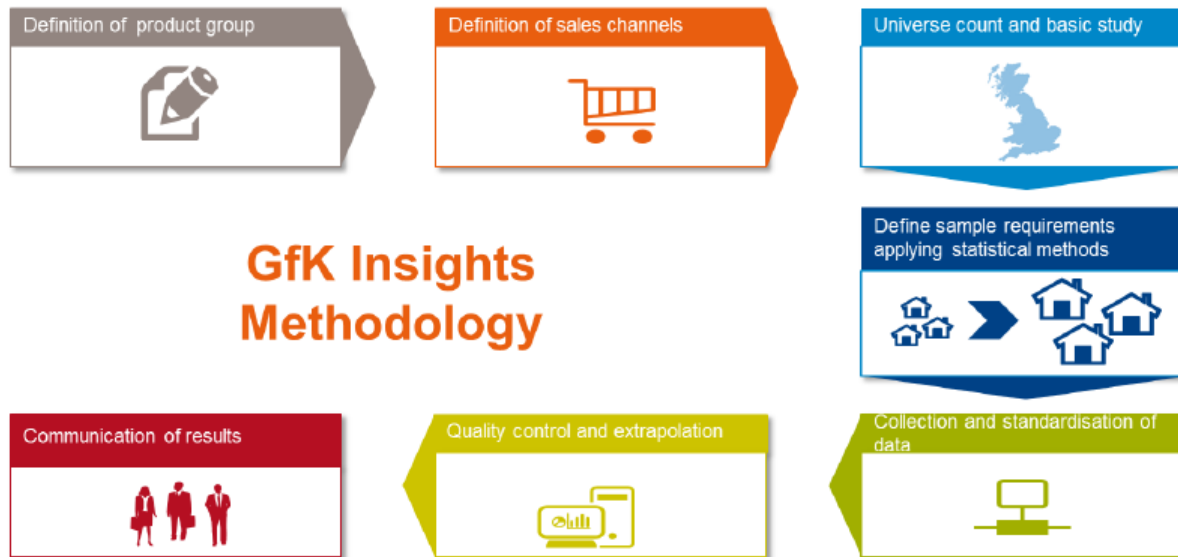
Examples include:



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

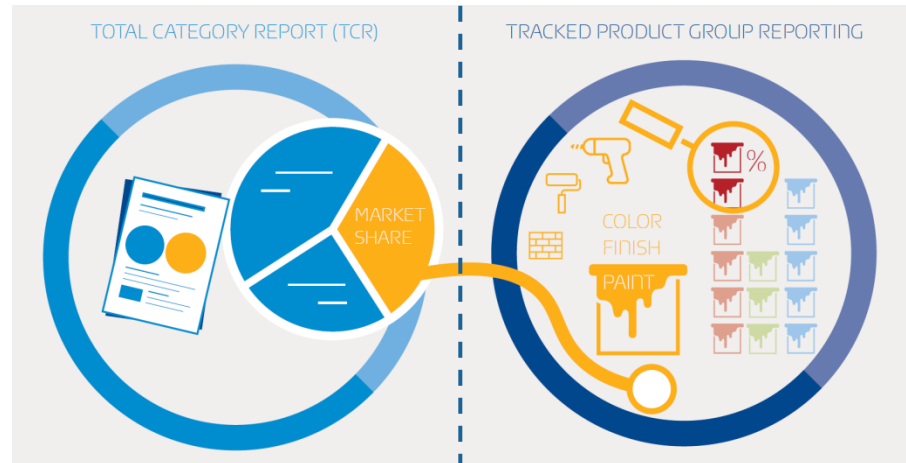
Bathroom (Including Showering)
Fitted Kitchens
Major Appliances

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 to increase Bank Rate by 0.5 percentage points, to 2.25%. Five members voted to raise Bank Rate by 0.5 percentage points, three members preferred to increase Bank Rate by 0.75 percentage points, to 2.5%, and one member preferred to increase Bank Rate by 0.25 percentage points, to 2%.



Source: Bank of England

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Macro factors impacting Merchants



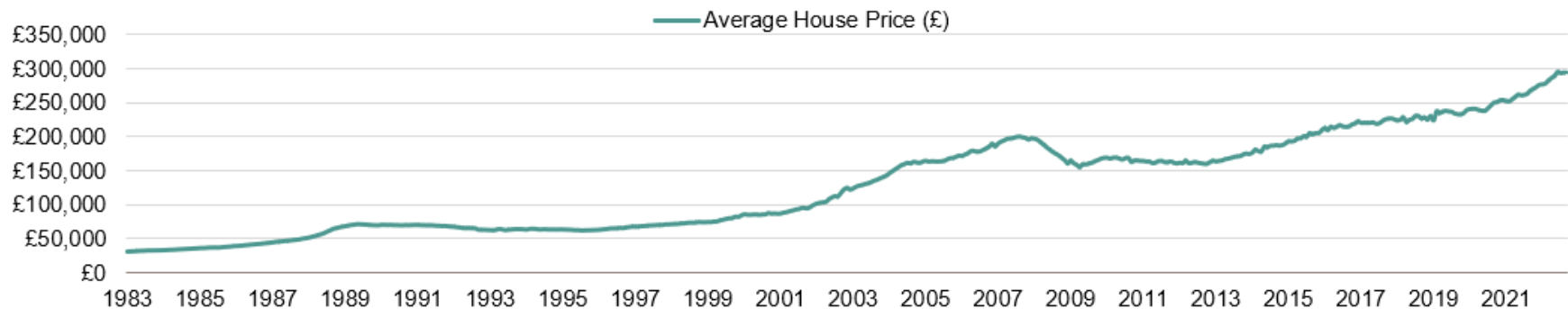
Standardised average house prices

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 average UK house price experienced a slight fall in September (-0.1%), the second marginal decrease over the past three months. The events of the last few weeks have led to greater economic uncertainty, however in reality house prices have been largely flat since June.

▪ At the end of September 2022, the average house price in the UK decreased to £293,835 from £293,992 in August 2022.

▪ House prices in September 2022 were 9.9% higher than in the same month a year earlier.



Source: Halifax House Price Index

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Macro factors impacting Merchants

Property transactions

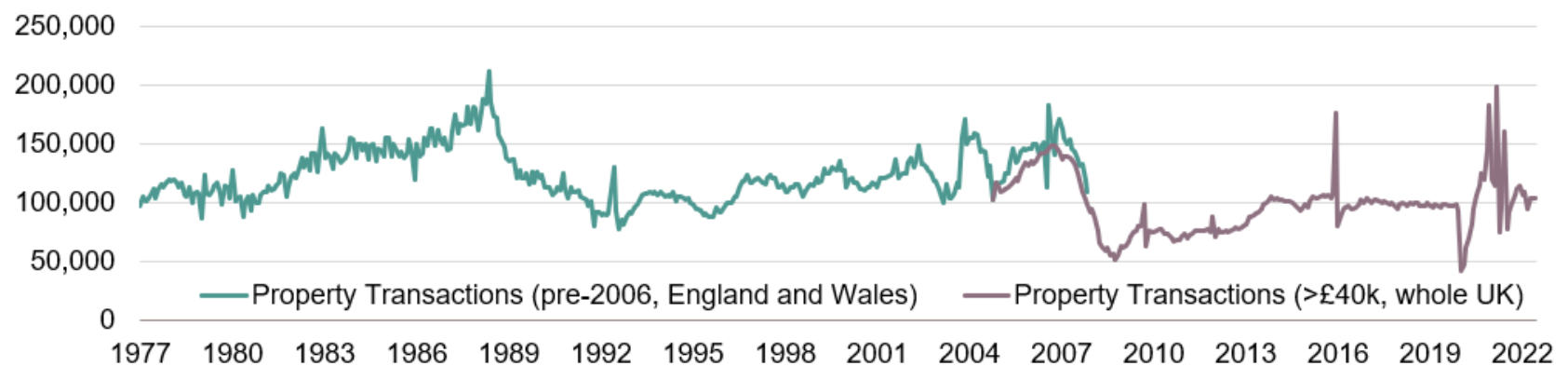
Monthly transactions, residential, seasonally adjusted



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 September 2022 was 103,930 residential and 9,630 non-residential transactions.
- The seasonally adjusted count of residential property transactions in September 2022 is 37% lower than September 2021 and 0% higher than August 2022.



Source: HM Revenue & Customs

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Macro factors impacting Merchants

Mortgage approvals and property transactions

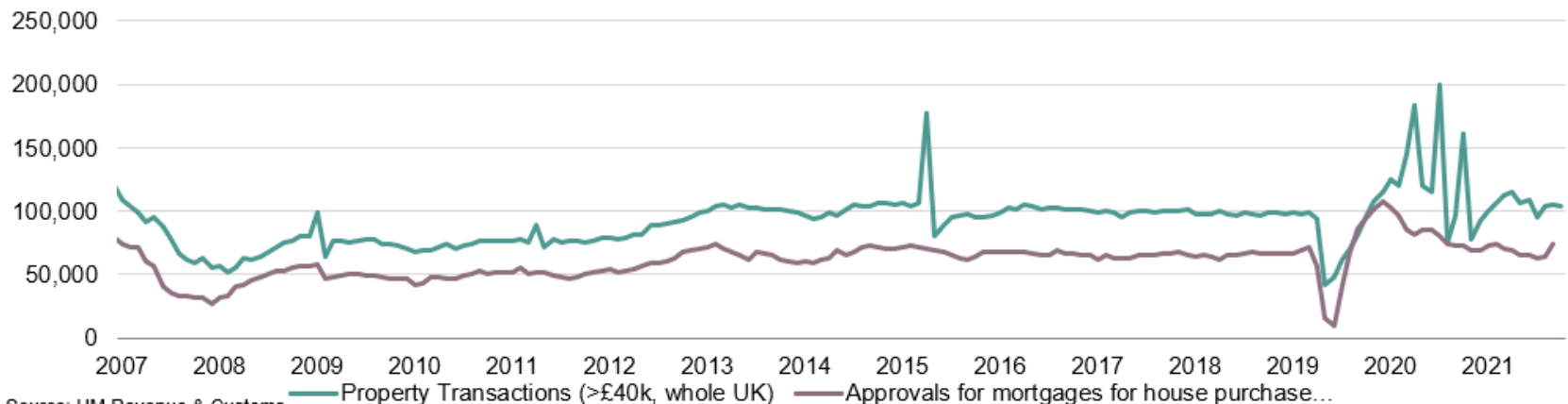
Monthly residential transactions and mortgage approvals (seasonally adjusted)



▪ 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 rose to 74,340 in August 2022 - this represents a 16.6% increase from July 2022.



Source: HM Revenue & Customs

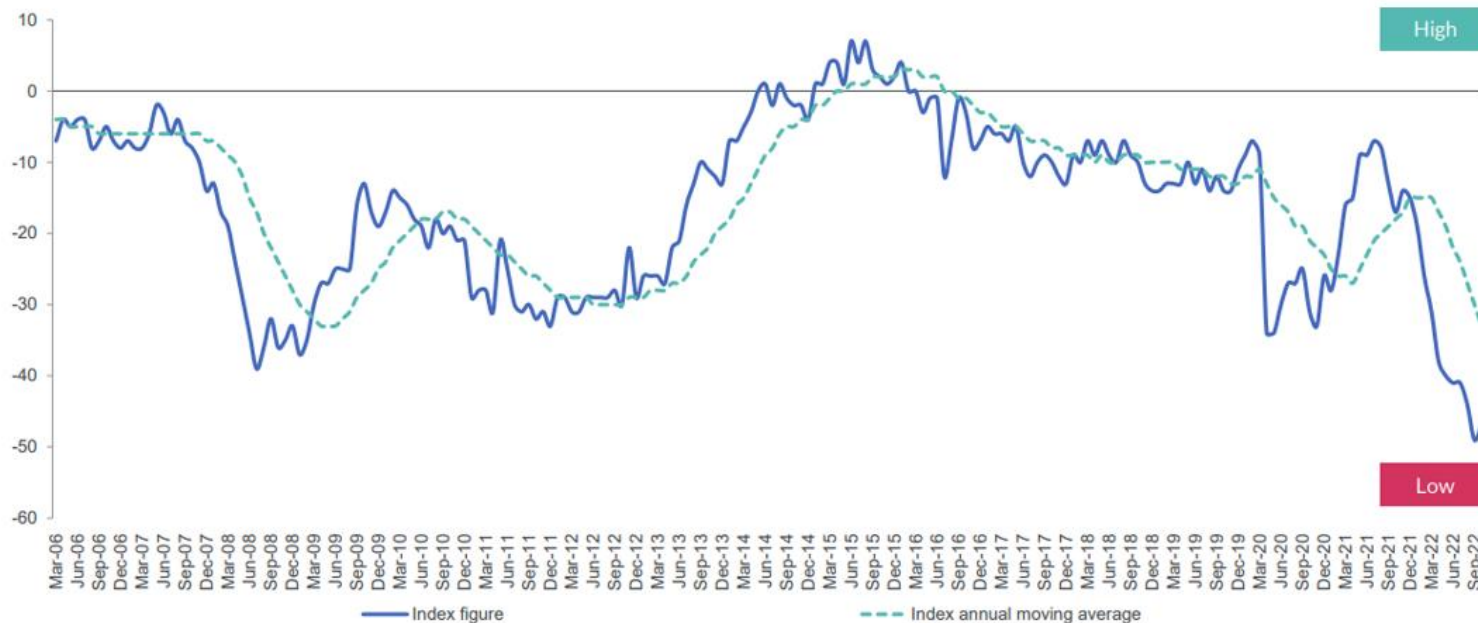
— Property Transactions (>£40k, whole UK) — Approvals for mortgages for house purchase...

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Macro factors impacting Merchants



Consumer Confidence Index – September 2022



Joe Staton, Client Strategy Director, GfK says: UK Consumer Confidence tumbled in September to a new low of -49, the worst Overall Index Score since records began in 1974. There have been new lows in four out of the last five months and all measures are once again severely depressed. Consumers are buckling under the pressure of the UK's growing cost-of-living crisis driven by rapidly rising food prices, domestic fuel bills and mortgage payments. They are asking themselves when and how the situation will improve.

“building **excellence**
in materials supply”



“building **excellence**
in materials supply”

BMF (Builders Merchant Federation) Forecast Report

BMF Forecast Report

Summer 2022 edition



Builders Merchants Industry Forecast Report

The twelfth edition of the BMF's Builders Merchants Industry Forecast, covering Summer 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 Summer 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



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