

“building **excellence**
in materials supply”

Builders Merchant Building Index



Quarter 1 2023

(Published 23 May 2023)

Highlights

“The start to 2023 has been less negative than anticipated.” Emile van der Ryst, Senior Client Insight Manager - Trade, GfK. Read Emile’s full comment on pages 6-7.

BMBI Report

Q1 2023 Highlights

(unadjusted for trading days)

www.bmbi.co.uk

+5.8%

+2.3%



Q1 2023 total
sales down -2.3%
on Q1 2022



Q1 2023 total
sales up +5.8%
on Q4 2022



Mar 2023 total
sales down -6.7%
on Mar 2022



Moving annual total sales up
+2.3%
on Apr 2021 - Mar 2022

“ Q1 2023 sales were down -2.3%, but volume was down -16.4% with +16.9% price inflation. ”

-2.3%

-6.7%

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Introduction:

Builders Merchant Building Index



This **Builders Merchant Building Index (BMBI)** report contains data from GfK's ground-breaking Builders Merchants Panel, which analyses data from over 80% of generalist builders' merchants' sales throughout Great Britain. GfK's Builders Merchant Point of Sale Tracking Data sets a gold standard in reliable market trends. Unlike data from sources based on relatively small samples or estimates, or sales from suppliers to the supply chain, this up-to-date data is based on actual sales from merchants to builders and other trades. It's therefore a very good proxy for housing RMI.

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

Executive Summary

Short of time and just want to read the headlines? Download an Executive Summary that provides a snapshot on value sales and trends from Britain's Builders' Merchants for Quarter 1 and March 2023 [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 17 to 29 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 and Trade** 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 - 1

Emile van der Ryst,

Senior Client Insight Manager - Trade, GfK



The start to 2023 has been less negative than anticipated. In 2020 we thought we saw the end of the Brexit fallout, only to be shocked by Covid. The beginning of 2021 gave us the impression that we had Covid under control, only for economic and inflationary shocks to start kicking in. Fast forward to 2022 and Europe was caught off guard by the Russian invasion and energy price fallout.

This year started with healthy doses of pessimism in the UK, mostly due to inflation and recession fears, but the IMF upgraded its forecasts while the ONS indicated that the UK had narrowly avoided a recession at the end of 2022.

Construction unfortunately has a bleaker outlook, with numerous indicators that the activity pipeline is starting to dry up. Q1 BMBI data seems to back this up, with value down by -2.3% against 2022 Q1. Pricing continues to drive growth, up by 16.9%, while volume was down by -16.4%. GfK only tracks transactions on a macro level, making it impossible to determine the contribution of inflation to this, but there's a safe assumption that this played a major role in the price growth mentioned above.

On a lower level most categories saw some form of value increase from 2022 Q1. Heavy Building Materials was up 3.3%, while all Lightside categories grew and had their best performing quarter on record. Renewables & Water Management was up by 42.3%, Plumbing, Heating & Electrical up by 12.8%, while Decorating and Workwear & Safetywear both saw double digit growth. Price growth was again the key driver, with only Kitchens & Bathrooms seeing the largest volume turnover on record.

The overall decline was influenced by Timber & Joinery and Landscaping, down by -15.3% and -18.3% respectively. Timber & Joinery was influenced by continuing price declines for Timber and Sheet Materials, while Landscaping saw the same when it came to Fencing & Gates.

For Q2 the outlook will likely remain negative, as per the Construction Products Association (CPA) Spring forecast. How long this difficult season will continue is anyone's guess, with the drop in inflation and the return to reasonable growth across the overall UK economy as the first checkpoint ahead.

The start to 2023 has been less negative than anticipated.

...how long this difficult season will continue is anyone's guess, with the drop in inflation and the return to reasonable growth across the overall UK economy as the first checkpoint ahead.

Overview continues on the next page...

Overview and Insights - 2

Emile van der Ryst,

Senior Client Insight Manager - Trade, GfK



... continued from the previous page:

“Currently the price growth shown in the BMBI is higher than the inflationary figures quoted by some of the leading merchants in the market. It is however important to note that GfK tracks price growth and not inflation, with price growth being a combination of shifts in category / product mix, as well as inflation.

The higher price growth is therefore a reflection of the stronger volume performance of some of the higher priced categories in the sector, such as Drainage / Civils / Guttering, Plaster, Plasterboard and Insulation. Timber and Sheet Materials continue to contribute to this as well through volume performance, even though the pricing of both continue to decline.

This forms part of the unusual trends GfK anticipate seeing throughout 2023, going into 2024. Where needed, further context, such as the above, will be provided.”

Currently the price growth shown in the BMBI is higher than the inflationary figures quoted by some of the leading merchants in the market.

Merchants' View

John Newcomb, CEO BMF



While the construction sector has clearly slowed over the past 12 months, the figures for Q1 2023 are better than many predicted at the end of last year.

The Office of National Statistics (ONS) reports quarterly construction output increased by +0.7% in Q1 2023, compared with the final quarter of 2022. This increase in output came solely from a rise in repair and maintenance (+4.9%) as new work decreased by -1.9%.

However, the ONS found total construction new orders decreased by -12.4% in Q1 2023 compared with Q4 2022. This was largely due to falls in private commercial and private new housing orders, which fell -22.3% and -18.4% respectively.

Quarterly figures from the National House Building Council (NHBC) confirm the slowdown in housebuilding. The number of new home completions fell by -7% in Q1 2023 compared to Q1 2022.

Furthermore, with mortgage interest rates continuing to rise and the end of the Help to Buy scheme, the NHBC's report of a -40% fall in new home registrations in the first quarter came as no surprise.

The most significant fall in new home registrations occurred in the private sector, with new home registrations down by -49% in Q1 2023 compared to Q1 2022. The rental and affordable sector fell by -11% in the same period.

RMI is proving the mainstay for SME workloads. The Federation of Master Builders' (FMB) State of Trade Survey found an overall recovery in both workload and enquiry levels for RMI work in Q1 2023, with +14% of members seeing an increase over Q4 2022. Those involved in RMI work are faring better than those undertaking house building, for whom Q1 workload fell by -4%. This was, however, an improvement on Q4 2022, when workload in this area was down by -18%.

Finally, the FMB has started recording the type of work its members are doing in the RMI sector and it is interesting to note that 20% are working on energy efficiency improvements. Looking ahead, we understand that housebuilders are focusing on securing robust supply chain solutions for heat pumps and other energy efficiency measures to meet the new Future Homes Standard. How will these changes affect the market?

...20% (of FMB members) are working on energy efficiency improvements.

Looking ahead, we understand that housebuilders are focusing on securing robust supply chain solutions for heat pumps and other energy efficiency measures to meet the new Future Homes Standard.

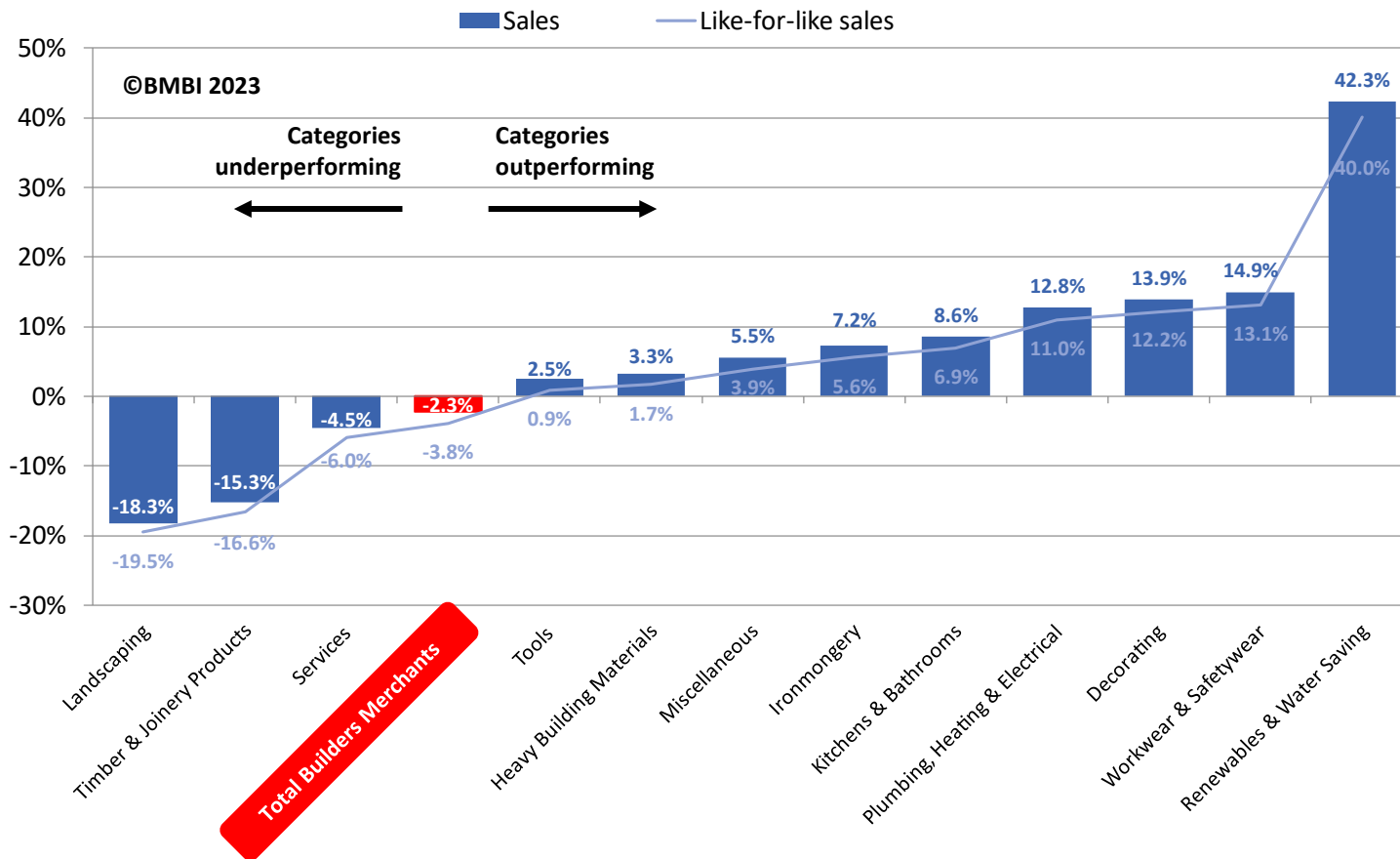
Quarterly: This Year v Last Year

Q1 2023 sales and like-for-like sales

64 trading days this year v 63 trading days last year. Like-for-like sales take trading day differences into account.



Quarter 1 2023 v Quarter 1 2022



Source: GfK's Builders Merchants Total Category Report July 2015 to March 2023

Total sales in Quarter 1 were down -2.3% on the same period last year. Volume sales were -16.4% down with price up +16.9%.

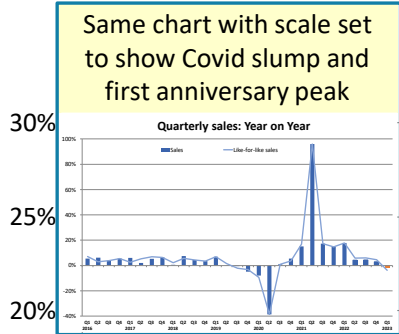
Quarterly sales: Year-on-year

Sales and Like-for-like sales

64 trading days this year v 63 trading days last year. Like-for-like sales take trading day differences into account.

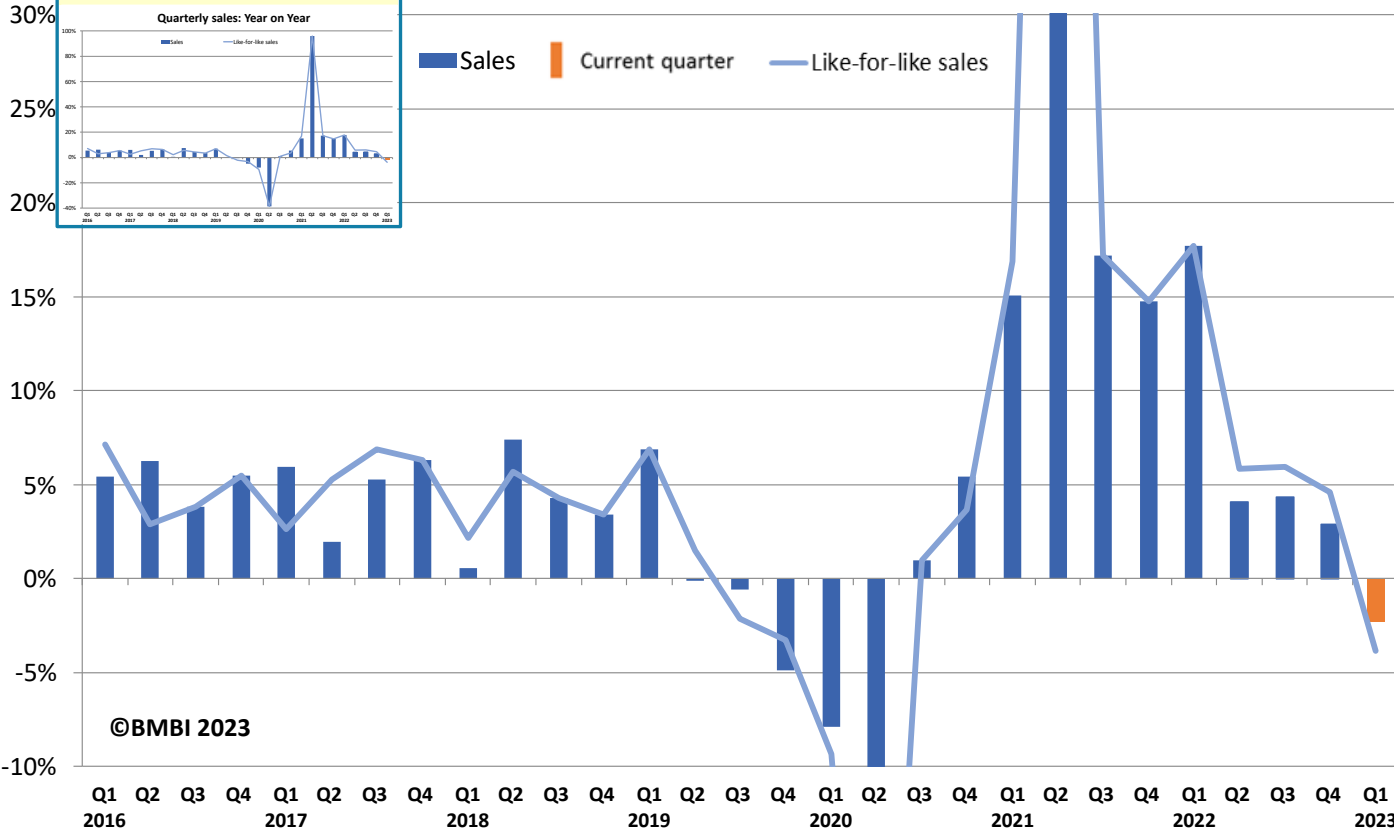


Same chart with scale set to show Covid slump and first anniversary peak



Quarterly sales: Year on Year

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



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

Source: GfK's Builders Merchants Total Category Report July 2015 to March 2023

Like-for-like sales were -3.8% lower in Quarter 1 2023 than in Quarter 1 2022.

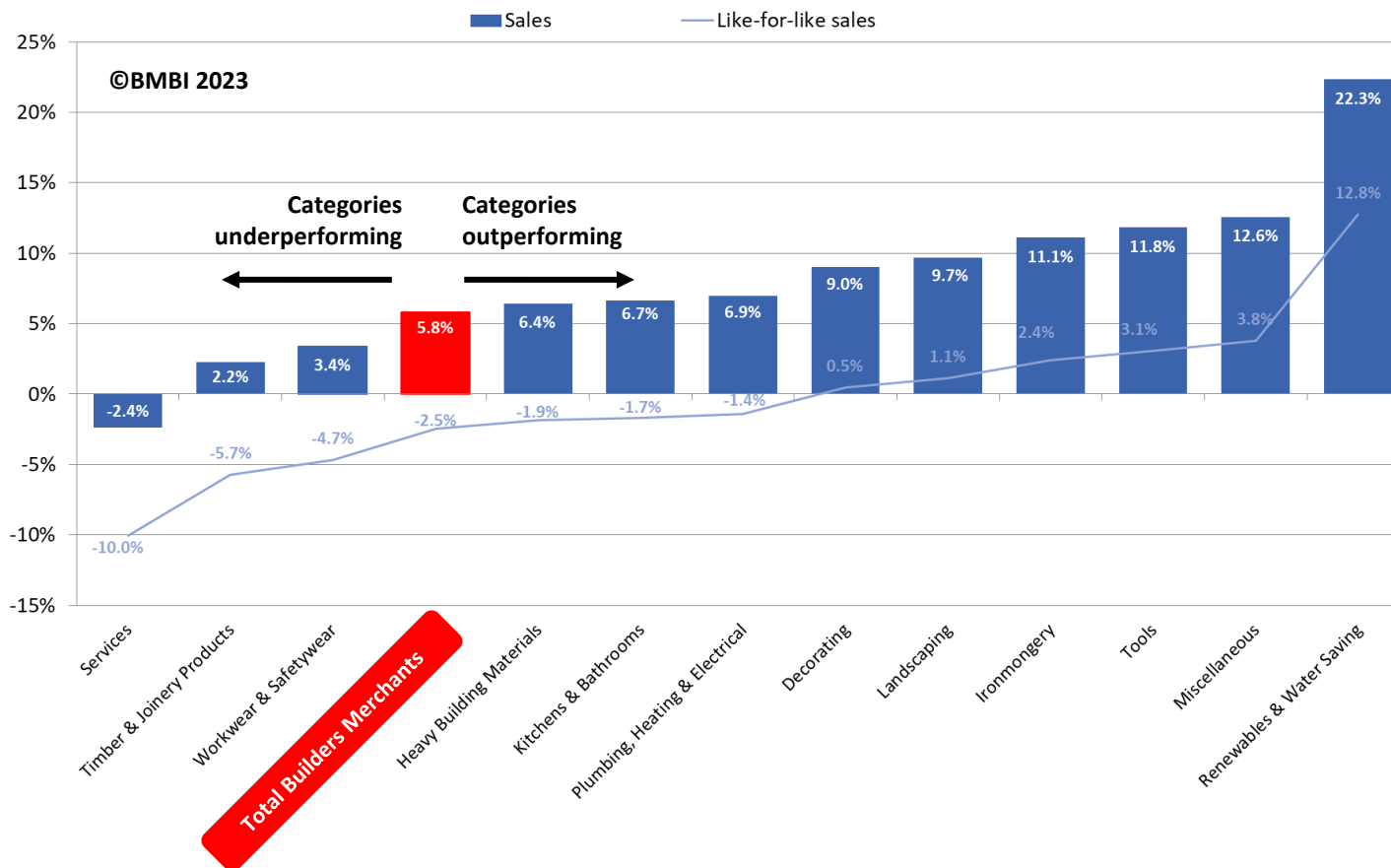
Quarterly: Quarter on Quarter

Q1 2023 sales and like-for-like sales

64 trading days this quarter v 59 trading days last quarter. Like-for-like sales take trading day differences into account.



Quarter 1 2023 v Quarter 4 2022



Source: GfK's Builders Merchants Total Category Report July 2015 to March 2023

Total sales in the latest three months were +5.8% higher than in the previous three months.

Renewables & Water Saving (+22.3%) grew most.

Quarterly: Index and Categories

Quarter 1 2021* to Quarter 1 2023

Indexed on July 2014 to June 2015



QUARTERLY SALES VALUE INDEX	Index	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Total Builders Merchants	100	120.7	149.7	146.1	127.5	142.1	155.8	152.3	131.2	138.8
Timber & Joinery Products	100	141.5	183.0	191.9	160.7	171.7	177.5	170.6	142.3	145.5
Heavy Building Materials	100	113.1	136.3	133.3	118.7	132.7	148.8	149.2	128.8	137.1
Decorating	100	101.1	112.2	112.9	104.6	114.2	120.1	125.4	120.0	130.8
Tools	100	99.6	103.0	97.6	94.6	107.3	106.1	102.0	97.6	109.1
Workwear & Safetywear	100	117.3	103.9	98.3	113.3	117.1	112.4	121.5	130.1	134.5
Ironmongery	100	119.3	133.8	126.2	117.2	133.4	135.5	138.8	128.5	142.8
Landscaping	100	141.5	237.5	184.0	128.3	161.9	222.5	181.7	120.6	132.3
Plumbing, Heating & Electrical	100	122.9	118.6	116.7	127.2	143.0	129.8	133.2	150.9	161.3
Renewables & Water Saving	100	70.3	77.2	71.2	70.9	90.9	86.0	98.5	104.8	128.2
Kitchens & Bathrooms	100	107.5	116.7	125.3	120.8	135.7	138.3	146.9	138.2	147.4
Miscellaneous	100	115.9	119.2	122.1	114.3	130.7	128.3	130.5	119.3	134.2
Services	100	110.4	127.9	132.1	121.8	126.4	138.0	141.5	123.7	120.7

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

Source: GfK's
Builders Merchants
Total Category Report
July 2015 to March 2023

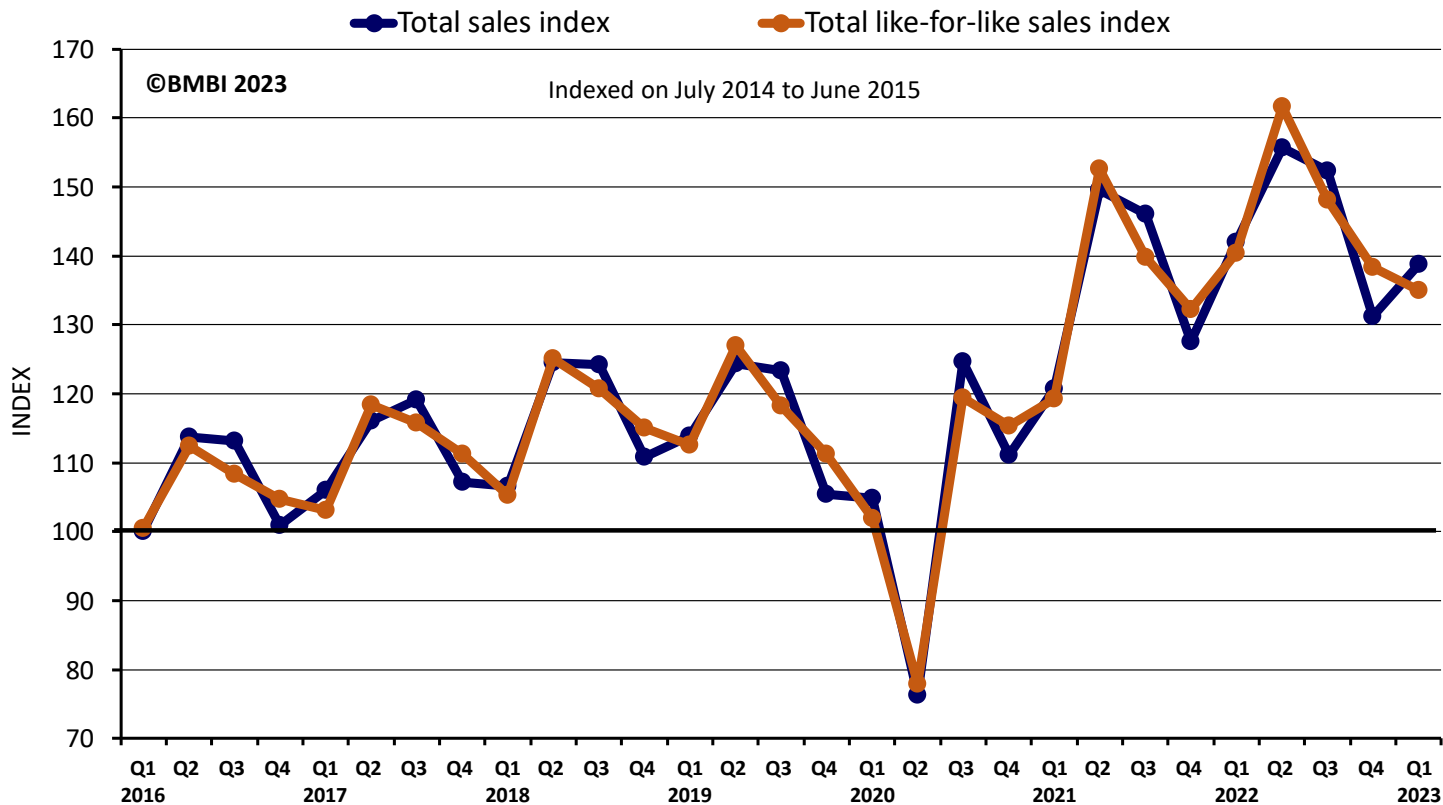
Quarterly: Index

Sales and Like-for-like index



64 trading days this quarter v 62 trading days in the Index base period. 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 March 2023

The Quarter 1 BMBI Index was 138.8.

With two less trading days in Q1 than in the Index base period, the like-for-like sales index was 135.0.

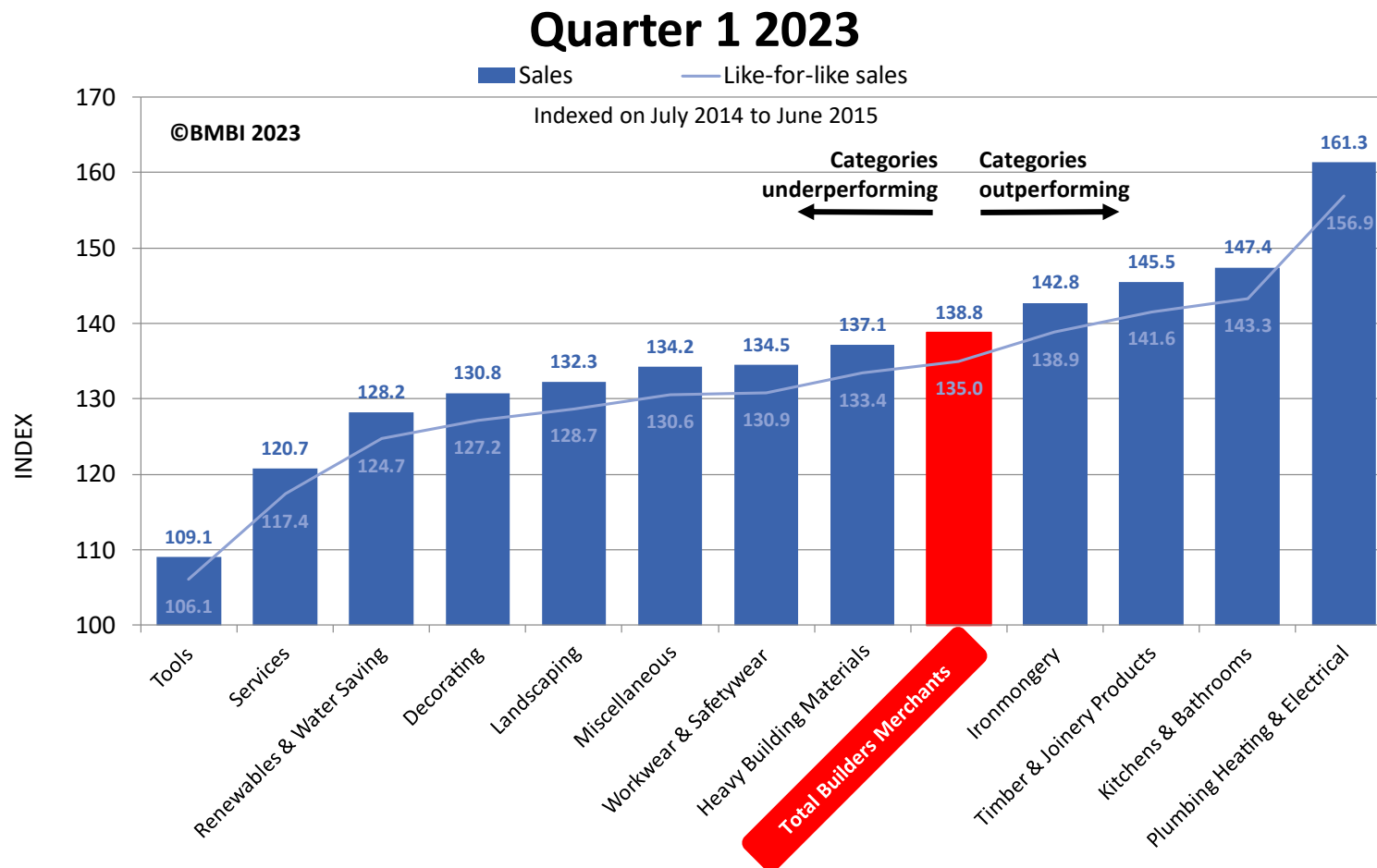
Quarterly: Index and Categories

Q1 2023 index

64 trading days this quarter v 62 trading days in the Index base period. Like-for-like sales take trading day differences into account.



Source: GfK's
Builders Merchants
Total Category Report
July 2015 to March 2023



Plumbing, Heating & Electrical (161.3), Kitchens & Bathrooms (147.4) and Timber & Joinery Products (145.5) were strongest.

Quarterly: Index and Categories - 1

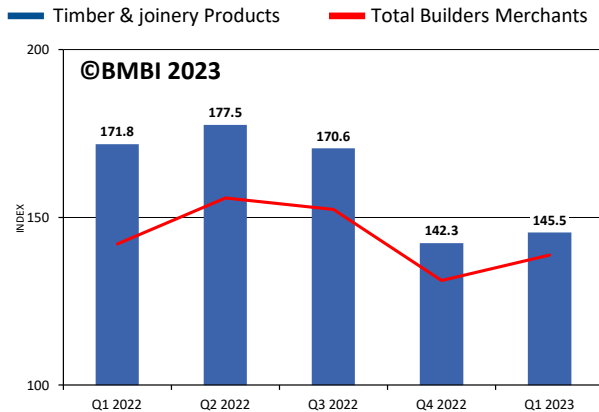
Quarterly indices



Source: GfK's Builders Merchants Total Category Report
July 2015 to March 2023

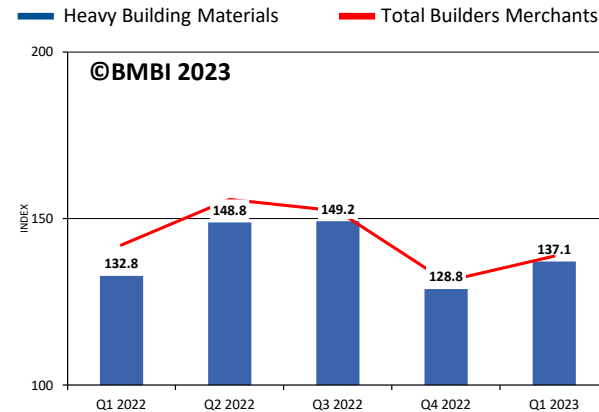


Timber & Joinery Products



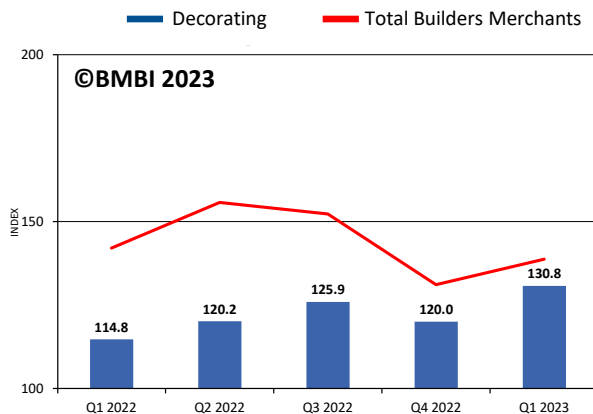
Timber & Joinery Products continues to index above Merchants overall, but the margin reduced in Q4 and again in Q1.

Heavy Building Materials



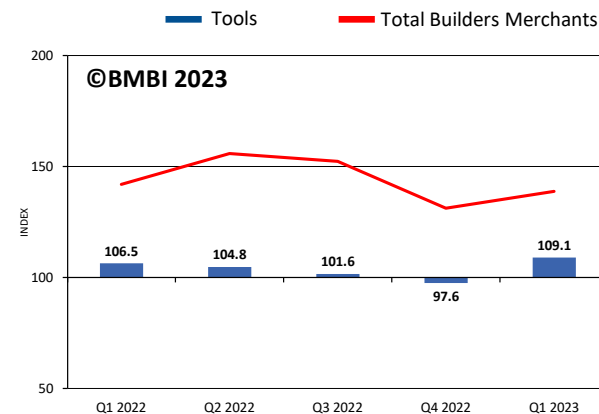
Heavy Building Materials was broadly in line with Total Merchants overall, indexing at 137.1 in Quarter 1 2023.

Decorating



Decorating has under-performed compared with Total Merchants for a number of years, reaching its peak at 130.8 in Quarter 1 2023.

Tools



Tools has been consistently weaker than Merchants overall and has only exceeded 100 four times in the last five quarters. The Quarter 1 2023 index was 109.1.

Quarterly: Index and Categories - 2

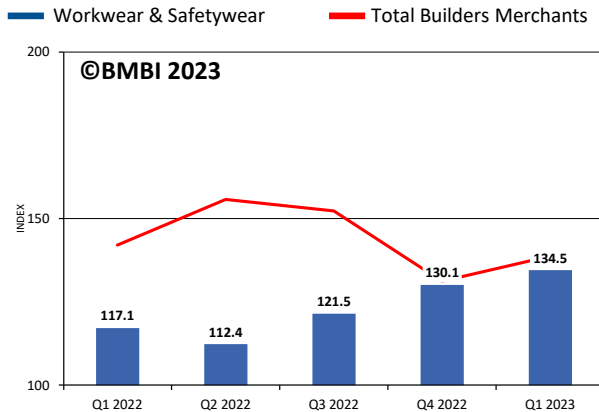
Quarterly indices



Source: GfK's Builders Merchants Total Category Report
July 2015 to March 2023

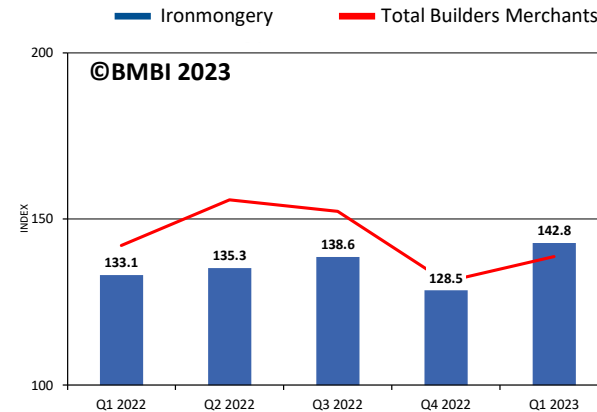


Workwear & Safetywear



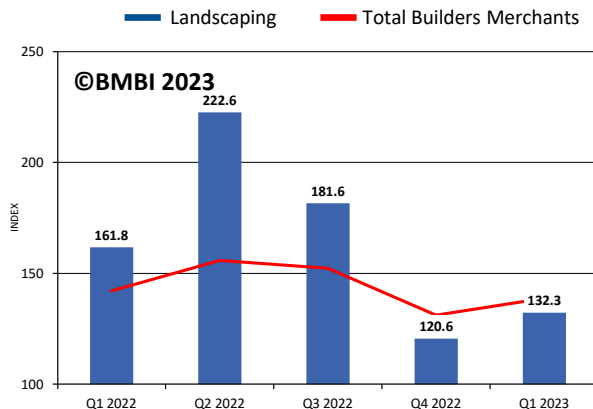
Workwear & Safetywear did less well than Total Merchants, indexing at 134.5.

Ironmongery



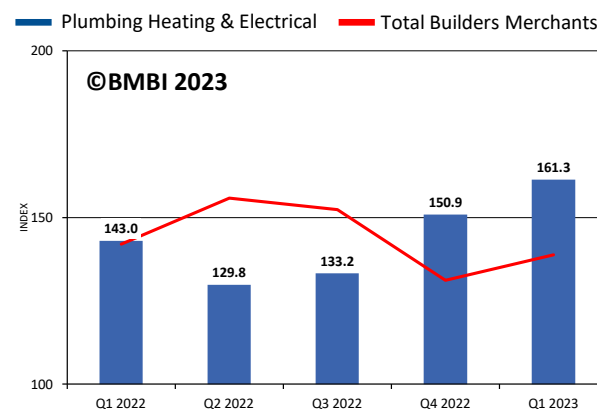
Ironmongery under-performed in 2022 but the first quarter of 2023 saw it indexing above Total Merchants, at 142.8.

Landscaping



Landscaping has been one of the top performers over recent quarters but under-performed in Quarter 1 2023 indexing at 132.3.

Plumbing Heating & Electrical



Plumbing Heating & Electrical has a degree of seasonality that sees it perform more strongly in autumn and winter. Quarter 1 2023 indexed at 161.3.

Quarterly: Index and Categories - 3

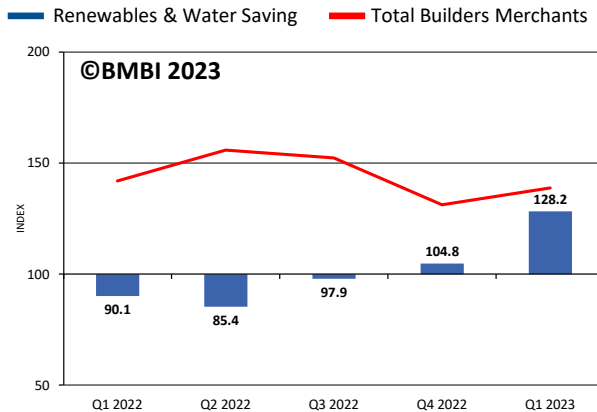
Quarterly indices



Source: GfK's Builders Merchants Total Category Report
July 2015 to March 2023

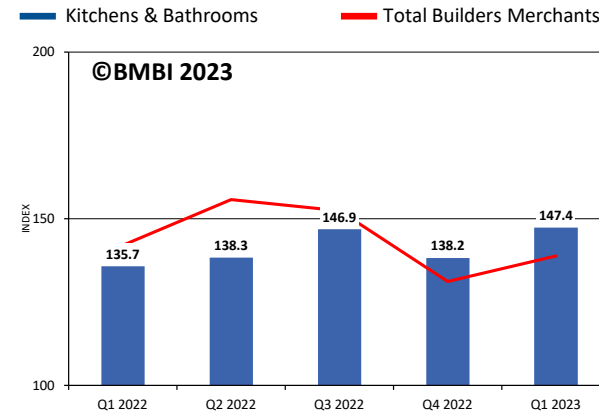


Renewables & Water Saving



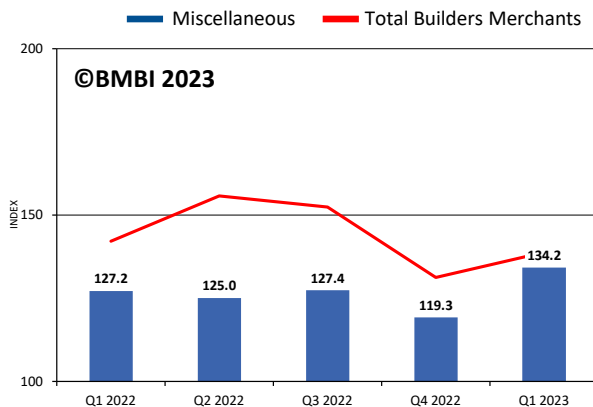
Renewables & Water Saving is a small category where revenue fluctuates significantly but it did better in Quarter 1 2023, indexing at 128.2.

Kitchens & Bathrooms



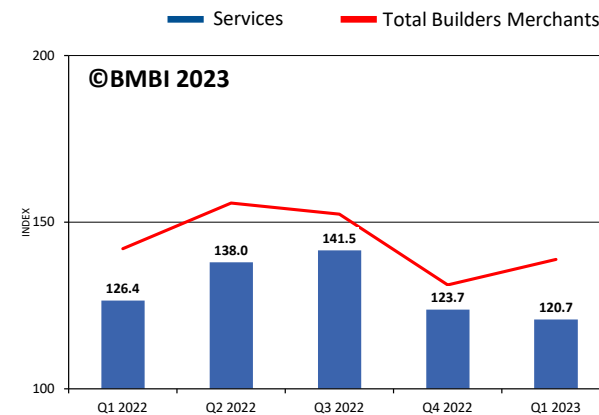
Kitchens & Bathrooms started 2023 strongly, indexing at 147.4 in Q1.

Miscellaneous



Miscellaneous comprises a mixed-range of products (see page 53) that have been generally weaker than Merchants overall. Quarter 1 2023 indexed at 134.2.

Services



Services (predominantly tool/hire services) has broadly followed the Total Merchants trend, but was weaker in Quarter 1 2023, indexing at 120.7.

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.

After a softening in demand across most timber products in the second half of 2022, hopes for a stronger start to 2023 have yet to materialise.

From a sharp drop-off in January, the Office of National Statistics (ONS) output figures showed an uplift of +2.4% in February, subsequently revised to +2.6%, which continued marginally up in the March figures (+0.2%) from an increase in new work (0.7%), partially offset by a decline in repair and maintenance of 0.6% on the month.

New housing output fell and, with inflation and interest rates still high, affordability is low and there's little incentive for people to buy. Consumer confidence improved in Q1, but it remains comparatively low, and the media seem intent on keeping it that way. It's no wonder that mortgage approvals in January 2023 fell to their lowest number since January 2009, the fifth consecutive monthly fall. The dip in housebuilding does little to support timber sales which are already seeing lower volumes and softening pricing. Coupled with high manufacturing costs, some mills in the UK and Europe are having enforced downtime as demand is lower than capacity.

But there are reasons to be cheerful. The Federation of Master Builders was positive about repair, maintenance and improvement (RMI) prospects in their latest State of Trade Survey. In it, members noted an increase of +12% in RMI workloads compared to Q4 2022, and a +14% increase in enquiries quarter-on-quarter.

A year on from Russia's illegal invasion of Ukraine, there is still no product coming from Russia or Belarus. Losing two important players from the supply chain has left significant gaps, including some 55mln m3 roundwood equivalents a year.

According to Timber Development UK, overall timber import volumes dropped -8.7% in January 2023 compared to January 2022. The UK is actively trying to strengthen its trading partnerships with other European countries to fill the void. Increased volumes of softwood from Sweden, Finland and Ireland helped to ease the flow of product into the UK in Q1. Long may those trading lines flourish.

Twenty twenty-three will almost certainly be another tough one for the timber industry. But as a material which is integral to more sustainable methods of construction, there will be sunnier days to come, I'm sure.

The dip in housebuilding does little to support timber sales which are already seeing lower volumes and softening pricing.

Coupled with high manufacturing costs, some mills in the UK and Europe are having enforced downtime as demand is lower than capacity.

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.

After a slow start, Q1 started to gather momentum in March as better weather laid the groundwork for a boost in paving sales.

A lot has been reported in the media about the cost-of-living crisis, but consumer finances look to be in better shape than we anticipated. Measured by GfK's Consumer Confidence Index, consumer confidence has also been steadily improving since it dropped to -49 in September, its lowest point, to -30 this April. The major purchase index component of it also improved +5 points from March to -28 in April.

High-end landscapers are reportedly busy, however those working in the mid to lower end of the market, where the cost of living increases are more keenly felt, are seeing a drop in demand. There is also an increasing disparity between budgets and aspirations - the upshot being, will more people opt to DIY their patio to save on the labour element?

Paving product prices continue to fall thanks to the decrease in shipping costs, which are now back to pre-Covid levels. We didn't see the usual 'stock up' pre-season this year as merchants have been flushing through more expensive stock, bought when shipping prices were higher.

Porcelain continues to grow in popularity while sandstone sales are rolling backwards. As a premium product with premium benefits, homeowners will pay more for porcelain. Disappointingly though, we are already seeing a race to the bottom on pricing and quality.

We recently identified an issue with paving products mis-claimed as porcelain. This fake product is not fired at high enough temperatures, so it is porous, therefore susceptible to algae and staining, and it's not scratch or slip resistant. To avoid a flood of unhappy customers returning when problems inevitably begin to surface, we are doing some education work with merchants around this growing issue, ensuring they are comparing apples with apples when making purchasing decisions.

Lighter colours are trending for 2023, including greige. We are offering a new porcelain with a marble pattern which is selling out fast, as customers seek out something different for their outdoor spaces.

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Expert Panel

Adhesives & Sealants

(Part of Decorating)



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

Sales volumes were impacted by a slowdown in the new build housing and home improvement markets throughout Q1. UK consumer confidence was at record low levels, and we are seeing a similar impact on consumer spending as we did during the 2008 crisis. However, the diverse use of adhesives and sealants across the construction sector has enabled us to deliver a resilient trading performance so far this year.

While consumer confidence is low, there are opportunities in the commercial, industrial, and public sector markets. An example of this is The Social Housing Decarbonisation Fund (SHDF).

The SHDF allows local authorities, providers of social housing, and charities that own social housing to bid for funding from government to install energy efficiency upgrades in their housing stock that is currently below an Energy Performance Certificate (EPC) C rating. Measures that can be taken to improve the energy performance include the replacement of windows and doors, which could see strong demand for glazing and frame sealants.

In line with schemes such as the SHDF, we're also seeing consumers make more sustainable choices when it comes to which adhesives and sealants they buy. Reducing plastic waste presents a huge challenge for the industry, but a move towards post-consumer recycled (PCR) cartridges is a first step on the road to success. As a manufacturer, we're making every effort to ensure our products are clearly labelled to enable customers to make informed decisions about the products they purchase and their environmental impact.

With the acceleration in online shopping and the use of digital channels as a source of information, we're also working on producing more informative online content to support the increasing number of sales that are digitally led.

However, while there may have been a shift towards looking online for inspiration, the vast majority of sales of adhesives and sealants still take place in store, so it's vital that merchant staff are aware of the benefits so they can make the right sale to the end user.

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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.

So the first few months of 2023 haven't been easy for the construction sector. But, as we saw from the expert comments to wrap up 2022 we had been expecting it to be tougher.

Twenty twenty-two saw an unprecedented amount of demand for construction materials, so compared to that, the beginning of 2023 was bound to seem a bit slower. However, I like to look on the bright side. Construction work has been more active than we thought it would be, and people's overall confidence in the economy hasn't gone down as much as expected.

The Office for National Statistics indicated we're not headed for a recession this year after all, with growth predicted to be at +0.2%, which is much better than the prediction from the Winter Forecast in January that was a contraction of -0.7%. The improved outlook is thanks to inflation going down, interest rates getting better for people taking out five-year fixed-rate mortgages, and new homes being reserved and sold more than they were in Q4 of 2022.

It's also been great to see a real shift towards focusing on Net-Zero from many in our industry as we start this year. Our company has been working towards a more sustainable construction landscape for a while, but I'm starting to see more and more customers asking for products, services and solutions that are environmentally friendly.

As manufacturers, we'll keep finding the best solutions that meet our sustainability goals, but we'll also make sure we're still offering the best products and solutions for our trade customers. One standout we've done recently is to start offering energy solutions for our customers and launching our Sandtoft in-roof solar PV products. We're continuing to shift from being a leading brick manufacturer and becoming a true whole-house construction solution provider.

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Expert Panel

Windows & Doors

(Part of Timber & Joinery Products)

deceuninck



Rob McGlennon, Managing Director of Deceuninck UK is BMBI's Expert for Windows & Doors.

With energy prices still at record highs and only weeks to go before Government support for home energy bills is lowered, new figures from a YouGov survey of homeowners, commissioned by Deceuninck, found that 90% of homeowners were very worried or worried about the price of energy.

The telephone survey of over 2,000 homeowners conducted in March found that concern about home energy costs was a key driver of sales with 44% stating that despite the associated cost of living crisis, higher energy costs made them more likely to spend on energy saving home improvements. Energy-efficient windows and doors topped the list of home energy efficiency measures (13%). Solar panels came second at 12%; a new boiler 10%; with cavity wall and heat pumps each polling around 5%.

Energy efficient windows and doors are a far more tangible energy-efficient home improvement compared to cavity wall insulation, and with continuing pressure on energy prices, energy efficiency will continue to drive sales for a long time to come. The findings reinforce what many companies have experienced first-hand since April last year, which is that the record highs we've seen in energy prices have driven window and door sales and go some way to explaining the high levels of demand we have continued to see this year.

Electricity prices increased by 67% in the 12-months to February, while gas rose by 129% taking average bills beyond the £2,500 a year mark. Wholesale energy prices have fallen, but they remain historically high, and the Energy Price Guarantee, which was extended in March's budget for three months and helped to keep a lid on bills, runs out in a few weeks' time.

The YouGov survey found that continuing high energy prices would encourage approaching 30% of respondents to invest in energy saving home improvements, while 57% said a government grant scheme to help lower energy bills would make them more likely to invest.

With a UK head office and production in Calne, Deceuninck is No 3 globally for innovative, high performance, sustainable PVC-U window and door systems. We also supply aluminium systems. A network of fabricators throughout the UK and Ireland make Deceuninck windows and doors for residential, commercial and housebuilding.

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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.

The first quarter of 2023 is down on the previous year, but it's less than expected, remembering that the first half of 2022 was still in the post-Covid construction boom.

Year-on-year, Q1 sales of steel lintels were down around 20% but those numbers are a little misleading. In Q1 2022, a lot of merchants were stocking up as prices were rising quickly because of Russia's invasion of Ukraine. Comparing Q1 2023 results with Q3 2022 gives a fairer picture of the state of play, and while this shows the market is down around -10%, it's not as bleak as the year-on-year figures suggest.

The biggest issue for the steel lintel market is the slowdown in housebuilding. There was a notable rebound in February and March from the sharp drop off in housebuilding seen at the end of last year, but the number of units sold per site are around -20% down from the peak. New starts dropped by half, and with high inflation and interest rates impacting affordability and consumer confidence, it may be some time before we see the return of meaningful growth.

Projects which start in the second half of 2023 will have to comply with the new Building Regulations 2022, which will apply to all projects from 15 June 2023. We expect to see a spike in demand for energy saving products such as thermal performing lintels and wider cavities. We are advising merchants to review their stock levels and stockholding ahead of June, so the right lintels are available for their customers.

Sustainability is a Key area for Keystone, in terms of our offer and our own business operations. We are committed to reducing emissions in our own operations by 60% by 2030, in line with the Climate Change Council's ambitions. This pledge builds on the work we have already completed such as ensuring our Keystone packaging is fully recyclable, using renewable energy throughout our manufacturing, opting for electric forklifts and hybrid-electric cars, and switching to LED lighting.

We hope to lead by example, showing our industry peers, partners and customers what can be achieved when you fully commit to reducing your carbon footprint.

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Expert Panel

Drylining Systems

(Part of Heavy Building Materials)



Gordon Parnell, Sales Director, British Gypsum, part of Saint-Gobain Interior Solutions, is BMBI's Expert for Drylining Systems.

In what was predicted to be a slower start to 2023, Q1 volumes were lower than the same period last year, in line with our forecast. More positively, we have ended Q1 ahead of our expectations and, as we move into Q2 we remain well placed to support growth, we are cautiously optimistic that confidence will begin to grow within our core markets over the coming months.

Demand across the principal sectors with which our products are typically aligned such as Residential and RMI/change of use has been weaker. It has been widely reported that the rising cost of living and overall fall in consumer confidence has resulted in homeowners reducing their level of spend on non-essential RMI projects.

In private housing, the lack of any further government stimulus in the spring budget alongside increasing mortgage rates and the end of schemes such as Help to Buy, has put further pressure on the residential sector. According to the latest CPA Construction Industry Forecast, demand in Q4 2022 fell by around 30%-40% compared with a year earlier. Housebuilders, however, report that demand is expected to recover after a slow start, albeit from that low base, and the recovery will be slow.

At British Gypsum, our product availability and supply continues to be robust. While we are still operating in challenging market conditions, we are now experiencing less price volatility than in 2022, which supports our customers' ability to plan with more confidence.

We have made investments in our logistics capacity and wider supply chain, which is demonstrated by our ability to consistently maintain short lead times. We are leading the way in future-proofing our distribution network with a focus on delivering into our distribution and merchant partners in an efficient, safe, and sustainable way.

To also emphasise our deep commitment to our sustainability goals, we recently published our 'On the road to net zero carbon' plan up until 2025. As we work towards net zero carbon by 2050, this plan sets out ambitious targets and outlines ways in which we will, for example, decrease CO2 in our manufacturing, increase the recyclability of our products and, importantly, demonstrate how we will support our customers in their sustainability journey.

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Expert Panel

Mineral Wool Insulation

(Part of Heavy Building Materials)



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

The quarterly nature of these updates demands a focus on the immediate, but this time I'm keen to discuss a bigger issue. One whose sheer scale doesn't necessarily create tangible quarter-by-quarter change, but that will have a much more significant, and permanent, impact on merchants over time.

This macro factor is – of course – the climate crisis.

Forget the noise of short-term economic ups and downs – climate change is the elephant in the room. And it's an elephant that's bearing down on us. Even if you ignore the weather records being broken worldwide with alarming regularity, and consider solely its impact on construction. Our entire industry will be overhauled in the urgent race to reach net zero by 2050 – starting now.

As managing director of an insulation manufacturer, when I'm asked about net zero, it's mostly in reference to the vital role our products will play in reducing operational energy demand. That's where efforts to create more sustainable buildings have focused to date. But as these bear fruit and buildings become more efficient, embodied carbon becomes a greater proportion of their total carbon cost – around half, in fact. So embodied carbon will soon be in the spotlight, and merchants need to be ready with products for customers seeking low-carbon construction.

Glass mineral wool is well-positioned to capitalise on this increasingly carbon-conscious industry, as it has the lowest embodied carbon of any mainstream insulation material for a given thermal performance. Merchants can validate their recommendations by comparing Environmental Performance Declarations (EPDs) for individual products from specific manufacturers.

Because they're made in the UK, from recycled and renewable materials, our own products score particularly well on this front. But the scale of the challenge means all manufacturers must do more. Look out for news of further developments and investments in the sustainability of our products, as we gear up to make mineral wool the insulation material of choice for low-carbon construction.

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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.

It was a comparatively quiet start to 2023 with marginal economic growth, a slowdown in construction and subdued aggregate demand.

Low consumer confidence and higher mortgage rates affected housebuilders' expectations, and some of the largest sharply pegged back their forward build programmes, and reduced housebuilding starts which reduced heavy aggregate volumes. Housebuilding was also affected by the first quarter's cold and wet weather. Inflation impacted the delivery of infrastructure works, with major projects like HS2 being delayed. Wages and material costs continue to cause issues across the board.

Our challenges don't stop at cost pressures. Sustainability is our biggest challenge by far. Changes to the extended producer responsibility for packaging rules means more businesses now need to comply, undoubtedly leading to a sharp increase in packaging costs.

Cement is an energy intensive manufacturing business, and we have a way to go to decarbonise our operations, but our efforts are being noticed: Hanson recently scooped the Caring for the Environment award from the Worshipful Company of Builders Merchants and we shared our progress and what we've learned on our journey at our 'Let's Talk Sustainability' online event in April.

There is also better news afoot. According to the Mineral Products Association, there was a rebound in Q1 sales after the sharp losses seen in the second half of 2022. Primary aggregates sales stabilised (+3.3%), while asphalt (+1.8%) returned to quarter-on-quarter growth after three consecutive declines. Ready-mixed concrete sales grew (+9.8%) and mortar (+6.0%) sales also picked up after a poor end to 2022.

The Office of Budget Responsibility (OBR) remains upbeat about the outlook for the UK, predicting growth from the second half of 2023. The general feeling in the industry is one of optimism, as better weather ushers in a boost in sales and the 'green shoots' of change.

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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

Although demand has remained subdued with slowing new house building and the economic conditions putting pressure on the RM&I sector, sales are generally more robust than predicted at the end of 2022.

Price inflation has eased, and we believe that the poor showing in Q4 2022 was perhaps more influenced by supply chain destocking than previously thought and that underlying demand was stronger. Forward looking price expectations are for price stability with generally high stock levels in the supply chain providing a dampening effect on any short-term price movements.

Most suppliers are now progressing with test programmes for UK Conformity Assessed marking (UKCA) which replaced CE marketing. Indications at this stage are that UKCA product will be available well ahead of the deadline of 30th June 2025. Similarly, for construction products without a harmonised standard which have a European Technical Assessment (ETA) the work needed to create a similar UK Technical Assessment (UKTA) as a route to UKCA seems to be broadly underway.

Another cloud on the horizon is the introduction of the Carbon Border Adjustment Mechanism (CBAM) by the EU. While this does not affect GB, it will impact Northern Ireland, where imports of steel products including fasteners and fixings will have to report weights and countries of origin from October 2023. Over the following years, this will extend to a financial liability on imported steel. The UK Government currently has a consultation underway on a similar mechanism for the UK. Initial expectations that any measures were some time off have been challenged by the need for state support for the UK steel industry, and a carbon tax on imported steel and steel products may be a way to provide protection and funding. This may result in measures being in place sooner than originally expected, which would likely put additional cost onto steel products sourced from the Far East, which is most products.

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Expert Panel

Paint

(Part of Decorating)



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

Monthly construction output is estimated to have increased +0.2% in volume terms, following an upwardly revised increase of +2.6% increase in February 2023 by the Office of National Statistics (ONS). Quarter 1 output was +0.7% up on Q4 2022 with the increase coming solely from a rise in repair and maintenance (4.9%) as new work fell -1.9%, according to the ONS. The Construction Product Association (CPA) pre-emptively downgraded their forecast from an expected fall of -4.7% to -6.4% in 2023. Private housing output, which accounts for 70% of Trade Paint volume, is expected to decline by 17% in 2023 due to higher mortgage rates caused by Liz Truss' mini-budget.

Other factors influencing Trade Paint channel are inflation and discretionary income, which allows for non-essential purchases like e.g. hiring a decorator. With latest inflation figures at higher than expected 10.1% (ONS), consumers must rationalise every purchase. The most affluent households are able to offset the increasing cost of essential goods with +1.0% growth in weekly discretionary income (Feb 23 YoY). For middle income households this figure is -7.0% leaving them with £76 less to spend on non-essentials. For the least affluent households, discretionary income is -12% (£58).

On the flipside, people who have discretionary income but have been priced out of their mortgage may choose to renovate their current property with the hopes of selling it when the interest rates are more affordable. This seems to coincide with the Trade Paint market performance, as the latest March monthly volume flash figures are up +1.9% Year on Year (YoY). The Q1 YoY comparison shows a modest -1.1% decrease in volume which is reassuring, considering Q1 2022 was up by 0.8% vs 2021, following pent-up demand from the Omicron lockdown. The March increase was mainly driven by 2Q White Emulsion (contract matt products such as Vinyl Matt or premium Diamond Matt), which is overperforming by +6.4% in Q1 2023 YoY as developers race to complete new builds before recession. While February 2023 was the driest February since 1993, March was the complete opposite, with the Exterior Category down -13% in Q1 23 YoY.

A wider recovery in economic growth in 2024 is expected to boost demand for both new build housing and RMI (Repair, Maintain, Improve) activity and total construction output is forecast to return to growth, rising by +1.1%.

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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 first quarter of 2023 can only be described as slow. Slow when we compare to “normal” for the start of the year (assuming we can remember far enough back to normal!) but particularly slow when we compare to Q1 2022 which, in all fairness, is not a realistic comparison.

It was only 12 months ago that the roof window category was recovering from unprecedented demand in the second half of 2021, prompting our first ever customer allocation. Through the hard work of lots of people, production and supply volumes were rapidly increased and we recovered quickly, enjoying record volumes in Q1 2022. Buyer's behaviours often change during allocation, boosting orders to an arguably unsustainable level. Not then, a true picture of underlying market demand.

When we review sales-out data from our customers, we gain a better understanding of demand, with volumes down by double digits. The reasons range from cost to confidence. Government policy hasn't helped and, given that borrowing costs remain low compared to a long term average, it feels like we need appropriate stimulus to the housing market to encourage the next generation to get on the ladder.

The Construction Products Association (CPA) forecasts for 2023 indicate that it will be a tough year, with RMI and new building housing, to which we are most exposed, being particularly badly impacted. However, the fact remains that we continue to suffer a massive shortage of quality housing in the UK so the long term outlook for the construction product sector remains positive.

The house builders we work most closely with are holding up remarkably well and are focused on improvements to house type design to achieve the new building regulations. Keylite's integrated thermal collar is the perfect solution to the requirements of Part L to evidence control of cold bridging at the junctions between the window and the roof. Supplied at no extra cost, Keylite presents both a strong technical and commercial proposition.

We will continue to work with our customers to understand their needs and bring innovative solutions to market, whatever the demand environment.

We continue to suffer a massive shortage of quality housing in the UK so the long term outlook for the construction product sector remains positive.

Expert Panel

Website & Product Data Management Solutions



Andy Scothern, Director of Business Development, eCommerce at ECI Software Solutions is BMBI's Expert for Website & Product Data Management Solutions.

As our industry continues to digitalise, most businesses selling construction products understand the need for evolution, whether modernising processes or implementing new systems, as standing still is not an option.

The same thinking must now be applied to their eCommerce offering. As a business grows, platform limitations become apparent, often demonstrating the need for a more advanced solution. Once the go-to eCommerce platforms for many businesses, Magento and Shopify are among a number of long-standing platforms of choice that are losing their applicability, as they do not offer the complex B2B functionality customers expect in our sector, even after significant development efforts. This is because they were designed and built for retail businesses, but they struggle to meet the demands of the complex B2B environment.

The significant investment of time, expertise, and resources to develop, test, maintain and administer complex eCommerce solutions has created significant hurdles for those trying to add online sales and services to their business proposition.

Moreover, regular security patches and updates often create compatibility issues with 3rd party extensions or custom-built code. System outages, bugs and support cases are frequent, frustrating and costly occurrences, alongside fears of security compromises. Beyond these technical issues, an eCommerce platform's architecture may simply not be modern enough to meet the needs of today's market.

Speaking with more digitally mature merchants and suppliers, it's clear that businesses need a B2B platform that can project all of their offline branch-based services online. This includes customer-specific pricing and catalogues, multi-level user accounts with varying levels of access and permissions, streamlined inventory management for click-and-collect orders, the ability to allocate purchases to cost centres and/or specific jobs to split baskets between delivery and collection, and much more. To meet these needs, a platform must first offer the functionality and then be integrated into the back-office trading systems.

Switching from well-known eCommerce solutions isn't easy, but it's an essential step in staying competitive in the digital omnichannel world. The more businesses embrace true B2B eCommerce, the more of the market they will capture.

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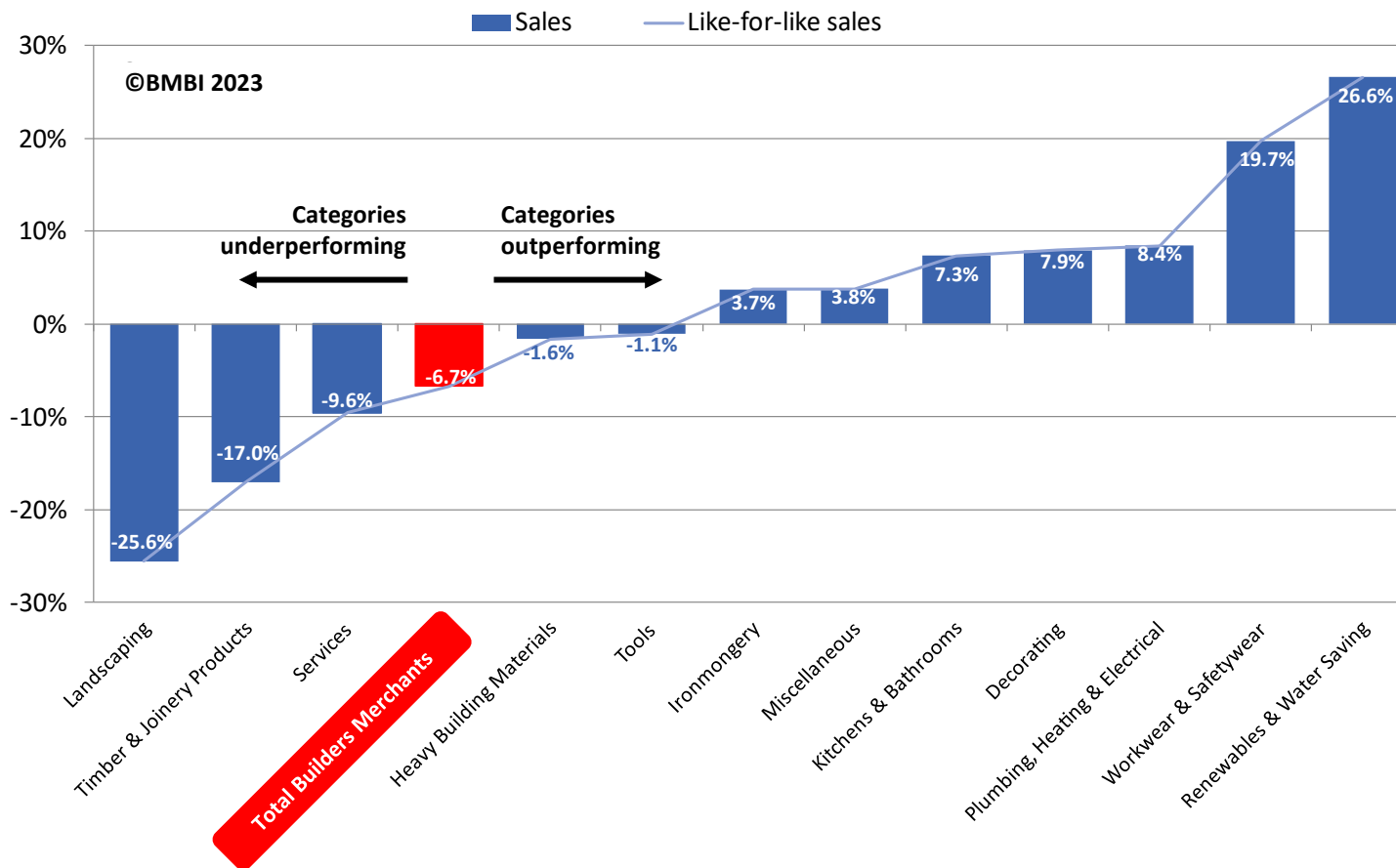
Monthly: This year v last year

March 2023 sales and like-for-like sales

There was no difference in trading days. Like-for-like sales take trading day differences into account.



March 2023 v March 2022



Source: GfK's Builders Merchants Total Category Report July 2015 to March 2023

Total Builders Merchants value sales were – 6.7% lower in March 2023 than the same month last year. Volume sales were –19.7% down with price up +16.2%.

Seven of the twelve categories performed better than Merchants overall, led by Renewables & Water Saving (+26.6%).

Monthly: Year on Year

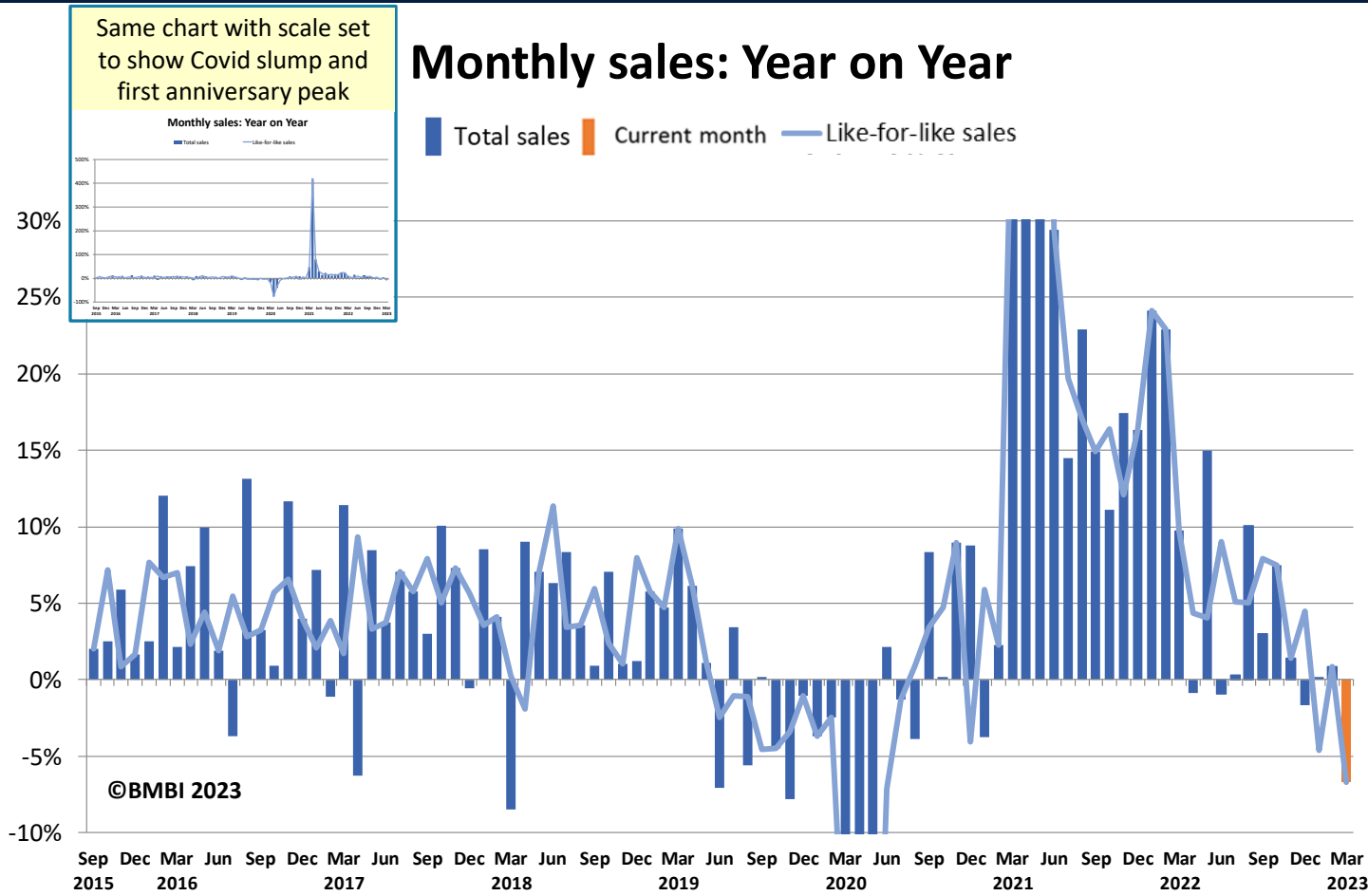
March 2023 sales and like-for-like sales

There was no difference in trading days. Like-for-like sales take trading day differences into account.

Source: GfK's
Builders Merchants
Total Category Report
July 2015 to March 2023

Monthly sales: Year on Year

■ Total sales ■ Current month — Like-for-like sales



Total Builders Merchants March 2023 sales were -6.7% lower in value than the same month last year.

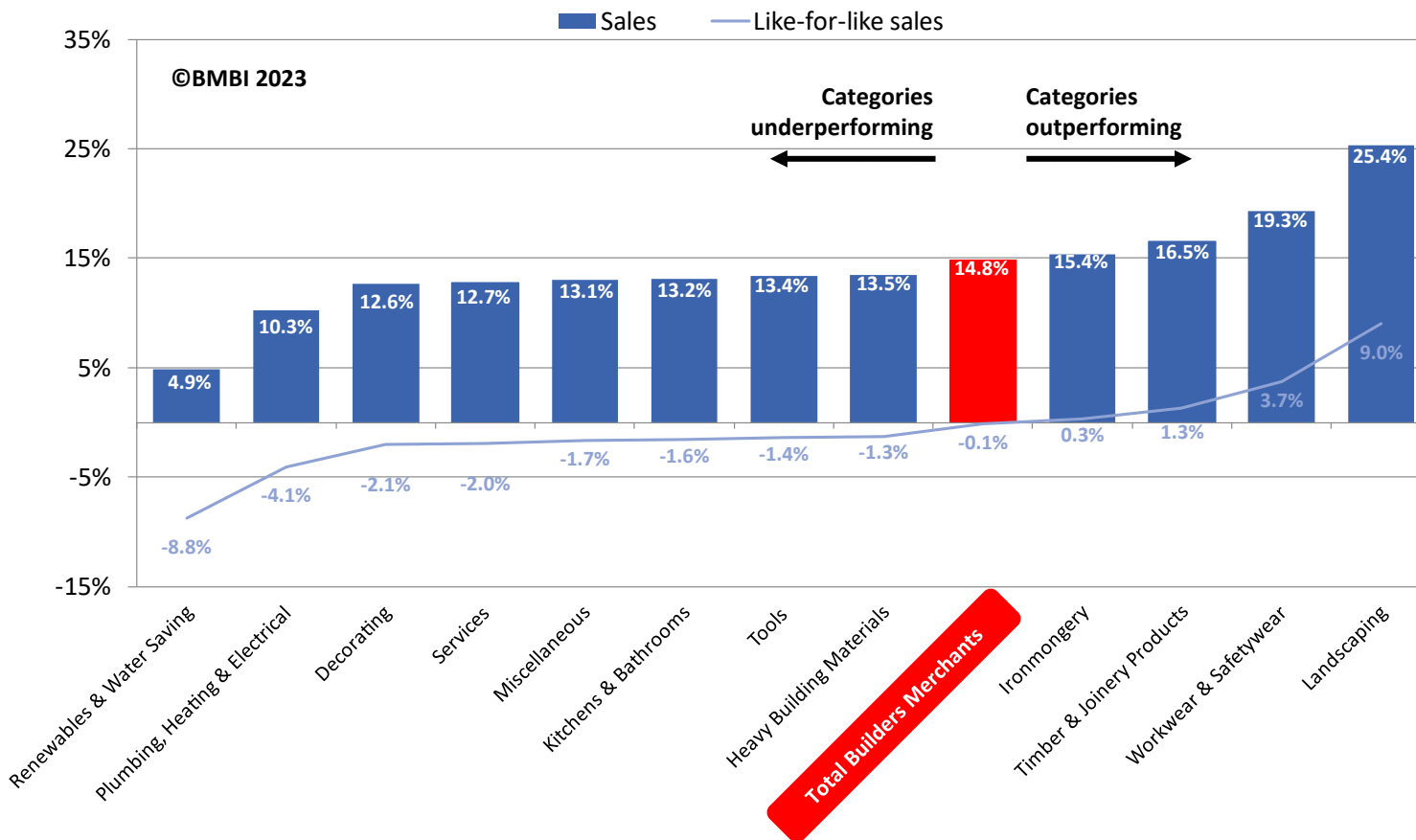
Monthly: This month v last month

March 2023 sales and like-for-like sales

23 trading days this month v 20 trading days the previous month. Like-for-like sales take trading day differences into account.



March 2023 v February 2023



Source: GfK's Builders Merchants Total Category Report July 2015 to March 2023

Total Merchants sales were +14.8% higher in March 2023 than in February 2023, due in part to three more trading days in March.

All categories sold more, with seasonal Landscaping (+25.4%) increasing the most.

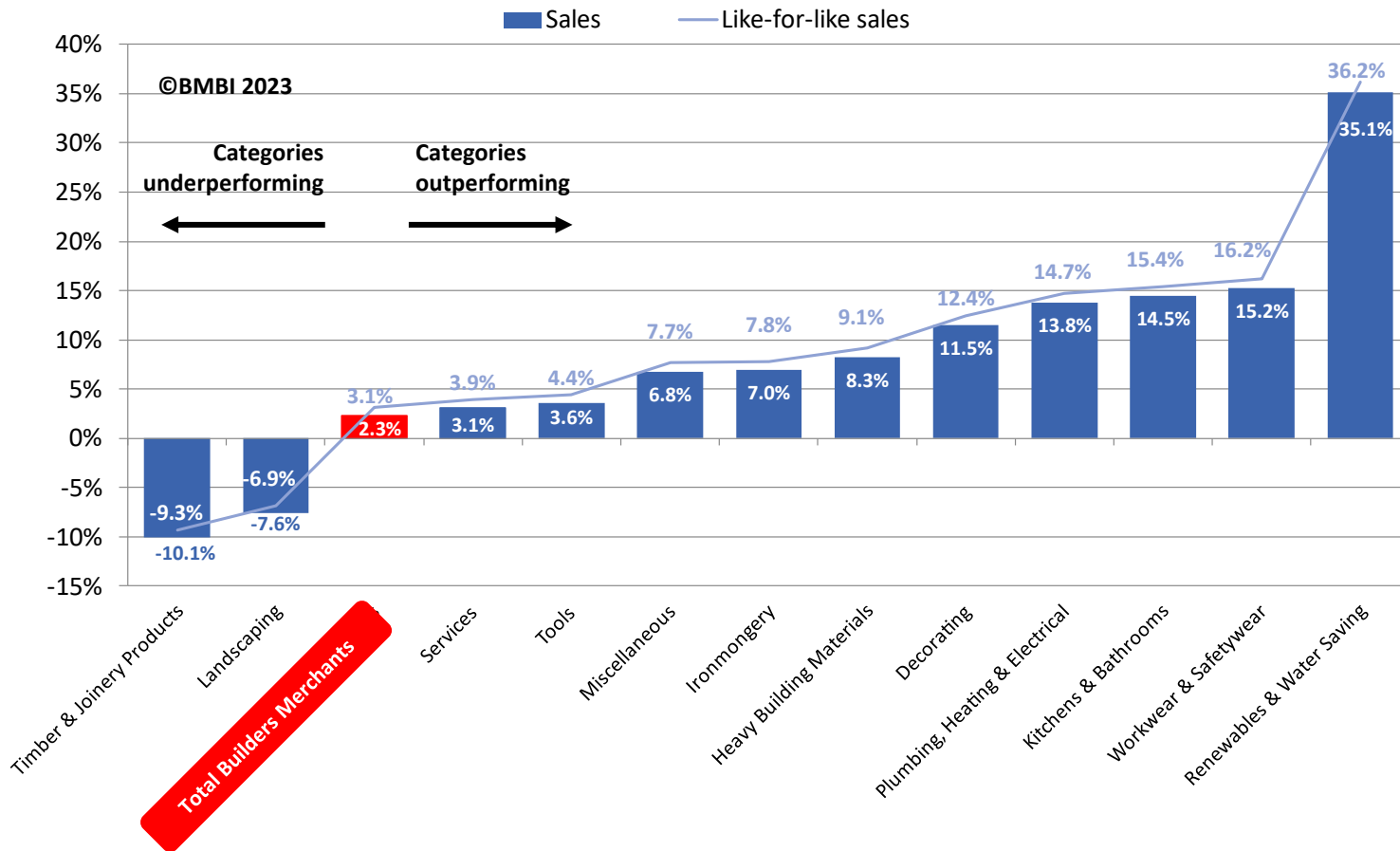
Last 12 Months: Year on Year

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 Apr 22 to Mar 23 v 12 months Apr 21 to Mar 22



Source: GfK's Builders Merchants Total Category Report July 2015 to March 2023

Total Merchants sales in April 2022 to March 2023 were +2.3% higher than in the same period a year earlier.

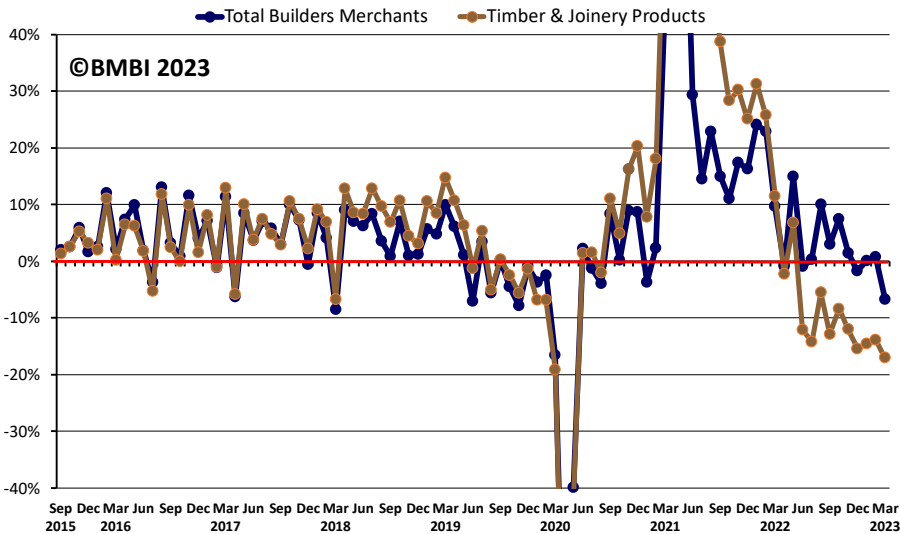
Renewables & Water Saving (+35.1%) increased the most.

Monthly and Quarterly Year-on-year

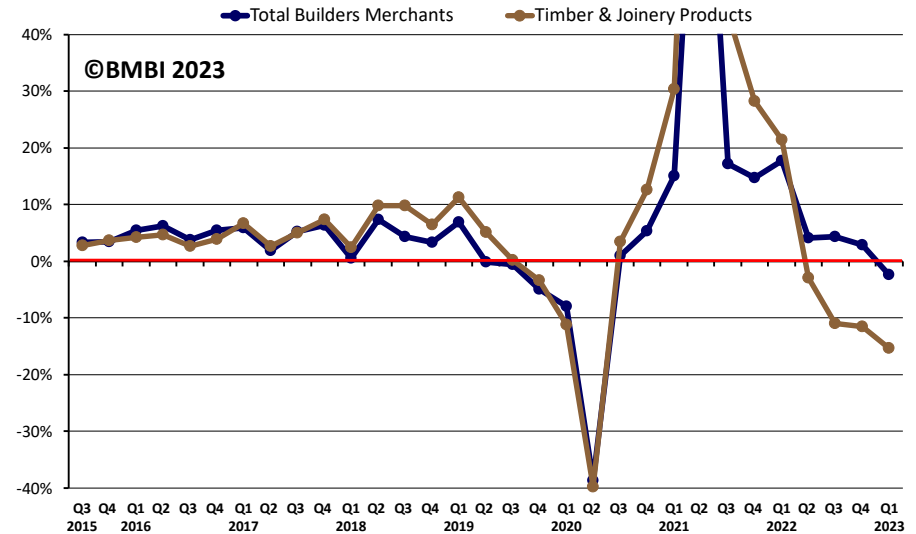
March 2023 and Q1 2023



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%

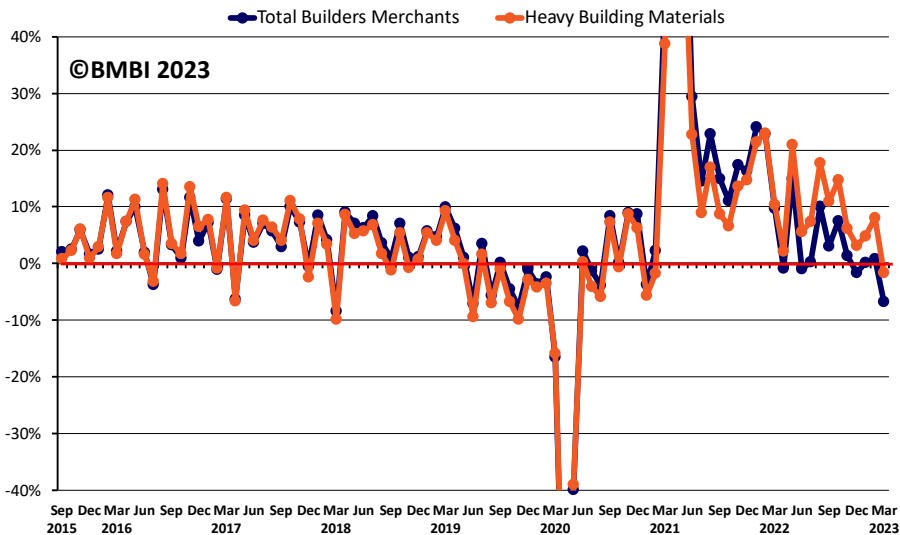
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to March 2023

Monthly and Quarterly Year-on-year

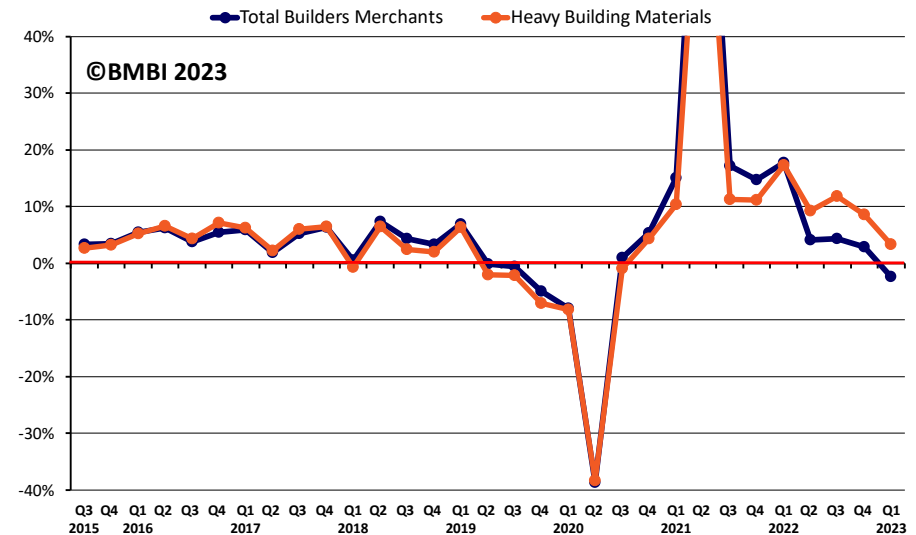
March 2023 and Q1 2023



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%

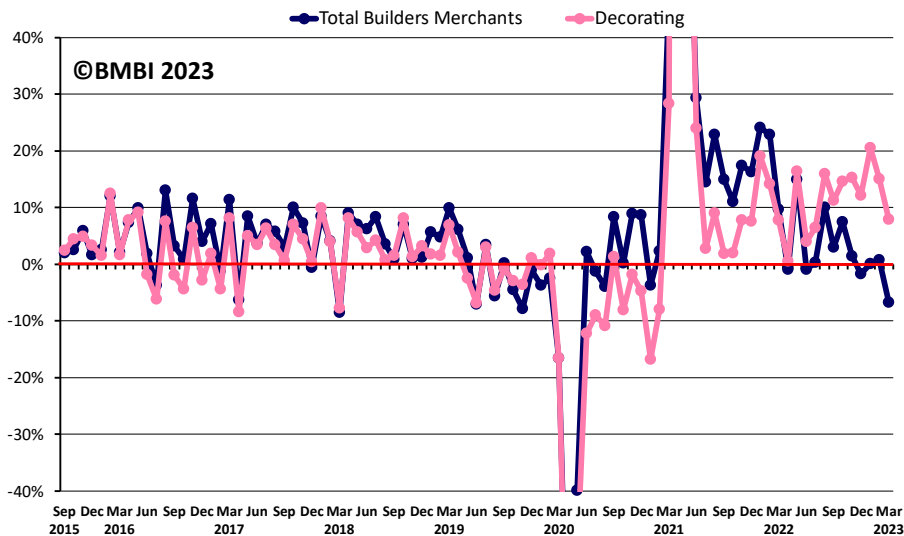
Source: GfK's
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July 2015 to March 2023

Monthly and Quarterly Year-on-year

March 2023 and Q1 2023



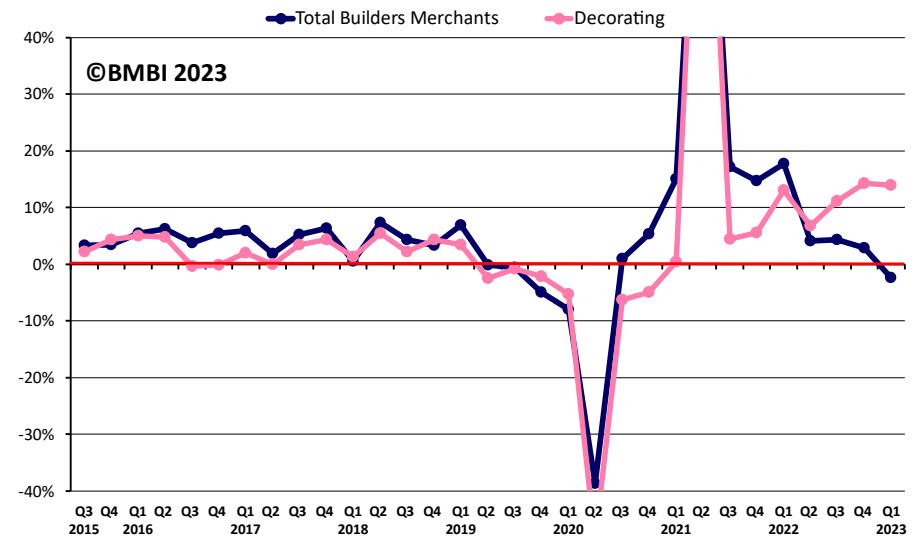
Decorating - Monthly



Covid19 peaks and troughs (off the chart)

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

Decorating - Quarterly



Covid19 peaks and troughs (off the chart)

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

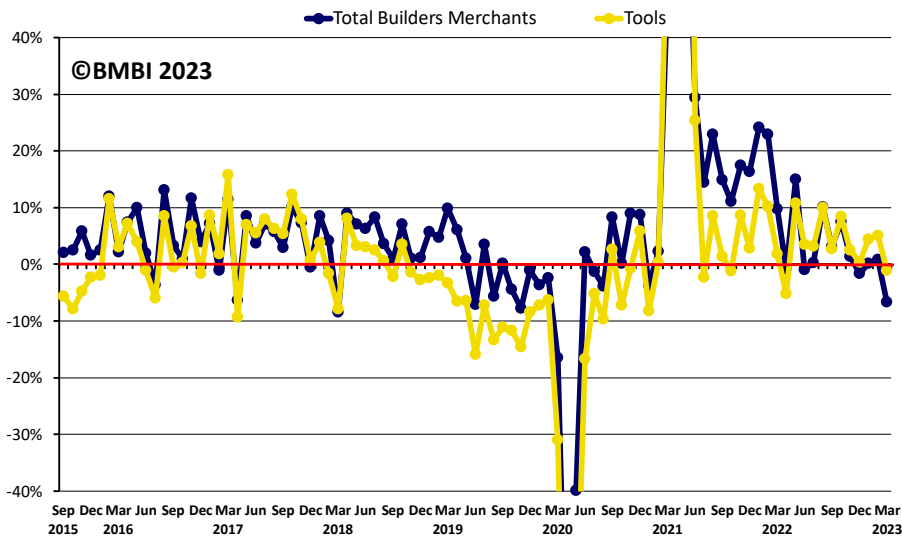
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to March 2023

Monthly and Quarterly Year-on-year

March 2023 and Q1 2023



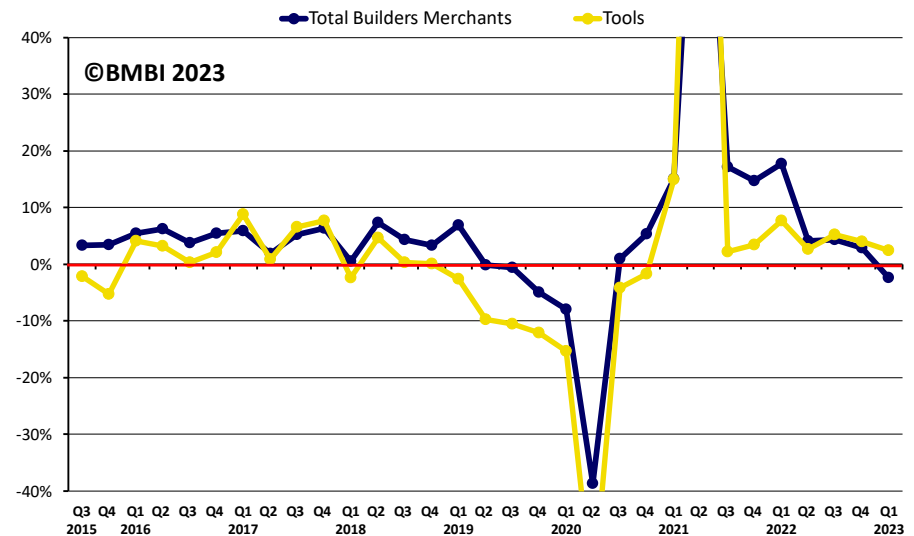
Tools - Monthly



Covid19 peaks and troughs (off the chart)

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

Tools - Quarterly



Covid19 peaks and troughs (off the chart)

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

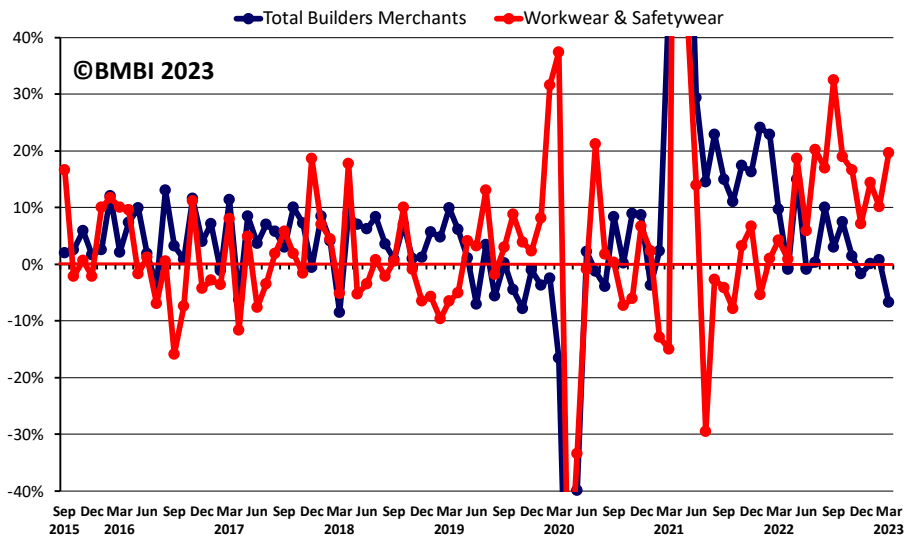
Source: GfK's
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July 2015 to March 2023

Monthly and Quarterly Year-on-year

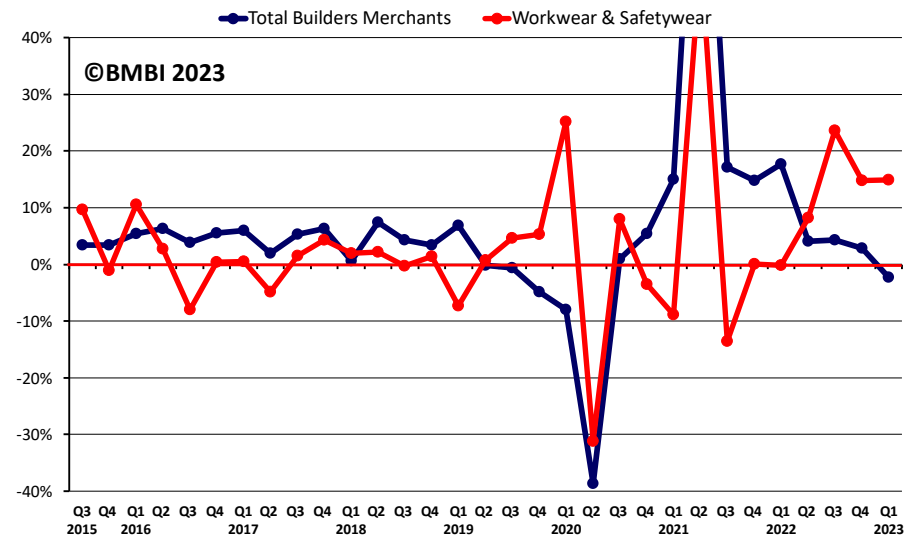
March 2023 and Q1 2023



Workwear & Safetywear - Monthly



Workwear & Safetywear - Quarterly



Covid19 peaks and troughs (off the chart)

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

Covid19 peaks and troughs (off the chart)

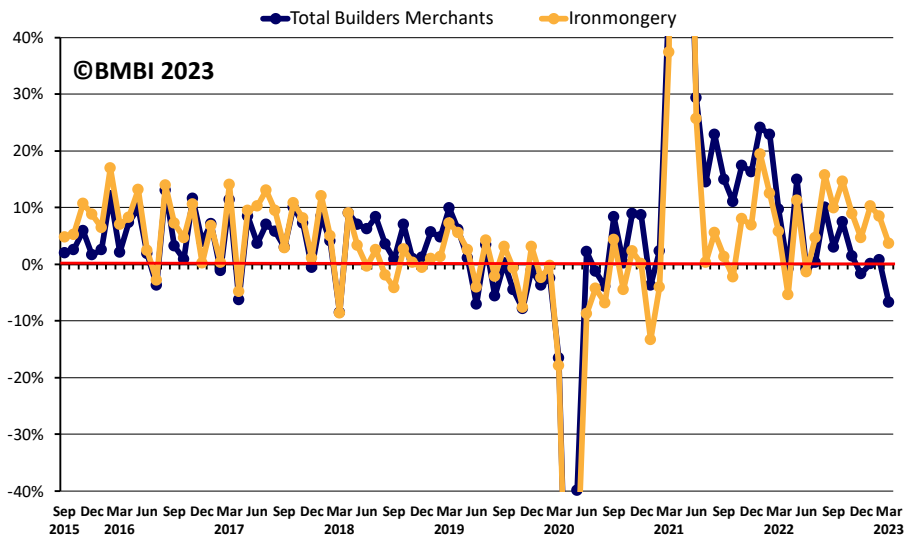
Q2 2020 trough:	Workwear & Safetywear	-31.2%
	Total Builders Merchants	-38.6%
Q2 2021 peak:	Workwear & Safetywear	+53.9%
	Total Builders Merchants	+96.0%

Source: GfK's
Builders Merchants
Total Category Report
July 2015 to March 2023

Monthly and Quarterly Year-on-year

March 2023 and Q1 2023

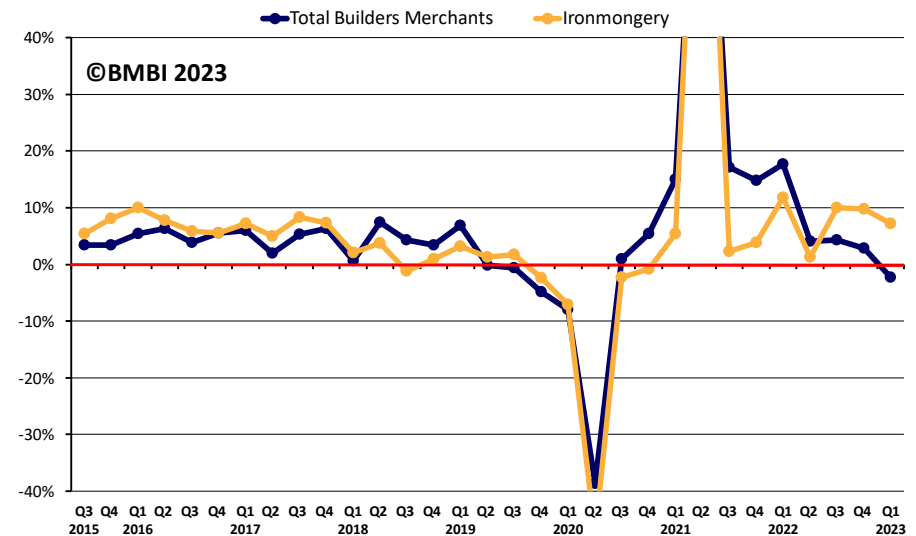
Ironmongery - Monthly



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)

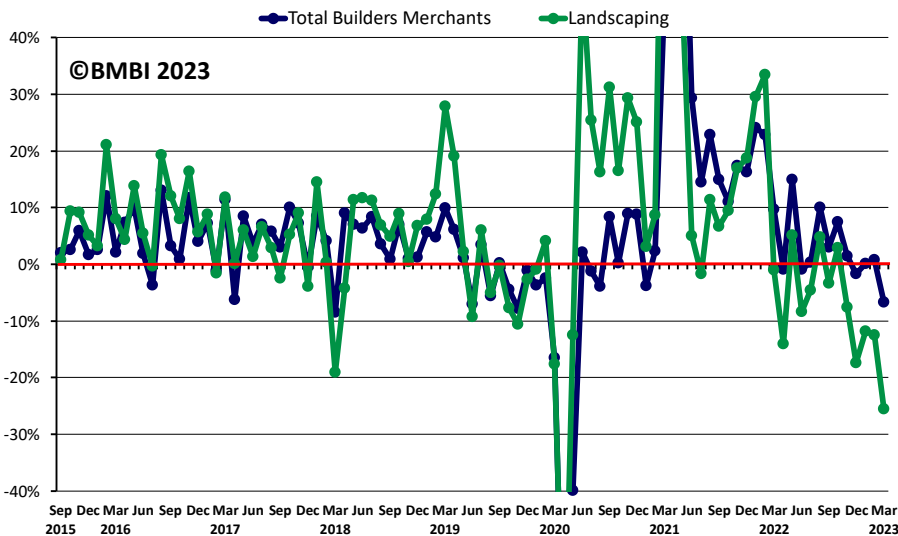
Q2 2020 trough:	Ironmongery	-47.6%
	Total Builders Merchants	-38.6%
Q2 2021 peak:	Ironmongery	+105.9%
	Total Builders Merchants	+96.0%

Monthly and Quarterly Year-on-year

March 2023 and Q1 2023



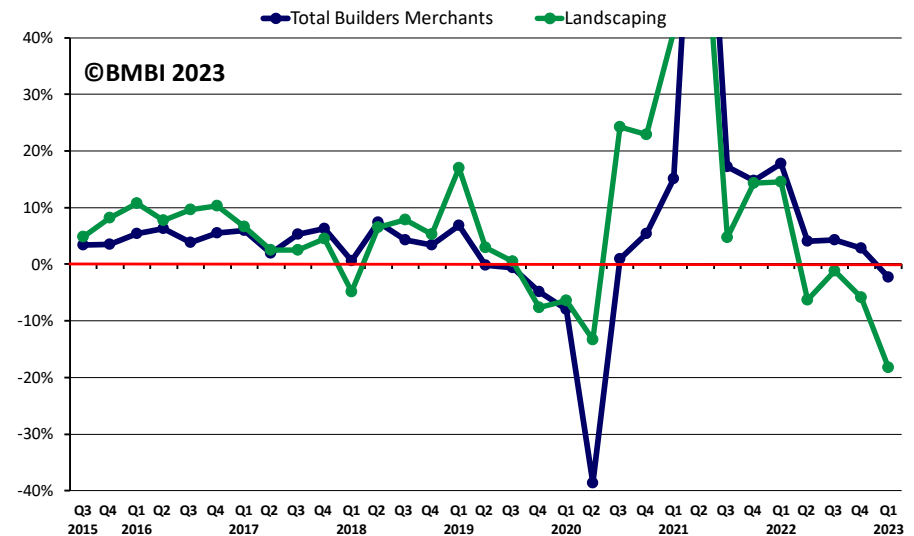
Landscaping - Monthly



Covid19 peaks and troughs (off the chart)

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

Landscaping - Quarterly



Covid19 peaks and troughs (off the chart)

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

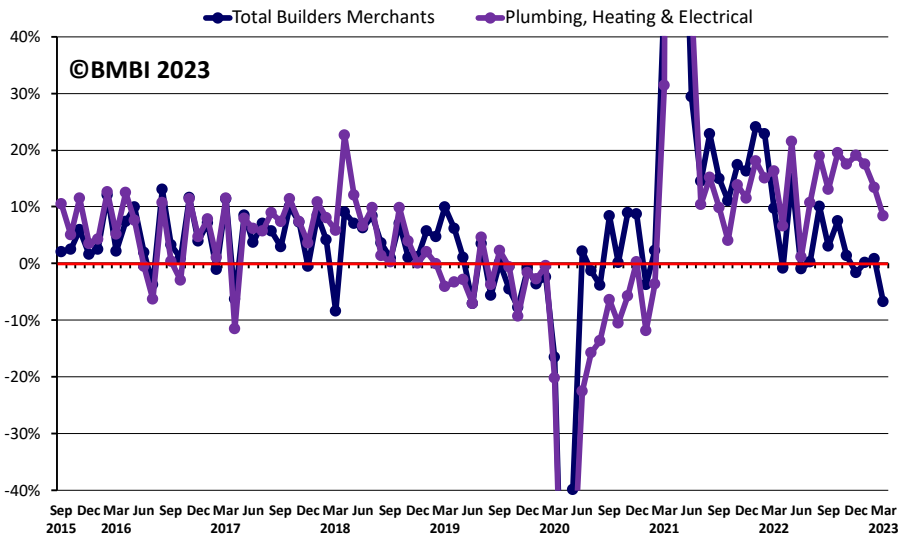
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to March 2023

Monthly and Quarterly Year-on-year

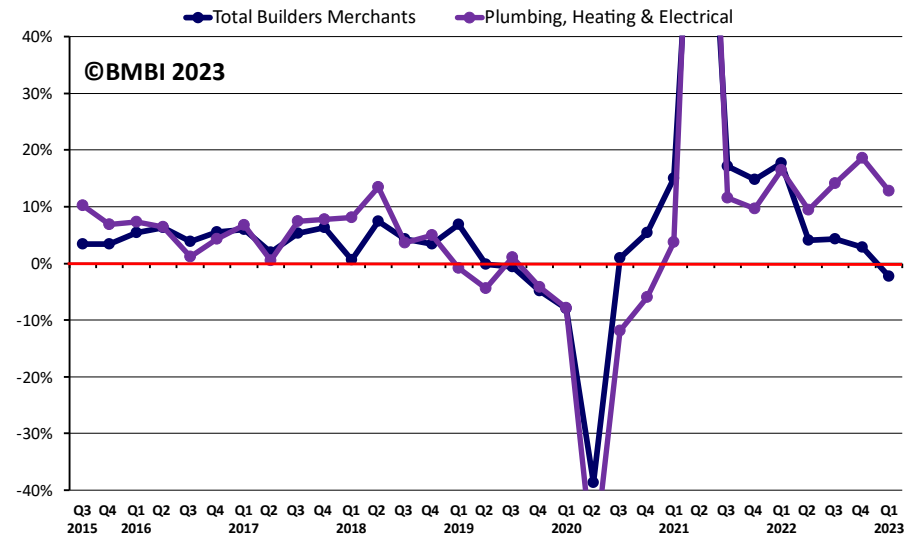
March 2023 and Q1 2023



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%

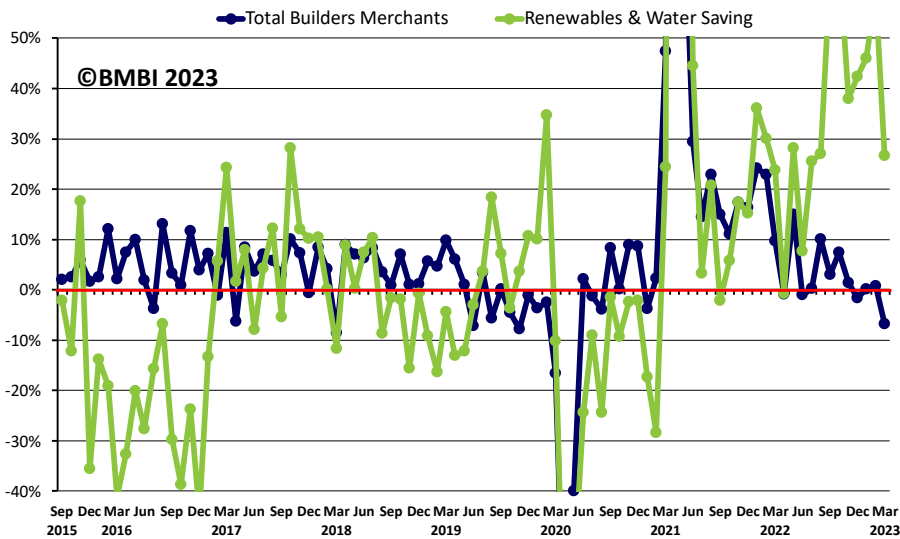
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to March 2023

Monthly and Quarterly Year-on-year

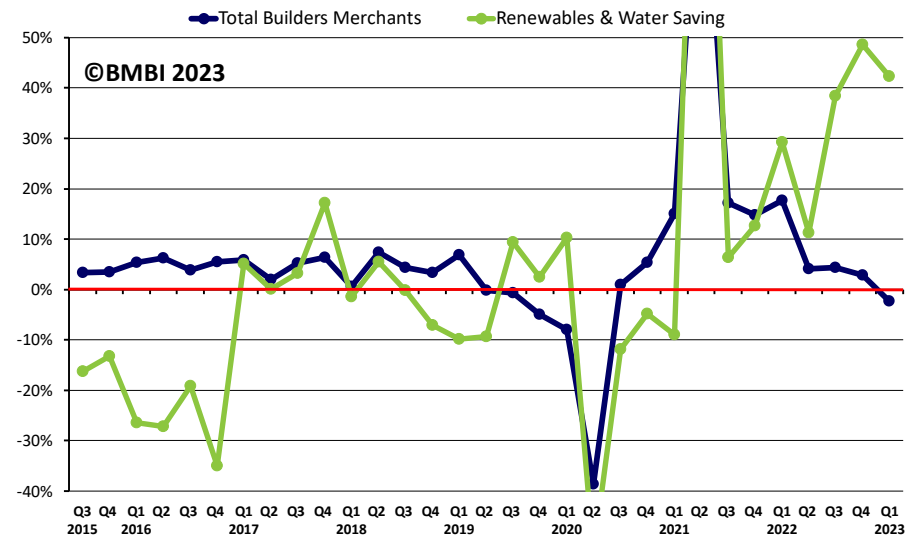
March 2023 and Q1 2023



Renewables & Water Saving - Monthly



Renewables & Water Saving - Quarterly



Covid19 peaks and troughs (off the chart)

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

Covid19 peaks and troughs (off the chart)

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

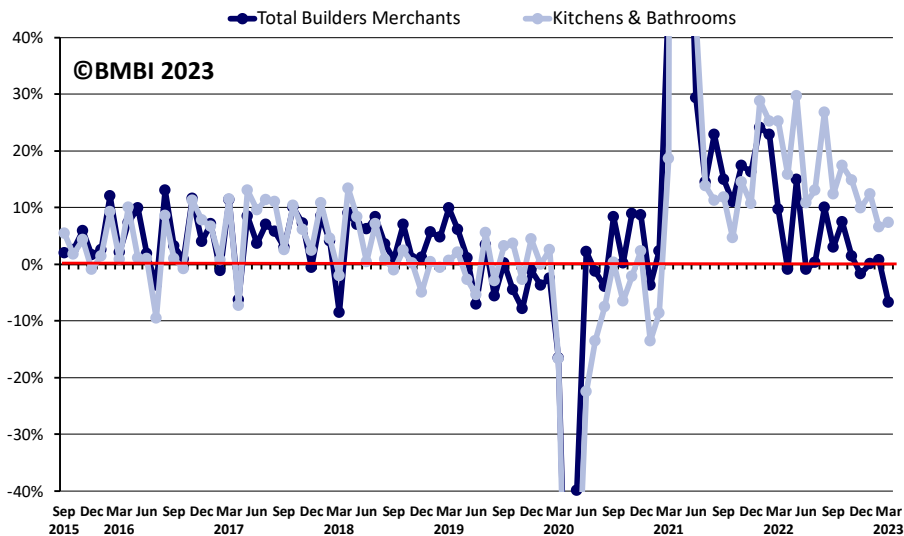
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to March 2023

Monthly and Quarterly Year-on-year

March 2023 and Q1 2023



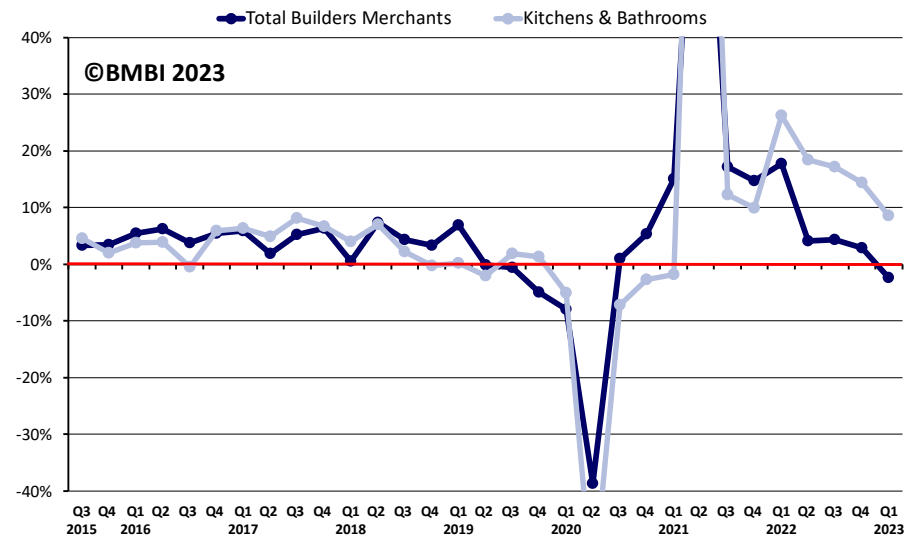
Kitchens & Bathrooms - Monthly



Covid19 peaks and troughs (off the chart)

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

Kitchens & Bathrooms - Quarterly



Covid19 peaks and troughs (off the chart)

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

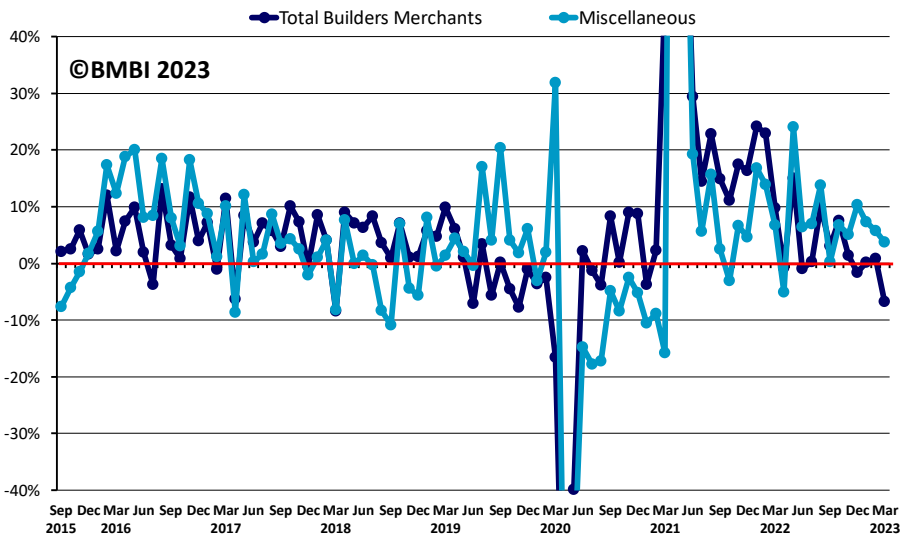
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to March 2023

Monthly and Quarterly Year-on-year

March 2023 and Q1 2023



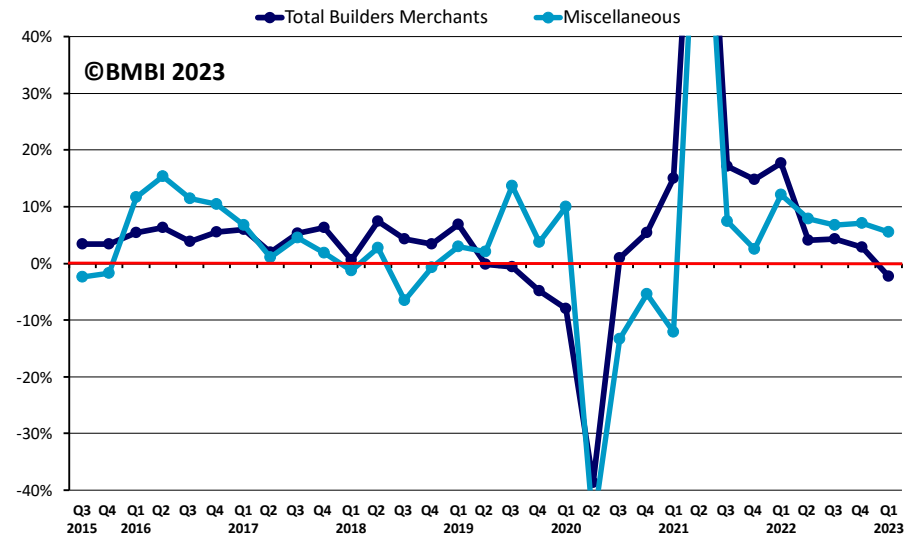
Miscellaneous - Monthly



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%

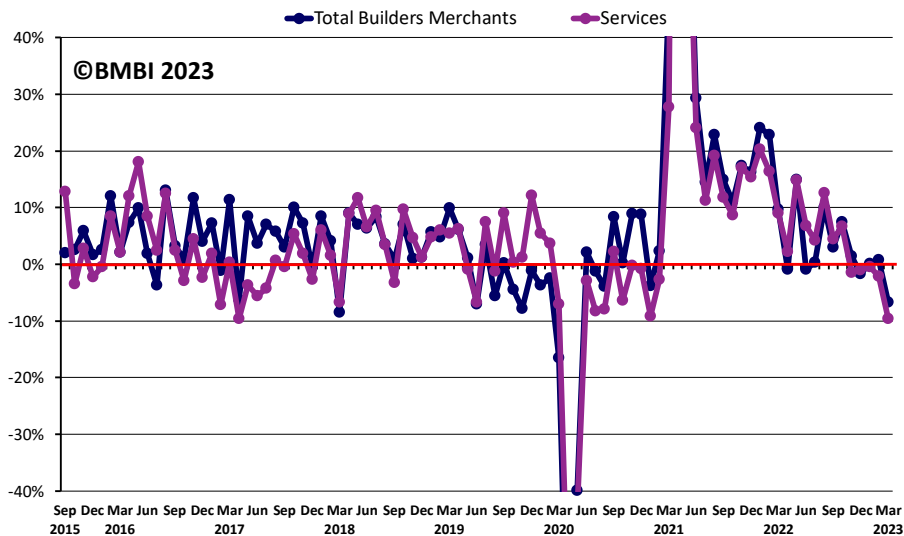
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to March 2023

Monthly and Quarterly Year-on-year

March 2023 and Q1 2023



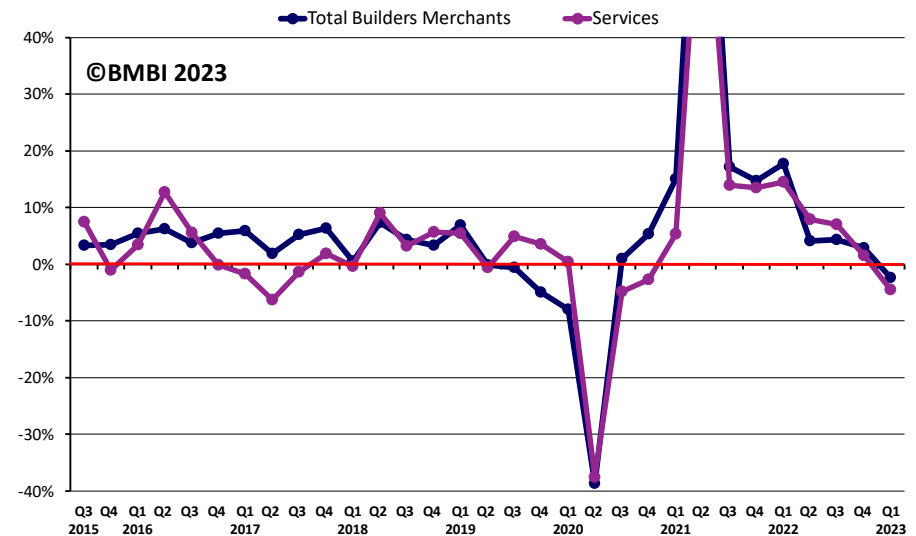
Services - Monthly



Covid19 peaks and troughs (off the chart)

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

Services - Quarterly



Covid19 peaks and troughs (off the chart)

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

Source: GfK's
Builders Merchants
Total Category Report
July 2015 to March 2023

Monthly: Index and Categories

March 2022* – March 2023

Indexed on July 2014 – June 2015



		2022										2023		
MONTHLY SALES VALUE INDEX	Index	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Total Builders Merchants	100	166.8	149.3	162.4	155.6	151.5	153.1	152.4	151.0	147.1	95.5	125.2	135.5	155.6
Timber & Joinery Products	100	195.6	172.3	185.0	175.2	171.0	172.2	168.5	165.9	160.4	100.7	134.9	139.4	162.4
Heavy Building Materials	100	156.2	140.4	155.1	150.8	147.0	149.4	151.3	150.1	144.0	92.4	122.2	135.5	153.8
Decorating	100	131.2	114.0	124.2	122.0	122.1	126.2	127.8	130.6	137.4	92.0	123.7	126.3	142.3
Tools	100	124.2	104.6	109.9	103.7	100.3	102.7	102.9	108.2	111.3	73.2	99.7	106.7	121.0
Workwear & Safetywear	100	123.3	104.9	113.7	118.5	111.5	112.0	141.0	137.3	152.6	100.5	132.3	123.7	147.6
Ironmongery	100	151.5	130.1	141.3	135.2	135.3	139.2	141.9	142.6	144.7	98.3	135.7	135.9	156.8
Landscaping	100	220.0	220.8	231.7	215.1	195.5	183.5	166.1	152.6	132.7	76.5	102.4	130.7	163.8
Plumbing, Heating & Electrical	100	159.4	127.1	137.3	125.1	125.9	130.5	143.3	156.6	168.4	127.6	154.4	156.8	172.8
Renewables & Water Saving	100	106.8	78.6	93.3	86.3	90.4	89.9	115.3	118.1	113.8	82.6	123.5	127.5	133.7
Kitchens & Bathrooms	100	151.1	131.5	144.6	138.7	143.1	150.1	147.5	146.7	161.4	106.4	136.6	143.3	162.2
Miscellaneous	100	141.7	119.9	137.9	127.1	130.6	132.4	128.6	125.0	133.3	99.4	134.5	125.9	142.3
Services	100	146.6	131.7	141.8	140.5	138.4	146.6	139.4	136.3	133.2	101.6	112.0	117.6	132.6

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

Source: GfK's
Builders Merchants
Total Category Report
July 2015 to March 2023

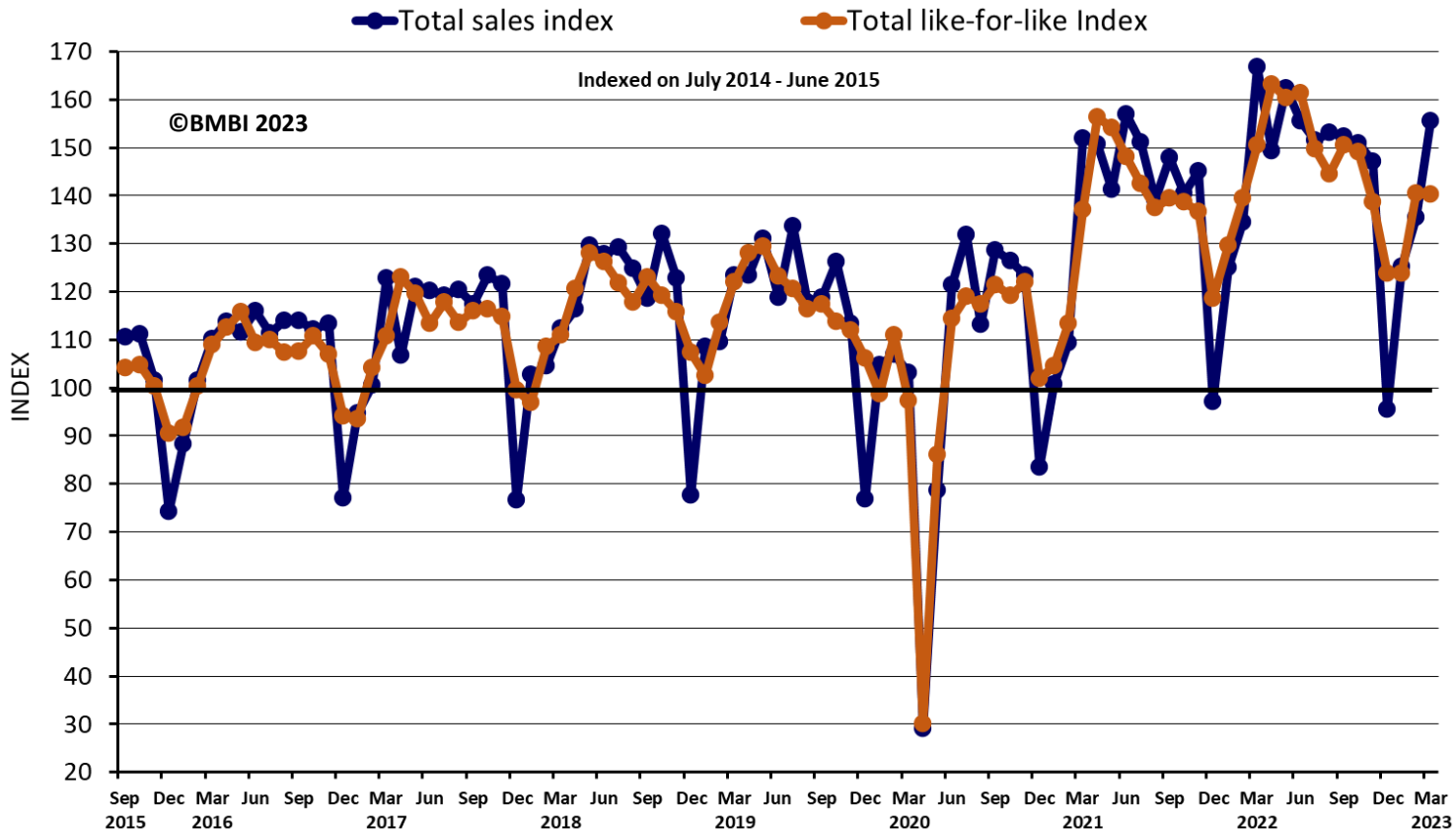
Monthly: Index

Sales and like-for-like sales index

23 trading days this month v 21 trading days in the Index base period. 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 March 2023

March's BMBI index was 155.6. With two more trading days this month, the like-for-like sales index was 140.4.

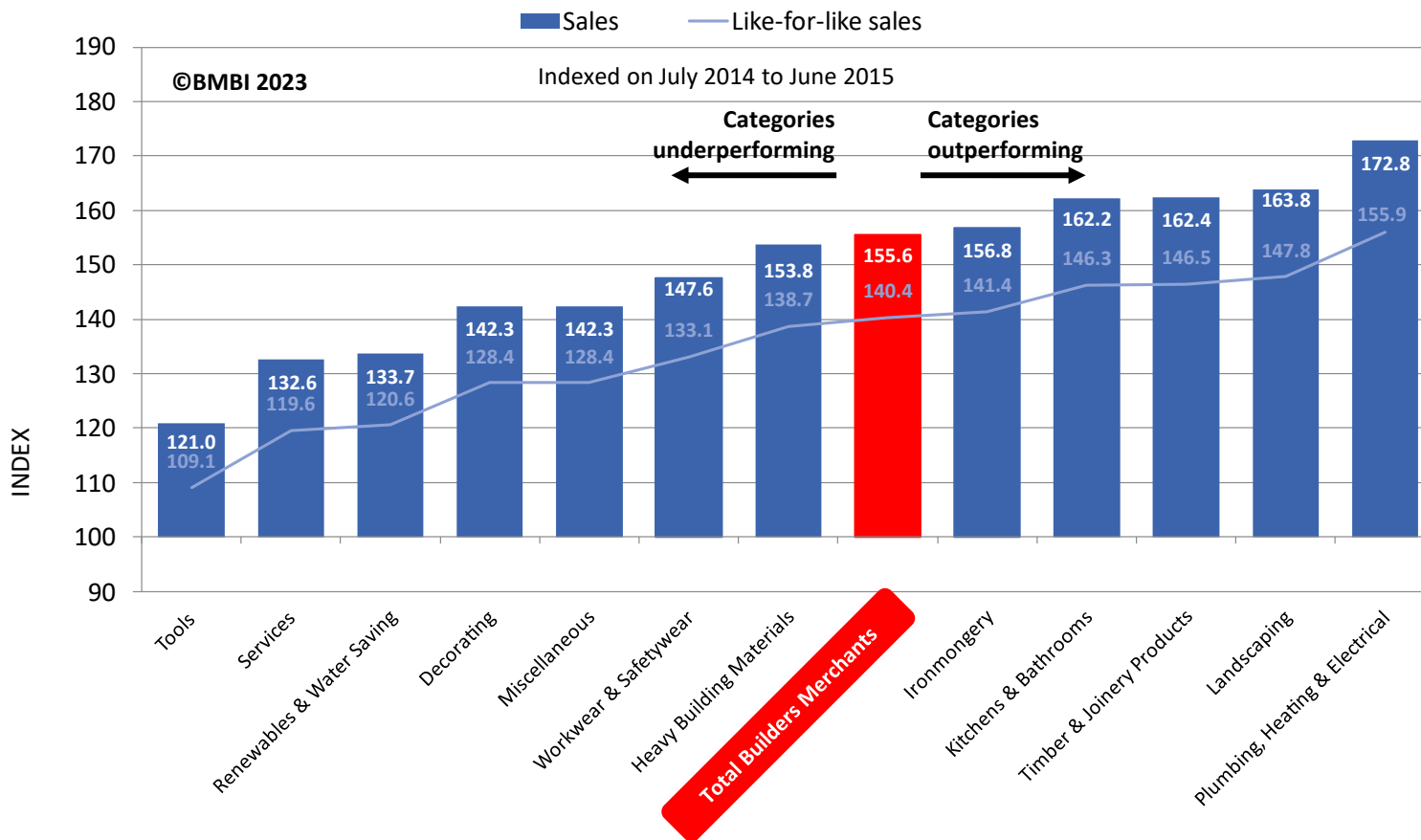
Monthly: Index and Categories

March 2023 sales and like-for-like sales index

23 trading days this month v 21 trading days in the Index base period. Like-for-like sales take trading day differences into account.



March 2023 Index




Source: GfK's Builders Merchants Total Category Report July 2015 to March 2023

Plumbing Heating & Electrical had the highest index in March 2023.

Trading Days

Monthly												Quarterly				Half Year		Full Year
Index: 20.8												Index: 62.3						
2021												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		2022
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Q1	Q2	Q3	Q4	H1	H2	246
20	20	23	19	21	20	21	22	21	21	22	16	63	60	64	59	123	123	
2023												2023				2023		2023
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Q1	Q2	Q3	Q4	H1	H2	
21	20	23										64						

 Source: GfK's
Builders Merchants
Total Category Report
July 2015 to March 2023

GfK's Definition of Builders Merchant Panel



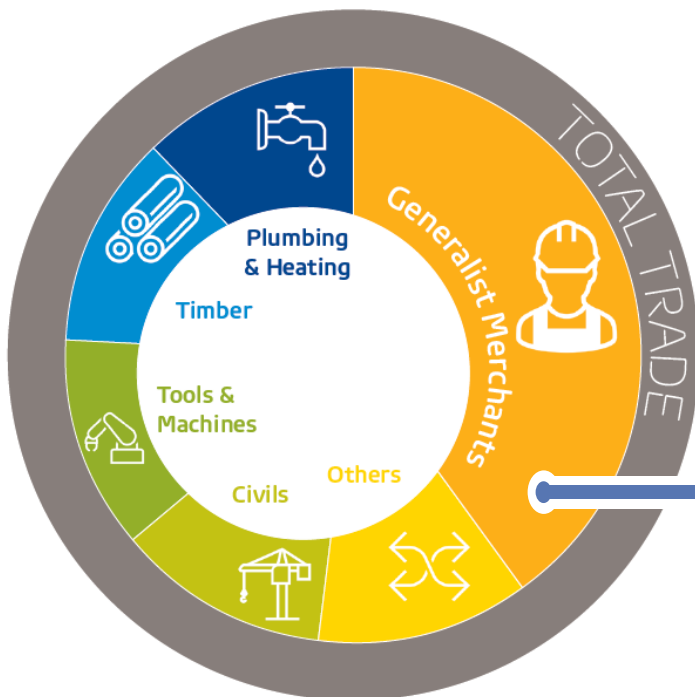
Generalist Builders Merchants definition:

- 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%.

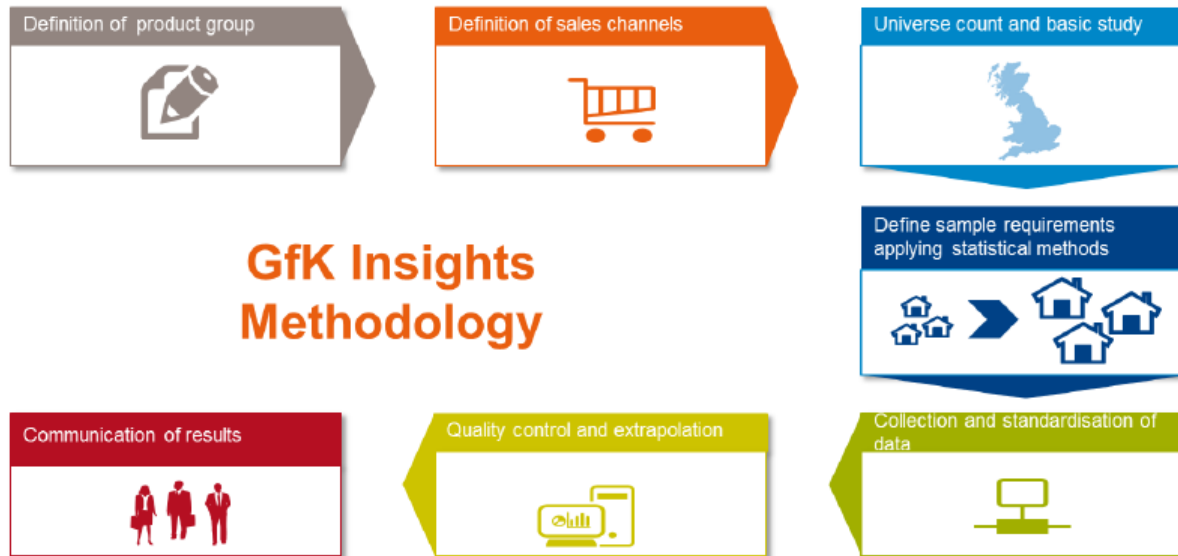
Examples include:



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

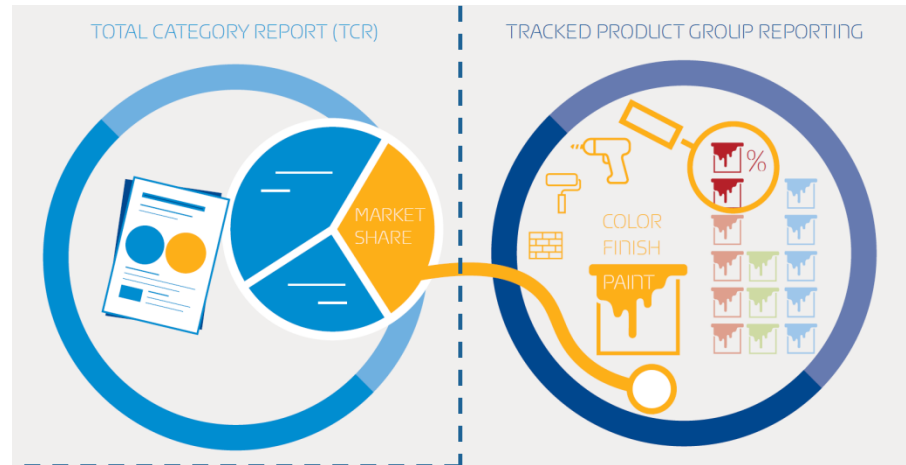
Bathroom (Including Showering)
Fitted Kitchens
Major Appliances

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

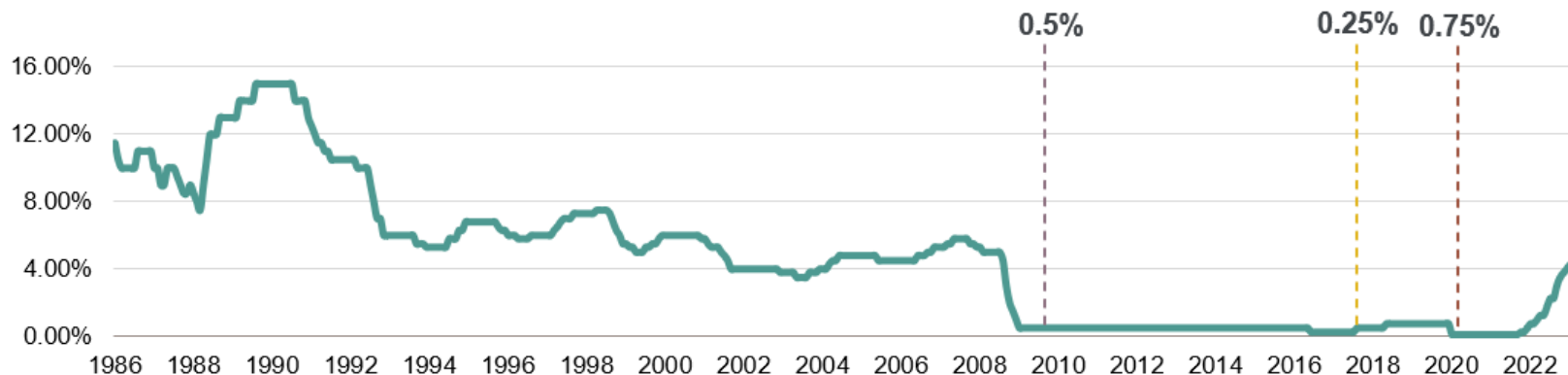
Set monthly by the MPC (Monetary Policy Committee)

▪ 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 7-2 to increase Bank Rate by 0.25 percentage points, to 4.25%. Two members preferred to maintain Bank Rate at 4%.



Source: Bank of England

Consumer Confidence Barometer | March 2023

Macro factors impacting Merchants



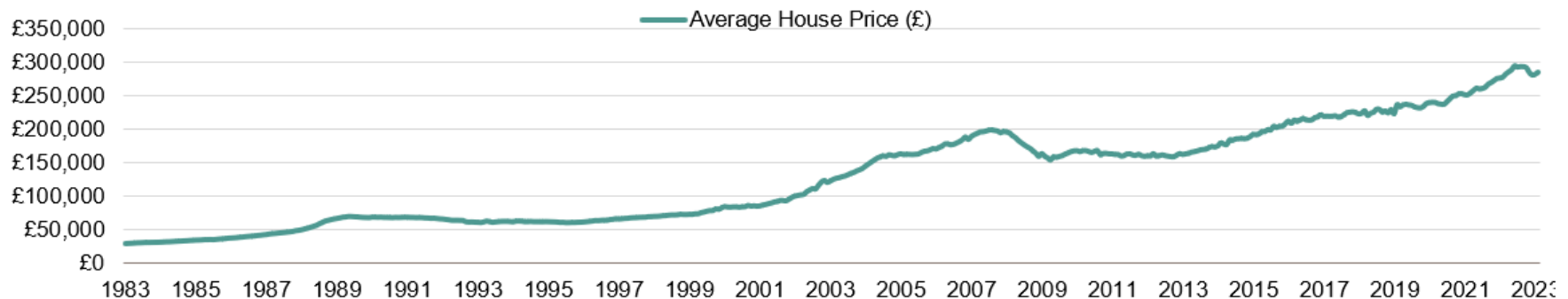
Standardised average house prices

Average Price (year end)		
2016	£222,190	+7%
2017	£225,032	+1%
2018	£229,729	+2%
2019	£238,963	+4%
2020	£244,112	+2%
2021	£262,454	+8%
2022	£287,330	+9%

▪ The average house price in February was £285,476, 2.1% up on this time last year, and has been stable over the last three months. When comparing to January, there was a 1.1% increase in house prices through the month of February, although overall prices are flat compared to three months ago.

▪ At the end of February 2023, the average house price in the UK increased to £285,476 from £282,360 in January 2023.

▪ House prices in February 2023 were 2.1% higher than in the same month a year earlier.



Source: Halifax House Price Index

Consumer Confidence Barometer | March 2023

Macro factors impacting Merchants

Property transactions

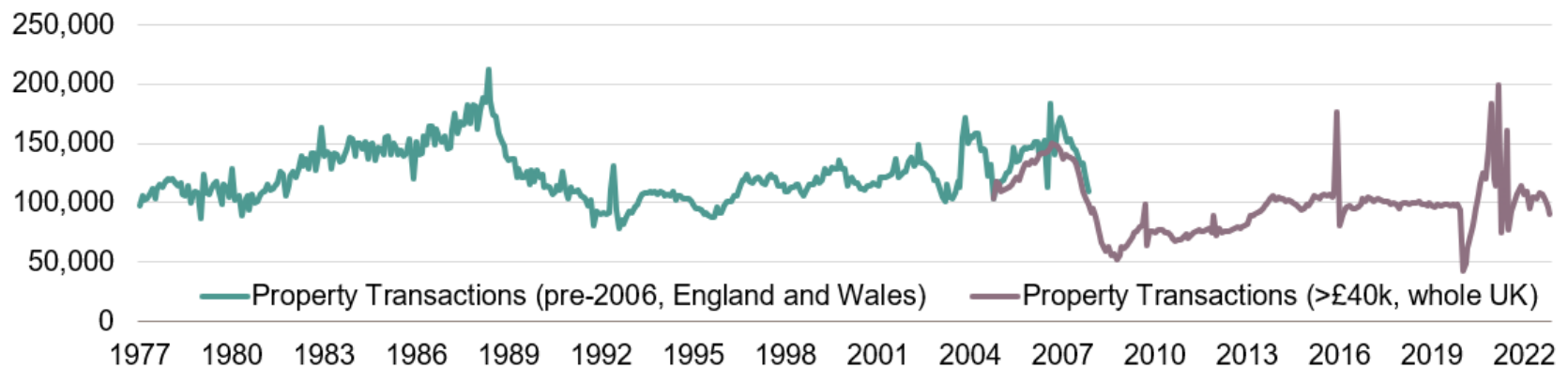
Monthly transactions, residential, seasonally adjusted



Annual total	
2018	1,190,350
2019	1,171,520
2020	1,041,610
2021	1,486,680
2022	1,276,260

- 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 in February 2023 was 90,340 residential and 9,870 non-residential transactions.
- The seasonally adjusted count of residential property transactions in February 2023 is 18% lower than February 2022 and 4% lower than January 2023.



Source: HM Revenue & Customs

Consumer Confidence Barometer | March 2023

Macro factors impacting Merchants

Mortgage approvals and property transactions

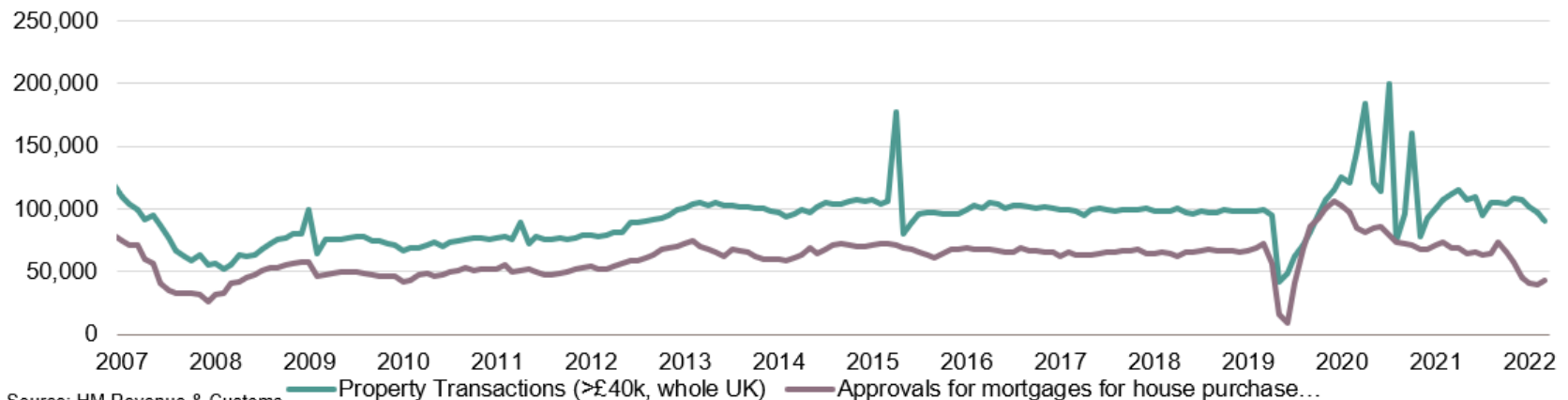
Monthly residential transactions and mortgage approvals (seasonally adjusted)



▪ 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.

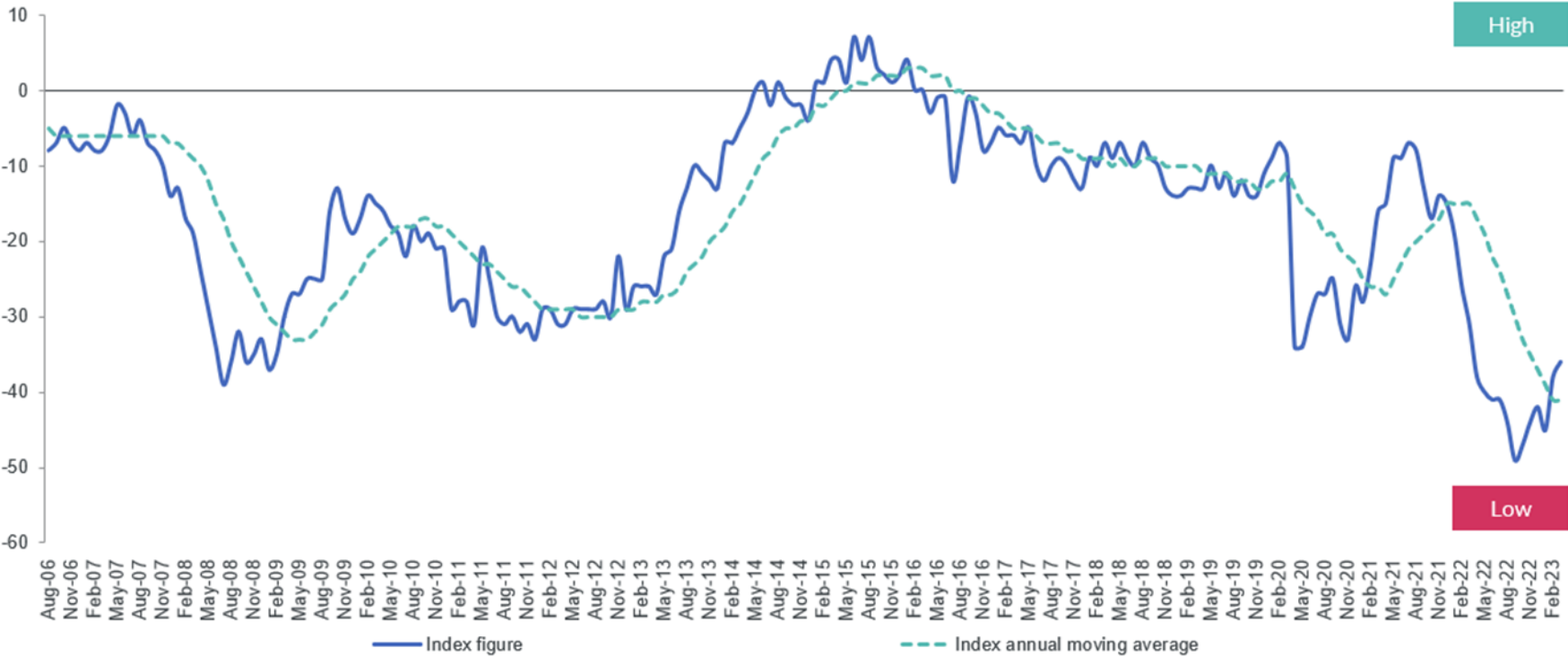
▪ The number of loan approvals for house purchase in the United Kingdom rose to 43,536 in February 2023 - this represents a 9.8% increase from January 2023.



Source: HM Revenue & Customs

Consumer Confidence Barometer | March 2023

Macro factors impacting Merchants



Joe Staton, Client Strategy Director, GfK says: A small improvement in the Overall Index Score this month masks continuing concerns among consumers about their personal financial situation. This measure best reflects the financial pulse of the nation, and it remains weak, with the figure for the coming year down three to -21. Wages aren't keeping up with rising prices and the cost-of-living crisis remains a stark reality for most. The recent Budget will bring relief to some, but for now many people are simply looking to survive day-by-day. Just having enough money to live right and pay the bills remains the number one concern for consumers across the UK.

“building **excellence**
in materials supply”



“building **excellence**
in materials supply”

BMF (Builders Merchant Federation) Forecast Report

BMF Forecast Report

Winter 2022 edition

Builders Merchants Industry Forecast Report

The latest edition of the BMF's Builders Merchants Industry Forecast, covering Winter 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 Winter 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



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Building excellence
in materials supply

**Builders Merchants
Industry Forecast
2022**

Year in Review
Winter Edition
£250

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

Building the Industry & Building Brands from Knowledge



Contact us

For further information



Emile van der Ryst

Senior Client Insight Manager - Trade

Emile.van-der-ryst@gfk.com

+44 (0) 20 7890 9615



Thomas Lowe

Industry Analyst / Economist

thomas.lowe@bmf.org.uk

+44 (0) 24 7685 4994



Yvette Kirk

Research Projects Director

yvette@mra-research.co.uk

+44 (0) 1453 521621