



Monthly Statistics of Building Materials and Components

Commentary

May 2014

Coverage: UK and Great Britain
Geographical area: Country, region and
county
Date of publication: 4th June 2014

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Headline results:

- The 'All Work' Construction Material Price Index year on year figure for April 2014 rose by 1.2%, following a 0.5% increase in March.
- The construction materials experiencing the largest price increases in the 12 months to April were sand & gravel (excluding levy, up 12.2%), sand & gravel (including levy, up 9.0%), and sawn wood (up 7.2%).
- The year on year figure for deliveries of bricks in April 2014 rose by 15.5%, whilst deliveries of blocks fell by 8.5%.
- Exports of construction materials increased by 1.8% on the quarter in 2014Q1 (to £1,504 million). Imports increased by 3.2% (to £3,324 million). As a result, the trade deficit grew by £76 million, to £1,820 million, in 2014Q1.

Introduction

This commentary accompanies the latest Monthly Statistics of Building Materials and Components bulletin, published on the BIS building materials [web page](#) on 4th June 2014. It aims to provide a brief overview of recent trends in the data presented in the bulletin.

The bulletin presents the latest detailed information on selected building materials and components. It covers the following building materials statistics (in parentheses, the data collection frequency and the geographical area covered):

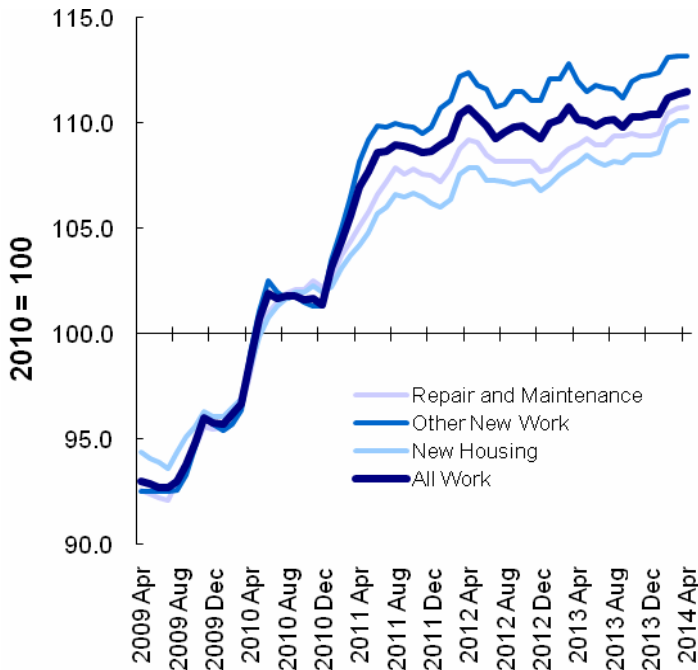
- Construction Material Price Indices (monthly, UK)
- Sand and Gravel sales (quarterly, GB*)
- Slate production, deliveries and stocks (quarterly, GB)
- Cement and Clinker production, deliveries and stocks (annual, GB)
- Bricks production, deliveries and stocks (monthly, GB*)
- Concrete building blocks production, deliveries and stocks (monthly, GB*)
- Concrete roofing tiles production, deliveries and stocks (quarterly, GB)
- Ready Mixed Concrete deliveries (quarterly, UK)
- Values of overseas imports and exports trades for selected materials and components for use in construction (quarterly, UK)
- Value of EU and Non-EU Trade for selected materials and components for use in construction (annual, UK)

Note: * Regional figures available

The statistics support analysis of the construction materials market and business planning. They are regularly reported in the construction press and are used for a variety of purposes, including policy development and evaluation concerning the construction products industry, as well as monitoring market trends. Further detail is available in this document under [Uses of the data](#).

Summary of results

Chart 1: Construction Material Price Indices, UK



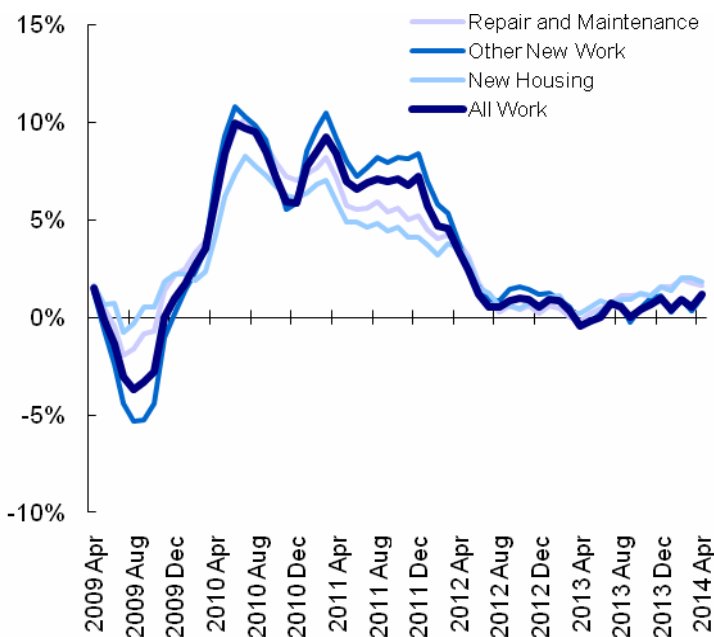
The headline 'All Work' Construction Material Price Index rose by 0.1% between March 2014 and April 2014. This was the third consecutive monthly rise, following an increase of 0.2% in February 2014.

The price of construction materials has increased slowly since July 2011: by 3.5% overall for the headline 'All Work' index. Since May 2011 the 'All Work' index fluctuated from month to month, rising by no more than 1.0% and falling by no more than 0.5%.

Source: Table 1, Monthly Statistics of Building Materials and Components

Chart 2: Growth in Construction Material Price Indices, UK

Percentage change over a year earlier (%)



The 'All Work' year on year change for the Construction Material Price Index was 1.2% in April 2014, up from 0.5% in March. This is the highest 'All Work' index annual construction material price inflation figure since June 2012.

In April 2014, the annual inflation rate in the 'Repair and Maintenance' and 'New Housing' sectors was 1.7% and 1.9%, respectively. For the 'Other New Work' sector, annual inflation was 1.1%.

Source: Table 1, Monthly Statistics of Building Materials and Components

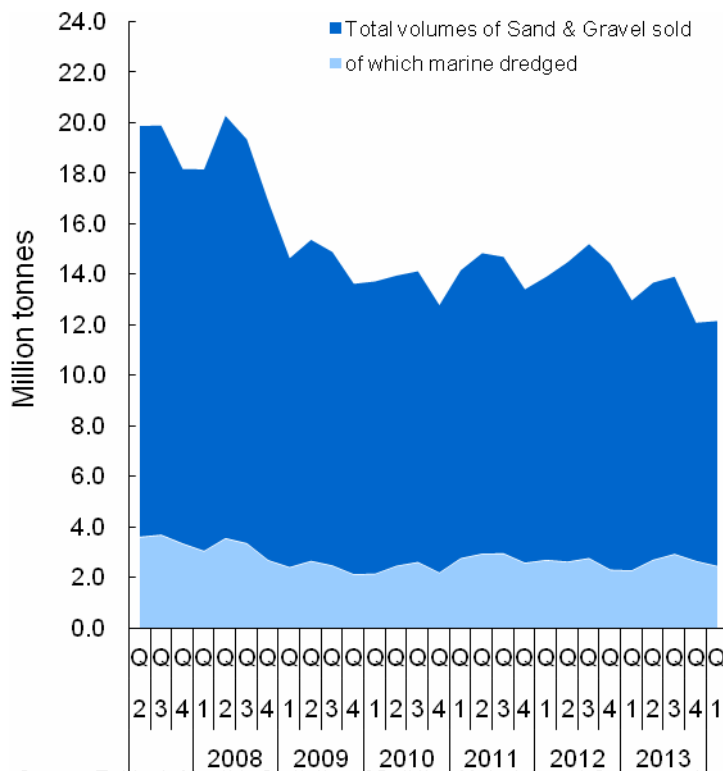
Table 1: Construction materials experiencing the largest price increases and decreases in the 12 months to April 2014, UK

Construction Materials	% change on a year earlier
Largest price increases	
Sand & Gravel (excluding levy)	12.2
Sand & Gravel (including levy)	9.0
Sawn Wood	7.2
Largest price decreases	
Imported Plywood	-7.3
Fabricated Structural Steel	-5.7
Crushed Rock (including levy)	-2.7

Sand and gravel (excluding levy, up 12.2%), sand and gravel (including levy, up 9.0%), and sawn wood (up 7.2%) experienced the largest relative price increases in the 12 months to April 2014. Over the same period, imported plywood (down 7.3%), fabricated structural steel (down 5.7%), and crushed rock (including levy, down 2.7%) experienced the largest relative price decreases.

Source: Table 2, Monthly Statistics of Building Materials and Components

Chart 3: Volumes of Total and Marine Dredged Sand and Gravel sold, GB



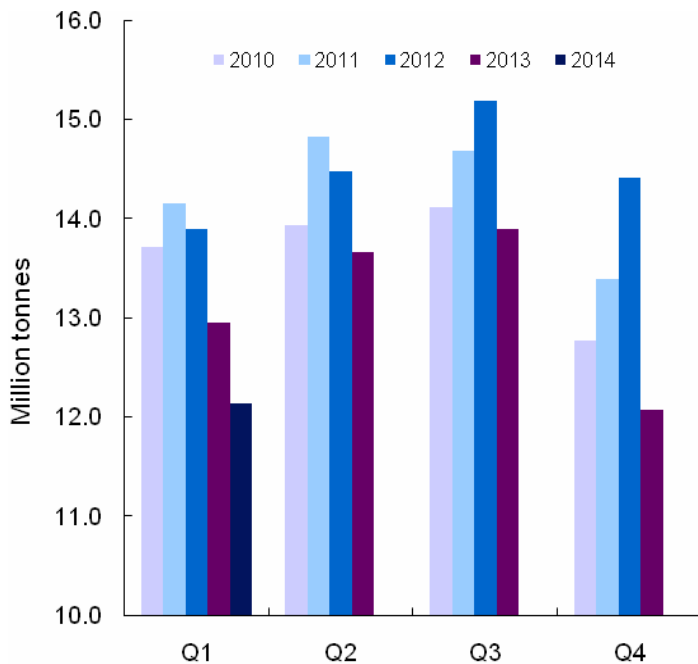
Source: Table 4, Monthly Statistics of Building Materials and Components

Volumes of sand and gravel sold in Great Britain increased by 0.6% on the quarter in 2014Q1, to 12.1 million tonnes. This followed a quarterly decrease of 13.1% in 2013Q4.

Chart 3 shows a sharp drop in the total sales trend around the end of 2008. Before the UK economy entered recession in 2008Q2, quarterly sales averaged 19.1 million tonnes. During the recession, sales averaged 17.3 million tonnes. Following the recession (from 2009Q3), quarterly sales have averaged 13.8 million tonnes.

The proportion of Sand and Gravel sold that was Marine Dredged has been fairly constant each of the past four quarters, ranging between 19.6% and 21.8% of total quarterly sales.

Chart 4: Volumes of Sand and Gravel sold, GB

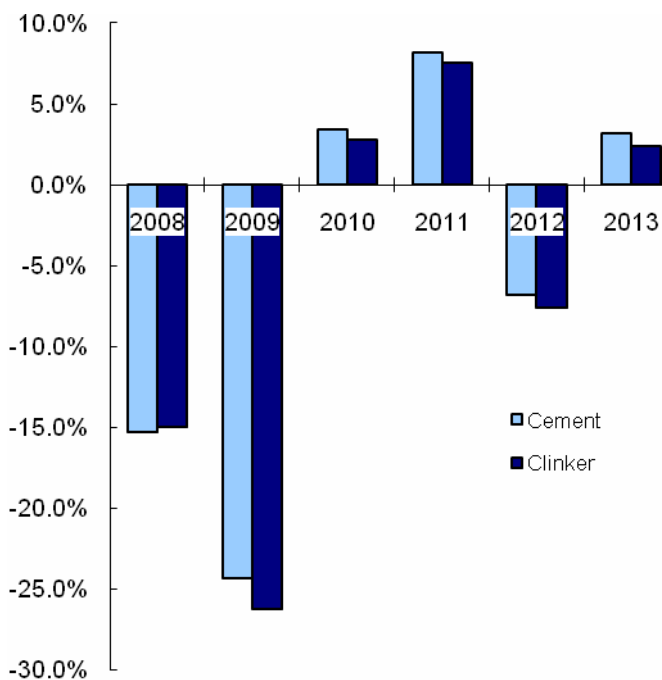


Source: Table 4, Monthly Statistics of Building Materials and Components

Volumes of sand and gravel sold since 2013Q1 were low compared to volumes sold in the quarters of preceding years. Each of the past five quarters have recorded year on year decreases in volumes sold, ranging from -5.6% to -16.2%. Low sales for sand and gravel in 2013 relative to quarters in previous years have continued into 2014, with 2014Q1 sales being the lowest Q1 figure since 2005.

Seasonal effects may help to explain some of the differences between quarters. The number of working days in a quarter varies each year, which may affect comparisons over periods.

Chart 5: Production of Cement and Clinker, GB
Percentage change over previous year (%)

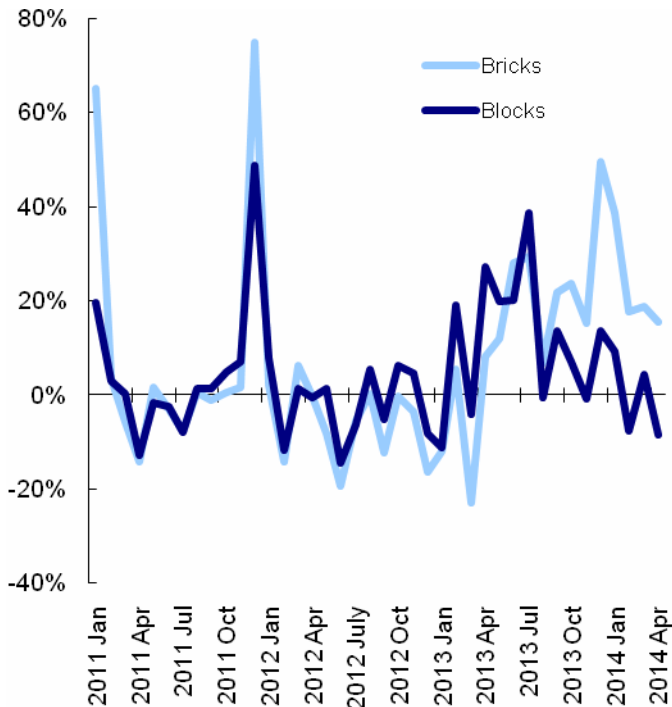


Source: Table 8, Monthly Statistics of Building Materials and Components

Cement production rose by 3.2% to 8.2 million tonnes in 2013, compared to the previous year. This growth in cement production follows a contraction of 6.8% to 8.0 million tonnes in 2012. Pre-recession production peaked in 2007 at 11.9 million tonnes.

Production of Clinker rose by 2.4% to 6.7 million tonnes in 2013, compared to the previous year. This growth in clinker production follows a contraction of 7.6% to 6.6 million tonnes in 2012. Pre-recession production, in 2007, stood at 10.2 million tonnes.

Chart 6: Deliveries of Bricks and Blocks, GB
Percentage change over a year earlier (%)

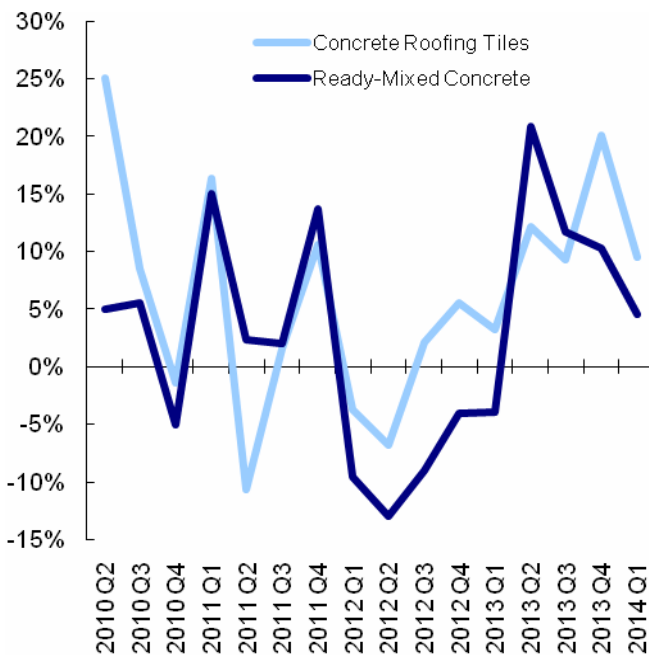


Source: Tables 9 and 11, Monthly Statistics of Building Materials and Components

In the 12 months to April 2014, deliveries of bricks rose by 15.5%, following a rise of 18.8% in the 12 months to March 2014. Year on year increases in brick deliveries in each month since April 2013 coincides with a reported surge in recent house building activity (see the [Economic Background](#) for further detail).

Deliveries of concrete blocks decreased by 8.5% in April 2014 relative to the same month a year earlier, following an increase of 4.4% in the 12 months to March 2014. Monthly year on year change for concrete blocks has been volatile since August 2013, fluctuating between positive and negative values. Year on year changes for this period have been within the range of a maximum 13.6% increase (September and December 2013), and 8.5% decrease (April 2014).

Chart 7: Deliveries of Concrete Roofing Tiles (GB) and Ready-Mixed Concrete (UK)
Percentage change over a year earlier (%)

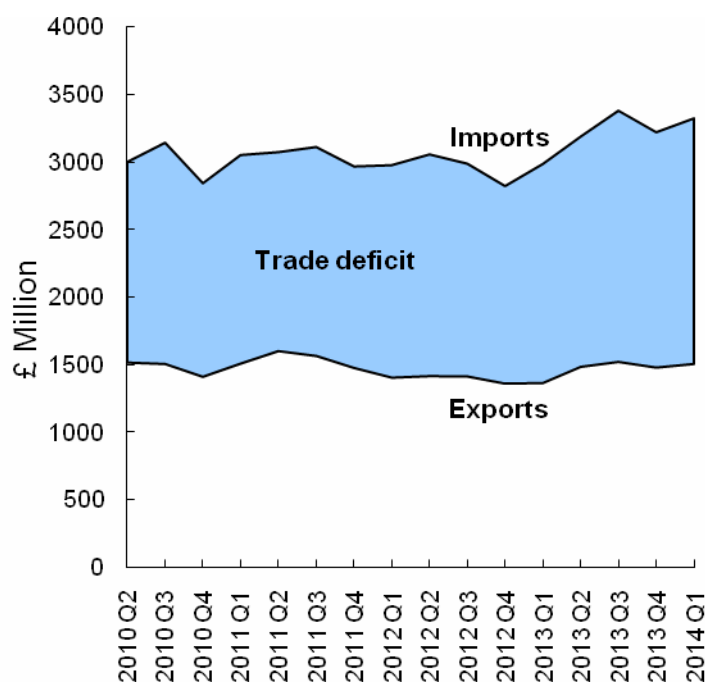


Source: Table 13, Monthly Statistics of Building Materials and Components

Deliveries of Concrete Roofing Tiles in 2014Q1 increased by 9.6% compared to the same quarter the previous year, the 7th consecutive quarterly increase. This followed an increase of 20.1% in the previous quarter. Comparing deliveries in 2013 with 2012, square metres of roofing tiles delivered increased by 11.4%.

Deliveries of Ready-Mixed Concrete rose by 4.5% in 2014Q1, compared to 2013Q1. This followed an increase of 10.3% in 2013Q4. Comparing deliveries in 2013 with 2012, delivery volumes increased by 9.7%.

Chart 8: Exports and Imports of Construction Materials, UK
£million



Exports of construction materials increased by £27 million, in the first quarter of 2014 (to £1504 million), an increase of 1.8%. Imports also rose, by £103 million (to £3,324 million), a 3.2% increase. As a result, the trade deficit grew by £76 million, to £1,820 million, in 2014Q1.

The increase of the trade deficit in 2014Q1 was largely due to an increase in the trade deficit for semi-manufactures of £39 million. For products and components, the trade deficit increased by £29 million. The raw materials trade deficit also increased, by £9 million.

Source: Table 14, Monthly Statistics of Building Materials and Components

Table 2: Top-5 UK Exported and Imported Construction Materials in 2013

£ million			
Top-5 Exported Materials		Top-5 Imported Materials	
Paints & Varnishes	648	Electrical Wires	1463
Electrical Wires	547	Lamps and Fittings	703
Lamps and Fittings	287	Sawn Wood > 6mm thick	698
Plugs & Sockets	260	Central Heating Boilers	615
Air Conditioning Equip.	239	Air Conditioning Equip.	535

The top five exported materials in 2013 were: paints & varnishes, electrical wires, lamps & fittings, plugs & sockets, and air conditioning equipment.

The top five imported construction materials in 2013 were: electrical wires, lamps & fittings, sawn wood > 6mm thick, central heating boilers, and air conditioning equipment.

Source: Table 14 Monthly Statistics of Building Materials and Components

Table 3: UK Trade of Construction Materials with EU and Non-EU Countries, 2013

<i>£million (% of total trade in italics)</i>			
All Building Materials & Components	EU	Non-EU	
Exports	3511	2330	
	<i>60%</i>	<i>40%</i>	
Imports	8093	4685	
	<i>63%</i>	<i>37%</i>	

In 2013, 60% of all building material exports were from EU countries, while 63% of imports were to EU countries.

Source: Table 15 Monthly Statistics of Building Materials and Components

Table 4: Top 5 UK Export and Import Markets for Construction Materials in 2013

<i>£ million</i>			
Top-5 Export Markets	Top-5 Import Markets		
Ireland	738	Germany	2,036
Germany	600	China	1,829
France	520	Italy	831
Netherlands	430	Spain	683
USA	424	Netherlands	588

The UK's largest export market for building materials was Ireland, followed by Germany, France, the Netherlands and the USA.

The largest import market was Germany, followed by China, Italy, Spain and the Netherlands.

Source: HMRC Overseas Trade Statistics

The '[Rotterdam Effect](#)' (also known as the 'Antwerp Effect') may affect trade figures. This is explained in detail by [HM Revenue & Customs](#).

Economic background

The second estimate of GDP, published by the Office for National Statistics (ONS) on the 22nd of May, reported that the economy grew by 0.8% on the quarter in 2014Q1. This figure was unrevised from the previous estimate, and was the fifth consecutive quarter-on-quarter growth, with GDP 3.1% higher in 2014Q1 compared to the same quarter one year ago. GDP has gradually increased since the recession (2008Q2 to 2009Q3), however it remains 0.6% below its pre-recession peak (2008Q1). The main driver of GDP growth between 2013Q4 and 2014Q1 was growth of 0.9% in the services sector. Additionally, service sector growth was the main contributor to GDP growth in every quarter of 2013. The production sector grew by 0.7% between 2013Q4 and 2014Q1. Manufacturing output, which accounts for just over two-thirds of total production, rose by 1.4% between 2013Q4 and 2014Q1, following growth of 0.6% between 2013Q3 and 2013Q4. Construction sector output grew by 0.6%, following a decrease of 0.2% in the previous quarter. Comparing 2014Q1 with 2013Q1, construction output increased by 5.4%. Whilst there is some evidence that construction output was affected by high precipitation and storms in January and February, this has been judged to not have a significant impact upon the quarterly GDP estimate.

The latest reports from the Bank of England's regional agents state that growth in construction output has been strong, and primarily led by house building. Some concerns remain regarding difficulties in obtaining materials, alongside reports of constraints on growth related to planning delays. Additionally, construction firms have experienced difficulties in recruiting quantity surveyors, bricklayers, plasterers and carpenters. Brighter prospects for renewed commercial speculative development outside London were commented on by some agents. However, aside from rail and port infrastructure projects, activity on large infrastructure projects is currently subdued.

Looking forwards, the latest monthly Consensus Economics forecasts (which uses an average of private sector forecasts) increased GDP growth expectations for 2014 to 2.9%. The forecast for 2015 remained unchanged at 2.5%. These forecasts were similar to those produced in March 2014 by the Office for Budget Responsibility (OBR) and Organisation for Economic Co-operation and Development (OECD) who forecast GDP growth in 2014 of 2.7% and 3.2%, respectively. Additionally, OBR and OECD forecast 2.3% and 2.7% GDP growth for 2015, respectively.

In April, two forecasters revised their expectations for growth in the construction sector. The Construction Products Association (CPA) now expects a rise in construction output of 4.5% in 2014 (previously 3.4%), with continued growth in 2015 of 4.8% (previously 5.2%). CPA suggests that private house building, infrastructure and private commercial activity are set to drive recovery in the industry over the short term. In the longer term, an eventual increase in government capital investment is expected to lead to rises in public sector construction. Construction output is also expected to grow in 2016 (+4.3%) and 2017 (+3.6%). Experian have revised growth expectations upwards, due to good performance of the housing sector, alongside a predicted end to the decline in public non-residential construction. They forecast growth in construction output of 4.5% in 2014 (up from 4.2%), 4.7% in 2015 (up from 4.4%), and 3.0% in 2016 (up from 2.7%).

Background notes

Quality information for the Building Materials bulletin

1. The United Kingdom Statistics Authority has designated these statistics as National Statistics, in accordance with the Statistics and Registration Service Act 2007 and signifying compliance with the Code of Practice for Official Statistics.

Designation can be broadly interpreted to mean that the statistics:

- meet identified user needs;
- are well explained and readily accessible;
- are produced according to sound methods, and
- are managed impartially and objectively in the public interest.

Once statistics have been designated as National Statistics it is a statutory requirement that the Code of Practice shall continue to be observed. The full assessment [report](#), published on 22nd December 2011, can be found on the UK Statistics Authority website.

2. Quality issues related to the *Building Materials and Components* outputs are discussed in the review of the Building Material statistics that was carried out in 2010 by BIS's construction team. The review aimed to: ascertain user needs; examine whether existing data collection methodologies are fit for purpose; estimate compliance costs; assess compliance with the Code of Practice; and identify options for change.

The full [report](#) can be found on the BIS *Building Materials and Components* webpage.

Detailed information on data suppliers, coverage and data collection methodology can be found in sections 2.1-2.10. Quality issues (coverage and accuracy of sample panels, response rates, survey results processing, disclosure etc.) and potential measures that could be employed to improve the quality of the statistics are discussed in section 2.11 of the review. Users' views on the quality of the *Building Materials and Components* statistics are given in section 3.3.4. These are derived from a user survey carried out in early 2010, as part of the review (see section 3 for details).

3. Following the review, BIS acted on the recommendations including commissioning the Office for National Statistics Methodology Advisory Service (ONS/MAS) to address some of the recommendations from the 2010 review. In July 2011, MAS published their [interim report](#). In July 2012, MAS published their [final report](#). This will inform a full summary Quality Report that will be published by BIS shortly.
4. HM Revenue and Customs use administrative sources to produce Overseas Trade Statistics. A [Statement of Administrative Sources](#) used to compile construction material trade statistics is available on the BIS *Building Materials and Components* webpage:

Separately, HM Revenue and Customs also have a [Statement of Administrative Sources](#) which covers Overseas Trade Statistics.

5. [The pre-announcement of any major changes to samples or methodology](#) also details some methodological changes to the collection of data.

6. The following table gives a summary of response rates related to some of the latest survey results. Where the response rate is less than 100%, estimates are made for missing values.

Latest data used in March 2014 edition	Bulletin table number	Response rate
Quarterly Sand and Gravel	4, 5 & 6	83%
Quarterly Sand and Gravel – Land Won	4, 5 & 6	68%
Quarterly Sand and Gravel – Marine Dredged	4, 5 & 6	97%
Quarterly Slate	7	80%
Monthly Bricks Provisional data	9	62%
Monthly Bricks Final data	9 & 10	100%
Monthly Concrete Blocks Provisional data	11	87%
Monthly Concrete Blocks Final data	11	93%
Quarterly Concrete Blocks Final data	11 & 12	88%
Quarterly Concrete Roofing Tiles	13	100%

Uses of the data

7. The *Building Materials and Components* statistics are used for a variety of purposes, including policy development and evaluation concerning the construction products industry, as well as monitoring market trends. In a wider context, the figures are regularly reported in the construction press to facilitate market analysis and business planning for its wide range of readers. The statistics are also increasingly used by financial institutions for assessing market information and industry trends. For more information on the uses of the Building Materials statistics, their usefulness to users and users' views on the quality of these statistics, see Section 3 of the *Building Materials and Components* [review](#).

Related Statistics

8. [Construction Statistics: Sources and Outputs](#) lists the known sources of information available on the construction industry and their outputs. These include information on employees, employment, enterprises, output and new orders in the construction industry as well as the contribution of the industry to the economy. Related information, for example housing, is also included.
9. The [Construction Statistics Annual](#) brings together a wide range of statistics currently available on the construction industry from a variety of sources and provides a broad perspective on statistical trends in the construction industry, with some international comparisons.
10. In its monthly **Index of Production (IoP)** publication, the ONS publishes Gross Value Added (seasonally adjusted, UK) data for the following two industries:
- SIC 23.1-4/7-9 which includes the manufacture of bricks, tiles and other construction products.
 - SIC 23.5-6 industry which includes the manufacture of concrete, cement and other products for construction purposes.

These data are not directly comparable with the data in this bulletin, due to differences in coverage and methodology. They are nevertheless useful in illustrating the latest output trends of related construction materials as measured by the ONS.

The latest IoP data show that output in the SIC 23.1-4/7-9 industry rose by 19.4% in the 12 months to March 2014. This was the tenth consecutive month in which output rose on this basis, following seventeen successive monthly declines, preceded by a 12-month period in which the sector recorded uninterrupted year-on-year growth. In 2013, the industry expanded by 4.1%, up from a contraction of 11.5% in 2012. Monthly indices (2010=100) from March 2012 to July 2013 inclusively were some of the lowest on record (since January 1997), the lowest being in October 2012.

Year on year for March 2014, output in the SIC 23.5-6 industry rose by 31.1%, after rise for February 2014 of 19.7%. This was the fourth consecutive monthly increase on a year on year basis. The increases for January (40.5%), February and March are the three highest year on year increases in the period for which data is available (since January 1997). The past four months of year on year increases follow a long period characterised predominantly by declines: 31 months in the last 36-month period have had year-on-year declines. Monthly index values (2010=100) show that the period from December 2012 to October 2013 had some of the lowest monthly values on record (since January 1997), the lowest being in January 2013. In 2013 as a whole, the sector suffered a 7.8% decline in output, following a contraction of 14.7% in output recorded in 2012.

Turning to the **construction contracting sector**, the latest (seasonally adjusted) ONS data indicated that the volume of construction output rose 0.6% on the quarter in 2014Q1. Comparing 2014Q1 to 2013Q1, output increased by 5.4%, with the rise largely due to increases in new private housing and private housing repair and maintenance. A seasonally adjusted monthly series reported a 1.0% decrease in output volumes between February 2014 and March 2014, however ONS emphasise that “due to seasonal adjustment taking place on a short span of data points used to interpret the seasonal effects there is potential for increased revisions until the seasonal pattern is established within the time series”. In 2013, the construction sector grew by 1.1%, following a contraction of 7.9% in 2012.

Revisions

11. Our [revisions policy](#) can be found on the BIS Building Materials webpage.
12. [The pre-announcement of any major changes to samples or methodology](#) and [Summary of Revisions](#) give further information on revisions and other changes to data and can also be found on the BIS Building Materials webpage.
13. In February 2014 more accurate data were received for January 2013 through to November 2013 for Brick Production, Deliveries and Stock. These data were used to revise the monthly and Q1 to Q3 figures in tables 9 and 10. The revised data had a small impact upon the ‘Facing’ brick figures, with revised monthly brick numbers being between 3.6% down and 1.4% up on the original figures. ‘Engineering’ brick figures were more strongly affected, with the revised monthly figures up between 0.7% to 37.7% on the original figures. However, ‘Engineering’ bricks represent a small proportion of the total number of bricks, and so these revisions had a small effect on the combined ‘All Types’ figures. The revisions did not affect the ‘Common’ brick figures. Broken down regionally, the revisions primarily affected the North West and West Midlands.

Further information

The coverage of cement and cementitious statistics changed from UK to GB in 2002 due to data confidentiality issues in Northern Ireland as the number of manufacturers decreased. Where the coverage of figures for other building materials is limited to Great Britain (i.e. sales of sand and gravel, and production, deliveries and stocks of slate, clinker, bricks, concrete building blocks and concrete roofing tiles), no equivalent data are collected for Northern Ireland.

The most recently published bulletin and accompanying data tables can be found on BIS' *Building Materials and Components* [website](#)

Accompanying tables with data relating to 2011 are accessible from [this](#) link.

Accompanying tables for 2005 - 2010 are accessible from [this](#) link.

Requests for older data should be sent to MaterialStats@bis.gsi.gov.uk

Please send us any comments or feedback you may have about this commentary.

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