



Monthly Statistics of Building Materials and Components

Commentary

November 2014

Coverage: UK and Great Britain
Geographical area: Country, region and
county
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Contents

Headline results.....	1
Introduction	2
Summary of results.....	3
Economic background.....	9
Background notes	10
Uses of the data	11
Related Statistics.....	11
Revisions.....	12
Further information	13

Headline results:

- *Construction material prices fell slightly in October, although the long term trend is a small increase.* The 'All Work' Construction Material Price Index for October 2014 fell by 0.1% on the month, with an increase of 0.5% compared to October 2013.
- *Brick production continued to increase, in response to increased demand by house builders. However, bricks deliveries fell.* The year on year figure for deliveries of bricks in October 2014 fell by 3.7%, whilst brick production rose by 5.8%.
- *The trade deficit in building materials and components widened.* The trade deficit widened by £155 million, to £1.985 million in 2014Q3. This was due to a decrease in exports of construction materials of £28 million, and an increase in exports of £127 million.

Introduction

This commentary accompanies the latest Monthly Statistics of Building Materials and Components bulletin, published on the BIS building materials [web page](#) on 3rd December 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):

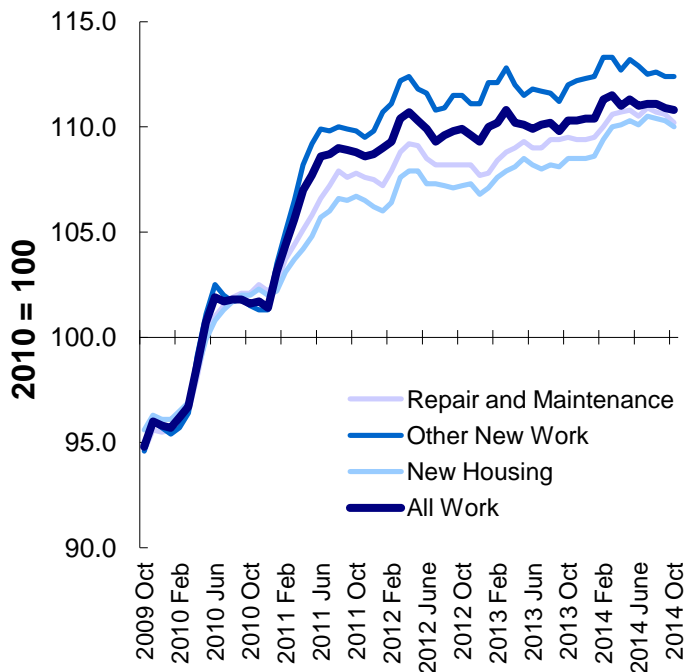
- Construction material price indices (monthly, UK)
- Sand and gravel sales (quarterly, GB*)
- Slate production, deliveries and stocks (quarterly, GB)
- Cement and clinker production, deliveries and stocks (annual, GB)
- Bricks production, deliveries and stocks (monthly, GB*)
- Concrete building blocks 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



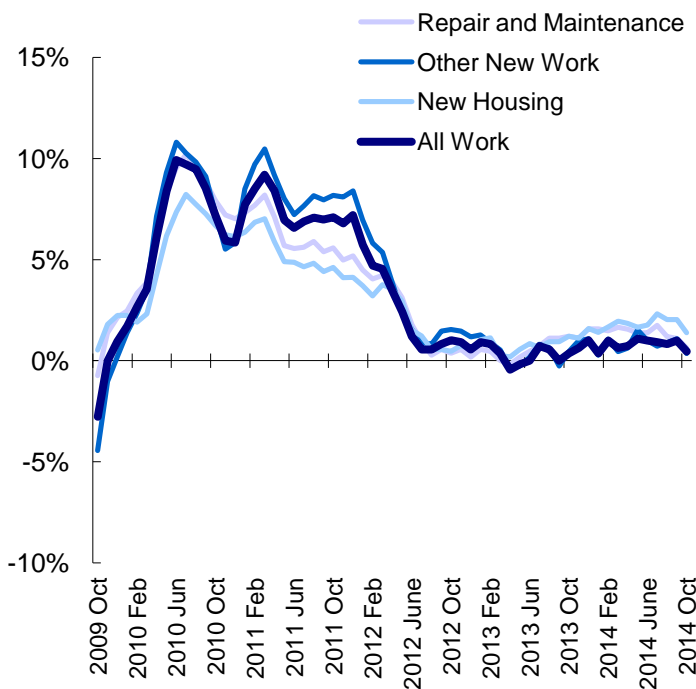
The headline 'All Work' Construction Material Price Index fell by 0.1% in October 2014 compared to the previous month, after a 0.2% fall in September. The index has fallen in 4 out of the past 12 months.

From October 2009 to June 2011, construction material prices increased rapidly, rising by 15% over the period. The price of construction materials has increased more slowly since June 2011: by 2.0% overall for the headline 'All Work' index.

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 0.5% in October 2014, down from 1.0% in September. The last decline on this basis was in May 2013. The subsequent 17 months have recorded year on year changes in the range of 0% to 1.1%.

The sub-sector recording the highest rise in prices was 'New Housing', at 1.4%. 'Other New Work' rose by 0.4%, and 'Repair and Maintenance' rose by 0.6% compared to October 2013. The higher rise in prices for 'New Housing' is consistent with recent increases in activity in this sub-sector.

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

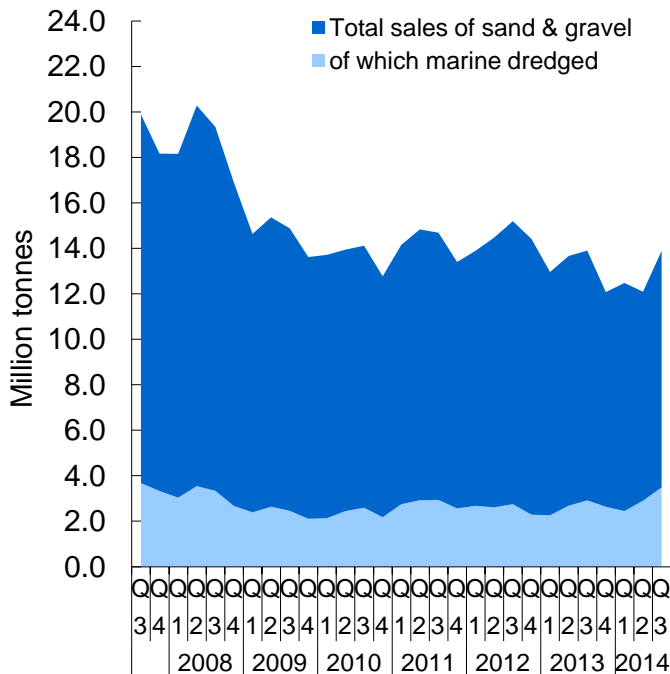
Table 1: Construction materials experiencing the largest price increases and decreases in the 12 months to October 2014, UK

Construction Materials	% change on a year earlier
Largest price increases	
Sawn Wood	8.3
All Bricks	6.5
Particle Board	6.5
Largest price decreases	
Concrete Reinforcing Bars	-3.4
Paint (aqueous)	-2.0
Lighting Equipment for Roads	-1.1

The 'All Work' Construction Material Price Index shows that the year on year change in material costs for October 2014 was 0.5% (see chart 2). However, this aggregated figure hides larger price movements for some specific products and materials. The 3 largest increases and decreases are presented here.

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

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



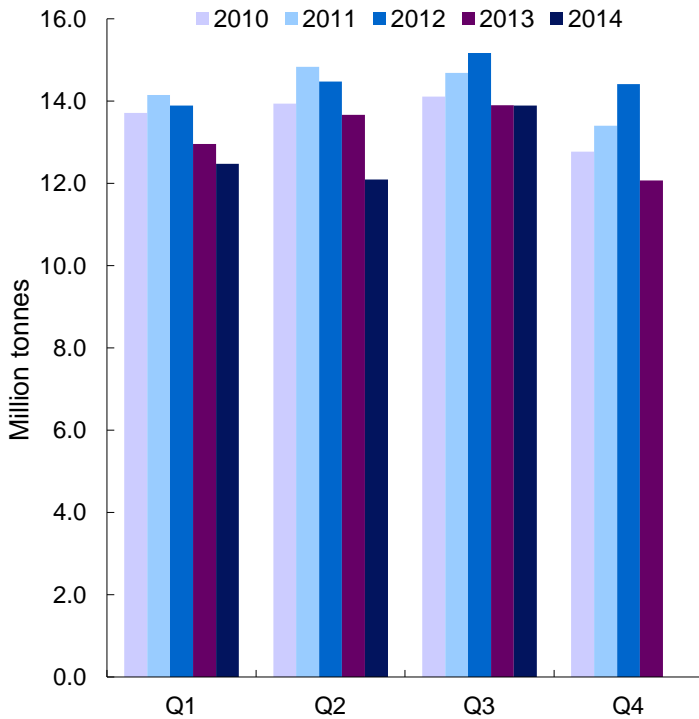
Volumes of sand and gravel sold in Great Britain increased by 14.9% on the quarter in 2014Q3, to 13.9 million tonnes. This followed a quarterly decrease of 3.1% in 2014Q2. The quarterly increase is the largest since 2006Q2.

Chart 3 shows a sharp drop in the total sales trend in 2008, relative stability until the end of 2012, a decline to 2014Q2, and then a sharp rise in 2014Q3. 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 averaged 22.9% of total quarterly sales in 2014. This is higher than the average of 18.2% over the period 2009 to 2013.

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

Chart 4: Volumes of Sand and Gravel sold, GB



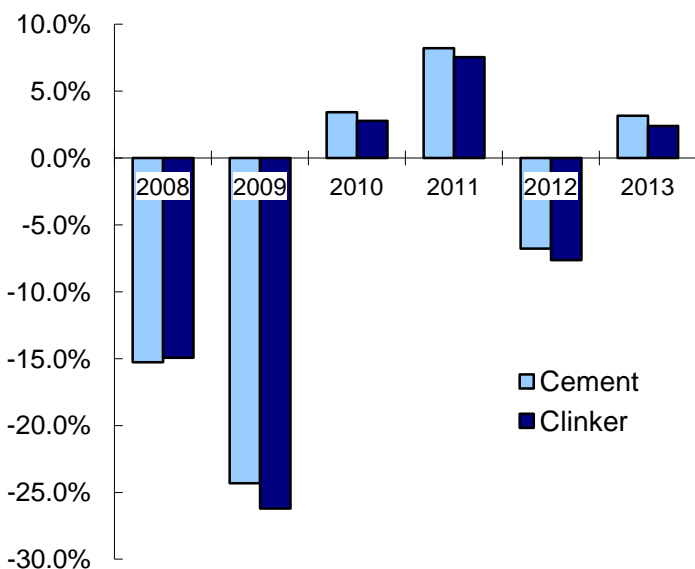
Sales of sand and gravel were down 0.1% in 2014Q3 compared with 2013Q3. However, sales have picked up markedly compared to 2014Q1 & Q2, which were down 3.7% and 11.5% respectively compared to the same quarters in 2013.

Volumes of sand and gravel sold have been declining since 2013Q1, with each of the past seven quarters recording year on year decreases. These have ranged from -0.1% (2014Q3) to -16.2% (2013Q4).

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.

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

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

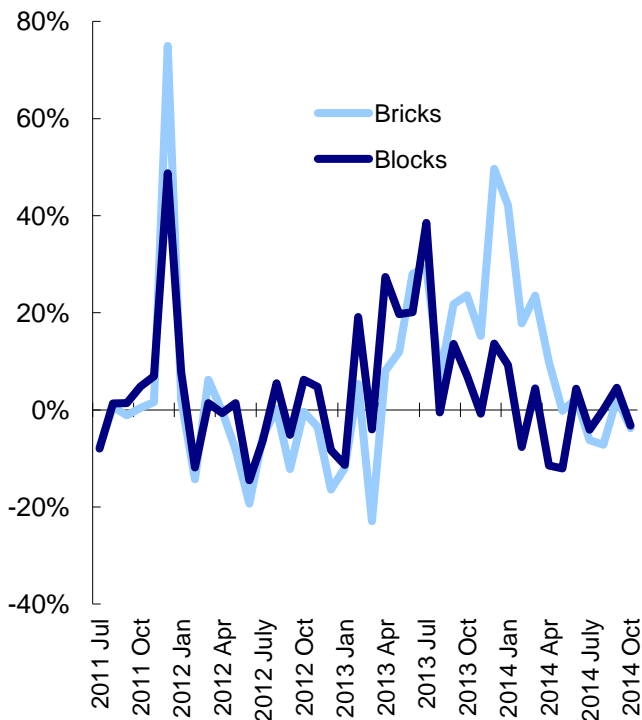


Cement production rose by 3.2% to 8.2 million tonnes in 2013, compared to the previous year. This growth in cement production follows a contraction of 6.8% to 8.0 million tonnes in 2012. Pre-recession production peaked in 2007 at 11.9 million tonnes.

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.

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

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

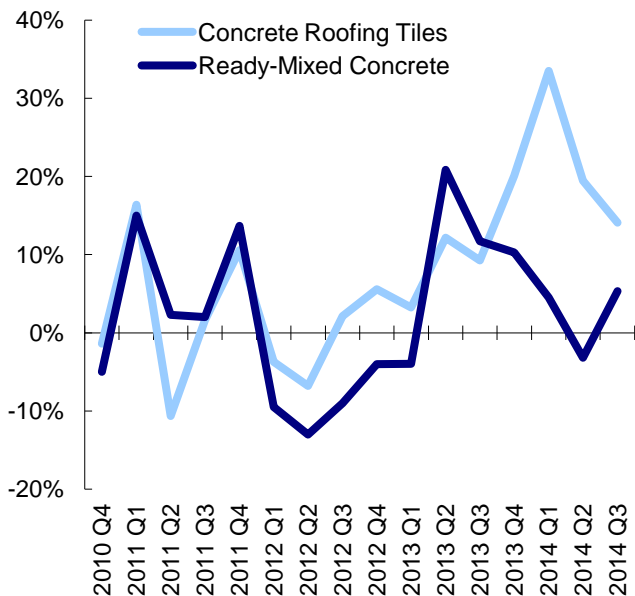


In the 12 months to October 2014, deliveries of bricks decreased by 3.7%, following an increase of 2.3% in the 12 months to September 2014. However, this year-on-year drop is largely due to very high delivery figures for October 2013. Deliveries in October 2014 were the second highest monthly deliveries in 2014. Brick production increased by 5.8%, the 16th consecutive monthly increase. Brick deliveries remain 20% lower in October 2014 than pre-recession levels in October 2007.

Deliveries of concrete blocks fell by 3.3% in October 2014 relative to the same month a year earlier, following an increase of 4.6% in the 12 months to September 2014. Concrete block deliveries remain 37% lower in September 2014 than pre-recession levels in September 2007.

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

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

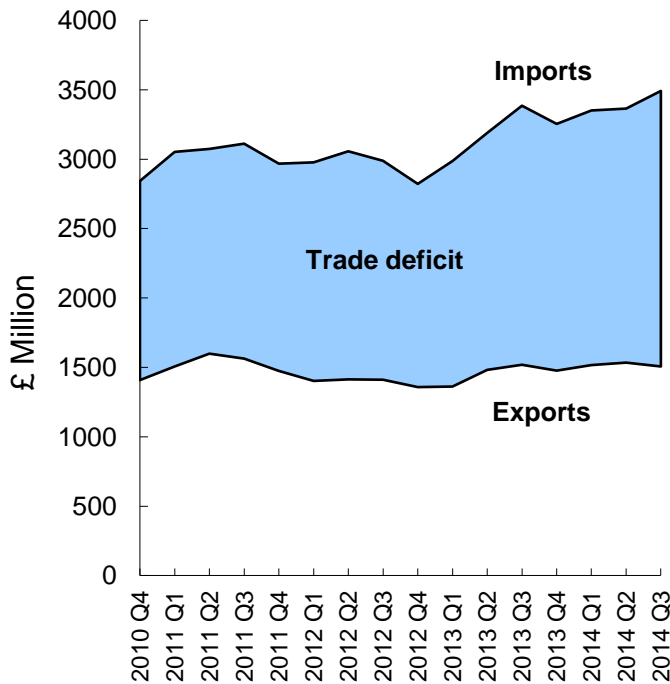


Deliveries of Concrete Roofing Tiles in 2014Q3 increased by 14.1% compared to the same quarter the previous year, the 9th consecutive quarterly increase on this basis. This followed an increase of 19.4% in the previous quarter. Deliveries of concrete roofing tiles were 4.6% lower in 2014Q3 compared to pre-recession levels in 2007Q3.

Deliveries of Ready-Mixed Concrete rose by 5.3% in 2014Q3, compared to 2013Q3. This followed a decrease of 3.2% in 2014Q2 on the same basis. Deliveries of ready-mixed concrete remain 33% below pre-recession levels in 2007Q3.

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

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



Exports of construction materials decreased by £28 million in the third quarter of 2014 (to £1507 million), a decrease of 1.8% on the previous quarter. Imports rose, by £127 million (to £3,492 million), a 3.8% decrease. As a result, the trade deficit increased by £155 million, to £1,985 million, in 2014Q3.

The increase of the trade deficit in 2014Q3 was largely due to an increase in the trade deficit for products and components of £161 million. For semi-manufactures, the trade deficit decreased by £16 million. The raw materials trade deficit increased, by £10 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	1492
Electrical Wires	547	Lamps and Fittings	703
Lamps and Fittings	287	Sawn Wood > 6mm thick	698
Plugs & Sockets	260	Central Heating Boilers	618
Air Conditioning Equip.	239	Air Conditioning Equip.	535

The top five exported materials in 2013 accounted for 34% of total construction material exports.

The top five imported construction materials in 2013 accounted for 32% of total construction material imports.

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

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

£ Million (% of total trade in italics)

All Building Materials & Components	EU	Non-EU
Imports	8,131 <i>63%</i>	4,685 <i>37%</i>
Exports	3,511 <i>60%</i>	2,330 <i>40%</i>

Compared to pre-recession levels in 2007, the share of total UK construction material exports going to the EU has declined from 70% to 60%.

Source: Table 15, Monthly Statistics of Building Materials and Components

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

£ Million

Top-5 Export Markets		Top-5 Import Markets	
Ireland	739	Germany	2,046
Germany	599	China	1,829
France	520	Italy	848
Netherlands	430	Spain	687
USA	424	Netherlands	589

The top 5 export markets comprised 46% of total construction materials exports in 2013. Ireland remains the largest market, despite having shrunk from a pre-recession peak of 27% of total exports in 2007, to 13% in 2013.

Source: HMRC Overseas Trade Statistics

The top 5 import markets comprised 47% of total construction materials imports in 2013.

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 26th of November, reported that the economy grew by 0.7% on the quarter in 2014Q3, following a 0.9% rise in 2014Q2. Compared to 2013Q3, GDP increased by 3.0%. GDP in 2014Q3 was estimated to be 3.4% above its pre-recession peak in 2008Q1. The increase in GDP was broad based, with growth recorded in all of the four main industrial groupings within the economy (i.e. services, production, construction and agriculture). However, the main driver of GDP growth between 2014Q2 and 2014Q3 was growth of 0.8% in the services sector. The production sector grew by 0.2% between 2014Q2 and 2014Q3. Manufacturing output, which accounts for just over two-thirds of total production, rose by 0.4% over the same period, following growth of 0.5% between 2014Q1 and 2014Q2. Construction sector output grew by 0.8% 2014Q3, following an increase of 0.7% in the previous quarter. The longer term trend for construction sector GDP is positive: comparing 2014Q3 with 2013Q3, construction output increased by 3.0%. However, the quarterly rise of 0.8% in 2014Q3 is the lowest rise on this basis since 2013Q2.

The latest monthly Consensus Economics forecasts in November 2014 (which uses an average of private sector forecasts) reduced GDP growth expectations for 2014 to 3.0%, previously 3.1%. The forecast for 2015 remained unchanged, at 2.6%. The 2014 forecast is similar to those produced in March 2014 by the Office for Budget Responsibility (OBR) and in May by 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.

The latest reports from the Bank of England's regional agents state that growth in construction has remained robust, and has broadened out beyond house building. Commercial construction activity is picking up in industrial units and factory expansions. Some speculative office development activity was noted. Shortages in materials and labour were continuing to constrict the house building sub-sector. However, recent cooling of the housing market has not resulted in house builders scaling back their build programmes.

This autumn two forecasters revised their expectations for growth in the construction sector. The Construction Products Association (CPA) now expects a rise in construction output of 4.8% in 2014 (previously 4.7%), with continued growth in 2015 of 5.3% (up from 4.8%). CPA expect 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 by 3.7% per year between 2016 and 2018. Experian held their short term growth forecast steady, predicting growth in construction output of 5.5% in 2014. This prediction is based on the continued strong performance of the housing sector. However, infrastructure output has been disappointing, and is not expected to improve until new energy and roads projects begin in 2015 and 2016. This, combined with expected expansion in the industrial and commercial sub-sectors has led Experian to revise their growth prediction for 2015 upwards, to 5.1% (up from 4.9%). Their growth forecast for 2016 remains unchanged at 3.5%.

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	81%
Quarterly Sand and Gravel – Land Won	4, 5 & 6	80%
Quarterly Sand and Gravel – Marine Dredged	4, 5 & 6	87%
Quarterly Slate	7	80%
Monthly Bricks Provisional data	9	97%
Monthly Bricks Final data	9 & 10	100%
Monthly Concrete Blocks Provisional data	11	100%
Monthly Concrete Blocks Final data	11	100%
Quarterly Concrete Blocks Final data	11 & 12	95%
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 14.2% in the 12 months to September 2014, after a rise for August of 6.1%. This was the 16th consecutive month in which output rose on this basis, following 17 successive monthly declines. In 2013, the industry expanded by 4.5%, up from a contraction of 13.0% in 2012. Monthly indices (2011=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 September 2014, output in the SIC 23.5-6 industry rose by 5.5%, after a rise for August 2014 of 10.5%. This was the 10th consecutive monthly increase on a year on year basis. The past 10 months of year on year increases follow a long period characterised predominantly by declines: 25 months in the last 36-month period have had year-on-year declines. Monthly index values (2011=100) show that the period from January to October 2013 had some of the lowest monthly values on record (since January 1997), the lowest being in March 2013. In 2013 as a whole, the sector suffered a 7.5% decline in output, following a contraction of 14.8% in output recorded in 2012.

Turning to the **construction contracting sector**, the latest (seasonally adjusted) ONS data indicated that construction output in September 2014 rose by 1.8% compared to the previous month. This increase was broad based, with every sub-sector except 'private housing repair & maintenance' recording increases. Output in the construction industry was estimated to have grown by 0.8% in 2014Q3 when compared with 2014Q2 (which provides a better guide to the underlying trend than one month's data). This was primarily due to increases in private new housing.

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.

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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Department of Business of Business, Innovation & Skills.

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