



Monthly Statistics of Building Materials and Components

Commentary August 2014

Coverage: UK and Great Britain
Geographical area: Country, region and
county
Date of publication: 3rd September 2014

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:

- The 'All Work' Construction Material Price Index year on year figure for July 2014 rose by 0.9%, following a 1.5% rise in June.
- The construction materials experiencing the largest price increases in the 12 months to July were: all bricks (up 10.5%), sawn wood (up 8.7%), and particle board (up 8.5%).
- The year on year figure for deliveries of bricks in July 2014 fell by 6.8%, whilst deliveries of blocks fell by 3.1%.
- Exports of construction materials increased by 0.5% on the quarter in 2014Q2 (to £1,525 million). Imports fell by 0.2% (to £3,342 million). As a result, the trade deficit fell by £16 million, to £1,818 million, in 2014Q2.

Introduction

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

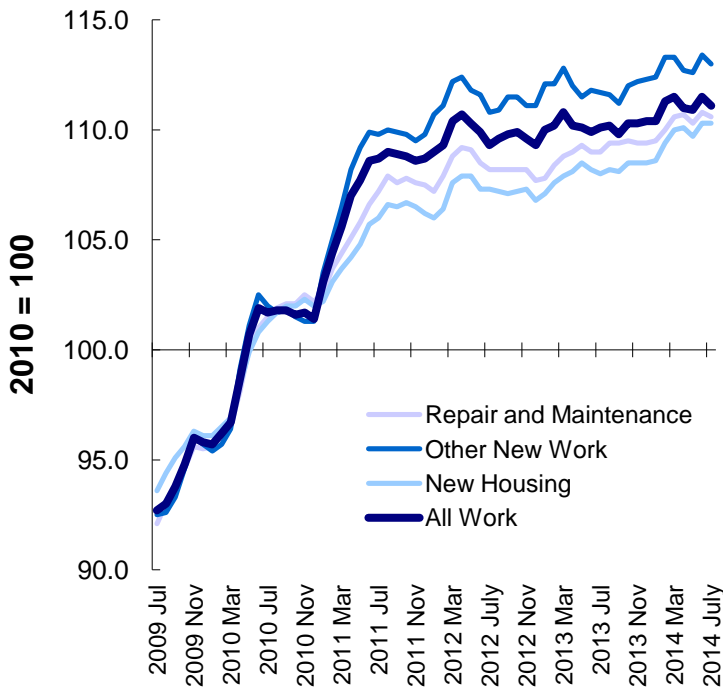
- Construction material price indices (monthly, UK)
- Sand and gravel sales (quarterly, GB*)
- Slate production, deliveries and stocks (quarterly, GB)
- Cement and clinker production, deliveries and stocks (annual, GB)
- Bricks production, deliveries and stocks (monthly, GB*)
- Concrete building blocks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



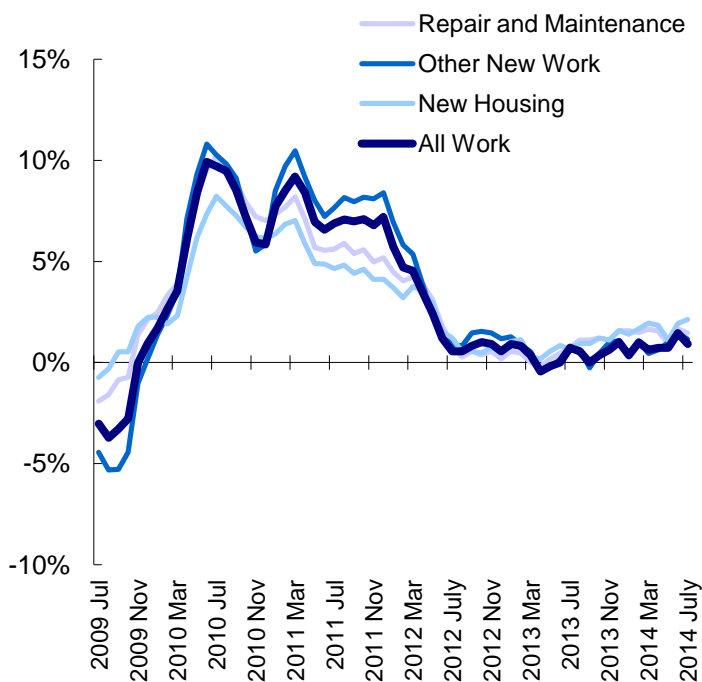
The headline 'All Work' Construction Material Price Index fell by 0.4% in July 2014 compared to the previous month, after a 0.5% rise in June. The index has risen in 8 out of the past 12 months.

The price of construction materials has increased slowly since June 2011: by 2.3% overall for the headline 'All Work' index. Since June 2011 the 'All Work' index has fluctuated from month to month, rising by no more than 1.0% and falling by no more than 0.5%. Prior to this, from July 2009 to June 2011, construction material prices increased rapidly, rising by 17% over the period.

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 0.9% in July 2014, down from 1.5% in June. The last decline on this basis was in May 2013. The past 14 months have recorded percentage changes in the range of 0% to 1.5%.

In July 2014, the annual inflation rate in the 'Repair and Maintenance' and 'New Housing' sectors was 1.5% and 2.1%, respectively. For the 'Other New Work' sector, annual inflation was 1.2%.

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

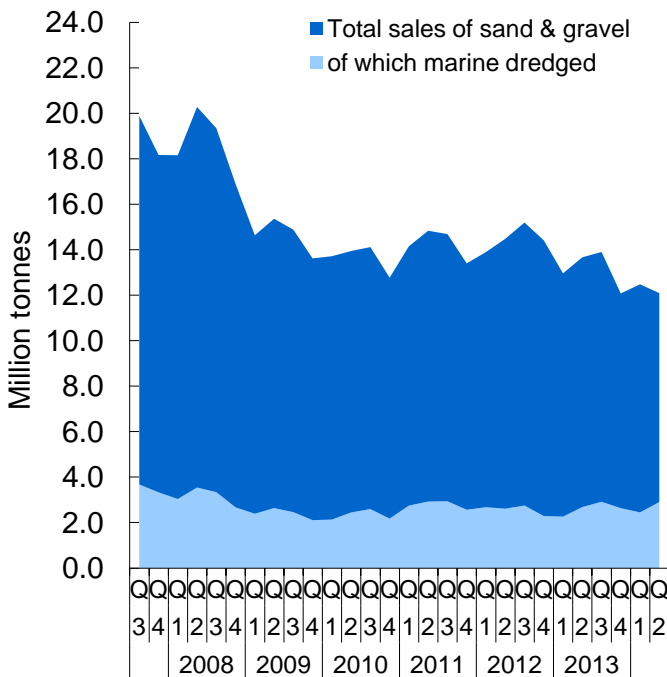
Table 1: Construction materials experiencing the largest price increases and decreases in the 12 months to July 2014, UK

Construction Materials	% change on a year earlier
Largest price increases	
All Bricks	10.5
Sawn Wood	8.7
Particle Board	8.5
Largest price decreases	
Imported Plywood	-6.9
Concrete Reinforcing Bars	-3.6
Crushed Rock (excluding levy)	-1.6

All bricks (up 10.5%), sawn wood (up 8.7%), and particle board (up 8.5%) experienced the largest relative price increases in the 12 months to July 2014. Over the same period, imported plywood (down 6.9%), concrete reinforcing bars (down 3.6%), and crushed rock (excluding levy, down 1.6%) 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



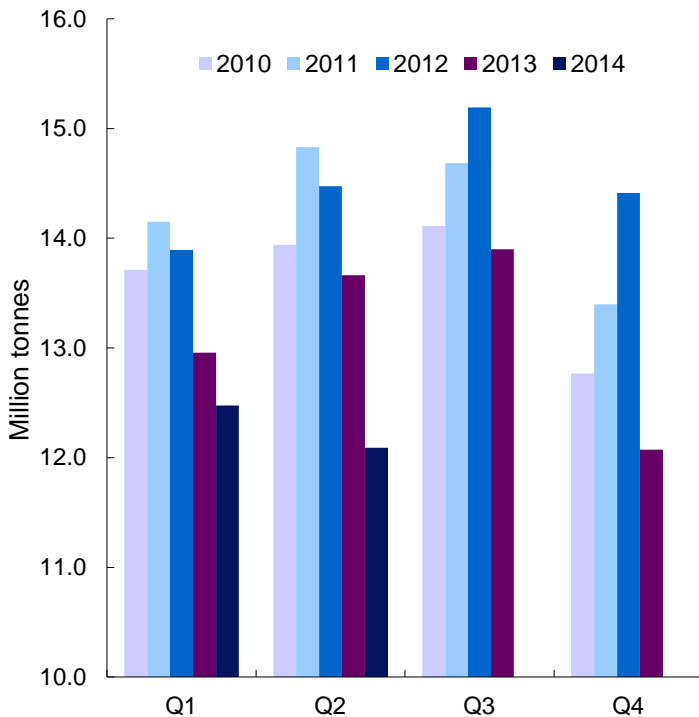
Volumes of sand and gravel sold in Great Britain decreased by 3.1% on the quarter in 2014Q2, to 12.1 million tonnes. This followed a quarterly increase of 3.3% in 2014Q1.

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 in each of the past four quarters, ranging between 19.6% and 24.0% of total quarterly sales.

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

Chart 4: Volumes of Sand and Gravel sold, GB



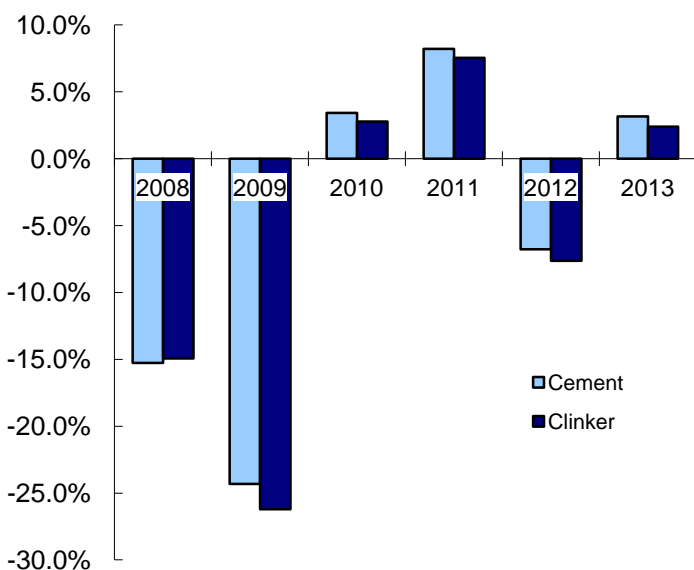
Source: Table 4, Monthly Statistics of Building Materials and Components

Volumes of sand and gravel sold since 2013Q1 have been low compared to volumes sold in the quarters of preceding years. Each of the past six quarters have recorded year on year decreases in volumes sold, ranging from -3.7% (2014Q1) to -16.2% (2013Q4).

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. 2014Q2 sales of sand and gravel are down compared to 2014Q1. This is the first time that Q2 sales have been lower than Q1 sales in the same year according to records beginning in 1947. However, the 2014Q2 figures are provisional, and thus may be revised.

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 (%)

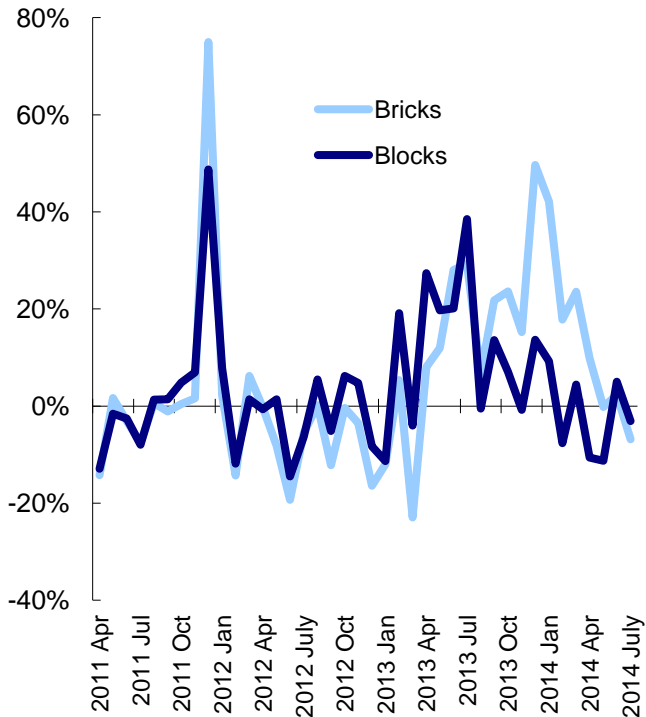


Source: Table 8, Monthly Statistics of Building Materials and Components

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 (%)

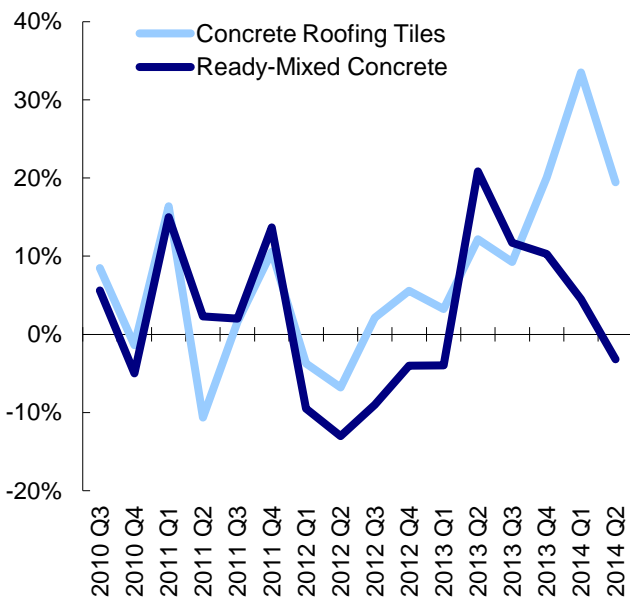


Source: Tables 9 and 11, Monthly Statistics of Building Materials and Components

In the 12 months to July 2014, deliveries of bricks fell by 6.8%, following an increase of 2.3% in the 12 months to June 2014. This decrease was due to unusually high brick deliveries in July 2013, the highest since April 2008. Deliveries in July 2014 were the highest since October 2013. Brick deliveries remain 30% lower in July 2014 than pre-recessionary levels in July 2007.

Deliveries of concrete blocks fell by 3.1% in July 2014 relative to the same month a year earlier, following an increase of 5.0% in the 12 months to June 2014. Monthly year on year change for concrete blocks has fluctuated between positive and negative values since August 2013. Year on year changes for this period have been within the range of a maximum 13.6% increase (September and December 2013), and 11.3% decrease (May 2014). Concrete block deliveries remain 27% lower in July 2014 than pre-recessionary levels in July 2007.

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

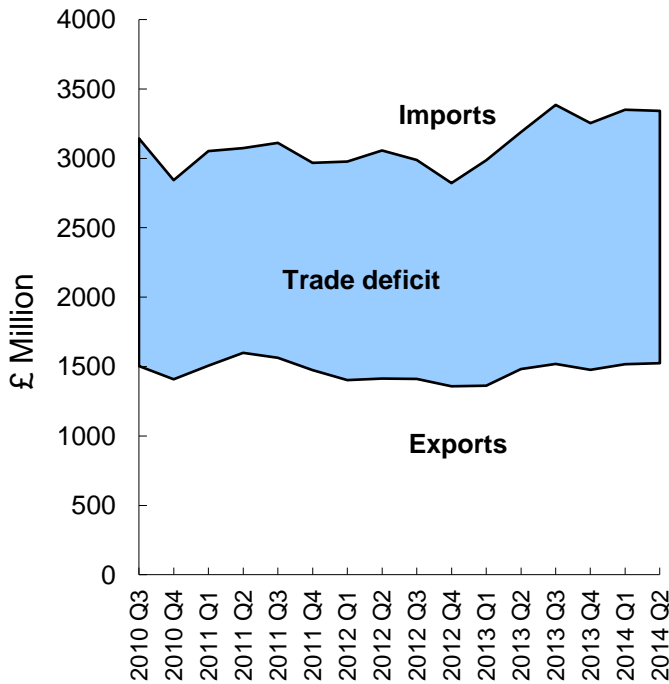


Source: Table 13, Monthly Statistics of Building Materials and Components

Deliveries of Concrete Roofing Tiles in 2014Q2 increased by 19.4% compared to the same quarter the previous year, the 8th consecutive quarterly increase. This followed an increase of 33.5% in the previous quarter.

Deliveries of Ready-Mixed Concrete fell by 3.2% in 2014Q2, compared to 2013Q2. This followed an increase of 4.5% in 2014Q1 on the same basis. However, the fall is largely a consequence of very high deliveries in 2013Q2. Excluding 2013Q2, 2014Q2 had the highest deliveries of ready-mix concrete since 2008Q4.

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



Exports of construction materials increased by £7 million in the second quarter of 2014 (to £1525 million), an increase of 0.5%. Imports fell, by £8 million (to £3,342 million), a 0.2% decrease. As a result, the trade deficit fell by £16 million, to £1,818 million, in 2014Q2.

The decrease of the trade deficit in 2014Q1 was largely due to a decrease in the trade deficit for products and components of £33 million. For semi-manufactures, the trade deficit increased by £21 million. The raw materials trade deficit decreased, by £4 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 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

£Million (% of total trade in italics)

All Building Materials & Components	EU	Non-EU
Exports	3511 <i>60%</i>	2330 <i>40%</i>
Imports	8131 <i>63%</i>	4685 <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

£ 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 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 29th of August, reported that the economy grew by 0.8% on the quarter in 2014Q2, the second consecutive 0.8% quarter on quarter increase. This was unchanged from the first estimate of GDP. Compared to the same quarter in 2013, GDP growth was 3.2% (revised from 3.1% in the first estimate of GDP). GDP has now increased beyond its pre-recession peak in 2008Q1, by 0.2%. The main driver of GDP growth between 2014Q1 and 2014Q2 was growth of 1.0% in the services sector. Additionally, service sector growth was the main contributor to GDP growth in every quarter of 2013, and in 2014Q1. The production sector grew by 0.3% between 2014Q1 and 2014Q2. Manufacturing output, which accounts for just over two-thirds of total production, rose by 0.2% over between the same periods, following growth of 1.5% between 2013Q4 and 2014Q1. Construction sector output was flat in 2014Q2, following an increase of 1.5% in the previous quarter. However, this quarter on quarter decrease is largely due to high construction sector output in the previous quarter. Taken together, 2014Q1 and 2014Q2 were the two highest quarters since 2008Q1. The longer term trend for construction sector GDP is positive: comparing 2014Q2 with 2013Q2, construction output increased by 4.8%.

The latest reports from the Bank of England's regional agents state that growth in construction has remained strong. However, shortages of materials and labour continued to be cited as constraints on the sector, causing delays to some house building and infrastructure projects. Despite a slowdown in housing market activity, house builders are still targeting output growth. Public sector infrastructure spending has continued to rise, in particular on highway and rail projects. Shortages of Grade-A commercial property are expected to result in increases in activity in regional cities, over the next 6-18 months.

Looking forwards, the latest monthly Consensus Economics forecasts in August 2014 (which uses an average of private sector forecasts) increased GDP growth expectations for 2014 to 3.1%, up from 3.0% in July. The forecast for 2015 remained unchanged, at 2.6%. These forecasts were 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.

This summer two forecasters revised their expectations for growth in the construction sector. The Construction Products Association (CPA) now expects a rise in construction output of 4.7% in 2014 (previously 4.5%), with continued growth in 2015 of 4.8% (unchanged). 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 (+4.1%) and 2017 (+3.2%). Experian revised their growth forecasts upwards in July, predicting growth in construction output of 5.5% in 2014 (up from 4.5%). This was due to the strong performance of the housing sector, alongside expected growth in infrastructure, industrial, commercial and private housing repair & maintenance. For future years, growth was also revised upwards, but by smaller amounts. They forecast, growth of 4.9% in 2015 (up from 4.7%), and 3.5% in 2016 (up from 3.0%).

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	64%
Quarterly Sand and Gravel – Land Won	4, 5 & 6	62%
Quarterly Sand and Gravel – Marine Dredged	4, 5 & 6	73%
Quarterly Slate	7	80%
Monthly Bricks Provisional data	9	88%
Monthly Bricks Final data	9 & 10	100%
Monthly Concrete Blocks Provisional data	11	95%
Monthly Concrete Blocks Final data	11	NA
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 11.8% in the 12 months to June 2014, after a rise for May of 15.6%. This was the 13th consecutive month in which output rose on this basis, following 17 successive monthly declines. 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 June 2014, output in the SIC 23.5-6 industry rose by 10.8%, after rise for May 2014 of 19.9%. This was the 7th consecutive monthly increase on a year on year basis. The increases for the 5 months January-May 2014 were the five highest year on year increases in the period for which data is available (since January 1997). The past 7 months of year on year increases follow a long period characterised predominantly by declines: 27 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 7.5% 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 in 2014Q2 was unchanged compared with the previous quarter. Comparing June 2014 with June 2013 shows growth of 5.3%, with the rise largely due to increases in private new housing and non-housing repair and maintenance. The seasonally adjusted monthly series reported a 1.2% increase in output volumes between May 2014 and June 2014. However, this monthly measure is more volatile than the quarterly or annual measures described above. The ONS also note that due to the short span of data points used in the seasonal adjustment, there is the potential for increased revisions in the time series. In 2013, the construction sector grew by 1.6%, following a contraction of 8.2% 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.

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.

Next publication: 1st October 2014

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First published September 2014.

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