

“building **excellence**  
in materials supply”

# Builders Merchant Building Index



**Quarter 4 2023**

(Published 05 March 2024)

# Highlights

“Economically speaking, 2023 will go down as one of the worst in recent memory for the UK...” Emile van der Ryst, Senior Client Insight Manager - Trade, GfK. Read Emile’s full comment on page [6](#).

## BMBI Report Q4 2023 Highlights

(unadjusted for trading days)

[www.bmbi.co.uk](http://www.bmbi.co.uk)



Q4 2023 total  
sales down -5.7%  
on Q4 2022

**-5.7%**



Q4 2023 total  
sales down -15.7%  
on Q3 2023

**-15.7%**



Dec 2023 total  
sales down -8.4%  
on Dec 2022

**-8.4%**



MAT total sales down -5.1%  
on Jan 2022 - Dec 2022

**-5.1%**

“ Total sales in  
Quarter 4 were  
down -5.7% on  
the same period  
last year. Volume  
sales were -12.0%  
down with price  
up +7.1%.”

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# Contents - 1

Click links below and overleaf to visit sections.

Click links to visit pages:	Page
<a href="#">Quarter 4 Highlights</a>	<a href="#">2</a>
<a href="#">Contents</a>	<a href="#">3-4</a>
<a href="#">Introduction to Builders Merchant Building Index</a>	<a href="#">5</a>
<a href="#">Overview and Insights, Emile van der Ryst, Senior Client Insight Manager - Trade, GfK</a>	<a href="#">6</a>
<a href="#">Merchants' View, John Newcomb Chief Executive, BMF</a>	<a href="#">7</a>
<b>Quarterly sales:</b>	
<a href="#">Quarter 4 year-on-year chart, by category</a>	<a href="#">8</a>
<a href="#">Quarter 4 2023 v Quarter 3 2023 chart, by category</a>	<a href="#">9</a>
<b>Quarterly indices:</b>	
<a href="#">Quarterly BMBI indices table, by category</a>	<a href="#">10</a>
<a href="#">Quarterly index chart, Quarter 1 2022 to date</a>	<a href="#">11</a>
<a href="#">Quarter 4 index chart, by category</a>	<a href="#">12</a>
<a href="#">Quarterly category indices charts</a>	<a href="#">13-15</a>
<b>Expert panel:</b>	
<a href="#">Simon Woods, West Fraser</a>	<a href="#">16</a>
<a href="#">Krystal Williams, Pavestone UK Ltd</a>	<a href="#">17</a>
<a href="#">Mathew Whitehouse, Bostik</a>	<a href="#">18</a>
<a href="#">Gonzalo Bunse, Wienerberger UK</a>	<a href="#">19</a>
<a href="#">Rob McGlennon, Deceuninck UK</a>	<a href="#">20</a>

<a href="#">Derrick McFarland, Keystone Lintels</a>	<a href="#">21</a>
<a href="#">Gordon Parnell, British Gypsum</a>	<a href="#">22</a>
<a href="#">Neil Hargreaves, Knauf Insulation</a>	<a href="#">23</a>
<a href="#">Andrew Simpson, Hanson</a>	<a href="#">24</a>
<a href="#">Ian Doherty, Owlett-Jaton</a>	<a href="#">25</a>
<a href="#">Paul Edworthy, Dulux Trade</a>	<a href="#">26</a>
<a href="#">Jim Blanthorne, Keylite Roof Windows</a>	<a href="#">27</a>
<a href="#">Chris Fisher, ECI Software Solutions</a>	<a href="#">28</a>
<a href="#">Charles Burns, Brett Martin</a>	<a href="#">29</a>
<a href="#">Matt Williams, Polypipe Building Products</a>	<a href="#">30</a>
<b>Monthly sales:</b>	
<a href="#">December year-on-year chart, by category</a>	<a href="#">31</a>
<a href="#">Monthly year-on-year chart, January 2022 to date</a>	<a href="#">32</a>
<a href="#">December v November chart, by category</a>	<a href="#">33</a>
<b>Other periods:</b>	
<a href="#">Year-to-date year-on-year chart, by category</a>	<a href="#">34</a>
<b>Monthly and Quarterly Category Charts:</b>	
<a href="#">Timber &amp; Joinery Products</a>	<a href="#">35</a>
<a href="#">Heavy Building Materials</a>	<a href="#">36</a>
<a href="#">Decorating</a>	<a href="#">37</a>

The 'Contents' link below brings you back to this page.

Continued over the page...

# Contents - 2

Click links below and on previous page to visit sections



Continued from previous page...

Click links to visit pages:	Page
<a href="#">Tools</a>	<a href="#">38</a>
<a href="#">Workwear &amp; Safetywear</a>	<a href="#">39</a>
<a href="#">Ironmongery</a>	<a href="#">40</a>
<a href="#">Landscaping</a>	<a href="#">41</a>
<a href="#">Plumbing, Heating &amp; Electrical</a>	<a href="#">42</a>
<a href="#">Renewables &amp; Water Saving</a>	<a href="#">43</a>
<a href="#">Kitchens &amp; Bathrooms</a>	<a href="#">44</a>
<a href="#">Miscellaneous</a>	<a href="#">45</a>
<a href="#">Services</a>	<a href="#">46</a>
<b>Monthly indices:</b>	
<a href="#">Monthly BMBI Index table, by category</a>	<a href="#">47</a>
<a href="#">Monthly BMBI Index chart, December 2022 to date</a>	<a href="#">48</a>
<a href="#">December BMBI Index chart, by category</a>	<a href="#">49</a>

Additional content:	
<a href="#">Trading days</a>	<a href="#">50</a>
<a href="#">Methodology</a>	<a href="#">51 – 53</a>
<a href="#">GfK Macro-Economic Factors</a>	<a href="#">54 – 58</a>
<a href="#">BMF Forecast Report</a>	<a href="#">59 – 60</a>
<a href="#">Brands behind BMBI</a>	<a href="#">61</a>
<a href="#">Contacts</a>	<a href="#">62</a>

# 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 92% 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 months base period January 2022 to December 2022. 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 4 and December 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 16 to 30 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](mailto:emile.van-der-ryst@gfk.com).

# Overview and Insights

Emile van der Ryst,

Senior Client Insight Manager - Trade, GfK



Economically speaking, 2023 will go down as one of the worst in recent memory for the UK, with ONS figures indicating a technical recession at the end of 2023.

Inflation has come down at a slower than hoped for rate and is expected to be a factor in the immediate future. This backdrop had a noticeable impact on the merchanting sector which has seen a difficult year after two years of strong growth. A challenging year was widely expected within the sector, but the extent of it wasn't.

The headline value number shows a full year decline of -5.1%, with volume sitting at -13.7% and price growth at 10.0%. Almost half of all volumes tracked come from Bricks and Blocks and these have seen higher than market average price growth, which is calculated by dividing value with volume. A recalculation of the full year dataset shows that price growth for the whole sector drops down from the aforementioned 10.0% to only 3.4% when these two categories are excluded.

A quarterly review compared against the same quarters from 2022 show value declines remaining stable each quarter, going from -5.4% in Q2 to -5.7% in Q4. Volume is down by -12.0% in both of the past two quarters, but again improves to -4.4% in Q4 when Bricks and Blocks are removed. Price growth is the most revealing, with Q4 sitting at 7.1% against 2022 Q4, but dropping down to 1.1% if Bricks and Blocks are excluded. Plaster and Plasterboard were the other big-ticket items that contributed to the higher price growth in the overall market.

On a category level Heavy Building Materials has seen a full year value decline of -3.2%, a volume decline of -17.7% and price growth of 17.6%. Other value indicators shows Landscaping down by -11.9%, with Timber & Joinery down by -14.4% due to a price decline of -14.6%. Decorating and Kitchens & Bathrooms were up by 9.0% and 3.2% respectively.

Twenty twenty-four should see a continuation of the challenges seen towards the end of 2023. Price growth as measured in the BMBI should noticeably drop off in the coming months, while volumes should recover in the second half of the year, hopefully paving the way for a market returning to growth in 2025.

A challenging year  
was widely expected,  
but the extent of  
it wasn't.

# Merchants' View

John Newcomb, CEO BMF



It has been yet another challenging quarter for construction, concluding a year that most of us would like to forget.

Final quarter figures from the Office of National Statistics (ONS) shows construction output in Q4 2023 fell by -1.3% compared with the previous quarter. The decline came solely from a decrease in new work (-5%), with private new housing the main contributor. Repair and maintenance work (RMI) increased by (+4%), possibly helped by the effects of heavy rainfall and strong winds during the last three months of the year.

Taking 2023 as whole, ONS figures show that total annual construction output increased +2.0% compared with 2022, again due to a rise in RMI (+8.3%). New work decreased (-2.1%), with new housing the main negative contributor, falling in 10 out of the 12 months of the year.

The ONS offers little evidence of a rapid upturn, with total construction new orders down by -13.1% in Q4 compared to the previous quarter – their lowest level since coronavirus lockdown restrictions were in place in Q2 2020. The largest negative contributors being private commercial new orders (-18%) and private industrial new orders (-28%).

The Federation of Master Builder's Q4 2023 State of Trade Survey paints a similar picture, with workloads down by -15% on Q3 2023 and 47% of FMB members reporting a decrease in enquiries.

Every sector in the FMB survey fell in Q4 with industrial and commercial work down -23% and housebuilding down -21%. A weakening in RMI performance for smaller builders gives further concern, with a net balance of 1% of FMB members reporting a decrease in Q4, and 17% reporting a decline in enquiries.

Looking ahead, the Construction Products Association has forecast a further contraction in construction output in 2024 (-2.1%), before a return to growth in 2025 (+2.0%). But with an election on the horizon the Chancellor may look to stimulate the housing market in his Spring Budget, while the Governor of the Bank of England has not discouraged market speculation on a series of interest rate cuts later in the year. Taking a more optimistic view, the market could take a positive turn in the second half of 2024. But we are not holding our breath.

It has been yet another challenging quarter for construction, concluding a year that most of us would like to forget.

Taking a more optimistic view, the market could take a positive turn in the second half of 2024. But we are not holding our breath.

# Quarterly: This Year v Last Year

## Q4 2023 sales and like-for-like sales

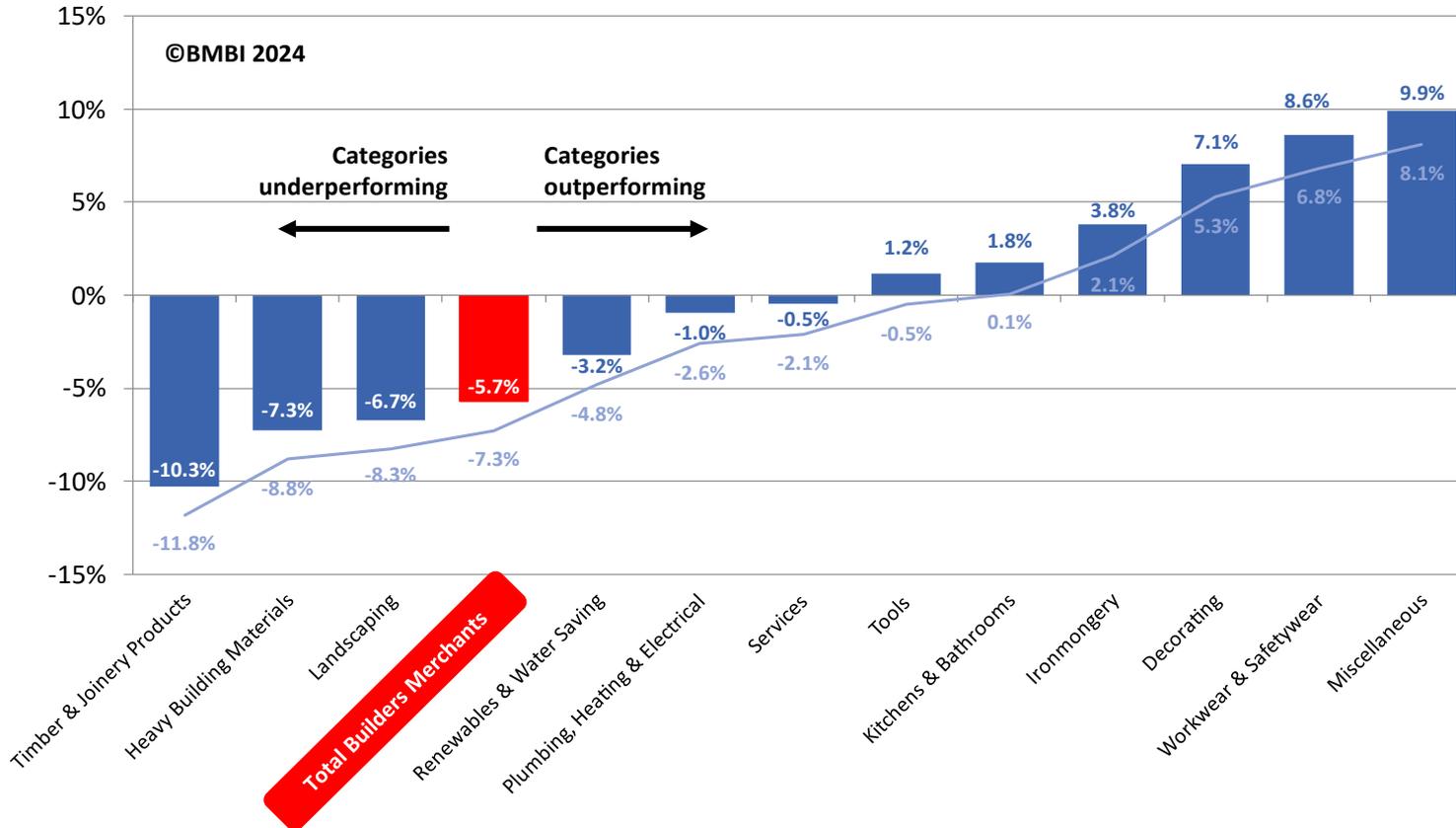
60 trading days this year v 59 trading days last year.

Like-for-like sales take trading day differences into account.



### Quarter 4 2023 v Quarter 4 2022

Sales (blue bars)    Like-for-like sales (blue line)



Source: GfK's Builders Merchants Total Category Report January 2022 to December 2023

Six of the twelve categories sold more including Workwear & Safetywear (+8.6%) and Decorating (+7.1%).

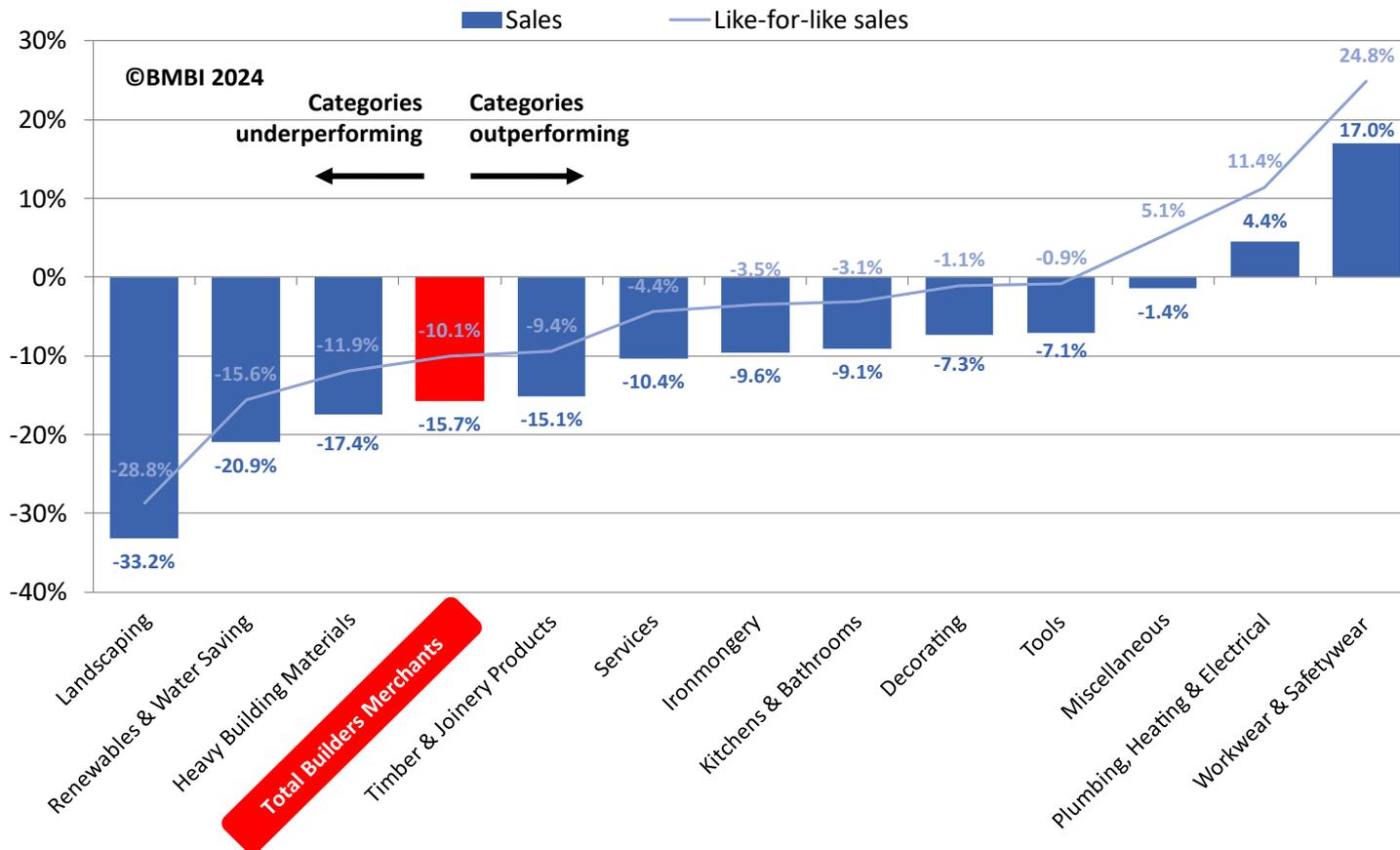
# Quarterly: Quarter on Quarter

## Q4 2023 sales and like-for-like sales

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



### Quarter 4 2023 v Quarter 3 2023



Source: GfK's  
Builders Merchants  
Total Category Report  
January 2022 to December 2023

Only two categories sold more:  
Workwear & Safetywear (+17.0%)  
and Plumbing Heating & Electrical (+4.4%).

# Quarterly: Index and Categories

Quarter 1 2022\* to Quarter 4 2023

Indexed on January 2022 – December 2022



QUARTERLY SALES VALUE INDEX	Index	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
<b>Total Builders Merchants</b>	<b>100</b>	<b>97.5</b>	<b>107.2</b>	<b>105.9</b>	<b>89.4</b>	<b>93.9</b>	<b>101.5</b>	<b>99.9</b>	<b>84.2</b>
Timber & Joinery Products	100	103.8	107.5	103.8	84.8	87.4	89.2	89.6	76.1
Heavy Building Materials	100	94.7	106.3	107.8	91.2	95.7	104.5	102.4	84.6
Decorating	100	95.6	100.4	105.5	98.6	106.4	110.1	113.9	105.5
Tools	100	103.2	101.9	99.4	95.5	104.7	102.9	104.0	96.6
Workwear & Safetywear	100	97.8	93.4	99.8	109.1	110.0	95.7	101.2	118.5
Ironmongery	100	100.1	101.7	104.3	93.9	104.6	106.5	107.8	97.5
Landscaping	100	93.6	129.3	107.4	69.7	76.2	113.5	97.4	65.0
Plumbing, Heating & Electrical	100	102.7	93.5	96.9	106.9	112.7	98.1	101.4	105.9
Renewables & Water Saving	100	96.7	91.5	100.8	111.0	136.6	133.6	135.9	107.5
Kitchens & Bathrooms	100	97.5	99.1	106.1	97.4	103.1	101.5	109.1	99.1
Miscellaneous	100	101.3	99.7	103.7	95.3	106.0	101.9	106.2	104.7
Services	100	94.2	103.2	107.1	95.6	96.0	102.1	106.1	95.1

\*Click the web link below to see the complete series of quarterly indices from Q1, 2022.

Source: GfK's  
Builders Merchants  
Total Category Report  
January 2022 to December 2023

# Quarterly: Index

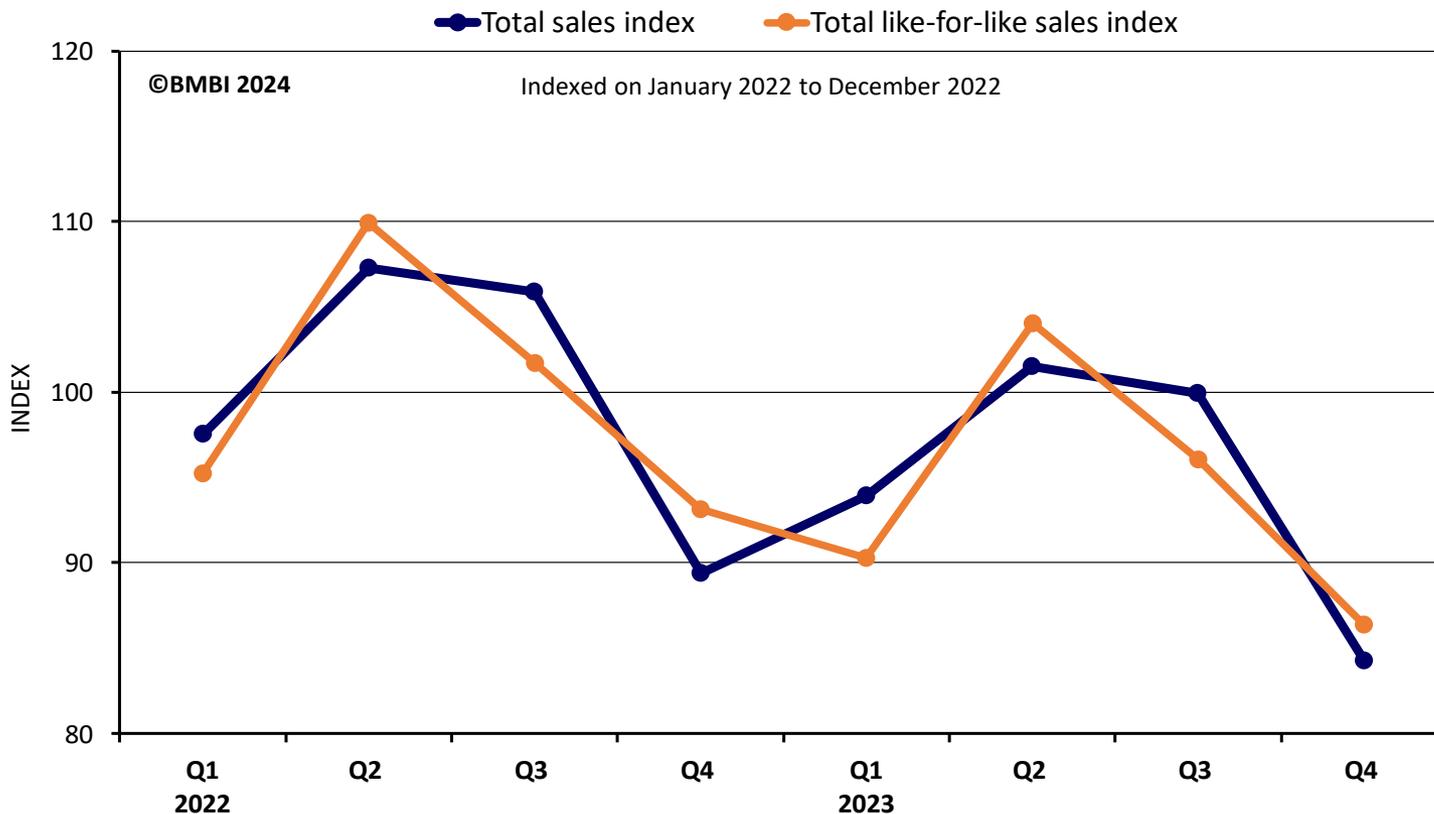
## Sales and Like-for-like index



60 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  
January 2022 to December 2023

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



The Quarter 4 BMBI Index was 84.2.

With two less trading days in the most recent period, the like-for-like sales index was 86.4.

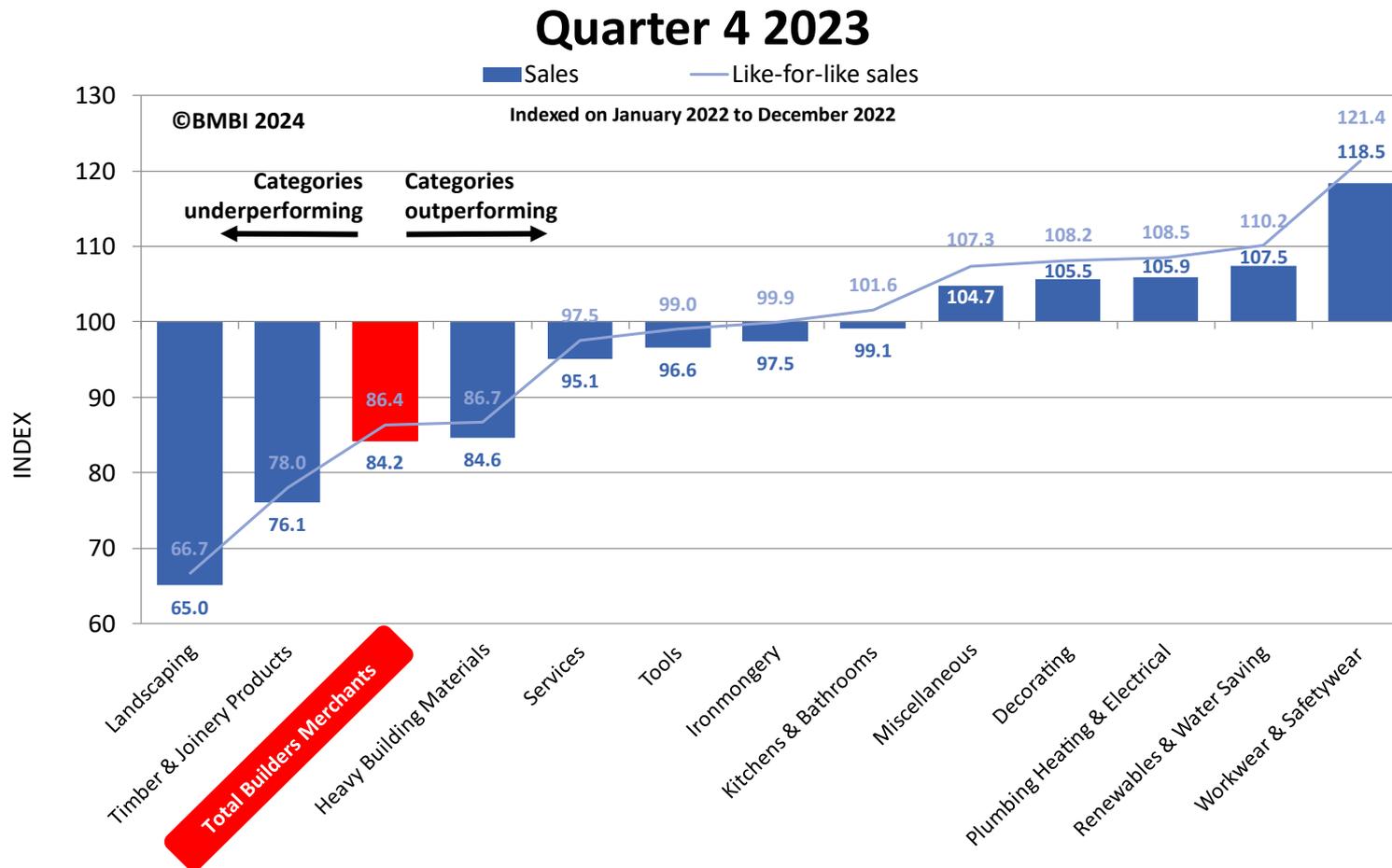
# Quarterly: Index and Categories

## Q4 2023 index

60 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  
January 2022 to December 2023



Only five of the twelve categories exceeded 100.

Workwear & Safetywear (118.5) led, then...  
Renewables & Water Saving (107.5),  
Plumbing Heating & Electrical (105.9)  
and Decorating (105.5).

# Quarterly: Index and Categories - 1

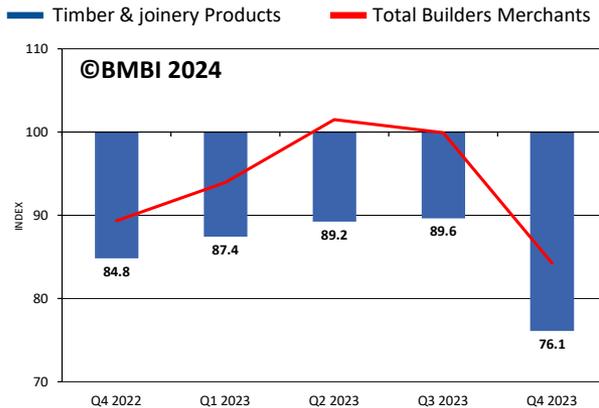
## Quarterly indices



Source: GfK's Builders Merchants Total Category Report  
January 2022 to December 2023

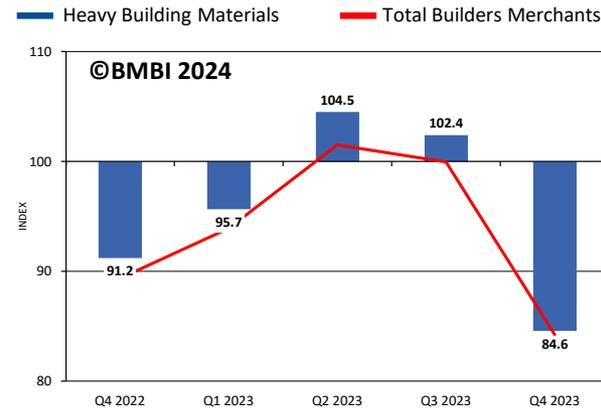


### Timber & Joinery Products



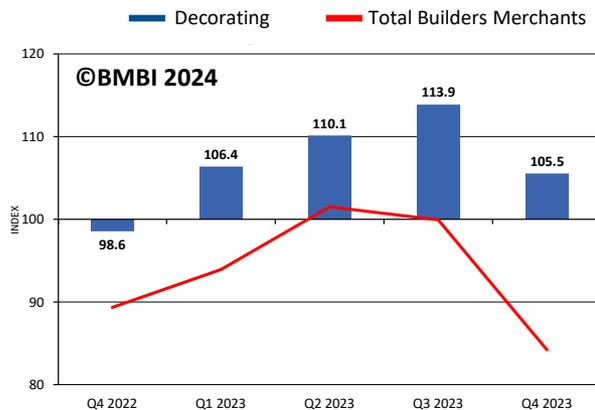
Timber & Joinery Products (76.1) indexed below Total Merchants across all quarters.

### Heavy Building Materials



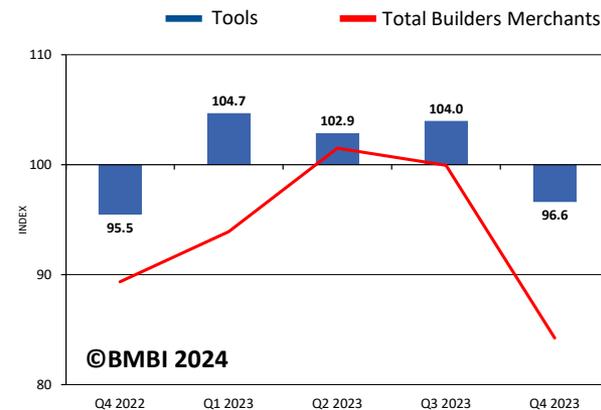
As the largest category, Heavy Building Materials (84.6) was in line with Total Merchants in Q4 2023.

### Decorating



Decorating (105.5) has over-performed Total Merchants across all quarters.

### Tools



Tools (96.6) has been consistently stronger than Total Merchants across all quarters.

# Quarterly: Index and Categories - 2

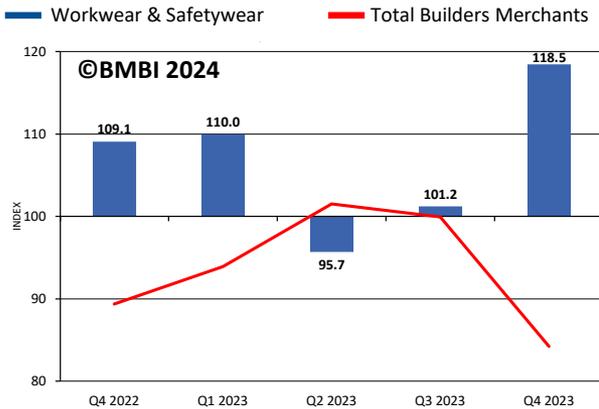
## Quarterly indices



Source: GfK's Builders Merchants Total Category Report  
January 2022 to December 2023

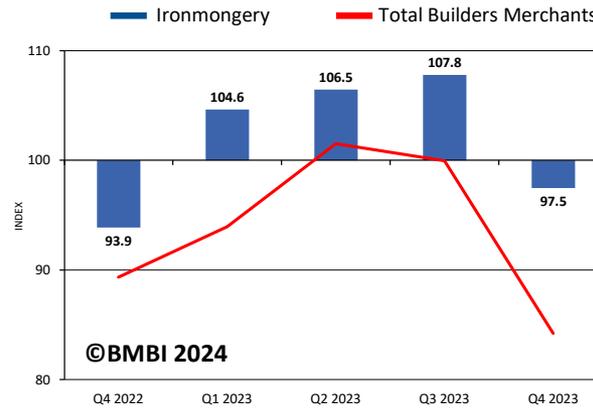


### Workwear & Safetywear



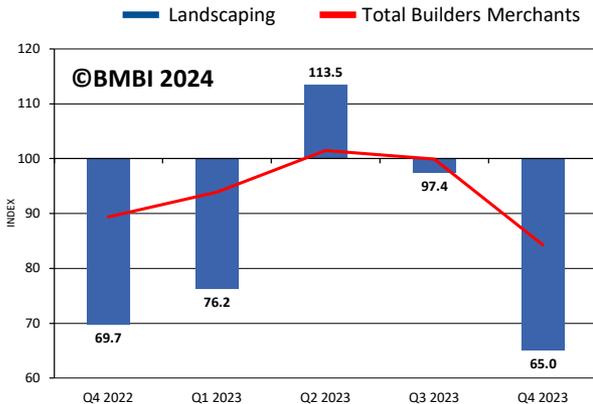
Workwear & Safetywear (118.5) was the top performing category in Q4 2023 indexing significantly above Total Merchants.

### Ironmongery



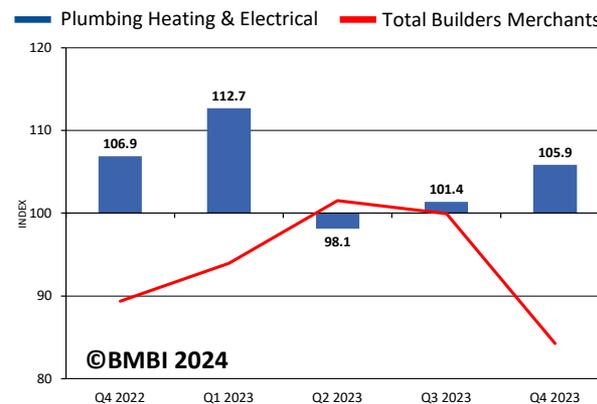
Ironmongery (97.5) performed better than Total Merchants across all quarters.

### Landscaping



The seasonal nature of Landscaping (65.0) can clearly be seen over the last five quarters.

### Plumbing Heating & Electrical



Plumbing Heating & Electrical (105.9) has a degree of seasonality, performing more strongly in autumn and winter.

# Quarterly: Index and Categories - 3

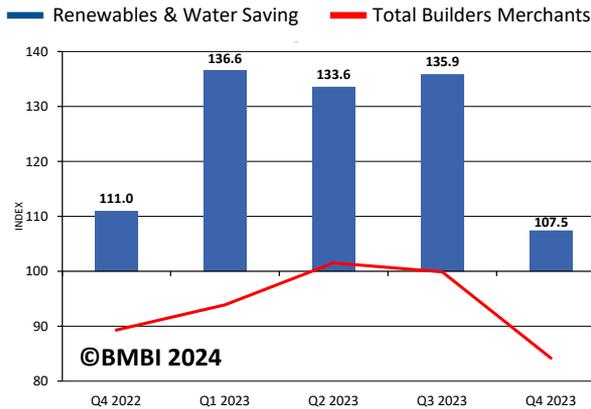
## Quarterly indices



Source: GfK's Builders Merchants Total Category Report  
January 2022 to December 2023

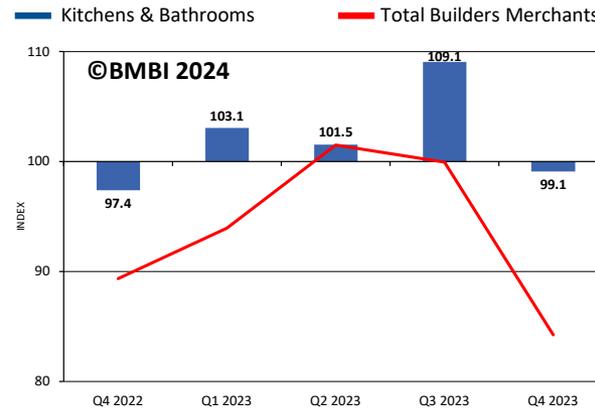


### Renewables & Water Saving



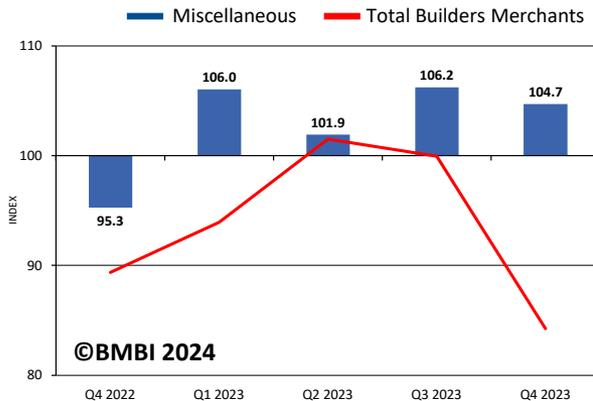
Renewables & Water Saving (107.5) is a small category where revenue fluctuates significantly in each quarter.

### Kitchens & Bathrooms



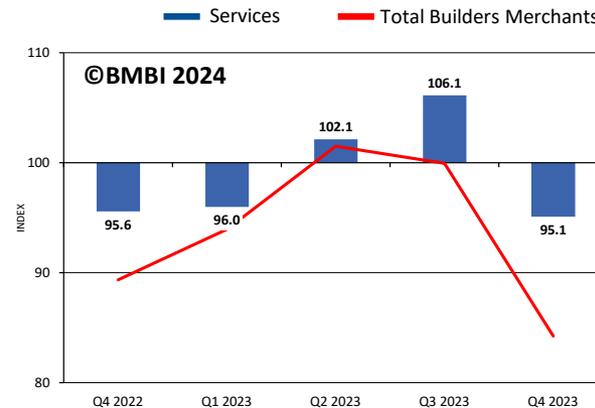
Kitchens & Bathrooms (99.1) performed better than Total Merchants in Q4 2023.

### Miscellaneous



Miscellaneous (104.7) comprises a mixed range of products (see page [53](#)).

### Services



Services (predominantly tool/hire services) indexed at 95.1 in Q4 2023 performing better than Total Merchants overall.

# 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.**

As we look into the macroeconomic landscape, there's a palpable sense of optimism brewing as the trajectory appears to be one of improvement for the future. We witness lower inflation rates (from an uncomfortable high), a halting in the upward march of interest rates (again at a medium term high), and a stable unemployment environment. These developments paint an improving picture, hinting at a strengthening economic foundation in the medium-term future.

However, amidst these broader positive trends, the construction industry emerges as a curious anomaly, presenting a challenging market landscape. Despite the overarching macroeconomic improvements, the construction sector continues to grapple with its own set of complexities and hurdles.

One notable aspect of the construction industry's current predicament lies in the dynamics surrounding timber-related products. Importers face increasing costs, at least in the near term, as freight rates impact overall landed prices from a number of exporting regions.

The crux of the issue lies in the soft demand prevalent within the construction market. Despite the broader economic landscape exhibiting future signs of recovery and stability, the construction industry contends with subdued levels of demand, casting a challenge over the prospects of timber-related products. This confluence of factors poses a formidable challenge for manufacturers, compelling them to navigate a delicate balance between cost pressures and market realities.... while attempting to bring the figures from red to black.

In essence, while macroeconomic indicators hint at an overall improving picture, the construction industry serves as a stark reminder of the realities and challenges that persist in specific sectors of the economy. The juxtaposition of lower inflation, stable unemployment, and the struggle within the construction market underscores the many-sided nature of economic dynamics, urging stakeholders to adopt a nuanced and adaptable approach in navigating the ever-evolving economic landscape.

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# 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.**

Twenty twenty-three ended much as we would have expected for a normal Q4, with seasonal trade patterns returning. Despite last year having its challenges, the mood in the industry seemed pretty positive in Q4 and most people were upbeat about prospects for 2024.

However, much of this optimism has already dissipated as escalating tensions in the Middle East are negatively impacting our industry's supply chain.

Houthi rebel attacks on cargo ships in the Red Sea – part of the main shipping route from Asia to Europe – mean that getting Indian sandstone and porcelain to the UK is being delayed as safer routes take longer. When those ships arrive in Europe, port congestion is again becoming an issue, making it difficult to predict when stock will arrive. To add to the challenges, shipping costs have gone up fivefold (at the time of writing) from \$600 to \$3000 per container. Price increases to cover the additional transport costs are looking inevitable.

To get ahead of availability issues and price increases, some merchants are panic buying stock. We know from the Covid years that this only leads to further scarcity, additional price increases and merchants ending up with an excess of stock on the ground. We aren't accepting orders above normal levels or new customers while availability is an issue, but we know other suppliers are.

We source most of our porcelain and printed products from Europe, so there is still plenty of product available to merchants. It's entry level Indian porcelain and sandstone which look likely to have limited availability over the coming months – or until the political unrest reaches a resolution. The thinner 16mm porcelain slabs are also only available from India.

Despite the geopolitical impact on the supply chain, we are still hoping for a good 2024. Greige and other neutral toned paving is overtaking dark grey paving as the most popular choice for customers and is certainly our hot tip for merchants looking to offer something new for 2024 to entice customers in. With consumer confidence up in January, perhaps homeowners are less doom-and-gloom about the prospects for the year ahead and could give the market a much-needed lift.

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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.

Despite economists previously forecasting weak growth for the construction sector in 2024, it's now predicted that we'll have to wait until 2025 for a rebound of 2%. The bad weather towards the end of 2024 had an adverse effect on construction activity, with many merchants reporting a significant drop in footfall. However, the bigger problems for the industry are still the house building and private housing rm&i sectors.

The rising cost of living has hit discretionary household improvements spending. In addition, fewer property transactions in 2023 led to a decline in refurbishment activity from new homeowners who typically make cosmetic improvements within the first 6-9 months of moving in.

Smaller project work is likely to continue to remain flat in the first half of 2024 as household spending remains tight, while the continued fall in property transactions in the first half of the year is likely to hit larger project work for the remainder of 2024. With volume sales likely to remain subdued for at least the short term, it is paramount that merchants have the right mix of products available in-store.

Some customers may have specific requirements or preferences that can only be met by premium products. Offering a good, better, best range ensures that builders' merchants can accommodate these customers while still providing options for those with simpler needs.

When customers find a range of options that meets their needs at a builders' merchant, they're more likely to return for future purchases. Offering quality products across different price points builds trust and loyalty with customers, while also creating opportunities for upselling and cross-selling.

Suppliers have in-depth knowledge about their products, including features, benefits, and best practices for display. By collaborating with suppliers, merchants can ensure that their staff are well-informed about the products they're selling. In a competitive market, offering premium products can help builders' merchants differentiate themselves from competitors. While some competitors may focus solely on low-cost options to attract price-conscious customers, offering premium products appeals to customers who prioritise quality and are willing to pay more for it if the value is justified.

Some customers may have specific requirements or preferences that can only be met by premium products.

Offering a good, better, best range ensures that builders' merchants can accommodate these customers while still providing options for those with simpler needs.

# Expert Panel

## Bricks & Roof Tiles

(Part of Heavy Building Materials)



### **Gonzalo Bunse, Director of Sales and Customer Experience, Wienerberger UK is BMBI's Expert for Bricks & Roof Tiles.**

Last year closed with the newbuilding sector still sluggish. Operators in the brick and tile sector remain cautious for 2024, however, with interest rates flatlining and inflation reducing since September, there is optimism that housebuilding activity will pick up. To stabilise and protect future business, many manufacturers streamlined their production lines and some closed factories for an extended Christmas period in an attempt to align capacity to demand.

With manufacturers making use of these levers the outlook feels more promising. During Q4, the Labour Party outlined its ambitions to build 1.5 million new homes, making the 'dream of home ownership a reality.' Anyone in the building business cannot help but be intrigued by the pledges of planning reform to quickly boost housebuilding, the next generation of new towns complete with green spaces and infrastructure, and a 'planning passport' for urban brownfield development. The industry will be interested to see how this might stack up against The Conservative Party's commitment to deliver 1 million net new dwellings during its term until the end of 2024 which looks unlikely to be met without major planning reform.

While the political pressure to improve rates of housebuilding remains headline news, the housing developer volumes look to be similar in 2024 to the prior year, as many still await clarity on the rollout and enforcement of the Future Homes Standard. The Prime Minister's decision to roll back pre-agreed net zero policies, although confirming the UK is still committed to its targets, has sent a confusing message to the industry.

The Code for Construction Product Information (CCPI) is gaining significant momentum and importance in the industry. Manufacturers are working hard to ensure their product information is built around 5 'acid tests' where information must be Clear, Accurate, Up-to-date, Accessible and Unambiguous. The CCPI will help organisations drive higher standards in the presentation of construction product information. It prioritises building safety and is designed to give users greater confidence. Some national housebuilders have indicated they'll only buy from CCPI-certified suppliers in the future and many have committed their support for CCPI by requiring strategic suppliers to be CCPI verified or undergoing the verification process.

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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.

What will happen to the window and door industry in 2024? It's easy to get depressed by bad news and talk the market down. But if you look there's also a lot of positive news, What are the forces at play?

Regardless of your political leaning, the Government is likely to change in the next 12 months, bringing fresh eyes and enthusiasm. A new Government must be seen to address the big problems, including housing. Young voters are feeling disenfranchised. Home ownership is out of reach for many young voters who are forced to live with parents or friends or in shared accommodation at high rents. Many are Labour voters who expect a new Government to put housing at the top of its to do list.

In a new Financial Times analysis heavyweight forecasters say England needs 500,000 new homes a year to keep up with the country's rising population, far more than either main party has pledged to deliver, and far more than the industry's capacity to build. The industry is looking to Government for a reduction in weather-vane politics to give them the confidence to invest in additional capacity. A population boom from record levels of migration, rising domestic demand and a historic undersupply has raised latent demand. Over 20 years, governments have failed to build the target of 300,000 new homes a year, and the backlog is growing. "We need to be aiming higher," says Paul Cheshire professor emeritus at the London School of Economics.

The prospects for RMI also look strong, driven largely by the need to upgrade the energy performance of Britain's housing stock.

Despite news that the UK economy entered recession at the end of 2023, technically or for real, consumer confidence is increasing. Falling inflation and food prices have lifted spirits, and the smell of change is in the air. GfK's Consumer Confidence Index climbed three points to -19 in January 2024, the best it's been in two years. Better still, consumers' personal financial index, their willingness to spend, improved to zero after 24 months of negative scores. According to Savills, the over 65s held a record £2.2 trillion in mortgage free housing wealth last year. There are good times coming for the window and door industry.

A new Government must be seen to address the big problems, including housing.

Home ownership is out of reach for many young voters who are forced to live with parents or friends or in shared accommodation at high rents.

Many are Labour voters who expect a new Government to put housing at the top of its to do list.

# Expert Panel

## Steel Lintels

(Part of Heavy Building Materials)



### **Derrick McFarland, Managing Director Keystone Lintels is BMBI's Expert for Steel Lintels.**

Reflecting on 2023, the headlines for Q1 reads: 'The first quarter of 2023 is down on the previous year'; Q2's reads 'The second quarter of 2023 delivered no excitement and started with a horrendous April before 'recovering''; and Q3's reads 'The third quarter of 2023 has offered no optimism from the continued slide in volumes.' So, it's safe to say it's better not to say anything at all for Q4's headline! In terms of overall volumes, one would need to go back nearly a decade to report comparable volumes: 2023 volume is bad history and makes poor reading.

Onward into a revitalised 2024, we start with a continuing slide (slides used to be so much fun as a child). Yet that revitalisation has resulted in more 'talk' of positivity, more 'talk' of improvements coming, and more 'talk' of the worst is behind us. We have to believe, and yes, more competition in lending will hopefully result in new house purchases and RMI expenditure. As a steel lintel manufacturer though we will have to wait at least six months to see that positivity, from the point when the consumer actually makes the commitment, to it turning into orders for steel lintels.

This does allow our Technical and Specification teams to get to grips with the recent FHS2025 consultation document and put together our response ahead of the 6th March 2024 deadline. We are liaising closely with the SAP assessors and House Builders on the two options offered, and the overall impact this could have on lintel specification, build costs and consumer running costs.

It's surprising that the consultation document has not upgraded the fabric standards from Part L, which remain that the target fabric energy efficiency rate can be achieved only through fabric energy efficiency. This includes U-values, thermal bridging (eg Hi-therm) and airtightness. The SAP methodology currently used is being replaced by the Home Energy Model (HEM), still under development, which requires a lot of re-modelling to be done across the sector in time for a response on 6th March 2024.

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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.**

A challenging landscape lies ahead in 2024 for our industry once again as the ongoing subdued economic backdrop continues to dent consumer confidence. Operating costs in conjunction with fixed price contracts also continue to have a deep, and sometimes damaging impact on contractors and the wider supply chain. According to the latest data analysis of insolvencies by Mazars, construction companies accounted for 17% of all insolvencies last year.

However, while we continue to face uncertainty, we remain focused on supporting customers through key industry-wide sustainability initiatives, legislative support, and improvements in our service offering.

In a bid to tackle the UK's climate warming emissions, the UK Government is committed to delivering zero-carbon homes by 2025 through their Future Homes Standard. The breadth of solutions we deliver, alongside our expertise in building solutions and testing, enables us to support housebuilders, contractors and self-builders who will be delivering new buildings to the Future Homes Standard.

British Gypsum remains committed to our own sustainability roadmap while supporting customers and suppliers in achieving their own objectives too. In 2023 we made considerable progress, focusing on areas such as increasing recycled content in our manufacturing process, sourcing alternative energy supplies, and improving energy efficiency across our sites.

A further focus has been reducing waste in our manufacturing process and onsite. In collaboration with housebuilders and drylining contractors a recent action includes responding to their need to stock additional plasterboard sizes, in our combined efforts to reduce onsite plasterboard waste. Housebuilders identified the requirement for 2300mm plasterboard lengths while for high-rise residential projects, drylining contractors are now requiring 2800mm plasterboard lengths to better meet building design and reduce waste. From January 2024 a range of these newly sized boards is available, having previously only been available through our made-to-order service.

Operationally, we continue to invest in our distribution network to better support merchant customers through our service offering. Our fleet is now 100% Hydrotreated Vegetable Oil (HVO) capable, and we have on-going development and trials into the optimisation of consolidated loads, which have proved successful as we look to provide customers with more flexibility and a more sustainable delivery service.

In 2023 we made considerable progress (on our own sustainability roadmap)...

...focusing on areas such as increasing recycled content in our manufacturing process, sourcing alternative energy supplies, and improving energy efficiency across our sites.

# Expert Panel

## Mineral Wool Insulation

(Part of Heavy Building Materials)



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

Usually, I begin with a word on the numbers. A general view, and a more granular look at some of the data that relates to mineral wool insulation.

Merchants don't need me to make any observation about the macro-economic picture this quarter, so instead, I'd like to focus on a different number. One that I expect to have a significant impact on insulation demand now and in the near future. That number is 150.

Let me explain. In December, the UK Government published its latest consultation on the Future Homes Standard (FHS). Just over a year ahead of its proposed adoption, we're now gaining a clearer sense of what the new standard is likely to entail. Not much change to thermal performance values, but significant change in how those values translate to compliant homes (through a new government software tool to calculate thermal performance and proposed real performance testing).

The FHS changes come, of course, mere months after the end of the transition period to Approved Document L 2021 (ADL21). Fresh off the back of adapting to the latter, the industry must now begin to prepare for further imminent change. That's the context driving a shift in norms for newbuild homes, with housebuilders large and small increasingly adopting 150mm cavities. Why? Because 150mm is the cavity sweet spot that is part of a low-risk route to compliance.

When I speak to customers taking this route, their reasons are clear: 150mm cavities enable them to achieve the optimal balance of thermal performance, sustainability, non-combustibility and build cost, to comply with ADL21 and now the proposed FHS "notional" building.

For merchants, the impact will be two-fold. Expect more queries from customers seeking advice on the right route to compliance, for which the 150mm cavity is a straightforward solution to achieve the notional building thermal performance, which most builders default to. And expect sustained and even increased demand for mineral wool insulation to fill those wider cavities as a result. There is more clarity to come on the FHS. When it arrives, Knauf Insulation will be ready to share useful insights on the implications. In the meantime, my message to merchants is simple. Bigger is better – it's time for 150mm cavities.

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# Expert Panel

## Cement & Aggregates

(Part of Heavy Building Materials)



### Andrew Simpson, Packed Products Director at Heidelberg Materials, is BMBI's Expert for Cement & Aggregates

It was a subdued end of the year for the Cement and Aggregates market, as mild but wet conditions left sales quieter than expected in Q4, and for 2023 as a whole.

The continued slowdown in construction was evident in the latest sales figures from the Mineral Products Association. Volumes for mortar (-21.9%) and sand and gravel (-10.6%) dropped sharply in Q4 2023 compared to Q4 in 2022, while ready-mixed concrete (-8.2%), crushed rock (-3.7%) and asphalt (-3.5%) also saw decreases. Comparing all sales for 2023 to the previous 12 months, there was a second consecutive annual decline across all product categories, except mortar.

Looking at the numbers and speaking to customers, it's going to be a tough start to the year, but we remain positive about 2024's prospects. Things will even out, and we are operating 'business as usual' to prepare for the upswing in demand which will come – it's just a matter of when.

For example, in this general election year, we could see a change in government in May or the Autumn and more positive policies for new housing and social housing. Infrastructure investment would be particularly welcome for the country's water and flood defences which were overwhelmed by the recent storms.

While we wait for positive developments in policy, inflation and the cost-of-living crisis to kickstart construction, we are focusing on getting ourselves in better shape for the future. Following our rebrand in October 2023, we'll be introducing new branded stock in Q1 as old Hanson stock runs down. This will happen product by product, location by location. We'll also be releasing end-user info about the new Heidelberg Materials brand early this year.

We've just appointed a managing director to lead our circular economy and recycling business to drive our agenda in this area, and we'll be starting our carbon capture trial at Ketton cement works. We are also implementing new digital technologies to improve operational efficiencies and customer service this year.

When trading conditions are tough, the only thing you can control is your own destiny and that's what we will be doing until the bounce back comes.

Infrastructure investment would be particularly welcome for the country's water and flood defences which were overwhelmed by the recent storms.

# 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**

The subdued market conditions seen in Q2 and Q3 have continued through into Q4, with both new construction and RM&I down year-on-year. This has impacted directly on volumes in fasteners and fixings, with sales continuing to be down year-on-year. Compared to earlier in the year and 2022, prices have continued to ease, with lower cost prices from the Far East and, until recently, lower shipping costs. With the majority of products being purchased in USD, the slight strengthening of GBP has also helped to keep prices down. All of these factors have contributed to a continuing decline in the value of sales.

However, recent events in the Red Sea may well have an impact as we move into 2024. With the majority of shipping lines having diverted their Far East routings away from the more direct Red Sea and Suez Canal route, to the longer Cape of Good Hope route, there are impacts on cost price and supply.

Shipping costs have had surcharges applied to reflect the longer passage and therefore more expensive route. But the longer route also has a marked impact on shipping capacity, and a previously 8-10 week return trip from the Far East to Europe will now take 12-14 weeks. This reduction in capacity, coupled with a growing imbalance in container availability, is resulting in shipping rates moving up which will feed into higher prices for fasteners and fixings.

Although the shift to the Cape of Good Hope has had a swift impact on landed costs, it has had less impact on product availability. Unlike 2021 when the 'Ever Given' grounding in the Suez Canal led to notable disruption, shipping lines seem to have acted swiftly in diverting ships and there has been little delay outside of the first two weeks, as the ships made the longer passage and supplies are once again moving freely.

While some Just-In-Time supply chains may have been disrupted, stocks in the supply chain for fasteners and fixings have been more than adequate to ensure general availability has been maintained. With the supply chain also having adapted to Russian sanctions, supplies moving into 2024 seem secure.

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With the majority of products being purchased in USD, the slight strengthening of GBP has also helped to keep prices down.

# Expert Panel

## Paint

(Part of Decorating)



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

At the end of 2023 the trade paint market stood at 1.5% growth year-on-year, after mostly flat Q4 volume sales. In contrast, the trade woodcare market attained growth of 9% year-on-year, with data suggesting much of this growth was driven by Builders' Merchants. Against a gloomy economic outlook, growth of these markets provides assurance of the continued value of builders' merchants to wider society.

The effects of a high Bank Rate muted housing market activity, resulting in fewer housing transactions, especially for newly built properties. While this has led to reports of less paint being used in the new housing sector, recovery has been good for volume used in the existing housing market. Volume growth is strongest for private dwellings, and green shoots of growth continued in Q4 within existing social housing repair and maintenance, both possibly driven by the Government's commitment to delivering "Awaab's Law" in an amendment to the Social Housing Regulation Bill.

Known as Awaab's Law, it sets deadlines for social landlords in England and Wales to tackle reported hazards promptly. Two-year-old Awaab was killed by mould in a social housing flat in Rochdale in 2020. Significantly, Labour leader Sir Kier Starmer confirmed in February that Labour intends to extend Awaab's Law into the private rental sector.

Another green shoot, according to GfK's Consumer Confidence Index, is consumer confidence. It started 2024 with all measures up and a headline score of -19, the best since January 2022. Consumers' view of their personal financial situation for the coming year gained two points and now stands at zero. This is a milestone as it ends 24 consecutive months of negative scores. GfK says it's the best single indicator of how the nation's households feel about their income and expenditure. Despite the cost-of-living crisis still hitting many households, consumers appear to be encouraged by the good news about falling inflation.

Sales to builders' merchants finished -2.3% down year-to-date on last year, indicating that there is potential for greater growth in the channel, as it currently lags the performance of the total market.

Reports of workloads from professional decorators remain elevated for the time being, adding to our expectations that the trade paint market will be robust through 2024 in terms of volumes.

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While this has led to reports of less paint being used in the new housing sector, recovery has been good for volume used in the existing housing market.

# Expert Panel

## Roof Windows

(Part of Timber & Joinery Products)



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

Our Technical teams have been studying the newly released Future Homes Standard consultation document, which states that roof windows must achieve a U Value of 1.2 W/m<sup>2</sup>K, significantly lower than the current standard of 1.6 W/m<sup>2</sup>K. Most of our sales today are for our laminated inner, double-glazed range, which achieves 1.3 W/m<sup>2</sup>K in common with our competitors. Our triple glazed product overachieves the FHS standard with a U Value of 1.0 W/m<sup>2</sup>K however, the cost premium for the updated product is 30%+ which may not be welcome, particularly in the current climate.

Key to future demand for pitched roof windows will be the ability to integrate directly with PV panels to maximise the surface area of the roof with solar energy generating panels to maximise carbon reduction. Keylite's PV panel flashing integrator is approved by leading panel manufacturers.

Roof window manufacturers have been confirming 2024 price increases. As ever, Keylite tries to absorb cost increases as far as possible, but prices are inevitably impacted by the statutory minimum wage at our manufacturing site in Poland increasing a further 19.4% this year and the Polish Zloty-Sterling exchange rate. To mitigate these factors outside our control, we continue investing in automation and push suppliers hard to reverse the exceptional material inflation we experienced in recent years.

The downside to a strong market share with National Housebuilders is that, when construction slows, we slow. But there's a strong underlying demand for quality new housing, especially in more affluent areas of the UK & Ireland. Throughout the UK & Ireland quote levels are strong and up on 2022. Many projects in the planning stages, new build and RMI, are on hold until decision makers are confident to proceed. This matches the general sentiment from merchant partners. Activity is down, quote levels are strong.

Builders and merchants search for every opportunity to improve margin in a downturn. The investments we've made into people, product and processes ensure that Keylite presents a quality, innovative, excellent value alternative to other leading brands. Our sales teams will continue to work hard for our merchant partners, creating demand, generating quotes and bringing in orders. In the short term, we expect volumes to remain subdued. Brighter days lie ahead.

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But there's a strong underlying demand for quality new housing, especially in more affluent areas of the UK & Ireland.

# Expert Panel

## Website & Product Data Management Solutions



**Chris Fisher, Vice President of the EMEA lumber, building material and hardware (LBMH) division, at ECI Software Solutions is BMBI's Expert for Website & Product Data Management Solutions.**

Given the current employment shortage crisis in the building materials supply sector, there is a growing need to give tradespeople the power to self-serve. With a shortage of skills and product knowledge gaps, are staff struggling when servicing customers if they are inexperienced or overstretched? Successful, forward-thinking merchants are turning to technology, reducing the dependence on staff and offering their customers the choice of whether they want to interact with a person in-branch or harness the convenience of online ordering.

With ongoing challenges - attracting new talent, the ever-rising cost of materials, embracing Net Zero - the industry needs innovative solutions. eCommerce and digitalisation stand out as beacon lights, offering pathways to not only navigate these hurdles but also to leapfrog into a future of efficiency, sustainability, and growth. But what does this mean in practice? How are merchants leveraging these technologies to their advantage?

Increased employee turnover is diluting experience and knowledge amongst branch staff and further burdening the most experienced team members. Merchants who are successfully employing digital storefronts to their business are empowering customers with the capacity to self-serve, and those employees in need of their own digital support.

No longer just 'nice-to-have', eCommerce platforms are becoming 'must-haves' for merchants aiming to stay competitive. These platforms revolutionise customer service, offering seamless, 24/7 shopping experiences that today's tradespeople expect where they choose to use it, and empowering in-branch staff to focus on the value-added engagements that set merchants and particularly independents apart from DIY chains. Beyond convenience, they provide merchants with a treasure trove of data insights they cannot possibly capture offline, enabling merchants to anticipate market trends, tailor their offerings, and streamline inventory management.

As 2024 unfolds, building material merchants face a landscape filled with challenges but also rich with opportunities. By harnessing the power of eCommerce and digital solutions, merchants can equip themselves to tackle these hurdles head-on. This digital leap forward is not just about survival but about thriving in a rapidly evolving industry. The time to act is now, ensuring a future where merchants are not just participants but leaders in the drive towards a more efficient, sustainable, and prosperous industry.

Given the current employment shortage crisis in the building materials supply sector, there is a growing need to give tradespeople the power to self-serve.

With a shortage of skills and product knowledge gaps, are staff struggling when servicing customers if they are inexperienced or overstretched?

# Expert Panel

## Plumbing & Drainage



### **Charles Burns, Divisional Director at Brett Martin is BMBI's Expert for Plumbing & Drainage.**

Quarter 4 accurately reflected a year which has been preciously short of good economic news for the UK in general and for the construction sector in particular. The effect of ongoing inflation, interest rate rises and cost of living increases came home to roost. It is at times like this, when we realise just how connected our industry is to the price of finance, public confidence, and inflation.

We know the underlying demand still exists for both new housing and RMI projects of all sizes, but the registration statistics did not lie, and demand weakened further by the end of the quarter when even the typical rush to complete housing by year end did not materialise.

New mortgage approvals increased to 50,500 in December 2023, up from a 49,300 in November but falling short of the market expectation of 52,500. Although mortgage approvals reached a six-month high, the inevitable lag means this is not yet visible as an increase in activity levels on the ground.

Many producers will be hoping that 2024 will stabilise with the prospect of some electioneering interventions to boost confidence and drive demand. GfK's Consumer Confidence Index, consumer confidence increased three points to -19 in January 2024, recovering ground lost in the last two years. There is a market expectation that interest rates will weaken as the year progresses to give the housing market a much-needed lift. However, with inflation staying stubbornly high, falls in interest rates may be further off than hoped.

At Brett Martin we remain confident that the current market weakness will cycle through and so our focus is firmly fixed on developing increasingly customer focused service initiatives along with investments in manufacturing efficiency in preparation for the next growth phase of our business. Every part of the supply chain is facing the same challenges and so the process of partnering our merchants to maximise every opportunity remains paramount.

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# Expert Panel

## Heating & Cooling



### **Matt Williams, Managing Director Polypipe Building Products is BMBI's Expert for Heating & Cooling**

Quarter 4 2023 will be remembered as the period when house building activity hit a low and bounced back. There was a continuing dearth of housing starts following a stock build in Q2 to potentially avoid the impact of changes to Building Regulations Part L. Part L covers the conservation of fuel and power in new homes in England, and establishes how energy-efficient new and existing homes should be.

Reduced housing demand in 2023 was a testing time for everyone, with more competition chasing less activity. However, there was a softening of the macro factors which contributed to the reduction in house building, such as a deceleration of inflation, interest rate stability and subsequent cuts in mortgage rates among major lenders. Announcement of employee tax cuts and a larger than expected increase in National Living Wage has helped to improve sentiment going into 2024, reflected in improved Consumer Confidence scores. A low of -38 in February 2023 improved to -19 in January, the most positive in two years. It fell back in February to -21. But 'optimism for our personal financial situation for the next 12 months', one of the five component measures of GfK's Confidence Index, registered zero again, having been as low as -18 last February. This is a critical measure because confident householders are more likely to invest in major spending decisions.

There is certainly a lessening pessimism moving into 2024. However, the acid test will be the government's spring statement, and if there is specific support for the housing market. The most impactful initiative would be to offer first time buyers a meaningful support package, one that stimulates affordability for first time buyers in the new build sector.

The industry needs clarity on how the housebuilding and construction sector is going to tackle upcoming legislative and building safety requirements with The Future Homes Standard due to arrive in June 2025. Cooling and heating of new homes is an ever-evolving area, and 2024 may well be the year when the housing supply industry drives further forward with renewable solutions such as Underfloor Heating and District Heating.

There is a sense of newly formed optimism, or less pessimism moving into 2024.

However, the acid test will be the government's spring statement, and if there is specific support for the housing market.

# Monthly: This year v last year

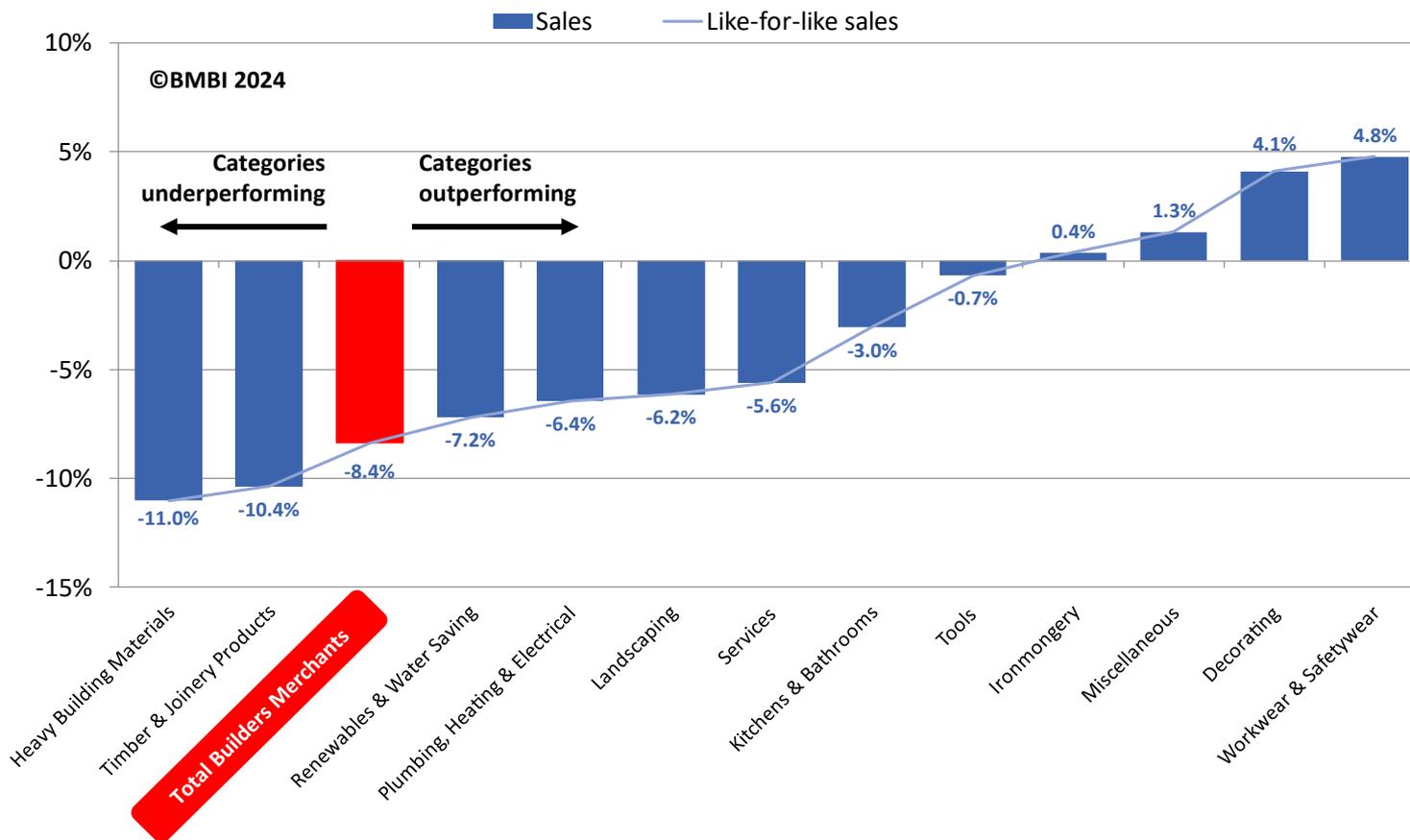
## December 2023 sales and like-for-like sales

There was no difference in trading days (16).

Like-for-like sales take trading day differences into account.



### December 2023 v December 2022



Source: GfK's Builders Merchants Total Category Report January 2022 to December 2023

Four of the twelve categories sold more, including Workwear & Safetywear (+4.8%), Decorating (+4.1%) and Ironmongery (+0.4%).

# Monthly: Year on Year

## December 2023 sales and like-for-like sales

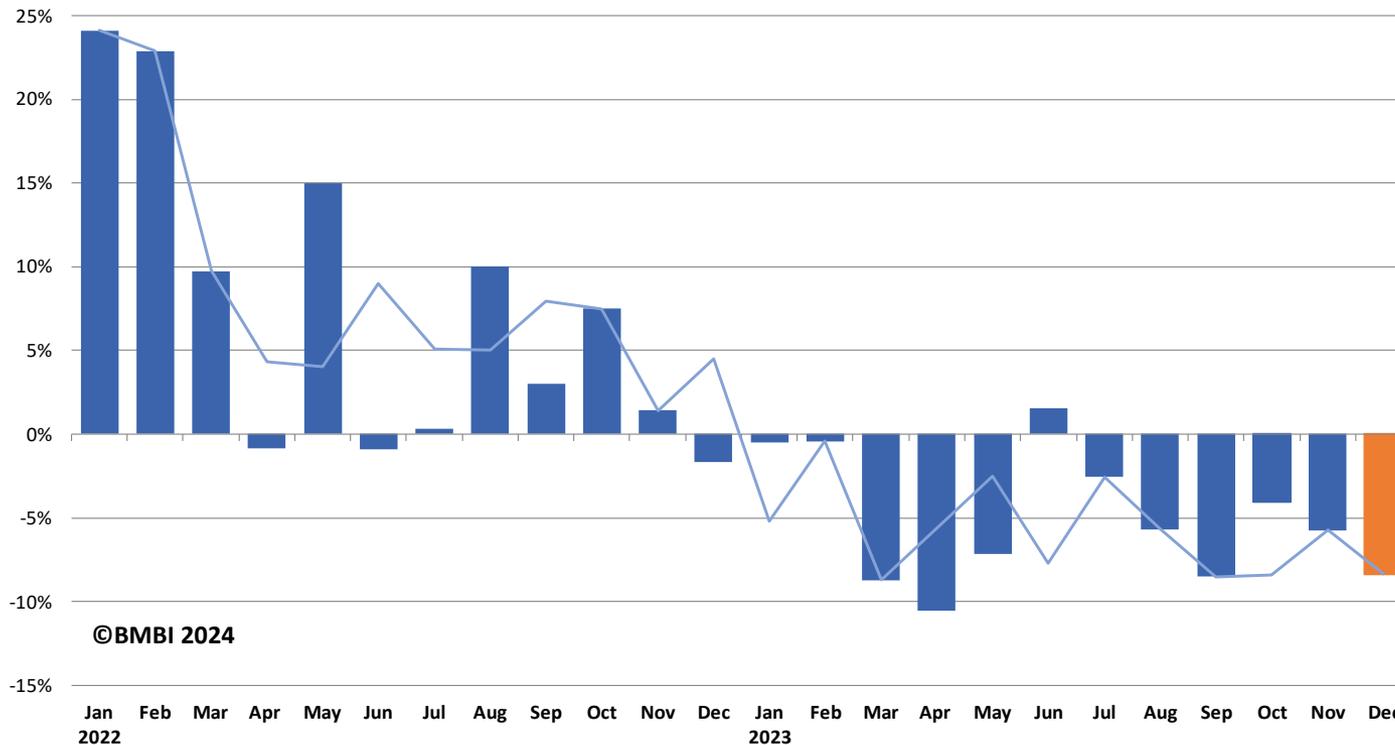
There was no difference in trading days (16).

Like-for-like sales take trading day differences into account.



### Monthly sales: Year on Year

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



©BMBI 2024

Source: GfK's  
Builders Merchants  
Total Category Report  
January 2022 to December 2023

Total Builders Merchants in December 2023 sales were -8.4% lower in value than the same month last year.

Volume sales were -12.6% down with prices up +4.8%.

# Monthly: This month v last month

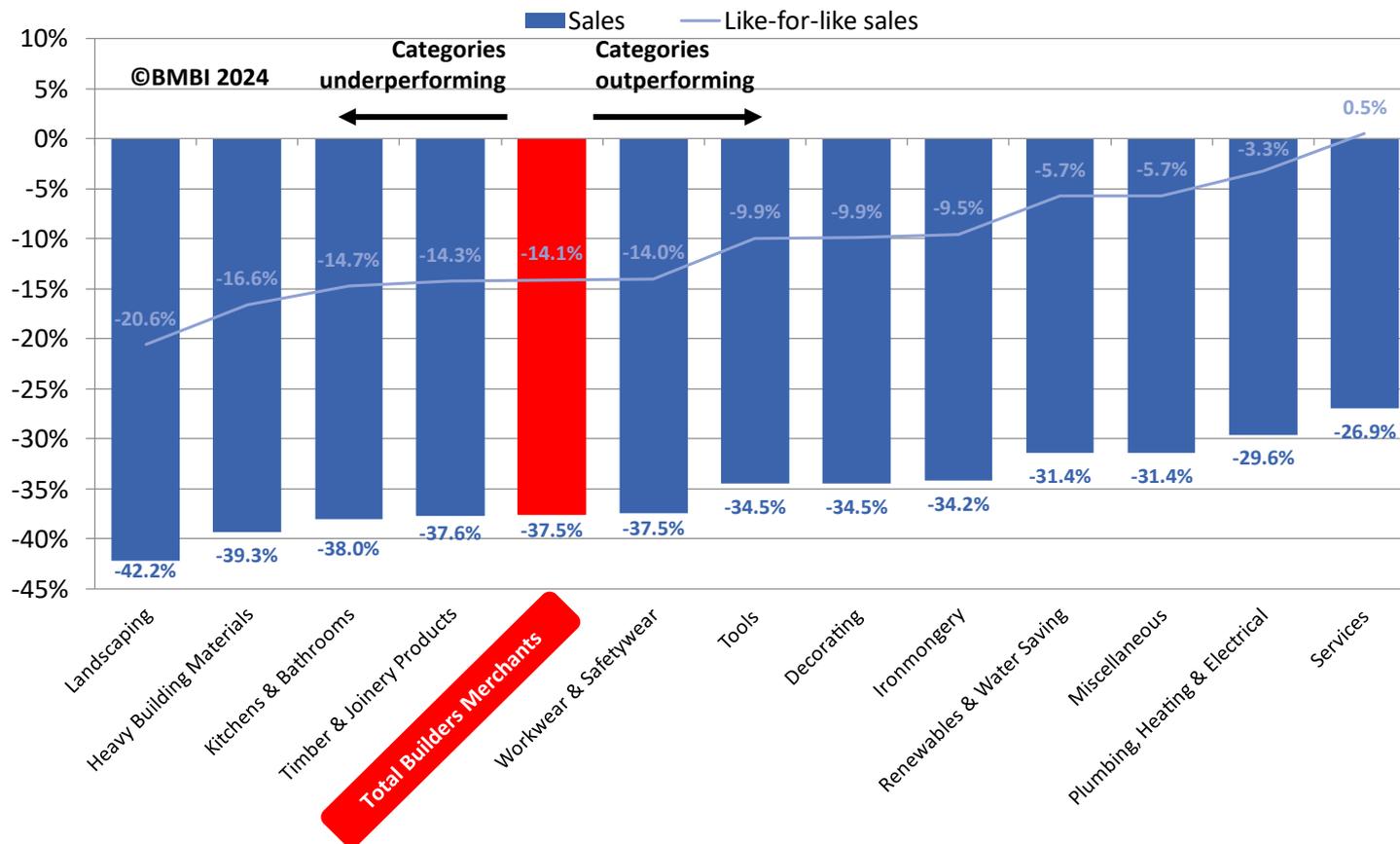
## December 2023 sales and like-for-like sales

16 trading days this month v 22 trading days the previous month.

Like-for-like sales take trading day differences into account.



### December 2023 v November 2023



Source: GfK's Builders Merchants Total Category Report January 2022 to December 2023

Total Merchants sales were -37.5% lower in December 2023 than in November 2023.

Volume sales were down -39.8% with prices up +3.8%.

# Year 2023 v 2022

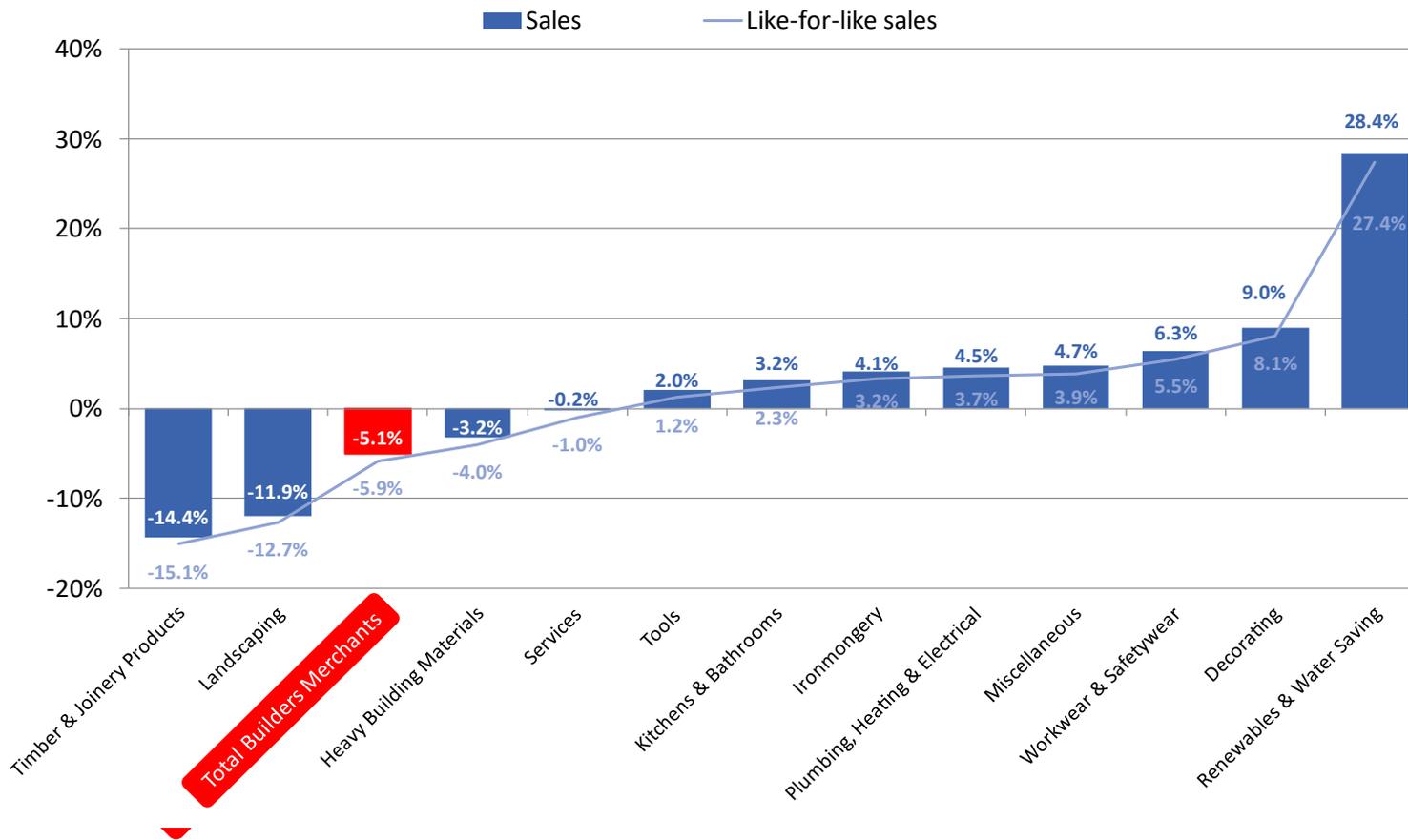
## Last 12 months sales and like-for-like sales

248 trading days this year v 246 trading days last year.

Like-for-like sales take trading day differences into account.



### Year : Jan 23 to Dec 23 v Jan 22 v Dec 22



Source: GfK's  
Builders Merchants  
Total Category Report  
January 2022 to December 2023

Total sales in the twelve months January to December 2023 were -5.1% lower than in the same period a year earlier.

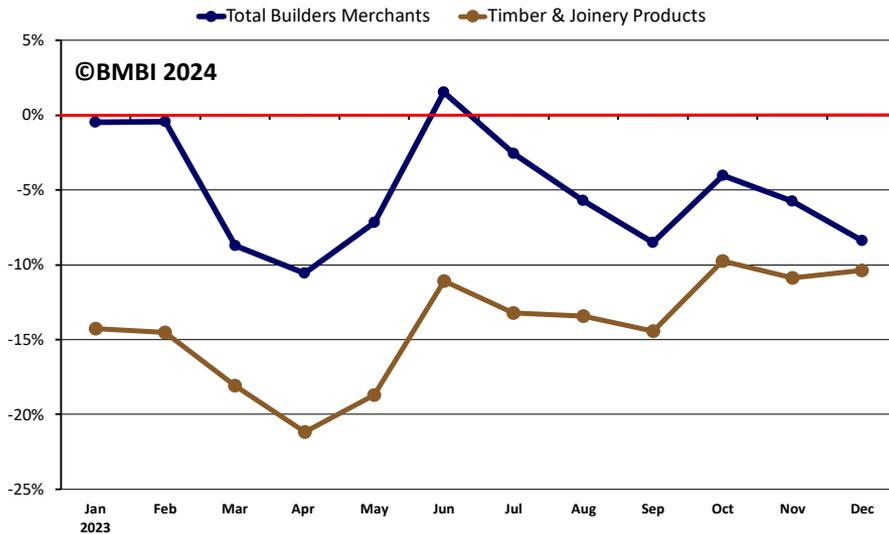
Volume sales were -13.7% lower with price up +10.0%.

# Monthly and Quarterly Year-on-year

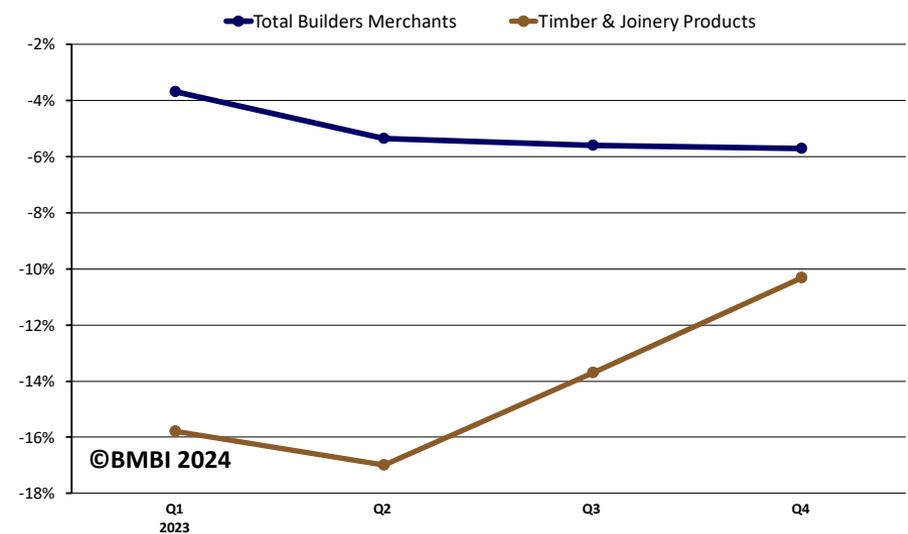
December 2023 and Q4 2023



## Timber & Joinery Products - Monthly



## Timber & Joinery Products - Quarterly



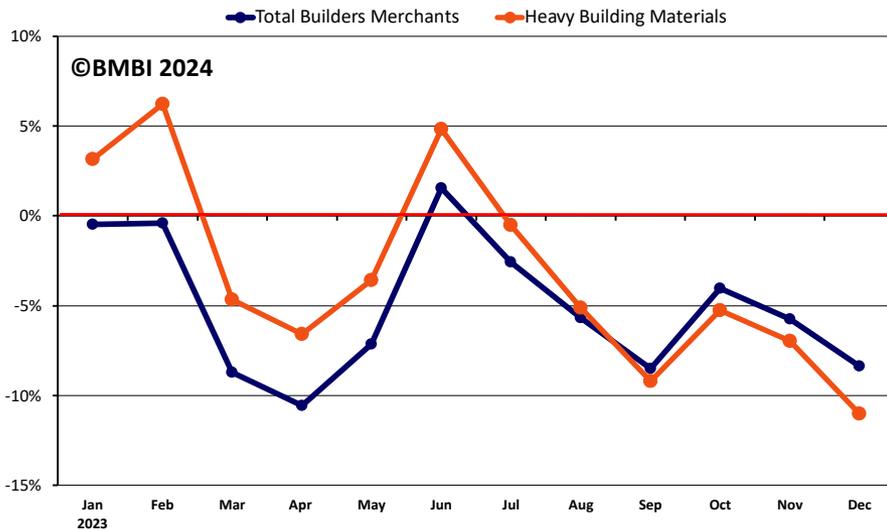
Source: GfK's  
Builders Merchants  
Total Category Report  
January 2022 to December 2023

# Monthly and Quarterly Year-on-year

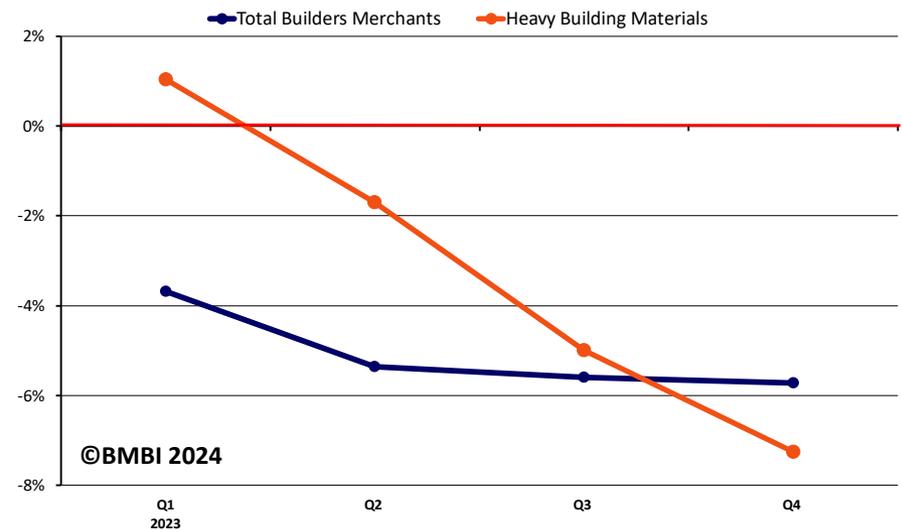
December 2023 and Q4 2023



### Heavy Building Materials - Monthly



### Heavy Building Materials - Quarterly



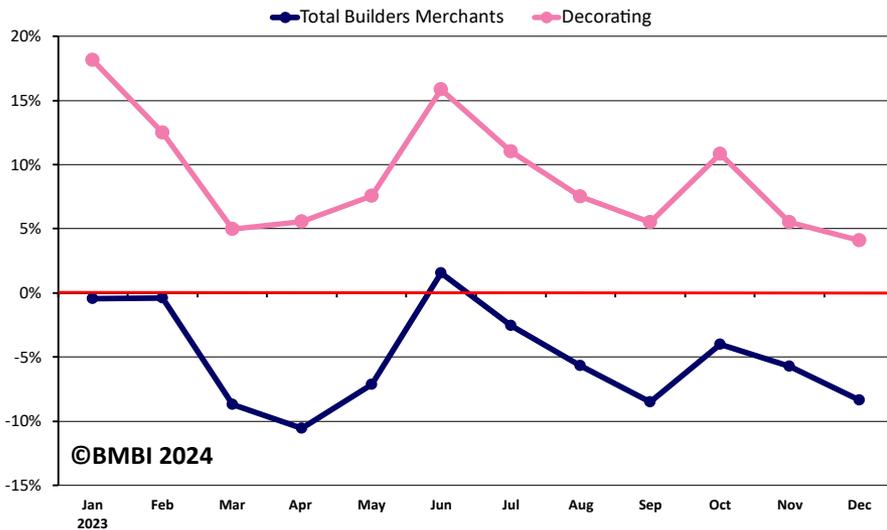
Source: GfK's Builders Merchants Total Category Report January 2022 to December 2023

# Monthly and Quarterly Year-on-year

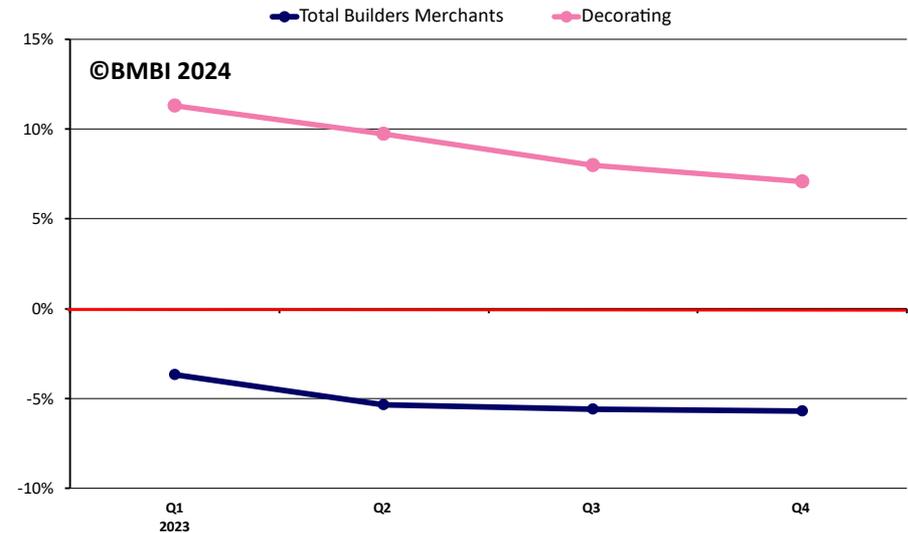
December 2023 and Q4 2023



### Decorating - Monthly



### Decorating - Quarterly



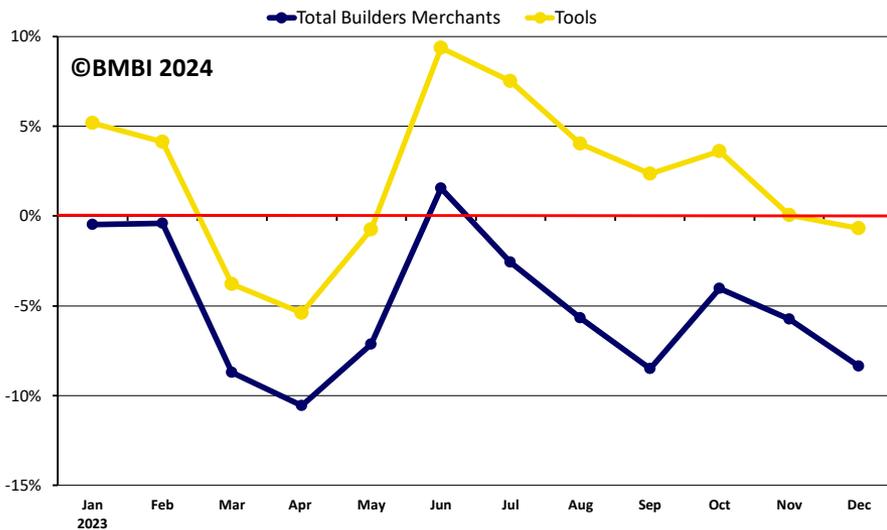
Source: GfK's Builders Merchants Total Category Report January 2022 to December 2023

# Monthly and Quarterly Year-on-year

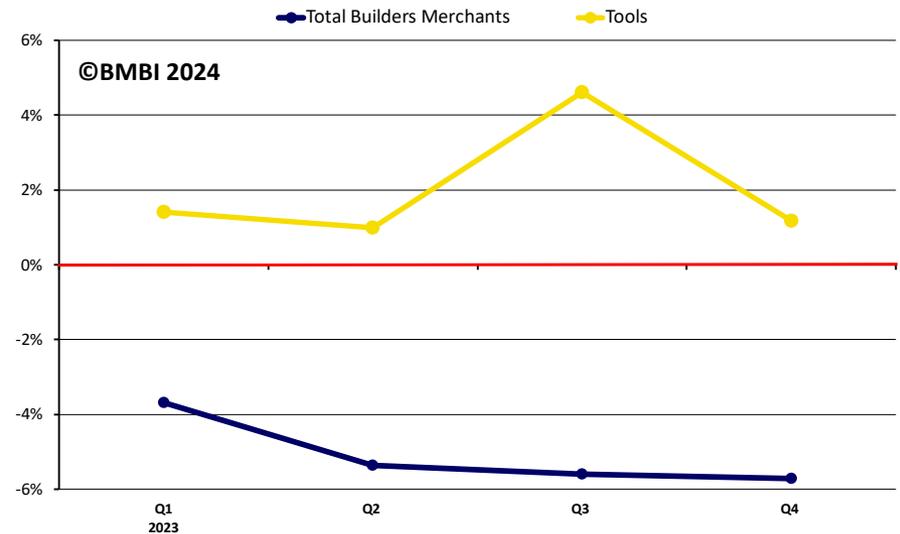
December 2023 and Q4 2023



### Tools - Monthly



### Tools - Quarterly



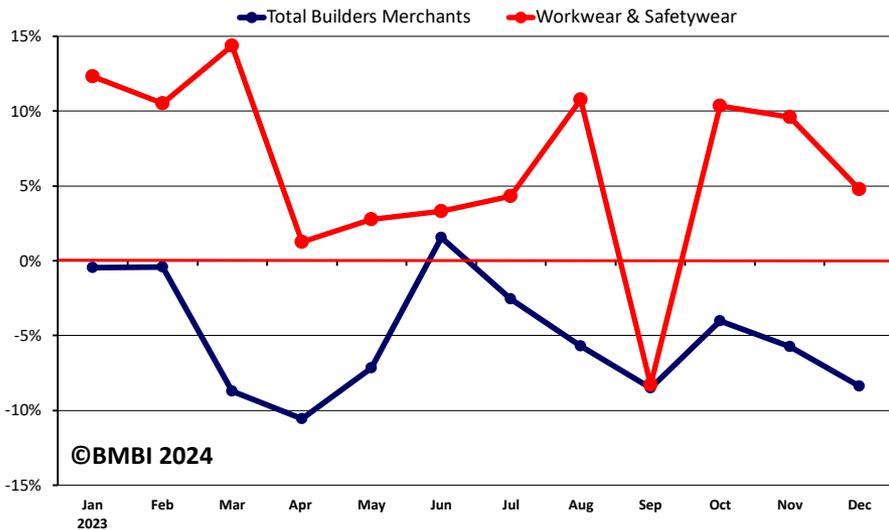
Source: GfK's  
Builders Merchants  
Total Category Report  
January 2022 to December 2023

# Monthly and Quarterly Year-on-year

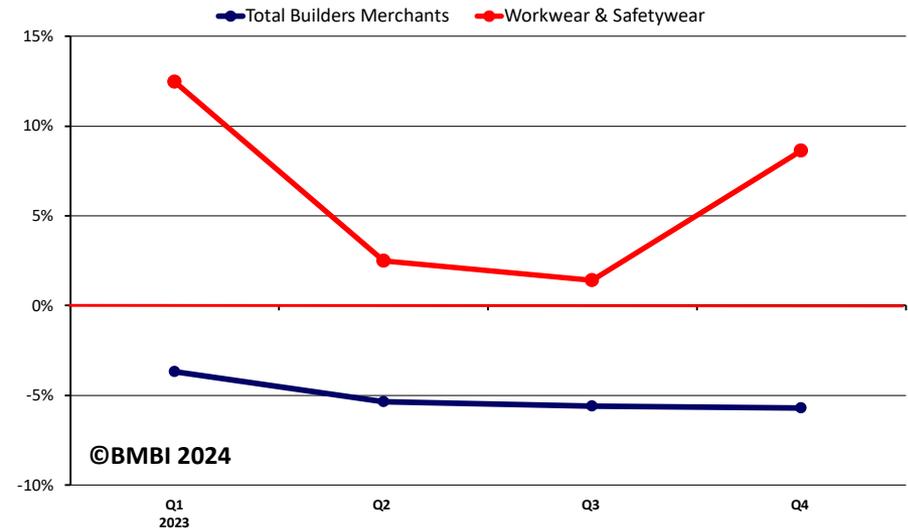
December 2023 and Q4 2023



### Workwear & Safetywear - Monthly



### Workwear & Safetywear - Quarterly



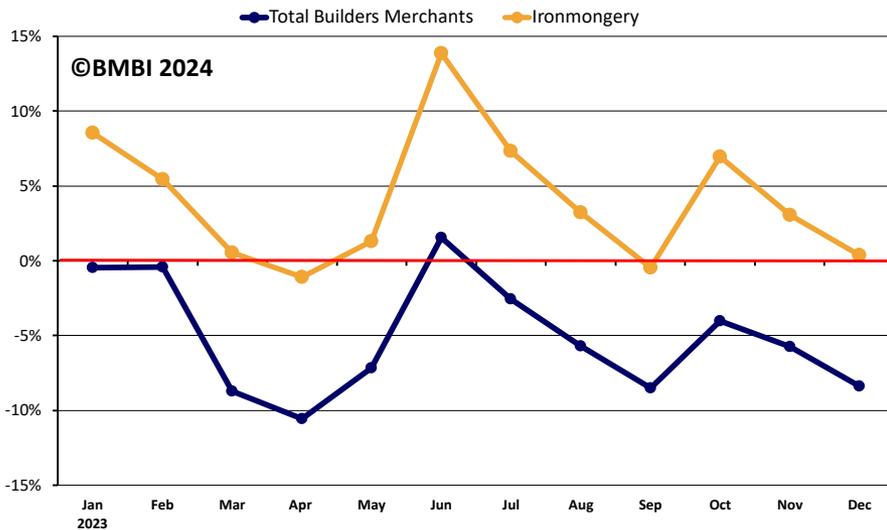
Source: GfK's  
Builders Merchants  
Total Category Report  
January 2022 to December 2023

# Monthly and Quarterly Year-on-year

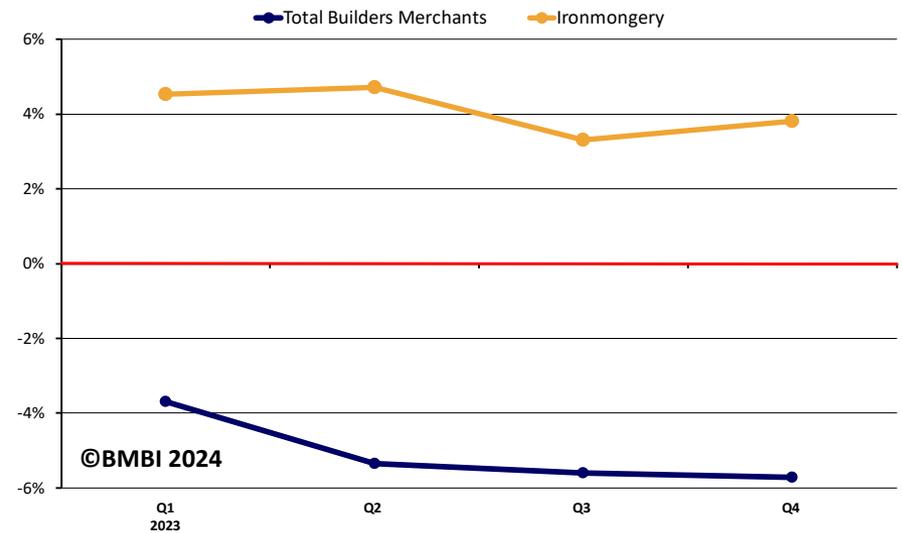
December 2023 and Q4 2023



### Ironmongery - Monthly



### Ironmongery - Quarterly



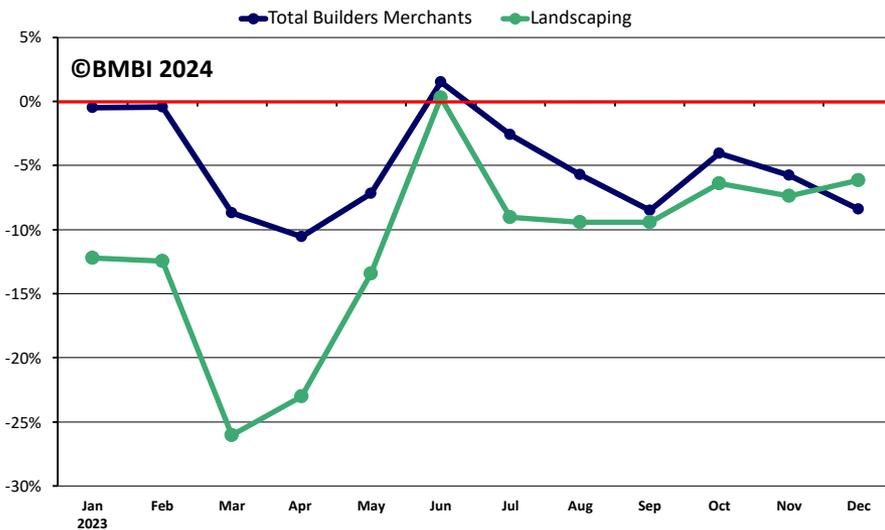
Source: GfK's Builders Merchants Total Category Report January 2022 to December 2023

# Monthly and Quarterly Year-on-year

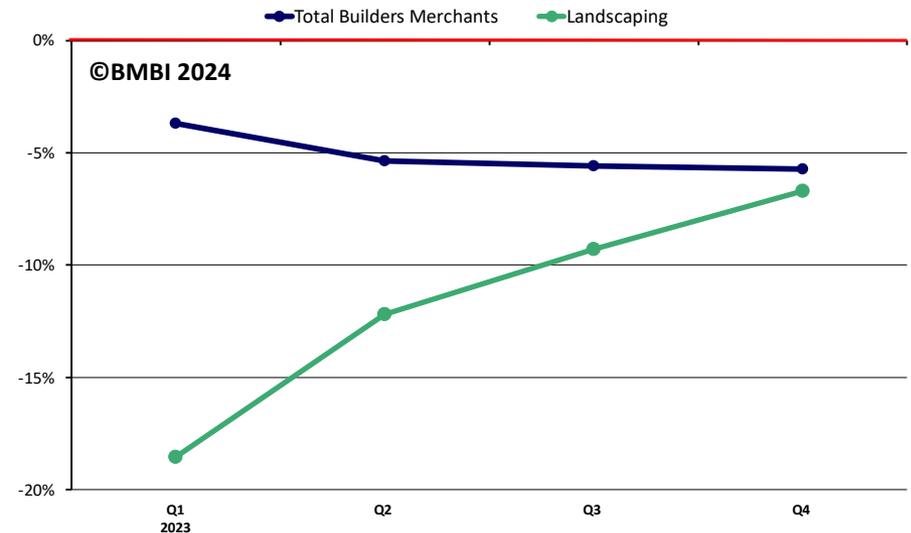
December 2023 and Q4 2023



### Landscaping - Monthly



### Landscaping - Quarterly



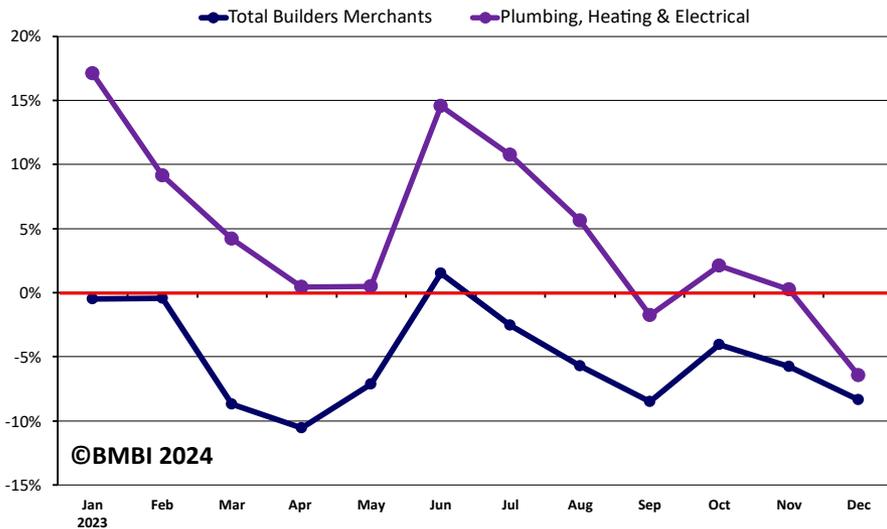
Source: GfK's  
Builders Merchants  
Total Category Report  
January 2022 to December 2023

# Monthly and Quarterly Year-on-year

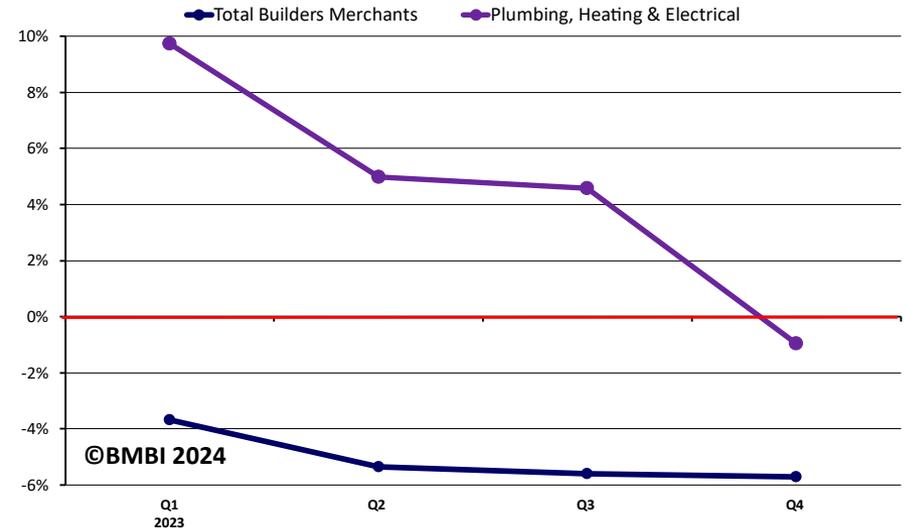
December 2023 and Q4 2023



### Plumbing Heating & Electrical - Monthly



### Plumbing Heating & Electrical - Quarterly



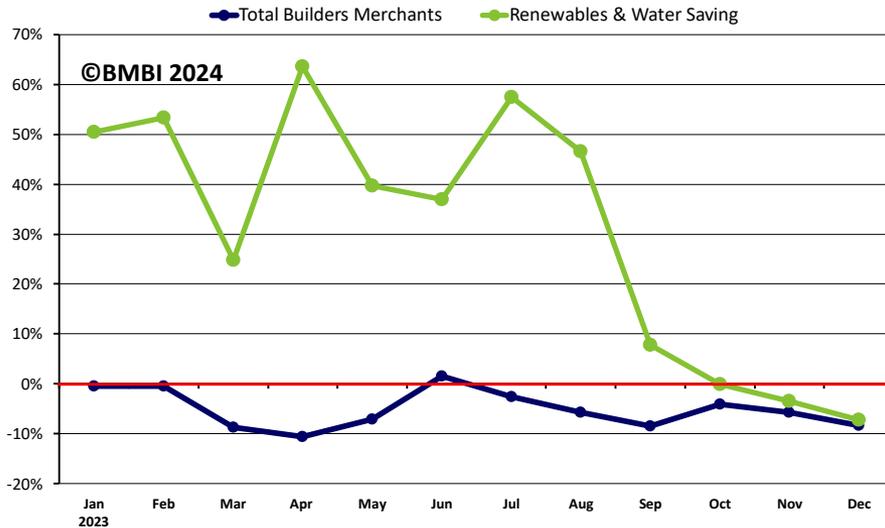
Source: GfK's Builders Merchants Total Category Report January 2022 to December 2023

# Monthly and Quarterly Year-on-year

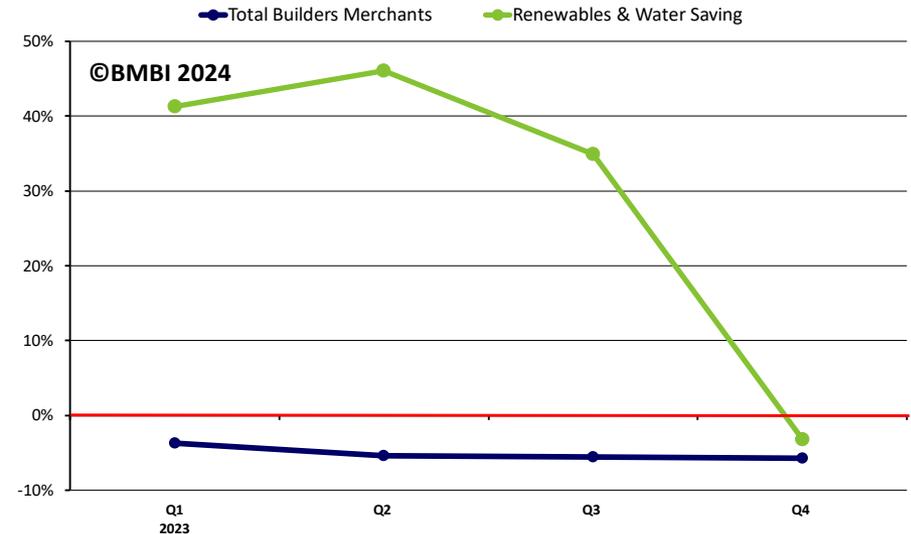
December 2023 and Q4 2023



### Renewables & Water Saving - Monthly



### Renewables & Water Saving - Quarterly



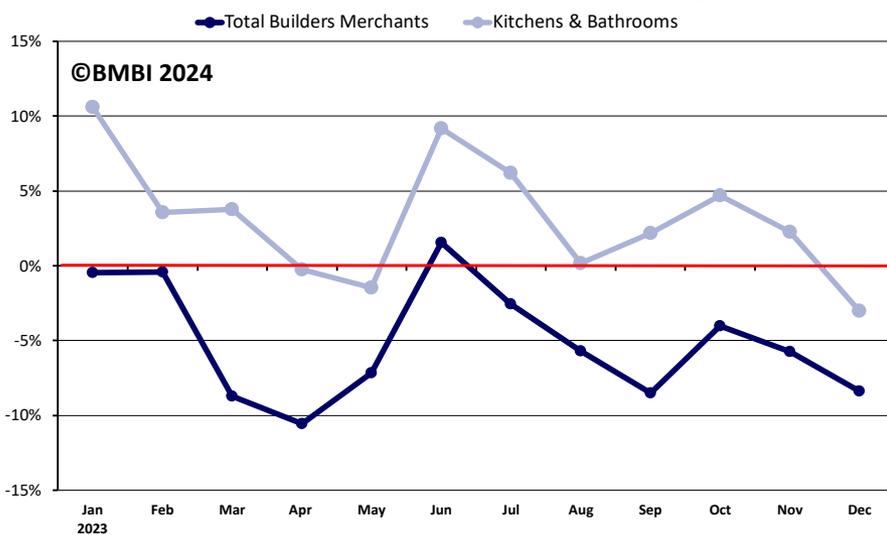
Source: GfK's  
Builders Merchants  
Total Category Report  
January 2022 to December 2023

# Monthly and Quarterly Year-on-year

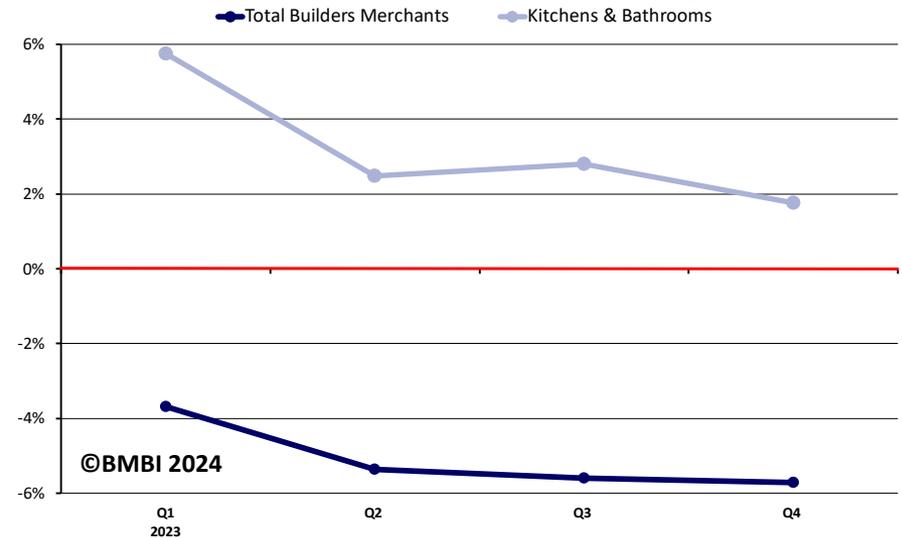
December 2023 and Q4 2023



### Kitchens & Bathrooms - Monthly



### Kitchens & Bathrooms - Quarterly



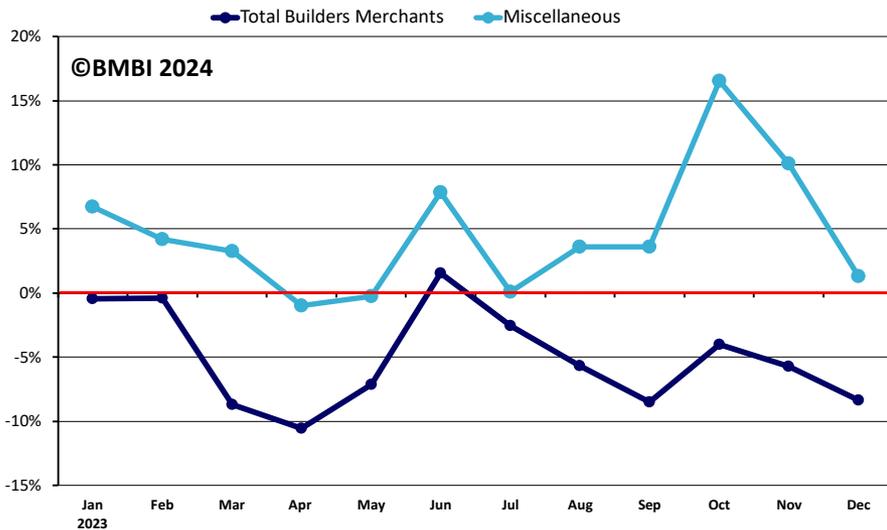
Source: GfK's Builders Merchants Total Category Report January 2022 to December 2023

# Monthly and Quarterly Year-on-year

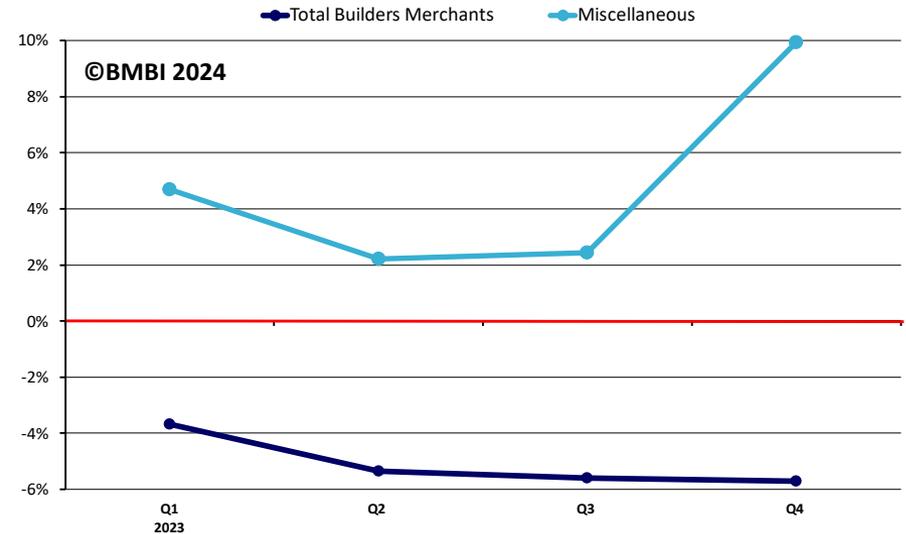
December 2023 and Q4 2023



### Miscellaneous - Monthly



### Miscellaneous - Quarterly



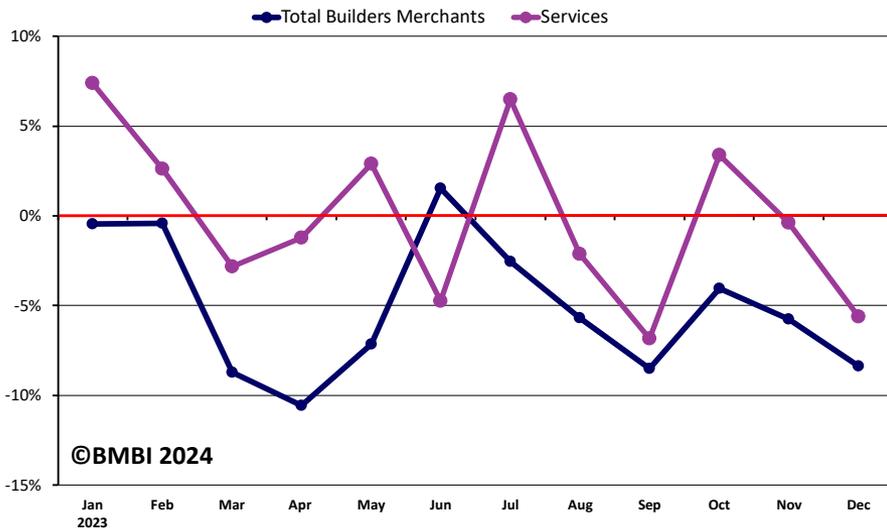
Source: GfK's  
Builders Merchants  
Total Category Report  
January 2022 to December 2023

# Monthly and Quarterly Year-on-year

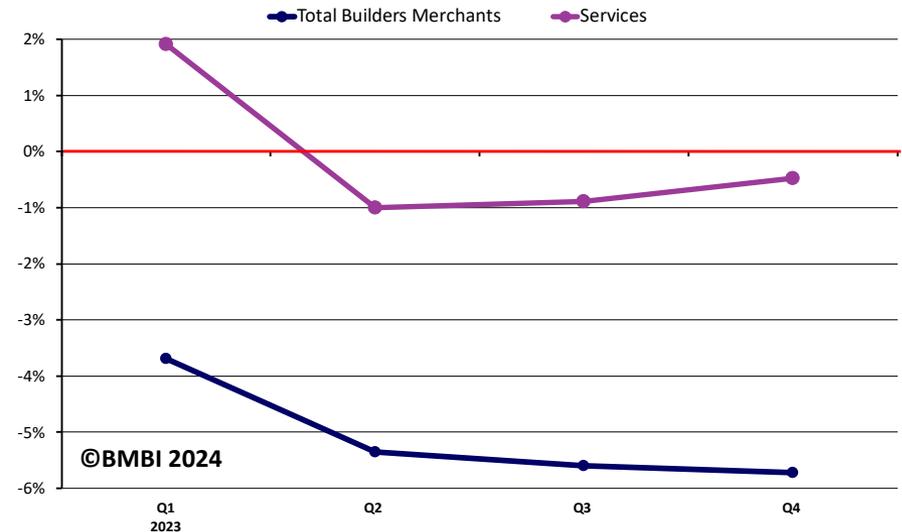
December 2023 and Q4 2023



### Services - Monthly



### Services - Quarterly



Source: GfK's  
Builders Merchants  
Total Category Report  
January 2022 to December 2023

# Monthly: Index and Categories

December 2022\* – December 2023

Indexed on January 2022 – December 2022



MONTHLY SALES VALUE INDEX	Index	2023												
		2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Total Builders Merchants</b>	<b>100</b>	<b>64.5</b>	<b>85.2</b>	<b>91.7</b>	<b>104.9</b>	<b>92.0</b>	<b>103.8</b>	<b>108.6</b>	<b>102.4</b>	<b>100.6</b>	<b>96.9</b>	<b>99.0</b>	<b>94.6</b>	<b>59.1</b>
Timber & Joinery Products	100	59.3	81.6	83.5	97.2	82.2	91.0	94.6	90.4	90.7	87.7	89.8	85.2	53.2
Heavy Building Materials	100	64.9	85.6	94.7	106.7	93.9	107.0	112.6	105.3	102.8	99.2	100.8	95.2	57.8
Decorating	100	75.0	100.8	102.7	115.6	100.6	111.8	117.9	114.0	114.5	113.2	119.3	119.2	78.1
Tools	100	71.9	97.3	102.6	114.2	96.2	103.6	108.9	104.6	104.4	102.9	109.4	109.0	71.4
Workwear & Safetywear	100	83.9	107.8	103.2	118.9	88.0	98.2	100.9	95.6	101.8	106.3	126.8	140.6	87.9
Ironmongery	100	71.6	99.8	99.6	114.6	96.8	107.1	115.5	108.9	108.5	106.0	111.3	109.2	71.9
Landscaping	100	43.8	58.9	75.5	94.3	98.7	116.9	125.1	105.1	98.5	88.6	82.9	71.1	41.1
Plumbing, Heating & Electrical	100	89.6	110.0	108.6	119.6	92.1	99.3	102.9	100.6	100.7	102.7	114.6	119.2	83.8
Renewables & Water Saving	100	87.9	136.0	131.9	141.8	135.0	138.9	126.9	146.4	134.4	126.9	122.0	118.9	81.5
Kitchens & Bathrooms	100	74.5	96.6	100.0	112.6	93.9	102.1	108.6	110.0	109.0	108.2	108.5	116.5	72.3
Miscellaneous	100	79.1	106.4	99.0	112.8	92.5	106.4	107.0	104.6	109.3	104.8	117.2	116.8	80.1
Services	100	79.6	89.5	92.0	106.5	97.3	109.1	100.0	111.2	108.1	99.1	107.4	102.8	75.1

\*Click the web link below to see the complete series of indices from January 2022.

Source: GfK's  
Builders Merchants  
Total Category Report  
January 2022 to December 2023

# Monthly: Index

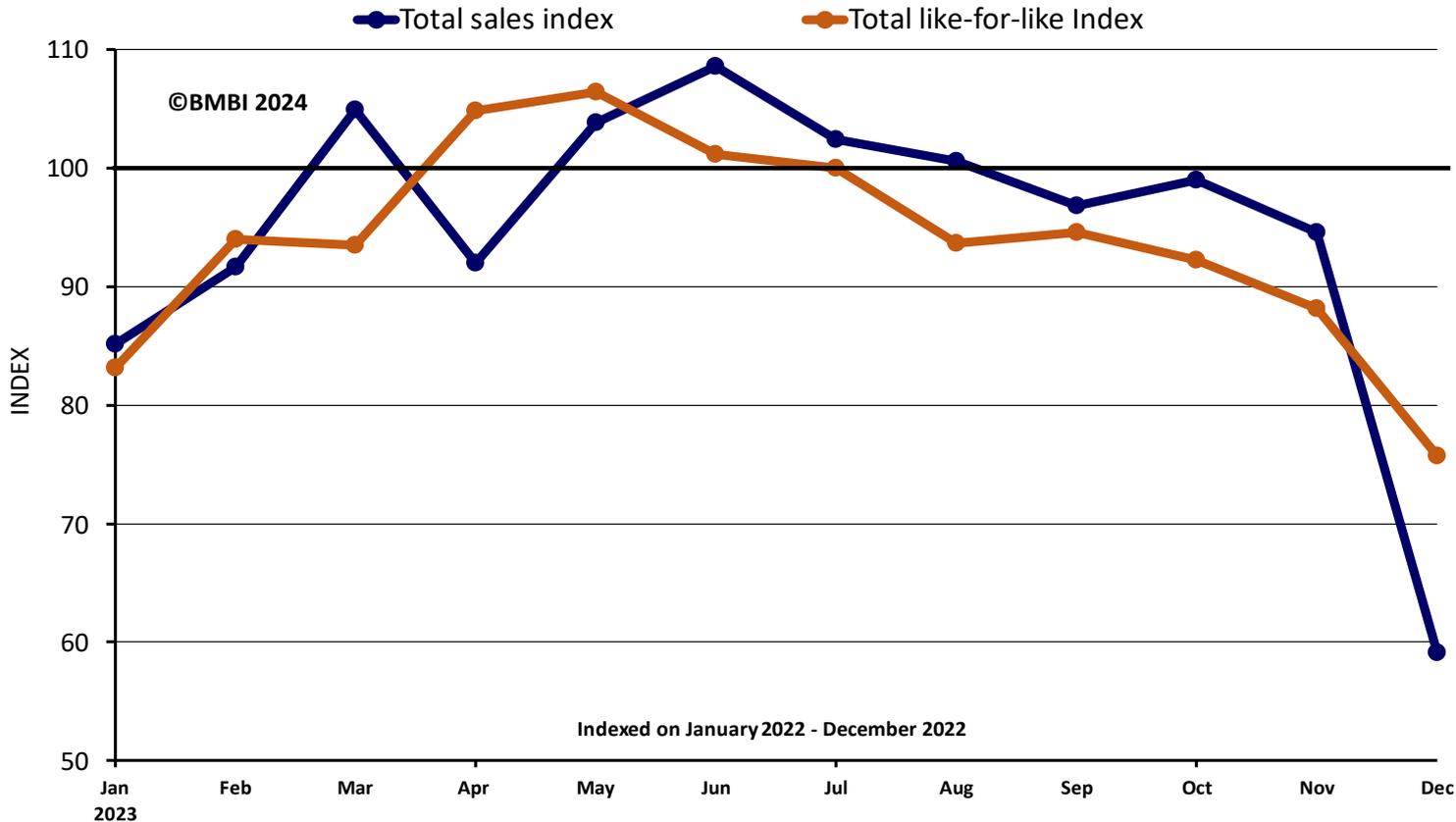
## Sales and like-for-like sales index

16 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  
January 2022 to December 2023

December's BMBI  
index was 59.1.

With five less trading  
days, the like-for-like  
sales index was 75.7.

# Monthly: Index and Categories

## December 2023 sales and like-for-like sales index

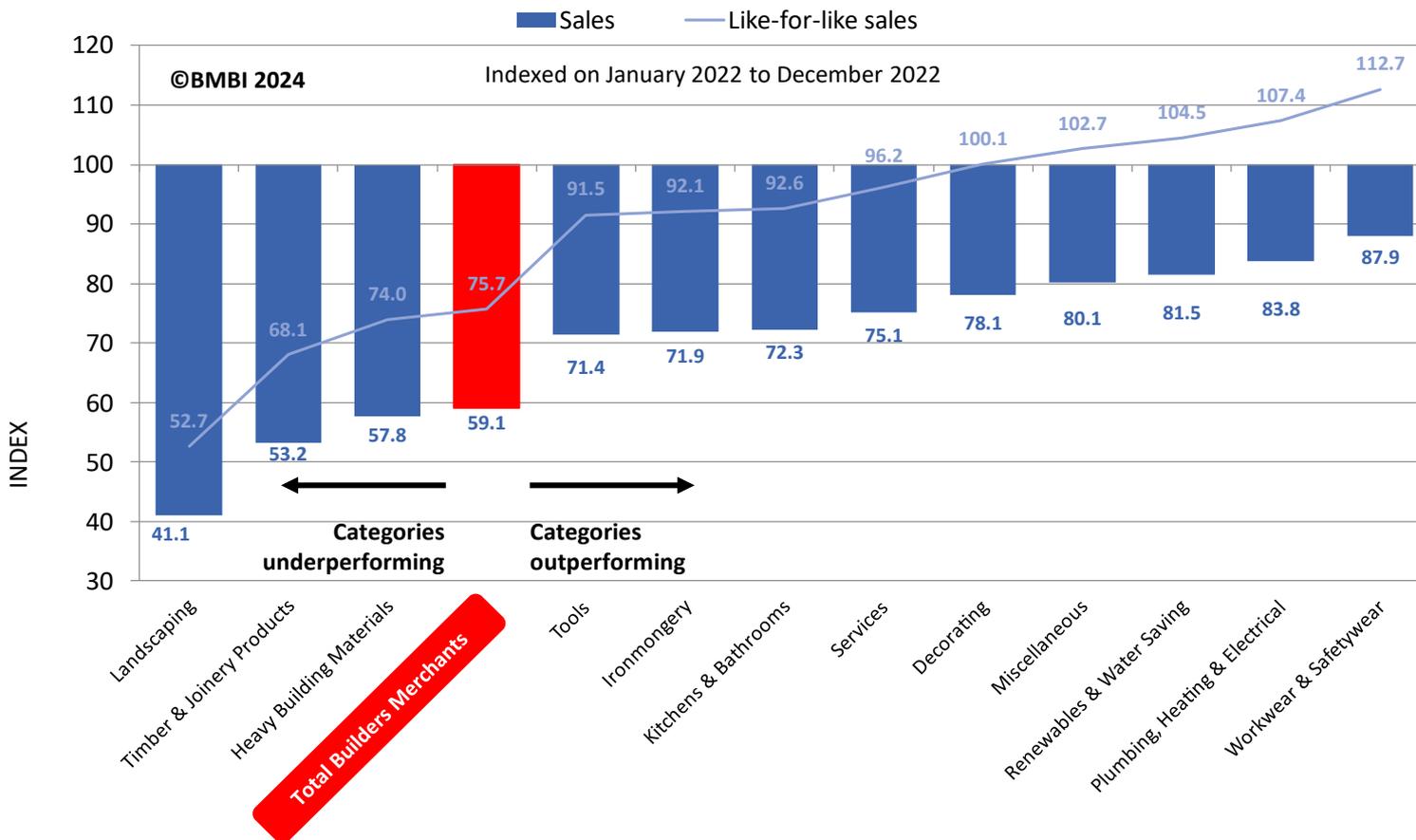
16 trading days this month v 21 trading days in the Index base period.

Like-for-like sales take trading day differences into account.



Source: GfK's  
Builders Merchants  
Total Category Report  
January 2022 to December 2023

### December 2023 Index



All categories indexed below 100.

But Workwear & Safetywear (87.9), Plumbing Heating & Electrical (83.8) and Renewables & Water Saving (81.5) had the highest indices.

# Trading Days

Monthly												Quarterly				Half Year		Full Year
Index: 20.5												Index: 61.5						
2021												2021				2021		2021
Jan 20	Feb 20	Mar 23	Apr 20	May 19	Jun 22	Jul 22	Aug 21	Sep 22	Oct 21	Nov 22	Dec 17	Q1 63	Q2 61	Q3 65	Q4 60	H1 124	H2 125	249
2022												2022				2022		2022
Jan 20	Feb 20	Mar 23	Apr 19	May 21	Jun 20	Jul 21	Aug 22	Sep 21	Oct 21	Nov 22	Dec 16	Q1 63	Q2 60	Q3 64	Q4 59	H1 123	H2 123	246
2023												2023				2023		2023
Jan 21	Feb 20	Mar 23	Apr 18	May 20	Jun 22	Jul 21	Aug 22	Sep 21	Oct 22	Nov 22	Dec 16	Q1 64	Q2 60	Q3 64	Q4 60	H1 124	H2 124	248

 Source: GfK's  
Builders Merchants  
Total Category Report  
January 2022 to December 2023

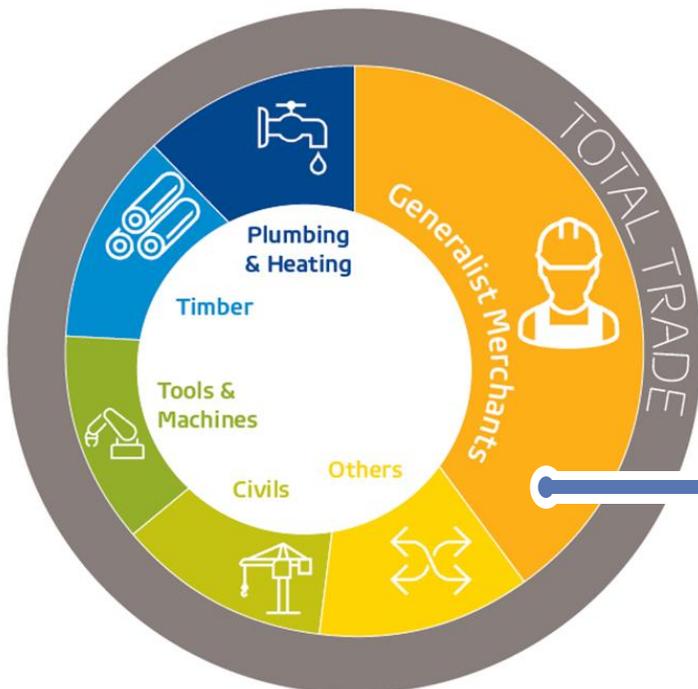
# GfK's Definition of Builders Merchant Panel



## Generalist Builders Merchants definition:

- Builders 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 and 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 92%.

Examples include:



# 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

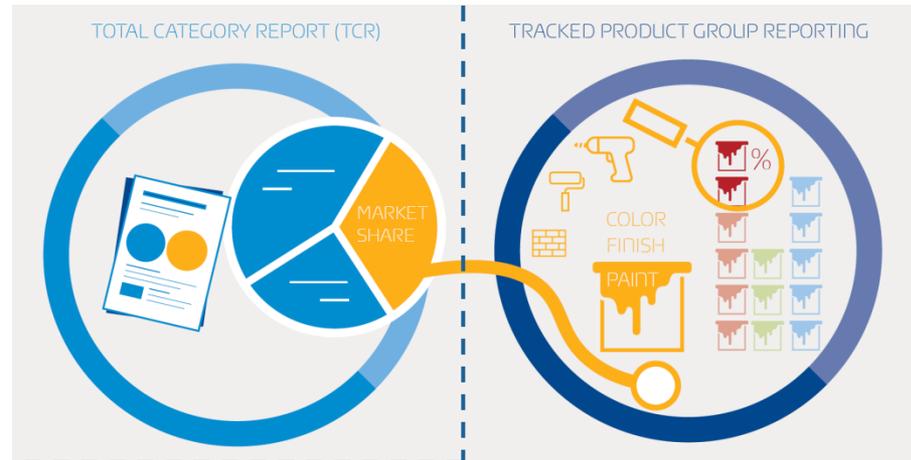
Bathroom (Including Showering)  
Fitted Kitchens  
Major Appliances

### 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](mailto: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 6-3 to maintain Bank Rate at 5.25%. Three members preferred to increase Bank Rate by 0.25 percentage points, to 5.5%.



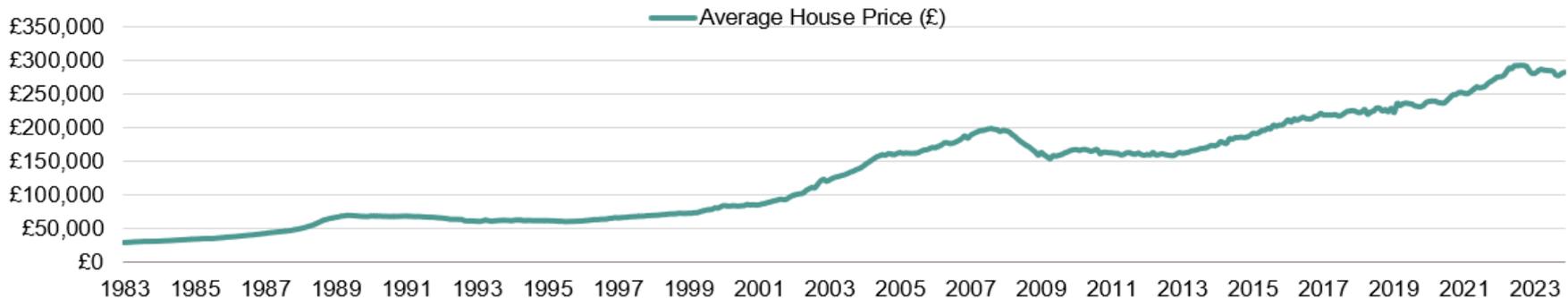
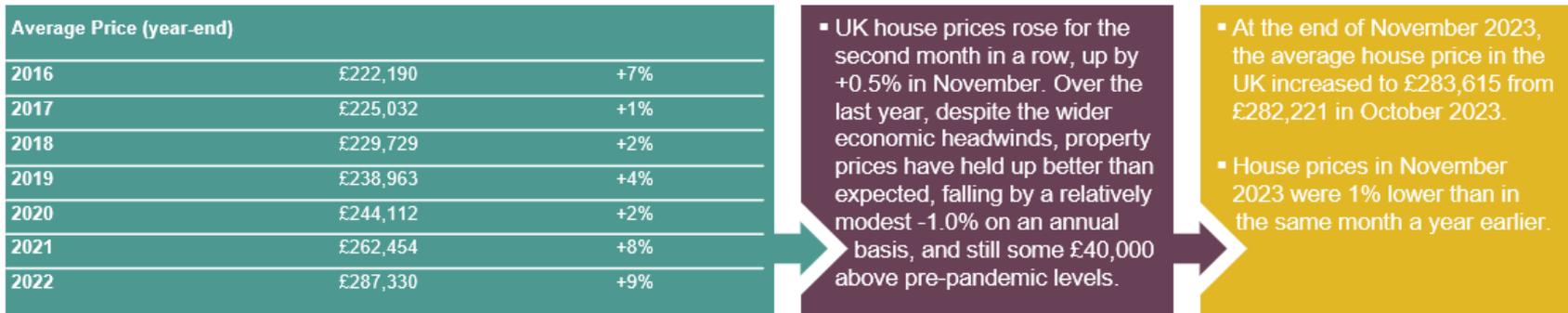
Source: Bank of England

© GfK Consumer Confidence Barometer | December 2023

# Macro factors impacting Merchants



## Standardised average house prices



Source: Halifax House Price Index

© GfK Consumer Confidence Barometer | December 2023

# Macro factors impacting Merchants



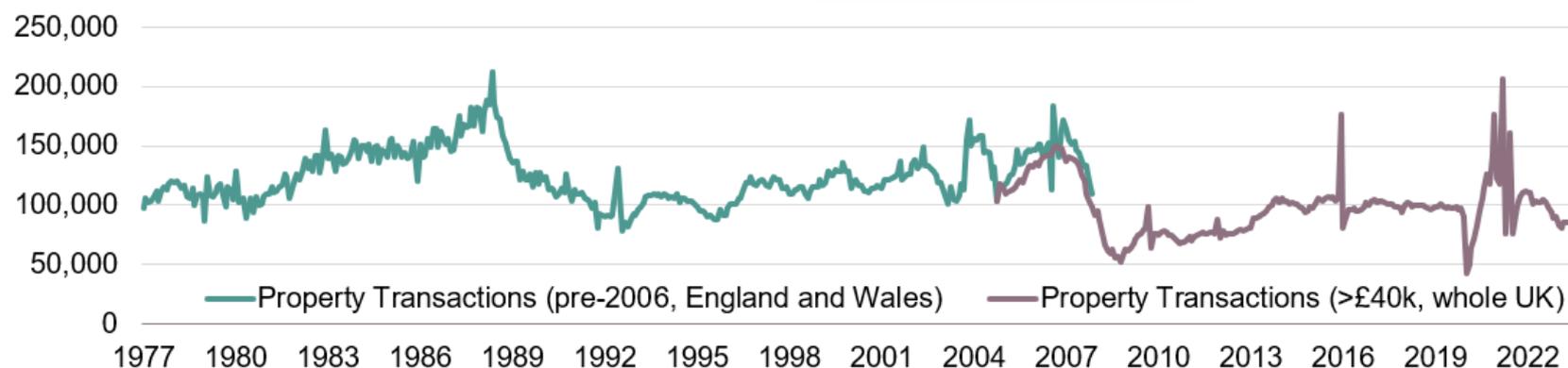
## Property transactions

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 November 2023 was 80,780 residential and 9,900 non-residential transactions.
- The seasonally adjusted count of residential property transactions in November 2023 is 2% lower than November 2022 and 1% lower than October 2023.



Source: HM Revenue & Customs

© GfK Consumer Confidence Barometer | December 2023

# Macro factors impacting Merchants



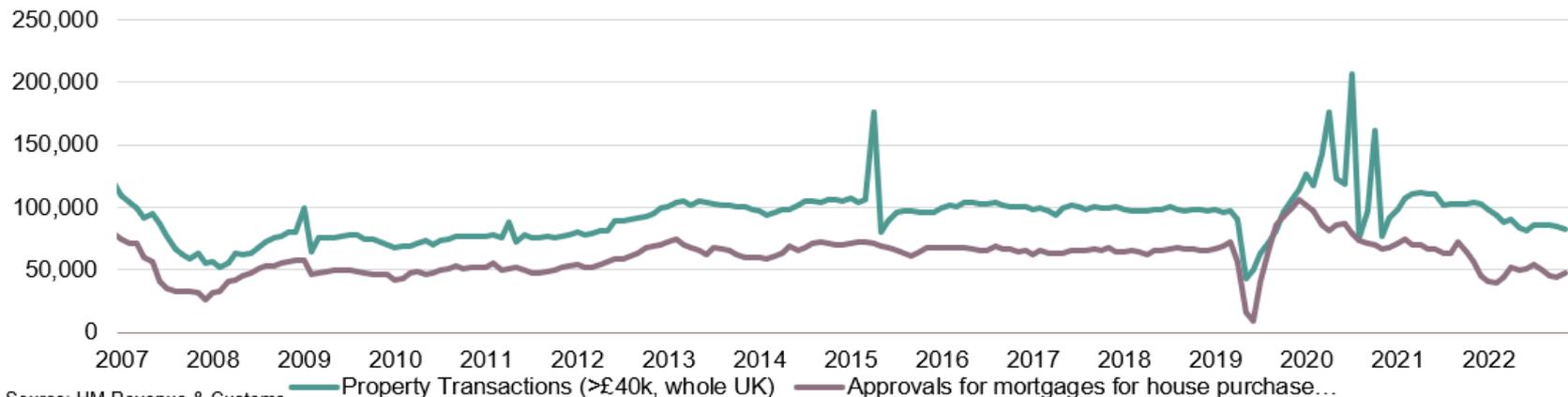
## Mortgage approvals and property transactions

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 47,383 in October 2023 - this represents an 8.5% increase from September 2023.



Source: HM Revenue & Customs

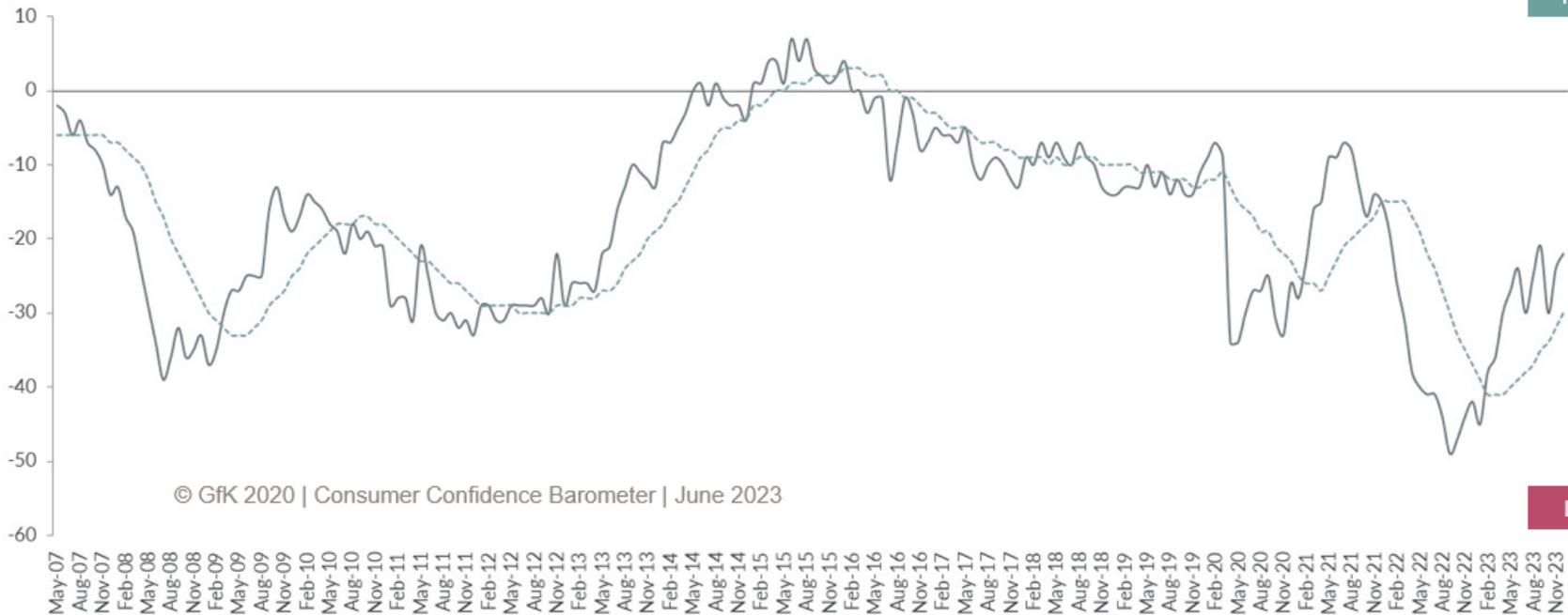
— Property Transactions (>£40k, whole UK) — Approvals for mortgages for house purchase...

© GfK

Consumer Confidence Barometer | December 2023

# Macro factors impacting Merchants

## Consumer Confidence Index – December 2023



**Joe Staton, Client Strategy Director, GfK says:** Against the backdrop of flatlining economic growth, interest rates at a 15-year high, and price rises potentially eroding disposable income for years to come, the Consumer Confidence Index shows a modest improvement this month with gains across all key measures. Although the headline figure of -22 means the nation's confidence is still firmly in negative territory, optimism for our personal finances for the next 12 months shows a notable recovery from the depressed -29 reported this time last year. Recovery in this number is important as it best reflects household financial optimism and control over personal budgets.

“building **excellence**  
in materials supply”



“building **excellence**  
in materials supply”

## BMF (Builders Merchant Federation) Forecast Report

# BMF Forecast Report

## Winter 2023 edition

### Builders Merchants Industry Forecast Report

The latest forecast report of the BMF’s Builders Merchants Industry Forecast, covering Winter 2023 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 2023 edition now available. The forecast report and its previous editions 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](mailto:thomas.lowe@bmf.org.uk)



# Building the Industry & Building Brands from Knowledge



# Contact us

For further information



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