

Excellence in building
materials supply

Builders Merchant Building Index



Quarter 1 2024

(Published 07 June 2024)

Highlights

“The construction sector plays an important part in the economy, but with a lack of focused government input for the sector before the elections, indications are clear that another difficult year is ahead.” Emile van der Ryst, Senior Client Insight Manager - Trade, GfK. Read Emile’s full comment on page [10](#).

BMBI Report Q1 2024 Highlights

(unadjusted for trading days)

www.bmbi.co.uk



First quarter sales

Q1 2024 total sales down -7.2%
on Q1 2023

-7.2%



First quarter v previous quarter

Q1 2024 total sales up +3.5%
on Q4 2023

+3.5%



Latest month v last year

Mar 2024 sales down -13.6%
on Mar 2023

-13.6%



Latest 12 months v last year

Apr 2023 - Mar 2024 sales down -5.9%
on Apr 2022 - Mar 2023

-5.9%

“Total sales in Quarter 1 were down -7.2% on the same period last year. Volume sales were -8.7% down with price up +1.6%.”

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Introduction:

Builders Merchant Building Index



This **Builders Merchant Building Index (BMBI)** report contains data from GfK's ground-breaking Builders Merchants Panel, which analyses data from over 88% 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 2019 to December 2019. This trend series gives the industry access to far more accurate and comprehensive insights than that available to other construction sectors.

Executive Summary

Short of time and just want to read the headlines? Download an Executive Summary that provides a snapshot on value sales and trends from Britain's Builders' Merchants for Quarter 1 and March 2024 [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.

Latest quarter v last year

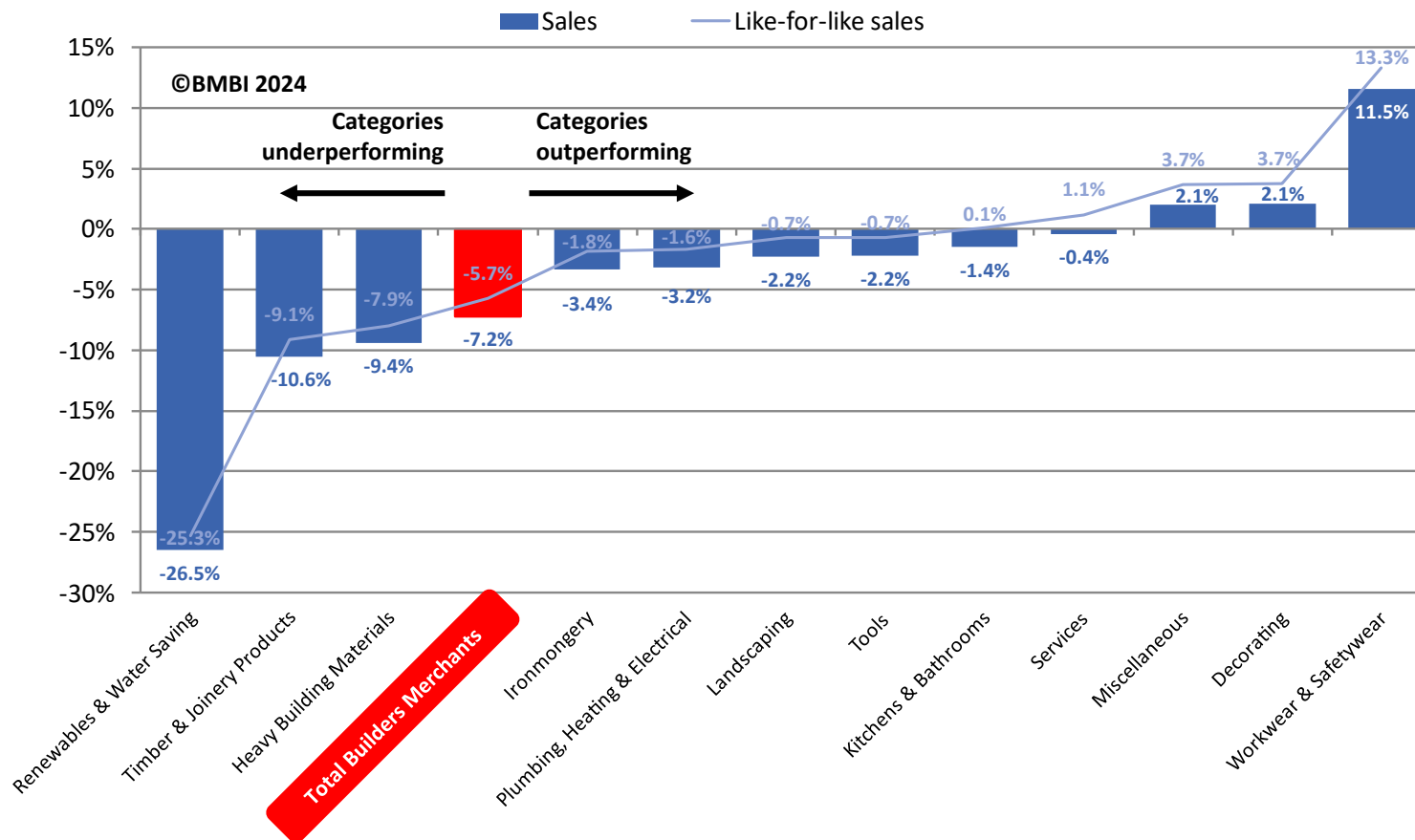
Q1 2024 sales and like-for-like sales

63 trading days this year v 64 trading days last year.

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



Quarter 1 2024 v Quarter 1 2023



Source: GfK's
Builders Merchants
Total Category Report
January 2019 to March 2024

Total sales in Quarter 1 were down -7.2% on the same period last year.

Volume sales were -8.7% down with price up +1.6%.

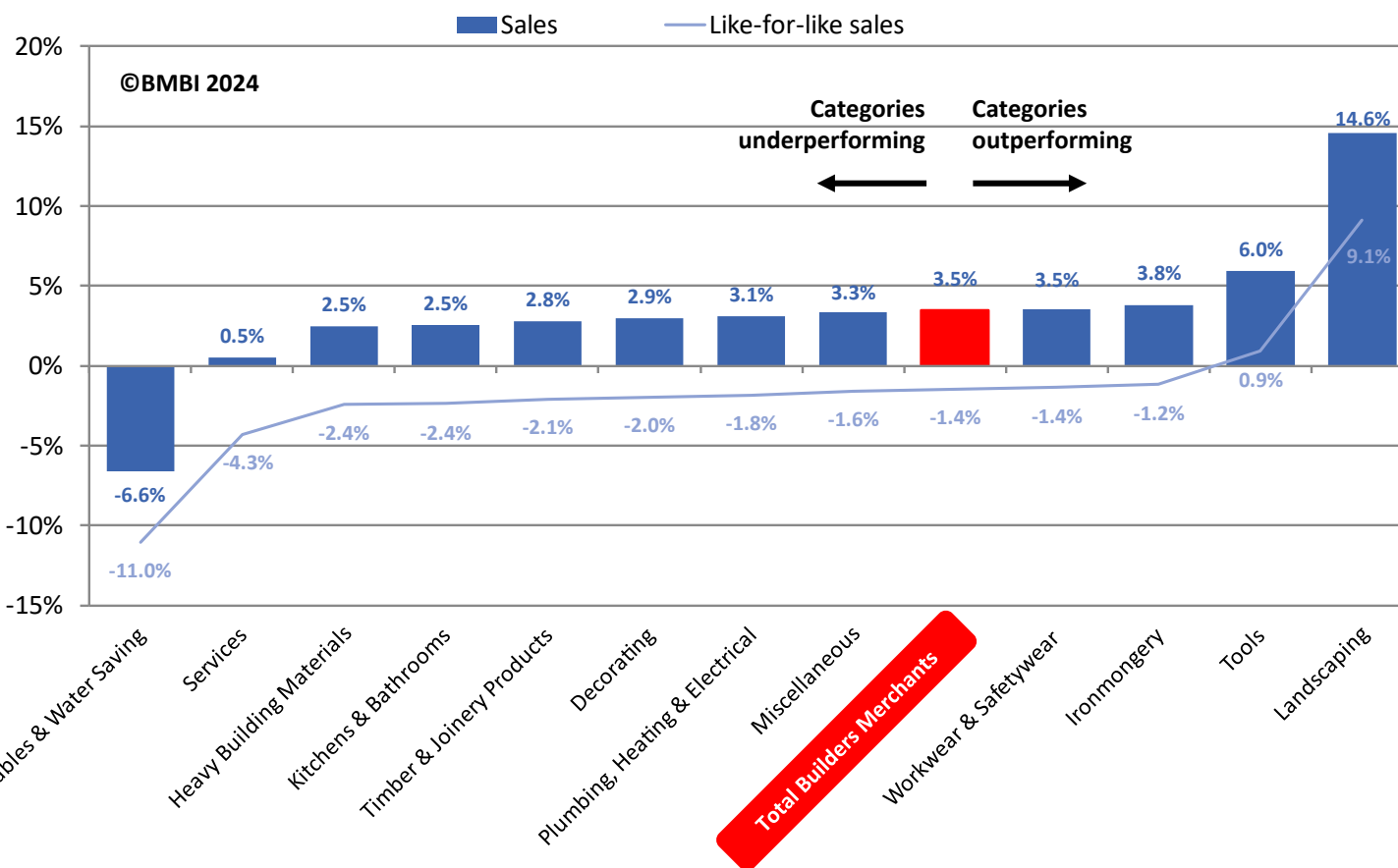
Latest quarter v previous quarter

Q1 2024 sales and like-for-like sales

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



Quarter 1 2024 v Quarter 4 2023



Source: GfK's
Builders Merchants
Total Category Report
January 2019 to March 2024

Landscaping
(+14.6%) grew most
followed by
Tools (+6.0%).

Renewables & Water
Saving (-6.6%) was
the weakest category.

Quarterly: Index and Categories

Quarter 1 2022* to Quarter 1 2024

Indexed on January 2019 – December 2019



QUARTERLY SALES VALUE INDEX	Index	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Total Builders Merchants	100	120.0	132.0	130.3	110.0	115.6	124.9	123.0	103.7	107.3
Timber & Joinery Products	100	135.9	140.8	135.9	111.0	114.5	116.8	117.3	99.6	102.4
Heavy Building Materials	100	117.3	131.7	133.6	113.0	118.5	129.5	126.9	104.8	107.4
Decorating	100	102.4	107.5	113.0	105.6	114.0	117.9	122.0	113.0	116.4
Tools	100	114.3	112.8	110.0	105.7	115.9	113.9	115.1	106.9	113.3
Workwear & Safetywear	100	113.6	108.5	116.0	126.7	127.8	111.2	117.6	137.6	142.5
Ironmongery	100	103.3	104.9	107.6	96.9	108.0	109.8	111.2	100.6	104.3
Landscaping	100	128.2	177.1	147.1	95.5	104.5	155.6	133.5	89.1	102.1
Plumbing, Heating & Electrical	100	112.2	102.1	105.9	116.8	123.1	107.1	110.7	115.6	119.2
Renewables & Water Saving	100	118.1	111.7	123.0	135.6	166.8	163.1	165.9	131.2	122.6
Kitchens & Bathrooms	100	110.9	112.7	120.7	110.8	117.2	115.5	124.1	112.7	115.5
Miscellaneous	100	96.5	95.1	98.8	90.8	101.1	97.2	101.3	99.8	103.1
Services	100	103.7	113.6	117.9	105.2	105.7	112.5	116.9	104.7	105.2

*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 2019 to March 2024

Quarterly: Index

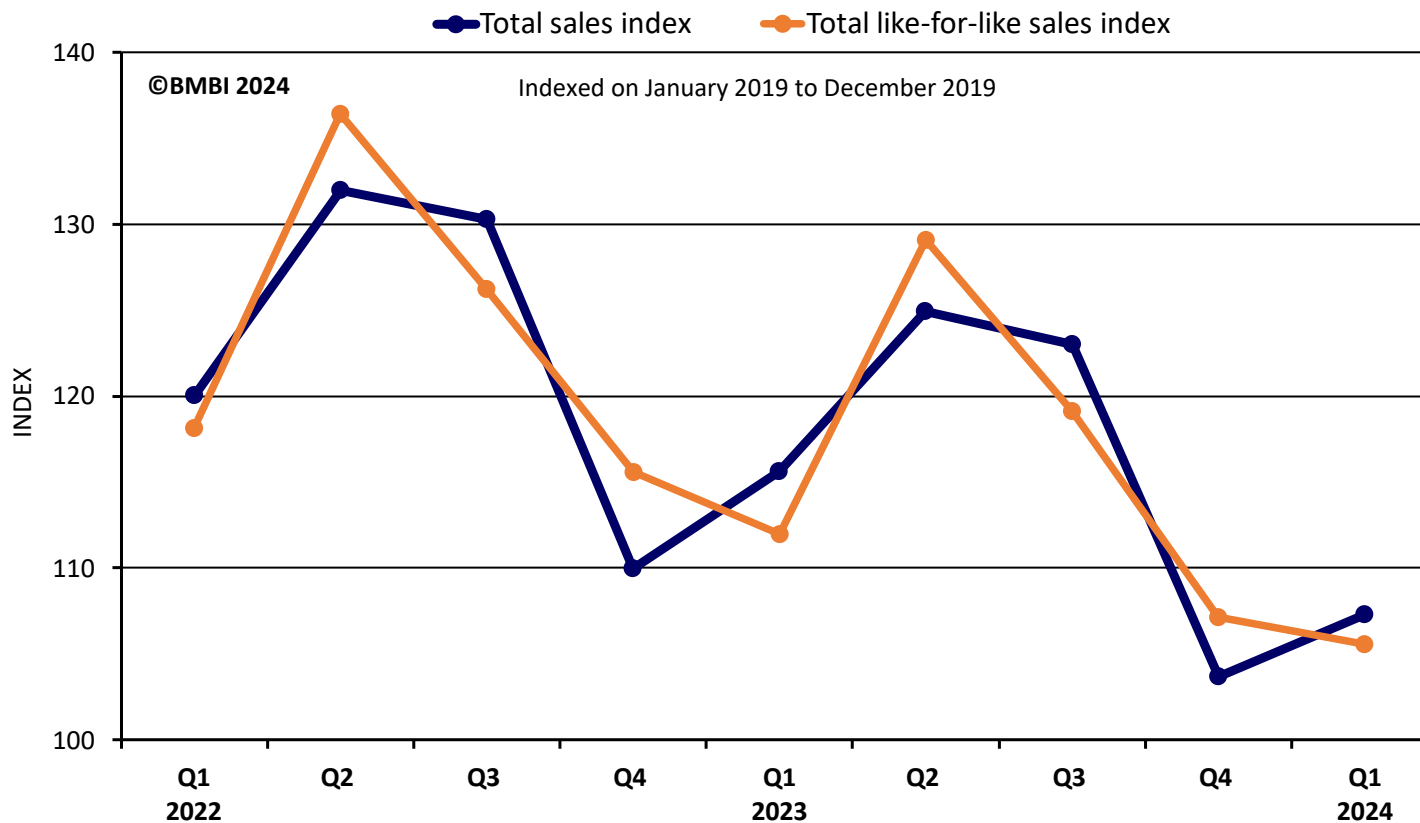
Sales and Like-for-like index

63 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 2019 to March 2024

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



The Quarter 1 BMBI Index was 107.3.

With one more trading day in the most recent period, the like-for-like sales Index was 105.6.

Latest quarter: Index by category

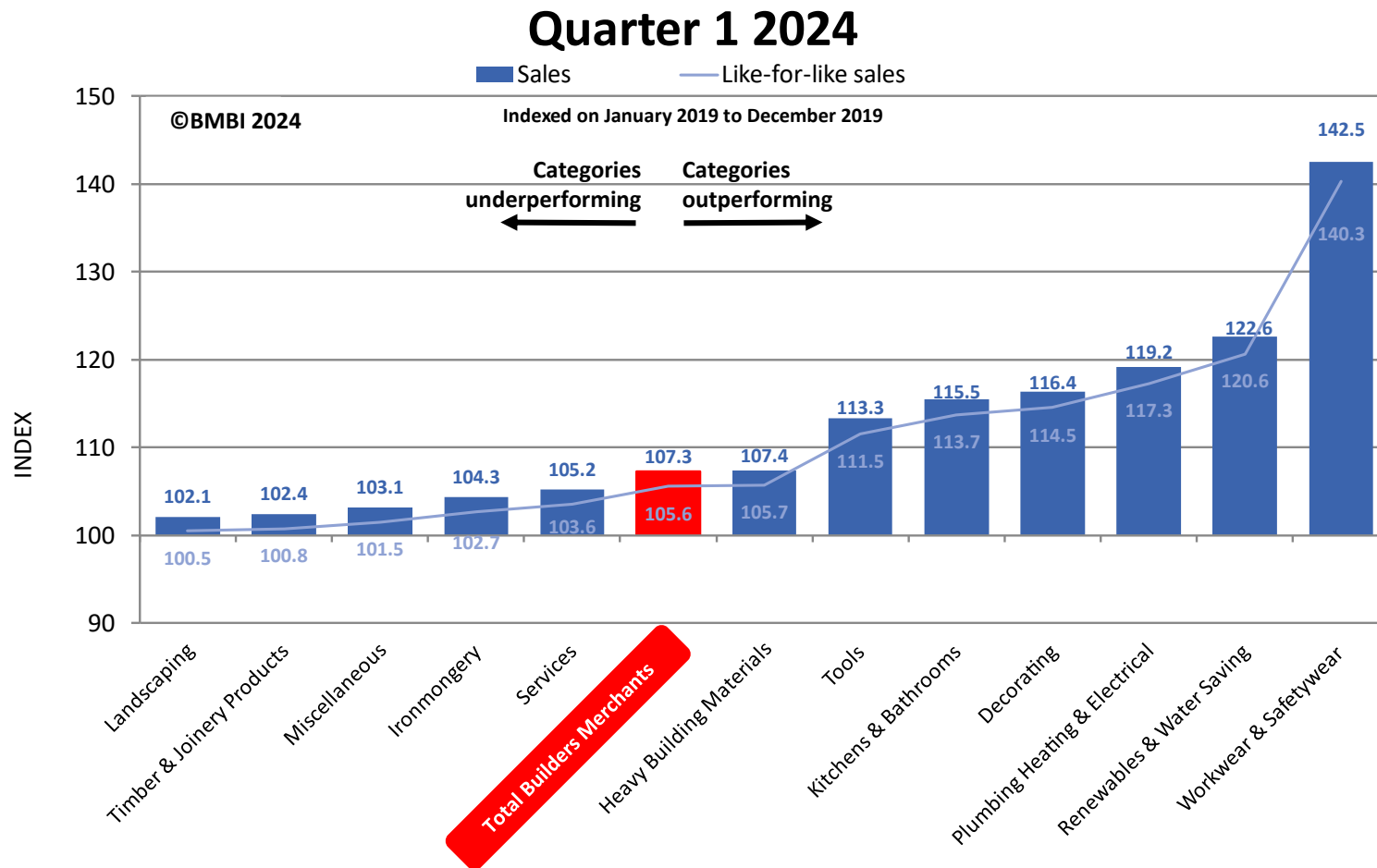
Q1 2024 index

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Source: GfK's
Builders Merchants
Total Category Report
January 2019 to March 2024



Two of the biggest categories, seasonal category Landscaping (102.1) and Timber & Joinery Products (102.4) indexed the least.

Overview and Insights - 1

88% coverage



As part of its ongoing drive to ensure the most accurate and relevant understanding of market coverage GfK conducts universe studies every couple of years.

These studies aim to understand the number of retailers / merchants and the branches they have in a defined universe - in this case the mainland Great Britain Builders Merchants channel.

The previous iteration of the BMBI used a universe study conducted in 2019, with coverage then estimated at 82% and revised up to 92% in the October 2023 report with the introduction of CMO, Huws Gray and JT Dove.

GfK has just completed its latest universe study for the channel and now estimates coverage to sit at 88%.

For any queries around this, please reach out to Emile van der Ryst at emile.van-der-ryst@gfk.com

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Overview and Insights - 2

Emile van der Ryst,

Senior Client Insight Manager - Trade, GfK



The start to 2024 has been challenging, as could be expected. Slowly but surely inflation has started coming down, while the UK moved out of a recession again, with the Bank of England recently claiming a corner has been turned.

The economy is increasingly becoming a key battleground ahead of the general election due to take place on 4th July this year. The construction sector plays an important part in the economy, but with a lack of focused government input for the sector before the elections, indications are clear that another difficult year is ahead.

Overall value for the first quarter is down by -7.2%, with volume down by -8.7%. The headline figure is the noticeable decline in price growth, which now sits at only +1.6%, compared to +7.1% for 2023 Q4 vs 2022 Q4 and +16.0% for 2023 Q1 vs 2022 Q1. The two largest categories drive this with, firstly, Timber & Joinery sitting at -14.8% against 2023 Q1. Value for Timber & Joinery was down by -10.6%, with volumes up by +4.9%.

The other main category, Heavy Building Materials, has seen a gradual quarterly price growth decline against the same period from the previous year, starting at +25.8% for 2023 Q1 vs 2022 Q1 and now sitting at only +3.5% for 2024 Q1 vs 2023 Q1. This is a noticeable drop from the Q4 comparison, which sat at +12.4%. Heavy Building Materials value was down by -9.4%, while volume was down by -12.5%. As mentioned in my previous quarterly overview, the higher price growth compared to the UK inflationary figure was primarily driven by Bricks and Blocks, but this growth has now completely tailed off.

Most of the other smaller categories have seen minimal declines in value growth compared against 2023 Q1. Landscaping is down by -2.2%, with volume down -9.4% and price growth up by +7.9%. Kitchens & Bathrooms and Plumbing, Heating & Electrical are down by -1.4% and -3.2% respectively in value.

Workwear & Safetywear and Decorating were the only categories to see growth in Q1, up by +11.5% and +2.1% respectively.

The outlook for Q2 remains bleak, and as usual will be dependent on good weather, especially as March was a wetter than average month across most of the UK. There is an expectation in the sector that growth will only return in the latter half of 2025, so for now it's very much a case of battening down the hatches.

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Merchants' View

John Newcomb, CEO BMF



With the announcement of a General Election on July 4th, many of us will be hoping the advent of a new government will benefit the construction industry.

While reports across the industry point to a marginal improvement in Q1 2024 output compared with Q4 2023, construction output continued to fall, albeit at a slower rate.

Matters were not helped by adverse weather conditions in February and March delaying work. However, this cannot explain the dire figures for new housebuilding, evidenced in figures from the Office of National Statistics (ONS), Home Builders Federation (HBF) and Federation of Master Builders (FMB). All of whom agree that we are unlikely to see a significant return to growth in this area until economic conditions improve.

ONS figures show construction output fell by -0.9% in Q1 2024 over Q4 2023, largely driven by a decrease in new work (-1.8%). Repair and maintenance work overall increased by +0.3%, but this masks a fall in non-housing RMI which fell by -3.3%.

Looking ahead, the ONS finds some signs of improvement, with total construction new orders increasing by +15.9% in Q1 2024 compared with Q4 2023. However, this is driven by non-housing new orders (+25.3%), with housing new orders decreasing by -4.5%.

The latest HBF Housing Pipeline report highlights the likely time-lag before new housing returns to growth. The number of units gaining planning permission in England in the year to December 2023 dropped to their lowest level for any 12 month period since 2014; down by -20% on 2022, -27% on 2021 and -30% on pre-pandemic levels.

Meanwhile the FMB State of Trade Q1 2024 survey reports a very moderate net increase in total workload (up +6% on Q4 2023), although housebuilding fell by -18%. They also express fears that forward enquiries are settling into negative figures, similar to those seen between 2010 and 2013 at the height of austerity.

Will the combination of a new government, a continued fall in the rate of inflation and a reduction in interest rates be enough to greenlight public projects, boost confidence in the housing market and encourage commercial and industrial projects to proceed?

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The Expert Panel

Speaking for their markets

The Builders Merchant Building Index (BMBI) includes a growing panel of industry Experts. In each quarterly report they comment on the market, with a particular focus on the story behind the trends.

Experts are leading brands, or brands aspiring to become leaders, who are the voice of their markets.

Scroll down to read their latest insights.



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 the macro-economic picture stabilises and threatens to improve, construction related businesses are all faced with the promise of better times sometime in the coming months.

However, if New Domestic House Build is part of your business, it seems that this may not be such a feasible promise. Having spoken with a number of house builders, there is a real concern over the planning situation in the UK.

Local planning offices are under-resourced and unable to meet the demand of the House Build sector – even though it is currently depressed.

Local Authorities have had their Housing Targets removed – which was a fundamental part of the National Planning Policy Framework, ensuring Local Authorities had a Local Plan to deliver their local housing needs.

In essence this meant that the Local Authority had to have a fully agreed plan to deliver the needs of the local area, and without this any planning applications from house builders which were rejected, were approved on appeal – due to the Local Authority not having a plan of their own.

This no longer exists, as Government seeks to keep as many voters as sweet as possible, prior to the upcoming election.

The CMA (Competition & Markets Authority) concluded in a recent report that planning permissions must be sustained at a somewhat higher level over an extended period in order to deliver realistic levels of homes.

For the builders' merchant sector and the suppliers within it – especially timber suppliers due to the growing share of timber frame – this is a catastrophe.

As we see the possibility of an exit from a very difficult period of trading, we need all doors open, rather than Local Authorities seeking to keep a lid on the house build sector and all that supply it.

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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.

It's been a very challenging first quarter for paving sales. Demand has been subdued, mostly due to the wet weather. One landscaper in Wales remarked to me that they had had 3 dry days all year! We are expecting to have a good year, so once the finer weather comes, we should see a pick-up in sales.

In our last comment we highlighted the major hike in shipping costs caused by the redirection of ships via the Cape of Good Hope to avoid the Houthi attacks on vessels in the Red Sea. Just as prices looked like they might come down, a cargo ship struck a bridge in Baltimore, putting any planned decreases on ice. Add to this the resurgence of attacks by Somali pirates and it looks like we are in for a rough ride on shipping this year.

The knock-on effect of the revised shipping routes is that Indian sandstone and porcelain now takes 60-90 days to arrive in the UK – sometimes longer when there is port congestion. Previously it took 5 weeks, so we are encouraging merchants to plan ahead as restocks on core lines are taking longer.

The shipping challenges for Indian product has been somewhat fortuitous for porcelain products from Europe. Many in the industry were tipping 2024 to be Indian porcelain's year, but with shorter lead times and more stable pricing, European product looks set to maintain its advantage.

There's a few different trends coming in 2024. Greige is the one to watch, as neutral, earthy tones are in, mirroring interior design trends. Dark grey paving is less popular, but there will still be base demand for it as it's so low maintenance. Mosaics for small areas are making a comeback in 2024, and demand for outdoor kitchens is holding strong. We would advise merchants to update displays to showcase these trends, as well as accessories like cladding and walling, which offer landscapers a mix of colours and textures to play with.

Looking ahead, a more positive forecast for the weather and shipping will hopefully deliver a less tempestuous Q2.

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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.

We saw a tentative start to 2024 as the effects of poor weather dampened merchant sales volumes during the first quarter.

House building is still an issue, and it remains to be seen if new Government reforms designed to give more powers for councils to build affordable homes will act as a catalyst for investment in our towns and cities and drive much needed regeneration in communities across the country.

With sales volumes relatively unstable, it pays to offer premium products that help to increase the average transaction value.

These higher value products often come with more sustainability credentials too. Overall, the growing demand for sustainability, coupled with regulatory requirements and market dynamics, has driven builders' merchants in the UK to expand their offerings to include more sustainable adhesives and sealants. This trend is likely to continue as sustainability becomes increasingly important in the construction industry.

At Bostik, we're embracing sustainability with the introduction of more bio-based solutions, which contain materials that are wholly or partly derived from living matter, such as plants.

We're also introducing more sustainable packaging, such as Post Consumer Recycled (PCR) cartridges and buckets. PCR is a great advancement in sustainable packaging as it allows us to give used plastic a second life and have a positive environmental impact. Reclaiming plastics reduces the amount of virgin material used and plastic waste going to landfill, thus putting less of a burden on the planet.

Using PCR also reduces our carbon footprint as manufacturing packaging from post-consumer materials requires less energy and less fossil fuel consumption. Our PCR packaging is manufactured using a minimum of 30 percent recycled plastic for our cartridges. Today, the percentage of recycled plastic can reach 80 percent for some of our products.

We are continuously working with our supply chain partners to look into new ways to increase this percentage, with the ambition to reach 100% packaging with PCR content by 2030.

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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.

The first quarter of 2024 has indeed tested the mettle of the UK construction industry, showcasing resilience amidst challenges such as supply chain disruptions due to Red Sea blockages and persistent labour shortages.

The Construction Products Association's latest forecast hints at significant challenges ahead, projecting a -2.1% decline in industry output for the year. However, a rebound with a +2% growth is expected in 2025, buoyed by anticipation of interest rate cuts in the second half of the year, which could invigorate housing activity. Inflation has decreased more rapidly than expected, yet the future remains uncertain, especially with concerns about the potential impact of the Red Sea crisis if blockages persist.

Encouragingly, the Brick Development Association (BDA) announced that sales of UK-manufactured bricks reached 92.8 million in February, marking a +13% increase from the previous month. A modest sales growth among building product manufacturers is driven by increased construction activity across residential, commercial, and infrastructure sectors, with demand for bricks and tiles expected to rise with more favourable weather conditions. This uptick in demand is a positive sign, despite the cautious outlook overshadowed by political and macroeconomic factors.

The Chancellor's Spring 2024 Budget, while prioritising "building homes for young people" and funding significant regeneration projects in London, left many feeling that more support was needed to address the housing crisis, skills shortages, modern construction methods, and sustainability efforts.

From a regulatory perspective, the compulsory Biodiversity Net Gain requirements (February) and the conclusion of the consultation period for the Future Homes Standard (March) highlight a slow but ongoing advancement towards stricter standards for environmentally sustainable housing, with increased interest and demand for eco-friendly products. Yet, ongoing revisions to building regulations, particularly Part L, continue to slow progress as the industry awaits clarity that will influence the choice of building products and project sign-offs.

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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.

Compared with the overall market for windows and doors, which is about -15% down, Q1 has been strong for Deceuninck. Ending this quarter -1.9% down from Q1 2023, it's a reflection of our performance and our positioning, where we focus on the premium end of the market.

I'm hoping that will give us a springboard effect and, as the year progresses, we'll see stronger signals from the economy. Inflation has dropped from 11.2% down to 2.3% in May.

My personal feeling is, by the time we get to the middle of the summer, we'll see inflation drop a little further, interest rates drop a little, and maybe slightly lower mortgage rates, which will all add to confidence.

The premium market, mostly older homeowners with low or no mortgages, have got plenty of money to spend, and by giving our customers the tools to encourage them to part with it, we're hoping to stay one step ahead of the game.

And 2025? We hear gloomy pundits commenting on their expectations for the economy, but I think we'll see growth in the last two quarters of 2024. We're not going to go back to the Covid times when we all had ridiculous volumes. But we are back at 2018-2019 levels, and over the last six months, we've seen some significant volume being released into the marketplace. So, there's plenty of opportunity out there.

The PM, Rishi Sunak, has fired the general election starting gun but the underlying message from the front runner will be 'change for something better' and, from all parties, 'there are better times coming. Then in July, a new Government will inject a sustained blast of optimism, and expectations and confidence will improve. We know from GfK's April Consumer Confidence Index that people are expecting their personal financial circumstances to get better in the next 12 months. And that's on top of a dramatic improvement in confidence over the last year.

Economic realities will not be improved by a new Government, but we can expect things to get and feel better. So, I think we'll have a great back end to this year, and a good start to 2025.

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Expert Panel

Steel Lintels

(Part of Heavy Building Materials)



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

As we enter 2024, we're met with ongoing market fluctuations, reminiscent of the challenges we faced in the previous year. Despite the initial dip, there's a growing sense of optimism and anticipation for improvements ahead. Discussions surrounding positivity and potential enhancements are on the rise, signalling a shift towards a more promising future. The latest ONS data for Q1 shows a marked increase in new construction orders (+15.9% quarter-on-quarter), buoyed by private commercial orders for offices, health, and entertainment premises, while GfK's Consumer Confidence Index shows another 2-point increase in consumer confidence in April, following a positive March, and dramatically improved scores on the previous April.

Not to get carried away, Q1 2024 volumes have dropped a further 5% from the run rate in the second half of 2023, which was already more than 20% down on the first half of 2023. With the Election date now set, housing policies beyond the rhetoric need to deliver on behalf of the industry that is currently in limbo.

For us as a steel lintel manufacturer, the road to recovery is marked by a delay between consumer commitment and actual orders. While we eagerly await the surge in demand spurred by increased competition in lending, we understand that tangible results may take up to six months to materialise.

In the meantime, our Technical and Specification teams are fully engaged with the Future Homes Standard (FHS2025) consultation document, which presents significant changes in regulations. Collaborating closely with SAP assessors and House Builders, we're assessing the impact of two proposed options on lintel specifications, build costs, and consumer running costs.

One notable aspect of the consultation document is the absence of upgrades to fabric standards from Part L, maintaining the focus on fabric energy efficiency. The transition from SAP to the Home Energy Model (HEM) introduces complexities that require sector-wide remodelling to meet the March 6th 2024 consultation deadline and the Future Home Standard implementation in 2025!

Despite the uncertainties, we're committed to adapting and excelling in this evolving landscape. Our proactive approach ensures that we're well-prepared to navigate the challenges and capitalise on the opportunities that lie ahead in 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.

Quarter one performed in line with our expectations, with volumes reflecting the general market forecast of a slower start to the year. However, despite warnings that the market would experience further volume decline in Q1, this wasn't experienced significantly. The signs are for a similar performance across the year ahead.

Spring marked the latest budget announcement from the Chancellor, and while there are some shoots of optimism, there still appears to be little appetite to support new build housing or retrofit sectors.

The Construction Leadership Council's (CLC) comments ahead of the spring budget summarised well the need for stability and confidence across the supply chain: "Maintaining stability across the sector's pipeline of projects is the single biggest factor to enable us to enhance productivity, invest in skills and innovation, and ultimately deliver growth for the economy and the infrastructure and housing the UK needs."

While it remains a challenging time for the industry, it's encouraging that inflation has dropped below 4% over the first quarter of 2024. Hopefully this will cross over to interest rate cuts and help to stimulate more confidence in the new build market again.

The housing shortfall is likely to be a main topic of any hustings debate in the run-up to a General Election, but it is important that, while this industry still faces uncertainty, innovation and sustainability remain at the forefront for construction manufacturers.

In Q1 we published our updated sustainability roadmap following the considerable progress we made in 2023. We're keen to continue our momentum in 2024, delivering on our initiatives which aim to minimise waste, re-use materials and tackle emissions to reduce environmental impacts at every stage of build.

Significantly, we began the year preparing operationally for the recent announcement that we are the first building materials manufacturer in the UK to form a strategic partnership with circular economy pallet supplier The Pallet LOOP in a bid to significantly reduce pallet waste. We hope that our partnership will enable us to work with customers to support their own reductions in waste and net zero targets.

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Expert Panel

Mineral Wool Insulation

(Part of Heavy Building Materials)



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

A winter to forget for the construction industry. The data bears out what we've all experienced – unwelcome falls in market confidence and volumes in the first quarter of this year. But as the days lengthen, there are reasons for cautious optimism. In housebuilding, the fundamental drivers remain the same, and the broader economic picture is beginning to improve. Indicators for the second half of the year look positive – possible green shoots of recovery as we move through spring.

What will that recovery look like? For one thing, it will increasingly be shaped by low-carbon products. It's striking how much more often this comes up in conversations with merchants and their customers. Amid the usual focus on compliance, availability and cost, whole life carbon is now firmly on the agenda.

This makes sense. As we reduce the operational carbon footprint of the UK's buildings (in large part thanks to insulation), the focus shifts to embodied carbon.

National legislation is only a matter of time – whole life carbon limits already exist in parts of Northern Europe, and the UK won't be far behind. In the meantime, local standards, public scrutiny and sustainability commitments from major industry players are driving action now.

Embodied carbon is becoming a consideration, and the supply chain needs to respond. How? By offering lower-carbon products wherever possible, supported by robust data that substantiates their sustainability credentials. This all begins with EPDs, the Environmental Product Declarations that enable embodied carbon comparisons between construction products. It's time for these third-party verified documents to become a hygiene factor for the construction industry.

There are complexities to navigate. Not all EPDs are made equal, and that can make it challenging to effectively compare products from different manufacturers. The entire supply chain will need to adapt. We'll play our part by providing EPDs for our full product range, to the latest standard – and creating resources to help customers and branch staff get up to speed.

The prize is worth it. A lower-carbon construction industry, with the products and insight it needs to build low-carbon buildings. The UK deserves nothing less.

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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 has been a quieter than expected start to the year with the continued inclement weather, market uncertainty and low demand for RMI all impacting cement and aggregates demand in Q1.

The latest market figures, published by Mineral Products Association, show mortar sales are at their lowest since 2014 (excluding Q2 2020), declining -27.5% between Q2 2022 and Q1 2024. Ready mixed concrete has plummeted to historically low levels, down -5.7% quarter-on-quarter. Demand for asphalt (-2.6%) and mortar (-2.7%) also declined compared to Q4 2023, while primary aggregates was the only subcategory to grow (+1.1%).

From conversations with customers, it's evident everyone's margins are under pressure. Low construction demand means merchants are competing for the same work, and as suppliers, we are facing increased costs that we are reluctant to pass on. The Government says inflation is falling, but it's not being felt by consumers and prices still seem to be climbing.

That said, merchants are also telling us that when the sun comes out, footfall into branches increases and contractors say their order books are starting to fill up again. A bounce-back is surely on the horizon. Expect Q2 sales to fly once the rain clouds in the sky - and over the economy - clear.

Aside from negotiating the rapidly changing merchant landscape, our focus for Q1 has been on our new packaging launching in Q2. It includes Heidelberg Materials-branded packaging for bagged product, back boards, pallet wraps, counter mats, pocket guides and more. We waited until our Hanson packaging had been used to launch our new branding to minimise waste.

Waste is a hot topic for 2024. While the new extended producer responsibility regulations have been deferred until October 2025, many companies will have to start collating data this year about their packaging and consider how they can support national recycling and waste-reduction targets.

Reducing our impact on the environment is something we are passionate about. For the second year in a row, we were awarded the Worshipful Company of Builders Merchants' Caring for the Environment award in March for our innovative and proactive approach to sustainability, biodiversity, carbon and waste reduction, and community engagement.

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Expert Panel

Fasteners and Fixings

(Part of Ironmongery)



Ian Doherty, Chief Executive of Hexstone, and the Owlett-Jaton brand, is BMBI's Expert for Fasteners & Fixings

The trends of late 2023 have continued into 2024, with subdued demand in both construction and the repair, maintenance, and improvement (RMI) sectors leading to lower volumes in the fastener and fixings sector.

With the vast majority of fixings and fasteners being imported from the Far East, the effective closure of the Suez Canal has increased shipping costs.

In spite of this, pricing has remained stable, with increased costs being absorbed by importers and distributors.

The need for shipping to use the longer Cape of Good Hope route has had some impact on product availability. Initial supply chain disruption was largely absorbed by the stocks held in the UK, but while shipping schedules have stabilised, there have been delays which have led to a degree of stock depletion, which is starting to have some impact on product availability.

It is expected that availability will improve as we move through quarter two and normal stock levels in the supply chain are rebuilt.

The full implementation of UKCA (UK Conformity Assessed, the successor to the CE mark) for construction products will be with us in July 2025. Although this may seem some way off and not a current issue, it very much is.

With the long lead times for products sourced from the Far East and the stocks held in the UK supply chain, from supplier to shelf, the need for the product on the shelf to be UKCA compliant on 1st July 2025 means that there is a need for UKCA compliant product to be entering the supply chain in the not too distant future.

The requirement from the government for construction products to be re-tested has been onerous with limited test facilities available and, although testing has been underway for some time, in many cases, it may be some months before UKCA tested product starts making its way onto shelves.

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Expert Panel

Paint

(Part of Decorating)



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

In the first quarter, the trade paint market experienced a marginal decline of -0.1% in the moving annual total (MAT) growth, attributed to a notable -7.1% decrease in year-on-year volume sales. This dip was primarily influenced by the delayed onset of projects due to extremely wet and subdued weather.

With these projects gaining momentum in April, there's growing optimism for a resurgence in construction market activity. Many homeowners have navigated extreme volatility in the housing and mortgage market, and increasingly clearer signals of future dynamics are providing increasing confidence. With only one anticipated interest rate reduction in 2024, many face the big decision of whether to move or stay put for another year. As a result, numerous individuals are resuming their painting endeavours, signalling a potential for market recovery in the months ahead.

The effects of a high bank rate continue to mute 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 non-housing and commercial settings. Volume growth is strongest for offices, education and existing social housing repair and maintenance.

Decorative trade paint volume sales to builders' merchants finished down double digits in Q1 year-on-year, indicating the 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, with many exterior projects having been delayed, adding to our expectations that the trade paint market will be robust through 2024 in terms of volumes.

Being close to their customers, their optimism may be justified. GfK's Consumer Confidence Index showed a further 2-point improvement in consumer confidence in April, following a positive March. While the Overall Index remains negative, all five underlying measures were significantly better this April than they were last April. This includes a +2 score for how consumers feel about their personal finances in the next 12 months, and a 2-point improvement in the Major Purchase Index, which includes larger home improvement projects.

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Expert Panel

Roof Windows

(Part of Timber & Joinery Products)



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

So, the tough market got tougher!

Q1 is never the best part of the year, with short days and poor weather not conducive to high levels of construction activity. We expect January and February to be a bit slow and focus our time on the opportunities that spring brings. Except spring never really did come! As a category, roofing is particularly affected by the weather and this year has been particularly severe, with high winds and high rain fall.

The general consensus amongst merchants and builders alike is that April was worse still, bucking the expected trend. However, things finally seem to be turning in May with signs of recovery in new build and higher footfall in merchants. The market will take more time to fully recover confidence, however. At minimum we are seeing both catch up from delayed projects in Q1 and the usual seasonal improvement, which is most welcome.

Quote levels remain high, indicating that there are projects out there to be won. Many of these have been delayed, either due to the weather or due to a lack of confidence, decision makers choosing to wait for a better housing market or cheaper finance or both.

Confidence has improved dramatically since the lows of the early months of 2023, and GfK's Consumer Confidence Index showed a further 2-point improvement in April. While the Overall Index remains negative, there was a +2 score for how consumers feel about their personal finances in the next 12 months, and a 2-point improvement in the Major Purchase Index, which includes larger home improvement projects such as room-in-a-roof conversions which roof windows enable. However, the official statistics on activity levels are barely changed since my last update.

The uncertainty in UK politics is not helping our sector. We urgently need Government to recognise the GDP benefits to the UK economy of a buoyant construction and housing market, and drive consistency in policy and support with appropriate stimulus.

Until then, we will focus on what we control and keep providing first class innovation in product and service and chasing those opportunities that have the green light!

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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.

Now we're well into 2024, we are seeing what was predicted: timber prices continue to suffer, workforce challenges remain, and nationals swallowing up merchants and implementing even more modern solutions that make customer experience (for merchants and consumers) more convenient than ever. This means smaller merchants are tightening their finances, while remaining focused on customer loyalty.

Retail businesses have always been ahead of the curve in online shopping for consumers, but now they are investing in ecommerce for trade customers that goes beyond online shopping. Ecommerce systems integrated with your business operations systems, such as your ERP, are designed for more than 'adding to basket' and 'click & collect' functionalities. These connected systems allow tradespeople to organise their customers' projects, lookup quotes and materials' prices, and save orders for recurring projects. Merchants can offer loyalty programs and alerts on inventory changes to help customers keep tabs on their own stock needs.

The solution remains: merchants must invest in connected, modern technology to please their customers, and be efficient in their business operations. And now is the time, as you ride out this slower market.

According to Webb Analytics' CS150 report in North America – of America's key 150 timber and building materials, home centres and hardware chains: "Fewer than half have customer relationship and warehouse management software, but given acquisition plans, those shares should top 60% soon." Craig Webb notes that, "already, 68% of CS150 members have software that lets customers view their purchase history online, and another 20% plan to get it. Meanwhile, online invoice/account payment is in place at 61% of CS150 members, and another 26% plan to get it."

Parts of the industry are moving faster than others in adopting modern technology. Reasons I hear to delay are fear of the unknown, the investment required, and hesitancy to address operational changes that support the shift. I understand the dilemma of not having enough time to implement new technology when business is thriving, and being hesitant to invest when the market slows. But merchants should note that customer expectations mean digital servicing is no longer a nice-to-have, or just about online shopping. It's about a fully integrated system that includes a mobile storefront (ecommerce), in-branch experience (EPOS system), and accounting, business operations and stock management (ERP).

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Expert Panel

Plumbing & Drainage



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

Quarter 1 2024 continued the trend for trading conditions challenged by a continued weakness in the UK construction market, and particularly in the new build residential sector where a double figure regression resulted in a predictable weakening in year-on-year product demand.

This was confirmed by the NHBC (National House Building Council) who cited prevailing economic conditions, skills shortages and the eighth wettest winter on record for the falls. For Q1 2024, it recorded 21,967 new home registrations, down 20% against Q1 2023.

Thankfully the whole market is made up of more than just the residential market, and at Brett Martin our Quarter 1 performance, which reflecting our customer and product mix performed better than the new build housing sector. Many independent merchants maintain a diverse portfolio of business which has enabled them to manage the current soft market conditions with the view that a return to market growth is increasingly looking unlikely in 2024.

The latest housing report does bear some glimmer of hope based around modest month-on-month gains, but still not enough to shift the overall deficits. As we all like to remind ourselves, the underlying demand for construction hasn't gone away, it just needs a jump start to get it going.

At this stage manufacturers are finding the financial market's "will we, wont we, lower mortgage rates" monthly commentary unhelpful for consumer confidence, along with the start of tit for tat doomsday electioneering mudslinging. The battle against inflation appears to be gaining ground and, while that doesn't put money in people's pockets, it might at least provide some more confidence boosting headlines as we move through the year.

At Brett Martin we are "putting our money where our mouth is" by continuing to invest in projects which will further improve our customer service and competitiveness.

Two thousand and twenty-three represented an exceptional year of customer acquisition, and through a focus on service we have continued this trend in 2024. Our market research confirms that in softer market conditions the industry values hassle-free service and support more than at any other time.

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...we are 'putting our money where our mouth is' by continuing to invest in projects which will further improve our customer service and competitiveness.

Expert Panel

Heating & Cooling



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

In Quarter 1 2024, market activity was somewhat subdued with house building remaining at similarly low levels to Q3 and Q4 2023. The delayed General Election decision and a lack of direct support for housing in the Spring Budget is further delaying major projects from taking off.

At Polypipe, we are keen to ensure that plastic, as a building material, is fully understood in terms of its sustainability and usability benefits over legacy materials.

Plastic, the material, often gets a bad rap, mainly due to its association with single-use plastics and their association with inadequate disposal and recycling processes. However, rigid plastic can in fact be a more sustainable offering than legacy and alternative materials. As a building material, rigid, engineered plastics are very long lasting and have been proven to be capable of being recycled many times over without noticeable loss of functional integrity or performance.

One of the endless on-site debates within the residential plumbing industry is plastic versus copper. As a plumbing material, plastic offers improved health and safety due to the lack of hot works, much greater innovation in installer-friendly technology, as well as the reusability of fittings, and a greatly reduced risk of theft. Ease of installation, using push-fit plastics, often translates into heavily reduced time and cost on site. Polypipe Building Products has recently relaunched the PolyPlumb range of plastic plumbing with new [PolyPlumb Enhanced](#), now in both grey and white.

Polypipe Building Products has the widest and deepest range of kitemarked and certified products in the UK plumbing and drainage market - and we are passionate about quality.

We're also currently building our portfolio of Environmental Product Declarations (EPDs) and working towards the Code for Construction Products Information (CCPI) to meet and exceed data requirements for our customers now and in the future. The building industry is increasingly demanding more and better data from its manufacturers, which ultimately leads to better visibility to ensure building safety and performance. Recently we achieved gold standard with the Supply Chain Sustainability School, the highest level of accreditation, to demonstrate our dedication and work towards our sustainability and decarbonisation targets.

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...rigid, engineered plastics are very long lasting and have been proven to be capable of being recycled many times over without noticeable loss of functional integrity or performance.

Appendix

Trading Days

Monthly												Quarterly				Half Year		Full Year
Index: 20.7												Index: 62						
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
2024												2024				2024		2024
Jan 22	Feb 21	Mar 20	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Q1 63	Q2	Q3	Q4	H1	H2	

GfK's Definition of Builders Merchant Panel



Generalist Builders Merchants definition:

- Builder Merchants handle an extended range of building materials and components (e.g. doors, windows, interior furnishing materials, insulation materials, tiles, cement, mortar, adhesives, sealants, nails, hardware products, pipes, ironware, paint) and generate their turnover with professional end users. Only multiple merchants are considered; they are defined as having more than 3 outlets or a turnover of greater than £3m p.a.
- This excludes branches that generate all their sales from specialized areas such as Civils, Tiles and Tools. Estimated coverage of this channel sits at 88%.

Examples include:



INDEPENDENT BUILDERS MERCHANT GROUP



GfK's Product Categories

Reports cover category headline values & in-depth, brand-level insights



Headline values available

Timber & Joinery Products

Timber
Sheet Materials
Cladding
Flooring & Flooring Accessories
Mouldings
Stairs & Stairparts
Window & Frames
Doors/Door Frames

Heavy Building Materials

Bricks Blocks & Damp Proofing
Drainage/Civils/Guttering
Lintels
Cement/Aggregate/Cement Accs
Concrete Mix/Products
Plasters Plasterboards and Accessories
Roofing Products
Insulation
Cement Mixers/Mixing Buckets Products
Builders Metalwork
Other Heavy Building Equipment/Material

Decorating

Paint/Woodcare
Paint Brushes Rollers & Pads
Adhesives/Sealants/Fillers
Tiles And Tiling Accessories
Decoration Preparation & Decorating Sundries
Wall Coverings

Tools

Hand Tools
Power Tools
Power Tool Accessories
Ladders & Access Equipment

Workwear And Safetywear

Clothing
Safety Equipment

Ironmongery

Fixings And Fastenings
Security
Other Ironmongery

Landscaping

Garden Walling/Paving
Driveways/Block Paving/Kerbs
Decorative Aggregates
Fencing And Gates
Decking
Other Gardening Equipment

Plumbing Heating & Electrical

Plumbing Equipment
Boilers Tanks & Accessories
Heating Equipment/Water Heaters/Temperature Control/Air Treatment
Radiators And Accessories
Electrical Equipment
Lighting And Light Bulbs

Renewables And Water Management

Water Saving
Renewables & Ventilation

Kitchens & Bathrooms

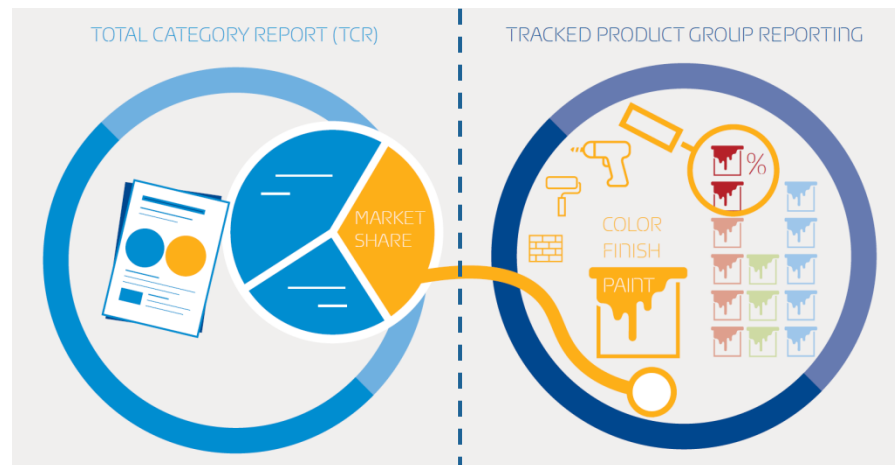
Bathroom (Including Showering)
Fitted Kitchens
Major Appliances

Miscellaneous

Cleaning/Domestic/Personal
Automotive
Glass
Other Furniture & Shelving
Other Misc

Services

Toolhire / Hire Services
Other Services



In-depth product group reporting

Monthly sales values, volumes, pricing analysis & distribution facts available by brand and key product features.

For insights on your product group please contact Emile van der Ryst at GfK

emile.van-der-ryst@gfk.com

Available categories:

Heavyside

Bricks
Insulation

Lightside

Emulsion Paints (incl. Masonry & Base)
Trim Paints
Primers/Undercoats
Woodcare
Adhesives
Sealants
Fillers/PU Foam
Tile Fixing (Adhesives/Grout)

Building the Industry & Building Brands from Knowledge



Excellence in building materials supply



BMF (Builders Merchant Federation) Forecast Report

BMF Forecast Report

Spring 2024 edition



Builders Merchants Industry Forecast Report

The latest forecast report of the BMF's Builders Merchants Industry Forecast, covering Spring 2024 onwards, is available soon.

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 24 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 Spring 2024 edition available soon. 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



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