

Excellence in building
materials supply

Builders Merchant Building Index



Executive Summary - Quarter 2 2024

(Published 04 September 2024)

Highlights

“The second quarter builders’ merchant sector is a continuation of wider market trends, seeing challenging economic conditions and a pessimistic short-term outlook.” Emile van der Ryst, Senior Client Insight Manager - Trade, GfK.

Read Emile’s full comment on page [7](#).

BMBI Report

Q2 2024 Highlights

(unadjusted for trading days)

www.bmbi.co.uk

+9.5%



Second quarter v last year
Q2 2024 total sales down -5.8%
on Q2 2023

-5.8%



Second quarter v previous quarter
Q2 2024 total sales up +9.5%
on Q1 2024



Latest month v last year
Jun 2024 sales down -14.7%
on Jun 2023

-14.7%



Year-to-date v last year
Jan 2024 - Jun 2024 sales down -6.4%
on Jan 2023 - Jun 2023

-6.4%

“ Total sales in Quarter 2 were down -5.8% on the same period last year. Volume sales were -7.2% down with price up +1.5%. ”

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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 2 and June 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 17 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

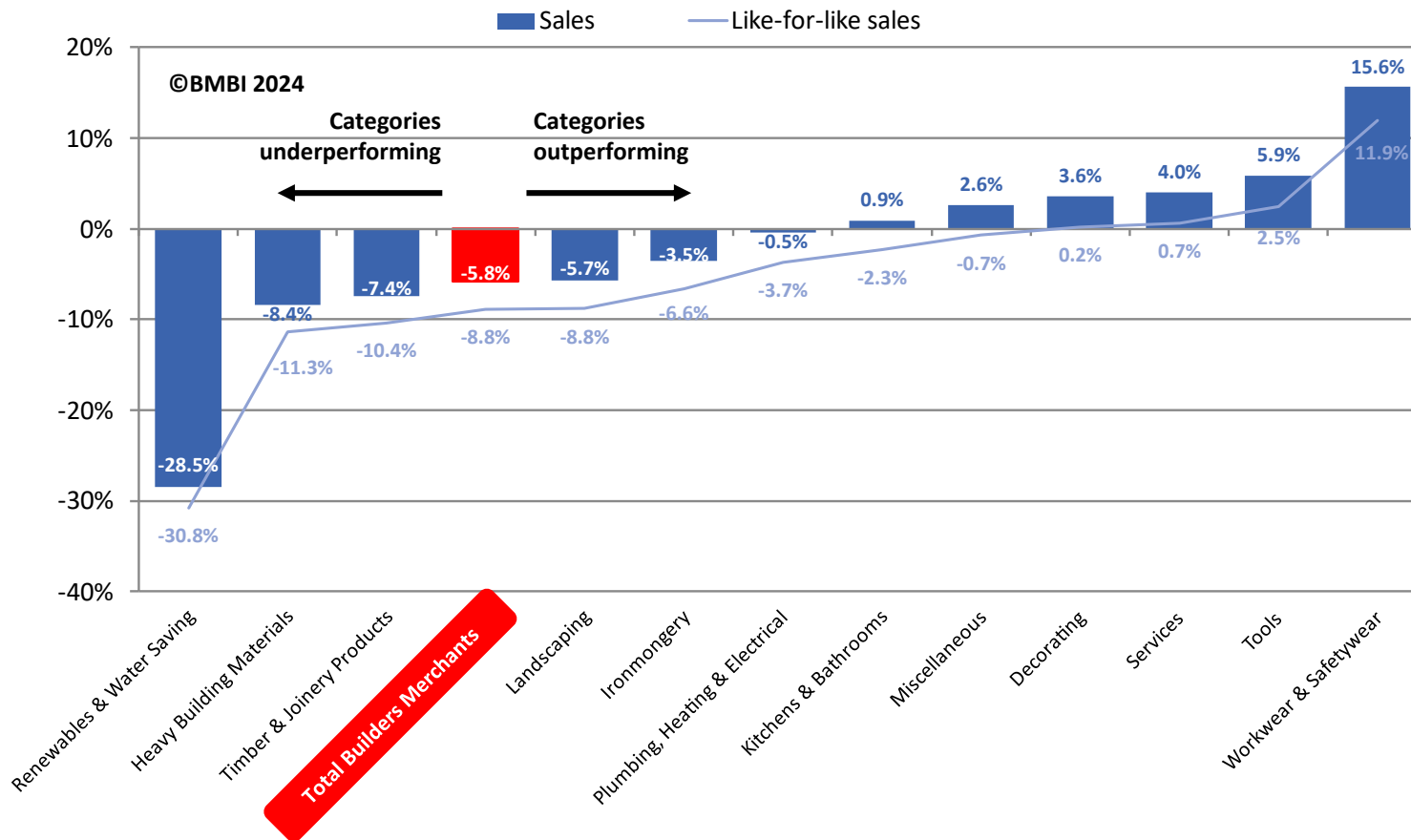
Q2 2024 sales and like-for-like sales

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

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



Quarter 2 2024 v Quarter 2 2023



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

Total sales in Quarter 2 were down -5.8% on the same period last year.

Volume sales were -7.2% down with price up +1.5%.

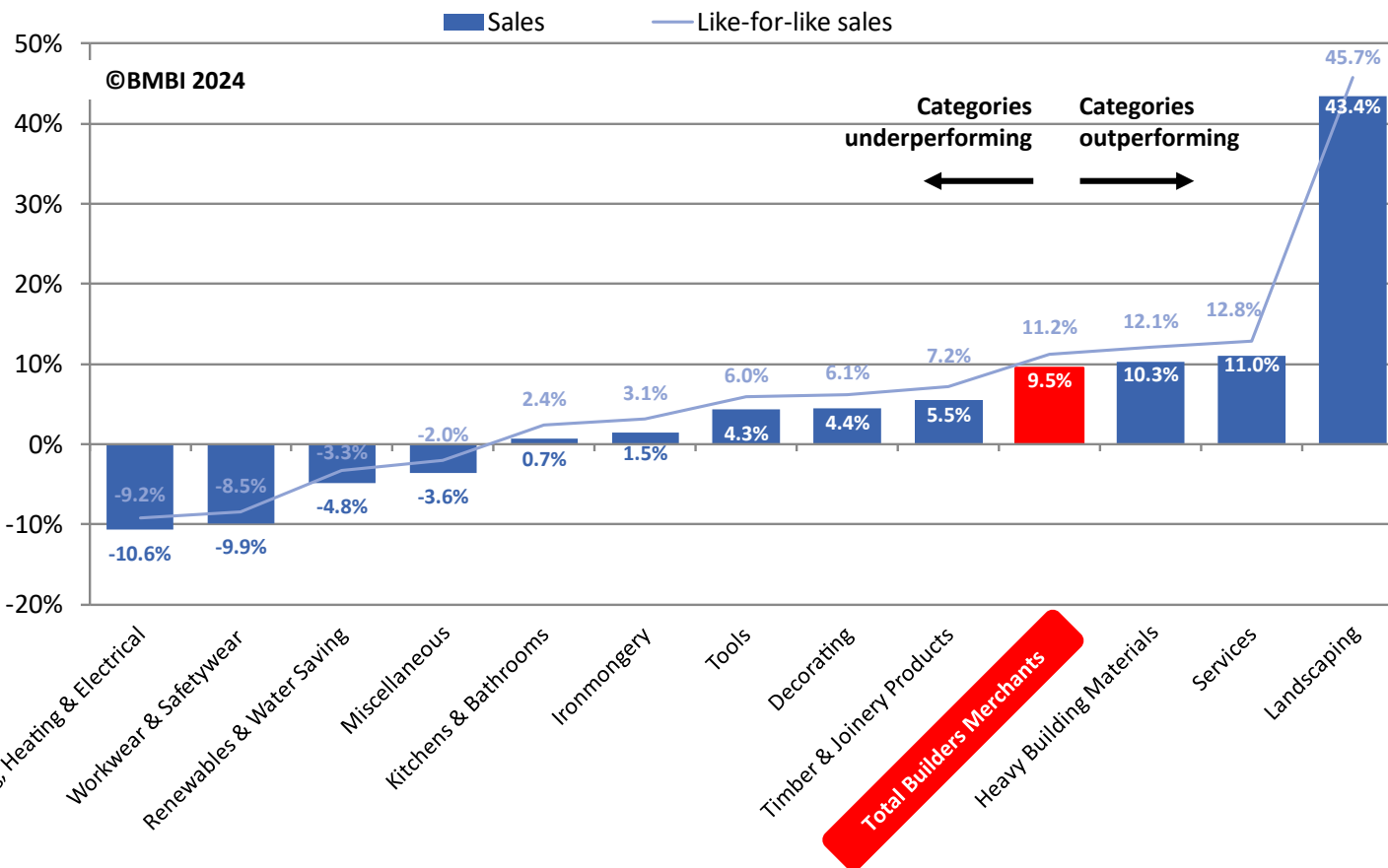
Latest quarter v previous quarter

Q2 2024 sales and like-for-like sales

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



Quarter 2 2024 v Quarter 1 2024



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

Seasonal category Landscaping (+43.4%) grew most followed by Services (+11.0%) and Heavy Building Materials (+10.3%).

Workwear & Safetywear (-9.9%) and Plumbing Heating & Electrical (-10.6%) were the weakest categories.

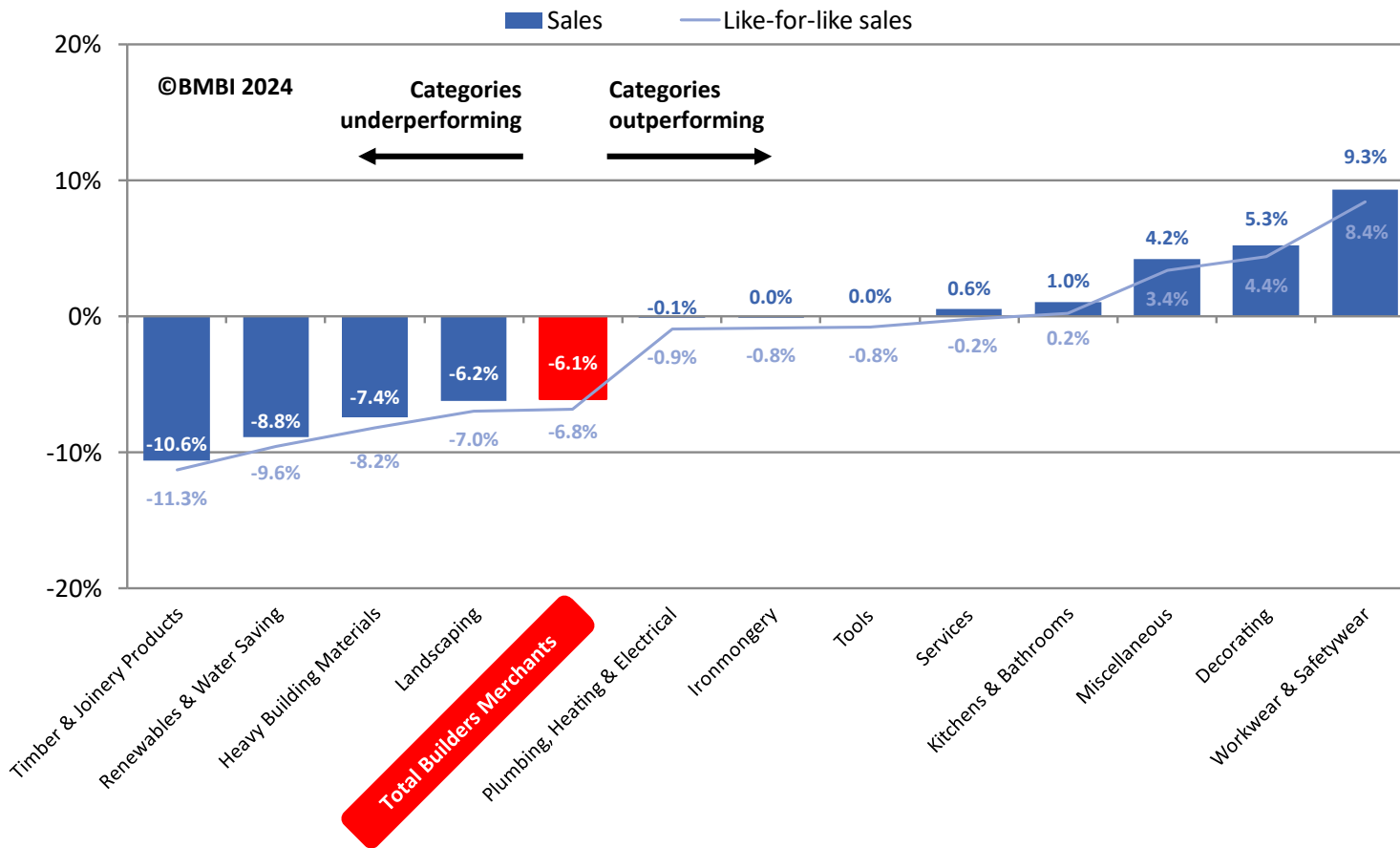
Latest 12 months v last year

Sales and like-for-like sales

249 trading days this year v 247 trading days last year.
Like-for-like sales take trading day differences into account.



12 months Jul 23 to June 24 v 12 months Jul 22 to Jun 23



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

Five of the twelve categories sold more, led by Workwear & Safetywear (+9.3%) and Decorating (+5.3%).

Heavy Building Materials (-7.4%), Renewables & Water Saving (-8.8%) and Timber & Joinery Products (-10.6%) were weakest.

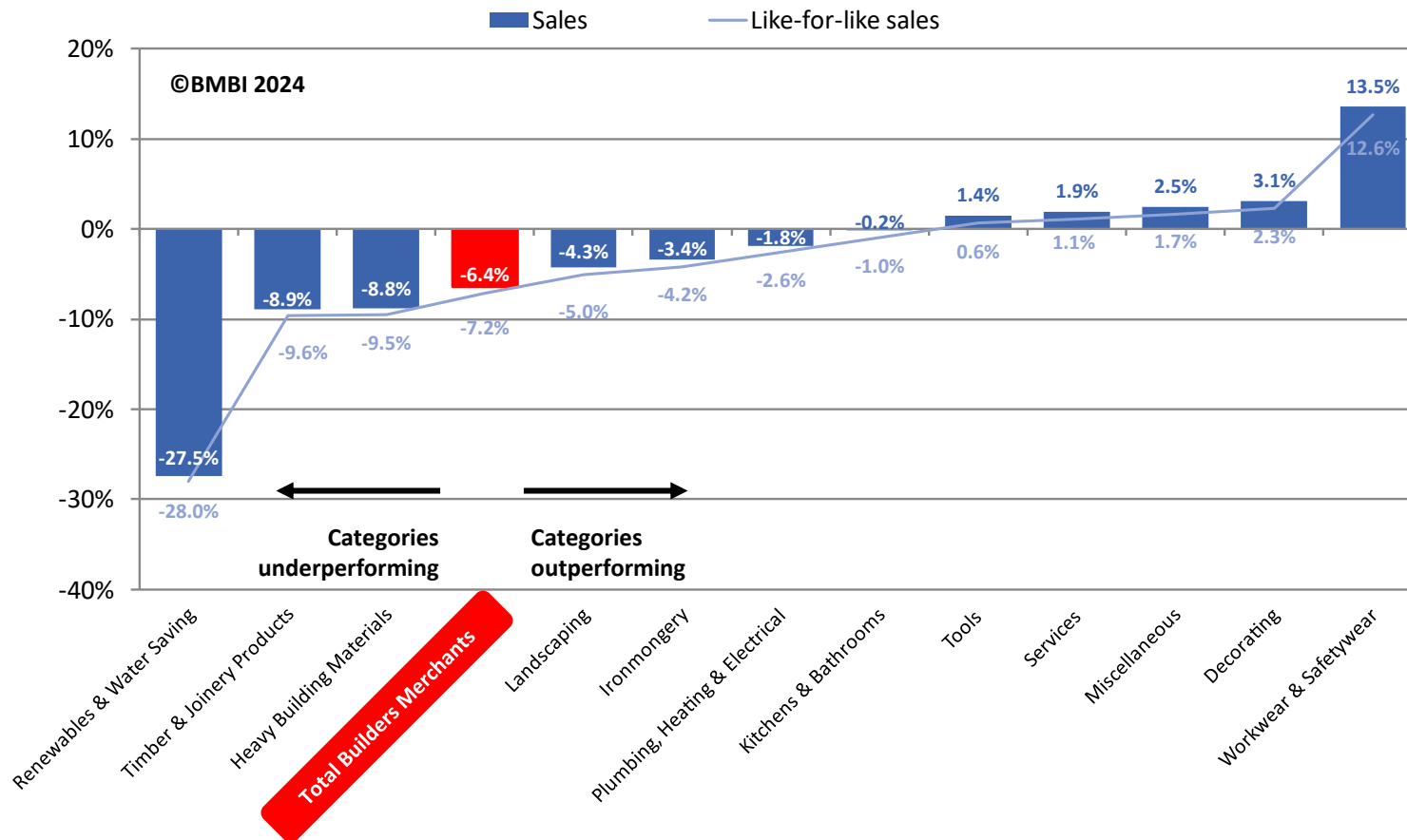
Year-to-date v last year

Sales and like-for-like sales

125 trading days this year v 124 trading days last year.
Like-for-like sales take trading day differences into account.



Year to date: Jan 24 to June 24 v Jan 23 v Jun 23



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

Five of the twelve categories sold more led by Workwear & Safetywear (+13.5%).

Renewables & Water Saving (-27.5%) was weakest.

Quarterly: Index and Categories

Quarter 2 2022* to Quarter 2 2024

Indexed on January 2019 – December 2019



QUARTERLY SALES VALUE INDEX	Index	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Total Builders Merchants	100	132.0	130.3	110.0	115.6	124.9	123.0	103.7	107.3	117.6
Timber & Joinery Products	100	140.8	135.9	111.0	114.5	116.8	117.3	99.6	102.4	108.2
Heavy Building Materials	100	131.7	133.6	113.0	118.5	129.5	126.9	104.8	107.4	118.6
Decorating	100	107.5	113.0	105.6	114.0	117.9	122.0	113.0	116.4	122.1
Tools	100	112.8	110.0	105.7	115.9	113.9	115.1	106.9	113.3	115.2
Workwear & Safetywear	100	108.5	116.0	126.7	127.8	111.2	117.6	137.6	142.5	128.6
Ironmongery	100	104.9	107.6	96.9	108.0	109.8	111.2	100.6	104.3	106.0
Landscaping	100	177.1	147.1	95.5	104.5	155.6	133.5	89.1	102.1	146.6
Plumbing, Heating & Electrical	100	102.1	105.9	116.8	123.1	107.1	110.7	115.6	119.2	106.7
Renewables & Water Saving	100	111.7	123.0	135.6	166.8	163.1	165.9	131.2	122.6	116.7
Kitchens & Bathrooms	100	112.7	120.7	110.8	117.2	115.5	124.1	112.7	115.5	116.6
Miscellaneous	100	95.1	98.8	90.8	101.1	97.2	101.3	99.8	103.1	99.7
Services	100	113.6	117.9	105.2	105.7	112.5	116.9	104.7	105.2	117.0

*Click the web link below to see the complete series of quarterly indices from Q2, 2022.

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

Quarterly: Index

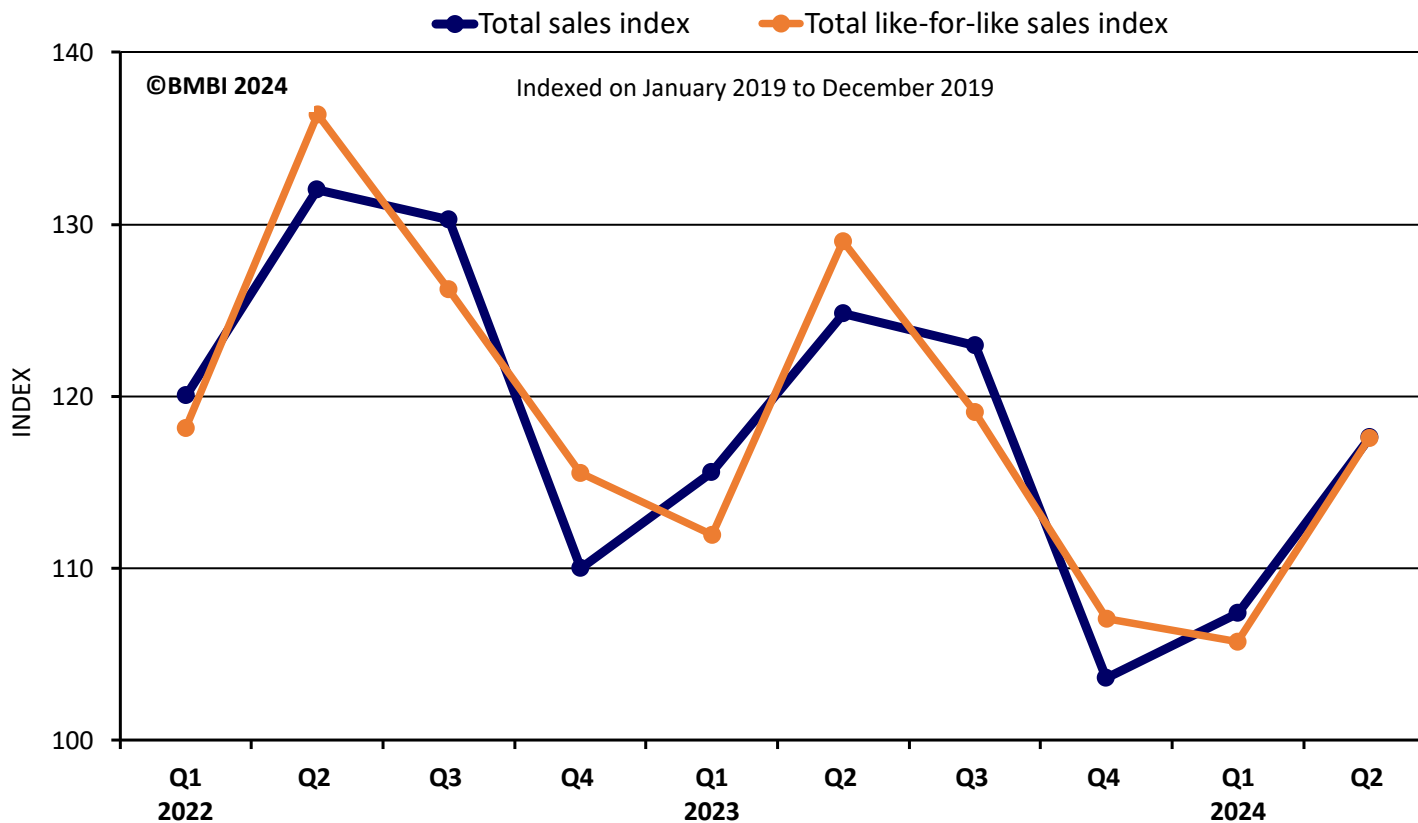
Sales and Like-for-like index

There was no difference in trading days in the Index base period (62).
Like-for-like sales take trading day differences into account.



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

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



The Quarter 2 BMBI
Index was 117.6.

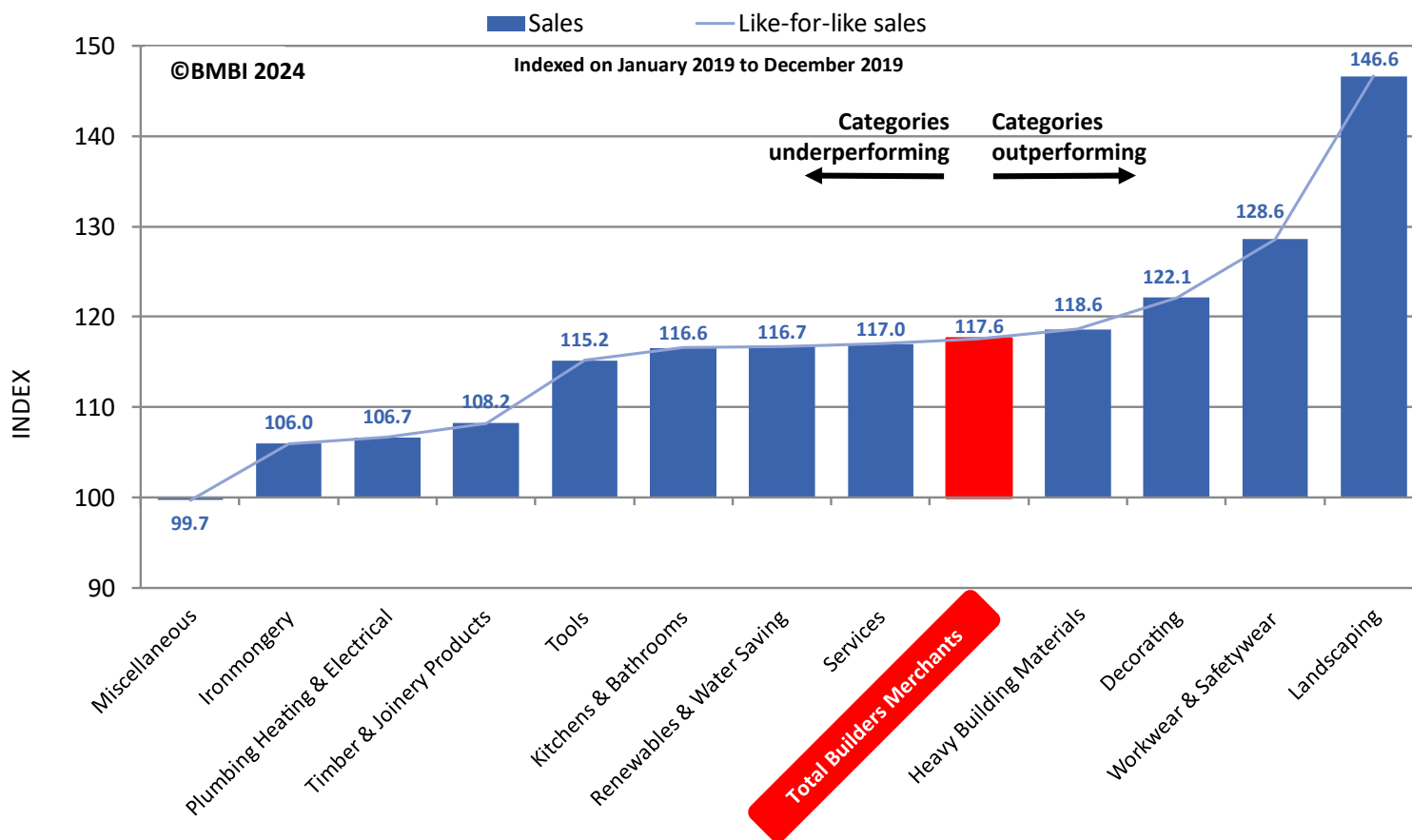
Latest quarter: Index by category

Q2 2024 index

There was no difference in trading days in the Index base period (62).
Like-for-like sales take trading day differences into account.



Quarter 2 2024



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

Seasonal category
Landscaping (146.6),
Workwear &
Safetywear (128.6)
and Decorating
(122.1) were
strongest.

Miscellaneous (99.7)
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 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

GfK has completed its latest universe study for the builders' merchant channel and estimates coverage is 88%.

Overview and Insights - 2

Emile van der Ryst,

Senior Client Insight Manager - Trade, GfK



The second quarter builders' merchant sector is a continuation of wider market trends, seeing challenging economic conditions and a pessimistic short-term outlook. The change in government early in Q3 was expected, with difficult decisions laying ahead in balancing increasing debts and well documented challenges.

Against this backdrop the second quarter is down by -5.8% in value versus 2023 Q2, which is an improvement on the -7.2% decline seen from 2023 Q1 to 2024 Q1. Volume was down by -7.2% with price growth sitting at +1.5%. The largest category, Heavy Building Materials, saw one of the largest value declines at -8.4%, driven by a volume decline of -19.6%. Price growth for Heavy Building Materials came down again, dropping from +3.5% in 2024 Q1 vs 2023 Q1 to +2.4% in 2024 Q2 vs 2023 Q2. Areas of stronger performance were seen in Aggregates, Plaster and Roofing Products, while Bricks and Blocks continued to be some of the more negatively affected areas.

The other main category, Timber & Joinery, saw a Q2 value and price growth decline of -7.4% and -12.9% respectively. Volumes continued growing at +6.3%, which was an improvement against the Q1 growth rate of +4.9%. Sheet Materials contributed more to the negative value growth in Timber & Joinery compared to Timber.

While Landscaping, the third largest category, was down in value by -5.7% most of the smaller categories saw growth in Q2. Workwear and Safetywear saw the most growth, up by +15.6% in value. Tools and Decorating were up by +5.9% and +3.6% respectively. Renewables and Water Management saw the largest value decline at -28.5%, while Plumbing, Heating and Electrical was only down by -0.5%.

There has been some positive communication by the new government related to construction and new house building, but only time will tell if these ambitions are to be met. In the short term there are concerns about a potential US recession, which could grind any short-term positivity to a halt. Unfortunately, this will likely have a negative effect on both Q3 and Q4 results.

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Merchants' View

John Newcomb, CEO BMF



Challenges continued for the construction industry in the second quarter of the year. While there are signs that output in some sectors has stabilised or slightly increased, for others, notably new housing, the slowdown continues.

The Glenigan Construction Review covering Quarter 2 2024 reports a year-on-year increase in projects starting on site, due to a +42% increase in projects over £100m. Projects below this value were down -11% on Q2 2023, despite nudging up by +2% on Q1 2024. Planning approvals in Q2 2024 were -6% down against the previous three months and -32% down on the same period last year.

The Office of National Statistics (ONS) figures paint a relatively stable picture although output is marginally down. Construction output is estimated to have fallen by 0.1% in Q2 2024 compared with Quarter 1 2024, reflecting a decrease in new work, down -0.5%.

New housing is an area of concern. National House Building Council (NHBC) figures show 29,281 new homes were registered to be built in Q2 2024, down -23% on Q2 2023. New home completions also fell (-6%) in Q2 2024 over Q2 2023. Quarter on quarter new home registrations and completions increased, up +34% and +29% respectively in Q2 2024 over Q1 2024 but remain far below the numbers needed to fulfil the new government's pledge of 1.5million homes over the next five years.

The Federation of Master Builders puts a positive spin on its State of Trade survey for Q2 2024. Its SME members report a net increase of +2% in the total workload, a positive shift from the -5% decrease reported in Q1 2024.

Demand remains a key concern for manufacturers and merchants alike. The Construction Products Association (CPA) survey found a balance of +30% of heavy side manufacturers reported an increase in sales in Q2 2024, the first quarterly growth for two years. Alongside this, 13% of light side manufacturers reported a rise in product sales.

While there are signs that construction is stabilising, it now seems we are unlikely to see a significant upturn in the market until 2025.

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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.

We have a new Labour government and increasing new build home volumes is at the heart of their plans. This is great news for many of the manufacturers within the construction products arena, and certainly good news for those involved in manufacturing timber related products.

If we are to build 300,000 per year – starting now – then we need some considerable change. Twenty twenty-three to twenty twenty-four saw less than 150,000 completions, so we are looking at a 100% increase in a very short period.

The last time we built 300,000 was around 50 years ago and at that time the Local Authorities provided approximately half of them, which means that Private Developers will need to flood the market with double the volume, or Local Authorities will need to step back into building social housing, which is very unlikely if we consider the state of public finances.

So, if we assume that it's left to the Private Developers, then they are going to be competing for labour and materials (at least in the very short term as manufacturers ramp up), which in turn could cause some level of inflation, which is most likely not the ambition of the plans.

For timber related markets, the ramp up could be more focussed than other sectors, as offsite or Modern Methods of Construction (MMC) could be the route to higher volumes without the acute stress of finding skilled labour - and a lot of it.

Many of the major housebuilders have offsite Timber Frame facilities and it could well be these that are most quickly able to ramp up extra volume.

Even so, building one and a half million new houses seems likely to be a stretch. However, even 80% of that achievement would be a welcome segway to better times for all involved in the industry, including RMI due to the property chains involved.

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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.

There has been more to cheer about in Q2 for the natural stone and paving sector. Sales were given a boost thanks to some better weather and also the Euro's, which encouraged people to spend more time outdoors and get their gardens in order. Steady demand over Q2 has put us on par with our 2023 performance at the halfway point in the year, but it's going to be a difficult H2.

The end of Q2 saw many suppliers going out with price rise notifications to come into effect in August. The reason behind the increases is the ongoing shipping issues which are making it increasingly costly to bring product into the UK. The routes ships need to take to avoid the Red Sea mean they are on the water for longer, so there is less shipping capacity and more containers at sea at any one time. As a result, the cost per container doubled to \$4,500 between April and August.

Skyrocketing shipping prices represents big challenges for importers and merchants alike. No-one wants to buy in masses of product at a higher price, knowing shipping prices will fall in the future. But similarly, operating a buy to order model puts pressure on an already stretched supply chain. Our recommendation is for merchants to buy in good amounts of stock and be prepared for shortages on certain lines.

In terms of products, the market has continued to move towards lighter, neutral colours like cream, light grey and greige in 2024, while dark grey sales continue to decline. There is growing interest in premium feature products, such as cladding for walling or steps, and mosaic paving to highlight different spaces like an alfresco dining area.

As we move into Q3, there could be a slow down in demand on the cards. The new Government is ushering in many unknowns which could negatively impact the UK's RMI customer base. People don't know if they will be better or worse off until after the Autumn Budget and we are hearing anecdotally from landscapers that higher value jobs are being put on hold until the picture becomes clear. Hopefully the Chancellor's red box will contain some good news for the sector.

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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.

In Q2, the market again faced a challenging landscape shaped by several key economic and political factors. The approach to the general election created a climate of uncertainty, affecting investment decisions across many sectors, including construction. Periods of political transition often result in cautious spending and delayed projects as businesses and investors await the outcomes and potential policy changes.

The construction market, a significant driver of demand for adhesives and sealants, showed mixed performance during this quarter. Ongoing infrastructure projects continued to provide a stable demand. However, residential and commercial construction sectors remained under pressure.

Despite these challenges, there were pockets of positivity within the adhesives and sealants market. The demand for innovative and sustainable products continues to rise, driven by stricter environmental regulations and a growing emphasis on green building practices. Companies in the adhesives and sealants sector that have invested in research and development to create more environmentally friendly products have been able to maintain competitive advantages and capture market share.

Furthermore, the push for energy efficiency and retrofitting of existing buildings provided some counterbalance to the slowdown in new construction projects. As energy costs remain high, the market for products that can improve insulation and sealing performance is robust, supporting overall demand in the sector.

Efficiency seems to be a hot topic, as we're also seeing an increased focus on more efficient last-mile deliveries - the final step in the delivery process - among our distribution partners. In recent weeks we've seen B&Q link up with Deliveroo to offer over 600 home improvement products for rapid delivery in as little as 25 minutes in and around London, while TradeKart - the rapid delivery app for tradespeople - has added Selco and Howdens to its growing list of merchant partners.

With the rise of ecommerce, consumers have come to expect fast deliveries at a time and location that suits them, so it's positive to see the initiative being introduced in the construction market, and it'll be interesting to see the impact that this has on sales of light side building materials, such as adhesive and sealants, in the coming months.

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It will be interesting to see the impact this has on sales of light side building materials, such as adhesive and sealants.

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.

Reflecting on the second quarter of 2024, it is exciting to see the construction industry navigating a complex landscape with cautious optimism. The macroeconomic climate is showing improvement, with declining inflation rates and mortgage lenders starting to lower their rates. This is good news for homeowners and builders, hinting at a brighter future.

However, the latest data reveals challenges for the construction sector. The Construction Products Association (CPA, Summer 2024) projects total construction output to dip by 2.9% this year, a sharper decline than expected. This adjustment mainly results from setbacks in the recovery of private housing new builds and the repair, maintenance, and improvement (RM&I) sectors, both affected by high interest rates.

Additionally, the National House Building Council (NHBC) reports a 23% drop in new home registrations across the UK in Q2 compared to last year. While there has been some growth in completions quarter-on-quarter, they need to double to meet the government's goal of 1.5 million new homes in the next five years. The challenge is significant, and the stakes are high.

Overall construction activity in Q2 declined by 13% compared to the previous quarter, yet it remained 13% higher than the same period last year, a notable improvement from the negative figures of 2023. The GfK Consumer Confidence Index also shows a modest uptick in sentiment. With the new government's plans to accelerate housebuilding, forward planning and accurate forecasting are crucial. The Construction Leadership Council emphasises that manufacturers need adequate lead times to boost production and meet demand spikes. However, a persistent skills shortage poses a major challenge.

The UK Construction workforce fell again in Q2, according to the latest ONS data, reports Noble Francis, Economics Director of the CPA. In Q2, there were 2.04 million workers in construction, he says, 5.1% lower than a year ago, its lowest level since 2000 Q1. It was also 15.9% lower than 2019 Q1 and 21.0% lower than the peak in 2008 Q3, before the financial crisis. The key losses have been in self-employment and in the old-age demographic. The workforce is likely to take a long time to get back to 2019 levels.

With an aging workforce and a lack of skilled labour, the government's plans for long-term growth and stability could face serious obstacles.

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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.

The second quarter of 2024 has brought out the sunshine after a wet Q1, however in terms of volumes there's no excitement, rather the market could be described as stable. That said, House Building is a significant contributor to the UK economy, and with the new government's ambitions of delivering 1.5m homes over the next 5 years, these are (or seem to be) exciting times.

The focus on the planning system, which I am sure all housebuilders will welcome, is a well needed boost, and the speed of change will be closely followed. Along with support for SME's, affordable housing, and the environmental agenda, the government will have its work cut out.

The mortgage rate is forecast to go down again in 2024. Although further cuts may take longer to arrive than liked, they are, as the CPA puts it, the catalysts for a recovery in the two largest sectors of construction, private housing and private housing RMI, and they will help support any future uplift in house sales.

The new building regulations now offer home buyers a distinctive choice in terms of energy efficiency compared to older properties. New home buyers are more likely to put the environment as the keystone of their decision making.

With a continuing and severe skills shortage in construction, destined to get worse in the coming years as an older cohort of the workforce retires without being replaced, opportunities to meet demand within manufacturing will rely on continued investment in automation, something we have been doing for years.

Innovation in joined up forecasting, stock ranging etc. working with our merchants in best partnerships to be prepared for the builders' demands will be critical for a modern supply chain.

We have to be forward thinking and optimistic for the future, tinged with a fair degree of patience.

Innovation in joined up forecasting, stock ranging...

...working with merchants in best partnerships to be prepared for the builders' demands will be critical for a modern supply chain.

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.

From a slower start to the year in Q1, the market experienced a marginally more challenging Q2 than anticipated with slightly softer volumes across the principal sectors. With the quarter dominated by the General Election, the new Labour government's plans to meet the housing shortage by building 1.5 million homes in five years landed positively, with a bounce in housing shares after their win at the ballot box.

It's hoped the news will bolster confidence across the supply chain, from consumer to manufacturer, but increasing build programs and planning reform will take time, and any near-term uplift is unlikely to be experienced in 2024. The Federation of Master Builders, among others has raised concerns about the impact the skills shortage will have on housing plans, without a long-term training and building skills program to ensure an effective, skilled workforce exists.

We all have a role to play in this, to equip both those starting their career in the industry and established professionals with the essential skills needed for current and future roles.

Across the UK, we continue to support college students and apprentices to ensure they have access to high-quality resources, technical support and tutor training. We aim to do this by sharing our collective know-how, providing market leading training services through our Build Better Academies, and encouraging students to become the next generation of plasterers through our pioneering Thistle Partnership.

Fulfilling the needs of the Future Homes Standard and meeting the push for net zero will continue to dominate the construction industry, as we wait for the new Government to confirm its net zero strategy, and how that may impact the retrofit sector.

British Gypsum continues to gain momentum on our sustainability roadmap, with the launch of our lower embodied carbon metal profiles. Branded Gypframe Carbon Low, the new metal profiles are made from steel manufactured using an electric arc furnace rather than a blast furnace.

We have also partnered with The Pallet LOOP, distributing our bagged plaster products nationwide on the distinctive green coloured reusable pallets. From July, our plasterboard deliveries began to transition too. This marks a significant milestone, and we encourage customers and other manufacturers to join our drive to reduce pallet waste in UK construction.

British Gypsum continues to gain momentum on our sustainability roadmap, with the launch of our lower embodied carbon metal profiles.

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 new government, and a new national mission for the construction industry – to build 370,000 new homes a year. This will require housebuilding at levels not seen in Britain since the sixties.

How will we deliver these volumes (a 63% increase on the net total delivered in FY22/23)? And how will we ensure those homes meet the more exacting performance standards required of them?

The government expects radical planning reform to unlock and enable more development, at greater pace. But for the actual delivery of those homes, the industry must provide solutions.

There are two reasons I believe mineral wool insulation will be at the centre of the response.

The first is volume. Supply of mineral wool in the UK is reliable and robust. It's made from abundant local raw materials, so isn't subject to the volatility of petrochemical supply. Significant investment will bring even more capacity onstream over the course of the parliament (including the new Knauf Insulation rock mineral wool factory we recently announced, and the upgrade underway at our glass mineral wool plant in St Helens).

The second is performance. By this I mean real performance. Announcing the new targets, Deputy Prime Minister and Secretary of State for Housing, Communities and Local Government Angela Rayner described the need for these homes to be "safe, warm and sustainable". Glass mineral wool insulation delivers against all three requirements. It's non-combustible, it has the lowest embodied carbon of any mainstream insulation material, and it readily achieves required U-values, especially with 150mm cavities becoming the new norm. Due to its inherent flexibility, it's also easier to install correctly than full-fill rigid boards, meaning specified performance is more likely to be delivered in the real world.

The signal is clear. As the industry steps up to achieve this new target, merchants will sell a lot more insulation – in more homes, and more per home in 150mm cavities and deeper lofts. And that insulation will need to do more in terms of its performance. A good time to stock mineral wool.

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But for the actual delivery of those homes, the industry must provide solutions.

Expert Panel

Cement & Aggregates

(Part of Heavy Building Materials)



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

As predicted, Q2 has been a vast improvement on Q1 for cement and aggregate sales, as demand moves in line with what we'd normally expect to see.

The latest market figures, published by Mineral Products Association, show an encouraging increase in mortar (+2.8%), crushed rock (+4.0%) and asphalt (5.3%) sales, compared to Q1. However, ready-mixed concrete sales (-1.1%) have yet to recover from the lows seen in the previous quarter, and neither have sand and gravel sales (-10.0%). Year-on-year, Q2 showed double-digit declines for ready-mixed concrete and sand and gravel, both widely used in housebuilding.

The weather continues to play a part in holding back housebuilding, but it's also increased customer demand for plastic bagged cement product. Worryingly, this demand has continued into the drier months when our Tuff Bag paper wrapped product would provide sufficient protection. When plastic waste from UK construction has grown 15 times faster than our counterparts in Europe, it's a disappointing step backwards for waste-reduction targets to see more customers choosing plastic.

Buyer behaviour is something we'll be reviewing to see how we can reverse this trend, particularly if the government brings forward the new packaging regulations that had been delayed until 2025.

Overall, the election of the new government has brought both caution and optimism. We've heard pledges to increase housebuilding before, but can Labour deliver the planning reforms and improve skills and product shortages to make it a reality? Watch this space. Meanwhile, the threat of cuts to infrastructure spending will adversely affect our sector, as will increases to income tax which could dent disposable income and the RMI market.

I for one would like to see a common-sense approach to government policy from Labour, particularly those policies affecting the construction industry, which is so important to national GDP. We need to encourage growth, not stall recovery, and I would welcome the appointment of ministers who take the time to understand our sector and how it works, and provide us with the support we need to grow.

We are hopeful that trade will pick up further in Q3 and that the industry recovery continues throughout the second half of the year.

We've heard pledges to increase housebuilding before.

Can Labour deliver the planning reforms and improve skills and product shortages to make it a reality?

Watch this space.

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

Demand in the fastener and fixings sector has mirrored the general trends across merchants, with soft demand driven by the sluggish levels of construction and RM&I activity.

With the majority of the products in the sector being imported from the Far East, increased shipping costs are fuelling cost price increases. The continued use of the longer Cape of Good Hope route, because of the Red Sea issues and risks to shipping, has continued to attract surcharges, though these have been largely absorbed by importers.

However, the capacity reduction on the routes to and from the Far East, around 25%, caused by the longer journey times both out and back, has resulted in limited capacity and shipping lines moving costs up markedly.

Container prices, including Cape surcharges, were around \$1,500 at the beginning of the year and surged to over \$6,000 by July, though they have fallen back slightly from those peaks. These dramatic moves have added around 15% to cost prices for importers, which will add to inflationary pressures.

The increasing demand for environmental information, particularly the carbon content of products, is not unique to the fastener and fixings sector. The manufacture of these products involves a complex supply chain, not only with several processing steps but often with these steps undertaken by a number of separate companies.

Collating this information from Far East suppliers across the many thousands of products in fastener and fixing ranges to meet the needs of an increasing number of reports and standards, including Environmental Product Declarations, Carbon Border Adjustment Measures and the Code for Construction Product Information, is proving very challenging.

It has also highlighted a lack of consistency in the scope and detail of information required for the various applications. Carbon accounting is certainly on its way, but there is a need for a common standard across all applications.

Increasing demand for environmental information, particularly the carbon content of products, is not unique to the fastener and fixings sector.

Expert Panel

Paint

(Part of Decorating)



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

In the second quarter, the trade paint market experienced a decline of -0.8% in the moving annual total (MAT), attributed to a notable -0.5% decrease in Q2 year-on-year volume sales. This dip was primarily influenced by different numbers of working days and by continued delays in project starts due to subdued, and some months of very wet weather.

Between bank base rates, consumer confidence & ambitious new government signals, there's growing optimism for a resurgence in construction market activity. Many homeowners have had to navigate extreme volatility in the housing and mortgage markets, with many facing the big decision of whether to move or stay put for another year. With activity picking up now, numerous individuals are expected to resume their painting endeavours, signalling a potentially stronger second half.

Nevertheless, Private Housing RMI continues at suppressed levels, while New Build will pick up as we move into 2025 after a difficult year. Non-Housing RMI volumes remain strong, and commercial premises, some preparing for a summer of sport, offices, education and existing social housing benefitting from continued investment.

Decorative trade paint volume sales to builders' merchants finished down double digits in Q2 year-on-year, indicating that there is potential for greater growth in the channel, as it currently lags the performance of the total market.

There was a one-point improvement in GfK's Consumer Confidence Index in July to -13, up from -30 in July 2023. And there was a further seven-point improvement to -16 in GfK's Major Purchase Index, up from -32 a year ago. Along with a two-point pickup to -8 in consumers' Personal Finance Situation in the past 12 months, looking forward, the two measures generally translate into an increase in home improvement projects.

Reports of workloads from professional decorators remain strong, with many decorators reporting frustration at managing their time and customers' expectations with many exterior projects being delayed, adding to our expectations that the trade paint market will be robust in the second half of 2024 in terms of volumes.

Between bank base rates, consumer confidence & ambitious new government signals, there's growing optimism for a resurgence in construction market activity.

Expert Panel

Roof Windows

(Part of Timber & Joinery Products)



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

After a slow start to the year, Quarter 2 brought little to cheer about. Activity levels remained subdued and the General Election created a distraction. The general consensus amongst merchants was that June was very disappointing, with low levels of footfall and projects on the go slow due to weather or confidence.

The new Government are saying all the right things: 1.5 million new homes over the next 5 years are needed, but can they be delivered? Manufacturers and merchants would certainly welcome the volume but both need reassurance on the realistic rate of increase in construction activity if we are to make the investment in people and capacity necessary to meet this demand. Main and sub-contractors will need to invest in their teams to provide the necessary skills, and as a country, we need to make apprenticeships in construction attractive to young people entering the world of work.

It may be a coincidence, however since the election the market does seem to have turned a corner. Confidence is improving, inflation fell to target levels (temporarily at least) and interest rates began to fall. We have all the conditions for a better market!

For Keylite, July was strong, and the trend is continuing into August. The weather is being kind to us and volumes are growing. Most housebuilders are very confident that their completions in H2 will be significantly up on H1 and merchants recognise the need to invest in stock to service the growing demand.

Quote levels remain high, and the closed-won value is rising. Most areas are now at or above last year's sales volumes, which is really encouraging to see.

We remain committed to supporting our merchant customers to meet the needs of the market, providing installers with high quality, easy to fit roof windows and loft ladders with flexibility and agility, whatever the market throws at us.

Confidence is improving, inflation fell to target levels (temporarily at least) and interest rates began to fall. We have all the conditions for a better market!

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.

Spring has proven better than the previous quarter and less volatile than last year, although it remains challenging. We're seeing increased activity from our e-commerce customers, with more people researching and shopping online, and particularly strong growth in the number of appointments booked with design consultants for kitchen and bathroom showrooms. We anticipate this trend will continue as people stay home and renovate, while interest rates for new builds remain high.

For merchants, it's crucial to provide builders with an easy quoting, ordering, and payment experience. We see ECI's merchant customers in the UK and North America investing in strategic customer rewards programmes. These benefit merchants by encouraging repeat business and builders benefit with lower prices and more flexibility, leading to higher margins. However, loyalty and rewards programmes do not have to be simple discount schemes. When used strategically, they can encourage upselling and larger projects, as builders can pass their savings to clients, enabling them to afford bigger projects. This creates a win-win, as larger projects help merchants move inventory more quickly.

Merchants should consider investing in sophisticated quoting and ordering tools. Quoting software allows builders to log in and factor their custom margins directly in the quote. A seamless tool for ordering from any supplier, including buying groups, enables merchants to offer builders various options and price comparisons for materials. Providing builders with direct visibility into inventory and pricing schemes results in a better customer experience and facilitates a strategic approach during difficult times.

High inventories are a risk to merchant cash flow. Reducing inventory, even incrementally, can benefit profit and loss. Timely payments from builders are crucial, and online tools that allow customers to pay in full or in instalments from anywhere, or provide automatic, consistent payments over time, can help builders and merchants with cash flow management. Regular partial payments are proven to be better than sporadic full payments. And, offering payment options, such as BACS, can reduce fees and interest associated with credit card payments. That's an easy way to save customers money without impacting your margins. Looking ahead, it's important to focus on small wins that keep making progress. Strategies that support merchants and builders can help maintain the momentum of the rising index, even if progress is incremental.

We're seeing increased activity from e-commerce customers, with more people researching and shopping online...

and particularly strong growth in the number of appointments booked with design consultants for kitchen and bathroom showrooms.

Expert Panel

Plumbing & Drainage



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

Quarter two continued the subdued trading environment we saw in the first quarter, with new build and RMI housing sectors continuing to show weakness. The second quarter was in line with our expectations but with the early general election we believed, or hoped this might give some bounce to the market, but this did not materialise, and the weakness has continued into Q3.

The National House Building Council (NHBC) recorded almost record low registrations of 29,00 units in Q2 which has confirmed our own experience and the feedback from our merchant partners.

The recent news of a quarter point cut in base rates and a robust 0.6% growth in GDP for Q2 should feed through to the positive consumer sentiment later in 2024 and 2025, but we do not expect a recovery in either the new build or RMI markets until 2025 at the earliest.

Consumer confidence is continuing to improve and has improved dramatically over the past twelve months. GfK's Consumer Confidence Index has improved from a very low -30 in July 2023 to -13 July 2024, and its Major Purchase Index has lifted from -32 to -16. There's further to go but the indicators are heading in the right direction.

Our core focus on the independent merchant sector has insulated us from the roller coaster ride of the volume new build market. The independent merchant sector continues to outperform the overall distribution market, and we believe the customer service levels and commitment to long term strategic partnerships are central to our shared success.

As a privately owned business Brett Martin continues to focus on long term planning, and we do expect both the new build market and RMI markets to recover in the medium term.

The drainage construction products supply chain is undergoing significant rationalisation as volumes continue to fall, but we at Brett Martin continue to invest in production and distribution capacity to ensure we can service our merchant partners when the upturn eventually arrives.

The independent merchant sector continues to outperform the overall distribution market.

We believe the customer service levels and commitment to long term strategic partnerships are central to our shared success.

Expert Panel

Heating & Cooling



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

A lot has happened since I wrote my comments for the Q1 BMBI report. We are now in the middle of another US Presidential race, waiting for a new president to be elected, and we've seen a change in UK leadership with Labour's win. Both will affect the UK economy one way or another. At Polypipe Building Products, we're pleased to hear the Prime Minister and cabinet, and His Majesty King Charles in his recent King's Speech, pushed planning reform as the key to building more homes. The early noises are promising in that the target is fundamental changes to the National Planning Policy Framework to allow more building on green and grey belt land, as well as reintroducing mandatory targets at a local level. What the UK housing market really needs though is a long-awaited period of consistency and a return to some degree of predictability, which we haven't had for many years.

The Construction Products Association's latest forecast for the private and public housing market for this year has been downgraded again, having originally forecast 2024 to be the start of a return to growth in overall activity. What we have seen in H1 2024 is indeed a growth in housing starts, but a much slower and gradual increase than would be required to fully recover from the heavy decline the market experienced in H2 2023.

As a supplier to the housing industry, we believe that partnerships are rapidly becoming an extremely important common theme throughout the whole industry. But the reasons that businesses work with each other in 2024 and beyond is very different to how it has traditionally been. Strategic Partnerships, based on alignment, values and behaviours, joint customer-focused solutioning, data sharing, long-term planning and working with rather than for one another, is proving to be far more valuable in real terms than just a price on a tender document. Polypipe Building Products is eager to grow our Strategic Partnerships to collaborate with customers to deliver sustainable building solutions, which will ultimately make better homes, for more people, more efficiently and sustainably.

What does that look like in practice? See examples of partnering customers to create solutions to create sustainable living here: [Case studies | Polypipe](#)

What the UK housing market really needs is a long-awaited period of consistency... and a return to some degree of predictability, which we haven't had for many years.

Appendix

Trading Days

Monthly												Quarterly				Half Year		Full Year
Index: 20.7												Index: 62						
2022												2022				2022		2022
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Q1	Q2	Q3	Q4	H1	H2	246
20	20	23	19	21	20	21	22	21	21	22	16	63	60	64	59	123	123	
2023												2023				2023		2023
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Q1	Q2	Q3	Q4	H1	H2	248
21	20	23	18	20	22	21	22	21	22	22	16	64	60	64	60	124	124	
2024												2024				2024		2024
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Q1	Q2	Q3	Q4	H1	H2	
22	21	20	21	21	20							63	62			125		

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

GfK's Definition of Builders Merchant Panel



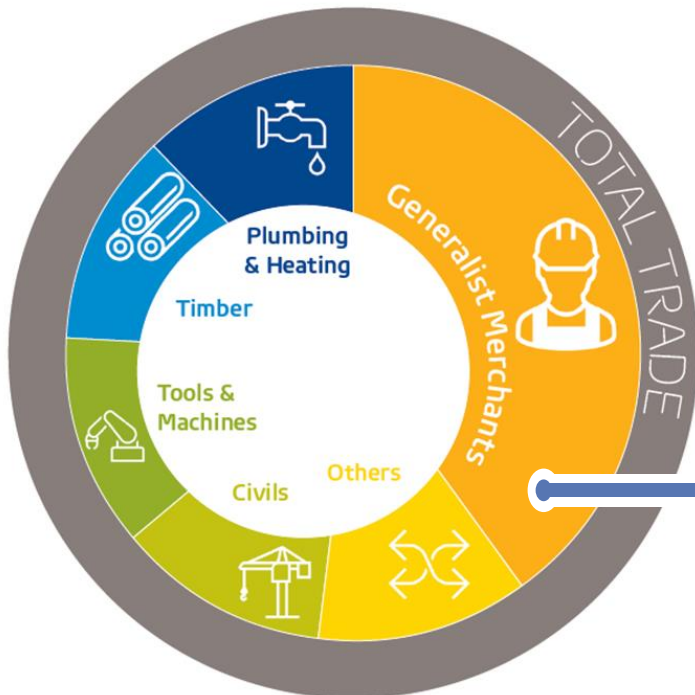
Generalist Builders Merchants definition:

- 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

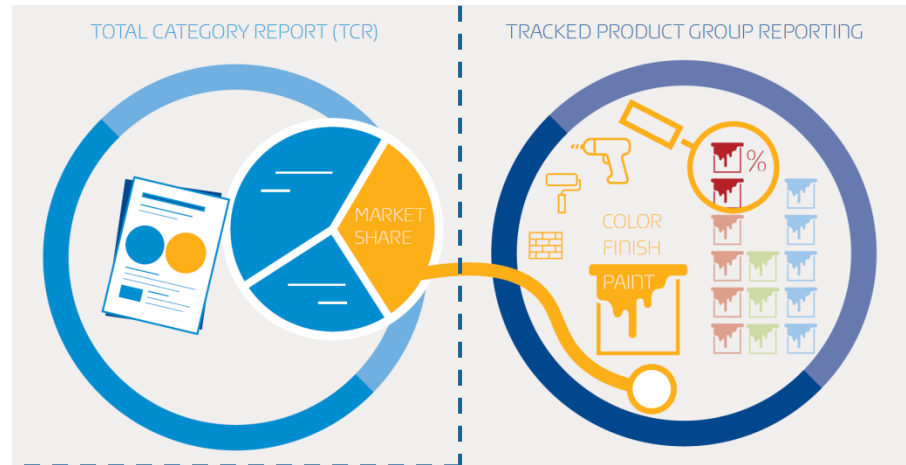
Bathroom (Including Showering)
Fitted Kitchens
Major Appliances

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.

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. 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



Contact us

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