

Excellence in building
materials supply

Builders Merchant Building Index



Executive Summary - Quarter 3 2024

(Published 06 December 2024)

Highlights

“The budget at the end of October has had a frosty reception, but at least gives more certainty around planning and how to approach the next year.” Emile van der Ryst, Key Account Manager – Trade & DIY – GfK.

Read Emile’s full comment on page [12](#).

BMBI Report Q3 2024 Highlights

(unadjusted for trading days)

+1.7%

www.bmbi.co.uk



Third quarter v last year
Q3 2024 total sales down -2.6%
on Q3 2023

-2.6%



Third quarter v previous quarter
Q3 2024 total sales up +1.7%
on Q2 2024



Latest month v last year
Sep 2024 sales down -3.5%
on Sep 2023

-3.5%



Year-to-date v last year
Jan 2024 - Sep 2024 sales down -5.1%
on Jan 2023 - Sep 2023

-5.1%

“ Total sales in Quarter 3 were down -2.6% on the same quarter last year. Volume sales were -2.8% down with price virtually the same +0.2%.”

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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 3 and September 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 15 to 28 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.vanderryst@nielseniq.com.

Latest quarter v last year

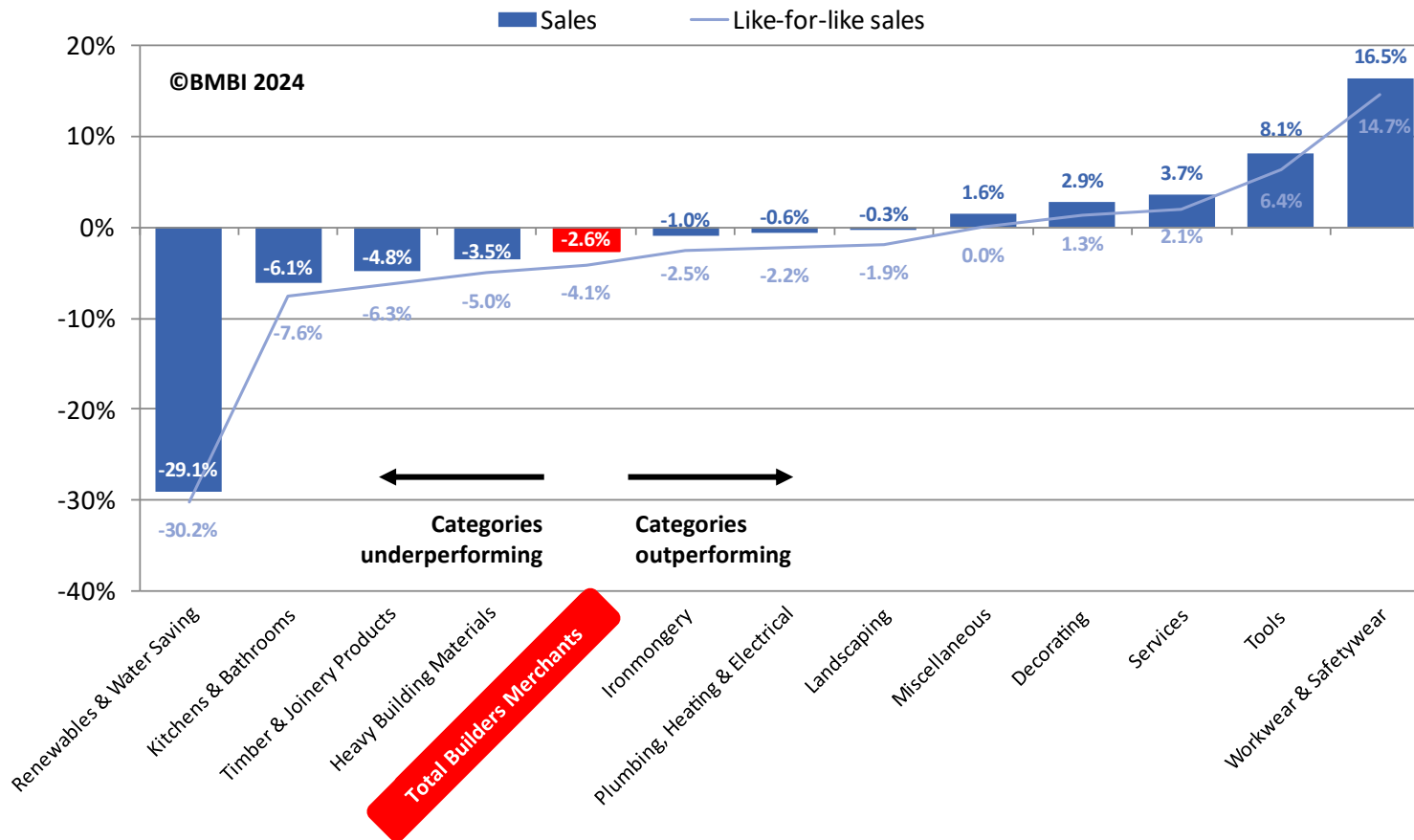
Q3 2024 sales and like-for-like sales

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

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



Quarter 3 2024 v Quarter 3 2023



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

Total sales in Quarter 3 were down -2.6% on the same quarter last year.

Volume sales were -2.8% down with price virtually the same +0.2%.

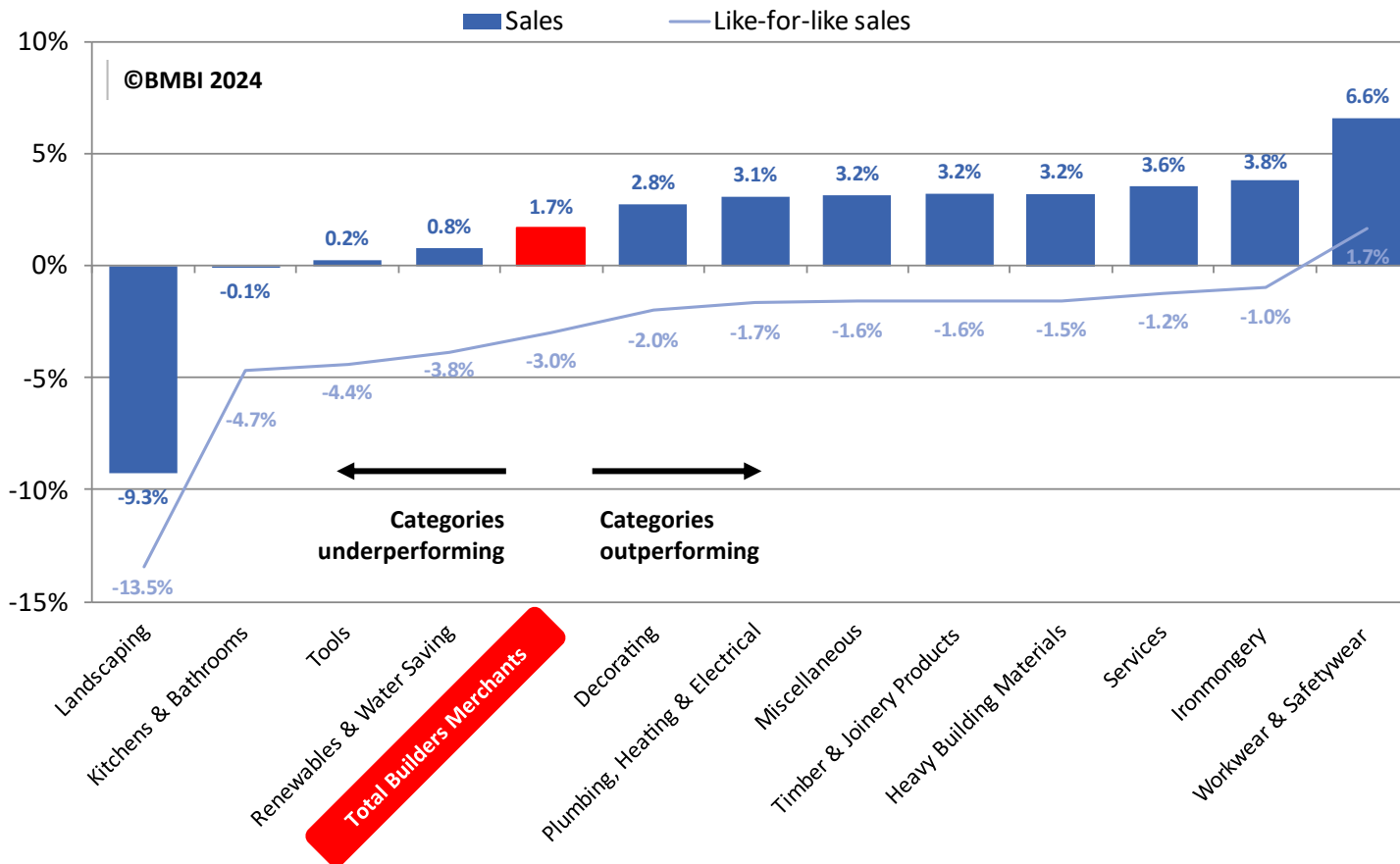
Latest quarter v previous quarter

Q3 2024 sales and like-for-like sales

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



Quarter 3 2024 v Quarter 2 2024



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

Workwear & Safetywear (+6.6%) grew most followed by Ironmongery (+3.8%) and Services (+3.6%).

Seasonal category Landscaping (-9.3%) was the weakest category.

Latest 12 months v last year

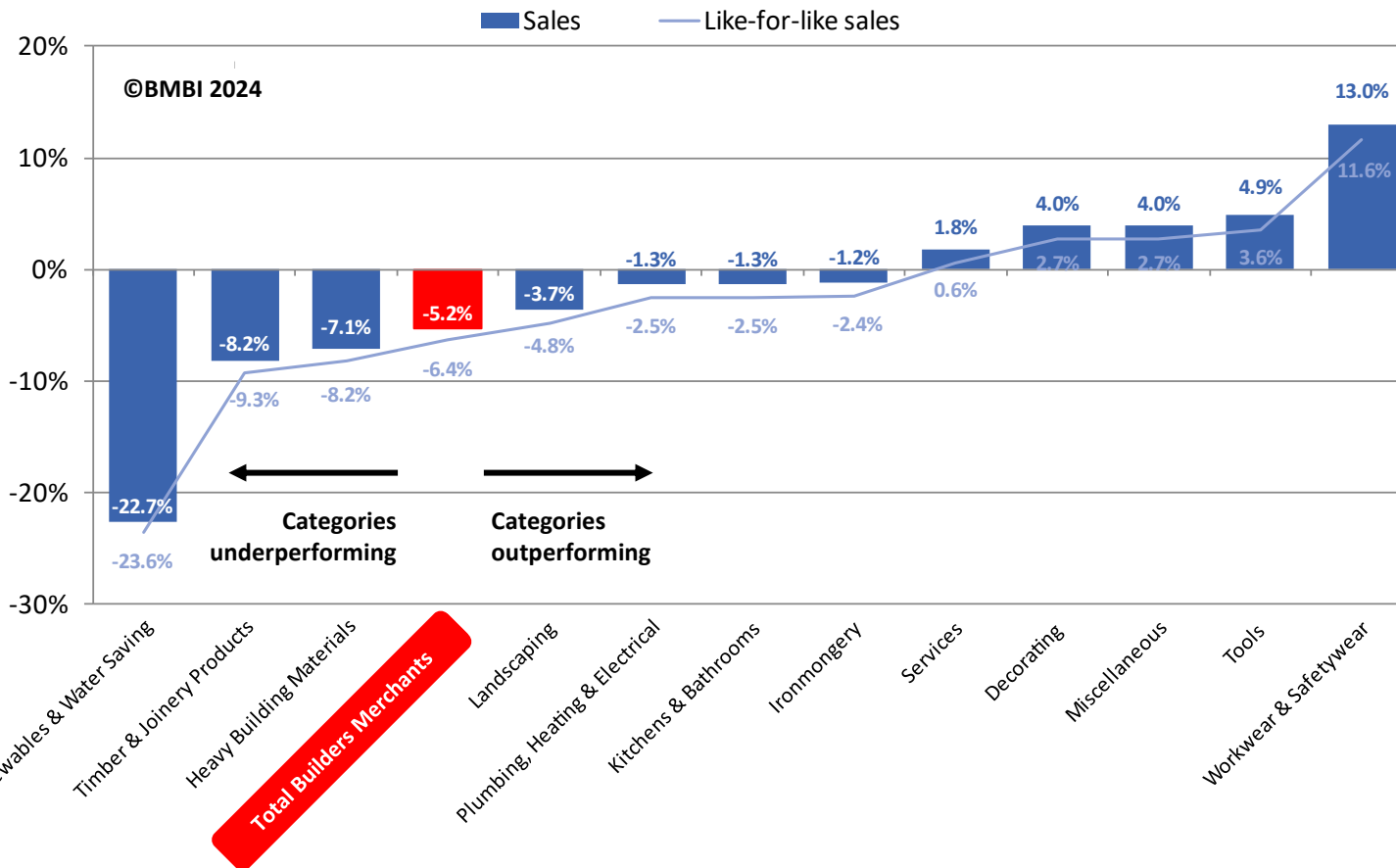
Sales and like-for-like sales

250 trading days this year v 247 trading days last year.

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



12 months Oct 23 to Sep 24 v 12 months Oct 22 to Sep 23



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

Five of the twelve categories sold more, led by Workwear & Safetywear (+13.0%), Decorating and Miscellaneous (+4.0%).

Heavy Building Materials (-7.1%), Timber & Joinery Products (-8.2%), and Renewables & Water Saving (-22.7%), were weakest.

Year-to-date v last year

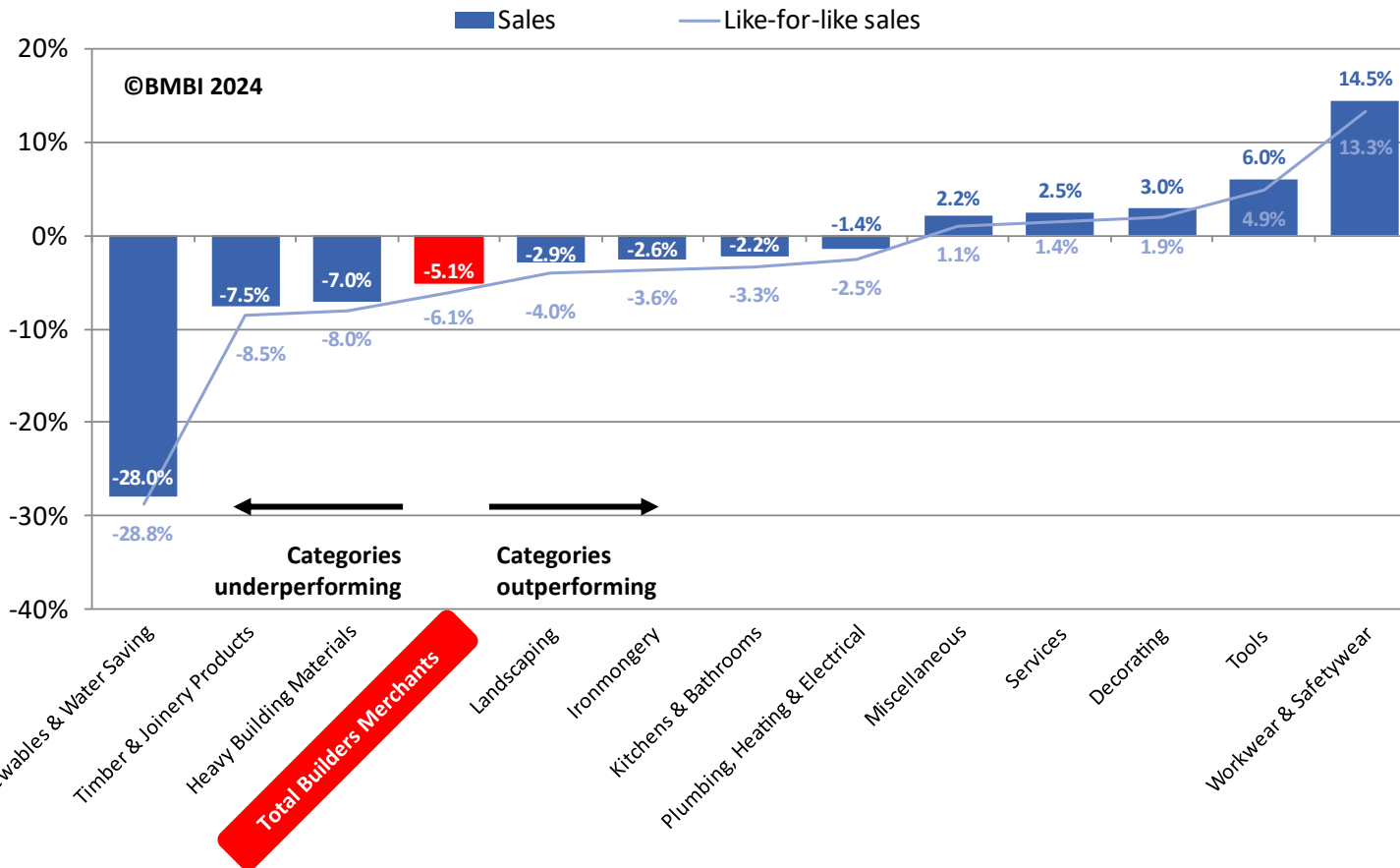
Sales and like-for-like sales

190 trading days this year v 188 trading days last year.

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



Year to date: Jan 24 to Sep 24 v Jan 23 v Sep 23



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

Five of the twelve categories sold more led by Workwear & Safetywear (+14.5%).

Renewables & Water Saving (-28.0%) was weakest.

Quarterly: Index and Categories

Quarter 3 2022* to Quarter 3 2024

Indexed on January 2019 – December 2019



QUARTERLY SALES VALUE INDEX	Index	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Total Builders Merchants	100	130.2	109.8	115.5	124.8	122.9	103.6	107.4	117.6	119.6
Timber & Joinery Products	100	135.9	111.0	114.5	116.8	117.3	99.6	102.6	108.2	111.7
Heavy Building Materials	100	133.6	113.0	118.5	129.5	126.9	104.8	107.6	118.6	122.5
Decorating	100	113.0	105.6	114.0	117.9	122.0	113.0	117.0	122.1	125.5
Tools	100	107.5	98.6	108.0	105.5	106.8	99.8	108.9	115.1	115.4
Workwear & Safetywear	100	116.0	126.7	127.8	111.2	117.6	137.6	142.7	128.6	137.0
Ironmongery	100	107.6	96.8	107.9	109.7	111.0	100.4	104.2	105.9	109.9
Landscaping	100	147.1	95.5	104.5	155.6	133.5	89.1	102.3	146.6	133.0
Plumbing, Heating & Electrical	100	105.8	116.7	123.0	107.1	110.6	115.6	119.3	106.6	109.9
Renewables & Water Saving	100	123.0	135.6	166.8	163.1	165.9	131.2	122.6	116.7	117.7
Kitchens & Bathrooms	100	120.7	110.8	117.2	115.5	124.1	112.7	115.7	116.6	116.5
Miscellaneous	100	98.8	90.8	101.1	97.2	101.3	99.8	103.4	99.7	102.9
Services	100	117.9	105.2	105.7	112.5	116.9	104.7	105.4	117.0	121.2

*Click the web link below to see the complete series of quarterly indices from Q3, 2022.

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

Quarterly: Index

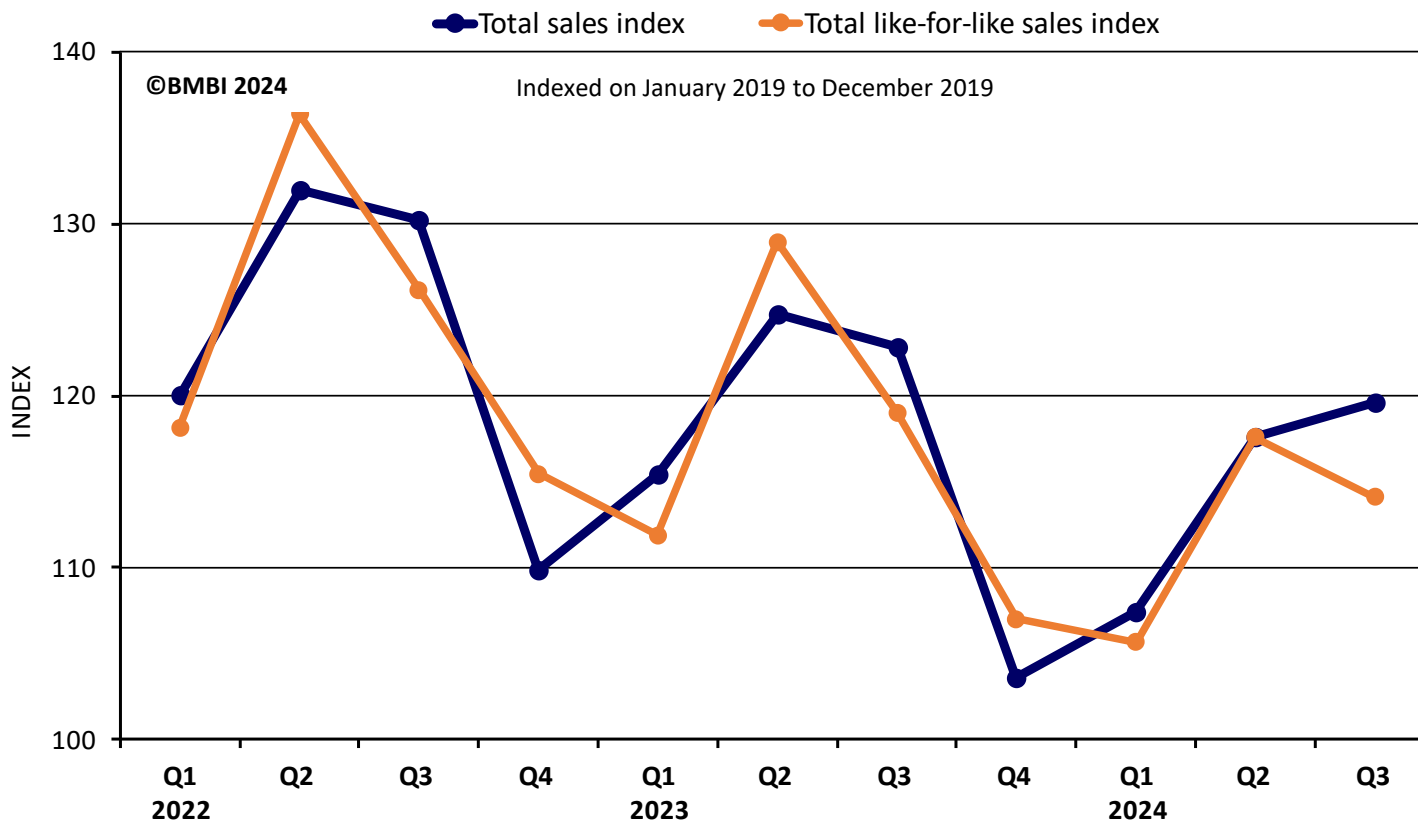
Sales and Like-for-like index

65 trading days in the most recent period 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 September 2024

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



The Quarter 3 BMBI Index was 119.6.

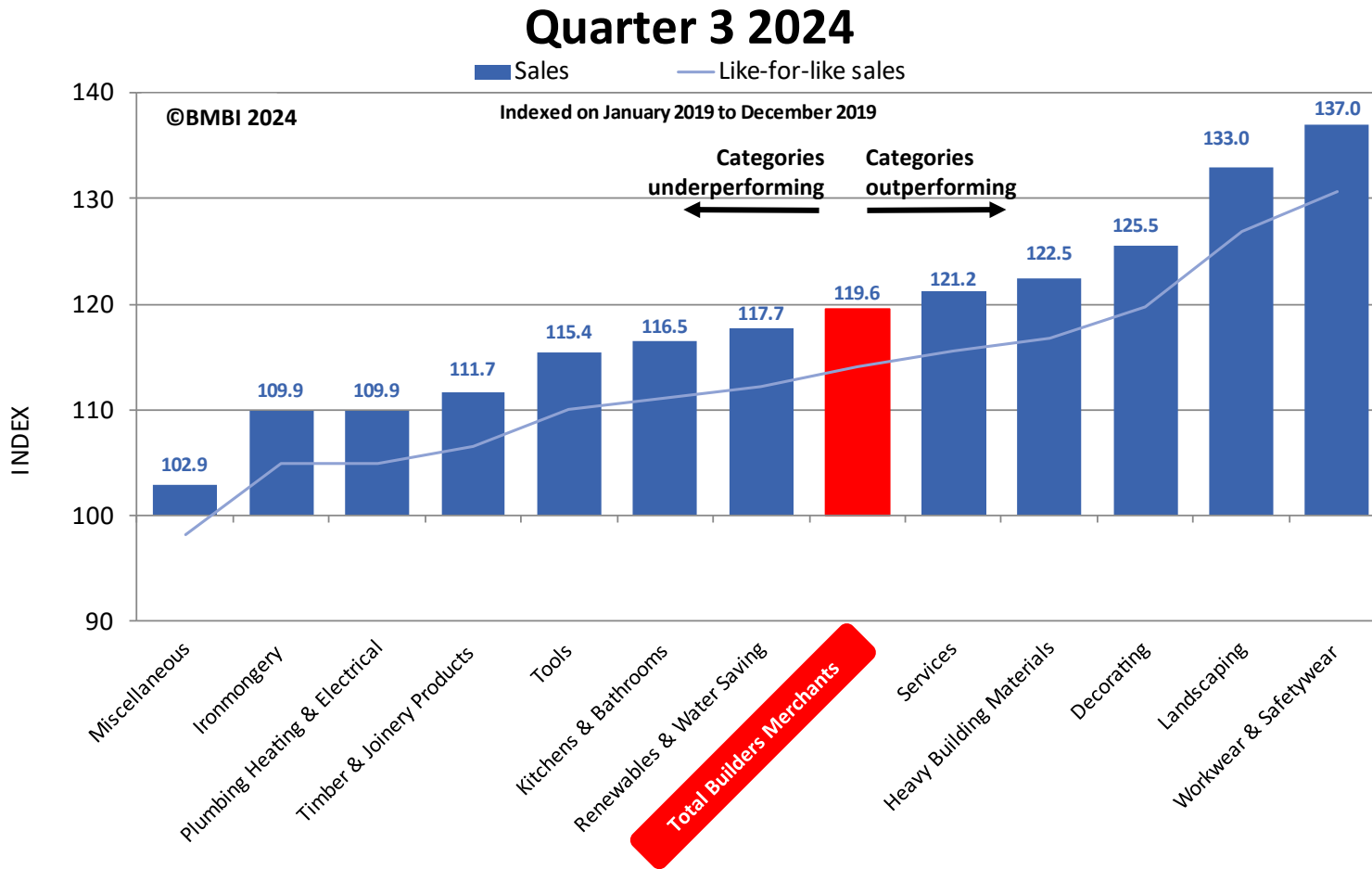
With three more trading days in the most recent period versus the index base period, the like-for-like index was 114.1.

Latest quarter: Index by category

Q3 2024 index

65 trading days in the most recent period 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 September 2024

Workwear & Safetywear (137.0), seasonal category Landscaping (133.0), and Decorating (125.5) were strongest.

Miscellaneous (102.9) indexed the least.

Overview and Insights - 1

Coverage and data audits



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%.

In addition, on occasion enhancements to historic data will be implemented to provide the most up to date and accurate understanding of the market. These enhancements primarily consist of product / SKU level reclassifications or inclusions / exclusions from the reported market based on input provided by the contributing merchants. In the latest month (September 2024) an update has been made to historic data and while there are only small variances at a Total Builders merchants' level i.e. a 0.1% or less difference in monthly year-on-year changes, there are some differences in the data for Tools e.g. in August 2024 we were reporting a -1.7% year-on-year movement in the sales value for Tools, but this has now been updated to +3.6%.

For any queries around this, please reach out to Emile van der Ryst at emile.vanderryst@nielseniq.com

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

Overview and Insights - 2

Emile van der Ryst,

Key Account Manager – Trade & DIY – NiQ GfK



The builders' merchant sector continued to struggle in Q3, as part of the wider economy, influenced by uncertainty of the direction taken by the new government, and continuing global tensions. However, merchants are noting the first signs of positive sentiment, which means the sector could start returning to growth in the second half of 2025.

A quarterly decline as a main indicator supports this, with the most recent quarter down -2.6% against 2023 Q3, the lowest level of quarterly decline since the start of 2023. Price growth has essentially come to a standstill, only increasing by 0.2% while volume is only down by -2.8%.

Both Heavy Building Materials and Timber & Joinery declined more than the overall figure of -2.6%. The former saw value decline by -3.5%, with volume down by -3.9% and price growth of +0.4%. There are a couple of notable trends within this category that stand out from a Q3 perspective, such as larger than average declines for Blocks, Bricks, Insulation and Plasterboard. However, both Aggregates and Plaster bucked this trend, seeing growth. Timber & Joinery recorded a value decline of -4.8%, with Sheet Materials contributing to most of this. Timber performed better than expected, with quarterly growth for Flooring & Flooring Accessories.

There was a small decline of -0.3% in value sales for Landscaping, positively influenced by growth for both Decking and Fencing & Gates. The four smaller categories of Decorating, Services, Tools, and Workwear & Safetywear all saw growth compared to 2023 Q3, with the latter up by 16.5% in value. Kitchens were down by -6.1% in value, while Renewables & Water Management was the only area to see any major struggle, decreasing by -29.1% in value.

The remainder of the year will continue to be challenging, with the reelection of Donald Trump in the US adding another layer of uncertainty for 2025. The budget at the end of October had a frosty reception, but at least gives more certainty around planning and how to approach the next year. It is, however, again worth emphasizing the point that merchants are starting to note the first signs around positive sentiment, so the sector has some potential light at the end of the tunnel.

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Merchants' View

John Newcomb, CEO BMF



Twelve months ago, when we were looking at the year ahead, I suspect most of us thought we would be in a better place by now. Unfortunately, we are still waiting for the first serious signs of the green shoots of recovery to emerge.

The Office of National Statistics (ONS) figures put construction output growth in Q3 2024 at just +0.8% against the previous quarter. This came largely from an increase in new work (+2.0%), as repair and maintenance work fell by -0.6%. However, the overall figure masks the weakness of one sector, private housing repair and maintenance, which fell by -5.8%. All other sectors saw output increase in Q3. The largest contributors to growth were non-housing repair and maintenance (+2.6%) and infrastructure new work (+2.8%).

The Q3 2024 State of Trade Survey from the Federation of Master Builders confirmed the tough market conditions for the UK's small builders. FMB members most commonly undertake renovations and major works. Their workloads for the third quarter of 2024 were down by -7.0% on the previous quarter, with 32% of FMB members reporting a decline in workload, and 41% seeing no change. FMB members also reported a decline both in enquiries (-3.0%) and employment (-4.0%) on the second quarter of the year.

The latest figures from the NHBC, the new homes warranty provider, show new home registrations up by +40% in Q3 2024, but this is from an extremely low position twelve months ago in Q3 2023. Although the statistical increase looks positive, the actual number of new homes registered in the latest quarter (28,724) tells rather a different story and is a far cry from the government's projections of 300,000 new homes a year. The Q3 2024 registration figure is also down (-1.3%) on the number registered in the second quarter of this year (29,093).

Clearly, we are not yet out of the woods in terms of recovery. While we remain hopeful of better times ahead, we are unlikely to see any notable growth until the second half of 2025, and this may well depend on the Government's new housing strategies, details of which have yet to be announced.

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The Expert Panel

Speaking for their markets

The Builders Merchant Building Index (BMBI) includes a 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 we navigate the evolving dynamics of the sector, while considering our budgets and plans for 2025 and beyond, the Government seems to be focused on soundbites....300,000 houses a year is one that sticks in my mind.

In Wood Based Products, we have the sustainability story on our side which, from a 'big picture' perspective, should give us some comfort that the future is improving in our direction. However, we are at a junction where global market pressures, shifting economic landscapes, and policy decisions converge to test our resilience and adaptability.

What will happen to the imports of our key products? Chinese Plywood, for instance, looks likely to attract significant duty at some point soon to assist with Anti-Dumping. EUDR regulations to tackle deforestation and forest degradation in commodity supply chains will certainly reduce imports from some regions. But it looks like implementation has been delayed by the European Parliament for a year, to allow the process administration to be adopted fairly. All hurdles to be jumped!

The UK will most likely see a recovery of new house build activity – yet not to the volumes the new Government are stating. A 10% growth would be the best position we could hope for in 2025 and considering the 2024 low base, that won't consume the production of manufacturers nor fill the vehicles of builders' and timber merchants. Most of the domestic growth (if any) will come from the Repair, Maintenance & Improvement (RMI) sector. As we see the interest rate drop, along with inflation, then consumer confidence will improve and some of the accumulated higher savings will be released. With homeowners increasingly investing in upgrades and sustainability-focused retrofitting, businesses positioned to support this shift will find significant opportunities.

The US has seen some improvement in recent weeks, in the supply/demand balance of both wood-based panels and sawn timber – let's see what happens as the Trump Presidency gets closer, and we see what initiatives he will bring.

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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.

Going into the second half, we suspected the market conditions would be a bit tougher for natural stone and porcelain paving, and a slow-down might be on the cards. We weren't wrong!

Quarter three started with the outcome of the general election, and while we had hoped for an uplift in the market once the new government was appointed, this didn't happen. Labour wasted an opportunity to boost business and consumer confidence with their warnings of tough times ahead, and this affected our RMI customer base.

Many of the high-end landscapers we work with have had work put on hold as customers awaited the outcome of the Autumn budget statement. Now the budget is out, people know the impact the changes will have on their finances, and there will be many more customers choosing to keep money in the bank while the interest rates are still high rather than spend on garden improvements in the short term, at least.

That said, there was one positive from Q3 - the turnaround in shipping prices. A drop in global demand meant that container prices have fallen sharply and as a result, Indian porcelain and sandstone have fallen in price too. To capitalise on low shipping prices, we are extending our range of products from India for 2025, and many of our merchant customers are placing large orders to stock up for the year ahead. It's the right time to buy if you want to increase margins and encourage consumers with more budget-friendly options.

In terms of products, dark grey paving sales continue to decline both here and in Europe, with consumer tastes shifting towards neutral colours like cream, light grey and greige. Products to create unique features within an outdoor space, such as wall or step cladding and mosaic paving, are also trends to watch for 2024-25. Customers are increasingly looking for value for money too, so stocking products with different price points is really important to secure sales.

The market may be down now, but we believe that things will pick up next year, with a cracking pre-season in Q1 2025, and a return to a more buoyant RMI market in the spring.

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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.

Political uncertainty in the build up to the Labour party's Autumn budget, coupled with a sustained period of unsettled weather, had a negative effect on consumer confidence and merchant sales throughout the majority of Q3.

Data from the Federation of Master Builders' 'State of Trade' survey showed a decline in workloads for the UK's small builders, as well as a shortage of general labourers, roofers, painters and decorators. While this paints an underwhelming picture, there were some positives, with inflation falling and house prices and mortgage approvals continuing to rise.

Reports of a skills shortage are unsurprising, and I believe the government's decision to raise employers' National Insurance contributions will add further challenges for companies already struggling with recruitment. In the construction sector, these additional employment costs could hinder growth, discourage hiring, and dampen investment enthusiasm.

The flipside to this is the importance of upskilling existing workforces. Builders' merchants are a fundamental support system for construction projects, so their effectiveness directly impacts the industry's overall productivity.

With construction companies facing tight deadlines and limited staff, merchants who provide high-quality customer support and technical advice become even more valuable. Upskilling ensures that staff can handle complex queries, provide accurate information on materials and their applications, and assist in troubleshooting — all of which make them essential partners to contractors.

This is backed by manufacturers such as Bostik that offer hands-on training and online resources for merchant staff. By educating industry workers on the correct use and installation of their products, manufacturers help reduce errors and improve efficiency.

In times like these, it's important to remember that the UK construction industry has proven its resilience time and again, adapting to economic downturns, regulatory changes, and market shifts. The industry's adaptability is a strength that will help it overcome current challenges, and there are numerous positive trends and developments such as digital transformation, sustainable practices, and advanced building methods that offer reason for optimism in the years to come.

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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.

Reflecting on Quarter 3 of 2024, the UK construction industry faced a mix of challenges and opportunities. According to Glenigan (a leading construction projects information provider), planning approvals plummeted by 47% during this period, and the value of construction projects that commenced declined by 22% compared to the previous quarter. The sector, particularly residential construction, was pressured by high inflation and rising material costs. These economic stresses led many developers to adopt a cautious "wait-and-see" approach, postponing projects until market conditions improved and there was greater clarity on the General Election and Autumn Budget outcomes.

Potential is on the horizon, with speculations about a possible interest rate reduction later this year or early next year, presenting new growth opportunities. This shift could boost investment and activity in the construction sector, offering hope amid economic pressures. In Q3, The Construction Products Association forecasted a 2.5% rise in total UK construction output in 2025, an improvement over the previous quarter's 2.0% growth prediction for the same year.

The demand for sustainable, eco-friendly products has surged due to the government's ESG (environmental, social and governance) goals. These objectives have driven businesses and homeowners to invest in greener solutions. Consequently, the RMI sector has started to reactivate with homeowners increasingly opting for energy-efficient retrofits and renovations to reduce their carbon footprint and boost energy savings.

Despite rising costs for materials like concrete and copper, signs of stabilisation are emerging, offering relief to suppliers and manufacturers maintaining margins. This is crucial for affordable housing projects with tighter budgets. Improved supply chains enhance resilience, enabling smoother progress. However, labour shortages challenge timelines and increase costs, emphasizing the need for strategic workforce planning and skills development to meet demand effectively.

Looking ahead, government initiatives like the Get Britain Building plan offer a potential rebound in 2025. Policy shifts towards affordable housing could drive growth, address the housing shortage, and create expansion opportunities. By aligning with government goals and preparing for economic changes, the sector can navigate current challenges and emerge stronger, ready to seize future opportunities.

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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.

While not exciting, quarter three 2024 has at least held consistent tonnage aligned to quarter two, being a stable period in terms of volume. Stable is good, but to put the current level of activity into perspective, the National House Building Council (NHBC) registered 28,724 new homes across the UK in Q3. That's up from an extreme low of 20,449 in Q2, but over the last 15 years only one three-month period was weaker than the last quarter, with 28,353 new homes being registered in Q3 2012, when the country was only just struggling to emerge from the financial crisis.

The House Builder sector has shown signs of improvement on a weekly house sales per site basis, however the lack of new building sites being opened has curtailed any significant growth. Reforms in the planning system are expected to streamline processes, offering house builders and the supply chain much needed planning approvals.

The Repair Maintenance & Improvement (RMI) sector, on the other hand, has not seen any notable summer demand, and with housebuilders changing cavity widths from 100mm to 150mm to provide their homes with higher levels of insulation, the merchant and the manufacture need to be managing stock levels extremely closely. New enquiry's numbers suggest there is work out there, but not in great volumes.

Continued mortgage rate cuts should help those who need to extend or buy, but the impact of the budget will only drive material prices upwards. The new building regulations now offer home buyers a distinctive choice in terms of energy efficiency compared to older properties. The trend is for new home buyers to be more likely to put the environment as the keystone of their decision making.

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, in stock ranging, and working with our merchants in best-partnerships so they are prepared for the builders' demands will be critical for a modern supply chain.

We have to be forward thinking and optimistic for the future.

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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.

We experienced a similar trend across Q3 to that of Q2, with an overall softer market than was forecasted, as the industry faced a more challenging quarter.

The ripple effects of economic uncertainty continue to have an impact. The Bank of England's base rate cut to 5% in August was a welcome adjustment, aimed at providing some relief across our principal sectors. We were encouraged to see a further drop more recently. However, the wider economic instability has made it difficult to gauge the near to mid-term outlook. Financial pressures, subdued consumer confidence and the on-going challenge of insolvencies all contribute to an ongoing unsettled environment.

As a key supplier nationally to builders' merchants, we are acutely aware of the on-going pressures in the market, and we continue to work actively to support our customers in managing the impact of these challenges. We are committed to providing flexibility in supply chain operations, to ensure continuity and reliability for all the sectors we supply, amid fluctuating demand levels. Operationally, we are continuing to invest in our distribution network to position ourselves strongly as the market begins to recover moving into 2025.

A good example of this is the recently announced new distribution centre in the North of England, which stocks British Gypsum's core range of products, alongside other Saint-Gobain product ranges. The centre further strengthens our existing service offering and allows us to expand and explore new opportunities to maximise our logistics capacity in a more sustainable way.

Overall, we remain optimistic that the market will begin to improve over the coming months. There will undoubtedly be a continuing focus on balancing economic pressures, skills shortages and the path to net zero, but we look forward to playing our part in supporting the industry and the supply chain through these evolving conditions. Working collaboratively, we believe we can help to drive change by encouraging others in the sector to adopt innovative practices that are not only cost-effective but also environmentally responsible.

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...we are committed to providing flexibility in supply chain operations, to ensure continuity and reliability for all the sectors we supply, amid fluctuating demand levels.

Expert Panel

Mineral Wool Insulation

(Part of Heavy Building Materials)



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

It's been a challenging period for the construction industry, but the trendlines are positive as we look to the year ahead. Public policy and falling interest rates should bolster housebuilding, and we expect robust demand for mineral wool insulation – evidenced by our investments in UK manufacturing capacity for both glass and rock mineral wool.

What does 2025 look like beyond the numbers? Expect to see the increasing influence of a few major issues shaping construction. Sustainability and the drive to reduce not just operational carbon, but embodied carbon too. The push to reduce building risk via improved construction practices and products. And of course, real performance.

Too often, finished buildings aren't as efficient, as quiet or as safe as they were designed to be. Driven by changing regulations and evolving technology, 2025 will be a year of greater scrutiny, more accountability, and an increased focus on closing the performance gap.

How will the construction industry rise to the challenge? Part of the answer lies in a more joined-up supply chain, acting with greater visibility of what happens on site.

When specifiers know certain products aren't practical to install correctly in typical site conditions, they can adapt their designs. When housebuilders know there's underperformance on a plot, they can adjust their processes. When merchants know which products perform, they can make tailored recommendations. Knowing is the key. And that knowledge comes from on-site insights.

Building these feedback loops has long been a priority for Knauf Insulation. Our service offering is increasingly geared towards measuring and monitoring actual performance. And our product innovation is actively informed by what we learn – such as our recent launch of a rainscreen slab with a water-repellent facing in response to observations about exposure time on site. Our merchant customers should expect our product portfolio to continue to evolve to meet changing market needs in the real world.

Through 2025, we should see tangible progress towards a more joined-up construction industry. By closing the gaps across the value chain, we can close the most important gap of all.

Too often, finished buildings aren't as efficient, as quiet, or as safe as they were designed to be.

Part of the answer lies in a more joined-up supply chain, acting with greater visibility of what happens on site.

Expert Panel

Cement & Aggregates

(Part of Heavy Building Materials)



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

While we were hopeful of a lift in demand in Q3, the market slowed again and we have seen a notable flattening in volumes for cement and aggregate products.

The latest market figures, published by Mineral Products Association, show modest growth for Q3 compared to Q2 however year-to-date sales volumes are lagging 2023 levels, with ready-mixed concrete (-14.1%), sand & gravel (-10.5%), and mortar (-20.1%) significantly down. Sales of asphalt and crushed rock also declined, and volumes for all markets remain well below historic levels.

The cause of market stagnation could be the continuing wet weather, which has blighted construction projects, but also caution from businesses and consumers, who held back on spending until the Autumn budget was delivered.

For cement and aggregates suppliers the budget provided much-needed assurances about the Government's commitment to the 1.5 million homes target, with the Chancellor investing £5billion in measures to boost housing supply over the next five years. This is very much welcomed by the industry, and we are happy to gear up to meet a level of housebuilding which hasn't been seen since 1977/78, but we need more details about how this is going to happen to commit our own investments.

To do this, we'd welcome engagement from the government so we can deliver a joined up and realistic plan to meet housing targets and deliver the infrastructure which will be needed for those new homes – such as roads, schools, shops and GP's surgeries. We don't envisage material shortages, but if increases in orders aren't planned and activity spikes, it will impact the supply chain. And where are the skilled workers coming from to build these houses?

This unprecedented level of development must also be sustainable. At the end of October, we hosted our latest Talk About Sustainability event and introduced evoZero - the world's first carbon captured net-zero cement - which will soon be available in the UK. It's part of our £1billion investment in 20 sites around the world to develop low carbon and circular products.

Without careful planning and industry engagement, the Chancellor's lifeline for housebuilding could be a very costly white elephant.

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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

Demand in the fastener and fixings sector has continued to follow the general trends across merchants, with soft demand driven by the sluggish levels of construction and RM&I activity. With no immediate end in sight to the tensions in the Middle East, imports from the Far East will likely continue using the Cape of Good Hope route for the foreseeable future. This change to the supply chain has now stabilised, with a stable supply. With global economic demand being subdued, there has been some easing of the shipping rates, which will ease the inflationary pressures on products.

In early September, the government announced, rather belatedly, that the requirement for construction products to have UKCA(UK Conformity Assessed) approval for use after the 30th of June 2025 was being withdrawn and that the European Union's CE marking would continue to be recognised, with the same being true of ETA (European Technical Assessment) certification, which was established to harmonise the safety performance of construction products. The government has not abandoned UKCA, which remains a valid mark but is now consulting on a wider reform of construction product regulation. Despite the investment that many companies have already made in testing for UKCA, this move is generally welcomed as there was no difference in the UKCA and CE standards, simply where the tests had been conducted. Equally welcome is the commitment that at least two years' notice will be given of any further regulatory changes in this area.

The publication of the Grenfell report saw scathing criticism of many aspects of construction and highlighted a great deal of product information dishonesty. This has given some real impetus to the Code for Construction Product Information and getting the whole industry aligned on providing accurate and appropriate information for our products.

...Grenfell report saw scathing criticism of many aspects of construction...

...given real impetus to the Code for Construction Product Information and getting the industry aligned on providing accurate and appropriate information for our products.

Expert Panel

Paint

(Part of Decorating)



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

In the third quarter, the trade paint market showed signs of recovery, with the Moving Annual Total (MAT) growth improving to -1.5%. This was largely driven by a +1.6% year-on-year increase in Q3 volume sales. The uplift was primarily influenced by a delayed start to projects due to previously poor weather, with activity in the paint industry showing the expected lag as paint goes on last.

The release of the first Labour budget in 14 years has impacted consumer confidence, signaling inflation is going to stay higher for longer with mortgage rates likely to remain elevated for an extended period. This is dampening an otherwise growing optimism for a construction market rebound. That optimism was further knocked by the recent collapse of ISG, which sent shockwaves across the industry. Despite these challenges, the Construction Products Association (CPA) has updated its forecast, predicting a -2.9% decline in construction output in 2024, followed by a 2.5% increase in 2025 and further growth in 2026.

Private Housing Repair, Maintenance, and Improvement (RMI): As the second largest sector within the market, Private Housing RMI remains significantly down. Professional painter and decorator booking trends, heavily influenced by seasonal patterns, are down compared to last year, with London experiencing particularly subdued activity.

New Build Sector: While the new build sector has faced a challenging year, forecasts indicate a resurgence in 2025 as market conditions improve.

Non-Housing RMI: Volume growth in non-housing RMI has stabilised following a surge of commercial investments preparing for events and seasonal activities in offices, educational facilities, and social housing. This segment appears to have benefitted from increased spending earlier in the year.

Sales of decorative trade paint to builders' merchants declined significantly in Q3 on a year-over-year basis, with double-digit reductions. This underperformance suggests a gap in growth potential, as builders' merchants are currently lagging behind the broader market's overall performance.

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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.

Since our last update, the UK Government has delivered their Autumn Budget. In doing so, they have managed to deflate confidence with new fiscal rules that seem to have pleased no one.

Positively, the budget outlined plans for £5 billion in housing initiatives, including increasing the supply of affordable homes and hiring additional planning officers to support housing building. These measures align with Labour's target of delivering 1.5 million homes over the next 5 years.

Against this backdrop, the industry is seeing a cautious sense of optimism. According to the latest National Federation of Roofing Contractors (NFRC) report, nearly half of roofing contractors expect their workloads to increase in the coming year. However, this is from a low base and won't happen without consumer confidence.

The impact of NIC and Minimum Wage increases will have a substantial and detrimental effect on the profitability of manufacturers, merchants and builders, at a time when depressed volumes are already making it more difficult to cover their overheads. Tough decisions will inevitably be made, none of which are likely to boost growth. These will need to include price inflation at a time that we would prefer to be driving volume.

We need well thought out, well executed growth initiatives. The want and need for an increase in construction activity is beyond doubt. The cost of borrowing is much more affordable now, driven partly by competition in the lending market. We just need potential home buyers to have the confidence to make the big decision to move home.

At Keylite, we remain focused on what matters most – our customers. We aim to continue to grow our market share by further enhancing our product offerings, particularly with a new offer on flat roof products coming to market to support a growing category, and by maintaining a strong commitment to service.

With innovative, patented design features we offer quality products, award winning service, and margin enhancing opportunities for merchants across our full range of pitched and flat roof windows, associated flashings, blinds and accessories and timber loft ladders.

...focused on what matters most – customers. We aim to continue to grow market share by further enhancing our product.

...innovative, patented design features, quality products, award winning service, and margin enhancing opportunities for merchants.

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.

The success of any e-commerce strategy hinges on the foundation of accurate, detailed, and standardised product data. For retailers like Kingfisher, which aims to derive 30% of its revenue from online sales, this principle is evident. With 93% of online orders reportedly being picked from stores, customers are increasingly leveraging digital platforms to conduct product research and finalise their purchasing decisions at their own pace. Trade customers increasingly expect a service level on par with the one they experience as retail consumers while the seamless transition from online browsing to in-store fulfilment not only enhances customer satisfaction but also reduces the burden on store staff.

High-quality product data ensures an enriched shopping experience. Detailed descriptions, high-resolution images, technical specifications, and compatibility information allow customers to make informed decisions with confidence, leading directly to higher conversions. Moreover, standardised product data enhances search engine rankings, driving visibility and traffic. According to industry insights, quality product data can directly contribute to increased sales, reduced return rates, and better customer retention. ([Creating a Product Data Strategy White Paper.](#))

Online catalogues must accurately represent the inventory available for collection or delivery. This is where perfect product data acts as the bridge between online research and physical fulfilment, ensuring operational efficiency and a superior customer experience. The drive for standardised product data across the construction and building materials sector represents a collective effort to meet these demands. The Builders Merchants Federation (BMF) recently unveiled version 1.1 of its Product Data Template, a significant step toward creating a unified framework for manufacturers and suppliers. This initiative aims to streamline product information, making it easier for merchants, specifiers, and end-users to access and interpret data uniformly.

Data standardisation is about creating a "single source of truth" that benefits all stakeholders. The BMF template supports consistency across product categories and suppliers, ensuring that merchants can provide accurate, accessible, and actionable information to their customers. This not only aligns with evolving eCommerce trends but also reinforces the industry's commitment to efficiency and innovation. As the construction and building materials sector continues to evolve, the shared responsibility of manufacturers, merchants, and industry bodies to align on data standards will become increasingly critical.

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Expert Panel

Plumbing & Drainage



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

Unfortunately, Quarter Three continued to exhibit the sluggish market conditions that were carried over from the first half of the year. House builders and independent merchants remain gloomy about the rest of this year and the early months of 2025, but with five year and two-year fixed interest rates now at their lowest point for 12 months we believe we are approaching the bottom of the market.

Inflation has lifted to 2.3% in October, but this does not appear to derail the planned drop in the Bank of England base rate. Repair maintenance and improvement (RMI) activity remains as subdued as new build activity, and reduced household disposable income and a relatively neutral budget from a household perspective will not add the much-needed stimulus.

The government's target of 300,000 new houses a year is welcomed, and the budget did give some support to public sector new build but that isn't sufficient to create the stimulus to meet the 300,000 new homes target.

Cost inflation is a continuing concern, coming from both internal and external forces. The self-inflicted inflationary hit from the budgetary double whammy of increased employers National Insurance and the raised minimum wage will undoubtedly manifest themselves as price increases in the first half of 2025. The new government in the United States has also indicated the potential for a tariff driven trade war. That can only lead to increased material inflation.

The independent merchant sector continues to outperform the overall distribution market, and we believe customer service levels and a commitment to long term strategic partnerships are central to our shared success. As a privately owned business, Brett Martin continues to invest in production and distribution capacity to ensure we can service our merchant partners when the upturn eventually arrives.

The government's target of 300,000 new houses a year is welcomed, and the budget did give some support to public sector new build.

But that isn't sufficient to create the stimulus to meet the 300,000 new homes target.

Expert Panel

Heating & Cooling



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

In Q3 2024 the construction industry looked for tangible short-medium term government assistance to boost the supply and demand of residential home building. For example, some quick win stimuli to boost home building driven through stamp duty, or additional first-time buyer support to help increase demand. This did not materialise and, instead, we got increases in National Living Wage and National Insurance contributions. There are however some positive signals, around planning and land release for future home building, which should set up an increase in medium-long term home building.

In my last comments for the BMBI, I called for stability in the UK economy following four years of volatility and unpredictability. This has been one of the positives in 2024 so far. With inflation stabilising this has driven a reduction in interest rates. Stability is important to allow all parts of the housing delivery supply network to finally re-base themselves and start to work on affecting meaningful positive change via collaboration and partnerships. Polypipe Building Products' customers have started to benefit from the fruits of our efforts to strike up real partnerships with like-minded and strategically aligned businesses. Establishing close, direct connections between support functions of our respective businesses has been a foundation step to engraining the voice of the customer, and a problem-solving culture, into everything we do.

A key focus for Q4 2024 and 2025 will be ensuring that we, and our partners, are fully prepared for growth. Despite the lack of short-term support for growth, the government has consistently reiterated targets for housing delivery to increase substantially to 300,000 homes a year. To do this, all stakeholders in the home building supply chain must have actionable plans in place to expand output to meet potential future demand. Working together with customers to innovate and modernise is a key enabler for growth, and Modern Methods of Construction (MMC) is one of those keys. Be it via offsite construction, pre-assembled parts, optimised design, or improving on-site processes, the opportunity to revolutionise UK construction is vast. Polypipe Building Products will be front and centre of the MMC movement to create sustainable living... faster, and more of it!

A key focus for Q4 and 2025 will be ensuring that we, and our partners, are prepared for growth.

Working with customers to innovate & modernise to enable growth.

Modern Methods of Construction (MMC) is one of those keys.

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	23	21	21				63	62	65		125		

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

GfK's Definition of Builders Merchant Panel



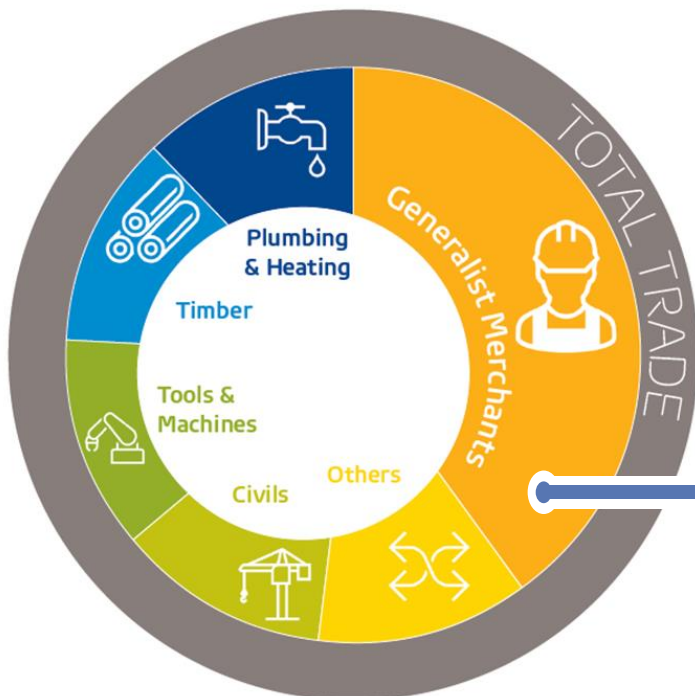
Generalist Builders Merchants definition:

- 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

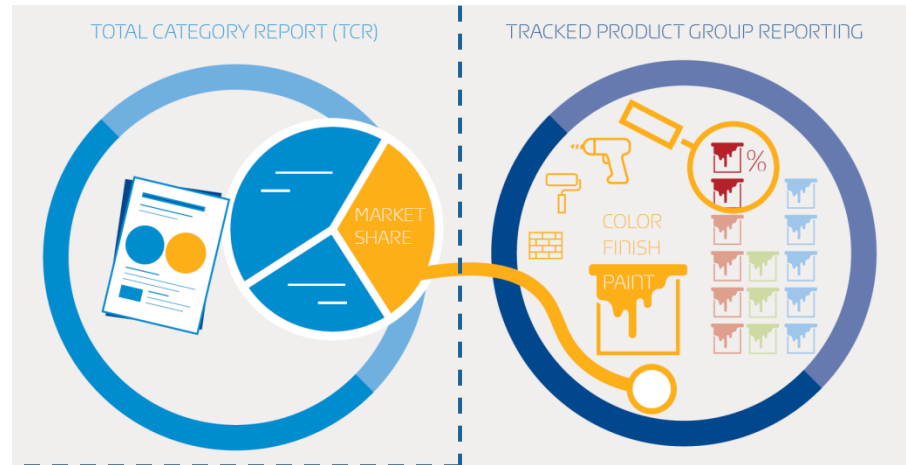
Bathroom (Including Showering)
Fitted Kitchens
Major Appliances

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.vanderryst@nielseniq.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

Summer / Autumn 2024 Edition

Builders Merchants Industry Forecast Report

The latest forecast report of the BMF's Builders Merchants Industry Forecast, covering Summer/Autumn 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 12 months, making it possible for merchants and suppliers to forecast their customers' requirements more accurately.

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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