

Monthly Construction Update

Business Statistics Team
11 April 2025



Department for
Business & Trade

Note: The Construction Output and Gross Domestic Product publications reported on below use ONS Producer Price Indices to adjust data in the releases for inflation. The publication of these indices has been [temporarily paused due to data issues](#). ONS hope to resume publication of these indices in Summer 2025, and while revisions are expected for data from 2008 onwards, it is not thought that broad economic trends will be significantly changed.

Construction output increased by 0.4% in February 2025

The **Office for National Statistics** published estimates of Construction Output for [February 2025](#) this morning.

Main points:

- Monthly construction output is estimated to have grown by 0.4% in volume terms in February 2025; this follows a downwardly revised decrease of 0.3% in January 2025.
- This increase in monthly output came from increases in both new work (0.3%) and repair and maintenance (0.5%).
- Anecdotal evidence from survey returns noted the mixed effects of the weather; with rain and cold temperatures at the start of the month, followed by more settled, warmer weather towards the end of the month.
- At the sector level, five out of the nine sectors grew in February 2025; the main contributors to the monthly increase were public other new work, and public housing repair and maintenance, which grew by 4.4% and 4.0%, respectively.
- Construction output is estimated to have shown no growth (0.0%) in the three months to February 2025; an increase in new work (1.2%) was offset by a fall in repair and maintenance of 1.5%.

Gross Domestic Product increased by 0.5% in February 2025

The **Office for National Statistics** published estimates of GDP (Gross Domestic Product) for [February 2025](#) this morning.

Main points:

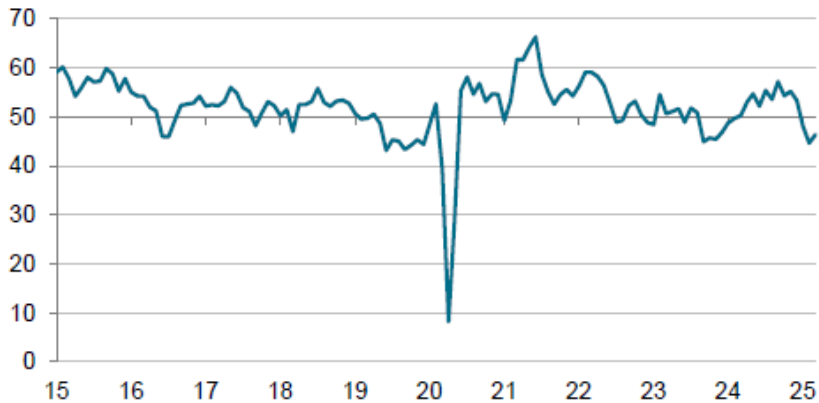
- Monthly real gross domestic product (GDP) is estimated to have grown by 0.5% in February 2025, with growths in all main sectors, following January 2025 which showed no growth (revised up from a fall of 0.1% in our previous publication).
- Real GDP is estimated to have grown by 0.6% in the three months to February 2025, compared with the three months to November 2024, mainly because of growth in the services sector.
- Monthly services output grew by 0.3% in February 2025, following unrevised growth of 0.1% in January 2025, and grew by 0.6% in the three months to February 2025.
- Production output grew by 1.5% in February 2025, following a fall of 0.5% in January 2025 (revised up from a 0.9% fall in our previous publication), and grew by 0.7% in the three months to February 2025, with manufacturing output driving the monthly and three-month growths.

S&P Global / CIPS UK Construction Purchasing Managers Index for March 2025

Figure 1: Monthly Construction Total Activity Index, start of series to February 2025.

S&P Global UK Construction PMI Total Activity

Index, sa, >50 = growth m/m



Data were collected 12-28 March 2025.

Source: S&P Global PMI. ©2025 S&P Global.

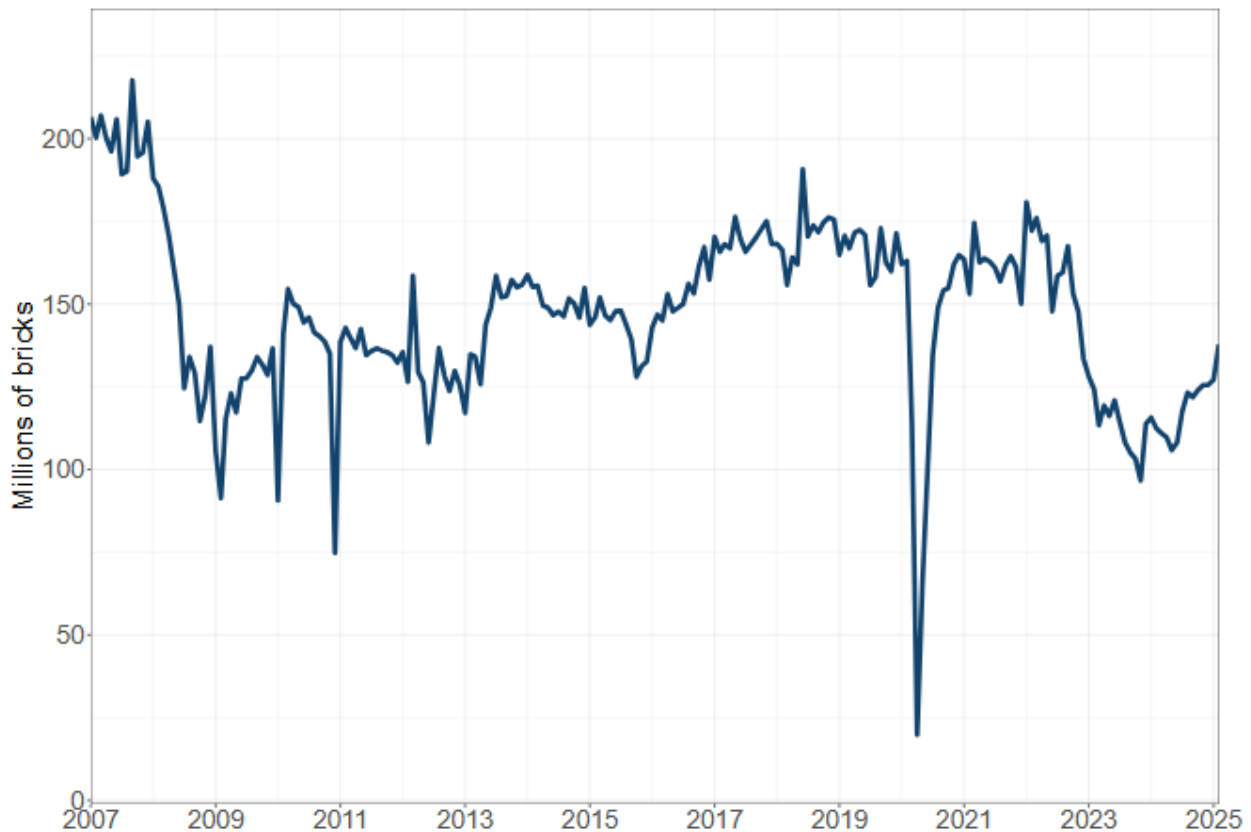
S&P Global CIPS published their latest [construction purchasing managers index](#) for February 2025 on 6th March 2025.

Main Points:

- In addition to a third month of contraction in construction output, UK construction companies reported pressure on margins due to sharply rising input and employment costs.
- The S&P Global UK Construction PMI registered at 46.4 in March, an increase compared to February but still well below the 50.0 no-change threshold, marking the third consecutive month of reduction in output.
- Civil engineering activity was the weakest performing area at 38.8, with delayed decision making on new infrastructure projects cited. Residential activity declined at a slower pace than in February at 44.7, with respondents commenting on weak demand conditions despite lower borrowing costs. Commercial building declined at the slowest pace at 47.4, with lower business activity linked to lacklustre UK economic prospects and rising geopolitical activity.
- Reduced demand conditions have led to another decrease in new orders, for the third consecutive month. Construction companies have cited a lack of sales and greater competition for new work.
- Lower workloads, elevated interest rates and worries about economic outlook have weighed on business activity expectations in March, leading to lowest business confidence since October 2023. Nonetheless, some firms have noted optimism for increasing demand across the renewable energy and infrastructure sectors.
- Mirroring construction output and new orders, staffing numbers have also decreased for the third consecutive month, with the rate of job shedding highest since October 2020. Subcontractor usage also decreased at a solid pace.
- Construction companies reported cutbacks to input buying in response to lower workloads.
- Higher employment costs due to rises in National Insurance contributions and the National Minimum Wage have continued to push up input price inflation.

Building Materials and Components

Figure 2: Monthly seasonally adjusted deliveries of bricks (in millions), Great Britain, 2007 to January 2025



The latest [Monthly Statistics of Building Materials and Components](#) were published on 5 February 2025.

Headline findings:

- Deliveries of bricks increased by 22.6% in February 2025 compared with February 2024
- Deliveries of blocks increased by 2.6% in February 2025 compared with February 2024
- Due to the [Office for National Statistics pausing the publication of producer price indices \(PPIs\)](#), publication of construction material price indices also had to be paused, leading to no new data for February 2025.

Business Insights and Impact on the UK economy

The **Office for National Statistics** published further information from their fortnightly [Business insights and impact on the UK economy](#) publication on 3 April 2025, summarising information on the overall UK business population. The survey was live from 17 to 30 March 2025.

Key Points:

- In late March 2025, nearly a third (32%) of businesses with 10 or more employees reported they had some form of concern about their supply chains over the next 12 months; this is up 2 percentage points from late December 2024 and up 5 percentage points compared to late September 2024.
- Of the 32% of businesses with 10 or more employees that reported having at least one concern about their future supply chains, 53% reported that they expect to be impacted by the increased costs of sourcing materials, up 6 percentage points from late December 2024.
- In late March 2025, nearly three in five (58%) businesses reported that they were not concerned about the impact climate change may have on their business, broadly stable with late December 2024.
- More than one in six (18%) businesses reported that they are currently using some form of artificial intelligence (AI) technology in late March 2025, broadly stable with late December 2024, but up 8 percentage points since the question was first introduced in late September 2023; for businesses with 250 employees or more, this increased to 31%, up 13 percentage points compared to September 2023.
- When asked in late March 2025, 77% of businesses reported they were not planning to adopt artificial intelligence (AI) technologies in the next three months, down 3 percentage points since late December 2024; the transportation and storage and construction industries had the largest proportion of businesses to report this, at 87% and 86% respectively.
- In late March 2025, 59% of all businesses reported they have a high or moderate level of confidence they will be able to meet their current debt obligations, while 3% had low or no confidence, both broadly stable with late December 2024; in contrast, 28% reported they currently have no debt obligations, down 3 percentage points over the same period.

Construction Output Forecasts

Experian published their Winter 2024 [forecasts](#) for the construction sector in January 2025.

Key points:

- Total construction output is projected to decline by 1.1% in 2024, then grow by 3.5% in 2025 and 4.8% in 2026.
- The new housing sector is expected to decline by 7.1% in 2024, then grow by 4.6% in 2025 and 11.2% in 2026.
- Total repair, maintenance, and improvement (RM&I) is forecast to grow by 4.2% in 2024, 3.0% in 2025 and 2.8% in 2026.
- The new infrastructure sector is expected to decline by 7.0% in 2024, then grow by 2.7% in 2025 and 2.5% in 2026.
- The private industrial sector is expected to decline by 2.0% in 2024, then grow by 2.0% in 2025 and 4.5% in 2026.
- The private commercial sector is expected to decline by 1.1% in 2024, then grow by 4.4% in 2025 and 2.7% in 2026.
- The public non-residential sector is forecast to grow by 3.0% in 2024, 3.8% in 2025 and 3.9% in 2026.

The **Construction Products Association** (CPA) published their [Winter construction industry forecast](#) on 24 January 2025.

Key points:

- The CPA forecasts construction output to grow by 2.1% in 2025 and 4.0% in 2026.
- Private new housing is expected to grow by 6.0% in 2025 and 8.0% in 2026.
- Private housing repair, maintenance, and improvement (rm&i) is expected to grow by 3.0% in 2025 then 4.0% in 2026.

Gross Domestic Product Forecasts

The latest monthly **Consensus Economics** [Forecast Survey](#) (which uses an average of private sector forecasts) results were published in April 2025.

- The mean GDP forecast for 2025 is 0.7%, down from 0.9% in previous month's forecast.
- The mean GDP forecast for 2026 is 1.1%, down from 1.2% in previous month's forecast.

The **OECD** published their latest [Economic Outlook](#) in December 2024:

- UK GDP is projected to grow by 0.9% this year, down from 1.1% in the previous forecast in September, and to grow by 1.7% in 2025, up from 1.2% forecasted in September.
- Global GDP growth is projected to increase by 3.2% this year, with no change to September's forecast, and 3.3% in 2025, up from the 3.2% forecasted in September.

Bank of England Summary of Business Conditions

The **Bank of England** published its most recent update to the [Agents' Summary of Business Conditions](#) on 20 March 2025, covering intelligence gathered in the 6 weeks to the end of February 2025.

Key points:

- There is further easing in the rate of decline in construction output compared to a year ago.
- Contacts expect modest growth in output in the second half of 2025, heavily influenced by expectations of interest rate cuts and increased government spending materialising.
- Private housing construction has continued to pick up at a modest rate, with output marginally ahead of a year ago. Overall repair and maintenance output is up slightly, driven by commercial renovations.
- Some private commercial developments, including data centres and warehouses, are progressing, but the sector overall is declining hindered by high funding and construction costs.
- Across construction as a whole, planning delays, a lack of utility connections, high costs and labour shortages are cited as future constraints on development.

Builders Merchant Building Index

The [Builders Merchant Building Index](#) for January 2025 was published by the **Builders Merchants Federation, GfK and MRA Research** on 26 March 2025.

January 2025 vs December 2024

- Total Builders' Merchants value sales were 33.9% higher in January 2025 compared to December 2024. Volume sales were up 34.3% and prices were down 0.3%. With five more trading days this month, like-for-like sales were up 3.5%.
- Eight categories performed better than Total Merchants this year, with Miscellaneous (+38.9%) and Ironmongery (+38.5%) at the top of the list. Services (+13.5%) and Landscaping (+26.8%) were the weakest performers.

January 2025 vs January 2024

- Total Builders' Merchants value sales were 2.3% lower in January 2025 compared to the same month last year. Total Builders' Merchants volume sales were flat (0.0%) and prices were down 2.3%. There was no difference in trading days.
- Six categories performed better than Total Merchants, with Tools (+2.4%) and Services (+3.5%) the only categories to show growth. Decorating (-6.3%) and Timber & Joinery Products (-4.4%) showed the most significant decreases.

Expected dates for future construction output releases	
<i>Release for:</i>	<i>Publication date:</i>
March 2025	8 May 2025
April 2025	12 June 2025
May 2025	11 July 2025

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