Monthly Construction Update

Business Statistics Team
16 October 2025

Department for Business & Trade

Construction output fell by 0.3% in August 2025

The **Office for National Statistics** published estimates of Construction Output for August 2025 this morning.
Main points:

- Total construction output is estimated to have grown by 0.3% in the three months to August 2025.
- Over the three-month period, new work fell by 0.4%, and repair and maintenance grew by 1.3%.
- At the sector level, five out of the nine sectors grew in the three months to August 2025; the main contributor to the increase was private housing repair and maintenance, which grew by 5.6%.
- Monthly construction output is estimated to have fallen by 0.3% in August 2025, after showing no growth in July 2025 (revised down from 0.2% growth in our previous publication).
- The decrease in monthly output in August 2025 came solely from a decrease in repair and maintenance (1.5%), as new work increased on the month (0.5%).

Gross Domestic Product grew by 0.3% in August 2025

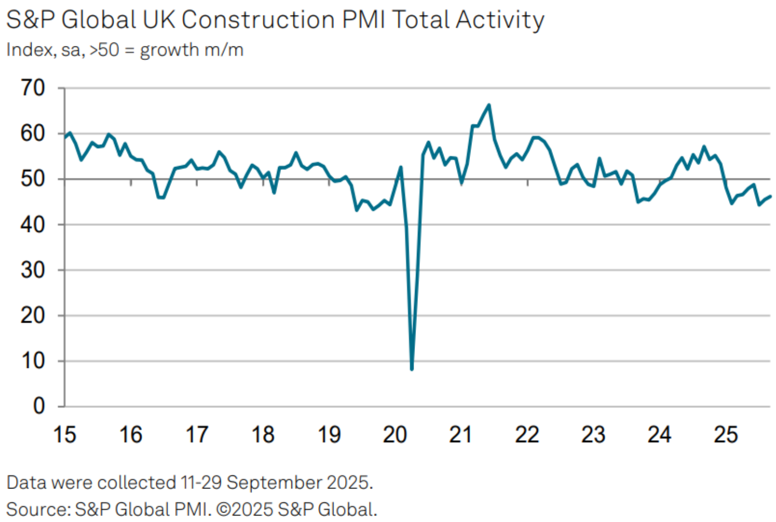
The **Office for National Statistics** published estimates of GDP (Gross Domestic Product) for August 2025 this morning.

Main points:

- Real gross domestic product (GDP) grew by 0.3% in the three months to August 2025 compared with the three months to May 2025, a slight increase following growth of 0.2% in the three months to July 2025.
- Services output grew by 0.4% in the three months to August 2025, compared with the three months to May 2025; this is unchanged after also growing by 0.4% in the three months to July 2025.
- Production output fell by 0.3% in the three months to August 2025, compared with the three months to May 2025; this is a smaller decrease than in the three months to July 2025, when it fell by 1.4% (revised down from a fall of 1.3% in our previous publication).
- Monthly GDP is estimated to have grown by 0.1% in August 2025, following a fall of 0.1% in July 2025 (revised down from no growth in our previous bulletin) and a growth of 0.4% in June 2025.
- Production grew by 0.4% in August 2025, whereas services showed no growth and construction fell by 0.3% in August.

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

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



S&P Global CIPS published their latest construction purchasing managers index for September 2025 on 6 October 2025.

Main Points:

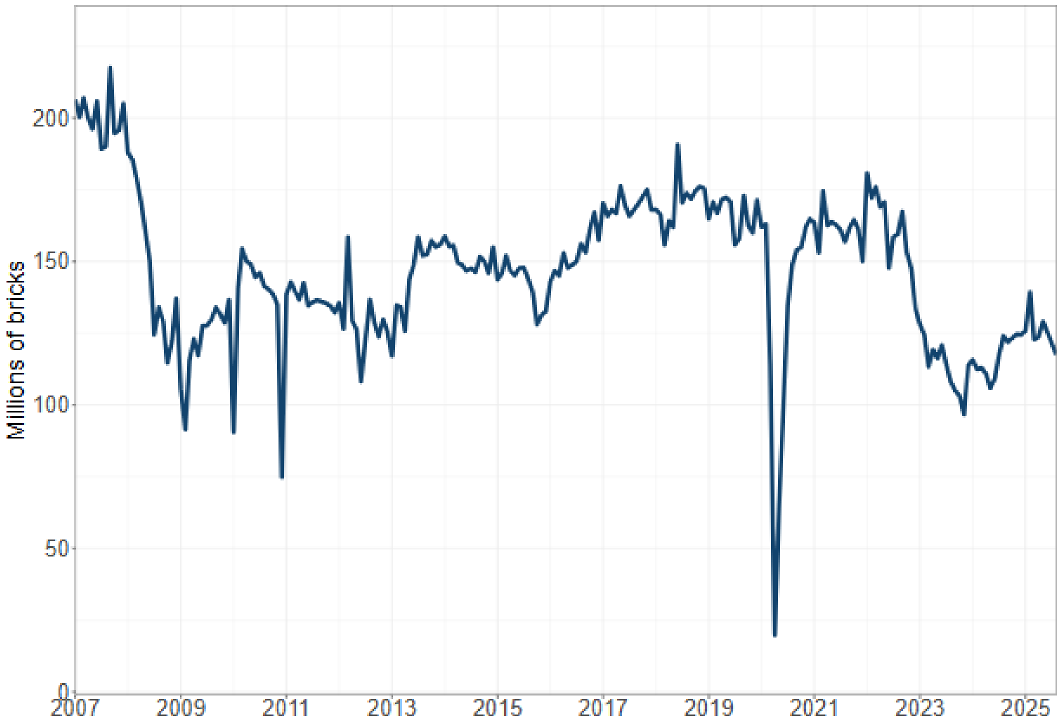
- The S&P Global UK Construction PMI registered at 46.2 in September up from 45.5 in August, showing the slowest rate of decrease in construction activity in the last three months.
- Residential building work (46.8) showed an increase, helping to boost the overall index. Commercial construction (46.4) was the only category to register a decrease in September, while Civil engineering (42.9) was the weakest performing category.
- While the recent reductions in new work slowed in September, a lack of new project starts was still the main reason holding back construction activity. September data indicated decreases in order books for the ninth month in a row.
- Respondents noted subdued demand, business uncertainty and hesitancy among clients have made it difficult to get sales opportunities. Some firms commented on wins related to energy projects.
- Employment numbers have declined for the ninth month in a row, in response to falling workloads, though some have reported an increase in recruitment of apprentices.
- A solid decrease in input buying has led to an improvement in supply conditions, with lead times decreasing.
- The rate of price inflation increased relative to August, but still lower compared to the first half of the year. Respondents cited increased costs of energy, raw materials and transport for the increase along with elevated price pressures.
- Business expectations for the year ahead remain subdued, with confidence levels broadly unchanged since August at the second-lowest since December 2022. Some firms are hoping for a boost through increased infrastructure spending and energy sector demand, as well as changes to planning permission, slightly offset by concerns about UK economic outlook and uncertainty around the Autumn Budget.

Building Materials and Components

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

Figure 1: Seasonally adjusted deliveries of bricks, GB

Number of bricks



Source: Monthly statistics of building materials and components, table 9

The latest Monthly Statistics of Building Materials and Components were published on 1 October 2025.

Headline findings:

- Deliveries of bricks decreased by 5.2% in August 2025 compared with August 2024
- Deliveries of blocks increased by 2.7% in August 2025 compared with August 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 August 2025. The publication contains data up to January 2025, the latest data available.

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 2 October 2025, summarising information on the overall UK business population. The survey was live from 15 to 28 September 2025.

Key Points:

- Nearly a quarter (23%) of businesses reported that they are currently using some form of artificial intelligence (AI) technology in late September 2025, up 3 percentage points from June 2025; this proportion has been steadily increasing since the question was introduced in September 2023 (9%).
- In late September 2025, 4% of businesses that currently use some form of AI technology reported that their overall workforce headcount had decreased as a result of using those technologies; 7% of businesses that were planning to adopt some form of AI technology within the next three months reported that they expect headcount to decrease as a result.
- A quarter (25%) of businesses reported in late September 2025 that they were concerned about the impact climate change may have on their business; while broadly stable with late June, this proportion has steadily declined since early February 2023 (41%).
- More than a quarter (26%) of businesses reported that they currently have no debt obligations, down 3 percentage points from late June 2025; the proportion of businesses reporting this has fallen by 23 percentage points since early December 2023 and is now the lowest proportion reported since this response option was introduced in October 2021.
- Approximately one in six (17%) trading businesses reported they had no cash reserves in late September 2025; although broadly stable with late June 2025, it is the largest proportion recorded since this question was introduced in late June 2020.
- In late September 2025, 32% of businesses with 10 or more employees that had exported goods in the last 12 months reported they were affected by US tariffs in the last month, broadly stable with late August.

Construction Output Forecasts

Experian published their Summer 2025 forecasts for the construction sector in July 2025.

Key points:

- Total construction output is projected to increase by 2.1% in 2025, 3.4% in 2026 and 4.3% in 2027.
- The new housing sector is expected to increase by 1.4% in 2025, 6.5% in 2026 and 9.8% in 2027.
- Total repair, maintenance, and improvement (RM&I) is forecast to grow by 2.1% in 2025, 2.5% in 2026 and 2.6% in 2027.
- The new infrastructure sector is expected to increase by 1.0% in 2025, 1.9% in 2026 and 3.1% in 2027.
- The private industrial sector is expected to increase by 0.8% in 2025, 4.1% in 2026 and 3.8% in 2027.
- The private commercial sector is expected to increase by 4.1% in 2025, 3.0% in 2026 and 3.4% in 2027.
- The public non-residential sector is forecast to grow by 3.7% in 2025 and 2026, then 3.6% in 2027.

The **Construction Products Association** (CPA) published their Summer construction industry forecast on 28 July 2025.

Key points:

- The CPA forecasts construction output to grow by 1.9% in 2025 and 3.7% in 2026.
- Private new housing is expected to grow by 4.0% in 2025 and 7.0% in 2026.
- Private housing repair, maintenance, and improvement (rm&i) is expected to grow by 2.0% in 2025 then 3.0% 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 September 2025.

- The mean GDP forecast for 2025 is 1.2%, up from 1.0% in the previous month’s forecast.
- The mean GDP forecast for 2026 is 1.0%, showing no change from the previous month’s forecast.

The **OECD** published their latest Economic Outlook in September 2025:

- UK GDP is projected to grow by 1.4% in 2025, up from 1.3% in the previous forecast in June, and to grow by 1.0% in 2026.
- Global GDP growth is projected to increase by 3.2%, up from 2.9% from the previous forecast in June, and 2.9% in 2026.

Bank of England Summary of Business Conditions

The **Bank of England** published its most recent update to the Agents' Summary of Business Conditions on 19 June 2025, covering intelligence gathered in the 6 weeks to mid-May 2025.

Key points:

- Construction output remains modestly down on the same period last year, with uncertainty weighing more on expectations. Any meaningful pickup is now expected in 2026.
- New private commercial development is slowing on last year due to increased uncertainty.
- Industrial development continues for projects such as data centres, renewable energy and waste-to-energy schemes.
- The infrastructure sector remains subdued, but water and defence projects are a source of growth.
- Private housebuilding is gradually improving and marginally ahead of last year.
- Public residential activity remains focused on repair and maintenance.
- Public residential activity remains positive. Contacts continue to cite planning, utility connections and relative costs as constraints on future growth.

Builders Merchant Building Index

The Builders Merchant Building Index for July 2025 was published by the **Builders Merchants Federation**, **GfK** and **MRA Research** on 4 September 2025.

July 2025 vs July 2024

- Total Builders Merchants value sales were up 0.1% compared to July 2024. Volume sales were up 0.6% and prices were down 0.6%. There was no difference in trading days.
- Eight of the twelve categories performed better than Total Builders Merchants, with Renewables & Water Saving (+3.7%) showing the highest growth. Workwear & Safetywear (-5.3%) and Decorating (-3.9%) showed the highest fall.

July 2025 vs June 2025

- Total Builders Merchants value sales were up 5.8% in July 2025 compared to June 2025. Volume sales were up 5.4% and prices were up 0.4%. With two more trading days this month, like-for-like value sales were down 3.4%.
- Seven of the twelve categories performed better than Total Builders Merchants, with Miscellaneous (+11.3%) leading and showing the only like-for-like value increase (+1.2%).

Expected dates for future construction output releases	
Release for:	*Publication date:*
September 2025	13 November 2025
October 2025	12 December 2025
November 2025	15 January 2026

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