Monthly Construction Update

Microdata, Business Surveys and Corporate Stats Team

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Department for Business, Innovation, Science and Trade

Construction output shrunk by 0.1% in June 2026

The **Office for National Statistics** published estimates of Construction Output for June 2026 this morning.

Main points:

- Total construction output is estimated to have grown by 0.3% in Quarter 2 (Apr to June) 2026 compared with Quarter 1 (Jan to Mar) 2026; both new work and repair and maintenance grew by 0.4% and 0.2%, respectively.
- At the sector level, five out of the nine sectors grew in Quarter 2 2026; the main positive contribution to the increase was infrastructure new work, which grew by 1.9%.
- Monthly construction output is estimated to have fallen by 0.1% in June 2026, this follows a decrease of 0.8% in May 2026, and a decrease of 0.1% in April 2026.
- Even though we saw falls into each month of Quarter 2 2026, overall the level of output in Quarter 2 was higher than in Quarter 1 2026; the fall into April 2026 was because of a particularly strong March 2026.

Gross Domestic Product grew by 0.3% in June 2026

The **Office for National Statistics** published estimates of GDP (Gross Domestic Product) for June 2026 this morning.

Main points:

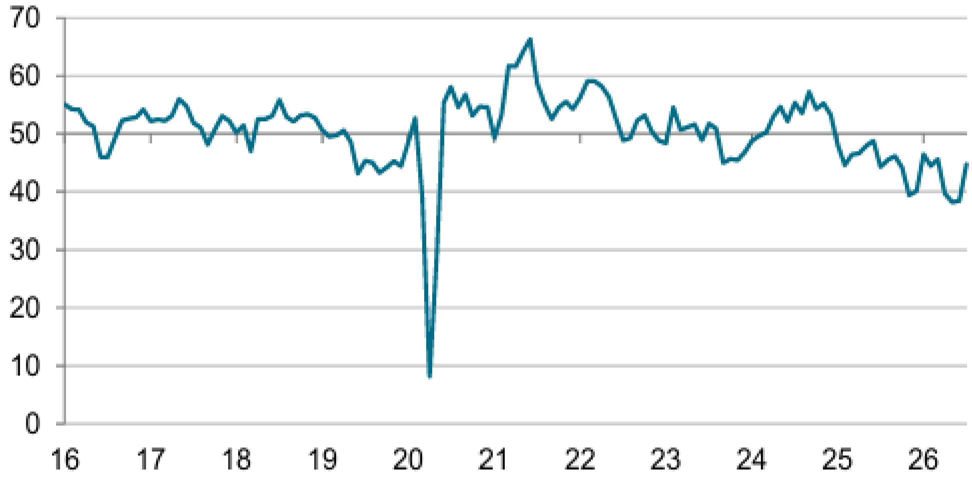
- Real gross domestic product (GDP) grew by 0.4% in Quarter 2, following a growth of 0.6% in the three months to May 2026 (revised down from a growth of 0.7% in our last publication) and an unrevised growth of 0.8% in the three months to April 2026.
- Services output grew by 0.5% in Quarter 2, after growing by 0.6% in the three months to May 2026 (revised down from a growth of 0.7% in our previous publication).
- Monthly GDP grew by 0.3% in June 2026, after showing no growth in May 2026 (revised down from a 0.1% growth in our previous publication) and an unrevised fall of 0.1% in April 2026.
- The growth in June was because of a rise of 0.4% in services and was partially offset by falls of 0.2% in production, and 0.1% in construction.

S&P Global / CIPS UK Construction Purchasing Managers Index for July 2026

Figure 1: Monthly Construction Total Activity Index, start of series to July 2026.

S&P Global UK Construction PMI Total Activity

Index, sa, >50 = growth m/m



Data were collected 9-30 July 2026.

Source: S&P Global PMI. ©2026 S&P Global.

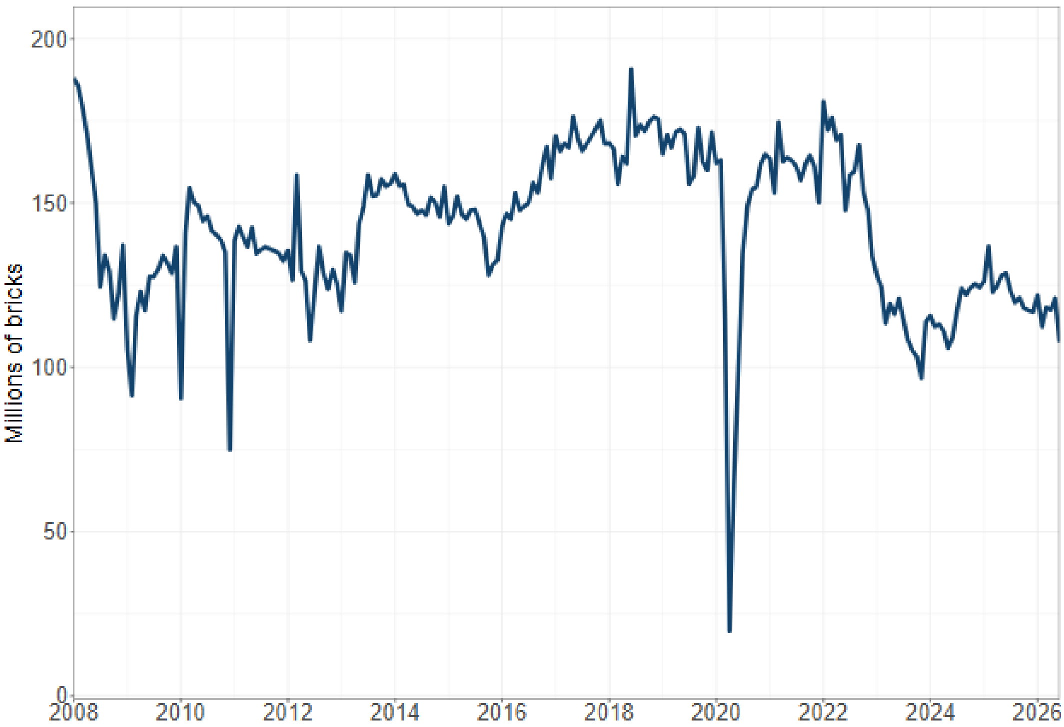
S&P Global CIPS published their latest construction purchasing managers index for July 2026 on 6 August 2026.

Main Points:

- The S&P Global UK Construction PMI registered at 44.7 in July up from 38.4 in June. Construction output reached its highest level for four months and remained below the neutral 50.0 threshold.
- Much slower rates of contraction were seen in all three main sub-sectors in July. **Commercial construction** at 46.8 showed the greatest resilience, while **civil engineering** activity again saw the steepest pace of decline (38.3).
- Meanwhile, **house building** activity decreased at the least marked pace since October 2025 (index at 41.8).
- **Total new work** fell at the slowest pace for 10 months in July. Some firms commented on a recent turnaround in tender opportunities. However, many survey respondents also noted that heightened geopolitical uncertainty and subdued domestic economic conditions continued to weigh on customer demand.
- Cutbacks to **employment numbers** continued across the construction sector in July but at a softer reduction. The rate of job losses was the slowest since February. Anecdotal evidence cited the non-replacement of voluntary leavers in response to a lack of new work. At the same time, subcontractor availability improved to the greatest extent since April 2025.
- Softer **demand for construction products and materials** , alongside fewer reported instances of transportation delays, contributed to an improvement in supplier performance for the first time in five months.
- **Business activity** expectations for the year ahead remained positive in July, with around 38% predicting an expansion and only 17% anticipating a decline.

Building Materials and Components

Figure 2: Monthly deliveries of bricks, Great Britain, 2008 to June 2026

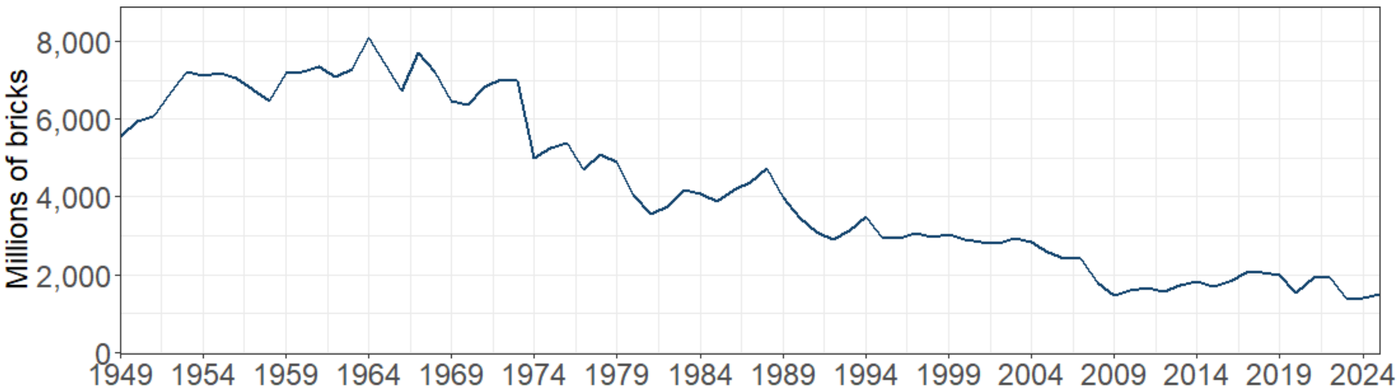


Source: monthly statistics of building materials and components, table 9

The latest Monthly Statistics of Building Materials and Components were published on 1 July 2026. Headline findings:

- Deliveries of bricks decreased by 16.3% in June 2026 compared with June 2025.
- Deliveries of blocks decreased by 12.3% in June 2026 compared with June 2025.
- The material price index for 'All Work' increased by 6.0% in June 2026 compared with June 2025.

Figure 3: Annual deliveries of bricks, 1949 to 2025.



- Historically, deliveries of bricks hit a peak during the post-war construction boom, and have steadily declined since.

- Brick deliveries are a useful gauge of housebuilding activity, dropping in response to financial crises as seen in 2008.

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 6 August 2026, summarising information on the overall UK business population. The survey was live from 20 July to 2 August 2026.

Key Points:

- In late July 2026, 29% of businesses with 10 or more employees reported that they were concerned about international conflict affecting supply chains over the next year, while 20% were concerned about the impact of shipping disruption; these proportions were broadly stable from June 2026, but up 19 and 12 percentage points, respectively, from December 2025.
- Of businesses with 10 or more employees that reported on their supply chain concerns in late July 2026, 52% expected the cost of sourcing materials to be affected, broadly stable from June 2026; 47% expected transportation costs to be affected, also broadly stable from June but a 14-percentage point rise from December 2025.
- Almost three in five (57%) businesses expressed some degree of concern regarding energy prices in late July 2026, broadly stable from early July; for businesses with 10 or more employees, the proportion was 70%, also broadly stable from early July.
- Three in five (60%) businesses expressed some degree of concern regarding fuel prices in late July 2026, broadly stable compared with early July; for businesses with 10 or more employees, the proportion was higher at 70%, a 3-percentage point rise from early July.
- In late June 2026, 23% of trading businesses with 10 or more employees reported that they had exported goods, services, or both in the last 12 months; of these businesses, 39% reported their exporting costs increased in June 2026 compared with June 2025, a 9-percentage point increase compared with December 2025 and the highest proportion reported since June 2023 (43%).

Construction Output Forecasts

Experian published their Summer 2026 forecasts for the construction sector in May 2026.

Key points:

- Total construction output is projected to increase by 2.4% in 2026, 4.3% in 2027 and 5.0% in 2028.
- The new housing sector is expected to increase by 4.4% in 2026, 9.0% in 2027 and 10.1% in 2028.
- Total repair, maintenance, and improvement (RM&I) is forecast to grow by 0.9% in 2026, 2.3% in 2027 and 2.6% in 2028.

- The new infrastructure sector is expected to increase by 2.3% in 2026, 4.0% in 2027 and 6.1% in 2028.
- The private industrial sector is expected to increase by 5.9% in 2026, 5.2% in 2027 and 6.4% in 2028.
- The private commercial sector is expected to increase by 0.9% in 2026, 2.5% in 2027 and 2.4% in 2028.
- The public non-residential sector is forecast to grow by 5.5% in 2026, 2.4% in 2027 and 2.1% in 2028.

The **Construction Products Association** (CPA) published their Summer construction industry forecast on 26 July 2026.

Key points:

- The CPA forecasts construction output to contract by 3.3% in 2026.
- Private new housing is expected to shrink by 10.0% in 2026.
- Private housing repair, maintenance, and improvement (rm&i) is expected to decrease by 8.0% 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 July 2026.

- The mean GDP forecast for 2026 is 0.9%, unchanged from the previous month's forecast.
- The mean GDP forecast for 2027 is 1.0%, unchanged from the previous month's forecast.

The **OECD** published their latest Economic Outlook in March 2026:

- UK GDP is projected to grow by 0.7% in 2026, then 1.3% in 2027.
- Global GDP growth is projected to increase by 2.9% in 2026 and 3.0% in 2027.

Bank of England Summary of Business Conditions

The **Bank of England** published its most recent update to the Agents' Summary of Business Conditions on 24 July 2026, covering intelligence gathered in the 6 weeks to end-June 2026.

Main points:

- Construction output continues to fall modestly as elevated geopolitical uncertainty and rising cost pressures reduce confidence and further slow decision making.
- New residential development in London has fallen sharply and elsewhere new housing starts are moderating.
- Public sector demand remains steady and industrial activity continues to grow.
- Overall expectations for construction for the coming quarters remain subdued, with political uncertainty and steel quotas adding further headwinds.

Builders Merchant Building Index

The Builders Merchant Building Index for May 2026 was published by the **Builders Merchants Federation**, **GfK** and **MRA Research** on 28 July 2026.

May 2026 vs May 2025

- Total Builders Merchants value sales were 0.1% lower in May 2026 compared to last year. Volume sales were down 10.5% but prices were up 6.1%.
- Workwear & Safety wear were the strongest performing category in terms of values (+7.5% but prices down 3.2%) while Renewables & Water Saving were the weakest performing category (value sales down 10.7%).

May 2026 vs April 2026

- Total Builders Merchants value sales were 4.4% lower in May 2026 compared to April 2026. Volume sales were down 1.4% but prices were up 2.0%. With two more trading days this month, like-for-like value sales were up 0.6%.
- Landscaping was the strongest performing category (+5.2% value sales).

Expected dates for future construction output releases	
Release for:	*Publication date:*
July 2026	11 September 2026
August 2026	15 October 2026
September 2026	12 November 2026