

Monday 6 June 2016

### Activity and Costs Both Continue to Rise for Build UK Contractors

The first State of Trade Survey for 2016 shows that activity and costs continue to rise for Build UK members as labour supply remains cause for concern.

The latest survey which was undertaken by Glenigan shows that, whilst output rose only slightly, contractors reported a strengthening in enquiries during the quarter. Costs for contractors continue to rise as 39% reported a rise in all building costs over the past quarter and almost two-thirds of contractors reported a rise over the past year. The cost of labour has also risen with 43% reporting an increase in labour costs compared to the previous quarter, and almost two thirds reporting that their labour costs were higher than a year ago.

Even so, overall contractors remain positive about their future prospects with 27% expecting workloads to rise during the next quarter. Industrial and commercial sectors are identified as particular growth areas, and the majority (52%) of contractors expect workloads to rise over the next 12 months. However, 26% expect their work volumes to decline, compared to just 9% last quarter, which suggests that the overall pace of industry growth will be slower than previously anticipated.

Results also show that labour supply remains a concern, with contractors reporting widespread difficulties in recruiting supervisors, managerial, professional and technical staff along with bricklayers and cladders. The main reasons stated for the difficulties in filling vacancies were the low number of applicants with their required skills (53%), a lack of required experience (53%) and a lack of qualifications (48%).

In terms of payment, half of contractors reported waiting at least 46 days on average, despite only 20% having average contract terms of 46 days or more.

Build UK Chief Executive **Suzannah Nichol MBE** said:

*"There continue to be mixed messages in terms of growth, however industry intelligence shows increasing levels of activity over the last quarter. Employers are experiencing both rising material and labour costs as they head towards maximum capacity and this*

*continues to highlight difficulties in recruiting appropriate skills at all levels. Build UK is leading the way on the war for talent with its members opening their projects up to the public during Open Doors week in June 2016 to attract the brightest talent to projects at both a local and national level."*

~ Ends ~

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**Notes to Editors**

1. Build UK provides a strong collective voice for the contracting supply chain in construction. We bring together the industry's largest Main Contractors and leading Trade Associations representing over 11,500 Specialist Contractors - [www.builduk.org](http://www.builduk.org).
2. The Build UK State of Trade Survey has been created in partnership with Glenigan, the trusted provider of UK construction project sales leads, market analysis, forecasting and company intelligence - [www.glenigan.com](http://www.glenigan.com).
3. The full Build UK Q1 2016 State of Trade Report can be found on the [Build UK website](#).
4. Build UK contributes its findings to the State of Trade Survey published by the Construction Products Association (CPA), enabling the experiences of the contracting supply chain to be compared with the wider industry - [www.constructionproducts.org.uk](http://www.constructionproducts.org.uk).