

STATE OF TRADE FOR CONSTRUCTION



Courtesy of TClarke

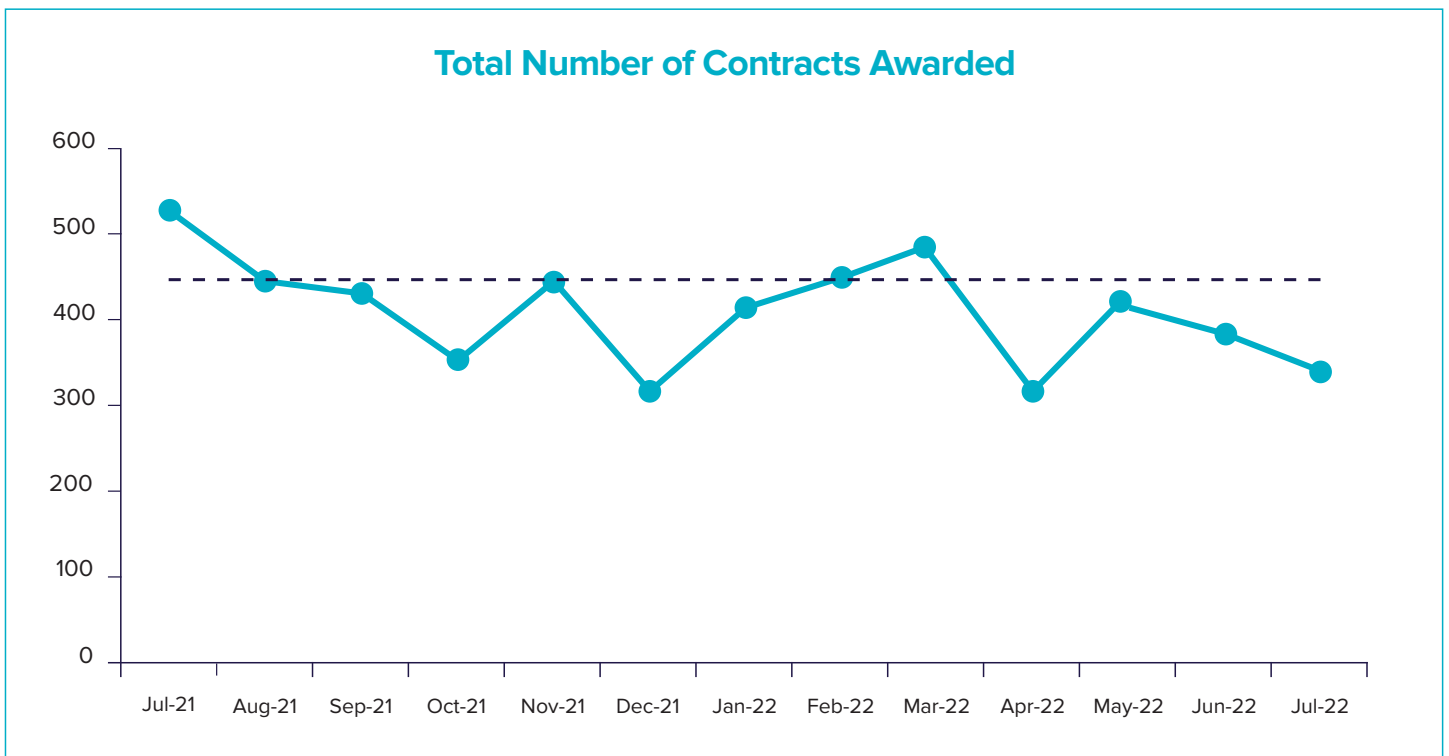
CONSTRUCTION FEELS IMPACT OF INFLATION – JULY 2022

The latest information from **Builders' Conference** shows that construction activity dipped again in July, as inflationary pressures continue to be felt across the industry. Both the number and value of contracts decreased compared to the previous month, although the total value was higher than the monthly average over the past year.

As the industry enters the summer holidays, businesses across the supply chain will be hoping that construction can weather the anticipated 13% increase in price inflation in the final quarter of this year, after interest rates were raised to their highest level for 27 years.

Another Drop in Number of Contracts

The number of contracts awarded in July was **344**, which is a 6% decrease compared to June (367) and the second lowest monthly total recorded so far this year. It is also 19% down on the monthly average over the last year (427) and 34% lower than last July (524) when the final lockdown restrictions were lifted.

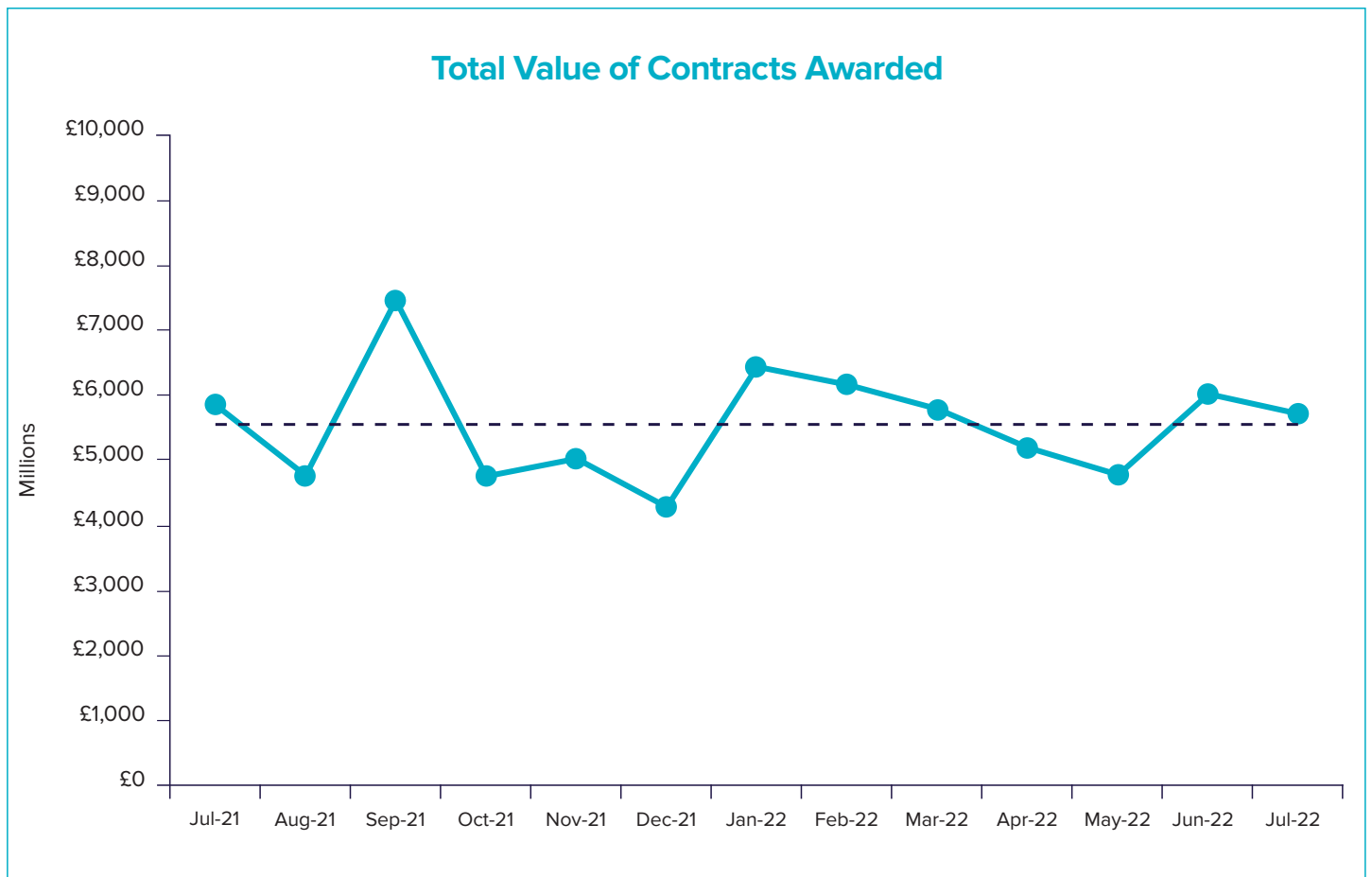


Value of Contracts Holds Up

The value of contracts awarded in July was **£5.7 billion**. Whilst this is a 5% decrease compared to June (£6.0 billion), it is 4% above the monthly average over the last year (£5.5 billion) and consistent with the value recorded in July 2021 (£5.8 billion).

71% of all contracts awarded by value were in the private sector, with housing being outperformed for only the second time in 12 months. Overall, there were 49 office projects worth £1.8 billion, including a £500 million contract for a 38-storey office block in Finsbury, London (31%); 90 housing projects totalling £1.4 billion (25%); and 12 road projects worth £863 million (15%).

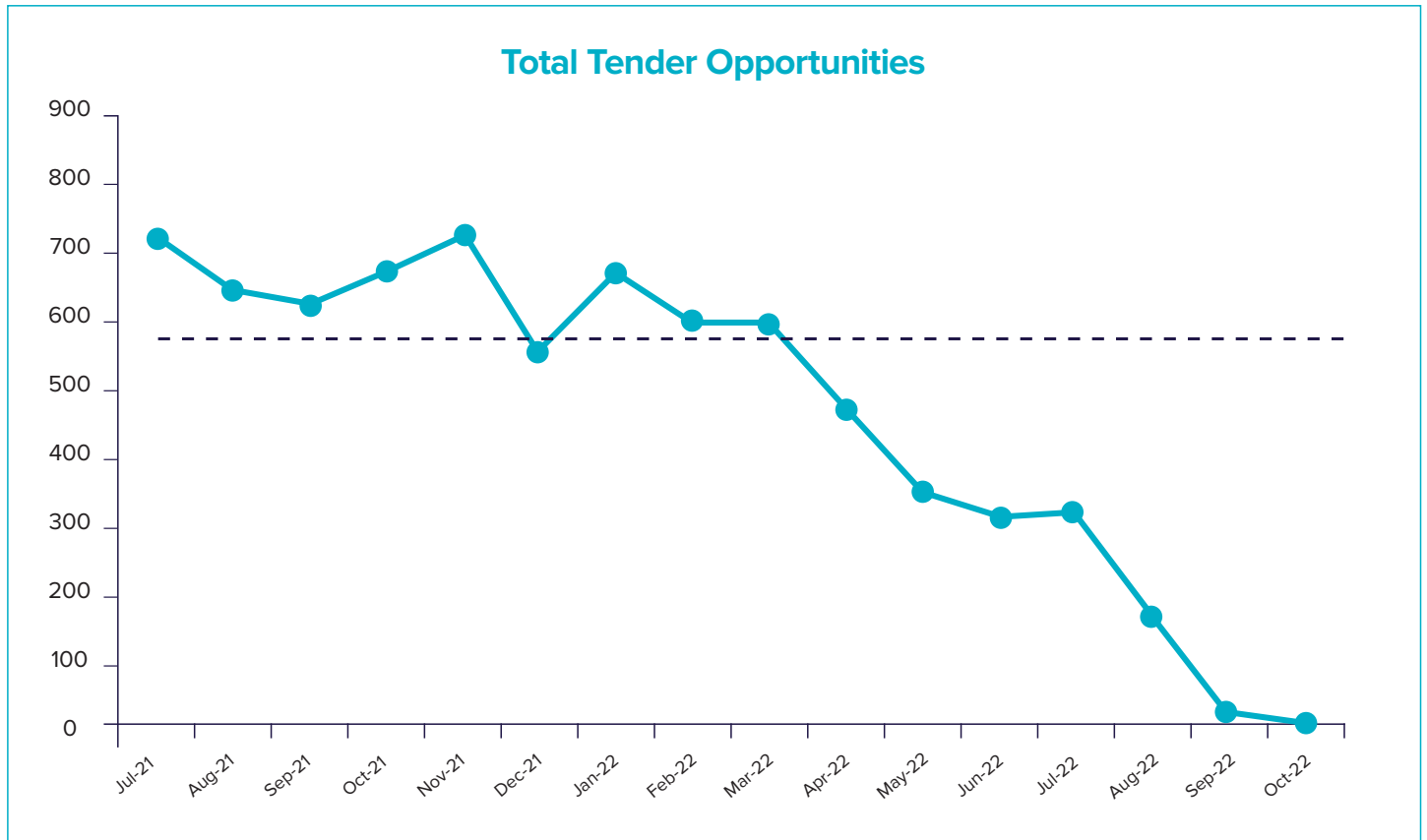
England accounted for 97% of the total value. London was back to being dominant recording almost half of the total amount (£2.7 billion), followed by the West Midlands which accounted for £1.0 billion, including a £370 million contract for improvements to the A452 Chester Road near Solihull, with no other region recording more than £250 million.



Lack of Tender Opportunities

The number of tender opportunities available in July was **325**. Whilst this is a 5% increase compared to June (310), it remains 44% below the monthly average of 583 projects available for tender between July 2021 and June 2022.

At present, there are only 207 tender opportunities available until the end of October 2022, according to Builders' Conference.



Courtesy of Bouygues UK