

Press Release
20th January 2010

Construction industry recovery hampered by bad weather

Bad weather in December forced construction project starts to be postponed, with snow forcing further delays and making for a difficult start to 2010.

The Glenigan Index recorded a nine per cent year on year decline in December, making it the poorest month for construction project starts in recent years.

However, the construction industry is forecast to see improvement in 2010. According to Allan Wilen, economics director, Glenigan "Construction industry prospects are expected to gradually brighten over the course of 2010 as private sector confidence starts to recover, although government funded projects will be increasingly constrained by budgetary restrictions."

The housing market has stabilised progressively over the last six months and the increased flow of new private housing projects since the autumn reflects housebuilders' growing confidence that market conditions will improve further during 2010. Glenigan recorded a temporary easing in project starts during November and December. Despite this and slower growth in social housing starts, the Glenigan Residential Index for December was still six per cent higher than a year ago.

The Glenigan Non-residential Index for December fell back sharply and was 24 per cent lower than the same time a year ago. The fall was due to the continued weakness of the private industrial and commercial sectors combined with a slowing in government funded projects. The low level of commercial and industrial projects is being driven by weak rental and capital values and rising vacancy rates which continue to deter developers. A rise in government funded work since April has helped partially offset the impact of weak private sector investment upon the Glenigan Non-residential Index. However, a drop in health and community & amenity projects contributed to the fall in the December Index. In contrast the flow of education projects remained firm.

The Civil Engineering Index for December was 16 per cent higher than a year ago. This was lower than the rise seen in November which was driven by a sharp rise in infrastructure work, in particular rail and national roads projects. In addition to the rise in underlying project starts, the civil engineering sector is benefitting from several major schemes (projects over £100 million are excluded from the Glenigan Indices), such as the £6.3 billion M25 widening scheme, that are already on site and which will continue to contribute to sector activity during 2010 and 2011.

Looking ahead Allen Wilen commented that "The flow of private sector work is forecast to improve during 2010. In contrast, the pick-up in public sector starts seen since April 2009 has begun to lose momentum and Government funding cuts will further restrict the flow of public sector schemes over the medium term. Accordingly, whilst underlying construction project starts are off recent lows, the anticipated recovery over the next two years will be slow and fragile."

Ends

Notes for Editors:

A full copy of the Index, supporting data, graphs and methodology are available upon request. Detailed information is available for each of the 12 Government office regions and following sectors: Private Housing, Social Housing, Industrial, Offices, Retail, Hotel & Leisure, Education, Health, Community & Amenity, Infrastructure and Utilities. Details of individual construction projects and the companies working on each project are also available.

About the Glenigan Index



The Glenigan Index is published monthly by Glenigan, the leading providers of UK construction industry market intelligence, and is based on Glenigan's comprehensive database of construction projects. The Index monitors and tracks the monthly flow of construction projects valued from £100,000 up to £100 million starting on site each month across the UK, to provide a definitive guide to trends and forecasts for the construction industry. The value of underlying construction project starts refers to projects with a value of £100,000 to £100 million.

About Glenigan

Glenigan combines comprehensive data gathering and exhaustive research with detailed statistical modelling and expert analysis, to deliver a trusted insight into UK construction trends and activity. Its customers include construction companies, manufacturers and suppliers of materials used in construction projects, as well as specialist service providers including recruitment agencies, financial institutions, IT and telecoms companies. For more information go to <http://www.glenigan.com>

PR Contact:

Graham Newman

Glenigan

T: +44 (0) 1202 435961

M: +44 (0)770 264 0336

E: graham.newman@glenigan.emap.com