

Building recovery will be slow, says survey

A SLOW recovery is ahead for the construction industry from 2011 onwards, according to the latest survey from the Construction Products Association.

Offices, traditionally the biggest end-use sector for the flooring market, consuming a large volume of carpet tiles, has suffered badly in the recession. The new build office market is down by 53%, the survey reveals.

The retail building sector has also taken a severe knock, while education and health output is also forecast to be lower in 2013 than 2007.

A total 12% fall in construction output is forecast for this year - the worst on record - followed by a further 3.4% fall in 2010. This equates to £12.5bn of work and tens of thousands of jobs being lost.

A small 0.4% growth is expected in 2011 with more significant growth forecast for 2012. However, by the end of 2013, construction output is still predicted to be below levels last seen in 2002.

New housing starts this year are expected to fall to the lowest figure since 1924, but a faster recovery is forecast.

CPA end-use sector forecasts 2007 – 2013 (£m)

	2007	2008	2009	2010	2011	2012	2013
Offices	6,210	6,003	3,902	2,808	2,752	2,972	3,359
Retail	3,611	3,508	2,631	2,105	2,063	2,125	2,232
Education	1,826	1,586	1,464	1,537	1,617	1,705	1,748
Health	1,254	2,004	1,904	1,713	1,516	1,312	1,128
Entertainment	2,374	2,554	1,916	1,533	1,532	1,601	1,665
Misc	1,182	1,064	1,016	993	983	1,032	1,084
TOTAL	16,458	16,719	12,832	10,689	10,463	10,746	11,215

CPA forecasts showing annual percentage change

	2008	2009	2010	2011	2012	2013
Housing	11,526	7,970	8,369	10,157	12,137	13,000
	-16.8%	-30.8	5.0%	21.4%	19.5%	7.1%
Public non-housing	7,686	9,036	9,799	9,590	8,921	8,143
	16%	17.6%	8.4%	-2.1%	-7.0%	-8.7%
Infrastructure	5,843	6,169	6,475	6,791	7,348	7,943
	15.3%	5.6%	5.0%	4.9%	8.2%	8.1%
Industrial	3,224	2,413	2,289	2,294	2,408	2,529
	-19.3%	-25.2%	5.2%	0.2%	5.0%	5.0%
Commercial	16,719	12,832	10,689	10,463	10,746	11,215
	1.6%	-23.2%	-16.7%	-2.1%	2.7	4.4%
Other new work	33,473	30,451	29,251	29,138	29,424	29,829
	4.1%	-9.0%	-3.9%	-0.4%	1.0%	1.4%
R&M work	37,130	33,730	32,092	30,679	30,755	31,044
	1.8%	-9.2%	-4.9%	-4.4%	0.2%	0.9%
TOTAL	82,129	72,151	69,713	69,974	72,316	73,873
	-0.4%	-12.1%	-3.4%	0.4%	3.3%	2.2%

Business in brief

Tender prices to fall 9%

Tenders prices will fall by up to 9% in 2009 and a further 3-5% in 2010, says Davis Langdon. RICS, meanwhile, reports an annual rise of 7.7% for materials and 4.8% for wage rates. It expects a 12% fall in new work output this year.

Builders are complaining

Around 73% of builders saw a decline in industrial workloads while 66% reported commercial work down during the first quarter (Q1) of 2009, says the Federation of Master Builders (FMB).

Banks bashing builders

One in five small and medium sized builders has been refused an overdraft extension in the past 12 months, says the FMB.

Financial woes for 1,279

Critical financial problems were reported by 1,279 construction firms in the first quarter of 2009, says corporate recovery specialist Begbies Traynor.

Metal indicates shine

A fall in metals prices in the first quarter of 2009 suggests signs of a recovery in construction, say accountants BDO Stoy Hayward.

More care over cashflow

Over 80% of construction employers scrutinising finances more carefully as a result of the recession, says a new survey by Bibby Financial Services.

Floors-2-Go openings

Retailer Floors-2-Go reportedly plans to open 15 to 20 new stores this year, despite the recession. Its founders bought the business out of administration last year.

Mohawk takes a hit

Mohawk Industries, major US flooring manufacturer, reports losses of \$106m (£72m) in 2009 Q1, while sales fell 30% to \$1.208bn (£0.827bn) compared with a year ago. Mohawk, which owns Unilin, said its European laminate business did better due to new product launches.

Profitable construction

Swedish building group Skanska reports a 49% drop in profits for 2009 Q1, but says its UK operations are profitable again.

'Penny pinching' Tesco

The Association for Consultancy and Engineering (ACE) accuses supermarket Tesco of arbitrarily seeking fee cuts of up to 40% from construction suppliers.



Staff at Flowcrete celebrate after news of the award

Flowcrete wins Queens Award for Enterprise

FLOWCRETE has received The Queen's Award for Enterprise. The award was in the international trade category for the company's 'innovative approach, operational excellence, relationship building, brand development and increasing exports by 150% in the last three years'.

Since its launch in 1982, the company has grown to include 23 offices and eight factories in 29 countries.

Its international client list includes Bentley Motors, Jaguar, GlaxoSmithKline, NASA, Kraft Foods, O2 Arena, Wembley Stadium as well as Paris Charles de Gaulle, Hong Kong, Kuala Lumpur and Bangkok Airports.

In the past 12 months, despite the economic downturn, Flowcrete reports having opened new offices in Vietnam and India, as well increasing its turnover in the Middle East by 200%.

The company has also forged new relationships with applicator partners in the Caribbean, Russia, Peru, Chile and Argentina.

Recent innovative products include bug-controlling floors for the health, food and pharmaceutical industries – claimed to kill MRSA, E-coli and salmonella – as well as self-levelling systems that allow applications 10 times faster than conventional methods.

■ www.flowcrete.co.uk