Homes market is taking a hit, say installers

Mel Budd

THE residential sector of the trade flooring market showed a year on year decrease of an estimated 2% in the October – December sales period with the trend fairly similar to the previous quarter.

This is according to Flooring Market Barometer, the quarterly newsletter produced by Consulting Plus in association with ***CFJ***.

The report, researched and prepared by Mel Budd , tracks changes in the trade flooring market via an extensive interview programme with floor contractors, manufacturers and distributors.

The residential trade market index, which tracks sales levels of floor contracting businesses in the residential sector, moved from minus 7 in the third quarter to minus 5 in the final quarter of the year.

The market index is the % of floor contractor businesses reporting an increase in sales less the percentage reporting a decrease and helps calculate the overall change in market size.

As can be seen from the graph, the index has been negative for the last three quarters as more businesses have been reporting sales reductions than sales increases.

Although the residential trade market is thought to have picked up slightly from earlier in the year, the outlook for the next period is not good.

Negative indicators for the residential flooring market include:

- forecast reduction in the number of property transactions
- reduced number of new housing starts
- mortgage lending down
- retail sales outlook poor

However, the commercial sector of the trade market had a relatively good quarter in October to December.

The period was particularly strong in the South and East whereas North England and Scotland suffered from a less buoyant market.

Looking at floor contractor sales, the fourth quarter of 2007 was a much more successful sales period for the larger floor contractor businesses.

Floor contractor businesses with a turnover under £200k pa, which tend to be one man businesses, had a sales index of plus 7.

The sales index measures the % of businesses reporting an increase in sales less the percentage reporting a decrease (see table).

The sales index of mid sized floor contractors was minus 1 whereas the larger companies with a turnover of £1m plus had a much more positive sales index of plus 18.

Of the larger floor contracting businesses, 41% said sales were up year on year whereas 23% said sales were down.

A full copy of this quarterly report is available from Consulting Plus Ltd, a marketing and research consultancy focussing on the flooring market.

More details on cost and report contents can be seen at ***www.consultingplus.co.uk***

The data for the report is sourced from an extensive interview programme which includes over 160 floor contracting businesses, manufacturers and distributors. These interviews took place with businesses throughout the UK and the Republic of Ireland during January 2007.

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Flooring contractors' work level Oct-Dec 2007 (compared with Oct-Dec 2006)

Turnover of businesses	More work	About the same	Less work	Total	Sales index*
Under £200k	40%	27%	33%	100%	+7%
£200K–£1,000k	27%	45%	28%	100%	–1%
£1,000k plus	41%	36%	33%	100%	+18%

*This is the difference between the percentage of flooring contractors saying sales had increased compared with the same quarter in the previous year minus the percentage of businesses saying sales had decr eased.

Source: Flooring Market Barometer

Altro gains food hygiene appr oval

ALTRO has achieved international accreditation for its entire safety flooring range, certifying its flooring products for use in all food production and retail premises under the Hazard Analysis and Critical Control Point (HACCP) regulations.

HACCP is a method of risk analysis for the food preparation industry which focuses on areas of possible contamination in kitchens or factories. Since 2006, all businesses producing food for sale to the general public have been obliged to adopt the principles of HACCP under EC law.

This is enforced in the UK by the Food Hygiene Regulations. Environmental health practitioners are increasingly enforcing the use of these

procedures in hospitals, schools and colleges as well as on the high street and in factories.

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Industry in brief

Exporter's guide
An EU-wide subscription-based online resource for construction exporters has been launched. Listing over 2,000 key construction organisations with sales and marketing contacts, the directory from Construct UK is produced in collaboration with leading European research house, Fraunhofer IRB. www.construcuteu.com

Safety demand
All supervisors on sites operated by members of the Major Contractors Group must now attend the two-day Site Supervisors' Safety Training Scheme covering health and safety, welfare and environmental issues. www.cskills.org/sitesafetyplus T: 0844 844 1315

20% CIS returns late
A fifth of contractors are reportedly still not getting their CIS tax returns in on time nearly a year after the scheme was introduced. Firms missing the deadline each face fines of £100.

CIS effects survey
HM Revenue and Customs has a new research report on the effects of the New Construction Industry Scheme (New CIS) prepared by the British Market Research Bureau. T: 020 8433 4455

Tax avoidance costs
The UK loses £25bn annually through tax avoidance by wealthy people and corporations, costing everyone at work equivalent to £1,000 a year, says the TUC.

Staff retention worry
Employee retention is seen as the top challenge for 30% of human resources managers, according to a new survey. This is followed by recruiting the right staff (23%) and attracting candidates (11%).

More study construction
The number of students on undergraduate construction and built environment courses in rose by 5.8% last year over 2006, according to new figures. Students in planning, however, were up by 14.8%, civil engineering by 10.3% and architecture by 4.3%.

QUOTE:

'I think it's going to be a bloody tough time'

– Lord Harris, chief executive of Carpetright, in a reported comment on the outlook for the retail sector

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