

the Glenigan Index

Construction Insight



April 2010

Rise in private and social housing starts

- Residential Index up 37% on a year ago
- Civil engineering Index down 44%

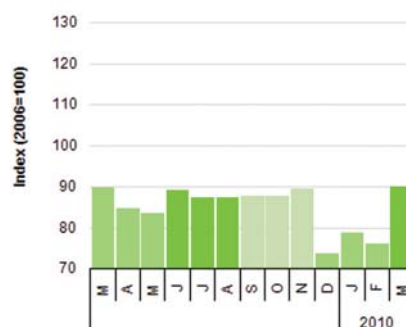
The Glenigan Index for March strengthened, albeit marginally compared to a year ago. The 0.5% increase in the value of projects starting on site was supported by another strong performance from the Residential Index. Despite being hampered by poor weather, the Residential Index posted a robust 37% increase on a year ago, boosted by rises in private and social housing starts.

A number of retail, hotel and Olympic projects provided a welcome boost to the flow of non-residential projects during March, leaving the

Non-residential Index for March just 2% down on a year ago. The projects offset the continued weakness of the private industrial and office sectors and a recent slowing in Government funded projects.

In stark contrast the Civil Engineering Index for March was 44% down on a year ago. Whilst fewer road and rail projects, together with delays to planned energy projects have slowed the flow of civil engineering projects during recent months, a surge of projects starts a year ago also amplifies the comparative decline.

GLENIGAN INDEX



OUTLOOK

Difficult time for civil engineering

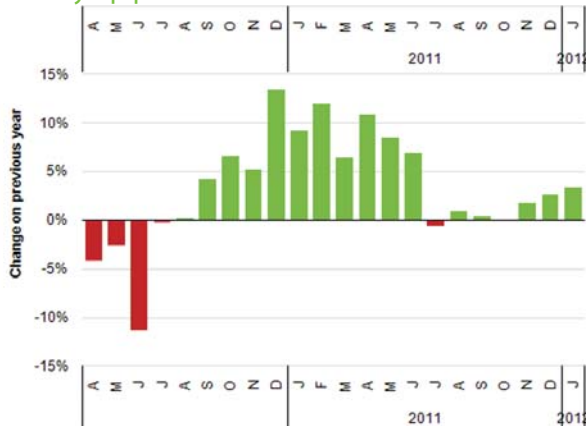
Project starts are expected to drift lower over the next quarter, despite the modest rise over the last month. However, an improved flow of new private sector work is expected to bolster project starts during the second half of this year as the economic outlook improves and investor confidence returns.

The flow of private housing projects has already strengthened as housebuilders have sought to capitalise upon improving housing market activity. In addition the flow of industrial and office projects is expected to pick-up during the second half of the year as

developers return to shelved projects. However, social housing, as well as education and health projects are predicted to dry up post-election as the Government acts to curb the budget deficit.

Civil engineering projects have entered what is expected to be a difficult period, with falling levels of start on sites in the near term. Looking ahead into the third quarter, the civil engineering sector should benefit from new renewable energy projects and additional spending on the transport infrastructure.

Social housing projects predicted to dry up post-election



Regional Overview

Figures indicate change from Feb 10 to Apr 10 on a year ago



The rise in private housing activity helped increase project starts across the Midlands and Yorkshire & the Humber. In contrast, the value of underlying project starts in the North West, South West and South East of England continued to see double digit falls against the first three months of 2009.

For more insight go to www.glenigan.com/index0410

The Regional Picture



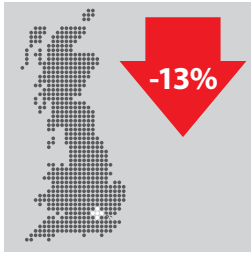
EAST MIDLANDS

Large community, education and private housing helped provide the recent boost in new project starts. The decline in 2009 and January 2010 was followed by two months of positive growth, a trend which should continue into the medium term.



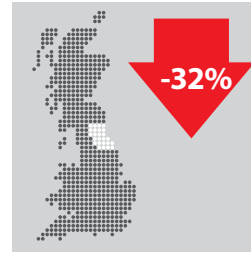
EAST OF ENGLAND

Large community and private housing projects helped the East of England post a modest 3% increase in new projects. This is predicted to be a temporary return to growth, as previous periods of decline are revisited in the coming months.



LONDON

An 8% fall in the value of new projects over the past three months, contributed to the recent negative trend. Although there was growth in private and social housing and health projects, an overall poor performance led to a reduced level of new work.



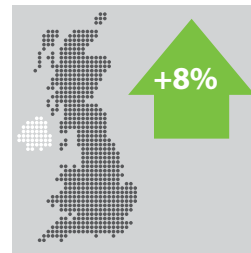
NORTH-EAST

Although the rate of decline has slowed, a steady stream of new community, education and health projects was not enough to reverse the recent downward trend. An upturn is predicted over the rest of the year.



NORTH-WEST

A weakness in the private and public sector has reduced the value of project starts. Fewer office, industrial and health projects contributed to this trend. However, a rise in planning approvals for private housing, health and retail projects is expected.



NORTHERN IRELAND

A stable start to the year, with project starts 3% up in the first quarter of the year compared to the same period in 2009. However, a 32% rise in the value of projects that are being put on hold over the last three months is indicative of a more pessimistic outlook.



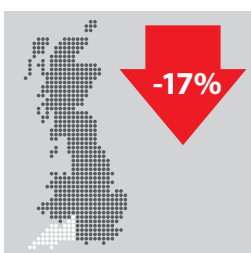
SCOTLAND

Despite increases in the value of new private housing and hotel work, project starts declined by 3%. Affected by commercial, civil engineering and education sectors, it is expected that projects will continue to decline in the medium term.



SOUTH-EAST

The value of new projects starting on site in the three months to March fell by almost a fifth, contributing to the downward trend. It is unlikely that this will be reversed over the next quarter and the region will remain one of the worst performing in the country.



SOUTH-WEST

The South-West experienced the biggest drop in underlying project starts. A lack of civil engineering, office and industrial builds particularly weighed on the region, which is expected to continue its decline next quarter before stabilising later in 2010.



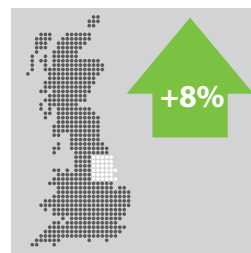
WALES

Wales had experienced five months of declining numbers of projects starting on site. However, after an expansion of new hotel, private housing and retail work it witnessed a 1% increase over the quarter. Increasingly buoyant growth is expected in the short term.



WEST MIDLANDS

Project starts were buoyed during the final quarter of 2009 by a number of education schemes that have now petered out. However, the region has seen a broad improvement in a number of sectors, including civil engineering, office and retail.

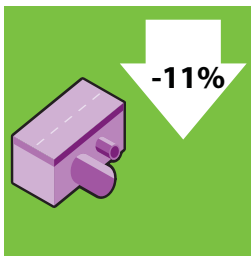


YORKS & HUMBER

Yorkshire & the Humber followed good performances over the first two months of the year with the biggest percentage increase of any region. Every sector in the region registered growth; office, retail and education benefited from new projects.

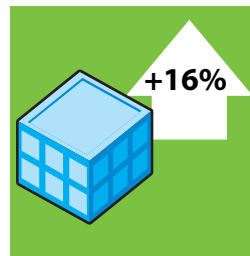
Figures indicate changes 12 months to March 2010 compared to previous 12 months

Sector Performance



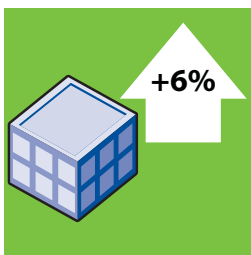
CIVIL ENGINEERING

Amplified by high levels of project starts a year ago, the sector has seen a 44% drop in new projects. More planning approvals were recorded in the last three months than the same period last year, and a recovery is expected at the end of the year. However, reductions in new work look more likely in the medium term.



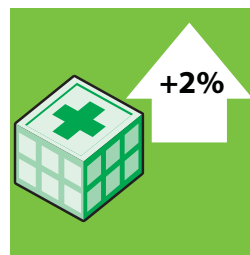
COMMUNITY & AMENITY

After a fall in project starts over the last few months, a recovery is not expected very soon. 2009 was characterised by growth in this sector, but this trend is unlikely to return until the final quarter of 2010. A decline in the construction of military buildings, prisons and police stations contributed to the poor performance.



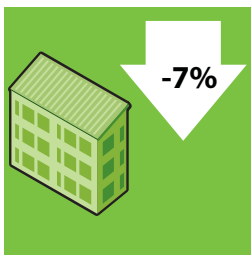
EDUCATION

A large increase in Government investment in 2009 led to growth in projects throughout the second half of last year. However, the flow of new projects has lost momentum over the last few months and project starts are expected to decline over the coming months as the effects of Government cuts are felt.



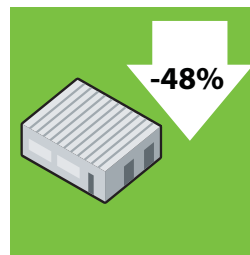
HEALTH

There had been three months of decline of health project starts over the winter, though this month has seen the sector stabilise. There is expected to be a brief period of positive growth followed by an increasing decline later in the year.



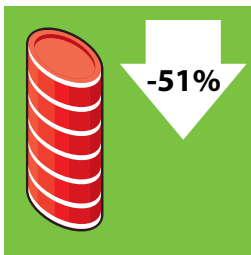
HOTEL & LEISURE

A strong 29% growth this quarter, following on from a 7% rise in the three months to February. This rise has been the first for over six months, and a decline is expected over the next quarter. Hopefully the sector will return to growth in the second half of the year as Olympic projects continue to boost output.



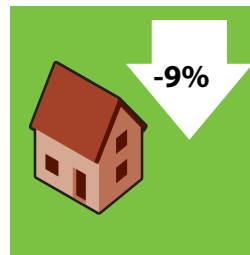
INDUSTRIAL

Over the 3 months to March the rate of decline slowed somewhat after large falls during 2008 and 2009. However the 10% fall in project starts cannot be considered a strong performance. Further decline is expected after a weak flow of planning approvals, which were 60% down this quarter.



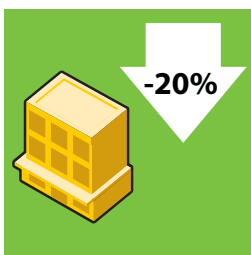
OFFICES & COMMERCIAL

As the economy boomed in 2006 and 2007, the demand for office space around the country soared. However, last year's recession has left a vast over supply, and this has weighed on the commercial property market. However, as the UK's economic prospects improve, it is predicted that there will be a marked recovery later in the year.



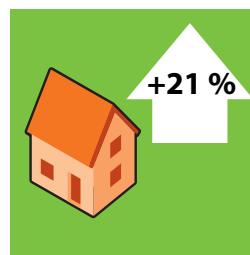
PRIVATE HOUSING

The underlying value of new projects has again increased during the three months to March as project starts recovered from poor weather and low consumer confidence. After dismal performance through 2008 and 2009, a large rise in detailed planning approvals supports the prediction of continued growth through 2010.



RETAIL

After a modest rise in the value of project starts last quarter, there was a significant increase in retail projects in the three months to March compared to the same period last year. Despite a troubled recent history, moderate improvements in detailed planning approvals point towards further recovery.



SOCIAL HOUSING

Social housing has now posted a year of expansion, with a 27% rise in the value of project starts in the first quarter of the year. However this growth, buoyed by Government money brought forward in last autumn's Pre-Budget Report, is set to reverse as capital funding is cut back.

Figures indicate changes 12 months to March 2010 compared to previous 12 months

COMPANIES CHOOSE GLENIGAN BECAUSE:

We help companies win more contracts, increase profits, build the right company relationships and make informed sales pitches to the right people at the right time.

- We do this by providing comprehensive, up-to-date intelligence about planned and current UK construction projects and the companies and decision makers involved.
- Our online database uses a powerful search engine to provide instant access to the precise information our customers need.
- Customers can flag projects and companies as favourites and receive email alerts when updates are made so they can act on the very latest information.

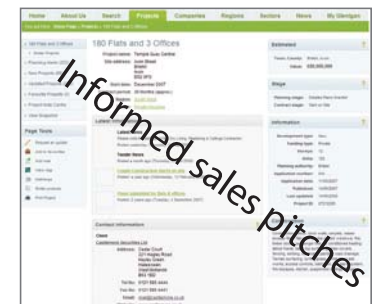
Our customers reduce risk, identify new business opportunities, track and forecast market trends.

- We provide extensive construction activity data, analysis and forecasting by region and sector and in-depth company profiles.
- Customers can interrogate our vast database using custom statistics tools to answer business specific questions and inform strategic decisions.
- Tailored company profiles, graphs and charts can be exported into presentations with ease.

We enable companies to increase efficiency by spending less time searching for and interpreting information and more time using it.

- We do this by combining comprehensive data gathering, exhaustive research, detailed statistical modelling, expert analysis and a user-friendly online database with training and ongoing support for every user.
- We make over one million telephone calls per year to provide data that can be depended upon.
- We have support people ready to help customers get the best from our information so they can focus on driving their businesses forward.

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“Glenigan hold the definitive register of active clients and contractors in the construction industry that is maintained using robust research processes. Through continual tracking of the progress of construction projects Glenigan hold timely data that will improve the KPI survey process. Awarding the contract to Glenigan will ultimately increase the value of the KPIs to the industry.”

Graham Sharp, Head of Construction Statistics, ONS.

“Woodteam generated £3 million of new business in the first year with Glenigan”.

Jon Brennan, Sales Manager, Woodteam.

“Glenigan were selected after a rigorous post-tender evaluation process lasting almost a year due to their comprehensive coverage of all projects, the accuracy of their data and their flexible and innovative approach.”

Neil Ackroyd, Data Collection and Management Director, Ordnance Survey.

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