the Glenigan Index
Construction Insight
February 2010

A slow start to the New Year

- 8% drop in value of projects starting on site
- Non-residential Index down 14%

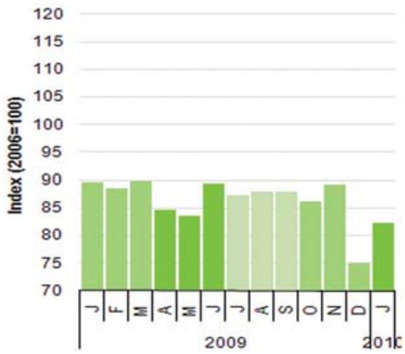
The construction industry suffered a slow start to the New Year, with poor weather continuing to hamper activity on site. The Glenigan Index for January recorded an 8% drop year-on-year in the value of projects starting on site.

Private housing projects have been especially vulnerable to disruption from the poor weather, temporarily halting the pick-up in new private housing projects seen during the autumn of 2009. The Residential Index for January was 1% down on a year ago, despite an increase in social housing projects.

The Non-residential Index for January was 14% down on a year ago due to the continued weakness of the private industrial and commercial sectors, combined with fewer government funded health and community & amenity projects.

The Civil Engineering Index slipped back during January and was only 2% up on a year ago. Last autumn's surge in rail and national road projects has lost momentum in recent months. In contrast the flow of utilities projects has remained firm.

GLENIGAN INDEX



OUTLOOK

Private sector forecast to improve

A weak private sector is expected to remain a drag on project starts over the next few months. However, looking ahead the flow of private sector work is forecast to improve during the course of 2010.

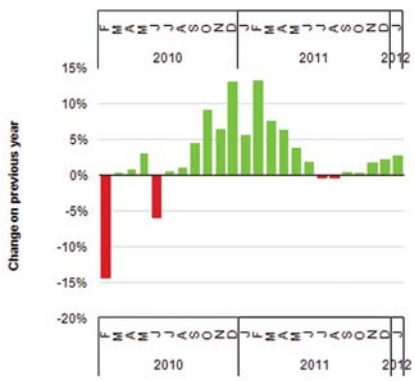
A gradual recovery in new residential projects is forecast over the course of this year. However weak household earnings and consumer confidence, combined with limited mortgage availability are expected to restrict the pace of recovery in new house sales during 2010.

A renewed strengthening in civil engineering project starts is expected as the sector benefits from new projects in the renewable energy sector and spending on transport infrastructure.

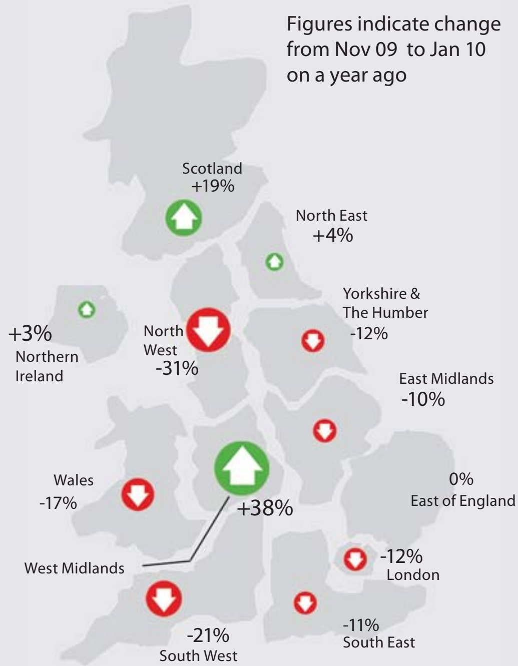
High vacancy rates and weak rental levels continue to depress the office, industrial and retail sectors. However, market conditions have moved off the low point reached in the first half of 2009 and project starts are forecast to gradually improve during the second half of 2010 as economic conditions brighten.

In contrast, the flow of government funded schemes is forecast to falter over the coming year as capital budgets are tightened.

Flow of government funded schemes is forecast to falter



Regional Overview



Government funded schemes and civil engineering work have steadied the flow of projects starting on site. London, the South West and West Midlands have benefited from public sector and civil engineering projects. The South West, North West and Wales endured the sharpest overall falls in projects.

For more insight go to
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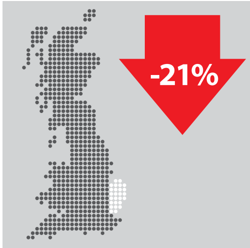
The Regional Picture

EAST MIDLANDS

The value of project starts during the three months to January was 10% down on a year ago, despite private housing starts picking up. Private non-residential work remains scarce and there are few government funded health and education projects.

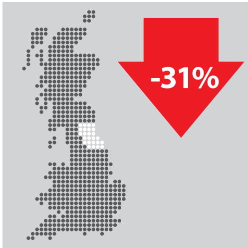


EAST OF ENGLAND

A rise in health, education and civil engineering work, combined with a rise in private housing schemes, have steadied the flow of new construction work. Project work starting on site during the three months to January is unchanged on a year ago.

LONDON

Project starts during the three months to January were 12% down on a year ago. A weak commercial sector and fewer health and education projects offset increases in social and private housing work. There has been a rise in detailed planning approvals.

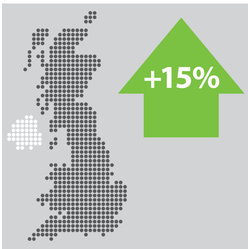


NORTH-EAST

The value of project starts during the three months to January was 4% up on a year ago, despite the recent rise in private housing schemes losing momentum recently. Project starts have been supported by an increase in health and education work.

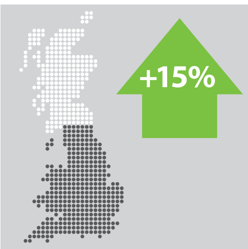
NORTH-WEST

Fewer private housing, education and health projects, and continued weakness in the private non-residential sectors have curbed new construction projects. The value of starts during the three months to January was 31% down on a year ago.



NORTHERN IRELAND

The flow of project starts has fallen back sharply in recent months. A pick-up in planning approvals during the final quarter of 2009 should support a rise in project starts near term. Project starts are expected to come under renewed pressure in 2010.



SCOTLAND

The national stadium and velodrome for the Commonwealth Games boosted project starts in January. A sparse pre-construction pipeline and a tightening in government finances are expected to put project starts under renewed pressure during 2010.

SOUTH-EAST

Increases in government funded projects and civil engineering schemes have steadied the flow of project starts, offsetting weakness in the private non-residential sectors. Projects starts during the three months to January were 12% down.

SOUTH-WEST

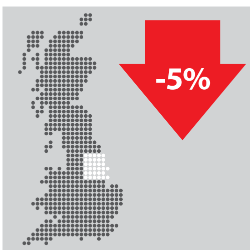
The boost in project starts from government funded work faded during the end of 2009. Combined with a dip in private housing and civil engineering work , project starts during the three months to January were 21% down on a year ago.

WALES

Fewer public sector projects have offset a strengthening in private housing starts during three months to January. The value of project starts was 17% down on a year ago. More planning approvals suggests a rise in project starts in 2010.

WEST MIDLANDS

A clutch of education schemes helped reverse the downward trend in construction project starts. During the three months to January, project starts were 38% up on a year ago. Planning approvals have steadied after the sharp falls seen previously.



YORKS & HUMBER

Project starts during the three months to January were 12% down on a year earlier as the earlier boost from government funded projects has faded. However, a strengthening in planning approvals during the second half of last year points to improved project starts during 2010.

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

- Reduce risk - Save time - Make confident decisions - Identify opportunities

Glenigan Index

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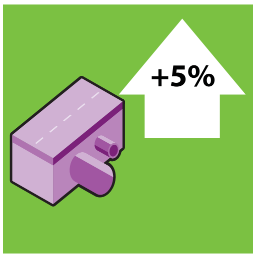
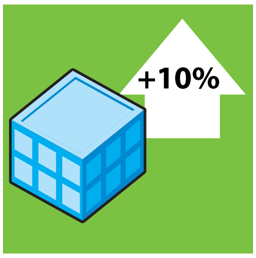
Sector Performance



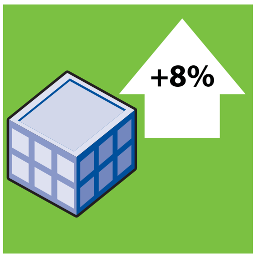
CIVIL ENGINEERING

The value of underlying project starts during the three months to January 2010 was 2% up on a year ago. Starts have been supported by a steady flow of utilities projects which has helped compensate for a dip in infrastructure work as last autumn's surge in rail and national road projects has lost momentum.



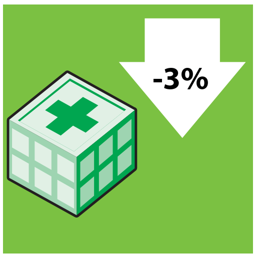
COMMUNITY & AMENITY

The sector enjoyed a strengthening in the value of underlying project starts during the first nine months of last year, with police stations, prisons and library buildings particular growth areas. Projects starts have weakened with the value of new schemes during the three months to January 9% lower than a year ago.



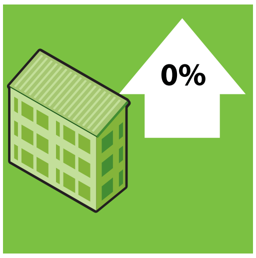
EDUCATION

The sector enjoyed a 10% rise in the value of underlying project starts last year, benefiting from promised additional Government funding for school projects. However, with reduced capital funding available from April, the flow of education projects is expected to weaken during 2010.



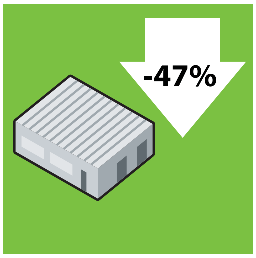
HEALTH

The flow of schemes starting on site continued to slow during the three months to January, reversing the impact of the earlier surge in new work. Furthermore project starts are forecast to weaken further over the coming year, despite a rise in the value of projects securing detailed planning approval.



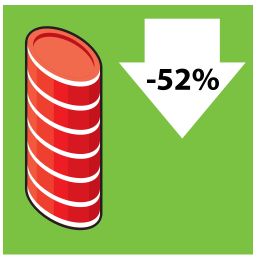
HOTEL & LEISURE

Hoteliers and restaurateurs have suffered falling revenues as households have cut their discretionary spending and investors have scaled back related capital expenditure. However, having fallen back by 28% over the last two years, project starts are now stabilising.



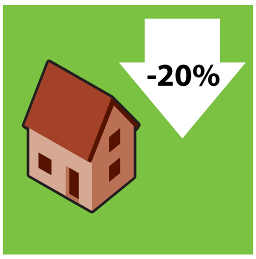
INDUSTRIAL

The value of underlying project starts during the three months to January was half the level of a year ago. Detailed planning approvals are also lower as developers continue to shelve planned schemes and project starts are expected to remain weak during the first half of this year.



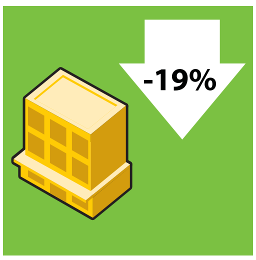
OFFICES & COMMERCIAL

The contraction in office construction projects has been severe, with the value of underlying project starts falling by 62% over the last two years. However there are tentative signs of improvement in the commercial property market and sector prospects are expected to brighten over the coming year.



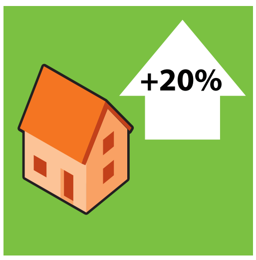
PRIVATE HOUSING

The housing market has stabilised progressively over the last six months. A rise in new private housing projects since the autumn reflects housebuilders' expectations of improved market conditions. The flow of new projects has eased recently. However, starts are expected to gradually strengthen this year.



RETAIL

After three consecutive years of decline, project starts appear to be bottoming out. Indeed following a modest strengthening in the value of underlying retail planning approvals during the second half of 2009, project starts during the three months to January were 15% up on a year earlier.



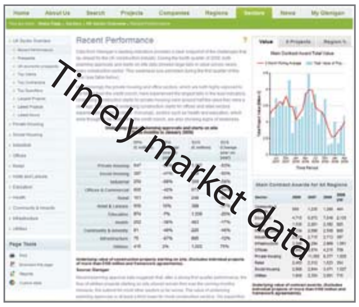
SOCIAL HOUSING

Additional funding promised in last autumn's Pre-Budget Report has helped unlock stalled projects and fuel a sharp rise in project starts since the summer. Although the pace of growth has slowed in recent months, the value of underlying work starting on site during the three months to January was 16% up on a year ago.

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

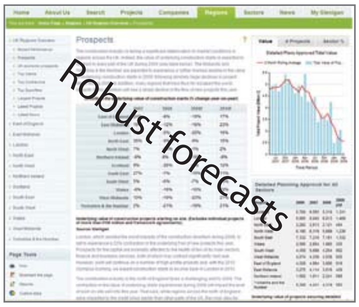
Save resources - Improve company intelligence - www.glenigan.com/index0210

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.

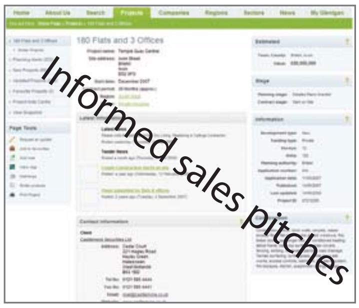
- We do this by combining comprehensive data gathering, exhaustive research, detailed statistical modelling, expert analysis and a user-friendly online database with training and ongoing support for every user.
- We make over one million telephone calls per year to provide data that can be depended upon.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

For an online demonstration of Glenigan.com go to **www.glenigan.com/index0210** or call 0800 373 771 and quote 'Index'.

DELIVERING EXCEPTIONAL VALUE TO OUR CUSTOMERS

"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.

For an online demonstration of Glenigan.com go to **www.glenigan.com/index0210** or call 0800 373 771 and quote 'Index'.

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