



## Glenigan Index edges up 2% as industry momentum slows

• Growth in the value of the Glenigan Index brakes as public sector work declines and office projects dip.

A fallback in non-residential construction and a dip in office projects mean that the Glenigan Index in the three months to August 2014 is just two percentage point higher than at the same point a year ago.

The Glenigan non-residential index crept up just 1.3%, while a strong run of rises in the underlying value of new office projects was capped this summer.

This hiatus is also evident in more historic data from the Office for National Statistics (ONS) covering the year to Q2 2014, which

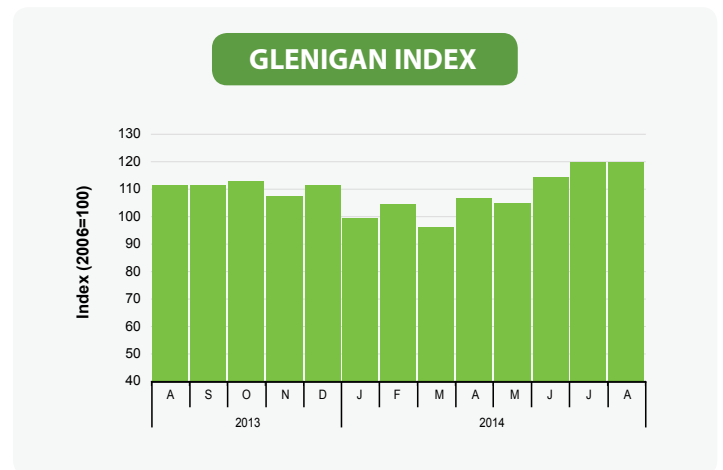
showed public non-residential new build output still down 19.2% on its pre-downturn peak in Q1 2008.

More recent Glenigan data shows some reasons for optimism. The underlying value of civil engineering work might be static but in the long term there is a growing pipeline of major projects. In the short term, the underlying value of health and community & amenity projects showed modest rises in the three months to August 2014, while the outlook for private sector residential work remains bright in terms of

both site starts and in the planning pipeline.

Regionally, there has been a decline in the value of project starts in Scotland. This can be partly ascribed to project investors adopting

a more tentative approach ahead of the vote on independence later this month. In the other parts of the UK there is a far more positive outlook, with strong growth recorded in Northern Ireland and Wales.



### OUTLOOK

## Long term prospects remain positive

Glenigan research suggests that the slowdown may only be a temporary slip. There is a seasonal element to the slowdown and a number of positive indicators going

forward, particularly in the private sector.

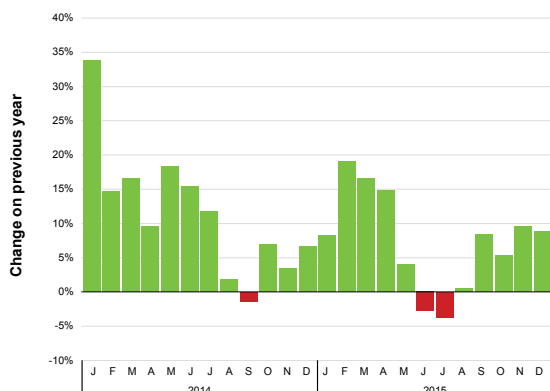
There was strong double digit growth in the industrial, retail and hotel and leisure sectors last month and Glenigan

expects a continuing rise in private sector work to compensate for the summer lull. The longer-term indications for all these three sectors is strong and Glenigan's information on the planning pipeline for new build private housebuilding also suggests that the current slow-down may be a blip.

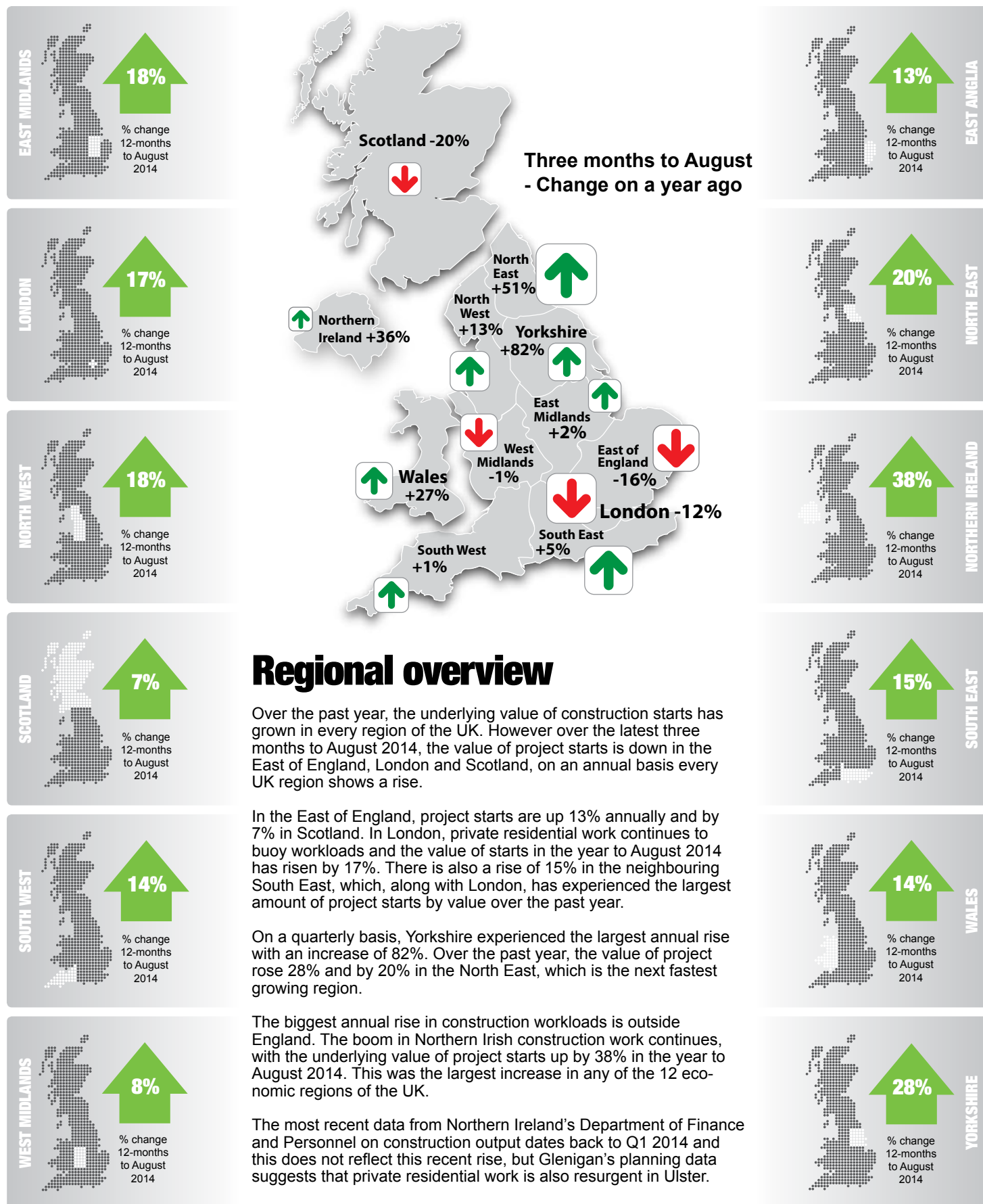
Housebuilders are continuing to open up new sites in response to strengthening demand with Help to Buy (HtP) stimulating activity. Contrary to a media image of HtP supporting older buyers in the London market, 84% of supported loans are going to first-time buyers and 94% of supported sales are outside the capital.

Overall, Glenigan research indicates the value of private housing starts during the three months to August 2014 was up 11% on a year ago – marking 17 months of consecutive growth. This should be supported in the longer-term by continued growth in site starts as Glenigan data shows a 47% rise in the number of units in the planning pipeline.

The civil engineering sector also continues to perform strongly, with the underlying value of project starts (excluding schemes of £100 million or more) now up by 28% on a year ago. In addition, major projects from decommissioning nuclear reactors to major regional roads projects are starting, which will stimulate further growth.



# The Regional Picture



Percentages in Charts compare 12 months to August 2014 to previous 12 months

# Sector Performance

CIVIL ENGINEERING



+18%

EDUCATION



+9%

HOTEL &amp; LEISURE



+15%

OFFICES &amp; COMMERCIAL



+13%

RETAIL



+18%

## Sectors: Private Housing

Private residential work continues to expand at a strong rate, with the Glenigan Index showing an 18% rise in the value of work starting on site in the year to August 2014. Only industrial work has grown more over the past year, and then from a very low base.

The private residential boom looks likely to continue, with Glenigan data pointing to a major upswing in the level of planning applications for private residential schemes over the past year.

Glenigan research shows that planning applications to build 114,875 units were submitted by private housebuilders in the year to Q2 2014. This is an overall rise of 47% on the preceding 12 months. Although London and the South East have experienced the largest level of project starts by value, the rest of the UK looks likely to experience the next flow of work.

Ten of the 12 regions experienced a major rise in the number of units being proposed through the planning system

over the past 12 months. This increase illustrates a groundswell of support for private housebuilding that has seen the North West overtake the South East as the region experiencing the largest number of new homes proposed in the latest planning pipeline.

The only regions to record declines were Wales, where the drop was marginal, and the East of England, where the planning pipeline shrank 15% against a strong total a year ago.

All the major privately-owned housebuilders are planning significant expansion and this rise in submissions has been driven as much by the major housebuilders as by an increase in the number of applications being submitted.

In the year to Q2 2013, 1,297 planning applications for private housing schemes of 10 or more units were submitted, according to Glenigan research. In the most recent 12-month period, the figure had surged to 1,614.

### Private Housing (£ million)

Region	2010	2011	2012	2013	2014 ytd*
East Midlands	559	324	488	600	470
East of England	705	656	651	716	538
London	1066	1522	1734	2022	1748
North East	237	173	266	349	275
Northern Ireland	307	125	209	160	95
North West	491	534	760	670	700
South East	866	833	1262	1533	840
South West	665	648	1056	945	778
Scotland	631	490	671	746	474
West Midlands	393	453	660	524	464
Wales	200	214	303	257	214
Yorkshire and the Humber	416	393	570	727	481

Underlying value of construction projects starting on site. (Excludes individual projects of more than £100 million and framework agreements). \*August 2014



+7%

COMMUNITY &amp; AMENITY



0%

HEALTH



+53%

INDUSTRIAL



+18%

PRIVATE HOUSING



+12%

SOCIAL HOUSING

Percentages in Charts compare 12 months to August 2014 to previous 12 months



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