Glenigan CONSTRUCTION INSIDER

October 2015 Call today 0800 373 771

The bounce back starts

• *The Glenigan index starts to show signs of growth materialising*

The latest Glenigan Index shows that the industry is finally shaking off the effect of one of the most unpredictable elections in recent British history and confidence is returning to the clients.

The underlying value of new projects starting on site in Q3 2015 was 2% down on a year earlier. However, to put this fall in context the total for the quarter was dragged back by a particularly weak July.

In both August and September, the underlying value of starts was well above a year earlier as private sector clients acted decisively. In these last two months, there were strong rises in private housing, commercial and industrial project starts.

The office, retail and industrial sectors all experienced growth during the third quarter.

The value of underlying industrial starts, which excludes those on schemes valued at over £100m, was 10% higher than a year earlier. Retail starts had been in decline since the start of this year but are now up 7%.

The increase in office starts was more modest at 3% and hotel & leisure starts retreated by 7%, but are still 7% ahead in the 12 months to September 2015.

However, this improvement in growth in private sector activity was insufficient to outweigh continued retraction across the public sector.

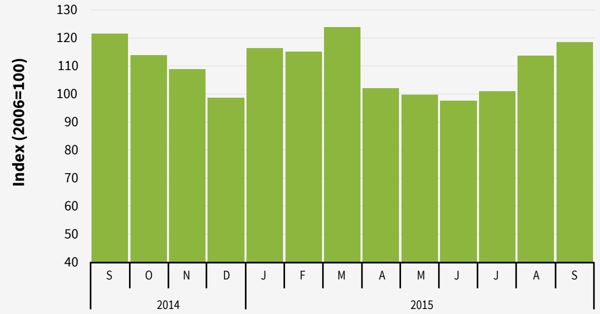
Non-residential starts as a whole were down 6% on a year earlier. The value of new health and other community and amenity schemes starting was down by over a third on a year earlier in Q3 2015.

More positively, education starts are back into growth territory with a 1% rise on a year earlier.

The private residential sector experienced the strongest growth but overall activity was restrained by the civil engineering sector, where the value of underlying project starts are down 15% on a year ago. As elsewhere, September has brought improvement; during the three months to August starts were down 30%.

Regionally, five out of 12 sectors experienced growth and signs of this balance moving more favourably are evident in the planning pipeline.

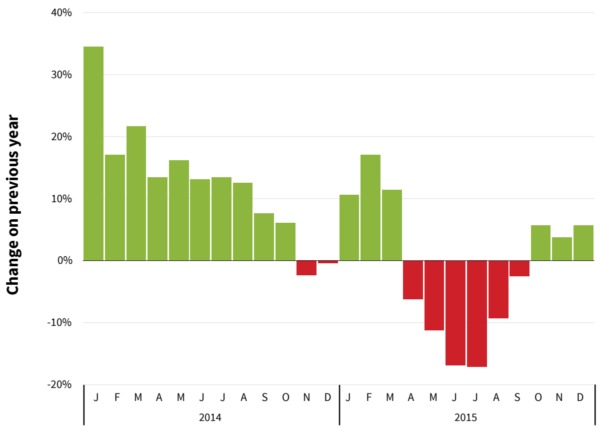
GLENIGAN INDEX



OUTLOOK

Widespread growth in activity expected for next year

While starts have spluttered intermittently so far during 2015, there has been a steady flow of additions to the pipeline of future projects that gives good reason for expecting stronger growth going forward.



During the first three quarters of this year, the underlying value of projects receiving planning approval has risen by 15% compared to the same period in 2014.

And this increase points to further progress across the industry.

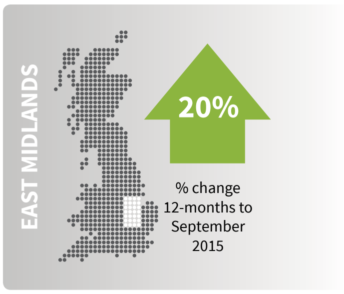
Of the 11 construction sectors, nine have seen growth in 2015 so far. Infrastructure approvals have dipped by 3%, but a 60% increase in utilities approvals bodes well for civil engineering as a whole. Less positively, health approvals are down 11%, and here the outlook is for weak levels of upcoming starts, as the government focus on major infrastructure looks likely to dominate.

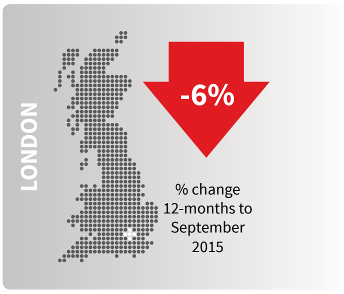
There has been strong growth in the office sector in Q3 as approvals surged 56%.

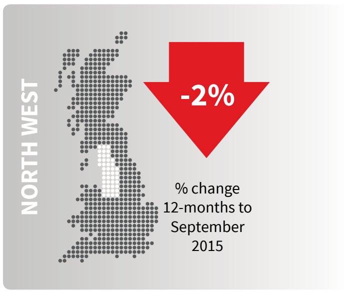
Approvals are up in 11 of the 12 constituent English regions and nations of the UK. Only London experienced a fall in the underlying value of approvals compared to a year earlier, but in Q3 approvals did rise 10%.

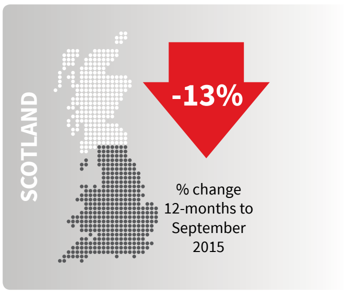
This all points to the recent rise in confidence, evidenced by the strong levels of starts during August and September, driving widespread growth in construction over the coming 12 months.

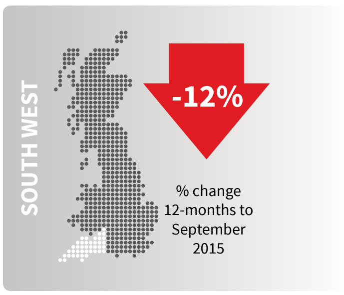
The Regional Picture

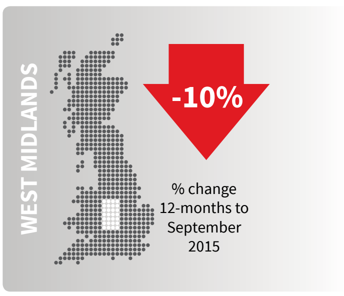


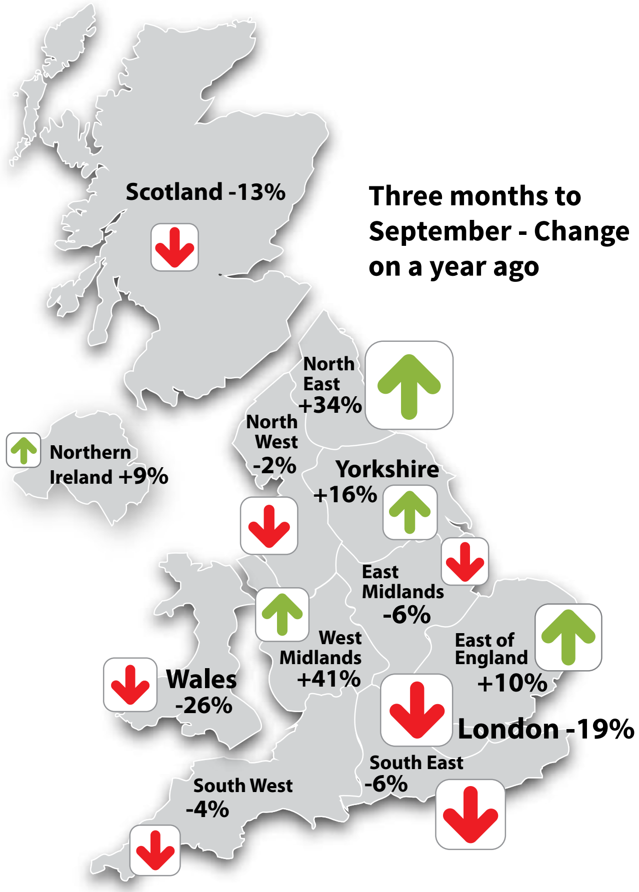


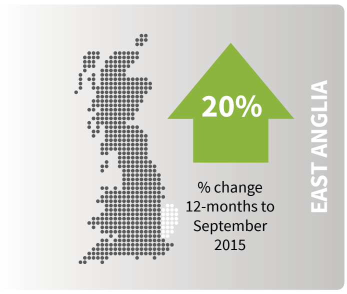


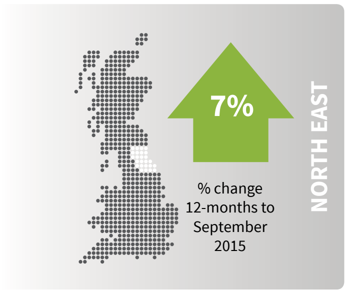


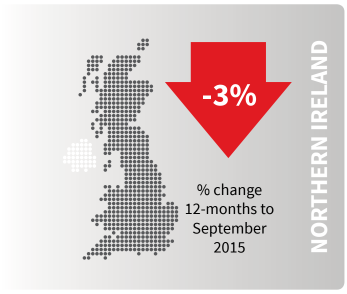


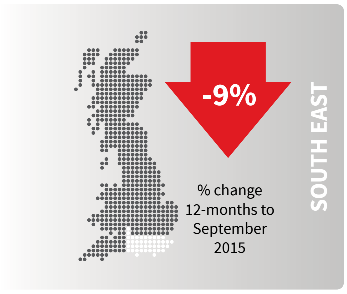


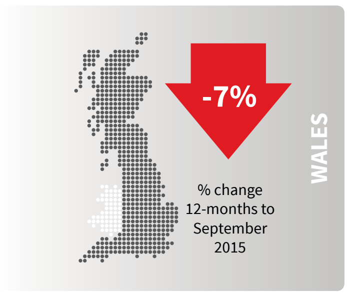


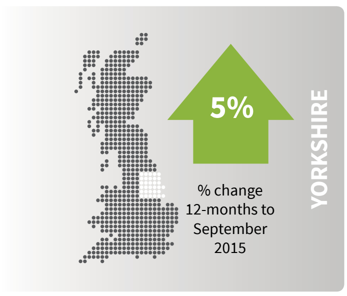












Regional overview

There has been growth in five of the UK's economic regions and nations in Q3 2015, as a bounce back in activity begins to materialise.

The West Midlands had experienced a decline in the underlying value of project starts for the past year, but in the three months to September 2015 this region saw starts surge by 41%.

This was the largest quarterly increase but there was a 34% rise in the North East, while there was also a 16% rise in Yorkshire & Humberside.

Of those areas seeing a decline, many were fairly modest as a bounce-back in activity starts to materialise.

There were sharp declines in Wales, Scotland and London, where starts fell 19%, but in the North West, South East, South West and East Midlands, the fall in starts was only between 2% and 6%.

In the year to September 2015, five of the 12 UK economic regions are also in positive territory.

The strongest rise is in the eastern side of England. In the East Midlands, starts are up by 19% but this figure is outstripped by a 20% increase in the East of England.

No other region has experienced a double-digit rise, but two regions have been hit by a double-digit fall in project starts over the past year. In the South West, starts are down by 11% with the fall slightly larger in Scotland at 13%.

Earlier in the pipeline, the outlook is more positive with the underlying value of planning approvals rising in nine out of 12 regions in Q3 2015 with rises of 50% and above in the East Midlands and East of England.

Percentages in Charts compare 12 months to September 2015 to previous 12 months

Sector Performance

Sectors: Community and Amenity

As other parts of the industry show clear signs of shaking off the post-election malaise that dogged decision-making by clients, this sector is weakening more than ever.

With local authorities feeling the full impact of government cuts, the underlying value of community & amenity project starts in Q3 2015 fell by 31%. Just £301 million-worth of work started on site in the three months to September 2015.

The annual fall is even greater. In the 12 months to September 2015, the underlying value of community & amenity project starts crumbled by 33.5%.

There is an increase in the underlying value of detailed approvals for work in this sector, with a 12% increase in the underlying value of approved projects in the three months to September 2015.

However, to put this rise in context the overall value of work approved in this period is just 60% of the total value of project starts in Q3 2015.

Glenigan's research shows that there has been a particularly strong fall off in London, whole other indicators for this sector are equally poor.

Savills' commercial development activity report for August 2015 also provides negative read-across. After stagnating in July, public commercial development activity fell in August, when the only two out of nine sectors to experience a decrease in activity were public office and public new-build.

The last annual rise in starts in this sector according to Glenigan's data was in 2013, when underlying community & amenity starts edged up 0.8%. There was a 0.6% fall in 2014 but at the current rate project starts in 2015 are likely to fall by circa 17%.

Community and Amenity (£ million)

Region	2012	2013	2014	2015*
East Midlands	40	19	45	87
East of England	88	112	45	71
London	174	231	247	76
North East	36	80	70	64
Northern Ireland	39	29	49	23
North West	53	76	64	52
South East	166	135	137	98
South West	112	162	207	85
Scotland	153	153	76	66
West Midlands	69	88	111	28
Wales	68	90	34	20
Yorkshire and the Humber	151	68	77	54

Note: Includes underlying projects with a construction value between £250,000 and £100m.
***To September 2015**

Percentages in Charts compare 12 months to September 2015 to previous 12 months

Why use Glenigan?

Glenigan is the leading supplier of planned and current construction projects in the UK. It's proven that we can help companies win more contracts and increase profits.

"Using Glenigan has increased our annual turnover by over 400% in 5 years"

Become a customer and benefit from:

- Access to all UK planning applications, fully researched to provide key project details
- Access to exclusive project leads unavailable elsewhere in the market
- Access to nearly 70,000 personal email addresses within the industry
- Over 10,000 new and updated refurbishment projects a month
- Strategic industry analysis and forecasting
- Targeted regional and sector searches
- Project and company tracking and alerts
- A dedicated account manager to help maximise your return on investment
- Full training and support
- Free use of our hotline support team

Glenigan Mobile

Access powerful construction industry intelligence when, and where, you need it

Available to download now on iPhone, Android and BlackBerry

glenigan.com/app

Our Customers

COGNICA — Making knowledge work

"There's just no comparison. The accuracy and level of intelligence that Glenigan gives you are second to none. It's helped increase our client base, it's increased the number of projects we can target and it's increased the confidence of our teams by providing that extra level of market insight."

HILL PILING

"It wasn't long before we could see the difference Glenigan was making. New leads, new projects, new business."

DOMUS

"I recently mapped our company sales against the Glenigan Index back as far as 2008 and there was an undeniable correlation. It was very impressive."

To read more from our customers, or to find out further information on our services, visit glenigan.com or call 0800 373 771