



Glenigan Breakfast Briefing

11 June 2015

Denise Chevin, Construction News

Welcome

Stewart Baseley, Home Builders Federation

Stewart Baseley HBF Executive Chairman

June 2015

A brighter outlook for house builders

Why?

- **General economic recovery:** Confidence is returning
- **NPPF has increased supply:** 200k permissions per year - up 69% from 115k over past two years
- **Help to Buy Equity Loan has unlocked demand:**
 - 50k purchasers (plus an estimated 10-15k in the pipeline)
 - 82% FTBs, average purchase price of £213k
 - 94% outside of London
 - More than two-thirds with household incomes below £50k
- **Help to Buy Mortgage Guarantee has galvanised the wider market**
 - Difficult to estimate impact on new build but 40,000 sales in first year
 - Average purchase price £156k
 - 78% FTBs but also helping others in the ‘chains’ to help move the market

Positive trends in output indicators

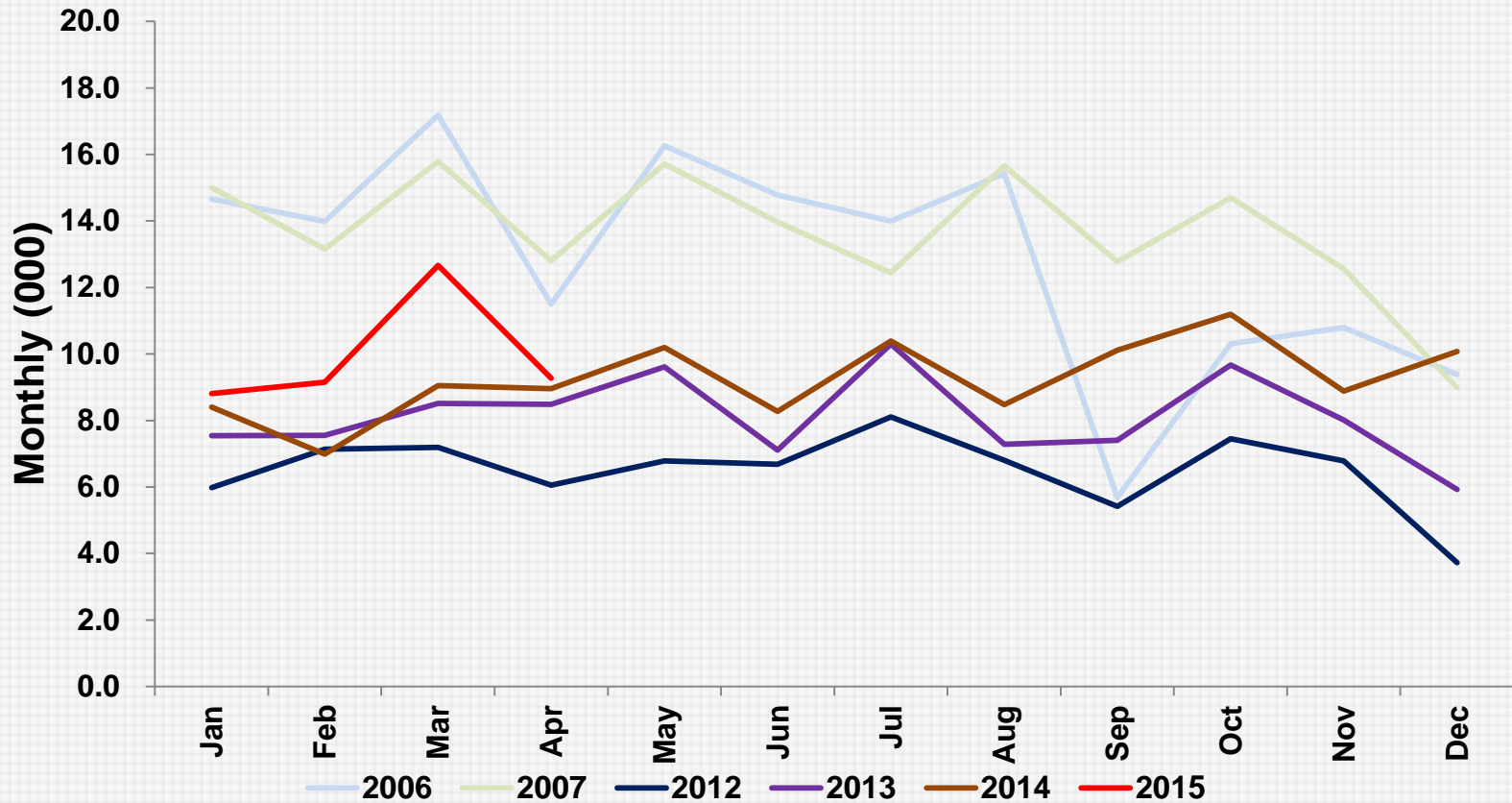
Much improved industry position over the past 18 months

- 137,010 starts in calendar year 2014. Up 59% on 2009 'trough'
- 40,340 in Q1 – highest number since 2007
- NHBC registrations rose to over 145,000 in 2014
- HBF estimates additional 100k people employed in past two years

Quarterly starts and completions, 2007-2015



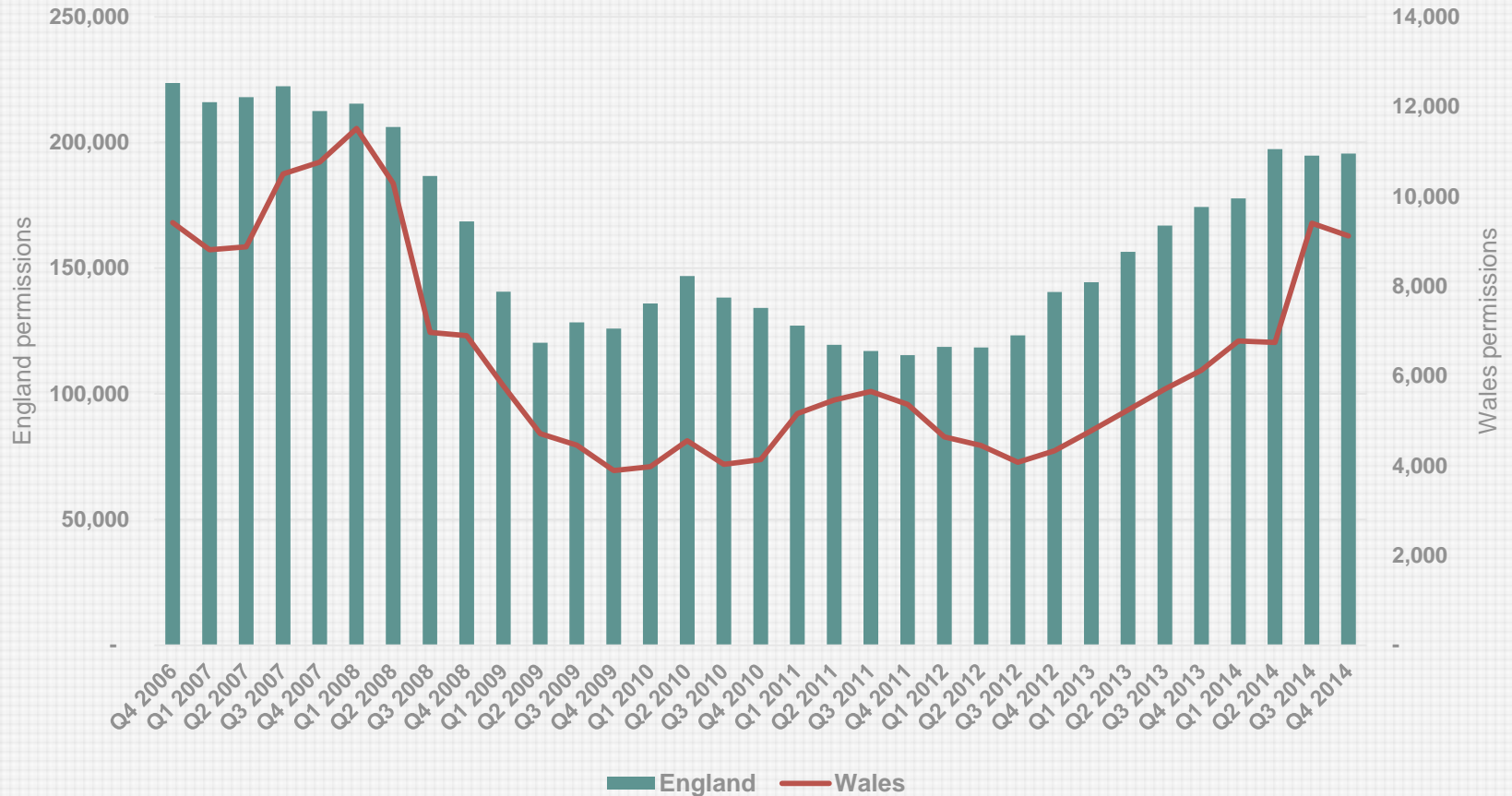
NHBC private registrations (UK)



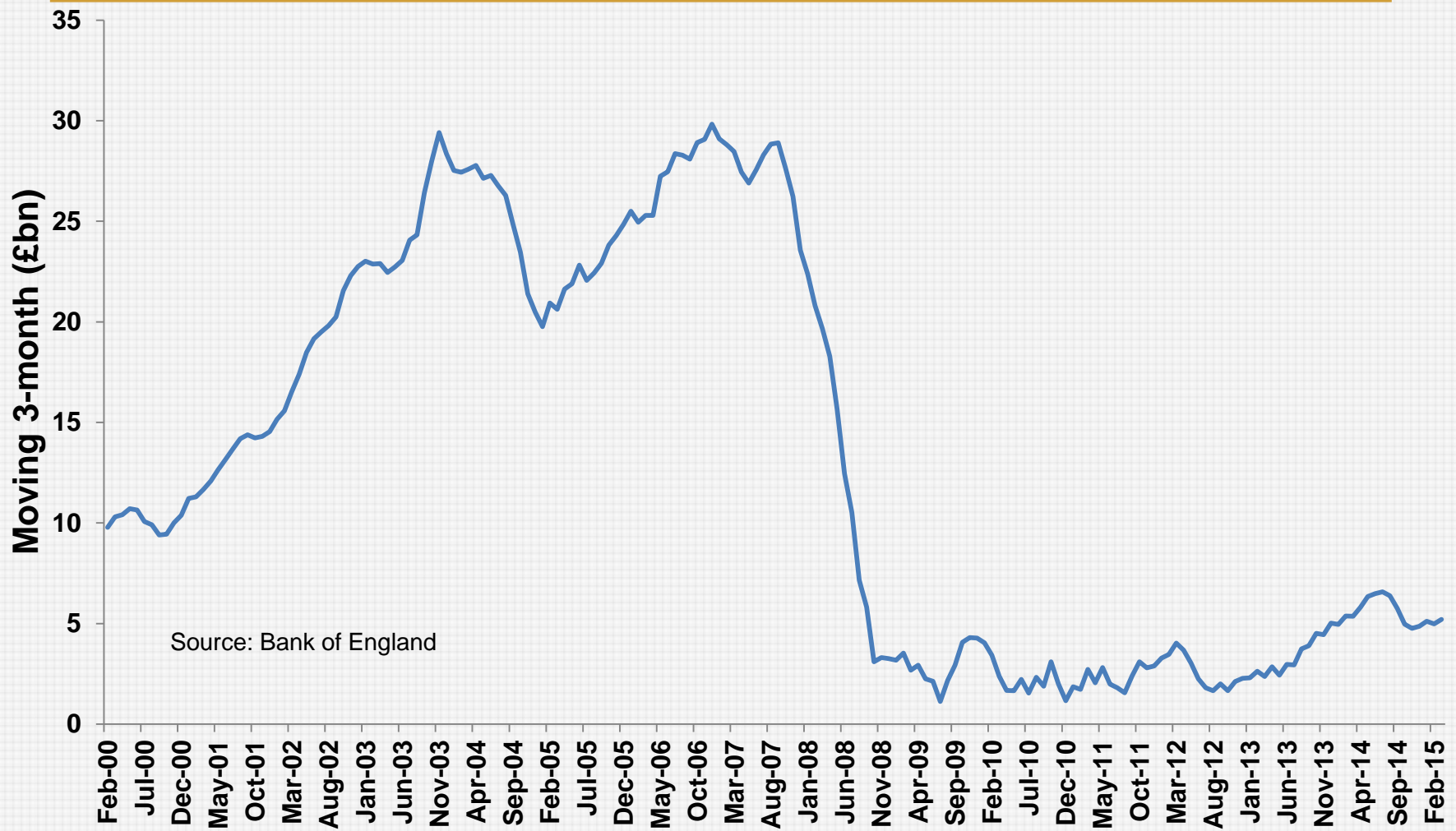
NPPF helping to bring through c.200k plots p.a.

(HBF/Glenigan 'Housing Pipeline' report)

Moving Annual Total of planning permissions granted in England and Wales (last four quarters) NB: sites of 10+ units only



Net mortgage Lending (UK)



However...

- We are still massively under-delivering new homes
- 3.3m 20-34 year olds living at home with parents
- In 10 years owner occupation amongst 25-34 year olds fallen from 59% to 36%
- 1.4m households on social housing waiting lists
- Less than 1% of stock is specialist retirement housing despite projected 51% increase in over 65s between 2010 and 2030 and doubling of over 85s

Not a uniform experience across the country: London is a different world

- Increased house prices and Help to Buy's limited impact in London means that there is still an uphill battle for first-time buyers in the capital
- Demand almost limitless, *effective demand* is severely constrained. Help to Buy is helping, especially in outer London and wider London region.
- Mayor has targeted delivery of 42k p.a. (actual need 62k) but current output around 20k p.a.
- Need for more coordination and joint-planning between London boroughs and authorities outside London's borders
- Potential for London Land Commission to play an important role, as well as trialling an innovative demand-led approach to public sector land disposal
- HBF's London Group of developers helping us to represent the industry in these debates

Economic and social benefits of building more

- **£19.2bn** – housebuilding annual contribution to the economy
- **600,000** – jobs dependent upon house building
- **3.9bn** – contribution to local infrastructure via S106/CIL
- **32k** – affordable homes built or financed plus £1bn to local authorities
- **£225m** a year towards educational facilities; equivalent of 52,000 classroom places
- **£355m** stamp duty receipts to the Exchequer via new build sales

plus

- **6.5m** trees and shrubs planted every year
- **£131m** open spaces
- **£180m** Council Tax revenue for local services



HBF pre-election asks

- Formalise the extension of Help to Buy Equity Loan ASAP
- Assess impact of withdrawal of Mortgage Guarantee
- Address outstanding 'End to End' delays in the planning system.
- Ensure LA planning departments are adequately resourced
- Release of public land must be done in the context of a better land market in recent years where government sites are in competition with private sites
- Boost supply of brownfield
- Review CIL

**BUILDING
COMMUNITIES,
GROWING THE
ECONOMY**

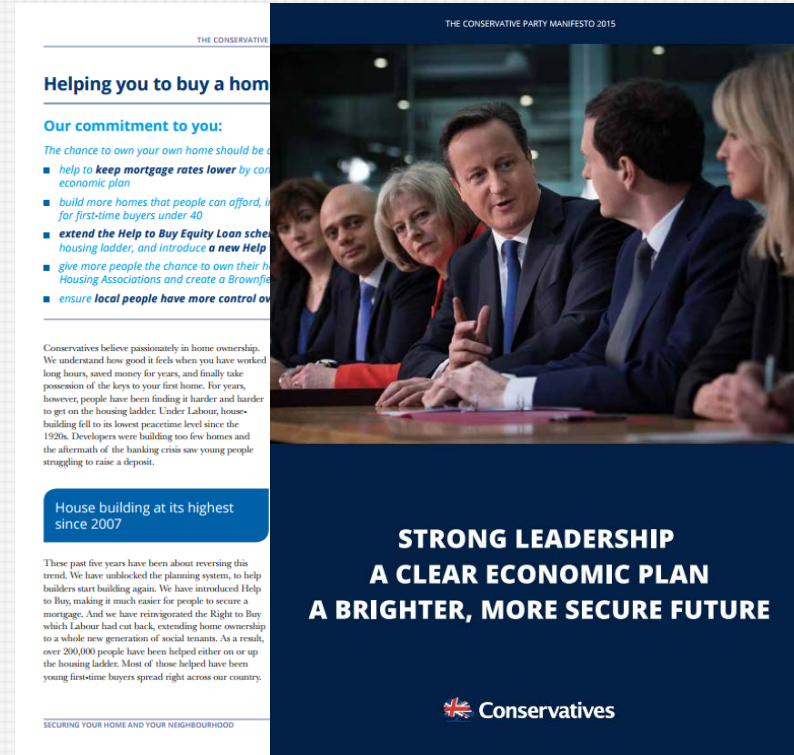
A PLAN FOR BOOSTING
HOUSING SUPPLY



New Government committed to increasing supply

Major emphasis on home ownership Manifesto commitments;

- Maintain Help to Buy
 - Extend from current end date of 2016 to 2020
- Starter Homes
 - Extend current policy by altering definition of affordable housing
- Help to Buy ISA
- Brownfield Regeneration Fund
 - £1bn raised through sale of expensive council housing
- Extend Right to Buy to housing association tenants
- Garden Cities



THE CONSERVATIVE PARTY MANIFESTO 2015

Helping you to buy a home

Our commitment to you:

- help to **keep mortgage rates lower** by our economic plan
- **build more homes that people can afford**, for first-time buyers under 40
- **extend the Help to Buy Equity Loan scheme**, housing ladder, and introduce a **new Help to Buy ISA**
- **give more people the chance to own their home** through Housing Associations and create a **Brownfield Regeneration Fund**
- **ensure local people have more control over their own area**


Conservatives believe passionately in home ownership. We understand how good it feels when you have worked long hours, saved money for years, and finally take possession of the keys to your first home. For years, however, people have been finding it harder and harder to get on the housing ladder. Under Labour, house-building fell to its lowest peacetime level since the 1920s. Developers were building too few homes and the aftermath of the banking crisis saw young people struggling to raise a deposit.

House building at its highest since 2007

These past five years have been about reversing this trend. We have unblocked the planning system, to help builders start building again. We have introduced Help to Buy, making it much easier for people to secure a mortgage. And we have re-introduced the Right to Buy which Labour had cut back, extending home ownership to a whole new generation of social tenants. As a result, over 200,000 people have been helped either on or up the housing ladder. Most of those helped have been young first-time buyers spread right across our country.

SECURING YOUR HOME AND YOUR NEIGHBOURHOOD

**STRONG LEADERSHIP
A CLEAR ECONOMIC PLAN
A BRIGHTER, MORE SECURE FUTURE**

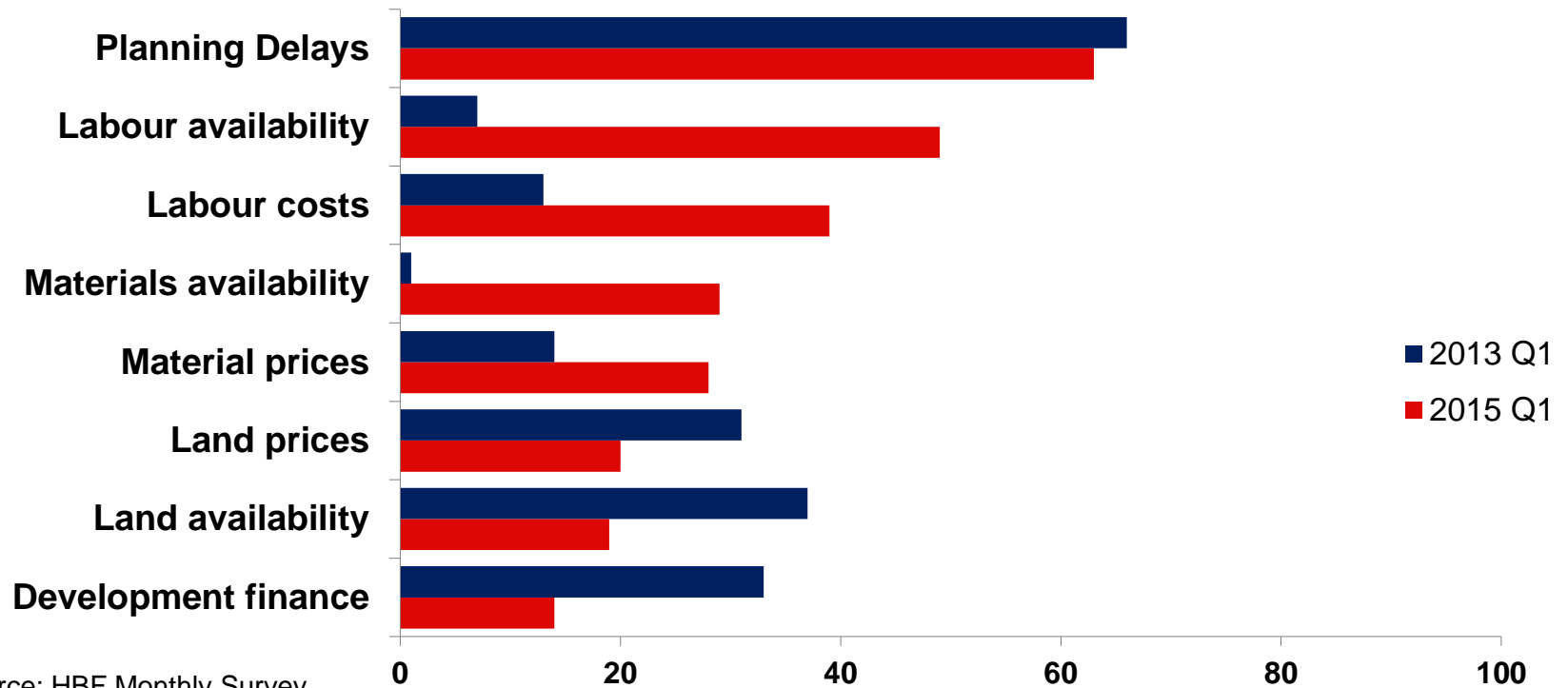
 **Conservatives**

Constraints on expansion

- **Skills:** we need to recruit, train and retain tens of thousands of people right across our businesses
- **Suppliers:** need to work with supply chain to ensure it can meet new levels of output
- **SMEs:** increasing number of smaller builders critical to long-term prospects of the industry. Increase of cost and complexity in planning has seen a structural decline in number of SMEs and start-ups
- **Land and planning:** Planning for c.200k plots p.a. will always deliver less. Key that Local Plans are in place and robust. Historically, only times when 250k+ output has been sustained has been when c.50k demolitions were taking place. The challenge is big but vital that planning authorities grasp it
- **Planning process:** the rate at which applications are processed must be accelerated and planning department resources need protection
- **Mortgage finance:** continuation of Help to Buy - or equivalent - is essential

Constraints on new home supply. Q1 2015

(% house builders quoting as major constraint)



Source: HBF Monthly Survey

Increasing the output of SMEs

The number of SME builders has fallen 80% over past 26 years

If supply is to better meet demand, it is key that SME output increases

What needs to be done?

- Business finance availability key
- Reform of planning system / reducing 'regulatory burden' will particularly assist SMEs
- Reintroduce 'red-line' consents
- Ensure LAs allocate a wide variety of site sizes
- Develop an effective Builders Finance Fund
- Encourage Customer Build

Other challenges

- **Image:** improving the industry image with a range of audiences is absolutely essential
- **Customer Satisfaction:** industry must ensure high level of satisfaction is maintained
- **Delivering:** High level of scrutiny of industry by media and senior politicians given economic importance of housebuilding and positive measures in last five years
- **Long-term affordability:** In rising market proportion of young people in position to buy will be reduced. Explains Government commitments to Help to Buy 1 & 2, Help to Buy: ISA, Starter Homes etc. *Ensuring these products are workable and effective is a key area of focus for HBF.*

Conclusions

- Industry in a much better place than two years ago
- Still huge challenges ahead and constraints remain
- Election campaign shows housing at top of agenda
- First time a new Government has been so committed to increasing housing numbers
- Focus on housing presents opportunities and risks
- Industry will be under greater scrutiny

HBF will work with Government to develop workable policies that will deliver increases



*The voice of the
home building
industry*

Allan Wilén and Tom Crane, Glenigan



Construction

Performance & Prospects

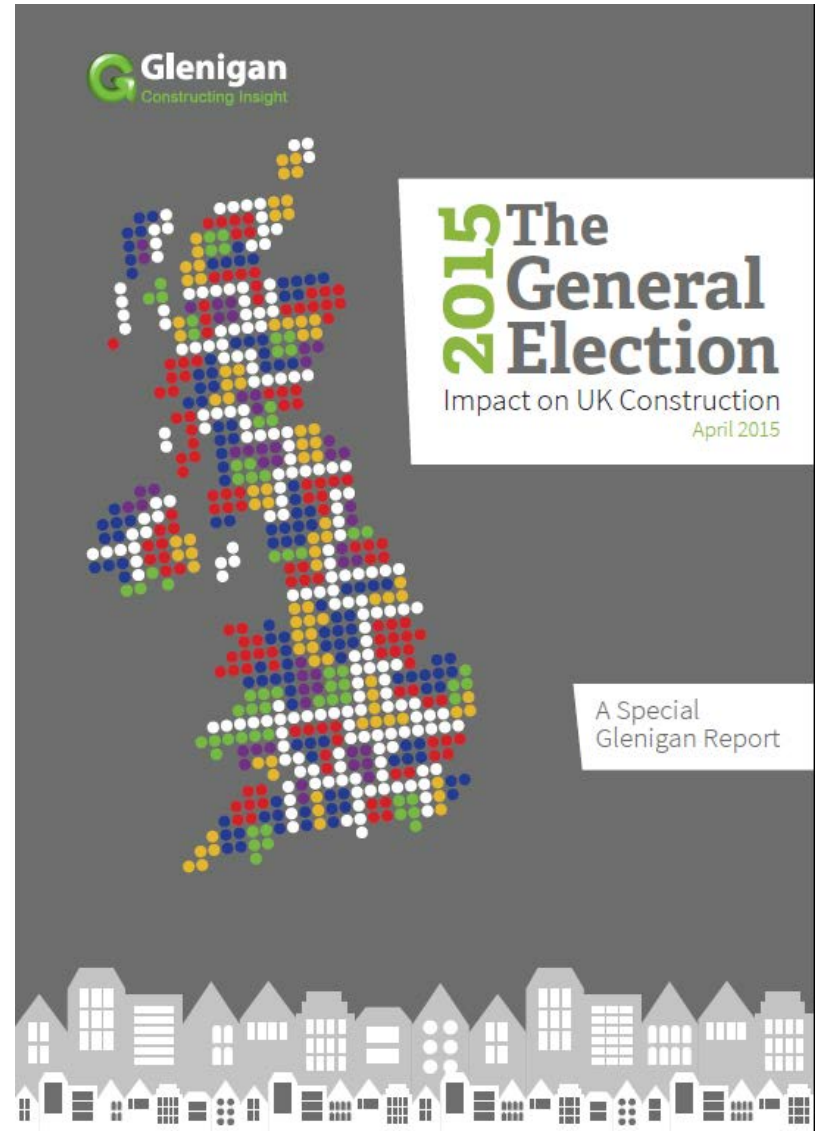
Presented by: Allan Wilén & Tom Crane

Date: 11th June 2015



Post-Election Blues?

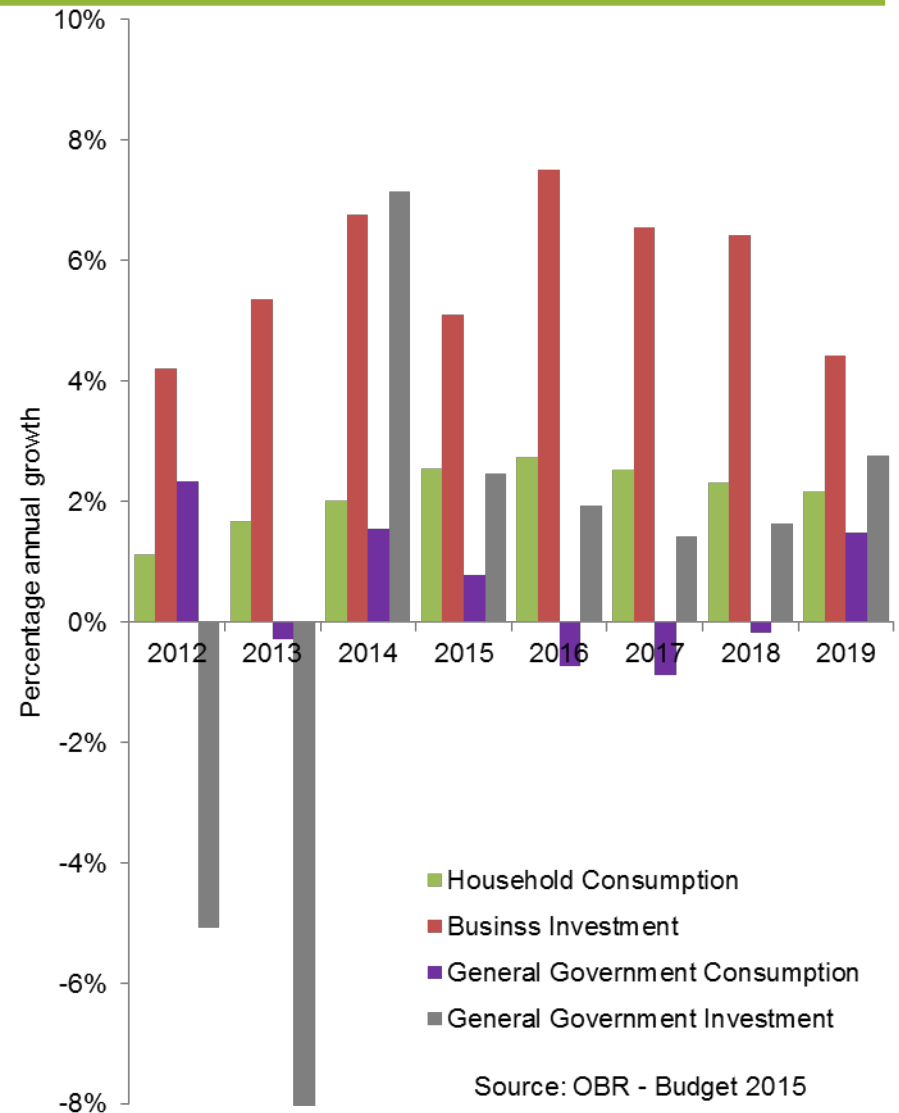
- Glenigan reviewed implications for construction
- Business as usual?
- Public investment still constrained
- Housing & Energy priorities
- EU uncertainties could dampen investment
- Political decisions required:
 - HS2
 - Airport Capacity
 - Energy policy



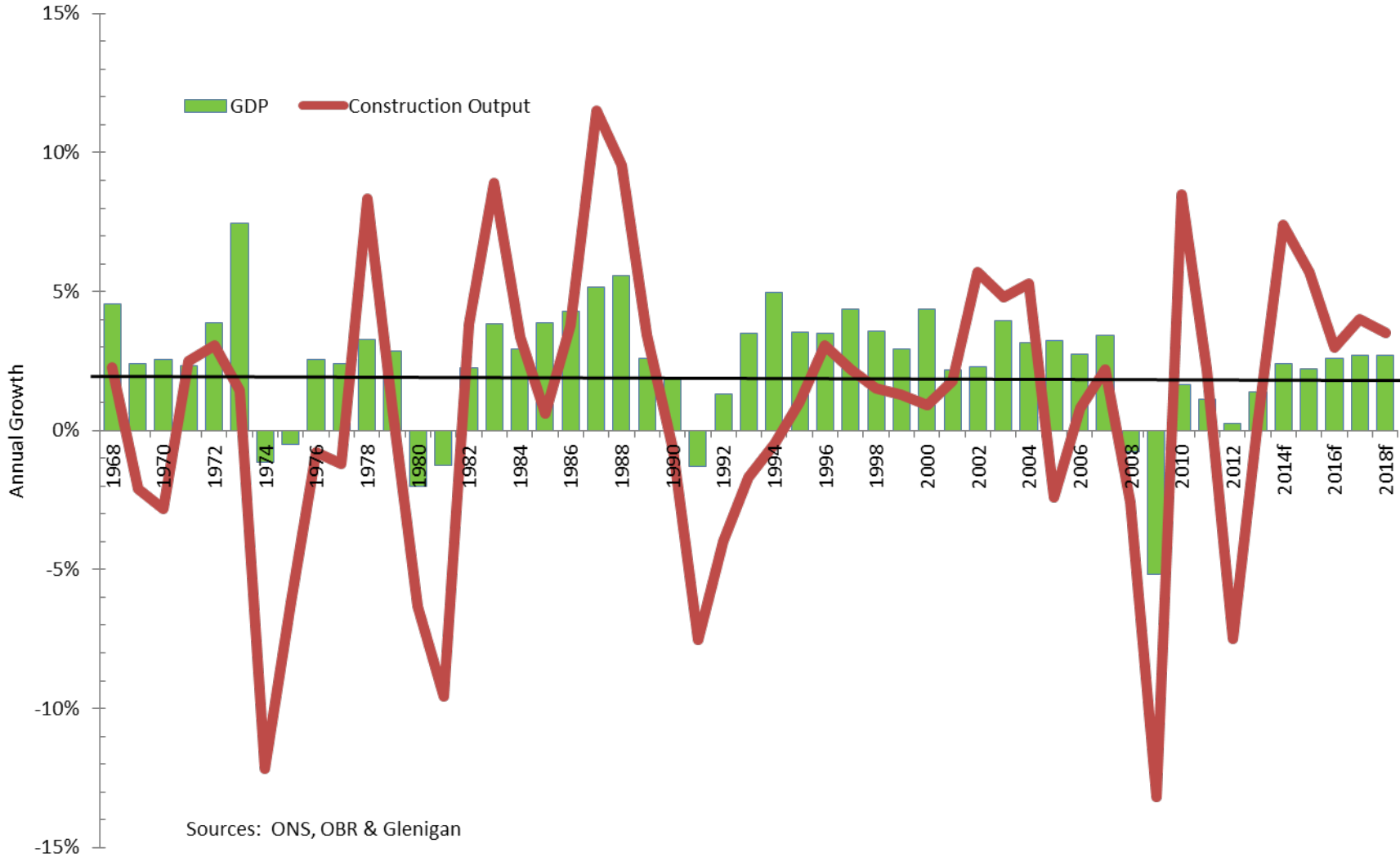
UK Economy - Government Policy & Forecasts

■ Economic recovery

- Government looking to private sector investment to lead recovery
- Consumer expenditure & retail sales growth
- Rising employment
- Housing market upturn
- Improved business confidence
- Deficit reduction limiting growth
- Access to capital finance remains limited
- Improved manufacturing sector vulnerable to export weakness



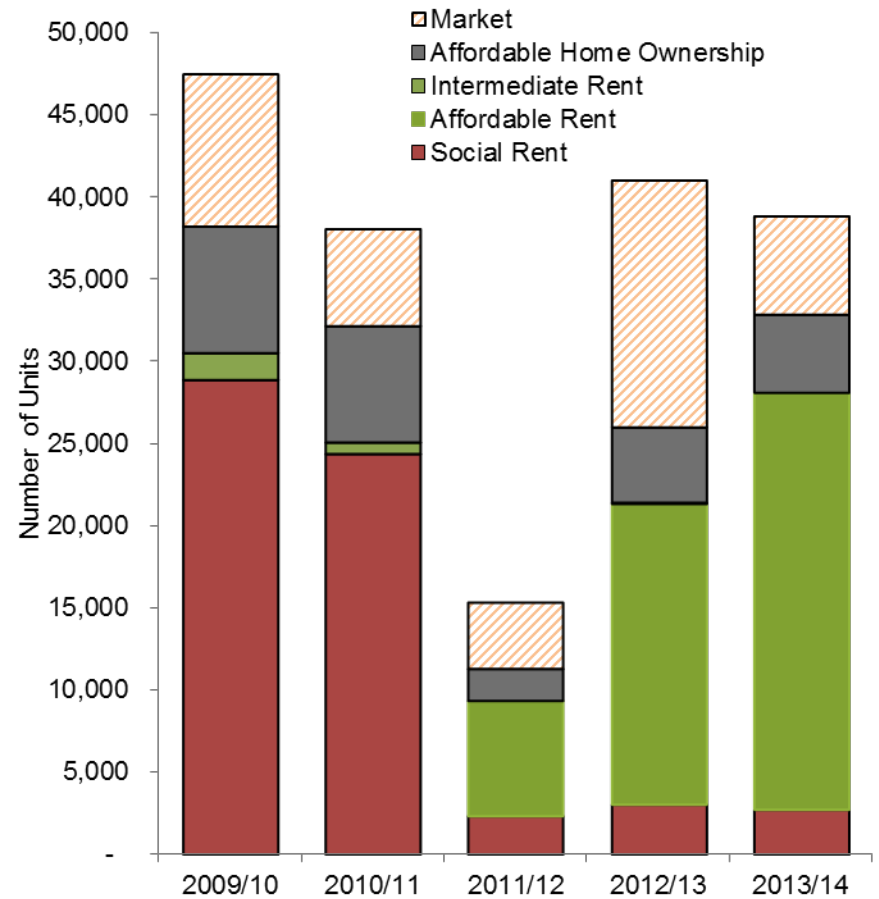
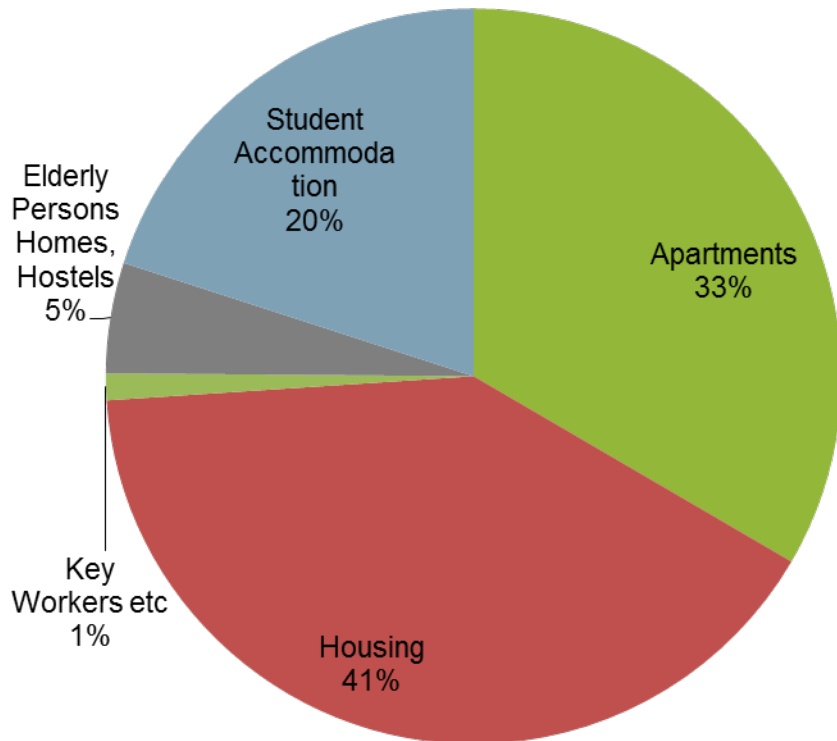
Construction Output & Economic Growth



Sources: ONS, OBR & Glenigan

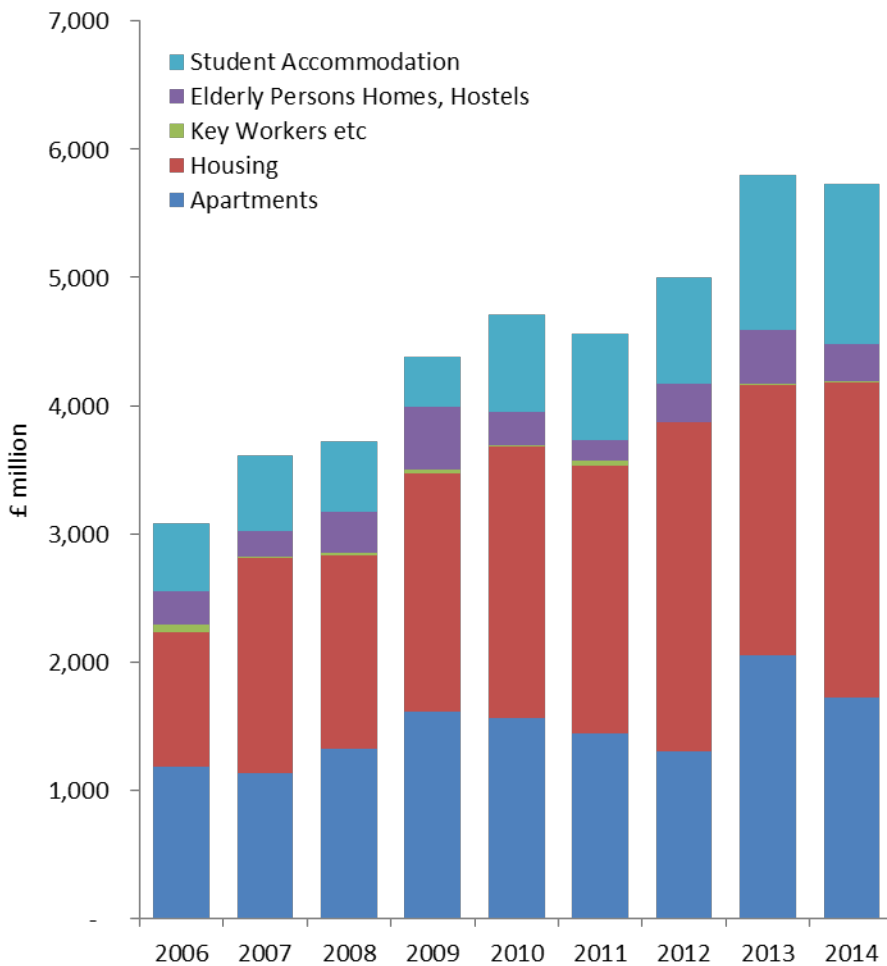
Social Housing

Project Starts in 2014

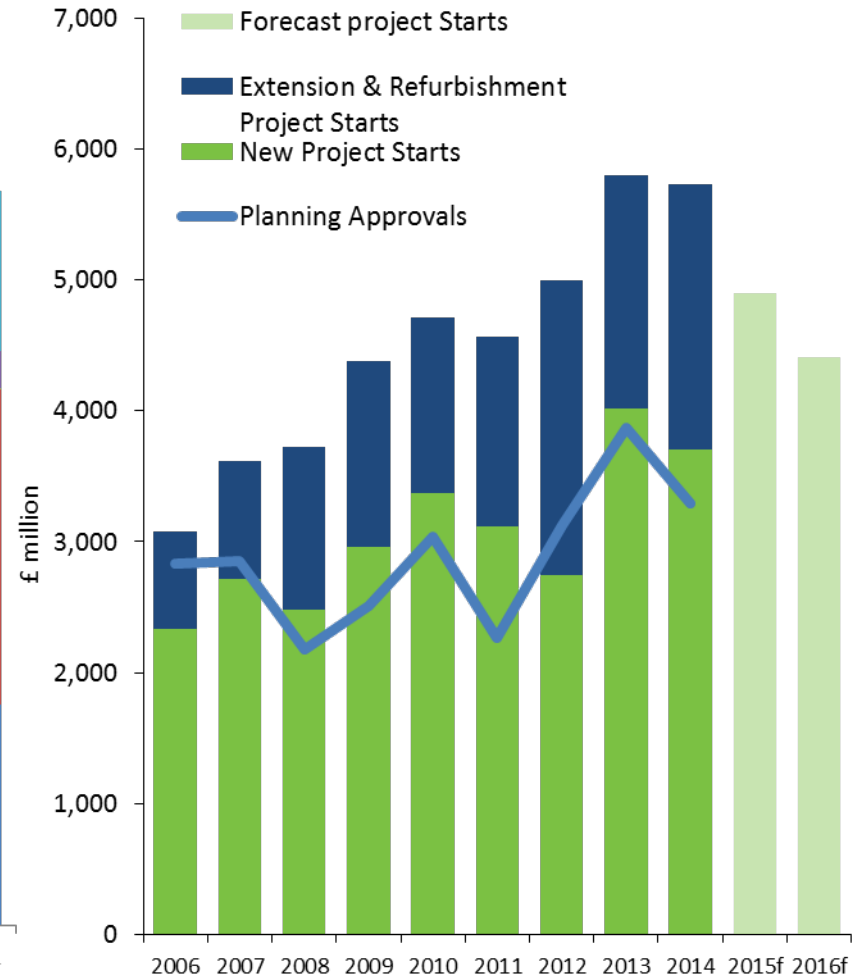


Source: HCA

Social Housing Growth



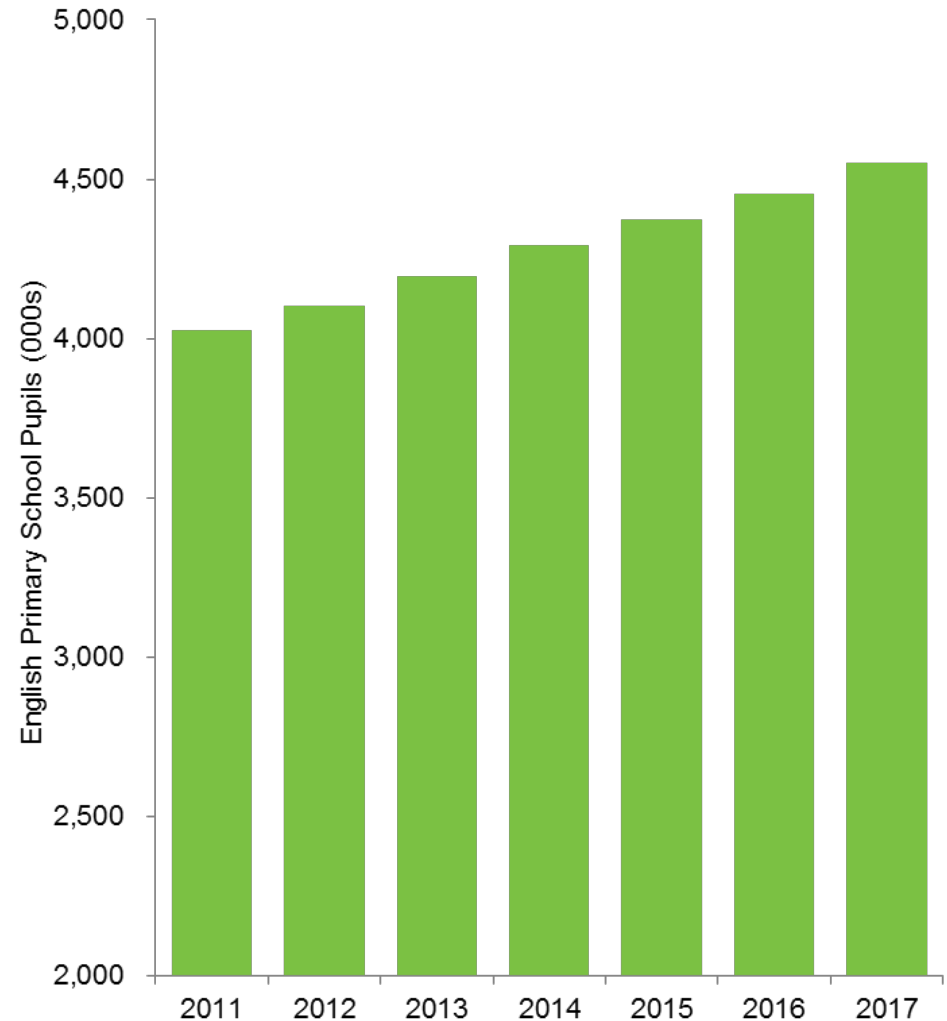
Source: Glenigan



Source: Glenigan

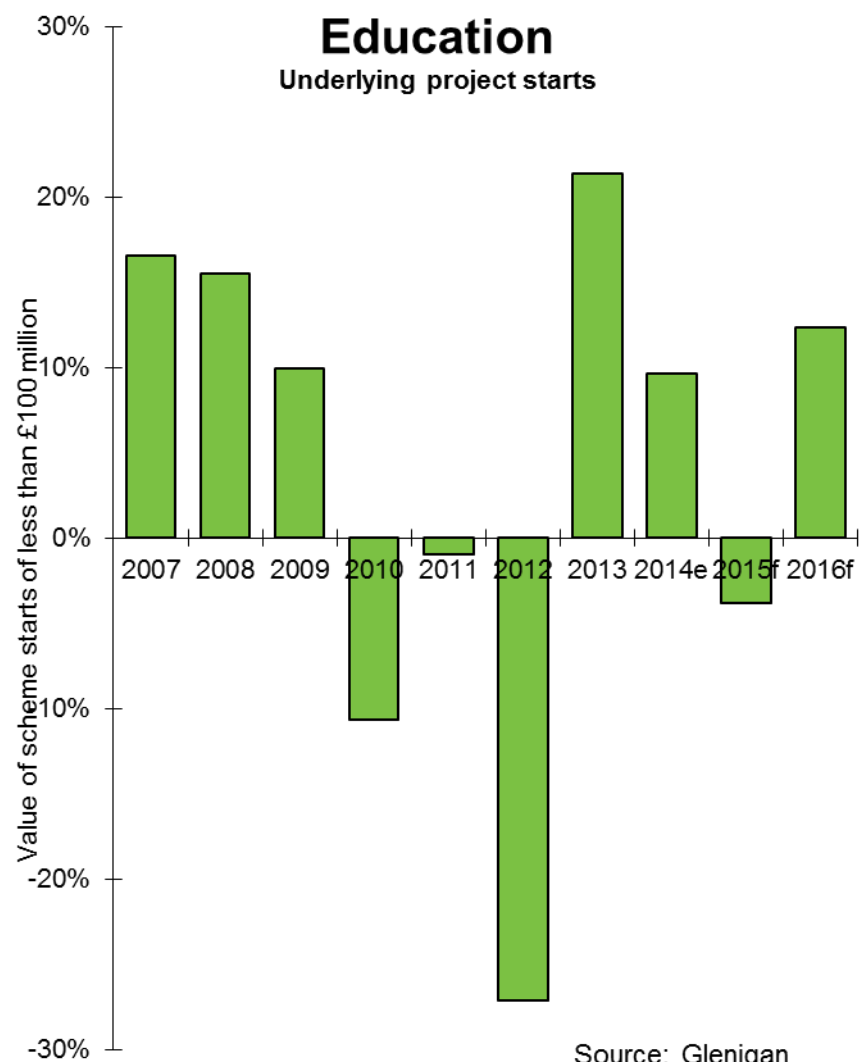
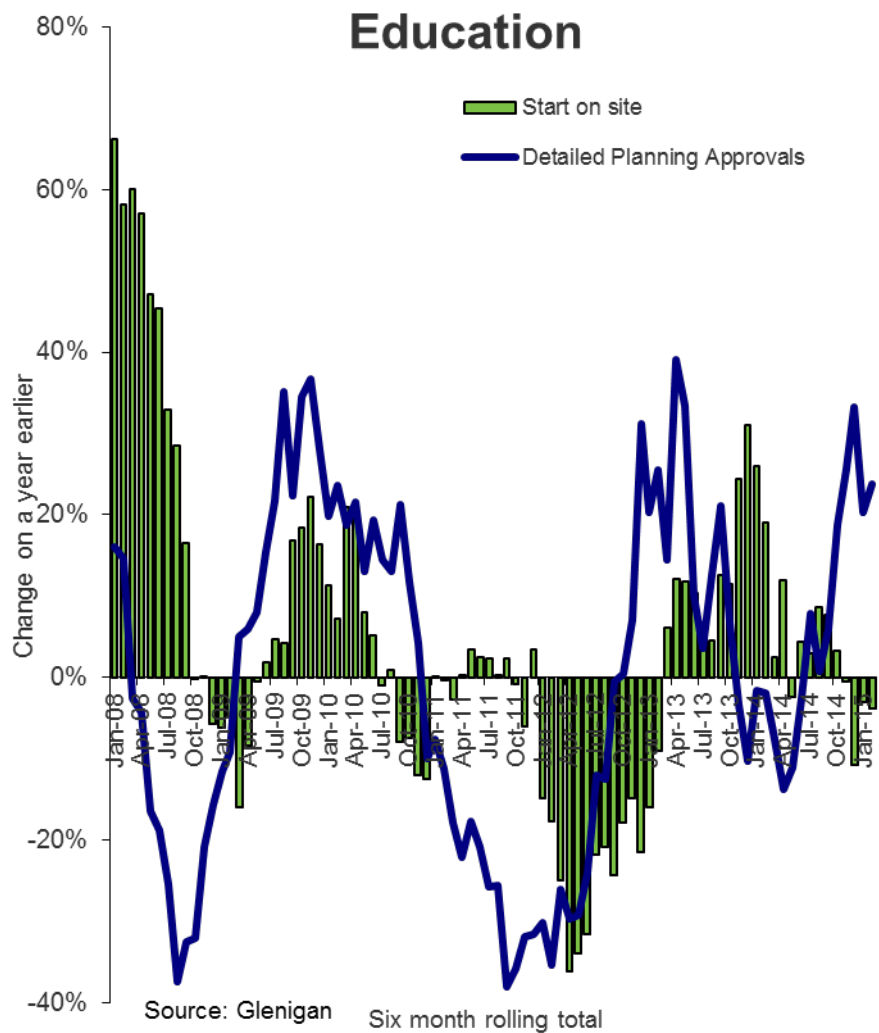
Education – Rising Pupil Numbers

- Rising demand - number of primary school pupils increasing
- Government promoting choice – free school programme
- Tackling poor learning environment – Priority School Building Programme
- Competition fuelling investment – University development plans

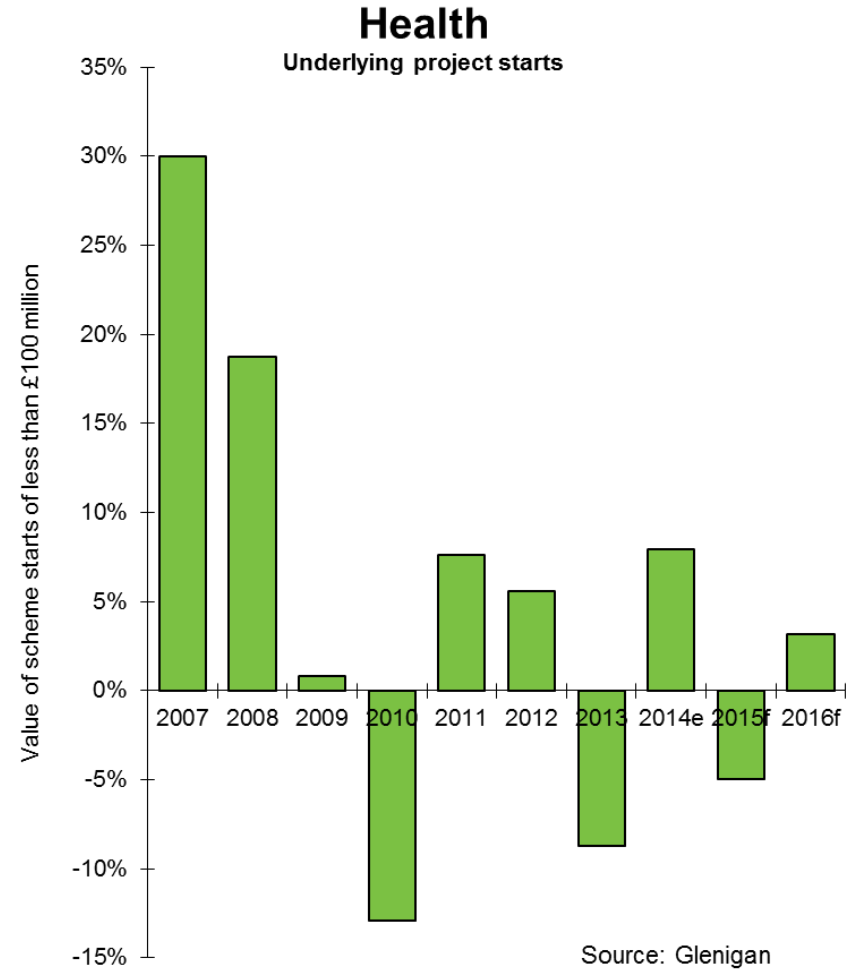
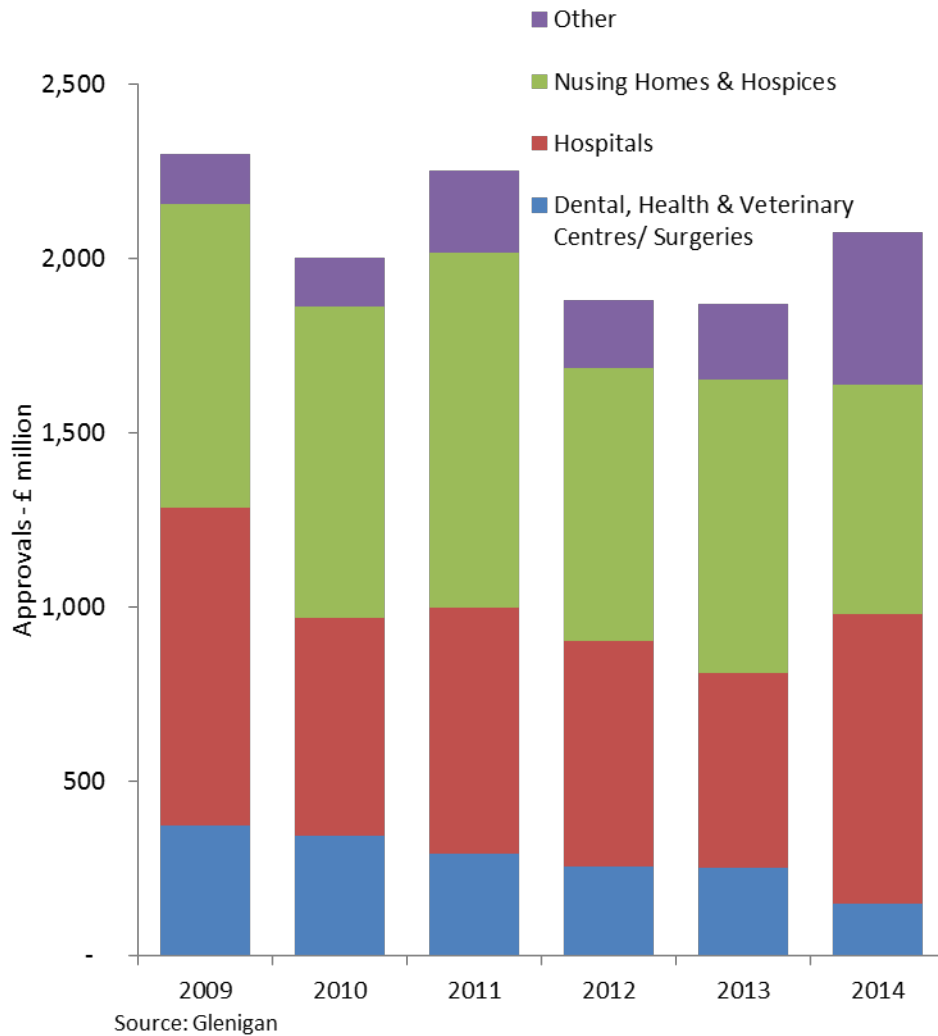


Source: DfES

Education

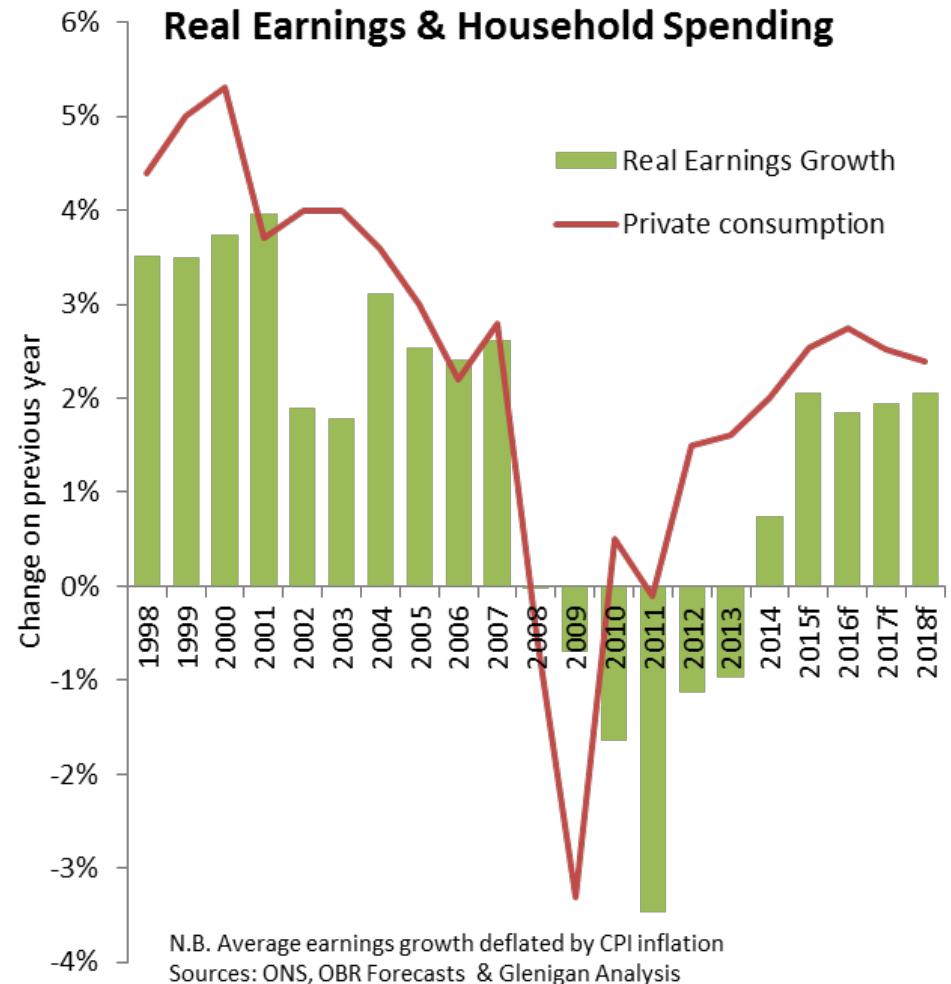


Health

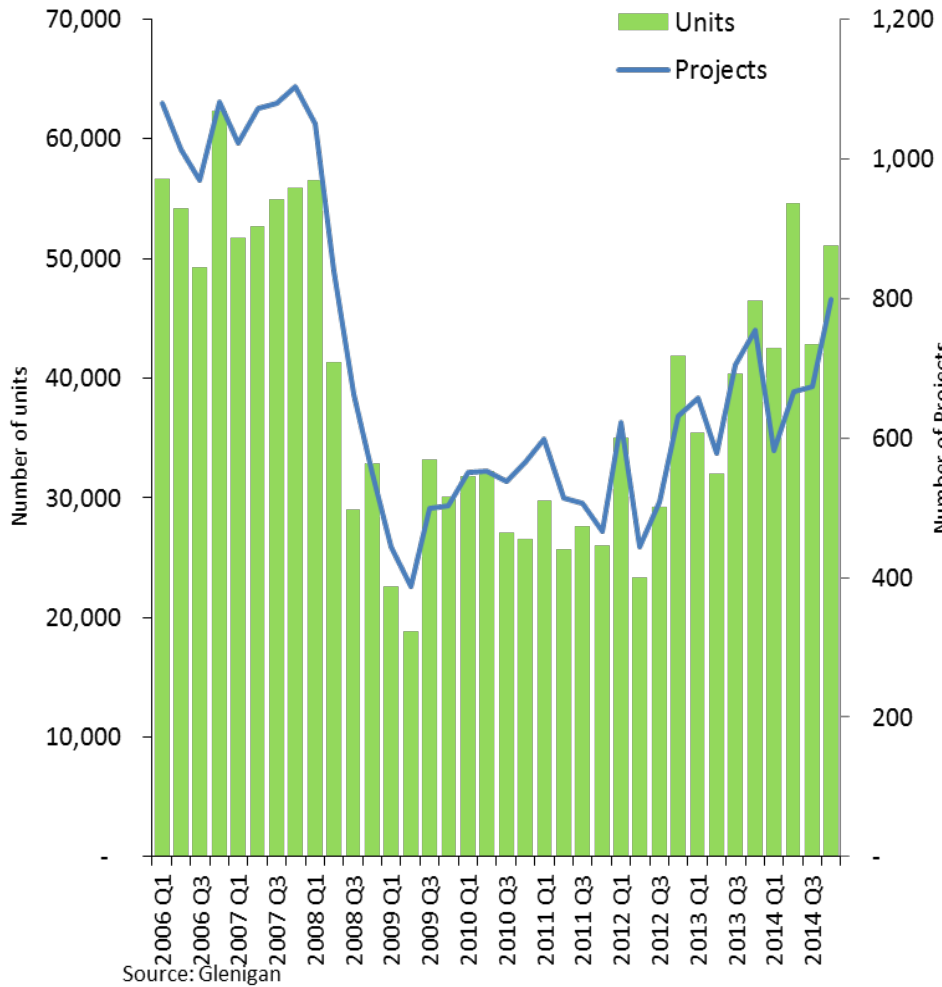


Brighter Consumer Prospects

- Long term Consumer squeeze
- Consumer confidence returns
 - Moving out of recession
 - Lower inflation
 - Increased employment
 - Rise in household spending
- Real Household Incomes still under pressure
- Forecast rise in real earnings
 - Narrows gap between income and spending growth
 - Support rise in household lending



Rising Planning Approvals & Approval Rates



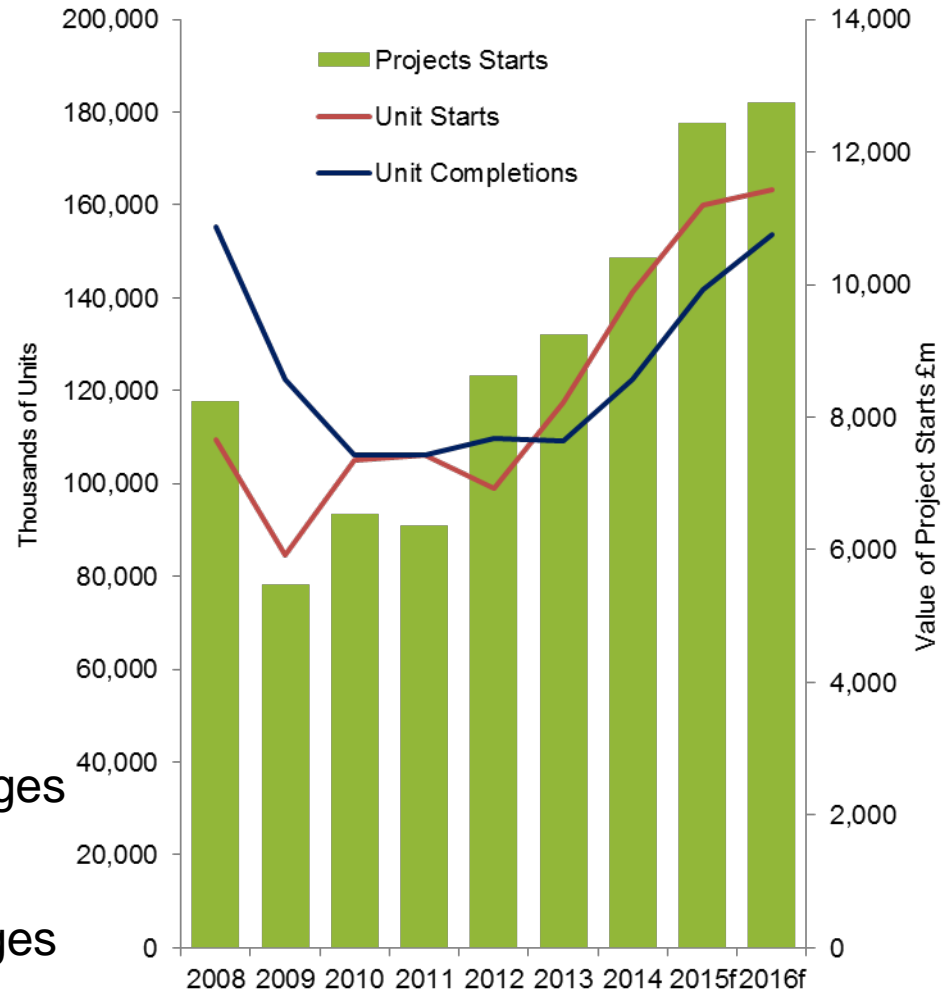
Residential Planning Approvals



Source: Glenigan

Private Housing

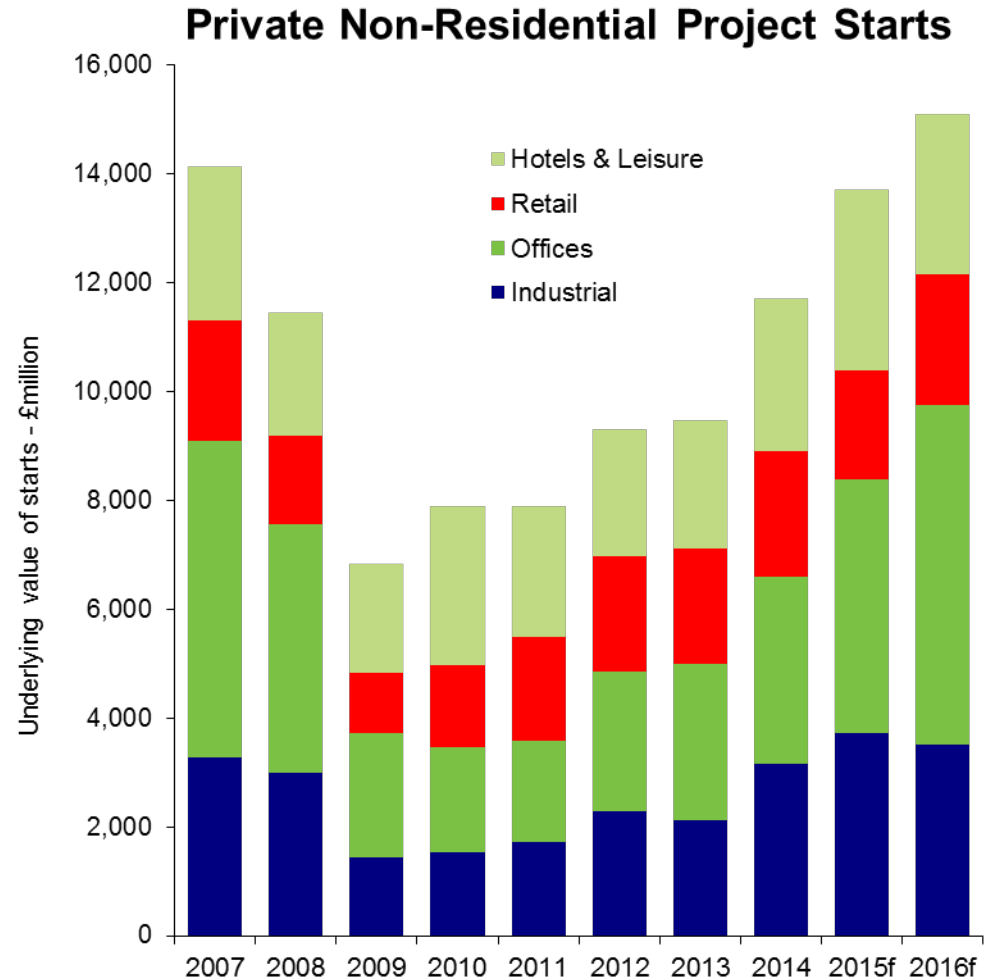
- Three years of growth
- Further growth anticipated
 - Rise in household incomes and confidence
 - Improved mortgage finance availability
 - Government initiatives lifting market
 - Increase in planning approvals
 - Broader based regional growth
- Market Risks
 - Tighter lending rules & tax changes
- Industry Capacity Concerns
 - Skilled labour & material shortages



Sources: DCLG, Glenigan

Private Non-Residential Activity

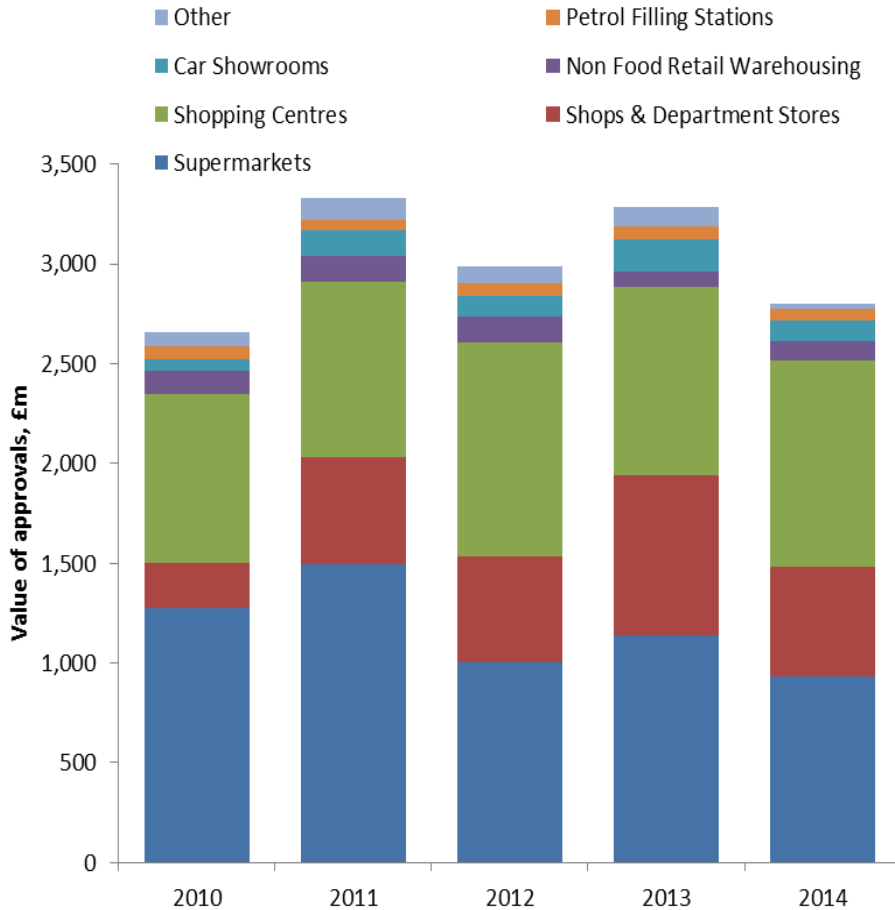
- Strong growth last year after hesitant 2013
- Increased investment in prime office space
- Industrial resurgence
- Retail restructuring
- Hotel & Leisure sector prospects brighten



Source: Glenigan

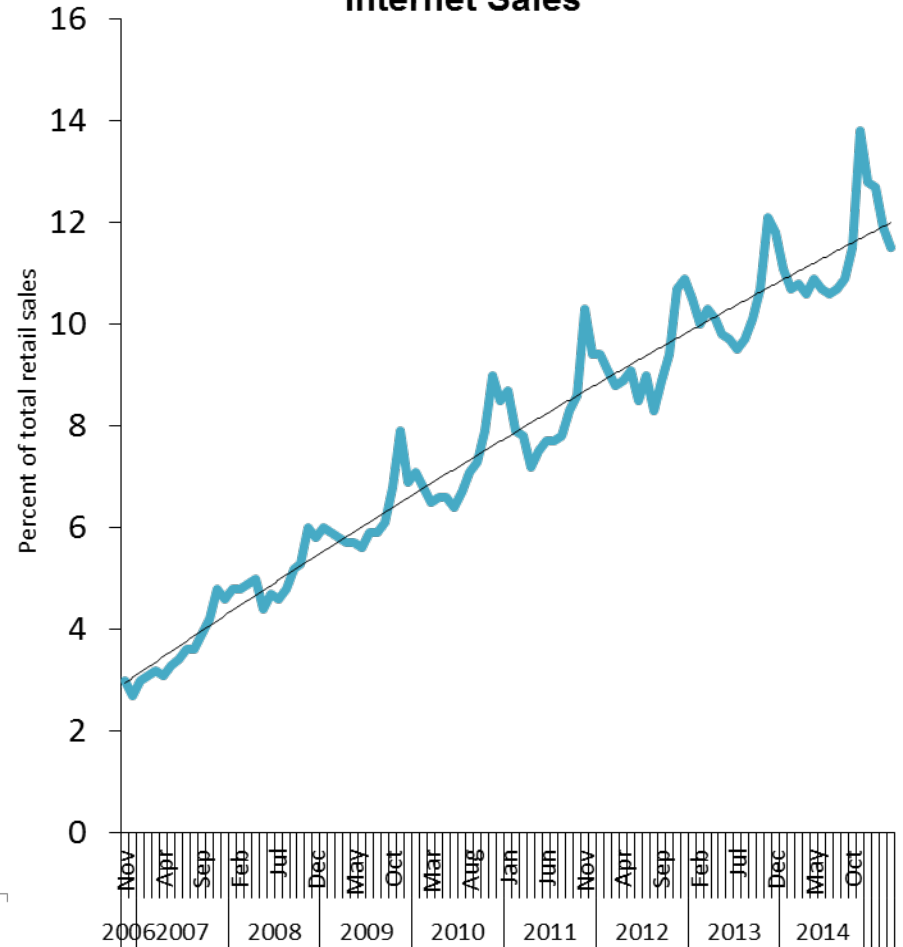
Retail Construction

Retail Approvals



Source: Glenigan

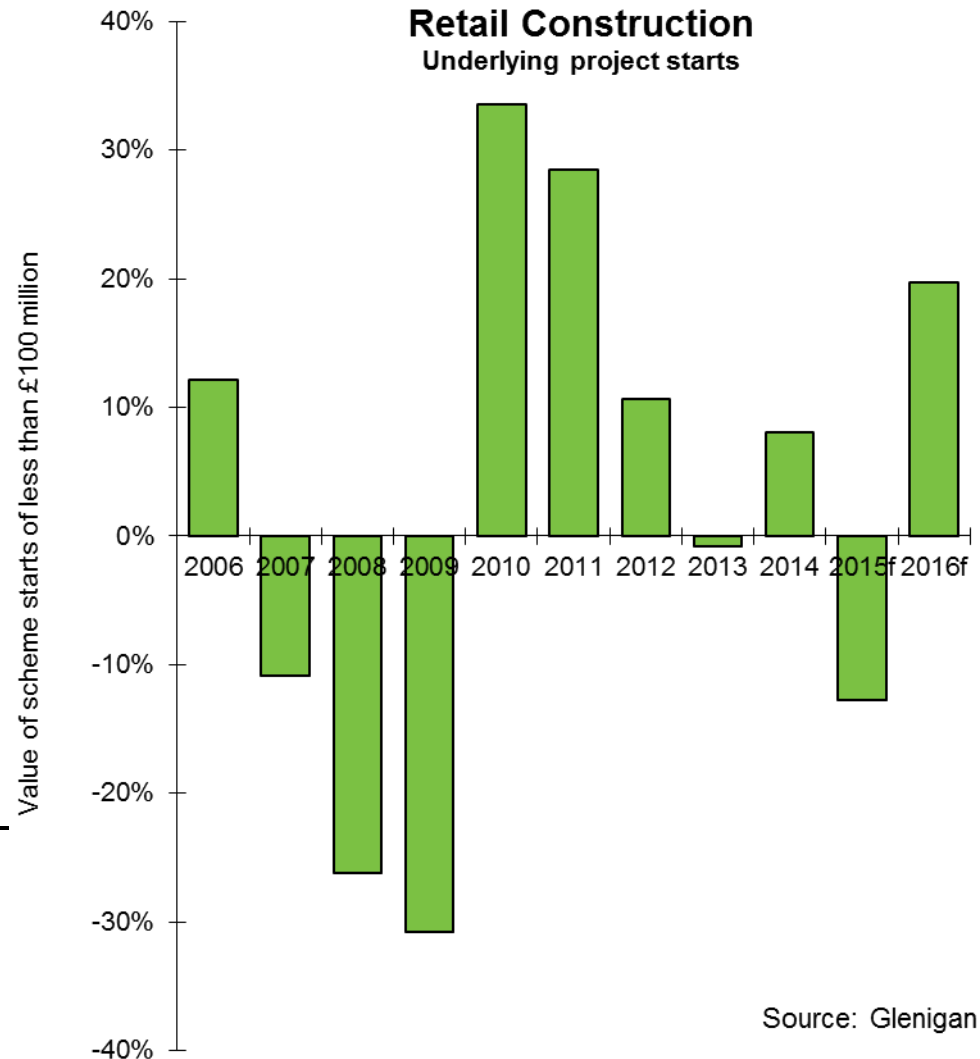
Internet Sales



Source: National Statistics

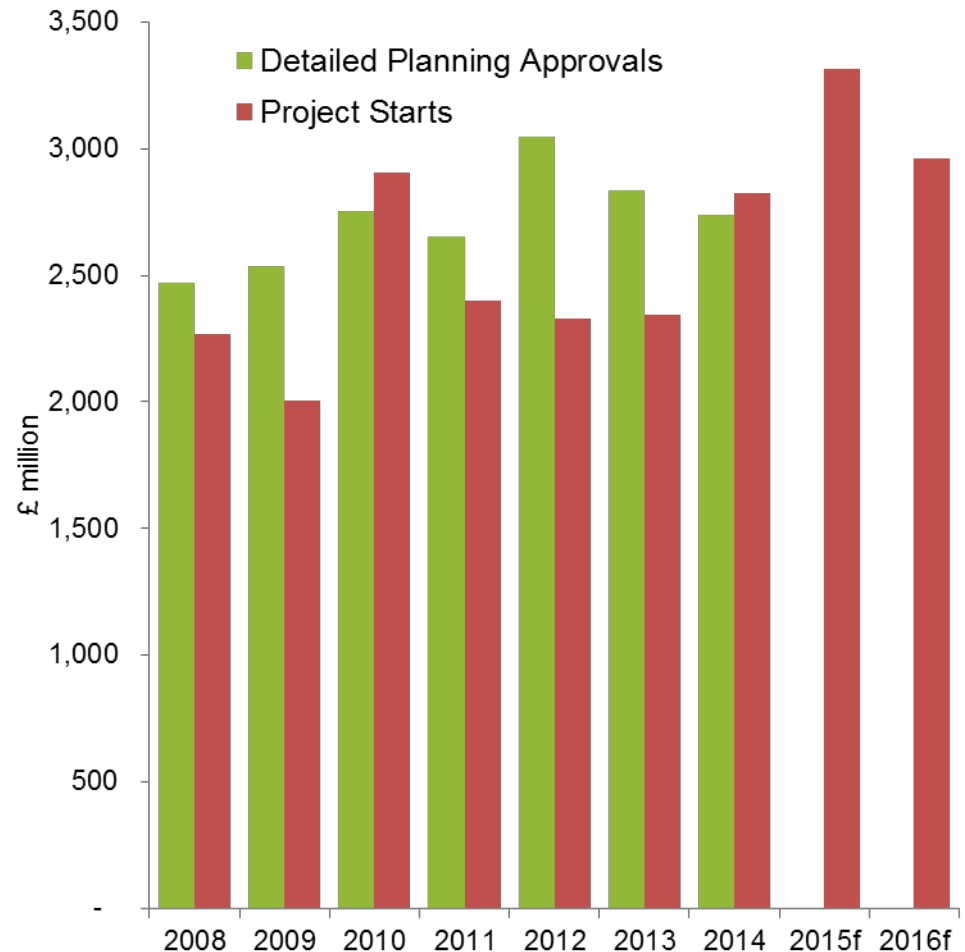
Retail Construction

- Retail sales rising, but shifting spending patterns
- Supermarkets
 - Top four C-store networks
 - Discounters step up investment
- Internet challenge:
 - New EU VAT rules may hit pure internet firms
 - 'Bricks & clicks' will still grow
- High street evolution
- More smaller scale fit-out projects
- Destination shopping centres – existing locations expanding



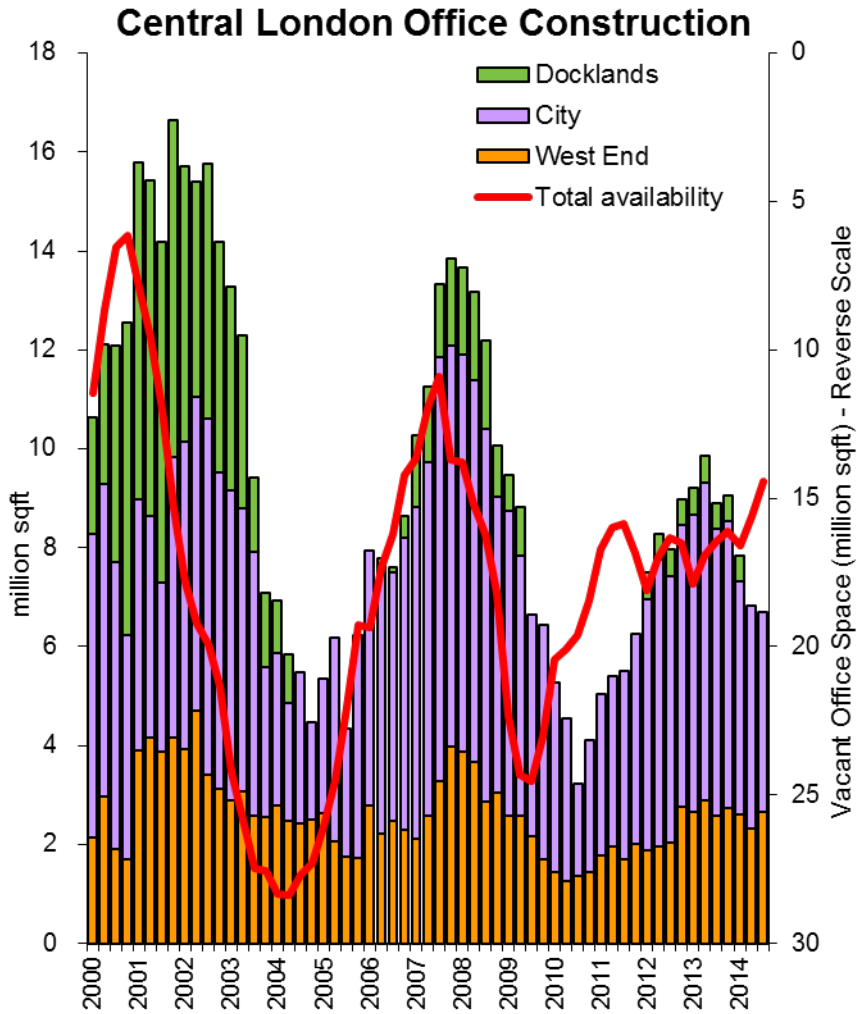
Hotel & Leisure Starts

- Rising Employment
- Real Earnings growth
- Increased discretionary expenditure
- More overseas visitors
- Hotel expansion plans
- Growing development pipeline
- Further sector growth in 2015

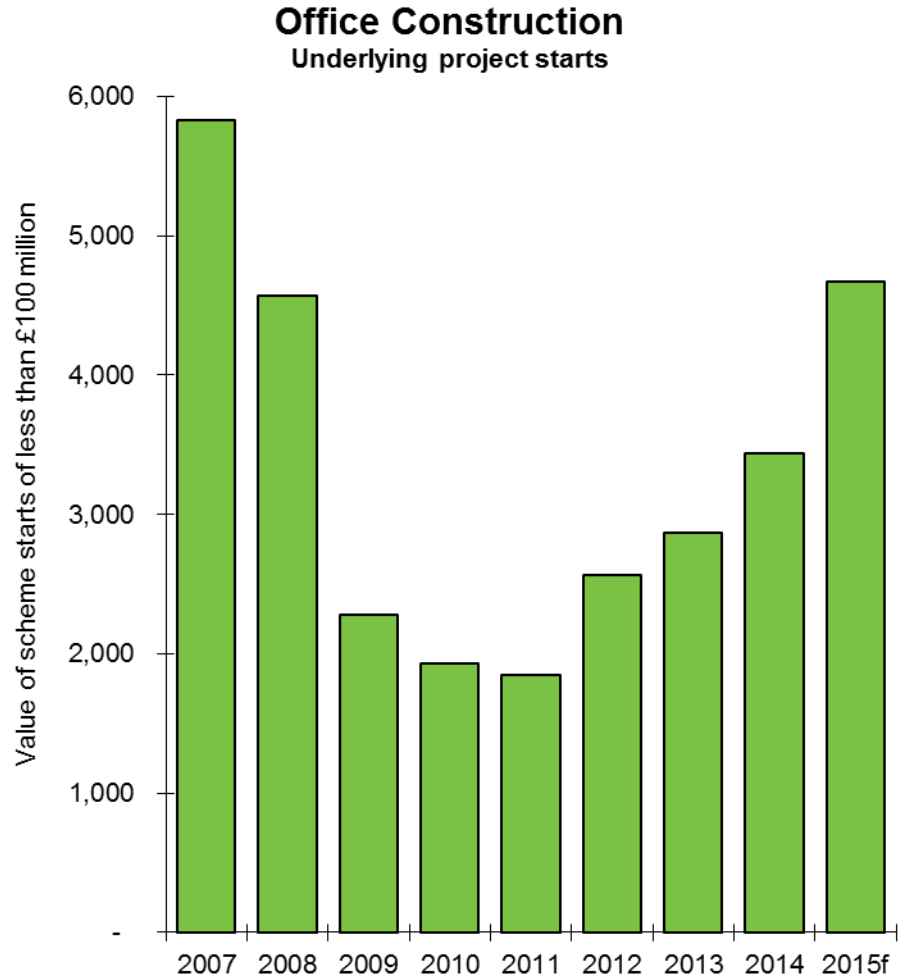


Source: Glenigan

Office Construction



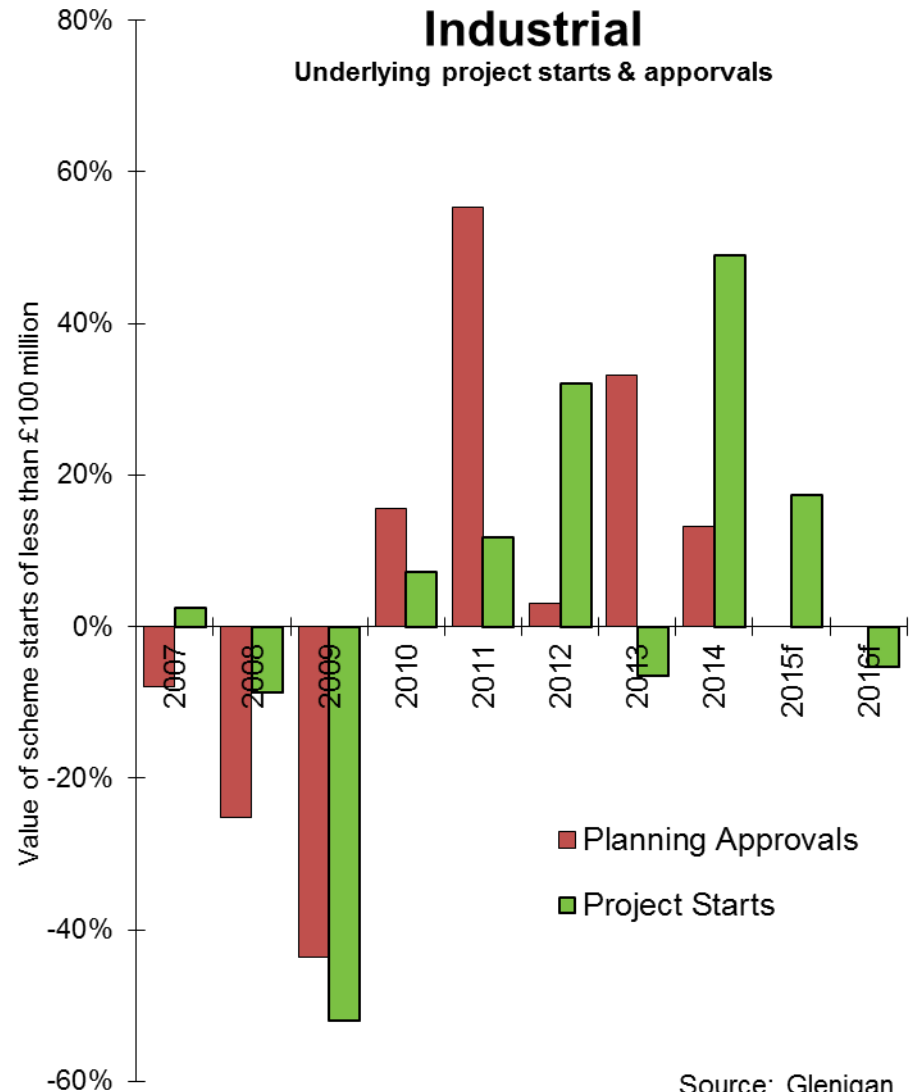
Source: Knight Frank



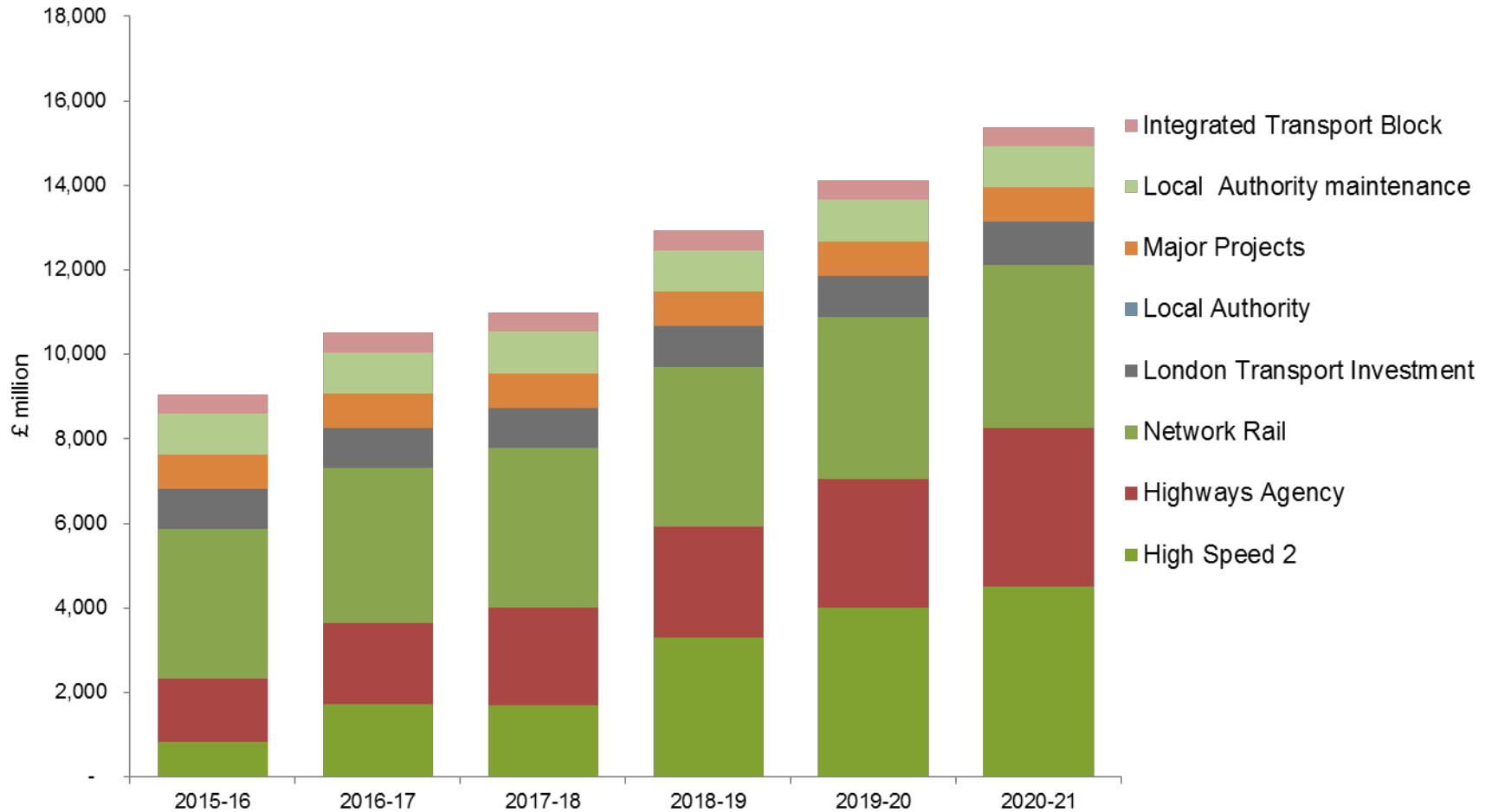
Source: Glenigan

Industrial Renaissance

- Early casualty of credit crunch
- Strong turnaround in development pipeline
- Sharp rise in starts in 2014
- Manufacturing confidence improved
- Investor interest in logistics space
- Rapid on-line retail sales growth continuing

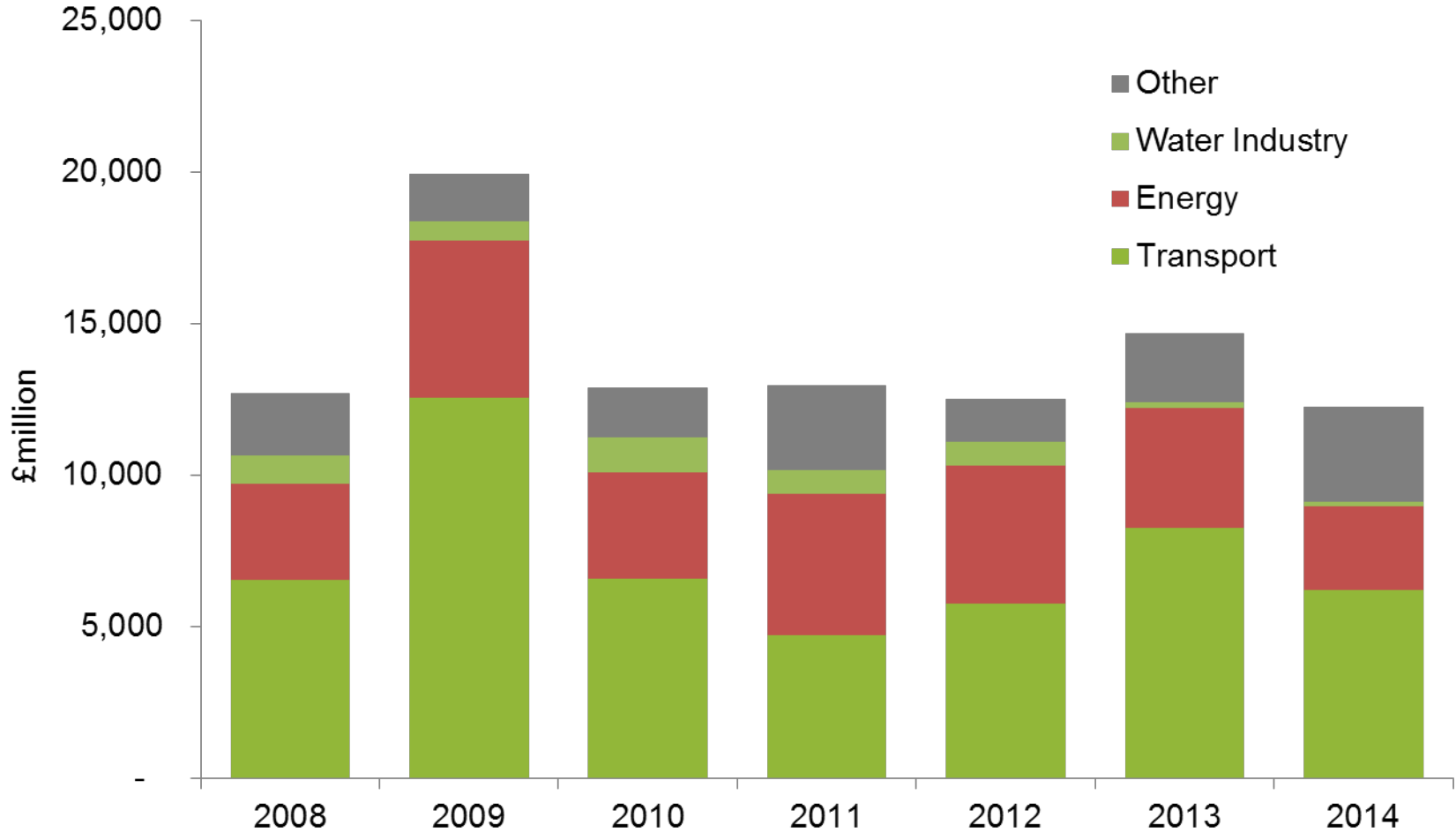


Government Funding for Transport



Source: Investing in Britain's Future

Civil Engineering Project Starts

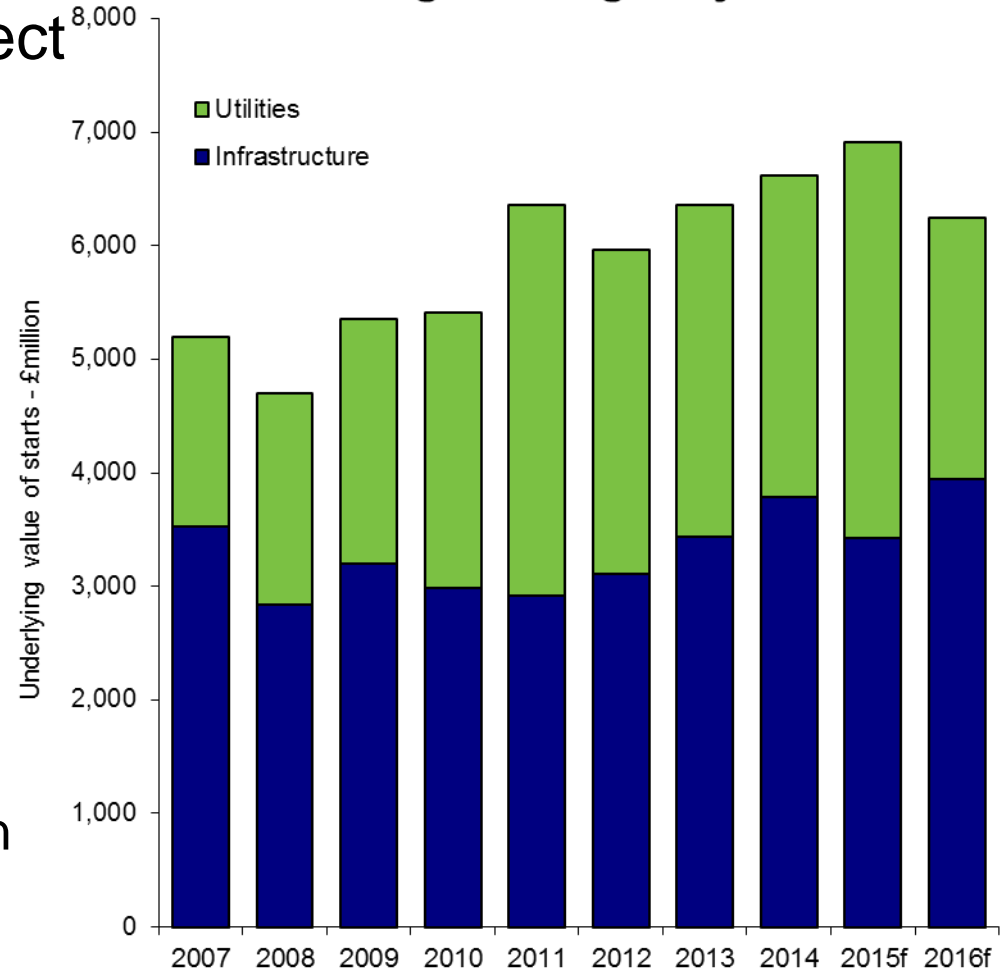


Source: Glenigan

Civil Engineering

- Rise in underlying project starts
- Rail and utilities driving growth
- Sustained project flow
- Major projects boost activity
 - Crossrail
 - Hinckley Point
 - Network Rail
 - Northern Line extension

Civil Engineering Projects



N.B. Excludes projects over £100m

Source: Glenigan

Construction Prospects

- Government looking to private sector to lead the recovery
- Public sector capital funding constrained by Budget deficit
- Improving consumer confidence
- Broader housing market upturn in 2015
- Retail property facing structural change
- Office Market strengthening in major conurbations
- Industrial upturn
- Rail & Energy support civil infrastructure activity
- Election may herald change of emphasis
- Post-election risk of referendum uncertainty

Private sector drives recovery

Change on previous year	2013	2014	2015f	2016f
Private Housing	7%	12%	20%	3%
Social Housing	16%	-1%	-14%	-10%
Industrial	-6%	49%	17%	-5%
Offices	12%	20%	36%	33%
Retail	-1%	8%	-13%	20%
Hotel & Leisure	1%	20%	17%	-11%
Education	21%	10%	-4%	12%
Health	-9%	8%	-5%	3%
Community & Amenity	8%	-6%	9%	11%
Infrastructure	11%	10%	-10%	15%
Utilities	3%	-3%	23%	-34%
Total	8%	11%	7%	3%



Allan Wilén

Economics Director, Glenigan – a 4C Service

T.: 0207 715 6433

E: allan.wilen@glenigan.com



Anna Haswell, DeHavilland

DeHavilland

Definitive political intelligence

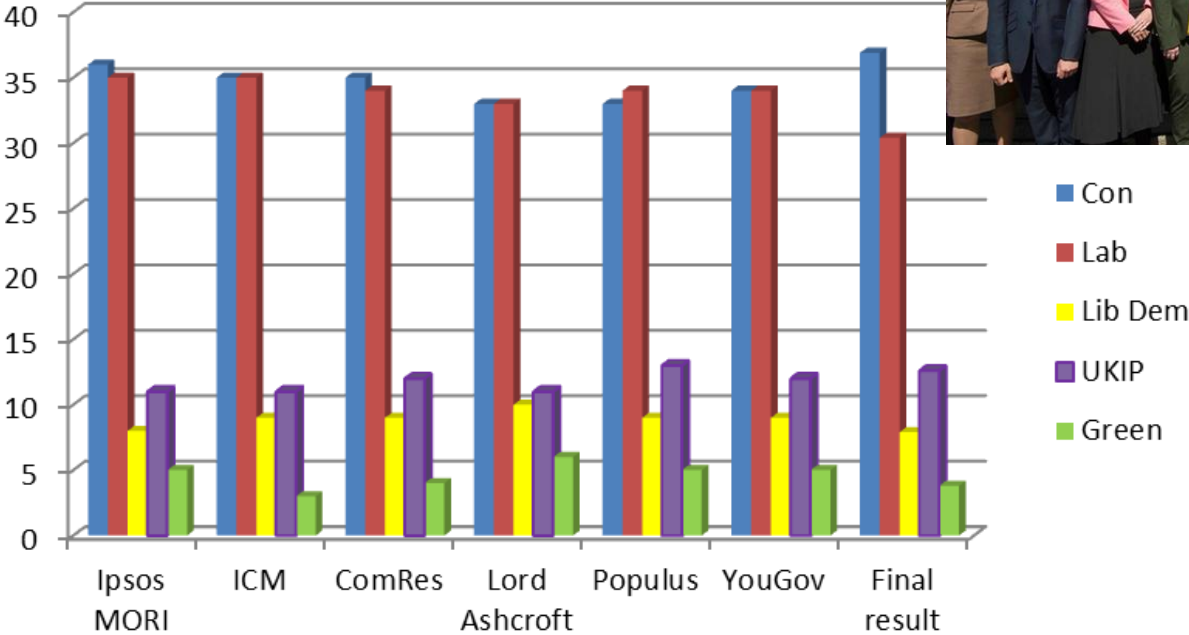
Construction

The post-election political outlook

Thursday 11 June 2015

Presented by Anna Haswell, Senior Political Analyst, DeHavilland

Reading the Results



Unexpected certainty?

home > politics

Labour

Miliband so confident of election gains he had full plan to oust Cameron

Exclusive: None of Labour's election day planning involved possibility of Tory majority, leaving party totally unprepared for shock of exit poll

Patrick Wintour Political editor

Wednesday 3 June 2015 21.02 BST



< Shares

89

Comments

372



Ed Miliband was prepared to form a minority government that might later make a deal with the Lib Dems - but not for the Tories to gain a majority. Photograph: Matthew Lewis/Getty Images

Backbench Rebels



Taking a Stand



“Many of my constituents have seen the value of their homes and businesses plummet as the property market reacts to the prospect of a high speed rail line ripping through the countryside. The provisions for compensation the Government has put in place have done little to reassure the market or those blighted by the line”

- Conservative MP Cheryl Gillan

Devolution & Regional Growth



“...we will govern as a party of one nation, one United Kingdom. That means ensuring this recovery reaches all parts of our country, from north to south, from east to west.

And indeed it means rebalancing our economy - building that northern powerhouse”

- Prime Minister David Cameron, 8 May 2015

“Blue collar” consolidation

 Henry Smith MP retweeted

 [David Cameron](#) @David_Cameron · May 12

I'll tell the first meeting of the **Conservative** Cabinet, "We are the real party of **working people**, putting hardworking taxpayers first."

RETWEETS	FAVORITES								
760	1,052								

7:30 AM - 12 May 2015 · Details

Securing the South West



Lib Dem collapse

South West in detail (55 MPs)

2010 result



2015 result



Cornwall: The **Conservative** Party wiped out **Liberal Democrat** representation in Cornwall

Party	Seats
Con	36
Lib	15
Lab	4

Party	Seats
Con	51
Lab	4
Lib	0

Renewables: outlook cloudy?



DeH DeHavilland @DeHavilland · Feb 10
Energy policy is really made in the **Treasury** and Number 10, not **DECC**, the discussion suggests at SEA's [#energyelection](#) event

← ↻ 1 ★ || ⋮

ECC Challenge



“The UK Government needs to immediately re-consider its wrong-headed priorities and deliver an energy policy fit for the 21st Century – ensuring its obsession with nuclear energy is not allowed to put Scotland’s renewable industry at a disadvantage”

- SNP Energy and Climate Change Spokesperson Callum McCaig

Rights and Wrongs



home > politics

Politics

The Observer

Ex-Whitehall chief criticises right-to-buy housing policy

Former top civil servant Lord Kerslake says plan is wrong in principle, in attack that will deal blow to David Cameron's pledge

Toby Helm and Daniel Boffey

Saturday 30 May 2015 21:00 BST

[f](#) [t](#) [e](#) [in](#) [g+](#)

< Shares 823 Comments 1,233

The government looks set to push the right to buy for 1.3 million council properties. Photograph: Oli

Housing associations say they'll sue if the Tories force them to sell off homes under right-to-buy



Mayoral Contest



“ I only learned this recently, but construction equipment, such as diggers, accounts for a staggering 14% of particulate emissions in London. Surely contracts should be awarded only to construction companies that have retrofitted the engines or have vehicles that are new and clean”

- Conservative MP and Mayoral hopeful Zac Goldsmith



info@dehavilland.co.uk

+44 (0)20 3033 3870

DeHavilland
Definitive political intelligence

Sonia Balderia and Daniel Hanson, Bloomberg

BLOOMBERG ECONOMICS

THE EMERGENCY BUDGET AND BEYOND

DAN HANSON U.K. ECONOMIST

June // 11 // 2015

Bloomberg

- 1. Economy**
- 2. Fiscal**
- 3. Challenges**

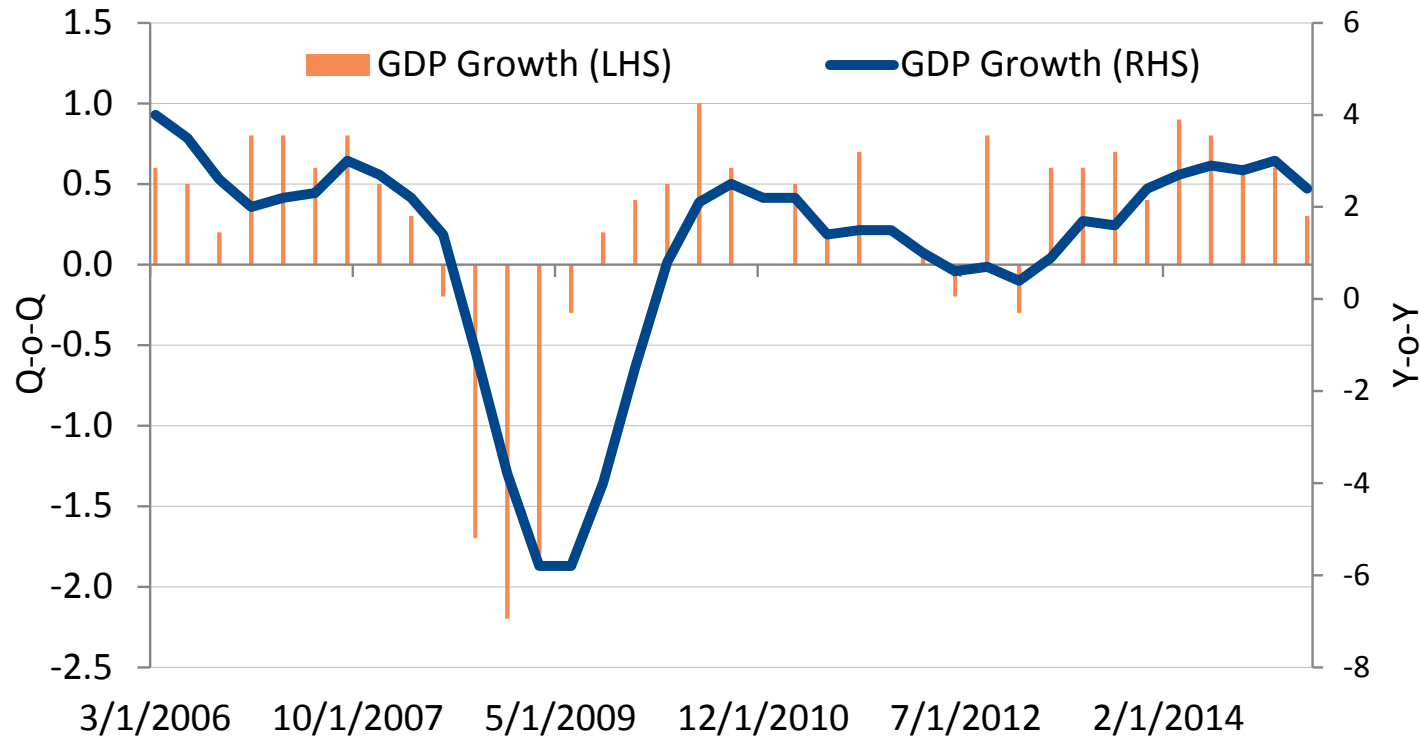
RECAP: MARCH ECONOMY FORECAST Bloomberg

	Percentage change on a year earlier, unless otherwise stated						
	Outturn	Forecast					
		2013	2014	2015	2016	2017	2018
Output at constant market prices							
Gross domestic product (GDP)	1.7	2.6	2.5	2.3	2.3	2.3	2.4
GDP levels (2013=100)	100.0	102.6	105.1	107.6	110.1	112.7	115.3
Output gap	-2.2	-1.0	-0.4	-0.2	-0.1	0.0	0.0
Expenditure components of GDP							
Household consumption	1.7	2.0	2.6	2.7	2.5	2.3	2.2
General government consumption	-0.3	1.5	0.8	-0.7	-0.9	-0.2	1.5
Business investment	5.3	6.8	5.1	7.5	6.5	6.4	4.4
General government investment	-8.1	7.3	2.3	1.9	1.6	1.5	2.8
Net trade ¹	0.0	-0.5	-0.1	-0.4	-0.2	-0.2	-0.2
Inflation							
CPI	2.6	1.5	0.2	1.2	1.7	1.9	2.0
Labour market							
Employment (millions)	30.0	30.7	31.1	31.4	31.5	31.7	31.9
Average earnings	1.6	2.2	2.3	3.1	3.7	4.0	4.4
LFS unemployment (% rate)	7.6	6.2	5.3	5.2	5.3	5.3	5.3

Source: OBR

GDP GROWTH HAS SLOWED

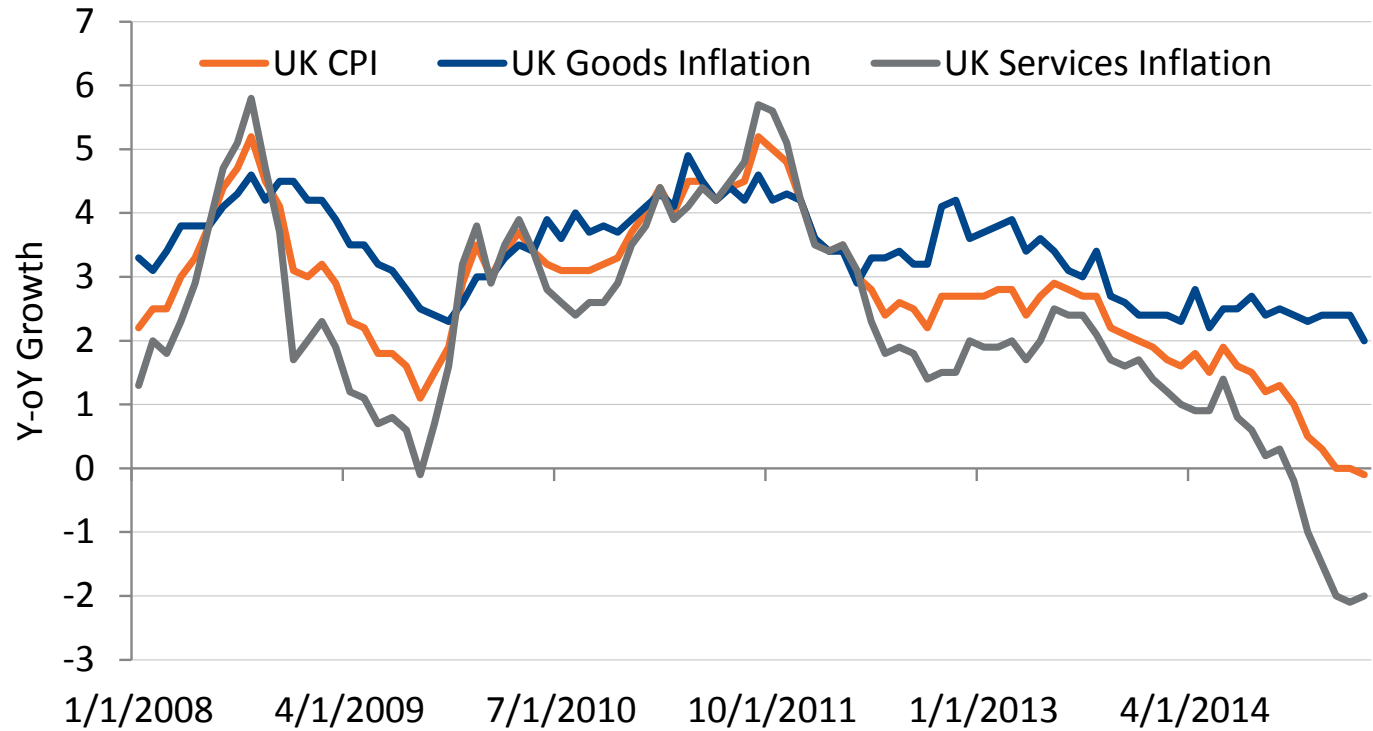
Bloomberg



Source: Bloomberg Intelligence

BloombergBriefs.com

INFLATION HAS TURNED NEGATIVE **Bloomberg**

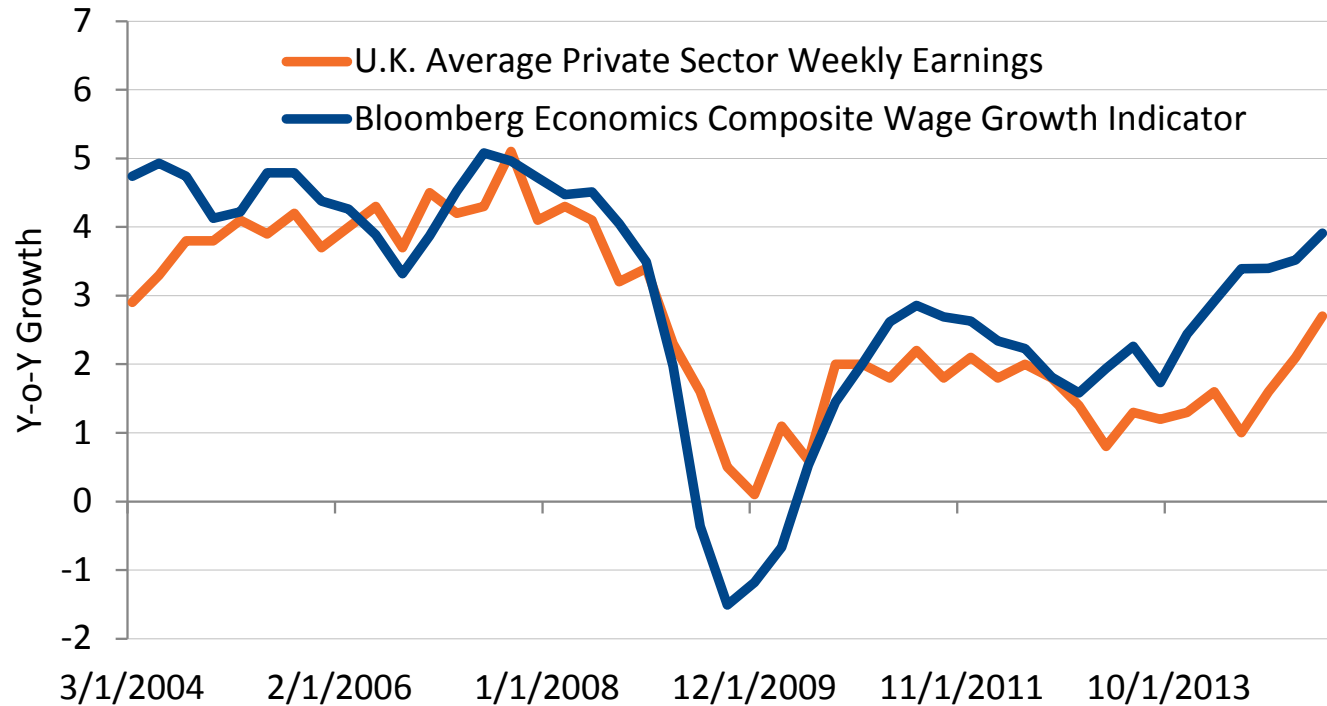


Source: Bloomberg Intelligence

BloombergBriefs.com

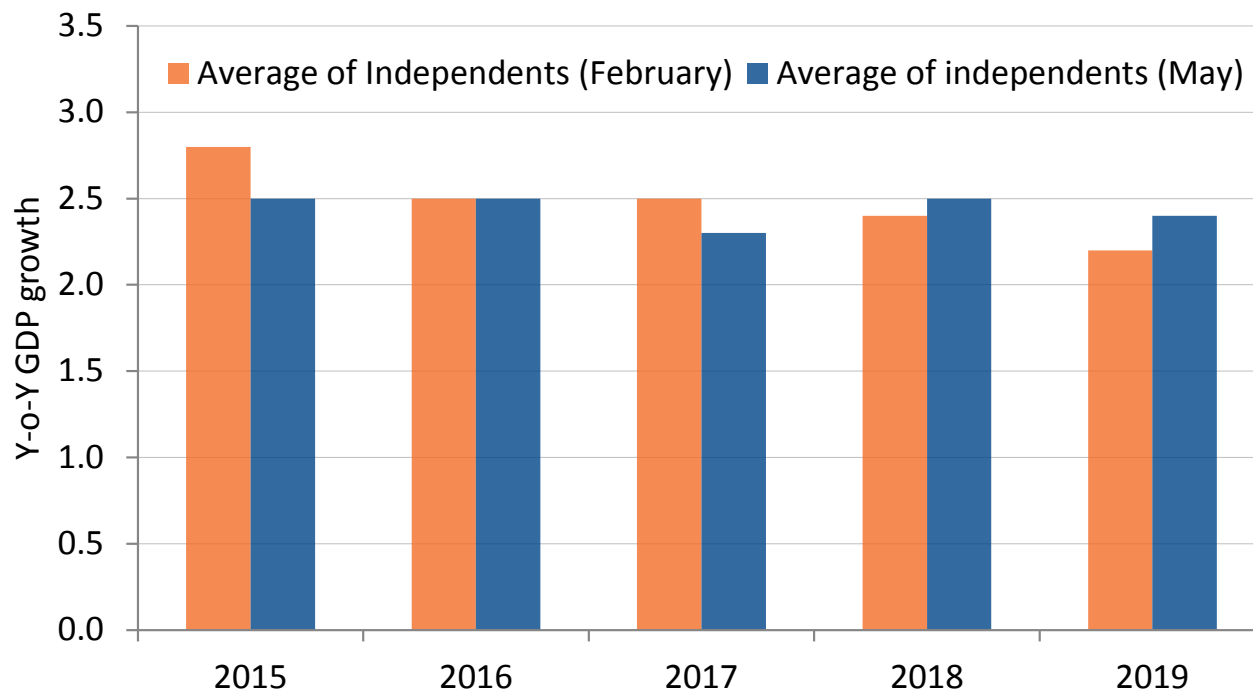
MOMENTUM IN WAGES

Bloomberg



Source: Bloomberg Intelligence

BloombergBriefs.com



Source: HM Treasury

[BloombergBriefs.com](https://www.bloombergbriefs.com)

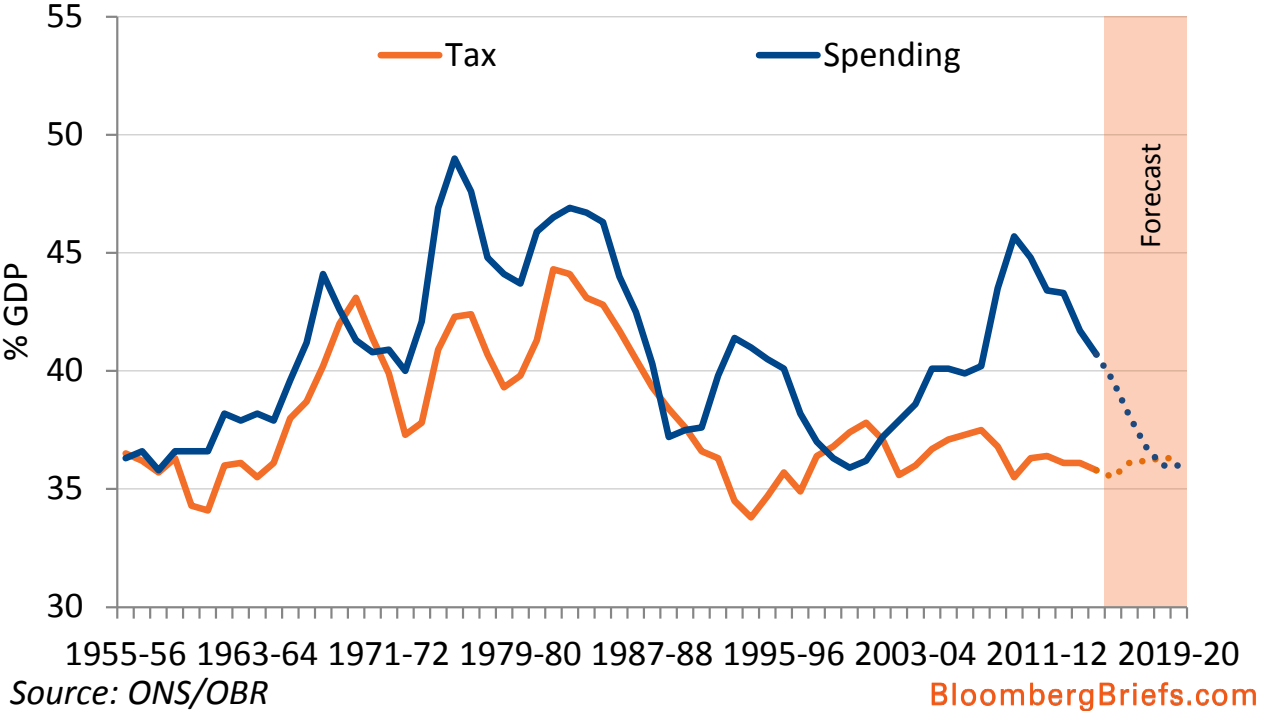
BORROWING SET TO FALL SHARPLY Bloomberg

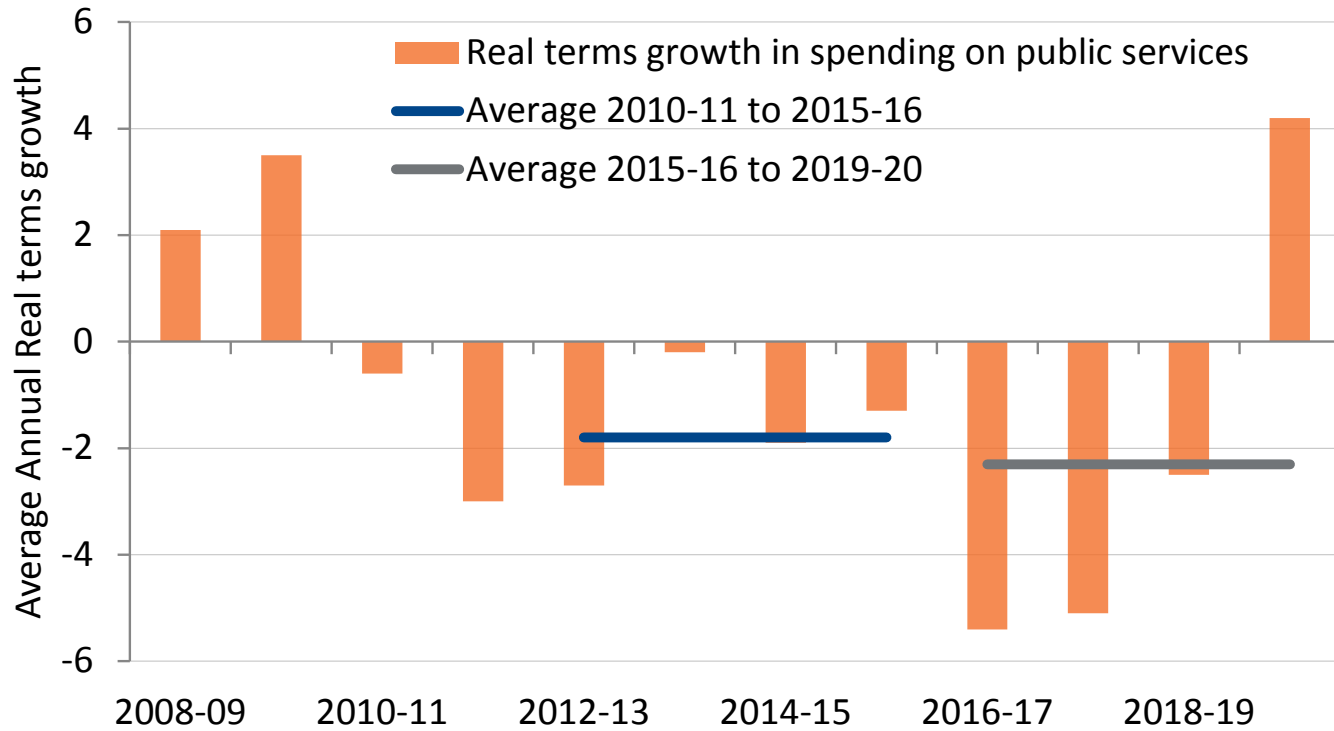
	Per cent of GDP						
	Outturn	Forecast					
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Headline fiscal aggregates							
Public sector net borrowing	5.6	5.0	4.0	2.0	0.6	-0.2	-0.3
Cyclically adjusted net borrowing	4.1	4.2	3.7	1.9	0.6	-0.3	-0.3
Current budget deficit	4.1	3.3	2.4	0.5	-0.8	-1.7	-1.7
Fiscal mandate and supplementary target							
Cyclically adjusted deficit on current budget	2.6	2.5	2.1	0.4	-0.8	-1.7	-1.7
Public sector net debt	79.1	80.4	80.2	79.8	77.8	74.8	71.6

Source: OBR

SPENDING DOING THE HEAVY LIFTING

Bloomberg

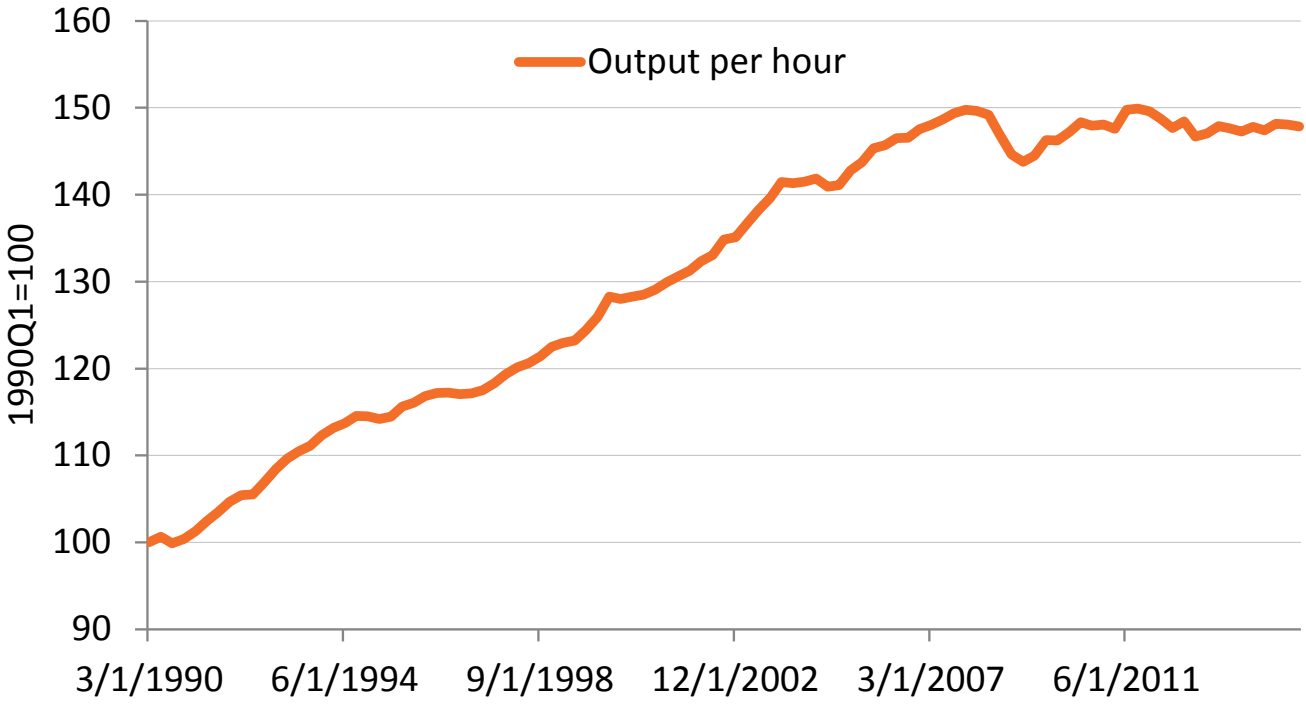




Source: OBR

BloombergBriefs.com

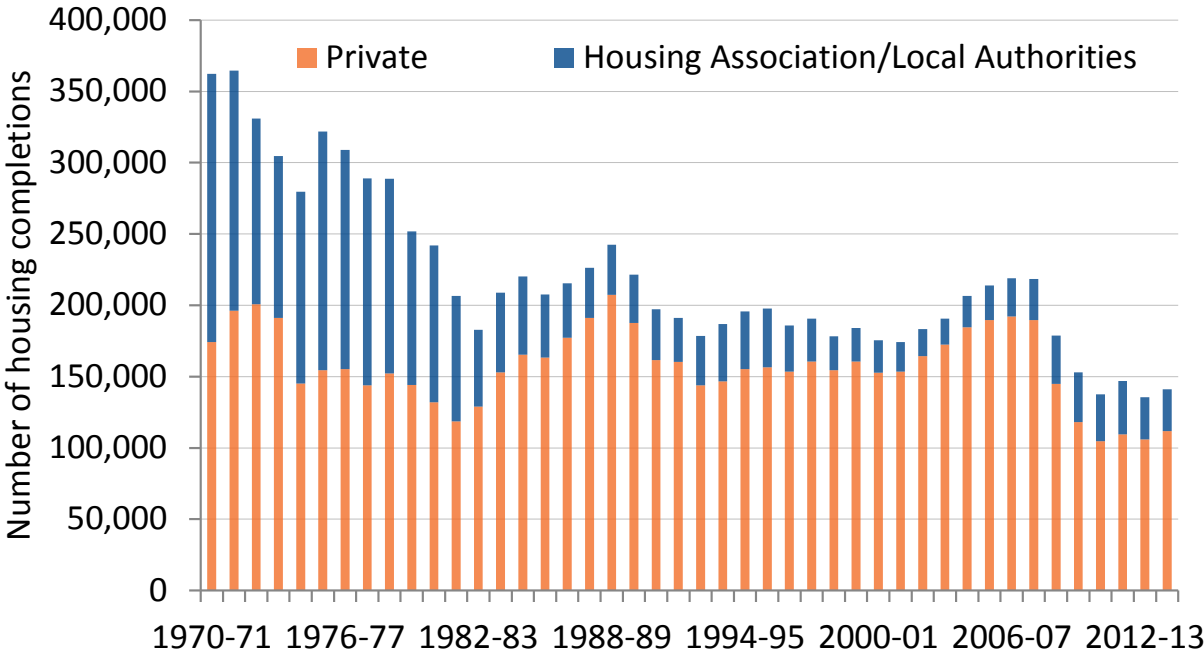
CHALLENGES FOR THE PARLIAMENT (1) Bloomberg



Source: Bloomberg

BloombergBriefs.com

CHALLENGES FOR THE PARLIAMENT (2) Bloomberg



Source: Bloomberg Intelligence/DCLG

BloombergBriefs.com

1. Data since March budget likely to change forecast for growth in the near term.
2. Fiscal squeeze set to continue, mainly through spending cuts.
3. Challenges ahead

BLOOMBERG ECONOMIC ANALYSIS:

{BI ECON <GO>}

- The BLOOMBERG PROFESSIONAL® service and BLOOMBERG Data (the “Services”) are owned and distributed by Bloomberg Finance L.P. (“BFLP”) in all jurisdictions other than Argentina, Bermuda, China, India, Japan, and Korea (the “BLP Countries”). BFLP is a wholly owned subsidiary of Bloomberg L.P. (“BLP”). BLP provides BFLP with global marketing and operational support and service for the Services and distributes the Services either directly or through a non-BFLP subsidiary in the BLP Countries. Certain functionalities distributed via the Services are available only to sophisticated institutional investors and only where the necessary legal clearance has been obtained. BFLP, BLP and their affiliates do not guarantee the accuracy of prices or information in the Services. Nothing in the Services shall constitute or be construed as an offering of financial instruments by BFLP, BLP or their affiliates, or as investment advice or recommendations by BFLP, BLP or their affiliates of “an investment strategy or whether or not to “buy”, “sell” or “hold” an investment. Information available via the Services should not be considered as information sufficient upon which to base an investment decision. BLOOMBERG, BLOOMBERG PROFESSIONAL, BLOOMBERG MARKETS, BLOOMBERG NEWS, BLOOMBERG ANYWHERE, BLOOMBERG TRADEBOOK, BLOOMBERG TELEVISION, BLOOMBERG RADIO, BLOOMBERG PRESS and BLOOMBERG.COM are trademarks and service marks of BFLP, a Delaware limited partnership, or its subsidiaries.
- Bloomberg Intelligence is a service provided by Bloomberg Finance L.P. and its affiliates. Bloomberg Intelligence shall not constitute, nor be construed as, investment advice or investment recommendations (i.e., recommendations as to whether or not to “buy”, “sell”, “hold”, or to enter or not to enter into any other transaction involving any specific interest) or a recommendation as to an investment or other strategy. No aspect of the Bloomberg Intelligence function is based on the consideration of a customer's individual circumstances. Bloomberg Intelligence should not be considered as information sufficient upon which to base an investment decision. You should determine on your own whether you agree with Bloomberg Intelligence.
- Bloomberg Intelligence is offered where the necessary legal clearances have been obtained. Bloomberg Intelligence should not be construed as tax or accounting advice or as a service designed to facilitate any Bloomberg Intelligence subscriber's compliance with its tax, accounting, or other legal obligations. Employees involved in Bloomberg Intelligence may hold positions in the securities analyzed or discussed on Bloomberg Intelligence.

A blurred, high-angle photograph of a crowd of people walking on a city street, overlaid with a blue tint. The people are out of focus, creating a sense of movement and a busy urban environment.

BLOOMBERG INTELLIGENCE

**INFRASTRUCTURE IN UK
VS. EUROPE**

**SONIA BALDERIA
CONSTRUCTION & BUILDING
MATERIALS ANALYST**

June // 11 // 2015

Bloomberg

Bloomberg Intelligence provides unique analysis and context on industries, companies, and government and credit factors that impact business – all integrated within the Bloomberg Professional Service.

The screenshot displays the Bloomberg Intelligence interface. The top navigation bar includes 'Search BI', '91 Actions', '92 Community', '93 Directory', and 'Bloomberg Intelligence'. Below this, there are tabs for 'All Research', 'All', 'Global', 'Americas', 'EMEA', and 'A Pac'. The left sidebar contains a 'Sectors' list (Communications, Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Materials, Technology, Utilities) and a 'Topics' list (Credit, ESG, Government, Litigation, Special Reports, Analysis (TOP BI)). The main content area features a news article titled 'Copper Glut Looming Unless Demand Increases at Least 2.7% a ...' with a timestamp of 10:13. A line chart titled 'Bloomberg Intelligence Copper Supply Outlook' is visible. To the right, a table lists recent news items with their respective timestamps.

Item ID	News Title	Timestamp
101	Amgen Comes Out With Patents Blazing in Lawsuits Against Sanofi	12:45
102	Swiss Watches 2.5% December Decline a Victim of Asian Dependency	12:42
103	Investors Add Credit Risk Even as Spreads Widen in January	12:38
104	AutoNation Key Quarterly Earnings Metrics: Analyzer	12:37
105	Used Construction Equipment Values Decline 0.6% in December	12:34
106	Sharp's Recurrent Energy Sale Further Scales Back Solar Ambition	12:33
107	Macerich FFO Gain Leads Peers on Leasing, Acquisitions: Preview	12:33
108	30% Profit Cut, Lagging Stock May Drive Kennametal's Credit	12:33
109	Murphy's N. America Output Exceeds 60% of 2014 Total: Primer	12:31
110	Energen's 4Q Oil Growth Driven by Permian Basin Assets: Preview	12:30
111	Chicken, Labor May Hurt Buffalo Wild Wings' Margins: Preview	12:29
112	Questions for Entergy: Pool Pricing, Oil's Impact, Indian Point	12:29
113	Fidelity Organic Growth, Ebitda Margin Outlook for 2015 in Focus	12:26
114	Silver Coin Sales Start 2015 With 16% Jump as Price Declines	12:22
115	BP 4Q Beats Expectations as Performance Overshadows Writedowns	12:20
116	Swiss Watch Exports' December Drop May Persist on Franc Strength	12:16
117	U.S. Mint Gold Coin Sales Touch Lowest for January Since 2008	12:16

- **Broad Coverage**
Spans 100+ industries and 800 companies globally
- **Powerful Data**
Data-driven research powered by 300+ third party providers
- **Experience**
Analysts average 17+ years of buy- and sell-side research experience
- **Neutral**
No buy or sell recommendations

- Terminal users can explore Bloomberg Intelligence analysis of the pressing issues potentially impacting Global Building Materials Industry at BI BMAT <GO>

Search BI | 91) Actions - Internal - 92) Directory | **Bloomberg Intelligence**

Building Materials Dashboard (BI BMATG) Global ☆

Analysis

Dashbd Home

- Companies
- Industry
- Regional

Data Library

- Featured
- Market Share
- Macro
- Industry
- Company
- Earnings
- Valuation
- Cost Analysis
- Construction
- Contributors

Monitor

- News/Research
- Events
- Comp Sheets
- Markets

Industry Primer (Click to see more) »

Consolidation, Healthy Regional Mix, Spur Building ...
The \$600 billion global building materials segment faces both opportunities and threats in 2015. Mergers and acquisitions involving some of the largest companies, Lafarge, Holcim, CRH and Saint-Gobain, ...

Page 1 of 20

Critical Themes

- 1) Integration and Performance: The Day After M&A
- 2) FIFA Scandal Is Risk for Construction in Qatar, Russia
- 3) Preparing Africa for Exponential Growth
- 4) Will India Be The "New China"?

Most Recent (Click to see more) »

Analysis & Data	
5) ✓ Sika's High-Margin, High-Performance Materials Is Key Attrac...	10:48
6) ✓ Saint-Gobain Pursues Sika Bid, Enticed by Revenue Growth Pr...	10:44
7) Anhui Conch is Second-Largest Cement Producer in China: Pri...	01:33
8) Expansion in Indonesia Would Boost Conch's Margins and Earni...	01:03
9) Rapid Industry Consolidation for Conch, Especially in West China	00:58
10) Aggregate Will Become Conch's Fastest-Growing Segment Over...	00:32
11) Anhui Conch Coal Consumption Remains Less Than Industry Av...	00:06
12) ✓ Turkey's Government Refuels Real Estate Lending Before Elect...	06/04
13) ✓ Cement Makers Across China Losing Money After Prices Declin...	06/04
14) ✓ Chinese Cement Prices Unlikely to Rise in 3Q on High Invento...	06/04
15) ✓ U.S. Cement Maintains Recovery in 2015 on Building: Bull Case	06/03
16) ✓ Turkey's Election Raises Stakes for Ambitious Construction PL...	06/03

Key Indicators Latest

Industry Indicators

31) China Cement P...	208.65
32) U.S. Cem. Prod....	62.88
33) Germany Cem. ...	5.00

Operating Stats (Median)

34) Sales Growth Yoy ...	5.98
35) EBITDA Margin (%)	18.18
36) Operating CF	606.31M
37) Capex	-577.89M

Equity Valuation (Median)

38) Est P/E Current Yr	18.12
39) EV/Est EBITDA Cur...	10.44

Competitors %YTD

51) Vulcan Material...	+35.84
52) Martin Marietta ...	+34.36
53) CRH PLC	+24.60
54) HeidelbergCem...	+21.84
55) Cie de Saint-Go...	+20.89
56) Dangote Cemen...	-11.50
57) Lafarge SA	+5.32
58) Ultratech Ceme...	+4.87
59) Holcim Ltd	+2.48
60) Cemex SAB de CV	+4.40

- Analysis**
 Key short and long term themes, evaluation of key indicators, earnings interpretation, and industry primers.
- Data Library**
 Dedicated data to the insurance industry
- Monitor**
 Key monitoring tools for news and data on insurance companies

- U.K. AND EUROPE...THE GAP
- WHY INFRASTRUCTURE IS VITAL?
- WHAT ABOUT FINANCING?
- CONCLUSION

- Highways without Traffic...
...Traffic without enough Highways!
-Ghost Airports ...Congestions Airports!

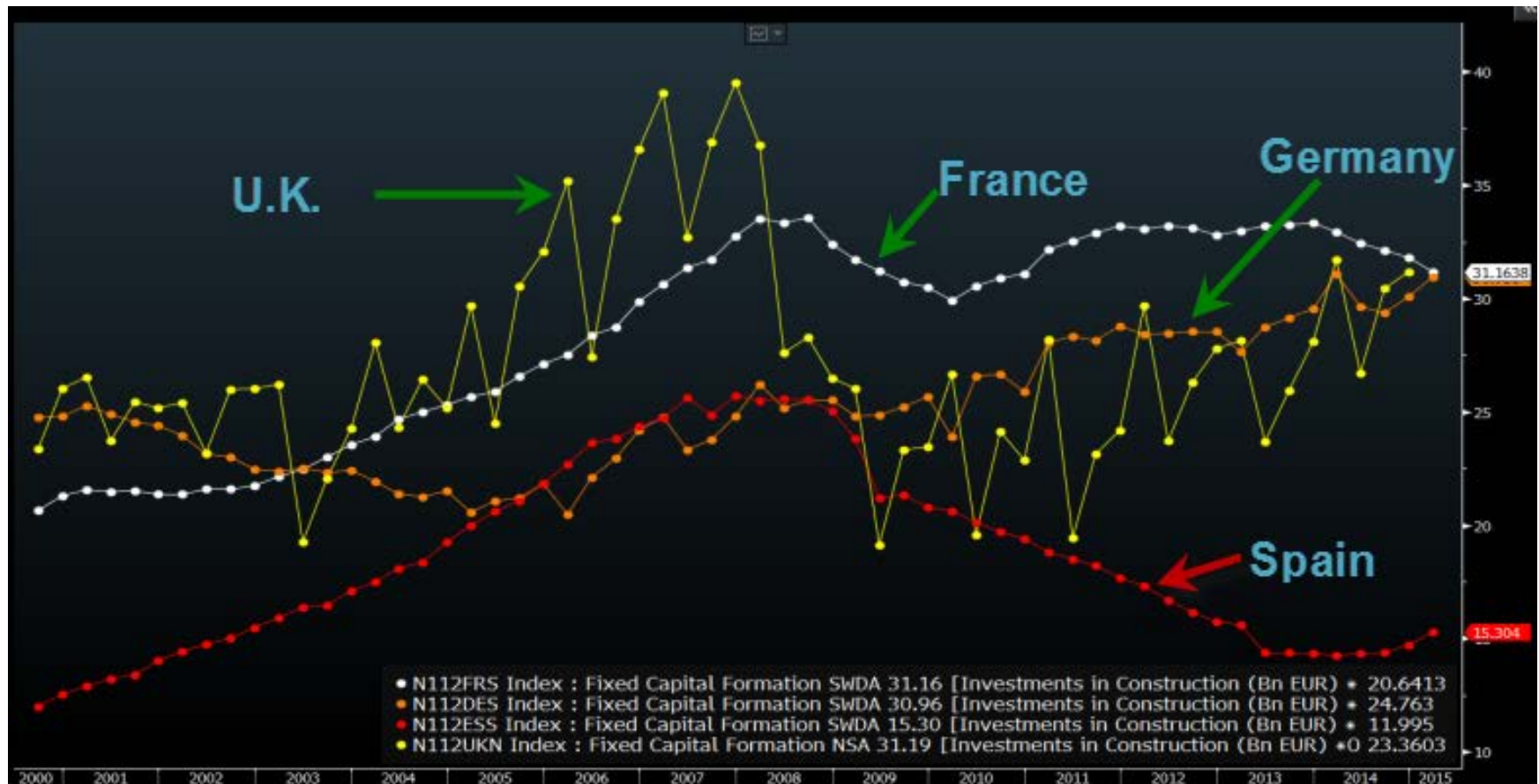


- The economic gap between U.K. and the rest of Europe may continue to lengthen

THE GAP BETWEEN U.K. AND THE REST OF EUROPE

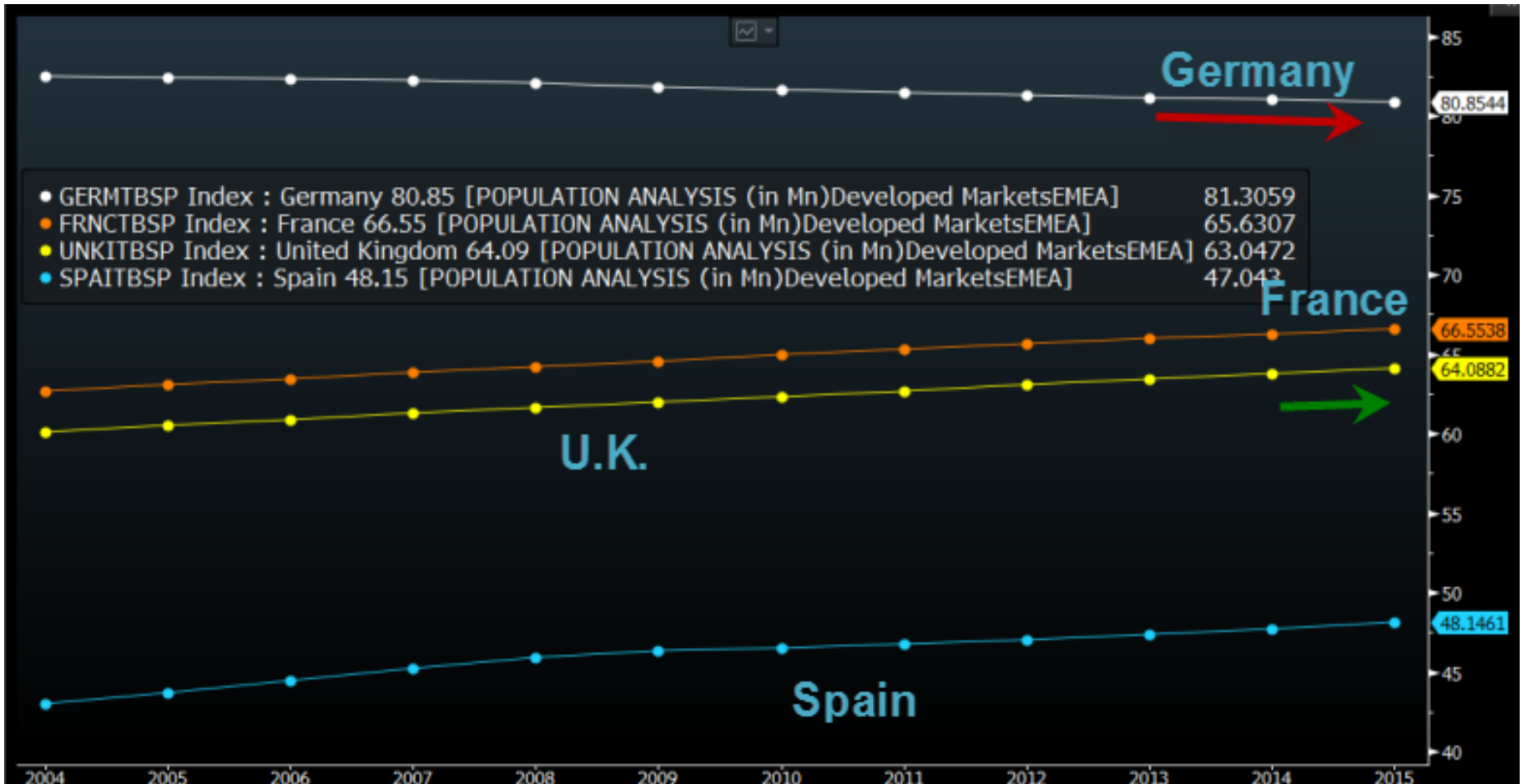
Bloomberg

- U.K. Lacks Fixed Capital Formation



THE GAP BETWEEN U.K. AND THE REST OF EUROPE

Bloomberg



THE GAP BETWEEN U.K. AND THE REST OF EUROPE

Bloomberg

51) Themes Europe

52) Themes Asia Pacific

53) Themes Americas

54) Themes Africa & Middle East

Chapter: Is U.K. Housing Still a Bright Spot for Materials?

Exploding U.K. Population Projections Increase Homebuilding Need

Analysts [Sonia Baldeira](#) & [Iwona Hovenko](#)

Dashboard: [Building Materials, Global \(BI BMATG\)](#)

Apr 21, 2015

The U.K.'s housing shortage may worsen as England's population is likely to grow by 4 million, or 7.2%, in the 10 years ending 2022, based on a U.K. Office for National Statistics forecast. England's total population may reach 57.5 million. The north-south disparity continues, with London, East Anglia and the Southeast, which already have highest house prices and the largest shortages, projected to see the sharpest population rises. London's population may grow by 13% to 2022, double the overall country's pace.

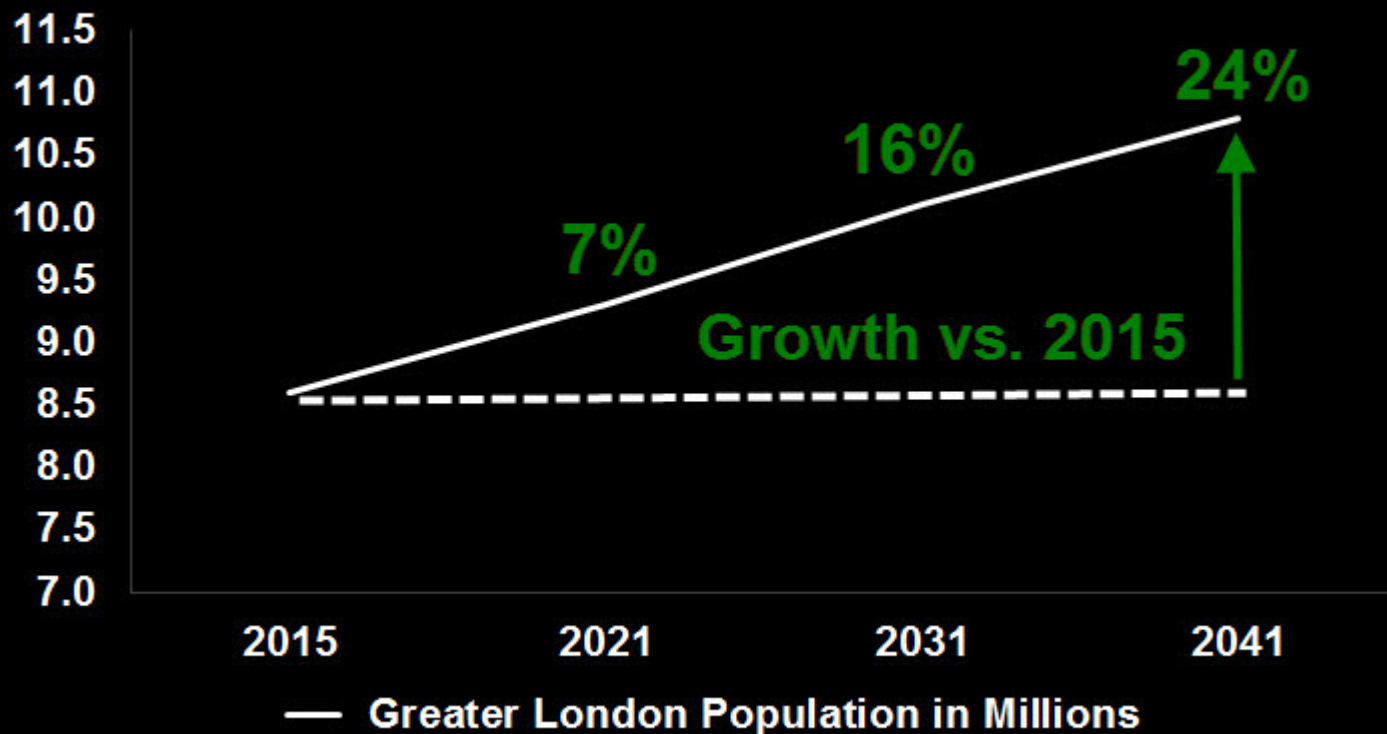
Table 1: Population change in regions by age group, mid-2012 to mid-2022

	Mid-2012	Mid-2022	All ages	Percentage change over 10 years		
				0-15 years old	16-64 years old	65 and over
London	8,308,400	9,392,100	13.0	16.0	10.8	21.5
East	5,907,300	6,417,900	8.6	11.3	3.3	24.3
South East	8,724,700	9,407,400	7.8	9.2	2.6	24.7
South West	5,339,600	5,707,400	6.9	9.4	0.8	23.3
East Midlands	4,567,700	4,857,100	6.3	8.1	0.6	25.0
West Midlands	5,642,600	5,954,600	5.5	6.7	1.1	20.3
Yorkshire and The Humber	5,316,700	5,580,800	5.0	6.3	0.4	20.7
North West	7,084,300	7,342,300	3.6	5.7	-1.3	19.6
North East	2,602,300	2,678,200	2.9	4.6	-2.7	21.4

THE GAP BETWEEN U.K. AND THE REST OF EUROPE

Bloomberg

Greater London Population Projections



Source: Greater London Authority, Bloomberg Intelligence

Chapter: Highway to Heaven? Future of U.K. Infrastructure

TEST-U.K. Building Spurred by Government Policy in 2015: Bull Case

Dashboard: Building Materials, Global (BI BMATG)

Jun 8, 2015 16:33

U.K. construction and building materials may further strengthen in 2015 in a Bull Case, supported by long-term government policies focused on stimulating the economy. Infrastructure spending as part of National Infrastructure Plan will increase to 466 billion pounds (\$712 billion), from 380 billion pounds in 2013. House building may also continue to expand, given incentives to buy new homes under the "Help to Buy" strategy until 2020 and a new government initiative to build and sell houses in the...

U.K. Infrastructure Pipeline by Sector

Sector	Number of Projects	Number of Programmes	Pipeline Value (GBP Billions)
Timeframe: 2014-2015 Onwards			
Communications	7	5	11.0
Energy (incl. Oil & Gas)	77	70	274.9
Oil & Gas	0	1	53.0
Flood	5	21	3.7
Science and Research	18	4	1.4
Transport	141	129	142.3
Waste	20	0	2.0
Water	1	59	30.9
Total	263	288	466.0
Total (excl. Oil & Gas)	263	287	413.0

Source: National Infrastructure Plan 2014, HM Treasury, Dec 2014; Bloomberg Intelligence

U.K. INFRASTRUCTURE IS VITAL TO SECURE GLOBAL STATUS

Bloomberg

51) Themes Europe

52) Themes Asia Pacific

53) Themes Americas

54) Themes Africa & Middle East

Chapter: Highway to Heaven? Future of U.K. Infrastructure

U.K. Infrastructure Investment Is Vital to Secure Global Status

Analysts [Sonia Baldeira](#) & [Iwona Hovenko](#)

Dashboard: [Building Materials, Global \(BI BMATG\)](#)

May 14, 2015

The U.K. government may have to step up infrastructure development if it wants to remain credible on a global scale. The provision of state-of-the-art infrastructure may be a decisive factor for companies expanding operations, with the U.K. falling behind other advanced European economies such as Switzerland, Finland, Netherlands, Germany and France. The World Economic Forum ranked the U.K. No. 27 out of 144 countries, based on the quality of its infrastructure, citing problematic road bottlenecks and airports.

U.K. Infrastructure Quality

	Indicator	Value	Rank (Out of 144 Countries)
Infrastructure Quality Breakdown			
2.01	Overall Infrastructure	5.3 *	27
2.02	Roads	5.2 *	30
2.03	Railroad Infrastructure	4.9 *	16
2.04	Port Infrastructure	5.6 *	16
2.05	Air Transport Infrastructure	5.5 *	28
2.06	Available Airline Seat km Per Week (Millions)	6,725.3	3
2.07	Electricity Supply	6.6 **	12
2.08	Mobile Telephone Subscriptions (Per 100 Population)	123.8	51
2.09	Fixed Telephone Lines (Per 100 Population)	52.9	8

* 1 = Extremely underdeveloped, 7 = Extensive and efficient

** 1 = Not reliable at all, 7 = Extremely reliable

Source: World Economic Forum, The Global Competitiveness Report 2014-2015

[Click on Image to View Interactive Exhibit](#)

Chapter: The Shadow of Solvency II on Long-Term Investments

Regulatory Barriers Challenge Insurers' Share of Infrastructure

Analyst Edmond Christou

Dashboard: Life Insurance, Europe (BI LIFEE)

Jun 8, 2015 10:08

European insurers' infrastructure investments remain low. German insurers' participations amount to 1% of total investments, based on a GDV German Insurance Association 2014 report. The European Commission awaits a decision from Eiopa this month, on a possible structure to identify high-quality infrastructure. This may be similar to Solvency II's treatment of securitization. Eiopa has indicated that some infrastructure can be classified as less risky, though it wasn't able to alter capital charges given scant data.

Statement

"It is important to ensure that available funds flow to where they are most needed, and specific impediments to long-term investment are removed. Infrastructure investment is one specific area where it should be ensured that European legislation doesn't present unjustified obstacles to...insurers. This mandate takes into consideration that Solvency II becomes applicable on 1 Jan. 2016...evidence for necessary amendments to the Solvency II Delegated Acts should be available by that date"

Jonathan Faull - Director General: Financial Services, European Commission
Feb. 4, 2015

[Quote located on page 1, click to view entire statement](#)

- FAST RESPONSE AND ACTION
- EFFECTIVE FINANCING TOOLS
- COMPANIES NEED TO BE PREPARED!



Thank you for coming

Share your comments and photos

#GleniganBB   

 **Glenigan**
Constructing Insight

A  Service