News Release
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# S&P Global UK Construction PMI®

## Fastest upturn in construction output since April 2022

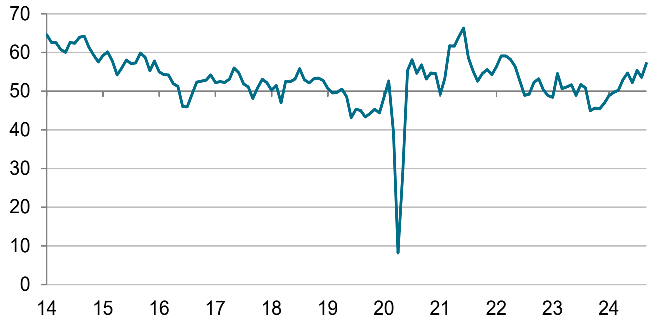
Output growth led by steepest rise in civil engineering activity since June 2021

New orders grow at strongest pace for two-and-a-half years

Cost pressures intensify in September

S&P Global UK Construction PMI Total Activity

Index, sa, >50 = growth m/m




Data compiled 12-27 September 2024.
Source: S&P Global PMI. ©2024 S&P Global.

September data indicated that business activity growth across the UK construction sector accelerated to its fastest for nearly two-and-a-half years.

New work also expanded markedly, with rising demand attributed to increased willingness-to-spend among clients and a more supportive economic backdrop.

The headline S&P Global UK Construction Purchasing Managers' Index™ (PMI®) – a seasonally adjusted index tracking changes in total industry activity – posted 57.2 in September, up from 53.6 in August and above the neutral 50.0 threshold for the seventh successive month. The latest reading signalled a strong upturn in total construction activity and the steepest rate of growth for 29 months.

Faster rates of output growth were seen in all three sub-sectors monitored by the survey in September. Civil engineering (index at 59.0) was the best-performing category. Survey respondents commented on robust demand for renewable energy infrastructure and a general uplift in work on major projects.

Commercial building (55.2) also gained momentum in September, with output levels rising to the greatest extent since May. A number of firms noted that lower borrowing costs and domestic political stability had a positive impact on client spending, although survey respondents also noted tight budgets.

Improving market conditions and rising confidence helped to boost house building in September (54.3). The latest upturn in residential work was the fastest since March 2022, but still softer than seen elsewhere in the construction sector.

Total new orders expanded at the strongest rate for two-and-a-half years in September. Greater workloads encouraged additional staff recruitment, despite some firms noting that cost pressures had led to delays with the replacement of voluntary departures. Employment levels have now increased in four of the past five months.

Demand for construction products and materials meanwhile increased at a solid pace. The latest expansion of input buying was one of the fastest seen since early-2022. Suppliers' delivery times nonetheless shortened again in September,

### Comment

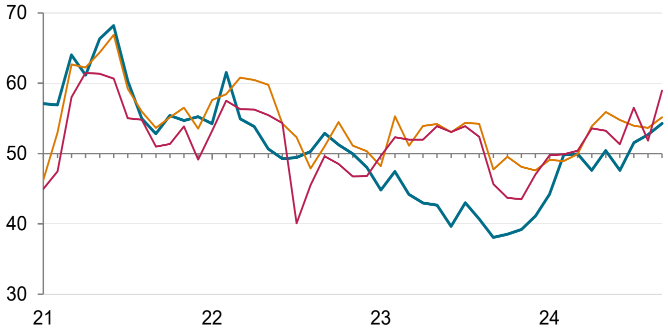
Tim Moore, Economics Director at S&P Global Market Intelligence, said:

"UK construction companies indicated a decisive improvement in output growth momentum during September, driven by faster upturns across all three major categories of activity.

"A combination of lower interest rates, domestic economic stability and strong pipelines of infrastructure work have helped to boost order books in recent months.

"New project starts contributed to a moderate expansion of employment numbers and a faster rise in purchasing activity across the construction sector in September. However, greater demand for raw materials and the pass-through of higher wages by suppliers led to the steepest increase in input costs for 16 months.

"Business optimism edged down to the lowest since April, but remained much higher than the low point seen last October. Survey respondents cited rising sales enquires since the general election, as well as lower borrowing costs and the potential for stronger house building demand as factors supporting business activity expectations in September."

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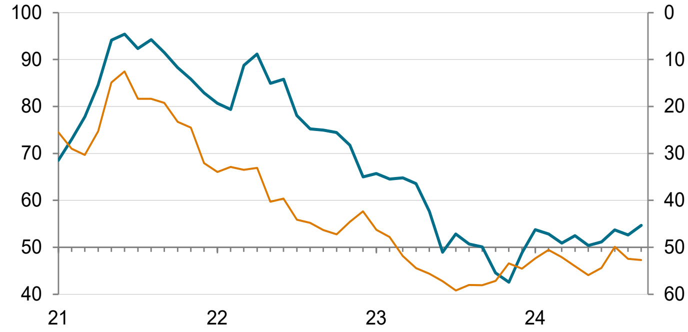


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which was linked to rising stocks among vendors. Some construction companies noted concerns about the outlook for steel prices and supply conditions due to recent closures of domestic blast furnaces.

Overall input prices increased for the ninth month running and at the steepest rate since May 2023. Construction companies commented on higher prices paid for a range of raw materials, as well as the pass-through of higher wages by suppliers. Rates charged by subcontractors nonetheless increased only marginally and at the slowest pace so far in 2024.

Finally, business activity expectations for the year ahead remained upbeat in September despite slipping to the lowest since April. Optimism was often centred on prospects for sustained growth in the house building sector.

## Contact

Tim Moore
Economics Director
S&P Global Market Intelligence
T: +44-1491-461-067
tim.moore@spglobal.com

Sabrina Mayeen
Corporate Communications
S&P Global Market Intelligence
T: +44 (0) 7967 447030
sabrina.mayeen@spglobal.com

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## Methodology

The S&P Global UK Construction PMI® is compiled by S&P Global from responses to questionnaires sent to a panel of around 150 construction companies. The panel is stratified by company workforce size, based on contributions to GDP. Survey data were first collected April 1997.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Total Activity Index. This is a diffusion index that tracks changes in the total volume of construction activity compared with one month previously. The Total Activity Index is comparable to the Manufacturing Output Index and Services Business Activity Index. It may be referred to as the 'Construction PMI' but is not comparable with the headline manufacturing PMI figure.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series..

For further information on the PMI survey methodology, please contact economics@spglobal.com.

## PMI by S&P Global

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. www.spglobal.com/marketintelligence/en/mi/products/pmi

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