

## IHS Markit / CIPS UK Construction PMI®

### Fastest rise in construction output for four months

#### Key findings

Recovery led by robust and accelerated rise in commercial work

Number of firms reporting supplier delays continues to ease

Input cost inflation dips to seven-month low

Data were collected 12-29 November 2021.

UK construction companies indicated a sharp increase in business activity during November, led by the fastest upturn in commercial work since July as clients continued to boost spending in response to the reopening of the UK economy.

There were signs that the worst phase of supplier delays may have passed, with the portion of survey respondents citing longer delivery times falling to 47% in November (compared with a peak of 77% in June). Rapid input price inflation persisted and haulage driver shortages added to cost pressures, but the latest overall rise in operating expenses was the least marked for seven months.

At 55.5 in November, up from 54.6 in October, the headline seasonally adjusted IHS Markit/CIPS UK Construction PMI® Total Activity Index signalled a robust and accelerated expansion of overall construction activity. The index has now posted above the 50.0 no-change value for ten consecutive months and the latest reading pointed to the strongest rate of expansion since July.

A steeper rise in commercial construction (index at 56.5) helped offset a slight slowdown in house building growth (54.7, down from 55.4). Civil engineering was the weakest-performing area in November (53.9), although the latest rise in activity was the largest since August.

Another solid increase in new business volumes helped to boost construction output during November, with this index hitting a three-month high. Survey respondents mostly noted that improving client demand had led to increased numbers of new enquiries, although some firms suggested that supply

IHS Markit / CIPS UK Construction PMI Total Activity Index  
sa, >50 = growth since previous month



Sources: IHS Markit, CIPS.

constraints had a negative impact on confidence.

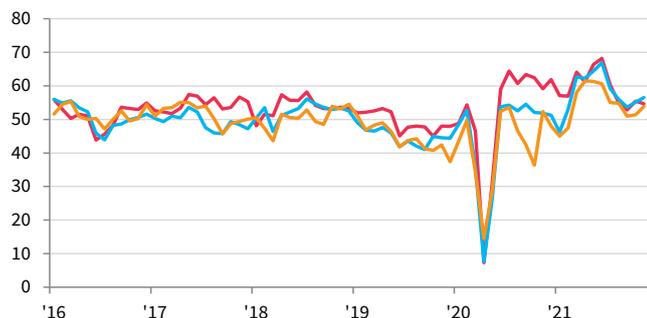
Construction firms sought to increase their business capacity in November, as signalled by another steep rise in staffing numbers. That said, the overall speed of job creation eased to an eight-month low. Sub-contractor usage also increased at a slower pace in November. The latest survey also indicated that sub-contractor availability decreased to the least marked extent since May.

November data pointed to another robust rise in demand for construction products and materials. Higher levels of input buying reflected a combination of increased workloads and efforts to build inventories due to supplier delays.

The index measuring overall supplier performance reached its highest level since April, but remained well inside negative territory. Around 47% of the survey panel reported longer lead times in November, while only 4% reported an improvement. Port delays and a severe lack of transport availability due to haulage driver shortages continued to hold back supplier performance, although firms noted an improvement in the availability of specific items (especially timber).

Around 72% of the survey panel reported an increase in purchase prices in November, while only 3% reported a decline. That said, the resulting index signalled the least marked rate of cost inflation since April. Rapid price pressures and supply shortages were a factor dampening business optimism in November. Latest data signalled the weakest output growth projections for four months.

Activity Index by sector Residential / Commercial / Civil Engineering  
 sa, >50 = growth since previous month



Sources: IHS Markit, CIPS.

UK Construction PMI Employment Index  
 sa, >50 = growth since previous month



Sources: IHS Markit, CIPS.

## Comment

**Tim Moore, Director at IHS Markit, which compiles the survey said:**

"November data highlighted a welcome combination of faster output growth and softer price inflation across the UK construction sector. Commercial building led the way as recovering economic conditions ushered in new projects, which helped compensate for the recent slowdown in house building. Major infrastructure work also boosted construction activity in November, as signalled by the fastest growth in the civil engineering category since August.

"Input price inflation remains extremely strong by any measure, but it has started to trend downwards after hitting multi-decade peaks this summer. The latest rise in purchasing costs was the slowest since April, helped by a gradual turnaround in supply chain disruption and a slight slowdown in input buying. Port congestion and severe shortages of haulage capacity were again the most commonly cited reasons for longer lead times for construction products and materials."

**Duncan Brock, Group Director at the Chartered Institute of Procurement & Supply, said:**

"UK construction enjoyed a rebound in November with the fastest level of output growth for four months as supply chain managers increased their purchasing activity to meet a strong pipeline of new building projects.

"Commercial orders were the strongest, picking up the slack from the subdued housing and civil engineering sectors and demonstrating that business confidence in the UK economy was improving.

"Adding to this positivity was signs of recovery in supply chain performance with just 47% of construction firms reporting longer waiting times, which is the smallest number for eight months. Even with this glimmer of hope that the pressure on deliveries was easing, purchasing remained at higher level to counteract disruptions from ongoing driver shortages and port delays as supply chain managers bought more than their immediate need.

"Job hiring growth was still maintained in November but was the weakest since March. Builder optimism was somewhat flat as the costs of building still remained high and firms struggled to stay competitive."

UK Construction PMI Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



Sources: IHS Markit, CIPS.

UK Construction PMI Input Prices Index

sa, >50 = inflation since previous month



Sources: IHS Markit, CIPS.

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Survey methodology

The IHS Markit \CIPS UK Construction PMI® is compiled by IHS Markit 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 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@ihsmarkit.com](mailto:economics@ihsmarkit.com).

Survey dates and history

Data were collected 12-29 November 2021.

Data were first collected April 1997.

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About PMI

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