

Embargoed until 0930 BST (0830 UTC) 7 May 2021

## IHS Markit / CIPS UK Construction PMI®

### Strong increase in construction output. Costs rise at fastest pace since survey began in 1997

#### Key findings

Commercial work leads the construction recovery in April

Steepest pace of civil engineering growth since September 2014

Input price inflation highest in 24 years of data

Data were collected 12-29 April 2021.

UK construction companies signalled a strong increase in output volumes during April, with continued recoveries seen in civil engineering activity, commercial work and house building. Workloads were boosted by the fastest rise in overall new orders since September 2014.

On a less positive note, demand and supply imbalances meant that the rate of input cost inflation picked up for the seventh month in a row to its highest since the survey began in April 1997.

The headline IHS Markit/CIPS UK Construction PMI® Total Activity Index posted 61.6 in April, down only fractionally from March's six-and-a-half year peak of 61.7. Any figure above 50.0 indicates an overall expansion of construction output. The index has posted in growth territory in ten of the past eleven months, with January 2021 the exception.

Commercial work (index at 62.2) was the best-performing broad category of construction output in April, although the rate of expansion eased slightly since March. Survey respondents widely commented on a boost to client demand from rising business confidence and the reopening of the UK economy.

Civil engineering (index at 61.5) bucked the softer overall growth trend in April and signalled its fastest speed of recovery since September 2014. Construction companies often cited increased levels of work on major infrastructure programmes, including contract awards from HS2 and Highways England.

Meanwhile, house building (index at 61.2) continued to rise

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



Sources: IHS Markit, CIPS.

at a strong pace in April, but the rate of growth eased from March's recent peak (64.0). There were widespread reports of robust demand for residential building projects and new housing developments.

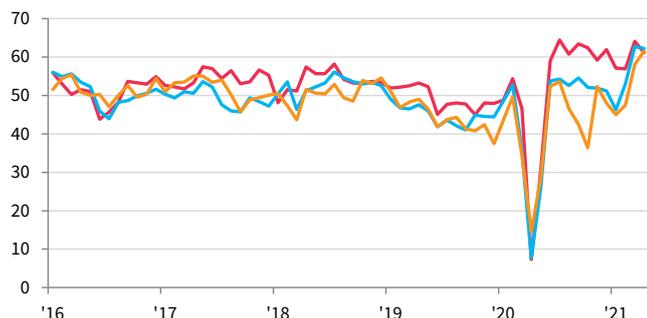
Total new work increased for the eleventh consecutive month in April. Moreover, the latest improvement in order books was the strongest for just over six-and-a-half years. This contributed to the steepest rate of job creation across the construction sector since December 2015.

Mirroring the trend for new business, input buying expanded at the fastest pace since September 2014. A rapid rise in demand for construction products and materials continued to stretch supply chains in April. The latest lengthening of suppliers' delivery times was the third-greatest since the survey began in 1997, exceeded only by those seen during the lockdown in April and May last year. Construction firms mostly cited demand and supply imbalances, but some suggested that Brexit issues had led to delays with inputs arriving from the EU.

Higher prices paid for a wide range of construction items contributed to the fastest overall rate of cost inflation since the survey began in April 1997 (index at 84.6, up from 77.8 in March). Steel, timber and transportation were among the most commonly reported items up in price.

Looking ahead, construction companies remained highly upbeat about their growth prospects in April. More than half of the survey panel (57%) expect a rise in business activity during the next 12 months, while only 7% forecast a decline.

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, Economics Director at IHS Markit, which compiles the survey:

"The UK construction sector is experiencing its strongest growth phase for six-and-a-half years, with the recovery now evenly balanced across the house building, commercial and civil engineering categories.

"New orders surged higher in April as the end of lockdown spurred contract awards on previously delayed commercial development projects. This added to the spike in workloads from robust housing demand and the delivery of major infrastructure programmes such as HS2.

"Shortages of construction materials and much longer wait times for deliveries from suppliers were a sting in the tail for the sector. Aggregates, timber, steel, cement and concrete products were all widely reported as in short supply by survey respondents.

"Supply and demand imbalances for construction items, alongside higher transport costs, resulted in severe price pressures across the board during April. The overall rate of input cost inflation reached its fastest since data collection began 24 years ago, exceeding the previous record seen at the top of the global commodity price cycle in 2008."

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

"The building blocks were in place in April as builders confirmed more work, more job opportunities and strong optimism for the next 12 months.

"The overall growth rate of new business strengthened to the fastest since September 2014 as all three sectors improved and civil engineering the laggard of last year gained the most momentum.

"Issues around supply chain performance acted as a drag on capacity however as supply constraints on essential materials increased to one of the third highest levels since 1997 when the survey began. Brexit issues remained a factor affecting deliveries from the EU and suppliers generally were struggling to meet the sudden rush in demand leading to shortages of basic materials.

"This inevitably led to the sharpest rise in cost inflation in a generation as builders scrambled to catch up on projects but the biggest rise in job creation since December 2015 also followed, signalling sustainable growth in the sector this summer."

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.

Contact

Joanna Vickers  
Corporate Communications  
IHS Markit  
T: +44-207-260-2234  
[joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)

Trudy Salandiak  
Corporate Communications  
CIPS  
T: +44-1780-761576  
[trudy.salandiak@cips.org](mailto:trudy.salandiak@cips.org)

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 April 2021.

Data were first collected April 1997.

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index® and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.

About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2021 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please contact [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com). To read our privacy policy, click [here](#).

About CIPS

The Chartered Institute of Procurement & Supply (CIPS) is the world's largest procurement and supply professional organisation. It is the worldwide centre of excellence on purchasing and supply management issues. CIPS has a global community of 200,000 in over 150 countries, including senior business people, high-ranking civil servants and leading academics. The activities of procurement and supply chain professionals have a major impact on the profitability and efficiency of all types of organisation and CIPS offers corporate solutions packages to improve business profitability. [www.cips.org](http://www.cips.org).

About PMI

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. [ihsmarkit.com/products/pmi.html](http://ihsmarkit.com/products/pmi.html).