# S&P Global UK Construction PMI®

## Construction sector growth eases in October

Civil engineering remains best-performing category, followed by commercial work

Renewed decline in house building

Business optimism slips to ten-month low

Latest PMI® data indicated that output growth slowed considerably across the UK's construction sector after reaching a 29-month high during September.

The headline S&P Global UK Construction Purchasing Managers' Index™ (PMI®) – a seasonally adjusted index tracking changes in total industry activity – registered 54.3 in October, down from 57.2 in September. However, the index was above the crucial 50.0 no-change threshold for the eighth month running. The latest reading was also well above the average seen in the first half of 2024 (51.4) and signalled a solid expansion of total industry activity.

Civil engineering (56.2) was by far the best-performing category of construction output in October. Survey respondents again noted rising demand across a range of energy infrastructure projects, especially renewables. Commercial work (52.8) also expanded in October, but the increase was the weakest since the current period of growth began in April.

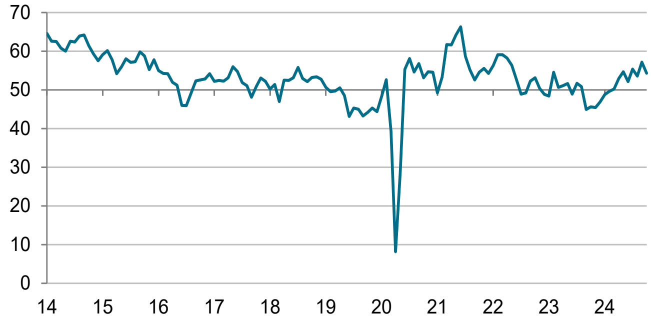
House building (49.4) was the only broad category of construction work to register an overall decline in output during October. This was the first decrease in residential activity since June, but the rate of contraction was only marginal. Some construction companies noted that elevated borrowing costs and uncertainty ahead of the Autumn Budget had constrained demand.

Total new work expanded at a solid pace in October. Mirroring the trend for output growth, the latest expansion was softer than the two-and-a-half year high seen in September. Political uncertainty and subdued household demand due to cost-of-living pressures were cited as factors limiting new order growth in October. That said, many construction companies noted strong sales pipelines and tender opportunities linked to generally improving domestic economic conditions.

Higher levels of new business encouraged additional staff recruitment in October. Moreover, the rate of job creation accelerated to a three-month high. Greater demand for staff was recorded in spite of a decline in business optimism regarding growth prospects for the year ahead. Latest data indicated that construction companies were the least confident about their output growth projections since

S&P Global UK Construction PMI Total Activity

Index, sa, >50 = growth m/m




Data compiled 10-30 October 2024.

Source: S&P Global PMI. ©2024 S&P Global.

### Comment

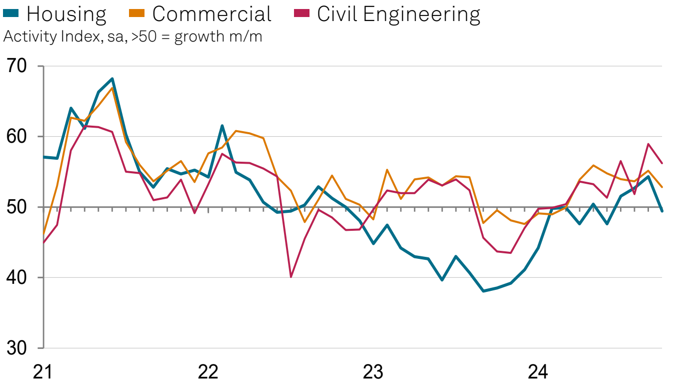
**Tim Moore, Economics Director at S&P Global Market Intelligence, said:**

"The construction sector signalled another month of solid output growth in October, despite being unable to match the highs seen in September. Business activity expansion was once again led by civil engineering work. Survey respondents widely commented on strong demand for renewable energy infrastructure projects.

"Commercial construction activity also increased again, albeit at the slowest pace since the current phase of expansion began in April. Improving domestic economic conditions helped to boost demand, but some construction companies reported delayed spending decisions ahead of the Autumn Budget. October data meanwhile indicated a decline in overall residential construction activity for the first time since June. Government policy uncertainty, fragile consumer confidence and elevated borrowing costs were all constraints on demand for house building projects.

"Total new work expanded at a solid pace in October, adding to signs of a robust improvement in order book pipelines across the construction sector in the second half of 2024. As a result, construction companies added to their payroll numbers at an accelerated pace. However, business optimism remained relatively subdued in comparison to the highs in the first half of the year, with output growth expectations now the lowest since December 2023."

PMI® by S&P Global

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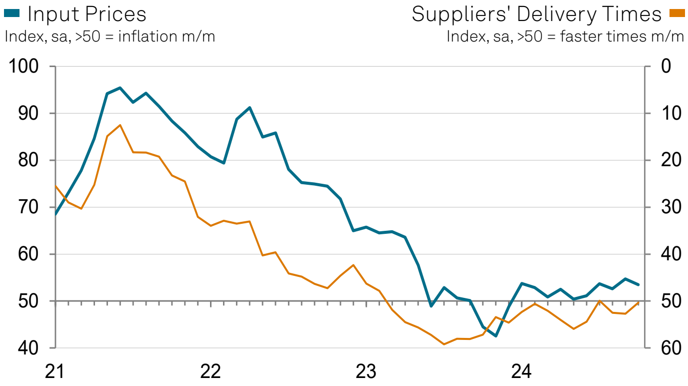


Source: S&P Global PMI. ©2024 S&P Global.

December 2023.

Construction companies continued to boost their purchasing activity in October, which was mainly linked to greater workloads and forthcoming new project starts. However, the latest increase in purchasing activity was only marginal and the weakest since the current phase of expansion began in May.

Suppliers' delivery times improved marginally in October. Lead times have now shortened in each of the past three months, which was often linked to rising inventories among suppliers. Some construction firms noted that international shipping disruptions had limited the latest improvement in vendor performance.

Average cost burdens meanwhile increased at a solid pace. The rate of inflation remained stronger than seen on average in the first half of 2024, but moderated since September. Survey respondents typically commented on higher raw material prices. Many firms suggested that an improved balance between supply and demand for construction inputs had led to increased competition between suppliers and helped to limit overall cost pressures.

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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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