

# News Release

Embargoed until 0930 BST (0830 UTC) 06 April 2022

## S&P Global / CIPS UK Construction PMI<sup>®</sup>

### Fastest rise in construction orders since August 2021

#### Key findings

Construction output boosted by sustained rise in new work

Commercial construction outperforms in March

Business optimism drops to 17-month low

March data pointed to a continued rise in UK construction output, helped by the fastest increase in new work for seven months. That said, escalating inflationary pressures and concerns about the economic impact of the war in Ukraine contributed to a sharp drop in business optimism. The degree of confidence about the growth outlook was the weakest since October 2020.

The headline S&P Global / CIPS UK Construction Purchasing Managers' Index<sup>®</sup> (PMI<sup>®</sup>) – which measures month-on-month changes in total industry activity – registered 59.1 in March, unchanged from February and well above the 50.0 mark that separates expansion from contraction. The latest reading signalled the joint-fastest rate of output growth since June 2021.

Commercial work was the best-performing segment in March (index at 60.8), with projects restarting amid the roll back of pandemic restrictions. This part of the construction sector has seen output growth accelerate for three months in a row and the latest upturn was the strongest since June 2021. In contrast, the recoveries in civil engineering (index at 56.3) and residential work (54.9) lost momentum in March. The latter saw the slowest expansion of the three broad categories monitored by the survey.

Total new orders expanded at a robust and accelerated pace in March, with the latest rise the strongest since August 2021. Construction companies typically cited improving tender opportunities and resilient customer demand, despite some reports that economic uncertainty and rising costs had limited new business growth.

Rising workloads contributed to a considerable rise in staffing numbers during March. That said, the pace of job creation eased to its weakest so far this year amid ongoing difficulties filling vacancies.

S&P Global / CIPS UK Construction PMI<sup>®</sup> Total Activity Index  
sa, >50 = growth since previous month



Sources: S&P Global, CIPS.  
Data were collected 11-30 March 2022.

Mirroring the trend for new orders, latest data signalled a sharper increase in purchasing activity across the construction sector. Input buying rose at the steepest pace since July 2021, driven by a combination of stronger demand and efforts to build stocks where possible.

Capacity constraints, a lack of haulage availability and ongoing logistics difficulties led to another sharp downturn in supplier performance. Around 33% of the survey panel reported longer lead times for construction products and materials, while only 1% saw an improvement. However, delays remained less widespread than the peak seen last summer.

Imbalanced supply and demand, alongside escalating energy, fuel and commodity prices, resulted in a rapid rise in average cost burdens in March. The overall rate of input price inflation accelerated sharply since February and was the highest for six months.

Concerns about the war in Ukraine, forecasts of severe cost inflation and a less favourable global economic outlook all weighed on constructors' confidence in March. Around 48% of the survey panel expect a rise in business activity during the year ahead, while only 15% predict a decline. However, the balance of positive sentiment was the weakest seen since October 2020.

## Comment

**Tim Moore, Economics Director at S&P Global, which compiles the survey said:**

"Commercial projects helped keep construction growth at its highest level since last summer as clients boosted spending in response to the roll back of pandemic restrictions. Civil engineering also fared well in March as work on major infrastructure contracts underpinned growth. Residential work found itself in the slow lane, however, as some firms noted that greater caution crept into spending decisions.

"The construction recovery looks set to continue in the near-term as order books improved at the fastest pace for seven months in March. Input buying and job creation in the sector also remained indicative of strong underlying momentum.

"Escalating fuel, energy and commodity prices led to the fastest rise in costs for six months. Intense inflationary pressures appear to have unnerved some construction companies. Business optimism slipped to its lowest since October 2020 on concerns that clients will cut back spending in response to rising prices and heightened economic uncertainty."

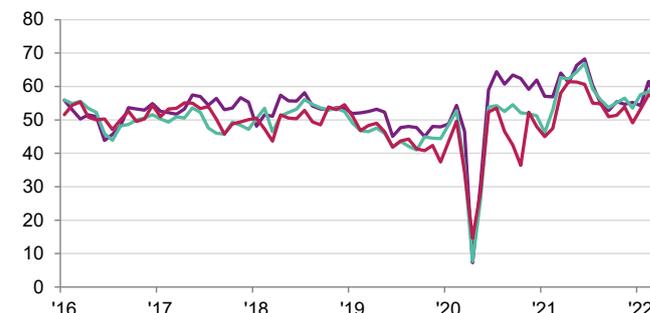
**Duncan Brock, Group Director at the Chartered Institute of Procurement & Supply, said:**

"A heartening result in March overall where new order levels were the highest since August last year, but not all the sub-sectors offered an equal contribution to output this month. Commercial projects were the most abundant with the strongest rise in almost a year, but residential building became the laggard of the pack as affordability concerns were a factor in holding back progress particularly in new housing and refurbishment work.

"The crippling rise in inflation ramped up again as transport and raw materials went up in price. Longer wait times for deliveries were reported by a third of supply chain managers. Construction companies are braced for more disruption on the horizon as a result of the Ukraine conflict. The rise in purchasing demand fed into higher costs for materials already in short supply as energy hikes also impacted on business costs.

"With these severe challenges, it is no surprise that business optimism for the months ahead has been affected and fell to levels last seen in October 2020. The sector is facing a number of roadblocks as levels of job creation were also held back with the ongoing skills shortage and lack of builders."

■ Housing Activity Index  
■ Commercial Activity Index  
■ Civil Engineering Index  
sa, >50 = growth since previous month



Source: S&P Global.

## Contact

Joanna Vickers  
Corporate Communications  
S&P Global  
T: +44207-260-2234  
[joanna.vickers@spglobal.com](mailto:joanna.vickers@spglobal.com)

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

If you prefer not to receive news releases from S&P Global, please email [katherine.smith@spglobal.com](mailto:katherine.smith@spglobal.com). To read our privacy policy, click [here](#).

### Survey methodology

The S&P Global / CIPS 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@ihsmarkit.com](mailto:economics@ihsmarkit.com).

### About S&P Global

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today. [www.spglobal.com](http://www.spglobal.com).

### 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 60,000 members 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)

### Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global 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 S&P Global 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 and/or its affiliates.