

PRESS RELEASE

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CIC reaction to ONS announcement of GDP and the Labour Market for Q4 2012

Today's ONS announcement shows construction output in the fourth quarter of 2012 at 0.3% higher than quarter 3 but 11.0% lower than 2011 quarter 4.

The CIC Chief Executive, Graham Watts, said that the small increase in Q4 over Q3 (2012) was to be welcomed (since any increase is better for confidence than a continuing decline) although in reality the industry is just "treading water" and remains far weaker than prior to the recession. "Construction activity in the private sector relies upon confidence in the economy as a whole to encourage investment decisions", he said, adding that "construction activity in the public sector is still hit by austerity policies; and domestic refurbishment is hit by a mixture of low confidence and the failure to get the Green Deal moving".

The wider picture is impacted by the lack of growth in construction. "Since construction is an enabling activity for the rest of the economy (£1 spent on construction generates nearly £3 of economic activity elsewhere) a lack of growth in construction will continue to hold back growth generally. Recovery in the construction sector is vital to underpin long term economic sustainability", said Watts, adding: "Construction is a huge sector in the UK economy, much bigger than it's given credit for because it affects areas beyond construction site activity, including the provision of professional services.

CIC still hopes that 2013 will see economic conditions start to improve although recognising that investment conditions for construction remain challenging.

Evidence from our member organisations – many of whom represent the design and engineering professions at the front end of the construction process – are generally a lead indicator. They tell us that workloads are now fairly stable although this is variable across the regions and nations (with Scotland, Northern Ireland and Northern England still suffering). We would expect at least a

6 - 9 month lag before any upturn in professional workload feeds through into any significantly increased construction activity. "Since that evidence is not there, CIC anticipates a relatively flat-lining year for construction in 2013, at best", concluded Watts.

Ends

Notes to the editor

1. CIC is the representative forum for the professional bodies, research organisations and specialist trade associations in the construction industry. It provides a single voice for professionals in all sectors of the built environment through its collective membership of 500,000 individual professionals and 25,000 firms of construction consultants.

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