

Strong start to purchases of building products by builders and contractors for Q1 2017

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Strong start to 2017 for UK Builders Merchants.

The latest figures from the BMF's Builders Merchants Building Index (BMBI) confirmed a strong start to 2017 with a further three months of growth in the sales of building materials through UK generalist builders' merchants in Q1. The relatively mild and dry weather throughout first quarter of the year helped to produce 5.9% total sales growth on Q1 2016.

The overall result was boosted by a particularly strong performance in March, although the 11.4% year on year total sales growth recorded for the month is a slightly artificial figure as a late Easter gave two more trading days compared to March 2016. Nonetheless, the adjusted growth figure of +2.6% per trading day for the quarter is a positive result against a backdrop of political uncertainty.

Tools (+8.8%), Ironmongery (+7.2%) and Plumbing, Heating and Electrical (+6.8%) were the fastest growing categories during Q1. The ability to start external works in a warmer, drier winter lifted sales in other areas with Timber & Joinery +6.7%, driven by timber and sheet materials; Landscaping +6.7%, largely due to sales of block paving and kerbs; and Heavy Building Materials +6.2% on the back of higher sales of bricks, blocks and insulation. All saw growth greater than the total builders merchants channel.

GfK's Builders' Merchant Point of Sale Tracking Data, which represents over 80% of the value of the builders' merchant market, is used to create the Builders Merchant Building Index of actual sales to builders.

Commenting on the results, John Newcomb, BMF managing director said:

"The good news is that the positive market trend experienced throughout the last three years continued into 2017. Trading was undoubtedly helped by a mild, dry winter, but if you look at these results in conjunction with the Federation of Master Builders' Q1 State of Trade Survey of SME builders, the sentiment both amongst builders' merchants and their SME builder customers is optimistic.

"However, all Q1 data was gathered before Theresa May called a snap election. There is always a period of uncertainty leading up to a national vote when people put plans on hold pending the outcome. We may well see a degree of stagnation in Q2 until the colour and shape of the new government is clear.

"Looking further ahead, stability in the property market is required. Every one of the major political parties has acknowledged the need for many thousands of new homes for sale and rent. We need to see those promises being delivered, which ever party comes to power."

GfK Channel Manager, Ricky Coombes, believes the immediate outlook is largely positive.

"Based on a backlog of project orders, the current outlook for the Repair Maintenance and Improvement sector is positive. The new build market is also healthy with the ONS reporting the highest level of new home registrations in 10 years in Q1 2017. Similarly, GfK's April Consumer Confidence Barometer found consumers' intentions to spend on property/renovation in the next 12-24 months at their highest levels

in 10 years.

“That said, with inflation growing at a faster rate than wages, the squeeze may impact on consumers’ intentions to spend on home improvements. While anticipated price rises could lead to ever more price-savvy trade customers looking for the best deals.”

ENDS

Note to Editors

The GfK Builders Merchants Panel. GfK’s data sample represents 80% of the country’s Multiple Generalist Builders Merchants, defined as those selling a mix of heavy-side and light-side products through more than three branches or with an annual turnover of more than £3m. The panel includes national, multi-regional and regional merchants such as Buildbase, Jewson, Travis Perkins, EH Smith, Gibbs & Dandy, MKM, Bradfords, Covers and Ridgeons. Live data confirms total annual sales for the Multiple Generalist Builders Merchants Channel to be in excess of GBP5.44bn.

The Builders Merchant Building Index (BMBI), a brand of the BMF. Published monthly, the BMBI is based on top line data from GfK’s Builders Merchants Panel which are compiled every month from sales turnover information from general builders’ merchants. More information can be found at www.bmbi.co.uk

The Builders Merchants Federation Ltd (BMF) is the only trade association representing and protecting the interests of builders’ merchants and suppliers to the merchanting industry in the UK. Total membership at 1 January 2017 stands at 578 merchant and supplier companies who together have combined sales of over £24.6bn and employ over 117,500 people in the building materials industry. BMF’s 300+ merchant members operate from over 4,800 branches across the UK.

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