

press release

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FOR IMMEDIATE RELEASE

Construction not out of the woods yet, says National Federation of Builders

The NFB today reacted with disappointment to the news that UK Gross Domestic Product (GDP) increased by only 0.2 per cent in the second quarter of 2011, following an increase of 0.5 per cent in the first quarter of 2011.

Construction output increased by 0.5 per cent in the second quarter, compared with a decrease of 3.4 per cent in the previous quarter.

Government and other services showed zero growth, compared with a 1.1 per cent increase in the previous quarter.

Julia Evans, Chief Executive of NFB, said: "While any growth, however small, is to be welcomed at this time, it is still of concern to our members that tight trading and lending conditions have hindered expansion in the construction industry. Add to that the fact that public spending cuts are now biting, and lending has not appeared to have kept up with private sector demand, we are left with a significant gap in order books. It is not just about keeping turnovers ticking over – these companies need profits in order to survive.

We hope that the Government's Construction Strategy will help to provide some glimmer of certainty in the form of longer term pipelines of work, in what is increasingly becoming a very worrying time for the industry. Particularly affected are the small and medium sized businesses which make up 90 per cent of the sector and contribute much to the economy. It is imperative therefore that public sector procurers do not lose sight of the 'whole life' value of projects in favour of 'lowest cost' in the drive for efficiency savings. That is a fallacy that could well have longer term impacts that could be damaging to the industry, as well as the economy."

On a more encouraging note, looked at over the longer term, construction was one of the sectors that suffered the most in the recession and so has the most scope to grow in the recovery.

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Notes to Editor:

1. The NFB is one of the UK's longest established trade federations for small to medium-sized (SME) builders, contractors and house builders across England and Wales. It was created 150 years ago to represent the building profession and to help create the conditions for its members to thrive and contribute to the economic success of the UK. Its members range from the sole trader to large, multi-million pound construction companies, with turnover ranging from below £500k to £500m plus. The NFB provides advice, training and business solutions to ensure members stay up to date.
2. The NFB campaigns on the issues that impact the construction industry such as procurement, utilities, sustainability and funding. It represents the industry at government and industry forums and is an active media commentator and policy influencer.
3. For further information please contact the NFB press office on 01293 586664 or email marketing@builders.org.uk