

United Kingdom

Construction recovery hampered as rain halts play

- **Construction output slumps 2.8% in February**
- **Q1 output running 0.6% above Q4**
- **Survey data suggest sector set for strong rebound in coming months**

Bad weather took its toll on the UK building sector in February, according to the Office for National Statistics. However, despite a 2.8% fall in February, output in the first quarter is so far still running 0.6% higher than the final quarter of last year, which saw a 0.2% fall in output. Moreover, a strong upturn looks likely in coming months.

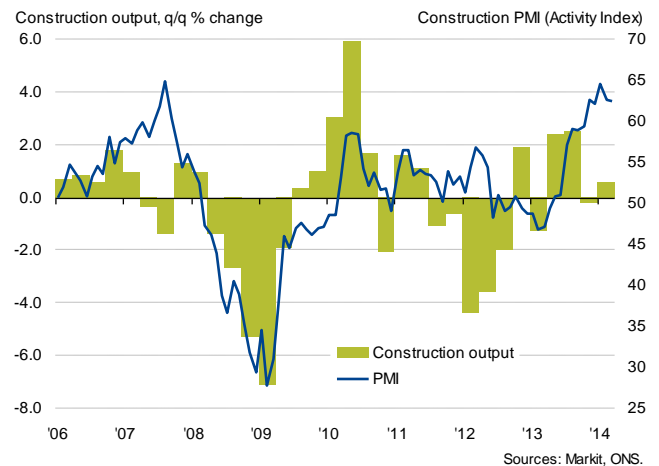
Heavy storms and flooding disrupted construction activity in February, meaning output is likely to have risen strongly in March as better weather allowed builders to make up for storm- and flood-related downtime in the previous month. Repair work from the flooding will also have helped lift the industry in March.

The official data come on the heels of buoyant construction industry PMI readings, which indicated that the sector enjoyed its strongest quarterly growth seen since the survey began in 1997. The survey has shown a surge in house building, accompanied by strong growth of both commercial work and civil engineering activity as the economic recovery gains momentum.

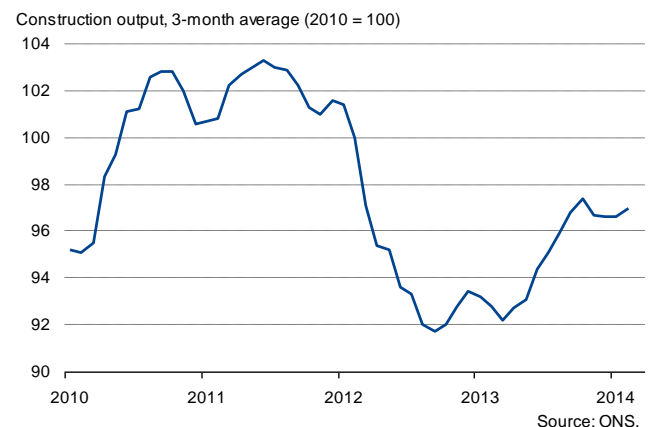
The sector therefore likely remains in a period of strong growth, merely dampened by the weather at the start of the year, and further robust expansion is likely in coming months. In particular, rising business investment will spur further commercial construction activity, while at the same time house builders are showing signs of responding to the increased demand for residential property with the development of new housing.

However, the brightening picture for the industry needs to be put into perspective: output of the industry in the first quarter of 2014 so far is still running some 12.0% below the peak seen in the first quarter of 2008.

Construction industry output v PMI



Construction output



Chris Williamson

Chief Economist

Markit

Tel: +44 207 260 2329

Email: chris.williamson@markit.com

[Click here](#) for more PMI and economic commentary.

For further information, please visit www.markit.com