

19th September 2017

Major HS2 Contracts Mask a Waning Construction Sector

Infrastructure bounced back sensationally in September with six major HS2 contracts awarded on the month worth a total of £7.2 billion. However, the same can't be said for the remaining sectors in construction, including housing which saw new orders decrease for the first time in six months.

The latest edition of the [Economic & Construction Market Review](#) from industry analysts [Barbour ABI](#), highlights the levels of construction contract values awarded in September across all regions of Great Britain. The overall contract value for September was £6.9 billion based on a three month rolling average, the highest monthly figure for almost two years. The strong total was largely based on the commissioning of the large HS2 contracts, which made up six of the top ten biggest projects on the month (see figure 1.1), whilst also masking the pitfalls across other sectors of construction.

SEPTEMBER 2017 TOP TEN BIGGEST PROJECTS BY VALUE



TOP PROJECT

1 Birmingham Spur – High Speed 2 (HS2)

£1,500,000,000

WEST
MIDLANDS

INFRASTRUCTURE

Rank	Project	Value	Region	Sector
2	Chiltern Tunnels – High Speed 2 (HS2)	1,300,000,000	London	Infrastructure
3	North Portal of Chiltern Tunnel – High Speed 2 (HS2)	1,300,000,000	East Midlands	Infrastructure
4	Delta Junction – High Speed 2 (HS2)	1,300,000,000	West Midlands	Infrastructure
5	Euston Tunnels & Approaches – High Speed 2 (HS2)	900,000,000	London	Infrastructure
6	Long Itchington Wood Tunnel – High Speed 2 (HS2)	900,000,000	West Midlands	Infrastructure
7	Old War Office Building – 125 bed hotel and 88 flats	300,000,000	London	Residential
8	Central Park Severnside – Amazon distribution unit	204,000,000	South West	Industrial
9	Circle Square Oxford Road – blocks 5 & 6	135,000,000	North West	Residential
10	7 & 8 Wellington Place – offices/retail/restaurants	121,000,000	Yorkshire & Humber	Commercial

(Figure 1.1)

Across the industry, project numbers were down in September by 28.5% when compared to August, which was spread right across the various sectors of construction. Housing saw the biggest drop in contract values, decreasing to £1.8 billion, a 33 per cent drop on the month after consistently high growth since May and has up to now been construction's most reliable source of high contract values

over the course of 2017. Outside of Infrastructure, the only two other sectors that saw growth were Hotel, Leisure and Sport with minimal growth of 0.9% compared to August, and Medical & Health which increased by 10.4%.

Outside of the six HS2 projects, the £300 million Old War Office Building residential development in Westminster was the highest value project for September. This is followed by a new Amazon distribution centre in Bristol with a construction cost of more than £200 million - four times higher than the value of any other industrial project on the month.

Regionally, the West Midlands was the leading region for construction contract value with 35 per cent of the total, followed by London and the East Midlands with 28 and 15 per cent respectively, the three regions with HS2 contracts. The remaining regions counted for just 1-4 per cent individual share of the monthly total contract value.

Commenting on the figures, Michael Dall, Lead Economist at Barbour ABI, said: "It was an unusual month for construction across September due to the £7.2 billion HS2 contracts, drastically boosting construction figures and depicting a strong, healthy industry, whereas without the six major contracts it was a poor month for contract values, highlighted by the housing sectors uncharacteristic decrease."

"Nevertheless the HS2 projects will be a major boost to the workforces in the three located regions, providing thousands of jobs and sub-contracting opportunities."

-ENDS-

Notes to editors:

Press enquiries to:

Jonathan Touhey at Barbour ABI

e: jonathan.touhey@barbour-abi.com

t: **0151 353 3605**

m: **07976 837339**

About Barbour ABI:

Barbour ABI is a leading provider of construction intelligence services. With a team of in-house research specialists and a dedicated economics team, it provides commercially relevant insight and unique analysis of trends and developments within the building and construction industry.

Barbour ABI is the chosen provider of Construction New Orders estimates data to the Office for National Statistics, provider of the Government's Construction and Infrastructure Pipeline and provides the planning application and development data to the Department for Communities and Local Government. Barbour ABI also provides data for independent organisations, such as the Construction Products Association.

Barbour ABI is part of global events-led marketing services and communications company, UBM, and is headquartered in Cheshire Oaks, Cheshire.

For more information, go to www.barbour-abi.com or follow on Twitter [@BarbourABI](https://twitter.com/BarbourABI) for all the latest construction data news.

About UBM:

UBM is one of the world's leading business-to-business (B2B) events organisers, bringing the world's buyers and sellers together at events and online, as well as producing and distributing news and specialist content. With 3,500 staff in 70 offices across 20 countries of the world, UBM's expert teams serve commercial and professional communities, helping them to do business and their markets to work effectively and efficiently.

For more information, go to www.ubm.com or follow on Twitter at [@UBM_plc](https://twitter.com/UBM_plc) for all the latest UBM corporate news.