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Lack of major projects slows construction in January

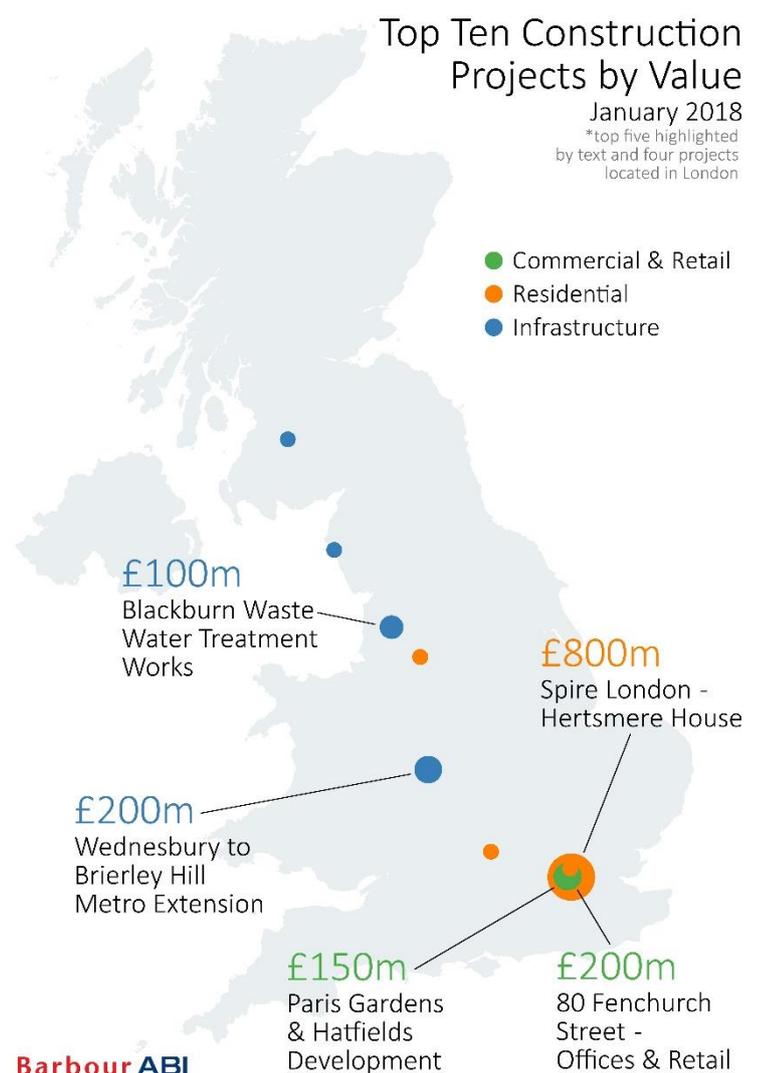
After a volatile 2017 for construction, the year hasn't begun much better for the industry in January, with the value of new contracts awarded at £5.4 billion, 10.6 per cent lower than the same time last year, as a lack of major projects has hit growth prospects.

The latest edition of the [Economic & Construction Market Review](#) from industry analysts [Barbour ABI](#), highlights levels of construction contract values awarded in 2017 across Great Britain. Residential housing and infrastructure both dominated the construction sector across January, with contract values at £1.9 billion and £1.7 billion respectively, which combined, is more than 65% of the total value of construction in the month. The largest project in January was the £800 million Spire London Hertsmere House development at West India Quay in London (see figure 1.1), more than four times larger than the next biggest development.

Eight of the biggest ten projects in January came from the residential housing or infrastructure sector, albeit smaller in value than the 'big ticket' projects regularly seen. These included the £200 million Wednesbury to Brierley Hill Metro Extension and the £100 million Waste Water Treatment Works in Blackburn.

Across the industry, education and hotel, leisure & sport sectors both saw monthly decreases in value in January, which could be seen as particularly concerning due to December being traditionally a quiet month. The remaining sectors of residential housing, infrastructure, commercial & retail, industrial and medical & health all saw increases on the previous month but overall below the levels of January 2017.

Regionally, it was London that led all regions with contract award value at 32% of the UK total, largely thanks to the aforementioned £800 million Spire London Hertsmere House development at West India Quay in London. This was followed by the North West with 13% of contract awards and Scotland with an 11% share.



Barbour ABI
Figure 1.1

Commenting on the figures, Michael Dall, Lead Economist at Barbour ABI, said: "The recent collapse of Carillion has not done much for confidence in the sector, which is already facing a number of headwinds. Mainly due to a lack of major projects, construction has been held back in January. Nevertheless, encouraging figures from the residential housing and infrastructure sector is pleasing, but other sectors now need to help pick up the slack, such as hotel, leisure & sport which produced its lowest figures in January since October 2015."

-ENDS-

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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 and partner of the Government's Infrastructure and Projects Authority in providing the National Infrastructure and Construction Pipeline. 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.

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