

23<sup>rd</sup> August 2018

## Construction work is on the up but still underperforming

The value of new construction contracts in July reached £4.6 billion, a 6.5 per cent increase compared to June and the first month to see growth since March. However, the two largest sectors, residential and infrastructure, continued their slump in July with much lower activity levels, decreasing by 28 and 24 per cent respectively compared to the same time in 2017.

The latest edition of the [Economic & Construction Market Review](#) from industry analysts [Barbour ABI](#) highlights levels of construction contract values awarded across Great Britain. The largest project in July was the £650m House of Commons Northern Estate Refurbishment Programme (see figure 1.1), more than five times the value of the second largest project on the month. With only four of the top ten largest projects having a value of over £100 million, there is a distinct lack of ‘mega projects’ that the sector is typically accustomed to.

## JULY 2018

### TOP TEN BIGGEST PROJECTS BY VALUE



## Barbour ABI

★ <b>TOP PROJECT</b>	£650,000,000 • LONDON • COMMERCIAL & RETAIL House of Commons Northern Estate Refurbishment Programme	6	£90,000,000 • NORTH WEST • INFRASTRUCTURE Congleton Link Road
2	£118.5,000,000 • LONDON • COMMERCIAL & RETAIL Bromley Town Centre – Churchill Place Development Site G	7	£85,000,000 • NORTH EAST • EDUCATION University of Durham, Mount Oswald – two 500 bed colleges
3	£113,000,000 • YORKSHIRE & HUMBER • RESIDENTIAL University of York Heslington East – student accommodation	8	£85,000,000 • WEST MIDLANDS • INDUSTRIAL Hams Hall, Coleshill – 2 employment units
4	£100,000,000 • EAST MIDLANDS • COMMERCIAL & RETAIL Geddington Road, Corby – office & industrial units	9	£85,000,000 • WEST MIDLANDS • INDUSTRIAL Hams Hall, Coleshill – 4 employment units
5	£95,000,000 • LONDON • HOTEL, LEISURE & SPORT American Embassy, 30 Grosvenor Square – hotel	10	£81,800,000 • EAST MIDLANDS • INDUSTRIAL Eddie Stobart Distribution Centre – Midlands Logistics Park

(Figure 1.1)

Across the sectors, commercial and retail projects saw the biggest jump in figures, with a 67 per cent spike in contract value compared to the previous month. This is largely thanks to the aforementioned House of Commons Northern Estate Refurbishment Programme and the sector having three of the four largest construction projects in July. The remainder of the industry was a mixed bag, with the education sector increasing contract value by 20 per cent, whereas medical and health construction disappointingly decreased by 44 per cent on the month.

Regionally it was London that led all locations for contract value in July, with 27.5 per cent of the total, a much larger proportion than recently seen in the capital across 2018. Following London was the North West with 10.8 per cent and then Yorkshire & Humberside with 9.4 per cent.

Commenting on the figures, Michael Dall, Lead Economist at Barbour ABI, said: “Whilst it’s encouraging that the total value of construction contracts increased in July, the sector is still considerably underperforming compared with the figures seen in 2016 and 2017. Part of the issue could be attributed to the lack of ‘mega projects’, particularly in the residential and infrastructure sectors, as the value has been considerably hindered so far in 2018 with, of course, Brexit playing its part, as confidence continues to fall and developers and investors hold back on big construction investments.”

-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.

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