



Regional overview and forecasts of construction and mineral products markets in Great Britain - Spring 2022

Overview

Construction activity in Great Britain leapt back above pre-Covid levels at the end of 2021, and output rose by a record 12.7% compared to 2020.

The recovery was driven by record growth in infrastructure, private housing repair & maintenance and non-housing repair & maintenance. By contrast, private commercial was the only type of work to see an annual decline in 2021 and stood 34% below its most recent peak in 2017.

As a result, construction demand for aggregates and mineral products saw double-digit growth during 2021: the volumes of primary aggregates sales rose by 15.7% on an annual basis, 14.1% for ready-mixed concrete, 12.5% for asphalt and 24.4% for mortar. Demand also held firm in the final quarter of the year, in spite of unprecedented supply bottlenecks impacting progress on construction sites, cost increases and higher uncertainty due to Omicron.

Overall, the recovery in demand last year was faster than expected, but also imbalanced. For instance, primary aggregates and asphalt sales in 2021 exceeded their pre-pandemic levels in 2019, but sales of manufactured products such as ready-mixed concrete and mortar remain weaker. Primary aggregates demand for fill materials and asphalt manufacture was supported by an acceleration in infrastructure work, including roads and major infrastructure projects such as High Speed 2 (HS2), Hinkley Point C and the Thames Tideway tunnel. By contrast, the recovery in ready-mixed concrete sales volumes is being held back by a weaker recovery in new commercial tower projects. This is also dragging on sand & gravel sales, two-thirds of which is used in the manufacture of concrete. Mortar sales, which are closely related to housebuilding, also remain lower than in 2019 but a robust pipeline of new housing projects should support growth in mortar demand this year and next. At the start of 2022, mineral products producers indicated that Omicron had not caused

major disruptions. There were also signs that bottlenecks in the construction supply chain and material cost inflation started to stabilise, although this may prove short-lived given the impact of the invasion of Ukraine on wider commodity markets and potential economic and supply disruptions.

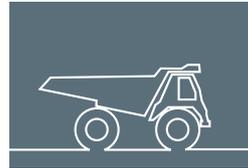
Construction output is expected to rise by 4.3% in 2022 and 2.5% in 2023 (CPA forecast, January 2022). Momentum in infrastructure will be the key driver behind that growth, assuming work continues to progress on major projects such as HS2, as well as on the delivery of five-year programmes in the regulated sectors (including roads). Output in private housing is also forecast to rise but there are growing concerns about affordability and the sustainability of double-digit house price growth, particularly given inflationary pressures and the likely negative impact on consumer confidence and spending. In the commercial sector, the growth path is weaker and skewed toward the completion of existing tower projects and refurbishment/fit-out activity, where the prospects for aggregates and wider mineral products demand are limited.

As a result, MPA expects aggregates and other mineral products sales volumes to continue to grow over the next two years, albeit at a slower pace than recorded in 2021. We forecast primary aggregates to grow by 4% year-on-year in 2022, ready-mixed concrete and asphalt sales to grow by 3.0%, and 4.5% for mortar. Whilst the outlook for the next two years outlines positive market conditions with near-term demand particularly robust, resilience thereafter is nonetheless at risk from elevated raw materials, energy and labour costs, uncertainty over the persistence of existing supply chain issues, and the degree to which the wider economy will slow due to the erosion of individuals' real levels of income.

This document has primarily been produced to support Aggregate Working Parties and mineral planning authorities deliver the Managed Aggregate Supply System. Further information on the role and contribution of wider mineral products can be found in the [Profile of the UK Mineral Products Industry \(2020\)](#).

AN ESSENTIAL SECTOR

- The mineral products and quarrying industry is the largest producer in the UK economy at 400 million tonnes per year, typically more than one million tonnes per day. This is over four times the total volume of energy minerals produced in the UK.
- We are essential to the economy, the operation, development and maintenance of UK infrastructure, as well as the built environment and our quality of life.
- The majority of the Mineral Products Industry's output is used in the UK construction sector – improving our housing stock, transport networks, commercial and industrial buildings, energy and water infrastructure, schools and hospitals.
- The mineral products industry will play its full part in delivering the UK's 2050 net zero commitment. The recently published Cement and Concrete Industry Roadmap to Beyond Net Zero is an ambitious goal and the industry will continue to be a world leader recycling construction and mineral wastes.
- Mineral products will continue to be essential throughout the economic recovery and critical to growth in the long term. They will be vital to efforts to 'level up' communities, regions and nations, in particular supplying infrastructure projects.



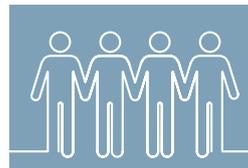
400mt

GB production of aggregates and manufactured mineral products (GB)



4 times

The volume of energy minerals produced in the UK including oil, gas and coal



3.5m

Jobs supported through our supply chain (UK)



£16bn

Annual turnover for the Minerals and Mineral Products industry (UK)

Mineral products in construction

QUARRYING, MINING & PRODUCTION 2,400 UK sites

- Aggregates
- Cement
- Concrete
- Mortar
- Asphalt
- Dimension Stone
- Silica Sand
- Industrial Clay & Lime



QUARRY RESTORATION

- Biodiversity Net Gain
- Nature Reserves
- Country Parks
- Agriculture



RECOVERY, REUSE & RECYCLING

- Construction waste
- Excavation waste
- Commercial waste
- Industrial by-products



81,000 jobs



400 million tonnes produced in UK each year



£5.8 billion contribution to UK economy



Homes

Schools & Hospitals

Business & Commerce

Factories & Depots

Power, Water & Communication Systems

Roads, Railways & Bridges

Sea & Flood Defences

Ports & Airports

Mineral products in manufacturing



Water



Food



Fertiliser



Medicine



Ceramics



Paper



Steel



Glass

UK Economy



Last year, UK GDP growth expanded 7.4% annually following a 9.3% decline in 2020, marking a sharp recovery from the deep loss of output due to coronavirus.

While the economy has since emerged back above its pre-pandemic level, growth has been uneven, with production lagging the recoveries seen in services and construction. Business surveys for the three aforementioned sectors have remained firmly in positive territory since mid-2021, despite the emergence of Omicron and persistent supply chain issues. The latter have shown initial signs of easing at the start of 2022 according to producers. Moreover, resilient demand has underpinned confidence, yet rising uncertainty in the wake of the Russian assault on Ukraine and its implications on energy, commodities and food markets, has raised growth risks ahead. The Office for Budget Responsibility cut its 2022 GDP forecast to 3.8% in March from 6% in October, and the 2023 forecast to 1.8% from 2.1%.

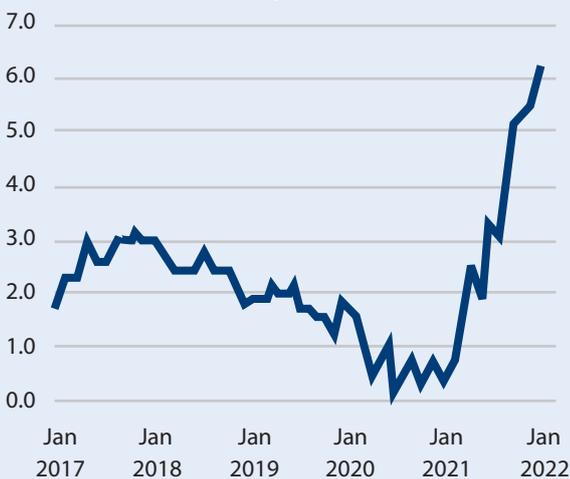
Economists had already cautioned of a cost of living squeeze in 2022 before Russia's offensive in Ukraine, driven by rising costs of fuel and energy which reflected capacity issues last year due to low gas reserves across Europe and higher demand as economies reopened. These concerns were exacerbated after inflation surpassed 6% in February to a 30-year high, and the Bank

of England admitted that prices might hit 8% in 2022Q2. The Bank warned of a historic fall in living standards over the next 12 months and higher interest rates as it tries to bring down inflation. This could affect households' ability to borrow, afford higher mortgage costs, and more widely lower their willingness to spend.

Elsewhere, the economy continues to be held back by weak trade. Aside from the ongoing disruption to global supply chains brought about by logistical and transportation challenges linked to the pandemic, the fallout from Brexit has also been blamed for the weaker recovery in UK trade compared to other developed nations. Administrative burdens and forced changes to existing supply chains, in some cases, have erected new barriers. Exporters to the EU have been hit particularly hard by border checks on goods, while UK officials are contemplating another delay to the adoption of full checks on EU imports (due to come into effect on July 1, 2022), to ward off the possibility of additional destabilisation to the economic backdrop.

After a solid economic rebound from the Covid-led recession in 2020, the upbeat demand environment in early 2022 may come under increasing threat as the cost of living crisis bites and consumers likely rein in spending. This could hamper business activity, which already faces uncertainty from Covid and the widespread rise in energy and input costs fuelled by the ongoing disruption to global supply networks.

Consumer Price Inflation: % change against the same month of the previous year



Output growth by sector: Production, Construction and Services (Feb 2020 = 100)



Construction

KEY FACTS

- Total construction activity represents just under 7% of total UK economic activity.
- Construction output totalled £169.4bn in Great Britain in 2021, as output bounced back by 12.7% from £150.2bn in 2020.
- Of the major construction sectors, infrastructure saw the largest recovery compared to 2020 with a 30.4% annual increase.
- Strong demand for housing and a healthy pipeline of new work should support further growth following the 15.1% rebound in total housing output in 2021.
- Commercial activity declined for a fourth successive year in 2021, down 6.8%, as Brexit and the Covid-19 pandemic raised long-term uncertainty over the future requirements for retail and office space.
- The Construction Products Association forecasts construction output growth of 4.3% in 2022 and 2.5% in 2023 (January 2022 forecast), which should underpin continued growth in mineral products demand over the next two years.



Sector share of the UK economy

Gross Value Added in 2019 (Source: ONS)



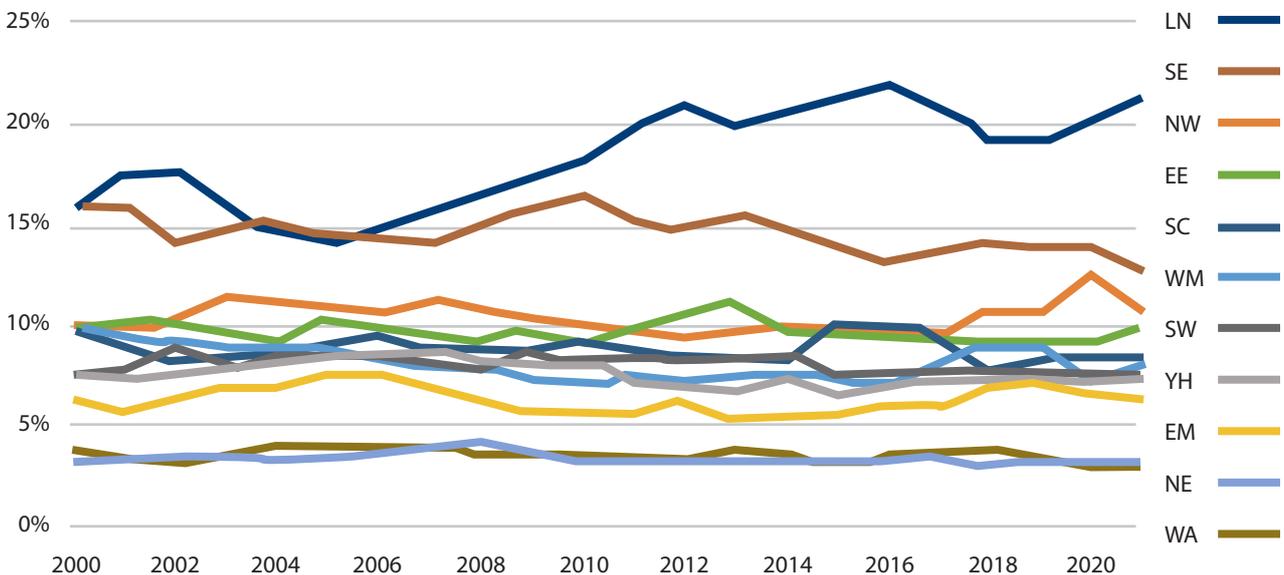
Agriculture and forestry makes up the remaining share of the UK economy.

Construction output in GB

Volume, £ billions (Source: ONS)

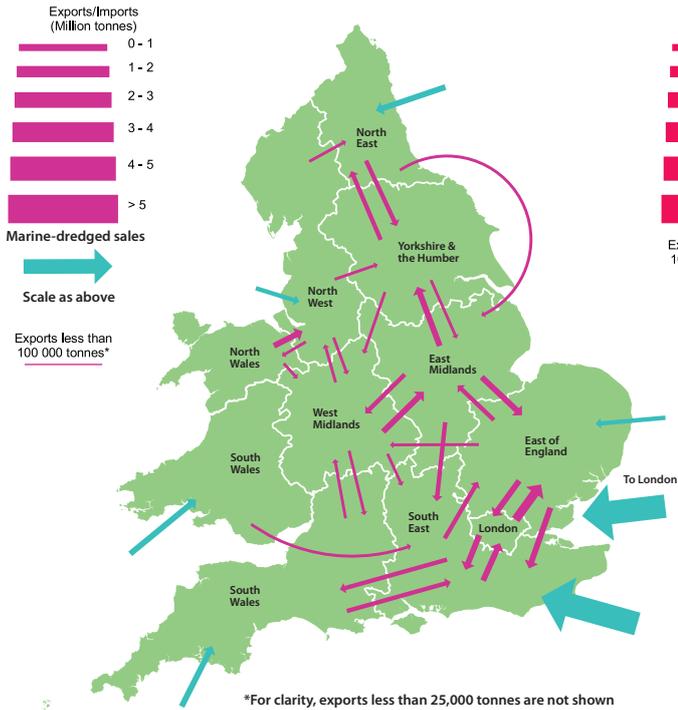


Regional shares of construction output in GB (Source: ONS)

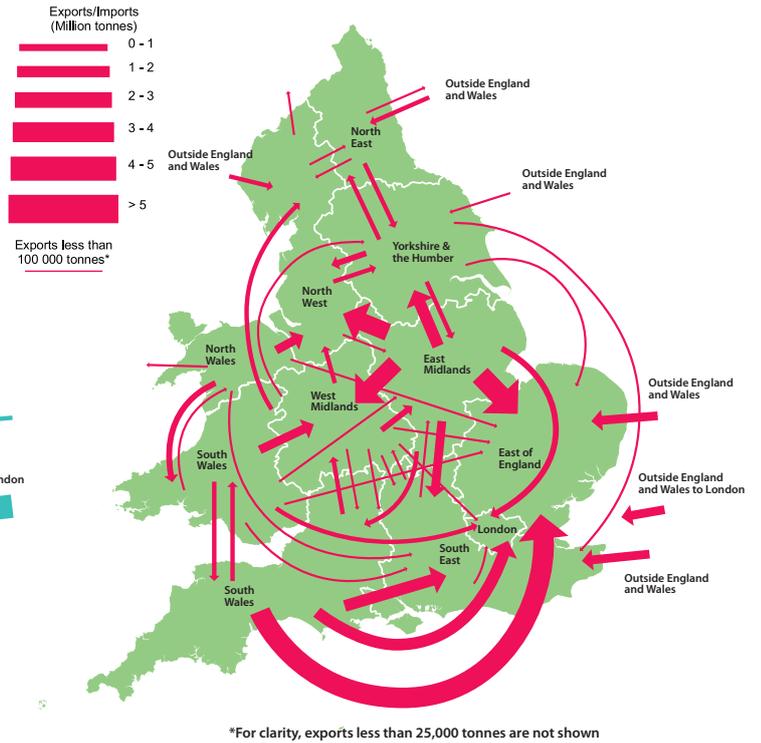


Inter-regional flows of primary aggregates, 2019 (Source: BGS)

Sand & Gravel



Crushed Rock

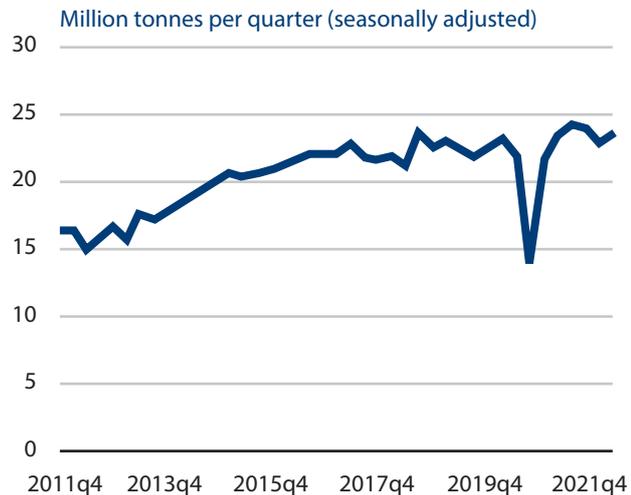


Construction Products Association – Winter 2021-22 Forecast (Annual percentage change)			
	2021	2022 (f)	2023 (f)
Private housing	16.1%	3.0%	3.0%
Public housing	8.1%	3.0%	3.0%
Infrastructure	30.4%	9.7%	1.1%
Industrial	2.8%	13.0%	8.6%
Commercial	-6.8%	5.4%	3.1%
Public non-housing	1.0%	2.8%	12.1%
Housing Repair & Maintenance	16.9%	1.7%	-0.2%
Non-housing Repair & Maintenance	14.1%	2.0%	1.1%
All work (Total)	12.7%	4.3%	2.5%

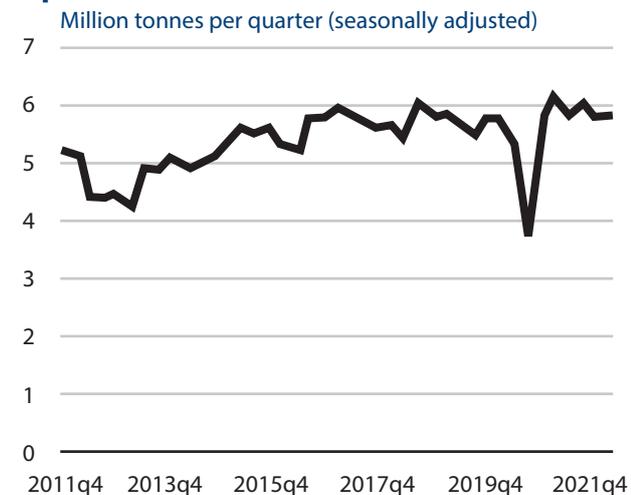
Mineral Products Markets

Mineral products markets: Sales volumes in Great Britain
(Source: MPA)

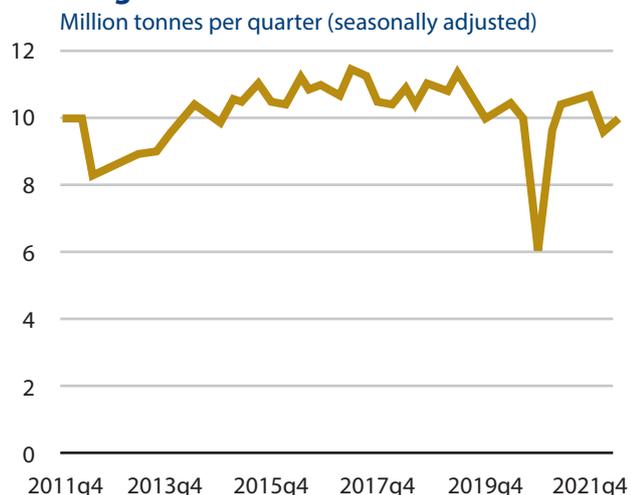
Crushed rock



Asphalt



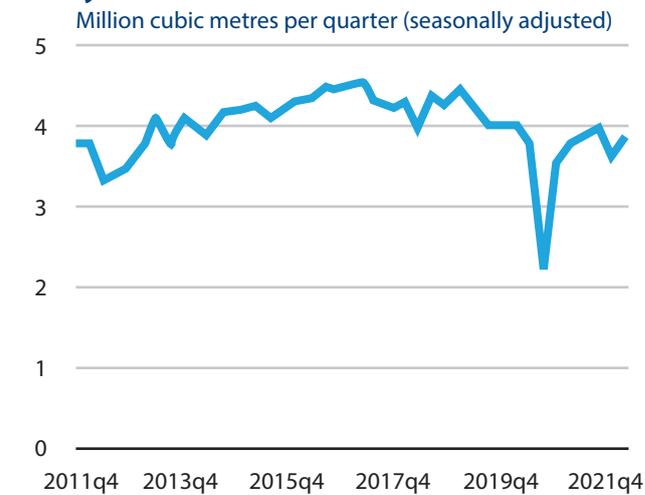
Sand & gravel



KEY FACTS

- Construction demand for mineral products rebounded sharply in 2021 compared to 2020. Sales volumes for primary aggregates rose 15.7%, 14.1% for ready-mixed concrete, 12.5% for asphalt and 24.4% for mortar.
- The Mineral Products Association expects crushed rock sales volumes to increase by 4% in 2022, 3% for asphalt, ready-mixed concrete and sand & gravel, and 4.5% for mortar.
- Into 2023, sales volumes are tipped to continue growing, with the timing and delivery of key infrastructure projects such as HS2, Hinkley Point C and Thames Tideway, as well as in roads, crucial in underpinning the outlook.
- Concerns over the medium term are driven by high inflationary pressures for materials, energy and labour.

Ready-mixed concrete

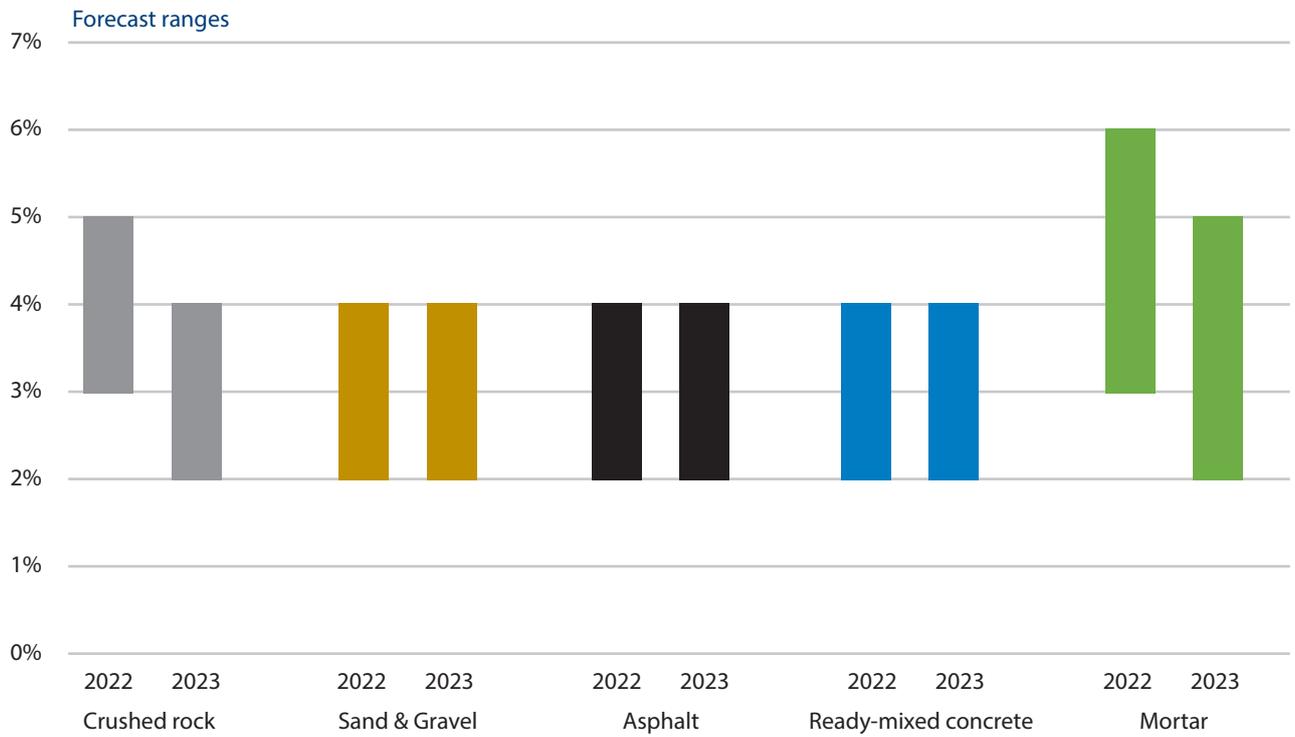


Mortar





MPA forecast (February 2022) for mineral products sales volumes in Great Britain (Source: MPA)



Regional Outlook

- The population of Great Britain is 65.2m. The most densely populated region is the South East with 14% of GB's total inhabitants. The North East is the least populated, at 4%.
- The West Midlands economy endured the biggest GDP growth contraction in 2020 of 13%. London saw the smallest decline of 7.1%.
- The construction sector makes up around 5% of total growth activity in the London economy, while the East of England has the highest share at 9%.
- The East Midlands had the largest share of total asphalt (14%) and crushed rock (28%) sales volumes in GB in 2021. London topped ready-mixed concrete sales (18%) and the East of England recorded the highest sales volumes of sand & gravel (20%).
- All regions are forecast to see total construction output rise across the 2022-25 period, with London expected to see average growth of 3.4% and the South East and Yorkshire and the Humber growth of 3%, respectively.
- Major transport projects including HS2 will spur construction activity and minerals demand in several GB regions. The South West (Hinkley Point C), East of England (East Anglia Two wind farms) and Scotland (Moray Firth zone wind projects) are seeing strong investment in new energy capacity. Commercial office space is expected to see a continued recovery in demand, boosting activity in London, the South East and the West Midlands.



Regional Summary Table

Region	Population, millions	GDP, annual % change, 2020	Construction output, annual volume % change, 2021	Construction output forecast, % average per annum over 2022-25
North East	2.7	-10.3%	12.5%	2.5%
North West	7.4	-7.9%	-4.2%	2.8%
Yorkshire and the Humber	5.5	-9.3%	20.1%	3.0%
East Midlands	4.9	-10.0%	6.4%	2.7%
West Midlands	6.0	-13.0%	27.3%	2.5%
East of England	6.3	-9.6%	20.5%	2.7%
London	9.0	-7.1%	18.4%	3.4%
South East	9.2	-10.5%	3.6%	3.0%
South West	5.0	-8.7%	12.4%	2.1%
Wales	3.2	-8.0%	20.4%	2.7%
Scotland	5.5	-10.0%	15.2%	2.6%

North East



KEY FACTS



2.7m (4%) of the UK population



The North East economy grew by an average of **0.6%** per annum in the period 2015-19, before a Covid-induced contraction of **10.3%** in 2020



£5.4bn (3%) - the regional contribution to the value of the construction sector in Great Britain



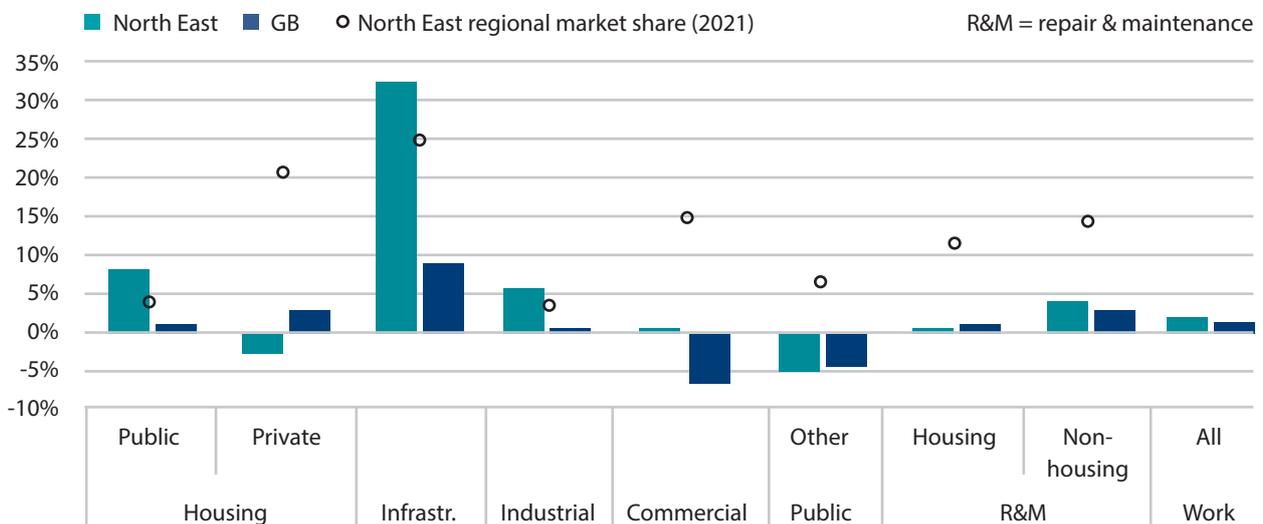
12.5% - the annual increase in construction output in 2021



11.1% - the annual increase in crushed rock sales volumes in 2021. Asphalt sales increased **29.9%**, and ready-mixed concrete sales decreased **3.4%**

CONSTRUCTION AND MINERAL PRODUCTS MARKETS IN THE NORTH EAST

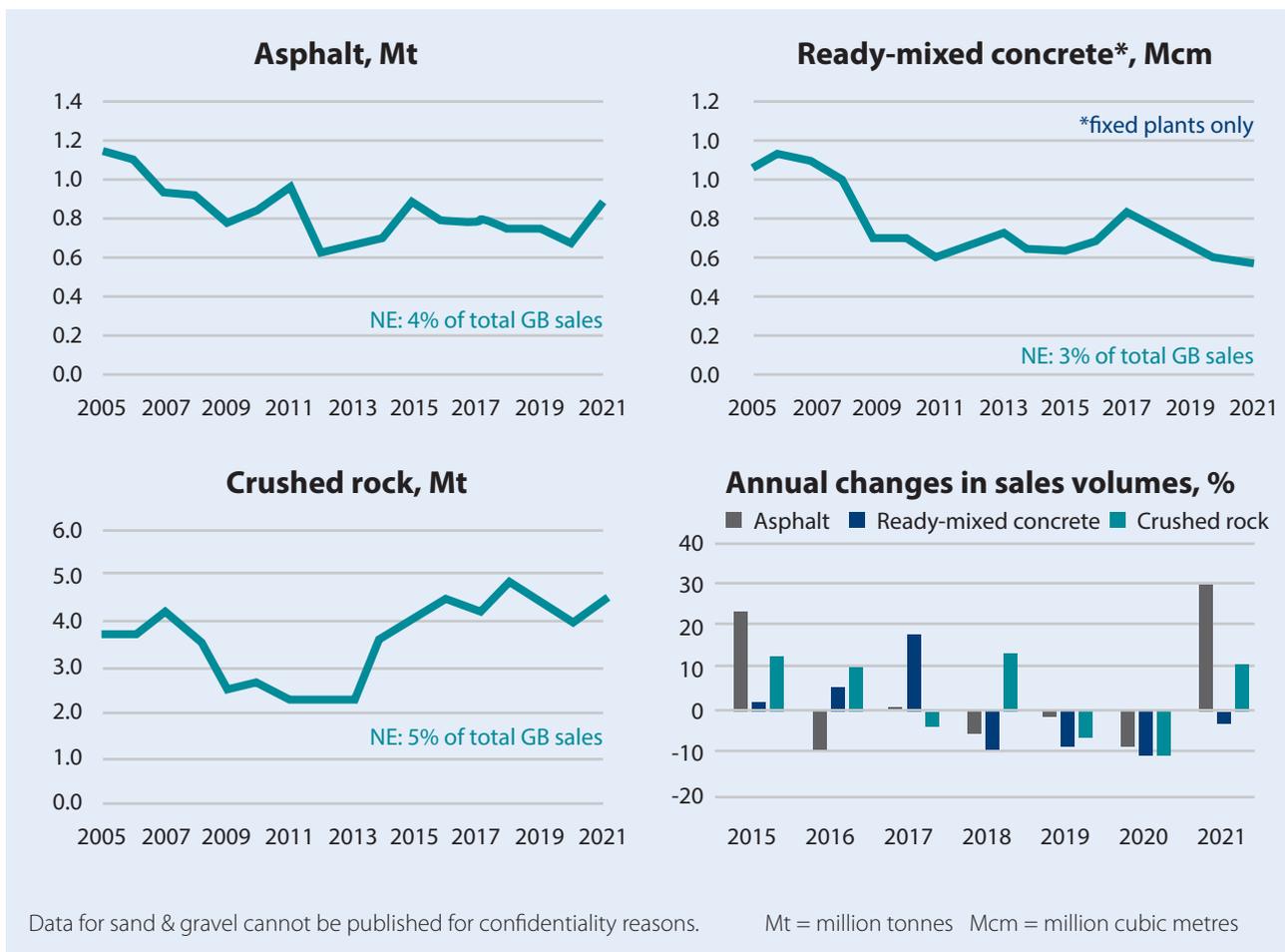
Construction output by sector – average % change during 2017-21 (source: ONS)



Construction sectors – shares of total output (NE vs GB) (source: ONS)

Public Housing		Infrastructure		Commercial		Housing R&M	
4%	3%	25%	17%	15%	13%	11%	18%
Private Housing		Industrial		Public non-housing		Non-housing R&M	
21%	22%	4%	3%	6%	6%	14%	19%

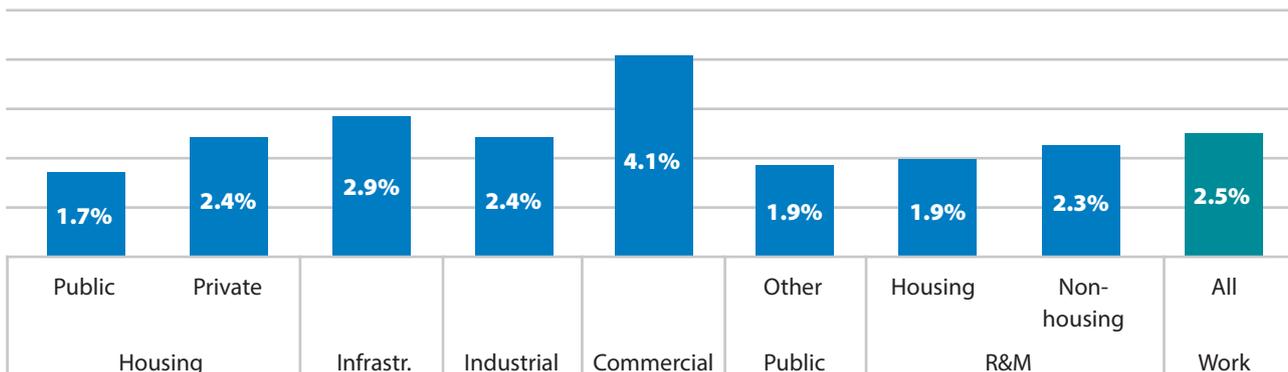
MINERAL PRODUCTS MARKETS: ANNUAL SALES VOLUMES IN THE NORTH EAST (SOURCE: MPA)



CONSTRUCTION OUTLOOK AND FORECASTS IN THE NORTH EAST

- Contract awards for new construction projects in all sectors rose by 84.5% in 2021 compared to 2020 according to Barbour ABI. Infrastructure had the largest value of contracts last year, making up 31% of all new contracts awarded.
- Construction output is expected to continue rising, by 3.6% in 2022 and 2.4% in 2023 according to the CITB, and by an average of 2.5% per annum across 2022-25.
- The Teesside Freeport opened for business late in 2021 and is tipped to boost the local economy by over £3bn across the next five years, boosting investment in clean energy and innovation. Proposals for the Net Zero Teesside Power project are also at an advanced stage.
- Construction of new commercial and retail space includes the Milburngate development in Durham, in addition to projects ongoing and in the pipeline in Newcastle and Sunderland.

Annual average construction output growth by sector: 2022-25 forecast (source: CITB)



North West

KEY FACTS



7.4m (11%) of the UK population



The North West economy grew by an average of **1.6%** per annum in the period 2015-19, before a Covid-induced contraction of **7.9%** in 2020



£18bn (11%) - the regional contribution to the value of the construction sector in Great Britain



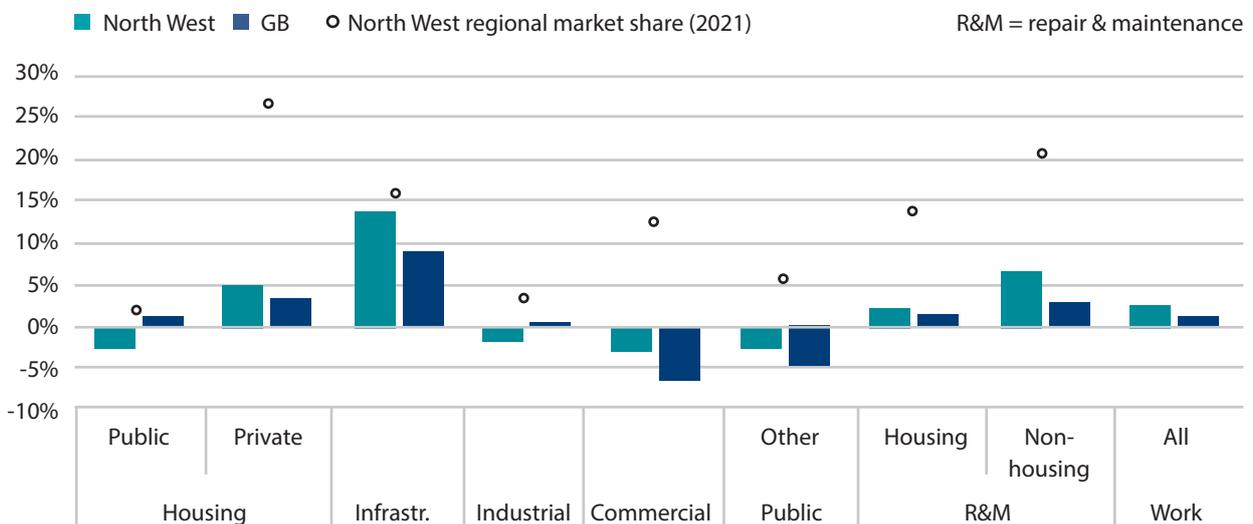
-4.2% - the annual decrease in construction output in 2021



12.9% - the annual increase in crushed rock sales volumes in 2021. Sand & gravel (**16.3%**), ready-mixed concrete (**17%**) and asphalt (**3.7%**) also saw increased sales

CONSTRUCTION AND MINERAL PRODUCTS MARKETS IN THE NORTH WEST

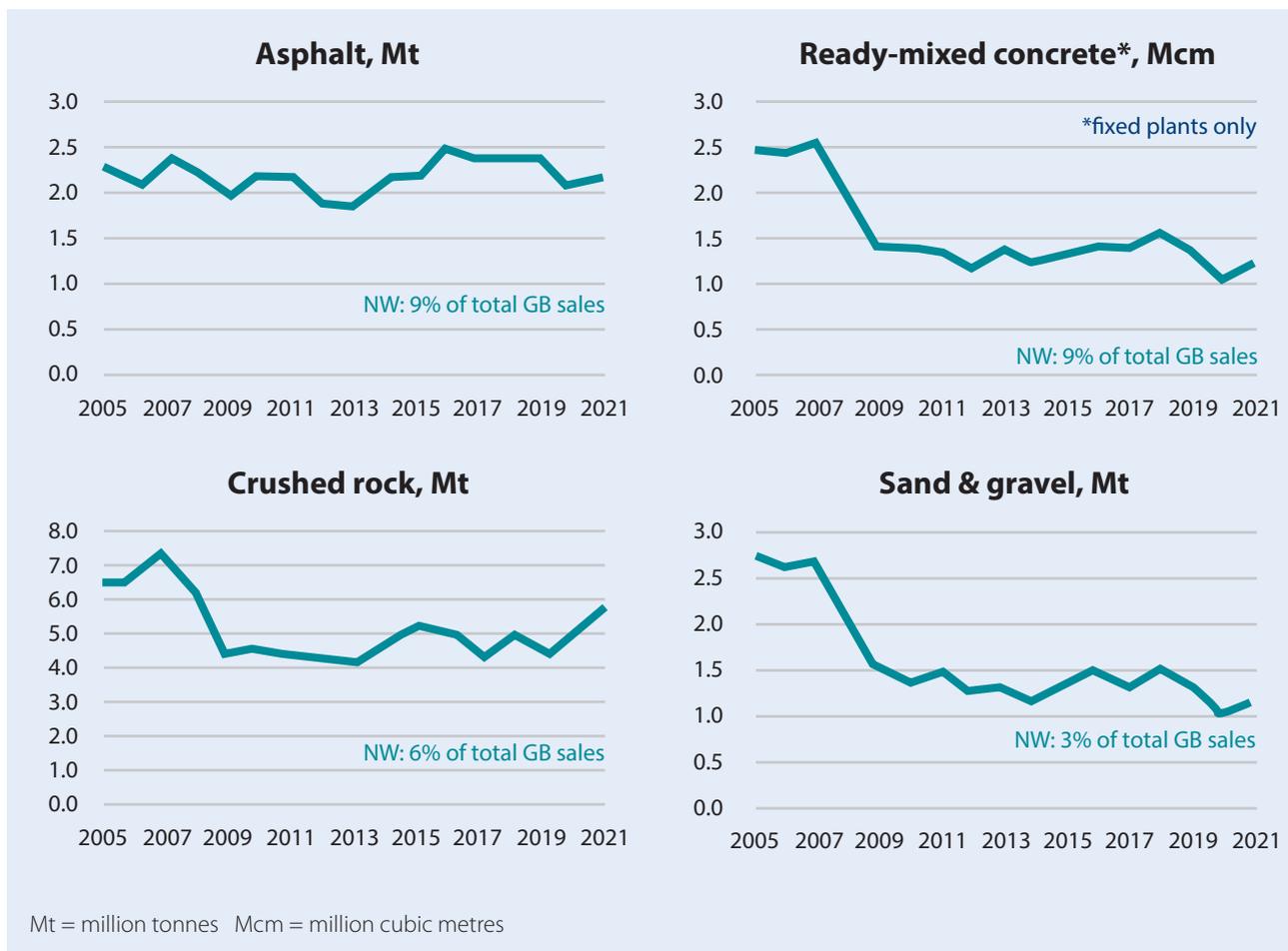
Construction output by sector – average % change during 2017-21 (source: ONS)



Construction sectors – shares of total output (NW vs GB) (source: ONS)

Public Housing		Infrastructure		Commercial		Housing R&M	
2%	3%	16%	17%	13%	13%	14%	18%
Private Housing		Industrial		Public non-housing		Non-housing R&M	
26%	22%	3%	3%	6%	6%	21%	19%

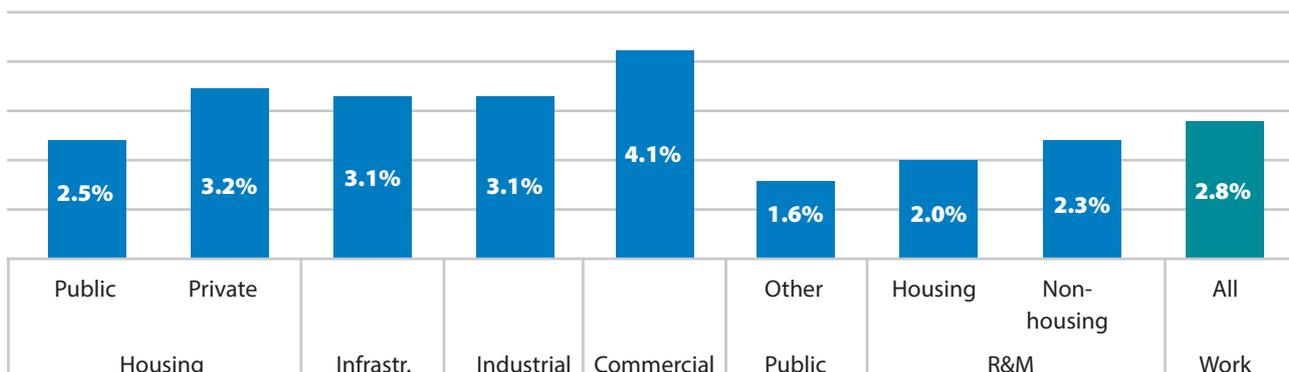
MINERAL PRODUCTS MARKETS: ANNUAL SALES VOLUMES IN THE NORTH WEST (SOURCE: MPA)



CONSTRUCTION OUTLOOK AND FORECASTS IN THE NORTH WEST

- Contract awards for new construction projects in all sectors rose by 40.3% in 2021 compared to 2020 according to Barbour ABI. The residential sector had the largest value of contracts last year, making up 35% of all new contract awarded.
- Construction output is expected to continue rising, by 4.5% in 2022 and 2.3% in 2023 according to the CITB, and by an average of 2.8% per annum across 2022-25.
- Construction has begun on the £200m Preston Western Distributor road scheme to boost road network capacity and promote new housing and business development in the area.
- The Mersey Tidal Power is expected to move into the next planning phases, while the proposed Cotton Quay development in Salford is set to create new retail and commercial space, as well as private housing.

Annual average construction output growth by sector: 2022-25 forecast (source: CITB)



Yorkshire and the Humber



KEY FACTS



5.5m (8%) of the UK population



The Yorkshire and the Humber economy grew by an average of **1.5%** per annum in the period 2015-19, before a Covid-induced slump of **9.3%** in 2020



£13.8bn (8%) - the regional contribution to the value of the construction sector in Great Britain



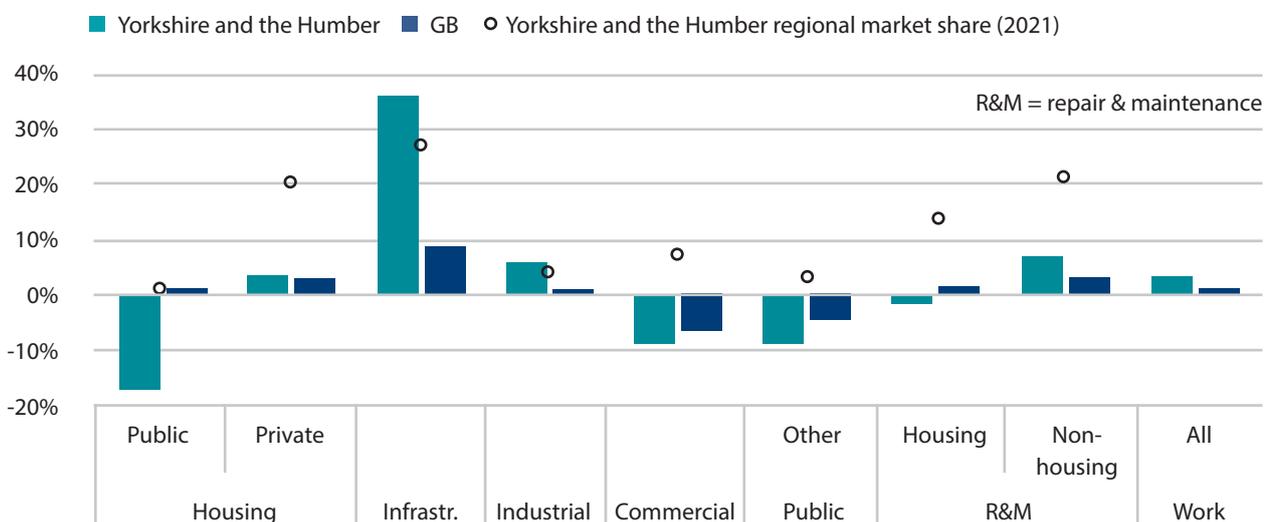
20.1% - the annual increase in construction output in 2021



20.6% - the annual increase in crushed rock sales volumes in 2021. Asphalt (**9.5%**) and ready mixed concrete (**25.5%**) also saw increased sales

CONSTRUCTION AND MINERAL PRODUCTS MARKETS IN YORKSHIRE AND THE HUMBER

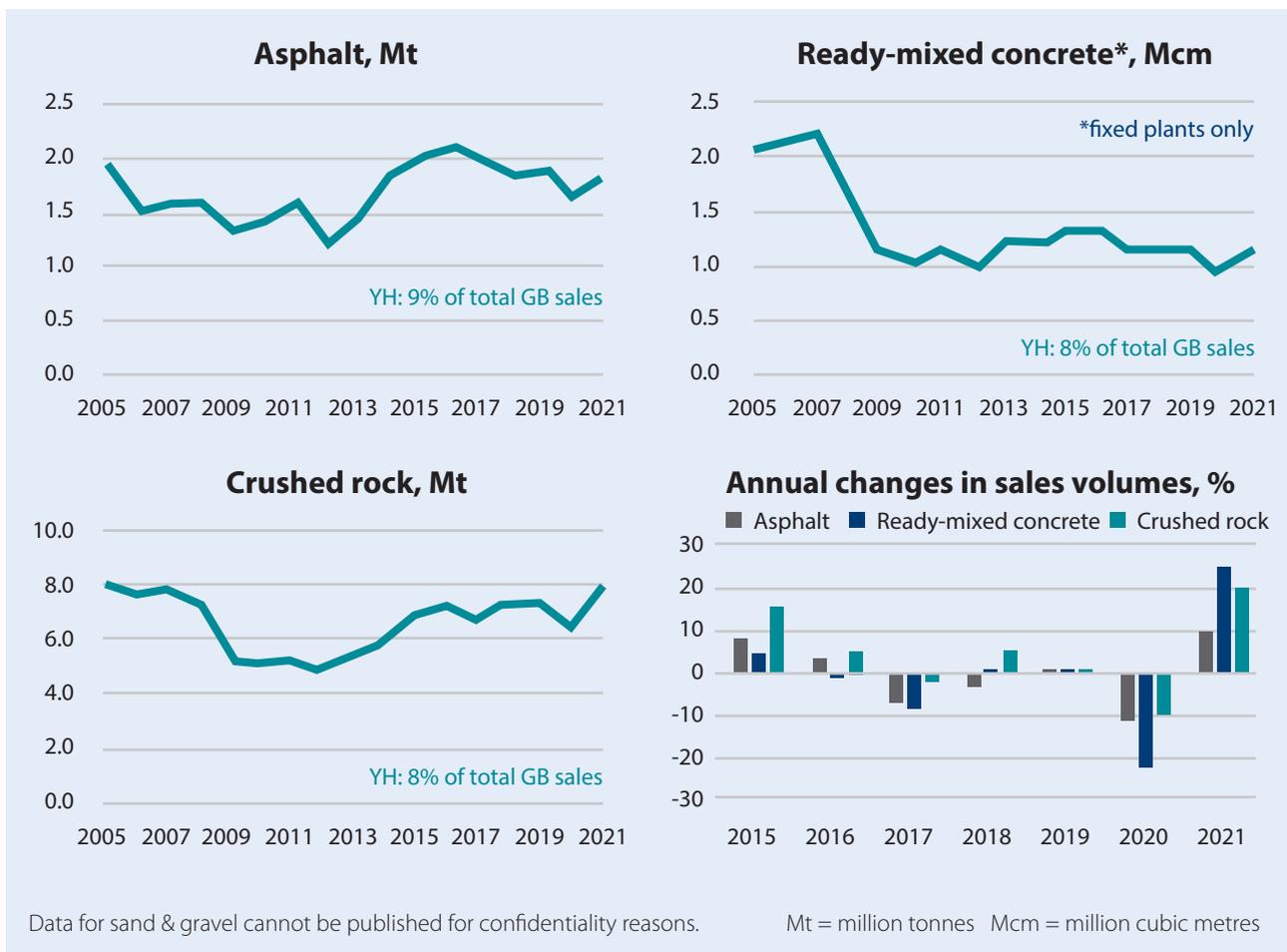
Construction output by sector – average % change during 2017-21 (source: ONS)



Construction sectors – shares of total output (YH vs GB) (source: ONS)

Public Housing		Infrastructure		Commercial		Housing R&M	
1%	3%	28%	17%	7%	13%	14%	18%
Private Housing		Industrial		Public non-housing		Non-housing R&M	
21%	22%	4%	3%	3%	6%	21%	19%

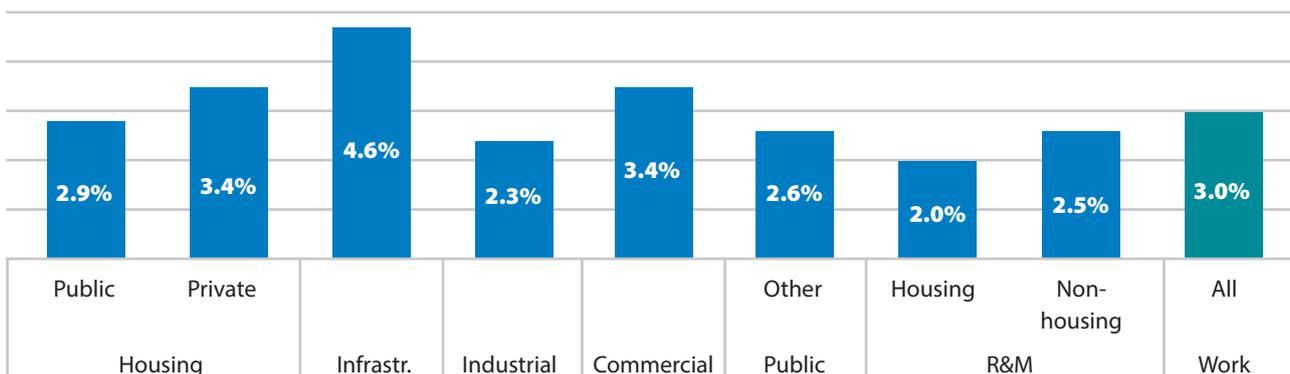
MINERAL PRODUCTS MARKETS: ANNUAL SALES VOLUMES IN YORKSHIRE AND THE HUMBER (SOURCE: MPA)



CONSTRUCTION OUTLOOK AND FORECASTS IN YORKSHIRE AND THE HUMBER

- Contract awards for new construction projects in all sectors rose by 5.9% in 2021 compared to 2020 according to Barbour ABI. The residential sector had the largest value of contracts last year, making up 33% of all new contracts awarded.
- Construction output is expected to continue rising, by 4% in 2022 and 3.1% in 2023 according to the CITB, and by an average of 3% per annum across 2022-25.
- Private housing and infrastructure are forecast to see strong growth. Work on the Dogger Bank wind farm – which will be the world’s largest offshore wind farm - has commenced on phases A and B, with work on C (final phase) planned to finish in March 2026.
- An estimated £200m investment by Siemens in a new train manufacturing plant in Goole, East Yorkshire, has begun, with the first phase due to be operational in 2023.

Annual average construction output growth by sector: 2022-25 forecast (source: CITB)



East Midlands



KEY FACTS



4.9m (7%) of the UK population



The East Midlands economy grew by an average of **1.3%** per annum in the period 2015-19, before a Covid-induced contraction of **10%** in 2020



£10.8bn (6%) – the regional contribution to the value of the construction sector in Great Britain



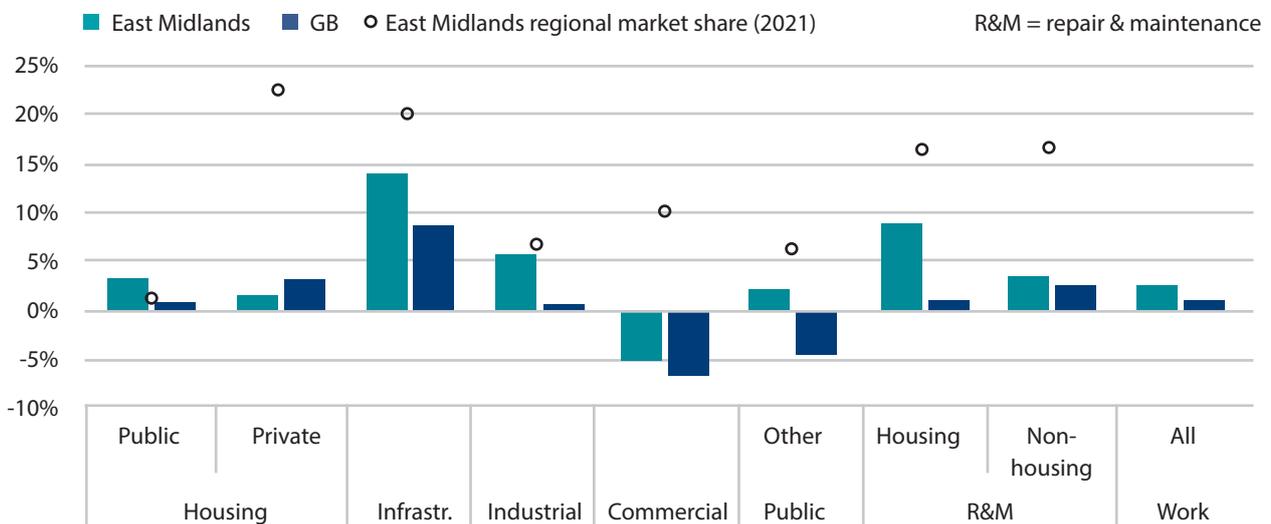
6.4% - the annual increase in construction output in 2021



18.7% - the annual increase in crushed rock sales volumes in 2021. Ready-mixed concrete (**18.2%**), asphalt (**18.3%**) and sand & gravel (**27.3%**) also saw increased sales

CONSTRUCTION AND MINERAL PRODUCTS MARKETS IN THE EAST MIDLANDS

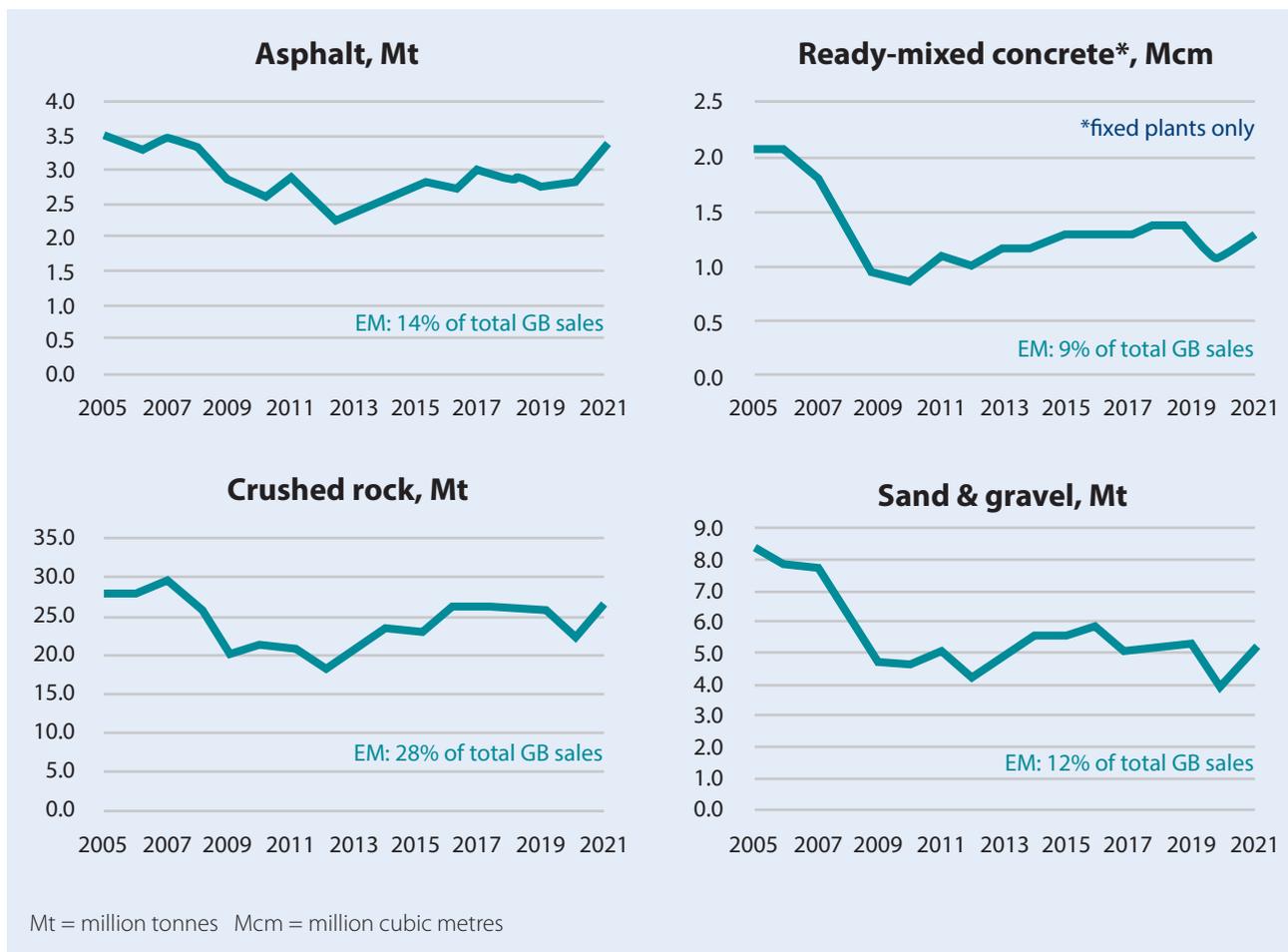
Construction output by sector – average % change during 2017-21 (source: ONS)



Construction sectors – shares of total output (EM vs GB) (source: ONS)

Public Housing		Infrastructure		Commercial		Housing R&M	
1%	3%	20%	17%	10%	13%	16%	18%
Private Housing		Industrial		Public non-housing		Non-housing R&M	
22%	22%	7%	3%	6%	6%	17%	19%

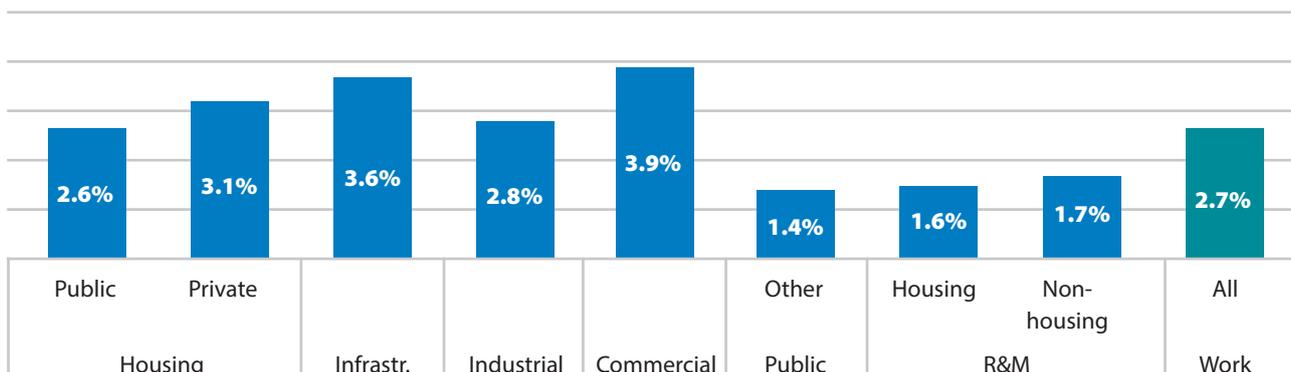
MINERAL PRODUCTS MARKETS: ANNUAL SALES VOLUMES IN THE EAST MIDLANDS (SOURCE: MPA)



CONSTRUCTION OUTLOOK AND FORECASTS IN THE EAST MIDLANDS

- Contract awards for new construction projects in all sectors rose by 77.8% in 2021 compared to 2020 according to Barbour ABI. The industrial sector had the largest value of contracts last year, making up 41% of all new contracts awarded.
- Construction output is expected to continue rising, by 2.8% in 2022 and 2.4% in 2023 according to the CITB, and by an average of 2.7% per annum across 2022-25.
- In the industrial sector, brick producer Forterra is expected to welcome its new facility at the Desford production plant into operation later in the year.
- The East Midlands Freeport gained formal government approval in March and should support the local economy, promoting jobs, trade, innovation and commercial activity.

Annual average construction output growth by sector: 2022-25 forecast (source: CITB)



West Midlands



KEY FACTS



6m (9%) of the UK population



The West Midlands economy grew by an average of **1.9%** per annum in the period 2015-19, before a Covid-induced contraction of **13%** in 2020



£14.1bn (8%) - the regional contribution to the value of the construction sector in Great Britain



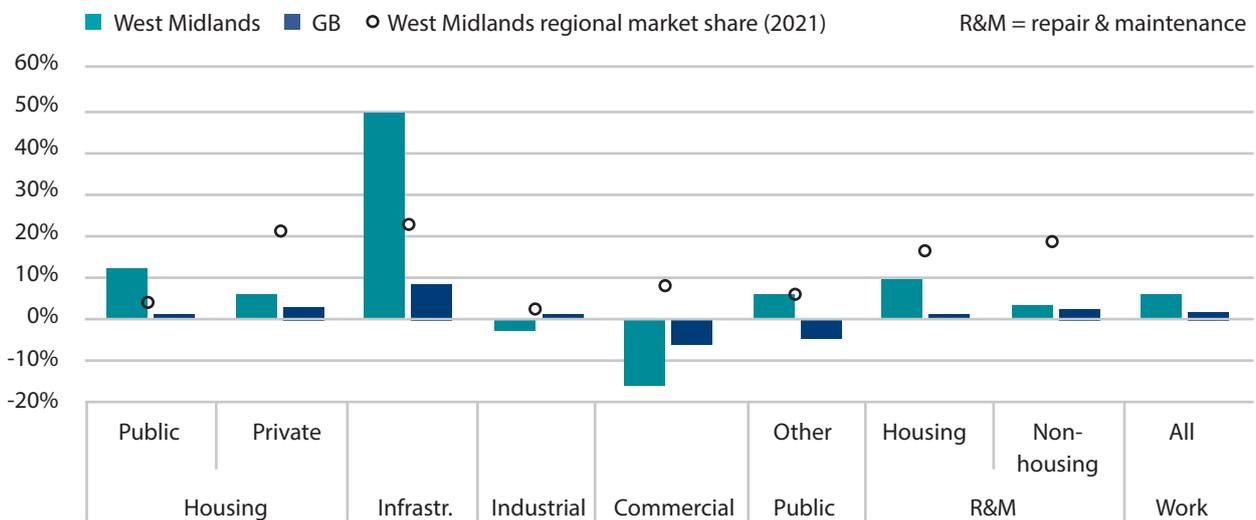
27.3% - the annual increase in construction output in 2021



12.7% - the annual increase in sand & gravel sales volumes in 2021. Ready-mixed concrete (**13.2%**), crushed rock (**10.2%**) and asphalt (**2.3%**) also saw sales increase

CONSTRUCTION AND MINERAL PRODUCTS MARKETS IN THE WEST MIDLANDS

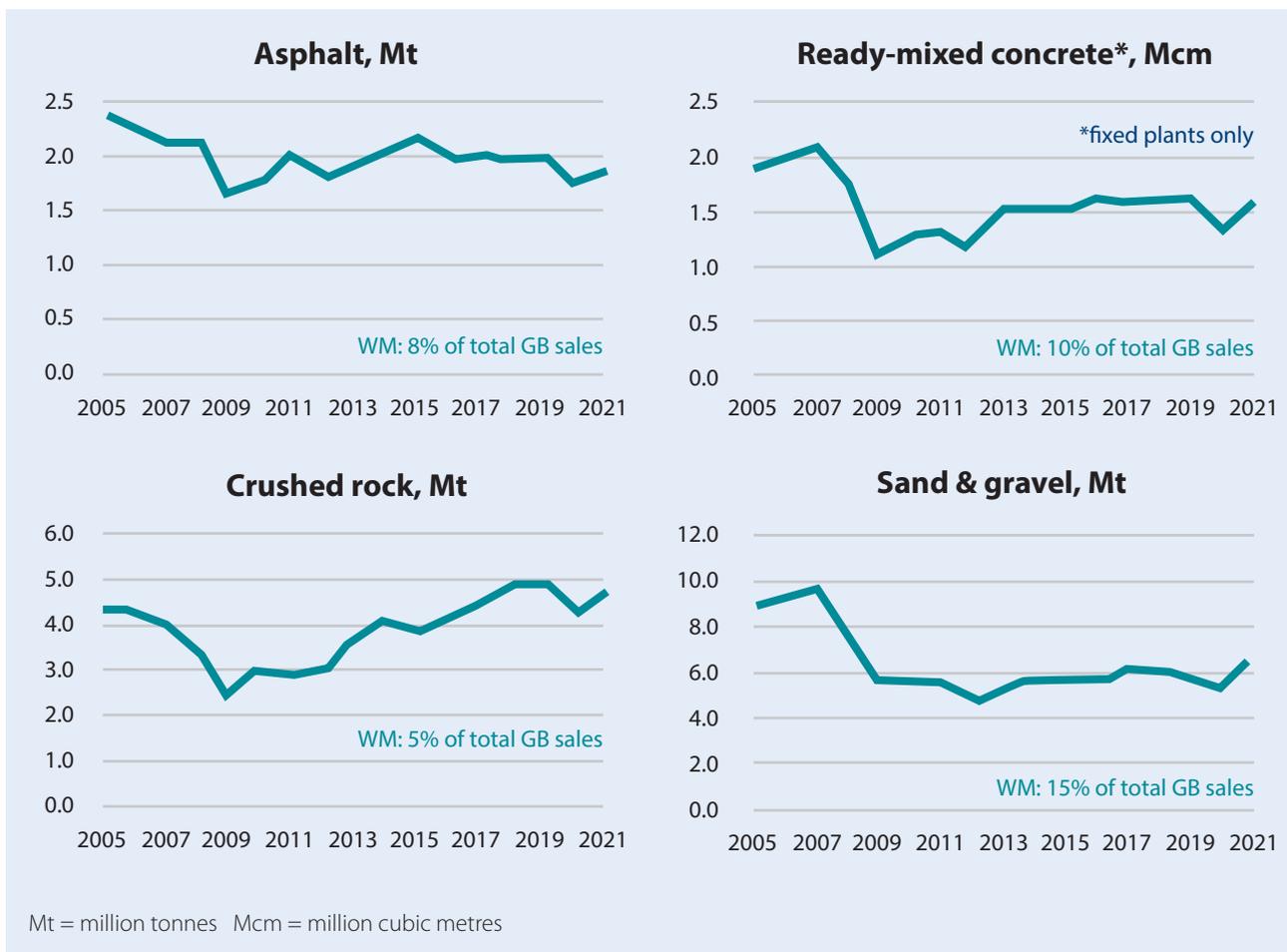
Construction output by sector – average % change during 2017-21 (source: ONS)



Construction sectors – shares of total output (WM vs GB) (source: ONS)

Public Housing		Infrastructure		Commercial		Housing R&M	
4%	3%	23%	17%	8%	13%	17%	18%
Private Housing		Industrial		Public non-housing		Non-housing R&M	
21%	22%	2%	3%	6%	6%	19%	19%

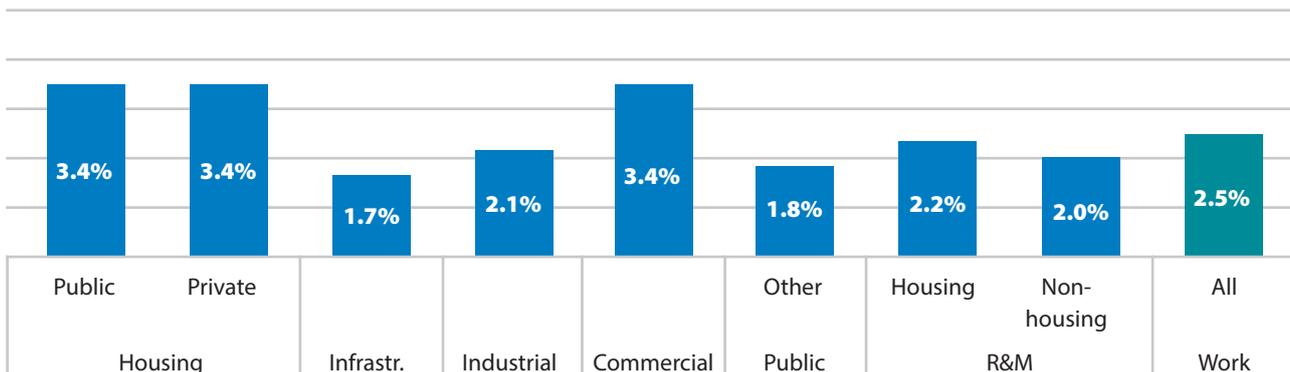
MINERAL PRODUCTS MARKETS: ANNUAL SALES VOLUMES IN THE WEST MIDLANDS (SOURCE: MPA)



CONSTRUCTION OUTLOOK AND FORECASTS IN THE WEST MIDLANDS

- Contract awards for new construction projects in all sectors rose by 77.4% in 2021 compared to 2020 according to Barbour ABI. The residential sector had the largest value of contracts last year, making up 44% of all new contracts awarded.
- Construction output is expected to continue rising, by 3.6% in both 2022 and 2023 according to the CITB, and by an average of 2.5% per annum across 2022-25.
- Commercial activity should be supported by enhanced transport links with London via HS2 and the region’s rising reputation for emerging tech.
- The West Midlands Combined Authority has put the redevelopment of brownfield land at the heart of its efforts to create opportunities for new homes and businesses. Public non-housing may slow as work completes ahead of the 2022 Commonwealth Games in Birmingham.

Annual average construction output growth by sector: 2022-25 forecast (source: CITB)



East of England

KEY FACTS



6.3m (9.3%) of the UK population



The East of England economy grew by an average of **2.1%** per annum in the period 2015-19, before a Covid-induced slump of **9.6%** in 2020



£16.9bn (10%) – the regional contribution to the value of the construction sector in Great Britain



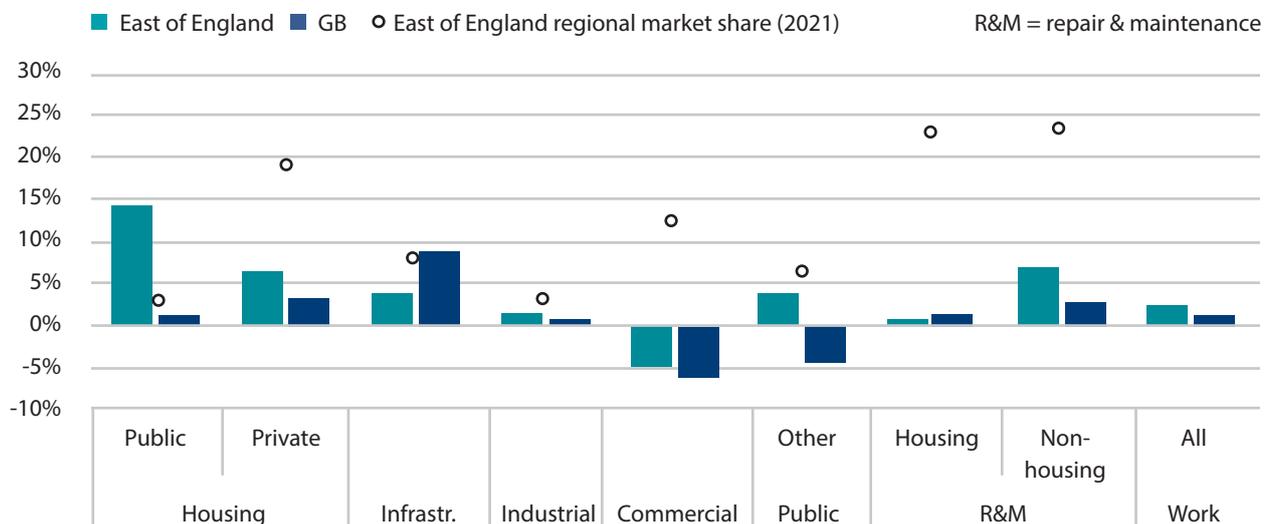
20.5% - the annual increase in construction output in 2021



10.6% - the annual increase in asphalt sales volumes in 2021. Ready-mixed concrete (**11.4%**) and sand & gravel (**15%**) also saw increased sales.

CONSTRUCTION AND MINERAL PRODUCTS MARKETS IN EAST OF ENGLAND

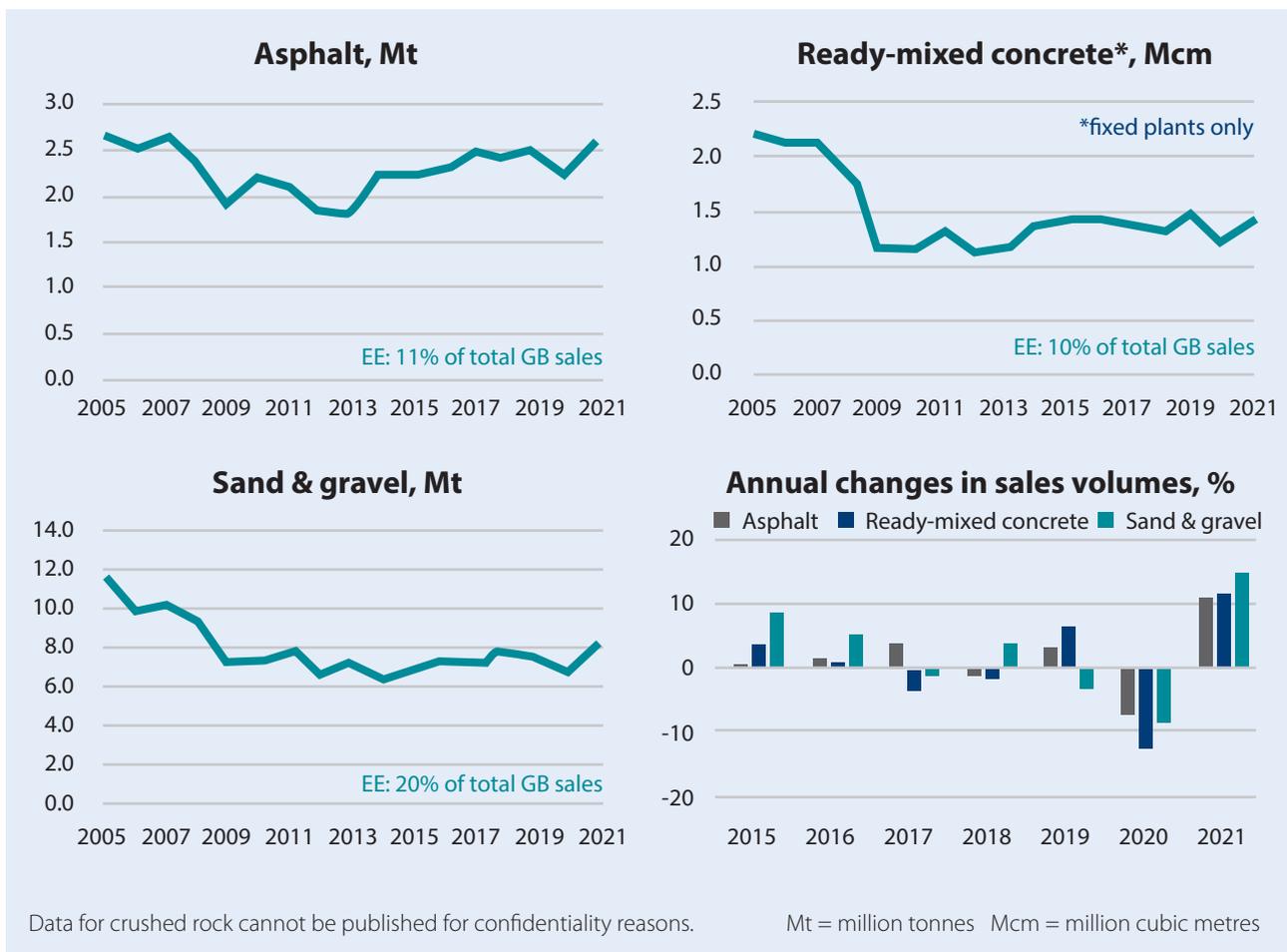
Construction output by sector – average % change during 2017-21 (source: ONS)



Construction sectors – shares of total output (EE vs GB) (source: ONS)

Public Housing		Infrastructure		Commercial		Housing R&M	
3%	3%	8%	17%	13%	13%	23%	18%
Private Housing		Industrial		Public non-housing		Non-housing R&M	
20%	22%	3%	3%	7%	6%	24%	19%

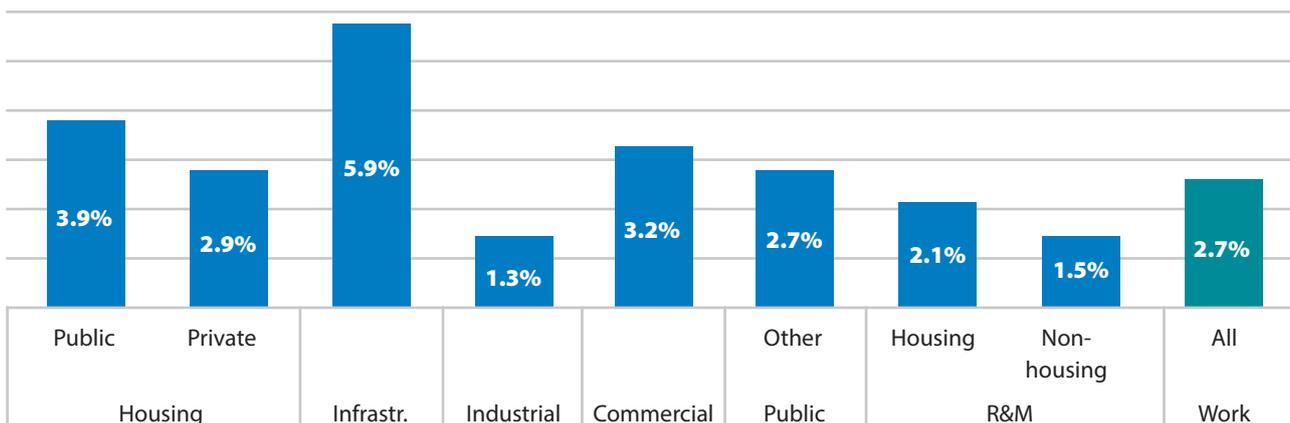
MINERAL PRODUCTS MARKETS: ANNUAL SALES VOLUMES IN THE EAST OF ENGLAND (SOURCE: MPA)



CONSTRUCTION OUTLOOK AND FORECASTS IN THE EAST OF ENGLAND

- Contract awards for new construction projects in all sectors rose by 66.6% in 2021 compared to 2020 according to Barbour ABI. The residential sector had the largest value of contracts last year, making up 29% of all contracts awarded.
- Construction output is expected to continue rising, by 2.9% in 2022 and 2.6% in 2023 according to the CITB, and by an average of 2.7% per annum across 2022-25.
- Infrastructure is tipped for strong growth with pipeline work including the East Anglia Two wind farms, and the Mallard Pass Solar Farm in Lincolnshire. The Lower Thames Crossing has been pushed back until 2025-30 (but this is not reflected in the CITB forecast).
- The £1bn regeneration programme in Stevenage includes improvements to transport links, new housing, and a number of new leisure and hospitality venues.

Annual average construction output growth by sector: 2022-25 forecast (source: CITB)



London



KEY FACTS



9m (13.4%) of the UK population



The London economy grew by an average of **3%** per annum in the period 2015-19, before a Covid-induced slump of **7.1%** in 2020



£36bn (21%) – the regional contribution to the value of the construction sector in Great Britain



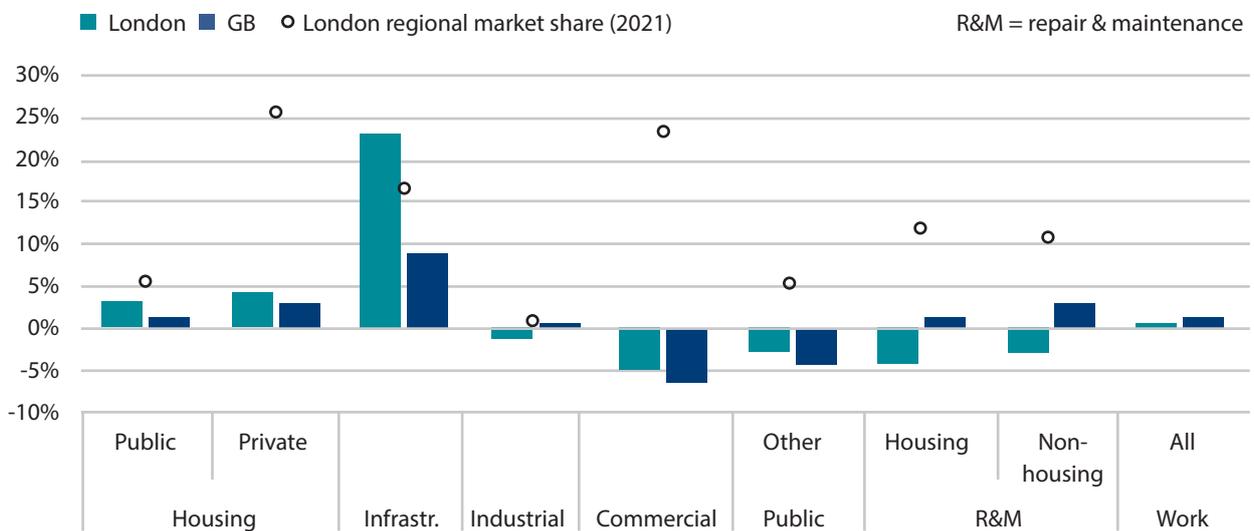
18.4% - the annual increase in construction output in 2021



3.4% - the annual increase in ready-mixed concrete sales volumes in 2021, asphalt sales increased **2.9%**

CONSTRUCTION AND MINERAL PRODUCTS MARKETS IN LONDON

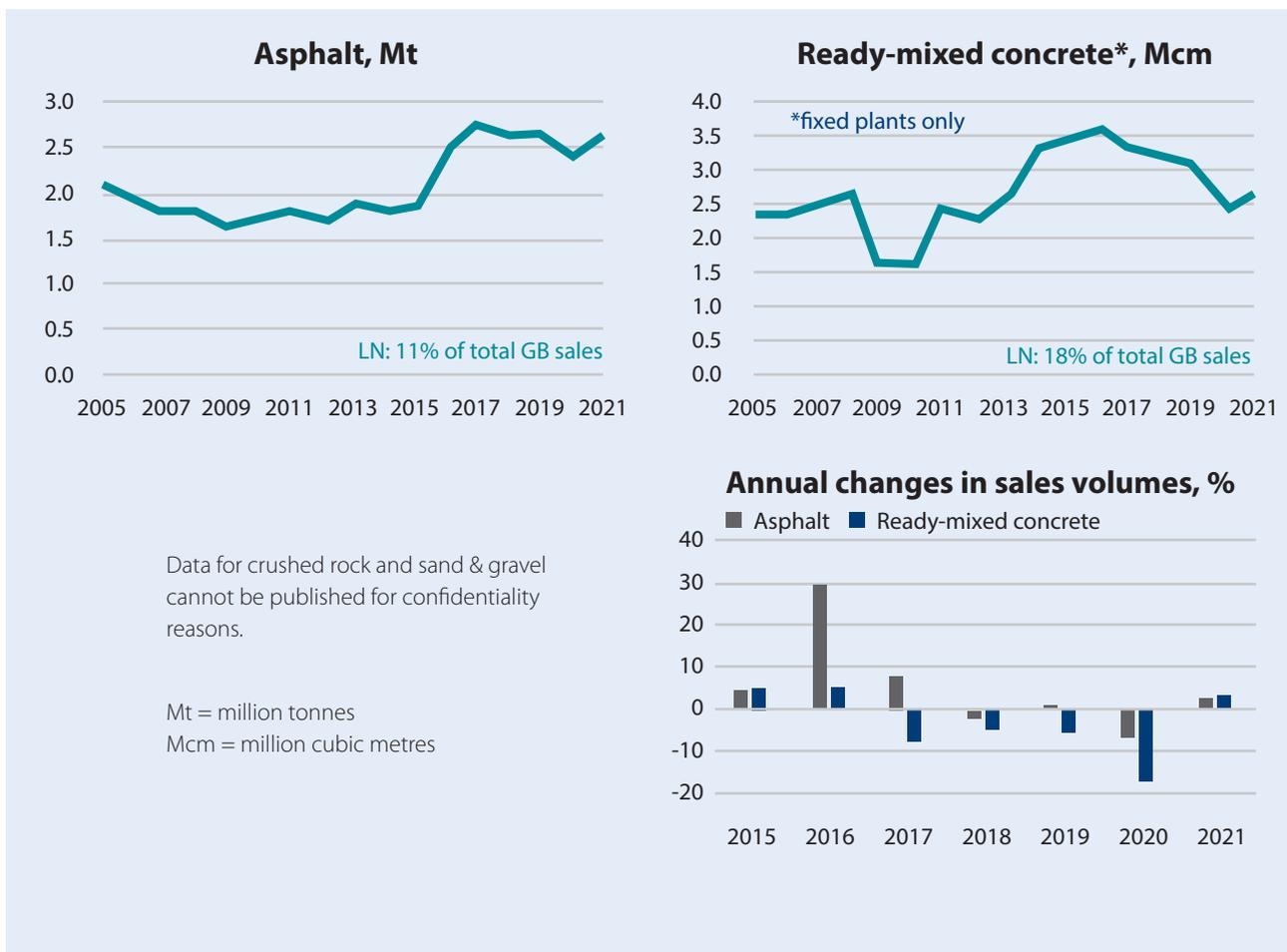
Construction output by sector – average % change during 2017-21 (source: ONS)



Construction sectors – shares of total output (LN vs GB) (source: ONS)

Public Housing		Infrastructure		Commercial		Housing R&M	
5%	3%	17%	17%	23%	13%	12%	18%
Private Housing		Industrial		Public non-housing		Non-housing R&M	
26%	22%	1%	3%	5%	6%	11%	19%

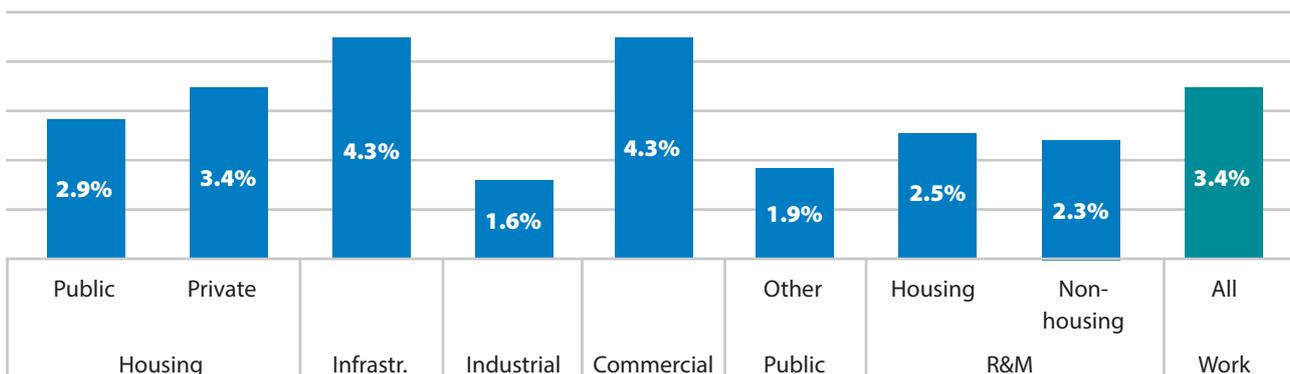
MINERAL PRODUCTS MARKETS: ANNUAL SALES VOLUMES IN LONDON (SOURCE: MPA)



CONSTRUCTION OUTLOOK AND FORECASTS IN LONDON

- Contract awards for new construction projects in all sectors rose by 50.4% in 2021 compared to 2020 according to Barbour ABI. The residential sector had the largest value of contracts last year, making up 38% of all new contracts awarded.
- Construction output is expected to continue rising, by 3.2% in 2022 and 3.8% in 2023 according to the CITB, and by an average of 3.4% per annum across 2022-25.
- Infrastructure is forecast to expand by an average of more than 4% per annum during 2022-25, driven by work on HS2 and the £1bn London Power Tunnels 2 project. There remains doubt as to whether the paused Crossrail 2 project will be restarted.
- £4bn from the government for the Affordable Homes Programme 2021-26 should boost housing activity, while commercial office investment rebounded in 2021 and may benefit from the return to office uptick in the capital.

Annual average construction output growth by sector: 2022-25 forecast (source: CITB)



South East

KEY FACTS



9.2m (14%) of the UK population



The South East economy grew by an average of **1.4%** per annum in the period 2015-19, before a Covid-induced contraction of **10.5%** in 2020



£21.7bn (13%) – the regional contribution to the value of the construction sector in Great Britain



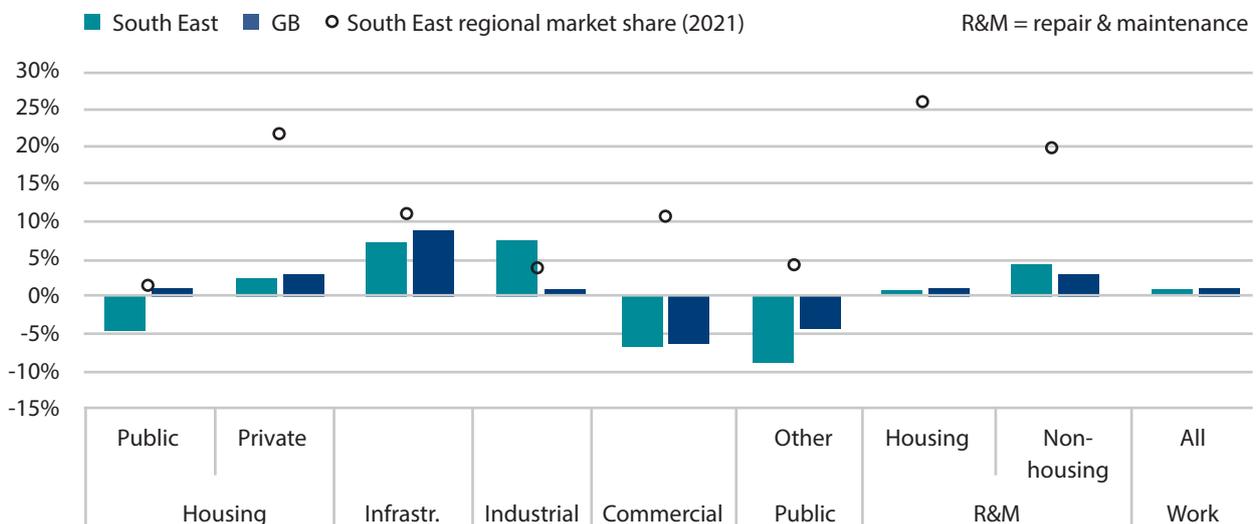
3.6% - the annual increase in construction output in 2021



9.8% - the annual increase in ready-mixed concrete sales volumes in 2021. Sand & gravel (**7.1%**) and asphalt (**13.6%**) also saw increased sales

CONSTRUCTION AND MINERAL PRODUCTS MARKETS IN THE SOUTH EAST

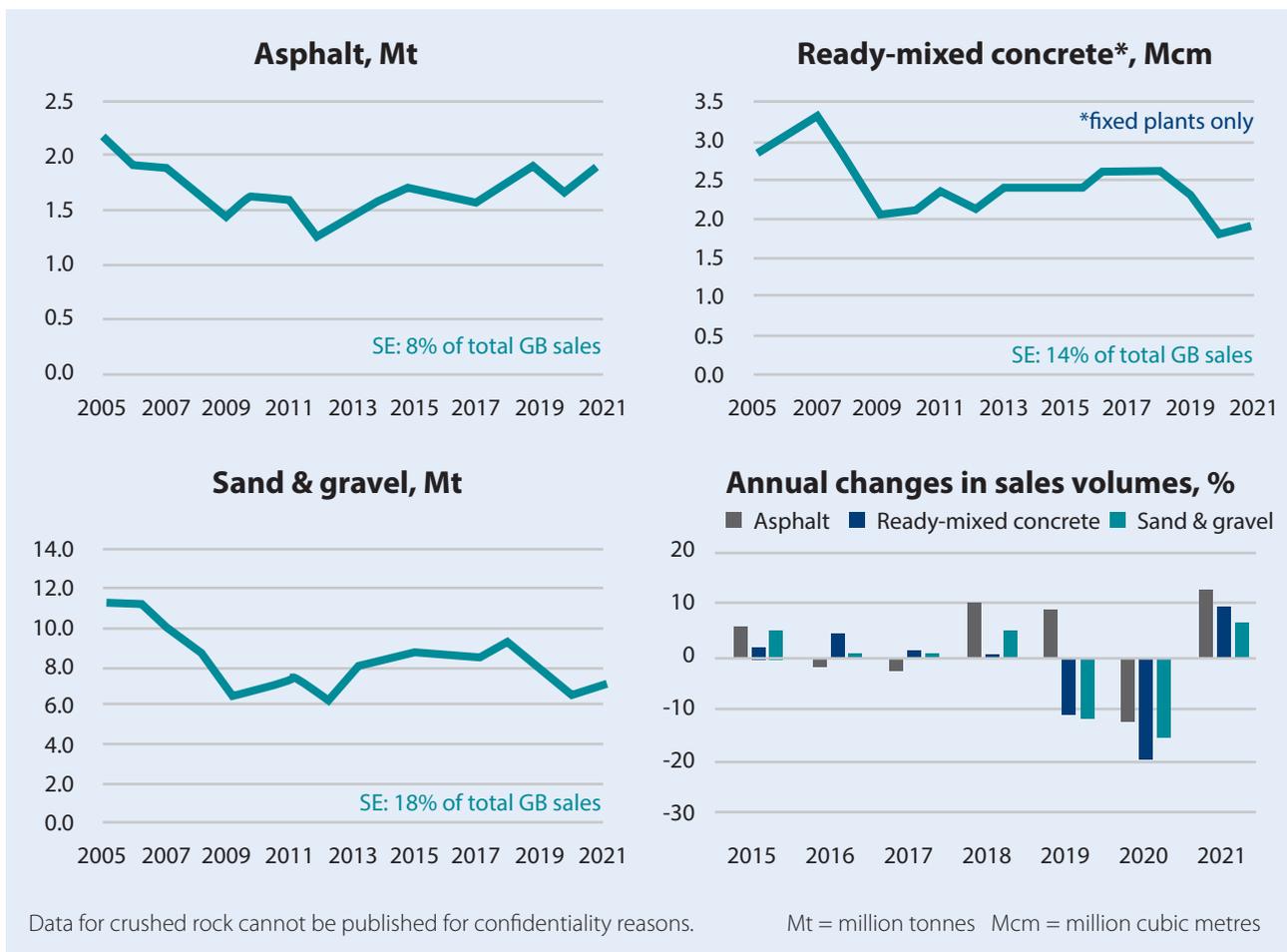
Construction output by sector – average % change during 2017-21 (source: ONS)



Construction sectors – shares of total output (SE vs GB) (source: ONS)

Public Housing		Infrastructure		Commercial		Housing R&M	
1%	3%	11%	17%	11%	13%	26%	18%
Private Housing		Industrial		Public non-housing		Non-housing R&M	
22%	22%	4%	3%	4%	6%	20%	19%

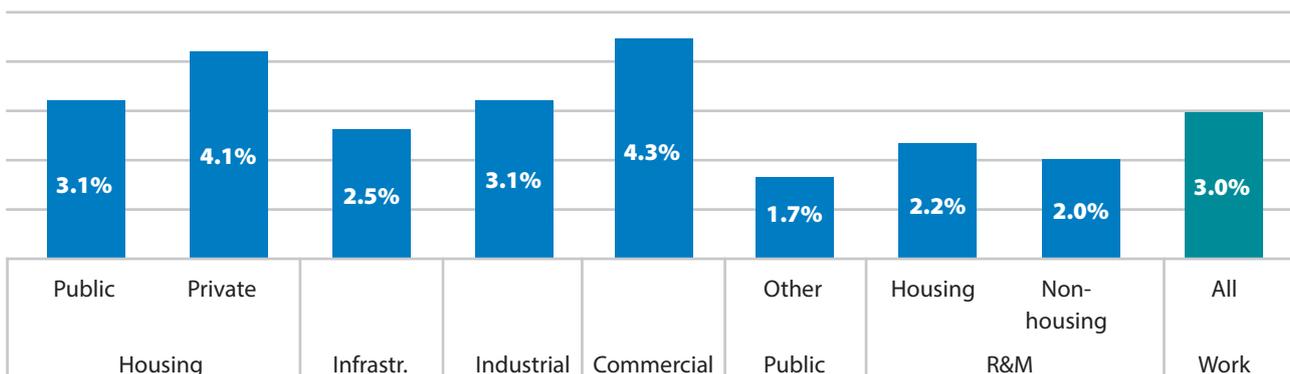
MINERAL PRODUCTS MARKETS: ANNUAL SALES VOLUMES IN THE SOUTH EAST (SOURCE: MPA)



CONSTRUCTION OUTLOOK AND FORECASTS IN THE SOUTH EAST

- Contract awards for new construction projects in all sectors rose by 83.1% in 2021 compared to 2020 according to Barbour ABI. The residential sector had the largest value of contracts last year, making up 35% of all new contracts awarded.
- Construction output is expected to continue rising, by 2.8% in 2022 and 3.5% in 2023 according to the CITB, and by an average of 3.0% per annum across 2022-25.
- Housing should see strong output growth, positively influenced by the major Manydown development in Basingstoke. Housing starts in 2021 exceeded the volumes in 2019.
- Near-term road upgrades from National Highways should support infrastructure yet the proposed Lower Thames Crossing and plans for the London Resort have been delayed (after the CITB forecast).
- Commercial output growth could be buoyed by the race for new office space as confidence returns and firms seek modern, spacious facilities.

Annual average construction output growth by sector: 2022-25 forecast (source: CITB)



South West



KEY FACTS



5.7m (8%) of the UK population



The South West economy grew by an average of **1.4%** per annum in the period 2015-19, before a Covid-induced contraction of **8.7%** in 2020



£12.8bn (8%) – the regional contribution to the value of the construction sector in Great Britain



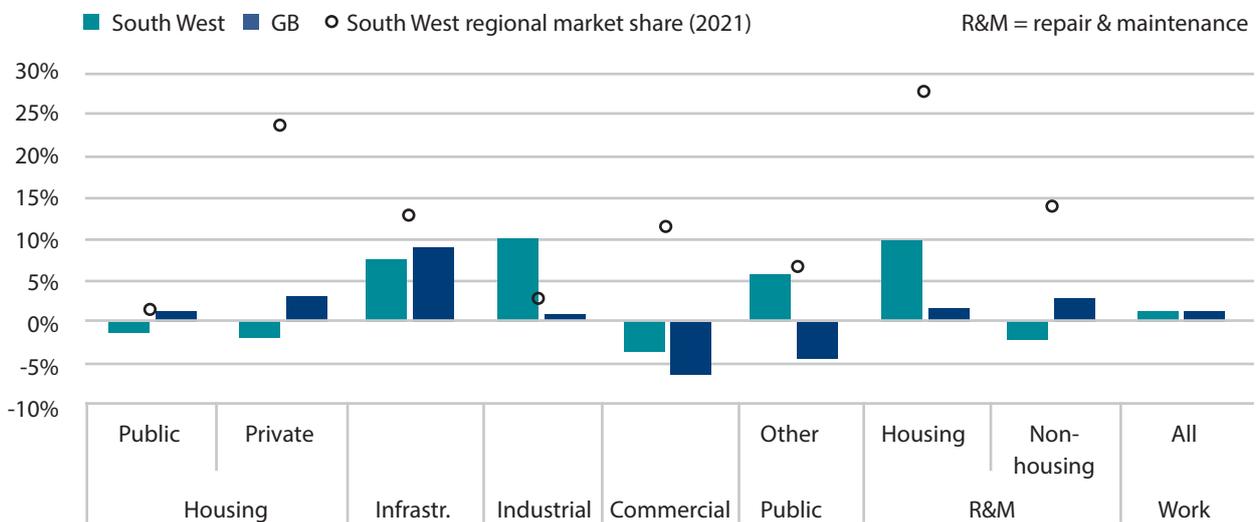
12.4% - the annual increase in construction output in 2021



15.2% - the annual increase in crushed rock sales volumes in 2021. Ready-mixed concrete (**20.7%**), sand & gravel (**5.8%**), and asphalt (**15.7%**) also saw increased sales

CONSTRUCTION AND MINERAL PRODUCTS MARKETS IN THE SOUTH WEST

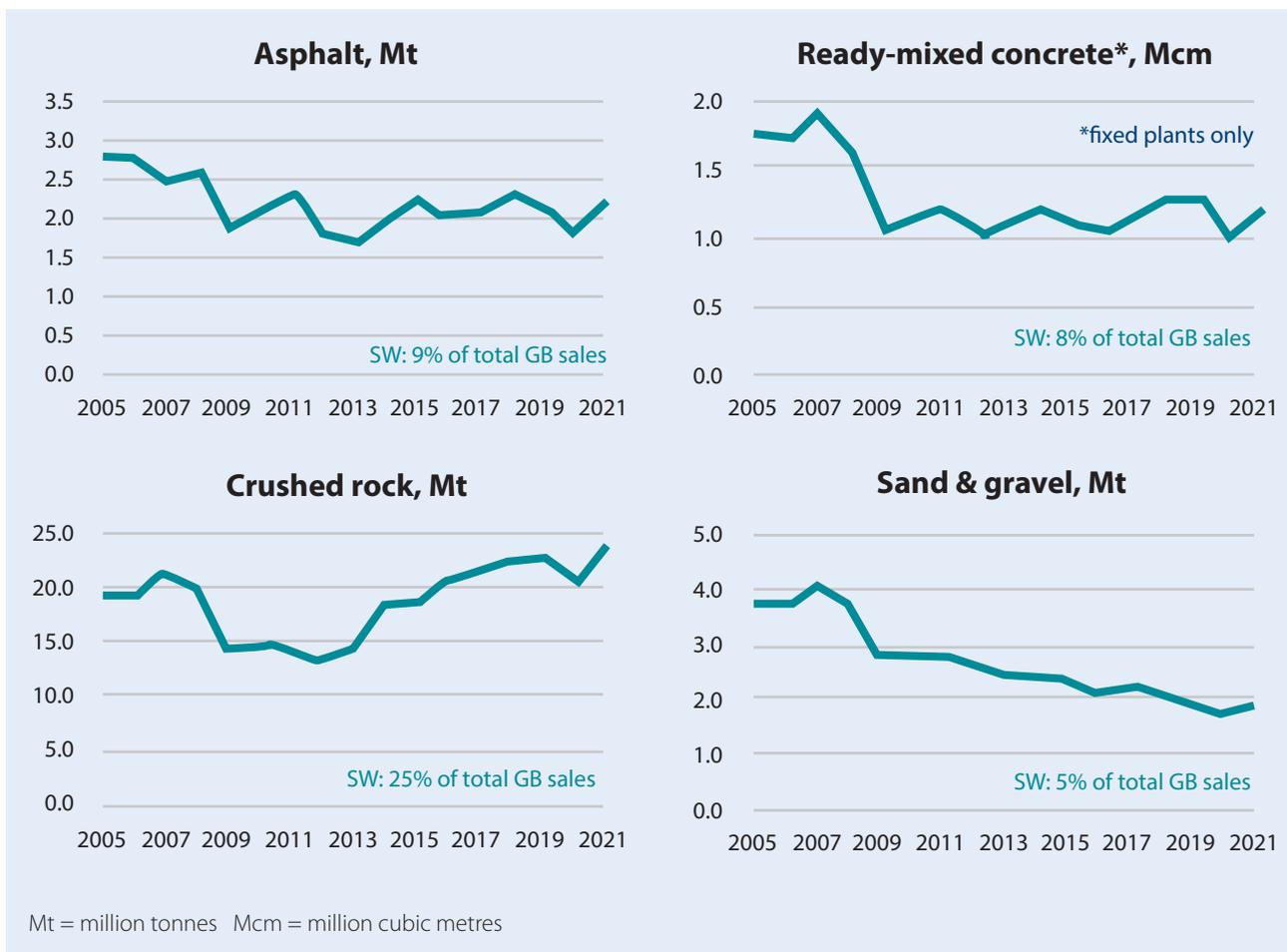
Construction output by sector – average % change during 2017-21 (source: ONS)



Construction sectors – shares of total output (SW vs GB) (source: ONS)

Public Housing		Infrastructure		Commercial		Housing R&M	
1%	3%	13%	17%	11%	13%	28%	18%
Private Housing		Industrial		Public non-housing		Non-housing R&M	
23%	22%	3%	3%	7%	6%	14%	19%

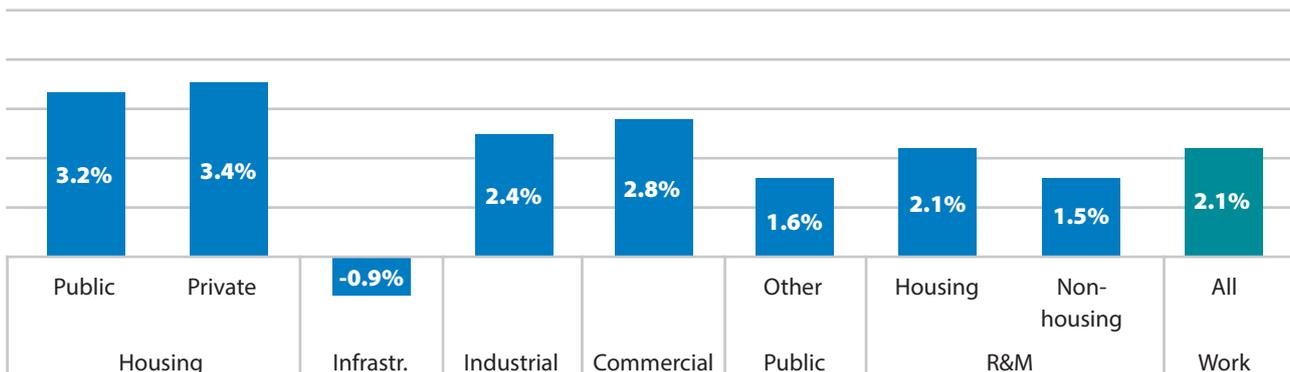
MINERAL PRODUCTS MARKETS: ANNUAL SALES VOLUMES IN THE SOUTH WEST (SOURCE: MPA)



CONSTRUCTION OUTLOOK AND FORECASTS IN THE SOUTH WEST

- Contract awards for new construction projects in all sectors rose by 56.4% in 2021 compared to 2020 according to Barbour ABI. The residential sector had the largest value of contracts last year, making up 27% of all new contract awarded.
- Construction output is expected to continue rising, by 3.1% in 2022 and 1.7% in 2023 according to the CITB, and by an average of 2.1% per annum across 2022-25.
- Homes for the South West has committed £4bn to build 25,000 homes across 2021-26, while the South West Exeter development is expected to deliver new homes and improvements to the local transport network.
- Work on the Hinkley Point C nuclear facility is continuing ahead of its planned opening in 2026, but infrastructure output is forecast to be weaker than the other construction subsectors.

Annual average construction output growth by sector: 2022-25 forecast (source: CITB)



Wales

KEY FACTS



3.2m (5%) of the UK population



The Welsh economy grew by an average of **1.4%** per annum in the period 2015-19, before a Covid-induced contraction of **8%** in 2020



£5.5bn (3%) - the regional contribution to the value of the construction sector in Great Britain



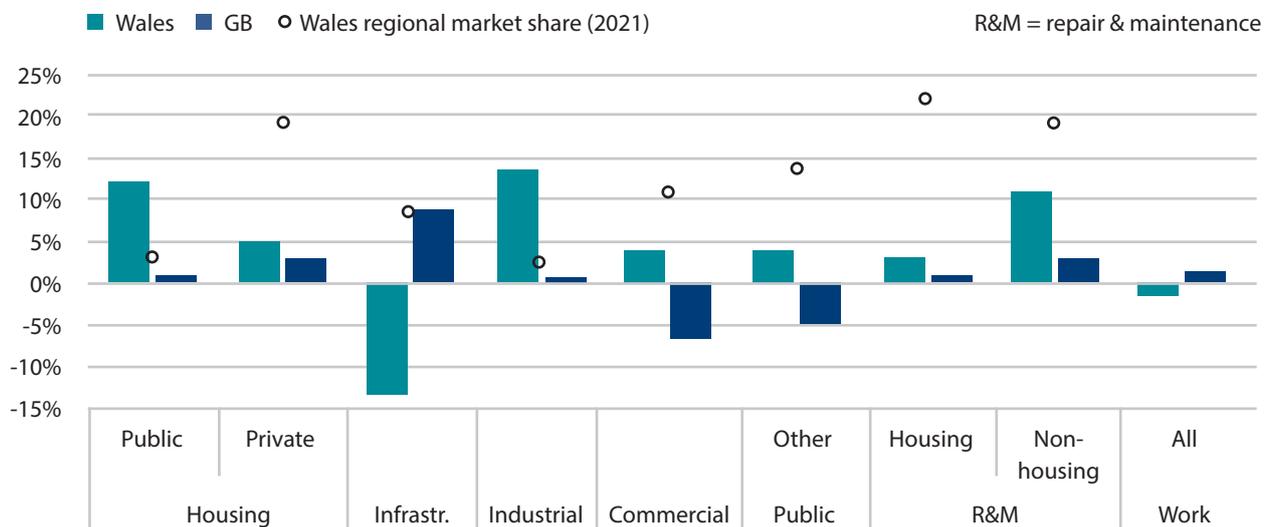
20.4% - the annual increase in construction output in 2021



0.9% - the annual increase in asphalt sales volumes in 2021. Crushed rock (**13.5%**), ready-mixed concrete (**3.3%**) and sand & gravel (**3.7%**) also saw increased sales.

CONSTRUCTION AND MINERAL PRODUCTS MARKETS IN WALES

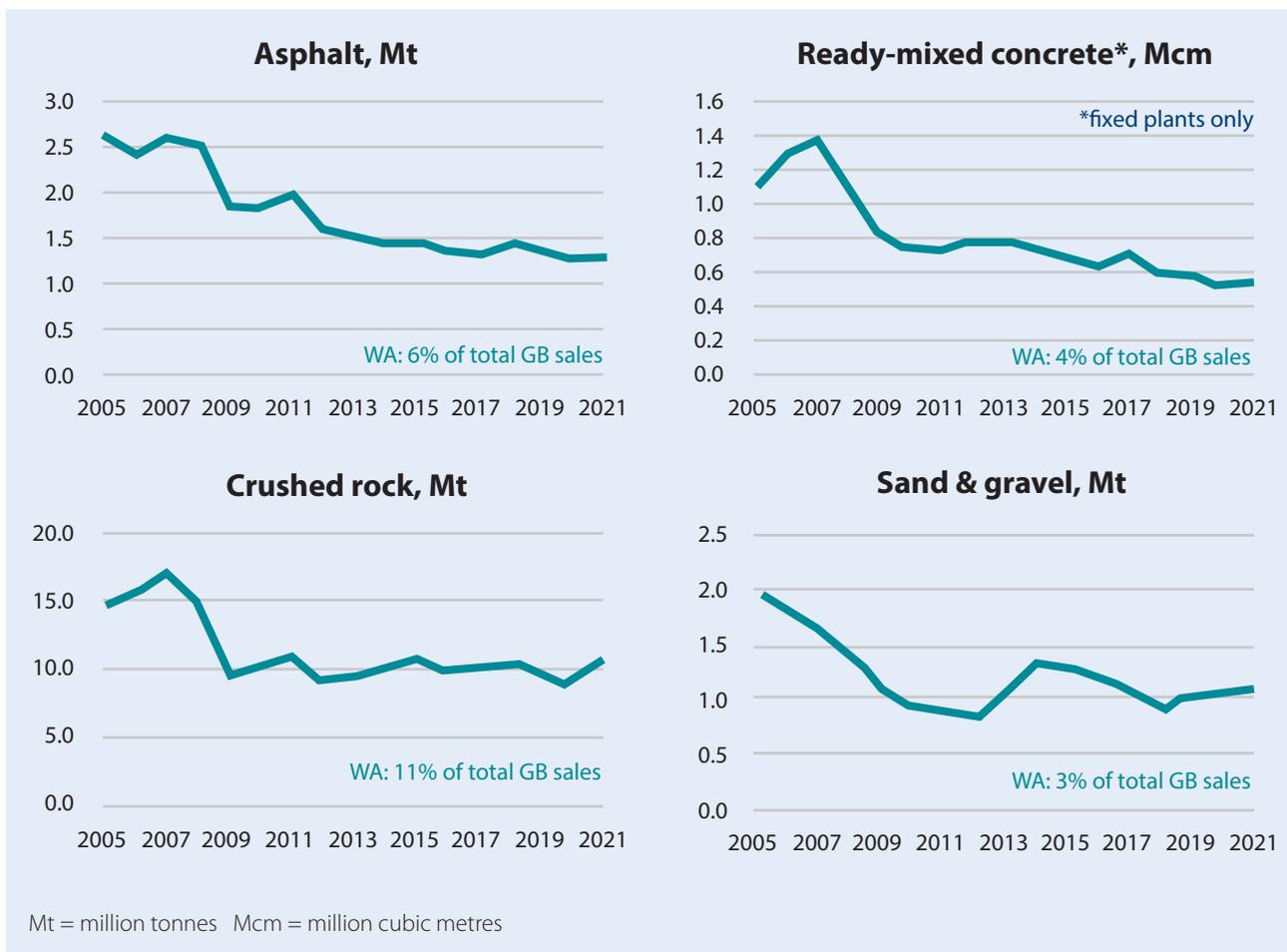
Construction output by sector – average % change during 2017-21 (source: ONS)



Construction sectors – shares of total output (WA vs GB) (source: ONS)

Public Housing		Infrastructure		Commercial		Housing R&M	
3%	3%	9%	17%	11%	13%	22%	18%
Private Housing		Industrial		Public non-housing		Non-housing R&M	
19%	22%	3%	3%	14%	6%	19%	19%

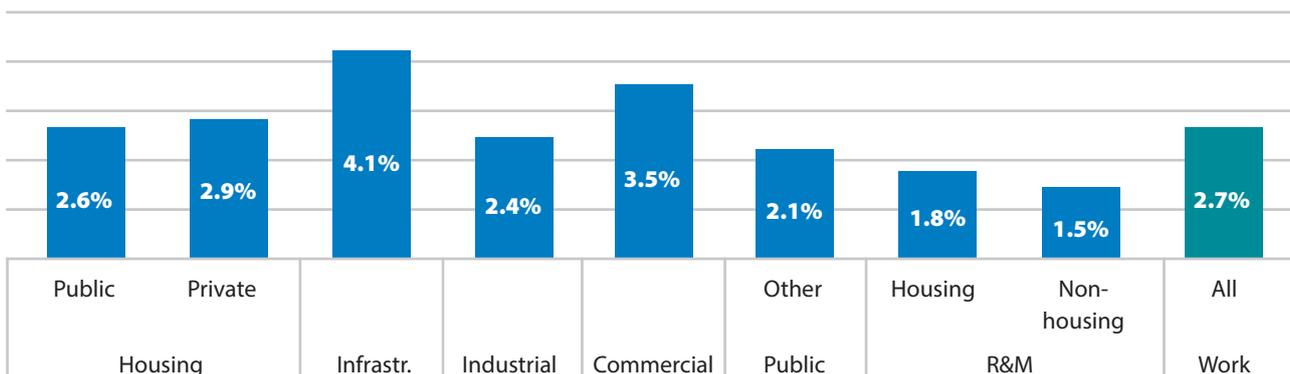
MINERAL PRODUCTS MARKETS: ANNUAL SALES VOLUMES IN WALES (SOURCE: MPA)



CONSTRUCTION OUTLOOK AND FORECASTS IN WALES

- Contract awards for new construction projects in all sectors rose by 41.5% in 2021 compared to 2020 according to Barbour ABI. Infrastructure had the largest value of contracts last year, making up 35% of all new contracts awarded.
- Construction output is expected to continue rising, by 3% in 2022 and 2.6% in 2023 according to the CITB, and by an average of 2.7% per annum across 2022-25.
- Infrastructure will be led by upgrades by Transport for Wales on the existing rail network, including investment in new trains, as well as ongoing work on the South Wales Metro.
- In the 2021 Budget, the Chancellor announced that the UK government would provide £18bn a year to Wales to boost jobs, infrastructure and public services.

Annual average construction output growth by sector: 2022-25 forecast (source: CITB)



Scotland



KEY FACTS



5.5m (8%) of the UK population



The Scottish economy grew by an average of **0.8%** per annum in the period 2015-19, before a Covid-induced contraction of **10%** in 2020



£14.4bn (9%) - the regional contribution to the value of the construction sector in Great Britain



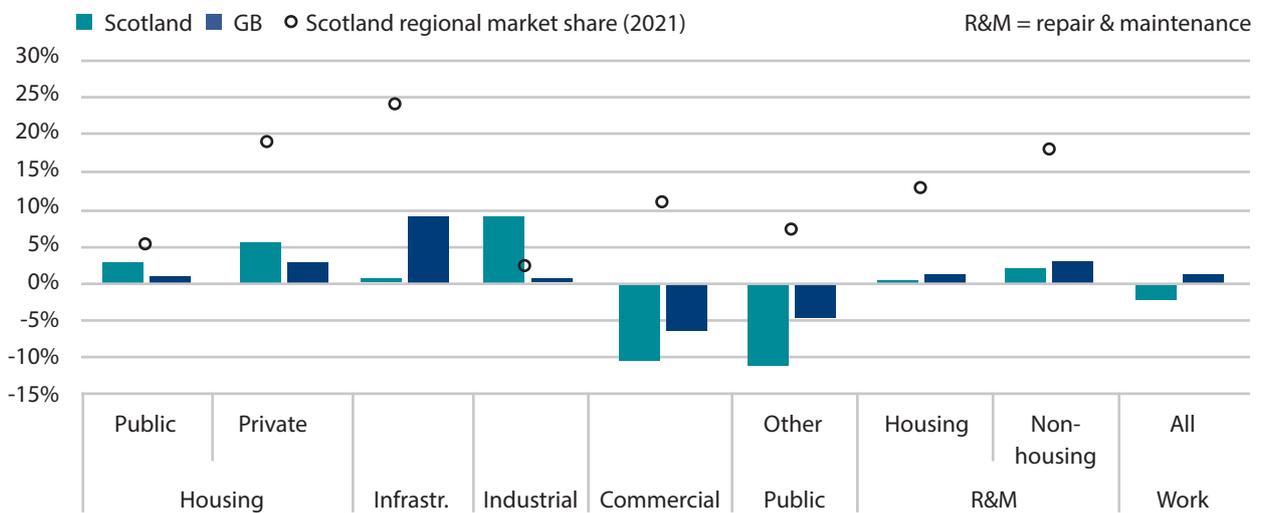
15.2% - the annual increase in construction output in 2021



40.3% - the annual increase in asphalt sales volumes in 2021. Ready-mixed concrete (**24.4%**), crushed rock (**23.4%**), and sand & gravel (**10.1%**) also saw increased sales

CONSTRUCTION AND MINERAL PRODUCTS MARKETS IN SCOTLAND

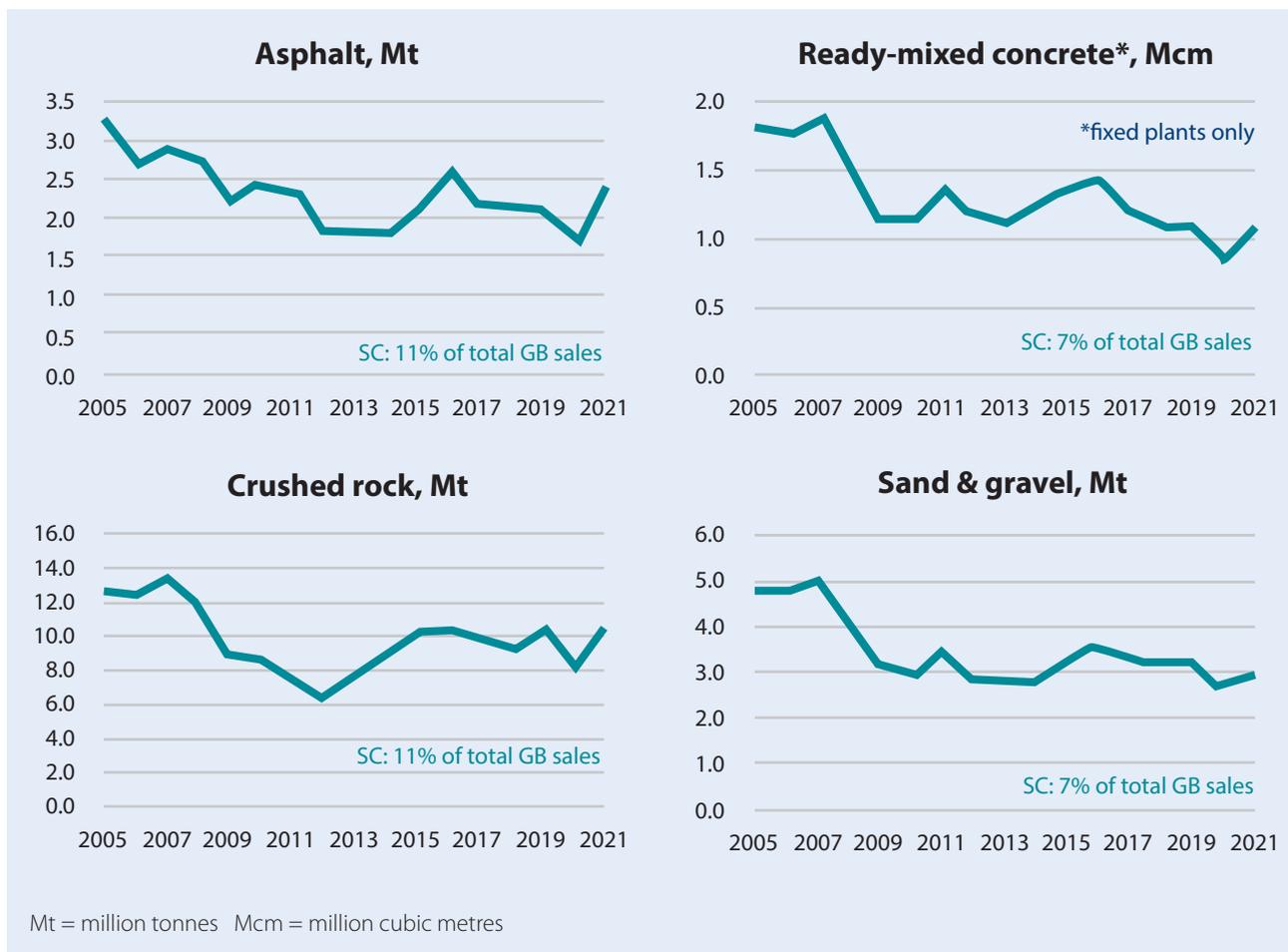
Construction output by sector – average % change during 2017-21 (source: ONS)



Construction sectors – shares of total output (SC vs GB) (source: ONS)

Public Housing		Infrastructure		Commercial		Housing R&M	
5%	3%	24%	17%	11%	13%	13%	18%
Private Housing		Industrial		Public non-housing		Non-housing R&M	
19%	22%	2%	3%	7%	6%	18%	19%

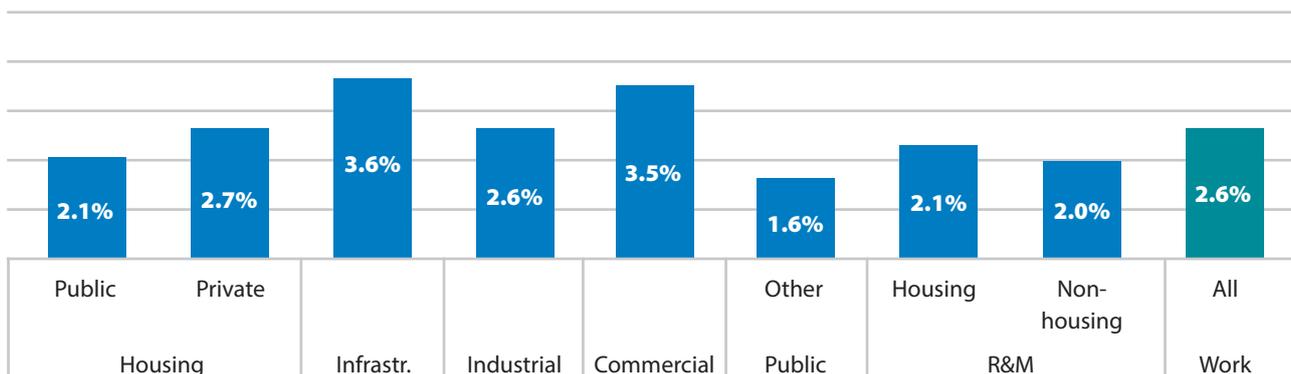
MINERAL PRODUCTS MARKETS: ANNUAL SALES VOLUMES IN SCOTLAND (SOURCE: MPA)



CONSTRUCTION OUTLOOK AND FORECASTS IN SCOTLAND

- Contract awards for new construction projects in all sectors rose by 31.9% in 2021 compared to 2020 according to Barbour ABI. Infrastructure had the largest value of contracts last year, making up 28% of the total contract awards.
- Construction output is expected to continue rising, by 3.3% in 2022 and 2.5% in 2023 according to the CITB, and by an average of 2.6% per annum across 2022-25.
- Infrastructure investment should be strong across road and other transport areas, namely the A9 Dualling Programme. Offshore wind projects in the Moray Firth zone will drive renewable energy capacity, while Scottish Water has begun its 2021-27 investment programme.
- Commercial property, driven by office investment, is expected to continue its recovery from the pandemic as businesses compete to secure high-quality workspace.

Annual average construction output growth by sector: 2022-25 forecast (source: CITB)



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Please note: all historical data and forecasts based on the information available as of March 30, 2022.

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- Construction Products Association (CPA): <https://www.constructionproducts.org.uk/publications/economics/construction-industry-forecasts/construction-industry-forecasts-winter-202122/>
- Barbour ABI: <https://www.barbour-abi.com/knowledge-hub/economic-construction-market-review/>

The Mineral Products Association is the trade association for the aggregates, asphalt, cement, concrete, dimension stone, lime, mortar and silica sand industries.

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