

“building **excellence**
in materials supply”

Builders Merchant Building Index



Quarter 4 2019

Building the Industry & Building Brands from Knowledge



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Introduction



This Builders Merchant Building Index (BMBI) report contains data from GfK's ground-breaking Builders Merchants Panel, which analyses data from over 80% of generalist builders' merchants' sales throughout Great Britain. GfK's Builders Merchant Point of Sale Tracking Data sets a gold standard in reliable market trends. Unlike data from sources based on relatively small samples or estimates, or sales from suppliers to the supply chain, this up-to-date data is based on actual sales from merchants to builders and other trades. It's therefore a very good proxy for housing RMI.

BMBI trend data is indexed on the 12 month period July 2014 to June 2015. The monthly series tracks what is happening in the market month by month and includes an in-depth review every quarter. This trend series gives the industry access to far more accurate and comprehensive insights than that available to other construction sectors. BMBI data is highlighted by the Department for Business, Energy & Industrial Strategy in its monthly construction update, alongside the ONS, CPA, Experian, IHS Markit and the Bank of England.

MRA Marketing produces the Builders Merchant Building Index, a brand of the BMF, to communicate to the wider market as the voice of the industry as well as the voice of individual Expert Brands: This quarter we welcome British Gypsum (speaking for Drylining Systems), Wienerberger (for Bricks & Roof Tiles), Midland Lead (for Lead) and Polypipe (for Civils & Green Urbanisation), who join our Expert panel providing valuable commentary on market trends and influences, alongside The Crystal Group, Keylite Roof Windows, Alumasc Water Management Solutions, Hanson Cement, IKO PLC, Keystone Lintels, Knauf Insulation, Talasey Group, Heatrae Sadia, Dulux Trade and Lakes.

Further recognition for BMBI

One of the aims of BMBI is to reach across and beyond construction. It is now syndicated to a growing number of trade magazines in different sectors on a regular basis. Outside the industry, economists, banks, consultancies, investment bodies and the big accountants regularly refer to it. In addition, the Sunday Times and BBC News have both sought comments from BMBI Experts and MRA.

More data available

This BMBI report provides valuable top-level indices but there's considerably more data available. GfK insights go much deeper and include sales value data. GfK can quantify market values and drill down into contributing categories, tracing product group performance, to focus on aspects that are critical to you.

GfK can also produce robust like-for-like market comparability tailored to the requirements of an individual business. As more merchants join to submit their monthly sales-out data the quality of this information can only become more extensive and rigorous. Merchants or suppliers who are interested in acquiring data or getting involved should contact Emile van der Ryst at emile.van-der-ryst@gfk.com.

Overview and Insights

Emile van der Ryst,

Senior Client Insight Manager - Trade, GfK



2019 will go down as one of those years most of us won't forget, as the Brexit drama dominated headlines and created uncertainty across all spheres of business in the UK, including the Builders' Merchant industry. Within the Builders' Merchants this only told one part of the story, as a review of the whole year reveals the effect that weather can have.

2019 vs 2018 year to date growth sat at 6.2% after Q1, but gradually came down as the year progressed. After Q2, this growth figure dropped to 2.3% and then further down to 1.3% after Q3. We finally end the year with 2019 only seeing an increase of 0.1% against 2018, albeit having one less trading day.

So, what can the weather tell us about these decreasing growth figures? 2018 Q1 was of course dominated by the Beast from the East, with 2019 Q1 seeing more sunshine and less rainfall. This trend was however turned on its head throughout the remainder of the year. Each of the remaining 3 quarters saw less sunshine and more rain compared to the same quarter from the previous year, which has a natural effect on business within this industry.

A review of the 12 topline categories tracked by GfK makes for some interesting reading, with only 4 of these seeing a decline in value from 2018. Tools has seen the largest drop, decreasing by -6.3%, with Heavy Building Materials, Timber & Joinery and Plumbing, Heating & Electrical the other showing negative growth.

Heavy Building Materials and Timber & Joinery, as the core categories, saw decreases of -0.1% and -1.0% respectively. Within Heavy Building Materials there have been small declines in most key areas such as Bricks, Blocks, Roofing and Aggregates, with Plaster & Plasterboards the big winner in the past year. Both Timber and Sheet Materials saw declines within the Timber & Joinery category, with Cladding and Flooring the areas with the most positive growth.

2020 brings a new decade full of opportunities and challenges, but it should be a relief that Brexit won't be part of the public discourse for much longer. Storms Ciara and Dennis have just passed and could be a further indication of the increased erratic weather seen across the UK. Looking ahead in 2020 it will be interesting to see what role weather will play in the Builders' Merchants industry and how it will affect growth as the year moves along.

“2019 vs 2018 year to date growth sat at 6.2% after Q1. After Q2, this growth figure dropped to 2.3% and then further down to 1.3% after Q3. We finally end the year with 2019 only seeing an increase of 0.1% against 2018.”

Merchants' View

John Newcomb, CEO BMF



The final Quarter of 2019 didn't give builders' merchants much to cheer about. In fact, the same can be said for the whole year. It wasn't the worst 12 months merchants have lived through, but it was far from the best.

While the Office of National Statistics reported overall construction output increased during Q4 over Q3 2019, and also increased for the year 2019 over 2018, within this private new housing and private RMI fared less well. Unfortunately, these are two major markets for builders' merchants.

The ONS found construction output increased by 0.5% in Q4 2019 compared to Q3. This was driven by a 0.8% increase in new work, which was offset by a 0.1% fall in the growth of repair & maintenance. Within new work, however, private new housing fell, at -1.1%. While the overall fall in repair & maintenance was driven by a -2.9% decrease in private housing RMI.

Taking the year as a whole construction output grew by 2.5% in 2019. But once again, at -1.7%, private housing RMI was behind the curve. The ONS found this important merchant segment was the largest negative contributor to overall construction output in 2019.

Inevitably we will try to rationalise these figures. Were they weather related? Did consumer confidence plummet during a year dominated by Brexit and rounded off by a December General Election?

I prefer to look ahead at the opportunities offered by the start of a new decade, a new government and a new relationship with Europe. Word on the merchant grapevine is that January trading, while not setting records, is more positive.

Though it is far too early to predict a Boris Bounce in 2020, the results of the Federation of Master Builders' latest state of trade survey are also encouraging, with 37% of builders predicting higher workloads in Q1 2020, and one in five reporting an increase in staffing levels.

“While the ONS reported overall construction output increased during Q4 over Q3 2019... private new housing and private RMI fared less well. Word on the merchant grapevine is that January trading, while not setting records, is more positive.”

Quarterly: Index and Categories

Quarter 4 2018* to Quarter 4 2019

(Indexed on July 2014 to June 2015)



QUARTERLY SALES VALUE INDEX	Index	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Total Builders Merchants	100	110.9	113.1	123.3	123.6	106.4
Timber & Joinery Products	100	115.1	117.4	123.8	123.5	107.4
Heavy Building Materials	100	110.1	112.1	122.4	123.2	105.0
Decorating	100	106.9	108.0	111.4	117.1	106.0
Tools	100	104.9	103.5	100.7	101.8	96.0
Workwear & Safetywear	100	111.5	103.9	98.6	106.0	117.9
Ironmongery	100	116.4	121.3	123.4	125.8	113.8
Landscaping	100	98.8	105.7	157.5	142.6	95.3
Plumbing, Heating & Electrical	100	128.8	130.6	117.0	121.3	125.8
Renewables & Water Saving	100	64.2	72.8	68.2	78.5	68.3
Kitchens & Bathrooms	100	111.3	116.7	115.6	122.3	114.6
Miscellaneous	100	110.7	117.2	117.3	128.4	115.0
Services	100	106.4	101.4	113.9	118.3	107.7

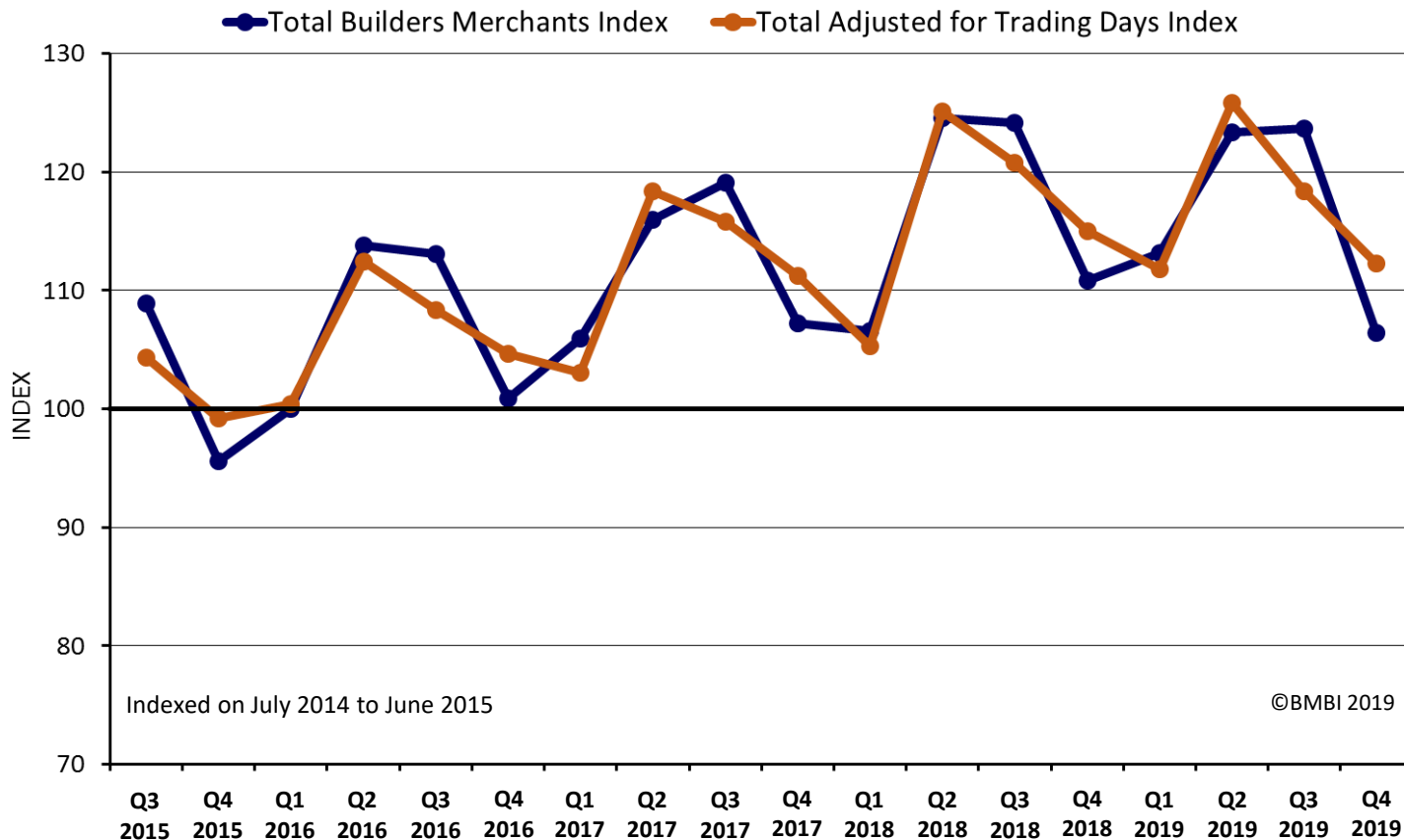
*Click the web link below to see the complete series of quarterly indices from Q2, 2015.

Source: GfK's
Builders Merchants
Total Category Report
July 2015 to December 2019

Quarterly: Index

Adjusted and unadjusted for trading days

Total Builders Merchants Index v Total Adjusted for Trading Days Index



 Source: GfK's
Builders Merchants
Total Category Report
July 2015 to December 2019

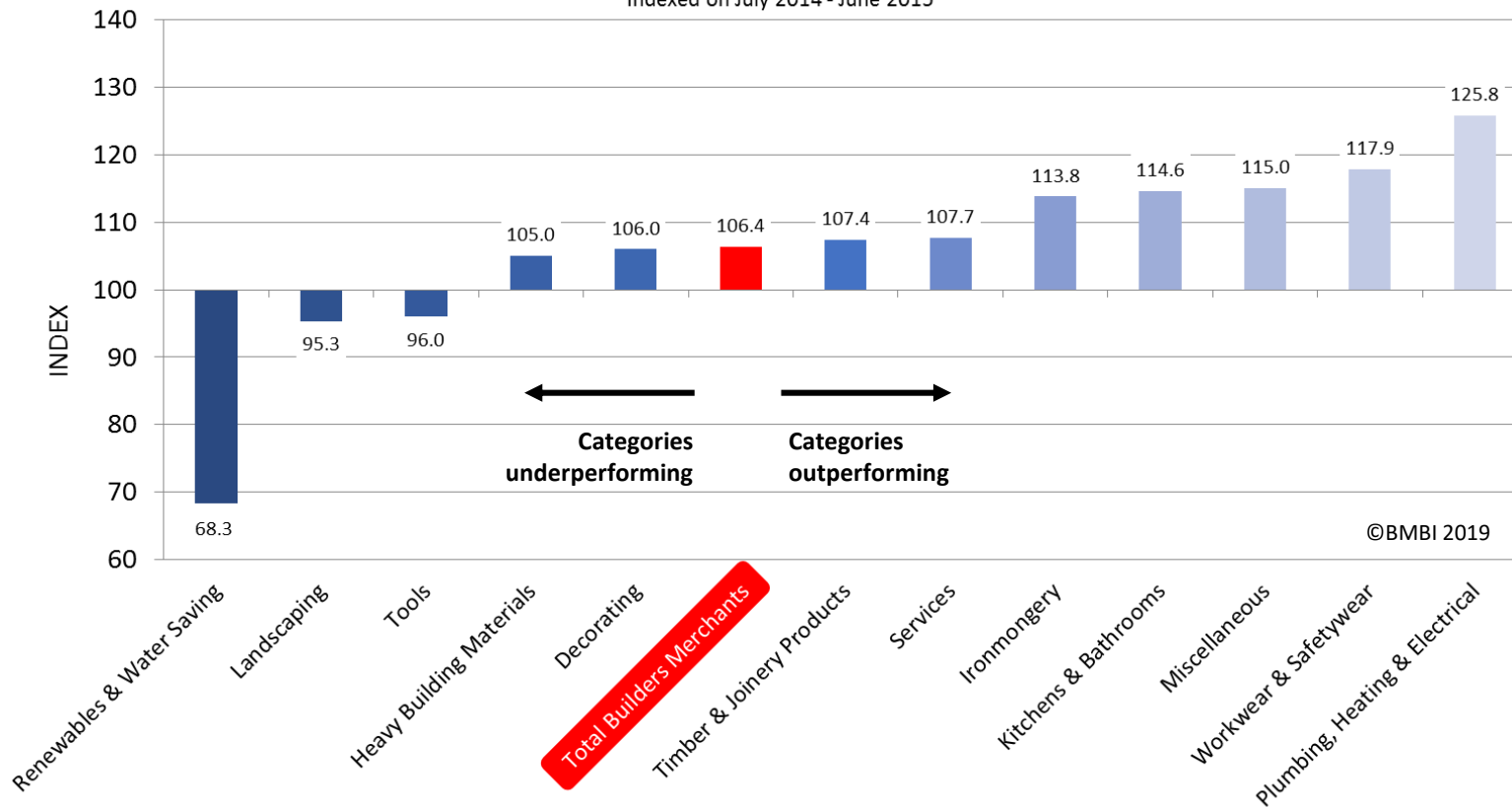
Quarterly: Index and Categories

Q4 2019 index



Quarter 4 2019

Indexed on July 2014 - June 2015



©BMBI 2019

GfK Source: GfK's
Builders Merchants
Total Category Report
July 2015 to December 2019

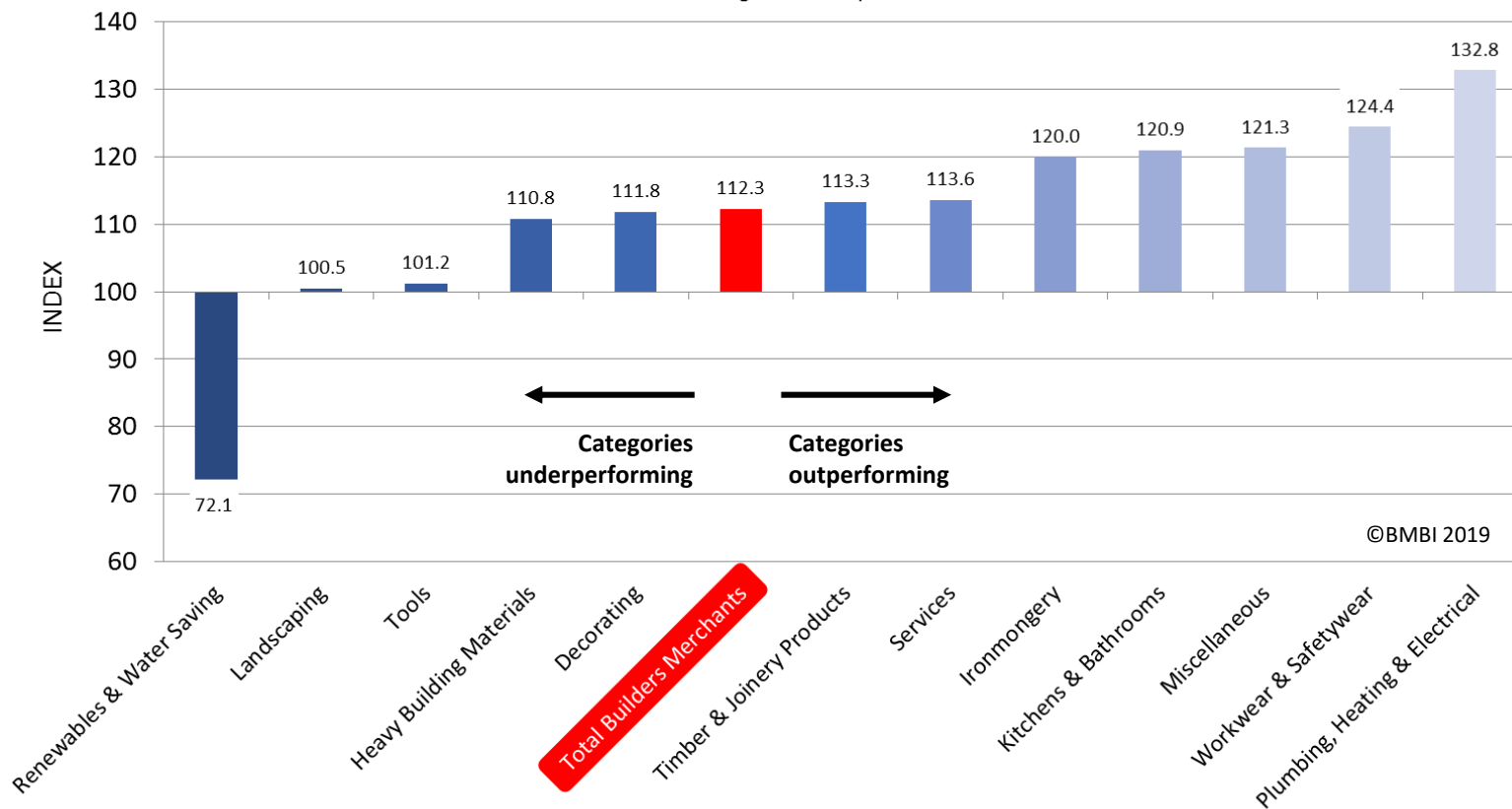
Quarterly: Index and Categories

Q4 2019 average sales a day index



Quarter 4 2019

Average sales a day



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GfK Source: GfK's
Builders Merchants
Total Category Report
July 2015 to December 2019

Indexed on July 2014 - June 2015

Quarterly: Index and Categories

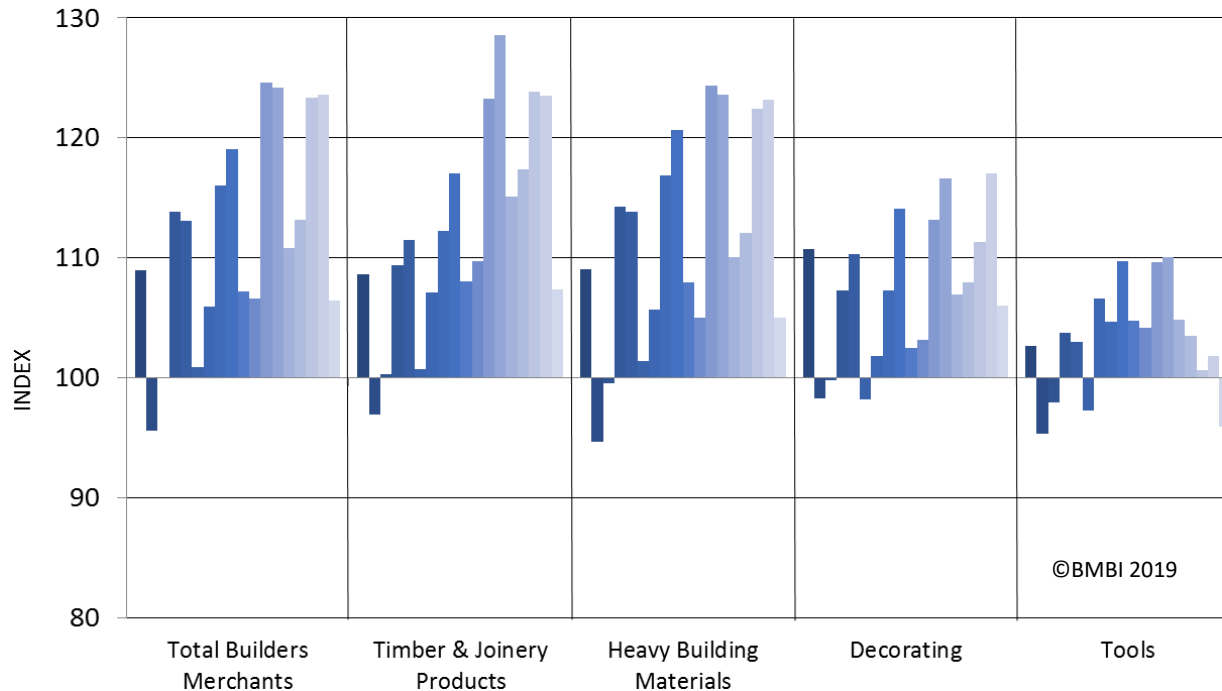
Quarterly indices



Quarterly Indices

Q3 2015 to Q4 2019

- Q3, 2015
- Q4, 2015
- Q1, 2016
- Q2, 2016
- Q3, 2016
- Q4, 2016
- Q1, 2017
- Q2, 2017
- Q3, 2017
- Q4, 2017
- Q1, 2018
- Q2, 2018
- Q3, 2018
- Q4, 2018
- Q1, 2019
- Q2, 2019
- Q3, 2019
- Q4, 2019



©BMBI 2019

GfK Source: GfK's
Builders Merchants
Total Category Report
July 2015 to December 2019

Indexed on July 2014 to June 2015

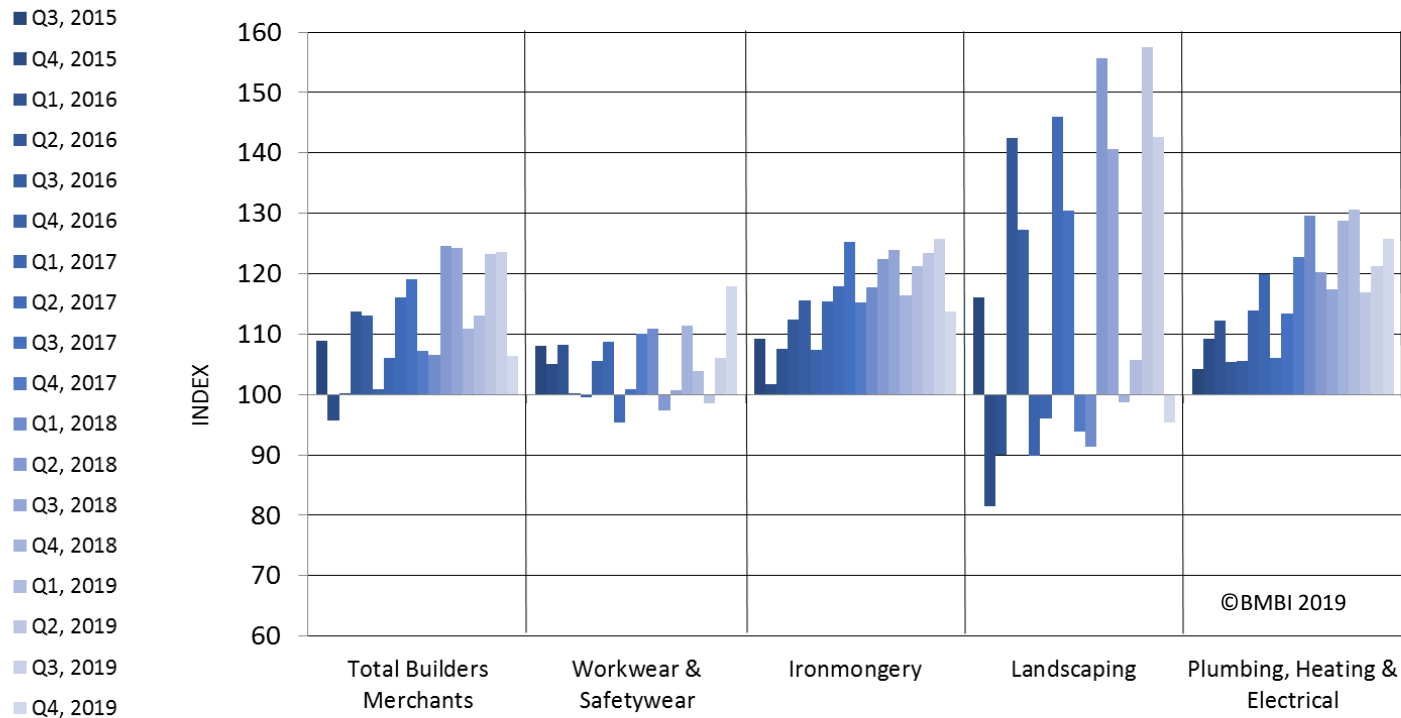
Quarterly: Index and Categories

Quarterly indices



Quarterly Indices

Q3 2015 to Q4 2019



Indexed on July 2014 to June 2015

Source: GfK's Builders Merchants Total Category Report July 2015 to December 2019

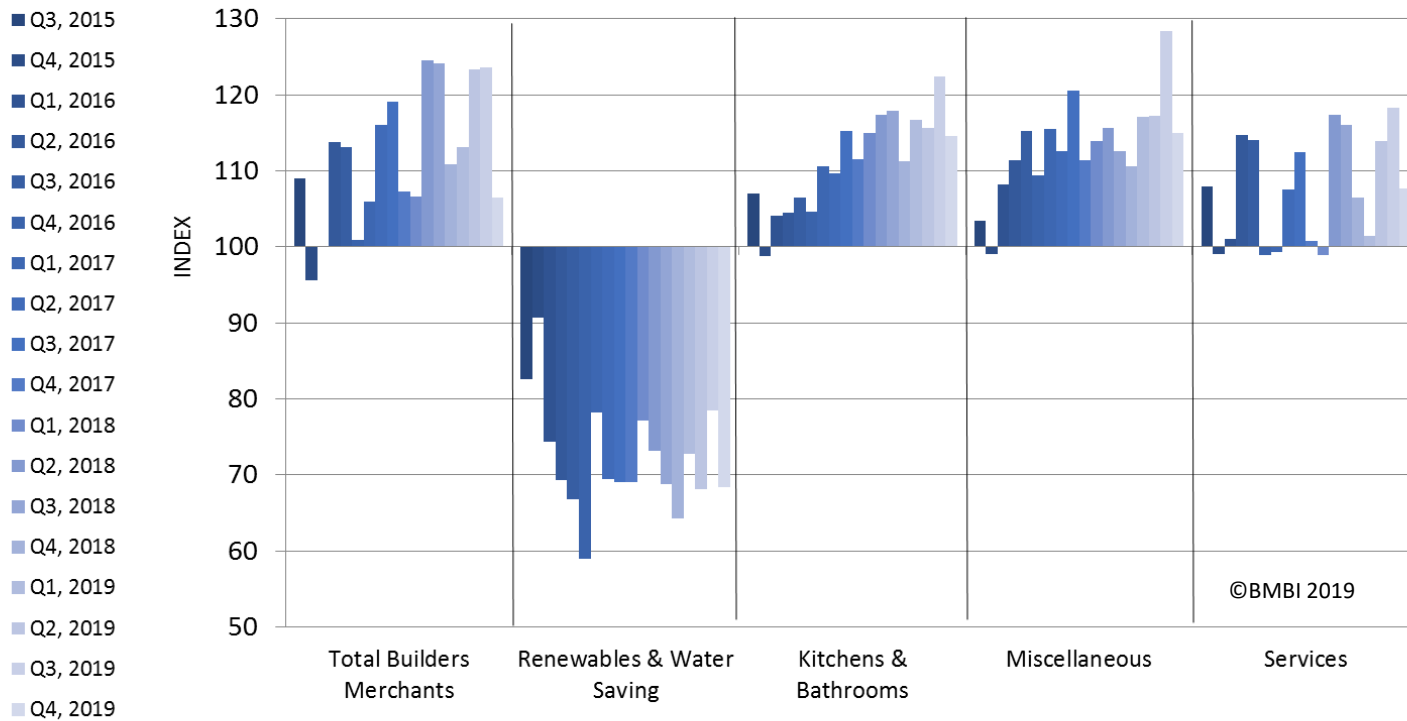
Quarterly: Index and Categories

Quarterly indices



Quarterly Indices

Q3 2015 to Q4 2019



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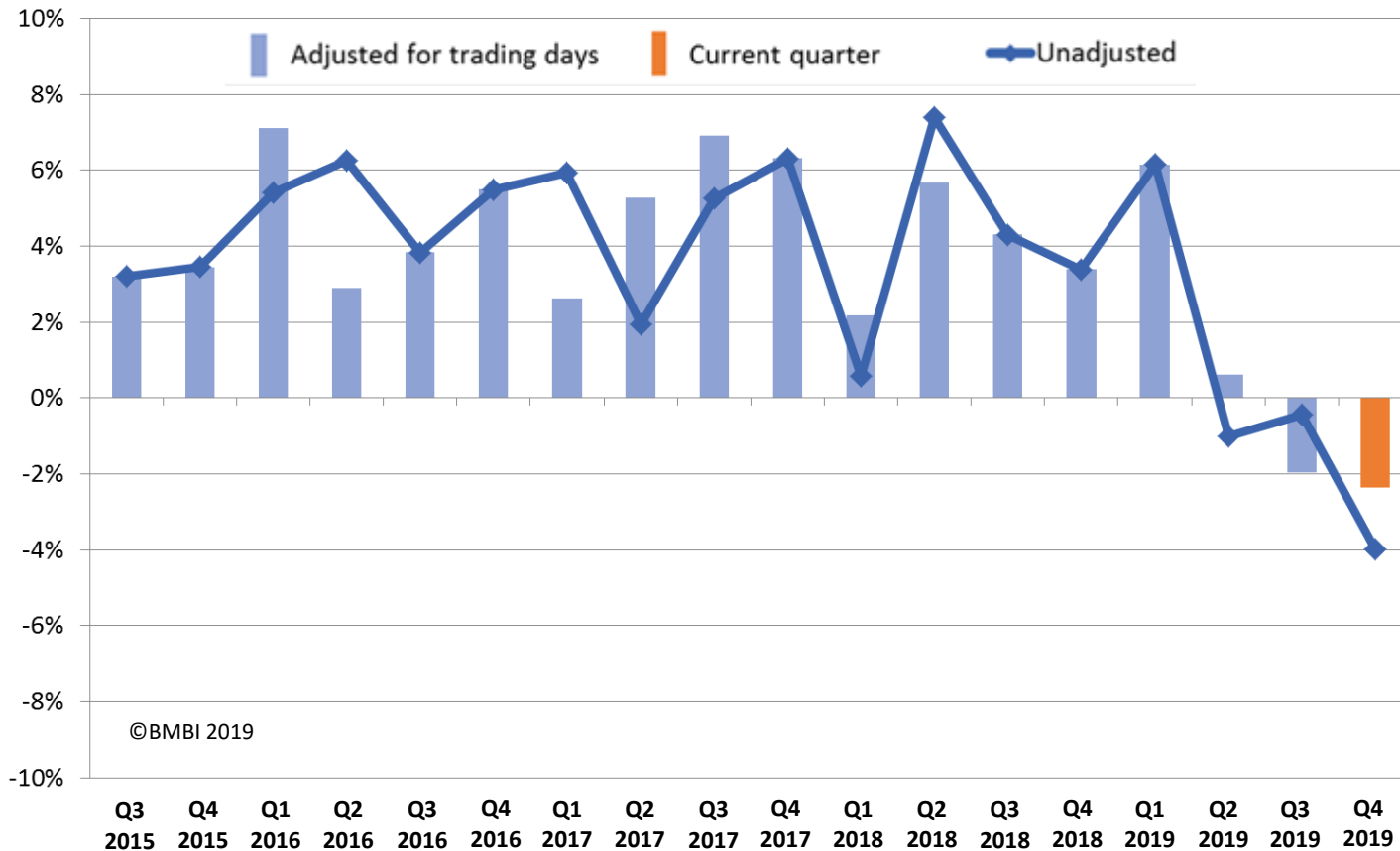
Source: GfK's Builders Merchants Total Category Report July 2015 to December 2019

Indexed on July 2014 to June 2015

Quarterly: Sales Indices

Adjusted and unadjusted for trading days

Quarterly Indices: Year on Year



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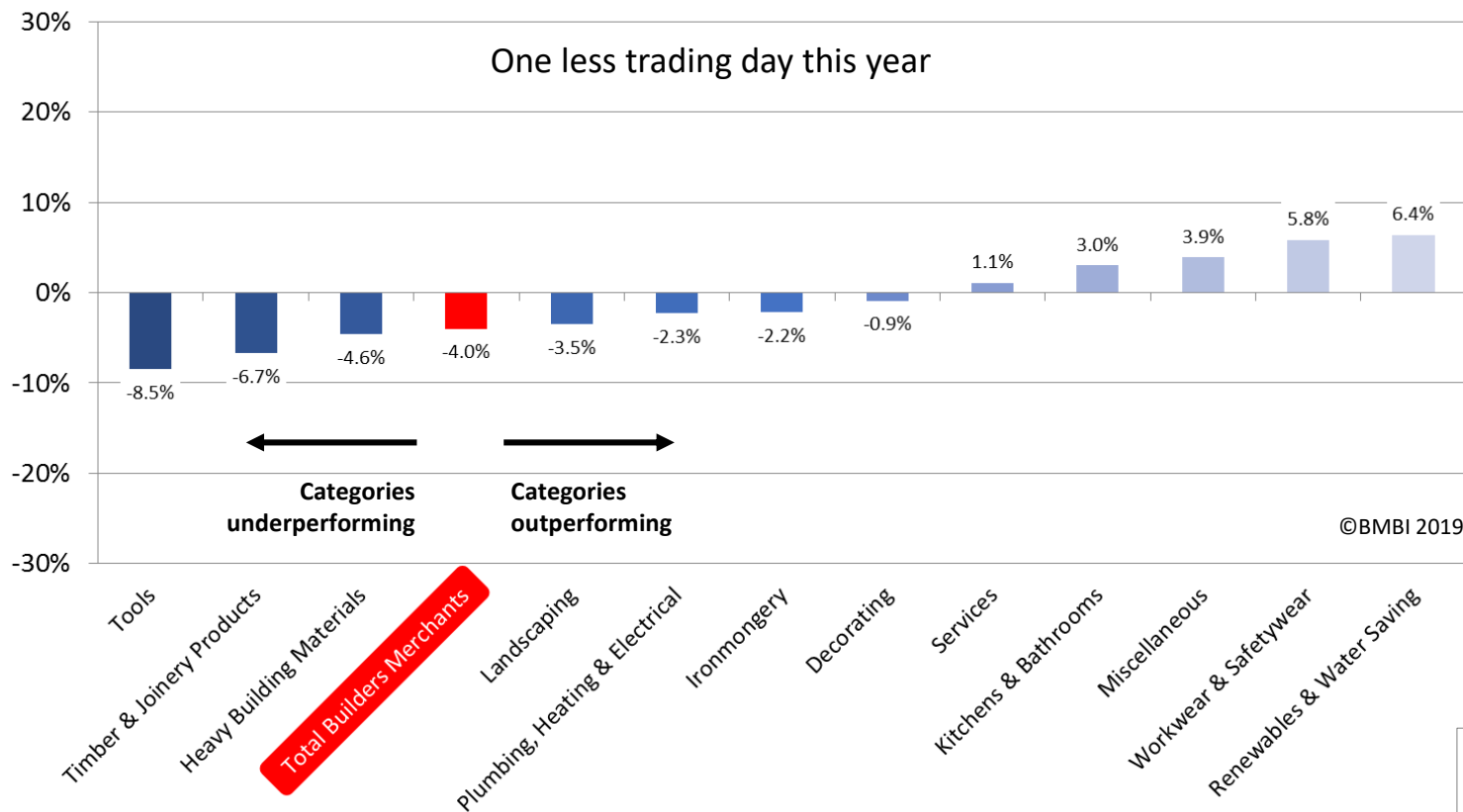
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to December 2019

Quarterly: This Year v Last Year

Q4 2019 sales indices



Quarter 4 2019 index v Quarter 4 2018 index



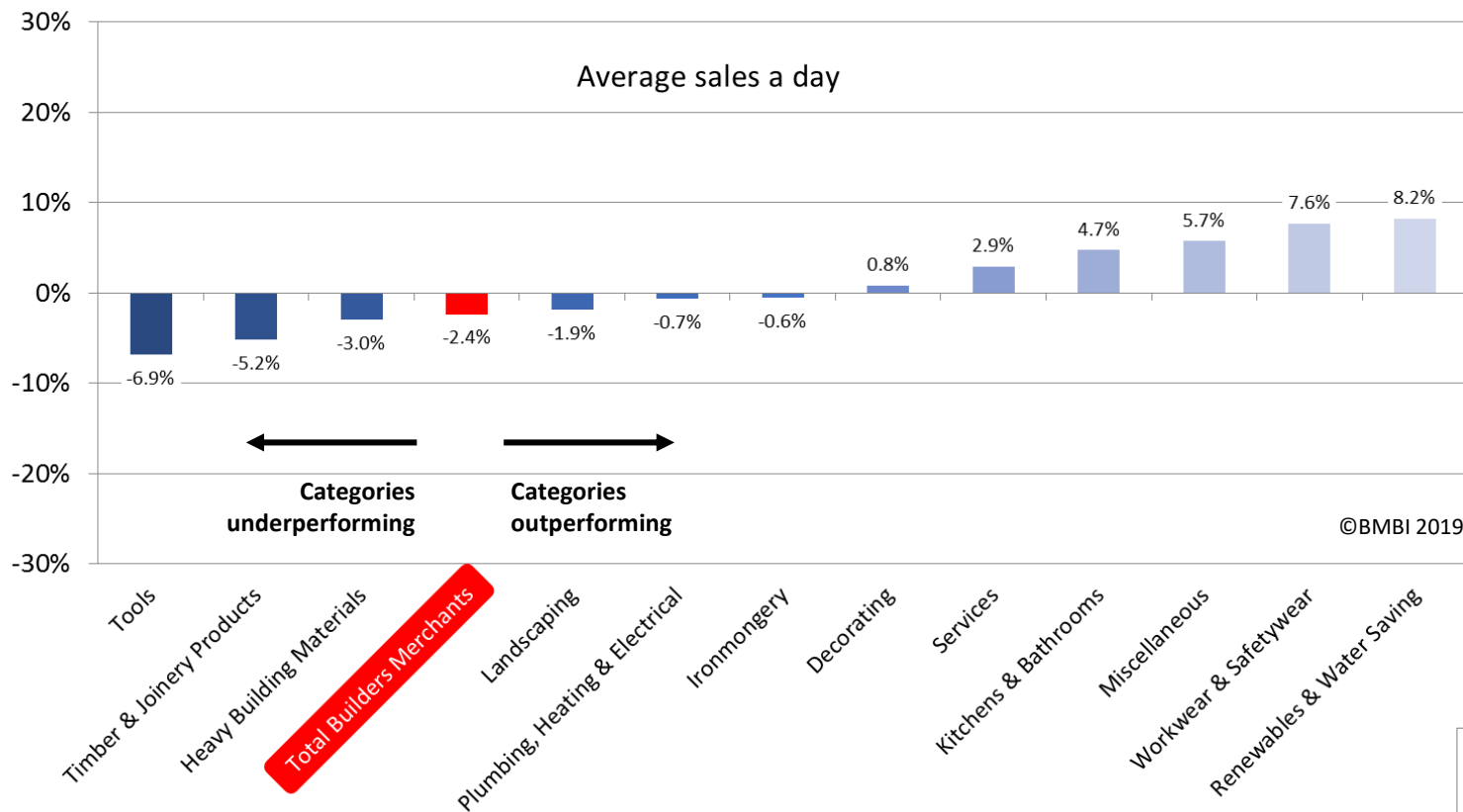
GfK Source: GfK's
Builders Merchants
Total Category Report
July 2015 to December 2019

Quarterly: This Year v Last Year

Q4 2019 average sales a day indices



Quarter 4 2019 index v Quarter 4 2018 index



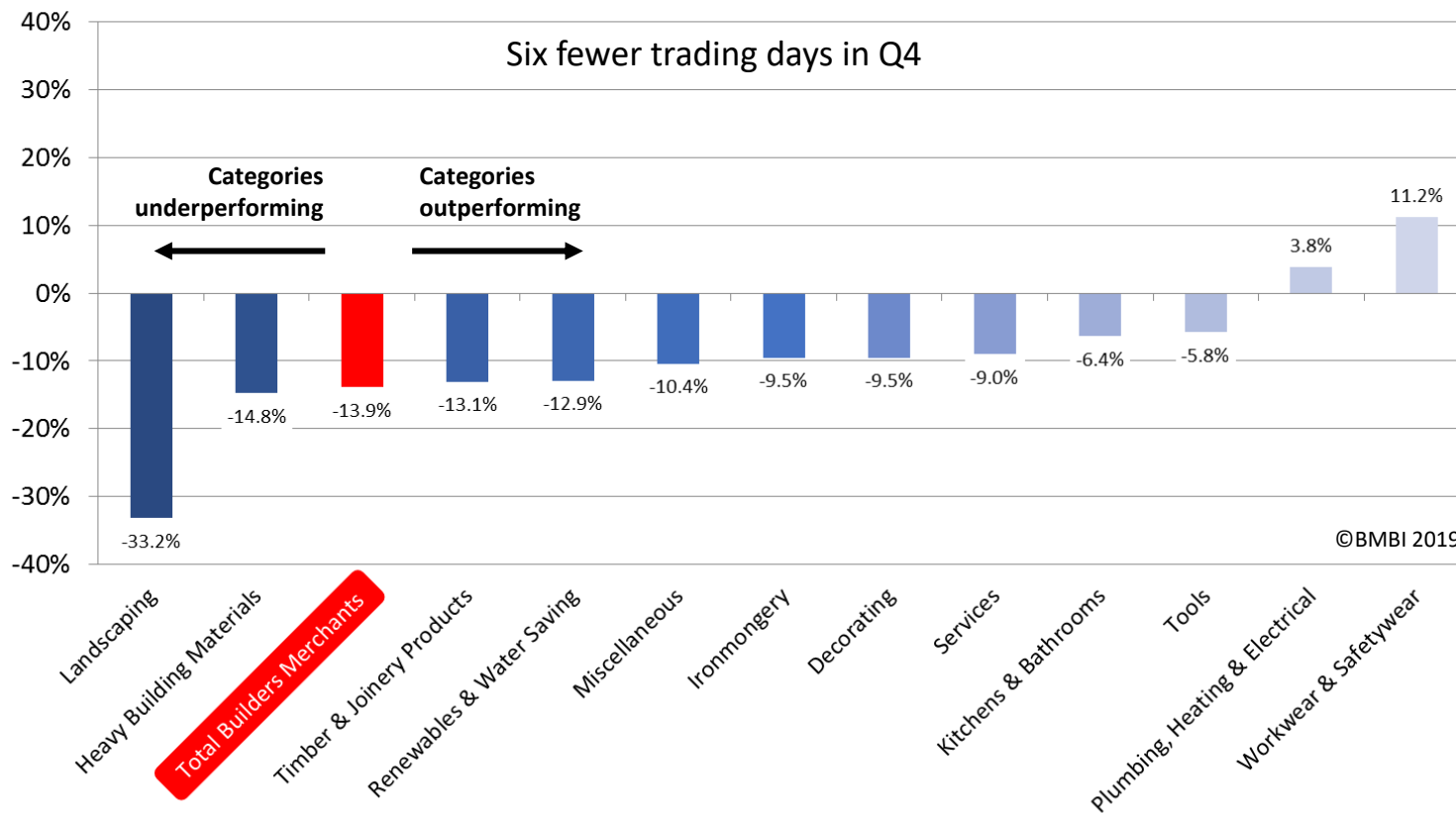
Source: GfK's Builders Merchants Total Category Report July 2015 to December 2019

Quarterly: Quarter on Quarter

Q4 2019 sales indices



Quarter 4 2019 v Quarter 3 2019



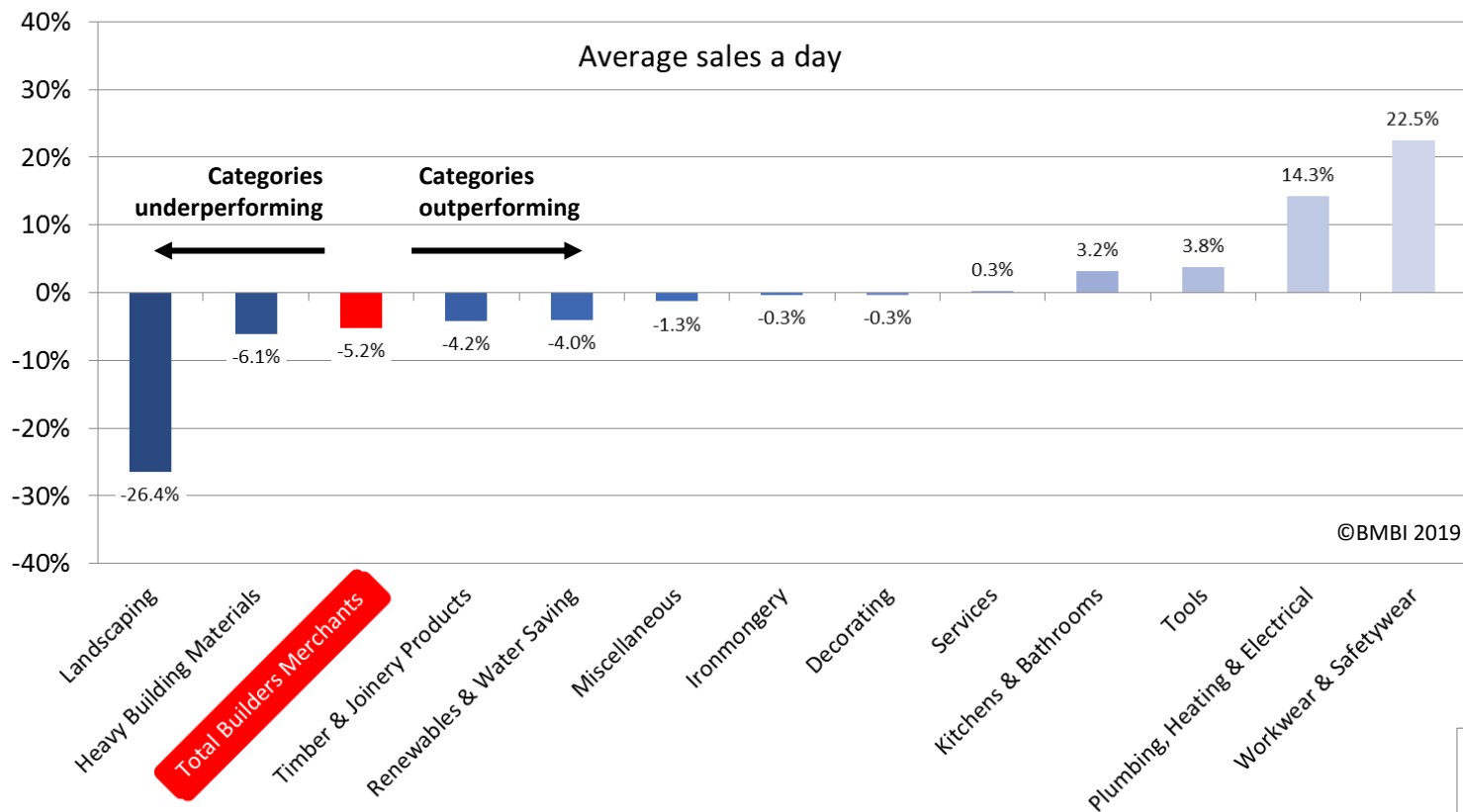
Source: GfK's Builders Merchants Total Category Report July 2015 to December 2019

Quarterly: Quarter on Quarter

Q4 2019 average sales a day indices



Quarter 4 2019 v Quarter 3 2019



Source: GfK's
Builders Merchants
Total Category Report
July 2015 to December 2019

Monthly: Index and Categories

December 2018* – December 2019

(Indexed on monthly average, July 2014 – June 2015)



		2018	2019											
MONTHLY SALES VALUE INDEX	Index	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec
Total Builders Merchants	100	77.6	108.1	109.0	122.3	122.4	129.8	117.7	133.3	118.2	119.4	126.8	114.1	78.4
Timber & Joinery Products	100	80.1	115.4	112.6	124.1	123.3	128.9	119.3	131.9	118.1	120.5	128.8	115.9	77.4
Heavy Building Materials	100	75.7	106.7	108.2	121.4	121.3	129.4	116.5	132.8	117.5	119.3	126.3	112.5	76.3
Decorating	100	79.1	105.0	103.8	115.1	110.1	115.5	108.5	124.7	113.6	112.9	122.7	113.7	81.6
Tools	100	73.2	101.0	100.2	109.3	100.0	104.9	97.2	107.3	97.7	100.4	113.7	103.9	70.3
Workwear & Safetywear	100	80.5	111.8	97.9	102.0	95.8	100.5	99.5	109.1	97.3	111.7	135.4	135.1	83.2
Ironmongery	100	85.0	121.5	116.3	126.2	123.2	128.4	118.6	134.0	121.6	121.7	132.9	119.9	88.4
Landscaping	100	64.0	87.1	98.2	131.7	154.6	171.1	146.7	165.5	136.8	125.5	120.2	99.0	66.7
Plumbing, Heating & Electrical	100	97.4	132.2	127.0	132.6	118.7	121.3	110.8	124.9	112.9	126.0	143.0	135.9	98.5
Renewables & Water Saving	100	46.5	70.3	67.1	81.0	66.1	63.6	74.8	78.3	79.6	77.5	76.7	74.2	54.1
Kitchens & Bathrooms	100	81.7	110.4	116.0	123.5	115.9	117.3	113.6	130.2	117.4	119.5	128.7	126.7	88.3
Miscellaneous	100	85.6	123.5	112.2	115.7	114.2	123.1	114.6	136.8	119.6	128.7	132.4	121.9	90.8
Services	100	80.0	94.6	99.8	110.0	113.6	121.8	106.5	125.6	116.0	113.2	122.7	113.1	87.2

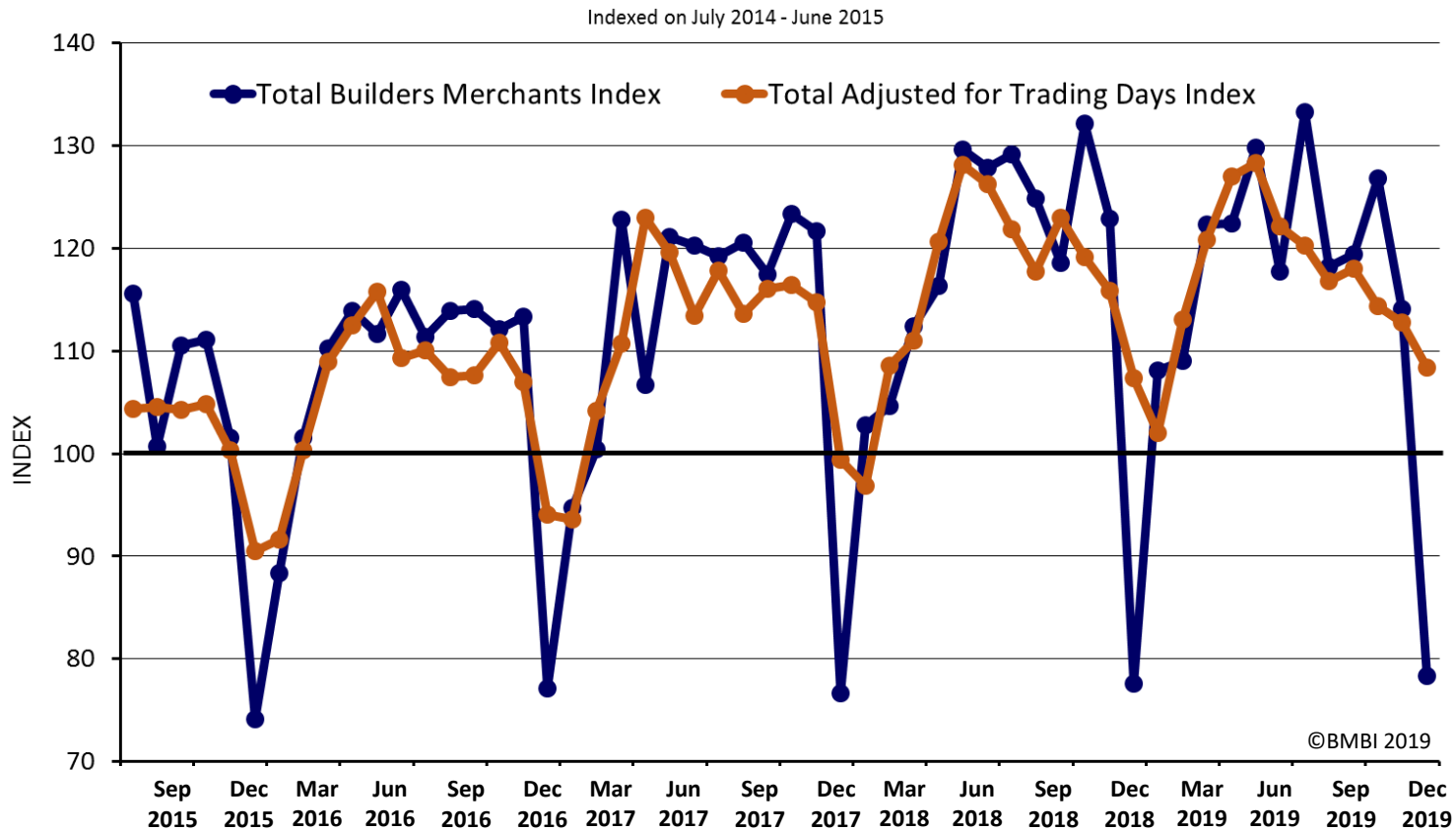
*Click the web link below to see the complete series of indices from July 2015.

Source: GfK's
Builders Merchants
Total Category Report
July 2015 to December 2019

Monthly: Index

Adjusted and unadjusted for trading days

Total Builders Merchants Index v Total Adjusted for Trading Days Index



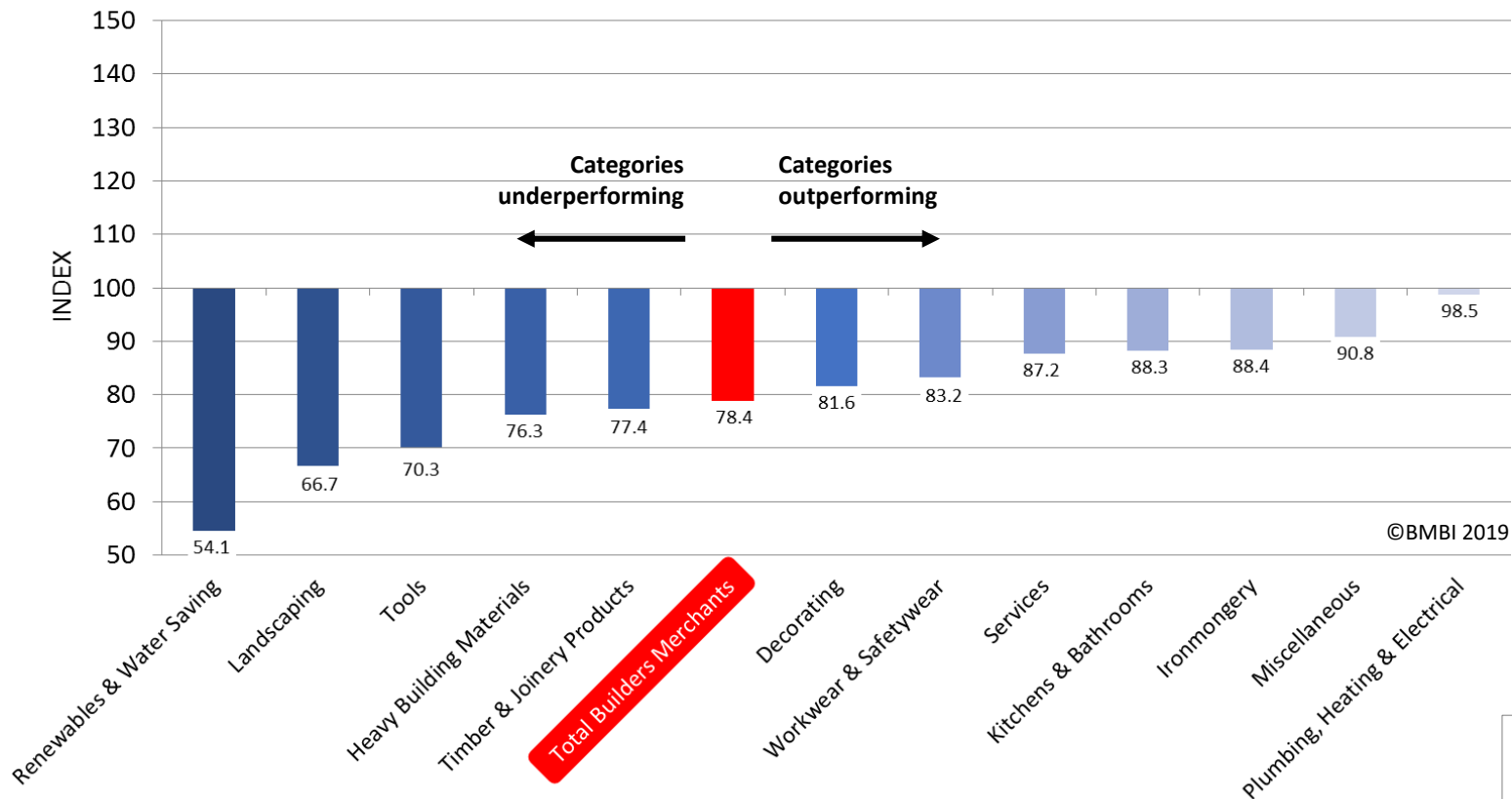
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to December 2019

Monthly: Index and Categories

December 2019 index



December 2019 Index



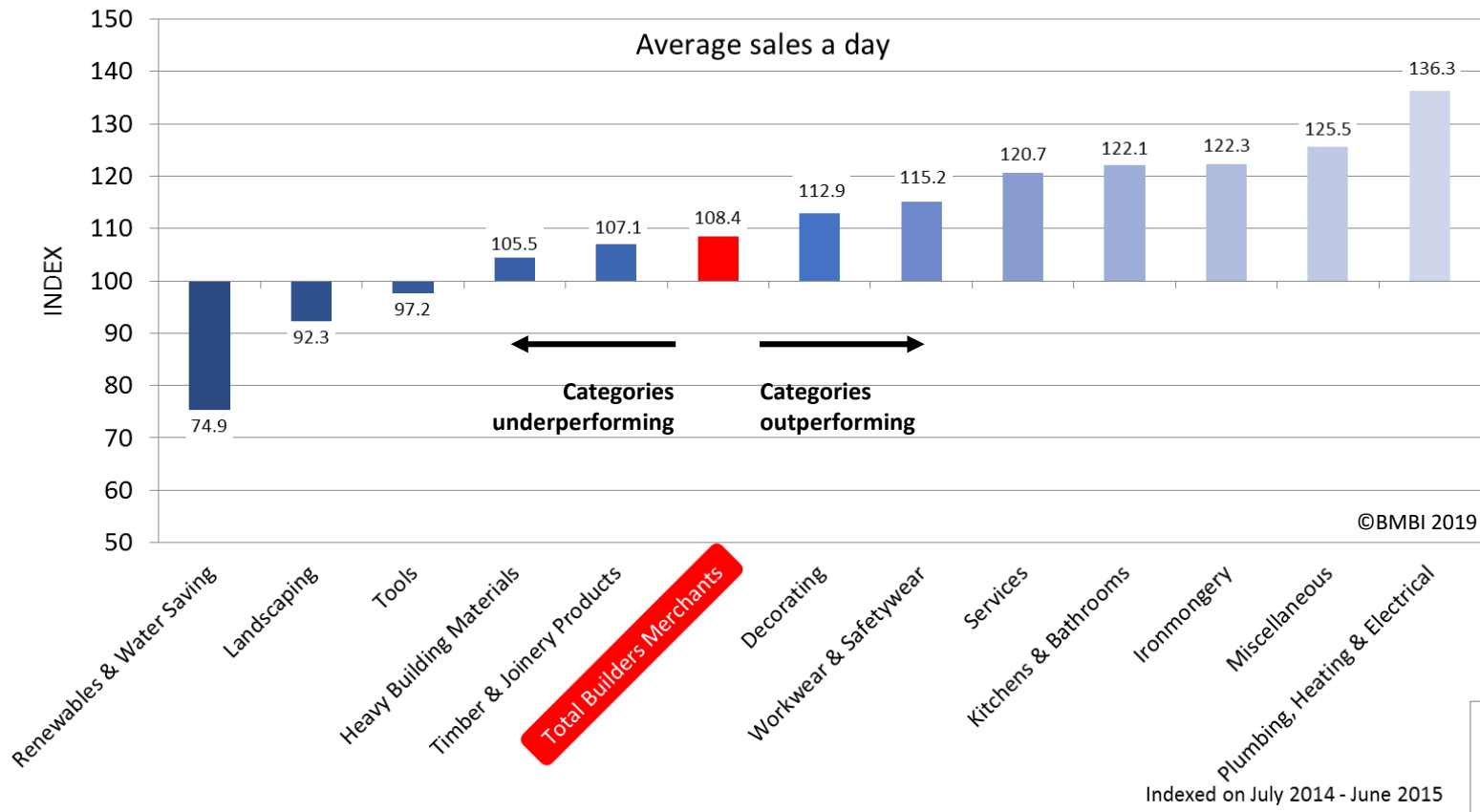
Source: GfK's Builders Merchants Total Category Report July 2015 to December 2019

Monthly: Index and Categories

December 2019 average sales a day index



December 2019 Index

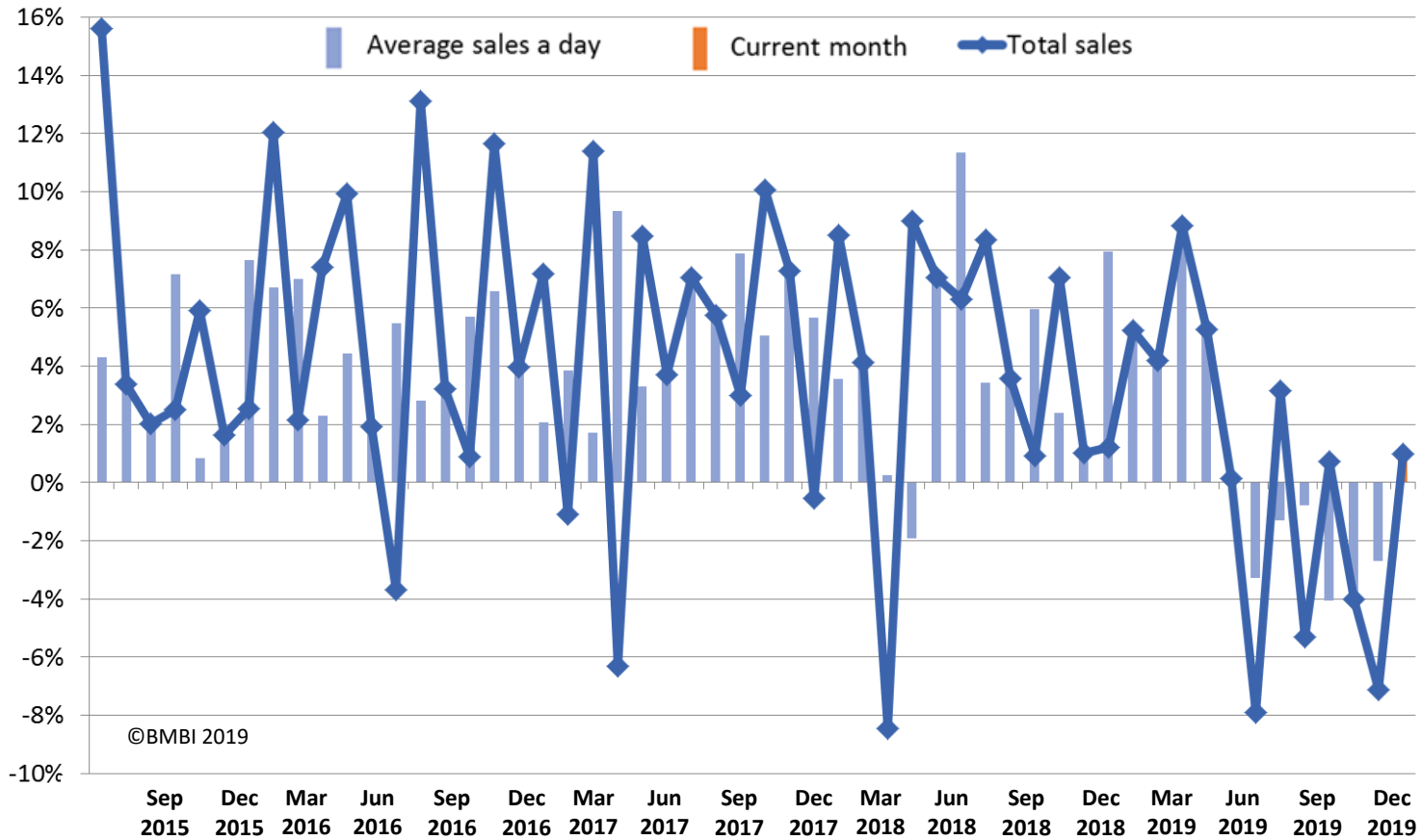


Monthly: Sales Indices Year on Year

Adjusted and unadjusted for trading days



Monthly: Year on Year



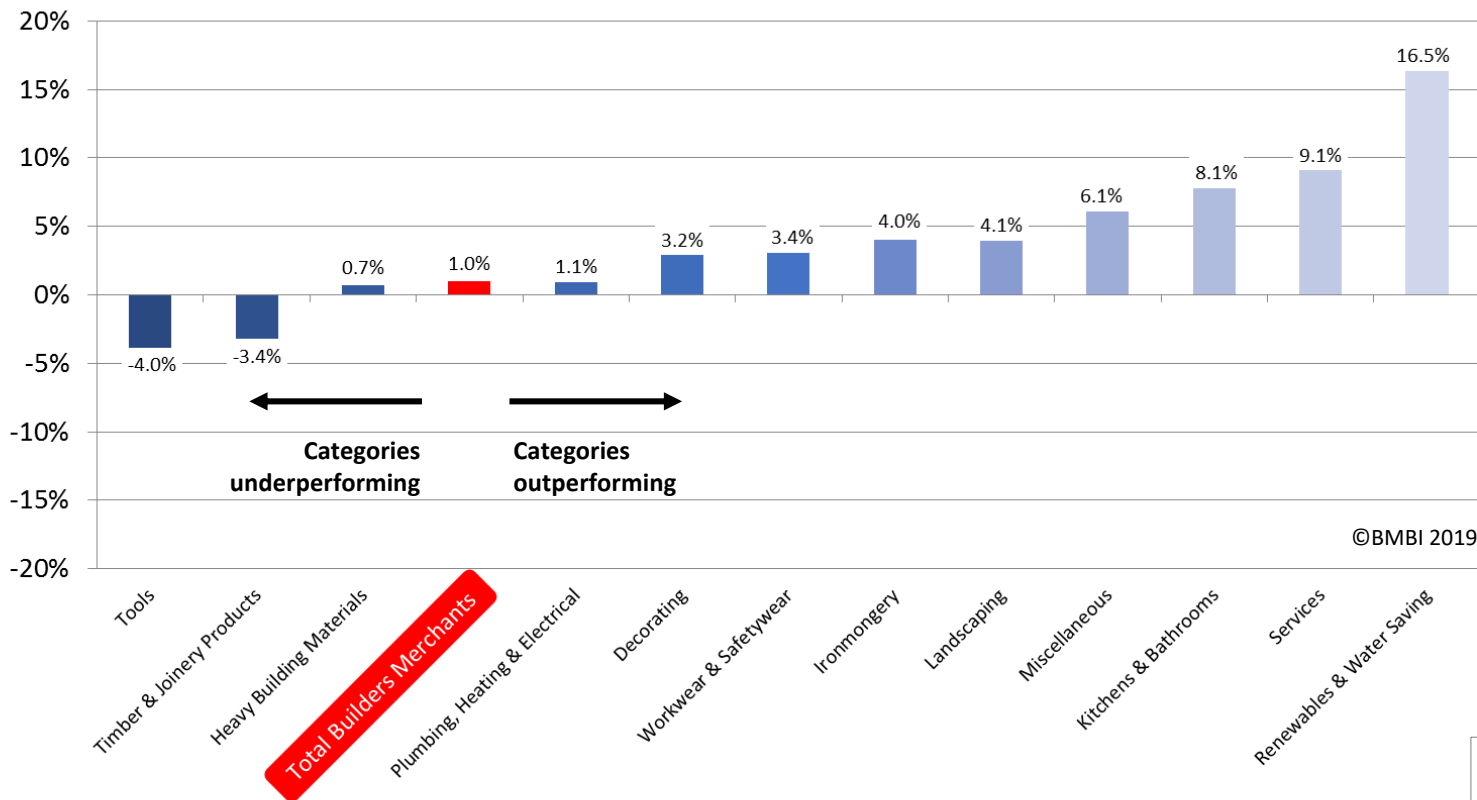
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Source: GfK's Builders Merchants Total Category Report July 2015 to December 2019

Monthly: This year v last year

December 2019 sales indices

December 2019 index v December 2018 index

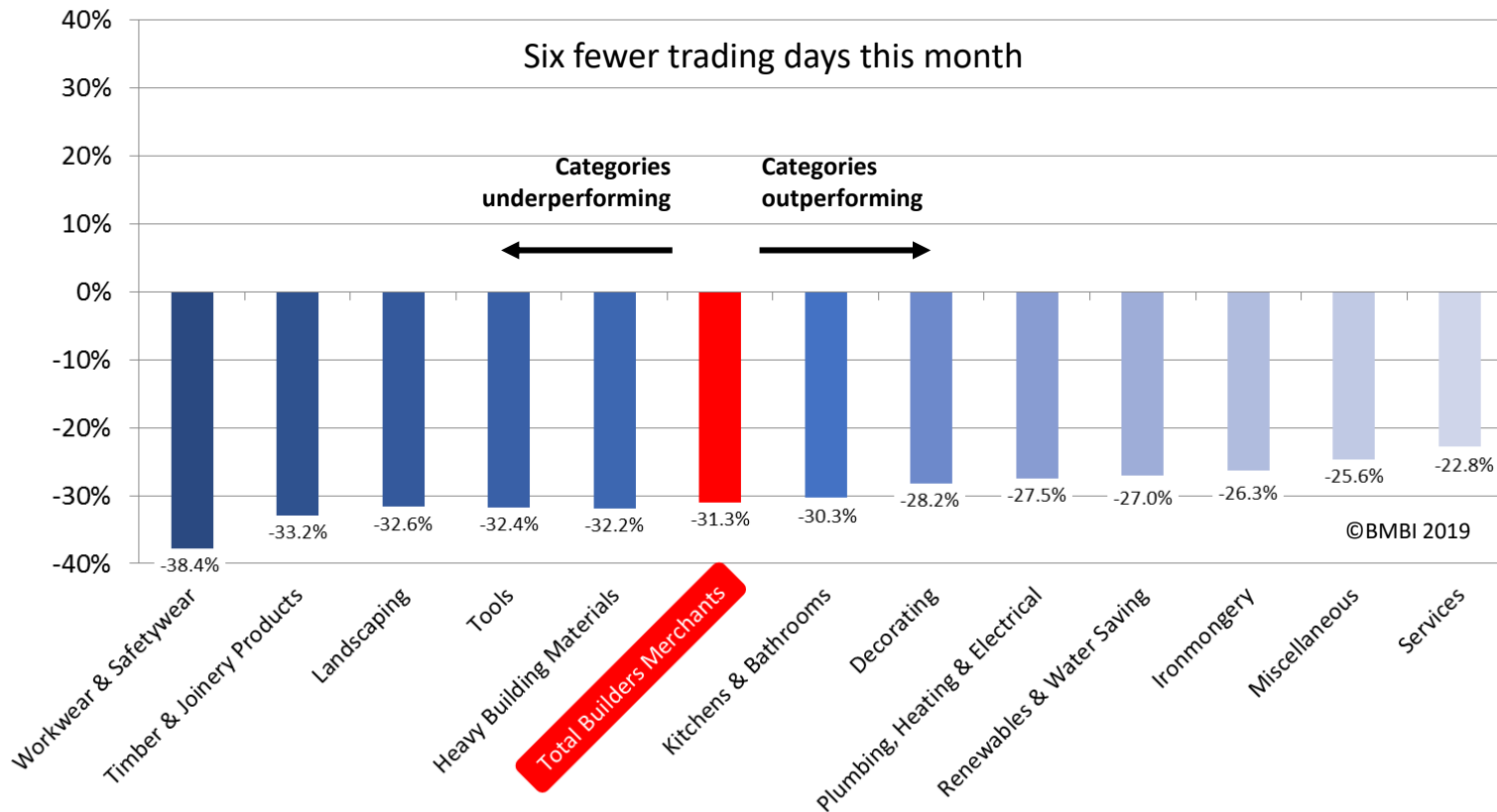


Source: GfK's
Builders Merchants
Total Category Report
July 2015 to December 2019

Monthly: This month v last month

December 2019 sales indices

December 2019 index v November 2019 index



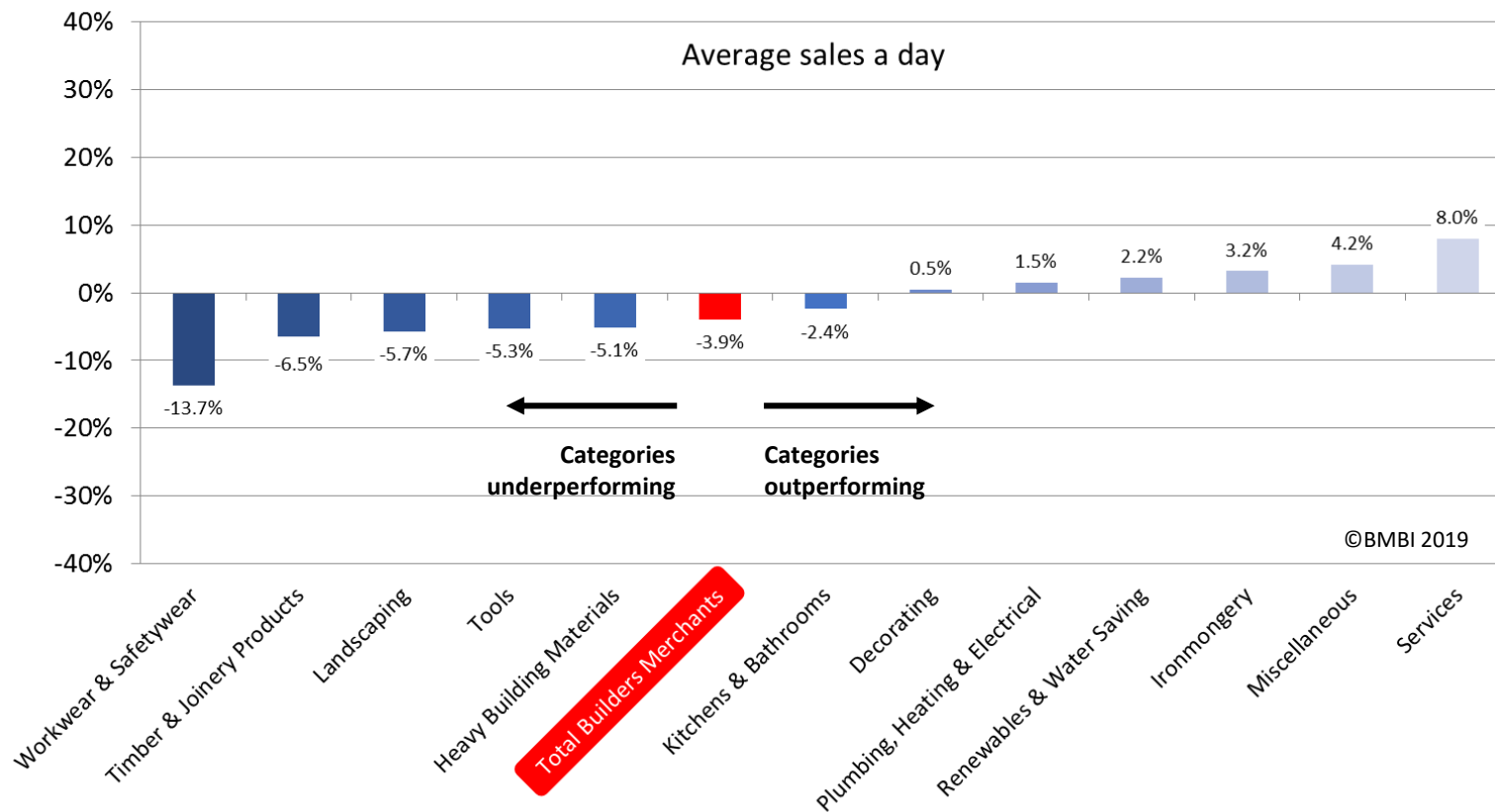
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to December 2019

Monthly: This month v last month

December 2019 average sales a day indices



December 2019 index v November 2019 index



Source: GfK's
Builders Merchants
Total Category Report
July 2015 to December 2019

Last 12 Months: Year on Year

Rolling 12 months sales indices



12 months Jan 19 to Dec 19 v 12 months Jan 18 to Dec 18



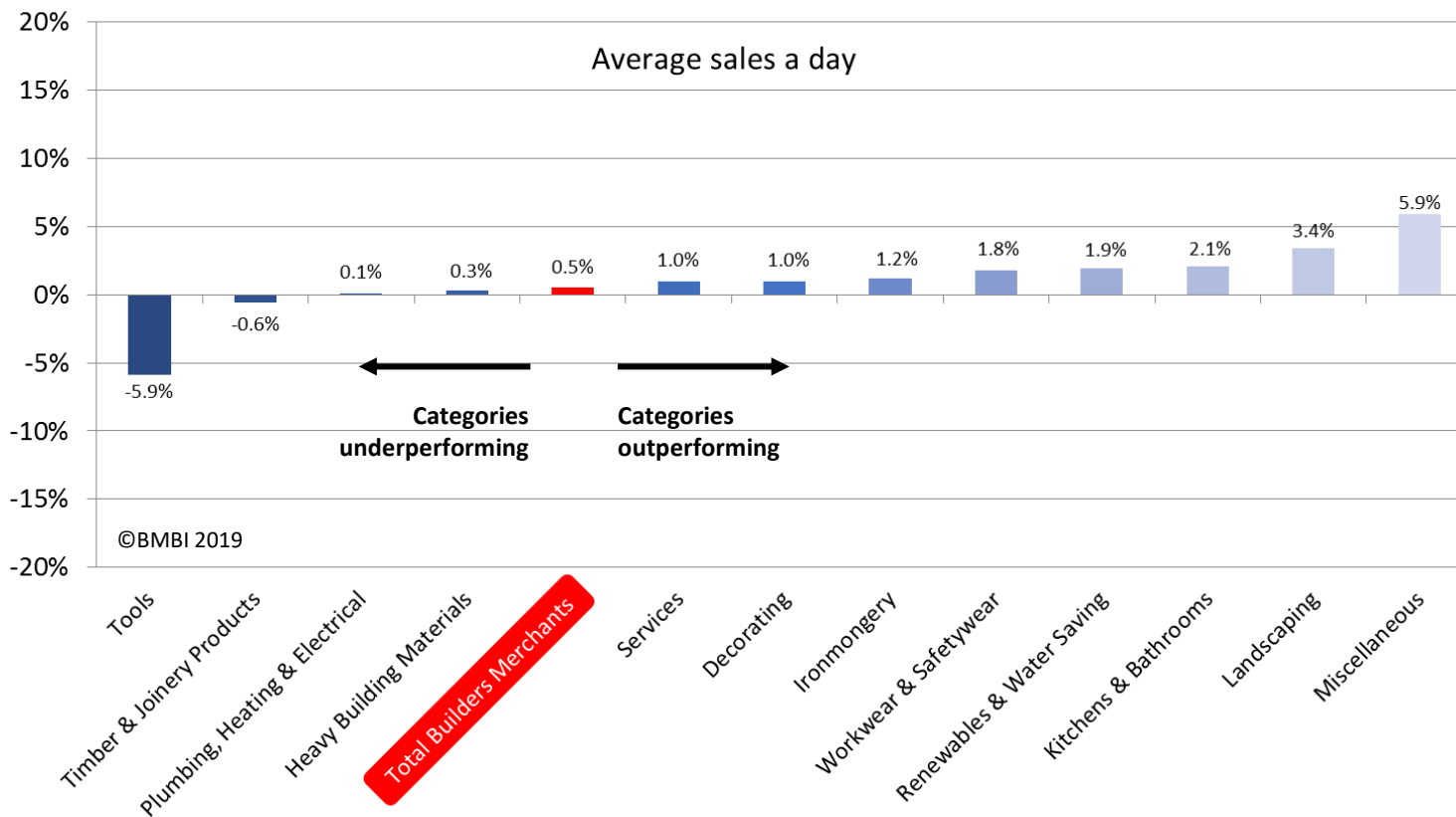
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to December 2019

Last 12 Months: Year on Year

Rolling 12 months average sales a day indices



12 months Jan 19 to Dec 19 v 12 months Jan 18 to Dec 18



GfK Source: GfK's
Builders Merchants
Total Category Report
July 2015 to December 2019

Expert Panel

Drylining Systems

(Part of Heavy Building Materials)



Stacey Temprell, Marketing Director British Gypsum is BMBI's Expert for Drylining Systems.

The final quarter of 2019 was dominated by two issues: Brexit and the General Election. But more certainty around the direction of our Government has had a significant impact on business and consumer confidence and brought with it a much-needed sense of purpose and direction as we enter a new decade. What happens next in terms of our actual departure from the EU and ramifications for our own industry remains unresolved. For now, all we can do is focus on the positives that are emerging from the construction sector.

At British Gypsum, we ended quarter four 2019 with positivity. After a year of managing an allocation process, which had far reaching and significant consequences for our customers, we were able to announce at the end of December that the allocation process had been lifted. It's difficult to get a real sense of demand when you're allocating materials amongst your customer base. However, we tracked our customers closely during the period and we know that although domestic RMI was weak in Q4, the positive sentiment from the General Election result caused significant improvements in the GfK Consumer Confidence Index. Taking high employment and low inflation also into account, consumer confidence will hopefully return, prompting decisions around major home improvements works to be taken.

More broadly, the construction industry has shown some positive signs. The Construction Purchasing Managers Index has risen recently, new orders fell at the slowest pace for ten months and business optimism regarding the year ahead rose to its highest level since April 2018. This optimism is also supported by the latest RICS Construction Market Survey, which saw a rise in the balance for workload expectations. All in all, after a turbulent year, we enter 2020 with renewed energy and drive and I hope to report on a positive Q1 2020 in my next comment.

“The final quarter of 2019 was dominated by two issues: Brexit and the General Election. But more certainty around the direction of our Government has had a significant impact on business and consumer confidence and brought with it a much-needed sense of purpose and direction as we enter a new decade.”

Expert Panel

Civils & Green Urbanisation

(Part of Heavy Building Materials)



Steve Durdant-Hollamby, Managing Director Polypipe Civils is BMBI's Expert for Civils & Green Urbanisation.

Bad weather, the disruptive effect of the election and a longer than normal Christmas shutdown, knocked Q4 activity across the board. Post-election political stability has improved the situation, and there are definite signs of market improvement and increased confidence in Q1 2020. Many delayed projects have started, and orders are up.

Government announcements on major infrastructure investment programmes such as HS2 are helping to drive this wider confidence. The availability of credit insurance for contractors remains an issue, however. The low-margin model that saw the level of insolvencies rise through 2019 is changing but that will depend on the strength and speed of the recovery we are witnessing.

Looking at Green Urbanisation specifically, extreme rainfall continues to put the country's existing drainage infrastructure under pressure. Urban and suburban flooding is never far from the headlines, along with stories related to climate change. According to the Environment Agency, more than five million homes in England and Wales are at risk of flooding – a point underpinned in December, when the agency issued 79 flood warnings for the South, Midlands, East and Yorkshire, and again in this February's widespread alerts.

Green Urbanisation is a genuinely new design approach that enhances the resilience and sustainability of urban development. It brings together conventional SuDS and green infrastructure in a single, fully integrated, scalable solution. Adaptable to any size project or catchment, Green Urbanisation allows the introduction of green assets into any landscaped area, providing optimum growing conditions through an extended sustainable drainage network.

This approach has been developed to mitigate the impact of climate change and help developers and architects realise urban landscapes that are healthy, biodiverse and attractive for rapidly expanding populations. Green Urbanisation solutions will help meet the requirements of Environmental Net Gain – an approach the government is considering making mandatory. Under this, developers would need to deliver new housing or commercial projects that enhance the pre-development habitat for wildlife.

The Building Better, Building Beautiful Commission's final report, published this February, reinforces the Green Urbanisation approach and is set to be a key influencer in the shaping of future planning and environmental legislation.

“Post-election political stability has improved the situation, and there are definite signs of market improvement and increased confidence in Q1 2020. Many delayed projects have started, and orders are up.”

Expert Panel

Lead

(Part of Heavy Building Materials)



Lynn Street, Sales & Marketing Manager Midland Lead is BMBI's Expert for Lead.

Following a generally strong 2019 for the roofing sector, a number of political challenges had a negative impact on the last three months. The general election and fatigue over Brexit almost certainly played its part.

That said, the demand and sale of lead products has increased year-on-year compared with other heavy building materials. Brexit has no direct impact on the way manufacturers source raw materials due to the fact that lead is 99.8% recycled, and therefore fully sustainable.

The roofing and general construction sectors are responding to increased demand from end-users and merchants, for manufacturers and suppliers to provide and, more importantly, prove sustainability. In this, real lead will surpass alternatives when clients and specifiers expect to see certification to evidence green credentials.

It is evident that merchants are embracing a shift in the way that their customers trade with them. E-commerce is increasing within the sector and manufacturers are having to review operations to ensure they can meet the demands of merchants. This can be challenging, but entirely necessary.

Outside of construction, most people's knowledge of lead tends to be skewed to its use on old church roofs and X-ray radiation protection in healthcare, dentistry, veterinary and industrial environments. However, lead is used widely in construction as the material of choice. It's impervious to weather, extremely long lasting, versatile, easy to use and can be fitted in all weathers. Due to its sustainable, waterproofing and aesthetic properties, it hasn't been overtaken by better, newer products, it's used to retain the traditional look of older buildings, while architects have fallen for its style in contemporary buildings.

Looking ahead to the year 2020, demand for real lead products as a sustainable building material will continue to increase, as the roofing and construction sector regains its composure, following a rocky end to 2019. Lead manufacturers will need to continue to champion lead and provide evidence about efficient processing, packaging and their carbon footprint.

“The demand and sale of lead products increased year-on-year compared with other heavy building materials. Brexit has no direct impact on the way manufacturers source raw materials ...lead is 99.8% recycled, and therefore fully sustainable.”

Expert Panel

Bricks & Roof Tiles

(Part of Heavy Building Materials)



Kevin Tolson, Commercial Director Wienerberger UK is MBI's Expert for Bricks & Roof Tiles.

After a couple of interesting years across the industry we're seeing the merchant focus shifting slightly, with interests in factors such as specification, customer service and sustainability increasing within the sector.

Due to events in recent years, products such as cladding and facades are now in the spotlight, prompting a change in the specification process. Because of this, now more than ever, merchants are educating themselves further on all aspects of products to allow them to recommend the right materials for the job. In addition, there is a much broader range of information available to merchants following changes to specifications, which have allowed for an improved merchant-customer relationship.

Customer service has always been naturally important in the merchant sector, especially as the market is so competitive. It's no secret that the construction sector is behind the times when it comes to the digital movement, but there is a distinct increase in online merchants who conduct all of their services digitally. While this has its own implications, there's no denying that the level of convenience is very attractive to the market. With this new competition in play, it's vital for all merchants to really invest in their customer service to stand out in the market, building on existing relationships and forging new ones along the way.

Finally, sustainability is an area of consideration that has become important across most industries over the past year or so. The construction sector, in particular, has been put under the microscope for its efforts to reduce any negative impacts on the environment and make the entire build process as green as possible. We expect queries around the sustainable credentials of products, packaging and distribution will become more commonplace as merchants begin to actively push more sustainable offerings to meet the demand.

“Sustainability has become important across most industries. The construction sector, in particular, has been put under the microscope for its efforts to reduce any negative impacts on the environment and make the entire build process as green as possible.”

Expert Panel

Cement & Aggregates

(Part of Heavy Building Materials)



Andrew Simpson, Packed Products Director Hanson Cement is BMBI's Expert for Cement & Aggregates.

Seasonally-adjusted demand for mineral products in Q4 2019 was mixed, reports the Mineral Products Association (MPA). Compared with Q3 2019, there was a slight increase in aggregate sales, while concrete and asphalt remained flat. Mortar sales fell -8.6%.

Overall demand for mineral products was lower in 2019 than 2018. The MPA reports year-on-year ready mixed concrete sales down -3.9%, as are aggregates -2.2%, mortar -1.7% and asphalt -0.8%. The ready mixed concrete market has reduced in size for the last three years, with falling demand in London and the South East being the biggest contributing factor.

The Construction Products Association is forecasting a slight decline in overall construction activity (-0.3%) in 2020. The slight growth they are forecasting in 2021 relies heavily on the government's infrastructure plans for road, rail and energy being on time and at the projected scale.

Based on the above, it's unlikely we'll see building materials manufacturers investing heavily in capacity until we see an uplift in construction activity. But if major construction projects suddenly move up the pipeline, we could start to see pinch points in certain materials and products. HS2, for example, would certainly have an impact on certain types of aggregate availability along the route of the line. UK cement producers have historically run at capacity and rely on imports to balance demand so, again, we could see pinch points in certain areas.

Environmental issues are also going to change the way products are manufactured and supplied in the future. Many end users and merchants are looking at ways they can reduce single-use plastic in the supply chain. Pressure is also coming from government through new legislation on extended producer responsibility and a potential plastics tax. Packaging recovery note (PRN) costs for plastic also rose significantly throughout 2019 due to low recycling rates and hence an insufficient supply of PRNs. We have seen the demand for cement in plastic packaging continually rise over the last 10 years. But we believe now this will start to decline, as there are other solutions available which use far less plastic and give the required protection.

“Environmental issues are going to change the way products are manufactured and supplied in the future. Pressure is also coming from government through new legislation on extended producer responsibility and a potential plastics tax.”

Expert Panel

Shower Enclosures & Showering

(Part of Kitchens & Bathrooms)



Mike Tattam, Sales & Marketing Director Lakes is BMBI's Expert for Shower Enclosures & Showering.

Looking back, 2019 was a year on hold. The first quarter started promisingly, but the RMI replacement and improvement market for shower enclosures and bathroom products was weakened by constant negativity in parliament and the press over Brexit. Different channels and different regions were affected in different ways, but some stockists reported sales down by up to 10%. The final three months were particularly weak.

However, December's General Election appears to have been a pivotal moment. The public and business responded with relief to the prospect of clarity and stability from a big-majority Government, and the constant carping in the media has eased.

GfK's Consumer Confidence index rose strongly in December, by 3 points, followed by a further 2 points in January. January also saw a strong 1.9% rise in house prices, according to Nationwide. Consumer spending grew 3.9% in January, according to Barclaycard, up from a lacklustre 1% growth in December. This has yet to translate into business across all sectors, but it sets the scene for better news for the home improvement market in 2020. We expect homeowners will have the confidence to spend on their property, including investing in a new or improved bathroom.

One of the key factors driving such investments is the increasing trend to multi-generational living. Recent research quotes a 46% increase in multi-generational living in less than a decade. Older family members are moving into their children's homes, and the number of households with 20-34-year olds living in their parental home increased from 2.6 million in 2007 to 3.4 million in 2017.

More people under one roof means the bathroom is one of the most used rooms in the house. Bathroom furniture and showering spaces therefore need to be robust, low maintenance, easy to clean, safe and adaptable to different needs. For example, the less mobile require low thresholds so they can get in and out of the shower without tripping, and grandparents may need a shower seat and grab rail so they can shower safely and comfortably. But these improvements do not need to be ugly or utilitarian. There's a new generation of 'multi-generational' products that are smart and stylish, well matched to the spa-like modern bathrooms that have become so popular.

“December's General Election appears to have been a pivotal moment. GfK's Consumer Confidence index rose strongly... Consumer spending grew 3.9% in January. This has yet to translate into business across all sectors, but it sets the scene for better news for the home improvement market in 2020.”

Expert Panel

Paint

(Part of Decorating)



Paul Roughan, Trade Merchants Sales Director Dulux Trade is BMBI's Expert for Paint.

Quite a lot has happened since the last report!

The Conservatives won a comprehensive General Election victory leading to the UK leaving the EU in January. Whatever your feelings, are we all confident that at least decisions have been made and there is some certainty? Or does it lead to another 12 months of uncertainty and instability as we negotiate through the transition period?

The overall paint market grew last year with a stronger performance in the consumer channel than in trade. A word of caution on the consumer performance though as there was significant promotional activity, particularly in the last quarter, driven by the DIY sheds. We wait to see if this activity saw the market overheat or signified a real increase in consumer demand.

Trade market volume also grew, by 1.2% in 2019. This growth was driven by interior emulsions while masonry paints and external trim products declined over previous years. Unfortunately, though, the builders' merchant channel under-performed against the total market with volume down as much as -8%.

Although we have seen market growth, volumes have been impacted by the flattening of house prices and less activity in the new build sector. However, new legislation offers opportunities in the rental sector. Rented accommodation has to be fit for human habitation, and this has been covered by legislation since March 2019. Decorating is a cost-effective way of transforming living spaces, so when landlords are refurbishing to meet legislation, merchants should make sure they sell them the paint too!

Linking to the above, there is significant insight from research on generalist merchant customers who also undertake painting as part of their projects. The insight shows a far higher percentage of these customers who have a consideration, or a need to buy decorative products, than are actually buying in a builders' merchant.

Many buy elsewhere, believing that merchants don't have the product ranges or competitive prices to fulfil their needs. It's a huge opportunity for builders' merchants to grow their share of the trade paint market by engaging with customers who are walking out their doors and going elsewhere for their decorative products.

“Although we have seen market growth, volumes have been impacted by the flattening of house prices and less activity in the new build sector. However, new legislation offers opportunities in the rental sector.”

Expert Panel

Roof Windows

(Part of Timber & Joinery Products)



John Duffin, Director Keylite Roof Windows is BMBI's Expert for Roof Windows.

The performance of the roof window market in quarter four continued on the downwards trajectory set in the latter months of quarter three. This meant the double-digit growth experienced at the end of June was eroded still further, with 2019 managing only single-figure year-on-year growth.

Compared to repair maintenance and improvement (RMI), house building is a small contributor to the overall roof window market, but it was surprisingly strong for Keylite. This may not reflect the NHBC "start" figures, but it aligns better with many of the national house builders' reported growth stats for the full year. Traditionally this happens as plots are 'finished out' and made watertight before the full onset of winter.

However, the main barometer for roof windows is over-the-counter (OTC) builders' merchants' sales to the RMI market. Quarter four saw OTC sales flatten compared to the same quarter in 2018. This resulted in the previously high single-figure growth reported in quarter three dropping away in the final quarter. The dip, driven by weaker consumer confidence in the run up to the December 12th election, looks like it may be reversing. That may reflect the fact that we now have a stable majority government and at least some certainty regarding our direction of travel. As we head out through the EU exit door and start to negotiate our future trade deals ahead of 31st Dec 2020, consumer and business confidence are - in mid-February as this is written - bouncing back.

As I've commented in previous reports, Keylite is holding high levels of raw materials and finished goods so we can maintain our readiness to deal with any outcome of the upcoming Brexit negotiations. We will build further on our specification sales in 2020 and, along with an exciting new product launch planned for April, we have every opportunity to fuel our growth ahead of the market.

“As we head out through the EU exit door and start to negotiate our future trade deals ahead of 31st Dec 2020, consumer and business confidence are - in mid-February - bouncing back.”

Expert Panel

PVC-U Windows & Doors

(Part of Timber & Joinery Products)



No.1 for choice • No.1 for colour



Kevin Morgan, Group Commercial Director The Crystal Group is BMBI's Expert for PVC-U Windows & Doors.

In the PVC-U doors and windows market, 2019 was a year of two halves: the first very buoyant and the second very challenging. General building sector spending sagged in the last six months, as consumer and business confidence ebbed at the chaos in Westminster and negativity of the media. In the fourth quarter, in particular, the market was very competitive as suppliers chased volume, and prices and margins came under pressure.

Looking forward to 2020, we anticipate a continuing improvement in consumer and business confidence now that the Brexit decision has finally been taken. A very healthy level of quotations in January and the start of February, across all routes to market, indicates strong pent-up demand. We expect these to convert into orders over the coming weeks and months.

Right at the end of the year, the DoorsandWindows-Compare.com price comparison website was launched. This new consumer-focussed online initiative aims for transparency, helping homeowners to invest with confidence in new doors and windows. The site includes an online calculator for a number of typical house sizes and project types, a showroom locator and signposts to find a local supplier.

The model follows that of a similar successful website for kitchens – Kitchen-Compare.com which has 1500 visitors a day. Set up and run by Steve Collinge from Insight DIY, DoorsandWindows-Compare.com compares a number of leading industry names, including Crystal.

Visitors can get impartial help and advice on buying windows and doors, and if they click on Crystal, they can find merchants supplying Crystal 'near me'. We would encourage more merchants to get involved with Crystal allowing the initiative to generate extra business for them. Increasingly, consumers search online, but many consumers still don't realise that local builders' merchants sell PVC-U doors and windows.

For over five years, Crystal has been assisting merchants with PVC-U training, showrooms and online pricing to help merchants sell windows and doors to their own installer and builder customer base - opening up a completely new and incremental PVC-U route to market.

“Looking forward to 2020, we anticipate a continuing improvement in consumer and business confidence now that the Brexit decision has finally been taken.”

Expert Panel

Metal Rainwater & Drainage

(Part of Heavy Building Materials)



John Coe, Commercial Director Alumasc Water Management Solutions (AWMS) is BMBI's Expert for Metal Rainwater & Drainage.

With greater political stability, after the General Election, consumer and business confidence have bounced back, and some areas of construction are starting to feel the effects. The UK Construction PMI Report reports 'construction companies...now the most optimistic about their growth prospects since April 2018.' However, not knowing the details and consequences of a Brexit deal are weighing on people's minds in construction.

In contrast to the housing sector, the civil engineering index has not reflected the same positive outlook. In the last quarter we saw very healthy enquiry levels which suggested work in the pipeline, but it's too early to see evidence of these coming through.

At the beginning of the year, we saw flooding in the UK with the arrival of Storm Ciara. As I write, we're anticipating the arrival of Storm Dennis, threatening fresh damage to newly damaged infrastructure. In Yorkshire, the debate continues over flood alleviation schemes which have yet to be completed, and the effectiveness (or not) of completed schemes.

Nationally, our response is still too little, too localised and too slow: fixing the effects of the last flood in the most vulnerable areas, rather than preparing realistically to prevent damage from future flooding. The climate is changing faster than we are as a country.

Water finds the gaps in defences, so a localised response is vulnerable to action or non-action upstream. Britain needs joined-up solutions for water management from individual properties to larger communities: managing from 'rain to drain'.

The challenge is to widen the understanding of 'water thinking' beyond the expert voice of the industry to MPs, Government, planners, developers and the media, as well as the general public. AWMS welcomes the new sustainable drainage systems (SuDS) regulations which are coming into force in April 2020. These should boost the use of such schemes by developers, but the country also needs stronger, more sustained action to change the way everyone thinks about water. With forecasts of rising sea levels and more extreme weather, water is almost certainly Britain's biggest challenge.

“The climate is changing faster than we are as a country. With forecasts of rising sea levels and more extreme weather, water is almost certainly Britain's biggest challenge.”

Expert Panel

Steel Lintels

(Part of Heavy Building Materials)



Derrick McFarland, Managing Director Keystone Lintels is BMBI's Expert for Steel Lintels.

Quarter four was disappointing, and all the gains made earlier in the year were eroded away in this quarter, as neither October nor November achieved their expected values. We may look back on 2019 and surmise, that with all the ongoing domestic political challenges and arguments during the long drawn out Brexit debate, 2019 was better than what could have happened. In the event, a strong majority government provides us with stability and renewed optimism and, while January 2020 is not breaking records it has been a positive trading month with orders that had been delayed now being placed.

One key question is how much of a bounce will we get from this optimism? The Bank of England's recent view on the outlook for growth was downbeat, and it will be interesting to see the economic predictions in the Budget in March. Pledges made during the election campaign were implicitly confirmed after the election with Boris Johnson's promises to 'level up the economy'. These pledges and promises now have to be funded, and with the government's positive message on house building, we look forward to the potential expansion of this sector. No doubt 2020 will still create its own set of challenges.

The fabric of the building is once again a key focus in the Future Homes Standard for 2025. Amendments to Part L of Building Regulations are expected to be introduced in October 2020, and Keystone is participating with the regulatory body on the most practical steps to take. The significant advantages of thermal performing lintels, which can be installed with the same confidence as steel lintels, is that in relation to Standard Assessment Procedure (SAP) they allow for ease of quality control on sites. The individual plot specification and scheduling service we offer provides the beginning of the chain of custody on which these new regulations are also focusing.

“A strong majority government provides us with stability and renewed optimism and, while January 2020 is not breaking records it has been a positive trading month with orders that had been delayed now being placed.”

Expert Panel

Mineral Wool Insulation

(Part of Heavy Building Materials)



Neil Hargreaves, Managing Director Knauf Insulation is BMBI's Expert for Mineral Wool Insulation.

As widely expected, quarter four saw a slowdown in construction activity as the market reacted to political uncertainty and November's floods. The Construction Products Association (CPA) predicts an equally tepid 2020, with total output falling by 0.3% over the year – borne out by stock exchange announcements so far.

Nevertheless, I see causes for optimism for merchants and manufacturers. A No Deal Brexit no longer looms in the first part of 2020, and despite the noise of negotiating positions, Boris Johnson's large majority gives hope for a deal to be struck or an extension to the transitional period.

That already stands us in much better stead than in 2019, when valuable time and resources were spent planning for multiple Brexit outcomes. In this context, businesses and homeowners will feel more confident to invest in their premises and homes. And the Government will too. The Conservatives pledged to build a million homes by 2025 – will that ambition be realised and, if so, what will it do to the market?

Talking of housebuilding, by the time you read this, the consultation on the Future Homes Standard and changes to Part L of the Building Regulations will have closed.

The proposed changes are broadly positive but, as ever, the devil is in the detail. In responding, we and many others have recommended the more ambitious emissions reduction target, combined with more resilient, safer buildings and appropriate monitoring of real-world building performance. We'll report back on what the final changes mean for merchants when they're announced.

One thing we can say with confidence is that the role of insulation will continue to evolve. It's no longer enough to just think about U-values. At Knauf Insulation, we spent most of quarter four on the road, meeting merchants and their customers on our 'bacon butty tour' to celebrate the 10th anniversary of ECOSE® Technology, our unique bio-based binder.

It was encouraging to hear from installers how they're increasingly being asked to consider fire safety, noise reduction and indoor air quality in their projects. That can only be a good thing, creating more resilient buildings that save energy, cost less to run and provide safe, comfortable environments for people to work and live in.

“The role of insulation will continue to evolve. It's no longer enough to just think about U-values... installers are increasingly being asked to consider fire safety, noise reduction and indoor air quality in their projects. That can only be a good thing...”

Expert Panel

Natural Stone Landscaping Products

(Part of Landscaping)



Malcolm Gough, Group Sales & Marketing Director Talasey Group is BMBI's Expert for Natural Stone Landscaping Products, Vitrified Paving & Artificial Grass.

Business was really flat over the quarter, if not teetering off, although work was still being undertaken despite the wet weather. At Talasey, we used end-of-season offers across the range to finish positively. Along with other suppliers, we went into 2020 with higher stocks in the merchants, so we may feel some effects of 'stock block' on first quarter sales.

The porcelain market is segmenting into two, a high-end and a volume market at lower specs and prices. With the decline in the price of porcelain from alternative sources, Italian porcelain has become too expensive for some sectors of the market. Our new trade range of porcelain from Turkey increases our range, although Italian porcelain is still very much in demand for the high end of the market. With the largest offering of porcelain in the UK we cater for this split market.

There are similar changes affecting the growing artificial grass market, which offers entry level and high-end products. Suppliers need to adapt to changing markets and our new 40mm depth product is a more luxurious option than the standard 30mm product.

Another way to address a competitive market is to reduce costs while maintaining the product benefits. Changing the packaging on our resin driveway range has reduced cost and produced a 'greener' product. Initially a two-bucket system, our bucket and bag system mixes resin in the bucket and makes the product more competitive.

A shortage of skilled people is a growing problem, one of the biggest the industry faces, so it's encouraging that one of the highlights of the past year has been the success of our Training Academy. We're now looking to offer additional options – for a minimum of 12 people, we take the trainer to installers across the country. Training and skills shortages will continue to be an issue on 2020 and beyond.

As a major product importer, there's trouble ahead: exchange rates, tariffs and new rules. The only glimmer of hope is that new build housing appears to be firmly on the new government's agenda. We'd also welcome the return of a stronger pound.

“As a major product importer, there's trouble ahead: exchange rates, tariffs and new rules. The only glimmer of hope is that new build housing appears to be firmly on the new government's agenda. We'd also welcome the return of a stronger pound.”

Expert Panel

Water Heating

(Part of Plumbing Heating & Electrical)

HEATRAE SADIA
SMARTER | CLEANER | WARMER



Jeff House, Head of External Affairs Baxi Heating UK (incorporating Heatrae Sadia) is BMBI's Expert for Water Heating.

The Brexit debate is now resolved, in as much as we will be leaving the EU. The true impact is still to be determined by the trade deal – if one is agreed. Although consumer confidence has improved since the election, there will be continued uncertainty in the construction sector until the details of a trade deal are understood.

The Energy and Utilities Alliance (EUA) stats indicate a record year for 2019 domestic boiler sales (1.67m) but a flat market for hot water cylinders. As mentioned in previous reports, the gradual shift away from combination boilers in the new-build sector will mean growth for cylinders in future. This growth will come from increasing interest in electric heating, with the option of hot water cylinders, to meet environmental legislation.

The Future Homes Standard and Approved Document L 2020 consultation is the most recent step towards changes in legislation. The consultation period has closed, and we are waiting for a response from the government with subsequent changes to building regulations.

One important proposal within the consultation is to amend the Planning and Energy Act (2008) to restrict local authorities from setting higher energy efficiency standards than are required by national regulation. The risk with such regional variations is that it will fragment the supply chain, inhibit economies of scale achievable by a unified market, and drive up costs for all.

Later this year, the Department for Business, Energy and Industrial Strategy (BEIS) is expected to publish the Low Carbon Heat Roadmap. The roadmap is designed to plot the path to net-zero by 2050 for domestic heating. Recently, the new build construction sector has been a focus in this area, but new build is only a small part of the overall net-zero challenge. The majority of the UK's existing building stock will still be in use in 2050, so retro-fit and refurbishment are critical factors which need to be addressed. Following the BEIS Heat Roadmap publication, we expect a much greater focus on policy in this area and perhaps further consultations during 2020.

“The Energy and Utilities Alliance (EUA) stats indicate a record year for 2019 domestic boiler sales (1.67m) but a flat market for hot water cylinders. The gradual shift away from combination boilers in the new-build sector will mean growth for cylinders in future.”

Expert Panel

Roofing Products

(Part of Heavy Building Materials)



Paul Owen, Commercial Director Distribution IKO PLC is BMBI's Expert for Roofing Products.

October brought an early plunge into freezing winter conditions, November a deluge of rain and floods, and December saw a return to freezing conditions, then more rain and gales, before the construction industry finished for Christmas. So, did we get any roofing done in quarter four? Well, we are a resilient bunch in the roofing sector. In between sitting in steamed-up trucks reading up on the latest changes to building regulations, it seems we actually got quite a lot of roofing done.

Overall reports indicate that Q4 2019 was slightly up on Q4 2018, with all sectors reporting steady demand, until the early break for Christmas resulted in a sharp tail off in December.

Merchants who did very well were those stocking a range of liquid and membrane solutions, supporting the increasing demand for maintenance and emergency repair products after a spell of severe weather.

Torch-on roofing felt sales were particularly strong during this period. Pitched roofing products were also in high demand in the rush to get units watertight ahead of the Christmas break. This was also true of the hot-melt flat roofing sector which services low-rise residential development.

Elsewhere, in built up roofing (BUR) major projects experienced a seasonal slowing as projects finish and new starts are not scheduled until after the holiday period. Contractors specialising in multi-discipline major flat roofing projects also reported enquiry levels tailing off a little as client confidence weakened.

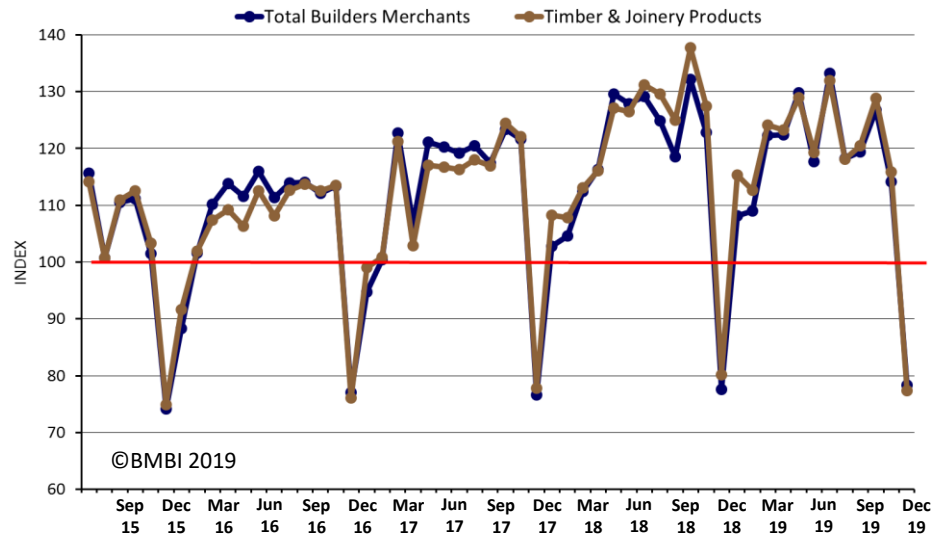
As the ink dries on the Brexit paperwork, we wait in anticipation as civil servants and politicians thrash out the trade deals that will keep our clients investing, developers developing and our construction industry buoyant in the years ahead. Either way, long-established British businesses that continue to invest in manufacturing in the UK are here to support your roofing needs.

“Overall reports indicate that Q4 2019 was slightly up on Q4 2018... Merchants who did very well were those stocking a range of liquid and membrane solutions, supporting the increasing demand for maintenance and emergency repair products after a spell of severe weather.”

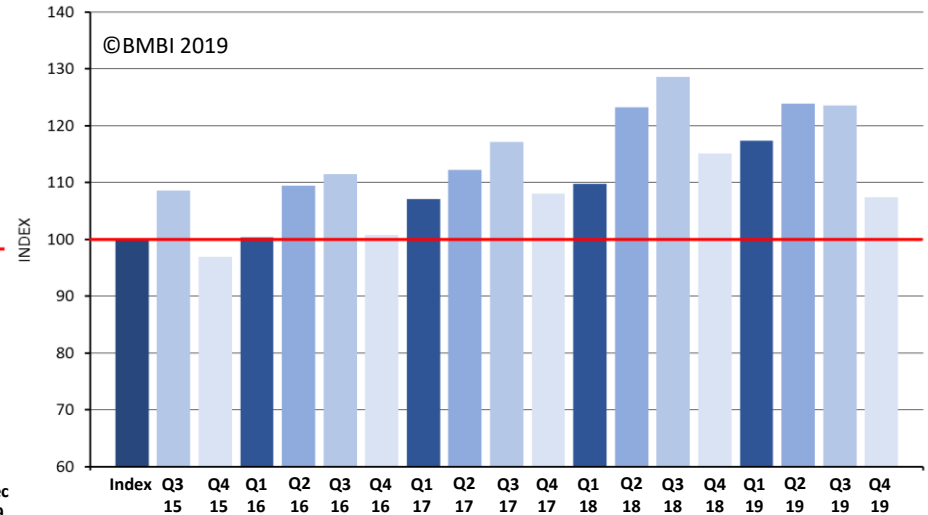
Monthly and Quarterly Indices

December 2019 and Q4 2019

Timber & Joinery Products



Timber & Joinery Products - Quarterly



Charts indexed on July 2014 – June 2015

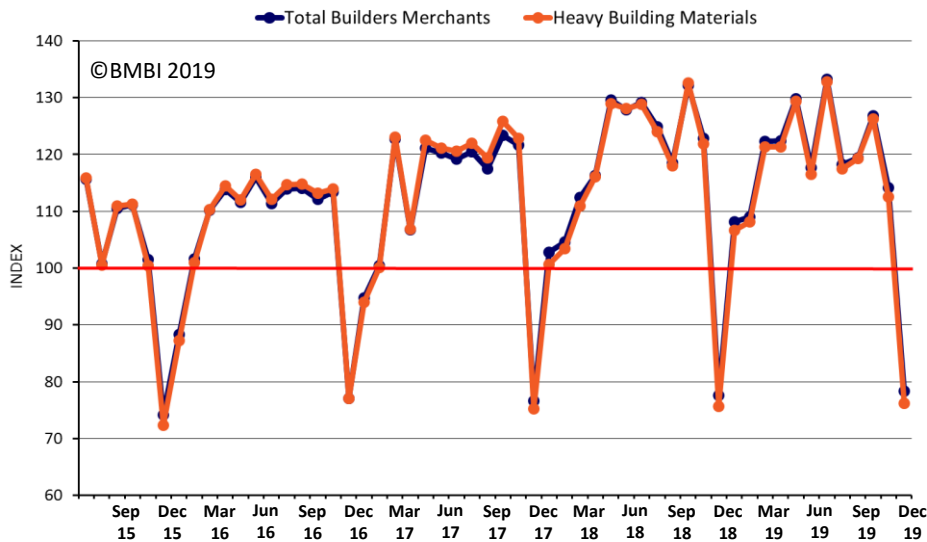
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to December 2019

Monthly and Quarterly Indices

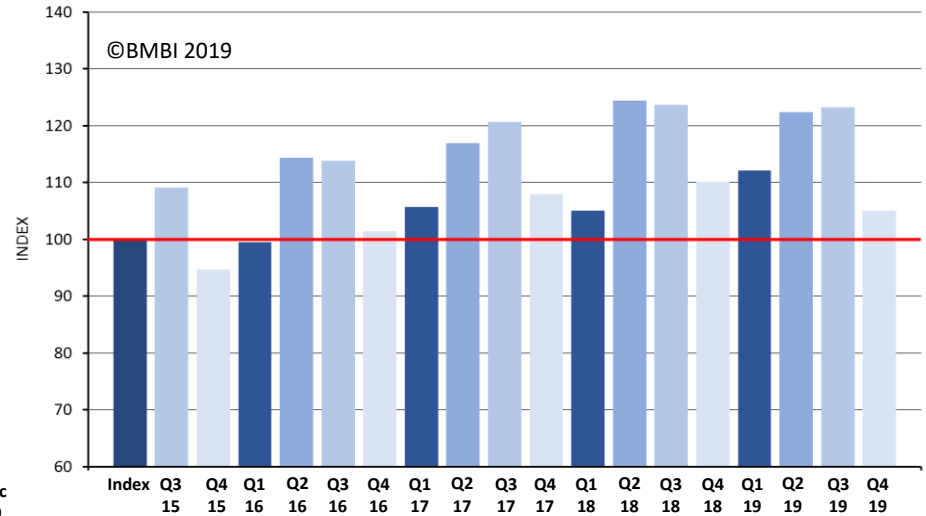
December 2019 and Q4 2019



Heavy Building Materials



Heavy Building Materials - Quarterly



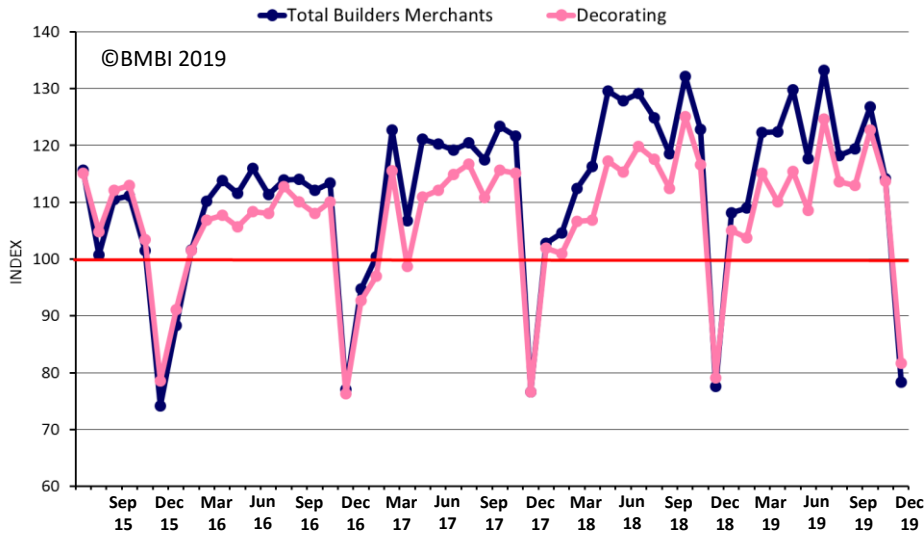
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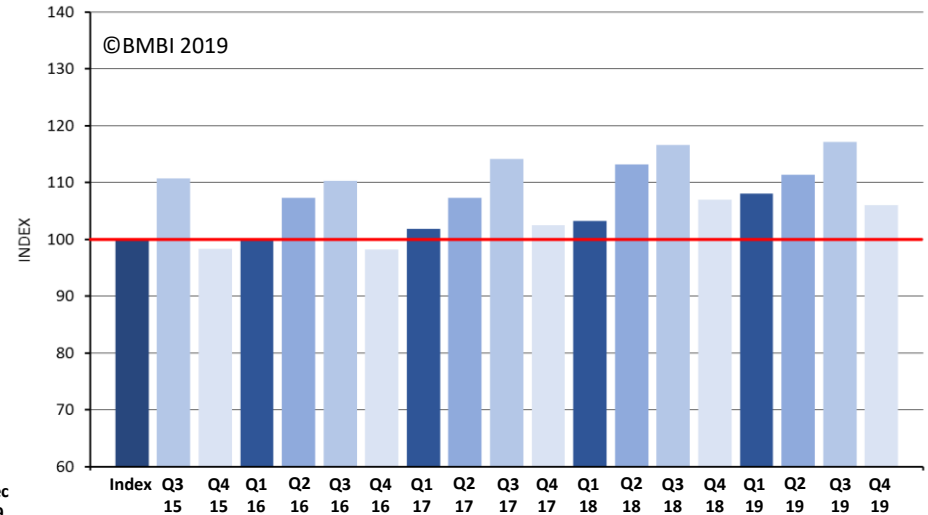
Monthly and Quarterly Indices

December 2019 and Q4 2019

Decorating



Decorating - Quarterly

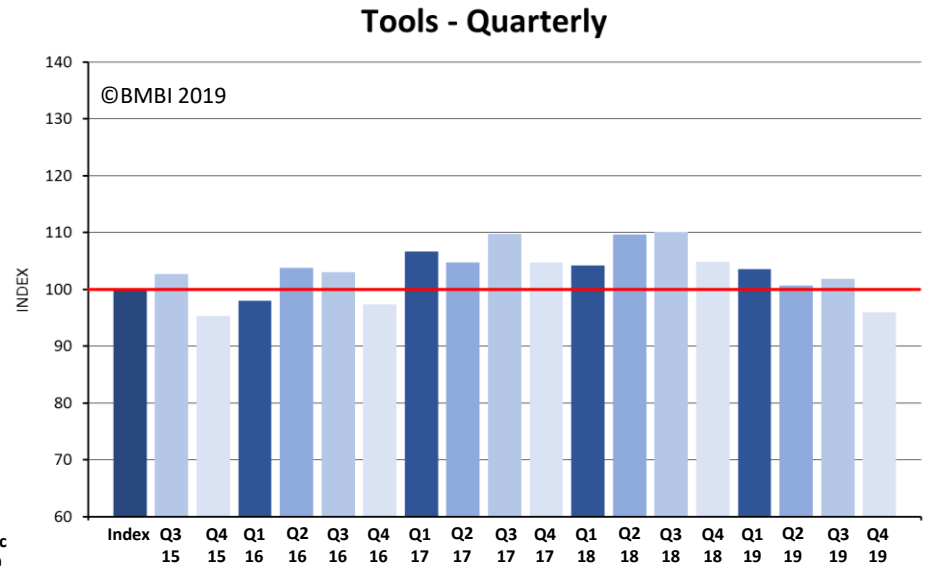
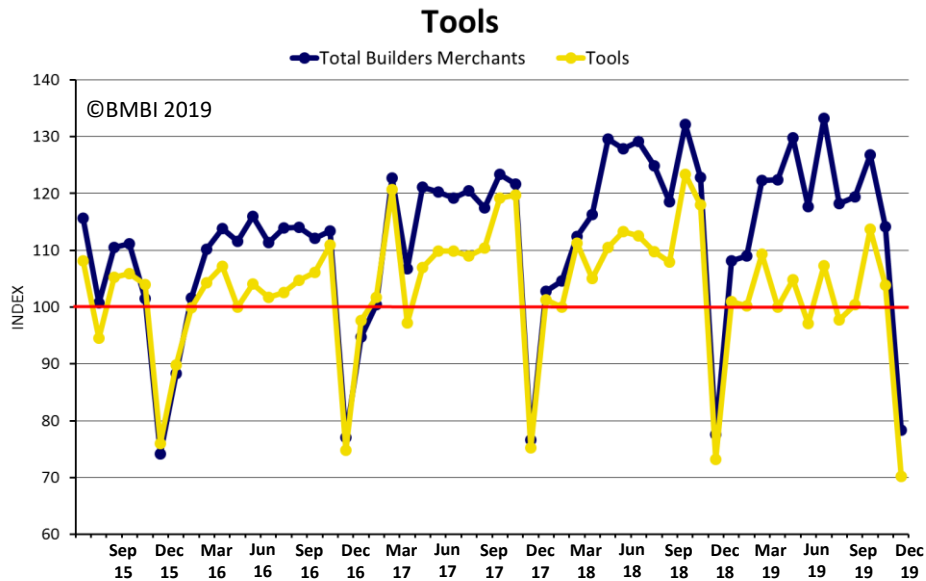


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Monthly and Quarterly Indices

December 2019 and Q4 2019



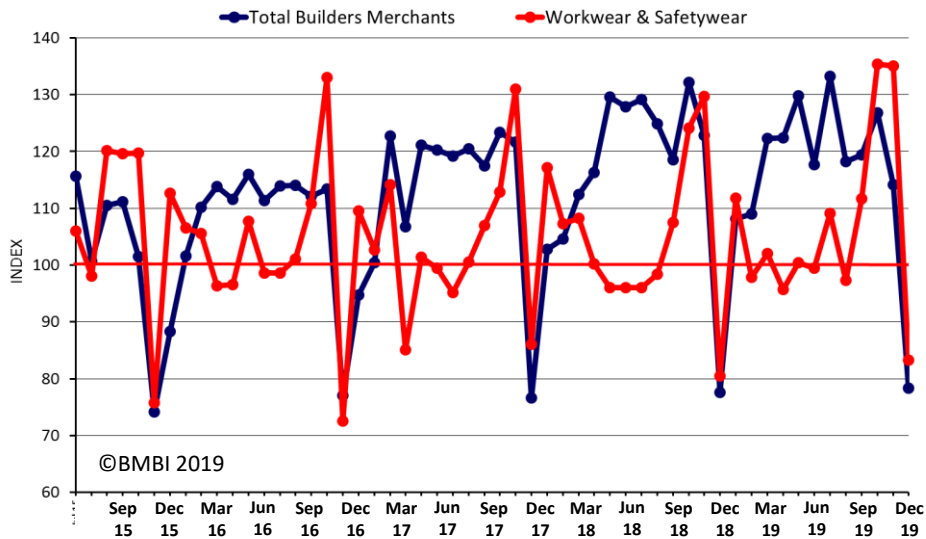
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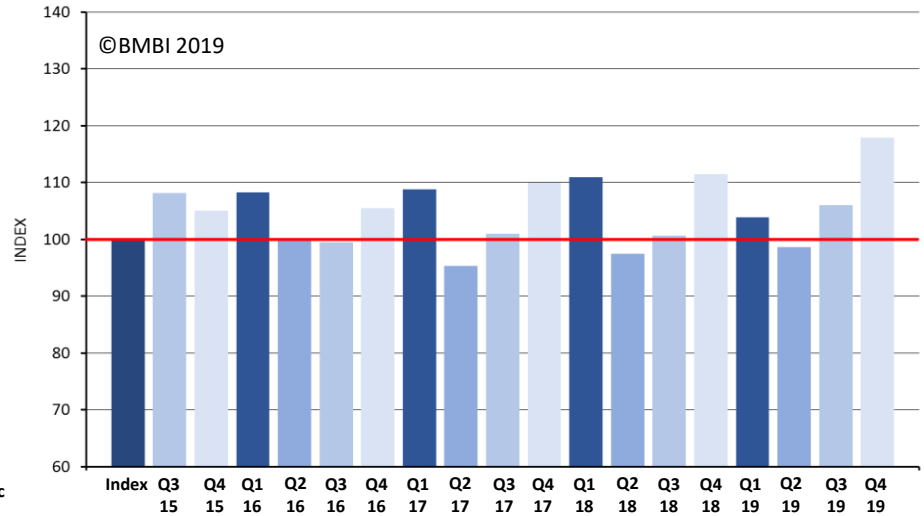
Monthly and Quarterly Indices

December 2019 and Q4 2019

Workwear & Safetywear



Workwear & Safetywear - Quarterly



Charts indexed on July 2014 – June 2015

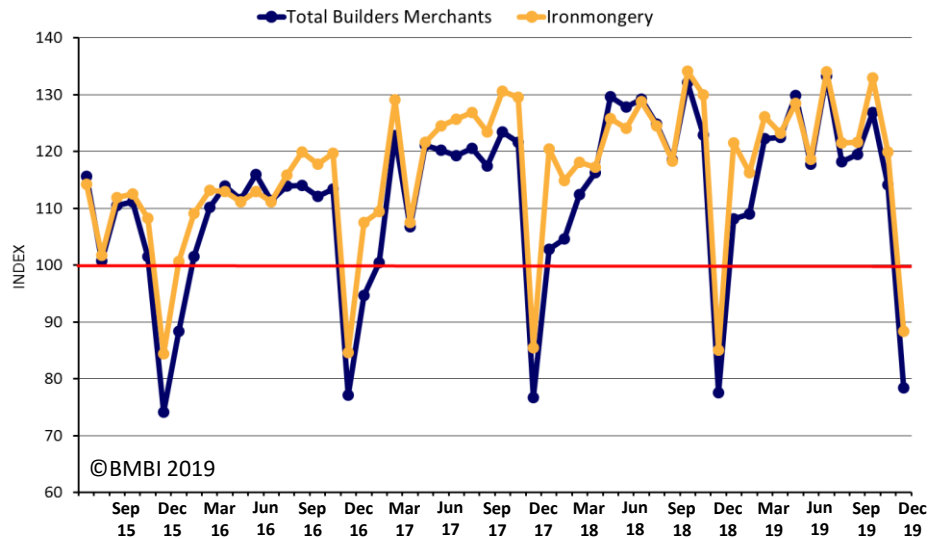
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Monthly and Quarterly Indices

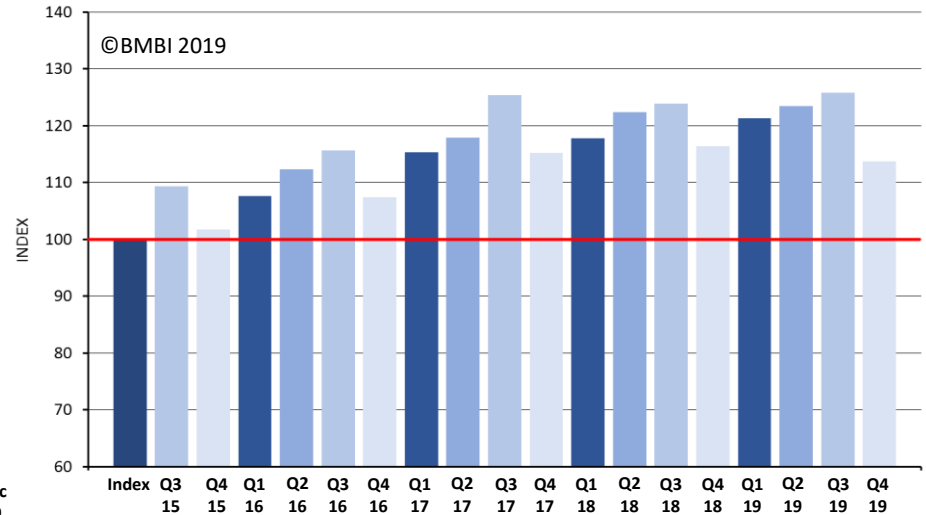
December 2019 and Q4 2019



Ironmongery



Ironmongery - Quarterly



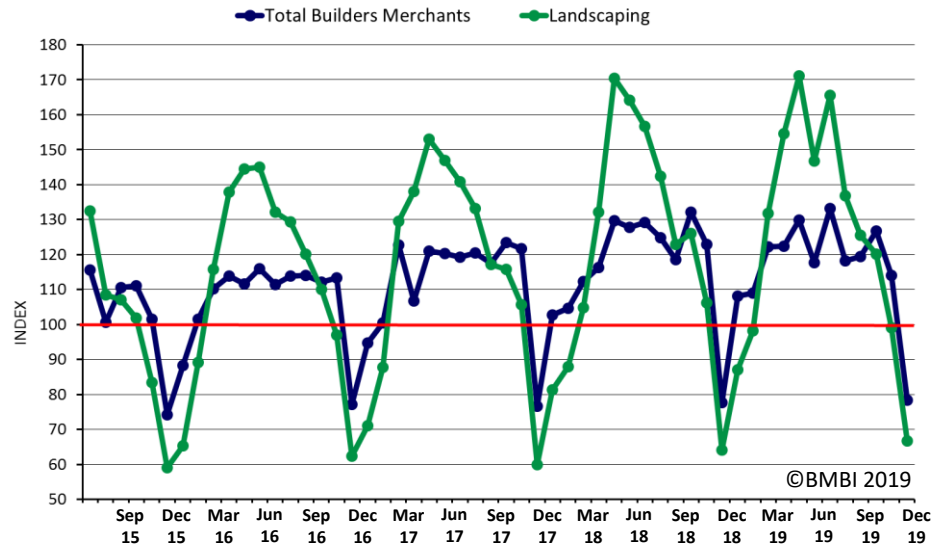
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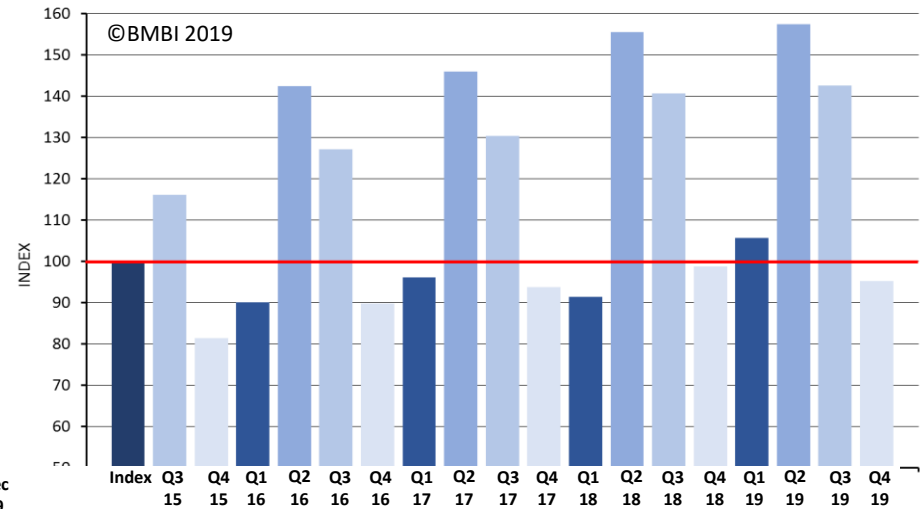
Monthly and Quarterly Indices

December 2019 and Q4 2019

Landscaping



Landscaping - Quarterly



Charts indexed on July 2014 – June 2015

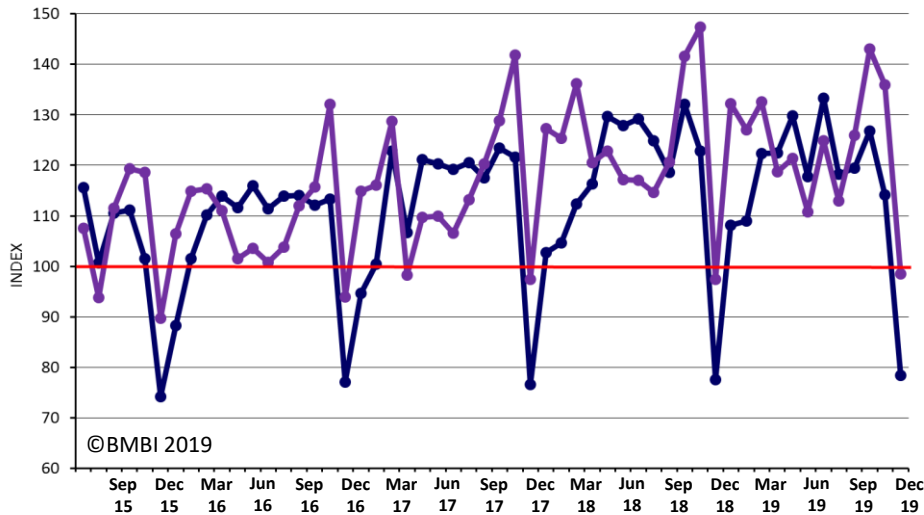
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July 2015 to December 2019

Monthly and Quarterly Indices

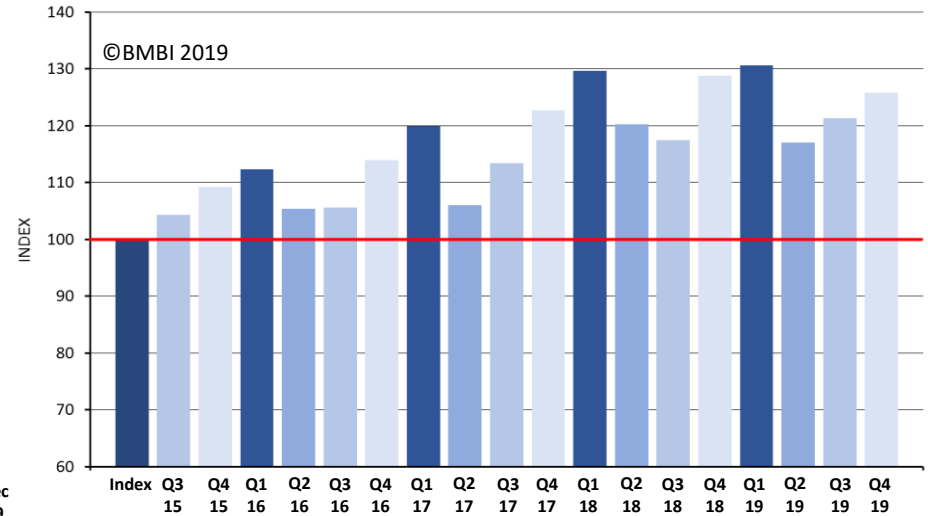
December 2019 and Q4 2019

Plumbing, Heating & Electrical

● Total Builders Merchants ● Plumbing, Heating & Electrical



Plumbing, Heating & Electrical - Quarterly



Charts indexed on July 2014 – June 2015

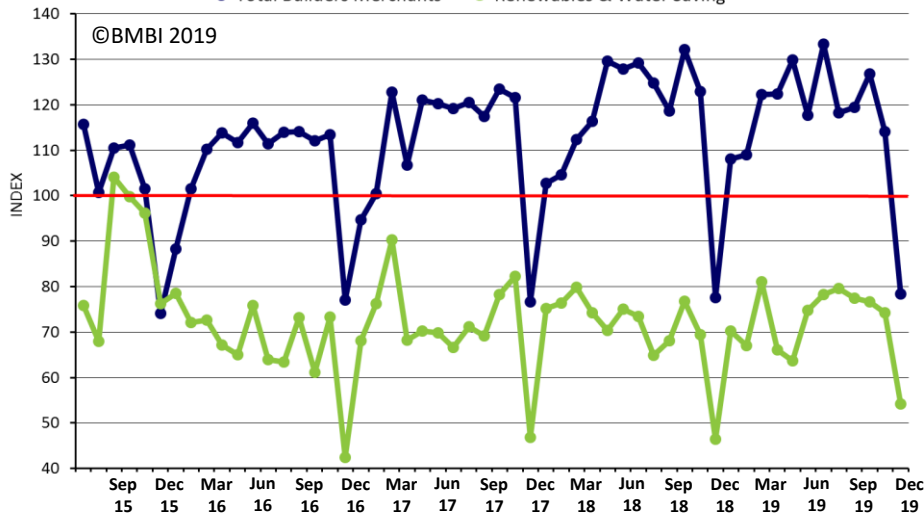
Source: GfK's
Builders Merchants
Total Category Report
July 2015 to December 2019

Monthly and Quarterly Indices

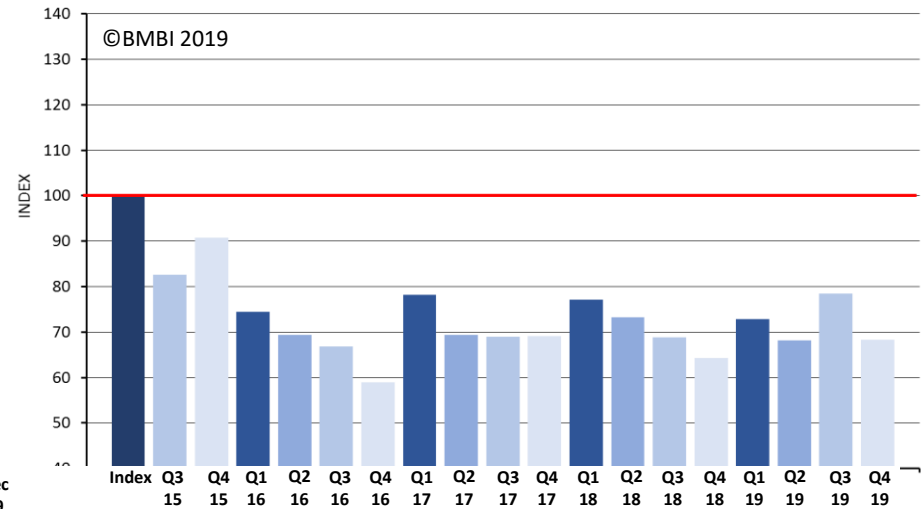
December 2019 and Q4 2019

Renewables & Water Saving

● Total Builders Merchants ● Renewables & Water Saving



Renewables & Water Saving - Quarterly



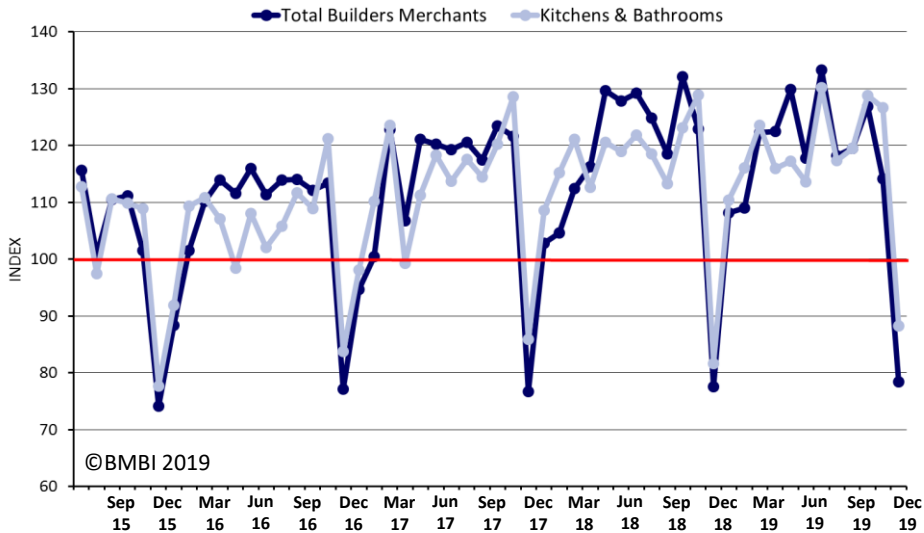
Charts indexed on July 2014 – June 2015

Source: GfK's
Builders Merchants
Total Category Report
July 2015 to December 2019

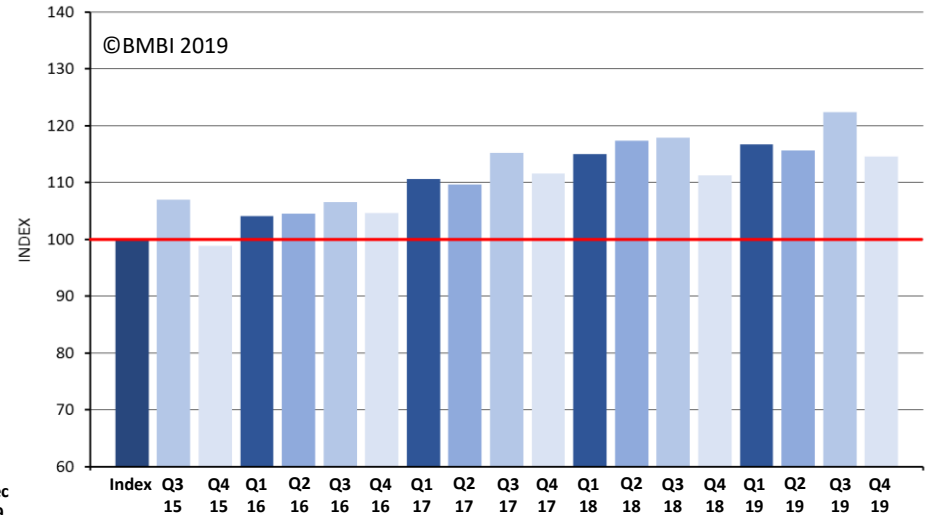
Monthly and Quarterly Indices

December 2019 and Q4 2019

Kitchens & Bathrooms



Kitchens & Bathrooms - Quarterly



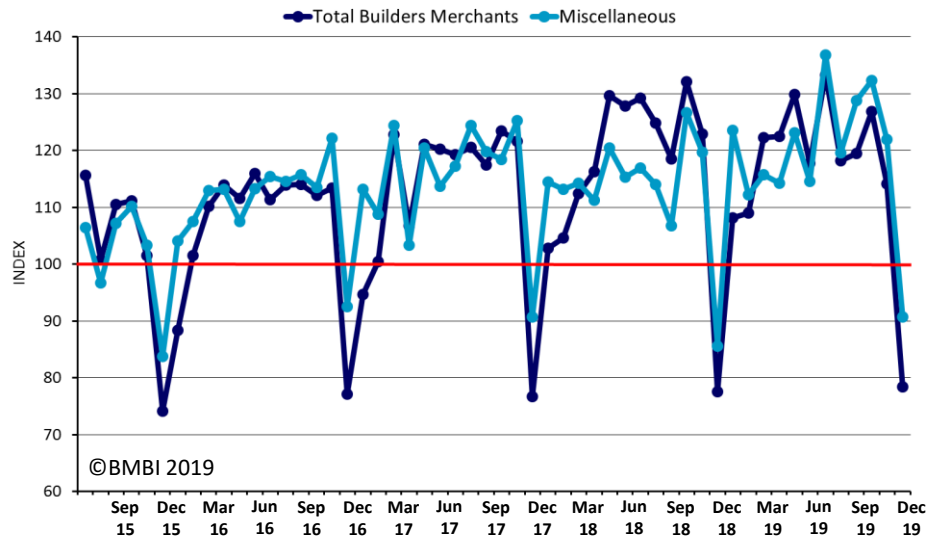
Charts indexed on July 2014 – June 2015

Source: GfK's
Builders Merchants
Total Category Report
July 2015 to December 2019

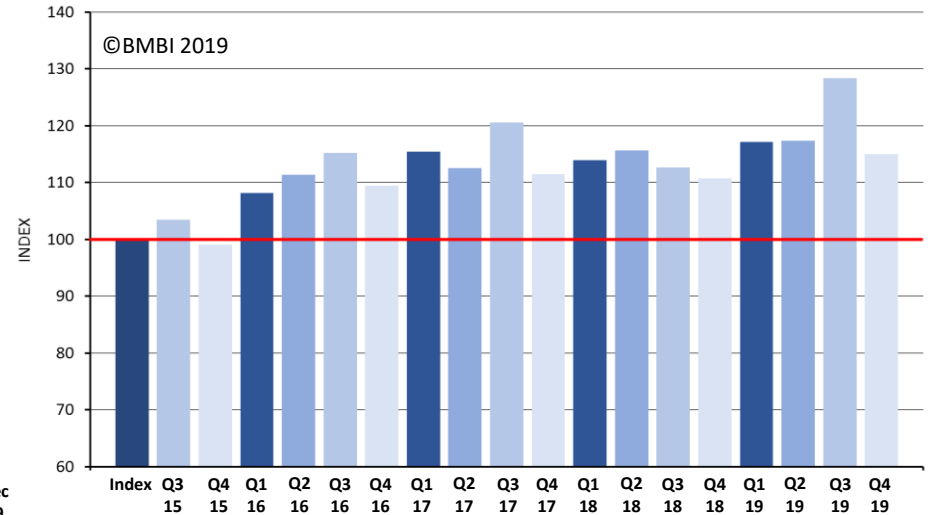
Monthly and Quarterly Indices

December 2019 and Q4 2019

Miscellaneous



Miscellaneous- Quarterly

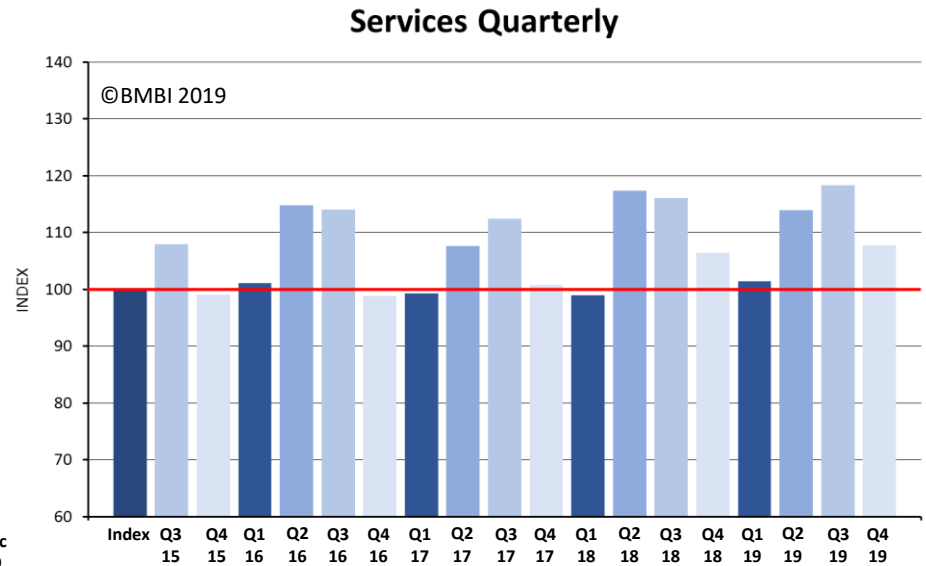
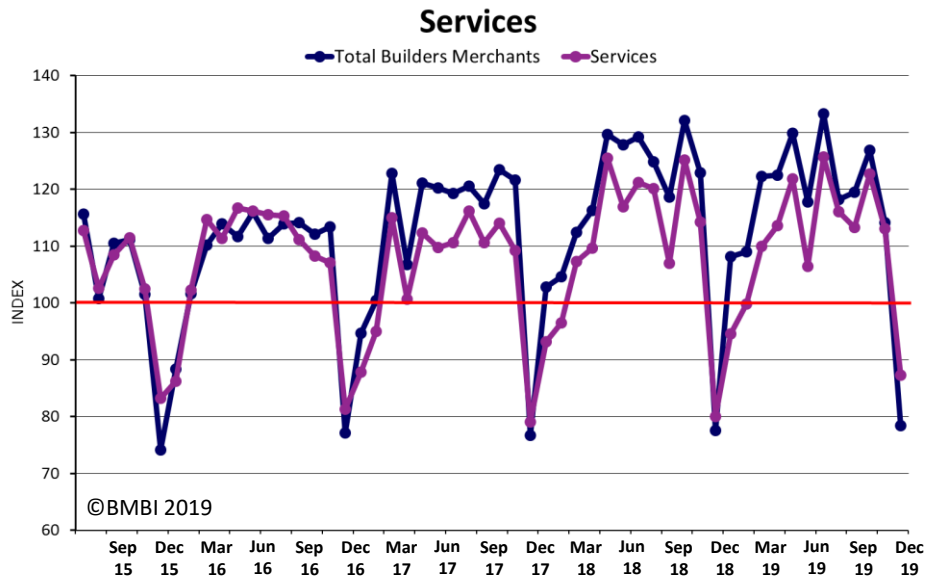


Charts indexed on July 2014 – June 2015

Source: GfK's
Builders Merchants
Total Category Report
July 2015 to December 2019

Monthly and Quarterly Indices

December 2019 and Q4 2019



Charts indexed on July 2014 – June 2015

Source: GfK's
Builders Merchants
Total Category Report
July 2015 to December 2019

Trading Days



Index: 20.8

2015											
						Jul	Aug	Sep	Oct	Nov	Dec
						22	20	22	22	21	17
2016											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
20	21	21	21	20	22	21	22	22	21	22	17
2017											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
21	20	23	18	21	22	21	22	21	22	22	16
2018											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
22	20	21	20	21	21	22	22	20	23	22	15
2019											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
22	20	21	20	21	20	23	21	21	23	21	15

Index: 62.4

2015			
		Q3	Q4
		64	60
2016			
Q1	Q2	Q3	Q4
62	63	65	60
2017			
Q1	Q2	Q3	Q4
64	61	64	60
2018			
Q1	Q2	Q3	Q4
63	62	64	60
2019			
Q1	Q2	Q3	Q4
63	61	65	59

Index: 125

2015	
	H2
	124
2016	
H1	H2
125	125
2017	
H1	H2
125	124
2018	
H1	H2
125	124
2019	
H1	H2
124	124

Index: 250

2016
250
2017
249
2018
249
2019
248

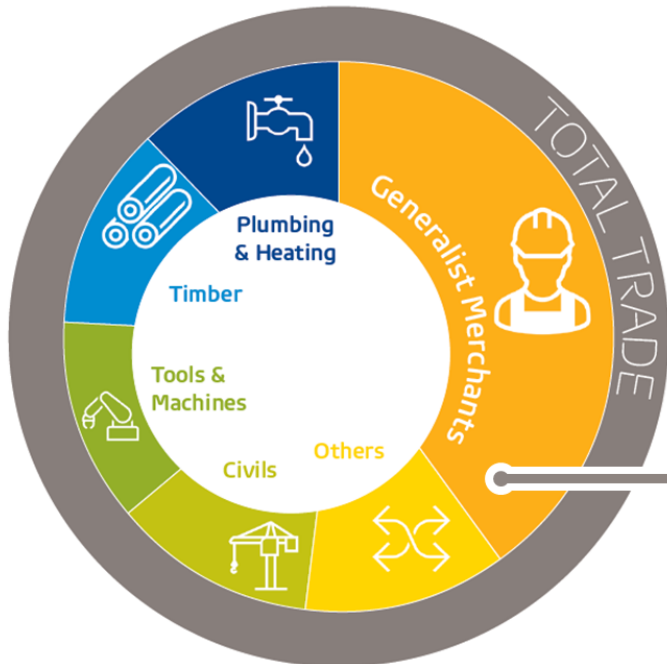

 Source: GfK's
 Builders Merchants
 Total Category Report
 July 2015 to December 2019

GfK's Panel

Generalist Builders Merchant Panel (GBM's)



The Multiple Generalist Builders Merchants Channel



Generalist Builders Merchants

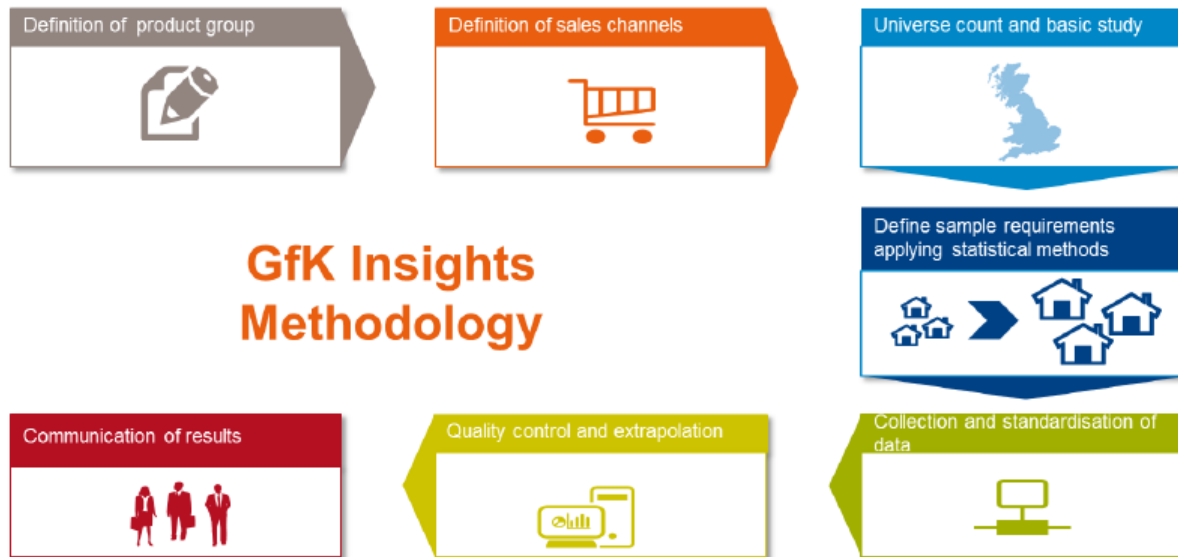
Builder Merchants handle an extended range of building materials and components (e.g. doors, windows, interior furnishing materials, insulation materials, tiles, cement, mortar, adhesives, sealants, nails, hardware products, pipes, ironware, paint) and generate their turnover with professional end users.

Multiple merchants are those defined as having more than 3 outlets or a turnover of greater than £3m p.a.

Examples include:



GfK Insights Methodology



GfK collect live sales-out data from our panel of merchant partners.

We add value to that data through the application of each sold product's unique technical features. We compare like-for-like products and categories from like-for-like merchants and aggregate this within our reports.

Our international methodology is based on robust scientific principles and delivers continuous, reliable information that can be applied to your business requirements.

GfK's Product Categories

Reports cover category headline values & in-depth, brand-level insights



Headline values available

Timber & Joinery Products

Timber
Sheet Materials
Cladding
Flooring & Flooring Accessories
Mouldings
Stairs & Stairparts
Window & Frames
Doors/Door Frames

Heavy Building Materials

Bricks Blocks & Damp Proofing
Drainage/Civils/Guttering
Lintels
Cement/Aggregate/Cement Accs
Concrete Mix/Products
Plasters Plasterboards and Accessories
Roofing Products
Insulation
Cement Mixers/Mixing Buckets Products
Builders Metalwork
Other Heavy Building Equipment/Material

Decorating

Paint/Woodcare
Paint Brushes Rollers & Pads
Adhesives/Sealants/Fillers
Tiles And Tiling Accessories
Decoration Preparation & Decorating Sundries
Wall Coverings

Tools

Hand Tools
Power Tools
Power Tool Accessories
Ladders & Access Equipment

Workwear And Safetywear

Clothing
Safety Equipment

Ironmongery

Fixings And Fastenings
Security
Other Ironmongery

Landscaping

Garden Walling/Paving
Driveways/Block Paving/Kerbs
Decorative Aggregates
Fencing And Gates
Decking
Other Gardening Equipment

Plumbing Heating & Electrical

Plumbing Equipment
Boilers Tanks & Accessories
Heating Equipment/Water Heaters/Temperature Control/Air Treatment
Radiators And Accessories
Electrical Equipment
Lighting And Light Bulbs

Renewables And Water Management

Water Saving
Renewables & Ventilation

Kitchens & Bathrooms

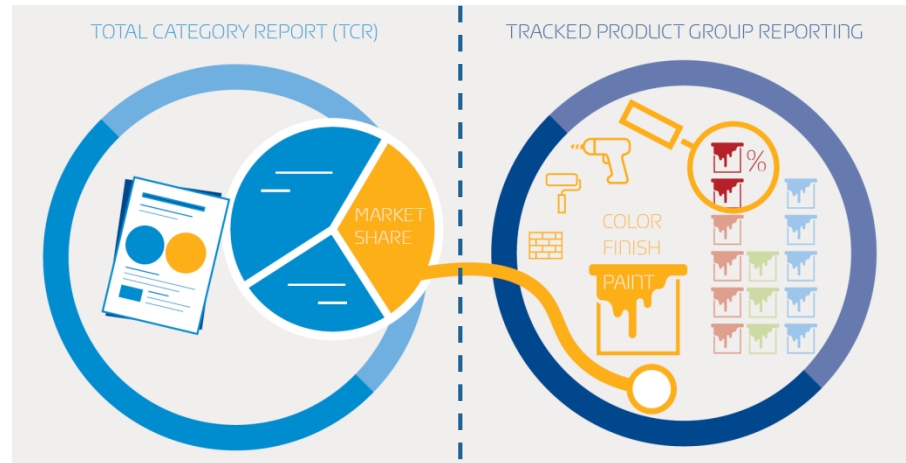
Bathroom (Including Showering)
Fitted Kitchens
Major Appliances

Miscellaneous

Cleaning/Domestic/Personal
Automotive
Glass
Other Furniture & Shelving
Other Misc

Services

Toolhire / Hire Services
Other Services



In-depth product group reporting

Monthly sales values, volumes, pricing analysis & distribution facts available by brand and key product features.

For insights on your product group please contact Pete Church at GfK (pete.church@gfk.com).

Available categories:

Heavyside

Bricks
Insulation

Lightside

Emulsion Paints (incl. Masonry & Base)
Trim Paints
Primers/Undercoats
Woodcare
Adhesives
Sealants
Fillers/PU Foam
Tile Fixing (Adhesives/Grout)

Macro factors impacting Merchants

Bank interest rates

Set monthly by the MPC (Monetary Policy Committee)



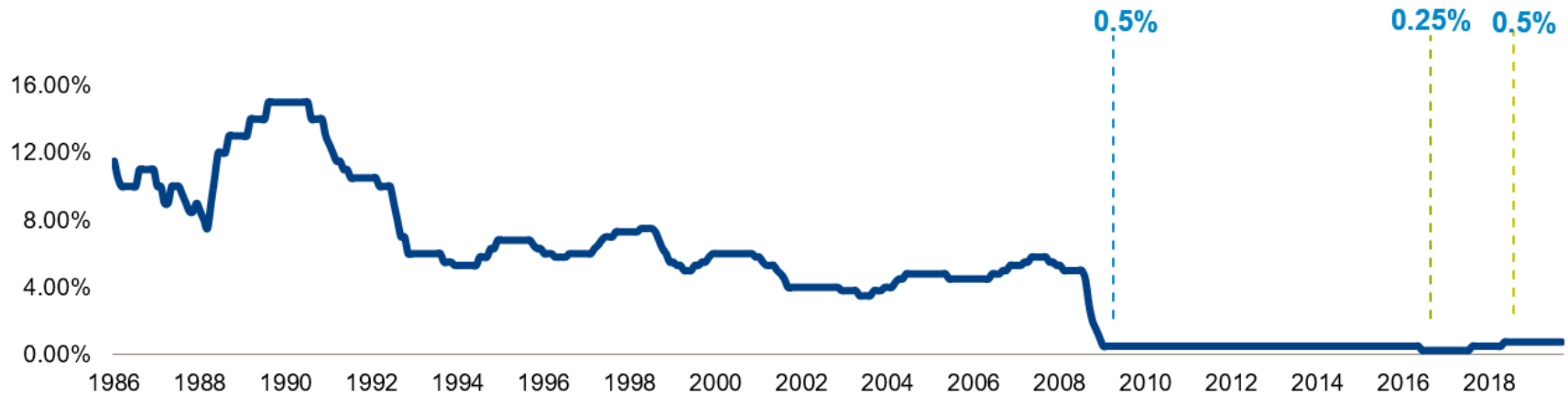
▪ The base rate of interest is one of the tools used by the Bank of England to target price stability. Since 1997 when the Bank's Monetary Policy Committee gained autonomy the rate has been between 7.5% and 0.25%.

▪ The economic crisis caused the Bank to drop rates to 0.5%, as the inflation pressure was considered less important than the stability of the economy

▪ The further reduction in August 2016 was designed to further promote growth and achieve the Bank's 2% inflation target.

▪ At its meeting on the 4th August 2016, the Bank of England reduced the base rate from the previous historic low of 0.5% to a record-breaking 0.25%.

▪ On the 19th December 2019, the Bank of England Monetary Policy Committee voted by a majority of 7-2 to maintain the Bank Rate at 0.75%.



Source: Bank of England

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Macro factors impacting Merchants

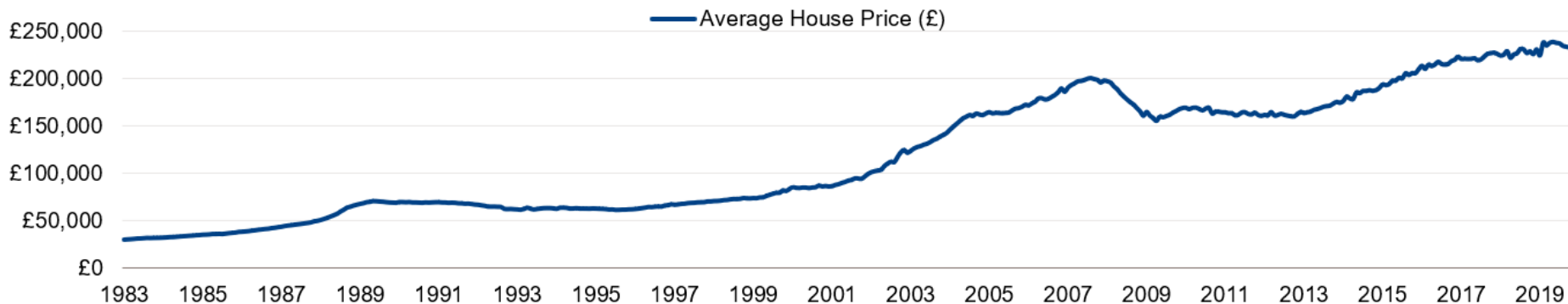
Standardised average house prices



Average Price (year end)		
2000	£84,868	+36%
2005	£163,139	+92%
2010	£168,390	+3%
2015	£208,286	+10%
2016	£222,190	+7%
2017	£225,032	+1%
2018	£229,729	+2%

- There was no significant shift in house prices in October as the average property value fell by just 0.1% month on month.
- This further extends the predominantly flat trend we've seen over the last six months, with average house prices having barely changed since March.

- At the end of November 2019, the average house price in the UK increased to £234,625 when compared to £232,249 in October 2019.
- House prices in November 2019 were 2.1% higher than the same month a year earlier.



Source: Halifax House Price Index

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Macro factors impacting Merchants

Property transactions

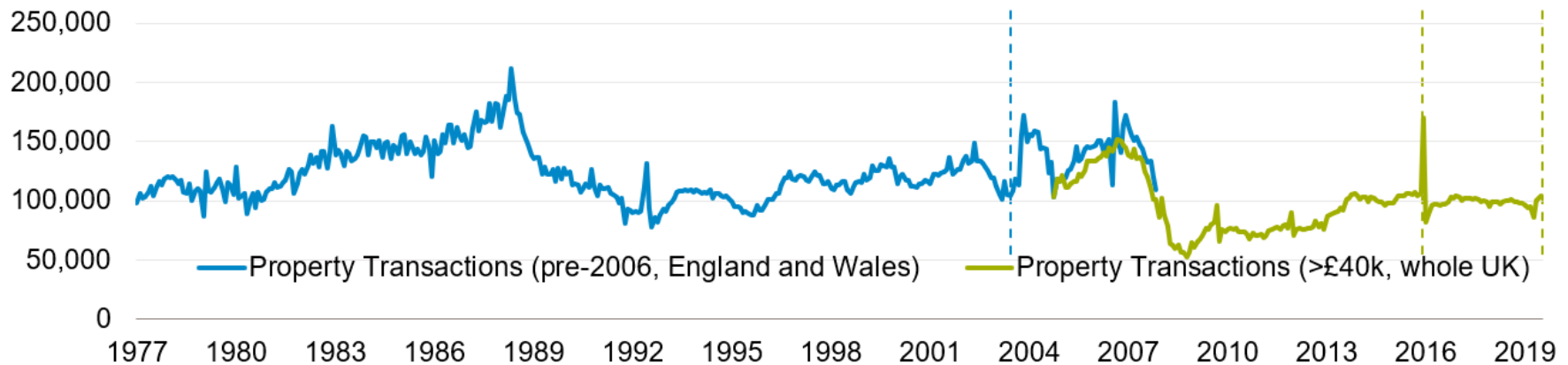
Monthly transactions, residential, seasonally adjusted



Annual total	
2010	879,050
2015	1,228,710
2016	1,234,500
2017	1,223,400
2018	1,190,350

- Stamp duty was altered significantly on 1st December 2003.
- In April 2016, there were major changes to the amount of Stamp Duty property investors will have to pay when purchasing a second home or a buy to let property.

- The seasonally adjusted UK property transaction count for October 2019 was 103,680 residential and 10,960 non-residential transactions.
- The seasonally adjusted count of residential property transactions in October 2019 is 4.3% higher than October 2018 and 4.3% higher than September 2019.



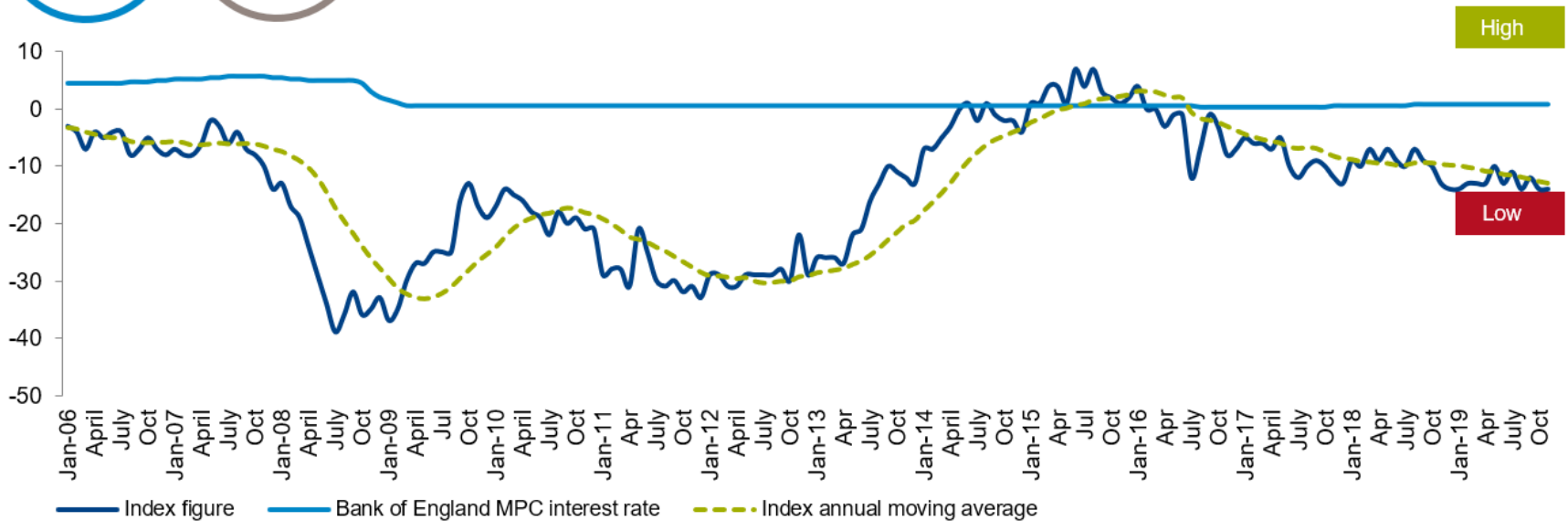
Source: HM Revenue & Customs

© GfK 2019 | Economic Overview

Macro factors impacting Merchants



Consumer Confidence Index



The Index Score is calculated using the results of five questions (1,2,3,4, and 8). The mean score from each of these five questions is combined and the Index Score is the average.

© GfK 2019 | Consumer Confidence Barometer | November 2019

BMF Forecast Report

Winter 2019 edition



Builders Merchants Industry Forecast Report

While the Builders' Merchants' Building Index (BMBI) data, which is provided by GfK and is based on actual sales category performance, has enabled users to see which products and regions are currently growing, the BMF Forecast Report takes this one stage further to meet the industry's need for accurate forecasting.

The BMF forecast model incorporates several lead indicators to signal future events that will impact our markets.

Using BMBI data coupled with advanced modelling techniques the BMF have developed a channel specific forecasting model to show what is likely to happen in the next 12 months, making it possible for merchants and suppliers to forecast their customers' requirements more accurately.

The report is updated on a quarterly basis and the Winter edition can be downloaded by BMF members free of charge - once logged in – [here](#).

Non-members can purchase the report by contacting Nyssa Patel on 024 7685 4994 or email nyssa.patel@bmf.org.uk



**Builders Merchants
Industry Forecast**
2019 - 2021

Winter edition – £195

The BMF. Building your people. Building your skills. Building your business. Building your voice. Building excellence.

Contact us

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