

UK Construction: Flat Output Hides 10% Surge in New Orders, Says BCIS

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Following the ONS Q3 output and new orders data, Dr David Crosthwaite, chief economist at the [Building Cost Information Service](#) (BCIS), has shared his comments.

While output growth, driven by an increase in repair and maintenance, is flatlining, total new orders increased by almost 10%.

David Crosthwaite commented: "With two weeks to go until the Autumn Budget, the latest output data are probably not what the Chancellor wanted to see.

"Construction output grew by just 0.1% in Q3 compared to Q2, with growth driven by an increase in repair and maintenance (R&M) output (0.6%), while new work output declined (-0.2%).

"On a sectoral basis, growth in the quarter was driven by increases in public non-housing (4.5%), which includes health and education projects, and private housing R&M (2.9%) output, while most other sectors were subdued.

"Q3 is often the period for significant output growth, as the weather conditions are favourable for construction. This time, however, growth is lacklustre to say the least.

"While output growth may be flatlining, there's better news for new orders.

"Total new orders increased by almost 10% in Q3 compared to Q2.

"Growth was driven by significant increases in both private industrial (114.1%) and private commercial

(51.4%) orders.

“Perhaps this is a signal that private investors have finally got their cheque books out, although it should be noted that the new orders series is notoriously volatile and doesn’t appear to correlate that well with future output.

“Conversely, private housing new orders fell by 5.1%, reinforcing the subdued outlook for the sector.”