

STATE OF THE TRADE FOR CONSTRUCTION



MIXED SIGNS FOR CONSTRUCTION ACTIVITY – DECEMBER 2020

The latest information from **Builders' Conference** shows that the combination of Christmas, lockdown restrictions and the EU-UK trade deal negotiations going down to the wire meant that the number of contracts awarded in December fell to the lowest level since May.

The value of contracts awarded increased significantly but this was due to two large infrastructure projects, reinforcing the importance of Government delivering on its 'Build Build Build' strategy to support the recovery of the construction sector and the wider economy.

Drop in Number of Contracts

The number of contracts awarded in December was **360**, which is a 39% decrease compared to November (593) and the lowest since May 2020 when the first national lockdown was still in place.

It is also 42% lower than the average number of contracts awarded each month in the year prior to coronavirus (621 between April 2019 and March 2020) and 23% lower than in December 2019 (467).



Infrastructure Drives Up Value of Contracts

The value of contracts awarded in December rose to **£12.2 billion**, which is more than double the previous month (£5.7 billion). However, this included two large rail projects worth a combined £8.5 billion, representing 70% of the total. Excluding these two contracts, the total value would be just £3.7 billion and, whilst December is a traditionally low month for the value of contracts, this is still 26% lower than December 2019 (£5.0 billion).

80% of all the contracts awarded by value were in the public sector. 75% were rail and road projects (23 projects with a combined value of £9.1 billion). There were also 108 housing projects worth £1.2 billion and 16 industrial projects with a total value of £491 million.

Almost all the contracts were in England, with the rest of the UK accounting for just 1.3% of the total value due to increased coronavirus restrictions.



Tender Opportunities Remain Scarce

The number of tender opportunities fell slightly again compared with the previous month (**388** in December down from 399 in November). This remains 49% below the monthly average of 763 projects available for tender between April 2019 and March 2020. It is also 26% lower than December 2019.

At present, there are just 189 tender opportunities available until the end of March 2021, according to Builders' Conference.

