

Q3  
2024

Savanta:



FEDERATION OF  
**MASTER  
BUILDERS**

# State of Trade Survey

For more than 30 years, the Federation of Master Builders (FMB) State of Trade Survey has monitored key indicators and predicted future short-term developments in the UK construction industry. It is the only survey of its kind to focus exclusively on small and medium-sized (SME) firms throughout the construction sector.

The report looks at activity from **July to September 2024**.  
It casts ahead from **October to December 2024**.





**BRIAN BERRY**, Chief Executive,  
Federation of Master Builders

## View from the Chief Executive

This quarter's State of Trade data reflects the ongoing pressure faced by the UK's small builders, with workloads down and costs remaining stubbornly high. A total of 65% of respondents to our survey reported an increase in material costs in Q3 compared to Q2, and 61% expect the prices to keep on rising into Q4. While the struggle to hire a bricklayer or plasterer has eased slightly, shortages of general labourers, painters and decorators and roofers are on the rise. This is reflected in the significant number of severe job delays observed, with 38% of respondents reporting delayed jobs due to a lack of skilled tradespeople. Substantial delays risk a rise in rogue builders, and demonstrates the importance of tackling the construction skills crisis as a priority.



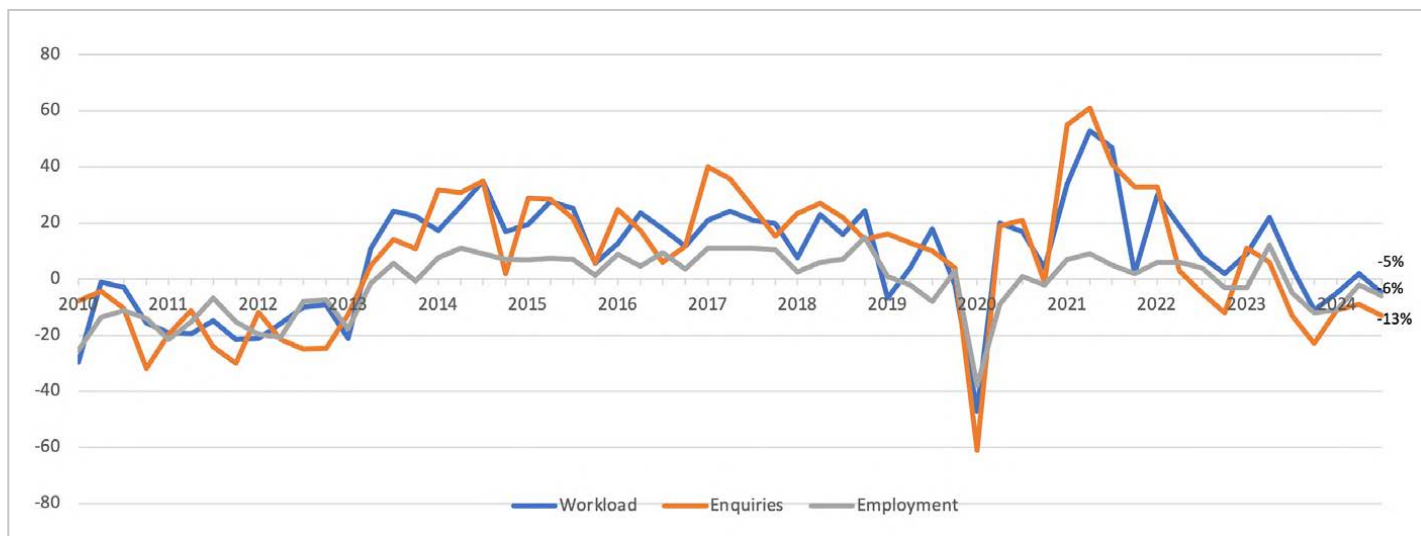
## Key indicators

The third quarter (Q3) of 2024 has shown signs of a decline after a period of modest improvement in workloads, enquiries, and employment from the previous quarter (Q2). FMB's members have reported that workloads have shown a decrease, with a net change of -5% compared to Q2 2024 (2%). The report shows that around two in five FMB members are experiencing no change in their workload (41%) and that around a third (32%) have seen a decrease.

The decline in enquiries has increased, with a net change of -13% from -9% in the previous quarter. It indicates that while four in ten FMB members (40%) received fewer enquiries, almost one third (32%) reported no change.

Employment levels have also decreased, with a net change of -6%. This has dropped further from the -2% reported in Q2 2024. 60% of FMB members have reported no change in the employment level in their workforce, and a slightly smaller proportion (23%) have noted the decrease.

## Key indicators



Graph 1 – Q3. Looking back, how does your company's workload in the period July to September 2024, compare to that in January to March 2024, thinking about total workload, and in the specific sectors of the industry that you work in? Base: Total workload (n=232) Q6. Looking back, how has the level of enquiries regarding future work changed in the period July to September 2024 compared to April to June 2024, thinking about total enquiries, and in the specific sectors of the industry that you work in? Base: Total enquiries (n=232); House building (n=115); Repair, maintenance and improvement (n=221); Industrial or commercial (111) Q8. How has the number of employees within your company's workforce changed during July to September 2024, when compared with April to June 2024? (n=232) Net balance of change



## Workload and enquiries by sector

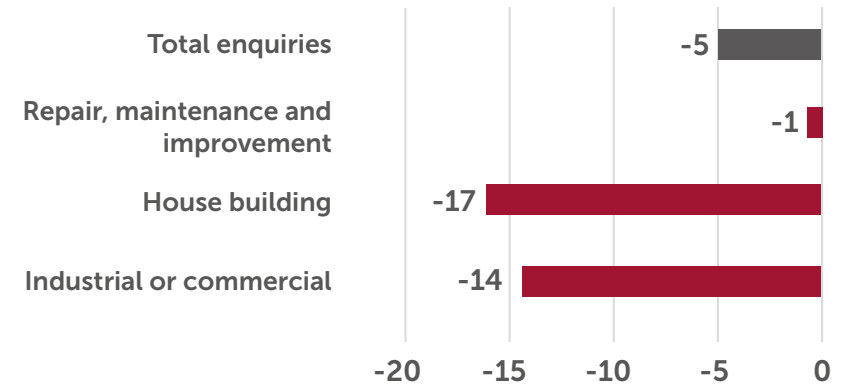
In Q3 2024, FMB members reported a continued decline in total workload and total enquiries compared to Q2 2024. The total workload saw a net decrease of -5%, a drop from 2% in Q2 2024. In terms of total enquiries, there was also a further decline from -9% in Q2 to -13% in Q3 2024.

FMB members working in the repair, maintenance, and improvement sector reported a slight drop in workload, with a net balance of -1%, down from 1% in Q2 2024. Enquiries in this sector have dropped slightly from -7% in Q2 to -10% this quarter. Members in the housebuilding sector reported a continued decrease in workload with a net balance of -17%, from -12% in Q2 2024. Enquiries within this sector also continued to decrease, from -11% in Q2 to -30% of members in Q3 reporting a decline.

Members involved in the industrial or commercial sectors also reported a decrease in workload by -14% on net balance, furthering a declining trend from -6% in Q1 and -11% in Q2 2024. Moreover, enquiries within this sector also decreased by -13% in Q3 2024.

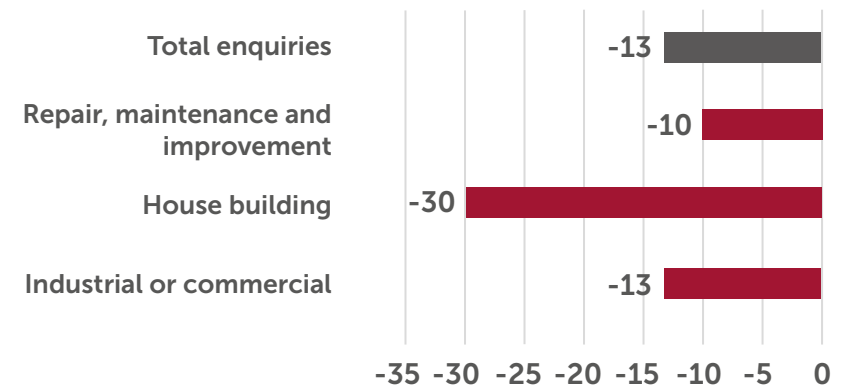


### Workload by sector



Graph 2 - Q3. Looking back, how does your company's workload in the period July to September 2024 compared to that in April to June 2024, thinking about total workload, and in the specific sectors of the industry that you work in? Base: Total workload (n=232); Repair, maintenance and improvement (n=221); House building (n=115); Industrial or commercial (n=111). Excluding N/As. Net balance of change.

### Enquiries by sector



Graph 3 - Q6. Looking back, how has the level of enquiries regarding future work changed in the period July to September 2024 compared to April to June 2024, thinking about total enquiries, and in the specific sectors of the industry that you work in? Base: Total enquiries (n=232); Repair, maintenance and improvement (n=222); House building (n=114); Industrial or commercial (109). Excluding N/As. Net balance of change.

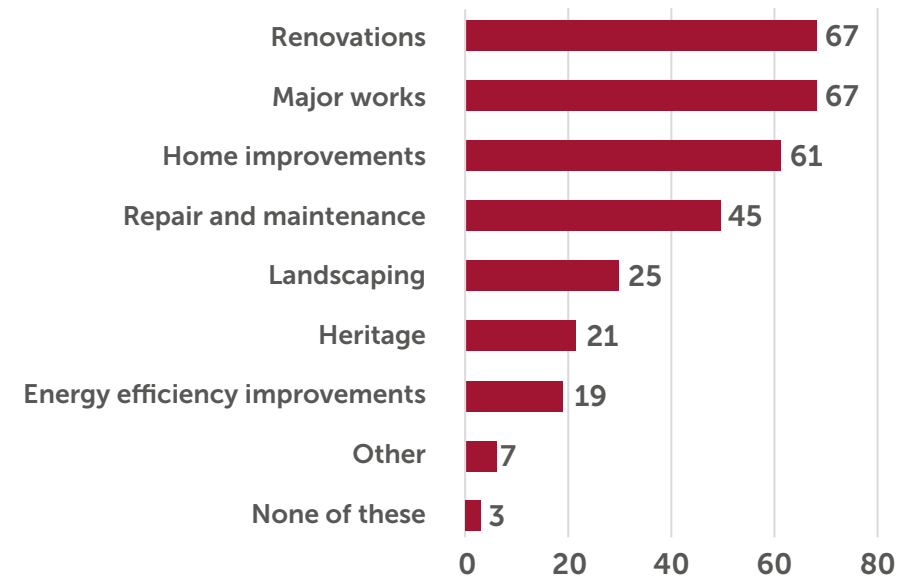
## Type of activity by sector

Renovations remain the most common type of work delivered by FMB members, reported by 67% of respondents, level with major works, which is consistent with the previous quarter. Home improvements have increased slightly to 61%. The proportion of members involved in repair and maintenance work has increased from 40% in Q2 to 45% in Q3 2024. Other types of work include landscaping (25%), heritage projects (21%), and energy efficiency improvements (19%).

In Q3 2024, the majority of FMB members (87%) reported initiating 1-5 house starts, reflecting only a 1% decrease from the previous quarter.

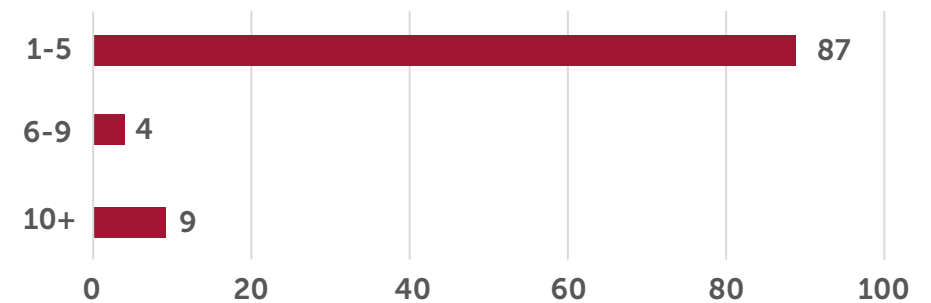


## Types of repairs, maintenance and improvement works that has been delivered in the period of July to September 2024



Graph 4 - Q4. Which of the following repair, maintenance and improvement works has your company delivered for existing domestic dwellings in the period of July to September 2024? Base: Total (n=221), All working in the RMI sector.

## Number of houses that have been built in the period of July to September 2024



Graph 5 - Q5. How many housing starts has your company done in the period of July to September 2024? Base: Total excluding no housing starts and don't know (n=9), All working in the housebuilding sector (n=54)

## Employment and skills shortages

In terms of employment levels, three in five FMB members (60%) reported no changes during Q3 2024, an increase from 54% in Q2 2024. In contrast, 23% of members reported a decrease in the number of employees, which is similar to Q2 (24%) but lower than Q1 2024 (28%).

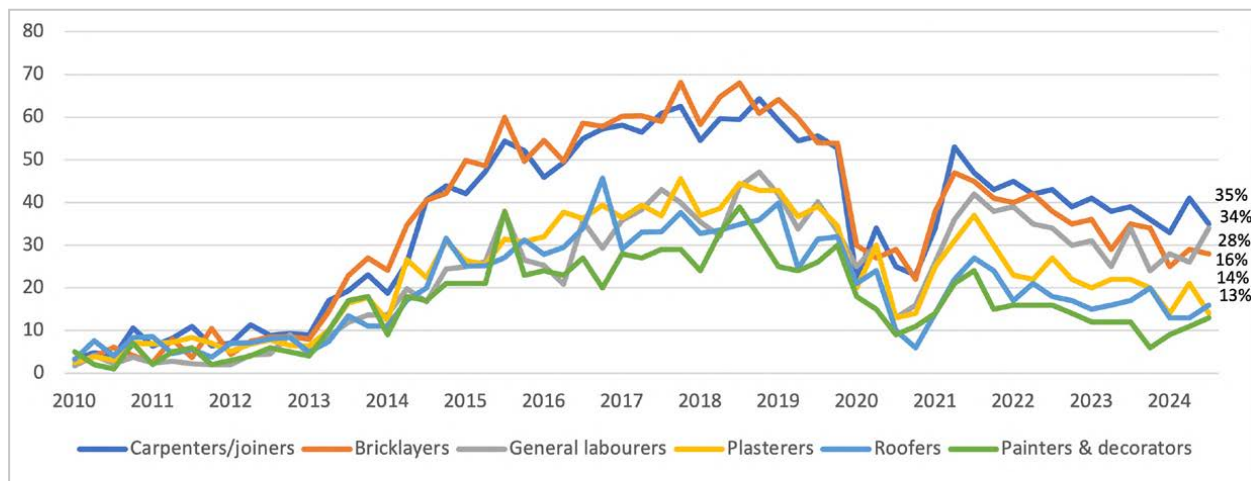
Only 17% of members reported an increase in the number of employees in their companies from July to September 2024 compared to April to June 2024. This resulted in a net change in the workforce of -6%, a further drop when compared to -2% in Q2 2024.

During Q3 2024, FMB members continued to find recruiting for specific occupations challenging, with certain roles experiencing increased difficulties compared to Q2 2024. Carpenters remain the most difficult role to fill, with 35% of members experiencing difficulties in hiring for these positions, a decrease from 41% in Q2 2024.

Similarly, difficulties in recruiting bricklayers have also slightly decreased to 28%. For plasterers, the percentage of members reporting difficulties in recruitment has also dropped to 14% from 21% in Q2 2024.

However, FMB members reported that issues with recruiting general labourers have substantially increased, with 34% of members facing difficulties, up from 26% in Q2 2024. The difficulty of recruitment of roofers has also slightly increased to 16% from 13%. Painters and decorators have continuously seen a slight increase in recruitment difficulty, rising from 9% in Q1, to 11% in Q2, and 13% in Q3 2024.

## Difficulty in recruiting for each of the following occupations



Graphs 6 - Q10. For which of the following trades has your company found it difficult to recruit skilled staff over the period of July to September 2024? Base: Total (n=232)



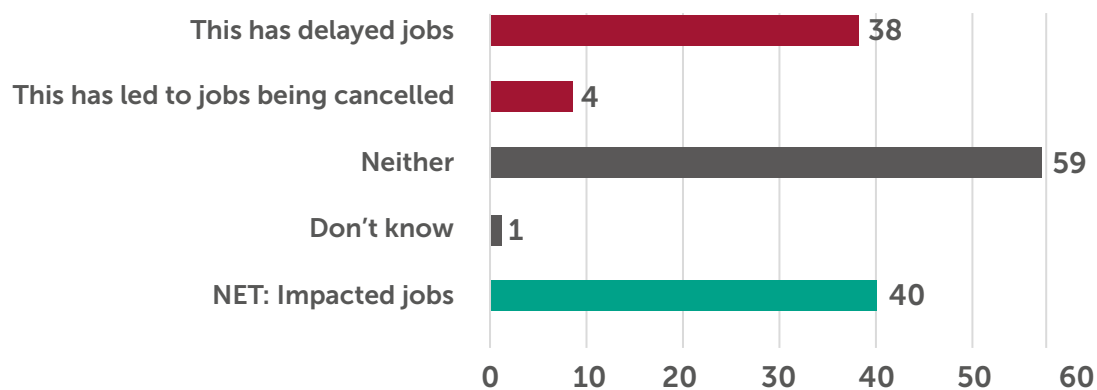
## Impact of lack of skilled tradespeople available

In Q3 2024, FMB members reported that the impact of the shortage of skilled tradespeople has reduced from Q2, with 40% of members indicating that the shortage has affected their jobs, a drop from 46% in Q2. Due to this decrease, 38% of members reported that the shortage has resulted in job delays, a decrease from 43% in Q2 2024.

The percentage of members reporting that the shortage has led to job cancellations has reduced to 4% compared to 8% in Q2 and 9% in Q1. This suggests that, while the shortage is an ongoing issue, businesses have managed to prevent further increases in job cancellations. Additionally, a notable 59% of FMB members reported that the shortage of skilled tradespeople neither impacted nor delayed their jobs, an increase from 53% in Q2 2024, while 1% were unsure.



### Impact of lack of skilled tradespeople July to September 2024



Graph 7 - Q13. How, if at all, has the lack of skilled trades people impacted your company's work over the period of July to September 2024? Base: Total (n=232)

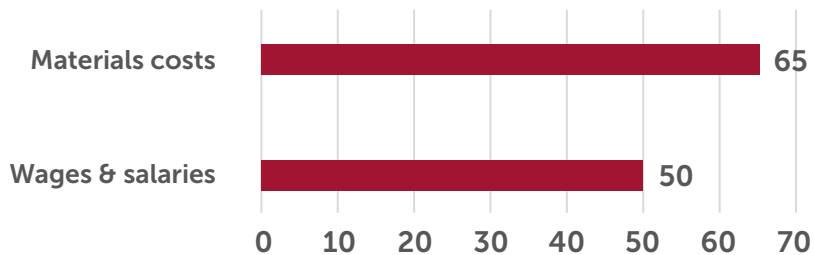
## Prices and costs

In Q3 2024, a majority of FMB members have continued to experience an increase in their business costs and the prices charged for their services. 51% of FMB members reported an upward trend in the prices they charged for their services, slightly decreasing from 54% in Q2 2024. Concerning outgoing costs, members reported changes in both material costs and wages. A significant portion, 65%, observed a rise in material costs. Additionally, 51% of members reported an increase in wages and salaries, while 48% reported no change in this area (50% net change in cost). The continued trends in price charges for work and costs reflect ongoing pressures on the industry's pricing and cost structures.

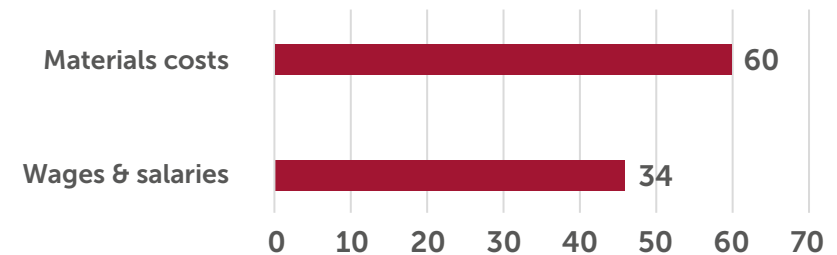
Looking ahead to the upcoming quarter (Q4, October to December 2024), members continue to anticipate upward trends in these costs, especially in material costs. Approximately 61% of members expect an increase in material costs. However, 62% of members anticipate that wages and salaries will remain the same (34% net change in cost). For the majority of FMB members, the constantly rising material costs put pressure on them as they prepare for the next quarter.



**Past quarter costs  
July to September 2024**



**Expected costs  
October to December 2024**



Graph 8 - Q11. How have both the prices that you charge for work, and your outgoing costs changed over the period of July to September 2024? Base: Wages & salaries (n=232); Materials costs (n=229) Excl N/As. Net balance of change Graph 9 - Q12. And how do you expect both the prices that you charge for work, and your outgoing costs to change over the period of October-December 2024? Wages & salaries (n=227); Materials costs (n=224) Excl N/As. Net balance of change, showing only materials costs and wages & salaries.



## Impact of changes in prices and costs

During Q3 2024, FMB members who faced increased outgoing costs reported numerous impacts on their businesses. Approximately 65% of these members indicated that rising costs led to higher prices for their services, a slight decrease from 67% in Q2 2024. Additionally, 54% reported lower-than-expected business profits or financial losses, a slight increase from 52% in the previous quarter. Cost pressures led 26% of respondents to restrict their recruitment plans, a slight increase from 22% in Q2 2024. Around 10% revealed that their business viability was compromised, putting them at risk of closure.

## Impact of increase in outgoing costs (materials and/or wages)



Graph 10 - Q11a. You said that your outgoing costs (wages & salaries and/or material costs) have increased over the period of July to September 2024. How, if at all, has this impacted your company? Base: all who report an increase in outgoing costs this quarter (n=174)

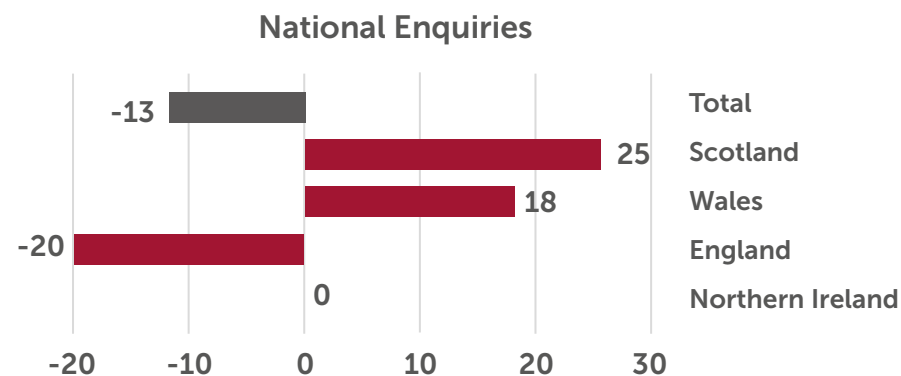
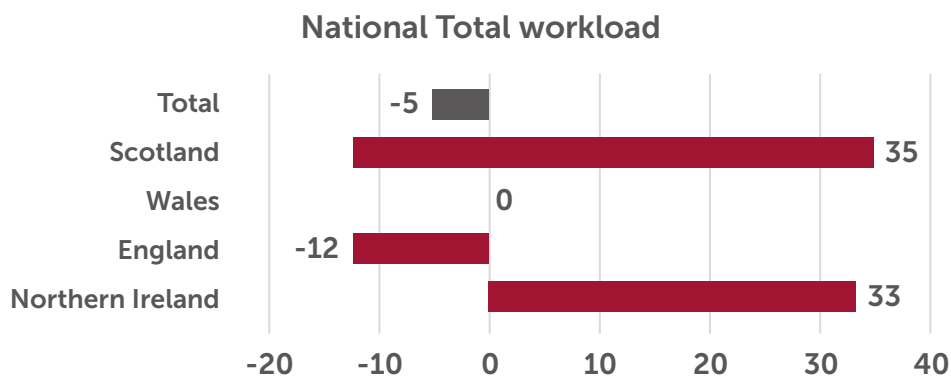


## Key indicators in the home nations

Throughout the UK, the overall workload has seen a dip of -5% (the same as Q1) after an improvement in Q2 2024 (2%). Across the UK, Scotland and Northern Ireland continued to have had a positive Q3 with 35% and 33% of members reporting a net increase in workloads (33% and 33% in Q2). Wales has shown no change in Q3, after a positive jump of 18% in Q2 2024. While England saw a continued decrease from -4% in Q2 2024 to a net decrease of -12% in this quarter.

In terms of enquiries around the UK, there was a continued decline from -11% reported in Q1, -9% in Q2 to -13% in Q3 2024. Scotland and Wales saw a positive net increase, 25% and 18% respectively. Northern Ireland had no change in terms of job enquiries. However, in England, there has been a decrease in enquiries to -20%.

In summary, the UK workloads decreased in Q3 2024, with Scotland and Northern Ireland showing positive results, Wales remaining stable, and England experiencing a continued decline. Enquiries across the UK also saw a continuous decline, with Scotland and Wales showing positive changes, Northern Ireland remaining unchanged, and England again facing further decreases.



Graphs 11 and 12 - Q3/Q6. Base: England (n=183); Wales\* (n=17); Scotland\* (n=20), Northern Ireland\* (n=12) \*Caution: Results should be interpreted with caution due to very limited base size. Net balance of change.

## Key Indicators in the English Regions

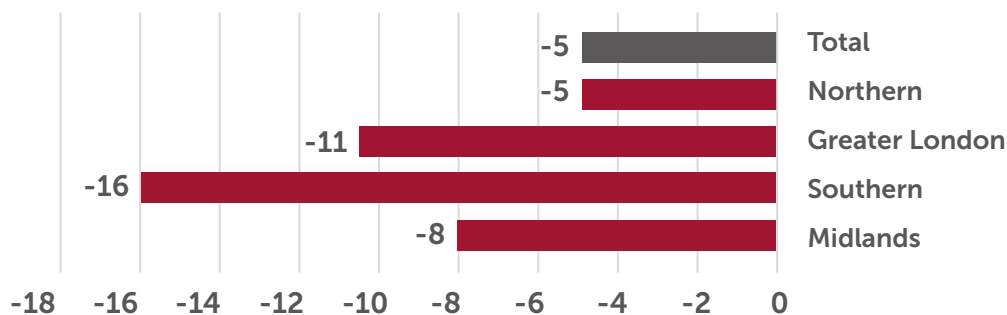
The overall regional workload saw a decline, with a net change of -5% in Q3 2024, the same as in Q1, from 2% increase in Q2 2024. The Southern region reported the most significant decrease in workload, dropping to -16% from 5% in Q2, followed by Greater London (-11%), the Midlands (-8%) and the Northern region (-5%).

In terms of regional enquiries, similar to the workload there was an overall decline, with the total net change falling to -13% in Q3 2024, decreasing further from -9% in Q2. The Southern region saw a sharp decline, with enquiries falling to -25% from -15% in Q2 2024. The Midlands also experienced a decrease in enquiries, dropping to -14% (-12% in Q2). The Northern region saw a net change of -13% (-38% in Q2) and in Greater London there was a decrease of -9% (-5% in Q2).

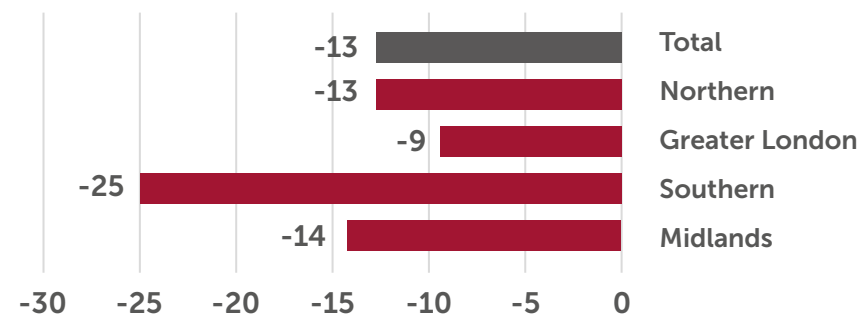
In Q3 2024, the overall regional workload saw a decline, with the South experiencing the most significant drop, followed by Greater London, the Midlands, and the North. Similarly, regional enquiries also declined, with substantial decreases observed in the Southern region, Midlands, Northern region, and Greater London.



### Regional Total Workload



### Regional Enquiries



Graphs 13 and 14 - Q3/Q6. Base: Northern (n=38); Midlands (n=37); Southern (n=108); Greater London (n=35). Net balance of change.

### **For more information**

This quarter, the survey was issued between 24th September and 8th October 2024 and received 232 completes. It was published in November 2024.

For more information about the FMB please visit [\*\*www.fmb.org.uk\*\*](http://www.fmb.org.uk)

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