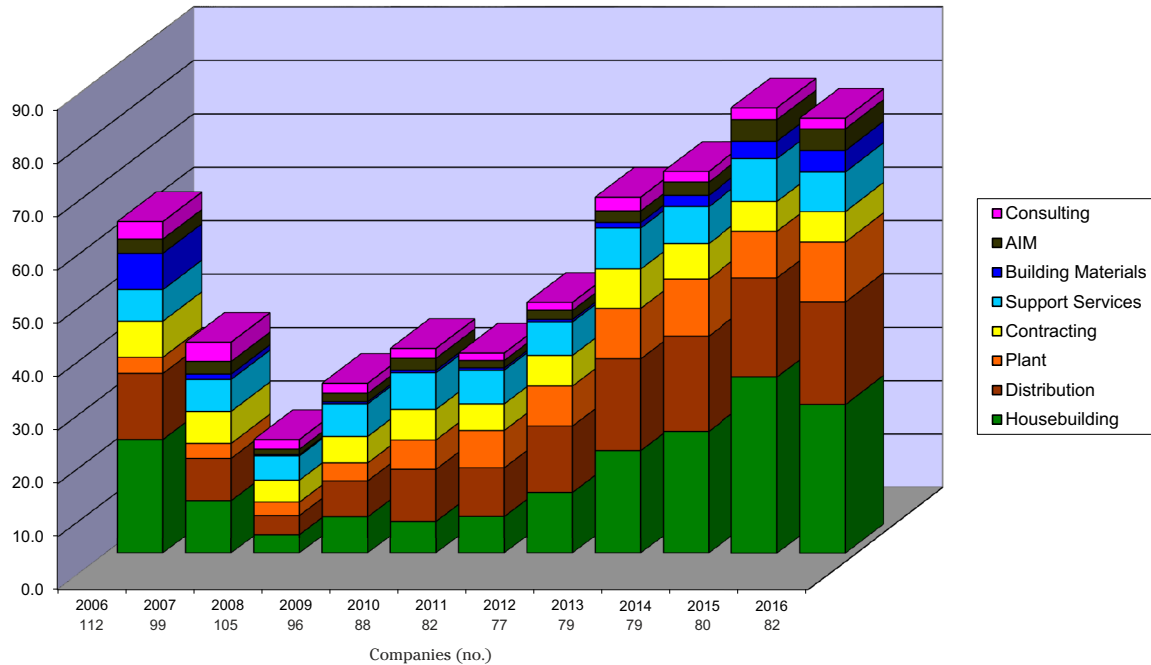


BVL's UK Construction & Building Sector - by value - 2006 through 2016 (\$bn)



Building Value Limited's **UK Construction & Building Sector Index** provides a unique analysis of the publicly-listed UK construction and building industry which is not available anywhere else.

At 31 December 2016, the Index was worth £81.6 billion (minus 2.3% year-on-year) and comprised a net 80 constituents (2015: 82). This is the first fall in value since 2011 and was impacted particularly by the Housebuilding stocks (post-Brexit) where more than £5 billion of value was lost. In contrast, the UK equity market broke new ground across the board as the **FTSE 100**, **FTSE 250** and **All Share Indices** recorded gains of 14 and 4 and 13% respectively in 2016. Note, too, that five (down from seven) of the 80 Index companies here are FTSE 100 constituents, including three housebuilders.

In terms of its **evolution** since 2006, the Sector hit bottom at the end of 2008 (as the Global Financial Crisis percolated) with a value of £21.4 billion. This was followed by a dramatic recovery, particularly in 2009 (+49%) and 2013 (+42%), while in 2015 the increase in value was 17%. Also note that, 10 years ago in 2006, there were 112 constituents of the Index - against 80 now; and the latter includes the newly floated, in 2016, Countryside, Forterra and Watkin Jones albeit with ISG, Sweet, SWP and Superglass being acquired and both Lavendon and Northacre entertaining cash bids as at the end of last year.

In terms of the **spread of value**, at the end of 2016, two Sub-sectors continue to dominate i.e. Housebuilding (34% of £81.6 billion); and Distribution (24%); and, yet, they only account for 13% and 5% respectively of the total number (80) of companies. Plant was the best performing Sub-sector last year with a 29% rise in value, while the worst was Housebuilding with minus 16% including FTSE 100 stocks Barratt, Persimmon and Taylor Wimpey.

There are also 27 companies (2015: 21) with a market value of **£1 billion or more** (including four worth more than £5 billion) which, together, account for 87% of the total value but only 34% of Index constituents. At the other extreme, 22 companies (28% of the total number) are worth less than £100 million and account for just 0.6% of the Sector's total value.

On individual winners and losers in 2016, luxury apartment developer and live bid target **Northcare** is in first place with a more than doubling of its share price (+110%), whilst at the other extreme, troubled contractor **Lakehouse** was worst with a 64% deficit.

Our Index excludes a net 11 **non-UK domiciled groups** (2015: 11) listed on the London Stock Exchange with a total value of £53.5 billion at 31 December 2016 (+31% year-on-year with more than half of this gain coming from translation of Euros and US Dollars into a weak British Pound). The two largest of these are CRH (£23.4 million and +44%) and Saint Gobain (£20.8 billion and +26%).



the independent strategic advisor to the building, construction, real estate & support services sectors

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