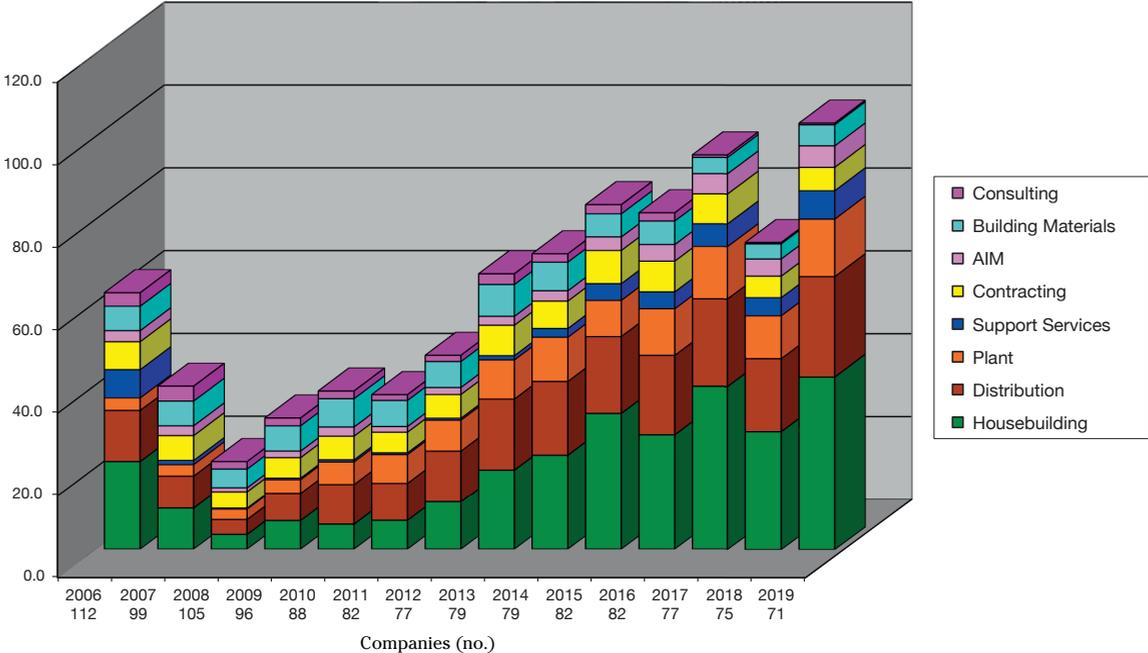


BVL's UK Construction & Building Sector - by value - 2006 through 2019 (\$bn)



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

At 31 December 2019, the Index was worth £103.2 billion - which meant a 39% annualised increase for a constituency of 71 companies (2017: 75); and for the first time ever the value was north of £100 billion. Note, too, that in the last 10 years, seven years have been up with only three down including 2018's loss of a fifth. The BVL Index, of course, was not alone in having a good year but it performed significantly better than the three key measures of the UK equity market i.e. the **FTSE 100**, **FTSE 250** and **All Share Indices** showed annualised increases of 12%, 25% and 14% respectively. Note, too, that six of the 71 BVL Index companies are FTSE 100 constituents, including four housebuilders, Persimmon, Barratt, Taylor Wimpey and Berkeley.

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 2017 the increase in value was 17%, followed by a 22% decline in 2018. Also note that, in 2006, there were 112 constituents of the Index - against 71 now. Last year, too, we said goodbye to Interserve as a listed company (spectacularly), Telford and WYG (both acquired) plus Redhall (administration).

In terms of the **spread of value**, at the end of 2019, two Sub-sectors continue to dominate i.e. Housebuilding (41% of £103.2 billion); and Distribution (24%); and, yet, they account for only 13% and 5% respectively of the total number (71) of companies. The largest Sub-sector (i.e. Housebuilding) also rose 46% in value in 2019 i.e. more than £13 billion but was beaten by the much smaller Building Materials Sub-sector with a 57% increase.

There are also 21 companies (2018: 15) with a market value of **£1 billion or more** (including six worth more than £6 billion) which, together, account for 88% of the total value but only 30% of Index constituents. At the other extreme, 22 companies (31% of the total number) are worth less than £100 million and account for just 1% of the Sector's total value.

On individual winners and losers in 2019, **Volution**, the ventilation specialist, was in first place with a 79% rise in its share price and value - whilst at the other extreme was **Interserve** i.e. it effectively went bust and, thus, lost 100%; and there was support from intensive care resident **Kier** with a drop of 77% in 2019.

Our Index excludes a net **12 non-UK domiciled groups** (2018: 12) listed on the London Stock Exchange with a total value of £57.5 billion at 31 December 2019 i.e. a gain of 24% (2018: minus 18%) despite a weaker Euro and US Dollar. The two largest of these are CRH (£23.8 billion and +41%) and Saint Gobain (£16.8 billion and +16%).



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

Happy New Year

from

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