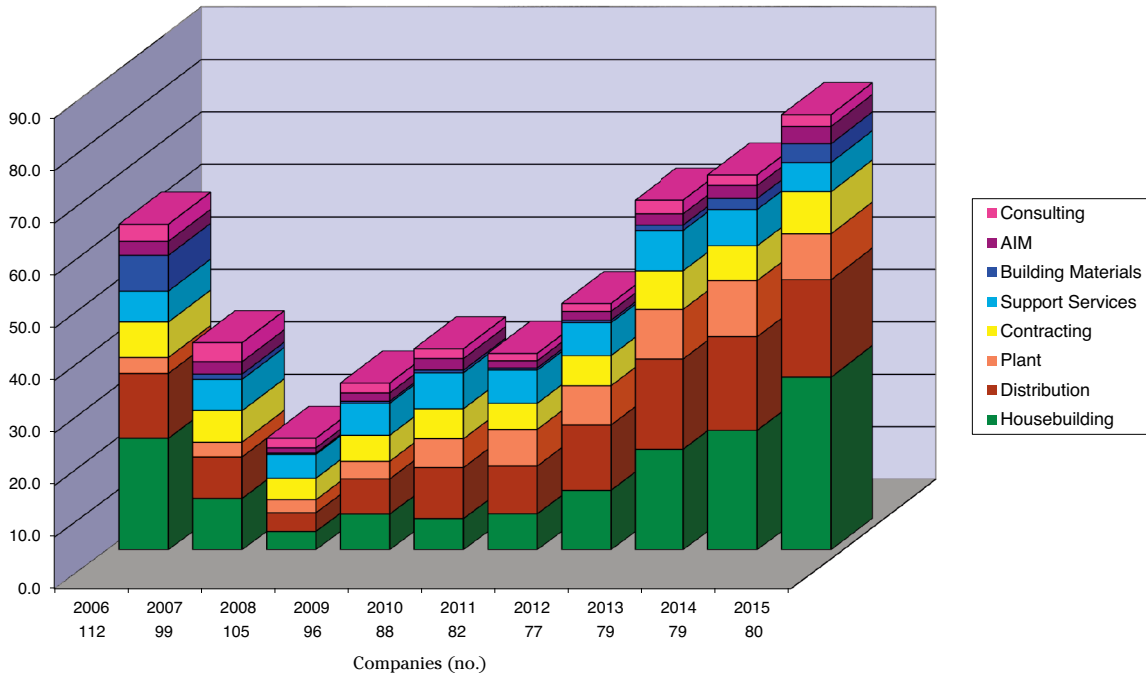


BVL's UK Construction & Building Sector - by value - 2006 through 2015 (£bn)



Building Value Limited's **UK Construction & Building Sector Index** provides a unique snapshot of the wider UK construction and building industry and, without it, you would have to access several individual sector classifications (as determined by the Financial Times and Institute of Actuaries); none of which is wholly representative.

At 31 December 2015, the Index was worth £83.1 billion (+16% year-on-year) and comprised a net 80 constituents (2014: 79). In a tricky equity market, we think +16% is heroic especially when compared to the **FTSE 100** and its score of minus 5% in value last year, and the All Share Index's minus 3%; and even the FTSE 250 could only manage +8%. Note, too, that seven of the 80 companies included here are FTSE 100 constituents, including four housebuilders.

In terms of its **evolution** since 2006, too, the Sector hit bottom at the end of 2008 (in the wake of Lehman Brothers going bust) with a value of \$21.4 billion. A step change followed in 2009 with a 49% rise and then a fifth was added in 2010, before marking time in 2011 (a false dawn). **Two outstanding years** followed with gains of +25% and +42% in 2012 and 2013 respectively. In 2014, the gain was a more modest +7%. Also note that, in 2006, there were 112 constituents against 80 now (and the latter includes the newly floated Lakehouse, McCarthy & Stone and lbstock).

In terms of the **spread of value**, at the end of 2015, two Sub-sectors dominate i.e. Housebuilding (40% of £83.1 billion); and Distribution (22%); and, yet, they only account for 11 and 5% respectively of the total number (80) of companies here. Housebuilding was also the best performing Sub-sector last year with a 44% rise in value; and it now boasts four FTSE 100 stocks in Barratt, Berkeley, Persimmon and Taylor Wimpey. The worst Sub-sector was Support Services with a net 19% dip.

There are also 21 companies (2014: 18) with a market value of **£1 billion or more** (including six worth more than \$5 billion) which, together, account for 83% of the total value but only 26% of Index constituents. At the other extreme, 28 companies (35% of the total number) are worth less than £100 million and account for less than 1% of the Sector's total value.

On individual winners and losers in 2015, **Styles & Wood** is in first place with a more than doubling of its share price, whilst at the other extreme, **ISG** was worst with a 58% deficit - despite it becoming a bid target in December.

Our Index excludes a net **12 non-UK domiciled groups** (2014: 12) listed on the London Stock Exchange with a total value of \$41.0 billion at 31 December 2015 (+3% year-on-year). The two largest of these are Saint Gobain (a restated £16.5 billion and +7%) and CRH (£16.2 billion and a whopping +41%).



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

Happy New Year  
from  
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