



UK Construction: Critical Warning Indicators



Surface metrics show modest growth, but underlying indicators reveal severe structural problems



Key Warning Signals

Construction New Orders Collapsed

-22.0% Q3 2024

Largest quarterly drop in new construction orders, signaling severely weakened future pipeline despite current output appearing stable.

Housing Starts Crisis

100k annual starts

Down from 153k (2023) and nowhere near government's 300k target. Pipeline is collapsing.

PMI Below 50 for Months

44.3 (July 2025)

Construction PMI has been in contraction territory for most of 2025, indicating sustained decline in activity.

Record Insolvencies

3,934 firms (12mo)

22% above pre-pandemic levels. Construction accounts for 17% of all UK business failures—highest of any sector.

New Housing Orders Down

-13.7% in 2024

Private housing orders plummeted 31.3% in Q3 2024 alone. Future residential construction will crater.

Business Confidence Collapsed

2nd lowest since 2022

Forward-looking sentiment at near-record lows. Firms delaying projects and freezing hiring.

The Disconnect: Why Output Appears Stable

Current construction output (~1% growth) reflects work that was commissioned 12-24 months ago when the pipeline was healthier. The collapse in new orders, housing starts, and PMI indicators in 2024-2025 means today's modest output growth is a lagging indicator that masks the incoming crisis. Projects currently under construction will complete, but there's nothing behind them to replace the work.

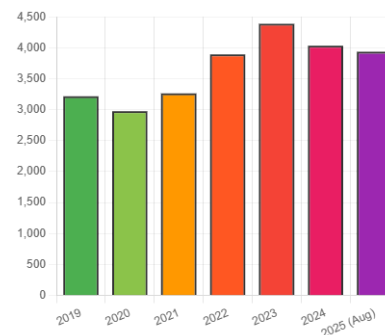
1. Construction Output vs New Orders (Quarterly % Change)



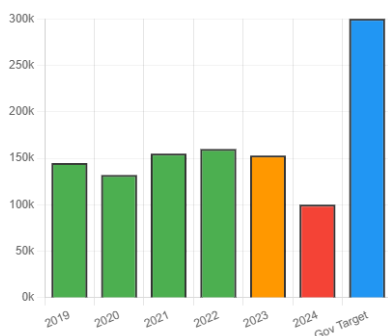
2. Construction PMI Index (Below 50 = Contraction)



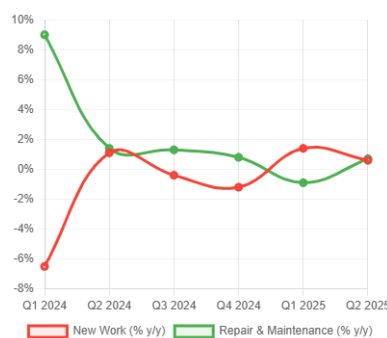
3. Construction Insolvencies (Rolling 12-Month Total)



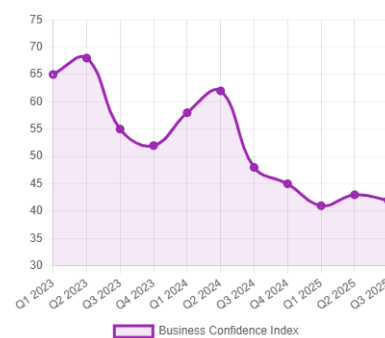
4. Housing Starts vs Government Target



5. New Work Output vs Repair & Maintenance (% y/y)



6. Business Confidence Index (Future Expectations)



Data Sources & Methodology

Construction Output: ONS Construction Output in Great Britain (monthly bulletins, 2024-2025)

New Orders: ONS New Orders in the Construction Industry dataset (Q1 2024 - Q3 2024)

PMI Data: S&P Global UK Construction PMI (January 2024 - September 2025)

Insolvency Data: The Insolvency Service, England & Wales (2019-2025)

Housing Starts: MHCLG Housing Supply Statistics & ONS (Q1 2024 - Q3 2024)

Business Confidence: S&P Global PMI Business Expectations Index (2024-2025)