

Prepared by Glenigan, on
behalf of the NFRC

 **Glenigan**

State of the UK Roofing Industry

Q3 2021

November 2021


LEADING ROOFING EXCELLENCE

NFRC is the UK's largest and most influential roofing and cladding trade association. With a history spanning over 125 years, NFRC has established itself as the voice of the roofing industry, constantly adapting to change and innovation to ensure its members are at the forefront.

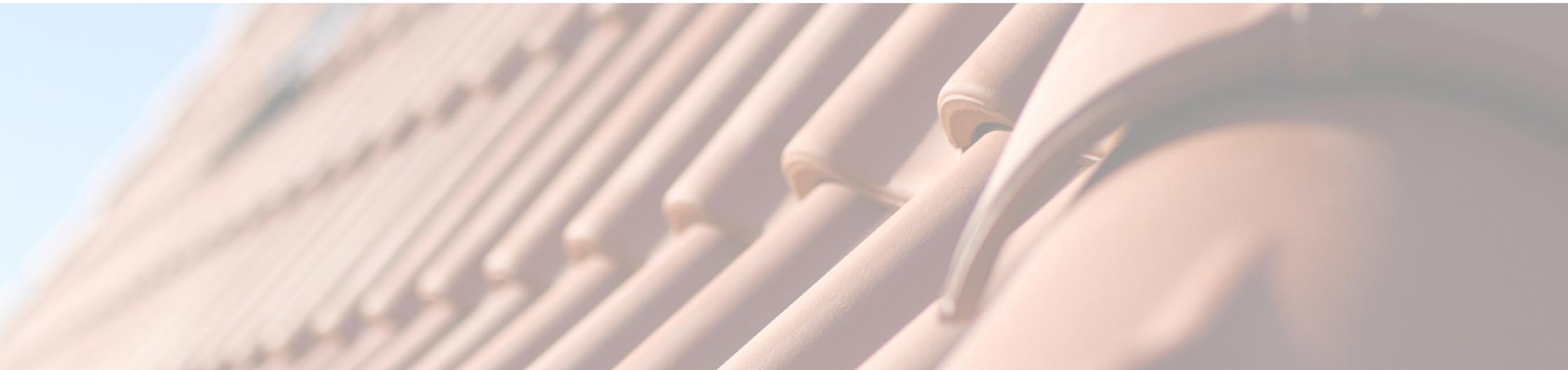
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About The Author



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Allan heads up Glenigan's Economics Unit and has over 30 years' experience in providing insightful market analysis and forecasts on UK construction and the built environment. Following 20 successful years as Economics Director at the Construction Products Association, Allan joined Glenigan 13 years ago. During this time Allan and his team have helped hundreds of businesses confidently develop their market strategies.

Allan sits on the Consulting Committee on Construction Industry Statistics for the Dept for Business (BEIS), is member of a Construction Leadership Council working group and is a guest lecturer in construction at the University of Reading.

About This Survey

This report looks at activity during the three months to September 2021. The survey of NFRC members was conducted between the 4th and 19th October 2021. 141 roofing contractors responded to the survey and the responses were weighted to reflect the size of the individual firms and the structure of the roofing sector.

Introduction by Philip Campbell, NFRC Head of Policy & Communications



Philip Campbell

NFRC Head of Policy & Communications



The roofing and cladding industry has yet again shown its resilience over the last quarter. Despite the numerous setbacks and challenges the sector faced in Q3 2021, from extended lead times to skill shortages to inflation, the industry continued to grow.

Overall, a balance of 40 per cent of roofing contractors reported growing workloads in the third quarter of the year. Whilst this is down on the previous quarter, from 54 per cent, it is still an encouraging figure, and is the fourth consecutive period of growth since this survey started. Enquiries were also down on the previous three months, but 29 per cent of members are still reporting an increase in enquiries, which gives an indication of a healthy future pipeline of work.

The slight slowdown in workloads, seems to have been driven by the domestic repair, maintenance, and improvement sector, which saw a drop from 48 per cent of contractors seeing an increase in work in this sector in Q2 to 28 per cent in the third quarter. Factors attributable to this slowdown include homeowners delaying work in preference to taking holidays over the summer and the capacity issues in the supply chain. The commercial sector was the strongest growing sector, reflecting the ending of most Covid-19 restrictions in July.

Regionally, most areas saw growth in both workloads and enquiries, with the North of England and Scotland seeing the most robust growth. Wales was the only part of the UK to see a fall in both workloads and enquiries.

Employment levels continued to grow, with 12 per cent of contractors reporting a growing headcount of the previous three months. Unsurprisingly, this continues to intensify skill shortages in the sector, with 77 per cent of firms reporting recruitment difficulties (up on the previous quarter). This is filtering through into wage inflation, with just under half (47 per cent) of contractors reporting their labour costs had increased.

Material prices also continued to rise with a near-record high of 92 per cent reporting this, albeit slightly down on the 100 per cent of respondents reporting price rises in Q2 of 2021. This is now filtering through to tender prices with 70 per cent of roofing contractors saying that their tender prices have increased on the previous quarter.

In terms of material shortages, for the first time in a year, concrete roof tiles were no longer the top shortage area, falling to third place with 26 per cent of firms reporting this as a concern. However, shortages now seem to be much more broad-based with 31 per cent of firms reporting that all materials are in shortage. A lack of supply of timber battens also remains a big concern.

Looking to the final quarter of the year, roofers continue to remain positive, with the new residential and new commercial sectors expected to be the fastest-growing parts of the industry, in the final three months of 2021.

Finally, as the UK will be hosting the COP26 climate change conference in November, we asked a question in this quarter's survey about roofing contractors preparedness for the transition to net zero. Whilst it is encouraging that just under half of roofing contractors are working on a net zero strategy or plan to do so in the future, there is still much more work to do in this area, and NFRC will be leading the way on this.

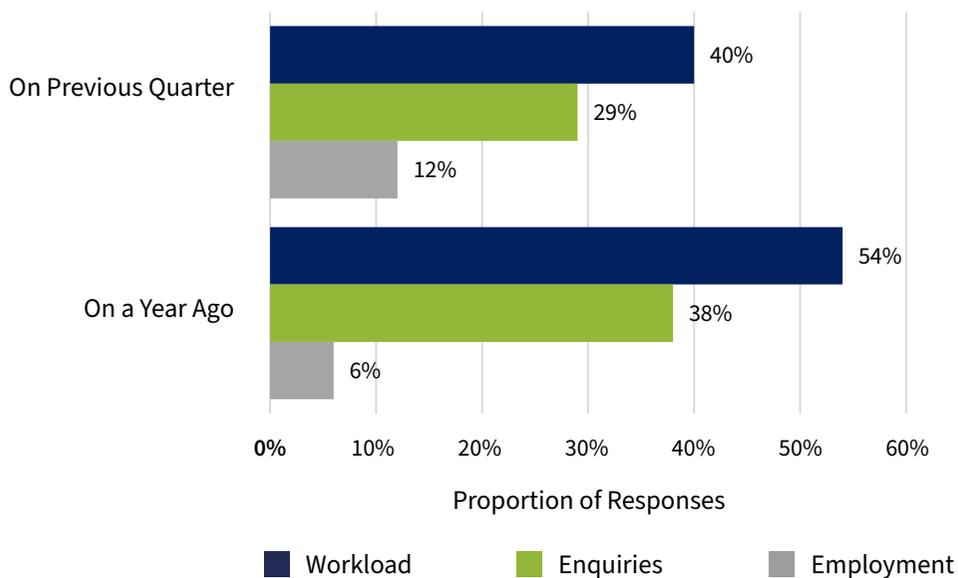
Key Indicators

Roofing contractors' workload continued to rise strongly during the third quarter, albeit not at the same rapid pace seen during the preceding quarter. 48 per cent of firms saw a rise in workload on the previous quarter against 8 per cent reporting a decline.

A balance of 29 per cent of firms reported an increase in enquiries, signalling a further rise in workload over the next three months. The increase in workload and enquiries against the third quarter of 2020 is even more marked, with a balance of 54 per cent of firms reporting higher workload and 38 per cent seeing more enquiries than a year ago.

The rise in industry workload lifted direct employment with a balance of firms (12 per cent) expanding their direct workforce against the preceding quarter and 6 per cent reporting a year-on-year rise in employment.

Chart 1: Change in Key Market Indicators



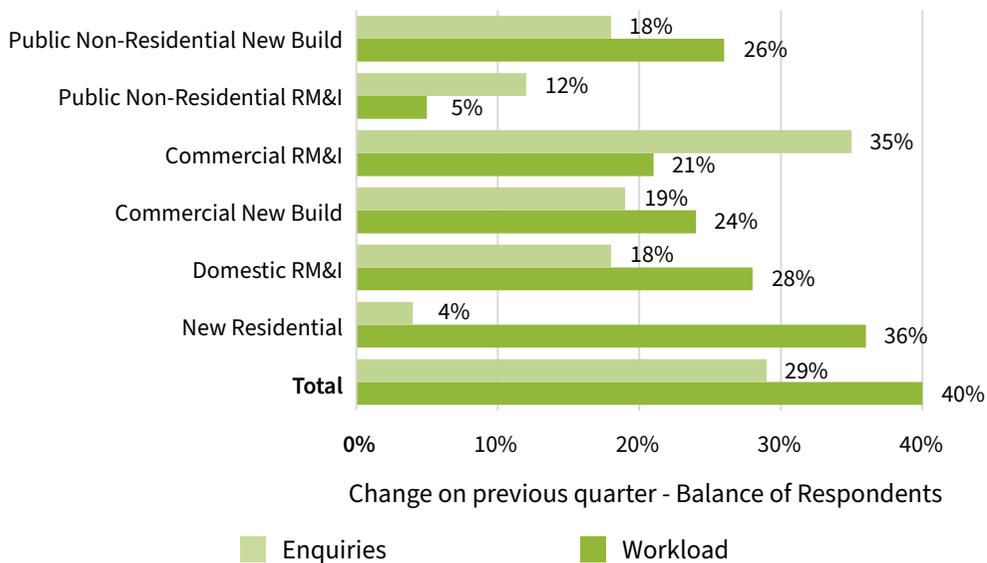
N.B. Balance of respondents refers to the percentage reporting an increase less the percentage reporting a decline

Workload and Enquiries by Sector

Workload continued to rise strongly during the third quarter with a balance of 40 per cent of roofing contractors reporting that their overall workload was up on the second quarter of 2021. New residential work was the fastest growing sector, with 46 per cent of firms operating in the sector increasing their workload against only 10 per cent seeing a decline. Growth moderated in the domestic repair maintenance and improvement (RM&I) sector, with a balance of 28 per cent of firms increasing their workload compared to 48 per cent in the previous quarter. New residential and new public non-residential RM&I were among the strongest growing sectors with a balance of 24 per cent, and 26 per cent of firms respectively increasing their workload.

Rising enquiries point to a further increase in workload during the fourth quarter. Commercial RM&I is a particular bright spot with a balance of 35 per cent of firms reporting a rise against the previous quarter.

Chart 2: Workload and Enquiries by Sector

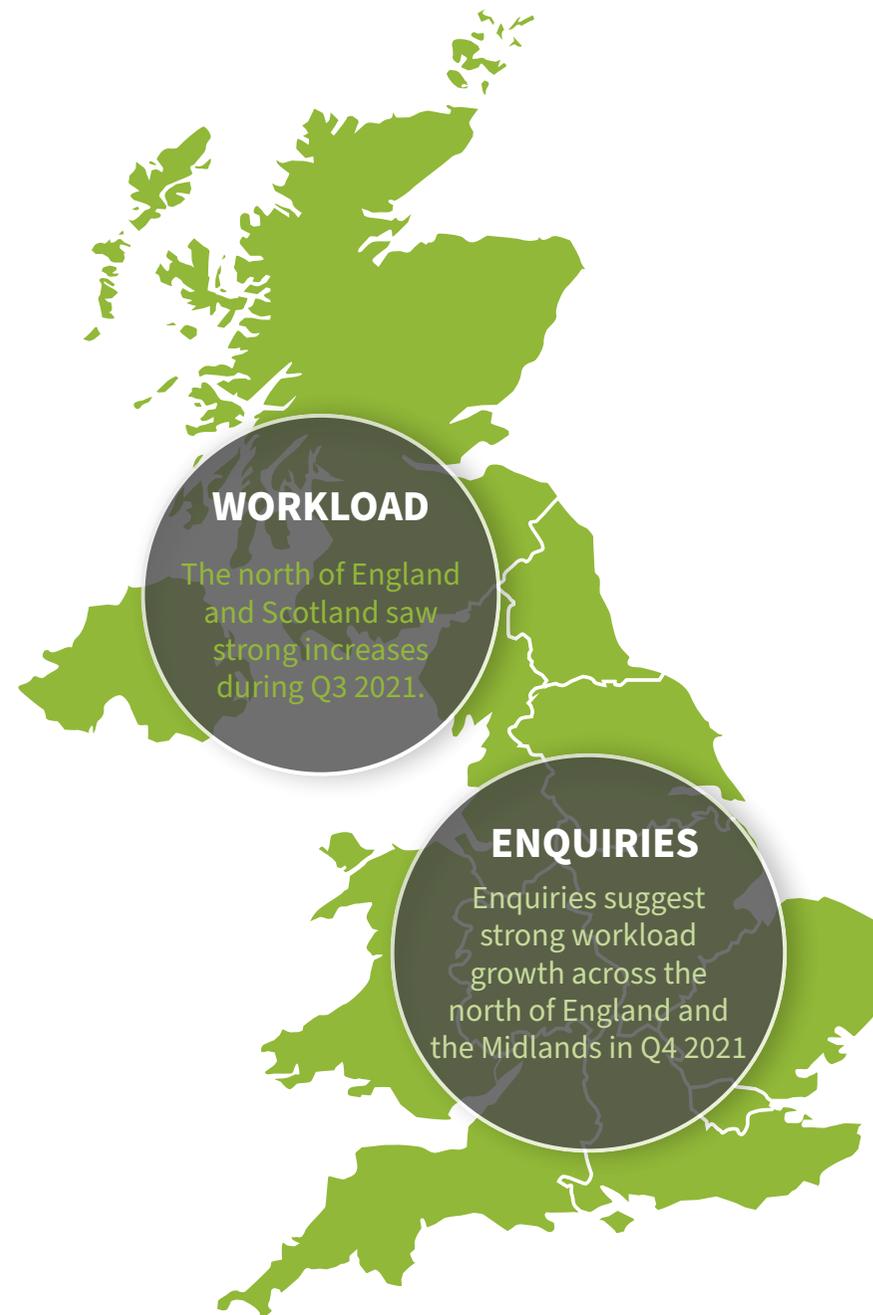
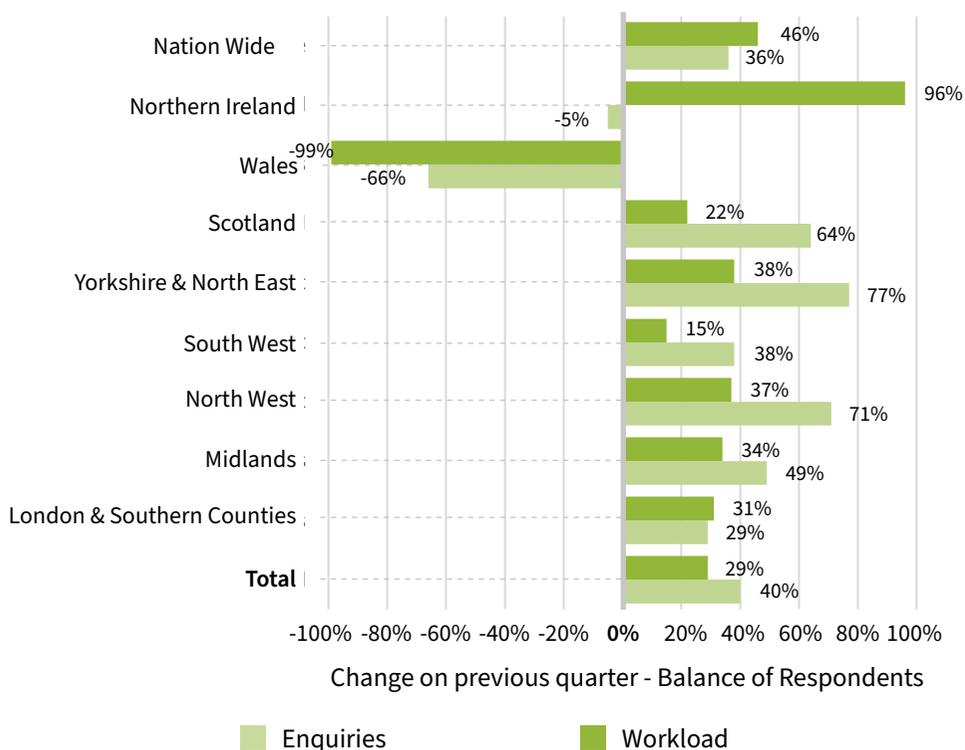


Workload and Enquiries by Region

The north of England and Scotland enjoyed the strongest increases in workload during the third quarter of 2021. Contactors in Yorkshire and the Humber reported a rebound in workload after subdued second quarter performance. Contractors in the Midlands reported strong growth. In contrast growth was slower across southern England including London.

New enquiries indicate that workload growth during the fourth quarter is set to be strongest across the north of England and the Midlands. Firms operating in Wales reported marked falls in workload and enquires, whilst firms in Northern Ireland reported a firm rise in enquiries. However, there was a limited number of responses from these two regions.

Chart 3: Workload and Enquiries by Region



Employment and Skills Shortages

Amid widespread shortages of skilled labour, firms have sought to grow their direct headcount and make greater use of sub-contracted labour to meet rising workloads. 77 per cent of firms experienced greater difficulty recruiting suitable labour during the quarter against just one per cent finding recruitment easier. Roof slater and tiler was the most mentioned difficult to fill role with 29 per cent reporting recruitment difficulties. Slaters, built-up felt roofers and tilers were also frequently mentioned.

Chart 4: Labour Indicators

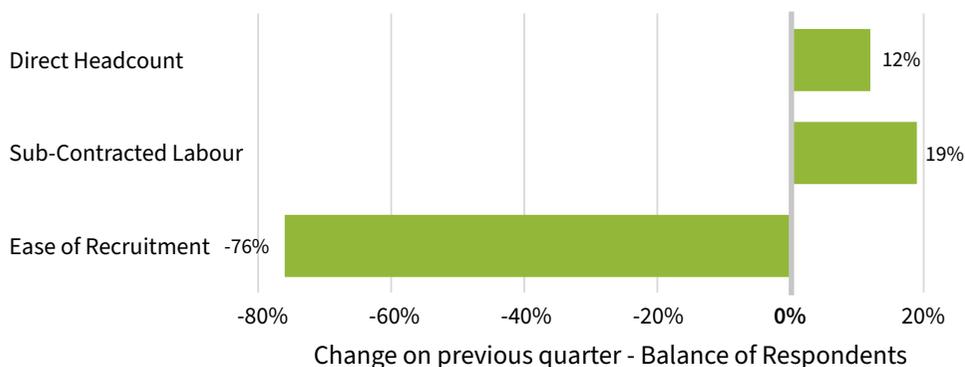


Chart 5: Areas of Skills Shortages



Costs, Prices and Materials Availability

The tight labour market has fed through to rising labour costs. A balance of 47 per cent of firms reported that their labour costs rose during the third quarter, with 57 per cent reporting an increase against the third quarter of 2020.

Roofing material availability and costs remain major issues for roofing contractors, with a balance of 92 per cent of firms seeing material prices rise against the previous quarter and 77 per cent reporting a deterioration in material availability. Almost a third (31 per cent) of firms reported difficulty obtaining all materials.

Additionally, timber battens (31 per cent), insulation (27 per cent), concrete roof tiles (26 per cent) and general timber (21 per cent) were frequently mentioned as being in short supply. The rise in labour and material costs is feeding through to tender prices, with a balance 70 per cent of firms increasing their tender prices during the quarter.

Chart 6: Change in Costs and Prices

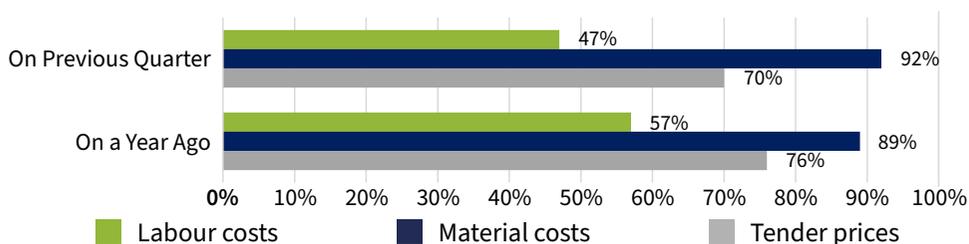
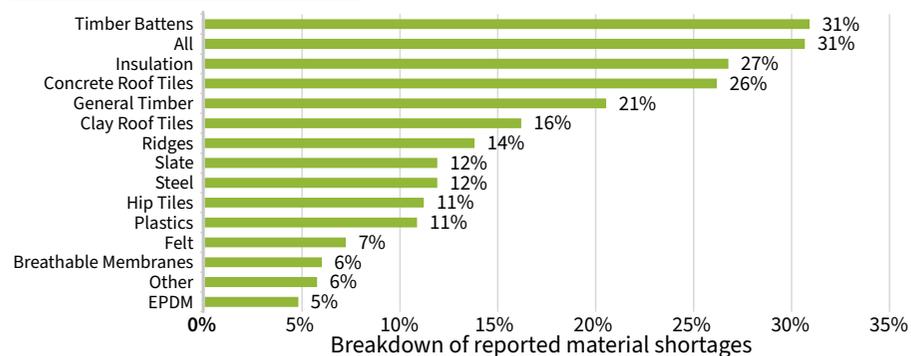


Chart 7: Material Shortages



Market Expectations

Roofing contractors expect further growth in workload during the next 12 months. Near term, new residential and new commercial work are set to be the fastest growing sectors during the fourth quarter. Looking to the year ahead, roofing contractors expect the rise in workload to be sustained and more broadly based, with expectations greatest for public non-residential and commercial new build and domestic RM&I. Regionally, growth expectations are greatest among firms with nationwide operations and those operating in the South West, London and Southern Counties and Yorkshire & the North East.

Chart 8: Market Expectations - 12 months

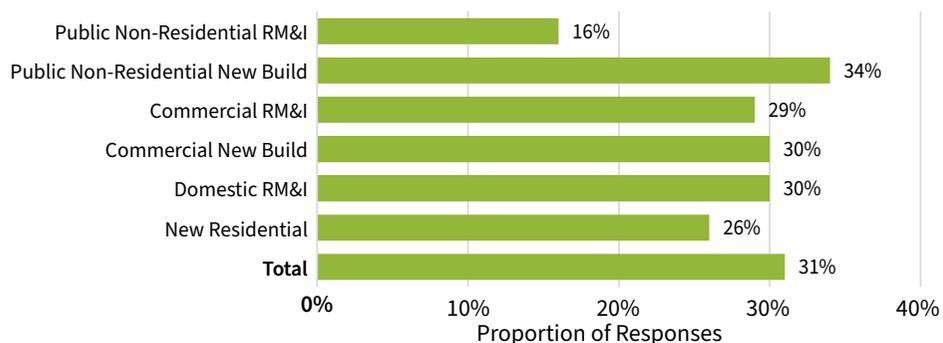
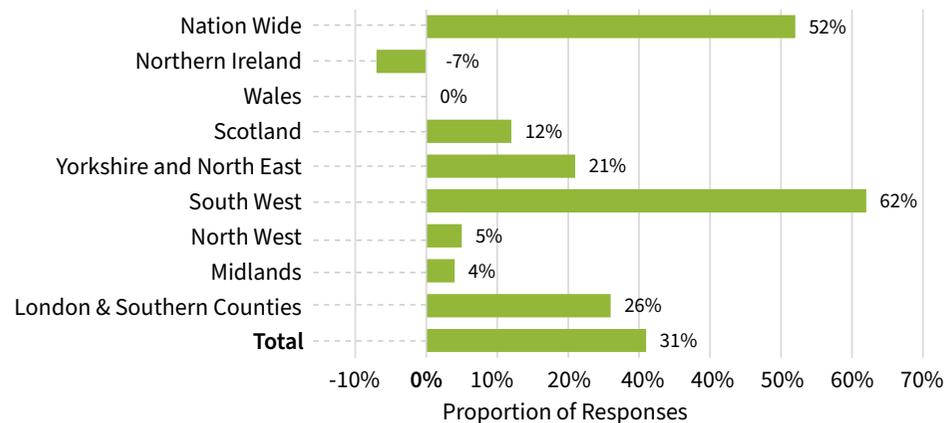


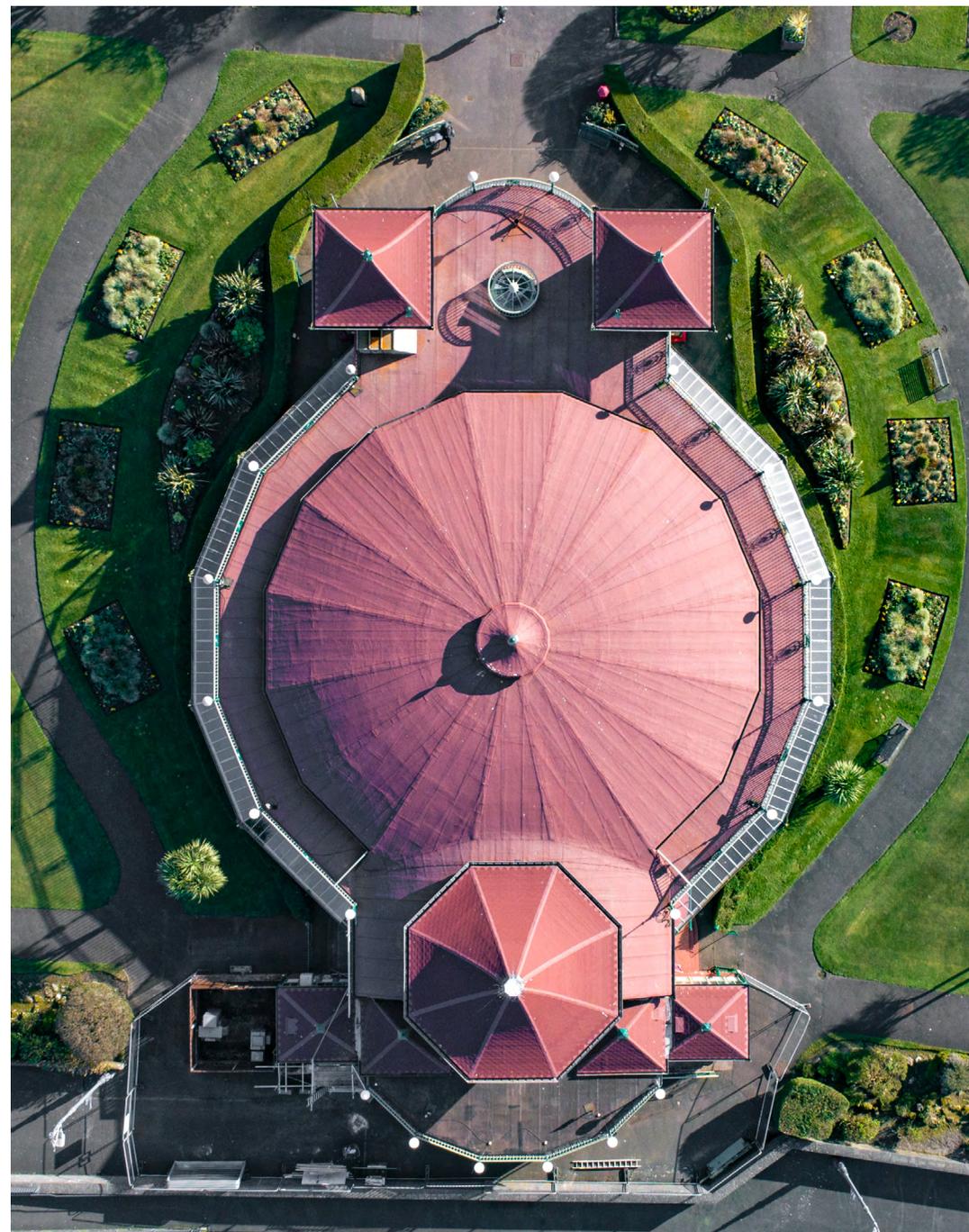
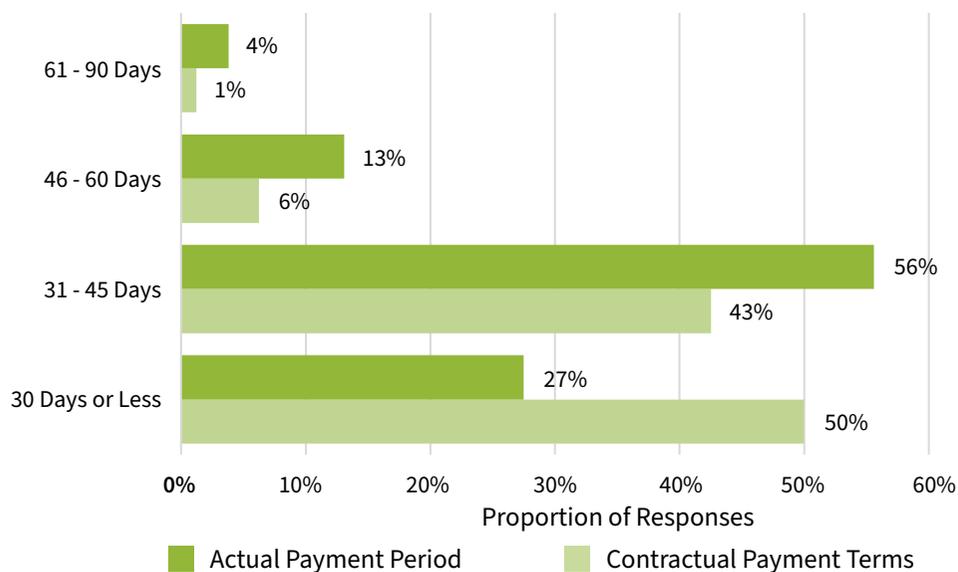
Chart 9: Market Expectations - 12 Months



Payment Terms

Firms reported that the late payment of due accounts is widespread. Whilst half of firms reported that their contractual payment terms were 30 days or less, only 27 per cent of firms were on average paid within that period. A similar picture was reported by firms with longer payment terms. Only seven per cent of firms had payment terms of 46 days or more, but 17 per cent of firms reported that was the average time that they had to wait for payment.

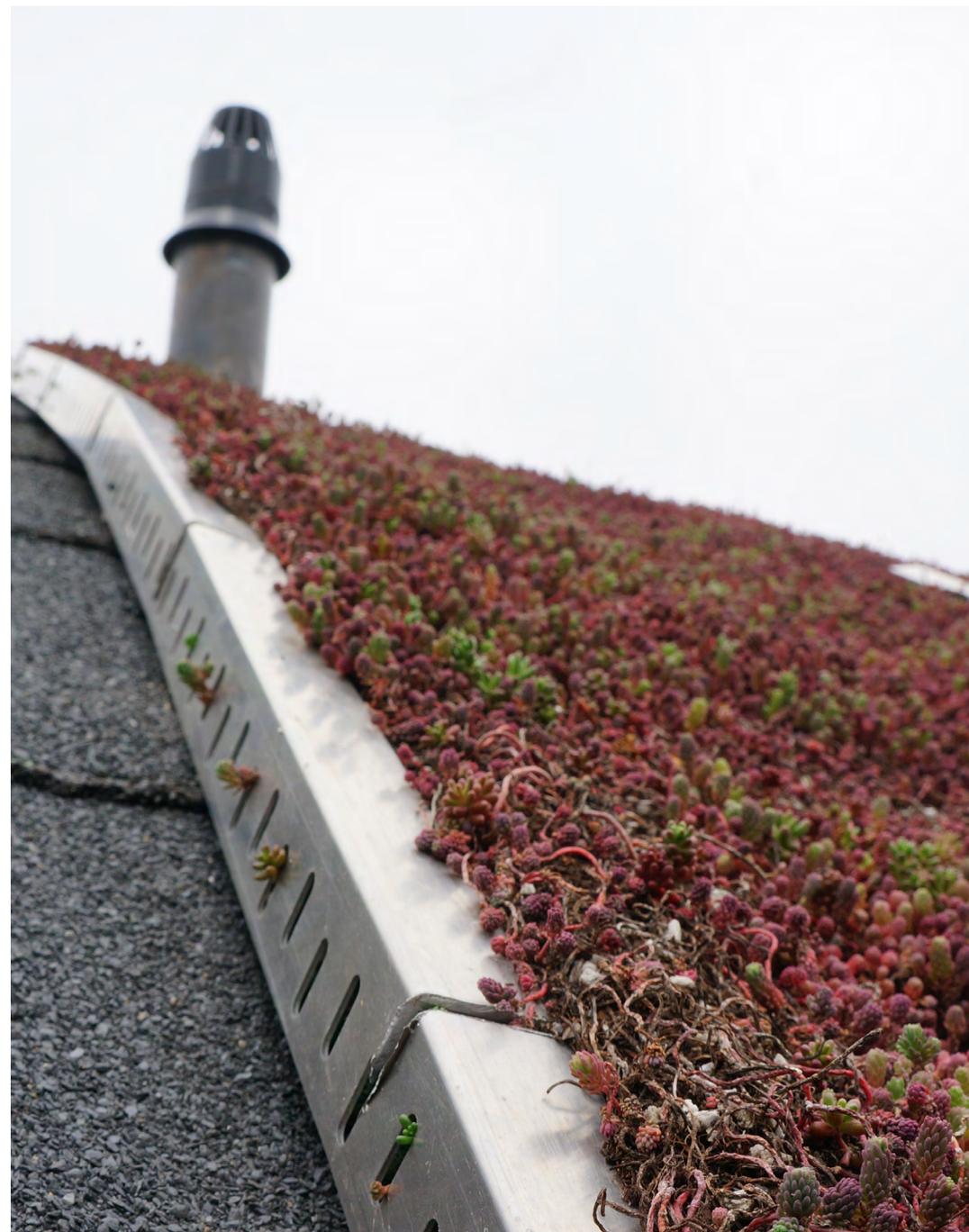
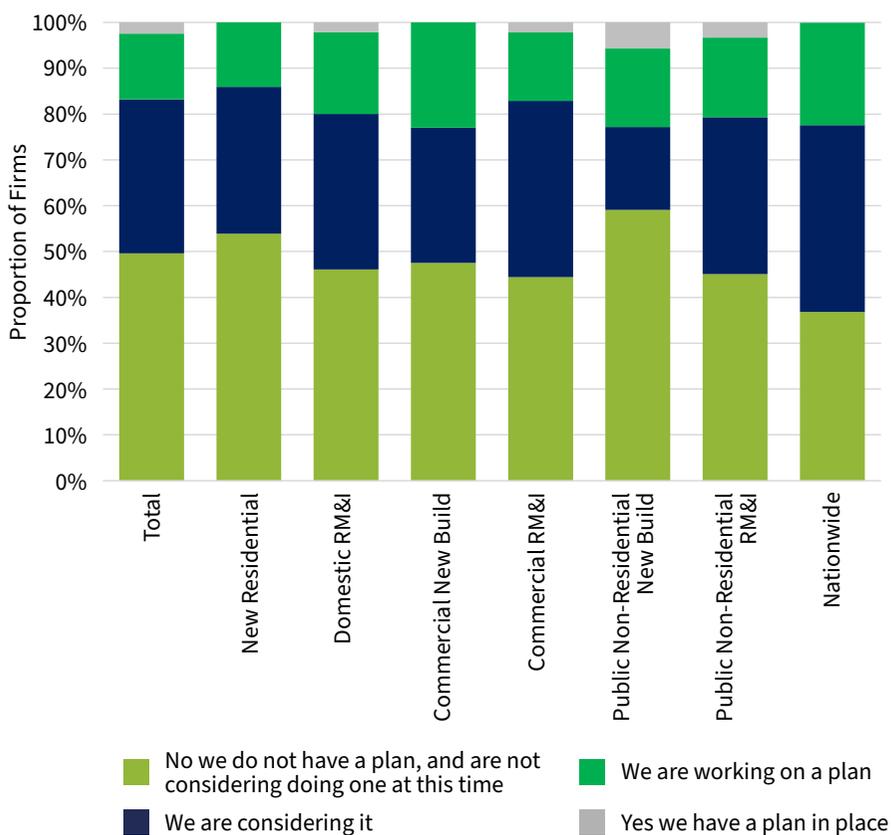
Chart 10: Payment Terms and Periods



Net Zero

Slowing global warming is high on the political agenda ahead of COP 26 with the Government pledging to reducing the UK's carbon emissions to net zero by 2050. Delivering this objective will require action by all parts of the UK economy. Whilst few roofing contractors currently have a net zero plan in place for their business, 14 per cent were currently working on a plan and 34 per cent were considering developing one. Nationwide, contractors and those operating in the commercial new build sector were most likely to have a plan in development or to be considering developing one.

Chart 11: Planning for Carbon Net Zero



The logo for NFRC, featuring a stylized white arrow pointing up and to the right, followed by the letters 'NFRC' in a bold, white, sans-serif font.

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The logo for Glenigan, consisting of a green stylized 'G' icon followed by the word 'Glenigan' in a white, sans-serif font.

Glenigan are proud to have partnered with the NFRC to produce this State of the UK Roofing Industry report.

We help roofing contractors, materials manufacturers and suppliers to find new-business opportunities, and to better understand their markets.

If you'd like to find out how we can help your business, please visit the link below. We're pleased to be able to offer preferential rates to NFRC members.

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