



Market Report

A Snapshot of your Market Sector

Building and Joinery

This pack has been designed to provide information on setting up a business in the Building and Joinery industry in Scotland, as well as helping to inform the market research section of your business plan. You can find more information on how to write a business plan from the Business Gateway website (www.bgateway.com/businessplan), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in January 2018. If you find the information contained in this document useful, tell us about it! Send us feedback [here](#); we will use your comments to help improve our service.

What do I need to know about the Building and Joinery market?

The following summary statistics have been taken from market research reports and reliable resources that the Information Service uses to compile industry information. They should give you an indication of how your industry is faring at present and whether there is demand for your type of business:

- ◆ Residential building construction industry revenue is forecast to increase at a compound annual rate of **2.3% to reach £51.1 billion**. Uncertainty regarding leaving the European Union and the introduction of a higher stamp duty on buy-to-let homes is expected to curtail growth in 2017-18 (IBISWorld, *Residential Building Construction in the UK*, October 2017).
- ◆ The construction of new single-unit housing is estimated to contribute to 41.5% of industry revenue in 2017-18. **In 2017-18, IBISWorld estimates that 47.3%** of industry revenue will derive from repair, renovation and remodelling work (IBISWorld, *Residential Building Construction in the UK*, October 2017).
- ◆ The Commercial Building Construction industry is expected to grow at a more subdued level over the next five years. The depreciation of the pound in the wake of the EU referendum may provide a short-term boost to investment from foreign businesses but widespread uncertainty and weak business confidence are expected to constrain demand for new building projects. Over the next five years, revenue is forecast to rise at a compound annual rate of **1.4%, reaching £21.1 billion in 2021-22** (IBISWorld, *Commercial Building Construction in the UK*, March 2017).
- ◆ For joinery installation, potentially weaker house price growth could deplete homeowner equity and limit demand for repair and renovation work. Over the five years through 2022-23, industry revenue is forecast to increase at a compound annual rate of **1.5% to reach £10.8 billion** (IBISWorld, *Joinery Installation in the UK*, March 2017).
- ◆ Given the upheavals in the wider economy, the buzz around the construction sector in the run-up to the 2016 festive period couldn't have plausibly been more upbeat. On a UK level, the industry was one of three – along with services and manufacturing – identified as the source of a “Brexit bounce” in the final quarter of last year (The Insider, *Insider Special Report: Construction Review*, March 2017) (tinyurl.com/ybt9I4k9).
- ◆ The national organisation for this industry are [Scottish Building Federation](#) and the [Federation of Master Builders](#). Other organisations include the [Home Builders Federation](#), the [British Woodwork Federation](#) and the [Guild of Master Craftsmen](#).

Where can I find more information on my market?

The Information Service has access to a number of databases which can offer more detail on this industry. Some of these reports are listed below - if you would like to be sent extracts from any of these reports, please contact us on **0300 013 4753** or email info@bgateway.com.

- ◆ **Mintel – House Building UK (November 2017).** Home ownership fell over the past year, from 63.6% to 62.9%, following its first year of growth after eight consecutive years of decline. This was partially attributed to the economic and social uncertainties tied to Brexit, though increased pricing, a suppression in real wages, and the lack of new social housing output compounded by population growth also had an effect.
- ◆ **IBISWorld – Commercial Building Construction in the UK (March 2017).** Over the next five years budget cuts are expected to continue as the government seeks to reduce the deficit, stifling demand for new buildings from the public sector. However, expenditure on repairs and maintenance is likely to increase when budget cuts ease over the long term. Demand from the retail market is likely to come under further threat from the rise in online sellers, making retailers cautious about large-scale development plans. However, this is expected to continue to boost demand from warehouse construction. Supermarkets have already begun cutting back on superstore developments in favour of smaller local outlets. Demand for large new shopping centres is expected to continue, as is demand for expansions to existing centres, although many projects may also be subjected to delays due to prevailing economic uncertainty and low consumer confidence.
- ◆ **Mintel – Construction UK (April 2017).** The number of companies involved in the construction industry is subject to major changes on an annual basis as it incorporates a vast range of small companies engaged in specialist trades as well as major corporations. There is evidence that recovering activity has quickly encouraged new companies, with the rate of growth accelerating in 2015.

There are also a number of online resources you may find helpful:

- ◆ **Mosaic Management Systems, 10 UK Construction Industry Trends that will make an impact in 2017, February 2017** (tinyurl.com/ybrvph4c). 10 key construction industry trends set to shape the market this year. Advancements in technology and an increased focus on sustainability play a vital role here, pushing construction companies to consider different construction methods and technologies that are smarter and greener than ever before.
- ◆ **The Telegraph, Construction faces tough 2018 as Forecast downgrade, August 2017** (tinyurl.com/yank2s84). Growth prospects for the UK construction industry have been downgraded amid “clear signs” next year will be “difficult” for the industry.

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How can I find out about my competitors?

Business Gateway's online guide to [Competitor Analysis](#) explains how to find your competitors, how to research what they're doing and how to act on what you learn about them.

Immediate competition will be from other businesses in your local area. There are several online directories which can be used to find company information and generate lists easily and at no expense. Many Local Authorities also publish local business directories on the web. Below are some key web resources:

- ◆ General business directories such as Yell, Thomson Local or Google Maps
- ◆ Trade specialists like EuroPages (European directory), The Wholesaler or Free Index
- ◆ Business to business (B2B) specialists such as Kompass

Likewise, your local Chamber of Commerce may publish a members' directory; find your local Chamber on the [Scottish Chambers](#) website.

Once you've identified who your competitors are, the next step is to gather information on the way they do business. Which services do they provide? How do they market themselves? How much do they charge?

To learn about your competitors:

- ◆ Look for articles or adverts in local newspapers, trade press and directories.
- ◆ Try to read their marketing material; if the company has an online presence, visit the company's website as a first port of call. Not only does it give you a better understanding of the company's activities, it can also offer a wealth of information such as a company history or staff biographies, as well as the company's partners or suppliers
- ◆ Search for information on limited UK companies via the Companies House website
- ◆ Gain an insight into your competitor's performance using credit checks and the accounts that limited companies are required to submit to Companies House each year.

We can provide credit checks free of charge; if you are interested in using this resource, or looking for us to help you find relevant publications, please contact us by emailing info@bgateway.com or by calling **0300 013 4753**



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What about suppliers?

[Choosing and Managing Suppliers](#) can help you decide what you need from a supplier, how to identify one and how to choose one to deal with.

Trade associations or industry specific organisations may also be able to recommend suppliers or contacts. You can also use the aforementioned resources for finding competitors to find suppliers.

Once you have decided on a supplier, we can run a credit check on the company to help assess their financial stability. We provide credit checks free of charge; if you are interested in using the resource please info@bgateway.com or by calling **0300 013 4753**.

Who are my customers?

Your business plan should include information about the customers you would expect. Business Gateway's guides on [Retaining and Grow Your Customer Base](https://tinyurl.com/c2fw4o4) (tinyurl.com/c2fw4o4) will help you to identify who your customers are, how to use this information to sell more effectively and how to actively compete in your marketplace.

It can be useful to group your customers by geographical location, age or lifestyle. The websites listed below are freely available and can provide most of this information. If you can't find what you're looking for from these website, please contact us and one of the team will be happy to help:

- ◆ Access the latest population estimates from the National Records of Scotland (NRS). NRS also offers demographic factsheets for each council area in Scotland, which can provide summary statistics for the area you will be based in.
- ◆ Information from the most recent census in 2011 is released via the official website. See in particular the Census Area Profiles. Clicking on your area of interest will give the latest population figures, including estimates by age.
- ◆ Understanding Scottish Places has interactive profiles of towns and cities across Scotland. It can be useful for understanding the interrelationships and flows between towns, and also gives comparisons between two or more places.
- ◆ Scottish Government Statistics provide accurate and up-to-date statistics on Scotland, covering population, health, education and housing.
- ◆ The Scottish Household Survey provides information on the structure, characteristics, attitudes and behaviour of Scottish households, both at a national and local level.
- ◆ Office for National Statistics (ONS) is the recognised national statistical body for the UK. ONS covers a wide range of demographic, economic and social issues at a UK level.

How can you help me with other aspects of starting my business?

The Business Gateway website has guides, videos, online tutorials and tips on all aspects of starting up a business in Scotland. Follow the links below to explore each resource:

Accountancy

Institute of Chartered Accountants of Scotland's (ICAS) "[Find a Chartered Account](#)" tool

Funding

[Practical information](#) on finance and funding for starting and growing your business

Insurance

[Business insurance guide](#)

Legal Help

Gov.uk "[Licence Finder](#)" tool

Law Society of Scotland's "[Find a Solicitor](#)" tool

Pricing

Business Companion [Pricing & payment guide](#).

Please note: the most effective way to research pricing is to conduct your own research – visit wholesalers or suppliers to obtain price lists, find quotes from similar companies and work out what other businesses in your area are charging

Promotion

[BG guides to Marketing](#)

Training

[Skills Development Scotland's My World of Work](#)

[Funding for training](#)

[Small Business Bonus Scheme \(Scotland\)](#)

Your local Business Gateway can offer events, workshops and 1:2:1 support on all aspects of starting and developing your business. Call the helpline on **0300 013 4753** to find out what is available in your area.

We hope you find this Market Report useful and we'd love to hear your feedback [here](#).

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Updated by: Caroline Campbell

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