



Market Report

A Snapshot of your Market Sector

Building and Joinery

Cost of Doing Business Support

For information on **reducing the cost of running your business**, the [Find Business Support](#) website has links to advice, funding and regional support.

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 **November 2022**. 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:

- ◆ In 2019-20, revenue declined, owing to an early pandemic-related downturn. Industry revenue is expected to increase at a compound annual rate of **1.3%** over the five years through **2022-23 to reach £82.2 billion**. **In 2020-21, industry revenue fell by 21.1%**. The COVID-19 pandemic initially led to severe disruption in on-site construction activity and impeded both supply chains and new sales activity. Lower output and fewer enquiries for new housing units naturally reduced revenue opportunities. (IBISWorld, *Residential Building Construction in the UK*, August 2022).
- ◆ In commercial building construction, revenue is expected to **grow by 2.8% in 2022-23**, as operators continue to realise revenue deferred during the height of the pandemic, while also benefiting from capital procurement frameworks and a tentative recovery in private investor sentiment. However, industry performance is expected to remain constrained by supply chain disruption throughout the current year, as severe shortages of labour and materials spur increased costs and project delays. (IBISWorld, *Commercial Building and Construction in the UK*, August 2022).
- ◆ Looking at the COVID-19 impact, 2020 saw total (private and public) completions **fall by 17%**, though this has largely been recovered in 2021 with completions rising by 18.6% (Intel, *Construction – UK*, 2022).
- ◆ Over the five years through 2027-28, industry revenue is forecast to grow at a compound annual rate of **3% to reach £95.3 billion**. However, at least through the short term, shortages of key materials and skilled labour may constrain the industry's bottom lines. (IBISWorld, *Residential Building Construction in the UK*, August 2022).
- ◆ Since the EU referendum, market uncertainties have weighed heavily on industry demand from existing homeowners and curbed investment from the high-end commercial sector. This is expected to be compounded over the two years through 2021-22 as a result of the COVID-19 pandemic, which has significantly disrupted construction activity. Nonetheless, industry revenue is forecast to expand during the current year, in line with the reopening of the UK economy. As a result, revenue is expected to grow by 6.9% to £11.2 billion in the current year. (IBISWorld, *Joinery installation in the UK*, February 2022).
- ◆ 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](#), [National Association of Shopfitters](#) and the [Guild of Master Craftsmen](#).



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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 – Construction - UK (2022).** The UK has a huge housing shortage, though the precise quantification of this is difficult. However, in the 30 years to 2021 there were 3 million fewer houses built than in the previous 30 years. At the same time the population has increased by more than 9 million. Moreover, social changes have furthered the shortfall with greater levels of single person households.
- ◆ **IBISWorld – Residential Building Construction in the UK (August 2022).** The gradual removal of coronavirus-related income support caused cash flow pressures to intensify in 2021-22. Significant input cost inflation also cut into margins during the year, with annual average price indices for materials used in the construction of new housing increasing by 17.1% in 2021-22 according to the Department for Business, Energy and Industrial Strategy (BEIS). Indicative of prevalent cash flow pressures, the ONS reported that the construction sector accounted for more insolvencies than any other sector in 2021, with the number of insolvencies among firms involved in the construction of all buildings increasing by 19.1% during the year.
- ◆ **Mintel – Thermal Insulation – UK (2022).** Homes built under the Future Homes Standard will produce 75-80% fewer carbon emissions compared with current levels. In response to anticipated thermal insulation demand growth on the back of the government's Future Homes and Buildings Standard energy efficiency policy, a number of manufacturers are investing to boost their UK production capacity.

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

- ◆ **Federation of Master Builders, State of Trade Survey, Q3 2022** (<https://tinyurl.com/b82nc22n>). According to the latest survey for Q3 22, workloads in the house building sector are stagnant at 1%, displaying a continued fall since Q2 where it sat at 8%. This is a worrying sign, suggesting that recent changes to Stamp Duty have yet to boost confidence in the house building market.
- ◆ **CITB, Construction drive aids economic recovery (September 22)** (<https://tinyurl.com/5frvwaf8>). The UK Government has published its Heat and Buildings strategy, which sets a goal to decarbonise the heat and buildings sector by between 47% to 62% by 2035. New funding of £3.9 billion has been pledged for this, which includes a £450 million Boiler Upgrade Scheme and additional funding for the Hope Upgrade Grant and Social Housing Decarbonisation Fund.

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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 [Market and customer research](#) will help you to identify new trends, opportunities, customers and competitors.

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 Accountant](#)" 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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You must not rely on the information in the report as an alternative to advice from an appropriately qualified professional. If you have any specific questions speak to your Business Gateway Advisor or consult an appropriately qualified professional.

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