

# State of the UK Roofing Industry

## Q4 2020

**NFRC**  
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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February 2021

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## About The Author



**Allan Wilen BSc (Hons),**  
Economic Director



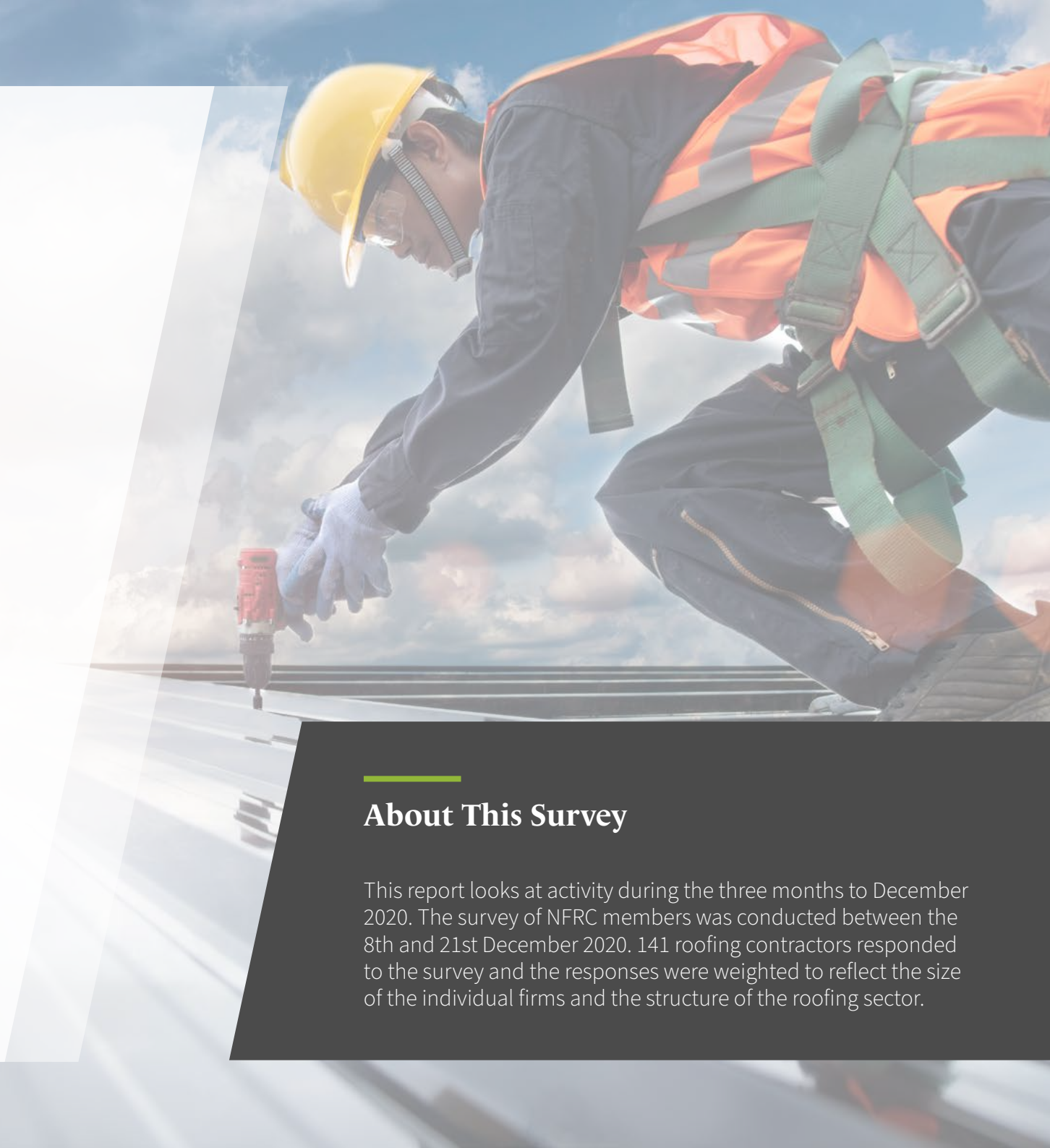
Allan heads up Glenigan's Economics Unit and has over 30 years' experience in providing insightful market analysis and forecasts on UK construction and the built environment. Following 20 successful years as Economics Director at the Construction Products Association, Allan joined Glenigan 13 years ago. 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.

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## About This Survey

This report looks at activity during the three months to December 2020. The survey of NFRC members was conducted between the 8th and 21st December 2020. 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.



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## Introduction by James Talman, NFRC Chief Executive



**James Talman**

NFRC Chief Executive



This survey is the first of its kind – a quarterly survey looking specifically at the roofing and cladding industry. Whilst there are many tracking surveys looking at the construction industry overall, up until now there hasn't been any that we know of looking at the performance of specialist contractors operating in this £5 billion industry on a quarterly basis.

The performance of the roofing industry is a good barometer of how the overall construction industry is performing. Almost all new buildings require a roof and those buildings that have been built need their roofs maintained and repaired. This means our industry has a great insight into all the different sectors of the construction industry, for example whether that be pitched roofs in the new build residential sector, waterproofing materials roofing for school and hospital maintenance in the public RMI sector, or metal roofing in the industrial sector, roofing contractors are required. We aim through this survey to be able to provide a broad and holistic picture of the performance of the construction industry over that quarter and expected future performance.

The final quarter of 2020 was a buoyant one for roofing contractors with two in five (41 per cent) reporting an increase in workloads over the quarter, providing a positive end to what was a very turbulent year. Whilst roofing, along with all other parts of construction, was able to continue working through the first national lockdown in England and Wales, many construction sites closed, and a large number of contractors stopped working for a short period. Product availability has been severely impacted due to a variety of factors including initial shut down of plants in the first lockdown, reduced output due to COVID safe operating procedures, world wide shortages in timber and certain chemicals, and increased demand. The greatest impact of this shortage is in the pitched home building sector associated with concrete tile specification.

Activity was up across all the main sectors, with the domestic RMI sector the strongest performing. With many homeowners working from home for most of 2020, home improvement projects have been a top priority and combined with a booming housing market, this has led to a strong pipeline of work for contractors in this sector. Public non-residential RMI also performed well, indicating that the government's investment in public buildings is starting to pay dividends.

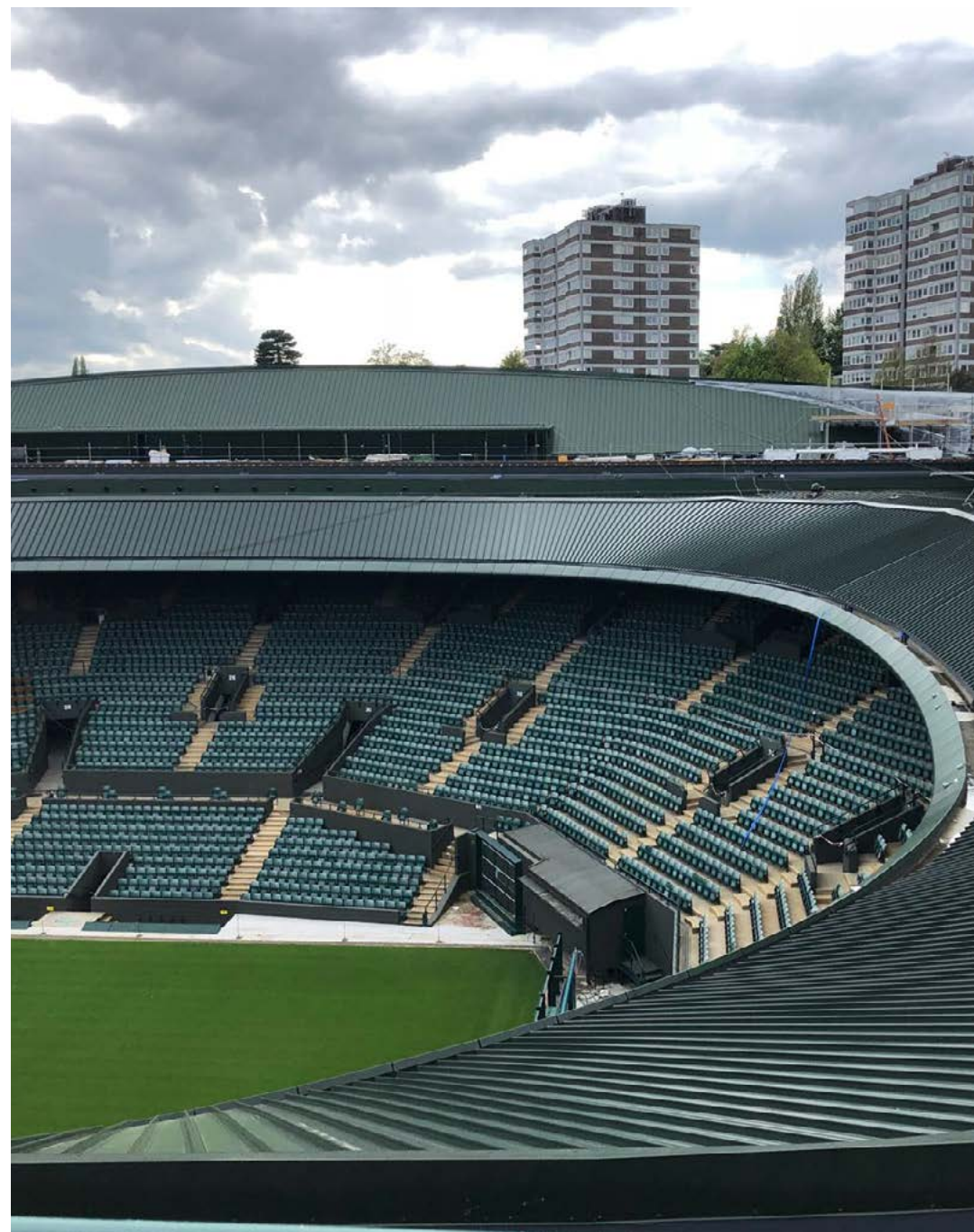
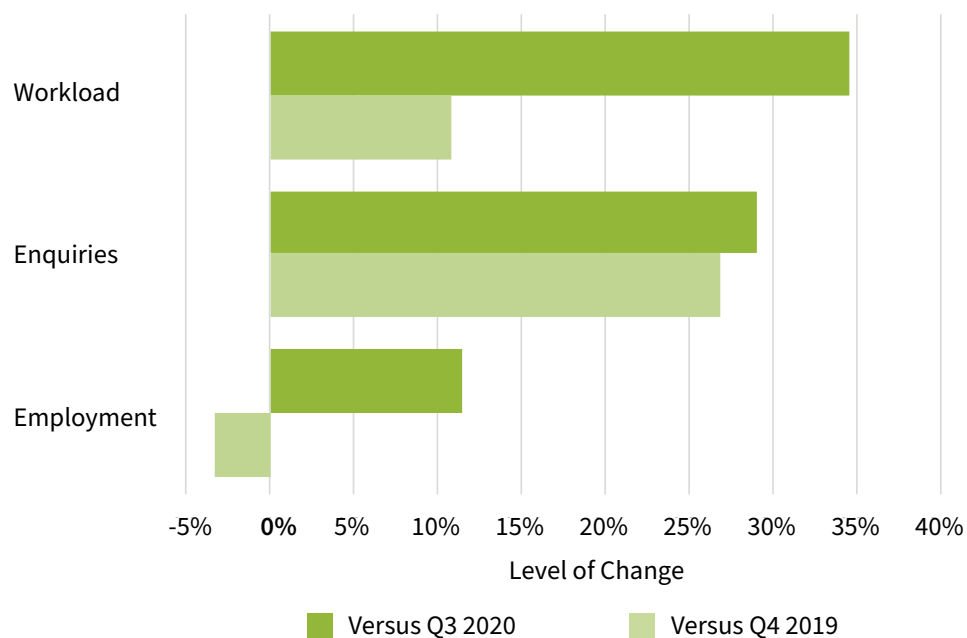
Scotland was the strongest performing region with an impressive 80 per cent of firms reporting increased workloads in Q4. This could be due to continued pent up demand created by the more pronounced lockdown in Scotland, where all non-essential construction was stopped entirely between April and June 2020. Wales and the South West (both at 52 per cent) also showed positive signs of growth over the quarter. The only region to see negative growth was in Northern Ireland.

Looking ahead to 2021, roofing contractors are optimistic. More believe that workloads are to increase (49 per cent) than decrease (18 per cent) over the next year, with RMI expected to perform the best, both commercial (44 per cent) and domestic (31 per cent). However, material shortages are expected to impact the industry well into the second quarter, and this is likely to cause extra costs and delays for contractors.

## Key Indicators

Roofing contractors reported a strong recovery in workload during the final quarter of 2020, with 41 per cent seeing a rise in workload on the previous quarter against 12 per cent reporting a decline. In addition, a balance of 29 per cent of firms saw a rise in enquiries, which bodes well for the first quarter of this year. The rise in industry workload supported an increase in direct employment on the preceding three months, although a small balance of firms (3 per cent) reported direct employment was still down on a year ago.

Chart 1: Change in Key Market Indicators



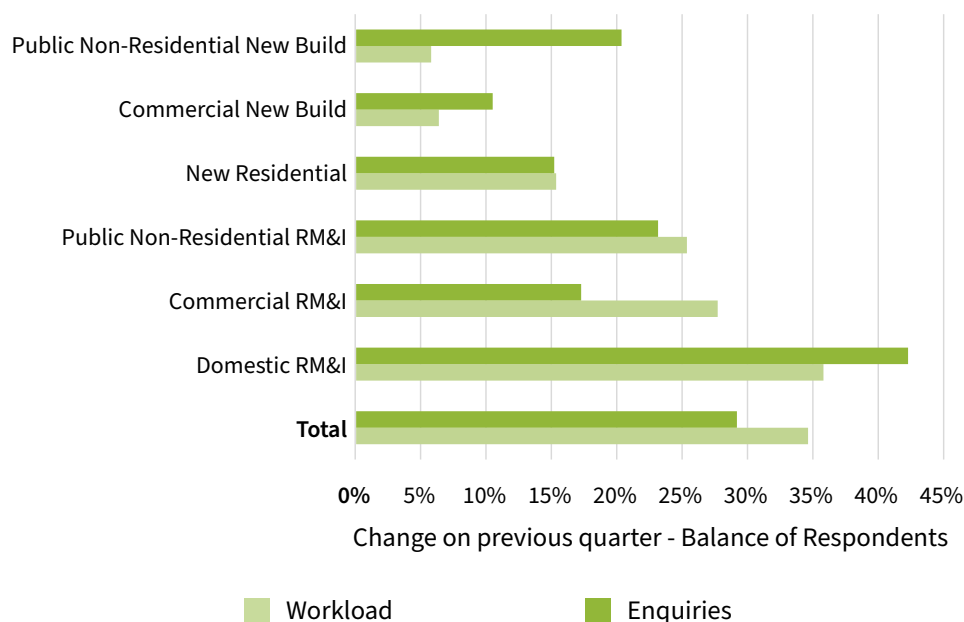


## Workload and Enquiries by Sector

The rise in fourth quarter activity was primarily driven by a strong rise in Repair, Maintenance and Improvement (RMI), especially in domestic RMI.

Whilst commercial and public non-residential new build workload remained lower than a year ago, all sectors saw an improvement on the third quarter. Increased enquiries point to a further, more broadly-based strengthening in workload during the first quarter, although domestic RMI is set to remain the best performing sector.

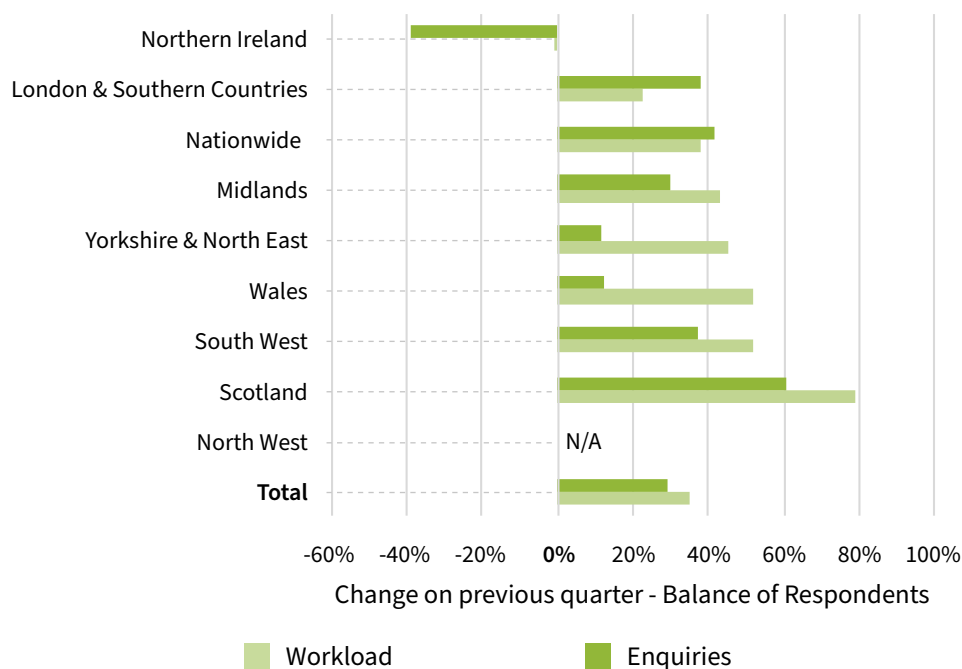
Chart 2: Workload and Enquiries by Sector



## Workload and Enquiries by Region

The rise in workload against the third quarter was strongest outside of London and the Southern counties, where workload was also down on a year ago. Scottish firms reported the most widespread increase during the quarter. Firms in both Scotland and Wales reported the greatest improvement on a year ago as the market recovered from earlier more extensive lockdowns. Strong enquires point to further growth north of the border over the coming months. Firms with nationwide operations and those active in London & the Southern counties and the South West also saw a marked improvement in enquiries. Northern Ireland was the only part of the UK to see a deterioration in new enquiries.

Chart 3: Workload and Enquiries by Region

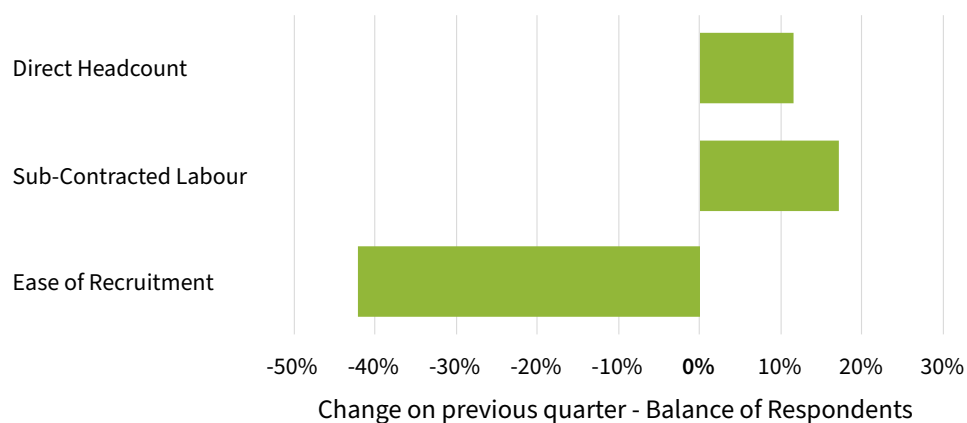




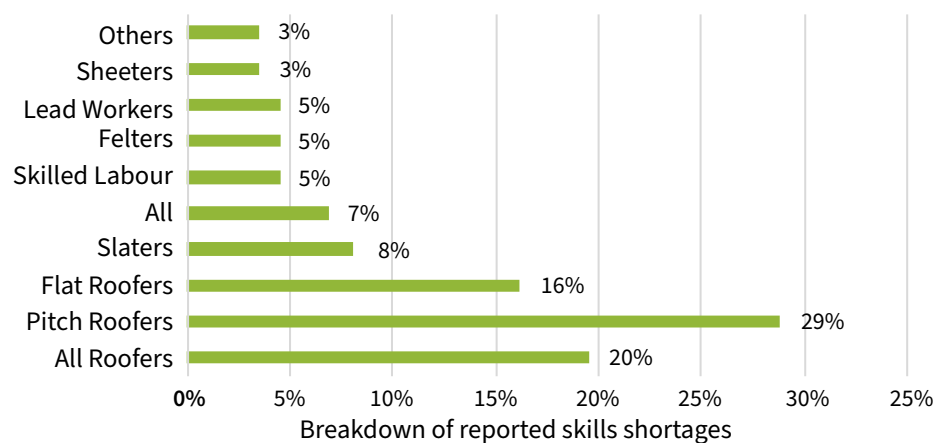
## Employment and Skills Shortages

Rising workload during the fourth quarter, unsurprisingly led to an increase in firms' direct headcount and a greater use of sub-contracted labour. The recruitment of skilled labour also became more difficult. Of those firms reporting recruitment difficulties, 29 per cent reported pitched roofers as the most difficult to find.

**Chart 4: Labour Indicators**



**Chart 5: Areas of Skills Shortages**





## Costs, Prices and Materials Availability

Whilst the rise in activity has been accompanied by an increase in labour costs, higher prices and increased shortages of material have emerged as great concerns for roofing contractors. 65 per cent of firms reported that material prices had risen against the previous quarter and two-thirds reported that material availability had deteriorated. Of those experiencing problems, almost half (48 per cent) reported a difficulty obtaining roof tiles. Timber and battens also saw a significant number of contractors reporting shortages (17 per cent), as well as slates (14 per cent) and insulation (5 per cent).

Chart 6: Change in Costs and Prices

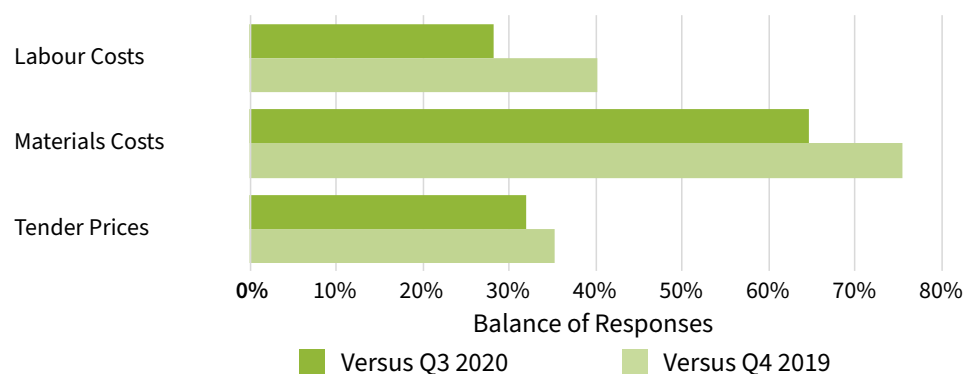
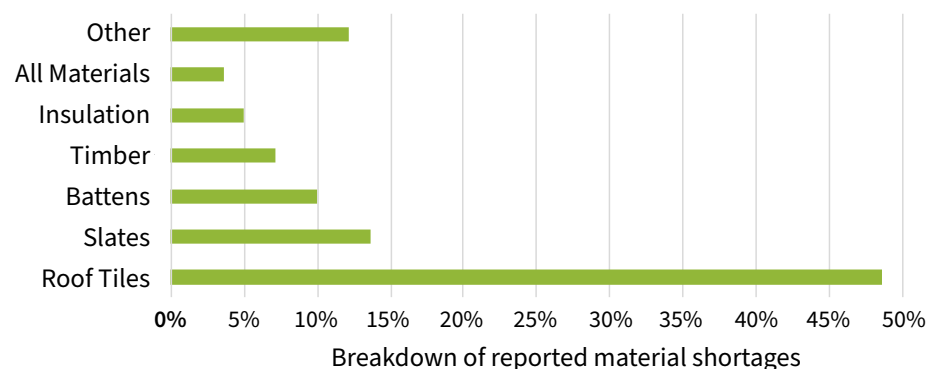


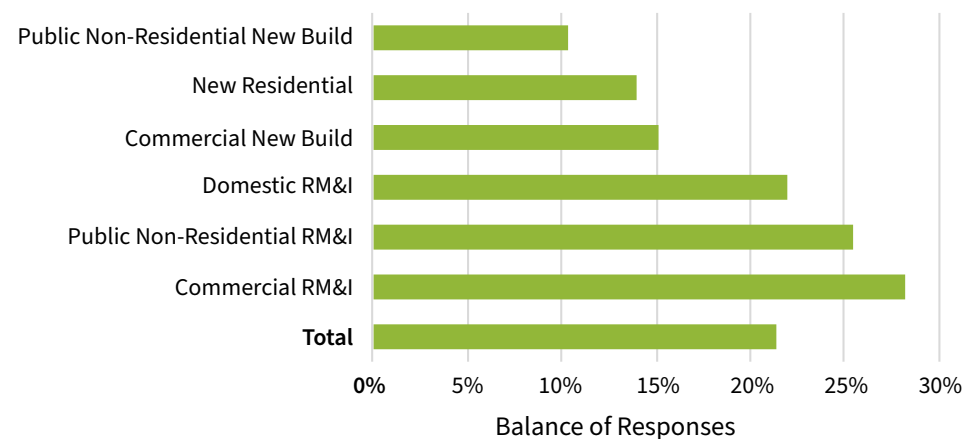
Chart 7: Material Shortages



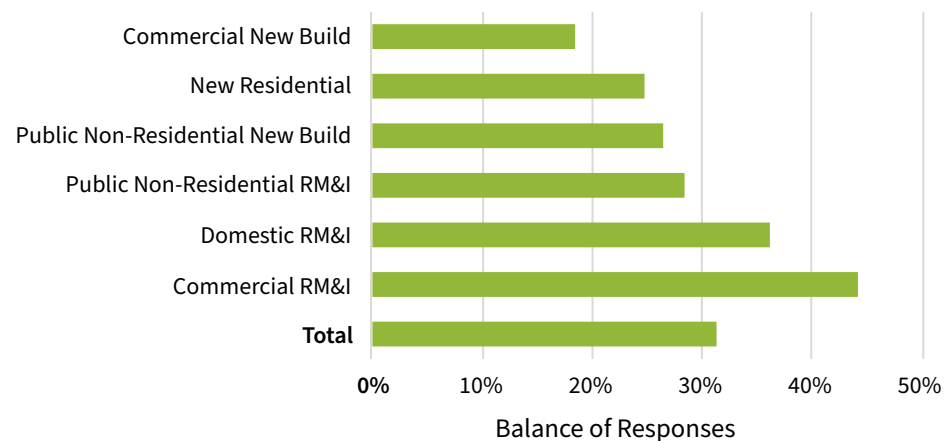
## Market Expectations

Looking to the year ahead, roofing contractors anticipate a sustained improvement in workload in 2021. As the UK emerges from lockdown, workload is expected to increase across all sectors with repair, maintenance and improvement activity especially buoyant.

**Chart 8: Market Expectations - Next Quarter**



**Chart 9: Market Expectations - Next 12 Months**

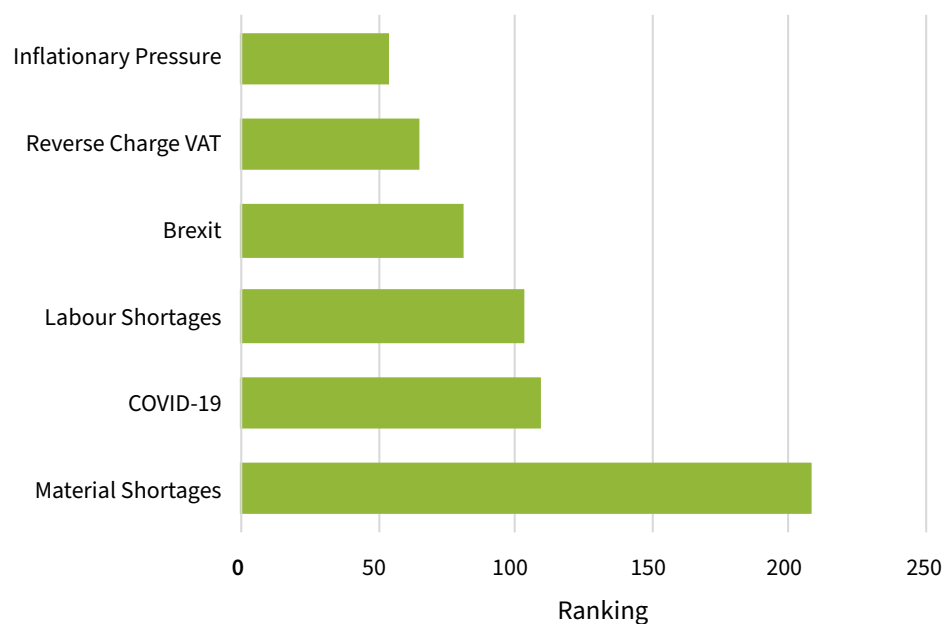




## Industry Concerns

Firms identified their three greatest challenges for the coming year. Material shortages generated widespread concern, indeed 46 per cent of firms ranked shortages as the number one challenge. The impact of the pandemic and labour shortages were also ranked as significant challenges for 2021.

Chart 10: Greatest Challenges for 2021

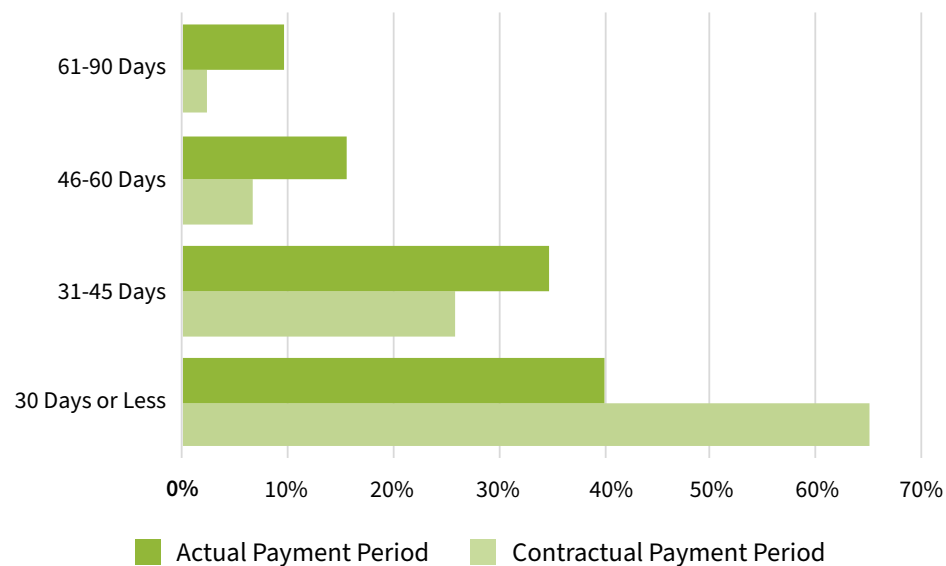




## Payment Terms

Firms reported that the late payment of due accounts is widespread. Whilst 65 per cent of firms have contractual payment terms of 30 days or less, only 40 per cent of firms were on average paid within that period. A similar picture was reported by firms with longer payment terms. Most strikingly only 2 per cent of firms had payment terms of 61-90 days, but 10 per cent of firms reported that was the average time that they had to wait for payment.

**Chart 11: Payment Terms and Period**





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## Glenigan

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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