

UK housebuilding grows at fastest pace since 2022 mini-budget



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The UK's housing sector has grown at the fastest rate since the mini-budget knocked the industry almost two years ago, according to new data.

The continued rebound in housebuilding helped drive further growth across the UK's construction industry in August, although the rate of expansion eased slightly compared with the previous month.

The latest S&P Global construction purchasing managers' index (PMI) scored 53.6 in August, slipping from 55.3 in July.

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Tim Moore, S&P

Any reading above the 50.0 threshold indicates that activity in the industry is increasing, while anything below means it is shrinking.

It was nevertheless below the 54.5 reading that had been predicted by analysts.

Tim Moore, economics director at S&P Global Market Intelligence, said: “The UK construction sector appears to have turned a corner after a difficult start to 2024, with renewed vigour in the house-building segment the most notable development in August.

“Commercial building was the best-performing part of the construction sector as the improving UK economic backdrop resulted in stronger order books, but the post-election bounce in demand faded somewhat in August.”

The commercial building category recorded a reading of 53.7 for the month, meaning it was the strongest area despite growth slowing to its lowest level since March.

It came as some firms highlighted a boost from rising sales enquiries and the release of new orders following the general election.

Meanwhile, there was a reading of 52.7 for the housebuilding sector – the highest reading since September 2022, before the mini-budget by Liz Truss’s short-lived [Government](#) contributed to a further increase in interest rates.

Current activity in the residential sector has benefited from lower mortgage rates after the Bank of England cut its interest rate last month.

Max Jones, director of Lloyds Bank’s infrastructure and construction team, said: “[Businesses](#) in the sector continue to demonstrate confidence against a backdrop of greater economic clarity.

“As materials inflation steadies, firms are showing a sense of optimism, and those with healthier balance sheets will be looking to invest in new opportunities to bolster growth.”