

RMI Index

Surveying the
nation's
tradespeople

November
2022

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Comments from CEO Nick Roberts



Every quarter we survey the nation's tradespeople to get their views on future workloads, materials purchasing plans and insight into the type of work they are carrying out for customers.

In 2020 we started to publish the findings of these surveys twice a year in a report, and in this latest report, we provide an overview of the findings from the latest survey, which captures the views of 900 tradespeople across the UK, including SME customers from Travis Perkins, Keyline, CCF and Toolstation.

Despite the growing macroeconomic uncertainty, it is encouraging that a vast majority of tradespeople expect workloads to either increase or remain unchanged in the next two months, although, when compared to our May report, confidence has declined.

This is consistent with the slowing of demand we saw in our third quarter trading amongst the smaller trade customer segment, although demand from larger repair and maintenance contractors held up well.

Not surprisingly, the key issues for our smaller tradespeople remain the rising cost of materials and concern for the wider economy. They are also still experiencing high transport costs and spending more time seeking out better prices for materials.

The continued increase in consumer enquiries for projects that improve energy efficiency, such as improved insulation for cavity walls, lofts, walls and ceilings as well as heat pumps and renewables, will help consumers offset the pressures from rising fuel costs and demonstrates the vital role tradespeople have to play in the UK's decarbonisation journey.

Being at the heart of construction, we are well placed to support our tradespeople and other customer segments and help them to navigate an increasingly complex construction landscape, characterised by new environmental and safety legislation. Together we also have a great opportunity to accelerate the retrofitting of our older housing stock, as well as commercial property to improve energy efficiency and 'level up' our communities, so we improve the quality of people's lives at the same time.

In the words of our customers

“People still seem to be spending money at the moment.”

General builder
West Midlands

“With the amount of new builds getting built, I'm getting more enquiries from new homeowners.”

Decorator
South East

“If fuel prices continue to rise this will impact work, material supply and wage costs.”

Carpenter
Yorkshire

“The government is stifling general building work with slap dash offers of help.”

Heating engineer
Wales

- This RMI Index report provides a summary of the findings of a nationwide survey carried out amongst 900 tradespeople
- The respondents are customers of Travis Perkins, CCF, Keyline and Toolstation
- The survey sample include builders, plumbers, painters, decorators, kitchen fitters and landscapers
- They work in small to medium sized businesses; primarily in the domestic repair, maintenance & improvement sector
- This survey was carried out in October 2022 and is the fifth in the RMI Index series.

Key findings

Optimism about near term outlook

Majority of of respondents remain optimistic about near term industry outlook with 78% of tradespeople expecting workloads to increase or remain unchanged in the coming months.

Optimism has declined

Whilst majority of tradespeople are optimistic about workloads, this has reduced by 15% vs the RMI Index Report published in May 2022 (from 93%), and 11% (from 89%) compared to October 2021.

Purchasing plans remain strong

Eight in ten (82%) of respondents still expect their materials purchasing requirements to increase or stay the same in the next two months. This compares to 94% in the RMI Index Report published in May 2022.

Concerns rising costs and inflation

Respondents are concerned about rising costs of materials and the uncertainty surrounding fuels bills and rising inflation,, which in turn is causing customers to be more cautious.

Focus on energy efficiency

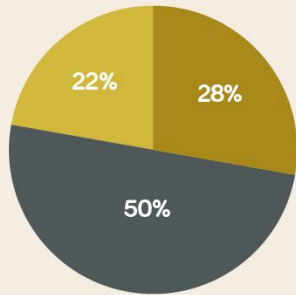
59% of respondents notes that they are frequently or sometimes asked about energy efficient product choices, with customers focusing on insulation (43%), lighting (43%) and heating renewables (36%).

Future workloads and material purchases:

Most respondents were optimistic about their expected workloads over the next two months, with 78% expecting workloads to increase or remain the same vs 93% in our previous Index. 82% are forecasting their materials requirements over the next two months to increase or remain the same vs 94% in our May report. In line with previous report, most respondents see the domestic repair and maintenance market as the key driver of growth for their business.

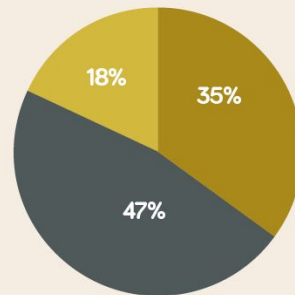
What do you expect workloads to do over the next two months?

■ Increase ■ Decrease ■ Remain the same

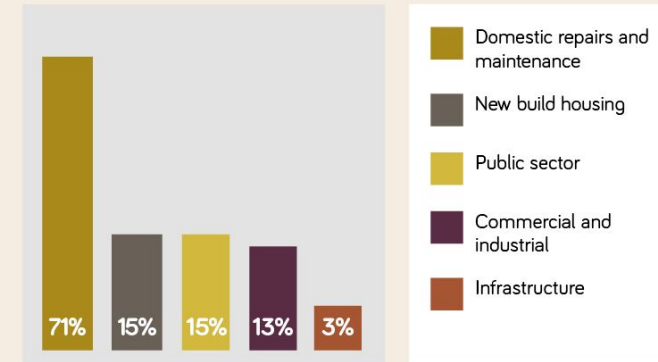


What do you expect material purchases to do over the next two months?

■ Increase ■ Decrease ■ Remain the same

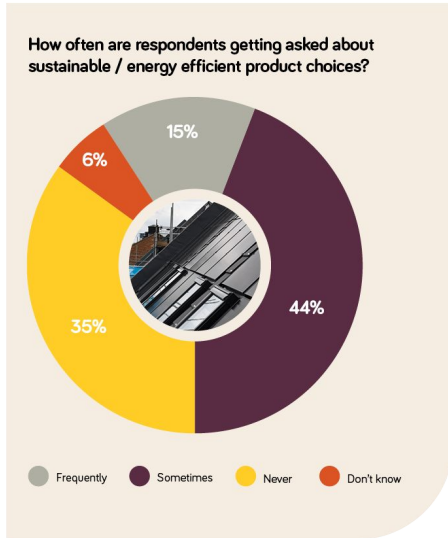


Which industries do you see driving work over the next two months?



Energy reduction products and services:

We reported in our last published survey in May that tradespeople are beginning to see increased interest in projects specifically designed to reduce energy consumption in the home, with 59% seeing either a little or a lot of interest in these projects. This is consistent with the last Index Report and suggests homeowners are yet to embrace energy reduction as a concept.



Top of the enquiry list is insulation and lighting, followed by heating and renewables, such as heat pumps, solar and infrared, smart heating, door and window replacement and draft proofing.

Impact of inflation and key concerns:

As a consequence of rising inflation tradespeople are still spending more on transport costs and dedicating more time to seek out better materials prices. Wage pressure from employees is not a significant concern at this stage.

How are respondents being impacted by rising inflation?

| | |
|--|-----|
| Spending more on transport and fuel costs | 61% |
| Spending more time seeking out better materials prices | 61% |
| Using more suppliers than usual | 32% |
| More time spent managing cash flow | 24% |
| Fewer new project enquiries | 24% |
| Higher energy bills for business premises | 18% |
| Employees wanting bigger pay rises | 13% |
| It's not a problem as we're busy at the moment | 8% |
| Other | 2% |

“We’ve been in this industry some 40 years and it’s never been so hard to price new contracts. Contracts priced a year ago are heading towards a loss, because of the unprecedented increases, & the big builders not caring about the little guy!”

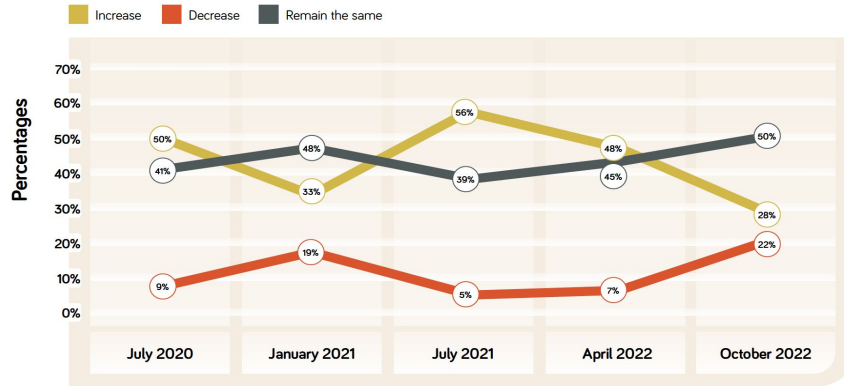
Bricklayer
East Anglia

“We have a lot of work scheduled and would have taken on more contractors to speed things up, but with interest rates and inflation hitting the price of materials we have decided to plod on with our usual contractors until the economy shows signs of settling.”

Builder
South West

RMI trends: workloads & materials

What do you expect workloads to do over the next two months?

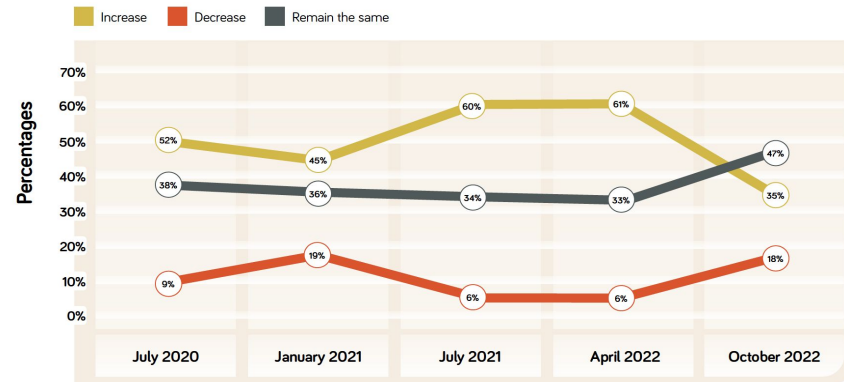


At Travis Perkins plc, we have always remained close to our customers and we have surveyed UK tradespeople since 2006 to better understand how this segment of the construction industry is feeling about their business prospects, materials requirements and to gauge their confidence in general.

These graphs shows how the survey findings regarding anticipated workloads and material purchases have developed since we started to publish the RMI Index Reports in 2020.

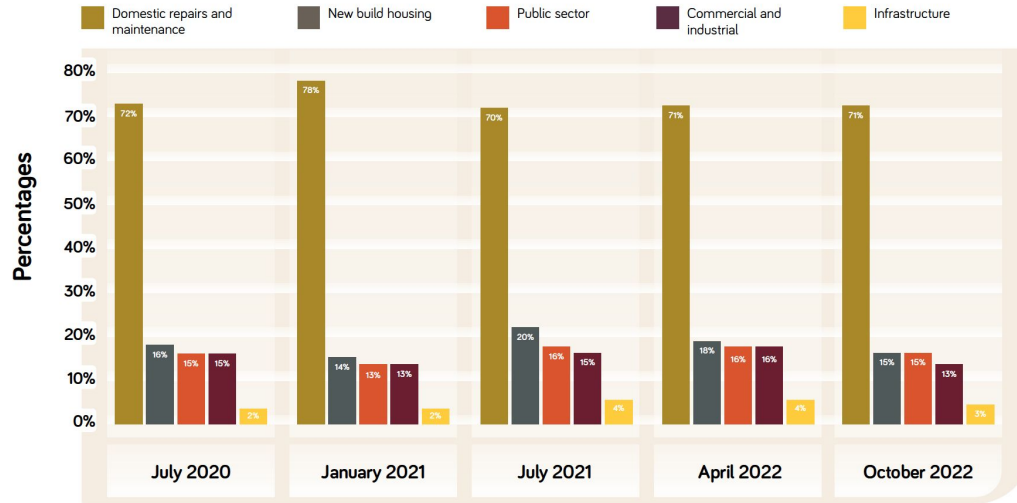
All of the past RMI Index Reports are available [here](#)

What do you expect material purchases to do over the next two months?



RMI trends: industry drivers

Which industries do you see driving work over the next two months?



RMI work is worth an estimated £29 billion to the UK economy, and we first started making our survey findings public in 2020 to give this vital part of the construction industry a voice.

These graphs shows how tradespeople are adapting their businesses in line with an evolving market.

This insight helps to inform our views of what really matters to our RMI customers, so we can support them and deliver the very best, now and in the future, for their own customers.

All of the past RMI Index Reports are available [here](#)

Travis Perkins plc is a leading partner to the construction industry and the UK's biggest distributor of building materials to trade customers.

With annual revenues of £4.6bn, the Group employs over 20,000 colleagues nationwide, but also in France and Benelux through Toolstation. The company has a proud heritage that spans over 200 years.

www.travisperkinsplc.co.uk

Our best known businesses:



The UK's largest builders merchant supplying building materials and hire service to trade customers, with more than 600 branches, which include over 150 Benchmark showrooms.

600+ branches



One of the UK & Europe's fastest growing suppliers of tools and building supplies to trade and DIY customers via a multi-channel offering. Over 550 stores across the UK & Europe.

600+ branches



The UK's largest distributor of pipeline and heating solutions, supported by in-house technical teams and tool hire facilities, from over 60 branches.

60+ branches



The UK's number one supplier of specialist civils and drainage solutions with a nationwide branch network of over 40 branches, stocking materials for all projects.

40+ branches



Nationwide distributor of insulation and interior building products, with comprehensive stock for interior building specialists, contractors and builders, from over 35 branches.

35+ branches