



FEDERATION OF
**MASTER
BUILDERS**

fmb.org.uk

State of Trade Survey

**Q3
2019**

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Foreword

Brian Berry, Chief Executive, Federation of Master Builders

The third quarter of 2019 saw mixed conditions for small and medium sized (SME) construction companies. The sector remains strong with SME workloads picking up from previous lows seen in the first two quarters of the year and are expected to increase slightly into the next quarter.

Despite this growth the continued economic and political uncertainty is continuing to take its toll on the sector. SMEs reported that employment levels remained in negative territory and were reported to be at their lowest level since 2013. This reflects the most recent official employment statistics which saw the number of people in employment at the steepest rate in four years. This could, however, only be temporary with a big rise in those expecting to hire in the last quarter of the year.



The costs to business continue to rise putting more pressure on builders' already tight margins, and this is expected to continue. Over the next six months SMEs expect output prices, wages and salaries and material prices to all increase. We're at a crossroads because although SME's workloads have picked up over the last quarter and are expected to remain in positive territory through to the end of the year, the continued negative employment levels and escalating costs to business mean there is no room for complacency.



"SMEs reported that employment levels remained in negative territory and were reported to be at their lowest level since 2013"

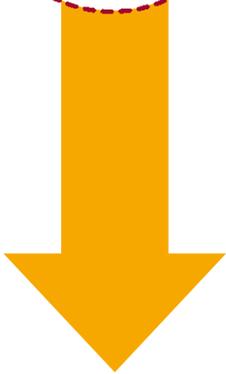
Key statistics



34%
of construction SMEs
report increased
workloads



86%
of builders believe that
material prices will rise
over the next six months



23%
of employers
reported a
reduced
workforce



54%
of SMEs are
struggling to hire
bricklayers



56%
of SMEs are
struggling to hire
carpenters/joiners



38%
of
construction
SMEs are
forecasting
higher
workloads

up from
37% in
Q2 2019

Summary

Balances only reflect the percentage of responses reporting higher workloads against those reporting lower workloads. In some cases, although the total workload chart may suggest that activity has risen or fallen strongly, a large proportion of respondents indicated there had been no change in workloads compared with the previous quarter.

In the three months to September 2019 SME workloads remained in positive territory as more respondents stated higher workloads (34% vs. 27%), compared to Q2 2019. Around 16% of firms reported lower workloads, 7 points lower than the previous quarter.

Overall expectations for the future came down, from +25 to +19. Around 38% of firms are forecasting higher workloads over the coming three months, up from 37%. In contrast, those predicting no change to workloads fell back to Q1 2019's figure of 43%.

England's net balance dropped 3 points (+7). Northern Ireland and Wales were the only home nations to experience an increase in their net balance with respective increases of 2 and 33 points, to -1 and +55. In contrast, Scotland saw a marginal drop in its net balance to +32.

Over the next six months firms expect output prices, wages and salaries and material costs to increase: Material costs are expected to increase, with a

net balance of +86. Around 56% of firms envisage higher wages and salaries, up from 51% in the previous quarter.

SME employment activity stayed in negative territory and fell to -8 from -2. The share of firms indicating a rise in their workforce went down from 19% to 15%, whilst almost a quarter (23%) of respondents stated lower staffing levels, up from 21%.

“Overall expectations for the future came down from +25 to +19”



Key indicators



Please note: Q4 2019 reflects respondents' expectations for workload and employment

Residential workloads

In the three months to September this year the net balance for overall workloads was +18, up from +4 in the previous quarter. The proportion of members reporting rising workloads rose to 34% from 27%, while half of businesses stated no change to workloads, the same as in the previous quarter.

The net balance for the commercial sector dropped 4 percentage points to -10. Around 17% of businesses stated higher workloads, down from 19%, while those suggesting lower levels rose slightly (27% vs. 25%). Most firms (56%) stated no change in workloads.

Public R&M's net balance increased by 12 percentage points to -2. Fewer businesses reported lower workloads, (13% vs. 21%) whereas 11% of businesses expected higher workloads, up from 7%. Around 75% of respondents indicated no change in workloads, up from 72% in the previous quarter.

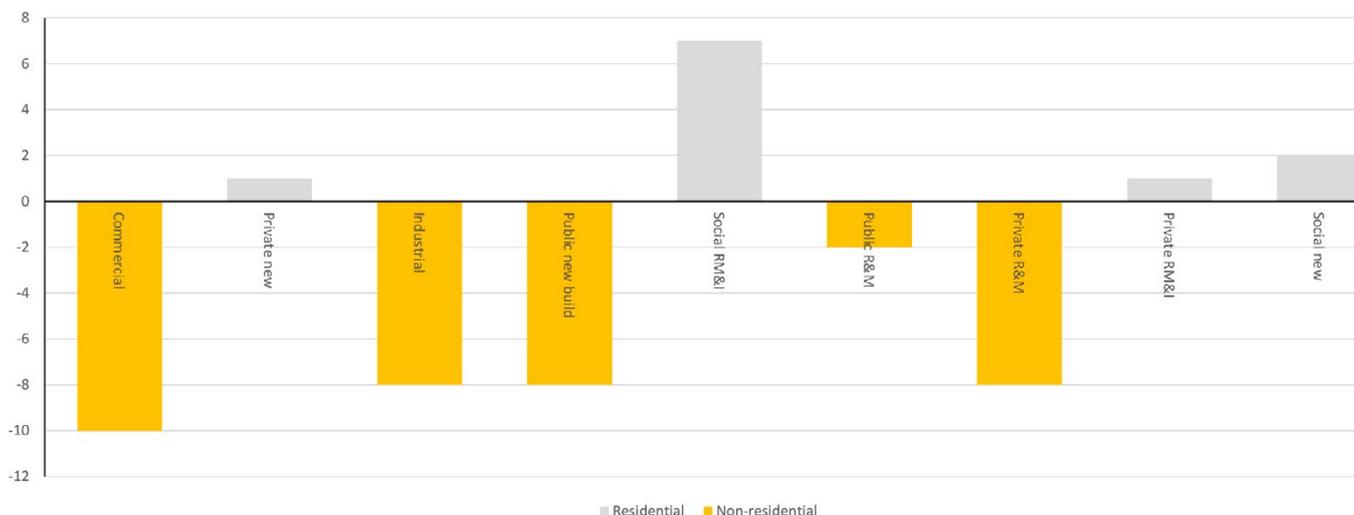
The overall housing sector's net balance went back into negative territory, falling by 7 points to -1. Around 17% of firms stated higher workloads, down from 23%, while most businesses (65%) registered no change to workloads.

A decrease of 1 percentage point took the non-residential sector's net balance to -4. The share of firms reporting higher workloads rose by 1 percentage point to 16%. However, those stating lower workloads edged up to 20% from 18% in Q2 2019.

"The overall housing sector's net balance went back into negative territory, falling by 7 points to -1"



Total workload by sector for Q3 2019



Weighted % balances

| Workload | Q4 | 2018 Q1 | Q2 | Q3 | Q4 | 2019 Q1 | Q2 | Q3 |
|--------------------------|------------|-----------|------------|-----------|------------|-----------|-----------|-----------|
| Private new | +1 | -3 | +11 | +8 | +20 | -9 | +2 | +1 |
| Private RM&I | +18 | +8 | +24 | +17 | +18 | +2 | -2 | +1 |
| Social new | -17 | -14 | -4 | -6 | +1 | -10 | +5 | +2 |
| Social RM&I | -15 | +4 | -1 | -4 | +9 | -15 | -2 | +7 |
| Total Residential | +11 | -1 | +12 | +5 | +22 | -9 | +6 | -1 |

The net balance for the **private new** housing sector fell marginally to +1. Around 16% of firms reported higher workloads, down from 19%, whereas 15% of respondents stated lower workloads, down from 17%.

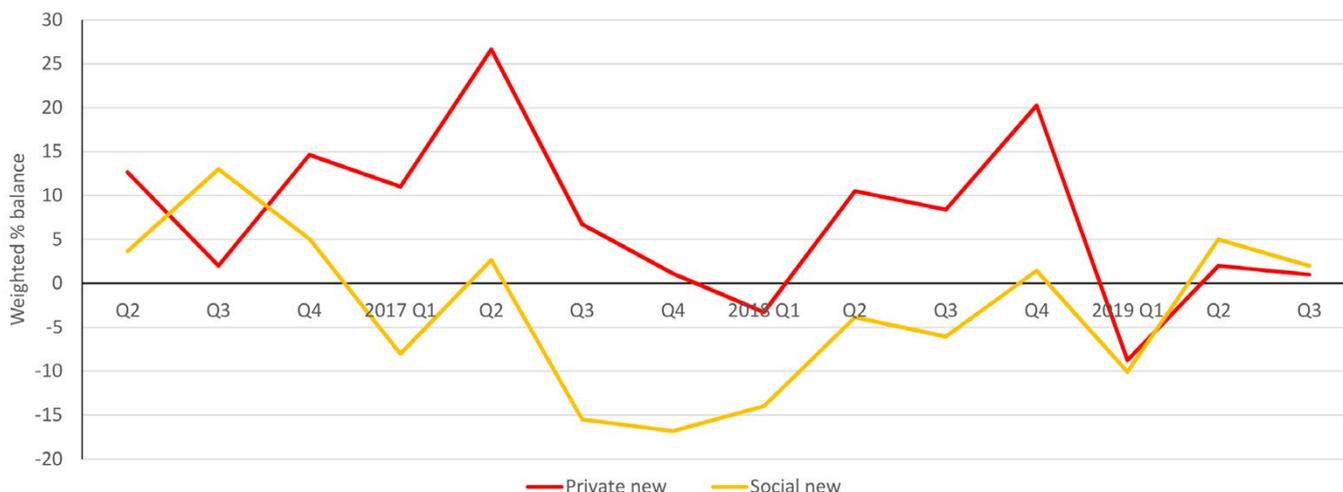
The **social RM&I** sector came out of negative territory, reaching +7, up from -2 in the previous quarter. Almost a fifth of firms recorded higher workloads (18%), up from 10%, while 11% of members reported lower workloads, down from 12% in Q2 2019.

The net balance for the **social new** housing sector fell by 3 percentage points to +2. Fewer firms reported higher workloads (11% vs. 16%) while those indicating lower workloads also decreased (9% vs. 11%).

The net balance for **private RM&I** rose by 3 percentage points to +1, moving into positive territory. The percentage of firms reporting higher workloads decreased (21% vs. 22%), whereas those registering lower workloads edged down to 20%, from 24%.

“The social RM&I sector came out of negative territory, reaching +7, up from -2 in the previous quarter”

Residential weighted % balance for new build



Residential workloads

Residential historical weighted % balance for RM&I



Non-residential workloads

Weighted % balances

| Workload | Q4 | 2018 Q1 | Q2 | Q3 | Q4 | 2019 Q1 | Q2 | Q3 |
|------------------------------|------------|-----------|-----------|------------|------------|------------|-----------|-----------|
| Public new build | -7 | -5 | +1 | +8 | +2 | -23 | -10 | -8 |
| Public R&M | -3 | -3 | -2 | -7 | -7 | -27 | -14 | -2 |
| Industrial | +7 | 0 | +3 | +11 | 0 | -27 | -10 | -8 |
| Commercial | +19 | +6 | +3 | +15 | +16 | -27 | -6 | -10 |
| Private R&M | +6 | +2 | +7 | +5 | +10 | -8 | -20 | -8 |
| Total non-residential | +16 | -2 | +9 | +22 | +10 | -22 | -3 | -4 |

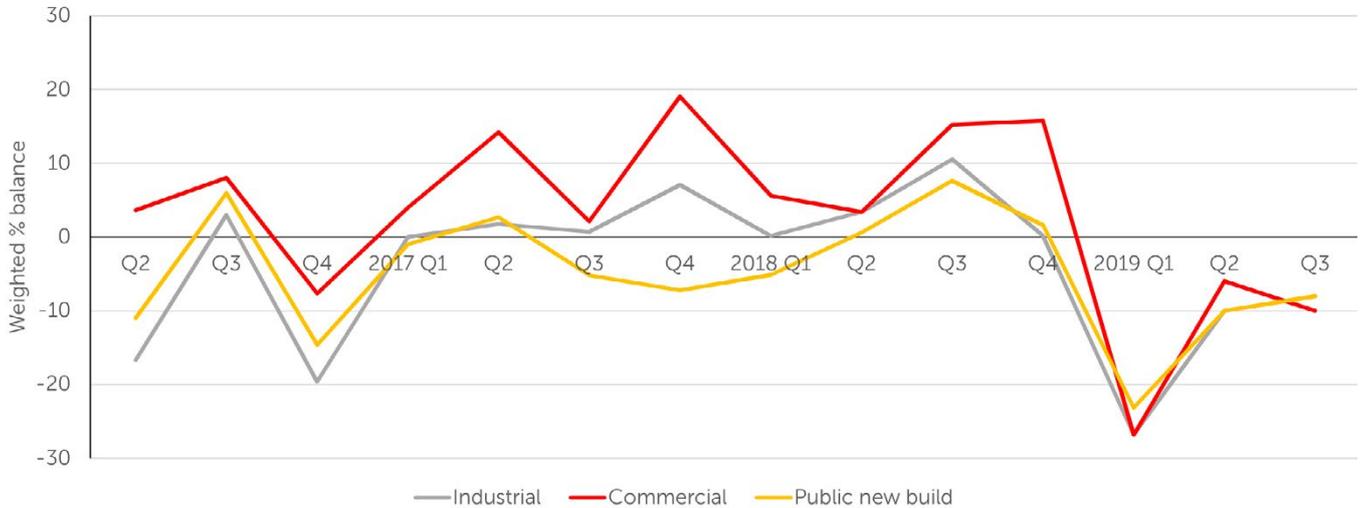
The **public new build** sector's net balance rose slightly to -8 from -10. Approximately 17% of members stated higher workloads, up from 8% while respondents indicating lower workloads rose from 18% to 25%.

The net balance for the **commercial** sector remains negative, having fallen further to -10. Less firms reported higher workloads (17% vs. 19%), whereas more firms stated lower workloads (27% vs. 25%).

The industrial sector's net balance rose slightly by 2 percentage points to -8. Those indicating higher workloads also grew, to 12%, from 7%. However, a fifth of respondents stated lower workloads, up from 17%. Approximately, 68% of businesses reported no change in workloads, down from 76%.

"The net balance for the commercial sector remains negative, having fallen further to -10"

Non-residential historical weighted % balance for new work

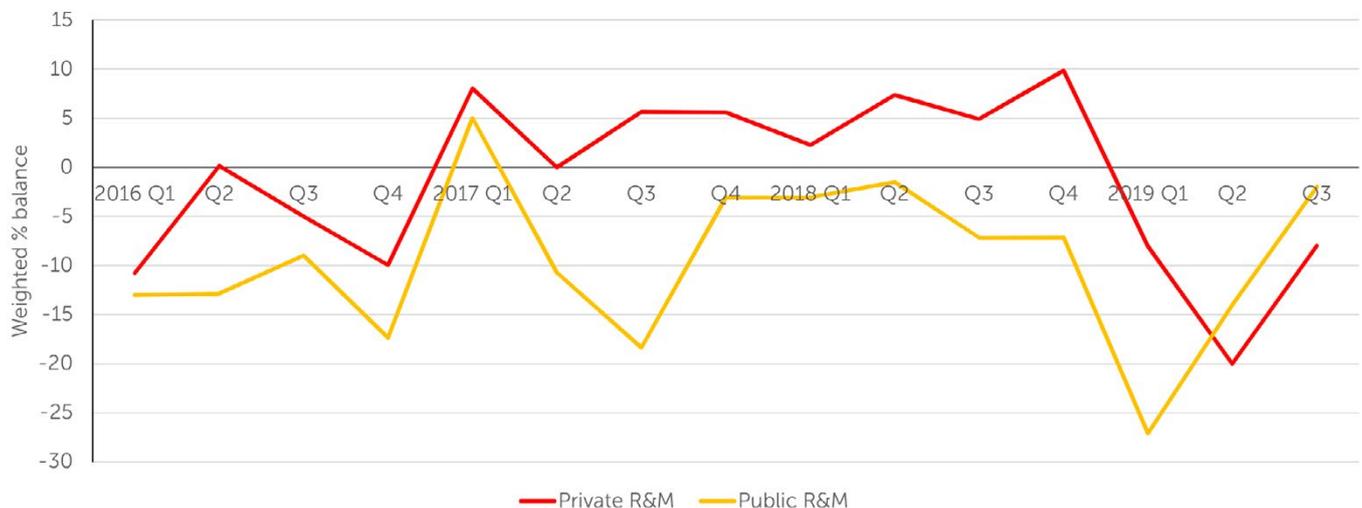


The public R&M sector's net balance (-2%) jumped by 12 percentage points. Despite this it remains in negative territory for the ninth consecutive quarter. More firms indicated higher workloads (11% vs. 7%). In contrast, 13% of businesses recorded lower workloads, down from the 21% registered in Q2 2019. At exactly three-quarters of respondents, most firms stated no change in workloads, up from 72%.

The **private R&M** sector's net balance remains in negative territory despite rising 12 points to -8. Approximately 13% of respondents stated higher workloads, up from 8%, while 21% of firms indicated lower workloads, down from 28%. Most businesses (65%) registered no change to workloads.



Non-residential historical weighted % balance chart for R&M



Expected workloads over the next three months and enquiries

The net balance for total enquiries dropped by 3 percentage points to +10, remaining in positive territory for the twenty sixth consecutive quarter. The proportion of businesses reporting higher levels of enquiries edged up to 36% from 35%, while around 26% registered lower enquiries, up from 22%.

The total expected workloads' net balance dropped 6 points to +19. The share of respondents predicting higher workloads rose marginally to 38% from 37%, and the share of respondents forecasting lower workloads also increased, from 12% to 19%.



Residential expected workloads

With a strong fall of 13 percentage points the net balance for the residential sector went down to +5. Around 27% of businesses anticipate higher workloads over the following three months, decreasing by 2 percentage points compared to Q2 2019. However, those expecting lower workloads doubled to 22%.

A fall of 1 percentage point took the **private new** housing market's net balance to +17. Around 34% of members expect higher workloads, up from 28%, while those anticipating lower workloads increased to 17%, up from 10%. Approximately 48% of members foresee no change to workloads, decreasing from 62%.

The net balance for the **social new** housing sector remained in positive territory despite decreasing for the second consecutive quarter, by 3 percentage points to +3. Fewer

respondents predict higher workloads (13% vs. 14%) over the next three months, with the proportion of businesses envisaging lower workloads increasing from 8% to 10%. In contrast, those anticipating no change in workloads remained unchanged at 78%.

The net balance for the **social RM&I** sector stayed at +8. More respondents (20% vs. 12%) expect higher workloads over the next three months, while 67% of businesses anticipate no change in workloads, down from 84%.

The **private RM&I** sector's net balance improved by 4 percentage points to +14. Firms expecting lower workloads went up to 19% from 15%, while the share of respondents forecasting higher workloads improved (33% vs. 25%). However, around 48% of members envisage no change to workloads, which is significantly down from 61% in the previous quarter.

"Around 27% of businesses anticipate higher workloads over the coming three months decreasing by 2 percentage points"

Weighted % balances

| Expected Workload | Q4 | 2018 Q1 | Q2 | Q3 | Q4 | 2019 Q1 | Q2 | Q3 |
|--------------------------|------------|------------|------------|------------|------------|------------|------------|-----------|
| Private new | -3 | +28 | +20 | +10 | +4 | +11 | +18 | +17 |
| Private RM&I | +12 | +31 | +36 | +18 | 0 | +23 | +10 | +14 |
| Social new | -3 | +5 | +8 | -2 | +6 | +8 | +6 | +3 |
| Social RM&I | -2 | +14 | +4 | +4 | -1 | +4 | +8 | +8 |
| Total residential | +12 | +28 | +20 | +11 | +12 | +11 | +18 | +5 |
| Enquiries | | | | | | | | |
| Private new | +4 | +18 | +24 | +12 | +7 | -3 | +6 | -3 |
| Private RM&I | +8 | +18 | +25 | +20 | +7 | +11 | +12 | +9 |
| Social new | -17 | +13 | -2 | +6 | +12 | -3 | -1 | -16 |
| Social RM&I | -9 | +5 | -1 | +2 | +8 | +5 | 0 | -6 |
| Total residential | +10 | +15 | +16 | +17 | +12 | -2 | +9 | -5 |

Non-residential expected workloads

The net balance for non-residential expected workloads moved back into negative territory as it fell by 10 percentage points to -4. Around 17% of respondents expect higher workloads, down from 19%, while a greater proportion of respondents foresee lower workloads (21% vs. 13%). Approximately 63% expect no change to workloads, down from 68%.

A marginal drop of 3 percentage points took the **public R&M** sector's net balance to -5. More firms anticipate lower workloads (15% vs. 12%) while most firms envisage no change to workloads (75% vs. 78%). One tenth of respondents predict higher workloads, unchanged relative to the previous quarter

The **private R&M** sector's net balance declined by 3 percentage points to -2. The proportion of firms expecting higher workloads declined slightly to 14%, from 17%, while at 70% marginally more respondents expect no change to workloads.

The **industrial** sector's net balance fell 10 percentage points to -10, indicating that overall activity deteriorated relative to the previous quarter. The proportion of businesses expecting lower workloads rose to 21% from 10%, whereas those foreseeing higher workloads also edged



up to 11%, from 10%. Around 68% of members anticipate no change to workloads, down from 80%.

The net balance for the **public new build** sector decreased considerably by 21 percentage points to -19. Just over a tenth of firms (11%) forecast higher workloads, unchanged from the previous quarter. Those expecting lower workloads rose to 30% from 9%. At 59%, the majority of firms predict no change to workloads, down from 80% in Q2 2019.

A drop of 9 percentage points took the commercial sector's net balance to 0. The percentage of respondents anticipating higher workloads edged down to 21% from 25%, while 21% of businesses anticipate lower workloads, up from 16%. Most members (58%) expect no change to their workloads, down from the 59% registered three months earlier.

"Net balance for non-residential expected workloads moved back into negative territory as it fell by 10 percentage points to -4"

Weighted % balances

| Expected Workload | Q4 | 2018 Q1 | Q2 | Q3 | Q4 | 2019 Q1 | Q2 | Q3 |
|------------------------------|------------|------------|------------|------------|------------|-----------|-----------|-----------|
| Public new build | +2 | +9 | +8 | -10 | -13 | +3 | +2 | -19 |
| Public R&M | +3 | +5 | +8 | -9 | -6 | -3 | -2 | -5 |
| Industrial | +7 | +15 | -3 | +5 | +11 | -13 | 0 | -10 |
| Commercial | +13 | +32 | +11 | +2 | +10 | +4 | +9 | 0 |
| Private R&M | +3 | +16 | +15 | +6 | +2 | +11 | +3 | -2 |
| Total non-residential | +10 | +19 | +12 | 0 | +12 | -7 | +6 | -4 |
| Enquiries | | | | | | | | |
| Public new build | -3 | +7 | +2 | +3 | -9 | -18 | -1 | 0 |
| Public R&M | -3 | +6 | +1 | +4 | 0 | -8 | -11 | -2 |
| Industrial | +4 | +6 | 0 | +7 | -1 | -13 | -12 | -8 |
| Commercial | +15 | +12 | +15 | +6 | +9 | -7 | -3 | +3 |
| Private R&M | +4 | +10 | +9 | +1 | +7 | +9 | -5 | +2 |
| Total non-residential | +14 | +3 | 0 | +13 | +5 | -5 | -5 | -1 |

Prices and costs

Weighted % balances

| Actual | Q4 | 2018 Q1 | Q2 | Q3 | Q4 | 2019 Q1 | Q2 | Q3 |
|------------------|-----|---------|-----|-----|-----|---------|-----|-----|
| Output prices | +43 | +40 | +45 | +43 | +48 | +45 | +35 | +43 |
| Wages & salaries | +63 | +52 | +62 | +62 | +59 | +58 | +51 | +58 |
| Materials costs | +87 | +90 | +89 | +85 | +85 | +91 | +81 | +78 |

Weighted % balances

| Expected | Q4 | 2018 Q1 | Q2 | Q3 | Q4 | 2019 Q1 | Q2 | Q3 |
|------------------|-----|---------|-----|-----|-----|---------|-----|-----|
| Output prices | +64 | +60 | +54 | +62 | +67 | +55 | +48 | +52 |
| Wages & salaries | +61 | +66 | +53 | +56 | +66 | +71 | +50 | +55 |
| Materials costs | +87 | +83 | +76 | +86 | +87 | +88 | +77 | +86 |

The net balance for expected output prices went up by 4 percentage points to +52. Over half of firms (56%) expect higher output prices over the next six months, up from 50%. However, 40% of firms foresee no change to output prices, down from 49%.

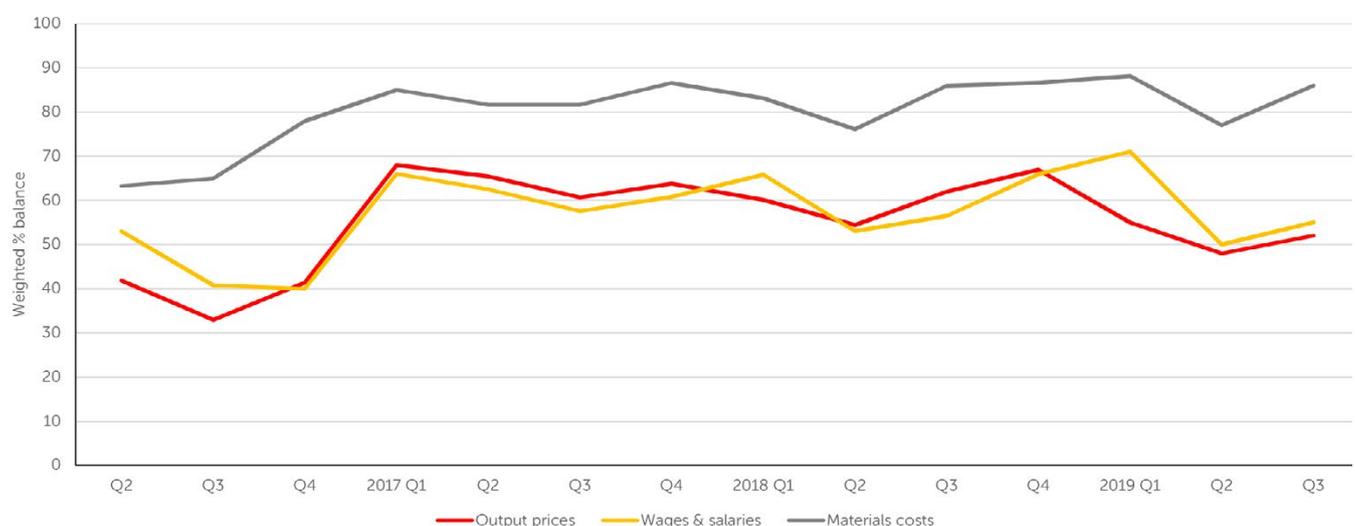
A rise of 5 percentage points took the net balance for expected wages and salaries to +55. Around 56% of firms envisage wage increases, up from 51% in the previous quarter, while

approximately 43% of members predict no change in wages and salaries, down from 48%.

The net balance for expected material costs increased by 9 percentage points to +86. Around 86% of respondents foresee higher material costs over the next six months, up from 77%. In contrast, those forecasting no change to material costs, decreased to 14% from 23%.

"Over half of firms (56%) expect higher output prices over the next six months, up from 50%"

Prices and costs weighted % balance



Employment and labour

Weighted % balances

| Employment | Q4 | 2018 Q1 | Q2 | Q3 | Q4 | 2019 Q1 | Q2 | Q3 |
|-------------------------|------------|-----------|-----------|-----------|------------|-----------|-----------|-----------|
| All builders | +8 | +4 | +7 | +7 | +16 | +3 | -6 | -12 |
| All specialists | +13 | +2 | +5 | +8 | +14 | -3 | +3 | -2 |
| Total employment | +11 | +3 | +6 | +7 | +15 | +1 | -2 | -8 |

Weighted % balances

| Expected employment | Q4 | 2018 Q1 | Q2 | Q3 | Q4 | 2019 Q1 | Q2 | Q3 |
|-------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| All builders | +28 | +32 | +23 | +19 | +18 | +20 | +16 | +14 |
| All specialists | +22 | +19 | +15 | +18 | +13 | +18 | +19 | +11 |
| Total employment | +25 | +26 | +19 | +19 | +16 | +19 | +18 | +12 |

A decline of 6 percentage points took the net balance for total employment to -8. Approximately 15% of businesses recorded an increase in staffing levels, down from 19%, while those stating falls in employment also rose to 23%, up from 21%. At 62%, almost two-thirds of firms indicated no change to the workforce.

With a decline of 6 percentage points the net balance for all builders' employment fell to -12. Approximately 13% of firms indicated higher staffing levels, down from 18%, whilst those reporting a fall in their workforce marginally rose to 25% from 24%. Most of the businesses (61%) registered no change to employment levels, up from 58%.

"Those stating falls in employment rose to 23% up from 21%"

The net balance for all specialists moved back into negative territory as it fell by 5 percentage points to -2. Those reporting higher staffing levels fell (17% vs. 20%), while firms indicating a decline in their workforce edged up to 19% from 17%.

A decrease of 6 percentage points took the net balance for expected total employment to +12. A quarter of firms foresee an increase in staffing levels, down from 28% whereas 63% of businesses expect no change to employment levels.

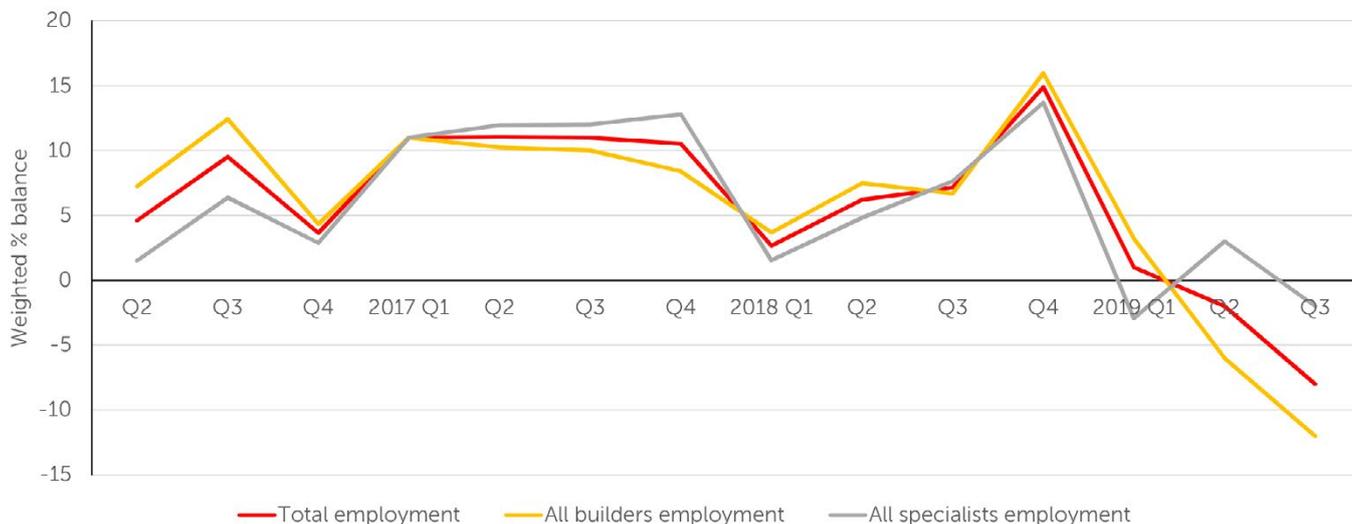
The builders' expected employment net balance dropped by 2 percentage points to +14. The percentage of respondents wanting to increase staff went down slightly to 26% from 27%, whereas 62% of businesses forecast no change to their workforce, unchanged relative to the previous quarter.

The expected employment for all specialists fell by 8 percentage points to +11. Approximately 63% of respondents predict no change to their workforce over the coming six months, unchanged from Q2 2019. In contrast, fewer firms envisage a rise in workforce (24% vs. 28%).



Employment and labour

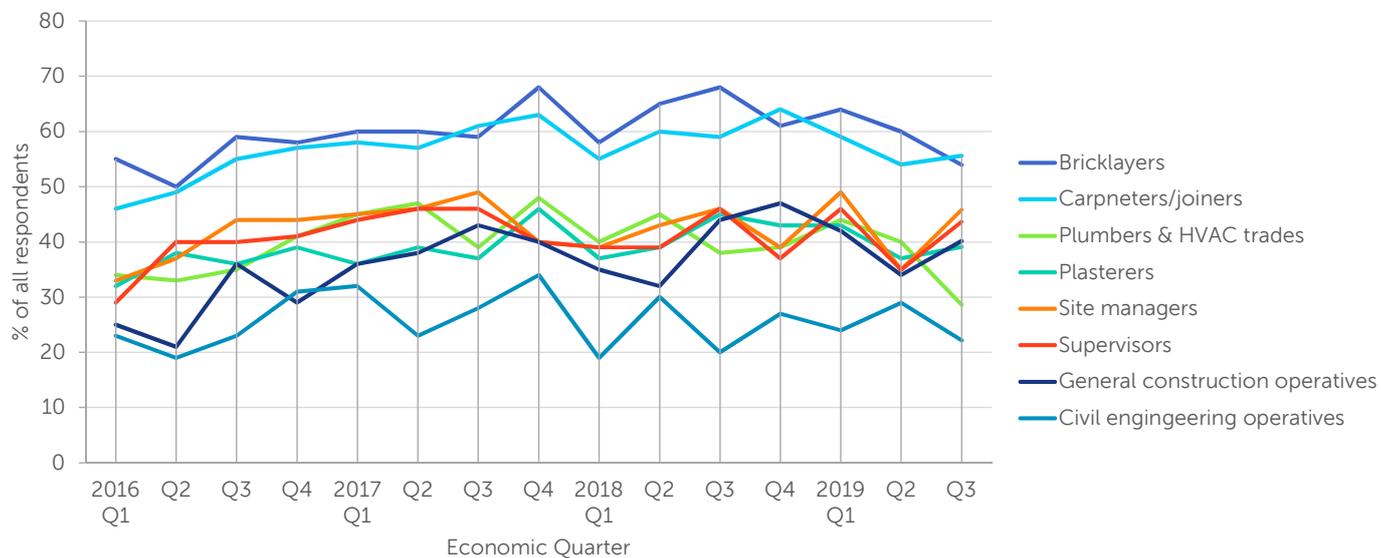
Employment weighted % balance



Carpenters/joiners were reported as being the most difficult to recruit in the third quarter of 2019. Bricklayers and site managers were also difficult to hire. In contrast, steel fixers and scaffolders were the easiest to recruit.

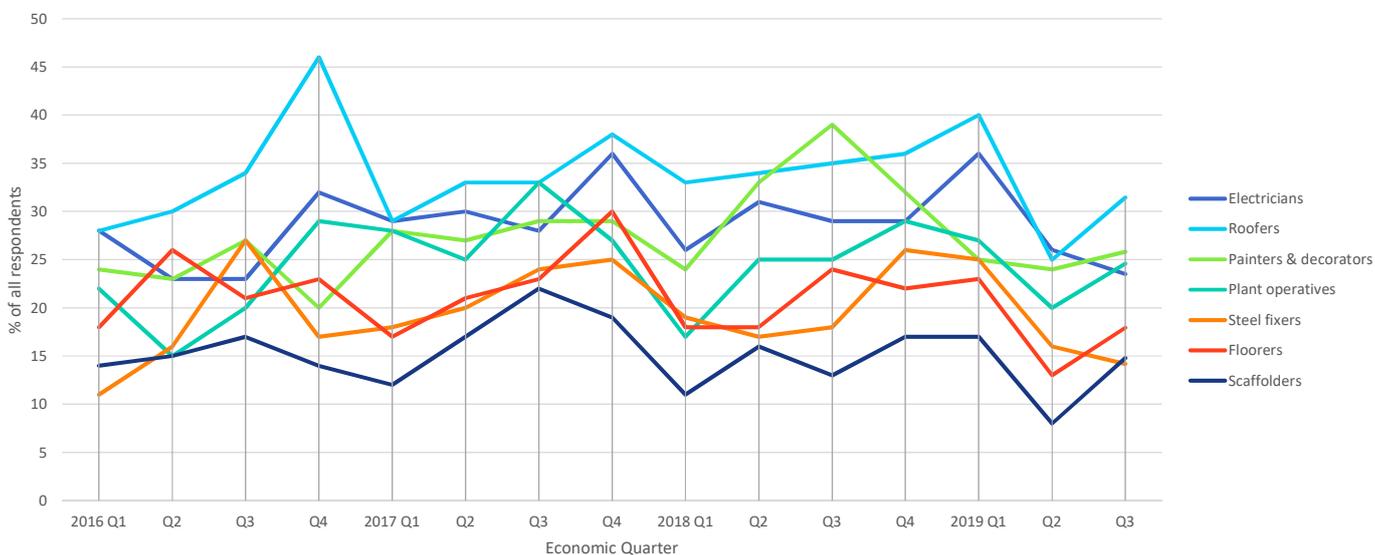
“Carpenters/joiners were reported as being the most difficult to recruit in the third quarter of 2019”

% of respondents reporting difficulty recruiting selected skills - in most short supply



Employment and labour

% of respondents reporting difficulty recruiting selected skills (continued)



% reporting difficulty

| Trades | 2017 Q4 | 2018 Q1 | Q2 | Q3 | Q4 | 2019 Q1 | Q2 | Q3 |
|---------------------------------|---------|---------|-----|-----|-----|---------|-----|-----|
| Carpenters/joiners | 63% | 55% | 60% | 59% | 64% | 59% | 54% | 56% |
| Bricklayers | 68% | 58% | 65% | 68% | 61% | 64% | 60% | 54% |
| Site Managers | 40% | 39% | 43% | 46% | 39% | 49% | 35% | 46% |
| Supervisors | 40% | 39% | 39% | 46% | 37% | 46% | 35% | 44% |
| General construction operatives | 40% | 35% | 32% | 44% | 47% | 42% | 34% | 40% |
| Plasterers | 46% | 37% | 39% | 45% | 43% | 43% | 37% | 39% |
| Roofers | 38% | 33% | 34% | 35% | 36% | 40% | 25% | 31% |
| Plumbers & HVAC trades | 48% | 40% | 45% | 38% | 39% | 44% | 40% | 29% |
| Plant operatives | 27% | 17% | 25% | 25% | 29% | 27% | 20% | 25% |
| Electricians | 36% | 26% | 31% | 29% | 29% | 36% | 26% | 24% |
| Civil engineering operatives | 34% | 19% | 30% | 20% | 27% | 24% | 29% | 22% |
| Floorers | 30% | 18% | 18% | 24% | 22% | 23% | 13% | 18% |
| Scaffolders | 19% | 11% | 16% | 13% | 17% | 17% | 8% | 15% |
| Steel Fixers | 25% | 19% | 17% | 18% | 26% | 25% | 16% | 14% |

Regional perspective

Regional figures are based on a composite indicator combining workload, expected workload and enquiries questions, weighted by firm's size. The net balance shows the difference between those saying higher and those saying lower for the three questions.

The **UK's** net balance went down by 1 percentage point to +10. Approximately 31% of weighted responses were positive, up from 28%, while the share of negative weighted responses grew slightly by 4 percentage points to +21. The percentage of neutral weighted responses came down to 48% from 55%.

Scotland's net balance reduced marginally to +32 from +33 in the previous quarter. Around 41% of weighted responses were positive, up from 36%, whereas 9% of the weighted responses were negative, up from 3%. Around 50% of the weighted responses were neutral, down from 61%.

At +7, the net balance for **England** fell for the first time since the end of last year. The share of positive weighted responses was unchanged at 29%, with the share (19%) of negative weighted responses slightly higher compared to the previous quarter at 22%. Around 49% of the weighted responses were

neutral, slightly lower than the 52% in the previous quarter.

Northern Ireland's net balance rose by 2 percentage points to -1, remaining in negative territory, having faced a precipitous drop in the previous quarter. The proportion of positive weighted responses rose to 28%, rising from 5%, while approximately 43% of weighted responses were neutral, down from 87%. At 29% the share of negative weighted responses went up from 8%.

Wales also saw a big rise in its net balance, with it rising 43 percentage points to +55, more than reversing the drop of 24 percentage points in the previous quarter. The share of positive weighted responses rose to 59%, from 23%, while the share of negative weighted responses fell 7 percentage points to 4%, the lowest of the home nations. Approximately 37% of weighted responses were neutral, down from 66%.

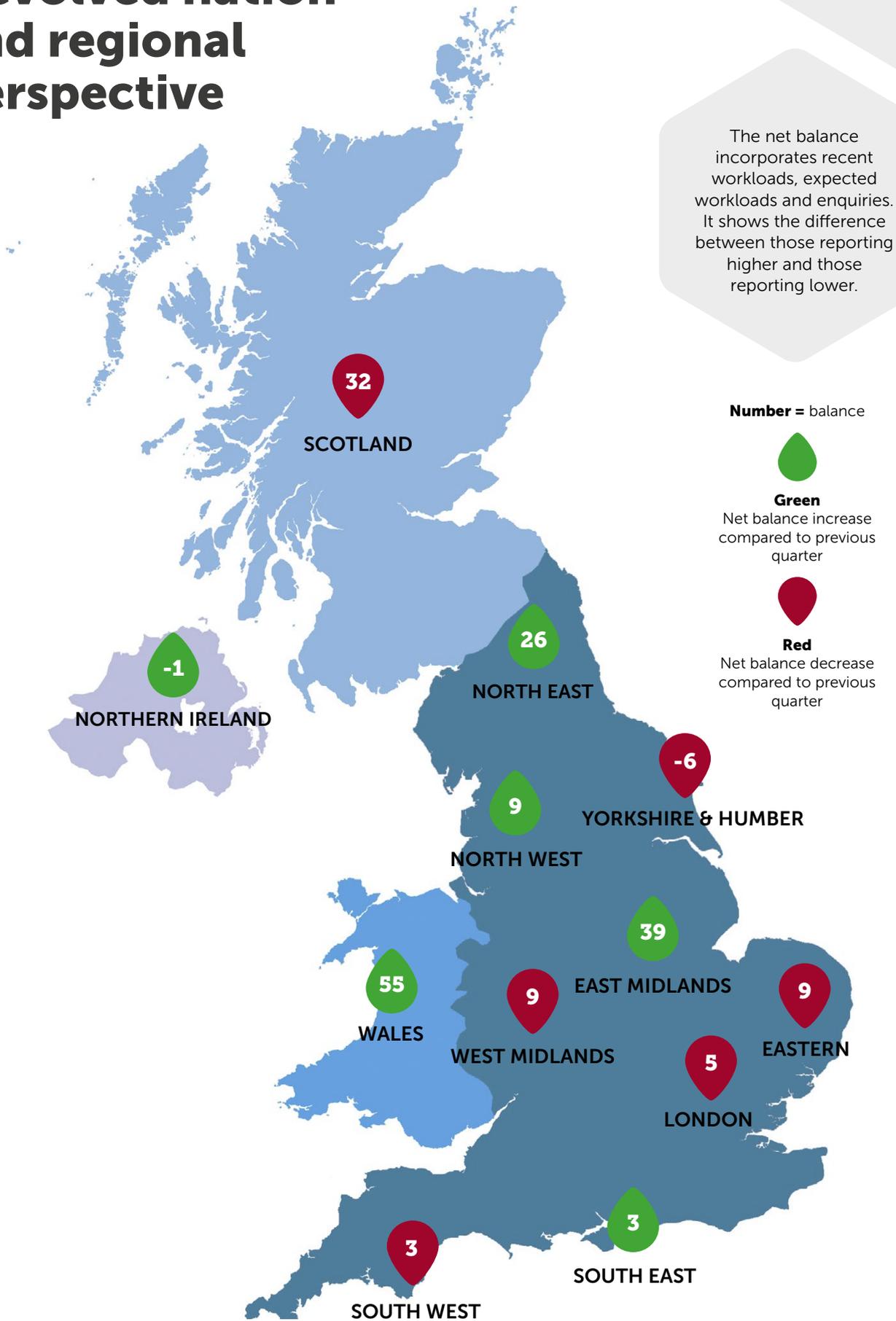
"At +7 the net balance for England fell for the first time since the end of last year"

Weighted % balances

| English region | Q4 | 2018 Q1 | Q2 | Q3 | Q4 | 2019 Q1 | Q2 | Q3 |
|----------------|-----|---------|-----|-----|-----|---------|-----|-----|
| East Midlands | +37 | +26 | +15 | +8 | +2 | +15 | +28 | +39 |
| Eastern | +11 | +7 | +33 | +26 | +10 | +31 | +4 | +9 |
| London | +15 | +10 | +12 | +12 | +3 | -15 | +8 | +5 |
| North East | +25 | +12 | +28 | +32 | +19 | +34 | +7 | +26 |
| North West | +6 | +20 | +28 | +22 | -8 | +30 | 0 | +9 |
| South East | +23 | +17 | +25 | +20 | +14 | -12 | +3 | +3 |
| South West | +4 | +20 | +17 | +18 | +21 | +17 | +9 | +3 |
| West Midlands | -4 | +31 | +25 | -7 | +19 | +16 | +25 | +9 |
| Yorks & Humber | -9 | +19 | +20 | +16 | -3 | +25 | +31 | -6 |

| Nation | Q4 | 2018 Q1 | Q2 | Q3 | Q4 | 2019 Q1 | Q2 | Q3 |
|------------------|-----|---------|-----|-----|-----|---------|-----|-----|
| England | +14 | +17 | +21 | +17 | +10 | +10 | +10 | +7 |
| Northern Ireland | -7 | +26 | +47 | +22 | +32 | +41 | -3 | -1 |
| Scotland | -12 | +7 | +24 | +19 | 0 | +10 | +33 | +32 |
| Wales | +19 | +39 | +14 | +28 | +11 | +36 | +12 | +55 |
| UK | +12 | +18 | +22 | +17 | +11 | +13 | +11 | +10 |

Devolved nation and regional perspective





About the Federation of Master Builders (FMB) and the State of Trade Survey

For more than 20 years, the FMB's State of Trade Survey has monitored key indicators and predicted future short-term developments in the UK construction industry. It is the only survey of its kind to focus exclusively on small and medium-sized (SME) firms throughout the construction sector. The survey is dispatched to the entire membership every quarter. 200-300 responses are received and they are weighted according to turnover.

The typical firm responding is either a general builder or building contractor directly employing ten or fewer people, and turning over between £100,000 and £500,000 per annum. Results are generally reported as percentage balances, as results from qualitative surveys traditionally are. This is the difference between the percentage of respondents stating 'higher' and those replying 'lower' to questions. The magnitude of the balance does not indicate the scale of the change. Instead, the larger the balance, the greater the number of respondents stating either 'higher' or 'lower'.

The FMB is the largest trade association in the UK building industry. Established in 1941 to protect the interests of SME building firms, the FMB is independent and non-profit-making, lobbying continuously for members' interests at both national and local levels. The FMB is a source of knowledge, professional advice and support for its members, providing a range of modern and relevant business services to save them time and money. The FMB also offers practical advice and support to the general public on choosing and working with a builder.

For more information about the FMB please visit: www.fmb.org.uk.

For more information about the FMB State of Trade Survey please contact the Policy and Public Affairs team at the Federation of Master Builders via publicaffairs@fmb.org.uk or **020 7025 2947**.