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The UK Construction Industry - The Current State Of It And The Outlook For The Future

The UK construction industry has been going through some fairly challenging times over the past couple of years. The sector was hit particularly hard in the recent recession and it continues to struggle even now the economy has returned to growth - albeit sluggish growth, which is causing several challenges across the industry as it struggles to find its feet once more. Another challenge is that firms are finding it hard to access finance due to strict lending conditions imposed by the banks.

We can tell a lot about the current state of the UK construction industry by looking at confidence levels. Currently these are quite low: firms reported a fairly positive outlook at the start of 2010. By the end of the year, however, this had fallen significantly and there's little sign of change in 2011. The housing market is playing a large part in this as fewer houses are being sold and built, which is then affecting the rest of the industry.

Also, less than 50% of UK construction firms currently think that the next 12 months will be better in terms of turnover than the twelve months that have just gone. This suggests that the industry is currently quite shaky. Around 30% of construction firms also report feeling less confident about the next twelve months, which suggests signs of worry within the market. However, some firms are also reporting profits driven by sales especially in the London area, so it's not all bad news.

The current trends suggest that things could be set to stay this way for a while yet. While there are signs that the UK construction industry is picking up in areas such as London, outside of the capital, firms aren't getting the benefit of this boost. As with much of the current economy, it seems that much of the growth will continue to come from the south of the country, with some economists suggesting that construction issues elsewhere could force the country back into recession.

Over the coming years, it seems safe to say that there will continue to be challenges faced by the industry. In particular, the fact that fewer houses are being built is of particular cause for concern and businesses in much of the country will continue to deal with sluggish growth. However, the growth in London and other parts of the industry seem as though they will be enough to keep the industry afloat and it's still the early days of the recovery so there is still light on the horizon.

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