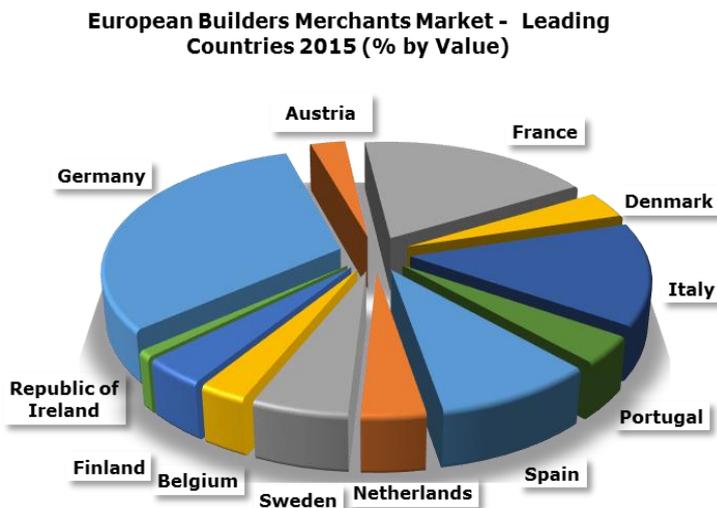


Positive growth prospects in the medium term for European Builders Merchants market

November 2016 – Cheltenham, UK



The total European builders merchants market grew by around 4% in 2015 with further growth of 2% expected in 2016, according to a newly released report by AMA Research. This new report reviews the builders merchants markets in 12 European countries (excluding the UK) and looks at construction and economic indicators, as well as identifying the key merchants groups/organisations operating in each of the 12 countries. Estimated at around €109bn in 2015, growth of around 2% is currently indicated for the European builders merchants

market in 2016. However, there are significant differences between the 12 countries in terms of the merchants market structure, as well as distribution of lightside and heavyside building products.

In terms of contribution to GDP, construction output varies considerably between the countries reviewed - ranging from as low as 6-7% to highs of around 16-18% - with a typical overall average of 8-10%. Construction output has been extremely volatile in some countries over the last decade - notably Ireland, Spain and Portugal - and, in overall terms, has not recovered to 2007 levels across the leading 12 EU countries reviewed.

Growth in the overall builders merchants market across the 12 countries is forecast to be slightly lower in 2016-17. Though the market size has increased year on year since 2013, it is still below the peak achieved in 2007-08, and while the above figures at an overall level indicate a degree of stability in recent years, this conceals a relatively high degree of volatility at individual country level.

Germany has provided one of the more stable construction sectors in recent years avoiding the significant swings in activity levels that have typified market performance in many other countries. In addition, Germany also has high specification standards in most products, which has helped underpin the €30 billion building merchants market. France and Italy have performed less well in recent years, but remain significant markets - France underpinned by a strong housebuilding sector, while Italy has a stronger refurbishment market.

In recent years, there has been significant activity among buying groups with expansion and mergers/co-operations within national boundaries, as well as the development of pan-European links and some consolidation amongst the merchants. Three key multi-national groups are significant in the overall European market: **Saint-Gobain**, whose building materials distribution division claims to be the European leader in building materials distribution; **Wolseley** the UK based company which claims to be the world's largest specialist trade distributor of heating and plumbing products and **CRH**, the Irish building materials group.

"Despite the current difficult climate, the 12 markets under review are also likely to see further rationalisation over the longer term, though inevitably further consolidation in some countries is likely to come up against competition barriers" said Andrew Hartley, Director of AMA Research. *"As well as structural changes in distribution, the markets are also likely to see further rationalisation of supply chains, as major international groups expand their building material interests across different products and markets."*

2016 is expected to be a relatively difficult year, with many countries experiencing marginal growth at best. Government spending levels across most EU countries are still under pressure to keep within EU guidelines and, inevitably, public sector construction works are a target for budget cuts and this will continue to feed through into the builders merchants markets in some countries. In addition, new housing output is likely to be impacted as consumer spending and confidence levels fall. Repairs/maintenance works typically also depends on consumer confidence which remains relatively fragile across most major European economies in late-2016. However, into the medium term, prospects for growth are more positive.

The '**Builders Merchants Market Report - Europe 2016-2020 Analysis**' report is published by AMA Research, a leading provider of market research and consultancy services within the construction and home improvement markets. The **full** report is available now and can be ordered online at www.amaresearch.co.uk or by calling 01242 235724. In addition, also on offer are reviews of the 12 individual countries and a separate review of the builders' merchants market is also available by contacting AMA Research directly.

Editors Note:

If you would like to receive further information or would like to speak to an author of this report, please contact Anna Eriksson or Andrew Hartley on (01242) 235724.

Please include our web address and telephone number on any review printed, and it would also be appreciated if a copy of the review could be forwarded to AMA Research. Thank you.

AMA Research Ltd
Montpellier House
Montpellier Drive
Cheltenham
Gloucestershire GL50 1TY
Tel: +44 (0)1242 235724
Fax: +44 (0)1242 262948
E-mail: annaeriksson@amaresearch.co.uk
Website: www.amaresearch.co.uk