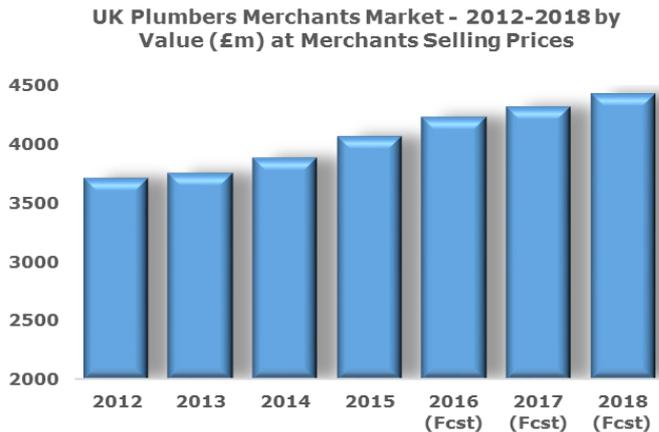




PRESS RELEASE

Plumbers merchants market forecast to increase by 4% in 2016

November 2016 – Cheltenham, UK



The plumbers merchant market was worth an estimated £4bn in 2015, having recovered strongly in recent years. The market value declined during 2011/12, reaching a low point in 2012. From 2013 onwards, demand has increased leading to greater demand for plumbing materials, bathroom and shower products, and the plumbers' merchants market is forecast to grow by around 4% in 2016.

Increasing demand has been due to the improving economic climate in general since 2013, with demand increasing for both new work and RMI activity. Output growth, which has been particularly strong during the past 2 years, was also experienced across most construction sub-sectors, including the housing and commercial sectors, such as offices, retail and entertainment and leisure.

However, price competition remains fierce and this may influence margins going forward. In order to differentiate themselves, some plumbers merchants have invested in improving the overall customer experience through enhanced service, such as extended opening times, greater availability of stock and heightened promotional activity. Many have also expanded their online presence, to ensure that they compete with rising internet sales. The growth of multi-channel merchandising, which combines physical premises with an online store, is forecast to continue.

Consolidation has been a feature of the marketplace in recent years, as nationals have acquired smaller regional operations in order to extend their reach and range of services. However, many regional and independent merchants have performed well, with some expanding their number of branches to improve their product offering and stock levels to meet local needs. This has been coupled with a focus on facilities which appeal to the public, not just the trade, such as bathroom and kitchen showrooms.

At present, the price of imported goods is increasing due to exchange rate fluctuations – something which will contribute to an uplift in market value in the short term. The issue is likely to affect a significant number of product sectors in the longer term.

It is extremely difficult to forecast the impact of the outcome of the EU Referendum on the economy going forward. Several economic forecasts suggest that the UK economy will start to slow, with business and consumer confidence affected, potentially with lower GDP growth in 2017 and 2018. The situation may improve after this, depending on the outcome of trade negotiations, both within and outside the EU, which have yet to take place.

"While there are indications of a slowdown in growth in the housing and commercial sectors from mid to late-2016, the plumbers' merchants market is still forecast to increase by around 4% compared with 2015, with a further 2-3% per annum expected from 2017 onwards" said Keith Taylor, Director of AMA Research. "However, the market value remains below levels seen in 2007."

Going forward, the market value is likely to increase in the short term, boosted by price increases, however, the outlook is more uncertain for the longer term. A strong demand for housing and an undersupply of homes is likely to continue to be a key driver supporting the plumbers merchant market in the medium to long term.

The '**Plumbers Merchants Market Report – UK 2016-2020 Analysis**' report is published by AMA Research, a leading provider of market research and consultancy services with over 25 years' experience within the construction and home improvement markets. The report is available now and can be ordered online at www.amaresearch.co.uk or by calling 01242 235724.

Editors Note:

If you would like to receive more information on the report, or would like to speak to the author, then please contact Anna Eriksson or Keith Taylor 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.

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