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## **R3 comments on the fall in construction output**



The fall in construction output in January unfortunately does not come as a surprise, research by R3 shows over a quarter (27%) of construction firms across the UK are at risk of failure in the next 12 months, with the same proportion of construction firms at risk in Yorkshire and Humber. This figure compares to 21% of businesses at risk nationally overall (22% in Yorkshire and Humber). R3 figures show that over 62,310 construction and civil engineering companies registered in the UK are at risk of collapse, 4,245 of which are in Yorkshire and Humber.

Robert Adamson, chair of R3 in Yorkshire and Northern restructuring partner for Mazars, comments:

“Difficulties in raising funding for development, together with the cuts in public spending, are both key issues facing the industry. Due to public sector contracts drying up it is understandable the construction sector is struggling. The ‘crane count’ in towns in cities clearly indicates the fall in activity and there is little relief in sight.

“In addition, commercial developers are finding it extremely difficult to raise funds and can often only do so on the back of an anchor tenant. However, there is some comfort for smaller builders as the ‘skip count’ indicates that home owners are choosing to upgrade their properties rather than sell up and move in the current market.”

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**Photo shows:** Robert Adamson, chair of R3 in Yorkshire

## Notes to editors (R3):

- British construction output fell an annual 7.9 percent in January; non-seasonally adjusted data has shown today (08.03.13). Compared with December, output was 6.3 percent lower, according to the Office for National Statistics data.
- R3 is the trade body for Insolvency Professionals, and represents 97% of the UK's Insolvency Practitioners.
- R3 comments on a wide variety of personal and corporate insolvency issues. Contact the press office, or see [www.r3.org.uk](http://www.r3.org.uk) for further information.
- R3 promotes best practice for professionals working with financially troubled individuals and businesses; all R3 members are regulated by one of nine recognised professional bodies.
- R3 stands for 'Rescue, Recovery, and Renewal' and is also known as the Association of Business Recovery Professionals.
- R3's distress figures were obtained from Bureau Van Dijk 'Fame' database.

All Regions = NUTS 1 Region

Construction = UK SIC 2007

41. Construction of buildings

42. Civil engineering

43. Specialised construction activities

\*'At risk of failure' is defined as a company that has a QuiScore below the normal band. The QuiScore is a measure of the likelihood of company failure in the twelve months following the date of calculation.

**The QuiScore** is given as a number in the range 0 to 100. For ease of interpretation, that range may be considered as comprising five distinct bands:

82-99 The Secure Band:

57-81 The Stable Band:

37-56 The Normal Band:

19-36 The Caution Band:

01-18 The High Risk Band: