FEDERATION OF MASTER BUILDERS
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CIOB

The SME State of Trade Survey

January to June 2025

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Summary of Data

Key performance indicators
All key measures; workloads (25%), enquiries (34%), and employment (26%), increased in the first half of 2025.

Key indicators in the home nations
All UK nations saw a rebound on Q4 2024, with workloads up 36% in Northern Ireland, 30% in Scotland, 24% in Wales, and 21% in England; enquiries grew 64% in Northern Ireland, 56% in Scotland, 50% in Wales, and 18% in England.

Key indicators in the English regions
All English regions showed positive growth, with workloads up 36% in the North, 29% in Greater London, 22% in the Midlands, and 21% in the South; enquiries rose 64% in the North, 25% in the Midlands, 15% in Greater London, and 14% in the South.

Workload and enquiries by sector
Every major sector saw rising workloads and enquiries, with house building workloads rising to 39% and repair and maintenance to 35%, and corresponding enquiries to 11% and 25%.

Employment and skills shortages
Employment rose sharply with 39% reporting an increase, up 22% on Q4. Skilled trade recruitment remains a challenge, with 33% reporting carpenters, 32% roofers, and 28% plumbers/HVAC as the most difficult to recruit.

The difficulty of recruiting staff
64% have found it difficult to recruit staff with knowledge of the new building safety regime, and 59% reported difficulty finding staff with skills in modern sustainable building practices and new technologies.

Impact of a lack of skilled tradespeople
61% of firms were affected by skilled labour shortages, resulting in job delays for 49% and cancellations for 23%.

Job delays
Among those experiencing delays, 38% were due to planning processes, 36% were due to changing project parameters, and 35% were due to material/equipment delays as the primary cause.

Prices and costs
So far in 2025, 75% have seen increased material costs, 67% have experienced rising wages, and 61% have increased the price they charged for their work.

Impact of cost increases
Increased outgoing costs led 56% to raise prices, 49% to report lower-than-expected profits or losses, 34% to restrict recruitment, 25% to fear for business viability, and 22% to make redundancies.

Invoice payment
56% had their invoices paid on time, 32% received payments on a varied timeline, and 10% reported frequent late payments.

Business outlook for Q3 and Q4 2025
Looking forward, 51% of businesses have a positive outlook, around a third (36%) are neutral, and only 7% hold a negative view for the second half of 2025.

51%
of businesses have a positive outlook for the second half of 2025.

State of Trade Survey First half of 2025

For more than 30 years, the State of Trade Survey has monitored key indicators and predicted future short-term developments for micro and SME building firms.

It has now been refreshed for 2025 and will be released every 6 months to measure the state of the industry. The survey is commissioned by the Federation of Master Builders (FMB) and the Chartered Institute of Building (CIOB).

It is the only survey of its kind to focus exclusively on small and medium-sized (SME) firms throughout the construction sector. The report looks at activity from January to June 2025, referred to in this report as H1. It casts ahead to July to December 2025.

This year, FMB have collaborated with the Chartered Institute of Building (CIOB) to create a broader industry data point that will be a key resource in measuring the state of the industry.

The FMB is the UK's largest representative body for SME building companies. The CIOB is the world's largest and most influential professional body for construction management and leadership.

The supporting survey to this report was sent to FMB members who are inspected builders and sent to CIOB's Chartered Building Companies (CBCs) who have been accredited by the CIOB. It was also sent to companies that are not members of either CIOB or FMB.

Please note that for this revamped survey, there have been changes in the sample composition, which include FMB and CIOB members, as well as companies outside of both organisation's membership. A total of 458 responses were received.


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Contents

Key indicators

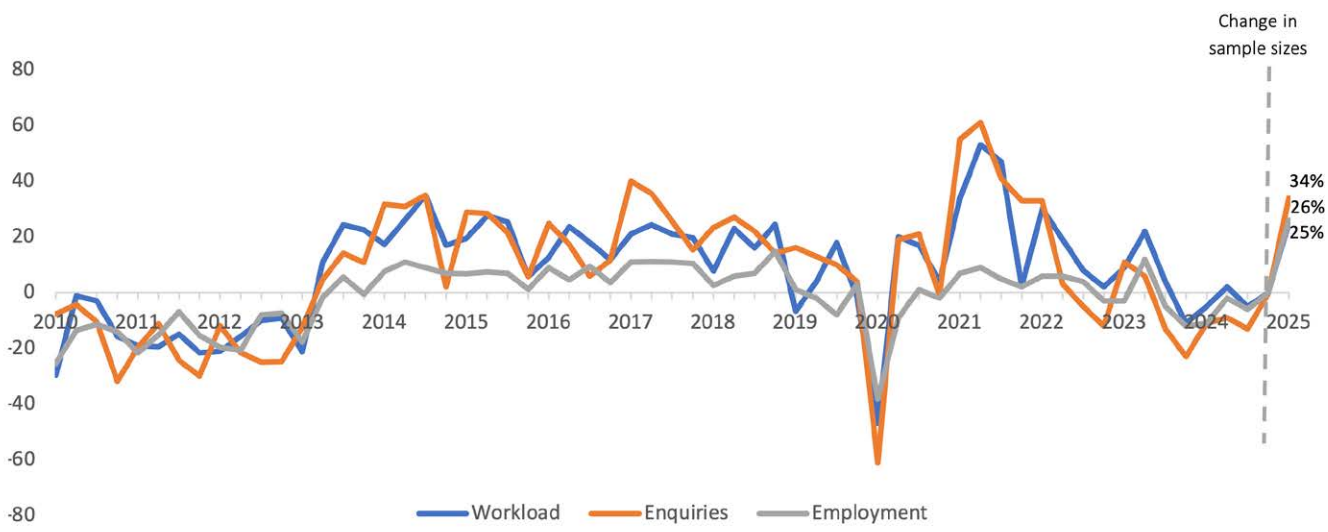
Construction Industry Outlook
In the first half of 2025, all of the key performance indicators (workload, employment, and enquiries) showed marked improvement across the construction industry. For the first time since Q2 2023, all three indicators show growth, signalling an upturn within the industry.

Workload
Respondents reported a net workload increase of +25% in both first half of 2025 (H1). This represents a substantial change in trajectory from -11% in Q4 2024. The current level is comparable to H1 2022, which marked the initial recovery period after the COVID-19 lockdowns.

Employment
Employment has also rebounded, with a net change of +26%, another significant change in direction from -8% in Q4 2024. Apart from a brief uptick in Q2 2023, employment has been in decline since Q4 2022 but has now seen the strongest quarterly improvement in employment since Q1 2010.

Enquiries
The industry saw a net increase of +34% in new enquiries, another substantial change from -23% in Q4 2024. This positive trend is comparable to the growth seen in late 2021 and early 2022 as the sector emerged from COVID-19 disruptions.

Key indicators



Graph 1 – Q3. Looking back, how does your company's workload in the period of January to June 2025 (H1) compare to that in October to December 2024 (Q4), thinking about total workload, and in the specific sectors of the industry that you work in? Base: Total workload (n=458) Q6. Looking back, how has the level of enquiries regarding future work changed in the period of January to June 2025 (H1) compare to that in October to December 2024 (Q4), thinking about total enquiries, and in the specific sectors of the industry that you work in? Q8. How has the number of employees within your company's workforce changed during the period of January to June 2025 (H1) compare to that in October to December 2024 (Q4)? (n=458) Net balance of change

In my experience, there are shortages in skilled labour and it is becoming difficult to adhere to timelines.

Survey Respondent

Workload and enquiries by sector

In H1 2025, respondents reported increases across both total workload and enquiries within the construction sector. The net balance for total workload rose to 25%, up from -11% in Q4 2024. Similarly, total enquiries have also improved reaching 34%, increasing from -23% in the previous quarter.

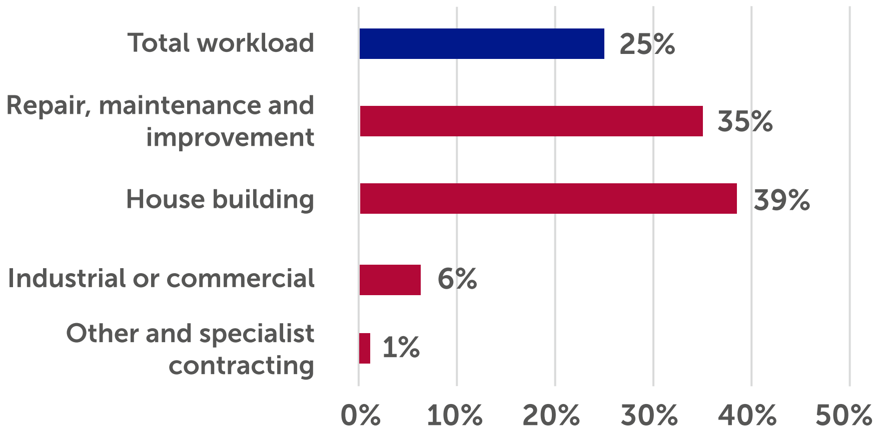
The house building sector has shown particularly strong growth. Respondents reported a net workload change of +39%, a substantial improvement from -15% in Q4 2024. Enquiries also recovered, moving to a net positive of +11% from -31% in the previous quarter.

In the repair, maintenance and improvement sector, workload has also seen significant growth by +35%, up from -8% in Q4 2024. Enquiries followed a similar pattern, rising to +25% from -17% previously.

For the industrial and commercial sectors, respondents reported a positive net workload change of 6%, whilst smaller than other sectors this is still up significantly from -24% in Q4 2024. In addition, while enquiries in this sector remain negative, they were more moderate changing from -31% to -4%.

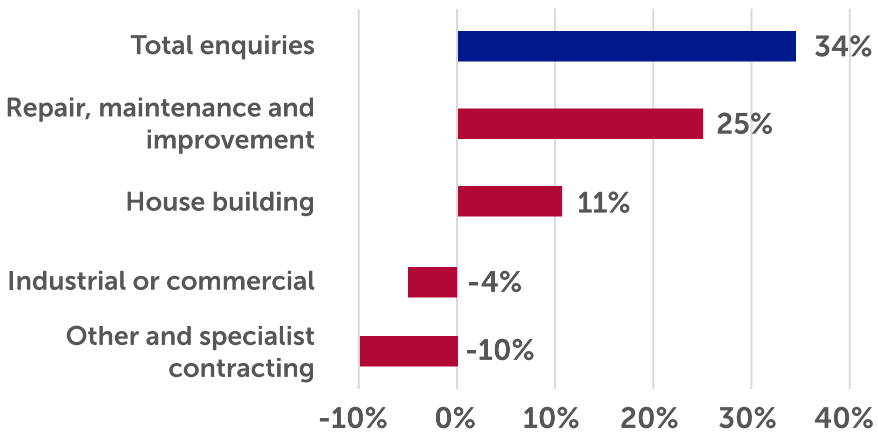
Lastly, those active in the other and specialist contracting sectors noted a modest positive net change in workload at 1%. However, enquiries here are still subdued with the net balance at -10%.

Workload by sector



Graph 2 - Q3. Looking back, how does your company's workload in the period of January to June 2025 (H1) compared to that in October to December 2024 (Q4), thinking about total workload, and in the specific sectors of the industry that you work in? Base: Total workload (n=458); Repair, maintenance and improvement (n=436); House building (n=339); Industrial or commercial (n=335).; Other and specialist contracting (n=326) Excluding N/As

Enquiries by sector



Graph 3 - Q6. Looking back, how has the level of enquiries regarding future work changed in the period of January to June 2025 (H1) compared to that in October to December 2024 (Q4), thinking about total enquiries, and in the specific sectors of the industry that you work in? Base: Total enquiries (n=458); House building (n=349); Repair, maintenance and improvement (n=431); Industrial or commercial (358); Other and specialist contracting (n=334) Excluding N/As

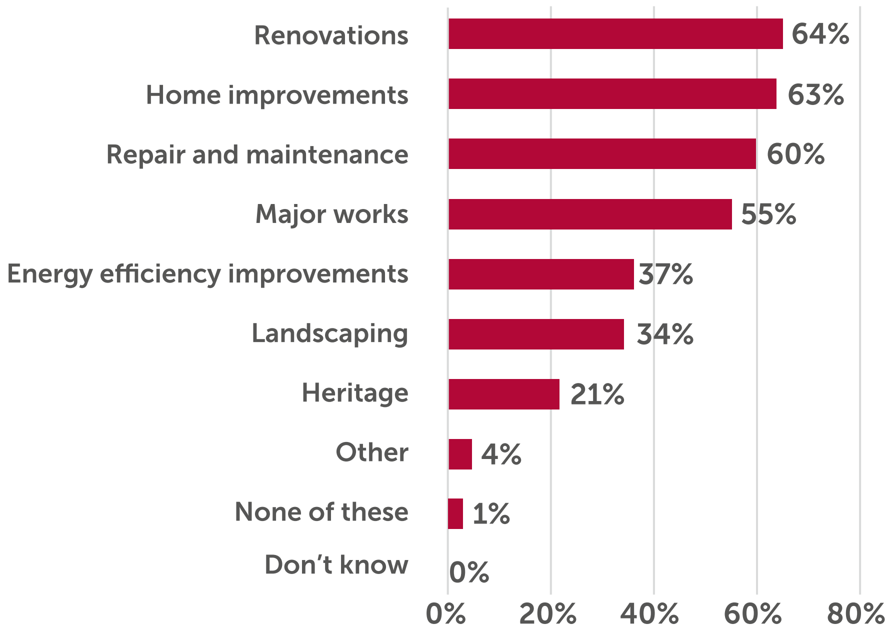
Type of activity by sector

Renovation, home improvement, and repair and maintenance are the top three types of work delivered by the respondents in H1 2025. In Q3 and Q4 2024, the leading types of work were major works, renovations, and home improvements.

Renovation is the most common activity, with 64% of respondents reporting their involvement. Home improvement ranked second, reported by 63% of respondents, an increase from 53% in the previous quarter. Repair and maintenance ranked third, with 60% reporting, up sharply from 42% in Q4 2024.

Other commonly reported types of work include major works (55%), energy efficiency improvements (37%), landscaping (34%), and heritage projects (21%).

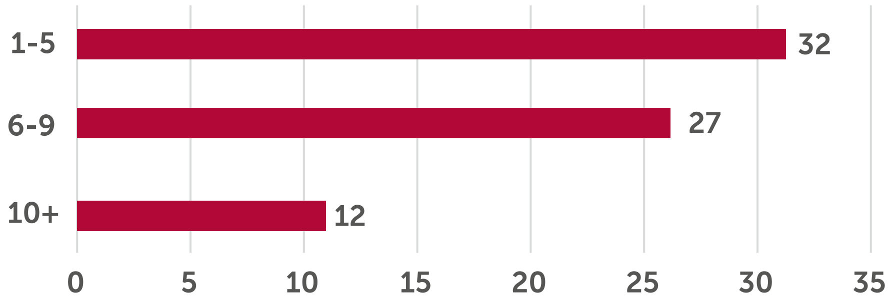
Types of repairs, maintenance and improvement works that has been delivered in the period of January to June 2025



Graph 4 - Q4. You said that your company works in the repair, maintenance and improvement sector. Which of the following repair, maintenance and improvement works has your company delivered for existing domestic dwellings in the period of January to June (H1)? Base: Total (n=436), All working in the RMI sector.

In the first half of 2025, more respondents reported building larger numbers of houses compared to the previous quarter. While around one in three respondents (32%) built between 1 and 5 houses, there was a notable increase in those delivering higher volumes. Just over one in four (27%) built 6 to 9 houses, up from only 9% in Q4 2024, and the share of those building 10 or more houses rose to 12%, compared to just 2% in Q4 2024.

Number of houses that have been built in the period of January to June 2025



Graph 5 - Q5. How many housing starts has your company done in the period of January to June (H1)? Base: Total excluding no housing starts and don't know (n=28), All working in the housebuilding sector (n=255)

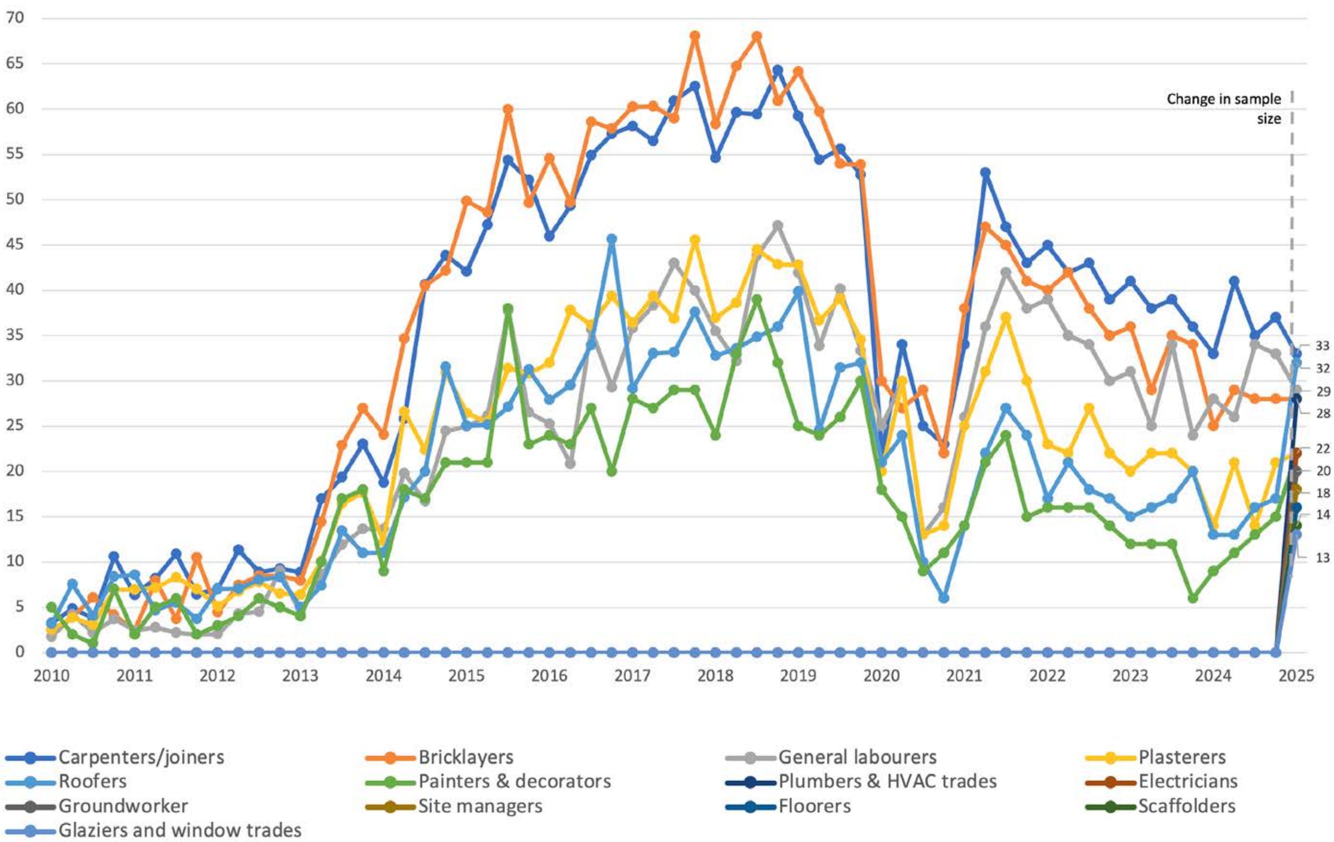
Employment and skills shortages

In H1 2025, 48% of respondents reported no change in their company's workforce size, this is a decrease from 57% in Q4 2024. In employee numbers, 39% of respondents reported an increase, this was up from 17% in the Q4 2024. Conversely, 13% of respondents said their workforce had decreased, down from 25% in Q4 2024.

While some roles have become slightly easier to recruit compared to Q4 2024, challenges persist for certain occupations:

- Carpenters remain the hardest position to fill, with 33% of respondents identifying this as their most difficult recruitment area; this difficulty is now in line with levels seen in Q1 2024.
- Roofers are the second most difficult role to recruit, with reported difficulty rising from 21% in Q4 2024 to 32%.
- The reported difficulty in recruiting general labourers dropped slightly from 33% in Q4 2024 to 29% in the first half of 2025. Bricklayers and plumbers/HVAC trades were each mentioned by 28% of respondents as the hardest to recruit.
- Other roles where recruitment was noted as challenging included plasterers (22%), painters and decorators (22%), electricians (22%), groundworkers (20%), site managers (18%), floorers (16%), scaffolders (14%), and glaziers and window trades (13%).

Difficulty in recruiting for each of the following occupations

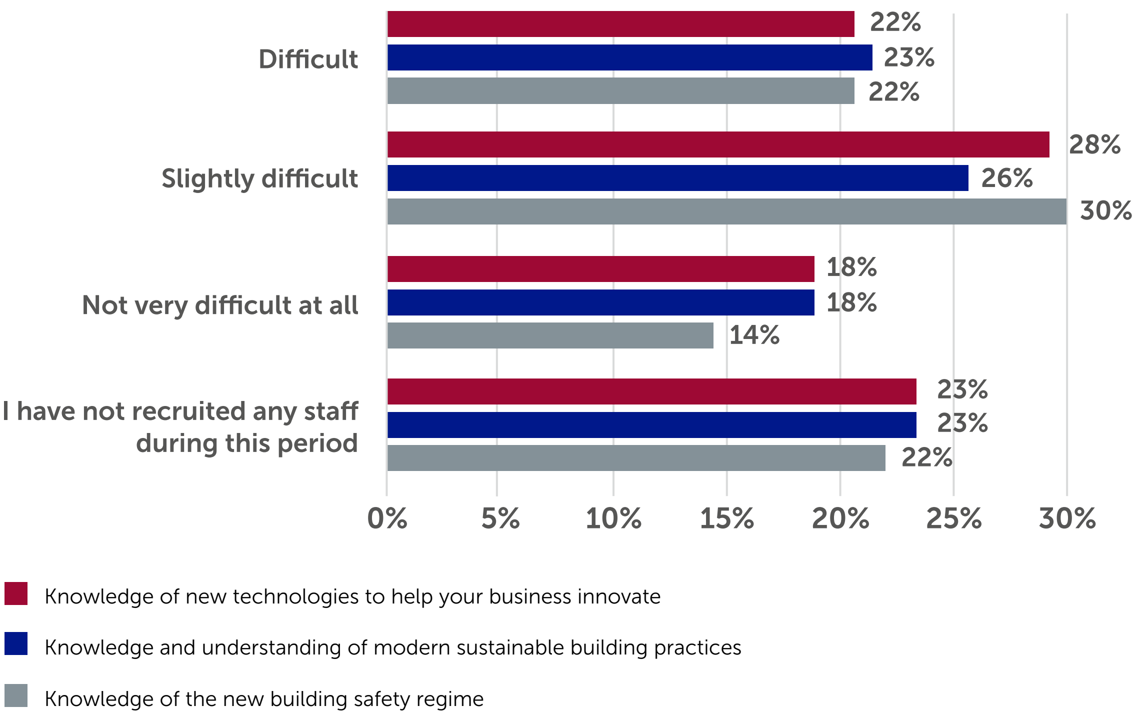


Graphs 6 - Q10. For which of the following trades has your company found it difficult to recruit skilled staff over the period of January to June (H1)? Base: Total (n=458)

Difficulties in recruiting staff

When it comes to recruiting new staff with specialist skills, 64% of respondents reported that it is difficult to find candidates with knowledge of the new building safety regime. Similarly, around three in five respondents (59%) indicated challenges in recruiting staff with knowledge and understanding of modern sustainable building practices and those with knowledge of new technologies to support business innovation. This highlights the recruitment difficulties for employers seeking expertise in these critical areas.

The difficulty of recruiting staffs with the following skills



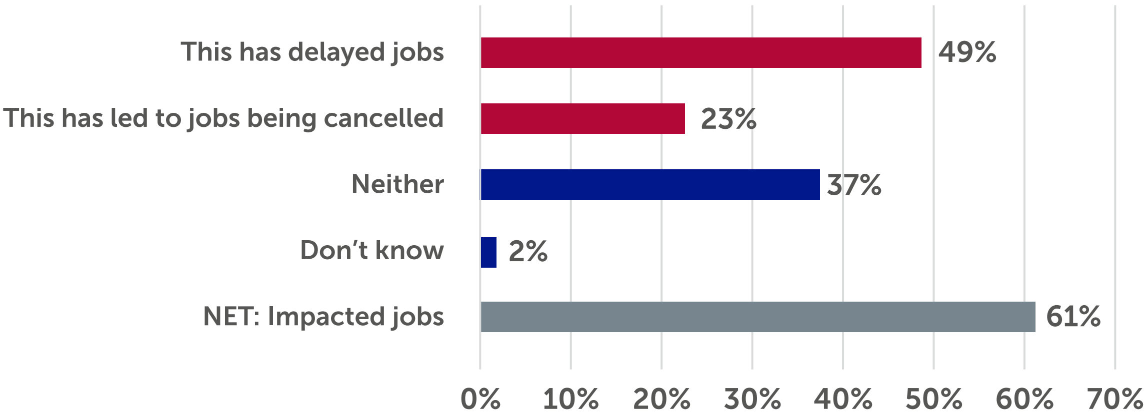
Graph 15 - Q19. Thinking about the range of skills and competencies needed in your company, how difficult has it been to recruit staff with any of the following skills from January to June (H1)? BASE: All respondents (n=458)

The impact of a lack of available skilled tradespeople

In H1 2025, 61% of respondents reported being affected by a lack of skilled tradespeople, this is a significant increase from 40% in Q3 2024 and 45% in Q4 2024.

Nearly half (49%) said that shortages had caused job delays, while around one in four (23%) indicated it had led to job cancellations. The proportion of respondents who said the lack of skilled workers had neither delayed jobs or caused cancellations decreased notably, from 59% in Q3 2024 and 54% in Q4 2024 to 37% in the first half of 2025.

The impact of a lack of available skilled tradespeople January to June 2025

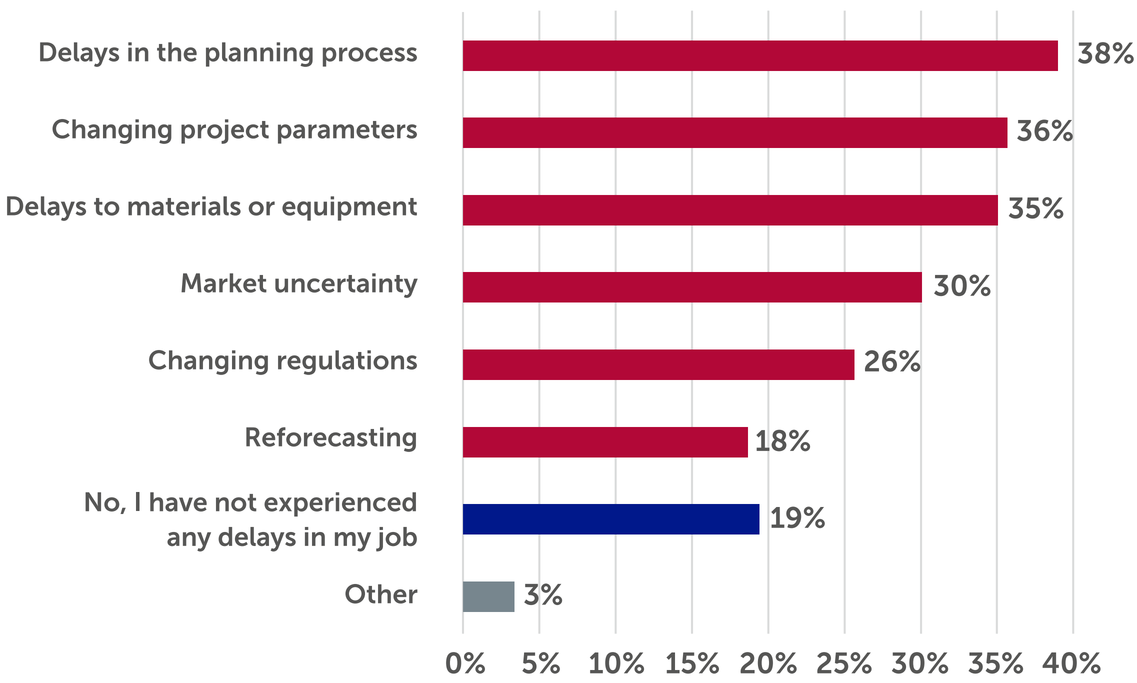


Graph 7 - Q13. How, if at all, has the lack of skilled trades people impacted your company's work over the period of January to June (H1)? Base: Total (n=458)

Job delays

In H1 2025, about one in five respondents (19%) reported experiencing no delays in their jobs. Among those who did face delays, the most common causes were the planning process (38%), changing project parameters (36%), and delays to materials or equipment (35%). Other contributing factors included market uncertainty (30%), changing regulations (26%), and reforecasting (18%).

Have you experienced any delays in your jobs



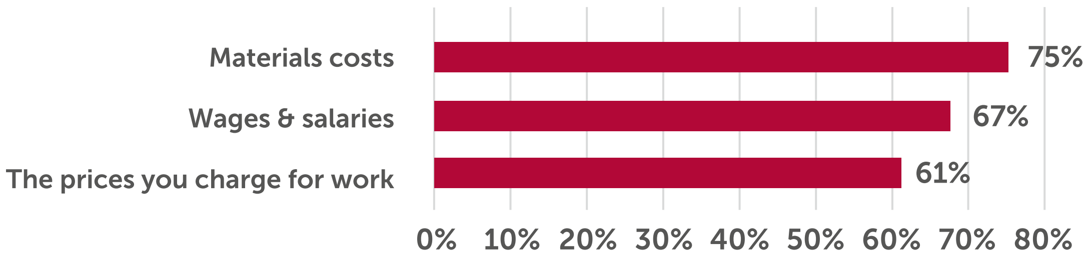
Graph 18 – Q22. Have you experienced any delays in your jobs from January to June (H1)? If so, what was the primary reason for the delay? BASE: All respondents (n=458)

Prices and costs

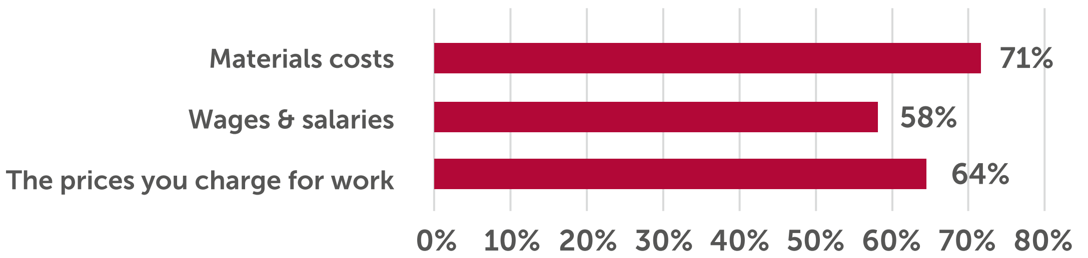
In H1 2025, the majority of respondents continued to face cost pressures, including rising material costs, increases in wages and salaries, and the need to adjust the prices charged for work. Three in four respondents (75%) reported an increase in material costs, up from 64% in Q4 2024. Similarly, 67% observed rising wages and salaries, compared to 58% in the last quarter of 2024. These pressures resulted in 61% of respondents increasing the prices they charged for their work.

Looking ahead to Q3 (July–September 2025), expectations remain high that costs will continue to rise. With material costs 71% of respondents anticipate further increases, while 58% expect wages and salaries to go up. This resulted in 64% of respondents planning to raise the prices they charge for work in the next quarter.

Past quarter costs January to June 2025



Expected costs July to September 2025



Graph 8 - Q11. How have both the prices that you charge for work, and your outgoing costs changed over the period of January to June (H1)? Base: The prices you charge for work, (n=453) Wages & salaries (n=450); Materials costs (n=446) Excl N/As. Net balance of change

Graph 9 – Q12. And how do you expect both the prices that you charge for work, and your outgoing costs to change over the period of July to September (Q3)?The prices you charge for work (n=458) Wages & salaries (n=458); Materials costs (n=458) Excl N/As. Net balance of change, showing only materials costs and wages & salaries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The impact of changes in prices and costs

In H1 2025, respondents whose businesses were affected by rising outgoing costs, specifically wages, salaries, and material costs, reported a range of impacts.

Just under three in five (56%) said these increased costs led to higher prices charged for work. Almost half (49%) reported lower-than expected profits or business losses. Just over a third (34%) said their plans to recruit new staff had been restricted. One in four (25%) reported that the viability of their business had been affected or their business was at risk of closure. Additionally, just over one in five (22%) indicated that staff redundancies or contract terminations had occurred as a result.

Impact of increase in outgoing costs (materials and/or wages)

Graph 10 - Q11a. You said that your outgoing costs (wages & salaries and/or material costs) have increased over the period of October to December 2024. How, if at all, has this impacted your company? Base: all who report an increase in outgoing costs this quarter (n=157)

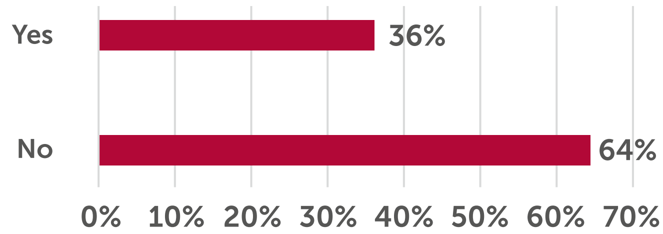
Contracting companies

In H1 2025, over one in three respondents (36%) reported changing contractors within their business, while the majority (64%) indicated they had not made any changes to their contractor arrangements during this period.

In H1 2025, among respondents who had changed their contracting companies, just over half (53%) reported that improved cost-effectiveness was the primary reason. Competitive pressure was a factor for 49%, while 44% pointed to a lack of performance from previous contractors.

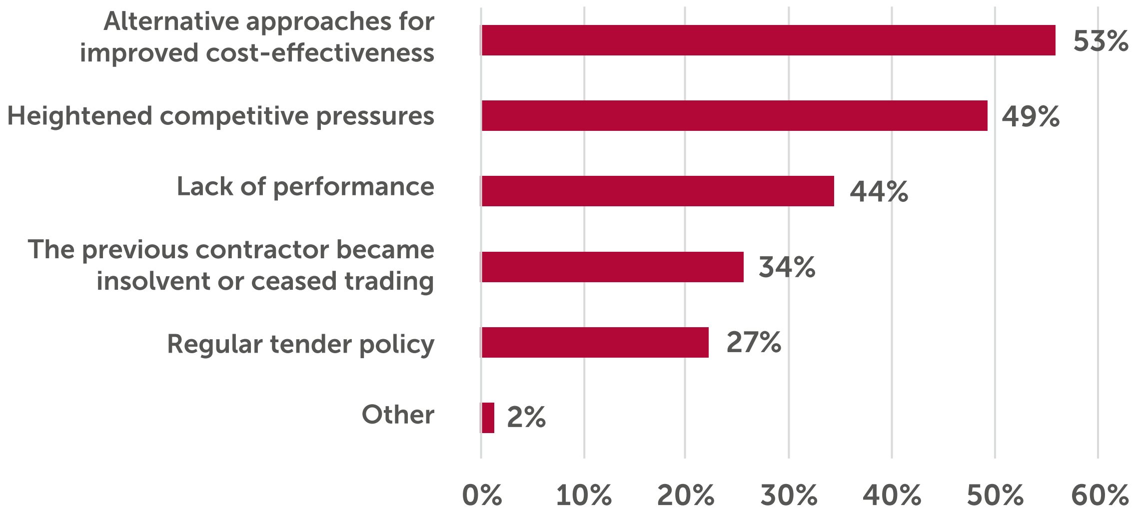
Additionally, 34% reported making changes because their previous contractor became insolvent or ceased trading, and 27% attributed the switch to a regular tender policy.

Have you changed any of the contracting companies that your business uses previously?



Graph 16 – Q20. Have you changed any of the contracting companies that your business uses previously? BASE: All respondents (n=458)

What was the primary motivation for contracting companies that your business used previously?

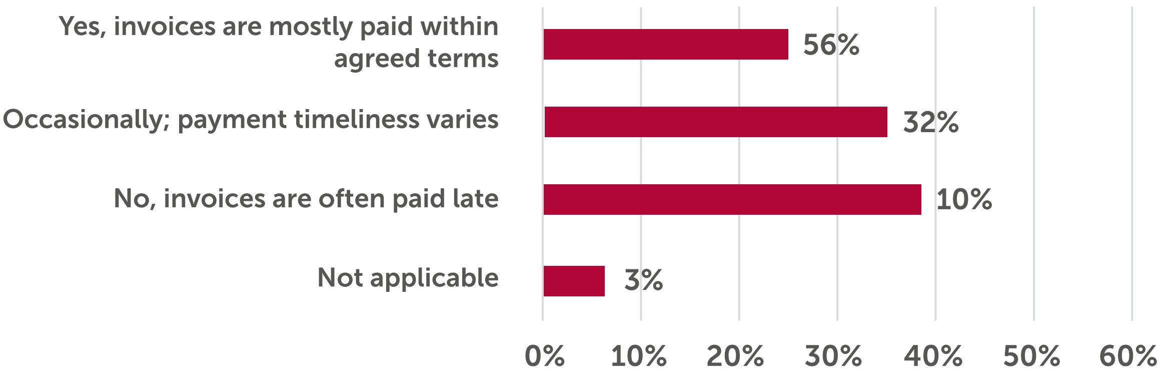


Graph 17 – Q21. What was the primary motivation for contracting companies that your business used previously? BASE: Those who have changed their contracting companies (n=167)

Invoice payment

In H1 2025, almost three in five respondents (56%) reported that their invoices were paid within the agreed terms. About one in three (32%) experienced payments on a varied timeline, while only one in ten (10%) indicated that their invoices are often paid late.

Invoice payment



Graph 20 – Q24. Between January to June (H1), have the invoices owed to your business generally been paid within the agreed terms (i.e., within 30 days of issue)?BASE: All respondents (n=458)

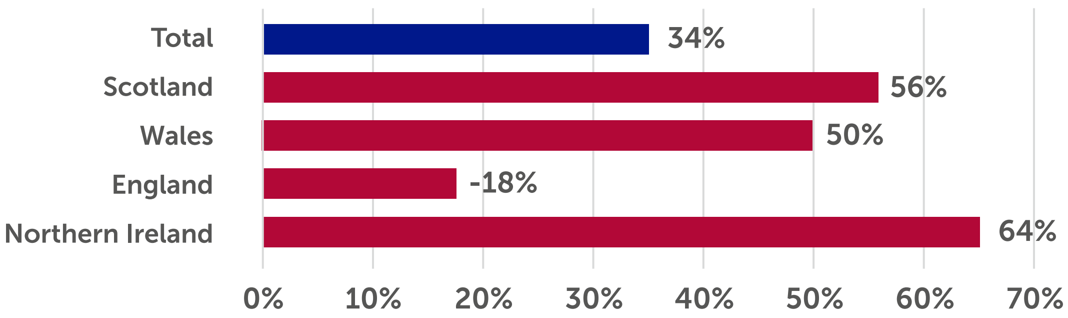
Key indicators in the UK nations

In H1 2025, the overall workload across the UK rebounded, with a net increase of 25%, reversing the declines seen in previous quarters (-5% in Q3 2024 and -11% in Q4 2024). All nations reported positive workload growth: Northern Ireland led with a 36% increase, followed by Scotland at 30%, Wales at 24%, and England at 21%.

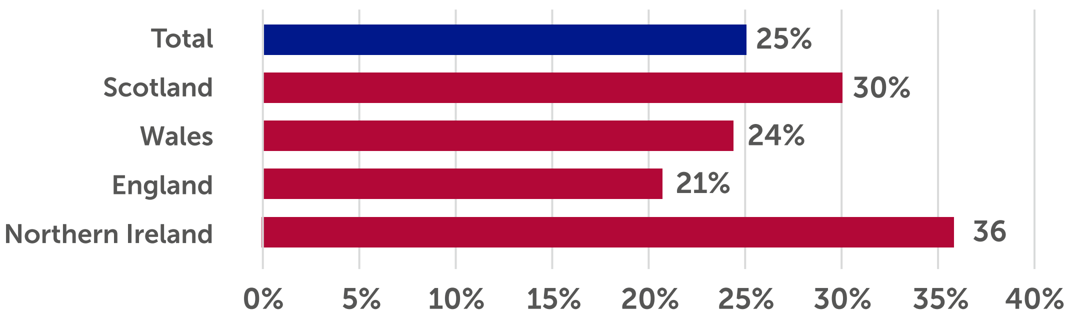
Enquiries also saw strong improvement nationwide, with a total net increase of 34%, from -23% in Q4 2024. Northern Ireland again posted the highest growth in enquiries at 64%, followed by Scotland at 56%, Wales at 50%, and England at 18%.

This marks a clear shift from Q4 2024, where workloads and enquiries nationwide were on a downward trajectory, with many UK nations experiencing flat or negative growth. In the first half of 2025, all UK nations recorded gains in both workload and enquiries, led particularly by Northern Ireland and Scotland, and with England returning to growth after previous declines.

National Enquiries



National Total workload



Graphs 11 and 12 -. Q3/Q6. Base: England (n=275); Wales (n=34); Scotland (n=93), Northern Ireland (n=56)*
**Caution: Results should be interpreted with caution due to limited base size. Net balance of change.*

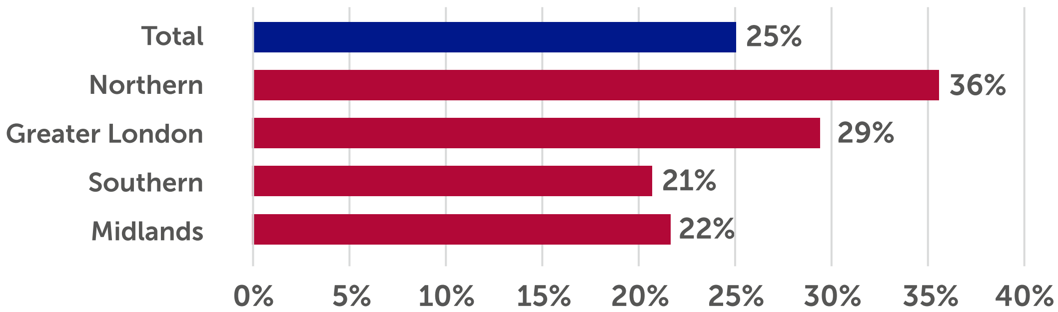
Key Indicators in the English Regions

In H1 2025, the overall regional workload returned to growth, recording a net increase of 25%, a clear recovery from the decline of -11% in Q4 2024. The Northern region led this resurgence, with workload jumping to 36% from -17% in the previous quarter. Greater London followed with a net increase of 29%, up from -12%. The Midlands reported a rise to 22% from -26%, while the Southern region saw a positive shift to 21% from -13%, bringing all regions firmly back into positive territory.

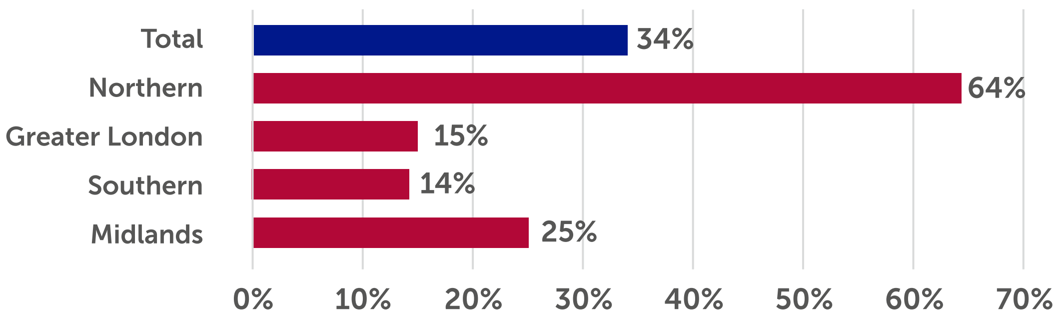
Regional enquiries also improved, with the overall net balance climbing to 34% from -23% in Q4 2024. The Northern region stood out, with enquiries surging to 64%, which was up from -33% previously. The Midlands saw enquiries rebound to 25% from -50%. In contrast, Greater London and the Southern region posted more modest but positive increases, at 15% and 14% respectively.

Compared to the persistent declines throughout 2024, these figures signal a robust regional recovery in both workload and incoming enquiries in the first half of 2025, with the Northern region leading.

Regional Total Workload



Regional Enquiries

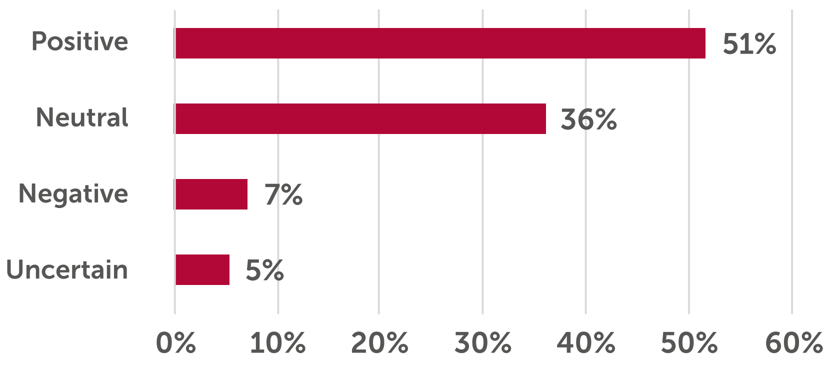


Graphs 13 and 14 - Q3/Q6. Base: Northern (n=56); Midlands (n=65); Southern (n=155); Greater London (n=48).*Caution: Results should be interpreted with caution due to limited base size. Net balance of change.*

Outlook for businesses in second half of 2025

A little over half of respondents (51%) have a positive outlook for Q3 and Q4 2025. Around one in three respondents (36%) hold a neutral perspective, while only 7% report a negative outlook for the second half of 2025.

Outlook for businesses in Q3 and Q4 2025



Graph 19 – Q23. What is the outlook for your business going into the next two quarters (Q3 and Q4)? BASE: All respondents (n=458)

For more information

This survey was issued between 9th June and 7th July 2025 and received 458 completes. It was published in September 2025.

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

For more information about CIOB please visit
www.ciob.org

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