mra reports

Building market intelligence

Builders' Merchants Pulse & Forecasts

Quarterly update including UK Builders' Merchants' Sales Expectations, Market Confidence & Prospects

the Pulse

Expectations. Prospects. Confidence.

SURVEY & FORECAST | **Q1 2026**

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1. SUMMARY

The second in a new series of Pulse surveys covered general merchants' sales expectations for Q1 2026, as well as both market and business confidence. The key findings from the survey are:

- Just over a third of merchants had seen sales increase in Q4 2025 year-on-year, with 33% seeing flat sales and 32% experiencing a decline.
- A net +15% of merchants expected sales to increase in Q1 compared to the same period last year. This was a major improvement on expectations recorded for Q4, when the net percentage expecting an increase was -1%.
- The results indicate that branches belonging to a national network have higher sales expectations and confidence than the rest of the market, while merchants with 1-2 branches have lower expectations.
- In geographical terms, more branches in the North and the Midlands have seen sales increase than in the South, and they also have higher expectations for Q4. In the South, a net -13% had seen sales increase in Q4.
- The majority of merchants expected the share of sales by delivery type to be relatively stable. But a net +38% had seen Click & Collect increase compared to last year.
- Merchants' confidence in the market had been poor in Q4, and no improvement was recorded in Q1 2026, as a net -15% of merchants were more confident in the market compared to the same period in 2025. So, most were less confident in the market in Q1.
- Of those that were less confident, the largest share – around 50% - said it was due to a general lack of demand and confidence in the market. The weather and the current economic and political situation were also common themes in the comments.
- In contrast, a net +19% are more confident now about their own business than they were last year. More than three quarters of those that were more optimistic gave a reason to do with internal changes in the business or the branch, such as new recruitment, a reorganisation, new management, a new focus for the branch or other strategic actions.
- The issues and problems named by the most respondents were squeezed margins, supplier price rises and online competition – in that order.

In terms of the outlook for the market, demand has remained weak, with Q4 2025 disappointing for many merchants.

- There were hopes that confidence would start to build, as interest rates and inflation came down to more normal levels, but the year started with a new set of tariffs and a war in the Middle East, threatening energy and fuel prices, and a potential trade war.
- There is nothing to suggest a major uplift in activity in the short term. We stand by our forecast made in Q4 2025, despite the challenges the sector faces. The forecast was low, with only 1% growth forecast for 2026. However, we are more optimistic for the longer term, as construction activity recovers, and forecast growth of 11% until 2030.
- Residential property transactions appear to be stabilising, and repair & maintenance work cannot be put off forever. RMI activity is expected to start recovering sooner than new construction output.

2. MERCHANTS' EXPECTATIONS & CONFIDENCE

2.1 ABOUT THE SURVEY

The Pulse, published by MRA Reports, is a quarterly survey of builders' merchants confidence and prospects. It captures merchants' views of future prospects in terms of sales expectations, confidence in their business, confidence in the market, and the key issues and problems they experience.

Each quarter, a representative sample of 100 general merchant branches is interviewed. The sample is balanced by region, size and type of merchant, including nationals, regional multi-branch independents and smaller independent merchants.

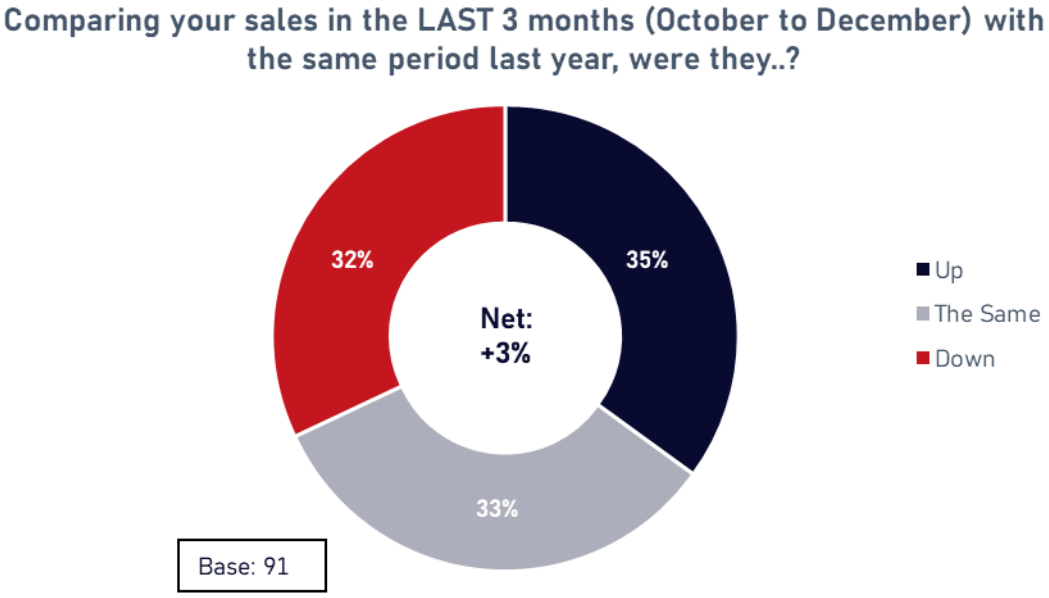
Interviewing for the Q1 2026 edition took place between 16th January and 6th February 2026. We interviewed branch managers, directors, assistant branch managers or operations managers at general builders' merchant branches.

2.2 SALES EXPECTATIONS

Respondents were asked two questions about sales. Firstly, whether their sales were up, down or the same in Q4 2025 compared to the same period last year, then if they expected sales to increase in Q1 2026 compared to Q1 last year.

2.1.1 Sales in Q4 2025 Year-on-Year

Looking at sales in Q4 2025, a net +3% of merchants saw increase compared to Q4 the year before. The net figure is the difference between the percentage of merchants expecting growth and those expecting a decrease, expressed as a percentage.



This is a slight improvement on the results from our previous Q3 survey – more merchants had seen sales increase compared to last year, though the majority still reported stagnant or declining sales.

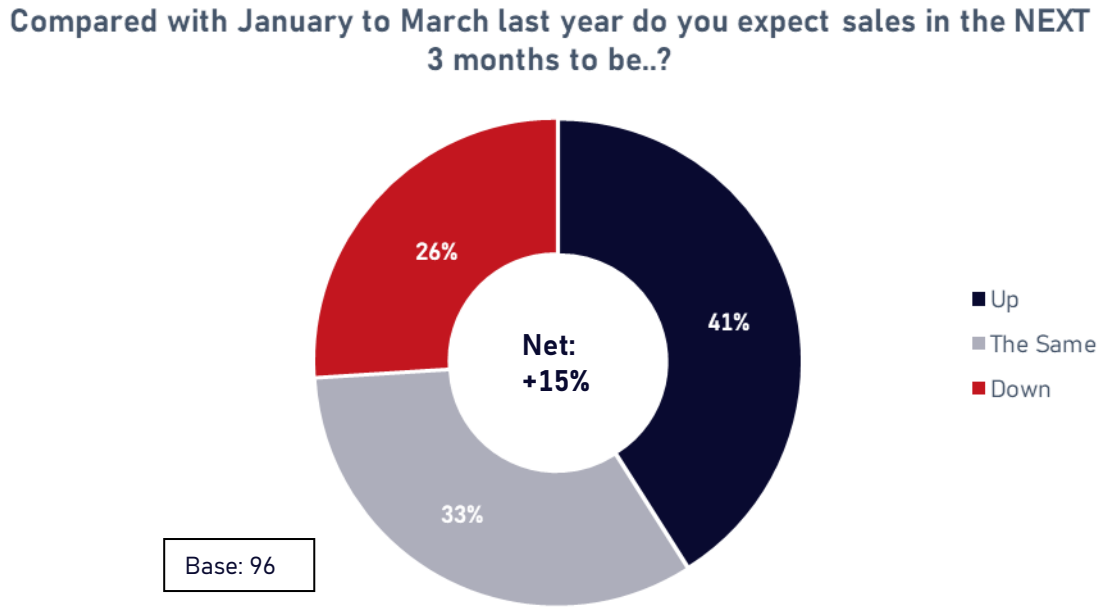
There were some regional differences. More merchants in the Midlands (net +29%) and the North (net +3%) had seen sales increase in Q4 compared with branches in the South (net -13%).

Many more Regionals and Nationals had seen sales increase compared with 1-2 branch businesses. More than two thirds (69%) of independents had seen sales fall in Q4 2025 compared with the same month in 2024.

2.1.2 Sales Expectations Q1 2026 Year-on-Year

A net +15% of merchants expected sales to increase in Q1 compared to the same period last year. This was a substantial improvement on the expectations for Q4 (in our previous report), when the net percentage expecting an increase was -1%.

Many more merchants were positive for Q1 2026, with 41% expecting sales to be up, compared to only 30% in Q4 2025.



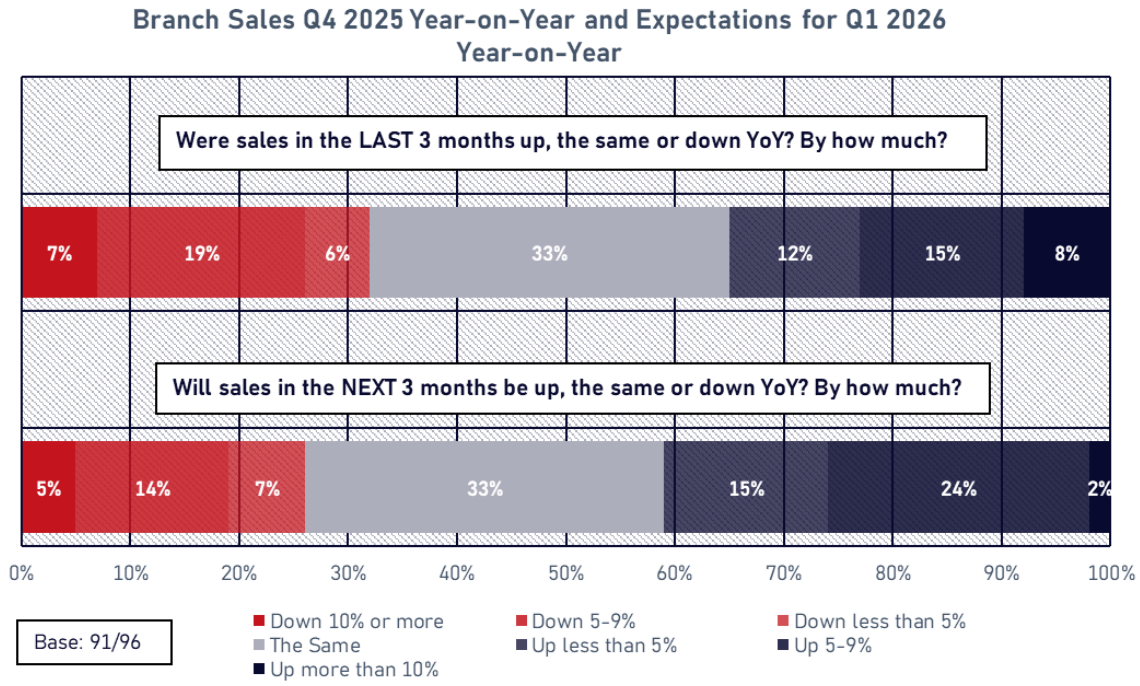
In terms of sales expectations for Q1, again more branches in the North (net +37%) and the Midlands (net +28%) expected sales to increase compared with those in the South (net -7%).

Branches belonging to National or Regional merchant chains were more optimistic for Q1 sales than those with 1-2 branches.

2.1.3 Extent of Increase or Decrease

We also asked participants – a nationally representative sample of builders' merchants - to what extent their sales had increased or decreased in Q4 compared with Q4 2024, and the same for expected sales in Q1. The chart below shows a comparison. Red shades indicate a decline, grey indicates flat sales and blue shades indicate sales growth.

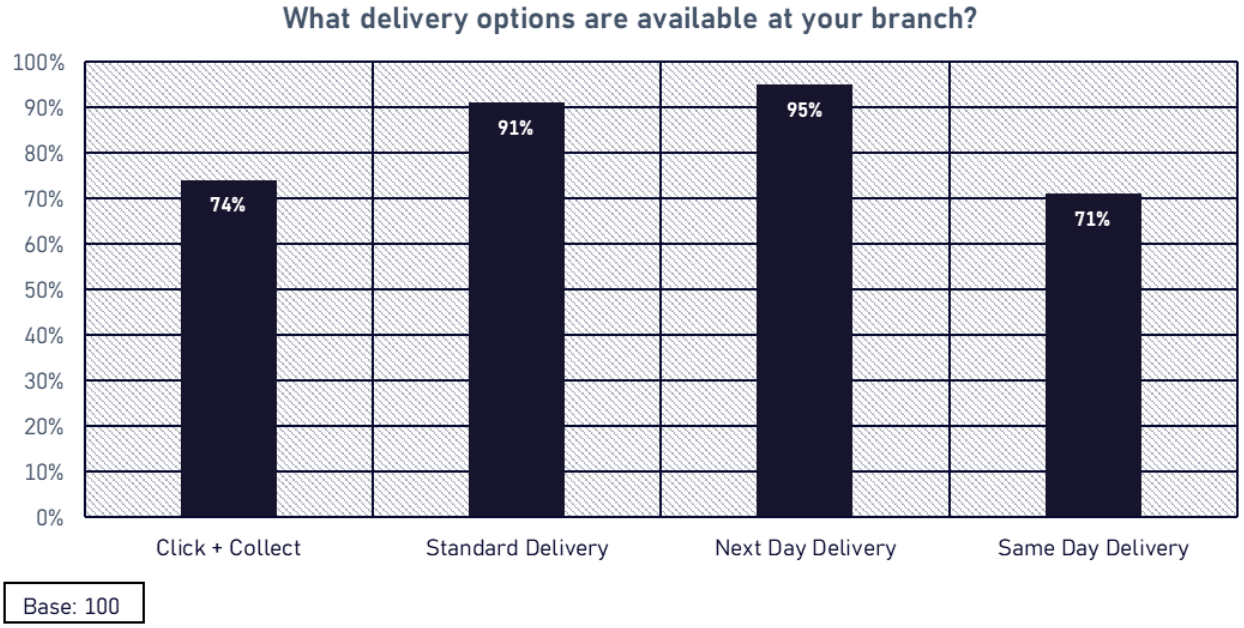
The chart shows that a relatively equal split for sales in Q4, with around a third of respondents reporting an increase, a decrease or a stable level of sales, respectively. However, 7% had seen sales decline by more than 10%, while 8% had seen sales increase by more than 10%.



Overall, expectations for sales in Q1 2026 compared to the previous year are more positive than previously, with over 40% expecting an increase, though the rate of growth is expected to be gradual.

2.1.4 Sales by Order Fulfilment Type

We asked respondents what options for receiving the goods they buy are offered at their branch, in terms of click & collect or delivery, split into standard delivery, next day and same day delivery.



In terms of delivery options offered, standard delivery and next day delivery are offered by the vast majority of branches represented in the survey (some merchants considered standard delivery to be the same as next day delivery). Around three quarters of respondents offered click-and-collect, with a number commenting that they had only recently introduced Click+ Collect.

Same Day delivery was offered by a slightly lower percentage of branches; however, delivery times are highly dependent on how busy the branch is and delivery may take place on the same day even if not defined as an offer.

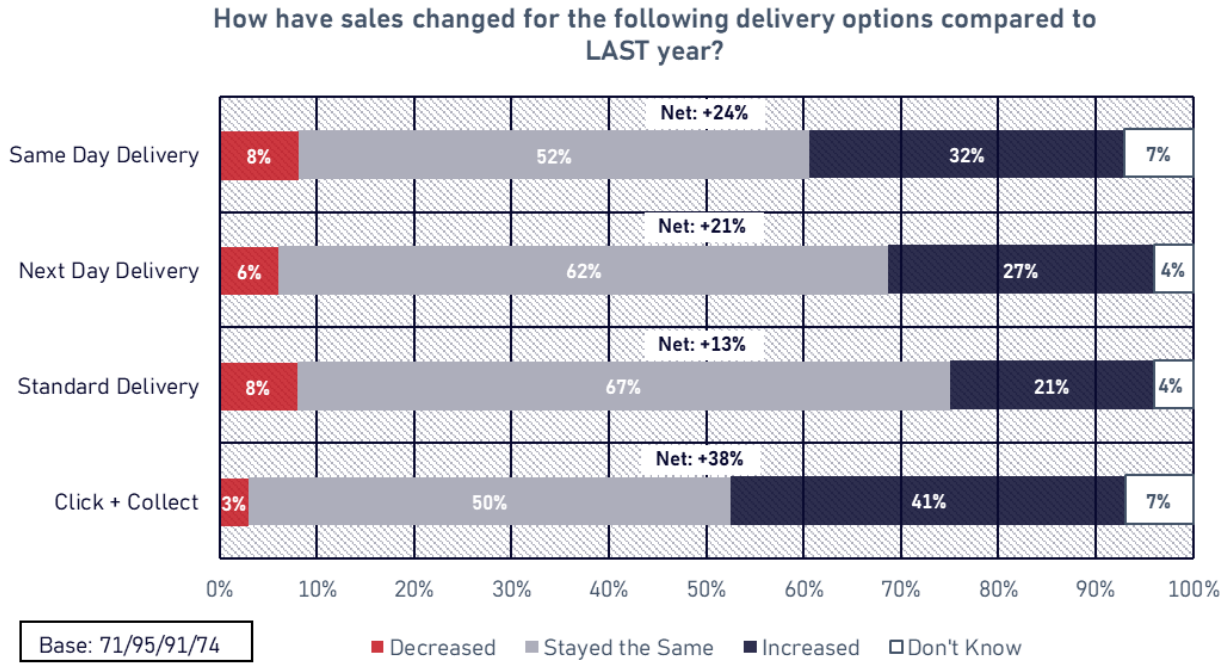
Our Q3 survey, which measured sales by delivery channel, showed that Same Day delivery accounts for a low share of sales, even where it is defined as an offer.

2.1.5 Change in sales mix and expectations

We asked respondents to estimate for which delivery options sales had increased in 2025 compared with the previous year and which types they expected to increase in 2026.

The results show that the majority of merchants, more than 50% in each case, had seen stable sales by delivery type. In terms of growth, a net +38% had seen Click & Collect increase compared to last year, while a net +24% had seen Same Day Delivery decrease.

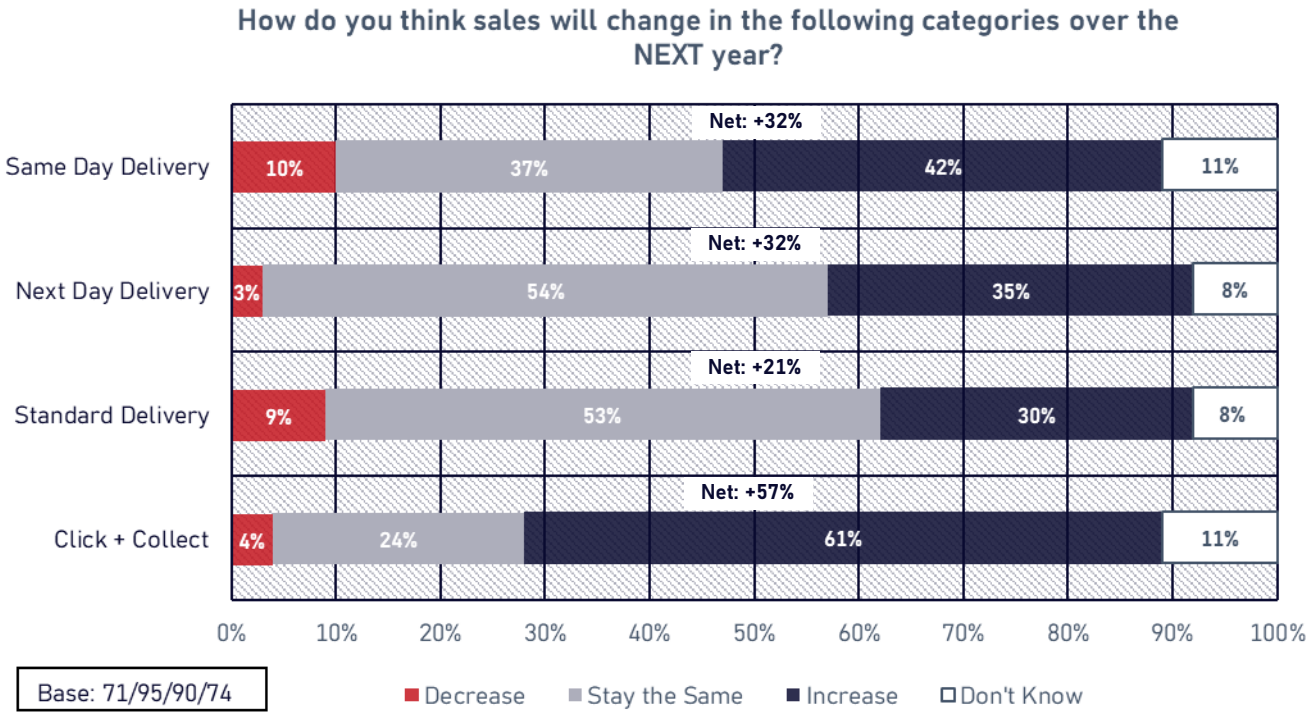
Some respondents commented that Next Day delivery, which is offered by 95% of branches surveyed, now seems to be the standard that customers expect.



When asked how they think sales might change over the next year, a net +57% of branches expect that Click & Collect will increase as a share of sales. Many merchants have recently introduced Click & Collect, which explains why so many respondents think it will grow.

The same goes for Same Day delivery. Not everyone offers this, but comments suggest that merchants are recognising that customers' expectations are increasing. A net +32% expect Same Day Delivery to increase over the next year. However, 10% expect Same Day delivery to decrease, as business picks up and the branch gets busier.

More merchant branches in the South offered Click & Collect and Same Day Delivery than merchants based in the North or the Midlands. Merchants in the South were also more likely to be optimistic about an increase in Click & Collect, Same Day and Next Day delivery than the other regions, while fewer merchants said Standard Delivery sales have increased in Q4 2025.



Though considered a standard offer, Standard Delivery and Next Day delivery, are also expected by many merchants to grow. Comments suggest this is due to customers increasingly buying online.

"Next Day seems to be the norm that everyone expects nowadays."

"Our delivery time is all related to how busy we are, so if we are very busy, we may not be able to do Next Day."

"Same Day delivery has only just been introduced a few months ago, so it has increased."

"...We have shortened our time now for Click & Collect so have only 15 minutes to get order ready and people like this. We have also started a Click & Collect & Park service where orders will be taken to the customer's car. Same Day delivery will increase in the Spring, because people will start doing gardens and projects that need better weather."

"Same Day might decrease if we get busy and can't do the deliveries same day."

"Click & Collect grows year-on-year about 5%."

"There is more volume going to our website now so I think Click & Collect will increase."

"We've done a bit of marketing via our website and have money in the budget to guide people to our website to increase Click & Collect sales. I think more people now are using that option, the younger generation especially."

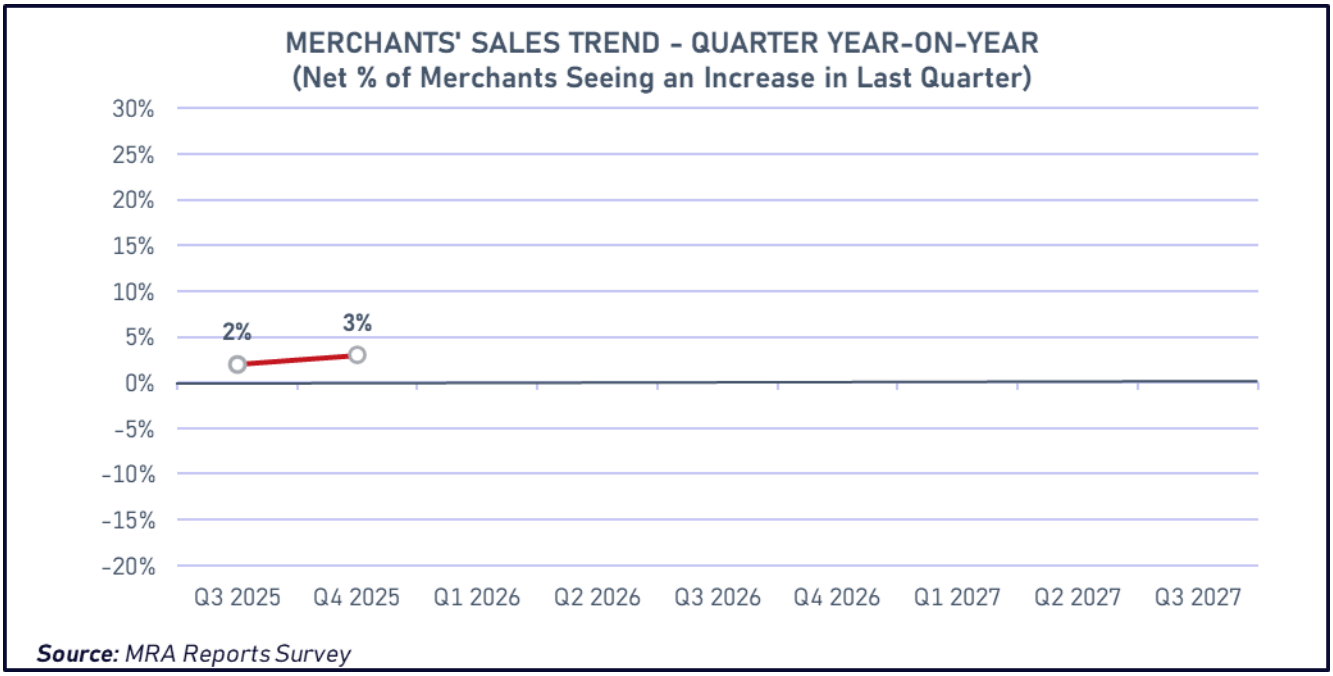
"We've only just gone into Click & Collect so it should increase."

"We'll always try to be as customer orientated as possible and if someone wants it today, we'll try and get it to them today."

2.1.6 Merchants' Sales Tracker

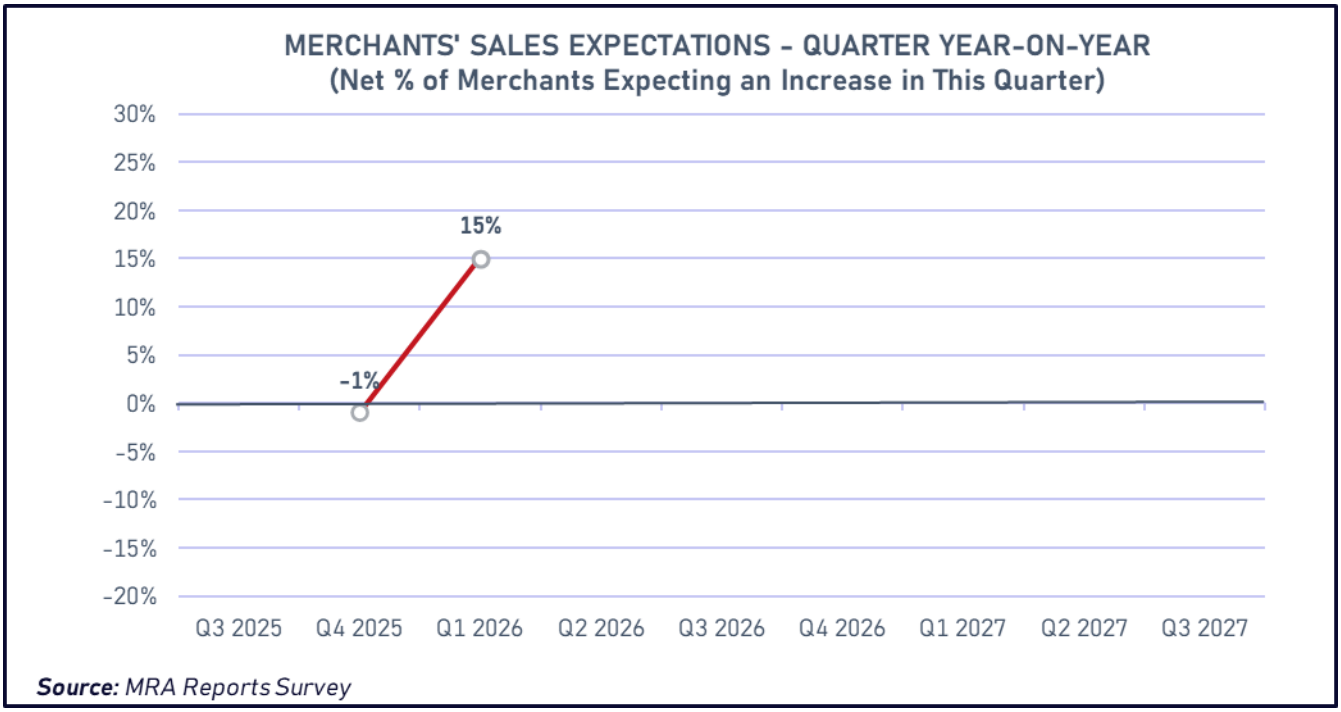
By carrying out the same survey each quarter, MRA Reports can track merchants' performance and sales expectations over time.

The net percentage of merchants that said sales had gone up in the past quarter, compared to the same quarter last year remained low, but had seen a small increase from 2% to 3%, indicating the market did not improve materially in Q4 2025.



Source: *MRA Reports Survey*

Merchants' sales expectations for this quarter, however, were up substantially. The net percentage of merchants that said they expected an increase in sales in Q1 2026 compared to the same quarter in 2025, was up from -1% to 15%.



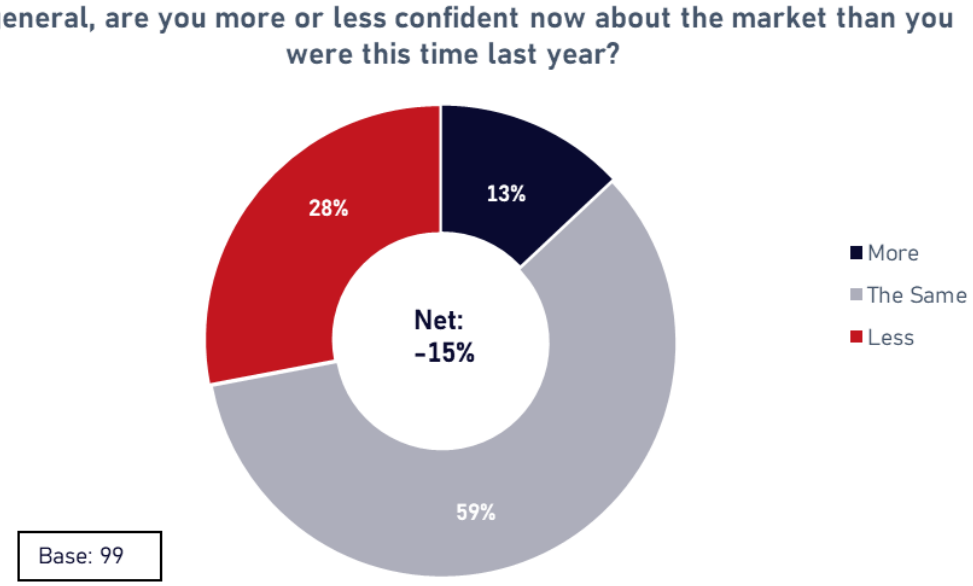
Source: *MRA Reports Survey*

2.2 MERCHANT CONFIDENCE

2.2.1 Confidence in the Market Q1 Year-on-Year

When asked about market confidence, a net -15% of merchants were more confident in the market this year than they had been at the same time last year. That is to say that significantly more merchants were **less** confident than **more** confident in the market.

This was the same result as in the Q4 2025 survey, though significantly fewer were more confident, fewer respondents were also less confident.



Merchants in all regions had low confidence in the market in Q1 2026. Fewer merchants in the Midlands felt they were less confident in Q1 than in the other regions, with a net market confidence figure of -8%, compared with -21% in the North and -16% in the South.

More Nationals were confident in the market than other types of businesses, however, overall, no group achieved a net figure above 0, and over half of 1-2 site businesses thought sales would be lower in Q1 this year than last year.

Among those that were more confident, most had seen an increase in demand locally or had picked up new customers since the start of the year. It does seem like there are some businesses or locations that are doing well, despite the slow market. Others commented that they were picking up extra work from branches closing nearby.

As in the Q4 survey, a number of respondents believed the economic conditions 'cannot not get any worse' and there would have to be a shift, or believed the shift is already happening.

"Based on what we've experienced this year so far, just an increase in turnover on last year. There is more confidence in buying and we have opened up many new customer accounts this year."

"Slightly more confident, just because we are bit busier than we were this time last year, there's a few more jobs going on locally, refurbishment projects. There are a lot of holiday homes and B & Bs near here and lots of retirees moving into the area, so a lot of opportunities for refurbishment."

"Because there is a shift in everything isn't there, definitely things are changing – and in a positive way."

"Just feedback from builders really, more enquiries from builders which hopefully means more business. It just seems like people are looking to get things done which maybe they weren't doing last year."

"There's a little bit of stability, I think we've reached the bottom of the decline, and it's flatlined for a while, it's almost got as bad as it can get. Demand post covid dropped off massively and it's gone back to normal to where we should have been after 2019, but the amount of competition has increased massively across online and stores. People are trying to capitalise on that, and now the demand has dropped off, all that competition is trying to keep the business by dropping their prices."

Of those that were less confident, the largest share – around 50% – said it was due to a general lack of demand and confidence in the market. Customers not spending, the weather and the current political situation were common themes in the comments.

"It's not that busy in the building trade at the moment, and the weather isn't helping."

"Increased costs both for materials and business costs, that's the main reason. And I think a lot of people are wary of the increase in energy costs and the like, their disposable income is less."

"Based on the customer feedback, everything is very slow out there at the moment."

"The government really, the policies they are putting into place are making it more expensive for people to live. We are hearing it from builders – people are less likely to spend money and companies are having to spend more on wages. And although they say house building is up, we're not the sort of business that can get in with customers like the big housebuilders."

"Cost of living, price increases, a recessionary market in the building industry certainly."

"The general prediction from our customer base is that it's going to be a tough year, and the way the year has started we are less confident for sure than last year."

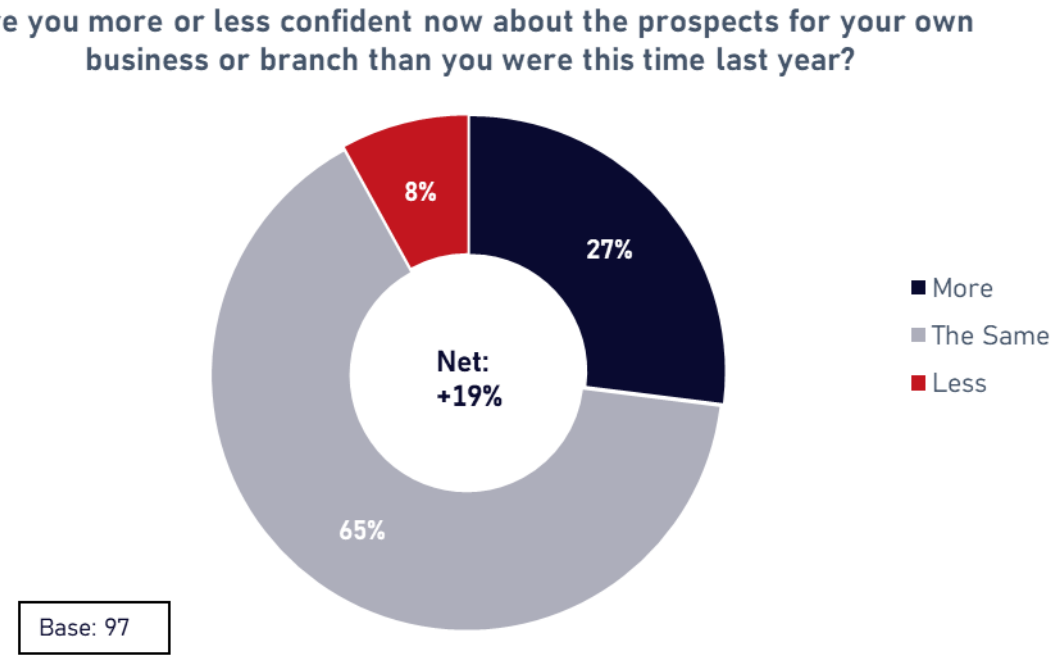
."We are just not getting the footfall, people are just not doing anything, they are hanging on because things are so expensive. Labour costs in general are too high; they are just charging too much money. People always moan about the material prices, but they are not really that expensive, generally prices on materials haven't really moved. But there are a lot of places that are charging far too much for things, the bigger boys are putting extortionate prices on to Joe Public. That helps me as I'm an independent and can do what I like, but it's not helping the market generally as people get in that mindset where they don't bother because they think it's too expensive."

"I think the individual amounts that people are spending at any one time is less, so your footfall is the same but their overall spend is reduced."

"Definitely less confident, I'd say worse than last year, a lack of customers, footfall is not as busy."

2.2.2 Confidence in Own Business Q1 Year-on-Year

We also asked merchants about their confidence in the performance of their own business or branch, and why they felt that way.



A net +19% are more confident now about their own business compared to last year. However, only just over a quarter of businesses had grown in confidence – the majority said no change.

More than three quarters of those that said they were more optimistic gave a reason to do with internal changes in the business or the branch, such as reorganisation, employing new people, new management, a new structure, new learnings or specific actions taken to improve things. Many merchants have had no choice but to adapt to the existing market conditions.

Changes in structure and ownership can lead to uncertainty, but it can also provide hope and boost confidence. A branch closing often means more business for another local branch. Many of the optimistic merchants appeared to have a strong focus on customer service and personal connections, since it is becoming more difficult to compete on price.

More merchants in the North (net +29%) were confident about their own business compared with branches in the Midlands (+15%) and the South (+14%). When it came to confidence in merchants' own business or branch, Nationals were much more confident compared with 1-2 site businesses.

"We've had some personnel changes, have had a couple of new people that have started so far this year so that will help, and we have revamped the branch as well, so some positive changes."

"Just that I think there's a bit more business where I am locally, there seems to be a bit more work on than there was last year."

"I'm very confident this year, definitely more than last year. We've got more of a plan in place, a business plan of what we are going to be doing and clear goals."

"We've had a lot more jobs come in, more than we expected to happen. We do a lot of council stuff here and council stuff will never stop."

"We've expanded a bit and taken some tool hire guys on as well, which is a new venture, and it should help us."

"We've just added facets to the business that we did not have in the previous year."

"Really, we've got better pricing structure and more proactive staff."

All of those merchants that were less confident mentioned the economy, the state of the construction market or a general fall in demand and sales, as reasons for being more negative.

We are only very small and have smaller overheads, but it's going to be more of a struggle this year than last year. And it was more of a struggle last year than the year before that, and I've reduced my overheads as much as I can."

"The volume of orders and the value of the orders that are coming in, they are lower value orders."

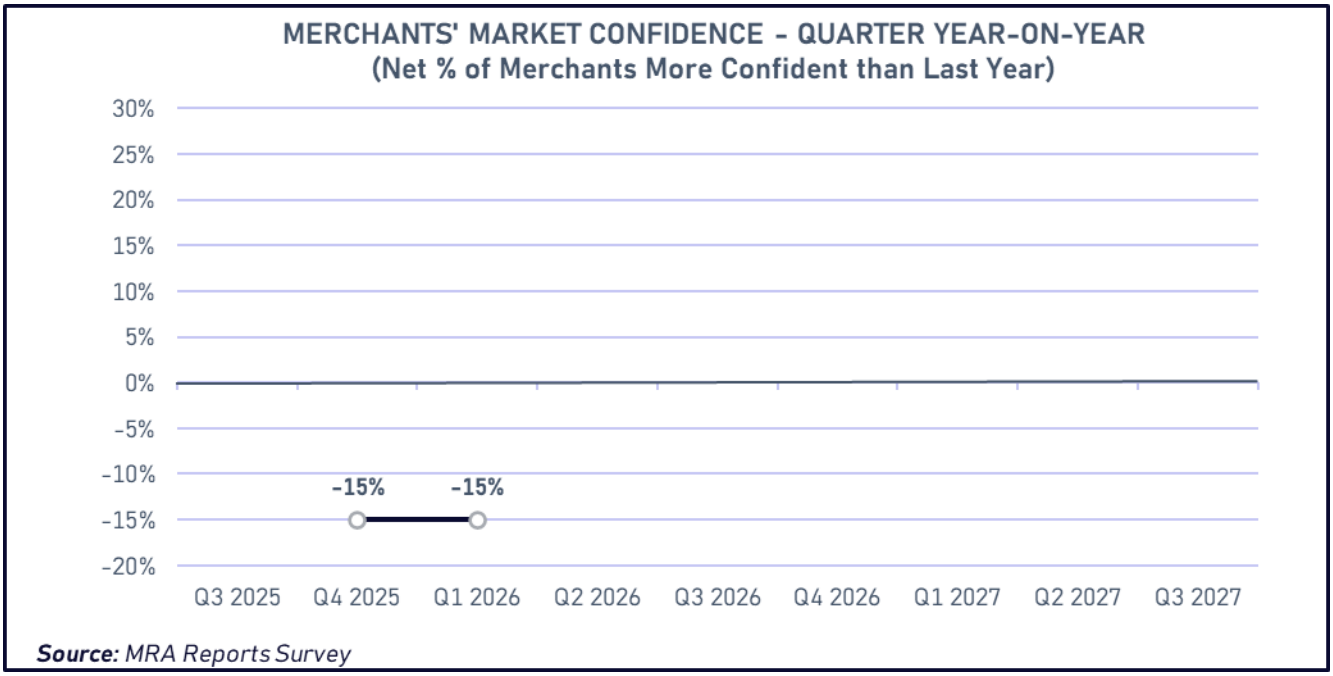
"The costs are up across the board, they've gone up massively in the last couple of years, about 20%, and in our industry you can't just pass the cost onto the customer as they will go next door to another merchant."

"Because we are much quieter and again the government legislation is against us, everything is against us. I expect the business rate to rise as well, we are getting hit from all sides."

2.2.3 Merchants' Confidence Tracker

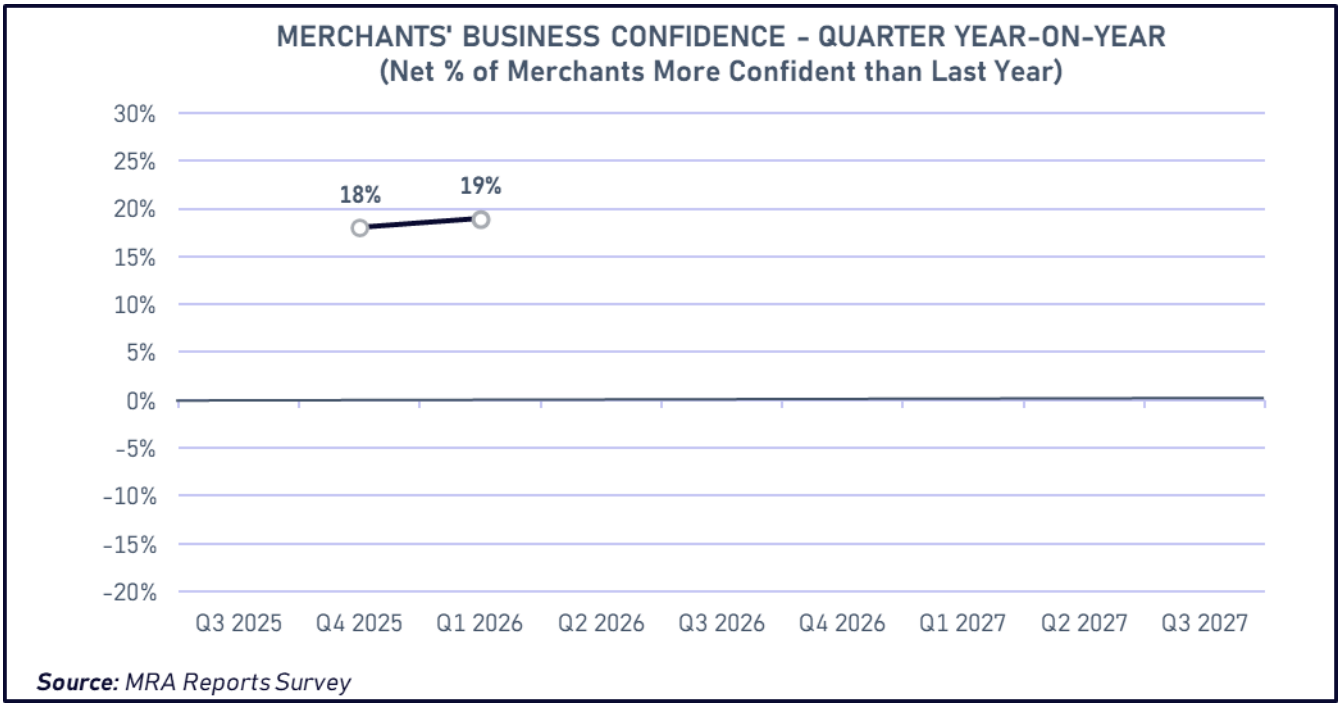
By carrying out the same survey each quarter, MRA Reports can track merchants' confidence over time.

In Q1 2026, the net percentage of merchants who were more confident in the market compared to last year was the same as in Q4 2025 – in both cases -15%. This means that market confidence is still low and does not appear to have improved recently.



Source: *MRA Reports Survey*

Merchants' confidence in their own business has increased compared to last quarter's survey, but only by a net +1%. Many merchants have made operational changes that make them more confident in their own business' performance than in the merchants' market in general.

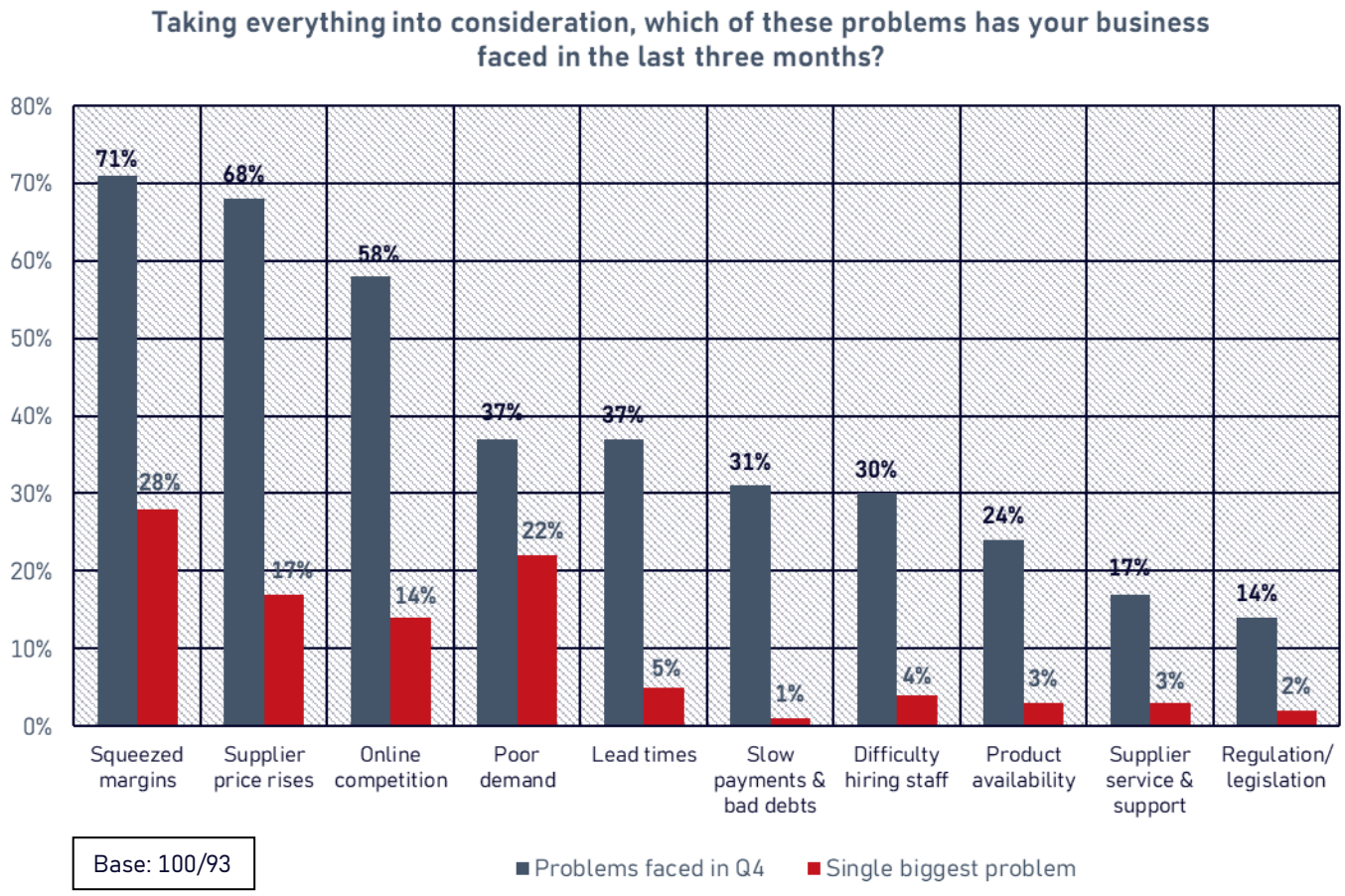


Source: *MRA Reports Survey*

2.3 PROBLEMS & ISSUES

2.3.1 Problems & Issues Experienced by Merchants

All respondents were asked what problems or issues they have faced recently.



The single biggest issue, as identified by merchants, was squeezed margins, mentioned by 28% of respondents. This was followed by poor demand (22%), supplier price rises (17%) and online competition (14%).

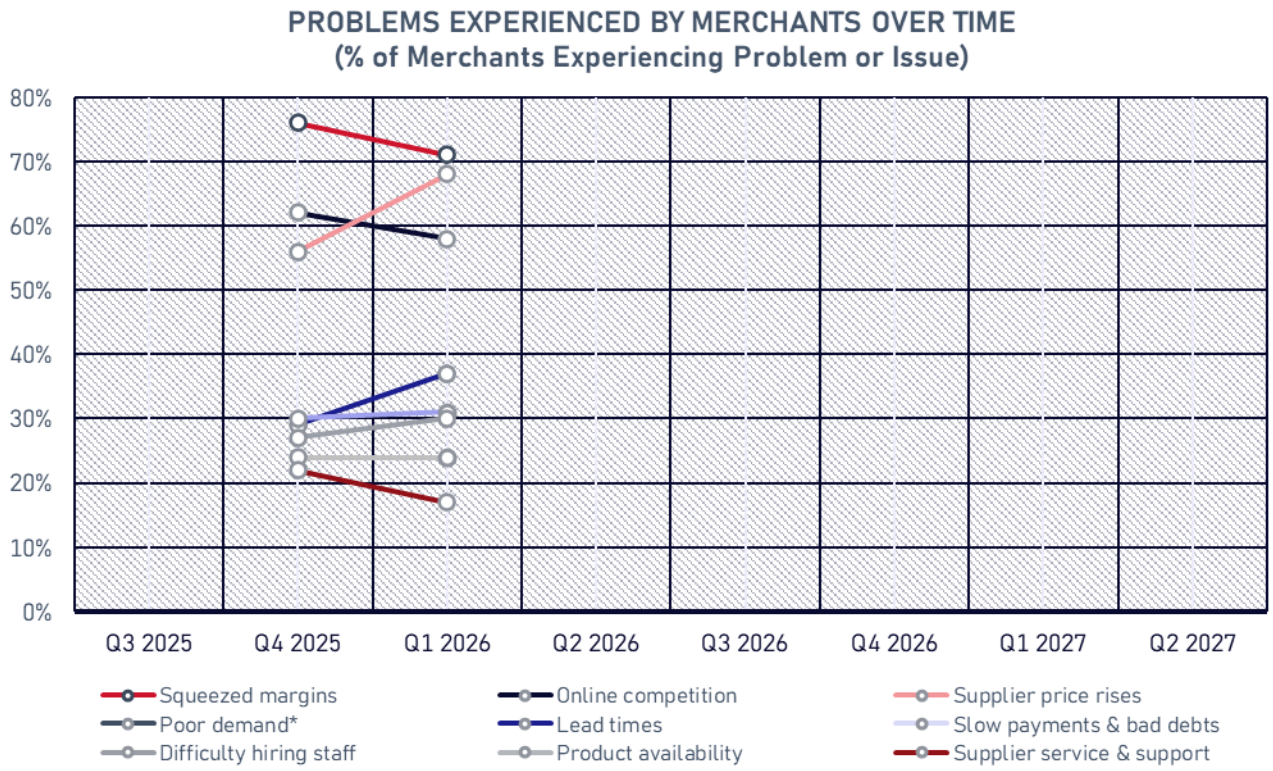
Those same three issues were seen as a problem for more than 1 in 2 merchants. As many as 71% had faced problems with squeezed margins in the period October-December 2025, 68% had struggled with supplier price rises, while 58% had found online competition a problem.

Over a quarter of respondents also saw poor demand (37%), lead times (37%), slow payments & bad debts (31%) and a difficulty hiring staff (30%) as problems. Poor demand was seen by 22% as the single biggest problem in Q4.

2.3.2 Merchants' Problem Tracker

MRA Reports track problems & issues that affect merchants' trading and how their impact changes over time. We don't have a long enough time series yet to see any longer-term trends, but in Q1 2026, more merchants mentioned that supplier price rises were affecting them negatively, than those that said so in Q4 2025.

Fewer merchants said squeezed margins are a problem this quarter, but more than 70% still consider this to be a problem, and it was once again the issue that most merchants said was their single biggest problem.

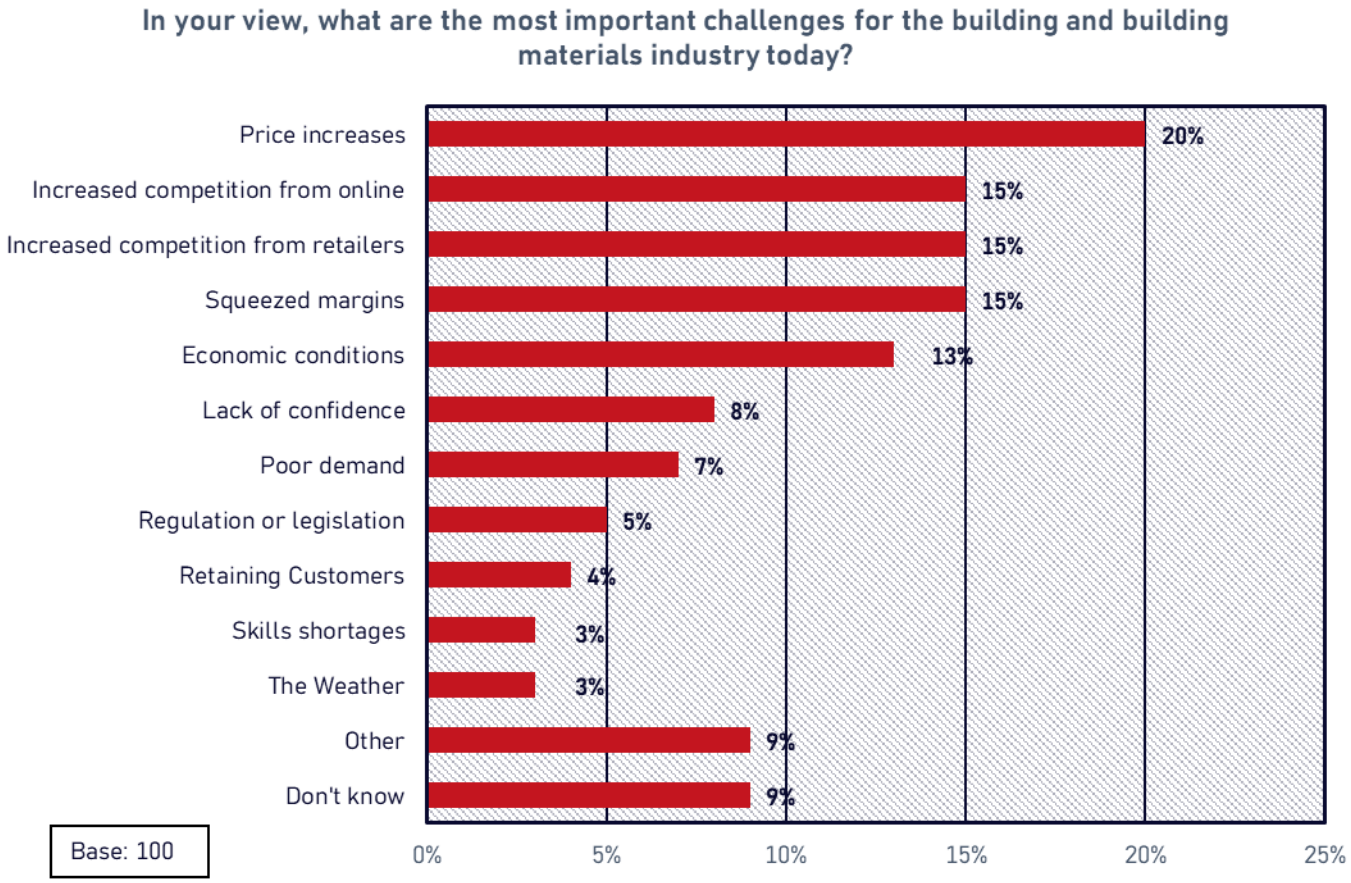


Source: *MRA Reports Survey* ******* *Tracked from Q1 2026*

2.4 CHALLENGES FOR THE INDUSTRY

Finally, we asked merchants to name what they thought were the most important challenges within the building and building materials industry right now. The question was open, and all answers were recorded in full.

The responses have been grouped and categorised by topic for the analysis. The percentages do not add up to 100% since each respondent could name up to three challenges.



Source: *MRA Building Market Reports Q1 2026 Survey of Builders Merchants*

The most mentioned challenge, when grouped by topic, was price increases, mentioned by 20% of merchants. A further 15% mentioned squeezed margins, as a result of not being able to pass on price increases to merchants' customers, and a rise in operational and staff costs for the branch.

Another key challenge was competitive pressures. Since the market has declined, competition has increased among merchants, but also from DIY retail and online channels, which when combined were mentioned by 30% of respondents. Retaining customers was named by 4% as the key challenge, which means delivering on customer service and not just competing on price.

Economic conditions and a lack of confidence in the market go hand in hand. 13% of respondents named various aspects of the economy as the key challenge, including affordability of mortgages and the current state of the housing market. This has led to poor demand for building materials.

In Q1 2026, the weather was also a key challenge for the whole building industry.

3. MARKET UPDATE Q1 2026

Each quarter, we report on changes in the market during that quarter, in terms of key market figures, company updates, government policy and other important news.

3.1 MERCHANTS' MARKET NEWS

3.1.1 Headlines

INDUSTRY WARNS OF POOR TRADING CONDITIONS

During February, we have seen some heavyweights within the construction industry, including the **Construction Leadership Council's Material Supply Chain Group**, issue warnings over the outlook for construction, which remains bleak with no meaningful recovery visible across housing, residential repair and maintenance or major commercial work.

It has called for the government to stimulate housebuilding to restore confidence, unlock stalled demand and prevent long-term damage to the UK's construction materials supply base. Producers warn that capacity cannot be restored quickly once it is switched off. Rising costs, weak demand and cashflow pressures have already led to business failures in the supply chain and are forcing firms to prioritise cost control and margin protection.

The **Builders Merchants Federation** has also written to the government stating that trading conditions are on a par with the aftermath of the 2008 market crash. According to the BMF, it has seen 24 members, with a turnover of £242 million and employing 1,059 staff, go into insolvency in the last 12 months alone. A further five members have entered administration.

The BMF pleads for action to protect the sector using incentives, such as help for first time buyers to stimulate the housing market. The planning process also needs to be sped up.

Key figures from across the UK mineral products industry, including the **Mineral Products Association**, have written a joint letter to the Chancellor of the Exchequer, imploring her to take action to revive UK construction. In the letter they set out their fears that without urgent action, the UK will permanently lose capacity to produce aggregates, asphalt, cement and concrete.

CONTINUED GLOBAL UNCERTAINTY

President **Donald Trump's new global tariffs** for imports into the US have come into effect at 10%, despite a pledge to introduce them at the higher rate of 15%. The White House is allegedly working to update the rate to reflect Trump's announcement, but at the time of writing, there is no information about when the change might come into force.

This has caused further uncertainty for UK businesses and a higher risk of retaliation, with some predicting a full-scale trade/tariff war.

The recent escalation of the **conflict in the Middle East** from March 2026, fuelled by the US attacking Iran, will no doubt impact market confidence further, with the potential for volatile energy and fuel prices, rising shipping costs, supply chain disruption and further price inflation. The conflict already impacts the entire Middle East, including key shipping channels.

Activities such as timber processing, the production of plasterboard, cement, aggregates, bricks and blocks are energy intensive and could suffer from higher energy prices. Product sectors with a high level of imports may see further price rises.

MORE PRICE RISES

In December, Travis Perkins notified its trade customers of material price rises effective from January 2026. This includes on blocks (up to +9%), bricks, landscaping & drainage (up to +8%) and roofing, plasterboard and cladding (up to +7%). The price rises were driven by rising labour and energy costs at manufacturer level and had to feed through to contractors despite already being high. Analysts expect Travis Perkins to miss its profit targets for 2025.

Travis Perkins is not the only merchant increasing its prices. Rising costs and delayed projects may lead to a higher insolvency risk in the construction supply chain as a whole.

3.1.2 Facts, Figures & Surveys

The latest monthly figures from the **Builders Merchant Building Index (BMBI)**, published in March, show that December 2025 saw a 2.5% dip in like-for-like value sales by builders' merchants compared to the same month in 2024, with volume sales even lower.

The BMF **Winter 2025 Industry Forecast** was released in January. It highlighted a tough start for the new year, and the BMF do not expect to see any tangible growth until at least the second half of the year. The BMF's baseline forecast for 2026 is 2.3%.

The Construction Products Association released its latest **State of Trade Survey** report. In 2025 Q4, a net balance of 81% of heavy side manufacturers reported a decrease in sales volumes, compared to the previous quarter. For light side manufacturers, growth in sales was reported by 13% of firms, although this was the lowest balance since 2024 Q3. All manufacturers reported that wages and salaries increased compared to year earlier, with the heavy side in particular also recording widespread increases in taxes, fuel costs and energy costs.

3.2 COMPANY NEWS

3.2.1 Corporate Activity (M&A)

Activity on the M&A front has been low over the past three months or so.

National Timber Group, which fell into administration in November 2025, is being sold off in pieces. Further deals are expected, but so far, the following have been announced:

- **Premier Forest Products** have purchased the National Timber Systems (NTS) engineered timber business, with sites in Bristol, Newcastle, Catterick and elsewhere. It also bought the Manchester, Reading and Hull branches of Arnold Laver.
- **Beatsons Building Supplies** acquired Orchard Timber Products in Scotland from the administrators back in December.
- **Stark Group/Jewson** bought two Scottish branches in Edinburgh and on the Isle of Skye, previously branded as Thornbridge and Rembrand Timber, from the administrators.
- **Huws Gray** purchased a Thornbridge branch in Ayr, Scotland.

A deal took place in Northern Ireland, where merchants **Murdock Group** acquired Donegal town Hardware & DIY, as part of its strategy to grow across the island of Ireland, which also saw it open two greenfield sites earlier in 2025. Its coverage was expanded to 26 branches.

3.2.2 Financial & Branch Network

Most merchant groups are cautious when it comes to branch network expansion at the moment - but not all.

MKM continues to grow and aims to have 250 branches within the decade and are predicting a turnover of £1bn in 2026. It is currently expanding at one branch per month.

- It recently announced a branch would be opened in Congleton in January 2026
- A new branch in Ipswich opened in February
- Its 140th branch, located in Wellingborough, is set to open in March

M Markovitz, another fast-growing merchant, bought a major new unit in Kempston.

Kingfisher is expanding its **Tradepoint** business and has announced a new store concept with stand-alone Tradepoint branches being trialled. The first stand-alone Tradepoint branch will open this month (March), in Barking.

Stark Building Materials is still consolidating and focusing on its refurbishment programme. It recently opened its 'reinvented' Jewson branch in St Austell in Cornwall, which has been converted according to its Branch of the Future concept, with drive-in loading bays and greater stockholding, extended tool hire range and a workwear & footwear range.

Rather than opening new branches, **Travis Perkins** have extended its flagship branch in Birmingham, more than doubling its size to 2.2 acres. It has also opened up its hire offer, which was previously on available to trade account holders, to DIY customers following the introduction of a pay-and-go service.

Financial reports being released during the quarter includes IBMG, Grafton Group and, outside of the merchant sector, Wickes plc.

IBMG's report for 2024 was delayed but was finally released at the end of January. It revealed that 33 branches were closed as part of the restructuring exercise it was undergoing. Turnover fell from £621m in 2023 to £592m in 2024, and the group made a huge loss - £189.8m in 2024.

Grafton Group issued a trading update ahead of its annual results due out very soon. Globally, its results are expected to be in line with expectations, but it said sales in the final two months of 2025 were flat across the board, while Great Britain sales were flat for the whole year. Its expected growth is primarily due to acquisitions made in the Spain and Ireland markets (including HSS Ireland). Total group sales were up 10%, but Grafton said margin management and cost discipline remains a key operational focus.

Lords Group issued a trading update for the year ended 31 December 2025. The figures were positive, with revenue up 8.3% (from £437m in 2024 to £473m) in 2025 and profits within an expected range. On a like-for-like basis, however, growth in the year was 0.7%. In the merchanting division, revenue growth was supported by the opening of three new branches. The focus remains on managing costs and driving efficiencies until market conditions improve.

Outside of our General Builders' Merchants definition, important events included:

Howdens Joinery is doing well and continues to expand, having opened 16 new depots just between December and early February, at locations across England, Wales, Scotland and Northern Ireland.

Wickes released its H2 2025 results. It has seen strong growth in revenue, although our research shows that much of that growth is generated from new branches it acquired from Homebase, or increased footfall in locations where Homebase branches were closed. Wickes continues to grow its TradePro concept, which is a trade membership scheme at the moment, but could evolve. TradePro sales were up 8% in the period – strong growth in this market.

Toolstation launched a new compact, high-street store format, 'Toolstation GO'. It is about convenience, the stores are smaller and feature digital kiosks for faster checkout, similar to the Screwfix City store format.

3.2.3 Management & Structure

A number of companies have made changes to their management or reorganised in other ways. Some key events include:

Stark Building Materials appointed a new managing director to its arm Jewson Partnership Solutions (JPS), Fiona Perrin. She has previously been a chairman of IBMG and had MD level roles in HSS Hire. This was part of a reorganisation to support growth plans for its specialist businesses. It has also added a new director for strategic projects at Normans.

IBMG has appointed a new CEO, who started in January 2026. Matthew Parker has been MD of Wolseley's infrastructure division, and the MD of Travis Perkins TF Solutions division.

E H Smith has named a new CEO and a number of other changes to its leadership teams. Notable changes include the appointment of John Cave as Group CEO and Mark Mallinder as Group Development Director.

James Burrell has appointed Nick Richardson to its Board of Directors, having joined the family business in 2017.

In other reorganisation news, **Grafton Group** has changed its financial reporting structure. It now comprised of four geographic operating segments, Island of Ireland, Great Britain, Northern Europe and Iberia. Comparative figures for 2024 and 2025 will be restated in the Group's full year 2025 results to reflect the new structure.

Outside of General Builders' Merchants definition, **Wolseley Group** announced in February a revamped operating structure for the group. It now comprises of four customer-focused divisions – Local, Contract, Infrastructure and Specialist Businesses, with the aim of better supporting customers ranging from sole traders to national contractors and major utilities. The Plumb Centre, Pipe Centre and Climate Centre branch networks, will form part of the Local business division. Wolseley has also strengthened its UK leadership team having made a number of senior appointments and promoted key people.

4. FIVE YEAR FORECAST

4.1 MARKET BACKGROUND

The builders' merchants' market has been relatively volatile since the start of the pandemic. However, the market was already flat before the pandemic hit.

UK GENERAL BUILDERS' MERCHANTS MARKET GROWTH – 2019-2025 (% Change)								
	2019	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	% Change 2019-2025
Market Growth (%)	-1%	-10%	+23%	+14%	-3%	-4%	+0%	+18%
Source: *MRA Building Market Reports Estimates*								

In 2020, as the country was on lockdown, the market fell by around 10%. However, builders' merchants were considered essential and were allowed to stay open, and with most people spending more time at home, demand for building and DIY products saw a boom.

The market rose substantially in 2021, and then further in 2022 as prices increased rapidly, due to material shortages and energy and shipping costs rising. Since 2023, the market has been depressed.

4.2 ECONOMIC & CONSTRUCTION CONTEXT

Conditions in the construction market, and the general economic situation, were challenging during the 2023-2025 period. Manufacturing production also fell by 0.2% in 2025, with many suppliers reporting their stocks are building and that production capacity might be lost if they are forced to close down manufacturing facilities due to a lack of demand.

ECONOMIC INDICATORS – 2021 – 2025 (% Change)					
	2021	**2022**	**2023**	**2024**	**2025e**
GDP Growth	+8.5	+5.1	+0.3	+1.1	+1.3
Household Consumption	+7.0	+7.5	-0.3	-0.2	+1.0
Gross Fixed Investment	+9.3	+6.8	+0.5	+1.8	+3.4
Manufacturing Production	+5.4	-2.6	+1.8	+0.5	-0.2
Retail Prices (underlying)	+4.2	+11.5	+8.6	+2.7	+3.9
Consumer Price Index (CPI)	+2.7	+9.1	+7.2	+2.6	+3.4
10 Year Govt Bond Yield	+1.0	+3.7	+3.5	+4.6	+4.5
Source: *Bank of England/ Consensus Economics /MRA Reports*					

We use **Consensus Economics** forecasts, which compiles projections from a panel of economists, banks and research institutions to form an aggregated view, or consensus. This helps to reduce the noise and unintentional bias often found in individual estimates.

ECONOMIC INDICATORS CONSENSUS FORECASTS – 2026 – 2030 (% Change)					
	2026f	2027f	2028f	2029f	2030f
GDP Growth	+1.0	+1.3	+1.4	+1.4	+1.5
Household Consumption	+1.0	+1.2	+1.4	+1.5	+1.5
Gross Fixed Investment	+1.9	+2.1	+1.8	+2.0	+1.8
Manufacturing Production	+0.6	+0.9	+0.7	+0.6	+0.7
Retail Prices (underlying)	+3.3	+3.2	+3.3	+3.3	+3.3
Consumer Price Index (CPI)	+2.5	+2.2	+2.2	+2.3	+2.2
10 Year Govt Bond Yield	+4.5	+4.3	+4.3	+4.2	+4.2
Source: *Consensus Economics (February 2026)*					

The forecasts indicate a more stable trading environment for merchant businesses from 2027 onwards. However, the beginning of 2026 has brought much uncertainty, particularly from a geopolitical, but also economic, standpoint. GDP growth forecasts are widely expected to be downgraded further.

Housebuilding figures are only available up to September 2025, but have not been positive during the three first quarters of 2025. Despite the government's ambitious housebuilding targets, completions year-on-year (i.e. Q3 2025 compared with Q3 2024) have in fact been down on the previous year for the past five consecutive quarters. There are no indications of a major boost in Q4 2025 or this current quarter.

ENGLAND NEW HOUSING COMPLETIONS – 2024 – 2025 (% YoY Change)								
	Q1 '24	Q2 '24	Q4 '24	Q4 '24	Q1 '25	Q2 '25	Q3 '25	Q4 '25
Completions	34,360	44,630	34,000	40,850	32,560	37,000	30,880	N/A
Change YoY (%)	-8%	+10%	-16%	-9%	-5%	-17%	-9%	-
Source: *ONS Housing supply - indicators of new supply, England (January 2026)*								

Things seem a bit more positive for the RMI market, as housing transactions have seen low level growth over the past two quarters year-on-year. The peak and then dip in the previous two quarters were due to the stamp duty relief ending on 31 March 2025.

UK RESIDENTIAL PROPERTY TRANSACTIONS – 2024 – 2025 (% YoY Change)								
	Q1 '24	Q2 '24	Q4 '24	Q4 '24	Q1 '25	Q2 '25	Q3 '25	Q4 '25
Transactions '000s	227.4	261.7	297.3	316.1	339.6	235.5	309.6	327.7
Change YoY (%)	-8%	+10%	+9%	+20%	+49%	-10%	+4%	+4%
Source: *HM Revenue & Customs/ MRA Reports (February 2026)*								

In Q4 2025, housing transactions were up by 4% year on year, despite Q4 2024 being inflated. It remains to be seen if this positive trend will be sustained into 2026.

4.3 MRA REPORTS MARKET FORECAST

MRA's original forecast for the general builders' merchant market with market value figures is in our complete **General Builders' Merchants** market report. In this quarterly update, we review the forecast figures in the context of market events and new figures released in the past three months – and merchants' responses to our quarterly sentiment survey.

Demand has remained relatively weak and Q4 2025 was disappointing for many merchants. There were hopes that confidence would start to build as interest rates and CPI inflation came down to more normal levels, but the year has started with a new set of tariffs and a war in the Middle East, threatening energy and fuel prices as well as supply chain disruption.

Our forecast for 2026 was already low, with only 1% growth forecast. We stand by the forecast made in Q4 2025, despite the challenges the sector faces. If nothing else, price increases will push sales values up during the year.

MRA Reports' forecasts for the general builders' merchant market are shown below.

UK GENERAL BUILDERS' MERCHANTS MARKET FORECAST – 2025-2030 (£bn)							
	2025e	**2026f**	**2027f**	**2028f**	**2029f**	**2030f**	% Change 2025-2030
Market Growth (%)	+0.4%	+1%	+2%	+4%	+3%	+2%	+11%
Source: *MRA Building Market Reports Estimates*							

We expect 2025 to have been flat overall. Our expectation was that the market would pick up in 2026 - there were no major surprises in the budget affecting market confidence and the economy was widely expected to stabilise - though it now looks as though we are facing further geopolitical and economic instability. This could mean delayed recovery for the construction, and merchant market.

Regardless of the general market conditions, merchants are, however, facing many challenges - not least profitability, which has fallen dramatically over the past two years. It is possible there could be further casualties in the sector during 2026. The market's health depends on volume demand returning and merchants being able to compete successfully with other supply routes, both established and emerging ones.

In the housing sector, which is key for merchants, affordability has improved somewhat with interest rates down and not expected to rise any time soon, and the national living wage set to rise again in 2026. But investor confidence does not look set to return any time soon. There is good potential for a further improvement in housing transactions, a key driver of larger scale refurbishment projects and therefore merchants' sales, regardless of how the newbuild housing sector fares.

Further along the forecast period, we expect merchants' sales to increase in line with general construction activity and housebuilding levels. There are positive signs and there is pent-up demand, particularly in the new housing sector.

The government will be keen on boosting housebuilding and the Planning & Infrastructure Act, which was passed just before the year ended, should help with pipelines, though it will be a while before projects coming through are completed.

Despite planning delays, the funding that has been made available for social housing, health and education, as well as sustainability, decarbonisation and cladding remediation work, should also lead to higher construction and refurbishment activity. Overall, both new construction and RMI work are widely expected to improve in 2027/ 2028.

The next few years won't necessarily be an easy ride for merchants. Skills shortages and a generation change among contractors, as well as changing customer preferences, represent key challenges for merchants. DIY retailers are increasingly targeting trade customers, and competition is also coming from online. Further disruption to supply chains and price increases can also be expected. Resilient supply chains and strong supplier/customer relationships will matter in 2026.

ABOUT MRA REPORTS

MRA Building Market Reports

MRA Reports is a new business operating alongside **MRA Research** and **MRA Data Services**. It aims to plug the current gap in supply of premium quality, accessible market reports in the building and building materials markets.

The business is focused on desk research, market sizing projects, competitor reviews, due diligence for mergers & acquisitions as well as market reports. Our reports are produced by experienced researchers, all with an in-depth knowledge of the construction industry.

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Building market intelligence

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MRA Research

MRA Research has helped companies in the construction, building materials and home improvement markets grow for 30 years. The company offers a range of research services, including customer satisfaction surveys, brand mapping & positioning and decision-making research.

MRA set up the Builders Merchants Building Index (BMBI) in 2015 and the Plumbing & Heating Merchants Index (PHMI) more recently.

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Market insight & strategy

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MRA Data Services

The longest established supplier of high-quality data focused on the construction industry. A range of databases, including WindowBASE, are delivered through the PROSPECTManager selection and marketing platform. It also offers a regularly updated database of merchants & stockists.

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