# Construction firm failures drop sharply in April but sector challenges persist



# Construction Firm Failures Decline in April, Yet Sector Remains Under Pressure

April has brought a glimmer of hope to the UK construction sector as the number of firms entering administration decreased by nearly a third compared to March. According to data from Creditsafe, 21 companies collapsed last month, marking a 32 per cent drop from March's figure of 31. However, this new number still represents a worrying increase of over 60 per cent compared to April 2024, when just 13 firms failed.

Essex-based Breyer Group, a notable player specialising in roofing and renovation, was the largest firm to enter administration during the month. The company's difficulties were attributed to financial strains and cash-flow issues stemming from several problematic contracts, leading its administrators, RSM UK, to declare that Breyer faced "significant pressure from creditors." In a fortunate turn of events, shortly after the administration was filed, Breyer's roofing division was acquired by Cardo Group, ensuring the preservation of nearly 100 jobs. Cardo also took over Breyer's contract with Kingston-upon-Thames Council, valued at £163 million, which services around 6,000 homes.

Another casualty was Sheen Lane Developments, a London-based residential developer that, like Breyer, managed to find a lifeline through a pre-pack administration deal with Radio City Developments. Sheen Lane reported a pre-tax loss of £27 million, revealing the severe challenges posed by a turbulent market, particularly high interest rates.

Despite April's reduction in the number of administrations, experts warn that it is premature to herald this as a sign of recovery. David Hudson from FRP noted that insolvency numbers are expected to stay elevated due to diminished investor interest. He emphasised that while previous downturns may have been mitigated by fresh capital or acquisitions, current market stagnation makes such interventions less likely. Freddy Khalastchi of Menzies echoed this sentiment, cautioning that fixed-price contracts, cost inflation, and tighter lending conditions continue to weigh heavily on firms.

The broader context reveals an industry in persistent decline. According to the S&P Global/CIPS Purchasing Managers' Index, March saw the UK construction sector experience its sharpest contraction since October 2020, with an index score of 46.4 signifying ongoing negative sentiment. Rising payroll costs have led to job cuts and hiring freezes, compounding the difficulties faced by construction firms. Moreover, the latest data from Glenigan's Construction Index indicated a staggering 19 per cent drop in the value of new projects, with civil engineering and residential construction feeling the most pronounced impacts.

Meanwhile, the outlook for companies like Travis Perkins has also dimmed, as the building materials supplier expects flat profits for 2025, a stark contrast to earlier projections. This has resulted in a significant dip in share prices, reflecting broader fears of a slow recovery in the construction market. Crest Nicholson, another housebuilder, is grappling with potential covenant breaches and a drastic decline in profits, signalling the tough terrain that many firms are navigating.

Experts warn that the persistent issues display deeper, long-term challenges rather than isolated problems attributable to recent economic shifts. Gareth Belsham from Bloom Building Consultancy summarised the sentiment well, asserting that while there may be a brief respite in insolvency figures, it is likely more a matter of temporarily holding the ground rather than any fundamental recovery.

As the construction sector continues to grapple with low demand, soaring costs, and high borrowing rates, many firms remain precariously poised on the edge of financial instability. While April's statistics may hint at a possible slowdown in failures, the combination of longer-term challenges indicates that resilience will be tested as conditions evolve.

## Reference Map:

* Paragraph 1 – [[1]](https://www.constructionnews.co.uk/financial/monthly-construction-administrations/not-the-cruellest-month-april-data-shows-fewer-business-collapses-08-05-2025/), [[4]](https://bdcmagazine.com/2025/04/glenigan-construction-sector-hit-by-sharp-decline-in-early-2025/)
* Paragraph 2 – [[1]](https://www.constructionnews.co.uk/financial/monthly-construction-administrations/not-the-cruellest-month-april-data-shows-fewer-business-collapses-08-05-2025/), [[3]](https://www.theguardian.com/business/2025/mar/06/uk-construction-sector-activity-plunges-pmi-report), [[5]](https://www.reuters.com/markets/europe/uks-travis-perkins-posts-23-fall-annual-profit-amid-slow-construction-rebound-2025-04-01/)
* Paragraph 3 – [[1]](https://www.constructionnews.co.uk/financial/monthly-construction-administrations/not-the-cruellest-month-april-data-shows-fewer-business-collapses-08-05-2025/), [[2]](https://www.reuters.com/world/uk/uk-construction-sector-tumbles-costs-pressure-job-cuts-intensify-pmi-shows-2025-04-04/)
* Paragraph 4 – [[2]](https://www.reuters.com/world/uk/uk-construction-sector-tumbles-costs-pressure-job-cuts-intensify-pmi-shows-2025-04-04/), [[4]](https://bdcmagazine.com/2025/04/glenigan-construction-sector-hit-by-sharp-decline-in-early-2025/)
* Paragraph 5 – [[5]](https://www.reuters.com/markets/europe/uks-travis-perkins-posts-23-fall-annual-profit-amid-slow-construction-rebound-2025-04-01/), [[6]](https://www.ft.com/content/302f26c0-2934-4ce9-812b-cd54af6e22af)

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.constructionnews.co.uk/financial/monthly-construction-administrations/not-the-cruellest-month-april-data-shows-fewer-business-collapses-08-05-2025/> - Please view link - unable to able to access data
2. <https://www.reuters.com/world/uk/uk-construction-sector-tumbles-costs-pressure-job-cuts-intensify-pmi-shows-2025-04-04/> - In March 2025, the UK construction sector experienced a significant contraction, with civil engineering activity declining at its fastest pace since October 2020. The S&P Global/CIPS UK Construction Purchasing Managers' Index (PMI) stood at 46.4, indicating contraction. Rising payroll costs, influenced by increased employer social security contributions, led to hiring freezes and job cuts—the sharpest decline in employment in over four years. Overall order volumes fell for the third consecutive month, with business optimism hitting its lowest level since October 2023. Despite this, the broader all-sector PMI rose to 51.0, buoyed by strong performance in the services sector.
3. <https://www.theguardian.com/business/2025/mar/06/uk-construction-sector-activity-plunges-pmi-report> - The UK construction sector experienced its sharpest decline in nearly five years in February 2025, with the S&P Global construction purchasing managers’ index (PMI) dropping to 44.6 from 48.1 in January. This marked the lowest reading since May 2020. Residential building work fell dramatically, with the index for residential building sinking to 39.3—the weakest-performing area of construction activity in February on record. Survey respondents cited weak demand conditions, elevated borrowing costs, and a lack of new work to replace completed projects as contributing factors.
4. <https://bdcmagazine.com/2025/04/glenigan-construction-sector-hit-by-sharp-decline-in-early-2025/> - Glenigan's April 2025 Construction Index revealed a concerning decline in construction activity, with the value of projects starting on-site during the three months leading to the end of March dropping by 19%, remaining 16% lower than the same period in 2024. Residential construction starts decreased by 12% against both the preceding three months and 2024 figures. Non-residential construction starts dropped by 24% compared to the preceding three months and were down 22% year-on-year. Civil engineering projects declined by 28% against the preceding three months, 16% lower than a year ago. The downturn points to reduced sector confidence, as developers increasingly hesitate to push forward with new projects.
5. <https://www.reuters.com/markets/europe/uks-travis-perkins-posts-23-fall-annual-profit-amid-slow-construction-rebound-2025-04-01/> - Travis Perkins, a British building materials supplier, warned that profits for 2025 could be flat, falling below analyst expectations and causing shares to drop to their lowest point in over 15 years. The shares fell as much as 13% to 478 pence, marking their lowest since July 2009, following a 12% decline in 2024. The company projects that its 2025 adjusted operating profit, excluding property profits, will align closely with the previous year's £141 million, indicating a 20% reduction from analyst estimates. The subdued demand in Britain's housebuilding and home improvement sectors in 2024, driven by a weak economy and high borrowing costs, has continued into 2025. Travis Perkins also saw a 23% decline in adjusted operating profit to £152 million for 2024, despite averaging analyst expectations of £134.5 million. Additionally, CEO Pete Redfern stepped down in March due to ill health, further affecting the company's shares. Other industry peers, like Breedon Group and SIG, reported more optimistic results and forecasts, capitalizing on markets outside the UK.
6. <https://www.ft.com/content/302f26c0-2934-4ce9-812b-cd54af6e22af> - Housebuilder Crest Nicholson issued a warning regarding its ability to continue as a going concern after a challenging year, resulting in potential breaches of banking covenants as soon as April. Reporting its fiscal results for the year ending October 31, CEO Martyn Clark highlighted significant difficulties, including a 53% drop in adjusted pre-tax profits to £22.4 million and a 6% revenue decline to £618 million. The company took an extra charge of £166 million, largely related to fire safety remediation, impacting overall performance and resulting in a statutory pre-tax loss of £144 million. Crest Nicholson remains in discussions with its lenders to possibly amend covenants, though it recognizes the uncertainty of securing these amendments. Slower UK interest rate cuts have also hampered market recovery. The announcement led to a 4% early trading drop in shares.