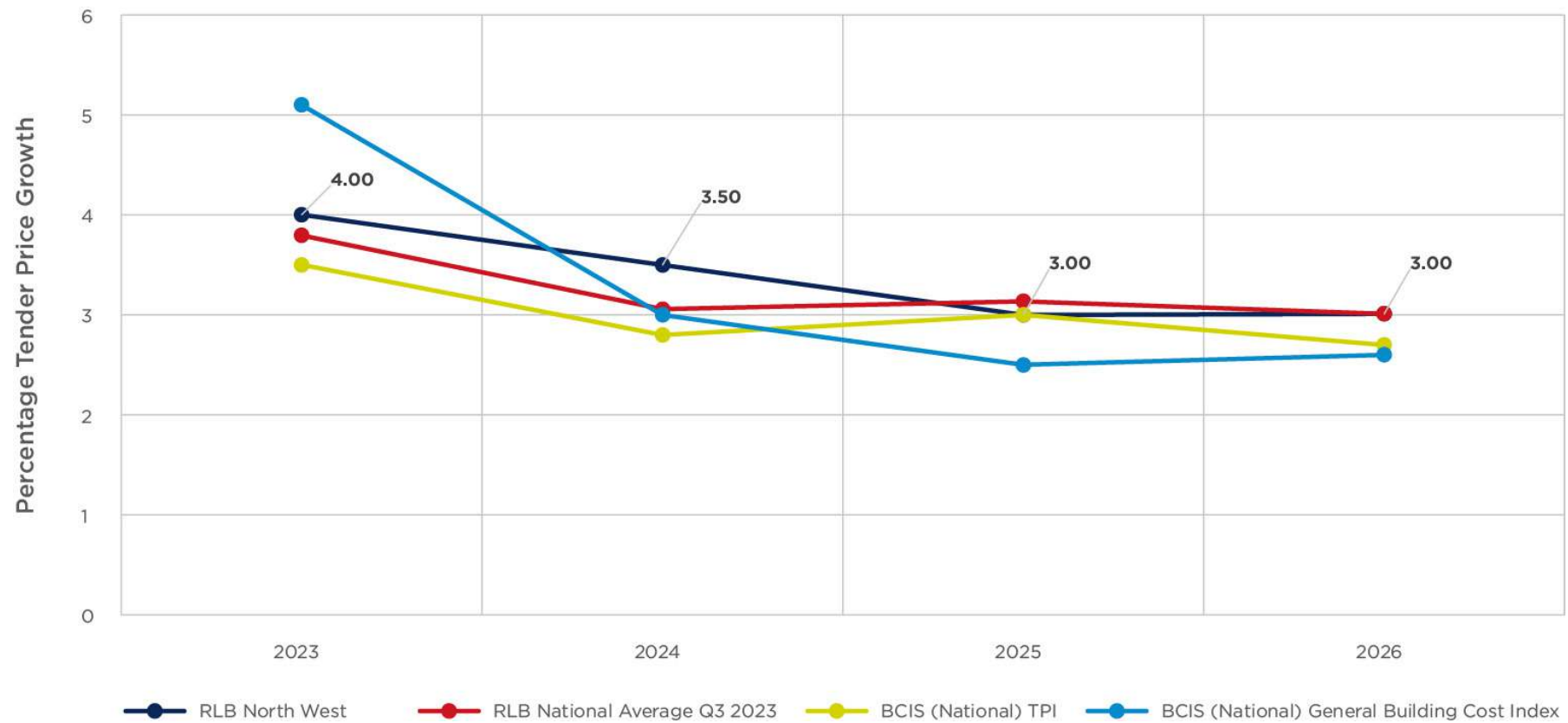


NORTH WEST

Source	% Uplift reported	2023	2024	2025	2026
North West		4.00	3.50	3.00	3.00
Competitors/Others - Upper Range (North West)		4.30	3.80	4.00	4.80
Competitors/Others - Lower Range (North West)		2.00	1.75	1.75	1.75
RLB National Average		3.80	3.06	3.14	3.01
BCIS (National) TPI		3.50	2.80	3.00	2.70
BCIS (National) General Building Cost Index		5.10	3.00	2.50	2.60

Tender Price Change - North West



OVERVIEW - NORTH WEST

In respect of total construction work carried out across the North West, total output value for the year to June 2023 was up by almost 10% over the corresponding previous period. However, comparing the 6-month periods to June of each year, the figures are flat, which means that the second half of 2022 bore the greater part of that output value increase.

Year on year, the major stories are the somewhat surprising 20% increase in new-housing spend, weighted very much toward the private sector, and the private commercial sector showing a significant increase of almost 28%. However, the most recent six months to June, shows a decrease, indicating that the weight of change was in the latter half of last year, as noted for the total figures referred to above.

For new orders, the year-on-year figures were down almost 8%, and for the last six months, as compared to the first half of 2022, were down by 10%. Some sectors were of course more affected, the worst being private commercial, down around 50% on both measures.

The cooler commercial sector in Manchester reported in last quarter's TPF has not worsened noticeably and we retain our view of a return to higher confidence levels over the next quarter and into 2024, as there remain multiple schemes on hold and awaiting the go-ahead.

In the education sector, growth is apparent in the region as the universities seek to bring back plans for expansion, post their Covid difficulties and the aftermath of price inflation. Also, there are continuing encouraging moves in respect of the building of hotels in the Liverpool area.

For the North West, the generally cool wider economy continues to pose questions as to the prospects for replacement workload as projects near their completion. Though levels of building input cost inflation are seeming to continue to stabilise, providing for a levelling-off of tender price inflation, contractors' and subcontractors' continual search for new profitable work is beginning to butt against burgeoning competition conditions. This renewed competitiveness is by no means general across all markets, but is more oriented toward smaller-scale works, where contractor risk-exposure levels are lower given shorter timescales and often less technically challenging forms of construction.

From the perspective of input costs, last year's spiking of materials costs has given way to a cooler environment in which steel and timber prices in particular have fallen back, together with now more moderate, 'long-term-average', cost inflation more or less across the board.

For the major schemes and contractors, there continues to be a reluctance to compete via more traditional forms of project procurement, which is causing some clients to pause as they review already strained budgets which have been repeatedly extended due to input-cost inflation and programme extension requirements of the last 18 months.