



INSIGHTS

Construction Market Intelligence

UK Edition
Q4 2024

[Read the report](#)

Use our expert analysis to understand market conditions

Find out the latest tender price movements in your region

INTRODUCTION

Welcome to the Q4 2024 edition of Construction Market Intelligence, RLB's insightful, up-to-date guide to construction activity around the UK incorporating our quarterly tender price forecast.

The RLB Tender Price Index forecast uplift for 2024, as at Q4 2024, is:

3.03%

Previous quarter's forecast for 2024: 2.97%



Geopolitical events at home and abroad impacting outlook for construction sector

This edition of Construction Market Intelligence takes a high-level overview of the construction industry, touching upon global and regional influences and exploring the national and regional impacts of the recent UK Budget.

The global perspective must take account of the fact that the outcomes of the conflicts in Gaza and Ukraine remain unknowable. Change is certainly likely given the impending passing of power in the US and the incoming administration's positions on both matters. A figuratively more distanced US could change the parameters of any settlement in either case, and that will have knock-on effects, particularly on surrounding countries and economies.

From a European standpoint, a resolution of the Ukraine conflict could radically change the construction industry in Europe. Construction stands to be particularly affected by any settlement, and the UK is not alone in struggling to cope with skilled and unskilled labour shortages. A new demand shock could yet lead to increased turbulence in the home labour market.

Looking more inwardly, increases in tax-take are set to underpin increased government spending on public services, in the hope that GDP growth will be the saviour. Of note, however, is the hike of National Insurance contributions, which will impose considerable additional costs across the board for employers.

The Office for Budget Responsibility, in its independent view, has revised its growth forecast for this year's GDP to over 1%, and on to around 2% for each of 2025 and 2026. While these levels seem favourable in light of recent experience, they remain historically soft, although they could be said to be damping any further inflationary outbreak.



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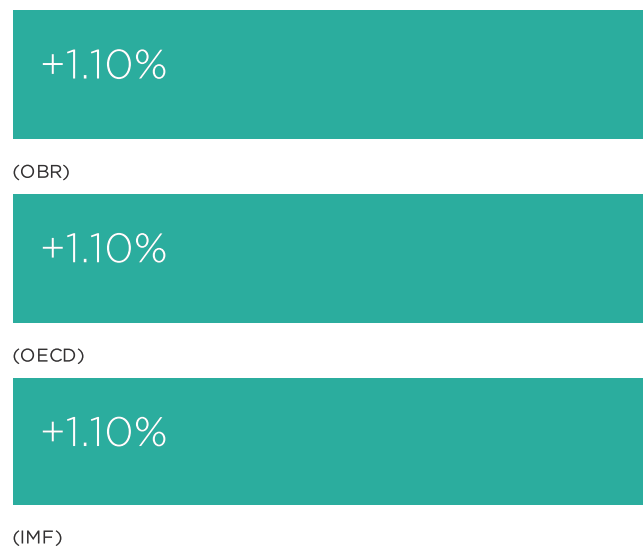
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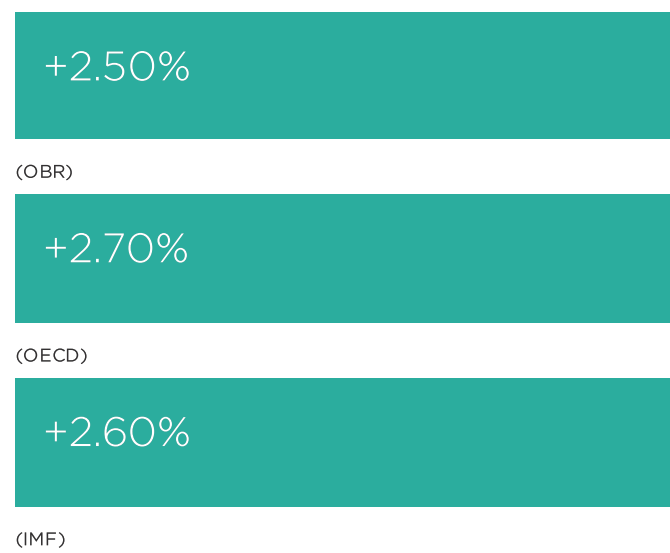
MACRO ECONOMIC CONDITIONS

Key data

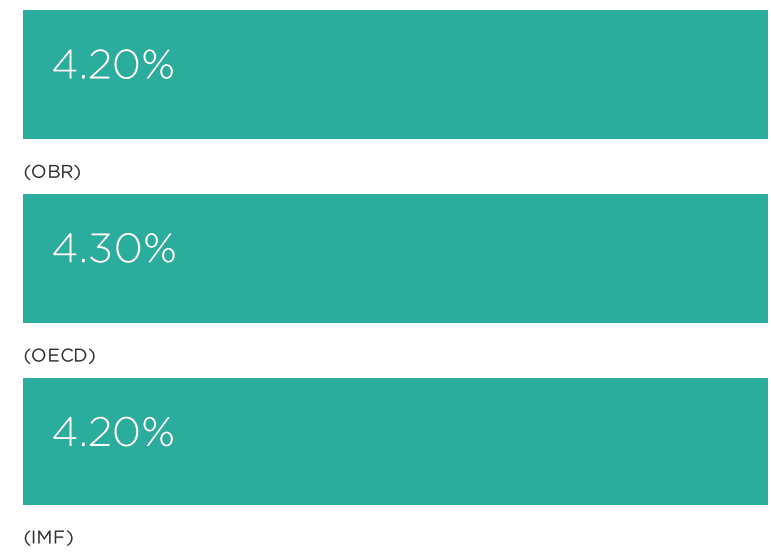
GDP forecasts for 2024:



CPI forecasts for 2024:



Unemployment forecasts for 2024:



Modest growth forecast as UK economy remains in the balance

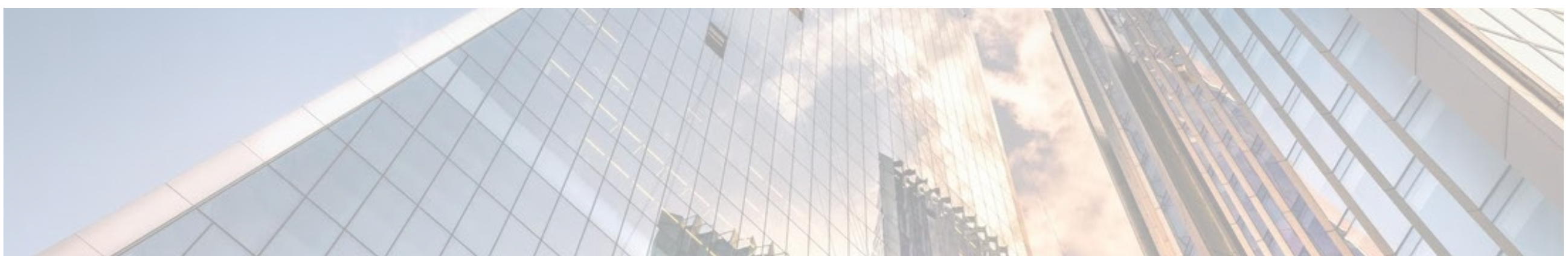
The consensus view of the IMF, OECD and OBR is a forecast of modest growth of around 1% for GDP this whole year, with 1.5% to 2.0% for 2025. The preliminary OECD outlook document published in December 2024 highlights the contribution of the government's post-budget spending expansion to 2025 GDP, but also identifies a tapering in 2026 as that expansion diminishes.

The Chancellor's spending review, due to be published in late spring next year, is a key factor. Alongside this, public debt is expected to remain over 100% of GDP, ensuring a focus on productivity improvement and skills building for the future workforce. While CPI has stabilised somewhat at or around the 2% target, the long-awaited reductions in interest rates are still to transpire.

As a result, the balance seems delicate, with government spending to drive consumption and investment, but with funding coming partly from increased National Insurance contributions, in themselves a tax on employment.

Given the ongoing low levels of unemployment and skills shortages in many areas, stimulation of the economy treads a fine line between much-needed growth and inflationary effects. Further external economic shocks could call the balance into question, as alluded to above.

Key economic forecasts



CONSTRUCTION PIPELINE PROSPECTS

Key data

New construction work done volume:



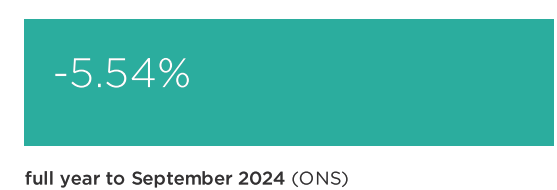
Repairs and maintenance work done volume:



Work done volume:



New orders volume:



Housing volumes still down while London continues to dominate

ONS figures for new work volumes in the construction industry show a mixed picture. The outlook has been buoyed by the 11% uplift for the latest half-year, but this is set against a year-on-year fall of 5.5%. That said, it is arguable that the latest half-year is more significant in that it depicts upcoming subcontract work let and to be let.

Within the figures, the housing sector continues to struggle, but new infrastructure work is progressing, with year-long figures up by 5% and the half-year numbers up by over 28%.

The South West fared best in a regional comparison of the last two full years (to September), showing an uplift of almost 17% of its own proportion of all work nationwide. By contrast, the figures for Wales are down at -19%.

Although London's share fell from 22.6% to just over 20%, the capital remains comfortably the most significant region for construction work, even though year-on-year figures show falls across the board.



INPUT COSTS

Key data

Input costs forecast for 2024:

+2.89%

full year 2024 (BCIS)

Input costs forecast for 2025:

+3.22%

full year 2025 (BCIS)

Build costs stay on upward curve despite falls in materials prices

The BCIS General Building Cost Index currently shows forecast cost figures uplifting by just under 2.9% this year, with 3.2% to come next year. These are a far cry from the near 9% figures of 2022, but still outstrip the 2024 BCIS tender price uplift figure of 2.2%. This suggests increasing pressure on margins as contractors move to refill order books.

Within the overall figures for materials prices, according to the Department for Business and Trade, there are clear indications of falls in some producer price levels, in particular for steel and timber products. Although, the overall fall for total materials prices in the latest year to October is less than 1%. For fabricated structural steel, the fall is recorded as being almost 7.5%, which obviously bears proportionately more heavily on steel-framed building solutions.

Looking ahead, fuel cost changes may again feed into this equation, as will undoubtedly the impact of increasing infrastructure spend incorporating large volumes of reinforced concrete and fabricated steel sections.



TENDER PRICE FORECAST

Key data

RLB Weighted Average TPI 2024:

+3.03%

full year 2024 (RLB)

BCIS Tender Price Index 2024:

+2.23%

full year 2024 (BCIS)

No expectation of a price breakout even as input costs keep rising

The RLB weighted average of tender price uplifts, weighted by regional new orders volumes from ONS data, shows a very slight firming of tender price movements at a national level, which is reflective of recent workload uplift and expectations of upcoming spend from the public sector.

But it should be noted that although these changes are in the upward direction, they are only very slight and as such do not represent any great expectation of a significant price breakout, even though input costs continue to increase at a slightly higher rate overall next year.

One significant effect could be the upcoming changes to National Insurance contributions, which will affect labour costs across the board. BCIS is already noting that the long-term average uplift of 2.5% in labour costs will not be attained again until 2027, with this year's steadying to 5%, likely followed next year with a further 6.5%.

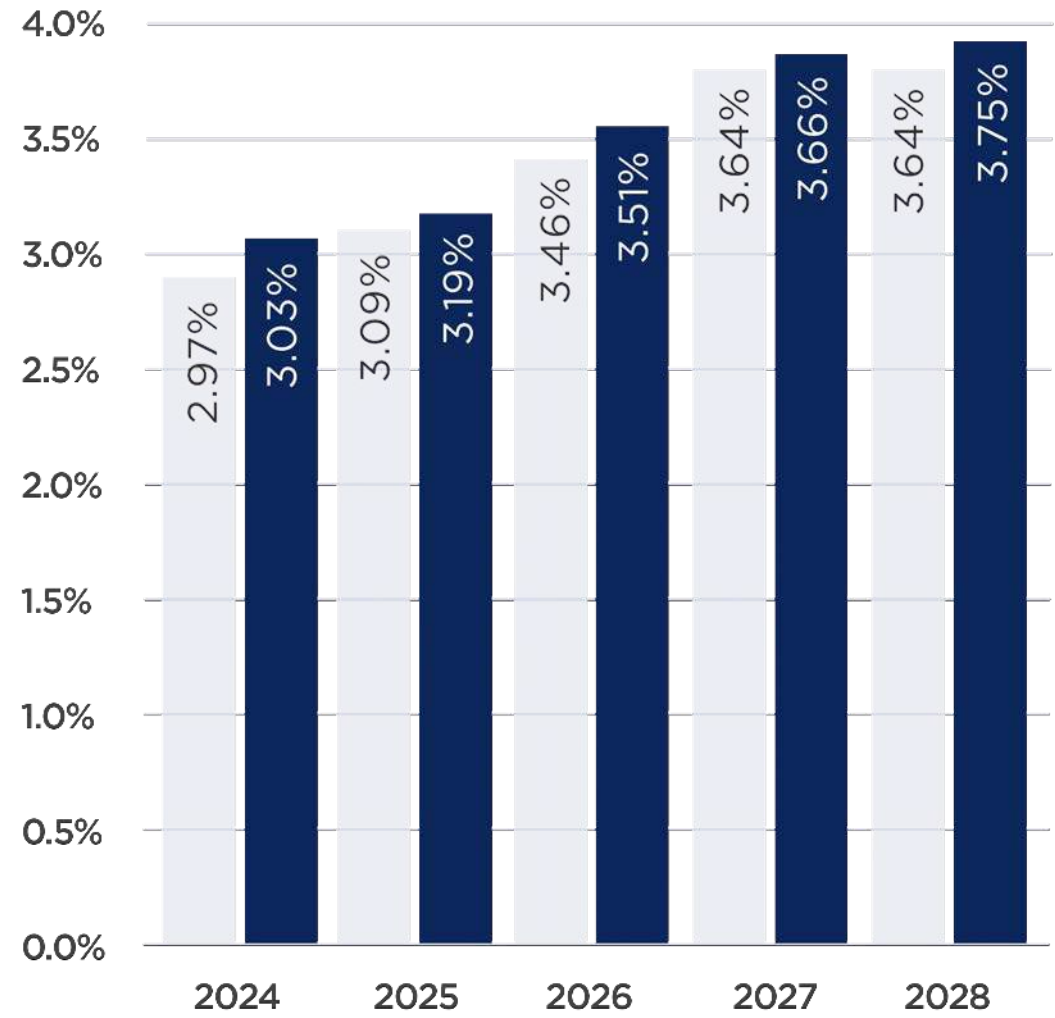
This labour cost increase is further exacerbated by the fact of the structure of the industry having changed, as the emphasis since mid-2020 has moved more toward repair and maintenance and away from new work. This is not an insignificant change as maintenance work now accounts for, on a rolling 12-month average basis, 43.5% of the total volume as against 34.5% in mid-2020.

This effect is already baked in to costs, but will continue to be an issue in light of ongoing trades and labour shortages. To what extent the cost imposts are reflected in tender prices is dependent upon contractors' own situations in respect of their existing and upcoming workload.

BCIS published figures for 2024 are slightly lower than are RLB's for the national overview this year, but correspondingly larger next year, before coalescing on very similar numbers from 2026 onwards.

As building cost expectations are of 'general stability', provided there are no market shocks, increased workload availability could, of course, upend tender price stability. It remains to be seen whether the industry, regionally and nationally, will be able to cope with any surge of workload over the next couple of years.

RLB Tender Price Index uplifts published in CMI Q4 2024 vs published in CMI Q3 2024



The chart above shows an average of RLB's regional tender price forecasts for the respective years, weighted by regional new orders volumes of workload for the year to November 2024 (ONS).

Construction Market Intelligence (CMI) Q3 2024
 Construction Market Intelligence (CMI) Q4 2024



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Construction Cost Calculator

REGIONAL INSIGHTS

Our forecast of tender prices region by region across the UK

The charting below of tender price movements across the UK summarises local markets in the context of the wider national picture. Whereas elsewhere in this report, we show and discuss national statistical data to depict the wider reality of the national economy, this local tender price change analysis is very specific to and representative of the particularities of local markets.

In some locations, a sector may be highly active, whereas in others that sector may be quiet, but the relative 'busyness' of the overall construction market is reflected by tender price movements and, in turn, by general activity levels of able contractors in the region.

Find out more

TENDER PRICES - LONDON

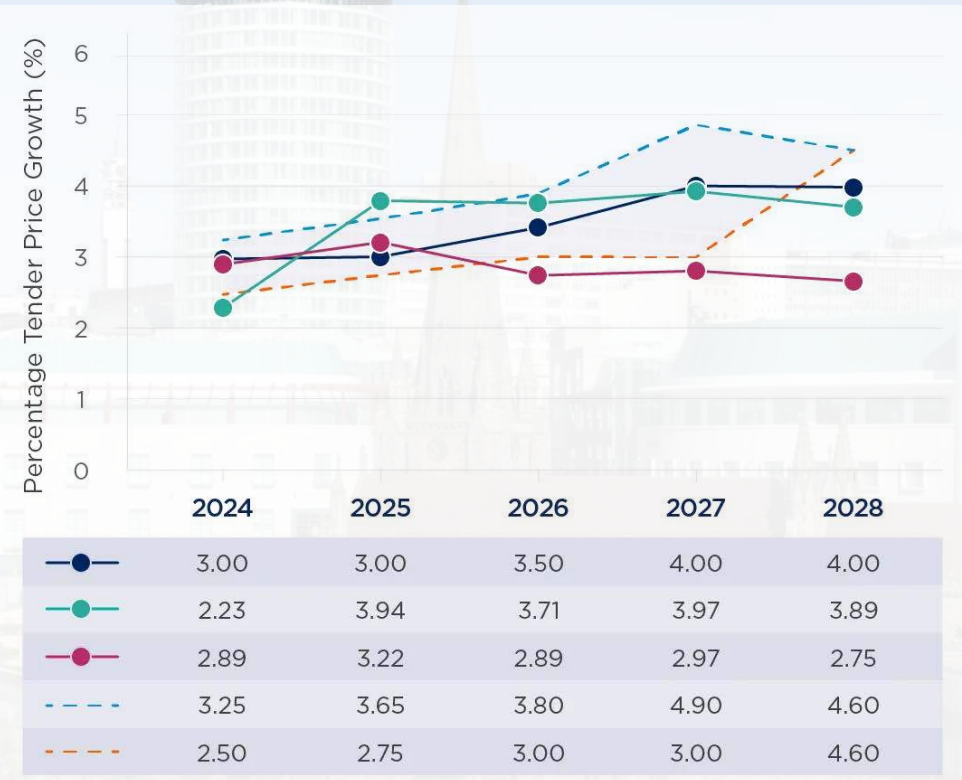
Tender price change



RLB London
 BCIS (National) TPI BCIS (GBCI)
 Competitors (High) Competitors (Low)

TENDER PRICES - MIDLANDS

Tender price change



RLB Midlands
 BCIS (National) TPI BCIS (GBCI)
 Competitors (High) Competitors (Low)

TENDER PRICES - NORTHERN IRELAND

Tender price change



■ RLB Northern Ireland
■ BCIS (National) TPI ■ BCIS (GBCI)
■ Competitors (High) ■ Competitors (Low)

TENDER PRICES - NORTH EAST

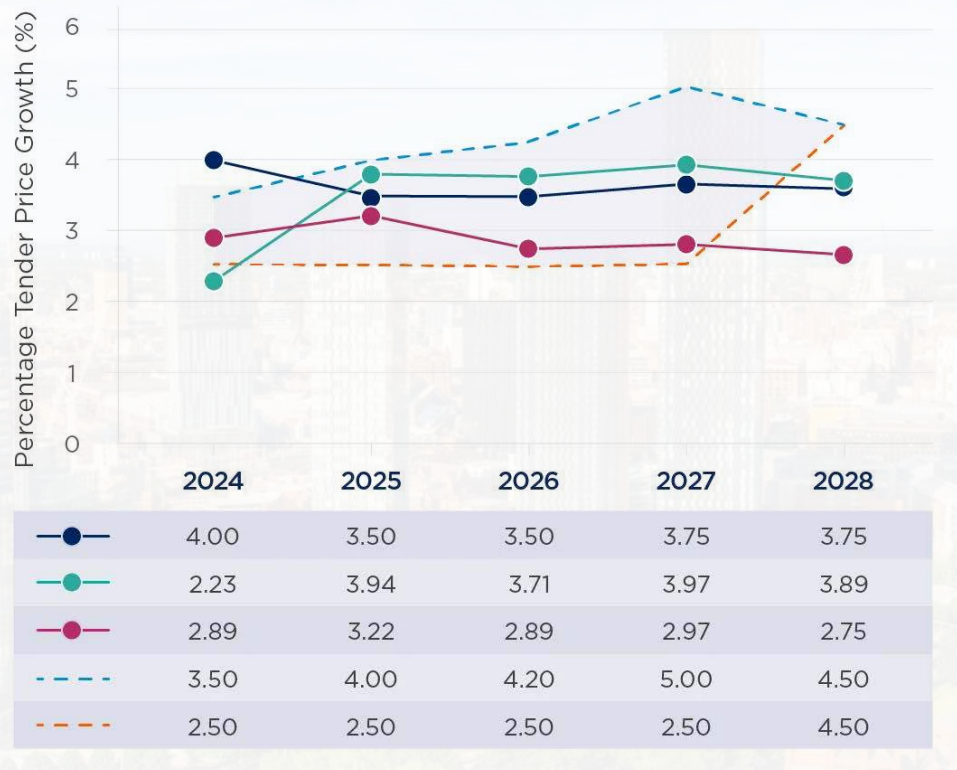
Tender price change



■ RLB North East
■ BCIS (National) TPI ■ BCIS (GBCI)
■ Competitors (High) ■ Competitors (Low)

TENDER PRICES - NORTH WEST

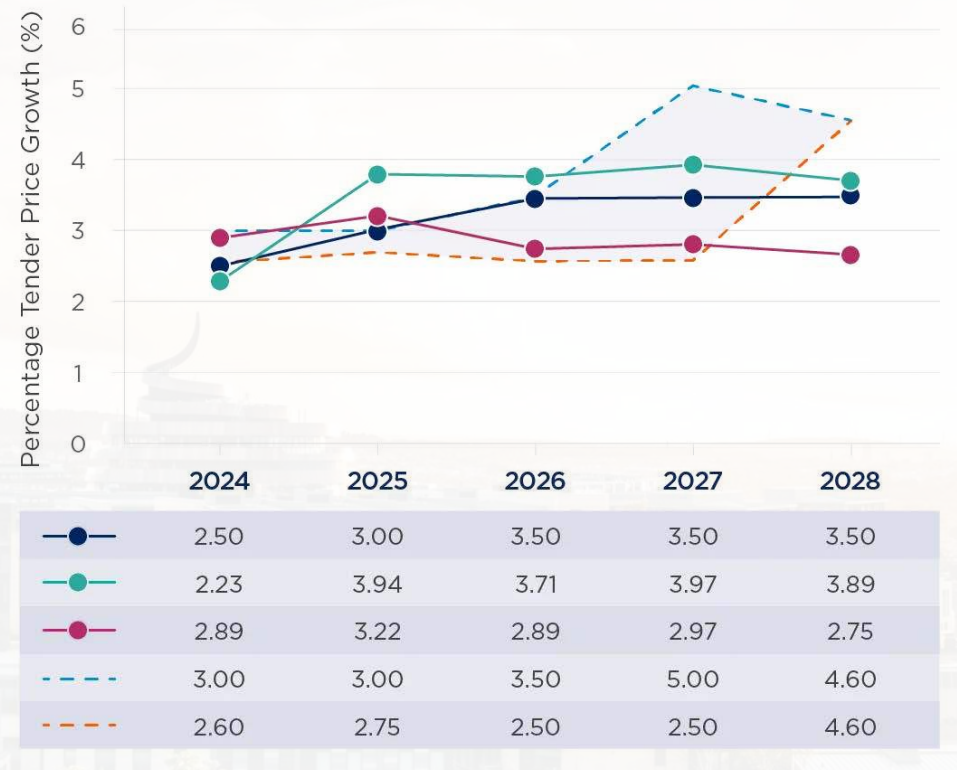
Tender price change



■ RLB North West
■ BCIS (National) TPI ■ BCIS (GBCI)
■ Competitors (High) ■ Competitors (Low)

TENDER PRICES - SCOTLAND

Tender price change



■ RLB Scotland
■ BCIS (National) TPI ■ BCIS (GBCI)
■ Competitors (High) ■ Competitors (Low)

TENDER PRICES - SOUTH EAST

Tender price change



■ RLB South East
■ BCIS (National) TPI ■ BCIS (GBCI)
■ Competitors (High) ■ Competitors (Low)

TENDER PRICES - SOUTH WEST

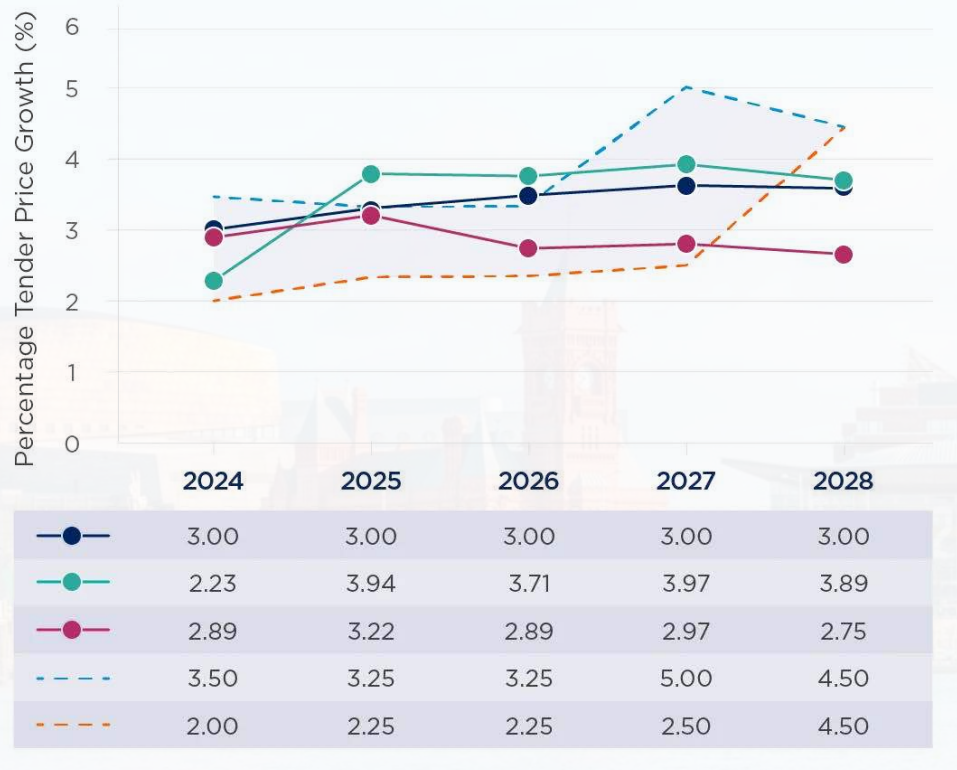
Tender price change



■ RLB South West
■ BCIS (National) TPI ■ BCIS (GBCI)
■ Competitors (High) ■ Competitors (Low)

TENDER PRICES - WALES

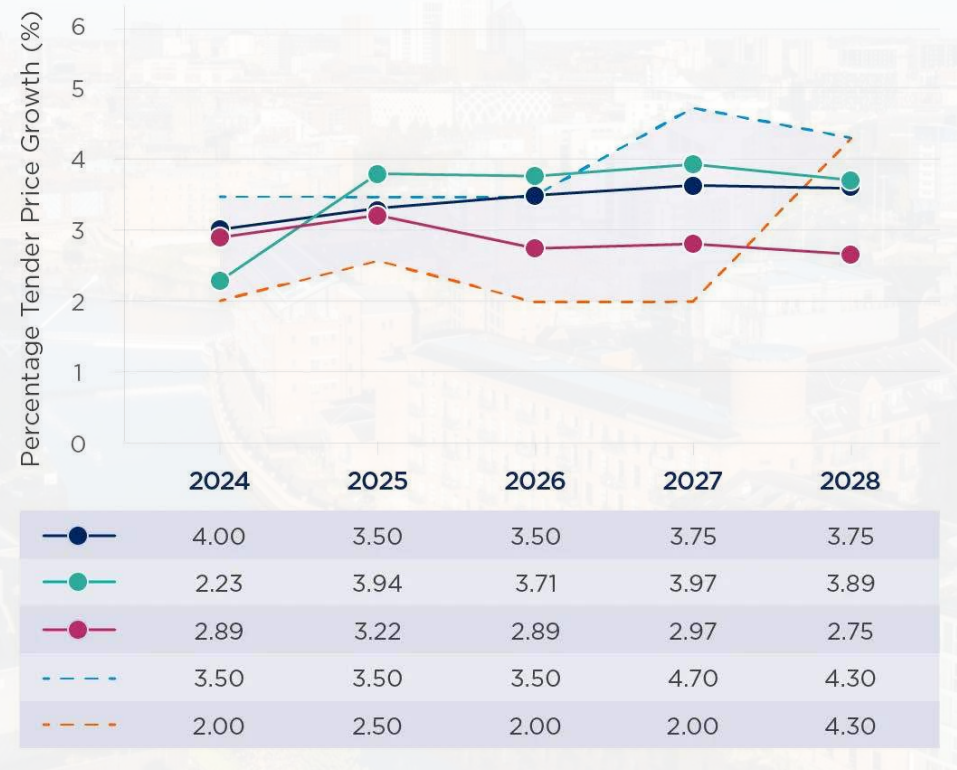
Tender price change



■ RLB Wales
■ BCIS (National) TPI ■ BCIS (GBCI)
■ Competitors (High) ■ Competitors (Low)

TENDER PRICES - YORKSHIRE & HUMBER

Tender price change



■ RLB Yorkshire & Humber
■ BCIS (National) TPI ■ BCIS (GBCI)
■ Competitors (High) ■ Competitors (Low)

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Each day millions of professionals seek ways to access the latest information to keep up to date with current market trends.

Through RLB Intelligence, we provide our clients with the data and analysis they need to assist in making informed and successful project decisions.

Our market intelligence includes regional and comparative data sets and can be found at RLB.com and via this link:

[RLB Intelligence - Construction Cost Calculator](#)



INSIGHTS

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Procurement Trends Report

The 2024 edition of RLB's annual Procurement Trends survey, 'Investing in Your Supply Chain', aims to give you the data, insights and analysis you need to understand what is changing in procurement within the UK construction industry.

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Data Centre Trends Report

Cloud computing and AI technologies are driving demand for data centres, but growing construction supply chain risk jeopardises Europe's digital future, according to RLB's new Data Centre Trends Report.

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ESG Report

RLB UK has for the first time published a report that records its Environmental, Social and Governance (ESG) performance.

Improving our ESG performance is core to our strategy to be a sustainable global business and the market leader in sustainability services for the built environment sector.

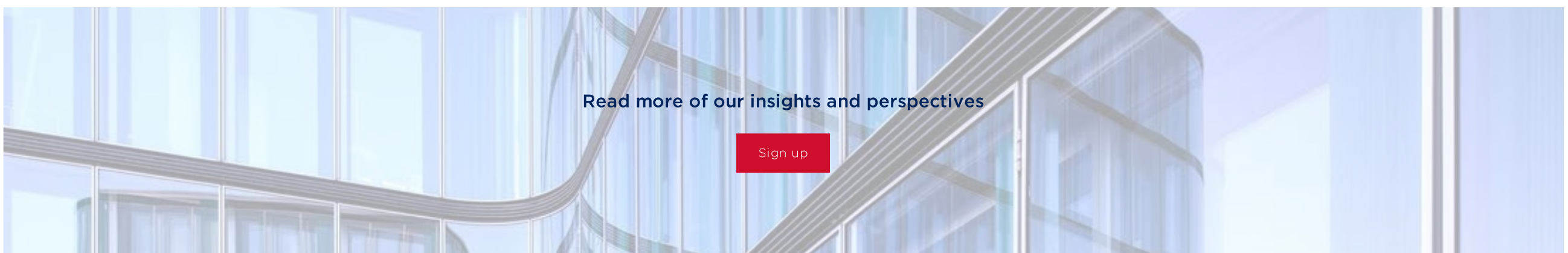
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Global Annual Rep

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