

Welcome to today's
MARKET UPDATE
WEBINAR



AGENDA

Introduction

Macro View

Construction Output/New Orders

Market View – Key Trades Report

Tender Price Trends & Forecasts

Q&A

MODERATOR



JAMES
ANGUS

OUR PANEL



RACHEL
COLLINS



WILL
GALLEY



ROB
WEBBER



KERRY
GIBBS



GAVIN
MURGATROYD

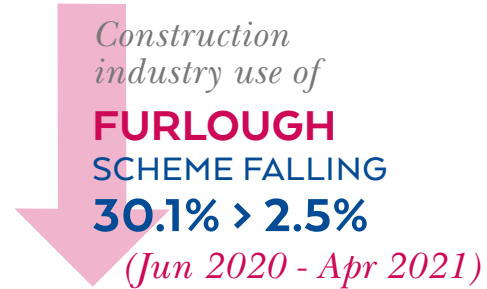
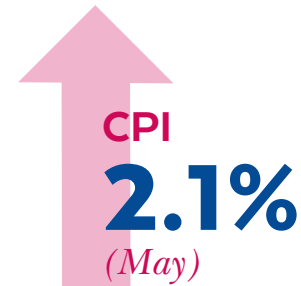
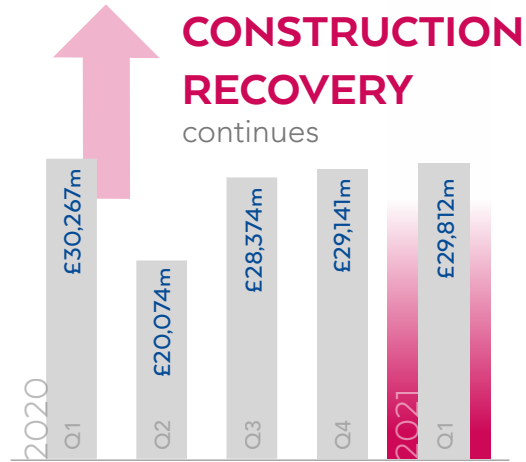
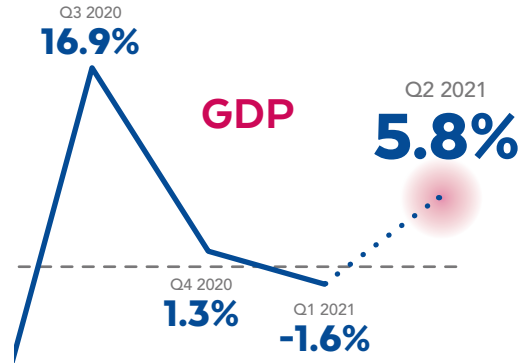
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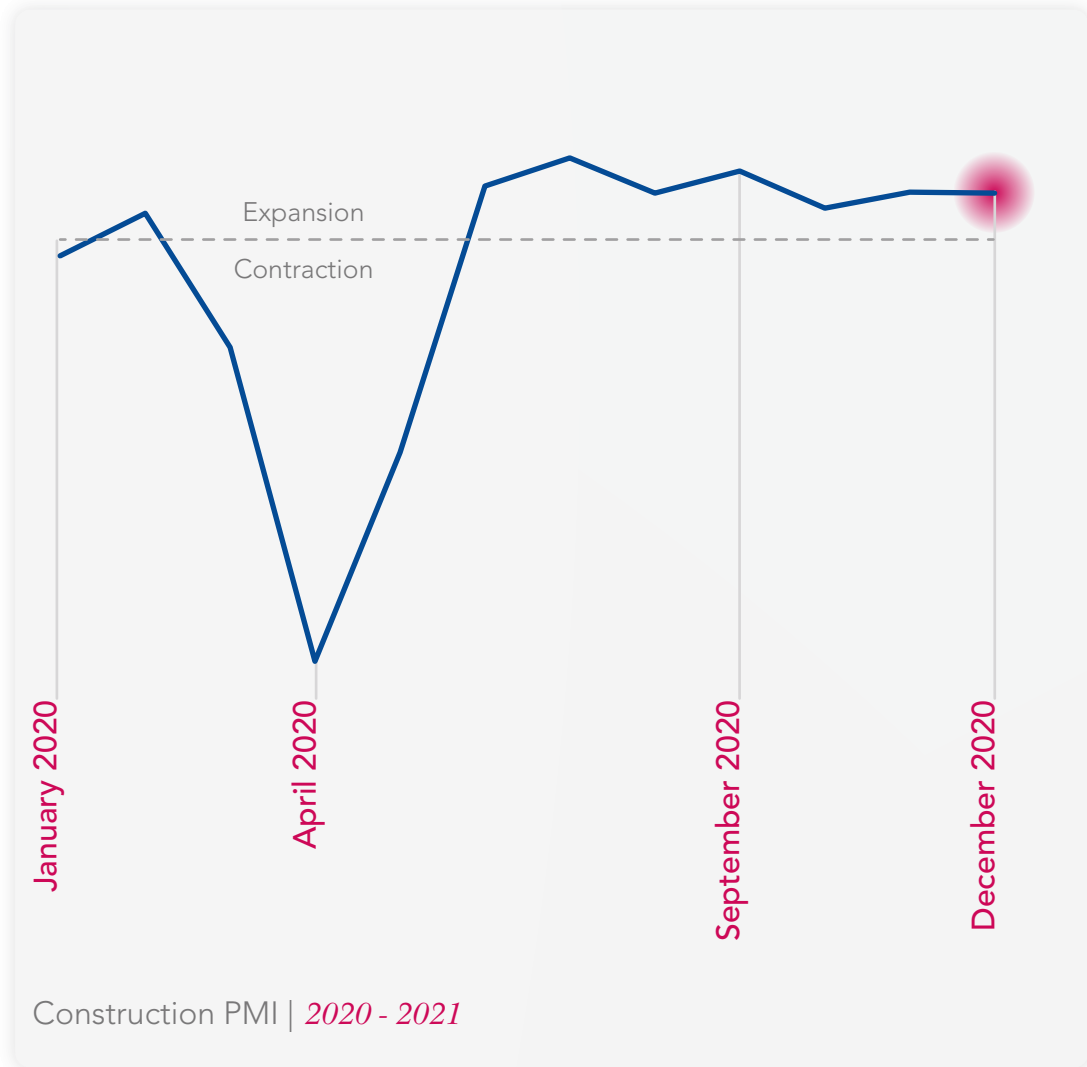
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MACRO VIEW

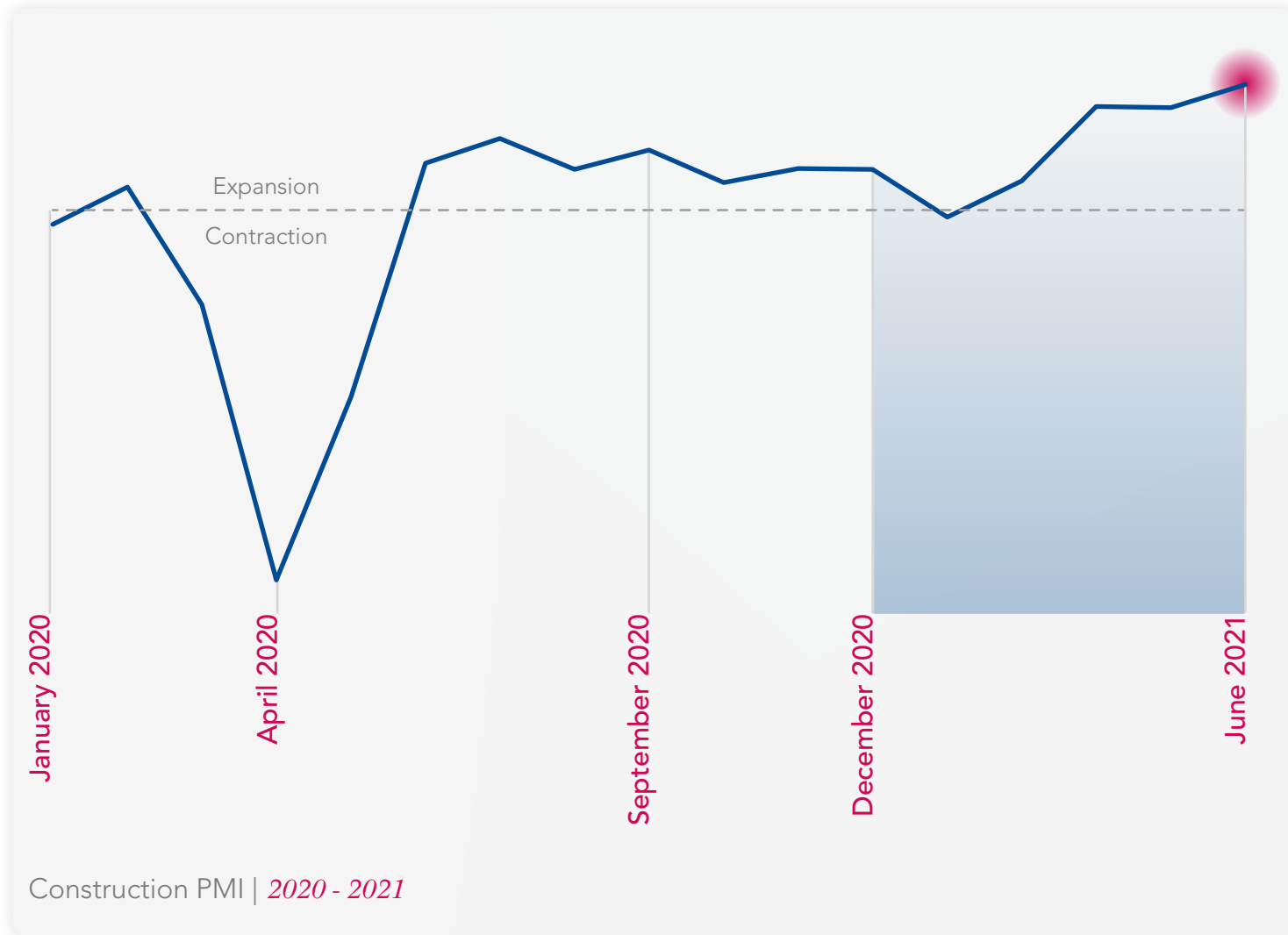
CONSTRUCTION OUTPUT



CONSTRUCTION OUTPUT | AND NEW ORDERS - 2020 LOOK BACK



CONSTRUCTION OUTPUT | AND NEW ORDERS - 2021



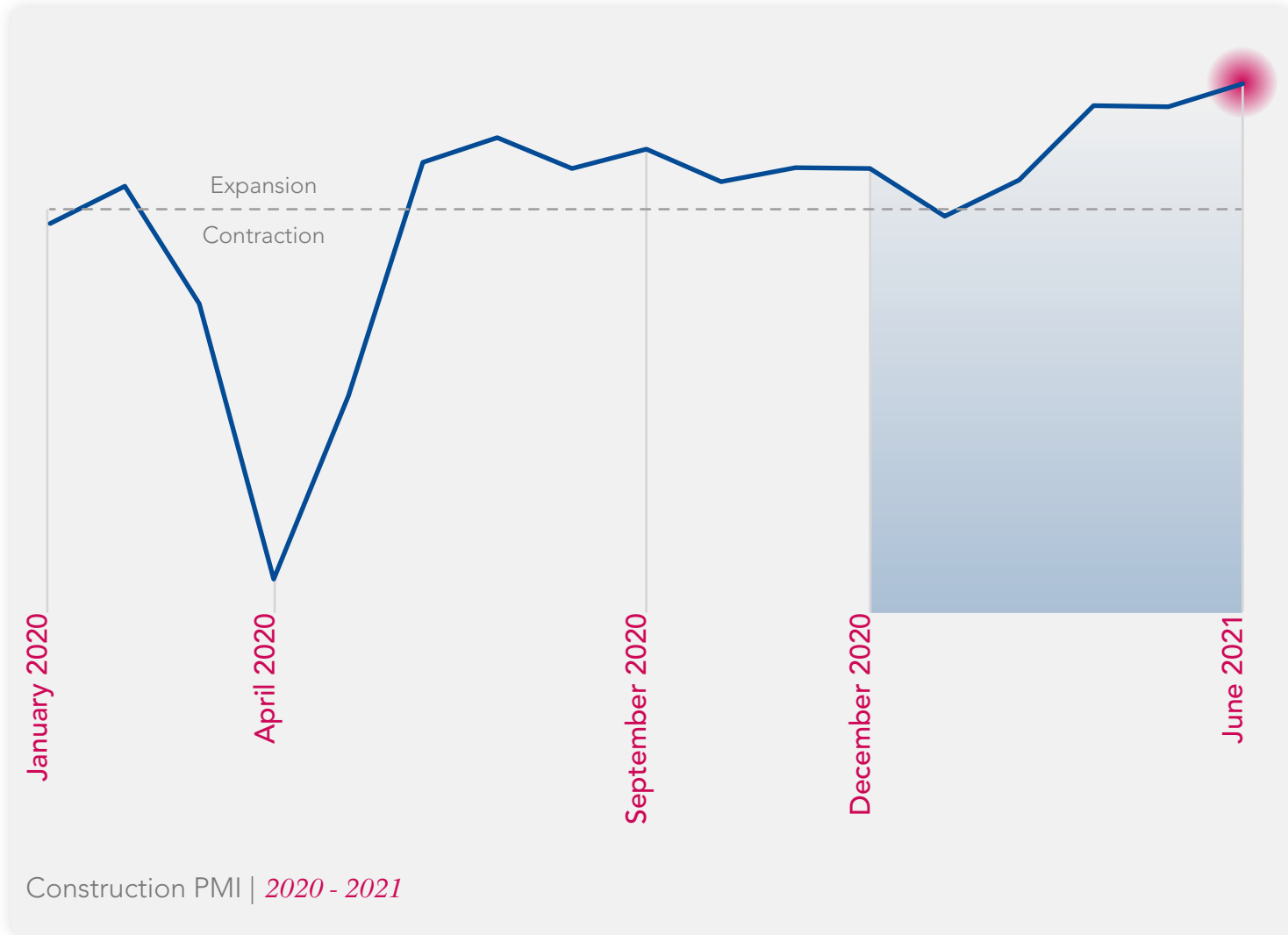
UK
CONSTRUCTION
OUTPUT
6.3%
Q-on-Q

UK
CONSTRUCTION
NEW ORDERS
12.2%
Q1 2021

London
COMMERCIAL
NEW ORDERS
106%
Q1 2021

London
RESIDENTIAL
NEW ORDERS
-12%
Q1 2021

CONSTRUCTION OUTPUT | AND NEW ORDERS - 2021



UK
CONSTRUCTION
OUTPUT
6.3%
Q-on-Q

UK
CONSTRUCTION
NEW ORDERS
12.2%
Q1 2021

CPA
OUTPUT
GROWTH

12.9%
Q1 2021



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MARKET VIEW

KEY TRADES REPORT

“ Price of
materials
soars

The Guardian 8th May

“
MATERIAL PRICES
SPIKE
”

Building Magazine 4th May

“*Lack*
of supplies and
price rises”

BBC News 26th May

“*Materials
shortage*”

Construction News 1st June

“
Don't make any
concrete plans!
”

Daily Mail 26th May

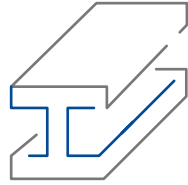
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WHAT WE ARE ACTUALLY SEEING

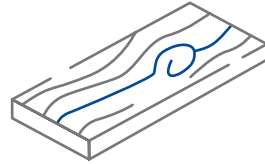
- **MATERIALS**
- **LABOUR**
- **MARGINS**
- **TAKEAWAYS**

MARKET VIEW | MATERIALS - RAW MATERIAL PRICE RISES (MAY 20 - MAY 21)



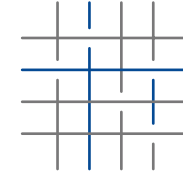
Fabricated
STRUCTURAL STEEL

▲ UP 38.1%



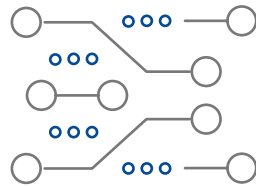
Imported
TIMBER

▲ UP 27.7%



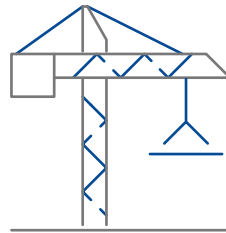
*Re-***BAR**

▲ UP 42.8%



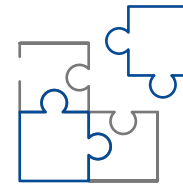
M&E
COMPONENTS

▲ UP 2-3%



Aluminium

▲ UP 25%

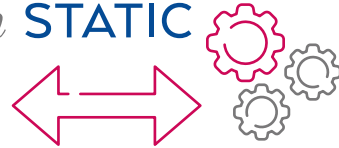


Drylining
MATERIALS

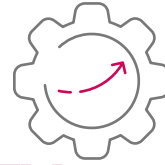
▲ UP 3-5%

MANUFACTURING

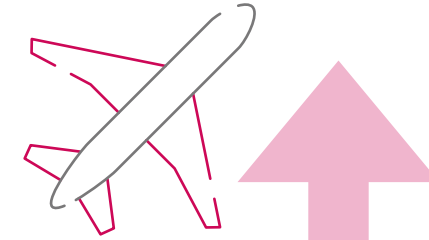
costs remain **STATIC**



Output



CAPACITY
INCREASING



Transportation

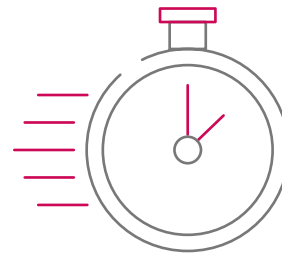
COSTS
INCREASING

Fixed



PRICE
RESISTANCE

Lead



TIME
PRESSURES



Labour price and
AVAILABILITY
INCONSISTENCIES

Pricing **STATIC**
SOME
TRADES 

Reduced

AVAILABILITY
ON CERTAIN
TRADES 

Increases

ANTICIPATED
END OF THE
YEAR 



FURLOUGH
to end Q3 2021

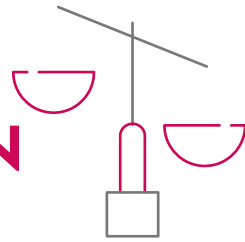
Post

**BREXIT/
PANDEMIC**
IMPACT 

Preliminaries and

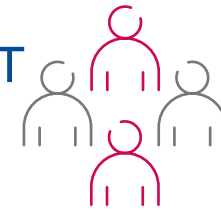
OH&P

REMAIN
STABLE



Visible pressures as

CONTRACTOR
DEMANDS
MANAGEMENT
STAFF



Preliminaries and

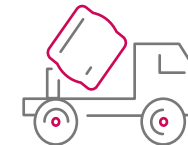
OH&P on

WATCH
LIST

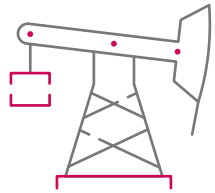


Q2 2020 to Q2 2021

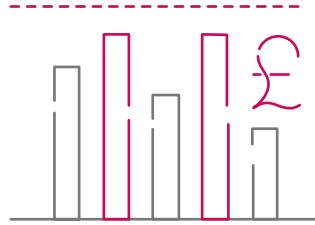
CONTRACTOR
MARGINS
UNCHANGED



Raw material
PRICE RISING AND VOLATILE



Issues
FIXED PRICE PACKAGES

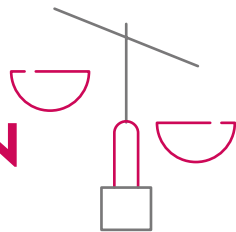


Labour

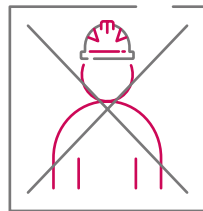
INFLATION
SOME PACKAGES



Preliminaries and OH&P
REMAIN STABLE



Risk of
CONTRACTOR INSOLVENCIES



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KEY TRADES

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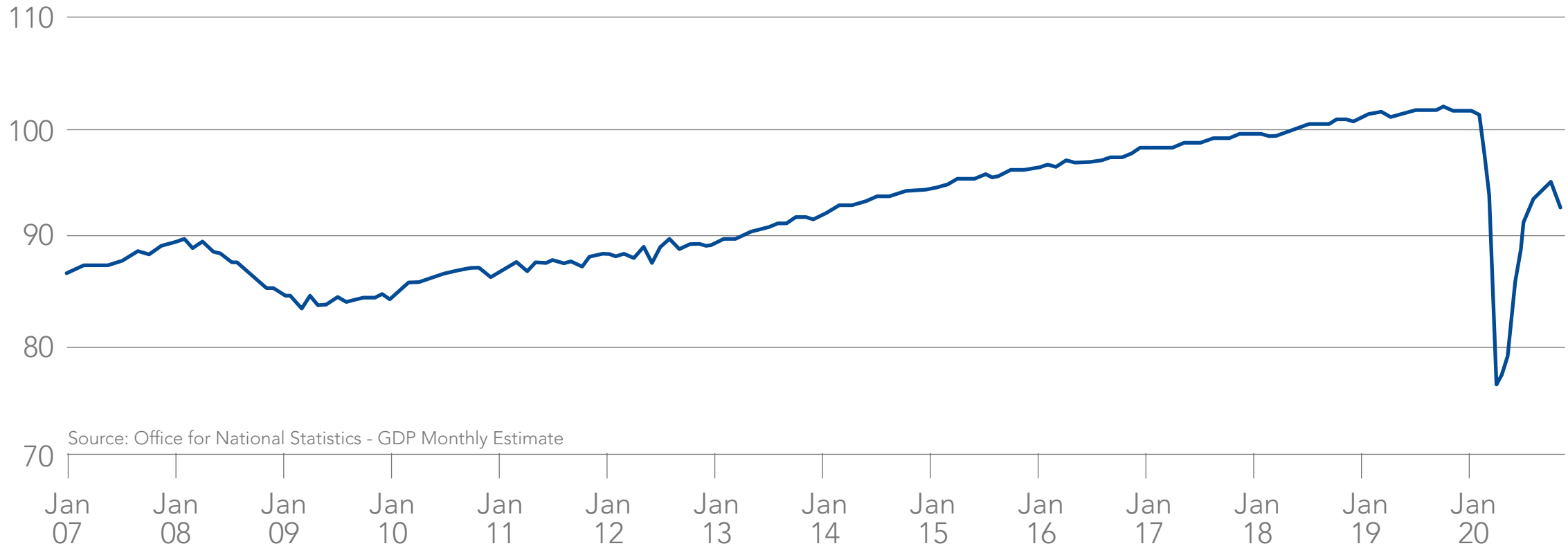
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TENDER PRICE TRENDS **AND FORECASTS**

GDP COMPARED TO 2008/09 FINANCIAL CRISIS | FEBRUARY WEBINAR

GDP fell by 2.6% in November 2020 as government restrictions reduced economic activity

Monthly index, January 2007 until November 2020, 2018 = 100

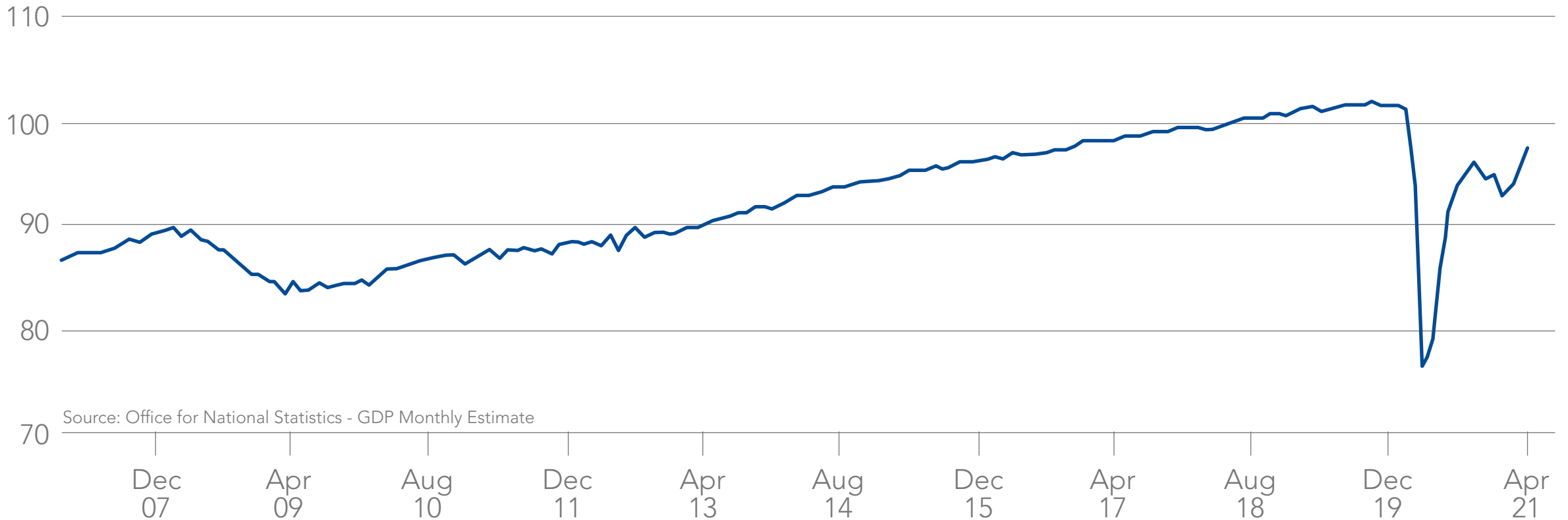


Source: Office for National Statistics - GDP Monthly Estimate

GDP COMPARED TO 2008/09 FINANCIAL CRISIS | MAY 2021 UPDATE

GDP is estimated to have grown by 2.3% in April 2021 as government restrictions affecting economic activity continued to ease

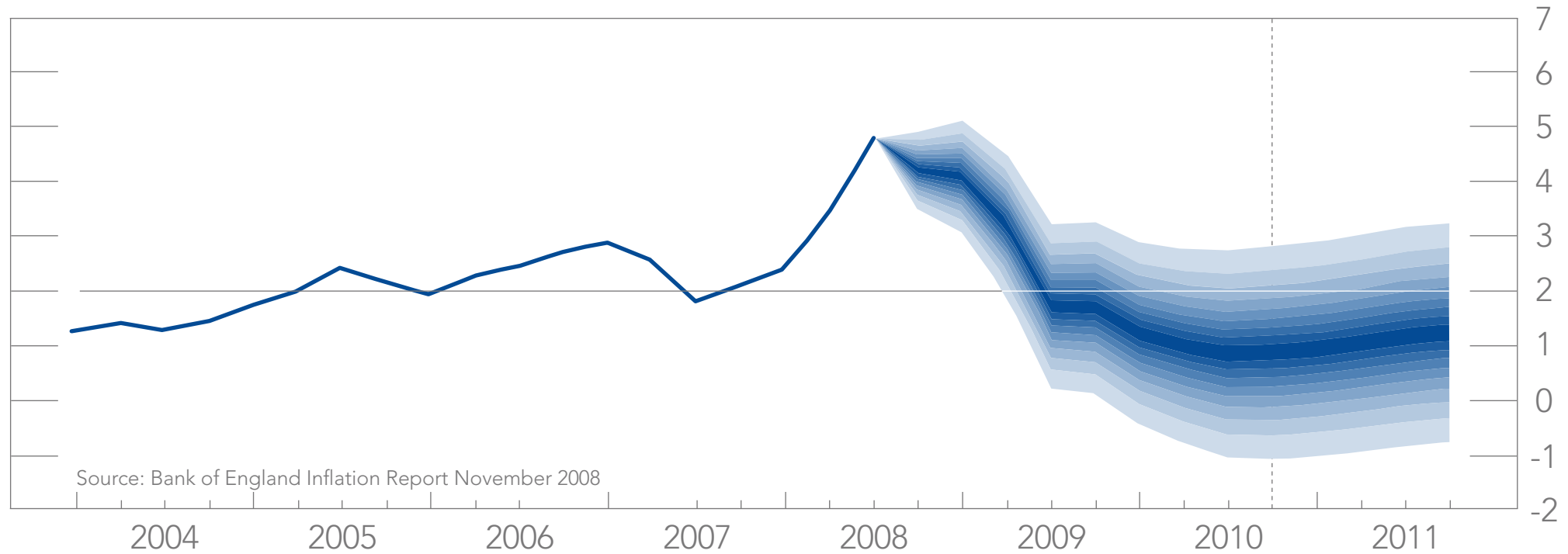
Monthly index, January 1997 to April 2021, UK, 2018 = 100



Source: Office for National Statistics - GDP Monthly Estimate

CPI projection based on market interest rate expectations 2008

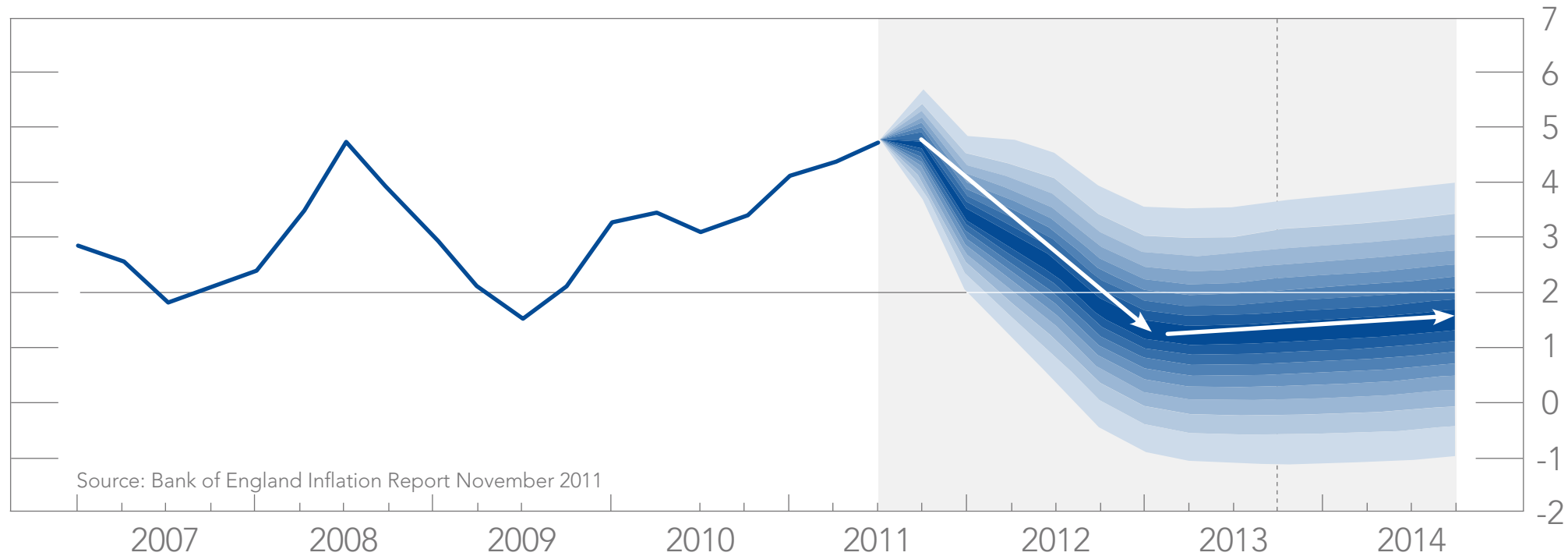
Percentage increase in prices on a year earlier



Source: Bank of England Inflation Report November 2008

CPI projection based on market interest rate expectations 2011 & £275 billion asset purchases

Percentage increase in prices on a year earlier



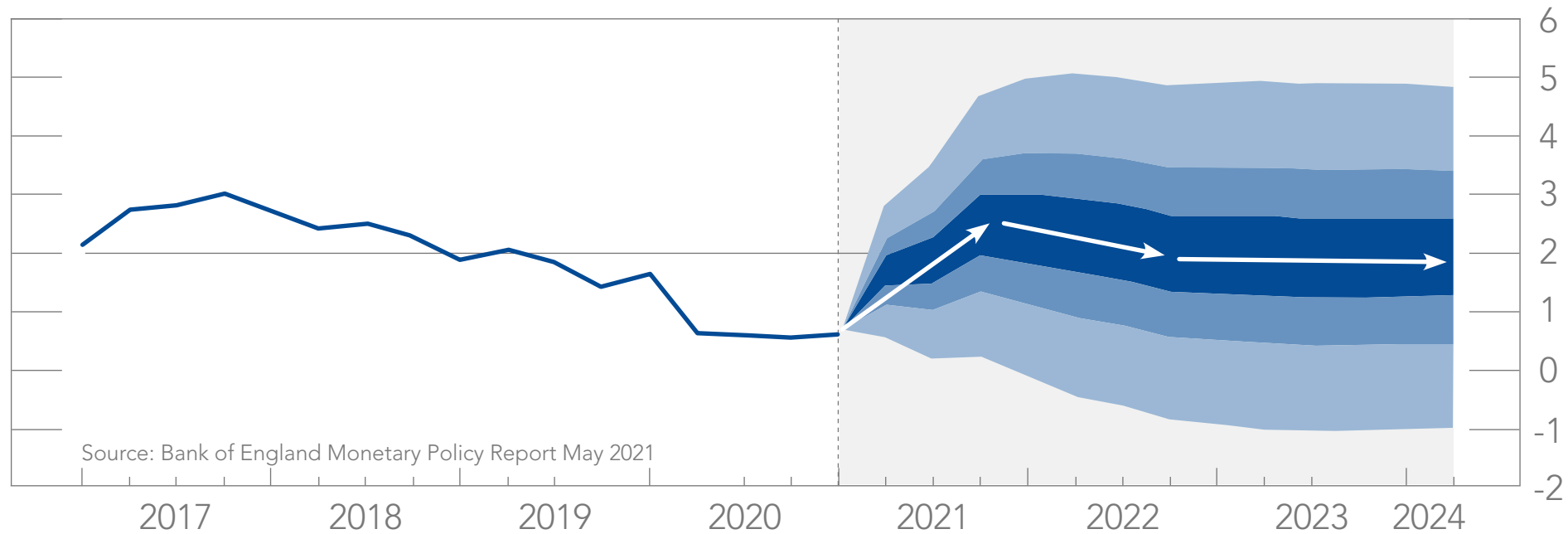
Source: Bank of England Inflation Report November 2011

Expectation of falling inflation followed by steady growth within the 2% target. Overall range of plus 4% to minus 1%

CPI INFLATION EXPECTATION | 2021

CPI projection based on market interest rate expectations 2021 & £895 billion quantitative easing
(3.25 times higher than 2009 asset purchases)

Percentage increase in prices on a year earlier



Source: Bank of England Monetary Policy Report May 2021

Rising inflation expected during 2021 to reach over 2% target.

Projected range plus 5% to minus 1%, mid point maintained at just below 2% target by end 2022

INTEREST RATE | CHANGES

Monetary Policy Committee's projections

	PROJECTIONS			
	2021 Q2	2022 Q2	2023 Q2	2024 Q2
GDP	21.5 (17.6)	7.1 (8.9)	1.4 (1.3)	1.1
CPI INFLATION	1.7 (1.6)	2.3 (2.0)	2.0 (2.1)	1.9
LFS UNEMPLOYMENT RATE	5.2 (7.7)	4.7 (5.4)	4.3 (4.9)	4.3
EXCESS SUPPLY/EXCESS DEMAND	-1 ¹ / ₄ (-2 ¹ / ₂)	+1 ¹ / ₂ (+ ¹ / ₄)	0 (0)	0
BANK RATE	0.1 (0.0)	0.1 (-0.1)	0.3 (0.0)	0.6

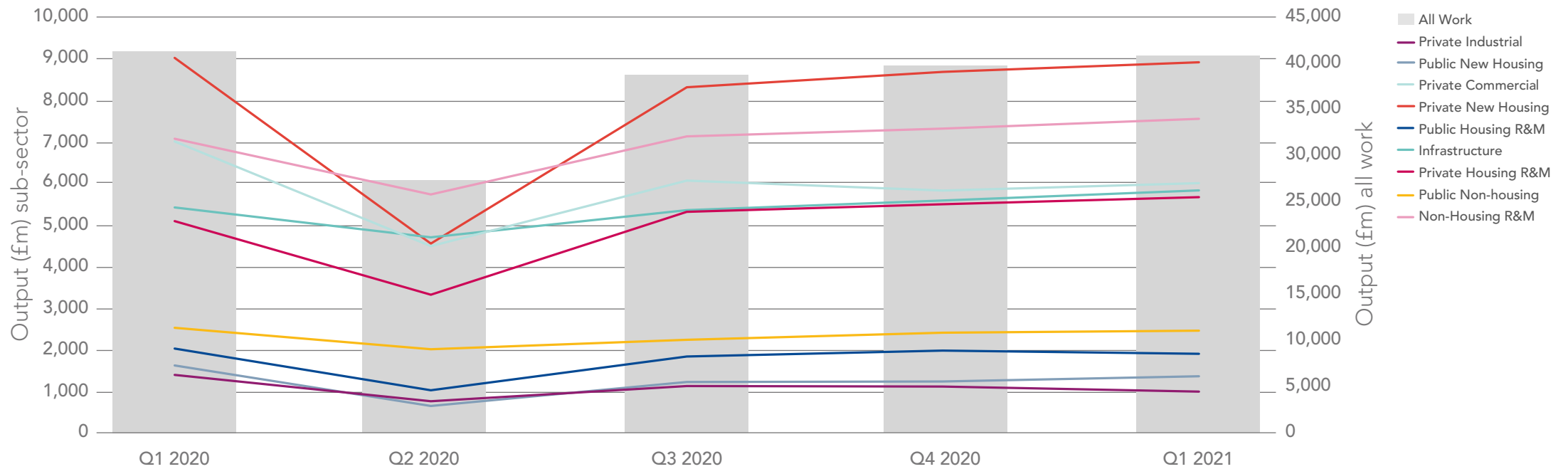
Source: Bank of England Monetary Policy Report May 2021



No change to interest rates until 2023

UK CONSTRUCTION OUTPUT | Q1 2021

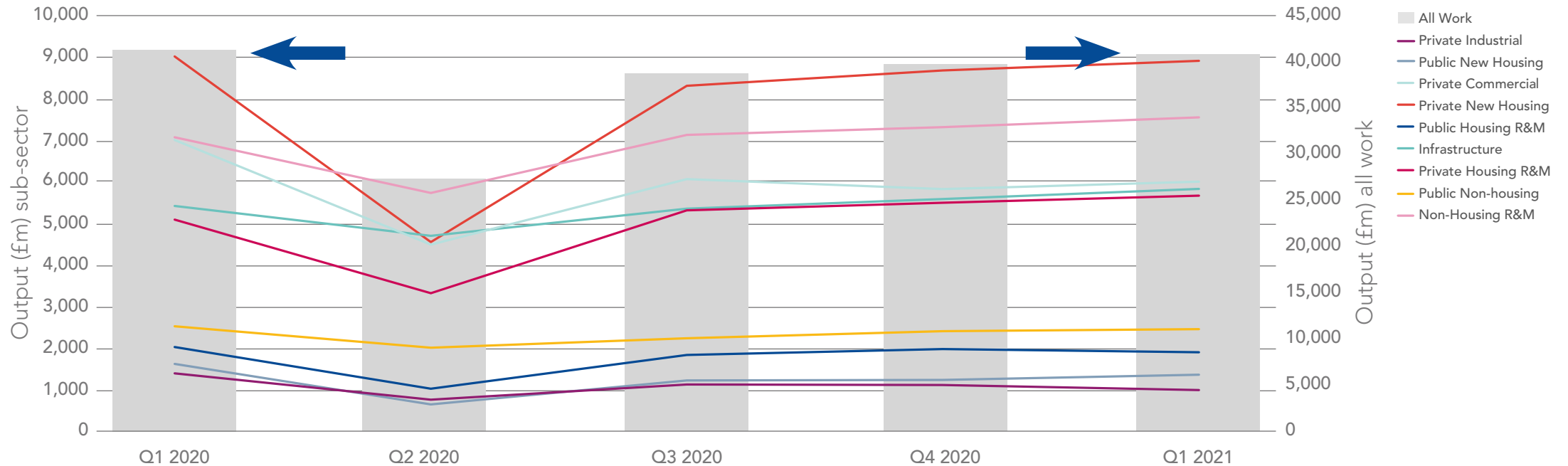
UK Construction Output (by sub-sector): Q-on-Q



Source: ONS

UK CONSTRUCTION OUTPUT | Q1 2021 - NOT EXCEEDING PRE CV19 LEVELS

UK Construction Output (by sub-sector): Q-on-Q

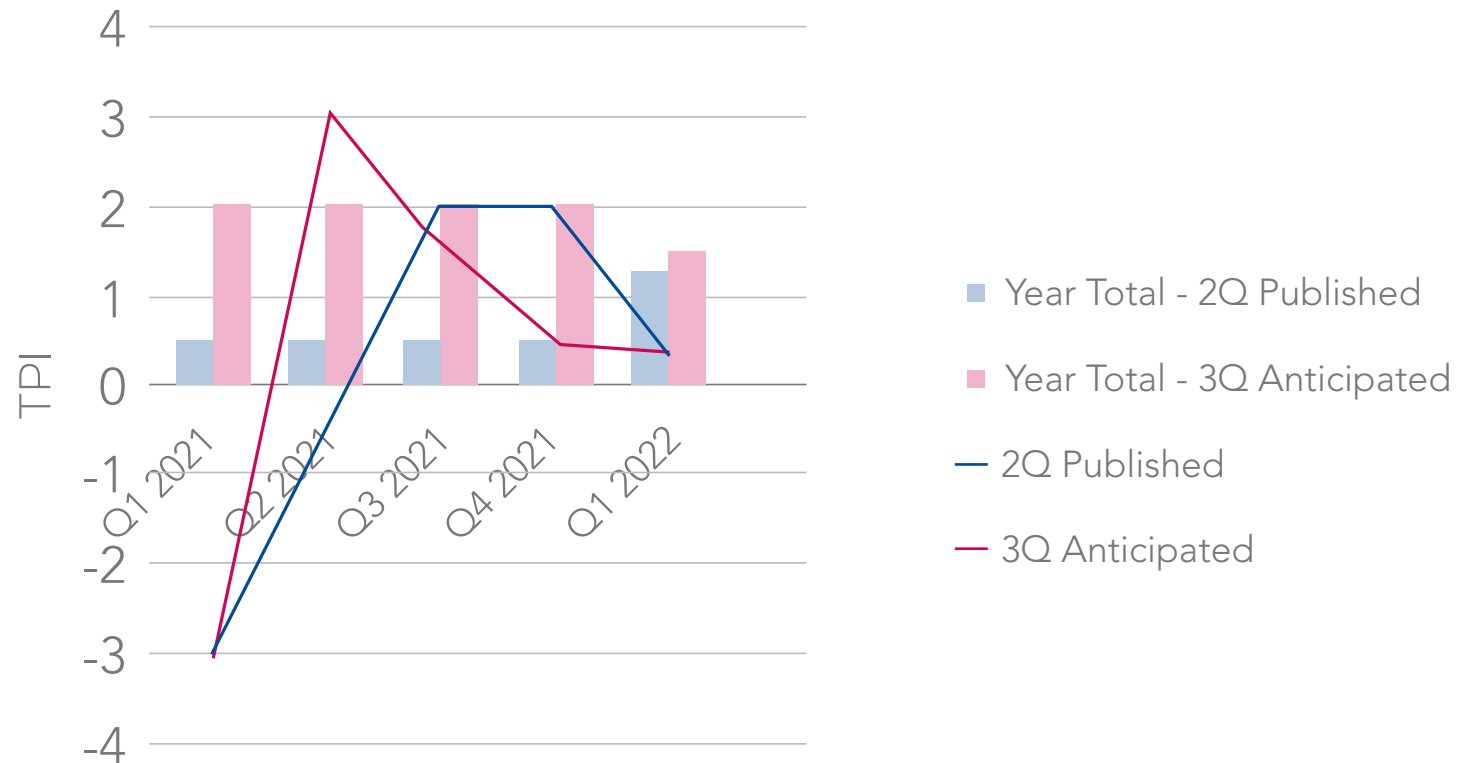


Output is no greater than pre pandemic levels. The issue is constrained supply forcing higher prices. Supply capacity will we forecast increase to meet demand and reduce pricing levels

Source: ONS

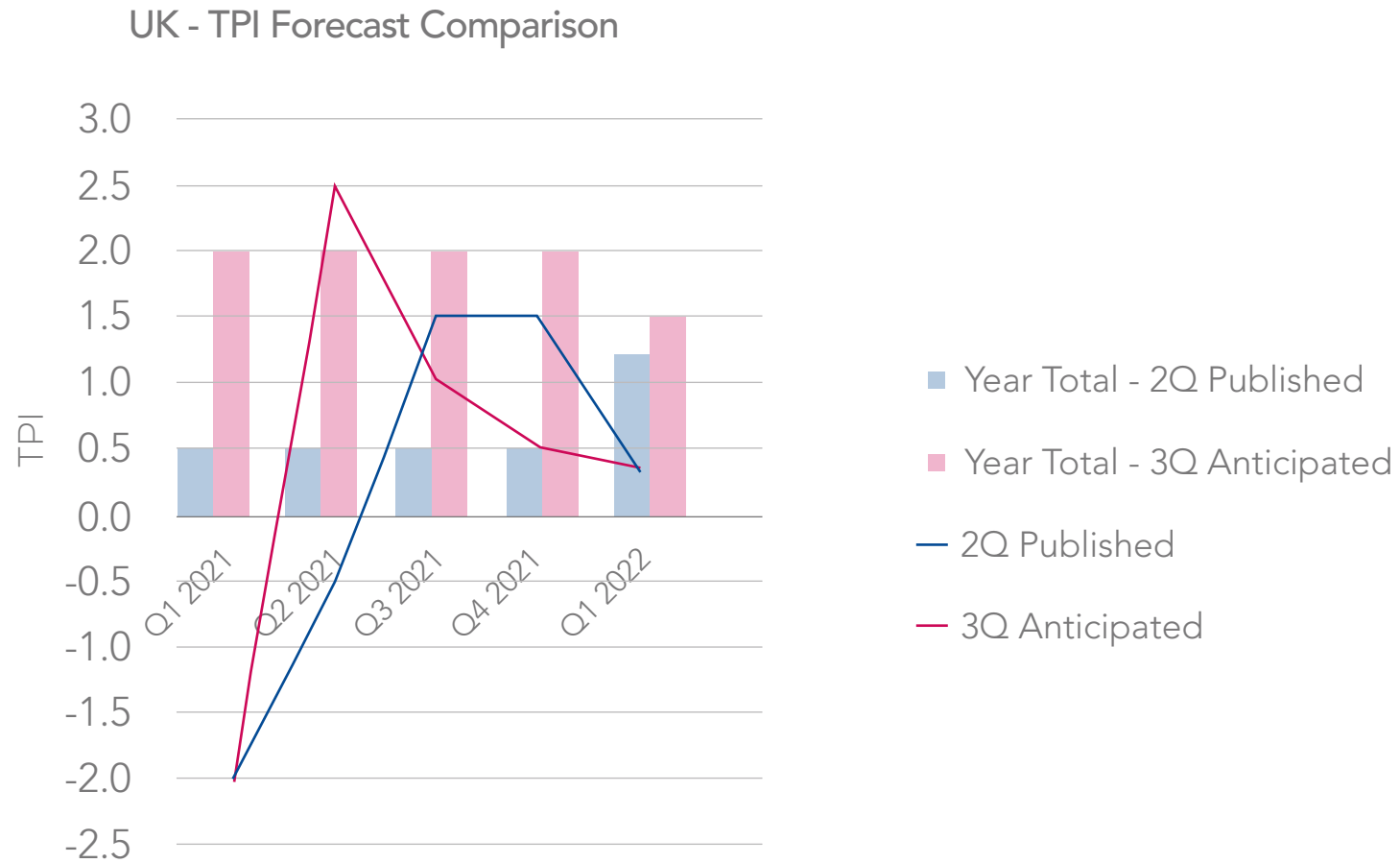
TPI FORECAST COMPARISON | LONDON UK Q2 – Q3

London - TPI Forecast Comparison



Source: G&T Tender Price Index

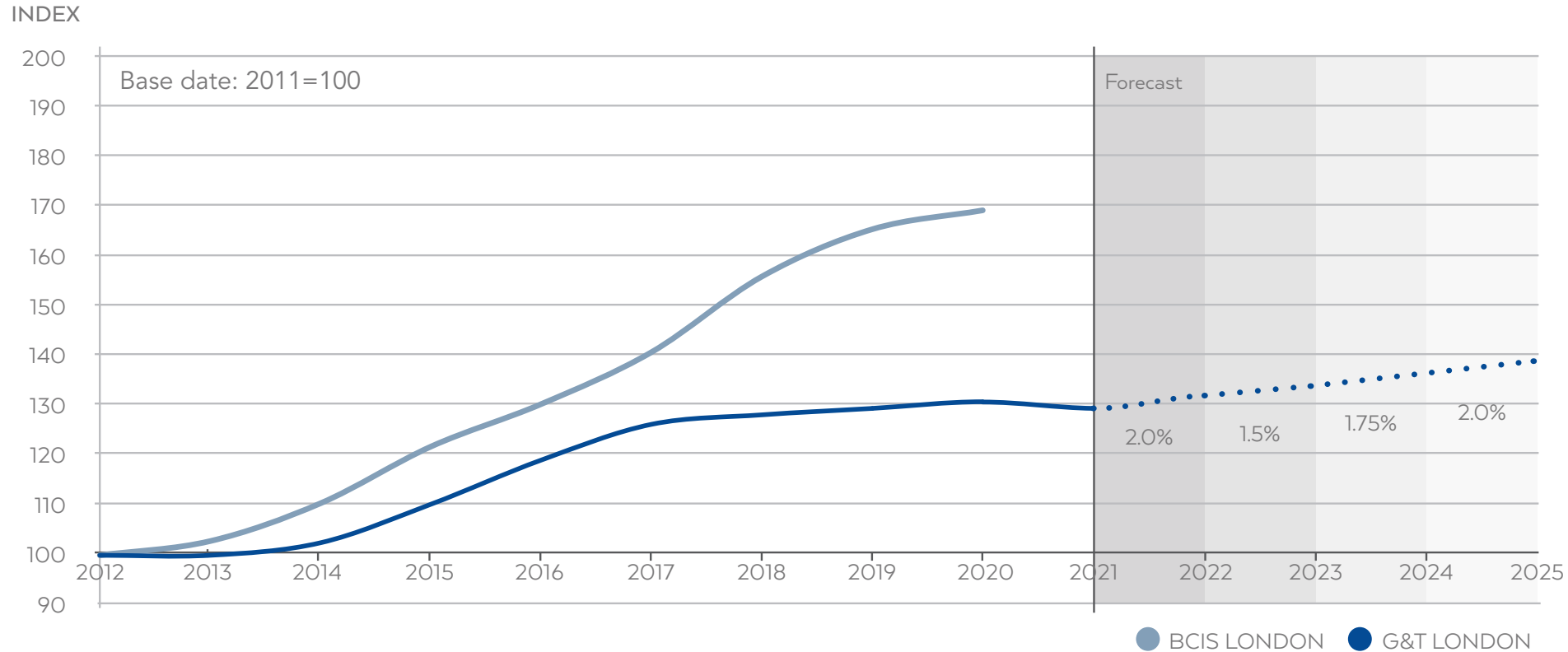
TPI FORECAST COMPARISON | UK Q2 - Q3



Source: G&T Tender Price Index

TENDER PRICE PUBLICATION | G&T Q3 2021 - LONDON

Tender price trend "London TPI" Q3 2021



Note: BCIS does not publish regional forecasts.

G&T LONDON AVG.
Q3 2021 % Change

↑ 2021 **2.00%** ↑

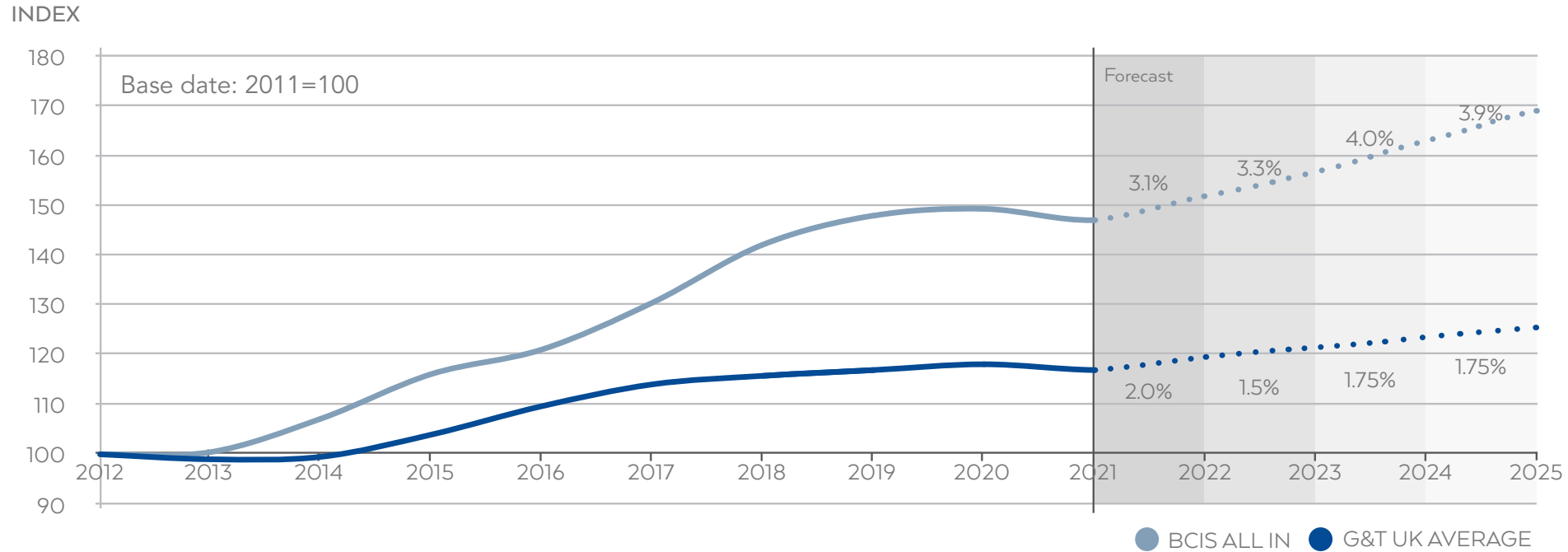
↑ 2022 **1.50%** ↑

↑ 2023 **1.75%** ↑

↑ 2024 **2.00%** ↑

Source: G&T Tender Price Index

Tender price trend "All UK TPI" Q3 2021



G&T UK AVG.
Q3 2021 % Change

2021 ↑ **2.00%** ↑

2022 ↑ **1.50%** ↑

2023 ↑ **1.75%** ↑

2024 ← **1.75%** →

Source: G&T Tender Price Index

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TPI
Q&A

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**THANK
YOU**