

# Tender Price Index

## Key Indices Forecast Q2 2024



### GET BRITAIN BUILDING AGAIN

The new Labour government plan to form the National Infrastructure and Service Transformation Authority (NISTA). The aim with the new authority is to streamline planning and alleviate build costs. As with all parts of the construction workforce, recruitment is a key issue and will be integral to improving the planning process, both for infrastructure works and other commercial projects.

Glenigan have forecast a 7% increase in project starts in 2025, citing an improvement in the economic environment driven by an easing in borrowing and the positive impact of political certainty on investor confidence. An uptick in 2024 H2 is expected in the private housing sector, in part driven by Labour's pledge to build 1.5 million new properties during their term.

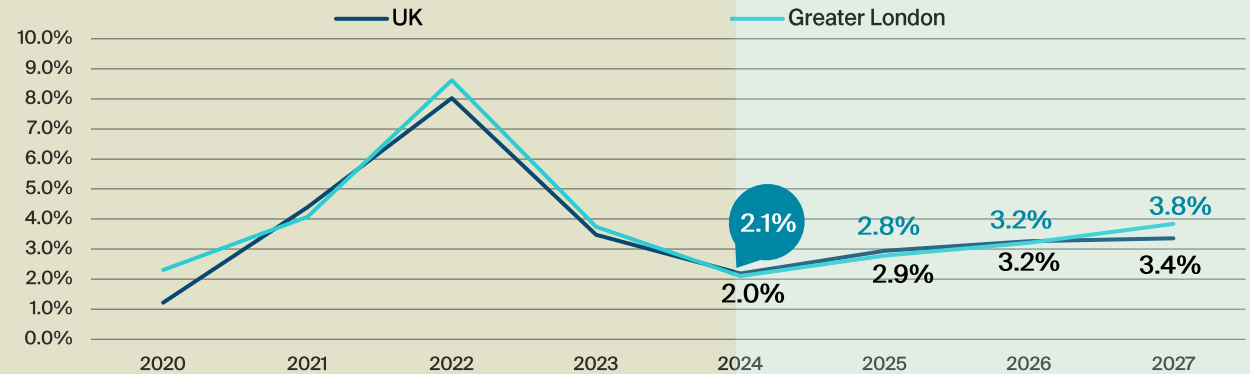
The S&P Global UK Construction Purchasing Managers' Index rose to 52.2 in June; readings above 50 indicate expansionary growth, marginally down on the the highest optimism levels in two years reached in May (54.7). The Office for National Statistics said that construction output grew 1.9% in May.

### MAINTAINED LOWER FORECAST FOR TPI IN 2024

With this confidence in stability in mind, we have moderated our forecast for annual tender price inflation in 2024 to 2.1% in London, and 2% for the UK overall. Skilled worker shortages are still expected to drive longer-term wage inflation and, alongside an increase in construction activity, we forecast the annual tender price inflation to rise to 3.8% in London and 3.4% in the UK by 2027.

### Greater London Tender Price Inflation Forecast 2024

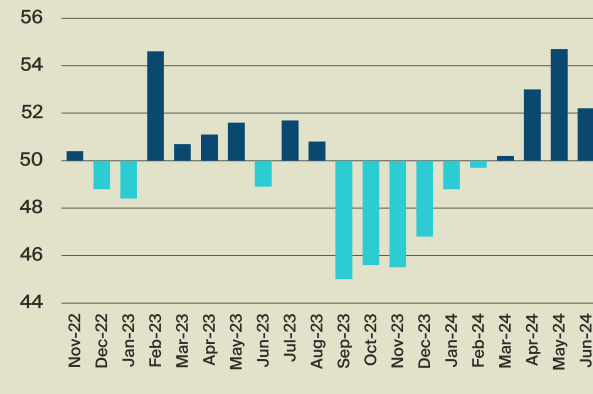
# 2.1%



### UNITED KINGDOM CONSTRUCTION PMI INDEX

#### Total Construction Activity Index

50 = No change, >50 = Expansionary growth, <50 = Contractionary growth



Source: S&P Global/CIPS

### LATEST ECONOMIC DATA

- 4.4% ▲ Unemployment Rate (%)
- 5.25% ◀ Interest Rates Policy Rates (%)\*
- 2.0% ▼ CPI Inflation (annual % change)
- 1.5% ▲ GDP (annual % change)
- 52.2 ▼ UK Purchasing Managers Index
- 14.0 ▼ Consumer Confidence Index
- \$84.86 ▲ Brent Crude Oil Prices
- 5.8% ◀ Average Earnings (3m annual % change)
- 0.1% ▲ Producer Prices (Input Prices)

Source: ONS (arrows reflect annual change)

### MATERIAL COST "BIG MOVERS"

Fabricated structural steel	-21%
Gravel, Sand, Clays and Kaolin	-13%
Concrete reinforcing bars	-13%
Natural and Artificial Stone	-2%
Builder's woodwork	-1%
Cement	0%
Imported plywood	0%
Imported sawn/planed wood	1%
Pre-cast concrete	4%
Ready-mixed concrete	7%

Source: ONS (June 2023 – June 2024)



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