

Tender price index up by 0.5%, according to BCIS

12 months ago



Tender prices increased by an estimated average of 0.5% between 2Q 2024 and 3Q 2024, according to the latest data from the [Building Cost Information Service](#) (BCIS).

The increase resulted in 2.1% annual growth in the BCIS All-in Tender Price Index, down from a peak of 10.3% observed in 2Q 2022.

BCIS' chief economist, Dr David Crosthwaite, said: "All panellists commented that contractor selectivity and risk aversion are affecting tendering. There is an expectation among the panel, as there is across the wider industry, that the Autumn Budget will be a turning point for projects getting the go-ahead.

"While some uncertainty was resolved by the outcome of the General Election, until the government announces its spending plans, a lot of that uncertainty remains."

When asked how easy it was to get contractors to tender, BCIS found that the majority (62%) said the desired number of suitable tenderers was found after searching – with 23% of respondents claiming it was more difficult, and 15% finding it easier.

There were no reports from the panel of an inability to get anyone to tender, or of contractors being very eager to tender.

Commenting further, Dr Crosthwaite said: "Overall, there has been more positivity around the project pipeline: 69% of panellists reported their anticipated pipeline of projects going to tender within the next 12 months as increased slightly in the third quarter, compared with the previous 12 months. The remaining panellists said their pipeline was either unchanged (15%) or reduced slightly (15%)."

The TPI panel also reported on their experiences of differential price movement, depending on project type and size.

Three-quarters of panellists said there is differential movement between building work and mechanical and electrical (M&E) work, with panellists citing capacity constraints, longer lead times, more complex projects and greater materials price fluctuations.

Dr Crosthwaite said: “Skilled labour shortages were again cited among logistical challenges experienced on projects, though the panel acknowledges this is not a new problem. They also highlighted longer lead times for MEP equipment, particularly for data centres, and the disruption to some international supply chains due to issues including port strikes and a shortage of containers.”