

BCIS reports tender prices rise by 0.5%

8 months ago



Tender prices increased by an estimated average of 0.5% between 4Q 2024 and 1Q 2025, according to the latest data from the <u>Building Cost Information Service</u> (BCIS).

The increase resulted in 2.3% 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: "Tender price movement in the first quarter of 2025 has somewhat bucked the trend of price inflation accelerating at the start of the year.

"From the panel discussion, it's clear that ongoing economic uncertainty is impacting activity. Many firms and investors are waiting to see what happens with the next phase of the government's spending review, due in June."

One-third of panellists reported the desired number of tenderers were found after searching in the last quarter, but a higher proportion (42%) said contractors were more eager. This was a slightly more positive picture than the panel reported in the final quarter of 2024.

Looking at their anticipated pipeline of projects over the next 12 months, one-third of the TPI panel reported it was unchanged, while one-quarter said it had reduced slightly and a further one-quarter said it had increased slightly. A total of 17% said it had increased significantly.

Dr Crosthwaite said: "Panellists reported that the impact of insolvencies is being felt in the market and that the combined effect of challenging and uncertain financial conditions, disruptions in supply chains, and labour shortages has led contractors to become more risk-averse, particularly on bigger projects.

"How much the planned increase to employers' National Insurance contributions will impact firms will



depend on the proportion of directly employed workers.

"Our panellists suggested they are looking at average cost increases in the range of 0.7% to 1.0%, though this will vary by sector. We're forecasting a 2.5% increase to the BCIS Labour Cost Index in April, compared with March."

For more information about BCIS, please visit: www.bcis.co.uk.