

Housebuilding cost inflation continues to grow, BCIS finds

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Annual housebuilding cost inflation, as measured by the [BCIS](#) Private Housing Construction Price Index (PHCPI), stood at 1.7% in 4Q 2024, down from a peak of 15.3% in 2Q 2022.

On a quarterly basis, this represented a 0.3% increase compared with 3Q 2024, according to the latest data from the Building Cost Information Service (BCIS).

The BCIS Private Housing Construction Price Index is a measure of the prices paid by housebuilders for constructing houses and flats and measures the changes in the costs of direct and subcontracted labour, plant and materials, overheads and profit attributed to the construction, but excluding the cost of land and other development costs and any development profit.

A range of small, medium and national housebuilders are surveyed each quarter to identify the change in prices paid for constructing a standard house type.

Contributors are also asked to provide their expectations for price changes in the following quarter and the mean of these projections is published as a forecast for the current period.

Of the respondents reporting a change in costs in 4Q 2024, 40 per cent reported an increase in materials' costs, 20 per cent pointed to an increase in labour costs, and 20 per cent indicated an increase in sub-contractor costs. A further 20 per cent said they had experienced a decrease in labour costs.

Looking to 1Q 2025, the housebuilders surveyed said they expected to see an average increase in costs of 0.7 per cent on the quarter.

Karl Horton, BCIS chief data officer, said: “In light of the government targeting 1.5 million new homes over the course of this Parliament, we’re also asking housebuilders about the current and expected impacts on their operations.

“More commonly, respondents said their plans are aligned with internal expectations rather than government targets. They cautioned that labour shortages, planning constraints and supply chain issues could all serve as limiting factors.”

If you are a housebuilder and would like to participate in the BCIS PHCPI quarterly survey, please contact contactbcis@bcis.co.uk