

## BCIS reports tender price inflation of 0.5 per cent

7 months ago



Tender prices increased by an estimated average of 0.5 per cent between 1Q2025 and 2Q2025, according to the latest data from the [Building Cost Information Service](#) (BCIS).

The increase resulted in 2.3 per cent annual growth in the BCIS All-in Tender Price Index, the same as was reported in the first quarter of 2025, down from a peak of 10.3 per cent observed in 2Q2022.

BCIS chief economist Dr David Crosthwaite said: “The panel described a much cooler market in the second quarter, with fewer tenders coming in than were seen earlier in the year and in 2024.

“With the outcome of the Spending Review and the government’s infrastructure and industry strategies yet to feed through to construction activity, alongside volatile global trading conditions, panellists cited a wait and see attitude in the market.

“Having said that, there were also reports of clients accepting the ‘new normal’, recognising that prices generally aren’t coming back down to where they were pre-COVID, so they are deciding to just get on and develop.”

Panellists reported that while there is general contractor willingness to tender, with 64% rating appetite at 4 out of 5 and no respondents indicating complete unwillingness, none described contractors as ‘very eager’. A total of 21 per cent said they had found their desired number of suitable tenderers after searching.

Just under half (46 per cent) of panellists said their anticipated pipeline of projects going to tender within the next 12 months was unchanged in the second quarter, while 31 per cent said it had increased. And 23

per cent said it had reduced slightly.

Dr Crosthwaite said: “The main logistical challenges flagged by the panel relate to delays in regulation and planning processes, including the Building Safety Act. Gateway 2 approvals in particular were highlighted by several panellists as preventing projects from starting and making it more difficult to manage resources.

“With increases to employers’ National Insurance Contributions priced into tenders for a few months now – the BCIS Labour Cost Index increased by 2.5 per cent on the month in April – panellists said contractors and consultants are tending to limit recruitment rather than face increased costs.

“This doesn’t bode well when we want growth of the construction workforce to meet demand levels as activity recovers in the sector.”