

Civil engineering tender prices rise in 3Q2025 amid strong infrastructure pipeline

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The **BCIS** Civil Engineering TPI panel has revealed civil engineering tender prices rose by an estimated 1% between 2Q2025 and 3Q2025.

The panel, comprised of cost consultants from firms involved in multiple civil engineering tenders in the UK, advises on the latest movement in tender prices, i.e. prices agreed between client and constructor at commit to construct, as well as providing commentary on conditions affecting pricing levels.

This insight helps to inform quarterly updates to the BCIS Civil Engineering Tender Price Index.

Dr David Crosthwaite, chief economist at BCIS, said: “While recent government announcements have brought greater clarity on long-term investment, delivery is still sluggish.

“Panellists pointed to extended pre-construction phases, limited client-side resources and complex business case approvals as factors slowing the start of public sector projects.

“This is delaying any immediate increase in workload, though infrastructure continues to outperform other areas, with some clear hot sub-sectors.”

Panellists reported that infrastructure remains the most active sector within construction, with several sub-sectors performing strongly.

Aviation was described as the fastest-moving market, while investment is also picking up in ports and

harbours, with private capital, including Middle Eastern investment in energy and vehicle logistics, driving activity.

Rail is also sustaining high levels of workload through programmes such as East West Rail and Northern Powerhouse Rail, alongside continued HS2 delivery. Activity in Ireland was also highlighted, with UK firms engaged as capacity partners on major programmes.

Water sector investment under AMP8 is starting to generate demand, particularly around underground piping works, while the recent defence spending review could stimulate work across roads, aviation and other civils sub-sectors.

Labour availability and wage pressures were described as the predominant drivers of cost inflation.

Dr Crosthwaite said: “Major projects in city centres were noted as particularly exposed, with contractors spending more to secure capability and retain supply chain partners.

“While no material shortages were reported, panellists observed that high-specification equipment tends to be sourced from Europe rather than the US, insulating the sector from recent tariff disputes.

“Steel supply remains a potential point of disruption, particularly given the reliance of rail and other major infrastructure schemes.”

Despite these risks, panellists reported the supply chain is regarded as more resilient than in the past, with lessons from the pandemic leading to stronger planning for potential disruptions.

‘Mature clients’ were described as taking a more proactive approach to supporting the supply chain, with agreement that closer partnership between clients and contractors will be key to delivery.

Dr Crosthwaite added: “The overarching challenge remains ensuring that labour with the right skills is available in the right places, so that the potential of this pipeline can be realised. Matching the workforce to the demands of these sub-sectors will be as important as securing funding or materials. Robust planning, cost forecasting *and collaboration will be essential if projects are to meet expectations on time and budget.*”

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