

Tender Price Index

Key Indices Forecast Spring 2026



SENTIMENT DECLINES FOR THE LONGEST PERIOD SINCE 2008

The S&P Global/CIPS construction PMI captured a pronounced deterioration into spring. In April 2026, the headline index fell to 39.7 (down from 45.6 in March), the second sharpest contraction in the sixteen consecutive months the sector has seen. The more severe decline has been attributed to a marked fall in new business with weaker tender opportunities and longer sales conversion times due to elevated uncertainty stemming from the geopolitical turbulence.

CONSTRUCTION INSOLVENCIES REMAIN ELEVATED

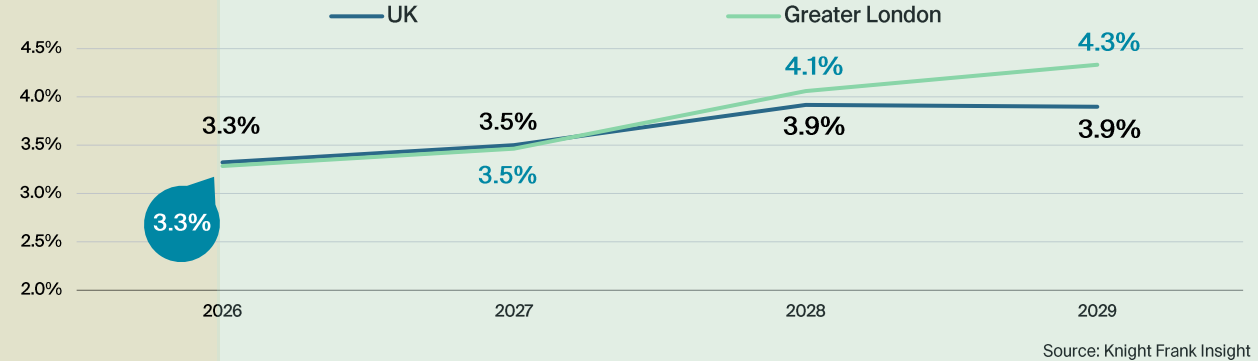
In February 2026, the sector accounted for 16.9% of all insolvencies, with 301 firms failing. Over the past 12 months, insolvencies totalled 3,851, a slight year-on-year decline but still significantly above pre-pandemic levels. Overall, insolvency risk remains elevated, reflecting a market where demand is subdued, pipelines are difficult to convert, and financial resilience is under strain, particularly for smaller firms and those operating on tight margins.

MIDDLE EAST IMPACT

The base case scenario is that tender price inflation stays positive but moderate because weaker workload growth supports competition, but labour costs, compliance/regulatory burdens, and heightened risk limit tender activity. If the disruption to shipping and energy from the Strait of Hormuz persists, the pressure point becomes materials & logistics with further volatility feeding into the supply chain, with knock-on inflation and potentially fewer viable project starts. Conversely, if higher rates and weaker growth push more projects to pause, competitive intensity could increase sharply, creating downward pressure on tender prices in certain construction sectors while still leaving "sticky" inflation in constrained specialist trades. Reflecting the ongoing pressures to the construction sector, our tender price forecast for 2026 has sharpened to 3.3% for both London and the wider UK.

Greater London Tender Price Inflation Forecast 2026

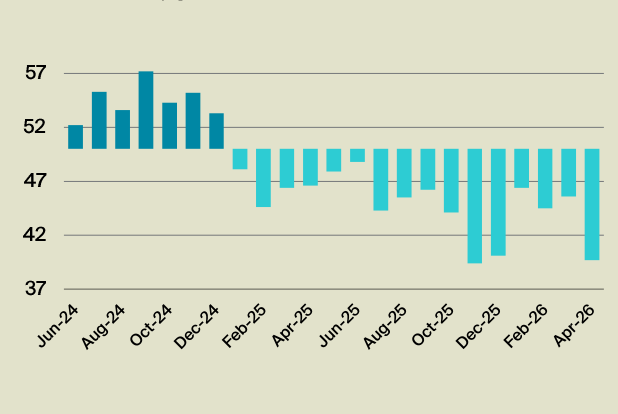
3.3%



UNITED KINGDOM CONSTRUCTION PMI INDEX

Total Construction Activity Index

50 = No change, >50 = Expansionary growth, <50 = Contractionary growth



LATEST ECONOMIC DATA

4.9%	▼	Unemployment Rate (%)
3.75%	▼	Interest Rates Policy Rates (%)
3.3%	▼	CPI Inflation Rate
1.1%	▼	GDP (annual % change)
52.0	▲	UK Purchasing Managers Index
-25.0	▼	Consumer Confidence Index
\$109.49	▲	Brent Crude Oil Prices
3.6%	▲	Average Earnings exc. Bonuses
158.7	▲	DBT Construction Material Price: All Work (Provisional)

Source: ONS, BCIS (arrows reflect annual change)

MATERIAL COST "BIG MOVERS"

Concrete Reinforcing Bars (steel)	-7.1%
Cement	-3.1%
Imported Plywood	-2.5%
Pre-cast Concrete Products	-1.2%
Builder's Woodwork	3.2%
Natural and artificial stone	3.5%
Ready-mixed Concrete	3.8%
Imported Sawn/Planed Wood	6.0%
Fabricated Structural Steel	8.2%
Gravel, sand, clays & kaolin	8.4%

Source: ONS

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