

Tender Price Index

Key Indices Forecast Q4 2025



SENTIMENT DECLINES FOR THE LONGEST PERIOD SINCE 2008

UK construction activity has fallen for ten consecutive months, the longest downturn since the 2008 financial crisis, though the commercial sector saw a slower rate of decline. New private commercial orders for H1 2025 were down 17.4% compared to H1 2024. However, in a recent sign of positivity, new orders across all construction grew by a quarterly change of 9.8% in Q3.

Tender prices were expected to ease amid weaker demand and fewer tender opportunities, but costs remain high due to material costs and regulatory pressures. Our 2025 TPI forecast for London has moderated marginally to 2.7% We expect a slight rise in 2026, with infrastructure projects such as roads, data centres, and energy driving higher cost inflation than retail, office, and residential builds. Our longer-term projection is unchanged at 4.1% for 2028.

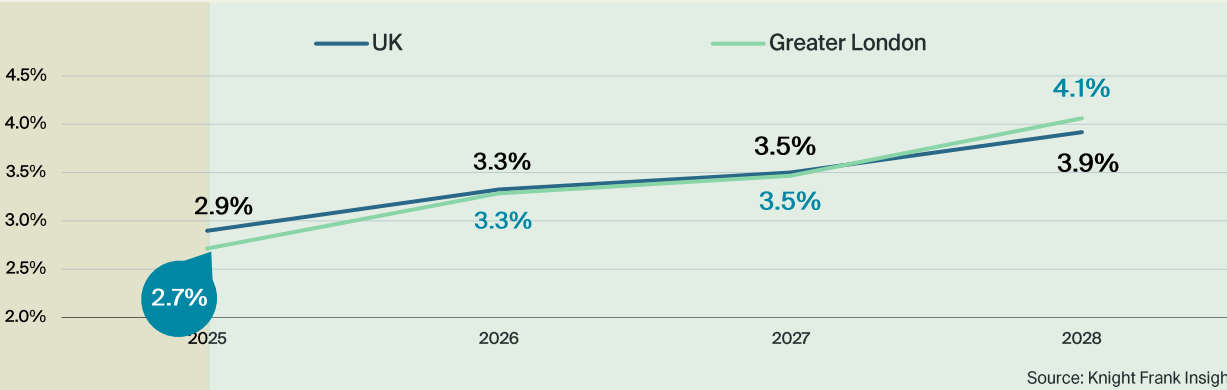
70% INCREASE IN DISTRESSED COMPANIES

Begbies Traynor’s latest “Red Flag Alert” reports 7,361 construction firms in critical distress at the end of Q3, a 70% increase on the same period last year. Firms developing building projects account for 23.2% of those at risk. Those at risk are mostly SMEs hoping the upcoming Autumn Budget will ease uncertainty and prevent supply chain disruption from further insolvencies.

There are concerns surrounding potential tax hikes and the reforms to Business Property Relief from April 2026, which could heavily impact family-run businesses, 81% of which operate in construction. Lower interest rates alone have not translated to a significant increase in house-building in 2025 and further tax hikes may deter homebuyers at the other end of the market without a replacement for the Help to Buy Scheme.

Greater London Tender Price Inflation Forecast 2025

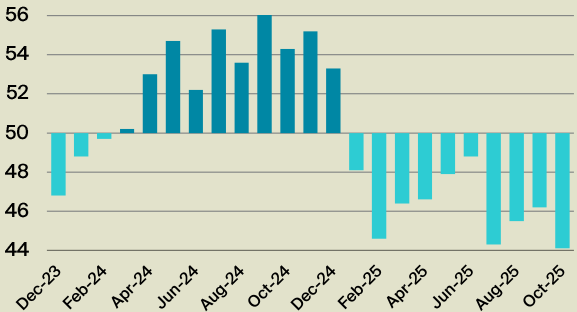
2.7%



UNITED KINGDOM CONSTRUCTION PMI INDEX

Total Construction Activity Index

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



LATEST ECONOMIC DATA

5.0%	▲	Unemployment Rate (%)
4.00%	▼	Interest Rates Policy Rates (%)
3.8%	▲	CPI Inflation Rate
1.3%	▲	GDP (annual % change)
52.2	▲	UK Purchasing Managers Index
-17.0	▲	Consumer Confidence Index
\$63.51	▼	Brent Crude Oil Prices
5.2%	▲	Average Earnings exc. Bonuses
154.4	▲	BCIS Construction Material Price: All Work (Provisional)

Source: ONS, BCIS (arrows reflect annual change) Source: World Bank Commodities November 25 (annual change in USD)

MATERIAL COST “BIG MOVERS”

Natural Gas (Europe)	-15.7%
Nickel	-10.0%
Lead	-3.3%
Plywood	-1.2%
Zinc	1.5%
Other Raw Materials	1.5%
Timber	3.0%
Aluminium	7.6%
Tin	12.5%
Copper	12.6%

