UK construction market outlook

**October 2023**

# CONSTRUCTION INDUSTRY CHALLENGED BY LACK OF CLARITY ON SUSTAINABILITY

126 million tonnes of carbon dioxide equivalent (CO2e) are produced by the built environment each year. Less than 60% of these emissions are covered by building standards regulations.

Shifting policies and the existence of many different sustainability definitions, standards and benchmarks cause confusion and inefficiency, potentially delaying progress towards UK net zero targets.

The planned release of an industry-led net zero carbon building standard and the updated RICS whole life carbon assessment (WLCA) standard provide a basis for the industry to coalesce around a common approach and targets.

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# UK CONSTRUCTION MARKET OUTLOOK

**Our latest construction market outlook report analyses the latest economic and market data and anticipates the impact of trends on the construction industry – both in the near and longer-term.**

As we enter the last quarter of 2023, the prevailing mood is one of cautious optimism. Fears of recession are easing, and base rate rises look to be reaching their conclusion. However, it is becoming increasingly clear that a more substantial challenge sits on the horizon.

Achieving net zero carbon emissions is one of the most critical issues of our time and the most significant long-term challenge facing the construction industry.

In the UK, we have legally binding targets to achieve net zero by 2050 and reduce emissions by 78% by 2035, compared to 1990 levels. With 25% of UK emissions directly attributable to the built environment, realising these targets will require a major step-change in how we approach building projects and manage existing stock.

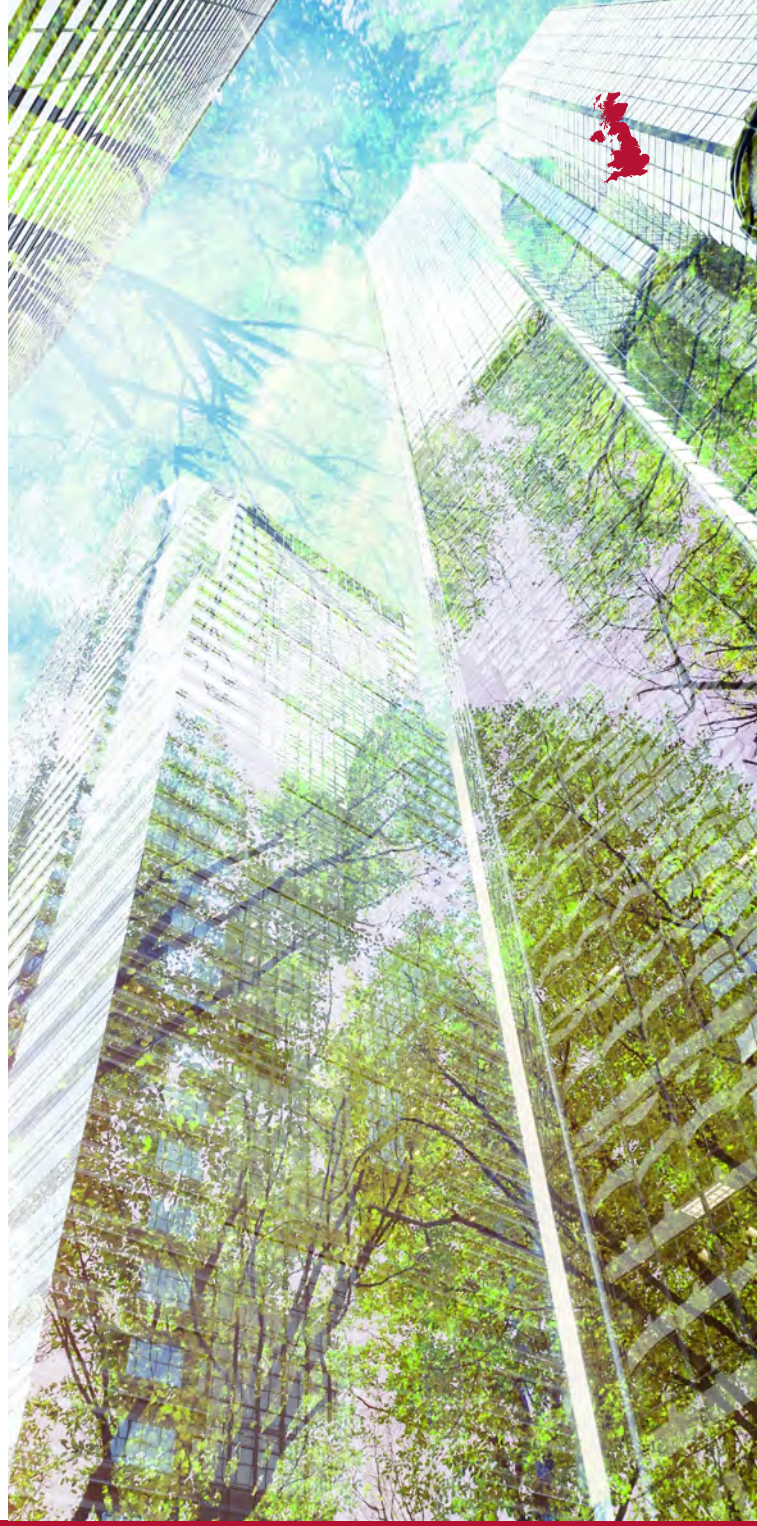
The construction industry is investing time and resources into developing products, services and solutions aligned to the UK's climate commitments. However, a lack of clarity on policy is adding complexity to this challenge, which in turn can diminish investment momentum.

Similarly, progress is potentially being hindered by the number and conflicting nature of sustainability standards in the industry. Whilst well-intentioned, these can be confusing and lead to inefficiency.

The lack of clarity on sustainability policy and standards is a significant challenge for the UK construction industry. However, it also presents an opportunity for organisations to take a leading role in developing solutions and driving progress towards decarbonisation targets. Collaboration and coalescing around a common approach will be key to success. Encouragingly, we are already seeing signs of this in the sector-wide work on the development of the UK net zero carbon buildings standard and the recently revised RICS WLCA standard. Both initiatives have the potential to provide a level of consistency and rigour to disciplines currently plagued by confusing terminology and where results are difficult to compare due to varying methods and assumptions.

Our latest market outlook report examines the impact of this lack of clarity and consistency on the construction industry and explores what organisations can do to move forward and develop a common approach. It shares five key findings with the aim of galvanising and guiding the industry to realise better, sustainable built environments that deliver real value for all.

**Nick Gray**
**Chief Operating Officer, UK and Europe**



# KEY FINDINGS

## Standing still on decarbonisation is no longer an option

Operation and construction of the UK built environment results in emissions of around 126 million tonnes of carbon dioxide equivalent ($CO_2e$) each year. The UK will not achieve its legally binding target of net zero by 2050 unless this figure is dramatically reduced.

The Climate Change Committee (CCC) estimates that operational emissions from UK buildings fell by under 1% per year between 2014 and 2022. This rate of reduction needs to double from now to 2030 if our sector is to contribute adequately to meeting the UK climate budget.

## Collaboration is critical

The industry must work together and coalesce behind a common approach to achieving net zero. This will help eliminate confusion in the industry, leading to cost and efficiency gains and accelerating progress towards decarbonisation targets.

## Robust commercial management must integrate analysis of both carbon and cost

With economic headwinds still strong, robust optioneering and cost management will be vital. This will enable projects to meet cost and sustainability objectives and deliver both commercial and environmental value.

## Data will be increasingly intrinsic to success

Less than 1% of all new buildings measure whole life carbon impact. The construction industry must draw on and develop fulsome datasets to keep improving the sustainability of our built environment.

## A whole life cycle approach must be adopted

As our infrastructure transitions to low or zero carbon sources of power generation, achieving low or even zero emissions from operational energy will become more realistic. We need to adopt a whole life cycle approach, including carbon embodied in buildings, to continue driving progress in eliminating total emissions.

# KEY STATS

### GDP:

2023: **0.2%**
(Experian – Autumn 2023)

2024: **0.3%**
(Experian – Autumn 2023)

### Inflation (CPI):

2023: **7.4%**
(Experian – Autumn 2023)

2024: **2.9%**
(Experian – Autumn 2023)

### Materials and commodities:

2023: **2.0%**
(BCIS – June 2023)

2024: **2.2%**
(BCIS – June 2023)

### Labour costs:

2023: **8.3%**
(BCIS – June 2023)

2024: **4.3%**
(BCIS – June 2023)

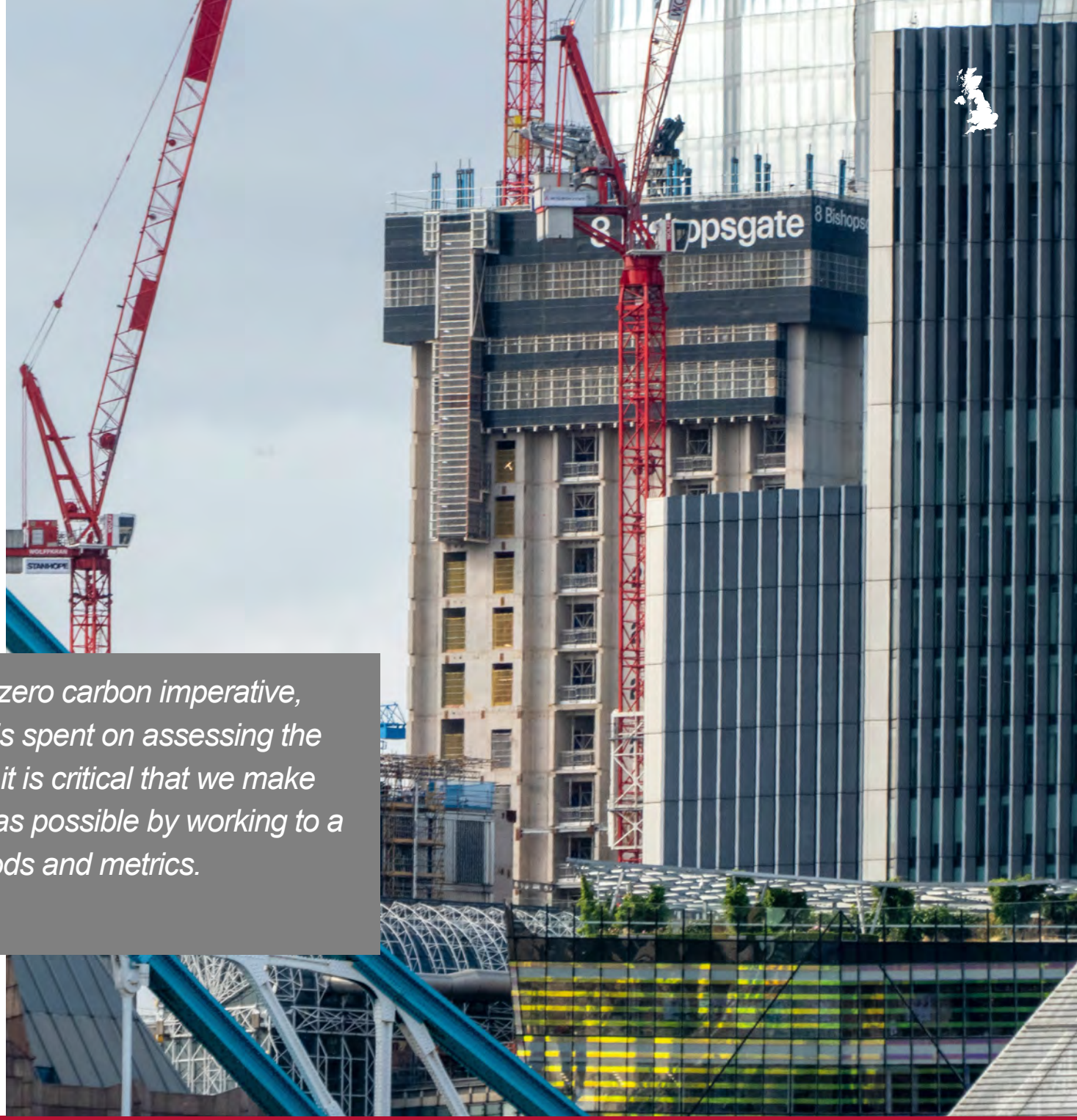
# ECONOMIC OVERVIEW

**Despite the challenging economic outlook, the UK has experienced relative stability so far this year and the risk of recession appears to have receded.**

However, high interest rates are continuing to weaken demand across all sectors, and we anticipate that output will remain constrained until the end of Q1 2024.

These economic challenges are affecting major projects, but they are not the only force at play. Clients and contractors are also finding their way through the complex and rapidly changing technical, commercial, regulatory and policy environment, especially in the approach to net zero carbon. This is delaying projects whilst teams explore the implications of policy shifts and different standards, and undertake options studies and viability tests to identify optimum solutions.

> *As we transition to the delivery of the zero carbon imperative, it is inevitable that time and resource is spent on assessing the viability of different options. However, it is critical that we make this process as focused and efficient as possible by working to a commonly agreed set of goals, methods and metrics.*
>
> **Adam Mactavish, Group Director, Sustainability**



# KEY ECONOMIC INDICATORS

## 1 GDP Output

**UK GDP provisionally increased 0.2% in Q2 2023**

Provisional ONS data indicates a 0.2% rise for GDP in Q2 2023, following a 0.1% increase in Q1. Whilst modest, these figures suggest that the relative stabilisation of the global economic picture, including the easing of energy prices, will help the UK to avoid recession. Growth forecasts from the main economists, however, have softened. This is not good news for construction, which tends to follow a similar trajectory. Experian is now forecasting 0.3% growth in 2024, against the Office for Budget Responsibility's (OBR's) March forecast of 1.8% for next year.

## 2 Labour

**Construction labour costs increased 6.4% in Q2 2023**

ONS data shows labour costs continuing to rise (6.4% in Q2 2023, following a 5.8% rise in Q1 2023). At the same time, BCIS reports that year-on-year total employment in the construction sector declined 2.5% in Q1 2023. As noted in our last **report**, skilled labour availability is now the most concerning risk factor within the construction sector. This issue is set to develop further as the shift towards more sustainable construction calls for new skills. Mitigating this challenge will demand a joined-up approach from government, industry and educational institutions on developing the skills needed to power our net zero transition. For instance, in 2020 the Government set a target to install 600,000 domestic heat pumps by 2028, and train 30,000 MSC registered technicians to do this job. However, so far just 5,000 have been trained, jeopardising the Government's ability to achieve this target.

## 3 Inflation

**BOE base rate at 5.25%, CPI rose by 6.7% in the 12 months to August 2023**

The Consumer Price Index (CPI) continues to soften and is now 6.7% down from the 11.1% high of October 2022. Given the persistence of underlying input cost pressures, including the skills shortages issue, most forecasters are not expecting the Bank of England's 2% CPI benchmark to be reached until 2025. Experian, for instance, is anticipating inflation levels of 2.9% in 2024. Robust cost management remains key to ensure projects are delivered within viable budgets, but more significantly, detailed cost/benefit analysis and optioneering will be vital to support a net zero agenda.

## 4 Sterling

**Sterling trading at $1.22 and €1.15**

As we enter October, the British pound has strengthened slightly against the Euro. However, it continues to be weak by historic standards, and fluctuations remain a challenge for UK construction. Notwithstanding some levelling-off of materials prices, it is paramount that teams remain vigilant to cost increases in imported materials – and either factor these into budgets, or consider whether they can procure an alternative, or from within the UK.

## 5 Borrowing

**Public Sector net debt is 100.8% of GDP in the year to date and borrowing in 2022/23 was £134.1 billion**

Government borrowing remains at a historic high. This presents a macro economic risk to construction, with much of the planned pipeline being driven by national infrastructure programmes in transport, health, education, and advanced technologies. There have also been mixed messages emerging from government around commitments to low carbon energy projects. Construction project teams will need robust cost management measures in place and a high level of flexibility to respond successfully to changes.

[1] In FY2022-23, the Government borrowed £134.1 billion; about £12 billionn higher than the previous year. In May, the Government borrowed £20 billion, the second highest borrowing figure for May since records began in 1993 (OBR).

# CONSTRUCTION OVERVIEW

## Output / new orders

Construction output **up 0.3%** in Q2 2023 and monthly construction output **up 1.6%** in June 2023.

New orders **fell by -7.4%** in Q2 2023.

**The latest ONS data is relatively positive for construction. Monthly output in June is estimated to have increased by 1.6% and most sectors saw a rise, led by infrastructure at +4.7%.**

The more sobering data is that new orders declined by -7.4% in Q2 2023, following on from a decline of -12.4% in the previous quarter. New infrastructure orders fell by -32.9%. The headline reasons are clearly economic and financial. However, we are becoming increasingly aware of the growing complexity of the development landscape. There are a multitude of factors that, rightly, need to be considered, including political, social and environmental, planning and market driven. We explore these in more detail elsewhere in this report.

## Materials and commodities

The DB&T material price index for 'all work' **decreased by 4.0%** in July 2023 compared to the same month the previous year.

The index is also **-1.3% lower** year-on-year.

BCIS is forecasting a **2% rise** in materials prices in 2023, and a **2.2% rise** in 2024.

**Materials prices appear to be stabilising. The BCIS has slightly moderated its annual forecasts upward for 2023 and 2024 at 2% and 2.2% respectively, but these figures remain significantly less than the near 10% inflation of 2022.**

The main area of cost pressure is MEP services components and plant which in general terms have been more directly exposed to the impacts of global energy prices and global supply chain disruption. It is critical that project teams remain flexible when considering building specifications and sourcing strategies. We are actively supporting clients in finding optimum solutions that achieve cost and sustainability objectives.

## Procurement

For most large-scale projects, and certainly those **over £20 million,** two-stage design and build procurement still predominates.

For most large-scale projects, and certainly those over £20 million, two-stage design and build procurement still predominates. Tier one and two contractors are seeing a high volume of pre-tender activity, and there has been no rush to take increased risk, despite rumours of a slowdown. The market is cautious around managing skilled labour shortages, materials pricing and supply chain resilience. It is regrettably the case that the rates of company insolvency within the industry have increased, and contractors are very conscious of the cost of failure. Hence, they remain extremely selective to make best use of limited resources. From a client perspective, good prices are obtainable by focussing on the fundamentals of early contractor engagement: making the project attractive to the market and presenting an equitable balance of risk.

# LOOKING FORWARD

## UK construction market outlook

**Forecasters BCIS and Experian agree that construction activity will likely fall in 2023 and flatline through 2024, before accelerating from 2025.[2]**

Undoubtedly economic headwinds are cooling certain sectors. In the residential space, interest rates are rising faster than sales values or rents. Bellway recently announced that it would build fewer homes this year in anticipation of a material sector slowdown resulting from the impact of higher mortgage rates.

There is a risk that this challenging economic context could delay industry progress towards decarbonisation targets. In times of economic stress, governments tend to look for ways to relieve pressure on the construction industry, and one way to do this is through extending targets. This was most notable in the last decade, when market instability led to the government shelving plans for zero carbon homes in 2016.

> *The cost of delivering net zero is already priced into many projects and the necessary tools and methodologies already developed. Relative to other industries, the cost increases associated with delivering sustainable construction are also relatively modest – especially given the 80% carbon emission reductions these investments can generate.*
>
> *The construction industry needs to hold its nerve and continue its planned trajectory. This will maintain progress towards net zero targets and help give the Government confidence that its ambitions can be achieved.*
>
> **Adam Mactavish, Group Director, Sustainability**

However, the industry has for many years been challenged by multiple standards, methods and targets for defining net zero. There are currently over a dozen national definitions of zero carbon for buildings, and corresponding standards for how to achieve it, together with many more variations at a regional and local levels.

The sheer number of standards is adding to the complexity and cost of project development, as the industry works to understand them and identify those that apply to specific projects. The variety of different definitions also makes it difficult to compare performance between projects as the scope or approach to assessment often varies. This variation can also impact supply chains and reduces contractors' ability to scale solutions.

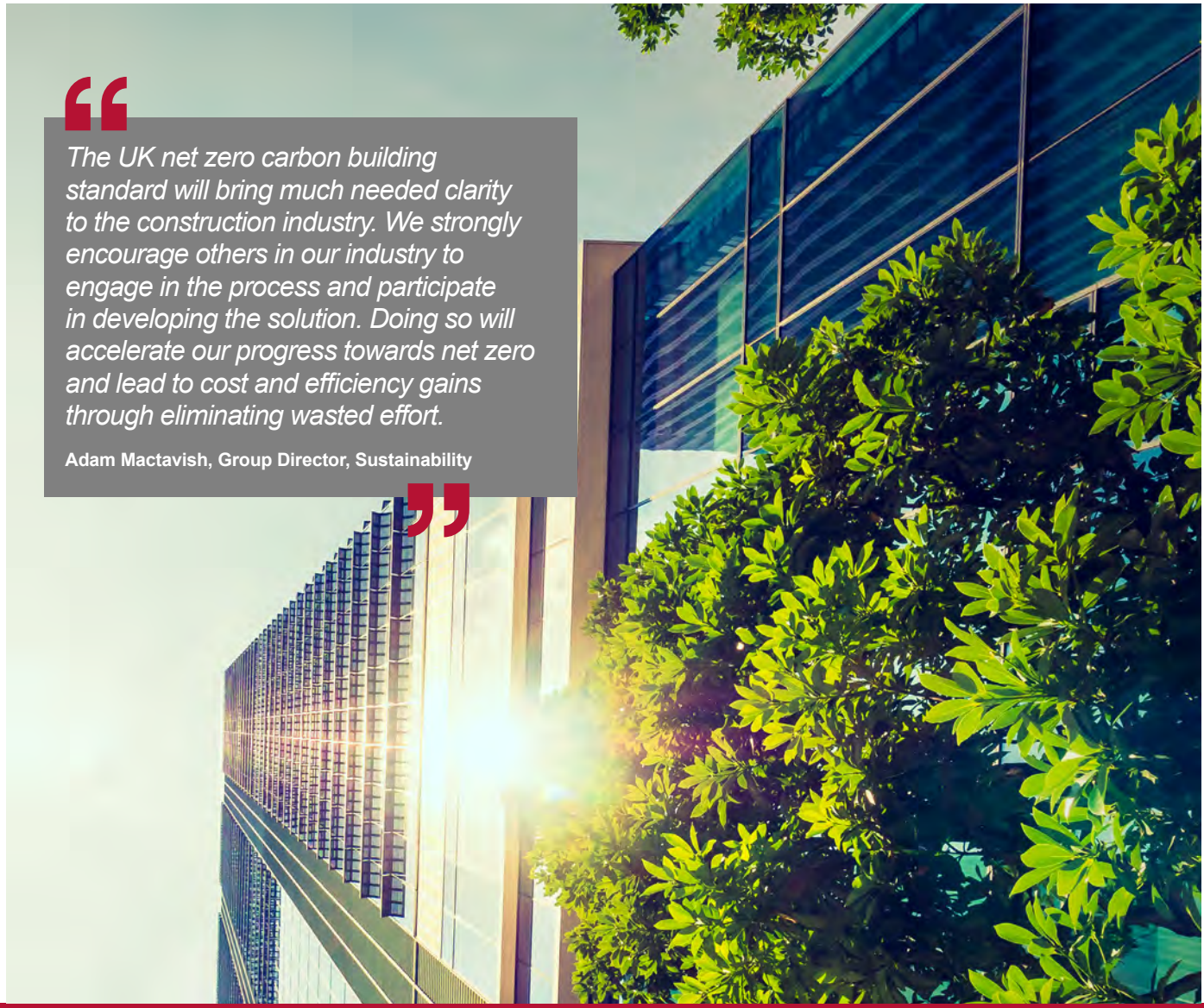
A common set of net zero standards would benefit the industry enormously. However, at present poor data availability is a barrier to their development. This was highlighted in June 2023, when the CCC published its progress in reducing emissions 2023 report to Parliament. This concluded that poor data availability has hampered progress towards reducing emissions. In response, it recommends the Government should review, invest in and reform industrial decarbonisation data collection and reporting.

[2] The BCIS is forecasting construction output will fall by -5.4% in 2023, and by -1.1% in 2024, before returning to growth of +3.3% in 2025. Experian is currently slightly less gloomy with forecasts of -1.4%, -2.0% and +4.4% respectively for 2023, 2024 and 2025.

# DEFINING THE ROAD TO NET ZERO

**With time ticking, budget pressures mounting and stakeholders calling for tangible carbon savings, the construction industry must take decisive action. Professionals urgently need to align around common approaches and work to develop these to achieve real results.**

Work is already underway in this area. In June, a collective of leading industry organisations, including LETI, the Carbon Trust, RICS and UKGBC launched a consultation on developing the UK's first net zero carbon building standard. Once established, likely spring 2024, the standard will set out metrics for evaluating net zero carbon building standard performance, as well as performance targets, or limits, that need to be met. These performance targets will align with science-based trajectories needed to achieve net zero by 2050 and a 78% reduction by 2035 in the UK.



> *The UK net zero carbon building standard will bring much needed clarity to the construction industry. We strongly encourage others in our industry to engage in the process and participate in developing the solution. Doing so will accelerate our progress towards net zero and lead to cost and efficiency gains through eliminating wasted effort.*
>
> **Adam Mactavish, Group Director, Sustainability**

# TAKING THE FIRST STEPS

The UK net zero carbon building standard may still be in development, but the construction industry should not sit on its hands and wait. Looking around the industry, clear areas of focus are already emerging. Organisations need to take note of these, and start moving in the right direction.

### Re-use rather than re-build

Sentiment is pushing towards building reuse in preference to full demolition and re-build; curating rather than building. This is evident in Michael Gove's recent ruling on Marks & Spencer's proposed Oxford Street headquarters.

### Focus on early stage optioneering

There is a clear demand for robust optioneering at the early stages of projects (RIBA stages 1 and 2) to help identify and evidence optimum solutions for new developments. This is particularly important where the requirement includes an absolute rather than relative energy use intensity or carbon target, which is increasingly the case.

### Quantify and reduce embodied carbon

Embodied carbon is becoming a critical factor in decision-making and overtaking operational emissions as the main source of carbon footprint over the life of the building.

### Predict actual performance

Greater emphasis is being placed on performance achieved in practice. This requires more detailed and project-specific modelling, for example using the CIBSE TM54 or Design for Performance methods.

Project teams should consider responding to the above shifts by placing additional emphasis and scrutiny on the following areas:

**Cost management** – High performance standards are becoming essential to meet stakeholder expectations and manage risk. While building more sustainably can still incur higher capital costs, these are often recouped over the life of the asset and in the value of the resulting carbon savings. Teams need to ensure robust cost management and option appraisals that identify and capture the different sources of costs and values.

**Optioneering** – It is imperative that teams undertake detailed optioneering of alternatives, so that they can identify and importantly evidence the optimum solution: district heating verses on-site generation, for example.

**Specifications** – Rigorous specification reviews can identify products that have a much lower carbon footprint whilst being otherwise equivalent. Big opportunities are linked to major structural specifications such as steel and concrete, but less high-profile options can also yield big savings. For example, careful selection of adhesive products can result in carbon savings of over 25% for this component which on a large project can save hundreds or even thousands of tonnes of carbon emissions.

**Benchmarks** – New benchmarks for success need to be established and agreed by all involved.

Clients and contractors need to take a close look at their supply chains and consider whether they have the skills and tools needed to deliver in this evolving environment. Access to robust data and the ability to apply this is also becoming increasingly paramount. This is key to accurate optioneering, securing stakeholder buy-in and evidencing impact.

## Adopting a data-led whole life approach

**At Currie & Brown, we advocate a whole life cycle approach to decarbonising our built environment. We achieve this using a whole life carbon management (WLCM) tool and drawing on our expertise in project quantification and insights on carbon emissions acquired across the full life cycle of various projects.**

Using detailed data, we can evaluate evidence-based design, specification and construction options, enabling clients to make informed choices and minimise their projects' emissions.

Currently, less than 1% of all new buildings measure whole life carbon impact. We want to change this. Our mission is to embed whole life carbon management across all our projects, providing accurate, actionable, data-driven insights.

> *We see clients and project teams working incredibly hard every day to decarbonise our built environment. But we also know that we cannot manage what we do not measure. Digital technologies support more informed and evidence-based decision-making, but too often this information is not fully utilised. It is time for the industry to exploit these tools so that we can push the boundaries and set new benchmarks for performance.*
>
> **Nick Gray, Chief Operating Officer, UK and Europe**

# SECTOR SNAPSHOT

## Healthcare

**The healthcare sector has set some of the most ambitious targets for decarbonisation. In 2020, the NHS formalised its intent to support the UK's net zero ambitions through its 'Delivering a 'Net Zero' National Health Service' report. This set clear targets for achieving a net zero health service for direct emissions by 2040 and indirect emissions by 2045.**

The NHS estate has a critical role to play in achieving this ambition. Estates and facilities services account for over 60% of the NHS' direct carbon footprint. Direct carbon emissions from NHS building energy use alone account for over 2,500 ktCO2e per annum.

In February this year, the NHS published the NHS Net Zero Building Standard, an in-depth technical guide to support the development of sustainable, resilient, and energy efficient buildings that meet the needs of patients now and in the future.

The Standard is highly detailed, but this is also inevitable given the profound complexity of the healthcare sector and the significant variation in building type.

> *A hospital is really 50 buildings in one. Operating theatres, scanning facilities, outpatients and wards all have very different requirements. The Standard must be able to cover this variation.*
>
> **Adam Mactavish, Group Director, Sustainability**

The Standard also sets the parameters for future-fit construction at a pivotal moment in NHS estate history. Through the New Hospital Programme, the Government has committed to building 40 new hospitals in England by 2030, with an anticipated investment of over £20 billion. The construction industry must work collaboratively to ensure this investment delivers state-of-the-art care facilities, that are also capable of achieving net zero ambitions.

Notwithstanding the scale of the New Hospital Programme, the biggest carbon savings will need to come from the transformation of existing hospitals. Many gains can be achieved through improved controls and management systems, and support is available from sources such as the public sector decarbonisation fund. However, for larger estates it will often be the case that strategic shifts in energy strategy will be a long and complex process. Particularly in Trusts where there is largescale reliance on both heat and power from gas fired combined heat and power (CHP) engines. It is important that the phased transition to net zero operations is incorporated into estate strategies so that the physical, operational and financial implications can be taken into account.

It is vital that professionals recognise the unique complexity of hospital buildings and work together to develop holistic solutions. For example, there is huge potential to improve the energy efficiency of hospitals by better sharing heat around estates and other adjacent buildings (especially housing). This involves identifying areas of a hospital that generate excess heat, capturing this, and channelling it into other areas or using it to support hot water requirements. This approach can reduce operating costs significantly and can even reduce the plant size, generating further energy and space efficiencies. Whilst developing such solutions is complex, it is well worth the effort as the health service will reap rewards, in terms of cost and carbon savings for decades to come.

Such an approach has been developed for the new hospital planned at Whipps Cross, where Currie & Brown provided cost, programme management and comprehensive economic appraisal services. As a high-profile new hospital on an existing site, the project should deliver significant social benefits by incorporating new housing as part of the redevelopment. This combined masterplan presents a further opportunity for energy efficiency and carbon savings. The energy strategy first shares heat and coolth within the hospital building, and then with an adjacent residential development on the master plan, delivering further efficiencies for both the hospital and households enabling the proposals to meet NHS net zero expectations.

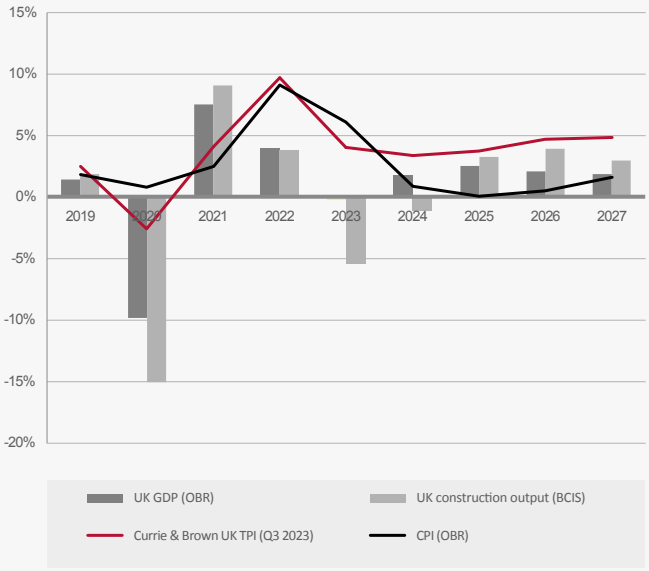
> *The Whipps Cross scenario demonstrates why cost and carbon cannot be considered in isolation; they are two sides of the same coin. Often the more cost-effective option can be the more carbon efficient one, but it takes expertise and a collaborative approach to reach such solutions.*
>
> **Martin Clark, Senior Director, Healthcare**

# OUR VIEW

## Tender price forecast

Our latest tender price forecasts include modest amendments from our previous figures in line with data and market input received. It is evident that the market is slowing and cost pressures continue to ease. A relatively weak global economy, together with rising interest rates, is likely to mean activity remains subdued through 2024. Given the recent falls in CPI, energy prices and some key materials, we have softened our forecasts for 2023 (4.1% down from 4.5%) and 2024 (3.4% down from 3.6%). 2025 onward remains broadly as before. In general, we are maintaining our view that TPI will outpace CPI in the near term in light of some continuing underlying input cost factors such as the constraints on skilled labour.

**Indicative economic data forecast (%) (2019 - 2027)**




**UK Tender Price Inflation Forecast by Region (2022 - 2027)**

| Region | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
|---|---|---|---|---|---|---|
| East Anglia | 8.7 | 3.8 | 3.0 | 3.5 | 4.5 | 4.8 |
| East Midlands | 9.0 | 3.8 | 3.0 | 3.5 | 4.5 | 4.7 |
| West Midlands | 9.0 | 4.0 | 3.3 | 3.5 | 4.8 | 4.9 |
| North East | 8.8 | 3.5 | 3.0 | 3.3 | 4.5 | 4.9 |
| Yorkshire and the Humber | 8.7 | 3.8 | 3.5 | 3.7 | 4.5 | 4.7 |
| North West | 9.0 | 4.3 | 3.5 | 3.8 | 4.7 | 4.9 |
| Northern Ireland | 9.5 | 4.3 | 3.8 | 4.0 | 4.8 | 5.0 |
| Scotland | 15.0 | 5.0 | 3.7 | 4.0 | 4.7 | 5.0 |
| London | 9.5 | 4.3 | 3.5 | 3.9 | 4.7 | 4.9 |
| South East | 9.5 | 3.5 | 3.3 | 3.7 | 4.7 | 4.7 |
| South West | 9.5 | 4.3 | 3.5 | 3.7 | 4.8 | 4.8 |
| Wales | 9.0 | 4.5 | 3.3 | 3.5 | 4.5 | 5.0 |

# REGIONAL VIEW

**Our current view is that tender price inflation across UK regions will average out at 4.1% in 2023.**

### Scotland
**5%**
TENDER PRICE INFLATION

In June, the Scottish Government published a discussion paper: Just transition for the built environment and construction sector, preparing for a targeted action plan for net zero construction to launch early 2024. Labour constraints and contractor availability continues to keep costs high.

### Northern Ireland
**4.3%**
TENDER PRICE INFLATION

Northern Ireland continues to be impacted by rising interest rates, and on-going materials pricing and procurement and labour constraints. Evidenced by declining output so far in 2023.

### Wales and South West
**4.4%**
TENDER PRICE INFLATION

Planning approvals have increased quarter-on-quarter, but construction starts have slowed as a consequence of tightening viability assessments and local contractor insolvencies, which have particularly impacted Wales.

### North of England
**4.3%**
TENDER PRICE INFLATION

A strong project pipeline is experiencing hold-ups and delays due to a combination of interest rates, the legacy of materials price inflation and policy changes. In June it was announced that the £330 million Manchester Town Hall renovation scheme will be delayed by two years.

### Central England
**4.0%**
TENDER PRICE INFLATION

This region, and in particular Birmingham, remains a relative hot-spot of construction activity due to the development of HS2 and continued strong showings for the residential and commercial markets.

### London and South East
**4.3%**
TENDER PRICE INFLATION

Existing construction activity remains strong. As a forward look, the larger, more complex projects, particularly high-rise, are being delayed. This is due to a mix of factors such as the impact of new stringent fire safety standards, net zero carbon targets, increasing interest rates and labour constraints.

# NOTES ON CURRIE & BROWN

Currie & Brown is a world-leading provider of cost management, project management and advisory services, covering the full range of public and private sectors. Our purpose is to add value that makes building a better future possible. We help clients navigate volatility and unpredictability, providing the certainty that enables better, more sustainable built environments for all. Our services reflect the complexity of physical assets' uses and integrated lifecycles, addressing every aspect, from concept, design and construction, to the assessment of best-value options for ongoing use, maintenance, operation and eventually deconstruction.

With principal offices in London, Dubai, Hong Kong, Mumbai, New York and Shanghai, we operate across 69 offices throughout the Americas, Asia Pacific, Europe, India and the Middle East. Currie & Brown has been a Dar Group company since 2012.

# NOTES

This is research carried out by Currie & Brown.

It is provided for general guidance and information purposes only. The views expressed herein are those of the authors only and the information in it should not be relied on in any way or construed as professional, investment or financial advice.

Whilst every reasonable effort has been made by Dar to ensure the content of this report is accurate at the time of publication, some errors or mistakes can occur.

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# METHODOLOGY

This report is prepared by Currie & Brown to inform readers generally on construction matters. Our forecast provides guidance on the general level of tender price inflation, using Currie & Brown's UK wide TPI inflation indices as current at end of Q3 2023.

The indices are base dated at Q2 2008 = 100. Our analysis draws on data collected internally from a range of major and medium-sized projects across all sectors of the market, together with direct engagement with contractors and practitioners across the industry, and other professional bodies and research organisations. Macro-economic data is drawn from official data sources such as the ONS, OBR and Bank of England, and trade organisations and professional institutions as referenced.

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