## National Association Construction Frameworks

By the public sector, For the public sector

# **Market Intelligence Report** Q1 2025

### Overview



Every quarter, NACF's Main Contractors gather market intelligence from within the construction industry.

Data is collected for 10 high level construction trades across 7 cities within the UK. This data is grouped into 5 regions: South, London, Wales, Midlands, and the North.

This information is used to identify national and regional market trends and forecast for the following year by commenting on changes in tender workload, employment, building costs and material & labour availability. The NACF shares this information amongst partners in order to highlight key areas of risk that may impact future project delivery.

This data is also made publicly available to the benefit of the wider industry and can be used to help specialist suppliers better manage their workflows and labour forces to serve NACF's contractors in the best way possible.

This market intelligence report features an insight into how the annual budget might impact the construction industry.







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Adeiladu Cymunedau Gogledd Cymru Gyda'n Gilydd Building North Wales Communities Together





Southern Construction Framework







### Comparison to Q4 2024: Overview

#### Tender Workload: +2.2%

2024 saw tendering workload reduce for many of our subcontract partners, however, Q1 2025 has seen the increase since Q4 2024. While a 2.2% increase compared to the previous quarter, this is still 0.5% decrease as compared with the start of Q1 2024, indicating slower start to 2025 than 2024 in tender workload. Throughout Q1 2025, many of the key trades we tested had experience increase in tender opportunities, with the largest increases observed in the Window Fitting (12.1%) and Curtain Walling (8.4%) packages. In contrast, the tower crane package has seen a steep decline in workload (-11.7%) followed by steelworks (-3.7%) & dry lining (-2.2%) since Q 4. Anecdotally, the feedback from the supply chain is that the bottle neck due to Building safety act is beginning to ease therefore more projects are progressing to tendering. Having said that, the supply chain is conscious & cautious about the impact of US tariffs on the economy and are keeping a close eye on the delicate position of British Steel in the next quarter.

#### Building Cost: +2%

Building costs have increased steadily with the expected increase on quarterly Inflation in UK of 2.3%. MEP & Brickwork, have both consistently reported the highest increase over the past 2 quarters (3.8% & 3.6% increase compared to previous quarter respectively). However, the remaining trades are reporting below inflation increases over Q1, suggesting a return to more predictable and stable market conditions. Despite this, the supply-chain has indicated that the effects of the NI rate increase are likely to affect building cost in the coming months as projects come to market, with increases expected to both labour and pass on costs from material and product suppliers. Additionally, the supply chain has indicated that short-term and medium-term uncertainty has risen in the market due to US tariff. This could potentially impact on material costs. For more details on Impact of US Tariffs, see the special report below.

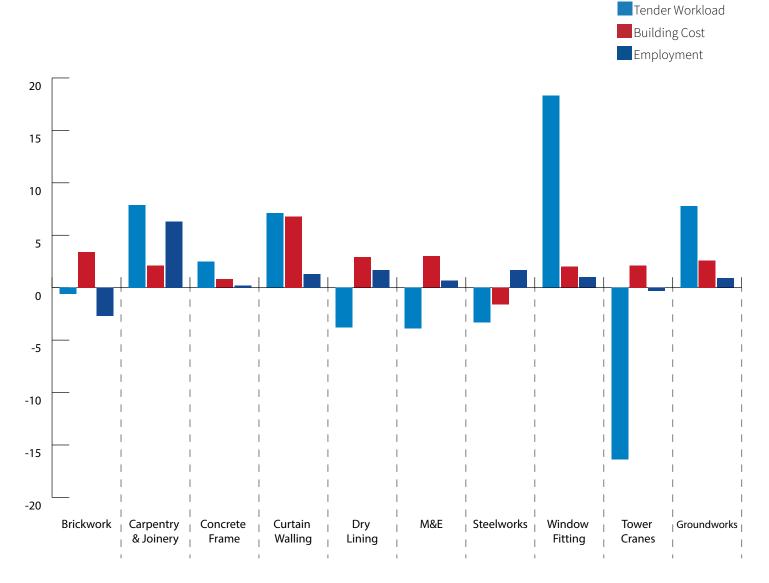
#### **Employment: no change**

The number of employees across the supply chain surveyed has not changed overall, suggesting stability in the employment market . Additionally, the employment has risen by 1.1% in Q1 2025 compared to Q1 2024, showcasing growth in the overall industry. The supplier noted that this trend was driven due to changes in National Insurances for employees. Some of the suppliers suggested increase in use of Temporary or Agency staff in the quarter to mitigate the uncertainty of NI Hike. Suppliers believe that this trend will follow in next quarter where they will increase annual turnover to offset the NI hike before starting new employments. Individually within trades there has been some movement, with dry lining reducing staff numbers by 2.2% in this quarter. Brickwork has seen a similar decline of 1.1% since last quarter however, the supply chain has suggested this as an annual churn in the trade, rather than any specific external factors.

#### Material Lead Time: +0.3 week

All the packages across the board indicated that material lead time has been stable in the market with steady supply of material, labour and expertise. However, this data has been captured before the US Tariffs were revealed or implemented, and before the current issues with British Steel made the headlines. This has increased the risk in the supply chain with the potential for disruption for all trades. Additionally, Brickwork packages have expressed concerns over lack of required material in the market over coming weeks. The brickwork supplier points out that supply of house building bricks have seen decline due to delays in manufacturing and defects in some regions. This has the potential to develop into a supply chain risk for construction projects especially for house building projects over the next quarters.

### Comparison to Q4 2024: North



### **Tender Workload**

Average change in tender workload: 1.6% increase

- Window Package: 18.3%
- Carpentry & Joinery: 7.9%
- Groundwork: 7.8%
- Dry-lining Package: -3.8%
- M&E Package: -3.9%
- Tower Crane Package: -16.4%

### **Building Cost**

Average change in building cost: 2.4% increase

- Curtain Walling: 6.8%
- Brickwork: 3.4%
- Steel Works: -1.6%

### **Employment**

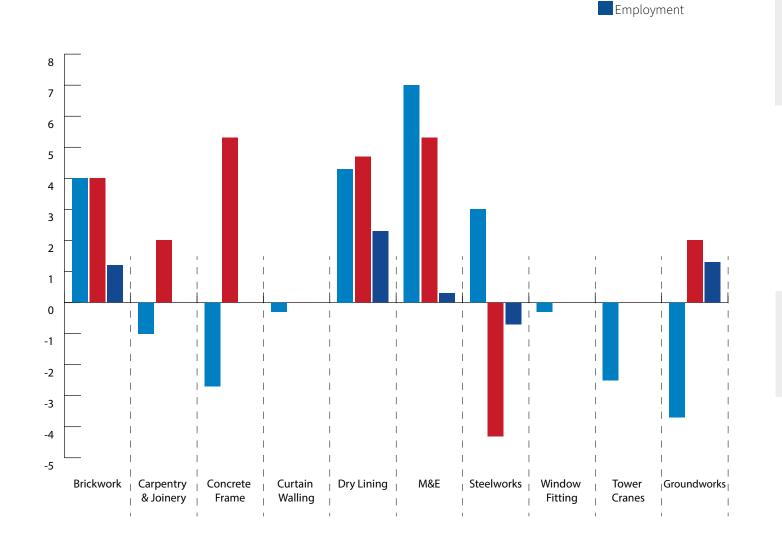
Average change in employment: 1.1% increase

- Carpentry & Joinery: 6.3%
- Brickwork: -2.7%

#### **Material Availability**

No change in average material lead time

### Comparison to Q4 2024: Midlands



### **Tender Workload**

Average change in tender workload: 0.8% increase

• M&E: 7.0%

Tender Workload

Building Cost

- Dry lining: 4.3%
- Concrete Frames: -2.7%
- Groundworks: -3.7%

### **Building Cost**

Average change in building cost: 1.9% increase

- M&E and Concrete Frames: 5.3%
- Drylining: 4.7%
- Brickwork: 4.0%
- Steel work: -4.3%%

### **Employment**

Average change in employment: 0.5% increase

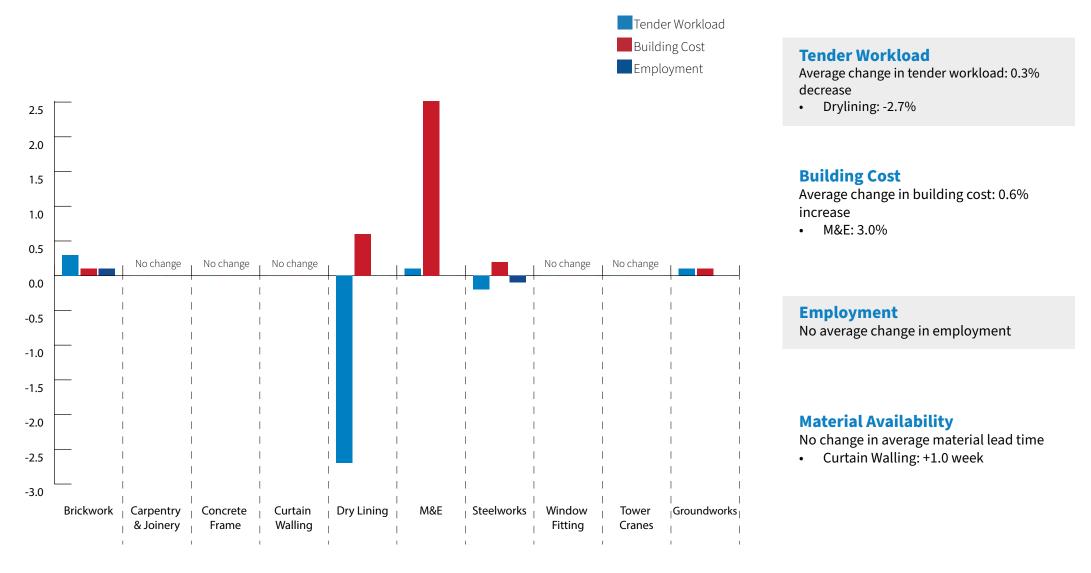
- Ground Works: 1.3%
- Brickwork: 1.2%

### **Material Availability**

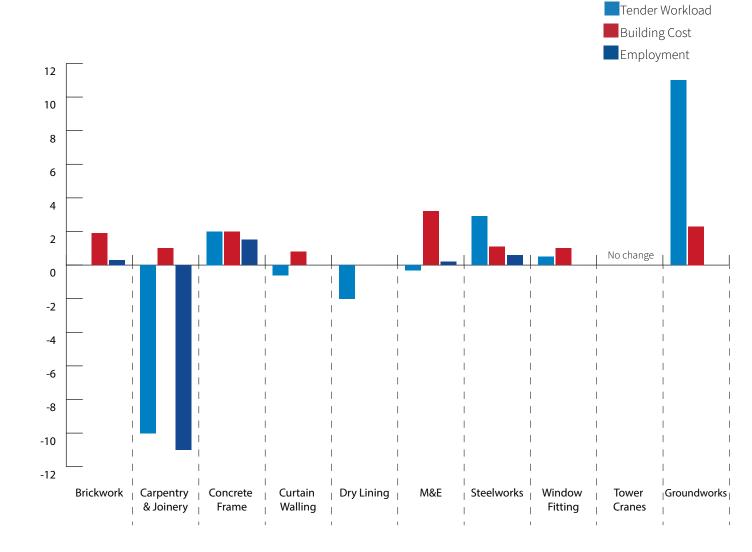
Average change in material availability: +0.5 weeks

- Brickwork: +2.0 weeks
- Concrete Frames: +1.0 weeks

### Comparison to Q4 2024: Wales



### Comparison to Q4 2024: London



#### Tender Workload

Average change in tender workload: 0.8% increase

- Groundworks: 11.0%
- Carpentry & Joinery: -10%

### **Building Cost**

Average change in building cost: 1.5% increase

- M&E Package: 3.2%
- Concrete Frames: 2.0%

### **Employment**

Average change in employment: 0.9% decrease

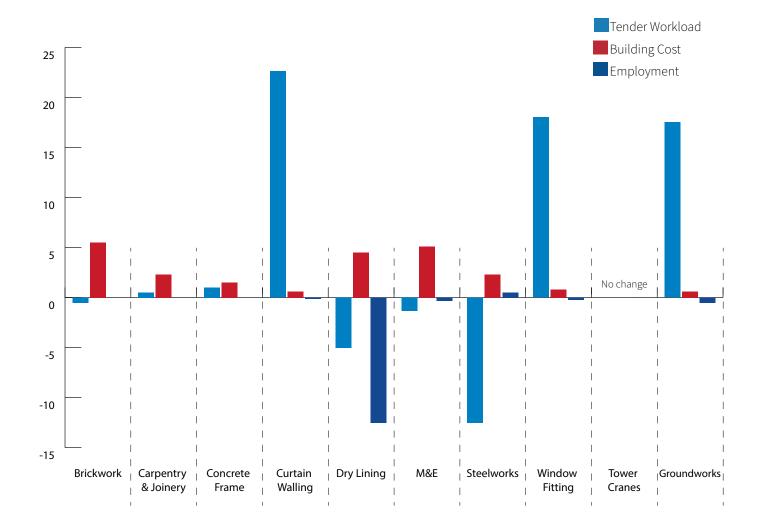
- Carpentry & Joinery: -11.0%
- Concrete Frames: 1.5%

### **Material Availability**

No average change in material lead time

• Concrete Frames: +1.0 weeks

### Comparison to Q4 2024: South



#### **Tender Workload**

Average change in tender workload: 4.5% increase

- Curtain Wall: 22.6%
- Window fitting: 18.0%
- Groundworks: 17.5%
- Steel Works: -12.5%

### **Building Cost**

Average change in building cost: 2.6% increase

- Brickworks: 5.5%
- M&E: 5.1%
- Drylining: 4.5%

### **Employment**

Average change in employment: 1.4% decrease

- Drylining: -12.5%
- Concrete Frames: 5.0%

### **Material Availability**

No change in average material lead time throughout work packages, however, Carpentry & Joinery and Dry Lining packages, both having material lead time of +1.0 weeks. This is due to fall in supply of materials in individual trades.



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# National Forecast Q1 2026 Overview

### Forecast to Q1 2026: Overview

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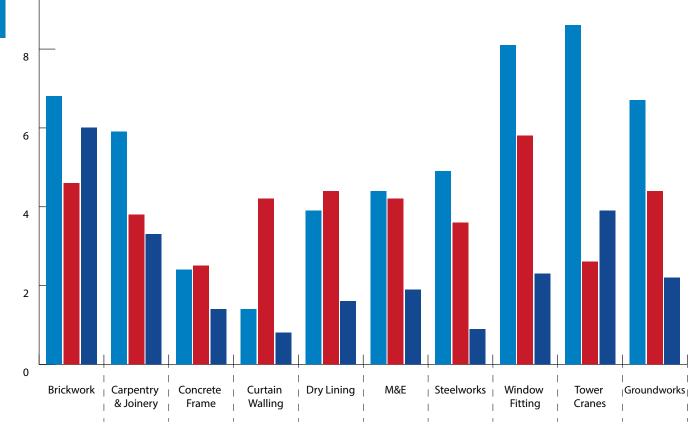
- Average Change in Tender Workload: 4.9% Increase
- Average Change in Building Cost: 4.0% Increase
- Average Change in Employment: 2.2% Increas
- Average Change in Material Availability: +0.8 week

The UK construction sector is forecast to experience moderate growth through Q4 2025, with tender workloads expected to rise by 4.9% and building costs by 4.0%, according to the latest national outlook. Employment is also projected to increase by 2.2%, while material availability continues to tighten, with average lead times extending by 0.8 weeks.

This growth comes amid a complex backdrop of global and domestic pressures. The recent hike in US tariffs and ongoing uncertainty surrounding British Steel have introduced volatility into the supply chain. Additionally, local government reorganisation and constrained public sector budgets are expected to impact project pipelines, particularly in infrastructure and social housing.

Despite these challenges, several trades are reporting increased tendering activity. Bricklayers, groundworkers, and tower crane operators are among those anticipating a rise in workload, driven by renewed demand in housebuilding and easing delays in building safety regulations. Anecdotal evidence from regional contractors suggests that previously stalled residential projects are now re-entering the market, offering a degree of optimism.

However, inflationary pressures continue to drive up costs. The Office for Budget Responsibility forecasts construction inflation between 1.9% and 2.2% over the next year. Window fitters are already experiencing sharp increases in glass prices, while drylining packages are seeing steady cost rises due to shortages in key components. Curtain walling presents a unique case, with rising costs but low tender activity, indicating a potential decline in demand.



Employment trends are uneven. Brickworks are forecast to see the highest employment growth at 6.0%, while steelwork, groundwork, and tower crane operations are seeing below-average increases. These trends are attributed to recent hikes in National Insurance and other employment-related costs, which are prompting contractors to reassess hiring strategies.

The data was collected prior to the April 2025 US tariff hike, and its full impact on the UK supply chain will be assessed in the next quarterly report. In response, the National Association of Construction Frameworks (NACF) is actively monitoring market conditions. A special report by NACF Vice Chair Peter Yates will provide further insights into how these evolving dynamics are shaping the construction landscape.

### **Evolving Landscapes**





### **Peter Yates** Vice Chair, NACF

As part of the NACF's ongoing commitment to share best practice and market intelligence through our local and central government network, we've been working with the Department for Business and the Construction Leadership Council (CLC) to assess the impact of US tariffs on UK materials/ products, summarised as follows:

- Changes in US tariffs have not yet had a significant impact on the UK construction sector. Economic uncertainty created by US policy may lead to volatility in prices, and a decline in business and consumer confidence (e.g. reduced investment/ contract signings).
- Recent 3-7% increases in pricing of construction products in the UK are likely due to wider economic conditions, e.g. higher energy prices and domestic policy decisions: higher Employer NICs and the increase in the National Minimum wage.
- US tariffs of 25% have immediately affected steel exporters. Manufacturers were already affected by US steel tariffs, so their situation remains much the same. Quotas are in place to stabilise prices and volumes, to prevent steel dumping into the UK.
- Government recently intervened to keep British Steel operational by ensuring delivery of raw materials to maintain uninterrupted production.

- There is a risk of wider trade diversion, but it is hard to forecast when and what would be affected - and if the impact is negative (affect UK firms, fewer products) or positive (more products and materials on the market). Whilst this could temporarily reduce prices, primary consideration is to ensure that products, regardless of origin, are compliant and safe.
- The UK imports c60% of construction products from the EU and exports a similar proportion to the EU. This trade is unaffected.
- The UK imports c20% from China (e.g. tools, workwear, ironmongery, solar panels, bathroom fittings): Volumes of Chinese exports to US West Coast ports have dropped, and the CLC predicts a proportion of Chinese, Indian and Far East production will be diverted to Europe/UK. Yet, this has not shown up in qualitative feedback, either from manufacturers or merchants.
- Global shipping has been disrupted, with ships held in ports or diverted. Lessons learned from the pandemic suggests an impact on logistics may cause cost increases - and this remains on our watchlist.

The NACF continues to work proactively with government and industry, and encourages our fellow public sector and local authority colleagues to recognise and share the risk of market volatility in support of our respective local and SME business supply chains, by wherever possible communicating their requirements early, to assist in pricing, production planning and delivery, so that we can continue to deliver best value and cost certainty in our sector.



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