

*By the public sector,  
For the public sector*

# Market Intelligence Report

## Q2 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 seven cities within the UK. This data is grouped into five 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 and 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.



## Comparison to Q1 2025: Overview

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### Tender workload: +2.0%



Following a slowdown in late 2024, the UK construction sector has shown signs of recovery through the first half of 2025. Tender workloads have increased by 2.0% since Q1 and 3.2% year-on-year, indicating a steady upward trend. This growth, however, remains uneven across trades. Significant increases in tender opportunities have been observed in window fitting (+12.3%), groundworks, and steel frames (+6.75%), suggesting renewed demand in housing and infrastructure. In contrast, M&E (-4.6%), concrete frames (-1.8%), and drylining (-1.3%) have seen declines, highlighting ongoing challenges in certain sectors. Feedback from the supply chain indicates that delays caused by the Building Safety Act are beginning to ease, enabling more projects to move forward. This presents an opportunity for increased tendering activity in the coming quarters. However, concerns remain over the potential impact of US tariffs and global trade tensions, particularly regarding construction product availability and material pricing. Subcontractors are approaching the market cautiously, selectively bidding to manage risk. While this supports pricing stability, it may constrain capacity if demand accelerates. Overall, Q2 2025 reflects a cautiously improving market, with opportunities for growth tempered by external risks and sector-specific imbalances.

### Building cost: +2.1%



Building costs in the UK have continued to rise steadily, aligning with the projected quarterly inflation rate of 2.4%. Notably, the MEP and Groundwork packages have experienced the most significant increases over the past two quarters, with quarter-on-quarter growth of 3.3% and 2.9%, respectively. In contrast, most other trades have reported cost increases below the inflation rate in Q2. This suggests a potential return to more stable and competitive market conditions, offering some relief to developers and contractors. Supply chain partners remain cautiously optimistic about the future. There is a general expectation that the UK government's upcoming spending review could unlock a stronger project pipeline, particularly in the public sector. This anticipated boost is fostering a sense of guarded confidence across the industry. However, this optimism is tempered by ongoing geopolitical uncertainty. In particular, the introduction of US tariffs has raised concerns about medium-term volatility in material costs. Supply chain stakeholders are closely monitoring these developments, as they could offset gains made through domestic policy support. Overall, while the outlook is improving, the market remains sensitive to global economic pressures and policy shifts.

## Comparison to Q1 2025: Overview

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### Employment: +0.8%

Employment levels across the supply chain have remained largely stable over the past three months, indicating a steady labour market. Compared to Q2 2024, employment has grown by 2.7% in Q2 2025, reflecting overall industry expansion. Suppliers attribute this growth to the completion of National Insurance (NI) rate increases, which has allowed organisations to resume hiring. Several suppliers also reported a reduction in the use of temporary or agency staff during this quarter, suggesting a shift towards more permanent employment models. Looking ahead, suppliers anticipate a continued focus on increasing annual turnover to offset the impact of NI hikes before committing to further recruitment. At the trade level, there have been minor fluctuations, with the Tower Cranes and Curtain Walling packages reporting slight declines in staff numbers since the previous quarter.

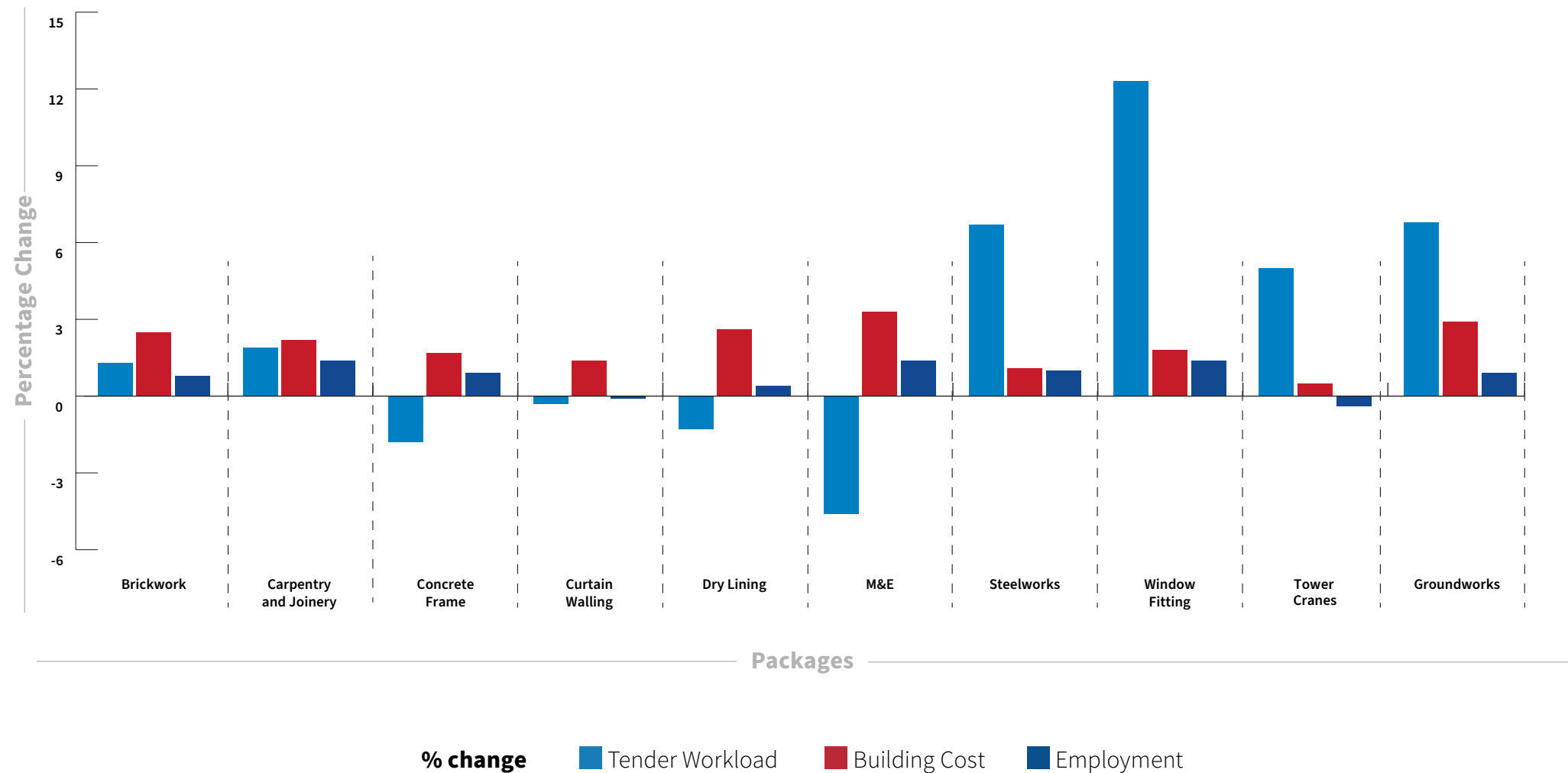


### Material availability: +0.3 weeks

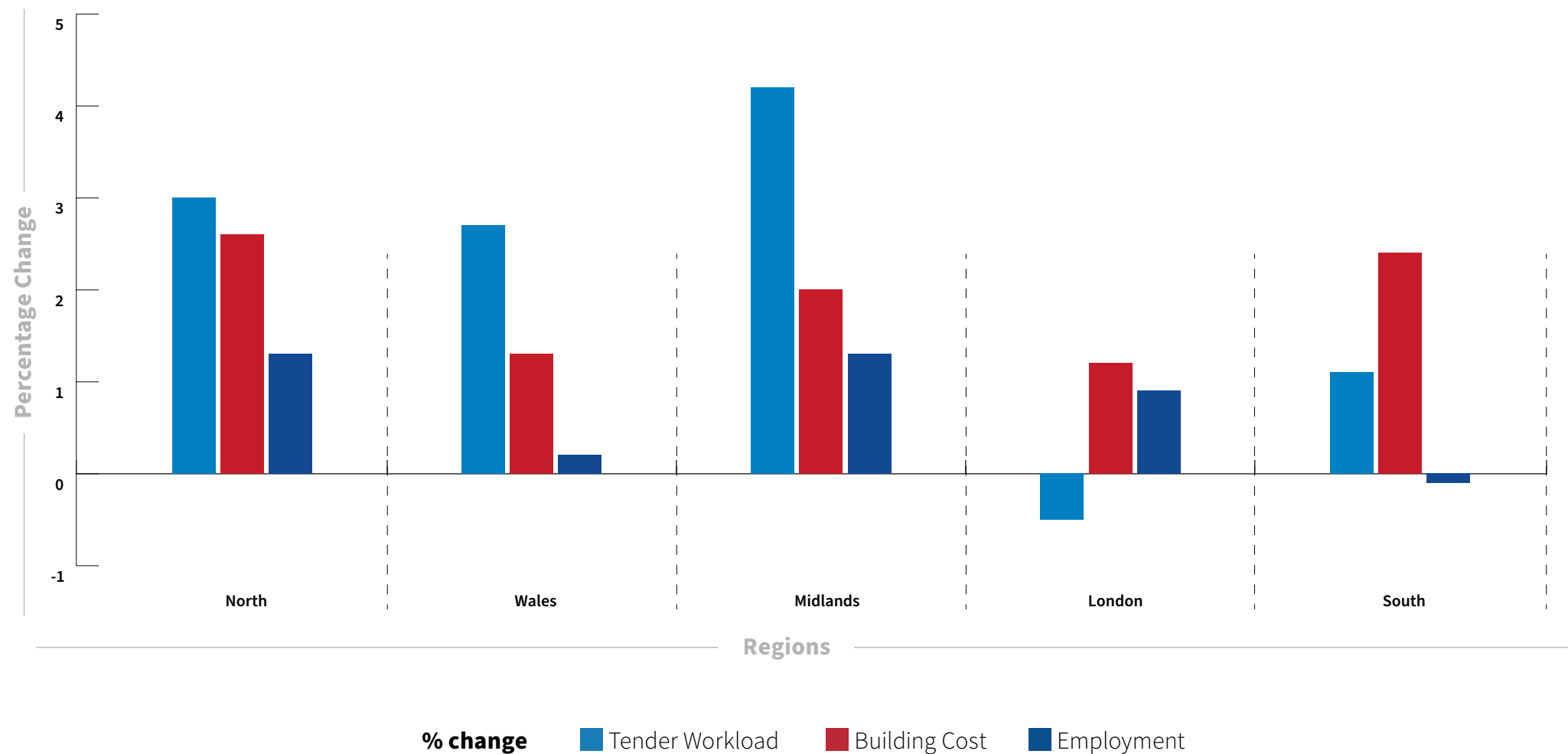
Material lead times have remained stable across all surveyed trades over the past three months. This data reflects conditions following the announcement and implementation of US tariffs, as well as the signing of the UK-US Trade Agreement. The heightened risk observed in the previous quarter appears to be easing, suggesting a gradual return to normalised material availability. However, concerns remain within specific trades. The Brickwork package has flagged potential shortages in the coming months due to manufacturing delays and regional defects. These issues could pose a risk to the supply chain, especially for residential construction projects, if not addressed promptly.



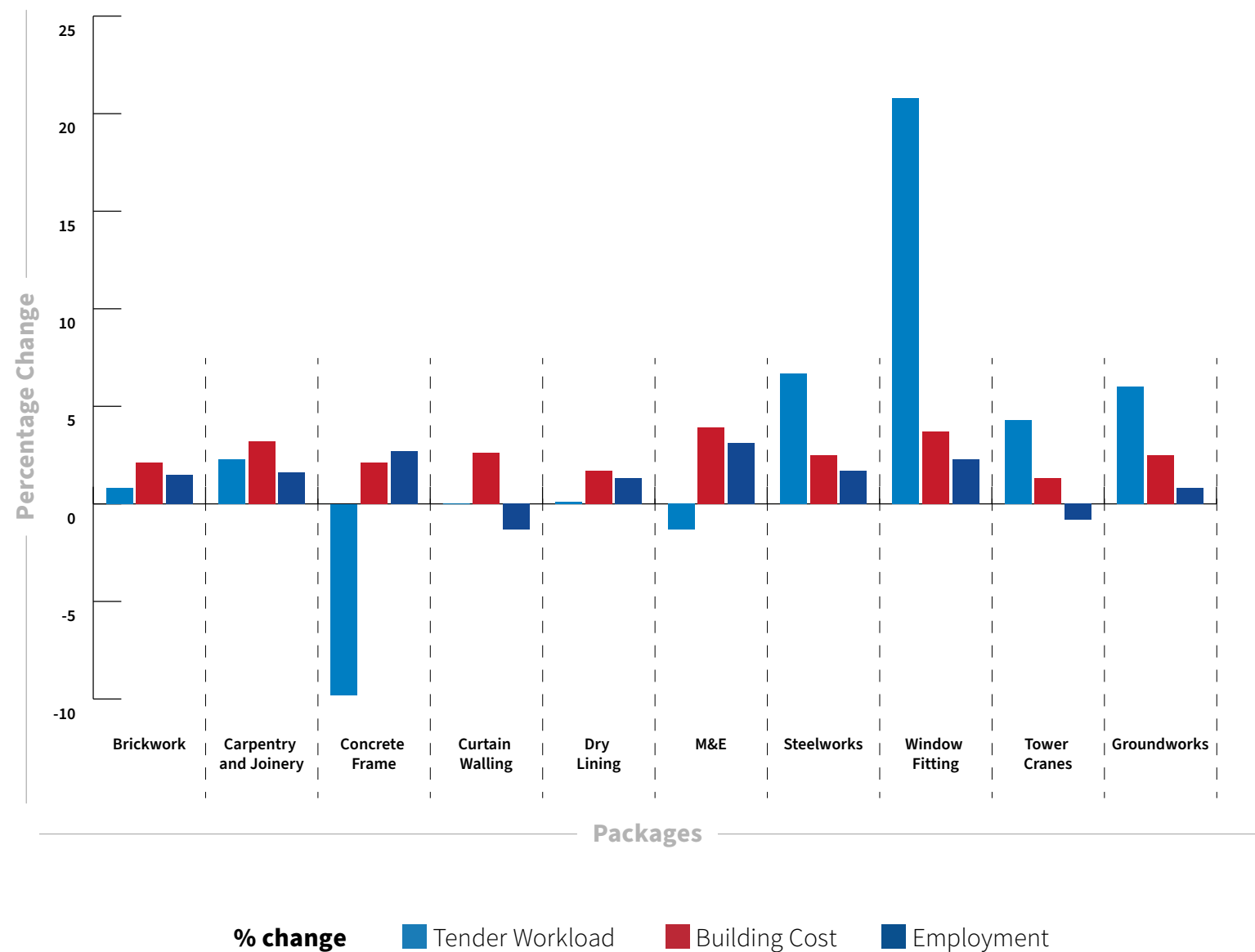
# Change from previous quarter national averages



# Comparison with Q1 2025 (Regional)



# Comparison to Q1 2025: North



## Tender Workload

Average change:

3.0% Increase

- Window Package: 20.3%
- Steelwork Package: 6.7%
- Groundwork Package: 6.0%
- M&E Package: -1.3%
- Concrete Frame Package: -9.8%

## Building Cost

Average change: 2.6% Increase

- M&E Package: 3.9%
- Window Fitting Package: 3.7%
- Carpentry and Joinery Package: 3.2%

## Employment

Average change:

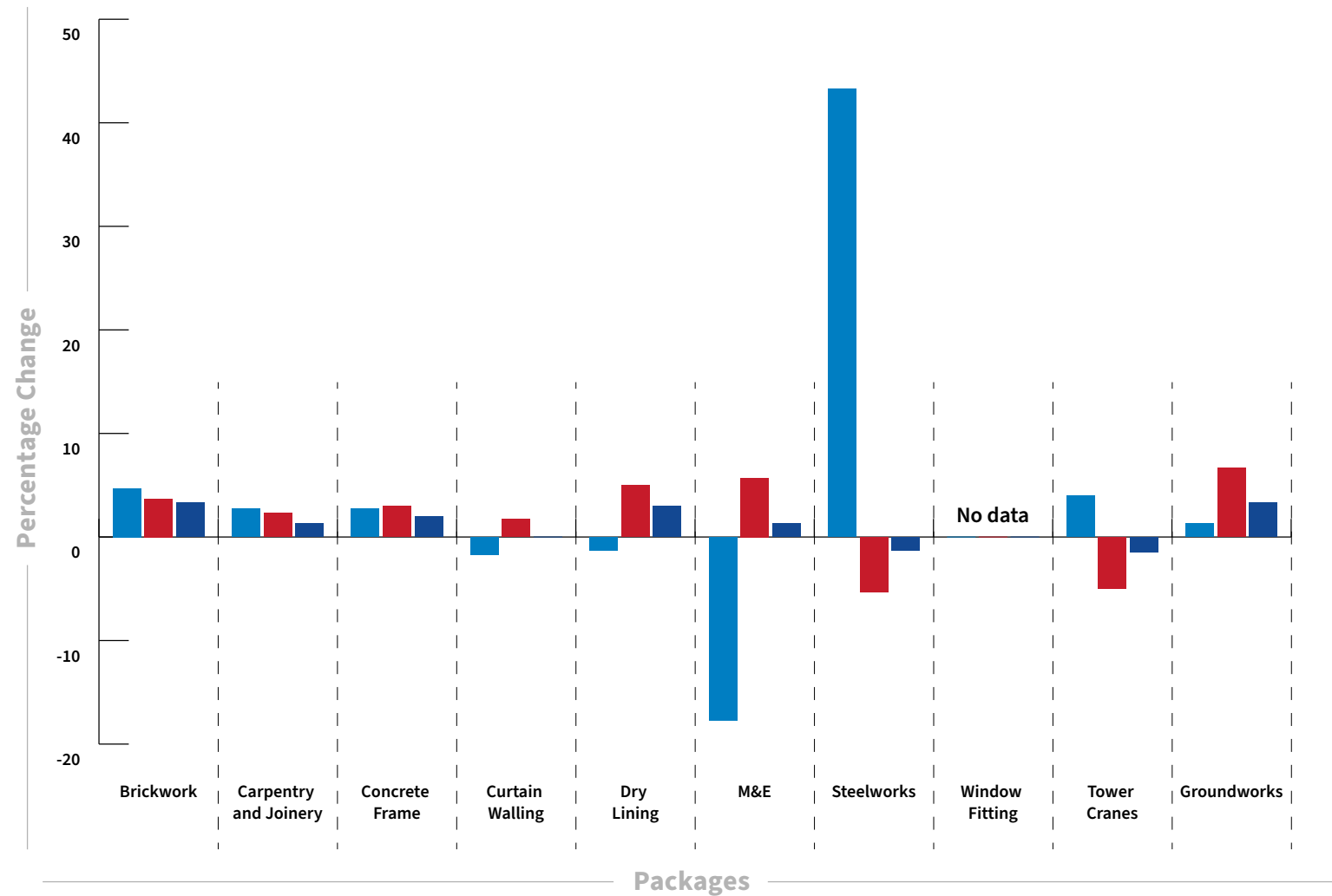
1.3% Increase

- M&E Package: 3.1%
- Carpentry & Joinery Package: 3.2%

## Average Change in Material Lead time

0.41 weeks

# Comparison to Q1 2025: Midlands



## Tender Workload

Average change:  
4.2% Increase

- Steelwork Package: 43.3%
- Brickwork Package: 4.7%
- M&E Package: -17.7%

## Building Cost

Average change: 2.0% Increase

- Groundwork Package: 6.7%
- Drylining Package: 5.0%
- Tower Cranes Package: -5.0%
- Steelwork Package: -5.3%

## Employment

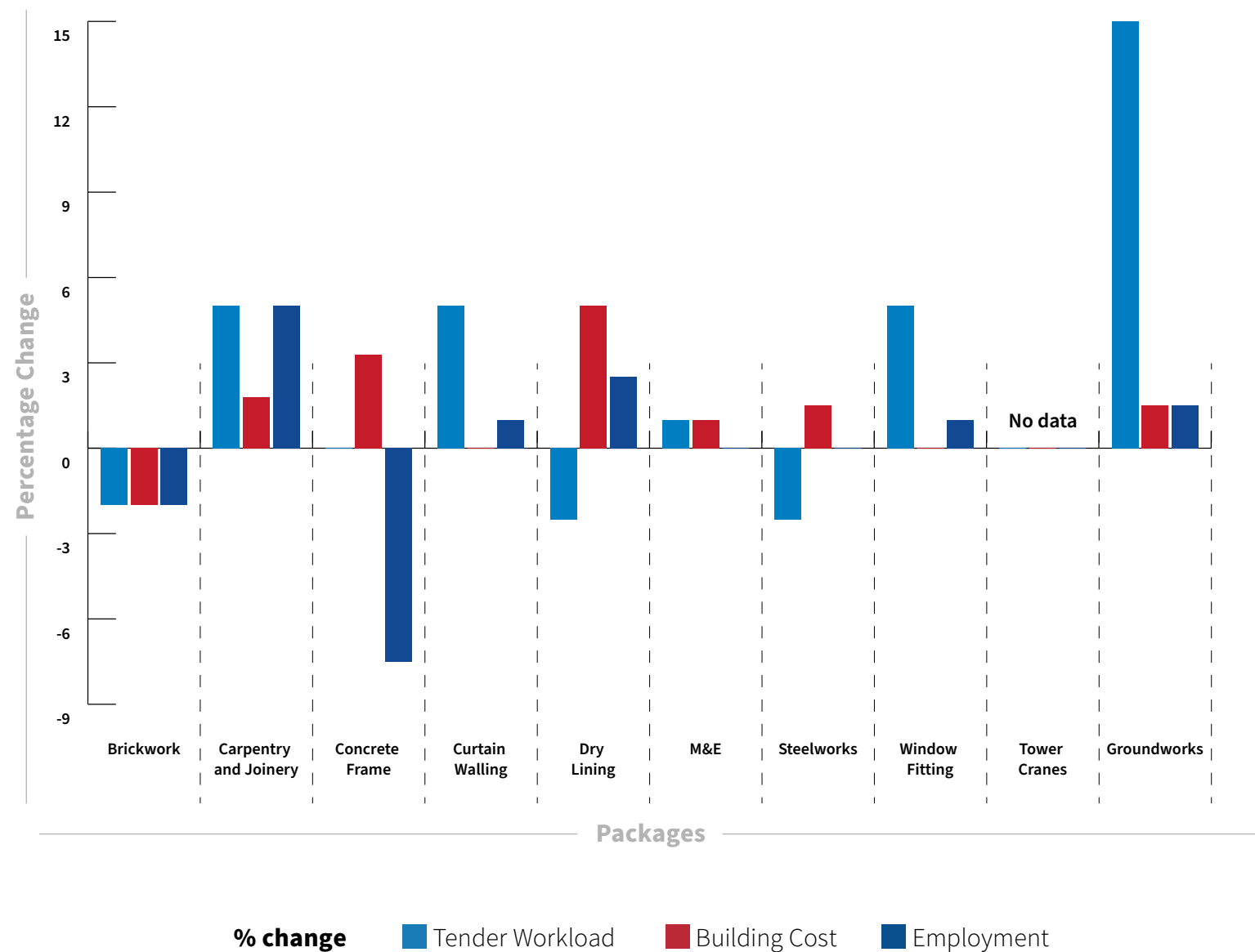
Average change:  
1.3% Increase

- Groundworks Package: 3.3%
- Brickwork Package: 3.3%

## Average Change in Material Lead time

No change

# Comparison to Q1 2025: Wales



## Tender Workload

Average change:  
2.7% Increase

- Groundwork Package: 15.0%
- Windows Package: 5.0%
- Carpentry and Joinery Package: 5.0%

## Building Cost

Average change: 1.3% Increase

- Drylining Package: 5.0%

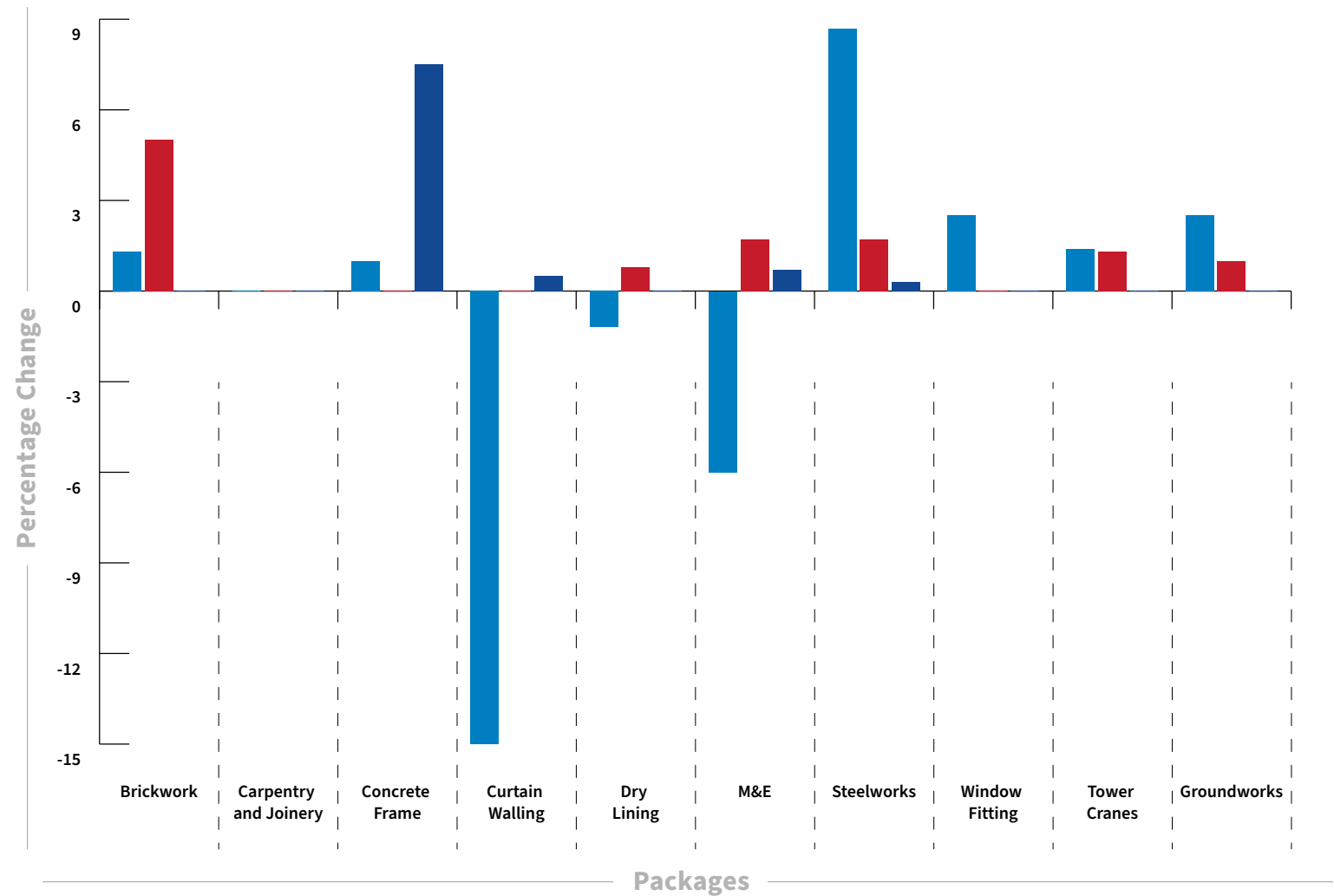
## Employment

Average change:  
0.2% (no change)

## Average Change in Material Lead time

No change

# Comparison to Q1 2025: London



% change      ■ Tender Workload      ■ Building Cost      ■ Employment

**Tender Workload**  
Average change:  
**0.5% Decrease**

- Steelwork Package: 8.7%
- Windows and Groundwork Package: 2.5%
- M&E Package: -6.0%
- Curtain Walling Package: -15.0%

**Building Cost**  
Average change: **1.2% Increase**

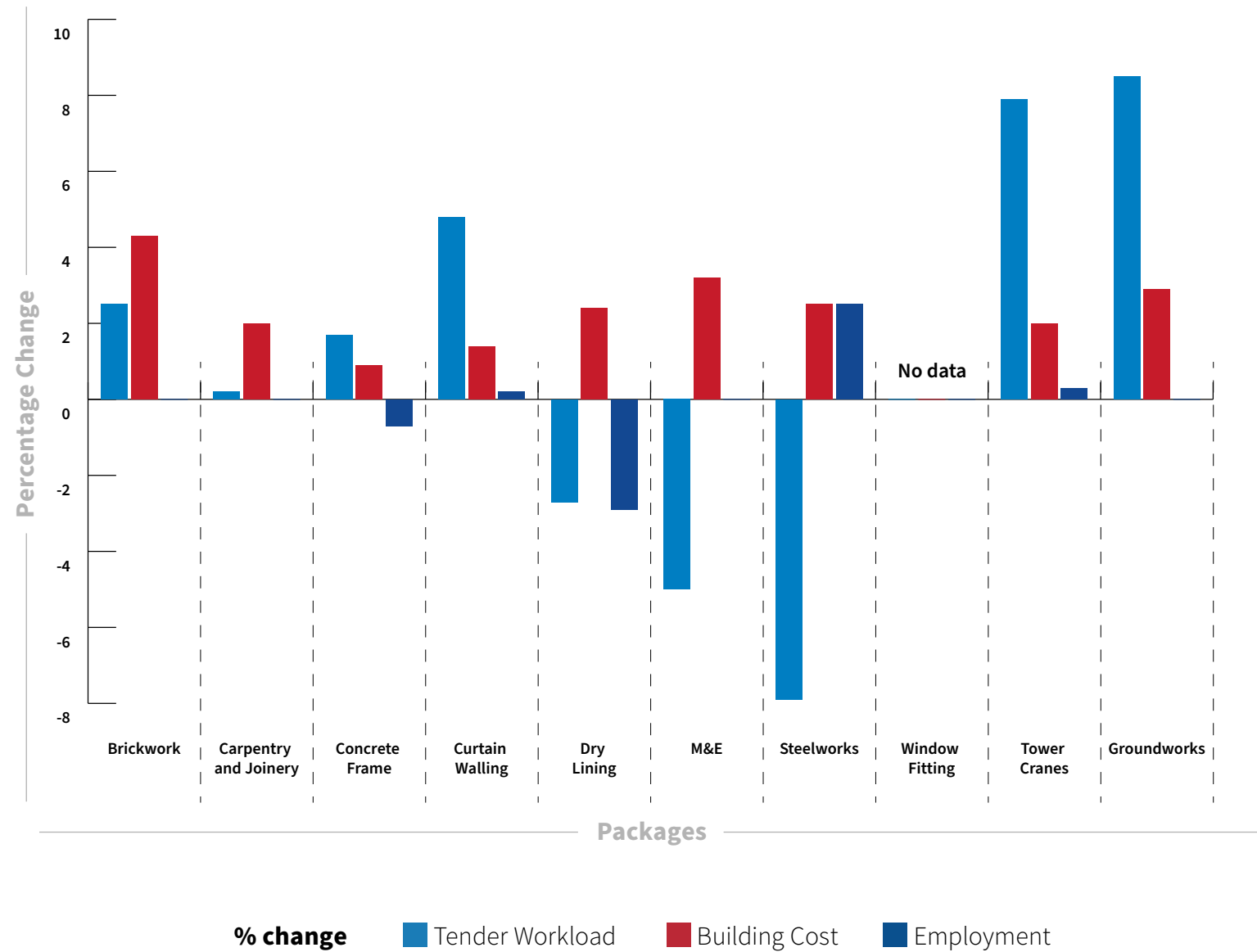
- Brickwork Package: 5.0%
- M&E and Steelwork Packages: 1.7%

**Employment**  
Average change:  
**0.9% Increase**

- Concrete Frames Package: 7.5%

**Average Change in Material Lead time**  
No change

# Comparison to Q1 2025: South



## Tender Workload

Average change:

**1.1% Increase**

- Groundwork Package: 8.5%
- Tower Crane Package: 7.9%
- M&E Package: -5.0%
- Steel Works Package: -7.9%

## Building Cost

Average change: **2.4% Increase**

- Brickworks Package: 4.3%
- M&E Package: 3.2%
- Groundworks Package: 2.9%

## Employment

Average change:

**0.1% Decrease**

- Drylining Package: -2.9%
- Concrete Frames: -0.7%

## Average Change in Material Lead time

No change throughout work packages, however, Carpentry and Joinery and Brickwork packages has recorded a higher material lead time. This is due to fall in supply of materials in individual trades.



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# National Forecast Q1 2026 Overview

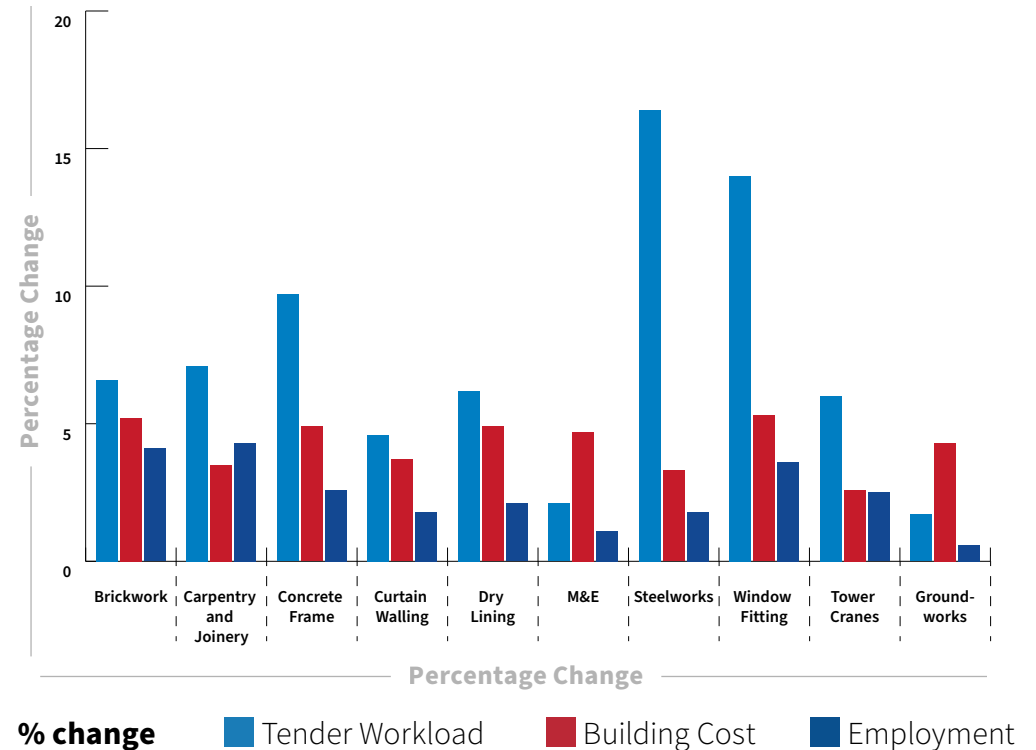
## Forecast to Q2 2026: Overview

- Average Change in Tender Workload: 7.1% Increase
- Average Change in Building Cost: 4.2% Increase
- Average Change in Employment: 2.4% Increase
- Average Change in Material Availability: +0.5 week

The UK construction sector is forecast to experience moderate growth through to Q2 2026, with tender workloads expected to rise by 7.1% and building costs by 4.2%, according to our latest national outlook. Employment is also projected to increase by 2.4%, while material availability continues to loosen, with average lead times reducing by 0.5 weeks.

This growth comes amid a complex backdrop of global and domestic pressures. The recent hike in US-UK Trade Agreement and ongoing uncertainty surrounding sub-contractor insolvency 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. The findings of the recent spending review conducted by the UK Government will determine the pipeline for public sector spending.

Despite these challenges, several trades are reporting increased tendering activity. Steelworks & Windows packages 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. Another supply chain partner recorded that there is a design shift which has tilted the market away from curtain walling



package towards brickworks and windows packages.

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. Like the previous quarter, Window fitters are experiencing increases in glass prices. M&E Package presents a unique case, with rising costs but low tender activity, indicating a potential decline in demand.

Employment trends expected to be more consistent over the course of the year. Carpentry & Joinery package are forecasted to see the highest employment growth at 4.3%, while groundwork, and M&E packages are seeing below-average increases.



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**E:** [info@nacframework.org.uk](mailto:info@nacframework.org.uk) | **T:** 0370 779 0304 | **W:** [nacf.org.uk](http://nacf.org.uk)  
**Chair:** [kingsley.clarke@devon.gov.uk](mailto:kingsley.clarke@devon.gov.uk) | **Vice Chair:** [peter.yates@nacf.org.uk](mailto:peter.yates@nacf.org.uk)