

*By the public sector,  
For the public sector*

# Market Intelligence Report

## Q3 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 Q2 2025: Overview

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### Tender workload: +1.4%



Following a slowdown start of 2025, the UK construction sector has shown signs of recovery through the 3rd Quarter of 2025. Tender workloads have increased by 1.4% since Q2 and 1.8% year-on-year, indicating a slow and steady upward trend. This tender workload growth remains even across trades. The Brickwork and Windows have noted 4.2% & 3.4% increase in tender workload showing growth in the residential sector with easing planning permissions. In contrast, concrete frames (-1.6%), and drylining (-1.2%) have seen declines for 2 quarters straight. The subcontractors in the market noted sustainability pressures for concrete and increase in material prices in drylining packages have resulted in this trend. General feedback from the supply chain indicates that delays caused by the Building Safety Act are beginning to ease which has enabled more projects to move forward. This presents an opportunity for increased tendering activity in the coming quarters. Subcontractors are approaching the market cautiously, selectively bidding to manage risk. While this supports pricing stability, it may constrain capacity if demand accelerates. Some supply chain partners suggested that they have reduced bidding to realign their strategic goal with the current market conditions. Overall, Q3 2025 follows the previous quarter's trend in reflecting a cautiously improving market, with opportunities for growth tempered by external risks and sector-specific imbalances.

### Building cost: +1.7%



Building costs in the UK have continued to rise steadily, aligning with the projected quarterly inflation rate of 2.6%. Across the packages, the building cost has been below the national average indicating stability in the market. This suggests a potential return to more stable and competitive market conditions, offering some relief to developers and contractors. Dry lining Package supply chain partners have noted change in material prices which will impact the bids for projects going forward. This has been seen as a package specific trend, indicating stability. Supply chain partners remain cautiously optimistic about the future. In particular, the Spend Review by the UK government has captured the supply chain partner's attention. The report reflects the construction pipeline of the public sector. 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. One thing to note that the year-on-year increase in building cost has been recorded as 3.2% which is higher than national averages showcasing the impact of global economic pressures on the construction supply chain.

## Comparison to Q2 2025: Overview

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### Employment: +0.3%

Employment levels across the supply chain have remained largely stable over the past three months, indicating a steady labour market. Compared to Q3 2024, employment has not grown much in Q3 2025, reflecting the uncertainty in the construction employment market. Suppliers attribute this trend, because of realigning their strategic goals to market conditions. This has impacted hiring new staff and low tender load has contributed further to this trend. The Drylining Package has been an outlier in this with decrease in employment recorded as 4.3%. This stagnancy has been recorded when compared to previous year with insolvencies being the top reason behind this trend.

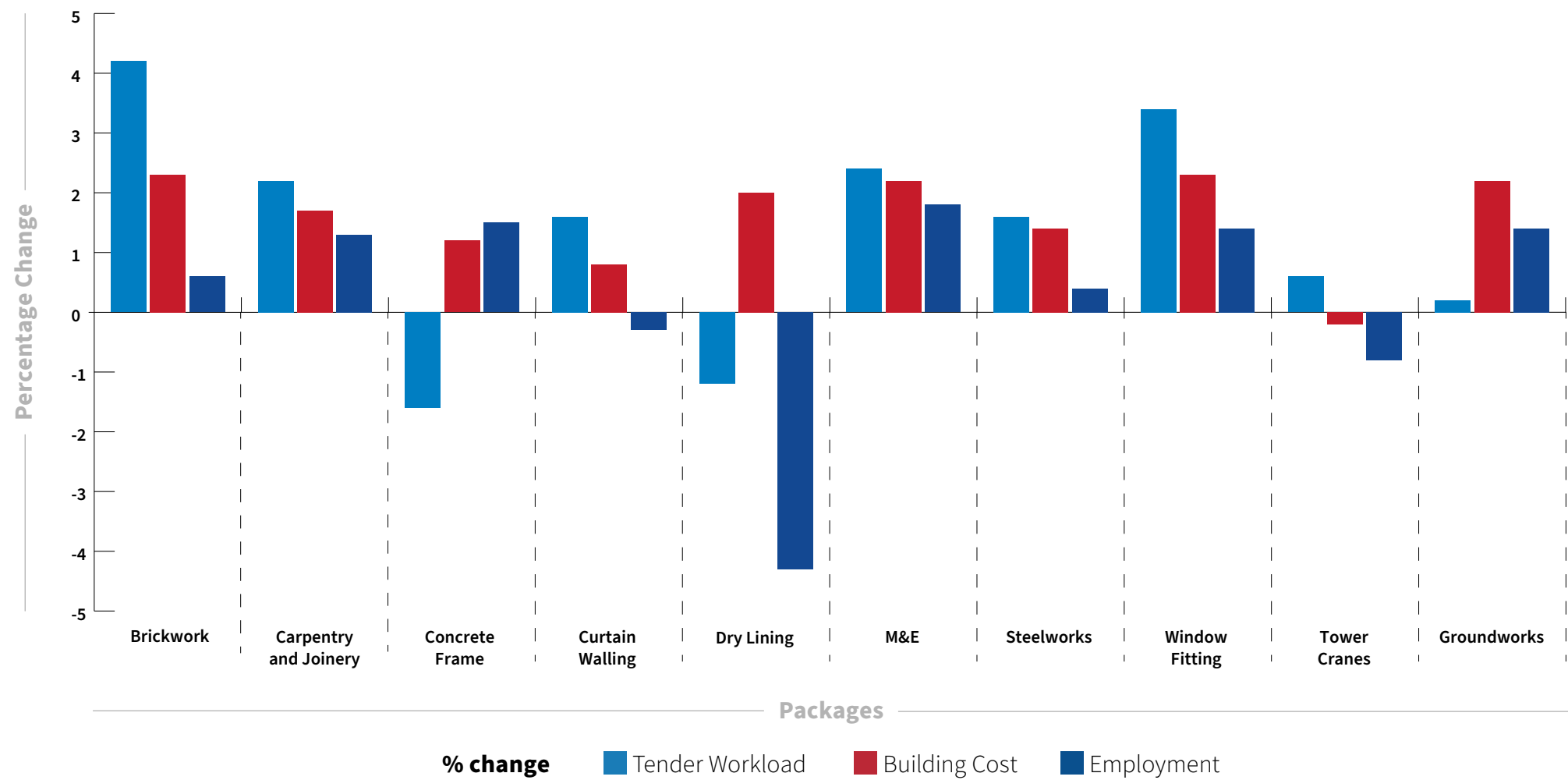
### Material availability: +0.2 weeks

Material lead times have remained stable across all surveyed trades over the past three months. 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 & Drylining package has flagged potential shortages in the coming months due to increase in material and consumable costs. These issues could pose a risk to the supply chain, especially for residential construction projects, if not addressed promptly.

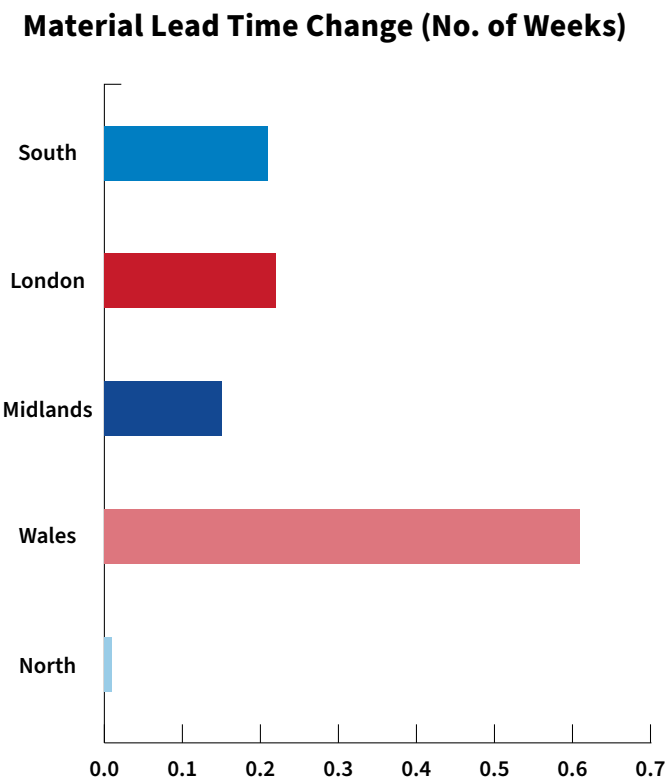
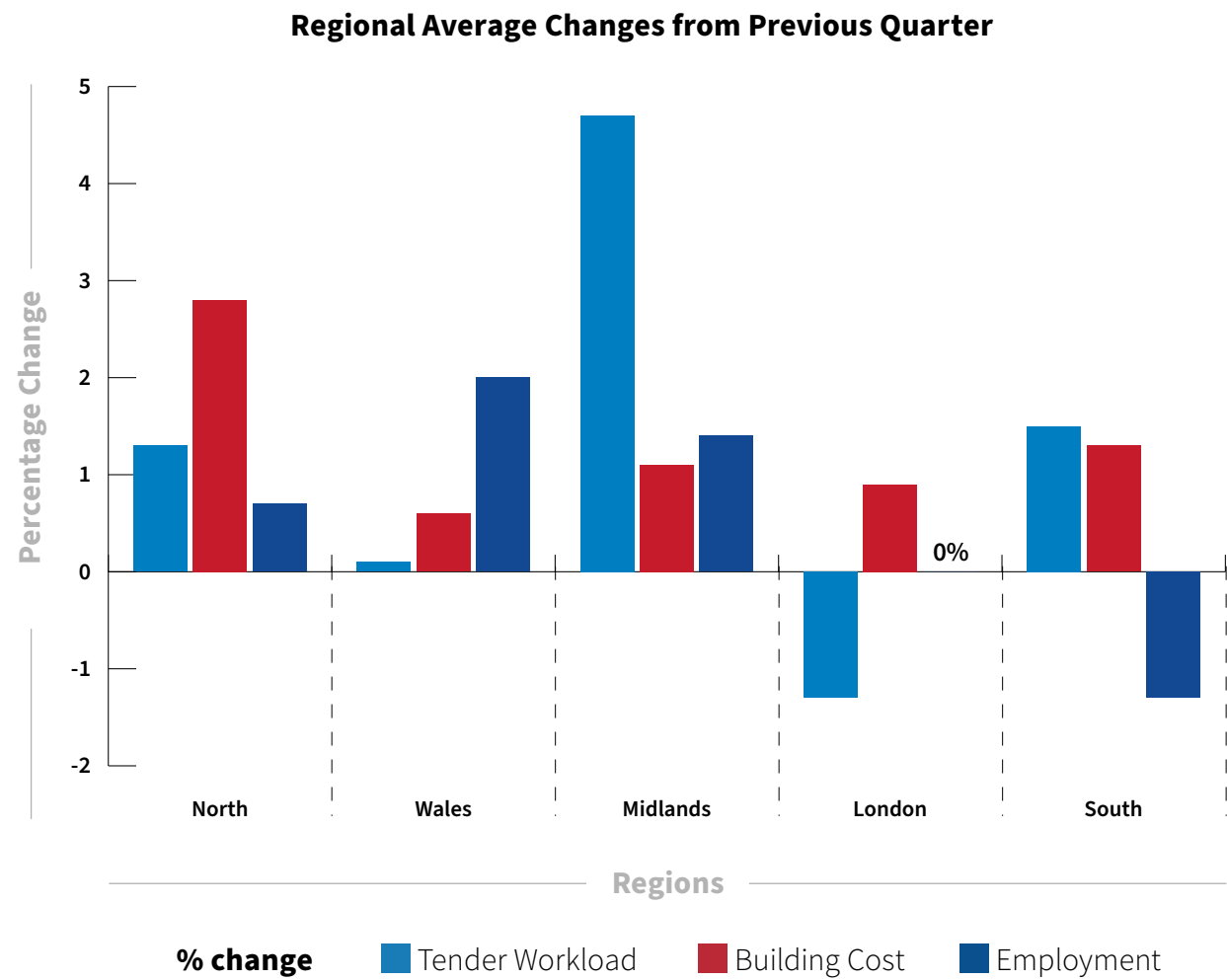




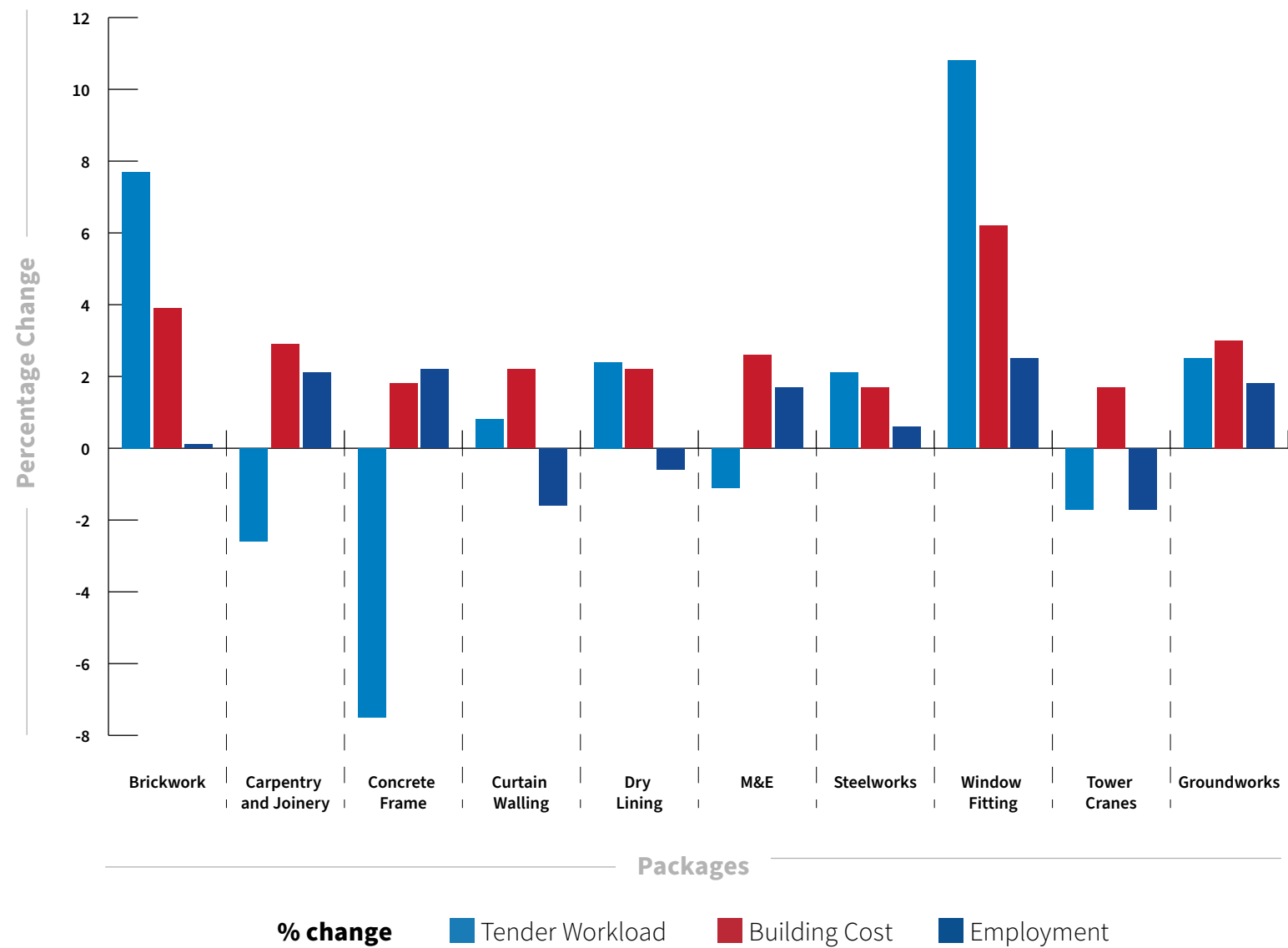
# Change from previous quarter national averages



# Comparison with Q2 2025 (Regional)



# Comparison to Q2 2025: North



## Tender Workload

Average change:

1.9% Increase

- Window Package: 10.3%
- Brickwork Package: 7.7%
- Carpentry and Joinery Package: 2.6%
- Concrete Frame Package: -7.5%

## Building Cost

Average change: 2.8% Increase

- Window Fitting Package: 6.2%
- Brickwork Package: 3.9%

## Employment

Average change:

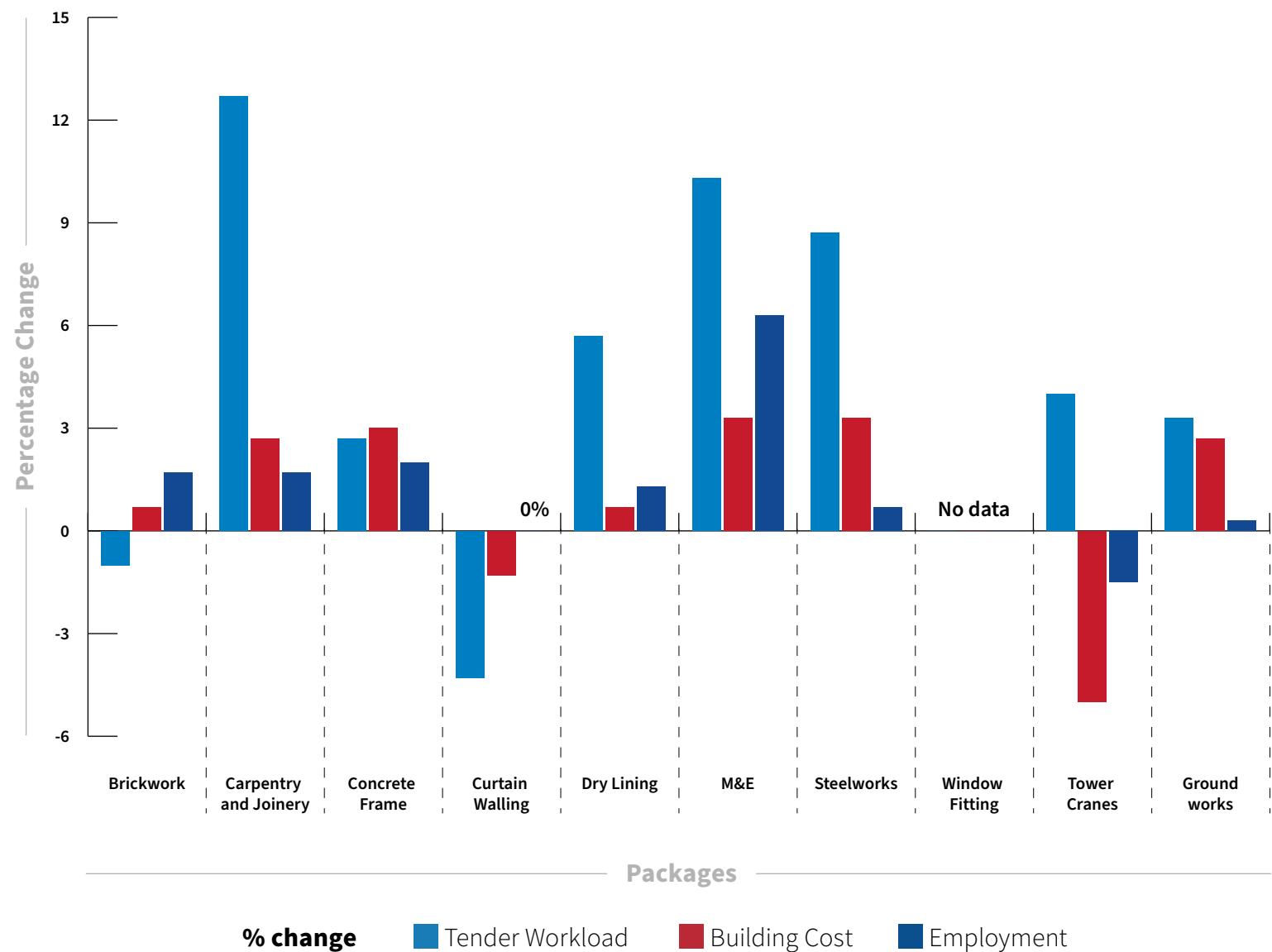
0.7% Increase

- Window Package: 2.5%
- Curtain Walling Package: -1.6%
- Tower crane Package: -1.7%

## Average Change in Material Lead time

No change

# Comparison to Q2 2025: Midlands



## Tender Workload

Average change:  
4.7% Increase

- Carpentry and Joinery Package: 12.7%
- M&E Package: 10.3%
- Curtain Walling Package: -4.3%

## Building Cost

Average change: 1.1% Increase

- M&E and Steelwork Package: 3.3%
- Tower Cranes Package: -5.0%

## Employment

Average change:  
1.4% Increase

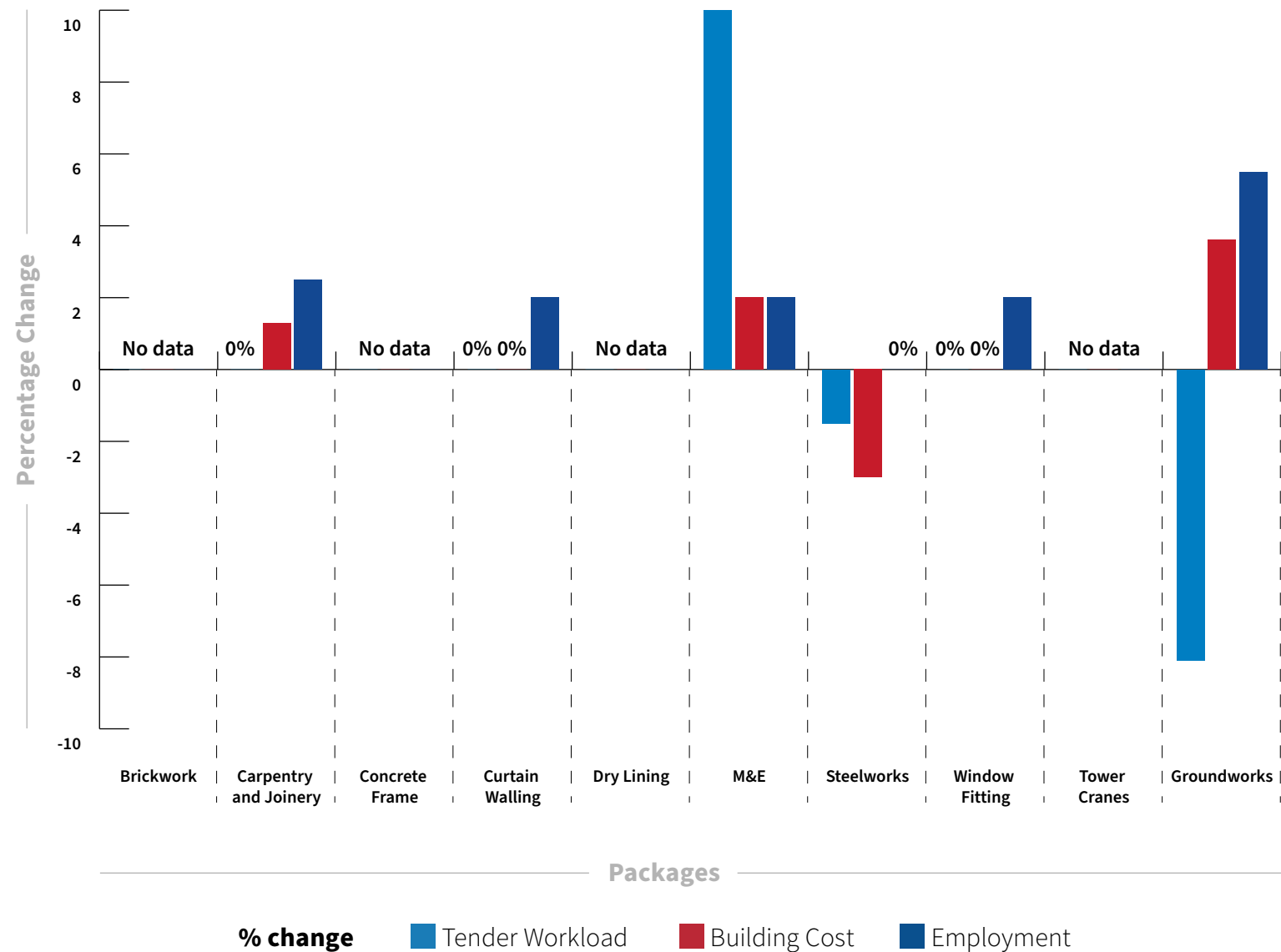
- M&E Package: 6.3%
- Tower Crane Package: -1.5%

## Average Change in Material Lead time

No change



# Comparison to Q2 2025: Wales



## Tender Workload

Average change:

0.1% Increase

- M&E Package: 10.0%
- Groundworks Package: -8.1%

## Building Cost

Average change: 0.6% Increase

- Groundworks Package: 3.6%
- Steelworks Package: -3.0%

## Employment

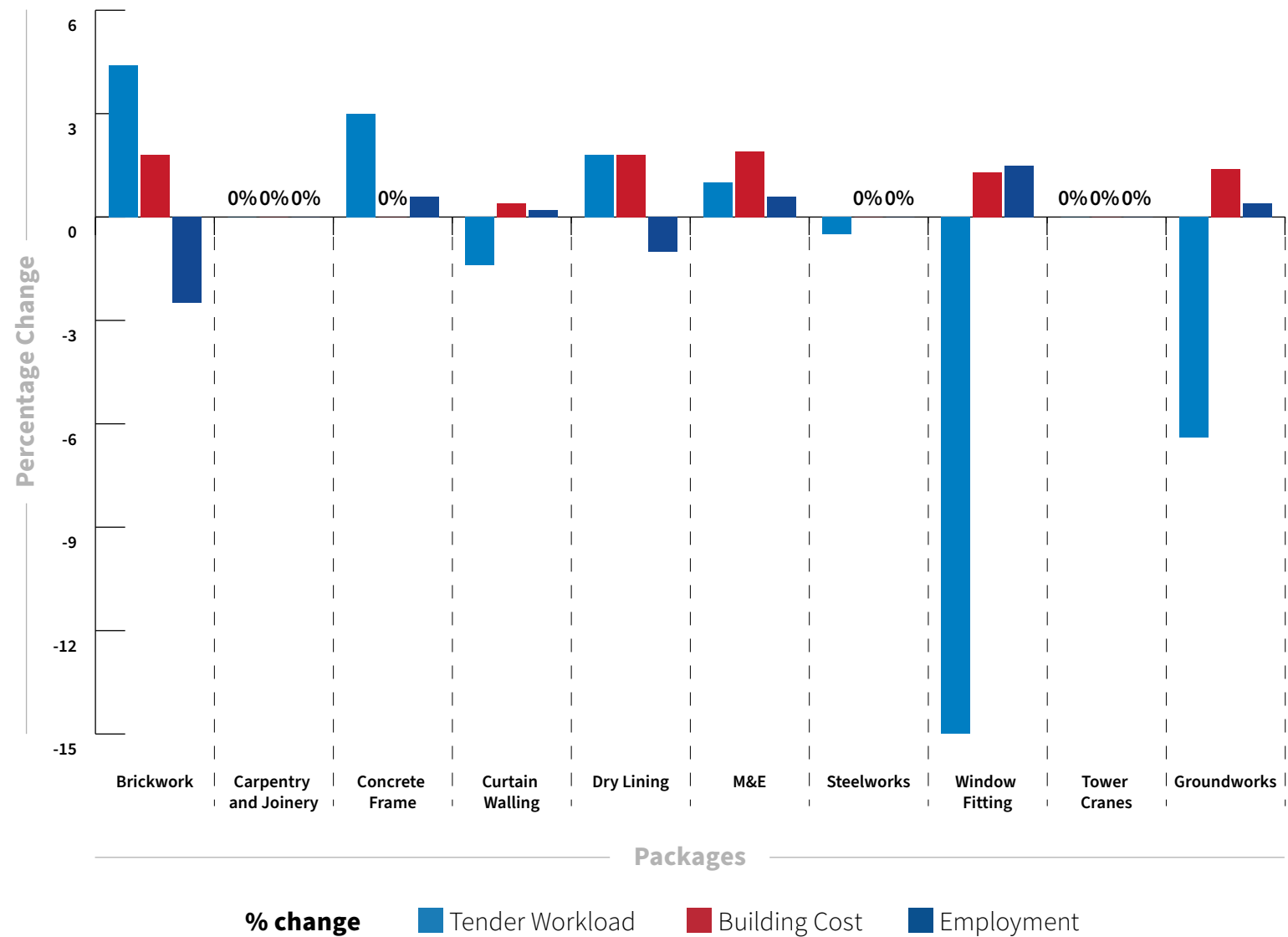
Average change:

2.0% increase

## Average Change in Material Lead time

No change

# Comparison to Q2 2025: London



## Tender Workload

Average change:

1.3% Decrease

- Brickwork Package: 4.4%
- Windows Package: -15.0%

## Building Cost

Average change: 0.9% Increase

- Drylining Package: 1.8%
- M&E Packages: 1.9%

## Employment

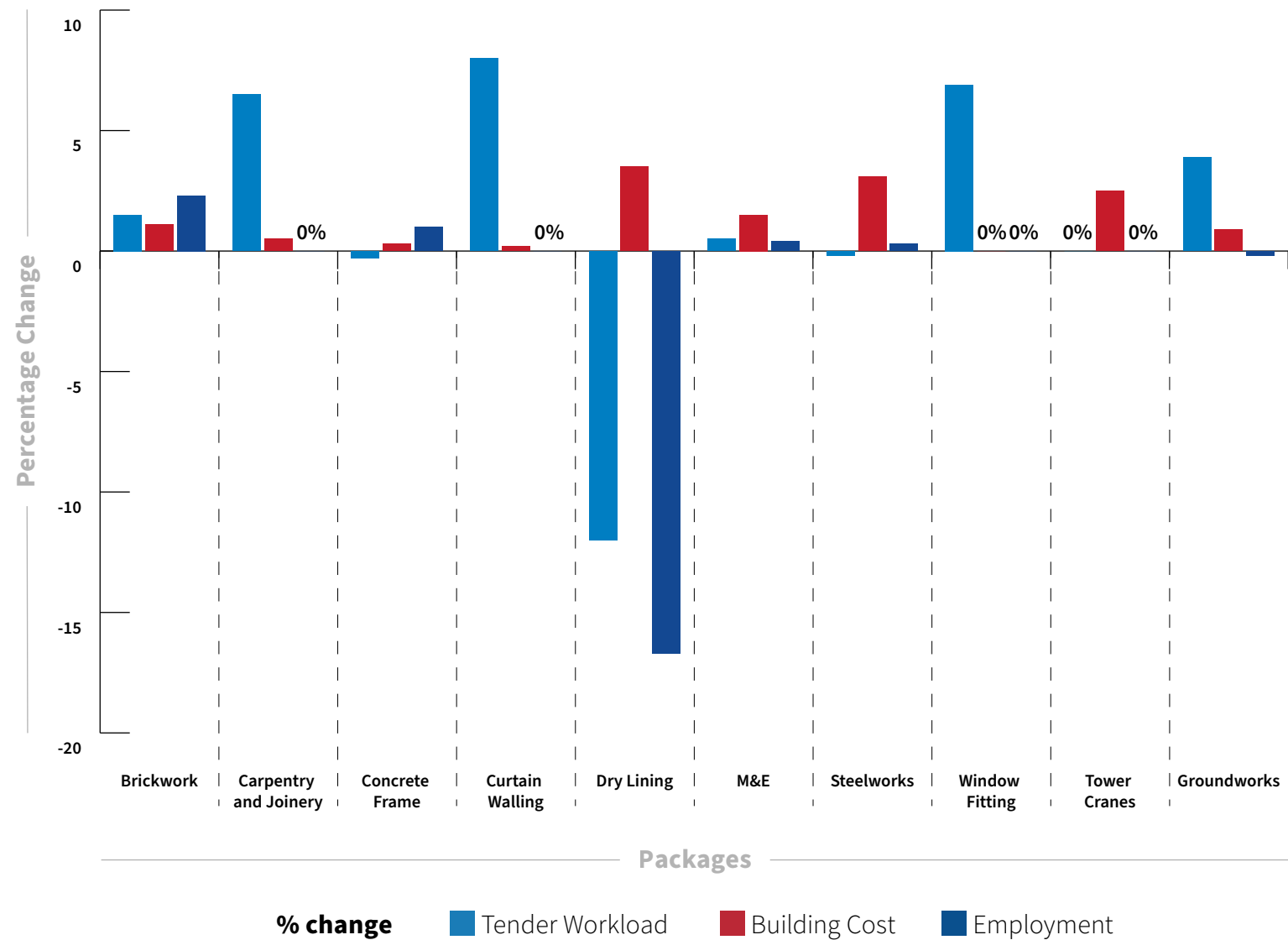
Average change:

No change

## Average Change in Material Lead time

No change

# Comparison to Q2 2025: South



## Tender Workload

Average change:

**1.5% Increase**

- Curtain Walling Package: 8.0%
- Windows Package: 6.9%
- Carpentry and Joinery Package: 6.5%
- Drylining Package: -12.0%

## Building Cost

Average change: **1.3% Increase**

- Drylining Package: 3.5%
- Steel Works Package: 3.1%

## Employment

Average change:

**1.3% Decrease**

- Drylining Package: -16.7%

## Average Change in Material Lead time

No change throughout work packages, however, M&E 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 Q2 2026 Overview

# Forecast to Q3 2026: Overview

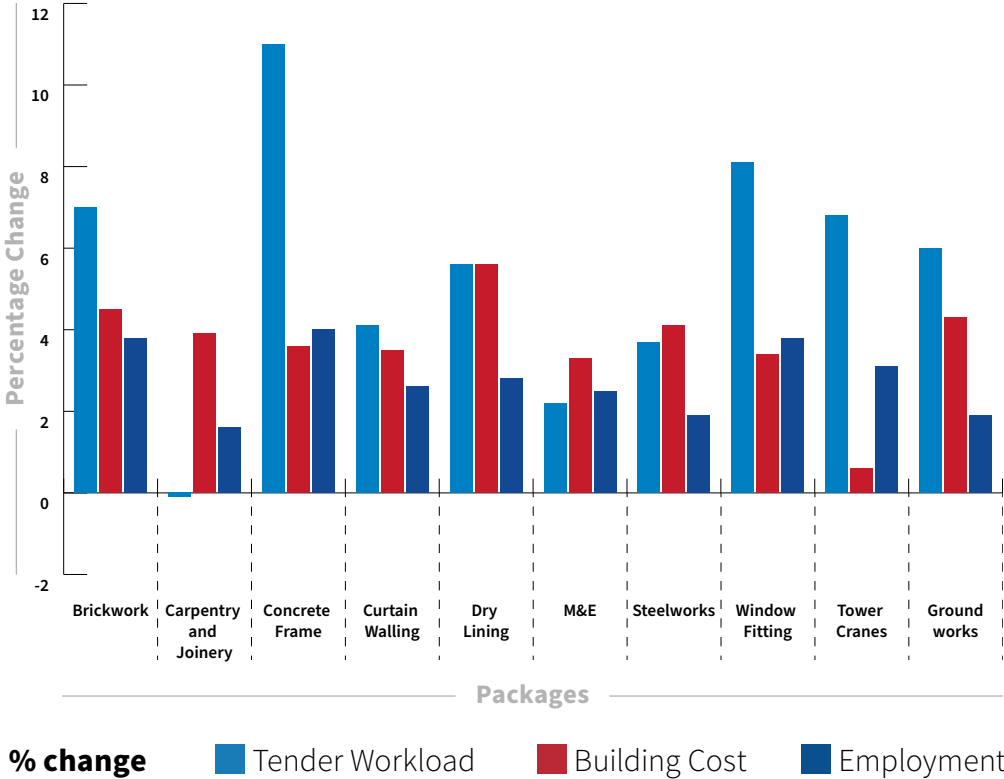
- Average Change in Tender Workload: 5.1% Increase
- Average Change in Building Cost: 3.9% Increase
- Average Change in Employment: 2.7% Increase
- Average Change in Material Availability: +0.8 week

This quarter points toward a cautious, yet optimistic view of the construction market. The UK construction sector is forecast to experience moderate growth through to Q3 2026, with tender workloads expected to rise by 5.1% and building costs by 3.9%, according to our latest national outlook. Employment is also projected to increase by 2.7%, while material availability continues to loosen, with average lead times reducing by 0.2 weeks.

This growth comes with a backdrop of construction insolvency being one of the foremost reasons for uncertainty in the market. Additionally, local government reorganization and constrained public sector budgets are expected to impact the project pipelines. The bottleneck created by Building Safety Act in delayed planning permissions have started to impact the tower crane package, specifically in London. However, the ease in this bottleneck has promoted the tender activity in steel work package.

These changes in the construction landscape have pushed supply chain partners to revisit their strategic outlook and realigning with the market forces. This has enabled them to undertake selective bidding and chasing for project certainty in these times. This has been reflected in the employment percentages and material availability.

Subsequently, inflationary pressures continue to drive up costs across the trade packages.



The Office for Budget Responsibility forecasts construction inflation between 2.1% and 2.4% over the next year. Like the previous quarter, Window fitters are experiencing increases in glass prices with drylining contractors following the suite of experiencing material hikes.

Employment trends expected to be more consistent over the course of the year. Concrete package is forecasted to see the highest employment growth at 4.0%. On the other hand, groundwork and steel work packages are seeing below-average increases.

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