National Association Construction Frameworks

By the public sector, For the public sector

Market Intelligence Report

Q2 2026

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 amongst members, our customers, and industry 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 and public sector projects in the best way possible.

Executive Summary: Q2 2026

Last year, NACF contractors and their supply chains reported cautious recovery. Into 2026, national tender workload increased by 2.93% since last year.

Cost inflation remains the dominant issue, with respondents repeatedly citing increases in material, energy, fuel and transport costs. Many businesses link recent price rises to geopolitical instability, particularly events in the Middle East and their impact on fuel, steel, aluminium, insulation, concrete and reinforcement products. Additional concerns were raised around steel tariffs, CBAM regulations, labour costs, taxation and general inflationary pressures, with many subcontractors reporting that suppliers are unwilling to hold prices for extended periods, making fixed-price tendering increasingly difficult.

Secondly, market confidence and workload remain mixed across the industry. While some respondents reported improving enquiry levels and optimism for 2027, many described a subdued market, delays to project starts and reduced tender opportunities. A recurring theme was the impact of the Building Safety Act gateway process, planning delays and funding uncertainty, which have pushed projects into future years and created a backlog of schemes awaiting approval. Infrastructure, public sector, defence, education and remediation projects were seen as providing more resilience and future opportunities.

Change Since Last Quarter

Tender Workload: +2.54%

Building Cost: +5.13%

Employment: 1.11%

Material Availability: +0.47 weeks

Change Since Last Year

Tender Workload: +2.93%

Building Cost: +7.06%

Employment: +0.72%

Material Availability: +0.67 weeks

Executive Summary: Q2 2026

Finally, firms expressed concerns around labour availability, supply chain resilience and programme certainty. Although most respondents reported stable staffing levels, many anticipate recruitment challenges if demand returns, particularly for skilled trades. Several sectors noted lengthening lead times for specialist products, aluminium systems, steelwork, façades, M&E equipment and fire-rated materials, while others warned of potential future shortages linked to tariffs, supply chain disruption and increased demand. Overall, contractors are urging clients to engage supply chains earlier, allow longer procurement periods and recognise that material cost volatility, labour pressures and ongoing geopolitical uncertainty are likely to continue influencing project costs and delivery programmes into 2027.

NACF contractors report a 2.93% increase in tender workload when compared with the same time last year, continuing a similar trend over the previous quarters. Despite some challenging market conditions, new work opportunities within the public sector continue to improve.

Building cost increased by 5.13% when compared with last quarter. Trade suppliers report that material prices have again remained relatively consistent. The average number of employees throughout Q2 has risen modestly by 1.11%.

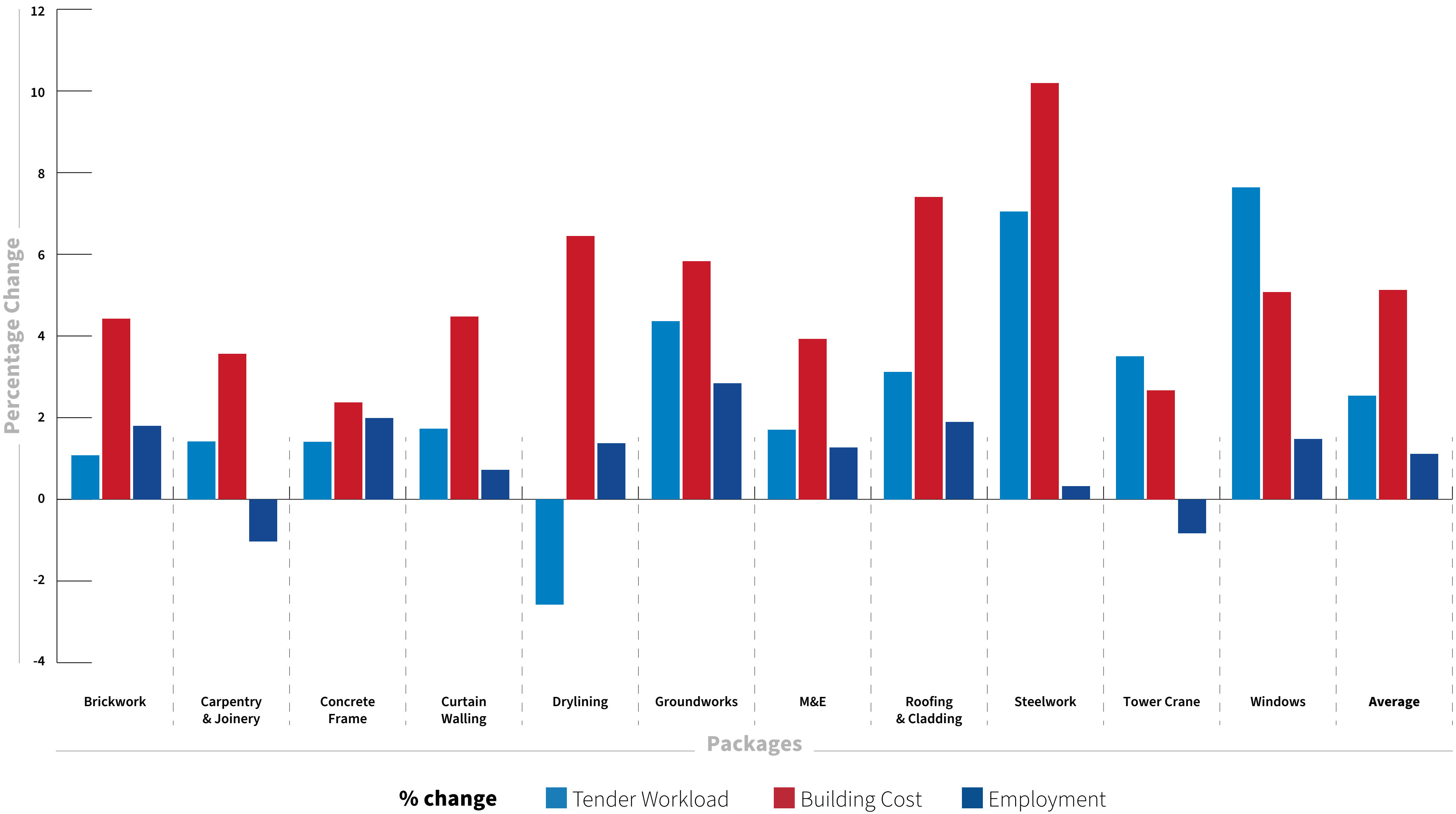
Looking into the year ahead, the national forecast to Q2 2027 anticipates growth:

- Tender Workload +4.65%
- Building Cost +5.10%
- Employment +2.59
- Material Availability +0.50 weeks

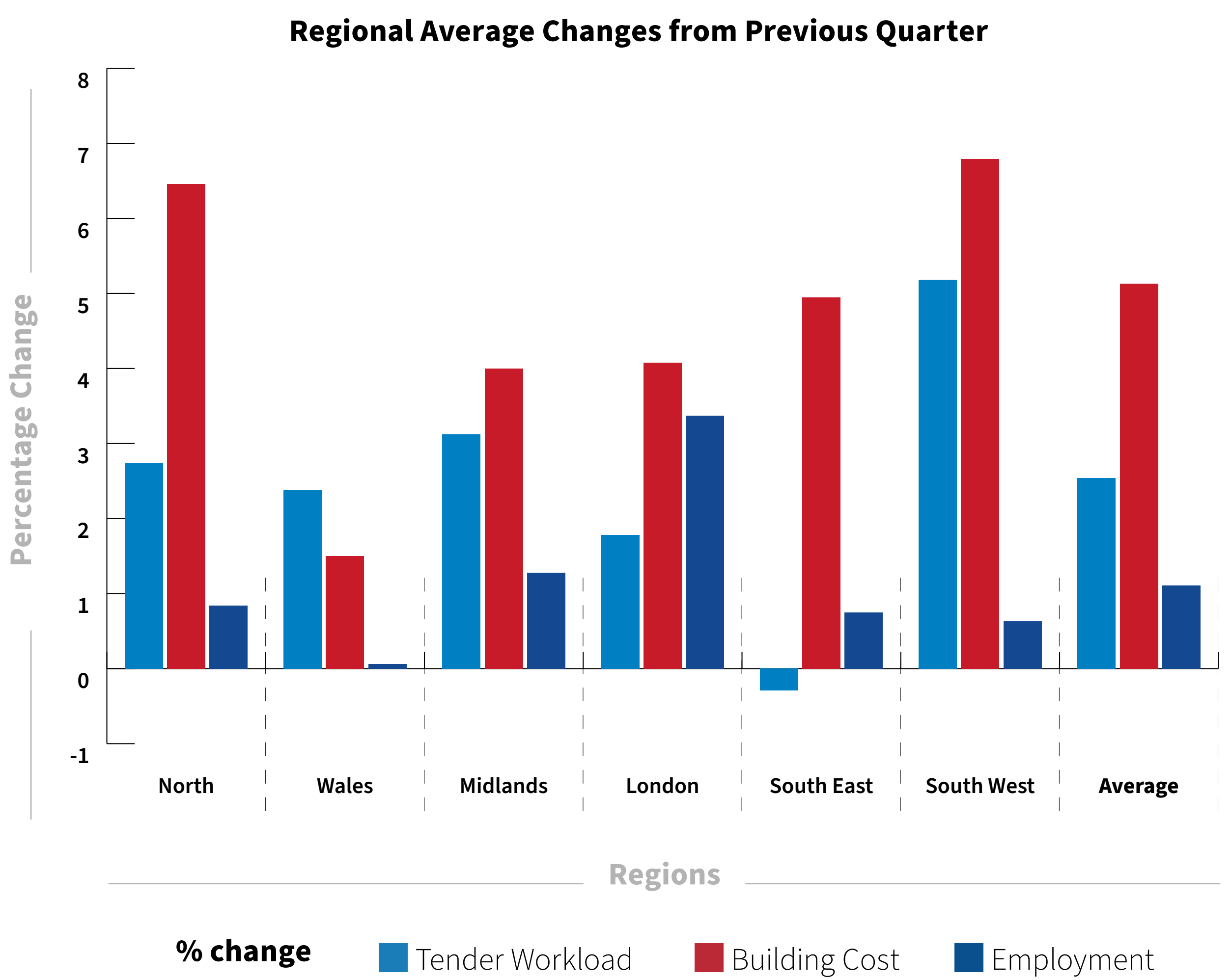
This growth may present a new set of challenges for 2027 and onwards as the capacity of the construction sector is tested. The need for strategic procurement and proactive risk management will be critical in drawing the attention of a broad selection of quality suppliers.

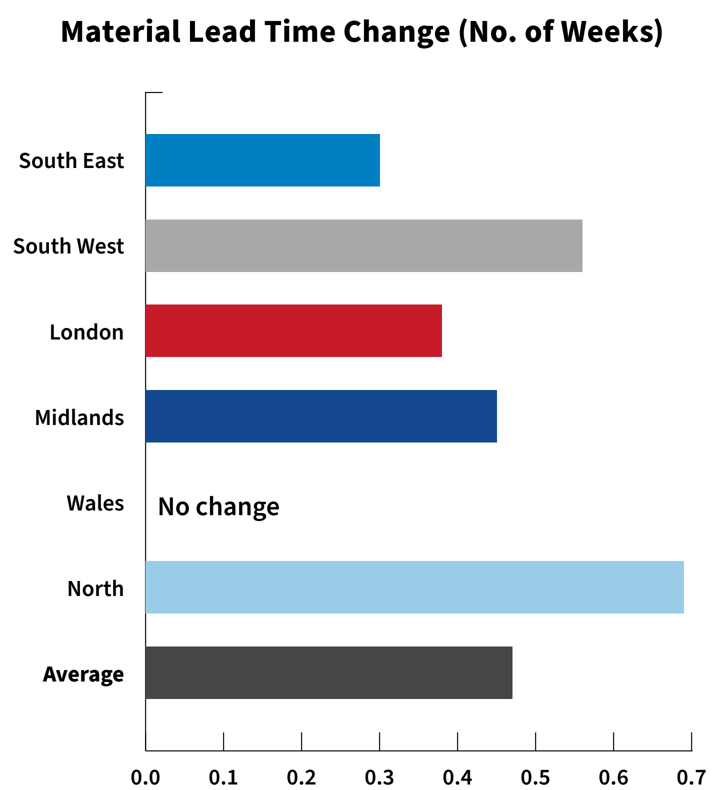
The need for predictable outcomes is crucial for public sector projects; clients should consider the use of collaborative procurement models and early supply chain engagement and integration to help maximise opportunities for buildability and real-time cost advice.

National Change Since Last Quarter

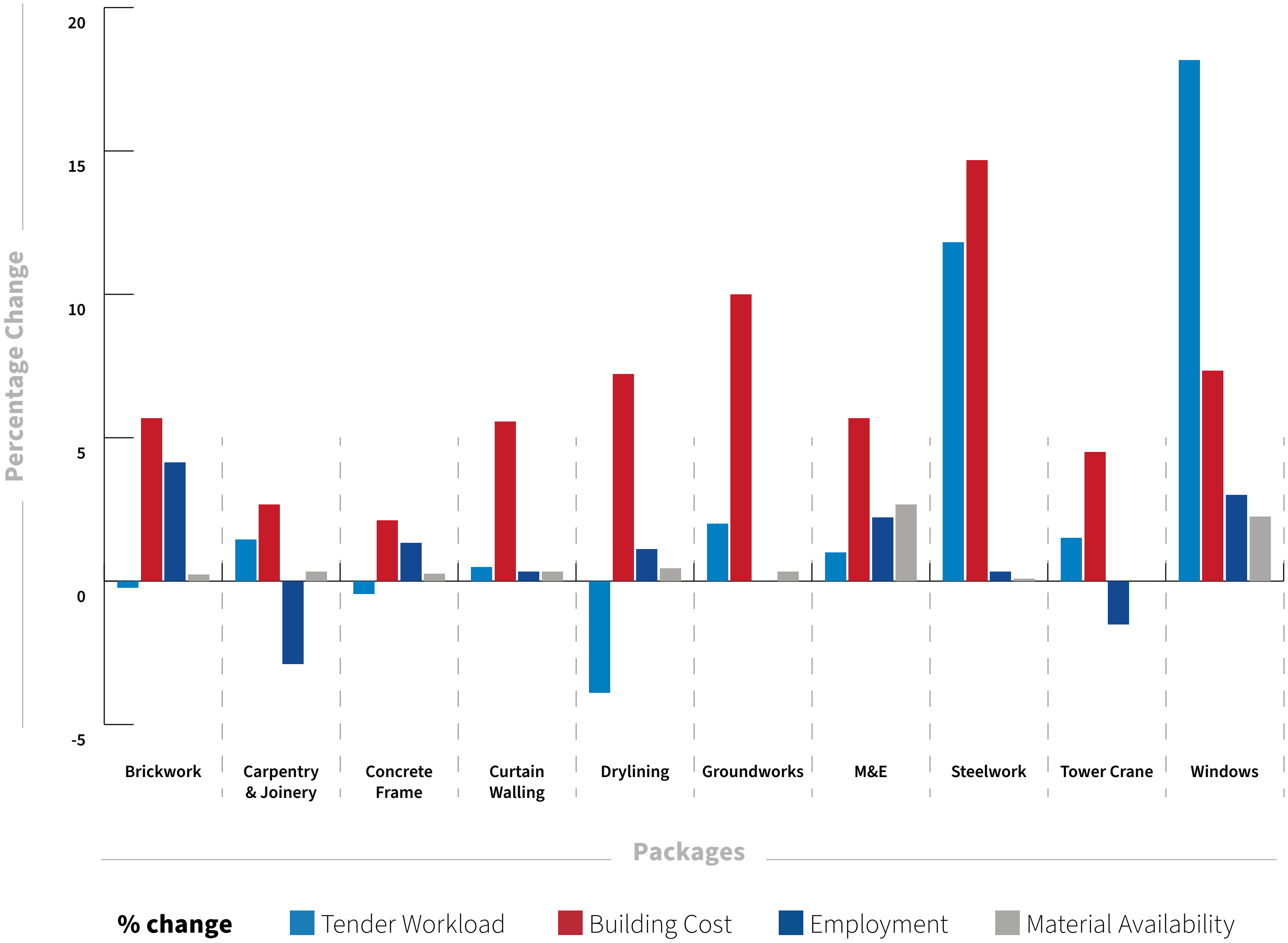


Comparison with previous quarter (Regional)





Comparison to Q1 2026: North



Tender Workload

Average change +2.74%

- Windows +18.17%
- Steelwork +11.81%
- Concrete Frame -0.44%
- Drylining -3.89%

Building Cost

Average change +6.46%

- Steelwork +14.67%
- Groundworks +10.00%

Employment

Average change +0.84%

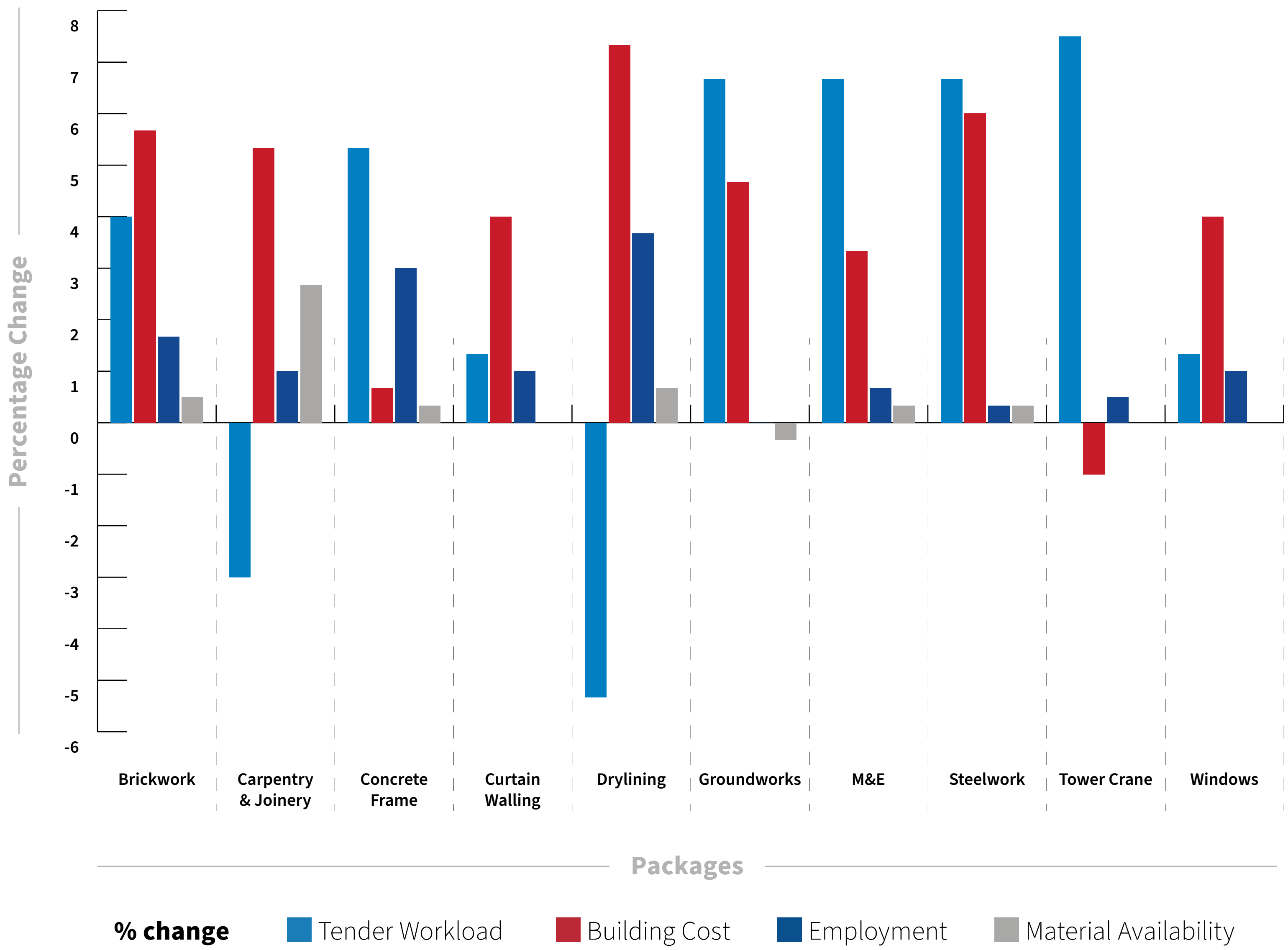
- Brickwork +4.13%
- Windows +3.00%
- Tower Crane -1.50%
- Carpentry & Joinery -2.89%

Average Change in Material Lead time

Average change +0.69 weeks

- M&E +2.67 weeks
- Windows +2.25 weeks

Comparison to Q1 2026: Midlands



Tender Workload

Average +3.12%

- Tower crane +7.50%
- Groundworks/M&E/ Steelwork +6.67%
- Drylining -5.33%
- Carpentry & Joinery -3.00%

Building Cost

Average +4.00%

- Drylining +7.33%
- Steelwork +6.00%
- Concrete Frame +0.67%
- Tower crane -1.00%

Employment

Average +1.28%

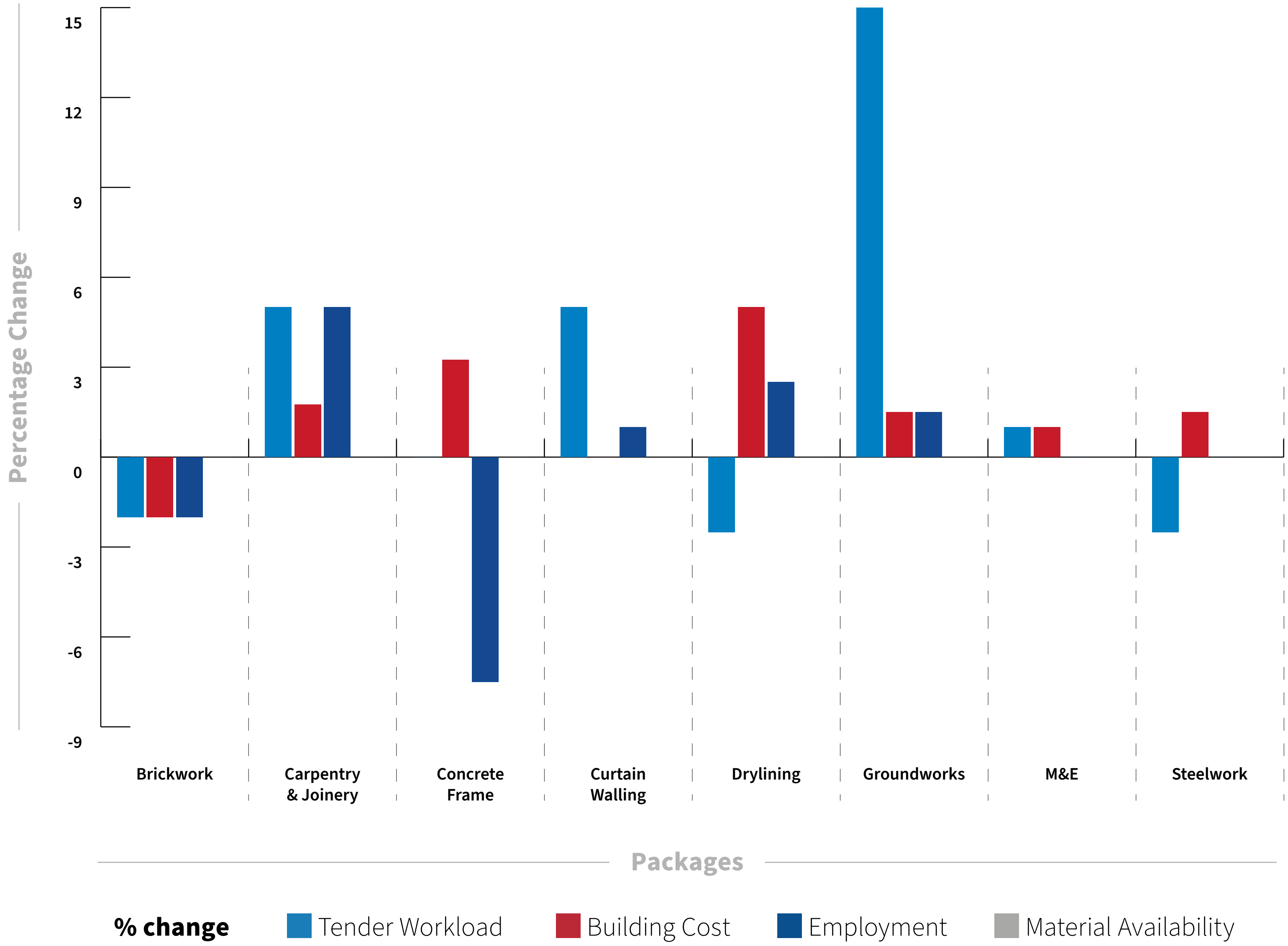
- Drylining +3.67%
- Concrete Frame +3.00%

Average Change in Material Lead time

Average +0.45 weeks

- Carpentry & Joinery +2.67 weeks
- Brickwork +0.50 weeks
- Groundworks -0.33 weeks

Comparison to Q1 2026: Wales



Tender Workload

Average +2.38%

- Groundworks +15.00%
- Brickwork -2.00%
- Drylining -2.50%
- Steelwork -2.50%

Building Cost

Average +1.50%

- Drylining +5.00%
- Concrete Frame +3.25%
- Brickwork -2.00%

Employment

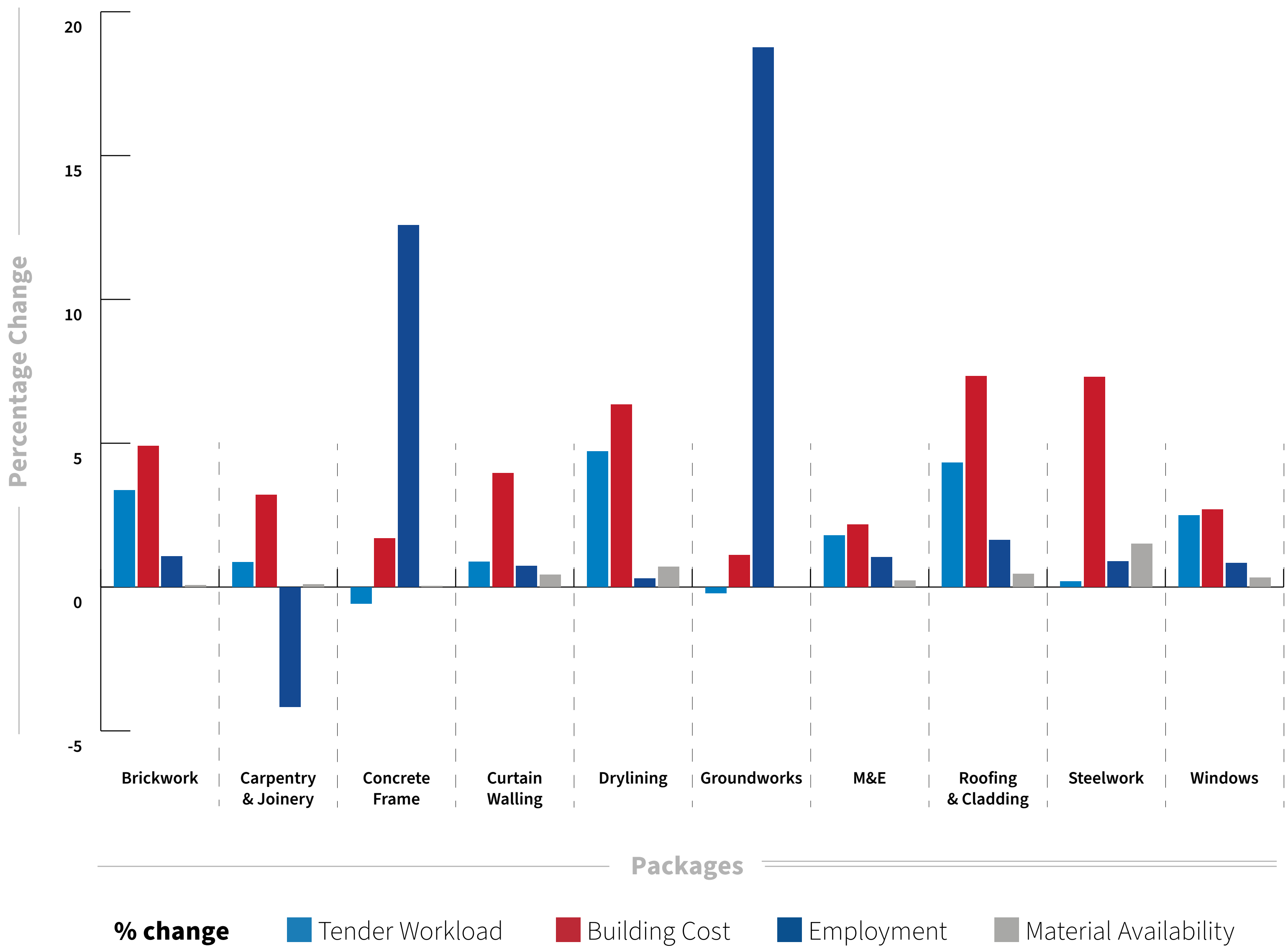
Average +0.06%

- Brickwork -2.00%
- Concrete Frame -7.50%

Average Change in Material Lead time

No change

Comparison to Q1 2026: London



Tender Workload

Average +1.78%

- Drylining +4.72%
- Roofing & Cladding +4.33%
- Groundworks -0.21%
- Concrete Frame -0.58%

Building Cost

Average +4.08%

- Roofing & Cladding +7.34
- Steelwork +7.31%

Employment

Average +3.37%

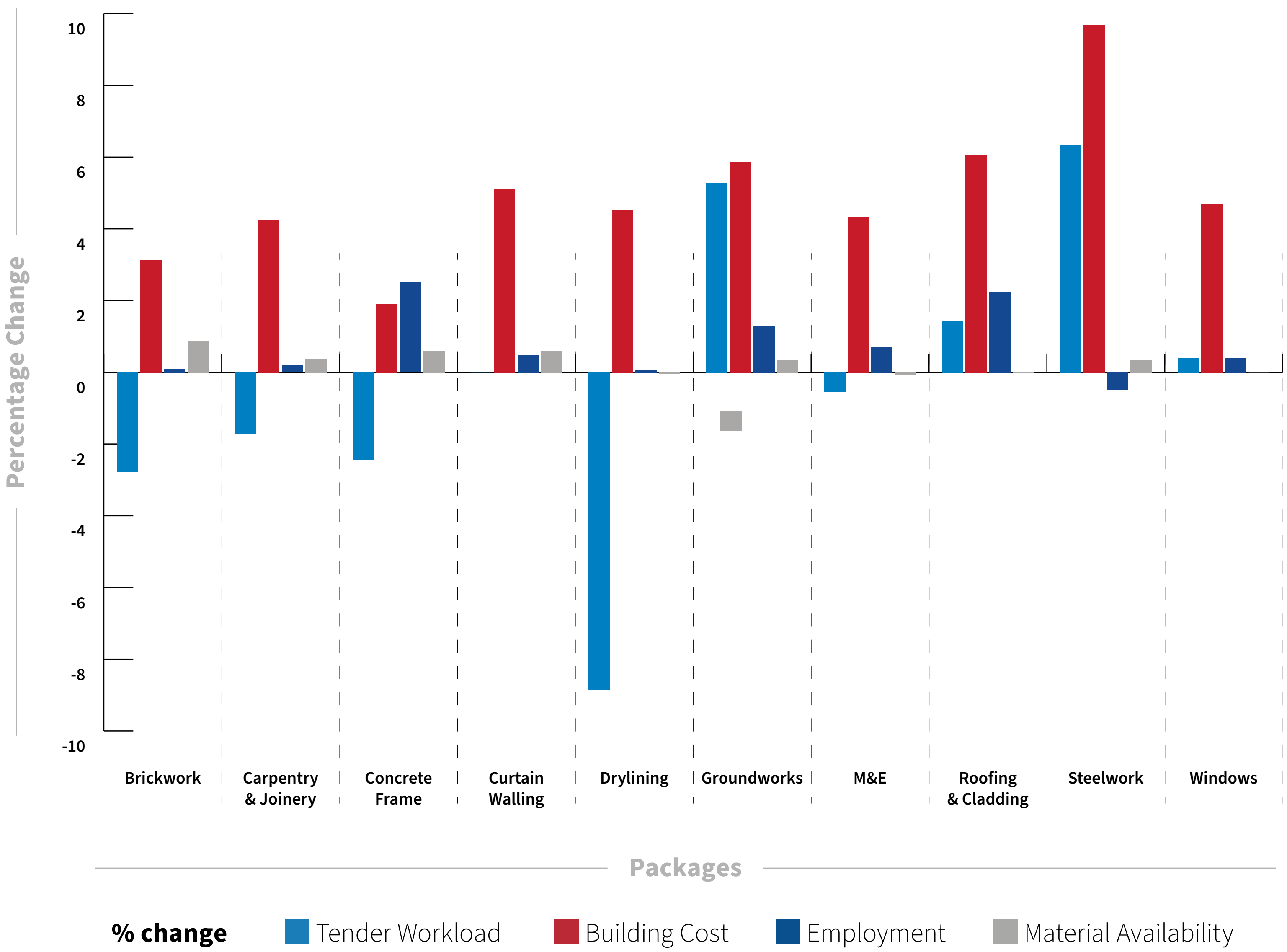
- Groundworks +18.76%
- Concrete Frame +12.58%
- Carpentry & Joinery -4.16%

Average Change in Material Lead time

Average +2.40 weeks

- Steelwork +1.5 weeks

Comparison to Q1 2026: South East



Tender Workload

Average -0.29%

- Steelwork +6.34%
- Groundworks +5.29%
- Concrete Frame -2.44%
- Brickwork -2.77%

Building Cost

- Steelwork +9.68%
- Roofing & Cladding +6.06%

Employment

Average +0.75%

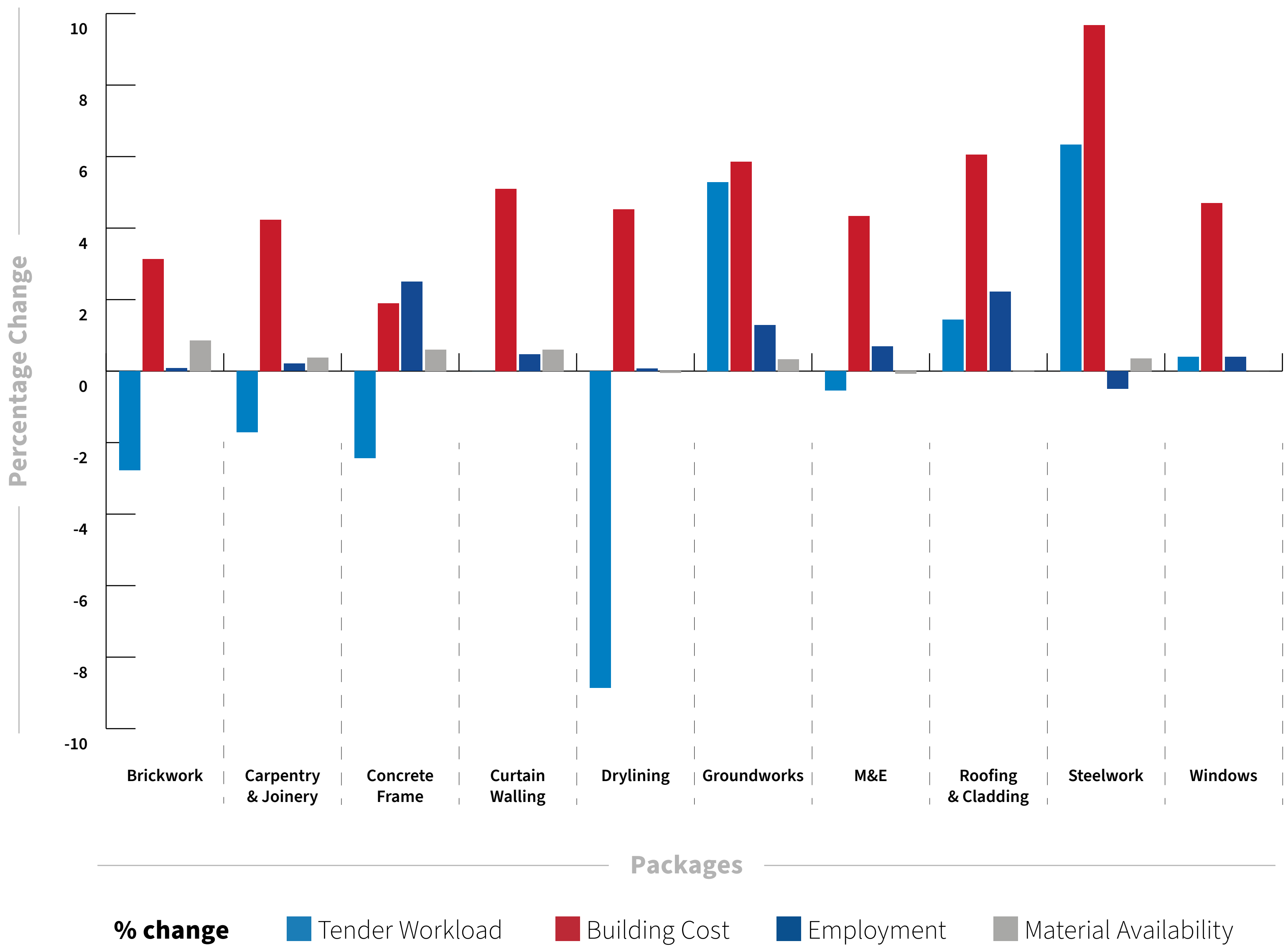
- Concrete Frame +2.50%
- Steelwork -0.50%

Average Change in Material Lead time

Average +0.30 weeks

- Brickwork +0.86 weeks
- M&E -0.08 weeks

Comparison to Q1 2026: South West



Tender Workload

Average 5.18%

- Steelwork +13.00%
- Roofing & Cladding +8.79%

Building Cost

Average +6.79%

- Concrete Frame +10.31%
- Steelwork +10.27%
- Groundworks -0.21%

Employment

Average +0.63%

- Roofing & Cladding +1.82%
- Curtain Walling +1.56%
- Carpentry & Joinery -1.60%
- Groundworks -1.67%

Average Change in Material Lead time

Average +0.56 weeks

- Carpentry & Joinery +1.90 weeks
- Steelwork +1.00 week
- Curtain Walling -0.17 weeks
- Drylining -0.46 weeks

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National Forecast Q2 2027
Overview

Forecast to Q2 2027: Overview

- Tender Workload +4.65%
- Building Cost +5.10%
- Employment +2.59%
- Material Availability +0.50 weeks

An uplift in tender workload is consistently expected across all trades throughout 2027. However, trade supply chains remain cautious as challenging conditions and complex regulatory environments are expected to continue to pressure projects.

The trades with the largest expected increase in tender workload are:

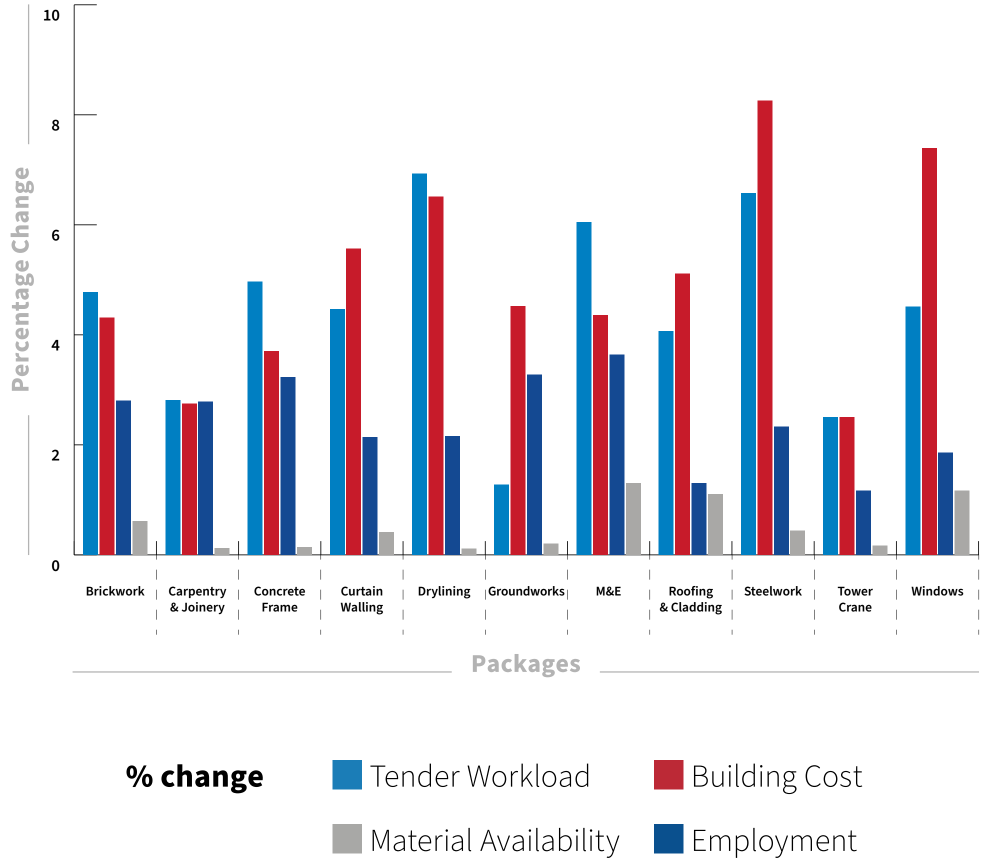
- Drylining +6.93%
- Steelwork +6.58%
- M&E +6.05%

As growth in the sector increases, Building Cost is also anticipated to rise. The trades with the largest forecasted increase are:

- Steelwork +8.26%
- Windows +7.39%
- Drylining +6.51%

As opportunities increase, trade suppliers forecast a need to employ additional workforce, with employment expected to increase by an average of 2.59%. This is particularly noticeable amongst the following trades:

- M&E +3.64%
- Groundworks +3.28%
- Concrete Frame +3.23%



This demand for skilled workers may test the capacity of the construction sector. The need for strategic procurement and proactive risk management will be critical in engaging the interest of the best suited supply chain.

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