Gardiner & Theobald

Main Contractor Survey

July 2026

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G&T's 2026 Main Contractor Survey points to a market that is active but highly selective. Pipeline volume is not the primary constraint for many respondents, conversion quality is. Contractors are increasingly disciplined about which opportunities justify bid effort, with funding certainty, design maturity, risk allocation, programme realism and a clear route to site now acting as the main filters.

1 Selective appetite

Contractors remain interested in credible work, but are increasingly wary of tenders with immature design, unrealistic budgets or excessive risk transfer

2 Conversion friction

Pipeline volume is better than pipeline quality - funding, design and approvals continue to slow conversion

3 Inflation pressure persists

TPI expectations rise over the forecast horizon, while material and labour costs remain concentrated in mid-single-digit increase ranges

4 MEP pressure

MEP capacity, plant and specialist labour remain the clearest recurring supply-chain pinch points

5 Commercial protection

Contractors are responding to uncertainty through shorter price validity, more qualifications and fluctuation requests, rather than simply increasing OH&P

6 Client controllables

Mature design, early engagement, transparent budgets and balanced risk allocation materially improve competitiveness

Please note: For confidentiality reasons, the names of the individual contractors that responded to the survey have not been disclosed in this report. Survey respondents operate across all geographical regions of the UK, but the majority tend to operate in Greater London and the South East.

Market snapshot

26	Survey responses
39%	Competitive or very competitive market
90%	Average secured workload for 2026
60%	Average secured workload for 2027
69%	More selective about tenders
68%	Report MEP capacity tightening
81%	Cite steel/metals as a material concern
84%	Report BSA programme impact as moderate/significant
3.4%	Average next 12 months TPI forecast
4.0%	Average 2027 TPI forecast

Headline reading

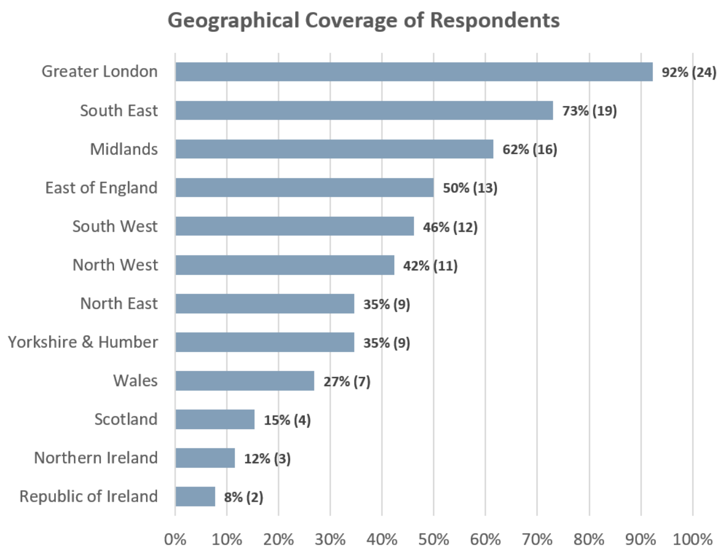
The survey responses point to an active but cautious market - near-term workloads are well secured, but contractors are rationing bid effort and responding to uncertainty through qualifications, shorter price validity and risk allocation rather than simple margin inflation.

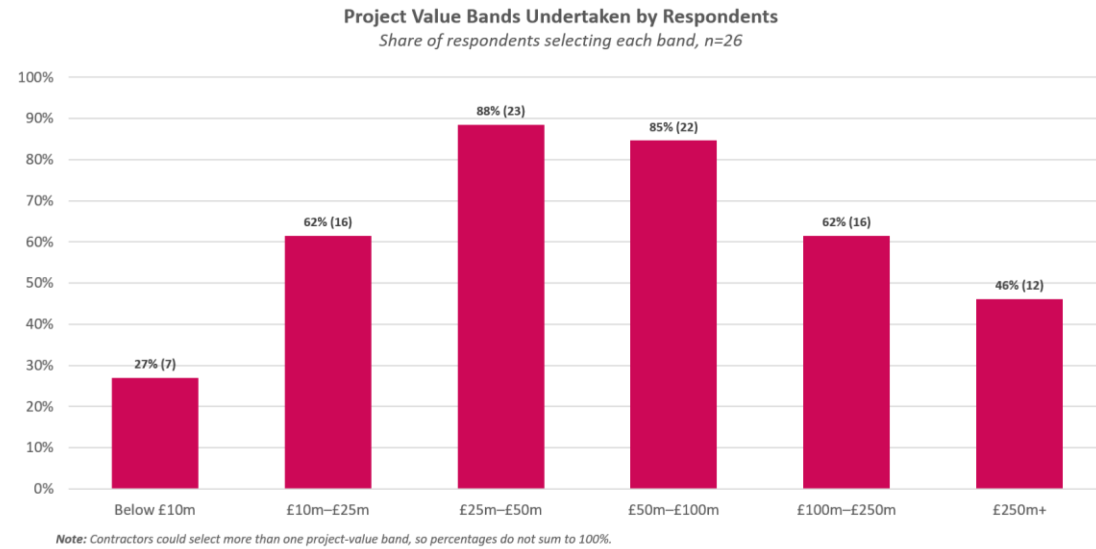
Source: *G&T Main Contractor Survey 2026, n=26. Contractor comments anonymised and lightly edited for clarity.*

01

Market Coverage

Respondent profile and project scale



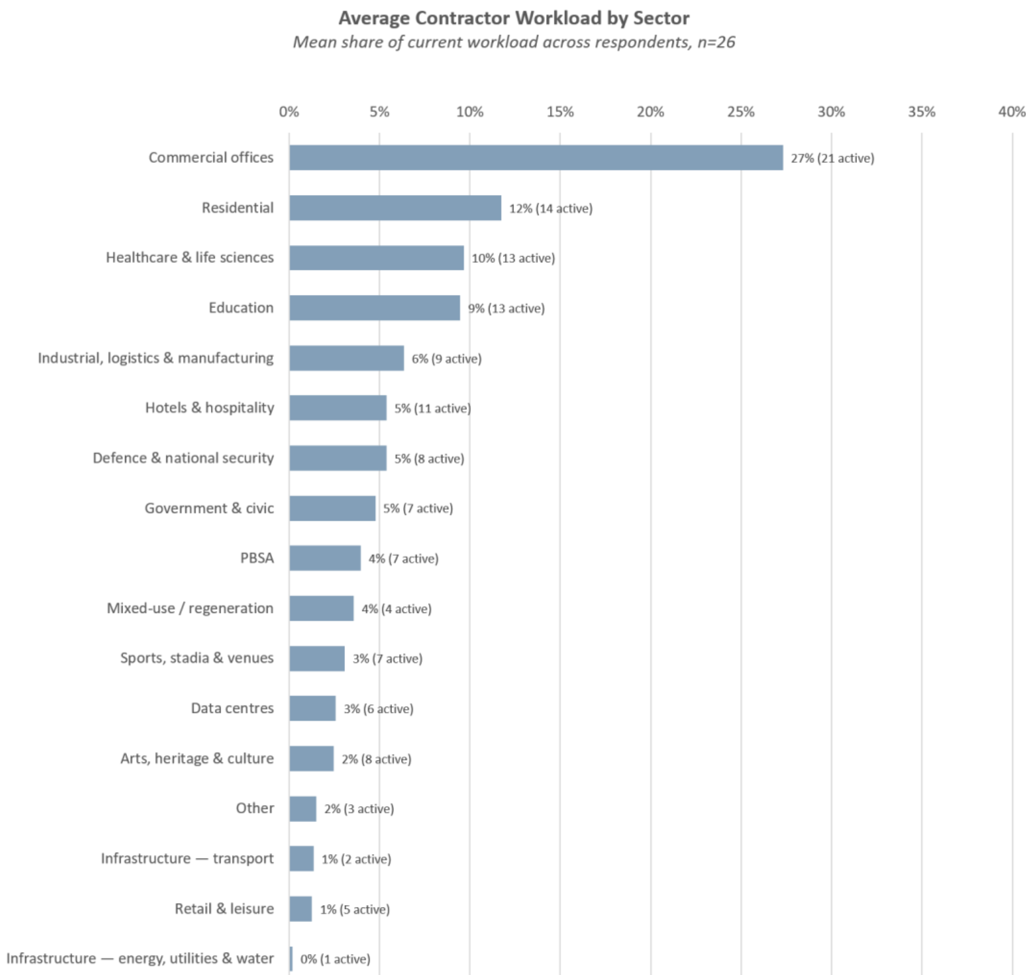


- Survey coverage is broad, but remains weighted towards Greater London, the South East and other major English regions
- Respondents are concentrated in mid-to-large project value bands, with strong coverage above £25m and meaningful capability at £250m+
- The sample is therefore most useful for reading Tier 1/Tier 2 contractor appetite on sizeable and more complex schemes
- The weighting should be made explicit - findings are highly relevant to major regional and London-led projects, but are not a proxy for the whole SME contracting market

26	92%	46%
Survey responses	Greater London coverage	£250m+ capability

"We generally look at opportunities from £20m and above, although we will go lower for negotiated work or existing relationships."

Current workload is concentrated in offices, public-sector and specialist growth sectors



Note: *Figures show the average share of current workload across respondents. Hyphens/no exposure treated as 0%. Respondents were asked to allocate workload to 100%.*

Offices

Top sector by workload share

17

Survey sectors captured

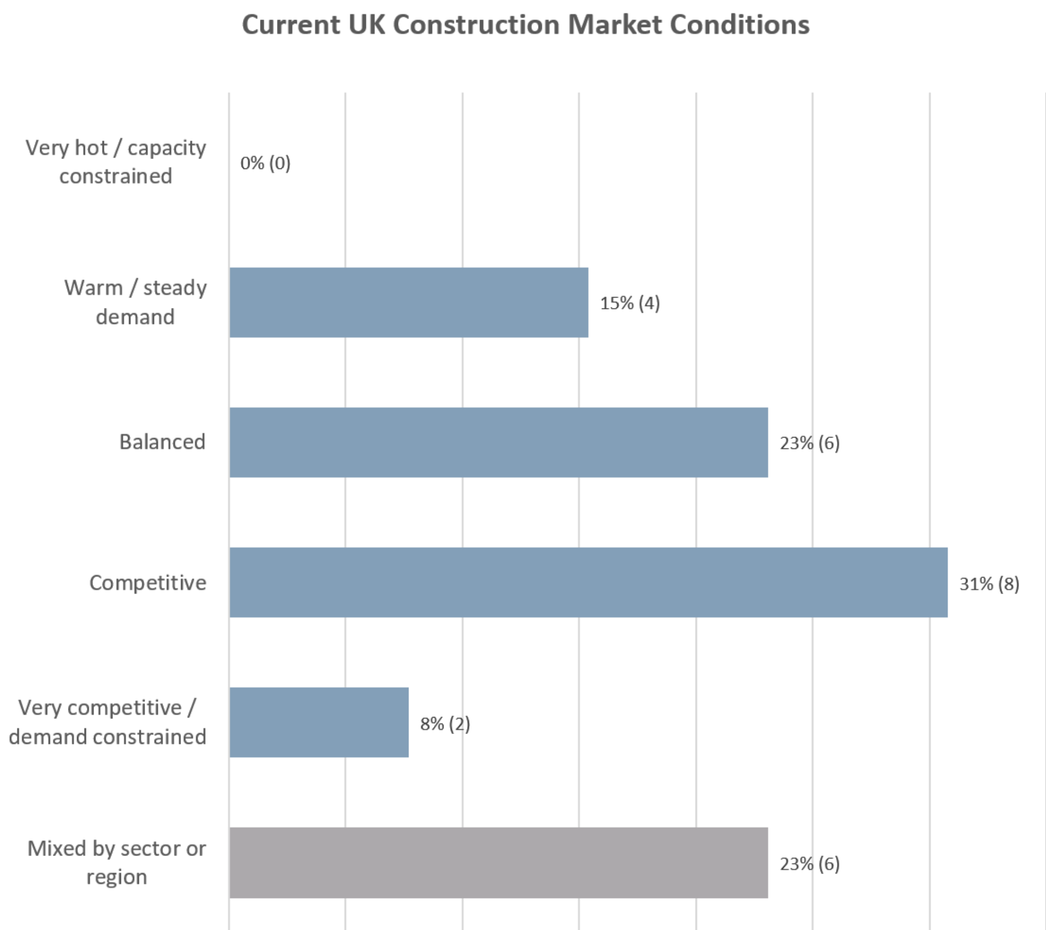
What the survey data suggests

- Commercial offices remain the largest average workload component across the respondent base
- Healthcare, education, data centres and industrial/logistics also feature prominently, balancing private sector and public sector-backed demand
- Residential exposure is present but comparatively lower, which aligns with comments on viability, regulatory drag and funding pressure
- Contractors are still finding credible work in offices and mission-critical sectors, but sector viability is highly segmented
- The office result needs careful interpretation - prime, funded and occupier-led office work is very different from speculative development facing yield and funding pressure

02

Market Sentiment

Contractors have capacity, but they are filtering opportunities carefully



***Note:** Figures show the share of respondents selecting each market condition.*

39%

Competitive or very competitive

61%

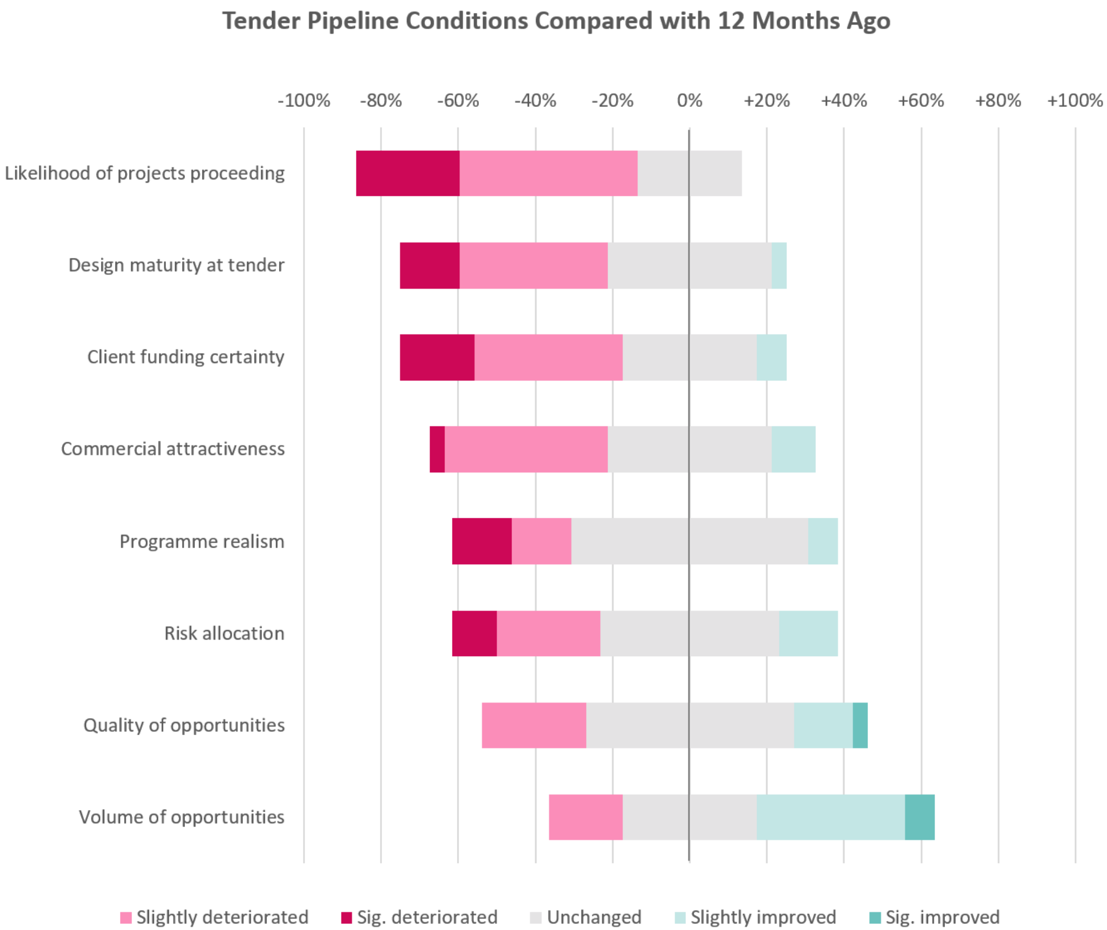
Warm, balanced or mixed

What the survey data suggests

- ***39%*** report competitive or very competitive conditions, signalling available capacity and sharper pricing pressure in parts of the market
- ***61%*** describe conditions as stable, warm or mixed, reinforcing that this is not a single-speed market
- No respondents describe the market as very hot or capacity constrained, reinforcing that contractor capacity is generally available for the right opportunities
- Contractor appetite remains selective, with funding certainty, design maturity, programme realism and risk transfer all shaping bid decisions

“There is capacity in the market, but contractors are being selective about where they commit tendering resource.”

Pipeline volume is not the problem, conversion quality is



+27pp
Volume of opportunities

-73pp
Likelihood of projects proceeding

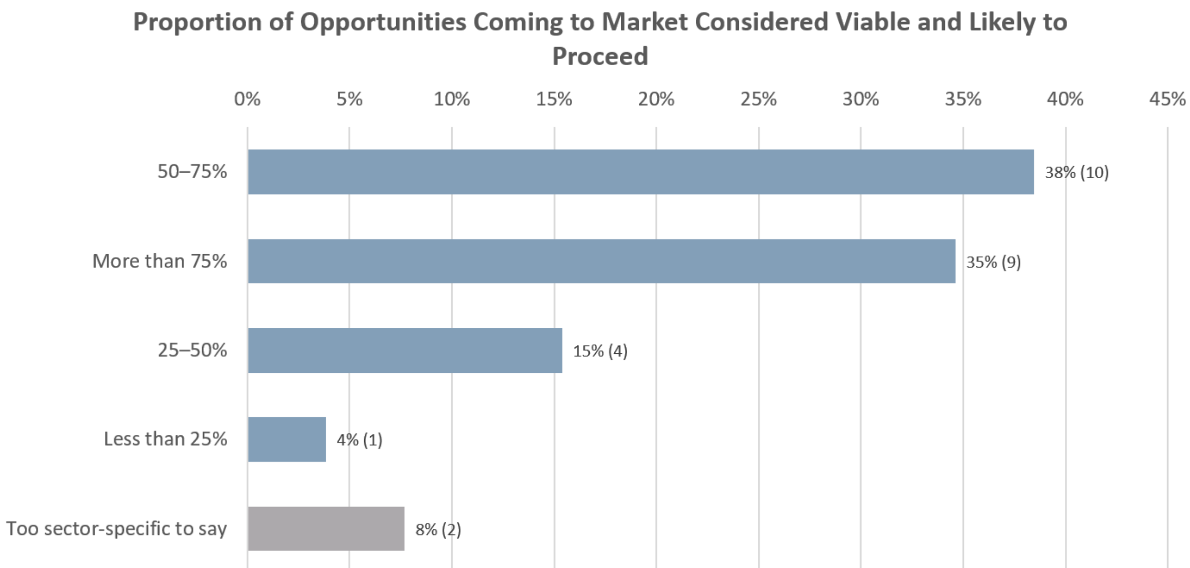
What the survey data suggests

- Opportunity volumes have improved on balance, with a +27pp net score compared with 12 months ago
- Confidence in project conversion has deteriorated sharply, with likelihood of projects proceeding recording the weakest score at -73pp
- Funding certainty and design maturity both sit at -50pp, suggesting many schemes are coming forward before key assumptions are fully resolved
- The issue is less a shortage of tenders, and more a shortage of credible, deliverable opportunities

"The number of opportunities has improved, but viability, funding and procurement timelines remain major barriers to conversion."

Note: "Unchanged" responses are split evenly either side of zero for visual balance. Net balance equals the share reporting improvement less the share reporting deterioration.

Most contractors see a viable pipeline, but risks remain sector-specific



73%

Say more than half of opportunities are viable

19%

Say less than half are viable

73% say more than half of opportunities coming to market are viable and likely to proceed

This suggests most contractors are still seeing credible opportunities, but not necessarily across the whole market

Bid/no-bid discipline is filtering out weaker schemes

Several contractors noted they are only pursuing opportunities with a credible route to site, because tendering resource is too valuable to spend on schemes unlikely to proceed

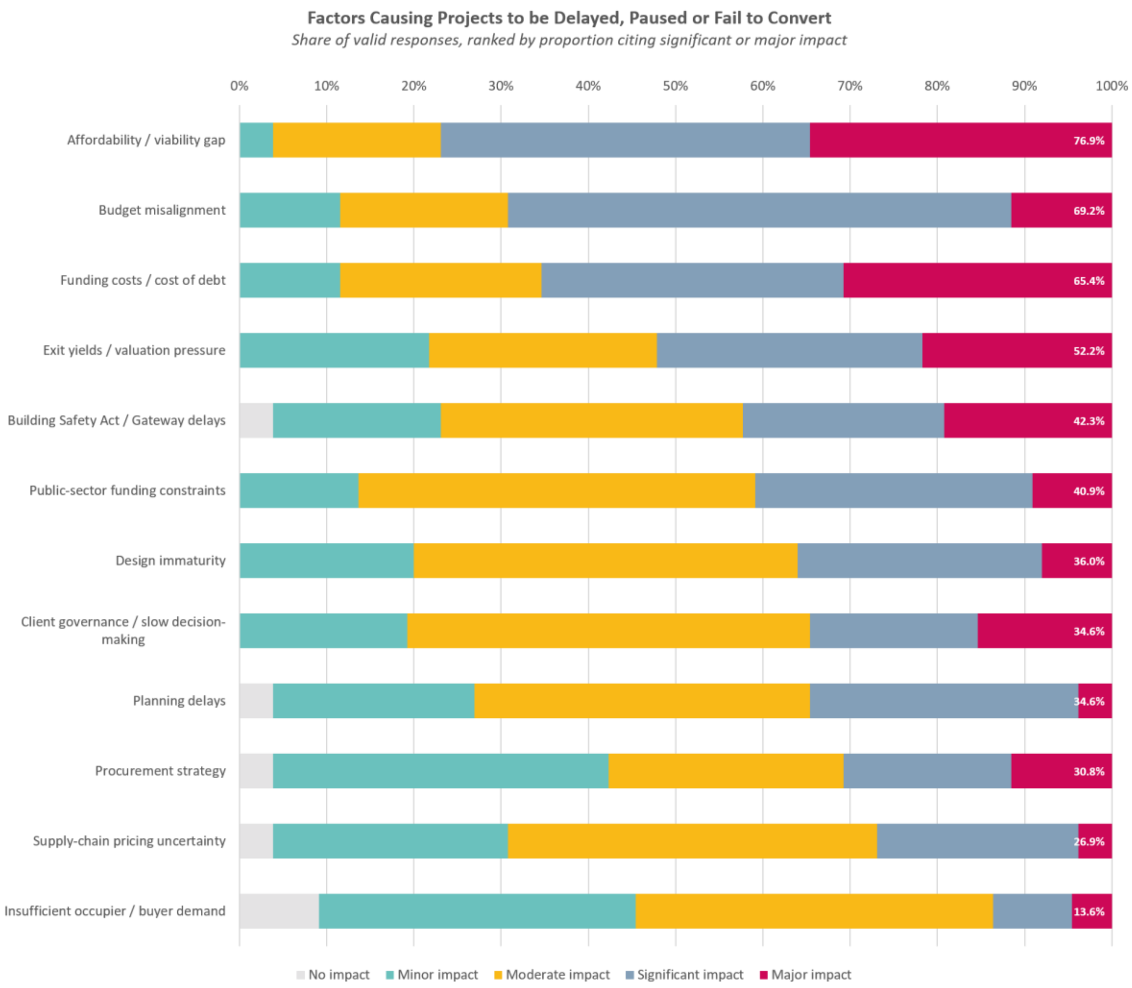
Viability remains highly sector-specific

Public sector, leisure, end-user-led industrial and self-funded developments were cited as more likely to proceed; residential and speculative commercial schemes remain more exposed

Funding and affordability are the main barriers

Respondents highlighted debt-funded commercial schemes, residential affordability, affordable housing requirements and early-stage advice gaps as reasons projects can circulate for years before becoming viable

Viability and funding pressures are holding projects back



***Note:** End labels show % of valid responses citing significant or major impact. Excludes "Not applicable / don't know" and missing responses;*

Top three factors by significant/major impact…

77%	69%	65%
Affordability/ viability gap	**Budget misalignment**	**Funding costs/ cost of debt**

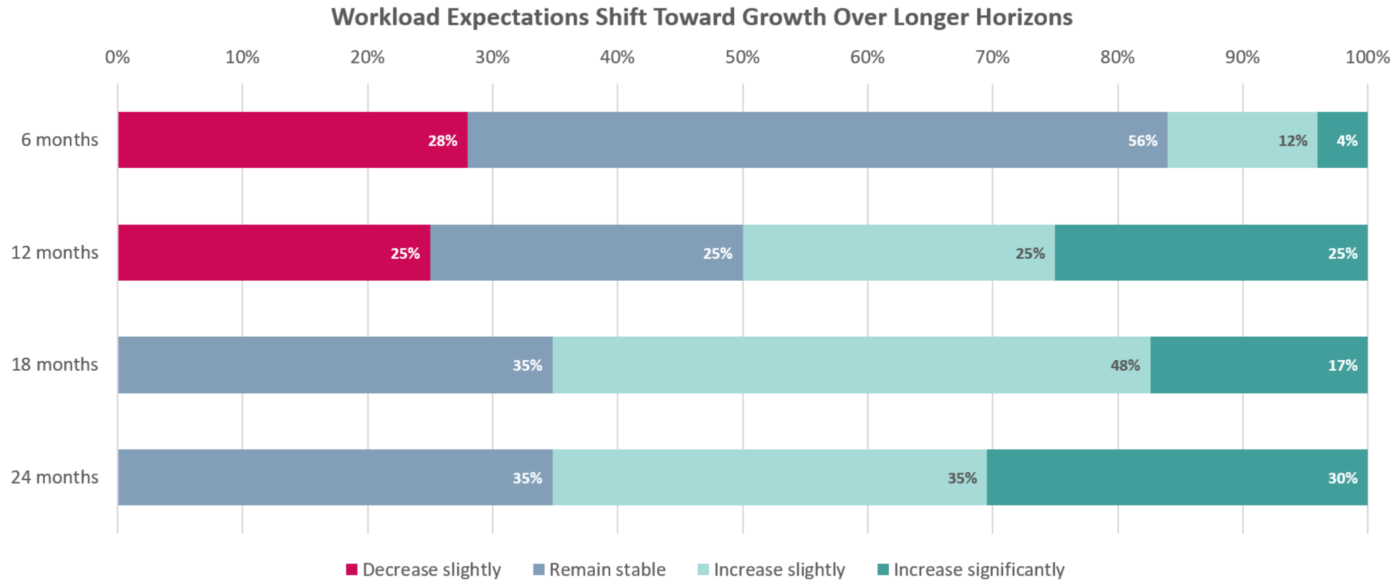
What the survey data suggests

- **Financial viability is the clearest blocker:** 77% rate the affordability/viability gap as a significant or major cause of delay, pause or non-conversion
- **Budget misalignment is extending pre-construction:** 69% cite it as significant or major, with comments pointing to repeated pricing iterations and design-to-budget gaps
- **Funding conditions remain a major constraint:** Cost of debt is cited by 65%, while exit yields/valuation pressure is cited by 52% of valid respondents
- **Regulatory and planning delays compound the issue:** BSA/Gateway and planning delays are not the top-ranked blockers, but can push already marginal schemes further from viability

03

Workload

Workload expectations improve over longer horizons



56%

Expect workloads to remain stable over ***6 months***

50%

Expect workload growth over ***12 months***

65%

Expect workload growth over ***18–24 months***

Near-term expectations remain cautious

Over the next six months, ***56%*** expect workloads to remain stable, while ***28%*** expect a slight decrease. Only ***16%*** expect growth, suggesting contractors are not yet seeing a broad near-term rebound

Expectations improve over the 12-month horizon

By 12 months, expectations are evenly split - ***50%*** expect workload growth, ***25%*** expect stability and ***25%*** expect a slight decrease. This points to improving confidence, but not yet conviction

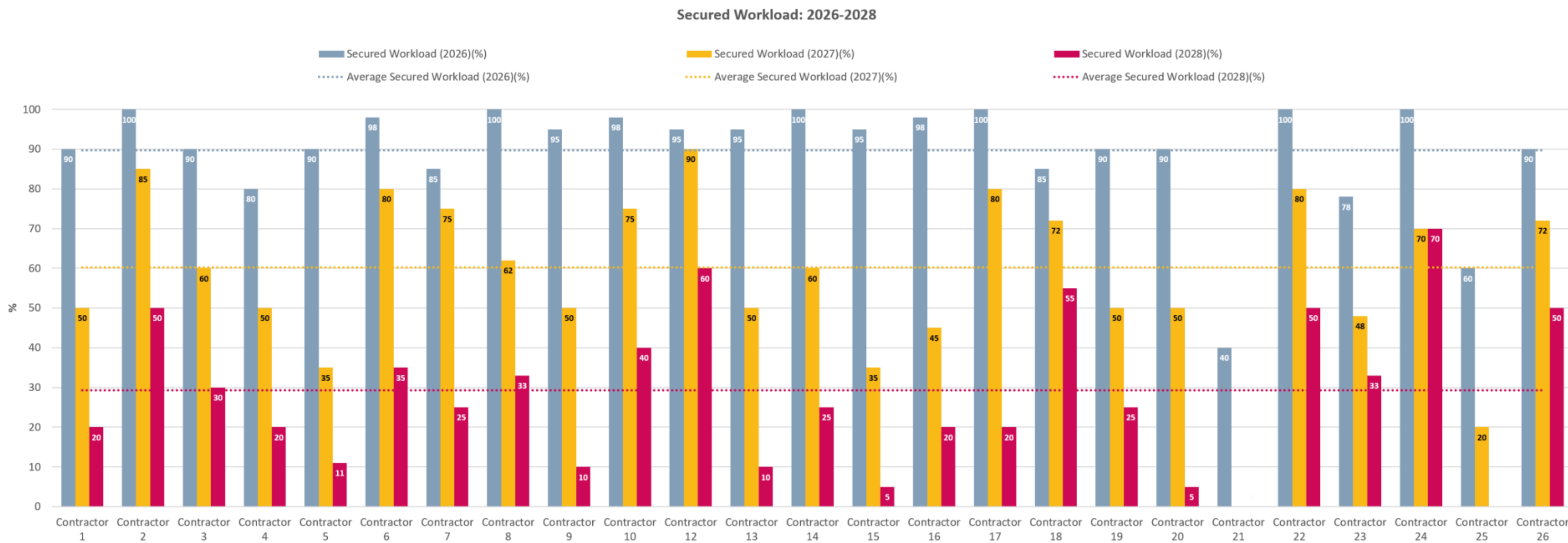
Medium-term expectations are materially more positive

At both 18 and 24 months, ***65%*** expect workloads to increase, with no respondents expecting a decline. This suggests contractors expect current viability, funding and conversion pressures to ease gradually rather than disappear immediately

Contractors are not expecting a sudden rebound. The data points to gradual improvement - stable near-term workloads, followed by stronger growth expectations from 12 months onwards.

Note: Growth expectations combine respondents selecting “increase slightly” and “increase significantly”.

Near-term workload is well secured, but forward visibility narrows quickly



Near-term pipeline is well secured

Contractors report an average of ***89.7%*** of 2026 workload already secured, with most respondents above ***85%***. This confirms strong near-term visibility across the sample, consistent with the broader workload growth story

Visibility narrows sharply beyond 12 months

Average secured workload falls to ***60.2%*** for 2027 and ***29.3%*** for 2028, showing that longer-term pipelines remain less certain despite improving workload expectations

Reported figures may understate some medium-term visibility

Several contractors noted that PCSA-stage work is not counted as "secured", meaning actual forward visibility may be stronger than headline 2027/2028 averages imply

Strong near-term order books support selective bidding

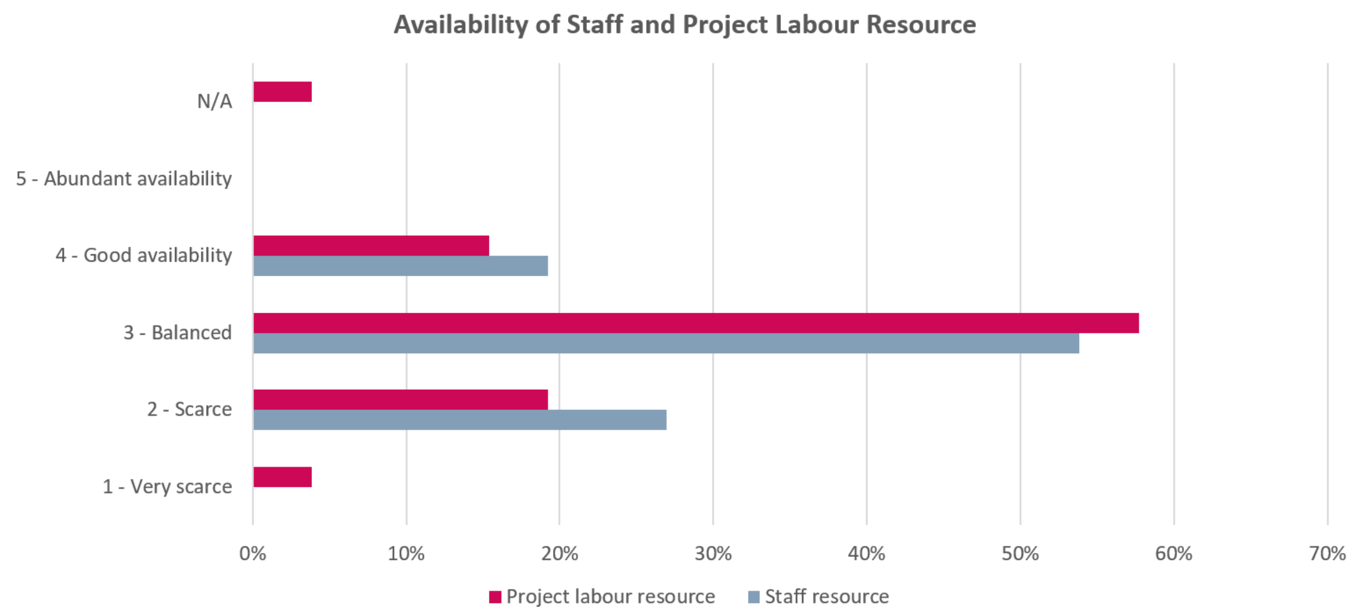
With most 2026 workload already secured, many contractors can prioritise credible, fundable and repeat-client opportunities rather than chase volume

Note: Secured workload refers to the proportion of expected annual workload already secured at the time of survey.

04

Labour & Supply Chain

Labour availability is broadly balanced, but specialist pinch points remain



"General labour availability is manageable, but estimating, commercial and specialist trade resource remain under pressure."

Availability is mostly balanced rather than abundant

54% report balanced staff resource and ***58%*** report balanced project labour resource

Staff resource appears slightly more constrained

27% describe staff resource as scarce, compared with ***23%*** reporting project labour as scarce or very scarce

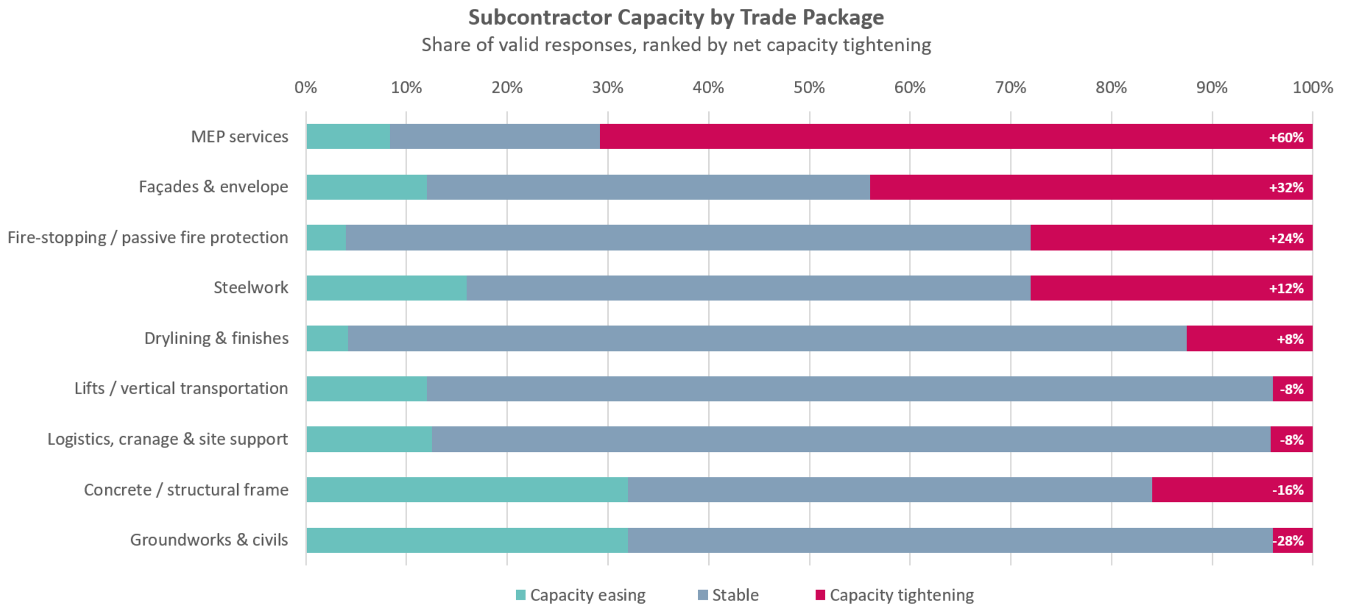
Shortages are concentrated in specialist roles

Contractors highlight estimating, commercial resource, skilled staff and certain skilled trades as the main pinch points

Major programmes could tighten capacity further

Data centres, NHP 2.0, HS2 and other large schemes are expected to place additional pressure on M&E and specialist resource

Subcontractor capacity pressure is concentrated in specialist packages



End labels show net tightening balance: % capacity tightening minus % capacity easing. Missing responses excluded.

+60pp
MEP services

+32pp
Façades & envelope

-28pp
Groundworks & civils

MEP is the clear outlier

MEP services recorded a +60pp net tightening balance, the strongest pressure across all packages. Contractor comments link this to data centre demand and pressure on Tier 1 MEP resource

Specialist and compliance-critical packages are also tightening

Façades & envelope (+32pp), fire-stopping/passive fire protection (+24pp) and steelwork (+12pp) all show positive tightening balances, pointing to more selective pressure in technically complex packages

Capacity pressure is not market-wide

Several packages remain largely stable, including drylining & finishes, lifts, logistics and concrete/structural frame. This suggests supply-chain pressure is concentrated rather than broad-based

Earlier-stage packages show easing

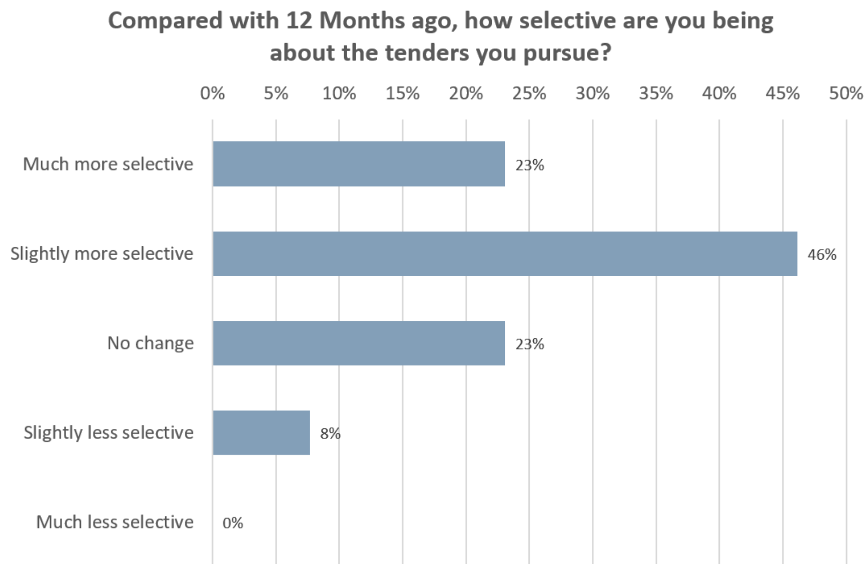
Groundworks & civils (-28pp) and concrete/structural frame (-16pp) show the strongest easing signals, indicating greater availability in enabling and structural packages

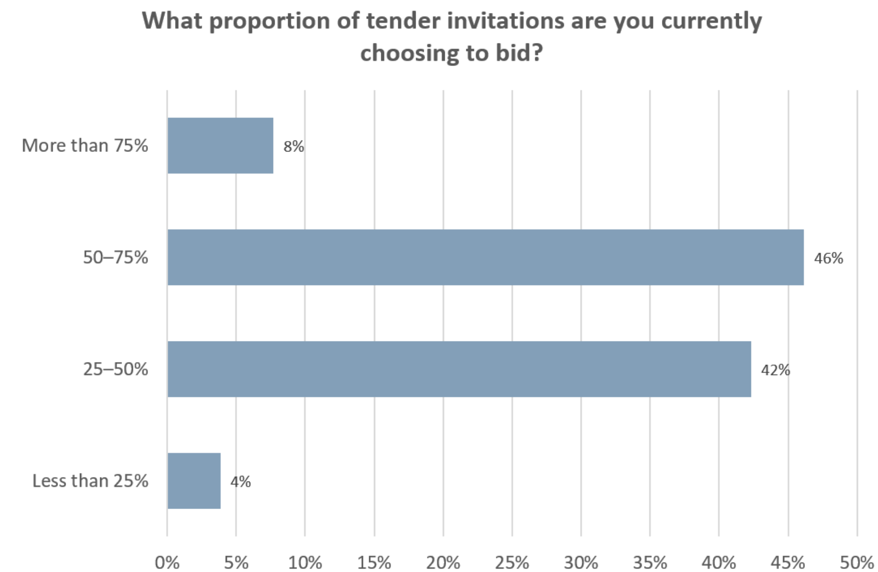
Note: End labels show the net tightening balance: the share reporting capacity tightening less the share reporting capacity easing. Positive scores indicate tightening; negative scores indicate easing.

05

Tendering

Contractors are filtering harder, but remain active where opportunities are credible





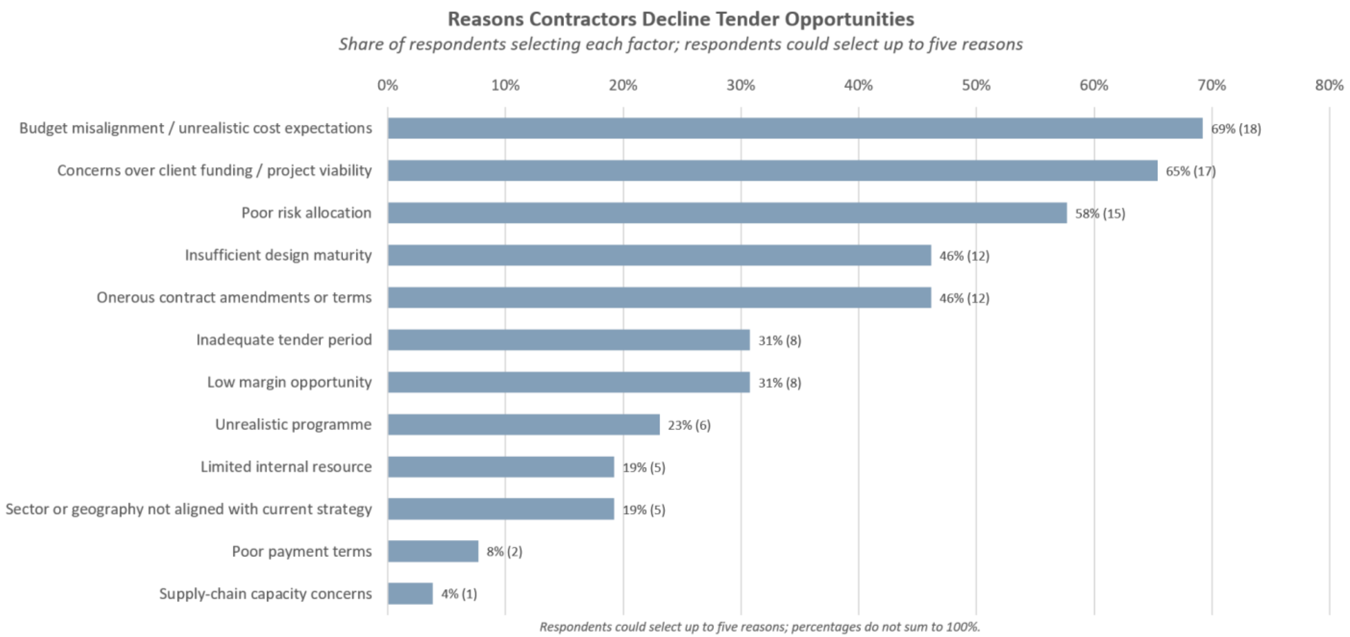
Bid selectivity is increasing

- ***69%*** are more selective than 12 months ago, including ***23%*** who say they are now much more selective
- Only ***8%*** are less selective, suggesting the dominant market response is tighter bid screening rather than a push for volume
- This points to more disciplined bid/no-bid behaviour, with contractors likely prioritising client quality, funding certainty, risk profile and deliverability

But contractors are still bidding

- ***54%*** are bidding more than half of tender invitations, showing that selectivity does not mean market withdrawal
- ***46%*** are bidding half or fewer invitations, reinforcing that many contractors are filtering opportunities before committing tender resource
- The data suggests a more targeted tender market, where contractors remain active but are concentrating effort on opportunities with a credible route to site

Contractors are declining tenders where commercial fundamentals are weak



69%

Budget misalignment/ unrealistic cost expectations

65%

Client funding/ project viability

58%

Poor risk allocation

Budget realism is the main bid filter

Budget misalignment/unrealistic cost expectations is the most selected reason for declining tenders, cited by ***69%*** of respondents. This suggests contractors are wary of schemes where the cost plan does not reflect current market pricing or delivery risk

Funding and viability remain critical

Concerns over client funding/project viability were selected by ***65%*** of respondents, reinforcing the wider survey finding that project conversion depends heavily on financial credibility, not just tender volume

Risk transfer is limiting appetite

Poor risk allocation was selected by ***58%***, while onerous contract amendments or terms were selected by ***46%***. Contractors appear increasingly reluctant to absorb risks that are difficult to price, control or insure

Tender quality still matters

Insufficient design maturity was cited by ***46%***, with inadequate tender periods and low-margin opportunities each cited by ***31%***. The data suggests contractors are filtering out tenders that require heavy bid effort without a credible route to award or delivery

Note: Respondents could select up to five reasons; percentages do not sum to 100%. Based on 26 contractor responses.

The most attractive opportunities are funded, mature and relationship-led

Funding and certainty come first

Contractors repeatedly point to projects with secured funding, realistic budget expectations, planning confidence and a credible route to site. Attractive work is not simply "available", it has a credible route to site

Two-stage and negotiated routes remain preferred

Many respondents favour two-stage, negotiated, PCSA or framework routes, particularly where early contractor involvement can help resolve design, programme and risk before contract

Risk balance matters more than risk avoidance

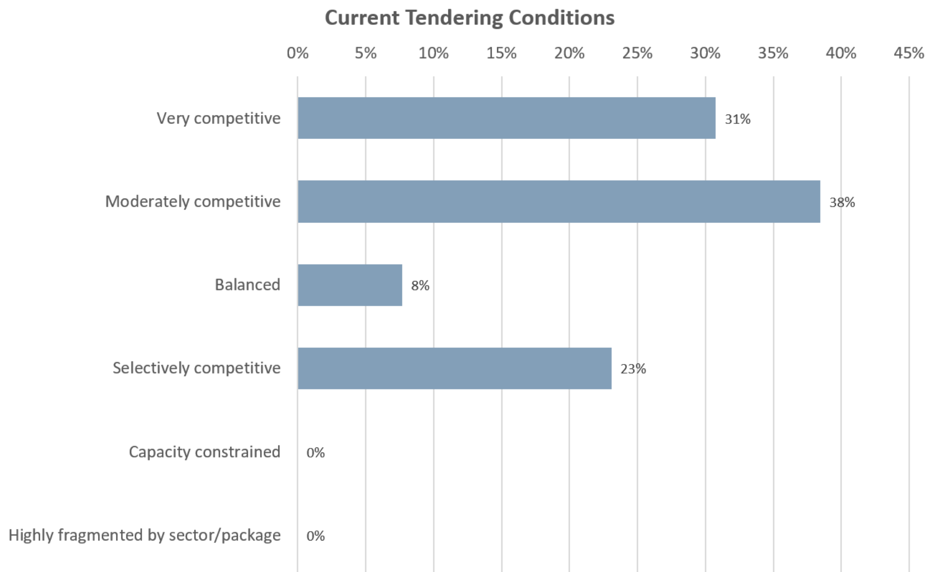
Respondents are not rejecting complex work. Several actively favour technically challenging projects, but only where design maturity, contract terms and risk allocation are proportionate and manageable

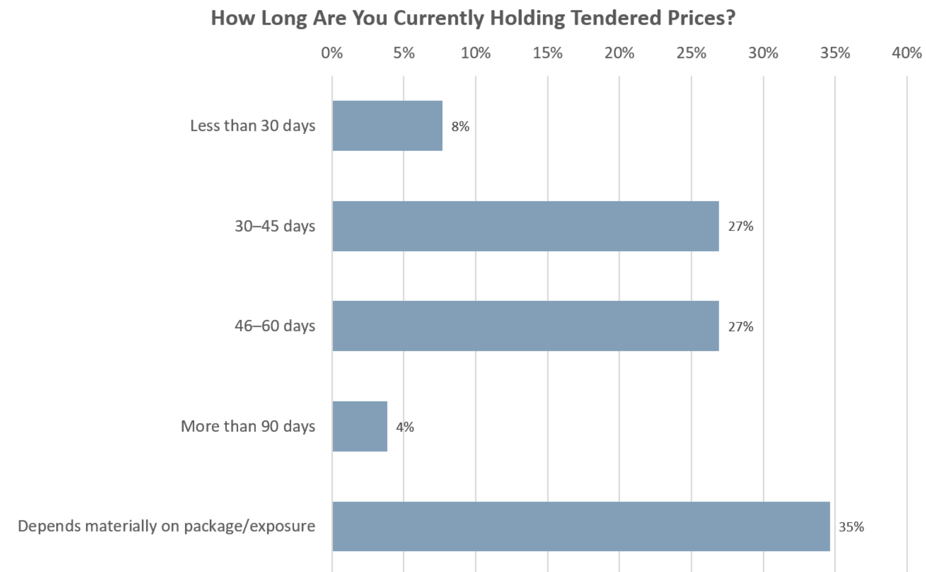
Relationship-led opportunities are most attractive

Repeat clients, blue-chip clients, public bodies, investor-operators and known consultant teams feature strongly. Contractors are placing greater value on trust, decision-making quality and the prospect of repeat work

"We are drawn to projects with a clear route to site, fair risk allocation and clients who value early contractor input."

Tendering remains competitive, but price validity is becoming more conditional





Tendering conditions remain competitive

- ***69%*** describe conditions as very or moderately competitive, indicating that contractor appetite remains strong for credible opportunities
- ***23%*** describe the market as selectively competitive, reinforcing that competition varies by project quality, client, sector and risk profile
- Only ***8%*** describe conditions as balanced, while none report capacity-constrained conditions, suggesting limited evidence of capacity-constrained tendering

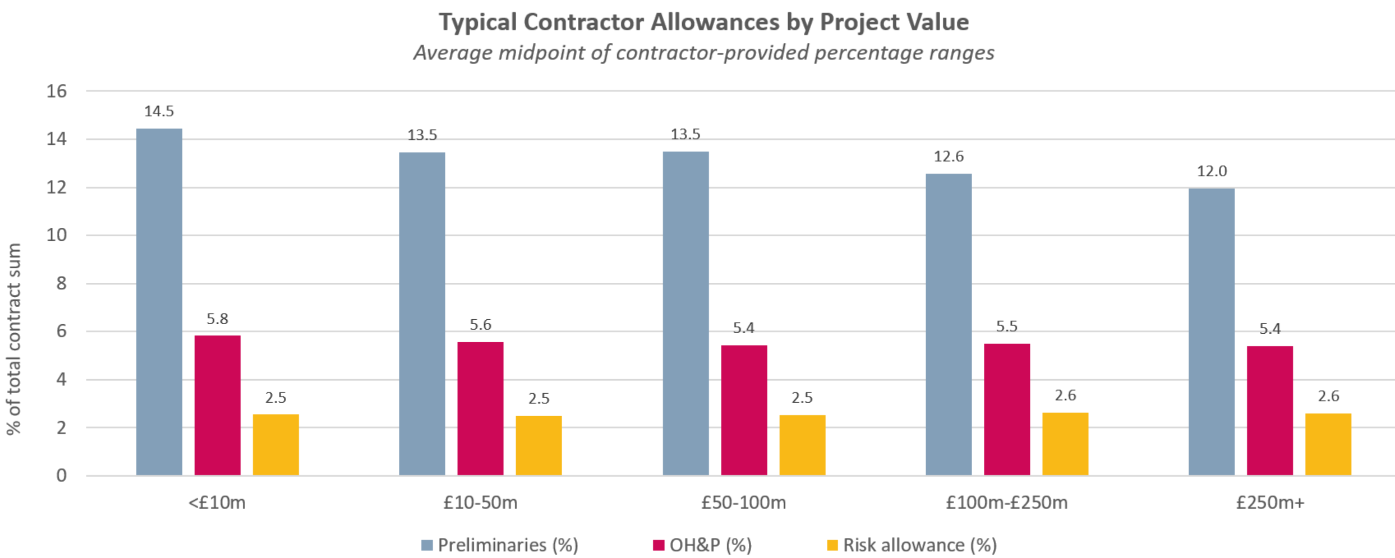
Price holds are short or increasingly conditional

- ***54%*** are holding tendered prices for 30–60 days, suggesting that two months remains the most common fixed-price validity window
- ***35%*** say price holds depend materially on package or exposure, highlighting a more conditional approach to pricing risk
- Only ***4%*** are holding prices for more than 90 days, suggesting contractors remain cautious about extended fixed-price commitments

06

Commercials

Scale reduces preliminaries, but margin and risk allowances remain stable



Based on valid numeric responses only. Ranges converted to midpoint values; qualitative, N/A and missing responses excluded.

Compared with 2025, OH&P appears broadly stable, while preliminaries look firmer across several smaller and mid-sized value bands.

Preliminaries remain the main scale-sensitive allowance

Average preliminaries reduce from ***14.5%*** on sub-£10m projects to ***12.0%*** on £250m+ schemes, suggesting larger projects still benefit from economies of scale in site management and fixed project overheads

Preliminaries appear firmer than last year

While value bands are not directly comparable, 2026 preliminaries are directionally higher across several smaller and mid-sized bands than equivalent 2025 averages, potentially reflecting greater pressure from compliance, longer pre-construction periods and project delivery complexity

OH&P is comparatively stable above £10m

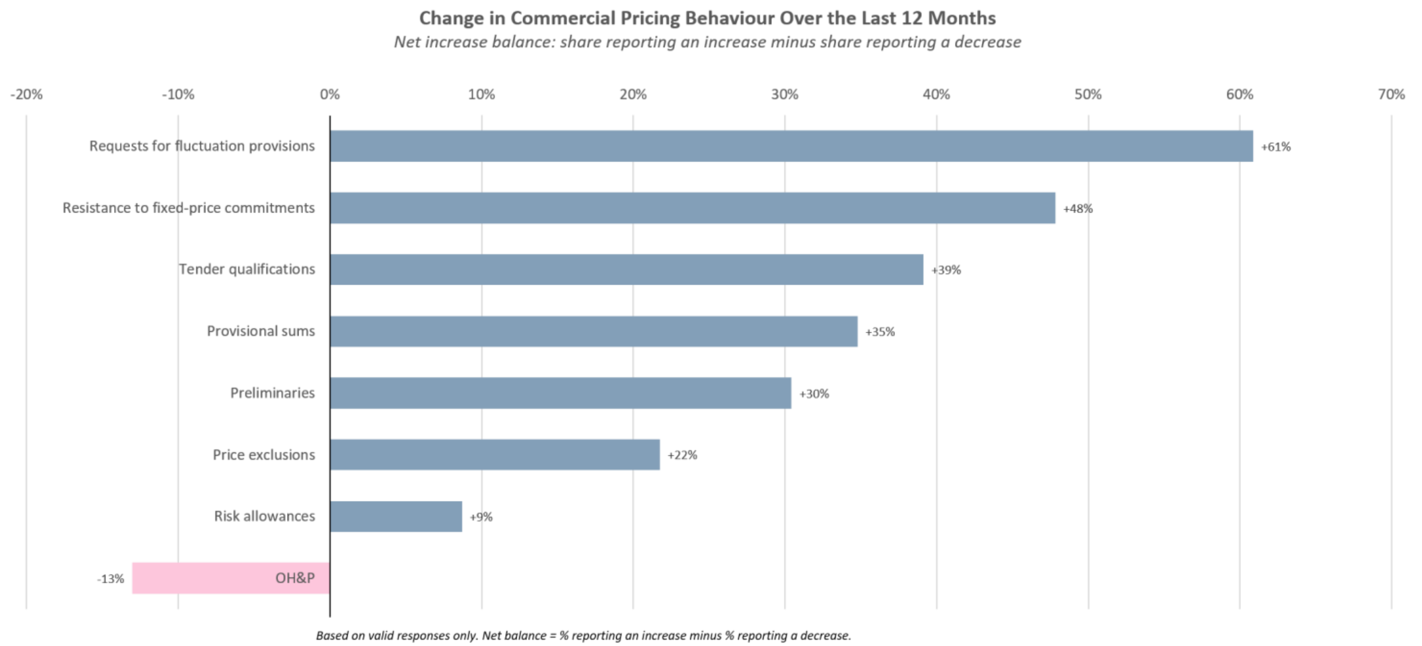
OH&P remains tightly clustered between ***5.4%*** and ***5.6%*** for projects above £10m, broadly in line with 2025 levels. The main movement is at the lower end, where the 2026 sub-£10m average is below the equivalent 2025 small-project range

Risk allowances are steady across project values

Risk allowances sit within a narrow ***2.5%–2.6%*** range across all project bands. This suggests project size alone does not materially reduce risk pricing; risk is likely being driven more by design maturity, procurement route, contract terms and client certainty

Note: 2025 comparisons are directional only, as project value bands differ between survey years.

Contractors are using commercial protections to manage uncertainty



+61pp

Fluctuation provisions

+48pp

Resistance to fixed-price commitments

-13pp

OH&P

Fluctuation provisions show the strongest increase

Requests for fluctuation provisions recorded a +61pp net increase balance, with ***65%*** of valid respondents reporting an increase over the past 12 months

Fixed-price commitments are harder to secure

Resistance to fixed-price commitments recorded a +48pp net increase balance, reflecting greater caution around inflation, steel pricing, global events and wider price volatility

Tender qualifications are also rising

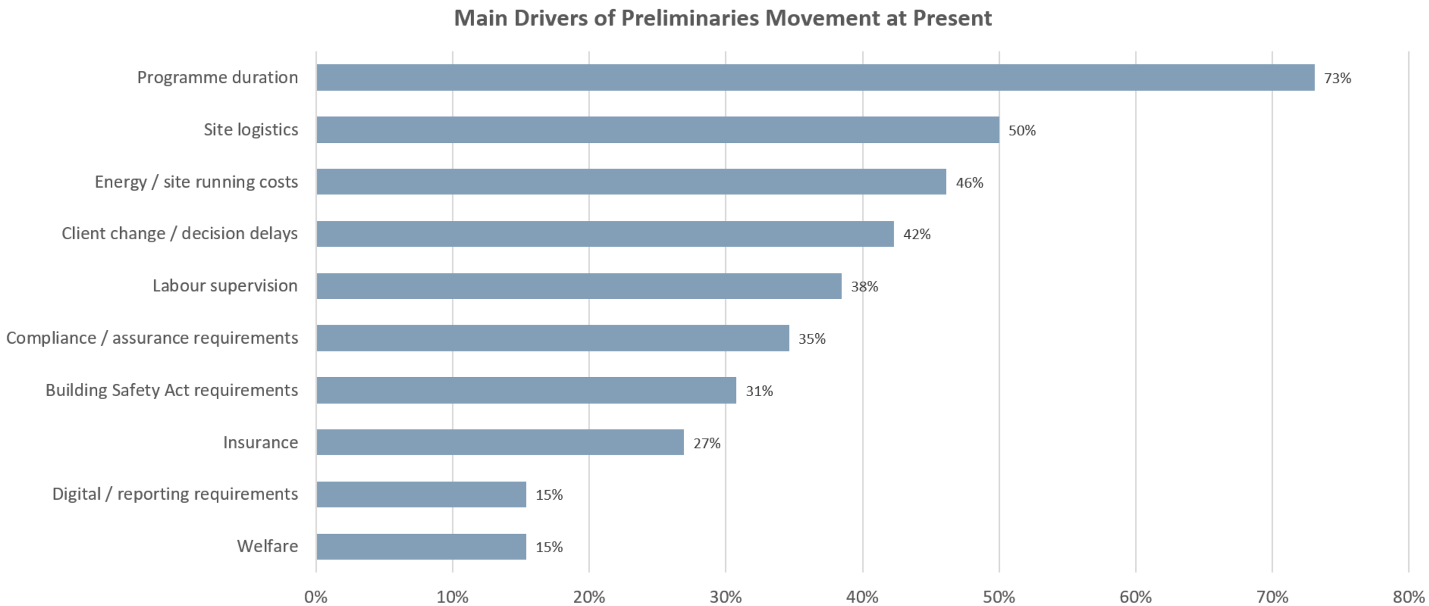
Tender qualifications recorded a +39pp net increase balance, suggesting contractors are increasingly clarifying assumptions, exclusions and risk boundaries at tender stage

Headline allowances are not moving in the same way

OH&P shows a -13pp net balance, while risk allowances are only +9pp and ***91%*** report no change. The shift is therefore more about contractual protection than simply increasing margin

Note: Net increase balance = share reporting an increase minus share reporting a decrease. Missing / no response excluded; valid n=23.

Preliminaries are being pushed by longer programmes and delivery complexity



Respondents could select up to five factors, so percentages do not total 100%.

Preliminaries are being driven by the cost of time - longer programmes, complex logistics, site running costs and slower client decisions.

Programme duration dominated preliminaries movement

73% of contractors selected programme duration, making it the clearest driver of preliminaries movement. This reinforces that time-related site overheads remain the main pressure point

Site complexity is also material

50% selected site logistics, suggesting that access, phasing, constraints, sequencing and project setup continue to weigh heavily on preliminaries allowances

Running costs and client delays are adding pressure

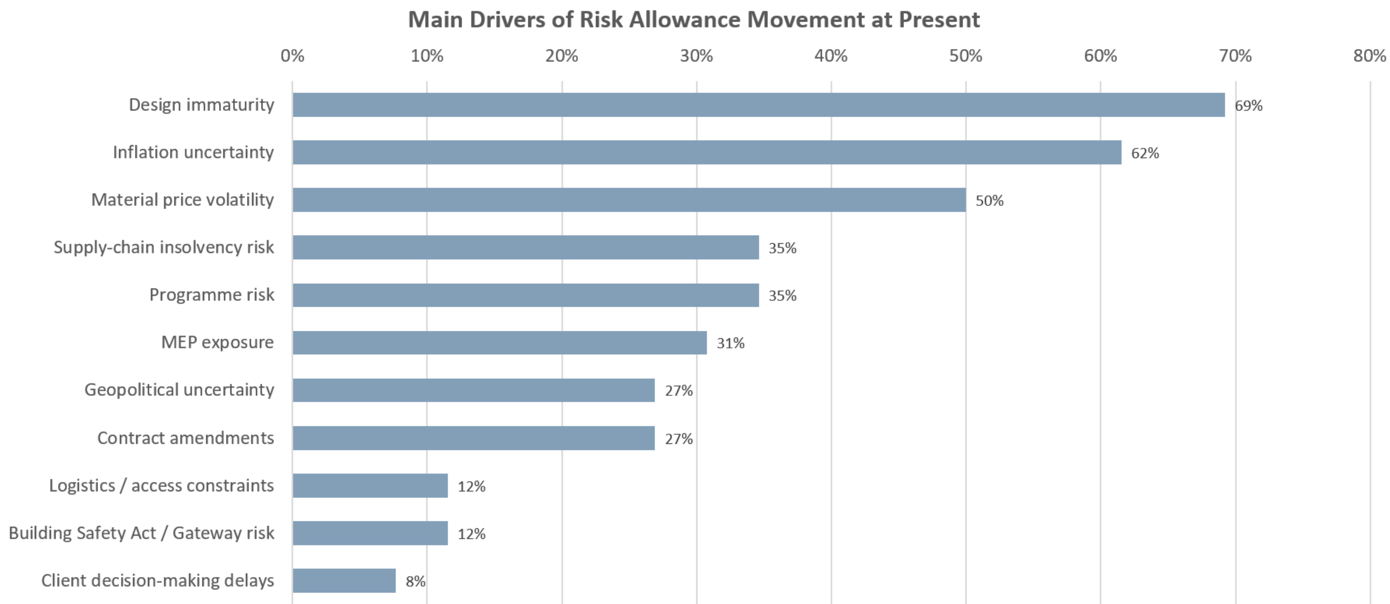
Energy/site running costs were selected by ***46%***, while client change/decision delays were selected by ***42%***. This points to both external cost pressure and internal project governance as drivers

Compliance and supervision remain important, but secondary

Labour supervision ***38%***, compliance/assurance ***35%*** and Building Safety Act requirements ***31%*** are meaningful contributors, but sit behind programme, logistics and running-cost factors

Note: Respondents could select up to five factors; percentages do not sum to 100%. Based on 26 contractor responses.

Risk allowances are being driven by design uncertainty and price volatility



Respondents could select up to five factors, so percentages do not total 100%.

"Contractors are being asked for cost certainty while design information remains incomplete — producing more heavily qualified fixed prices."

Design immaturity is the leading driver

69% of contractors identify design immaturity as a driver of risk allowance movement, making it the most frequently selected factor. This suggests risk pricing is heavily influenced by the quality and completeness of tender information

Market volatility remains a major risk input

Inflation uncertainty is cited by ***62%*** of respondents, while material price volatility is cited by ***50%***. Contractors are still pricing for uncertainty around future input costs, even where headline risk allowances appear relatively stable

Supply-chain and programme risks are secondary, but material

Supply-chain insolvency risk and programme risk are each selected by ***35%*** of respondents, suggesting risk allowances are also being shaped by delivery resilience and confidence in the supply chain

Package and contract exposure also matter

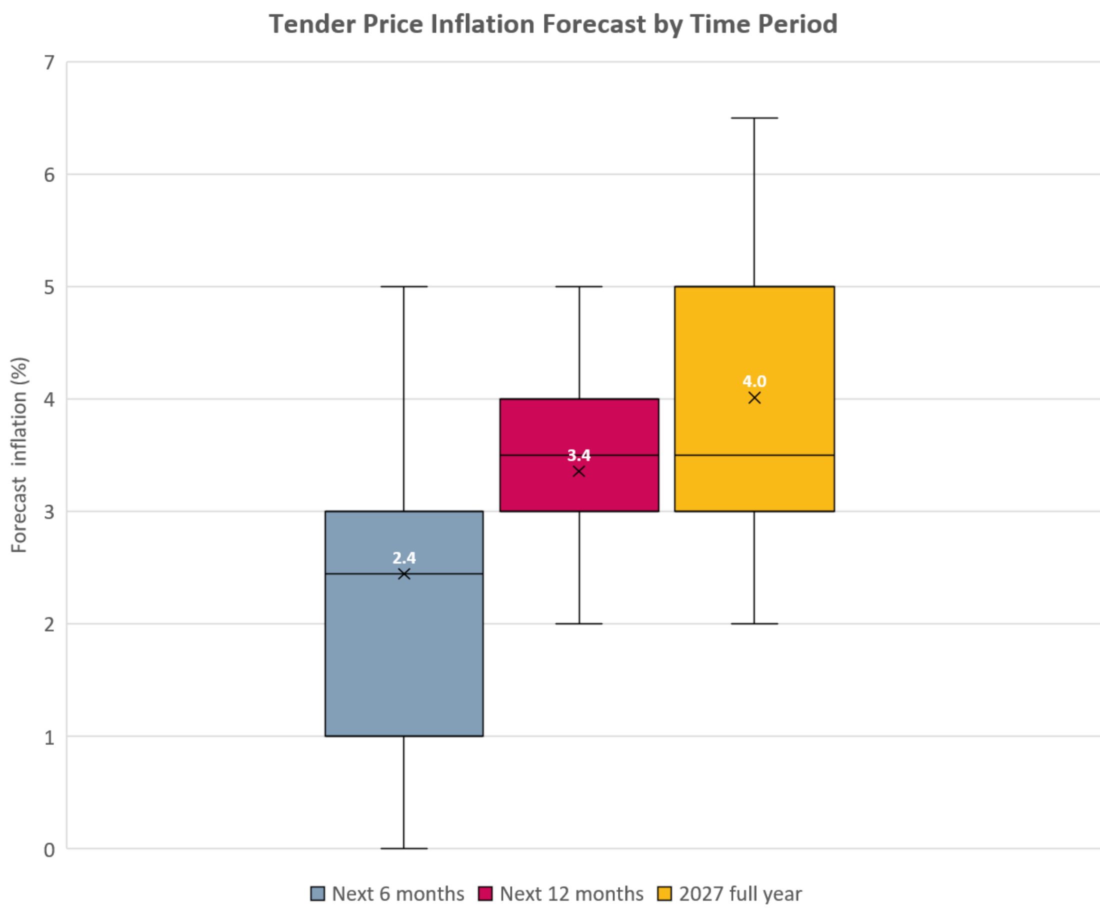
MEP exposure is cited by ***31%***, while geopolitical uncertainty and contract amendments are each cited by ***27%***. This reinforces that risk allowances are increasingly project-specific rather than applied as a simple blanket percentage

Note: Percentages do not sum to 100%; planning/statutory approvals and "other" recorded no selections.

07

Inflation

TPI expectations rise over time, with wider uncertainty into 2027



3.4%

Average forecast over next 12 months

4.0%

Average forecast for 2027 full year

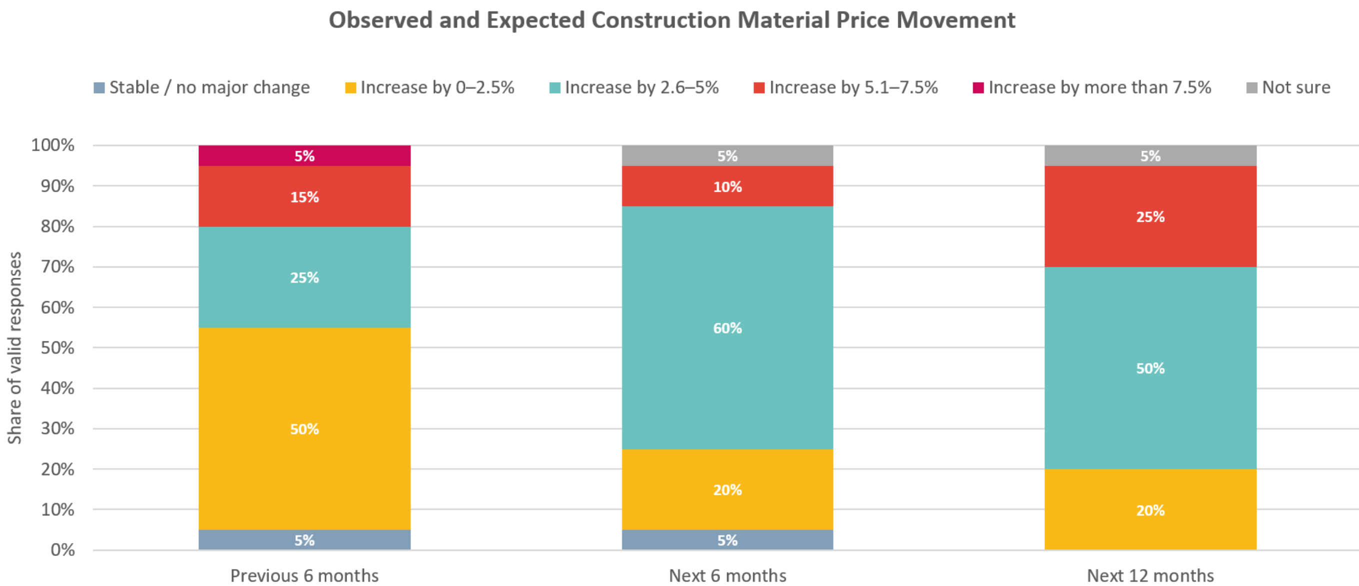
What the survey data suggests

- **Near-term expectations are material:** The average forecast is ***2.4%*** over the next six months, with a ***2.5%*** median
- **Expectations rise over 12 months:** The average forecast increases to ***3.4%***, while the median rises to ***3.5%***, indicating that respondents expect inflationary pressure to persist rather than fade quickly
- **2027 average moves higher:** The 2027 average forecast rises to ***4.0%***, although the median remains at ***3.5%***
- **Longer-term uncertainty is wider:** The 2027 range runs from ***2.0%*** to ***6.5%***, with the upper quartile at ***5.0%***, indicating greater dispersion around the outlook

Contractors are not forecasting a sudden inflation shock, but they do expect TPI pressure to persist. Wider 2027 forecasts point to greater uncertainty over the medium-term outlook.

Note: Box shows middle 50% of responses; line within the box shows median; X shows average; whiskers show response range. n=19.

Material price pressure is expected to persist, with expectations shifting higher



Note: *Percentages are based on valid contractor responses. Dashes/no responses are excluded. "Not sure" responses are shown separately.*

60%

Expect 2.6–5% increases over the next 6 months

75%

Expect 2.6–7.5% increases over the next 12 months

25%

Expect 5.1–7.5% increases over the next 12 months

Recent material price movement was mostly modest

Over the previous six months, ***50%*** reported increases of ***0–2.5%***, while ***45%*** reported increases above ***2.5%***

Expectations shift higher over the next six months

60% expect material prices to rise by ***2.6–5%***, compared with only ***20%*** expecting increases of ***0–2.5%***

The 12-month view remains upward

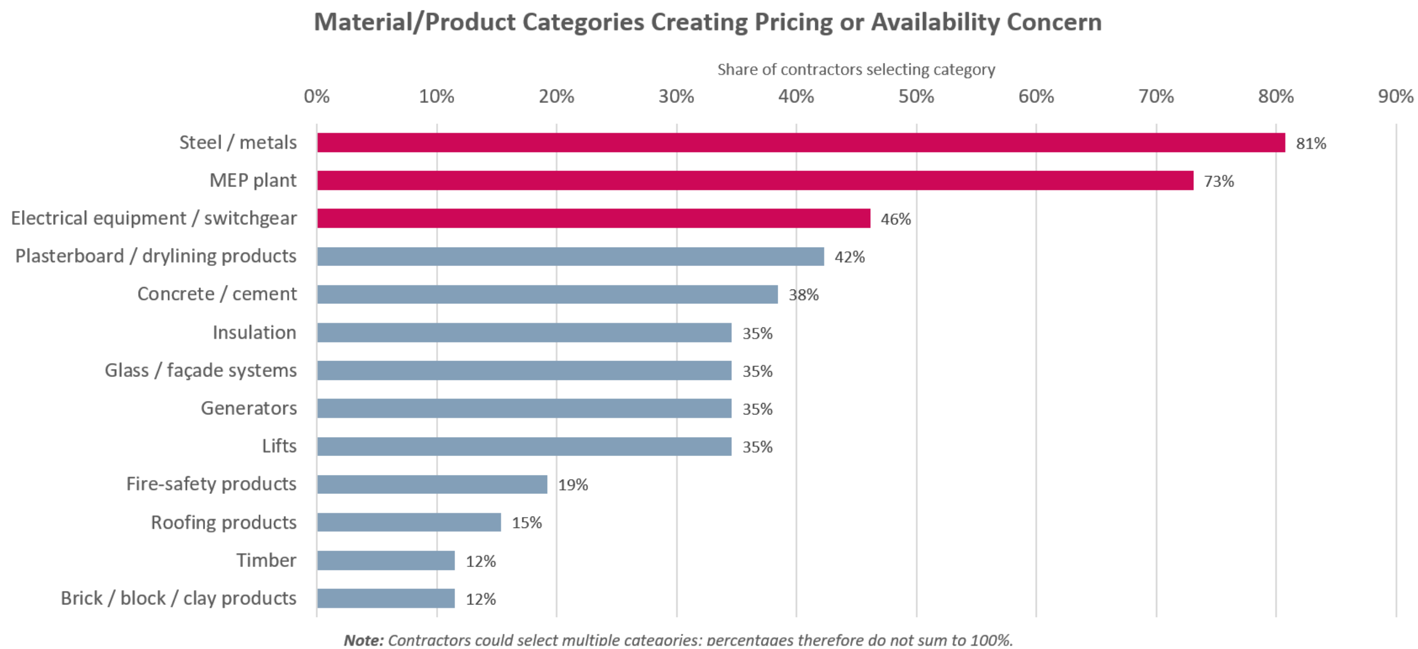
95% expect material prices to increase over the next 12 months, with ***75%*** forecasting rises between ***2.6%*** and ***7.5%***

No respondents expect price falls

Across all three periods, no respondents reported or forecast decreases, suggesting material cost pressure remains persistent

Note: Percentages are based on valid responses; "not sure" responses are shown separately..

Pricing concern is concentrated in metals and building services packages



Material risk is not evenly spread - concern is concentrated around metals, energy-intensive products and building services equipment — particularly where data-centre demand, long lead times or tariff uncertainty may be in play.

Steel/metals are the clearest concern

81% of contractors selected steel/metals, making it the most widely cited material or product category causing pricing or availability concern

Building services packages remain exposed

MEP plant was selected by ***73%***, with electrical equipment/ switchgear at ***46%,*** and generators and lifts each at ***35%***

Concern extends into envelope and fit-out packages

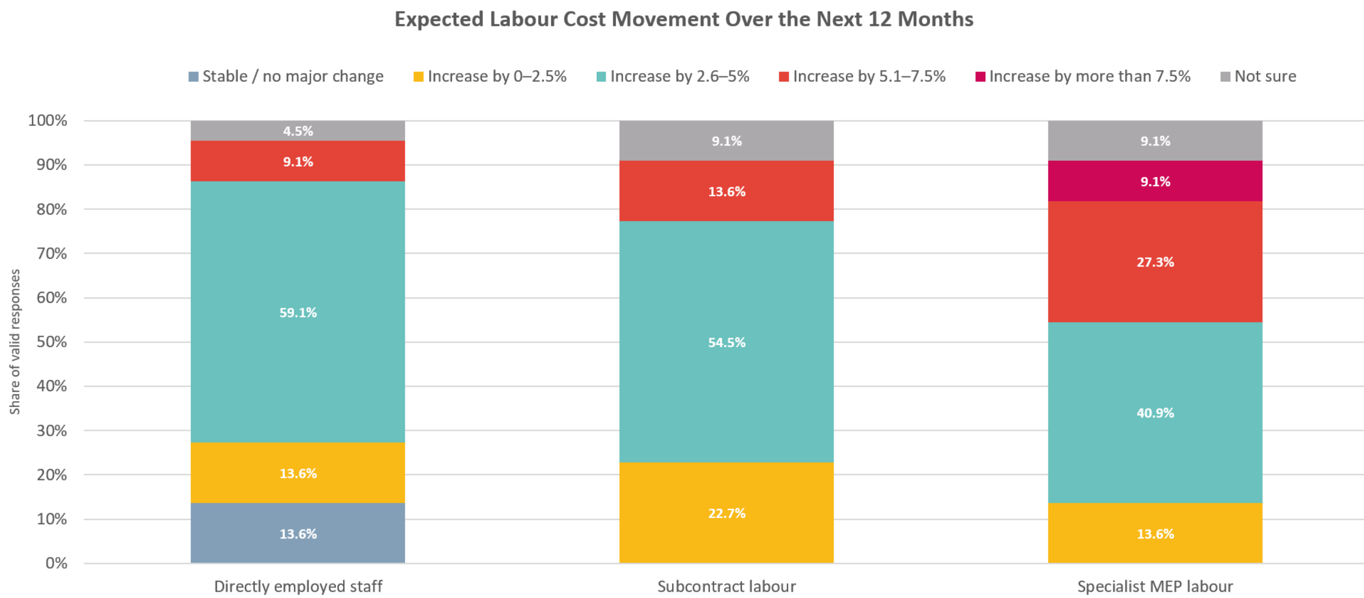
Plasterboard/drylining products ***42%***, concrete/cement ***38%***, insulation ***35%*** and glass/façade systems ***35%*** form a meaningful second tier of concern

Traditional materials appear less pressured

Timber and brick/block/clay products were each selected by only ***12%***, suggesting concern is less broad-based than in previous material inflation cycles

Note: Contractors could select multiple categories; percentages therefore do not sum to 100%.

Labour cost pressure is expected to persist, with specialist MEP most exposed



Note: *Percentages are based on valid contractor responses. Dashes/no responses are excluded. "Not sure" responses are shown separately.*

77%

Expect specialist MEP labour to rise by 2.6% or more

36%

Expect specialist MEP labour to rise by more than 5%

59%

Expect directly employed staff to rise by 2.6–5%

Labour costs are expected to keep rising

No respondents expect labour costs to fall across directly employed staff, subcontract labour or specialist MEP labour

Most staff cost expectations sit in the 2.6–5% range

59% expect directly employed staff costs to rise by ***2.6–5%***, with only ***9%*** expecting increases above ***5%***

Subcontract labour follows a similar pattern

55% expect subcontract labour to rise by ***2.6–5%***, while ***14%*** expect increases of ***5.1–7.5%***

Specialist MEP labour shows the strongest upside pressure

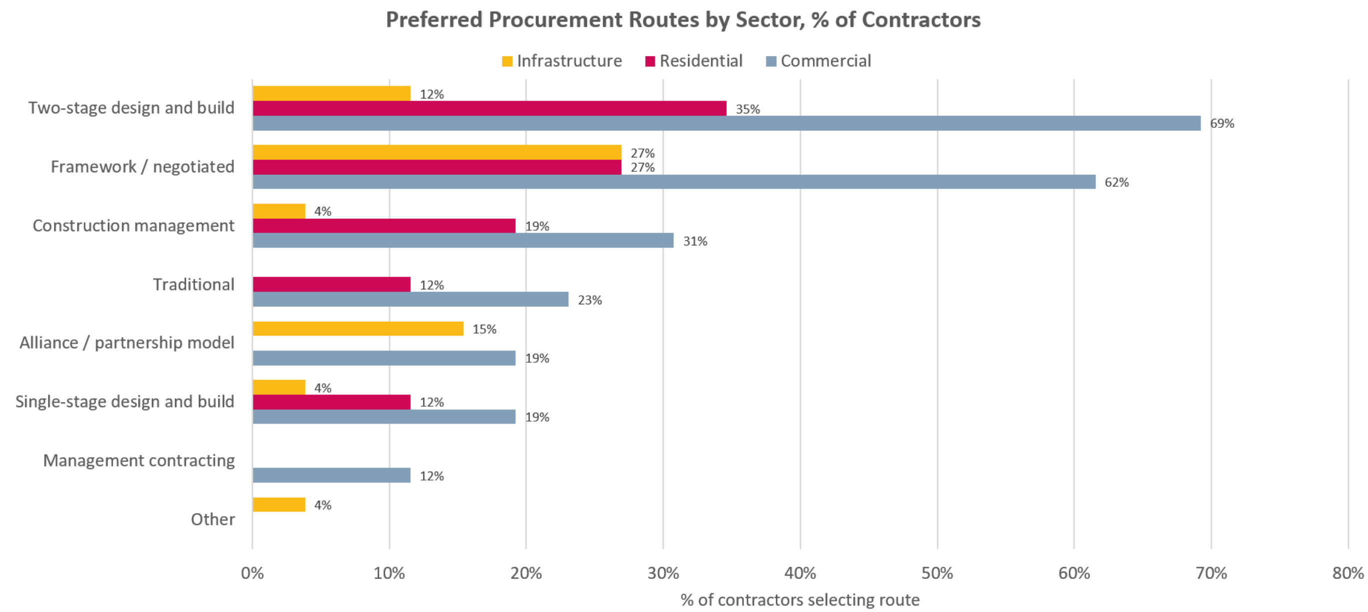
36% expect specialist MEP labour costs to rise by more than ***5%***, including 9% expecting increases above ***7.5%***

Note: Percentages are based on valid responses; "not sure" responses are shown separately.

08

Procurement & Client Behaviours

Two-stage and negotiated routes remain most attractive, especially in commercial



Respondents could select multiple routes, so percentages do not total 100%. Based on 26 contractor responses.

Contractors are favouring routes that allow earlier engagement, better risk definition and greater confidence before fixed commitments are made.

Commercial shows the clearest preference for collaborative routes

Two-stage D&B ***69%*** and framework/negotiated routes ***62%*** dominate, pointing to strong appetite for early engagement and risk development

Residential preferences are more mixed

Two-stage D&B leads at ***35%***, followed by framework/ negotiated routes ***27%*** and construction management ***19%***

Infrastructure appetite is more selective

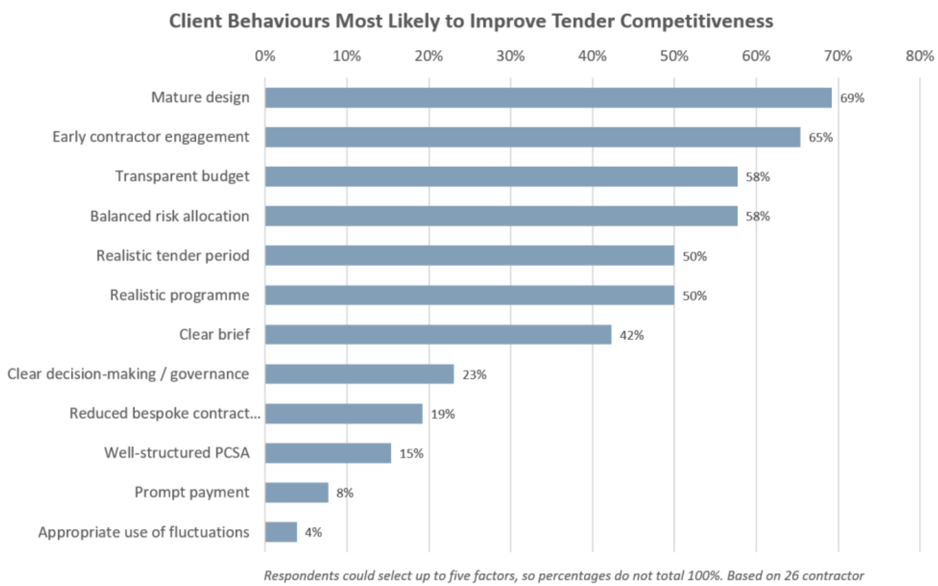
Framework/negotiated routes are the most selected option at ***27%***, followed by alliance/ partnership models at ***15%***

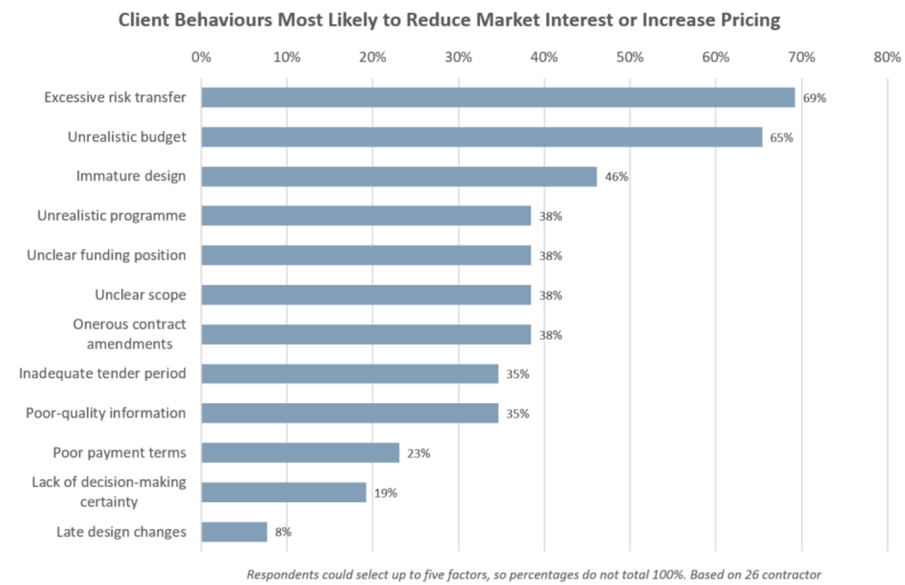
Single-stage D&B is less attractive across sectors

Single-stage D&B is selected by ***19%*** for commercial, ***12%*** for residential and only ***4%*** for infrastructure, reinforcing caution around early risk transfer

Note: Contractors could select multiple categories; percentages therefore do not sum to 100%.

Tender competitiveness depends on clarity, realistic budgets and balanced risk





What improves tender competitiveness

- ***69%*** selected mature design, making it the strongest positive behaviour. Contractors are more likely to compete where scope and design are sufficiently developed
- ***65%*** selected early contractor engagement, reinforcing the value of using contractor input to test buildability, programme, risk and pricing before tender
- Transparent budgets and balanced risk allocation were each selected by ***58%***, showing that contractors respond positively where commercial assumptions are realistic and risk is not simply pushed downstream

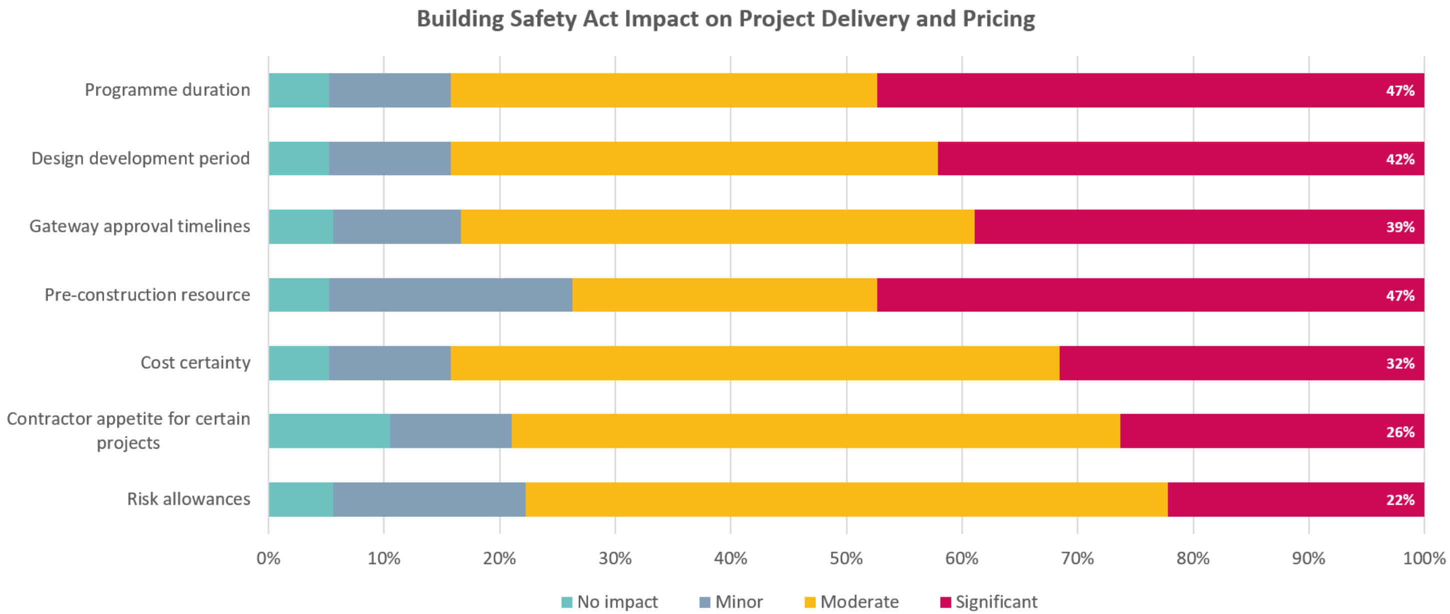
What weakens market interest

- ***69%*** selected excessive risk transfer, making it the top behaviour likely to reduce interest or increase pricing
- ***65%*** selected unrealistic budget, closely mirroring the positive importance of transparent budgets in the first chart
- Immature design ***46%***, unclear scope ***38%***, unrealistic programme 38% and onerous amendments ***38%*** all point to the same issue - contractors price or avoid uncertainty

09

Regulation & External Factors

BSA is adding time and pre-construction pressure, with pricing effects more indirect



Percentages are based on valid responses only and exclude "Not applicable / limited visibility" and blank responses. Valid n varies by factor.

*Significant impact on **programme duration***

47%

*Significant impact on **risk allowances***

22%

Programme duration is the clearest impact

47% of valid respondents report a significant impact on programme duration, with ***84%*** rating the impact as moderate or significant

Design and Gateway processes are extending pre-contract work

Design development and Gateway approval timelines are both widely affected, with more than ***80%*** rating each as moderate or significant

Pre-construction resource is under pressure

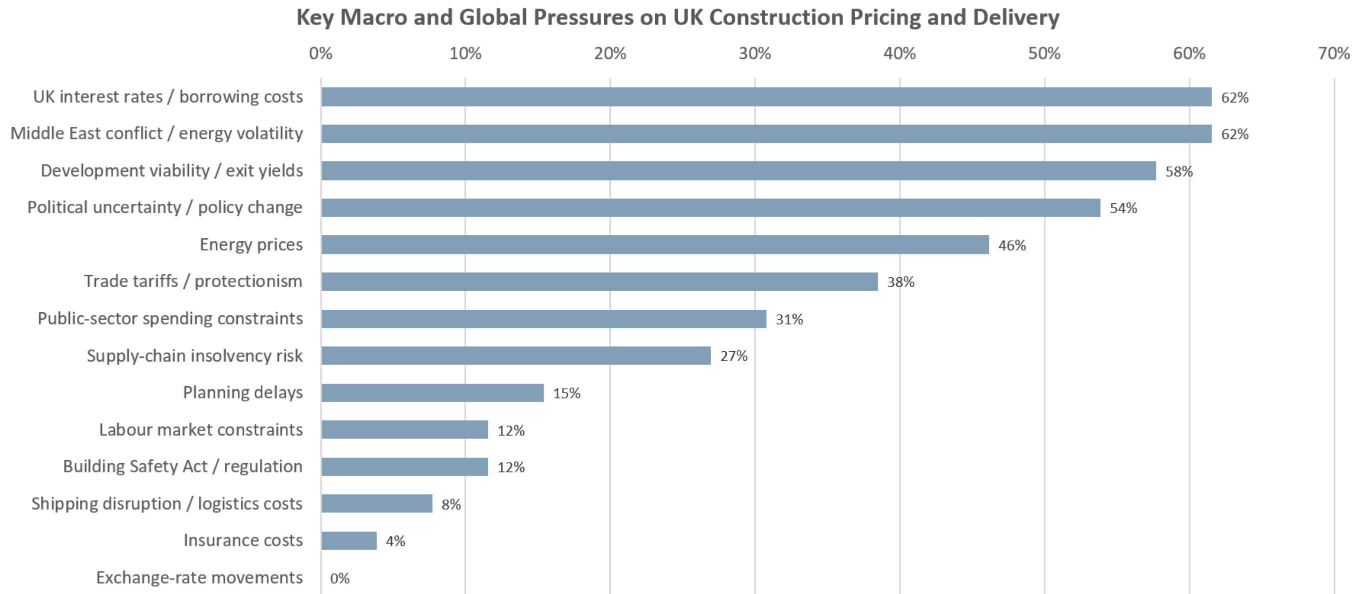
47% report a significant impact on pre-construction resource, suggesting BSA compliance is increasing the work required before projects can proceed confidently

Pricing effects are mainly indirect

Cost certainty is widely affected, but only ***22%*** report a significant impact on risk allowances, suggesting BSA is influencing pricing through time, process and uncertainty rather than a simple risk uplift

Note: Percentages are based on valid responses only and exclude "Not applicable/limited visibility" and blank responses. Valid n varies by factor.

Finance, viability and energy volatility are the dominant external pressures



Respondents could select up to five factors, so percentages do not total 100%. Based on 26 contractor responses.

Contractors see the strongest external pressure coming from finance, viability and energy/geopolitical risk — not from a single isolated cost driver.

Financing conditions remain a leading pressure

62% selected UK interest rates/ borrowing costs, while ***58%*** selected development viability/ exit yields, reinforcing the link between finance costs, values and project conversion

Energy and geopolitical risk are front of mind

Middle East conflict/energy volatility was selected by ***62%***, with energy prices also selected by ***46%***. Contractors are clearly watching the energy transmission route into materials, logistics and site running costs

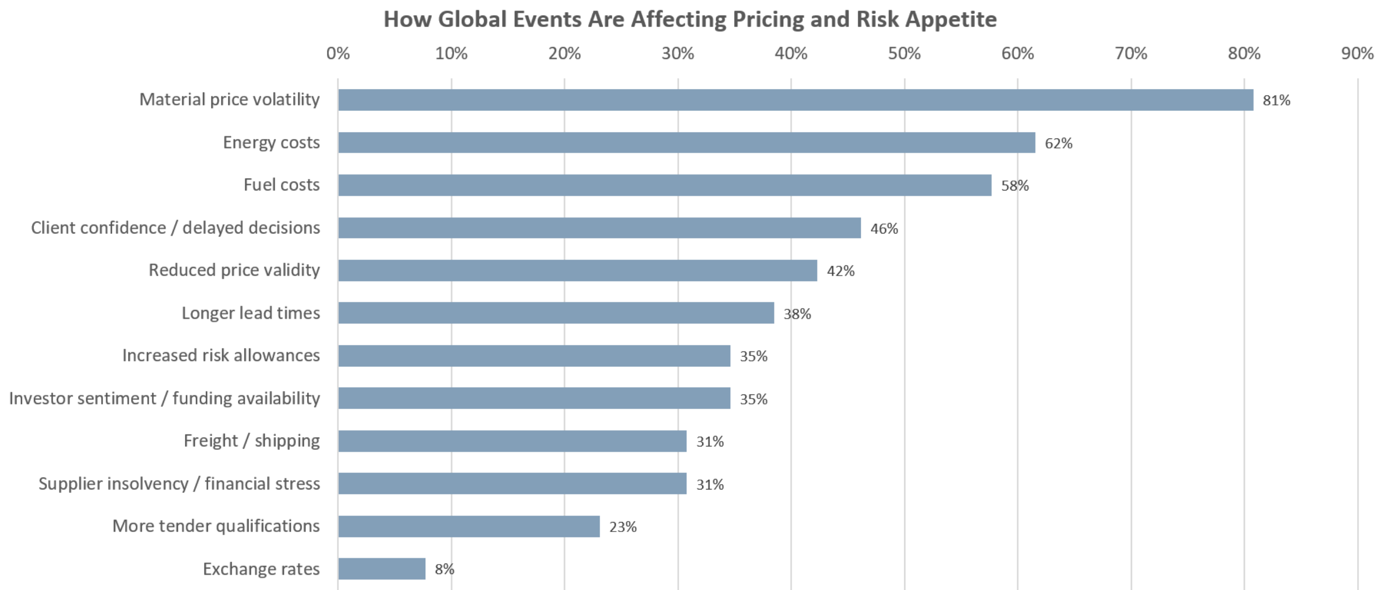
Policy and trade risks form the next tier

Political uncertainty/policy change was selected by ***54%***, while trade tariffs/ protectionism was selected by ***38%***, pointing to concern around policy stability and imported materials exposure

Domestic delivery constraints rank lower in this question

Planning delays ***15%***, labour market constraints ***12%***, BSA/regulation ***12%*** and shipping disruption ***8%*** sit further down the ranking, suggesting contractors see the current external-pressure backdrop as more finance- and energy-led.

Global events are feeding through via materials, energy and pricing certainty



Respondents could select all applicable channels, so percentages do not total 100%. Based on 26 contractor responses.

The main transmission route is from global volatility into material, energy and fuel costs — then into shorter price validity, longer lead times and weaker confidence.

Material volatility is the dominant channel

81% selected material price volatility, making it the clearest way global events are affecting pricing and risk appetite

Energy exposure remains central

Energy costs ***62%*** and fuel costs ***58%*** show that contractors are focused on the transmission of global volatility into site costs, logistics and energy-intensive materials

Global events are affecting commercial behaviour

Reduced price validity ***42%***, longer lead times ***38%*** and increased risk allowances ***35%*** suggest contractors are responding through pricing protection, not just headline rates

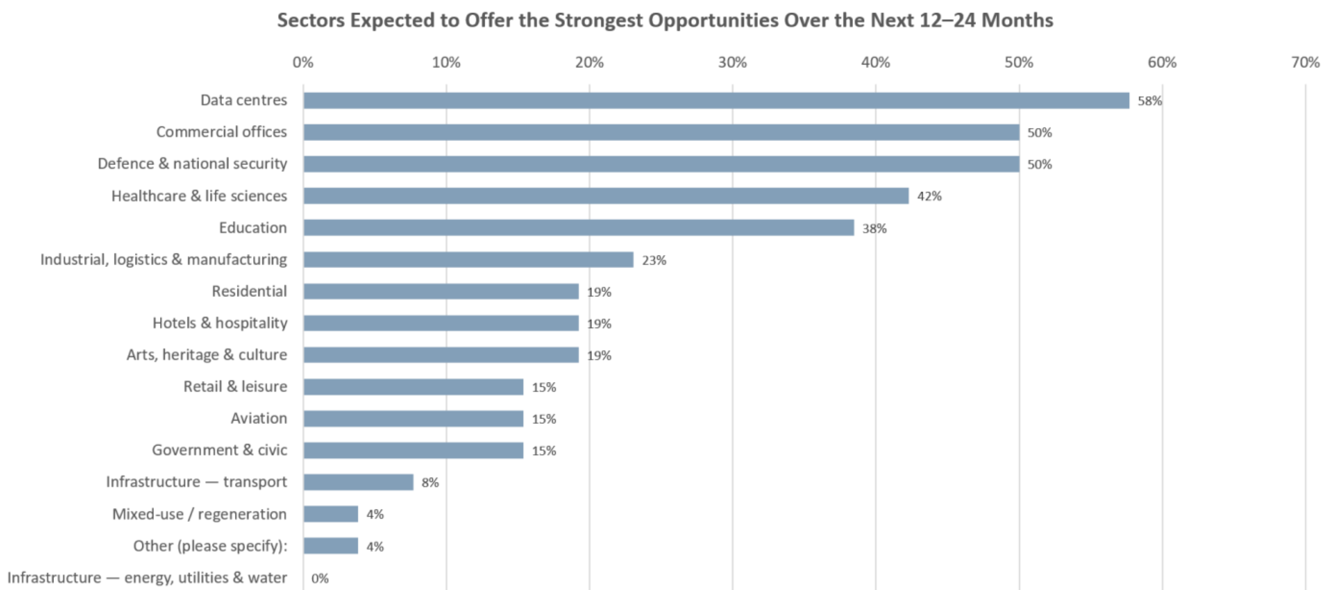
Confidence and funding are also being affected

Client confidence / delayed decisions ***46%*** and investor sentiment / funding availability ***35%*** show that global events are influencing project commitment as well as construction costs

10

Sector Outlook

Data centres lead, but opportunity is concentrated in selected resilient sectors



Respondents could select up to five sectors, so percentages do not total 100%. Based on 26 contractor responses. One respondent identified TV & Film Studios under "Other".

Contractors see opportunity clustering around specialist, resilient and strategically important sectors — rather than a broad-based recovery across all markets.

Data centres are the leading opportunity

58% of contractors selected data centres, making it the most widely cited sector for expected opportunity over the next 12–24 months

Commercial offices remain firmly in play

Commercial offices were selected by ***50%***, suggesting contractors still see credible opportunities in parts of the office market, despite wider viability and funding pressures

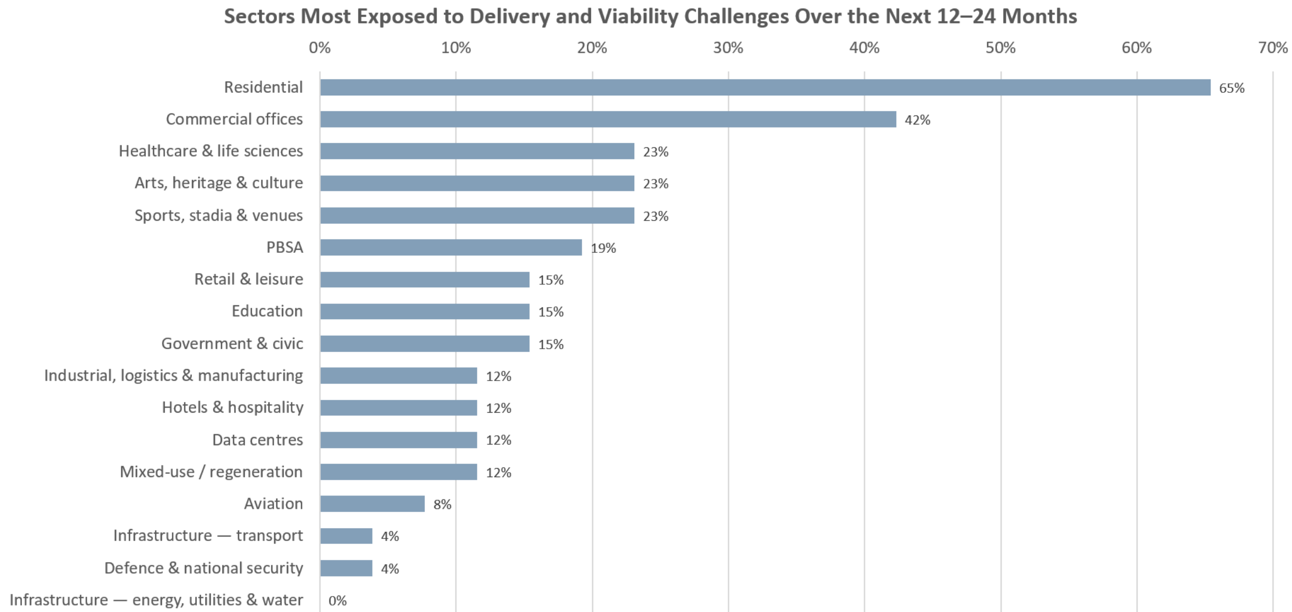
Defence and public-backed sectors feature strongly

Defence & national security ***50%***, healthcare & life sciences ***42%*** and education ***38%*** point to stronger appetite for specialist and publicly supported workloads

Residential and regeneration remain more selective

Residential was selected by ***19%*** and mixed-use/regeneration by only ***4%***, reinforcing the wider survey theme around viability, funding and conversion risk

Residential is the standout viability challenge; offices remain exposed



Respondents could select up to five sectors, so percentages do not total 100%. Based on 26 contractor responses.

Residential stands apart as the clearest viability challenge. Offices remain two-sided - refurbishment, repositioning and credible occupier-led schemes may still attract interest, while speculative or debt-reliant projects remain exposed to funding and conversion risk.

Residential is the clearest pressure point

65% selected residential, making it by far the sector most associated with delivery or viability challenges

Commercial offices remain finely balanced

Offices were selected by ***42%***, suggesting opportunity still exists – particularly for credible refurb/repositioning or occupier-led schemes – but funding and conversion risks remain material

A second tier reflects sector-specific challenge

Healthcare & life sciences, arts/heritage/culture and sports/stadia/venues were each selected by ***23%*** –likely reflecting specialist briefs, funding/governance constraints and delivery complexity

Some opportunity sectors appear less exposed

Data centres were selected by only ***12%*** and defence by ***4%***, despite ranking strongly as opportunity sectors in the previous question

11

Closing Themes

Closing themes: a market with appetite – but for credible work

Pipeline is available, but conversion remains difficult

The survey points to contractor appetite and available capacity, but project conversion is being held back by funding, viability, design maturity, regulation and slow decision-making

Viability remains the central constraint

Residential is the clearest pressure point, while offices remain more mixed: credible refurb/repositioning and occupier-led schemes may still attract interest, but speculative or debt-reliant projects remain exposed

Risk transfer is becoming a bid/no-bid issue

Contractors are not rejecting complexity, but they are pushing back against immature design, short tender periods, onerous terms, unrealistic budgets and risk being transferred without adequate price or time

Volatility is changing commercial behaviour

Global events, energy/material volatility and supply-chain fragility are feeding through into shorter price validity, more qualifications, greater caution around fixed-price commitments and concern over contractor financial resilience

Certainty
the new tender currency

MEP
the recurring pinch point

VIABILITY
the conversion gatekeeper

RISK
where appetite is won or lost

GARDINER &THEOBALD