

AUTUMN

Tender Price Indicator

Selected cost and risk pressures are limiting the benefit of softer demand.

UK Average

3.25%

▼ compared to 3.50% Q2 2026

London

3.50%

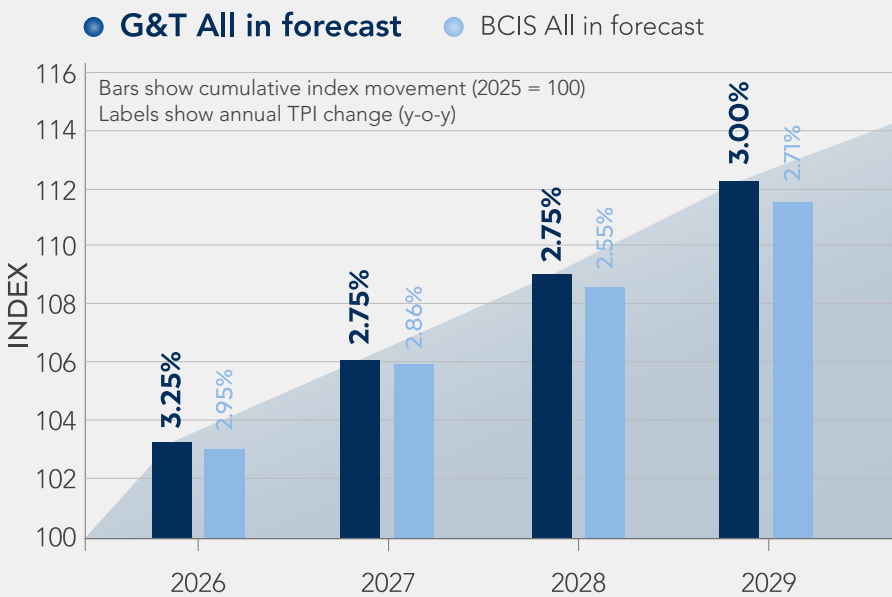
▼ compared to 3.75% Q2 2026

TENDER PRICE ANNUAL PERCENTAGE CHANGE AUTUMN 2026

%	2026		2027		2028		2029	
Regional forecasts	Now	Last*	Now	Last*	Now	Last*	Now	Last*
Greater London	3.50	3.75	3.00	3.00	3.00	2.75	3.00	2.75
South East	3.25	3.50	3.00	3.00	3.00	2.75	3.00	2.75
South West	3.25	3.50	2.75	2.50	3.00	2.75	3.00	2.75
East (Anglia)	3.50	3.75	3.00	3.25	3.00	3.25	3.00	3.25
Midlands	2.75	2.75	2.75	2.75	2.50	2.50	2.75	2.75
Wales	3.00	3.00	2.75	2.75	2.75	2.75	2.75	2.75
Yorks & Humber	2.25	2.25	2.25	2.25	2.50	2.50	2.50	2.50
North West	2.75	2.75	2.50	2.50	2.50	2.50	2.75	2.75
North East	2.25	2.25	2.25	2.25	2.25	2.25	2.50	2.50
Scotland	3.00	3.00	3.00	2.75	3.00	3.00	3.00	3.00
Northern Ireland	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
UK Weighted Avg.	3.25	3.50	2.75	2.75	2.75	2.75	3.00	2.75
Last* Q2 2026								

● Downward revision ● Upward revision

TENDER PRICE TREND 'ALL UK TPI'



MACRO INDICATORS

▲ 3.1% (2.9%)

CPI

Annual CPI inflation Aug '26

▼ 0.4% (0.6%)

GDP

Q1 - Q2 '26

— 3.75%

BoE Base Rate

Held 17 Sep '26

How do we reach our tender price forecast?

We conduct a detailed industry survey and consider factors including selected cost and market indicators...

Annual Cost Movement vs Q2 TPI

▼ 1.2% (5.8%)

Labour

Q2 '26

▲ 5.3% (1.9%)

Materials

Q2 '26

▲ 3.9% (3.7%)

Plant

Q2 '26

▲ 5.8% (5.0%)

M&E

Q2 '26

Energy Market Movements

▼ -11%

Brent crude futures

1 May - 3 Sep '26

▲ +63%

UK NBP GB gas futures

1 May - 3 Sep '26

Demand Indicators

▼ -11.8%

ONS New Orders

Q2 vs Q1 '26

▼ 44.3

Construction PMI

Aug '26; down from 44.7 in Jul; below 50 indicates contraction

KEY

Arrows show the direction of movement; the relevant comparison period is shown alongside each indicator.

● High impact ● Medium impact ● Low impact

Impact ratings indicate qualitative relevance to the current TPI outlook.

Notes:
Cost indices: annual change to Jul 2026 (arrows vs. Q2 TPI).
Energy: Investing.com futures closing prices, 1 May–3 Sep 2026 (UK NBP gas, p/therm; Brent, \$/bbl). Orders: ONS new orders, Q2 2026 vs. Q1 2026.
PMI: Aug 2026 vs. Jul 2026. Macro: ONS CPI/GDP data current to 16 Sep 2026; BoE Bank Rate as at 17 Sep 2026 (arrows vs. previous rate).
BCIS data provisional; energy data indicative only.

Main contractor appetite is improving, but energy volatility, specialist labour and selected material and plant costs remain upward drivers. Macroeconomic uncertainty and risk allocation are adding further project-specific pressure, with fewer projects progressing to tender.

What's driving prices?

- Weaker demand is limiting pass-through**
Slower growth is tempering demand, but persistent inflation and elevated financing costs are sustaining pricing.
- Specialist labour costs remain elevated**
Persistent skills shortages and specialist trade wage pressure are sustaining labour costs despite an overall softer labour market due to weaker demand.
- Materials and plant costs are uneven**
Materials inflation has picked up, but pressure remains highly uneven by product, equipment type and trade package.
- Energy volatility keeps exposure elevated**
Continued volatility in energy and fuel markets is adding risk to manufacturing, transport and site-operating costs.
- Risk allocation is feeding into costs**
Contractors are adding allowances where risk is transferred without proportionate contractual protection.

The UK construction market is caught between two forces: cost pressure remains, but demand is not strong enough to support full pass-through. Energy and fuel remain the strongest upward pressure, with materials, specialist labour, and contract risk also elevated. Meanwhile, affordability and financing constraints are delaying starts, client decisions are taking longer, and weaker demand means competition for viable work is intensifying.

This is the key change from the Q2 view. Q2 was a cost-shock view: contractors were seeking to recover rising input costs through tender prices. The Autumn view is more conversion-led: limited viable work and stronger competition are weakening pass-through, with more cost being absorbed, qualified or carried through preliminaries and risk allowances rather than OH&P.

We have therefore set UK TPI at **3.25%** for 2026, down from 3.50%. Cost-side risks remain, with **51%** of our TPI survey respondents seeing upside risk to their own forecasts, but weaker demand is curbing pricing power. Tender-price inflation therefore remains positive, but at a slower pace.

KEY CONTACTS

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