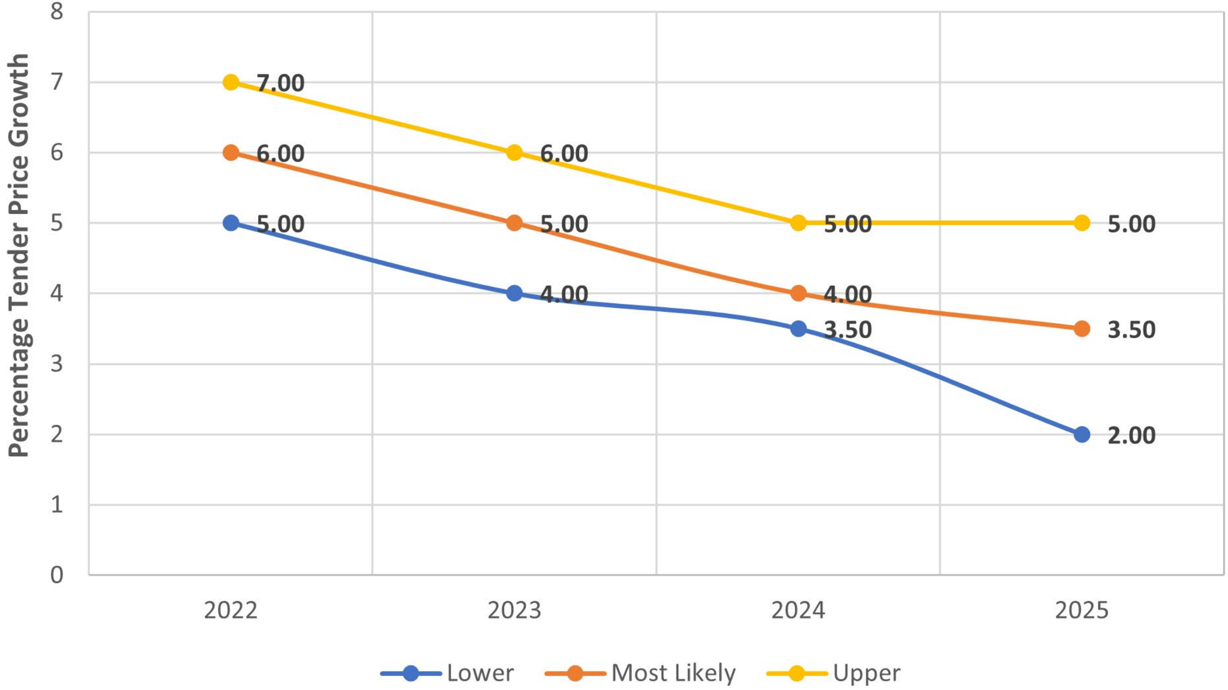
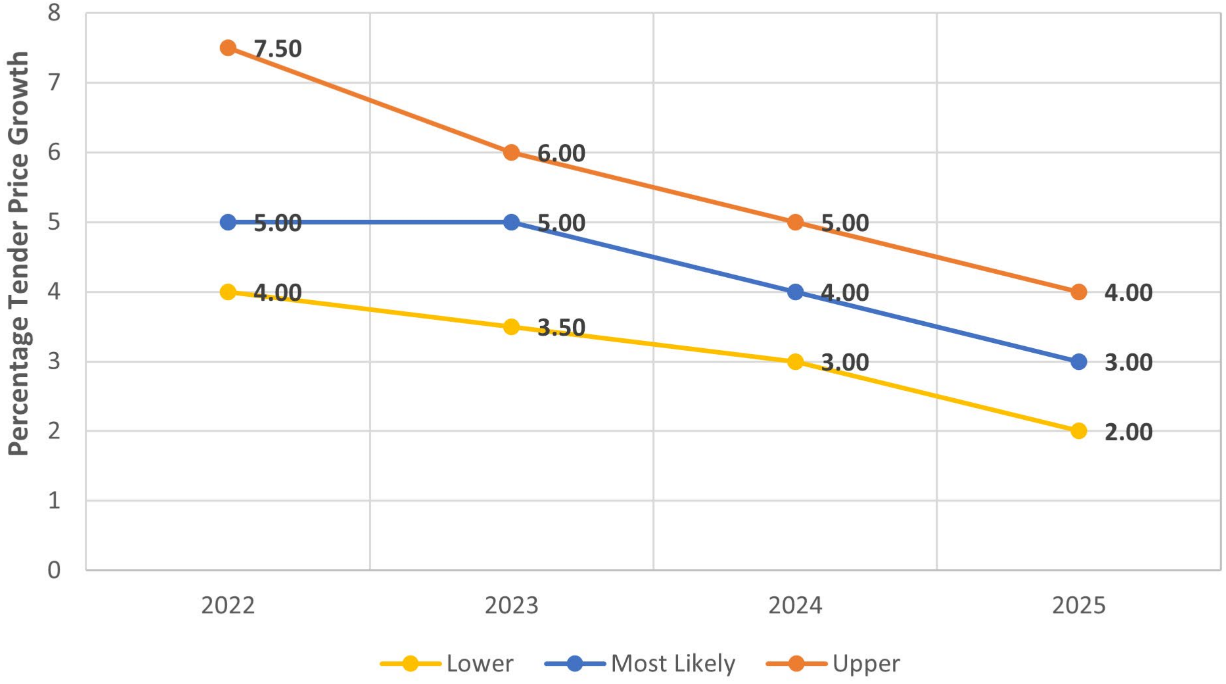
LONDON & SOUTH EAST

Source	% Uplift reported	2022	2023	2024	2025
London	Lower	5.00	4.00	3.50	2.00
London	Most Likely	6.00	5.00	4.00	3.50
London	Upper	7.00	6.00	5.00	5.00
Thames Valley	Lower	4.00	3.50	3.00	2.00
Thames Valley	Most Likely	5.00	5.00	4.00	3.00
Thames Valley	Upper	7.50	6.00	5.00	4.00
Competitors/Others - Upper Range (London)		8.00	5.80	4.50	4.50
Competitors/Others - Lower Range (London)		5.50	3.50	2.00	2.25
Competitors/Others - Upper Range (South East)		8.00	5.00	4.50	4.50
Competitors/Others - Lower Range (South East)		5.50	3.50	2.50	2.25
BCIS (National) TPI		7.80	6.20	3.30	3.40
BCIS (National) General Building Cost Index		10.00	4.00	3.30	2.90

Tender Price Change - London



Tender Price Change - Thames Valley



OVERVIEW - London & South East

For London, overall workload has remained high, with over 21% uplift in ONS new work done figures for London for the last year versus the previous year, although less than 6% uplift for the South East.

After a major spike in London new orders in the first quarter of the year, driven by new infrastructure and private commercial work, there is a prospect of some tailing-off, with major projects nearing completion and their major spends having passed. At the same time, some commercial projects remain on-hold due to uncertainties surrounding the post-Covid recovery process and demand levels in the central city locations.

One sector that is not slowing is that of Data Centres, which are coming to market with regularity as the need expands. Ongoing cost planning of multiple data centres across a range of clients, points toward sustained upcoming activity as these projects progress, but that is set alongside awareness on the part of both clients and consultants, of the complex interrelationships of business growth and the wider economic situation. Although recession is forecast, all recessions lead to a recovery in some form, and that involves the release of pent-up demand, so the usual issue of timing of delivery of projects to market is further complicated by the current economic and geopolitical instabilities.

Underlying the procurement and delivery questions is the ongoing challenge of resource acquisition. Materials costs are rising rapidly together with, in some cases, very significant shortages of skilled labour on both the professional and trades parts of the equation. Consequently, lead-in times and programme durations for existing and also new work have had to be expanded to cope with delay and uncertainty as to delivery of goods and availability of labour. Even within existing fixed price contracts, that situation has given rise to contractors seeking revision of obligations due to inability to secure goods and/or meet deadlines due to matters beyond anyone's control.

Clearly cashflow is at the heart of construction contracting, and contractor insolvency is a poor outcome for all parties, so the response to reported difficulties has in many cases been a pragmatic approach involving parties discussing and creating innovative solutions.

For new work, contractual relationships are having to take account of expanded lead-times and other resource issues, and require commitment to early ordering and flexibility in dealings with stretched sub-contract supply chains. Through all of this however, data centre and also life sciences laboratory projects seeking to take advantage of synergies with Universities, are still very active. The juxtaposition with a changing commercial office market, fewer new-builds and more "cut and carves", provides backcloth for the development of this space.

Notwithstanding these current problems, all of the above stands in the context of the journey to net zero carbon, which will yet impose further challenges to the market and will itself drive changes not only to buildings' contents, but also where and how they are constructed.