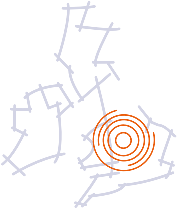
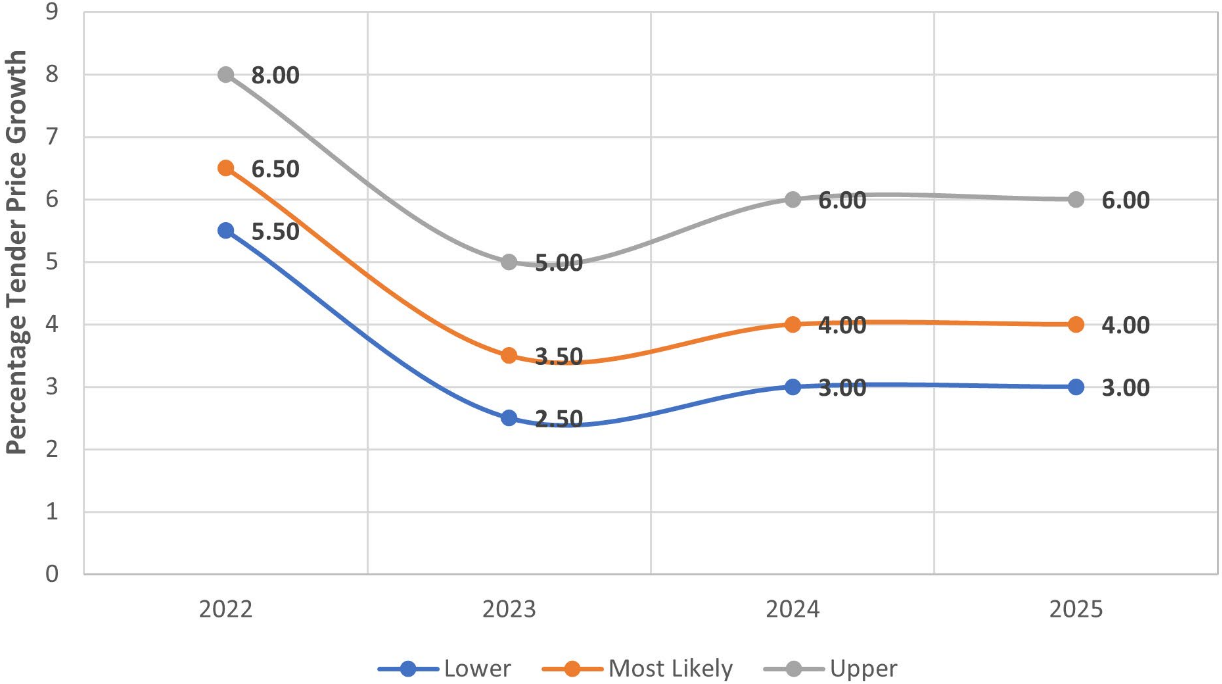


MIDLANDS

Source	% Uplift reported	2022	2023	2024	2025
Birmingham	Lower	5.50	2.50	3.00	3.00
Birmingham	Most Likely	6.50	3.50	4.00	4.00
Birmingham	Upper	8.00	5.00	6.00	6.00
Competitors/Others - Upper Range (Birmingham)		7.50	5.00	4.50	4.30
Competitors/Others - Lower Range (Birmingham)		5.00	3.00	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 - Birmingham



OVERVIEW - Midlands

Tendering activity in the Midlands remains buoyant, although some sectors can be seen to have been impacted by slowing demand due to increased cost of borrowing, the general cost of living squeeze and increased cost of construction. The consequence is that the slowdown has given rise to considerably more contractor interest in maintenance of pipeline of workload, resulting in a softening of price increases, likely due to the trimming of risk allowances rather than cuts in margin.

Main Contractors remain concerned regarding volatility in pricing, offering tenders open for very limited periods and lining up key sub-contractors on back-to-back terms from contract award stage. This is leading to increased time periods to get contractors into a position to enter into contract, but also curtailing client approval times.

Looking by sector, Civils trades remain heated, with much activity around HS2, but conversely new starts for Civils projects in the East Midlands have declined. Industrial and Manufacturing activity remains busy across the region, including around West and East Midlands primary highway nodes.

BTR and PBSA projects can be seen to be making new starts across both the East and West Midlands, including particularly Birmingham, Coventry, Nottingham and Leicester.

Commercial projects are more stop-start, but with most activity in the secondary market of refurbished space.

There is some evidence of public sector project-spend stalling or not coming forward as planned as business cases take the strain of increased costs.

At a trades level, Contractors' ability to secure fixed price on such as steelwork or reinforcement remains challenging over longer project durations. For cladding and façade trades, workload remains busy and buoyant, whereas finishing trades now appear to have more capacity and are seeing less volatile tender price movements.

Overall, there is a general expectation that volatile conditions may ease in many trades through the last quarter of the year.

Overall construction new work done for the first half of the year is up by over 29% comparing Q2 of this year against last, and by 11% on Q1 2022. On their face these figures are large, but they are dominated by a trebling of industrial projects output, as steel and cladding availability eased and relatively short-programme works were able to progress rapidly.

OVERVIEW - Midlands

New orders for the year to mid 2022 were down 21% on the previous four quarters, mainly due to relatively weak new order figures for the second quarter on 2022, so the jury is out on how Q3 will have fared in that respect. Some sectors are clearly being impacted by slowing demand, driven by increased cost of borrowing, cost of living squeeze and increased cost of construction. As a result, in some sectors and with some sizes of contractor, there is an increased focus on pipeline. This is gently flowing through to pricing levels, but only gently and slowly. It is likely that the risk additions are being trimmed, not margin. Main Contractors remain concerned on volatility in pricing, offering tenders open for very limited periods and lining up key sub-contractors on back-to-back terms from contract award stage. This is leading to increased time-frame for getting contractors into a position to enter into contract and is also curtailing client approval times.