

NACF Market Intelligence Analysis

December 2015

1. Background

Over the last two years, the construction industry has been experiencing unpredictable market pricing and availability of materials and skilled labour. The NACF decided to carry out surveys on a quarterly basis to try to get a picture of trends over the last year, and looking forward as well.

The NACF group now has a full year of data, and the following report looks at the four quarters of information to draw some very high level conclusions about trends. The report is not intended to be used for specific cost indices or availability, but can be used to make informed decisions about future budgets or even design decisions.

The survey has been carried out through the supply chain, and the data is a moderated average of a huge number of returns.

The following report captures some key conclusions

2. Executive Summary Conclusions

The annual cost increases and the increase in the number of employees across the packages are consistent with each other lending real credence to a 5 to 10% increase over the last year. This trend is expected to continue over the next year. The biggest areas for concern are brickwork, carpentry and joinery, and concrete frame which range up to 20% increases. Brickwork can be singled out for particular attention, as it is the package showing biggest cost increases, increased number of employees, availability, and is predicted to be the biggest labour cost increase.

Whilst London and the SE show spikes in data in many areas, it is not a consistent picture. Certainly, curtain walling and dry lining costs and employee numbers are notably higher in London and the SE.

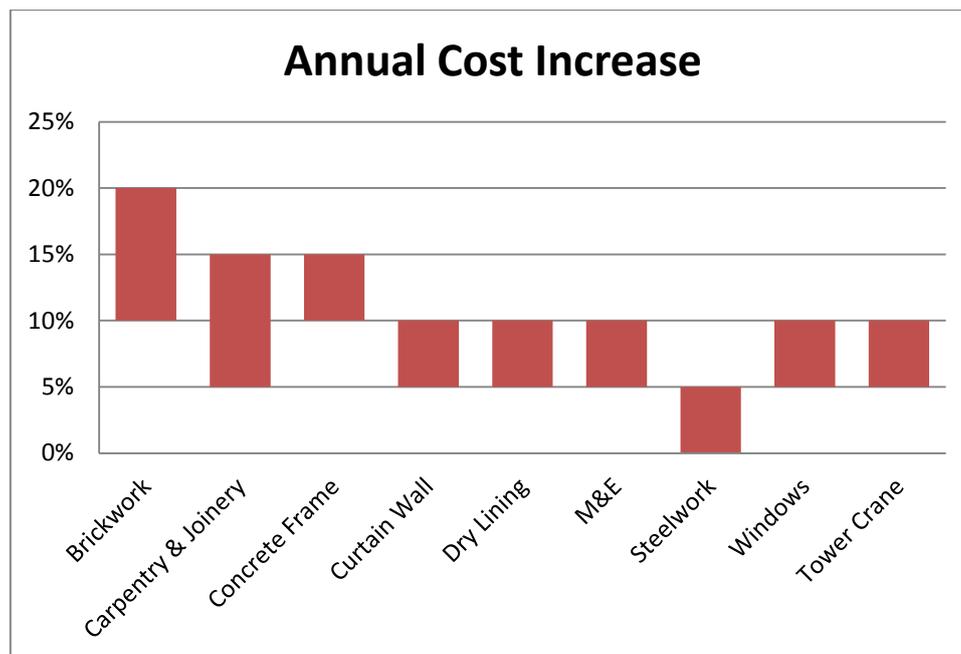
The following sections look at the survey results in more detail.

3. Costs compared to same period 12 months ago

Most annual increases are becoming less with the exception of dry lining which is showing growing annual increases.

Most packages are showing up to 10% cost increase compared to a year ago. However:

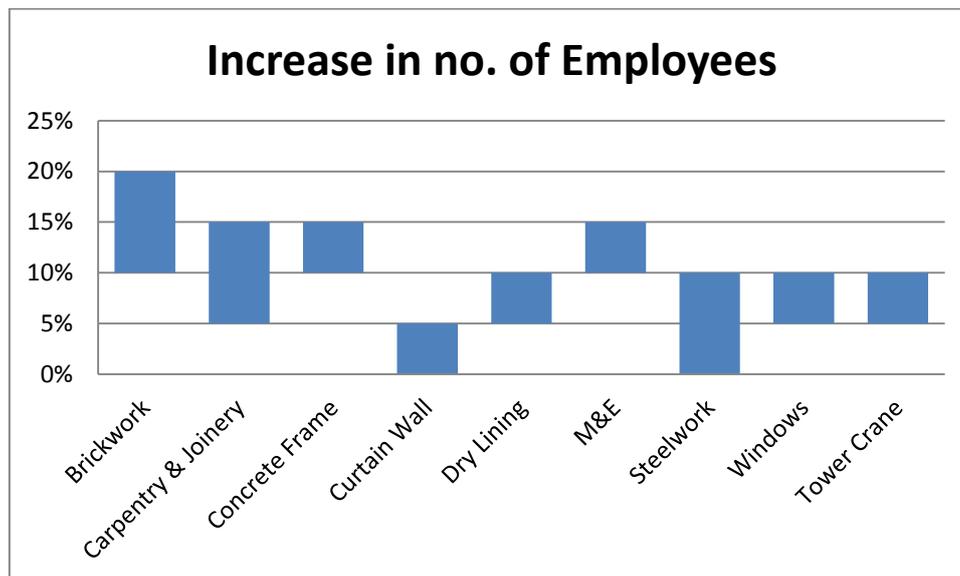
- Brickwork is showing between 10% and 20% nationally
- Carpentry is showing up to 15% increase nationally
- Concrete frame spikes between 15 and 20% in London and the SE, and is up 15% increase nationally
- Steel work cost increases have been very variable quarter to quarter and regionally, but are generally lower than other packages, up to 5% nationally



4. Average number of employees compared to 12 months ago

The statistics show a generally consistent picture from quarter to quarter that in most packages there is a 5 to 15% increase in the number of employees compared to the previous 12 month period. The increase in number of employees appears to accurately reflect the cost increase information with some marginal differences in steelwork and curtain walling, which both have variable results.

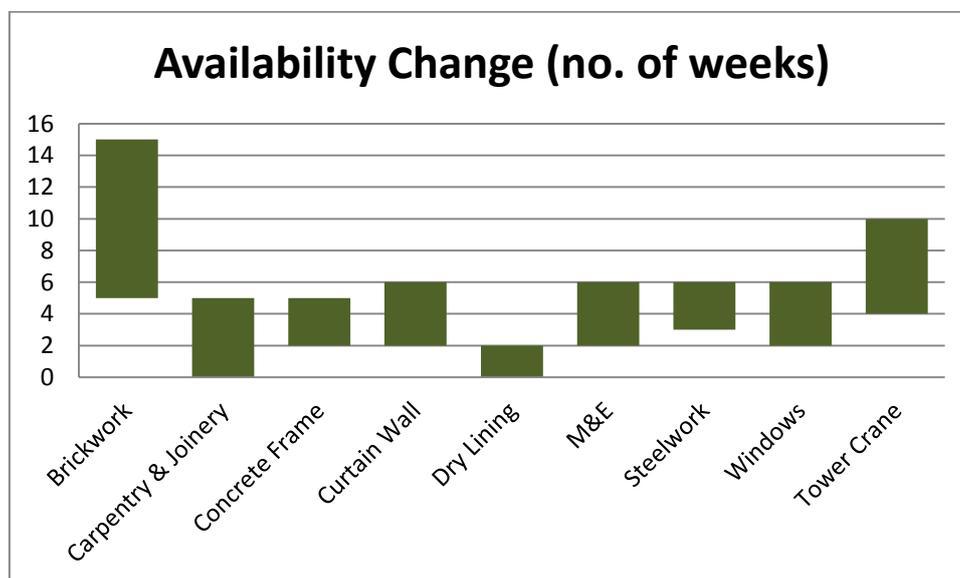
- Brickwork stands out as a package showing greater growth between 10 to 20% nationally
- Dry lining has been very variable of the four quarters, with spikes of increase in excess of 25% in London, the SE and the NW
- Steelwork has also shown a very variable pattern with extremes from 2% to 18% increase within a region between quarters
- For Windows, the increase in London and the SE is showing distinct signs of slowing from a peak of 15 to 20% to around 5% more recently



5. Availability of Materials – No. of weeks change in the year

The data shows that materials for most packages are taking up to six weeks longer than the previous year to arrive. This trend has been much the same across the four quarters of information suggesting a lengthening of order times.

- Brickwork is showing the greatest change in availability periods, and also the greatest regional variance. London, SE, SW and East Midlands appear to be the hardest hit regions.
- Steelwork data is hugely variable, with all regions except the NW showing peaks and troughs
- Availability in the NW has been improving each quarter suggesting more predictable availability in line with national data.



6. Price Forecast for Labour (%)

There has been some consistent data predicting a labour cost rise of between 5 and 10% across all packages nationally over the next year. There have been no signs of a downward trend which is a good indication of the reliability of the data.

- Brickwork labour predictions have been incredibly consistent at 10% with the exception of London and the SE which have been predicting up to 20% increase.
- Carpentry predictions are slightly higher in London, the SE and W Midlands at up to 15%, and the predictions in these regions are persistent
- Concrete labour costs are also predicting up to 15% increase in the next year nationally with the possible exceptions of the E Midlands and Yorkshire and Humber
- Curtain Wall labour costs are again predicted to rise higher in London and the SE
- Dry Lining labour predictions are variable, with London and the SE showing spikes in predictions over 20%
- M&E predictions are very consistent nationally between 5 to 10%, and possibly closer to 5%

