

# Market Intelligence

## NACF Review 2016

# Introduction

The NACF pulls together some of the country's major public sector construction frameworks, promoting best practice nationally, whilst supporting government construction strategy.

The NACF and its partners are in a unique position to understand, and report on, the construction market across the country and has a significant reporting process in place to manage and monitor construction performance.

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This review will interrogate Market intelligence which is gathered on a quarterly basis across the country, providing a snapshot of the current market, and predictions for market movements going forward.

*Note- 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.*

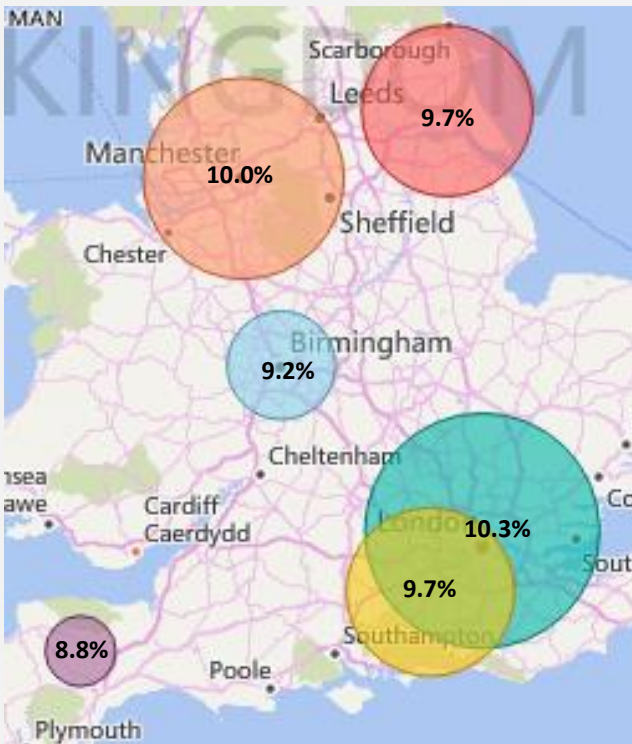
# Costs Overview

Costs increased on average by 10% across all trades and regions in 2016, slightly less than the 11% increase seen in 2015. The greatest increases were seen in the Tower Crane package at nearly 20%, this was focused however in the southern regions. Curtain walling showed the lowest average increase. With the exception of the Tower Crane package, cost growth was relatively consistent across the country.



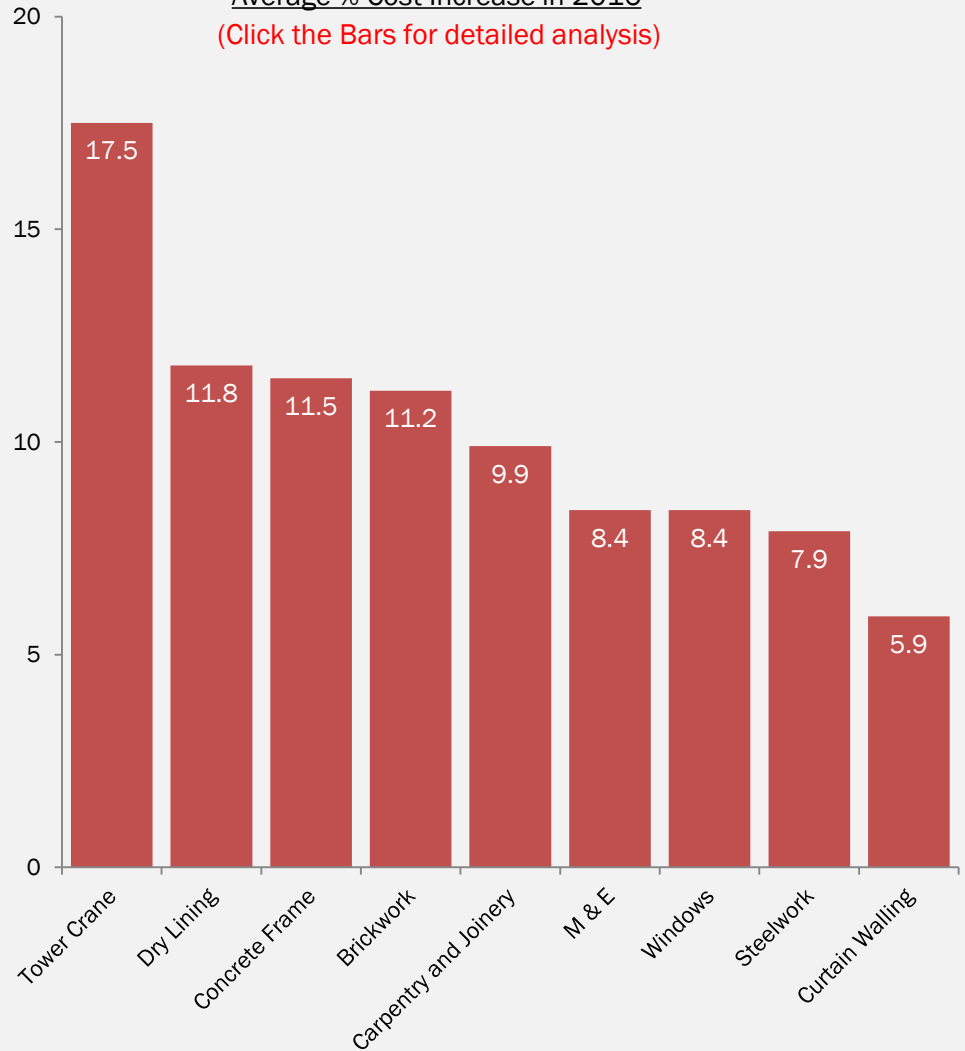
# Costs Overview

Average % Cost Increases in 2016 per region



Average % Cost Increase in 2016

(Click the Bars for detailed analysis)



# Employees Overview



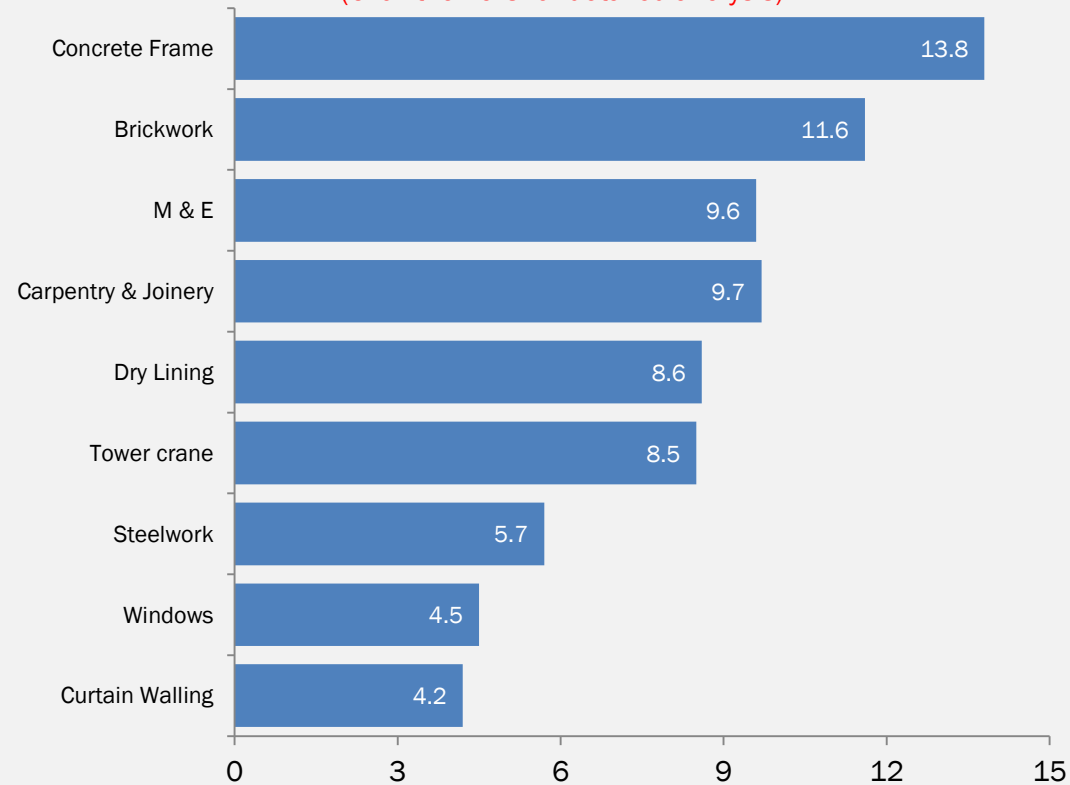
In 2016 the number of employees increased on average by 8% across the Country. This is less than that which was recorded in 2015 at 10%. This consistent growth informs us that employment in the construction industry continues to grow, however this is beginning to slow down, reflecting the skills shortage that is prominent in the market and the difficult conditions that are being witnessed in the industry as a whole.



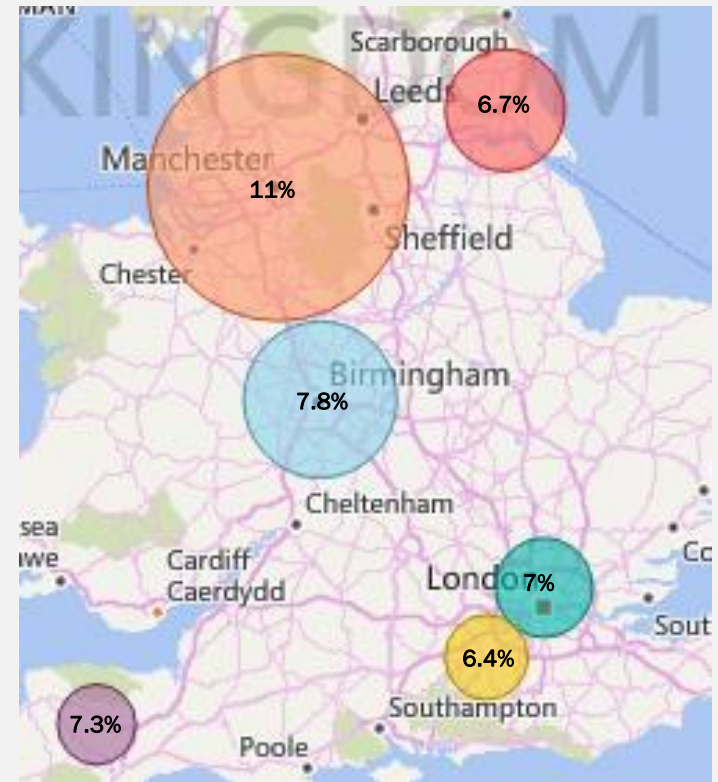
# Employees Overview

% Increase in number of Employees per trade in 2016

(Click the Bars for detailed analysis)



Increase in Employees per region in 2016



# Availability Overview

Availability in 2016 was on average 3 and a half weeks longer than 2015. This is less than seen in the previous year which registered 5 week longer lead times. Since 2014 therefore, availability across all trades in England is 8 weeks longer. This indicates two possibilities:

1- Increase demand - Supported by the resurgence of the industry and its continued growth.

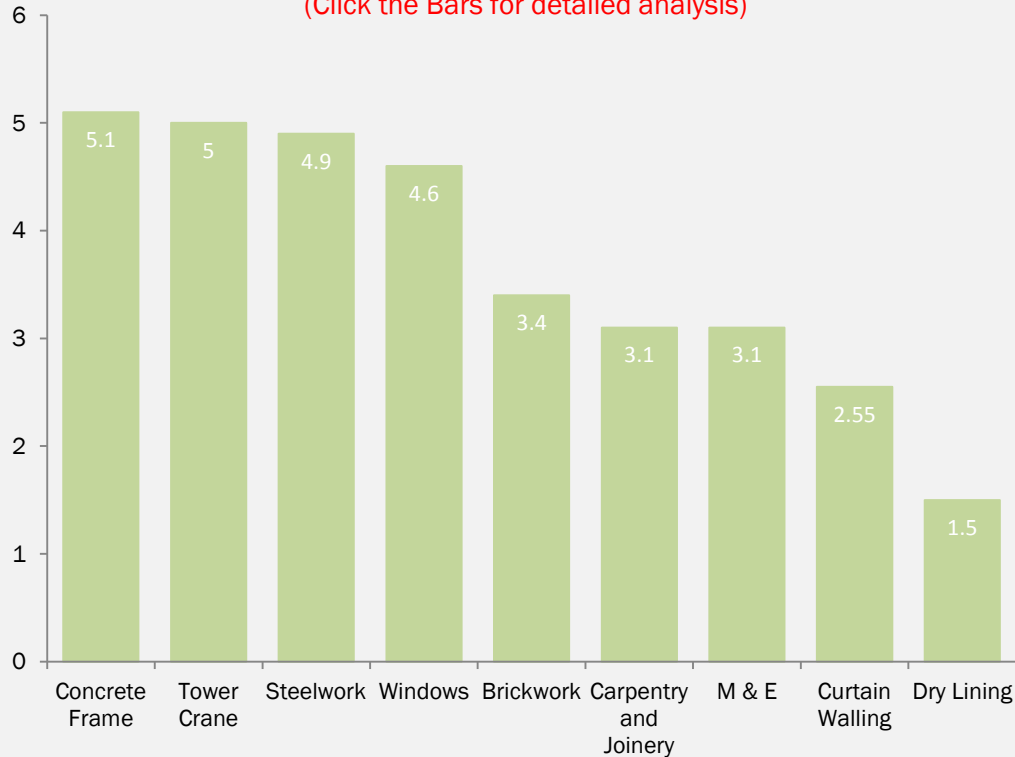
2- Material shortages - Studies suggest the materials shortages witnessed in 2014 and through 2015 have faded and are now less of a concern.



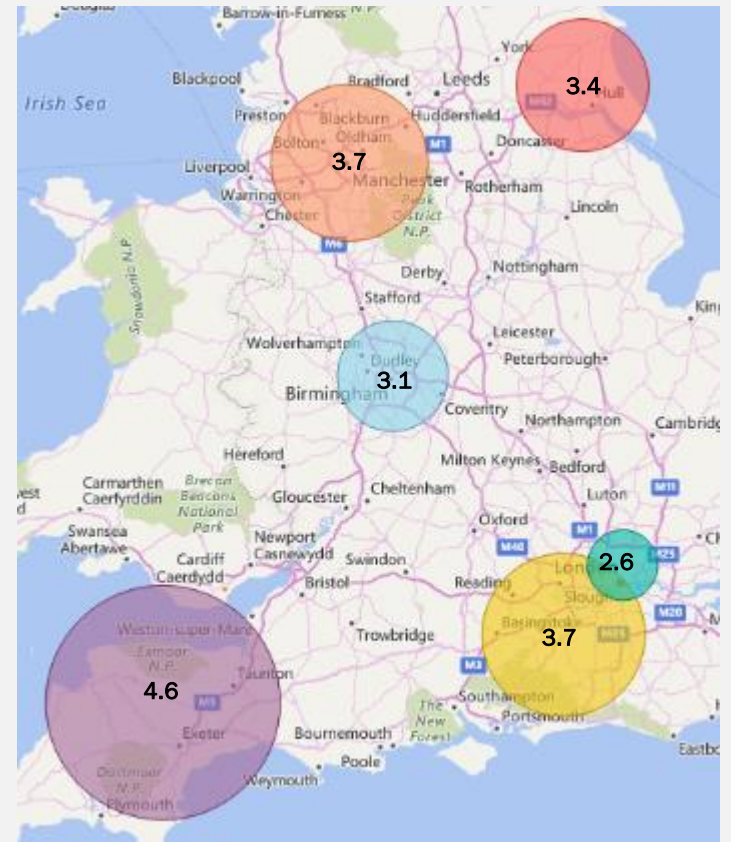
# Availability Overview

2016 Average Weeks increase in availability compared to 2015

(Click the Bars for detailed analysis)



average increase in lead times per Region compared to 2015 (Weeks)





# Market Growth Compared to 2014

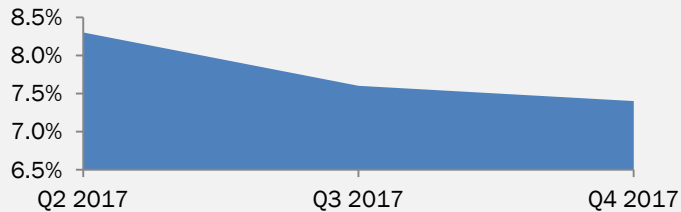
Since 2014, both the overall costs of the major construction packages, and the volume of employees within the trades, have increased. In 2016 the rises in costs have begun to outstrip the rises in employees. During 2016 we saw sharp increases at the start of the year before reductions towards the end, mirroring the movements seen in 2015 suggesting a pattern in the market. It must be noted that these results are relative to the market conditions seen in 2014, for which we do not have the data, implying higher levels during the final 2 quarters of 2014.

Average % increase in Costs and No. Employees compared to same quarters  
2014

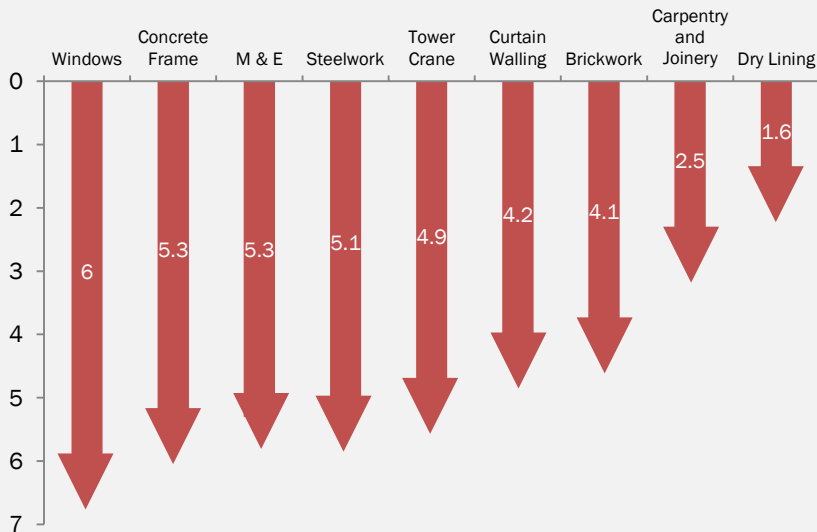


# Forecasting 2017

Predicted % Cost Increase in 2017  
compared to same quarter 2016



Predicted increased length of lead times in 2017  
compared to 2016



The market is predicting a similar progression of costs as seen in 2016 although, for the third year in a row, to a lower level, averaging at around 8%. Positively, this growth is expected to be consistent across all the regions of the NACF and therefore there is no concern with regard to specific parts of the country. This growth is also relatively consistent across the major trades studied, with only concrete frames offering an area of concern, predicting 12% overall increases against 2016.

Availability is an area of concern with many of the trades offering significantly longer availability periods, averaging at 5 weeks more than 2016.

This slowing of growth points to more difficult times ahead for the industry, with increased costs and reduced availability across all trades and regions.