



# SCF Market Intelligence

Q1 2021

## Introduction



Every quarter, SCF Main Contractors gather market intelligence from the construction industry. Data is collected for 10 high level construction trades across 4 cities within the south of the UK. This data is used to identify regional market trends and forecast for the following year by commenting on changes in tender workload, employment, building costs and material & labour availability.

SCF shares this information with its clients in order to highlight key areas of risk that may impact on project delivery. SCF Main Contractors and Clients can use this information to predict pressures and opportunities in the market, ensuring decisions can be made at an early enough stage in a projects' life to ensure the best outcomes and minimise risks in project delivery.

The Integrated Project Team uses this data to make decisions about materials specification, construction methodology, off-site or automated construction techniques and project planning and programming, ensuring the best possible decision making to deliver maximum value to our clients.

This data is made available publicly to the benefit of the manage their workflows and labour forces to serve SCF's market leading contractors in the best way possible.

This data, combined with SCF's integrated team approach, maximises the benefits of the two-stage-open book process, ensuring predictable, high quality outcomes for our clients and their communities.

## Trades

- Carpentry and Joinery
- Tower Cranes
- Groundworks
- Windows
- Curtain Walling
- Concrete Frames
- Brickwork
- Mechanical and Electrical
- Dry Lining
- Steelwork

## Get in touch...

To discuss the SCF procurement process or a particular project you have in mind, please contact our Operations leads.



### Adam Sanford

Operations Lead  
South East and London  
t. 07883497057  
e. adam.sanford@hants.gov.uk



### Kingsley Clarke

Operations Lead  
South West  
t. 07805760622  
e. kingsley.clarke@devon.gov.uk

# Tender Workload

Throughout the first quarter of 2021, England and Wales returned to a state of National Lockdown. In response to [government guidance](#), construction sites continued to operate as a key service, albeit with strict social distancing and safety measures in place. Confidence in the UK's Covid-19 vaccination programme and the easing of lockdown restrictions has resulted in an increased output from the construction industry.

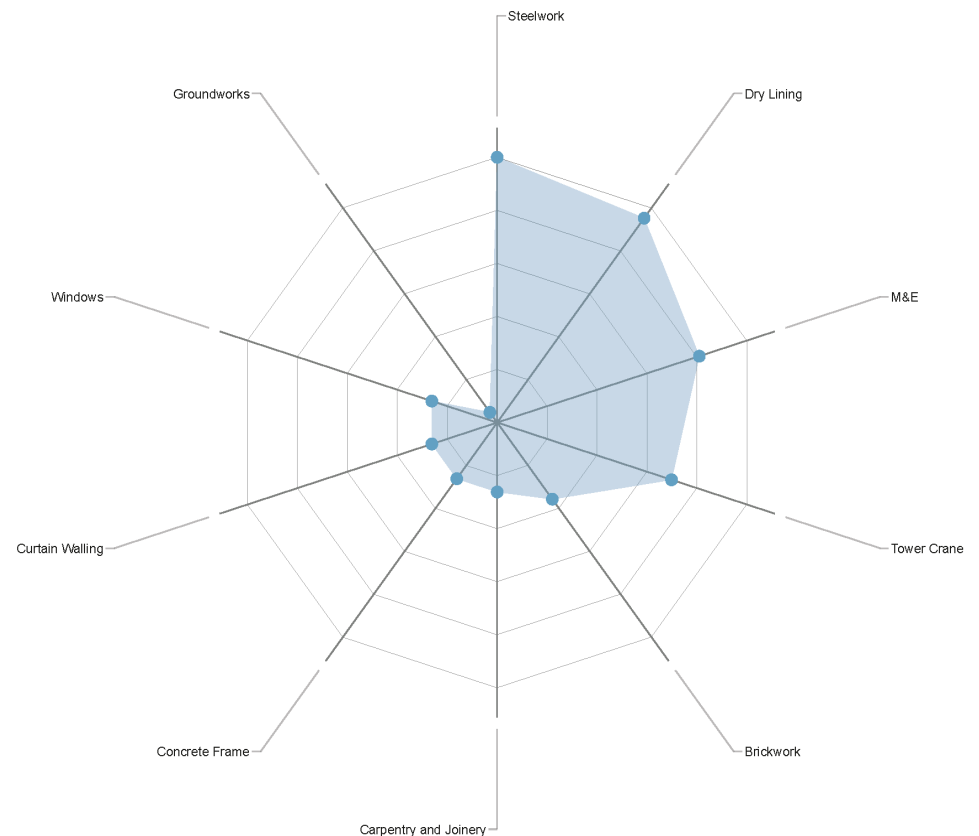
The Office for National Statistics (ONS) has reported a 0.9% increase in construction output throughout January 2021.

Funding initiatives from Central Government, such as the Salix De-carbonisation Programme, Towns Fund, and the Building Safety Fund (BSF) has helped to drive construction workload during Q1 2021. As a result, SCF Main Contractors have observed an increased demand amongst construction trades.

Demand has remained strong; the supply chain has reported an average increase of 5% in tender workload across all trades when compared to the previous quarter. Construction trades with the greatest quarterly increase in tender workload include, Steelwork (11%), Dry Lining (10%), M&E (9%), and Tower Cranes (7%).

The reduction in Stamp Duty rates has resulted in the private residential sector being a significant driver of construction output throughout this quarter. The ONS has reported that project starts for residential projects valued under £100m increased by 17% during Q1 2021 when compared to this time last year

## Tender Workload (% change since Q4 2020)



[Click here to see full breakdown of Tender Workload across all regions](#)

# Employment

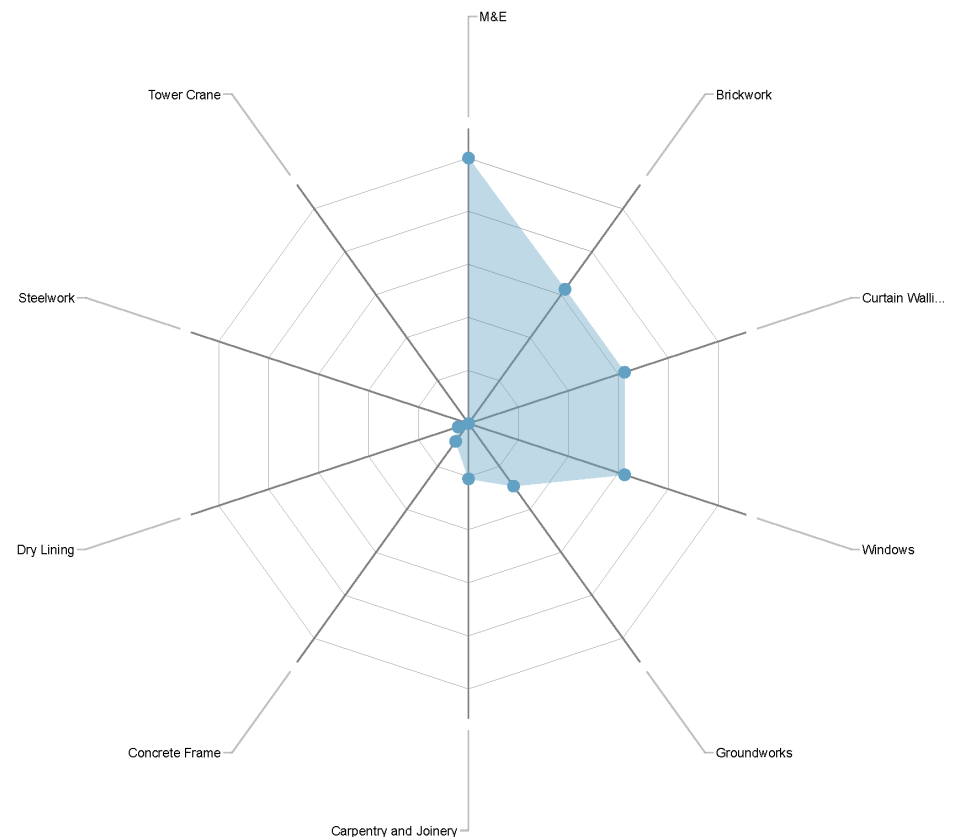
Aligned with the reported increase in tender workload, during Q1 2021 SCF Main Contractors observed a small increase in employment (2%) across all trades when compared to the previous quarter.

Trades with the greatest quarterly increase in employment include M&E (6%), Curtain Walling (4%), Windows (4%) and Brickwork (4%).

Of all regions in the South, the South West reported the greatest increase in employment (4%) when compared to the previous quarter. However, dissimilar to other cities employment in London remained stable with no change when compared to the previous quarter.

With furlough due to end by the end of September, the situation may change in the future, and the full effects of Brexit on the workforce are yet to be established. Although labour trends are yet to be observed in the data, there is significant uncertainty in the market and longer-term risks can make early fixed pricing more challenging.

## Change in employment (% change since Q4 2020)



[Click here to see full breakdown of Employment across all regions](#)

## Building Cost

An escalation in building costs has been a key risk identified by SCF Main Contractors during Q1 2021. When compared to the previous quarter, building costs in the south of the UK have increased by an average of 7% across all trades. Building costs were 10% greater during Q1 2021 when compared to this time last year.

A surge in cost is likely derived from the increased demand in construction trades due to the resuming of pre-pandemic projects and the injection of government investment.

## Steelwork

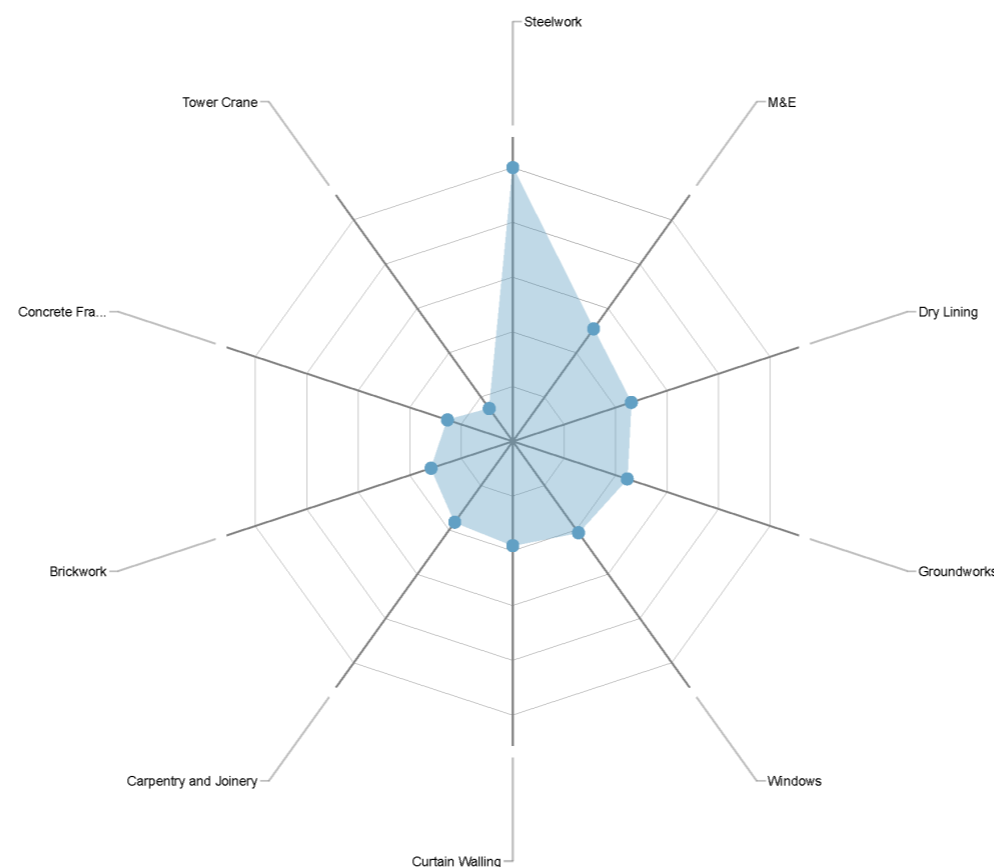
The cost of steelwork is currently 28% higher when compared to this time last year. A sharp increase in the price of steel has been a key risk for the construction industry throughout 2020 and has continued into 2021.

Covid-19 has resulted in reduced availability from the global market, in addition to a significant decline in production at European steel mills. A high demand partnered with a decrease in production has resulted in a sudden rise in cost within British steel suppliers.

SCF Main Contractors have reported the price of steelwork to have increased by an average of 16% across all cities when compared to the previous quarter. Compared to other regions, the South East was particularly impacted by the rising cost of Steelwork, with a 23% increase in cost when compared Q4 2020.

 [Click here to see full breakdown of Building Cost across all regions](#)

## Change in Building cost (% change since Q4 2020)



## M&E

Rising costs in raw materials such as steel and copper have resulted in the price of M&E services increasing by an average of 8% over the last quarter across all regions in the south of the UK. The supply chain has reported that the raw cost of copper increasing from £4,995 per tonne in Q1 2020 to £9,600 per tonne in Q1 2021, has heavily impacted on M&E prices. An increased cost in M&E has been specifically observed in the South West of the UK, with a 14% increase when compared to the previous quarter.

## Dry Lining

The erratic manufacturing of plaster during 2020 continues to impact on the price of Dry Lining. SCF Main Contractors reported an average 7% increase in the cost of Dry Lining when compared to the previous quarter across all regions. This is 11% higher when compared to this time last year. The South East has reported an increase in Dry Lining cost (15%) significantly greater than that of the average for the South of the UK.

## Windows and Curtain Walling

The building cost of Curtain Walling and Windows increased by 6% and 7% respectively when compared to the previous quarter. Both the South West and South East reported similar changes in cost. However, when compared to other cities London reported a smaller increase in cost regarding Curtain Walling and Windows (1% and 3% respectively).

## Carpentry and Joinery

Due to changes in global trade patterns, such as the increased purchasing of European timber from North America, there has been a limited supply to the UK. The cost has increased by an average of 6% across the south of the UK when compared to Q4 2020. This has been particularly prevalent in the South West, where the building cost of Carpentry and Joinery increased by 10% when compared to the previous quarter.

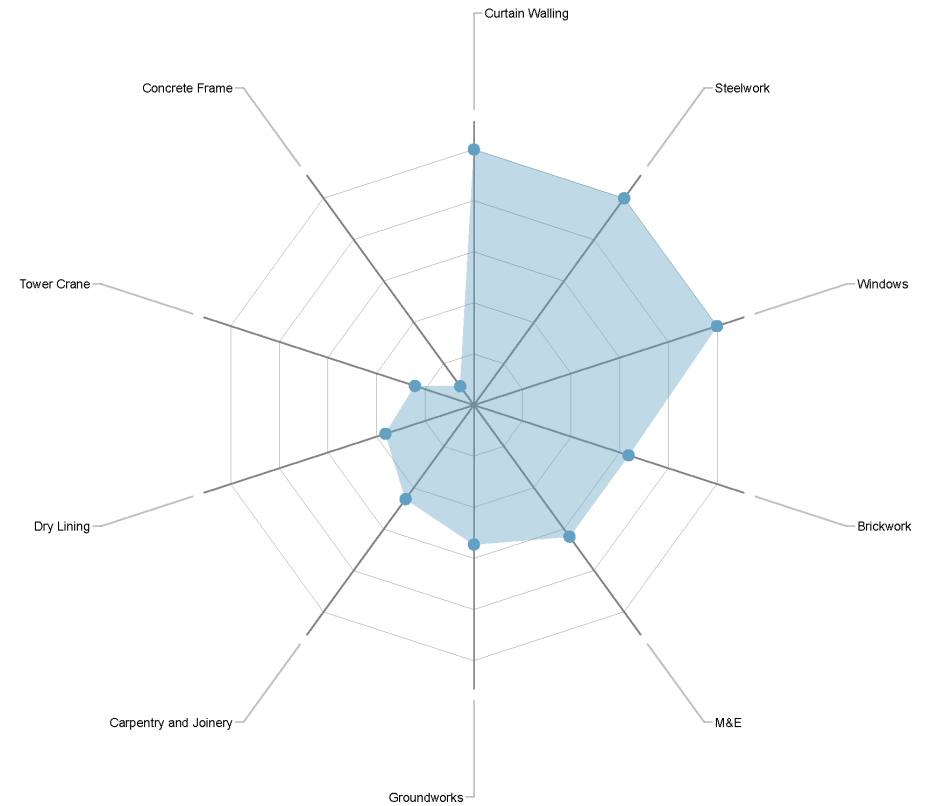
# Material Availability



The availability of materials was a key risk identified by SCF Main Contractors throughout 2020. The impacts from both the pandemic and Brexit resulted in the uncertain supply of goods and materials. This trend has continued into the first quarter of 2021, where the lead time for materials has further increased by an average of 1.5 weeks across all trades when compared to the previous quarter.

Trade packages that were particularly impacted by delays in material and labour availability include Curtain Walling, Steelwork and Windows, which all have an additional lead time of 3 weeks when compared to the previous quarter. In addition, derived from the increased workload in the residential housing sector, roofing materials such as membranes and tiles are currently within short supply. The inconsistency of global manufacturing throughout 2020 has also led to the misplacement of ships and a shortage of shipping containers during Q1 2021. SCF Main Contractors have reported this to be a key influence on material availability.

## Change in material availability (% change since Q4 2020)



Regions in the South particularly impacted by increased delays in material and labour availability include the South East and South West, where across all trades an average increase of 2 weeks was reported. Dissimilar to other cities, London reported no change in the availability of materials and labour when compared to the previous quarter.



[Click here to see full breakdown of Material Availability across all regions](#)

# Looking ahead

## Tender Workload and Employment

With clients gaining greater confidence to recommit to investment and progress projects to site, SCF Main Contractors anticipate an average increase in tender trades over the course of the next year. In addition, with the continuation of funding being allocated for schemes such as the Salix De-carbonisation Programme and BSF's re-cladding of residential high-rise buildings, this increased demand for construction trades will likely continue throughout the year.

Throughout 2021, trades with the greatest anticipated increase in tender workload include Carpentry and Joinery (16%), Dry Lining (13%), Brickwork (13%) and Steelwork (9%). The trades with the greatest forecasted increased in employment include Steelwork (12%), M&E (10%) and Tower Crane (8%).

**Top Tip:** Consider availability and long lead times of materials: consult supply chains early to specify lower-risk items and secure long-lead time items in advance when possible.

## Material Availability

SCF Main Contractors forecast the lead time for materials and labour to increase by an average of 2-weeks by Q1 2022. Over the course of the year M&E will be particularly impacted by increased lead times, with SCF Main Contractors forecasting a 6 week increase by Q1 2022 in the south of the UK. In addition, lead times for Carpentry and Joinery, Brickwork, Steelwork and Groundwork are forecasted to increase by an additional 3 weeks by Q1 2022.

Our main contractors have reported a future increase in lead time regarding cold rolled steelwork, with reports of a 20-week turnaround when compared to a once three week turnaround.

**Top Tip:** Consider pre-manufactured building elements to facilitate timely completion and delivery.

## Building Cost

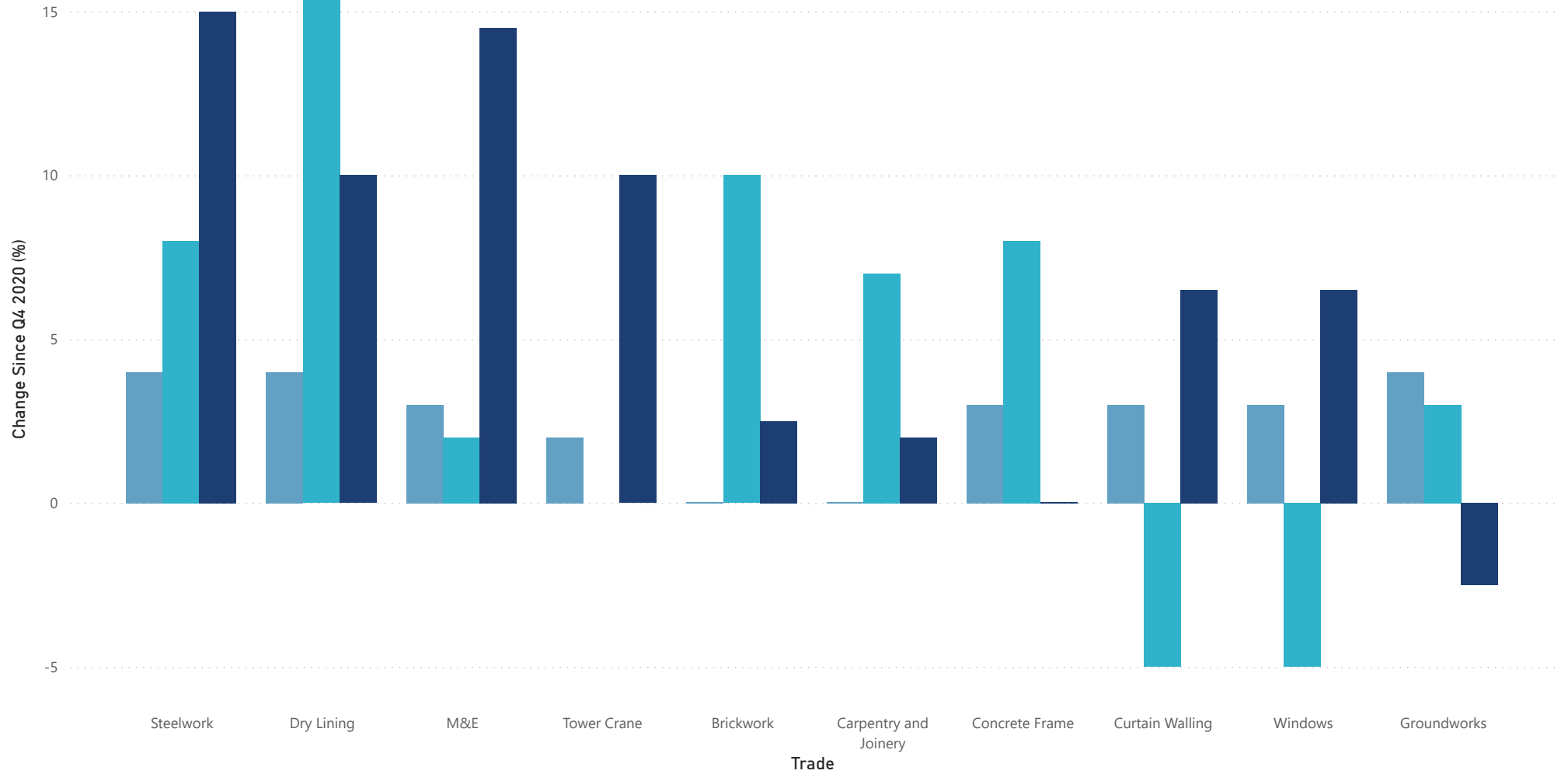
Derived from the easing of Covid-19 restrictions, the anticipated surge in construction activity over the next year may lead to the rise of building costs. Building costs in the south of the UK are forecasted to further increase by an average of 6% throughout 2021 across all construction trades. SCF Main Contractors have reported rapidly changing conditions within the marketplace and anticipate this to continue throughout the year.

Trades that are particularly forecasted to increase in cost over 2021 include Steelwork (9%), Groundwork (9%) and M&E (9%). The price of insulated panels used for cladding is forecasted to increase throughout Q2 and Q3 of 2021. This has the potential to impact on the price of BSF re-cladding projects. The rising cost of Steelwork is anticipated to continue to be a key risk throughout 2021. British steel suppliers have reported maximum capacity and warn of the temporary closing of new orders.

**Top Tip:** Consider material costs and construction methodologies prior to detail design to best mitigate against price rises.

## Tender Workload

Region (SCF) ● London ● South East ● South West

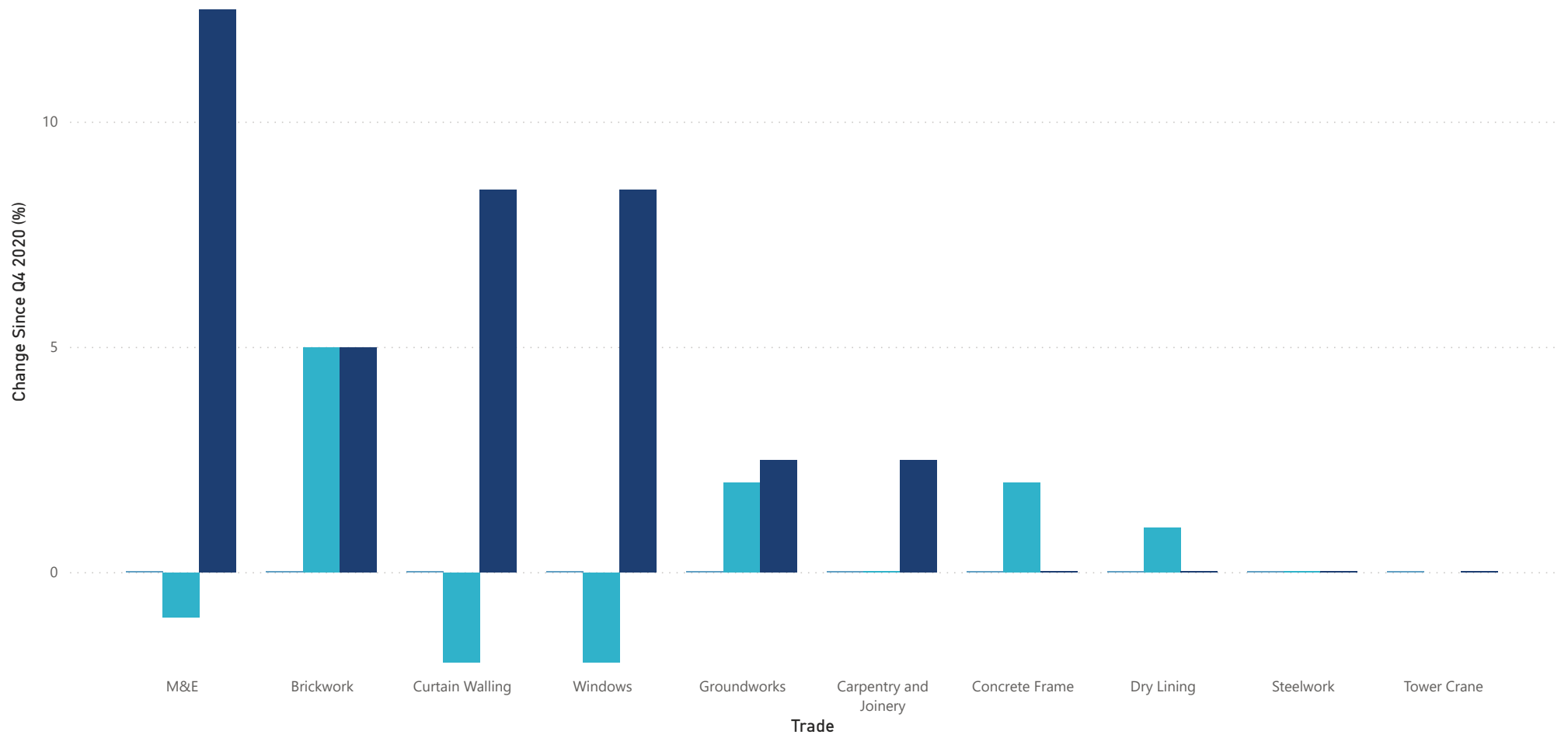


[Go back to Tender Workload](#)



## Employment

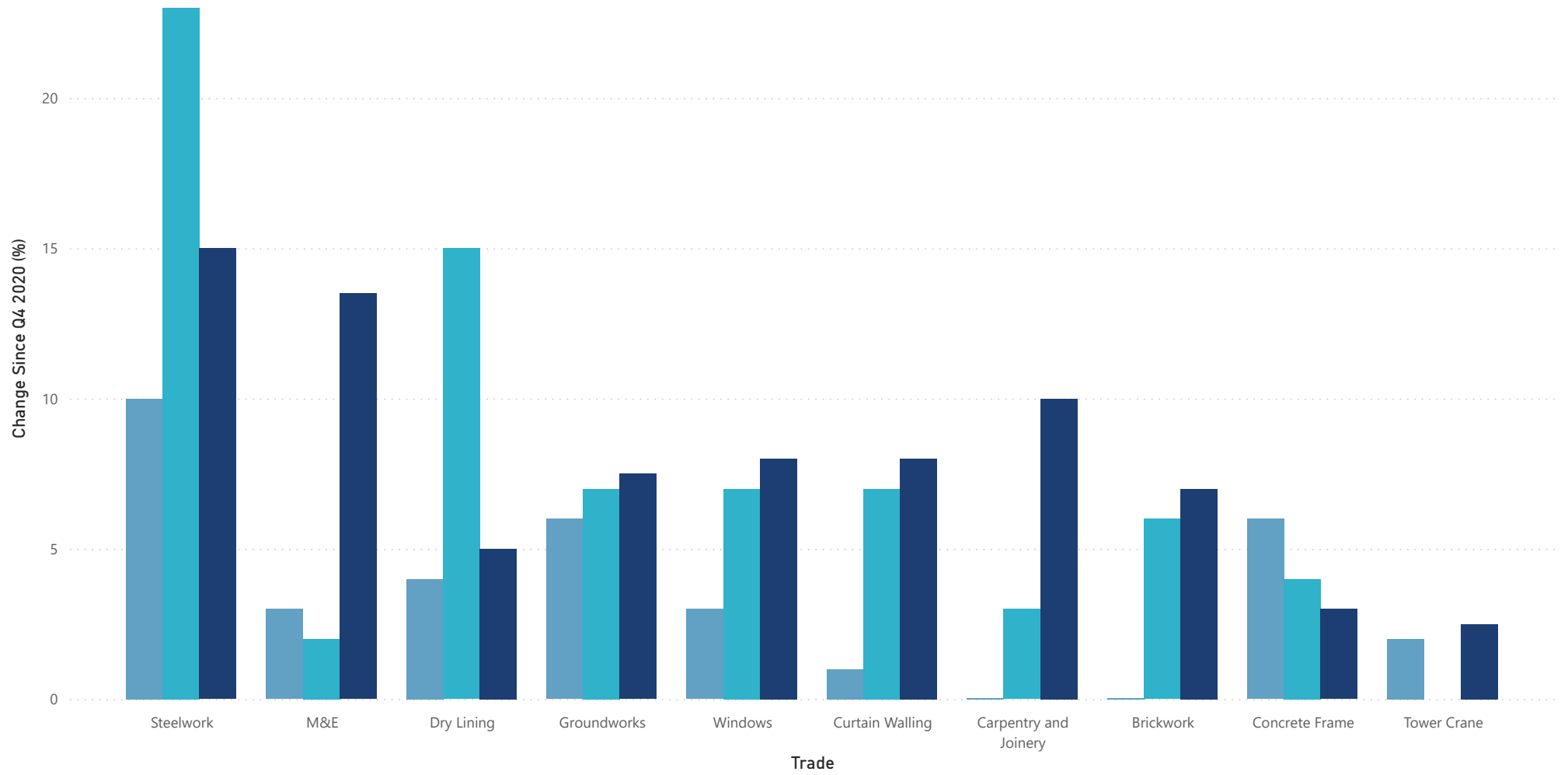
Region (SCF) ● London ● South East ● South West



[Go back to Employment](#)

## Building Cost

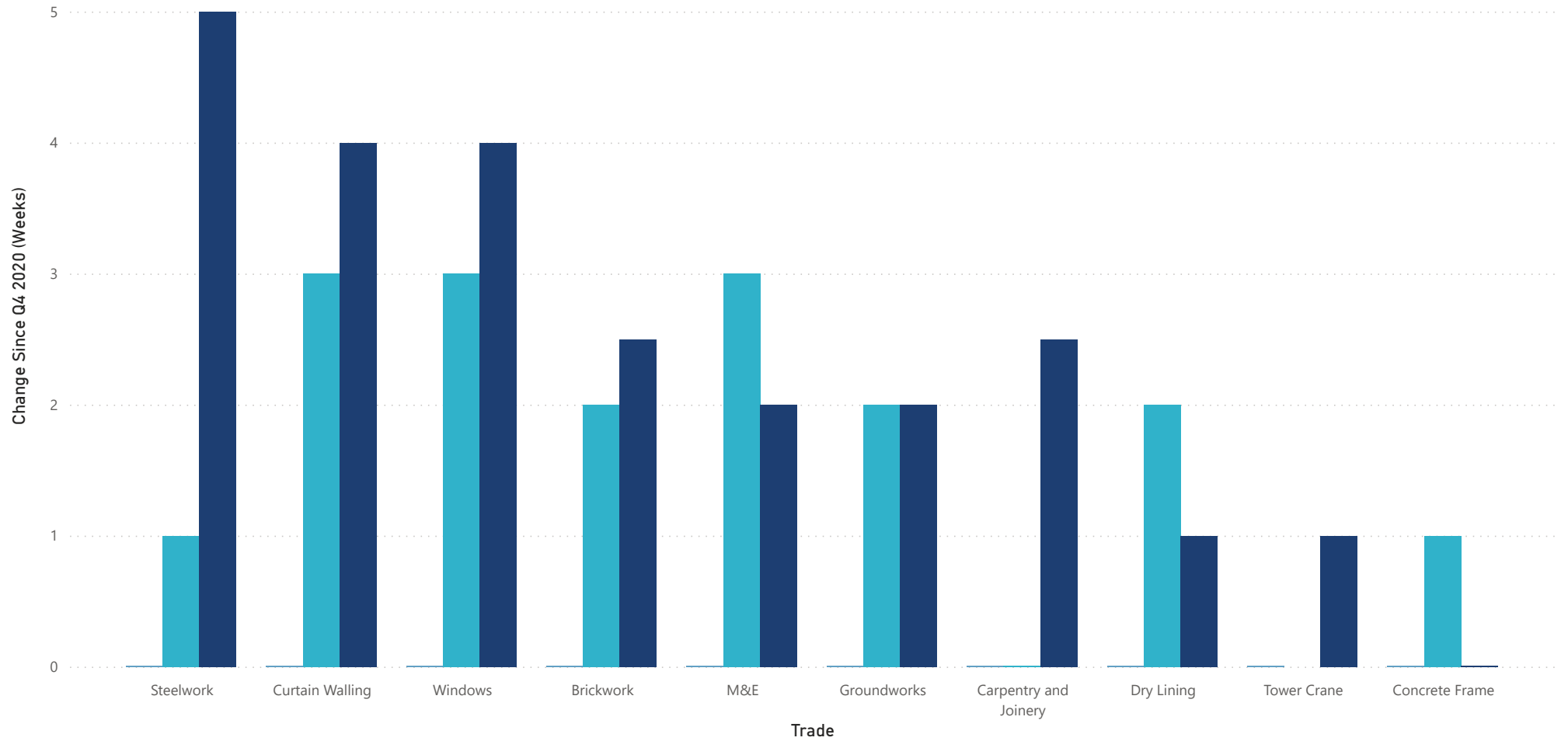
Region (SCF) ● London ● South East ● South West



[Go back to Building Cost](#)

## Material and Labour Availability

Region (SCF) ● London ● South East ● South West



[Go back to Material & Labour Availability](#)