

# Construction outlook: what's next for the industry?

On 25 September 2025, BCIS held a webinar entitled 'Construction outlook: what's next for the industry?'. During the webinar, attendees had the opportunity to submit questions.

Below is a selection of the questions that were submitted, with answers from BCIS's chief economist, Dr David Crosthwaite.

**Q: Do you capture data on the annual spend on building remediation projects include facade remediation? Presumably this is not included in the new work output data?**

*A: It will be captured in repair and maintenance output data collected by the Office for National Statistics.*

**Q: Sizewell C power station wasn't mentioned as a potential infrastructure project, has the funding stalled for this power station?**

*A: There is some enabling work going on for Sizewell C, but the majority of the project spend will fall outside of the current forecast period.*

**Q: What proportion of public sector housing is due to Section 106 affordable housing requirements?**

*A: None as it's all provided by the output from property developers, public housing is captured in housing association output.*

**Q: Do you expect the government focus on new housing delivery to displace labour/workers from other areas of construction?**

*A: Possibly, it will be interesting to see when demand picks up where any labour shortages appear.*

**Q: What key factors are contributing to continued labour and material cost increases (other than general inflation), and why are these expected to tail off (labour costs) or increase (materials costs) in the future?**

*A: Ongoing wider economy inflation is feeding the uptick in wages, combined with the changes to employers' National Insurance Contributions, leading to labour cost inflation. Materials cost inflation has moderated, but where it persists it's often in energy-intensive production industries as the cost of energy in the UK is among the highest in the world.*

**Q: What are some of the factors which BCIS have considered when making trend forecasts and predictions?**

*A: We consider both macro and micro factors to prepare our forecasts.*

**Q: What are your thoughts on stamp duty changes to ensure the housing market keeps moving and does not stagnate in this stagflation environment?**

*A: Any stamp duty changes are likely to be negative in terms of keeping the housing market buoyant. Government intervention usually leads to higher taxes and a break in demand as adjustments are made to buying behaviour.*

**Q: Given the timings for the Future Homes Standard are still uncertain, can we reasonably say that this is already feeding through to construction costs?**

*A: Yes, this is likely to be inflationary. The panel comment from the presentation likely referred to changes to regulations that have already been made ahead of the full standard being published.*

**Q: Have BCIS seen an increase or decrease in any material cost following the tariffs applied to other countries and trade deals agreed with the USA?**

*A: We would have to be in the USA to see the major inflationary impacts of the tariffs. In the UK, the impact appears to be minor with some exceptions. Our primary import/export markets are in the EU, so we can expect any future impact to be marginal.*

**Q: What further initiatives do you foresee applicable to shorten the skilled labour shortage within the industry?**

*A: Training initiatives announced by the government are to be welcomed but are a long-term solution. In the short-term, I think we need migrant labour to respond to any capacity issues caused by an uptick in demand.*

**Q: What about the cost of upgrading existing properties to meet EPC upgrades by 2030?**

*A: I doubt it will happen in the timescales outlined by the government.*