

BCIS webinar - Construction outlook: what's next for the industry?

BCIS held its latest webinar, 'Construction outlook: what's next for the industry?' on 26 March 2026. During the webinar, attendees had the opportunity to submit questions.

A selection of the questions submitted can be found below, with answers from BCIS's chief economist, Dr David Crosthwaite.

Q: What will be the impact of the ongoing conflict in the Middle East on the construction industry?

A: Much will depend on the length of the conflict. If its duration is short, the impact should be more manageable. A longer conflict would likely cause more disruption and economic damage. Current uncertainty is likely to depress investment levels and, if sustained, could delay and/or pause construction projects if inflationary impacts are felt throughout the supply chain.

Q: During this period of manufacturing and fabrication retrenchment, which resources in the UK are likely to be in short supply?

A: In terms of supply shortages, initial constraints in oil and gas could be likely. The extent and specificity of shortages will depend on the length of the conflict, but impacts are likely to be felt most acutely in products that are energy-intensive to produce. Energy shortages are being felt more acutely in Asia, which imports a lot of its oil and gas from the Middle East. It's likely that supply shortages and increased costs in the UK will apply to imports from Asia for the time being. Domestic production will likely increase when demand increases.

Q: What is the panel's view on the potential impact of disruption in the Strait of Hormuz on trade, supply chains and construction costs? Could this lead to a price shock similar to previous events?

A: If conflict remains confined to the Strait of Hormuz then the disruption is unlikely to be as widespread as that seen in the previous Red Sea attacks in 2023/2024. However, if Yemen becomes involved in the latest conflict and targets shipping in the Red Sea there's potential for a main trading artery to be blocked (the Suez Canal), which could have serious implications.

Q: At what point do rising borrowing costs and energy-driven material inflation begin to reduce project starts, rather than slow them? Are we close to that point?

A: This may already be happening, but we won't know until more hard data becomes available. We will hopefully have a better idea of these impacts within three months and be able to start to quantifying them.

Q: What is the potential impact of UK steel tariffs and wider geopolitical pressures on pricing?

A: UK-produced steel is typically more expensive than imported steel, so tariffs on imports could lead to inflationary pressures. Domestic steel is uncompetitive, largely because of the huge cost of industrial energy in this country, so it's likely any energy price rises will be passed on in higher prices for domestic steel. It's also not a given that the domestic steel industry will be able to keep up with demand if it recovers.

Q: The latest update of the BCIS All-in TPI shows a slight downward adjustment from December. Which figures should be used, and will updates become more frequent?

A: We will maintain our usual quarterly forecasts with the next round available in June. There should be more hard data available than that reflects any impacts of the conflict, rather than anecdotal commentary alone. In the interim we recommend using our forecasted numbers.

Q: Do you expect supply chains for solar panels to be impacted by the Middle East?

A: Supply chains in Asia for solar panels will likely be impacted by the conflict, which could lead to increasing costs.

Q: Why is there limited impact on labour cost forecasts?

A: We are forecasting a fairly significant softening of demand that will likely stall wage growth and lead to layoffs.

Q: Is there any impact predicted for data centre build outs?

A: It's too early to be considered currently. There has been lots of discussion and proposals around accelerating data centre construction, but no real spades in the ground just yet.

Q: Do you think suppliers use the conflict as an opportunity to increase prices prematurely?

A: There seems to be some anecdotal evidence of profiteering, but nothing conclusive.

Q: What is the panel's view on the cost impact of the UK Government's Future Homes Standard and net zero requirements on residential and non-residential buildings?

A: The increased costs are likely to be inflationary at a time when inflation is expected to be running high as a result of the conflict, so the timing isn't great although they have been a long time coming.

Q: Would government funding be better focused on apprenticeships and ways to grow the construction workforce as a way to reduce construction costs and leave the market to resolve itself?

A: Labour capacity is currently not an issue due to lower demand levels. However, if and/or when that position changes, there may be shortages that the current training and apprenticeship schemes might be able to fill.

Q: Will the UK Government's £3,000 contribution to employers meaningfully boost recruitment of young workers?

A: The main issue holding back recruitment is a lack of demand and until that position changes, government interventions on the supply side are not likely to make any material difference. The government really needs to stimulate demand if it wants to encourage firms to hire. Potential reductions to the cost of doing business could also help encourage firms to hire. On one hand, the government has increased employer costs by raising employer's National Insurance Contributions and the minimum wage. On the other, it is trying to reduce the impacts of a fall in hiring by offering indirect subsidies to take on the unemployed.