

CONSTRUCTION BENCHMARKING IN UNCERTAIN TIMES

30 April 2026

THE PANEL



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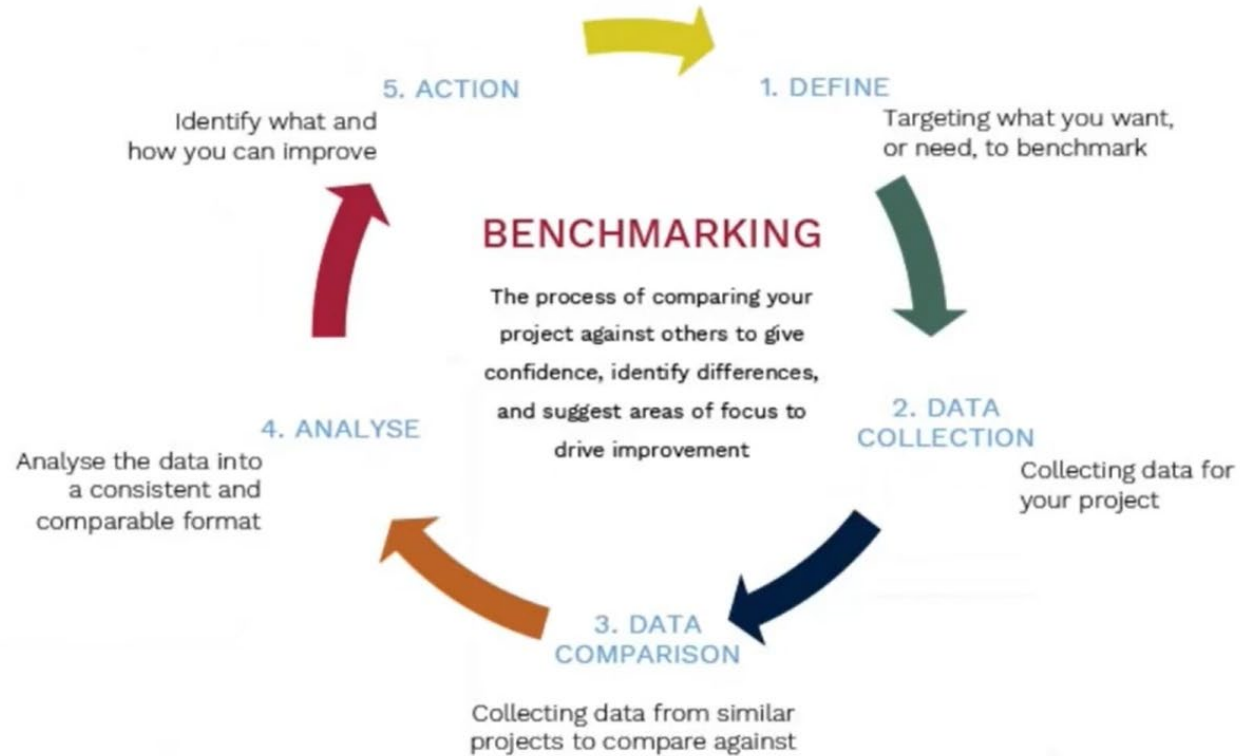


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Senior Economist
BCIS

AGENDA

- Latest impact on energy/commodities of Middle East conflict
- Latest evidence of effects on UK construction sector
- What does this mean for benchmarking? What are the challenges?
- Practical tips for producing robust benchmarks during this time, and
- Communicating estimates/plans with clients/stakeholders over the coming months
- Your questions...

WHAT IS BENCHMARKING?



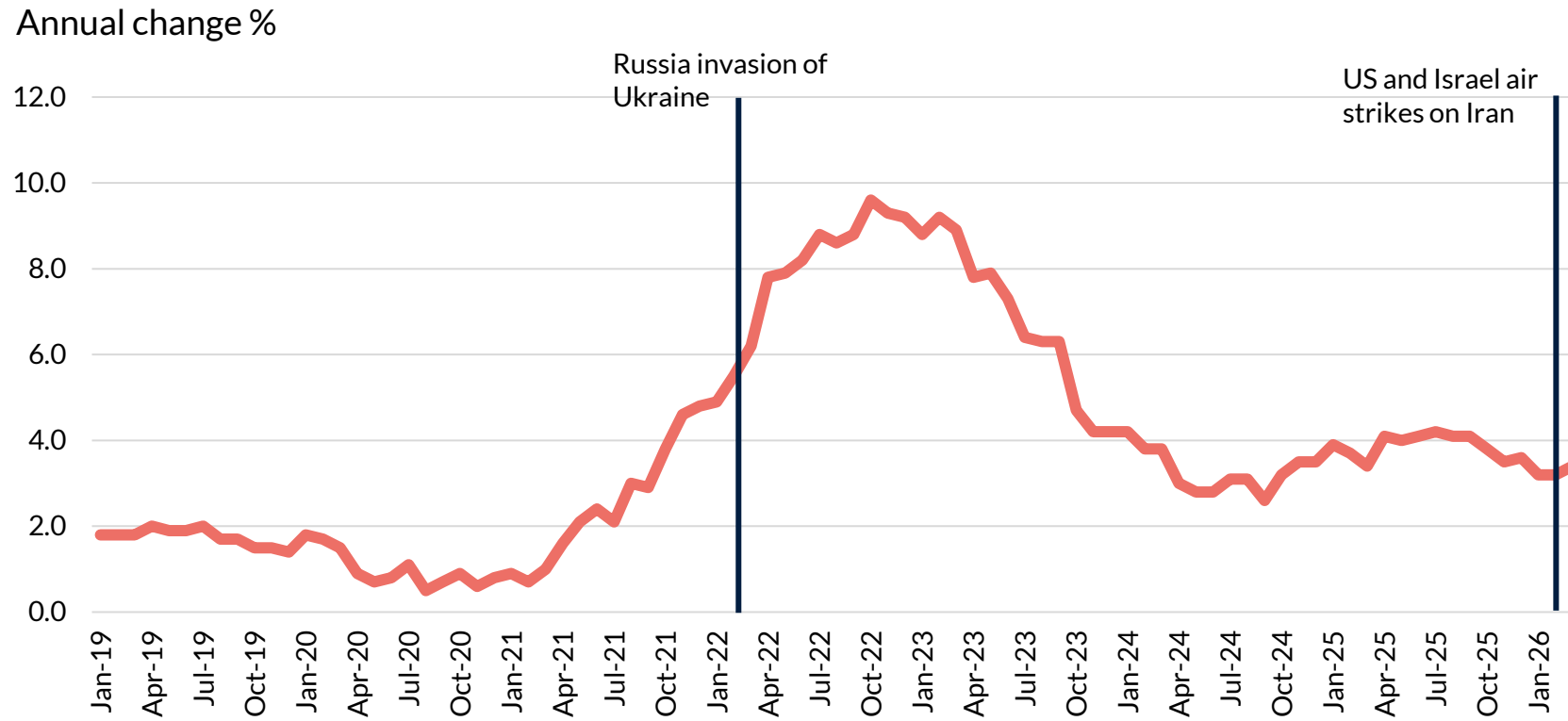
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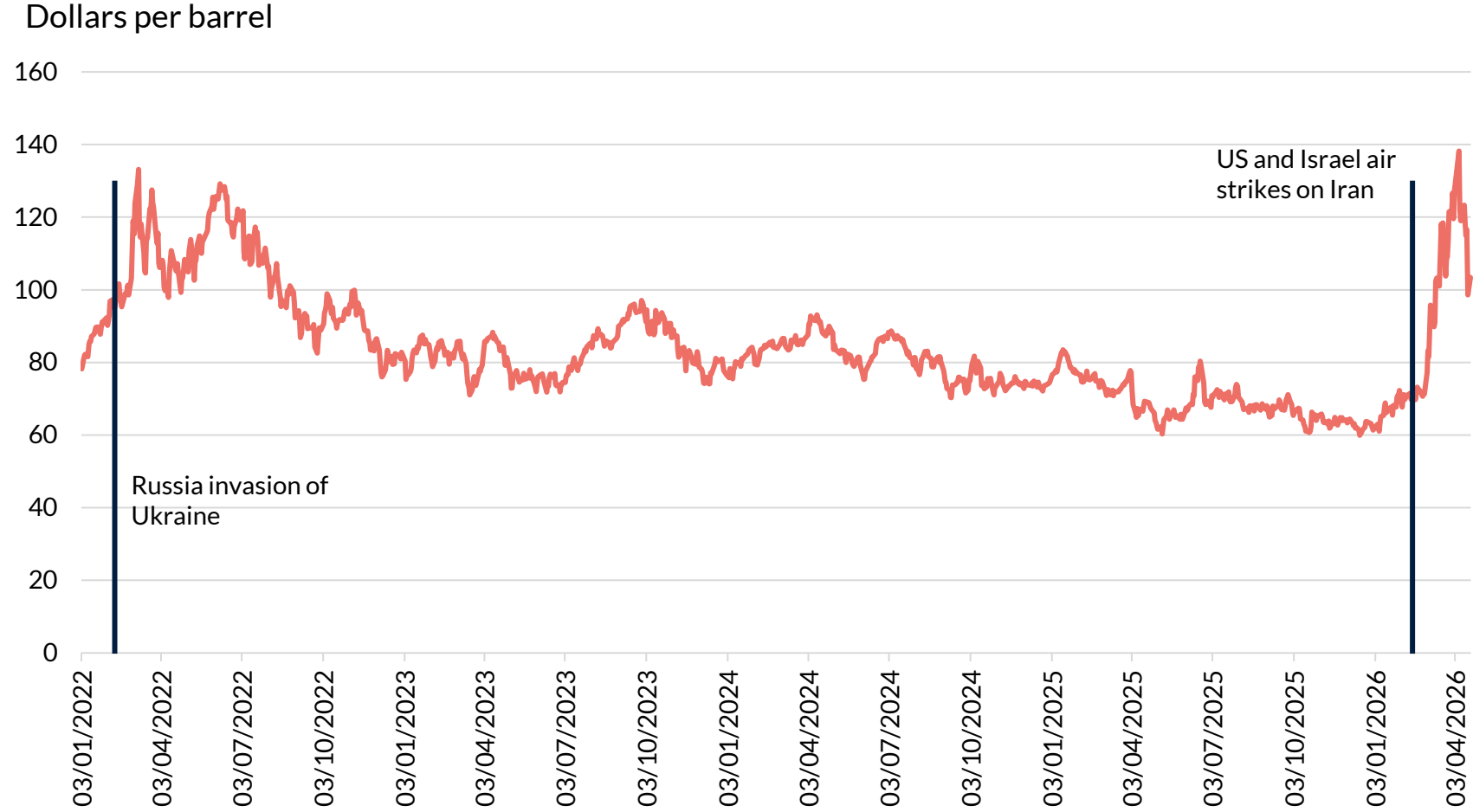
CONSUMER PRICE INFLATION

has risen, but expect some volatility in the near-term



Source: Office for National Statistics (ONS)

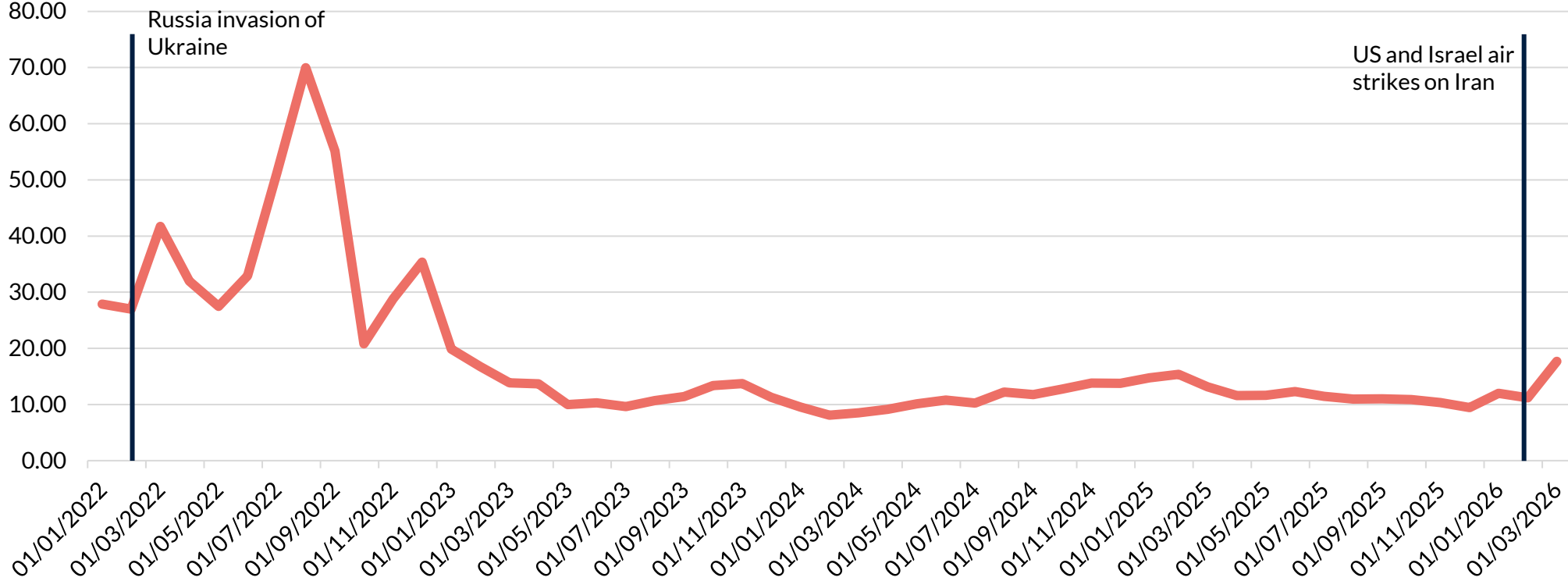
BRENT PRICES HAVE SPIKED, BUT REMAIN HIGHLY VOLATILE



Source: International Monetary Fund via FRED®

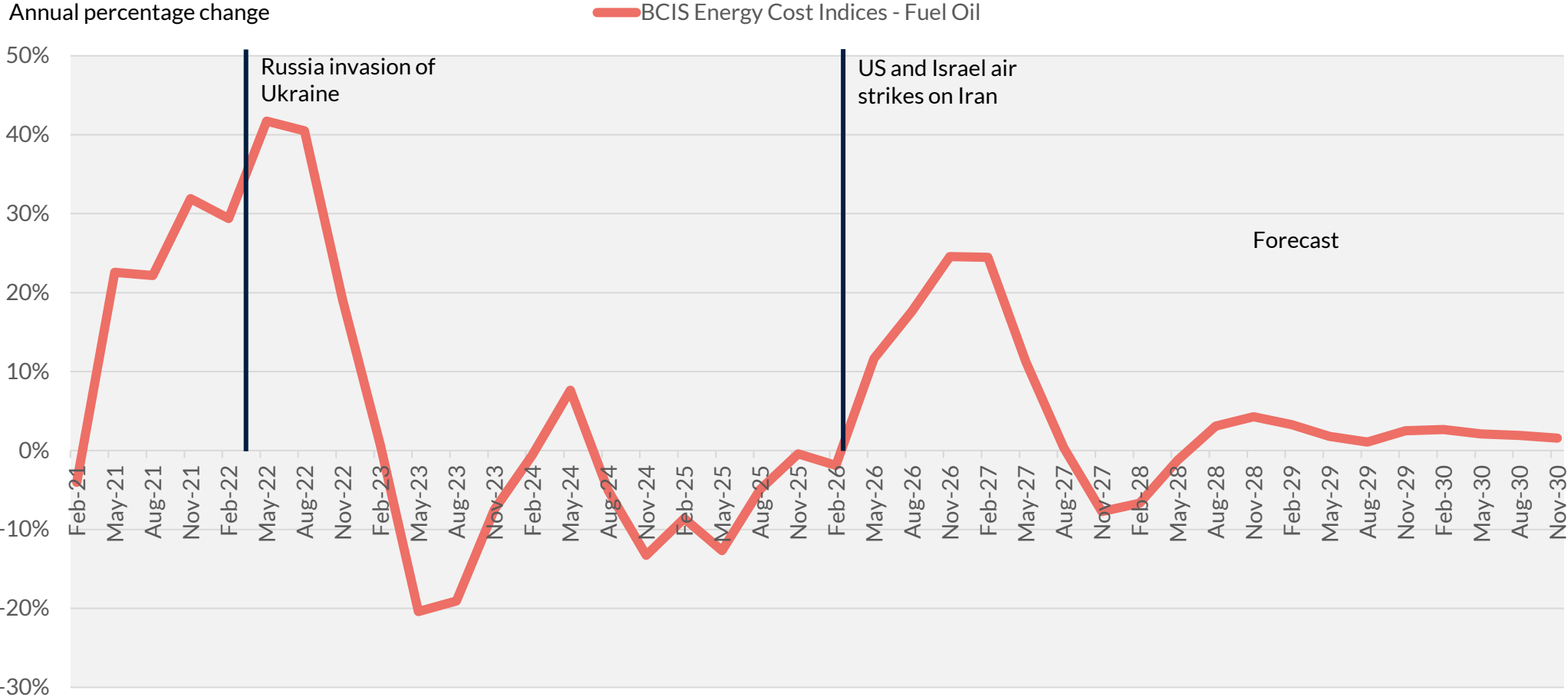
EUROPEAN NATURAL GAS

\$/mmbtu



Source: International Monetary Fund via FRED®

BCIS 5-YEAR FORECAST OF FUEL OIL INDEX, 1Q2026



©BCIS 2026

Increased costs can be directly seen in fuel costs, but other costs will not see price increases until later in the year

- Fuel costs, especially diesel, are having an immediate impact
 - Drewry World Container Index up 22%
 - Greater costs to operate machinery and equipment
 - Energy-intensive materials, including cement, aluminium, glass and steel
 - Aluminium spot prices have risen from \$3,041 at the start of February to \$3,685 on 24 April
- Downstream products will see delayed effect from the initial shock (increased brent crude prices) to final cost prices.
- Impact trickling down the supply chain at differing speeds and proportions = more challenging conditions for benchmarking

PRE-SUBMITTED QUESTION

How long will it take for costs to be fully reflected in prices?

UK CONSTRUCTION BACKDROP TO THE CURRENT CONFLICT

Construction output

-1%

12 months to Feb 26

Construction insolvencies

3,851

12 months to Feb 26

Construction workforce

-13%

From 2005 to 2025

Construction vacancies

-39%

12 months to 1Q 2026

Bank Rate

3.75%

March 2026

BCIS GBCI

4%

12 months to 1Q 2026

BCIS All-in TPI

2.8%

12 months to 1Q 2026

CPI

3.4%

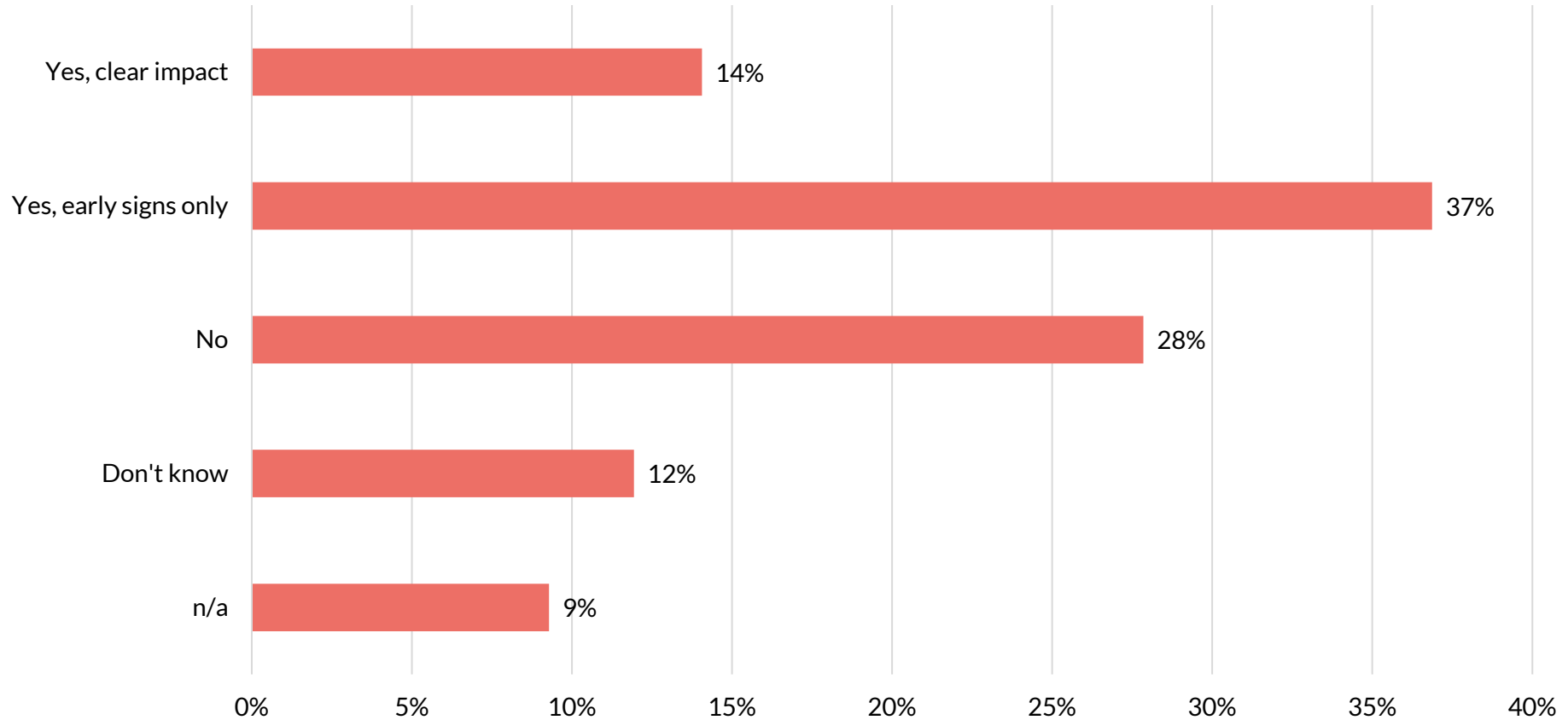
12 months to Mar 26

EARLY COMMENTARY FROM BCIS TPI PANEL – 9 MARCH 2026

- Positive outlook for 2026, fuelled by public sector investment (infrastructure, defence etc), commercial sector growth and a stabilisation of BSR-related pressures for HRB schemes in the residential sector
- However, this has now been tempered
- If unrest were resolved relatively quickly, disruption could subside within six months
- If unrest continues, the simplest response for many clients would be to pause decision-making activity

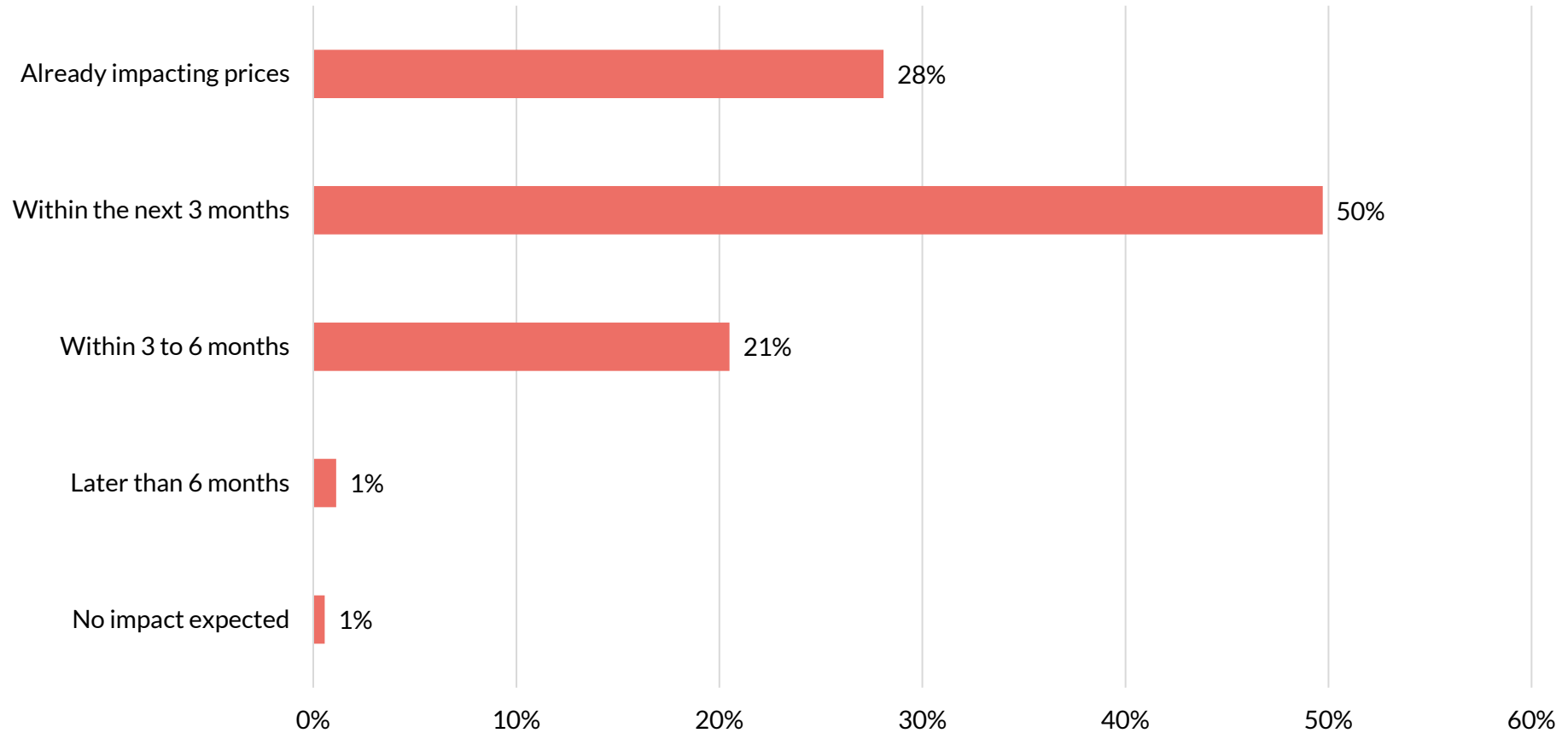
Are you currently seeing any impact from geopolitical tensions in the Middle East on construction costs or project activity?

Sample size: 377



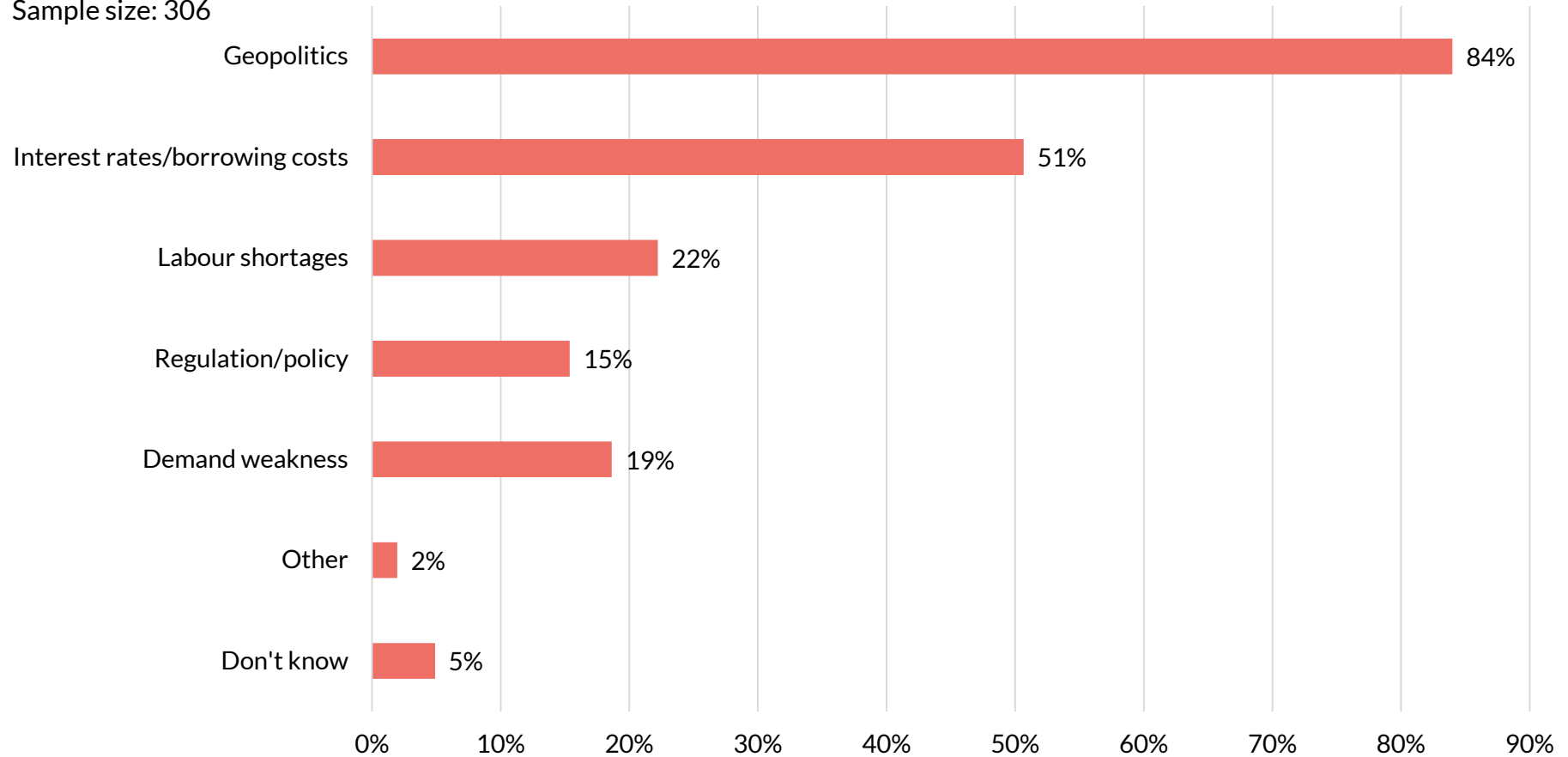
When do you expect the current conflict in the Middle East to start impacting UK construction tender prices?

Sample size: 356



What do you think are the biggest risks to construction cost stability over the next year? (select all that apply)

Sample size: 306



IMPACTED RESOURCES

Immediate impact

- Diesel
- Shipping, haulage and logistics
- Plant and equipment (via fuel costs)

Energy-intensive materials

- Cement, concrete, bricks
- Steel, aluminium, glass
- Aggregates

Petrochemical products

- Bitumen, PIR, PVC, adhesives
- Insulation

Lagged materials and systems

- Copper
- MEP components

Market effects

- Withdrawal of mortgage products
- Reduced demand/viability
- Slower project starts/pipeline contraction

REACTION FROM MATERIALS MANUFACTURERS & MERCHANTS



Material Supply Chain Group

March 30, 2026

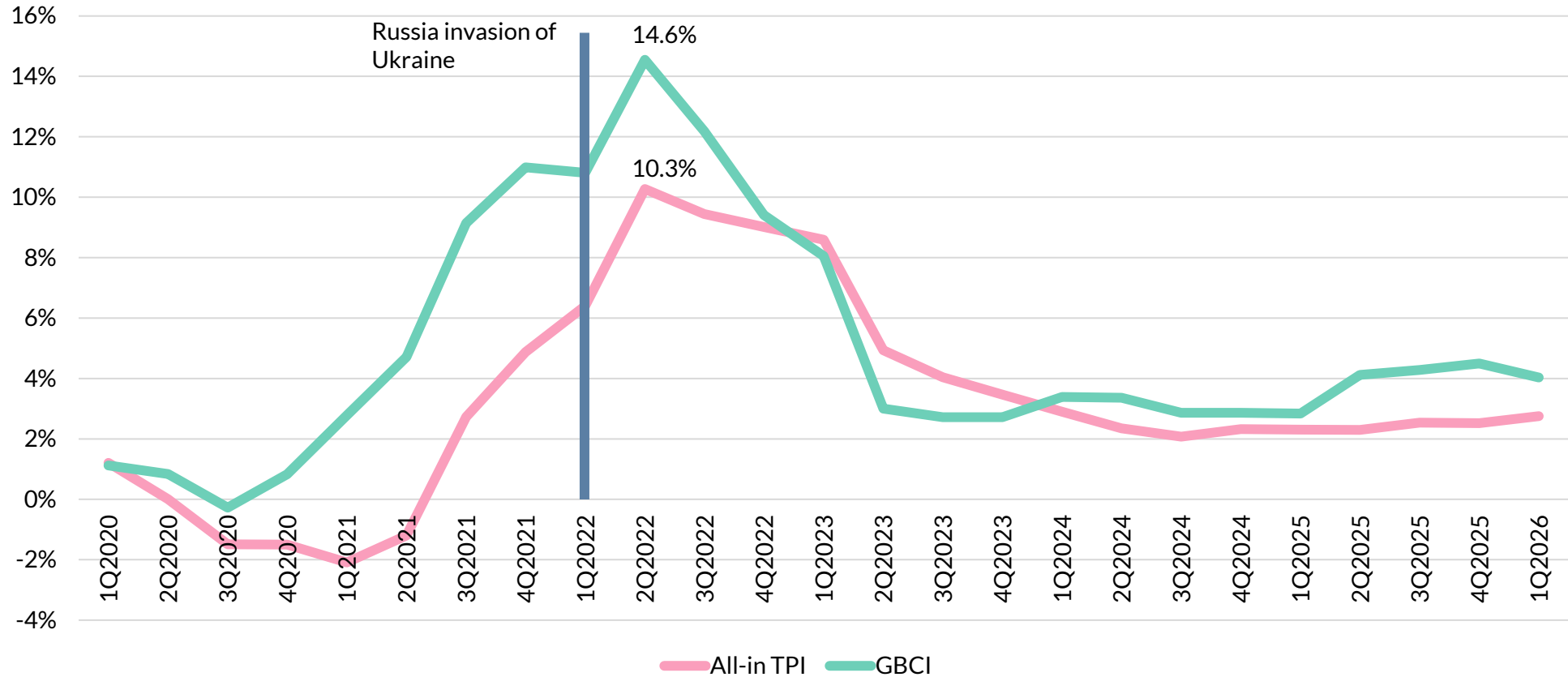
The Group expressed a desire for:

- notifications of price increases to be accompanied by a clear, detailed explanation, to pass through the market
- recognition that the higher costs and inflationary pressures caused by the Middle East conflict will likely persist for some months after hostilities cease; nonetheless, these increases should be treated as genuinely exceptional, handled differently from normal pricing, and preferably reversed as soon as circumstances allow.

In the face of such challenges and uncertainty, members of the Group strongly advocate that, now more than ever, the industry should use this time to plan, work collaboratively, and share forecasts and requirements early with everyone involved. Clear communication across the industry during these times is not only mutually beneficial but also vital for successful projects and a healthy, productive UK construction sector.

Annual inflation in BCIS tender price and building cost indices peaked in the quarter following the Russian invasion of Ukraine

Annual inflation, base date: 1985 mean = 100



COMPARISON OF SHOCKS AND TRANSMISSION INTO CONSTRUCTION

Factor	Russia invasion of Ukraine (2022)	Red Sea attacks (2023-25)	Iran conflict (2026-)
Type of shock	Energy + commodities + sanctions	Logistics	Energy + supply
Impact on costs	Very strong (system-wide)	Mild	Strong (energy-led)
Impact on inflation	Sharp spike, multi-sector inflation	Limited	Already rising
Demand backdrop	Initially strong, then softening	Weak	Weak
TPI outcome	Rose sharply, then eased	Fell	TBC (tension between forces)

PRE-SUBMITTED QUESTION

What sector help is there / should there be to support construction through this current period of volatility?

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- **Decisions ahead of the data:** projects move forward before a clear pattern emerges, requiring more forward-looking use of benchmarking

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- Use BCIS tools to narrow down the most reliable comparators

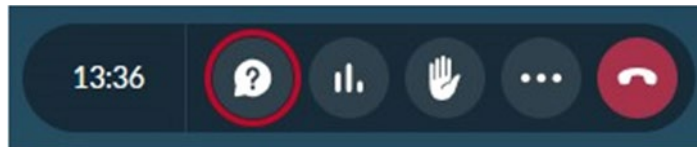
HOW CAN BCIS HELP?

- Project cost database (>30,000)
- Elemental cost analyses (>21,000)
- 2,000+ cross-industry indices, including construction flagship BCIS All-in TPI and BCIS General Building Cost Index, as well as PAFI work activities (293) and work activity forecasts (197)
- 1.2 million schedule of rates datapoints
- Location factors
- Forecasts and market insight

PRE-SUBMITTED QUESTION

What are the most meaningful KPIs to benchmark during periods of economic uncertainty?

QUESTIONS



Ask us a question



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