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SPON'S 2021

PRICE BOOKS UPDATE

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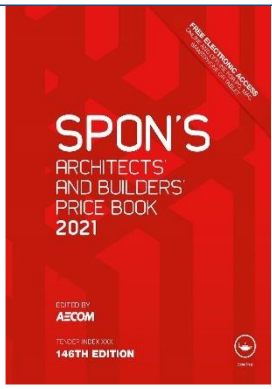
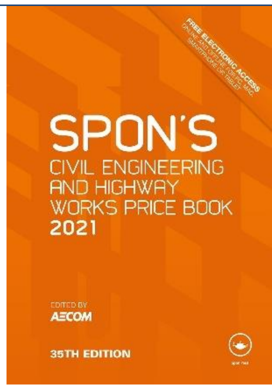
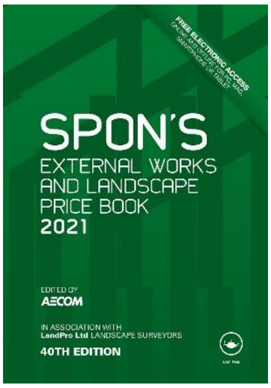
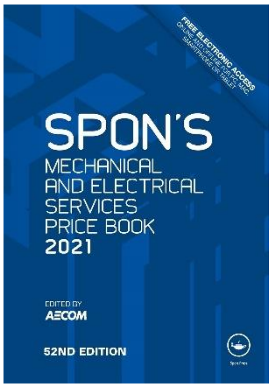








INCORPORATING CHANGES UP TO 31 JANUARY 2021

This *Update* covers the 2021 editions of the *Architects' and Builders' Price Book*, the *Civil Engineering and Highway Works Price Book*, the *External Works and Landscape Price Book* and the *Mechanical and Electrical Services Price Book*. Details of changes in material prices, wage rates, etc., are given and the various indices and adjustment factors presented in the books are brought up to date.

Each of the Price Books is dealt with separately in its own section of the *Update*. Information on changes to the *Architects' and Builders' Price Book* appears on pages 4 to 5, the *Civil Engineering and Highway Works Price Book* on pages 6 to 7, the *External Works and Landscape Price Book* on page 8, and the *Mechanical and Electrical Services Price Book* on page 9.

Corrections are headed 'Erratum' and boxed to distinguish them from updated information.

Spon's 2022 Price Books are planned to be published in September 2021.

The Construction Climate

Construction activity trends

Construction output rallied relatively strongly throughout the second half of 2020 as more sites either reopened or improved productivity against the backdrop of Covid restrictions. Construction output posted increasingly better data points across the second half of 2020, reflecting the return of aggregate construction activity. The Office for National Statistics' all work construction output measure recorded a 41% increase between 2020 Q2 and Q3, cancelling out the huge fall in output from the first lockdown. The distracting feature to this improved output activity is that the data points remained negative on a yearly change basis. In other words, comparing the data point to the same time 12-months previously, aggregate output was smaller. The infrastructure sub-sector was by far the least affected in output falls across all the construction sectors, making its path to achieving prior lockdown levels that bit easier.

Prior to the recent second full national lockdown, some optimism existed for 2021 industry workload. However, this is not a uniform picture across all construction subsectors. This said, notable bullishness was evident in 2020 among some firms on their prospects for 2021. At the time, numerous contractors claimed to have already secured large parts of the orderbook comfortably within the 2020 calendar year. These views will depend in large part on a firm's sector focus and related exposure to external events. Orders, employment outlook and underlying demand paint a mixed picture with some positive aspects and clear negative risks. New orders data in 2020 Q3 improved marginally compared to the same point in 2019. This offers something of a bright spot, especially following the precipitous fall in recorded new orders in 2020 Q2.

1. Tender price index: Tender prices fell by just over 1% in the 12 months to 2020 Q4. Pricing variability has increased, which is to be expected in a market seeing more competition.

2. Building cost index: A composite measure of building input costs increased by 1.1% over the year at 2020 Q4. Almost all materials classifications increased in cost, reflecting firm demand and inflationary pressures from Brexit.

3. Consumer prices index: The 12-month rate of change was 0.6% in December 2020. Ongoing lockdown Covid restrictions contributed to lower consumer activity and demand.

Tender price index

AECOM's tender price index (an aggregate measure of tender prices) decreased by just over 1% provisionally in the 12 months to 2020 Q4. But assessing price trends over shorter timeframes, prices fell 1.6% between 2020 Q2 and Q3, and by approximately 0.6% between 2020 Q3 and Q4. Tender price inflation clearly slowed in 2020, with some trades offering much keener pricing.

Building cost index

AECOM's composite index for building costs – comprised of materials and labour inputs – increased by 1.1% in the 12-months to 2020 Q4. Almost all materials classifications comprising the index increased over the period. The cost index moved higher on the strength of quicker demand from catch-up activity, tight supply chain conditions in some parts, higher international logistics costs, and stockpiling for the then impending Brexit deadline. Consequently, the quarterly movement from 2020 Q3 to Q4 saw a larger nominal increase at 1.9%.

Materials

Since the book prices were compiled in May 2020 the materials experiencing the largest price increases and decreases are:

	Percentage change May 2020–January 2021
Increases	
Imported sawn or planed wood	+9.7%
Particle board	+8.8%
Concrete reinforcing bars (steel)	+6.3%
Fabricated structural steel	+4.9%
Gravel, Sands, Clays & Kaolin	+3.7%
Doors and windows (plastic)	+3.2%
Decreases	
Ready mixed concrete	-0.3%
Cement	-0.5%
Concrete blocks, bricks, tiles & flagstones	-1.5%
Imported plywood	-6.9%

Source: BEIS

Labour

Aggregate wage levels continued to rise over Q4 2020 and into 2021, as renewed site activity increased workforce labour demand. However, wage inflation measured over the 12-months to Q4 2020 was flat to marginally negative.

Costs and Tender Prices Indices

Building Costs Indices

p 43

The table of building cost indices may be updated as follows:

Year	First quarter	Second quarter	Third quarter	Fourth quarter	Annual average	% change year-on-year
2020	113.7	110.5	113.3	115.5 (P)	113.3	-0.8%
2021	116.9 (F)	117.5	118.1	118.7	117.8	4.0%
2022	119.5	120.4	121.3	122.2	120.9	2.6%

(P) = Provisional; (F) = Forecast thereafter

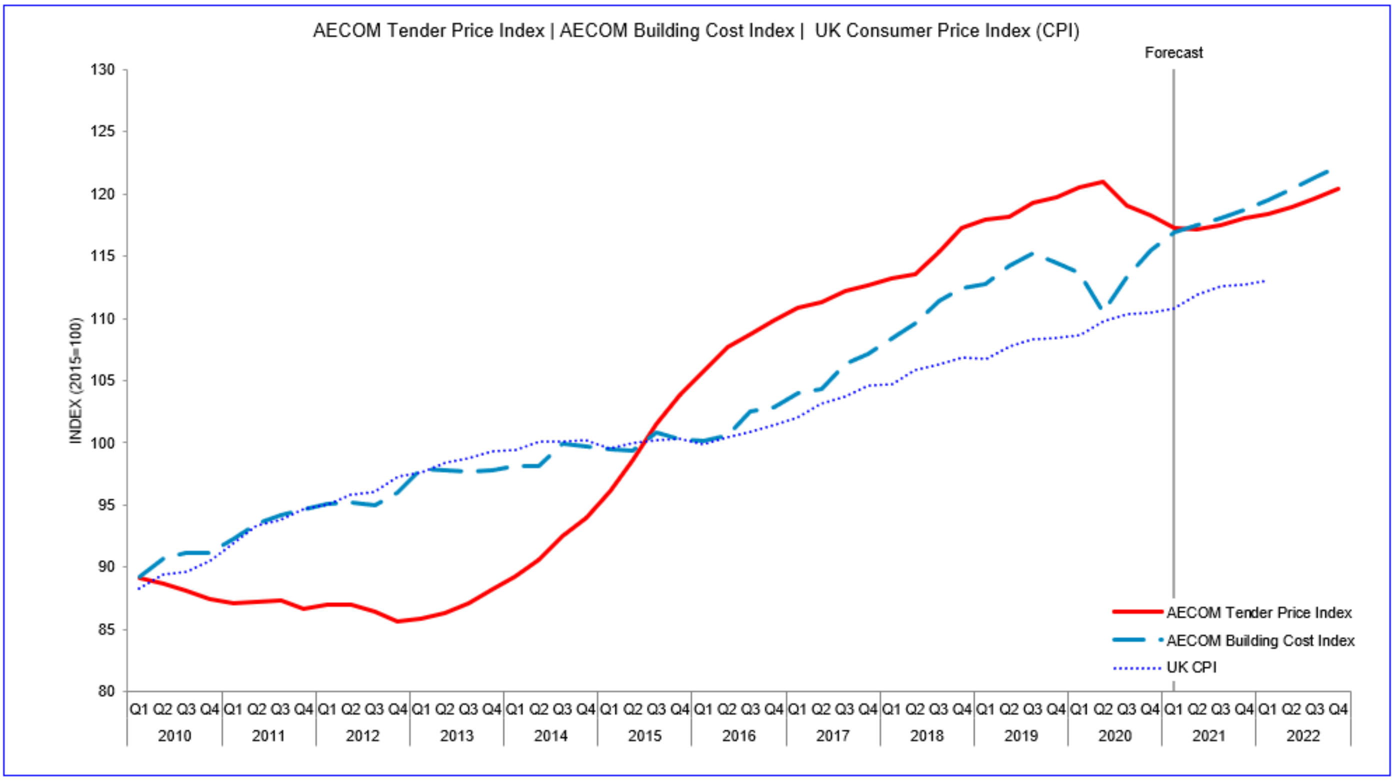
Tender Prices Indices

p 44

The table of tender price indices may be updated as follows:

Year	First quarter	Second quarter	Third quarter	Fourth quarter	Annual average	% change year-on-year
2020	120.5	121.0	119.1	118.3 (P)	119.7	0.8%
2021	117.3 (F)	117.1	117.5	118.0	117.5	-1.9%
2022	118.4	118.9	119.6	120.4	119.3	1.6%

(P) = Provisional; (F) = Forecast thereafter



Prices for Measured Works

Materials Prices

Reference should be made to the material prices changes notified on page 3 of this *Update*.

Rates of Wages

Reference should be made to the material prices changes notified on page 3 of this *Update.*

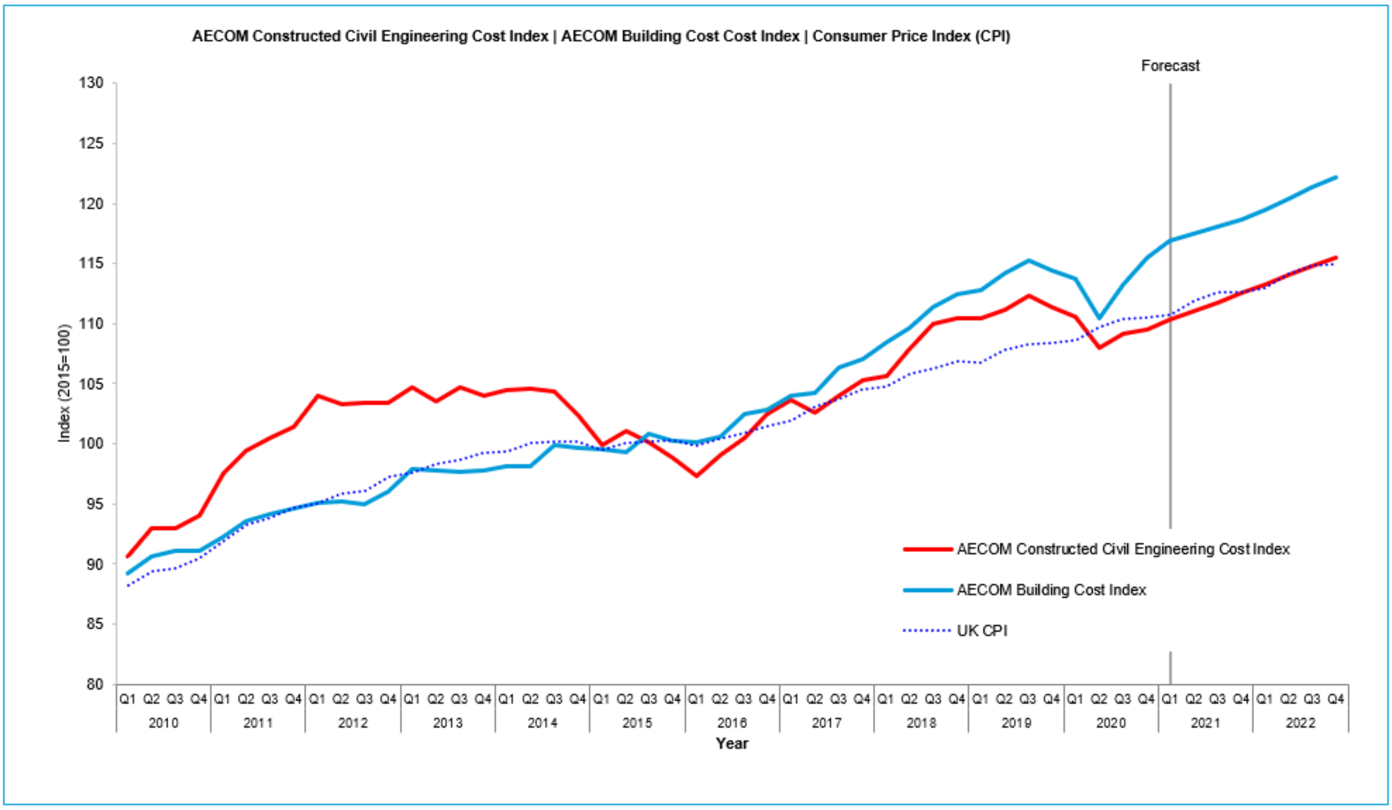
Cost and Tender Price Indices

pages 59-60

The table and chart for the Constructed Civil Engineering Cost Index may be supplemented as follows:

Year	First quarter	Second quarter	Third quarter	Fourth quarter	Annual average	Annual change
2020	110.6	108.0	109.1	109.5 (P)	109.3	-1.8%
2021	110.3 (F)	111.0	111.8	112.5	111.4	2.0%
2022	113.3	114.0	114.8	115.5	114.4	2.7%

(P) = Provisional; (F) = Forecast thereafter



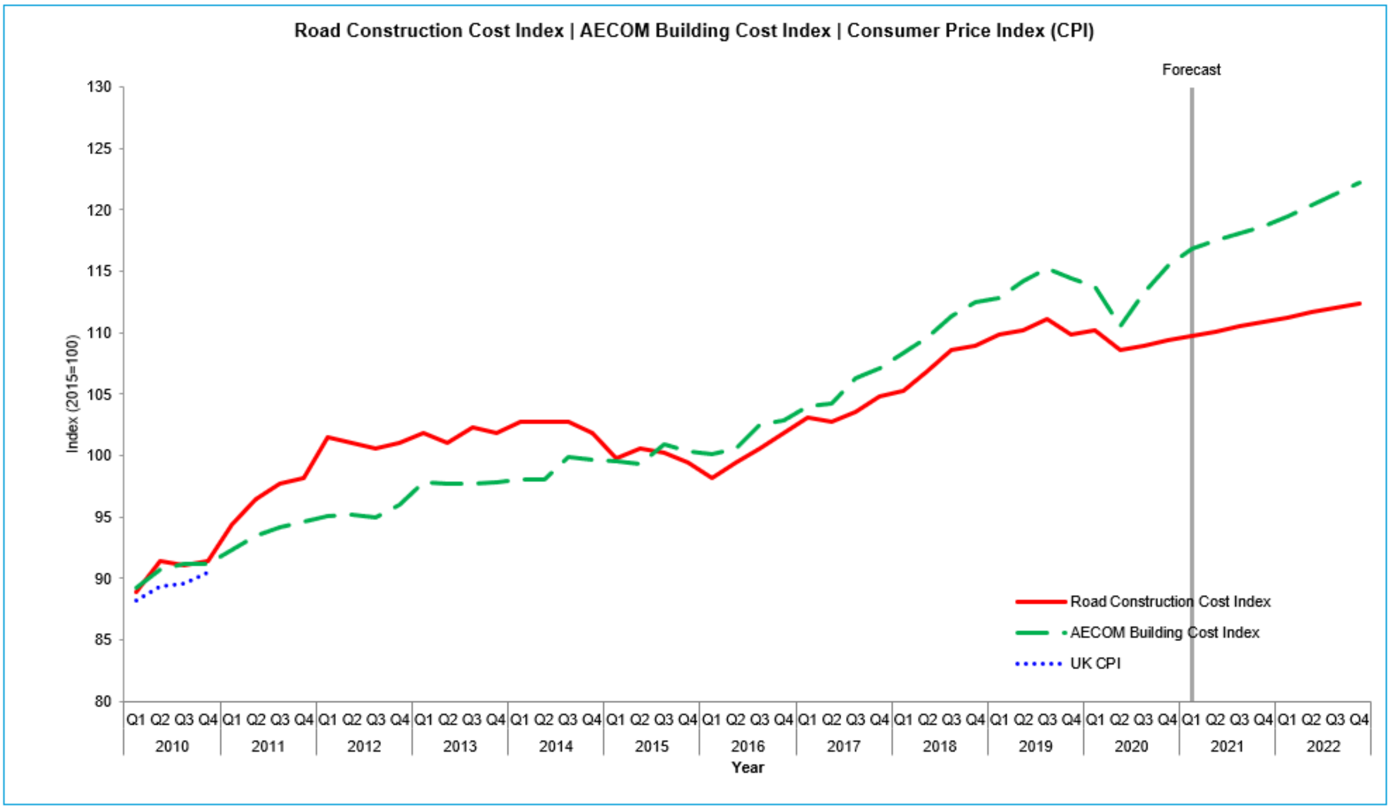
The Road Construction Price Index

pages 60-61

The table and chart may be supplemented as follows:

Year	First quarter	Second quarter	Third quarter	Fourth quarter	Annual average	Annual change
2020	110.2	108.6	109.0 (P)	109.4 (F)	109.3	-0.9%
2021	109.7	110.1	110.5	110.9	110.3	0.9%
2022	111.3	111.7	112.0	112.4	111.9	1.4%

(P) = Provisional



Prices for Measured Works

Materials Prices

Reference should be made to the material prices changes notified on page 3 of this *Update*.

Rates of Wages

Reference should be made to the material prices changes notified on page 3 of this *Update*.

Erratum

Page 329

First item after 09 VIADUCTS

Segmental units – mass 1-2 tonnes precast concrete retaining wall average height 1.50 m. Total rate £ should be £2860 per m (*not £35000000 per nr)*

SPON'S EXTERNAL WORKS AND LANDSCAPE PRICE BOOK 2021

Cost Indices

The Constructed Landscaping Cost Index

p 26

The Constructed Landscaping (Hard Surfacing and Planting) Cost Index may be updated as follows:

Year	First quarter	Second quarter	Third quarter	Fourth quarter	Annual Average	Annual change
2020	115.6	115.7	116.1	117.0(P)	116.1	1.9%
2021	117.7 (F)	118.4	119.1	119.7	118.7	2.3%
2022	120.4	121.1	121.8	122.4	121.4	2.3%

(P) = Provisional; (F) = Forecast thereafter

Prices for Measured Works

Materials Prices

Reference should be made to the material prices changes notified on page 3 of this *Update*.

Rates of Wages

Reference should be made to the material prices changes notified on page 3 of this *Update*.

SPON'S MECHANICAL AND ELECTRICAL SERVICES PRICE BOOK 2021

Cost Indices

p 129

The tables of cost indices for Mechanical Services and Electrical Services should be revised as follows:

Mechanical Services

Year	First quarter	Second quarter	Third quarter	Fourth quarter	Annual Average	Annual change
2020	114.5	112.9	114.9	117.1(P)	114.9	0.9%
2021	118.6(F)	118.9	119.2	120.0	119.2	3.8%
2022	121.1	121.7	122.4	123.5	122.2	2.5%

(P) = Provisional; (F) = Forecast thereafter

Electrical Services

Year	First quarter	Second quarter	Third quarter	Fourth quarter	Annual Average	Annual change
2020	111.0	109.2	111.5	112.7(P)	111.1	0.8%
2021	114.2(F)	114.5	114.8	115.1	114.7	3.2%
2022	116.7	117.3	117.9	118.5	117.6	2.6%

(P) = Provisional; (F) = Forecast thereafter

Prices for Measured Works

Materials Prices

Reference should be made to the material prices changes notified on page 3 of this *Update*.

Rates of Wages

Reference should be made to the labour prices changes notified on page 3 of this *Update*.