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Norfolk Club

GREYFRIARS
COST MANAGEMENT

REGIONAL

CONTRACTOR AND CONSULTANT SURVEY

East Anglia
March 2025

SO WHY DID WE CARRY OUT THE SURVEY?

The construction industry has been through a prolonged period of uncertainty in recent years. The cause of this uncertainty has largely been caused by BREXIT, Political Challenges, Covid-19, unprecedented inflation, with interest rate rises and a war in Ukraine and the Middle East. These factors have driven up the material prices rises and a loss in skilled labour. Our survey compares how the outlook appeared from our last survey in March 2024 and years before to what has happened since and a look ahead at the key issues the industry faces. The feedback from the main contractors and consultants gives us an insight into the industry from their perspective and provides information we can pass on to clients to seek better value from their projects.

CARTER

marfleet and blyth

mb

LOVELL

MORGAN SINDALL

NCL CONTRACTORS

Gipping

Hutton CONSTRUCTION

MSO MS OAKES LTD. BUILDING CONTRACTOR

MUNNINGS CONSTRUCTION

French SEH Construction

PENTACO CONSTRUCTION LTD

Barnes CONSTRUCTION

SEAMANS building

ABODE MADE FOR LIVING

SH smith OF HONINGHAM

DRAPER & NICHOLS LTD BUILDING CONTRACTORS

MJS PROJECTS

VINCI

conisbee
Consulting Structural and Civil Engineers

SDH
Certified B Corporation
Saul D Humphrey LLP
MSc PhD FRICS FCIOB FICE MCIArb FRSA CEnv

KINGS
& DUNNE
Architects

GREYFRIARS
PROJECT MANAGEMENT

ALH
Building Services Design Ltd

Canham
Consulting

Ingleton
Wood

DANIEL
CONNAL
PARTNERSHIP

CF
Chaplin
Farrant

create

norse
group

OXBURY
Chartered Surveyors

10TH ANNIVERSARY…. WHATS CHANGED?

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WE HAVE LOST SOME WELL-KNOWN REGIONAL CONTRACTORS

REEVE PROPERTY RESTORATION

GILL Building

ISG

Interserve

Wellington Construction Ltd

PROJECT VALUES HAVEN'T CHANGED IN 10 YEARS….

92% 2015

84% 2025

Project values less than £5m

TOP 5 PRESSURES ON MAIN CONTRACTORS 2015

1. Supply Chain Failure
2. Inflation Costs – Labour/Materials/Energy/Fuel
3. Skills Shortage

TOP 5 PRESSURES ON MAIN CONTRACTORS 2025

1. Inflation / Price Rises
2. Unrealistic Budgets / Viability
3. Lack of Skilled workforce

WE FOCUSSED ON FIVE
KEY AREAS

Turnover
& Sectors

Procurement and
Tendering

Challenges

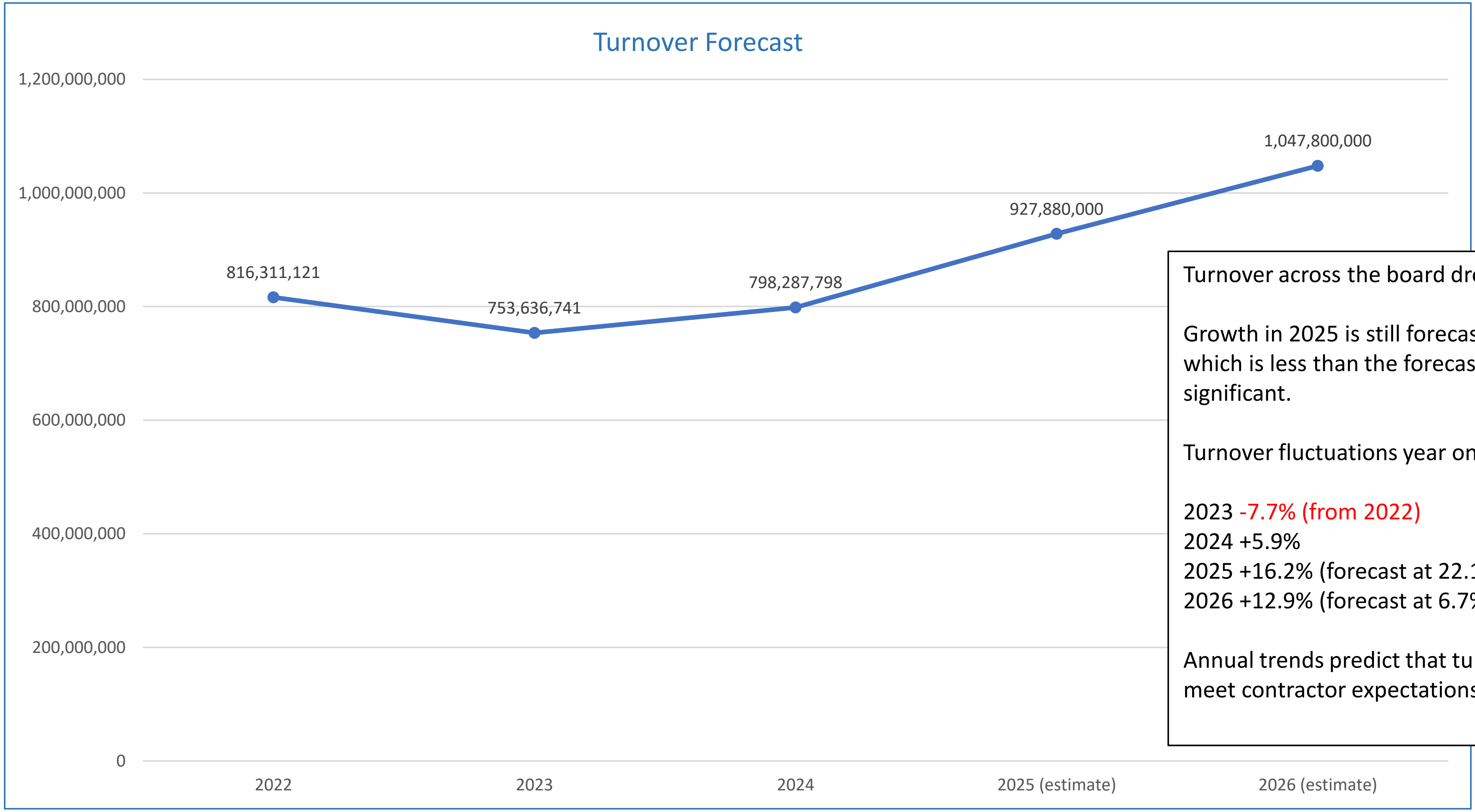
Sustainability
Insights

Equality, Diversity
& Inclusion

The Future

TURNOVER

& SECTORS



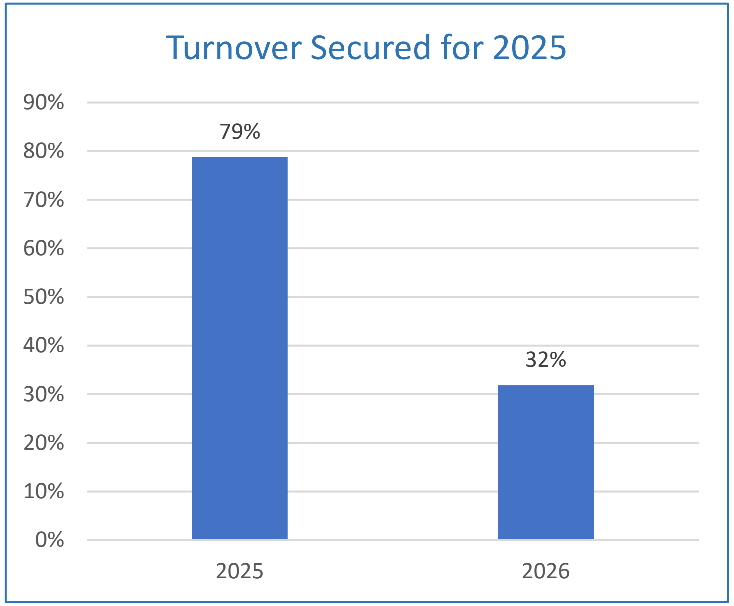
Turnover across the board dropped in 2023, despite predictions

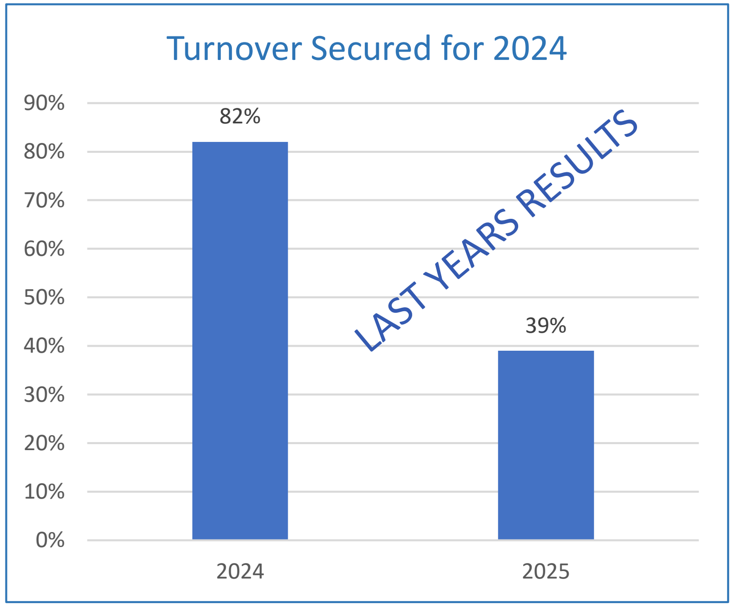
Growth in 2025 is still forecast to continue into double figures, which is less than the forecast from our last survey, but still significant.

Turnover fluctuations year on year:

2023 -7.7% (from 2022)
2024 +5.9%
2025 +16.2% (forecast at 22.1% rise in previous survey)
2026 +12.9% (forecast at 6.7% rise in previous survey)

Annual trends predict that turnover forecast increases do not meet contractor expectations





TURNOVER SECURED FOR 2025 & 2026

By the end of February 2025 on average Contractors have secured 79% of their forecast turnover for this year.

Looking further ahead to 2025 - 32% secured. Note – Percentages are a little down on this time last year and contractors confirmed there were 16% less enquiries in 2024 than 2023 (based on over 1000 tenders)

In the last 3 years contractors have consistently secured a higher proportion of their turnover within Q1 of that year, leaving less room for additional projects to be contracted and a less competitive market as contractors can be more selective.

Average project values of projects for the Contractors Surveyed has remained stable, despite the growth in construction costs, over 80% of the projects delivered in 2024 and forecast for 2025 are less than £5m in value. This has been the same for 10 years…. A rise in smaller projects in 2024!

Projects under £5m represent 84% of works (81% in 2024)
Projects between £5-20m represent 11% (15% in 2024)
Projects between £20-50m represent 3% (4% in 2024)
Projects in excess of £50m represent 1% of new works (1% in 2024)

77% OF CONTRACTORS PREDICTED THAT TENDER ACTIVITY WOULD BE LESS OR THE SAME IN 2025 THAN 2024

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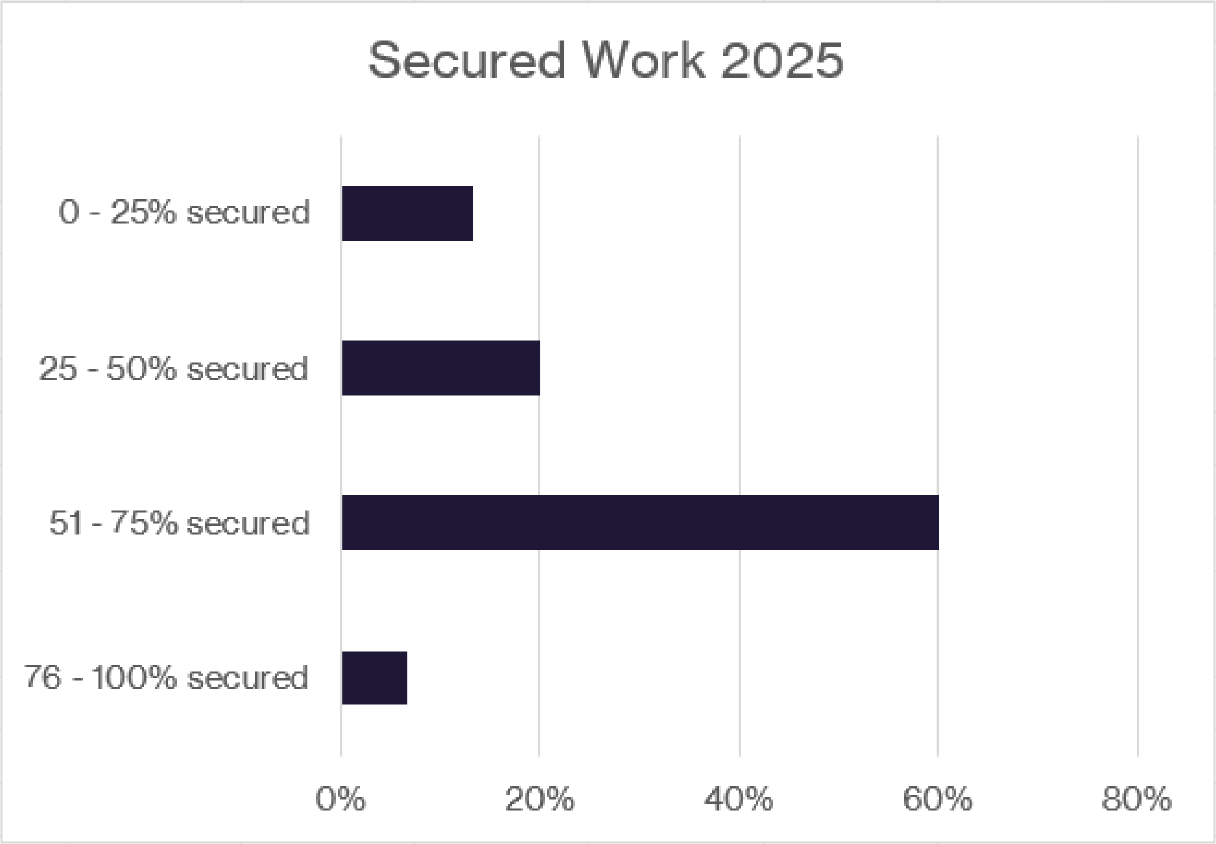
Consultants – secured work

At February 2025, the majority of our consultants had secured between 51% - 75% of their work for 2025.

This aligns with the 2024 results.

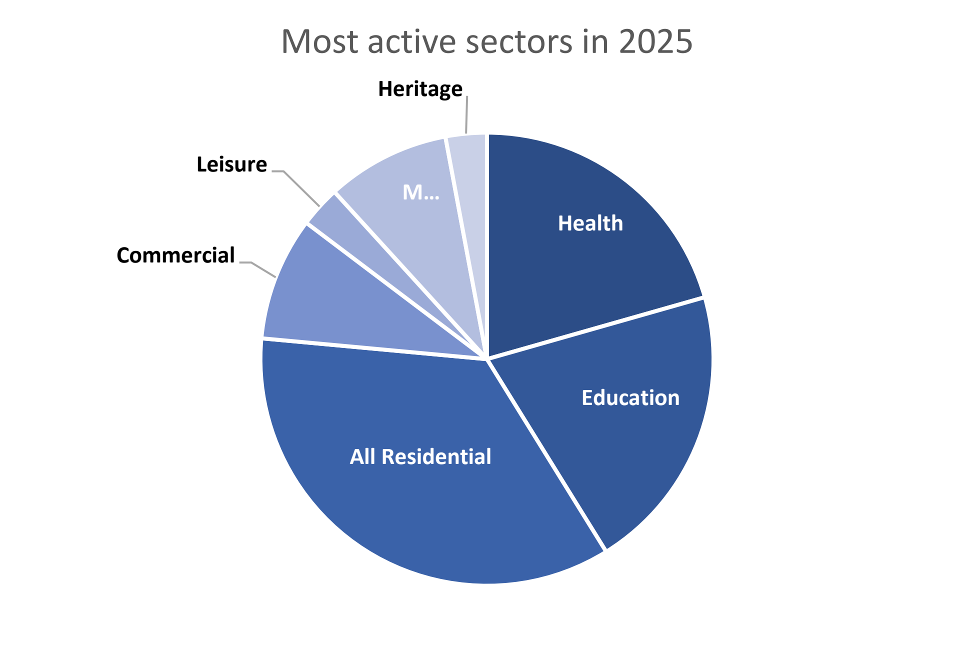


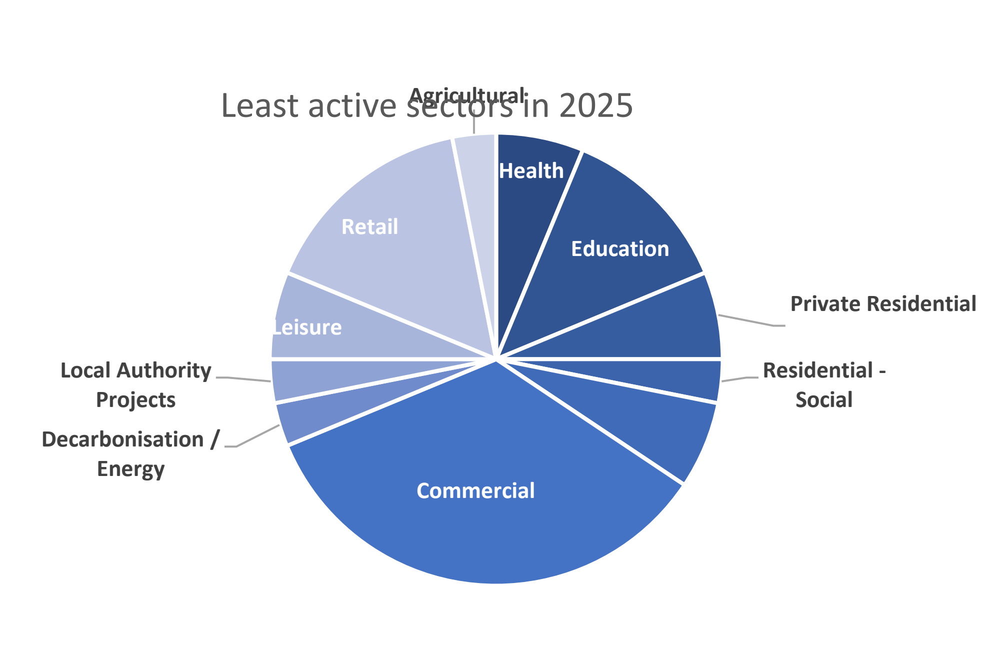
In 2024, consultants envisaged an increase in the number of new enquiries in 2024, in comparison with 2023.

This year consultants don't expect there'll be much change.

WHICH SECTORS?

The forecasts for 2025 have changed dramatically since 2024 – Residential is now considered the busiest sector within Construction, closely followed by Health and Education. The industry is clearly expecting Labour's promise of more new homes to be delivered. There are no surprises on the least active sectors





2024 RESULTS

MOST BUSY
EDUCATION
HEALTH

LEAST BUSY
RESIDENTIAL
COMMERCIAL

Which Sectors?

Most active

Private Housing

Education

Commercial

Social Housing

Lease active

Arts and culture

Private Housing

Healthcare?

In 2024, Consultants believed that Social Housing would be one of the busiest sectors and infrastructure would be one of the least busy...

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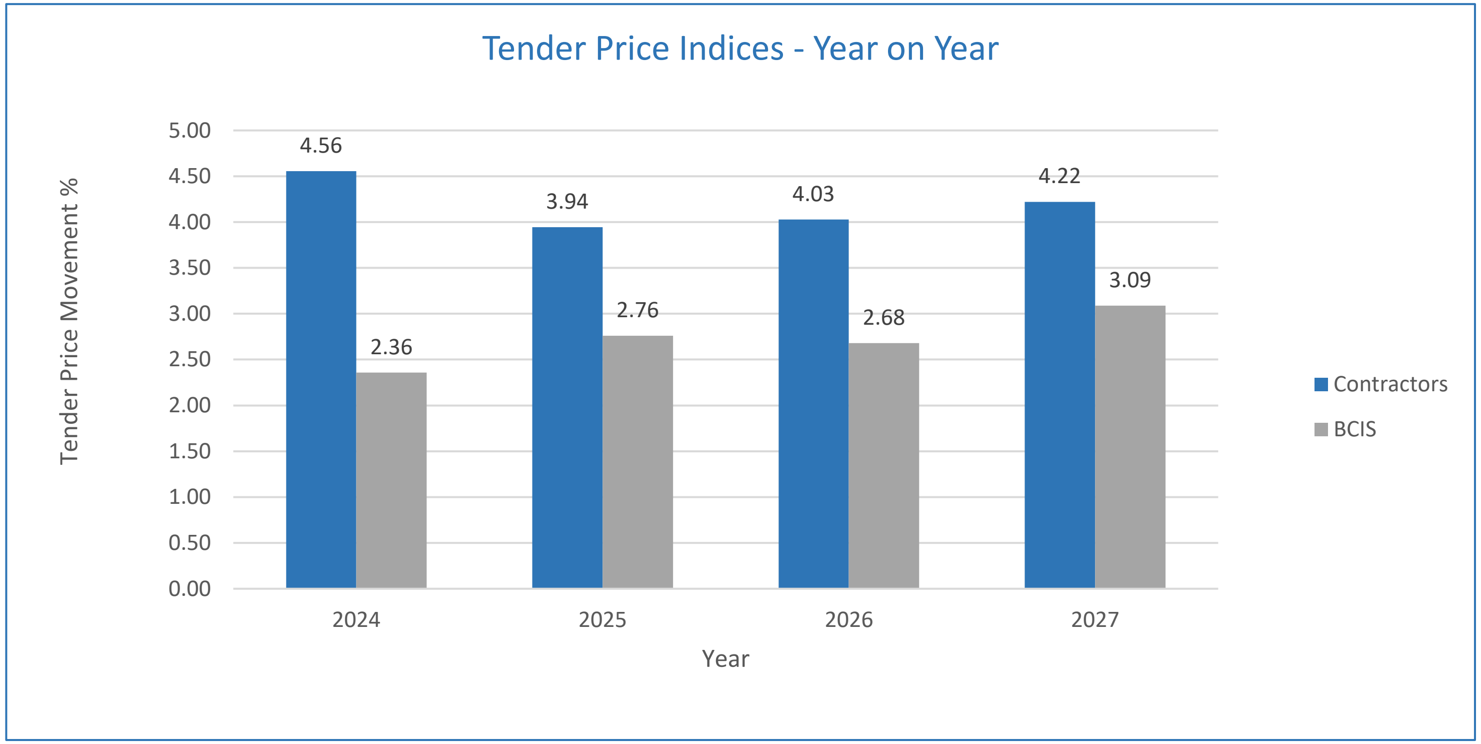
PROCUREMENT

AND TENDERING

TENDER PRICE INDICES YEAR ON YEAR



In line with previous years, the Contractors are forecasting price rises higher than the BCIS. Predictions for construction prices in 2025 and beyond to rise by 4-5% according to Contractors and a lesser growth of 2-3% forecast by BCIS. Interesting that BCIS figures for 2024 vs. Contractors were soo different.

An annual rise of circa 3-4% is typical for most years and demonstrates a steady market increase in construction costs. The overall rise since the start of 2022 is still circa 15% (BCIS data), demonstrating that whilst prices have risen significantly, that averages at circa 5% per annum…. However, the shock factor was that most of this rise took place of 18 months, rather than 3 years. With government plans to boost construction, in particular residential development, this might fuel a further rise later this year in prices above those forecast, with a finite resource for labour and materials.

10 years ago….. Prices were rising by 5% per annum

TOP 5 REASONS A CONTRACTOR

DECLINES TO TENDER FOR A NEW PROJECT

50% MORE SELECTIVE ABOUT TENDERS IN 2023

50% MORE SELECTIVE ABOUT TENDERS IN 2024

17% MORE SELECTIVE ABOUT TENDERS IN 2025

1. Contract Conditions – Too much risk transfer
2. Number of Contractors on Tender list – Too many contractors will put off potential bidders
3. Resources to Tender – Time consuming process with ever demanding tender return requirements
4. Tender Information – 50% of the Contractors stated that poor tender documents or designs were reasons to decline a tender
5. Client Risk – Reputation, Financial Standing or Existing relationship

Others to note – Unrealistic budgets, programme too short, form of procurement (single stage)

2024:
1. High competition
2. Team capacity
3. Client!
4. Client!
5. Client!

Consultant appetite for projects

Consultants advised the following would deter them from bidding for a new enquiry:

1. Client!
2. Client!
3. Client!
4. Project location
5. Perceived likelihood of winning

!!!

All surveyed consultants are being more selective for new work in 2025, than they were in 2024.

CHALLENGES

& KEY ISSUES

CONTRACTOR PRESSURES

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TOP 5 PRESSURES ON MAIN CONTRACTORS

1. Inflation / Price Rises
2. Unrealistic Budget / Viability concerns
3. Lack of skilled Labour
4. Poor Tender information
5. Regulation Changes (ability to meet them)

TOP 5 MATERIALS/TRADES WE CAN EXPECT ABOVE AVERAGE PRICE RISES OR LACK OF AVAILABILITY

1. Mechanical and Electrical
2. Bricks / Blocks
3. Plasterboard
4. Concrete
5. Insulation

Others to note – Global/Political Uncertainty, National Insurances Costs and number on tender list

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Top 5 pressures on Consultants

2025

1. Operational cost increases
2. Fee competition
3. Gvt. Policy/legislation
4. Skills
5. Capacity

2024

1. Skills
2. High competition
3. Complex planning system
4. Increasing Gvt. Policy
5. Capacity

Top 5 pressures on Projects

2025

1. Gvt. Policy/Legislation
2. Unrealistic budgets
3. Unrealistic programmes
4. Planning
5. Poor brief

2024

1. Viability
2. Race to the bottom on fees
3. Complex planning system
4. Increasing Gvt. Policy
5. Unachievable programme

CURRENT CHALLENGES

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CONTRACTOR "QUOTES"

"Potential skill shortages through demand caused by major projects such as Sizewell C, NI contributions increasing preventing SME growth and attracting new talent into the industry."

"Traditional family approach to workers bringing their children through the construction industry and training them in their trade. A lot of trades people have become wealthier and are advising their children not to go into the construction industry. Those trades people are also less inclined to take on apprentices which does not help with the skills shortage."

"To create a sustainable industry in which all parties have a share of risk and reward, with a collective, joint, approach. Without this, it will remain a very skilled but alas, very fragmented and adversarial, creating conflict, delays and litigation.
Once the above has been done it will be easier to attract and develop young talent to come into the industry, which is caring and sharing to achieve a positive end goal."

"Race to the bottom approach leading to Main contractor or sub consultant insolvencies; lack of investment in skills and innovation; quality issues. Capability and capcity of the sector to deliver a large pipline of work that is unaligned"

"Continued Environmental lunacy;
Tax and anti-business legislation;
Insolvency;
Shrinking workforce;
Quality of design"

"Labour skills shortages will be the industry's biggest challenge over the next few years if the current Governments Building New Homes aspirations and targets are to be met. Personally, I don't think any of their targets will be achieved in our region due to both the lack of skilled resources and lack of new home buyers required by the private house builders in order to deliver these optimistic numbers"

"It is apparent from the current geo-political environment that certainty in the markets is going to be enormously challenging over the next few years. Therefore, there is a likelihood that financial challenges will continue, and development will be through 'need' as opposed to long term investment!
Works associated with the decarbonisation and environmental initiatives/obligations will become a bigger challenge as time passes with little achievement to progress on improving existing stock!"

"Ever increasing additional demands on both contractors and designers etc with the same level of resource. Record keeping requirements of BSA, and maintaining this going forward and general understanding of the requirements of the BSA"

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More regulation

New opportunities

Upskilling staff

Fee increases?

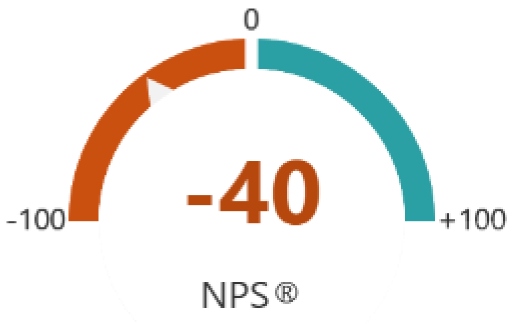
Project delays

What impact has the Building Safety Act had on your business?

More time to prepare bids

Lack of clarity around the BRPD role

Cost of PI



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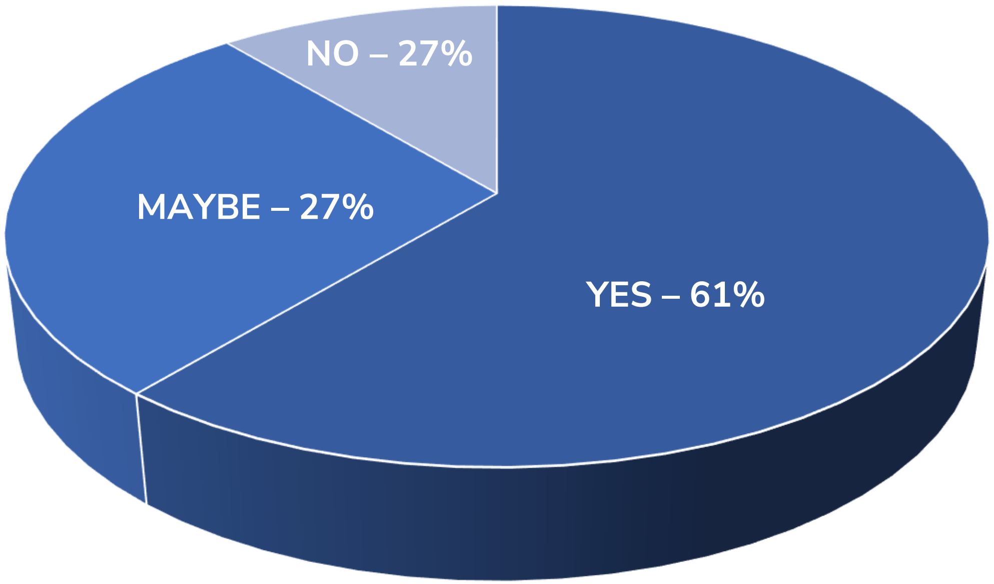
SUSTAINABILITY

INSIGHTS

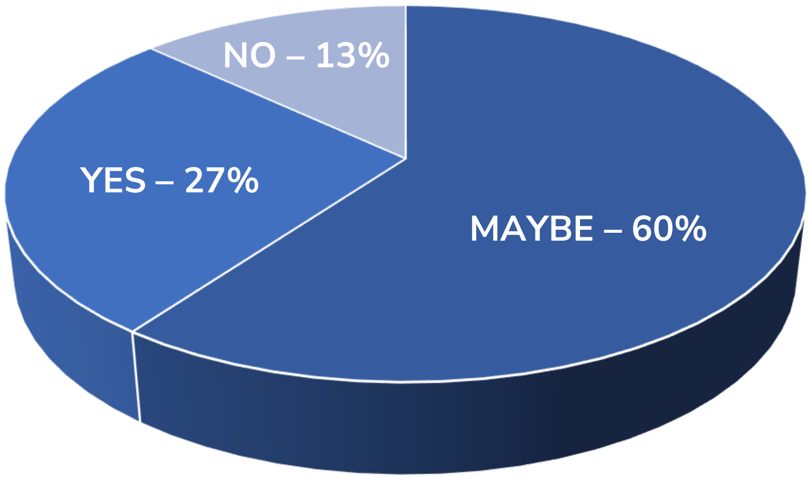
DO CONTRACTORS BELIEVE CLIENTS ARE

SEEKING TO BUILD MORE SUSTAINABILY?

2025 - RESULTS



2024 - RESULTS



AS A BUSINESS HAVE YOU IMPROVED YOUR OWN

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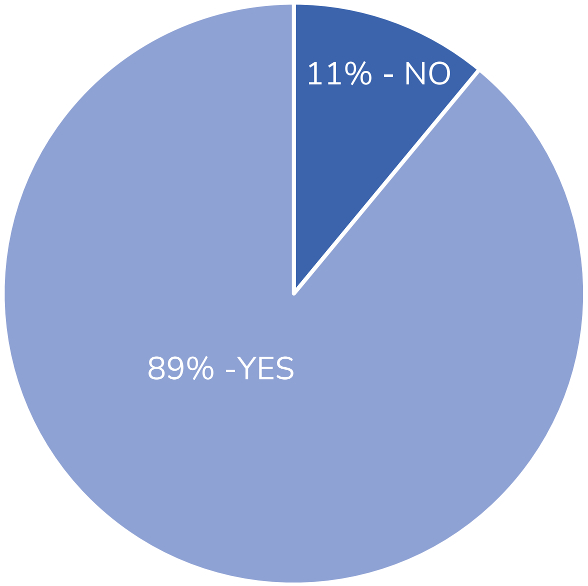
SUSTAINABILITY POLICIES - CONTRACTOR "QUOTES"



We want to set a good example of how construction can be sustainable and are working towards net zero. It is also a requirement for some Clients

AS a Carbon Neutral contractor and in accordance with BSI PAS2060, we have set a clear pathway to as a minimum, reduce annual emissions by 5% year on year

It is natural for us, as a company to continue to evolve and develop of which sustainability policies are one of many elements which we strive to continuously improve our service

Key clients we work with have sustainability high on their agenda which is driving the same within our business

No Need

Sense of moral obligation and to demonstrate to our Clients our own commitment to secure tender opportunities

In order to reduce operational costs, meet out Net Zero Carbon aspirations as set out in our Carbon Reduction Plan and to demonstrate to our clients our commitment to this agenda.

It is natural for us, as a company to continue took to evolve and develop of which sustainability policies are one of many

Challenging with time and financial constraints

It is in line with the parent company policy/shareholders and the ethical thing to do.

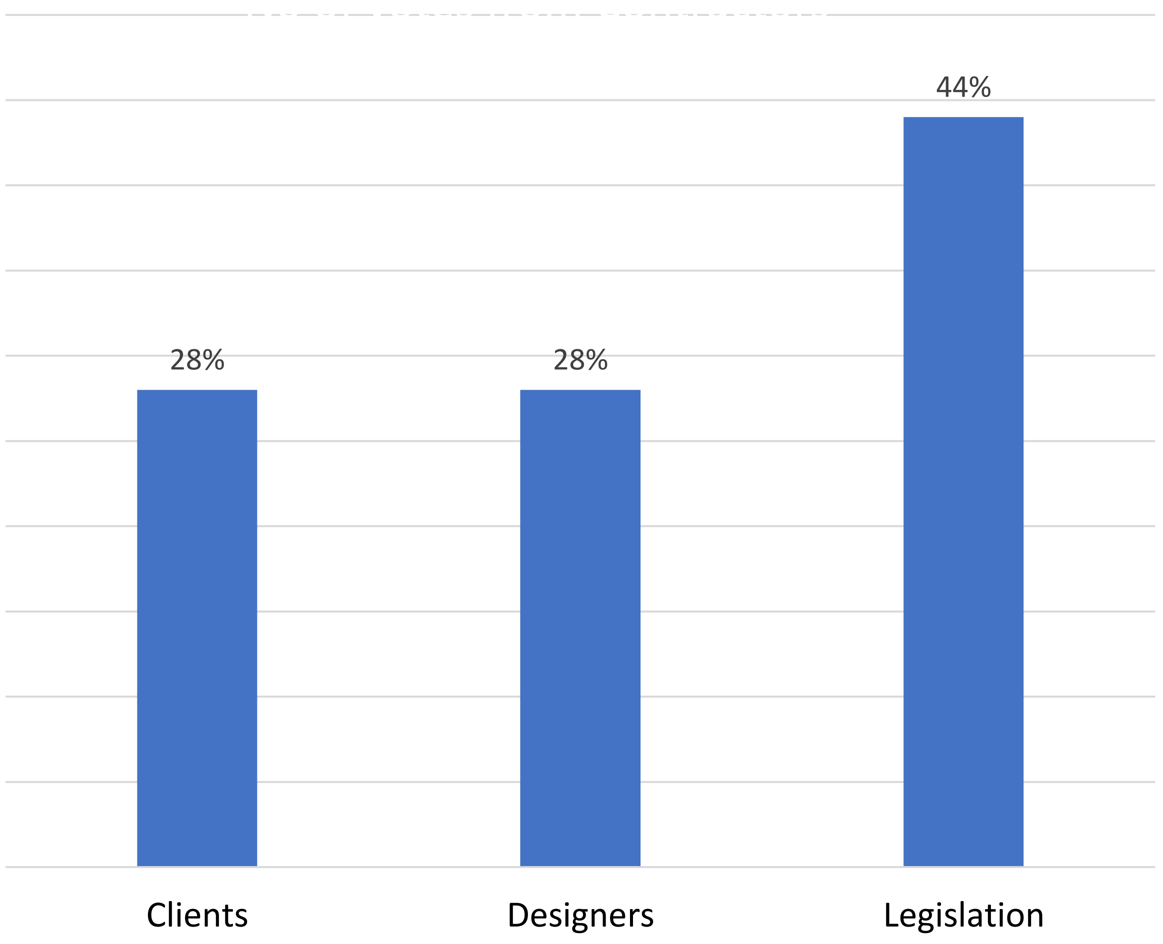
WHO DO YOU SEE LEADING THE TREND TOWARDS

SUSTAINABILITY CONSTRUCTION

44%

SAID THAT LEGISLATION WOULD LEAD THE TREND TOWARDS MORE SUSTAINABLE CONSTRUCTION.

THIS HAS CHANGED FROM 2024 WHERE MOST RESPONSES SAID LEGISLATION WOULD LEAD THE CHANGE, NOW MORE BELIEVE THAT CLIENTS AND DESIGNERS HAVE THIS INFLUENCE AND RESPONSIBILITY.



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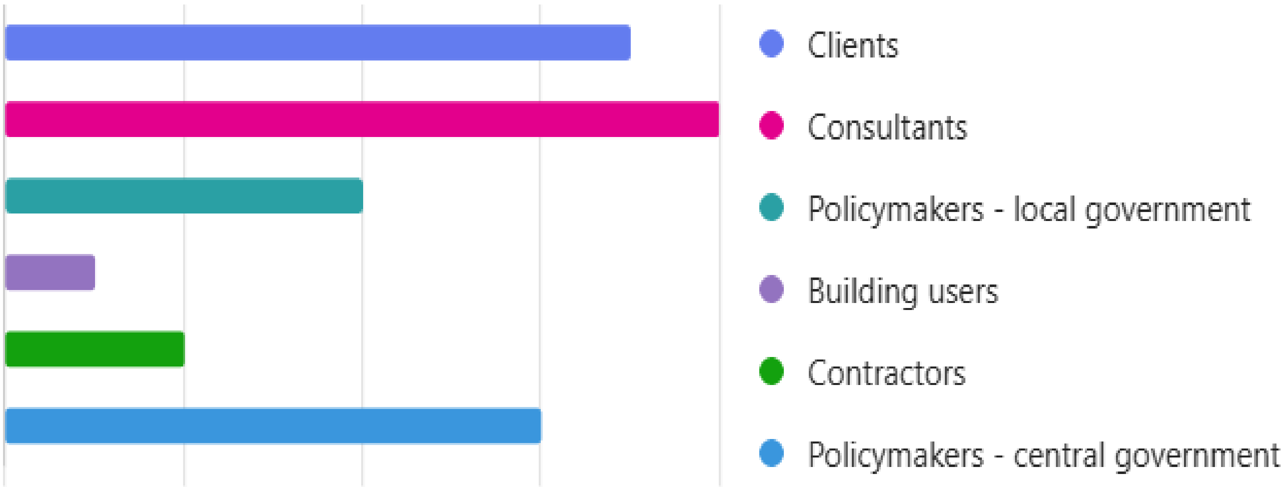
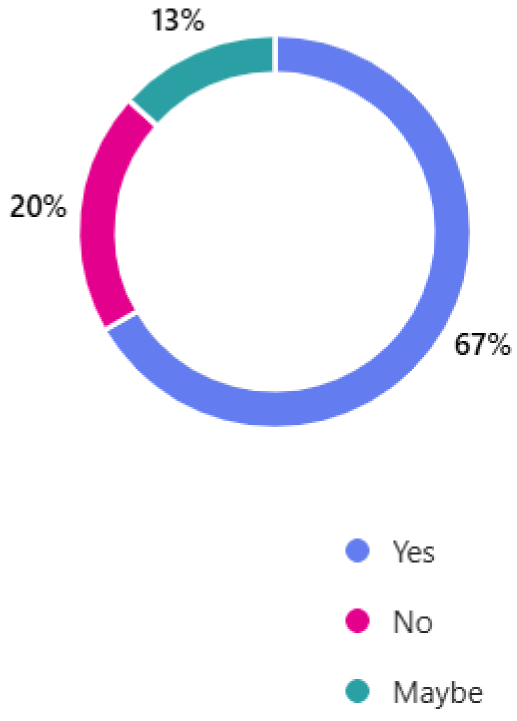
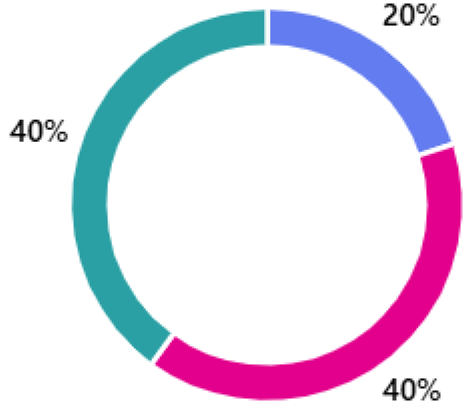
Who do you see leading the trend towards more sustainable construction?



Are you seeing an increase in clients seeking to build more sustainably?



Do you think the construction industry will ever be truly sustainable?



EQUALITY
DIVERSITY
INCLUSION

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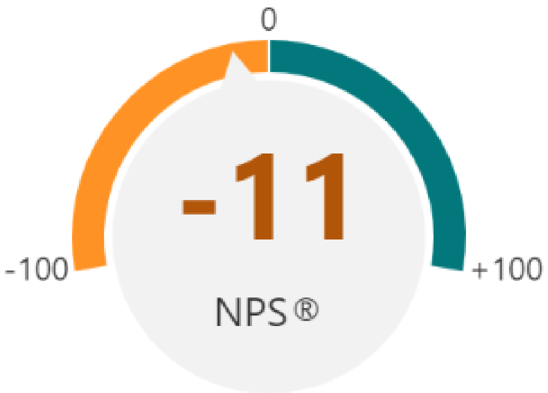
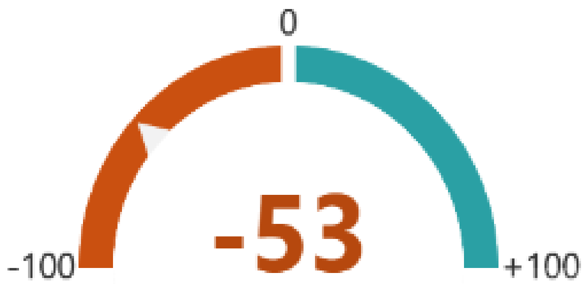
2024



2025



On average, our respondents don't consider their workforce to be as diverse and inclusive as it could be.

Equality, Diversity and Inclusion

'Have a university in Norwich where students from around the country and world might study the construction industry professions and then stay in Norfolk.'

'Focus on quality, skills and competence. Provide the same education offering to everyone.'

'Recruit from a wider catchment.'

'This metric needs to be reflective of equality and diversity in the geographical location in particular relation to minority groups. It also needs to be understood that there is no quick fix and that awareness of the disparity issue needs to be kept high on our agendas long term. It will take generations to result in a more balanced industry there is no silver bullet which will result in more inclusion in the next 12 months, not one that is sustainable and will change approach and mindset of those thinking about entering the industry'

HOW CAN THE INDUSTRY IMPROVE ITS EQUALITY

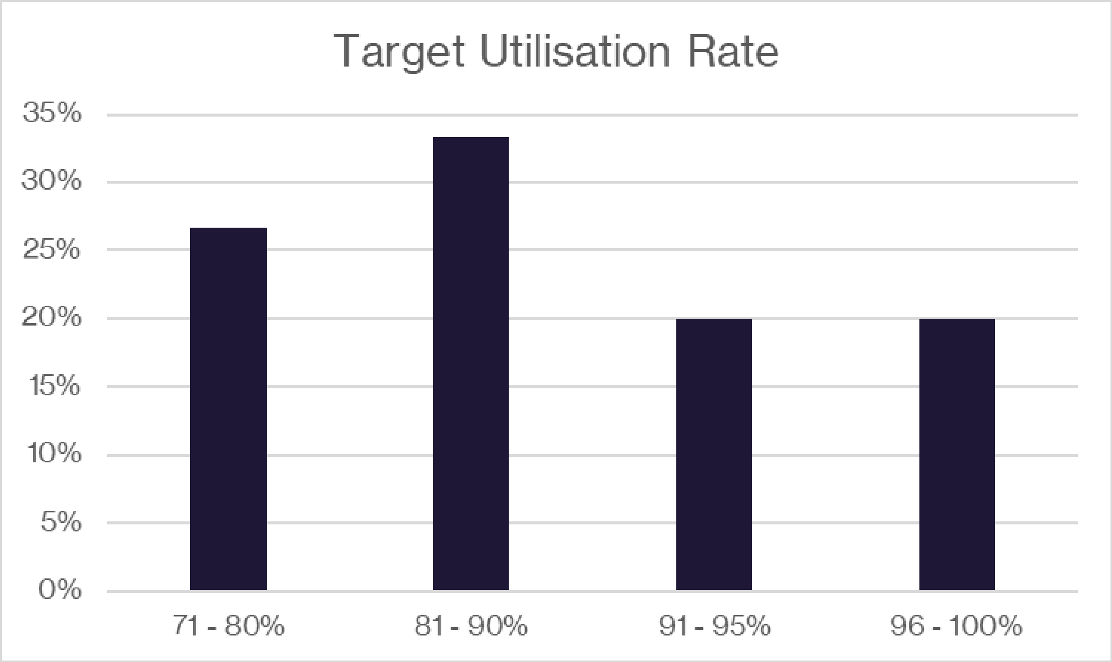
DIVERSITY AND INCLUSION

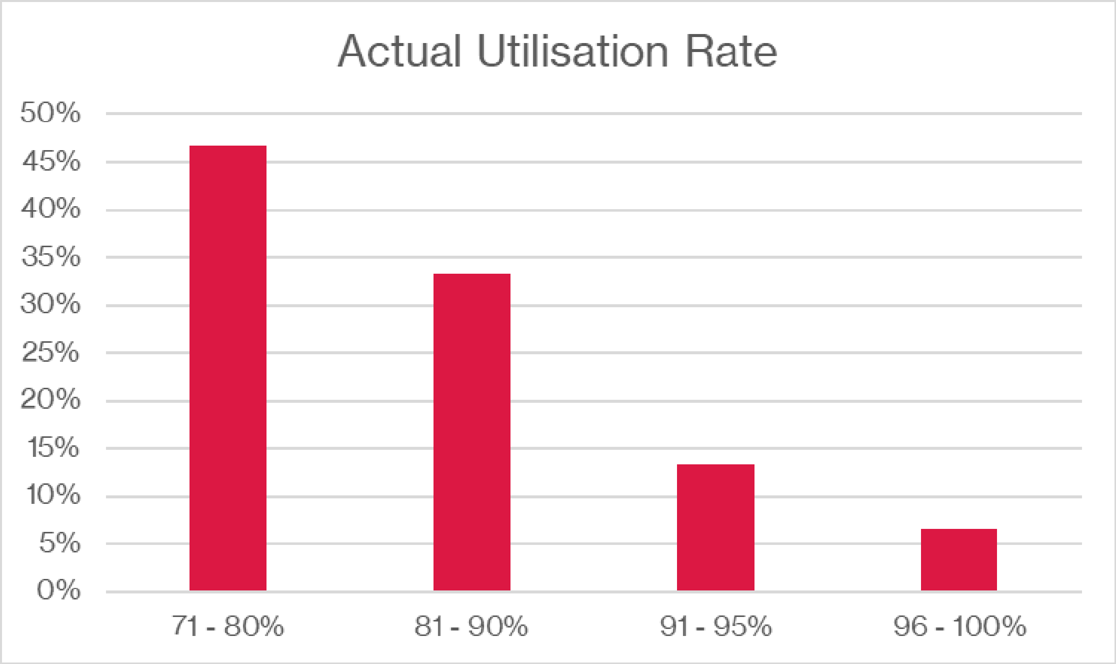
1. School Engagement – Career Fairs, STEM projects, engagement
2. Employers Pledge – Seeking employers to pledge to improve EDI policies
3. Training and Mentoring within businesses
4. Utilising Apprenticeships and Graduate Programmes
5. Clients ensuring it is part of their appointment requirements

UTILISATION

Utilisation - Consultants

Consultants continue to work at lower (than target) productivity levels.

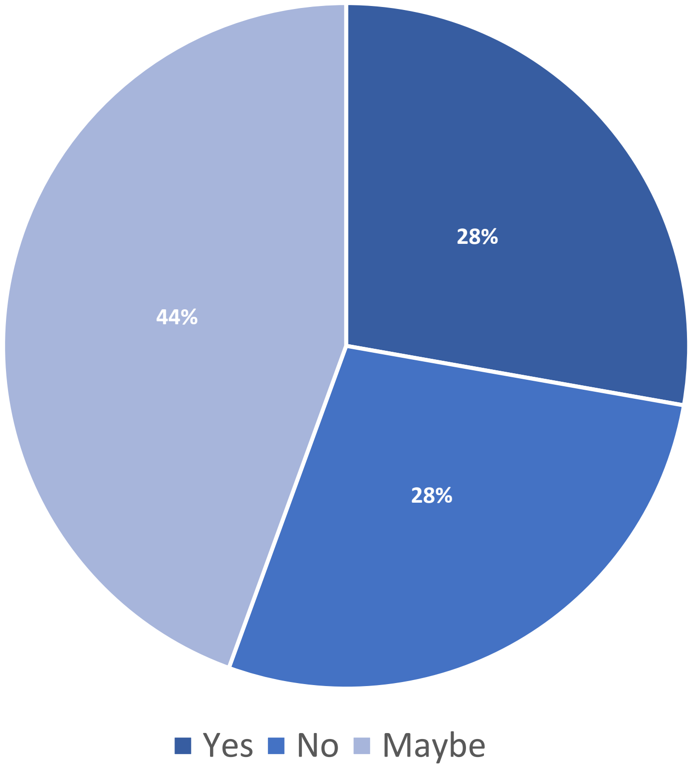




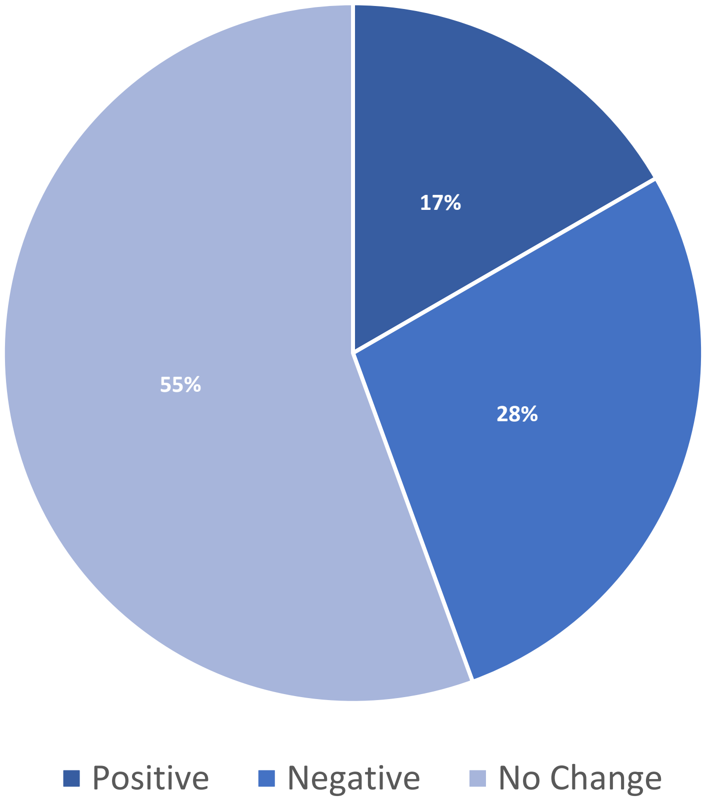
CURRENT ISSUES

CURRENT ISSUES

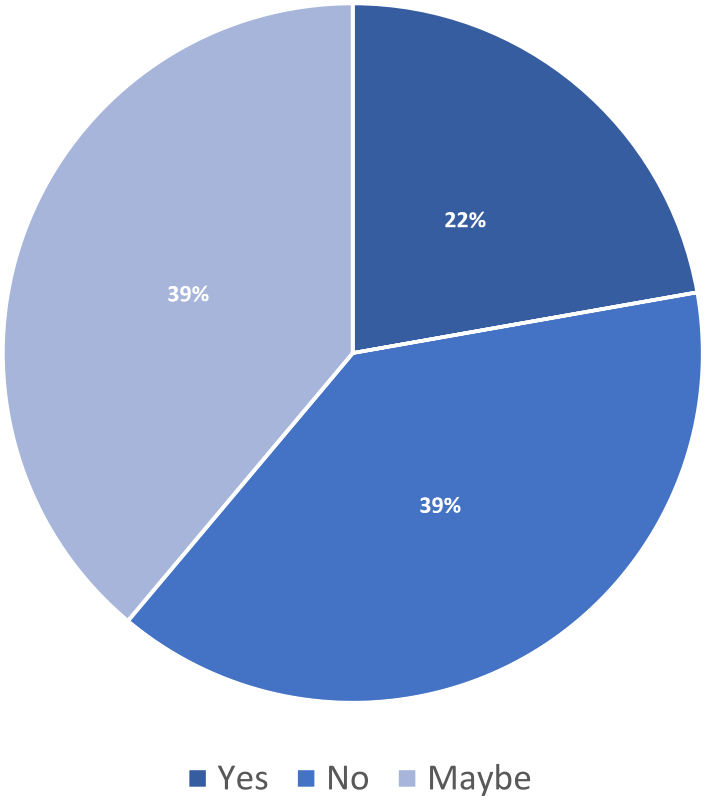
Do you think the new NPPF (National Planning Policy Framework) will unlock residential development in the UK?



How will the Labour Government impact the Industry?



Do you think there is a resolution to Nutrient Neutrality on the horizon?



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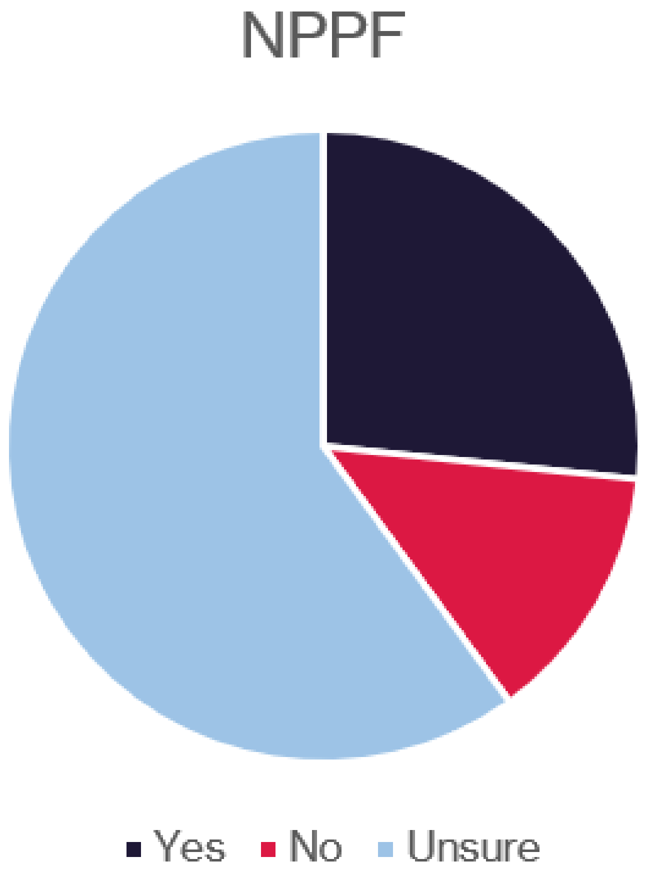
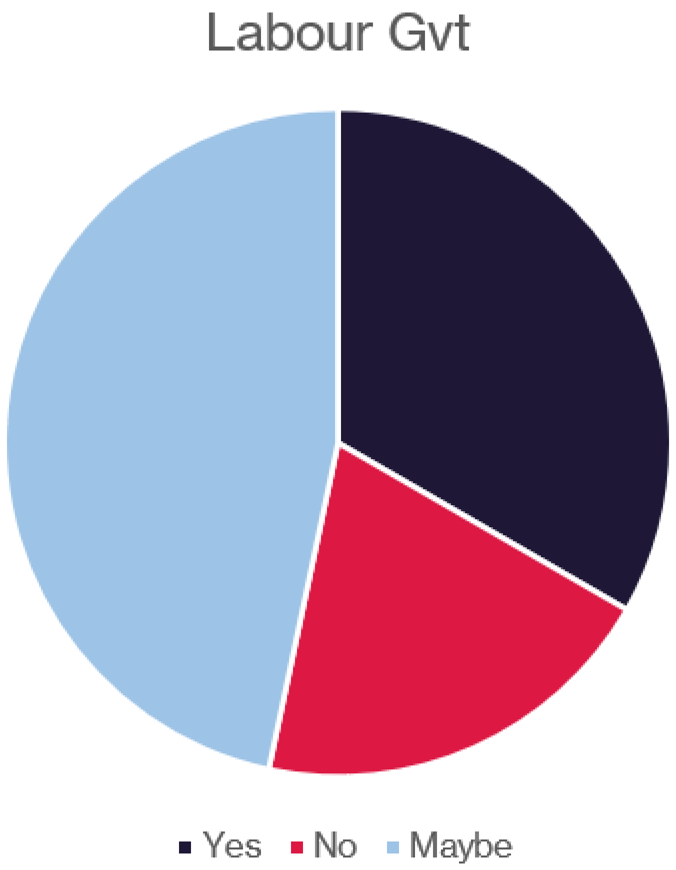
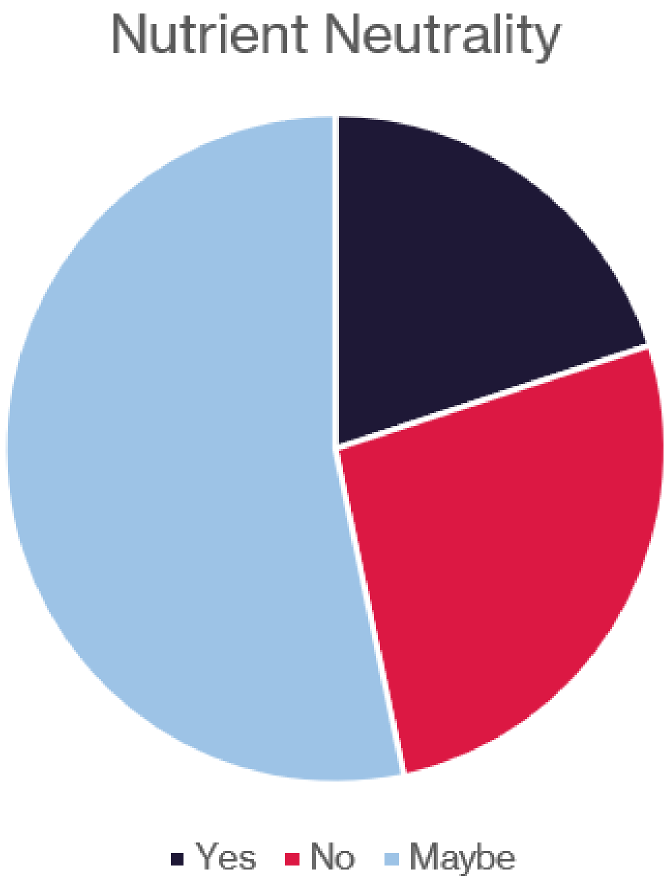
Will the new NPPF unlock development and construction projects in the East?





Will the Labour Government unlock development and construction projects in the East?

Is a solution to Nutrient Neutrality on the horizon?



THE FUTURE

OUTLOOK

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GREYFRIARS COST MANAGEMENT

60% of Contractors said they were ‘Optimistic’ about the short- term future, this compares with 80% in 2024

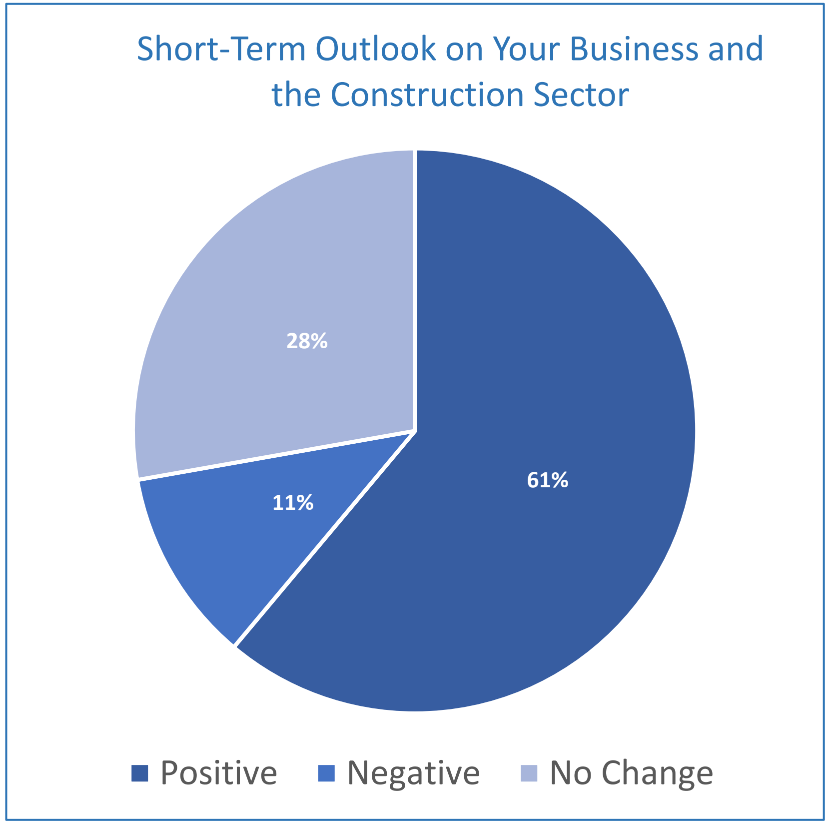
Whilst Contractors are predicting continued rises of construction costs in excess of 4% for the next 3 years, this is still lower than periods such as 2022 and 2023.

Contractors and Consultants are feeling more cautious about the future

Uncertainty on whether the Labour Government will improve the fate of the construction industry, there is clearly a push to try and build more houses, but this is also restricted by localised issues such as Anglia Water capacity and Nutrient Neutrality

The Skills Crisis in our Industry is still one of its biggest challenges

80% of Contractors believe that the long-term outlook for the Construction Industry is positive



QUESTIONS?

THANK YOU

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