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Spon's Price Books Update 2008

Nr. 2

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INCORPORATING CHANGES UP TO 29th FEBRUARY 2008

The *Update* covers 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* appear on pages 5 to 7, the *Civil Engineering and Highway Works Price Book* on page 8, the *External Works and Landscape Price Book* on page 9 and the *Mechanical and Electrical Services Price Book* on page 10.

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

Since the 2002 edition, each series of published updates throughout the year no longer includes a complete history of prior changes. Therefore, if at any time you have not previously obtained a copy of an earlier *Update*, please go on-line at www.pricebooks.co.uk to download a version.

Spon's 2009 Price Books are planned to be published in August 2008.

Unless otherwise stated, wages and prices within the four books are still current.

The Construction Climate

The economic news may be full of stories about the faltering economy, falling house prices and job losses but construction prices finished 2007 in a rising mood. Prices rose 1.5% in the fourth quarter of 2007, maintaining the momentum of the year. Year-on-year prices rose 6% in Greater London, although inflation in some micro-markets, such as city office development, has exceeded this, with prices reflecting a workload that predates the current credit squeeze.

Nationally, new work output last year was worth 3–4% more than in 2006. A third of this rise was attributable directly to commercial offices, many of them in central London. But new orders obtained by contractors in the second half of 2007 stumbled compared with the first half, and were worth about 7% less in real terms. The first half maintained the growth of the previous two years – a 6% year-on-year increase. The slowdown in the second half was felt in every sector equally, and may be attributable to the credit crunch that started last summer. The reduction in orders may presage a slowdown in activity over the next two years. The Construction Products Association recently cut its forecast of growth in 2008 to about 1%. Small- and medium-size schemes continue to attract interest but larger, complex schemes are having difficulty attracting competitive tenders.

Most commentators believe there will be a slowdown of activity over the next two years, suggesting that:-

- Office market may have peaked and funding for speculative developments will be harder to come by
- Retail market is likely to cut back development
- Private housing sector will reduce owing to fewer buyers and the buy-to-let market will shrink rapidly

In contrast, public sector spending is expected to rise. In particular, the “Building Schools for the Future programme” should accelerate. By 2010, expenditure on schools is expected to benefit the industry by an additional £2bn a year.

Construction price inflation over the year ahead is difficult to call. There are labour and material price pressures in the pipeline and if development continues at its present pace, the rate of inflation could exceed last year’s.

Dependent on the tail-off in demand, tender price inflation is forecast to be 4–7% over the next 12 months and 4–6% after that.

Key Materials

The Department for Business, Enterprise and Regulatory Reform (BERR) and The Office for National Statistics (ONS) issue data identifying the following changes to key materials since the book material prices were collated in May 2007 up to the latest published data in February 2008.

	Percentage change
Sawn softwood	11.1%
Windows and doors – softwood	5.9%
Plasterboard	2.6%
Plastic pipes – rigid	1.8%
Fabricated structural steelwork	1.8%
Paints – water-based	1.1%
Pre-cast concrete products	1.0%
Clay bricks	0.1%
Sand and gravel	-0.4%
Paints – non-water based	-0.5%
Ready-mixed concrete	-2.8%
Concrete reinforcing bars	-5.0%

Construction materials have risen 6% overall over the past year, down from 10% over the previous year, but still much higher than earlier trends.

Timber prices maintained the upward movement, with an average rise of about 21% over the past 12 months. The upward movement of timber-related products has created more difficult competitive conditions for the timber-frame industry.

Corus introduced three price increases to structural sections in 2007, totalling £80–105 per tonne, the last of which was July 2007. It has taken the whole year for those rises to filter through to the end user. They have begun 2008 announcing a further increase of £60 per tonne for structural sections from 30th March 2008.

The cost of rebar is expected to rise quite quickly in the first half of 2008 as a result of higher scrap values and normal seasonal demand.

National Wage Awards between editions

Below, we include a schedule indicating current wage awards and when the next reviews are expected.

Agreements (in books)	Next review	Notes
1. Building and Civil Engineering Industry wages *(Spon's A&B 2008 pp 156–158, 833–834)* *(Spon's CE 2008 pp 33–38)* *(Spon's Landscape 2008 p 377)*	June 2008	Basic rates will rise by 6%
2. BATJIC wages *(Spon's A&B 2008 p 834)*	June 2008	
3. The Joint Industry Board for Plumbing Mechanical Engineering Services in England and Wales *(Spon's A&B 2008 pp 159, 835)*	January 2008	Plumbing Operatives rates effective from January 2008 and were included in *Update 1*
4. Scottish and Northern Ireland Joint Industry Board for the Plumbing Industry *(Spon's A&B 2008 p 836)*	June 2008	
5. New wages for Agricultural workers as Order 2006 (Number 1) *(Spon's Landscape 2008 pp 378–379)*	October 2008	Details of a new wage agreement were included in *Update 1*
6. The Joint Conciliation Committee of the Heating, Ventilating and Domestic Engineering Industry (three-year agreement) *(Spon's M&E 2008 pp 105–109, 590–592)*	October 2008	Basic rates will rise by 4%
7. The Joint Industry Board for the Electrical Contracting Industry *(Spon's M&E 2007 pp 463–465, 597–601)*	January 2008	The January 2008 wage award was included in *Update 1*

Building Costs and Tender Prices

Building Costs

p 43

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

Year	First quarter	Second quarter	Third quarter	Fourth quarter	Annual average
2007	703	707	730	733*	718*
2008	736**	740**	771**	774**	755**
2009	778**	780**	807**	810**	794**

* = Provisional; ** = Forecast

Tender Prices

p 44

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

Year	First quarter	Second quarter	Third quarter	Fourth quarter	Annual average
2007	515	520	528	536*	525*
2008	544**	550**	559**	566**	554**
2009	573**	579**	588**	594**	584**

* = Provisional; ** = Forecast

Regional Variations

pp 45 to 47

The table below indicates how building prices vary around the country. The figures are averages and, inevitably, not all trades or items of work will vary exactly in line with the differences shown. The principal driving force behind the variations is differing labour rates between the regions.

The table indicates our forecast first quarter 2008 tender price index for each region, based upon an outer London forecast figure of 544 and the percentage adjustments advised to the Major Works measured rates section of *Spon's Architects' and Builders' Price Book 2008*, with an index of 550 (1976 = 100).

Region	Forecast first quarter 2008 TPI = 544*	% adjustment to Spon's Major Works section TPI = 550
Outer London	544	-1.1%
Inner London	609	10.8%
East Anglia	522	-5.0%
East Midlands	490	-11.0%
Northern	522	-5.0%
Northern Ireland	397	-27.8%
North West	490	-11.0%
Scotland	490	-11.0%
South East	528	-4.1%
South West	506	-8.0%
Wales	500	-9.0%
West Midlands	484	-12.0%
York/Humberside	506	-8.0%

* Mid-point of forecast range from the Tender Price Forecast published February 2008.

The figures represent broad averages for the regions. Differences will occur within regions and further adjustments will be needed for city centre or isolated locations.

Erratum

F Masonry

p 227

Facing bricks; machine made facings; PC £350.00 per 1000 *(not £330.00 per 1000)*

Prices for Measured Works – Minor Works

K Linings/Sheathing/Dry Partitioning

p 621 – 640

All m^3 units should read m^2

SPON'S CIVIL ENGINEERING AND HIGHWAY WORKS PRICE BOOK 2008

Basic Materials Prices

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

Cost and Tender Prices Indices

Price Adjustment Formulae Indices

pp 549 to 550

The table of Price Adjustment Formulae Indices may be supplemented as follows:

Index nr		1	2	3	4	5	6	7	9	10	11a
Year	Q										
2007	2	1700	1134	1676	2040	1400	1936	3612	4252	1141	630
	3	1768	1157	1653	2067	1402	1909	3603	4486	1185	641
	4	1768	1162	1654	2063	1419	1938	3638	5039	1194	619

Source BERR Price Adjustment Formulae for Construction Contracts February 2008

All 4th quarter figures are provisional

A Constructed Cost Index based on the Price Adjustment Formulae Indices

p 551

The table of the Constructed Civil Engineering Cost Index may be supplemented as follows:

Year	First quarter	Second quarter	Third quarter	Fourth quarter
2007	1841	1862	1895	1930

All 4th quarter figures are provisional

SPON'S EXTERNAL WORKS AND LANDSCAPE PRICE BOOK 2008

Cost Indices

The Constructed Landscaping Cost Index

p 22

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
2007	714	718	737	740*	727*

* Provisional

Prices for Measured Works

Materials Prices

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

SPON'S MECHANICAL AND ELECTRICAL SERVICES PRICE BOOK 2008

Cost Indices

p 46

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

Mechanical Installations

Year	First quarter	Second quarter	Third quarter	Fourth quarter
2007	535	541	546*	556*
2008	559**	562**	564**	578**

Electrical Installations

Year	First quarter	Second quarter	Third quarter	Fourth quarter
2007	665	666	668*	678*
2008	692**	693**	694**	705**

* = Provisional; ** = Forecast

Erratum

Labour Rate – Mechanical

p 106

The third line from the bottom of the page should read:

Annual gross pay **and not** *Wkly gross pay*

Labour Rate – Ductwork

p 108

The seventh line from the bottom of the page should read:

Annual gross pay **and not** *Weekly gross pay*