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# Spon's Price Books Update 2009

**Publishers**

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## Nr. 1

**INCORPORATING CHANGES UP TO 31<sup>st</sup> NOVEMBER 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 6, the *Civil Engineering and Highway Works Price Book* on page 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 'Errata/Erratum' and boxed to distinguish them from updated information.

Spon's 2010 Price Books are planned to be published in August 2009.

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

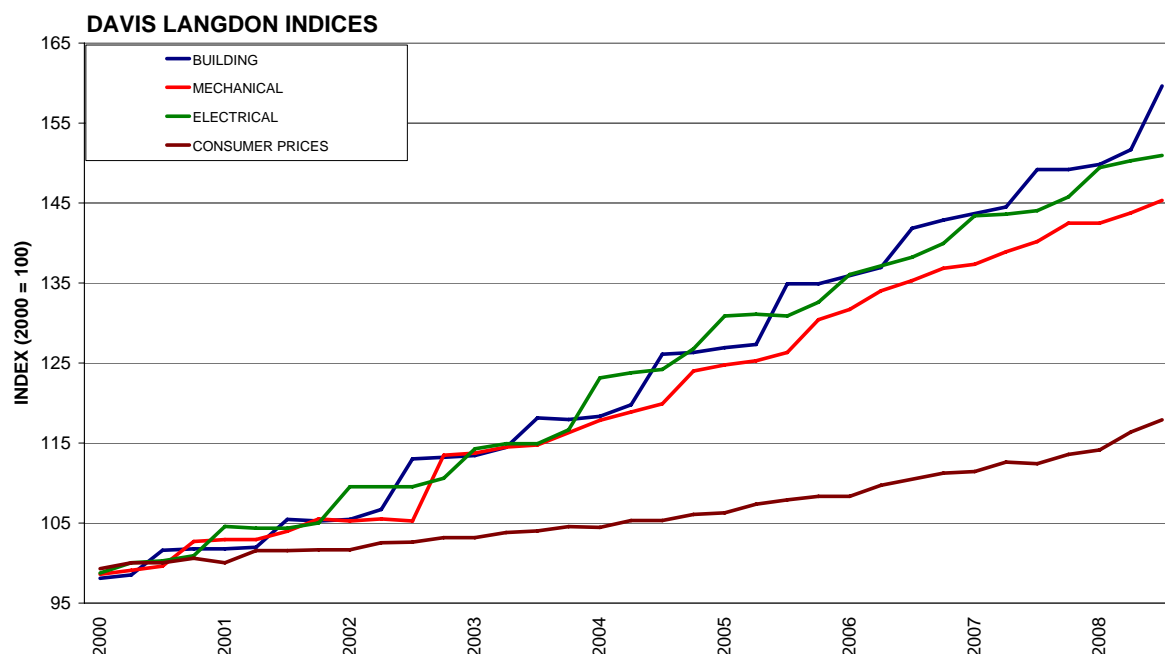
## The Construction Climate

Tender price inflation, a feature of the industry for the past three years, came to an abrupt halt in the third quarter of 2008.

Areas outside London were hit more quickly by the slowdown, and prices charged by contractors began to slip in the second quarter. The housing market has seen prices falling for an even longer period. However, the commercial sector has been faced with steeply rising steel prices, which contractors were unable to absorb in the first half of the year.

Significant price falls now look likely as workload disappears quickly, the industry retrenches, commodities prices drop and competition returns.

## Key Trends



**Building cost** index leapt to 7% in the third quarter 2008, its highest level for more than 2 years.

**Mechanical** index increase is almost half the building cost index at 3.7%, reflecting lower wage awards and lower level of material price rises.

**Electrical** index rose more than mechanical costs at 4.8%, because of a slightly higher labour cost increase.

**Consumer Prices** index rose sharply in the third quarter mainly due to higher gas and electricity costs which resulted in a 4.9% increase.

## Key Materials

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

	<b>Percentage change</b>
Fabricated structural steelwork	19.9%
Concrete reinforcing bars	14.1%
Ready-mixed concrete	4.2%
Cement	3.8%
Plastic pipes – rigid	2.9%
Windows & Doors: softwood	2.8%
Sand and gravel	1.2%
Pre-cast concrete products	0.5%
Clay bricks	0.2%
Paints, water based	0.0%
Plasterboard	-0.3%
Paints, non-water based	-2.4%
Sawn softwood	-4.7%
Imported softwood	-5.3%

Overall construction materials prices rose by 8.7% over the year to September, but the figures show a large disparity between housing and non-housing materials.

	<b>Sep 07 – Sep 08</b>	<b>Mar 08 – Sep 08</b>
New housing	4.1%	3.1%
Non-housing new work	12.6%	9.8%
Repair and maintenance	5.6%	5.0%

The highest cost rises over the past year have been for categories subject to the high cost of steel and rising oil prices. The prices of both commodities have since fallen sharply.

Inflation in house-building materials has been relatively restrained, in part due to the sharp contraction in house-building activity. The non-housing sector has suffered record high inflation, in large part due to the surge in steel prices that occurred in the first half of 2008. There has since been a worldwide slump in steel prices which will soon feed into the construction materials price chain.

## National Wage Awards between editions

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

<b>Agreements (in books)</b>	<b>Next review</b>	<b>Notes</b>
1. Building and Civil Engineering Industry wages ( <i>Spon's A&amp;B 2009 pp 170–172, 849–850</i> ) ( <i>Spon's CE 2009 pp 33–38</i> ) ( <i>Spon's Landscape 2009 p 383</i> )	June 2009	
2. BATJIC wages ( <i>Spon's A&amp;B 2009 p 850</i> )	June 2009	
3. The Joint Industry Board for Plumbing Mechanical Engineering Services in England and Wales ( <i>Spon's A&amp;B 2009 pp 173, 851</i> )	January 2009	Basic rates will rise by 4.5%
4. Scottish and Northern Ireland Joint Industry Board for the Plumbing Industry ( <i>Spon's A&amp;B 2009 p 852</i> )	June 2009	Basic rates will rise by 4.6%
5. Agricultural Wages Order 2008 ( <i>Spon's Landscape 2009 pp 384–385</i> )	October 2008	Grade 1 pay rate increased by 3.9% Grade 2–6 pay rates increased by 4.3%
6. The Joint Conciliation Committee of the Heating, Ventilating and Domestic Engineering ( <i>Spon's M&amp;E 2009 pp 119–123, 603–609</i> )	January 2009	
7. The Joint Industry Board for the Electrical Contracting Industry ( <i>Spon's M&amp;E 2009 pp 477–475, 611–615</i> )	January 2009	Basic rates will rise by 4.5%

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# SPON'S ARCHITECTS' AND BUILDERS' PRICE BOOK 2008

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## Building Costs and Tender Prices

### Building Costs

*p 59*

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

Year	First quarter	Second quarter	Third quarter	Fourth quarter	Annual average
2008	733	742*	780*	779**	758**
2009	781**	784**	805**	807**	794**

\* = Provisional; \*\* = Forecast

### Tender Prices

*p 60*

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

Year	First quarter	Second quarter	Third quarter	Fourth quarter	Annual average
2008	543	547	541*	534**	541**
2009	526**	518**	508**	498**	512**

\* = Provisional; \*\* = Forecast

Tender price inflation came to an abrupt halt in the third quarter of 2008. In the first half of the year prices continued to rise on the back of soaring materials costs, despite a slowing of activity. The first area to see a change has been contractors' overheads and profit demands. Preliminaries costs have also started to be pruned.

This forecast represents a significant change in sentiment from the middle of 2008. Over the next year, prices in Greater London returned in competitive tenders are expected to decline by 5–7%.

## Regional Variations

p 62

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 2009 tender price index for each region, based upon an outer London forecast figure of 541 and the percentage adjustments advised to the Major Works measured rates section of *Spon's Architects' and Builders' Price Book 2009*, with an index of 580 (1976 = 100).

Region	Forecast first quarter 2009 tender index 527*	% adjustment to Spon's Major Works section Tender Index = 580
Outer London	527	-10.06%
Inner London	574	-0.97%
East Anglia	474	-22.29%
East Midlands	469	-23.66%
Northern	485	-19.63%
Northern Ireland	385	-50.76%
North West	464	-25.06%
Scotland	506	-14.64%
South East	506	-14.64%
South West	495	-17.08%
Wales	490	-18.34%
West Midlands	480	-20.94%
York/Humberside	464	-25.06%

\* Mid-point of forecast range from the Tender Price Forecast published November 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

#### Prices for Measured Works

##### - Major Works

p169

The 5<sup>th</sup> paragraph should end with first quarter 2009 **and not** *first quarter 2008*

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# SPON'S CIVIL ENGINEERING AND HIGHWAY WORKS PRICE BOOK 2008

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## 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 549–550*

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										
2008	1	1768	1170	1720	2112	1532	1933	3983	5925	1170	610
	2	1767	1180	1876	2028	1550	2010	4186	7361	1147	759
	3*	1868	1216	1847	2048	1580	2119	4245	7284	1128	924

\* Provisional      Note: The figures published relate to the third month of each quarter.

### 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
2008	2039	2168	2221*

\* Provisional

## Erratum

### Brickwork

*pp 467–470*

*The following Prime Cost for bricks has been allowed*

Common bricks at £240 /1000  
Class A engineering bricks at £320 / 1000  
Class B engineering bricks at £240 / 1000  
Facing bricks at £350 / 1000

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# SPON'S EXTERNAL WORKS AND LANDSCAPE PRICE BOOK 2008

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## Cost Indices

### The Constructed Landscaping Cost Index

p 24

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

Year	First Quarter	Second Quarter	Third Quarter
2008	752	771	805*

\* Provisional

## Prices for Measured Works

### Materials Prices

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



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# SPON'S MECHANICAL AND ELECTRICAL SERVICES PRICE BOOK 2008

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## 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
2008	555	560	566*	582**
2009	582**	582**	582**	593**

### Electrical Installations

Year	First quarter	Second quarter	Third quarter	Fourth quarter
2008	693	697	700*	711**
2009	726**	725**	724**	734**

\* = Provisional; \*\* = Forecast

## Errata

### Labour Rate – Mechanical

*p 120*

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

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

### Labour Rate – Ductwork

*p 122*

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

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