Editors

Davis Langdon LLP
MidCity Place
71 High Holborn
London WC1V 6QS
Tel: 0207 061 7000
Fax: 0870 048 0789
e-mail: spons@davislangdon.com
www.davislangdon.com

Publishers

Taylor & Francis
2 Park Square
Milton Park, Abingdon
Oxon OX14 4RN
Tel: 0207 017 6001
Fax: 0207 017 6699
www.pricebooks.co.uk

SPON'S 2010

PRICE BOOKS UPDATE

NR. 2

INCORPORATING CHANGES UP TO 28th FEBRUARY 2010

This *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* appears on page 4, the *Civil Engineering and Highway Works Price Book* on page 5, the *External Works and Landscape Price Book* on page 6, and the *Mechanical and Electrical Services Price Book* on page 7.

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

Spon's 2011 Price Books are planned to be published in August 2010.

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

The Construction Climate

Tender prices continued their 18 month decline in the fourth quarter of 2009, but the rate of decline slowed.

Analysis of tenders shows a further fall of 1% from the third quarter of 2009, leaving prices 10% lower than the previous year and 17% down from their peak in the second quarter of 2008.

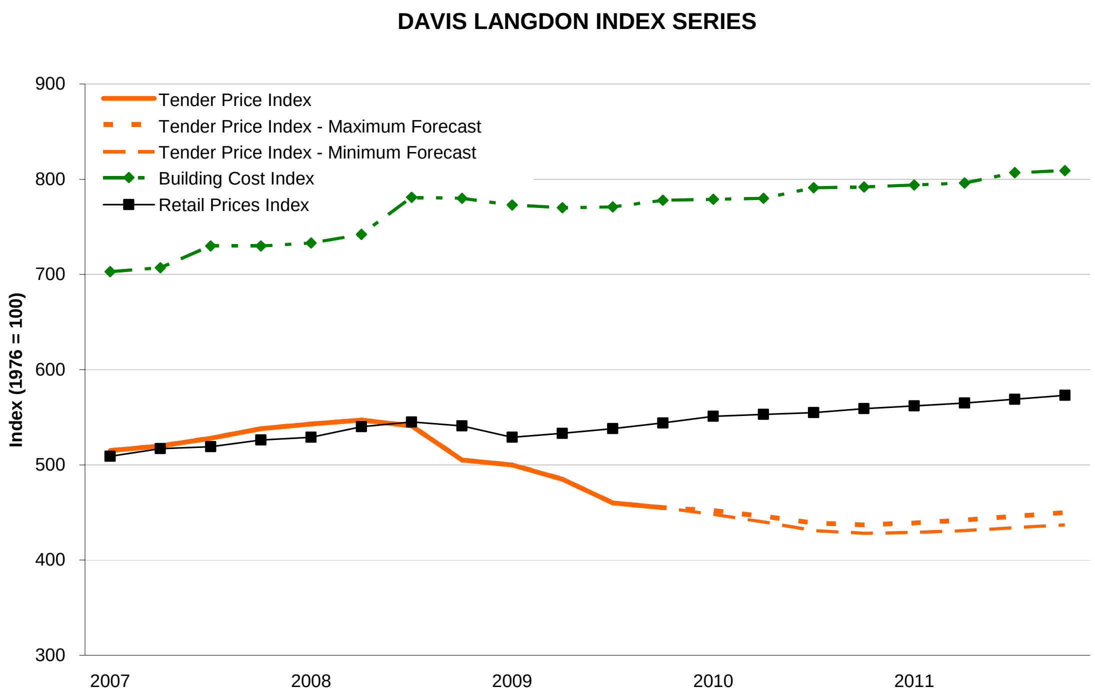
Most of the fall can be attributed to the erosion of margins throughout the supply chain, the lower cost of preliminaries and falling labour rates.

There are some lower materials costs, notably the 40% collapse in steel prices. Other material prices have stabilized and in some cases are edging up again.

The Mechanical and Electrical services sectors have been affected by rising copper prices and the weak pound.

Contractors' overheads and profit allowances are commonly 2-3% and contractors are relying on improving profit using their subcontract works to increase margins. The cost of preliminaries continues to be trimmed, often down to 8-9% of the construction value, which itself has been reduced.

Indices



The building cost index continued to record a fall over the past year (–0.3%), but has been rising since July as materials prices reversed their downward trend seen in the first half of 2009, and rose quite sharply in the second half. However, prices charged to clients are still falling.

Labour

Labour wage agreements remain frozen for most operatives, although the third part of a three-year agreement for electricians came into effect on 4 January, lifting directly employed electricians' wages by 5%.

Materials

Price Changes of Construction Materials May 2009 – December 2009

From BIS series January 2010	Percentage change
Imported softwood	24.4%
Sawn softwood	2.6%
Windows & Doors: Softwood	1.2%
Clay bricks	0.8%
Plastic pipes – flexible	0.5%
Paints, non-water based	0.3%
Paints, water based	0.0%
Plastic pipes – rigid	-0.7%
Pre-cast concrete products	-1.1%
Concrete reinforcing bars	-1.6%
Fabricated structural steelwork	-4.2%
Sand and gravel	-4.4%
Cement	-4.7%
Ready-mixed concrete	-6.9%

Figures from the Department for Business Innovation and Skills (BIS) show that construction materials prices fell for nine consecutive months until July 2009, but have been rising since. The increase has been led by a surge in the price of imported timber and boards; softwood rose 24% between May and December 2009. Higher oil prices will increase production and transport costs throughout industry.

Over the twelve months between February 2009 and February 2010, the 60 Building Work categories have recorded an average rise of 1.4%, but over the last six months between August 2009 and February 2010 an average rise of 2.0% has been recorded, illustrating how the trough of the cost trend occurred mid-Summer last year.

Suppliers and makers of aggregates, cement and ready-mixed concrete have announced price increases for January 2010.

The decline in steel prices in the end of 2008 stopped in late summer 2009 and some small recovery occurred in late autumn. However, the momentum was not able to be maintained as many contractors are finding a lack of new work on their books to replace projects coming to an end, which will increase competitiveness throughout 2010.

Costs and Tender Prices Indices

Building Costs Indices

p 59

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

Year	First quarter	Second quarter	Third quarter	Fourth quarter	Annual average
2009	773	770	771	778 (P)	773 (P)
2010	779 (F)	780	791	792	786
2011	794	796	807	809	802
2012	811	813	830	831	821

P = Provisional; F = Forecast thereafter

Tender Prices Indices

p 60

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

Year	First quarter	Second quarter	Third quarter	Fourth quarter	Annual average
2009	500	485	460	455 (P)	475 (P)
2010	450 (F)	442	435	432	440
2011	434	436	440	444	439
2012	448	452	455	458	453

P = Provisional; F = Forecast thereafter

Please ensure that you apply these indices correctly. A worked example can be found on page 62 of the *Architects' and Builders' Price Book*.

Prices for Measured Works

Materials Prices

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

Erratum

The Landfill Tax

p 33

Calculation for inactive waste should read:

Spon's A & B 2010 net rate	£12.69 per m^3 *(not £17.96)*
Tax, 2 t per m3 (un-bulked) @	£ 5.00 per m^3
Spon's rate including tax	£17.96 per m^3 *(not £22.96)*

Cost Indices

Price Adjustment Formulae Indices

pp 538 to 543

The table of Price Adjustment Formulae Indices on p 539 may be supplemented as follows:

Index nr		**1**	**2**	**3**	**4**	**5**	**6**	**7**	**9**	**10**	**11a**
2009	Q1	1869	1245	1832	2200	1722	2278	4373	4400	1171	646
	Q2	1867	1249	1870	2163	1707	2381	4469	4700	1140	587
	Q3	1867	1250	1982	2167	1671	2386	4535	5024	1208	578
	Q4 (P)	1867	1253	1928	2170	1641	2390	4739	5360	1301	596

P = Provisional
Note: Average quarterly figures.

A Constructed Cost Index based on the Price Adjustment Formulae Indices

p 540

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

Year	**First quarter**	**Second quarter**	**Third quarter**	**Forth quarter**	**Year average**
2009	2099	2129	2167	2208 (P)	2151 (P)

P = Provisional

Prices for Measured Works

Materials Prices

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

Cost Indices

The Constructed Landscaping Cost Index

p 19

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
2009	787	788	792	797 (P)	791 (P)

P = Provisional

Prices for Measured Works

Materials Prices

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

SPON'S MECHANICAL AND ELECTRICAL SERVICES PRICE BOOK 2010

Cost Indices

p 70

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	Annual average
2009	581	578	576	576 (P)	578 (P)
2010	577 (F)	577	578	585	580

Electrical Installations

Year	First quarter	Second quarter	Third quarter	Fourth quarter	Annual average
2009	720	721	724	736 (P)	725 (P)
2010	758 (F)	758	759	769	761

P = Provisional; F = Forecast thereafter

A period of decline in the Mechanical Cost Index has returned to an upward trend.

The Electrical Cost Index records the highest inflationary trend as materials prices rose strongly in the second half of 2009 and labour costs rose at the beginning of 2010.

Prices for Measured Works

Labour

The January wage review for plumbers in England and Wales resulted in no change to the rates of pay or allowances and that the rates which came into effect in January 2009 will remain in place until January 2011.

Electricians have benefited from a three year agreement which provided for a 5% increase in rates and allowances from January 2010.

Heating and ventilating operatives rates have been frozen at October 2008 levels until October 2010.

Materials Prices

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