Editors

Davis Langdon
MidCity Place
71 High Holborn
London WC1V 6QS
Tel: +44 (0) 20 7061 7000
Fax:+44 (0) 20 7061 7061
e-mail: spons@davislangdon.com
www.davislangdon.com

Publishers

Taylor & Francis
2 Park Square
Milton Park, Abingdon
Oxon OX14 4RN
Tel: +44 (0) 207 017 6000
Fax:+44 (0) 207 017 6699
www.taylorandfrancis.com

SPON'S 2011

PRICE BOOKS UPDATE

NR. 1

INCORPORATING CHANGES UP TO 31st NOVEMBER 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 pages 5 and 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 and 10.

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

Spon's 2012 Price Books are planned to be published in September 2011.

The Construction Climate

Industry workload benefited from a bounce in increased activity in the first half of 2010 and this halted the decline in prices that had been a feature of the industry since the middle of 2008.

The increase in workload was found in all sectors but most noticeably in the public sector, both housing and non-housing, the latter dominated by a surge in school building work as the previous administration brought forward construction work as part of its economic stimulus package. The momentum of increased workload was continued into the third quarter and the increases in construction work in the second and third quarters of 2010 contributed greatly to the rises in GDP.

In general construction prices have fallen about 18% since the first half of 2008. Prices stabilised in the first half of 2010, in part due to the increase in activity but also due to rising materials prices, not all of which the supply chain was able to absorb. Steel prices were the primary driver and buildings with an above-average proportion of steel such as portal framed industrial buildings saw prices rise in the spring. Steel prices have since started to ease back and will have been part of the reason why prices in general are forecast to moderate slightly further as the year heads to a close.

Prices, excluding the effects of the higher requirements of Building Regulations, such as the recently introduced Part L 2010, are expected to bottom out in 4Q2010 to 1Q2011 in London and the South East but may drift for longer elsewhere as the public sector cuts have a more disproportionate effect on industry activity and the private sector is slower to return.

The *Architects' and Builders' Price Book 2010* has a tender price index of 468. We are currently forecasting a tender price index of 452 for the third quarter of 2010 – an inferred fall of over 3%.

Labour

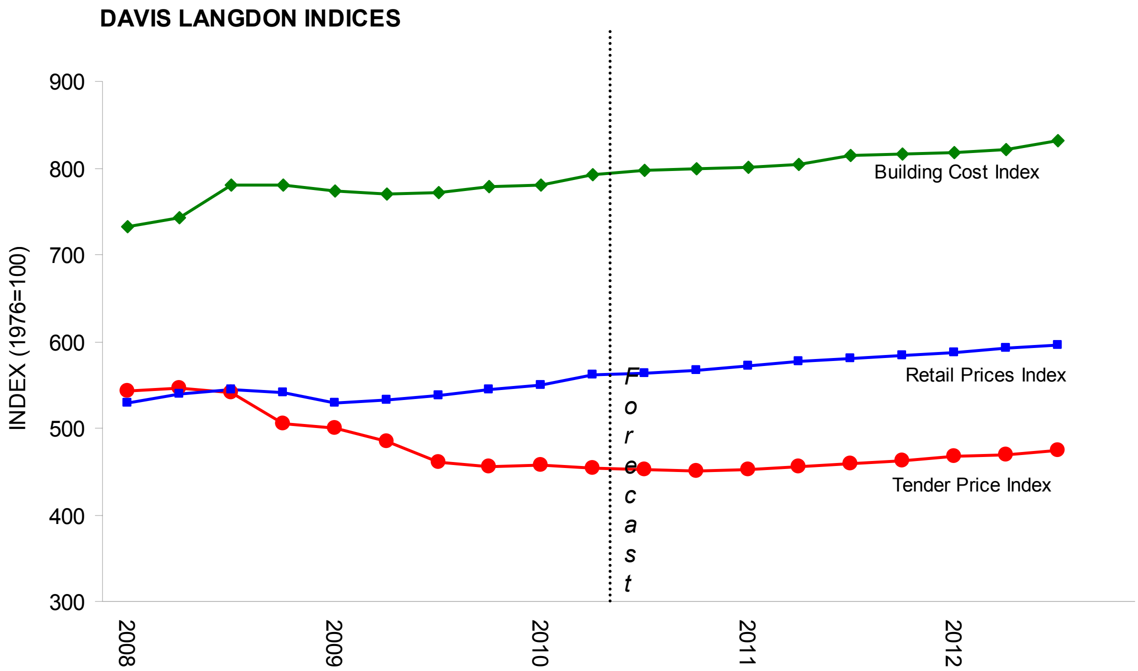
Building and civil engineering operatives' wage rates have been frozen since the increase secured in June 2008. Unlike the builders, electricians benefited from an earlier agreement that lifted their rates of pay by 5% at the beginning of 2010 and heating and ventilating engineers' rates rose by 2% at the beginning of October. This goes some way to explaining why M&E prices have fallen by a lower margin than most building work. Electricians' anniversary pay date is January and any deal they are able to secure will set the tone for 2011.

Materials

Figures from the Department for Business Innovation & Skills (BIS) show that materials prices rose strongly throughout 2010

The rise was driven by the resurgence in world steel prices in the spring, which were, in turn, driven by a sharp increase in the prices of iron ore, scrap and coking coal. Many of the steel price increases sought by manufacturers then were achieved, but that phase has now come to an end. Iron ore and scrap prices have fallen so there is now less pressure on steel manufacturers to seek further price rises.

Reinforcement prices have always been closely tied to the price of scrap. Steel scrap prices jumped 50% in April to about £180 a tonne and rebar prices followed suit. In a roller-coaster ride, scrap prices fell all the way back by July then, unexpectedly, rebounded to £160 a tonne in September. October figures are back down again. Scrap prices are expected to fall further and, as demand reduces in the winter, mills may have to offer lower prices for rebar and other long products to maintain orders. Although some price recovery is predicted for the first half of 2011, the price of steel long products in summer 2011 is expected to be similar to this year.



Tender prices continue to fall, albeit at a much lower rate. The forecast is for this trend to continue at least until the end of 2010.

All construction cost measures are showing an upward trend, creating even more pressure on contractors to absorb rising costs.

Since the book material prices were collated in May 2010 the following changes to key materials have been identified:

	Percentage change May 2010 – September 2010
Fabricated structural steelwork	16.68%
Imported softwood	9.60%
Sawn softwood	5.27%
Plastic pipes – flexible	3.28%
Plastic pipes – rigid	2.49%
Clay bricks	1.77%
Windows and Doors: Softwood	1.77%
Paints, non-water based	0.44%
Pre-cast concrete products	0.43%
Cement	-0.44%
Concrete reinforcing bars	-1.17%
Ready-mixed concrete	-2.13%
Sand and gravel	-3.99%

Source: BIS

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 2011 pp 171-173)* *(Spon's C&H 2011 pp 51-55)* *(Spon's EW&L 2011 p 466)*	June 2011	Wages frozen in June 2008
2. The Joint Industry Board for Plumbing Mechanical Engineering Services in England and Wales *(Spon's A&B 2011 p 174)*	January 2011	Basic rates will rise by 3% in January 2011. *Already included in the2011 book*
3. Scottish and Northern Ireland Joint Industry Board for the Plumbing Industry *(Spon's A&B 2010 p 175)*	June 2011	Basic rates will rise 2% in June 2011. *Already included in the 2011 book*
4. The Joint Conciliation Committee of the Heating, Ventilating and Domestic Engineering *(Spon's M&E 2010 pp 692-699)*	October 2011	*Already included in the 2011 book*
5. The Joint Industry Board for the Electrical Contracting Industry *(Spon's M&E 2010 pp 702-705)*	January 2012	Rates for 2011 frozen at 2010 rates.

Costs and Tender Prices Indices

Building Costs Indices

p 40

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

Year	First quarter	Second quarter	Third quarter	Fourth quarter	Annual average
2010	780	792	798 (P)	799 (F)	793
2011	801	804	814	816	809
2012	818	821	836	838	828

P = Provisional; F = Forecast thereafter

Tender Prices Indices

p 40

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

Year	First quarter	Second quarter	Third quarter	Fourth quarter	Annual average
2010	457	454	452 (P)	450 (F)	453
2011	449	453	459	463	456
2012	466	471	475	479	473

P = Provisional; F = Forecast thereafter

Please ensure that you apply these indices correctly. A worked example can be found on page 42 of the *Architects' and Builders' Price Book*.

Regional Variations

p 42

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 provisional third quarter 2010 tender price index for each region, based upon an outer London forecast figure of 452, and the percentage adjustments advised to the Major Works measured rates section of *Spon's Architects' and Builders' Price Book 2011*, with an index of 468 (1976 = 100).

Region	**Forecast third quarter 2010 Tender Index = 452***	**% adjustment to Spon's Major Works section Tender Index = 486**
Outer London	452	-3.4%
Inner London	479	2.4%
East Anglia	402	-14.0%
East Midlands	393	-16.0%
Northern	393	-16.0%
Northern Ireland	303	-35.3%
North West	380	-18.9%
Scotland	407	-13.1%
South East	429	-8.2%
South West	420	-10.2%
Wales	393	-16.0%
West Midlands	393	-16.0%
York and Humberside	393	-16.0%

* Mid-point of forecast range from the Davis Langdon Tender Price Forecast published October 2010.

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

Erratum

Rates of Wages

p 174

Delete 'First part effective from 4 January 2010'

Prices for Measured Works – Major Works

p 264

The sixth priced item on the page for 140 mm thick medium dense smooth faced blocks should be

PC £ = 9.16 **and not** 19.01. The **Total rate** £ of 23.68 is correct.

Cost Indices

Price Adjustment Formulae Indices

p 557

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

	Index nr	1	2	3	4	5	6	7	9	10	11a
2010	Q1	1869	1268	1863	2200	1651	2384	4774	6060	1374	632
	Q2	1869	1275	1887	2223	1650	2485	4966	6128	1462	727
	Q3 (P)	1869	1274	1969	2240	1644	2485	4910	5973	1496	722
	Q4 (P)	1869	1276	1976	2248	1649	2492	4924	2139	1500	717

P = 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 558

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

Year	First quarter	Second quarter	Third quarter	Fourth quarter	Annual average
2010	2226	2284	2286 (P)	2294 (P)	2272 (P)

P = Provisional

The Road Construction Tender Price Index

p 559

The table may be supplemented as follows:

Year	First quarter	Second quarter
2010	156	154

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 rates changes notified on page 4 of this *Update*.

SPON'S EXTERNAL WORKS AND LANDSCAPE PRICE BOOK 2011

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
2010	799	804	808 (P)	809	805

P = Provisional

Regional Variations

p 20

The table may be updated as follows:

Region	Adjustment factor
Outer London	1.00
Inner London	1.06
East Anglia	0.89
East Midlands	0.87
Northern	0.87
Northern Ireland	0.67
North West	0.84
Scotland	0.90
South East	0.95
South West	0.93
Wales	0.87
West Midlands	0.87
Yorkshire and Humberside	0.87

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 rates changes notified on page 4 of this *Update*.

SPON'S MECHANICAL AND ELECTRICAL SERVICES PRICE BOOK 2011

Cost Indices

p 77

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

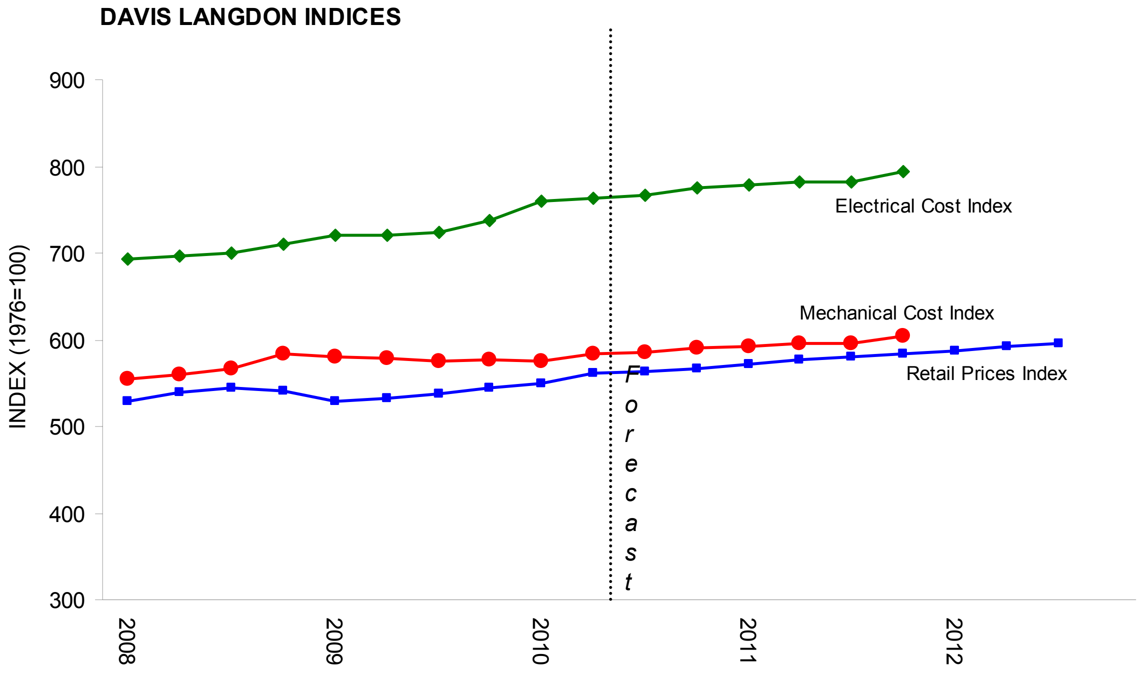
Mechanical Installations

Year	First quarter	Second quarter	Third quarter	Fourth quarter
2010	576	583	585 (P)	591 (F)
2011	593	595	596	605

Electrical Installations

Year	First quarter	Second quarter	Third quarter	Fourth quarter
2010	760	763	767 (P)	776 (F)
2011	779	782	782	794

P = Provisional; F = Forecast thereafter



There has been a mixed picture from the mechanical and electrical services sector. Labour costs increases and substantial materials price rises, driven by the world price of copper, have exerted upward pressure on M&E contractors. As such M&E prices do not appear to have fallen as much as most other building works.

Regional Variations

p 71

The table may be updated as follows:

Region	Adjustment factor
Outer London	1.00
Inner London	1.06
East Anglia	0.89
East Midlands	0.87
Northern	0.87
Northern Ireland	0.67
North West	0.84
Scotland	0.90
South East	0.95
South West	0.93
Wales	0.87
West Midlands	0.87
Yorkshire and Humberside	0.87

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 rates changes notified on page 4 of this *Update*.