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SPON'S 2011 PRICE BOOKS UPDATE

NR. 2

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INCORPORATING CHANGES UP TO 28th FEBRUARY 2011

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 4 and 5, the *Civil Engineering and Highway Works Price Book* on page 6, the *External Works and Landscape Price Book* on page 7, and the *Mechanical and Electrical Services Price Book* on pages 8 and 9.

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

The *Architects' and Builders' Price Book 2011* has a tender price index of 468. We are currently forecasting a tender price index of 451 for the first quarter of 2011 – an inferred reduction of 3.6%.

Last year's trend of slowly declining prices was maintained into the fourth quarter. Analysis of tenders received in the last three months of the year reveal that prices fell by another 0.5%, meaning prices, on average, have fallen 18% since their peak in Greater London in the second quarter of 2008 and, elsewhere, a quarter or so earlier.

- Construction cost inflation falling in the second half of last year
- Consumer price inflation rising above target and set to go higher
- Manufacturing input costs resurgent
- Construction materials stable or declining at the end of last year but set to climb again
- Metals setting new price highs; steel prices on the rise
- Construction earnings still falling, wage settlements below inflation levels or unagreed.

Labour

Electricians and scaffolders were the biggest earners in construction during 2010, earning more than £560 a week on average. Plumbers and heating and ventilating operatives saw the biggest increases in pay last year (although wage agreements were frozen) while floor and wall tilers and railway workers suffered the largest pay packet falls. Plumbers in England and Wales, heating and ventilating operatives and engineering construction workers secured wage increases but builders' and electricians' rates remained in limbo.

In 2011, only employees in the engineering construction industry (such as steel erectors) and plumbers in England and Wales have so far received any wage increase. Electricians, who were expecting an annual increase in January, have been denied by the employers and rates are currently frozen. A ballot of members overwhelmingly rejected the pay deal.

Materials

Price Adjustment Formulae Indices, compiled by the Building Cost Information Service, are designed for the calculation of increased costs on fluctuating or variation-of-price contracts. They provide useful guidance on cost changes in various trades and industry sectors and on the differential movement of work sections in Spon's Price Books. Over the past 12 months, between January 2010 and January 2011, the 60 building work categories have recorded an average rise of 4.5%, the same as three months ago. Over the past six months however, the average increase has been just 0.8%, as materials price inflation subsided.

The largest price increases over the year: January 2010 – January 2011 were:

- Concrete: reinforcement 13.9%
- Piling: steel 13.5%
- Pipes and accessories: copper 11.3%
- Fencing 11.2%
- Cladding and covering: copper 10.9%
- Windows and doors: aluminium 9.6%
- Metal: decking 9.0%.

All the above are associated with either the increase in steel prices seen in the first half of 2010 or the rise in non-ferrous metals prices in the second half of 2010.

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

Percentage change May 2010 – December 2010	
Fabricated structural steel	5.65%
Pipes and fittings (flexible)	3.28%
Doors and windows: timber	2.87%
Builders woodwork	2.81%
Paint (non-aqueous)	1.67%
Pre-cast concrete products	1.37%
Kitchen furniture	1.02%
Windows and doors: softwood	0.69%
Sanitaryware	0.61%
All bricks	0.42%
Ceramic sanitaryware	0.37%
Sawn wood	0.14%
Cement	-0.75%
Ready-mixed concrete	-1.60%

Source: BIS February 2011

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	793	797 (P)	800 (F)	793
2011	803	808	822	824	815
2012	825	829	845	851	837

P = Provisional; F = Forecast thereafter

Tender Prices Indices

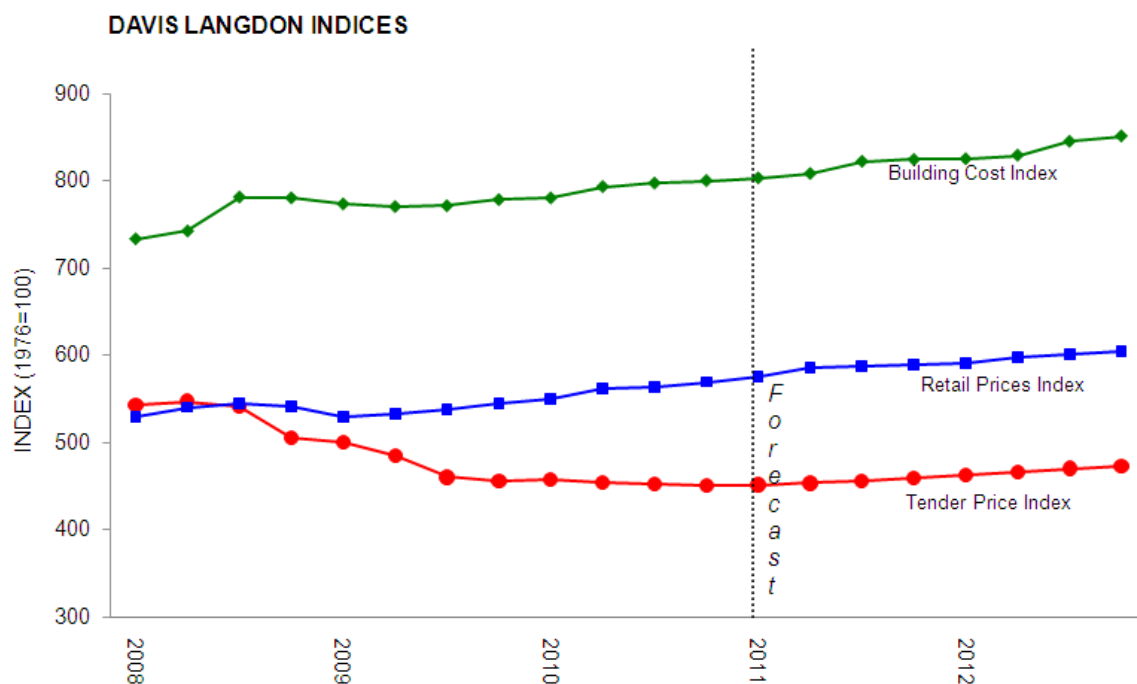
p 40

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	450 (P)	453
2011	451 (F)	453	457	459	455
2012	462	465	470	473	468

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 first quarter 2011 tender price index for each region, based upon an outer London forecast figure of 451, 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	Tender forecast first quarter 2011*	% adjustment to Spon's Major Works section Tender Index = 486
Outer London	451	-3.6%
Inner London	478	2.1%
East Anglia	406	-13.3%
East Midlands	388	-17.1%
Northern	397	-15.2%
Northern Ireland	311	-33.5%
North West	388	-17.1%
Scotland	406	-13.3%
South East	433	-7.5%
South West	433	-7.5%
Wales	397	-15.2%
West Midlands	397	-15.2%
York and Humberside	397	-15.2%

* Mid-point of forecast range from the Davis Langdon Tender Price Forecast published January 2011.

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.

SPON'S CIVIL ENGINEERING AND HIGHWAY WORKS PRICE BOOK 2011

Cost Indices

Price Adjustment Formulae Indices

p 557

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

	Index	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*	1869	1274	1969	2240	1644	2485	4910	5973	1496	722
	Q4*	1869	1276	1976	2248	1649	2492	4924	2139	1500	717

* 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	2294*	2272*

* Provisional

The Road Construction Tender Price Index

p 559

The table may be supplemented as follows:

Year	First quarter	Second quarter	Third quarter
2010	157*	159	160

* 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 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	811*	805
2011	814				814

* 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	0.90
East Midlands	0.86
Northern	0.86
Northern Ireland	0.69
North West	0.86
Scotland	0.90
South East	0.96
South West	0.96
Wales	0.88
West Midlands	0.88
Yorkshire and Humberside	0.88

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 2011

Cost Indices

p 77

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

Mechanical Services

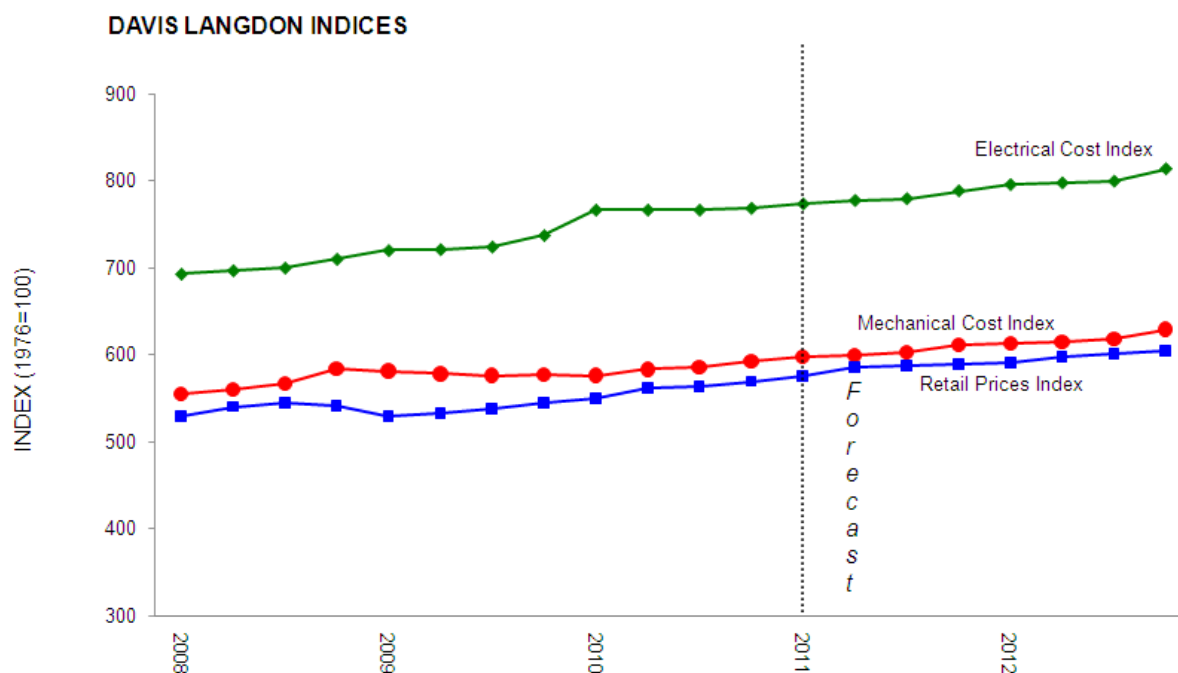
Year	First quarter	Second quarter	Third quarter	Fourth quarter
2010	576	583	585	592*
2011	613**	615	618	629

Electrical Services

Year	First quarter	Second quarter	Third quarter	Fourth quarter
2010	760	766	766	768*
2011	773**	777	779	788
2012	795	797	799	813

* Provisional; ** Forecast thereafter

Mechanical and electrical services materials also display a sharply reduced rate of inflation in the second half of 2010. Housing materials prices began to increase again at the end of the year in quick reaction to the rise in copper prices.



Regional Variations

p 78

The table may be updated as follows:

Region	Adjustment factor
Outer London	1.00
Inner London	1.06
East Anglia	0.90
East Midlands	0.86
Northern	0.86
Northern Ireland	0.69
North West	0.86
Scotland	0.90
South East	0.96
South West	0.96
Wales	0.88
West Midlands	0.88
Yorkshire and Humberside	0.88

Prices for Measured Works

Materials Prices

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