

QUANTEM

A silhouette of a construction site at sunset or sunrise. The scene is dominated by the dark outlines of a complex steel framework, including beams, columns, and scaffolding. Several workers are visible as dark figures against the bright, glowing sky. In the background, a tall power transmission tower stands against the horizon. The overall mood is industrial and active, with the warm light of the sun creating a strong contrast with the dark structures.

MARKET UPDATE
THIRD QUARTER – 2022



- ❑ Quantem construction inflation forecast in 2022 +5.5% on year.
- ❑ RPI Inflation +0.6% in month and +8.4% on year and growing.
- ❑ Base rate has risen a further 0.75% in period.
- ❑ Average house price up 10.8% year on year.
- ❑ GDP has gradually returned to pre-pandemic levels.
- ❑ Pound Sterling exchange Rate has dropped 1.65% on month.
- ❑ Steel trading pricing starting to soften.
- ❑ Construction output +4.8% annual increase in all work output.

RISKS

- ❑ Impact of COVID on global manufacturing and distribution.
- ❑ Inflation pressure on labour not yet realised despite high RPI.

POSITIVE SIGNS

- ❑ UK growth further into positive numbers.
- ❑ Continued house-price growth supporting construction activity.
- ❑ GDP approaching pre-pandemic levels.
- ❑ Supply and demand of materials more balanced.
- ❑ Reducing inflation on energy and materials.

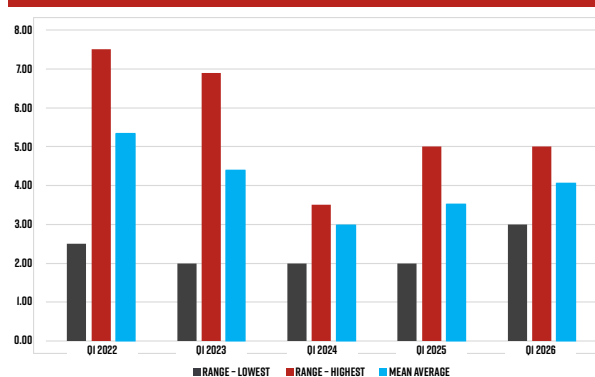
This report is a representation of an average trend across the UK and construction sectors, you should seek guidance from Quantem on specific questions or sectors of working as these may differ from the stated general opinion, noting that all projects have differing drivers.

OUR SNAPSHOT ON CONSTRUCTION

CONSTRUCTION INFLATION FORECAST

YEAR	@1Q22
2022	5.50
2023	4.50
2024	2.75
2025	3.50

INFLATION REPORT



2022 +5.5% | 2023 +4.50%

BREXIT

Although technically Brexit has now been 'resolved' we believe that there remains a potential further impact, as a significant proportion of skilled construction labour in the UK comes from other EU countries. This labour may reduce post Brexit, due to the difficulty of foreign citizens getting residency and work rights in the UK.

In the long-term Brexit may continue to have a significant impact on labour, as unskilled labour will struggle to get visas to work in the UK.

CONSTRUCTION INFLATION

ONS UK construction output rose by 4.8% in last 12 months. The reason for this perhaps due to successful immunisation, but we don't believe we are out of the woods yet. COVID-19 will continue to impact the economy and Brexit impact is still largely unknown and material costs are increasing. Supply chains further afield have been impacted causing upward pressure on material costs, such as steel and timber. The COVID-19 cost risk factor would be increased by further lockdowns in 2022, although the winter period finishing will help.

A comparison of our own thoughts on inflation to our peers and BCIS can be found later in this report.

	2022	2023	2024
LABOUR	+	+	NEUTRAL
CURRENCY	+	NEUTRAL	-
MATERIALS	+	+	+
MARGIN	NEUTRAL	NEUTRAL	+

KEY

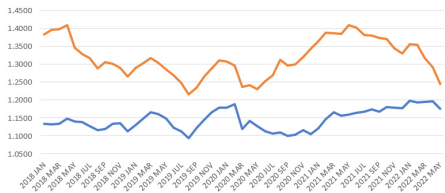
- DECREASING COST PRESSURE
- NEUTRAL
- + INCREASING COST PRESSURE

All projects have differing drivers and you should seek guidance rather than rely on this report alone.

DRIVERS AND METRICS

INFLATION IS A FUNCTION OF A NUMBER OF DRIVERS EACH RIPPLING AND IMPACTING ON ONE ANOTHER

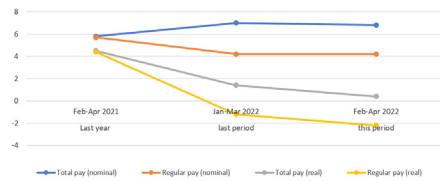
Average Sterling Exchange Rate



	LAST YEAR	LAST PERIOD	THIS PERIOD	CHANGE	CHANGE
	MAY 2021	APR 2022	MAY 2022	MONTH	YEAR
£:€	1.1596	1.1956	1.1759	-1.65%	141%
£:\$	14091	12917	12449	-3.67%	-1170%

£:€ EXCHANGE RATE HAS DROPPED 1.65% FOR € AND 3.67% FOR \$ ON MONTH

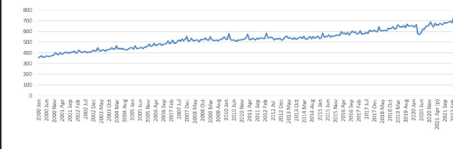
Average Weekly Earnings Annual % Growth (ONS)



	LAST YEAR	LAST PERIOD	THIS PERIOD	CHANGE	CHANGE
	DEC-FEB 2021	NOV-JAN 2022	DEC-FEB 2022	MONTH	YEAR
TOTAL PAY (NOMINAL)	5.8	7	6.8	-0.2	1
REGULAR PAY (NOMINAL)	5.7	4.2	4.2	0	-1.5
TOTAL PAY (REAL)	4.5	14	04	-1	-41
REGULAR PAY (REAL)	44	-12	-22	-1	-6.6

REAL WEEKLY PAY DOWN IN REAL TERMS IN PERIOD AND YEAR - COULD BE CATALYST TO FURTHER INFLATION

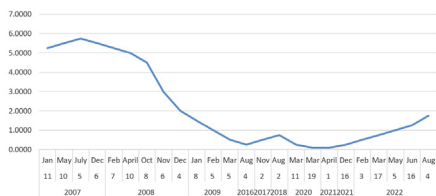
Average Construction Weekly Earnings



	LAST YEAR	LAST PERIOD	THIS PERIOD	CHANGE	CHANGE
	APR 2021	MAR 2022	APR 2022	MONTH	YEAR
AVERAGE WEEKLY EARNINGS	632.90	656.43	667.99	1.76%	5.54%
BONUSES	25.91	90.06	28.67	-68.17%	10.66%
TOTAL AVERAGE WEEKLY EARNINGS	658.80	746.50	696.65	-6.68%	5.75%

AVERAGE EARNINGS CONTINUED TO INCREASE SINCE PRE-COVID LEVELS

BoE Base Rate



LAST PERIOD	LAST PERIOD	CHANGE	CHANGE	LAST YEAR
APR 2021	MAY 2022	JUN 2022	MONTH	YEAR
0.1	1	1.75	0.75	1.65

BOE BASE RATE HAS RISEN A FURTHER 0.75% IN PERIOD WITH GROWING POTENTIAL IMPACT ON INVESTMENT

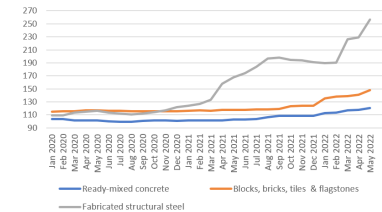
Futures Rebar (UTC+1)



Graph Source: www.tradingcredit.com

STEEL PRICES
WHILST THE COST OF STEEL IN THE CONSTRUCTION MARKET PLACE HAS YET TO SETTLE BACK, THE TRADING PRICE OF HRC AND ORES ARE FALLING BACK

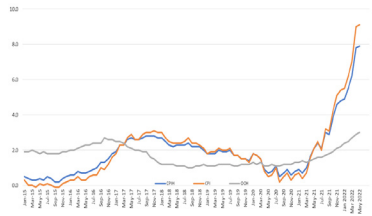
Concrete, Brick & Fabricated Steel Inflation Indices (ONS)



	LAST YEAR	LAST PERIOD	CHANGE	THIS MONTH	CHANGE
	MAY 2021	APR 2022	YEAR	MAY 2022	MONTH
READY-MIXED CONCRETE	102.9	117	17.01%	1204	2.29%
BLOCKS, BRICKS, TILES & FLAGSTONES	1175	140.6	26.04%	148.1	5.33%
FABRICATED STRUCTURAL STEEL	1678	229.3	52.74%	256.3	11.77%

KEY MATERIALS CONCRETE AND BRICK MATERIALS CONTINUE TO INCREASE WITH MANY MATERIALS SUBJECT TO CURRENCY FLUCTUATIONS

CPIH, OOH and CPI 12 Month Inflation (ONS)

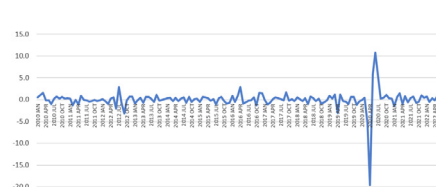


INFLATION
CPIH, OOH AND CPI

RECORD LEVELS
WITH RATE OF
INCREASE RISING

	CPIH	CPI	OOH
01 MAY 2021	2.1	2.1	1.5
01 JUNE 2021	2.4	2.5	1.6
01 JULY 2021	2.1	2.0	1.6
01 AUGUST 2021	3.0	3.2	1.7
01 SEPTEMBER 2021	2.9	0.7	1.3
01 OCTOBER 2021	3.8	4.2	1.9
01 NOVEMBER 2021	4.8	5.1	2.1
01 DECEMBER 2021	2.4	2.5	1.8
01 JANUARY 2022	4.9	5.5	2.4
01 FEBRUARY 2022	5.5	6.2	2.5
01 MAY 2022	7.9	9.1	3.0

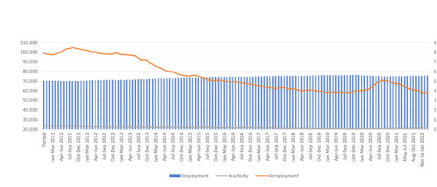
B-E Production: CVM: Annual & Monthly Growth (ONS)



UK GROWTH
FIGURES HAVE
MOVED INTO
POSITIVE NUMBERS
IN THE MONTH -
GROWING BY 1%

	LAST YEAR	LAST PERIOD	THIS PERIOD	CHANGE	CHANGE
	MAY 2021	APR 2022	MAY 2022	MONTH	YEAR
MONTHLY GROWTH	0.80%	-0.10%	0.90%	1.00%	0.10%

Employment, Unemployment and Inactivity % (ONS)



UNEMPLOYMENT
CONTINUED
DECREASE IN
PERIOD

	LAST YEAR	LAST PERIOD	THIS PERIOD	CHANGE	CHANGE
	FEB-APR 2021	JAN-MAR 2022	FEB-APR 2022	MONTH	YEAR
EMPLOYMENT	75%	76%	76%	0.02%	0.49%
UNEMPLOYMENT	5%	4%	4%	0.11%	-0.91%
INACTIVITY	21%	21%	21%	-0.12%	0.24%

Europe Brent Oil Spot Price

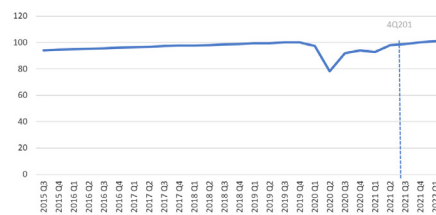


EUROPE BRENT OIL
PRICE

FOLLOWING A
TEMPORARY
DECREASE IN APRIL
2022, OIL PRICE
CONTINUES TO RISE.
NOW AT ITS HIGHEST
SINCE 2012

	LAST YEAR	LAST PERIOD	THIS PERIOD	CHANGE	CHANGE
	JUN 2021	MAY 2022	JUN 2022	MONTH	YEAR
EUROPE BRENT OIL SPOT PRICE	73.16	113.34	122.71	8.27%	63.73%

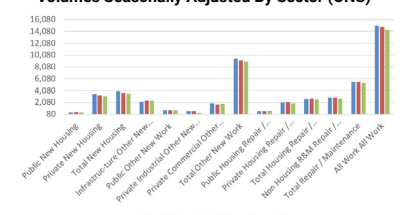
GDP Quarterly Index National Accounts (ONS)



GDP QUARTERLY
INDEX
GDP HAS GRADUALLY
RETURNED TO PRE-
PANDEMIC LEVELS

	LAST YEAR	LAST PERIOD	THIS PERIOD	CHANGE	CHANGE
	2021 Q1	2021 Q4	2022 Q1	MONTH	YEAR
GDP QUARTERLY INDEX	92.8	100.2	101	0.80%	8.84%

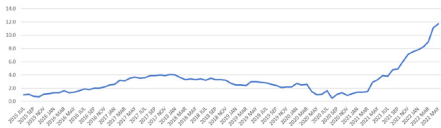
**Construction Output:
Volumes Seasonally Adjusted By Sector (ONS)**



CONSTRUCTION
OUTPUT
A 4.8% ANNUAL
INCREASE IN ALL
WORK OUTPUT, NEW
BUILD RESIDENTIAL
CONTINUES TO
BE LARGELY
ATTRIBUTED TO
RISING OUTPUT

	LAST YEAR	LAST PERIOD	THIS PERIOD	CHANGE	CHANGE
	MAY 2021	APR 2022	YEAR	MAY 2022	MONTH
PRIVATE NEW HOUSING	3,163	3,273	10.91%	3,508	7.18%
PRIVATE COMMERCIAL	1,894	1,746	3.33%	1,957	12.08%
ALL WORK	14,382	14,824	4.81%	15,055	1.54%

RPI All Items: Percentage Change Over 12 Months



12 MONTH RPI +0.6% IN THE MONTH AND +8.4% ON THE YEAR. RPI AT 11.7% IS ITS HIGHEST LEVEL SINCE 1982

	LAST YEAR	LAST PERIOD	THIS PERIOD	CHANGE	CHANGE
	MAY 2021	APR 2022	MAY 2022	MONTH	YEAR
RPI ALL ITEMS: % CHANGE OVER 12 MONTHS	3.3	11.1	11.7	0.60	8.4

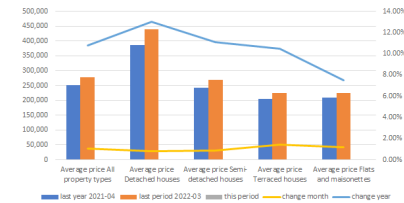
UK Hotels Forecast (PWC)



HOTEL VOIDS AND RATES EXPECTATIONS OF RECOVERY IN THE SECTOR REMAINS IN 2022

	PREV. YEAR	LAST YEAR	THIS PERIOD	CHANGE	CHANGE
	2020	2021	2022	PERIOD	PREV.
LONDON OCCUPANCY %	36.7%	34.2%	55.9%	21.7%	19.2%
LONDON ADR £	£95.10	£94.80	£112.20	32.3%	18.0%
LONDON REV PAR £	£34.90	£30.20	£94.50	212.9%	170.9%
REGIONS OCCUPANCY %	41.30%	50.10%	62.90%	12.8%	21.6%
REGIONS ADR £	£61.60	£61.60	£67.00	8.8%	8.8%
REGIONS REV PAR £	£25.50	£32.00	£42.30	32.2%	65.9%

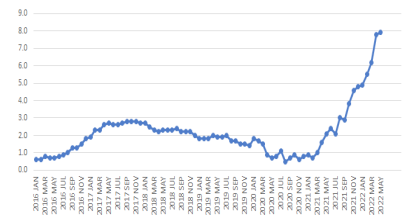
Average House Prices (Land Registry)



AVERAGE HOUSE PRICE +10.8% YOY INCREASE WITH PRICE RISES IN ALL DWELLING TYPES. DETACHED PROPERTIES WITH HIGHEST % RISE

	LAST YEAR	LAST PERIOD	THIS PERIOD	CHANGE	CHANGE
	2021-04	2022-03	2022-04	MONTH	YEAR
AVERAGE PRICE ALL PROPERTY TYPES	250,772	210,006	281,161	1.05%	10.81%
AVERAGE PRICE DETACHED HOUSES	385,918	440,310	443,797	0.79%	13.04%
AVERAGE PRICE SEMI-DETACHED HOUSES	241,407	264,787	271,436	0.85%	11.06%
AVERAGE PRICE TERRACED HOUSES	204,990	225,715	228,975	1.42%	10.47%
AVERAGE PRICE FLATS AND MAISONNETTES	210,006	224,399	227,061	1.17%	7.51%

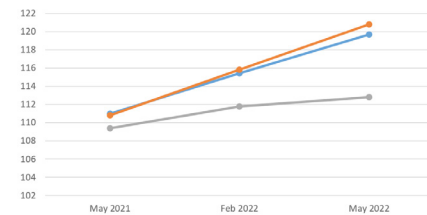
CIPH Annual Rate



CIPH ANNUAL RATE +5.8% RISE ANNUALLY, AND CONTINUING TO RISE MONTH TO MONTH

	LAST YEAR	LAST PERIOD	THIS PERIOD	CHANGE	CHANGE
	MAY 2021	APR 2022	MAY 2022	MONTH	YEAR
CIPH ANNUAL RATE	2.1	7.8	7.9	0.1	5.8

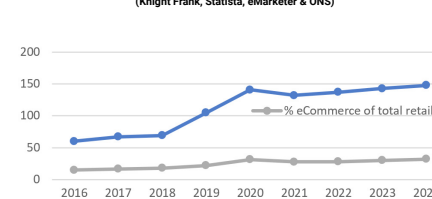
CIPH, OOH and CPI Index Values (ONS)



CIPH, OOH & CPI INDEX ALL INDICES CONTINUE TO RISE WITH INFLATION ON CONSUMER GOODS EXCEEDING INFLATION OF HOUSING COSTS

	LAST YEAR	LAST PERIOD	THIS PERIOD	CHANGE	CHANGE
	MAY 2021	FEB 2022	MAY 2022	PERIOD	MONTH
CIPH	111	115.4	119.7	4.3	8.7
CPI	110.8	115.8	120.8	5	10
OOH	109.4	111.8	112.8	1	3.4

eRetail £bn, ft2 Space Demand & % eRetail (Knight Frank, Statista, eMarketer & ONS)



E-RETAIL A PERMANENT SHIFT TOWARDS E-COMMERCE CONTINUES INTO 2022, DESPITE HIGH STREETS RE-OPENING

	2016	2017	2018	2019	2020	2021	2022	2023	2024
VALUE OF ONLINE RETAIL SALES (£BN)	60	67	69	105	141	132	137	143	148
% E-COMMERCE OF TOTAL RETAIL	14.7	16.3	18	22	31.3	27.7	28	30	32

SOME FURTHER THOUGHTS

CARBON BASED PROCUREMENT

Carbon emissions are coming to the forefront of the decision making process on construction projects. This is driven by client and tenant ESG wishes. The procurement process and key drivers of a project are put forward by the client.

COST PRESSURES FOLLOWING RUSSIAN INVASION OF UKRAINE

Inflation in the UK is at its highest level since 1982 and this has been further exacerbated by Russia’s invasion of Ukraine on the 24th February 2022. Due to the pressure on fuel and gas supplies, all sectors are seeing price rises with construction greatly feeling these price increases.

CARBON MITIGATION SOLUTIONS

Carbon reduction must be brought to the forefront of key project drivers and must be driven by implementing carbon mitigation solutions if we are to do better for our environment. These targets should reduce the amount of carbon released into the atmosphere and start to address the global crisis.

CURRENCY £ TO €

Five years after the Brexit vote, the UK has had three prime ministers, a global health crisis, a split from the EU and unprecedented fiscal and monetary intervention. The pound, which fell to a three-decade low post the vote, has recovered.

INFLATION FORECAST

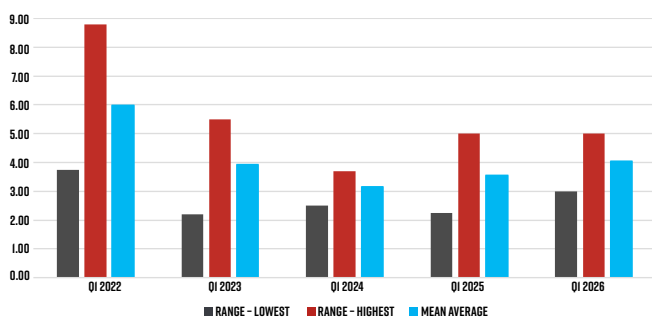
Data indicates resilient output figures and growing inflation, uplift which is continuing into 2024.

All projects have differing drivers and you should seek guidance rather than rely on this report alone.

RETROFITTING

Retrofitting existing buildings is vital to meet carbon targets and is often cheaper than demolition and reconstruction. The process preserves heritage whilst modernising buildings with sustainability and efficient usability the main drivers for a successful retrofit.

INFLATION REPORT



12 MONTH INFLATION ENDING	QUANTEM	BCIS	G&T	MACE	RLB	ARCADIS	T&T	BUILDING MAGAZINE	RANGE		AVERAGE	PREVIOUS QUARTER AVERAGE
		Y	Y	Y	Y	Y	Y		L	H		
	%	%	%	%	%	%	%	%	%	%	%	%
Q3 2022	5.50	6.40	5.00	8.00	3.75	5.00	8.70	7.10	3.75	8.80	6.48	5.34
Q3 2023	4.50	6.90	3.00	4.50	3.25	3.50	3.80	5.00	2.20	5.00	3.71	4.39
Q3 2024	2.75	2.90	2.50	2.00	3.25	3.00	3.00	3.50	2.00	3.70	2.96	2.99
Q3 2025	3.50	4.20	2.25	2.00	3.00	5.00	4.00	N/A	2.00	5.00	3.41	3.53
Q3 2026	4.00	3.80	N/A	3.00	3.00	5.00	4.50	N/A	3.00	5.00	3.87	4.06

2022 + 5.50%

2023 + 4.50%

RUSSIAN IMPORTS

The Russian invasion of Ukraine has affected global imports and their prices due to the natural resources produced in Eastern Europe and Russia and the availability of suitable alternatives to these products. Fuel, timber, metal and glass are some of the main products seeing price increases and supply shortages.

FLUCTUATIONS

The Construction Leadership Council (CLC) issued an open letter to the Construction Industry to encourage collaboration between Contractors and Clients. Fluctuations provisions being noted as a solution to the volatility of labour and materials.

CHANGING USE OF SPACES

With the return of workers to offices, there is a growing concern for the use of spaces and the UK government has relaxed planning requirements to allow shops/offices to be converted to housing far more easily than before as agile working becomes more common.





WHOLE LIFE CARBON ASSESSMENTS

With climate change leading the drive to reduce the environmental impacts of the built environment, clients are pushing the drive for whole life carbon assessments for many materials and aspects of their projects.

REGIONAL DISTRIBUTION CENTRE GROWTH

RDC uptake is continuing to grow in to 2022 having reached record levels of UK demand (28.6 million sq. ft. in 2021) for industrial and logistics floor space. This need is driven by supply chain crisis and increase in retail demand to e-commerce pushing the need for local distribution centre locations.

IMPACT OF A PROLONGED EASTERN EUROPEAN CONFLICT

Ukrainian forces have been defending against Russian activity for nearly 5 months and the conflict shows little sign of easing up without significant foreign intervention from other countries. In the UK, this had a significant affect on living costs, material prices and supply.

EUROPE WITHOUT RUSSIAN GAS AND OIL

The EU agreed to ban all Russian oil imports which come in by sea, not by pipeline, and further bans on Russian fossil fuels equating to earnings of £800million per day for Russia. Not yet for gas though which Russia supplies 40% of EU natural gas imports.

WHOLE LIFE CARBON ASSESSMENT

With climate change leading the drive to reduce the environmental impacts of the built environment, clients are pushing the drive for whole life carbon assessments for many materials and aspects of their projects.

Whole Life Carbon (WLC) assessments consider both the operational emissions and embodied carbon emissions over the whole life of an asset. Clients are commissioning these assessments as part of project requirements to improve environmental and economic aspects of a project.

WLC assessments enable a greater understanding of: the sourcing and processing of materials/products, the long life aspects (durability and lifespan) of materials/products, the carbon value of retaining existing aspects of a building.

Furthermore, they avoid consequences of focusing on operational emissions alone which can lead to significant environmental and social impacts of a project and helping to comply with updated Part L of the Building Regulations.

Talk to us at Quantem about how we support whole life carbon assessments and what materials and products to consider.



CARBON MITIGATION SOLUTIONS

Carbon reduction must be brought to the forefront of key project drivers and that must be driven by implementing carbon mitigation solutions. These must reduce the amount of carbon released into the atmosphere and seek more long term solutions to this global crisis.

Carbon emissions must be reduced in the coming years to ensure the UK meets its target of net zero carbon emissions by 2050. To ensure this is done, the construction industry must integrate the financial, design and procurement processes to form long-term sustainable development models. We should seek to reuse and recycle buildings, materials and infrastructure, and continue to improve the methods of construction to minimize carbon emissions.

There are a number of mitigation strategies such as:

- Glulam frame and cross laminated timber floor in lieu of steel frame and composite floor.
- Air source heat pumps in lieu of gas boilers.
- Exposed ceilings in lieu of suspended ceilings.

Quantem have a wide range of benchmarking information available to offer cost advice on carbon mitigating solutions for your future projects.



REGIONAL DISTRIBUTION CENTRE (RDC) GROWTH

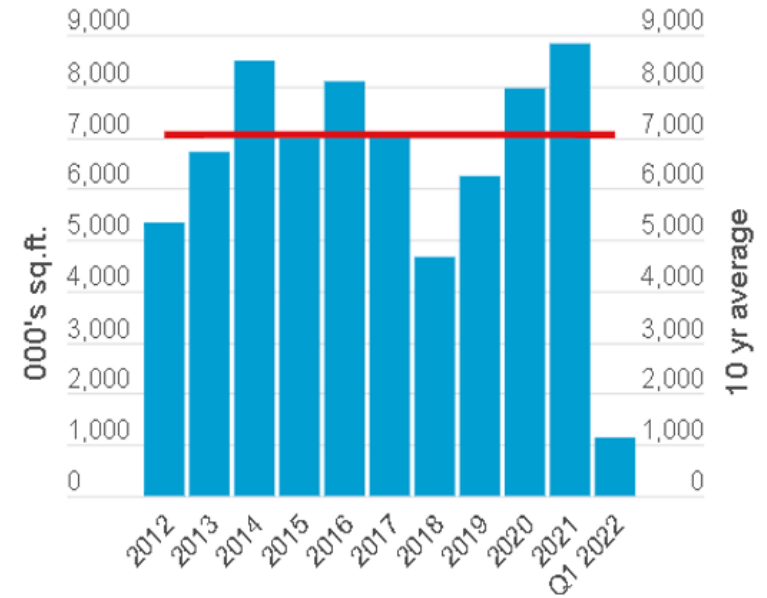
RDC uptake is continuing to grow in to 2022 having reached record levels of demand (28.6 million sq. ft. in 2021) for industrial and logistics floor space. This is driven by the supply chain crisis pushing the need for local distribution centre locations.

Industrial rents have maintained a positive trend since the pandemic ended with average prime rents across the South East of England growing on average by around 31.5% over the past year and up 50.9% since the pandemic began. This has meant rents in East London have now surged to over £30 per sq. ft. This is driven by massive growth in online shopping since the start of the pandemic, significant pressures on the supply chain brought by this increased consumer demand and demand for new storage space.

Big Box (100,000 sq. ft. and above) has been in very high demand due to its limited availability in the UK, particularly in the South East of England, with 7.1 million sq. ft. taken up since the start of 2020. This is a record of 4.2 million sq. ft. in 2020 and 2.9 million sq. ft since the start of 2021.

Supply has tried to match demand in this market, with 6.3 million sq. ft. of new stock built over the past two years, however, most new space is already bought or leased and in the Eastern M25 market there is only 3.3% of space available for rent, marginally above a low point in 2017. Quantem are delivering new and refurbished large and small RDC spaces across the UK. Come and talk to us about how we can help you.

Industrial Market Take Up measured in 1,000 ft² (2012-2022)



Source: www.glenny.co.uk/databook/industrial/take-up

EUROPE WITHOUT RUSSIAN GAS AND OIL

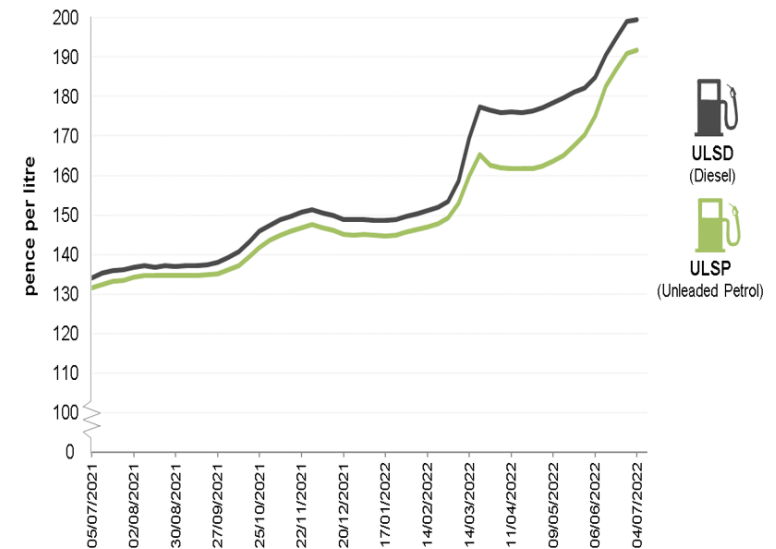
The EU agreed to ban all Russian oil imports which come in by sea, not by pipeline, and further bans on Russian fossil fuels equating to earnings of £800million per day for Russia. Not for gas though which Russia supplies 40% of EU natural gas imports.

The EU has the capacity to switch to alternative oil importers, but Germany and the Netherlands will require longer due to their heavy reliance on Russian oil. Natural gas alternative suppliers are difficult to find at present due to the lack of storage capacity for 14 of the 27 EU countries and few global alternatives for such levels of natural gas.

The price of petrol and diesel (see graph on right) and energy bills, having moved in part away from Russian supply is causing sharp rises. Driven by demand for alternative sources, the EU will have to pay up to not rely on Russia anymore, not only does US oil travel further, it is also already in high demand from US citizens. Although Russia covers only around 5% of UK's gas demand, prices in the UK are still rising significantly, due to the side effect of supply shortage in other parts of the world. Finding alternative sources is not easy.

Come and speak to us at Quantem about ways to reduce cost pressures on your project.

Weekly Road Fuel Prices over the last 12 month to July 2022



Source: www.gov.uk/government/statistics/weekly-road-fuel-prices

IMPACT OF A PROLONGED EASTERN EUROPEAN CONFLICT

Ukrainian forces have been defending against Russian invasion for nearly 5 months and the conflict shows little sign of easing up without significant foreign intervention from other countries. In the UK, this had a significant affect on living costs, material prices and supplies.

Europe is the world's largest steel import market with over 10% of consumption supported by steel sourced from Russia, Ukraine and Turkey. Steel Availability is being squeezed by conflict, with steel from Mariupol no longer being produced and transport pressures in the Black Sea causing price hikes in haulage costs adding further to fuel cost impact to transport.

Gas and oil price increases are forcing energy-intensive building materials to sky rocket in price, such as glass, cement, steel and bricks. This is not likely to subside as the EU looks to move away from Russian oil and gas, meaning that unless alternative sources are found before Winter truly sets in, there will be a significant energy crisis in Europe.

Unfortunately, the conflict does not look like it will cease in the short term and therefore, further pressures will drive inflation on those oil, gas and energy-intensive building materials.

Talk to us at Quantem about the potential impact the conflict could have on your project and how this may be mitigated.

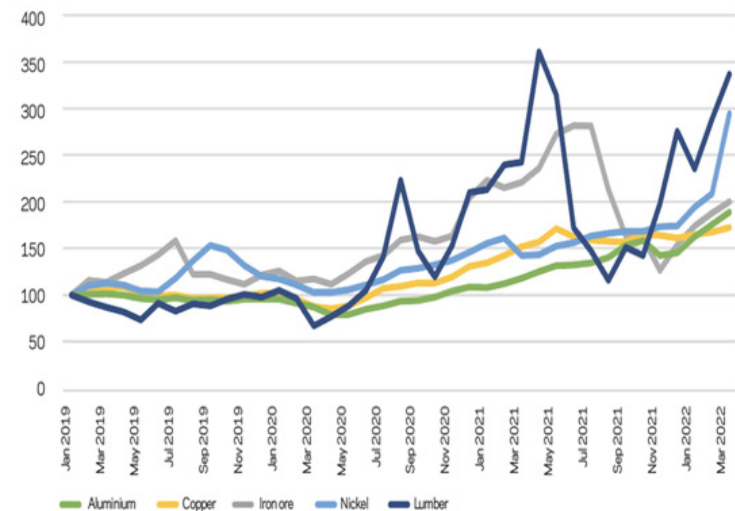


Image Source: www.building.co.uk/international-cost-comparison-2022/5117548.article

COST PRESSURES DUE TO RUSSIAN INVASION OF UKRAINE

Inflation in the UK is at its highest level since the 1970s and this has been further exacerbated by Russia's invasion of Ukraine on the 24th February 2022. Due to the pressure on fuel and gas supplies, all sectors are seeing price rises but construction will perhaps feel these price increases more.

Russia's invasion of Ukraine has compounded global inflation on material prices to drive costs up further. Europe's movement away from Russian gas and oil has meant that alternatives must be sought from other countries and this has caused a spike in the price of energy and fuel. This increases the costs of production across all sectors due to these being part of the material inputs for production and increasing the price of haulage. Thus, energy-intensive products are increasing in price, such as glass and bricks, with Forterra increasing the price of their bricks by a quarter in the last 3 months alone. The closure of airspaces in Europe and the potential for military conflict in the Black Sea, where large quantities of dry bulk exports, such as coal and metals are provided from and through, has further added to haulage prices.

Metal and glass have seen drastic increases, with low-Iron glass increasing by over 25% and metal-based elements, RAF, suspended ceilings, partitions are likely to see an increase of circa 20%. This in addition to the difficulty in fixing prices with suppliers holding prices for only a week, even less in some cases, causing contractors and subcontractors to take a view on risk and include risk allowances for future price increases.

Mitigation strategies should be considered from the outset, earlier appointment and procurement of key trades along with extended pre-construction periods to offset and mitigate exposure to the above anticipated impacts.



Image Source: <https://www.bbc.co.uk/news/business-61249628>

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