

Tender prices are similar to building costs but also take into account market considerations such as the availability of labour and materials, and the prevailing economic situation. This means that in boom periods, when there is a surfeit of building work to be done, tender prices may increase at a greater rate than building costs, whilst in a period when work is scarce, tender prices may actually fall when building costs are rising.

Spon's A&B 2017 has been model calculated to give a TPI of 595, which currently equates to a price level around 2018Q2 in the table below

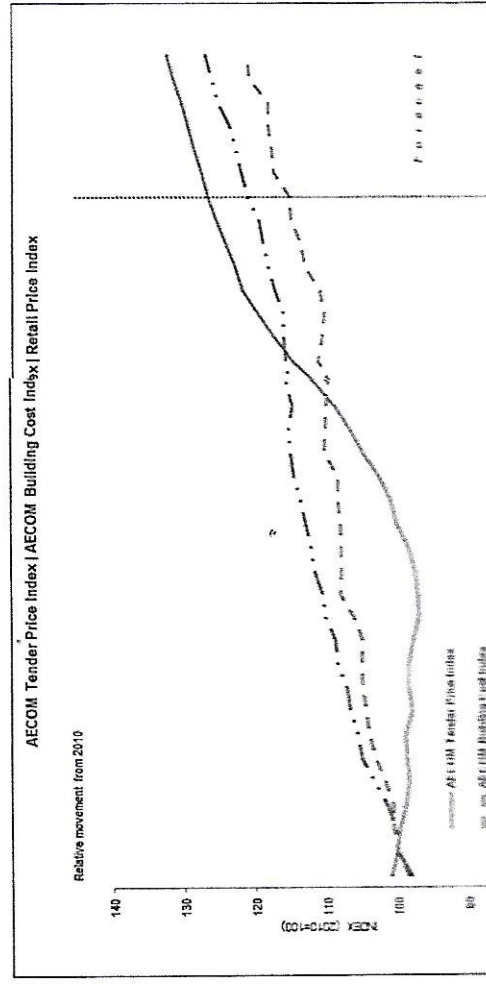
Year	First quarter	Second quarter	Third quarter	Fourth quarter	Annual average
2010	457	454	452	448	453
2011	446	447	448	444	446
2012	446	446	443	439	444
2013	440	442	446	453	445
2014	457	464	474	482	469
2015	492	505	520	532	519
2016	542	552	557	563	552
2017	569	574(P)	578(F)	583	576
2018	587	591	596	600	594
2019	604				

Note: (P) = Provisional, (F) = Forecast thereafter

Readers can be kept abreast of tender price movements in the free Spon's Updates and also in the Market Forecast and Update articles, published quarterly in Building magazine.

AECOM Tender Price, Building Cost and Retail Price Indices Chart

This chart shows the relative movement of the indices since 2010 by rebasing the above data so that 2010 = 100. This makes it much easier to see the relative movement between the indices.



Regional Variations

As well as being aware of inflationary trends when preparing an estimate, it is also important to be aware of regional variations in building costs for the project location.

Prices throughout this book are at a price level index of 595 in Outer London (location of the book). Prices in other London boroughs can be up to 10% higher, while prices in the Yorkshire area can be up to 10% lower. Broad regional adjustment factors used to assist with the preparation of initial estimates are given on the next page.

Over time, price differentials can change depending on regional workloads and local conditions. The Market Forecast and Cost Update features in Building magazine will keep readers up to date with changes as they occur.

The regional variations shown in the following table are based on our forecast of price movements in the regions at the time the book was published. Historically the adjustments do not always match actual variations within any region, particularly between urban and rural areas. Suggested adjustments required to cost plans or estimates prepared using the Spon's Building Costs Indices need to be applied to the total cost plan value, not to individual material or element values.

Region	Adjustment to IV
Outer London (Spon's 2018)	
Inner London	
South East	
South West	
East of England	
East Midlands	
West Midlands	
North East	
North West	
Yorkshire and Humberside	
Wales	
Scotland	
Northern Ireland	
Example	

To adjust a cost plan derived using Spon's A & B Price Book, Location is East of England
Final Plan £3,200,000 × 0.92 = £2,944,000 (adjusted)