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June 2026

Construction Industry Forecast

For the UK and Republic of Ireland

2026-2028

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Bloomberg Intelligence
KPMG
helio /DeHaviland

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Expert Insights

to drive your construction strategy forward

Glenigan's bespoke research service provides construction businesses and sales leaders with actionable, data-driven insights to grow their pipelines. Led by industry expert Allan Wilén, alongside our Economics Unit, we bring decades of experience in UK construction forecasting and analysis.

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Methodology

Glenigan's Construction Forecast draws on our comprehensive database of UK construction projects, combined with proprietary modelling and market analysis to provide a forward-looking view of industry activity.

Forecasts are informed by project-level data across the construction pipeline, from early planning through to start on site, supported by macroeconomic indicators, sector drivers, and historic trends. Activity is analysed by sector, with regional breakdowns and a distinction between underlying projects, defined as those below £100 million, and major projects valued at £100 million and above. As with all forward-looking analysis, projections are indicative of trends and subject to revision.

Elements of this report have been prepared using AI-assisted drafting tools applied to Glenigan's proprietary data. All content is reviewed, edited, and verified by Glenigan's economics team prior to publication.

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Economic Background

A sustained recovery in UK construction activity continues to be delayed by weak investment conditions, political uncertainty and ongoing viability challenges. While economic fundamentals are improving gradually, the translation into construction activity has been slow, with a more meaningful upturn now expected from 2027.

The UK economy has shown signs of gradual stabilisation over the past year, but the recovery has been uneven and remains fragile. While inflation has eased significantly from the highs seen in 2022–2023, it continues to sit above the Bank of England's long-term target, keeping upward pressure on construction input costs, particularly labour and materials. At the same time, interest rates, although expected to decline over the medium term, remain relatively elevated compared with pre-pandemic levels. This has constrained borrowing and kept financing costs high for both developers and investors, limiting the viability of many marginal schemes.

Economic growth has been modest, with household spending supported by improving real incomes as wage growth has outpaced inflation. However, this improvement has yet to translate fully into stronger construction demand. In particular, consumer-facing sectors such as private housing, retail, and leisure have seen only a limited pickup in activity, as affordability constraints and cautious consumer behaviour persist. Business investment has also been subdued, reflecting weak confidence amid ongoing geopolitical uncertainty and concerns around global trade conditions.

Elevated build costs, combined with tighter lending standards and softer end-market values in some sectors, have resulted in projects being delayed, redesigned or cancelled altogether. Developers are increasingly prioritising schemes with stronger margins or lower risk profiles, leading to a narrowing of the active pipeline.

These forecasts are built upon the analysis of Glenigan's database of current and planned construction projects which have been examined alongside other market and economic variables.

Key assumptions around which the forecasts are based include:

- A strengthening in UK economic growth and lower borrowing costs support a progressive strengthening of private sector investment during 2027 and 2028.
- A strengthening in real household incomes, together with a further easing in interest rates support a recovery in housing market turnover and private housebuilding activity.
- Increased capital funding allocated in the Spending Review lifts public sector construction activity from mid-2026.
- Accelerated investment in renewables and the electricity grid to help deliver net zero, and in the renewal of water infrastructure.

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Executive Summary

-1%	+11%	+4%
2026	2027	2028

Geopolitical instability: Strengthening domestic demand, particularly consumer spending, will be the main driver of the UK economy, amid heightened uncertainty in global markets and rising energy costs resulting from the war in Iran.

Private sector constraints: Across the private sector, financial viability remains a key constraint. Combined with market uncertainty, elevated construction costs, tighter lending conditions, and softer demand in certain markets, these factors have led to project redesigns, delays, and cancellations.

Public sector uplift: Public non-residential performance is forecast to be positive, with schemes such as the New Hospital Program and the School Rebuilding Programme set to support sector activity over the forecast period.

Forecast Highlights:

2026-2028 OUTLOOK:

- **Industrial & Commercial:** Expected to strengthen as UK economic growth gathers pace, supported by increased business investment.
- **Public Investment:** Increased funding in the Spending Review drives a rise in capital programmes from mid-2026.
- **Civil Engineering:** Boost from rise in water and electricity infrastructure investment.

Key Drivers of Growth:

Improved consumer spending lifts private housing, retail and hotel & leisure sector starts from 2027.

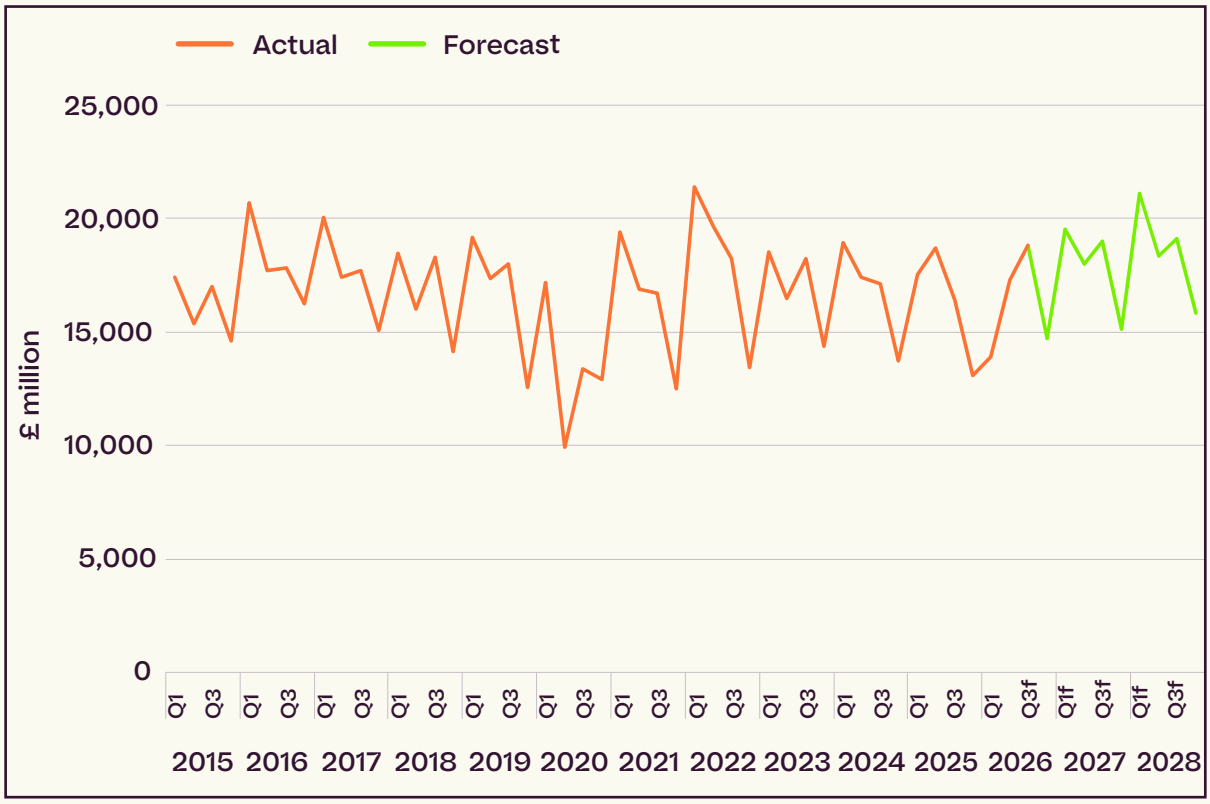
Upturn in new office construction alongside continued investment in refurbishment and remodelling projects.

Sustained demand for logistics and modern commercial space and data centres.

Increased public sector investment in education and health construction during the forecast period.

Expansion in infrastructure and utilities work linked to net zero and regulatory investment cycles.

Chart 1: Value of Project-Starts (under £100 million)



Source: Glenigan. f = forecast.

Table 1: Value of Project-Starts (Under £100 million) by Sector

£ million	2025	2026f	2027f	2028f
Private Housing	24,428	23,187	26,136	27,413
Social Housing	8,054	7,823	8,427	8,730
Industrial	5,391	4,919	5,694	5,983
Offices	4,605	5,587	4,987	5,169
Retail	1,262	1,273	1,405	1,343
Hotel & Leisure	3,826	3,381	3,738	3,719
Education	5,215	5,613	6,736	7,094
Health	2,937	3,187	3,462	3,931
Community & Amenity	2,541	2,290	2,385	2,332
Civil Engineering	7,508	7,531	8,682	8,680
TOTAL	**65,767**	**64,792**	**71,653**	**74,393**

Source: Glenigan. f = forecast.

Table 2: Growth in the Value of Project-Starts (Under £100 million) by Sector

Annual Change	2025	2026f	2027f	2028f
Private Housing	-3%	-5%	13%	5%
Social Housing	0%	-3%	8%	4%
Industrial	5%	-9%	16%	5%
Offices	24%	21%	-11%	4%
Retail	-28%	1%	10%	-4%
Hotel & Leisure	13%	-12%	11%	-1%
Education	-15%	8%	20%	5%
Health	-24%	9%	9%	14%
Community & Amenity	51%	-10%	4%	-2%
Civil Engineering	-9%	0%	15%	0%
TOTAL	**-2%**	**-1%**	**11%**	**4%**

Source: Glenigan. f = forecast.

Private Residential

Housing market conditions have remained mixed over the past year with affordability constraints continuing to weigh on demand. While inflation has eased and wage growth remains relatively firm, mortgage rates are still elevated compared with historic norms, limiting purchasing power and keeping transaction levels subdued. House price growth has remained modest overall, although regional divergence persist as stronger demand in more affordable regions offsets weaker conditions in higher-value markets, particularly in the south.

Despite these constraints, improving real incomes and expectations of further interest rate cuts had supported gradual improvement in buyer sentiment, with the number of mortgage approvals edging closer to long-term averages. However, the economic fallout from the Iran war is expected to stall this tentative recovery near term, with households remaining cautious amid the heightened economic uncertainty.

Private housing starts have struggled to maintain momentum, falling in 2025 and set to weaken further in 2026 as tighter viability and weak sales weigh on activity. Although the Building Safety Regulator is reducing the approval backlog, timelines remain a constraint on apartment project starts.

A gradual recovery in private housing is expected from 2027, supported by lower borrowing costs, rising real incomes and improving confidence. Supply-side conditions are also likely to ease as regulatory bottlenecks reduce, and planning reforms improve the availability of development sites. However, the pace of recovery will remain dependent on the improved financial viability of schemes, with developers continuing to prioritise lower-risk, higher-margin projects.

Private Non-Residential Work

The industrial sector expanded by 5% in 2025, supported by continued demand for logistics and distribution space. However, this momentum is expected to ease in 2026, with starts declining by 9% as the development pipeline softens and projects are delayed amid the current economic uncertainty. However, demand remains underpinned by structural shifts in ecommerce and supply chain restructuring. Sector activity is forecast to rebound strongly in 2027, rising by 16%, driven by renewed investment in warehousing and a partial recovery in manufacturing projects as business confidence improves, with a further 5% increase anticipated in 2028.

The office sector is expected to remain a standout performer near term. Demand remains concentrated in high-quality, sustainable office space, as occupiers prioritise energy efficiency and flexible space. An increase in both new build and refurbishment office projects together with new data centre developments is forecast to drive a 21% increase in starts this year. However, after two years of double-digit growth, sector activity is forecast to consolidate during the second half of the forecast.

Retail construction remains subdued, having contracted sharply by 28% in 2025. with the sector facing ongoing structural and cyclical challenges. Rising operating costs, subdued consumer demand and an overhang of surplus retail space are constraining investment in new developments. While growth of 10% is anticipated in 2027, activity is expected to be subdued by historic standards.

After two years of strong growth, the hotel and leisure sector, is expected to slip back 12% this year as the more uncertain economic outlook and the rise in hospitality industry's costs deter investment. A recovery is projected in 2027, supported by strengthening household incomes and rising discretionary spending, although growth is expected to moderate thereafter.

Increased Government Investment

The reassessment of capital programmes by the new government continued to disrupt the flow of public sector project starts last year. However increased departmental capital funding from the start of the Spending Review period in April is expected to generate new opportunities over the forecast period.

In education, activity is expected to recover during 2026 and 2027 as a clearer funding pipeline helps accelerate the School Rebuilding Programme and boost investment in further education projects. By contrast, higher education building will remain subdued with many universities under financial pressure.

Within healthcare, major schemes such as the New Hospital Programme are set to support sector activity throughout the forecast period. However, delivery will depend on the pace at which funding is converted into approved and procured projects.

The Spending Review has set out a longer-term framework for transport investment, which is expected to support a recovery in activity from 2026. The current Road Investment Strategy provides funding for a sustained rise in capital renewal projects from 2027/28.

Utilities are expected to provide a more consistent source of growth. The AMP8 regulatory cycle is driving increased investment in the water sector, while the UK's net zero commitments are underpinning sustained spending on renewable energy generation and electricity network upgrades. Together, these programmes are expected to support sector activity throughout the forecast period.

Tepid UK Housing Recovery Tested by Iran-War Rate Risk

Iwona Hovenko
Senior Equity Research Analyst

Bloomberg Intelligence

Rates Far Below 2022-23 Highs, But Spike May Spook Some Buyers

The sharp jump in UK mortgage rates since late February, alongside economic jitters, may dent near-term confidence and lead some homebuyers to pause plans until headwinds ease.

That's as the Iran war's ripples raise the risk of higher inflation and BOE rate hikes, with the impact worsening the longer the conflict lasts and lingering even after it ends. Yet even after mortgage rates jumped about 80 bps vs. late February (their lowest level since 3Q22), they're only back to where they were in 2H24-1H25. While RICS survey flagged a hit to the housing sentiment, reports from property portals Rightmove, Zoopla and agents Connells showed some resilience, for now.

Buyers with mortgage offers secured prior to the rate spike have supported activity, but resilience will be tested as those deals vanish. Some pent-up demand could also be released after many prospective buyers delayed plans in 2022-25.

New-home demand remains subdued in London due to poor affordability and high mortgage rates, as homebuyers in the capital are more reliant on large loans for house purchases vs. the rest of the UK. Heavy taxation and anti-wealth sentiment is also discouraging overseas property buyers, who aren't short of alternative locations competing to tempt them with lower taxes and attractive lifestyles.

Homebuyers More Resilient to Job-Market Headwinds

Homebuyers, who tend to originate from the upper half of UK earners, may remain relatively less affected by job-market headwinds and layoffs, driven by the weakening economy. That's despite the slowing earnings growth, which could curb any future house-price gains.

The UK's lower-paid and younger workers have been worst hit by cuts to jobs and vacancies, given the soaring cost of their employment, due to the combined drag of payroll tax and minimum-wage hikes, as well as AI replacing some entry-level roles. This group was historically less likely to afford a home, suggesting less of a direct hit to house sales.

UK Government Help Key to Narrow Gap to Housing Goal

UK government may need to offer incentives for new-home buyers – like the now-ended Help to Buy equity loan program – to narrow the gap between the expected housing delivery to 2029 and its homebuilding target. Our analysis – based on estimates for large-homebuilder completions – suggests an annual shortfall of about 90,000-110,000 homes a year in 2026-29 vs. the 324,200 homes required annually in order to reach the government's 5-year goal of 1.5 million homes. This would require a 40-50% step up in 2026-29 annual completions vs. projections implied by our scenario.

Glacial UK Homebuilding Recovery at Risk of Stalling

UK homebuilders' tepid completions recovery could stall, calling for government help to lift new-home sales. That's as the weak backdrop made Barratt, Bellway, Berkeley and Taylor Wimpey trim land purchases, which may hurt volume growth. Estimates for fiscal 2026 completions are little changed, but predicted 2027-28 output faced steeper cuts and could be reduced more if headwinds persist. Berkeley's volume forecast was cut the most vs. Dec. 31 view (down 5% in 2027 and 12% in 2028) as weaker macroeconomics exacerbate the ongoing London-specific woes.

This compares with 1-4% output-estimate cuts for other large homebuilders, but Persimmon's 2026-27 volume view was raised 1-2%. Though housing activity has remained resilient, based on property portals and broker reports, new-home demand has trailed the wider market for years.

In 2025, only 126,000 homes were started (2024: 109,000), ONS data shows, which may drag on future completions until project launches recover. Homebuilding volume may remain low in the near term due to overhang of past planning delays and weak demand. This may worsen the UK housing shortage, which was estimated in early 2023 by think tank Centre for Cities at 4.3 million homes (vs. rest of Europe).

Wide Homebuilding Gap vs. Goal Needs Help in More Than One Way

Even upon its announcement, the UK's homebuilding goal was ambitious and at risk of falling short. Yet even the modest 2026-28 growth in completions, implied by estimates, could worsen, if the persistent housing-market headwinds force builders to curb new project starts. That's after Barratt Redrow, Bellway, Berkeley and Taylor Wimpey already reduced land-buying, which will weigh on completions in the medium term.

This makes government intervention even more important to propping up housing, potentially requiring more than one support lever. Aside from new-home buyer help, measures such as stamp-duty reform could also help lift demand. A public-housing push and a relaxation of regulatory burden could lift output, while SME-developer support could reduce reliance on large builders and diversify supply.

Iwona Hovenko, Senior Equity Research Analyst, Bloomberg Intelligence

Iwona Hovenko is a Senior Equity Research Analyst with Bloomberg Intelligence. She covers European housing, with a focus on the UK market, looking at the companies operating in that space, as well as the wider industry trends.

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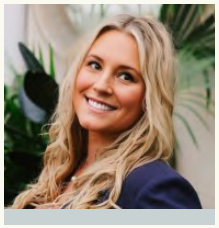
Strategic portfolio management: Improving capital delivery outcomes



Krystle Drover
Associate Director, Major Project Advisory
KPMG UK

Strategic Portfolio Management is becoming a critical capability for organisations responsible for funding, governing, and delivering complex infrastructure and utility programmes. As expectations increase (driven by regulatory scrutiny, cost pressures, and digital transformation), teams responsible for investment and portfolio management reporting, such as Investment Programme Management Offices (IPMOs) and Capital Portfolio Management (CPMs), are under growing pressure to improve decision-making, enhance transparency, and reduce risk across large-scale capital portfolios.

To meet these demands, organisations must rethink how they integrate people, processes, and technology. The objective is not only to reduce manual effort, but to unlock deeper insight, foresight, and predictive capability. When achieved, this enables more agile decision-making while strengthening confidence among executive teams, boards, regulators, and investors.

However, a common pitfall persists: organisations often prioritise technology implementation in isolation. Digital tools, either those developed in-house at low cost or full proprietary platforms, can significantly improve portfolio visibility, governance, and reporting; However, technology alone does not deliver transformation. Sustainable change depends on the behaviours, operating models, and capabilities that sit around these tools; particularly collaboration, governance discipline, data ownership, and the consistent use of insight to inform decisions.

True transformation begins with a clearly defined future-state vision for portfolio management. Organisations must first articulate the outcomes they are seeking to achieve, whether improving regulatory confidence, enabling more effective portfolio trade-offs, strengthening investment governance, or increasing delivery certainty. Crucially, these objectives must move beyond aspirational “wish lists” and translate into measurable business outcomes that directly shape portfolio decision-making.

With this future state established, organisations can begin to challenge traditional ways of working. The conversation needs to shift from *“What if we had better tools and data?”* to *“What must fundamentally change now that these capabilities are available?”,* this shift is critical. It forces organisations to reassess reporting approaches, governance structures, decision-making forums, and portfolio control mechanisms, rather than simply digitising existing inefficiencies.

Delivering this change requires a detailed understanding of the target operating model. This includes clearly defined process flows, decision points, governance responsibilities, data ownership models, and the skills required to sustain the new approach. Just as importantly, organisations must consider the people implications of transformation, identifying capability gaps, redesigning team structures, and implementing effective change management strategies to embed new behaviours across functions.

A recent example from the water sector illustrates the impact of adopting a strategic portfolio approach. Through close collaboration across the IPMO, IT, capital delivery PMO, and regulatory teams, one organisation identified savings of more than 200 hours within a single reporting cycle. By reducing the time spent on manual data preparation, validation, and reconciliation, teams were able to refocus their efforts on higher-value activities such as proactive portfolio analysis, predictive risk management, and investment prioritisation. This, in turn, improved the organisation's ability to identify declining project performance, understand regulatory implications, and make more informed trade-off decisions across the portfolio.

Ultimately, organisations must treat portfolio transformation as a holistic change across people, process, and technology. Those that successfully embed Strategic Portfolio Management capabilities will move beyond reactive, backward-looking reporting towards proactive, insight-led governance. The result is a more confident, data-driven approach to investment decision-making, resulting in delivering greater value from capital programmes while strengthening trust with regulators, investors, and stakeholders.

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Krystle Drover, Associate Director, Major Project Advisory KPMG UK

Krystle is a professional engineer with over 20 years of experience advising on major infrastructure, energy, and utilities programmes. She specialises in strategic portfolio management, technical due diligence, and capital efficiency, helping organisations improve investment decision-making and delivery outcomes.

She is recognised for enabling complex portfolios to move from reactive reporting to insight-led, forward-looking governance. Her work focuses on integrating people, process, and technology to strengthen portfolio performance, unlock constrained projects, and accelerate routes to delivery.

Krystle brings deep expertise across project delivery, portfolio strategy, commercial and governance frameworks, and assurance. She has led end-to-end programme transformations and supported the development and commercialisation of innovative solutions that improve certainty, transparency, and value across capital programmes.

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Housebuilding targets and leasehold reform:
London under pressure

Michael Cameron
Lead Policy Analyst, Helio DeHavilland

helio /DeHavilland

The Government's housing agenda has, so far, been framed around a simple proposition: reform the planning system and more homes will follow. The Planning and Infrastructure Act, the revised NPPF and the wider "get Britain building" narrative are evidence of Ministers willing to take on the procedural and political barriers to development.

Yet the latest evidence suggests that planning reform has not yet translated into a sustained uplift in supply. The Office for Budget Responsibility's March 2026 forecast expects UK net additions to fall to around 220,000 in 2026-27 before rising to just over 305,000 by 2030-31, reflecting the expected impact of planning reforms. But it also notes that those reforms have "yet to meaningfully materialise in outturn".

A noticeable delivery gap in London

Nowhere is this more obvious than in London. The capital is central to the Government's housing ambitions, but it is also where the economics of development are most stretched. High land values, high build costs, affordable housing obligations and building safety requirements have all combined to challenge viability.

Savills found in March 2026 that every English region fell short of its Standard Method housing need, but London was furthest behind, delivering only 39% of its target in the year to Q12026. This translates to a shortfall of more than 51,000 homes. Molior offered a similar picture, reporting that starts in Q12026 rose to 2,100 homes, which while being an improvement on the 2025 quarterly average, falls far short of the 22,000 quarterly starts implied by London's 88,000-home annual target.

The Government has recognised the problem. Earlier this year, it reached an agreement with the Mayor for a package of measures to boost housing supply. It includes temporary CIL relief, strengthened mayoral planning powers, changes to density-related guidance and a £324 million City Hall Developer Investment Fund. This package, while targeted, reflects that both Government and the Mayor know that London's housing market needs support.

The market for flats

London's delivery gap is driven, in part, because housing delivery is disproportionately dependent on flats, and the pressures on the flat market are not limited to planning permission. They are acutely affected by challenges in finance, regulation, and leasehold reform.

The Building Safety Regulator remains a particular factor for higher-risk buildings. While the latest Gateway 2 data shows signs of improvement, with approvals rising, the system is still processing a substantial volume of live cases, including schemes covering 28,761 residential units as of March.

Against this backdrop, is the Government's plans to end the leasehold system of flat ownership. The draft Commonhold and Leasehold Reform Bill, published in January this year, is a major intervention in property law. The Bill seeks to reinvigorate commonhold, ban the use of leasehold for most new flats, abolish forfeiture and cap ground rents at £250 before moving them to a peppercorn after 40 years.

Politically, this was not unexpected; these commitments were in Labour's manifesto and some leasehold reform was completed by the previous Conservative Government. Furthermore, leasehold has become associated with unfair or high service charges, weak resident control and a lack of transparency.

But the implementation challenge is significant. Before any detail is set out about the proposed ban on new leasehold flats, the Government will have to answer questions on exemptions, timing, transitional arrangements, and how a ban on new leasehold flats should be introduced.

The Commons' Housing Committee said in their report on the draft Bill that the Government should proceed with a ban on new leasehold flats "as soon as possible" so that leasehold is not "entrenched" via new developments.

However, while the questions around the fundamental ownership structure of flats remain unanswered, further uncertainty is injected into the flat market. Given that 39% of all properties in London are leasehold – and in some constituencies around 90% of housing transactions are for leasehold properties – this uncertainty will have more pronounced effects in the capital.

Conclusion

The political case for pursuing both planning and leasehold reform is clear; both were manifesto commitments. But there is a risk that further uncertainty is introduced to an already fragile market amid ongoing economic challenges.

For London, the market is already struggling with weak starts, stringent regulation and viability pressures, so asking it to absorb another major transition could pose a challenge. Unless both sets of reforms are implemented with a clear understanding of the flat market's current fragility, ministers risk solving one housing problem while making another harder to fix.

Michael Cameron, Lead Policy Analyst, Helio DeHavilland

Michael specialises in housing, construction, and local government policy within the infrastructure policy team at the political monitoring company Helio DeHavilland.

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Private Housing

-5%	+13%	+5%
2026	2027	2028

- Private housing project starts are forecast to decline in 2026
- Geopolitical uncertainty is weighing on market confidence and suppressing activity
- Recovery is expected to be delayed until 2027, contingent on an improvement in market conditions

Private housing starts weakened in Q1 2026 and are expected to remain subdued throughout the year. Anticipated support from lower interest rates and improving buyer confidence has been pushed back to 2027, as heightened geopolitical uncertainty linked to the Iran conflict continues to weigh on market sentiment.

Private Housing Starts

	2025	2026f	2027f	2028f
£ million	24,428	23,187	26,136	27,413
Growth	**-3%**	**-5%**	**13%**	**5%**

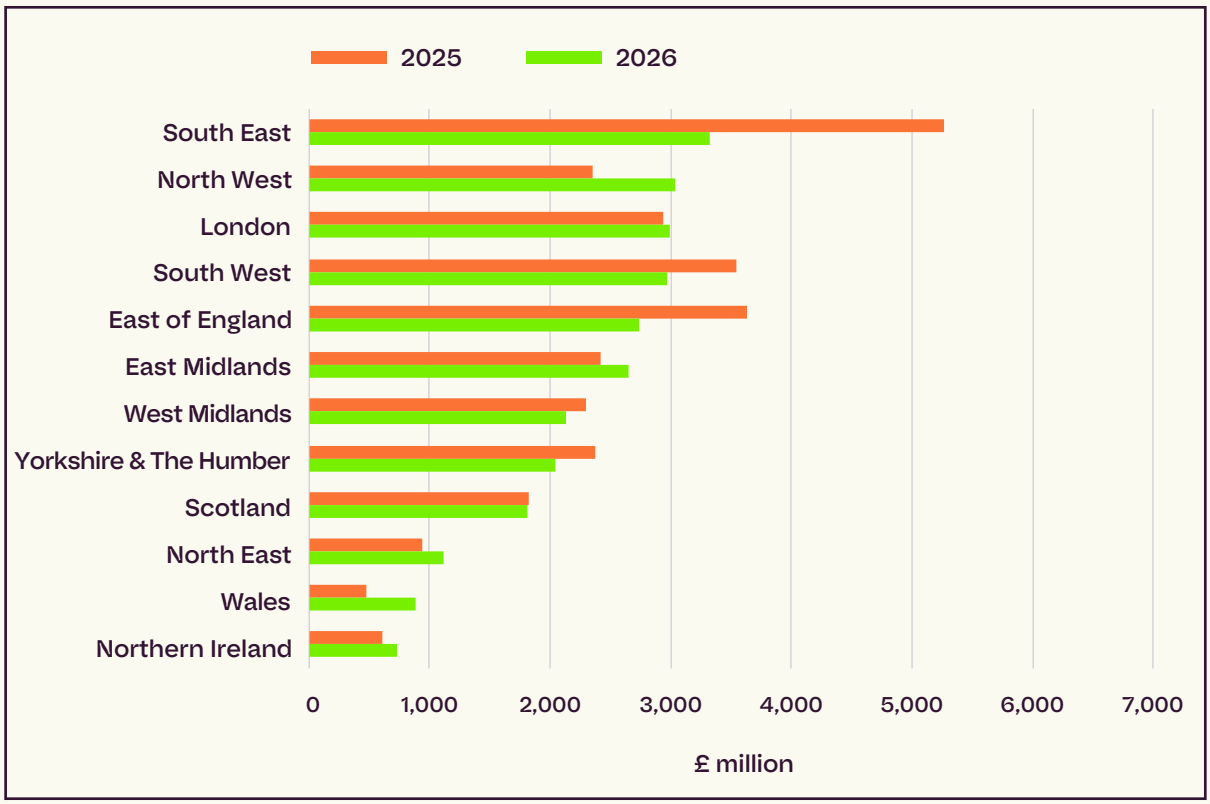
Source: Glenigan. f = forecast

State of the Sector

Although the housing market stabilised in the second half of 2025 following disruption from stamp duty changes, both transaction levels and house prices finished the year broadly flat compared with 2024. Activity has remained too weak to support new build output: housing starts fell 3% in 2025 and declined further in Q1 2026, while planning approvals also dropped in the early months of the year.

Geopolitical instability is expected to further dampen near-term activity. Rising energy costs and supply chain disruption are adding to inflationary pressures, reducing the likelihood of near-term base rate cuts. In response, lenders have increased mortgage rates, while higher inflation is set to constrain household income growth and buyer confidence.

Chart 2: Value of Private Housing Projects Securing Planning Approval (Under £100 Million)



Source: Glenigan.
N.B. 2026 data is based on January to April pro rata

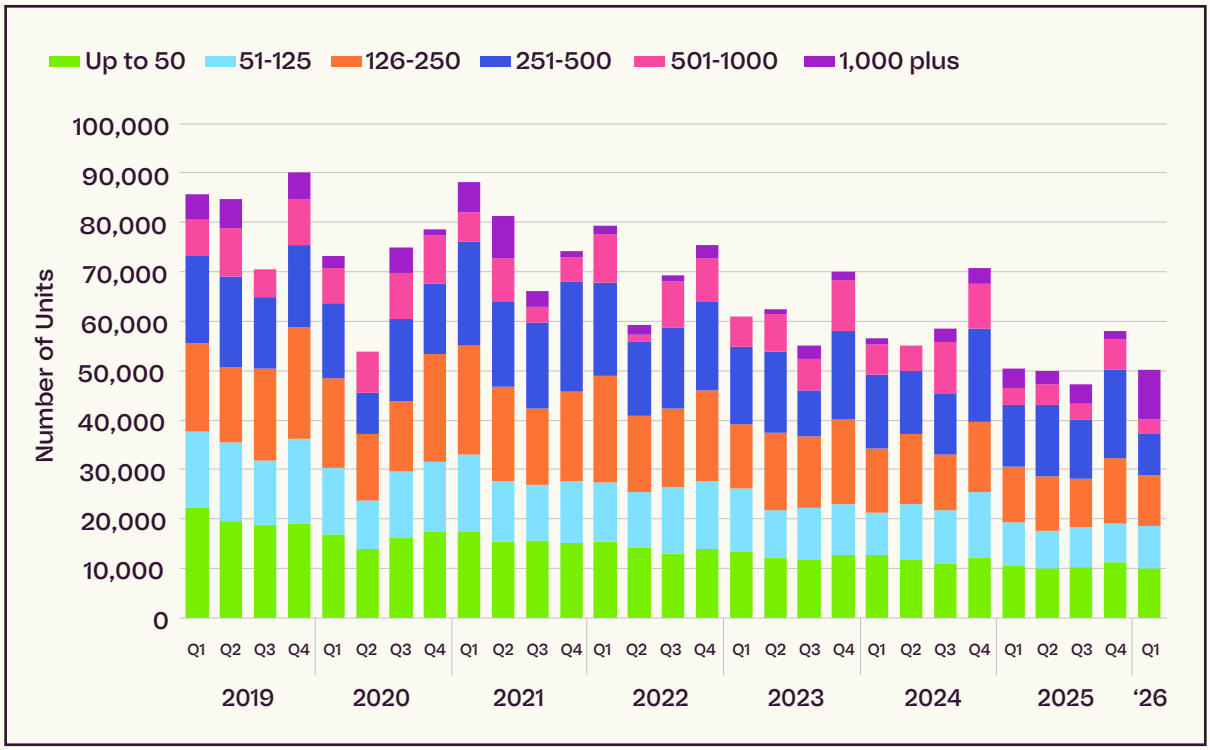
Future of the Sector

Heightened geopolitical and economic uncertainty is expected to dampen the residential property market through 2026. Early signs of softening are emerging: house prices have begun to edge down, with Halifax reporting a 0.1% monthly fall in April alongside a slowdown in annual growth. Weaker market activity is set to feed through to new project starts, with housing starts likely to decline as developers prioritise sales on existing schemes over launching new projects.

Progress is being made in reducing the Building Safety Regulator approval backlog, but project timelines remain stretched, continuing to constrain apartment starts.

A gradual recovery in private housing is expected from 2027, supported by lower borrowing costs, rising real incomes and improving consumer confidence. Supply-side conditions should also ease as regulatory bottlenecks diminish, and planning reforms increase site availability. However, the pace of recovery will depend on improving scheme viability, with developers continuing to favour lower-risk, higher-margin projects.

Chart 3: Private Housing Detailed Planning Approvals by Project Size (Number of Units)



Source: Glenigan.

Social Housing

-3%	+8%	+4%
2026	2027	2028

- Social housing starts expected to decline in 2026, driven by a reduction in student accommodation activity
- Increased government funding to support social housing investment
- Sustained growth anticipated from 2027 onwards

Increased funding through the Spending Review is expected to support sector starts over the forecast period, although a decline in student accommodation activity will weigh on performance in 2026.

Social Housing Starts

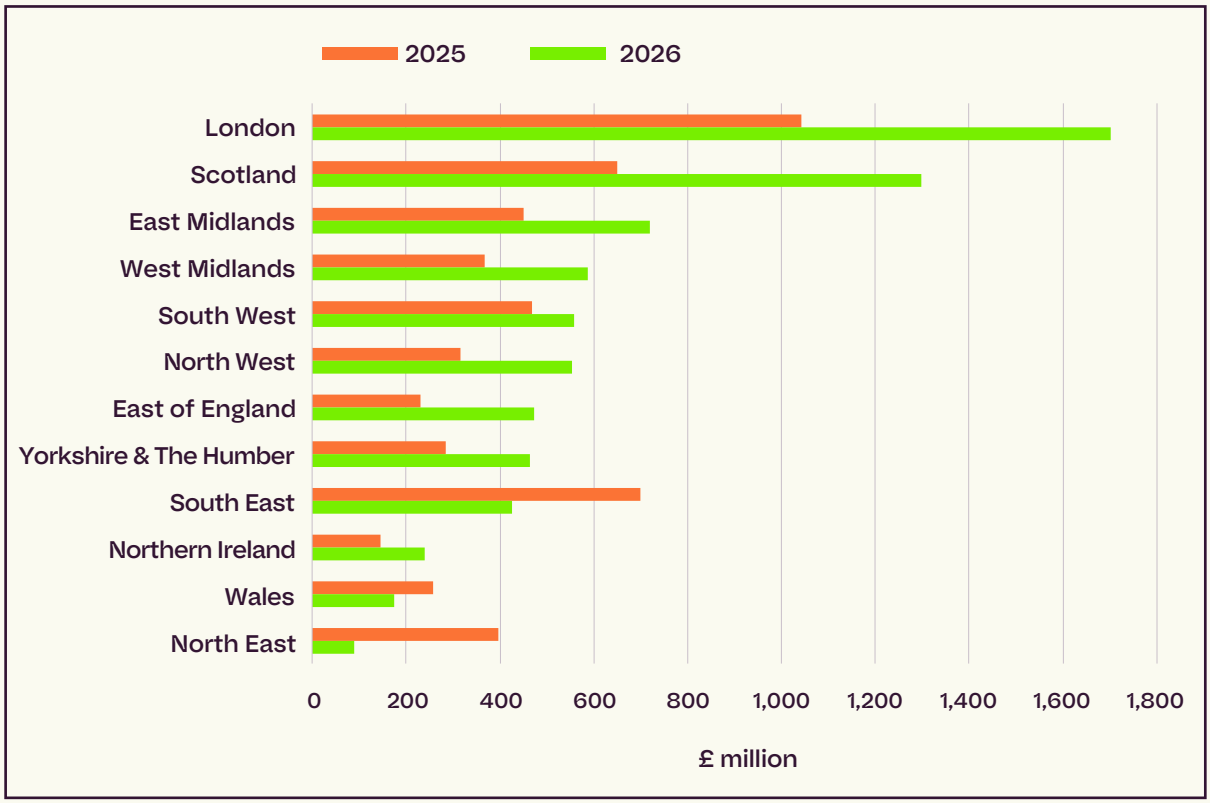
	2025	2026f	2027f	2028f
£ million	8,054	7,823	8,427	8,730
Growth	**0%**	**-3%**	**8%**	**4%**

Source: Glenigan. f = forecast

State of the Sector

The Social Housing segment remained stagnant last year and continued to show weakness in the first four months of 2026. Low-rise developments dominated housing association activity, accounting for over half of the sector, as many apartment schemes were delayed awaiting approval from the Building Safety Regulator (BSR) before progressing to site. This weakness was partially offset by a sharp rebound in student accommodation projects.

Chart 4: Value of Social Housing Projects Securing Planning Approval (Under £100 Million)



Source: Glenigan.
N.B. 2026 data is based on January to April pro rata

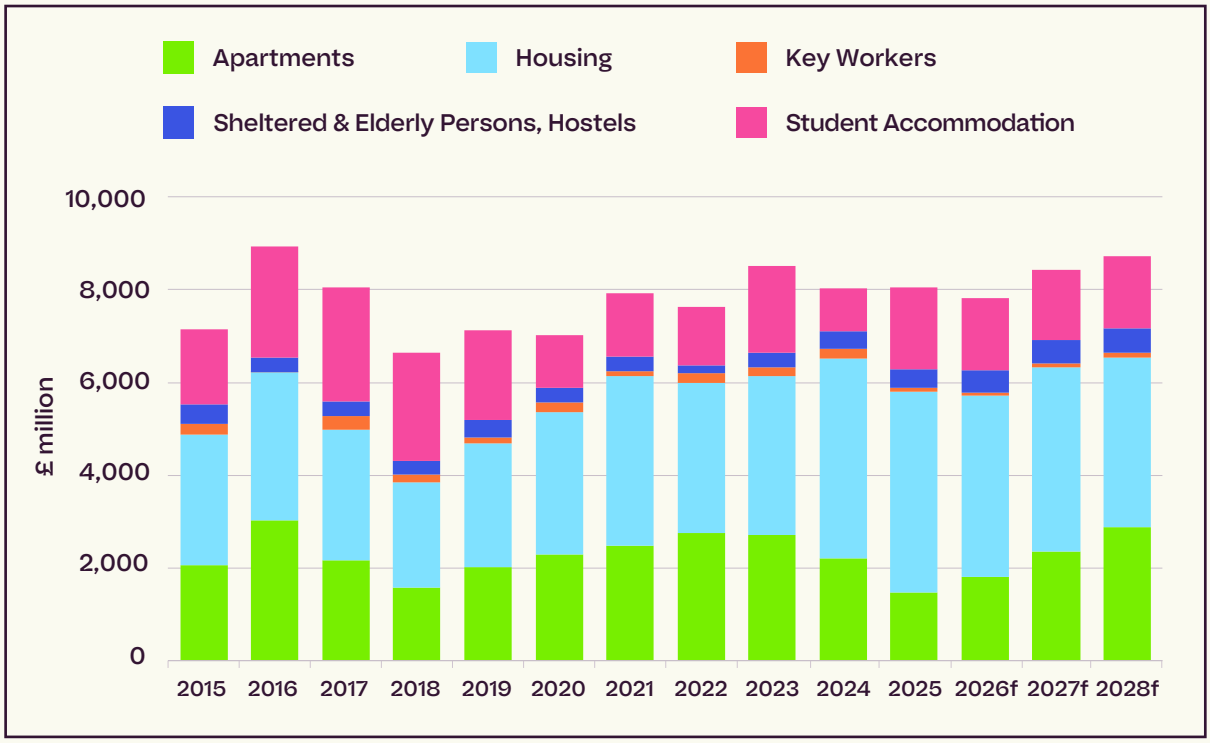
Future of the Sector

Increased government capital funding from this financial year, alongside changes to the social housing rent cap, is expected to enable social landlords to bring forward more projects over the forecast period. In addition, an acceleration in approvals by the Building Safety Regulator (BSR) is likely to support the delivery of more high-rise apartment schemes, contributing to a gradual uplift across the social housing segment.

Housing-led project starts are forecast to fall by 10% this year, although apartment schemes are expected to recover following an extended period of decline. Overall, sector activity is projected to contract by 3%, driven largely by a 12% drop in student accommodation.

The student accommodation sector is facing increasing pressure. While there was some growth last year, activity remained below 2024 levels and is expected to decline further through 2026 and 2027.

Chart 5: Value of Social Housing Project-Starts (under £100 million) by Segment



Source: Glenigan. f = forecast

Industrial

-9%	+16%	+5%
2026	2027	2028

Heightened economic uncertainty is expected to stall activity this year

Improving economic conditions and firm demand for logistics space are set to support a recovery from 2027

The industrial sector expanded by 5% in 2025, supported by sustained demand for logistics and distribution space. However, this momentum is expected to ease in 2026, as the development pipeline softens and projects are delayed amid ongoing economic uncertainty.

Looking ahead, an improving economic outlook is expected to support a return to growth from 2027, with renewed demand helping to drive a recovery in sector activity.

Industrial Starts

	2025	2026f	2027f	2028f
£ million	5,391	4,919	5,694	5,983
Growth	**5%**	**-9%**	**16%**	**5%**

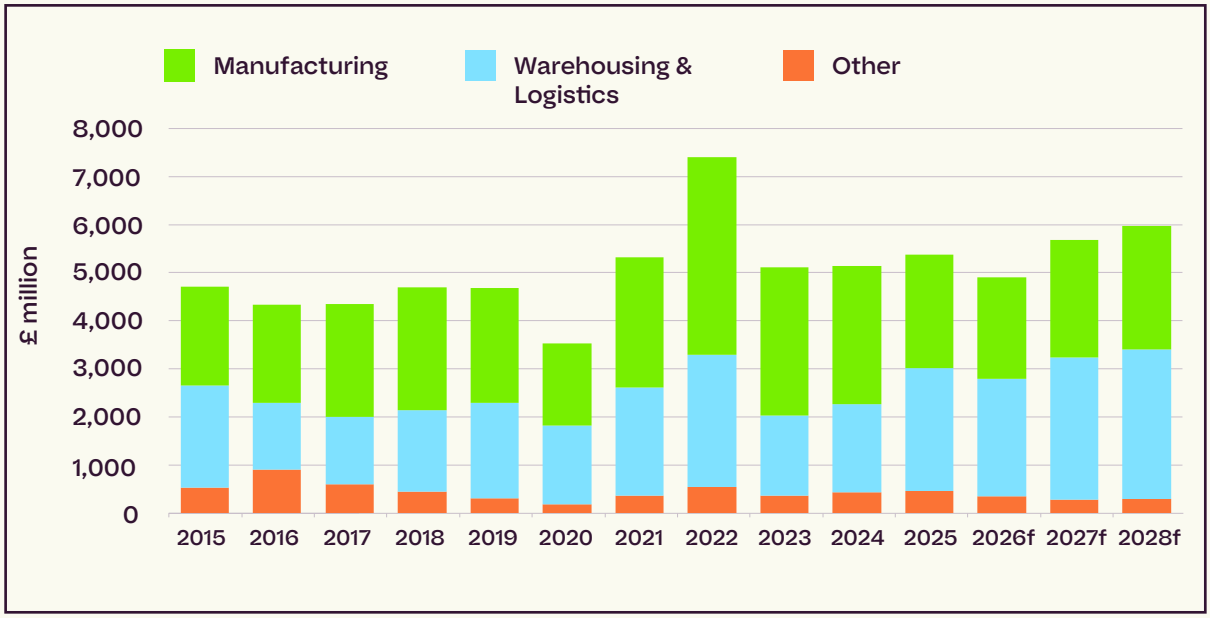
Source: Glenigan. f = forecast

State of the Sector

Industrial construction output rose modestly by 5% in 2025, driven primarily by the warehousing and logistics segment, which more than offset a decline in manufacturing-related activity. Demand for distribution space continues to be underpinned by structural shifts in retail, including the ongoing expansion of ecommerce and the reconfiguration of supply chains.

However, underlying market conditions have weakened in recent months. Manufacturing construction remains constrained by elevated borrowing costs, subdued business confidence, and persistent global economic uncertainty. At the same time, geopolitical developments and evolving trade policies have led to the reassessment and delay of both manufacturing and logistics projects, weighing on the near-term outlook.

Chart 6: Value of Industrial Project-Starts (under £100 million) by Segment



Source: Glenigan. f = forecast

Future of the Sector

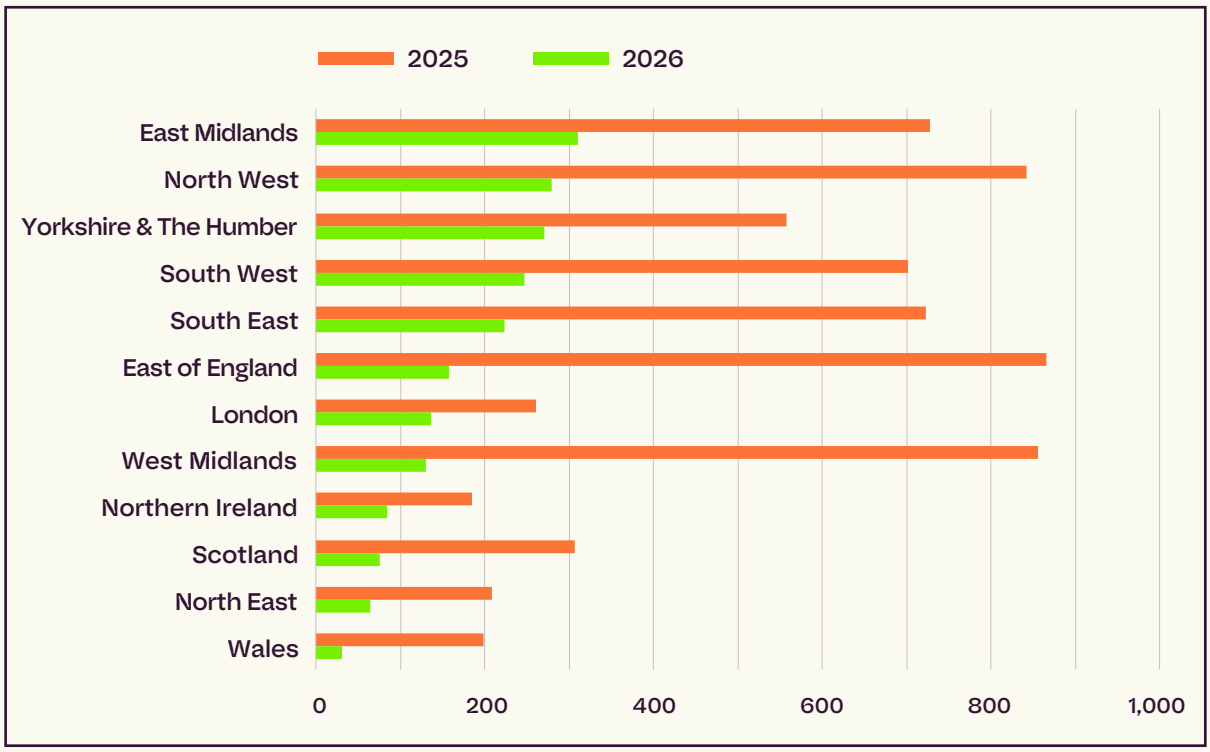
Industrial project starts are forecast to decline by 9% this year, as a weaker economic outlook and higher energy, borrowing, and input costs weigh on both manufacturing and warehousing activity during 2026.

This slowdown is expected to be temporary, with underlying demand drivers remaining intact. As geopolitical disruption eases, delayed projects are likely to progress.

From 2027, a recovery is anticipated, with output rising by 16%, followed by a further 5% increase in 2028. Growth will be supported by continued expansion in the logistics sector, driven by ecommerce, last-mile delivery demand, and ongoing investment in distribution networks. Policy support, including the National Planning Policy Framework and wider industrial strategy, is also expected to facilitate development, particularly for logistics hubs and advanced manufacturing.

Improving business confidence and more stable financing conditions should support a recovery in manufacturing construction, although risks remain. The pace of recovery will depend on macroeconomic conditions, investor sentiment, and ongoing cost and labour constraints.

Chart 7: Value of Industrial Projects Securing Planning Approval (Under £100 Million)



Source: Glenigan.
N.B. 2026 data is based on January to April pro rata

Offices

+21%	-11%	+4%
2026	2027	2028

- Strong growth in office construction starts forecast for 2026
- Sector activity expected to stabilise from 2027
- Rising demand for data centres driven by AI, although progress has been impacted by delays

The sector is expected to continue its recovery after regaining momentum in 2025, with strong growth of 21% projected this year despite challenging economic conditions. However, performance is forecast to weaken in 2027 before returning to more moderate growth in 2028.

Office Starts

	2025	2026f	2027f	2028f
£ million	4,605	5,587	4,987	5,169
Growth	**24%**	**21%**	**-11%**	**4%**

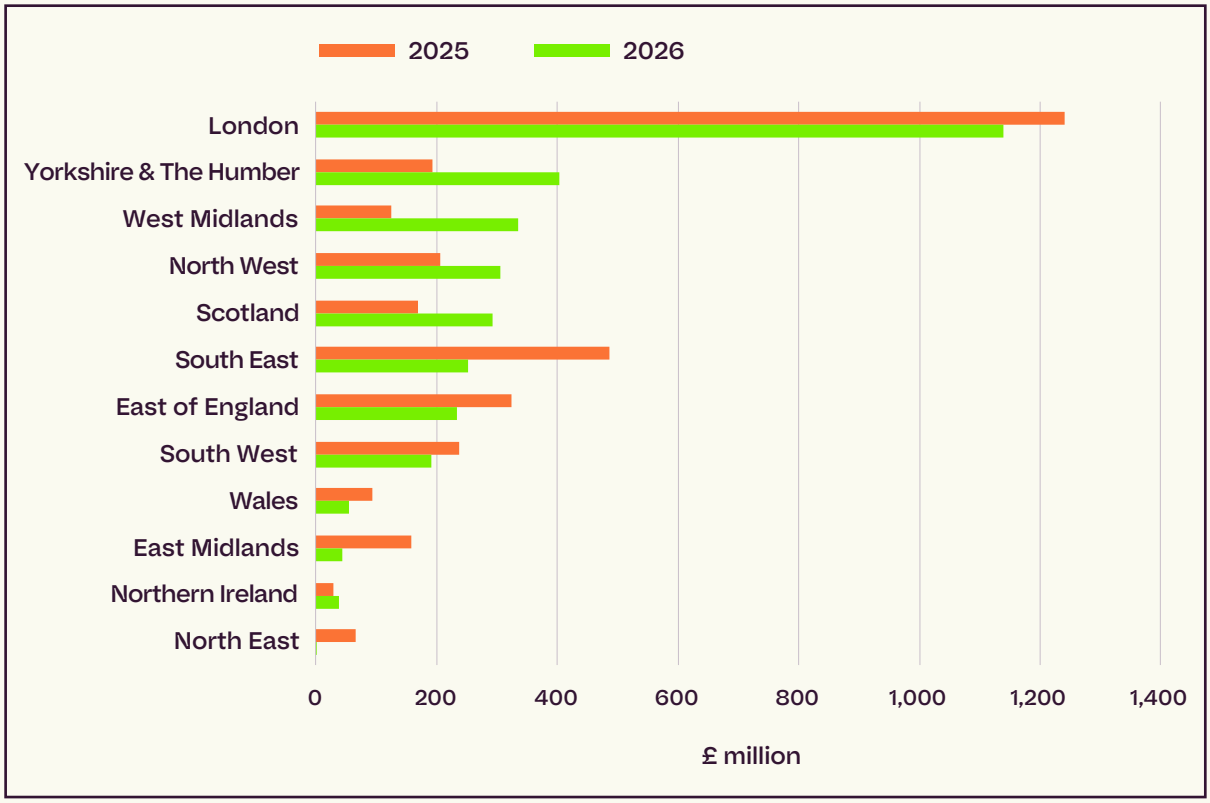
Source: Glenigan. f = forecast

State of the Sector

The office sector rebounded strongly last year, with starts rising by 24%, driven by both refurbishment and new-build projects. The shift towards hybrid working continues to support remodelling activity, while demand for high-quality, sustainable space is underpinning new prime developments.

Although new approvals have weakened, early 2026 has shown signs of renewed momentum. Office starts surged by 99% in the three months to May, representing a 94% increase on the same period last year.

Chart 8: Value of Office Projects Securing Planning Approval (Under £100 Million)



Source: Glenigan.
N.B. 2026 data is based on January to April pro rata

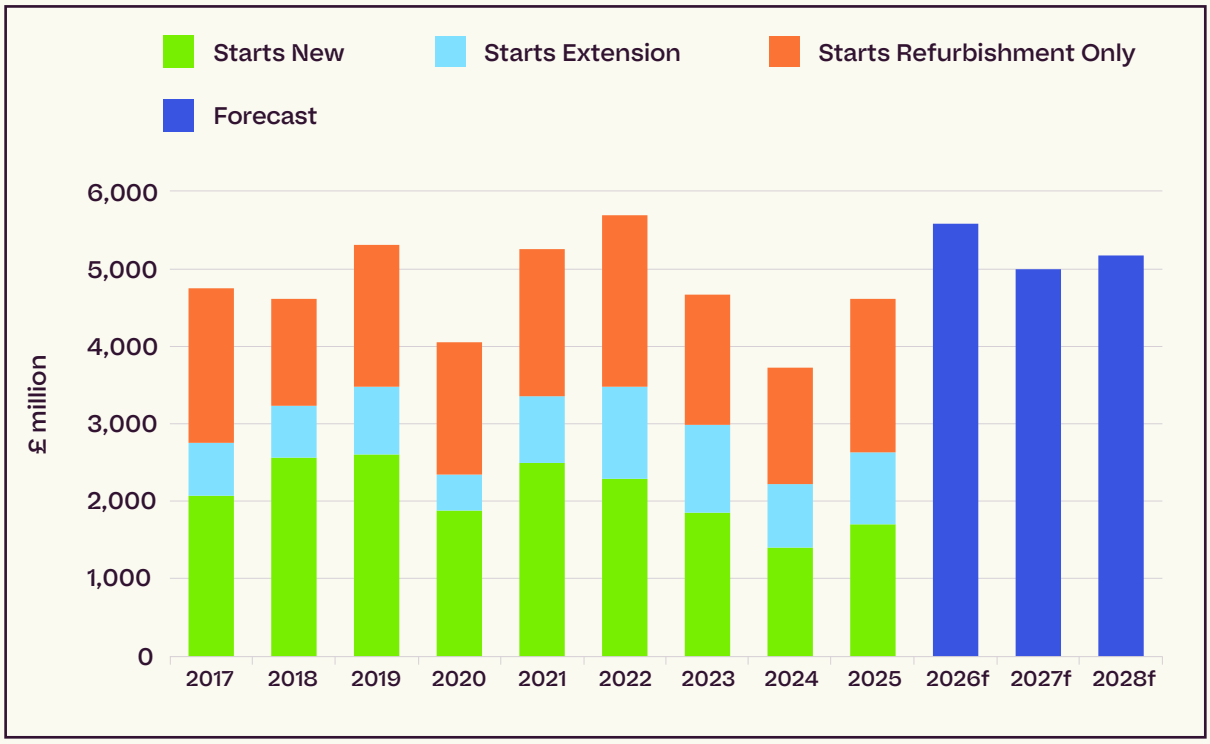
Future of the Sector

The office sector is expected to remain a standout performer in the near term, with a sharp 21% increase in starts forecast for this year. This growth is being driven by a combination of new build and refurbishment projects, alongside continued expansion in data centre development.

Demand remains firmly concentrated in high-quality, sustainable office space, as occupiers prioritise energy efficiency and flexible working environments. At the same time, the rapid growth of AI is accelerating demand for data centres. The government's £30bn Tech Prosperity Deal, aimed at establishing an AI "growth zone" in the North East, is expected to further support this trend. However, recent developments – such as OpenAI's pause on a UK data centre project due to rising energy costs – highlight the potential for cost pressures and infrastructure constraints to delay similar schemes.

Looking further ahead, growth is expected to moderate. Project starts are forecast to fall by 11% next year, as geopolitical disruption drives up financing and construction costs. This is likely to temper development activity following two years of strong expansion, with the sector returning to more modest growth in 2028.

Chart 9: Value of Office Project Starts (under £100 million) by Type of Development



Source: Glenigan. f = forecast

Retail

+1%	+10%	-4%
2026	2027	2028

- Retail sector growth will remain subdued in 2026 amid ongoing cost pressures and economic uncertainty
- A high level of vacant premises continues to deter new development activity
- Partial recovery in 2027 accompanied by a rise in consumer spending

Modest growth in retail project starts is forecast this year, constrained by weak market conditions, followed by a 10% increase in 2027 before momentum eases again in 2028.

Retail Starts

	2025	2026f	2027f	2028f
£ million	1,262	1,273	1,405	1,343
Growth	**-28%**	**1%**	**10%**	**-4%**

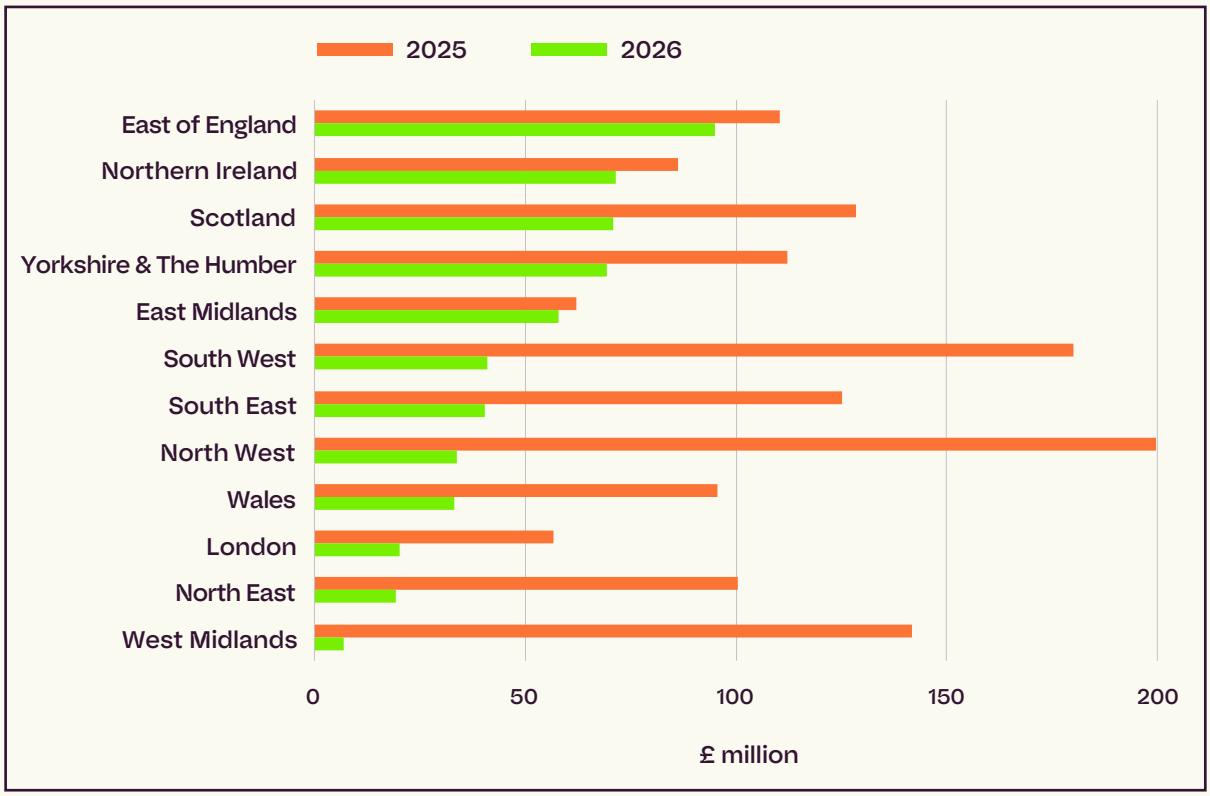
Source: Glenigan. f = forecast

State of the Sector

The retail sector struggled last year, with higher wages and taxes increasing cost pressures on operators. Retail construction remained weak, with activity contracting by 28% in 2025 as both structural and cyclical challenges persisted. Rising costs, subdued consumer demand, and an oversupply of retail space have continued to constrain new investment.

While early 2026 has shown some signs of improvement, with project starts rising by 13% in the three months to April, the underlying development pipeline is beginning to weaken, pointing to a fragile outlook for the sector.

Chart 10: Value of Retail Projects Securing Planning Approval (Under £100 Million)



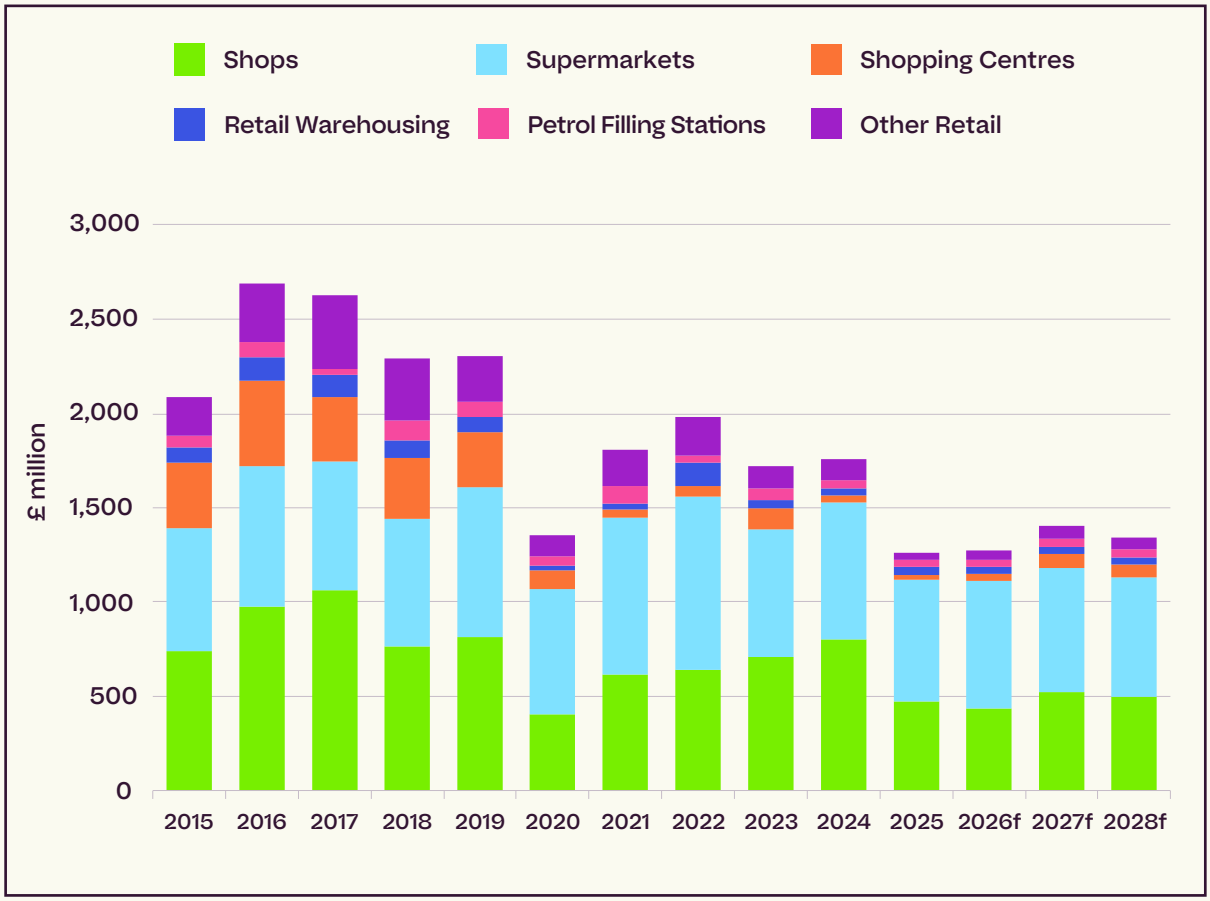
Source: Glenigan.
N.B. 2026 data is based on January to April pro rata

Future of the Sector

Rising geopolitical tensions in the Middle East are adding further uncertainty to the outlook, with supply chain disruption and higher energy costs likely to push up inflation, squeeze household incomes, and weigh on retail spending. This is expected to slow the sector's recovery through the remainder of 2026.

A stronger rebound is anticipated in 2027, assuming an improvement in economic conditions. Project starts are forecast to increase by around 10%, driven primarily by shop developments. Supermarkets will continue to account for the largest share of activity, although growth in this segment is expected to moderate slightly. Despite this uplift, overall output is set to remain below historical levels.

Chart 11: Value of Retail Project Starts (Under £100 Million) by Segment



Source: Glenigan. f = forecast

Hotel & Leisure

-12%	+11%	-1%
2026	2027	2028

- Hotel & Leisure project starts are forecast to decline this year
- Cost pressures and geopolitical instability are squeezing hospitality margins and deterring new investment
- Improved economic conditions are expected to support a recovery over the medium term

After two years of strong growth, the hotel & leisure sector is expected to contract by 12% this year, as a more uncertain economic outlook and rising hospitality costs deter investment. However, the sector is projected to return to growth next year.

Hotel & Leisure Starts

	2025	2026f	2027f	2028f
£ million	3,826	3,381	3,738	3,719
Growth	**13%**	**-12%**	**11%**	**-1%**

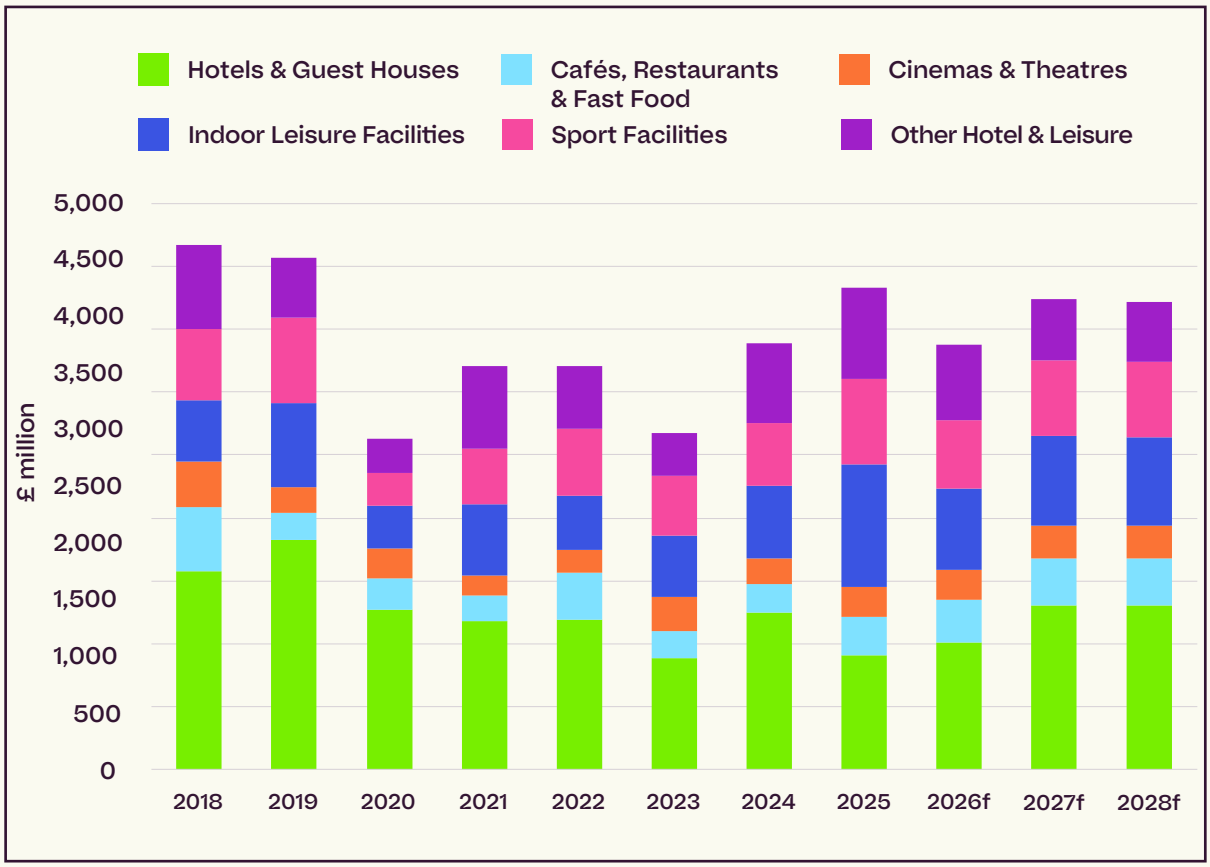
Source: Glenigan. f = forecast

State of the Sector

Despite rising cost pressures, the hospitality sector has continued to invest, supported by stronger consumer discretionary spending and increased tourism. The hotel and leisure sector performed well in 2025, with project starts growing by 13%.

However, the outlook has weakened this year, as mounting economic headwinds take hold. Higher-than-expected inflation and interest rates are curbing consumer spending and deterring new investment. Project starts fell sharply, declining by 32% in the three months to April 2026 amid geopolitical instability and economic uncertainty, despite planning approvals rising by 56%.

Chart 12: Value of Hotel & Leisure Project Starts (Under £100 Million) by Segment



Source: Glenigan. f = forecast

Future of the Sector

The war in Iran is placing additional strain on global tourism, including the UK market. Rising fuel costs are contributing to disruption while also intensifying cost-of-living pressures for consumers. As a result, discretionary spending is being constrained, weighing on the hospitality sector. Consequently, hotel and leisure project starts are forecast to decline by 12% in 2026.

Conditions are expected to improve in 2027, supporting a recovery as delayed projects begin to progress. The introduction of permanently lower business rates for retail, hospitality, and leisure (RHL) properties from this financial year will also provide support, reducing operating costs and improving the viability of new developments, expansions, and refurbishment activity.

Chart 13: Value of Hotel & Leisure Projects Securing Planning Approval (Under £100 Million)

Source: Glenigan.
N.B. 2026 data is based on January to April pro rata

Education

+8%	+20%	+5%
2026	2027	2028

- School construction continues to dominate activity across the education sector
- Major programmes, including the School Rebuilding Programme, are set to support growth from 2026
- Financial pressures on universities are constraining higher education project starts

Education starts are expected to recover through 2026 and 2027, supported by a clearer funding pipeline that will help accelerate the School Rebuilding Programme and increase investment in further education projects. This improved visibility is likely to support a gradual uplift in activity across the sector.

However, higher education construction is set to remain subdued, as ongoing financial pressures continue to constrain universities' ability to commit to new projects.

Education Starts

	2025	2026f	2027f	2028f
£ million	5,215	5,613	6,736	7,094
Growth	**-15%**	**8%**	**20%**	**5%**

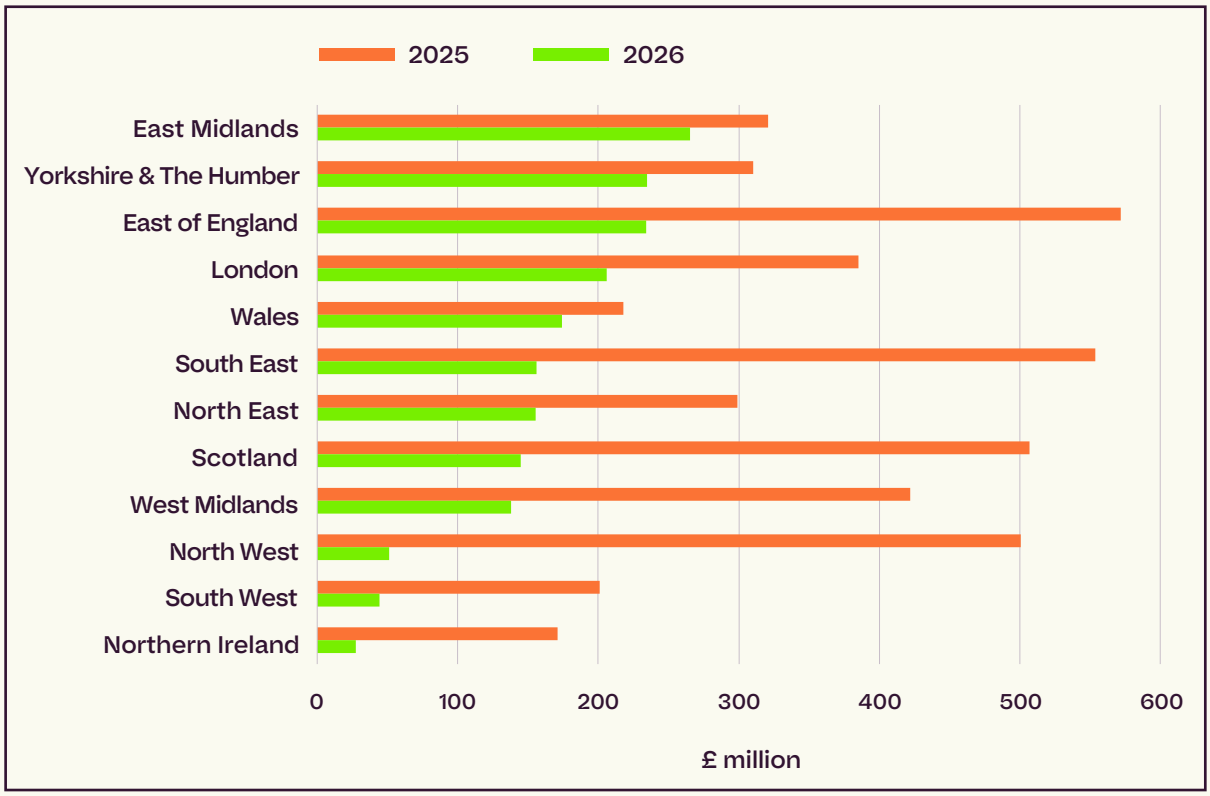
Source: Glenigan. f = forecast

State of the Sector

School construction continues to dominate activity, accounting for the majority of project starts. However, persistent inflation and procurement challenges have slowed delivery, resulting in fewer new starts in 2025. Further education construction has also fallen back, following two years of strong growth.

Higher education activity weakened significantly, with project starts halving last year as financial pressures intensified. Many universities are facing structural deficits, driven by rising costs, capped tuition fees, and uncertainty over income streams, leading to reduced capital investment and fewer new schemes progressing to site.

Chart 14: Value of Education Projects Securing Planning Approval (Under £100 Million)



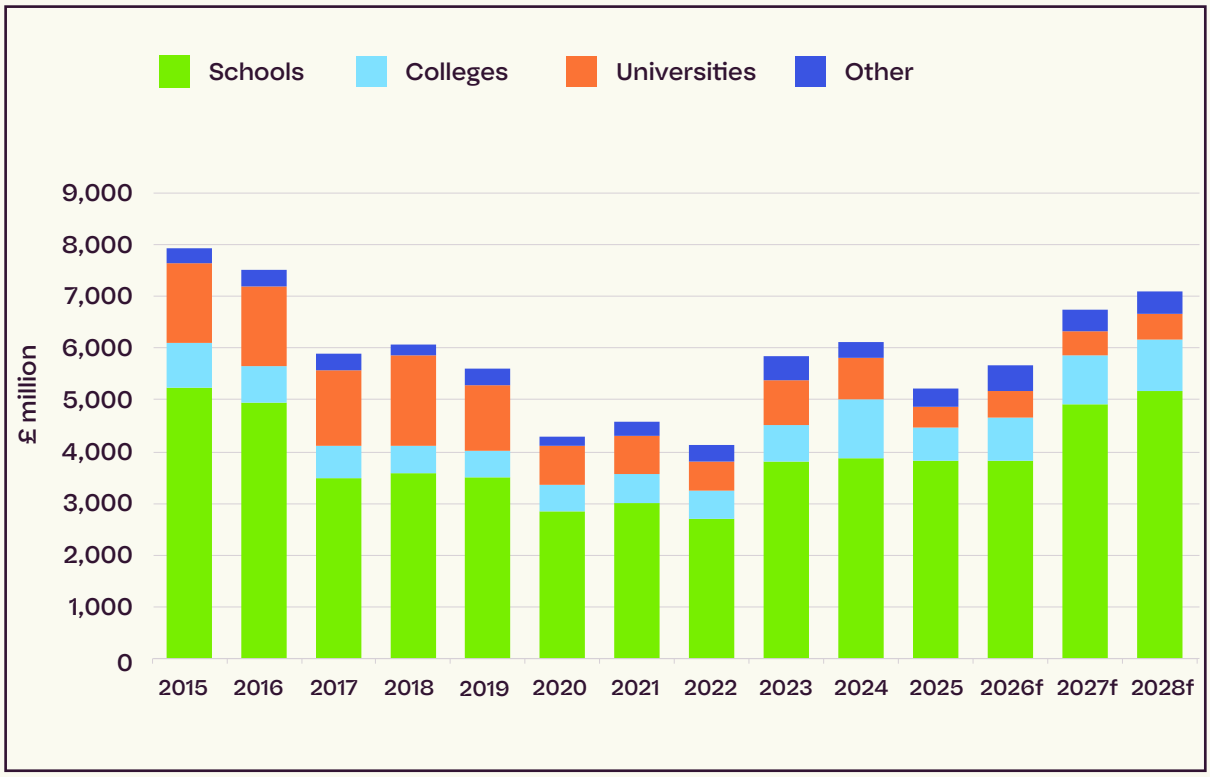
Source: Glenigan.
N.B. 2026 data is based on January to April pro rata

Future of the Sector

The education sector is set to return to growth from 2026, with output rising by 8%, accelerating to 20% in 2027, and a further 5% in 2028. This recovery will be driven by pent-up demand as delayed projects move forward, supported by sustained government investment. Key programmes, including the School Rebuilding Programme and funding for further education and essential repairs such as RAAC remediation, will underpin activity.

However, risks remain. The pace of recovery will depend on how quickly public funding translates into on-site delivery, alongside wider market constraints such as labour availability and cost inflation. Higher education is expected to lag the recovery, as universities prioritise financial stability over capital investment, leaving overall sector growth heavily reliant on publicly funded school and college projects.

Chart 15: Value of Education Project-Starts (under £100 million) by Segment



Source: Glenigan. f = forecast
N.B. Excludes projects with a construction value in excess of £100m

Health

+9%	+9%	+14%
2026	2027	2028

Health starts declined last year as projects were delayed by government review of investment priorities

Recovery from 2026 will be driven by increased capital funding and release of deferred schemes.

Within healthcare, major programmes such as the New Hospital Programme are set to underpin sector activity over the forecast period.

However, progress will depend on how quickly allocated funding translates into approved and procured projects. Delays at these stages could limit the pace at which activity feeds through into on-site construction.

Health Starts

	2025	2026f	2027f	2028f
£ million	2,937	3,187	3,462	3,931
Growth	**-24%**	**9%**	**9%**	**14%**

Source: Glenigan. f = forecast

State of the Sector

Healthcare construction output contracted by 24% last year. Although NHS capital funding increased in 2025/26, much of this uplift was directed towards non-construction priorities, including technology and diagnostic equipment. At the same time, the project pipeline was disrupted by the post-election review of NHS capital investment priorities, alongside delays to project approvals and procurement.

Ongoing uncertainty around project delivery – particularly within the New Hospital Programme – has further weighed on activity, with schemes rephased or delayed pending clearer funding allocations and delivery timelines. In parallel, NHS trusts continue to face operational and financial pressures, limiting their capacity to commit to large-scale capital projects in the near term.

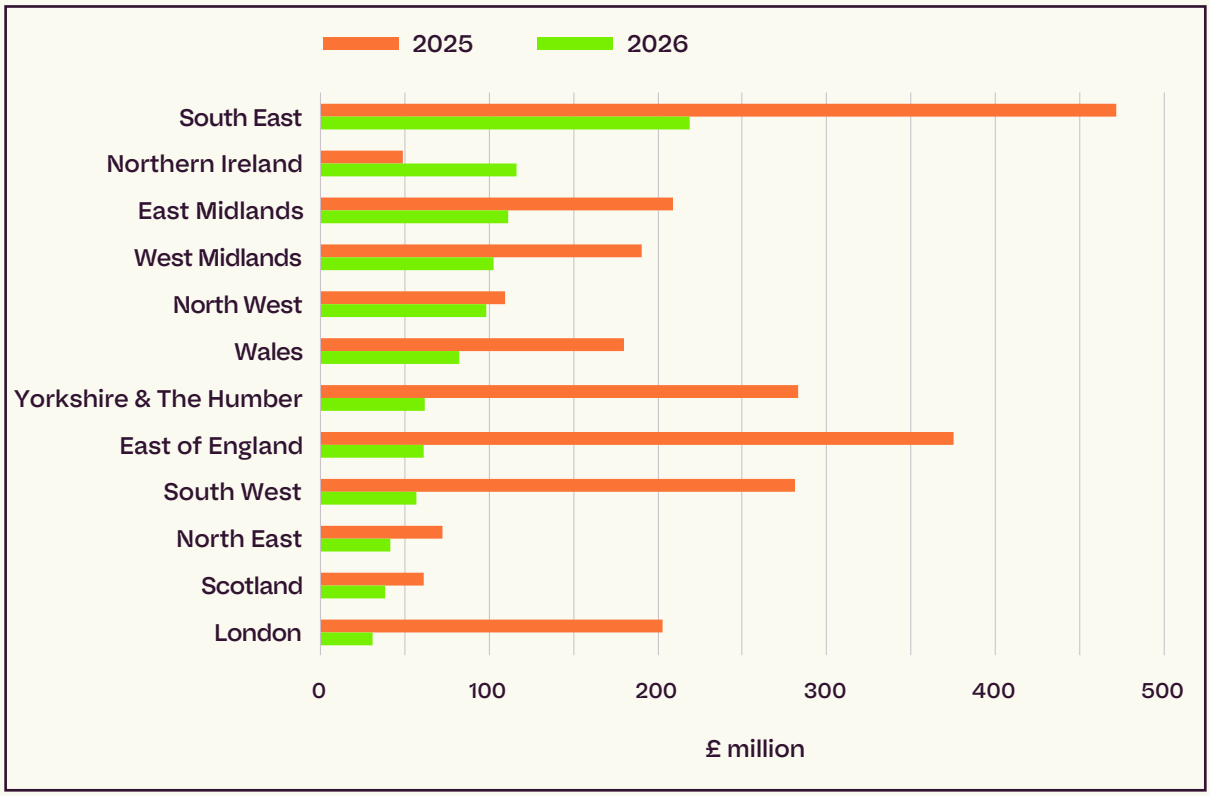
Future of the Sector

The Spending Review sets out a sustained increase in capital funding from this financial year, which is expected to support NHS trusts in addressing the extensive repair backlog across the existing estate. As a result, a return to growth is forecast, with output rising by around 9% per annum in 2026 and 2027, before accelerating to 14% in 2028. This recovery will be underpinned by a more stable policy environment and greater clarity over capital allocations.

The New Hospital Programme will remain a key driver of activity over the medium term, alongside ongoing investment to tackle the significant maintenance backlog and improve building safety and resilience. Additional funding targeted at modernisation and capacity expansion – including diagnostic and community care hubs – will also provide support to construction output.

However, delivery risks remain. The pace of recovery will depend on how effectively funding commitments translate into project starts, as well as wider sector constraints, including labour availability and cost pressures. Overall, activity is expected to remain closely tied to public sector investment cycles, with the timing and scale of government spending continuing to shape the sector outlook.

Chart 16: Value of Health Projects Securing Planning Approval (Under £100 Million)



Source: Glenigan.
N.B. 2026 data is based on January to April pro rata

Civil Engineering

2026	2027	2028
0%	+15%	0%

- Water sector investment programmes gaining momentum
- Strong growth across electricity networks and renewables
- Spending Review funding to support road and rail upgrades

Underlying civil engineering starts (under £100 million) declined by 9% in 2025, following strong growth of 18% in 2024.

Activity is expected to stabilise in 2026 before returning to growth in 2027, supported by increased investment in road and rail networks outlined in the Spending Review. Utilities work is also set to expand, driven by higher investment in electricity generation and distribution to support the UK's net zero targets, alongside increased capital spending in the water sector.

Civil Engineering Starts

	2025	2026f	2027f	2028f
£ million	7,508	7,531	8,682	8,680
Growth	**-9%**	**0%**	**15%**	**0%**

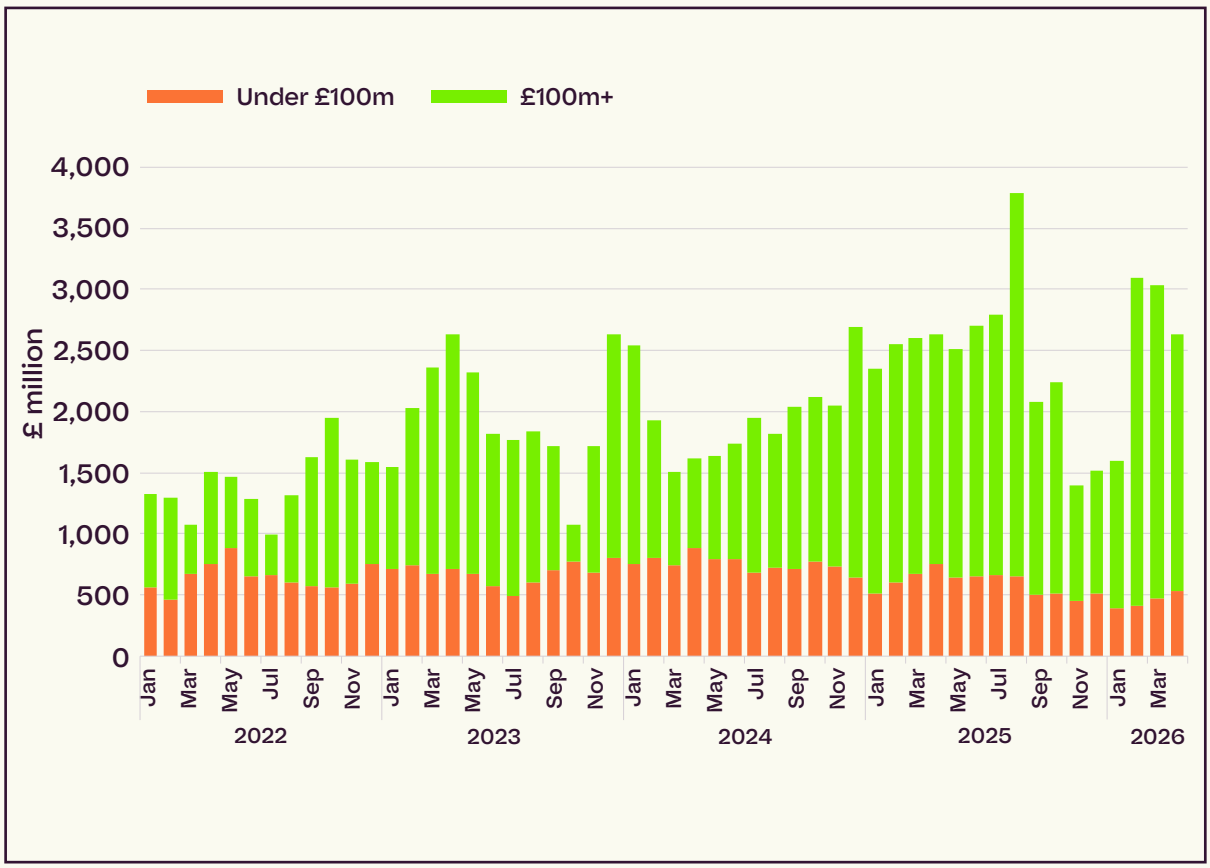
Source: Glenigan. f = forecast

State of the Sector

The downturn in 2025 reflects disruption to the delivery pipeline following the post-election review of major infrastructure programmes, alongside delays to approvals and procurement across transport and utilities. While funding commitments remain substantial, the timing of delivery has shifted, with a number of schemes pushed into later years.

Transport infrastructure has been particularly affected, with road and rail projects subject to reassessment and rephasing, despite continued investment in maintenance and upgrades. Utilities activity has also softened, with a pause in renewable energy starts and slower progression of large-scale schemes.

Chart 17: Value of Civil Engineering Main Contract Awards by Month



Source: Glenigan.

Future of the Sector

The sector is expected to stabilise in 2026, with project starts broadly flat as delayed schemes begin to progress, although activity will remain constrained by delivery lags. A stronger recovery is forecast in 2027, with output rising by 15% as major infrastructure and utilities projects move into construction. Activity is expected to be sustained at this higher level in 2028.

Utilities will be a key driver of growth, supported by Ofwat's £104 billion investment programme for 2025–2030, alongside continued investment in electricity generation and transmission to meet net zero targets. Renewable energy developments, including offshore wind and nuclear projects such as Sizewell C and Hinkley Point C, will underpin activity.

Transport infrastructure is also expected to strengthen from 2027, supported by Spending Review funding for road maintenance and rail upgrades, including major programmes such as HS2 and the TransPennine Route Upgrade.

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Economic Background

The Irish economy grew robustly last year, driven by strong investment by both multi-nationals and more domestic drivers. Modified domestic demand increased by almost 5%. The surge in activity was despite the uncertainty generated by US tariff policy.

However, this performance is expected to be short-lived. The war in the Middle East is exacerbating geopolitical tensions and making the economic outlook less favourable.

Economic Indicators

Constant Prices – Annual Change	2025	2026f	2027f	2028f
Gross Domestic Product	12.3%	1.3%	4.3%	5.2%
Modified Domestic Demand	4.9%	2.9%	2.5%	3.2%
Total Employment	2.2%	1.9%	1.8%	1.8%
Unemployment Rate	4.7%	4.9%	5.1%	5.1%
Inflation	**2.1%**	**2.9%**	**2.6%**	**1.9%**

Source: Central Bank of Ireland. f = forecast

Latest forecasts by both the Central Bank of Ireland and IMF suggest modified domestic demand will slow, averaging 2.8% per annum over the next three years, down from 4.9% last year.

Although the labour market remains robust, employment growth will slip below 2% per annum during the forecast period, with the unemployment rate edging up to 4.9% this year and 5.1% in 2027.

Higher energy costs, as a result of the Iran War, are set to have both a direct and indirect impact on inflation. The Central Bank expects inflation to increase to 2.9% in 2026, before easing in both 2027 and 2028.

These forecasts are built upon the analysis of CIS's database of current and planned construction projects, which have been examined alongside other market and economic variables.

The key assumptions around which this forecast is based:

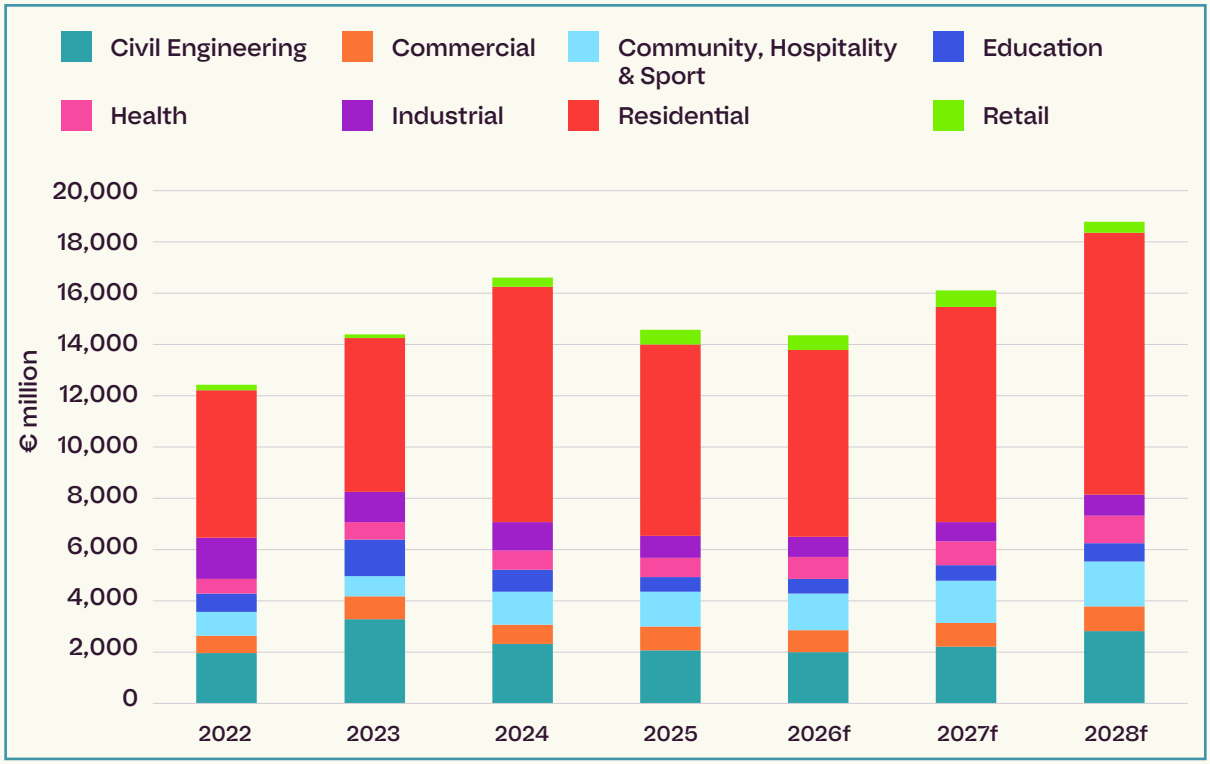
- Geopolitical disruption increases inflation near term and tempers employment growth.
- Economic growth moderates but remains firm over the forecast period.
- Capital spending allocated towards greater housing and infrastructure investment.

Construction Outlook

-1%	+12%	+17%
2026	2027	2028

Construction starts declined in 2025 after four consecutive years of growth. We expect geopolitical tensions to further slow activity in 2026, but project starts are expected to strengthen in the longer run once market conditions start to improve.

Chart 18: Value of Project-Starts (Under €100 million)



Source: CIS Insights. f = forecast

Table 3: Value of Project-Starts (Under €100 million) by Sector

Starts	2025	2026f	2027f	2028f
Civil Engineering	2,070	1,987	2,206	2,802
Commercial	907	862	922	959
Community, Hospitality & Sport	1,371	1,440	1,656	1,755
Education	586	568	608	718
Health	736	839	922	1,079
Industrial	868	781	750	803
Residential	7,432	7,283	8,376	10,218
Retail	579	579	637	446
TOTAL	**14,550**	**14,340**	**16,078**	**18,780**

Source: CIS Insights. f = forecast

Table 4: Growth in the Value of Project-Starts (Under €100 million) by Sector

Starts	2025	2026f	2027f	2028f
Civil Engineering	-10%	-4%	11%	27%
Commercial	19%	-5%	7%	4%
Community, Hospitality & Sport	8%	5%	15%	6%
Education	-34%	-3%	7%	18%
Health	1%	14%	10%	17%
Industrial	-23%	-10%	-4%	7%
Residential	-19%	-2%	15%	22%
Retail	67%	0%	10%	-30%
TOTAL	**-12%**	**-1%**	**12%**	**17%**

Source: CIS Insights. f = forecast

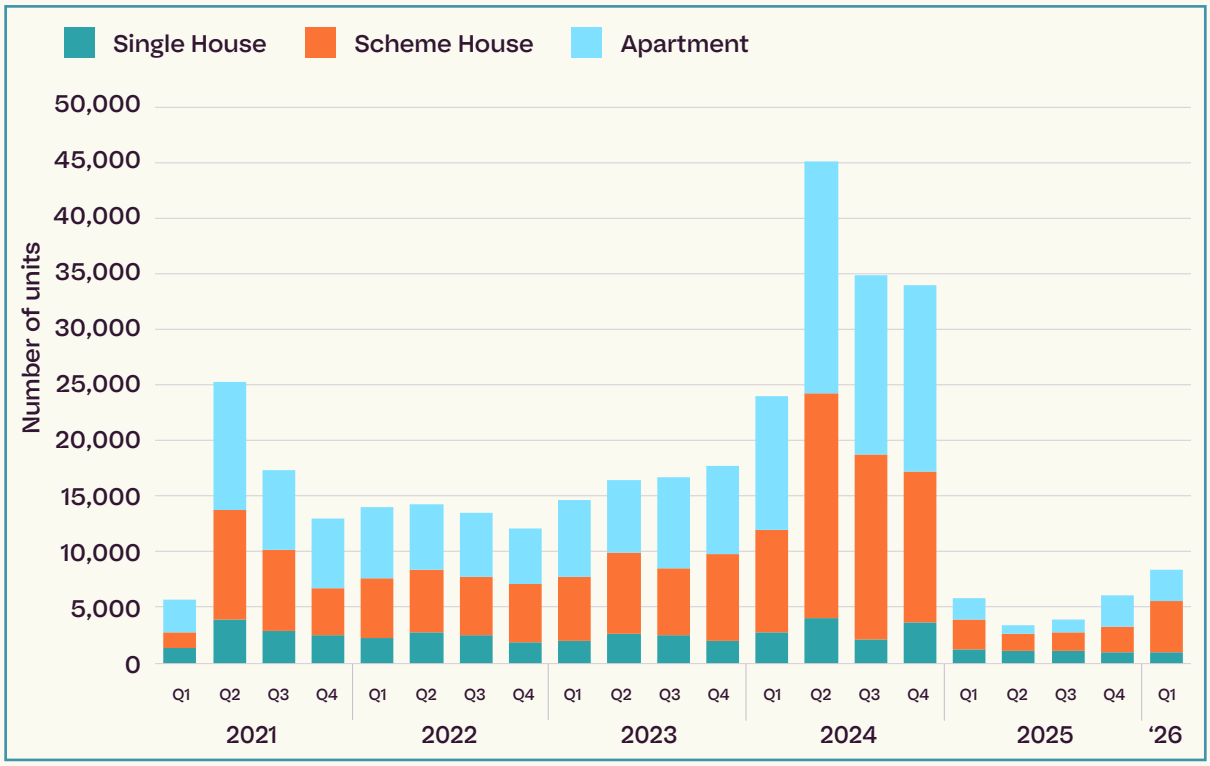
Residential

-2%	+15%	+22%
2026	2027	2028

Residential continues to comprise the largest share of construction in Ireland. The sector has been facing challenges. The rise in population has put pressure on housing availability with current supply falling short of rising demand.

The pace of development activity has been distorted by government incentives over the last two years. Temporary waivers on water connections and levies paid to councils, generated a surge in residential commencements during 2024 as developers rushed to start projects ahead of the qualifying period.

Chart 19: Number of Residential Units Started



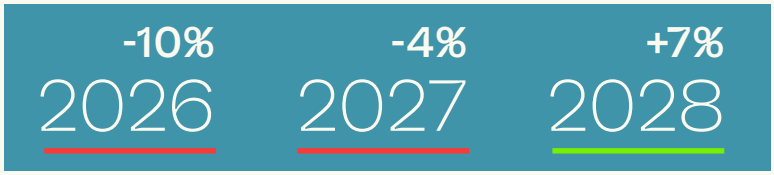
Source: Central Statistics Office

The large surge in commencements in 2024 led to an inevitable slowdown in unit starts last year. Only 19,287 new homes commenced throughout 2025. As a consequence, the value of residential project starts fell back by 19% last year.

Residential construction starts are expected to further decline in 2026 as high interest rates and a worsening economy lower investors' confidence. Government funding through the Housing Programme outlined in the 2026 Budget will soften the blow slightly, with the value of residential construction starts forecast to decline by 2%.

Improved economic conditions, together with the expected introduction of planning reforms from 2026, are expected to support a recovery in project starts during 2027 and 2028.

Industrial



Manufacturing is very important to the Irish economy. US trade policy has heightened uncertainty for the manufacturing sector. In addition, supply chain distortions and increased energy costs caused by the conflict in the Middle East have exacerbated the issues faced by the manufacturing sector.

Given this background, as well as the weakening development pipeline, industrial project starts are expected to slip back by 10% this year, with a further decline anticipated during 2027. However, the sector is set to recover in 2028.

Retail

The value of retail project starts grew significantly last year thanks to strong economic growth, as rising household incomes and a growing population provided a boost to retail sales.

Given the economic headwinds caused by war in Iran, construction starts are projected to remain flat this year. However, once the situation stabilises, we expect the sector to recover, with a 10% growth forecast for next year. The grocery segment is expected to remain the main driver for the sector, with the growth of online retailing curbing the demand for other forms of retail space.

Commercial

Despite the office market having recovered in 2025, with project starts almost 20% up against 2024, the sector has been facing increased pressures recently. The development pipeline has also been relatively weak. This is expected to temper sector activity this year, with starts slipping back 5%.

Nevertheless, there has been an increase in demand for office space, with take-up and rental returns increasing. Return to office policies have helped drive demand for Grade A office space, so we expect the sector to return to a path of recovery from 2027.

Ireland has become a major hub for data centres with the surge of investment in AI further fuelling the demand for capacity. However, rising energy costs and limited grid capacity are likely to restrain the pace at which proposed developments progress to site.

Education

-3%	+7%	+18%
2026	2027	2028

Education starts fell back sharply last year and are expected to remain subdued this year. However, Budget 2026 announced an increase of €845 million in core current funding, with the total capital funding increasing to €1.6 billion per annum over the forecast period.

The initial priority of the department is the completion of around 300 projects already under construction, while progressing 105 new projects to tender and construction during 2026 and 2027. This is expected to provide a lift to project starts from next year as the development pipeline gathers momentum.

Health

+14%	+10%	+17%
2026	2027	2028

The Irish government has once again announced a record-breaking budget allocation of €27.4 billion in Budget 2026. Ireland's population is both growing and aging, leading to increased demand for healthcare services.

Increased funding and current health policy continues to maintain a healthy pipeline of planned investment in the health sector. This is expected to help the value of health project starts grow by 14% this year, with further growth anticipated during 2027 and 2028.

Civil Engineering

-4%	+11%	+27%
2026	2027	2028

Ireland's National Development Plan for 2026 - 2030 allocates €102.4 billion across government departments. Infrastructure is set to be a major beneficiary, with €22.3 billion allocated for transport programmes, an additional €2 billion to support the development of MetroLink, and €25.7 billion to support water and energy sector projects. This increased funding is expected to progressively lift sector starts from next year, with double digit growth anticipated during both 2027 and 2028.

Key Recommendations
for the construction industry

Current geopolitical uncertainties are disrupting development pipelines as consumer confidence falters and investors assess the potential impact on planned projects. Firms will need to respond to imminent disruption to their workload and order books, whilst preparing to capitalise on the anticipated recovery emerging from 2027. The next two years will favour organisations that can adapt to shifting demand, align with funding pipelines, and respond quickly as delayed projects move forward.

Prioritise resilient and funded sectors

Focus on markets with strong underlying demand or government backing, including social housing, infrastructure (particularly utilities and transport), education, and healthcare. At the same time, target private sector growth areas such as data centres, logistics, and prime office developments, where demand remains structurally supported.

Position early for the 2027 recovery

With many projects delayed rather than cancelled, firms should actively track pipelines and approvals to secure early-mover advantage. Building relationships with clients and frameworks now will be critical to capitalising as activity accelerates from 2027.

Adapt to shifting private sector dynamics

In private housing, offices, retail, and hospitality, viability remains under pressure. Focus on schemes with stronger fundamentals, such as prime locations, sustainability credentials, and clear occupier demand, while remaining selective in markets with weaker demand or oversupply.

Align with public funding flows

The Spending Review and sector-specific programmes (e.g. School Rebuilding Programme, NHS investment, utilities funding cycles) will shape activity levels. Businesses should align bidding strategies and resources to these timelines, ensuring readiness as funding converts into delivery.

Strengthen cost and delivery management

Ongoing cost pressures, labour constraints, and geopolitical uncertainty require robust planning. Build contingencies into bids, review supply chains for resilience, and prioritise efficient project delivery to protect margins.

Leverage technology and modern methods

Invest in digital tools, data insights, and modern construction methods to improve productivity and mitigate workforce constraints. Enhancing pre-construction intelligence and pipeline visibility will support better decision-making and win rates.

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