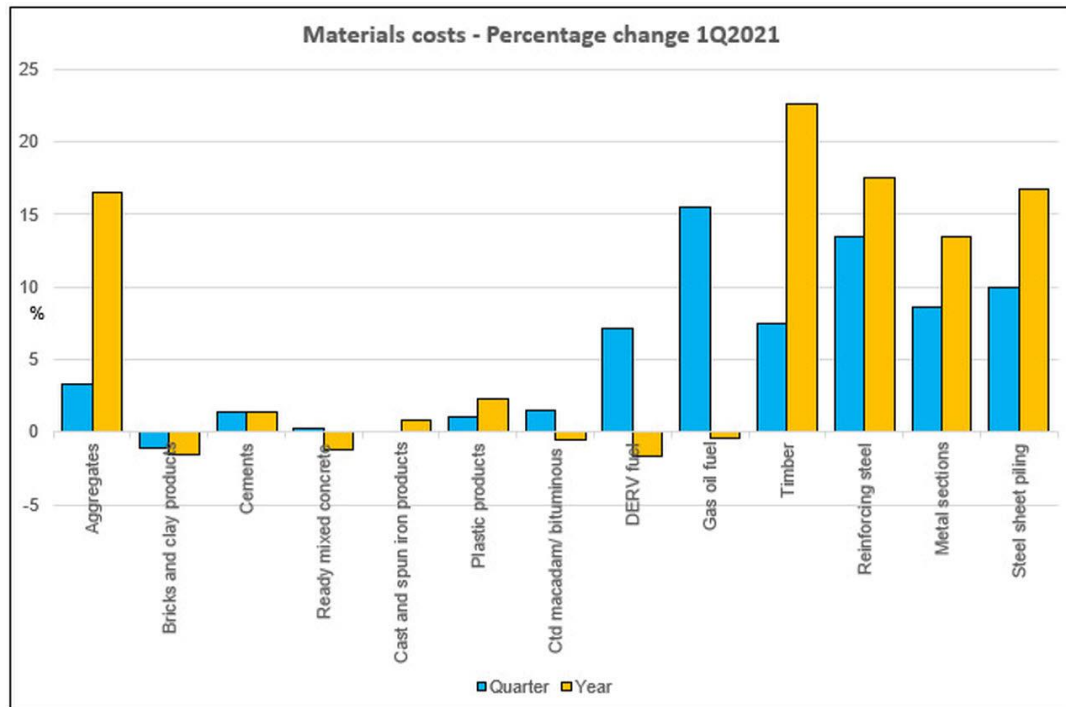


# Construction Material Shortages- July 2021

To summarise the mid year status, the BCIS Materials Cost Index shows that provisionally materials prices rose by 2.7% in 1st quarter 2021 compared with the previous quarter, and by 5.6% compared with a year earlier. The forecast for 2nd quarter 2021 shows an increase of 2.6% compared with 1st quarter 2021, and a 7.2% annual increase ([The possible impacts of materials shortages in the UK \(rics.org\)](#))



[The possible impacts of materials shortages in the UK \(rics.org\)](#)

Recent months have seen a number of reports regarding the price and availability of steel, the government have advised with their current infrastructure pipeline, an additional 50% of steel is required to fulfill orders. British steel has stopped taking orders, prices have increased twice within May by £100 per tonne. Steel is currently in a 'super cycle' and prices have been volatile and unpredictable in recent years and the Covid-19 pandemic has hindered the stabilization of prices. From a commodity prospective, IHS Markits.com (2<sup>nd</sup> June 2021) advises that 'Steel markets are the worst for buyers in at least a decade. However, markets should turn soon as increased production and imports alleviate supply shortages. There is no shortage of capacity; the problems were caused by capacity remaining idle too long after demand started to recover from COVID-19 lockdowns'.

## Steel Prices

Jan – July: H Beam Price has gone from €700/t to €1100/t.

Jan – July: Rebar (used in concrete) has gone from \$650/t to \$800/t.

12 Month of Price Increase: £/tonne rise:

July +£30, August +£30, November +£40, December +£80,  
January +£50, March +£30, May +£50, May +£100, June  
+£80.

Further to the reports regarding aggregates, alarm bells are being raised regarding the shortage of cement, with major distributors reporting shortages across a number of branches.

On a positive note, construction firms have begun to publish their half year profits and a number of tier 1 contractors such as Kier, Morgan Sindall and Galliford Try realising higher profits than forecasted.

For further detail of commodity index prices please see: [Commodity Prices - Price Charts, Data, and News - IndexMundi](#)

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Headline	Article Date	Link	Key Findings
Construction Material Shortage: SME Builders at Breaking point as demand surges	21 <sup>st</sup> July 2021	<a href="#">Construction Materials Shortage to Continue into Late-2021   Homebuilding</a>	Shortages mean prices could increase throughout 2021. Timber, steel cement and roof tile supplies have been dwindling for months, while prices have risen for several months. This is expected to continue throughout the year.
Galliford Try ducks impact of materials shortages and price hikes	15 <sup>th</sup> July 2021	<a href="#">Galliford Try ducks impact of materials shortages and price hikes   Construction Enquirer News</a>	Through their bidding approach and active engagement with the supply chain Galliford Try have mitigated the impact of material shortages and price increases. Half year forecasts of profits are higher than anticipated.
Material Shortage: 'contracts not fit to deal with volatility'	14 <sup>th</sup> July 2021	<a href="#">Materials shortage: contracts 'not fit to deal with volatility'   Construction News</a>	Contractors could be exposed to commercial risk because their contracts do not account for the current material price and delivery volatility, experts have warned. Construction Leadership Council (CLC) co-chair Andy Mitchell has highlighted.
No end to construction materials inflation in sight	25 <sup>th</sup> June 2021	<a href="#">No end to construction materials inflation in sight - Supply Management (cips.org)</a>	According to a Tuner and Townsend report construction material price rises are unlikely to slacken in the immediate future as freight delays and high demand continue to push up inflation.
Mace flips tender price forecast due to materials price hikes	24 <sup>th</sup> June 2021	<a href="#">Mace flips tender price forecast due to material price hikes   Construction Enquirer News</a>	Materials price hike have seen Mace's consultancy arm significantly upgrade its tender price for the year. The business had previously reckoned tender prices would fall by 2.5% during 2021 as firms fought it out to refill order books post pandemic.
Pressure builds as steel prices hiked again	21 <sup>st</sup> June 2021	<a href="#">Pressure builds as steel prices hiked again   Construction Enquirer News</a>	The latest price increase came into immediate effect on Friday 18 <sup>th</sup> June, added a further £80 per tonne to the price of steel. Firms have warned that price inflation in the sector is now undermining supply-side deals with some stock holders renegeing on deals.
Travis Perkins warns 40% of depots short of cement	9 <sup>th</sup> June 2021	<a href="#">Travis Perkins warns 40% of depots short of cement   Construction Enquirer News</a>	Branches are short of supply and the Chief Executive of Travis Perkins warns that the shortages were unlikely to ease in in by the end of the year.
Construction buyers report "phenomenal" month in May	7 <sup>th</sup> June 2021	<a href="#">Construction buyers report "phenomenal" month in May   Construction Enquirer News</a>	Buyers saw output growth at its strongest since September 2014 last month as new order volumes increased at the fastest pace for quarter of a century.
Structural Steel and rebar prices show double digit price rise	3 <sup>rd</sup> June 2021	<a href="#">Structural steel and rebar prices show double-digit price rise   Construction News</a>	Structural steel and rebar prices recorded double-digit inflation from March to April as supplies struggled to meet demand. Data released by the Department for Business, Energy & Industrial Strategy (BEIS) this week showed the price of fabricated structural steel increased by 13.5 per cent
Steel price forecast and market outlook	2 <sup>nd</sup> June 2021	<a href="#">Steel Price Forecast and Market Outlook   IHS Markit</a>	Steel prices are extreme and should decline from late second quarter through the end of 2021

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Willmott Dixon boss sound alarm over material shortages	28 <sup>th</sup> May 2021	<a href="#"><u>Willmott Dixon boss sounds alarm over materials shortages   Construction Enquirer News</u></a>	Rick Willmott warns that project completions could be delayed and new projects made financially unviable by soaring cost of inflation. He said “spiraling demand and restricted supply could create a number of immediate pressures in the sector, including: rampant cost inflation in a generally fixed price environment will quickly erode supply chain margin, unavailability of materials will delay project completions and capital projects may no longer be financially viable leading to a hiatus in contract award”.
British Land believes construction inflation is low	26 <sup>th</sup> May 2021	<a href="#"><u>British Land believes construction cost inflation is low   Construction Enquirer News</u></a>	Major client British land believes construction cost of inflation is low and likely to remain that way for the rest of the year, this comes despite contractors facing major material shortages. The results show cost inflation remains low as 0.5%.
Timber batten prices go through the roof	26 <sup>th</sup> May 2021	<a href="#"><u>Timber batten prices go through the roof   Construction Enquirer News</u></a>	Roofing contractors are warning of faltering supplies and rapidly rising costs of basic materials such as roofing battens. Global timber shortages combined with rising demand from the housing industry are putting pressure on firms that are now reporting shortages of battens and roof tiles.
Brickwork Contractors facing mortar rationing	21 <sup>st</sup> May 2021	<a href="#"><u>Brickwork contractors facing mortar rationing   Construction Enquirer News</u></a>	Bulk mortar supplies have been put on allocation with Brickwork contractors advising that work could grind to a halt due to cement shortages.
Government needs an extra 2.6m tonnes of steel for projects	20 <sup>th</sup> May 2021	<a href="#"><u>Government needs an extra 2.6m tonnes of steel for projects   Construction Enquirer News</u></a>	The government has increased estimates of the amount of steel it will need for its infrastructure investment plans over the next decade by over 50%. Latest figures show that over the next decade the government will need an expected 7.6million tonnes of steel for public infrastructure plans.
Steelwork firms rocked by second big price hike this month	19 <sup>th</sup> May 2021	<a href="#"><u>Steelwork firms rocked by second big price hike this month   Construction Enquirer News</u></a>	The producer is increasing prices by £100 per tonne with immediate effect, marking the second price increase in may. At the start of May, prices rose by £50 per tonne.
Cladding Shortages reach crisis point	17 <sup>th</sup> May 2021	<a href="#"><u>Cladding shortages reach crisis point   Construction Enquirer News</u></a>	The shortage has hit crisis point with contractors being told supplies wont arrive on site til next year. Main problem is with pre coated aluminium cladding, there is no shortage with mill-finished aluminium cladding which can be powder coated.
Construction activity recovers from covid cliff-fall	12 <sup>th</sup> May 2021	<a href="#"><u>Construction activity recovers from Covid cliff-fall   Construction Enquirer News</u></a>	Construction output soars almost 6% in March restoring industry to pre -pandemic level. Construction has officially recovered from the 44% plunge in activity that was seen at the height of the first lockdown
British Steel stops taking orders in face of extreme demand	11 <sup>th</sup> May 2021	<a href="#"><u>British Steel stops taking orders in face of 'extreme' demand   Construction Enquirer News</u></a>	Steelwork contractors stunned by British Steel's temporary closure of order book