

# Q3 2026

## Market Intelligence Report



PICK  
EVERARD

ARTELIA



# About this report

This report forms part of Pick Everard and Artelia's ongoing commitment to helping our industry understand market sentiment. We welcome the opportunity to discuss these insights further with clients and colleagues across the industry.

It captures market sentiment across the construction industry, based on responses from 100 contractors, developers, clients, consultants and wider construction partners surveyed between 28 July and 24 August 2026.

**If you have any queries or for further information, or wish to participate in future Pick Everard market surveys, please contact us via the email below.**

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# Key takeaways

01

The market is active, with more than half of respondents busier than they were a year ago.

02

Confidence remains cautious, with cost pressure, skills, procurement and policy uncertainty shaping decision-making.

03

Tender prices are expected to rise, making early engagement, clearer briefs and proportionate risk allocation increasingly important.

04

Innovation and productivity will be critical if the industry is to respond effectively when the pipeline accelerates.

52%

say their workload is higher than it was a year ago.

56%

think construction is more innovative than it was 5 years ago but only 34% think their organisation is leading on AI.

97%

expect tender prices to rise over the next 12 months, with cost pressures remaining firmly on the agenda.



**Editor: William Phillips**

Divisional Director,  
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## Executive summary

**If you had to describe the construction industry at the moment, it feels a little like we're waiting for the lights to change to green. There's plenty of movement around us, plenty of reasons to get going, but also a fair amount of uncertainty about what's coming next.**

For those of us working in construction, there's certainly not a shortage of things to be concerned about. Economic uncertainty, cost pressures, skills shortages and constrained investment are still very much part of the conversation. You only have to spend a bit of time talking to people across the industry to hear how cautious businesses have become about taking on risk or committing to the next big investment.

For all the talk about uncertainty, it's worth remembering that people aren't sitting around waiting for the market to come back to life. They're busy. More than half of the businesses we surveyed are busier than they were a year ago, and there are some fairly significant areas of growth opening up across infrastructure, energy, defence, housing and data centres. The mood might be cautious, but it isn't one of an industry with nothing to do.

Costs are still increasing, skills shortages are continuing, confidence in Government remains low, legislation is adding a layer of complexity and there's a growing expectation that technology will have to do more of the heavy lifting.

So perhaps the more interesting conversation for construction now isn't whether there's work ahead. It's whether we're ready to accelerate.



# Construction outlook



## A busy market still waiting for confidence.

There's a real mix of confidence and caution across the construction industry this quarter, and our survey results definitely reflect that.

More than half of the people who responded are busier than they were a year ago, and are continuing to see significant opportunities across infrastructure, defence, energy, housing, data centres and regeneration.

**42%** of respondents describe the current mood as concerned, compared with **29%** who are cautiously optimistic.

So, while there is work in the market and plenty to be positive about, the broader feeling is that businesses are still taking a careful look at what lies ahead before deciding how quickly to move.

That caution is understandable given the uncertainty the industry has been navigating over recent years. For contractors, developers, consultants and the wider supply chain, having work in front of them isn't quite the same as having the certainty needed to invest in people, equipment and capacity, particularly when taking on additional risk can have a significant impact on already tight margins.

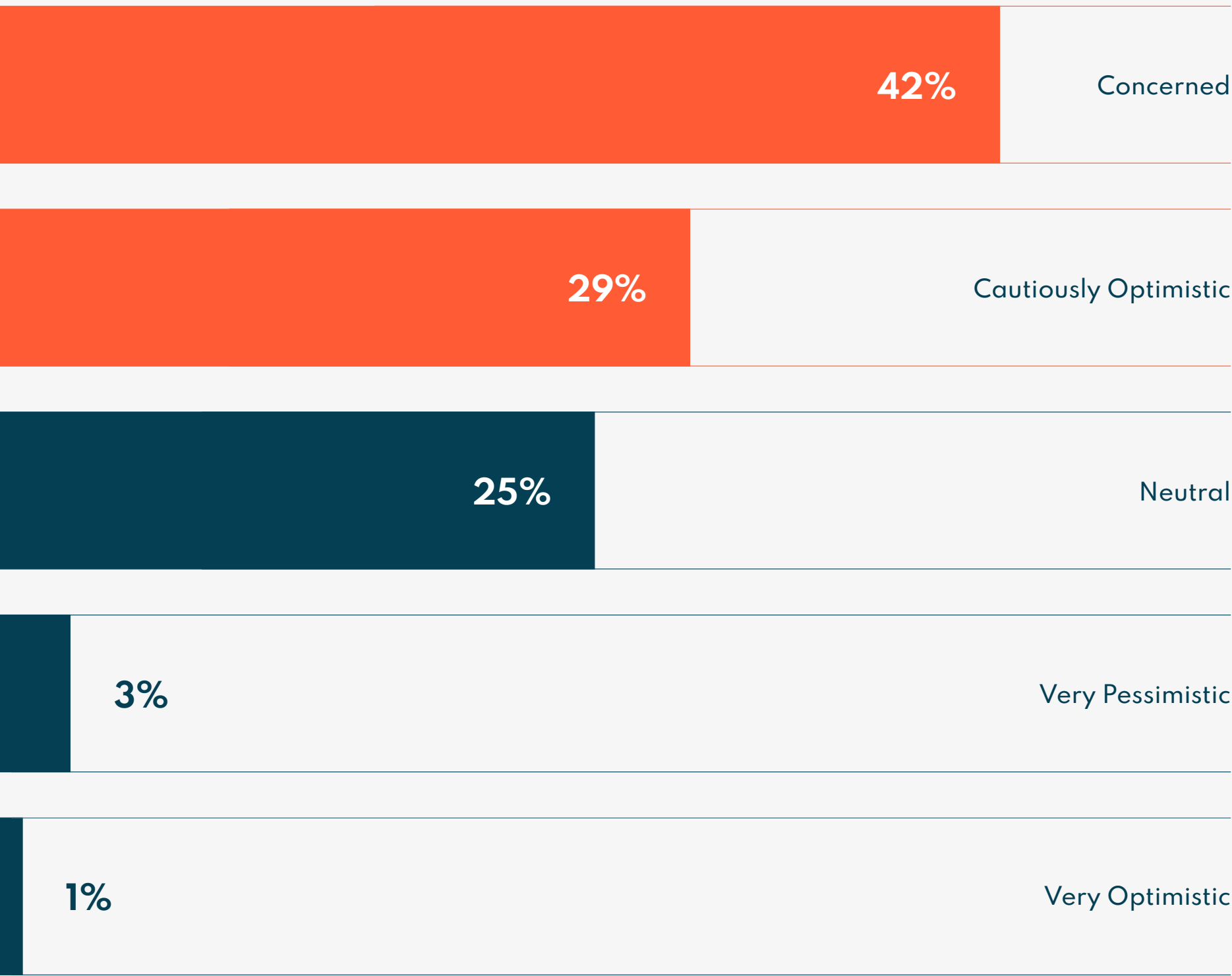
At the same time, it would be wrong to characterise the market as pessimistic. The opportunities identified by respondents are substantial, and many are underpinned by long-term needs that aren't going away.

Infrastructure investment, the energy transition, defence, housing and major regeneration all have the potential to create sustained demand, while areas such as data centres are opening up new opportunities for the industry. The sense from the survey is less that construction lacks confidence in its future and more that it wants greater clarity about how and when that future will materialise.

For clients, that distinction is important because confidence, or the lack of it, can ultimately find its way into the cost and delivery of a project. When contractors are uncertain about future costs, programmes or the risks they may be taking on, they have to account for that uncertainty in the decisions they make about what work to pursue and how they price it.

That caution is reflected in the outlook for tender prices, with **83%** of respondents still expecting them to rise over the next 12 months.

How would you describe the overall mood in the construction industry right now?



# Pricing risk into an uncertain market

The expectation that tender prices will rise over the next 12 months is hardly surprising, but what’s more revealing from the survey results is the spread of views around how far they’ll go.

There’s no single consensus emerging, which tells us that the market is still trying to work out how much of the pressure it’s carrying is temporary and how much has become part of the new normal.

**This lag between market pressures and pricing responses makes tendering more complex than simply tracking material costs.**

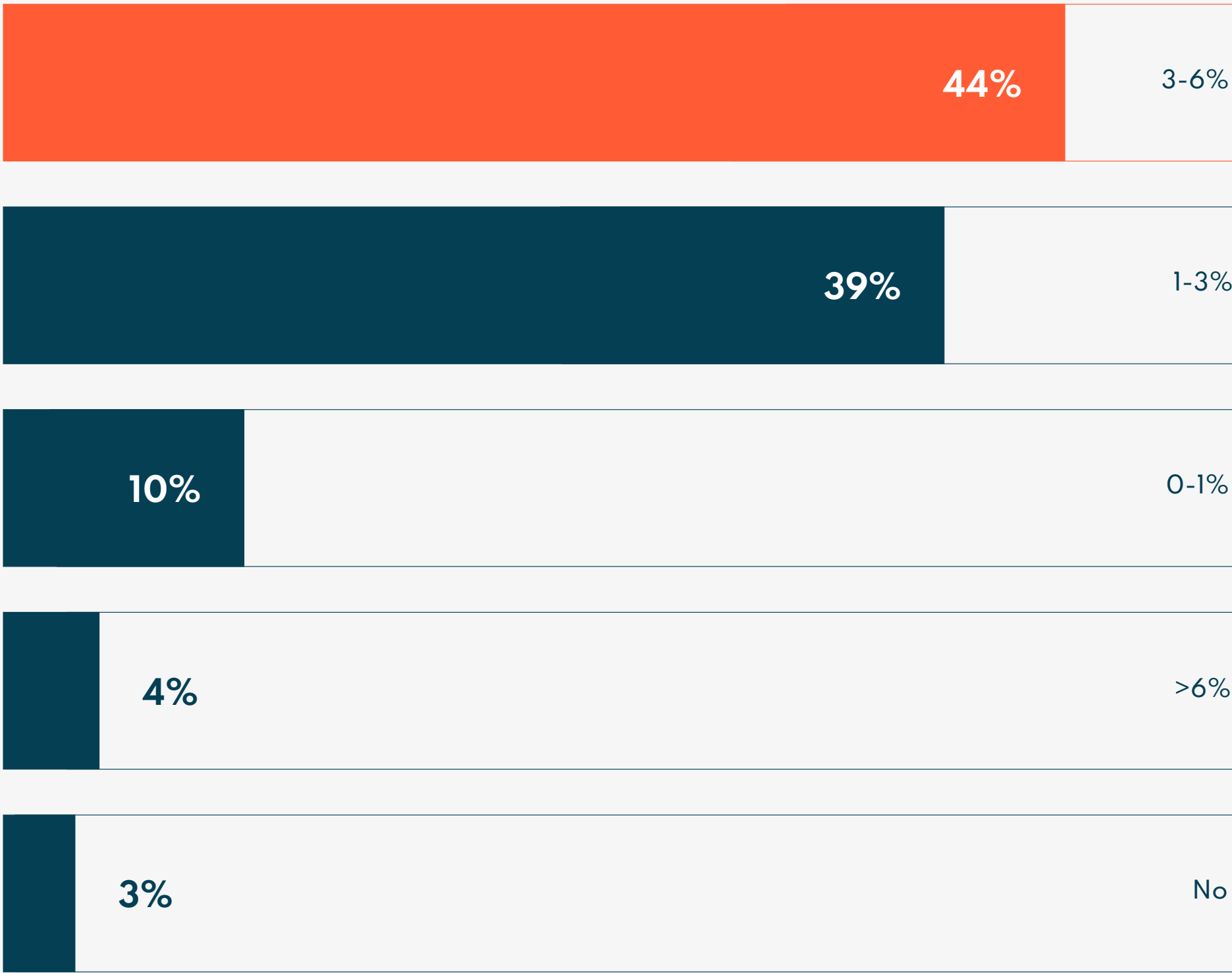


Some input costs have settled considerably from the volatility we saw a few years ago, but labour remains tight and certain materials, imported components and mechanical and electrical equipment can still be difficult to predict.

Add longer lead times, planning and approval delays, changing requirements and uncertainty over when a project will actually start, and there are plenty of reasons for contractors to be cautious about the price they put forward.

We’re also seeing a market where contractors are becoming more selective about the work they pursue. That doesn’t mean competition has disappeared, but it does mean a contractor may be less willing to win a project at a price that leaves them carrying risks they can’t properly assess or control.

Do you think tender prices will continue to rise over the next 12 months, and if so, at what pace?





**For clients**, this changes what a good tender looks like. The lowest number isn't necessarily the best indication of value, particularly if it relies on optimistic assumptions about programme, procurement or risk. Where there are gaps or unknowns, contractors may respond through additional contingency, qualifications, allowances for longer programmes or simply by deciding that a project isn't worth bidding for. Those costs don't always appear as a single line called 'uncertainty', but they are reflected in the price.

On a more positive note, the industry has become better at dealing with cost volatility, however, the next step is getting better at dealing with uncertainty before it gets priced into the job. That means having the design, programme and procurement strategy sufficiently developed before going to market, being realistic about the risks that can be controlled, and making sure the risks that can't are properly understood and allowed for.



**Ultimately**, the more uncertainty a tender contains, the more expensive it can become to get someone to take responsibility for it.



# The confidence gap

When we asked how confident people were that Government understands the needs of construction, only **1%** of respondents expressed strong confidence, while 59% were either not very confident or not confident at all.

At the time of issuing the survey, there was still uncertainty around the political direction of travel. Since then, the pause in plans for local government reorganisation has created further uncertainty for local authorities, leaving questions around future structures, responsibilities, investment priorities and decision-making unresolved. But the response tells us something broader than whether people agreed with one particular policy, party or prime minister.

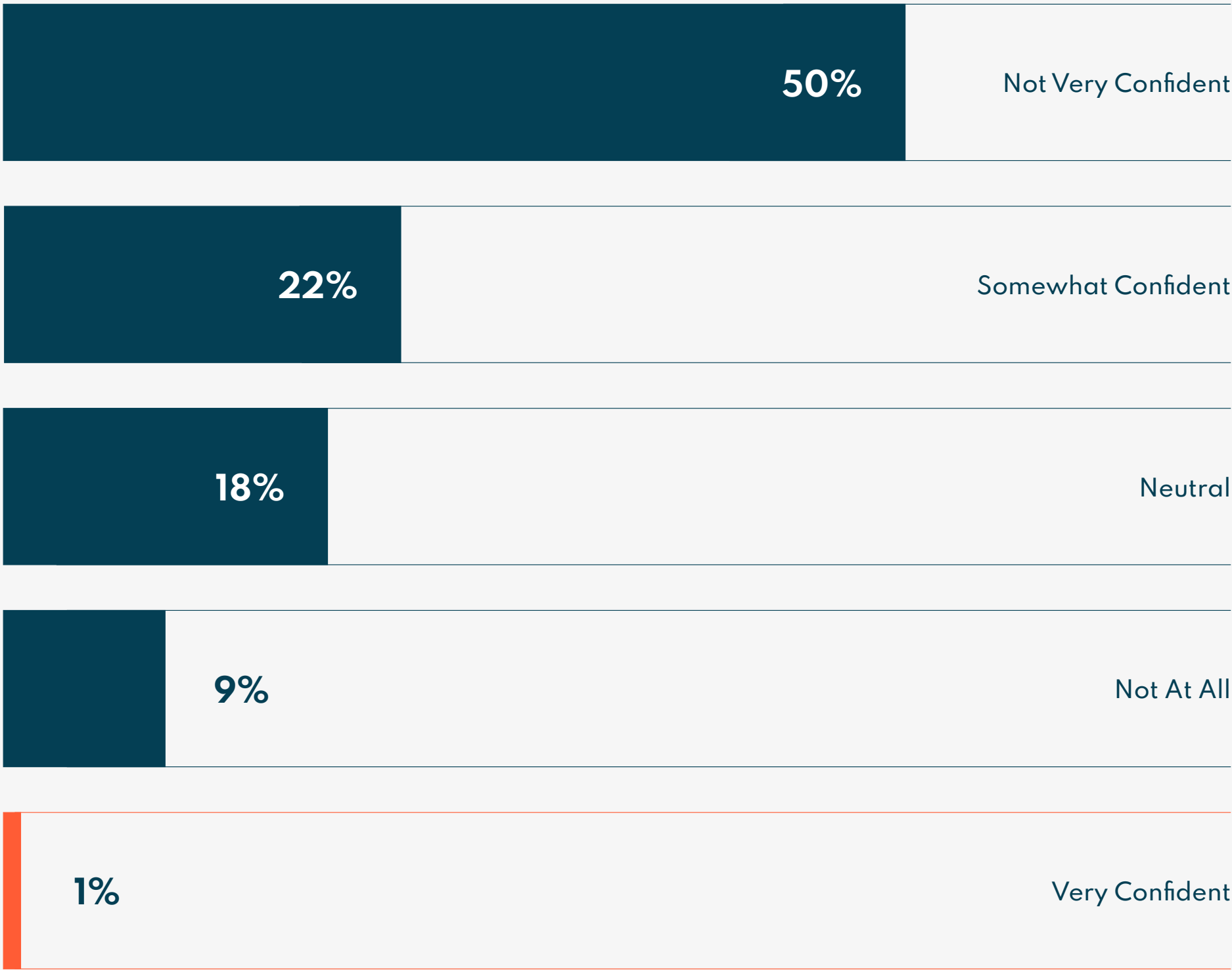
**“We need a clear plan and pipeline”** said one survey respondent, which may be the simplest expression of what the industry is asking for.

Construction is struggling with a lack of continuity. Priorities change, programmes move, funding is reallocated, and decisions take longer than expected. Every time this happens, the effect travels through the industry.

A contractor thinking about recruiting, a manufacturer considering investment in capacity, a consultancy building a team or a client deciding whether to take a scheme forward all need some confidence that the work will still be there when they get to it.

**“ I think Andy Burnham could have a positive influence, however I don't think Government understand the impact and interdependency construction has on the economy.”**  
Contractor

How confident are you that the Government understands the needs of the construction industry?





# Turning uncertainty into opportunity

There are already signs of what a clear plan and pipeline could look like at a regional level. The scale of development being considered across places such as Greater Manchester, Liverpool, Warrington and major regeneration locations in London shows the potential when housing, infrastructure, transport and economic development are considered as connected investment rather than a collection of individual projects.



Andy Burnham's plans for a new generation of council and affordable homes are one example of that more joined-up approach, particularly in linking housing delivery with public land and wider regional growth.

The picture around local government is less straightforward, however, with the Government's programme of local government reorganisation now paused and under review across much of England. Decisions have been withdrawn in four areas and further proposals put on hold while the wider programme is reconsidered, making the direction of travel less certain than it was a few months ago. Even so, the underlying case for stronger local leadership, joined-up planning and clearer regional investment remains important.





“ We should aspire to establish a UK Construction Productivity Commission, independent of individual Government departments, with a single objective - Increase UK construction productivity by 50% over 10-15 years while simultaneously improving safety, quality and carbon performance.”

For the construction industry, that could be more significant than the eventual structure of local government itself. What businesses need is enough visibility to understand where investment is going, what development is being prioritised and when projects are likely to come forward. If regional authorities can provide that clarity, it gives clients and the supply chain a stronger basis for investing in skills, capacity and technology ahead of demand.

One of the more ambitious responses to our survey suggested establishing an independent UK Construction Productivity Commission, with a long-term objective of increasing productivity while improving safety, quality and carbon performance. Whether that is the right mechanism is open to debate, but the underlying idea is worth taking seriously. Construction doesn't necessarily need another short-term initiative, it needs a degree of continuity in investment and policy that give businesses confidence to plan beyond the next political cycle.

# We asked:

What developments do you believe could create the greatest opportunities for the construction industry over the coming years?



“Data centres.”

“A return of help to buy would definitely help the SME market, although even without this- certainty would be by far the most valuable thing this Gov. could give to the market.”



“NHP programme, Universal Studios, Sizewell - these are all major projects, probably the biggest pipeline of major project build over the next 5 years.”

“A return of help to buy would definitely help the SME market, although even without this- certainty would be by far the most valuable thing this Gov. could give to the market.”

“Government putting pressure on supply chain to reflect the actual cost of materials following Covid and Brexit, rather than maintaining inflated prices.”



“Sustainable power, transportation improvement and increasing level of apprenticeships and training capabilities within the industry.”

“Large scale regeneration projects, environment focused projects such as flood protection, expansion of digital and energy infrastructure.”

“Reform procurement from the ground up through a public procurement strategy requiring government departments to prioritise UK manufactured construction products and procurement of best whole life outcome, especially in critical infrastructure areas such as defence, education, health and custodial.”



# What happens when the lights turn green?

Better visibility of upcoming procurement, earlier conversations with the supply chain, more realistic programmes and a willingness to address viability before significant design work is undertaken would all reduce wasted effort. The industry isn't asking for every risk to disappear. It is asking for enough certainty to understand which risks it is being asked to take.

And let's not forget, there's plenty to be optimistic about. The opportunities identified by respondents span affordable housing, major regeneration, infrastructure and regional development, with projects capable of doing much more than creating construction work.

A new transport connection can unlock development. New homes can support a growing workforce. Regeneration can attract private investment into places that have struggled to secure it. Construction can be the mechanism that turns those ambitions into something tangible.

The survey was taken when the political picture was unsettled, so the confidence figures should be seen in that context. The opportunity now is to turn that uncertainty into something more constructive. Government can set the direction, regional leaders can join up the investment, and the industry has the capacity to respond.



**There is no shortage of places to go or reasons to get moving. What construction needs is enough confidence that when the signal turns green, it can accelerate.**

# The pipeline needs people as well as projects

The latest survey gives a more nuanced picture on the skills gap than the wider industry narrative might suggest. The proportion of organisations reporting a shortage has fallen from **53% in Q4 2025 to 39% in Q3 2026**. That’s a meaningful shift, but it doesn’t necessarily mean the underlying problem has gone away. There’s an important distinction between having enough people to deliver today’s workload and having enough capacity to deliver the pipeline ahead.

That distinction becomes increasingly important when we look at the areas of growth identified in our survey, from infrastructure and housing to energy, defence and regeneration. All of these will need people with the right skills and experience, and [CITB’s latest research](#) warns that demand for construction skills is expected to grow faster than supply.

Its workforce research also suggests the traditional model of moving labour around the country is becoming less effective, with workers increasingly reluctant to travel long distances to projects.

- Growing demand for skilled labour

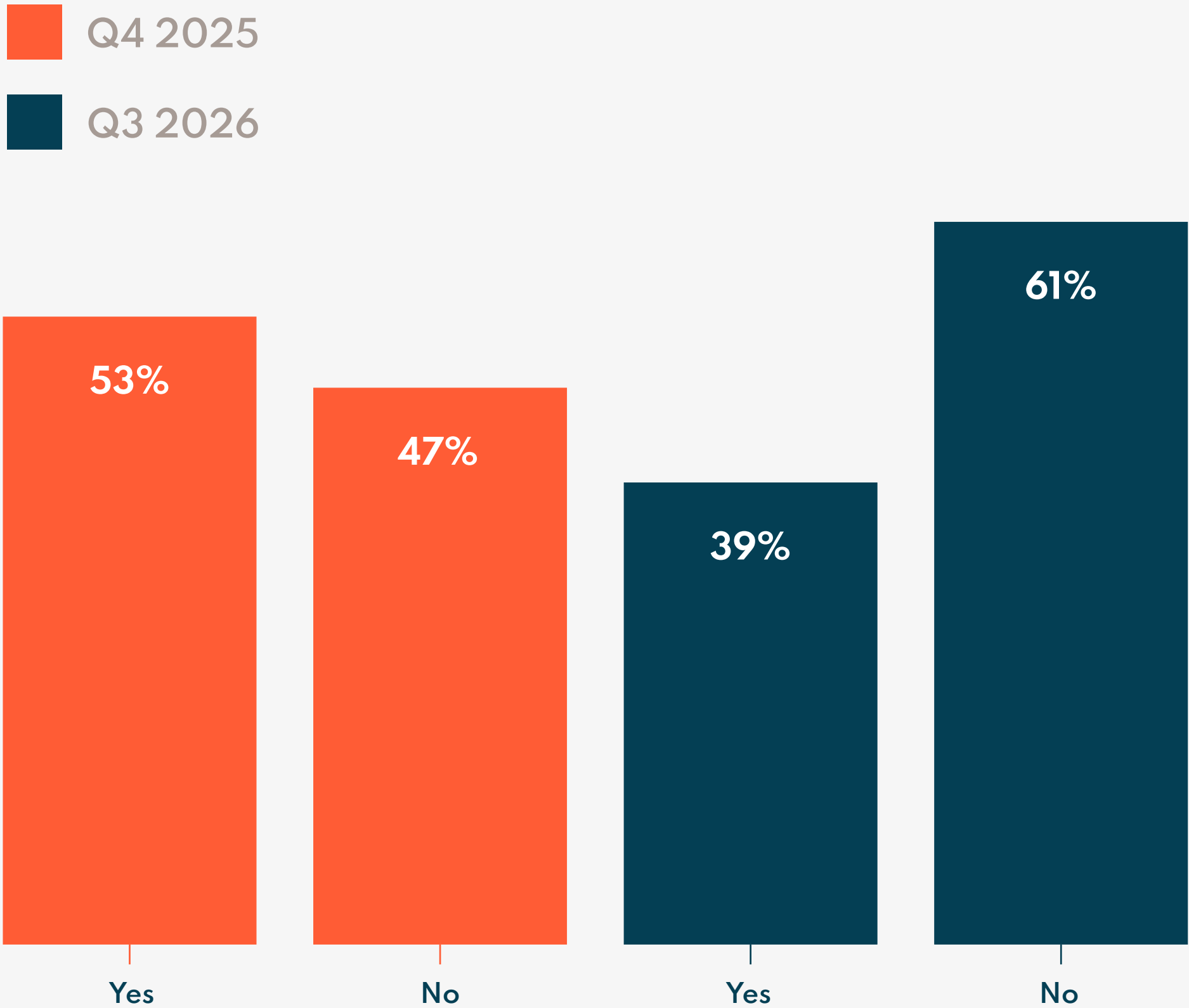
↑
- Reduced labour mobility

↓
- Difficulty filling vacancies

↑
- Increased project delays

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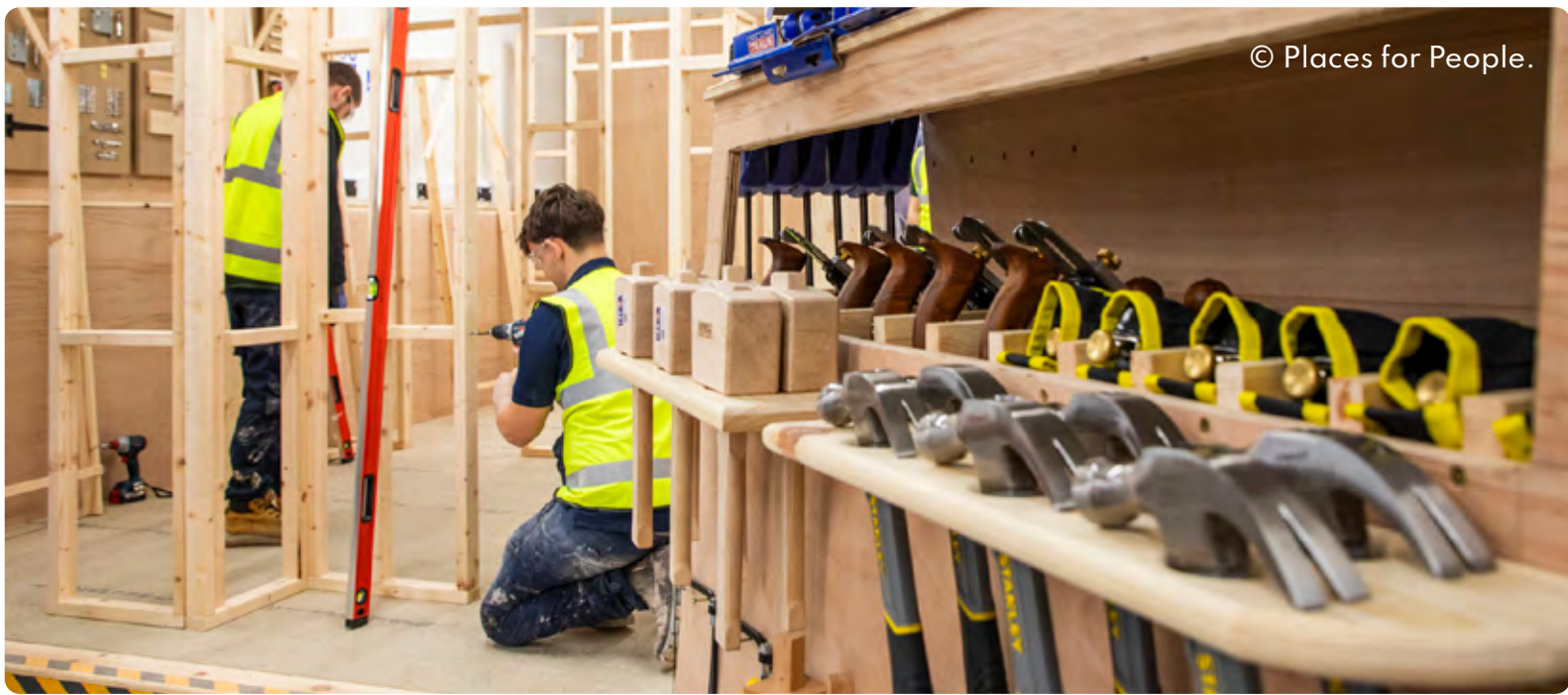
Is your organisation currently facing a skills shortage?



For clients, this means skills and capacity need to be considered much earlier in the project lifecycle, rather than becoming an issue to resolve once a project reaches site.

Greater visibility of programmes, realistic delivery expectations and earlier engagement with the supply chain can help identify where capacity might become constrained, while giving contractors and specialists more confidence to invest in the people they'll need.

There's a productivity opportunity here too. Better processes, technology and investment in people can help the industry make more of the capacity it already has. The **39%** figure (of businesses facing a skills shortage) may suggest there's a little more breathing space today, but if the pipeline starts moving quickly, that space could disappear. Preparing for that now gives us all a better chance of securing the skills, programme and delivery certainty we'll need when it does.



© Places for People.

# Innovation only matters if it positively changes how we build

When more than half of our respondents say construction is more innovative than it was five years ago, it's difficult to argue that nothing has changed. **Fifty-six per cent think the industry is more innovative, compared with 20% who disagree, while 24% aren't sure.** There's clearly been movement, but the uncertainty around what counts as genuine innovation is interesting in itself.

There's certainly plenty to point to. Respondents highlighted more efficient systems and processes, as well as the growing use of BIM, clash detection, drones and robotics. AI is now firmly part of the conversation too, alongside MMC and technology designed to improve safety and reduce carbon.

But perhaps construction hasn't become more innovative simply because it decided to be. One respondent described it as **“an industry that has been forced to adapt”**, pointing to the lessons from poor previous practices, the need to improve safety and the incredibly tight margins many businesses operate within.

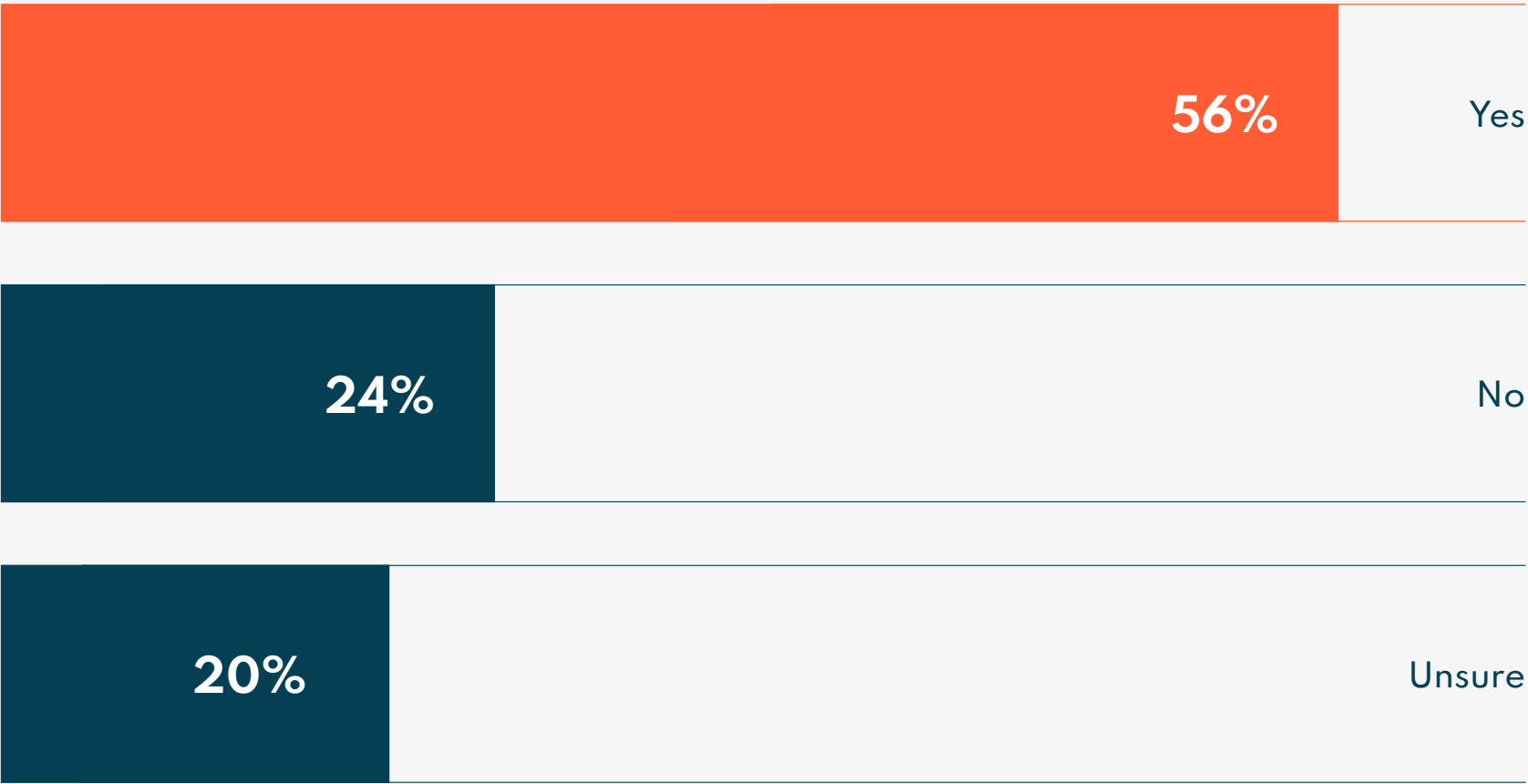


Even when large contractors can turn over hundreds of millions while making only low-single-digit percentage profits, there's a strong incentive to find better, safer and more efficient ways of working.



Do you think the industry is more innovative than it was five years ago?

?



That creates a fairly compelling case for innovation, but it doesn't mean every new idea will be welcomed. Another respondent said, **"I think people are creatures of habit and people are worried about the cost of innovation."** That probably explains some of the caution we see across the industry. A new technology has to do more than look impressive; it has to solve a problem, justify its cost and work reliably in the reality of a live project.

That distinction matters, as adding technology to an existing process isn't necessarily innovation if the underlying process hasn't improved. The real opportunity is to use new tools and new ways of working to make projects safer, more productive and more predictable.



With skills in short supply and pressure on productivity, the industry can't afford to treat innovation as an optional extra. Whether it's AI taking care of repetitive work, robotics tackling difficult or dangerous tasks, or better information helping teams make decisions earlier, innovation should ultimately give people more time to focus on the parts of construction that still need experience and judgement.

The next step is making sure innovation translates into better outcomes rather than simply more technology on projects. If we can do that, innovation could become one of the things that helps construction move from being cautious about the future to pressing go.

**“Innovation is changing rapidly  
- Apps such as Procure, and  
measures such as robots laying  
bricks or doing complex and  
dangerous asbestos works”**

Survey respondent



“ ”

**There is a lot more talk about innovation and growth yet the evidence of deliverables and impact is a bit thin on the ground.**

Survey respondent



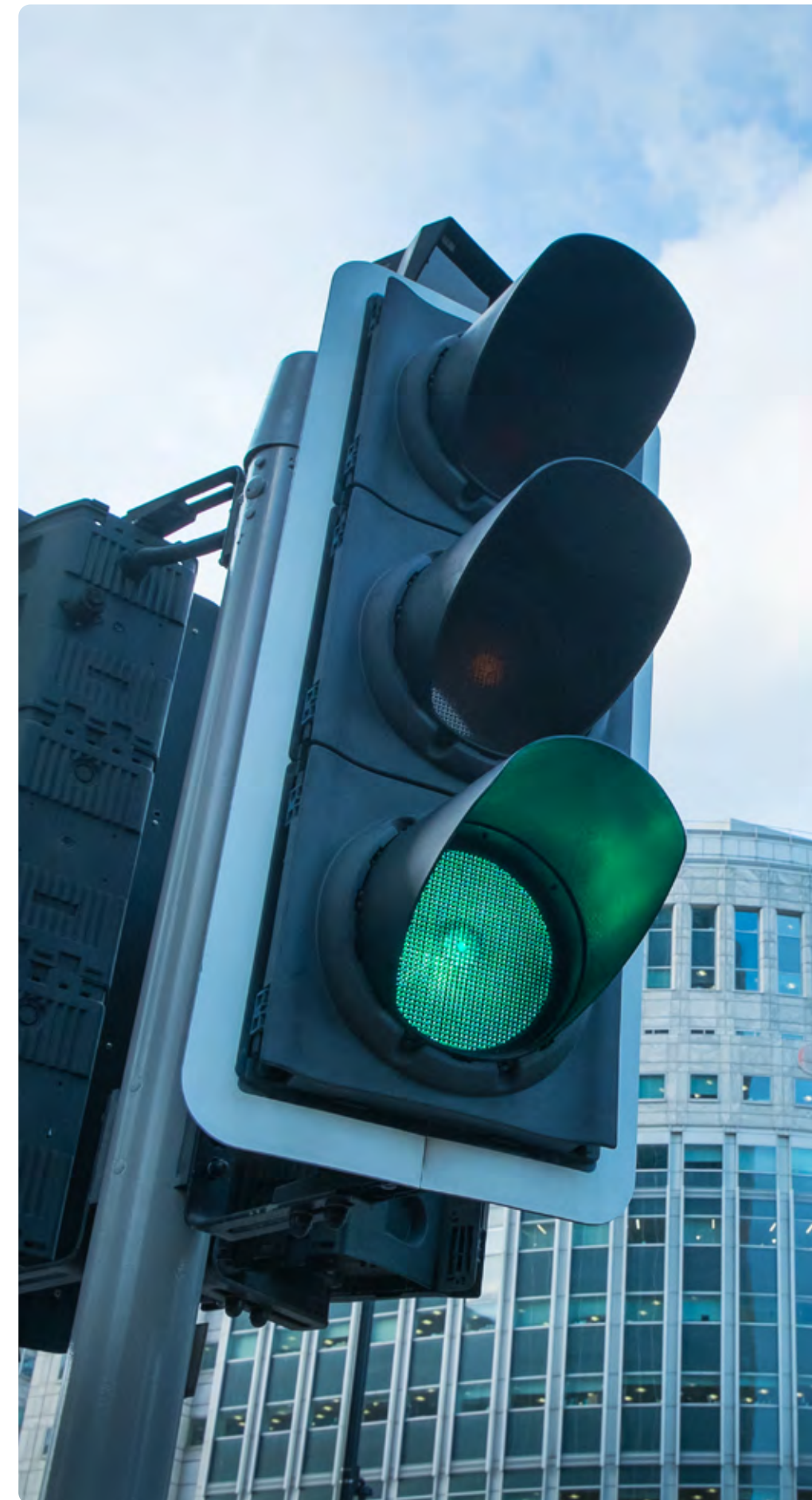


# Ready set go

**There are plenty of green lights in construction at the moment, but the road ahead is still interrupted by amber signals. The opportunity is clear: demand is returning in important areas of the market, but confidence, capacity and clarity have not yet caught up with that ambition.**

The findings point to an industry that is not short of work, ideas or willingness to adapt. What it needs now is a more certain environment in which clients, consultants, contractors and the supply chain can make confident decisions. That means clearer pipelines, earlier market engagement, realistic programmes, better-developed briefs and a practical approach to risk before projects reach tender. Perhaps that is the strongest message from this quarter's survey.

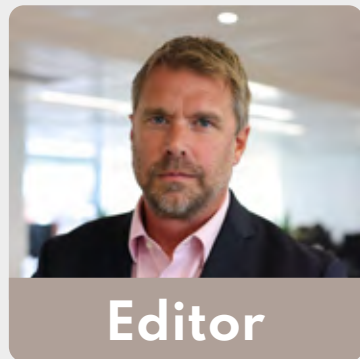
Construction is already moving, but to accelerate with confidence the signals around cost, skills, investment, procurement and Government delivery need to turn from amber to green. If they do, the industry has the capability to turn today's uncertainty into long-term growth, better outcomes and places that deliver lasting value.



Thanks for reading  
We hope you've found  
our report insightful.

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