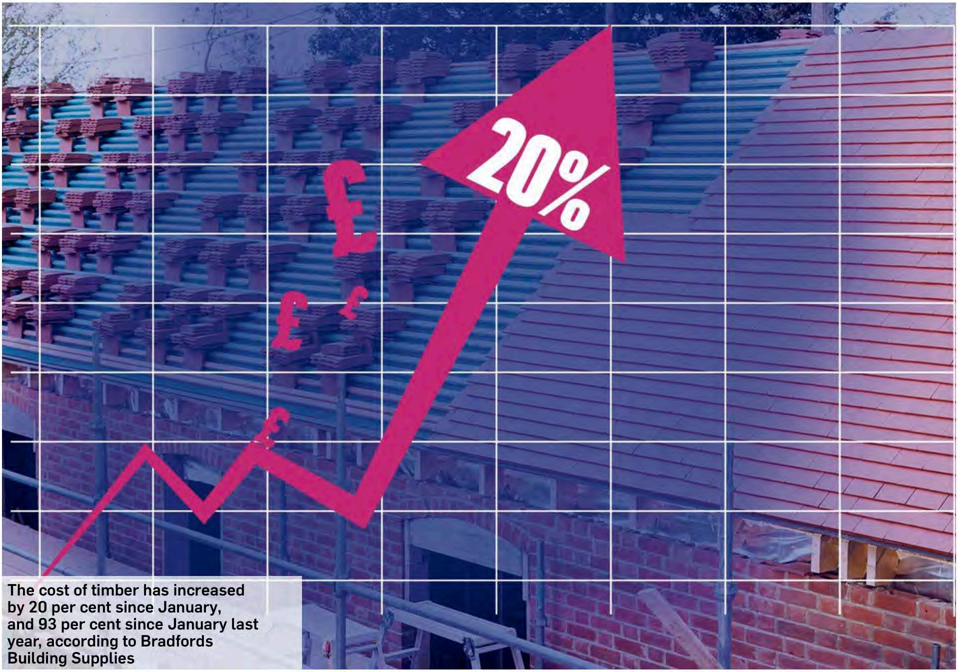
Grand designs and inflation

The surge in renovations, combined with disruptions caused by Covid, Brexit and HS2, has increased costs and delayed works



The cost of timber has increased by 20 per cent since January, and 93 per cent since January last year, according to Bradfords Building Supplies

Hugh Graham

When Peter Dewey set about converting a stable block into a music/art room at his home on the Isle of Wight he gave himself a budget of £80,000. That was nine months ago. Since then the costs of timber have soared 20 per cent and Dewey, a retired quantity surveyor who is managing his own build, has gone over budget by about £16,000. “I was told by the guy at the builders’ merchant that if we didn’t order before a certain date the price would increase by another 10 per cent.”

Dewey is not surprised. “Over the Covid period, with everyone confined to their homes they are doing improvement projects. On the Isle of Wight you look around and everyone is extending their properties. If anyone is thinking of doing work, I would advise them to be aware that the costs are likely to keep rising. The country is at a record level of housebuilding, which is gobbling up what supplies there are. So be sure you get a fixed price for

FINISHED WINDOWS AND DOORS ARE
6-12%
MORE EXPENSIVE THIS YEAR

materials from your contractor."

If you can find a contractor. The surge in lockdown renovations, combined with disruptions caused by Covid, Brexit, HS2 and the blockage in the Suez Canal, has created a perfect storm for homeowners: rising building costs, shortage of materials and delays in works. David Young, the chief executive of Bradfords Building Supplies in Somerset, says the price of timber has soared 20 per cent since January and 93 per cent since January 2020; steel prices have risen 14 per cent so far this year and are forecast to have risen by 32 per cent by the end of 2021; the cost of tile roof battens has gone up 105 per cent since January; finished windows and doors are 6 per cent to 12 per cent more expensive this year; plasterboard is up 4 per cent and due to rise another 5 per cent in June; and plastic pipes and guttering are forecast to increase 16 per cent this year. The cost of construction materials has risen 8 per cent in the year to March, according to government figures.

Then there are the shortages. The shutdown of factories in India due to Covid will interrupt supply chains of Indian sandstone, porcelain and other paving products two to three months down the line, according to Young. Concrete posts for fencing, which normally have a lead time of seven to ten days, have waits of 16 weeks. Roof tiles that you could normally get in two weeks may now take 20 weeks, according to John Newcomb, the chief executive of the Builders Merchants Federation.

And HS2 has caused a shortage of cement and

STEEL IS FORECAST
TO RISE
32%
BY THE END OF 2021

aggregate. “A lot of quarries have given all their product to HS2,” Young says.

Christine Hadfield knows this all too well. The company director is trying to build a patio in her garden in Amersham, Buckinghamshire. “The patio can’t be done because there is no cement. Our contractor has driven all over the country, even to Yorkshire, and he can’t find it. His suppliers are saying that HS2 has got all of it. And I am told there are charlatans selling it on eBay. We already have our patio stones, which are just sitting there.”

Newcomb advises anyone thinking of a project to plan with their builders and merchants three to six months in advance. “Jobbing builders are notoriously undisciplined in terms of planning. If you are thinking of having a loft conversion or extension, talk about materials, what is and isn’t available, and look at substitutions. Don’t just turn up at your builders’ merchant and expect materials to be on the shelf.”

That assumes you will even be able to hire labour: 38 per cent of builders are struggling to find bricklayers and 34 per cent are struggling to hire carpenters and joiners, according to the Federation of Master Builders. “I was talking to my builder last week and said I was looking to do a small extension, when can you see me?” Young says. “He said, ‘I can come round and see you next week but I won’t be able to start until March next year.’ That is not uncommon. The government has used construction as a catalyst to come out of the pandemic, and we have never seen demand like it.”

If you are lucky enough to find labour, what else can you

THE COST OF ROOF TILE BATTENS HAS GONE UP
105%
SINCE JANUARY

do if you face rising costs or a shortage of materials? Young suggests composite decking as an alternative to timber; artificial grass as an alternative to paving; and clay roof tiles as an alternative to concrete.

Another alternative is buying reclaimed wood. Claire Segeren, who is renovating a Victorian villa in Dunoon to let it out on Airbnb (@whathavewedun), bought reclaimed-wood flooring from a carpet factory for £9 a square metre on Gumtree and says she would have paid £50 a sq m for a new solid wood floor.

To avoid a nasty shock of rising prices during a project, set aside an extra 15 per cent in your budget, and be sure to sign a contract with your builder, advises Bill Barton, a director of Barton Legal. He has seen two disputes break out among clients and builders as a result of recent price hikes. And the contract needs to specify who takes on the risk of costs rising during the build.

“The price of glass today when the contractor is doing an estimate might be £10,000. But then Pilkington [for example, or any other glass manufacturer] might send an invoice in August for £16,000. So the builder might quote you £16,000 now to cover himself in case of price rises. If in August the price is still only £10,000, the builder won’t give you that £6,000 back. On the other hand, if the price of glass has gone up to £20,000, he has lost out. So when you are agreeing a contract, you have two options: either you agree a fixed price and the builder can take the risk, so that you end up paying more than you should if the price does not rise, or you the

PLASTERBOARD IS UP
4%

consumer will, rather than agreeing a fixed price, take on the risk, so when Pilkington sends an invoice in August, you will agree to pay it, whatever it is."

Barton advises discussing with your builder which items are most likely to rise in price. The most acute shortages are timber, roofing materials and roofing membrane, according to the Construction Leadership Council. If your contractor tries to fob you off or is not familiar with the price of materials, that is a red flag.

For small projects you could use a standard JCT contract, which is free. For any project over £100,000 you should have a contract drawn up by a solicitor, says Barton. He says it should not cost you more than £2,000, but could save you a lot of money in legal disputes down the road. Yet less than half of homeowners bother to get a contract on a project. "If you don't have a contract you can't withhold payment," Barton says. "But if you have discussed all scenarios, there is a plan if things go wrong. Communication reduces disputes and leads to better-quality work."

Finally, if you are thinking of spending your lockdown savings on a project, you might be wise to wait six months. "We think this situation will continue until the last quarter of the year, when we will see some easing," Newcombe says.

"It is demand driven. Perhaps when consumers start thinking about holidays, eating out and going to the cinema, they will move their focus away from the home and garden."

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