CONSTRUCTION RISK CHEAT SHEET (2026)

Use this as a decision tool, not as QS, legal, or procurement advice.

1. What changed in the market

Fuel and energy disruption pushes freight and logistics costs higher.

Material prices do not move evenly; plastics, asphalt/bitumen, glazing, cladding, concrete surcharge, and specialist packages can move differently.

Lead times become less predictable, especially for MEP, façade/glazing, and specialist imported components.

Procurement behaviour changes fast: shorter tender validity, less appetite for fully fixed-price commitments, more qualifications, more escalation clauses.

The real damage is usually not the first-order cost increase — it is delay, uncertainty, and risk transfer.

2. Where it bites in your deal

Area	What changes	What to test
Direct build cost	Material escalation, freight surcharge, contractor risk premium	Reprice construction cost and compare base vs stress case
Program	Longer lead times, sequencing issues, re-procurement	Add weeks, not just percentage cost
Holding cost	Longer project means more interest, overhead, prelims	Model weekly burn explicitly
Margin	Profit gets compressed even if the build still 'works' on paper	Check stress profit and minimum acceptable margin
Contracts	Escalation clauses, exclusions, time-only relief, qualifications	Review who actually carries volatility risk

Tendering	Tender validity shortens; builder pricing gets stale faster	Check reprice trigger before you rely on an old number

3. Operator screen: ask these before you proceed

How much of the construction scope is exposed to freight, imported components, or fuel-sensitive inputs?

Which packages are critical-path and hard to replace — MEP, façade/glazing, joinery, lifts, specialist fixtures?

What is the weekly burn rate if the project slips by 2, 4, 8, or 12 weeks?

How much of the margin disappears if the program extends before revenue is realised?

Does the contract allow genuine cost recovery, or only time relief?

How long is tender validity, and what happens if suppliers reprice before you award?

What assumptions in the feasibility are treated as stable but are actually volatile?

What would need to be true for this project to remain acceptable under a prolonged disruption scenario?

4. Minimum operator buffers (starting heuristics only)

These are planning heuristics for first-pass feasibility only. Final buffers should be informed by a quantity surveyor, procurement advice, the contract, and project specifics.

Project profile	Suggested extra cost buffer	Suggested extra time buffer	Watch-outs
Cosmetic / light reno	2–4%	1–2 weeks	Usually manageable unless specialist items or rework drive delay
Heavy reno / extension	5–8%	2–6 weeks	Service relocations, hidden conditions, specialist trades
New build – lower import exposure	6–10%	4–8 weeks	Concrete surcharge, steel,

			glazing, procurement timing
New build – higher import exposure	8–12%	8–12 weeks	Façade, MEP, imported fixtures, shipping and sequencing
Commercial / façade / MEP-heavy	10–15%	8–16 weeks	Critical-path packages and supplier reliability

5. Contract and tender watch-outs

Short tender validity can invalidate a 'good' deal before you even award.

A fixed-price headline does not mean the builder is absorbing all risk; check exclusions, provisional sums, escalation wording, and qualifications.

Time-only relief can still hurt you badly if you carry prelims, interest, or investor expectations.

If the contractor cannot price certainty, they will either price a buffer or shift the risk back to you.

6. Simple decision rule

Do not ask only 'Can I build this?' **Ask** 'What happens to profit, time, and downside if uncertainty persists longer than planned?'

Recommended workflow

Use the spreadsheet to compare base case vs short disruption vs prolonged crisis.

Run the Sage prompts against the deal, the scope, and the contract assumptions.

If stress profit drops below target: reprice, add buffer, change scope, change timing, or walk away.