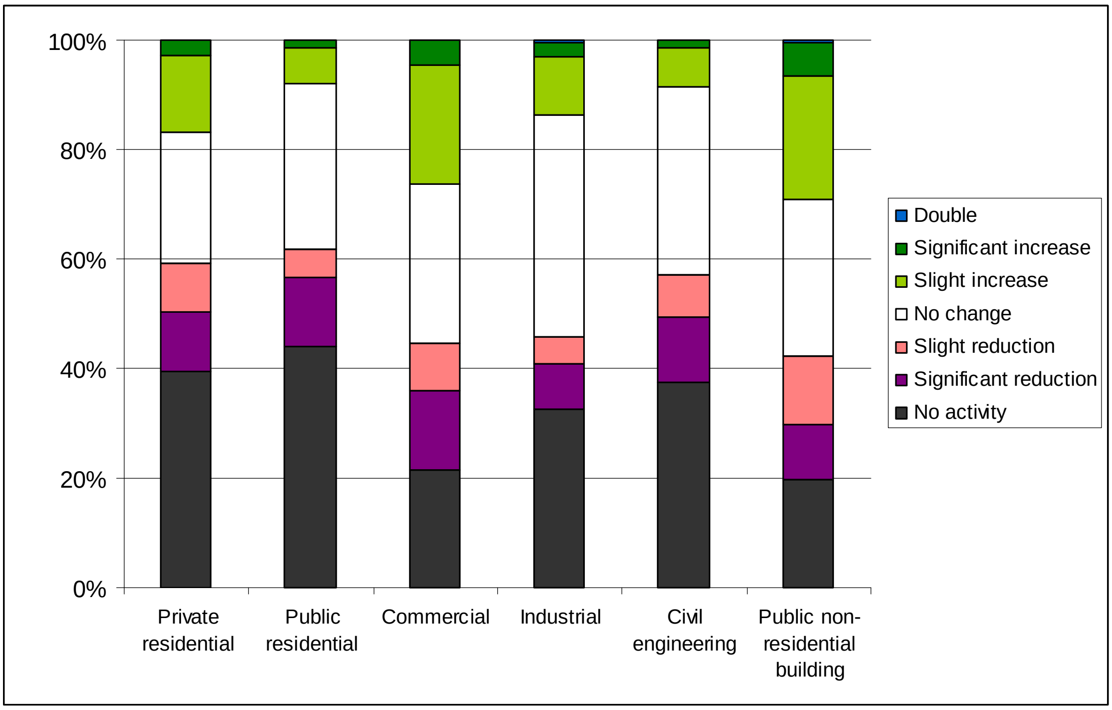
Quarterly Construction Sentiment Survey (Q2 2011)

Review of Quarter 2 2011: Workload

Over the last three months (April to June 2011) please assess any change in your workload compared to the period January to March in the following areas. If you do not work in a particular area, leave it blank.

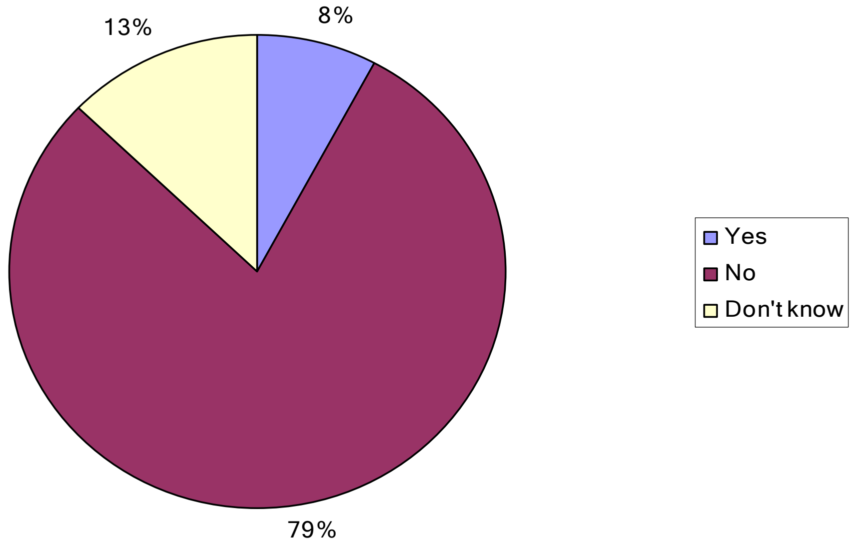


Comments from Respondents

- Public Non-residential being Summer works programme and Schools programme
- Our work load for the first half of this year has dropped to less than 25 % of this time last year. However we have commenced the construction stage of a local school this month and will commence the early design stage of a large industrial building shortly which will bring the work load for a now two man practice to about 50 % of last years figures
- In the general area of my practice there is literally no construction work being undertaken. Work being done is mostly pro bono and consists of disputes or bank reporting
- Most of my work is in Europe
- I see that some increase in school building is planned
- There were no Summer Works or Emergency Works releases in 1st Quarter. Now there has been.
- Nothing happening other than schools, also to win a school a contractor has to go in at a loss (EG: a school with a value of ú2,000,000, for a contractor to win it, they must go in at about ú100 - 150K below cost). Some nursing homes on the market.
- We are seeing a marked increase in investment by multinationals in the pharma & semi conductor.
- project enter into completion, getting start to on final account preparation
- Work Predominantly in Utilities sector
- some of our experience for the above would be where we act for Contractors i.e. Public residential , significant reduction as Cork County council tenders appear to have stalled subject to setting up framework
- In this particular instance this is not due to any specific increase in activity in the commercial sector as it is a one off project that received planning application with client who has funding.
- This was for work in Africa
- Increased enquiries for retail space from tenants (at terms favourable to tenants). Some enquiries for private residences - again at the right price
- Slightly more enquiries being received
- Transferred from a Productive Infrastructure project (i.e. an airport) to a Private Non-residential project (i.e. industrial project).

Skills Shortages in Construction

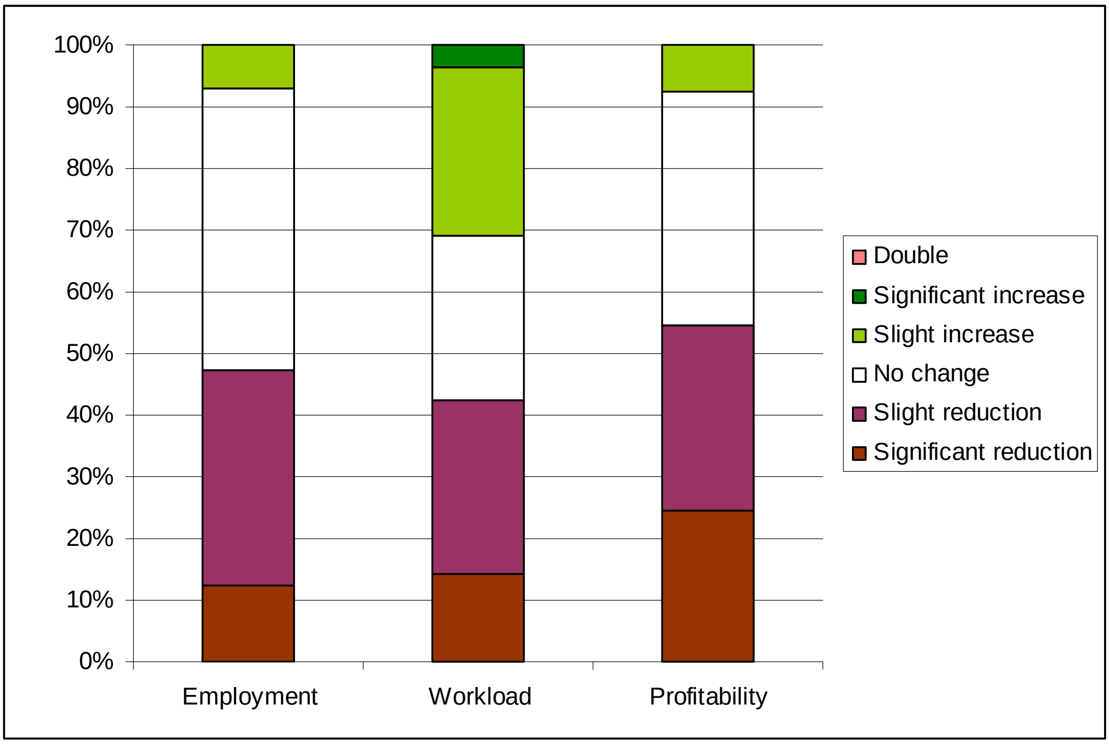
Do you foresee any shortages in construction skills over the next quarter?
(July to September 2011)



- All skills, due to emigration
- Emigration will be a significant factor
- Interestingly there is a shortage of good experienced surveyors - all gone abroad
- Trades & Professions: The good graduates are leaving, the cheap graduates are staying
- In the M, E & I sector
- Engineering, foremen, electricians
- There is no work, so no shortages?
- skilled trades, Mechanical & Electrical in particular
- Too many skilled people emigrating
- Any % rise in activity will give rise to significant shortages in sub-contractors for partitioning, ceilings, floor finishes, etc. Already difficult to source quotes from many sub-contractors due to lack of office staff and/or cherry picking of work they wish to price. Many seem to have significant issue with wasting time pricing for certain Contractor's and/or clients. Primarily due to the recession but also the GCCC forms of contract.
- The lack and availability of construction projects is leaving many skilled and educated professionals with little choice but to seek work opportunities outside of Ireland
- All specialist and trades
- Not sure if right level of person out there. Put advert out for industrial experienced cost managers and got mixed replies with majority not having requisite experience but also seen direct approaches from experienced contract staff increase slightly - suspect very few folk in permanent position now will move !
- In own profession at Graduate QS Level as most are leaving the country. As younger others that stay are looking at re-educating themselves in other fields.
- Curtain Walling, joinery, plastering
- Engineers

Forecast for Q3 2011 : Employment, Workload, Profitability

Over the current quarter (July to September 2011) how do you expect the following to change, compared to the previous quarter?



Comments from Respondents

- This practice has made no appreciable fee income in the last year and that situation will pertain to the end of 2011. The current indicators in our area would indicate no change in the foreseeable.
- Significant government investment is needed in infrastructure to safeguard and kick start the industry. Government contracts procurement systems must be deconstructed now to enable project focused policies and objective be realised. Red tape and useless administrative procedures must go.
- Finding it increasingly difficult to win/prequalify for work
- I am a sole trader operating on my own
- Sentiment is still very poor - lack of confidence and general European and international uncertainties is not helpful
- Margins have to increase because companies cannot continue the race to the bottom. QS's must get rid of below cost tenders!
- There has been a huge reduction in work volume. I have worked on 4.5 projects per week up to the end of May and just 3 projects for all of June. The outlook is not much better. The decline was very noticeable from Easter week.
- an increase is anticipated due solely to multi nationals
- Revised budget estimates and cost plans from Clients on projects that had ceased last year have been rejuvenated. The construction of these projects will commence by the end of this year. Factors relating to value for money and reduced risk for the client have helped this process to get back on track.
- reducing margin to just above break even so with increased time spent looking for business profitability will be hit
- Currently the correlation between employment, workload and profitability is in flux, particularly due reduction in staff numbers specifically at a level whereby albeit the numbers of projects are down the work load in fact has increased for some over the intervening period. Profitability is still decreasing as although overheads can be reduced it is very hard to compete on the level of fees being offered presently and make profit.
- Increase in activity in relation to school building is expected over the coming 2-3 years
- Answers based on the lack of major construction investment and future construction projects in the pipeline ahead.
- All our workload has increased due to a number of factors. However the actual projects coming out within ROI has fallen significantly.