TENDER PRICES CLOSE TO BOTTOMING OUT

PRICES CLOSE TO 1998 LEVELS, DOWN 33% FROM 2007 PEAK

SURVEYORS CALL FOR APPOINTMENT OF A CONSTRUCTION CHIEF

Monday 21st March 2011 [NOTE EMBARGO]. New figures from the Society of Chartered Surveyors show that construction tender prices may be close to bottoming out.

While tender prices have fallen dramatically over the last three and a half years the latest Index shows the fall in the second half of 2010 was just 2.1%, while the fall for the year as a whole was 5.8%.

According to the new figures, prices are now very close to where they were when the Index was first published, 13 years ago.

Micheál O'Connor, Chair of the Quantity Surveying division of the SCS said it was clear tender prices were now close to the floor and due to the severe shortage of work within all sectors of the Irish market, pricing would remain very competitive for the foreseeable future.

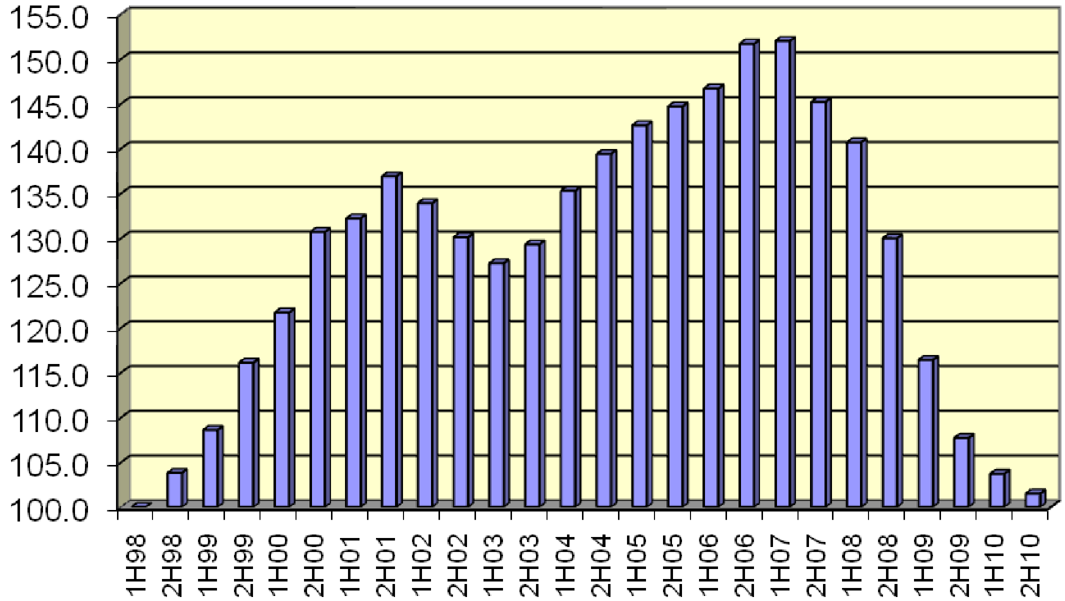
The SCS strongly believes that because the construction industry is now almost wholly reliant on public clients urgent reform of how Irish infrastructure is procured and delivered is required.

Micheál O'Connor said the incoming government needs to focus on three main blockages in public sector construction delivery, namely;

- Accelerating delivery of public works
- Tackling departmental under-spend
- Reforming planning for key infrastructure projects

'The SCS has long called for the appointment of a chief construction advisor, to work with all government bodies and agencies to streamline and reform the tendering and procurement process. We need to tackle under spend, ensure that we get value for money in all areas of public spending, and reform planning processes so that vital public works can commence as soon as possible' O'Connor said.

'A number of vital pieces of infrastructure and viable building projects could be progressed to construction stage immediately if local authority planning departments were pooled and both they and An Bord Pleanala resourced adequately to ensure that projects which have financing in place could make the most of these low tender prices' O'Connor said.



The graph illustrates the dramatic fall in construction tender prices which are now very close to the levels they were at when the index began in 1998.

The SCS believes appointing a construction advisor to oversee the changes outlined above would lead to projects being completed on time and at the best price.

‘It is a clear win-win situation for the taxpayer as jobs will also be created, thus reducing unemployment in a sector that has been decimated by job losses. Investment in public infrastructure also generates a return and improves the competitiveness of the economy while at the same time laying the foundations for the economic upturn” O’Connor concluded.

ENDS.

Further Information
Contact Kieran Garry
Gordon MRM
01-6650455 or 087/2368366

Note to Editor

The Index is the only independent assessment of construction tender prices in Ireland. It is compiled by the Quantity Surveying members of the Society based on actual tender returns for non-residential projects during the period in question. It is based on predominately new build projects with values in excess of € 0.5m and covers all regions of Ireland. The Index is therefore a measure of average price increases across differing project types and locations. It should be regarded as a guide only when looking at any specific project, as the pricing of individual projects will vary depending on such factors as their complexity, location, timescale, etc.

First Half 1998	100.0	Second Half 2004	139.4
Second Half 1998	103.8	First Half 2005	142.6
First Half 1999	108.6	Second Half 2005	144.7
Second Half 1999	116.1	First Half 2006	146.7
First Half 2000	121.7	Second Half 2006	151.7
Second Half 2000	130.7	First Half 2007	152.0
First Half 2001	132.2	Second Half 2007	145.2
Second Half 2001	136.9	First Half 2008	140.7
First Half 2002	133.9	Second Half 2008	130.0
Second Half 2002	130.1	First Half 2009	116.4
First Half 2003	127.2	Second Half 2009	107.7
Second Half 2003	129.3	First Half 2010	103.7
First Half 2004	135.3	Second Half 2010	101.5

Calculation of 33% fall from peak – 100/152 x 50.5 = 33%