

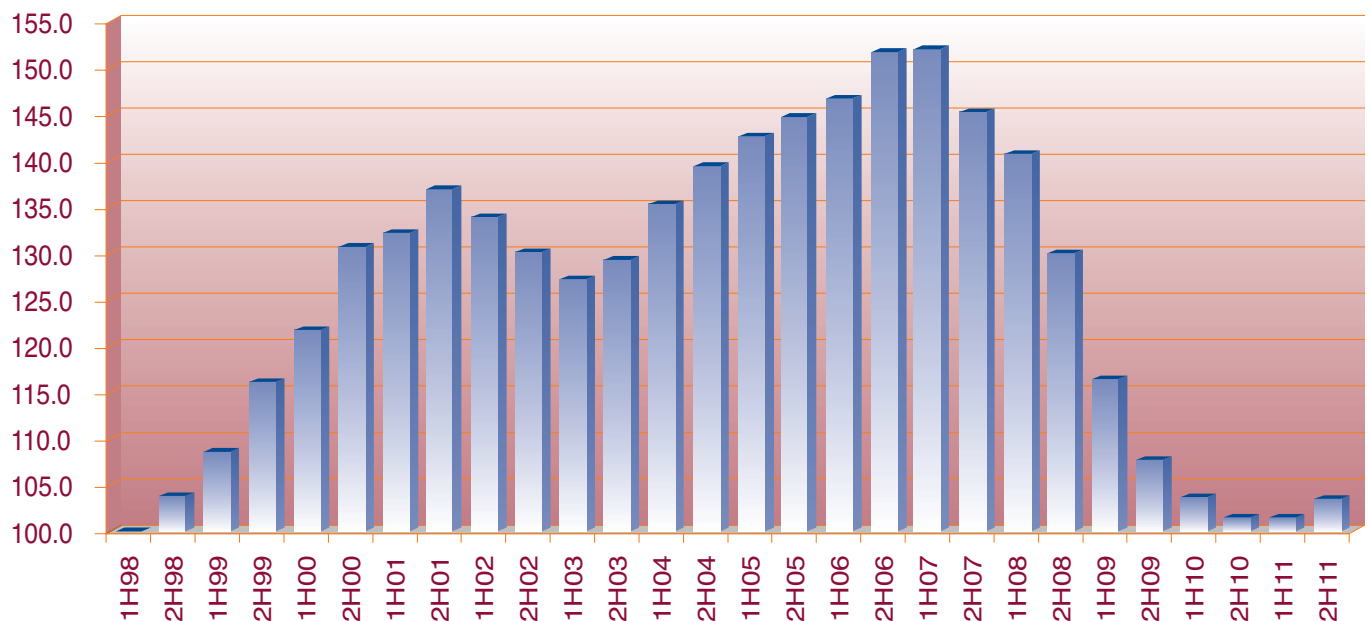
## Building Costs stabilise and increase slightly in second half of 2011 for the first time since 2007.

### Construction tender prices now back to 1998 levels.

New figures from the Society of Chartered Surveyors Ireland show that building costs have bottomed out and even increased slightly in the second half of 2011.

The SCSi Tender Price Index, which has been running since 1998 and is the only independent assessment of construction tender prices in Ireland, shows that prices stabilised in the first half of 2011 and increased by 2 per cent in the second half of the year.

**Fig. 1: Tender price index**



Andrew Nugent, the Chairman of the Quantity Surveying Professional Group of the SCSi said “construction tender prices have fallen by approximately one third since their peak in the first half of 2007 and are now still only at a level last seen 13 years ago, in 1998”.

“The stabilisation and slight increase in tender prices in 2011 reflects the severe shortage of new construction projects and reduction in the available pool of contractors. This is due to both company failures and some contractors and sub-contractors concentrating their efforts on overseas markets”, he said.

Referring to the trend of contractors pricing work below cost to secure work, Nugent said; “the leveling off and slight increase in tender prices is also due to a growing realisation that pricing work at below cost and not pricing risk items in tenders is unsustainable”.

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Nugent also said that “whilst there is more realism about pricing levels for construction projects recently, there is still a severe shortage of work within all construction sectors and tenders are likely to remain very competitive for the foreseeable future”.

The SCSi also called on Government to consider the appointment of a Chief Construction Adviser, similar to the UK, to bring a centralised approach and a cost savings strategy to a previously fragmented public sector procurement process.

“Having a Chief Construction Adviser has delivered efficiencies and cost savings to the tax-payer in the UK. We would like to see a similar approach in Ireland to ensure the tax-payer gets value on state construction and infrastructural projects” Nugent concluded.

**Fig. 2: Tender price index**

First Half 1998	100.0	First Half 2005	142.6
Second Half 1998	103.8	Second Half 2005	144.7
First Half 1999	108.6	First Half 2006	146.7
Second Half 1999	116.1	Second Half 2006	151.7
First Half 2000	121.7	First Half 2007	152.0
Second Half 2000	130.7	Second Half 2007	145.2
First Half 2001	132.2	First Half 2008	140.7
Second Half 2001	136.9	Second Half 2008	130.0
First Half 2002	133.9	First Half 2009	116.4
Second Half 2002	130.1	Second Half 2009	107.7
First Half 2003	127.2	First Half 2010	103.7
Second Half 2003	129.3	Second Half 2010	101.5
First Half 2004	135.3	First Half 2011	101.5
Second Half 2004	139.4	Second Half 2011	103.5

### Notes

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.

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