TENDER PRICE INDEX
Updated March 2020
FURTHER SLOWING OF CONSTRUCTION TENDER PRICE INFLATION - YEARLY GROWTH NOW AT 6.2%

The Society of Chartered Surveyors Ireland Tender Price index reveals that national construction tender prices increased by 2.8% in the second half of 2019, down from 3.4% in the previous 6 months. The results indicate a continued slowing of Tender price growth in the construction sector, with national annual inflation now at 6.2% (Jan 19 to Dec 19). It was not possible to provide our usual 6 month forecast as our survey was conducted pre-Covid 19 outbreak and therefore the outlook for the industry is uncertain at this time. The index numbers are as follows:

Methodology - The Index is the only independent assessment of construction tender prices in Ireland. It is compiled by the Quantity Surveying members of the Society. The Tender Price Index (TPI) is based largely on sentiment returns with actual tender returns included in the calculations. The TPI is 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 relates to 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.
The rate of inflation in Dublin has slowed from the previously reported 3.5% (1H 2019) to 2.8% (2H 2019).

The SCSI tracks tender price inflation across all provinces and excludes Dublin for the Leinster region for the purposes of rates comparison. Interestingly, whilst national average Tender rates are down the regions outside of Dublin except Connaught/Ulster are reporting marginal increases in tender rates.

The chairperson of the Quantity Surveying Committee, Tómas Kelly highlights that “Whilst the second half of 2019 saw a further easing in tender price inflation, the Rest of Leinster was the outlier with tender inflation of 3.6% for the last six months of 2019. This is likely to have been driven by increased demand from foreign direct investment and residential sectors in the counties surrounding Dublin”.

It is important that the Tender Price sentiment report is used appropriately and not for all construction projects, including those in the residential sector and those below €0.5 million. Project specific advice should be sought from a Chartered Quantity Surveyor before deciding an appropriate TPI provision for individual construction projects.

The SCSI Tender Price Index is the only independent assessment of construction tender prices in Ireland. The index is based largely on sentiment returns with actual tender returns included in the calculations. The Survey tracks Tender Price inflation in commercial construction projects with capital values over €0.5 million.
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