

Society of Chartered Surveyors Ireland

Tender Price Index

March 2019



Construction Tender Prices rise 7.7% for the full year of 2018

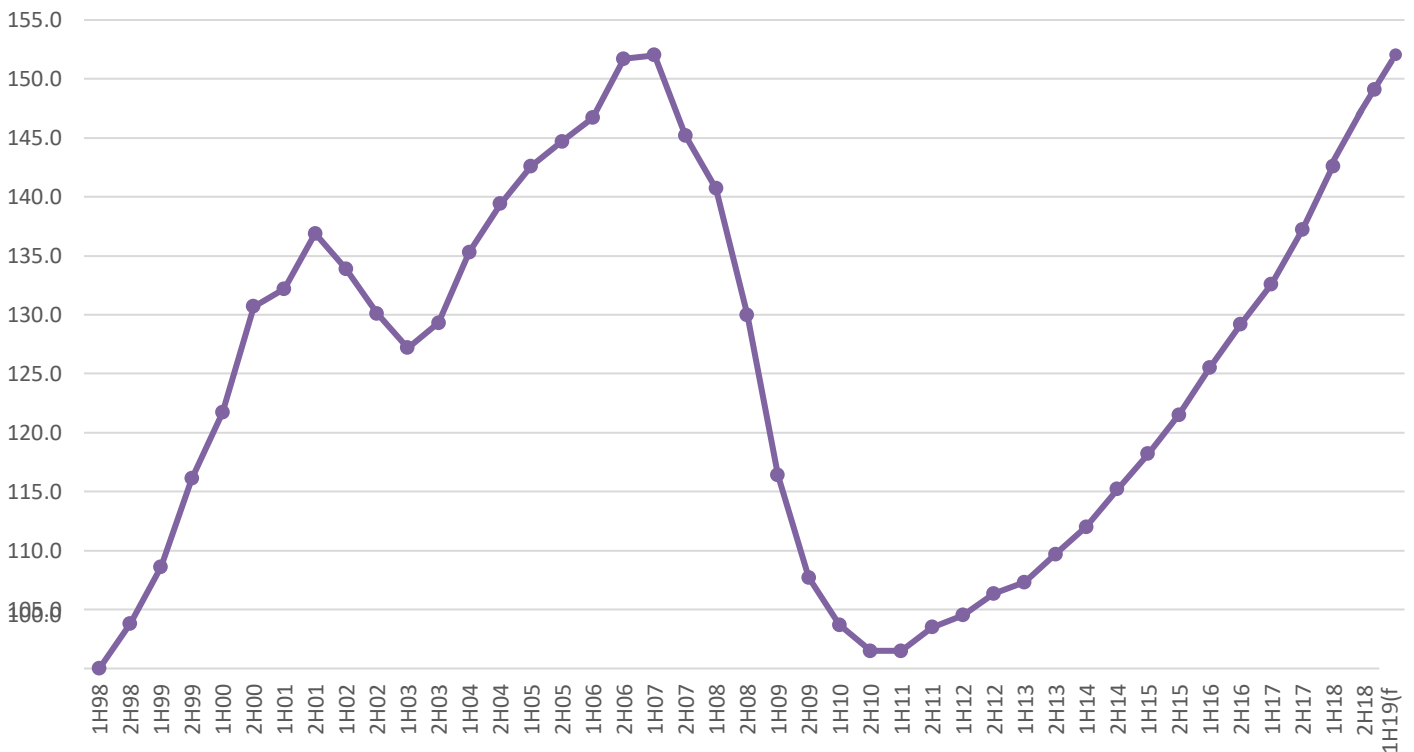
The latest Tender Price Index published by the Society of Chartered Surveyors Ireland (SCSI) has revealed that national construction tender prices increased by 3.56% in the second half of 2018. The results indicate continued growth in the construction sector albeit at a slower rate. The index numbers are as follows:

Figure 1: The Index numbers since 1998 are as follows:

First Half 1998	100.0	First Half 2005	142.6	First Half 2012	104.5
Second Half 1998	103.8	Second Half 2005	144.7	Second Half 2012	106.4
First Half 1999	108.6	First Half 2006	146.7	First Half 2013	107.3
Second Half 1999	116.1	Second Half 2006	151.7	Second Half 2013	109.7
First Half 2000	121.7	First Half 2007	152.0	First Half 2014	112.0
Second Half 2000	130.7	Second Half 2007	145.2	Second Half 2014	115.2
First Half 2001	132.2	First Half 2008	140.7	First Half 2015	118.2
Second Half 2001	136.9	Second Half 2008	130.0	Second Half 2015	121.5
First Half 2002	133.9	First Half 2009	116.4	First Half 2016	125.5
Second Half 2002	130.1	Second Half 2009	107.7	Second Half 2016	129.2
First Half 2003	127.2	First Half 2010	103.7	First Half 2017	132.6
Second Half 2003	129.3	Second Half 2010	101.5	Second Half 2017	137.4
First Half 2004	135.3	First Half 2011	101.5	First Half 2018	142.6
Second Half 2004	139.4	Second Half 2011	103.5	Second Half 2018	147.7
				First Half 2019 (F)	152.7

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 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.

Fig. 2: Construction Tender Prices



Dublin

The indices represent a national average; however, the rate of increase is not uniform across the country with Dublin and regional tender price variations. In Dublin, the second half of 2018 saw tender inflation at 3.7%. As expected, this is higher than the national average but comparable with results received from the Rest of Leinster region.

Outside of Dublin

The SCSi continue to track tender price inflation outside of Dublin which is currently running at 3.4% in Connaught/Ulster to 3.7% in the Rest of Leinster. Expectations for the first 6 months of 2019 again show a slight reduction in inflation. According to the SCSi’s Kevin James “*The +7% year-on-year increases are unsustainable in the medium term. Respondents are increasingly concerned about the impact tender inflation is having on the viability of projects*”

The SCSi Index is the only independent assessment of construction tender prices in Ireland, The Survey tracks Tender Price inflation in commercial construction projects with capital values over €0.5 million. The Report has forecasted a national increase of 3.35% for the first 6 months of 2019. The report also highlights a slowing of tender inflation for the first time since early 2017. This will bring construction prices back to peak 2007 levels. Mr James explained that “*allowances for Tender Price Inflation (TPI) among construction projects vary according to their sector, size, complexity and location, therefore advice should be sought from a Chartered Quantity Surveyor before deciding an appropriate TPI provision for your construction project.*”

Dublin & Regional Tender Price Variations

	2H18	1H19(f)
Dublin	3.70%	3.47%
Rest of Leinster	3.71%	3.56%
Munster	3.40%	3.28%
Connaught/Ulster	3.38%	2.96%
National Average	3.56%	