

TENDER PRICE INDEX 1998 – 2011

The latest Tender Price Index published by the Society of Chartered Surveyors Ireland shows that construction tender prices appear to have bottomed out after the very steep falls since 2007. The Index for the first half of 2011 is unchanged from the second half of 2010. The Index numbers since 1998 are as follows:

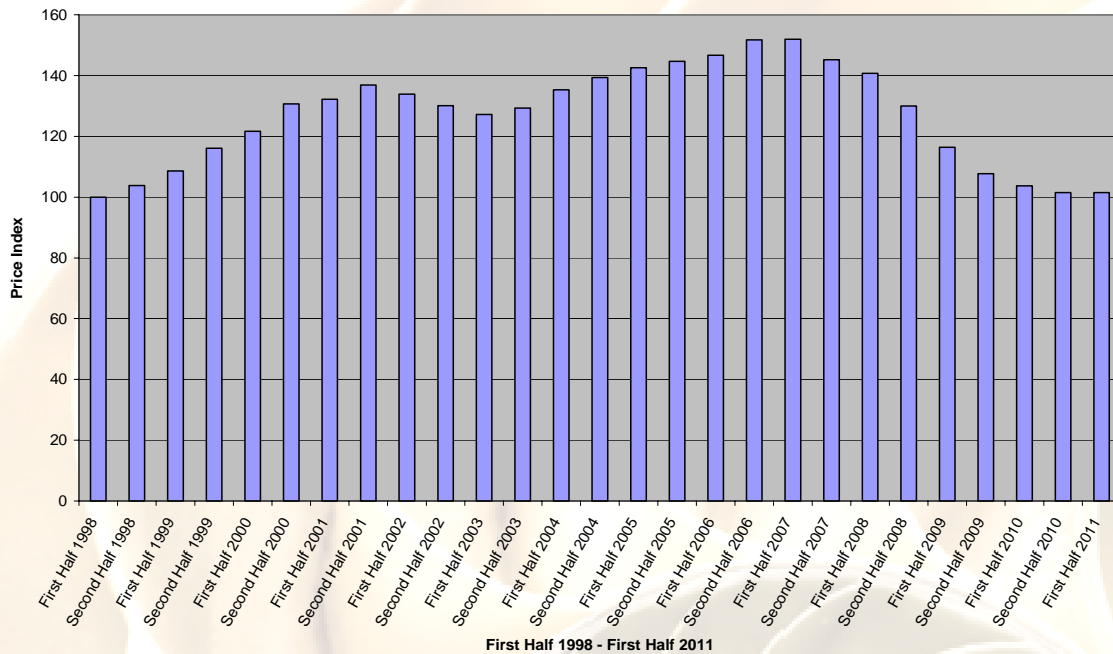
First Half 1998	100	First Half 2005	142.6
Second Half 1998	103.8	Second Half 2005	144.7
First Half 1999	108.6	First Half 2006	146.7
Second Half 1999	116.1	Second Half 2006	151.7
First Half 2000	121.7	First Half 2007	152
Second Half 2000	130.7	Second Half 2007	145.2
First Half 2001	132.2	First Half 2008	140.7
Second Half 2001	136.9	Second Half 2008	130
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		

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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Tender Price Index



The graph illustrates the dramatic fall in construction tender prices which began in 2007, slowed during 2010, and now appears to have reached its floor. In total, tender prices have fallen by approximately 33% since their peak in the first half of 2007. They are now holding steady at a level last seen 13 years ago in 1998. The bottoming out of tender prices reflects the fact that pricing work at below cost and not pricing risk items in tenders is unsustainable, as evidenced by the high number of contractor and sub-contractor company failures. Whilst recent tenders are starting to be more realistically priced there is still a severe shortage of work within all sectors of the industry and it is expected that pricing levels will remain very competitive for the foreseeable future but may start to increase slightly.

The SCSi Tender Index will continue to monitor construction tender levels and trends and will publish the results for the 2011 full year early in 2012.

Source: Society of Chartered Surveyors