

**Building costs down 11% last year – prices now back at year 2000 levels
 Surveyors say trend of below cost tendering not sustainable**

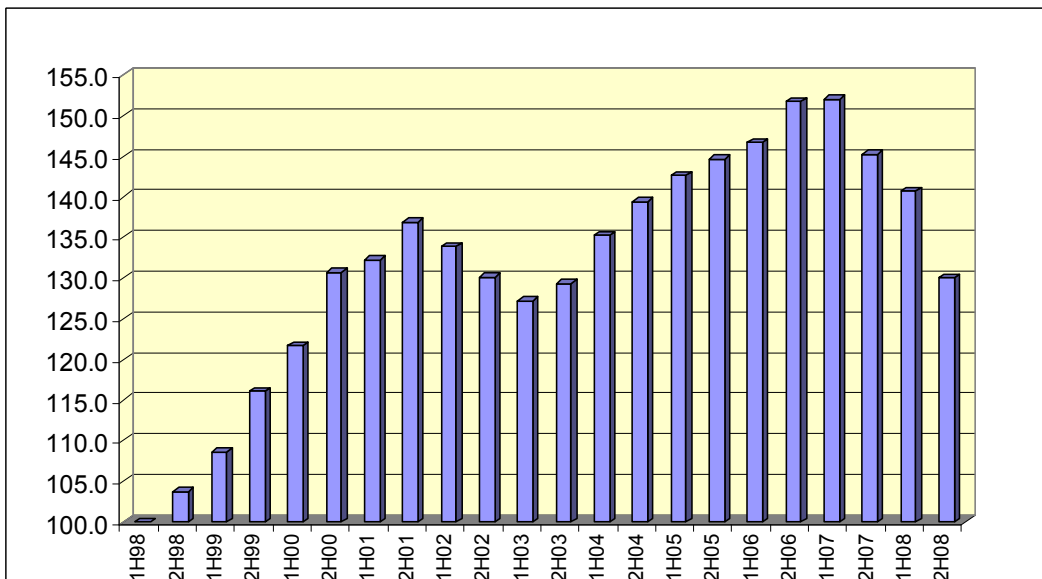
Sunday 15th February 2009. New research shows that construction tender prices fell by 11% last year and are now back at levels not seen since the year 2000.

The new figures were published by the Society of Chartered Surveyors in its latest Tender Price Index Survey.

The index for the second half of 2008 shows a decrease of 7.4% for the second half of the year and a decrease of 11% for the year as a whole.

The President of the Society, Sean McCormack, said “This research confirms what we have been hearing anecdotally for some time. Some tenders received during 2008, particularly in the later months, showed decreases well in excess of the average decrease for the year, so further falls are assured”.

McCormack said the figures reflected the dramatic fall off in all sectors of the construction industry including residential, commercial, public sector and civil engineering works and the fact that the output of the industry is likely to reduce to less than half of its peak of €38 billion in 2007.



The graph illustrates the substantial fall in tender prices during 2008, particularly in the second half of the year. (See Appendix 1 for further details)

“Without strong government intervention output could actually shrink to €14 billion by 2010. The fall in tender prices reflects the situation where contractors are bidding at or below cost in order to secure a share of the ever diminishing market. It is likely that there will be further reductions in tender prices during 2009 but perhaps at a slower rate, as below cost tendering can only be a short term solution” McCormack said.

He said “now is the time for the government to forge ahead with the National Development Plan and other capital projects as there was real value to be had in the market. Obviously this would help to safeguard thousands of jobs and retain the skills and experience gained over the last decade in the construction and property sector.”

The SCS Tender Index will continue to monitor construction tender levels and trends and will publish the results for the first half of 2009 in the summer.

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Note to editors:

- Dating back to 1895 and incorporated in 1993, the Society of Chartered Surveyors is the largest body in Ireland representing both the construction and property industries. It now represents some 2,200 qualified chartered surveyors as well as more than 1,000 probationers countrywide who are undergoing their assessment of professional competence in order to achieve the gold standard of chartered status. Members of the Society are typically professionals employed in planning & development, building, rural and other specialist surveyors, as well as general practice surveyors working in the valuation area.

APPENDIX 1

The SCS Index is the only independent assessment of construction tender prices in Ireland. It is compiled by the Society's Quantity Surveying members, the largest sectors of surveyors within the SCS. The Index is based on actual tender returns for non-residential projects during the period for which it is undertaken. It is also based on predominately new build projects with values in excess of € 0.5 m and covers all regions of Ireland. The Index 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 Index numbers since 1998 are as follows:

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