

Tender prices continue dramatic fall with building costs down 17.3% on this time last year

Current price levels now at 1999 levels

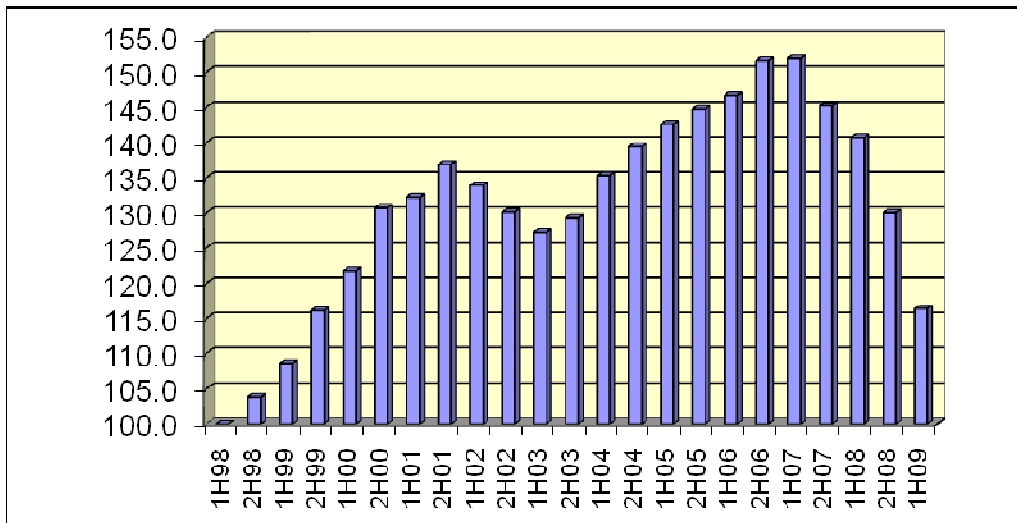
Surveyors urge government to take advantage of low prices, complete infrastructure projects and secure jobs.

September 2009. New figures show that the dramatic falls in construction tender prices recorded in the second half of last year, have not only continued into 2009 but have accelerated in the first half of this year. During this period prices fell by 10.5%.

The new figures, which were published by the Society of Chartered Surveyors, in its latest Tender Price Index Survey, show that prices have now decreased by 17.3% over the last 12 months.

The dramatic fall off has been caused by the decline in all sectors of the construction industry including residential, commercial, public sector and civil engineering.

The President of the Society of Chartered Surveyors, Ken Cribbin said the current low prices provided the government with an excellent opportunity to roll out key infrastructural projects while at the same time securing jobs and retaining skills within the construction sector.



The graph illustrates the dramatic fall in tender prices since they peaked in the first half of 2007.

“Tender prices have declined by 23% since reaching their peak in the first half of 2007. The fall comes despite significant increases in the cost of labour and materials inputs over the last ten years. The only explanation for this is that contractors and sub-contractors are bidding well below cost and under pricing risk, particularly the extra risks being passed to them in the new public works contracts. They are doing this in order to secure work in an ever diminishing market. This is not sustainable for any period of time and in the absence of any pick up in activity, this will unfortunately lead to firms going out of business’ Cribbin said.

“Given that the estimated job losses in construction are likely to be just short of 200,000 by the year end, it is essential that the Government prioritize projects that generate more jobs and get such projects to construction as quickly as possible. Investment in public infrastructure also generates a return and improves the competitiveness of the economy while at the same time laying the foundations for the next economic upturn” Cribbin concluded.

For further information

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Appendix 1

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.

The Index numbers since 1998 are as follows;

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