

The Society of Chartered Surveyors



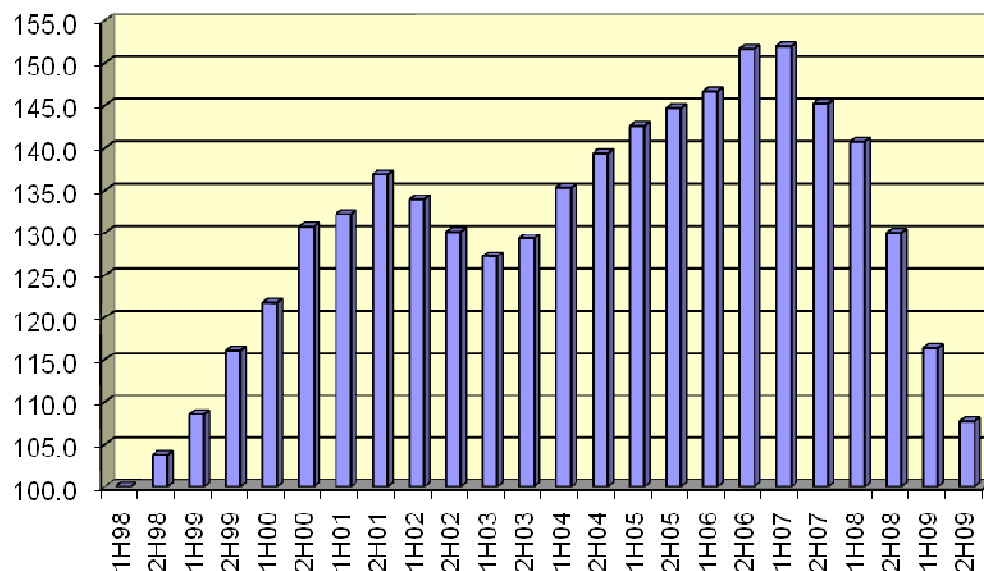
TENDER PRICES DOWN 29% FROM '07 PEAK CURRENT PRICE LEVELS NOT SEEN SINCE EARLY 1999 SURVEYORS SAY TREND IS UNSUSTAINABLE

Monday 8th March 2010. New figures from the Society of Chartered Surveyors show that construction tender prices fell by 17.2% over the last twelve months. The index for the second half of 2009 shows prices decreased of 7.5%. The figures also show that by the end of the year tender prices had fallen 29% from their peak in the first half of 2007.

The Chairman of the Quantity Surveyors Division of the SCS, Micheal O'Connor said the figures showed that the trend in below cost tendering was continuing and he warned that this could not continue.

"The index records tender prices every six months and this is the fifth straight decline in a row. While there was a need for a correction, the continuous fall in tender prices and the extent of those falls year on year is forcing firms to take on jobs at below cost. This situation is not sustainable for any period and we are seeing that with the amount of firms going out of business and the catastrophic rise in unemployment in throughout this sector."

The SCS has been calling on the government to take advantage of the lower prices and invest in public infrastructural projects. The Society also wants the government to appoint a Chief Adviser to co-ordinate the industry.



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

O'Connor said that instead of showing leadership and vision the current administration was suffering from myopia and inertia.

'These figures show it is an excellent time to embark on a building project. Unfortunately there is very little private sector investment at the moment and the Government has chosen to cut back on the public capital programme. Unless swift, imaginative action is taken now the sector will continue to haemorrhage jobs and we will lose the skills and expertise we have built up over the last fifteen years' O'Connor said.

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	Second Half 2009	107.7

Calculation of 29% fall from peak - $100/152 \times 44.3 = 29.1\%$

The SCS Tender Index will continue to monitor construction tender levels and trends and will publish the results for the first half of 2010 in the summer.