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# Tender Price Index

October 2021



## Exceptional material price increases, labour shortages and post pandemic demand within the sector resulting in tender price increases in 1H2021

The Society of Chartered Surveyors Ireland (SCSI) Tender Price Index reveals that national construction tender prices increased by 7% in the first half of 2021, up from 1.3% in the previous 6 months (2H2020). The results reflect a rise in tender prices within the construction sector due to increased demand on the sector during its recovery from COVID-19 sectoral closures. Furthermore, exceptional material price increases coupled with labour shortages within the sector have contributed to the increase in tender prices.

The results identify the year-on-year national annual inflation is now at 8.3% (July 2020 to June 2021).

This survey was conducted in July 2021 and is the only independent assessment of construction tender prices in Ireland. Due to the significant change of some material price increases, labour shortages and current demand have had across projects of all tiers, this survey garnered a wide range of responses. To ensure a clear reflection of the central tendency of responses, the results reported in the 1H2021 Tender Price Index report illustrate the median value of figures reported by respondents.



## Dublin

The results identify that in Dublin, the median rate of inflation in 1h2021 is 6%. This increase is on the back of a marginal increase reported in the second half of 2020 which indicates the sector's response to the significant rise in demand since the lifting of restrictions earlier this year.

## Provinces Excl. Dublin

Table 1 highlights the median rate of Tender Price Inflation for all provinces recorded in the first half of the year. The rates for the Rest of Leinster, Munster and Connacht/Ulster have all increased from the figures reported in 2H2020. Rates over a 6-month period (1H 2021) for the Rest of Leinster have seen a significant increase rising to a median figure of 7.8%. Rates for Munster increased to a median figure of 6.3% and rates for Connacht/Ulster increased to a median of 7.8% in 1H2021.

Table 1 Tender Price Inflation – 6 months

| Location         | 1h2021 |
|------------------|--------|
| Dublin           | 6%     |
| Rest of Leinster | 7.8%   |
| Munster          | 6.3%   |
| Connacht/Ulster  | 7.8%   |
| National Median  | 7%     |

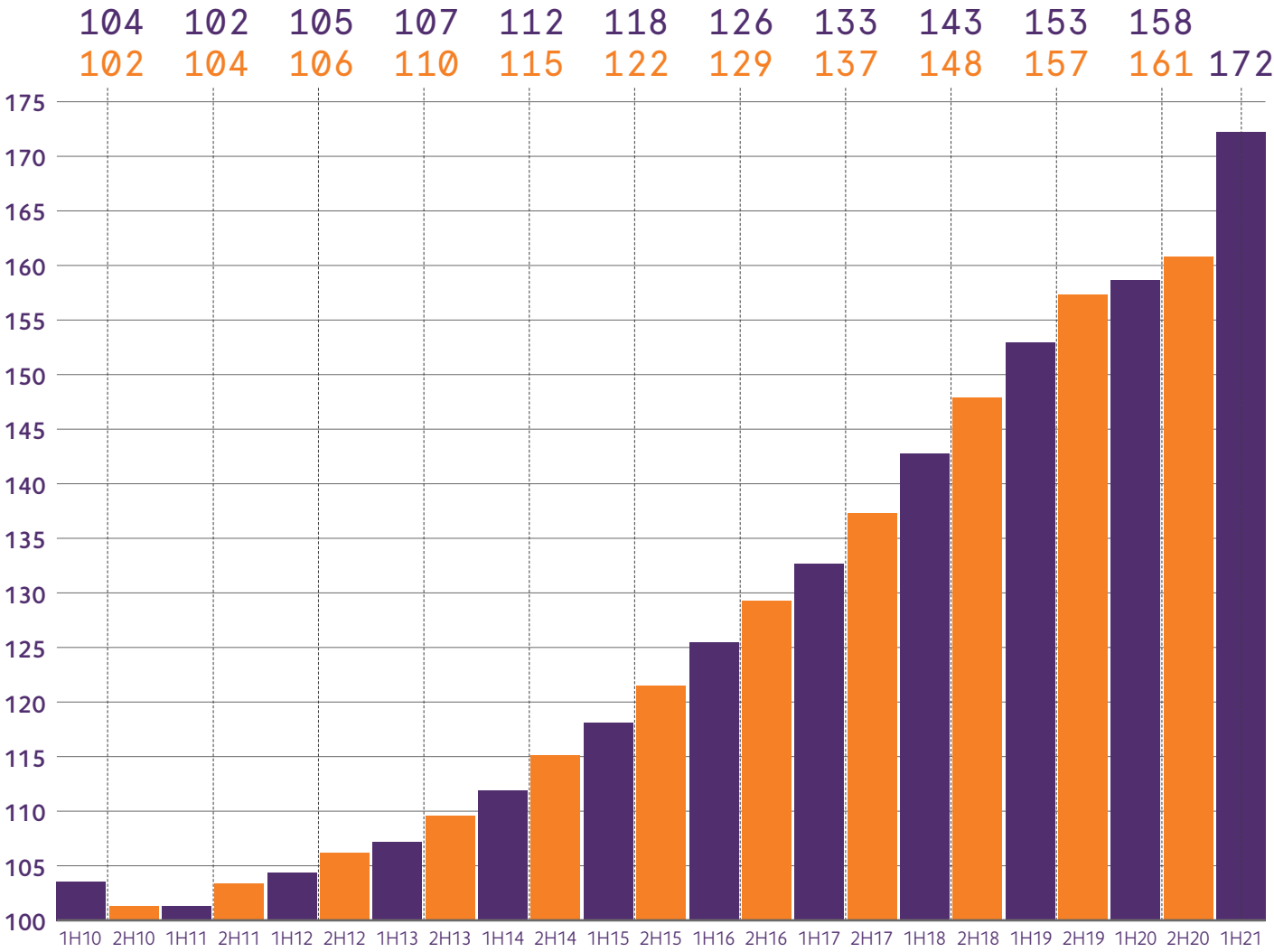
Kevin Brady, chair of the Quantity Surveying Committee, said;

**“The first half of 2021 has been exceptional for the sector which can be seen from the results of our independent tender price indices survey. The results have identified exceptional contributory factors such as an increase in demand within the sector following the prolonged closures because of COVID-19, significant increases in material prices due to shortages with Brexit supply-chain effects being seen, coupled with resourcing/labour shortages within the sector which have all resulted significant inflation for the first half of 2021.”**

The outlook for Tender rates is mixed, with Chartered Quantity Surveyors expecting material price increases to ease into 2022. As construction materials accounting for up to half of overall delivery costs in some instances, a return to more normalised costs for key construction inputs such as timber, insulation, glazing, piping/ducting and steelwork will be very welcome by the sector generally, including contractors, developers and clients.



Fig 1. Construction Tender Prices (2010 – 2021)



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

|                  |       |                  |       |                  |       |
|------------------|-------|------------------|-------|------------------|-------|
| First Half 1998  | 100.0 | Second Half 2005 | 144.7 | First Half 2013  | 107.3 |
| Second Half 1998 | 103.8 | First Half 2006  | 146.7 | Second Half 2013 | 109.7 |
| First Half 1999  | 108.6 | Second Half 2006 | 151.7 | First Half 2014  | 112.0 |
| Second Half 1999 | 116.1 | First Half 2007  | 152.0 | Second Half 2014 | 115.2 |
| First Half 2000  | 121.7 | Second Half 2007 | 145.2 | First Half 2015  | 118.2 |
| Second Half 2000 | 130.7 | First Half 2008  | 140.7 | Second Half 2015 | 121.5 |
| First Half 2001  | 132.2 | Second Half 2008 | 130.0 | First Half 2016  | 125.5 |
| Second Half 2001 | 136.9 | First Half 2009  | 116.4 | Second Half 2016 | 129.2 |
| First Half 2002  | 133.9 | Second Half 2009 | 107.7 | First Half 2017  | 132.6 |
| Second Half 2002 | 130.1 | First Half 2010  | 103.7 | Second Half 2017 | 137.4 |
| First Half 2003  | 127.2 | Second Half 2010 | 101.5 | First Half 2018  | 142.6 |
| Second Half 2003 | 129.3 | First Half 2011  | 101.5 | Second Half 2018 | 147.7 |
| First Half 2004  | 135.3 | Second Half 2011 | 103.5 | First Half 2019  | 152.7 |
| Second Half 2004 | 139.4 | First Half 2012  | 104.5 | Second Half 2019 | 157.0 |
| First Half 2005  | 142.6 | Second Half 2012 | 106.4 | First Half 2020  | 158.4 |
|                  |       |                  |       | Second Half 2020 | 160.5 |
|                  |       |                  |       | First half 2021  | 171.7 |

Methodology and Use of Data Notes -

The Index is the only independent assessment of construction tender prices in Ireland. It is compiled by Chartered Quantity Surveying members of the SCSI. The Tender Price Index (TPI) 1 h 2021 is based on sentiment returns only. The TPI is for non-residential projects during the period in question. It is based predominately on new build projects with values in excess of € 0.5m and covers all regions of Ireland. The Index relates to median 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.

It is important that the Tender Price Indices report is used appropriately and not for all construction projects, including those in the residential sector and those below €0.5 million. The Tender Price Index 1h2021 provides median reported figures across all project tiers, breakdowns by tier may vary. Project specific advice should be sought from a Chartered Quantity Surveyor before deciding an appropriate TPI provision for individual construction projects.





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