



**SCSI**

Chartered property,  
land and construction  
surveyors



**RICS**

# TENDER PRICE INDEX

JULY 2022

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## Further escalation of Tender Price Inflation for the first half of 2022

The Society of Chartered Surveyors Ireland (SCSI) Tender Price Index reveals that national construction tender prices increased by 7.5% in the first half of 2022 (1H2022).

The latest Tender Price Index shows that national construction tender prices are continuing to rise significantly. The Index for the first half of 2022 is 195.7, an increase of 7.5% from the beginning of the year and an increase of 14% in 12 months (July 2021 to June 2022). The further increased level of tender price inflation can be largely attributed to the Russian invasion of Ukraine, coupled with material price volatility due to increased supply chain requirements, alongside labour shortages and energy cost inflation. These factors combined with pent-up demand for construction services have exacerbated tender price inflation from what was previously witnessed after the easing of Covid restrictions in 2021.

*The rates over a 12-month period (July 2021 to June 2022) for the provinces have witnessed a continuing and increasing upward trend.*

**Table 1** highlights the median rate of tender price inflation for all provinces recorded in 1H2022. The rates over a 12-month period (July 2021 to June 2022) for the provinces have witnessed a continuing and increasing upward trend.

### National

The results confirm that nationally, the median rate of inflation in the first six months of 2022 stood at 7.5%. This significant continual increase resulted initially from the reopening of the industry after Covid-19 restrictions, and was followed by the war in Ukraine and labour shortages, which have all caused inflation to continue as opposed to levelling off in the first half of the year, as some anticipated.

### Dublin

The results identify that in Dublin, the median rate of inflation in the first six months of 2022 was 7%.



Rest of Leinster



Munster

## Provinces excluding Dublin

The Rest of Leinster province has seen a significant increase of tender inflation, rising to a median figure of 8% in the first six months of 2022. Rates for Munster and Connacht/Ulster also increased by 8%.

**Table 1: Tender price inflation – six months (January to June 2022).**

Location	1H 2022
Dublin	7%
Rest of Leinster	8%
Munster	8%
Connacht/Ulster	8%
National median	7.5%

\* National Median calculated from all survey response data.

### Kevin Brady, SCSi Quantity Surveying Committee chairperson remarked:

“Tender price inflation increased noticeably following the easing of Covid restrictions in 2021, resulting from pent-up demand for construction services combined with supply chain issues following Covid lockdowns in the previous year. The overall effect has seen tender price inflation rising by 22% over the past 18 months. Our latest Tender Price Index, which covers the first half of 2022, reports continued tender inflationary pressures on the sector. The main reason attributed to further tender price inflation witnessed in 2022 is the invasion of Ukraine, which caused high energy prices that exacerbated the inflation pressures on construction materials. High demand for construction services following Covid-19 restrictions has resulted in increasing tender rates within the commercial construction sector. It was anticipated by many in the sector that prior to the invasion of Ukraine, construction inflation rates would stabilise as supply chains and demand adjusted to a post-Covid environment. “The survey feedback and statistics that inform the report are received from Chartered Surveyors country wide within the commercial construction sector, employed in the public and private sector. From this data, we have prepared the median tender price rates presented in this report. Whilst activity within the construction sector remains extremely

high across all regions, our members have indicated growing concerns regarding affordability and viability in relation to projects on the back of significant increases since 2021.

“Commitments by Government to reform planning procedures are welcomed by the SCSi. The SCSi believes Government should reduce overall levels of risk and costs of delivery where it can, such as reducing planning delays and timelines.

“Our members have indicated that they expect to see further inflationary increases in the second half of 2022 but at a lesser rate as was previously experienced in the past 18 months. Our members anticipate that the median rate of tender price inflation into the second half of 2022 will likely be at lower levels compared with the first half of 2022, if there are no additional unexpected events.

“At current levels, our members have reported that the industry is near peak capacity; however, with the threat of a downturn in economic activity, which is being currently highlighted in media (inflation/interest rate rises/Purchasing Managers Index (PMI)), it may give rise to current industry inputs being able to continue at this level with the potential for added competitiveness within the market.”

8%

Connacht/Ulster

7.5%

National median

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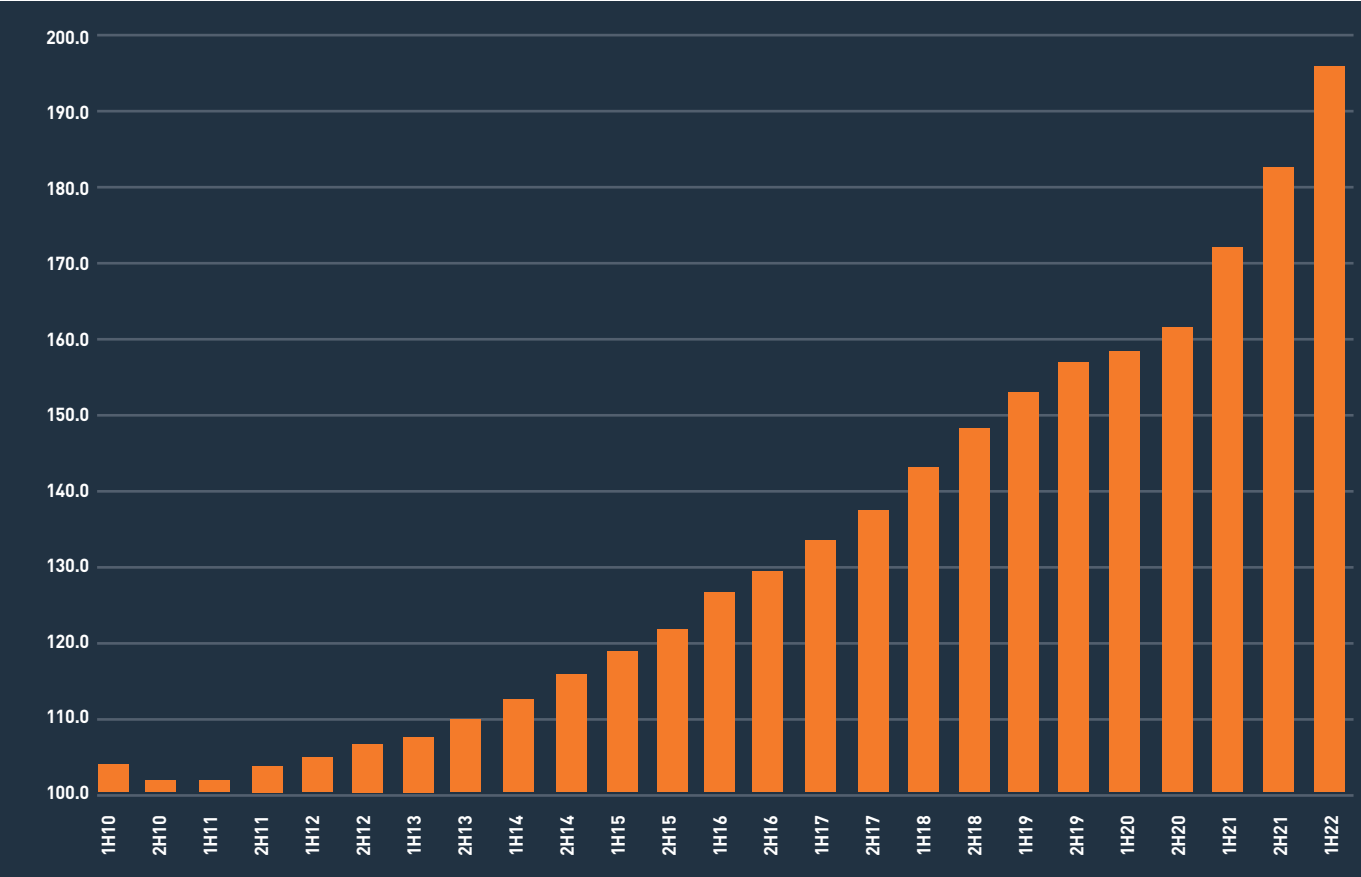


FIGURE 1: SCSI Commercial Construction Tender Price Index (Base 1998).



First half 1998	100.0	First half 2006	146.7	First half 2014	112.0
Second half 1998	103.8	Second half 2006	151.7	Second half 2014	115.2
First half 1999	108.6	First half 2007	152.0	First half 2015	118.2
Second half 1999	116.1	Second half 2007	145.2	Second half 2015	121.5
First half 2000	121.7	First half 2008	140.7	First half 2016	125.5
Second half 2000	130.7	Second half 2008	130.0	Second half 2016	129.2
First half 2001	132.2	First half 2009	116.4	First half 2017	132.6
Second half 2001	136.9	Second half 2009	107.7	Second half 2017	137.4
First half 2002	133.9	First half 2010	103.7	First half 2018	142.6
Second half 2002	130.1	Second half 2010	101.5	Second half 2018	147.7
First half 2003	127.2	First half 2011	101.5	First half 2019	152.7
Second half 2003	129.3	Second half 2011	103.5	Second half 2019	157.0
First half 2004	135.3	First half 2012	104.5	First half 2020	158.4
Second half 2004	139.4	Second half 2012	106.4	Second half 2020	160.5
First half 2005	142.6	First half 2013	107.3	First half 2021	171.7
Second half 2005	144.7	Second half 2013	109.7	Second half 2021	182.0
				First half 2022	195.7

FIGURE 2: SCSI Commercial Construction Tender Price Index numbers.

## 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 Surveyor members of the SCSI. The Tender Price Index 1H2022 is based on sentiment returns only. The Tender Price Index is for commercial 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, and timescale. It is important that the Tender Price Index report is used appropriately and not for all construction projects, including those in the residential sector and those below €0.5m. The Tender Price Index 1H2022 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 Tender Price Index provision for individual construction projects. Please note that a statistical methodology using 'average' changed from 1H2021 to the use of 'median'.

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