

**AKC-Work in Progress****No. 5 and 6 Lapps Quay**

O'Flynn Construction has in June 2004 commenced the development of No 6 Lapps Quay. This follows the recent completion of the total refurbishment of the former Eircom building at No 5 Lapps Quay. Both designs are by Coughlan De Keyser Architects and we are very pleased to be associated with both projects. The above photographs show the evolution from the rather unfortunate Eircom building to the current position and concluding with an image of the block when No 6 is complete.

New Chartered Surveyor at AKC.

We are delighted to announce that Glenn Hanna was successful in the May 2004 Assessment of Professional Competence (APC) of the Society of Chartered Surveyors. He will now be elected to corporate membership of both the Society of Chartered Surveyors (ASCS) and the Royal Institution of Chartered Surveyors (MRICS). Glenn joined AKC in 2000 for his placement year of his Diploma in Construction Economics from Cork Institute of Technology. He rejoined AKC in 2002, having completed a BSc in Limerick Institute of Technology and is now working on a diverse range of projects within AKC.

**Chinese mass migration causes building boom and increases cost of steel in Ireland**

The largest mass migration in history is under way in China and has created changes like never seen before. A huge building boom took place last year with incredibly half of the concrete used in construction around the world pouring into China's cities. China's construction boom has attracted many of the world's finest architects. This has been aided further by the news that Beijing is to host the 2008 Olympics. Architecture is currently flourishing in Chinese society. Its cities are expanding rapidly with 6.09 billion sq m of new buildings constructed between 1999 and 2002 alone, nearly doubling the country's total built floor space and almost as many new homes were sold in Shanghai last year as were developed in the entire US.

These developments, together with the demand for steel in the rebuilding of Iraq has seen the cost of steel increase in Ireland by some 40% since January of this year.

Design and Build in Ireland

We are back to this subject again, having referred to it in our Q3, 2003 Review. In addition to the lack of a standard Design & Build Contract in Ireland, there is also no standard Novation Agreement or standard Collateral warranties for consultants. At present these are being drafted by lawyers for each contract with all the attendant costs. The UK Construction Industry Council publishes both standard Novation Agreements and standard Collateral warranties for consultants. We again urge all parties to the construction process to address this issue as a matter of urgency.

Performance Bond Levels.

The following are the performance bond levels as recommended by the Forum for the Construction Industry (FCI)

Contract Sum €m	% Bond Level
Less than €2.54	25%
€2.54 to €6.35	20%
€6.35 to €9.52	17.5%
€9.52 to €12.70	15%
Over €12.70	12.5%

ICES members to be offered RICS membership

The merger talks between ICES and The RICS noted in our Q4, 2003 have concluded following a vote by ICES members in May not to pursue talks with RICS. Notwithstanding, the RICS International Governing Council is offering RICS membership to individual members of the 3000 strong Institution of Civil Engineering Surveyors (ICES). This decision also complements the creation of a new designation of "chartered engineering surveyor" which appropriately qualified RICS members will be able to use.

ICES members interested in registering their interest in finding out more about the RICS offer of membership should phone the RICS Contact Centre on + 44 870 3331600 or email contactrics@rics.org.

CEEC publishes European Code of Measurement

The European Committee for Construction Economics (CEEC) has announced publication of a new European Code of Measurement. The code provides a standard basis for the sub-division of costs and for measurement of basic quantities of buildings for pan-European budgeting, comparison and analysis at management level. The structure is organised to permit the use of existing national classifications at a more detailed level of information. The CEEC code aims to clarify pan-European budgeting by defining the typical areas used and cross-referencing to local definitions. What this means to cost consultants is that if areas are measured differently, the differences can be identified, permitting adjustment of square metre prices.

For more information, a paper looking at the new code in detail can be downloaded at:
www.rics.org/downloads/research_reports/ceec_code_2004_01_paper.pdf

Irish National Pay Agreement 2004

A new National Pay Agreement has been agreed by the Government, trade unions and IBEC, the employers' body. The 18 month agreement begins on July 1st, subject to ratification by both the Irish Congress of Trade Unions and IBEC. Full details and the implications on construction rates will be in our Q3 2004 Review

In Brief.**House Completions 2004.**

Davy Stockbrokers predict 80,000 house completions this year. Friends First predict between 72,000 and 80,000. Bank of Ireland predict 70,000.

Interest Rates.

Jim Power, economist with Friends First, anticipates a 1.5% increase in Home Loan interest rates before end 2004

Ireland and UK: review procedures for unsuccessful tenderers

The EU Commission has decided to issue reasoned opinions against Ireland and the UK over their failure to comply with the obligations of the "Remedies" Directive on public procurement (89/665/EEC). Full details in the News section on our website www.akc.ie

The Management of Risk.

The RICS Project Management Faculty commissioned the University of Reading to carry out research to look at the issues surrounding risk management). Full details in the News section on our website www.akc.ie



**SCS Construction Cost Index** (Source: Society of Chartered Surveyors)

Base Year 1985 = 100

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly % Jan to Jan.
1996	157.1	157.1	157.3	157.3	157.1	157.3	157.3	157.2	158.5	158.7	158.8	158.8	1.85%
1997	160.0	160.6	161.0	162.5	162.6	162.8	164.5	165.1	165.9	166.4	166.5	166.5	4.38%
1998	167.0	167.3	168.0	168.1	169.1	169.3	171.0	170.8	171.0	171.1	171.0	170.8	2.46%
1999	171.1	171.1	171.2	176.8	176.9	177.1	179.0	179.1	182.9	183.6	183.7	183.7	8.12%
2000	185.0	185.5	186.2	186.4	187.0	187.1	187.4	187.5	188.2	210.4	210.4	210.5	14.05%
2001	211.0	211.8	213.2	215.8	215.8	215.8	220.0	227.1	227.2	232.2	232.2	232.1	10.19%
2002	232.5	232.6	231.5	231.5	231.6	231.7	237.6	237.7	237.7	237.7	237.7	242.9	4.43%
2003	237.9	238.0	238.0	242.2	242.2	242.2	242.5	242.5	242.5	242.5	242.5	242.5	1.93%
2004	246.2 (R)	246.2	246.9	247.0	247.7	248.7							

Note: (R) = this figure has been revised. The listing from 1987 for this index is available on our website www.akc.ie in the indices section.**DOE House Building Cost Index** (Source: Department of the Environment)

Base Year 1991 = 100

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly % Jan to Jan.
1996	115.9	115.7	115.9	115.9	115.9	116.0	116.0	116.0	116.9	117.1	117.2	117.2	1.81%
1997	118.0	118.5	118.8	119.8	119.8	119.8	120.8	121.0	121.5	122.0	122.6	122.6	4.15%
1998	122.9	123.1	123.8	123.8	124.5	124.5	125.7	125.7	126.0	126.2	126.2	126.1	2.77%
1999	126.3	126.4	126.5	130.5	130.5	130.5	131.5	131.5	134.1	134.7	134.8	134.9	7.52%
2000	135.8	136.1	136.4	136.5	136.8	136.9	137.2	137.2	137.7	153.8	153.8	153.9	13.62%
2001	154.3	154.7	155.6	157.4	157.6	157.7	161.1	165.9	166.0	169.3	169.4	169.3	10.11%
2002	169.9	170.0	169.5	169.5	169.5	167.7	173.8	173.9	173.9	173.9	174.0	174.1	2.53%
2003	174.2	174.5	174.5	177.3	177.3	177.4	177.1	177.2	177.2	177.2	177.2	177.2	2.76%
2004	179.6	179.7	179.9	179.9	180.0	180.2							

CSO Wholesale Price Index for Construction Wages & Materials (WPCM4040)

(Source: Central Statistics Office)

This index has been rebased to the year 2000, historical index figures are available on our website www.akc.ie

Base Year 2000 = 100

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2000	96.1	96.5	96.7	97.4	97.8	98.0	98.0	98.2	98.7	107.4	107.5	107.6
2001	108.0	108.4	108.5	110.4	110.4	110.6	112.6	115.6	115.7	117.8	117.8	117.7
2002	118.1	118.4	118.4	119.2	119.4	119.4	121.6	121.7	121.9	122.3	122.2	122.2
2003	121.5	121.7	121.9	123.8	123.8	123.7	123.7	123.9	123.9	124.3	124.5	124.6
2004	125.9	126.7	126.6	127.8	128.6	129.0						

Note: The figures from January 2002 onwards have been revised by the CSO for further explanation of this see this indices section on our website www.akc.ie**CSO Consumer Price Index (CPAM 063)** (Source: Central Statistics Office)

Base Year 1996 = 100

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1997	99.5	100.1	100.2	100.3	100.5	100.8	100.7	100.5	101.0	101.2	101.6	101.9
1998	101.3	101.8	102.3	102.8	103.2	103.7	103.4	103.7	104.0	104.1	103.7	103.6
1999	102.8	103.4	103.7	104.2	104.7	105.0	104.6	105.2	105.6	105.7	105.9	107.1
2000	106.9	107.8	108.5	109.3	110.1	110.8	111.1	111.7	112.1	112.9	113.3	113.4
2001	112.5	113.5	114.4	115.4	116.1	116.7	116.4	116.8	117.3	117.7	117.6	118.2
2002	118.0	118.8	119.9	120.9	121.5	121.7	121.3	122.0	122.6	123.2	123.3	124.1
2003	123.6	124.8	125.8	126.1	126.0	126.0	125.1	125.9	126.1	126.0	126.0	126.5
2004	125.9	126.9	127.4	127.9	128.1	128.8						

Permanent TSB National House Price Index (Source: Permanent TSB)

Base Year 1996 = 100

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1996			96.6	97.0	98.2	99.8	100.2	101.4	102.0	102.6	102.8	102.4
1997	104.6	105.8	109.0	110.0	111.8	113.3	114.3	115.4	116.2	118.3	119.6	102.5
1998	121.5	123.4	126.0	128.2	132.4	136.9	142.6	146.4	148.5	150.9	152.4	156.4
1999	156.8	159.4	161.3	163.6	165.6	167.8	171.4	174.1	176.4	178.6	181.7	184.4
2000	187.5	189.5	193.1	196.5	200.0	203.7	207.5	211.7	212.7	214.8	219.0	223.7
2001	226.1	227.1	230.0	232.7	233.7	234.5	236.8	238.9	238.5	236.5	235.5	233.5
2002	231.5	233.1	237.4	244.2	245.3	246.6	247.5	250.7	254.4	275.8	261.4	264.6
2003	266.6	269.0	271.8	275.2	279.9	282.9	286.1	288.3	289.6	293.6	297.0	300.8
2004	302.2	304.8	306.9	310.6	312.2	315.1						

HPO Tender Index (Source: Department of Health)

Construction

	Q 1	Q 2	Q 3	Q 4
1997	340	355	370	380
1998	385	395	405	415
1999	420	429	438	447
2000	470	485	500	540
2001	570	580	595	605
2002	621	631	640	626
2003	628	628	628	628

SCS Tender Index

(Source: Society of Chartered Surveyors)

	Jan - July	July - Dec
1998	100.0	103.8
1999	108.6	116.1
2000	121.7	130.7
2001	132.2	136.9
2002	133.9	130.1
2003	127.2	129.3