**Cover Note to the NTA Inflation Bulletin May 2025**

**29/05/2025**

**Introduction**

The inflation bulletin focuses on the construction sector in Ireland. It is the outcome of a forward-looking exercise undertaken by the National Transport Authority (NTA) to provide Sponsoring Agencies with insights to inform inflation assumptions as part of cost estimation for projects and programmes where the NTA is the Approving Authority. The bulletin is updated annually or more frequently if warranted by changes in macroeconomic conditions.

The current version of the bulletin, dated May 2025, supersedes the February 2024 edition. It includes updated estimates of Tender Price Indices and percentage price changes per annum. The bulletin is accompanied by a full **"Inflation Report Update"**, which outlines the forecasting methodology, detailed price indices, and guidance on how to apply the forecasts. All associated documentation is available on the **2025 NTA Inflation Bulletin** webpage at: <https://www.nationaltransport.ie/publications/2025-nta-inflation-bulletin/>.

**Background and Context**

The NTA’s inflation bulletin has been prepared by ChandlerKBS, cost management specialists, with support from Grant Thornton for tender and cost price indices. The bulletin provides Tender Price Indices and percentage price changes per annum, which the NTA requires be used when assessing inflationary allowances for projects and programmes where it is the Approving Authority, unless otherwise agreed.

It should be noted that forecasting is inherently uncertain and subject to unforeseen changes in macroeconomic and geopolitical conditions. Events unknown or considered low risk at the time of forecasting can significantly affect outcomes. While recent years have seen a return to greater stability following disruptions in global supply chains and monetary policy tightening, other emerging developments such as trade wars could affect price stability, therefore vigilance in monitoring inflation remains critical.

Cost Price Inflation is a measure of the increase in cost of delivering a project and does not reflect the market’s position on risk and profit margins. These contributors are considered in Tender Price Inflation, which is a measure of the increase in the tender prices submitted for projects and is usually higher than the Cost Price Index. The preference by the NTA is to use the Tender Price Index.

**Approach**

The inflation forecast model used for this bulletin derives trends in inflation for tender prices, building materials, and land and property prices. It draws on a wide range of historical and forecast data sources, including but not limited to:

* The Central Statistics Office (CSO)
* The Department of Finance
* The Department of Public Expenditure and Reform
* The Society of Chartered Surveyors Ireland (SCSI)
* The Construction Industry Federation (CIF)
* Building Cost Information Services (BCIS) of the Royal Institution of Chartered Surveyors (RICS)
* The Central Bank of Ireland
* The Economic and Social Research Institute (ESRI)
* The European Commission
* The International Monetary Fund (IMF)
* The Organisation for Economic Co-operation and Development (OECD)

**Usage and Implications**

The bulletin provides standard inflation assumptions in the construction sector to support consistent and robust cost estimation. Compared with the February 2024 edition, the May 2025 bulletin reflects lower inflation estimate forecasts, in line with more stable market conditions. As a result, projects that applied the previous assumptions may now appear to have higher estimated costs relative to current expectations. This reinforces the importance of using the most up-to-date bulletin when preparing or reviewing cost estimates, to ensure alignment with prevailing economic conditions.

For transport investment proposals which are already progressing through the NTA Project Approval Guidelines (PAGs), Sponsoring Agencies should ensure that the costing estimations of their proposals reflect the updated inflation estimates as they move forward and in particular as they reach the next relevant PAGs phase.

**Next Steps**

The May 2025 Inflation Bulletin should be used as the source of inflation rates for project and programme cost estimates for schemes where the NTA is the Approving Authority, unless otherwise agreed. The NTA will continue to monitor inflation trends and publish updates as appropriate.