

# NTA Inflation Bulletin

## Information Note on the Application of Inflation Forecasts for the NTA and TII

June 2026



## Introduction

In the context of the Irish Construction Industry, tender price inflation refers to the increase in prices quoted by contractors in their bids for construction projects. It not only reflects changes in input prices, but also reflects market conditions such as demand for construction services, contractor capacity, and competitive pressures. Tender price inflation is measured using the tender price index. In contrast, cost price inflation relates solely to the actual rise in the underlying costs of construction inputs, such as materials, labour, and plant, regardless of market competition. Cost price inflation is measured using the cost price index. While cost price inflation is driven by supply chain factors and resource costs, tender price inflation also incorporates contractors' margins and risk allowances, meaning it can diverge from pure cost trends depending on market sentiment and workload.

**Advice Note:** The inflation report in its entirety (Modelling & Analysis) was completed prior to the onset of the Middle East conflict which commenced on 28<sup>th</sup> February 2026 (modelling base date of November 2025). The report in its entirety has been prepared Grant Thornton and AECOM. All modelling, assumptions, and estimations contained herein have been developed by Grant Thornton and represent estimates rather than certainties; as such, they are subject to change. Considering current global developments, market conditions are inherently volatile. Accordingly, all inflation forecasts presented in the report should be interpreted with an appropriate degree of caution.

## NTA Methodology

The NTA preference is for use of the 'Tender Price Index' (TPI) to establish inflationary allowances for projects where the NTA is the Approving Authority.

## TII Methodology

The TII preference is to use the 'Cost Price Index' (CPI) to establish inflationary allowances for projects in their remit. This approach is permissible by the NTA where the NTA is the Approving Authority.

## Rationale

NTA: The Tender Price Index (TPI) is preferred as it tracks actual tendered construction costs and market conditions, offering project-specific, timely data that better predicts infrastructure cost inflation than general economic indices.

TII: Use of the 'Cost Price Index' is more complimentary to the cost and risk estimating methodologies employed by TII.

## Conclusion

While the respective positions may differ at face value, there is no conflict. Cost estimating for projects does not have a universal methodology or approach, and therefore the inflation methodology should complement the estimating methodology. In the event of competing policies between a Sponsoring Agency and the NTA's (Approving Authority) position, the default position should be to use the relevant approving authority's preferred index. However, the Sponsoring Agency can apply to use an alternative index and shall provide detailed reasoning and substantiation where this is the case.

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