

CIS | 1972
2018
The Cornerstone of Construction

CIS Q4 2017 **CONSTRUCTION ACTIVITY REPORT**

A Comprehensive Overview of Current & Pipeline Activity for the Irish Construction Market, published by Construction Information Services (CIS)

INTRODUCTION



Tom Moloney
Managing Director, CIS

2017 represents a milestone for Construction Information Services (CIS) as it celebrates 45 years since the first issue of the CIS Report was produced. Since then it has become the cornerstone of the Construction and Related Industries, providing Comprehensive, Reliable, Timely and Verified business opportunities and intelligence.

In 2017, CIS launched its CIS Mapping functionality, providing an interactive system enabling construction companies to view project search results on a highly-detailed map of Ireland, and filter results using a number of criteria, including project type, location and size of the project. CIS teamed up with ESRI Ireland, the market leader in geographic information services to deliver this additional functionality and our subscribers can now view in excess of 38,000 construction projects worth in excess of €58 billion on this innovated platform.

OVERVIEW

Our end of year Construction Activity Report provides a comparative analysis of the movement in construction stages during 2017 with 2016 and 2015. It provides analysis of developments progressing to On-site, future pipeline activity in terms of projects being submitted for and granted planning during 2017 and how those movements measured up against what took place in 2016 and 2015.

The construction sector in the Republic of Ireland performed strongly in 2017 and is once again a key pillar of the Irish economy. In order to maintain this momentum and deliver on the pipeline of projects, the challenges still facing the industry in terms of essential infrastructure, access to adequate funding and skilled labour have to be addressed. The eagerly awaited National Planning Framework was finally launched on the 16th February by An Taoiseach,

Leo Varadkar, detailing a €116 billion plan to re-imagine Ireland up to 2040. The plan highlights the importance of much needed investment in large scale infrastructure projects over the next 10-20 years to assist in the delivery of vital housing, medical, education and community based projects. The investment in infrastructure will also allow for better connectivity between communities and make areas outside of the Dublin and Leinster regions more attractive long term, for both the current population of these regions and foreign direct investment looking to base themselves in Ireland.

Residential

The Residential Sector experienced a steady growth in activity during 2017 and now represents over 30% of the value of projects on-site. There were some promising trends and actions that occurred throughout the year which paves the way for a cautiously optimistic outlook for 2018. One of the driving factors to bring an abundance of new developments online in 2018 is the new planning permission process for large scale developments which came into effect in July 2017.

Applications for developments of more than 100 homes, or blocks of 200 student bed-spaces, can now be made directed through An Bord Pleanála instead of developers applying through their local authority.

Up to 10,000 units within residential and student accommodation developments have been submitted to An Bord Pleanála since the establishment of the new planning laws with Park Developments and Cairn Homes plc submitting significant applications in the Leinster area alone.

Another large driving force in Residential developments in 2018 will be the Irish Government's commitment to Social and Affordable housing in the Republic. Activity in Social Housing is expected to be productive in 2018, with major schemes such as O'Devaney Gardens, Dublin 7 and St. Tereasa's Gardens, Dublin 8. Also, the Social Housing PPP bundle 1 is expected to be awarded in November 2018 and the contract for this is worth up to €100m.

While the coming year will indeed be productive for the Republic, the underlying issues of the housing crisis will be ongoing. Access to finance for both the developers and home owners will still be a determining factor for the alleviation of the high demand for housing.

Commercial

The Commercial Sector continues to be a vital component in the recovery of the construction sector in Ireland. The demand for Grade A office accommodation is still a key driver but unlike previous years there is a gradual slowdown in the volume of large scale office developments entering the pipeline, with many projects now needed to be delivered to cope with existing demand.

One of the key factors in commercial projects being realised is the securing of tenants for the buildings prior to construction work commencing. The impact of Brexit remains unknown, with some increase in demand for large scale office developments, where global institutions are considering Ireland as a viable option to relocate their operations to, in preparation for the UK's exit from the European Union.

The Dublin Docklands area continues to be the busiest area for commercial development in the country, with schemes like Capital Dock, City Quay and the EXO Building progressing On-Site. Outside of the Dublin region, CIS has witnessed further commercial developments planned for the cities of Cork, Limerick and Galway, such as the Navigation Square development on the Quays in Cork, the redevelopment of the Opera Centre in Limerick and a large-scale mix-use development planned on Dock Road in Galway. The IDA also has a number of advanced technology office buildings planned to progress to On-Site during 2018 in Waterford and Louth.

With a pick up in the economy and consumer buying behaviour improving, compared to previous years, the retail sector will also see various shopping centres refurbished and redeveloped in counties such as Dublin and Waterford in 2018.

Education

The volume of projects moving On-Site in 2017 decreased by 7%, however, CIS recorded increases of 12% and 15% in plans being granted and applications submitted. In Q1 2018, the main works are expected to get underway on the €200m Grangegorman Campus for the Dublin Institute of Technology.

The development includes the construction of two 'Quad' buildings. The Central Quad will be home to ten schools from the College of Sciences, Health, Arts and Tourism and Engineering. The East Quad will be the centre of excellence for Creative Arts, Media and Drama. Main works are also anticipated to commence in the first half of 2018 on the €19m Educational Campus in Carriagline, Co. Cork. Enabling works are currently underway On-Site to allow for this development.

Medical

The value of activity in this sector is up when compared to previous years, but this is mainly due to the New Children's Hospital at St. James's Hospital with main construction work continuing during 2018. Other developments are the two Urgent Care Satellite Centres at Tallaght and Connolly Hospitals.

The relocation of the National Maternity Hospital from Holles Street to St. Vincent's Hospital in Dublin 4 is expected to progress to Tender stage during 2018. Overall cost is anticipated to be in the region of €300m. The volume of projects granted permission fell during 2017, however, the number of new planning applications submitted increased by 13% over 2016.

Industrial

The value of activity in the sector is anticipated to be in excess of €2.7 billion. Main works on the next phase of the €200 million Data Centre for Facebook will be ongoing throughout 2018, and will consist of 12 data halls built in two phases. A Strategic Infrastructure Development application was lodged with An Bord Pleanála for the 240,000-tonne-per-annum waste to energy incinerator for Indaver Ireland with a decision expected imminently.

Main construction works on the €160 million Energy Facility in Ringaskiddy, are anticipated to commence during 2018 depending on An Bord Pleanála's decision. Focus remains on the progress of the €850 million Apple Data Centre in Athenry which, the objectors have appealed the High Court decision to the Supreme Court and their determination on whether to admit the case is still pending.

Civil/Utilities/Transport

Infrastructure schemes continue to play a vital role in the construction sector. Work commenced in 2017 on the €110 million M7 Naas Newbridge Bypass Upgrade and M7 Osberstown Interchange and R407 Sallins Bypass. The proposed scheme involves the widening of the M7 motorway from a two lane into a 3 lane carriageway, in each direction.

Tenders are currently being sought from a select list of contractors for the new €320 million Runway at Dublin Airport. A main contractor is expected to be appointed in Q2/Q3, 2018 with main work expected to commence in Q3 2018. Dublin Airport Authority says the North Runway project has the potential to open up connections to long-haul destinations in Asia, Africa and South America.

In regards to the upgrade of the water network in the country, in January, Irish water turned the sod on a €29 million new pipeline from the Vartry Water Treatment Plant to Callowhill in County Wicklow which will carry out water to parts of Dublin. Roadbridge Civil Engineering & Building Contractors are expected to have this element of the project complete in early 2020. This €29 million project is part of the €200 million scheme to upgrade the Vartry reservoir near Roundwood County Wicklow.

Hospitality & Leisure

With tourism on the up, the demand for hotel bedrooms is at an all-time high. This has resulted in CIS witnessing an increase in planning applications being lodged for brand new city hotels or extension/refurbishment works, over the past year. Work is currently underway on a €60 million hotel development at Aungier Street in Dublin 2. This will provide 200+ bedrooms and should be completed by 2019.

In Cork City, plans have been submitted for a €50 million redevelopment and refurbishment of the Metropole Hotel on MacCurtain Street. The proposed development will allow for a total of 411 bedrooms upon completion. Outside of the city regions, work is now underway on the construction of nearly 500 accommodation lodges for the €233 million Center Parcs holiday village proposed in Ballymahon, County Longford.

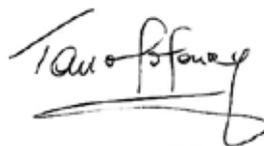
Sports & Community

2018 will see major works on international sports venues greatly improving Ireland's sports infrastructure. The €65 million Curragh Racecourse will be approaching completion in late 2018 and the €15 million Sports Academy Building at the Tralee Institute of Technology also expected to be completed in late 2018. Works on with the proposed €35 million redevelopment of the RDS Arena are hoped to commence during 2018.

Community and Tourism will be boosted by works on visitor centres of cultural importance. The €6 million Knock Apparition Chapel is looking set for completion during 2018 with works on the proposed €15 million visitor centre at the Hellfire Club, Massy's Wood Forest, hoped to commence during 2018.

The coming year will also see many more community and sports projects progress following the release of the Sports Capital Grant and LEADER funding.

Finally, it is generally accepted that the medium term outlook for the industry is positive. The sustained momentum which commenced in 2013 and continued at a steady pace has created solid foundation to ensure the construction industry remains a significant pillar of the Irish economy. It is hoped that external factors such as Brexit and Trump's policy towards US companies located here do not impinge adversely on the potential economic success for future years.



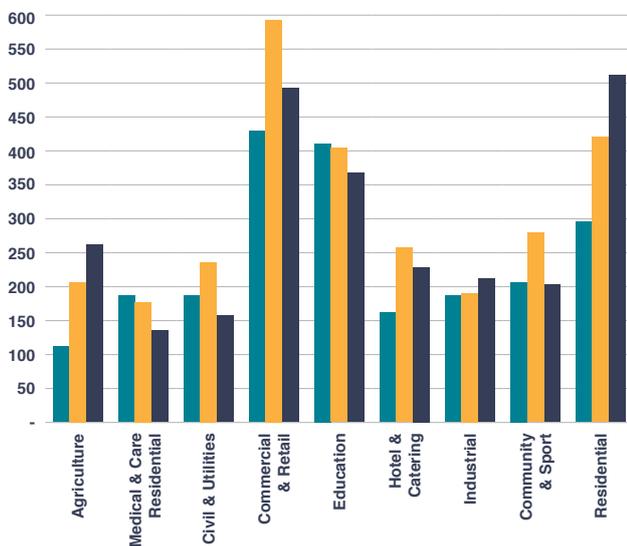
Tom Moloney, MD

OVERVIEW OF CONSTRUCTION ACTIVITY

Construction Projects at On-Site Stage in the Republic Of Ireland

In the Republic of Ireland, the volume of projects progressing to On-Site in 2017 fell by 7% when compared to 2016. All sectors, with the exception of Agriculture, Industrial and Residential have fallen in volume terms as per Fig. 1.

Fig 1. On-Site Projects by Sector - Volumes



Grand Total 2,192 2,797 2,598

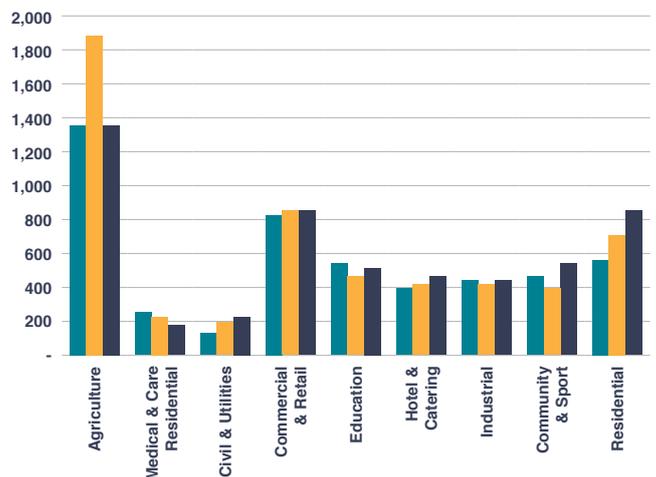
However the value of these On-Site projects is actually up 17% to €7.6 billion with the €1 billion Children's Hospital representing almost all of this growth. Ulster and Leinster have fallen in value terms, with all other regions experiencing double digit growth. Residential, Industrial, Commercial and Medical have all surpassed the €1 billion in projects On-Site during 2017.

Construction Projects at Plans Granted Stage in Republic Of Ireland

The volume of projects granted planning is also down slightly on 2016 levels with 5,451 major projects granted planning in 2017 down from 5,558 in 2016 (Fig. 2).

Connacht as a region has experienced the biggest decline in percentage terms, with Munster also slowing significantly, down 8%. The other 3 regions have shown modest positive growth in volume terms over 2016 levels.

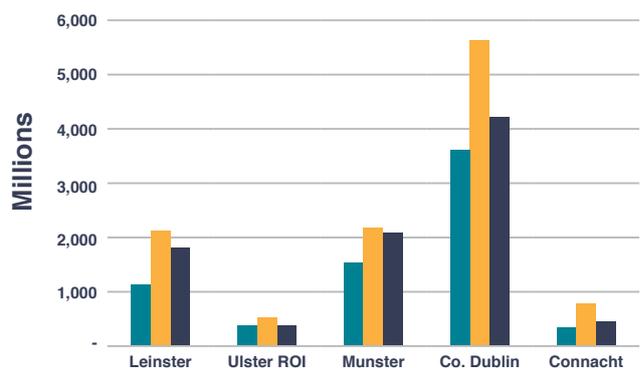
Fig. 2. Plans Granted Projects by Sector - Volumes



In sectoral terms, Agriculture and Medical & Care Residential have experienced significant declines in volume terms, while all other sectors have experienced **double digit growth** with the exception of Commercial which is pretty static and Industrial which is up 7%.

The value of projects granted planning in 2017 has also fallen when compared with 2016 with over €8.7 billion projects granted planning in the year, down from over €11 billion in 2016, this represents a decline of 20%. All regions are showing declines in value terms as can be seen by Fig. 3.

Fig. 3. Plans Granted by Region - Values

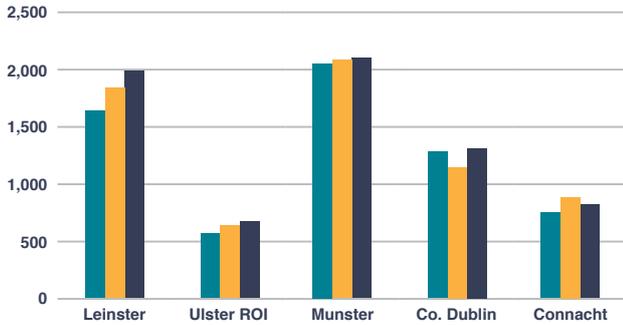


KEY : 2015 2016 2017

Construction Projects at Plans Submitted Stage in Republic Of Ireland

The volume of projects submitted for planning increased slightly by 5% to almost 7,000 projects compared to 2016 levels. In Dublin, the volume of projects submitted for planning in 2017 is up 15% with all other regions only showing single digit growth with the exception of Connacht which has fallen by 7%. (Fig. 4)

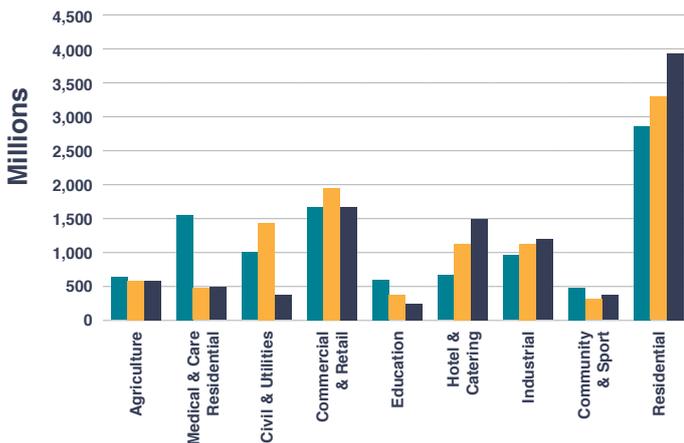
Fig. 4. Plans Submitted by Region - Volumes



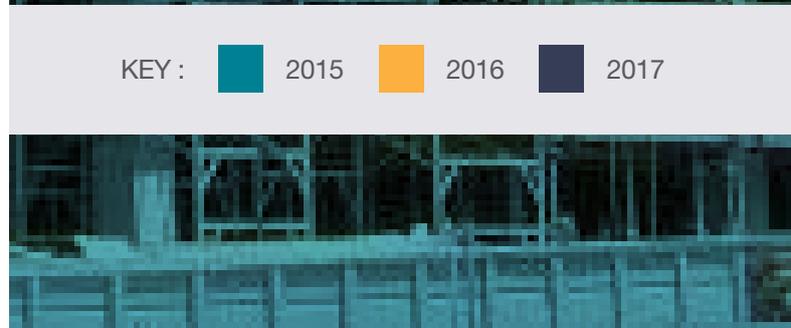
We witnessed a decrease in the value of projects submitted for planning of 4% on 2016 levels. The Leinster region is down 16% year on year, with Munster down 5%. All other regions saw positive growth for the year (Fig. 5).

In sectoral terms, Civil & Utilities, Commercial & Retail and Education are all down significantly while there is strong growth in value terms in Residential, Community & Sport, Industrial and Hotel & Catering.

Fig. 5 Plans Submitted by Sector - Values



KEY : 2015 2016 2017



CONSTRUCTION ACTIVITY REVIEW

Residential Sector

According to our research, over 14,500 units in multi-phased developments started On-Site in 2017 (Fig. 6). (A further 3,900 self-build houses commenced building in 2017). This represents an increase of 10% on 2016 levels.

Significantly, Dublin had 5,930 units commencing construction during 2017, which represented a decrease of 11% on 2016. Munster is also down by 25%, while Leinster is up 75% year on year in terms of units going On-Site in the period. Leinster is now the largest region in volume terms with 6,090 units commencing construction in some of the commuter belts of Jigginstown, Ashford and Dundalk for example.

Future Pipeline of Residential Sector Projects

All regions report an increase in the volume of units being granted planning in 2017. Almost 850 Residential projects have been granted planning during 2017, representing a 20% increase on the previous year (Fig. 7). If all these projects are built, it will represent a further 21,390 units, a 35% increase on 2016 levels. Munster has almost doubled the number of units granted planning in the period.

In further positive news for the sector, the number of **new units submitted** for planning in the sector has increased by 13% in 2017. Over 27,900 units have been submitted for planning, with over 7,700 units in major projects submitted in Q4 2017 alone.

Industrial Sector

The volume of projects On-Site in the Industrial sector is up 10% on 2016 levels to 218 projects (Fig. 8). The value of these projects progressing On-Site has increased to over €1 billion in 2017. This represents a 45% increase on 2016 levels. Much of this value is made up of two large projects that started in 2017 in Munster – a pharmaceutical building extension in Cork worth €300m, a Biotech manufacturing facility also in Cork worth €200m and one manufacturing building in Connacht worth €100m.

Fig. 6 Residential On-Site Units (Multi Units Only)

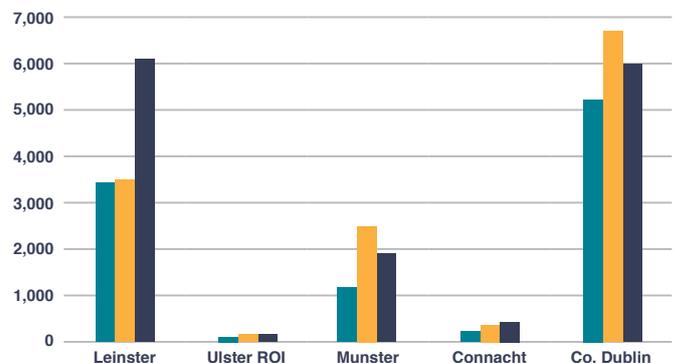
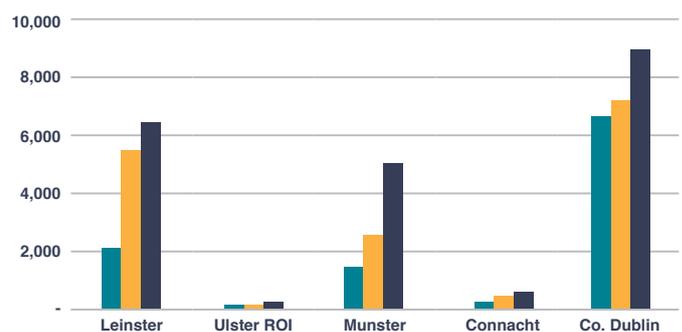
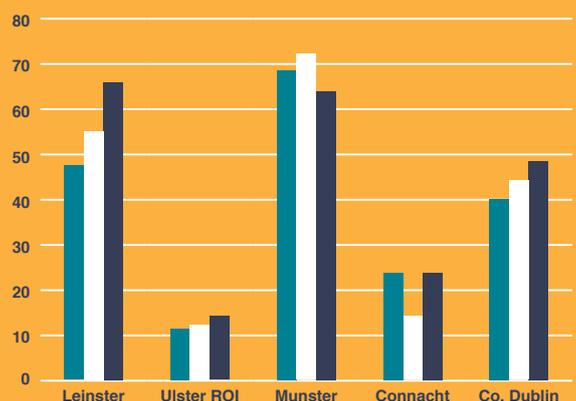


Fig. 7 Residential Plans Granted - Total Units



KEY : 2015 2016 2017

Fig. 8. Industrial On-Site Projects- Volumes



Future Pipeline of Industrial Projects

The volume of industrial projects granted planning is up 7% on 2016 levels to 447 projects. Connacht, Munster and Leinster are relatively static while Ulster grew 20% with Munster up 38%.

However the value of projects granted planning is actually down 15% year on year to just over €900 million. All regions experienced a drop with the exception of Munster which was up 15% in value terms. Much of this decrease can be attributed to the number of high value data centres which were granted planning in 2016.

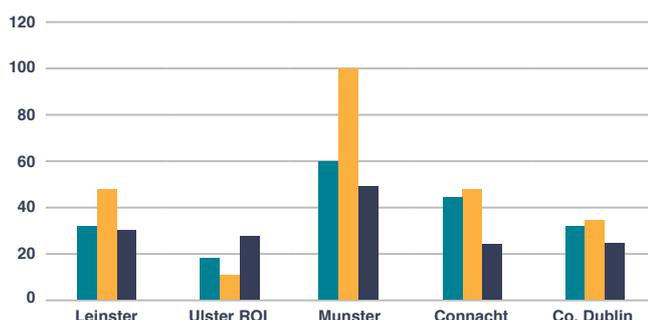
The volume of projects submitted for planning is up almost 16% on 2016 levels to just under 600 projects. All regions have experienced growth with the exception of Ulster ROI.

The value of projects submitted for planning is up 13% on 2016 levels to almost €1.2 billion. Leinster, Munster and Dublin showed strong growth in value terms in the period under review. Connacht and Ulster experienced significant declines.

Civil & Utilities Sector

Just 157 projects went On-Site in the period under review, down 88 or 36% on 2016 (Fig. 9)

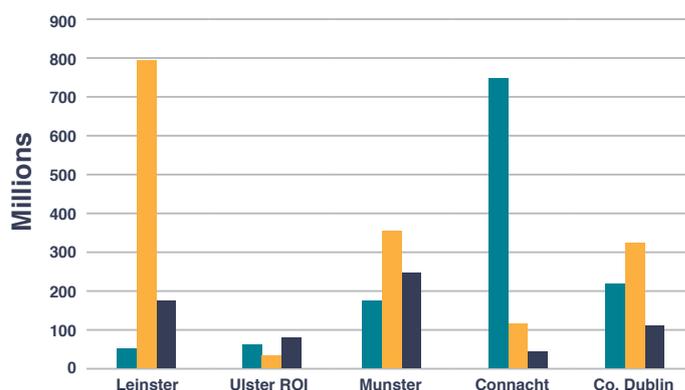
Fig. 9 Civil & Utilities On-Site - Volumes



Just over €650 million of projects in the Civil & Utilities (incl. Transport) sector have moved On-Site in 2017, down from almost €1.6 billion in the same period last year (Fig. 10).

This represents a 60% decrease on last year's activity and this decrease is explained by three significant projects which commenced construction in 2016 – the Luas Cross City development worth €360m, the M11 Gorey to Enniscorthy Road scheme worth €455m and the N25 New Ross Bypass worth €220m.

Fig. 10 Civil & Utilities On-Site - Values



Future Pipeline of Civil & Utilities

There was 230 projects granted planning permission in 2017 and this represented a 16% increase when compared to 2016. However, providing a value for this activity is difficult given the nature and cost sensitivity of these projects at this stage (Fig. 11). Based on our research to date, it would appear that the average values are lower when compared to 2016. This is due to scale and mix of projects with the exception of Dublin Airport Runway worth €320m, the Stillorgan Reservoir worth €80m and the Cork Harbour Sewerage Scheme worth €117m.

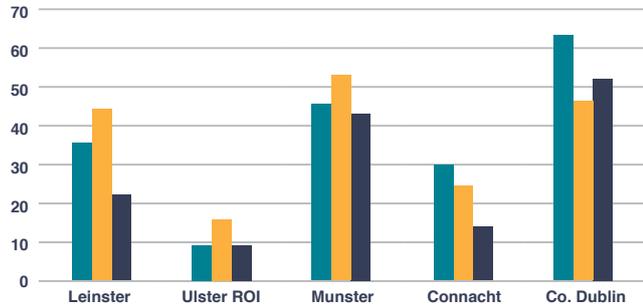
Activity at plans submitted is fairly static year on year in volume terms. Similar to projects at plans granted, a value comparison is difficult, but once again the scale and mix would indicate significantly lower values for 2017.

KEY : 2015 2016 2017

Medical & Care Residential Sector

In 2017 we saw a 23% decrease in the volume of projects progressing to On-Site in the Medical and Care Residential sector with only 141 projects going On-Site, down from 184 in 2016, with decreases in all regions with the exception of Dublin (Fig. 12).

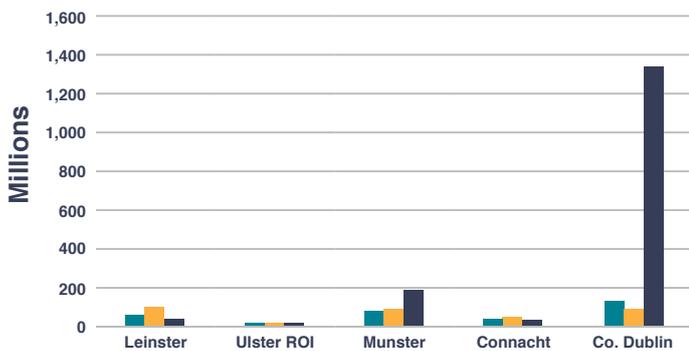
Fig. 12 Medical & Care Residential On-Site Volumes



However, when we examine the value of projects going to On-Site in Medical & Care Residential during 2017 it was €1.6 billion or a 380% increase on 2016 levels, this significant increase is explained by the €1 billion National Children's Hospital having commenced construction in 2017.

When you remove this single project, the underlying trend in value terms is still up by 80%, which is due to the high value of projects such as the National Forensic Mental Health Hospital in Portrane worth €125m, The National Rehabilitation Hospital in Dun Laoghaire worth €68m and the Bons Secours Hospital in Cork worth €64m (Fig. 13).

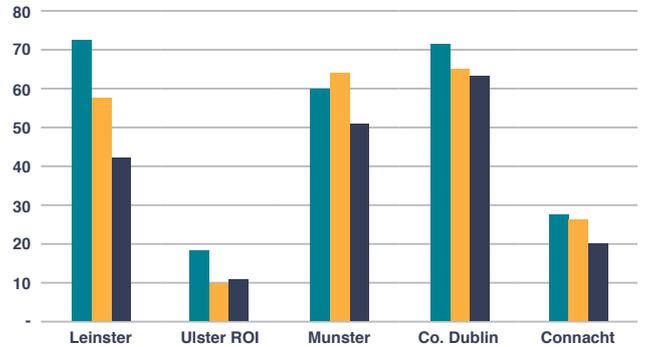
Fig. 13 Medical & Care Residential On-Site Values



Future Pipeline of Medical & Care Residential

The volume of projects granted permission has fallen to 188 for the year down 16% on the same period last year with all regions experiencing a decrease in project volumes, with the exception of Ulster ROI. (Fig. 14)

Fig. 14 Medical & Care Residential - Plans Granted Volumes



The value of projects at plans granted stage is down 52% on 2016 levels to €685m. The New Children's Hospital was granted planning in 2016 which explains the drop in value. However, once again if you exclude the exceptional development, the underlying trend is in fact an increase of 55% in value terms of projects being granted planning permission.

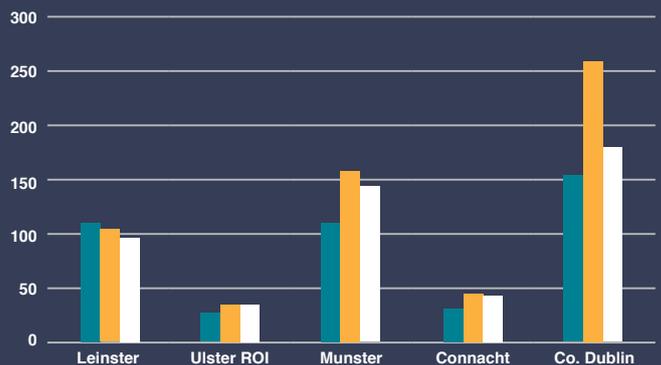
... (Illegible text)

KEY : 2015 2016 2017

Commercial & Retail Sector

The volume of projects has decreased by 17%, to 495 from 599 in the same period last year (Fig.15). The value of Commercial projects On-Site in 2017 was €1.1 billion, up 22% on the same period last year to almost €1.1 billion. ... (Illegible text) ... commencing construction, for example - the €150 million redevelopment of the ESB HQ on Fitzwilliam Square, Dublin 2, the €103 million Spencer Place development in the Dublin Docklands, the €67 million Dublin Central development at Dublin Airport and the €90 million Navigation Square development in Cork City.

Fig. 15 Commercial & Retail On-Site Volumes



KEY : 2015 2016 2017

With regard to retail; consumer sentiment and the increase in peoples disposable incomes witnessed a number of large retail projects commencing on site in 2017 such as the €67million Frascati Shopping Centre development in Blackrock and the €10 million Bayside Shopping Centre redevelopment. The Leinster, Munster and Dublin regions have all experienced growth in the sector, while Connacht and Ulster have fallen.

Future Pipeline of Commercial & Retail Projects

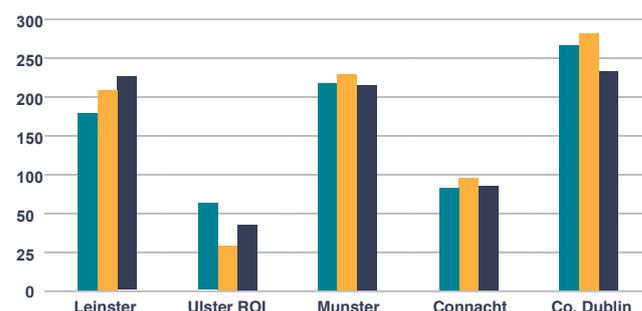
The volume of projects granted planning in 2017 has remained relatively static with 854 projects granted planning down from 860 in the same period last year. Dublin has experienced a drop of 14% while Ulster has grown by 37% in the period under review (Fig. 16).

The value of projects granted permission in 2017 has fallen by 43% when compared with 2016. Dublin has fallen by 48% from over €1.2 billion to just over €630 million. This is primarily due to the scale of projects

being granted planning. For example the top ten projects in 2016 were worth €800m, while in 2017 the top ten amounted to €427m.

The volume of projects submitted for planning has decreased by 3% in 2017 to 1032 projects, but this translates to a fall of 16% in the value of projects submitted for planning in the period, from €1.9 billion to €1.595 billion, again this is due to the scale and mix of developments.

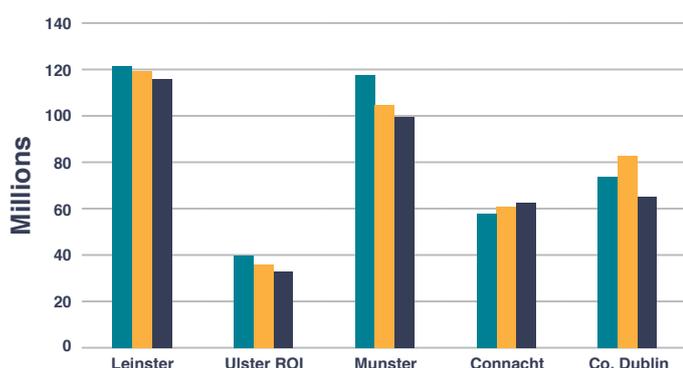
Fig. 16 Commercial Plans Granted - Volumes



Education Sector

The volume of projects moving to On-Site in 2017 is down 7% on 2016 levels to 376. As can be seen from Fig. 17, all regions are down with the exception of Connacht. CIS estimates that over €330 million worth of projects have moved On-Site in 2017. This represents a decrease of 16% on 2016 levels. On a regional basis only Connacht shows positive growth.

Fig. 17 Education On-Site Volumes



Future Pipeline of Education Projects

The volume of projects granted planning is actually up 12% in the period to 521. The value of projects granted planning permission has fallen, down over 27% in comparison with the same period last year. Just over €280 million worth of projects have been granted planning in 2017, down from €387 million in 2016. Ulster, Dublin and Munster have all fallen significantly in value terms.

The volume of projects submitted for planning has increased by 15% when compared to the same period last year, with all regions experiencing an increase in activity as almost 600 projects were submitted for planning.

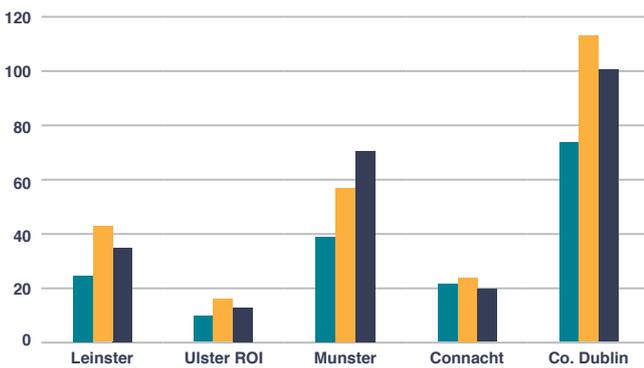
The value of projects submitted for planning in 2017 is down 27% on 2016 levels to just under €280 million. Leinster and Connacht were the only regions to show positive growth

KEY : ■ 2015 ■ 2016 ■ 2017

Hotel & Catering Sector

The volume of projects On-Site has weakened slightly in 2017 as 239 projects have commenced construction in the year, down 6% on 2016 levels. As can be seen from Fig. 18, only Munster has grown in the period under review. by volume. The value of projects On-Site is down 8% to €426 million. Only Leinster and Connacht have grown by value in the year.

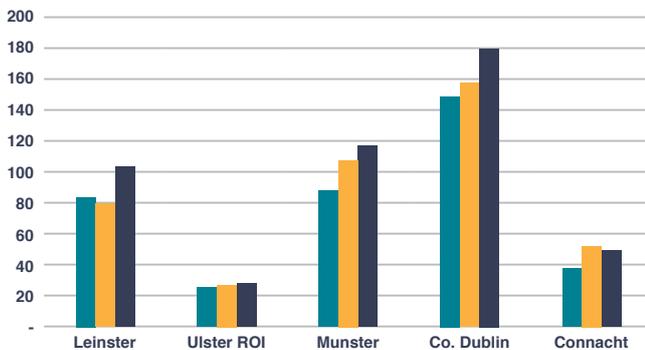
Fig. 18 Hotel & Catering On-Site Volumes



Future Pipeline of Hotel & Catering Projects

In planning granted terms Fig. 19 below shows positive volume growth in all regions apart from Connacht.

Fig. 19 Hotel & Catering Plans Granted Volumes



The total value of projects granted planning in 2017 is over €1 billion, a 23% increase on 2016 levels. Connacht and Leinster had the highest growth rates albeit from a low base while Dublin continues to dominate the market with over €770 million in projects granted planning.

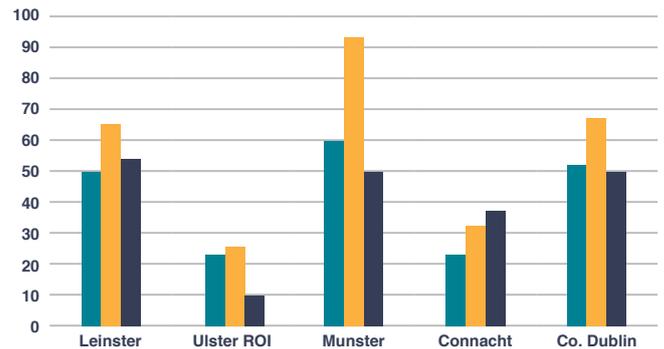
The total volume of projects submitted for planning was 637, an increase of 23% on the same period last year.

KEY : 2015 2016 2017

Community & Sport

The Community and Sport sector has shown 200 projects started On-Site in 2017, a 29% drop on 2016 levels (Fig. 20). In value terms, over €470 million in projects have commenced in the year, a 161% increase on 2016 levels. The Centre Parcs Holiday Resort commenced in 2017 which has skewed the analysis significantly. If this is removed, we would see a more modest 28% increase.

Fig. 20 Community & Sport On-Site Volumes



Future Pipeline of Community & Sport Sector

The delay in the release of the Sports Capital Grant Scheme and Leader Funding led to a decrease in construction activity towards the end of 2017, affecting community projects. However, the vast majority of these works will progress from Q2 2018 onwards.

The volume of projects granted planning in 2017 is up 41% to 539 projects with all regions showing positive growth. The value of projects granted planning is actually down 40% on the year but again the Centre Parcs development has skewed the data. There are a number of significant sports developments in the pipeline, for example - The RDS redevelopment in Dublin, cricket, rowing, tennis and handball training centres, a rugby museum in Limerick and the Galway and Leopardstown racecourses.

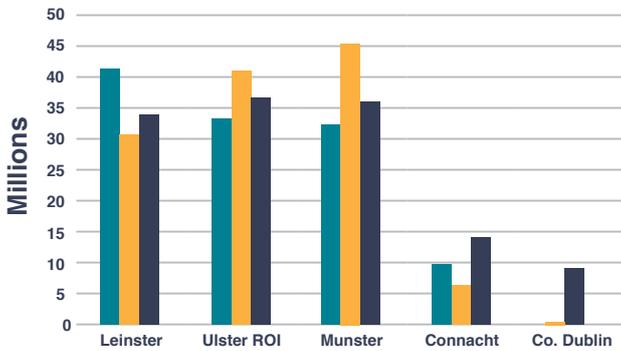
Over 620 projects have been submitted for planning, a 48% increase on the same period last year. The value of projects submitted for planning has increased 12% on 2016 levels to over €350 million in projects. Leinster and Munster are both declining in value terms while all other regions show positive growth.

Increase in public funded projects with the release of grants will see movement on smaller scale community projects in 2018.

Agriculture

The volume of projects moving On-Site has increased by 20% on the same period last year. The value of projects is estimated at over €129 million with all regions showing positive growth with the exception of Ulster and Munster (Fig. 21).

Fig. 21 Agriculture On-Site - Values

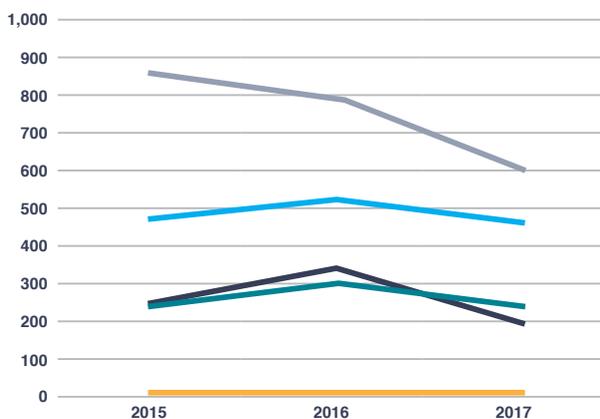


Future Pipeline of Agricultural Projects

Only 1,347 projects have been granted planning in the period under review, down from 1,878 in 2016, with all regions experiencing a downturn (Fig. 22). This is a 28% decline in volume terms. Our analysis shows a decrease of 16% in the value of projects granted planning in 2017 to €527 million from €631 million in 2016. All regions are showing a decline in values.

The volume of projects submitted for planning is also down to 1,530 from 1,965 in the corresponding period last year, a 22% drop, with all regions showing negative trends with the exception of Dublin.

Fig. 22 Agriculture Plans Submitted - Volumes



KEY : — Leinster — Ulster ROI — Munster
— Co. Dublin — Connacht





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