

CIS Q4 2018
CONSTRUCTION
ACTIVITY REPORT

A Comprehensive Overview of Current & Pipeline
Activity for the Irish Construction Market.

Introduction ABOUT CIS

The strength of the Irish construction sector is reflected in the level of activity in 2018. Our 2018 Construction Activity Report, provides a comparative analysis of construction project activity at Planning Applied, Planning Granted and Projects moving to On-Site stage with the equivalent periods in 2017, 2016 and 2015.

While Dublin and Leinster continue to dominate, activity is spreading to other areas such as Waterford, Cork and Limerick. This confidence is expected to continue given the government's commitment under the National Planning Framework 2040.

Overall activity for projects commencing on-site was on par with 2017. However, we recorded a reduction in activity for the Commercial and Retail sector, particularly in Dublin City where existing developments are likely to satisfy short to medium term demand. Two other areas continuing to reflect year-on-year decrease in On-site activity are Medical and Care Residential and Educational (Table 1).



The volume of projects being granted planning permission to proceed is positive year-on-year. It is no surprise to see Residential at all stages recording double digit growth. The exceptions in positive increases are Commercial, Education and Community & Sport recording decreases (Table 2).

Table 2 - Planning Applications Granted

	2017 Project Volumes	2018 Project Volumes	% Variance
Residential	873	974	12%
Commercial & Retail	862	826	-4%
Industrial	454	475	5%
Civil & Utilities	248	236	-5%
Medical & Care Residential	193	197	2%
Educational	527	482	-9%
Hotel & Student Accommodation	483	491	2%
Community & Sport	554	497	-10%
Agriculture	1371	1438	5%

In terms of future pipeline activity, the number of planning applications submitted during 2018 increased by over 9% for major projects. All sectors with the exception of Medical and Hospitality have recorded strong volume increases (Table 3).

Table 3 - Planning Applications Submitted

	2017 Project Volumes	2018 Project Volumes	% Variance
Residential	1253	1541	23%
Commercial & Retail	969	996	3%
Industrial	529	560	6%
Civil & Utilities	311	281	-10%
Medical & Care Residential	239	229	-4%
Educational	537	564	5%
Hotel & Student Accommodation	591	563	-5%
Community & Sport	586	640	9%
Agriculture	1422	1635	15%

The Residential sector continues to face wide ranging challenges such as infrastructure, capacity, resources, etc. in the delivery of both social and private housing to meet the demands. The level of activity continues to increase across all stages of construction, with On-site activity now 47% ahead of 2017.

The delivery of housing in 2018 was in excess of 18K, which is circa 4K more than 2017. It is anticipated that over 24K units will be completed by the end of 2019 (Table 4). In addition, the Self-build sector has in excess of 20K developments at either plans applied, granted or under construction.

Table 4 - Residential (2 units +)

	2017 Units	2018 Units	% Variance
Submitted	31,803	39,487	24%
Granted	22,509	28,543	27%
On-Site	14,842	21,783	47%

Looking at the Governments Fast-Track Planning initiative for Residential and Student Accommodation applications which has in excess of €2 billion worth of projects in the planning system. The table below outlines the current status of these projects (Table 5).

Table 5

	Student Beds	Apartment Units	Housing Units
Plans Submitted			
Dublin	0	56	120
Cork	0	1132	221
Kildare	0	90	107
Galway	289	60	283
Wicklow	0	42	225
Total Submitted	289	1824	956
Plans Granted			
Dublin	3305	2531	1269
Cork	255	579	765
Kildare	483	285	789
Galway	394	90	235
Total Granted	4433	2990	2788
On-Site			
Dublin	1327*	52	98
Cork	0	112	496
Kildare	0	167	114
Galway	394	0	0
Total On-Site	1721*	331	708

Note: *UCD was granted planning permission for 2,114 student bed-spaces in 2018. Phase 1 comprises of 924 bed-spaces. Phase 2 will comprise of 1,194 bed-spaces units. Phase 2 is not represented in the Granted or the On-Site analysis above.

Looking at other sectors such as **Civil & Utilities**, the delivery of infrastructure is of high importance for all construction projects and the government is to spend €286 million on roads and other infrastructure during 2019. The Minister for Finance, Pascal Donohoe T.D. has allocated an additional €1.26 billion for delivery of roads and transport projects between 2019 and 2021. Construction is expected to commence on the €200m N5 Westport to Turlogh Road Project in Q4 2019. A main contractor is to be appointed for the €200m N22 Macroom to Ballyvourney Bypass Scheme. As was recently announced, work commenced on the €320m Runway at Dublin Airport. In terms of Utilities, work is underway on the €200 million Vartry Water Treatment Plant in Wicklow, the €24m Wharf extension at Dinish Plant in Cork and the €24m Saggart Reservoir in Dublin.

The **Industrial sector** continues to perform strongly, witnessing the expansion of both indigenous Irish companies and investment from international companies. The IDA continues to attract multinational companies to invest, particularly in Data Centres and Life Sciences.

The **Education sector** continues to see year-on-year decline in project volumes since 2016, however, positive news in Budget 2019 is the allocation of €10.6 billion for the sector up by 6.7% on 2018's allocation. It is hoped that this increase will see capital projects awaiting funding to get the go ahead to proceed to On-site stage. In the last quarter of 2018, our research team recorded a steady stream of large educational developments progressing to Tender and Contract Award stage and it is envisaged that the sector will see a positive increase in activity compared to recent years.

Similar to the Education sector, funding is a major issue in the **Medical & Care Residential** sector. It is uncertain what impact the overrun in costs of the New Children's Hospital at St James' Hospital will have on either current or future developments. John Paul Construction have commenced work on a €16m Pharmacy and car park development, which is seen as the first phase of the €300 million National Maternity Hospital at St Vincent's Hospital, Dublin.

In the **Commercial & Retail** sector, as previously noted, the main priority in the short-term is the delivery of the existing large-scale projects under construction. In Dublin City alone developments at Dublin Landings, Bolands Quay, Ballsbridge and the Exo Building reflect some of the significant activity in the office sector. The Retail sector has seen a shift to large scale refurbishment projects as opposed to new build. Activity in the sector includes the €26 million mix-use development at Tara House, Dublin 2. Outside Dublin, site enabling works have commenced on a €70 million office development on Penrose Quay, Cork. This development, consisting of 40,000 sq.m. of office space is the biggest commercial scheme outside of Dublin to commence in 2018.

The **Hotel & Student Accommodation** sector remains buoyant. It is unclear what impact the increase in VAT will have in 2019. During 2018, over 11 million tourists visited Ireland and spent in excess of €6 billion. The volume and scale of projects under construction reflect the confidence in the Hospitality sector.

As highlighted in previous Construction Activity Reports, Student Accommodation is a lucrative area for developers. The followings analysis demonstrates the level of activity on a comparative basis (Table 6).

Table 6

	2017 Student Beds	2018 Student Beds
Submitted		
Carlow	0	125
Cork	753	407
Dublin	5220	1819
Galway	345	394
Kildare	0	483
Limerick	8	25
Louth	0	10
Total Submitted	5997	3238
Granted		
Cork	517	810
Dublin	2829	4010
Galway	345	394
Kildare	0	483
Limerick	8	0
Louth	300	0
Sligo	0	21
Total Granted	3699	5718
On-Site		
Cork	633	169
Dublin	2484	3042
Galway	510	394
Limerick	0	8
Total On-Site	3623	3613

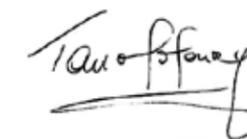
Conclusion

Overall, construction activity in 2019 should be positive barring any unknown impact from Brexit. In a recent article, Aecom Ireland forecast a 20% growth for the industry in 2019, with total output to hit €24bn, following a survey of senior professionals in the public and private sectors.

The Ulster Bank Construction PMI recorded an increase to 56.3 in December 2018 from a low in October of 52.9. Growth in civil engineering, commercial activity and the continuous increase in housing construction all contributed to this increase.

The Government's ability to deliver and increase its investment in infrastructure is critical to all sectors of the industry. In particular, water and sewage systems are struggling to cope with demand and the delay in transport infrastructure will be damaging to business and competitiveness levels.

The resilience of the industry and its ability to recover from an historic crash has been demonstrated since 2013 when we witnessed the commencement of a return to growth. This growth has followed a sustained and measured upward trajectory, and has matched the Republic's economic recovery, which recorded Ireland as the best performing country within the EU, with a GDP growth rate of 7.5% in 2018.



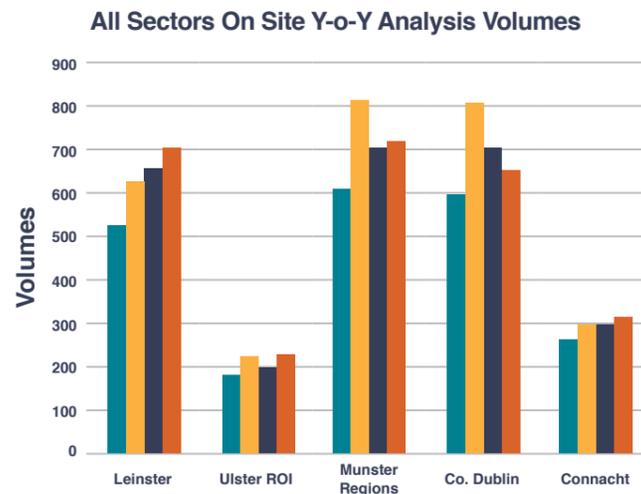
Tom Moloney
Managing Director

OVERVIEW OF CONSTRUCTION ACTIVITY

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

On-Site

According to analysis carried out by CIS in relation to the Construction Sector, the volume of projects, requiring planning, moving on site in the 12 months of 2018 is up 1% on the same period last year. Over 2,600 projects (excluding Self Build) started in the 12 months to the end of December. CIS estimate these projects to be worth in excess of €8.8 billion in shell and core costs. This equates to an 11% increase in the value of projects moving on site when compared to 2017. In terms of a regional analysis, all regions have grown in volume terms with the exception of Dublin which is down almost 10%. (Fig 1). In Value terms, the only region to experience a decline is Munster down, 13% while Connacht is up 95% and Ulster (ROI) up 50%.

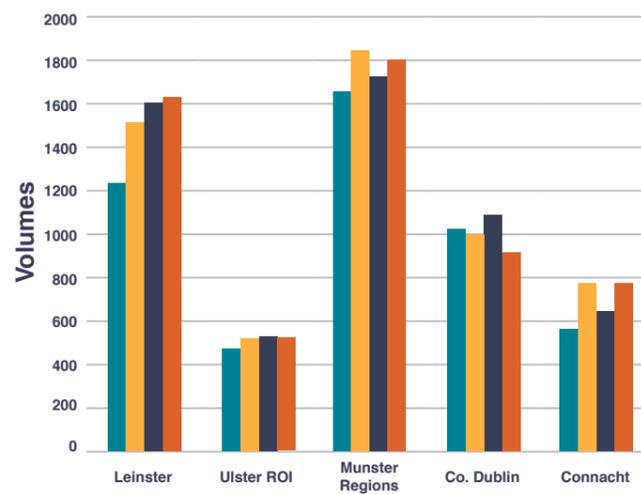


In Sectoral terms, the only sectors to decline in volume terms are the Medical & Care Res, Commercial & Retail and the Education sectors. The strongest performing sectors are Residential and Community and Sport, up 19 and 24% respectively. In value terms, the best performing sectors are Residential, up 84%, Hotel & Catering up 141% and Civil & Utilities up 154%.

Plans Granted

In a similar trend to the on-site stage, the volume of projects moving to plans granted stage is also up 1% on 2017. Over 5,600 projects were granted planning permission in the period under review. Leinster, Munster and Connacht were up slightly in the period, while Dublin and Ulster ROI have fallen, with the Dublin region down 16%. (Fig 2). In value terms, there has been a 16% increase in the value of projects been granted planning permission, with all regions experiencing an uplift with both Leinster and Ulster ROI up over 30% respectively. Almost €10.5 billion worth of projects have been granted planning in the year, up from just under €9 billion in 2017.

All Sectors Plans Granted Y-o-Y Analysis Volumes



In sectoral terms, the fastest growing sector is Residential which is up 12% in volume terms. Community & Sport is down over 10%, while Civil & Utilities, Commercial & Retail and Education have all fallen by single digit percentage falls. In value terms, the strongest performing sectors are Residential, Industrial, and Commercial & Retail which are all up over 40% on the 2017 figures.

Plans Submitted

The volume of projects submitted for planning in 2018 has risen 9% when compared to 2017 levels. The only region to experience a decrease in volumes was Dublin, down 7%. All other regions have experienced positive growth in projects submitted for planning. Just over 7000 projects were submitted for planning in the period under review. (Fig 3) In value terms, there was a 13% increase in the value of projects submitted for planning in 2018, with all regions seeing an increase in plans submitted values with the exception of Munster.

All Sectors Plans Submitted Y-o-Y Analysis Volumes



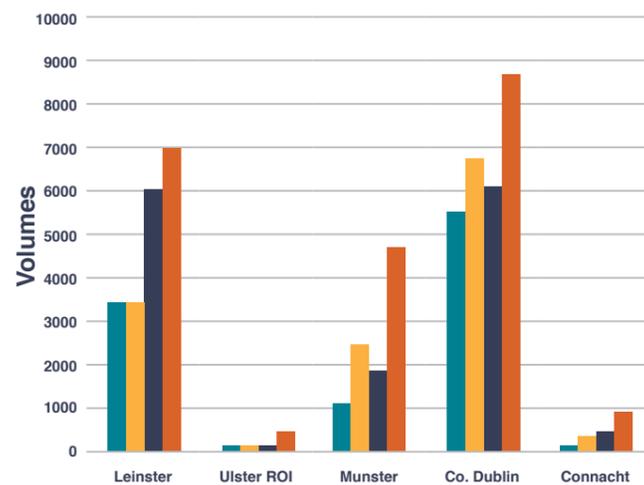
In Sectoral terms, Medical & care res, Civil & Utilities and Hotel & catering were the only sectors to decline in volume terms. The best performing sector was Residential, up 23% on the same period last year as over 1500 multi-unit developments were submitted for planning. In value terms most sectors increased in value terms with the exception of Civil & Utilities and Hotel & Catering.

CONSTRUCTION ACTIVITY REVIEW

Residential Sector

According to our research, over 21,700 units in multi phased developments started On-Site in 2018. (A further 4,300 self-build houses have commenced building in 2018). This represents an increase of 47% on 2017 levels. Unsurprisingly, all regions are growing strongly in relation to the number of units On-Site in the period. The fastest growing regions are Munster up 144% to over 4,600 units and Ulster ROI up 134% to over 460 units. Dublin is once again the largest region by volume terms with over 8,650 units commencing in 2018. Leinster is the next biggest region by volume terms with almost 7,000 units commencing. Fig 4.

Residential Units On Site Y-o-Y Analysis Volumes



Future Pipeline of Residential Sector Projects

Almost 980 Residential projects have been granted planning in 2018, representing a 12% increase on last year. If all these projects are built, it will represent a further 28,230 units, a 26% increase on 2017 levels. Almost 11,470 units have been granted planning in Dublin alone, a 16% increase on last years levels. The best performing region in percentage terms was Ulster ROI up 140% on last year. All regions report an increase in the volume of units granted planning. A further 6,600 self-build projects have been approved planning in the year. Fig 5

KEY : 2015 2016 2017 2018

Residential Units Plans Granted Y-o-Y Analysis Volumes

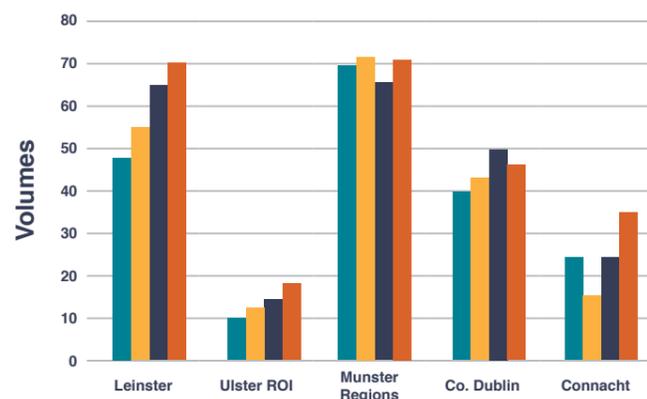


In further positive news for the sector, the number of new units submitted for planning in the sector has increased by 24% in 2018. Over 39,000 units have been submitted for planning, with over 11,800 units in major projects submitted in Q4 2018 alone.

Industrial Sector

The volume of projects On-Site has increased by 10% in 2018. There were 240 projects started in 2018 in the sector. All regions have grown with the exception of Dublin, down 8%. In value terms, there has been a 32% decrease in the value of projects moving on site. Just over €775 million worth of schemes have begun in 2018, down from €1.1 Billion in 2017. Connacht and Munster are both down significantly in value terms, with all other regions up over 20%. Some of the larger projects to start this year include a Google Data Centre, the Tullamore Distillery and the Lidl Distribution Centre. (Fig 6)

Industrial On Site Y-o-Y Analysis Volumes

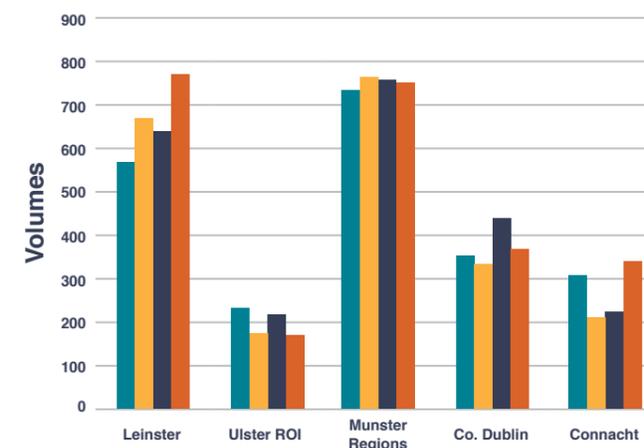


KEY : 2015 2016 2017 2018

Future Pipeline of Industrial Projects

The volume of projects granted planning is actually up slightly when compared with the last year to 475 projects. This represents a 5% increase on 2017 figures. As can be seen from the graph below (fig 7) there were 3 regions that have declined in volume terms while Leinster and Connacht are both up!!

Industrial Plans Granted Y-o-Y Analysis Volumes

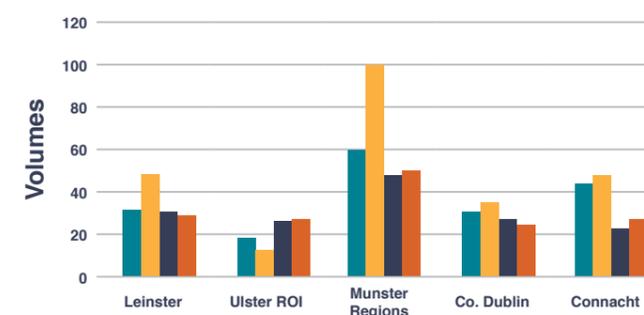


The volume of projects submitted for planning is up 6% on 2017 levels to 560 projects. All regions have experienced growth with the exception of Dublin, down 15%. The value of projects submitted for planning is up 41% to €1.6 billion.

Civil & Utilities Sector

Just 158 projects went On-Site in the period under review, down 3% on 2017. The value of Civil & Utilities projects starting in 2018 has reached over €1.6 billion, up 154% on 2017 levels. All regions have increased in value terms with the exception of Munster. Some of the largest schemes to kick off this year are the Dublin Airport runway, the Oweninny Wind Farm and a number of large Water Treatment plants in Dublin and Wicklow. (Fig 8)

Civil & Utilities On Site Y-o-Y Analysis Volumes

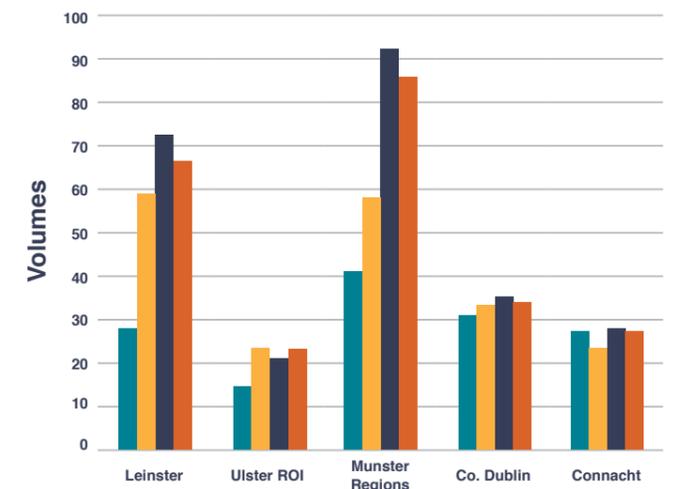


KEY : 2015 2016 2017 2018

Future Pipeline of Civil & Utilities

Over 235 projects have been granted planning in 2018 in this sector, down from 248 in 2017 with all regions declining marginally with the exception of Ulster ROI which is up 10%. The value of projects granted planning is just €550 million which is a decrease of 53% on last year when there was over €1.1 billion in projects granted planning. As an interesting aside a further 50 Solar farm projects were granted planning in the period. (Fig 9)

Civil & Utilities Plans Granted Y-o-Y Analysis Volumes

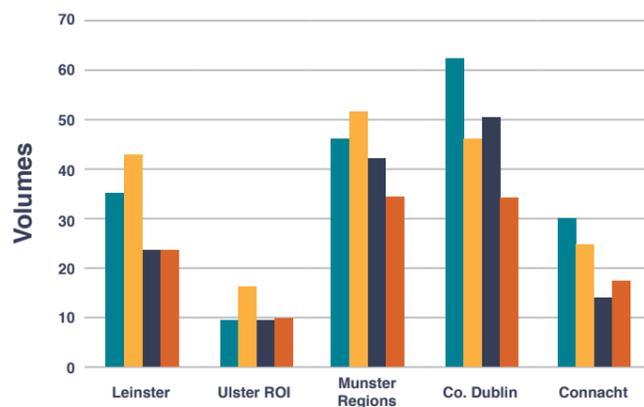


The volume of projects submitted for planning is down 10% on the same period last year with 280 projects submitted, down 10% on the same period last year. Every region has declined in terms of the volumes of projects submitted.

Medical & Care Residential Sector

The volume of projects on site in Medical & Care Residential has decreased again to just under 120 projects, a 16% decrease on 2017 levels. Dublin and Munster regions are the regions worst affected by the decalin, down 33 and 19% respectively. The value of projects on site in the year has declined 87% on the same period last year. The National Children's Hospital, now valued at €1.4 billion, which started in 2017 has had a major impact on the sector. (Fig 10)

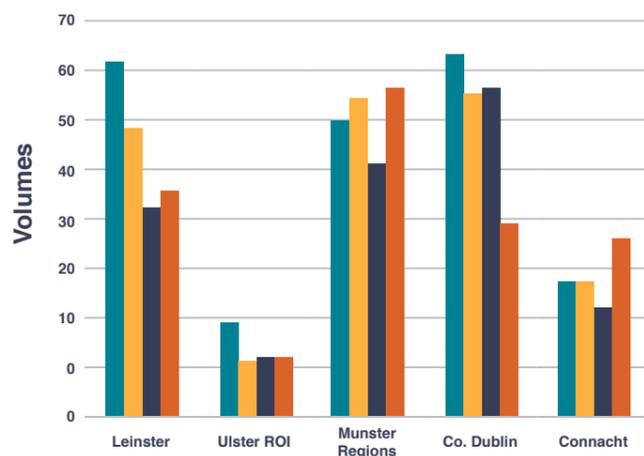
Medical & Care Res On Site Y-o-Y Analysis Volumes



Future Pipeline of Medical & Care Residential

The volume of projects has increased to 197 for the year up 2% on the same period last year with Dublin the only region to decline, down 42%. The biggest increases were in Connacht and Munster, up 29 and 64% respectively. The value of projects granted permission has fallen again down, 41% to just under €400 million as the cost overruns of the National Children's Hospital impact of future projects. (Fig 11)

Medical & Care Res Plans Granted Y-o-Y Analysis Volumes

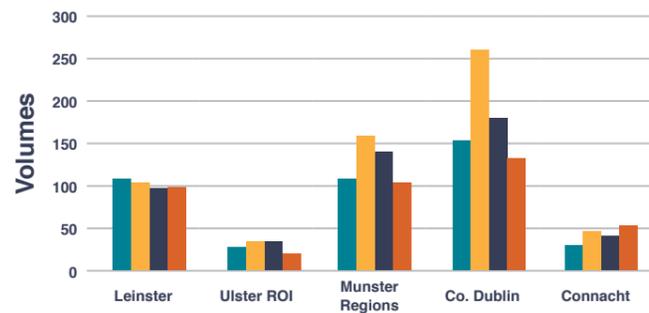


The volume of projects submitted for planning in 2018 is down 4% on the same period last year to 229 projects. Dublin is down 38% and Connacht 4% while all other regions growing.

Commercial & Retail Sector

The volume of projects on site has decreased by 18%, to 407, with all regions declining with the exception of Connacht and Leinster. (Fig 12) The value of Commercial projects On-Site in 2017 was down 3% on the same period last year to almost €950 million. The Leinster, Munster and Connacht regions have all experienced growth in the sector, while Dublin and Ulster have fallen.

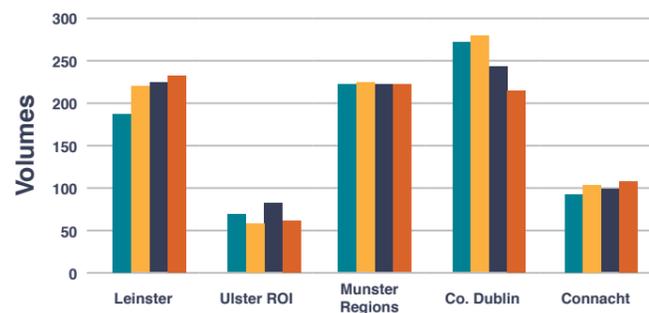
Commercial & Retail On Site Y-o-Y Analysis Volumes



Future Pipeline of Commercial & Retail Projects

The volume of projects granted planning in 2018 has fallen slightly as 826 projects were granted planning down from 862 in the same period last year. Dublin has experienced a drop of 12% while Ulster has fallen by 25% in the period under review. (Fig 13) The value of projects granted permission in 2018 has increased by 42% when compared with 2017. Connacht has fallen by 14%, while all other regions have grown significantly.

Commercial & Retail Plans Granted Y-o-Y Analysis Volumes

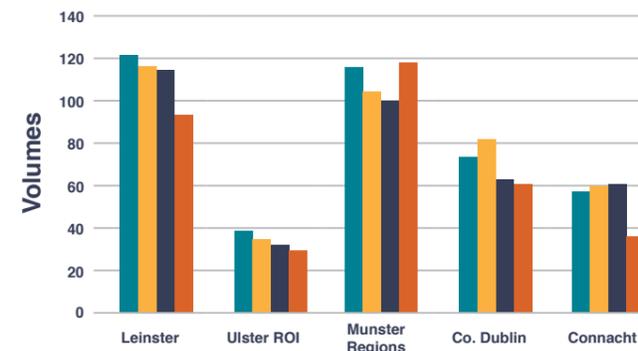


The volume of projects submitted for planning has increased by 3% in 2018 to 996 projects, but this translates to an increase of 32% in the value of projects submitted for planning in the period, from €1.4 billion to over €1.8 billion.

Education Sector

The volume of projects on site in 2018 is down 9% on 2017 levels to 338. As can be seen from the graph, all regions are down with the exception of Munster. CIS estimates that over €450million worth of projects have moved On-Site in 2018. This represents a increase of 54% on 2017 levels. On a regional basis only Connacht has declined.

Education On Site Y-o-Y Analysis Volumes

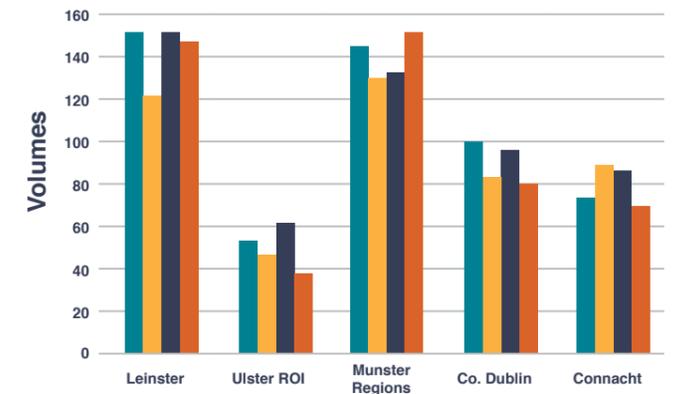


KEY : 2015 2016 2017 2018

Future Pipeline of Education Projects

The volume of projects granted planning is down 9% in the period under review. All regions have experienced a decline with the exception of Munster which has grown 14%. The value of projects granted planning permission has also fallen, down over 12% in comparison with the same period last year. Just over €280 million worth of projects have been granted planning in 2018, down from €318 million in 2017. Ulster and Leinster have fallen significantly in value terms.

Education Plans Granted Y-o-Y Analysis Volumes

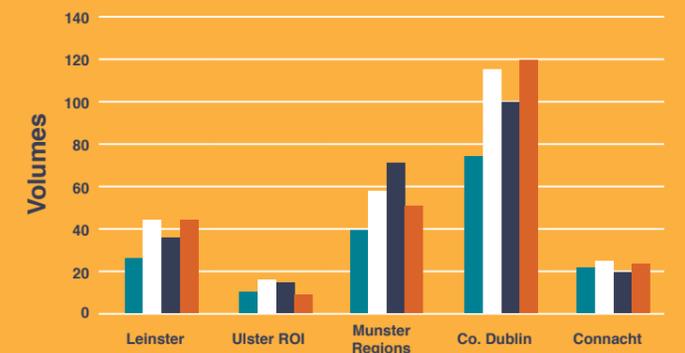


The volume of projects submitted for planning has increased by 5% when compared to the same period last year, as almost 570 projects were submitted for planning. Munster and Leinster are the 2 largest regions by volume with 164 and 187 respectively.

Hotel & Catering Sector

The volume of projects on site has increased slightly in 2018 as 244 projects have gone on site in the year, down 3% on 2017 levels. As can be seen from the graph, only Ulster and Munster have declined in the period under review by volume. In the Hospitality sector the value of projects On-Site is up 141% to over €1 billion. Only Connacht has fallen by value in the year.

Hotel & Catering On Site Y-o-Y Analysis Volumes



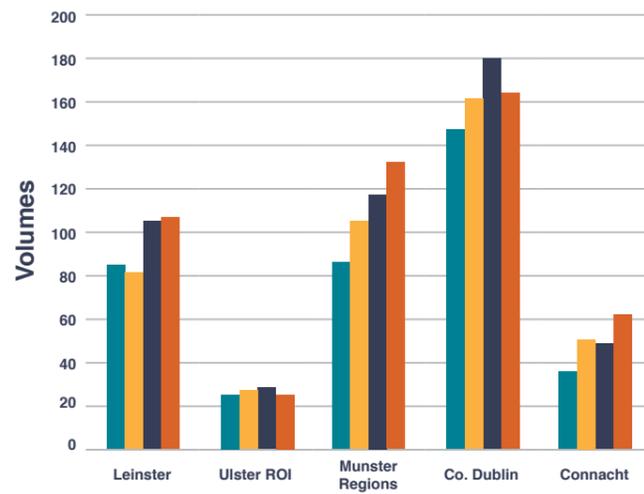
KEY : 2015 2016 2017 2018



Future Pipeline of Hotel & Catering Projects

The volume of projects granted planning in the sector has increased by 2% when compared to the 2017 levels, with 491 projects granted planning. Dublin and Connacht were the only regions to decline while all other regions experienced positive growth. (Fig 15). The total value of projects granted planning in 2017 is almost €12 billion, a 6% increase on 2017 levels. Ulster ROI and Leinster had the highest growth rates albeit from low levels while Dublin continues to dominate the market with over €770 million in projects granted planning.

Hotel & Catering Plans Granted Y-o-Y Analysis Volumes



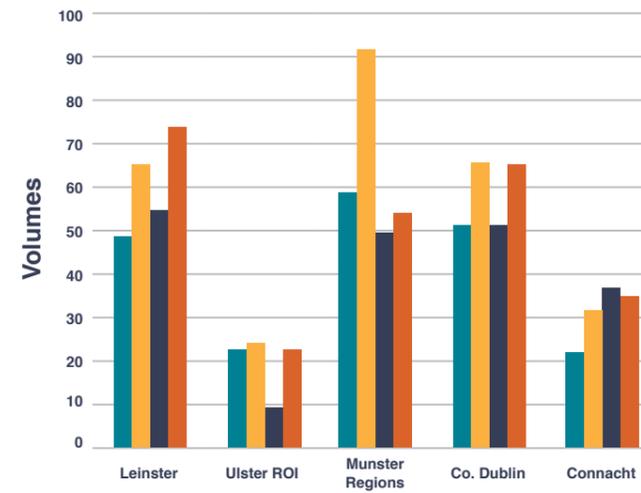
The total number of projects submitted for planning was 563, a decrease of 5% on the same period last year.

Community & Sport

The Community and Sport sector has 251 projects started On-Site in 2018, a 24% increase on 2017 levels, with Connacht the only region to decline. (Fig 16). In value terms, only €197 million in projects have begun the in the year, a 60% decrease on 2017 levels. The Centre Parcs Holiday Resort, Event Centre in Cork and the Curragh Racecourse redevelopment which all commenced in 2017 have skewed the analysis significantly. There are only 2 projects valued at over €10 million which started in 2018.

KEY : 2015 2016 2017 2018

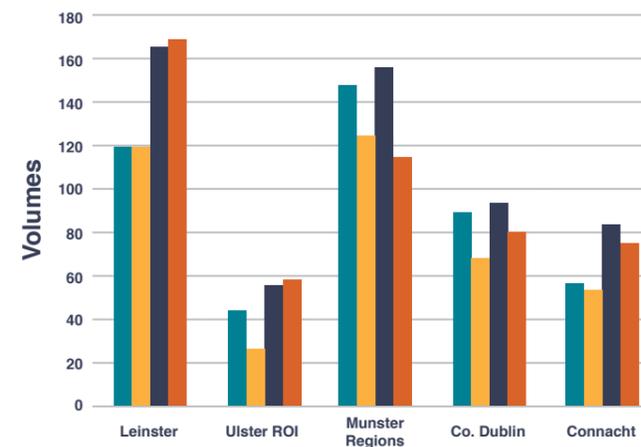
Community & Sport On Site Y-o-Y Analysis Volumes



Future Pipeline of Community & Sport Sector

The volume of projects granted planning in 2018 is down 10% to 497 projects with all regions showing negative growth with the exception of Leinster and Ulster ROI. The value of projects granted planning is down 20% on the year with all regions declining in value with the exception of Leinster, up 2%.

Community & Sport Plans Granted Y-o-Y Analysis Volumes



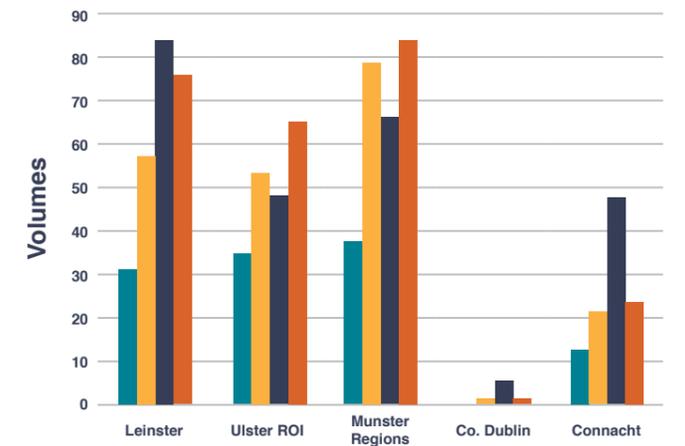
The volume of projects submitted for planning has increased by 9% on 2017 levels to over 640 projects. Dublin is the only region which has declined in volume terms.

KEY : 2015 2016 2017 2018

Agriculture

The number of projects moving On-Site has remained static when compared with the same period last year, but there is vast fluctuation between each region with Connacht and Leinster, down significantly while Munster and Ulster have grown strongly. The value of projects is estimated at over €150 million.

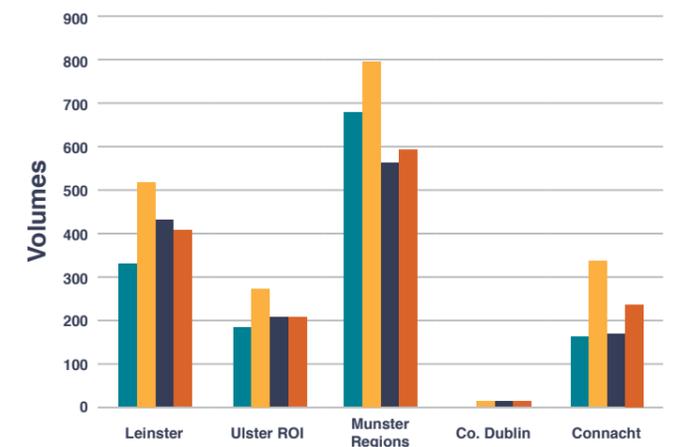
Agriculture On Site Y-o-Y Analysis Volumes



Future Pipeline of Agricultural Projects

Our analysis shows an increase of 5% in plans granted projects as 1438 projects have been granted planning in the period under review, up from 1,371 in 2017, with all regions experiencing an upturn, with the exception of Leinster.

Agriculture Plans Granted Y-o-Y Analysis Volumes



The volume of projects submitted for planning is also up to 1,635 from 1,422 in the corresponding period last year, a 15% increase, with all regions showing positive trends with the exception of Dublin!



Construction Information Services
Suites 3 & 4, The Cubes,
Beacon South Quarter
Sandyford,
Dublin 18

T: (01) 299 9200

E: Sales@cisireland.com

www.cisireland.com