# Building Information Index

Q1-Q4
**2020**

201820192020

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# Welcome to the latest volume of the Building Information Index brought to you by Building Information Ireland www.buildinginfo.ie.

**Danny O'Shea**
CEO
*Building Information Ireland*

Our year-end 2020 Building Information Index is coming on the back of a uniquely difficult year indeed for the construction industry in Ireland. Covid-19 restrictions and lock downs have shaped the economy as a whole and construction companies have played their part in ensuring public health is the primary concern, with construction activity taking a back seat in everyone's interests.

With that said, the industry has had quite a resilient year in terms of output. There has been greater efficiency of work during periods of the industry being open. A great focus on delivery of projects when time restraints are to the fore, seems to have driven the industry to maximise its resources when they were needed most.

As always when analysing the data, we look to key indicators such as new planning applications, decisions, and project commencements across all sectors and stages to evaluate not only what has happened, but also the current trajectory and what is likely to unfold going into 2021. Our year-end 2020 Index uncovers a full and deep understanding of the shape of the Irish construction industry throughout this unprecedented year. At a macro level as we compare new planning application activity for 2020 with that of 2019, we see a 12% decrease nationally. This in monetary terms is comparing

€11.1bn in 2020 with €12.5bn in 2019. A more significant fall in project commencements of 22% is unsurprising given the periods of lockdown and restricted activity. Commencements of just short of €10bn started on site, compared with €12.7bn in 2019. A marginal increase of 1% in planning applications granted permission year on year reflects an underlying truth to the resilience mentioned earlier. While sites may have been closed, behind the scenes planning and administration of current and future activity continued to forge ahead. It is evident that ongoing demand for construction is still strong, particularly in housing.

In our last mid-year (H1 2020) Index, we pointed to a further decline in activity of 10% - 11% to likely occur in the short term. Roll the clock forward to now, and we are still seeing the same expected trend to play out. All sectors and regions are displaying negative trends on average, however not to the extent that one could have imagined given the tumultuous year that was 2020.

Continue through this report to explore the sectoral and regional impact in more detail.

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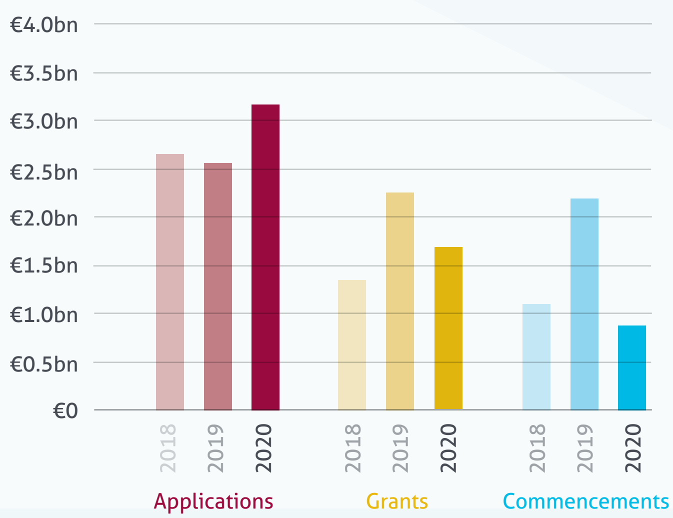
# THE BIG PICTURE

## Regional Applications

The total value of new planning applications in 2020 was 11% lower than the previous year. All regions showed a decline, except Connacht Ulster, which had a 23% increase in new applications. Granted permissions had a year-on-year increase of 1%, which was mainly driven by Dublin and Cork with most other areas showing a decrease. Commencements were down 22% nationally from 2019 to 2020. All regions exhibited this decline which was unavoidable given periods of lockdown throughout the year.

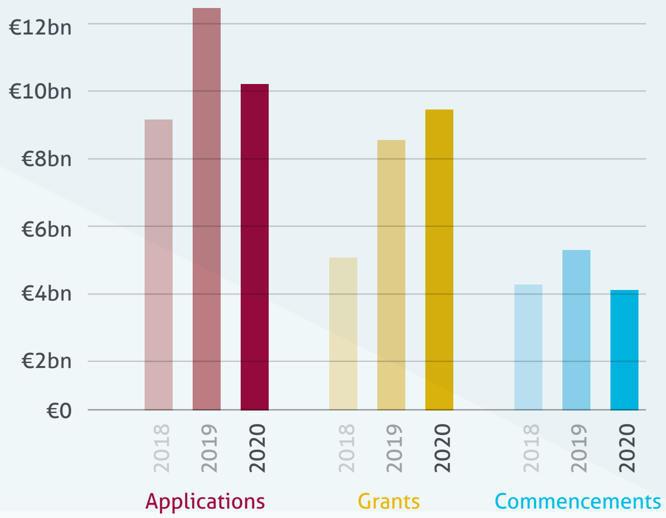

## Connacht/Ulster

| Applications | Grants | Commencements |
|---|---|---|
| €3.21bn | €1.67bn | €982m |
| +22% | -25% | -55% |



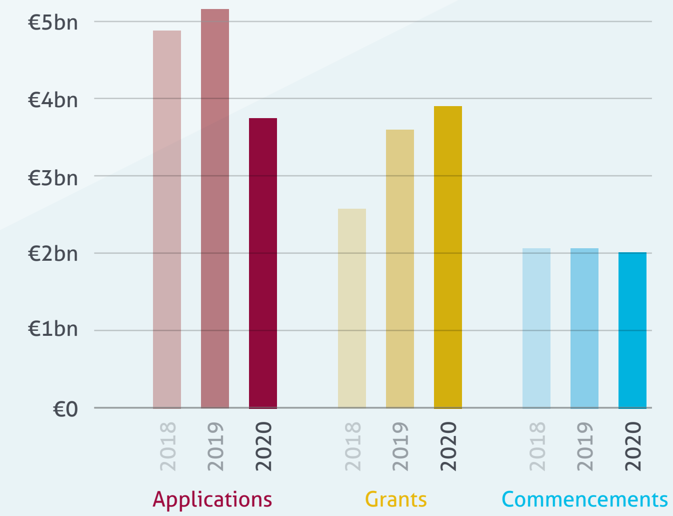

## Dublin

| Applications | Grants | Commencements |
|---|---|---|
| €11.10bn | €9.57bn | €4.21bn |
| -12% | +12% | -13% |



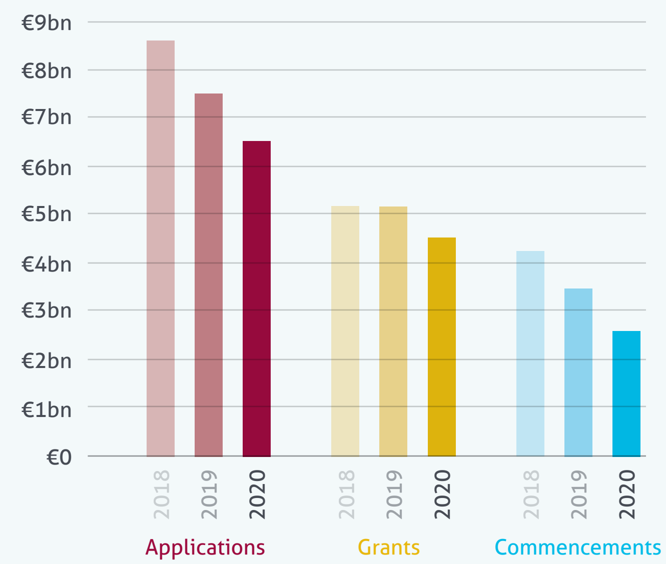

## Munster

| Applications | Grants | Commencements |
|---|---|---|
| €3.81bn | €3.99bn | €2.06m |
| -27% | +9% | -4% |




## Leinster

| Applications | Grants | Commencements |
|---|---|---|
| €6.68bn | €4.62bn | €2.73bn |
| -11% | -10% | -24% |

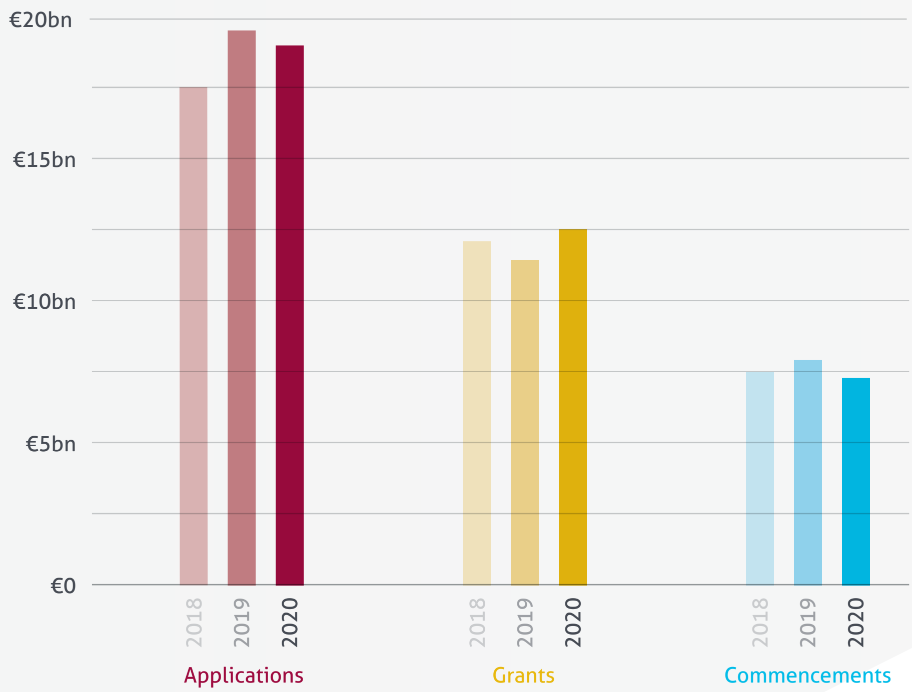


# RESIDENTIAL

Residential planning applications are down 7% in 2020 when compared to 2019. Commencements are also down 21% in the same period. Granted applications increased by 8% nationally for the year.

## Activity Trends 2018/2019/2020

| Applications | Grants | Commencements |
|---|---|---|
| €18.13bn | €13.92bn | €6.93bn |
| -7% | +8% | -21% |



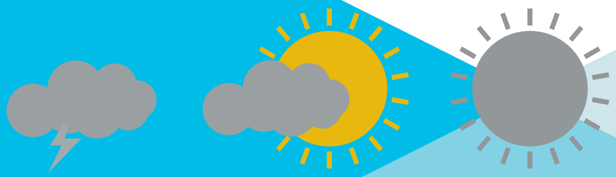

New applications we up considerably at 33% in Connacht Ulster, driven mainly by a lot of planned investment in the Galway area. All other regions were down, in line with the national average. Granted applications were up in Dublin and Munster, and down in Connacht Ulster and Leinster. On average though there was a national increase of 8% in granted permissions for residential developments which bodes well for the short-term pipeline of projects once construction activity is permitted to recommence.

Residential project commencements took a significant hit in 2020, down nationally by 21% year on year. This was felt right across the board in all regions. This was largely unsurprising due to lockdown restrictions. Residential commencements represented almost 70% of all construction commencements in 2020, showing that a concerted effort to deal with housing shortages is clearly taking shape.

**Average time from application to commencement**


*The Residential sector includes projects such as housing developments, apartments, & mixed developments*

# Sector outlook



The outlook for the residential sector remains as neutral, despite a small decline in projections since our last Index (H1 2020). The pipeline remains relatively strong, and demand for housing stock remains a driving force.

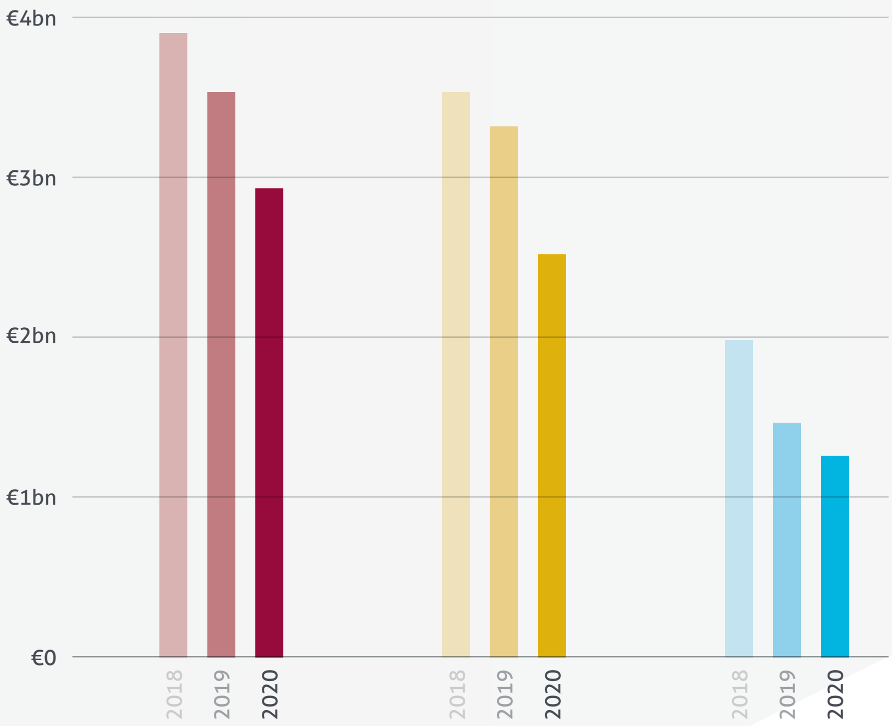
## Q1-Q4 2020 applications regional distribution

# COMMERCIAL & RETAIL

A negative outlook remains for construction in the commercial & retail sector for the short-term, even though the prospects look somewhat stronger than they did 6 months ago.

## Activity Trends 2018/2019/2020

| Applications | Grants | Commencements |
|---|---|---|
| €2.99bn | €2.52bn | €1.29bn |
| -13% | -22% | -19% |




The commercial & retail sector has taken a significant blow throughout 2020, although the year did not finish as pessimistic as it started. While some categories like hospitality have really been hit hard, others like grocery retail have been going strong throughout.

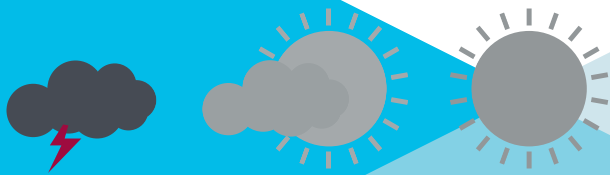
In terms of planning applications, commercial & retail was down 13% in 2020 vs 2019. This was mainly felt in Dublin and Munster, with the cities bearing the brunt of the slowdown. Granted applications were down 22% nationally also. The Leinster region however shows positive results, with applications up 102% and granted permissions up 70%, and the pipeline of future works looks robust.

Commencements in this sector were down 19% year on year, broadly in line with the construction industry as a whole. Commencements in Munster were up significantly, largely buoyed by the Opera Site development in Limerick.

**Average time from application to commencement**


*The Commercial & Retail sector includes projects such as offices, shops, hotels, bars & restaurants*

# Sector outlook



A continued slowing of activity is expected for the remainder of 2020 and into 2021 for this sector.

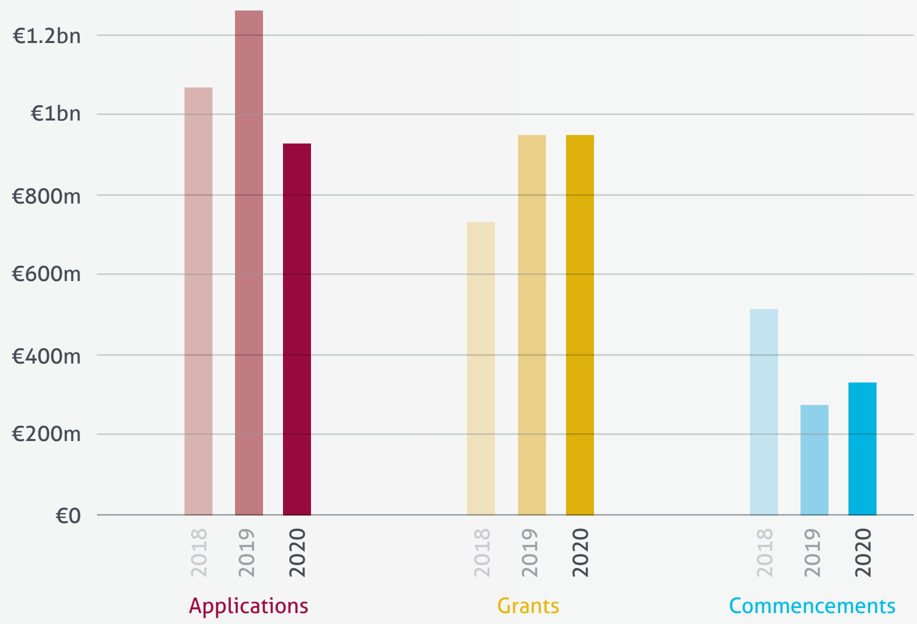
## Q1-Q4 2020 applications regional distribution

# MEDICAL

2020 has been a relatively stable year for construction in the medical sector. Some sites have remained open during lockdowns and funding has been largely readily available, given the circumstances.

## Activity Trends 2018/2019/2020

| **Applications** | **Grants** | **Commencements** |
|---|---|---|
| €934m | €940m | €368m |
| -25% | 0% | +36% |




Planning applications were down 25% nationally compared with 2019. This was the case in all regions except Connacht Ulster which recorded a slight increase of 9%. Granted permissions were broadly the same as the previous year based on an increase of 41% in Dublin, and relatively small decrease in all other regions.

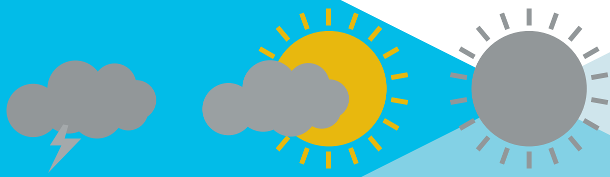
Commencements in the sector were up 36% year on year, which is unsurprisingly the best performing sector for projects starting in 2020. This again was largely felt across the entire country except for Dublin which recorded a decrease of 58%.

It is again worth noting that we have excluded all short-term temporary works in relation to Covid-19 in our calculations for 2020 and focused solely on continued capital investment.  Turnaround times remain slow in this sector and one would hope for that to improve throughout 2021.

**Average time from application to commencement**


*The Medical sector includes projects such as hospitals, medical centres & care homes*

# Sector outlook



The outlook is neutral for medical construction in 2021. The pipeline of works looks steady, but turnaround times are still 13 weeks slower that the industry average.

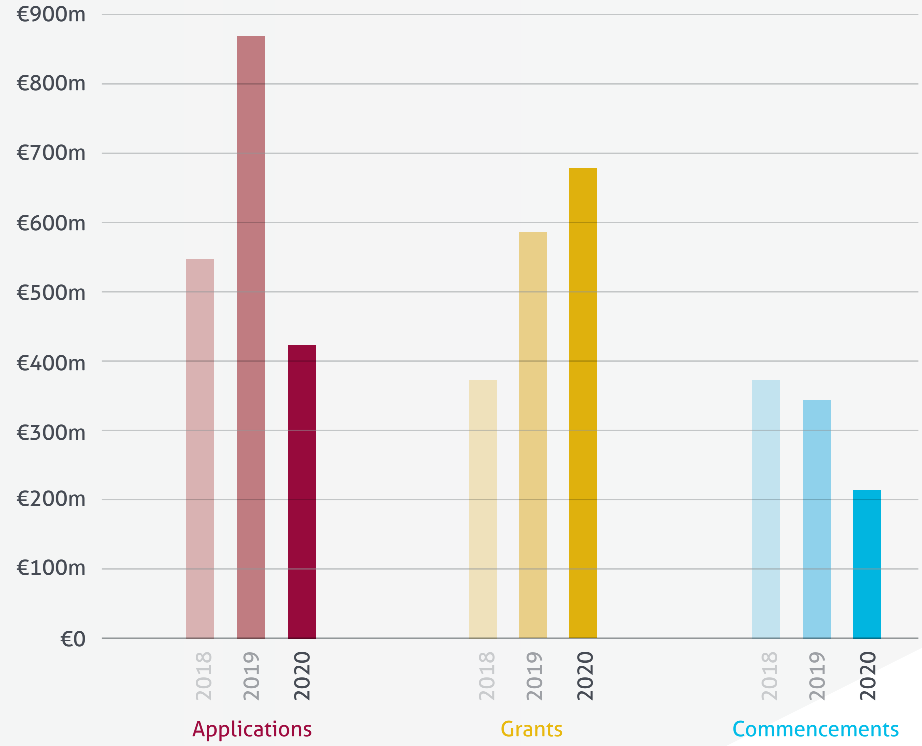
## Q1-Q4 2020 applications regional distribution

# EDUCATIONAL

Similar to what we reported in our previous Index, a large decline in new applications and commencements nationally show a further declining trend for the education sector.

## Activity Trends 2018/2019/2020

| **Applications** | **Grants** | **Commencements** |
|---|---|---|
| €408m | €690m | €208m |
| -54% | +18% | -41% |

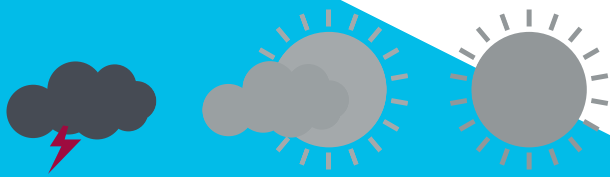



Planning applications in Education were down 54% nationally compared with 2019, with all regions experiencing the decline. Granted applications were up 18% in the year, offering some underlying positivity. This increase was mainly felt in Munster and Dublin.

Commencements were down in all regions, with a 41% decrease nationally when compared with 2019. This trend was stronger at the start of 2020 and has since improved a little. However, the prospects of any improvements in the sector are low with the turnaround times slowing further as the year progressed. Currently projects are taking on average 70 weeks to go from planning to starting on site, which is 3 weeks slower than average for 2020. The education sector has historically held a quicker than average turnaround time, which further highlights the difficulty it is currently experiencing.

**Average time from application to commencement**


*The Education sector includes projects such as universities, schools & pre schools*



# Sector outlook

The outlook for the education sector is negative with a potential 25% decrease in activity in line for the remainder of the year.

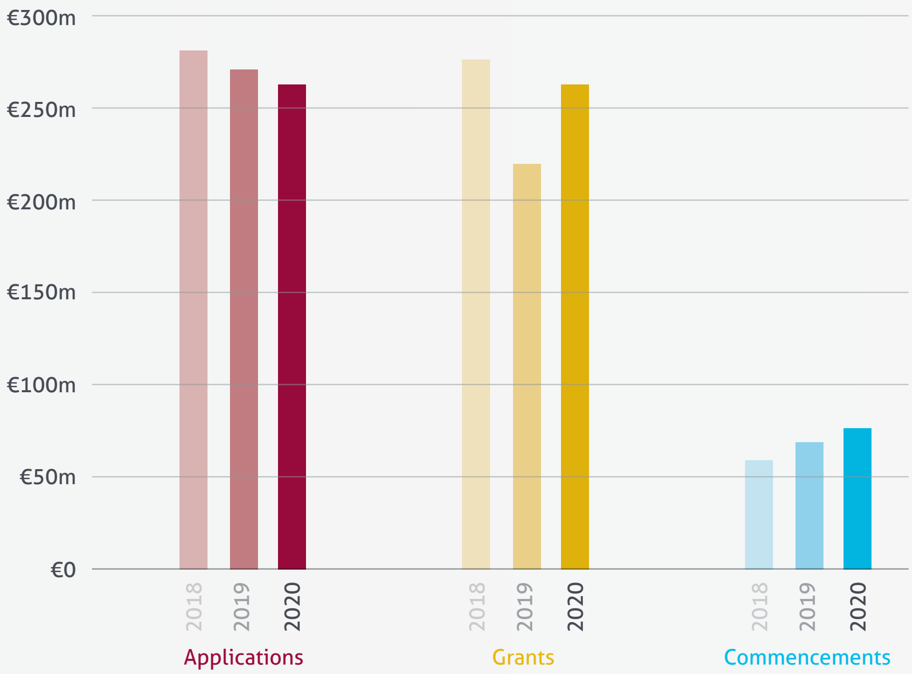
## Q1-Q4 2020 applications regional distribution

# AGRICULTURE

The agriculture construction sector is arguably the most buoyant sector in operation, despite also being the smallest. New applications are down slightly but all other metrics are up nationally.

## Activity Trends 2018/2019/2020

| Applications | Grants | Commencements |
|---|---|---|
| €256m | €263m | €76m |
| -5% | +22% | +16% |




As a small sector, agriculture tends to have expected fluctuations in output, but despite the extraordinary conditions, the sector remains relatively stable. Planning applications are down 5% nationally year on year. All regions experiencing a decrease except Connacht Ulster, which was up 23%. Granted applications are up 22% nationally with Munster showing the greatest increase of 77%.

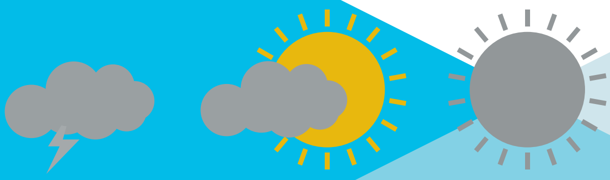
Commencements for the sector in 2020 were up 16% nationally with Munster again leading the curve, up 63%.

With turnaround times increasing in line with other sectors, agriculture is still a little slower than the industry average, currently running at 64 weeks.

### Average time from application to commencement


*The Agriculture sector includes projects such as dairy units, poultry houses & slatted sheds*

# Sector outlook



The outlook is neutral for agriculture, despite some positive indicators. A small increase in output is expected into 2021, however the difficult backdrop to construction on the whole means it is far from certain.

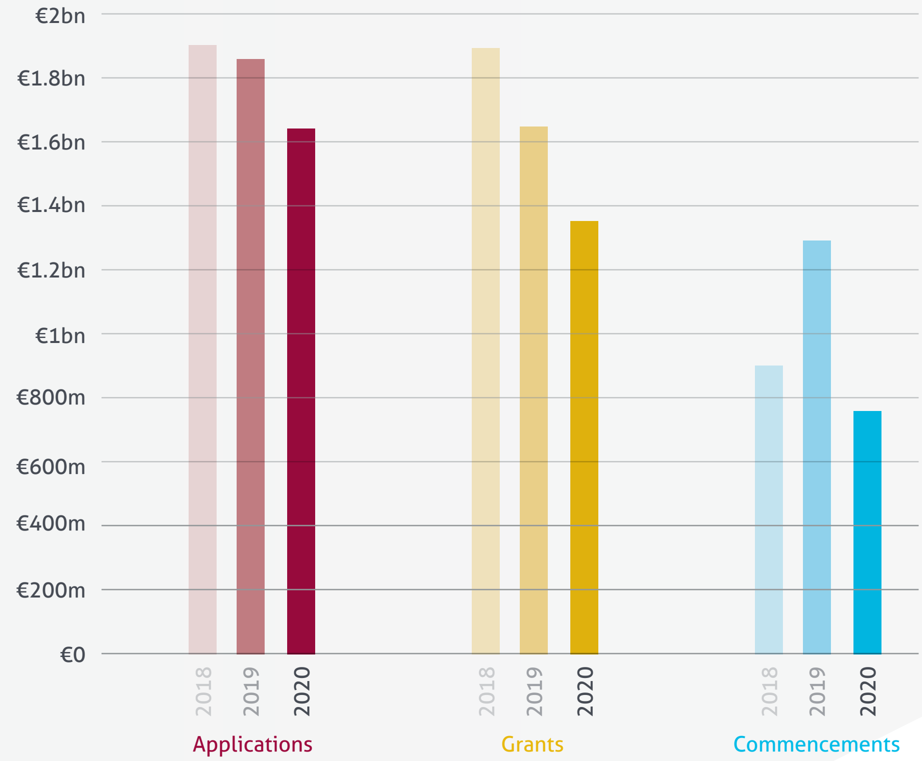
## Q1-Q4 2020 applications regional distribution

# INDUSTRIAL

All key metrics are again displaying decreases nationally for the industrial sector. Improvement can be seen since the previous Index 6 months ago, but negativity remains.

## Activity Trends 2018/2019/2020

| Applications | Grants | Commencements |
|---|---|---|
| €1.64bn | €1.32bn | €794m |
| -11% | -19% | -41% |



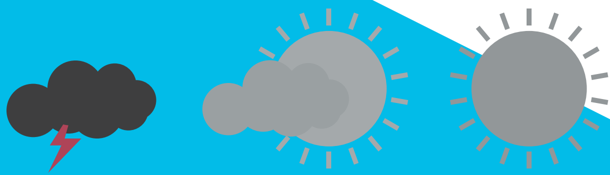

New applications are down 11% on 2019 figures. Large variances show big increases in Dublin and Connacht Ulster, coupled with large decreases in Leinster and Munster. Granted applications are down 19% in 2020 and is more uniformly distributed across the country with only Dublin seeing and increase of 36%.

2020 saw a huge increase of 127% in commencements taking place in Dublin, however the picture is very different throughout the rest of the country, with major falls in activity levels in all other regions. Nationally the average fall in commencements was 41% compared with 2019.

While turnaround times are relatively short for industrial projects, they have slowed up more that the average rate throughout 2020 and are currently at 59 weeks.

**Average time from application to commencement**


*The Industrial sector includes projects such as factories, warehouses & industrial units*



# Sector outlook

The short-term outlook for the industrial sector is poor with a continued decline in construction activity for the remainder of 2021.

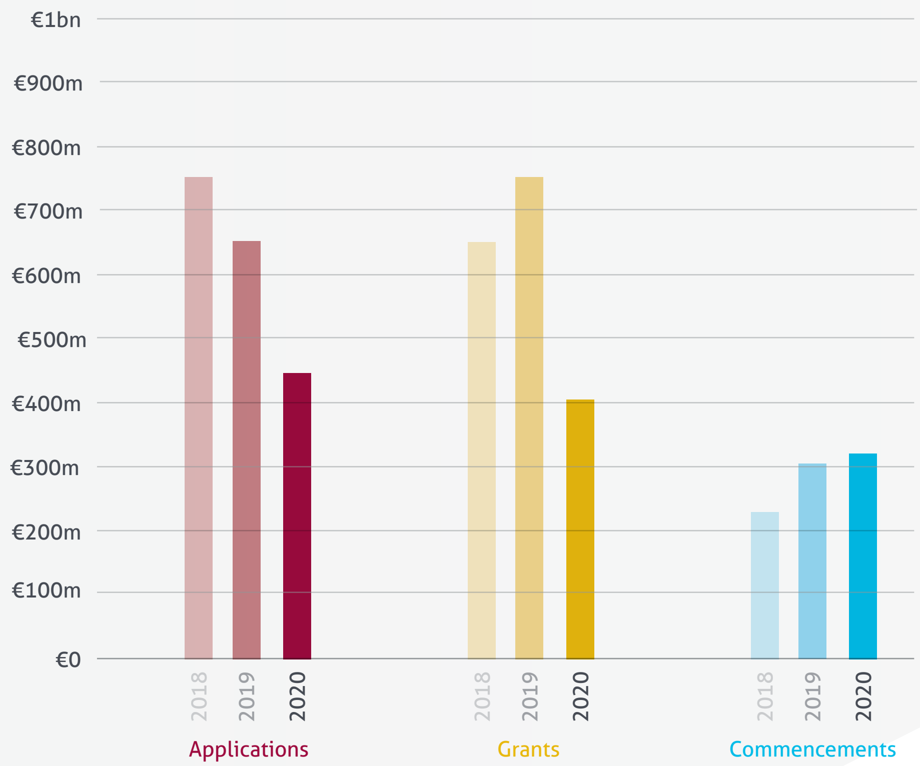
## Q1-Q4 2020 applications regional distribution

# SOCIAL

Another difficult sector with a small increase in commencements offset by large declines in planning applications and granted permissions.

## Activity Trends 2018/2019/2020

| Applications | Grants | Commencements |
|---|---|---|
| €434m | €403m | €317m |
| -36% | -46% | +4% |



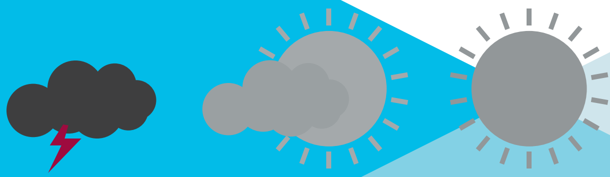

New applications fell by 36% nationally in the social sector, and that decline is seen across all regions equally. Granted permissions show some increases in Dublin and Munster, but overall are down 50% on the first half of 2019. Commencements saw a decline in Dublin and increases across the rest of the country, which bucks the general 2020 trend of construction activity gravitating towards the capital.

The problem of a declining pipeline is compounded with the longest turnaround time of any sector in the industry, at 85 weeks. In 2019 there were grounds for optimism in the social sector. This is no longer the case unfortunately, the elongated turnaround times from planning to construction suggest this sector will struggle to improve into 2021.

**Average time from application to commencement**


*The Social sector includes projects such as sports developments, community projects, churches & public buildings*

# Sector outlook



Like other sectors, the outlook is negative, despite some small improvements towards the end of 2020. This one looks as though a slow recovery is most likely.

## Q1-Q4 2020 applications regional distribution

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**Methodology:** www.buildinginfo.ie measures the actual (estimated) monetary value of every construction project per sector. The data contained in the Building Information Index is aggregated by Building Information from real time planning and project information. Projects with a value of less than €200k were omitted from this index.

**Disclaimer:** The Building Information Index is prepared from information that is provided by local authorities under planning and building control regulations. We believe that the index is collated with care from data available at the time of publishing, but we do not make any statement as to its accuracy or completeness. We reserve the right to vary our methodology and to edit or discontinue the indices, or analysis at any time. Persons seeking to place reliance on any information contained in this index for their own or third party commercial purposes do so at their own risk.

**About the author:** Danny O'Shea is Managing Director of Building Information Ireland and Residential Construction research consultancy Link2Plans. Building Information Ireland is the portal for every current planning application, approval and commencement in the country. Previously Danny was Managing Director at Riverside Manufacturing (Ireland). Danny holds a Diploma in Computing (1986) and an MBA from DKIT (2006) and has been involved in systems development, management, innovation and online development for the past 25 years.

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**Building Information Ireland**

Rosemount House,
Northern Cross, Malahide Road,
Dublin 17, Ireland

Tel: 01 905 3200

Email: info@buildinginfo.ie