Building Information Index

Q1-Q4 2021

2019 2020 2021

BuildingInfo

Ireland's Construction Projects Database

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

Our year-end 2021 Building Information Index is showing more cause for optimism in the industry when compared with previous years. Hopefully, the lockdowns are behind us now and we can focus and plan 2022 with a better degree of certainty than has been the case for quite some time. The first 4 months of 2021 were very limited in terms of output in the construction sector, but since then we have seen a steady and welcome flow of activity. In particular, we have seen a strong increase in planning activity which bodes well for 2022.

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 2022. Our year-end 2021 Index uncovers a full and deep understanding of the shape of the Irish construction industry throughout this challenging year. We also consider what is to come, as we look forward to a more solid year for the industry, which is now a very welcome alternative to the challenges of the covid dominated 2019 and 2020.

At a macro level as we compare new planning application activity for 2021 with that of 2020, we see a massive 44% increase nationally. This in monetary terms is comparing €43.9bn in 2021 with €30.6bn in 2020. In the same period, planning applications granted permission were down 4% from €20.3bn in 2020 to €19.5bn in 2021. A significant volume of planning applications late in 2021, specifically on Strategic Housing Developments, suggests that a lot of decisions are due on projects early in 2022. Commencements in the year have remained static at €10.5bn, with no change on 2020. This remains 10% less than the 2019 figures. With employment in the sector down 16% on pre-pandemic levels there is the suggestion of a limit being reached in terms of output capacity. We will reflect on this in more detail throughout the report.

The significant increase in planning applications throughout 2021, coupled with the current level of activity in the sector, suggests to us that there is capacity for an 18% surge in construction levels by the end of 2022. However, as noted, we must be mindful that while the demand is there, and the intent of the industry to deliver that demand is certainly present, we may have shortfalls in terms of labour, skills and materials that must be overcome.

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

Danny O'Shea
CEO
Building Information Ireland

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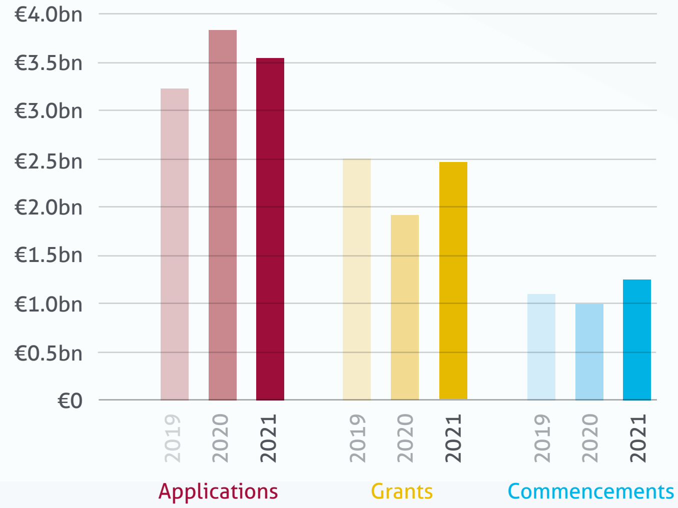
THE BIG PICTURE

Regional Applications

The total value of new planning applications in 2021 was 44% higher than the previous year. All regions showed an increase, except Connacht Ulster, which had an 8% decrease in new applications. Note that last year Connacht Ulster also bucked the national trend with an increase, so on balance it is pretty much on par. Granted permissions had a year-on-year decrease of 4%, which was driven by Dublin and Cork with most other areas showing an increase. Commencements showed no change nationally from 2020 to 2021. While Dublin showed a decrease in commencements of 16%, the rest of the country showed some gains.

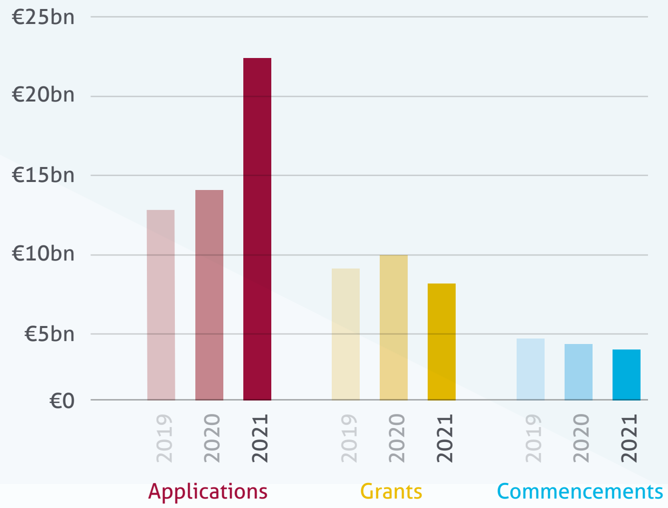
Connacht/Ulster

Applications	Grants	Commencements
€3.6bn	€2.5bn	€1.3bn
-8%	29%	26%



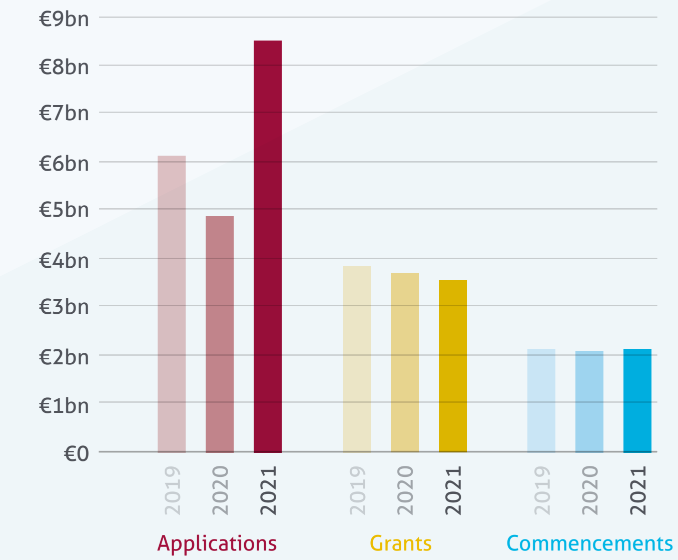
Dublin

Applications	Grants	Commencements
€22.4bn	€8.2bn	€3.8bn
58%	-18%	-16%



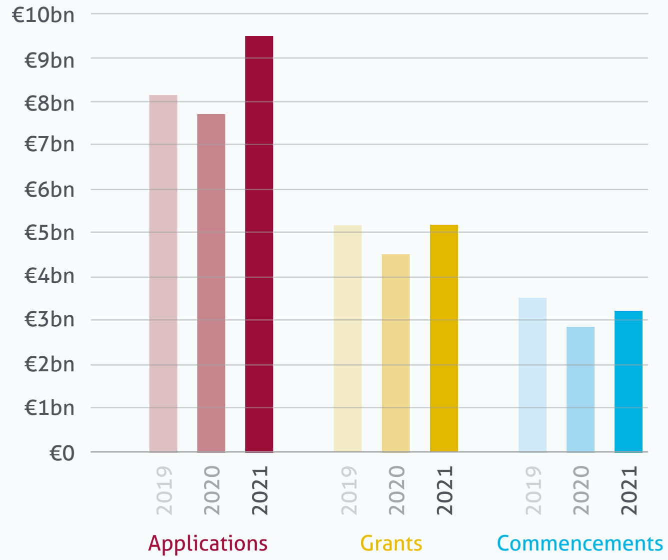
Munster

Applications	Grants	Commencements
€8.5bn	€3.6bn	€2.2m
75%	-4%	1%



Leinster

Applications	Grants	Commencements
€9.4bn	€5.2bn	€3.3 bn
22%	13%	16%

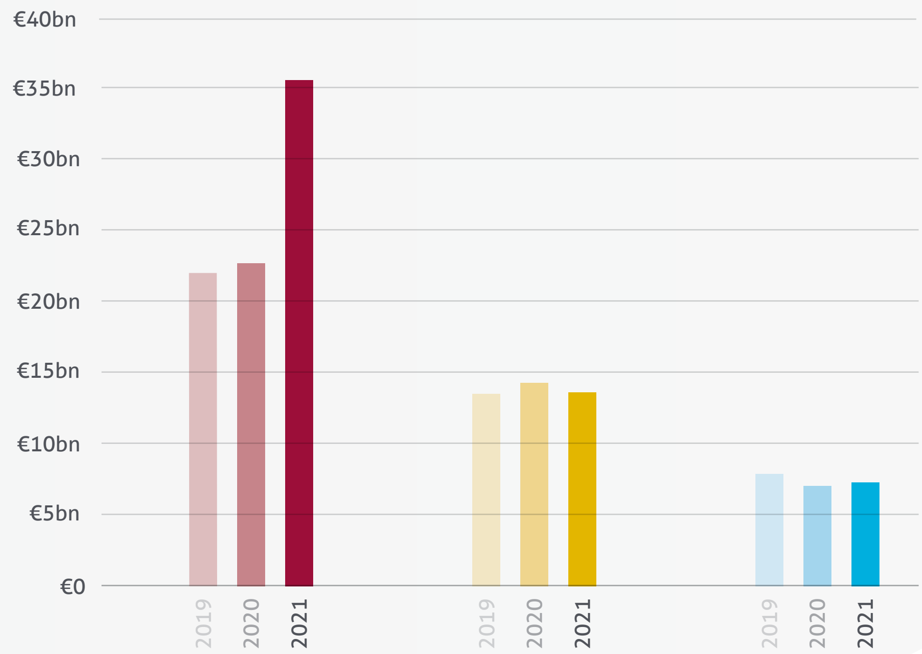


RESIDENTIAL

Residential planning applications are up 54% in 2021 when compared to 2020. This is a considerable increase, mostly driven by Strategic Housing Development applications, all of which have projects of 100 units or more. Commencements are up a marginal 2% in the same period. Granted applications decreased by 7% nationally for the year.

Activity Trends 2019/2020/2021

Applications	Grants	Commencements
€35.3bn	€13.3bn	€7.5bn
+54%	-7%	+2%



Average time from application to commencement

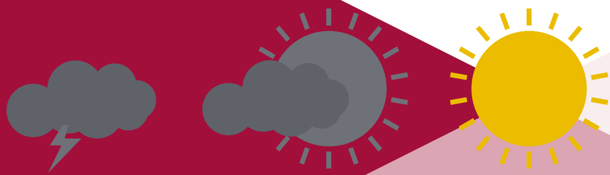
New applications were centred mainly around Dublin and to a lesser degree Cork, showing as gains of 75% and 76% respectively for Dublin and Munster. Leinster was also up 27% with a small decrease in applications for Connacht Ulster of 4%. Granted applications were down in Dublin and Munster, and up in Connacht Ulster and Leinster. On average though there was a national decrease of 7% in granted permissions for residential developments which will no doubt be reversed in 2022 given the volumes of new applications.

Residential project commencements were quite static with a minor 2% increase nationally. A decrease of 14% in Dublin bucked the trend of small gains in all other regions. In unit terms, projects with over 33,000 units started work in 2021, an almost identical number to that in both 2020 and 2019. Is this a coincidence or another indication of an industry that has reach a capacity limit in terms of an overall output?

There is a clear distinction between the average durations involved in Self Build (60 weeks) and Developments (102 weeks) from application date to start date. Tellingly this is a worsening trend up from 80 weeks in 2019. Anecdotal evidence in the indusry suggests major administrative delays in processing large projects, particularly Strategic Housing Developments. This has the potential to cause real delays in progress into 2022.

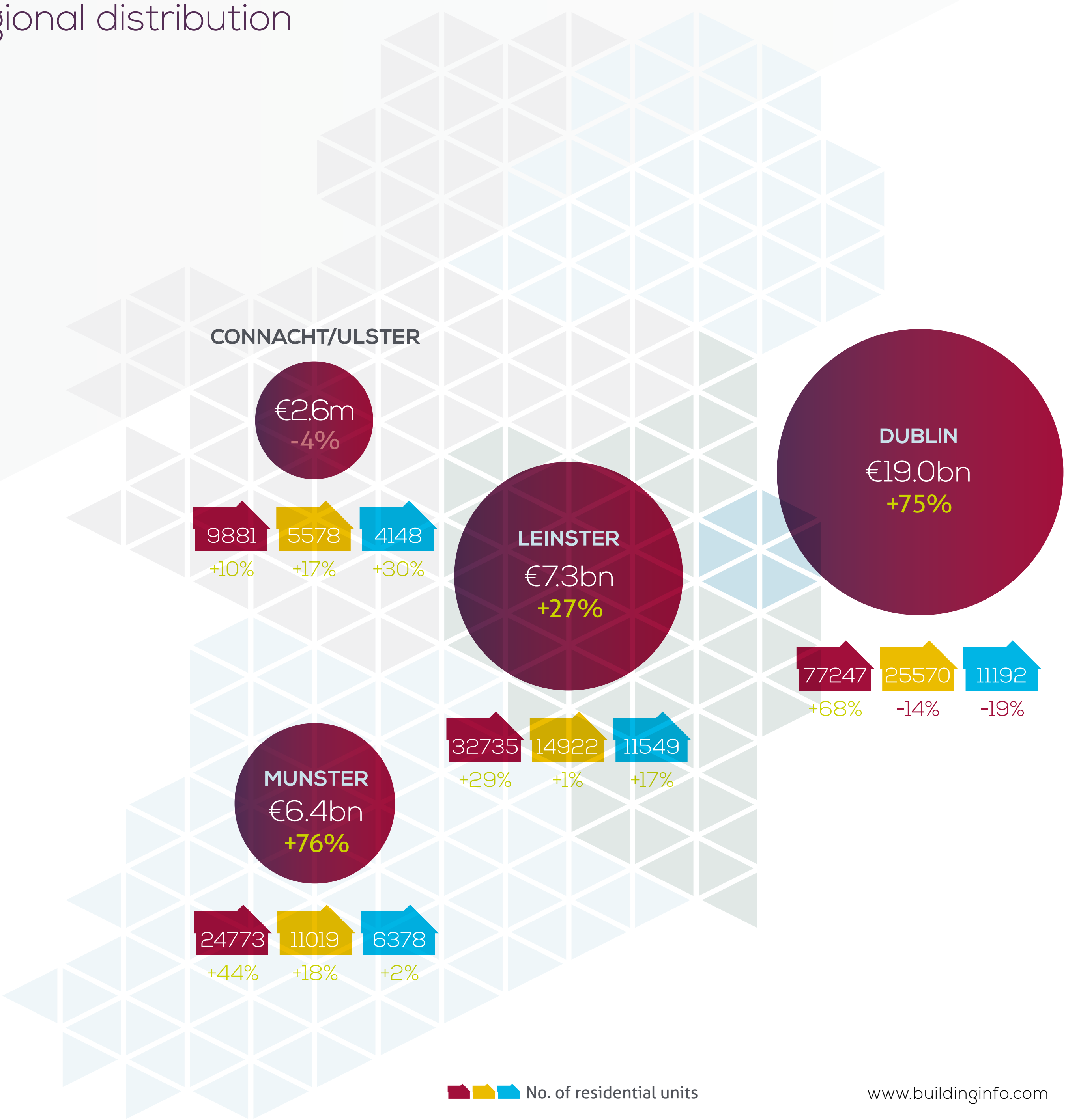
The Residential sector includes projects such as housing developments, apartments, & mixed developments

Sector outlook



The outlook for the residential sector is positive, with our analysis suggesting for a 22% increase in activity, subject to the limitations of delivery. It remains to be seen if the late Strategic Housing Developments will proceed as planned.

Q1-Q4 2021 applications regional distribution

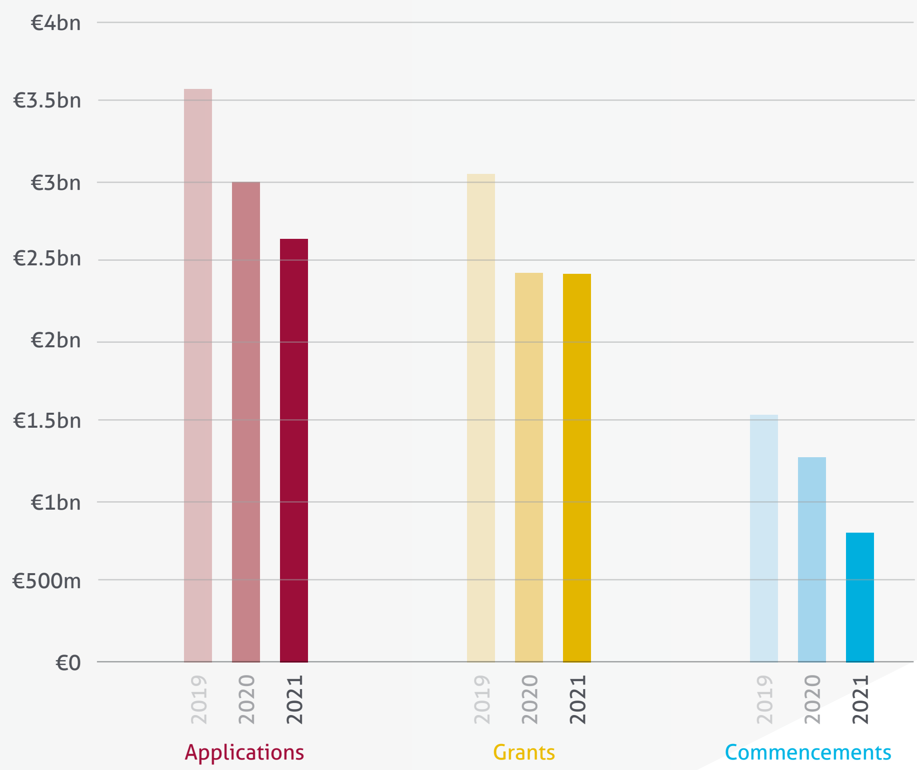


COMMERCIAL & RETAIL

The commercial & retail sector had taken a significant blow throughout 2020, and unfortunately in 2021 activity did not improve. With most hospitality businesses in significant stress, and demands on office space yet to return, there is little cause for optimism.

Activity Trends 2019/2020/2021

Applications	Grants	Commencements
€2.7bn	€2.4bn	€830m
-11%	0%	-36%



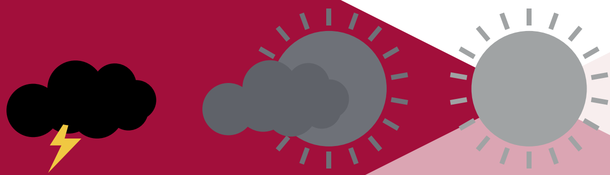
In terms of planning applications, Commercial & Retail was down 11% in 2021 vs 2020. This was mainly felt in all regions with the exception of Munster. Granted applications were at the same level in 2021 as they were in 2020 nationally. The Leinster region however shows negative results, and Dublin with some gains.

Commencements in this sector continue to decline, however. Nationally the volume of activity was down 36% on 2020 and 47% on 2019. This sector is really bearing the brunt of the covid related changes to the make up of the economy. There were some modest increases in Connacht Ulster but most metrics in this sector paint a dim picture.

Average time from application to commencement

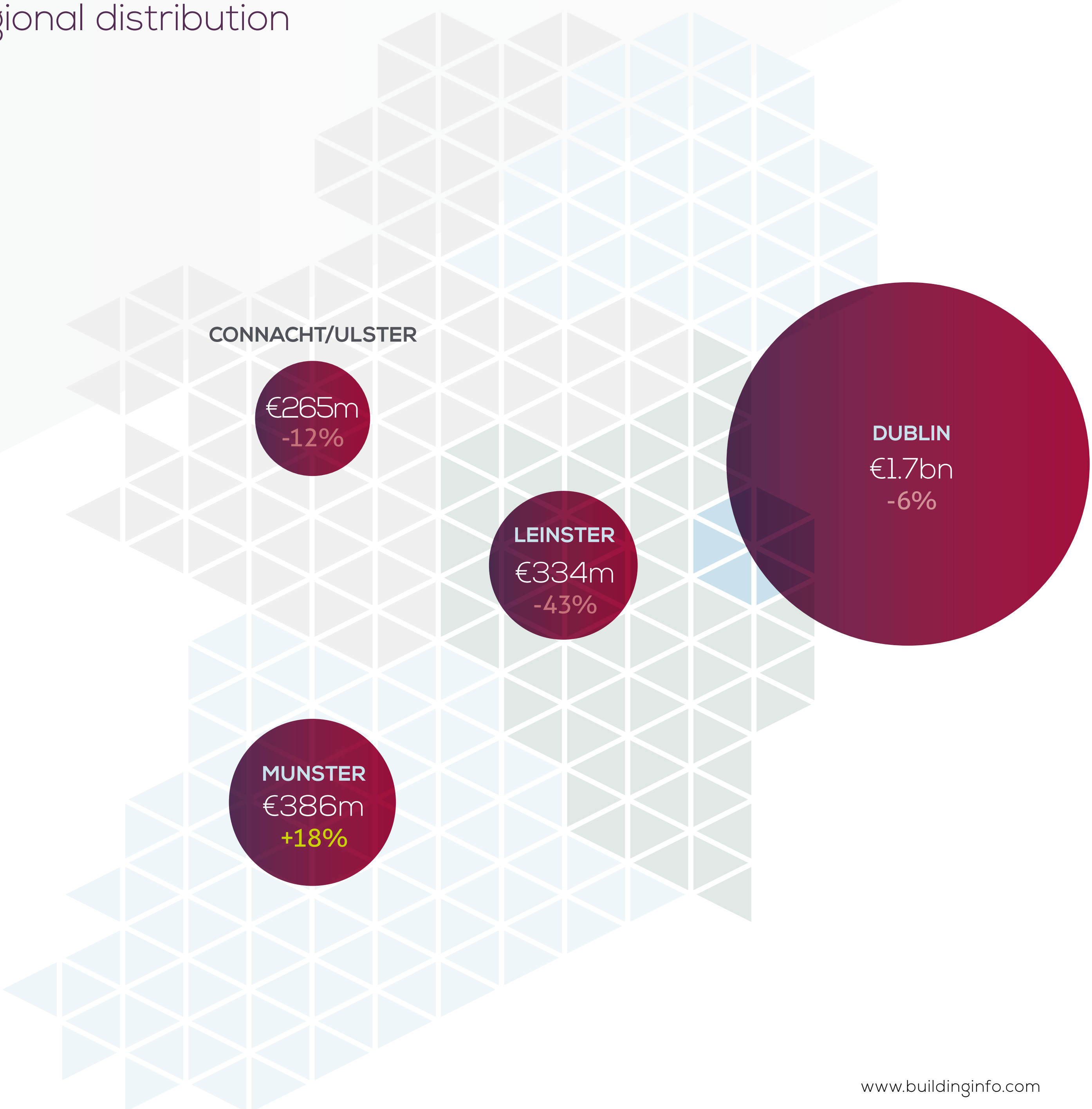
The Commercial & Retail sector includes projects such as offices, shops, hotels, bars & restaurants

Sector outlook



A negative outlook remains for construction in the Commercial & Retail sector for the short-term, and into the medium term. We expect a further 15% decline in construction activity throughout 2022.

Q1-Q4 2021 applications regional distribution

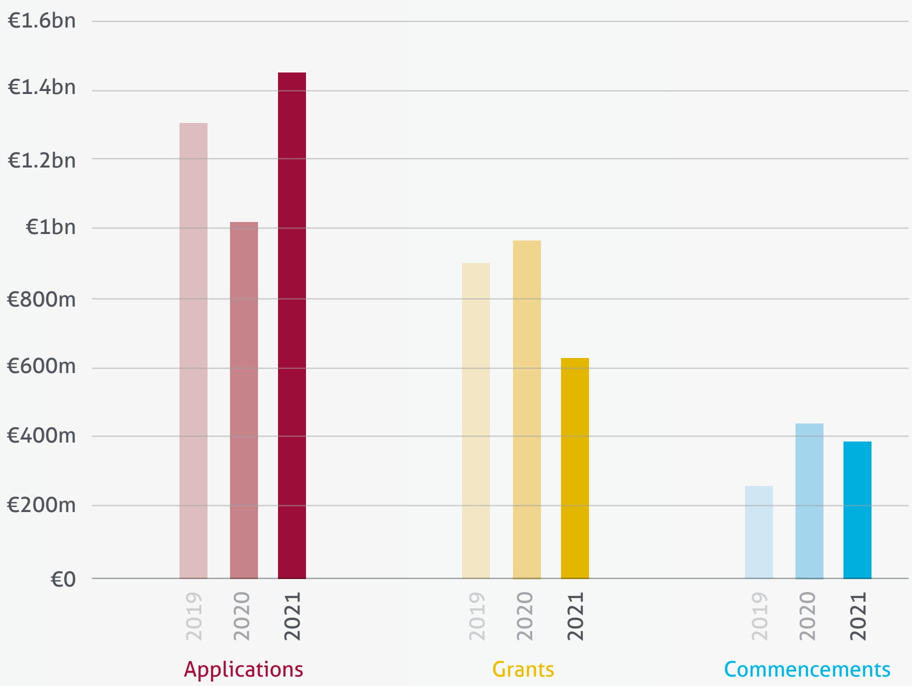


MEDICAL

2021 has again been a relatively stable year for construction in the medical sector. The pipeline continues to be strong, however turnaround times on projects remains long.

Activity Trends 2019/2020/2021

Applications	Grants	Commencements
€1.5bn	€627m	€388m
+39%	-35%	-12%



Planning applications were up 39% nationally compared with 2020. This was the case in all regions except Connacht Ulster which recorded

a decrease of 33%. Granted permissions were down 35% nationally compared with 2020 and this decrease was seen in all regions.

Commencements in the sector were down 12% year on year. This was largely felt across the entire country except for Dublin which recorded a spike of 174% over 2020.

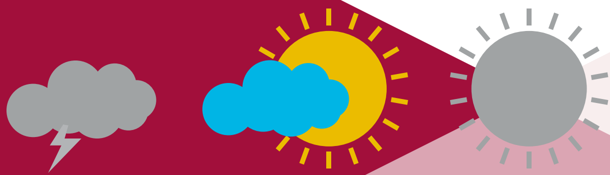
As a small sector with a relatively low number of high value projects, fluctuations are the norm. Overall, factoring in all metrics, it is a steady sector.

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.

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 2022, as was the case in 2021. The pipeline of works looks steady, but turnaround times are 15 weeks slower that the industry average.

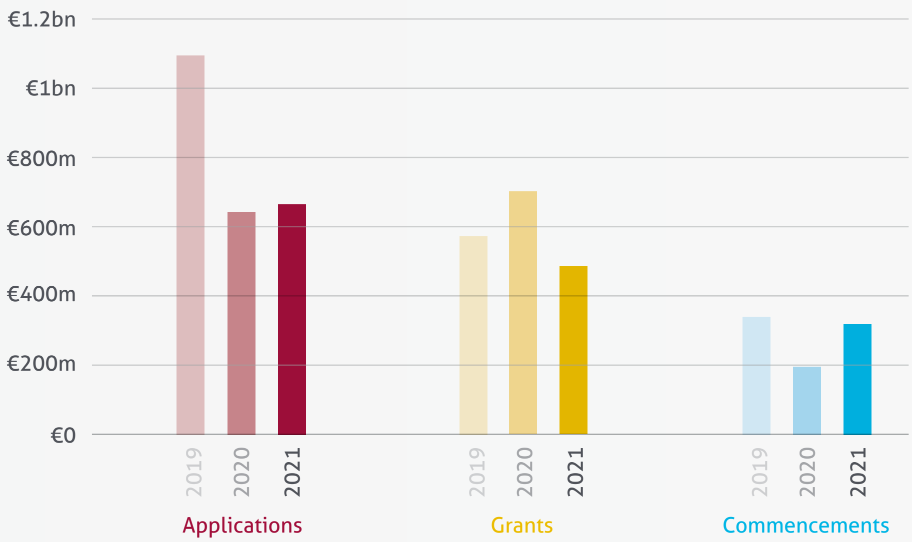
Q1-Q4 2021 applications regional distribution

EDUCATION

A large increase in project commencements in the Education sector in 2021 brought activity levels back close to where they were in 2019. The pipeline of activity is steady at best in this sector.

Activity Trends 2019/2020/2021

Applications	Grants	Commencements
€678m	€474m	€334m
+2%	-32%	+58%



Planning applications in Education were up 2% nationally compared with 2020, with all regions except Connacht Ulster experiencing some gains. Granted applications were down 32% in the year, mainly in urban areas, with Leinster and Connacht Ulster showing increases of 36% and 17% respectively.

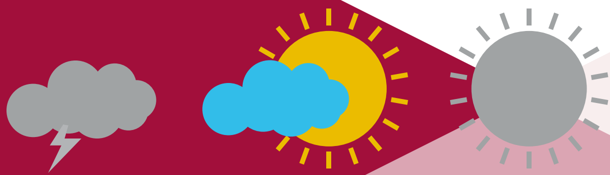
Commencements were up in all regions however, with a 58% increase nationally when compared with 2020. This increase in activity is seen in all regions of the country, with figures now broadly similar to those of 2019.

Turnaround times continue to be slow for Education projects so there is no major improvement on the horizon. With that said, the pipeline is stable and funding does not appear to be a problem for financing projects, specifically publicly funded projects.

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 neutral with no further declines in activity expected throughout 2022.

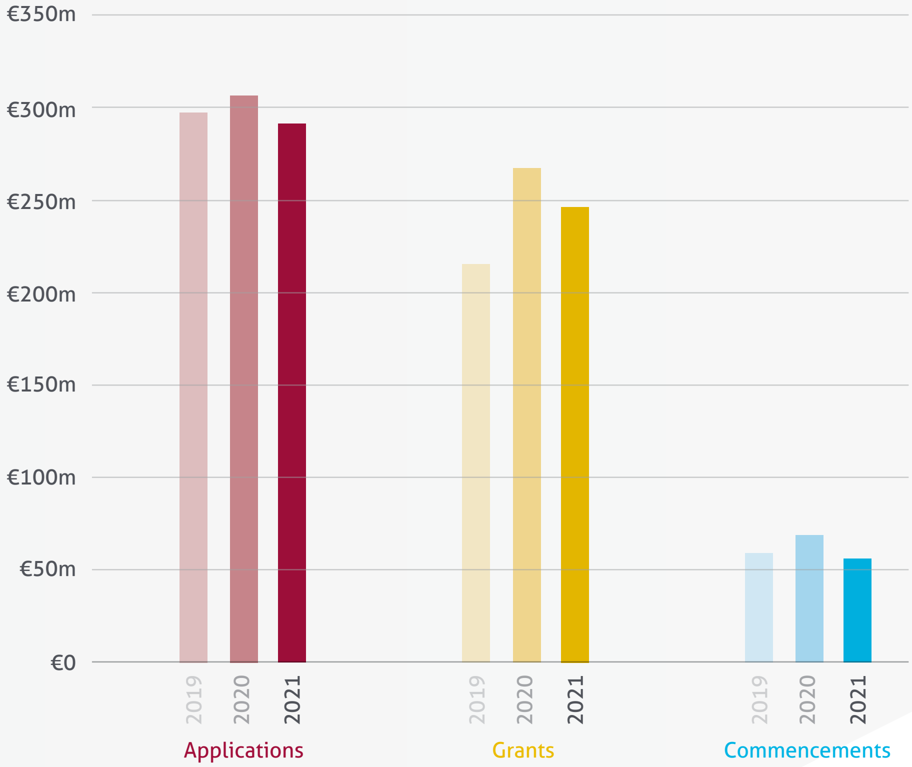
Q1-Q4 2021 applications regional distribution

AGRICULTURE

The agriculture construction sector is showing a small decrease in all metrics for 2021 when compared with 2020. Turnaround times are improving however, with projects getting processed faster than before.

Activity Trends 2019/2020/2021

Applications	Grants	Commencements
€291m	€247m	€60m
-4%	-7%	-23%



Planning applications are down 4% nationally year on year. Leinster has an increase in applications year on year, with Munster (-9%) and Connacht Ulster (-16%) both recording decreases. Granted applications were down 7% for the year, with the majority of that occurring in Munster (-26%).

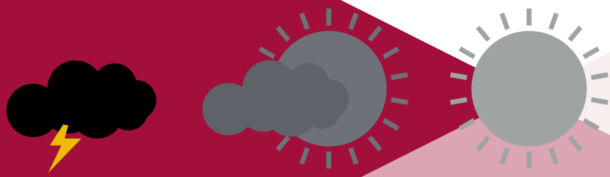
Commencements for the sector in 2021 were down significantly by 23% nationally and this was demonstrated evenly across all 3 regions.

With turnaround times normalising in line with other sectors, agriculture is still a little slower than the industry average, currently running at 62 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 negative for agriculture, with little in the way of positive indicators. A small decrease in output is expected into 2022 of about 9%. The pipeline is relatively stable but activity on the ground has fallen off.

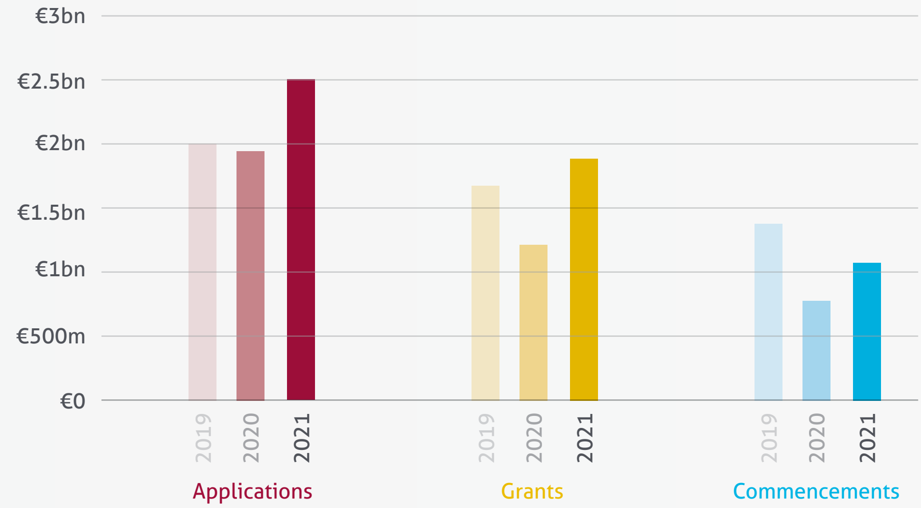
Q1-Q4 2021 applications regional distribution

INDUSTRIAL

All key metrics are displaying increases nationally for the Industrial sector. Demand is strong in IT, manufacturing, and pharmaceuticals and this is showing well in the Industrial construction sector.

Activity Trends 2019/2020/2021

Applications	Grants	Commencements
€2.5bn	€1.8bn	€1.1bn
+27%	+52%	+36%



New applications are up 27% in 2021 when compared with 2020 figures. This is present in all regions with a specific increase in Munster (+110%). Granted applications are up a huge 52% year on year and again, all regions are seeing the same uplift.

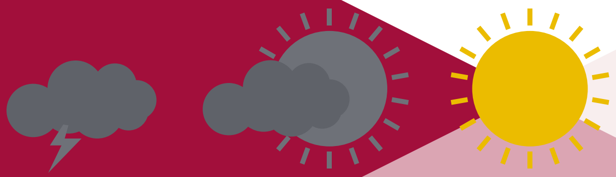
2021 saw a significant increase of 36% in commencements taking place across the country, compared with 2020. Munster again showing huge gains (+232%) with strong activity in Cork.

Turnaround times are relatively short for industrial projects and are currently at 63 weeks. This is 4 weeks shorter than the industry average. This is another small indicator of the strength in this sector.

Average time from application to commencement

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

Sector outlook



The outlook for Industrial Construction through 2022 is very positive with expected growth of 37% throughout the year. All metrics are good and international demand within multinational companies based here shows no sign of abating.

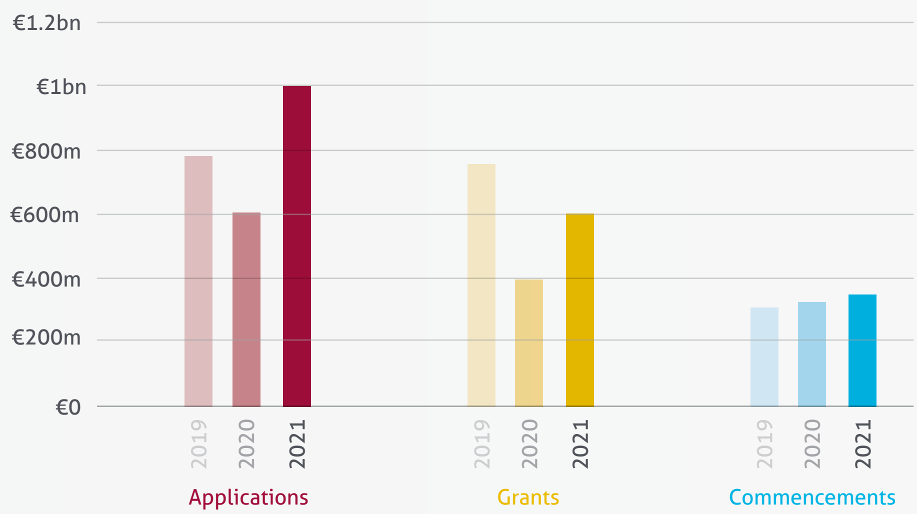
Q1-Q4 2021 applications regional distribution

SOCIAL

Activity and demand in the Social sector is also showing strong signs of improvement, albeit from a low base. Turnaround times are particularly slow so growth may be slow to appear, but it will, as all the signs are there.

Activity Trends 2019/2020/2021

Applications	Grants	Commencements
€1.0bn	€600m	€348m
+60%	+47%	+8%



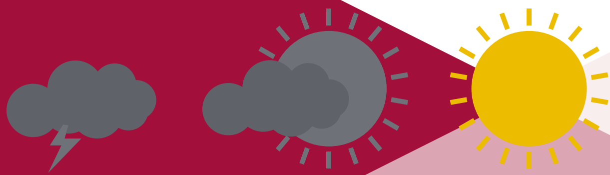
New applications increased by 60% nationally in 2021. This increase was seen at similar levels right across the country. Granted applications were also up, by 47% and this too was reflected in all regions throughout 2021, particularly in Leinster.

Commencements in the social sector were a little more varied, with the national average up 8%. Regionally there was a significant gain in Leinster, with decreases in Dublin and Munster. Connacht Ulster was broadly in line with 2020 figures.

Average time from application to commencement

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

Sector outlook



The outlook is positive with expectations of growth in 2022. As suggested in last year's index, this one looks as though a slow recovery is most likely

Q1-Q4 2021 applications regional distribution

For full details on all projects aggregated to produce The Building Information Index visit www.BuildingInfo.com and register for our free access all areas trial.

Methodology: BuildingInfo measures the actual (estimated) monetary build value of every construction project per sector. The data contained in the Building Information Index is aggregated by BuildingInfo from real time planning and project information. Projects with a value of less than €200k were omitted from this index, with the exception of the agriculture sector where lower value projects were included.

Disclaimer: The index is collated with care from data available at the time of publishing, but no statement as to its accuracy or completeness is implied. The right is reserved to vary the 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. Building Information Ireland is the portal for every current planning application, approval and commencement in the country. Queries concerning the index or requests for further bespoke analysis are always welcome. Danny can be contacted at doshea@buildinginfo.com.

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Building Information Ireland

Bantry House,
Jocelyn Street, Dundalk.
Co Louth. A91 T4AE

Tel: 01 905 3200

Email: info@buildinginfo.com

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Tel: 01 905 3200

Email: info@buildinginfo.com