

Building Information Index

Q1-Q3
2016

2014 2015 2016



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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

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This volume of the Building Information Index provides insight and key analysis of activity in the construction industry for the first nine months of 2016. It also provides an invaluable foresight as to what remainder of 2016 and 2017 will bring. I hope you find it informative.

In this volume actual activity to the end of September 2016 is compared to the same periods in 2015 and 2014. The analysis takes a close look at the construction industry broken down by region, funding source and sectors; Residential, Commercial & Retail, Medical, Education, Agriculture, Industrial and Social.

The Building Information Index is measured by factors that correlate with the phases in a construction project. The first is project Commencements which relate to projects that are in progress on-site and where construction activity has started. The second is Applications which are a real time barometer of sentiment in the construction sector and relate to all projects yet to be approved for planning. Thirdly we look at projects that have been granted permission. This shows projects that are further along in the cycle, and being approved, they show more short term potential in the market.

The total value of Construction Project Commencements grows by €1.46bn (+37%) for the nine months to end of September 2016

The value of construction project Commencements for the first nine months of 2016 has grown by +37% when compared to the same period in 2015. This shows continued growth building on the +44% reported in previous half year index. Year on year comparison for the first nine months showed a growth of 140% when compared to the same period in 2014. Six of the seven sectors examined registered growth. The Industrial sector recorded the largest percentage growth with Commencements up +104% (to €636m) on 2015 figures. Residential, the largest and most significant sector continued with strong growth of +48% year on year and with the value of Commencements at €2.59bn. The Agricultural sector alone reported a decrease of -5% to €36.6m.

Value of Applications rises.

The value of construction project Applications rose by 4% to €13.3bn when compared to the first nine months in 2015. This represents an increase of +39% when compared to the same period in 2014. Four sectors reported gains including a marginal gain of 1% for Residential, the largest sector. Gains of 55%, 10% and 5% for Commercial/Retail, Industrial and Agricultural while Medical, Education and Social recorded decreases.

Danny O'Shea
CEO

Building Information Ireland



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THE BIG PICTURE

Regional Applications

The Building Information Index breaks out Planning Applications into four regions: Dublin, Leinster, Munster and Connacht / Ulster.

The total value of new Applications submitted in the nine months of 2016 across all sectors is €13.28bn which is up +4% on the same period in 2015 (€12.76bn). It is also up 39% on the same period in 2014. Dublin shows a year on year growth of +6% to a total of €6.56bn. Leinster has increased +3% to €3.25bn. Munster is up +17% to €2.39bn while Connacht/ Ulster is down -21% to €1.1bn.

Funding source:

6% of the total value of Applications in 2016 was publically funded, this is down on the 8% recorded in 2015.

Funding source

Q1-Q3 2016

Q1-Q3 2016

94% Private

6% Public



CONNACHT
ULSTER

€1.11 BN
-21%

LEINSTER
€3.25 BN
+3%

DUBLIN
€6.53 BN
+6%

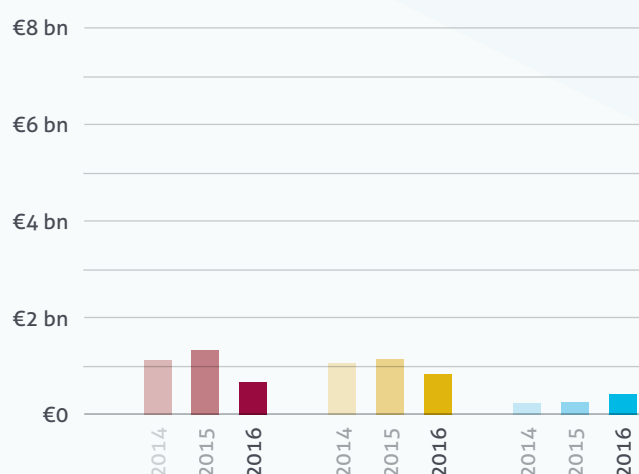
MUNSTER
€2.39 BN
+17%

Connacht/Ulster

Applications Grants Commencements

€1.11 bn €835 m €407 m

-21% -29% +49%

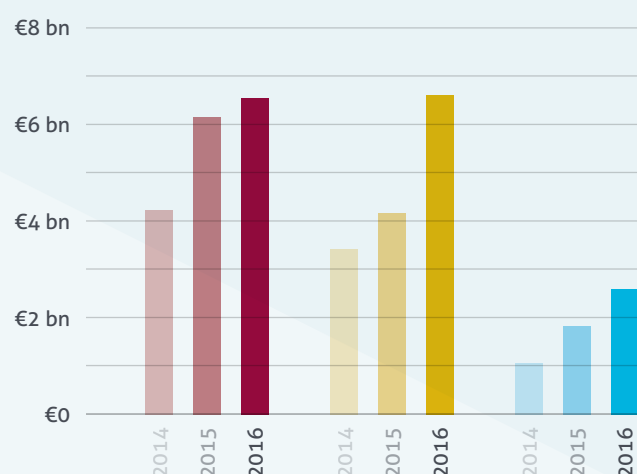


Dublin

Applications Grants Commencements

€6.53 bn €6.68 bn €2.78 bn

+6% +63% +46%

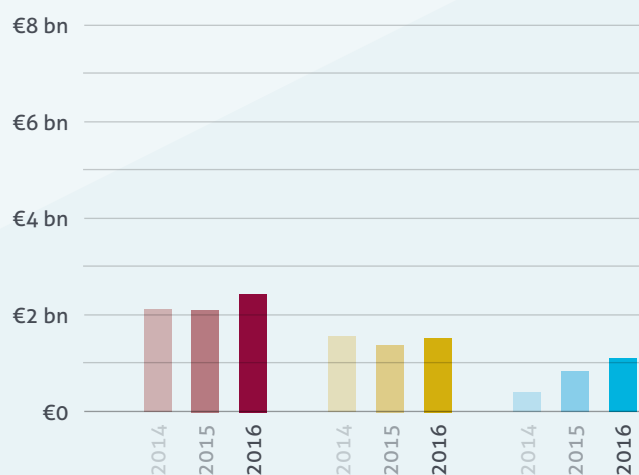


Munster

Applications Grants Commencements

€2.39 bn €1.60 bn €1.05 bn

+17% +17% +32%

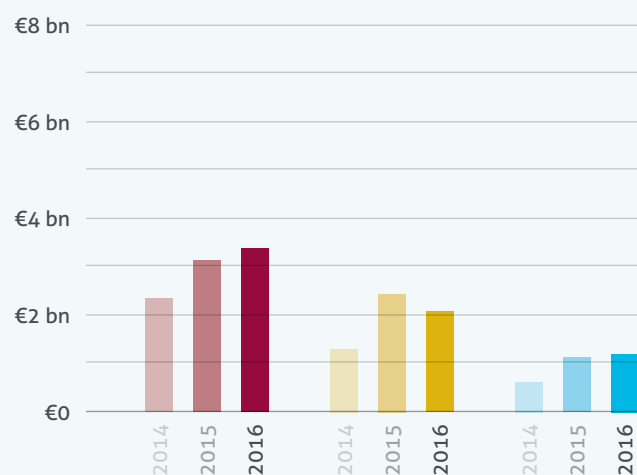


Leinster

Applications Grants Commencements

€3.25 bn €2.01 bn €1.21 bn

+3% -19% +19%



RESIDENTIAL



The sector has seen a significant increase in the no. of projects and units actually starting. Projects being granted permission are up and new Applications are fairly static.

Funding trend comparison Q1-Q3 2014/2015 - Q1-Q3 2016

Applications

€6.68 bn

+1%

Grants

€4.94 bn

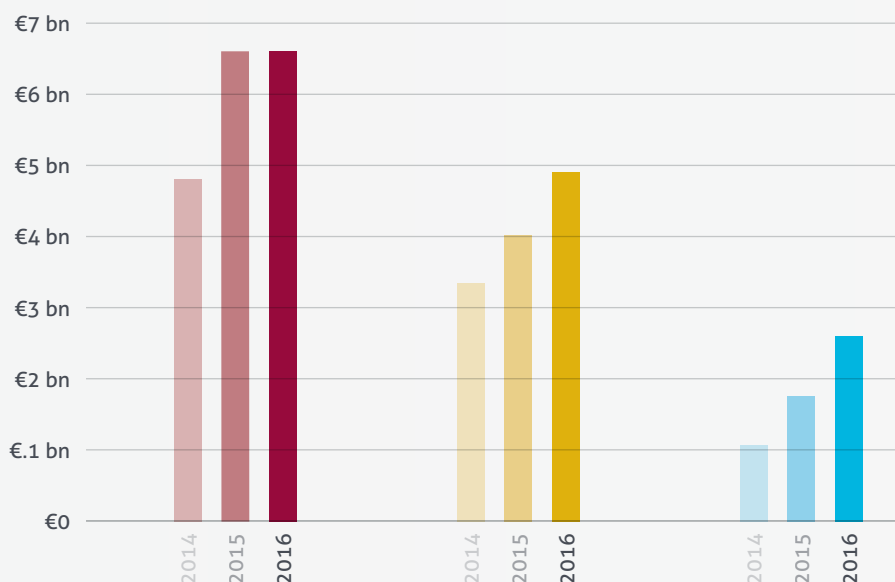
+21%

Commencements

€2.59 bn

+48%

Year on year comparison sees a +48% increase in the value of project commencements. The number of housing units in Residential Developments that commenced also rose 24% to 12,350. Granted permissions increased +21% to €4.94bn. The value of new Applications decreased by just +1% to €6.68bn.



The highest increase in value of Commencements regionally was seen in Dublin up +84% to €1.28bn with only Leinster experiencing a year on year fall down -7% to €656m. Leinster again experienced a decrease in value of Granted Permissions but all other regions showed an increase. The value of Applications fell in Dublin and Connacht/Ulster down -4% and -28% respectively.

Dublin, Munster and Connacht/ Ulster experienced a strong year on year increase in value of residential Commencements. Leinster was down in Commencements and Granted permissions. New Applications were down in Dublin.

Average time from application to commencement



Sector outlook

National growth in value of Commencements is positive. The pipeline for Granted Applications is steady. A slowdown in new applications in Dublin and Leinster might indicate that the pipeline is full and we can expect more commencements. Overall, a positive outlook for this sector.

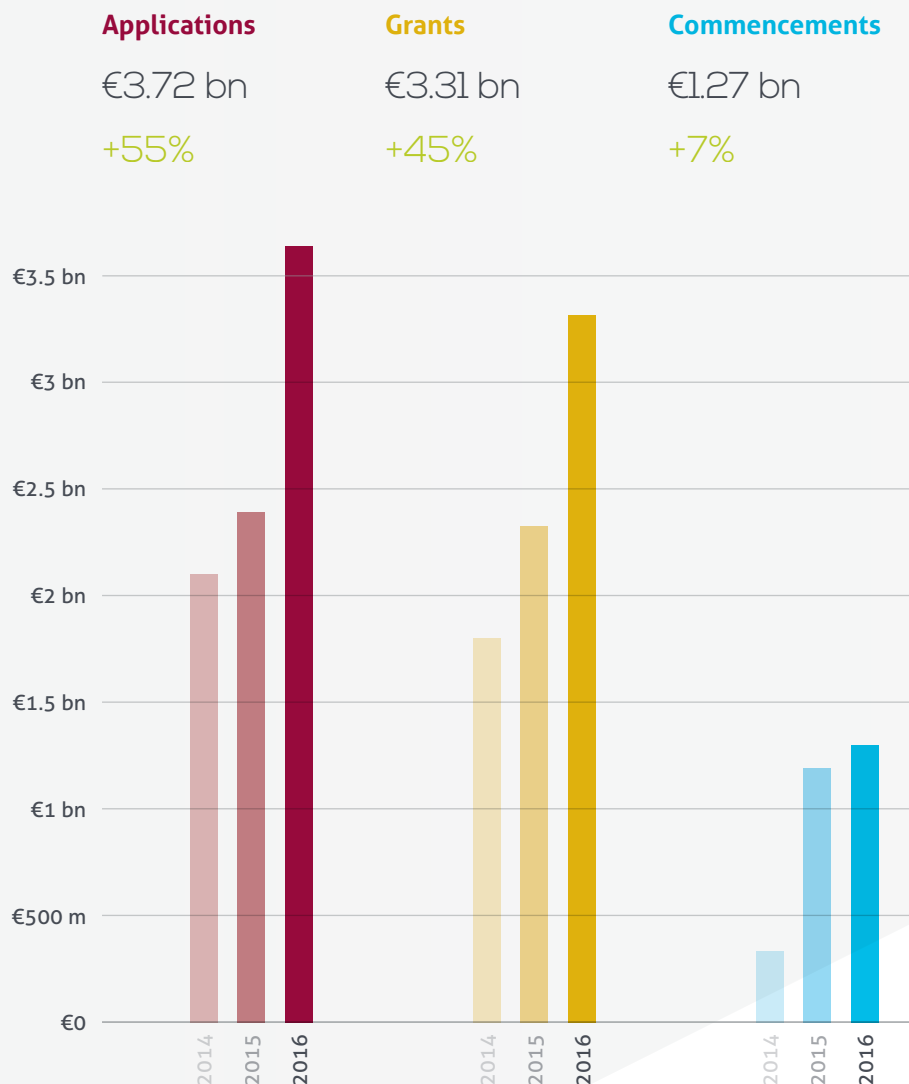
Q1-Q3 2016 applications regional distribution



COMMERCIAL & RETAIL

The Commercial & Retail sector has seen a year on year increase across all metrics. Significant increase in Applications. Marginal growth in value of Commencement and Granted Permissions.

Funding trend comparison Q1-Q3 2014/2015 - Q1-Q3 2016



When compared with the first nine months of 2015 the value of project Commencements increased by +7% to €1.27bn. Granted projects also increased in value by +45% during 2015 to €3.31bn. Strong growth in new Applications was reported year on year with the value increasing by +55% to €3.72bn.

Regionally the value of Applications is up across the board with Dublin +53% to €2.40bn, Munster +65% to €627m, Leinster +58% to €419 and an increase of +47% in Connacht/Ulster. Connacht/Ulster is the only region to experience a year on year decrease in value of Granted Permissions down -43% to €176m.

Commencement values have seen an increase in Leinster +24% (€103m), Munster +33% (€164m) and Connacht/Ulster +45% (€96m). Dublin however recorded a marginal decrease of -1% to (€903m).

The lag time is, once more, shorter than the industry average and signifies economic growth.

Average time from application to commencement

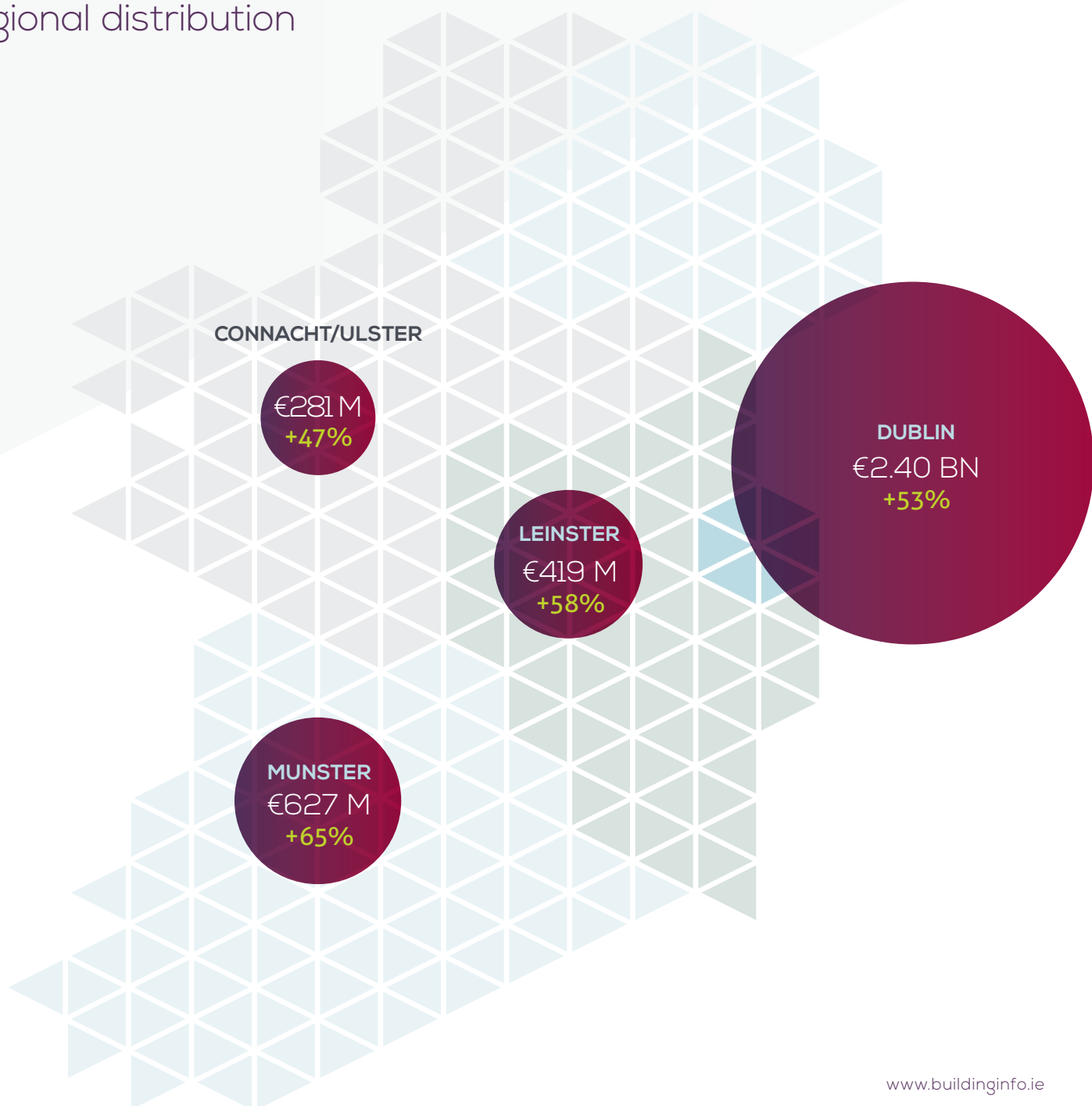


Sector outlook

A strong performing sector in the index.
The outlook is positive.



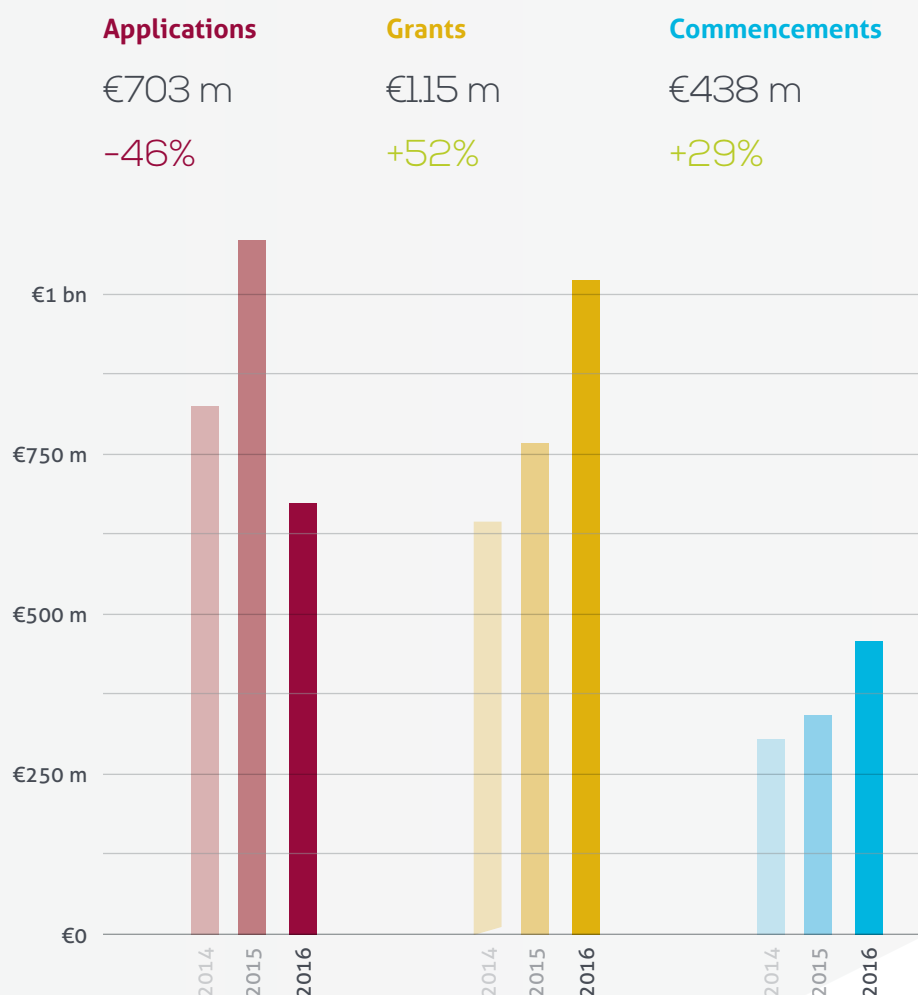
Q1-Q3 2016 applications regional distribution



MEDICAL

The Medical sector saw strong performances in Commencements and Granted Permissions in the first half of 2016, but a decrease in new Applications has also been recorded.

Funding trend comparison Q1-Q3 2014/2015 - Q1-Q3 2016



Continuing growth of +29% to €438m was seen in the value of Commencements over the first nine months of 2015. The value of Granted projects also increased up +52% to €1.15bn, this increase was boosted by the Granting of the Application for the National Children's Hospital in the period. However new Applications were down -46%.

Dublin saw a +268% jump in value of Granted Applications to €760m (due to National Children's Hospital). Commencements in Dublin were up +20% to €149m, Leinster was up +58% to €111m, Munster +98% to €124m and Connacht/Ulster was down -36%.

Regionally new Applications are down across the board. Dublin down -65% to €246m, Leinster down -41% to €173m, Munster down -5% to €184m and Connacht/Ulster was down -14% to €100m.

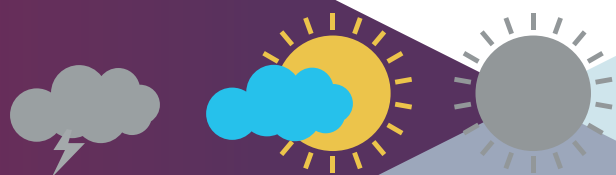
Typically projects in this sector take less (-9%) that the average industry time to commence.

Average time from application to commencement



Sector outlook

The short to medium term numbers show growth in the Medical sector nationally and despite a fall in applications the overall outlook is neutral.



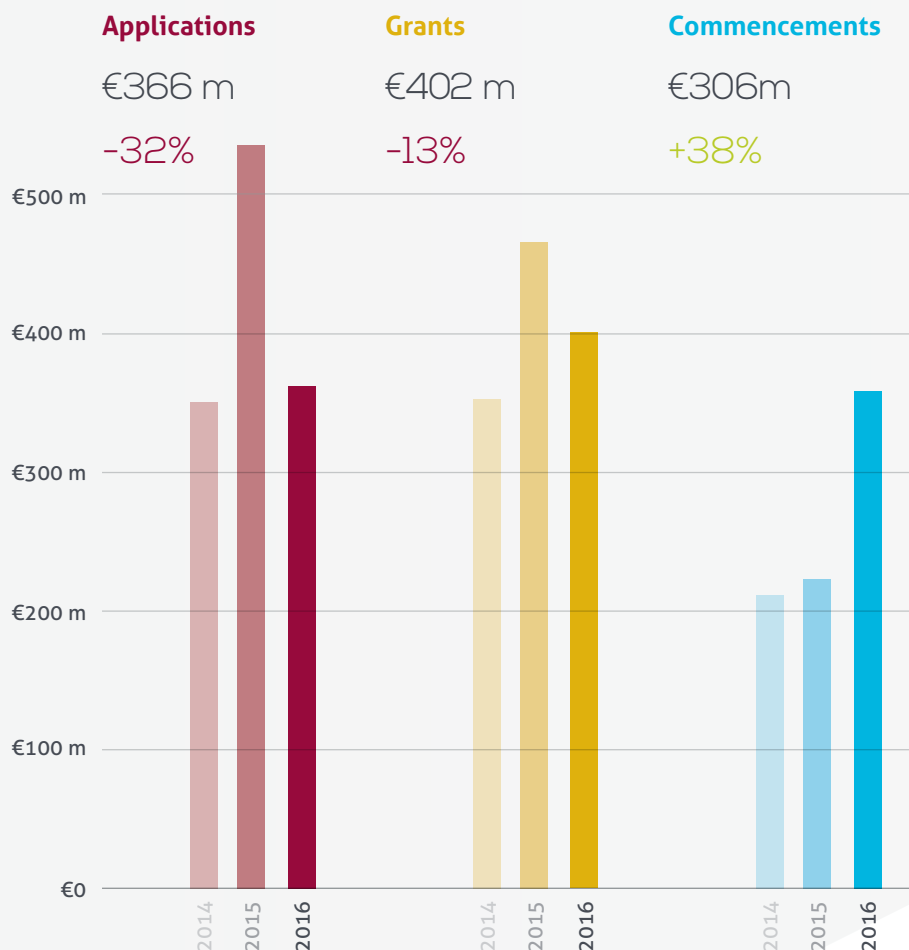
Q1-Q3 2016 applications regional distribution



EDUCATION

The Education sector saw growth in Commencements but Granted Permissions and new Applications have recorded decreases.

Funding trend comparison Q1-Q3 2014/2015 - Q1-Q3 2016



Overall Commencements have increased 38% to €306m when compared to the first nine months of 2015. However overall projects Granted permission are down -13% to €402m. Applications are also down -32%.

Regionally Commencement values increased in every area. Dublin up +36% to €92m, Leinster up +8% to €93m, Munster up +64% to €64m and Connacht/Ulster up +91% to €58m. Granted Permissions are up in Munster but down in Dublin, Leinster and Connacht/Ulster. New Applications were down in every area.

Typically projects in this sector take less (-30%) than the average industry time to commence.

Average time from application to commencement



Sector outlook

The short term numbers show growth in the Education sector nationally and even though there is a fall in Grants and Applications the overall outlook is neutral.

Q1-Q3 2016 applications regional distribution



AGRICULTURE



The Agricultural Sector has seen continuing growth across all metrics and regions with the exception of commencements in Connacht/Ulster.

Funding trend comparison Q1-Q3 2014/2015 - Q1-Q2 2016

Applications

€207 m

+5%

Grants

€192 m

+32%

Commencements

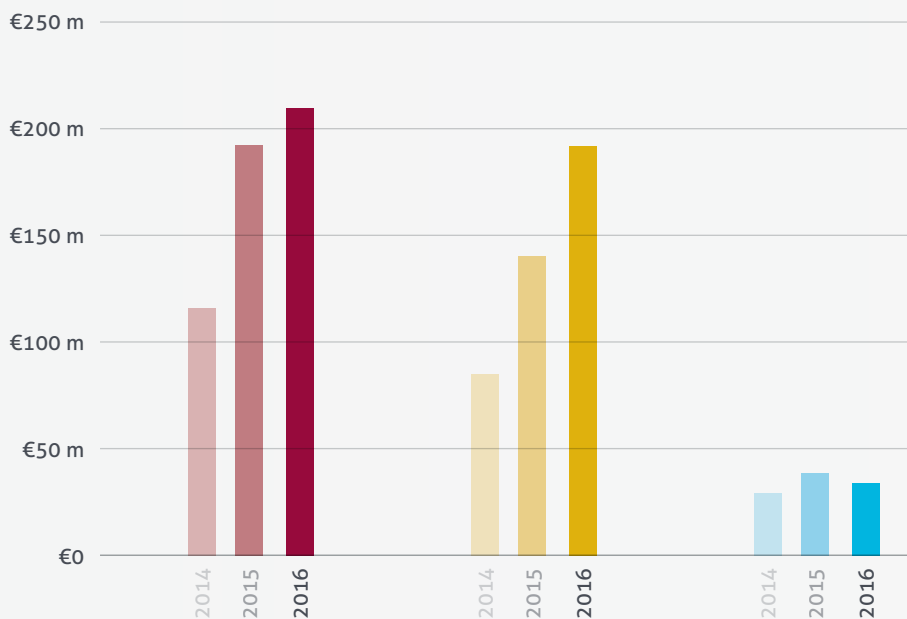
€37 m

-5%

The first nine months of 2016 saw new Applications increase by just +5% to €207m over the same period in 2015 with Granted Permissions also seeing an increase of +32% (€192m).

Connacht/Ulster experienced a noteworthy increase in value of Applications up +40% (€61m), Leinster had a modest growth of +2% (€60m) but Munster fell -9% (€86m). Granted Permissions increased in all regions with Leinster up +50% (€59m), Connacht Ulster increasing +76% (€54m) and Munster +5% (€78m).

Overall Project Commencements have decreased during the first nine months. Munster alone recorded an increase +9% (€14m). Leinster was down -20% to €9m and Connacht/Ulster also down +4% to €13m.

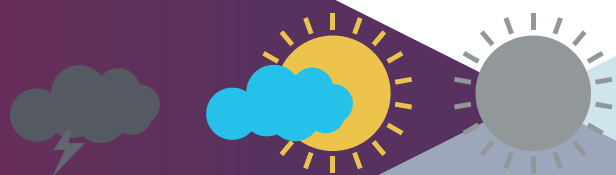


Average time from application to commencement



Sector outlook

The overall outlook in the Agriculture sector is neutral.



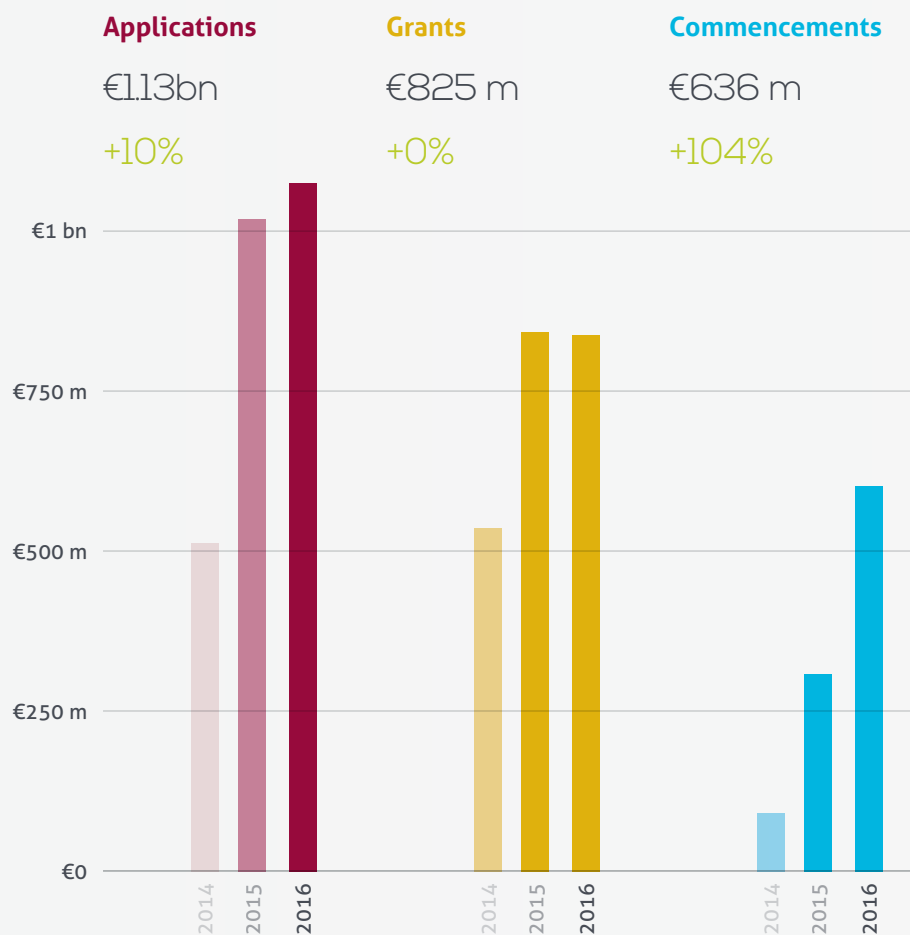
Q1-Q3 2016 applications regional distribution



INDUSTRIAL

The Industrial sector continues to perform well with significant increases in Commencements. Granted Permissions are static but the value of Applications is up.

Funding trend comparison Q1-Q3 2014/2015 - Q1-Q3 2016



Year on year for the first nine months the value of Industrial Commencements rose significantly by +104% to €636m. Granted Permissions stayed level at €825m and Industrial Applications increased by +10% to €1.13bn.

Dublin leads the way with a massive +619% (albeit off a low base in 2015) increase in the value of commencements to €291m with Leinster following at an increase over 2015 of +420% (€190m), Munster -45% (€115m) and Connacht/Ulster +52% (€39m).

Dublin was the only region to report an increase in Granted Permissions up +110% to €454m. Leinster, Munster and Connacht/Ulster all experienced decreases in Granted permissions of -49%, -9% and -51% respectively.

Dublin and Munster reported increases in Applications up +72% (€461m) and +10% (€232m) respectively. Leinster and Connacht/Ulster experienced decreases in Applications of -1%, -42% respectively.

The Industrial sector continues to have one of the shorter Application to Commencement durations with lead time currently running at 55 weeks or -22% lower than industry average.

Average time from application to commencement



Sector outlook

With current Commencements strong, Granted projects holding their own and an increase in Applications the current the outlook is positive.

Q1-Q3 2016 applications regional distribution



SOCIAL

The Social sector continues to experience a decline. The value of Applications, Granted Permissions and Commencements decreased when compared with the first nine months of 2016.

Funding trend comparison Q1-Q3 2014/2015 - Q1-Q3 2016

Applications

€457 m

-29%

Grants

€307 m

-47%

Commencements

€173m

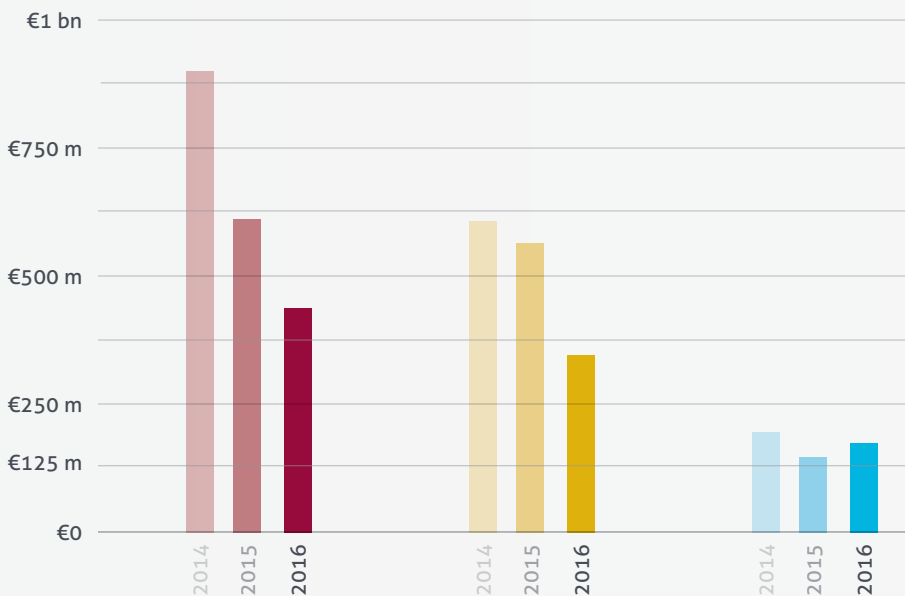
+26%

The value of new Applications decreased -29% to €457m, Granted Permissions fell by -47% to €307m and the value of project Commencements increased +26% to €173m during the first nine months of 2016.

Dublin and Leinster saw marginal increases in new Applications up by +2% (€163) and +6% (€126) respectively, Munster was down -49% (€100m) and Connacht/Ulster -59% (€69m). Granted Permissions were down across all regions Dublin down by -47% to €77m, Leinster decreased by -16% (€107m), Munster -57% (€71m) and Connacht/Ulster -64% (€53m).

The positive metrics in this sector is an increase in Commencements in Leinster +192% to €46m and Connacht/Ulster +297% (€32m). Commencements in Dublin are down by -12% to €59m and Munster -23% to €36m.

At 74 weeks Application to Commencement durations are slightly below industry average for this sector.



Average time from application to commencement



Sector outlook

The outlook for this sector continues to be negative. Despite an increase in Commencements the pipeline of new Applications and Granted Permissions has decreased year to date during 2016.

Q1-Q3 2016 applications regional distribution



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

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.

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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



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