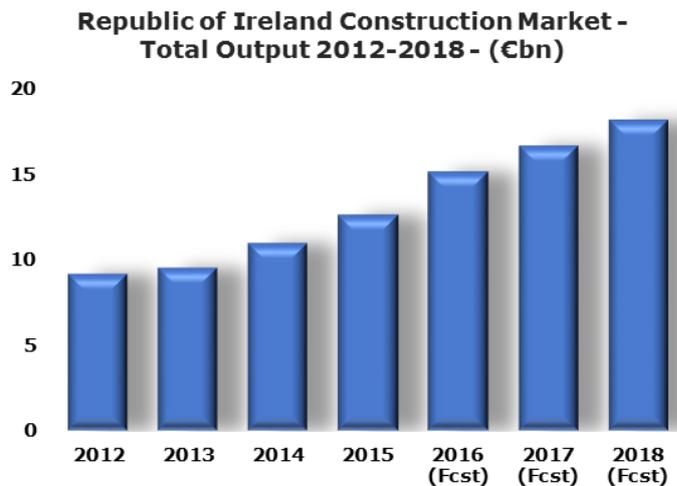




## PRESS RELEASE

### Irish construction sector set for highest rate of output growth in a decade

November 2016 – Cheltenham, UK



The Irish construction and housebuilding sector has now turned a corner after several years of decline, with renewed focus on recovery after a lengthy and deep recession. In 2016, the recovery in the Irish construction sector is set to accelerate and experience the highest rate of output growth in over a decade at around 20% to reach around €15.1bn. However, industry output levels are still only a fraction of those seen during the peak of 2007 when output reached over €38bn.

Current estimates suggest that total output in the Irish construction industry will continue to see growth throughout the period 2017-2020, albeit at a lower rate than experienced during 2014-16. In terms of regional construction output, the East and Midlands region (also known as Leinster) continues to have the largest share of the construction market, with over 8,000 projects at various stages of development.

The private non-residential sector, which includes all industrial, commercial, retail, agricultural, and hotel & leisure construction output, is now experiencing a strong recovery in development activity, and this is expected to continue in 2016, with activity levels increasing and output forecast to grow by over 23%. The Irish market is also benefiting from large scale FDI within the bio-pharma and data centre sectors and there are several large-scale bio-pharmaceutical, clean technology and data centre developments currently taking place across Ireland.

In 2015, the value of construction related investment associated with new social infrastructure construction projects also rose strongly, and increased public capital programme allocations for the period 2016 to 2021 will support an increase in overall output.

Both education and healthcare construction output is expected to benefit from investment under the Capital Plan 2016-2021, with a new €3.8bn School Building Programme to take place over the same period. The residential sector has been slow to recover from the economic and property downturn and, although annual housing completions are beginning to rise, there is now a very significant demand for housing in the major urban areas which is causing significant increases in rental costs, something which should stimulate housebuilding activity.

The Irish contracting industry is highly fragmented with a large number of small to medium sized companies, many of whom specialise in repair and maintenance activities and operate on a regional basis. Unlike the UK market, which is dominated by a dozen or so large, quoted companies with separate commercial, civil engineering and housebuilding operations, the Irish market is characterised by many smaller companies who operate across both residential and commercial sectors.

*"The supply structure for the Irish housebuilding market is also highly fragmented with no more than one player having more than 2% of the market"* said Keith Taylor, Director of AMA Research. *"Over the past 10 years, the structure of the industry has changed fundamentally, with the collapse of several of Ireland's largest housebuilders and developers, and there are now just two publicly quoted housebuilders in Ireland."*

Overall output values are expected to increase by around 10% in 2017 and by 9-10% thereafter to until 2020. Into the medium-term, the return to growth is expected to be driven by the private commercial and residential sectors - supported by growing investment in social housing - and civil engineering activity. Output will also be supported by improving consumer and investor confidence as regional and global economic conditions improve.

Both the Irish construction and engineering industries have strong exposure to the UK market. Though the UK's decision to leave the EU has caused uncertainty to the economic outlook, the full impact of 'Brexit' on the Irish economy and construction and housebuilding industries will take time to emerge. However, there may be a more positive impact on the Irish construction industry with opportunities for UK-based corporates and financial sector firms to relocate from the UK to elsewhere within the European single market.

The '**Construction and Housebuilding Market Report – Republic of Ireland - 2016-2020 Analysis**' report is published by AMA Research, a leading provider of market research and consultancy services within the construction and home improvement markets. The report is available now and can be ordered online at [www.amaresearch.co.uk](http://www.amaresearch.co.uk) or by calling 01242 235724.

### **Editors Note:**

If you would like to receive further information or would like to speak to an author of this report, please contact Anna Eriksson or Keith Taylor on (01242) 235724.

Please include our web address and telephone number on any review printed, and it would also be appreciated if a copy of the review could be forwarded to AMA Research. Thank you.

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