

# Construction Ireland

MEETING THE NEEDS OF FOREIGN DIRECT INVESTMENT

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# Ireland's construction sector

- ▶ Synopsis of Ireland's construction sector
- ▶ Most recent and current state
- ▶ Why Ireland? – as a destination for FDI investment

# Ireland – Current state

The widely held impression within Ireland at present is that the construction industry is undergoing a period of sustained growth

# Ireland – Current state

Construction output for 2016 was €15.603 billion. This is made up as follows:

- ▶ Dwellings € 3.567 bn,
- ▶ Improvements € 1.933 bn, and
- ▶ Other Building and Construction\* €10.103 bn.

*\*The category "Other Building and Construction" includes commercial and institutional building works and civil engineering works*

# Ireland – Current state / recent past

This level of output is 44% of the construction output of €35.5 billion in 2006, which shows that despite the high growth currently evidenced in market sentiment, output is far lower than levels previously experienced

# Ireland – Current state

Growth in 2016 was substantially higher than in previous years.

In 2014 and 2015, year-on-year growth as measured by the CSO was 8.8% to 9.3% respectively; though in 2016, this accelerated to 16.0%.

# Ireland – Current state

Analysis of the statistics shows that since 2010, the total value of industry output has grown by 27.3% whereas the total volume has grown by 25.2%. The difference between these two measures is the amount of growth that is attributable to price increases.

The CSO data show that in the six year period from 2010 to 2016, the industry output increase has been substantially volume based.

# Ireland – Current state

The current level of construction output in Ireland represents some 7.1% of GNP.

This is well below the generally recognised European sustainable level of 10% to 12% of GNP.

Using this benchmark, if the industry were operating at “normal” levels of activity, then the annual output of the Irish construction industry should be between €20 and €24 billion.



# Ireland - Prospective Construction Activity

Estimating future levels of new dwelling construction is a complex issue as demand is dependent on a wide range of factors, including affordability and the consumers' ability to finance mortgages.

On the supply side, issues such as access to finance and land availability exist.

It is assumed that housing construction will increase by some 15% per annum to 2021 to close to 31,500 dwelling units.

# Ireland - Prospective Construction Activity

There will be a substantial increase in office construction, but this is anticipated to focus on Dublin where in excess of 700,000 sq. m. of space is planned for the next four years.

In tourism, an estimated 4,200 hotel rooms have been granted planning permission in Dublin.

Foreign Direct Investment (FDI) appears to be quite strong with major investments in data centres scheduled; though most of these are in the greater Dublin region, where the infrastructure is more suitable.

The Exchequer Capital Programme amounts to €4.46 billion per annum on average to 2021

# Why Ireland?

- ▶ Technical capacity
- ▶ Innovative approach to delivery
- ▶ Availability of skilled labour
- ▶ Agile workforce
- ▶ Small open economy with export led agenda
- ▶ Solution orientated focus

# Why Ireland? Cross-sectoral expertise

These companies provide complex manufacturing, research and operational management facilities for a range of world leading clients



# Why Ireland? Sector focus

## Sector: Pharmaceutical



### PROJECT A

Facility: Factory Extension  
Scale: 17,000 sq m  
Programme: 48 months  
Cap Ex: €280 M



### PROJECT B

Facility: Biopharma Refurb.  
Scale: 25,000 sq m  
Programme: 26 months  
Cap Ex: €300 M



### PROJECT C

Facility: Laboratories Build  
Scale: 20,000 sq m  
Programme: 14 months  
Cap Ex: €60 M



### PROJECT D

Facility: Plant Upgrade  
Scale: 10,000 sq m  
Programme: 12 months  
Cap Ex: €20 M



### PROJECT E

Facility: Facility Extension  
Scale: 5,000 sq m  
Programme: 8 months  
Cap Ex: €50 M



### PROJECT F

Facility: New Facility  
Scale: 5,000 sq m  
Programme: 14 months  
Cap Ex: €50 M



### PROJECT G

Facility: New Facility  
Scale: 1,000,000 sq m  
Programme: 60 months  
Cap Ex: €1.8 Bn



### PROJECT H

Facility: New Facility  
Scale: 23,000 sq m  
Programme: 24 months  
Cap Ex: €330 M

# Why Ireland? Highest international standards

With particular expertise in developing technologies such as orbital welding and high purity process works our world leading teams deliver exceptional projects to the highest international safety and quality standards using **Lean Construction** and **Building information Modelling**

# Why Ireland? Export agenda

Irish based engineering and construction companies have completed extensive projects for clients overseas



# Why Ireland? Well why not?

- ▶ Availability of skilled workforce
- ▶ Extensive technical capacity and experience
- ▶ Highest international standards
- ▶ Constantly innovating and developing service
- ▶ Strategic planning for infrastructure
- ▶ Good stable growth with flexible capacity
- ▶ National stability and economic outlook