



Central Statistics Office
An Phríomh-Oifig Staidrimh

Construction and Housing in Ireland

Published by the Stationery Office, Dublin, Ireland.

To be purchased from the:

Central Statistics Office, Information Section, Skehard Road, Cork,

Government Publications Sales Office, Sun Alliance House,
Molesworth Street, Dublin 2,

or through any bookseller.

Prn A6/1233

Price €10.00

July 2006

© Government of Ireland 2006

Material compiled and presented by the
Central Statistics Office.

Reproduction is authorised, except for commercial
purposes, provided the source is acknowledged.

ISBN 0-7557-7147-8

Contents

		Page
Chapter 1	Introduction	5
Chapter 2	Output and Structure of the Construction Industry	9
Chapter 3	Earnings, Hours Worked and Employment	15
Chapter 4	Working Conditions, Training and Pensions	23
Chapter 5	Investment, Taxation and Revenue	27
Chapter 6	House Completions and Housing Stock	33
Chapter 7	House Prices and Construction Costs	37
Chapter 8	Mortgages, Interest Rates and Affordability	43
Chapter 9	Planning Permissions and Land	49
Chapter 10	Regional Analysis	53
Chapter 11	The European Construction Industry	59

Chapter 1

Introduction

Overview

This report presents an overview of the Irish construction industry. The information is sourced from statistics compiled by the Central Statistics Office, from other producers of construction statistics and from administrative data sources. The report aims to present a comprehensive picture of the Irish construction industry and also includes some international comparisons.

Some key points presented from the report are as follows:

Output and Structure of the Construction Industry

- In 2005, it was estimated that the value of output in the construction industry was almost €32 billion. This compares to €17.6 billion in 2000.
- In 2005 construction was estimated to have accounted for 20% of Gross Domestic Product or 23% of Gross National Product.
- Residential construction output more than doubled from €9.5 billion in 2000 to €20.9 billion in 2005.

Earnings, Hours Worked and Employment

- Average hourly earnings in construction increased from €11.44 per hour in the second quarter of 2000 to €17.31 per hour in the same period of 2005.
- The average number of hours worked in construction has decreased from 45.6 hours per week in the second quarter of 2000 to 43.8 hours per week in the same period of 2005.
- Employment in construction has grown by 46%, increasing from 166,200 in the second quarter of 2000 to more than 242,400 in the same period of 2005.
- Approximately 1 in 8 people (12.6%) employed in Ireland work in construction. This is the highest ratio in the European Union.

Working Conditions, Training and Pensions

- In 2005, there were 23 fatalities in the construction sector representing about one third of all work place fatalities. The rate of fatalities in the construction sector was 9.9 per 100,000 employees in 2005 compared to 10.7 in 2000.
- There were more than 15,600 apprentices registered in the construction sector in 2005.
- The Construction Federation Operatives Pension Scheme had almost 81,000 construction workers registered in 2005, compared to 47,000 in 2000.
- The recommended minimum rate of pay for craft workers in the construction sector has increased by almost 37% in five years from €12.34 per hour in October 2000 to €16.85 per hour in October 2005.

Investment, Taxation and Revenue

- In 2005, Public Capital Programme investment in productive infrastructure reached almost €4.3 billion while investment in social infrastructure was approximately €3.5 billion.
- Over €2.4 billion or 29% of the total Public Capital Programme was spent in the transport sector while in excess of €1.5 billion was spent on housing.
- Stamp duty on property transactions amounted to €2 billion in 2005 and this accounted for 75% of the total revenue raised from stamp duty.

House Completions and Housing Stock

- Over 86,000 dwelling units were completed in Ireland in 2005. This compares to less than 20,000 completed in 1990 and 50,000 in 2000.
- New dwellings were completed at a rate of 21 units per 1,000 of population in 2005; and added over 5% to existing housing stock.
- Close to half of the units completed in Ireland in 2004, the latest year for which data is available, were semi-detached houses. This compares to about 30% in 2000.
- In the April 2006 Census of Population, the CSO identified a total of 1.8 million private residences and communal establishments throughout the State. Of these, about 275,000 were vacant at the time of the Census.

House Prices and Construction Costs

- The average price of a new house in Ireland was just over €272,000 in 2005. A secondhand hand house cost on average more than €330,000.
- More than a third (34.3%) of all dwellings sold in 2005 cost in excess of €300,000.
- In 2000, the cost of servicing a 90% mortgage over 20 years to buy a new house (based on the average national price of a new house and prevailing interest rates) would have been €1,021. The equivalent for a new house purchased in 2005 was a monthly repayment of €1,395.
- The cost of building and construction materials increased by 24% between 2000 and 2005. By comparison average house prices increased by 64% over the same period.

Mortgages, Interest Rates and Affordability

- The total value of mortgage debt has increased from less than €33 billion in 2000 to almost €100 billion at the end of 2005. Mortgage debt increased by almost €22 billion in 2005.

- The average size of a new mortgage has almost doubled from €102,300 in 2000 to €200,000 in 2005.
- Variable rate mortgages represented 83% of total outstanding mortgage debt in 2005.
- In 2000, less than 5% of new mortgages were for more than €200,000 but almost half of mortgages taken out in 2005 (46.9%) exceeded this value.

Planning Permissions and Land

- In 2005, planning permission was granted for the construction of 55,000 multi-development houses, 21,000 one-off housing units and 24,000 apartments.
- The average floor size for houses granted planning permission in a multi-unit development was 125m². For one-off houses the average floor area was 214m².
- The amount of zoned serviced land for residential construction has increased from 10,800 hectares (with a potential for over 263,300 units) in 2000 to almost 14,800 hectares (with a potential of almost 460,000 units) in 2005. The potential housing density of this available land increased from 24 units per hectare in 2000 to more than 31 units per hectare in 2005.

Regional Analysis

- The Dublin region accounted for 34% of total construction output in 2000 and for less than 28% in 2004.
- In the second quarter of 2005 there were over 242,000 workers in the construction sector. Of these, almost 53,000 lived in Dublin while 37,500 lived in the South-West.
- According to the DEHLG, the average price of a new house in Dublin was €386,000 in 2005. A new house in Galway cost €275,000 and in Cork €265,000.
- Almost one in every three dwelling units completed in 2004 were located in Dublin or the Mid-East region.

The European Construction Industry

- Ireland's house completion rate in 2005 (21 units per 1,000 of population) was four times the average for other European countries.
- In Ireland 77% of homes are owner-occupied. Hungary, Spain, Slovakia and Norway had higher ownership rates. In contrast to this, 45% of German homes and 35% of homes in Switzerland are owner-occupied.
- Construction output per capita is highest in Ireland at approximately €7,600 in 2005. This is more than double the corresponding figure for the United Kingdom.

Chapter 2

Output and Structure of the Construction Industry

Total Output

The value of output in the construction industry increased from under €18 billion in 2000 to an estimated level of just under €32 billion in 2005. This was an increase of 79% over the five years or an annual average of over 12% per annum. The largest annual percentage increase was in 2004 when output increased by almost 16%. Table 2.1 also shows the corresponding value of output at constant prices (i.e. a measure of the change in the volume of output). Over the period 2000-2005 the volume of activity increased by 30%, when price changes are excluded. See Table 2.1 and Figure 2.1.

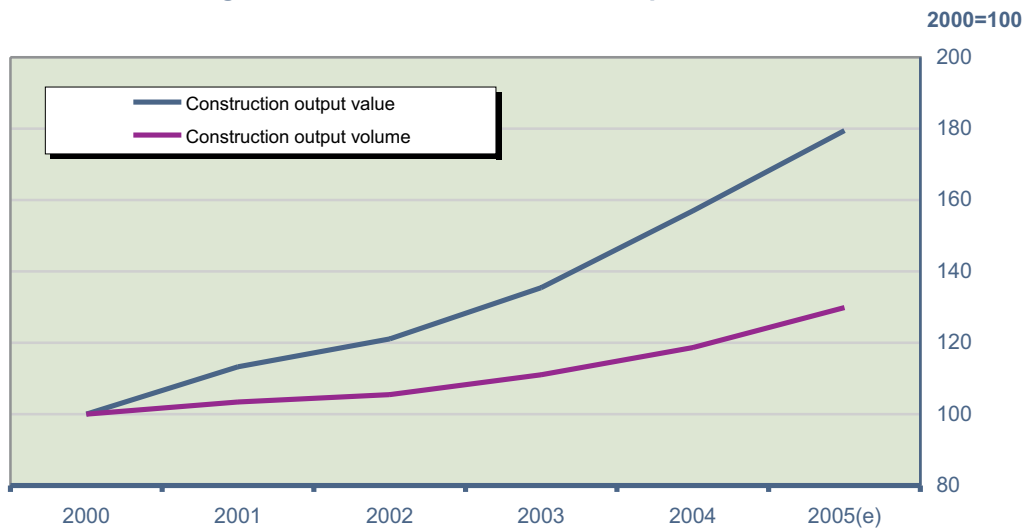
Table 2.1 Construction output 2000-2005

	Unit	2000	2001	2002	2003	2004	2005 ¹
Current prices							
Construction output	€m	17,586.9	19,926.1	21,293.7	23,820.3	27,595.2	31,555.6
Annual change	%	-	13.3	6.9	11.9	15.8	14.4
2003 constant prices							
Construction output	€m	21,459.0	22,195.0	22,627.5	23,820.3	25,459.1	27,862.9
Annual change	%	-	3.4	1.9	5.3	6.9	9.4

Source: DKM - DEHLG "Review of the Construction Industry 2004 and Outlook 2005-2007"

¹ Provisional estimate - incorporating upward adjustment by CSO to 2005 housing completions estimate - see chapter 6

Figure 2.1 Index of construction output 2000-2005



Source: DKM - DEHLG "Review of the Construction Industry 2004 and Outlook 2005-2007"

In 2005 construction was estimated to have accounted for nearly 20% of Gross Domestic Product or 23% of Gross National Product. Its contribution in 2005 was greater than in 2000 when the construction sector accounted for less than 17% of Gross Domestic Product and just under 20% of Gross National Product respectively. See Table 2.2.

Table 2.2 Construction output as share of GDP/GNP 2000-2005

	Unit	2000	2001	2002	2003	2004	2005
Current prices							
Construction output ¹	€ m	17,586.9	19,926.1	21,293.7	23,820.3	27,595.2	31,555.6 ³
Gross Domestic Product (GDP) ²	€ m	104,553.0	116,756.0	129,947.0	138,941.0	147,569.0	161,163.0
Gross National Product (GNP) ²	€ m	89,065.0	97,781.0	106,248.0	117,218.0	124,354.0	136,055.0
Share of GDP	%	16.8	17.0	16.3	17.1	18.6	19.6
Share of GNP	%	19.8	20.3	20.0	20.5	22.2	23.2

Source: ¹ DKM - DEHLG "Review of the Construction Industry 2004 and Outlook 2005-2007"

Source: ² CSO - National Income and Expenditure, Annual Results for 2005

³ Provisional estimate - incorporating upward adjustment by CSO to 2005 housing completions estimate - see chapter 6

Output by Sector

The primary growth areas in the industry have been the residential sector followed by infrastructure development. The value of residential construction output has more than doubled from €9.5 billion in 2000 to just under €21 billion in 2005. In the same period, the value of non-residential output had decreased by approximately 10%. Total output in productive and social infrastructure increased by €3 billion or 70% between 2000 and 2005. The increase in residential construction accounted for over 80% of the total growth in the value of construction output between 2000 and 2005. See Table 2.3.

Table 2.3 Construction output by sector 2000-2005

	€ m					
	2000	2001	2002	2003	2004	2005 ¹
Current prices						
Residential	9,496.5	10,954.3	11,927.8	14,644.5	18,055.2	20,873.0
Non-residential	3,820.3	3,710.2	2,962.4	2,730.5	2,958.4	3,421.6
Productive infrastructure	3,062.7	3,744.5	4,581.0	4,761.8	4,831.3	5,233.8
Social infrastructure	1,207.4	1,517.1	1,822.5	1,683.5	1,750.3	2,027.2
Total output	17,586.9	19,926.1	21,293.7	23,820.3	27,595.2	31,555.6
Share of output						
Residential	54.0	55.0	56.0	61.5	65.4	66.1
Non-residential	21.7	18.6	13.9	11.4	10.7	10.8
Productive infrastructure	17.4	18.8	21.5	20.0	17.5	16.6
Social infrastructure	6.9	7.6	8.6	7.1	6.4	6.5
Source: DKM - DEHLG "Review of the Construction Industry 2004 and Outlook 2005-2007"						
¹ Provisional estimate - incorporating upward adjustment by CSO to 2005 housing completions estimate - see chapter 6						

Table 2.4 shows a more detailed breakdown of construction output by sector. As already stated, the residential construction sector has shown the largest increase in output in recent years. All sectors in productive infrastructure showed an increase over the period. Expenditure on roads increased by 90% over the period 2000-2005, while investment in energy infrastructure increased by more than 130%.

In the non-residential sector the largest decrease in construction activity has been in the tourism sector where output has decreased by almost 40% over the period. The remainder of non-residential output fell by only 3%. All components of social infrastructure showed an increase in value over the period 2000-2005. Health infrastructure construction increased by two thirds while spending on the education sector increased by 50%. See *Table 2.4*.

Table 2.4 Detail of construction output by sector 2000-2005

	€ m					
	2000	2001	2002	2003	2004	2005 ¹
Residential construction						
Private housing	8,893.8	10,055.0	10,814.2	13,506.2	16,937.4	19,505.2
Public housing	602.7	899.3	1,113.6	1,138.3	1,117.8	1,367.8
Sub-total	9,496.5	10,954.3	11,927.8	14,644.5	18,055.2	20,873.0
Non-residential construction						
Industry	970.0	1,079.2	813.7	750.9	802.0	916.4
Commercial	1,680.3	1,897.7	1,508.1	1,318.1	1,391.2	1,642.1
Agriculture	298.0	222.6	217.9	203.0	250.4	270.4
Tourism	829.9	471.1	361.3	408.1	451.0	519.4
Worship	42.1	39.6	61.4	50.4	63.8	73.3
Sub-total	3,820.3	3,710.2	2,962.4	2,730.5	2,958.4	3,421.6
Productive infrastructure						
Roads	1,060.3	1,387.0	1,618.5	1,697.0	1,709.0	2,019.5
Water services	646.1	719.7	754.2	750.3	738.6	786.5
Airports and seaports	155.7	163.2	217.4	143.3	159.0	200.6
Energy	675.3	840.4	1,263.5	1,237.0	1,495.6	1,566.6
Transport	305.4	389.0	447.2	668.3	449.6	362.6
Communications	219.9	245.2	280.2	265.9	279.5	298.0
Sub-total	3,062.7	3,744.5	4,581.0	4,761.8	4,831.3	5,233.8
Social infrastructure						
Education	541.6	609.0	721.7	562.3	659.2	812.6
Health	306.0	356.2	454.3	459.4	460.0	509.9
Public buildings	291.1	423.4	365.2	450.7	373.4	396.5
Other social	68.7	128.5	281.3	211.1	257.7	308.2
Sub-total	1,207.4	1,517.1	1,822.5	1,683.5	1,750.3	2,027.2
Total	17,586.9	19,926.1	21,293.7	23,820.3	27,595.2	31,555.6
Source: DKM - DEHLG "Review of the Construction Industry 2004 and Outlook 2005-2007"						
¹ Provisional estimate - incorporating upward adjustment by CSO to 2005 housing completions estimate - see chapter 6						

Table 2.5 presents additional information on the residential sector and gives a breakdown between new construction and repair, maintenance and improvement. The value of new residential construction increased by 168% between 2000 and 2005 to reach €17.2 billion in 2005. New residential construction now accounts for 82% of total residential output compared to 68% in 2000. See Table 2.5.

Table 2.5 Residential construction output 2000-2005

	€ m					
	2000	2001	2002	2003	2004	2005 ¹
New housing	6,423.5	7,425.9	8,802.3	11,703.5	14,672.3	17,216.0
Repair, maintenance and improvement	3,073.0	3,528.4	3,125.5	2,941.0	3,382.9	3,657.0
Total residential	9,496.5	10,954.3	11,927.8	14,644.5	18,055.2	20,873.0
Source: DKM - DEHLG "Review of the Construction Industry 2004 and Outlook 2005-2007"						
¹ Provisional estimate - incorporating upward adjustment by CSO to 2005 housing completions estimate - see chapter 6						

Structure of the Construction Industry

By the first quarter of 2006 the construction industry employed in excess of 250,000 people. Many of these work in small enterprises or are self-employed. The structure of the industry makes it difficult to conduct a full census of building and construction firms. The CSO's annual census only covers firms with 20 or more persons engaged. There were 376 such firms in Ireland in 1997 and this number had grown by more than 80% to a total of 682 enterprises in 2003, the latest year for which data are available. The number of persons engaged by these firms grew by more than 90% from just over 29,200 in 1997 to more than 56,600 in 2003. Total turnover has almost trebled in the same period from just over €3.6 billion to more than €10.3 billion. The average turnover of these firms increased from just over €9.6 million in 1997 to more than €15 million in 2003. See *Table 2.6*.

Table 2.6 Private building and construction firms with 20 or more persons engaged 1997-2003

	Unit	1997	1998	1999	2000	2001	2002	2003
Number of firms	No.	376	417	497	524	546	646	682
Persons engaged	No.	29,214	33,300	40,162	44,965	46,371	51,738	56,556
Turnover	€ m	3,608	4,745	5,608	6,816	7,612	8,849	10,308
Average persons engaged	No.	78	80	81	86	85	80	83
Average turnover	€ m	9.6	11.4	11.3	13.0	13.9	13.7	15.1

Source: CSO - Census of Building and Construction

Chapter 3

Earnings, Hours Worked and Employment

Earnings

In the second quarter of 2005, construction workers earned an average of €17.31 per hour. This was 51% higher than in the same period of 2000. The highest paid occupational groups were foremen & supervisors (earning €21.76 per hour in 2005) and skilled operatives (€20.24 per hour). Unskilled and semi-skilled workers on adult rates earned €15.92 per hour and apprentices earned €11.63 per hour. See *Table 3.1*.

Table 3.1 Average hourly earnings in construction¹ 2000-2005 (Qtr 2)

	2000	2001	2002	2003	2004	2005
Male Clerical	11.63	12.49	13.10	13.88	14.58	16.26
Female Clerical	9.22	9.65	10.85	11.40	12.29	13.28
All Operatives	11.54	13.05	14.88	15.55	16.15	17.59
Foreman, Supervisor	15.00	16.51	18.02	18.85	19.85	21.76
Skilled Operatives	13.51	15.05	17.21	17.98	18.68	20.24
Apprentices	7.09	8.49	9.55	10.61	10.48	11.63
Unskilled and Semi-Skilled Operatives on Adult Rates	10.63	12.05	13.70	14.17	14.44	15.92
Unskilled and Semi-Skilled Operatives on Other Rates	8.88	9.84	9.15	9.22	8.57	10.27
Total	11.44	12.86	14.61	15.27	15.89	17.31

Source: CSO - Earnings and Hours Worked in Construction

¹ Covers private businesses in the Building and Construction industry with ten or more persons engaged

Looking at average weekly earnings, which depend on hours worked and hourly wages, employees in the construction sector earned €758 per week in the second quarter of 2005. This was €236 per week higher than in 2000. Weekly earnings in construction were higher than in industry (€578 per week) but lower than in the public sector (€838 per week, excluding health). Between 2000 and 2005, average weekly earnings in construction increased by 45%, while weekly earnings in the public sector grew by 39% and in industry by 33%. See Table 3.2.

Table 3.2 Comparison of average weekly earnings across selected sectors 2000-2005 (Qtr 2)

	2000	2001	2002	2003	2004	2005
Construction sector ¹	522	570	638	664	698	758
Public sector ²	603	667	699	734	794	838
Industry ³	435	468	495	538	562	578

Source: ¹ CSO - Earnings and Hours Worked in Construction
Source: ² CSO - Public Sector Employment and Earnings (excluding health)
Source: ³ CSO - Industrial Earnings and Hours Worked (industrial employees across all industries)

Hours Worked

On average, workers in the construction sector worked for 43.8 hours per week in the second quarter of 2005, compared with 45.6 hours in 2000. Clerical workers, apprentices and unskilled and semi-skilled operatives on other rates (juvenile) worked a lower number of hours than other categories: male clerical workers had an average of 41.2 hours, female clerical workers 36.9 hours, apprentices 39.6 hours and unskilled or semi-skilled juvenile workers 40.2 hours. Skilled operatives worked, on average, 43.1 hours per week. Average hours were higher for foremen and supervisors at 46.3 hours and for unskilled/semi-skilled adult workers 46.4 hours. See Table 3.3.

Table 3.3 Average weekly hours worked in construction¹ 2000-2005 (Qtr 2)

	2000	2001	2002	2003	2004	2005
Male Clerical	41.2	39.7	40.3	40.3	41.0	41.2
Female Clerical	37.3	36.9	36.9	36.2	36.6	36.9
All Operatives	46.2	45.0	44.2	44.2	44.6	44.4
Foreman, Supervisor	46.4	45.7	46.0	45.3	45.0	46.3
Skilled Operatives	45.8	44.6	43.6	43.7	44.1	43.1
Apprentices	43.3	42.2	39.0	40.0	39.6	39.6
Unskilled and Semi-Skilled Operatives on Adult Rates	47.5	46.1	46.0	45.5	46.3	46.4
Unskilled and Semi-Skilled Operatives on Other Rates	46.3	42.2	40.9	42.1	41.2	40.2
Total	45.6	44.3	43.6	43.5	44.0	43.8

Source: CSO - Earnings and Hours Worked in Construction
¹ Covers private businesses in the Building and Construction industry with ten or more persons engaged

Employment

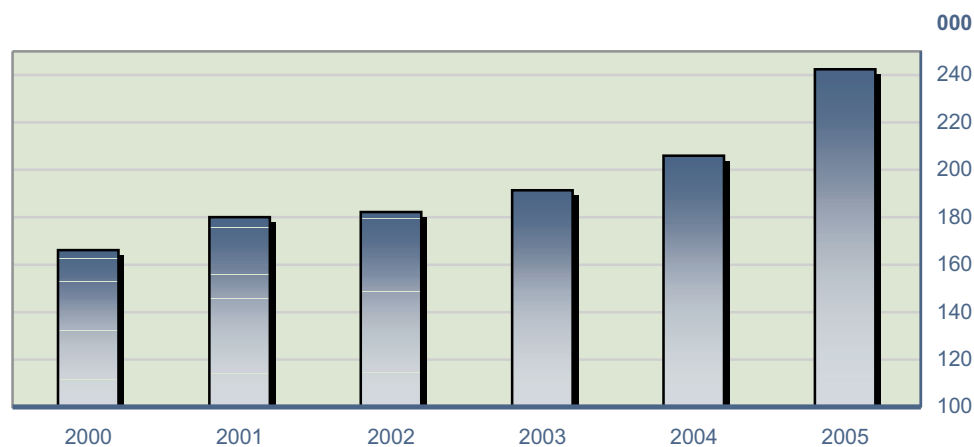
The Quarterly National Household Survey (QNHS) provides data on employment. More than 242,000 people were employed in construction in the second quarter of 2005; an increase of 46% compared to the same period of 2000. In 2000 about one in every ten workers was in the construction sector. By 2005 this had increased to one in every eight. See *Table 3.4* and *Figure 3.1*.

Table 3.4 Employment in construction 2000-2005 (Qtr 2)

	Unit	2000	2001	2002	2003	2004	2005
Total employment	000	1,671.4	1,721.9	1,763.9	1,793.4	1,836.2	1,929.2
Construction employment	000	166.2	180.0	182.2	191.4	206.0	242.4
Increase in construction employment	000	24.1	13.8	2.2	9.2	14.6	36.4
Construction share of employment	%	9.9	10.5	10.3	10.7	11.2	12.6

Source: CSO - Quarterly National Household Survey

Figure 3.1 Employment in construction 2000-2005 (Qtr 2)



Source: CSO - Quarterly National Household Survey

The largest occupational grouping in the construction sector is craft and related occupations, accounting for 146,700 workers out of the total of 242,400 in the second quarter of 2005. Other manual workers accounted for 37,300 jobs while there were 20,400 plant and machine operatives. The construction sector also employed 15,800 professional and technical workers, 14,200 managers, administrators and sales staff, and 8,000 clerical and secretarial staff. See *Table 3.5*.

Table 3.5 Construction employment classified by occupation 2000-2005 (Qtr 2)

000

	2000	2001	2002	2003	2004	2005
Managers and Administrators	7.7	10.6	11.7	11.3	13.7	12.1
Professional	6.2	7.9	8.2	8.4	9.5	10.8
Associate Professional and Technical	2.4	3.4	3.3	2.8	3.9	5.0
Clerical and Secretarial	5.0	5.2	6.1	6.1	6.6	8.0
Craft and Related	96.5	103.7	104.3	114.8	125.1	146.7
Sales	0.8	1.0	1.2	0.8	1.3	2.1
Plant and Machine Operatives	16.1	17.3	15.8	17.5	16.0	20.4
Other	31.5	30.9	31.7	29.7	29.9	37.3
Total	166.2	180.0	182.2	191.4	206.0	242.4

Source: CSO - Quarterly National Household Survey**Note:** Data may be subject to sampling or other survey errors, which are greater in respect of smaller values or estimates of change

Total employment across the economy grew by almost 260,000 between 2000 and 2005. The construction sector contributed over 76,000 to this increase. The next largest increases in employment in the five year period were in health (+55,000), financial and other business services (+46,300) and the wholesale and retail trade (+31,700). See Table 3.6.

Table 3.6 Employment in Ireland by economic sector 2000 and 2005 (Qtr 2)

000

	2000	2005	Change 2000 to 2005
Agriculture, Forestry and Fishing	132.9	113.7	-19.2
Other Production Industries	309.5	294.2	-15.3
Construction	166.2	242.4	+76.2
Wholesale and Retail Trade	235.2	266.9	+31.7
Hotels and Restaurants	108.1	111.0	+2.9
Transport, Storage and Communication	101.3	118.2	+16.9
Financial and Other Business Services	210.8	257.1	+46.3
Public Administration and Defence	78.4	98.2	+19.8
Education	102.8	123.1	+20.3
Health	133.0	188.0	+55.0
Other Services	93.3	116.4	+23.1
Total in Employment	1,671.4	1,929.2	+257.8

Source: CSO - Quarterly National Household Survey

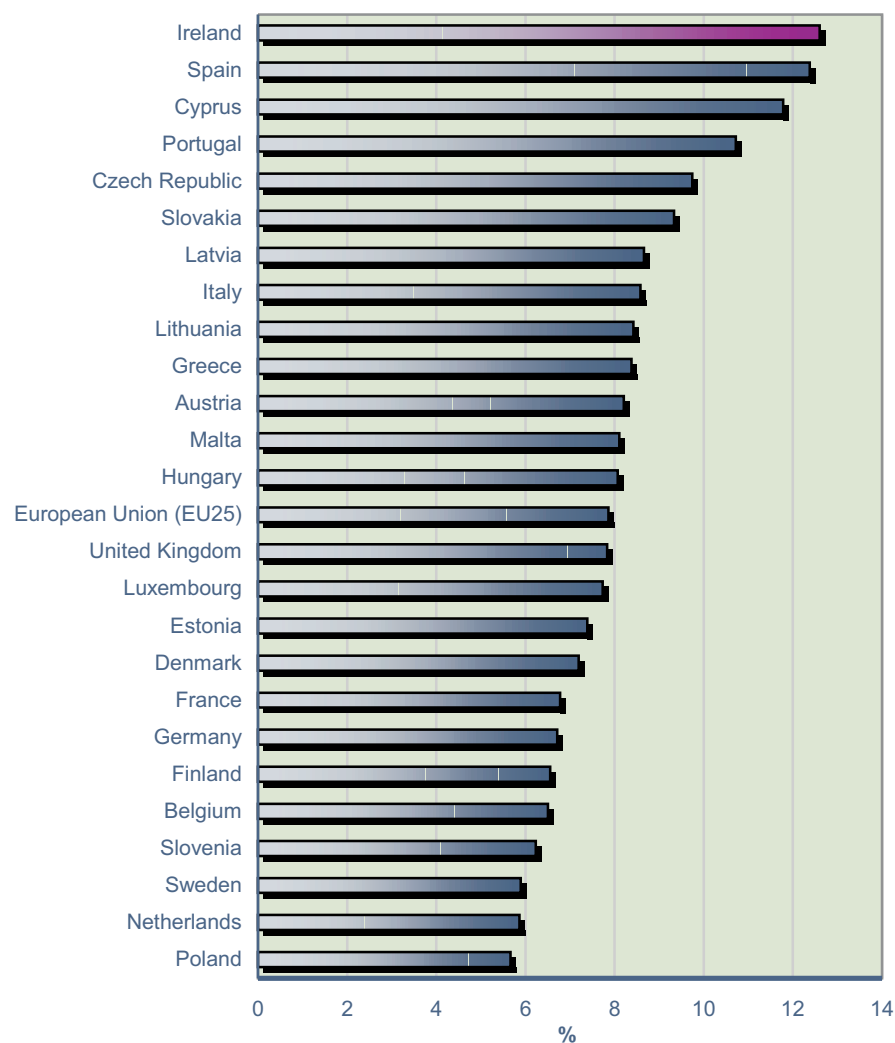
In the second quarter of 2005, there were 15.5 million people employed in construction in the European Union. As mentioned earlier, the construction sector accounted for one in every eight jobs (12.6%) in Ireland. This was the highest percentage in the EU. Across all 25 Member States, 7.9% of the workforce was involved in construction. In Spain, 12.4% of employment was in the construction sector, in Cyprus 11.8% and in Portugal 10.7%. See Table 3.7 and Figure 3.2.

Table 3.7 Number of construction workers in the European Union 2005 (Qtr 2)

	Total construction employment	Construction employment as percentage of total employment
Unit	000	%
European Union (EU25)	15,464	7.9
Germany	2,430	6.7
Spain	2,339	12.4
United Kingdom	2,199	7.8
Italy	1,944	8.6
France	1,668	6.8
Poland	790	5.7
Portugal	550	10.7
Netherlands	476	5.9
Czech Republic	463	9.7
Greece	367	8.4
Hungary	314	8.1
Austria	312	8.2
Belgium	274	6.5
Sweden	257	5.9
Ireland	242	12.6
Slovakia	205	9.3
Denmark	197	7.2
Finland	159	6.6
Lithuania	124	8.4
Latvia	89	8.7
Slovenia	59	6.2
Estonia	45	7.4
Cyprus	41	11.8
Luxembourg	15	7.7
Malta	12	8.1

Source: Eurostat

**Figure 3.2 Construction as share of total employment 2005
(Qtr 2)**



Source: Eurostat

Much of the demand for labour in the construction sector in Ireland has been met by workers from the Accession States which joined the EU in May 2004. Tentative estimates from the QNHS indicate that there were 25,300 non-Irish nationals working in the construction sector in the fourth quarter of 2005. Of these, 5,000 were from the United Kingdom, 15,200 from the EU Accession States and 5,100 from other countries. About a quarter of persons from the EU Accession States working in Ireland were employed in the construction sector at the end of 2005. These estimates of the workforce by nationality are tentative, based on sample survey estimates which are subject to revision in the light of more comprehensive statistics which will be compiled from the 2006 Census of Population. See Table 3.8.

Table 3.8 Estimated nationality of workers in construction 2004-2005 (Qtr 4)

Unit	2004			2005		
	Total employment 000	Construction sector 000	% of total	Total employment 000	Construction sector 000	% of total
Irish ¹	1,766.4	211.8	12.0	1809.5	227.9	12.6
Non-Irish nationals:	127.8	15.7	12.3	171.1	25.3	14.8
<i>of which:</i>						
<i>United Kingdom</i>	34.3	4.3	12.5	40.7	5.0	12.3
<i>EU15 excl. Irl. and UK</i>	20.9	1.9	9.1	21.6	0.8	3.7
<i>Accession States EU15 to EU25</i>	28.1	6.0	21.4	61.6	15.2	24.7
<i>Other</i>	44.5	3.5	7.9	47.2	4.3	9.1
Total	1,894.2	227.5	12.0	1,980.6	253.2	12.8

Source: CSO - Quarterly National Household Survey

¹ Includes 'not stated'

Note: Data may be subject to sampling or other survey errors, which are greater in respect of smaller values or estimates of change

Chapter 4

Working Conditions, Training and Pensions

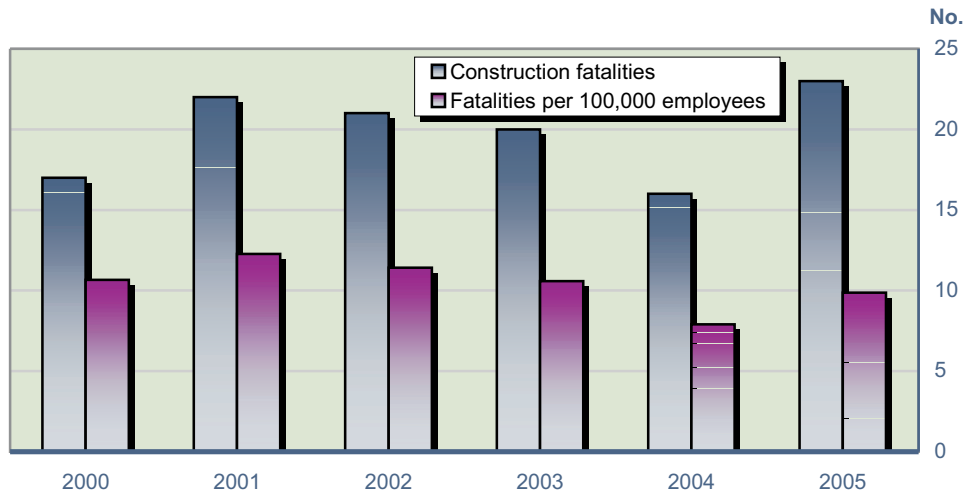
Construction Safety

In 2005, there were 23 fatalities in the construction sector representing about one third of all workplace fatalities. The rate of fatalities in the construction sector was 9.9 per 100,000 employees in 2005 compared to 10.7 in 2000. In 2005, there were 12,600 workplace injuries in the construction sector. This represented 22% of all workplace injuries. See *Table 4.1 and Figure 4.1*.

Table 4.1 Workplace fatalities and injuries 2000-2005

	Unit	2000	2001	2002	2003	2004	2005
All sectors							
Total employment ¹	No.	1,648,700	1,710,900	1,753,500	1,783,600	1,835,900	1,908,300
Workplace fatalities ²	No.	70	67	61	68	50	73
Workplace injuries ^{3,4}	No.	-	-	51,800	-	54,400	57,500
Fatalities per 100,000	No.	4.2	3.9	3.5	3.8	2.7	3.8
Injuries per 100,000	No.	-	-	2,954	-	2,963	3,013
Construction sectors							
Total employment ¹	No.	159,400	179,300	183,800	188,800	202,300	233,100
Workplace fatalities ²	No.	17	22	21	20	16	23
Workplace injuries ^{3,4}	No.	-	-	8,300	-	11,400	12,600
Fatalities per 100,000	No.	10.7	12.3	11.4	10.6	7.9	9.9
Injuries per 100,000	No.	-	-	4,516	-	5,635	5,405
Source: ¹ CSO - Quarterly National Household Survey (Qtr 1)							
Source: ² Health and Safety Authority							
Source: ³ CSO - Quarterly National Household Survey (Qtr 1)							
⁴ Data may be subject to sampling or other survey errors, which are greater in respect of smaller values or estimates of change							
- Data not available							

Figure 4.1 Construction fatalities 2000-2005



Source: Health and Safety Authority

Apprentices

In 2001 there were almost 11,200 apprentices in the construction sector. By 2005, this had grown by 40% to more than 15,600. More than half of all apprentices in Ireland are in the construction sector. See Table 4.2 and Figure 4.2.

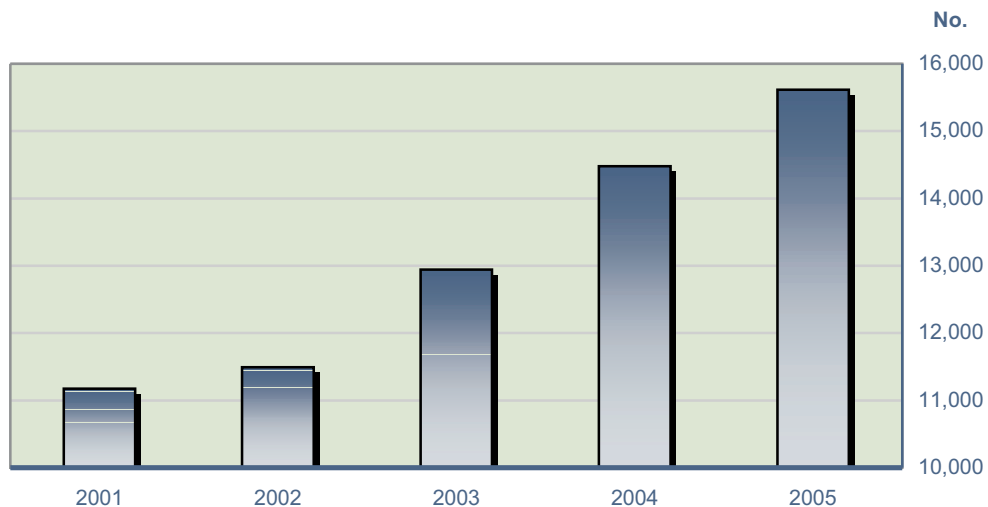
Table 4.2 Construction apprentices in Ireland 2001-2005

	Unit	2001	2002	2003	2004	2005
Construction apprentices	No.	11,172	11,492	12,941	14,477	15,614
Total apprentices	No.	25,775	25,705	26,845	28,022	28,605
Construction share of total apprentices	%	43.3	44.7	48.2	51.7	54.6

Source: FAS

Note: Construction apprentices include Brick & Stonelaying; Cabinet Making; Carpentry & Joinery; Floor & Wall Tiling; Painting & Decorating; Plastering; Plumbing; Wood Machining

Figure 4.2 Construction apprentices in Ireland 2001-2005



Source: FAS

Pensions

The Construction Federation Operatives Pension Scheme (CFOPS) was founded in 1965 by employers who were registered with the Construction Industry Federation (CIF) in order to provide pension and mortality benefit for workers in the construction industry. In 1969 it became compulsory for all employers in the construction industry to provide pension and mortality benefit for all manual workers, that is all craft persons and general operatives between the ages of 20 and 65 years. According to the CFOPS there were 47,000 members of the pension scheme in 2000 and by 2005 this had grown by almost 72% to more than 80,000. Not all construction workers are eligible to be part of the scheme; for example self-employed construction workers are ineligible to become members of this occupational pension scheme. Employees may also be members of other private pension schemes. See *Table 4.3*.

Table 4.3 Construction Federation Operatives Pension Scheme 2000-2005

	Number					
	2000	2001	2002	2003	2004	2005
Scheme members	47,017	47,400	54,214	63,707	73,970	80,654

Source: Construction Federation Operatives Pension Scheme

Registered Employment Agreement Pay Rates

The construction industry is governed by a Registered Employment Agreement, which is a collective agreement concluded between employers and worker representatives covering wages and working conditions. On October 1 2000, the minimum hourly rate of pay for a craft worker in the construction industry was €12.34. Five years later, the effective rate in October 2005 had increased by 37% to €16.85 per hour. See *Table 4.4*.

Table 4.4 Registered employment agreement hourly pay rates at selected dates 2000-2005

	€					
	2000 1 Oct	2001 1 Oct	2002 1 July	2003 1 April	2004 1 Oct	2005 1 Oct
Craft rate	12.34	14.32	14.89	15.34	16.20	16.85
Construction Operatives:						
<i>Grade A: Technical Operative (97% of craft rate)</i>	11.97	13.89	14.44	14.88	15.71	16.34
<i>Grade B: Skilled Operative (91% of craft rate)</i>	11.23	13.03	13.55	13.96	14.74	15.33
<i>Grade C: Semi-skilled (88% of craft rate)</i>	10.86	12.60	13.10	13.50	14.26	14.83
<i>Grade D: Basic operative (80% of craft rate)</i>	9.87	11.46	11.91	12.27	12.96	13.48

Source: Construction Industry Federation

Chapter 5

Investment, Taxation and Revenue

Public Capital Expenditure

The Public Capital Programme (PCP) covers capital investment by the State, Local Authorities and Semi-State companies. It includes investment funded by both Exchequer and non-Exchequer sources.

Expenditure on productive infrastructure increased from €2.8 billion in 2000 to €4.3 billion in 2005. Transport and Energy were the largest sectors of investment, accounting for €2.4 billion and €1.2 billion respectively in 2005. In 2000, investment in transport was €1.5 billion while investment in energy was in the region of €700 million.

Social infrastructure expenditure increased by €1.1 billion, from €2.4 billion in 2000 to €3.5 billion in 2005. Expenditure on housing was €672 million higher in 2005 than in 2000; expenditure on health infrastructure was €199 million higher; capital spending on education was up by €42 million; and other Government construction increased by €141 million. See *Table 5.1*.

Table 5.1 Public Capital Programme 2000-2005

	€ m					
	2000	2001	2002	2003	2004	2005 ¹
Total PCP Expenditure	6,060	7,297	8,622	8,479	8,422	8,560
<i>of which :</i>						
Productive infrastructure						
Energy	703	924	1,428	1,292	1,489	1,249
Transport	1,503	1,877	2,160	2,366	2,334	2,448
Environmental Services	526	593	597	573	530	548
Telecommunications, RTE, Postal Services	76	98	106	75	45	39
Sub-Total	2,808	3,491	4,291	4,306	4,398	4,284
Social Infrastructure						
Housing	874	1,297	1,615	1,704	1,524	1,546
Education	516	561	571	440	488	558
Health	317	400	529	515	504	516
Government construction etc.	707	840	874	805	773	848
Sub-Total	2,413	3,099	3,589	3,464	3,289	3,468
Sectoral Economic Investment	838	707	742	709	735	808

Source: Department of Finance
¹ Provisional outturn

In 2000, expenditure on the construction and improvement of roads amounted to almost €940 million. This represented 62% of total spending on transport infrastructure. Expenditure on roads in 2005 was almost twice as high, at €1.8 billion, representing about three-quarters of investment in transport. See Table 5.2.

Table 5.2 Public capital expenditure on transport by constituent categories 2000-2005

	€ m					
	2000	2001	2002	2003	2004	2005 ¹
Construction and improvement of roads	938.8	1,277.6	1,470.7	1,618.4	1,732.3	1,810.2
CIE	302.9	271.8	333.4	448.1	214.5	356.1
Dublin light rail expenses	0.1	-	1.1	0.7	-	-
Railway procurement agency	-	-	29.6	67.0	-	0.5
Aer Lingus	24.4	24.7	13.3	4.3	3.7	7.1
State airports	81.5	119.0	96.3	56.0	80.0	100.0
Regional/local airports	0.3	0.8	2.9	5.4	2.3	1.5
Seaports and shipping	47.1	29.3	38.9	2.5	4.0	7.0
Electronic and other equipment	2.4	3.5	2.9	1.7	3.0	3.0
Public transport projects	0.6	0.4	7.8	7.8	10.6	23.8
Dublin transportation office	-	-	-	-	37.0	35.1
Capital costs of Dublin light rail	70.6	126.7	127.0	128.9	130.0	82.0
Irish Aviation Authority	30.2	18.1	32.5	21.2	11.5	14.1
Island access	4.2	5.0	4.0	4.4	10.4	6.6
Cross border initiatives	-	-	-	-	-	0.6
Public private partnership costs	-	-	-	-	94.2	-
Total	1,503.1	1,876.9	2,160.5	2,366.4	2,333.6	2,447.6

Source: Department of Finance
¹ Provisional outturn

In 2000, €621 million or 71% of the PCP housing expenditure was allocated to local authority and social housing. By 2005, this has almost doubled to €1.2 billion. See *Table 5.3*.

Table 5.3 Public capital expenditure on housing by constituent categories 2000-2005

	€ m					
	2000	2001	2002	2003	2004	2005 ¹
Local authority and social housing	621.3	972.2	1,178.8	1,130.4	1,117.7	1,214.1
Local authority housing loans, shared ownership etc.	180.5	239.6	339.0	465.0	326.9	276.7
Private Housing Grants	59.4	70.2	80.4	93.2	60.3	39.5
Other Housing	12.6	15.0	16.6	15.9	19.1	16.0
Total	873.9	1,297.0	1,614.8	1,704.5	1,524.0	1,546.3

Source: Department of Finance
¹ Provisional outturn

Taxation and Revenue

Stamp Duty

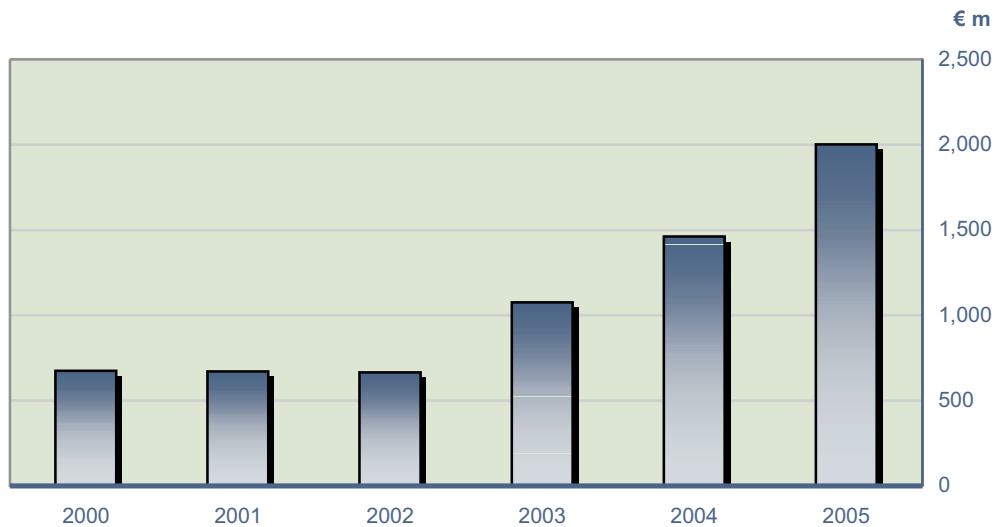
In 2000, the stamp duty relating to property-based transactions amounted to €674 million. This accounted for almost 62% of total stamp duties in that year. By 2005, the total value of stamp duties paid on property was just over €2 billion, almost three times the amount paid in 2000. Property transactions accounted for three out of every four Euro raised in stamp duty in 2005. The value of stamp duty raised from residential property amounted to €945 million or 47% of total property stamp duty in 2005. Stamp duty on non-residential property contributed €1,056 million or 53% of the total. See *Table 5.4* and *Figure 5.1*.

Table 5.4 Net receipts of stamp duties 2000-2005

	Unit	2000 ¹	2001	2002	2003	2004	2005
Total stamp duty	€ m	1,090	1,223	1,139	1,664	2,070	2,673
<i>of which:</i>							
Property stamp duty							
Residential	€ m	282	265	349	528	752	945
Non-residential	€ m	392	406	317	547	709	1,056
Total	€ m	674	671	666	1,075	1,461	2,001
Property as share of total stamp duty	%	61.8	54.9	58.5	64.6	70.6	74.9

Source: Revenue Commissioners
¹ Residential/non-residential split in 2000 is a tentative estimate

**Figure 5.1 Net receipts of stamp duty from property transactions
2000-2005**



Source: Revenue Commissioners

Mortgage Interest Relief

In the 2000/2001 tax year, Mortgage Interest Relief was estimated to have cost the exchequer €199 million and there were approximately 420,000 claimants. In 2005, provisional figures indicate that the cost of Mortgage Interest Relief had increased by 40% to €279 million and there were 500,000 claimants. See Table 5.5 and Figure 5.2.

Table 5.5 Mortgage interest relief - cost to the exchequer 2000-2005

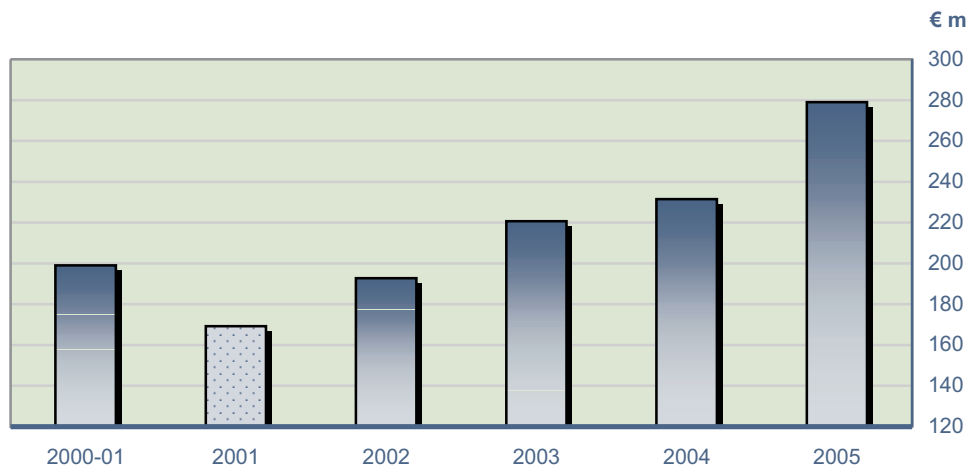
	Unit	2000-01	2001 ¹	2002	2003 ²	2004 ²	2005 ²
Mortgage interest relief cost	€ m	199	169	193	221	232	279
Claimants	000	419	425	430	444	477	500

Source: Revenue Commissioners

¹ "Short" tax year (April-December 2001) as tax year was aligned with calendar year from 1 January 2002

² Provisional

**Figure 5.2 Mortgage interest relief – cost to the exchequer
2000-2005**



Source: Revenue Commissioners

Note: 2001 was short tax year

Value Added Tax Registrations

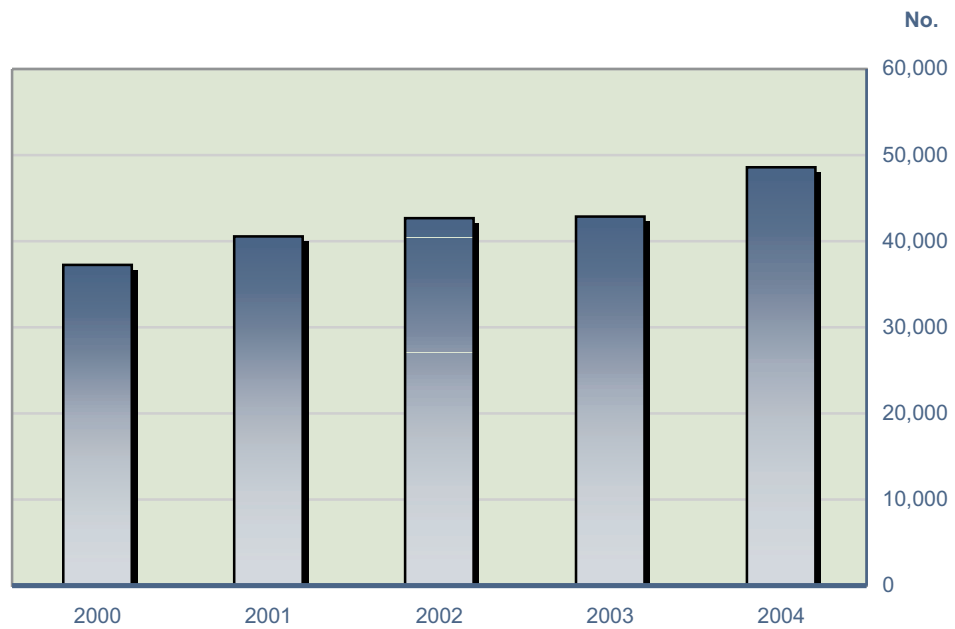
In 2000, there were approximately 37,200 firms registered for VAT in the construction sector. By 2004, this had increased to 48,600. See *Table 5.6* and *Figure 5.3*.

Table 5.6 VAT registrations in construction sector 2000-2004

	Number				
	2000	2001	2002	2003	2004
Construction (including Builders, Civil Engineering and Related Trades)	37,242	40,562	42,686	42,881	48,591

Source: Revenue Commissioners

Figure 5.3 VAT registrations in construction sector 2000-2004



Source: Revenue Commissioners

Chapter 6

House Completions and Housing Stock

House Completions

House building in Ireland has experienced significant growth in recent years. The annual number of houses and apartments completed increased from under 20,000 in 1990 to more than 86,000 in 2005. In 2000, there were 49,800 completions and this has increased every year since then. This was mostly due to the construction of private houses and apartments. See *Table 6.1 and Figure 6.1*.

Table 6.1 House completions 2000 - 2005

	Unit	2000	2001	2002	2003	2004	2005 ¹
Completions							
Private housing units	No.	46,657	47,727	51,932	62,686	71,808	80,629
Local authority housing units	No.	2,204	3,622	4,403	4,516	3,539	4,209
Voluntary housing units	No.	951	1,253	1,360	1,617	1,607	1,350
Total completions	No.	49,812	52,602	57,695	68,819	76,954	86,188
Share of Completions							
Private housing units	%	93.7	90.7	90.0	91.1	93.3	93.5
Local authority housing units	%	4.4	6.9	7.6	6.6	4.6	4.9
Voluntary housing units	%	1.9	2.4	2.4	2.3	2.1	1.6

Source: DEHLG Housing Statistics

¹ Incorporating upward adjustment by CSO to 2005 housing completions estimate

Note: The 2005 estimate of 86,188 house completions includes an upward adjustment by the CSO of about 5,200 units. The adjustment takes account of work in progress which had not been included in the DEHLG data for 2005.

Figure 6.1 Private house completions 2000-2005



Source: DEHLG Housing Statistics

Note: Incorporating upward adjustment by CSO to 2005 housing completions estimate

Ireland has a high level of house building relative to the size of its population. In 1990, just 5.6 houses and apartments were completed per 1,000 of population; by 2005 this ratio had increased to 20.9 per 1,000. Chapter 11 presents corresponding data for other European countries. See Table 6.2.

Table 6.2 Houses completed per 1,000 of population in Ireland 1990 - 2005

	Unit	1990	1995	2000	2001	2002	2003	2004	2005
House completions ^{1, 3}	No.	19,539	30,575	49,812	52,602	57,695	68,819	76,954	86,188
Population ²	000	3,506	3,601	3,790	3,847	3,917	3,979	4,044	4,131
Completions per 1000 inhabitants	No.	5.6	8.5	13.1	13.7	14.7	17.3	19.0	20.9

Source: ¹ DEHLG Housing Statistics

Source: ² CSO - Population and Migration Estimates - (April)

³ Incorporating upward adjustment by CSO to 2005 housing completions estimate

Type of Completions

The DEHLG published a breakdown of completions by type of housing unit, up to the end of 2004. Between 2000 and 2004, total house completions grew by 27,100. Semi-detached houses accounted for the major part of this increase (+23,300). There was an increase of 7,200 in the number of apartments completed, while the number of bungalows and detached houses both declined. Semi-detached houses represented about 30% of new homes in 2000. This increased to almost 50% in 2004. Flats and apartments accounted for 18% of new homes in 2000 and for 21% in 2004. Corresponding figures on the type of new housing units are not available for 2005. See Table 6.3.

Table 6.3 Type of house completions 2000-2004

Year	Unit	Bungalow	House Detached	House Semi-Detached	House Terraced	Flat / Apartment	Total ¹
Number of completions							
2000	No.	9,070	14,828	14,470	2,158	8,886	49,412
2001	No.	9,029	15,471	14,006	3,070	10,626	52,202
2002	No.	8,870	13,157	18,633	4,997	11,638	57,295
2003	No.	8,934	13,276	23,522	7,848	14,839	68,419
2004	No.	6,665	13,516	37,736	2,531	16,106	76,554
Share of completions							
2000	%	18.3	30.1	29.3	4.4	18.0	100.0
2001	%	17.3	29.6	26.8	5.9	20.4	100.0
2002	%	15.5	23.0	32.5	8.7	20.3	100.0
2003	%	13.0	19.5	34.4	11.5	21.7	100.0
2004	%	8.7	17.7	49.3	3.3	21.0	100.0

Source: DEHLG Housing Statistics

¹ Breakdown of house by type does not include a number of conversions estimated to be 400 per annum. Therefore, the total of all house types completed does not equal the total in Table 6.1

Housing Stock

The Census of Population is one of the most important sources of information on households and on the stock of housing. During the course of the April 2006 census, the CSO enumerators identified a total of 1.8 million private residences and communal establishments throughout the State. They delivered blank census questionnaires to 1.5 million dwellings that were expected to be occupied on census night. Approximately 275,000 residences were vacant at the time of the census while in the remaining cases the household was either enumerated elsewhere or temporarily absent from the State.

The DEHLG also produces an estimate of the total housing stock in Ireland. The estimate which is derived by annual updating of the Census of Population figures, indicated that there were about 1.69 million dwelling units in the State in 2005. This figure is subject to revision by DEHLG in light of the April 2006 census figures.

Chapter 7

House Prices and Construction Costs

House Prices

The DEHLG produces estimates of average house prices based on data from mortgage lending agencies. While changes in the type and size of houses purchased probably have some effect, figures clearly show a steep increase in house prices in recent years.

In 2000, the average price of a new house was €166,200. By 2005, this had increased by 64% to €272,000. Over the same period, secondhand house prices increased by 74%, from €190,200 in 2000 to €330,300 in 2005. Between 2004 and 2005, new house prices increased by 11.1% and secondhand prices increased by 12%. See *Table 7.1, Figure 7.1 and Figure 7.2*.

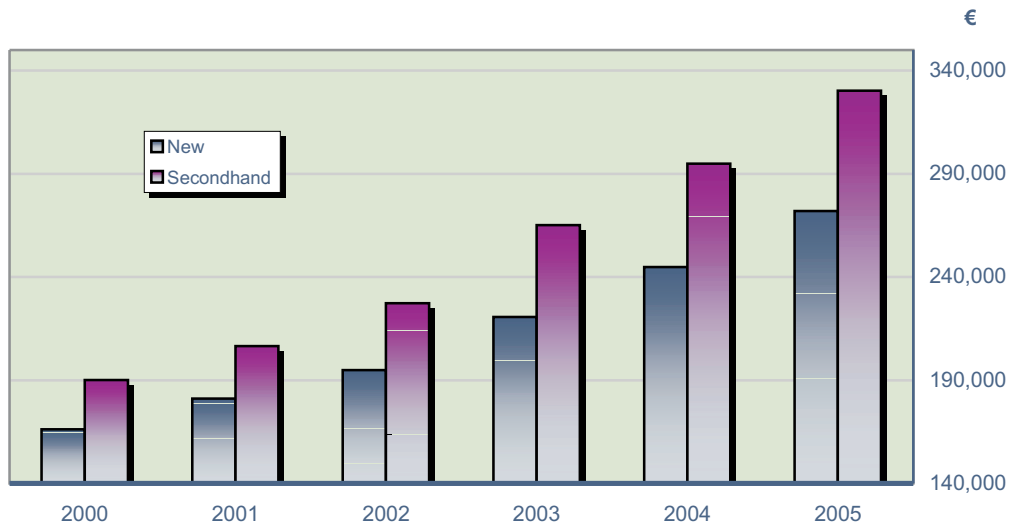
Table 7.1 House prices¹ at loan approval stage 2000-2005

	Unit	2000	2001	2002	2003	2004	2005
New	€	166,155	181,146	194,835	220,573	244,852	272,034
Annual change	%	13.0	9.0	7.6	13.2	11.0	11.1
Secondhand	€	190,165	206,490	227,329	265,110	294,948	330,348
Annual change	%	16.6	8.6	10.1	16.6	11.3	12.0

Source: DEHLG Housing Statistics

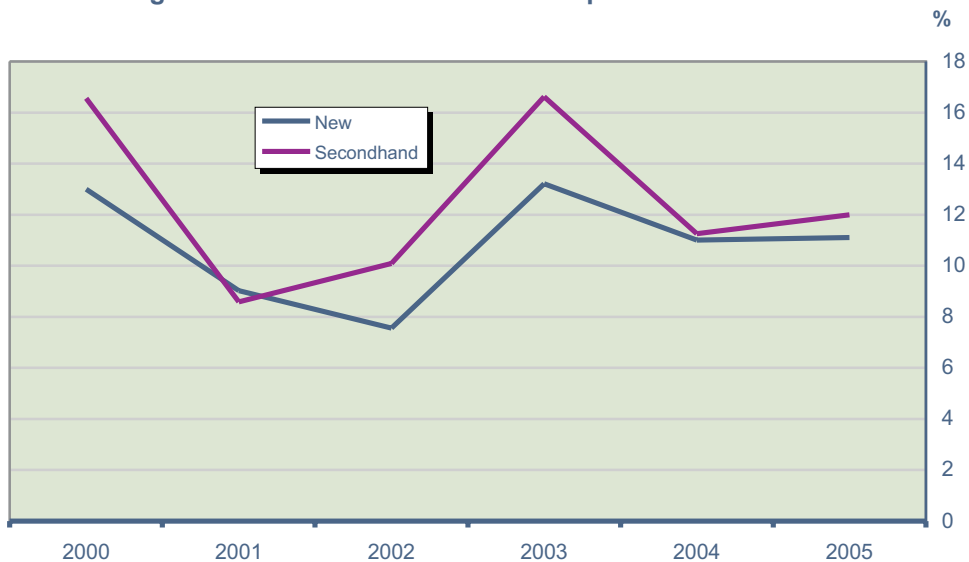
¹ Average price for which loans were approved by all agencies - excludes apartments

Figure 7.1 National house prices 2000-2005



Source: DEHLG Housing Statistics
 Note: Excludes apartments

Figure 7.2 Annual increase in house prices 2000-2005



Source: DEHLG Housing Statistics
 Note: Excludes apartments

Apartment Prices

With the exception of 2001, new apartment prices have increased steadily in the past number of years. The average price of a new apartment in 2000 was €205,700. The corresponding figure in 2005 was €293,200, an increase of 43%. The average price of a secondhand apartment grew by 68% in the five years, from €196,900 in 2000 to €330,800 in 2005. See Table 7.2 and Figure 7.3.

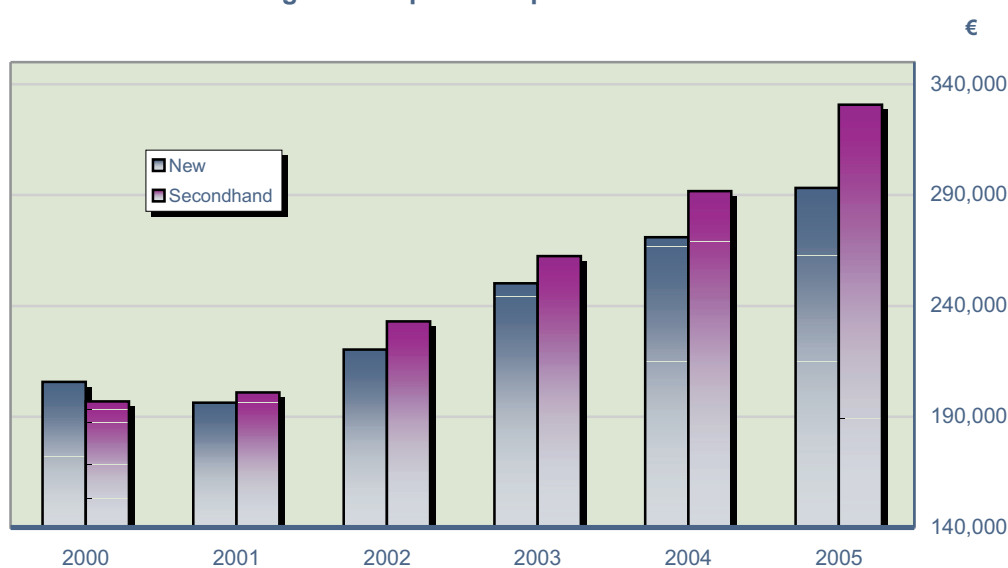
Table 7.2 Apartment prices¹ at loan approval stage 2000-2005

	Unit	2000	2001	2002	2003	2004	2005
New	€	205,682	196,386	220,298	250,235	271,016	293,232
Annual change	%	22.4	-4.5	12.2	13.6	8.3	8.2
Secondhand	€	196,949	201,014	233,080	262,459	291,758	330,844
Annual change	%	18.3	2.1	16.0	12.6	11.2	13.4

Source: DEHLG Housing Statistics

¹ Average price for which loans were approved by all agencies

Figure 7.3 Apartment prices 2000-2005



Source: DEHLG Housing Statistics

Range of Prices Paid

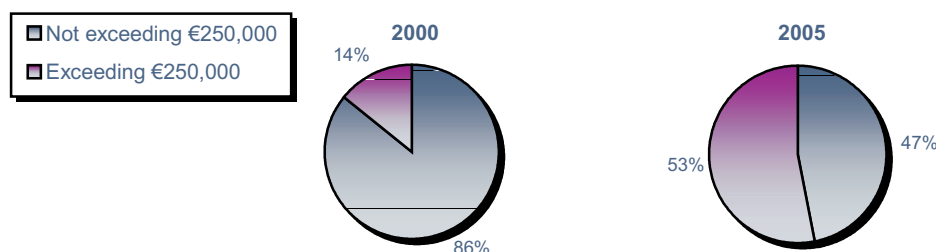
The increase in house prices is reflected in the range of prices paid. In 2000, 45% of houses and apartments cost less than €150,000 and about three-quarters cost less than €200,000. In 2005, just a quarter cost less than €200,000 while more than half of all houses and apartments purchased cost more than €250,000. See Table 7.3, Table 7.4 and Figure 7.4.

Table 7.3 Range of house and apartment prices 2000-2005

Year	Not exceeding €150,000	€150,001 to €200,000	€200,001 to €250,000	€250,001 to €300,000	€300,001 to €350,000	Exceeding €350,000	Total
2000	45.3	28.8	11.8	5.6	3.1	5.4	100.0
2001	33.3	33.5	16.3	7.1	3.8	6.0	100.0
2002	25.6	33.4	18.6	8.4	4.9	9.1	100.0
2003	18.0	28.8	21.1	13.4	6.7	12.0	100.0
2004	11.3	25.0	22.2	16.6	9.1	15.8	100.0
2005	6.3	18.8	21.9	18.7	12.5	21.8	100.0

Source: DEHLG Housing Statistics

Figure 7.4 Range of house and apartment prices 2000 and 2005



Source: DEHLG Housing Statistics

Table 7.4 Range of prices for new and secondhand houses and apartments 2005

	Not exceeding €150,000	€150,001 to €200,000	€200,001 to €250,000	€250,001 to €300,000	€300,001 to €350,000	Exceeding €350,000	Total
New	6.5	22.8	23.6	19.2	11.5	16.4	100.0
Secondhand	6.1	15.7	20.6	18.2	13.4	26.0	100.0

Source: DEHLG Housing Statistics

Cost of Purchase

Taking the average new house price of €166,155 in 2000, a “typical” 90% mortgage over 20 years would have resulted in a monthly repayment of €1,021. This is an illustrative repayment figure generated by the CSO. Between 2000 and 2005, the average price of a new house increased to €272,034 while the average interest rate for the year changed from 5.4% to 3.3%. The combined effect of these changes was that a 90% mortgage on an average new house purchased in 2005 would have required a monthly repayment of €1,395.

The corresponding monthly repayment figures on a 35-year 90% mortgage were €794 for a new house purchased in 2000 and €984 for an average new house bought in 2005. See *Table 7.5*.

Table 7.5 Cost of house purchase 2000-2005

	Unit	2000	2001	2002	2003	2004	2005
Price ¹	€	166,155	181,146	194,835	220,573	244,852	272,034
90% mortgage amount	€	149,540	163,031	175,352	198,516	220,367	244,831
Average illustrative mortgage interest rate ²	%	5.4	5.7	4.7	3.7	3.3	3.3
20 year mortgage monthly repayment ³	€	1,021	1,141	1,129	1,172	1,256	1,395
35 year mortgage monthly repayment ³	€	794	898	853	844	886	984

Source: ¹ DEHLG Housing Statistics - based on prices of new houses (excluding apartments)

Source: ² DEHLG - Estimated average loan rates

Source: ³ Illustrative figures generated by the CSO - based on repayment of principal and interest only (does not include other costs)

House Prices and the Consumer Price Index

House price movements over time are indirectly reflected within the Consumer Price Index (CPI) through the inclusion of a mortgage interest payment indicator. This indicator is calculated by estimating the effect of changing house prices and mortgage interest rates on the average level of mortgage interest payments by all households in the country. It represented 4.63% of the CPI "basket" of household goods and services in December 2001. This indicator can have a significant impact on overall inflation rates particularly at times when mortgage interest rates change.

From 2000 to 2005, the overall CPI and the CPI excluding mortgages increased by about the same percentage (18.9% and 18.6% respectively over the five years). However, looking at the annual change between 2004 and 2005, the overall CPI increased by 2.5% while the mortgage interest indicator increased by 12.3%. The increase in the mortgage interest index in 2005 reflected higher house prices and an increase in interest rates towards the end of the year. If mortgage interest was excluded, the CPI would have increased by 1.9% in the year. See *Table 7.6*.

Table 7.6 Consumer Price Indices 2000-2005

	December 2001 = 100					
	2000	2001	2002	2003	2004	2005
CPI - Overall	93.6	98.2	102.7	106.3	108.6	111.3
CPI - Excluding mortgages	93.7	97.7	102.6	106.8	109.0	111.1
CPI - Mortgage interest	91.6	114.3	105.6	96.9	102.1	114.7

Source: CSO - Consumer Price Index

Construction Costs and House Building Cost Index

The Wholesale Price Index (WPI) includes a sub-index measuring general price trends for building and construction materials. In addition the DEHLG also produces an index of house building costs. The WPI shows that the cost for all building materials has increased by 24% since 2000. Much of this increase took place in 2004 and 2005. Structural steel and reinforcing metal have shown a 56% increase between 2000 and 2005; while ready mixed mortar and concrete increased by 12% over the period. The house building cost index rose by almost 33% over the same five-year period while house prices increased by 64%. See *Table 7.7*.

Table 7.7 Comparison of price indices 2000-2005

2000 = 100

	2000	2001	2002	2003	2004	2005
Building and construction - All materials ^{1, 3}	100.0	105.0	108.0	108.8	118.2	124.2
<i>of which :</i>						
Stone, Sand and Gravel	100.0	113.3	121.3	125.8	128.7	139.1
Ready Mixed Mortar and Concrete	100.0	106.8	112.0	112.3	109.8	112.2
Structural Steel and Reinforcing Metal	100.0	104.2	104.2	105.4	145.8	156.0
Electrical Fittings	100.0	97.6	96.0	88.8	101.4	109.1
House building cost index ^{2, 4}	100.0	114.5	121.8	125.2	128.7	132.6
House price index ^{3, 5}	100.0	109.0	117.3	132.8	147.4	163.7

Source: ¹ CSO - Wholesale Price Index

Source: ² DEHLG Housing Statistics

³ Excluding VAT

⁴ Index relates solely to labour and material costs which should normally not exceed 65% of total price of house. It does not include items such as overheads, profit, interest charges, land development etc.

⁵ House price index based on average national price of new house for which loans were approved by all agencies - excludes apartments

Chapter 8

Mortgages, Interest Rates and Affordability

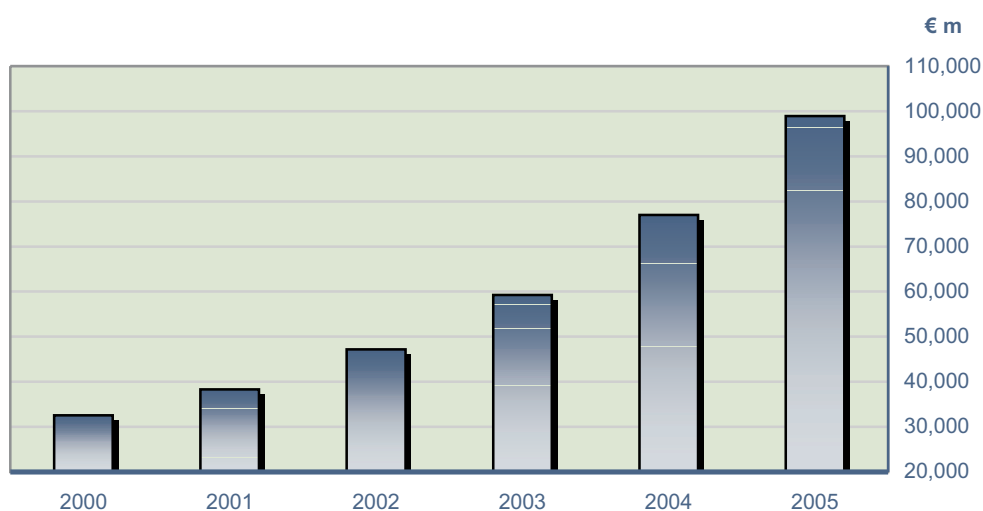
Mortgages

The total level of mortgage debt of Irish residents has increased substantially over the past 15 years. In 1990, the outstanding level of mortgage debt was €6.6 billion. By 1995 this had increased by over 80% to almost €12 billion. It grew to €32.5 billion in 2000 and to almost €100 billion in 2005. See *Table 8.1 and Figure 8.1*.

Table 8.1 Residential mortgage lending 2000-2005 (December figures)

	Unit	2000	2001	2002	2003	2004	2005
Value of mortgage debt ¹	€ m	32,546	38,343	47,212	59,242	77,029	98,956
Annual change	%	24.3	17.8	23.1	25.5	30.0	28.5
Source: Central Bank and Financial Services Authority of Ireland							
¹ The level of outstanding securitised mortgages (i.e. the initial amount of the securitisation less all repayments of capital made by the borrowers) has been added to the outstanding level of residential mortgages and a year-to-year change calculated in order to more accurately capture the indebtedness of Irish residents for housing purposes							
Note: Mortgages extended on a cross-border basis not included							

Figure 8.1 Total mortgage debt of Irish residents 2000-2005



Source: Central Bank and Financial Services Authority of Ireland

Table 8.2 shows the monetary value and number of loans paid out by lending agencies in each year from 2000 to 2005. The annual number of loans paid out increased by almost 45% over the period, from 74,300 in 2000 to 107,700 in 2005. The average loan in 2000 was €102,300 but by 2005 this had almost doubled to reach €200,000. See Table 8.2 and Figure 8.2.

Table 8.2 Loans paid in each year 2000-2005

	Unit	2000	2001	2002	2003	2004	2005
Value of loans	€ m	7,598.2	7,664.0	10,825.2	13,523.7	16,933.2	21,535.8
Number of loans	No.	74,258	66,786	79,292	84,749	98,709	107,680
Average loan	€	102,322	114,755	136,523	159,574	171,547	199,998

Source: DEHLG Housing Statistics

Note: Data contains an unquantified element of refinancing of existing mortgages

Figure 8.2 Average size of loans paid out 2000-2005



Source: DEHLG Housing Statistics

Based on the value of loans, building societies accounted for 18.2% of the mortgage lending market in 2005 while banks had a market share of 81.7%. Local authorities accounted for 0.1% of housing market lending. See Table 8.3.

Table 8.3 Share of mortgage market based on value of loans paid 2000-2005

	2000	2001	2002	2003	2004	2005
Building societies	21.7	23.4	21.7	19.5	19.7	18.2
Banks and other agencies	78.2	76.5	78.1	80.4	80.2	81.7
Local authorities	0.1	0.1	0.2	0.1	0.1	0.1

Source: DEHLG Housing Statistics

Interest Rates

In 2000, variable rate mortgages accounted for 69% of outstanding mortgage debt and fixed rate loans accounted for 31%. While lending increased in both categories, the market share of variable and fixed rate mortgages changed in the following years. In 2005, 83% of mortgage lending was variable rate and 17% was fixed rate. See Table 8.4 and Figure 8.3.

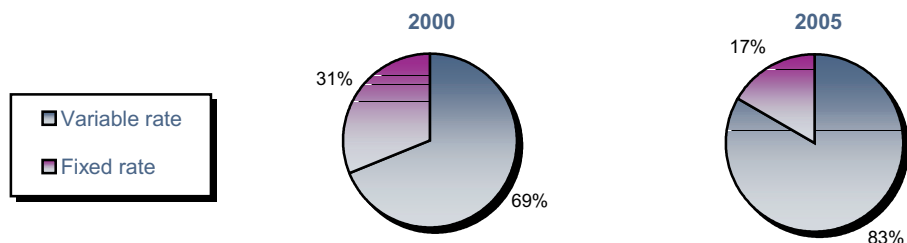
Table 8.4 Analysis of fixed and variable rate mortgages 2000-2005 (December figures)

	Unit	2000	2001	2002	2003	2004	2005
Variable rate value	€ m	20,319	24,378	33,137	44,007	60,563	78,458
Fixed rate value	€ m	9,155	9,647	10,279	10,607	12,557	15,801
Variable rate share	%	68.9	71.6	76.3	80.6	82.8	83.2
Fixed rate share	%	31.1	28.4	23.7	19.4	17.2	16.8

Source: Central Bank and Financial Services Authority of Ireland

Note: Figures do not include securitised mortgages sent abroad and variable rate includes fixed rate mortgages of up to and including 1 year

Figure 8.3 Share of residential mortgages 2000 and 2005



Source: Central Bank and Financial Services Authority of Ireland

Table 8.5 shows the average mortgage interest rate for the years 1990, 1995 and 2000 to 2005. In recent years, interest rates have been at historically low levels. See Table 8.5.

Table 8.5 Average mortgage interest rates 1990-2005

	1990	1995	2000	2001	2002	2003	2004	2005
Illustrative rate	11.4	7.3	5.4	5.7	4.7	3.7	3.3	3.3

Source: DEHLG - estimated average loan rates

Table 8.6 shows, for illustrative purposes, the monthly repayments, the amount of interest and the principal paid at different rates of interest. A €200,000 mortgage borrowed over a twenty year term at a fixed interest rate of 3% would require an estimated monthly payment of €1,110. At the end of the first year, this will have repaid €7,409 of the principal and €5,900 of interest. At higher interest rates, the monthly payment is higher (e.g. €1,213 per month at 4%) and the principal is repaid more slowly. The effect over the lifetime of a loan is that the total interest paid is substantially higher as interest rates increase. For example, at a fixed rate of 3% per annum, over €66,000 interest is paid on a €200,000 mortgage over 20 years. At a rate of 4%, the total interest paid over 20 years rises to €91,000. See Table 8.6.

Table 8.6 Analysis of €200,000 mortgage repaid over 20 years

	3%			4%			5%		
	Monthly Payment:	€1,110		Monthly Payment:	€1,213		Monthly Payment:	€1,321	
Year	Interest repaid in year	Principal repaid in year	Balance outstanding at end of year	Interest repaid in year	Principal repaid in year	Balance outstanding at end of year	Interest repaid in year	Principal repaid in year	Balance outstanding at end of year
	€	€	€	€	€	€	€	€	€
1	5,906	7,409	192,591	7,892	6,660	193,340	9,884	5,968	194,032
2	5,680	7,635	184,957	7,620	6,932	186,408	9,578	6,274	187,758
3	5,448	7,867	177,090	7,337	7,215	179,193	9,257	6,596	181,162
4	5,208	8,107	168,983	7,042	7,509	171,684	8,919	6,934	174,228
5	4,961	8,353	160,629	6,736	7,816	163,868	8,563	7,289	166,939
10	3,609	9,705	114,888	5,006	9,546	119,737	6,493	9,359	124,490
15	2,039	11,276	61,744	2,892	11,659	65,835	3,835	12,017	69,984
20	214	13,100	0	311	14,241	0	422	15,432	0
	Total interest paid:	€66,294		Total interest paid:	€91,034		Total interest paid:	€117,046	

Source: Illustrative figures generated by the CSO

Note: Based on repayment of principal and interest only (does not include other costs)

The Profile of Borrowers

With increasing house prices, the size of loans taken out has increased. In 2000, 58% of loans were for less than €100,000, 37% were between €100,000 and €200,000 and fewer than 5% were for €200,000 or more. In 2005, just 11% of new mortgages were under €100,000, 42% were between €100,000 and €200,000 and 47% were over €200,000. See *Table 8.7*.

Table 8.7 Percentage distribution of new mortgages by size of loan 2000-2005

Year	Not exceeding €100,000	€100,001 to €150,000	€150,001 to €200,000	€200,001 to €250,000	€250,001 to €300,00	Exceeding €300,000
2000	58.0	26.8	10.6	2.3	1.2	1.1
2001	47.3	30.3	14.8	3.0	2.6	2.0
2002	36.4	31.1	20.0	6.6	2.6	3.4
2003	26.1	30.0	23.9	11.0	4.8	4.3
2004	15.3	23.4	27.4	16.5	8.8	8.7
2005	10.8	16.6	25.6	19.6	13.3	14.0

Source: DEHLG Housing Statistics

The income profile of borrowers has also changed over the past five years. In 2000, almost 45% of borrowers were earning a gross income of less than €50,000. By 2005, this had decreased to 19% of borrowers. Less than a quarter of borrowers (23.3%) earned more than €70,000 in 2000, but by 2005, almost one in every two borrowers (47.6%) stated that they earned more than €70,000. See *Table 8.8*.

Table 8.8 Ranges of incomes of borrowers 2000-2005

Year	Not exceeding €40,000	€40,001 to €50,000	€50,001 to €60,000	€60,001 to €70,000	€70,001 to €80,000	Exceeding €80,000
2000	22.9	22.0	18.5	13.3	8.6	14.7
2001	17.1	22.3	21.0	15.5	9.4	14.7
2002	15.1	19.2	20.6	15.8	10.4	19.0
2003	19.0	18.8	19.5	14.6	9.9	18.3
2004	8.0	14.4	18.3	16.1	12.2	30.9
2005	6.4	12.8	17.0	16.2	12.5	35.1

Source: DEHLG Housing Statistics

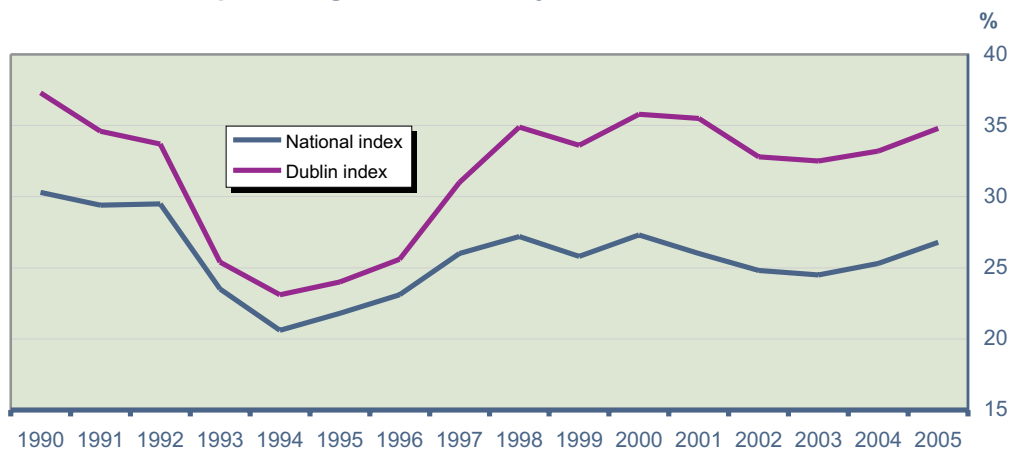
Note: Based on combined income of borrowers

Affordability

The DEHLG affordability index aims to measure the percentage of net household income typically used to service a mortgage. The index is calculated on the basis of the monthly mortgage payment for a 90% loan on an average new house over twenty years, as a percentage of the net income of a two-earner household on average wages. A higher percentage indicates that home ownership is less affordable.

In 1994, mortgage payments calculated on this basis represented 21% of monthly income for a two-earner household. In Dublin, mortgage payments represented 23% of income. By 2005, the national affordability indicator had increased to 27% of net household income. In Dublin, it had increased to 35% of income. See *Figure 8.4*.

Figure 8.4 Affordability index - mortgage payments as percentage of net monthly income 1990-2005



Source: DEHLG Housing Statistics

Note: Based on two income household - average industrial and non-industrial wage

Chapter 9

Planning Permissions and Land

Number of Planning Permissions

Planning permissions are a leading indicator of future construction activity. In 2005, just over 50,600 permissions were granted. Half of these (25,300) related to construction of new dwellings, with a total floor area of 13,165,000 square metres. This compares with permissions granted for 10,463,000 square metres of new dwellings in 2001. There were 7,700 permissions granted in 2005 for non-residential new construction. See *Table 9.1*.

Table 9.1 Planning permissions granted 2001-2005

	Unit	2001	2002	2003	2004	2005
New Construction- Dwellings						
<i>Number of permissions</i>	No.	23,613	19,728	20,949	27,512	25,334
<i>Total floor area</i>	000 m ²	10,463	8,792	9,611	12,795	13,165
New Construction- Other than dwellings						
<i>Number of permissions</i>	No.	6,197	5,926	5,932	6,717	7,699
<i>Total floor area</i>	000 m ²	4,023	4,004	3,937	4,258	4,957
Extensions						
<i>Number of permissions</i>	No.	12,837	12,322	12,159	13,468	14,882
<i>Total floor area</i>	000 m ²	1,722	1,623	1,497	1,665	1,872
Alteration, Conversion and Renovation						
<i>Number of permissions</i>	No.	2,853	2,924	2,577	2,575	2,689
<i>Total floor area</i>	000 m ²	n/a	n/a	n/a	n/a	n/a
Total planning permissions	No.	45,500	40,900	41,617	50,272	50,604
Total floor area of planning permissions	000 m²	16,206	14,420	15,044	18,719	19,995

Source: CSO - Planning Permissions

Planning Permissions for Houses and Apartments

In 2000 planning permission was granted for 73,800 houses and 17,400 apartments. In 2005 permission was granted for a total of 75,700 houses and 23,700 apartments. The number of apartment units granted planning permission was higher in some of the intervening years. For example, in 2003 permission was granted for 28,700 apartments and in 2004 for 32,100 apartments.

A breakdown available since 2003 shows the number of one-off houses and multi-unit development houses granted permission. Of the 49,600 houses granted planning permission in 2003, 17,600 were one-off houses and 32,000 were in multi-unit developments. In 2005, the number of one-off houses granted permission had increased to 20,900 while the number in multi-unit developments increased more steeply, to 54,800. See *Table 9.2 and Figure 9.1*.

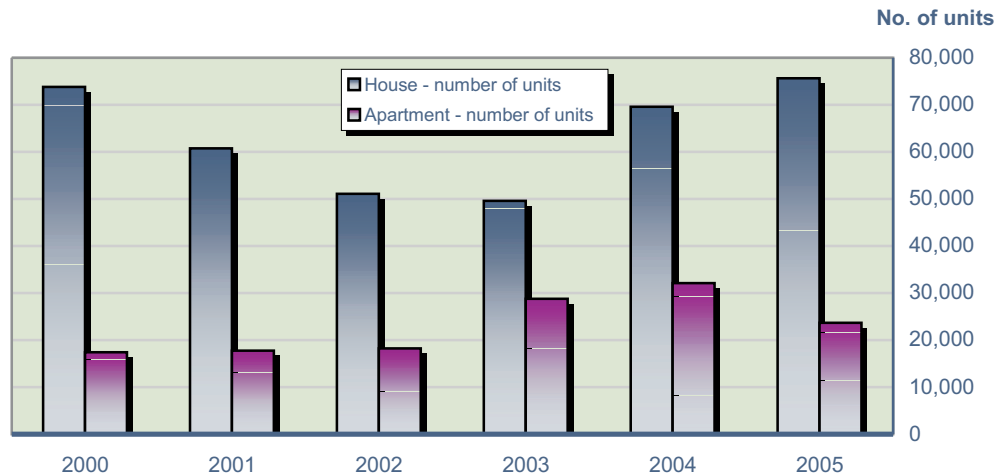
Table 9.2 Number of dwelling units for which planning permissions were granted 2000-2005

	Unit	2000	2001	2002	2003	2004	2005
Houses - multi-development units ¹	No.	-	-	-	32,043	46,202	54,782
Houses - one-off units ¹	No.	-	-	-	17,562	23,374	20,868
Houses - total units	No.	73,828	60,729	51,055	49,605	69,576	75,650
Apartment units	No.	17,415	17,780	18,259	28,749	32,077	23,702
Total	No.	91,243	78,509	69,314	78,354	101,653	99,352
Share of planning permissions							
Houses - multi-development units ¹	%	-	-	-	40.9	45.5	55.1
Houses - one-off units ¹	%	-	-	-	22.4	23.0	21.0
Houses - total units	%	80.9	77.4	73.7	63.3	68.4	76.1
Apartments units	%	19.1	22.6	26.3	36.7	31.6	23.9

Source: CSO - Planning Permissions

¹ Multi-development houses and one-off houses were not separately categorised until Qtr 2 2002

Figure 9.1 Residential planning permissions granted 2000-2005



Source: CSO - Planning Permissions

Floor Area

The average floor size for houses granted planning permission in multi-unit developments was 125m² in 2005. The average floor area for planned one-off houses was 214m², or 72% larger than for multi-unit development houses. The average area for apartments was 78m². See *Table 9.3*.

Table 9.3 Average floor area of planning permissions granted 2001-2005

	2001	2002	2003	2004	2005
					m ²
Houses - multi-development units ¹	-	-	118.7	119.1	124.5
Houses - one-off units ¹	-	-	198.9	204.7	213.6
Houses - all units	149.1	143.6	147.1	147.8	149.1
Apartments	78.2	77.9	79.3	76.7	78.2

Source: CSO - Planning Permissions
¹ Multi-development houses and one-off houses were not separately categorised until Qtr 2 2002

Supply of Zoned Land

The DEHLG produces an estimate of zoned land for residential development based on a land availability survey undertaken by local authorities. In 2000, there were 10,800 hectares of land zoned for housing, with a potential for over 263,300 housing units. In 2005, there were 14,800 hectares with a potential for almost 460,000 housing units. The potential housing density of zoned land increased from 24 units per hectare in 2000 to 31 units in 2005. See *Table 9.4*.

Table 9.4 Supply of zoned serviced housing land 2000-2005 (as at June 30 each year)

	Unit	2000	2001	2002	2003	2004	2005
Area	Hectares	10,775	8,816	12,177	12,819	12,540	14,782
Number of units	No.	263,346	247,290	327,784	368,705	366,724	459,641
Average units per hectare	No.	24.4	28.1	26.9	28.8	29.2	31.1

Source: DEHLG Housing Statistics

Chapter 10

Regional Analysis

Construction Output

The value of construction output in the State is estimated to have reached €31.6 billion in 2005. Estimates of the regional breakdown of construction activity, produced by DKM and the DEHLG, are available up to 2004. The Dublin region is estimated to have generated almost 28% of total construction output in 2004, somewhat lower than the region's one third share of output in 2000 and 2001. See *Table 10.1*.

Table 10.1 Share of construction output by region 2000-2004

	2000	2001	2002	2003	2004
Border	10.3	10.5	10.5	10.7	11.2
Dublin	33.9	33.5	31.0	29.3	27.7
Mid-East	10.7	11.4	11.8	12.1	11.8
Midland	4.9	5.0	6.5	6.3	6.8
Mid-West	9.0	8.6	8.3	8.0	8.7
South-East	10.0	8.6	9.4	9.6	9.9
South-West	12.0	12.5	12.5	13.7	13.7
West	9.2	9.9	10.1	10.4	10.2

Source: DKM - DEHLG "Review of the Construction Industry 2004 and Outlook 2005-2007"

Construction Employment

In the second quarter of 2005 almost 53,000 people living in Dublin were employed in the construction sector. This is an increase of almost 14,000 or 35% compared to the same period of 2000. Construction employment increased in all regions between 2000 and 2005. The highest percentage increase was in the South-East (up by 13,200 persons or 75%). See Table 10.2.

Table 10.2 Employment in construction by region 2000-2005 (Qtr 2)

	2000	2001	2002	2003	2004	2005
						000
Border	18.7	19.9	21.5	20.5	23.1	27.2
Dublin	39.3	43.1	42.0	42.8	41.9	52.9
Mid-East	21.3	24.5	26.2	28.3	28.2	31.4
Midland	10.5	11.2	11.2	11.7	14.7	16.5
Mid-West	14.7	15.2	14.2	14.1	17.8	18.0
South-East	17.6	18.5	20.1	22.0	24.6	30.8
South-West	26.0	28.2	27.1	29.4	33.1	37.5
West	17.9	19.3	20.0	22.6	22.6	28.0
Total	166.2	180.0	182.2	191.4	206.0	242.4

Source: CSO - Quarterly National Household Survey

Figure 10.1 compares regional shares of construction employment and output. The Dublin region accounted for 28% of construction output and 20% of construction employment in 2004. The difference reflects two factors: the generally larger scale of construction projects in Dublin and the fact that many workers commute to Dublin from surrounding areas. The QNHS employment figures are based on the region where a worker lives. See Figure 10.1.

Figure 10.1 Regional output and employment 2004



Source: DKM - DEHLG "Review of the Construction Industry 2004 and Outlook 2005-2007"
 Source: Quarterly National Household Survey - Qtr 2

House Prices

DEHLG estimates showed that in 2000, the average price of a new house in Dublin was just over €216,000; by 2005 this had increased by 78% to exceed €386,000. The next most expensive location was Galway followed by Cork. The average price of a new house in Galway was €274,700 in 2005 and in Cork the average price was €264,700. The average price of a secondhand hand home in Dublin in 2005 was €456,000, an increase of 84% since 2000. See *Table 10.3*.

Table 10.3 House prices¹ by location 2000-2005

	2000	2001	2002	2003	2004	2005
€						
New houses						
Cork	164,535	175,372	184,884	210,733	236,076	264,719
Dublin	216,433	252,192	259,381	302,270	343,251	386,089
Galway	160,972	171,578	187,194	222,578	241,545	274,745
Limerick	146,838	154,515	169,577	193,854	209,850	226,773
Waterford	145,087	157,767	169,681	193,642	218,447	245,315
Other areas	154,141	167,493	179,988	203,421	228,974	255,730
Secondhand houses						
Cork	169,491	180,467	200,633	241,032	270,256	307,285
Dublin	248,451	271,421	302,053	364,738	402,687	456,050
Galway	168,121	192,652	207,757	250,600	278,083	319,727
Limerick	140,397	158,600	172,731	201,881	218,693	231,267
Waterford	141,922	157,830	172,521	202,371	221,124	252,689
Other areas	158,679	171,958	192,805	218,910	236,565	264,023
Source: DEHLG Housing Statistics						
¹ Average price for which loans were approved by all agencies - excludes apartments						

Apartment Prices

In 2000, the average price of a new apartment in Dublin was just over €243,000 while a secondhand apartment cost just over €232,000. The average price of a secondhand apartment in Dublin reached almost €365,000 in 2005. See *Table 10.4*.

Table 10.4 Apartment prices¹ by location 2000-2005

	2000	2001	2002	2003	2004	2005
€						
New apartments						
Cork	191,725	159,741	175,674	229,976	251,942	271,960
Dublin	243,338	224,485	249,250	274,347	299,667	323,116
Galway	190,509	168,145	190,217	231,084	248,041	276,527
Limerick	137,457	129,876	159,457	221,717	217,585	224,873
Waterford	152,424	127,174	137,604	223,468	237,372	264,456
Other areas	150,911	153,404	179,112	198,214	215,978	236,170
Secondhand apartments						
Cork	160,047	158,691	190,166	229,819	322,076	303,132
Dublin	232,431	239,238	269,651	300,906	319,333	364,708
Galway	147,914	164,763	196,515	238,265	286,113	300,655
Limerick	163,216	138,977	167,312	196,116	221,118	245,618
Waterford	138,869	119,477	144,187	193,852	197,642	254,427
Other areas	149,350	152,440	180,778	197,998	219,627	256,480

Source: DEHLG Housing Statistics

¹ Average price for which loans were approved by all agencies.

House Completions

The total number of house completions (houses and apartments) in Ireland has increased substantially over the last number of years. In Dublin, there were 16,800 completions in 2004, compared with 9,400 in 2000. House completions increased in all regions, with the Dublin and the Mid-East region together accounting for more than one third of the national total in 2004. See *Table 10.5*.

Table 10.5 House completions by region 2000-2004

	2000	2001	2002	2003	2004
Number					
Border	6,546	7,864	7,908	8,995	9,730
Dublin	9,405	9,605	12,623	14,394	16,810
Mid-East	6,153	6,893	8,052	8,458	9,105
Midland	3,628	4,103	3,637	4,583	6,176
Mid-West	4,604	4,573	4,947	5,921	6,788
South-East	5,798	5,568	6,529	7,636	8,581
South-West	7,397	7,403	7,404	10,045	11,018
West	5,881	6,193	6,195	8,387	8,346
Total¹	49,412	52,202	57,295	68,419	76,554

Source: DEHLG Housing Statistics

¹ Breakdown by region does not include a number of conversions estimated to be 400 per annum. Therefore, the total of all regions does not equal the total in Table 6.1

Planning Permissions

In 2000, Dublin accounted for about one in every ten houses granted planning permission. In 2005, less than 6% of houses granted planning permission were in Dublin. A fifth of planned new houses granted permission in 2005 were in the Border region. See *Table 10.6*.

**Table 10.6 Number of house units granted planning permission by region
2000-2005**

	Number					
	2000	2001	2002	2003	2004	2005
Border	12,500	10,662	8,303	8,282	12,511	15,523
Dublin	7,798	6,496	7,055	6,887	6,097	4,377
Mid-East	9,162	6,958	6,725	5,150	6,816	8,255
Midland	7,607	5,465	5,018	3,200	6,564	8,908
Mid-West	6,595	5,008	4,540	4,869	6,593	5,934
South-East	10,474	8,188	5,156	6,723	10,359	9,437
South-West	11,034	9,706	8,304	8,022	10,370	13,824
West	8,658	8,246	5,954	6,472	10,266	9,392
Total	73,828	60,729	51,055	49,605	69,576	75,650

Source: CSO - Planning Permissions

Over one third of apartments granted planning permission in 2005 were in Dublin. In the previous two years, the number of apartments planned for the Dublin region was substantially higher: 16,200 in 2003 and 18,100 in 2004. See *Table 10.7*.

**Table 10.7 Number of apartment units granted planning permission by region
2000-2005**

	Number					
	2000	2001	2002	2003	2004	2005
Border	1,271	1,471	1,044	1,759	2,062	3,060
Dublin	8,133	8,752	8,202	16,187	18,099	8,856
Mid-East	1,533	1,925	1,976	2,046	2,875	2,510
Midland	719	670	1,249	723	1,306	1,660
Mid-West	586	833	1,990	1,867	1,359	1,260
South-East	1,180	921	1,301	2,133	2,109	1,515
South-West	1,951	1,972	1,445	2,824	2,627	2,976
West	2,042	1,236	1,052	1,210	1,640	1,865
Total	17,415	17,780	18,259	28,749	32,077	23,702

Source: CSO - Planning Permissions

Chapter 11

The European Construction Industry

Introduction

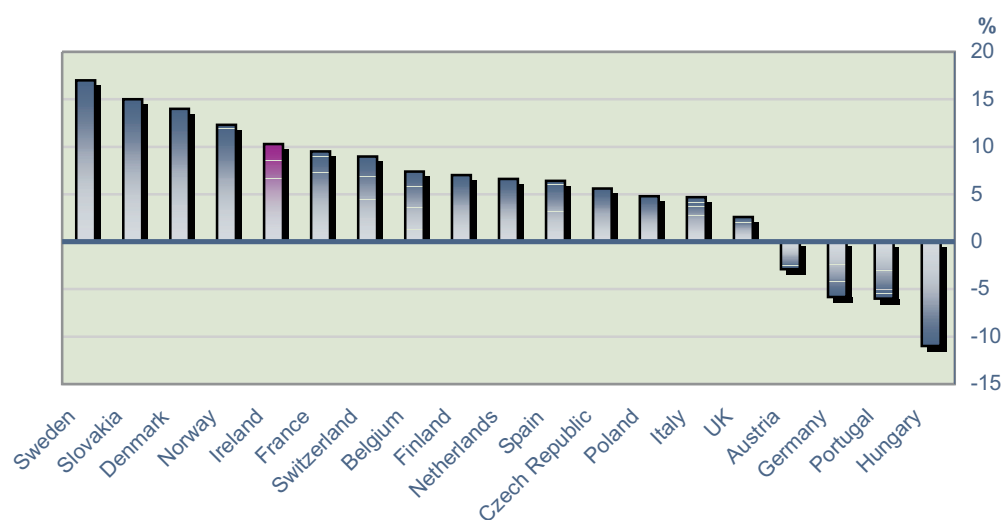
This chapter presents information on the European Construction Industry. It is difficult to obtain fully comparable data on construction across Europe, especially from sources of official statistics. The data in this chapter has been sourced from Euroconstruct, a group of construction industry research bodies who work together to develop information, forecasts and analyses of the European Construction Industry.

The European Housing Market

Volume of Residential Construction

Figure 11.1 shows the percentage change in the volume of residential construction in 2005 for nineteen European countries. The largest percentage increases in 2005 occurred in Sweden, followed by Slovakia, Denmark and Norway. Ireland was fifth of the countries shown in terms of annual percentage growth in residential output. The volume of residential construction decreased in 2005 in Austria, Germany, Portugal and Hungary. See *Figure 11.1*.

Figure 11.1 Percentage change in residential construction volumes 2005



Source: DKM, the Irish partner of Euroconstruct

House Completions and Housing Stock

Table 11.1 shows the total number of house completions in each of the nineteen countries. In 2005, it is estimated that almost 670,000 units were completed in Spain. France produced a total of 365,000 units, followed by Italy with 258,000 units and Germany with 211,000 units. In Ireland, the CSO estimates that 86,200 housing units were completed in 2005. See Table 11.1.

Table 11.1 Total house completions 2002-2005

	2002	2003	2004	2005	Completions per 1,000 population
Unit	000	000	000	000	Number
Austria	41.9	42.0	42.3	42.5	5.2
Belgium	39.8	38.6	44.5	47.3	4.5
Czech Republic	27.3	27.1	32.3	32.9	3.2
Denmark	18.5	24.0	27.5	26.5	4.9
Finland	27.2	28.1	30.7	31.4	6.0
France	298.0	298.0	325.0	365.0	6.0
Germany	253.7	236.1	247.8	210.8	2.6
Hungary	31.5	35.5	43.9	41.1	4.1
Ireland	57.7	68.9	77.0	86.2 ¹	20.9
Italy	203.0	214.0	237.0	258.0	4.4
Netherlands	66.7	59.6	65.3	67.0	4.1
Norway	21.7	21.4	23.6	29.5	6.4
Poland	97.6	162.6	108.1	114.1	3.0
Portugal	111.0	76.8	62.4	59.3	5.6
Slovakia	14.2	14.0	12.6	14.9	2.8
Spain	533.0	580.0	636.0	668.0	15.1
Sweden	19.9	20.0	25.3	29.5	3.3
Switzerland	28.6	32.1	36.9	39.7	5.3
United Kingdom	182.7 ²	190.2 ²	202.5 ²	202.5 ^{2(e)}	3.4
Euroconstruct Countries	2,074.0	2,169.0	2,280.7	2,366.2	5.2

Source: DKM, the Irish partner of Euroconstruct

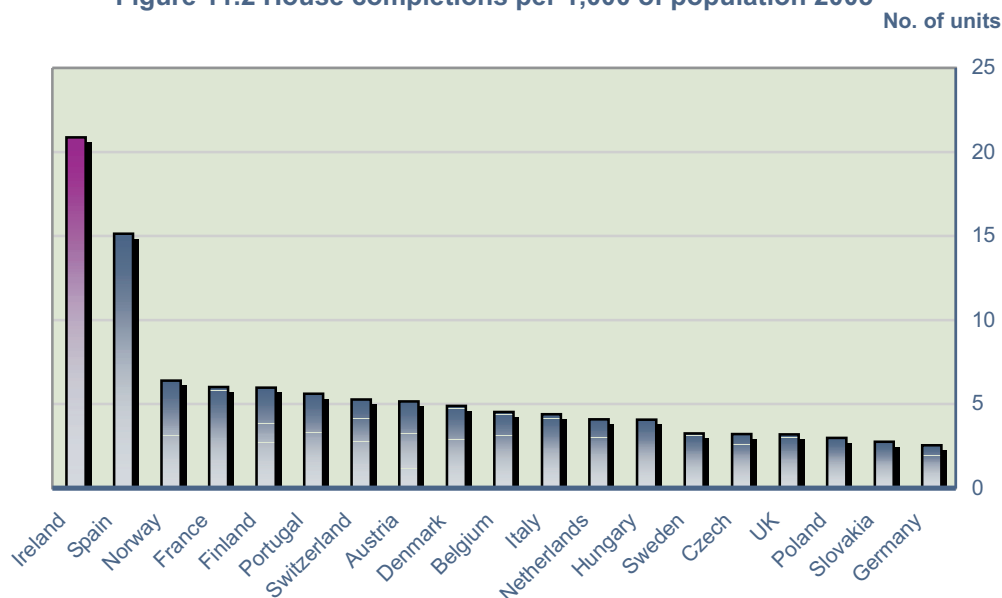
¹ Incorporating upward adjustment by CSO to 2005 housing completions estimate - see chapter 6

² Updated to reflect data from the United Kingdom Department for Communities and Local Government Housing Statistics - 2005 data not yet available

Note: Includes houses and apartments

The average rate of house completions per 1,000 of population across the nineteen countries was 5.2 in 2005. Ireland had the highest rate of house completions per 1,000 of population at 21 per 1,000, four times the average for the other countries shown. Spain is next highest at 15 house completions per 1,000 of population. In the United Kingdom the rate was 3.4 house completions per 1,000 of population in 2005, roughly comparable with the rate of house completions ten years before that. Table 11.2 shows a more detailed comparison between Ireland and the UK. See Figure 11.2 and Table 11.2.

Figure 11.2 House completions per 1,000 of population 2005



Source: DKM, the Irish partner of Euroconstruct

Note: Incorporating upward adjustment by CSO to 2005 housing completions estimate - see chapter 6

Table 11.2 Houses completed per 1,000 of population in Ireland and UK 1990 - 2004

	Unit	1990	1995	2000	2001	2002	2003	2004
Ireland								
House completions ¹	No.	19,539	30,575	49,812	52,602	57,695	68,819	76,954
Population ²	000	3,506	3,601	3,790	3,847	3,917	3,979	4,044
Completions per 1,000 of population	No.	5.6	8.5	13.1	13.7	14.7	17.3	19.0
United Kingdom								
House completions ³	No.	203,388	199,716	178,088	174,804	182,712	190,226	202,490
Population ⁴	000	57,238	58,025	58,886	59,113	59,322	59,554	59,834
Completions per 1,000 of population	No.	3.6	3.4	3.0	3.0	3.1	3.2	3.4

Source: ¹ DEHLG Housing Statistics

Source: ² CSO - Population and Migration Estimates - (year ending April)

Source: ³ United Kingdom Department for Communities and Local Government Housing Statistics

Source: ⁴ United Kingdom Office for National Statistics Population Estimates

Table 11.3 shows the total housing stock in each country. In total there were almost 208 million housing units in the nineteen countries listed. Germany, with the largest population, had the greatest number with 38 million units in 2005. In Ireland the DEHLG estimated the housing stock at 1.69 million units in 2005. The Census of Population, undertaken in April 2006, identified a total of 1.8 million private residences and communal establishments. The DEHLG estimate of housing stock will be revised in light of the latest census results. See *Table 11.3*.

Table 11.3 Housing stock - total units 2002-2005

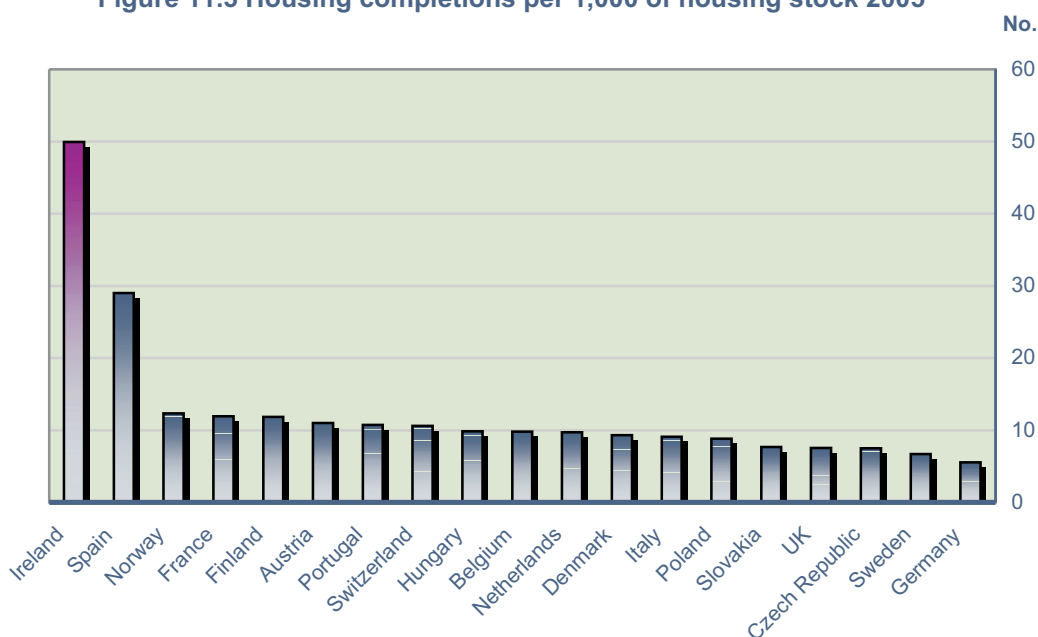
	2002	2003	2004	2005	Stock per 1,000 of population 2005
Unit	000	000	000	000	Number
Austria	3,819	3,822	3,846	3,872	471
Belgium	4,693	4,733	4,776	4,826	462
Czech Republic	4,372	4,375	4,381	4,387	430
Denmark	2,773	2,792	2,814	2,844	526
Finland	2,574	2,595	2,625	2,655	505
France	29,620	29,940	30,264	30,555	504
Germany	37,480	37,640	37,840	38,010	461
Hungary	4,085	4,110	4,136	4,172	413
Ireland	1,458	1,503	1,555	1,800 ¹	425 ¹
Italy	27,599	27,798	28,062	28,347	484
Netherlands	6,764	6,810	6,859	6,914	423
Norway	2,329	2,344	2,370	2,390	519
Poland	12,570	12,730	12,830	12,905	338
Portugal	5,308	5,398	5,463	5,519	522
Slovakia	1,905	1,919	1,930	1,943	361
Spain	21,275	21,810	22,390	23,030	522
Sweden	4,310	4,326	4,380	4,395	486
Switzerland	3,638	3,672	3,710	3,751	499
United Kingdom	24,936	25,101	25,274	25,510	425
Euroconstruct Countries	201,508	203,418	205,505	207,825	460

Source: DKM, the Irish partner of Euroconstruct

¹ Data for Ireland for 2005 in respect of total housing stock and stock per 1,000 of population has been updated to reflect the latest information from the Census of Population, April 2006

House completions in 2005 added about 50 new dwellings per 1,000 of existing housing units in Ireland. This is the highest rate of annual increase in the housing stock in any of the nineteen countries listed. In Spain, house completions were adding 29 new dwellings per 1,000 of existing stock. See *Figure 11.3*.

Figure 11.3 Housing completions per 1,000 of housing stock 2005



Source: DKM, the Irish partner of Euroconstruct

Residential New Construction and Renovation

Table 11.4 shows the value of residential output, distinguishing between new construction and renovation. New construction and renovation each account for about half of output in Europe at 51% and 49% respectively. Renovation has a higher share of the market in the five non-Eurozone Western European countries (United Kingdom, Switzerland, Sweden, Norway and Denmark), while in the four Central and East European countries new construction represents two thirds of the total housing output. See Table 11.4.

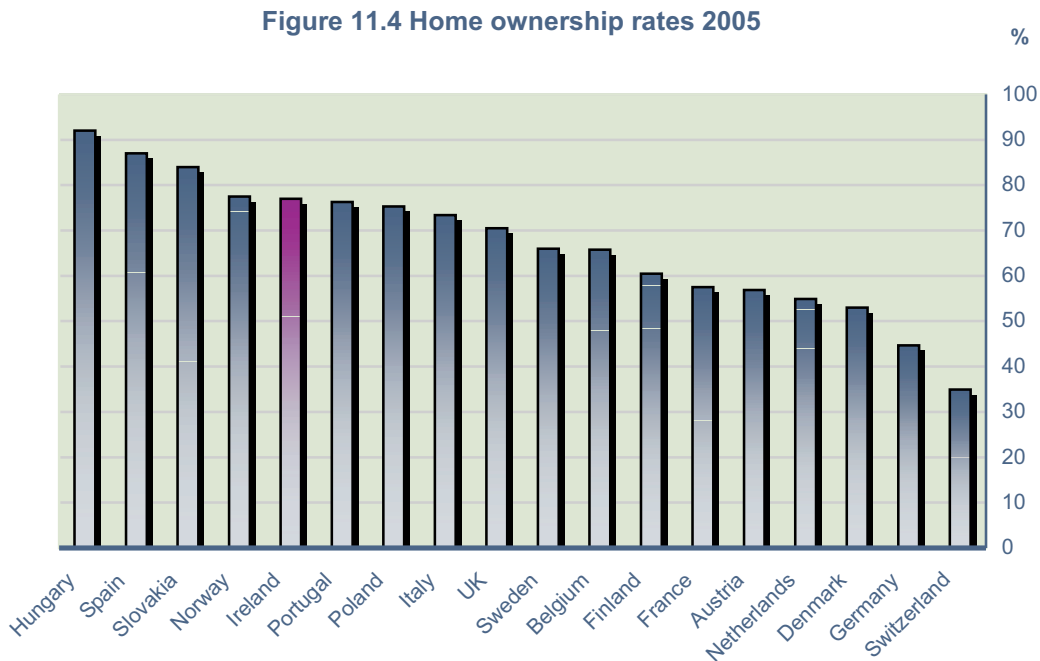
Table 11.4 Breakdown of European residential output by sector 2005

	Value			By Sector		By Region	
	Unit	New €bn	Renovation €bn	Total €bn	New %	Renovation %	%
Eurozone (10)		242.3	223.8	466.1	52.0	48.0	77.2
Other West Europe (5)		54.0	70.5	124.5	43.4	56.6	20.6
Total West Europe (15)		296.3	294.3	590.6	50.2	49.8	97.8
Central & East Europe (4)		8.6	4.2	12.8	67.2	32.8	2.2
Total Euroconstruct (19)		304.9	298.5	603.4	51.0	49.0	100.0

Source: DKM, the Irish partner of Euroconstruct

Home Ownership

Compared to many other European countries, Ireland has a high rate of home ownership. In 2005, 77% of homes in Ireland were owner occupied. Hungary, Spain, Slovakia and Norway had higher ownership rates than Ireland. The countries with the lowest rates (and a higher percentage of dwellings rented) were Germany and Switzerland. See Figure 11.4.



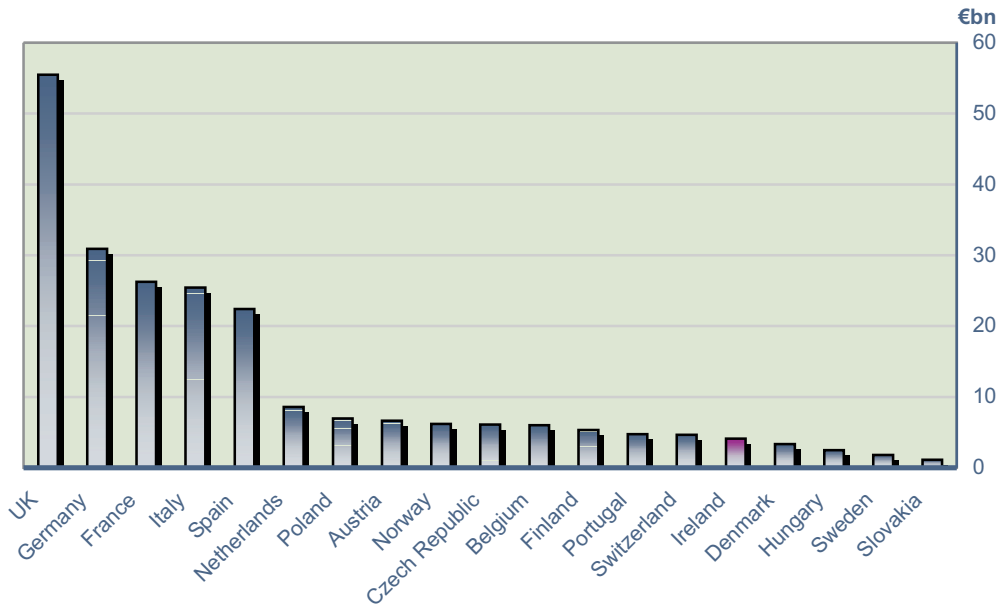
Source: DKM, the Irish partner of Euroconstruct

Non-Residential Construction

Non-Residential Buildings

Non-residential construction covers a wide range of different sectors including industrial and commercial buildings, health, education and storage facilities. The total value of new construction in this sector is estimated to have reached €229 billion in 2005 in the nineteen countries shown. See Figure 11.5.

Figure 11.5 Non-residential new construction output 2005

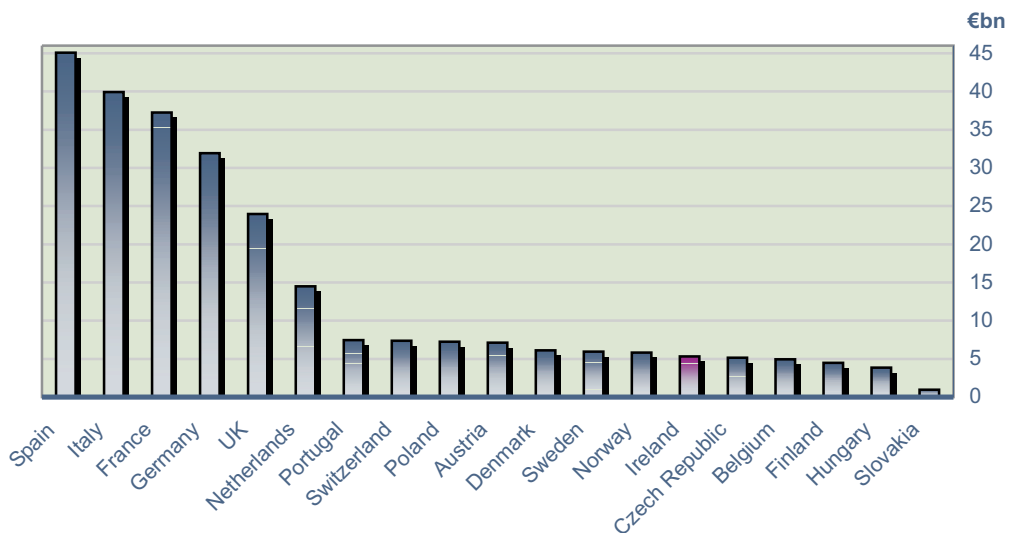


Source: DKM, the Irish partner of Euroconstruct

Civil Engineering

Civil Engineering covers areas such as roads, railways, telecommunications, energy and water and other infrastructure projects. In total Civil Engineering represents one fifth of all construction output in the nineteen countries. France, Germany, Italy, Spain and United Kingdom together represent more than two thirds of total output. See Figure 11.6.

Figure 11.6 Civil engineering output 2005

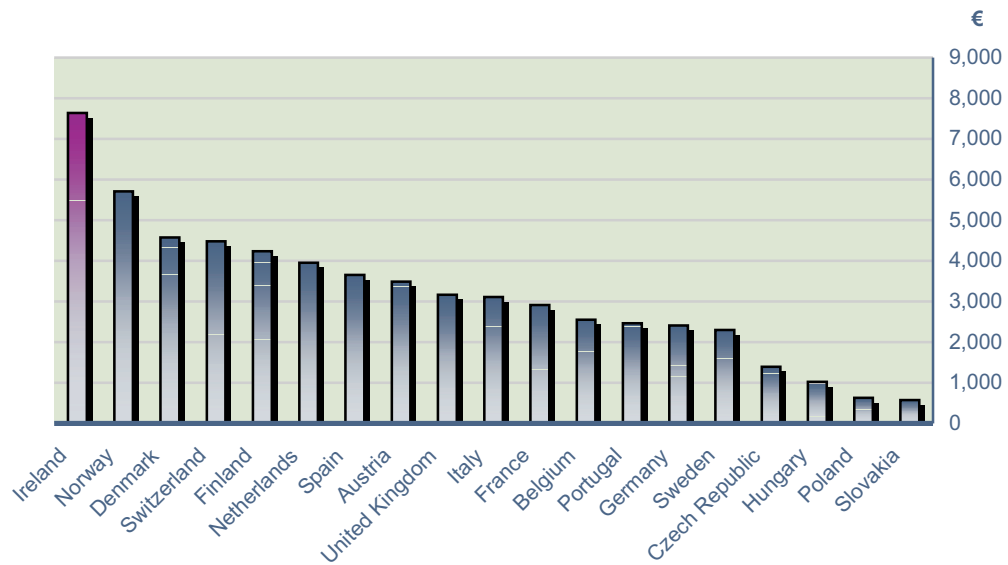


Source: DKM, the Irish partner of Euroconstruct

Output per Capita

In value terms, construction output per capita was highest in Ireland at approximately €7,600 per capita in 2005. The overall average for all 19 countries was just €2,800. However, this does not take account of differences in price level, which have a considerable effect particularly when comparing the situation in Ireland and other countries with Central and Eastern Europe. See *Figure 11.7*.

Figure 11.7 Construction output per capita 2005



Source: DKM, the Irish partner of Euroconstruct