CONSTRUCTION INDUSTRY FEDERATION

Construction Outlook

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Macroeconomic Overview

Macroeconomic Outlook

Uncertainty dominates the global economic landscape in 2026

Irish economy proved resilient in 2025

Economy grew steadily in the first 9 months of 2025 despite global economic headwinds and trade uncertainty

MDD projected to increase by 3.3% in 2025, and slow to 2.3% in 2026

Tariffs will impact economic growth, while NDP spending will bolster it

Consumer spending expected to increase by 2.9% in 2025 and by 2.3% in 2026

Employment projected to expand by 2.2% (62,000 jobs) and 1.5% (41,000 jobs) in 2025 and 2026

Headline inflation accelerated by 0.7 percentage points in the final quarter of 2025 but to average 2% to 2028

Annual average growth of 5% in building and construction investment is forecast to 2027

GNI* will average 2.5% per annum to 2030 with supply at capacity and an ageing population

Department of Finance: Economic Outlook Variables, End 2025

	2024	2025	2026	2027
GDP	2.6	10.8	1.0	4.2
MDD	1.8	3.3	2.3	2.9
GNI*	4.8	3.3	3.3	2.5
Headline HICP	1.3	1.8	1.9	1.9
Core HICP	2.4	1.9	1.9	2.0
Employment (‘000s)				
Employment (‘000s)	2,757	2,819	2,860	2,896
Employment	2.7	2.2	1.5	1.2
Unemployment rate	4.3	4.6	4.8	4.9

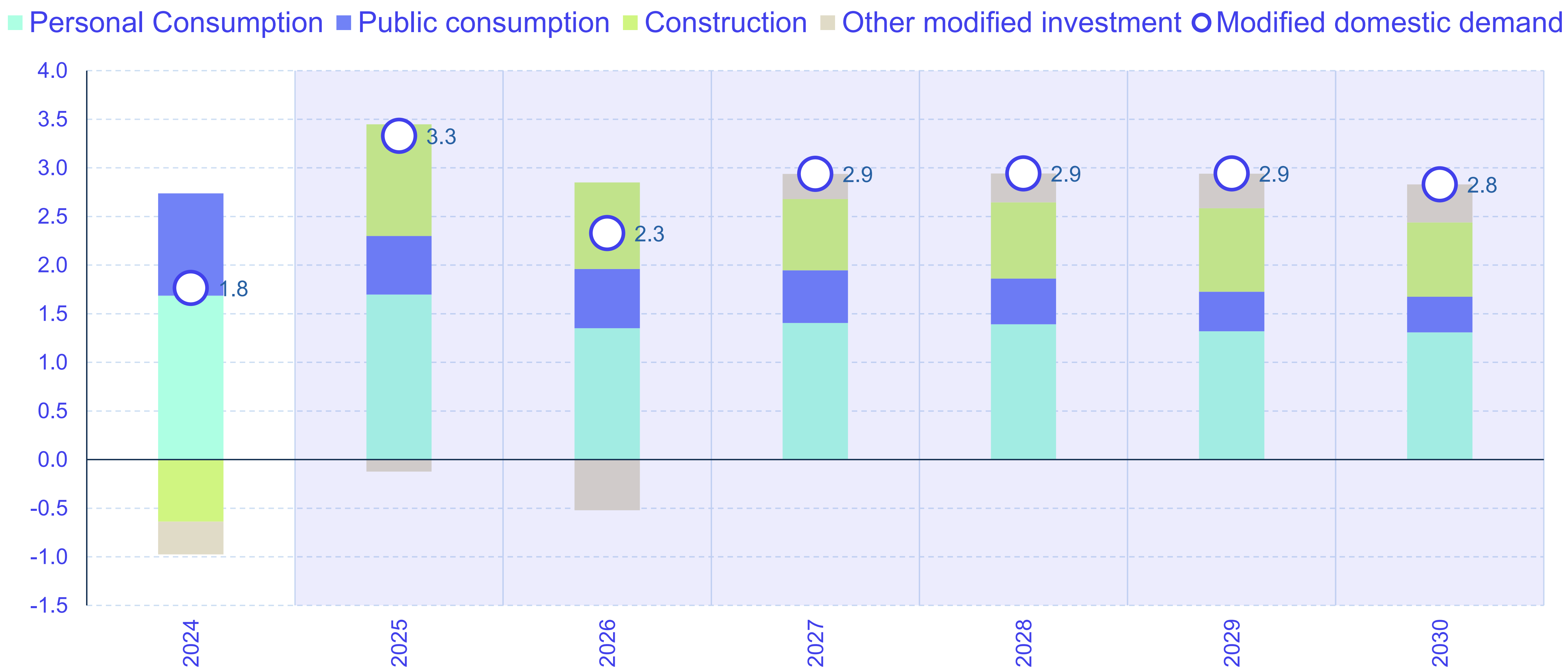
Higher tariffs have dampened trade so we can assume that investment levels will reduce in the near term.

Downside risks to the economy remain:

- lower employment growth
- increase in household savings
- impact on the FDI channel
- fiscal and/or economic shocks
- loss of competitiveness

Data source: Department of Finance

Contributions to change in modified domestic demand, percentage



Data source: CSO, Department of Finance

Three pillars of the medium-term fiscal and structural plan published by the Department of Finance - December 2025

Pillar 1 = Sustainability

- GOAL : ensure public finances remain on a sustainable path
- IMPLEMENTATION : align expenditure growth with economic and tax revenue increases over a five-year period

Pillar 2 = Resilience

- GOAL : enable the economy absorb fast-moving shocks
- IMPLEMENTATION : invest heavily in infrastructure to increase competitiveness
  : invest in public services
  : improve living standards
  : policy measures to protect jobs in an uncertain global environment

Pillar 3 = Readiness

- GOAL : preparing the public finances for known future costs
- IMPLEMENTATION : continue to run budget surpluses
  : contributions to the FIF/ICNF

Future Forty

A Fiscal and Economic Outlook to 2065

Key take-aways:

- Workers and Labour Force to decline in 10 years
- Capital investment to moderate in 2030s
- Productivity growth rate will moderate
- Investment in digitalisation, innovation and R&D can have a positive effect on productivity
- Supply side headwinds are increasing - climate, ageing, health and housing
- Housing supply will increase over time and associated fiscal costs will adjust in the 2030s
- Deglobalisation is already impacting investment

- **DOF forecast that by:**
  - **2038-2054**: economic and fiscal deficit widens
  - **2055-2065**: 0.5% per capita economic growth per annum is forecast and public debt climbs to 150%
  - *If Ireland can continue to see a larger working age population (sustained inward migration of skilled people) – then more economic growth will be created which will soften the impact of the supply side headwinds*

- **John McCarthy, Chief Economist: "The future isn't something we should drift into but something we can shape".**

Modified Investment

Prospects 2025 - 2026

Economic uncertainty has impacted capital formation in the 9 months of 2025

Firms adopting a ‘wait and see’ approach to larger capital-intensive projects

The outlook for building and construction investment in 2026 is more encouraging

Modified investment is set to grow by 1.6% in 2025 and 4% in 2026

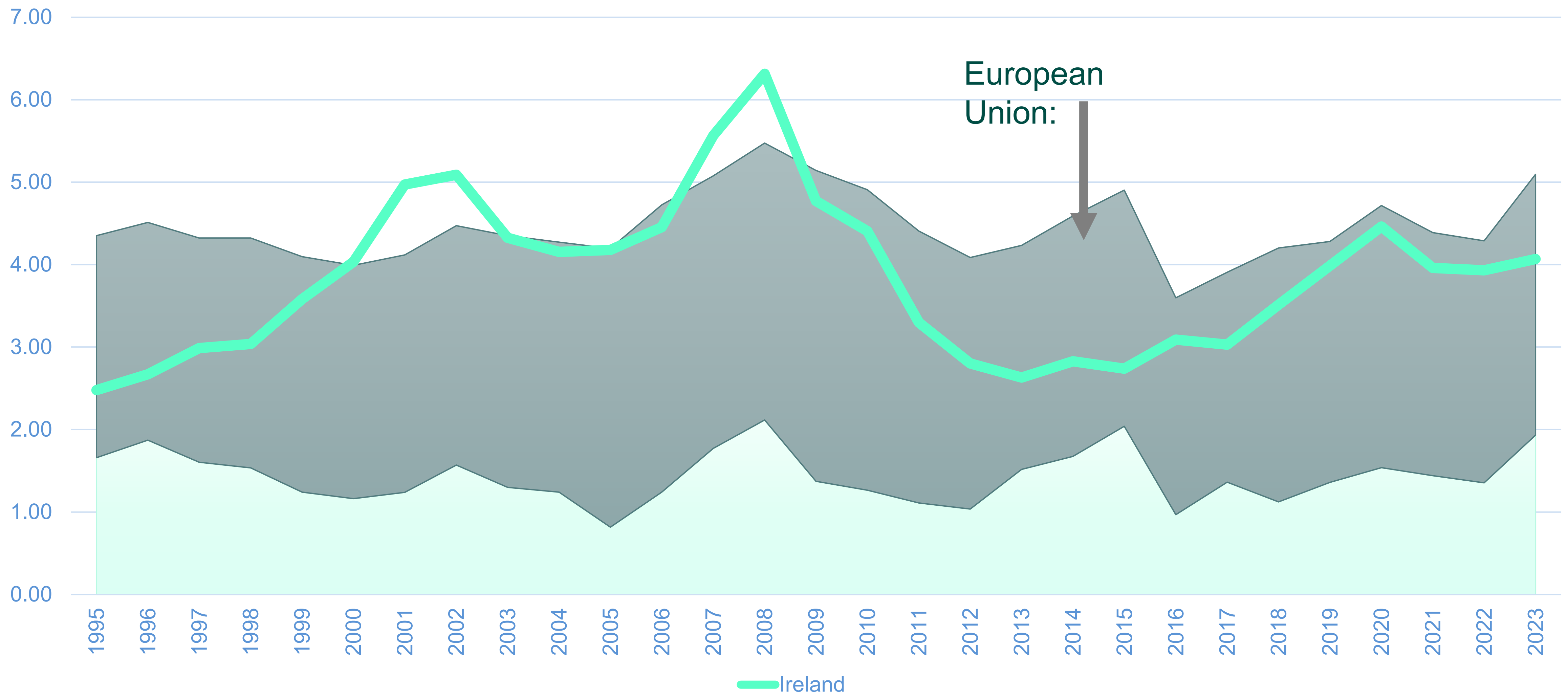
Dwellings remain the largest contributor although completions are forecast to remain well below estimated demand to 2027

Public Investment is circa 4% of GNI* - only now returning to its pre-crisis peak, despite the growth in the economy and population being far larger across the same time-period

The old-age dependency ratio is expected to increase from 23.1% in 2022 to 55.2% in 2065

A rapidly growing economy alongside the large increase in population has resulted in a major infrastructural deficit. Across several areas – water, sewage, energy grid, transport – the system is operating at (or even beyond) capacity.

Government GFCF, per cent GDP / GNI*, Ireland vs EU



Data source: Department of Finance, Summer Economic Statement

Budget 2026 & beyond

Drivers of Capital Need

and considerations

DRIVERS

- Population Growth / Demographic Change
- Balanced Regional Development
- Climate
- Competitiveness
- Acute energy and water deficits – deterring FDI investment

INHIBITORS

- Fiscal Parameters
- Prioritisation of Core Infrastructure Projects
- NDP Labour Market Impacts
- Rate of Construction Sector Innovation
- Trade-offs and Constraints in Delivery (energy intensity of manufacturing / higher than anticipated demographic growth)

Budget 2026 placed the focus on infrastructure this year

Capital Allocations and Infrastructure Delivery Reform

Total capital expenditure is projected at €19.1 billion in 2026.

Delivering Homes, Building Communities 2025-2030**:** An Action Plan on Housing Supply and Targeting Homelessness **–** 300k homes by 2030

The ***Final Report*** **and** ***Action Plan on Accelerating Infrastructure*** detail the reforms that government will implement to accelerate the provision of critical infrastructure

The ***Action Plan*** focuses on shortening the time critical infrastructure projects spend in development, planning and judicial processes before construction can begin

The Department of Housing, Local Government and Heritage received a record funding package (€11.275 billion) for 2026.

LDA to receive a record €8.75bn to 2030

Uisce Éireann to receive €1.4bn in 2026 to build capacity for new housing

Department of Climate, Energy & the Environment to receive €1.1bn in 2026 to underpin energy transition

Action Plan on Accelerating Infrastructure

30 Actions Adopted

Legal Reform

1. Reform Judicial Review Q1 – Q3 2026
2. Enact Legislation to Accelerate Critical Infrastructure and Provide for Emergency Powers Q1 – Q3 2026
3. Implement Other Targeted Legislative Reforms Q1 – Q4 2026
4. Progress Domestic Reforms to Environmental Assessment in Parallel with EU Simplification Agenda Q2 – Q4 2026
5. Increase Exemption Thresholds for Critical Infrastructure Q2 2026
6. Respond Rapidly to Precedent Q1 2026
7. Enact Civil Reform Bill to Legislate for Judicial Reviews Q4 2025 – Q2 2027

Regulatory Reform and Simplification

8. Develop and Publish National Planning Statement(s) for Critical Infrastructure Q1 2026 – Q1 2027
9. Establish a Regulatory Simplification Unit Q2 2026 – Q1 2027
10. Rationalise Legislation Underpinning Regulatory Processes Q2 – Q3 2026
11. Reform Processes Applied to Critical Infrastructure within Agencies/Regulators Q1 – Q3 2026
12. Implement Early Warning System regarding EU Legislative Change on Critical Infrastructure Q1 – Q3 2026
13. Advocate for new approach to legislation at EU level on critical infrastructure Q4 2025 – Q3 2026
14. Advise on Alternative Methods of Transposing EU Legislation Q1 – Q4 2026
15. Enable Developer-led Infrastructure Q2 – Q3 2026
16. Review the Role and Functions of the Office of the Planning Regulator and drive performance in the planning system, including consistency in decision making Q2 – Q3 2026

Action Plan on Accelerating Infrastructure

30 Actions Adopted

Co-ordination and Delivery Reform

17. Target Investment at Priority Sectors through NDP Review Q3 2025
18. Publish Sectoral Investment Plans to Promote Project Pipelines Q4 2025
19. Enhance Infrastructure Coordination Function in DPER Q4 2025 – Q1 2026
20. Introduce Risk Appetite Statements Q2 – Q4 2026
21. Improve Utility Coordination at National and Local Level Q4 2025 – Q2 2026
22. Increase Construction Sector Capacity and Productivity Q1 – Q3 2026
23. Accelerate Projects through Consenting Processes Q1 - Q4 2026
24. Provide Expert Assistance for Key Infrastructure Projects Q2 2025 – Q1 2026
25. Reform Procurement Processes Q2 – Q3 2026
26. Apply AI and Digital Tools to Support Infrastructure Rollout Q1 – Q4 2026

Public Acceptance

27. Create a Duty for State Bodies to Cooperate in Making Land Available and Accessible for Critical Infrastructure Q1 2026 – Q1 2027
28. Build Leadership Support for Critical Infrastructure Projects at National and Local Levels Q1 2026
29. Enhance Government Communication to Promote the Importance of Infrastructure Delivery Q1 2026
30. Establish a Benefits Realisation Framework for Infrastructure Projects Q2 2026

Sectoral Investment Plans

NDP 2026-2035

- A series of **Sectoral Investment Plans** were published in piecemeal fashion through November and December under the National Development Plan (NDP) 2026–2035.
- These publications set out updated investment priorities, delivery timelines, and capital allocations across the major sectors and will be of ongoing relevance to the CIF policy sub-committees' ongoing monitoring work.
- Timelines remain vague, and some expected short-term projects are not flagged for roll-out until 2028 onwards.
- CIF is establishing a cross-departmental working group to review the plans and outline engagement strategy.

- Published Sectoral Plans:
  - Sectoral Investment Plan: Department of Climate, Energy and the Environment
  - Sectoral Investment Plan: Water Services and Water Quality
  - Sectoral Investment Plan: Transport
  - Sectoral Investment Plan: Tertiary Sector – Further and Higher Education, Research, Innovation and Science
  - Sectoral Investment Plan: Department of Health
  - Sectoral Investment Plan: Department of Housing, Local Government and Heritage
  - Sectoral Investment Plan: Office of Public Works
  - Sectoral Investment Plan: Justice Sector

(all available on departmental websites or by emailing jmair@cif.ie)

Total Exchequer and Non-Exchequer NDP Investment 2026-2035

€billion	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Core Exchequer Gross Voted Capital	19.1	20.3	21	21.4	20.7	20	20	20	20	20	202.4
Non-Exchequer Capital	5.35	5.52	5.56	6.65	6.65	6.65	6.65	6.65	6.65	6.65	63
Total	24.45	25.82	26.56	28.05	27.35	26.65	26.65	26.65	26.65	26.65	265.4

Construction Outlook

Construction Outlook

Construction output growth is forecast at 3.3% in 2025 (up 4% yoy to end Q3).

Annual growth to average 4.8% 2026-2029

- Growth drivers include the NDP €102.4 billion in capital allocations for 2026–2030. Sectoral Investment Plans key to industry confidence

Overall housing investment is forecast to remain below required levels

- Residential: strong starts, slow completions

On the non-residential side, the forecast for improvements and non-residential building and construction has been revised up marginally, largely reflecting new data.

- The critical flow of FDI investment will influence the overall level of activity in this sector and anecdotal evidence points to a slow down/retrenchment in 2025. Non-residential/Commercial: moderate recovery in 2026

Civil & Utilities Infrastructure: major growth driver 2026-2029

- Q3/Q4 2025 saw a reduction in civil engineering activity which was borne out in national accounting figures for Q3 showing that quarterly construction GDP decreased by 3.3%.

Final National Accounts 2024: Construction

Gross Value Added (GVA) in the Construction sector was €14.3bn in 2024, a 6% increase from 2023.

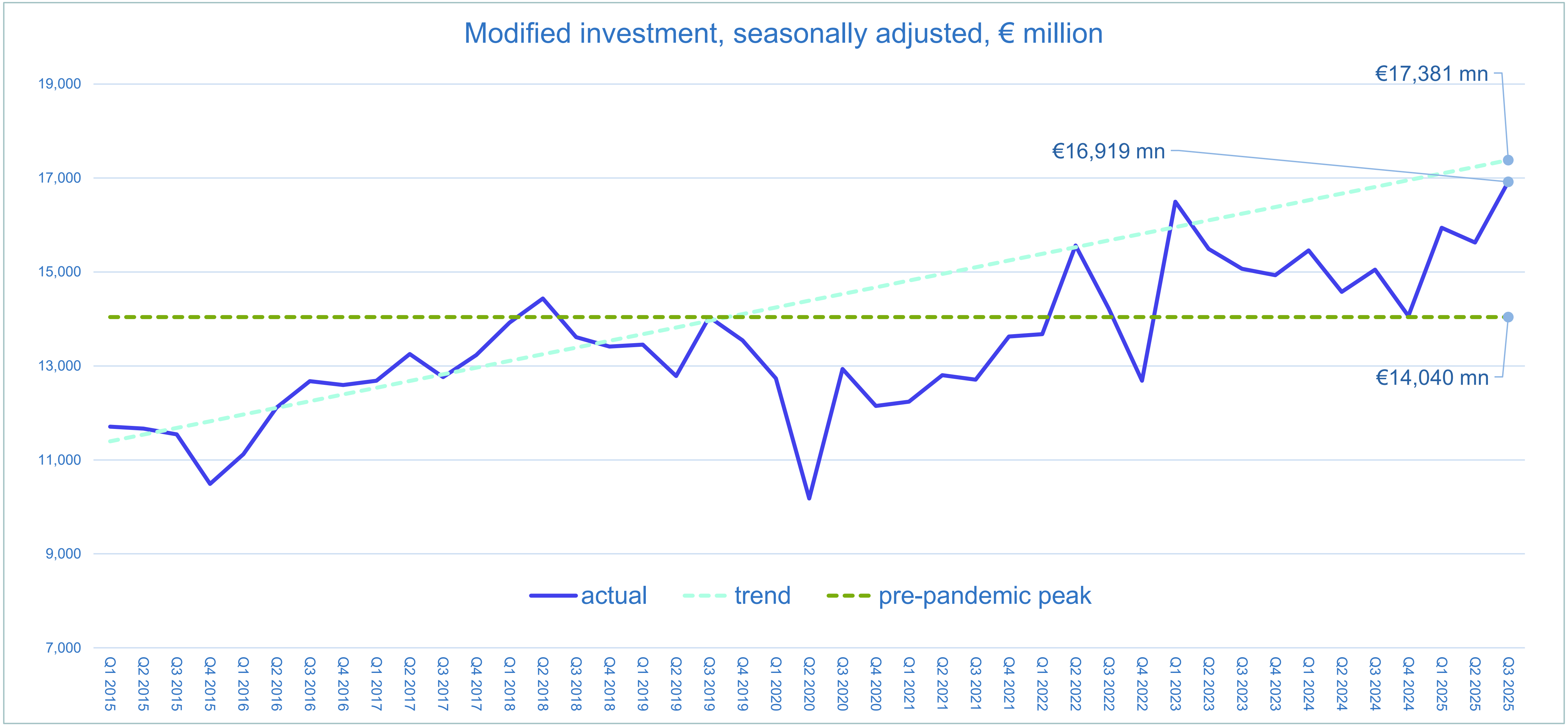
Electrical, Mechanical & Other Construction Installation accounted for 28% of the total GVA, followed by Construction of Residential & Non-Residential Building (27%) and Building Completion & Finishing (13%).

In 2024, investment in dwellings stood at 5.6% of (GNI*), down from 6.1% in 2023.

On an annual basis, an increase of 18.1% was recorded in the volume of production in Building and Construction in Q3 2025.

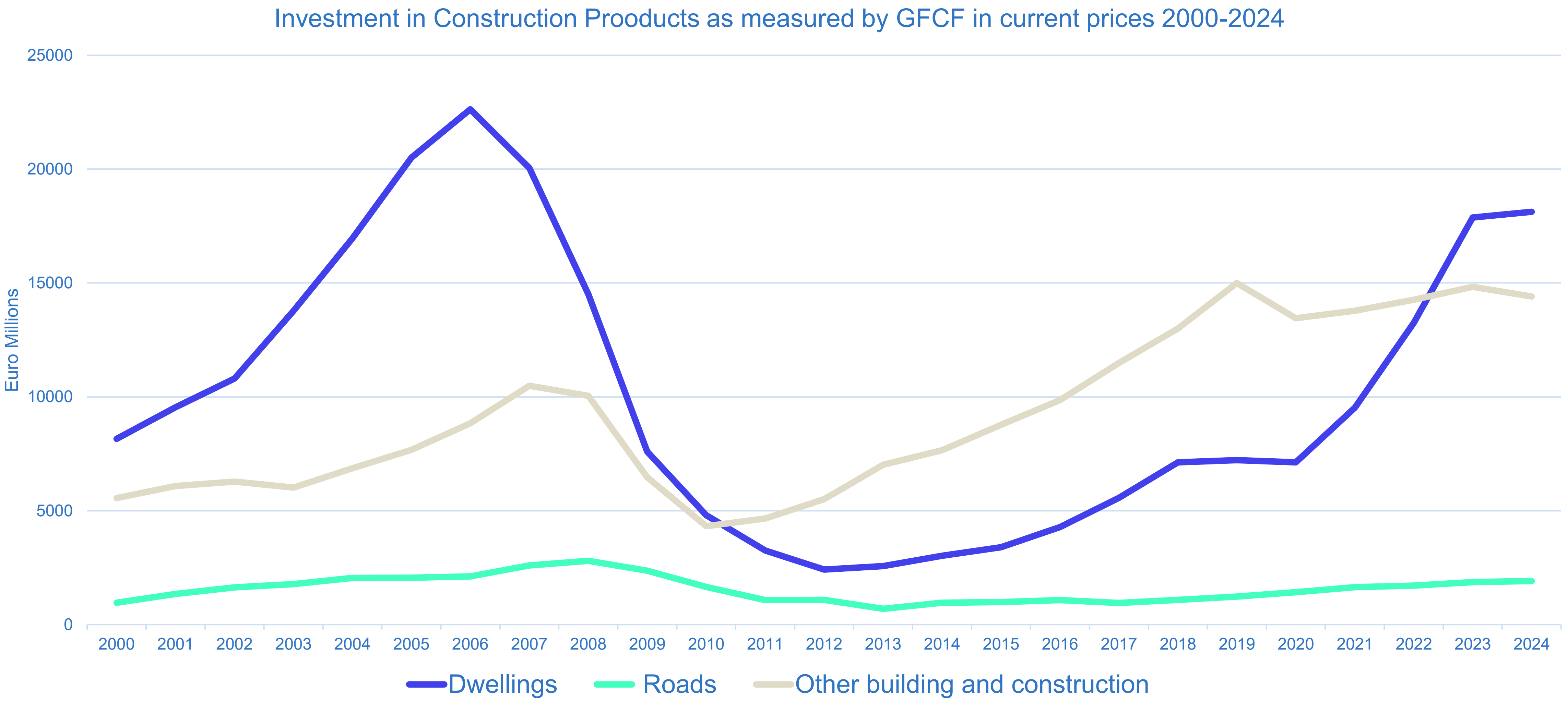
- Residential Building sector was up 4.7% in Q3 2025 quarter-on-quarter, and up 11.2% year-on-year.
- Non-Residential Building was up 10.1% Q3 2025 quarter-on-quarter and increased by 28.2% year-on-year.
- Civil Engineering decreased by 4.0% in Q3 2025 quarter-on-quarter but increased by 6.2% year-on-year.

Modified investment by Q3 2025 is below pre-pandemic trend



Source: Department of Finance

Investment in Construction Products as measured by GFCF in current prices, 2000-2024 (2025 Final Accounts published March 2026)



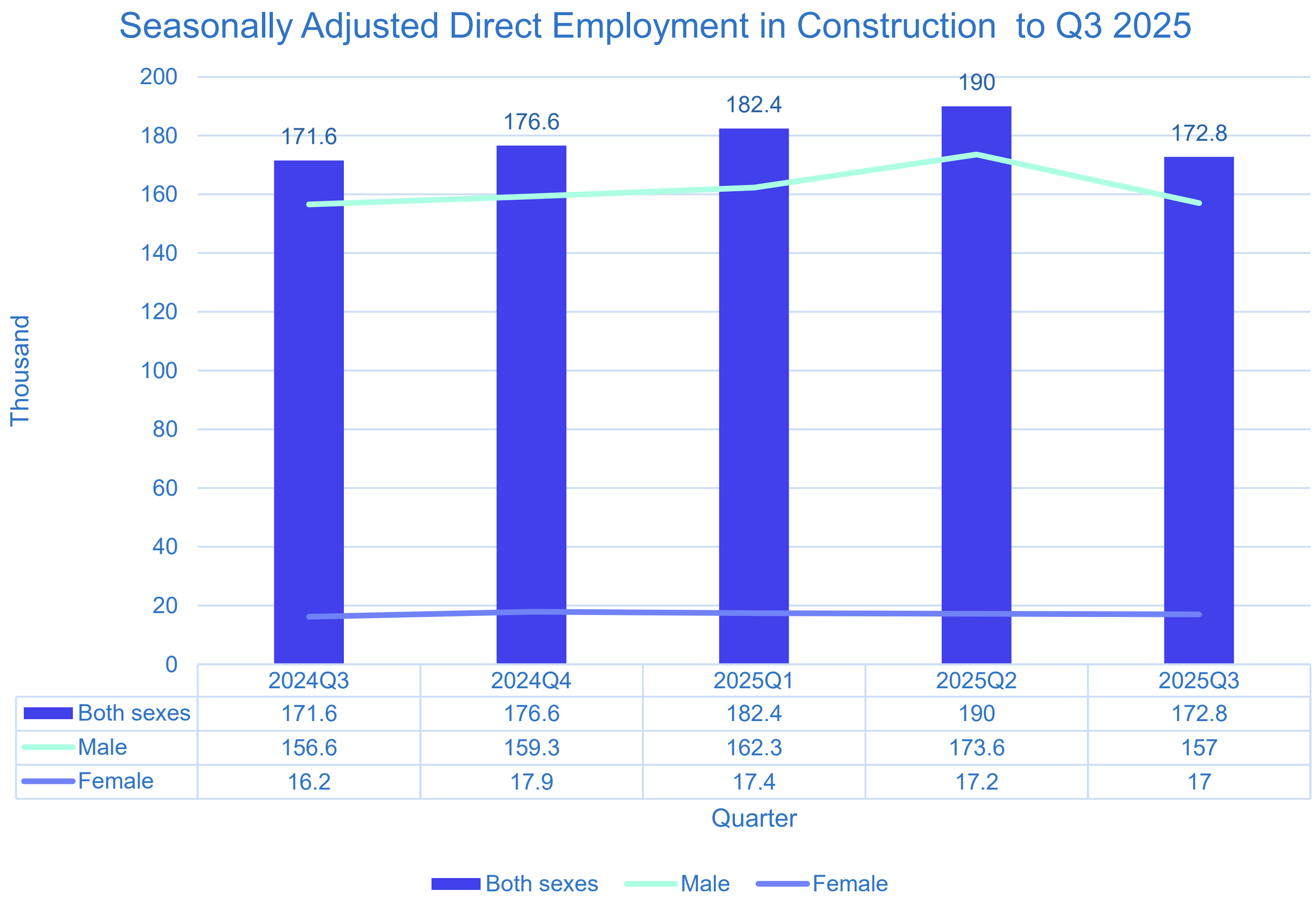
Source: CSO, National Accounts

Components of Gross Domestic Fixed Capital Formation at Current Market Prices Q4 2024 to Q3 2025

Expenditure on GNP at Current Market Prices	UNIT	2024 Q4	2025 Q1	2025 Q2	2025 Q3
Gross domestic fixed capital formation - Dwellings	Euro Million	2,547	2,279	3,412	3,595
Gross domestic fixed capital formation - Improvements	Euro Million	2,134	2,137	2,140	2,157
Gross domestic fixed capital formation - Other Building and Construction	Euro Million	4,632	3,890	4,142	4,801
Gross domestic fixed capital formation - Transfer Costs	Euro Million	500	402	425	424

Source: CSO, National Accounts

Construction Labour Force



	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3
Both sexes	171.6	176.6	182.4	190	172.8
Male	156.6	159.3	162.3	173.6	157
Female	16.2	17.9	17.4	17.2	17

Employment in Construction

172,800 persons were employed in construction as of Q3 2025 on a seasonally adjusted basis. The non-seasonally adjusted figure for Q3 2025 was 177,600.

On an annual basis national accounting data shows that total employment in the construction sector went up by 2.8% in 2024, driven by growth in employment in Construction of Buildings.

The top occupations in construction were Electricians & Electrical Fitters, Carpenters & Joiners, and Construction & Building Trades.

Source: CSO, LFS

National Framework to meet Priority Construction Workforce Needs

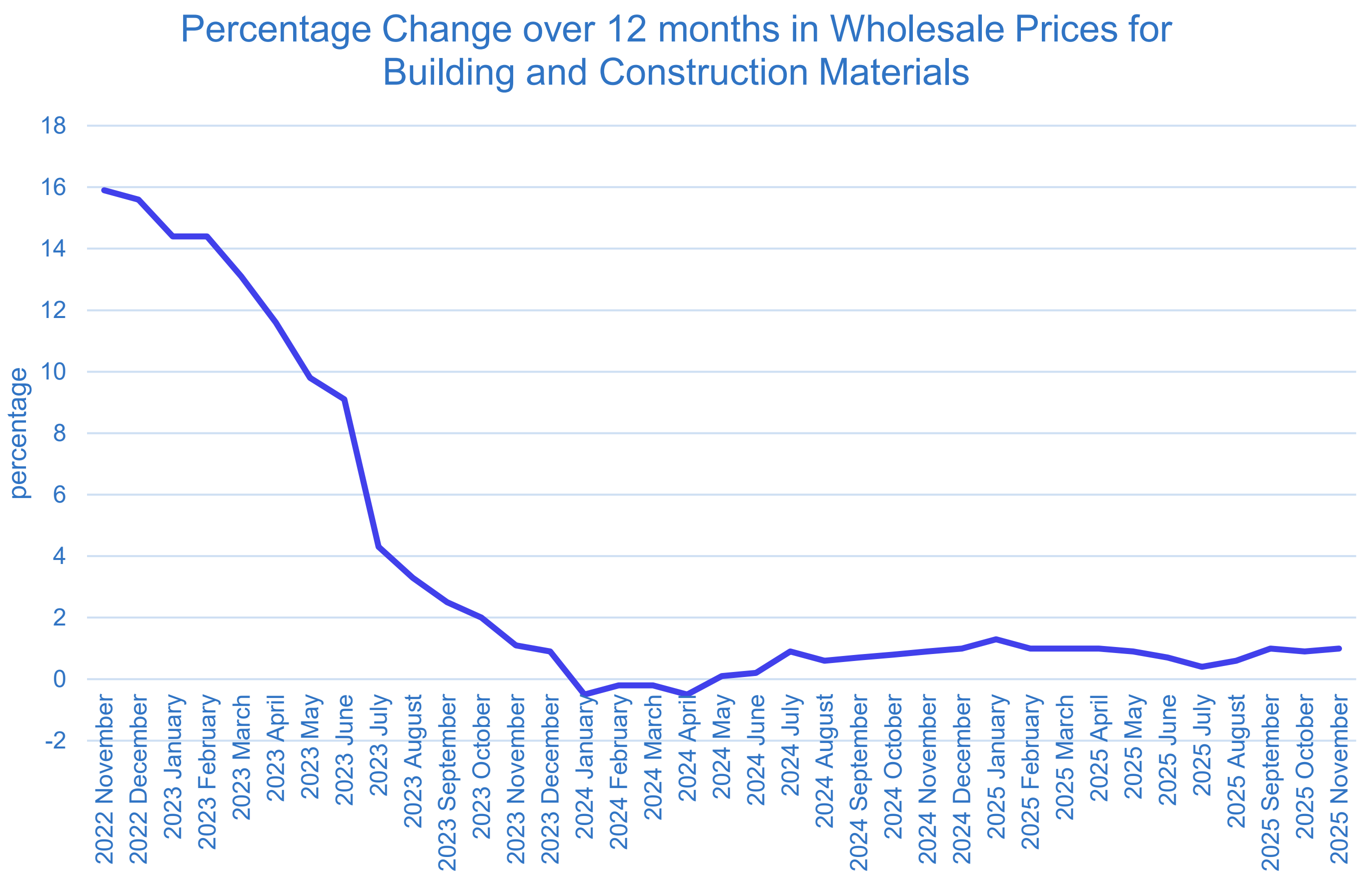
DFHERIS has commissioned a **comprehensive national analysis of construction-sector supply and demand** — covering apprenticeships but also the broader skills pipeline.

This work, undertaken by Indecon, is focused on establishing **a national framework to meet priority construction workforce needs**.

The study has been underway for some time. CIF participated in the consultation process in Q1 2025, where we emphasised the importance of recognising **the full breadth of the construction ecosystem** and drawing on previous research already carried out in this space.

The final report is due for publication by the end of Q4 2025 / Q1 2026.

Wholesale Prices for Building & Construction Materials increase by 1% in the 12 months to November 2025



Some notable increases and decreases:

Copper Pipes & Fittings: (+6.9%)
Plaster: (+6.7%)
Ready Mixed Mortar & Concrete: (+4.8%)
Rough Timber (Hardwood): (+4.6%)
Bituminous Emulsions: (-5.8%)
Protection & Communication Equipment: (-4.8%)

The All Materials Index for Construction Products increased by 0.1% in November 2025 and rose by 1.0% in the 12 months since November 2024. The Building & Construction Index (i.e. Materials and Wages) was unchanged in the month and was 2.0% higher than the same month last year.

Data source: CSO, WPI

Quarterly Construction Outlook Survey

Low Confidence in Public Works as Construction Firms Focus Abroad

CIF Q4 Outlook Survey

Engagement with Public Works Contracts (PWC) remains limited across the sector. 68% of companies reported no or low involvement in PWCs in Q3, rising to 69% expecting no or low involvement in Q4 2025.

Despite this, there are early signs of renewed interest. 21% of companies expect their involvement in PWCs to increase over the next 12 months, up six percentage points since the end of Q3. Among those anticipating reduced involvement, bureaucracy, high tendering costs, and delays in awarding contracts are cited as the principal deterrents.

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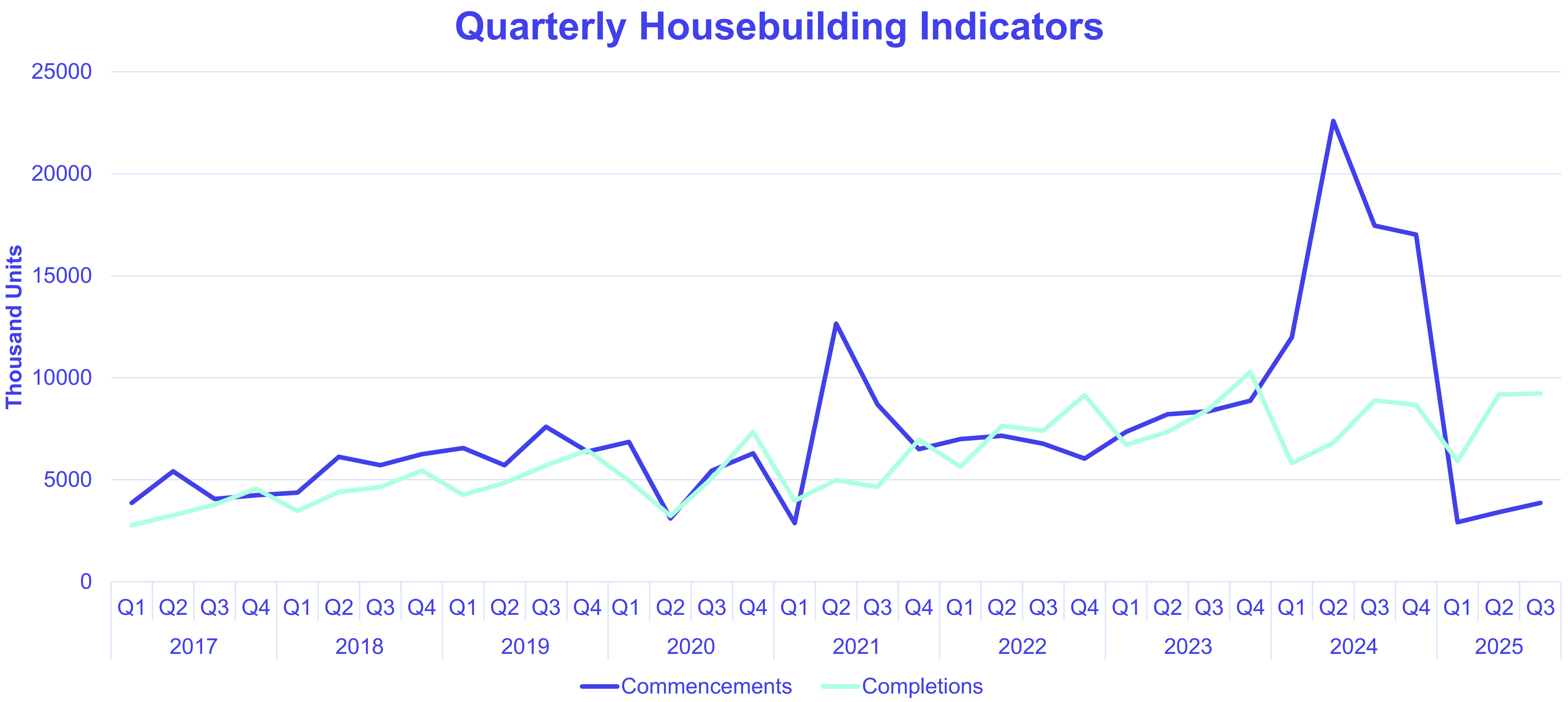
Exports remain a growing contributor to business activity. 27% of companies reported a YOY increase in export turnover, and the same proportion expect export turnover to increase further in Q4 2025.

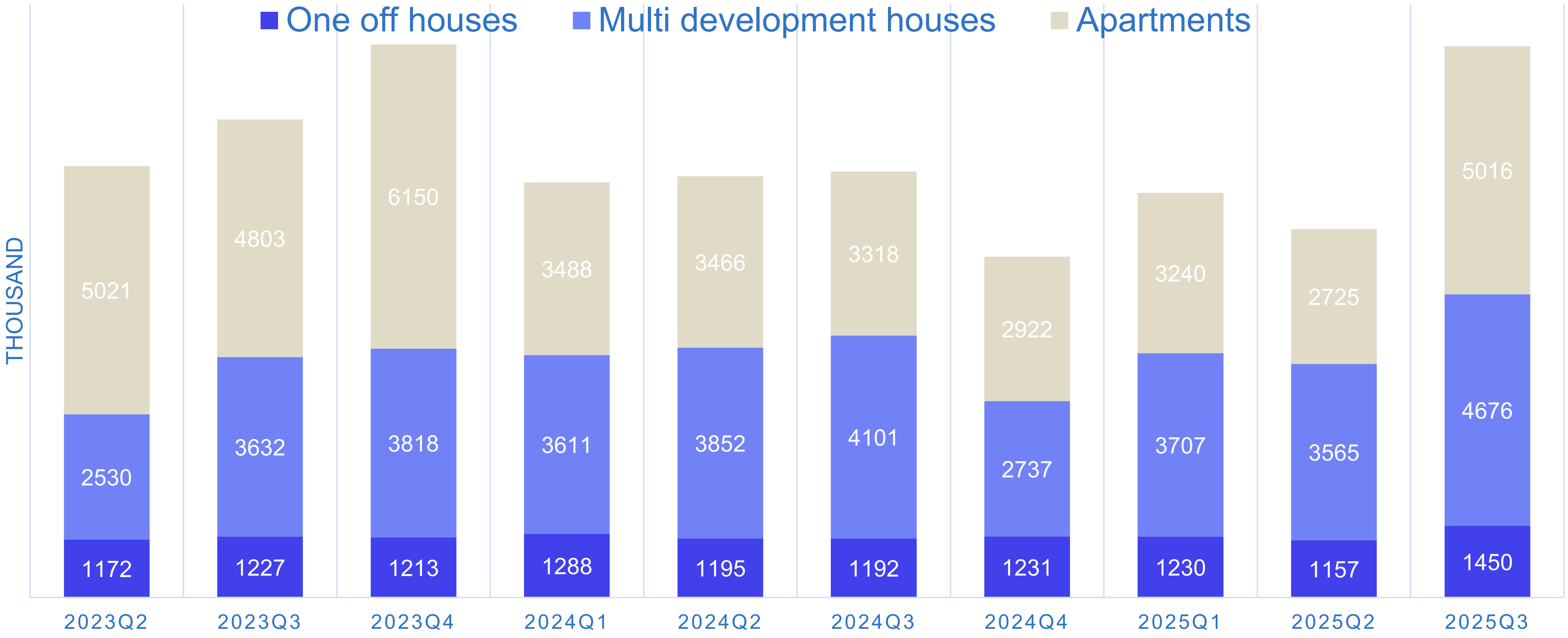
Housing Delivery and Demand

Trends in Quarterly House Building Indicators from 2017 - 2025



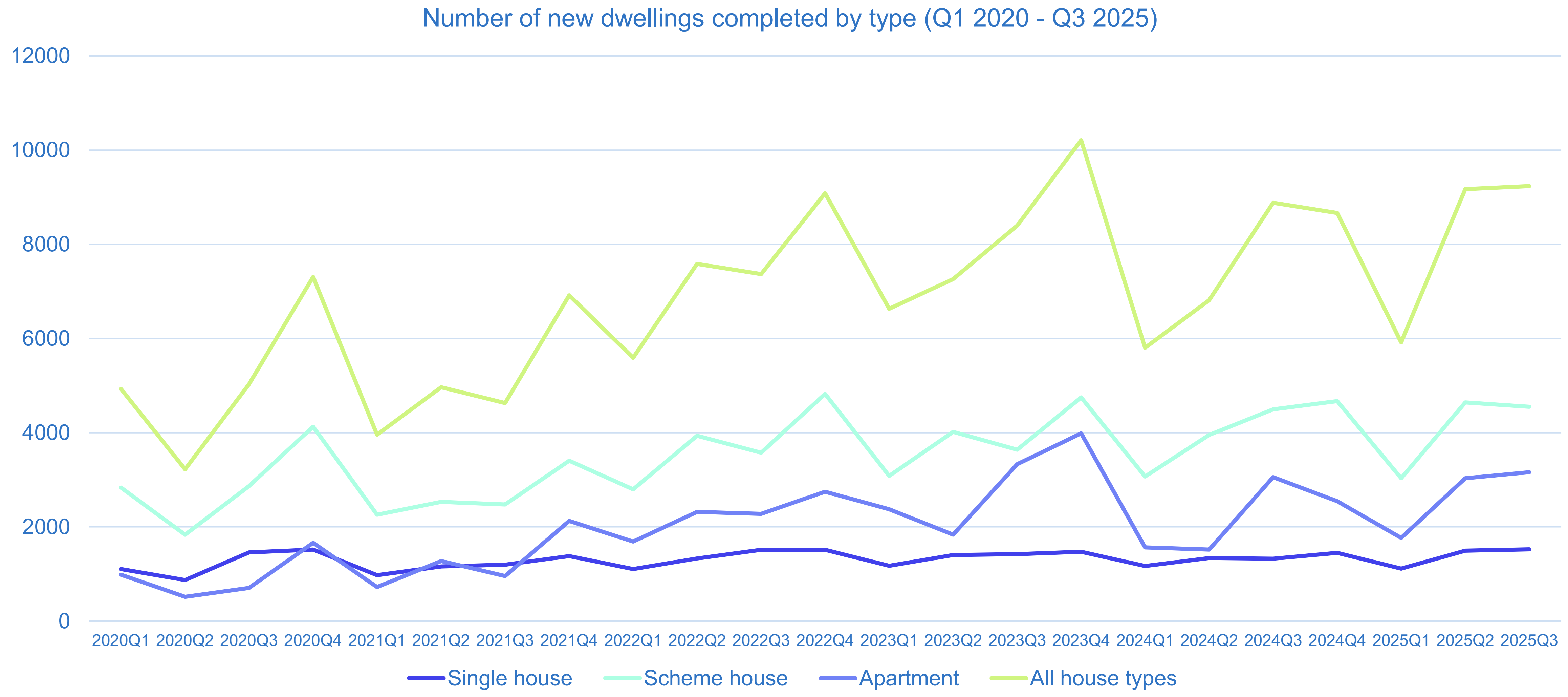
Data Source: CSO, Housing Agency

Number of Units Granted Planning Permission by quarter and type Q2 2023 – Q3 2025



Data source: CSO

New House Completions by Type Q1 2020 to Q3 2025



Data source: CSO

Softening output in 2025

- Delivering housing is the foremost investment challenge facing Ireland at present:
    - direct capital and institutional investment is required
    - housing-enabling infrastructure should be expedited
- Historically, the relationship between planning permissions, commencements and completions in the Irish housing market was relatively stable. **The volatility in commencements introduces significant uncertainty to the forecast for housing completions.**
- **Data available from November 2025 shows that a total of 13,165 homes were commenced nationally in the year to date, down from -77% on the corresponding period in 2024.**
- **In the first nine months of 2025 there were 24,325 new dwelling completions, which was an increase of 13% on the same period in 2024.**
- Retrenchment of institutional investment is also being borne out in the completion figures. It will be very difficult to meet official supply targets without a significant increase in such investment.

STATISTIC	Type of House	Jan-Sep 2024	Jan-Sep 2025	Change	% change
New Dwelling Completions	Single house	3,837	4,136	299	7.8%
New Dwelling Completions	Scheme house	11,523	12,229	706	6.1%
New Dwelling Completions	Apartment	6,142	7,960	1,818	29.6%
New Dwelling Completions	All house types	21,502	24,325	2,823	13.1%

Summary

To sum up

- Real capacity constraints are not about the construction workforce or skills - they're about planning delays, legal challenges, infrastructure deficits and the historical lack of multiannual funding tied to deliverable projects.
- These issues erode business certainty and push CIF member companies to seek private or international work instead.
- Labour demand in construction fluctuates across project type, investment timeline and region.
- Government departments have developed medium-term sectoral plans for delivery of their NDP allocations of €102.4bn for the 2026 to 2030 period.
    - Industry requires clear, traceable project details to sustain business confidence and investment in people, research, innovation and technology.
- There is a strong medium to long-term opportunity pipeline, and the CIF is focused on delivery, competitiveness and productivity supports.
- CIF is pursuing:
    - greater visibility of the NDP 2026-2035 project pipeline
    - a streamlined planning process for critical projects to reduce overall costs of delivery
    - clear linkage to the NPF 'Project Ireland 2040' and balanced regional development
    - greater partnership with the construction sector as delivery agents in key departmental fora such as the '*Housing Activation Delivery Group*' and the '*Accelerating Infrastructure Taskforce*.'
    - details of the potential impact of current/stalled NDP projects involving reallocation of funding and potential clawback of investment.

Thank You

Questions?

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CONSTRUCTION INDUSTRY FEDERATION