



Ireland

Country Commodity

Report

Q2 2023



Ireland

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Despite global macroeconomic volatility, which would have implications for the Irish economy, the central outlook for the domestic economy is showing signs of improvement. While Q1 2023 witnessed a decline in GDP QoQ, there was a simultaneous expansion in modified domestic demand output. Although inflation has moderated, it remains high, so still poses a challenge for some sectors. Irish construction output may shrink in real terms in 2023, yet the sector holds a positive long-term outlook. We have witnessed a real slowdown in commercial development, and this, combined with a significant number of projects caught up in the planning process, is creating real capacity in the market into Q4 2023 and 2024. This slowdown is driving hunger in the market from General Contractors and Sub Contractors and in turn more competitive tenders. Strong pipeline and growth is likely to continue in the mission critical sectors of Technology, Life Sciences, Energy and High Tech Industrial.

While the overall supply chain situation is improving and production costs are stabilising, there are a few commodities whose prices remain volatile. Skilled labour shortages remain one of the major challenges, which may have an impact on overall project costs and delivery timelines. Adoption of digital solutions and a collaborative approach can aid in mitigation of this risk to some extent and should be factored-in when developing schedules.



Stephen Ashe
Senior Director - Europe



Key Indicators

GDP

Is estimated to have grown by 9.4% in 2022



- On a QoQ basis, GDP declined by 2.8% in Q1 2023 driven by a contraction in multinational corporations
- However, modified domestic demand (MDD) increased by 0.1%

CPI

Rose by 6.6% over the 12 months to May 2023



- Down from an annual increase of 7.2% in the 12 months to April 2023
- 20th straight month where the CPI annual increase has been at least 5.0%
- Significant cost increases were seen in housing, utilities and fuels

Construction output





Expected to shrink by *3% in real terms in 2023



- Contraction in the industry is attributed to rising interest rates and high labour costs
- Industry is expected to gain momentum from 2024 supported by investments in transport and energy sectors

* Based on CSO's Production in Building and Construction Index

Commodities Pricing Snapshot

	Price % change			Remarks
	YoY Q2 '22 - Q2 '23 (e)	QoQ Q1 - Q2 '23 (e)	QoQ Q2 (e) - Q3 '23 (f)	
 Copper	↓ -7%	↓ -7%	↓ -1%	Prices edged down on a quarterly average basis, and likely to remain stable
 Steel rebar (raw)	↓ -22%	↓ -5%	↓ -1%	Continued decline in prices likely to persist
 Cement	↑ 20%	↑ 3%	↔ 0%	Prices are still elevated and edging upwards
 Lumber	↓ -18%	↔ 0%	↓ -1%	Prices are stabilising

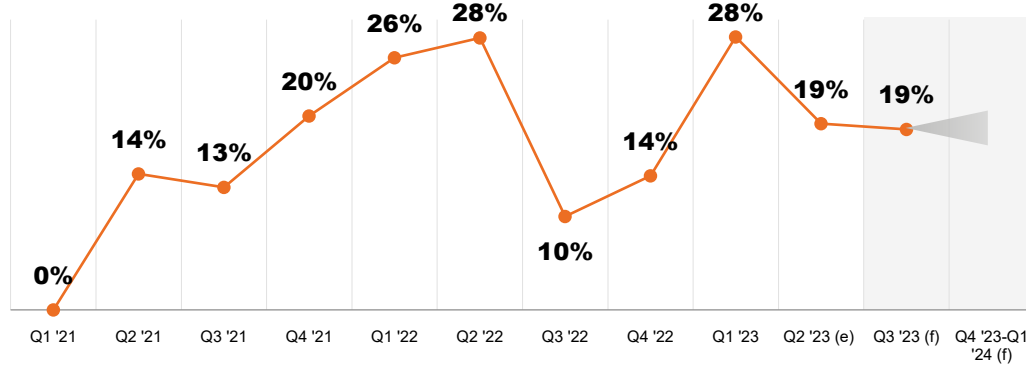
Ireland – Commodity Price Trends



Copper

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€8,418	€8,376	↓ -7.0%	↓ -0.5%

Price change comparison against Q1 2021



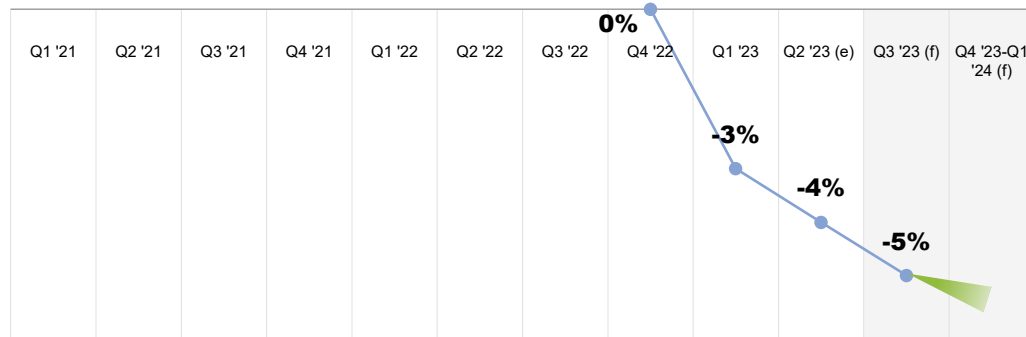
- Copper prices edged down 7% QoQ in Q2 2023, which partly reflects the weak market sentiment following hikes in interest rates
- Although prices have fallen from the highs of mid-2022, compared to levels in Q1 2021 copper prices were 19% higher in Q2 2023
- Prices will remain close to current levels on a quarterly average basis, given concerns over global inventory levels



Stainless Steel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€3,044	€3,014	↓ -1.0%	↓ -1.0%

Price change comparison against Q4 2022



- With global nickel supplies rising, prices are trending downward despite stable demand from end-use industries, resulting in stainless steel prices dropping by 1% QoQ, in Q2 2023
- Nickel prices are expected to be volatile in the coming quarters, and this will impact on stainless steel
- However, prices are set to remain on a downward trend, in part owing to easing of supply-side pressures

Ireland – Commodity Price Trends

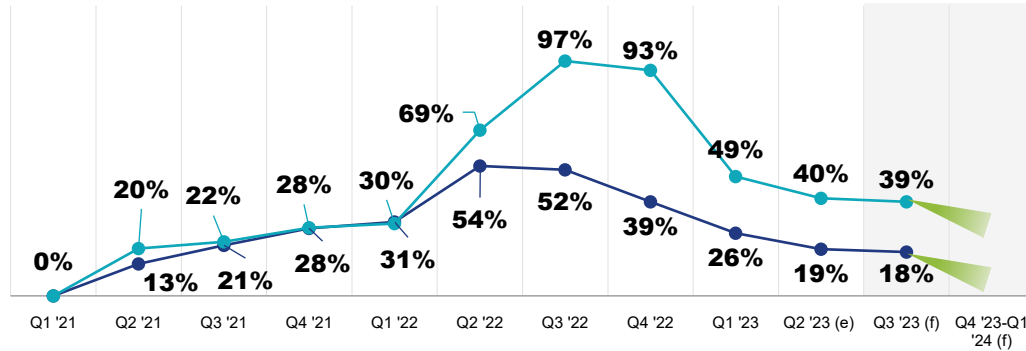


Steel – rebar and flat

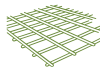
Level of Impact		
Price Change (e) vs (f)	Material Availability	General State of Supply Chain
Moderate	Moderate	Moderate

Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
Steel rebar (raw) (€/mt)			
€714	€707	↓ -5.2%	↓ -1.0%
Steel flat product (€/mt)			
€858	€849	↓ -6.0%	↓ -1.0%

Price change comparison against Q1 2021



- Steel prices have continued on a downward trend from the high levels reached in mid-2022, with rebar dropping by 5% QoQ and flat products by 6% in Q2 2023
- Residential construction activity has held up relatively well despite challenges, with improvements in civil engineering, and this will help to maintain demand for steel products generally
- Steel prices will be on a general downward trend in the coming quarters given the expected easing in production cost pressures as energy prices fall

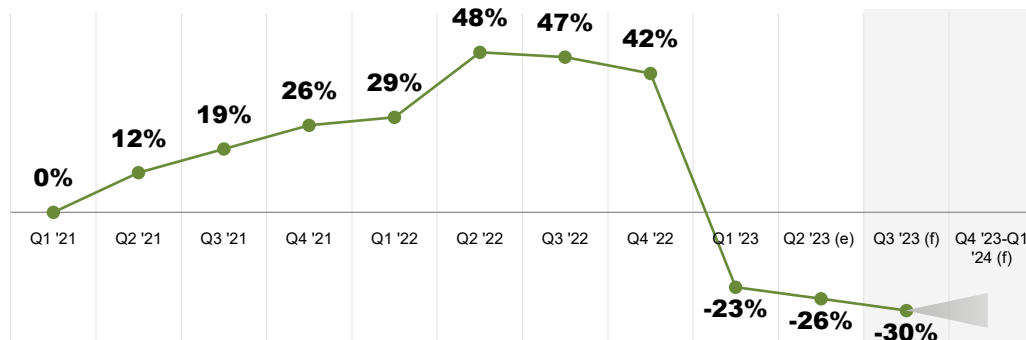


Welded mesh

Level of Impact		
Price Change (e) vs (f)	Material Availability	General State of Supply Chain
Moderate	Low	Low

Price (€/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€31.1	€29.6	↓ -4.5%	↓ -4.8%

Price change comparison against Q1 2021



- The price for welded mesh has fallen sharply in recent quarters, with production costs decreasing and the decline in rebar prices contributing to this trend
- Prices have dropped to the lowest level since early 2021, and given this steep decline, prices are set to remain close to current levels in the coming quarters

* 240 x 480 cm; diameter 6mm

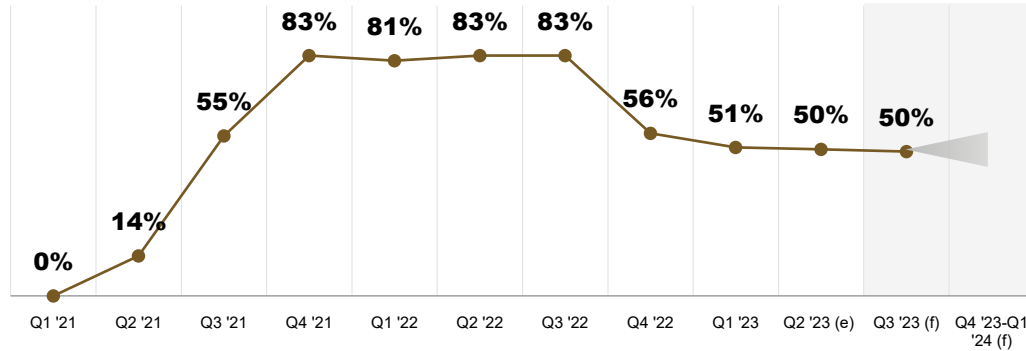
Ireland – Commodity Price Trends



Lumber (raw)

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (€/m ³)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€87.3	€86.8	↓ -0.4%	↓ -0.5%

Price change comparison against Q1 2021



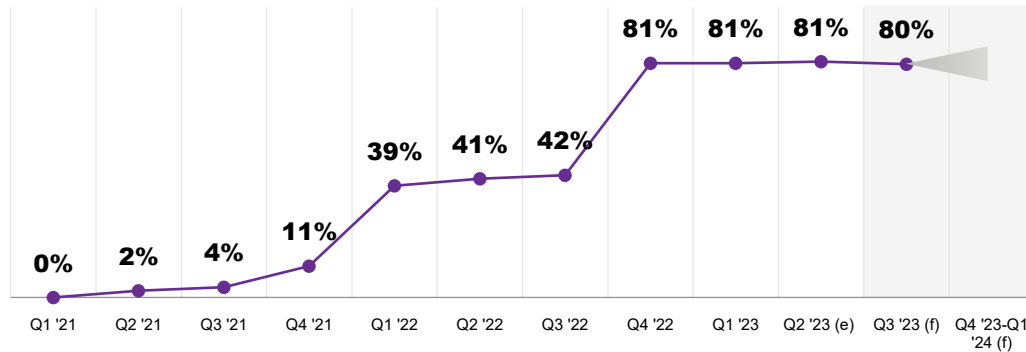
- Prices were particularly high mid-2022 when supply disruptions caused them to spike
- Lumber prices were steady throughout Q2 2023 compared to the average in the previous quarter, but they had declined by 18% when compared to the same period in 2022
- The recent downward trend can be attributed to improved supplies and some weakness in demand



Plasterboard

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (€/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€15.05	€14.97	↑ 0.3%	↓ -0.5%

Price change comparison against Q1 2021



- After rising sharply in late 2022, prices for plasterboard have remained stable at an elevated level this year, and in Q2 2023 were still 81% higher than in Q1 2021
- Demand has held up, and despite easing cost pressures on the supply side, producers have yet to drop prices
- With building permits picking up again in Q1 2023, demand is likely to be sustained in the coming quarters, keeping prices relatively high

* 240 x 120 x 1.25 cm (L x W x T)



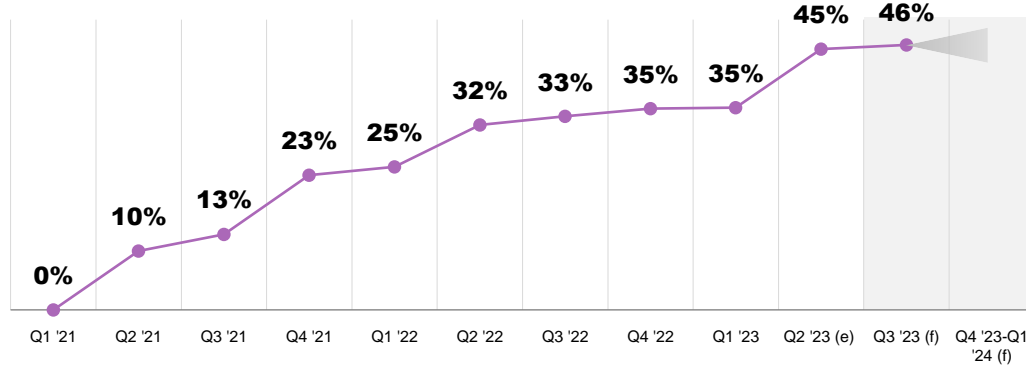
Ireland – Commodity Price Trends



Limestone

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€100	€100	↑ 7.5%	↑ 0.5%

Price change comparison against Q1 2021

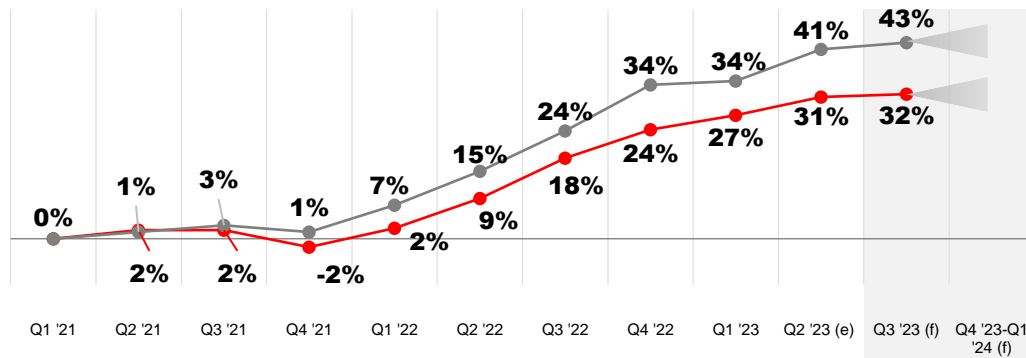


- The prices for limestone have stayed high, picking up by 7.5% QoQ in Q2 2023, with overall solid demand in the construction industry
- Although production costs have eased, this has yet to be passed on to buyers
- Reflecting the continuous upward trend over the past two years, prices in Q3 2023 will be 46% higher than in Q1 2021, however they are expected to stabilise over the next quarter

Cement and Concrete

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€283	€284	↑ 3.1%	↑ 0.5%
● Cement (€/mt) €283 €284 ↑ 3.1% ↑ 0.5%			
● Concrete (€/m³) €96.1 €97.1 ↑ 5.2% ↑ 1.0%			

Price change comparison against Q1 2021



- The price for cement edged up again in Q2 2023 on a quarterly average basis, rising by 3.1% compared with Q1 2023
- Demand is holding up relatively well and as production costs ease, producers may pass these savings on to buyers
- Concrete prices are up by 5.2% QoQ in Q2 2023, with a further rise expected in Q3
- A 5% levy on concrete products will come into effect in September, to fund a redress scheme for homeowners affected by mica

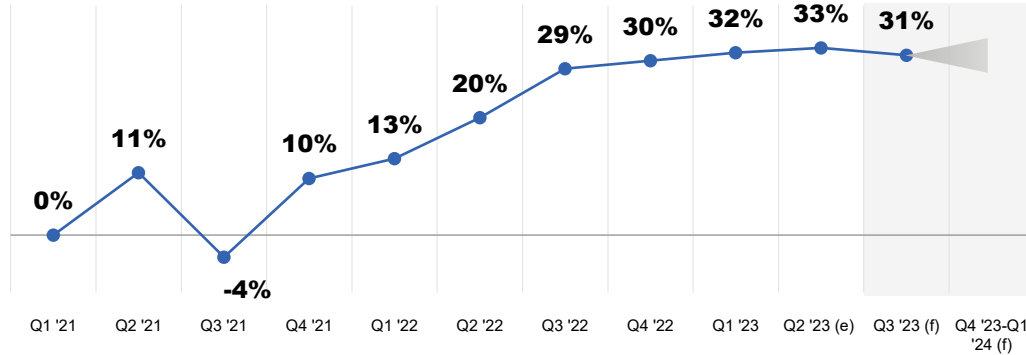
Ireland – Commodity Price Trends



Asphalt

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€964	€955	↑ 0.7%	↓ -1.0%

Price change comparison against Q1 2021



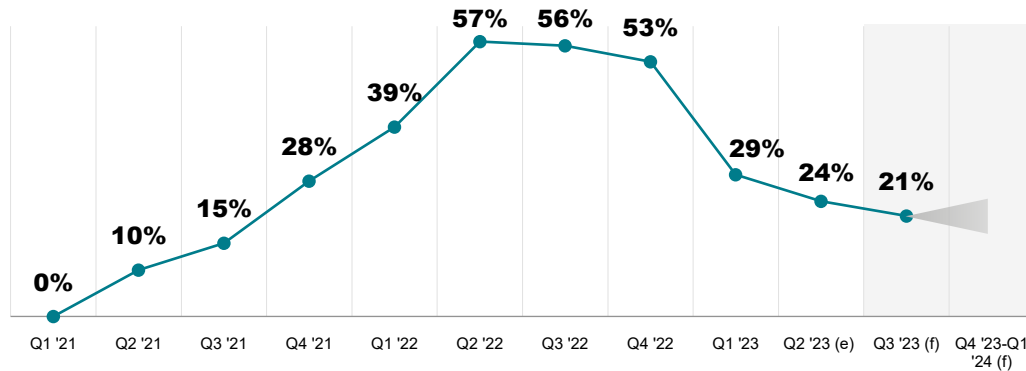
- Asphalt prices have stayed relatively high in recent quarters, edging up by 0.7% on a quarterly average in Q2 2023
- Demand will remain strong, with the government planning significant spending and in February 2023 it announced an investment of €626 million in local roads and €554 million in national roads and greenways over 2023
- Prices are expected to remain elevated, such that in Q3 2023 prices will be around 31% higher than in Q1 2021



Diesel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (€/litre)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€1.55	€1.51	↓ -4.3%	↓ -2.4%

Price change comparison against Q1 2021



- Diesel prices fell sharply in May, dropping to a monthly average of €1.47 per litre, having been at a high of over €2 per litre in October last year
- However, prices have since edged upward this June, with the government starting to phase out the excise duty cuts that were brought in as a support measure last year
- There will be further steps to phase out the cuts in excise duty in September and October, which will keep prices around current levels

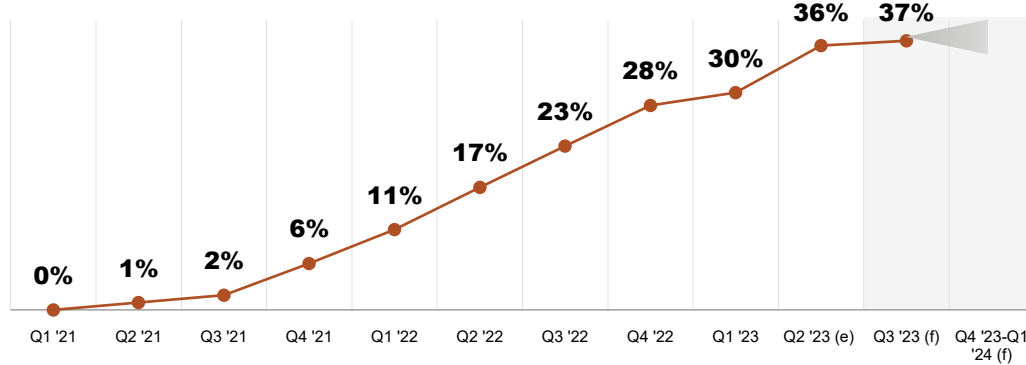
Ireland – Commodity Price Trends



Bricks

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (€/000 unit)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€936	€941	↑ 5.0%	↑ 0.5%

Price change comparison against Q1 2021



- Brick prices have continued to rise in recent quarters, moving up by 5% quarter on quarter in Q2 2023
- High production costs have contributed to the high levels, but prices have yet to drop back despite the recent easing in energy and transport costs
- Despite challenges faced by the residential sector, recent planning approvals data have shown an improvement in demand, and this will help to keep prices around current levels in the coming quarters

Level of impact rating reflects a combination of factors: price change (compared to recent past beyond the last quarter), the importance of the material, and general state of the supply chain in terms of stability.

Level of Impact					
Price Change Estimate (e) vs Forecast (f)		Material Availability		General State of Supply Chain	
Range	Impact	State	Impact	State	Impact
≥5%	High	Deficit	High	Stressed	High
≥1% – <5%	Moderate	Balanced	Moderate	Adequate	Moderate
<1%	Low	Surplus	Low	Easily Available	Low

Please note that commodity prices are based on representative materials available in the respective countries, and as these materials may not be standard across all markets, cross-country comparisons on prices can be ineffective. For example, asphalt types can vary between hot, cold or a bitumen price, and standard unit sizes for materials can vary across countries. Material prices relate to raw or unfinished materials, and not to finished, delivered and erected on-site prices.

QoQ Quarter on Quarter
 YoY Year on Year
 MoM Month on Month
 GDP Gross Domestic Product
 CPI Consumer Price Index (wherever not specified)
 e estimated
 f forecasted
 EV Electric Vehicles
 DC Data Centre

Ireland – Industry trends



Sector trends



Data Centres

Amid uncertainty regarding development approvals, Ireland has retained its status as a preferred location for Data Centres. The combined projects valued at more than €9bn, are either under construction or at various stages of planning.



Life Sciences

Ireland's thriving Life Sciences sector saw a 25% increase in medical and pharmaceutical goods exports in 2022 but have a seen a slight dip in the first half of 2023. Expansion plans in the pipeline for Dublin, Kilkenny, and Limerick, for facilities worth approximately €2bn in project value, will further solidify Ireland's status as a preferred destination for this robust sector.



High-tech Industrial

Ireland has a strong reputation in the semi-conductor industry, spanning the entire value chain and continues to demonstrate expertise in delivering large-scale projects. Due to the availability of talent, reputation of research centres, business-friendly tax environment and long track record of hosting top U.S. chip companies it remains a location of choice for a growing list of semi-conductor firms.



Renewable Energy

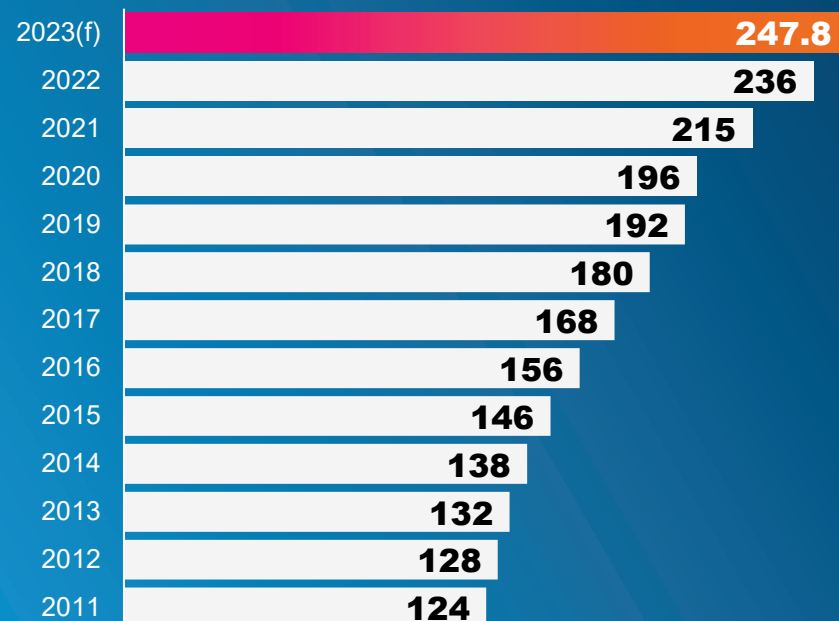
Construction in the Energy and utilities sector is expected to shrink by 2.4% in 2023 due to high material costs, but in the next four years it is anticipated to achieve an annual average growth rate of 3.4%, driven by renewable Energy investments. Recent developments include Statkraft and Copenhagen Infrastructure Partner's agreement to develop 2.2GW of offshore wind capacity, and SSE Renewables' plan for a solar farm and battery energy storage system.



Commercial

The commercial sector is expected to contract by 4% in real terms in 2023 as a result of challenges including reduced office demand post-COVID and subdued investor activity amid higher interest rates. However, the sector is expected to recover and grow by 0.3% in 2024 and 4.1% in 2025.

Linesight tender price index 2011-2023(f)



Note: The above infers a full-year increase of +9.8% for 2022. Our 2022 estimate is broken down @ +7.5% for H1 2022 and +2.3% for H2 2022. Our forecast for full year 2023 is c. +5%. This is driven by stabilisation in commodity prices but pressures on wage levels associated with sectoral employment orders and skilled labour shortages. We will review this on an on-going basis.

Ireland – Report methodology



Linesight has commissioned independent global research to track construction materials and commodity prices. The approach and methodology for the collection of construction material pricing and other indicators is based on primary and secondary research.

Primary and secondary research

Primary research is conducted on a quarterly basis with stakeholders in the value chain, including manufacturers and suppliers/distributors of the target materials, to ascertain market information on prices in recent quarters, and also on projections for changes in the coming quarter and remainder of the year. The market analysis also involves a thorough assessment of secondary sources of data on materials and labour prices, in addition to underlying demand and supply trends that will impact market prices.

Sources include GlobalData's Construction Intelligence Center (CIC), the World Bank, IMF, OECD, as well as country specific national statistics offices, such as the U.S. Bureau of Economic Analysis, Bureau of Labor Statistics, and also industry specific associations and publications.

Definitions

- Commodity prices are net of taxes for all the countries
- Prices are not customer delivered
- All commodities are raw materials
- Nominal and real data

Nominal data series do not exclude changes in prices and are also referred to as current prices series.

Annual changes in nominal data for construction output will include changes in construction activity, as well as changes in costs for materials and equipment.

Real data series are calculated by keeping prices constant (so, are also referred to as constant price series), and therefore, they reflect changes in activity only. Growth rates in nominal terms can overstate the pace of growth in construction activity if there is high inflation stemming from rising prices for key inputs.

Sample sources – Ireland

For Ireland, sources for this report include, but are not limited to:

- IMF
- Central Bank
- CSO
- SCSi
- GlobalData's Construction Intelligence Center (CIC)
- The Conference Board Total Economy Database™
- Sustainable Energy Authority of Ireland

Disclaimer: The commodity report contains information, data, and analysis related to the construction industry.

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