

BMF NEWS

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The BMF represents the industry on the following bodies:

National Construction and Demolition Waste Council (NCDWC)

The Building Regulations Advisory Board (BRAB)

The Construction Industry Council (CIC)

The Forum for the Construction Industry (FCI)

The Irish Agreement Board (IAB)

The National Standards Association of Ireland (NSAI)

Council of European Producers of Materials for Construction (CEPMC)

For further information on the BMF's activities in any of these areas please contact:

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Construction industry needs government stimulus

It will come as no surprise that the data contained in this issue of the Bulletin underlines the bleak state of the construction industry and the market for building materials. This situation looks to persist during 2010 as demand continues very weak and Ireland's economy remains in the doldrums.

Now is the time to take tangible action to resurrect demand in the construction industry. The BMF, along with colleagues in the Construction Industry Council (CIC), has been lobbying government for a stimulus package for the construction industry. The underpinning logic for supporting the industry is simple – it will be cheaper for the government to invest in infrastructure and preserve employment in the construction industry than to let the jobs go, lose tax income, and increase social welfare payments.

The example used in the CIC's analysis shows that a loss of a further 70,000 jobs in the construction industry would cost the government €2.6 billion in lost tax revenues and increased social welfare payments. If the government put in place a €5 billion stimulus package for infrastructure development, this would save 70,000 jobs and save €2.6 billion in lost taxes and increased dole payments. Thus, it would end up costing €2.4 billion compared to the €2.6 billion cost of doing nothing.

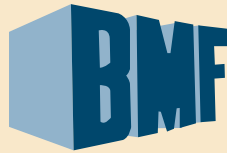
Job losses of this magnitude are a very real prospect in the next 12-18 months. In fact, it is possible that a further 100,000 jobs could be lost in the industry before the end of 2010.

It is imperative that government spending on much needed public infrastructure continues. The major road building programme will come to an end during 2010 and it is unclear what, if anything, will follow it. With tender prices severely depressed, there is also a strong 'value for money' argument for public infrastructure procurement to be continued. There is a real urgency here. Unless planning for major projects commences quickly, there will be an inevitable delay before projects are ready for the construction phase.

The Construction Industry Council report acknowledges a major role for the private sector through the use of Public Private Partnerships (PPPs). However, the current banking situation creates difficulties with financing such private sector projects.

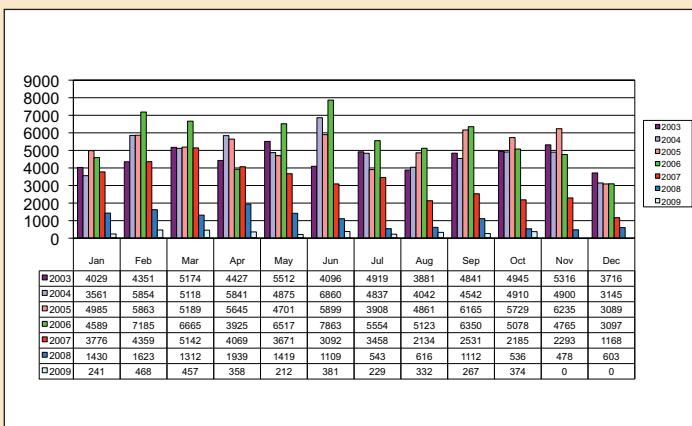
The CIC is also seeking support for the creation of 'infrastructure bonds'. These would create a mechanism by which the private pension funds could invest in infrastructure projects. In addition, their structure allows for off balance sheet financing by government, assisting with the need to stay within EU rules on levels of public debt.

With construction output forecast to fall to less than €13 billion in 2010, there is a real need to support output, support jobs, and ensure that Ireland maintains a construction industry that is capable of meeting the needs of a country that still lags behind in social and transport infrastructure.

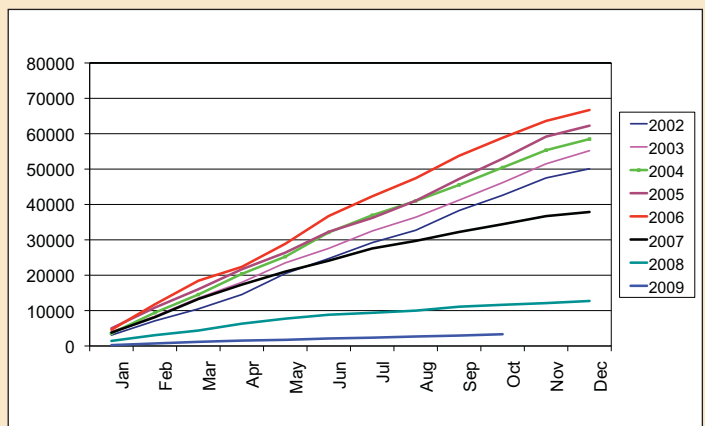


HOMEBOND AND PREMIER GUARANTEE REGISTRATIONS

JOINT REGISTRATIONS



HOMEBOND & PREMIER GUARANTEE CUMULATIVE REGISTRATIONS



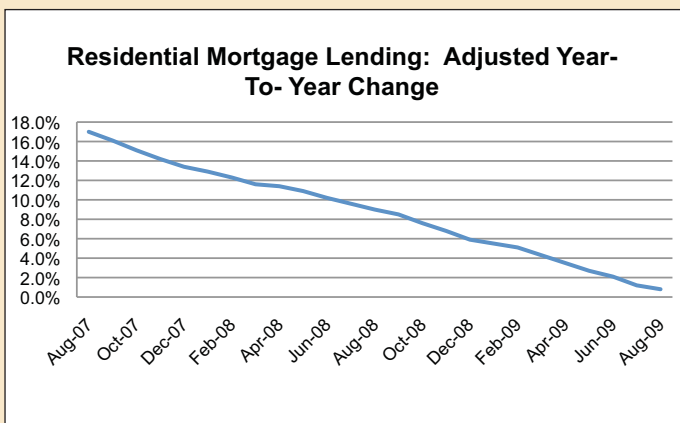
Registrations are recorded subsequent to commencements and exclude all builders who are not registered with the national guarantee/insurance Homebond and Premier Guarantee schemes as well as one-off housing and public sector units.

Source: Homebond and Premier Guarantee

- There were 267 joint registrations in September 2009, down 75% on September 2008.
- For the 9 months to September 2009 there were 2,945 registrations, resulting in a decline of 73% when compared to the same period up to September 2008.
- July-September (available data for last 3 months) registrations were down by 63% on the same period in 2008.
- April-September (available data for last 6 months) registrations are running at 26% for the figures for the same period in the previous year.

RESIDENTIAL MORTGAGE LENDING

MORTGAGE LENDING YEAR-TO-YEAR CHANGE

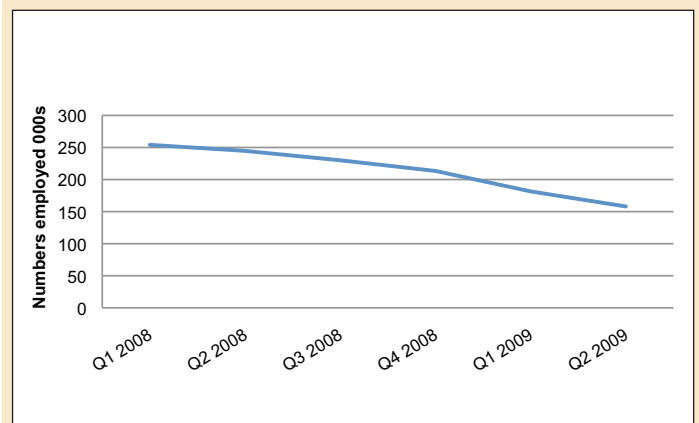


Source: Central Bank of Ireland

Residential mortgages (including securitised mortgages) fell by €84 million in August, the fifth consecutive monthly decline.

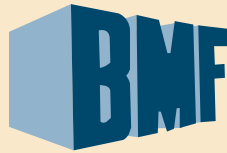
EMPLOYMENT

CONSTRUCTION EMPLOYMENT



Source: CSO; Quarterly National Household Survey

The Quarterly National Household Survey captures total employment figures, over a quarterly basis, and is derived from household surveys. The annual rate of decline for Q2 2009 is at 35.4%. Employment in private firms (with five or more persons engaged) in the construction industry decreased by 21.9% in December 2008 when compared with December 2007. The chart has not been updated since December 2008 as the monthly construction employment index was discontinued by the CSO in the same month. The final figure for November 2008 showed a decrease of 20.2% when compared with November 2007.



BUSINESS BULLETIN

BUILDING MATERIALS PRICES

WHOLESALE PRICE CHANGES - SEPTEMBER 2009

	Monthly % change Aug-Sep	Annual % change
All materials	+0.1	-5.5
Stone, sand and gravel	-1.7	+1.8
Cement	-	+0.8
Ready mixed mortar and concrete	+0.6	-2.1
Concrete blocks and bricks	-0.5	-0.6
Other concrete products	-	-2.5
Structural steel & reinforcing metal	+0.5	-24.3
Structural steel	+0.4	-20.1
Reinforcing metal	+0.7	-30.9
Rough timber (incl plain sawn)	+0.3	-4.8
Other timber (incl joinery)	-	-5.4
Bituminous macadam, asphalt, etc	-0.1	-5.0
Bituminous macadam and asphalt	-0.2	-4.6
Bituminous emulsions	+2.1	-13.4
Electrical fittings	+0.1	-4.2
All other materials	+0.3	-1.0

Source: CSO

All material prices decreased by 5.5% in the year since September 2008.

Structural steel (-20.1%) and reinforcing metal (-30.9%) underwent the most considerable reductions. All materials increased by 0.1% from August to September 2009.

HOUSE COMPLETIONS

	2002	2003	2004	2005	2006	2007	2008	2009	2009/2008
January	3,513	4,142	4,980		7,024	5,788	4,858	2,659	55%
February	4,098	4,667	6,028		7,112	7,052	5,029	2,613	52%
March	4,267	4,800	5,613		7,658	7,078	4,023	2,339	58%
Conversions	100	100	100		100	100	100	100	100%
Quarter-total	11,978	13,709	16,721		21,894	20,018	14,010	7,711	55%
April	4,151	5,390	6,548		6,326	5,964	4,848	2,430	50%
May	4,795	4,962	6,273	First 6 months combined	7,777	6,832	4,540	2,121	47%
June	4,394	5,457	6,315		7,802	6,064	4,238	2,117	50%
Conversions	100	100	100		100	100	100	100	100%
Quarter-total	13,440	15,909	19,236	35,307	22,005	18,960	13,726	6,768	49%
July	5,468	6,500	6,288	6,556	7,853	5,062	4,373	2,354	54%
August	4,458	5,018	5,300	5,865	6,861	5,903	3,605	1,628	45%
September	4,918	6,522	6,525	6,566	7,757	6,362	4,172	2,096	50%
Conversions	100	100	100	100	100	100	100	100	100%
Quarter-total	14,944	18,140	18,213	19,087	22,571	17,427	12,250		
October	5,021	6,243	6,688	7,854	8,586	7,397	3,827		
November	5,681	6,940	7,793	8,999	9,899	7,696	4,277		
December	6,531	7,778	8,203	9,610	8,364	6,429	3,534		
Conversions	100	100	100	100	100	100	100		
Quarter-total	17,333	21,061	22,784	26,563	26,949	21,622	11,738		
Annual Totals	57,695	68,819	76,954	80,957	93,419	78,027	51,724		

+ 5,200 + 5,200
CSO adjusted: 86,157 88,219

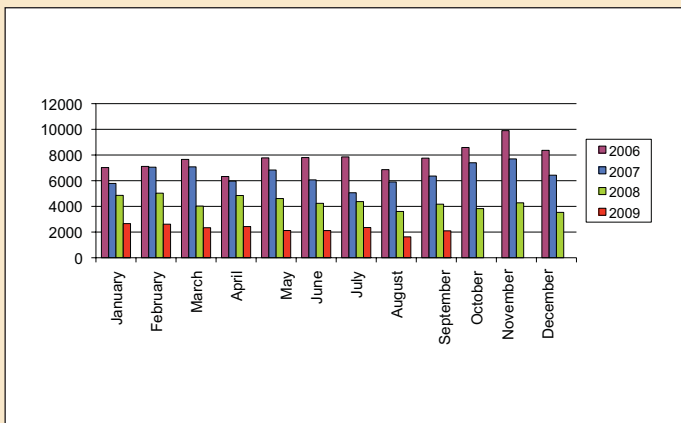
Source: Department of Environment, Heritage and Local Government

House completions for September 2009 were 50% of the completions recorded in September 2008.

Note: Direct comparisons cannot be made with Jan and Feb 2006 2006, as those figures included some units built in 2005
Notes:- (a) House completions data series are based on the number of new dwellings connected by ESB Networks to the electricity supply and may not accord precisely with local authority boundaries. These represent the number of homes completed and available, and do not reflect any work-in progress. ESB Networks have indicated that there was a higher backlog in work-in-progress in 2005 than usual (estimated as being in the region of 5,200 units). This backlog was cleared through the connection of an additional 2,000 houses in Quarter 1 2006 and 3,000 houses in Quarter 2 2006.

HOUSE COMPLETIONS

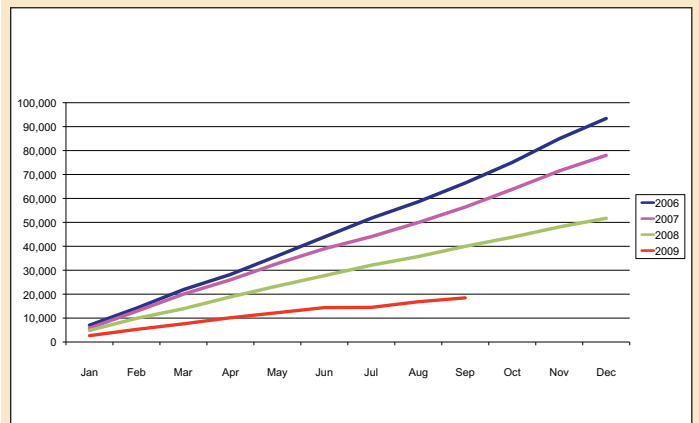
MONTHLY HOUSE COMPLETIONS



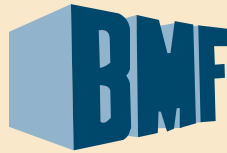
Source: Department of Environment, Heritage and Local Government

HOUSE COMPLETIONS

CUMULATIVE COMPLETIONS



Source: Department of Environment, Heritage and Local Government



BUSINESS BULLETIN

HOUSE COMMENCEMENTS

TOTAL NUMBER OF RESIDENTIAL UNITS COMMENCED (26 COUNTIES)

Monthly Totals												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2005	4,680	6,538	7,552	7,014	7,537	6,483	6,850	7,827	7,473	5,202	6,278	4,275
	78%	91%	100%	105%	96%	85%	108%	129%	141%	74%	106%	100%
2006	5,765	5,548	6,739	6,691	7,129	8,563	6,529	7,227	5,238	5,707	5,737	4,219
	123%	85%	89%	95%	95%	132%	95%	92%	70%	110%	91%	99%
2007	5,782	5,832	5,299	4,613	5,017	5,098	3,496	3,097	2,967	2,879	2,767	1,951
	100%	105%	79%	69%	70%	60%	54%	43%	57%	50%	48%	46%
2008	2,730	2,790	2,193	2,617	2,524	2,532	1,935	1,376	1,194	1,208	917	913
	47%	48%	41%	57%	50%	48%	55%	44%	40%	43%	33%	47%
2009	752	903	806	778	731	885	962	579				
	28%	32%	37%	30%	29%	35%	50%	42%				

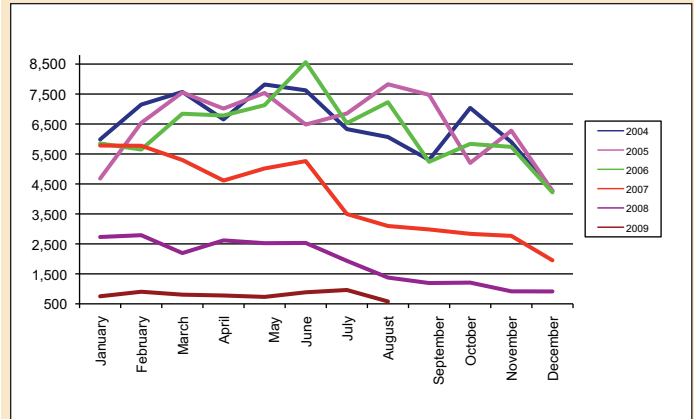
Cumulative												
2005	4,680	11,218	18,770	25,784	33,321	39,804	46,654	54,481	61,954	67,156	73,434	77,709
	78%	85%	91%	94%	95%	93%	95%	99%	102%	99%	100%	100%
2006	5,850	11,498	18,341	25,124	32,253	40,816	47,345	54,572	59,810	65,646	71,383	75,602
	125%	102%	98%	97%	97%	103%	101%	100%	97%	98%	97%	97%
2007	5,782	11,556	16,855	21,468	26,485	31,747	35,244	38,341	41,323	44,158	46,925	48,876
	99%	101%	92%	85%	82%	78%	74%	70%	69%	67%	66%	65%
2008	2,730	5,520	7,713	10,330	12,854	15,386	17,321	18,697	19,891	21,099	22,016	22,929
	47%	48%	46%	48%	49%	48%	49%	49%	48%	48%	47%	47%
2009	752	1,655	2,461	3,239	3,970	4,855	5,817	6,396				
	28%	30%	32%	31%	31%	32%	34%	34%	0%	0%	0%	0%

Source: Department of the Environment, Heritage & Local Government

The commencement notices for August 2009 are 42% of the notices recorded in August 2008.

HOUSE COMMENCEMENTS

COMMENCEMENT NOTICES (ALL LOCAL AUTHORITIES)

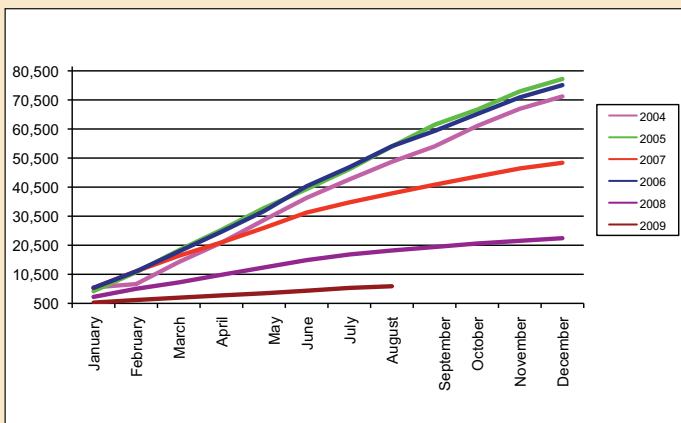


Source: Department of the Environment, Heritage & Local Government

This data is collected on a monthly basis from Residential Commencement Notices, received by all of the 37 Building Control Authorities. According to the data, no residential units commenced neither in Waterford City Council nor Limerick City Council in August 2009. However, it should be noted Local Authorities or builders carrying out work on behalf of a local authority are not required to submit Commencement Notices provided that the work is being carried out in that local authority's administrative area.

HOUSE COMMENCEMENTS

COMMENCEMENT NOTICES (ALL LOCAL AUTHORITIES)



Source: Department of the Environment, Heritage & Local Government

PLANNING PERMISSIONS

NUMBER OF PLANNING PERMISSIONS GRANTED BY TYPE OF CONSTRUCTION

Period	Number of Permissions				Total
	New Construction		Extension	Alteration and Conv	
	Dwelling	Other			
2007					
Q1	5,709	4,995	4,033	651	15,388
Q2	5,636	6,229	4,751	695	17,311
Q3	5,880	5,411	5,210	837	17,338
Q4	5,028	2,767	3,841	694	12,330
	22,253	19,402	17,835	2,877	62,367
2008					
Q1	4,777	2,104	3,523	651	11,055
Q2	4,722	2,050	3,743	700	11,215
Q3	4,253	1,774	4,166	711	10,904
Q4	3,739	1,616	3,003	619	8,997
	17,419	7,544	14,435	2,681	42,151
2009					
Q1	3,275	1,231	2,499	481	7,486
Q2	2,689	1,158	2,405	504	6,756
Q2 2009/2008	57%	56%	64%	72%	60%

Source: CSO

The total number of permissions granted during Q2 2009 is 60% of the number granted for the same period last year. Alterations and conversions for Q2 2009 are at 72% when compared to Q2 2008, with 504 permissions granted.