INVESTING IN IRISH CONSTRUCTION & MATERIALS

Goodbody

Building Materials

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Investing in Irish Construction & Materials

Goodbody and AIB Investing in Construction and Materials conference

Building on the success of last year's inaugural Construction & Materials Conference, we launch its second edition at a pivotal moment for Ireland's construction industry. While global trends are on the agenda, the spotlight for this note is on Ireland — a market with robust demand, clear structural growth, and a compelling investment case bolstered by strong economic fundamentals and government support.

Capital is flowing to Ireland and for good reason

Ireland is one of the fastest-growing construction markets in Europe, underpinned by one of the strongest macroeconomic backdrops in the region. **Euroconstruct forecasts c.5% construction output growth in 2026, around double the Western European average, highlighting Ireland's relative momentum.**

- Irish homebuilders like Cairn Homes and Glenveagh Properties lead new housing, aligning their landbanks and delivery capacity with persistent demand.
- Suppliers and distributors are expanding as well: Grafton Group has reinforced its leading Irish presence via organic and inorganic investment, and Howden Joinery is investing in Ireland to accelerate growth beyond its UK base.
- In heavy materials, Breedon Group is targeting Ireland's non-residential and infrastructure projects.
- Even homegrown but now global giants Kingspan and CRH report strong growth from their Irish operations, underscoring Ireland's quality as a market.

Across housing, RMI (repair, maintenance & improvement), and infrastructure, companies are looking at Ireland with growing conviction — a clear signal of where they see sustainable growth ahead.

From fourth to fifth gear?

Despite this progress — especially in housing — now is not the time to ease off the accelerator. Ireland needs more investment in critical infrastructure, notably water and electricity grids, to unlock the next phase of expansion. Bolstering these networks will not only support Ireland's data center and AI sectors, but also drive broader, more durable construction growth well into the next decade.

While some challenges remain, Ireland's construction market stands out for its strength, visibility, and long-term potential. In short, exposure to Irish construction is becoming hard to ignore and should be a core part of any construction-focused portfolio.

Analysts

Shane Carberry
+353-1-6419118
shane.carberry@goodbody.ie

Kenneth Rumph
+44 7442610768
kenneth.rumph@goodbody.ie

Lewis Roxburgh
+353-1-603-2643
lewis.roxburgh@goodbody.co.uk

Lorcan Dennigan
+353-1-603 2530
lorcan.dennigan@goodbody.ie

Economist

Dermot O'Leary
+353-1-641 9167
dermot.c.oleary@goodbody.ie

Investing in Irish Construction & Materials

Supported by one of the best performing economies in Europe, the Irish construction market is in a period of structural growth, and the outlook remains upbeat with **Euroconstruct forecasting 5% construction output growth in 2026, double the Western European average**.

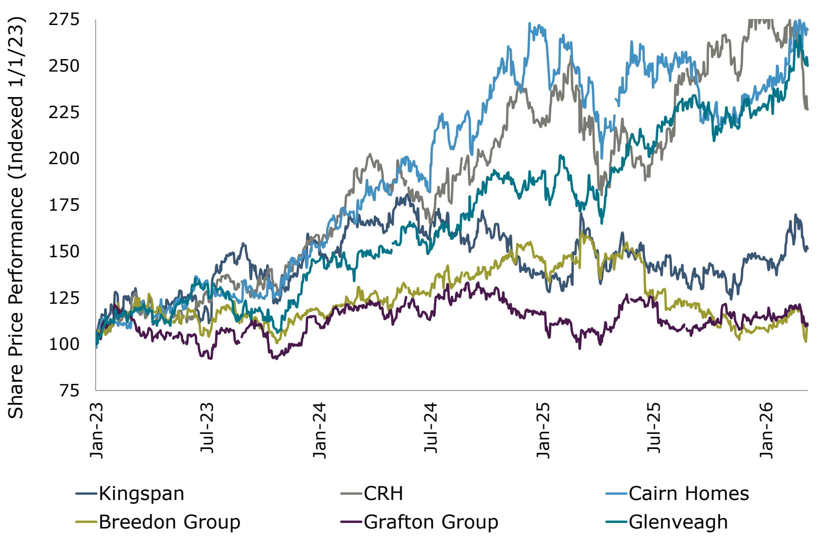
Public market investors are aware of the attractions of the Irish construction market to varying degrees – and have a variety of listed company options addressing different sectors, some wholly Ireland - focussed and others significantly exposed like:

- Pure play Irish homebuilders***, Cairn Homes*** and ***Glenveagh Properties*** who are the two biggest providers of residential housing in the country;
- European RMI operations like builders merchants ***Grafton Group*** (60% of profit generated from the Island of Ireland) and ***Howden Joinery*** (expects to open five new depots by the end of the year, bringing its total network in Ireland to 21);
- Fundamental 'heavy materials' of cement and stone for roads, foundations and structures, whether as part of homegrown but now US-listed global giant ***CRH*** or UK-listed but significantly Ireland-exposed ***Breedon Group*** (over a quarter of group profits from the island of Ireland);
- The roots of global building materials player ***Kingspan*** were also sown in Ireland and whilst the country now only represents a small proportion of Group sales (2.5%), it still generates over €230m of revenue from the Irish construction market.

The periodic results of these publicly listed companies provide timely reminders to the wider investor community of the growth of the Irish construction market as well as highlight how committed these publicly listed corporates are to allocating capital to the outperforming market.

Whilst there are still imperfections in the Irish construction market, its relative position of strength and positive outlook can not be overlooked. Whether allocating capital through public markets or private markets, having exposure to the uniquely attractive Irish construction market should be a core part of any portfolio.

3yr share price performance of key names who have Irish construction exposure

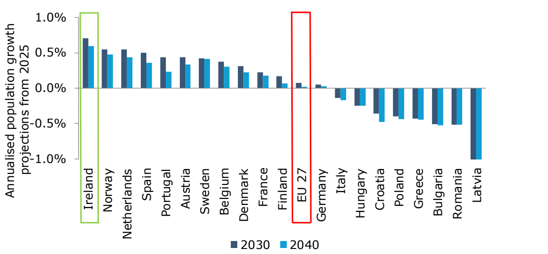


Source: Goodbody, Bloomberg

Irish Economy: in a healthy position

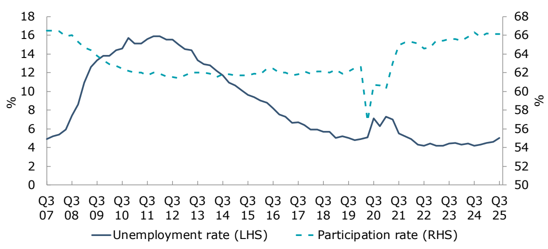
Ireland's construction sector continues to be supported by strong macro fundamentals and durable, multi-year demand drivers. Total employment has reached a record high of more than 2.82 million, and construction hiring has increased in line with the acceleration in homebuilding. This expansion indicates growing sectoral capacity rather than signalling a cyclical peak. Demographics further strengthen the outlook as CSO projections show the population rising to 5.6–5.8 m by 2030, one of the fastest growth trajectories in the EU, supporting household formation and long-term demand for both housing and infrastructure.

Population growth projections ahead of EU peers



Source: Goodbody, Eurostat

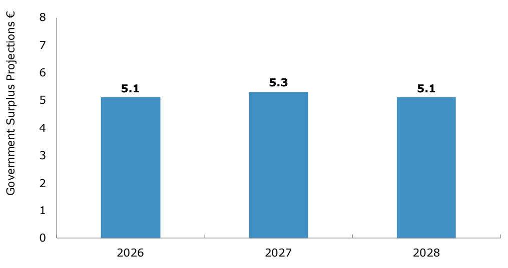
Unemployment rate low & participation rate towards historic highs



Source: Goodbody, CSO

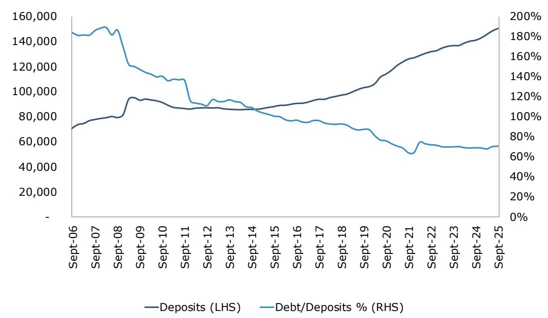
Irish household finances continue to strengthen, with deposits reaching €167 billion at the midpoint of 2025, though this liquidity remains significantly underutilised from a financial leverage perspective. Economic growth in the country is projected (in terms of modified domestic demand) to grow at an annual average rate of 2.9% per annum from 2026 to 2028 (This follows modified domestic demand of +4.9% in 2025). This strong fundamentals positions Ireland well for sustained domestic demand, even as global uncertainties and trade tensions present external headwinds.

Strong general government surplus projections out to 2028



Source: Goodbody, Irish Fiscal Advisory Council

Deposits underleveraged as household deposits grow vs debt

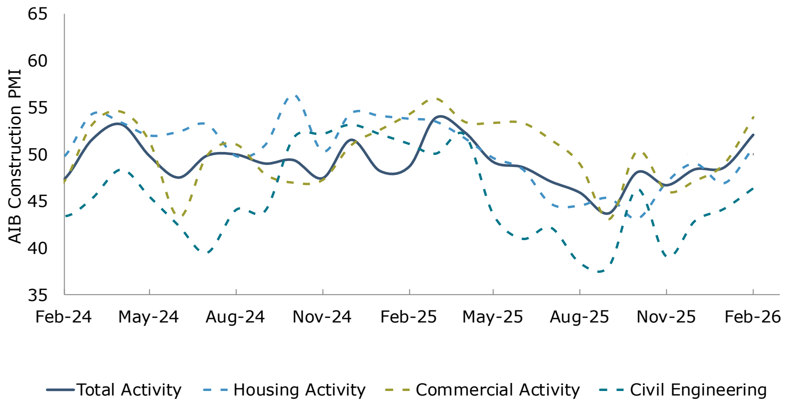


Source: Goodbody, CBI

Building Ahead: Confidence is high for the future of Irish Construction

According to the latest AIB Ireland Construction PMI for February, construction firms' share a positive outlook for future activity over the next 12 months. The headline total activity index returned to growth in the month and in terms of the building segments themselves, house building activity has stabilised, commercial activity has expanded, while civil engineering remains in contraction. Most notably, new order growth has reached a 4 year high, and similarly input purchasing nearly reached its highest level in 4 years. This firmer demand backdrop has led to several consecutive monthly increases in purchasing activity and employment. Overall, the recent AIB surveys indicate that a more confident 12-month outlook is shared by firms as they anticipate further new order growth and increased activity.

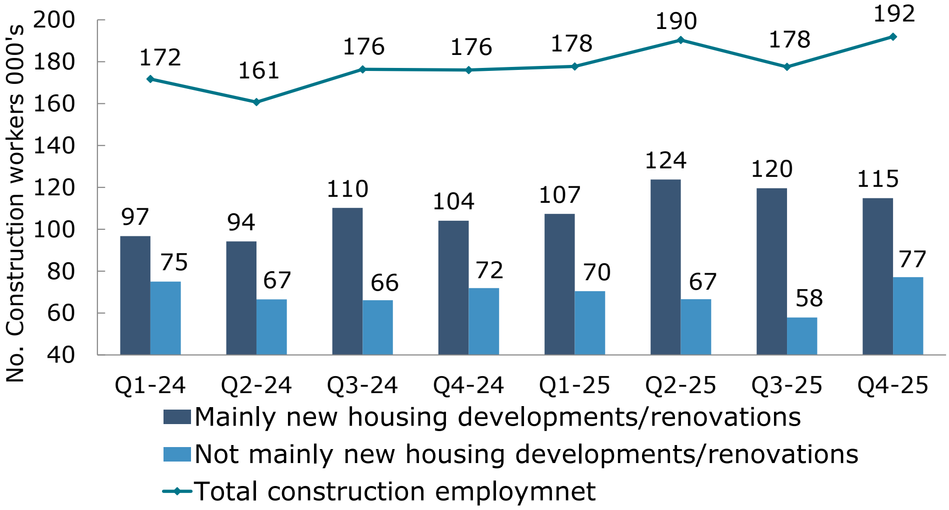
Activity rebounds: Expansion Restored Amid Strong Sentiment, Orders, and Purchasing



Source: Goodbody, AIB Ireland Construction PMI

Construction employment has grown significantly over recent periods to 192,000 workers in Q4 2025, representing a 9.1% increase year over year on Q4 2024. Within that growth, the composition is increasingly residential led, underscoring robust underlying demand and tight market pull on residential site-based trades. This momentum is tightening labour availability on non-residential sites and intensifying competition for skilled teams on active housing projects, a signal of a vibrant market. In response, firms are gearing up for higher activity levels by recruiting more staff, securing subcontractors and investing in retention and training. To reference the latest construction PMI, employment has increased now for 4 consecutive months. By acting earlier to lock in capacity, the sector is better equipped to execute delivery, maintaining progress on infrastructure commitments while supporting reforms that accelerate housing permissions. The trend signals market confidence and a clear opportunity to scale up and capture further construction activity growth.

Construction employment is rising slowly as more workers shift toward residential work



Source: Goodbody, CSO

Irish Residential: is booming and further growth is supported by stimulus

Residential Output at the Forefront of Ireland’s Construction Agenda

The supportive economic backdrop outlined previously plays a vital role in the strong framework Ireland has in solving the current housing crisis. The Irish government has made a concerted effort to stimulate the construction sector with new build residential units being a key focus. It has proved fruitful with new build output increasing and homebuilding CEOs noting that:

- ***“It is unlikely that Ireland has ever witnessed the current level of demand for residential homes”*** - (Michael Stanley – Cairn Homes CEO)

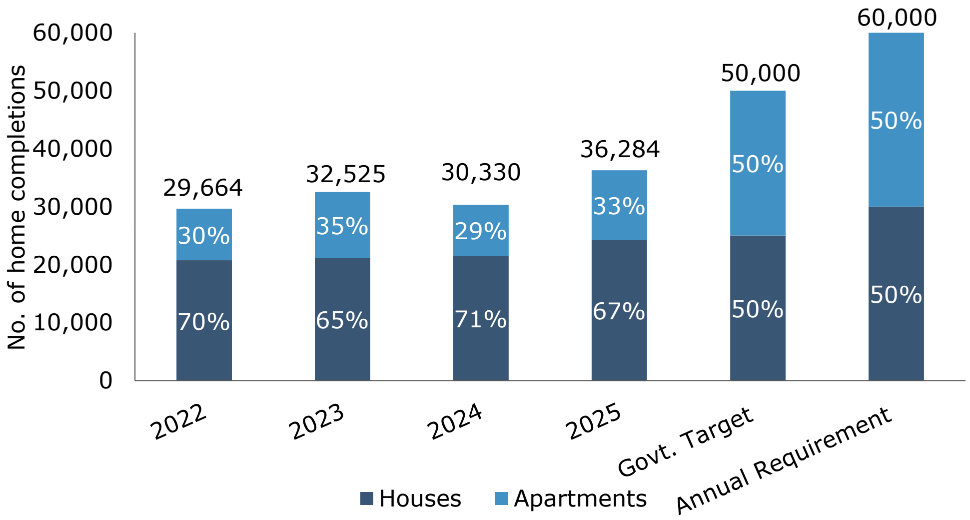
The Irish government has had in place supportive housing measures for a number of years. However, in recent periods, these measures have been increased and notably widened in scope to also stimulate apartment build. For example, the Irish government published its new housing plan on November 13th - Delivering Homes, Building Communities 2025-2030. In the words of our Economics Team:

- *It represents an evolution, rather than revolution, in housing policy in Ireland, building on the more active role the State has played in the housing market over recent years through increased capital allocations to the social, affordable and cost-rental sectors, supports for First-Time Buyers (FTBs) of new homes and increased efforts to grow private investment in the sector. The plan has been informed both by the experience of the previous housing plan (Housing for All) and the recommendations of the Housing Commission. While most of the measures are well-known, the comprehensive all-of-government plan highlights the focus that policymakers are putting on increasing housing supply over the coming years. It is supported by a record funding allocation under the NDP, but will also require significant private sector financing, both domestic and international.*

For more info, please read the full thoughts on the New Housing plan published by our Economics Team - New housing plan – Evolution, not revolution

Within the new housing plan, the government has set a target of 300k home completions over the six-year period from 2025-2030 (50K per annum). Whilst this target isn’t “new news” as such, it does once again bring to light the structural undersupply of housing in Ireland. Indeed, annual housing delivery in 2025 of c.36k falls significantly below the Housing Commission’s estimated annual demand of 42-62k and now the government’s target of 50k per annum.

Increased apartment delivery critical if Ireland is to achieve its housing targets



Source: Goodbody

Unsurprisingly, there is an emphasis in the New Housing Plan on the delivery of social and affordable homes:

- *"Government is committed to providing record levels of new social homes and to strengthening the management and maintenance of existing social housing so that more households have access to good quality homes."*

However, the overarching message is we need more homes of all types:

- *"This Government's single biggest priority is the delivery of homes…Over the lifetime of this Plan, a minimum of 300,000 new homes of all types will be delivered across the country."*

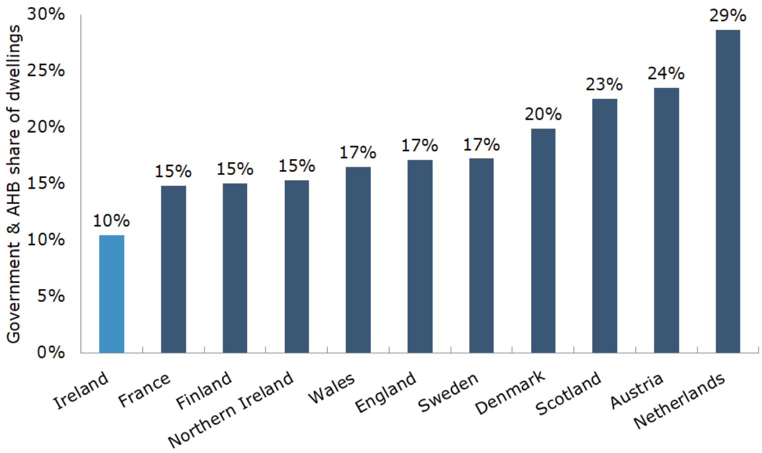
It has perhaps never been clearer from any Irish government that the private sector will play a vital role in delivering this plan:

- *"Achieving the objectives set out in Delivering Homes, Building Communities will require more than any single policy, department, or sector can deliver on its own. It demands a joined-up, long-term national effort."*

A "joined-up" approach between the public and private sector is essential in order to make any progress on the targets set out under the new plan. The Irish housebuilder PLCs (Cairn Homes and Glenveagh Properties) have long been at the forefront of working in collaboration with the State/State-supported partners to deliver critical affordable and social housing alongside delivering much required private housing. Taoiseach (Irish prime minister) Micheál Martin has insisted that housing is the *"number one issue"* for the Irish government and thus we continue to expect that over the medium-term, the State will continue to increase its ownership of permanent housing stock and continue to collaborate with the private sector. Although the government has ramped up its ownership of permanent housing stock in recent years, it is from a low base relative to the rest of Europe:

- *"The current level of State-owned stock remains relatively low at approximately 10% compared to some of our European peers at over 20% (Source: OECD)".*

State ownership of stock ranks well below other European countries



Source: Goodbody, Cairn Homes

The State/State-supported partners (Land Development Agency, Approved Housing Body, etc) will continue therefore to be a key delivery driver going forward. Indeed, within the 300K target, the government is committing to 72K new social homes and 90K affordable homes, with the rest being private housing. The planned social housing output represents a 50% increase on recent trends and will be supported by €20bn of government funding, a commitment to explore additional funding for the sector, an enhanced role for the Land Development Agency (LDA) and reform of the Approved Housing Body (AHB) sector.

Planned Social/Affordable housing output represents a 50% increase on recent trends

Tenure Type	**Target (2025–2030)**	**Annual Average**	**2024 total delivery**
Total Homes	300,000+	50,000+	30,168
Social Housing	72,000	12,000	7,857
Affordable (Starter Homes)	90,000	15,000	4,488
Cost Rental	(Included in affordable)	(No fixed #, but expansion and minimum 25% below market rent)	2,027
Vacant/Derelict Reuse	20,000	~3,300	
Private Market	Remainder	—	
Student Accommodation	Increased supply	—	

Source: Goodbody

Main elements of Housing Plan

It is fair to say that the targets set by the government are ambitious. However, the comprehensive all-of-government plan highlights the focus that policymakers are putting on increasing housing supply over the coming years. While most of the measures were already known in some capacity and some already formed part of Budget 2026, it is worth reminding investors about some of the measures which are particularly important:

- Cost Rental Expansion:

  (i) Corporation tax exemption for cost rental income (starts: Oct 2025).
  (ii) STAR Scheme and CREL support delivery with up to €200,000/unit.

i) As part of Budget 2026, the government made cost rental income exempt from corporation tax from October 2025 onwards, with the goal of increasing viability and stimulating investment in this area of the market. Particularly given cost rental is predominantly made up of apartments and lack of viability has seen the private rental sector collapse in recent years.

ii) The Secure Tenancy Affordable Rental (STAR) Scheme and the Cost Rental Equity Loan (CREL) are two government schemes designed to provide crucial financial support to drive cost rental delivery. These schemes help address viability for developers and in turn increase affordability for tenants by helping to lower rents. The latest housing plan enables STAR funding to be treated as equity funding rather than debt, addressing one of the bottlenecks to uptake of the plan.

- Pathfinder Project:

  i) Examine merging social & cost rental into single affordable rental sector

The 'Pathfinder Project' builds upon a policy first recommended by the housing commission in its report. The proposal aims to merge social and cost rental into a single unified affordable rental sector. It is built upon the principle of 'cost recovery'. That is to say the rents would be set at a level such that the breakeven cost of building, financing and maintaining homes is met. Ultimately, helping to ensure long-term affordability.

- Starter Homes Programme:

  (i) Consolidates Help to Buy, First Home Scheme, and refurbishment grants

With a critical undersupply of housing, apartments are set to play a pivotal role in bridging the gap and the Irish government has become increasingly aware of that fact. Indeed, government policy has increasingly focused on high density residential development to address the structural supply shortfall. The likes of the Croí Cónaithe scheme (a Government initiative designed to help individuals and families buy newly built apartments by providing financial support to address the high construction cost of building apartments) reflects a clear policy shift toward supporting apartment construction for owner occupiers. As highlighted in the chart on page 6, to meet the excess demand, apartment delivery must rise to approximately 50% of the 60,000 new homes required annually.

The 'Starter Homes Programme' is designed to provide first-time buyers and renters with access to high-quality, starter-sized homes. It consolidates existing affordability measures under one umbrella including: Help to Buy, the First Home Shared Equity Scheme, Local Authority Affordable Purchase and Vacant Property Refurbishment Grant. The programme aims to support access to an annual average of 15,000 homes out to 2030, for a total of 90K homes targeting new builds and renovated properties. Improved housing affordability under the programme will also be supported by increased use of standardisation and Modern Methods of Construction (MMC).

- Private Rental Sector (PRS):

  (i) VAT reduction on apartment
  (ii) Enhanced Corporation Tax Deduction

i) In Budget 2026, the government recognised the viability constraints facing the PRS sector & the knock-on effect that it has had on housing supply. Consequently, they sought to alleviate some of these constraints by reducing the VAT rate from 13.5% to 9% to lower construction costs and help stimulate apartment supply.

ii) Also introduced in Budget 2026 in recognition of the difficulty facing the PRS sector was a corporate tax deduction for apartment developers. The measure provides a tax deduction of up to €6,250 per apartment constructed. However, this deduction is only applicable to costs incurred while building a new apartment building or costs incurred in the conversion of a non-residential building to apartments. Developers can avail of this deduction until the end of 2030.

Many of the changes outlined above should also help stimulate PRS demand – an area of the market which has been quite for the last 3 years. Despite the strong housing fundamentals we have outlined in Ireland, challenges like rental caps and planning delays had made it less appealing for institutional capital to invest in Ireland in recent years. However, as clear from the above, the Government are making steps in the right direction to spread the funding burden and make it more attractive for private capital investment. Indeed, the recent changes to rental regulations (easing of rent controls) combined with the VAT reduction on apartment & Enhanced Corporation Tax Deduction should help stimulate PRS demand over the medium-term. Interestingly, Goodbody & AIB recently attended MIPIM (a significant property conference held yearly in Cannes) at which Irish Housing Minister James Browne spoke. The Minister's message was clear –

- Ireland needs international capital to help in meeting ambitious housing supply targets over the coming years. It believes that the policy decisions in the sector that have been made over the past year in particular makes the investment proposition a more attractive one. One visit to a property conference is not going to change the dial on its own, but it does drive home the message that it is willing to compete for the finite international capital that is available to complement the record amount of state funding that is currently being made available to the sector. Other countries, cities and regions were making similar pitches at the conference, so the competition is intense.

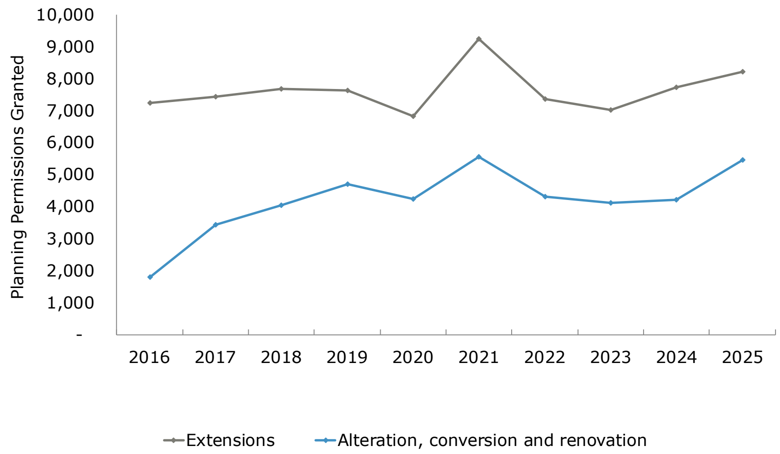
Housing supply is clearly moving in the right direction, but the missing piece has been PRS investment. It is unsurprising that there has been a risk premium associated with investing in Irish PRS (of c.100bps compared with some European cities on a yield basis) given the uncertainty around policy and wider macro risks associated with Trump administration policies on the open Irish economy in particular. We will be looking for transactional evidence that with these uncertainties reduced that investors are willing to put their capital to use in Ireland. There has been some tentative evidence recently that this is happening. The changes made by government and the signals sent out by Irish Housing Minister James Browne to investors during the MIPIM conference should augment that trend.

RMI output showing tangible signs of progress as it lags booming new build growth

When residential new build activity increases, RMI activity tends to follow suit with a lag. Whilst we are at the embryonic stages of this, extension permissions and DIY spend data provides us with some tangible evidence that this is occurring.

The rise in granted planning permissions for extensions and alterations in Ireland signals a strengthening pipeline of RMI activity. According to the latest CSO figures for Q4 2025 granted permissions, when the heightened COVID period (2020–2022) is excluded, are at the highest level in at least a decade, highlighting the exceptional volume of planned work. This renewed momentum suggests growing confidence among homeowners aiming to invest in upgrading and expanding their properties, providing a solid foundation for continued growth in the RMI sector.

Rise in granted permissions through 2025 signals positive outlook for RMI activity



Source: Goodbody, CSO

Retail spend data provided by AIB monitors year on year spend by value and is broken up into sub-categories that are notable in an RMI context. Spending in hardware and its related sub-categories highlight a shift from declines or LSD growth through 2024, to mid-single digit growth in 2025, signalling an acceleration in sales/consumer spending tied to RMI activity. The broadening across sub-categories suggests demand is moving beyond essential repairs to planned upgrades and multi-trade projects, indicating healthier pipelines and backlog conversion. This inflection points to firmer consumer confidence and greater willingness to commit discretionary spend to home improvement.

Retail spend data indicates momentum is turning positive across hardware categories

	Q1-23	Q2-23	Q3-23	Q4-23	Q1-24	Q2-24	Q3-24	Q4-24	Q1-25	Q2-25	Q3-25	Q4-25
Hardware	-1%	1%	-2%	-4%	-3%	-1%	3%	4%	4%	7%	6%	5%
Furniture, Home Furnishings etc	0%	1%	4%	-2%	0%	1%	0%	4%	2%	4%	2%	-2%
Hardware Stores	-10%	-10%	-9%	-10%	-4%	-3%	-4%	-4%	-5%	-2%	2%	4%
Nurseries, Lawn and Garden Supply Stores	-23%	-4%	-24%	-24%	-1%	-7%	12%	9%	15%	13%	14%	16%
Floor Covering Stores	6%	2%	2%	-8%	-12%	-11%	-13%	-10%	-12%	4%	4%	6%
Lumber, Building Materials Stores	5%	9%	-1%	-2%	-2%	8%	14%	37%	33%	22%	8%	4%
Home Supply Warehouse Stores		10%	-3%	-6%	-3%	-6%	3%	5%	9%	13%	15%	8%

Source: Goodbody, AIB Retail Spend

RMI companies have been highlighting the strength of their outlook for the Irish market. Indeed, Builders merchant Grafton Group (who derive 60% of its operating profit from the Island of Ireland) offered a bullish outlook for RMI activity in Ireland with Grafton Group CEO Eric Born noting during its FY25 results in March that:

- *"the outlook for the construction market in Ireland remains positive with the focus on accelerating new housing supply expected to continue for at least the next decade"*

Whilst Grafton Group has always had a significant presence in Ireland, such has been the strength of the underlying market (in which it has an industry leading position) that it has been further bolstering its position in the country, acquiring HSS Hire in Q225 (a tool and equipment hire specialist) and recently announcing its intention (subject to CCPC approval) to acquire Cygnum (an Irish offsite manufacturer of timber frame solutions) as it continues to allocate capital and increase its exposure to the buoyant Irish residential market.

Furthermore, Howden joinery's (primarily UK exposed kitchen manufacturer and supplier) expanding presence in the Republic of Ireland reinforces the strength and attractiveness of the residential and RMI market. Since opening their first Irish depot in April 2022, Howdens has grown to now have 16 depots established in the Republic of Ireland (as per 2025 year-end), with plans to add approximately 5 more depots in 2026 and to continue this growth trajectory in the years ahead, as noted by group CEO Andrew Livingston in its recent FY25 results presentation:

- *"So, we've said around about 40, I don't know, it might be more, but a business of 40 in Southern Ireland would feel pretty good to us and we'll be about halfway there by the back of this year. Loads of growth to put on it."*

Whether through the lens of the macro RMI data which seems to be turning incrementally more positive or through the lens of the RMI centric PLCs whom are guiding bullish and allocating increased capital to the region, the Irish RMI market feels well underpinned for growth in the years to come.

Irish Non-Residential: diverging trends but infrastructure bill supports delivery

Updated NDP allocates increased infrastructure spend

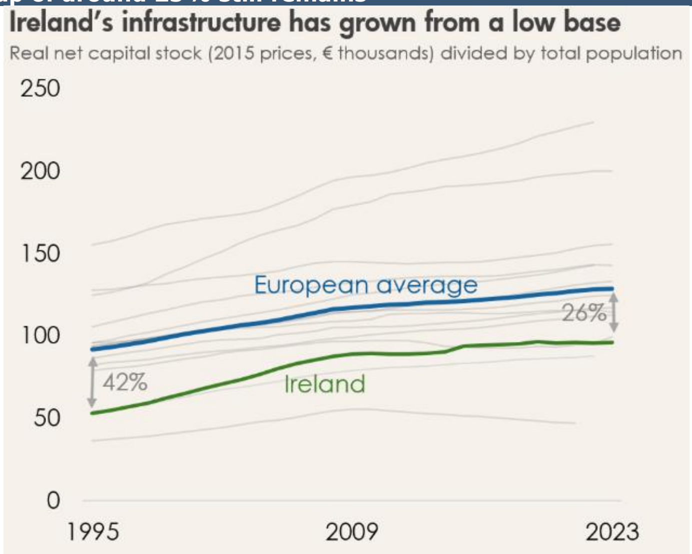
The updated National Development Plan allocates €275.4bn in public capital spending out to 2035, including €12.2bn for water infrastructure, €3.5bn for the electricity grid and €24.3 bn for transport. These commitments aim to unlock housing supply and alleviate infrastructure bottlenecks, setting a pathway towards achieving housing targets of 60,000 units per annum to 2030, giving the residential, civil and aggregates segments a long runway of visibility.

Accelerating the infrastructure delivery

The updated National Development plan was followed crucially by the publication of the Accelerating Infrastructure Taskforce's final report on December 3rd, 2025, and marked the clearest acknowledgement yet of the scale of Ireland's infrastructure delivery challenges. Describing the current system as "broken", the report sets out a wide-ranging but actionable reform agenda aimed at reducing delays, improving coordination, and shifting the system toward a delivery-first culture. With a sizeable infrastructure gap, rising energy and housing needs, and continued population growth, the proposed reforms represent an important step toward enabling the National Development Plan to be delivered more effectively in the years ahead.

We view the report and actions published as an important impetus to remove blockages, streamline processes and change a risk aversion culture that has developed in Ireland around the provision of large infrastructure projects. With an existing infrastructure gap per capita of c.25% relative to other European countries, structural changes in relation to the role of energy in the economy and growing housing and transport needs due to a growing population (expected to grow by one-third between 2015 and 2035), the need to address these issues has never been greater. Delivery on these wide-ranging set of actions is crucial.

Ireland's infrastructure gap compared to other high-income European countries has narrowed but a gap of around 25% still remains



Source: Goodbody, Irish Fiscal Advisory Council

What are the key barriers for infrastructure projects in Ireland?

The Accelerating Infrastructure Taskforce's final report highlights 12 key barriers (identified by Department of Public Expenditure and Reform in July 2025) as being primarily responsible for the growing delays in infrastructure delivery (timelines have doubled in the past 20 years). Seven of the twelve barriers identified relate to judicial reviews, planning and consenting processes. Uncertainty around funding and project pipeline is a knock-on consequence of these barriers. In addition, a lack of public awareness on the consequences of the state's aging infrastructure, particularly with respect to water and energy, is playing a role.

What will the reform look like?

The plan sets out four key pillars or reform that are interdependent;

(i) **Legal reform** - Legal reforms aim to reduce delays from Judicial Reviews (JRs) and introduce fast-tracking for critical projects;

(ii) **Regulatory reform and simplification -** Regulatory reform will include introducing statutory timelines and establishing a Regulatory Simplification Unit to cut down duplication;

(iii) **Coordination and delivery reform -** Coordination changes aim to embed a "delivery-first culture" through multi-year funding certainty. Sectoral investment plans will be published, while there will be a new central oversight function in Department of Public Expenditure and Reform (DPER);

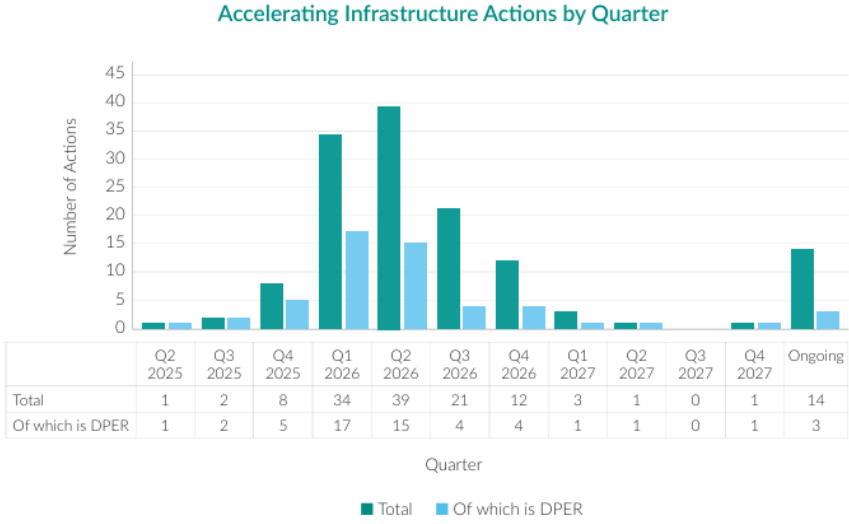
(iv) **Public acceptance** - Public acceptance will be promoted through a Benefits Realisation Framework designed to quantify the societal value of projects and make these benefits clearer to the public.

In addition, the plan imposes a duty on State bodies to share land for critical infrastructure projects. The actions take best practice from abroad, including important reforms in the likes of New Zealand (Fast-Track Approvals Act 2024) and Canada (Building Canada Act 2025). In both cases, streamlining of projects considered of national importance through the multiple approval processes is prioritised.

Turning plans into action

The plan sets out 30 headline actions, comprising 138 'sub-actions', aimed at translating the proposed reform into actionable change. Critically, timelines (see chart below) and project owners are attached to each of the actions, with most of the actions targeted for H1 2026, ensuring that momentum is immediate and measurable. Ironically, the government has already accepted that there may be legal challenges to the proposed legal reforms. On the legislative side actions will start with the reform of JRs alongside a Critical Infrastructure Bill to provide emergency powers to the government. Importantly the action plan also sets out a clear structure for implementation and oversight. The Cabinet Committee on Infrastructure will oversee the plan, receiving updates on actions and their implementation based on regular reports from the Accelerating Infrastructure Taskforce. DPER will be responsible for driving the implementation of the overall action plan, while each individual action has been assigned a lead department or agency who will be primarily responsible for implementing that specific action.

Accelerating infrastructure Actions by Quarter



	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026	Q4 2026	Q1 2027	Q2 2027	Q3 2027	Q4 2027	Ongoing
Total	1	2	8	34	39	21	12	3	1	0	1	14
Of which is DPER	1	2	5	17	15	4	4	1	1	0	1	3

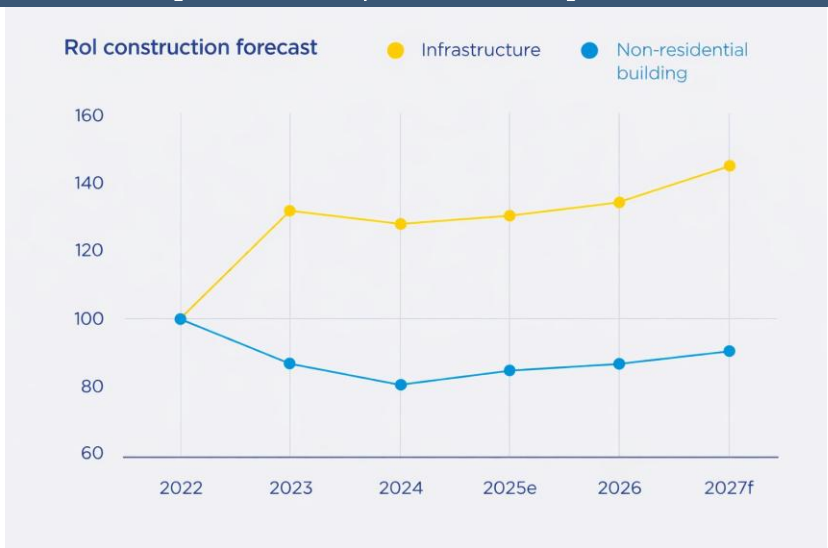
Source: Goodbody, Accelerating Infrastructure Report and Action Plan

The plan is a welcome one to address long-standing issues in infrastructure delivery in Ireland, increasing the chances of the large-scale funding plans under the National Development Plan being deployed efficiently over the coming five years.

Diverging trends with growth forecast likely underpinned by data centre boom

Turning to the sector trends, there has been quite the divergence in terms of the performance of the subsegments within the non-residential sector. Commercial build for example has been soft as structural shifts (staff requirements in office post covid), and higher interest rates have depressed volumes whilst data centre growth has been significant as the country attempts to keep pace with the AI boom. Divergent trends will likely remain a theme going forward and data centre growth specifically (and the second derivative impact of the infrastructure work required around data centres – i.e. roads, water etc) will keep the headline CSO non-residential statistics looking healthy. As highlighted in Breedon Group's recent FY results, Euroconstruct are forecasting growth in infrastructure and non-residential building out to 2027, albeit with the growth in the former significantly exceeding that in the latter.

Significant Infrastructure growth forecast; Non-res building to be more modest



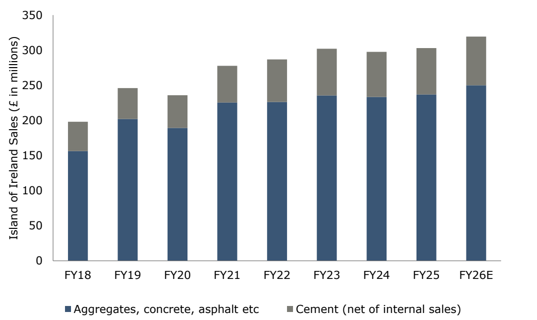
Source: Goodbody, Breedon Group FY25 Results presentation (data from Euroconstruct)

Heavy Materials: Fundamental across housing, non-residential and infrastructure

In a global context, Ireland is among the most attractive countries on prospective growth, combining demand/unmet need and public funding and policy to address that need. This is something that the PLCs exposed to the Irish non-residential sector in Ireland are acutely aware of.

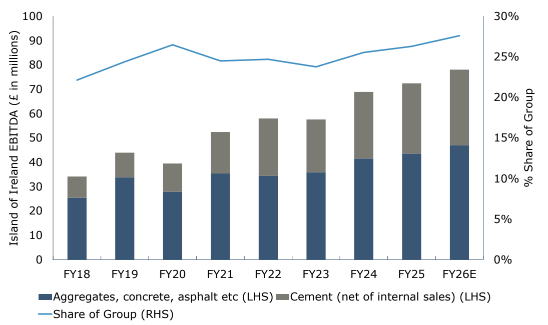
In the field of 'heavy' building materials, the major publicly listed companies with Irish activities are the homegrown but now US-listed ***CRH*** (a major national player across cement and aggregates but for whom Ireland now accounts for c.2% of group revenues) and UK-listed ***Breedon Group***, for whom the combined 'island of Ireland' region generated 23% of group aEBITDA last year (2025). From a base in the UK mainland, Breedon built up its Irish market position from the £455m 2018 acquisition of Lagan, a family business founded in 1960 and owning one of Europe's most modern cement plants at Kinnegad, along with 13 quarries, 10 asphalt plants, 7 ready-mixed concrete batching plants, two concrete block plants and bitumen/road surfacing and marking activities. Lagan operated in Northern Ireland through the White Mountain business, with 6 quarries, 5 asphalt plants, 4 ready-mix plants, and one concrete products plant plus various landfill, export/import terminals and civil engineering/road surfacing activities. This initial and substantial base has grown with the market, and through investments in re-opening inactive sites and bolt-on M&A, including most recently the acquisition of another family-owned business, Booth Precast Products, with quarry and concrete activities – typical of the kind of small bolt-on deal Breedon pursues after larger platform deals like Lagan. PLCs like Breedon Group recognise the relative attractiveness of the Irish market and thus continue to allocate significant portions capital accordingly.

Island of Ireland Sales at Breedon Group continue to increase…



Source: Goodbody, Breedon Group Company Reports

…as does EBITDA with the Group recognizing the relative attractiveness of the Irish non-residential market and allocating capital accordingly

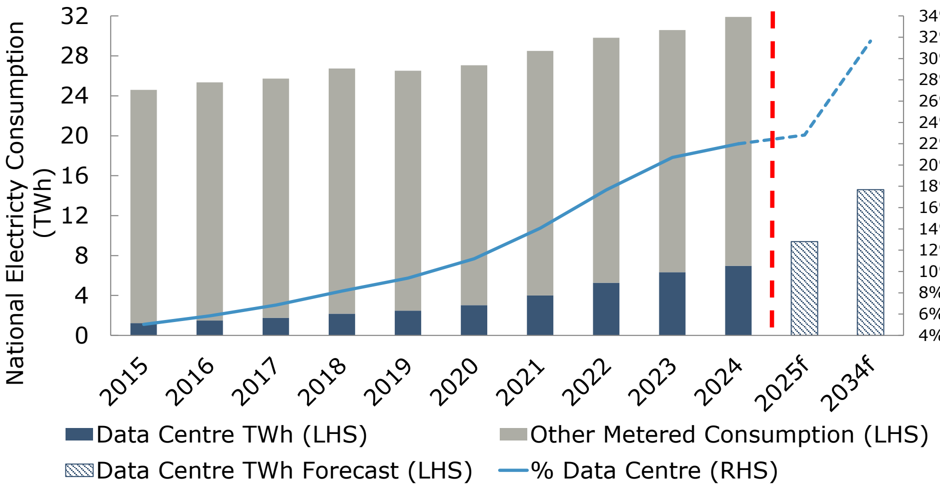


Source: Goodbody, Breedon Group Company Reports

Data centre investment plays a key role in growth – Ireland can't get left behind

Within the non-residential segment, the secular growth of AI enabled data centres has and will continue to prove to be a key structural driver of growth. The data centre and AI infrastructure boom is showing no signs of slowing as hyperscaler capex continues to accelerate, and as of 2024, data centres already consume c.22% of national electricity demand. This growth places mounting pressure on the country's power, water and grid systems, creating a structural imperative for large scale infrastructure upgrades. This dynamic is channelling significant incremental capital into energy, grid reinforcement and utilities, supported by evolving government policy aimed at ensuring Ireland remains competitive in attracting next-generation AI-driven digital infrastructure.

Rising Electricity Demand and the Rapid Growth of Data Centre Electricity Consumption

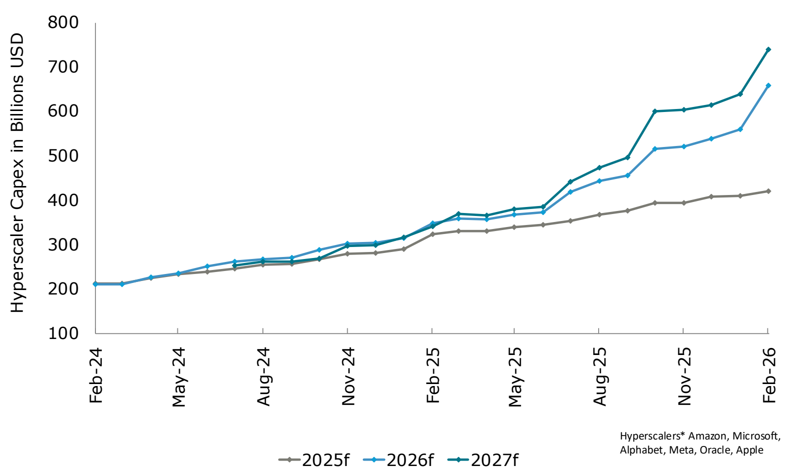


Source: Goodbody, CSO, Commission for regulation of utilities

The commission for regulation of utilities (CRU) has lifted the connection freeze for data centres to connect to the Irish electricity network but now requires new facilities to source at least 80% of their electricity from additional Irish renewables while also having to provide generation and or storage capacity to match the requested data centre maximum import demand capacity. This links digital infrastructure growth with investment in generation, grid reinforcement and national infrastructure projects at large.

Against this backdrop of more supportive policy but persistent grid bottlenecks, demand in Ireland is continually led by the hyperscalers (Amazon, Microsoft, Meta, Apple, Oracle, Alphabet). These hyperscale firms remain the primary engine of data centre build-out and are showing no signs of slowing. Forecasts of hyperscaler capex (as per Factset) have been consistently revised higher over time, reflecting a sustained acceleration in investment requirements. Current projections out to 2027 indicate the annual Capex of the hyperscalers is set to rise c.76%, underscoring the strength of the hyperscaler pipeline even as grid constraints shape the pace and location of delivery.

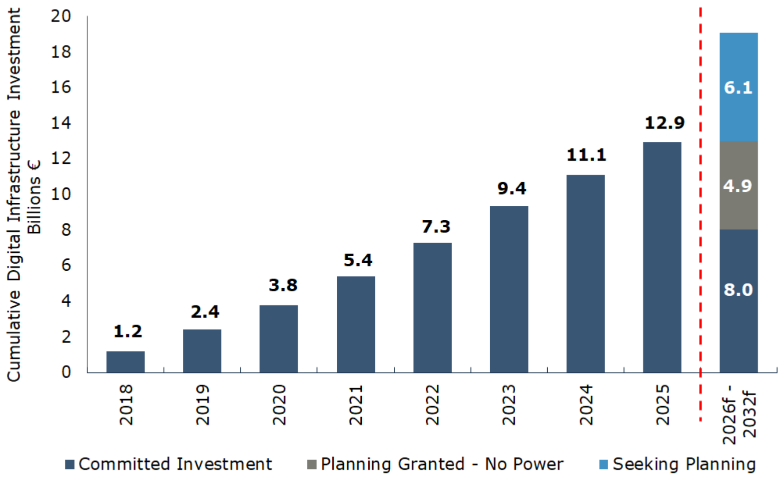
Consistent rises in hyperscaler Capex spending forecasts



Source: Goodbody, Factset

Years of insufficient power capacity and restrictive policy have diverted investment elsewhere, costing Ireland both capital inflows and domestic construction work. Although recent policy change is welcome, it does not resolve the fundamental capacity shortfall. This is especially pressing given the substantial pipeline already in train. This includes projects where planning has been granted, but for which there is a power shortfall, estimated (by Bitpower Research) to put c.€5bn worth of investment at risk for the period (2026 – 2032).

Insufficient capacity risks Irelands opportunity to capture c.€5bn of Data Centre investment already in the pipeline



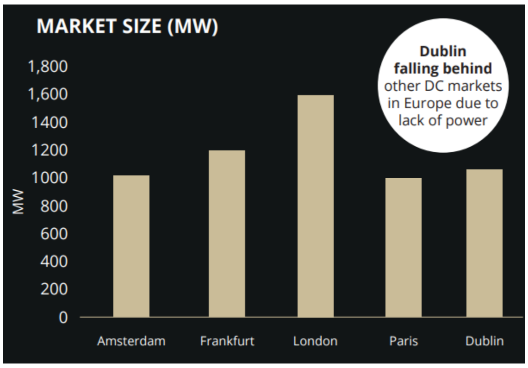
Source: Goodbody, Bitpower research

The missed opportunity is striking because many hyperscalers already have an established presence and relationships in Ireland. Furthermore, leading Irish construction firms such as John Paul and Sisk are winning data centre work in the UK and across Europe, highlighting the value currently being left on the table at home. Speaking in 2024 on the announcement of being named main contractor on a development for Vantage data centres in Dublin, Donal McCarthy, the COO of Data centres, life sciences & technology at Sisk Group noted:

- *"Leveraging our experience in delivering large-scale data centres across Ireland and Europe, we are well positioned to deliver a cutting-edge data centre for our client."*

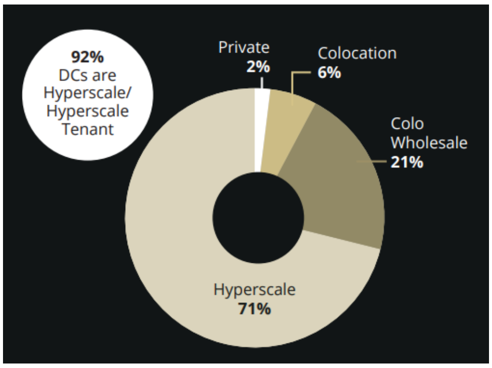
To correct years of underinvestment, the response must be substantial, to upgrade power and supporting infrastructure at pace and significantly scale domestic construction activity. Only then can Ireland capture this sizeable opportunity and close the growth gap with other European markets.

Ireland risks falling behind its peers



Source: Goodbody, Mitchell McDermott

Hyperscalers are the prominent data centre drivers in Ireland, opting to develop where they have an existing presence



Source: Goodbody, Mitchell McDermott

Conclusion: Can the Irish construction sector go from good to great?

Buoyed by one of the best performing economies in Europe, the Irish construction market is in a place of strength across multiple facets.

The Irish government has made a concerted effort to stimulate the construction sector with new build residential units being a key focus. It is producing results with new build output increasing and homebuilding CEOs noting that "It is unlikely that Ireland has ever witnessed the current level of demand for residential homes" (Michael Stanley – Cairn Homes CEO). Sustained government stimulus and a step up in private investment – something we expect given recent regulatory changes - is required if the country is to continue to make further inroads into bridging the vast supply demand imbalance.

When residential new build activity increases, RMI activity tends to follow suit with a lag. Whilst we are at the embryonic stages of this, extension permissions and DIY spend data provides us with some tangible evidence that this is occurring. RMI companies have been highlighting the strength of their outlook for the Irish market. Indeed, Builders merchant Grafton Group (who derive 60% of its operating profit from the Island of Ireland) offered a bullish outlook for Ireland noting that "the outlook for the construction market in Ireland remains positive with the focus on accelerating new housing supply expected to continue for at least the next decade" (Eric Born – Grafton Group CEO) and thus Grafton Group continues to allocate significant capital to Ireland to further grow its market leading RMI presence.

Within the non-residential sector, there has been quite the divergence in terms of the performance of the subsegments. Commercial build for example has been soft as structural shifts (staff requirements in office post covid) and higher interest rates have depressed volumes whilst data centre growth has been significant as the country attempts to keep pace with the AI boom. Divergent trends will likely remain a theme going forward and data centre growth specifically (and the second derivative impact of the infrastructure work required around data centres – i.e. roads, water etc) will keep the headline CSO non-residential statistics looking healthy. Ireland has witnessed a boom, and we expect significant growth going forward but we must recognize that on a relative basis, a 4-fold increase in data centre construction spend in the US since 2021, significantly eclipses Ireland's doubling.

Whilst important to tip our cap to the significant progress that has been made across the Irish construction space – particularly in residential new build – this is not a time for the country to take its foot off the gas but rather it needs to push down on the accelerator. Further investment in infrastructure – water and the grid specifically – will not only help us play a more integral role in the data/AI boom but also lay the foundations for a wider sustained growing Irish construction sector well beyond the end of the decade.

Whilst there are still imperfections in the Irish construction market, its relative position of strength and positive outlook should not be overlooked. Whether allocating capital through public or private markets, having exposure to the booming Irish construction market should be a core element of any investment portfolio.

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