



The Construction Sector in the Western Region

This *WDC Insights* summarises the key findings of 'The Construction Sector in the Western Region: Regional Sectoral Profile',¹ the latest in a series of reports analysing employment and enterprise data for economic sectors in the Western Region.

The Construction sector includes the construction of buildings, electrical and plumbing installation, carpentry, painting, civil engineering (infrastructure projects), demolition etc. It does not include professional services related to the sector (e.g. architecture, real estate).²

Employment in Construction in the Western Region

According to Census 2016, 18,166 people worked in Construction in the Western Region. This sector plays a larger role in the region's labour market than nationally (Table 1); 5.4% of total employment compared with 5.1%. The situation in 2016 was very different to a decade earlier when 12.6% of total jobs in the Western Region were in Construction (10.4% nationally). The number employed in Construction in the region declined by 58.7% between 2006 and 2016.

In 2016, Mayo (6.3%) and Galway County (6.2%) had the highest shares working in Construction in the region and fifth and sixth highest nationally. Galway City (2.7%) had the lowest share in the region and the state.

Among towns in the Western Region, Ballaghaderreen in Co Roscommon had the highest share (9.8% of total employment) and second highest of Ireland's 200 towns and cities. Within the region, Carndonagh (9%), Ballinasloe (7.1%) and Lifford (6.9%) were next highest. The sector is most important in small and medium-sized rural towns.

Table 1: Selected employment indicators for Construction in the Western Region and state, 2016

County	No. Employed 2006	No. Employed 2016	% Change 2006-2016	% Change 2011-2016	Construction as % of Total Employment 2016	% of Construction that is Male	% of Construction that is Self-employment
Clare	6,071	2,525	-58.4%	5.7%	5.1%	93.7%	41.5%
Donegal	8,124	3,432	-57.8%	9.3%	5.9%	94.5%	38.5%
Galway City	2,775	947	-65.9%	4.6%	2.7%	91.9%	33.6%
Galway County	10,383	4,681	-54.9%	9.5%	6.2%	94.3%	40.3%
Leitrim	1,971	689	-65.0%	7.2%	5.4%	96.4%	38.0%
Mayo	7,787	3,235	-58.5%	8.4%	6.3%	94.0%	38.5%
Roscommon	3,690	1,492	-59.6%	11.1%	5.8%	94.6%	40.8%
Sligo	3,155	1,165	-63.1%	-0.3%	4.5%	94.2%	44.2%
Western Region	43,956	18,166	-58.7%	7.8%	5.4%	94.2%	39.7%
State	215,184	101,849	-52.7%	16.6%	5.1%	92.9%	36.7%

Source: CSO, *Census 2016: Summary Results Part 2, Table EZ011*; CSO, *Census of Population 2006, Volume 7 - Principal Economic Status and Industries, Table C0713*; CSO, *Census 2016: Profile 11 - Employment, Occupations and Industry, Table EB033 (Special run)*

1. Download from <https://www.wdc.ie/publications/reports-and-papers/>
2. See WDC (2019), *Professional Services in the Western Region: Regional Sectoral Profile*



There was 7.8% jobs growth in Construction in the region between 2011 and 2016, less than half that nationally (16.6%). Roscommon (11.1%), Galway County (9.5%) and Donegal (9.3%) experienced the strongest growth in the region, though all below the national average growth.

At 94.2% of all employment, the sector is highly male dominated and even more so in the region than nationally. Every western county experienced growth in male Construction employment (2011-2016) but as there was a decline in female employment the male share increased.

Of all those working in Construction, 39.7% are self-employed (employer or own account worker) which is the second highest rate of self-employment across all sectors. The Western Region has a higher incidence of self-employment than nationally (36.7%), as the sector in the region is characterised by smaller businesses.

Construction Enterprises in the Western Region

In 2017 there were 11,806 Construction enterprises registered in the Western Region with 23,059 persons engaged.³ Construction accounted for 20.4% of total enterprises⁴ in the region (16.9% in the state) and was the largest sector in terms of enterprise numbers. As Construction is characterised by many small scale operations however, it only accounted for 9% of all persons engaged in enterprises in the region (6.7% in state) and was the fifth largest sector.

The number of Construction enterprises in the region declined by 21.5% between 2008 and 2012. There was 7.2% growth between 2012 and 2017, below the 15.6% increase nationally.

Key Policy Issues

Plays a larger role in the Western Region's economy, especially in more rural areas: Despite significant decline during the recession and slower recovery than elsewhere, Construction continues to employ a greater share of the workforce and account for a higher share of enterprises in the Western Region. It is particularly significant for the region's more rural counties and for small and medium-sized rural towns, in terms of jobs, income and enterprises. The experience of the last recession highlights the importance of promoting diversity in the rural and regional economy and, while Construction must play a key role, a return to over-reliance on the building industry poses a risk.

Smaller scale operations and high self-employment: Construction enterprises in the Western Region tend to be smaller and the sector is characterised by high self-employment. The quality of some Construction self-employment, and its ability to sustain a person's livelihood, are issues to be considered as the sector grows. Supports for Construction sole traders and micro-enterprises such as business skills and financial training, as well as information on emerging trends and opportunities must be a focus for policy.

Important employment role among men including young and lower skilled workers: At the height of the Celtic Tiger 22% of working men in the Western Region worked in Construction and the impact of the recession on Construction greatly increased male unemployment and out-migration.⁵ Construction continues to play an important role and in 2016 employed 1 in 10 working men in several of the region's more rural counties. It also helps to sustain the viability of part-time farms.

While Construction includes many highly skilled and well-paid occupations, it is also an important source of jobs for younger and lower skilled workers. It is important that current growth in the sector includes opportunities for people of differing skill and experience levels, while not acting as a disincentive to the pursuit of further or higher education.

Opportunities of a low carbon economy: Adaptation to a low carbon economy, specifically improved energy efficiency and renewable energy, presents a growing opportunity for this sector. Government targets⁶ of 500,000 building retrofits and installation of 600,000 heat pumps by 2030 present particular opportunities in the region and its rural areas.

For more detailed analysis see 'The Construction Sector in the Western Region: Regional Sectoral Profile' <http://www.wdc.ie/publications/reports-and-papers/>

3. Data is from CSO, *Business Demography 2017*. Each enterprise and all persons engaged in that enterprise are assigned to the county where its head office is registered with Revenue.

4. Total enterprises includes all 'business economy' enterprises (NACE Rev 2 B to N(-642)) plus the sectors of Health & Social Work, Education, Arts, Entertainment & Recreation and Other Services.

5. WDC (2009), *Work in the West: The Western Region's Employment & Unemployment Challenge*

6. Government of Ireland (2019), *Climate Action Plan 2019: To Tackle Climate Breakdown*