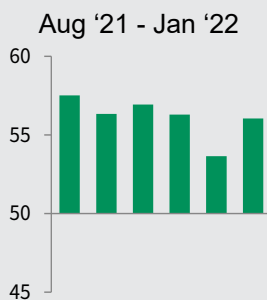


BNP Paribas Real Estate Ireland Construction PMI[®]

Growth of activity quickens as demand and confidence improve

Ireland Construction Total Activity Index



Sharper rises in activity and new orders

Strongest optimism in almost three-and-a-half years

Input cost inflation remains elevated

The Irish construction sector saw growth accelerate at the start of 2022 as the Omicron wave of the COVID-19 pandemic passed and demand conditions improved. Rising workloads and a jump in business optimism led companies to ramp up their purchasing activity and take on extra staff. Meanwhile, input costs continued to increase substantially amid severe disruption to supply.

The headline seasonally adjusted BNP Paribas Real Estate Ireland Construction Total Activity Index rose to 56.1 in January, up from 53.7 in December to signal a re-acceleration in the rate of growth in construction activity at the start of the year. Activity has now increased in nine successive months, with panellists mainly linking the latest rise to improving demand.

All three categories of construction recorded growth of activity in January,

the third month running in which this has been the case. Commercial posted the fastest expansion as the rate of growth hit a three-month high.

Improvements in demand were evident with regards to new orders, which increased for the tenth successive month and at a faster pace than in December. Some firms specifically mentioned having received new work related to housing projects.

Positive expectations around future inflows of new work and greater confidence that the COVID-19 pandemic will not prove disruptive to operations during 2022 supported a sharp increase in business optimism. In fact, firms were at their most confident since the outbreak of the pandemic, with sentiment the strongest since August 2018. Exactly 57% of respondents were optimistic around the outlook.

BNP Paribas Real Estate Ireland Construction Total Activity Index

sa, >50 = growth since previous month



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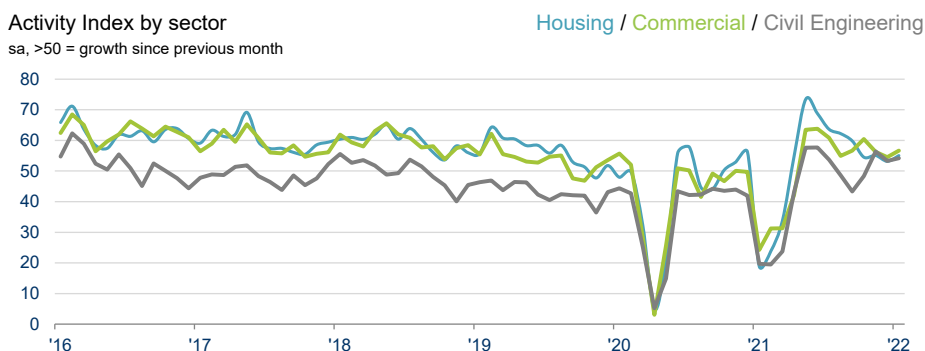
This confidence, allied with an improving demand situation, encouraged construction firms to expand their staffing levels and purchasing activity during January. Employment increased for the tenth month running, and at a marked pace. The rate of growth in purchasing accelerated sharply, meanwhile, and was the fastest since July last year.

Efforts to secure inputs continued to be affected by severe disruption to supply chains, despite the latest instance of lengthening lead times being the least marked in 14 months. Where delivery times lengthened, firms linked this to rising demand for inputs alongside

global material shortages and disruption caused by the COVID-19 pandemic.

Global material shortages continued to feed through to higher input costs, with increased charges for energy and shipping also reported. Input prices rose at a considerable pace, and one that was faster than in the previous month.

The usage of sub-contractors by Irish construction firms increased in January, but there was again a sharp fall in their availability, thus contributing to a further steep rise in the rates they charged.



Comment

Commenting on the latest survey results, John McCartney, Director & Head of Research at BNP Paribas Real Estate Ireland, said:

"The key signal emerging from Irish construction firms in January is confidence. The Future Expectations Index reached 75.3 in January - its highest point in well over three years. But rising confidence can also be inferred from construction companies' hiring behaviour. Employment in the panel of surveyed firms has been expanding month-on-month since

April 2021, and the pace of hiring accelerated in January. Employers generally only on-board extra staff when they are confident that activity will be sustained so this, along with further growth in new orders during January, augurs well for construction activity in the months ahead.

Consistent with the sharp rise in commencement notices since last March, home-building activity expanded at a quicker pace in

January. But the sharpest acceleration occurred in commercial building where the activity index rose from 54.5 in December to 56.7 in January. Based on projects already onsite, 2022 is expected to be the strongest year since the Global Financial Crisis for Dublin office completions. There is also now increased logistics construction ongoing around Dublin as developers respond to a rising demand for storage space due to strong goods consumption and supply-chain reconfigurations."

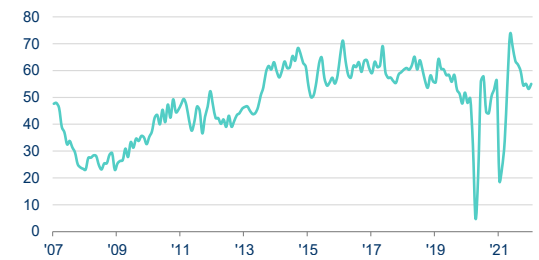
Activity by sector

Residential

Construction firms in Ireland posted a marked expansion in housing activity during January, extending the current sequence of growth to ten months. The rate of increase was also faster than that seen in the previous month.

Housing Activity Index

sa, >50 = growth since previous month



Commercial

As has been the case in each of the past nine months, activity on commercial projects increased in January. Furthermore, the rate of expansion was sharp and the fastest since last October. The rise was also the most marked of the three categories covered by the survey.

Commercial Activity Index

sa, >50 = growth since previous month

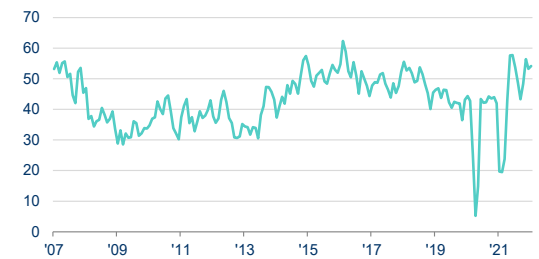


Civil Engineering

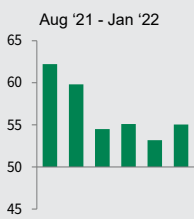
January data signalled a third successive increase in civil engineering activity in the Irish construction sector. The rate of growth was solid and slightly quicker than that seen at the end of 2021.

Civil Engineering Activity Index

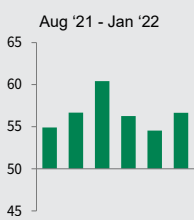
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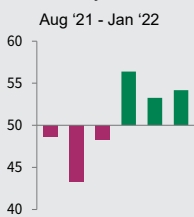
Housing Activity Index



Commercial Activity Index



Civil Engineering Activity Index



Demand and jobs

New orders

Irish construction companies recorded a further increase in new business during January amid improvements in demand. A number of respondents mentioned having secured new housing work. The rate of expansion was sharp and slightly faster than that seen in the previous month. New business has risen continuously since April last year.

New Orders Index

sa, >50 = growth since previous month

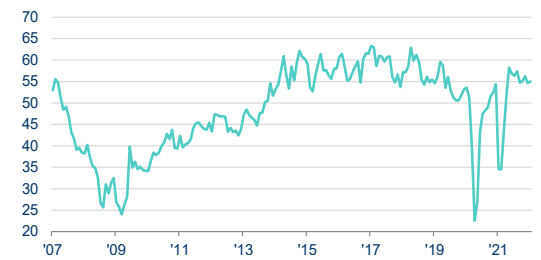


Employment

With demand increasing, construction firms expanded their staffing levels again during January, the tenth month running in which a rise has been registered. Workforce numbers were up solidly, with the rate of job creation slightly sharper than in December.

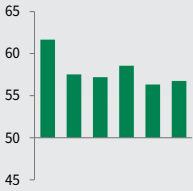
Employment Index

sa, >50 = growth since previous month



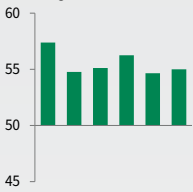
New Orders Index

Aug '21 - Jan '22



Employment Index

Aug '21 - Jan '22



Business expectations

Business confidence jumped to the highest in almost three-and-a-half years in January amid widespread expectations of a lack of COVID-19 restrictions and return to normality in the economy during 2022. The release of pent-up demand and good pipelines of new work are set to support increases in activity. Some 57% of respondents were optimistic regarding the year-ahead outlook, against 6% that were pessimistic.

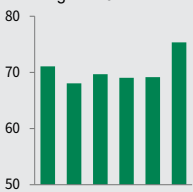
Future Activity Index

>50 = growth expected over next 12 months



Future Activity Index

Aug '21 - Jan '22



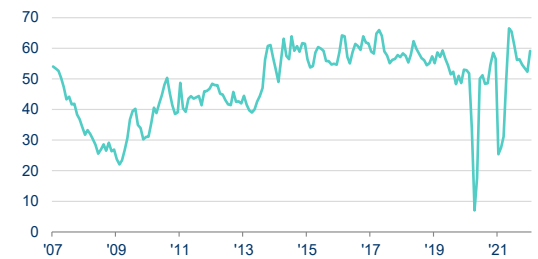
Purchasing

Quantity of purchases

Irish construction firms ramped up their purchasing activity at the start of the year. Input buying rose sharply, and to the greatest extent since July last year. According to respondents, higher input buying reflected the improving demand situation.

Quantity of Purchases Index

sa, >50 = growth since previous month

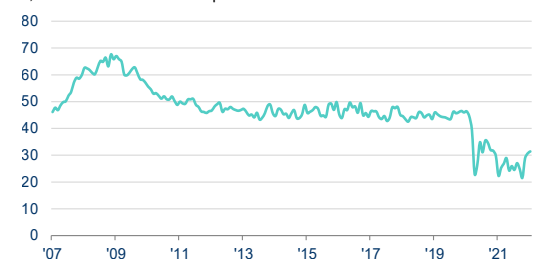


Suppliers' delivery times

Although suppliers' delivery times continued to lengthen in January, the rate of deterioration in vendor performance eased for the third successive month and was the weakest since November 2020. Where lead times lengthened, panellists linked this to global material shortages, COVID-19 disruption and increasing demand for inputs.

Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



Input prices

The rate of input cost inflation remained elevated in January, having quickened from that seen in December. Widespread increases in raw material prices due to global shortages were signalled. There were also reports of higher energy and shipping costs, the latter factor partly linked to Brexit. Close to three-quarters of respondents signalled a rise in input prices during the month.

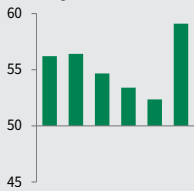
Input Prices Index

sa, >50 = inflation since previous month



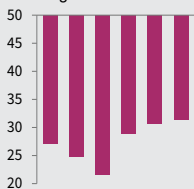
Quantity of Purchases Index

Aug '21 - Jan '22



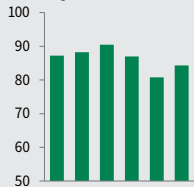
Suppliers' Delivery Times Index

Aug '21 - Jan '22



Input Prices Index

Aug '21 - Jan '22



Items up in price

Blocks
Bricks
Cable
Cast Iron
Cement
Concrete
Conduit
Containment
Copper
Electrical Items
Electricity
Electronics
Engineering
Fuel
Glass
Ink
Insulation
MCB Boards
Metal Based Products
Office Supplies

Pipes
Plasterboard
Plastic Based Products
Plumbing Materials
Rebar
Steel
Timber
Transport
Trunking

Items down in price

Steel
Timber
Wages

Items in short supply

Doors
Electronics
Glazing
Insulation
Plasterboard

Sanitary Products
Timber
Windows

Subcontractors

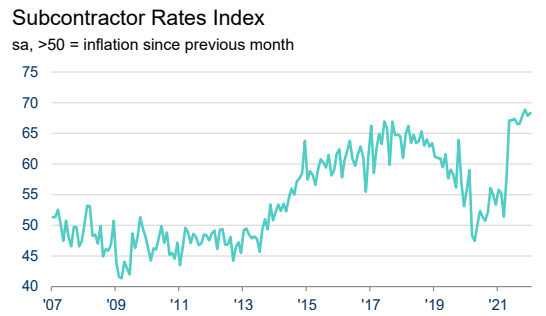
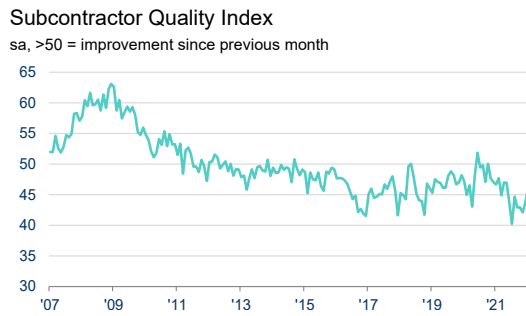
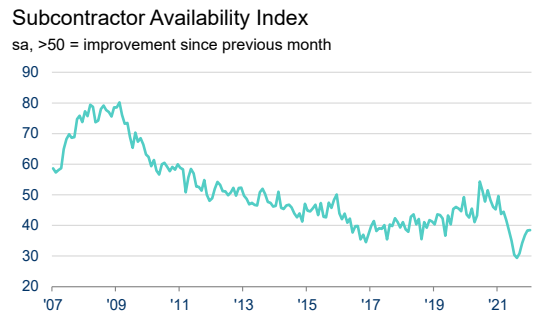
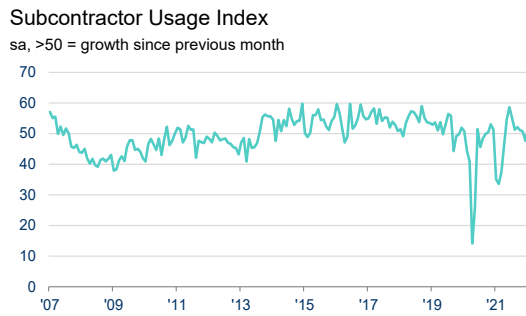
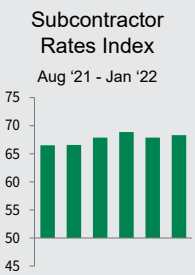
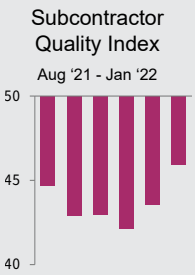
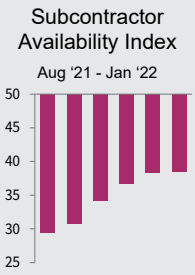
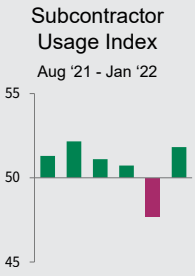
The usage of sub-contractors increased in January, following a modest decline in December. Meanwhile, the availability of sub-contractors continued to worsen, albeit to the least extent in nine months.

The continued issues with the supply of sub-contractors meant that their rates charged increased substantially again, and at one of the fastest rates on record. While the quality of work was deemed to have deteriorated, the latest decline was the least marked since May last year.

Subcontractors in short supply

Blocklayers
Bricklayers

Cladding
Facades



Survey methodology

Survey panel size

150

construction firms

Index calculation

$$\begin{aligned} & \% \text{ 'Higher'} \\ & + \\ & \frac{(\% \text{ 'No change'})}{2} \\ & + \\ & (\% \text{ 'Lower'}) \times 0 \end{aligned}$$

The BNP Paribas Real Estate Ireland Construction PMI® is compiled by IHS Markit from responses to questionnaires sent to a panel of around 150 construction companies. The panel is stratified by company workforce size, based on contributions to GDP.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Total Activity Index. This is a diffusion index that tracks changes in the total volume of construction activity compared with one month previously. The Total Activity Index is comparable to the Manufacturing Output Index and Services Business Activity Index. It may be referred to as the 'Construction PMI' but is not comparable with the headline manufacturing PMI figure.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

Survey dates and history

Data were collected 12-31 January 2022.

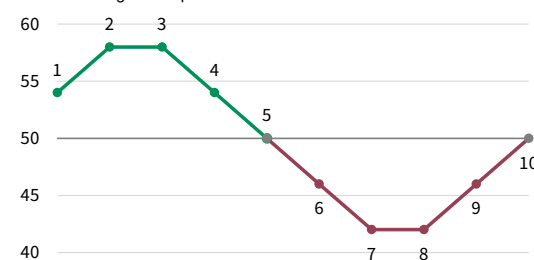
Survey data were first collected June 2000.

Survey questions

Total activity	Quantity of purchases
Housing activity	Suppliers' delivery times
Commercial activity	Input prices
Civil engineering activity	Subcontractor usage
New orders	Subcontractor availability
Employment	Subcontractor quality
Future activity	Subcontractor rates

Index interpretation

50.0 = no change since previous month



1 Growth	6 Decline, from no change
2 Growth, faster rate	7 Decline, faster rate
3 Growth, same rate	8 Decline, same rate
4 Growth, slower rate	9 Decline, slower rate
5 No change, from growth	10 No change, from decline

Sector coverage

Construction PMI data include responses from companies operating in the entire construction sector, including the following ISIC Rev.4 codes:

41 Construction of buildings	electricity and telecommunications	43.29 Other construction installation
41.10 Development of building projects	42.91 Construction of water projects	43.31 Plastering
41.20 Construction of residential and non-residential buildings	42.99 Construction of other civil engineering projects n.e.c.	43.32 Joinery installation
42 Civil engineering	43 Specialised construction activities	43.33 Floor and wall covering
42.11 Construction of roads and motorways	43.11 Demolition	43.34 Painting and glazing
42.12 Construction of railways and underground railways	43.12 Site preparation	43.39 Other building completion and finishing
42.13 Construction of bridges and tunnels	43.13 Test drilling and boring	43.91 Roofing activities
42.21 Construction of utility projects for fluids	43.21 Electrical installation	43.99 Other specialised construction activities n.e.c.
42.22 Construction of utility projects for	43.22 Plumbing, heat and air-conditioning installation	

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IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

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