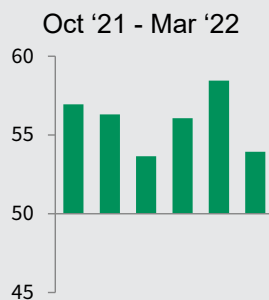
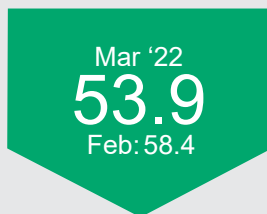


# BNP Paribas Real Estate Ireland Construction PMI<sup>®</sup>

## Growth of activity slows at end of first quarter

### Ireland Construction Total Activity Index



### New orders rise at weaker pace amid signs of demand softening

### Near-record increase in input costs

### Business confidence drops sharply

There were signs of a growth slowdown in the Irish construction sector at the end of the first quarter of the year, often reflecting the impact of soaring prices on demand. Activity, new orders and employment all rose at slower rates, while business confidence dropped sharply.

The headline seasonally adjusted BNP Paribas Real Estate Ireland Construction Total Activity Index posted 53.9 in March, still above the 50.0 no-change mark but well down from the reading of 58.4 seen in February. The latest figure signalled a solid expansion in total construction activity over the month, but one that was the softest in 2022 so far.

The housing and commercial categories posted equally marked rises in activity during March, with both seeing a softer expansion than in the previous month. Meanwhile, civil engineering activity

dropped for the first time in five months.

Anecdotal evidence suggested that the easing in growth of activity was in line with a softer demand environment. A similar picture was evident with regards to new orders, which increased solidly but to the least extent in the current year-long sequence of expansion. Some panellists indicated that concerns about material supply had encouraged customers to make advanced orders.

Construction companies themselves also indicated that they had been looking to stockpile materials in advance of expected price rises and supply problems. As a result, purchasing activity increased solidly, though again here the rate of expansion eased.

Input costs surged higher in March, with the rate of inflation accelerating to a pace that was only slightly weaker than the survey record posted in

BNP Paribas Real Estate Ireland Construction Total Activity Index

sa, >50 = growth since previous month



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## Overview continued...

October last year. More than 83% of respondents indicated that their input costs had risen over the month. There were widespread reports of higher fuel prices, while material shortages and the conflict in Ukraine added to inflationary pressures.

Meanwhile, the conflict in Ukraine, higher transport costs and material shortages all added to pressure on supply chains. Lead times on the delivery of inputs lengthened substantially, with the rate of deterioration getting worse for the first time in five months.

The impact of rising prices on customer demand led to a sharp drop in sentiment at the end of the first quarter. Optimism

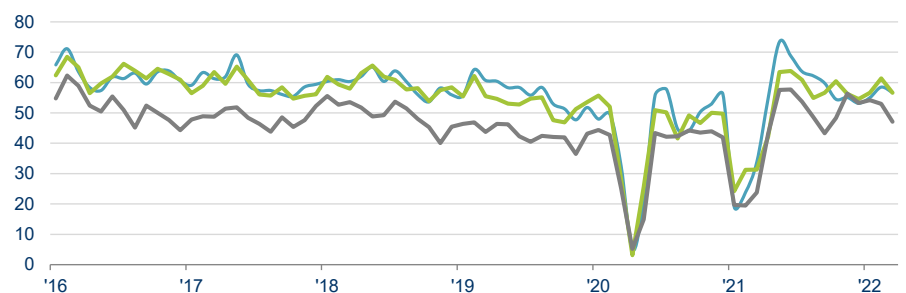
declined to the second-largest degree on record (behind only that seen at the start of the COVID-19 pandemic), and was the lowest since October 2020. Those panellists that remained confident in the year-ahead outlook linked this to hopes of improving new orders.

Despite the drop in confidence, higher new orders encouraged construction firms to increase their staffing levels again in March. That said, the rate of job creation eased to the slowest since April last year. A weaker rise in the use of sub-contractors was also registered, while their availability continued to decline markedly.

Activity Index by sector

sa, >50 = growth since previous month

Housing / Commercial / Civil Engineering



## Comment

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

*"The first take-away from this month's Construction PMI is that activity and employment in Ireland's construction sector continued to expand in March. The residential and commercial sub-indices both came in at 56.7, well above the no-change level of 50.*

*However a second key point is that the rate of expansion slowed notably compared with January and February. The explanation for this is straightforward. Arising from supply chain issues and sharp hikes in oil and gas prices, building firms*

*experienced the second fastest growth in input costs since the index began 22 years ago. This tips the balance against marginally profitable developments, softening growth in the demand for construction services. With a reading of 54.0 the new orders sub-index continued to show expansion. Nonetheless this was the lowest level of order book growth in 12 months, and the March reading may be flattered by advance orders from clients seeking to get ahead of inflation and secure scarce materials."*

## Activity by sector

### Residential

As has been the case in each of the past 12 months, residential activity in the Irish construction sector increased during March. The rate of expansion was sharp and the joint-fastest of the three categories covered, despite easing from that seen in February.

### Housing Activity Index

sa, >50 = growth since previous month

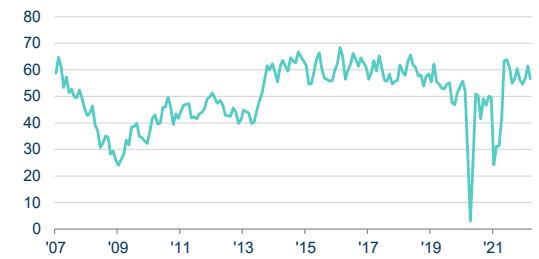


### Commercial

Commercial activity continued to increase markedly at the end of the first quarter, with the latest rise equal to that seen on housing projects. Activity on commercial projects has now increased in each of the past 11 months.

### Commercial Activity Index

sa, >50 = growth since previous month

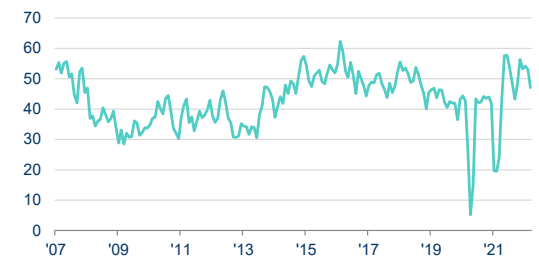


### Civil Engineering

Civil engineering was the only one of the three monitored categories to see a reduction in activity during March. The fall was the first in five months, but only modest overall.

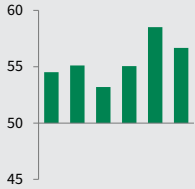
### Civil Engineering Activity Index

sa, >50 = growth since previous month



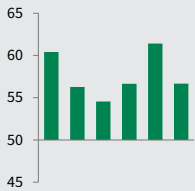
### Housing Activity Index

Oct '21 - Mar '22



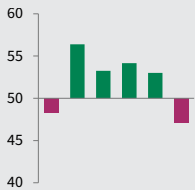
### Commercial Activity Index

Oct '21 - Mar '22



### Civil Engineering Activity Index

Oct '21 - Mar '22



## Demand and jobs

### New orders

Although new orders continued to rise at a solid pace in March, the rate of expansion eased sharply from the previous month to the weakest in the current one-year sequence of growth. Some panellists reported that demand had continued to improve, while others signalled advanced ordering by customers amid concerns around material supply. On the other hand, there were some signs that demand had softened.

### Employment

The rate of job creation eased for the second successive month at the end of the first quarter and was the least marked since April 2021. Where employment increased, this was generally in line with higher new orders. Staffing levels have risen on a monthly basis throughout the past year.

New Orders Index

sa, >50 = growth since previous month



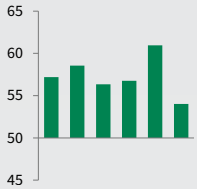
Employment Index

sa, >50 = growth since previous month



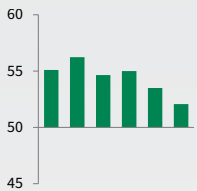
New Orders Index

Oct '21 - Mar '22



Employment Index

Oct '21 - Mar '22



## Business expectations

Confidence in the Irish construction sector fell sharply in March amid concerns among companies around the impact of soaring prices. In fact, the month-on-month drop in sentiment was the second-largest on record, behind only that seen at the start of the COVID-19 pandemic in March 2020. That said, firms remained optimistic that activity will rise over the coming year, reflecting hopes of a pick-up in new orders.

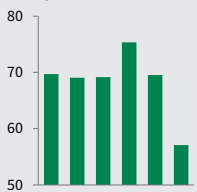
Future Activity Index

>50 = growth expected over next 12 months



Future Activity Index

Oct '21 - Mar '22

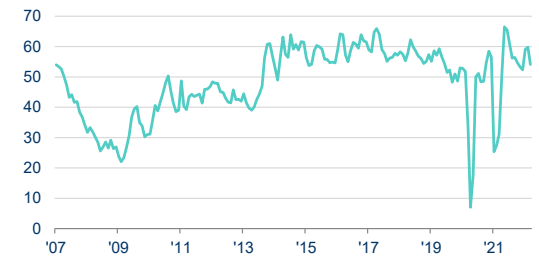


## Purchasing

### Quantity of purchases

As has been the case in each of the past 12 months, purchasing activity increased in the Irish construction sector during March. The rate of growth was solid, albeit the softest in three months. According to respondents, higher input buying often reflected efforts to stockpile items ahead of expected price increases and supply difficulties.

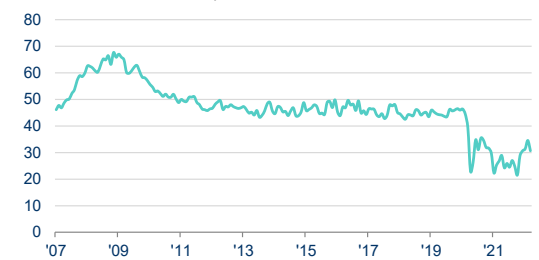
Quantity of Purchases Index  
sa, >50 = growth since previous month



### Suppliers' delivery times

The conflict in Ukraine, higher transport costs and material shortages all contributed to another lengthening of suppliers' delivery times during March. The rate of deterioration intensified, reversing a trend of easing disruption seen in recent months. Lead times lengthened to the greatest extent in the year-to-date.

Suppliers' Delivery Times Index  
sa, >50 = faster times since previous month



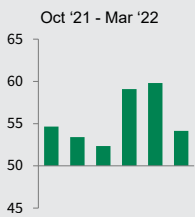
### Input prices

The rate of input cost inflation accelerated in March and was the second-fastest on record, only slightly softer than the survey peak from last October. More than 83% of respondents signalled a rise in input prices over the month. Higher fuel costs were widely mentioned, while material shortages and the conflict in Ukraine also added to inflationary pressures.

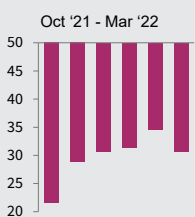
Input Prices Index  
sa, >50 = inflation since previous month



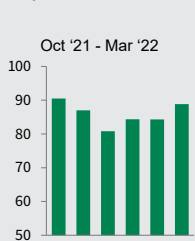
Quantity of Purchases Index  
Oct '21 - Mar '22



Suppliers' Delivery Times Index  
Oct '21 - Mar '22



Input Prices Index  
Oct '21 - Mar '22



### Items up in price

Air Conditioning Units  
Aluminium  
Aluminium Products  
Block  
Brick  
Cable  
Cement  
Chemicals  
Concrete  
Concrete Products  
Conduit  
Containment  
Copper  
Copper Cabling  
Diesel  
Electrical Equipment  
Energy  
Fuel  
Glass  
Heat Pumps

Insulation  
Labour  
Lead  
Mastics  
Oil  
Paint  
Paving Products  
Plasterboard  
Plastic  
Plumbing Materials  
PVC  
PVC Extrusions  
Radon Barrier  
Rebar  
Reinforcement  
Rockwool  
Slates  
Steel  
Timber  
Transport  
Tray  
Waterproofing Membranes

### Items down in price

Wages

### Items in short supply

Aluminium Products  
Diesel  
Doors  
Electrical Goods  
Glazing  
Imported Products  
Insulation  
Ironmongery  
Plasterboard  
Screws  
Steel  
Timber  
Windows

## Subcontractors

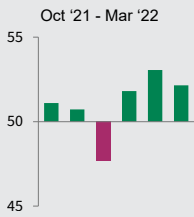
Irish construction firms increased their usage of sub-contractors for the third consecutive month in March, although the latest expansion was modest and softer than that seen in February. The availability of sub-contractors continued to decline substantially, but the rate of deterioration eased for the seventh successive month to the softest since April 2021.

The quality of work carried out by sub-contractors was deemed to have deteriorated, but the rates they charged increased at a near-record pace.

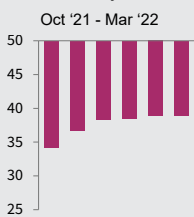
### Subcontractors in short supply

- |                         |                            |
|-------------------------|----------------------------|
| Blocklayers             | Plasterers                 |
| Carpenters              | Site Development personnel |
| Ecologists              | Steel Fabricators          |
| Electrical & Mechanical |                            |
| Ornithologists          |                            |

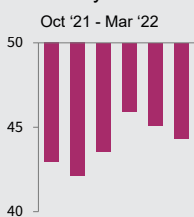
Subcontractor Usage Index



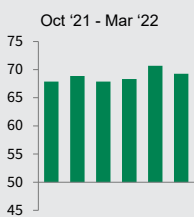
Subcontractor Availability Index



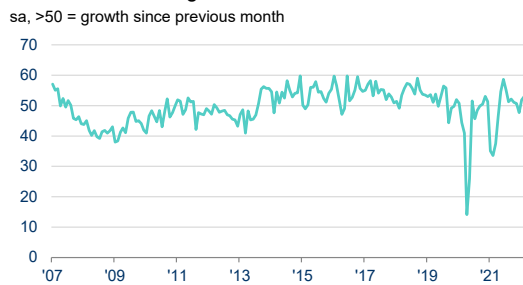
Subcontractor Quality Index



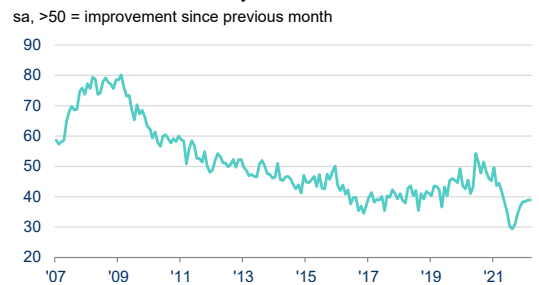
Subcontractor Rates Index



Subcontractor Usage Index



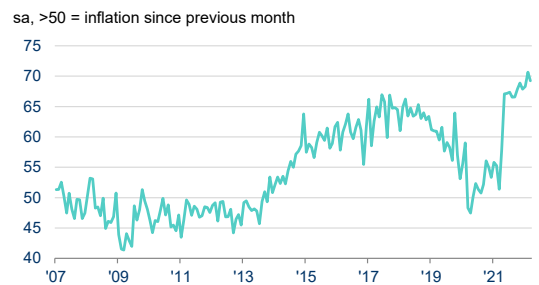
Subcontractor Availability Index



Subcontractor Quality Index



Subcontractor Rates Index





Survey panel size

# 150

construction firms

Index calculation

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

## Survey methodology

The BNP Paribas Real Estate Ireland Construction PMI<sup>®</sup> is compiled by S&P Global 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](mailto:economics@ihsmarkit.com).

## Survey dates and history

Data were collected 11-31 March 2022.

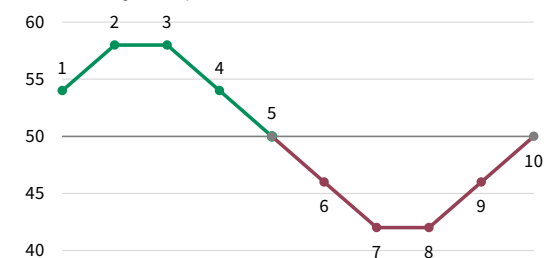
Survey data were first collected June 2000.

### 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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We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

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Purchasing Managers' Index® (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique [ihsmarkit.com/products/pmi.html](https://ihsmarkit.com/products/pmi.html).

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