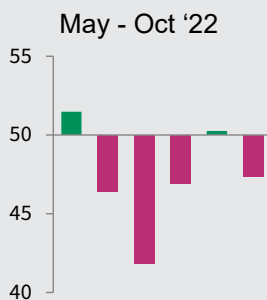


# BNP Paribas Real Estate Ireland Construction PMI<sup>®</sup>

## Renewed fall in construction activity as demand remains subdued

### Ireland Construction Total Activity Index



#### Slight fall in demand leads to drop in activity

#### Cost inflation remains elevated despite easing

#### Employment rises amid stronger business confidence

Demand in the Irish construction sector remained subdued in October, leading to a renewed reduction in activity at the start of the fourth quarter of the year. As such, firms also scaled back their input buying. On a more positive note, employment continued to increase and business confidence picked up.

The headline seasonally adjusted BNP Paribas Real Estate Ireland Construction Total Activity Index dipped back below the 50.0 no-change mark during October, posting 47.4 from 50.2 in September. The reading signalled a solid reduction in activity. Output has now decreased in four of the past five months.

All three monitored categories saw activity decrease during October, albeit to varying degrees. Housing activity was down only marginally following a slight rise in September. A renewed fall in commercial activity was also

recorded, while civil engineering activity decreased for the eighth month running.

The reduction in total construction activity reflected softening demand amid caution among clients, price pressures and supply shortages.

Project delays and softer demand, often due to price pressures, resulted in a further reduction in new orders at the start of the final quarter of the year. That said, the rate of decline was only marginal and broadly in line with that seen in September.

With demand remaining muted, construction firms scaled back their purchasing activity for the fifth month running, and to a greater extent than in the previous survey period. A number of respondents indicated a preference for using up existing inventory as opposed to purchasing new inputs.

BNP Paribas Real Estate Ireland Construction Total Activity Index

sa, >50 = growth since previous month



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## Overview continued...

Input costs continued to increase at a rapid pace in October, albeit one that was softer than in the previous month. Higher raw material prices were often mentioned by panellists.

Meanwhile, there was further evidence of supply-chain disruption easing as the incidence of delivery delays was the least pronounced since the outbreak of the COVID-19 pandemic. Where lead times lengthened, companies reported some ongoing issues in supply chains, with the war in Ukraine also hampering deliveries.

On a positive note, business confidence strengthened to an eight-month high

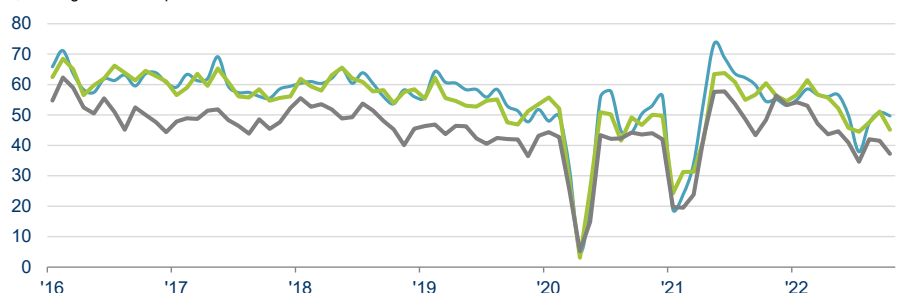
amid expectations that demand will recover over the coming year. In particular, respondents were optimistic regarding housing demand. That said, there were still concerns around the wider economic environment.

Business confidence, and recent signs of new orders stabilising, encouraged construction firms to expand their staffing levels again in October, extending the current sequence of job creation to three months.

Sub-contractor usage also increased slightly, while their availability continued to decline.

Activity Index by sector

sa, >50 = growth since previous month



## Comment

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

*“The October PMI brought further positive news about residential construction in Ireland, with housing activity holding broadly unchanged from September. This follows recent CSO data which showed a 53% rise in housing completions between January and September compared with the same period in 2021. With 20,800 dwellings completed in the first three quarters, our forecast of 28,000 units for the full year is looking*

*good.*

*Overall activity was dragged lower in October by a continued contraction in civil engineering and commercial building. The pull-back in commercial reflects slowing office starts in Dublin where a strong pipeline of projects will be coming to completion over the next 18 months to meet occupier demand. However we expect to see further strong activity in the logistics sector as occupier demand for warehousing space has led to low vacancy rates and solid rental growth.*

*Construction input costs continue*

*to rise quite strongly, but the rate of inflation has now been moderating for one year. Any slowdown in cost increases is helpful for development margins and, perhaps reflecting this, building firms generally expect to be busier in 12 months’ time and are still taking-on additional staff.”*

## Activity by sector

### Residential

Housing activity ticked lower in October, reversing the slight rise posted in September. Activity on residential projects has now decreased in four of the past five months. The fall in housing activity was the softest of the three monitored categories.

Housing Activity Index **49.7**  
sa, >50 = growth since previous month Oct '22



### Commercial

After having returned to growth in September, activity on commercial projects decreased for the fourth time in the past five months during October. Moreover, the rate of decline was marked.

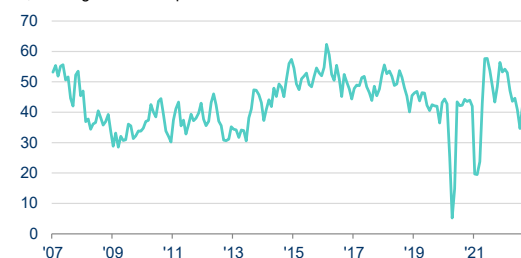
Commercial Activity Index **45.1**  
sa, >50 = growth since previous month Oct '22



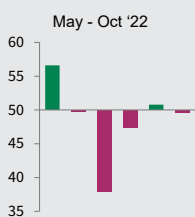
### Civil Engineering

Irish construction companies posted a further marked reduction in their civil engineering activity in October, extending the current sequence of contraction to eight months. Moreover, the rate of decline quickened to the fastest since July.

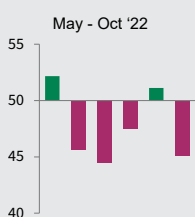
Civil Engineering Activity Index **37.2**  
sa, >50 = growth since previous month Oct '22



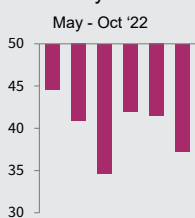
Housing Activity Index



Commercial Activity Index



Civil Engineering Activity Index



## Demand and jobs

### New orders

In line with the picture seen in September, new orders decreased marginally in the Irish construction sector during October. Panellists signalled project delays and softer demand due to price pressures, but there were some signs of more new work becoming available. New business has now decreased in each of the past seven months.

### New Orders Index

sa, >50 = growth since previous month



### Employment

Some signs of new work volumes stabilising encouraged construction companies to take on additional staff during October. Employment has now increased in three consecutive months. The rate of job creation was only marginal, however, and slightly softer than seen in September.

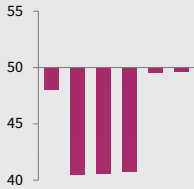
### Employment Index

sa, >50 = growth since previous month



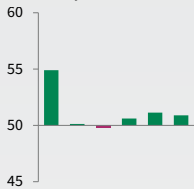
### New Orders Index

May - Oct '22



### Employment Index

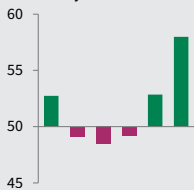
May - Oct '22



## Business expectations

### Future Activity Index

May - Oct '22



October data pointed to a further revival in business confidence among Irish construction firms, with sentiment up to an eight-month high. Around 30% of respondents predict a rise in output amid expected improvements in demand, particularly for houses. That said, sentiment was still below the series average amid concerns around the wider economic environment.

### Future Activity Index

>50 = growth expected over next 12 months



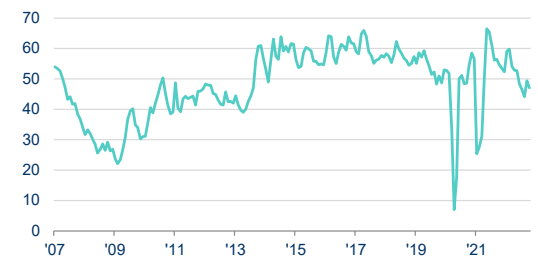
## Purchasing

### Quantity of purchases

Irish construction companies continued to lower their purchasing activity during October, the fifth month running in which a decrease has been recorded. The latest fall was solid and faster than that seen in the previous survey period. Respondents often stated a preference for using up stock rather than purchasing new inputs, due to cost considerations and muted customer demand.

### Quantity of Purchases Index

sa, >50 = growth since previous month

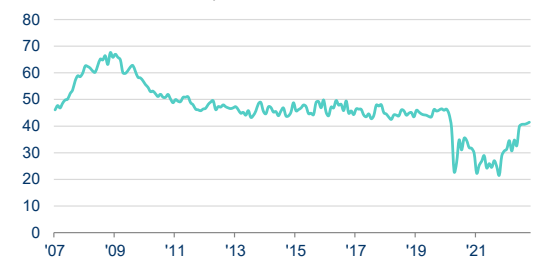


### Suppliers' delivery times

Although suppliers' delivery times continued to lengthen at the start of the final quarter of the year, the rate of deterioration in vendor performance eased further and was the weakest since February 2020. Issues in supply chains and the war in Ukraine were the main factors behind longer lead times, according to respondents.

### Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



### Input prices

Input costs continued to rise sharply during October, with the rate of inflation remaining well above the series average despite easing since September. There were widespread reports of higher raw material costs. Close to 49% of respondents recorded a rise in input prices, against 4% that posted a fall.

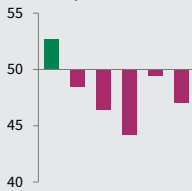
### Input Prices Index

sa, >50 = inflation since previous month



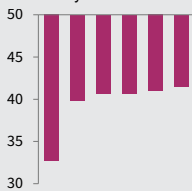
### Quantity of Purchases Index

May - Oct '22



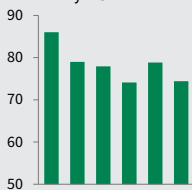
### Suppliers' Delivery Times Index

May - Oct '22



### Input Prices Index

May - Oct '22



### Items up in price

Cable  
Cement  
Circuit Boards  
Concrete  
Concrete Products  
Copper  
Diesel  
Electrical Equipment  
Electricity  
Energy  
Fibre Boards  
Fuel  
Glass  
Ink  
Insulation  
Insurance  
Ironmongery  
Mastics  
Metals  
Paper

Plastic  
Plumbing Materials  
Rockwool  
Steel  
Timber

### Items down in price

Plaster  
Rebar  
Timber  
Wages

### Items in short supply

Electrical Equipment  
Electronic Components  
Heat Pumps  
Insulation  
Motor Vehicles  
Specialist Fuels  
Stainless Steel  
Vans

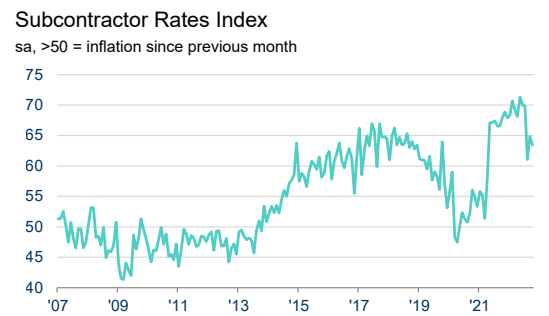
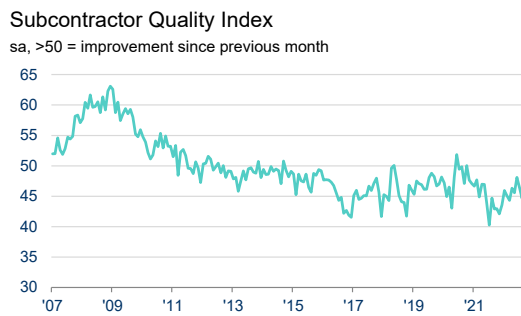
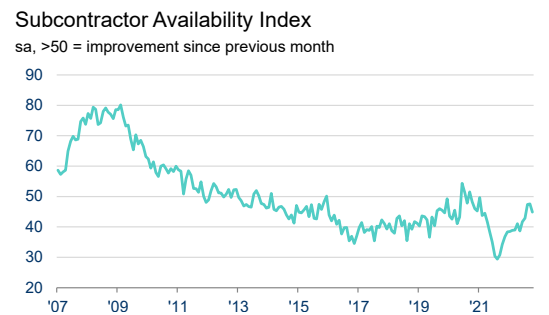
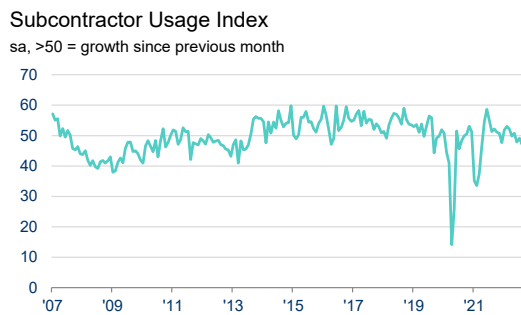
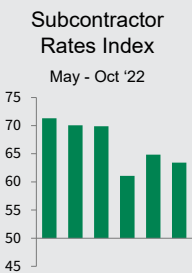
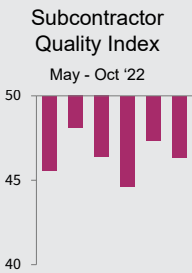
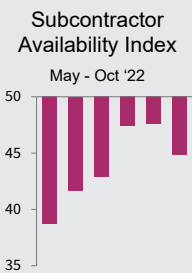
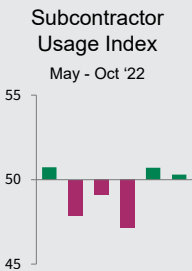
## Subcontractors

The use of sub-contractors by Irish construction companies increased for the second month running in October, although the rate of expansion was only marginal and softer than in September. Meanwhile, sub-contractor availability continued to fall, and to the greatest extent since July.

Sub-contractors increased their rates sharply again at the start of the fourth quarter, while the quality of their work was judged to have deteriorated solidly.

### Subcontractors in short supply

- |                   |                           |
|-------------------|---------------------------|
| Blocklayers       | Ornithologists            |
| Carpenters        | Plasterers                |
| Concrete Placers  | Plumbers                  |
| Ecologists        | Shuttering Carpenters     |
| Electricians      | Visual Impact Specialists |
| Facade Installers | Wet Trades                |
| Finishing Trades  |                           |
| Geohydrologists   |                           |



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® 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 12-28 October 2022.

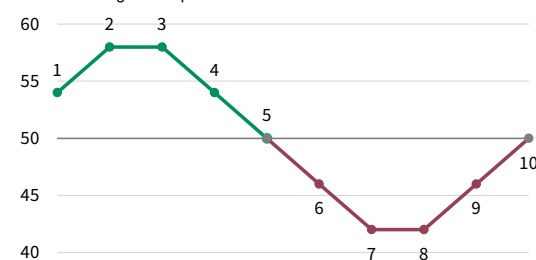
Survey data were first collected June 2000.

### 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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