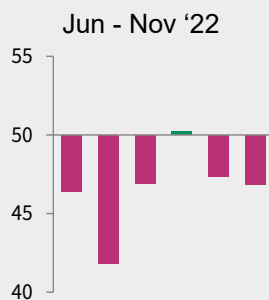


# BNP Paribas Real Estate Ireland Construction PMI<sup>®</sup>

## Activity decreases amid sharper fall in new orders

### Ireland Construction Total Activity Index



### Market slowdown and price pressures hit demand

#### Staffing levels broadly unchanged

#### Further steep rise in input costs

Irish construction activity decreased for the second month running in November as demand weakened amid ongoing inflationary pressures. Companies were therefore reluctant to take on additional staff and reduced their purchasing of inputs.

The headline seasonally adjusted BNP Paribas Real Estate Ireland Construction Total Activity Index dipped to 46.8 in November from 47.4 in October, posting below the 50.0 no-change mark for the second month running to signal back-to-back declines in total construction activity. The latest fall was solid and the fastest since July.

The pace of decline in housing activity accelerated sharply in November, with the category joining civil engineering in seeing a rapid reduction over the course of the month. The rate of contraction in commercial activity eased markedly, however, and was only marginal.

Anecdotal evidence suggested that a drop in new orders and a market slowdown were behind the fall in activity. Softer market conditions also caused a reduction in new orders, with price pressures an additional factor. New business decreased for the eighth month running, and at the fastest pace since August.

Input costs continued to rise sharply, with the rate of inflation quickening in November as more than 47% of respondents signalled an increase over the month. Across the board inflation was reported by a number of firms, while others pinpointed rises in energy and fuel prices as having a particular impact on their cost burdens.

A combination of lower demand and price pressures led construction firms to make efforts to reduce stock holdings. As a result, firms reduced their purchasing activity sharply, and to

BNP Paribas Real Estate Ireland Construction Total Activity Index

sa, >50 = growth since previous month



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## Overview continued...

the greatest extent in three months.

Companies also showed a reluctance to take on additional staff. Employment was broadly unchanged in November following three months of expansion.

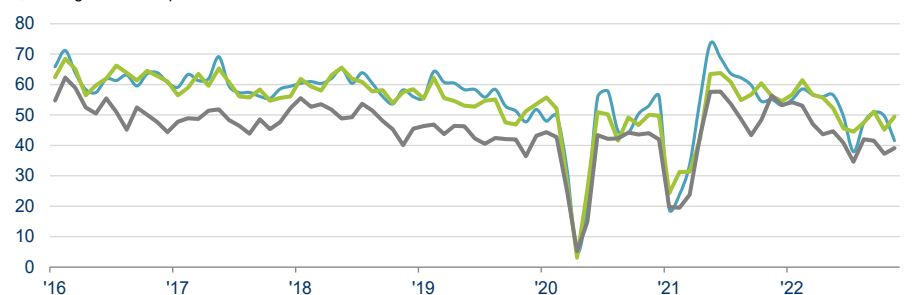
The stalling of hiring also coincided with a drop in confidence regarding the year-ahead outlook for activity. Sentiment was down to a three-month low amid concerns of a wider economic downturn and the impact this will have on workloads. On balance, however, firms were optimistic that activity will increase over the coming year, with some expecting housing demand to support growth.

Supply-chain disruption remained a feature of the latest survey, with lead times lengthening markedly again. That said, the rate of deterioration in vendor performance was the softest since February 2020.

Construction firms increased their usage of sub-contractors for the third month running and to the greatest extent since February. Meanwhile, their availability continued to decrease and rates charged rose rapidly.

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:

*“After slowing this summer, residential activity stabilised in September and October. But a re-acceleration of input cost inflation, along with slower house price growth, intensified viability challenges in November. This contributed to a sharp contraction in residential activity. The short-term outlook for housing completions remains positive. Our 28,000 forecast for 2022 should be attained, comprehensively*

*surpassing Government targets. And pipeline figures suggest that 2023 will see continued strong completions. However, the November PMI data indicate that the flow of new projects has tapered-off. In particular, new orders slowed for the eighth successive month and, reflecting this, employment growth stalled. The reduction in early-stage building work is dragging on overall activity and threatens to impact on housing completions later in the cycle.*

*Given the time it has taken for residential completions to reach current levels, any prospect of back-*

*sliding is concerning. But several factors may help ease viability challenges in the longer run. Two new Government initiatives – the First Home Scheme, which was introduced in July, and the relaxation of mortgage rules from January – should facilitate builders to sell homes at higher prices. Meanwhile agents have reported that site values are beginning to adjust downwards. Perhaps reflecting these positives, the number of building firms expecting to be busier in a year’s time still exceeds the number expecting to be quieter.”*

## Activity by sector

### Residential

After seeing a renewed contraction in residential activity in October, the rate of decline accelerated sharply in November. Activity on housing projects was down markedly, and to the greatest extent since July.

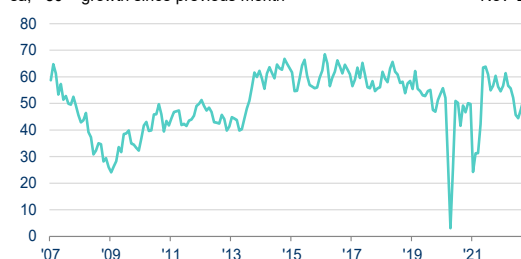
Housing Activity Index 41.6  
 sa, >50 = growth since previous month Nov '22



### Commercial

Commercial activity decreased for the second month running in November, and for the fifth time in the past six months. That said, the pace of reduction was much softer than that seen in October and the slowest of the three categories covered by the survey.

Commercial Activity Index 49.5  
 sa, >50 = growth since previous month Nov '22



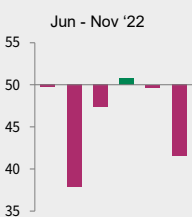
### Civil Engineering

November data pointed to a further reduction in activity on civil engineering projects in November, extending the current sequence of decline to nine months. The pace of contraction was sharp, despite easing from that seen in the previous month.

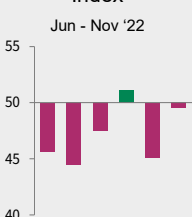
Civil Engineering Activity Index 39.1  
 sa, >50 = growth since previous month Nov '22



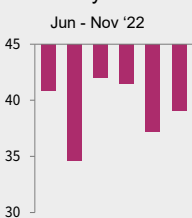
Housing Activity Index



Commercial Activity Index



Civil Engineering Activity Index



## Demand and jobs

### New orders

The rate of decline in new orders reaccelerated in November, after relatively muted reductions were posted in September and October. New business was down at a sharp pace amid widespread reports of a market slowdown. Some panellists linked lower new orders to price pressures. New orders have now decreased in each of the past eight months.

### New Orders Index

sa, >50 = growth since previous month



### Employment

Staffing levels were broadly unchanged in November, thereby ending a three-month sequence of job creation. Some firms indicated that falling new orders meant that they were reluctant to take on additional staff, while around 85% of respondents kept their workforce numbers unchanged.

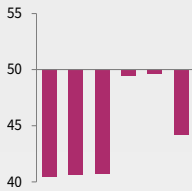
### Employment Index

sa, >50 = growth since previous month



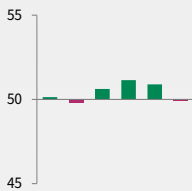
### New Orders Index

Jun - Nov '22



### Employment Index

Jun - Nov '22

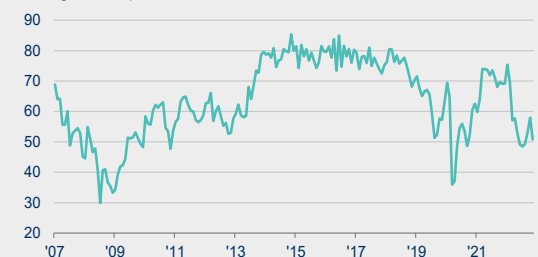


## Business expectations

Business confidence dropped in November and was relatively muted. While some panellists remained optimistic amid hopes that demand for housing would help to boost activity over the coming year, others were concerned about the impact an economic downturn would have on their workloads.

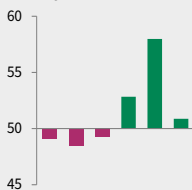
### Future Activity Index

>50 = growth expected over next 12 months



### Future Activity Index

Jun - Nov '22



## Purchasing

### Quantity of purchases

Efforts to clear existing stocks amid falling demand and price pressures meant that construction firms continued to lower their purchasing activity during November. Input buying has decreased in each month since June, with the latest marked reduction the second-fastest in the past 20 months.

### Suppliers' delivery times

Construction firms continued to report issues in supply chains midway through the final quarter of the year, resulting in a further lengthening of vendor lead times. Supplier performance deteriorated sharply, although the rate of lead time lengthening eased for the third month running to the softest since February 2020.

### Input prices

The rate of input cost inflation remained elevated in November, and quickened slightly from the previous month. More than 47% of panellists reported a rise in input prices over the month. A number of respondents cited across the board inflation, with some highlighting the impact of costs for energy and fuel.

Quantity of Purchases Index

sa, >50 = growth since previous month



Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



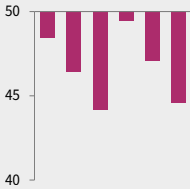
Input Prices Index

sa, >50 = inflation since previous month



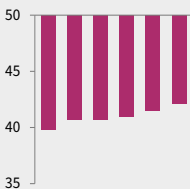
Quantity of Purchases Index

Jun - Nov '22



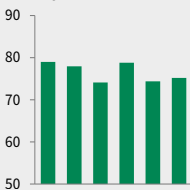
Suppliers' Delivery Times Index

Jun - Nov '22



Input Prices Index

Jun - Nov '22



### Items up in price

Cardboard  
Cement  
Concrete  
Concrete Products  
Copper  
Copper Cabling  
Door Locks  
Electricity  
Energy  
Fuel  
Gas  
Ink  
Insulation  
Metals  
Paint  
Photocopying Paper  
Plaster  
Plumbing Materials  
Slates  
Steel

### Items up in price

Timber  
Underlays  
Window Locks  
Wood Products

### Items down in price

Beams  
Rebar  
Rough Timber  
Steel Plate  
Steel Products  
Timber

### Items in short supply

Copper  
Electrical Appliances  
Electronic Components  
Engine Parts  
ESB Mini Pillars  
Stainless Steel  
Steel  
Timber  
Vans

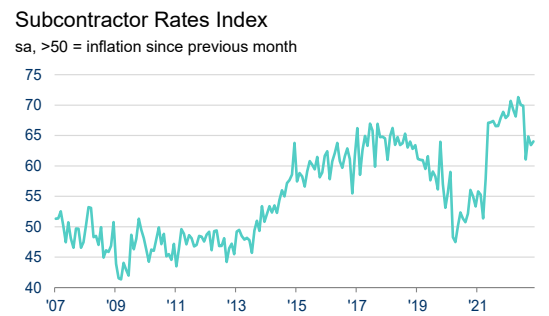
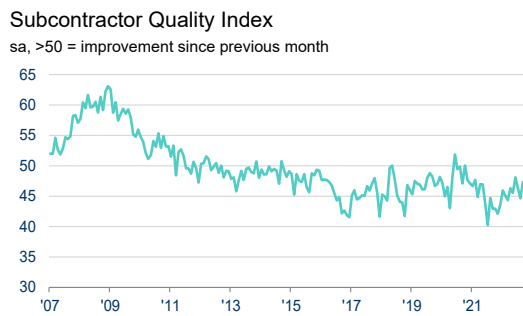
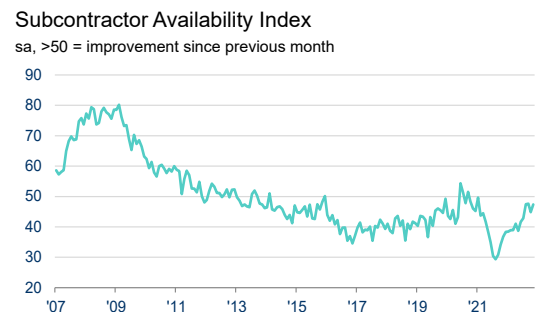
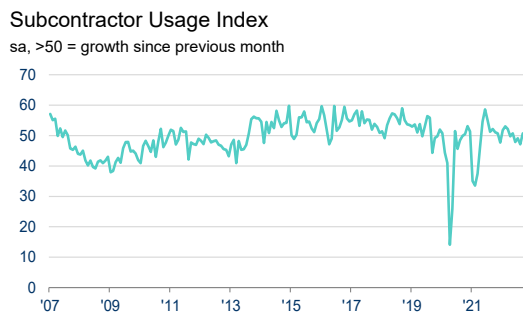
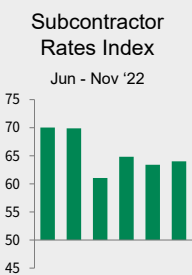
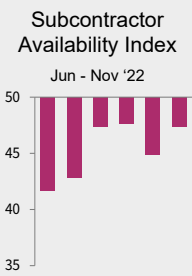
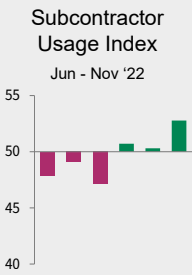
## Subcontractors

Irish construction companies increased their usage of sub-contractors for the third month running during November. Moreover, the rate of expansion was solid, quickening to the fastest since February. Meanwhile, the availability of sub-contractors continued to fall, albeit at a softer pace.

The rates charged by sub-contractors continued to rise rapidly, and at a much faster pace than the series average. Their performance was deemed to have deteriorated to the least extent in 25 months.

### Subcontractors in short supply

- |                 |                           |
|-----------------|---------------------------|
| Blocklayers     | Plasterers                |
| Carpenters      | Plumbers                  |
| Ecologists      | Visual Impact Specialists |
| Electricians    | Wet Trades                |
| Geohydrologists |                           |
| Ornithologists  |                           |





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 11-29 November 2022.

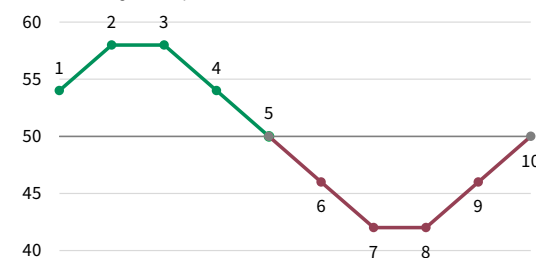
Survey data were first collected June 2000.

### 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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BNP Paribas Real Estate, one of the leading international real estate providers, offers its clients a comprehensive range of services that span the entire real estate lifecycle: Property Development, Transaction, Consulting, Valuation, Property Management and Investment Management. With 5,000 employees, BNP Paribas Real Estate as a one stop shop company, supports owners, leaseholders, investors and communities thanks to its local expertise across 30 countries (through its facilities and its Alliance network) in Europe, the Middle-East and Asia. BNP Paribas Real Estate is a part of the BNP Paribas Group, a global leader in financial services.

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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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