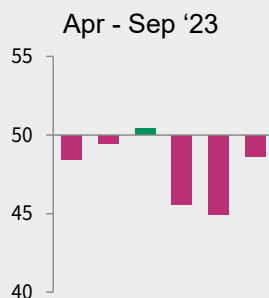


BNP Paribas Real Estate Ireland Construction PMI®

New orders fall at much softer pace in September

Ireland Construction Total Activity Index



Weaker reductions in activity and new business

Rate of cost inflation softens

Employment continues to rise

Although the Irish construction sector remained in contraction at the end of the third quarter of the year, rates of reduction in activity and new business eased markedly over the month. Meanwhile, companies continued to increase their staffing levels amid ongoing optimism in the year-ahead outlook. Firms were aided by a softening in the rate of inflation to a three-month low.

The headline seasonally adjusted BNP Paribas Real Estate Ireland Construction Total Activity Index posted below the 50.0 no-change mark for the third month running in September, signalling a sustained reduction in construction output. That said, at 48.6, up from 44.9 in August, the index pointed to only a modest and much softer fall in activity. The decline was the softest in the current sequence of decreasing activity.

All three categories of construction covered by the survey saw the pace of decline ease in September. The softest reduction was in commercial activity, where the fall was only marginal. Meanwhile, housing activity decreased to the least extent in just under a year.

Where activity decreased, respondents to the survey often mentioned a market slowdown. On the other hand, there were some reports of demand showing signs of improvement.

These signs of demand improving were reflected in data for new orders, which showed a move towards stabilisation in September following marked reductions in July and August. That said, new business continued to fall amid ongoing reports of soft market conditions.

Companies generally expect an improvement in demand over

BNP Paribas Real Estate Ireland Construction Total Activity Index

sa, >50 = growth since previous month



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the coming year to lead to higher construction activity. Business confidence was broadly in line with the picture seen across the rest of the third quarter.

Continuing the trend seen throughout 2023 so far, employment increased during September. The rate of job creation was modest and broadly similar to that seen in August.

Purchasing activity, on the other hand, continued to fall. The rate of contraction eased to the weakest in the current four-month sequence of reduction, however, and was only marginal. The rate of deterioration in vendor

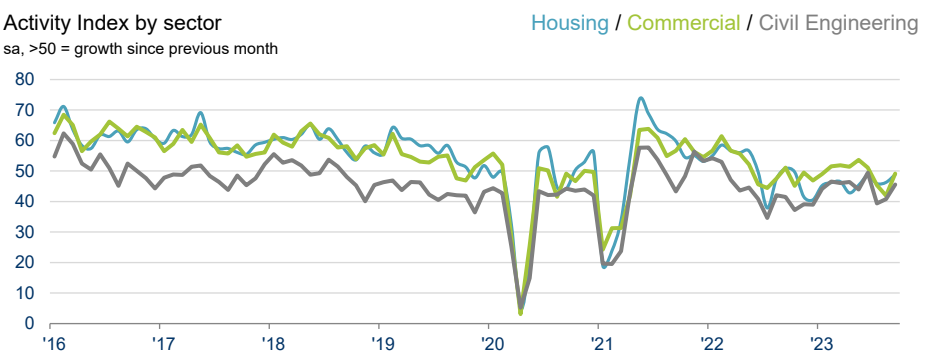
performance also eased, but suppliers' delivery times still lengthened for the second successive month.

The rate of input cost inflation slowed to a three-month low amid reports of reduced pressure from material prices.

Sub-contractor usage increased for the eighth consecutive month. Although their availability continued to fall, the latest reduction was the least marked since January. Sub-contractor quality was judged to have deteriorated to the smallest degree in just under three years, while the rates they charged increased sharply again.

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:

“September was a broadly positive month for the construction sector. Activity edged lower, but the slowdown was marginal, and considerably less than in July and August which were particularly weak months.

Input cost inflation slowed again, after sharpening against the run of play in July and August. Panellists reported that the cost of steel, sanitary ware, insulation and construction wages all

fell in September. The latter tallies with CSO data which show reduced average earnings in construction and, in tandem with the sustained pick-up in employment, suggests that there is no immediate shortage of building workers.

The return to softening cost inflation, at a time when new homes price inflation is running at 11%, is positive news for viability. Perhaps reflecting this, the Future Expectations Index shows that construction firms remain quite optimistic, with 81 percent expecting to be as busy or busier in

one year's time.”

Activity by sector

Residential

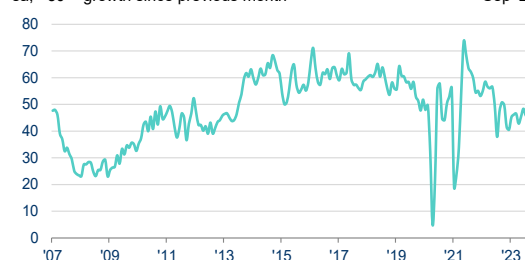
Although activity on residential projects at Irish construction firms decreased again in September, the rate of contraction was only modest and the slowest since October 2022. The latest fall in housing activity extended the current sequence of monthly declines to one year.

Housing Activity Index

sa, >50 = growth since previous month

48.9

Sep '23



Commercial

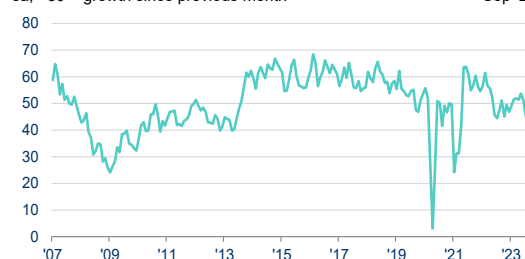
The volume of work undertaken on commercial projects decreased for the third month running during September. That said, the pace of reduction was only marginal, the softest in the current sequence of decline and the least pronounced of the three categories covered by the survey.

Commercial Activity Index

sa, >50 = growth since previous month

49.2

Sep '23



Civil Engineering

September data pointed to a marked softening in the rate of decline of civil engineering activity, with the pace of contraction the weakest in three months. Activity continued to fall at a marked pace, however, with civil engineering projects having now decreased in each month for just over a year-and-a-half.

Civil Engineering Activity Index

sa, >50 = growth since previous month

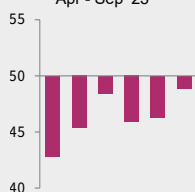
45.6

Sep '23



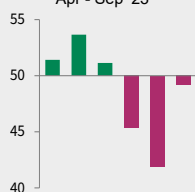
Housing Activity Index

Apr - Sep '23



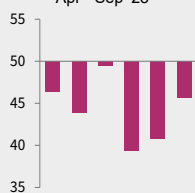
Commercial Activity Index

Apr - Sep '23



Civil Engineering Activity Index

Apr - Sep '23



Demand and jobs

New orders

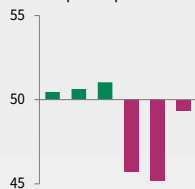
New orders neared stabilisation at the end of the third quarter of the year as the rate of decline softened from the marked reductions seen in July and August. Although a number of companies reported a lull in new orders amid soft market conditions, others indicated that new projects had been secured during the month.

Employment

Employment continued to rise in the Irish construction sector during September, thereby extending the current sequence of job creation to nine months. The latest increase was modest and broadly in line with that seen in August. Close to 14% of respondents signalled a rise in staffing levels over the month, against 10% that posted a fall.

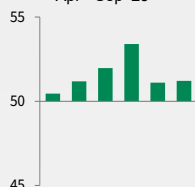
New Orders Index

Apr - Sep '23



Employment Index

Apr - Sep '23



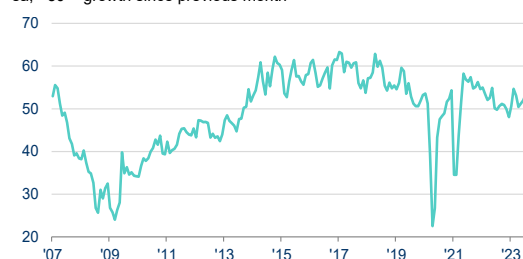
New Orders Index

sa, >50 = growth since previous month



Employment Index

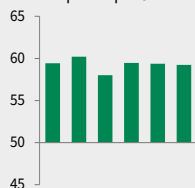
sa, >50 = growth since previous month



Business expectations

Future Activity Index

Apr - Sep '23



Business confidence remained broadly stable in September, with construction firms continuing to predict an expansion in activity over the coming year. A number of companies expressed optimism that demand conditions will improve, helping to support growth of activity. More than 37% of respondents predicted a rise in output, against 19% that had a pessimistic outlook.

Future Activity Index

>50 = growth expected over next 12 months



Purchasing

Quantity of purchases

Irish construction companies continued to lower the amount of inputs they purchased in September in response to a drop in activity. That said, the rate of contraction was only marginal and the softest in the current four-month sequence of reduction. Some companies increased their buying activity in response to signs of workloads improving.

Suppliers' delivery times

September data pointed to a modest lengthening of suppliers' delivery times, the second successive month in which a deterioration has been registered. The lengthening of lead times was less pronounced than that seen in August. Low stock levels in supply chains and delays at delivery companies were reported by panellists.

Input prices

Signs of prices of some materials easing led to a softening in the rate of input cost inflation during September. Although input prices rose markedly again, the latest increase was the least marked in three months and much weaker than the average over the past three years.

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



Items up in price

Cement
Concrete
DCP Levy
Electrical Components
Electrical Items
Fuel
Insulation
Landfill Levies
Light Gauge Steel
Pumps
Timber

Items down in price

Bathroom Ware
Fittings
Insulation
Piping
Steel
Timber
Wages

Items in short supply

Flooring
Insulation
Steel Beams
Timber

Subcontractors

Irish construction companies continued to expand their use of sub-contractors in September, thereby extending the current sequence of growth to eight months. While sub-contractor availability continued to fall, the rate of decline eased for the fourth consecutive month to the softest since January.

Rates charged by sub-contractors continued to increase markedly, despite firms reporting a modest deterioration in their quality. Outsourced work worsened to the least extent in just under three years.

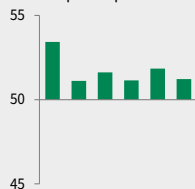
Subcontractors in short supply

Blocklayers
Carpenters
Ecologists
Electricians
Geohydrologists
Glaziers

Joinery
Ornithologists
Plumbers
Specialist Resident Engineers
Visual Impact Specialists

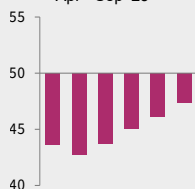
Subcontractor
Usage Index

Apr - Sep '23



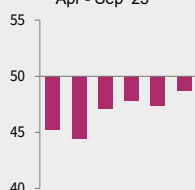
Subcontractor
Availability Index

Apr - Sep '23



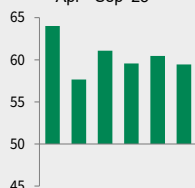
Subcontractor
Quality Index

Apr - Sep '23



Subcontractor
Rates Index

Apr - Sep '23



Subcontractor Usage Index

sa, >50 = growth since previous month



Subcontractor Quality Index

sa, >50 = improvement since previous month



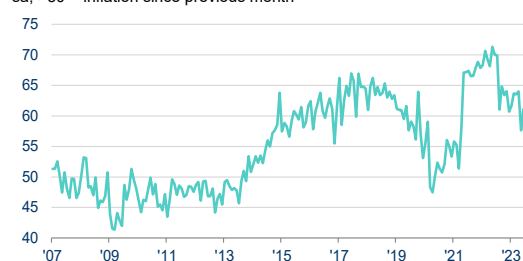
Subcontractor Availability Index

sa, >50 = improvement since previous month



Subcontractor Rates Index

sa, >50 = inflation since previous month



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 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@spglobal.com.

Survey dates and history

Data were collected 12-28 September 2023.

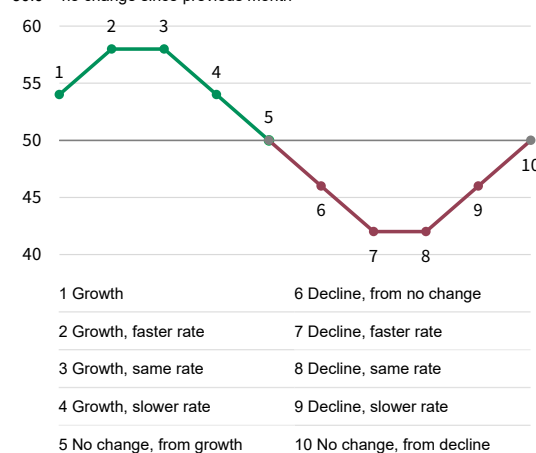
Survey data were first collected June 2000.

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



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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