

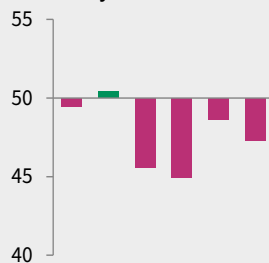
# BNP Paribas Real Estate Ireland Construction PMI<sup>®</sup>

## Solid fall in activity, but new orders near stabilisation

### Ireland Construction Total Activity Index



May - Oct '23



### Marginal decline in new business

### Activity down for fourth month running

### Rate of job creation quickens

Construction activity in Ireland continued to fall in October amid subdued market conditions, but new orders neared stabilisation over the course of the month and firms continued to expand their staffing levels. Meanwhile, the rate of input cost inflation eased to a four-month low.

The headline seasonally adjusted BNP Paribas Real Estate Ireland Construction Total Activity Index dropped to 47.3 in October, down from 48.6 in September, and signalled a fourth consecutive monthly reduction in construction activity. The pace of decline was solid and faster than that seen in September, albeit less pronounced than the contractions recorded over the summer. Panellists reported a general slowdown in market conditions.

In contrast to the overall picture for the

sector, commercial activity returned to growth in October, thereby ending a three-month sequence of decline. That said, the rate of expansion was marginal. Elsewhere, there were further reductions in activity on housing and civil engineering projects, with the former seeing the sharpest fall since April.

New orders moved closer to stabilisation in October, falling only marginally and to the least extent in the current four-month sequence of contraction. In line with the picture for construction activity, those firms that posted a reduction in new business linked this to a general slowdown in the market and weaker customer demand.

Purchasing activity moved in line with the trend in new orders, falling only marginally during the month. Some firms indicated that their stock

BNP Paribas Real Estate Ireland Construction Total Activity Index

sa, >50 = growth since previous month



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holdings were sufficient to deal with current workloads, reducing the need to purchase additional items. Where inputs were ordered, suppliers' delivery times were longer than in the previous month.

More positively, employment increased again in October, thereby extending the current sequence of growth to ten months. Moreover, the rate of job creation was solid and faster than that seen in the preceding survey period.

Companies also maintained an optimistic outlook for the coming year amid hopes that new projects would be secured, thereby feeding through to growth of activity. That said, sentiment dropped sharply over the month and

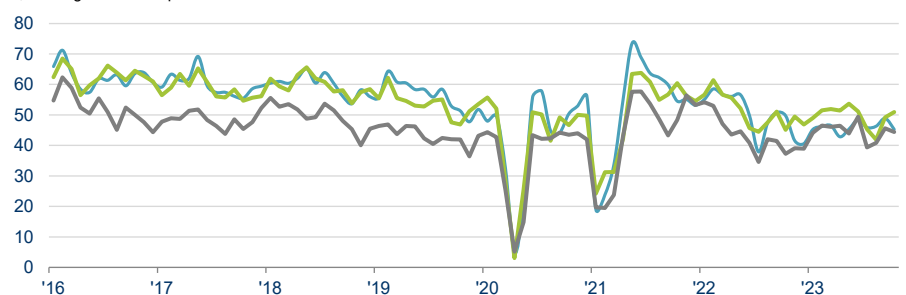
was the lowest since November last year. There were some concerns about the potential impact of a weaker economic climate on activity in the sector.

Rising prices for a range of inputs meant that overall expenses increased markedly again in October. The rate of inflation softened to a four-month low, however, amid some signs of prices for certain items easing.

The rate of growth in sub-contractor usage eased to a nine-month low, while availability continued to fall solidly. Sub-contractor quality was broadly unchanged and the rates they charged increased at the fastest pace in six months.

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 slowdown in residential activity during October seems surprising given the continued growth in housing commencements and completions this year. But the explanation is simple – completions have been rising faster than commencements in recent months, causing the number of units under construction to edge lower.*

*The expansion in commercial activity might also seem surprising*

*as there has been little large-scale retail development and as the office market is already oversupplied. Again, however, the explanation is straightforward. Over 26,000 sq m of Dublin office space that was earmarked for completion in Q3 got delayed until Q4. With a further 75,000 sq m already scheduled for Q4 delivery, there is now a strong push to get projects completed by year-end.*

*The medium term outlook for residential and commercial construction is quite contrasting. Over 18,000 new dwellings are*

*currently underway in Dublin alone, and 2024 should be another strong year for housing delivery. However, speculative office starts have dried-up in response to market signals, and the supply pipeline falls away sharply from next year.”*

## Activity by sector

### Residential

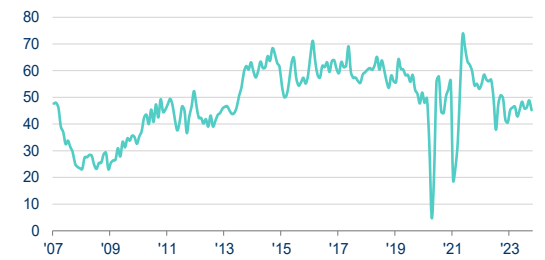
Irish construction firms recorded a further reduction in residential activity during October, thereby extending the current sequence of contraction to 13 months. Moreover, the latest fall in housing activity was marked and the most pronounced since April.

### Housing Activity Index

sa, >50 = growth since previous month

45.2

Oct '23



### Commercial

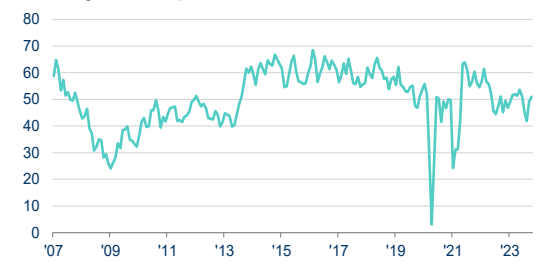
October data pointed to a renewed expansion of commercial activity in the Irish construction sector, ending a three-month period of decline. Although work on commercial projects rose only marginally, the category was the only one of the three covered by the report to signal growth at the start of the final quarter.

### Commercial Activity Index

sa, >50 = growth since previous month

50.9

Oct '23



### Civil Engineering

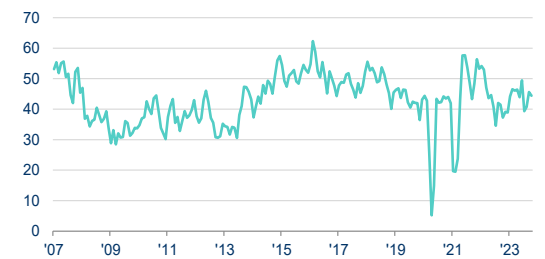
As has been the case in each month since March 2022, civil engineering activity decreased in October. The latest reduction was marked and slightly faster than that seen in September, albeit less pronounced than the average over the current period of decline.

### Civil Engineering Activity Index

sa, >50 = growth since previous month

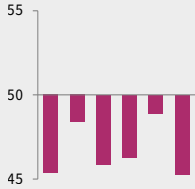
44.4

Oct '23



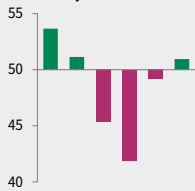
#### Housing Activity Index

May - Oct '23



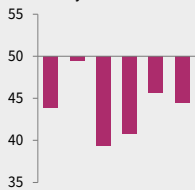
#### Commercial Activity Index

May - Oct '23



#### Civil Engineering Activity Index

May - Oct '23



## Demand and jobs

### New orders

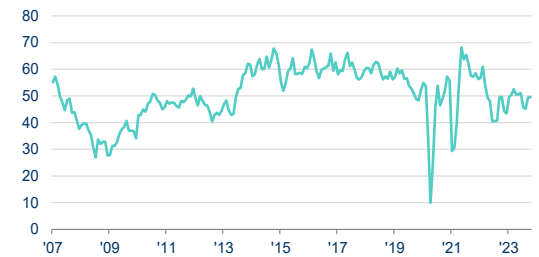
There were signs of new orders nearing stabilisation in October as some firms were able to secure new projects. The latest reduction in new business was only marginal and the softest in the current four-month sequence of decline. Where new orders decreased, respondents linked this to general market weakness and a fall in demand.

### Employment

Irish construction companies continued to expand their staffing levels during October. The latest increase was solid and the fastest since July, with 16% of panellists reporting a rise over the month. A number of the hires in the latest survey period were on a permanent basis. Employment has now increased in ten consecutive months.

New Orders Index

sa, >50 = growth since previous month



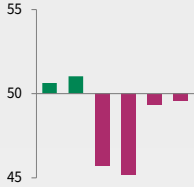
Employment Index

sa, >50 = growth since previous month



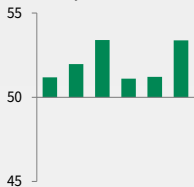
New Orders Index

May - Oct '23



Employment Index

May - Oct '23

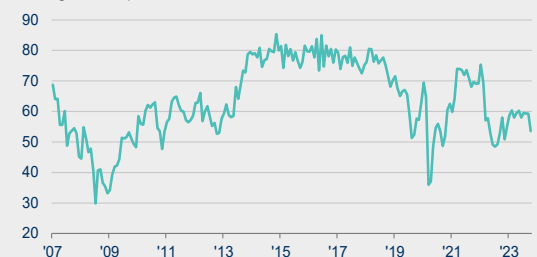


## Business expectations

Business confidence dropped sharply in October and was the lowest in 11 months as a number of firms expressed worries that the wider economic climate would have a negative impact on their activity over the coming year. Sentiment was some way below the series average, but remained positive overall amid hopes that new projects would be secured, helping to boost output.

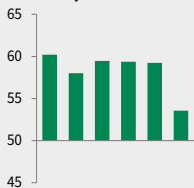
Future Activity Index

>50 = growth expected over next 12 months



Future Activity Index

May - Oct '23



## Purchasing

### Quantity of purchases

The trend in purchasing activity moved closely in line with that of new orders in October, with input buying down only marginally over the course of the month. Purchasing has now decreased in five successive months, however, with respondents to the latest survey suggesting that current stock holdings were sufficient to cater to activity requirements.

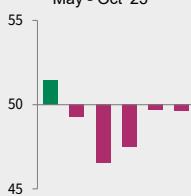
Quantity of Purchases Index

sa, >50 = growth since previous month



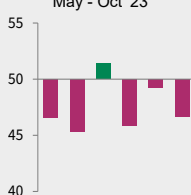
Quantity of Purchases Index

May - Oct '23



Suppliers' Delivery Times Index

May - Oct '23



### Suppliers' delivery times

Delays in supply chains were reported by construction firms in October, resulting in longer lead times on the delivery of inputs. Vendor performance deteriorated for the third month running. Lead times lengthened solidly, and to a greater extent than in the previous survey period.

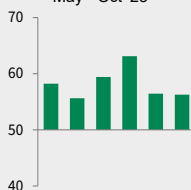
Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



Input Prices Index

May - Oct '23



### Input prices

The rate of input cost inflation ticked down to a four-month low in October, but expenses continued to increase markedly over the course of the month. Panellists reported inflation almost across the board, but there were some signals of prices for certain items dropping slightly.

Input Prices Index

sa, >50 = inflation since previous month



#### Items up in price

Concrete  
Diesel  
Electrical Items  
Energy  
Fuel  
Graphics Supplies  
Insulation  
Petrol  
Printing Supplies

#### Items down in price

Steel  
Timber  
Wages

#### Items in short supply

Certain Colours  
Fascia  
Fittings  
Glass  
Ironmongery  
Piping  
Steel  
Trusses

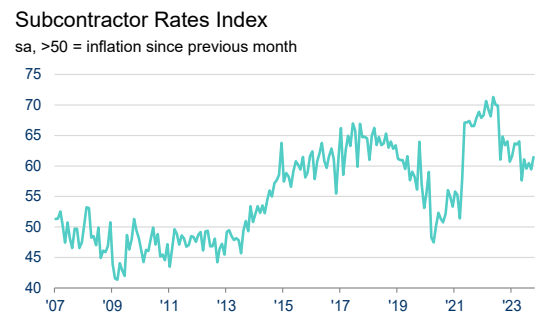
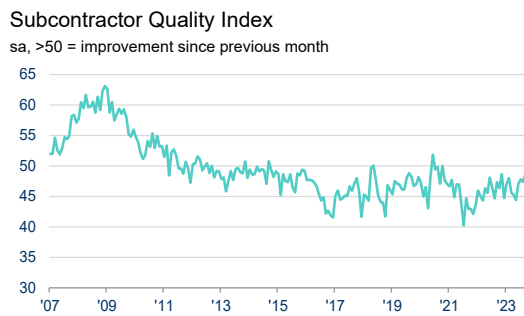
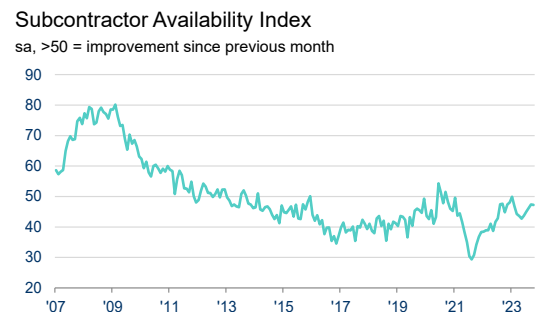
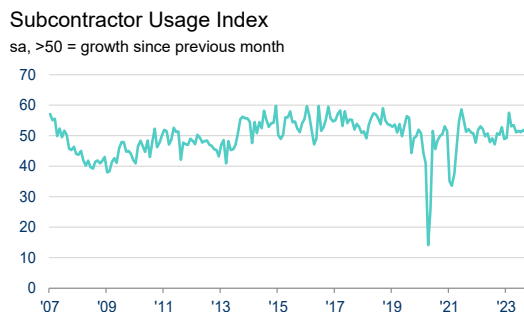
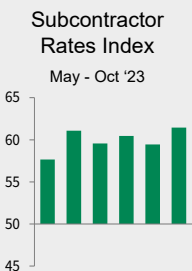
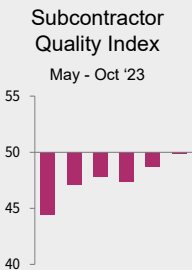
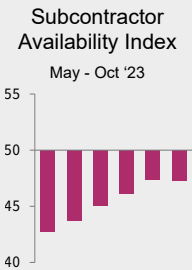
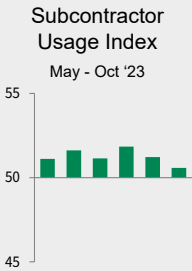
## Subcontractors

Although the usage of sub-contractors continued to rise in October, the rate of expansion was only marginal and the softest in the current nine-month sequence of growth. The availability of sub-contractors decreased solidly again, with the rate of reduction broadly in line with that seen in September.

The rate of inflation in rates charged by sub-contractors accelerated and was the fastest since April. Meanwhile, the quality of their work was little changed from the previous survey period.

### Subcontractors in short supply

- |                      |                           |
|----------------------|---------------------------|
| Blocklayers          | Ornithologists            |
| Carpenters           | Plasterers                |
| Ecologists           | Plumbers                  |
| Flooring Contractors | Visual Impact Specialists |
| Geohydrologists      |                           |
| Masons               |                           |



## 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](mailto:economics@spglobal.com).

## Survey dates and history

Data were collected 12-30 October 2023.

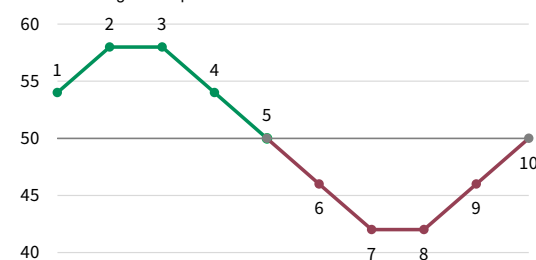
Survey data were first collected June 2000.

### 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



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	

## Contact

John McCartney  
Director & Head of Research  
BNP Paribas Real Estate Ireland  
T: +353 (0) 1 661 1233  
M: +353 87 974 8485  
[john.mccartney@bnpparibas.com](mailto:john.mccartney@bnpparibas.com)  
[www.realestate.bnpparibas.ie](http://www.realestate.bnpparibas.ie)

Sabrina Mayeen  
Corporate Communications  
S&P Global Market Intelligence  
T: +44 (0) 7967 447030  
[sabrina.mayeen@spglobal.com](mailto:sabrina.mayeen@spglobal.com)

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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 monthly indicators of economic trends.

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