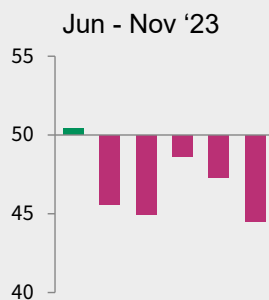


BNP Paribas Real Estate Ireland Construction PMI[®]

Employment falls for first time in year-to-date as workloads decrease

Ireland Construction Total Activity Index



First reduction in staffing levels since December 2022

Sharper falls in construction activity and new orders

Business confidence strengthens

The downturn in the Irish construction sector deepened in November, with activity and new orders falling at faster rates. Companies lowered their staffing levels for the first time in close to a year. On a more positive note, confidence in the 12-month outlook strengthened from that seen in October.

The headline seasonally adjusted BNP Paribas Real Estate Ireland Construction Total Activity Index posted 44.5 in November, down from 47.3 in October and pointing to the most marked reduction in construction activity in 2023 so far. Activity has now decreased in five successive months. A slowdown in the economy, the completion of projects and delays in decision making at clients were all factors leading activity to fall, according to respondents.

Firms recorded declining activity

across the three different categories of construction as commercial posted a renewed reduction midway through the final quarter of the year. The sharpest fall, however, was for housing activity, which decreased to the largest extent since April.

A general market slowdown was the main factor leading to a further reduction in new orders in November, with inflationary pressures also reportedly having a negative impact on inflows of new business. New orders were down for the fifth consecutive month, and at a solid pace.

Lower workloads led constructors to scale back employment for the first time in almost a year. Resignations also contributed to the reduction, which was nonetheless only slight.

As well as reducing their own workforce numbers, firms also lowered their

BNP Paribas Real Estate Ireland Construction Total Activity Index

sa, >50 = growth since previous month



Contents

[Overview](#)
[Comment](#)
[Activity by sector](#)
[Demand, jobs and outlook](#)
[Purchasing](#)
[Subcontractors](#)
[Survey methodology](#)
[Further information](#)

Overview continued...

usage of sub-contractors, the first time this has been the case since January. Meanwhile, sub-contractor availability decreased to the least extent in ten months.

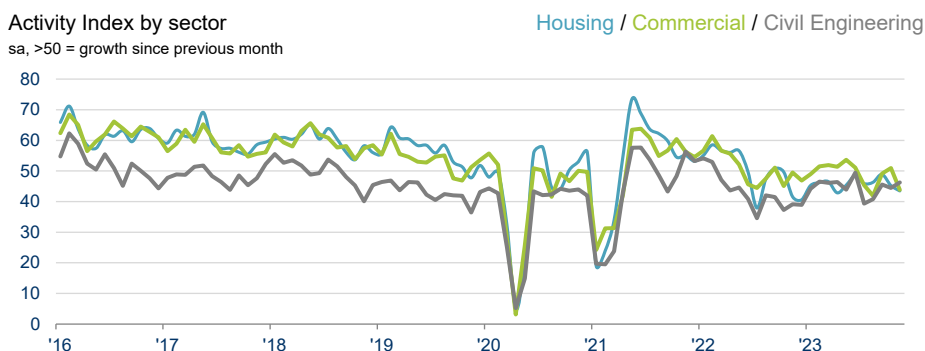
Purchasing activity contracted over the month, with companies reporting that their stock holdings were generally sufficient to cater to current reduced levels of activity.

Those firms that purchased inputs were faced with delivery delays. In some cases, this reflected low stock levels at suppliers which meant that items had to be ordered in, while there were also

reports of staff shortages. Lead times lengthened solidly, and to the largest extent in three months.

Companies also experienced a sharp rise in input prices, and one that was the fastest since August. The rate of inflation remained much weaker than seen during 2021 and 2022, however.

On a more positive note, business confidence strengthened in November as 32% of respondents predicted a rise in activity over the coming year. Positive sentiment reflected hopes for an improvement in economic conditions and the start of new projects.



Comment

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

“November saw sharp contractions in both commercial and residential activity. On the commercial side, 2023 will be a record year for Dublin warehouse completions, with significant development also occurring in Cork. However rising interest rates and construction costs have made developers more cautious, therefore the 2024 pipeline is weaker and early-stage activity is being impacted. In

Dublin’s office market, developers have heeded the signals of rising vacancy and softening lease terms to turn off the supply tap. Completions will fall by 25-30% this year, and the 2024 pipeline is lower again. Indeed, with speculative commencements off the table for next year, this slowdown in office building may persist until 2027.

Continued weakness in the residential PMI is more surprising. The latest national accounts indicate that investment in new dwellings has risen by 8.4% compared with the first three

quarters of 2022. Completions are up by 8.8% in the same period and, with commencements rising even faster, the longer-term trend is also positive. The most likely explanation is that activity has temporarily slowed in October and November due to projects being completed as we approach year-end. However, national accounts data also reveal that the home improvement market has contracted over the last six months as build costs continue to rise.”

Activity by sector

Residential

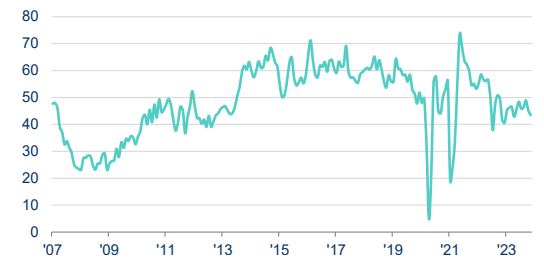
November data pointed to a sharp and accelerated monthly reduction in housing activity at Irish construction firms. The latest fall was the fourteenth in as many months and the steepest since April. The reduction in residential activity was also the most marked of the three categories monitored by the survey.

Housing Activity Index

sa, >50 = growth since previous month

43.5

Nov '23



Commercial

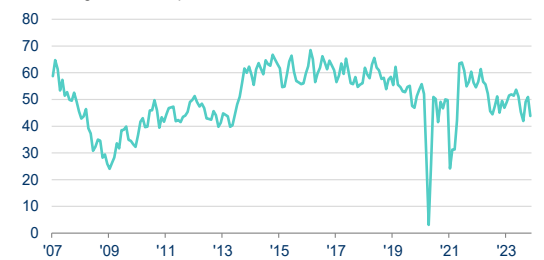
Construction firms signalled a renewed reduction in commercial activity during November following a slight increase in the previous survey period. Activity on commercial projects has decreased in four of the past five months, with a substantial fall posted midway through the final quarter of the year.

Commercial Activity Index

sa, >50 = growth since previous month

43.8

Nov '23



Civil Engineering

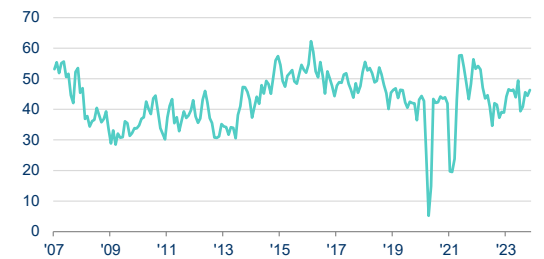
Although civil engineering activity continued to fall in November, the rate of reduction eased to the softest in five months and was the weakest of the three monitored categories. Civil engineering activity has decreased continuously since March 2022.

Civil Engineering Activity Index

sa, >50 = growth since previous month

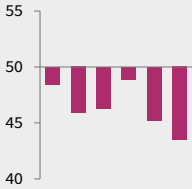
46.3

Nov '23



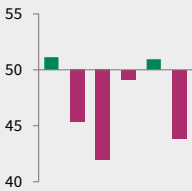
Housing Activity Index

Jun - Nov '23



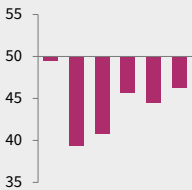
Commercial Activity Index

Jun - Nov '23



Civil Engineering Activity Index

Jun - Nov '23



Demand and jobs

New orders

After having neared stabilisation in the previous survey period, new orders decreased at a solid pace during November. The latest fall was the fifth in as many months. A number of respondents indicated that a general slowdown in the market had been behind the reduction, with inflationary pressures also negatively impacting demand.

Employment

November data signalled a slight reduction in employment in the Irish construction sector, thereby ending a ten-month sequence of job creation. Respondents indicated that staffing levels had been scaled back in response to falling workloads, with some firms also experiencing resignations during the month.

New Orders Index

sa, >50 = growth since previous month



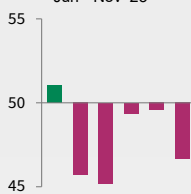
Employment Index

sa, >50 = growth since previous month



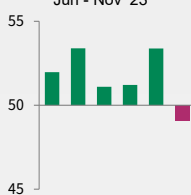
New Orders Index

Jun - Nov '23



Employment Index

Jun - Nov '23

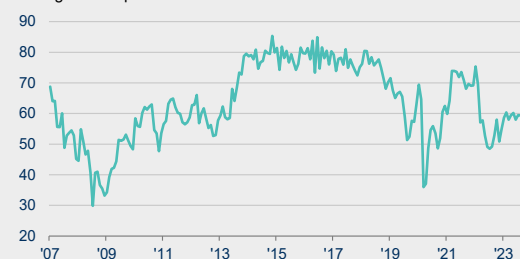


Business expectations

Construction firms remained optimistic that output will increase over the coming year, with confidence strengthening from that seen in October. Hopes for an improvement in economic conditions and the start of new projects were among the factors supporting optimism, which was signalled at 32% of respondents in November.

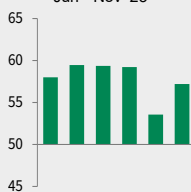
Future Activity Index

>50 = growth expected over next 12 months



Future Activity Index

Jun - Nov '23



Purchasing

Quantity of purchases

Lower activity requirements and sufficient stock holdings to cover existing workloads meant that companies continued to scale back their purchasing activity in November. Input buying was down for the sixth month running, and at a solid pace that was the fastest since July.

Quantity of Purchases Index

sa, >50 = growth since previous month

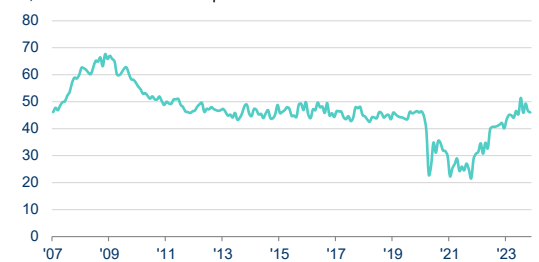


Suppliers' delivery times

Suppliers' delivery times lengthened for the fourth consecutive month in November, and at a solid pace that was slightly stronger than that seen in October. Firms reported that stock holdings at suppliers were lean, meaning they were having to wait for items to be ordered in. Staff shortages at vendors were also a factor causing longer lead times.

Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



Input prices

The rate of input cost inflation quickened to a three-month high in November as more than 23% of respondents registered an increase over the month. The latest rise was sharp, but still much weaker than seen during 2021 and 2022.

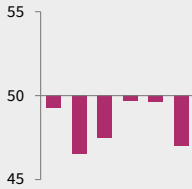
Input Prices Index

sa, >50 = inflation since previous month



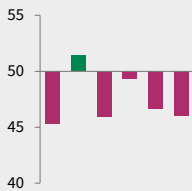
Quantity of Purchases Index

Jun - Nov '23



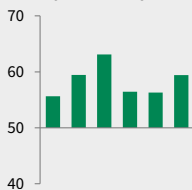
Suppliers' Delivery Times Index

Jun - Nov '23



Input Prices Index

Jun - Nov '23



Items up in price

Concrete
Concrete Products
Copper
Diesel
Electrical Items
Fuel
Insulation
Insurance
Paint
Pre-cast Concrete
Raw Materials

Items down in price

Energy
Fuel
Insulation
Steel
Timber

Items in short supply

Pumps
Stainless Steel

Subcontractors

Irish construction firms scaled back their usage of sub-contractors in November, thereby ending a nine-month sequence of expansion. Moreover, the rate of decline was solid and the most marked since April 2021. The drop in usage contributed to the softest reduction in sub-contractor availability in ten months.

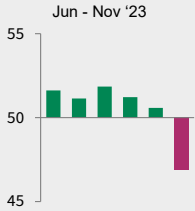
Sub-contractor quality was judged to have deteriorated slightly in November. Meanwhile, the rates they charged increased at a sharp pace that was the fastest in seven months.

Subcontractors in short supply

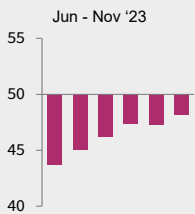
Blocklayers
Ecologists
Electricians
Geohydrologists
Groundworkers

Ornithologists
Plumbers
Visual Impact Specialists

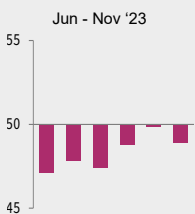
Subcontractor Usage Index



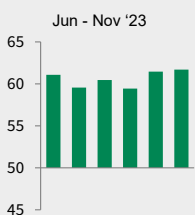
Subcontractor Availability Index



Subcontractor Quality Index

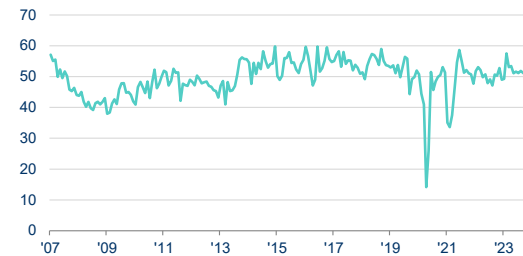


Subcontractor Rates Index



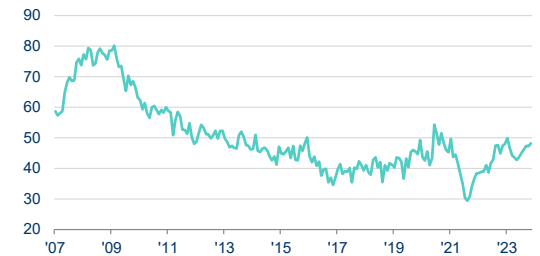
Subcontractor Usage Index

sa, >50 = growth since previous month



Subcontractor Availability Index

sa, >50 = improvement since previous month



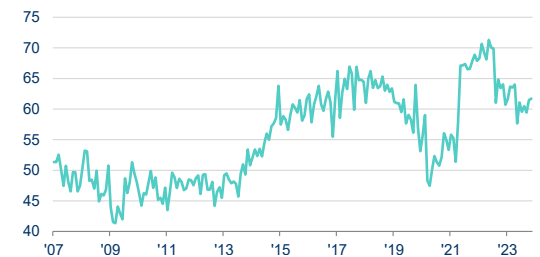
Subcontractor Quality Index

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 09-29 November 2023.

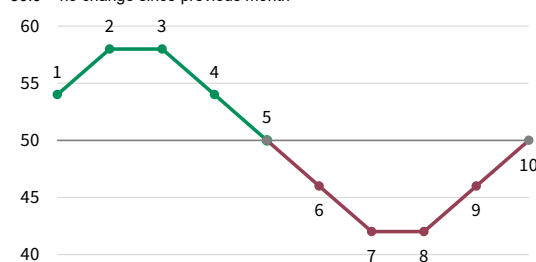
Survey data were first collected June 2000.

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
www.realestate.bnpparibas.ie

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

About BNP Paribas Real Estate

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.

About S&P Global

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

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.

About PMI

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.

www.spglobal.com/marketintelligence/en/mi/products/pmi

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.