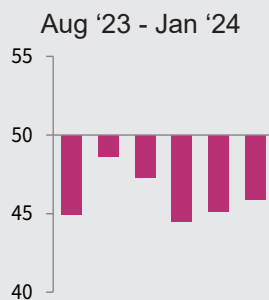


# BNP Paribas Real Estate Ireland Construction PMI<sup>®</sup>

## New orders fall at softest pace in three months

### Ireland Construction Total Activity Index



### Poor weather contributes to drop in construction activity

### Softest reduction in housing activity since last September

### Solid increase in employment

Although the Irish construction sector remained in contraction territory in the opening month of 2024, rates of reduction in activity and new orders softened from those seen in December. Meanwhile, the rate of job creation quickened to an 11-month high. Firms continued to report sharply rising input costs, but the rate of inflation eased in January.

The headline seasonally adjusted BNP Paribas Real Estate Ireland Construction Total Activity Index ticked up to 45.9 in January from 45.1 in December. Although signalling a seventh consecutive monthly fall in Irish construction activity, the index pointed to the softest contraction since last October.

The slowdown in the overall pace of decline was in large part reflective of a much weaker reduction in housing

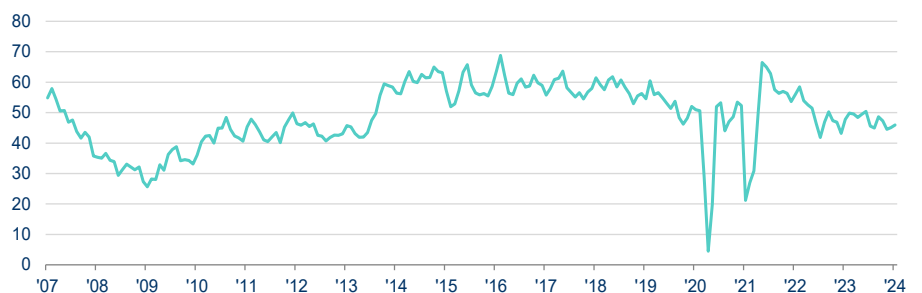
activity in January. Activity on residential projects decreased slightly, and to the least extent since last September. Commercial activity also fell at a softer pace, while the rate of contraction in civil engineering quickened.

Respondents indicated that the poor weather in January was partly responsible for the latest reduction in activity. There were also reports of project delays. These factors also contributed to a reduction in new orders, with some firms indicating that cost considerations had been behind a reluctance among clients to commit to new work. New business decreased for the seventh month running, but at the slowest pace since October.

Improvements in new business are expected in the months ahead, supporting optimism in the 12-month outlook for construction activity.

BNP Paribas Real Estate Ireland Construction Total Activity Index

sa, >50 = growth since previous month



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## Overview continued...

Sentiment eased, however, and was weaker than the series average.

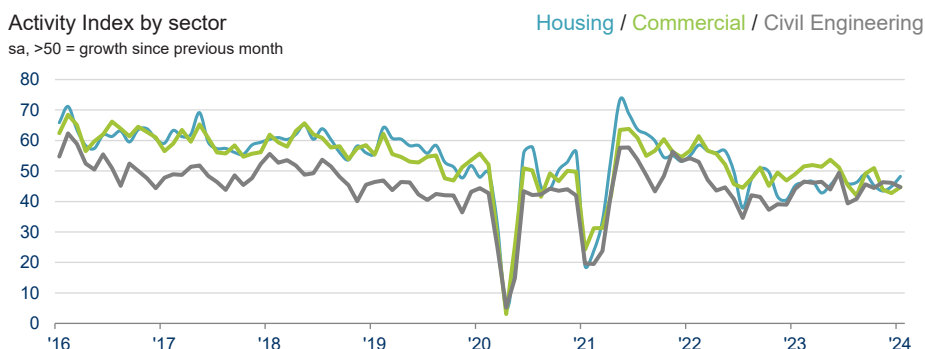
Expected improvements in workloads encouraged construction firms to take on additional staff in January. Employment increased for the second month in a row, and at a solid pace that was the fastest in almost a year.

On the other hand, purchasing activity decreased, albeit only slightly. Those companies that purchased inputs were faced with a marked lengthening of suppliers' delivery times, linked to a range of factors including the crisis in the Red Sea, Brexit and poor weather

conditions.

Input costs continued to rise sharply in January, but the rate of inflation eased to a three-month low. Panellists reported general inflationary pressures, while there were also some indications of higher shipping costs.

Sub-contractor usage decreased modestly, and to the least extent in the current three-month sequence of contraction. A softer reduction in sub-contractor availability was also registered, while their rates charged increased at the slowest pace in eight months.



## Comment

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

*“Construction activity continued to contract in January, but at a slower pace. This was particularly the case for residential which slowed much less than in December. The relative outperformance of residential reflects the strength of the new homes market where consumers benefit from substantial State subsidies and where average prices are rising by more than 10 per cent per annum. With the temporary waiver of development contributions due to expire in April, it will be interesting to see whether the strong momentum in residential*

*commencements during 2023 will continue over the coming months, leading to resumed expansion in the housing PMI.*

*The commercial slowdown is as expected, and understandable in the context of oversupply in office markets particularly.”*

## Activity by sector

### Residential

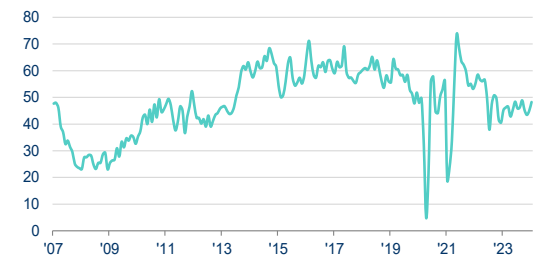
Although housing activity continued to fall at Irish construction companies in January, the latest reduction was only modest and the softest since September last year. The decrease in activity on residential projects was the softest of the three categories covered by the survey.

### Housing Activity Index

48.2

sa, >50 = growth since previous month

Jan '24



### Commercial

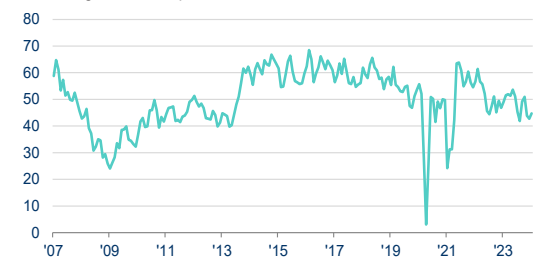
Irish construction companies posted a third consecutive monthly reduction in commercial activity at the start of 2024. The rate of decline eased from that seen in December but was still marked nonetheless.

### Commercial Activity Index

44.7

sa, >50 = growth since previous month

Jan '24



### Civil Engineering

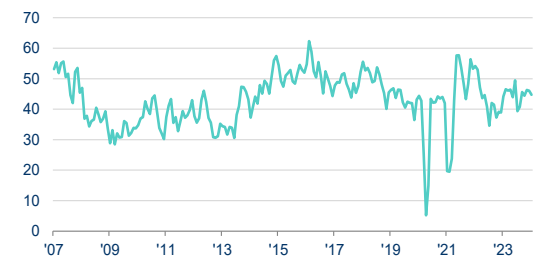
January data pointed to a further decline in civil engineering activity, thereby extending the current sequence of reduction to 23 months. Moreover, civil engineering was the only one of the three monitored categories to see output fall more quickly than in December, with the latest decrease the fastest since last October.

### Civil Engineering Activity Index

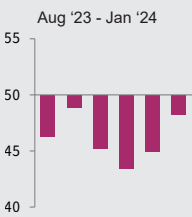
44.7

sa, >50 = growth since previous month

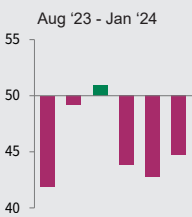
Jan '24



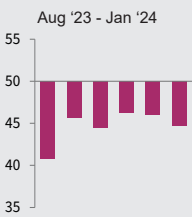
#### Housing Activity Index



#### Commercial Activity Index



#### Civil Engineering Activity Index



## Demand and jobs

### New orders

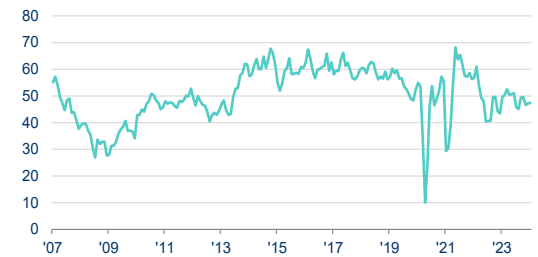
Construction firms in Ireland saw new business volumes decrease for the seventh consecutive month in January. The pace of decline was solid, but eased for the second month running. Respondents signalled delays in decision making among clients, in some cases linked to cost considerations. There were also some reports that poor weather conditions had caused a drop in new work.

### Employment

Employment increased for the second month running in January, and the rate of job creation quickened to a solid pace that was the fastest since February 2023. In some cases, firms expressed a desire to be ready for a forthcoming improvement in activity levels. Where new staff were hired, this was generally on a full-time basis.

New Orders Index

sa, >50 = growth since previous month



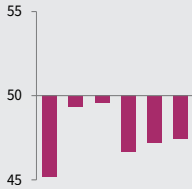
Employment Index

sa, >50 = growth since previous month



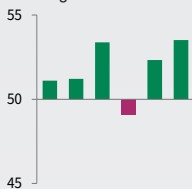
New Orders Index

Aug '23 - Jan '24



Employment Index

Aug '23 - Jan '24

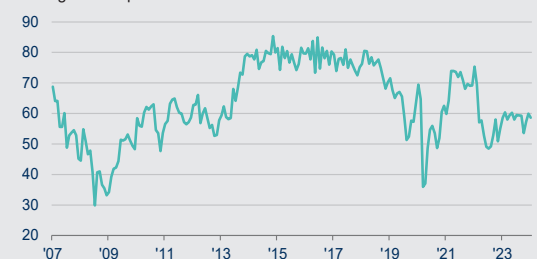


## Business expectations

Predictions of rising new business over the coming months were widespread in January, supporting confidence in the year-ahead outlook for construction activity. Around one-third of respondents predicted an increase in output, against 16% that were pessimistic. That said, sentiment ticked down from December and was softer than the series average.

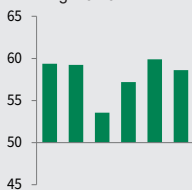
Future Activity Index

>50 = growth expected over next 12 months



Future Activity Index

Aug '23 - Jan '24



## Purchasing

### Quantity of purchases

As has been the case in each month since June 2023, constructors scaled back their purchasing activity in January. The rate of decline was only slight, however, and the least marked in three months. Those panellists that lowered their input buying linked this to project delays and a fall in new business.

### Suppliers' delivery times

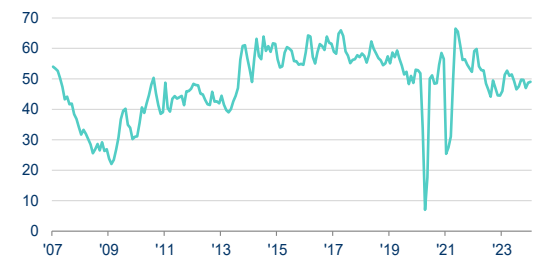
Suppliers' delivery times lengthened markedly at the start of 2024, albeit to a slightly lesser extent than was the case in the final month of 2023. Panellists reported that the crisis in the Red Sea, Brexit and poor weather conditions had all contributed to delivery delays in the latest survey period.

### Input prices

The rate of input cost inflation ticked down to a three-month low in January and was softer than the series average. That said, input prices continued to rise sharply over the month amid general inflationary pressures and some reports of increased shipping costs.

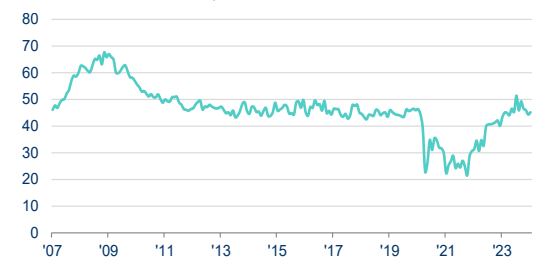
Quantity of Purchases Index

sa, >50 = growth since previous month



Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



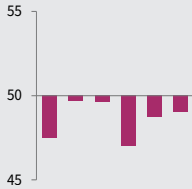
Input Prices Index

sa, >50 = inflation since previous month



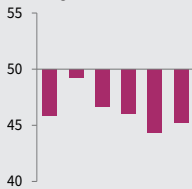
Quantity of Purchases Index

Aug '23 - Jan '24



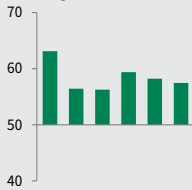
Suppliers' Delivery Times Index

Aug '23 - Jan '24



Input Prices Index

Aug '23 - Jan '24



### Items up in price

- Concrete
- Copper
- Diesel
- Electrical Components
- Fuel
- Generators
- Insulation
- Office Supplies
- Ordnance Survey Maps
- Plasterboard
- Plastics
- Raw Materials
- Refrigeration Equipment
- Stainless Steel
- Steel
- Stone
- Waterproofing Products

### Items down in price

- Diesel
- Rebar
- Steel
- Timber

### Items in short supply

- Insulation
- Pumps
- Special Window and Door Hardware (made in Asia)
- Stainless Steel
- Timber



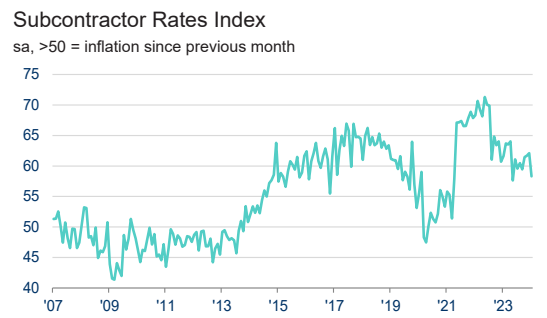
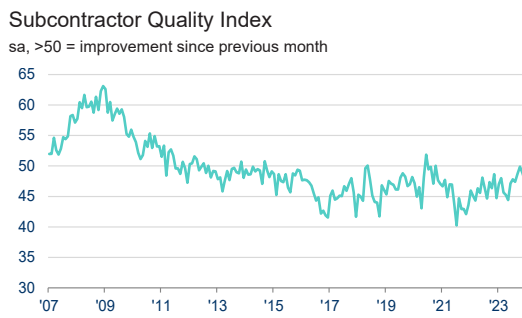
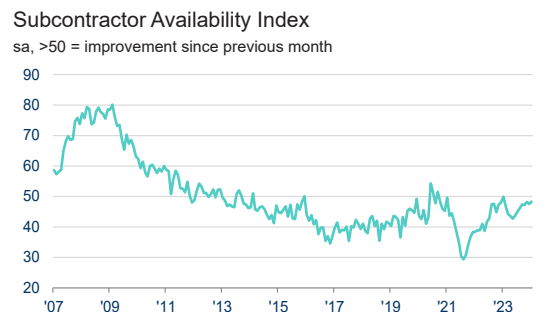
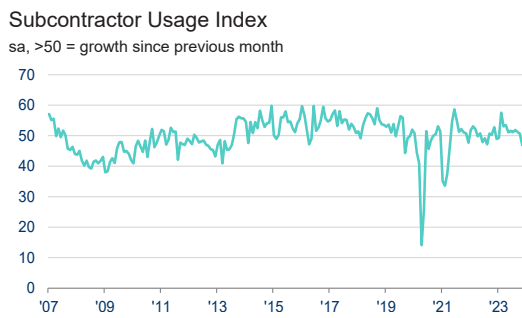
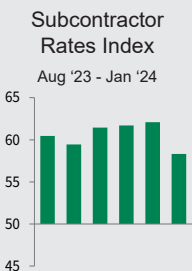
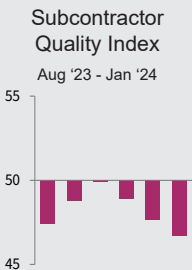
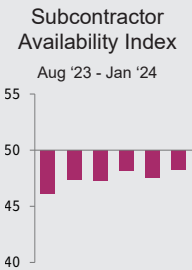
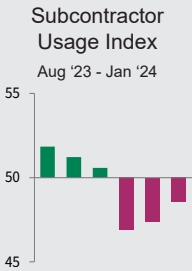
## Subcontractors

Sub-contractor usage fell for the third month running at the start of 2024, but the rate of decline was only modest and the softest in this sequence. The reduction in sub-contractor availability was also slight in January. In fact, the pace of deterioration was the least pronounced for a year.

Although rates charged by sub-contractors increased sharply again, the rate of inflation eased to an eight-month low. Concurrently, sub-contractor performance worsened to the most marked extent since May 2023.

### Subcontractors in short supply

- |                 |                           |
|-----------------|---------------------------|
| Blocklayers     | Glazers                   |
| Carpenters      | Groundworkers             |
| Ecologists      | Ornithologists            |
| Electricians    | Plasterers                |
| Geohydrologists | Visual Impact Specialists |



## 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 11-30 January 2024.

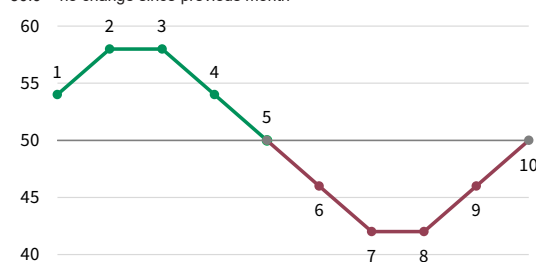
Survey data were first collected June 2000.

### 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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