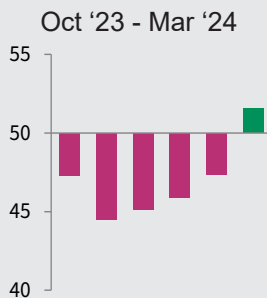


BNP Paribas Real Estate Ireland Construction PMI[®]

Construction activity rises for first time in nine months

Ireland Construction Total Activity Index



Renewed increases in housing and commercial activity

New orders return to growth

Rate of job creation at 13-month high

The Irish construction sector ended the opening quarter of 2024 on a positive note, seeing renewed expansions in activity, new business and input buying in March. Meanwhile, the rate of job creation was the fastest in just over a year. There were further signs of inflationary pressures building, however, as input costs increased at the sharpest pace since August 2023.

The headline seasonally adjusted BNP Paribas Real Estate Ireland Construction Total Activity Index moved back above the 50.0 no-change mark in March, posting 51.6 from 47.4 in February. The index therefore pointed to a first monthly increase in total construction activity since June 2023. Although modest, the rate of expansion was the most marked for almost two years.

Renewed expansions in activity

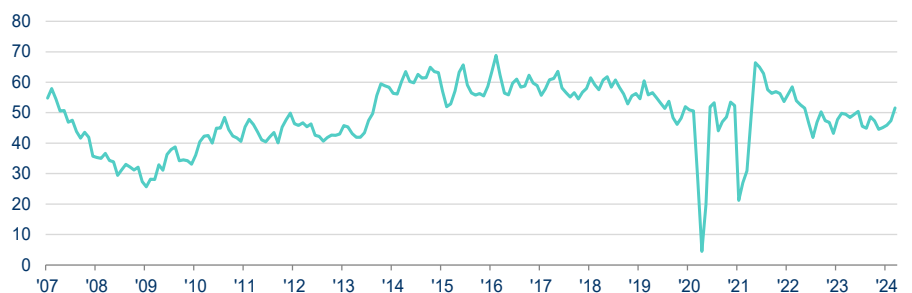
were registered for both housing and commercial activity. The rise in work on residential projects was the first in a year-and-a-half and most pronounced since May 2022. Commercial activity also rose solidly, ending a four-month sequence of decline. On the other hand, civil engineering activity continued to fall, but at a softer pace.

Survey respondents indicated that activity had risen on the back of increases in new orders, which also returned to growth during March following an eight-month sequence of reduction. The increase was modest, but the sharpest for a year.

Rising workloads encouraged construction firms to increase their staffing levels again in March, extending the current sequence of job creation to four months. Moreover, the latest rise was the strongest in just over

BNP Paribas Real Estate Ireland Construction Total Activity Index

sa, >50 = growth since previous month



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a year. Companies often reported that they had taken on new staff on a full-time basis.

A renewed rise in purchasing activity was also recorded, thereby ending a nine-month sequence of reduction.

Where companies bought in items, they were faced with sharp price increases and supplier delivery delays.

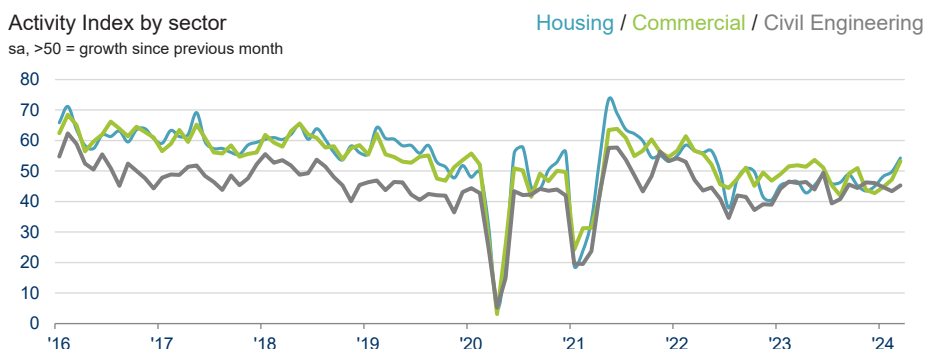
The rate of input cost inflation quickened to a seven-month high, with higher transportation and labour costs reportedly adding to general inflationary pressures.

Meanwhile, rising demand for inputs and staff shortages at suppliers were behind the latest lengthening of lead

times, according to respondents.

Sub-contractor usage decreased only fractionally in March and at the softest pace in the current five-month sequence of reduction. Marked declines in sub-contractor availability and quality were signalled, while the rates they charged increased at the fastest pace in three months.

Companies expect the improvements in activity and new orders seen in March to be sustained in the months ahead. Firms remained strongly optimistic in the 12-month outlook for activity, with sentiment only slightly lower than February's two-year high.



Comment

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

"In many ways the return to growth in March is no surprise. Employment, a classic leading indicator of activity, has risen in all but four of the last 36 months. Moreover, when directly questioned about their future expectations, Ireland's building firms have been getting progressively more optimistic since July 2022.

The March expansion was broadly based, but this conceals contrasting

dynamics in the residential and commercial sectors. A surge in commencements has led to a pick-up in early-stage home-building activity. Our read is that housing delivery may struggle to reach the Government's target in 2024. However, the March PMI supports our view that the longer-term trend is positive. In contrast, the expansion in commercial activity has been driven by a final push to finish office blocks that were started some years ago. When completed, these properties will add to already elevated vacancy, meaning that the only new

starts for the foreseeable future are likely to be pre-let buildings. Vacancy rates in the logistics sector are much lower. Nonetheless the construction pipeline has slowed after record delivery in 2023, and rising interest rates and build costs have made developers more cautious about speculative warehouse development."

Activity by sector

Residential

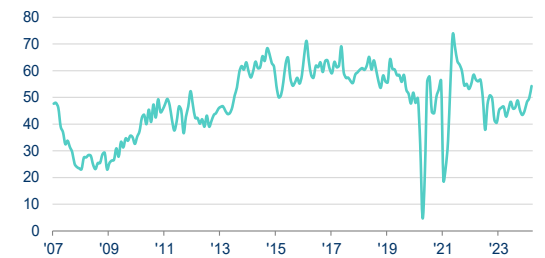
Irish construction companies recorded an increase in housing activity during March, the first expansion for a year-and-a-half. Moreover, the rate of growth was solid and the fastest since May 2022. The residential category posted the sharpest growth of the three areas of construction covered by the survey.

Housing Activity Index

54.3

sa, >50 = growth since previous month

Mar '24



Commercial

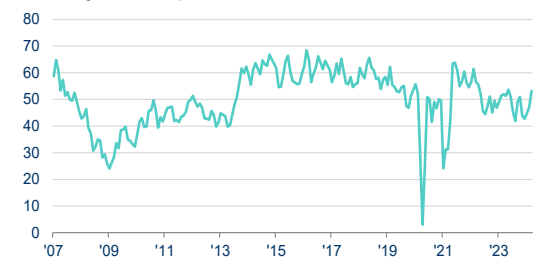
Commercial activity returned to growth in March, thereby ending a four-month sequence of decline. Work on commercial projects was up solidly over the month, and to the largest extent since May last year.

Commercial Activity Index

53.2

sa, >50 = growth since previous month

Mar '24



Civil Engineering

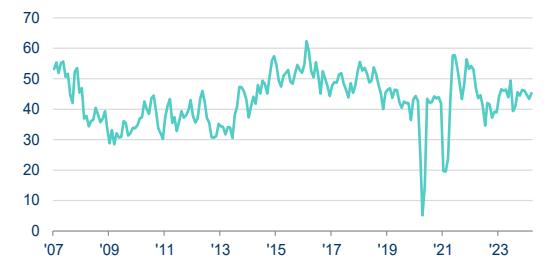
The only one of the three categories of construction to post a reduction in activity in March was civil engineering. That said, the pace of decline eased to the weakest in three months.

Civil Engineering Activity Index

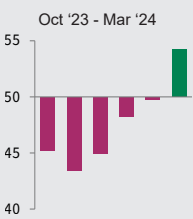
45.3

sa, >50 = growth since previous month

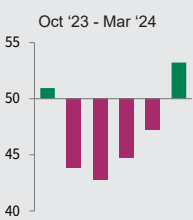
Mar '24



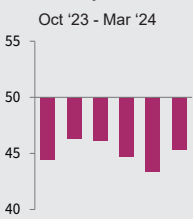
Housing Activity Index



Commercial Activity Index



Civil Engineering Activity Index



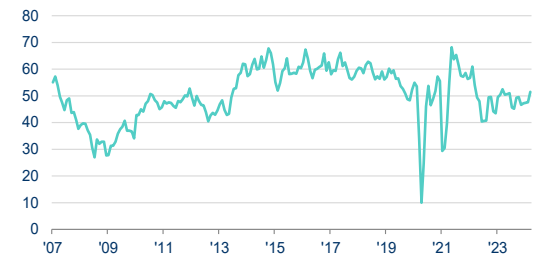
Demand and jobs

New orders

Irish construction companies signalled an improvement in customer demand in March, which helped them to secure an expansion of new orders for the first time in nine months. The rate of expansion was modest, but the sharpest for a year.

New Orders Index

sa, >50 = growth since previous month



Employment

March data signalled a fourth consecutive monthly increase in employment in the Irish construction sector. Moreover, the rate of job creation was solid and the most marked since February 2023. According to respondents, rising staffing levels generally reflected the hiring of full-time workers.

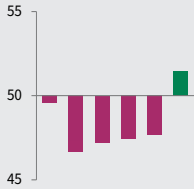
Employment Index

sa, >50 = growth since previous month



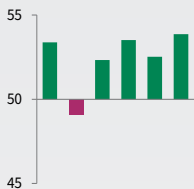
New Orders Index

Oct '23 - Mar '24



Employment Index

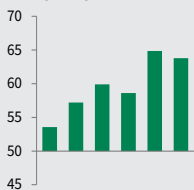
Oct '23 - Mar '24



Business expectations

Future Activity Index

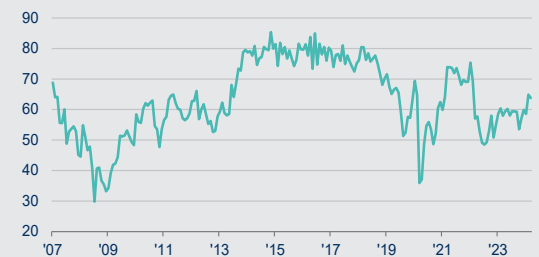
Oct '23 - Mar '24



After having risen to a two-year high in the previous survey period, business confidence ticked down only slightly in March and remained stronger than the series average. Respondents indicated that they expect the improvements in new orders and activity seen in the latest survey period to be sustained in the coming months. Close to 40% of panellists predicted a rise in activity, against 12% that were pessimistic.

Future Activity Index

>50 = growth expected over next 12 months



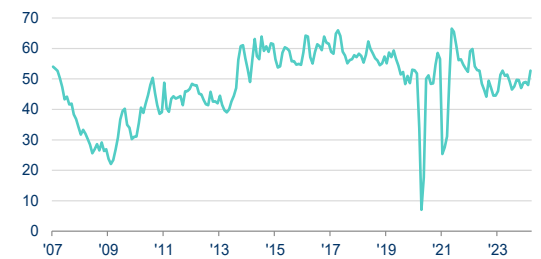
Purchasing

Quantity of purchases

The start of new jobs amid improving demand for construction work meant that firms expanded their purchasing activity in March. The solid increase in input buying ended a nine-month period of decline, and was the fastest since March 2023.

Quantity of Purchases Index

sa, >50 = growth since previous month

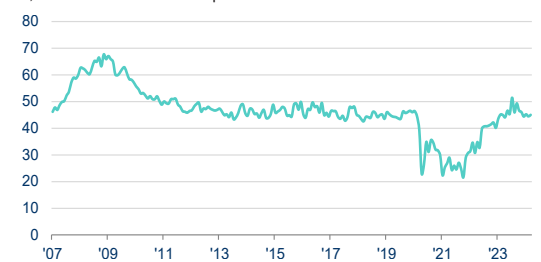


Suppliers' delivery times

Suppliers' delivery times continued to lengthen in March, the eighth month running in which this has been the case. The pace of deterioration in vendor performance was marked, albeit slightly softer than seen in February. Rising demand for inputs reportedly added to pressure on supplier capacity, with some experiencing staff shortages.

Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



Input prices

Input prices increased sharply in March, with the rate of inflation accelerating for the second month running to the fastest since last August. Alongside general inflationary pressures, firms mentioned rising transportation and labour costs. Around one-third of respondents signalled an increase in input prices, against 3% that posted a decrease.

Input Prices Index

sa, >50 = inflation since previous month



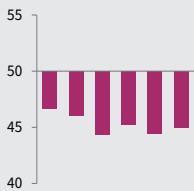
Quantity of Purchases Index

Oct '23 - Mar '24



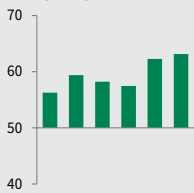
Suppliers' Delivery Times Index

Oct '23 - Mar '24



Input Prices Index

Oct '23 - Mar '24



Items up in price

- Cement
- Concrete
- Electrical Cable
- Electrical Components
- Fuel
- Insulation
- Mechanical Fittings
- Raw Materials
- Steel
- Stone
- Tarmac
- Timber
- Wages

Items down in price

- Metal

Items in short supply

- None

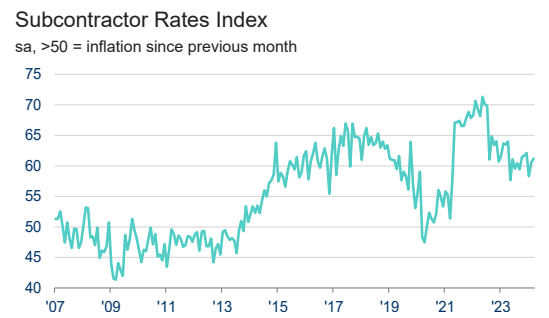
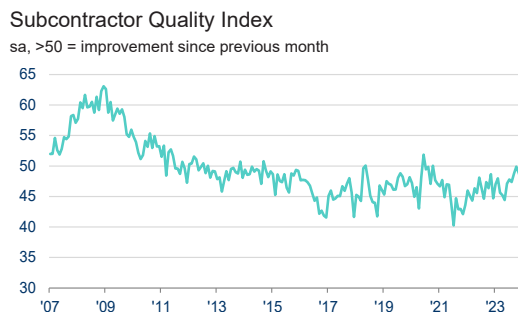
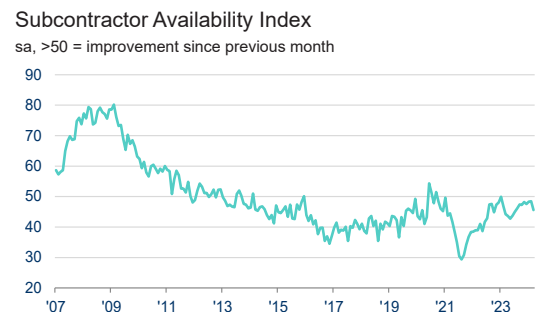
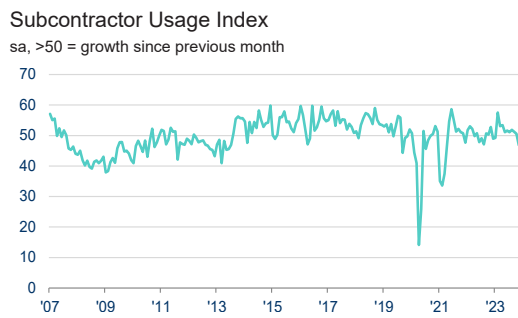
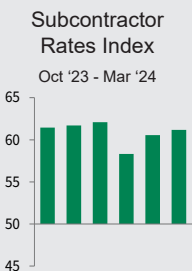
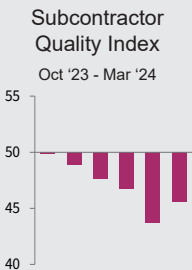
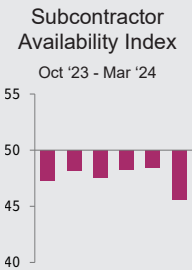
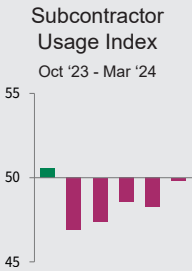
Subcontractors

Although sub-contractor usage continued to decrease during March, the latest reduction was only fractional and the softest in the current five-month sequence of decline. Meanwhile, sub-contractor availability deteriorated further, and at a marked pace that was the most pronounced since July last year.

As has been the case in each month since November 2020, sub-contractor quality deteriorated during March. Meanwhile, the rates they charged rose at the fastest pace in three months.

Subcontractors in short supply

- | | |
|--------------------|--------------------|
| Blocklayers | Mechanical Fitters |
| Carpenters | Plasterers |
| Drainage Engineers | Plumbers |
| Ecologists | Pump Engineers |
| Geohydrologists | |



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@spglobal.com.

Survey dates and history

Data were collected 12-27 March 2024.

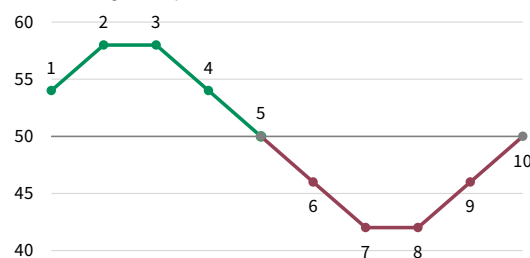
Survey data were first collected June 2000.

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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