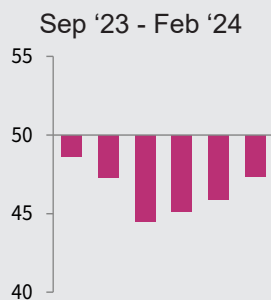


BNP Paribas Real Estate Ireland Construction PMI[®]

Softer fall in total activity as work on housing projects nears stabilisation

Ireland Construction Total Activity Index



Housing activity down only fractionally in February

Slower reductions in total activity and new orders

Firms take on extra staff amid rising confidence

The rate of decline in Irish construction activity continued to soften in February, in part thanks to a near-stabilisation of housing activity over the course of the month. The spell of contraction in new orders also moderated further and firms took on extra staff amid a jump in confidence regarding the year-ahead outlook.

Meanwhile, the crisis in the Red Sea caused disruption to the sector, contributing to longer lead times from suppliers and higher prices.

The headline seasonally adjusted BNP Paribas Real Estate Ireland Construction Total Activity Index rose for the third month running in February, posting 47.4 from 45.9 in January. Although continuing to signal falling construction output, the rate of decline implied by the latest data was the least marked in five months.

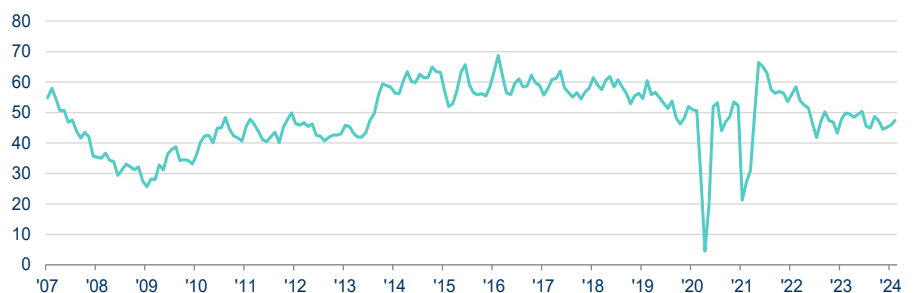
Of the three categories of construction covered by the survey, the best performer in February was residential where activity neared stabilisation and decreased to the least extent in almost a year-and-a-half. The pace of reduction in commercial activity also softened and was the least pronounced in four months.

Where total activity decreased, panellists linked this to general weakness in the wider economy and an associated lack of demand. That said, there were some reports of new business picking up. This also led to a slower reduction in new orders, which decreased solidly but to the least extent since October last year. New business has now fallen in each of the past eight months.

Hopes that new orders will return to growth over the coming year supported

BNP Paribas Real Estate Ireland Construction Total Activity Index

sa, >50 = growth since previous month



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a jump in confidence regarding the 12-month outlook for construction activity. Sentiment hit a two-year high as close to 40% of respondents predicted an increase.

Signs of improvement in demand and confidence in the outlook for the coming year supported continued improvements in workforce numbers in February. Employment increased for the third month running, and at a solid pace. A number of firms reported having taken on new staff on a full-time basis.

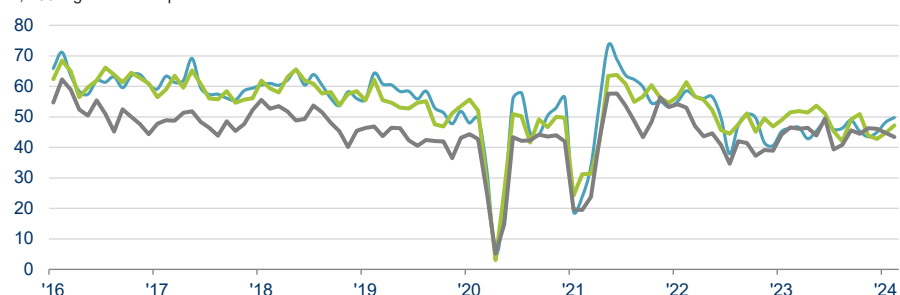
Firms continued to scale back their purchasing activity, however, often opting to use existing stocks to support activity rather than buying new items.

Where firms did purchase inputs, they were faced with lengthening supplier lead times and increasing prices. Vendor performance deteriorated amid delays due to the disruption in the Red Sea and staff shortages at suppliers. Meanwhile, the rate of input cost inflation quickened to the fastest since August last year.

Construction firms lowered their usage of sub-contractors for the fourth consecutive month, relieving some pressure on the supply of sub-contractors, whose availability decreased to the least extent in just over a year. Meanwhile, sub-contractor rates increased sharply, and at a quicker pace than in January.

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:

“Residential activity has now been contracting for 17 straight months. This appears to jar with the strong upward trend in both housing commencements and completions. But there are two explanations. Firstly, the acceleration in completions has outstripped the acceleration in commencements; Nearly 3,600 more units have been finished than started over the last 18 months, and this has naturally dragged on onsite activity. Secondly, probably due to continued uncertainty about the economy and construction costs, there has been

a slowdown in home improvement activity.

At this early stage it looks like the rapid growth in housing completions over recent years could stall a bit in 2024. Nonetheless, the continued upward trend in starts bodes well for residential supply over the medium term, and this is reflected in sustained construction sector hiring and the most positive sentiment reading for two years.”

Activity by sector

Residential

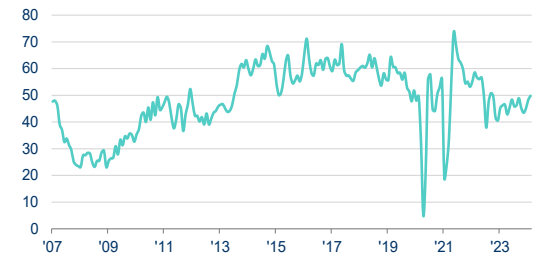
Housing activity neared stabilisation in February, falling only fractionally and to the least extent in the current 17-month sequence of decline. The category was also the best-performing of the three sectors covered by the survey.

Housing Activity Index

49.8

sa, >50 = growth since previous month

Feb '24



Commercial

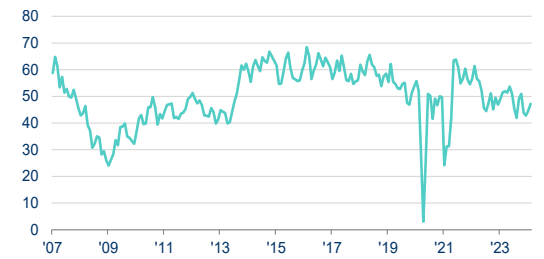
Although activity on commercial projects continued to decrease at a solid pace in February, the latest reduction was the least pronounced in the current period of decline which stretches back to November last year. Around one-quarter of respondents noted a fall in commercial activity, but 18% posted a rise.

Commercial Activity Index

47.2

sa, >50 = growth since previous month

Feb '24



Civil Engineering

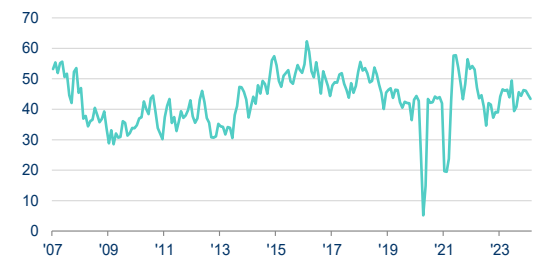
Irish construction companies posted a reduction in activity on civil engineering projects during February. Moreover, the rate of contraction was sharp and the fastest since August 2023. The fall was also the most pronounced of the three categories of construction covered by the survey.

Civil Engineering Activity Index

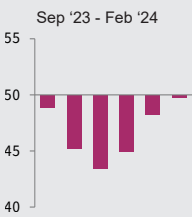
43.4

sa, >50 = growth since previous month

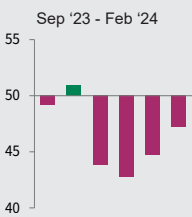
Feb '24



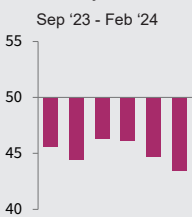
Housing Activity Index



Commercial Activity Index



Civil Engineering Activity Index



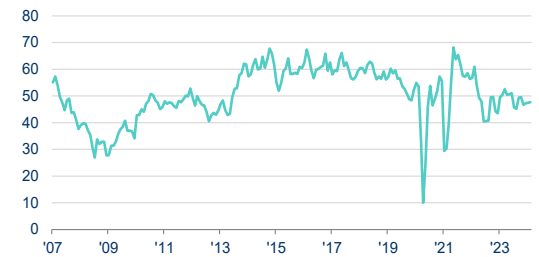
Demand and jobs

New orders

February data pointed to an eighth consecutive monthly reduction in new orders at Irish construction companies. The latest fall was solid, albeit the softest since last October. Although some companies indicated that demand remained muted, others reported signs of new business picking up.

New Orders Index

sa, >50 = growth since previous month



Employment

Construction firms continued to take on additional staff in February, thereby extending the current sequence of job creation to three months. The latest increase was solid but softer than that seen in January. Around 13% of respondents indicated that they had taken on additional staff, often on a full-time basis.

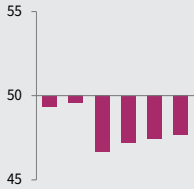
Employment Index

sa, >50 = growth since previous month



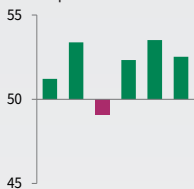
New Orders Index

Sep '23 - Feb '24



Employment Index

Sep '23 - Feb '24



Business expectations

Business confidence improved strongly in February, reaching a two-year high and coming in above the series average. Widespread expectations that demand and new orders will increase were behind positive sentiment, with close to 40% of respondents optimistic in the outlook.

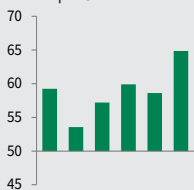
Future Activity Index

>50 = growth expected over next 12 months



Future Activity Index

Sep '23 - Feb '24



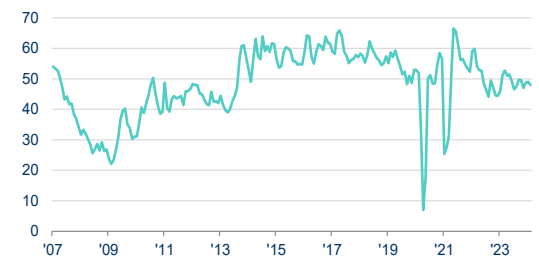
Purchasing

Quantity of purchases

The use of surplus stocks to support activity meant that construction firms were generally reluctant to purchase additional items during February. As a result, input buying decreased for the ninth month running. The pace of reduction was modest, but the strongest since last November.

Quantity of Purchases Index

sa, >50 = growth since previous month

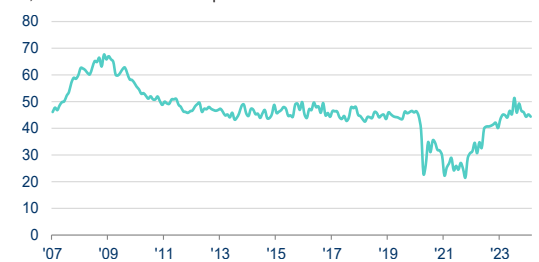


Suppliers' delivery times

A combination of shipping delays due to issues in the Red Sea and staff shortages at suppliers resulted in a further lengthening of lead times in February. Vendor performance deteriorated markedly and to the joint-largest extent in ten months.

Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



Input prices

February data pointed to a marked acceleration in the rate of input cost inflation, with the latest increase the sharpest since August 2023. Around one-third of respondents saw input prices rise, linked to general inflationary pressures. The latest increase was faster than the series average.

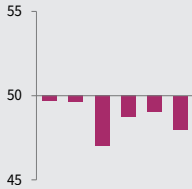
Input Prices Index

sa, >50 = inflation since previous month



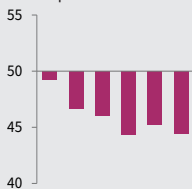
Quantity of Purchases Index

Sep '23 - Feb '24



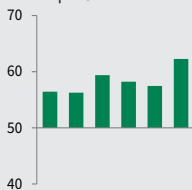
Suppliers' Delivery Times Index

Sep '23 - Feb '24



Input Prices Index

Sep '23 - Feb '24



Items up in price

Brass Products
Cement
Concrete
Electrical Components
Fittings
Gas Boilers
Insulation
Lead
Steel
Steel Fencing
Stone
Tarmac

Items down in price

Mirror Glass
Steel
Timber
Wages

Items in short supply

Workwear

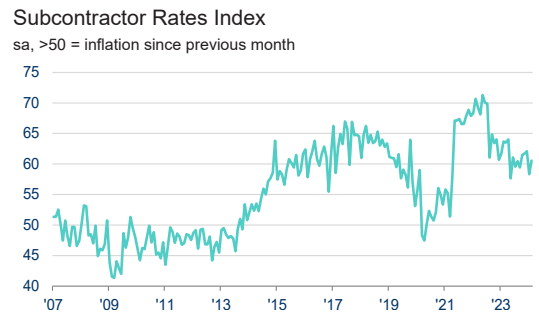
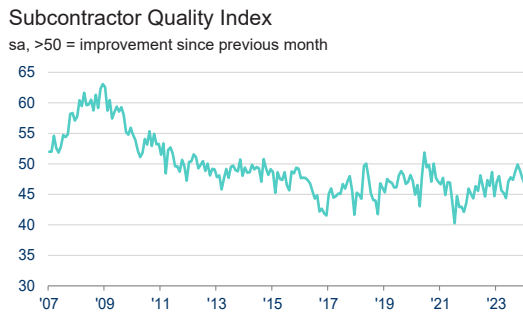
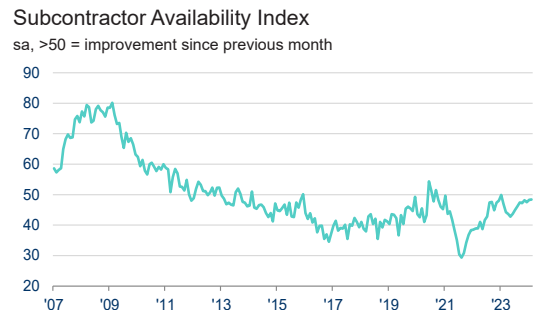
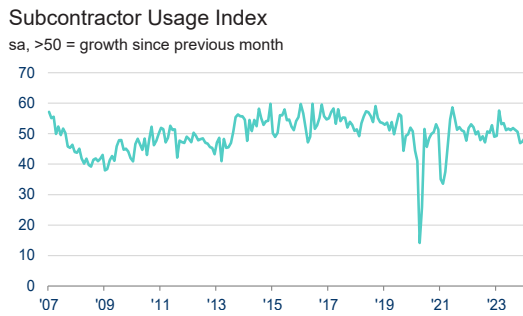
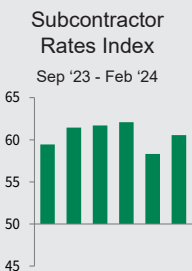
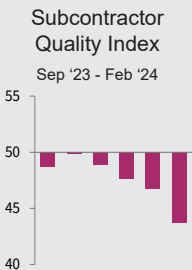
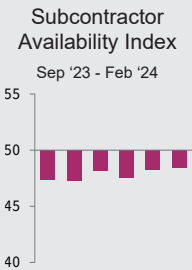
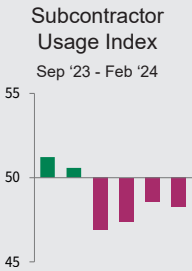
Subcontractors

Construction companies in Ireland reduced their usage of sub-contractors again in February, the fourth month running in which this has been the case. Subdued demand for sub-contractors limited pressure on supply, resulting in the softest decline in availability since January 2023.

The quality of sub-contractors deteriorated sharply, and to the greatest extent in 26 months, while the rates they charged increased at a slightly faster pace than in January.

Subcontractors in short supply

- | | |
|--------------|-----------------|
| Blocklayers | Geohydrologists |
| Carpenters | Joiners |
| Dryliners | Plasterers |
| Ecologists | Plumbers |
| Electricians | |



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 12-28 February 2024.

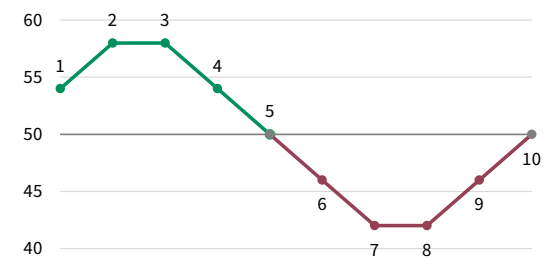
Survey data were first collected June 2000.

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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