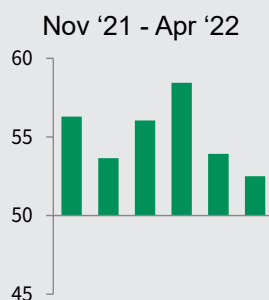
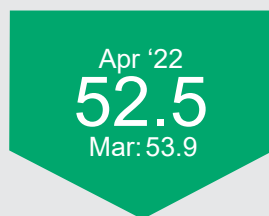


BNP Paribas Real Estate Ireland Construction PMI®

New orders down for first time in 13 months amid strong cost pressures

Ireland Construction Total Activity Index



Slight fall in new business

Input costs rise at second-fastest pace on record

Slowest growth of activity for a year

Near-record cost pressures acted to depress demand in the Irish construction sector during April, with new orders dropping for the first time since March 2021. Meanwhile, activity, employment and purchasing all continued to rise, albeit at softer rates than seen around the turn of the year. Business confidence remained relatively muted amid worries about the impact of inflation on demand going forward.

The headline seasonally adjusted BNP Paribas Real Estate Ireland Construction Total Activity Index dipped to 52.5 in April from 53.9 in March. Although continuing to signal an increase in construction activity, the reading dropped for the second month running and pointed to the weakest rise in the current one-year sequence of expansion. Some companies reported catching up on backlogs of work, but

price rises and subdued demand acted to restrict growth.

Marked, but slower rises in activity on housing and commercial projects were recorded in April, while civil engineering activity decreased for the second month running.

The impact of price rises on the sector was most notable in terms of new orders, which decreased for the first time in just over a year. That said, the fall was only marginal, with some respondents indicating that demand for housing projects continued to improve.

Cost pressures were severe in April. Companies highlighted the second-fastest rise in input prices since the survey began in June 2000, just behind the record posted in October 2021. Energy and fuel were widely reported to have risen in price, with global inflationary pressures, raw material

BNP Paribas Real Estate Ireland Construction Total Activity Index

sa, >50 = growth since previous month



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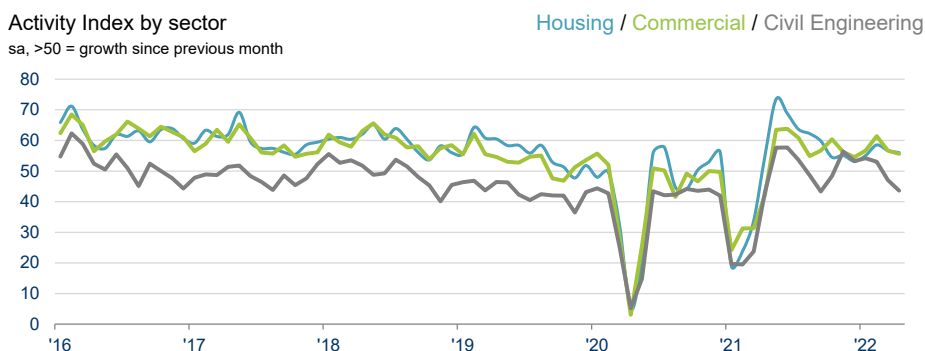
shortages and the conflict in Ukraine all key factors behind increasing cost burdens.

Continued growth of construction activity and efforts to get projects completed meant that companies continued to expand their employment levels and purchasing activity. While the rate of job creation ticked up slightly, purchasing activity rose at the slowest pace in 2022 so far amid widespread cost increases and subdued demand. The usage of subcontractors decreased for the first time in four months.

Suppliers' delivery times continued to lengthen markedly, with material

shortages and the conflict in Ukraine disrupting supply chains. That said, the rate at which lead times lengthened was the least pronounced since August 2020.

As well as impacting demand at the start of the second quarter, inflationary pressures also acted to depress confidence in the year-ahead outlook. Sentiment ticked up from the 17-month low seen in March, but was still the second-lowest in the past year-and-a-half and below the series average. Those firms that predicted activity to rise over the coming year linked this to hopes of demand improvements and strong pipelines of new work.



Comment

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

"The latest PMI confirms that construction activity continued to expand in April, but was variable by sector. The housing sub-index indicates that the strong residential activity that was seen in Q1 continued into April, despite the headwinds of supply chain disruption and increased costs. The commercial activity indicator also showed solid expansion. This is no surprise as the pipeline of office and logistics property to be delivered this year is at its highest since 2008.

Civil engineering was notably weak, however, with the April reading showing an outright contraction in activity for the second successive month. This coincides with reports that spiking energy and materials prices were making contractors less willing to take-on public works contracts. The Government's new "Inflation Cooperation Framework" seeks to address this by providing a structured and collaborative approach to quantifying and apportioning unforeseen additional costs."

Activity by sector

Residential

Residential construction activity continued to increase sharply during April, extending the current sequence of growth to 13 months. This was despite the rate of expansion easing slightly from March. The housing category was the best-performing sector in the latest survey period.

Housing Activity Index

sa, >50 = growth since previous month



Commercial

As has been the case on a monthly basis throughout the past year, commercial activity increased during April. The rate of growth remained marked, but eased for the second month running to the softest in the year-to-date.

Commercial Activity Index

sa, >50 = growth since previous month



Civil Engineering

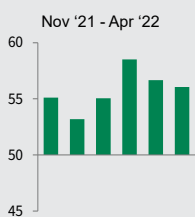
Following a first reduction in five months during March, civil engineering activity decreased again in April. Moreover, the rate of decline quickened to the fastest since September last year.

Civil Engineering Activity Index

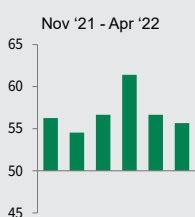
sa, >50 = growth since previous month



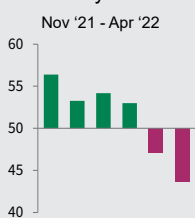
Housing Activity Index



Commercial Activity Index



Civil Engineering Activity Index



Demand and jobs

New orders

April data pointed to a marginal drop in new orders at Irish construction firms, thereby ending a 12-month sequence of growth. Respondents indicated that steep price rises had been the main factor leading to the reduction in new business. On the other hand, some firms continued to see demand improve, particularly with regards to housing projects.

New Orders Index

sa, >50 = growth since previous month

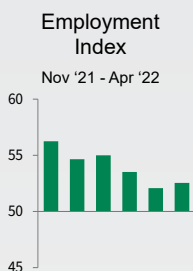
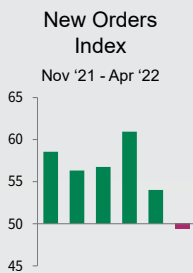


Employment

Continued growth of construction activity and efforts to get projects completed supported ongoing hiring in the sector at the start of the second quarter. Employment increased for the thirteenth month running, and at a solid pace that was slightly stronger than that seen during March.

Employment Index

sa, >50 = growth since previous month

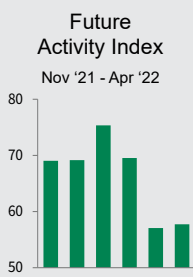


Business expectations

Although business sentiment picked up slightly from the 17-month low posted in March, optimism was still the second-weakest in the past year-and-a-half and below the series average in April. Some panellists indicated that they still had a strong pipeline of work, with others hoping for an improvement in demand. Inflation was the main factor dampening sentiment.

Future Activity Index

>50 = growth expected over next 12 months



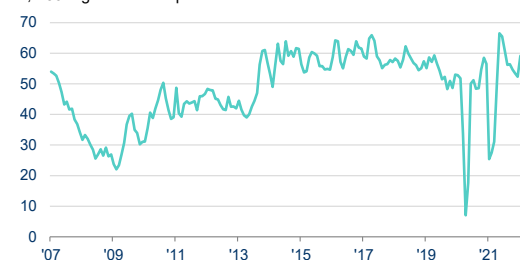
Purchasing

Quantity of purchases

Irish construction firms continued to increase their purchasing activity during April, extending the current sequence of growth to 13 months. The rate of expansion was solid, but eased for the second month running to the softest in 2022 so far. While a number of firms raised input buying in response to higher activity, others reported that cost increases and subdued demand had deterred them from purchasing.

Quantity of Purchases Index

sa, >50 = growth since previous month



Suppliers' delivery times

Suppliers' delivery times lengthened again during April, with the latest deterioration linked by respondents to the conflict in Ukraine and material shortages. Despite remaining marked, the latest lengthening of lead times was the least pronounced since August 2020.

Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



Input prices

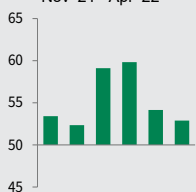
Input prices increased at the second-fastest pace on record during April, only just behind the survey peak posted in October 2021. Some 83% of panellists signalled a rise in their input costs. Higher energy and fuel costs were widely reported, alongside global inflationary pressures. The conflict in Ukraine and raw material shortages were also mentioned.

Input Prices Index

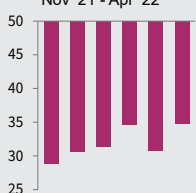
sa, >50 = inflation since previous month



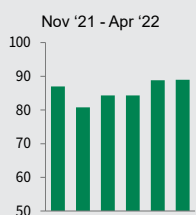
Quantity of Purchases Index
Nov '21 - Apr '22



Suppliers' Delivery Times Index
Nov '21 - Apr '22



Input Prices Index
Nov '21 - Apr '22



Items up in price

- Aluminium
- Bitumen
- Cable
- Cement
- Chemicals
- Concrete
- Construction Materials
- Copper
- Copper Piping
- Diesel
- Electricity
- Floor Underlays
- Freight
- Fuel
- Gases
- Glass
- Graphics Supplies
- Gypsum
- Insulation
- Insurance

- Kerosene
- Labour
- Metal
- Oil
- Piping
- Plastic
- Plumbing Materials
- PVC
- PVC Membrane
- Radiators
- Radon Barrier
- Rebar
- Refrigeration Equipment
- Rockwool
- Roofing Materials
- Screws
- Slabs
- Slates
- Stainless Steel
- Steel
- Steel Products
- Stone

- Timber
- Tools
- Transport
- Waterproofing Membranes
- Wood

Items down in price

- Refrigerant Gas
- Wages

- Pumps
- PVC
- Specialist Electrical
- Specialist Lighting
- Stainless Steel Material
- Steel
- Timber
- Vehicles

Items in short supply

- Air Conditioning Parts
- Drainage
- Electronic Components
- Hardwood
- Imported Products
- Insulation
- Mechanical Fixings
- Metal
- Plastic
- Plywood

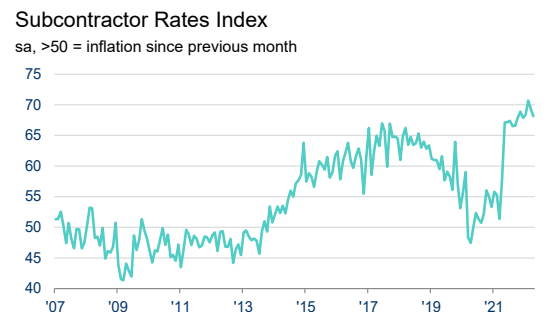
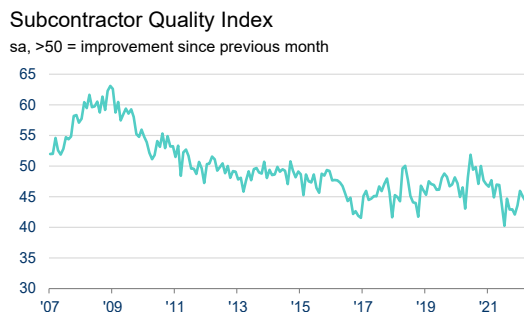
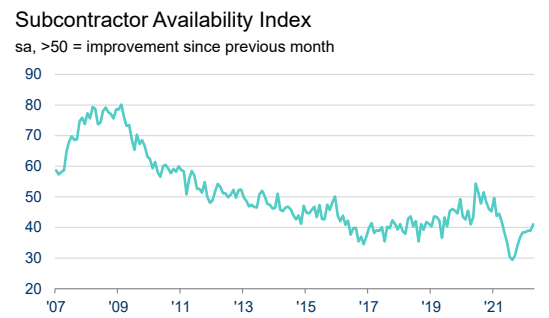
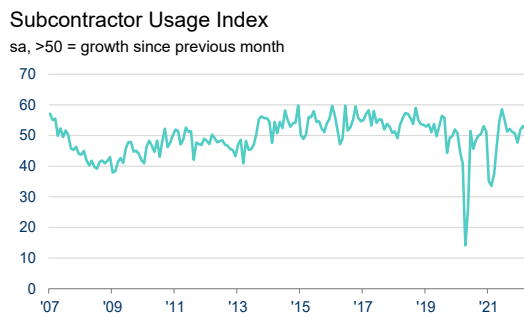
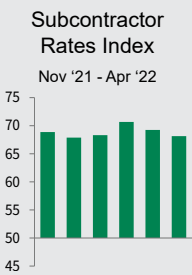
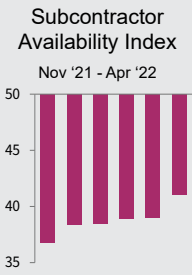
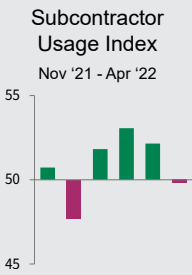
Subcontractors

The use of sub-contractors fell fractionally in April, the first reduction in four months. Meanwhile, the rate of decline in the availability of sub-contractors remained marked, but eased to the weakest for a year. Despite construction firms lowering their use of sub-contractors, the prices they charged continued to rise rapidly.

The performance of sub-contractors was deemed to have deteriorated again at the start of the second quarter, albeit to the least extent since May last year.

Subcontractors in short supply

- | | |
|----------------|---------------------------|
| Blocklayers | Painters |
| Ecologists | Steelworkers |
| Formworkers | Tilers |
| Groundworkers | Visual Impact Specialists |
| Ornithologists | |



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@ihsmarkit.com.

Survey dates and history

Data were collected 11-28 April 2022.

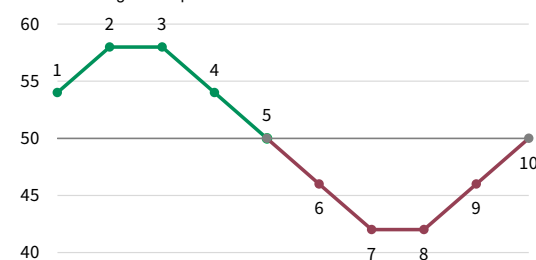
Survey data were first collected June 2000.

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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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 ihsmarkit.com/products/pmi.html.

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