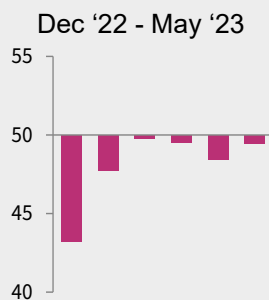


# BNP Paribas Real Estate Ireland Construction PMI<sup>®</sup>

## Construction activity nears stabilisation amid further growth of new orders

### Ireland Construction Total Activity Index



### New orders, employment and purchasing increase at quicker rates

### Decline in activity only fractional

### Rate of input price inflation eases to 33-month low

An improvement in demand conditions not only supported a softening in the Irish construction sector downturn in May but also contributed to some strengthening in trends seen elsewhere across the latest survey. Uplifts in new orders, employment and buying activity were sustained with rates of increase accelerating in all three cases. Pressures on supply and prices also eased somewhat. The extent to which lead times lengthened was the least pronounced since November 2017 and the rate of input price inflation dipped to a 33-month low.

The headline seasonally adjusted BNP Paribas Real Estate Ireland Construction Total Activity Index posted only fractionally below the crucial 50.0 mark which separates growth from contraction in May. At 49.4, up from 48.4, the latest reading was indicative of an eighth consecutive fall in total

activity levels, but a reduction that was only slight overall. The improved headline reading was, in part, a reflection of the sustained and stronger uplift in commercial activity. Meanwhile, the decline in housing activity eased from April but remained solid overall.

While some firms mentioned that lower activity levels reflected slowing market conditions, others reportedly benefited from a pick-up in market demand. Indeed, the same factor reportedly supported a fourth consecutive uplift in new orders during May. The rate of increase was slightly stronger than in April but still only marginal overall.

To reflect the sustained expansion in new orders, Irish construction firms noted a further uplift in their staffing numbers midway through the second quarter of the year. Purchasing activity similarly increased for the fourth

BNP Paribas Real Estate Ireland Construction Total Activity Index

sa, >50 = growth since previous month



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month in a row. In both cases, rates of increase strengthened on the month to reach modest paces.

Meanwhile, May data was indicative of some further easing in supply chain frictions in the Irish construction sector. Average lead times lengthened, but at a rate the least pronounced since November 2017. Anecdotal evidence suggested that while there was some improvement in the operation of supply chains, vendors faced labour shortage issues.

On the price front, input costs increased markedly but at the weakest rate since August 2020. Inflation of the rates charged by sub-contractors similarly softened, easing to a 26-month

low. Nevertheless, their quality was deemed to have deteriorated and at the sharpest pace since March 2022. Greater sub-contractor usage occurred despite the most pronounced reduction in their availability in almost a year.

Looking to the year ahead, Irish constructors were positive in their outlook for activity over the coming 12 months. In fact, firms registered the second-strongest degree of confidence since February 2022. Opportunities for growth included hopes for a sustained pick-up in market demand, a boost in development activity, higher volumes of renewable energy projects and a payoff from new business strategies.

Activity Index by sector

sa, >50 = growth since previous month



## Comment

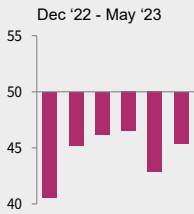
Commenting on the latest survey results, John McCartney, Director & Head of Research at BNP Paribas Real Estate Ireland, said:

*“The pattern of recent months continued in May. Onsite activity levels are broadly unchanged. However building firms are ramping-up to be busier, with new orders and input purchases increasing for the fourth month in-a-row, and employment rising for the fifth successive month. The future expectations index is now approaching its highest level since early 2022, possibly driven by two factors. As confirmed by recent Census statistics, Ireland’s population continues to rise strongly, generating a natural demand for homes and logistics buildings which*

*serve the supply-chain needs of a growing population. Secondly, while still rising, input costs are doing so at their slowest rate since August 2020. The combination of these dynamics is giving rise to greater optimism about construction viability.”*

## Activity by sector

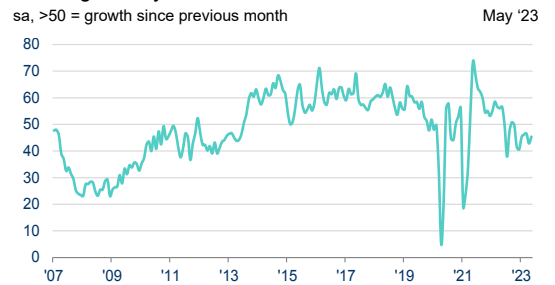
### Housing Activity Index



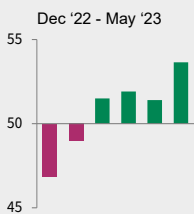
### Residential

Housing activity in the Irish construction sector continued to fall midway through the second quarter of the year, taking the current sequence of decline to eight consecutive months. Despite having eased from that seen in the previous survey period, the rate of reduction remained strong overall.

### Housing Activity Index



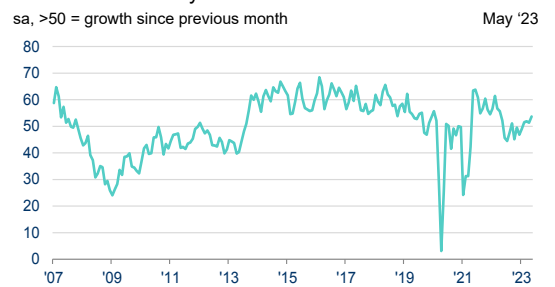
### Commercial Activity Index



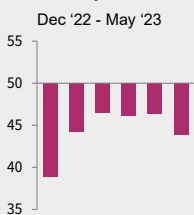
### Commercial

Irish construction firms registered a fourth successive uplift in commercial activity during May. Moreover, the rate of expansion quickened on the month to reach its sharpest in just over a year. Commercial was again the best performing of the three monitored categories.

### Commercial Activity Index



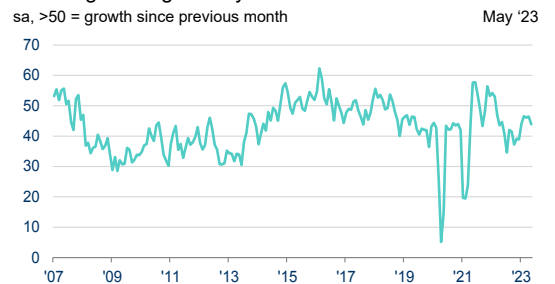
### Civil Engineering Activity Index



### Civil Engineering

The seasonally adjusted Civil Engineering Activity Index recorded below the crucial 50.0 no-change threshold in May to signal a fifteenth consecutive drop in the level of civil engineering activity in the Irish construction sector. Notably, the rate of reduction was marked overall and the most pronounced in the year-to-date.

### Civil Engineering Activity Index



## Demand and jobs

### New orders

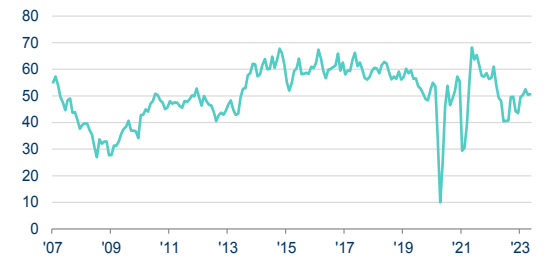
May data was indicative of the fourth successive rise in the level of new orders placed with Irish construction companies. Where growth was reported, survey participants frequently mentioned a more favourable demand environment and recent project wins. That said, the rate of increase strengthened only fractionally from that seen in April and remained marginal overall.

### Employment

Irish construction companies added to their workforces for the fifth month in a row halfway through the second quarter of the year. The pace of expansion was slightly quicker than seen in April but nonetheless only modest overall. Survey respondents often linked the uplift in staffing numbers to increasing new business volumes and a subsequent rise in workloads.

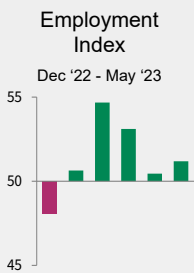
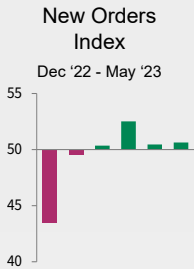
New Orders Index

sa, >50 = growth since previous month



Employment Index

sa, >50 = growth since previous month



## Business expectations

Looking to the future, Irish construction companies expect to see an uplift in their activity levels over the coming 12 months. In fact, the degree of confidence was the second-strongest since February 2022.

Positive sentiment mainly centred around hopes for a sustained pick-up in market demand, a boost in development activity, higher volumes of renewable energy projects and a payoff from new business strategies.

Future Activity Index

>50 = growth expected over next 12 months



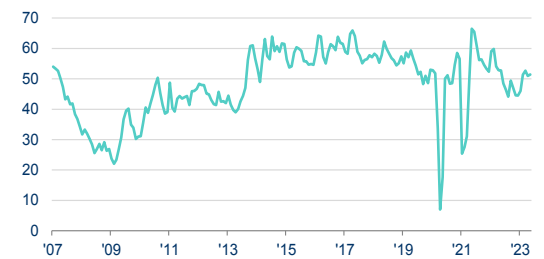
## Purchasing

### Quantity of purchases

Irish construction firms noted another expansion in their purchasing activity during May, thereby extending the current sequence of increase to four successive months. The rate of incline ticked up slightly from April but, nonetheless, remained modest overall. Survey respondents often mentioned increasing their purchasing to reflect higher inflows of new orders.

Quantity of Purchases Index

sa, >50 = growth since previous month



### Suppliers' delivery times

As has been the case since July 2011, average lead times for the delivery of inputs in the Irish construction sector extended during May. Albeit still solid overall, the latest lengthening was the least pronounced since November 2017. While some firms mentioned an improvement in the operation of supply chains, others signalled capacity difficulties resulting from staff shortages.

Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



### Input prices

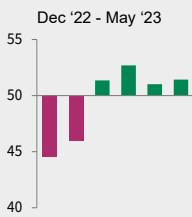
Prices paid by Irish construction firms rose further in May, taking the current sequence of continuous inflation to just over three years. Anecdotal evidence indicated that raw material prices were a key driver in the latest rise in business expenses. That said, while still sharp overall, the rate of increase was the softest since August 2020.

Input Prices Index

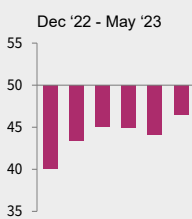
sa, >50 = inflation since previous month



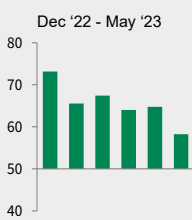
Quantity of Purchases Index



Suppliers' Delivery Times Index



Input Prices Index



#### Items up in price

Cast Iron  
Concrete  
Electrical Equipment  
Fascia Board  
Glass  
Insulation  
Paint

#### Items down in price

Copper  
Diesel  
Framing Timber  
Fuel  
Steel Rebar

#### Items in short supply

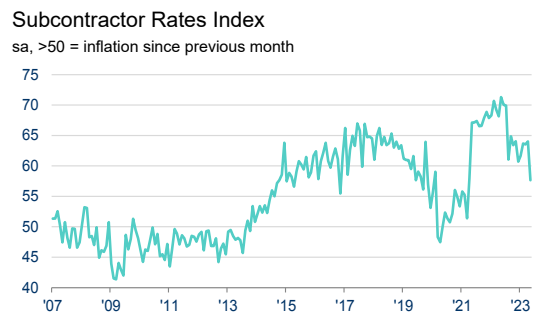
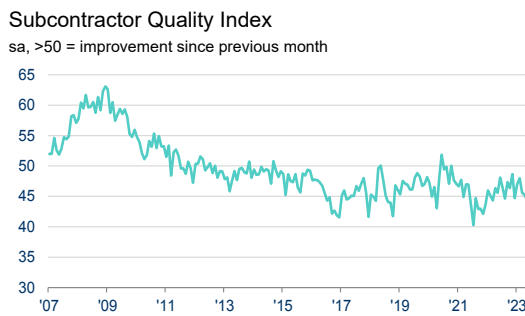
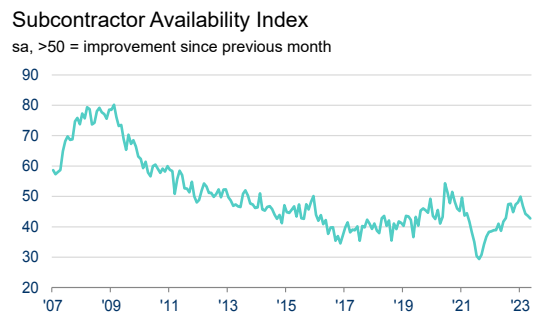
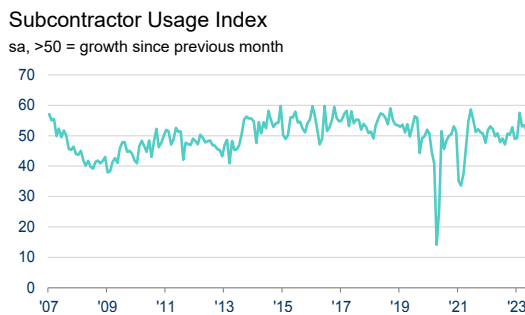
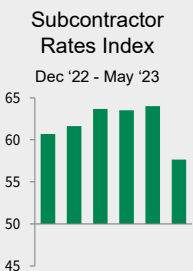
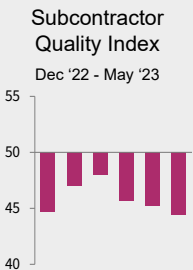
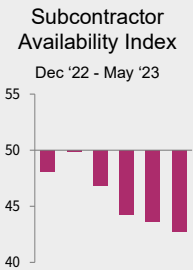
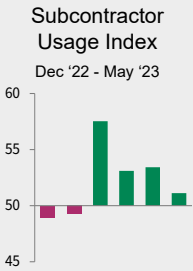
Colour  
Fascia board  
Soffit  
Yarn

## Subcontractors

May data was indicative of a fourth successive uplift in sub-contractor usage at Irish construction companies. That said, having slowed to its weakest in the current sequence, the increase was only marginal. In turn, sub-contractor availability continued to decline sharply with the latest fall the greatest in almost a year. Subsequently, sub-contractors hiked their rates again during May, albeit to a degree the least pronounced in 26 months. This was despite their quality being deemed to have deteriorated at the strongest rate since March 2022.

### Subcontractors in short supply

- |                 |            |
|-----------------|------------|
| Block Layers    | Painters   |
| Geohydrologists | Plasterers |
| Joiners         | Plumbers   |
| Ornithologists  | Tilers     |



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](mailto:economics@ihsmarkit.com).

## Survey dates and history

Data were collected 11-30 May 2023.

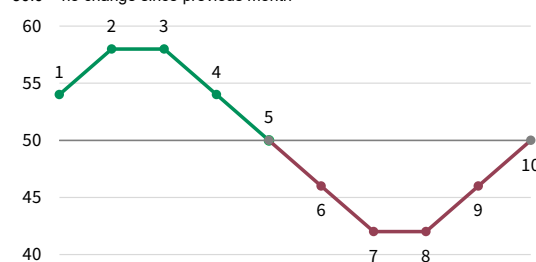
Survey data were first collected June 2000.

### 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	

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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.

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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.

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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](https://ihsmarkit.com/products/pmi.html).

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