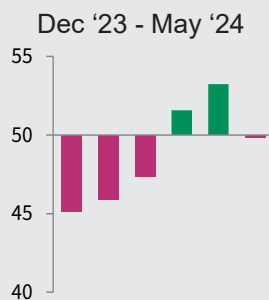


# BNP Paribas Real Estate Ireland Construction PMI<sup>®</sup>

## New order growth sustained in May

### Ireland Construction Total Activity Index



### Further increases in new orders and employment

Total activity broadly stable, but housing and commercial activity rise

Suppliers' lead times shorten to largest extent since October 2010

Growth of Irish construction activity paused in May as overall output in the sector was broadly unchanged from that seen in April. New orders and employment continued to rise, however, and companies were optimistic regarding the year-ahead outlook. Meanwhile, the rate of input cost inflation eased and suppliers' delivery times shortened for the first time in ten months.

The headline seasonally adjusted BNP Paribas Real Estate Ireland Construction Total Activity Index posted fractionally below the 50.0 no-change mark in May to signal broadly stable output in the sector midway through the second quarter. The reading was down from 53.2 in April and ended a two-month sequence of expansion.

Despite the pause in growth seen for total construction activity, work

on housing and commercial projects continued to increase in May. In both cases, activity rose for the third month running, but at softer rates than in April. As such, the reduction in overall construction activity was reflective of a decline in civil engineering activity.

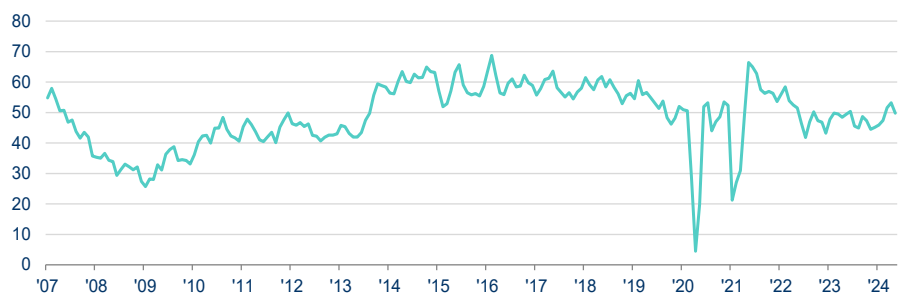
New orders continued to rise in May as firms again saw new business come in during the month. The latest expansion was the third in as many months, albeit slower than in April.

The start of new jobs meant that companies required greater volumes of materials. Therefore, purchasing activity increased for the third month running and at a solid pace that was broadly in line with those seen in the previous two months.

Sustained growth of employment was also recorded, with staffing levels up for the sixth month running in response

BNP Paribas Real Estate Ireland Construction Total Activity Index

sa, >50 = growth since previous month



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to higher new orders. The rate of job creation eased, however, to the weakest in this sequence.

Construction firms also remained optimistic that activity will expand over the coming year, with confidence actually ticking higher from the previous month. Around one-third of respondents predicted a rise in activity over the next 12 months, with some particularly optimistic with regards to the housing sector.

Although input costs continued to increase sharply during May amid higher material prices, the pace of inflation eased to a four-month low.

Meanwhile, companies signalled an improvement in supplier performance

for the first time in ten months. Lead times on the delivery of inputs shortened modestly, but to the greatest extent since October 2010. Capacity improvements at suppliers were reportedly behind the shortening of delivery times.

Sub-contractor usage increased for the first time in seven months during May, following no change in the previous survey period. While sub-contractor availability continued to fall, the latest decline was the joint-weakest in 16 months. Meanwhile, the pace of inflation in rates charged by sub-contractors slowed sharply and was the softest since March 2021.

Activity Index by sector

sa, >50 = growth since previous month



## Comment

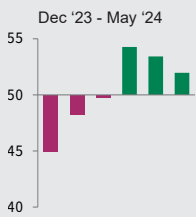
Commenting on the latest survey results, John McCartney, Director & Head of Research at BNP Paribas Real Estate Ireland, said:

*“News-flow from the construction sector remained positive in May with continued increases in activity across the key residential and commercial segments. The former is no surprise – even looking through disruption which may have been caused by the development contributions waiver deadline in April, housing commencements have been on a sustained upward trend since October 2022. On the commercial side, activity has been driven by office construction in Dublin where more space was delivered in Q1 than in the entire of 2023.*

*Forward-looking indicators on the dashboard are now uniformly pointing in the direction of continued expansion. Order-books have been replenished over the spring months, and materials purchases and employment are up as a result. Supporting these trends, input costs inflation has stabilised and supply chain issues appear to be easing with lead-times shortening. Reflecting these dynamics, nearly 90% of building firms now expect to be as busy or busier in one year’s time, compared with 81% nine months ago.”*

## Activity by sector

Housing Activity Index



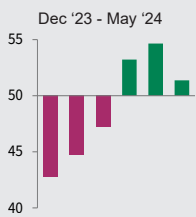
### Residential

Irish construction firms signalled a rise in housing activity for the third consecutive month in May, although the rate of expansion was only modest and the weakest in the current sequence of growth. Residential was the best-performing of the three categories of construction midway through the second quarter.

Housing Activity Index



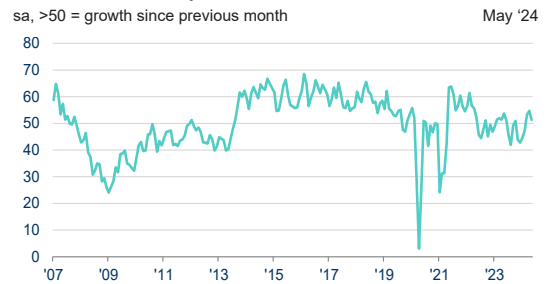
Commercial Activity Index



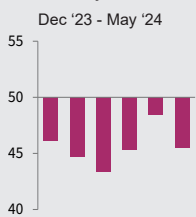
### Commercial

As has now been the case for three months, commercial activity increased in May. The rate of growth slowed sharply from the previous survey period, however, and was the weakest in the current expansionary sequence.

Commercial Activity Index



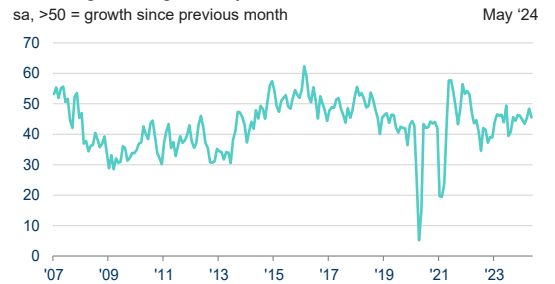
Civil Engineering Activity Index



### Civil Engineering

Civil engineering activity decreased again in May, extending the current sequence of decline to 27 months. Moreover, the rate of contraction was marked and quicker than that seen in the previous month.

Civil Engineering Activity Index



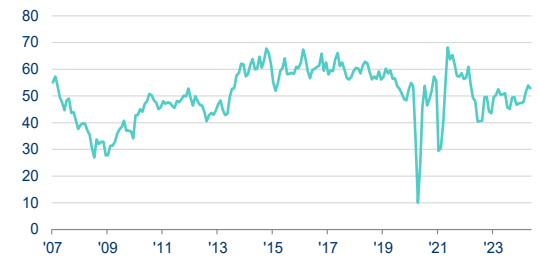
## Demand and jobs

### New orders

Success in securing new business was widely reported during May, resulting in a sustained increase in new orders. The latest rise extended the current sequence of growth to three months. The increase in new orders was solid, albeit slightly softer than that seen during April.

### New Orders Index

sa, >50 = growth since previous month



### Employment

Although Irish construction companies continued to expand their workforce numbers in May in response to rising new business, the rate of job creation eased to the weakest in the current six-month sequence of employment growth. In some cases, a lack of appropriately skilled workers to replace departed staff was reported.

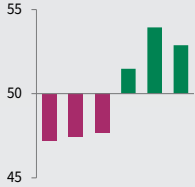
### Employment Index

sa, >50 = growth since previous month



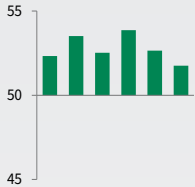
### New Orders Index

Dec '23 - May '24



### Employment Index

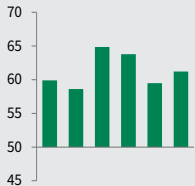
Dec '23 - May '24



## Business expectations

### Future Activity Index

Dec '23 - May '24



Constructors remained optimistic that activity will increase over the coming 12 months, with around one-third of respondents predicting an expansion. Moreover, sentiment was slightly stronger than that seen in the previous month. In some cases, respondents highlighted positive expectations for growth in the housing sector.

### Future Activity Index

>50 = growth expected over next 12 months



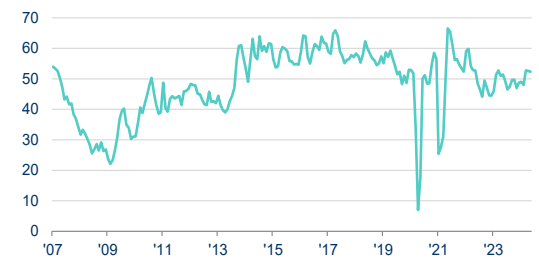
## Purchasing

### Quantity of purchases

The start of new jobs meant that firms required greater volumes of materials during May, thereby feeding through to a third consecutive month of growth in purchasing activity. The rate of expansion remained solid, and was only slightly softer than those seen in March and April.

Quantity of Purchases Index

sa, >50 = growth since previous month

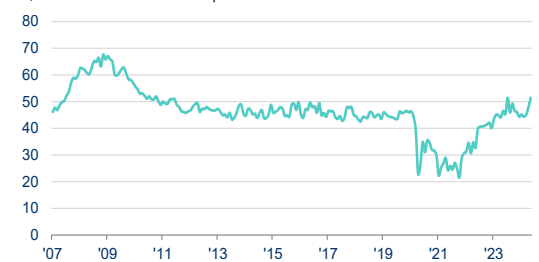


### Suppliers' delivery times

Construction companies recorded a shortening of suppliers' delivery times in May, thereby ending a nine-month sequence of deteriorating vendor performance. Although modest, the shortening of lead times was the most pronounced since October 2010. Some firms indicated that capacity improvements at suppliers had helped them to speed up deliveries.

Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



### Input prices

May data pointed to a further sharp monthly increase in input costs, although the pace of inflation eased to a four-month low and was broadly in line with the series average. Respondents signalled higher costs for raw materials including metals and timber.

Input Prices Index

sa, >50 = inflation since previous month



### Items up in price

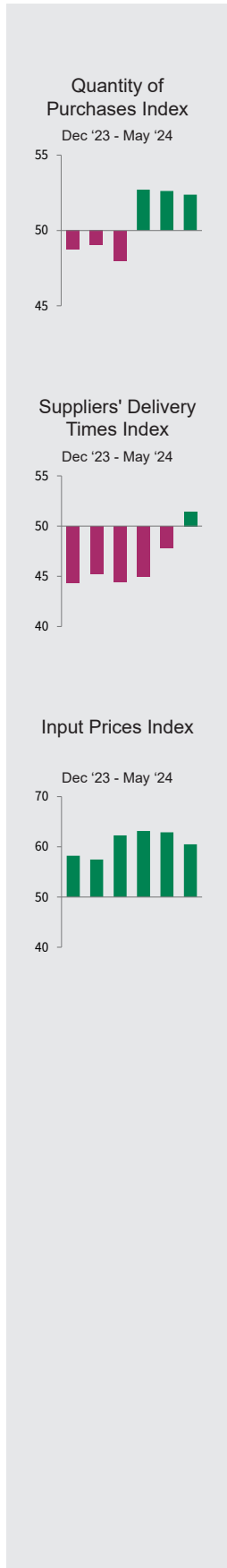
- Cable
- Concrete
- Electrical Components
- Electricity
- Fuel
- Gas
- Insulation
- Insurance
- Plumbing Products
- Stone Products
- Timber

### Items down in price

- Diesel
- Steel
- Timber
- Wages

### Items in short supply

- None



## Subcontractors

Irish construction companies increased their usage of sub-contractors in May, following no change in the previous month. The rise was the first since last October, but only marginal overall. Meanwhile, the availability of sub-contractors continued to fall, but to the joint-least extent since January 2023.

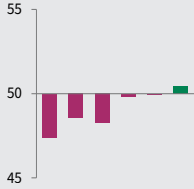
May data pointed to a sharp slowdown in the rate of inflation of sub-contractor rates, which increased at the slowest pace since March 2021. Sub-contractor quality meanwhile decreased to a lesser extent.

### Subcontractors in short supply

- Blocklayers
- Carpenters
- Ecologists
- Electricians
- Geohydrologists
- Plasterers
- Plumbers

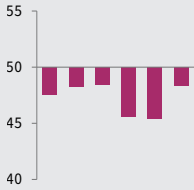
Subcontractor Usage Index

Dec '23 - May '24



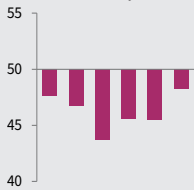
Subcontractor Availability Index

Dec '23 - May '24



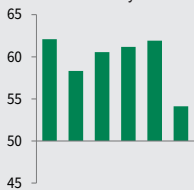
Subcontractor Quality Index

Dec '23 - May '24



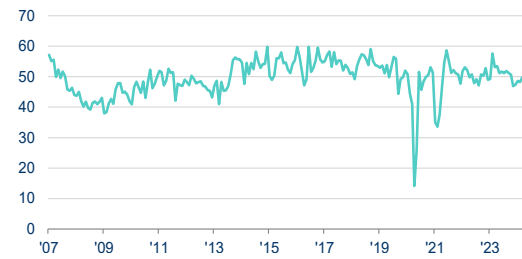
Subcontractor Rates Index

Dec '23 - May '24



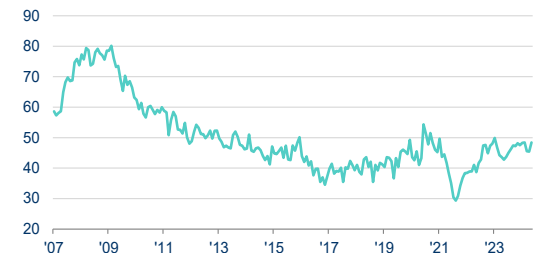
Subcontractor Usage Index

sa, >50 = growth since previous month



Subcontractor Availability Index

sa, >50 = improvement since previous month



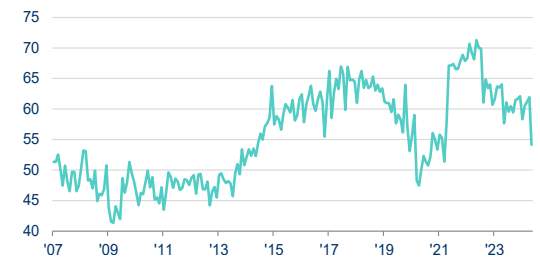
Subcontractor Quality Index

sa, >50 = improvement since previous month



Subcontractor Rates Index

sa, >50 = inflation since previous month



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](mailto:economics@spglobal.com).

## Survey dates and history

Data were collected 10-30 May 2024.

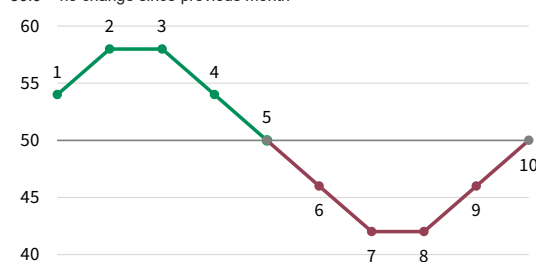
Survey data were first collected June 2000.

### 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	

## Contact

John McCartney  
Director & Head of Research  
BNP Paribas Real Estate Ireland  
T: +353 (0) 1 661 1233  
M: +353 87 974 8485  
[john.mccartney@bnpparibas.com](mailto:john.mccartney@bnpparibas.com)  
[www.realestate.bnpparibas.ie](http://www.realestate.bnpparibas.ie)

Sabrina Mayeen  
Corporate Communications  
S&P Global Market Intelligence  
T: +44 (0) 7967 447030  
[sabrina.mayeen@spglobal.com](mailto:sabrina.mayeen@spglobal.com)

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