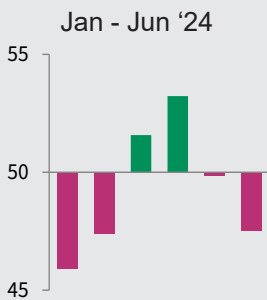




# BNP Paribas Real Estate Ireland Construction PMI<sup>®</sup>

## Housing activity rises, but commercial work down sharply

### Ireland Construction Total Activity Index



### Total construction activity down amid fall in commercial work

### Housing activity expands amid rising new orders

### Input cost inflation at 14-month high

There were contrasting trends in the Irish construction sector at the end of the second quarter of the year. A sharp decline in commercial activity helped to pull down total workloads despite sustained growth of housing activity. New orders continued to rise, while firms took on extra staff and maintained an optimistic outlook for the coming year.

On the price front, the rate of input cost inflation quickened to the fastest since April 2023.

The headline seasonally adjusted BNP Paribas Real Estate Ireland Construction Total Activity Index remained below the 50.0 no-change mark in June, and fell to 47.5 from 49.8 in May. The reading signalled a second consecutive monthly reduction in total construction activity, and one that was solid.

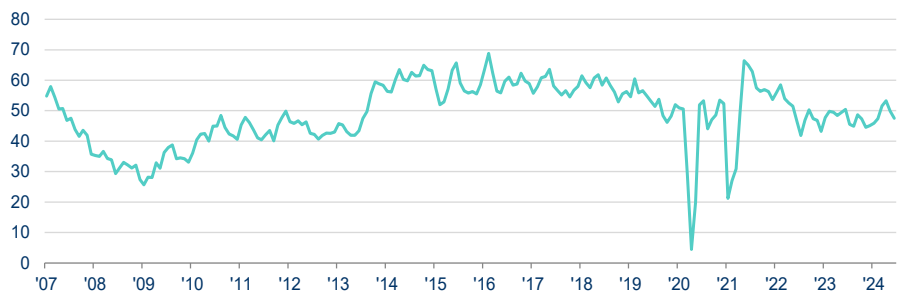
Underlying data suggested that a renewed fall in commercial activity was a key factor behind the latest reduction in total activity. Work on commercial projects decreased sharply, ending a three-month sequence of growth. A rapid fall in civil engineering activity was also recorded in June.

More positively, housing activity continued to rise, with the expansion in June the third in as many months. The latest increase in residential activity was solid and slightly faster than that seen in May.

The reduction in total construction activity was recorded in spite of a further increase in new orders during June. The expansion of new business was the fourth in a row, albeit modest and softer than in May. Some firms indicated that they had received repeat orders from existing clients.

BNP Paribas Real Estate Ireland Construction Total Activity Index

sa, >50 = growth since previous month



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## Overview continued...

Construction firms were also optimistic in the outlook for activity amid expectations that the current growth of new orders would be sustained in the months ahead. Confidence hit a three-month high, but was still softer than the series average.

The prospect of continued increases in new work encouraged construction firms to expand employment for the seventh consecutive month, although the pace of job creation was the slowest in this sequence.

Higher purchasing activity was recorded again during June, with the solid expansion of input buying the most marked since April 2022.

Rising demand for inputs led to some

pressure on supply chains and a faster increase in input costs at the end of the second quarter.

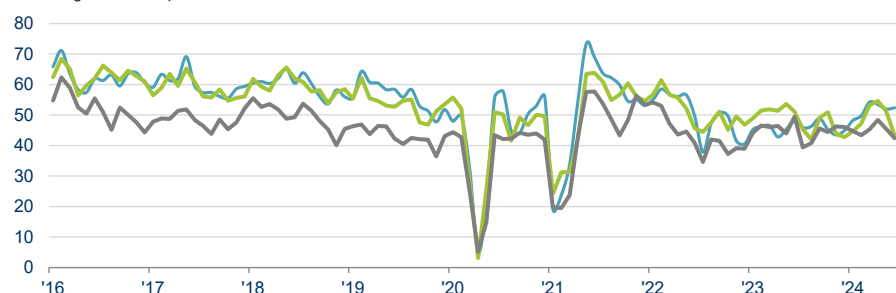
Staff shortages at suppliers also contributed to a lengthening of delivery times, with vendor performance deteriorating following a first improvement in ten months during May.

Alongside rising charges by suppliers, geopolitical issues were partly behind higher input prices. The rate of input cost inflation quickened to a 14-month high and was above the pre-pandemic average.

Finally, sub-contractor usage ticked higher for the second month running, while their availability continued to decrease solidly.

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:

*“Commercial activity surged through the spring and early summer as builders pushed to get large office schemes in Dublin completed. But with campus-scale projects like Coopers Cross and Wilton Park now delivered, activity inevitably eased-back in June. Nonetheless, considerable office space remains under development and the commercial sector should remain relatively busy as this is run-out over the next 18-months.*

*The Government has been under pressure for some time to increase its home-building targets and its stated intention to revise these to*

*around 50,000 units per annum has underpinned residential builders’ confidence. Activity rose strongly for the fourth successive month in June. As we flagged back in February, this may not result in increased housing completions within the current calendar year. However recent momentum, in conjunction with an upward trend in leading indicators such as commencements, new orders, employment and materials purchases all signal that the longer-term direction of travel remains positive.”*

## Activity by sector

### Residential

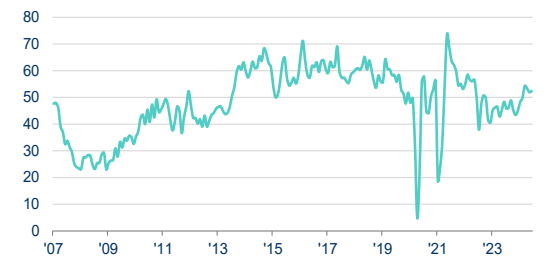
Housing was the main bright spot in terms of Irish construction activity in June, being the only sub-category to post an expansion during the month. Residential activity increased for the fourth consecutive month, and at a solid pace that was slightly faster than that seen in May.

### Housing Activity Index

sa, >50 = growth since previous month

52.4

Jun '24



### Commercial

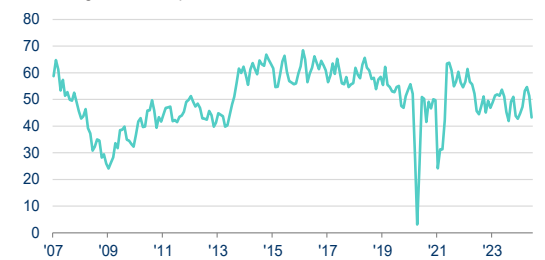
June data pointed to a renewed reduction in activity on commercial projects in the Irish construction sector, thereby ending a three-month sequence of growth. Moreover, the rate of contraction was substantial and the most pronounced in 2024 so far.

### Commercial Activity Index

sa, >50 = growth since previous month

43.3

Jun '24



### Civil Engineering

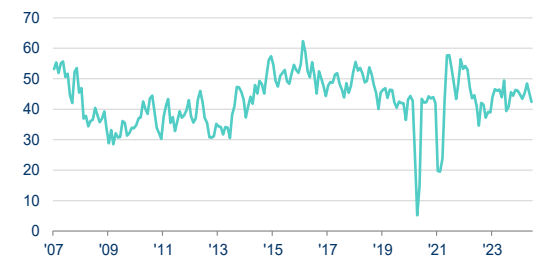
Irish construction companies recorded a further decrease in civil engineering activity during June, with the pace of decline accelerating for the second month running to the sharpest since August 2023. The fall was also the steepest of the three categories of construction covered by the survey.

### Civil Engineering Activity Index

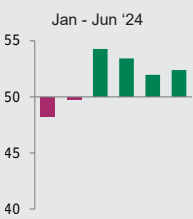
sa, >50 = growth since previous month

42.4

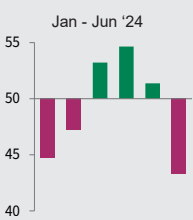
Jun '24



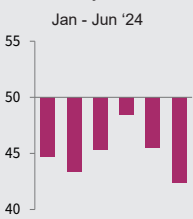
Housing Activity Index



Commercial Activity Index



Civil Engineering Activity Index



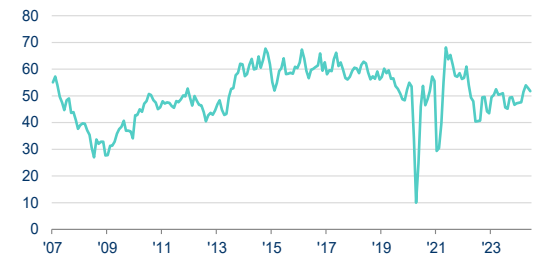
## Demand and jobs

### New orders

New orders continued to rise at the end of the second quarter of the year, thereby extending the current sequence of growth to four months. The rate of expansion was only modest, however, and the softest since March. Some respondents indicated that they had received repeat business from existing clients.

### New Orders Index

sa, >50 = growth since previous month

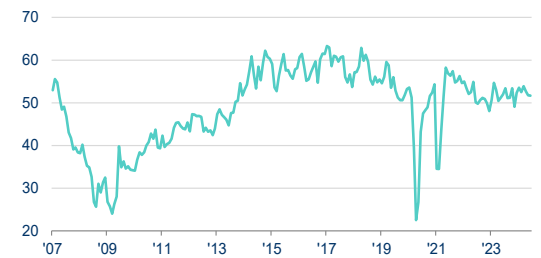


### Employment

The hiring of new full-time staff to work on upcoming projects resulted in a further increase in employment in the Irish construction sector during June. Staffing levels have now risen in each of the past seven months, although the pace of job creation was the softest in this sequence.

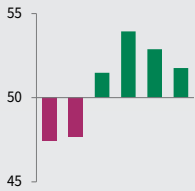
### Employment Index

sa, >50 = growth since previous month



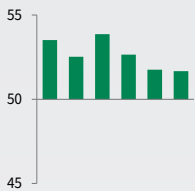
### New Orders Index

Jan - Jun '24



### Employment Index

Jan - Jun '24



## Business expectations

Business confidence ticked higher for the second consecutive month in June and was the strongest since March. Sentiment was still slightly below the series average, however. Around 34% of respondents predicted an increase in activity over the coming year, mainly linked to rising new business and the prospect of this continuing in the months ahead.

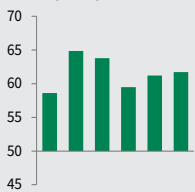
### Future Activity Index

>50 = growth expected over next 12 months



### Future Activity Index

Jan - Jun '24



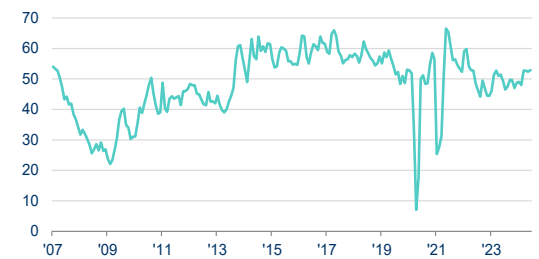
## Purchasing

### Quantity of purchases

June data pointed to a fourth consecutive monthly increase in purchasing activity in the Irish construction sector, as companies responded to higher new orders by buying in materials. Moreover, the rate of expansion was solid, and quickened to the fastest since April 2022.

Quantity of Purchases Index

sa, >50 = growth since previous month

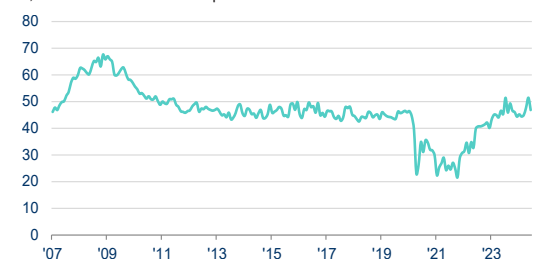


### Suppliers' delivery times

After suppliers' delivery times shortened for the first time in ten months during May, a renewed lengthening of lead times was signalled in June. Vendor performance deteriorated solidly during the month. Higher demand for inputs and staff shortages at suppliers were the main factors resulting in longer lead times, according to respondents.

Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



### Input prices

The rate of input cost inflation quickened to a 14-month high in June, remaining sharp and faster than the pre-pandemic average. Respondents generally linked higher prices to increased supplier charges for materials, while geopolitical issues also contributed to inflationary pressures.

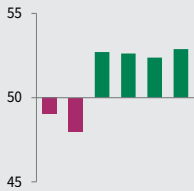
Input Prices Index

sa, >50 = inflation since previous month



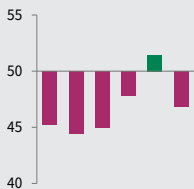
Quantity of Purchases Index

Jan - Jun '24



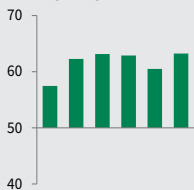
Suppliers' Delivery Times Index

Jan - Jun '24



Input Prices Index

Jan - Jun '24



#### Items up in price

Cast Iron  
Compliance  
Concrete  
Copper  
Diesel  
Electrical Components  
Electrical Valves  
Electricity  
Insulation  
Insurance  
Silicone  
Timber  
Transport  
Wood Cabinet Doors  
Wood Flooring

#### Items down in price

Wages

#### Items in short supply

Insulation

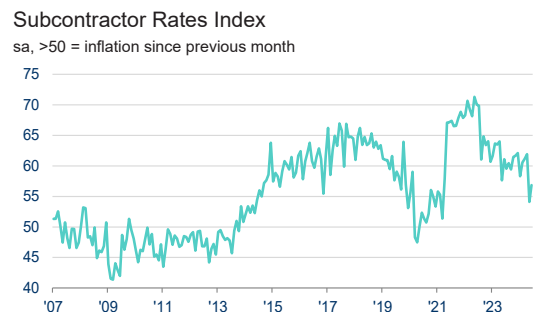
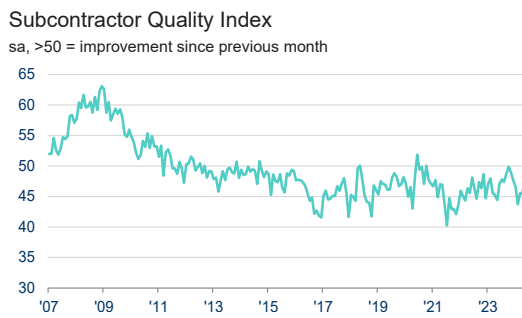
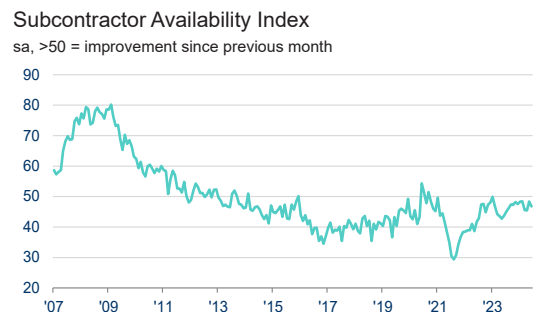
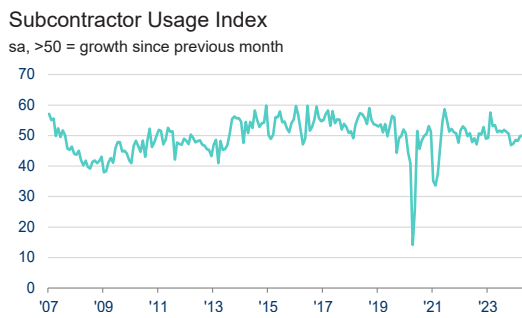
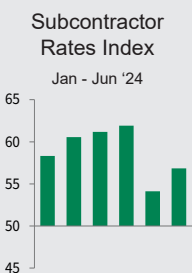
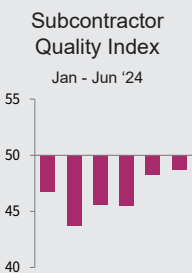
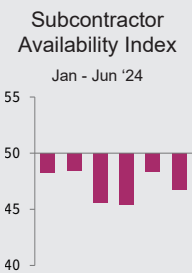
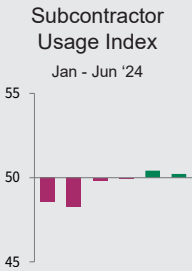
## Subcontractors

Sub-contractor usage increased marginally for the second consecutive month in June. Meanwhile, their availability continued to deteriorate. In fact, the supply of sub-contractors decreased at a solid pace that was more pronounced than seen in May.

Although sub-contractor rates increased at a faster pace in June, the pace of inflation was still the second-slowest since March 2021. The quality of work carried out by sub-contractors declined, but to the least extent in seven months.

### Subcontractors in short supply

- |                 |               |
|-----------------|---------------|
| Blocklayers     | Groundworkers |
| Carpenters      | Partitioners  |
| Ecologists      | Plasterers    |
| Electricians    | Plumbers      |
| Geohydrologists | Tilers        |
| Glazers         |               |



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 12-27 June 2024.

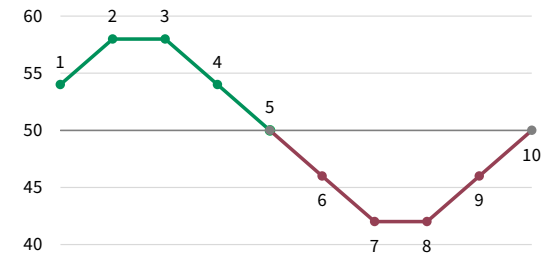
Survey data were first collected June 2000.

### 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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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 monthly indicators of economic trends.

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