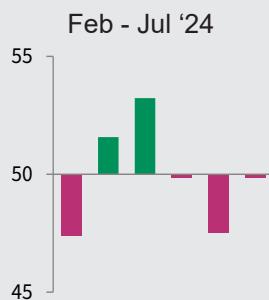


BNP Paribas Real Estate Ireland Construction PMI[®]

Sharpest rise in new orders since February 2022

Ireland Construction Total Activity Index



Strongest increase in new business in almost two-and-a-half years

Further solid rise in housing activity

Rate of job creation eases to eight-month low

Irish construction activity was broadly stable at the start of the third quarter of the year. Housing was the main source of any growth in activity as commercial work was little-changed from the previous month. Forward-looking data were positive, with new order growth the fastest in almost two-and-a-half years and business confidence remaining strongly positive. Meanwhile, employment continued to rise, but at a softer pace.

The headline seasonally adjusted BNP Paribas Real Estate Ireland Construction Total Activity Index posted just fractionally below the 50.0 no-change mark at 49.9 in July. The reading was up from 47.5 in June and signalled a near-stabilisation of activity.

Of the three categories of construction covered by the survey, residential was the only one to record growth in July.

Housing activity increased for the fifth consecutive month, and at a solid pace that was the fastest since April. Meanwhile, commercial activity was broadly unchanged following a sharp reduction in June, and civil engineering activity decreased again.

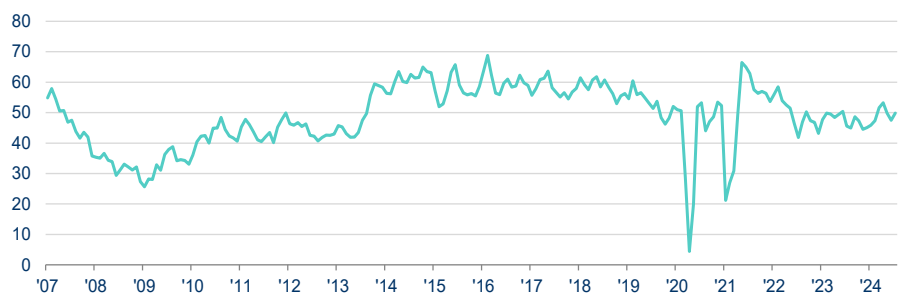
A key positive from the latest survey was a marked expansion in new orders which was the sharpest since February 2022. New business has now risen in five successive months.

Companies responded to higher workloads by taking on additional staff, the eighth consecutive month in which this has been the case. That said, the rate of job creation was only marginal and the softest in the current sequence of rising employment.

Firms also expanded their purchasing activity, both in response to higher new orders and to replenish stocks. The

BNP Paribas Real Estate Ireland Construction Total Activity Index

sa, >50 = growth since previous month



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solid increase in input buying was the fastest in 28 months.

Efforts to secure inputs were hampered to some degree by supply-chain delays. Lead times lengthened for the second month running amid reports of shipping delays and staff shortages at suppliers. Moreover, the deterioration in vendor performance was the most marked since March.

Input costs meanwhile rose sharply, with the pace of inflation remaining above the series average despite easing slightly from that seen in June.

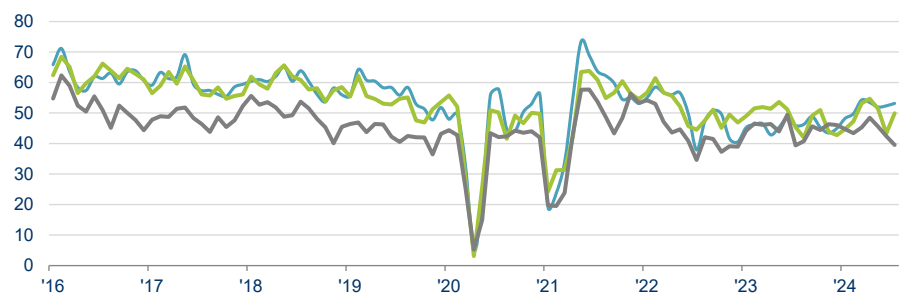
While constructors increased their

purchasing activity and staffing levels, a reduction in sub-contractor usage was registered in July, contributing to a first increase in their availability in almost four years.

Turning to the future, companies remained optimistic that activity will rise over the coming year, with sentiment little changed from the previous survey period. Some new projects that have been secured are set to commence during the next 12 months, thereby leading to higher activity. There was also confidence that new orders will continue to rise.

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:

“July was another positive month for residential construction with activity expanding for the fifth month in succession – the first time this has happened in over two years.

Looking at the mid-term report card, new dwelling completions fell by 8.6% in H1. This means 20,700 units need to be delivered in the second half for the Government’s target of 33,450 completions to be met - an 11% increase over H2 2023. Given that the number of units under construction in Dublin was down 13% year-on-year as we entered 2024, this would appear to be quite challenging.

Nonetheless, commencements have picked-up sharply in recent months and the increased activity indicated by the PMI points to stronger output ahead – although it may be 2025 before the recent surge in early-stage construction yields a material uplift in completions.”

Activity by sector

Residential

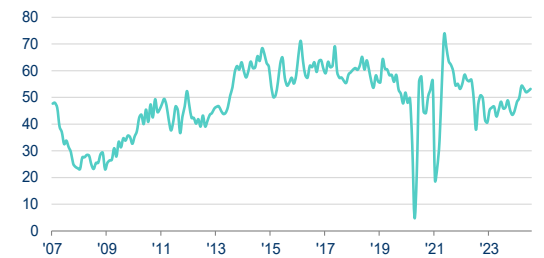
Irish construction firms continued to increase housing activity in July, thereby extending the current sequence of growth to five months. The rate of expansion was solid and the fastest since April. Residential was the only one of the three monitored categories to record a rise in activity during the month.

Housing Activity Index

sa, >50 = growth since previous month

53.2

Jul '24



Commercial

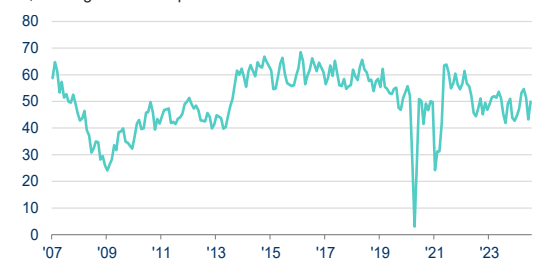
After having fallen sharply in June, commercial activity was broadly unchanged at the start of the third quarter of the year, as signalled by the respective seasonally adjusted index posting only fractionally below the 50.0 no-change mark in July.

Commercial Activity Index

sa, >50 = growth since previous month

49.9

Jul '24



Civil Engineering

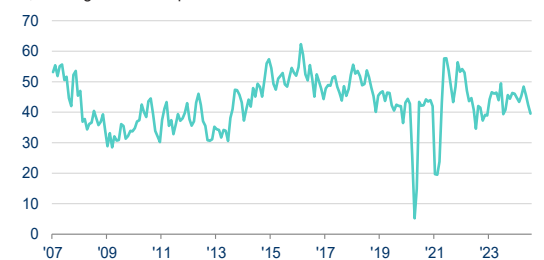
The worst-performing category in July was civil engineering, where activity decreased rapidly over the course of the month. Moreover, the rate of contraction was the fastest for a year. Activity on civil engineering projects has decreased in each month since March 2022.

Civil Engineering Activity Index

sa, >50 = growth since previous month

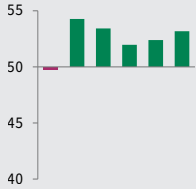
39.5

Jul '24



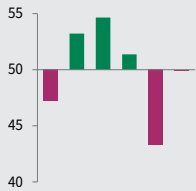
Housing Activity Index

Feb - Jul '24



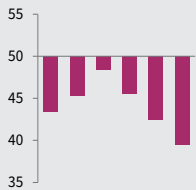
Commercial Activity Index

Feb - Jul '24



Civil Engineering Activity Index

Feb - Jul '24



Demand and jobs

New orders

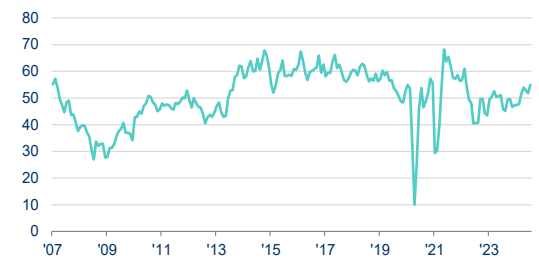
July data pointed to a marked monthly expansion in new orders as firms reported success in securing new business. The increase was the fifth in as many months and the fastest in almost two-and-a-half years. More than 29% of respondents signalled a rise in new business over the month.

Employment

Construction firms responded to higher workloads by taking on additional staff again in July, with panellists often hiring workers on a full-time basis. The rate of job creation was only slight, however, easing for the fourth consecutive month to the slowest in the current eight-month sequence of rising employment.

New Orders Index

sa, >50 = growth since previous month



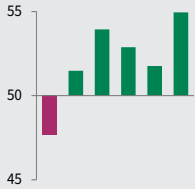
Employment Index

sa, >50 = growth since previous month



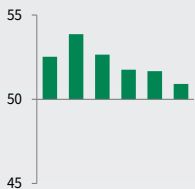
New Orders Index

Feb - Jul '24



Employment Index

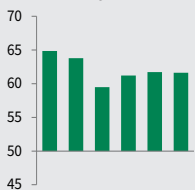
Feb - Jul '24



Business expectations

Future Activity Index

Feb - Jul '24



Construction firms remained confident that activity will increase over the coming year, with sentiment broadly unchanged from the previous survey period. Close to 36% of respondents predicted a rise in output. In some cases, optimism was linked to expected increases in new orders, while other firms indicated that the next 12 months would see work commence on projects which had already been secured.

Future Activity Index

>50 = growth expected over next 12 months



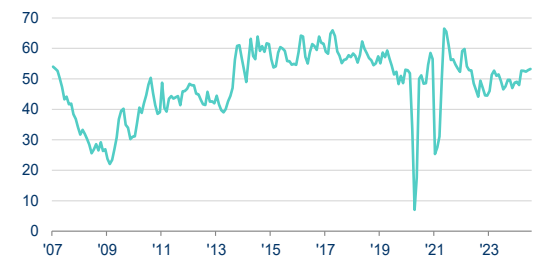
Purchasing

Quantity of purchases

The start of new projects and the need to replenish stocks led construction firms to expand their purchasing activity again in July. Input buying has now increased in five consecutive months, with the latest solid expansion the most pronounced since March 2022.

Quantity of Purchases Index

sa, >50 = growth since previous month

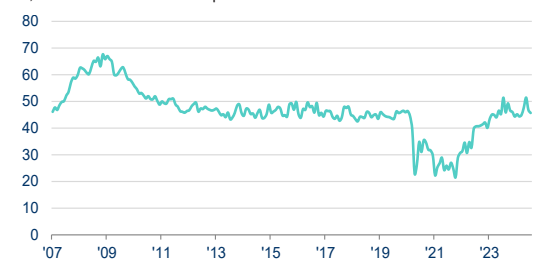


Suppliers' delivery times

As was the case in the previous month, suppliers' delivery times lengthened in July. Moreover, the rate of deterioration in vendor performance was marked and the most pronounced since March. Respondents indicated that shipping delays and staff shortages at suppliers had been behind longer lead times.

Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



Input prices

July data pointed to a sharp increase in input prices in the Irish construction sector. The rate of inflation eased slightly from the previous month, but remained stronger than the series average as around one-quarter of respondents signalled a rise in their cost burdens.

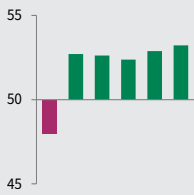
Input Prices Index

sa, >50 = inflation since previous month



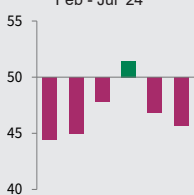
Quantity of Purchases Index

Feb - Jul '24



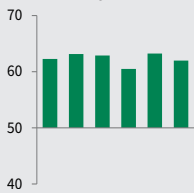
Suppliers' Delivery Times Index

Feb - Jul '24



Input Prices Index

Feb - Jul '24



Items up in price

Concrete
Concrete Products
Copper
Copper Tanks
Doors
Electrical Cable
Fuel
Insulation
Paint
Plumbing Fittings
Refrigeration Equipment
Refrigeration Gases
Stainless Steel
Steel
Stone
Timber
Wood Products

Items down in price

Copper
Electrical Cable
Energy
Fuel
Steel
Timber

Items in short supply

Copper
Insulation
Pumps
Stainless Steel

Subcontractors

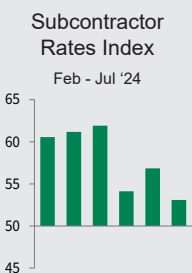
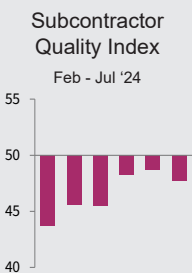
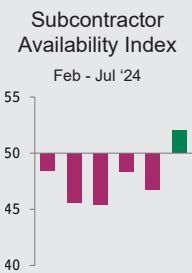
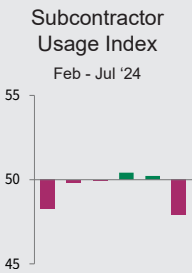
Irish construction firms lowered their usage of sub-contractors in July, thereby ending a two-month sequence of expansion. The reduction was modest, but nonetheless the most marked in 2024 so far. The drop in sub-contractor usage contributed to a renewed increase in their availability, the first in 46 months.

The pace of inflation of sub-contractor rates eased to a 40-month low at the start of the third quarter, while the quality of their work was adjudged to have deteriorated again.

Subcontractors in short supply

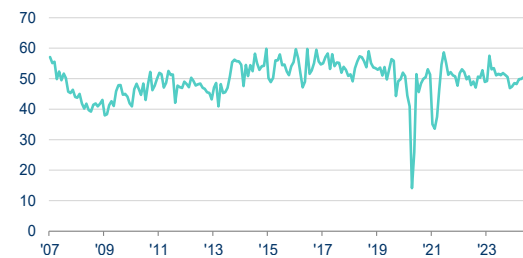
Blocklayers
Ecologists

Electricians
Geohydrologists



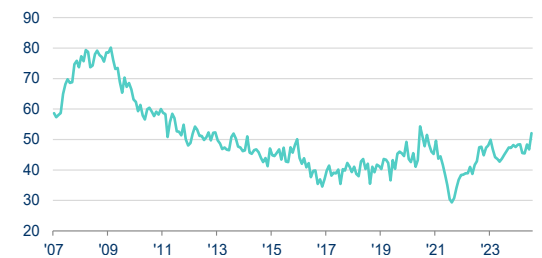
Subcontractor Usage Index

sa, >50 = growth since previous month



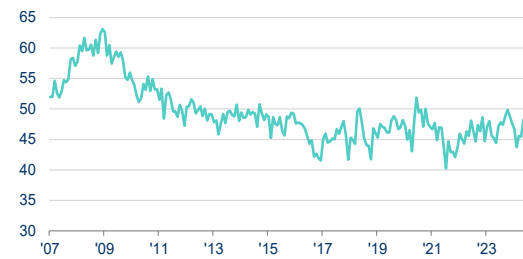
Subcontractor Availability Index

sa, >50 = improvement since previous month



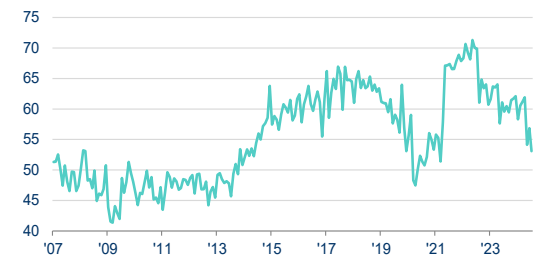
Subcontractor Quality Index

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.

Survey dates and history

Data were collected 11-30 July 2024.

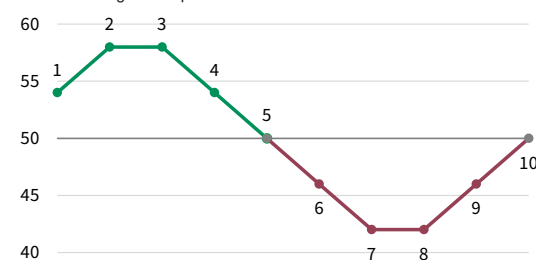
Survey data were first collected June 2000.

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
www.realestate.bnpparibas.ie

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

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