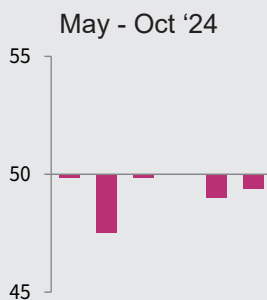


BNP Paribas Real Estate Ireland Construction PMI[®]

New orders down for first time in eight months, but housing activity rises sharply

Ireland Construction Total Activity Index



Modest fall in new business

Total activity decreases despite strong growth in housing

Improved confidence supports job creation

There were mixed trends in the Irish construction sector during October. A sharp and accelerated increase in housing activity was countered by reductions elsewhere, which meant that overall construction output dipped slightly again. New orders were down for the first time in eight months, but business confidence strengthened, encouraging firms to increase workforce numbers. Meanwhile, input costs continued to rise sharply.

The headline seasonally adjusted BNP Paribas Real Estate Ireland Construction Total Activity Index rose to 49.4 in October from 49.0 in September, but remained below the 50.0 no-change mark to signal a second successive monthly reduction in construction activity. The pace of decline was only marginal, however, and softer than seen in the previous survey period.

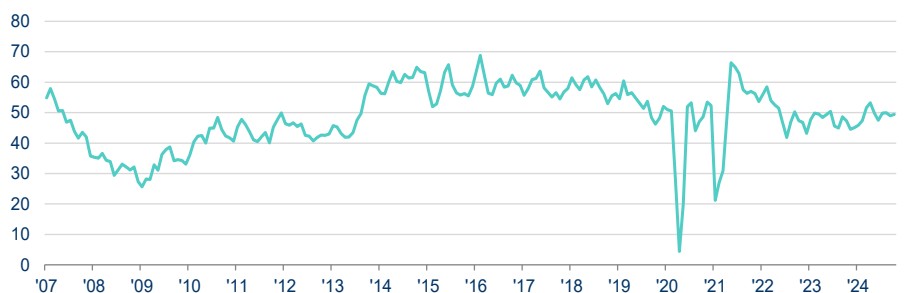
The modest fall in total activity masked a marked divergence in trends across the different types of construction work covered by the survey. Bucking the wider trend, housing activity increased sharply in October, with the rate of expansion quickening to the fastest since May 2022. On the other hand, commercial activity decreased solidly and work on civil engineering projects was also down.

Those companies that posted a fall in total activity often linked this to signs of a market slowdown, and this was also a factor behind a first reduction in new orders for eight months. The decrease in new business was only modest, however.

Despite slight reductions in both activity and new orders in October, firms were increasingly confident that construction output will rise over the coming year.

BNP Paribas Real Estate Ireland Construction Total Activity Index

sa, >50 = growth since previous month



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Sentiment was slightly stronger than the series average. Some respondents predicted a renewed increase in new orders, while others highlighted confidence in demand for housing.

Confidence that workloads would increase in the future supported ongoing hiring in the construction sector at the start of the final quarter of the year. Employment rose for the second month running, and at a modest pace that was broadly in line with that seen in September.

Meanwhile, purchasing activity was broadly unchanged. While some firms looked to build inventory holdings, others reported that their stock levels had been raised sufficiently in previous

months and so scaled back their input buying in October.

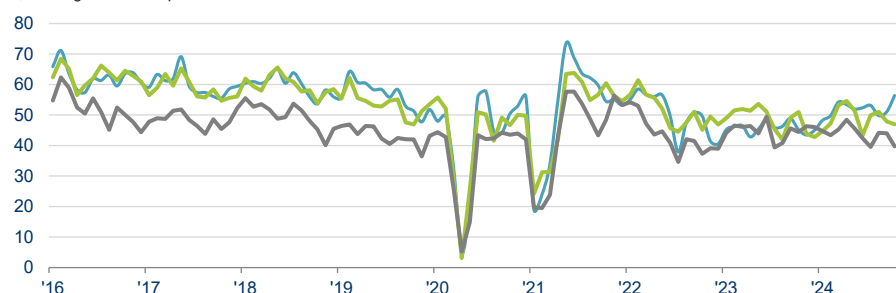
Input costs continued to increase sharply, with the pace of inflation ticking up and coming in broadly in line with the series average.

Suppliers' delivery times lengthened for the fifth month running, and to the largest extent since February. Panellists linked delays to shortages of both staff and stock at suppliers. There were particular mentions of delays from UK vendors.

The usage of sub-contractors increased modestly, contributing to a slight fall in their availability. Sub-contractor quality was judged to have improved for the first time since June 2020.

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 big take-away from October’s PMI is the surge in residential construction. After contracting continuously through 2023, the housing sub-index has now been stable or rising for the last nine months. However the rate of expansion accelerated sharply in October. Deadlines to avail of the development levy waiver and the water connection charge refund drove sharp spikes in the number of commencement notices filed in April and September respectively. But a condition of these incentives is that units must be completed before end-2026. So, with the paperwork done,

developers are now getting on with the actual construction.

The tapering-off of commercial activity is also welcome, as it reflects a slowdown in office building. Dublin’s office market is now amply supplied and, although a significant quantity of new space is still winding its way to completion, new starts have dried up. This will help to limit further vacancy increases, allowing demand to catch-up in time.”

Activity by sector

Residential

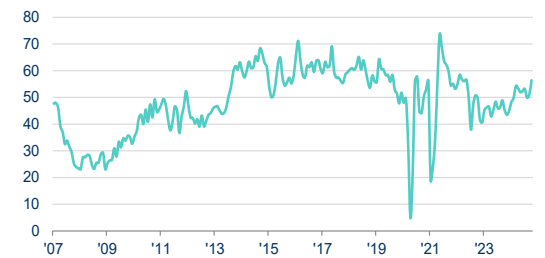
October data pointed to a sharp expansion in residential activity at Irish construction companies. Housing activity was up for the second month running, and at a rapid pace that was the fastest since May 2022. Residential was the only one of the three monitored categories of construction to record growth of output during the month.

Housing Activity Index

sa, >50 = growth since previous month

56.4

Oct '24



Commercial

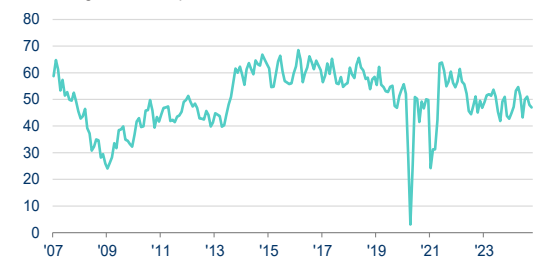
Irish construction firms posted a reduction in commercial activity for the fourth time in the past five months during October. Moreover, the solid fall in activity was the most pronounced since June.

Commercial Activity Index

sa, >50 = growth since previous month

47.0

Oct '24



Civil Engineering

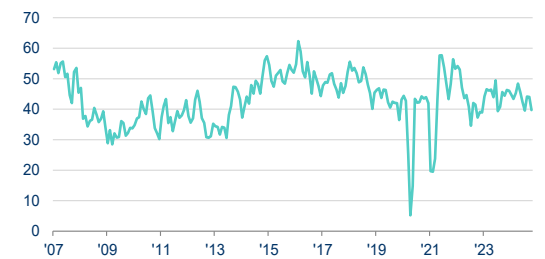
Civil engineering activity continued to fall sharply at the start of the final quarter, extending the current sequence of decline to 32 months. Moreover, the rate of contraction was sharp and the fastest in three months.

Civil Engineering Activity Index

sa, >50 = growth since previous month

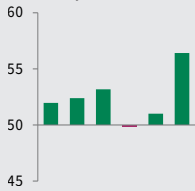
39.7

Oct '24



Housing Activity Index

May - Oct '24



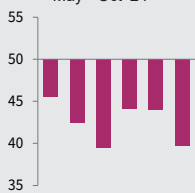
Commercial Activity Index

May - Oct '24



Civil Engineering Activity Index

May - Oct '24



Demand and jobs

New orders

A market slowdown was blamed for a reduction in new orders in the Irish construction sector during October. The modest fall in new business ended a seven-month sequence of expansion.

New Orders Index

sa, >50 = growth since previous month

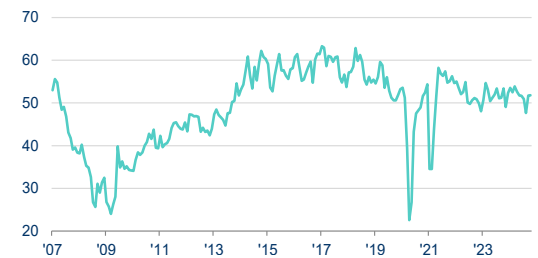


Employment

Companies increased their staffing levels for the second month running in October, with the modest rise in employment broadly similar to that seen in the previous survey period. In some cases, staff had been hired in anticipation of work set to be carried out in the future. Where additional workers were employed, firms indicated that this was generally on a full-time basis.

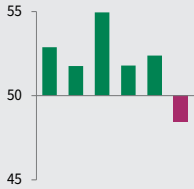
Employment Index

sa, >50 = growth since previous month



New Orders Index

May - Oct '24



Employment Index

May - Oct '24



Business expectations

Business confidence ticked higher in October, with firms more optimistic than on average across the series history. More than 35% of panellists predicted a rise in activity over the coming year, often reflecting expected improvements in new orders. Some firms highlighted optimism with regards to housing projects.

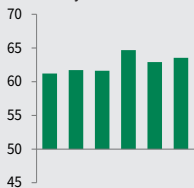
Future Activity Index

>50 = growth expected over next 12 months



Future Activity Index

May - Oct '24



Purchasing

Quantity of purchases

Purchasing activity was broadly unchanged at the start of the final quarter of the year, following increases in each of the preceding seven months. While some firms reportedly raised input buying as part of efforts to improve stock holdings, others noted that their inventories had been built up sufficiently in previous months and so pulled back on purchasing.

Suppliers' delivery times

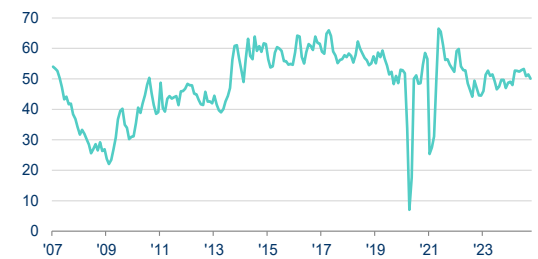
Suppliers' delivery times lengthened markedly in October, and to the greatest extent in eight months. Longer lead times reflected a combination of stock shortages and a lack of staff at suppliers. In some cases, delays were reported from the UK. Vendor performance has now deteriorated in each of the past five months.

Input prices

Input prices continued to increase markedly in October, with panellists reporting widespread inflation across the sector. Moreover, the pace of inflation ticked higher and was broadly in line with the series average. Around 19% of respondents signalled a rise in input costs, against 2% that posted a fall.

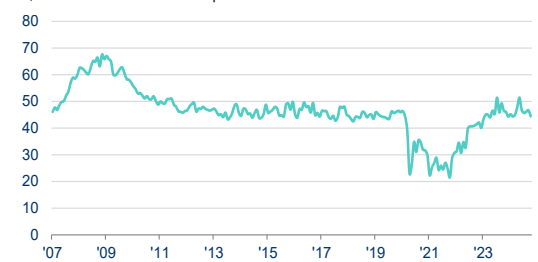
Quantity of Purchases Index

sa, >50 = growth since previous month



Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



Input Prices Index

sa, >50 = inflation since previous month



Items up in price

- Cable
- Cast Iron
- Cement
- Concrete
- Concrete Products
- Copper
- Electrical Parts
- Handles
- Insulation
- Plasterboard
- Sand
- Silicone

Items down in price

- Insulation
- Wages

Items in short supply

- Electrical Parts
- Electrical Products
- Insulation
- Pumps (Unspecified Use)
- Stainless Steel
- Valves

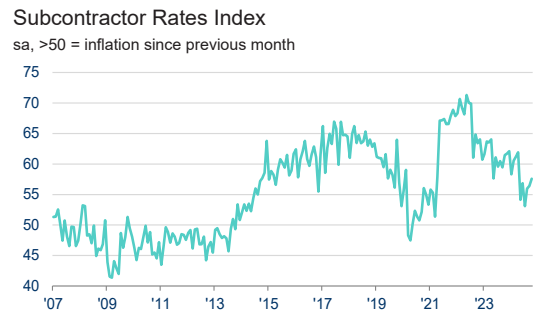
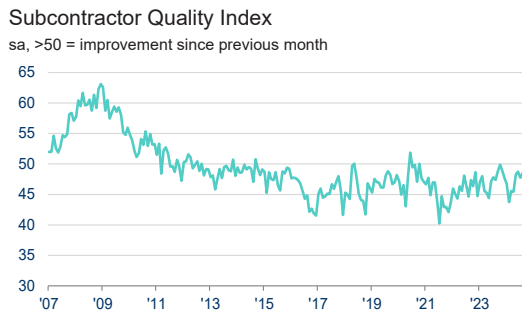
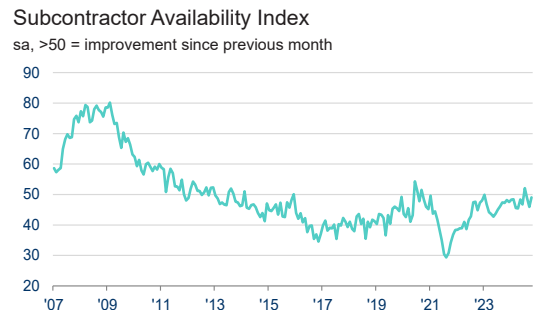
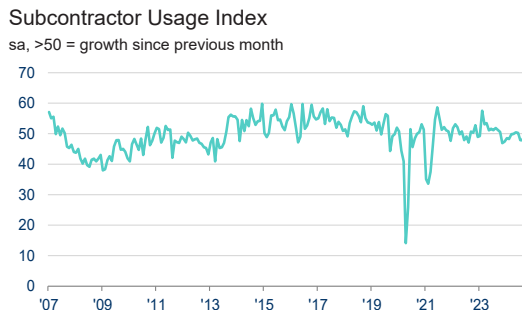
Subcontractors

October data pointed to a second successive modest increase in sub-contractor usage by Irish construction firms, with the rate of expansion slightly stronger than that seen in September. With usage higher, the availability of sub-contractors dipped slightly.

Sub-contractor quality improved for the first time in almost four-and-a-half years. In turn, sub-contractors increased their rates sharply, with the pace of inflation quickening to a six-month high.

Subcontractors in short supply

- | | |
|-----------------|-------------------------------|
| Blocklayers | Ornithologists |
| Carpenters | Plasters |
| Ecologists | Plumbers |
| Electricians | Roofing Contractors |
| Geohydrologists | Scaffolders |
| Glazers | Specialist Resident Engineers |
| Groundworkers | Visual Impact Specialists |
| Joiners | Wet Trades |
| Mechanics | |



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 10-30 October 2024.

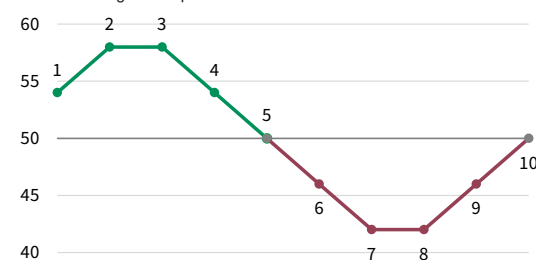
Survey data were first collected June 2000.

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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About PMI

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