

AIB Ireland Construction PMI®

Construction activity returns to growth in May

Key findings

Renewed rises in output and new orders

Higher fuel and oil costs drive up input prices

Suppliers' delivery times lengthen markedly again

The latest AIB Ireland Construction PMI® data signalled a return to growth of the Irish construction sector during May, with both total activity and new orders rising. Underlying data suggested that the increase in overall activity was centred on commercial construction. With new orders rising, companies expanded employment and purchasing accordingly. Meanwhile, higher fuel costs drove a further steep increase in input prices and firms noted another marked lengthening of suppliers' delivery times.

The headline seasonally adjusted AIB Ireland Construction Total Activity Index posted above the 50.0 no-change mark for the third time in the past four months during May. At 50.2, the reading was up from April's 47.1 and pointed to a marginal monthly expansion.

Underlying data indicated that the expansion in overall construction activity was centred on commercial work. Commercial activity increased sharply in May, with the rate of expansion accelerating to the fastest since March 2022. On the other hand, activity on both housing and civil engineering projects decreased sharply, with residential activity down for the second month running.

Anecdotal evidence suggested that the increase in construction activity in May reflected an improvement in customer demand and greater workloads. As such, firms recorded a renewed rise in new orders, following a first fall in five months during April.

Higher new orders also encouraged companies to expand their staffing levels and purchasing activity during May. Employment increased for the seventh month running, and at a solid pace. Meanwhile, the rise in input buying was modest and the slowest since January.

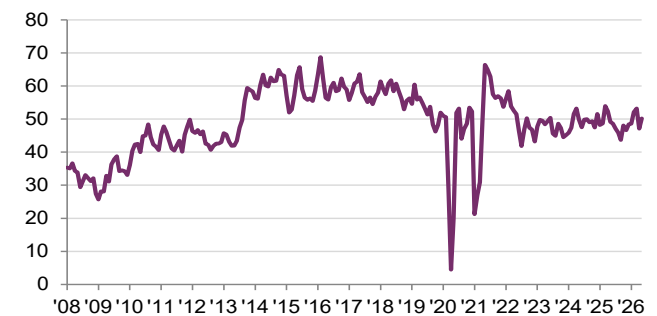
Constructors expanded their usage of sub-contractors again in May, while their availability deteriorated and the rates they charged increased at the fastest pace since July 2022.

A steep rise in input prices was also registered, with the rate of inflation only slightly weaker than April's recent peak. Panellists largely attributed higher input costs to increases in fuel and oil prices due to the war in the Middle East.

Companies continued to face substantial delays to suppliers' delivery times, albeit with the rate of deterioration less pronounced than in the previous survey period. Stock shortages at suppliers were often mentioned by respondents.

AIB Ireland Construction PMI Total Activity Index

sa, >50 = growth since previous month



Sources: AIB, S&P Global PMI.

Data were collected 12-28 May 2026.

Comment

Commenting on the survey results, John Fahey, AIB Senior Economist, said:

"The AIB Irish Construction PMI survey for May indicates that the sector continued to face challenges. Having fallen into contraction territory, at 47.1 in April, the headline index rebounded to 50.2 in May, which points to a marginal expansion in activity levels. A renewed rise in new orders and a further solid rate of hiring supported growth in the sector.

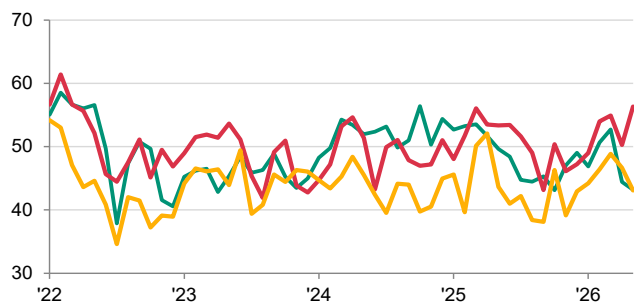
Commercial remained the best performing of the three sub-sectors. Activity in the sector increased for a fourth consecutive month, and at the fastest pace since March 2022. In contrast, housing activity declined for a second successive month, and at a sharper rate than in April. Similarly, civil engineering retained its position as the weakest performing of the three, with activity in the sector falling for a thirteenth month in-a-row.

Meanwhile, new orders returned to expansion territory in May, following a first monthly fall in five months in April. Higher new orders encouraged firms to expand staffing levels for a seventh month running, and at a solid pace in May. Furthermore, input buying also rose for a seventh straight month. However, supplier delivery times continued to lengthen, albeit at a slower rate than in April. At the same time, the war in the Middle East raised fuel and oil prices once again, which led to another sharp rise in firms' input costs. Indeed, input price inflation eased only slightly from the near 4-year high seen in April. Encouragingly, business expectations rebounded from April's 41-month low, although the degree of optimism remained relatively subdued."

Expectations of further improvements in new orders over the coming months supported optimism in the year-ahead outlook for construction activity. Some firms also suggested that an end to the war in the Middle East would help lead to an improvement in business conditions.

Companies remained confident on balance that output will increase over the next 12 months, with sentiment improving from the 41-month low seen in April. That said, the level of optimism remained relatively muted.

■ Housing Activity Index	43.2
■ Commercial Activity Index	56.4
■ Civil Engineering Activity Index	43.1
sa, >50 = growth since previous month	May '26



Sources: AIB, S&P Global PMI.

Survey methodology

The AIB 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.

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