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BNP Paribas Real Estate Ireland Construction PMI®

- **Total activity decreases despite strong growth in housing**
- **Cost inflation ticks higher**
- **Improved confidence supports job creation**

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.

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.

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

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



Latest Construction PMI Readings	Sep '24	Oct '24
Total Activity	49.0	49.4
Housing Activity	51.0	56.4
Commercial Activity	47.9	47.0
Input Costs	59.6	60.1

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.”

****Ends****

BNP Paribas Real Estate Ireland Construction PMI Total Activity Index

sa, >50 = growth since previous month



Sources: BNP Paribas Real Estate Ireland, S&P Global PMI.



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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.

Data were collected 10-30 October 2024.

Survey data were first collected June 2000.

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