

AIB Ireland Construction PMI®

Construction activity remains muted despite further rise in new orders

Key findings

Modest fall in construction activity

New order growth hits ten-month high

Employment and purchasing activity increase again

The latest AIB Ireland Construction PMI® data indicated that activity in the construction sector remained muted at the start of 2026, despite a solid and accelerated increase in new orders. Growth of new business encouraged companies to expand their employment, purchasing activity and use of sub-contractors. Meanwhile, business confidence strengthened to a one-year high. On the price front, input costs increased at a slightly faster pace than at the end of 2025.

The headline seasonally adjusted AIB Ireland Construction Total Activity Index registered 48.6 in January, up marginally from 48.4 in December but still below the 50.0 no-change mark. Total activity has now decreased in each of the past nine months, with output down modestly at the start of the year. Some firms reported that project start dates had been put back, limiting activity.

Commercial was the best-performing of the three monitored categories in January, posting only a slight reduction in activity that was the weakest in the current three-month sequence of contraction. Solid declines were meanwhile seen in housing and civil engineering.

The latest fall in total activity was recorded despite a solid and accelerated increase in new orders. New business expanded for the second month running, and at the fastest pace since March last year. Those firms that recorded a rise in new orders often linked this to improving demand.

Growth of new orders helped feed through to further increases in employment and purchasing activity. Staffing levels rose for the third consecutive month, with the rate of job creation remaining modest despite quickening from the previous survey period. Input buying also rose for the third month running.

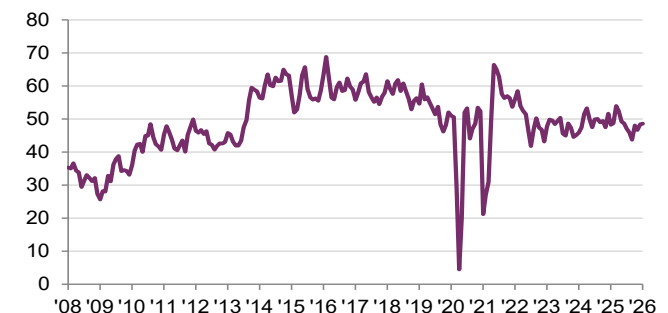
Constructors also upped their usage of sub-contractors in January, the second successive month in which this has been the case. In turn, sub-contractor availability decreased at the fastest pace since August last year and the rates they charged increased rapidly.

As well as seeing a sharp increase in sub-contractor charges, firms also posted a marked rise in input costs, and one that was faster than that seen in December. Copper was a key item mentioned as having risen in price over the month.

Suppliers' delivery times lengthened again in January, and to a broadly similar extent to that seen in the previous month.

AIB Ireland Construction PMI Total Activity Index

sa, >50 = growth since previous month



Sources: AIB, S&P Global PMI.

Data were collected 12-29 January 2026.

Comment

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

"The AIB Irish Construction PMI survey for January showed that activity levels in the sector remained subdued at the start of the year. The headline index printed below the key breakeven level of 50 for a ninth month in-a-row. However, the January reading of 48.6 was a marginal improvement compared to 48.4 in December, indicating a less severe pace of contraction as 2026 got underway.

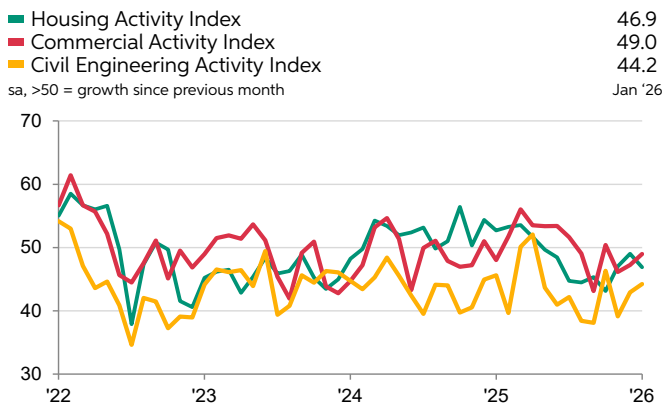
Looking at the sectoral breakdown in the survey, the weakness in activity remained broad-based in January, with all three sub-sectors registering contraction. The best performing of the three was the commercial sector. The pace of decline in this sector eased for a second consecutive month. Meanwhile, the residential sector extended its current period of contraction to nine months, with the pace of decline worsening compared to the previous month. Elsewhere, civil engineering remained the weakest of the three sub-sectors, albeit the rate of contraction eased slightly.

There was encouraging news in some of the other main components of the survey for January. The new orders index, which is regarded as a leading indicator, recorded expansion for the second successive month, with the pace of growth improving to its fastest rate since March of last year. There was also a further increase in staffing levels in the sector, with the current period of job creation extending to three months. In a further positive development, construction firms' degree of optimism regarding increasing activity levels over the coming 12 months improved for a second consecutive month and is now at its highest reading in a year."

Respondents noted delays waiting for materials to become available and a shortage of couriers.

Business confidence hit a one-year high at the start of 2026 as optimism strengthened for the second month running. More than 34% of respondents predicted a rise in construction activity over the coming year, while 10% were pessimistic.

Firms anticipate being busier over the course of 2026, with some noting that more tenders were becoming available.



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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