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BNP Paribas Real Estate Ireland Construction PMI®

- **Total activity unchanged in August**
- **Sixth successive increase in new business**
- **Employment down for first time in nine months**

The headline seasonally adjusted BNP Paribas Real Estate Ireland Construction Total Activity Index registered exactly at the 50.0 no-change mark in August, signalling stability of total activity midway through the third quarter of 2024. The reading was broadly in line with the figure of 49.9 posted in July.

Any growth in the sector during the month was generally found in the commercial category, where activity increased for the first time in three months. Meanwhile, housing activity was broadly stable following a five-month sequence of expansion.

New orders continued to rise in August, although the pace of expansion took a step back from the 29-month high seen in July. The granting of new contracts helped firms to record an increase in new business, extending the current sequence of growth which began in March.

Meanwhile, Irish construction firms registered a fall in employment, thereby ending an eight-month sequence of job creation. Moreover, the solid decline was the most pronounced in almost three-and-a-half years.

Input costs continued to rise sharply in August, and the rate of inflation remained above the series average despite easing to a three-month low. Panellists reported general material price increases, plus higher charges from sub-contractors.



Latest Construction PMI Readings	Jul '24	Aug '24
Total Activity	49.9	50.0
Housing Activity	53.2	49.8
Commercial Activity	49.9	51.1
Input Prices	62.0	61.3

Comment

Commenting on the latest survey results, John McCartney, Director & Head of Research at BNP Paribas Real Estate Ireland, said:

“Construction employment has been on an almost unbroken upward trend since Ireland’s economy re-opened after Covid. However, for only the second time in twenty months, hiring went into reverse in August. This triangulates data from the recent Labour Force Survey which indicated a fairly pronounced pull-back in construction employment.

Paradoxically, there does not appear to be any lack of demand for builders – wage growth in the sector has gone from -2.2 per cent per annum one year ago to 11.75 per cent currently, which suggests intensifying competition to recruit scarce workers. Likewise today’s PMI indicates that order books are expanding and the vast majority of building firms expect to be at least as busy this time next year. Therefore taking everything in the round, the data suggest that the sector may now be encountering labour constraints.”

****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 12-29 August 2024.

Survey data were first collected June 2000.

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Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.

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