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### BNP Paribas Real Estate Ireland Construction PMI®

- **Steep reduction in commercial activity**
- **Employment returns to growth**
- **Business confidence at seven-month high**

The headline seasonally adjusted BNP Paribas Real Estate Ireland Construction Total Activity Index remained below the 50.0 no-change mark in December, but increased to 45.1 from 44.5 in November to signal a softer pace of decline in the final month of the year. That said, the rate of contraction in total construction activity remained marked and extended the current sequence of reduction to six months.

Of the three types of construction covered by the report, the sharpest reduction was seen for commercial activity where the rate of contraction was sharp and faster than that seen in November. Activity on housing projects fell markedly, but to a lesser extent than in the previous survey period.

On a more positive note, employment returned to growth in December, after having fallen for the first time in 11 months during November. The hiring of additional staff in part reflected confidence in the outlook for 2024.

Business sentiment rose to a seven-month high amid some hopes that new projects will be secured in the new year. More than 34% of respondents predicted a rise in activity over the coming 12 months, against 15% that were pessimistic.

Higher charges by suppliers resulted in a further sharp increase in input costs during December, although the rate of inflation eased from that seen in November and was softer than the average for 2023 as a whole.



Latest Construction PMI Readings	Nov '23	Dec '23
Total Activity	44.5	45.1
Housing Activity	43.5	45.0
Commercial Activity	43.8	42.8
Employment	49.1	52.3

### Comment

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

*“The stand-out figure in December’s PMI was a continued plunge in commercial activity. Leaving aside Covid lockdowns and the decline seen last August, the latest reading was the weakest in over a decade. Commercial values have inevitably been impacted by higher interest rates, and this has been compounded by soft occupational demand in some sectors, particularly offices. At the same time, input costs have continued to rise, albeit at a declining pace. The net effect has been squeezed development margins, stemming the flow of new project starts. Residential activity slowed again, but at a softer pace than in November. However, commencements are up by almost 18% between January and November, suggesting a positive outlook for the sector. Consistent with this, employment rose for the 11<sup>th</sup> time in 12 months in December, and reported optimism reached its highest level since last May.”*

**\*\*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](mailto:economics@spglobal.com).

Data were collected 06-21 December 2023.

Survey data were first collected June 2000.

## About S&P Global

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