

AIB Ireland Construction PMI®

New orders decrease for first time in seven months

Key findings

Activity falls amid renewed reduction in new business

Employment continues to rise

Input costs up sharply again

Irish construction activity continued to fall during August as firms signalled a renewed reduction in new business. Output was down across the housing, commercial and civil engineering categories. Purchasing activity was also scaled back, but companies continued to increase employment, in part due to positive expectations for the future. Meanwhile, firms recorded a further sharp increase in input costs and an extension of suppliers' delivery times.

The headline seasonally adjusted AIB Ireland Construction Total Activity Index posted 45.9 in August, down from 47.1 in July and below the 50.0 no-change mark for the fourth month running to signal a sustained easing of total construction activity. Moreover, the latest fall was marked and the sharpest since January 2024.

For the first time in a year-and-a-half, all three categories of construction saw a drop in activity during August. Commercial activity decreased for the first time in seven months, albeit only slightly. Work on housing projects was down for the fourth month running, and at the fastest pace since November 2023, while civil engineering activity also fell at a sharper rate than in July.

Where total construction activity decreased, panellists linked this to a lack of tender opportunities and muted customer demand. In fact, new orders fell in August, ending a six-month sequence of growth. Panellists reported delays in decision making by customers amid a tightening of market conditions.

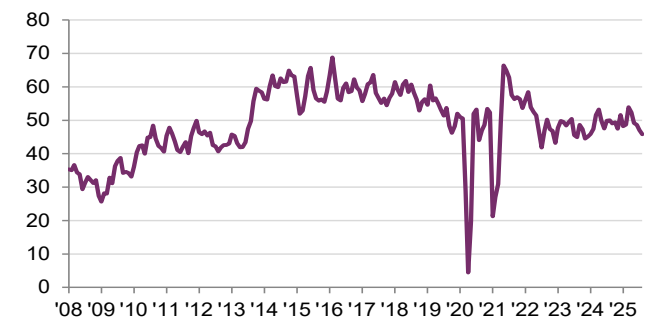
A reduction in new orders and cost pressures resulted in a second successive monthly fall in purchasing activity, albeit one that was only modest and weaker than seen in July.

Input costs increased sharply, with the rate of inflation remaining above the series average. Meanwhile, material shortages meant that suppliers' delivery times lengthened to the largest degree since February.

The usage of sub-contractors decreased for the second consecutive month, and at a solid pace that was the fastest since November 2023. Despite this, the availability of sub-contractors deteriorated markedly, while the rates they charged increased sharply again.

On a more positive note, construction firms continued to take on extra staff in August, extending the current sequence of job creation to six months. The modest increase in employment was broadly in line with that seen in the previous survey period. According to

AIB Ireland Construction PMI Total Activity Index
sa, >50 = growth since previous month



Sources: AIB, S&P Global PMI.
Data were collected 12-28 August 2025.

Comment

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

"The AIB Irish Construction PMI survey for August points to a further loss of momentum in the sector. The headline index was below the key breakeven level of 50 for the fourth successive month. Moreover, the August reading of 45.9 was lower than the 47.1 level recorded in July, indicating a faster pace of contraction in construction activity last month."

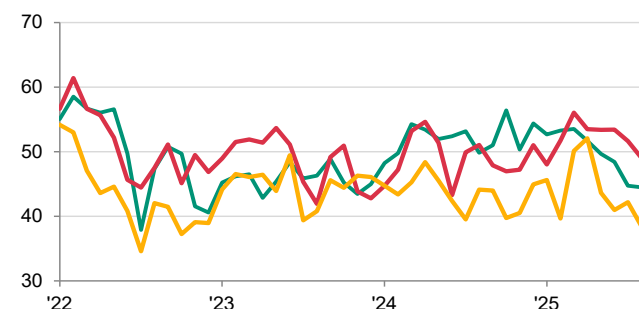
The sectoral breakdown of the August PMI suggests the downturn in activity levels is becoming more broad-based. Indeed, for the first time since February 2024, all three sub-sectors registered a decline in activity. The commercial sector ended a six-month period of expansion, falling back into contraction territory, albeit the pace of decline was relatively mild. Residential construction activity contracted for a fourth consecutive month and at a marginally faster rate compared to July. Meanwhile, civil engineering retained its position as the worst performing of the three sub-sectors. It registered a fourth straight month of contraction."

There was mixed news from some of the other key indices in the August report. The new orders component, which is regarded as a leading indicator, contracted for the first time since January. On a more positive note, construction firms continued to increase their staffing levels, lengthening the current period of jobs growth to six months. There were also some encouraging signs from the report's outlook gauge. Firms' level of optimism regarding increasing activity levels over the coming 12 months strengthened in August. An anticipated improvement in housing activity supported this uplift in business expectations."

respondents, higher staffing levels reflected the replacement of previously departed workers and preparation for new projects.

Companies remained optimistic that activity will increase over the coming year, with sentiment improving from July but remaining below the series average. Respondents expect new business to increase, feeding through to higher activity, but there were some concerns about a lack of tender opportunities.

Housing Activity Index	44.5
Commercial Activity Index	49.0
Civil Engineering Activity Index	38.4
sa, >50 = growth since previous month	Aug '25



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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