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BNP Paribas Real Estate Ireland Construction PMI®

- **Total construction activity down amid fall in commercial work**
- **Housing activity expands amid rising new orders**
- **Input cost inflation at 14-month high**

The headline seasonally adjusted BNP Paribas Real Estate Ireland Construction Total Activity Index remained below the 50.0 no-change mark in June, and fell to 47.5 from 49.8 in May. The reading signalled a second consecutive monthly reduction in total construction activity, and one that was solid.

Underlying data suggested that a renewed fall in commercial activity was a key factor behind the latest reduction in total activity. Work on commercial projects decreased sharply, ending a three-month sequence of growth. A rapid fall in civil engineering activity was also recorded in June.

More positively, housing activity continued to rise, with the expansion in June the third in as many months. The latest increase in residential activity was solid and slightly faster than that seen in May.

The reduction in total construction activity was recorded in spite of a further increase in new orders during June. The expansion of new business was the fourth in a row, albeit modest and softer than in May. Some firms indicated that they had received repeat orders from existing clients.

Alongside rising charges by suppliers, geopolitical issues were partly behind higher input prices. The rate of input cost inflation quickened to a 14-month high and was above the pre-pandemic average.



Latest Construction PMI Readings	May '24	Jun '24
Total Activity	49.8	47.5
Housing Activity	52.0	52.4
Commercial Activity	51.4	43.3
New Orders	52.9	51.8

Comment

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

“Commercial activity surged through the spring and early summer as builders pushed to get large office schemes in Dublin completed. But with campus-scale projects like Coopers Cross and Wilton Park now delivered, activity inevitably eased-back in June. Nonetheless, considerable office space remains under development and the commercial sector should remain relatively busy as this is run-out over the next 18-months.

The Government has been under pressure for some time to increase its home-building targets and its stated intention to revise these to around 50,000 units per annum has underpinned residential builders’ confidence. Activity rose strongly for the fourth successive month in June. As we flagged back in February, this may not result in increased housing completions within the current calendar year. However recent momentum, in conjunction with an upward trend in leading indicators such as commencements, new orders, employment and materials purchases all signal that the longer-term direction of travel remains positive.”

****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 12-27 June 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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