



Embargoed until 0101 GMT (0101 UTC) 12 February 2024

BNP Paribas Real Estate Ireland Construction PMI®

- **Softest reduction in housing activity since last September**
- **Solid increase in employment**
- **Cost inflation eases to three-month low**

The headline seasonally adjusted BNP Paribas Real Estate Ireland Construction Total Activity Index ticked up to 45.9 in January from 45.1 in December. Although signalling a seventh consecutive monthly fall in Irish construction activity, the index pointed to the softest contraction since last October.

The slowdown in the overall pace of decline was in large part reflective of a much weaker reduction in housing activity in January. Activity on residential projects decreased slightly, and to the least extent since last September. Commercial activity also fell at a softer pace.

Improvements in new business are expected in the months ahead, supporting optimism in the 12-month outlook for construction activity. Sentiment eased, however, and was weaker than the series average.

Expected improvements in workloads encouraged construction firms to take on additional staff in January. Employment increased for the second month in a row, and at a solid pace that was the fastest in almost a year.

Input costs continued to rise sharply in January, but the rate of inflation eased to a three-month low. Panellists reported general inflationary pressures, while there were also some indications of higher shipping costs.



Latest Construction PMI Readings	Dec '23	Jan '24
Total Activity	45.1	45.9
Housing Activity	45.0	48.2
Commercial Activity	42.8	44.7
Employment	52.3	53.5

Comment

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

“Construction activity continued to contract in January, but at a slower pace. This was particularly the case for residential which slowed much less than in December. The relative outperformance of residential reflects the strength of the new homes market where consumers benefit from substantial State subsidies and where average prices are rising by more than 10 per cent per annum. With the temporary waiver of development contributions due to expire in April, it will be interesting to see whether the strong momentum in residential commencements during 2023 will continue over the coming months, leading to resumed expansion in the housing PMI.

The commercial slowdown is as expected, and understandable in the context of oversupply in office markets particularly.”

****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 11-30 January 2024.

Survey data were first collected June 2000.

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