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BNP Paribas Real Estate Ireland Construction PMI®

- **Renewed increases in housing and commercial activity**
- **Rate of job creation at 13-month high**
- **Fastest rise in input costs since August 2023**

The headline seasonally adjusted BNP Paribas Real Estate Ireland Construction Total Activity Index moved back above the 50.0 no-change mark in March, posting 51.6 from 47.4 in February. The index therefore pointed to a first monthly increase in total construction activity since June 2023. Although modest, the rate of expansion was the most marked for almost two years.

Renewed expansions in activity were registered for both housing and commercial activity. The rise in work on residential projects was the first in a year-and-a-half and most pronounced since May 2022. Commercial activity also rose solidly, ending a four-month sequence of decline.

Survey respondents indicated that activity had risen on the back of increases in new orders, which also returned to growth during March following an eight-month sequence of reduction. The increase was modest, but the sharpest for a year.

Rising workloads encouraged construction firms to increase their staffing levels again in March, extending the current sequence of job creation to four months. Moreover, the latest rise was the strongest in just over a year. Companies often reported that they had taken on new staff on a full-time basis.

The rate of input cost inflation quickened to a seven-month high, with higher transportation and labour costs reportedly adding to general inflationary pressures.

PMI®

by **S&P Global**



Latest Construction PMI Readings	Feb '24	Mar '24
Total Activity	47.4	51.6
Housing Activity	49.8	54.3
Commercial Activity	47.2	53.2
Employment	52.5	53.9

Comment

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

“In many ways the return to growth in March is no surprise. Employment, a classic leading indicator of activity, has risen in all but four of the last 36 months. Moreover, when directly questioned about their future expectations, Ireland’s building firms have been getting progressively more optimistic since July 2022.

The March expansion was broadly based, but this conceals contrasting dynamics in the residential and commercial sectors. A surge in commencements has led to a pick-up in early-stage home-building activity. Our read is that housing delivery may struggle to reach the Government’s target in 2024. However, the March PMI supports our view that the longer-term trend is positive. In contrast, the expansion in commercial activity has been driven by a final push to finish office blocks that were started some years ago. When completed, these properties will add to already elevated vacancy, meaning that the only new starts for the foreseeable future are likely to be pre-let buildings. Vacancy rates in the logistics sector are much lower. Nonetheless the construction pipeline has slowed after record delivery in 2023, and rising interest rates and build costs have made developers more cautious about speculative warehouse development.”

****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 March 2024.

Survey data were first collected June 2000.

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