

AIB Ireland Construction PMI®

Further reduction in activity amid slower new order growth

Key findings

Weakest rise in new orders since February

Total activity down for third month running

Business confidence lowest since November 2022

The second half of 2025 began on a muted note for the Irish construction sector as total activity decreased again. While new orders continued to expand, the pace of growth eased to a five-month low amid some reports of customers delaying decision making amid economic uncertainty. Business confidence meanwhile dropped to the lowest since November 2022. Firms subsequently scaled back their purchasing activity, but continued to take on extra staff. The pace of input cost inflation remained marked and quickened from that seen in June.

The headline seasonally adjusted AIB Ireland Construction Total Activity Index remained below the 50.0 no-change mark for the third consecutive month in July. Moreover, at 47.1 the index was down from 48.6 in June and pointed to a solid reduction in total construction activity that was the most pronounced for a year-and-a-half. While new orders increased, panellists often mentioned that activity had fallen as work was put on hold amid delays in decision making.

The reduction in overall construction activity reflected declines in two of the three categories covered by the report. Marked reductions in both housing and civil engineering activity were recorded. The sole source of growth was the commercial sector, where activity increased for the sixth month running, but at a modest pace that was the weakest in this sequence.

Construction new orders increased for the sixth month in a row in July as panellists indicated that underlying demand improved. That said, the pace of growth was only slight and the weakest since February. Some respondents indicated that customers had delayed decision making, while others noted a competitive pricing environment.

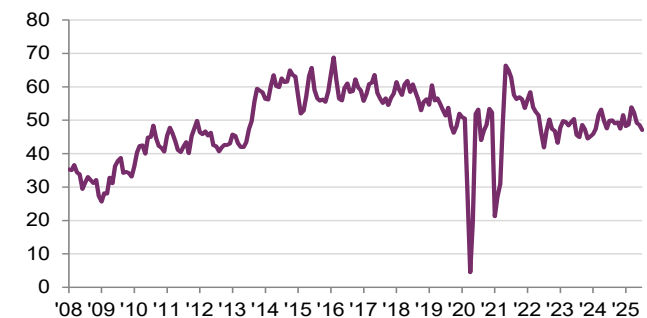
Alongside the fall in construction activity, companies were also less optimistic regarding the 12-month outlook. Confidence dropped to a 32-month low in July. While demand improvements and the expected awarding of new contracts supported optimism, there was uncertainty around US trade policy and conflicts around the world which dampened confidence.

Staffing levels rose for the fifth month running in July, but constructors scaled back their purchasing activity for the first time since January amid reduced activity requirements.

Where firms purchased inputs, they were faced with a sharp rise

AIB Ireland Construction PMI Total Activity Index

sa, >50 = growth since previous month



Sources: AIB, S&P Global PMI.

Data were collected 10-30 July 2025.

Comment

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

"The AIB Irish Construction PMI survey for July showed that the subdued performance evident over the May-June period has carried over into the start of the third quarter. The headline index was below the key breakeven level of 50 for the third month in-a-row. Indeed, the July reading of 47.1 was lower than the 48.6 level reported for June, implying a faster pace of contraction in construction activity as the third quarter got underway.

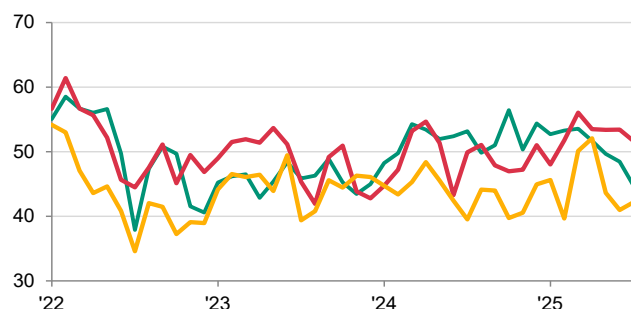
"Looking at the sectoral breakdown, commercial activity retained its position as the top performer and, was once again the only sector that recorded growth in the month. On the other hand, residential construction activity contracted for a third consecutive month. The pace of reduction accelerated compared to June. The worst performing of the three sectors continued to be civil engineering. It registered a third consecutive decline in activity levels, albeit the pace of contraction was marginally less severe compared to June.

"Assessing some of the other main aspects of the July report, the new orders component, which is viewed as being a leading indicator, expanded for the sixth month in-a-row, although the pace of growth was slower compared to June. Alongside the on-going expansion in new orders, construction firms continued to increase their staffing levels, lengthening the current period of growth to five months, with the pace of increase representing an improvement versus June. Construction sector firms maintained an optimistic outlook that activity levels would increase over the coming 12 months, although this level of sentiment was at its weakest since 2022."

in prices and longer lead times on deliveries. The rate of input cost inflation quickened from June and was faster than the series average. Meanwhile, the lengthening of suppliers' delivery times was the most pronounced in three months amid staff shortages at vendors and the need to wait for products to be made.

The usage of sub-contractors decreased for the first time in four months during July. Although the reduction was slight, it was the sharpest in almost a year. Meanwhile, sub-contractor availability decreased solidly again.

Housing Activity Index	44.7
Commercial Activity Index	51.6
Civil Engineering Activity Index	42.2
sa, >50 = growth since previous month	Jul '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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