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AIB Ireland Construction PMI®

New orders return to growth at end of 2025

Key findings

Employment and purchasing rise amid growth of new orders

Construction activity continues to fall, but at weaker pace

Business confidence at 11-month high

While construction activity in Ireland continued to decrease in December, other indicators from the latest AIB Ireland Construction PMI® painted a more upbeat picture of the sector at the end of 2025. New orders increased for the first time in five months, and companies expanded their employment, purchasing activity and usage of sub-contractors in response. Meanwhile, business confidence improved to the highest since January last year.

The headline seasonally adjusted AIB Ireland Construction Total Activity Index posted below the 50.0 no-change mark for the eighth month running in December, signalling a further reduction in total construction output as 2025 drew to a close. That said, the reading was up to 48.4 in December from 46.7 in November, and pointed to the slowest fall in activity since June 2025.

Activity was down in all three categories of construction covered by the survey, albeit with rates of reduction easing in each case. The slowest fall in activity was in residential, where the decline was the softest in seven months.

Some panellists reported that project start dates had been delayed, thereby leading to the drop in activity. On the other hand, some respondents had raised their activity in line with improving customer demand.

In fact, new orders returned to growth in December, increasing for the first time in five months as client demand picked up at the end of 2025.

Construction firms were also increasingly confident that activity will pick up over the coming year, with sentiment rising to an 11-month high in December. Increasing customer enquiries boosted confidence in the outlook for 2026.

The rise in new orders and optimistic outlook for the next 12 months encouraged construction firms to expand both their staffing levels and purchasing activity during December.

Both increased for the second consecutive month, albeit at modest rates. Meanwhile, firms posted a renewed rise in their usage of sub-contractors, the first in six months.

The expansion in usage of sub-contractors contributed to a further reduction in their availability.

Firms also faced further delays in securing purchased inputs, with suppliers' delivery times lengthening again in December. Panellists

AIB Ireland Construction PMI Total Activity Index

sa, >50 = growth since previous month



Sources: AIB, S&P Global PMI.

Data were collected 4-22 December 2025.

Comment

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

"The AIB Irish Construction PMI survey for December showed a further fall in building activity levels at the end of 2025. The headline index was below the key break-even level of 50 for an eighth consecutive month. However, the December reading of 48.4 represented an improvement compared to 46.7 in November, implying a less severe pace of contraction heading into the New Year.

"From a sectoral perspective, the survey indicated that the weakness in activity remained broad-based in December, albeit the pace of contraction eased across all three sub-sectors. In this context, the best performing of the three was the residential sector. Homebuilding activity declined for an eighth month in-a-row, although the pace of contraction was the mildest since May. Commercial activity contracted for a second successive month. Meanwhile, civil engineering remained the weakest of the three sub-sectors.

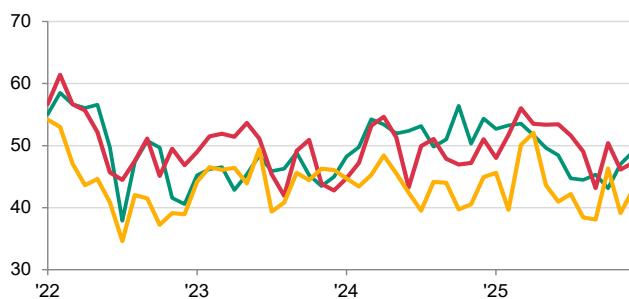
"Assessing some of the other main components, the December survey indicated some encouraging signs for the sector. The new orders index, which is viewed as a leading indicator, registered expansion for the first time in five months, with panellists noting improved demand and a scaling up of projects. Against this backdrop, there was an increase in employment levels in the sector for the second month running. Meanwhile, optimism amongst construction firms, on the prospect for increasing activity levels over the coming 12 months strengthened to its highest level in nearly a year."

reported stock shortages at suppliers and traffic delays.

As well as difficulties sourcing materials, constructors were also faced with a further sharp increase in input costs. Although softening from November's eight-month high, the pace of inflation was still above the average for 2025 as a whole. Among the items reported to be up in price were metals such as aluminium, copper and steel.

Sub-contractor rates also rose at the end of the year, although the pace of inflation eased to a six-month low.

■ Housing Activity Index	49.0
■ Commercial Activity Index	47.2
■ Civil Engineering Activity Index	42.9
sa, >50 = growth since previous month	Dec '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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