

AIB Ireland Construction PMI®

Construction activity rises amid stronger new order growth

Key findings

- First rise in total activity in three months
- Employment and purchasing activity expand
- Business confidence at 16-month low

The Irish construction sector ended the opening quarter of 2025 on a positive note. A sharper rise in new business helped lead to a renewed expansion of construction activity and increases in both employment and purchasing activity. That said, the pace of input cost inflation quickened again and was the fastest in almost two years. Meanwhile, concerns around a potential slowdown in the wider Irish economy and uncertainty regarding US trade policy led to a waning of business confidence.

The headline seasonally adjusted AIB Ireland Construction Total Activity Index moved back above the 50.0 no-change mark in March to signal a renewed expansion in activity at the end of the opening quarter of the year. At 53.9, the index was up from 48.7 in February, pointing to a first rise in three months and the strongest for three years.

Companies indicated that rising new orders amid improving customer demand had been behind the increase in activity.

The expansion in overall construction activity reflected growth across all three monitored categories in March. The strongest increase was in commercial activity, which rose sharply and to the largest extent since March 2022. Meanwhile, housing activity expanded for the seventh consecutive month, with the latest solid increase the fastest in the year-to-date. Civil engineering activity broadly stabilised following a sustained period of reduction.

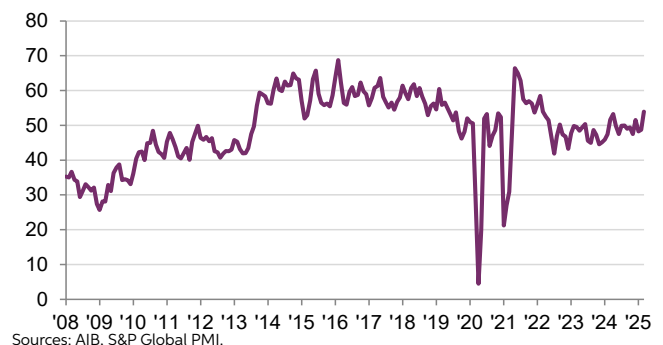
The securing of tenders and the start of projects which had previously been on hold helped lead to a second consecutive monthly rise in new orders in March. The rate of expansion was the fastest since July last year.

The start of new projects also led constructors to increase staffing levels in March, following a fall in February. The usage of sub-contractors decreased, however, ending a six-month sequence of growth.

Purchasing activity also rose, the second month running in which this has been the case. The rate of expansion was solid and the fastest since July 2024. Rising demand for inputs meant that suppliers' delivery times lengthened again in March, and to a solid degree.

Meanwhile, the rate of input cost inflation quickened for the second month running and was the steepest for almost two years.

AIB Ireland Construction PMI Total Activity Index
sa, >50 = growth since previous month



Comment

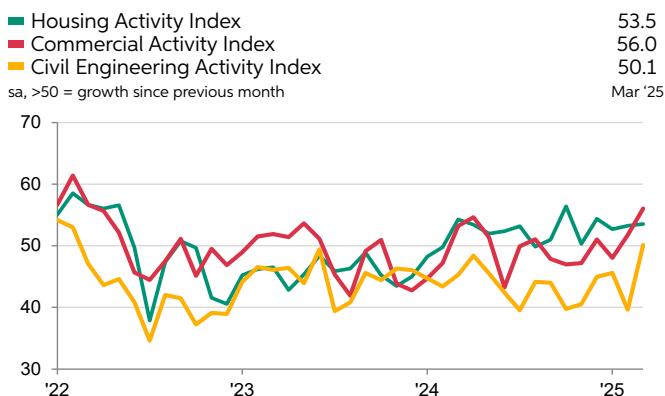
Commenting on the survey results, John Fahey, AIB Senior Economist, said:

"The AIB Irish Construction PMI survey for March indicated that the sector had some upward momentum at the end of the first quarter. The headline index rose to 53.9. This represented a significant improvement on the 48.7 reading registered in February. It is also the first time since December of last year that the index is back above the key 50 level, consistent with an expansion in activity."

From a sectoral perspective, the improvement in activity levels was relatively broad-based. Of the three sub-sectors, Commercial activity was the best performing, expanding at its fastest pace in three years. The residential sector recorded its seventh consecutive month of growth, and at a slightly quicker rate compared to February. Elsewhere, while civil engineering retained its position as the weakest of the three sectors, it stabilised in March, ending a three-year period of contraction."

There were also some promising signs emanating from the new orders index, which is considered a key leading indicator. Orders expanded for the fourth time in the past five months and at its sharpest pace since July 2024. Construction firms attributed the expansion in part to starting some projects which had previously been on hold. Meanwhile, the sector saw a return to jobs growth last month, as firms increased staffing levels in response to new business. Construction firms remained optimistic on the prospect of increasing activity levels over the coming 12 months. However, sentiment in this regard was at its lowest level since November 2023."

Despite the generally improving picture in March, business confidence continued to trend downwards, dropping for the third consecutive month to the lowest since November 2023. While success in securing new orders supported optimism, firms expressed concerns about a possible slowdown in the wider economy and uncertainty regarding US trade policy.



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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