

AIB Ireland Construction PMI®

Total activity dips for first time in three months

Key findings

Housing activity down for first time in nine months

New orders continue to rise, albeit at softer pace

Sustained job creation and growth of purchasing activity

Irish construction firms posted a reduction in their activity for the first time in three months during May amid market uncertainty and signs of demand easing. New order growth continued, but the rate of expansion softened to a three-month low. Meanwhile, companies continued to expand their staffing levels, purchasing activity and use of sub-contractors. On the price front, input costs increased at a similarly rapid pace to that seen during April.

The headline seasonally adjusted AIB Ireland Construction Total Activity Index dipped to 49.2 in May from 52.4 in April, posting below the 50.0 no-change mark for the first time in three months and signalling a slight reduction in total construction activity midway through the second quarter.

While some firms were able to increase activity in line with improving customer demand, elsewhere there were signs of softening market conditions and uncertainty, leading to the drop in overall activity.

A renewed decrease in housing activity was recorded in May, thereby ending an eight-month sequence of growth. The rate of decline was only marginal, however, and much softer than that seen for civil engineering which also posted a renewed fall in activity. More positively, commercial activity continued to rise, with the solid expansion broadly in line with that seen in April.

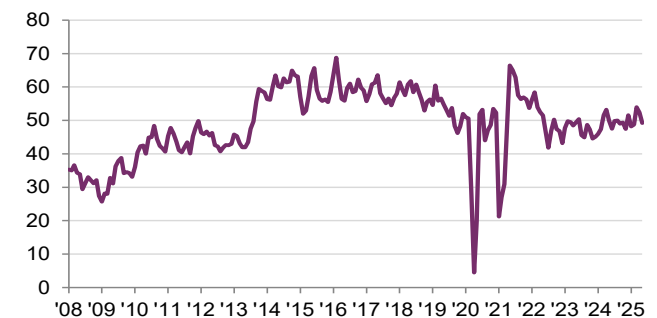
The reduction in construction activity in May was recorded despite continued growth of new orders, which increased for the fourth consecutive month. That said, uncertainty around US trade policy contributed to a softening in the pace of expansion to a three-month low.

The rise in new orders and impending start of new projects contributed to positive sentiment regarding the year-ahead outlook for construction activity and led to further increases in employment and purchasing activity.

Staffing levels rose for the third consecutive month. Although modest, the pace of job creation was the strongest since January. The rate of expansion in sub-contractor usage also quickened and was the most pronounced in 2025 so far. Meanwhile, sub-contractor availability decreased to the largest extent since June 2022.

Where construction companies bought materials, they were again faced with lengthening delivery times in May, which they sometimes

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



Sources: AIB, S&P Global PMI.
Data were collected 12-29 May 2025.

Comment

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

"The AIB Irish Construction PMI survey for May indicated a subdued performance for the sector last month. The headline index printed at 49.2, which suggests a modest contraction in activity levels for the sector. This compares to a reading of 52.4 in April and it is the first time since February that it has fallen below the key 50 level."

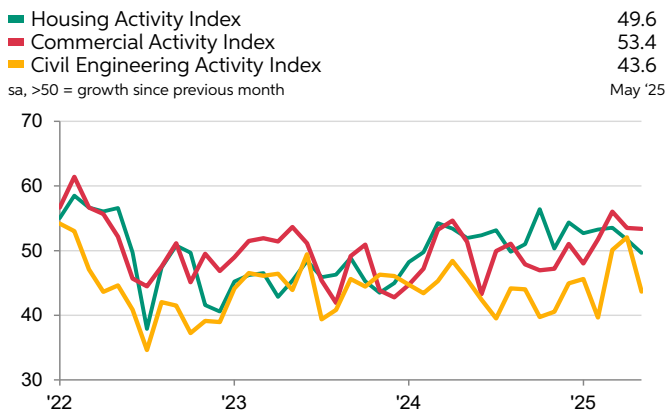
"From a sectoral perspective, Commercial activity was once again the best performing of the three sub-sectors. It registered growth for the fourth straight month in May and at a similar pace to April. In contrast, residential construction activity contracted, albeit marginally, for the first time in nine months. Meanwhile, civil engineering was the weakest of the three sub-sectors, with activity contracting for the first time in three months."

"There were some encouraging signs contained in other aspects of the May report. New orders, which are regarded as a leading indicator, expanded for the fourth month in-a-row, although the pace of growth was at a three-month low. The construction sector also continued to increase its staffing levels. Employment rose at its fastest pace since January as firms prepared for the start of work on new projects."

"Firms in the construction sector continued to hold an optimistic view that activity levels would increase over the coming 12 months. This outlook was underpinned by the prospect of new projects getting underway."

linked to staff shortages at suppliers. Lead times lengthened solidly, albeit to the least extent in eight months.

Meanwhile, input costs increased sharply again, with the pace of inflation little changed from that seen in the previous month, remaining above the series average. Sub-contractor rates also rose rapidly, with the pace unchanged from the one-year high posted in April.



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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