

AIB Ireland Construction PMI®

Construction sector downturn eases in October

Key findings

Total activity falls at much softer pace

New orders near stabilisation

Input cost inflation ticks higher

Although Irish construction activity continued to decrease in October, the rate of decline eased markedly from September amid a near-stabilisation of new orders. In fact, commercial activity returned to growth, outperforming the residential and civil engineering categories. With overall workloads continuing to ease, companies scaled back their employment and purchasing activity. Meanwhile, firms faced a sharp and accelerated increase in input costs.

The headline seasonally adjusted AIB Ireland Construction Total Activity Index remained below the 50.0 no-change mark in October, but rose markedly to 48.1 from 43.7 in September to signal a much weaker reduction in construction activity at the start of the final quarter. The latest fall was the softest since June. Nonetheless, output has now decreased in each of the past six months.

Panellists reported delayed decision making among customers amid sensitivity around costs.

Underlying data suggested that the overall reduction in construction activity reflected falls in both housing and civil engineering. Activity on residential projects decreased sharply, and at the fastest pace in two-and-a-half years. Bucking the wider trend, commercial activity increased for the first time in three months, albeit slightly.

There were signs of stabilisation in new orders in October. The latest decline was only marginal and the weakest in the current three-month sequence of contraction as some firms reported being busier. That said, customer caution and associated delays in decision making meant that new business continued to fall.

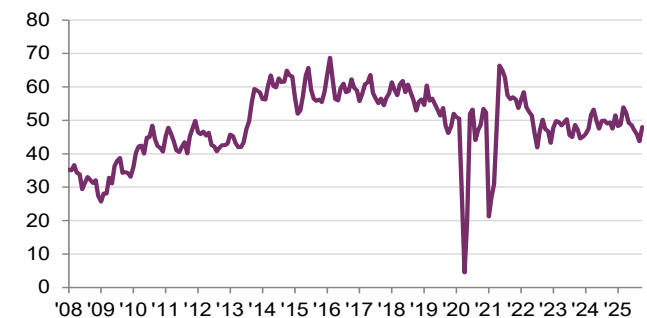
With workloads easing, companies again scaled back their staffing levels and purchasing activity. Firms posted the first back-to-back reductions in employment since the end of 2022, while input buying decreased for the fourth successive month.

Constructors also reduced their usage of sub-contractors for the fourth month running, but the pace of decline was only marginal and the weakest in this sequence. Sub-contractor availability, meanwhile, decreased at the softest pace for a year.

Input costs continued to rise sharply, with the pace of inflation ticking higher and coming in broadly in line with the series average. Panellists reported higher fuel and raw material costs. The rate of increase in sub-contractor rates also ticked higher at the start of the

AIB Ireland Construction PMI Total Activity Index

sa, >50 = growth since previous month



Sources: AIB, S&P Global PMI.

Data were collected 9-30 October 2025.

Comment

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

"The AIB Irish Construction PMI survey for October indicated a further contraction in building activity levels at the start of the fourth quarter. However, the pace of decline eased. The headline index printed at 48.1 in October, up from 43.7 in September. The index has now been below the key breakeven level of 50 for six consecutive months, although the October reading implies the mildest pace of decline in construction activity since June."

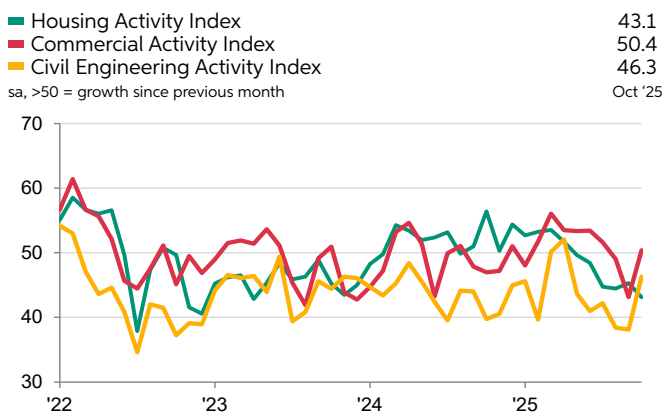
The sectoral breakdown showed a divergence in performance among the three sub-sectors. Commercial construction activity ended its two-month period of contraction, returning to growth, albeit marginally last month. Civil engineering continued to post declining activity levels, but at a less severe rate compared to September. In contrast, residential activity saw an acceleration in the pace of contraction, falling to its weakest level since June and extending its period of decline to six months."

There was mixed news from some of the other key sub-indices in the October report. Staffing levels decreased for the second month in-a-row against the backdrop of the on-going weakness in activity. However, the new orders component, which is regarded as a leading indicator, showed signs of stabilisation in October, improving from September, registering only a very modest fall. In a further positive development, there were encouraging signs from the report's outlook gauge. Firms' level of optimism regarding increasing activity levels over the coming 12 months strengthened in October, to its highest level since June."

final quarter of the year.

Higher fuel costs contributed to a deterioration in supplier performance, while firms also reported shipping delays. Lead times lengthened solidly, but to the least extent since May.

Expected improvements in new orders supported confidence in the year-ahead outlook for construction activity. Optimism ticked up to a four-month high, with 29% of respondents predicting an increase in output.



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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