

## AIB Ireland Construction PMI®

### Construction activity falls at fastest pace since end of 2022

#### Key findings

Sharper falls in total activity and new business

Staffing levels down for first time in seven months

Slowest rise in input costs since November 2024

The downturn in the Irish construction sector gathered pace at the end of the third quarter of 2025. Sharper reductions in activity and new orders were recorded, while employment decreased for the first time in seven months. Firms also scaled back their purchasing activity, while the rate of input cost inflation eased to the weakest since last November. Looking to the future, business sentiment ticked down and remained relatively muted.

The headline seasonally adjusted AIB Ireland Construction Total Activity Index dropped to 43.7 in September from 45.9 in August, below the 50.0 no-change mark for the fifth consecutive month and signalling a sharp monthly contraction in total activity. Moreover, the rate of decline was the fastest since December 2022.

In line with the picture for total construction activity, work on housing projects decreased for the fifth consecutive month during September. The latest fall was marked, albeit softer than that seen in August and the weakest of the three monitored categories. The sharpest reduction was in civil engineering activity, while commercial posted a much steeper decline than in August. In fact, the drop in commercial activity was the most pronounced since December 2023.

Anecdotal evidence pointed to a wider economic slowdown and delays in decision making by customers, while some reports suggested that the ability of firms to secure new orders was also impacted by a competitive pricing environment. New orders decreased for the second month running in September. Although modest, the pace of decline was the fastest in just over a year-and-a-half.

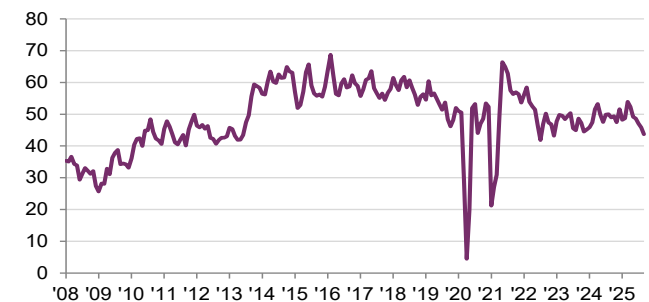
In line with the picture for new orders, employment decreased at the end of the third quarter. The slight fall in staffing levels ended a six-month sequence of job creation.

Purchasing activity was also scaled back, and at a solid pace. Despite the drop in demand for inputs, suppliers' delivery times continued to lengthen amid reports of staff shortages at vendors and issues importing items. That said, the latest decline in supplier performance was slightly less marked than in August.

Where firms did purchase inputs, they were faced with a further sharp increase in costs. The pace of inflation eased to a ten-month low, however. Rates charged by sub-contractors also rose sharply, but at the weakest pace in three months.

AIB Ireland Construction PMI Total Activity Index

sa, >50 = growth since previous month



Sources: AIB, S&P Global PMI.

Data were collected 11-29 September 2025.

#### Comment

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

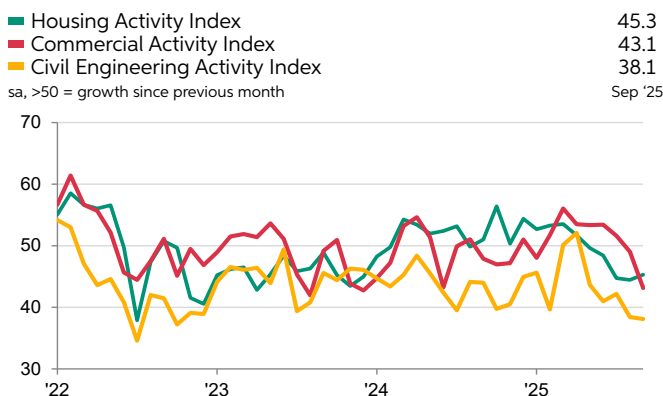
*"The AIB Irish Construction PMI survey for September indicates a weak end to the third quarter for building activity. The headline index fell to 43.7 in the month, from 45.9 in August, implying a faster pace of contraction in the sector. Indeed, the September reading is the lowest since December 2022. The index has now been below the key breakeven level of 50 for five consecutive months."*

*From a sectoral viewpoint, the weakness in activity remained broad-based, with all three sub-sectors recording a decline in activity, as was the case in August. Residential construction activity contracted for a fifth successive month, albeit at a marginally slower pace compared to the previous month. Meanwhile, the commercial sector remained in contraction territory for a second month running, with the pace of decline accelerating. Civil engineering continued to report the sharpest falls in activity, with the pace of contraction at its most pronounced since October 2022."*

*The new orders category, which is viewed as a leading indicator, also paints a weak backdrop for the sector. This component contracted for a second consecutive month, with the rate of decline worsening. Not surprisingly, against this backdrop of falling activity levels, there was a reduction in employment in the sector, ending a six-month period of jobs growth. However, despite this challenging operating environment, firms retained an optimistic view that activity levels will increase over the coming 12 months."*

Companies recorded a solid reduction in their usage of sub-contractors, with the pace of decline accelerating to the steepest since November 2023.

Although construction firms remained optimistic that activity would increase over the next 12 months, sentiment dipped slightly from August and was below the series average. Anecdotal evidence suggested that optimism was centred on hopes that new orders will improve over the coming year.



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](mailto:economics@spglobal.com).

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