News Release

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AIB Ireland Construction PMI®

Construction output falls for first time in four months

Key findings

Activity down amid renewed fall in new orders

Sharp increase in input costs

Employment and purchasing activity reduced

The latest AIB Ireland Construction PMI® survey signalled a renewed fall in construction activity at the start of the fourth quarter of 2026 amid lower output across each of the three types of construction monitored. The decline in activity was in response to a reduction in new orders, while companies lowered their employment, purchasing and usage of sub-contractors. Anecdotal evidence signalled that strong price pressures contributed to the decline in the sector during the month, with higher oil and fuel prices causing another steep rise in input costs.

The headline seasonally adjusted AIB Ireland Construction Total Activity Index dropped below the 50.0 no-change mark in October, posting 48.0 from 50.4 in September. The fall signalled by the index was the first in four months, but only modest overall. Panellists reported that projects were coming to completion with new work slow to get started.

Falling activity was seen across all three monitored categories amid renewed declines in the commercial and civil engineering segments, joining housing in contraction mode. The latest fall in residential activity was the third in as many months and sharpest since June. The decline in civil engineering was also the quickest in four months, while commercial activity fell only modestly and to the least extent of the three categories covered.

In line with the picture for construction activity, new orders also returned to contraction in October, although the rate of decline was only marginal. In some cases, respondents linked difficulties securing new work to price pressures.

Input costs increased rapidly in October, and the rate of inflation remained above the year-to-date average despite easing from September. Higher costs for oil and fuel were widely mentioned.

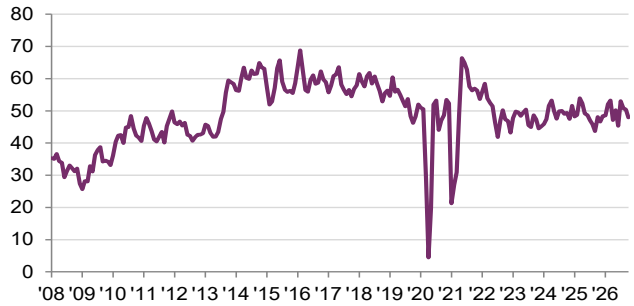
Higher input prices and falling new orders led construction firms to scale back their purchasing activity for the first time in three months. Input buying decreased at the fastest pace since August 2022.

Companies also faced lengthening suppliers' delivery times again in October, often reflecting low stock levels at vendors.

A lack of new orders to replace projects reaching completion resulted in a second successive monthly fall in employment, although the latest reduction was only slight. Sub-contractor usage also decreased, ending a 10-month sequence of expansion.

AIB Ireland Construction PMI Total Activity Index

sa, >50 = growth since previous month



Sources: AIB, S&P Global PMI.
Data were collected 12-29 October 2026.

Comment

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

"The AIB Irish Construction PMI survey for October showed that the sector started the fourth quarter on a weaker footing. The headline index fell back into contractionary territory, with a reading of 48.0 last month, compared with 50.4 in September.

The sectoral breakdown indicated that the loss of momentum was broad-based, with all three sub-sectors registering a contraction for the first time since June. After three months of expansion, commercial activity declined in October, albeit it was the best performing of the three sectors. Meanwhile, residential activity contracted for the third successive month, and at a quicker pace than in September. Elsewhere, civil engineering was the weakest of the sub-sectors. It experienced a notable reversal of fortunes last month, with activity contracting sharply following an increase in September.

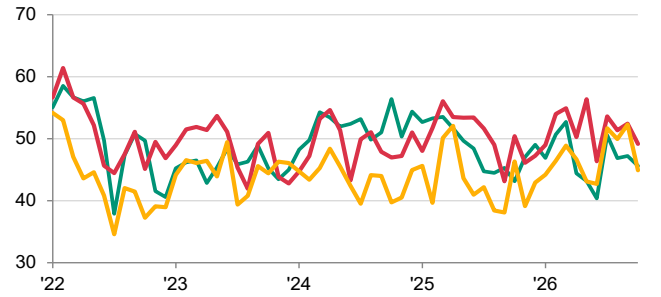
The subdued operating conditions experienced by the construction sector in October are further reflected in several of the survey's key underlying metrics. The new orders index, which is viewed as a leading indicator, fell for the first time since June, with respondents noting that price pressures acted as a disincentive. Indeed, the elevated inflationary backdrop was evident in another sharp rise in input costs for the sector. Meanwhile, construction firms reduced their staffing levels for a second consecutive month. Amid this challenging backdrop, sentiment within the sector regarding the prospect for increased activity levels over the coming year softened again, falling to its lowest level since April."

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Hopes for a revival in demand in the months ahead meant that construction firms remained optimistic overall that output will increase over the coming year. Sentiment waned from September to a six-month low, however, amid worries about the impact of price rises on customer demand.

Housing Activity Index	45.6
Commercial Activity Index	49.2
Civil Engineering Activity Index	44.9
sa, >50 = growth since previous month	Oct '26



Sources: AIB, S&P Global PMI.

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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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