

NEWS RELEASE
MARKET SENSITIVE INFORMATION
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HCOB Eurozone Construction PMI[®]

Softest fall in construction activity since February 2023

Key findings:

- New orders decrease at slowest rate in three years
- Strongest input price inflation since January 2024
- Firms remain pessimistic regarding 12-month outlook

Data were collected 09-30 April 2025.

The latest HCOB PMI[®] survey data indicates that the eurozone construction sector remained in decline at the start of the second quarter, although the rate of contraction softened compared to March. New orders fell at a softer yet still solid rate, contributing to further reductions in employment and purchasing. Price pressures picked up to a 15-month high, although they remained well below the long-run average. Suppliers' delivery times shortened for the second consecutive month. Companies were also pessimistic regarding the year-ahead outlook for activity, with the degree of negative sentiment worsening compared to the previous month.

The HCOB Eurozone Construction PMI Total Activity Index — a seasonally adjusted index tracking monthly changes in total industry activity — rose from 44.8 in March to 46.0 in April, signalling a solid reduction in total construction activity across the euro area. Activity has now fallen consistently for three years, though the latest decrease was the least pronounced since February 2023.

The slower decline largely reflected a softer reduction in Germany, while the contraction in France strengthened slightly. Meanwhile, activity in Italy broadly stalled over the month.

The latest contraction in construction output was broad-based across the three monitored segments covered by the report. Housing once again posted the sharpest decline, though the latest reduction was the softest in 26 months. Commercial and civil engineering activity also saw softer contractions over the month, though both remained solid overall.

The drop in construction activity reflected continued demand weakness in the sector. New orders decreased for the thirty-seventh consecutive month, but the pace of decline eased to the least pronounced in this sequence. A steeper fall was observed in France, while German firms experienced a much softer decline. Growth in Italy was only fractional, however.

As new business fell further, firms continued to scale back their employment during April. Staffing levels fell for the twenty-sixth month running, and at a stronger rate than in the previous month. The overall reduction in headcounts reflected trends in Germany and France, where the rates of job shedding accelerated from March. Construction employment in Italy, in contrast, increased at the quickest pace recorded in 2025 to date.

Purchasing activity decreased further, extending the current downturn to one month short of three years. The pace of contraction accelerated from March and remained sharp overall.

Along with declines in employment and purchasing, the usage of subcontractors contracted sharply, although the rate of decrease was the softest in just over two years. As a result, there was a slower improvement in their availability. Rates charged

by subcontractors rose for the fifth consecutive month, albeit only modestly.

A solid rate of input price inflation was signalled at the start of the second quarter. The pace of inflation quickened to a 15-month high, yet remained considerably softer than the long-run series average. Input price inflation in France and Germany gathered pace compared to March. Concurrently, Italian construction firms saw input prices rise at a softer, yet still marked rate. All three monitored economies attributed higher input costs to rising raw material prices.

Suppliers' delivery times shortened in the eurozone construction sector for the second consecutive month in April. A moderate improvement in vendor performance was reported in Germany, while average lead times in France remained unchanged from the previous month. Italian firms saw delivery times lengthen for the seventh month in a row, although the rate of deterioration was the least marked in the current sequence.

Despite early signs that the downturn in the sector was easing, construction companies in the euro area remained pessimistic regarding the year-ahead outlook for activity. French and German firms held negative outlooks during April, with the respective degrees of pessimism worsening compared to the previous month. Growth expectations in the Italian construction sector edged up to a seven-month high, meanwhile.

Comment

Commenting on the PMI data, Norman Liebke, Economist at Hamburg Commercial Bank, said:

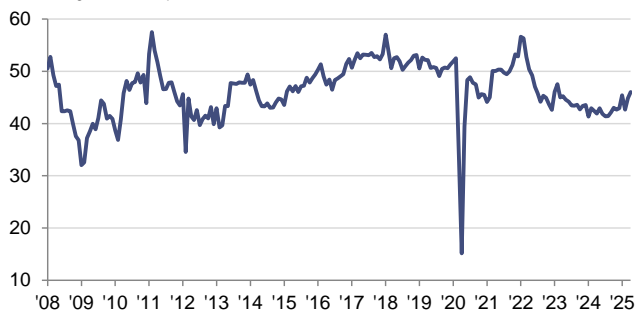
"The construction industry in the eurozone improved slightly in April. Although construction activity continued to contract in April, the pace of contraction slowed. Germany managed to push the HCOB Construction PMI Index up slightly, while France and Italy pulled it down. With current GDP growth figures of 0.4%, the construction industry is unlikely to have much to do, as it remains in recession according to the HCOB PMIs. HCOB Economics expects further interest rate cuts by the ECB in the coming months of this year, which would benefit the construction industry."

"Residential construction may catch up. Although all three sectors contracted in April, residential construction was able to close the gap with the other two sectors – civil engineering and commercial construction. Since the beginning of 2023, residential construction has performed significantly worse."

"The outlook remains bleak. Orders are falling rapidly and are well below the historical average. Business expectations have declined further, with no signs of improvement in the near future, particularly given the increased geopolitical uncertainties. In view of this difficult situation, construction companies continued to cut jobs in April."

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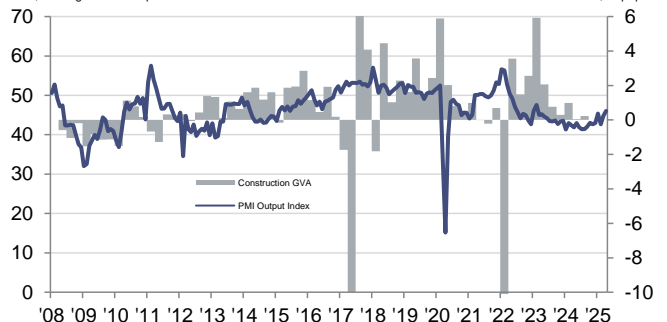
HCOB Eurozone Construction PMI Total Activity Index
sa, >50 = growth since previous month



Source: HCOB.

Construction PMI Total Activity Index

sa, >50 = growth since previous month



Sources: HCOB, S&P Global PMI, Eurostat via S&P Global Market Intelligence.

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Note to Editors

The HCOB Eurozone Construction PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 650 construction firms in Germany, France, Italy and Ireland. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data were first collected January 2000.

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, at the country level. 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. Eurozone level indices are calculated by weighting together the national indices. Weights are calculated from national construction value added.

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'.

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.

Hamburg Commercial Bank AG

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