

S&P Global Eurozone Construction PMI[®]

Surge in cost pressures triggers sharper deterioration in eurozone construction activity

March 2026

Substantial acceleration pushes cost inflation to 40-month high

Sharpest fall in new orders since last October

Business confidence turns negative

The end of the first quarter of 2026 signalled a stronger contraction in eurozone construction activity, according to the latest PMI[®] data from S&P Global.

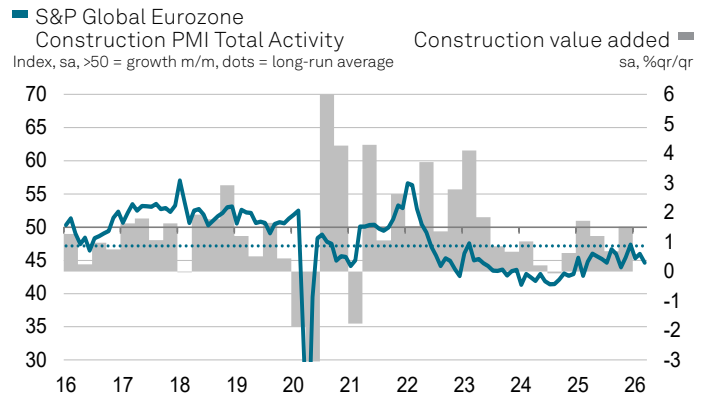
The rate of decline was the sharpest seen for five months and accompanied by the most pronounced reduction in new order intakes since last October. The reduction came amid rapid inflation in input prices during March, with the rate at the highest since November 2022. Firms often pointed to surging energy prices as a key factor behind the acceleration following the outbreak of war in the Middle East. The conflict also led firms to be pessimistic regarding the outlook for the coming year, sharply reversing the brief spell of positive sentiment seen in February.

The S&P Global Eurozone Construction PMI Total Activity Index — a seasonally adjusted index tracking monthly changes in total industry activity — posted 44.6 in March, falling from 46.0 in February. The latest figure signalled that activity continued to fall sharply, with the rate of contraction accelerating, and pointing to deteriorating conditions in each of the last 47 months.

The three largest eurozone economies all recorded declines in construction output during March. France registered the strongest decrease, the strongest in a year-and-a-half. Italian construction companies saw a renewed and solid decline, while construction activity in Germany bucked the wider trend to record a slower reduction.

By sector, the latest decrease in construction output was reflected across the three monitored sectors of the report. The commercial sector recorded the strongest overall drop in activity, followed closely by residential construction. Civil engineering activity also continued to fall solidly, though the rate of decline softened from that in February.

The continued curtailment of construction activity was primarily attributed to weak demand conditions, as evidenced by a marked drop in new orders. The downturn accelerated since the previous month, resulting in the steepest contraction for five months. All three monitored economies reported decreases in new sales led by a stronger decline in Germany, while Italian firms recorded a renewed fall in new



Data were collected 12-31 March 2026.

Sources: S&P Global PMI, Eurostat via S&P Global Market Intelligence. © 2026 S&P Global

Comment

Usamah Bhatti, Economist at S&P Global Market Intelligence, said:

"The construction sector in the eurozone fell deeper into contraction territory at the end of the third quarter, with all three monitored sectors continuing the declines seen in February. The downturn was also broad-based by nation as Italy posted a renewed decline. March data also revealed a surge in cost pressures, which weighed on both new work and activity. Input prices rose at the strongest rate since November 2022, with the war in the Middle East a strong factor behind a steep rise in energy prices.

"Having strengthened to a four-year high in February, the outlook for the eurozone construction sector weakened. Germany, France and Italy all registered negative sentiment in the latest period."

order inflows. The moderation in France slowed on the month during March, but was still historically marked.

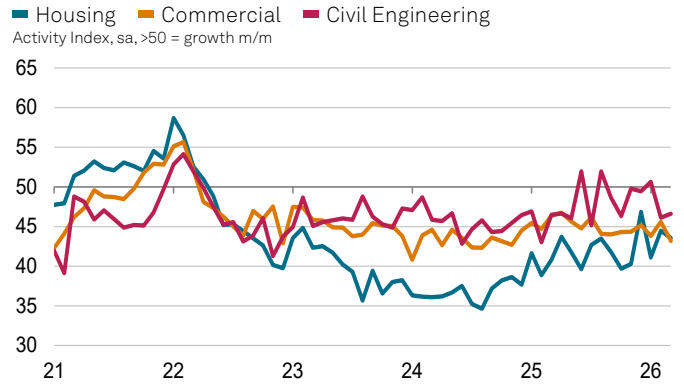
Weakness in the sector was further compounded by a rapid rise in input prices in March. The rate of cost inflation accelerated from that in February to reach the most prominent since November 2022, amid reports of material shortages, shipping delays and higher raw material and energy prices amid the conflict in the Middle East. All three countries monitored saw their respective rates of inflation quicken markedly, led by Germany.

Moreover, overall sentiment in the currency bloc turned negative once again, with pessimism regarding future activity the most negative in 2026 to date. All three monitored countries registered pessimism for the first time since August 2022, with German firms the most downbeat.

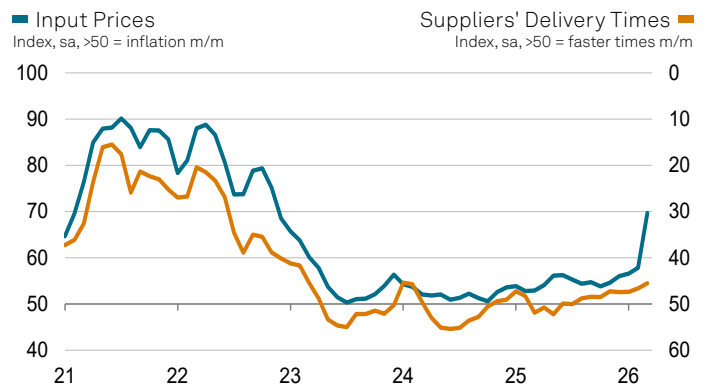
In response to muted demand and output projections, construction firms in the eurozone reduced their payroll numbers at the end of the first quarter. Job shedding was observed for the second successive month, and at the most pronounced rate in four months. French firms registered a sustained and stronger contraction in job numbers, while there was a modest reduction in Germany. Italy was the only country monitored to record a rise in employment.

Declining requirements impacted construction firms' purchasing practices. March saw a solid reduction in buying activity, though the rate of decline slowed slightly on the month. All three of the eurozone's largest economies experienced a decrease, with companies in France registering the most rapid rate of reduction. At the same time, all three monitored economies saw supplier performance worsen again, leading to the most pronounced lengthening of average lead times since January 2024.

Subcontractor usage fell again, though at a much slower pace than in February. In line with higher overall cost pressures, rates charged by subcontractors rose at the most pronounced rate since April 2023.



Source: S&P Global PMI. ©2026 S&P Global.



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Methodology

The S&P Global Eurozone Construction PMI® is compiled by S&P Global from responses to questionnaires sent to panels of construction companies in Germany, France, Italy and Ireland. The panels are stratified by company workforce size, based on contributions to GDP. Survey data for the eurozone are available from 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 construction 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 for construction are calculated by weighting together the country indices using national construction annual value added (source = Eurostat).

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.

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For further information on the PMI survey methodology, please contact economics@spglobal.com.

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