

NEWS RELEASE
MARKET SENSITIVE INFORMATION
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HCOB France Construction PMI®

Construction activity falls at slowest pace since January 2023

Key findings:

- Headline index rises sharply but remains below 50.0
- Civil engineering activity growth offset by sustained downturns elsewhere
- French constructors foresee further challenges in the year ahead

Data were collected 12-29 August 2025.

France's construction sector continued to deteriorate midway through the third quarter. Commercial and, in particular, residential building activity remained in contraction, offsetting a fresh rise in civil engineering work. That said, the overall rate of reduction in construction activity eased amid a softer decline in new orders. Cost-cutting remained a prominent theme, however, with employment and purchasing volumes decreasing markedly. Survey respondents also looked to the next 12 months with pessimism.

The headline **HCOB France Construction PMI® Total Activity Index** — remained in sub-50.0 contraction territory during August, indicating another monthly fall in the total volume of work carried out by firms in the construction industry. At 46.7, the headline index extended a run of continuous decline that began in mid-2022. However, the August figure was up sharply from July's ten-month low of 39.7, signalling a marked easing of the downturn.

Of the three broad categories of construction activity monitored by the survey, the latest data indicated further considerable weakness in the residential segment. Although the decline in home building was the softest since April 2023, it was still sharp and acted as the main drag on the wider construction sector.

Meanwhile, after falling in July at the steepest rate in over five years, August saw a noticeably slower reduction in commercial construction activity across France. On the other hand, civil engineering was an area of strength, with activity here rising for the second time in the past three months. Growth was only moderate, however, and more than offset by weakness in the other two categories.

Demand for construction projects across France worsened further in August. This extended the current period of falling new orders to almost three-and-a-half years. That said, the rate of decline did slow on the month and was its softest since April.

The 12-month outlook for construction activity remained bleak, with surveyed companies anticipating work levels to be lower in a year's time. Pessimists (29%) outweighed optimists (15%) almost two-to-one.

Cost-cutting measures were signalled by the sub-indices from the HCOB PMI survey. For instance, quantities of construction materials purchased decreased at a sharp rate, while there was a further (and slightly quicker) reduction in workforce capacity. In fact, the rate of job shedding posted in August was the most marked since May 2020.

Despite French constructors trimming buying activity, supplier delivery delays intensified in August. Average input lead times lengthened to the greatest extent in a year-and-a-half.

Meanwhile, the latest survey data indicated that operating expenses at French builders were higher than in July. Average costs have risen on a monthly basis since April. That said, the rate of inflation eased to a four-month low.

Comment

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

“The French construction sector moved towards stabilisation in August, with the overall activity index rising by seven points to its highest level since January 2023. Although activity continued to contract, the pace of decline eased notably, driven in part by slower reductions in both housing and commercial construction. Civil engineering stood out, registering growth and marked its third expansion this year following January and June.”

“A softer fall in new orders supported the improvement in the Total Activity Index, which signalled a significantly slower rate of decline compared to July. This suggests a potential shift in demand dynamics, though it remains to be seen whether the trend is sustainable or merely temporary. The moderation in the order book contraction could provide some relief to constructors, but underlying uncertainty persists.”

“Labour market conditions remained weak, with employment continuing to fall. This reflects ongoing caution among firms, who remain unconvinced about the durability of recent improvements. Future expectations also stayed subdued, with pessimism still dominating sentiment across the sector, indicating that confidence has yet to recover meaningfully.”

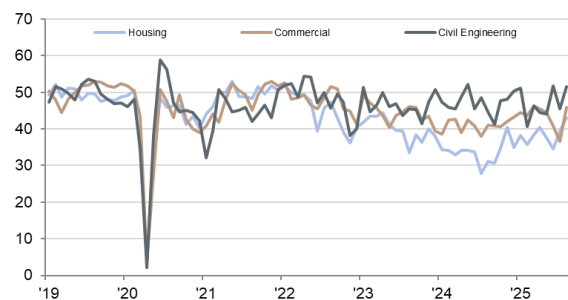
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HCOB France Construction PMI Total Activity Index
sa, >50 = growth since previous month



Sources: HCOB, S&P Global PMI.

Construction PMI Total Activity Index by sector
sa, >50 = growth since previous month



Sources: HCOB, S&P Global PMI.

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Note to Editors

The HCOB France 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 data were first collected September 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. 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.

Hamburg Commercial Bank AG

Hamburg Commercial Bank (HCOB) is a private commercial bank and specialist financier headquartered in Hamburg, Germany. The bank offers its clients a high level of structuring expertise in the financing of commercial real estate projects with a focus on Germany as well as neighboring European countries. It also has a strong market position in international shipping. The bank is one of the pioneers in European-wide project financing for renewable energies and is also involved in the expansion of digital and other areas of important infrastructure. HCOB offers individual financing solutions for international corporate clients as well as a focused corporate client business in Germany. The bank's portfolio is completed by digital products and services facilitating reliable, timely domestic and international payment transactions as well as for trade finance.

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