

NEWS RELEASE
MARKET SENSITIVE INFORMATION
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HCOB Germany Construction PMI®

German construction activity posts renewed contraction in January

Key findings:

Solid drop in activity after first growth in almost four years in December

Civil engineering segment remains in expansion

Employment continues rising as expectations turn positive

Data were collected 12-29 January 2026.

The German construction sector suffered a setback at the start of 2026, seeing total industry activity return to contraction after rising for the first time in almost four years in December, the latest HCOB PMI® survey data showed. Sustained growth in the civil engineering segment was offset by accelerated downturns in both housing and commercial activity.

Nevertheless, business confidence improved across the construction sector, with expectations turning positive for the first time since last May. The latest survey results also showed a third straight monthly increase in workforce numbers at building companies.

On the supply side, vendor delivery times lengthened for the fourth month in row, while there was a slight uptick in the rate of input price inflation.

The **HCOB Germany Construction PMI Total Activity Index** – a seasonally adjusted index tracking month-on-month changes in total industry activity – retreated from 50.3 in December, which was the first time the index has registered above the 50 no-change mark since March 2022, to 44.7 in January. The latest reading signalled a solid rate of decline that was the quickest for three months and broadly in line with the average for 2025.

The renewed decline in total industry activity at the start of the new year reflected accelerated downturns in the housing and commercial segments. The former posted the faster rate of contraction, after it had come close to stabilising in December. By contrast, there was a sustained upturn in civil engineering activity, which has now risen in six of the past eight months. The rate of growth remained robust but ticked down slightly from December's near 15-year high.

German constructors recorded a further decrease in new orders in January, attributing this in part to a lack of demand for housing and commercial projects and from local government. After having eased to the weakest in almost four years in December, the rate of decline in new orders reaccelerated slightly.

Despite the ongoing challenges securing new business, German constructors reported greater confidence towards the outlook. Expectations reached the highest since February 2020, and for only the second time in four years, firms predicting an increase in activity over the next 12 months outnumbered those anticipating a decline.

Building companies took on additional staff for the third month running in January. Although the pace of job creation remained modest, it was nevertheless the quickest seen since March 2022.

Whilst there were further cutbacks to purchasing activity in January, the overall rate of decline in buying levels was the slowest seen for over three-and-a-half years. At the same time, there were signs of pressures building on supply chains, despite the drop in demand for inputs across the German building sector. Delivery times on purchases not only lengthened for a fourth straight month, but the extent of the deterioration in vendor performance was the most marked since February 2023.

Lastly, January data showed input cost inflation reach a four-month high, alongside a further marked increase in rates charged by subcontractors.

Comment

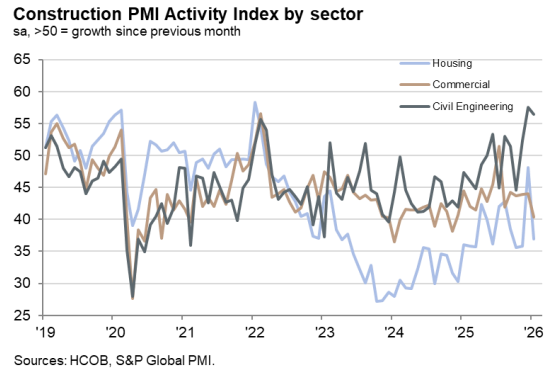
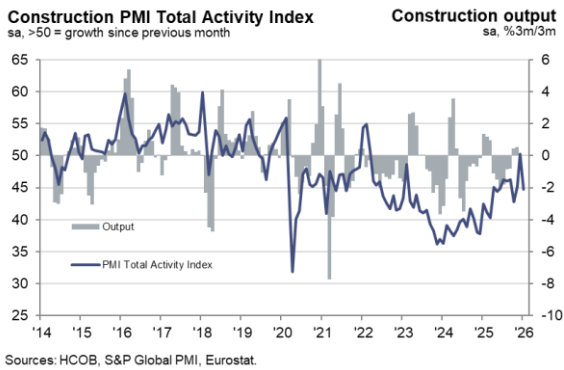
Commenting on the PMI data, Dr. Cyrus de la Rubia, Chief Economist at Hamburg Commercial Bank, said:

“This is a very rocky start to the new year for the residential and commercial construction sectors. Residential construction has experienced a veritable crash in January after the situation appeared to have stabilised in December. Commercial construction also saw an accelerated, albeit somewhat less dramatic, decline. As a result, activity in the construction sector as a whole declined significantly and would have been even worse if the strong growth in the civil engineering sector had not continued. The unusual chilly weather could perhaps be blamed for it, but overall the survey results are not encouraging.

“The sharp rise in natural gas and oil prices in January is likely to have contributed to higher construction costs during the month and to another sharp rise in subcontractor prices. As the higher natural gas and oil prices are likely to be largely attributable to the cold weather conditions, the pressure on the cost side should normalize again in the coming months. However, attention must also be paid to industrial metals, which have also risen relatively sharply recently.

“Growth in civil engineering, which primarily benefits from government contracts for infrastructure projects, is becoming entrenched. For the third month in a row, an expansion in activity can be observed here. As demand for labour will remain high on this side – employment in the construction sector has risen again – it is unlikely to become any easier for building construction to reduce construction costs. This makes a recovery in residential and commercial construction more difficult.”

-Ends-



Contact

Hamburg Commercial Bank AG

Dr. Cyrus de la Rubia
Chief Economist
T: + 49-160-9018-0792
cyrus.delarubia@hcob-bank.com

Katrin Steinbacher
Head of Press Office
Senior Vice President
T: +49-40-3333-11130
katrin.steinbacher@hcob-bank.com

S&P Global Market Intelligence

Phil Smith
Economics Associate Director
T: +44-149-146-1009
phil.smith@spglobal.com

Hannah Brook
EMEA Communications Manager
T: +44-7483-439-812
hannah.brook@spglobal.com
press.mi@spglobal.com

Note to Editors

The HCOB Germany 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 1999.

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

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