

NEWS RELEASE  
MARKET SENSITIVE INFORMATION  
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# HCOB Italy Construction PMI<sup>®</sup>

## Italian construction orders fall at strongest rate in five months in January

### Key findings:

- Moderate reductions in activity and new orders signalled
- Input buying scaled back, but jobs growth hits seven-month high
- Cost pressures pick up and confidence in outlook dims

Data were collected 12-30 January 2026.

The trend of decline seen across the Italian building sector towards the end of 2025 was carried through to the new year. January data signalled slightly faster reductions in activity, new orders and purchasing activity. In all three cases, the contractions were the strongest since August last year and moderate overall.

On the price front, although cost burdens picked up slightly, the rate of inflation was below the average trend. Looking ahead, the 12-month outlook was less upbeat despite accelerated hiring activity.

Down from 47.9 in December, the headline **HCOB Italy Construction PMI<sup>®</sup> Total Activity Index** — which measures month-on-month changes in total industry activity — ticked lower to 47.7 in January.

Reflective of subdued volumes of incoming new work, the fall in construction output across Italy was the third in as many months. Some panellists also noted that poor weather conditions limited their ability to work on site.

A deeper, and substantial fall in housing construction activity had weighed on the headline reading. This sub-sector was therefore the worst performing for a third month in a row. Commercial building activity declined again but only marginally, while civil engineering was the only sector to record an uptick.

Order book volumes at Italian construction companies decreased again at the start of the year. The fall was moderate and the second-strongest in over a year, behind August 2025. Demand for building work had been damped by heightened levels of uncertainty, anecdotal evidence revealed.

Cutbacks to input purchasing volumes continued into the new year as demand for materials fell in line with lower order numbers. Nevertheless, latest data pointed to a slight increase in cost pressures faced by Italian constructors. Greater raw material prices and energy costs were reported in the qualitative part of the survey, as well as the impact of the Carbon Border Adjustment Mechanism (CBAM). The rate of inflation, albeit sharp, was below the average trend, however.

Where inputs were purchased, delivery times were said to have increased again in January. Instances of delays were only slight, however.

On the jobs front, net employment across the construction sector increased for the seventeenth month in a row in January. Despite weaker sales performances, the rate of job creation was its strongest since June last year, as firms showed a preference for permanent staff over subcontractors.

With stronger pipelines of work expected to come in, on balance Italian construction companies expect activity levels to rise over the next 12 months. Only 25% of firms expressed optimism, compared to the 20% that were pessimistic, however, as the upcoming deadline of the National Recovery and Resilience Plan (PNRR) had created uncertainty across the sector.

### Comment

Commenting on the PMI data, Nils Müller, Junior Economist at Hamburg Commercial Bank, said:

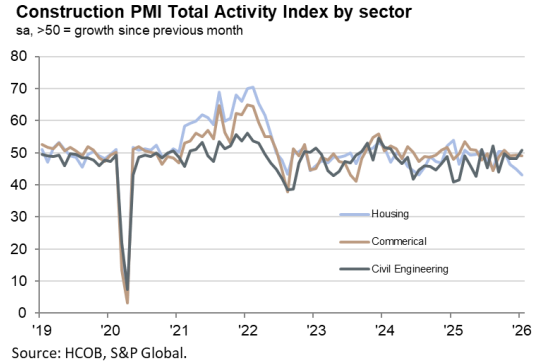
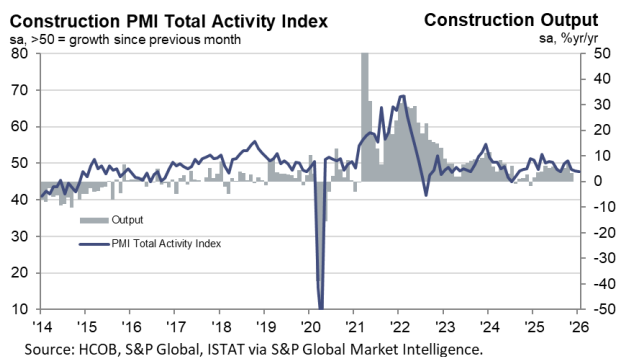
*“Italy’s construction sector entered 2026 much as it concluded 2025, remaining firmly in negative territory. The HCOB Italy Construction PMI slipped to 47.7 in January from 47.9 in the previous month, marking a third consecutive month of contraction. Although the decline was only marginal, it reflects mounting pressure on activity, new business and purchasing volumes. Poor weather conditions limited firms’ ability to work on site and added to the fall in activity, while panellists noted that heightened uncertainty continued to cool client appetite for new work.*

*“A substantial drop in residential construction again weighed on the headline figure. Housing activity posted one of its sharpest declines since 2020 and remained the worst performing sub-sector by a wide margin. Commercial construction also contracted, albeit modestly and broadly in line with recent months. Civil engineering was the lone bright spot in January, recording its first increase in five months, though the uplift was only slight and insufficient to offset broader sectoral weakness.*

*“Despite muted sales pipelines and reduced purchasing activity, employment trends remained surprisingly resilient. Hiring accelerated to a seven-month high, as firms continued to prioritise permanent staff to support workloads and prepare for expected inflows of work later in the year. Input costs rose at the quickest pace in eight months, driven by higher raw material and energy prices and the impact of the Carbon Border Adjustment Mechanism, though inflation remained below the long-run average.*

*“Confidence in the year-ahead outlook stayed positive but slipped further below the historical norm. The upcoming National Recovery and Resilience Plan deadline was widely cited as a source of uncertainty, tempering expectations even as interest from clients and demand for quotes offered some cautious grounds for optimism.”*

-Ends-



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## Note to Editors

The HCOB Italy Construction PMI® is compiled by S&P Global from responses to questionnaires sent to a panel of over 200 construction companies. The panel is stratified by company workforce size, based on contributions to GDP. Survey data were first collected July 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](mailto:economics@spglobal.com).

## Hamburg Commercial Bank AG

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