

NEWS RELEASE

MARKET SENSITIVE INFORMATION

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HCOB France Construction PMI®

Construction sector kicks off 2026 with another sharp drop in activity

Key findings:

French construction sector mired in protracted downturn

Sharp falls in activity and new orders

Year-ahead expectations remain downbeat

Data were collected 12-30 January 2026.

The latest HCOB PMI® survey signalled yet another steep contraction in total construction activity across France. Surveyed businesses reported a considerable deterioration in demand for new projects, resulting in further cutbacks to material purchases and employment. Expectations for the next 12 months were pessimistic, with firms predicting activity levels to decline further.

The headline HCOB France Construction PMI Total Activity Index — a single measure that tracks changes in total industry activity compared with the previous month — posted 43.5 in January. This was broadly unchanged from readings in both December (43.4) and November (43.6) of last year, remaining well below the neutral threshold of 50.0 and thereby indicating yet another steep contraction in construction sector activity during the opening month of 2026.

Each of the three types of construction work monitored by the survey saw a reduction in January. Accelerated falls were registered for both housing and commercial building activity. In fact, the commercial sub-sector posted the steepest contraction, closely followed by residential. Meanwhile, for a fifth successive month, work carried out on civil engineering projects decreased, although the latest reduction was considerably softer than that seen at the end of last year.

As has been the case since April 2022, January saw French constructors record a drop in the volume of new work received when compared to the previous month. The extent to which new order intakes declined was sharp, despite easing from December.

Amid this sustained downward trend in new project inflows, French construction companies remained pessimistic towards activity prospects over the next 12 months. Nearly one third (32%) of panellists anticipate activity to be lower in a year's time, compared to just 13% predicting growth.

Weak demand conditions drove French constructors to purchase fewer materials in January. The reduction was solid, albeit the softest since May 2024. January meanwhile saw subcontractor usage fall at a markedly quicker pace than in December.

Although construction suppliers faced softer demand pressures, their delivery times lengthened again in January. This marked the eighth month in succession that delays have been reported. However, the extent to which vendor performance deteriorated was moderate and the softest since last July.

French constructors reduced employment at their sites in January. The rate at which jobs were lost slowed for a second month in a row, however, bringing it down to a pace that was only marginal overall.

Finally, as for firms' operating costs, January survey data signalled a further increase. The rate of input price inflation was well above the average for 2025, but below that seen since the survey began over 25 years ago.

Comment

Commenting on the PMI data, Jonas Feldhusen, Junior Economist at Hamburg Commercial Bank, said:

"The crisis in the French construction sector is likely to continue in 2026. The HCOB Construction PMI still provides no indication of an imminent turnaround, staying well below the 50-point growth threshold and the long-term average of the series. There may, however, be some monetary policy support in the coming months. If the weakness of the US dollar intensifies, it could imply softer economic and inflation prospects for the eurozone, potentially creating additional room for interest rate cuts.

"Weakness remains evident across all monitored segments — residential, commercial, and civil engineering. Hopes of a tentative improvement in the residential sector were dashed by the January data. The Civil Engineering Activity Index showed a modest recovery after the sharp decline seen in the previous month, and the agreement on the French national budget may provide some additional stability for the sector.

"The outlook nevertheless remains uncertain. Although job losses have slowed over the past two months, order books continue to look fragile, weighing on business sentiment. Companies remain predominantly pessimistic, with only 13% of surveyed construction firms expecting an expansion over the next twelve months."

-Ends-

HCOB France Construction PMI Total Activity Index

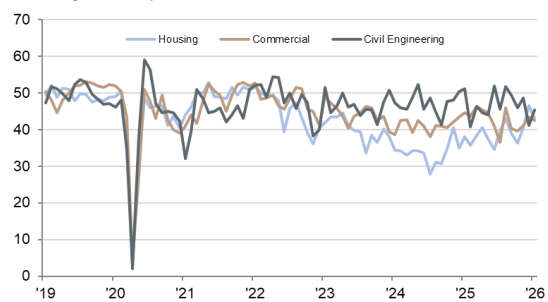
sa, >50 = growth since previous month



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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