NEWS RELEASE
MARKET SENSITIVE INFORMATION
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HCOB Eurozone Construction PMI®

Downturn in construction activity worsens in September

Key findings:

Steeper fall in activity amid sharp fall in new orders

Employment levels reduced at softest rate in six months

Business confidence drops to lowest since January

Data were collected 11-30 September 2025.

Eurozone construction activity remained in contraction at the end of the third quarter of 2024, according to the latest HCOB PMI® survey data, with the magnitude of the downturn accelerating on the month. Both total activity and new order inflows declined in September, and contributed to a further scaling back of both employment and purchasing. That said, the rate of job shedding eased to the softest since March. Cost burdens continued to rise solidly, though the rate of input cost inflation was below the long-run series average. That said, eurozone construction companies signalled that pessimism regarding the outlook for activity over the coming had worsened, with the degree of negative sentiment the most marked since January.

The HCOB Eurozone Construction PMI Total Activity Index — a seasonally adjusted index tracking monthly changes in total industry activity — fell from 46.7 in August to 46.0 in September, indicating a solid and stronger contraction in activity across the euro area construction sector.

Negative output trends reflected a steeper reduction in France and a further solid decrease in Germany. Italian firms meanwhile saw only a fractional fall in the latest survey month.

Lower output was also broad-based in nature across the three monitored sectors covered by the report. Housing activity was the worst-performing segment, with the rate of reduction the most pronounced in three months. The fall in commercial activity was the strongest since November 2024, while civil engineering activity declined only modestly having previously risen in June and August.

Eurozone construction firms continued to face subdued demand during September. The overall rate of decline in new orders was sharp, despite easing slightly since August. French companies saw the sharpest drop in new order intakes in the latest survey period, while the downturn in Germany was also marked. In contrast, Italian companies recorded a rise in new orders for the first time in three months.

With demand conditions in the bloc subdued, construction firms continued to cut their workforces during September. Notably, the rate of job shedding was the least marked for six months. Reductions in staffing levels in Germany quickened slightly from that in August, but French firms recorded the softest fall in job numbers since May. Italian companies registered job creation for the thirteenth month in a row.

Alongside lower employment, subcontractor usage fell steeply in September, contributing to a solid rise in their availability. At the same time, subcontractors raised their rates charged at a stronger rate amid rising cost burdens.

In fact, input price inflation faced by companies across the eurozone construction sector picked up from that seen a month prior.

The increase was led by the steepest rise in operating expenses for three months in Germany. French and Italian companies saw their respective rates of inflation soften on the month to broadly similar, modest rates.

Construction firms in the eurozone reported a steeper deterioration in supplier performance at the end of the third quarter, and one that was the strongest since February. France and Italy recorded longer delivery times, led by a solid lengthening in the former. Firms in Germany meanwhile reported the softest shortening of lead times for seven months.

At the same time, purchasing activity fell once again, though the rate of depletion was the least marked since June. While the contraction in France remained robust, German constructors saw a considerably softer reduction. This contrasted with a renewed rise in purchasing in Italy.

Construction companies in the euro area maintained a pessimistic outlook for business activity over the coming year in September, the fourth instance of negative sentiment in a row. The overall degree of pessimism was the strongest in eight months, amid the greatest degree of negative sentiment in France since November 2024. Confidence in Germany was also downbeat, while Italian companies recorded the softest degree of optimism in just over a year.

Comment

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

"The downturn in eurozone construction activity deepened in September, marking a more pronounced end to the third quarter. The headline PMI fell to 46.0, down from 46.7 in August, signalling a solid and accelerating contraction across the sector. Weak demand conditions continued to weigh on output, with housing and commercial segments particularly hard hit. Civil engineering fared slightly better, though still recorded a modest decline.

"New orders dropped sharply again, reflecting ongoing hesitancy among clients amid economic uncertainty. France and Germany saw the steepest declines, while Italy stood out with a marginal increase in order volumes – the first in three months. Employment trends remained negative overall, but the pace of job shedding eased to the softest in half-a-year. Italian firms continued to buck the trend, registering job creation for the thirteenth consecutive month.

"Cost pressures persisted, with input price inflation picking up slightly, led by Germany. Subcontractor rates rose in tandem, while their availability improved amid falling usage. Supplier performance deteriorated further, particularly in France and Italy, adding to operational challenges. Purchasing activity declined again, although Italy reported a renewed uptick, contrasting with continued weakness in France and Germany.

"Business sentiment across the eurozone construction sector remained subdued, with confidence falling to its lowest level since January. French firms were the most pessimistic, while Italian companies showed the least negative outlook. Overall, the sector continues to face headwinds from weak demand, rising costs and deteriorating supply conditions, suggesting little near-term relief for construction activity across the eurozone."

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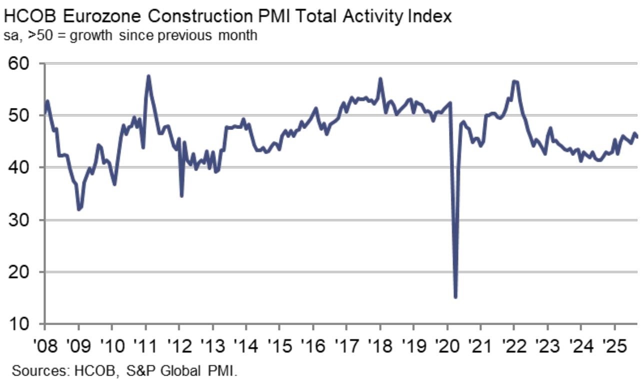

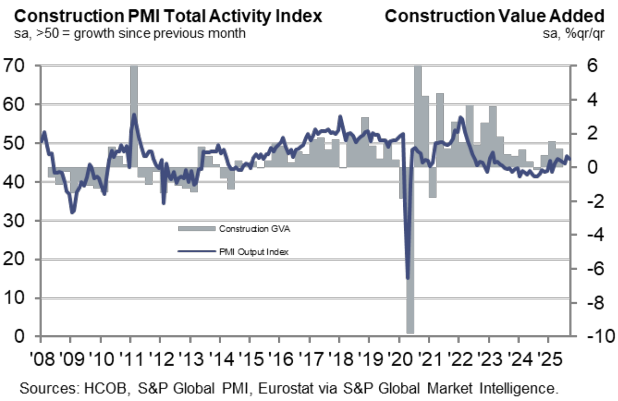

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Note to Editors
The HCOB Eurozone Construction PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 650 construction firms in Germany, France, Italy and Ireland. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data were first collected 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 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 are calculated by weighting together the national indices. Weights are calculated from national construction value added.

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'.

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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Hamburg Commercial Bank aligns its activities with established ESG (Environment, Social, and Governance) criteria and has anchored sustainability aspects in its business model. It supports its clients in their transition to a more sustainable future.

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Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. www.spglobal.com/marketintelligence/en/mi/products/pmi

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