

NEWS RELEASE

MARKET SENSITIVE INFORMATION

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HCOB Eurozone Construction PMI®

Eurozone construction activity contracts at sharpest rate for eight months

Key findings:

Broad-based reduction across three monitored segments

New orders fall at steepest rate since July

Job shedding at strongest since February

Data were collected 9-31 October 2025.

The eurozone construction sector recorded a further decline in activity in October, with the rate of contraction strengthening compared to that seen in September, according to the latest HCOB PMI® survey data. A sharp decrease in output was driven by a steep reduction in new orders, with downturns quickening in the housing and civil engineering sectors. The commercial sector saw a softer, but still sharp reduction in activity. Companies in the currency bloc remained in retrenchment mode, as employment and input buying were reduced again, while businesses remained pessimistic regarding the outlook for output over the coming 12 months. Meanwhile, cost pressures eased during October to the lowest in seven months.

The HCOB Eurozone Construction PMI Total Activity Index — a seasonally adjusted index tracking monthly changes in total industry activity — fell from 46.0 in September to 44.0 in October. The latest data signalled a steep drop in output across the sector, marking the most pronounced decline in eight months.

Contractions in construction activity were observed across Germany and France, with the latter seeing the faster decline. Italian companies registered growth for the first time in four months, albeit at a marginal rate.

At the sector level, the overall downturn stemmed from steeper reductions in the housing and civil engineering segments. The residential sector remained the worst performer in October, while civil engineering fell at the fastest pace in three months. Commercial construction work also declined sharply, albeit at a slightly softer rate than in September.

Demand conditions at eurozone construction firms deteriorated further in October, with the pace of contraction strengthening on the month to the most pronounced in three months. Weakness in the sales environment was evident in Germany and France, with the latter experiencing the strongest reduction since May 2020. Conversely, firms in Italy recorded a second successive monthly rise in new order intakes.

On the price front, cost pressures faced by construction firms edged lower during October. As a result, the rate of input price inflation reached the softest in seven months. The overall increase in cost burdens was led by the fastest increase in French cost burdens since February. Operating expenses in Germany and Italy also rose solidly.

Constructors also registered a slightly softer rise in rates charged by subcontractors. That said, subcontractor usage was reduced markedly, contributing to a further solid increase in their availability.

Lower new order inflows led firms to reduce their staffing numbers in October, extending the current period of job shedding to 32 months. The rate of reduction was moderate overall, but the sharpest since February. There was an accelerated fall in the French construction sector. German companies registered a further modest decline in headcounts, while Italy saw employment

levels rise only fractionally.

Input buying at eurozone construction firms declined again, taking the current contraction sequence to 41 months. Of the three monitored economies. France and Germany recorded sharp and accelerated decreases in purchasing activity. Firms in Italy meanwhile recorded no change in purchasing activity at the start of the fourth quarter.

Despite muted demand for inputs, average lead times lengthened modestly during October. For the first time since January, all three monitored countries saw deteriorating vendor performance, led by France. German companies, however, reported only marginally longer lead times than in September.

Construction firms in the eurozone registered further pessimism about their activity outlook for the coming year, as they foresaw a drop in overall work. The degree of negative sentiment was solid, despite easing from that seen a month prior. Expectations among Italian firms were the most upbeat in 17 months, contrasting with a worsening outlook among French constructors and solid overall pessimism in Germany.

Comment

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

"One thing seems pretty clear: the construction sector won't be driving growth in the Eurozone anytime soon. Quite the opposite, the sector has slowed down expansion across the currency union since 2022, and things got even tougher for construction firms in October. While the situation in Italy is at least holding steady, Germany's sector is sinking deeper into the proverbial swamp. And with political situation getting more fragile, France looks set to follow Germany's path."

"The construction recession in the Eurozone is most pronounced in residential construction, led by Germany and France. Italy, meanwhile, is showing just a hint of growth. In Germany, the impact of a third year without economic growth is becoming more visible, and in France, the politically fragile environment is leaving its mark. Italy's sector is getting some support from its (albeit modest) economic growth."

"There had been high hopes for civil engineering, especially in Germany, the Eurozone's largest economy, that we would already be seeing some lasting positive effects. But after two months of growth, activity has taken a sharp dive. We expect a broader range of public projects to get underway next year, which should help this sector grow more steadily. In France, though, the planned austerity measures and political uncertainty are likely to keep this sector weak. Italy's civil engineering has found some stability, but with tight budgets, big leaps forward aren't likely."

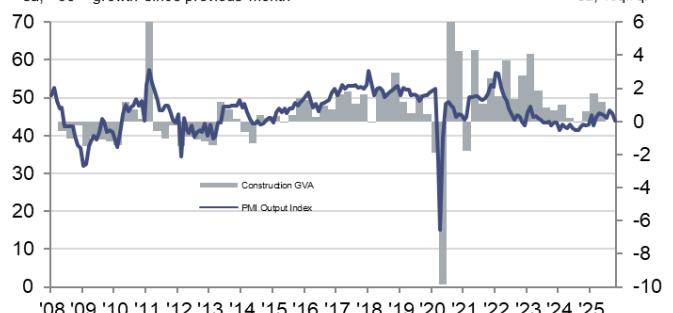
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HCOB Eurozone Construction PMI Total Activity Index
sa, >50 = growth since previous month



Sources: HCOB, S&P Global PMI.

Construction PMI Total Activity Index Construction Value Added
sa, >50 = growth since previous month sa, %qr/qr



Sources: HCOB, S&P Global PMI, Eurostat via S&P Global Market Intelligence.

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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

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.

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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