

NEWS RELEASE
MARKET SENSITIVE INFORMATION
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HCOB Eurozone Construction PMI[®]

Slower fall in eurozone construction activity, but decline in new orders intensifies

Key findings:

Contraction in activity eases amid renewed expansion in Germany
New orders fall at faster pace and business confidence wanes
Staffing levels broadly unchanged

Data were collected 4-23 December 2025.

Construction firms in the eurozone saw the pace of decline in total activity soften further in December amid a renewed expansion in Germany. Meanwhile, employment broadly stabilised. That said, the pace of new order growth quickened and business confidence waned.

On the price front, companies posted a sharp increase in input costs that was the fastest in six months.

The HCOB Eurozone Construction PMI[®] Total Activity Index — a seasonally adjusted index tracking monthly changes in total industry activity — rose to 47.4 in December, up from 45.4 in November, increasing for the second month running to signal a softer reduction in construction activity that was the weakest since February 2023. That said, total activity has now decreased in 44 consecutive months.

The slower fall in construction activity across the eurozone reflected a renewed expansion of output in Germany. Activity in the euro area's largest economy increased marginally, ending a period of decline stretching back to April 2022.

On the other hand, faster declines in activity were seen in France and Italy during December, with rates of contraction the sharpest in two and four months respectively.

Although housing activity decreased again in the eurozone in December, the rate of contraction slowed sharply from November and was the least pronounced since May 2022. The rate of decline in commercial activity also softened, while civil engineering activity fell at a slightly faster pace than in November. That said, the civil engineering category still only posted a slight reduction in activity that was the weakest of those monitored by the report.

In contrast to the picture for total construction activity, the rate of decline in new orders gathered pace in the final month of 2025. New business was down for the forty-fifth successive month, and at a marked pace. New orders fell particularly sharply in France, while Italy also posted a steeper reduction than in November. Construction new orders in Germany decreased markedly, but to the least extent since March 2022.

Employment was broadly unchanged in December, following a period of job cuts stretching back almost three years. Increased workforce numbers were recorded in Germany and Italy, but staffing levels continued to fall in France. Even here, however, the latest decrease was the slowest in seven months.

Constructors decreased their usage of subcontractors again, albeit at the slowest pace March 2023. As a result, the availability of subcontractors continued to increase.

As well as lowering subcontractor usage, construction firms also scaled back their purchasing activity during December. Input buying has fallen continuously on a monthly basis since June 2022. The latest reduction was solid, but the least pronounced in seven months. Purchasing was down across all three economies covered.

Where firms did purchase inputs, they were faced with a further lengthening of suppliers' delivery times, the fifth in as many months. Lead times lengthened solidly, with the latest deterioration broadly in line with that seen in November. France posted the most pronounced delivery delays in December.

The rate of input cost inflation quickened in December, hitting a six-month high and coming in above the average for 2025 as a whole. Input prices increased sharply during the month. Rates of inflation accelerated in France and Italy to 11- and seven-month highs respectively. Meanwhile, the rise in input costs in Germany was broadly unchanged from that seen in the previous survey period.

Eurozone construction firms expressed a downbeat assessment regarding the prospects for growth in activity over the course of 2026, despite the softer reduction in output registered in the final month of 2025. Furthermore, the degree of pessimism intensified in December, with sentiment dropping to a three-month low.

Pessimistic outlooks were registered in Germany and France, with French constructors posting the lowest sentiment since October 2014. Italian firms, meanwhile, were optimistic, and more so than in November.

Comment

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

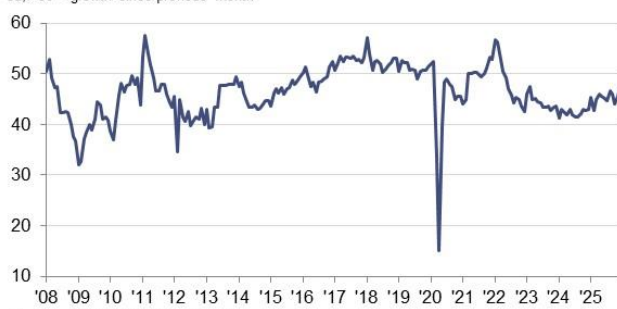
“Toward the end of last year, things looked a bit brighter for the Eurozone’s construction sector. The activity index hit its highest level in nearly three years, and Germany played a big role in that. At the sector level, conditions improved most noticeably in residential construction, but commercial building also looks a little less bleak. The big question is if this more positive tone in housing will carry over into the new year. Supporting factors include Germany’s infrastructure program, which seems to be gaining traction, and low short-term interest rates. On the flip side, accelerated rising construction costs, relatively high long-term rates, and renewed weakness in incoming orders are acting as brakes.

While civil engineering activity surged in Germany, it declined in France and Italy, leaving the Eurozone with a slight dip in the overall civil engineering index. This divergence is likely to shape 2026 as well: Germany has plenty of funds for infrastructure projects, while France and Italy remain in austerity mode.

In December, there was virtually no further job cutting in construction, a situation last seen in spring 2023. Over the year, employment fell on average across the Eurozone, driven mainly by France, while Italy actually added staff. In Germany, the employment picture has recently improved, with momentum coming largely from civil engineering. For the Eurozone as a whole, though, there is little reason to expect a construction jobs boom, given that France and Italy are sticking to budget discipline and long-term interest rates are likely to stay high.”

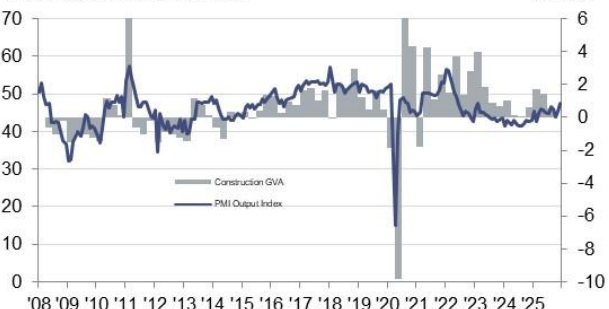
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HCOB Eurozone Construction PMI Total Activity Index
sa, >50 = growth since previous month



Sources: HCOB, S&P Global PMI.

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



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

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