

NEWS RELEASE
MARKET SENSITIVE INFORMATION
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HCOB Germany Construction PMI®

German construction activity returns to growth at end of 2025

Key findings:

Headline PMI registers at 45-month high of 50.3

Civil engineering activity posts fastest increase since March 2011

Employment ticks up for second month running

Data were collected 4-22 December 2025.

The German construction sector ended 2025 on a high, recording its first growth in total industry activity for almost four years, the latest HCOB PMI® survey data showed. The upturn was driven by a further increase in civil engineering activity, which registered its strongest rate of expansion since March 2011. Employment ticked up for the second month in a row, although firms' expectations towards activity in the year ahead remained subdued.

On the cost front, the rate of input price inflation was at a three-month high, though it was still relatively muted by historical standards due in part to falling demand for building materials and products across the German construction sector. Rates charged by subcontractors, on the other hand, rose markedly and at the quickest rate for more than two-and-a-half years.

The **HCOB Germany Construction PMI Total Activity Index** – a seasonally adjusted index tracking month-on-month changes in total industry activity – rose to 50.3 in December, from 45.2 in November. It was the first time the index has registered above the 50 no-change mark since March 2022, albeit signalling only a marginal rate of expansion.

The upturn at the end of the fourth quarter owed mainly to strong growth in civil engineering activity. Work in this segment rose for the fifth time in the past seven months and at the quickest rate in almost 15 years. At the same time, the drag on total activity from the housing sector eased considerably, with work on residential projects falling at the slowest rate since March 2022. Commercial activity was the weakest-performing of the three broad construction categories monitored by the survey, registering another marked decline that was similar to those seen in the previous three months.

New orders continued falling across the German construction sector during December, amid reports from surveyed firms of a lack of tender opportunities. That said, whilst still notable, the latest decline in new orders was the least marked since March 2022.

Building companies remained downbeat about the outlook for activity over the next 12 months, citing concerns about the pace of broader economic growth and a lack of new orders in the housing sector. December did see confidence improve slightly, taking it broadly in line with the long-run average, but it remained well below last May's recent high.

Following the first increase in construction employment in over three-and-a-half years in November, workforce numbers rose again in the final month of 2025. That said, staffing levels ticked up only slightly and at a slower rate than the month before.

Building companies pared back their purchasing activity again in December, though the latest decline was the least marked for three months. Nevertheless, lower demand for building materials and products continued to weigh on the rate of input cost inflation, which, despite ticking up to the quickest since last September, was still comfortably below its long-run average. At the same time, however, there was a noticeable acceleration in the pace of increase in subcontractor rates to the fastest since April 2023.

Lastly, December's survey showed a third straight monthly lengthening of supplier delivery times. The latest deterioration in vendor performance was the most marked for nearly two years, though still only modest overall.

Comment

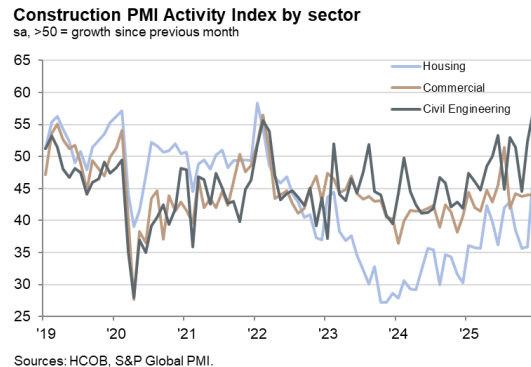
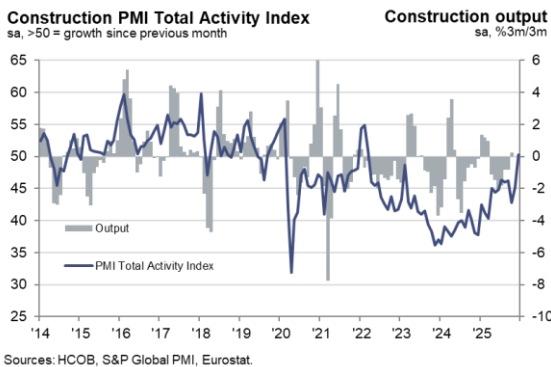
Commenting on the PMI data, Dr. Cyrus de la Rubia, Chief Economist at Hamburg Commercial Bank, said:

“The construction sector experienced a surprisingly positive end to last year. For the first time since March 2022, the total activity index has moved into expansion territory. This is partly thanks to a sharp boost in civil engineering. But it also seems that sentiment in the previously battered residential construction sector is starting to turn. We may be seeing signs that the housing sector is emerging from a deep recession, with activity now only edging down slightly. To keep things in perspective, this is just one monthly figure, and the time series has shown big swings before. Still, the sharp rise in building permits recently reported by the Federal Statistical Office gives hope that this isn’t just a one-off.

“The strong acceleration in civil engineering activity suggests that the infrastructure measures announced by the federal government are finally moving into the implementation phase. This applies especially to transport infrastructure - roads, bridges, and rail. Growth hiccups are still possible in civil engineering in 2026, but as the year progresses, the growth path should stabilize as more projects get underway. This trend will likely mean that resources from less busy construction segments will increasingly be deployed in civil engineering. Notably, employment in the construction sector has been rising again for two months, after the last expansion nearly four years ago.

Building continues to get more expensive. Construction costs rose a bit more sharply in December than in the previous month. Combined with relatively high long-term interest rates, which is a key factor, especially for residential construction, this acts as a dampener. And given the ECB’s communication, short-term rates aren’t expected to fall anytime soon, which doesn’t help either.”

-Ends-



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Note to Editors

The HCOB Germany 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 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.

Hamburg Commercial Bank AG

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