NEWS RELEASE
MARKET SENSITIVE INFORMATION
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HCOB Italy Construction PMI®

Decline in new construction work gains pace at end of 2025

Key findings:

Fastest declines in activity and new orders since August last year

Purchasing activity lowered, but employment up slightly

Sharp rise in cost pressures signalled

Data were collected 4-23 December 2025.

The Italian construction sector finished the year on a weaker note. Subdued demand for building work influenced activity levels, new business volumes and purchasing decisions, all of which fell at the strongest rates in four months. Moreover, the malaise remained widespread across all three contraction sub-sectors, and again most prominent in housing. Although employment was up slightly, subcontractor usage was down and cost pressures intensified. Nevertheless, confidence towards 2026 improved on the month.

The headline **HCOB Italy Construction PMI® Total Activity Index** — which measures month-on-month changes in total industry activity — dropped from 48.2 in November to 47.9 in December. The reading was consistent with a moderate reduction in total activity and one that was among the strongest seen across 2025, just slower than in August.

According to anecdotal evidence, lower output levels were linked to weaker demand conditions and the completion of work at sites.

For the second month in a row, all three component sub-sectors of construction contributed to the decline. The fastest reduction remained in the housing sector, while again the weakest was in commercial.

Subdued demand conditions were apparent given another reduction in the overall volume of new work placed at Italian building firms, the second in successive months. As was the case with activity, the rate of contraction was the strongest in four months. Failed tender awards and increased uncertainty across the market played a part in the latest downturn, panel member reports showed.

As a result of weaker order books and finishing up at sites, input requirements were lower and firms reduced their buying levels for a second month in a row in December. Again, the rate of contraction was the most pronounced since August last year.

Still, the rate of input price inflation rose to its highest since last May and was sharp overall, as firms reportedly paid more for raw materials and energy. That being said, cost pressures remained below the long-run trend.

Where purchases were made, companies experienced longer lead times on average in December. Panellists noted that a shortage of raw materials and capacity pressure at vendors were factors causing delivery delays. As in October and November, the deterioration in supplier performance was modest overall.

On the jobs front, Italian construction companies continued to hire additional staff at the end of the year. The rate of jobs growth was only slight overall and broadly similar to those seen in each month since August last year. Meanwhile, the usage of subcontractors was lowered at the strongest rate in four months.

Looking ahead to the coming 12 months, Italian building firms were more confident that activity levels would rise than they were in November. Panellists expect higher output due to the opening of new sites and greater investment. Firms are also hopeful for improved demand conditions. The overall level of confidence was nevertheless subdued when put into a historical context.

Comment

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

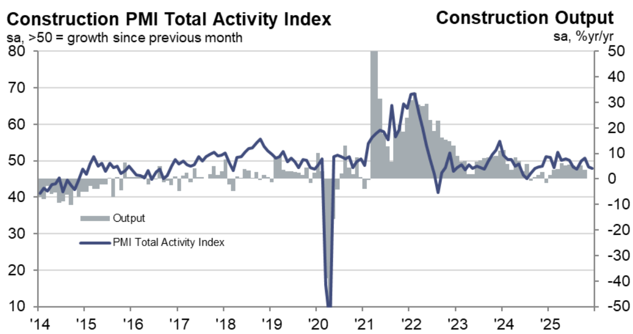
"The Italian construction sector closed 2025 on a notably weaker footing, as the HCOB Italy Construction PMI slipped from 48.2 in November to 47.9 in December, signalling a moderate but accelerated contraction in activity. The downturn was broad-based, affecting all of the three monitored segments: residential building once again performed the worst, posting its sharpest decline in nearly 18 months, while commercial activity fell for the sixth time in seven months and civil engineering retreated for a fourth consecutive month.

"Underlying demand conditions remained subdued, with new orders shrinking for the second month in a row and at one of the fastest rates seen in 2025. Panellists reported failed tender awards and heightened market uncertainty as key factors behind this drop in new business, prompting firms to cut purchasing activity for a second month in a row. Supplier delays persisted, linked to raw material shortages and capacity constraints, though the deterioration was modest overall.

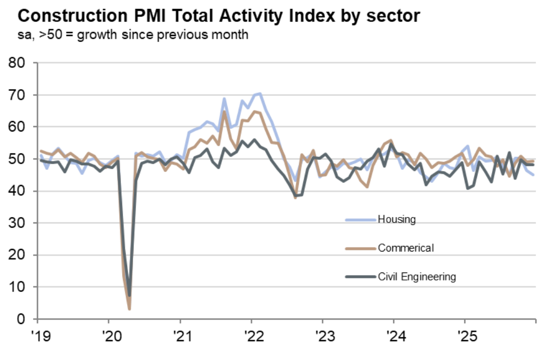
"Cost pressures intensified markedly in December, as input prices rose at the steepest pace since May 2025, driven by higher energy and raw material costs. Nonetheless, inflation remained below its long-run average. Meanwhile, employment continued to rise at the end of the year, however, the pace of job creation remained only slight, with firms often hiring on a mix of permanent and temporary contracts and in some cases not replacing staff leavers.

"Business confidence strengthened, as firms anticipate higher activity in 2026 supported by new site openings and investment plans. Nevertheless, optimism remains historically muted, highlighting the fragile backdrop for Italy's construction sector as it enters the new year."

-Ends-



Source: HCOB, S&P Global, ISTAT via S&P Global Market Intelligence.



Source: HCOB, S&P Global.

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Note to Editors

The HCOB Italy Construction PMI® is compiled by S&P Global from responses to questionnaires sent to a panel of over 200 construction companies. The panel is stratified by company workforce size, based on contributions to GDP. Survey data were first collected July 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

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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S&P Global (NYSE: SPGI)

S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world’s leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world’s leading organizations plan for tomorrow, today.

About PMI
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.html

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