

S&P Global UK Construction PMI[®]

UK construction activity falls at sharpest rate in over five years

July 2025

Downturn in construction activity intensifies as firms see renewed decline in housing projects

Payrolled staff levels fall again but subcontractor rates continue to rise rapidly

Year-ahead expectations remain subdued

There was a considerable slump in the UK construction sector at the start of the third quarter. According to the latest S&P Global PMI[®] survey data, total industry activity levels fell at the steepest pace since May 2020.

Underlying data highlighted marked decreases in volumes of work carried out across all three monitored sub-sectors, but a considerable drag came from a fresh drop in residential building.

Posting 44.3 in July, down from 48.8 in June, the headline S&P Global UK Construction Purchasing Managers' Index[™] (PMI[®]) – a seasonally adjusted index tracking changes in total industry activity – signalled the sharpest contraction in over five years at the start of the third quarter.

Where a reduction in activity was reported (around 29% of the survey panel), firms mentioned site delays, lower volumes of incoming new business and weaker customer confidence. Some respondents also cited lower work undertaken on public sector projects. Notably, of the three monitored types of construction work, civil engineering saw the sharpest drop during July. The headline PMI was also pulled lower by a renewed decline in residential building activity. As for commercial construction, a marked but softer fall was registered.

UK constructors remained challenged by subdued demand conditions. The volume of new incoming work declined for a seventh month running in July, with the pace of contraction at its most pronounced since February. A drop in tender opportunities was cited by panellists.

Looking ahead to the next 12 months, surveyed companies were optimistic of growth in activity on balance, but expectations were weak when compared with their long-run trend. This was despite business confidence ticking up slightly from June's two-and-a-half-year low. Concerns surrounding the broader economic outlook weighed on company growth projections.

The volume of construction materials purchased by surveyed firms subsequently declined in July, although the fall was the softest seen since the start of 2025. When it came to the receipt of purchases, the latest PMI data revealed delays from

S&P Global UK Construction PMI Total Activity
Index, sa, >50 = growth m/m



Data were collected 10-30 July 2025.

Source: S&P Global PMI. ©2025 S&P Global.

Comment

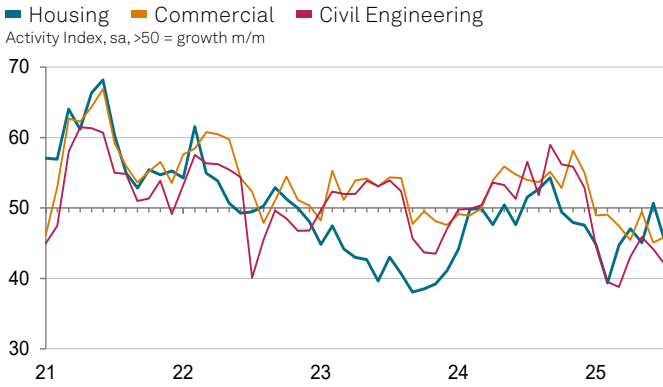
Joe Hayes, Principal Economist at S&P Global Market Intelligence, said:

"Having trended upwards in recent months, our survey data for July signal a fresh setback for the UK construction sector, with total industry activity falling at the sharpest rate since May 2020. Dissecting the latest contraction, we can see a fresh and sharp drop in residential building, as well as an accelerated fall in work carried out on civil engineering projects.

"Forward-looking indicators from the survey imply that UK constructors are preparing for challenging times ahead. They're buying less materials and reducing the number of workers on the payroll. Expectations also continue to underwhelm, despite a modest pick-up in confidence from June's two-and-a-half-year low.

"Anecdotally, companies reported a lack of tender opportunities and a hesitancy from customers to commit to projects. Broader themes of uncertainty, both domestically but also internationally, will do little to reignite investment appetites."

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vendors. This marked the first time in six months that delivery times have lengthened.

That said, UK constructors reported higher charges from their suppliers at the start of the third quarter. This underpinned a sharp monthly rise in their operating expenses. However, the overall rate of inflation was the weakest since January.

The downward trend in payroll numbers continued into July, extending the current period of falling employment to seven months. Lay-offs, recruitment freezes and the non-replacement of leavers were seen in panellists' anecdotal replies to the questionnaire.

UK constructors also pared back their usage of subcontractors, but their rates charged nevertheless rose at a sharp pace, in line with the trend seen since late last year.

Methodology

The S&P Global UK 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 April 1997.

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.

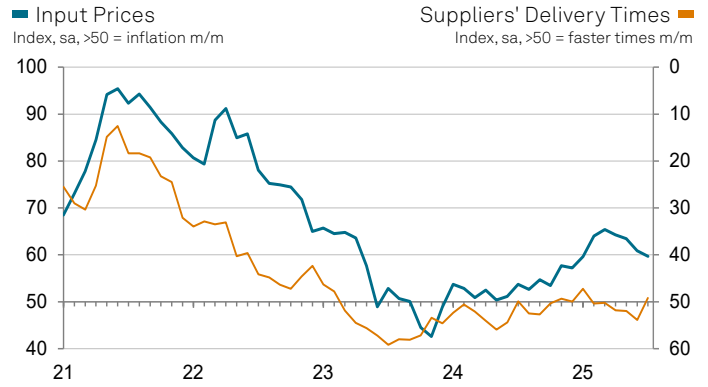
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

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Contact

Tim Moore
Economics Director
S&P Global Market Intelligence
T: +44-1491-461-067
tim.moore@spglobal.com

Hannah Brook
EMEA Communications Manager
S&P Global Market Intelligence
T: +44-7483-439-812
hannah.brook@spglobal.com
press.mi@spglobal.com

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