

NEWS RELEASE

MARKET SENSITIVE INFORMATION

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HCOB Germany Construction PMI[®]

Civil engineering remains the only bright spot for German construction in September

Key findings:

Civil engineering activity grows for third time in four months

Sustained downturns in housing and commercial segments

Business expectations tick up slightly

Data were collected 11-29 September 2025.

Total industry activity continued falling across the German construction sector during September, with growth in the civil engineering sector being more than offset by sustained downturns in both housing and commercial activity, the latest HCOB PMI[®] survey data showed. Business expectations improved slightly, which was seen alongside a noticeable slowdown in the decline in constructors' purchasing activity, but firms still remained downbeat about the outlook due in large part to a lack of incoming new work.

Elsewhere, the latest data showed an uptick in inflationary pressures across the building sector, with September seeing faster rates of increase in both input prices and subcontractor charges.

The **HCOB Germany Construction PMI Total Activity Index** – a seasonally adjusted index tracking month-on-month changes in total industry activity – recorded a reading of 46.2 in September. This was up slightly from 46.0 in August and just below July's 29-month high. Staying below the 50.0 no-change threshold, however, it signalled a sustained downturn in overall building activity across the eurozone's largest economy.

The main drag continued to come from the housing sector, which recorded a sharp rate of decline that was the quickest for three months. Work on commercial building projects also decreased, though the pace of contraction eased from that seen in August. The civil engineering segment once again went against the trend and recorded a rise in activity for the third time in the past four months. That said, the rate of growth was only modest and weaker than that registered in the previous survey period.

Weak underlying demand continued weigh on the construction sector's performance at the end of the third quarter. New orders showed a steep rate of decline, albeit one that was the least marked for three months. Surveyed firms often remarked on a lack of tender opportunities, citing the influence of high building costs, tight budgets and generally sluggish economic conditions.

Although business expectations for the year ahead improved slightly, firms on balance remained pessimistic about the outlook. Confidence levels were still slightly below the long-run average.

The lack of incoming new work and subdued expectations for future activity contributed to further job losses across the German building sector in September. The rate of staff shedding, which had slowed in August to the weakest in the current sequence of contraction stretching back to April 2022, re-accelerated slightly.

The latest data meanwhile showed a noticeable slowdown in the rate of decline in constructors' purchasing activity. September's fall in buying levels was in fact the least marked in over three years. Delivery times on purchases quickened only marginally, posting the softest improvement in seven months.

Turning to prices, September saw the rate of input cost inflation faced by German building companies accelerate to a three-month high. At the same time, constructors reported the steepest rise in rates charged by subcontractors since July 2023,

despite a further reduction in their usage and an associated improvement in their availability.

Comment

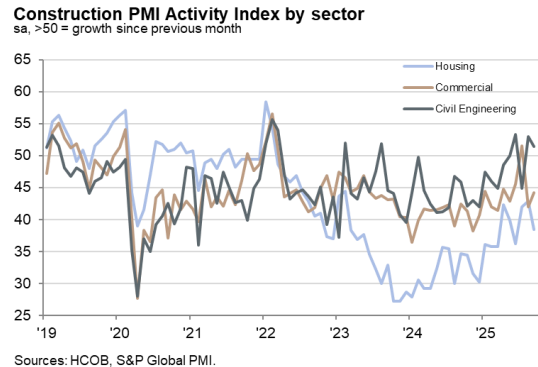
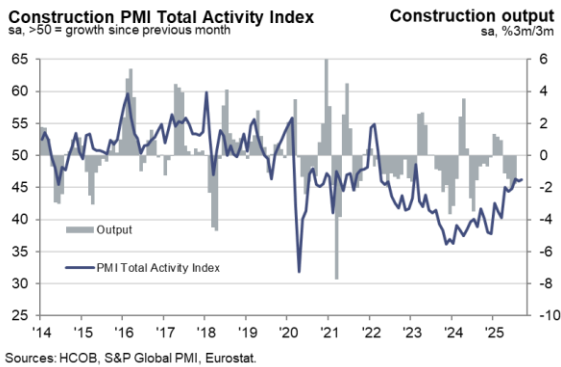
Commenting on the PMI data, Dr. Cyrus de la Rubia, Chief Economist at Hamburg Commercial Bank, said:

“The construction sector remains in recession. The downturn in residential construction has even deepened, and the decline in commercial construction activity has only slowed slightly. Civil engineering, the beacon of hope for the construction sector, which should benefit from the federal government’s announced infrastructure package, is still growing, but the momentum here has slowed significantly. Overall, the construction sector is still relatively far from an upturn.”

“The almost unabated decline in new orders signals that the dry spell will continue for the time being. Against this backdrop, employment was reduced somewhat more sharply than in the previous month. In line with this, construction companies, on balance, remain pessimistic about the future outlook.”

“The situation in the construction sector is also made more difficult by the fact that construction costs are rising despite the weak economic situation. This is due to higher input prices and the continuing rise in prices charged by subcontractors. Although short-term financing costs have fallen in recent years as a result of the ECB’s interest rate cuts, long-term yields, which are based on long-term German government bonds, remain relatively high. Overall, the environment for the construction sector remains difficult.”

-Ends-



Contact

Hamburg Commercial Bank AG

Dr. Cyrus de la Rubia
Chief Economist
T: + 49-160-9018-0792
cyrus.delarubia@hcob-bank.com

Katrin Steinbacher
Head of Press Office
Senior Vice President
T: +49-40-3333-11130
katrin.steinbacher@hcob-bank.com

S&P Global Market Intelligence

Phil Smith
Economics Associate Director
T: +44-149-146-1009
phil.smith@spglobal.com

Hannah Brook
EMEA Communications Manager
T: +44-7483-439-812
hannah.brook@spglobal.com
press.mi@spglobal.com

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

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.

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