

NEWS RELEASE  
MARKET SENSITIVE INFORMATION  
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# HCOB Eurozone Construction PMI<sup>®</sup>

## Downturn in construction activity worsens at start of 2026

### Key findings:

Steeper fall in activity amid sharp fall new orders

Employment levels raised for first time in nearly three years

Sharpest rise in input costs since April 2023

Data were collected 12-30 January.

Eurozone construction activity fell further into contraction territory at the start of 2026, according to the January HCOB PMI<sup>®</sup> survey data, with the magnitude of the downturn accelerating on the month. Total activity declined at the fastest pace for three months amid another steep fall in new order inflows. This contributed to a further scaling back of purchasing and sustained pessimism in the year-ahead outlook. That said, the degree of negative sentiment moderated since December. In turn, firms were encouraged to raise employment levels for the first time in just under three years. Cost burdens meanwhile continued to rise solidly, with the rate of input cost inflation accelerating to a 33-month high.

The HCOB Eurozone Construction PMI<sup>®</sup> Total Activity Index — a seasonally adjusted index tracking monthly changes in total industry activity — fell from 47.4 in December to 45.3 in January, indicating a sharp and stronger contraction in activity across the euro area construction sector.

All three countries registered declining activity, with the steepest contraction in France and the weakest in Italy. Germany construction output fell sharply following December's brief increase.

By sector, lower output was also registered in both housing and commercial activity, with the former registering the stronger decline. Commercial activity contracted the most since November 2024. On the other hand, civil engineering bucked the trend to rise marginally for the first time in five months.

Eurozone construction firms continued to face subdued demand during January. The overall rate of decline in new orders was sharp, despite easing fractionally since December. French companies saw the sharpest drop in new order intakes in the latest survey period, while the downturn in Germany strengthened. Italian companies also recorded a decline in new orders, and one that was the strongest in five months.

With demand conditions in the bloc subdued, construction firms continued to scale back purchasing activity during January. Notably, the rate of depletion was the least marked since April 2023. All three of the largest economies saw sustained reductions, led by firms in France.

At the same time, construction firms in the eurozone reported a further deterioration in supplier performance at the start of the year, and one that was unchanged in severity from December. Germany and France recorded a solid increase in delivery times. Firms in Italy meanwhile, reported the softest lengthening of lead times in the current 16-month sequence.

Companies maintained a pessimistic outlook for business activity over the coming year in January, extending the current sequence to eight months. The overall degree of pessimism was the softest in this period, however, amid easing negativity in

France. Concurrently, German firms a renewed degree of optimism that was the most positive since February 2020.

Amid a softer negative outlook, employment levels were raised for the first time since February 2023. Stronger job creation was seen in both Germany and Italy, while the reduction in headcounts in France was the slowest for eight months.

Despite higher staffing levels, subcontractor usage continued to fall steeply, contributing to a sustained rise in their availability. At the same time, subcontractors raised their rates charged solidly amid rising cost burdens.

Overall input price inflation faced by companies across the eurozone construction sector picked up from a month prior, and to the greatest extent since April 2023. The increase was led by the steepest inflation in operating expenses in Italy for eight months. France and Germany also saw sharp uplifts in cost burdens, with the latter reaching a four-month high.

## Comment

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

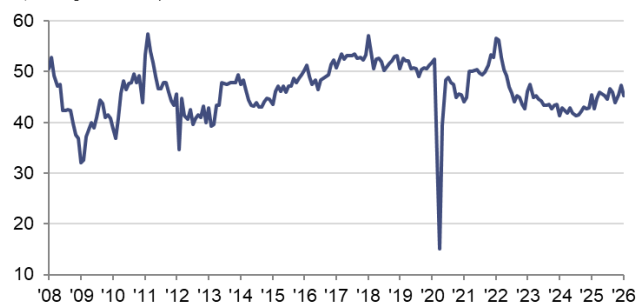
*"The construction sector in the eurozone remains in poor shape. Activity fell even more sharply at the beginning of the year than in the previous month. Residential construction has been particularly hard hit, but commercial construction is also experiencing a sharper decline. The only ray of hope is civil engineering, which is recording moderate growth for the first time in four months.*

*"The positive growth in the civil engineering sector in the eurozone is attributable to a recovery in this sector in Italy, while in Germany the very robust positive momentum is continuing for the third month in a row. In France, on the other hand, the decline has slowed significantly. In Germany in particular, the major public infrastructure program is likely to ensure that growth in the civil engineering sector will continue over the coming months and quarters.*

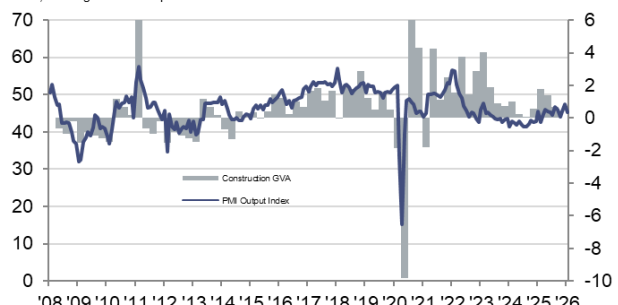
*"Construction costs rose even more sharply in January than at the end of last year. We attribute this to the sharp rise in natural gas and oil prices in January, and electricity costs also rose on the stock market. Weather-related effects and geopolitical concerns surrounding the Iran-US conflict are playing a role here. In addition, it should be noted that some industrial metals, such as copper, are trading at higher prices. The renewed rise in employment also means that wages could also go up. However, we expect the upward pressure on costs to ease again as the seasonal weather effects should disappear."*

-Ends-

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



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



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## Note to Editors

The HCOB Eurozone Construction PMI<sup>®</sup> 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](mailto: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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