

NEWS RELEASE
MARKET SENSITIVE INFORMATION
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HCOB Germany Construction PMI®

Construction activity declines in February, but expectations climb to highest in six years

Key findings:

Growth in civil engineering segment contrasts with declines elsewhere

Renewed decrease in construction sector employment

Business expectations reach highest since February 2020

Data were collected 10-26 February 2026.

Construction activity in Germany fell again in February, marking back-to-back decreases at the start of the new year following a brief return to growth at the end of 2025, the latest HCOB PMI® survey data showed. A further, albeit slower, increase in civil engineering activity contrasted with steep declines in work in both the housing and commercial segments. Accordingly, companies noted a renewed decrease in employment, as well as an accelerated reduction in purchasing activity.

Although demand for construction materials and products eased in Germany, firms reported a fifth successive monthly increase in supplier delivery times. Purchase price inflation also picked up, reaching its highest since last September.

Despite the current challenges, however, business expectations turned increasingly positive and were the strongest recorded for six years.

The **HCOB Germany Construction PMI Total Activity Index** – a seasonally adjusted index tracking month-on-month changes in total industry activity – registered 43.7 in February, down from 44.7 in January and its lowest reading since October last year.

Housing activity recorded a sharp and accelerated decline at the midway point in the opening quarter. The rate of contraction was the steepest seen for three months and quicker than that of commercial activity, which likewise fell markedly, albeit at a slightly slower pace than the month before. Civil engineering activity once again went against the trend and registered a fourth straight month of growth. That said, the pace of expansion eased further from last December's recent high and was only moderate.

In some cases where activity fell, there mentions of severe wintry conditions causing disruption. At the same time, however, there were also mentions of soft underlying demand. Inflows of new work fell sharply and at the quickest rate for six months in February.

Constructors recorded a reduction in employment in February, thereby ending a three-month sequence of job creation. The rate at which staffing levels fell was the quickest since last June, although it was still much slower than seen during the corresponding month in 2025.

At the same time, February saw a sharp drop in buying activity among Germany's constructors. After easing to the weakest for more than three-and-a-half years in January, the rate of decline in purchasing reaccelerated to the quickest for six months. Supplier delivery times nevertheless lengthened, as has been the case in each month since last October. Furthermore, the deterioration in supplier performance was the greatest recorded for exactly three years.

Average prices paid for purchases meanwhile increased, marking just over a year of continuous inflation. The rate of increase quickened to a five-month high, although it was still below the long-run series average.

Looking ahead, German constructors reported optimism towards growth prospects in the next 12 months. This partly reflected increased funding for infrastructure projects, according to anecdotal evidence provided by surveyed businesses. Some firms

also reported hopes of a less harsh winter period in a year's time.

Comment

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

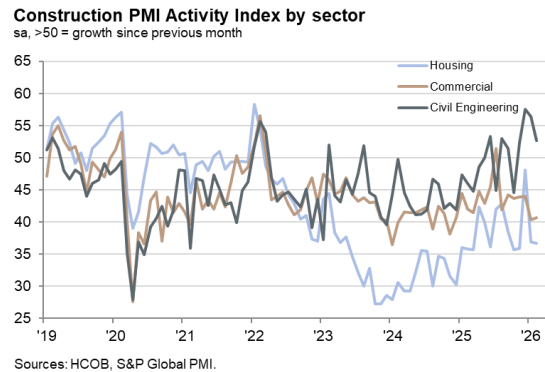
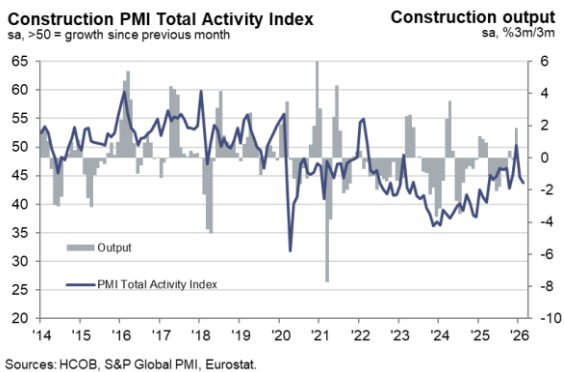
“The recession in the residential sector has worsened again. Activity in commercial construction continues to fall rapidly, with the pace of decline slowing only marginally. In contrast, civil engineering has seen higher construction activity for the fourth month in a row. However, the pace of expansion has slowed significantly recently. Overall, the deterioration in the construction sector is also related to the relatively harsh winter, which is likely to have contributed to job losses after more staff had been hired in the previous months.

“There is unlikely to be any growth in residential and commercial construction in the coming months. This is because the slump in new orders deepened further in February. Companies were also under pressure from particularly sharp rises in purchase prices. Higher diesel prices, among other things, are likely to have played an important role here. The war in the Middle East, which has propelled oil prices higher, does not bode well for inflationary pressures in the near future.

“Subcontractors are also suffering from weak demand, with even less work than in the previous month and generally considered to be more readily available. However, in view of rising material costs, subcontractors have also continued to increase their prices, albeit to a lesser extent than in the previous month.

“One ray of hope is the renewed brightening of the outlook for the future. Against the backdrop of ongoing and planned infrastructure projects and the expectation that next winter will allow for more construction activity, the value of the future activity index has risen to its highest level since 2020 and well over 50 points.”

-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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