NEWS RELEASE
MARKET SENSITIVE INFORMATION
Embargoed until 0930 CEST (0730 UTC) 5 June 2025

HCOB Eurozone Construction PMI®

Downturn in construction activity strengthens in May

Key findings:

Sharper falls in activity and new orders

Strongest rise in cost burdens since December 2023

Business confidence turns positive for first time in over three years

Data were collected 12-30 May 2025.

Eurozone construction activity remained in contraction territory midway through the second quarter of 2025, according to the latest HCOB PMI® survey data, with the magnitude of the downturn accelerating on the month. Both total activity and new order inflows declined at similarly sharp rates, and contributed to further scaling back of both employment and purchasing. Muted demand for inputs eased pressure on suppliers for the third month in a row, as average lead times shortened to the greatest extent in eight months. Despite this, cost burdens rose at a strong rate, with the rate of input cost inflation reaching a 17-month high during May. That said, eurozone construction companies signalled optimism regarding the outlook for activity over the coming year for the first time since February 2022.

The HCOB Eurozone Construction PMI Total Activity Index — a seasonally adjusted index tracking monthly changes in total industry activity — fell from 46.0 in April to 45.6 in May, indicating a sharp and stronger contraction in activity across the euro area construction sector.

Negative output trends reflected steeper reductions in both Germany and France, with the latter seeing the quickest fall for three months. Italian firms saw activity rise for the third consecutive month, though the rate of growth was only marginal.

Lower output was broad-based in nature across the three monitored sectors covered by the report. Housing activity remained the worst-performing segment, though falls in commercial and civil engineering activity were also relatively sharp. All three sectors saw a sharper decline in comparison to April.

Eurozone construction firms continued to face subdued demand during May. The overall rate of decline in new orders was sharp, having strengthened from that seen a month prior. French companies saw the sharpest drop in new order intakes since February, while the downturn in Germany also worsened. In contrast, Italian companies recorded stronger growth in new orders.

With demand conditions remaining subdued, construction firms continued to cut their workforces during May. Notably, the rate of job shedding reached the most marked in three months. Reductions in staffing levels in Germany accelerated sharply from that in April, but French firms recorded the softest fall in job numbers since August 2024. Italian companies saw the rate of job creation hit a five-month high.

Alongside lower employment, subcontractor usage fell substantially in May, contributing to a further increase in their availability. At the same time, subcontractors raised their rates at the fastest pace in a year amid rising cost burdens.

In fact, input price inflation faced by companies across the eurozone construction sector accelerated for the third month in a row in the latest survey period, to the fastest for nearly one-and-a-half years. All three monitored economies in the bloc saw their respective rates of inflation strengthen on the month, led by Italy.

Construction firms in the eurozone reported a stronger improvement in supplier performance in May, extending the current sequence to three months. The rate of improvement was the most prominent since September 2024. France and Germany recorded shorter delivery times, with the former seeing the most pronounced improvement since November 2017. Firms in Italy meanwhile saw the longest supplier delays since January, meanwhile.

Despite the stronger decline in activity, construction companies in the euro area reported an optimistic outlook for business activity over the coming year in May, signalling the first instance of confidence since February 2022. Germany and Italy recorded positive forecasts, with the respective future activity indices reaching 40- and 12-month highs respectively. Firms in France however, were the most downbeat in three months.

Comment

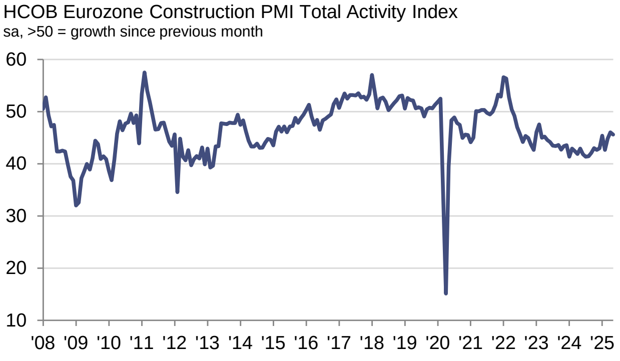
Commenting on the PMI data, Norman Liebke, Economist at Hamburg Commercial Bank, said:

"The Eurozone construction sector remained firmly in contraction territory in May, with the downturn not only persisting but accelerating. The HCOB Eurozone Construction PMI dropped to 45.6, down from 46.0 in April, signalling a sharper decline in activity. This slump was broad-based, with housing once again leading the retreat, followed closely by commercial and civil engineering segments, all of which saw steeper declines than the previous month. France and Germany were the main drags, both posting faster contractions, while Italy stood out as the lone bright spot, managing a third consecutive month of growth, albeit marginal.

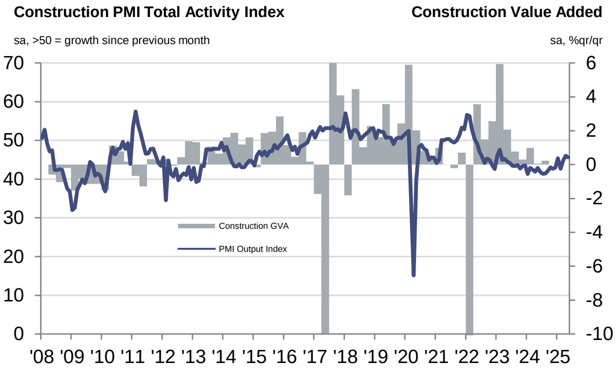
"Demand conditions across the bloc remained weak, with new orders falling sharply. May data signalled the steepest drop since February for France and a worsening trend in Germany. This soft demand environment prompted firms to continue cutting back on employment and purchasing. Job cutting hit a three-month "high" and was particularly pronounced in Germany, while France saw a more modest reduction. Subcontractor usage also fell, even as subcontractor rates rose at the fastest pace in a year, reflecting rising cost burdens. Input price inflation surged to its highest level since December 2023, driven by stronger cost pressures across all three major economies, especially Italy.

"Despite the bleak picture, a surprising shift occurred in business sentiment. For the first time in over three years, Eurozone construction firms turned optimistic about the year-ahead and approached its historical average. Confidence rebounded in Germany and Italy, with future activity indices hitting multi-month highs. France, however, remained the outlier, with sentiment dipping to its most pessimistic level in three months. Supplier performance improved for the third straight month, with delivery times shortening — a sign of easing supply chain pressures. Still, with activity and demand both falling sharply, the sector's newfound optimism will need to be backed by tangible recovery signals to avoid becoming just another false dawn."

-Ends-



Source: HCOB.



Sources: HCOB, S&P Global PMI, Eurostat via S&P Global Market Intelligence.

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Note to Editors
The HCOB Eurozone Construction PMI® 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.

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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