

NEWS RELEASE

MARKET SENSITIVE INFORMATION

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HCOB Germany Construction PMI®

Construction activity falls at quickest rate for seven months in October

Key findings:

Activity declines in all three broad construction segments

Expectations improve as new orders post slower decline

Supplier delivery times lengthen for first time in nine months

Data were collected 9-30 October 2025.

Germany's construction sector began the fourth quarter of the year on a weaker footing, recording the steepest decline in activity for seven months, the latest HCOB PMI® survey data showed. October's results signalled a broad-based reduction in activity, including a renewed fall in work on civil engineering projects. Firms' expectations towards activity in the year ahead remained pessimistic, although they did improve slightly amid a softening of the rate of decline in new orders.

On the supply side, October data signalled a first – albeit only marginal – lengthening of vendor delivery times for nine months. Average purchase prices for building materials and products meanwhile rose at a slower rate, but there was a steeper increase in subcontractor charges – the quickest for over two years.

The **HCOB Germany Construction PMI Total Activity Index** – a seasonally adjusted index tracking month-on-month changes in total industry activity – slipped to 42.8 in October, down from 46.2 in September and its lowest reading since March.

Of the three broad construction categories monitored, housing activity remained the weakest-performing area by some margin. Here, the rate of contraction quickened for the second month in a row and reached the fastest seen so far this year. Work on commercial projects – which includes industrial sites, offices, hotels, stores, leisure facilities etc. – also fell at a quicker rate, while civil engineering activity returned to contraction after growing in both of the previous two months.

A lack of demand remained a drag on the construction sector's performance at the start of the fourth quarter. Firms linked lower intakes of new orders to caution among customers and squeezed budgets. That said, the rate of decline in new work eased for the third month running to the weakest since April.

German constructors generally remained downbeat about the year-ahead outlook for activity as they cited concerns about a dearth of new orders and high price levels. Expectations did however improve to a three-month high and move slightly above the long-run average.

Constructors remained in retrenchment mode in October, cutting both employment and purchases. While the rate of decline in workforce numbers was only modest and unchanged from the month before, buying levels showed a steep and accelerated decline.

Despite weaker demand for building materials and products among German constructors, lead times on purchases lengthened for the first time since January, albeit only slightly. Average prices paid for purchases continued to rise, as has been the case every month since March, although the pace of inflation eased notably since September to a six-month low.

Subcontractor charges, on the other hand, rose at a faster rate in October, the pace of increase reaching the quickest in over two years. This was seen alongside a slower improvement in their availability.

Comment

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

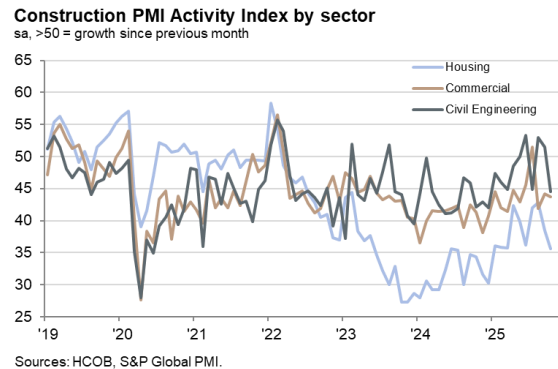
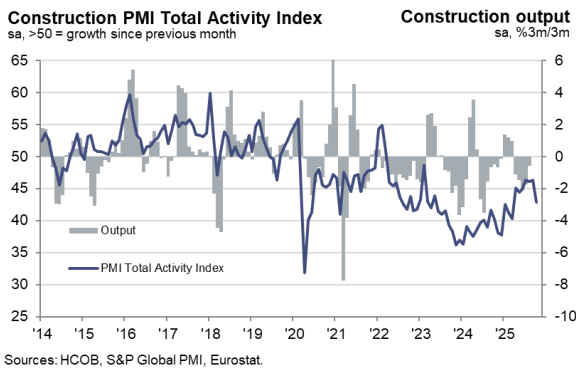
“This is a heavy blow for the construction sector, which was already under pressure. Across the sector as a whole, activity dropped in October at the fastest rate since March this year. The most striking result was the decline in civil engineering, where we had seen moderate growth over the previous two months. The situation in residential construction is even more dramatic, with the deep recession worsening further. Commercial construction also took a hit, though the drop was less forceful than the decline in housing activity. Overall, the numbers reflect a climate of uncertainty, high building costs, and relatively high long-term interest rates, which have hovered well above the levels of the previous decade for the past two years.

“The slump in civil engineering activity shows that the large-scale infrastructure investments the government has already started are clearly subject to bigger fluctuations. We expect growth in this sector to stabilize over the course of next year, once a broader range of public projects gets approved and rolled out.

“In residential construction, activity is falling faster than at any other point this year. It’s pretty clear that the so-called “building turbo” from the federal government - which mainly aims to ease zoning regulations and speed up approval processes - isn’t working at all. It looks like we’ll need additional measures, like direct subsidies and more social housing, to really tackle the housing shortage.

“Incoming orders are shrinking a bit less than the month before, but they still signal that the construction sector isn’t heading for a turnaround just yet. Confidence in higher construction activity a year from now remains low, and demand for subcontractors has dropped sharply. On the bright side, cost inflation has come down significantly and is now well below the long-term average. That could help improve profitability for construction firms.”

-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

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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