News Release
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S&P Global Germany Construction PMI®

Construction activity continues to show sharp rate of decline in May

May 2026

Total Activity Index remains firmly in contraction territory, at 42.4

Input cost inflation holds close to April's 47-month high

Constructors deeply pessimistic about year-ahead outlook

The latest S&P Global PMI® survey data continued to show highly challenging business conditions across the German construction sector in May, with firms reporting a sustained sharp decline in activity alongside soaring input costs. Business expectations for the year ahead remained deeply pessimistic.

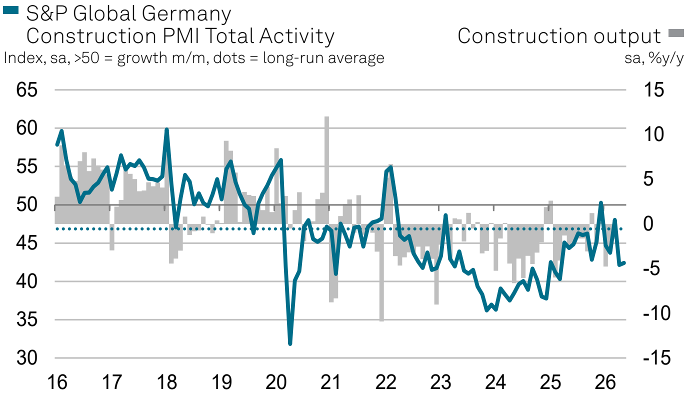
The S&P Global Germany Construction PMI Total Activity Index – a seasonally adjusted index based on a single question asking about month-on-month changes in total industry activity – registered a reading of 42.4 in May. This was up slightly from April's 13-month low of 42.1, but it was nevertheless comfortably below the 50.0 no-change mark and thereby indictive of a marked rate of contraction.

The latest decrease in activity was broad-based by sub-sector. Housing activity recorded the steepest rate of decline followed by commercial activity, albeit both seeing slightly slower contractions than the month before. Work on civil engineering projects meanwhile fell for the first time in seven months. Where total activity decreased, surveyed firms generally attributed this to a lack of incoming new orders and depleted backlogs of work.

Like total industry activity, new orders continued falling at a sharp rate during May, but one that was slightly slower than that registered at the start of the second quarter. Qualitative evidence provided by panellists indicated strong headwinds to demand from heightened levels of uncertainty and elevated price pressures, with customers reportedly adopting a wait-and-see attitude and being less forthcoming with tender opportunities.

On the cost front, May's survey results indicated persistent sharp inflationary pressures across the German construction sector. The rate at which input prices rose held close to April's 47-month high, driven by the increased cost of energy and oil-based products, according to panel member reports.

Building firms meanwhile faced worsening supply delays in May, which they linked to the fallout from the war in the Middle East. Average lead times on building materials and products



Data were collected 12-28 May 2026.
Sources: S&P Global PMI, Eurostat via S&P Global Market Intelligence. © 2026 S&P Global

Comment

Phil Smith, Economics Associate Director at S&P Global Market Intelligence, said:

"Conditions in the construction sector remain challenging to say the least, with virtually no let-up on either the demand or cost front since April. Total industry activity continued to fall sharply during May, a reflection of the current backdrop of soaring material prices and heightened uncertainty which have severely suppressed demand in recent months.

"A slight reduction in rate of cost inflation brings hardly any relief to constructors, with cost pressures still running at close to their highest for nearly four years. This is leaving businesses with no breathing space, and as a result we're seeing employment being cut back in line with declining order books.

"Whereas we've seen slightly more hope towards the outlook in other sectors – especially services – in the past month, the mood among constructors hasn't really budged, with activity still widely expected to fall in the coming 12 months."

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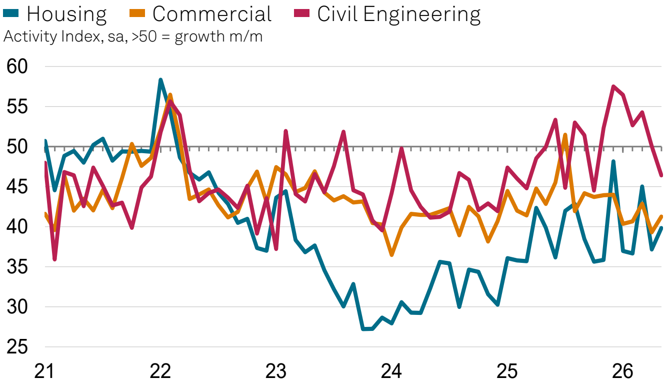
lengthened to the greatest extent since July 2022, amid reports of logistics issues and supply shortages.

Amid this backdrop of falling demand and deteriorating supply-side conditions, construction companies stayed firmly in retrenchment mode. May saw a fourth straight monthly decline in employment across the building sector, as well as a further reduction in the use of subcontractors. The pace of job cuts eased slightly but remained solid by historical standards, whilst the decline in subcontractor usage gathered pace. At the same time, constructors scaled back their purchasing activity substantially, with the rate of decline in buying levels little-changed from that seen in April.

Looking ahead, German construction firms remained downbeat about growth prospects in the coming year. Expectations improved slightly since April, but they were still the second-lowest in the past 16 months and below the long-run trend. Firms were pessimistic about future demand conditions, which were expected to be impacted by rising prices, higher interest rates and persistent market uncertainty.



Source: S&P Global PMI. ©2026 S&P Global.

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Methodology

The S&P Global 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.

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