

NEWS RELEASE  
MARKET SENSITIVE INFORMATION  
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# HCOB Germany Construction PMI®

## German construction PMI at 29-month high as downturn in activity continues to ease

### Key findings:

Total Activity Index at 46.3 in July - highest since February 2023

Commercial activity grows, but civil engineering suffers setback

Jobs and buying levels cut amid a lack of new work

Data were collected 10-30 July 2025.

The latest HCOB PMI® survey data showed further signs of the downturn in German construction activity easing as the third quarter got underway. Total industry activity posted its weakest rate of decline for nearly two-and-a-half years, thanks in large part to a renewed rise in commercial building work. Firms in the sector nevertheless continued to cut both workforce numbers and purchasing activity, citing a lack of incoming new work. They remained mildly pessimistic about the year-ahead outlook.

On the supply side, German constructors reported quicker deliveries of building materials and products, as has been the case for most of the past two-and-a-half years. They did however face a fifth successive monthly increase in purchase prices, albeit with the rate of inflation ticking down from June's recent high. Rates charged by subcontractors were also up on the month, despite a near-record improvement in their availability.

The **HCOB Germany Construction PMI Total Activity Index** – a seasonally adjusted index tracking month-on-month changes in total industry activity – registered 46.3 in July, up from 44.8 in June and its highest reading since February 2023.

The main drag on overall construction sector continued to come from housing activity. The rate of decline in work on residential building projects remained sharp, although it did ease to the weakest in three months. Commercial activity meanwhile showed a modest rate of growth, thereby ending a sequence of contraction stretching back to April 2022. There was a renewed decrease in the civil engineering sector, following the strongest growth in this segment for more than three years in June.

German building companies continued to report a lack of incoming new work across the construction sector, particularly in the housing sector. They mentioned factors such as high price levels and hesitancy amongst customers. Moreover, July's decrease in new orders was the most marked for four months.

Declining workloads led building companies in Germany to pare back both their payroll numbers and purchasing activity at the start of the third quarter. The decline in employment was the smallest seen for four months, but it nevertheless extended the longest sequence of staff retrenchment in the sector for almost 20 years. Buying levels, on the other hand, fell at the quickest rate since March.

Weaker demand for building materials and products was reflected in a further improvement in supplier delivery times in July. Furthermore, the rate of improvement in vendor performance was the strongest seen for four months.

Prices paid for purchases meanwhile continued to rise, as has been the case in each month since March. The rate of inflation did however tick down from June's recent peak, and it was noticeably weaker than the historical series trend.

Looking ahead, German constructors were still mildly pessimistic about the outlook for activity, although expectations improved slightly from the month before and were just below May's recent high. Firms reported concerns about a sluggish economy and a dearth of new work.

## Comment

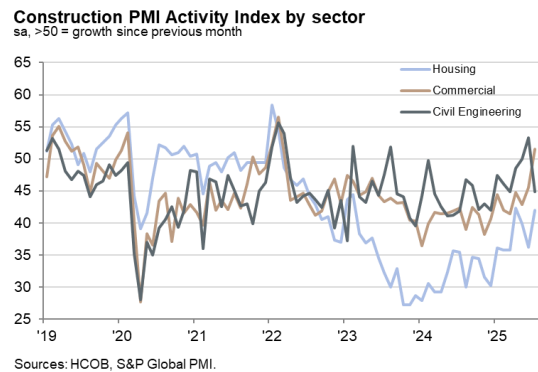
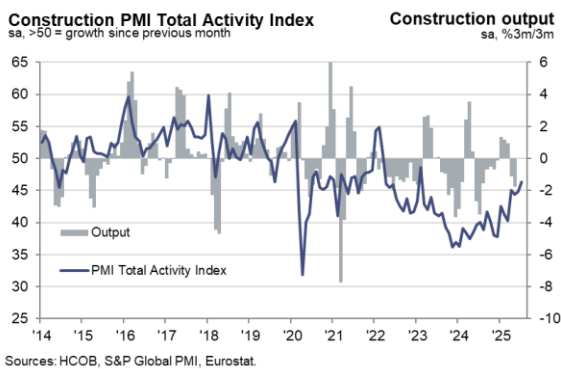
Commenting on the PMI data, Norman Liebke, Economist at Hamburg Commercial Bank, said:

*“Germany’s construction sector continues to show signs of recovery, but the sector is not out of the woods yet. The HCOB Construction PMI indicates the highest reading since February 2023 and has improved by roughly four points since the beginning of the year. On the other hand, the sector remains in deep recession, especially when viewed in comparison with the trends in manufacturing and services. Input prices also continue to rise, and overall, this is no cause for celebration. Construction firms share this view, as their business expectations for the next twelve months remain below the expansion threshold.*

*“The residential and commercial construction sectors showed some signs of recovery, with commercial construction even expanding for the first time since March 2022 and residential construction contracting at a slower pace. However, civil engineering activity left much to be desired in July following its strong performance in June, with activity in this segment shrinking for the first time in three months.*

*“The outlook for Germany’s construction sector remains bleak. Not only are construction firms themselves not particularly confident, but new orders, employment conditions, and pricing dynamics also remain subdued. According to anecdotal evidence, new orders continued to decline due to high prices and customer hesitation, which particularly affects residential construction. Employment continued to fall in July, marking a continuous decline over the past 40 months. Input prices rose for the fifth month running, though at a rate that was below the long-term average.”*

-Ends-



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## Note to Editors

The HCOB Germany Construction PMI<sup>®</sup> 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](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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