

NEWS RELEASE
MARKET SENSITIVE INFORMATION
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HCOB France Construction PMI®

French construction sector slips deeper into contraction in July

Key findings:

- Total Activity Index falls to ten-month low of 39.7
- Sharper contractions in purchasing volumes and new orders
- Year-ahead expectations the most pessimistic since last November

Data were collected 10-31 July 2025.

France's construction industry continued to face considerable challenges, latest HCOB PMI® survey data showed, with activity, new orders and business confidence all deteriorating further in July. Overall activity levels were down by the greatest margin in ten months, while volumes of incoming new work declined at the sharpest pace since November 2020. Meanwhile, outside of months affected by the COVID-19 pandemic, purchases of construction materials fell to the most substantial degree in over a decade.

The headline **HCOB France Construction PMI® Total Activity Index** — which measures month-on-month changes in total industry activity — registered its lowest reading in ten months during July. At 39.7, the headline index was down from 41.6 in June, moving deeper into sub-50.0 contraction territory and extending a downturn that has been uninterrupted since June 2022.

Broken down by activity type, the latest HCOB PMI data revealed broad-based weakness across the French construction industry. The sharpest decline was seen in the commercial segment, with work carried out on these types of projects falling at the quickest rate since March 2015, excluding the months worst impacted by COVID-19 lockdowns.

Meanwhile, residential building activity continued to fall at a steep rate, despite posting a less severe contraction in July when compared to the two months prior. Civil engineering was likewise a drag on the overall construction sector — a contrast to June when a modest expansion in this segment was recorded.

Appetite for construction projects continued to worsen across France, as evidenced by a sustained and accelerated decline in new orders received by survey respondents. Furthermore, July's contraction was the most pronounced since November 2020.

French constructors pared back their purchases of materials aggressively at the start of the third quarter as they adjusted to the drop in workloads. Discounting pandemic-hit months, July's reduction in buying volumes was the sharpest in over a decade.

Nevertheless, those firms awaiting deliveries of purchased items noted delays from vendors. Average lead times lengthened to the greatest extent in five months.

Employment was another area where firms made cuts during July, extending the current period of falling construction workforce numbers to 15 months. Additionally, the rate of job shedding was the sharpest since May 2020.

Meanwhile, the latest survey data signalled a fourth successive monthly rise in operating costs. The rate of inflation remained historically muted, however, as has been the case across the current sequence.

Looking ahead, French constructors were pessimistic towards the 12-month outlook for activity. Expectations were their most downbeat for eight months amid concerns regarding demand conditions.

Comment

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

"The French construction sector is in a deep recession. The HCOB France Construction PMI for July indicates a weak state of the construction sector with its ten-month low and the thirty eighth consecutive month of below-50 readings. Employment and new orders continue to fall significantly, with higher input prices and weak business expectations for the coming twelve months also registered.

"The recession in the French construction sector is broad-based. All three sectors—housing, commercial and civil engineering—are worse off compared to June. Commercial activity is the worst of all three with the steepest decline since the COVID-19 pandemic in May 2020, or March 2015 when excluding this period. In the housing sector, around 23% of house builders reported lower activity compared to June, while only 5% saw more volume. Civil engineering activity has been somewhat volatile but with five out of the last six months being contractionary, the trend is clear.

"The outlook for the French construction sector remains unpromising. The employment situation keeps worsening while new orders are plummeting further. French constructors are also expecting weaker activity in the coming twelve months as they anticipate weak demand."

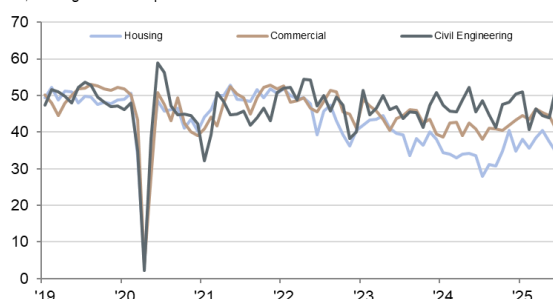
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HCOB France Construction PMI Total Activity Index
sa, >50 = growth since previous month



Sources : HCOB, S&P Global PMI.

Construction PMI Total Activity Index by sector
sa, >50 = growth since previous month



Sources : HCOB, S&P Global PMI.

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Note to Editors

The HCOB France 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 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. 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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