NEWS RELEASE
MARKET SENSITIVE INFORMATION
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HCOB Eurozone Construction PMI®

Softest fall in construction activity since February 2023

Key findings:

Softer, but still sharp decrease in new order intakes

Input price inflation eases to four-month low

Firms at their most pessimistic since January

Data were collected 12-29 August 2025.

The latest HCOB PMI® survey data indicated that the eurozone construction sector remained in decline midway through the third quarter, although the rate of contraction softened compared to July. New orders fell at a weaker yet still sharp rate, which contributed to sustained reductions in employment and purchasing. Price pressures also eased to the softest since April, and were broadly in line with the average seen in 2025 so far. Companies were increasingly pessimistic regarding the year-ahead outlook for activity, however, with the degree of negative sentiment at its most pronounced in seven months.

The HCOB Eurozone Construction PMI Total Activity Index — a seasonally adjusted index tracking monthly changes in total industry activity — rose from 44.7 in July to 46.7 in August, signalling a solid, but softer reduction in total construction activity across the euro area. Activity has now fallen consistently for 40 months, though the latest decrease was the least pronounced for two-and-a-half years.

The slower decline largely reflected a much softer reduction in France, while the contractions in Germany and Italy strengthened slightly.

By sector, housing once again posted the sharpest decline, though the latest reduction was the softest in four months. Commercial construction activity meanwhile saw the steepest contraction since November 2024. Conversely, civil engineering work bucked the wider trend to record a renewed expansion during August, the second in the past three months.

The drop in construction activity reflected continued demand weakness in the sector. New orders decreased for the forty-first consecutive month, but the pace of decline eased from that seen a month prior. A steeper fall was observed in Italy, while German and French firms experienced softer yet still sharp declines.

As new business continued to fall, firms looked to scale back employment again in August. Staffing levels have fallen consistently for two-and-a-half years, although the latest reduction was the softest in three months. The overall reduction in headcounts primarily reflected a sharp fall in France, as the rate of job shedding eased in Germany to the softest in the 41-month sequence there. In contrast, Italian construction employment increased for the twelfth month in a row.

Purchasing activity decreased further, extending the current downturn to 39 months. The pace of contraction accelerated from July and was the most marked in 2025 to date.

Along with declines in employment and purchasing, the usage of subcontractors contracted sharply, with the rate of decrease the steepest in six months. As a result, there was a solid improvement in their availability. Rates charged by subcontractors rose for the ninth consecutive month, albeit at the softest pace since February.

A solid rate of input price inflation was signalled midway through the third quarter. The pace of inflation eased to a four-month low, however, and was considerably softer than the long-run series average. Input price inflation eased in the three monitored economies, with the weakest increase seen in France.

Suppliers' delivery times lengthened in the eurozone construction sector for the second time in three months in August. A modest improvement in Germany was offset by a greater lengthening among French firms and a sustained deterioration in Italy.

Despite the softer downturn in activity, construction companies in the euro area were increasingly pessimistic regarding the year-ahead outlook. French and German firms both held strongly negative outlooks in August, although the former posted a slight recovery since July. Italian firms remained optimistic, with confidence strengthening from that seen a month prior.

Comment

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

"Eurozone construction activity may be on the uprise. Construction activity declined in a rapid manner, although the pace slowed down modestly, the lowest in two-and-a-half-years. The index rose from 44.7 in July to 46.7 in August. Interestingly, the index rose especially in France and Italy, whereas Germany's construction sector saw a sharper downturn. Civil engineering grew at a modest pace thanks to France and Italy, while housing and commercial activity remained subdued, in accordance with the three European countries.

"Housing activity is slowly but steadily recovering. Although housing drags on overall activity the strongest, its index reached its second-highest point for two-and-a-half years. Commercial activity is closer to the expansion threshold, but it seems more likely that the commercial subsector is turning down again and the housing sector increasing, following current dynamics. Civil engineering remained volatile in recent months, hopping above and below the expansion threshold.

"The outlook for the European construction sector remains gloomy. Especially in Germany and France, constructors stayed pessimistic, with the latter slightly improving. On the other hand, Italian constructors are more positive about the coming twelve months, although their expectations also stayed below the historic average. This is also reflected in the current employment situation, which does not seem to be lightening up any time soon. Accordingly, new orders remain rather sluggish, giving no cause for any sense of optimism."

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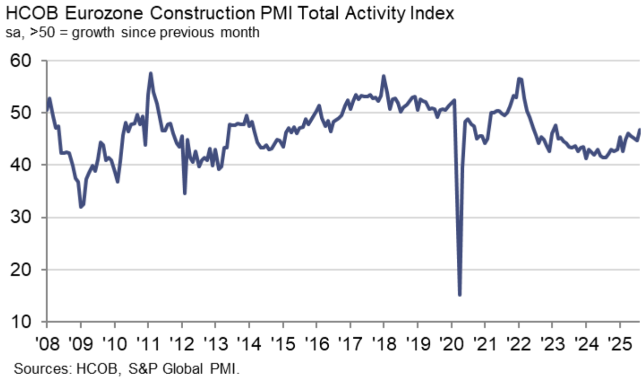

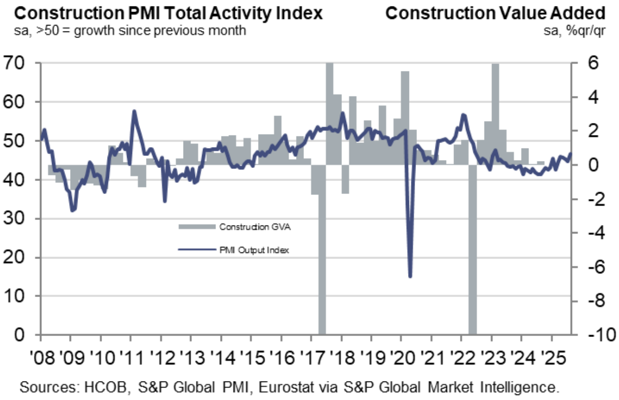

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Note to Editors

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.

The bank’s specialists are as experienced as they are pragmatic. They act in a reliable manner and at eye level with their customers. They provide in-depth advice in order to jointly find efficient solutions that are a perfect fit – for complex projects in particular. Tailor-made financing, a high level of structuring and syndication expertise and many years of experience are just as much a hallmark of the bank as are our profound market and sector expertise.

S&P Global (NYSE: SPGI)

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About PMI
Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. www.spglobal.com/marketintelligence/en/mi/products/pmi

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