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## IHS Markit Eurozone Construction PMI®

# Growth in eurozone construction activity reaches four-year high

### Key findings

Record upturn in new orders boosts output growth

Sharpest rise in employment since February 2020

Confidence around the 12-month outlook strengthens

Data were collected 12-31 January 2022.

The IHS Markit Eurozone Construction PMI® is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in a panel of around 650 construction firms in the eurozone. The headline figure is the Total Activity Index, which tracks changes in the total volume of construction activity compared with one month previously.

The IHS Markit Eurozone Construction Total Activity Index rose from 52.9 in December to 56.6 in January, signalling a steep rise in eurozone construction activity at the start of 2022. The expansion was the sharpest recorded since January 2018 and was largely attributed to stronger new order growth. Underlying data indicated that growth was led by house building, which rose at the fourth-fastest rate in the survey history. At the same time, there was a renewed upturn in civil engineering work, while growth in commercial construction reached a four-year high.

January survey data pointed to a sharp acceleration in home building activity across the eurozone, stretching the current period of growth to 11 months. The rate of increase was the strongest recorded since February 2011 and the fourth-fastest in the survey history.

Commercial building activity rose at a quicker pace during January, the fastest since January 2018.

Work undertaken on civil engineering projects returned to expansion territory for the first time since July 2019. The rise was the quickest in close to four years and solid overall.

New orders placed with eurozone construction companies expanded for the sixth successive month in January. The pace of growth accelerated from the previous survey period and was the quickest since the survey began. Anecdotal evidence suggested that sustained government incentives for the sector led to a rise in new business inflows.

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



Source: IHS Markit.

Latest data pointed to a further rise in staffing levels at eurozone constructors. Moreover, the rate of job creation quickened to the fastest since February 2020. All three of the bloc's largest economies recorded job creation in January, led by a stronger rise in Germany.

Eurozone construction firms expressed optimism toward the 12-month outlook for the thirteenth consecutive month in January. The level of positive sentiment strengthened from December to the highest since June 2019.

Purchasing activity undertaken by eurozone constructors rose for the eleventh time in as many months during January. The pace of increase quickened from December and was the fastest for four years.

Vendor performance across the eurozone construction sector deteriorated at the softest rate in ten months in January. That said, average lead times lengthened rapidly in all three of the bloc's largest members, with French firms pointing to the most severe deterioration.

Latest data showed a softer, albeit rapid, rise in input costs faced by eurozone construction firms. The rate of inflation was the slowest since March, yet remained well above its long-run average. A number of panel members linked higher raw material prices to widespread shortages of items among suppliers. Underlying data indicated substantial rises in cost burdens across the three monitored eurozone economies, led by Italy.

## Comment

Commenting on the latest results, Usamah Bhatti, Economist at IHS Markit, said:

*"The eurozone construction sector expanded at a strong rate at the start of the year, building on the gradual recovery reported throughout the fourth quarter of 2021. A survey record upturn in new orders, underpinned by sustained government support, helped drive activity growth to the highest since January 2018. Moreover, there were indications that widespread reports of material shortages and delivery delays had peaked and had begun to ease. Despite constraints on the materials side, eurozone constructors were confident that the activity would recover in line with the economy and raised employment levels at the quickest rate since February 2020. Moreover, construction firms in the bloc were increasingly optimistic regarding the outlook for activity over the coming 12 months, with the level of positive sentiment climbing to its highest since June 2019. At the national level, Italian firms reported a survey record rise in activity, while German firms signalled the strongest increase for 23 months. French firms signalled a moderate rise that was nonetheless the fastest since mid-2020."*

## Contact

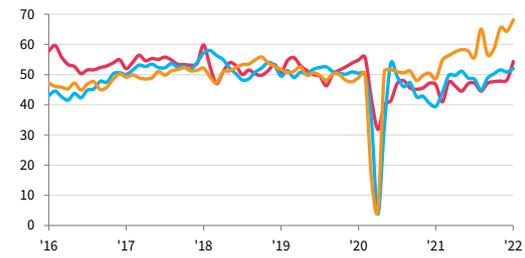
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### Construction Total Activity Index

Germany / France / Italy

sa, >50 = growth since previous month

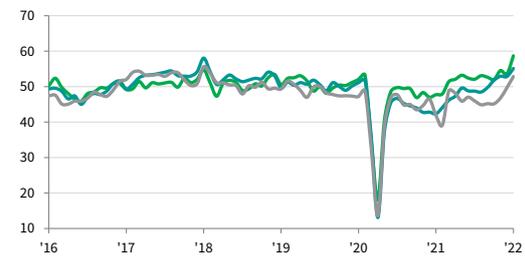


Source: IHS Markit.

### Construction Activity Index

Housing / Commercial / Civil engineering

sa, >50 = growth since previous month



Source: IHS Markit.

### Survey methodology

The IHS Markit Eurozone Construction PMI® is compiled by IHS Markit 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.

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@ihsmarkit.com](mailto:economics@ihsmarkit.com).

### Survey dates and history

Data were collected 12-31 January 2022.

Survey data were first collected January 2000.

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