

NEWS RELEASE  
MARKET SENSITIVE INFORMATION  
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# HCOB Germany Construction PMI®

## German construction sector ends 2024 deep in recession

### Key findings:

Total Activity Index at eight-month low of 37.8 in December

Building companies still in retrenchment mode

Activity expected to fall in 2025

Data were collected 5-20 December 2024.

Germany's construction sector remained firmly in recession territory as 2024 drew to a close, the latest HCOB PMI® survey results showed. Total industry activity fell sharply and at the quickest rate for eight months as businesses continued to highlight a dearth of incoming new work. At the same time, workforces were scaled back further, with building companies expecting activity to fall over the next 12 months.

Reduced demand for both labour and construction materials meanwhile acted to weigh on inflationary pressures across the building sector. Rates charged by subcontractors fell for the fifth month running, while average prices paid for inputs were unchanged on the month.

The **HCOB Germany Construction PMI Total Activity Index** – a seasonally adjusted index tracking changes in total industry activity – moved further below the 50.0 no-change threshold in December, maintaining the downward trend seen throughout the final quarter of 2024. Its latest reading of 37.8 was down from 38.0 in November and the lowest since last April.

The sharp and accelerated decrease in total industry activity was led by an ongoing slump in residential work, which recorded its sharp drop in four months in December. Civil engineering activity also fell at a slight quicker rate, although it remained the most resilient of the three broad constructions categories monitored by the survey. The latest decrease in commercial activity was slightly less marked than in November but still substantial overall.

Building companies in Germany continued to report a lack of new orders in December, underscoring a continuation of the general downturn in demand for construction work seen for almost three years. Anecdotal evidence gathered by the survey highlighted a general hesitancy among potential customers due in part to uncertainty towards the outlook and high prices for building work. The rate at which new orders fell eased slightly seen November but was still quicker than the average in 2024.

Decreasing pipelines of new work left firms feeling downbeat about the prospects for activity in the coming year, with nearly half (46%) forecasting a contraction compared to the level of work seen in the latest month. Although expectations ticked up from November's recent low, they were still among the weakest seen across the whole of last year.

With workloads in decline and expected to drop further in the next 12 months, constructors continued to trim employment during December. They also pared back their usage of subcontractors, which fell sharply again and at a rate that only slightly slower than November's survey record. An improvement in subcontractor availability meanwhile contributed to a further – albeit slower – fall in the rates they charged.

At the same time, constructors reported no change in the average cost of building materials and products, following a fractional increase the month before. Prior to November, input prices had fallen for seven straight months. This lack of upward pressure on costs has coincided with falling purchasing activity and quicker supplier delivery times. December's improvement in lead times was only modest, however, amid reports of the production of construction materials being curtailed.

## Comment

Commenting on the PMI data, Dr. Cyrus de la Rubia, Chief Economist at Hamburg Commercial Bank, said:

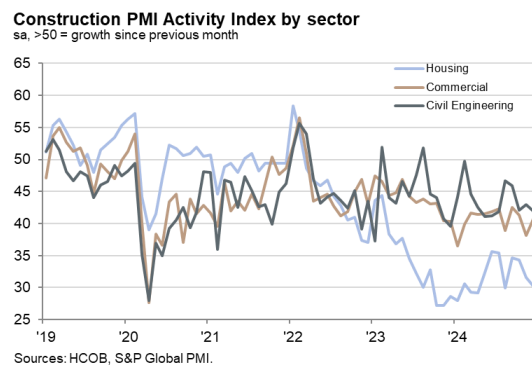
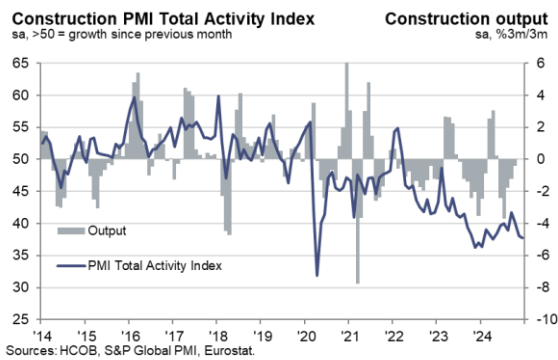
*"For the construction sector, 2024 wraps up just as poorly as it kicked off. December's PMI lands at 37.8, barely above where it stood at the start of the year. Over the last three months, construction activity has actually taken a sharper dive. Political uncertainty seems to have played a big role here, with the looming federal elections prompting many companies to adopt a wait-and-see attitude, perhaps hoping a new government might ease building regulations."*

*"The residential construction sector remains the hardest hit, with the downturn only getting worse in recent months. Commercial real estate is also in the red, though the situation is not quite as dire as in residential construction. Civil engineering is following a similar trend. Official building application numbers suggest 2025 won't be any easier, and new orders in December took another steep tumble, reinforcing the short-term challenges."*

*"These are still difficult times for subcontractors. While the demand for their services is not falling quite as fast as before, the decline is still dramatic. On top of that, the quality of subcontractor services is reportedly slipping, according to the PMI survey. This tough environment is putting pressure on prices too, with rates subcontractors can charge dropping for the fifth month in a row."*

*"Job cuts, which have been ongoing since April 2022, continued through December. Interestingly, construction activity has been shrinking faster than employment, suggesting a hit to labour productivity and rising labour costs. This makes it more probable that further layoffs will lay ahead in the months to come."*

-Ends-



## Contact

### Hamburg Commercial Bank AG

Dr. Cyrus de la Rubia  
Chief Economist  
T: +49-160-9018-0792  
[cyrus.delarubia@hcob-bank.com](mailto:cyrus.delarubia@hcob-bank.com)

Katrin Steinbacher  
Head of Press Office  
Senior Vice President  
T: +49-40-3333-11130  
[katrin.steinbacher@hcob-bank.com](mailto:katrin.steinbacher@hcob-bank.com)

### S&P Global Market Intelligence

Phil Smith  
Economics Associate Director  
T: +44-1491-461-009  
[phil.smith@spglobal.com](mailto:phil.smith@spglobal.com)

Sabrina Mayeen  
Corporate Communications  
T: +44-796-744-7030  
[sabrina.mayeen@spglobal.com](mailto:sabrina.mayeen@spglobal.com)

## 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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