

NEWS RELEASE
MARKET SENSITIVE INFORMATION
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HCOB Italy Construction PMI[®]

Italian construction sector registers marginal rise in activity in May

Key findings:

Activity rises at faster rate as new business growth picks up

Employment levels up at strongest rate in 2025 so far

Purchasing activity falls slightly as cost pressures intensify

Data were collected 12-30 May 2025.

The Italian construction sector enjoyed stronger inflows of new business in May, but only managed to eke out a slight increase in activity levels. The commercial sector remained the key source of strength.

Building companies showed increased demand for labour, with employment levels up at the most marked rate seen in 2025 so far, albeit one that was only modest. Meanwhile, stronger cost pressures and a preference towards using up existing stocks of inputs led to a slight decrease in purchasing quantities.

At 50.5 in May, the **headline HCOB Italy Construction PMI[®] Total Activity Index** — which measures month-on-month changes in total industry activity — ticked up from near-stabilisation in April (50.1). The latest reading was consistent with a marginal expansion of the Italian construction sector which was slightly stronger than the average seen over 2025 so far. Where firms signalled increased output, stronger order books and better weather conditions were noted.

The commercial category remained the principal driver of the sector's expansion in May, despite recording only a marginal increase in activity. Residential building activity was down for a second month in a row, albeit with the rate of decline only slight. Meanwhile, the civil engineering sector was the worst performing, having signalled a rapid drop in activity in May. The rate of contraction was less marked than those seen in the opening two months of the year, however.

Italian construction companies continued to signal an increase in volumes of new work in May, supporting the overall upturn across the sector. The improvement came as a result of increased public tenders, new contract wins and a pick-up in demand owing to the National Recovery and Resilience Plan (NRRP), qualitative data showed. Although the rate of growth in new orders was only marginal, it compared favourably with both that seen in April and the long-run series average.

In line with the trend for new orders, there was a similarly modest increase in construction employment in Italy, with firms hiring new staff, often on permanent contracts, to fulfil tasks at hand. Albeit only marginal, the rate of jobs growth was the strongest in the year-to-date.

Italian constructors scaled back their purchasing activity slightly, often using up existing stocks of inputs to support current workloads. Despite reduced demand for building materials, input prices rose at a stronger rate and delivery times lengthened. The rise in cost pressures reflected increased raw materials prices, as well as higher energy and transportation costs. Although steep and stronger than in April, the rate of inflation was weaker than the series average.

Increasing pipelines of work, including the opening of new construction sites, led companies to be confident about the prospect of activity rising over the coming 12 months. In fact, the optimists outweighed the pessimists by around 30% to 19%. Although

the degree of positive sentiment was largely in line with those seen in March and April, it was nonetheless the strongest in exactly a year. It did, however, remain subdued by historical standards.

Comment

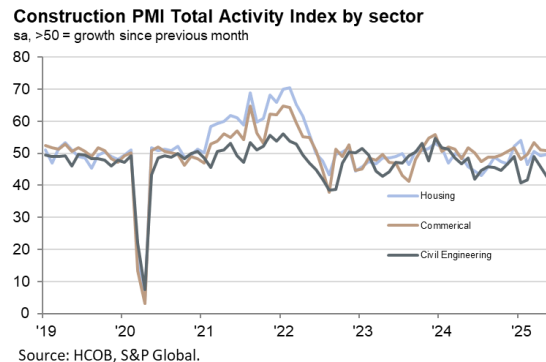
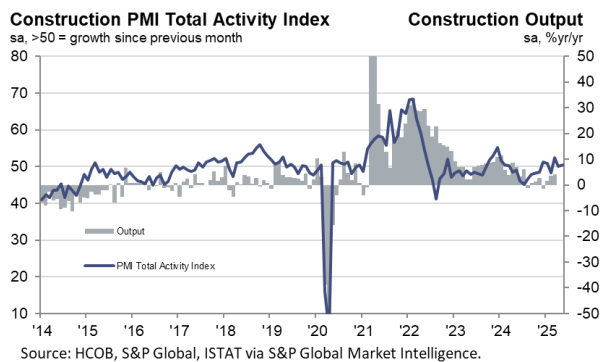
Commenting on the PMI data, Norman Liebke, Economist at Hamburg Commercial Bank, said:

“Italy’s construction sector continued its modest upward trajectory in May, with the HCOB Construction PMI ticking up to 50.5. The latest increase in activity was primarily driven by a pick-up in new business and was centred on the commercial segment. While overall activity growth was marginal, firms cited better weather and stronger order books as key contributors. Residential construction remained in decline, though the pace of contraction softened, while civil engineering continued to struggle, posting its ninth consecutive month as the worst-performing segment.

“New orders rose for the sixth month in a row, which were supported by increased public tenders, new contract wins, and ongoing momentum from the National Recovery and Resilience Plan. This steady inflow of work encouraged firms to expand their workforces, with employment rising at the fastest rate seen this year, albeit only modestly. Most of the hiring was for permanent roles, reflecting a growing confidence in the sector’s medium-term outlook. However, purchasing activity dipped slightly as firms opted to lean on existing inventories rather than ramp up new input buying, a move likely influenced by rising cost pressures.

“Inflationary pressures intensified in May. Input prices rose at a sharper pace, driven by higher raw material, energy, and transportation costs. Supplier delivery times also lengthened for the eighth consecutive month, with May marking the most pronounced deterioration since January. Despite these headwinds, sentiment among Italian construction firms remained upbeat. Around 30% of respondents expressed optimism about the year ahead, citing new project pipelines and site openings. While this confidence is still subdued by historical standards, it represents the highest level of positive sentiment seen for a year, a sign that Italy’s builders are cautiously laying the groundwork for a more sustained recovery.”

-Ends-



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Note to Editors

The HCOB Italy Construction PMI® is compiled by S&P Global from responses to questionnaires sent to a panel of over 200 construction companies. The panel is stratified by company workforce size, based on contributions to GDP. Survey data were first collected July 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.

Hamburg Commercial Bank AG

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