NEWS RELEASE
MARKET SENSITIVE INFORMATION
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HCOB Italy Construction PMI®

Activity returns to expansion territory amid sharper rise in new orders in March

Key findings:

Fastest rise in activity since the end of 2023

Purchasing quantities increase amid stronger inflows of new work

Strongest cost pressures in over two years

Data were collected 12-31 March 2025.

After having signalled a decline in activity in February, the Italian construction sector appeared to bounce-back in March. Construction activity rose in the latest survey period, supported by greater volumes of new work. Operating expenses rose at a robust pace in March, with cost pressures likely a result of increased purchasing quantities. The future of the Italian construction sector looked brighter, but confidence levels remained subdued when put into a historical context.

At 52.4, the headline **HCOB Italy Construction Purchasing Managers' Index™ (PMI®)** – rebounded back above the crucial 50.0 mark that separates growth from contraction (February: 48.2).

Construction activity in Italy has risen in three of the past four months, most recently attributed to a rise in new orders for building work and the opening of new sites. The rate of expansion was the sharpest in 15 months and moderate overall.

There was a turnaround at the sub-sector level in March, as two of the three posted renewed activity growth. The commercial category posted the fastest rise in activity, and one that was the quickest seen for 15 months. Although housing activity also rose, the rate of expansion was only slight. Meanwhile, civil engineering remained the worst performing category, though the rate of contraction in activity was noticeably softer than earlier in the quarter.

The improvement in activity was centred on a rise in new construction orders in March. The latest influx of new work was the fourth in consecutive months, and the strongest improvement seen since the end of 2023. In anecdotal evidence, firms linked the uptick to new contracts and tenders awarded.

In line with new construction orders and partly due to the opening of new sites, there was a similarly strong rise in input buying in March. Where firms purchased materials, they noted a further decline in vendor performance, amid increased instances of delays.

Italian construction companies also signalled a rise in their operating expenses, largely reflective of increased raw material and energy costs. The rate of inflation on inputs was substantial having picked up to the strongest in 25 months.

Looking to the next 12 months, there was a greater sense of confidence among firms that activity would rise from present levels. Hopes of new business wins and the Recovery and Resilience Plan underpinned positive sentiment. However, when put into a historical context, the degree of optimism was subdued.

On the jobs front, increased workloads led firms to add to their payroll numbers in March, stretching the current run of growth to seven months. The rise in staffing levels was only marginal, however, and coincided with a fractional drop in subcontractor usage.

Comment

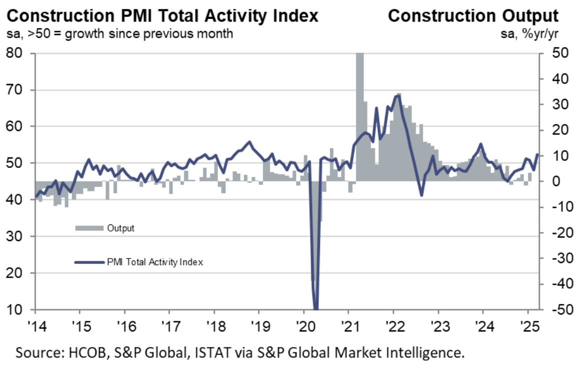
Commenting on the PMI data, Jonas Feldhusen, Junior Economist at Hamburg Commercial Bank, said:

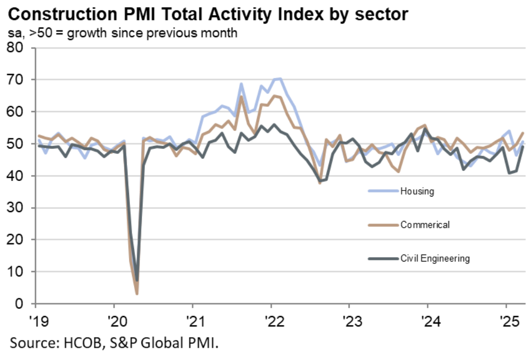
"The Italian construction sector rebounded in March. Following a contraction in February, Italy's construction sector witnessed a resurgence in March, driven by an uptick in new work volumes that bolstered demand. This revival has necessitated increased employment to manage the rising workload. Business sentiment indicates that Italian construction firms are optimistic about future growth prospects. However, the corresponding index remains subdued when viewed in a historical context. The sector's future optimism is largely fuelled by expectations surrounding the Recovery and Resilience Plan (RRP), which is anticipated to sustain construction activity until the end of 2027, when all allocated funds and loans must be accessed. So far, the growth contribution from the RRP has been modest. Rome has not managed to spend as much money as anticipated and is currently behind expectations.

"Analysing sub-sectors, residential activity experienced a slight uptick in March, but the with the index value elevated by historical standards. However, given the general slowdown this sector faces, this increase in business activity should not be overestimated. The commercial sector also contributed to the overall growth in construction activity. Civil engineering was the only sector that remained in declining territory, although the rate of decline has significantly slowed.

"Given the rise in activity, vendors sought additional input goods to meet output requirements. Consequently, input price inflation accelerated, driven by increases in raw material and energy costs. Subcontractor rates also played a key role, with the index remaining above its long-term average."

-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

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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S&P Global (NYSE: SPGI)

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We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

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.html

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