

NEWS RELEASE  
MARKET SENSITIVE INFORMATION  
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# HCOB France Construction PMI®

## Construction activity falls at steepest pace since last September

### Key findings:

- All three main types of construction work see sharp falls in February
- Housing sector under most intense strain, followed by civil engineering
- Businesses predict difficult year ahead

Data were collected 10-28 February 2025.

France's construction sector downturn worsened in February, according to the HCOB PMI® survey. Lower activity was recorded across all three major parts of the industry, underlying data showed, although the residential building sub-sector continued to provide the strongest drag. A lack of incoming new work remained a feature of the latest survey results, as has generally been the case for almost three years, prompting job cuts and reduced purchasing volumes. The outlook was predicted to be challenging, with activity expectations remaining pessimistic.

The headline **HCOB France Construction PMI® Total Activity Index** — which measures month-on-month changes in total industry activity — slipped almost five points on the month, bringing it even deeper into sub-50.0 contraction territory. Posting 39.8 in February, the headline index was down from 44.5 in January and signalled the sharpest decline in total industry activity since September 2024.

The residential segment of France's construction sector continued to represent the largest area of weakness, with home building down at a substantial and accelerated pace during February. Notably, after two months of growth, civil engineering activity contracted at the most rapid pace since December 2022, with the respective HCOB index dropping over ten points on the month. Commercial construction work also decreased sharply, as has generally been the case on average for almost two-and-a-half years.

Tendering opportunities for French constructors remained limited in February, with new order wins falling at a steep pace. Hesitancy among clients to commit to new projects, customer budget uncertainty and unfavourable economic conditions were among the reasons firms linked to the latest reduction in new business.

French construction companies lowered their purchases of new building materials midway through the opening quarter, marking the twenty-second month running that cutbacks have been registered. Inflationary pressures and low turnover were also cited as reasons for reduced buying volumes.

Still, despite weaker demand pressures, supplier delivery delays worsened midway through the first quarter, with firms reporting longer lead times on their purchases.

A tenth successive monthly fall in workforce numbers was seen across France's construction industry in February. Albeit moderate, the rate of job shedding was faster than in January and among the quickest seen over the current sequence.

Operating costs rose during February, although the extent to which input prices rose was considerably softer than January's 16-month high. The uptick in expenses was also weaker than the survey average.

Looking ahead, French constructors remained downbeat on the outlook for activity, predicting a contraction over the next 12 months. Expectations of economic weakness and subsequent headwinds to demand were mentioned as reasons to be pessimistic.

### Comment

Commenting on the PMI data, Dr Tariq Kamal Chaudhry, Economist at Hamburg Commercial Bank, said:

*"The French construction sector continues to struggle. The HCOB PMI for the construction sector fell sharply in February 2025. The contraction affects all three categories: commercial construction, residential construction, and civil engineering. Civil engineering is particularly hard hit due to fewer public sector orders. The civil engineering index has now fallen to its lowest level since December 2022. The French government would need to take several measures to stabilise the construction sector. Firstly, state support programs for energy-efficient renovations and sustainable construction could be expanded. Secondly, the government could increase investments in infrastructure projects to boost demand in the construction sector."*

*"Inflation is easing. A small consolation for French construction companies is that input price inflation has significantly slowed compared to the previous month. The declining demand in the sector is particularly affecting subcontractors, whose prices are shrinking. The hope remains that weak demand will lower input prices for companies in the coming months."*

*"The outlook remains bleak. Order intakes and purchasing volumes continue to shrink significantly, indicating little prospect of improvement in the medium term. Customers are cautious, budgets are uncertain, and market activity is subdued – such are the anecdotes. Although the index for future output has increased compared to the previous month, it remains in pessimistic territory. The weak overall dynamics are forcing companies to make layoffs. Surveyed companies hope to soon overcome unfavourable economic conditions and weak demand."*

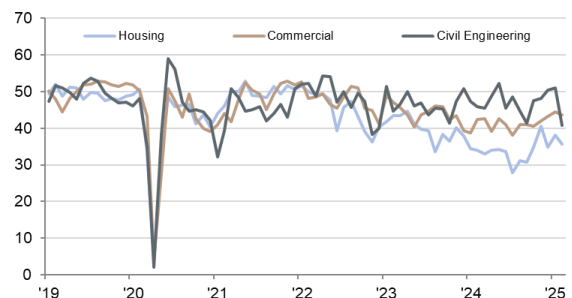
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**HCOB France Construction PMI Total Activity Index**  
sa, >50 = growth since previous month



Sources: HCOB, S&P Global PMI.

**Construction PMI Total Activity Index by sector**  
sa, >50 = growth since previous month



Sources: HCOB, S&P Global PMI.

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## Note to Editors

The HCOB France 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 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. 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.

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.

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