

S&P Global Germany Construction PMI[®]

Construction sector input cost inflation posts record rise in March

March 2026

Sharp intensification of cost pressures amid outbreak of war in the Middle East

Total industry activity falls at slowest rate in year-to-date

Business expectations turn negative as slump in new orders deepens

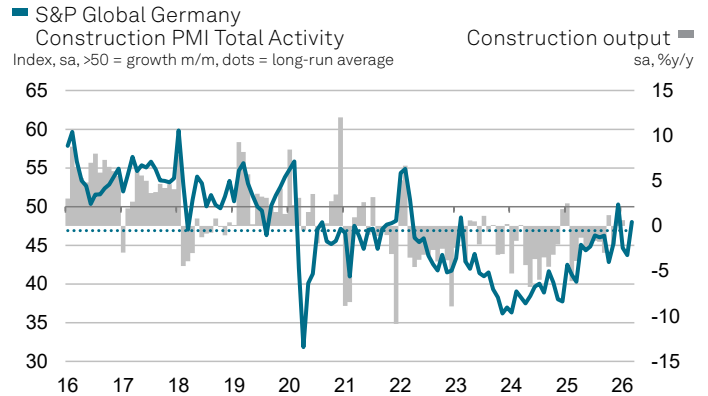
Businesses in Germany's construction sector reported a sharp spike in cost pressures at the end of the first quarter linked to the outbreak of war in the Middle East, the latest S&P Global PMI[®] survey data showed. A record rise in input price inflation was seen alongside worsening supply chain delays and a further slump in new orders. Whilst activity fell at a slower rate in March, firms' expectations for the year ahead showed a marked deterioration.

The S&P Global Germany Construction PMI Total Activity Index – a seasonally adjusted index based on a single question asking about month-on-month changes in total industry activity – came in at 48.0 in March, up from 43.7 in February. The latest reading was the highest recorded so far in 2026 and indicated a notable easing in the rate of decline in total activity compared to that seen in February, when firms had reported widespread disruption from particularly severe wintry conditions.

Housing activity fell at a much slower rate than the month before and posted its shallowest decline in the year-to-date. The weakest-performing segment in March was commercial activity. Here, the rate of contraction also eased, but only slightly. Constructors meanwhile recorded a sustained upturn in work on civil engineering projects, with the rate of expansion accelerating from that seen in February.

March's survey results, however, showed a sharp deterioration in constructors' expectations for activity over the coming year. After improving in each of the previous three months and reaching a six-year high in February, sentiment sank to its lowest since August last year and was back in negative territory for the first time so far in 2026 (meaning pessimists outnumbered optimists). Panellists reported concerns about demand and steep cost increases.

The rate of input price inflation faced by German construction companies rose sharply in March, recording its most marked one-month jump in the series history. This took it to its highest level since October 2022 and well above its long-run average. Surveyed firms remarked on increases in the cost of energy,



Data were collected 12-30 March 2026.

Sources: S&P Global PMI, Eurostat via S&P Global Market Intelligence. © 2026 S&P Global

Comment

Phil Smith, Economics Associate Director at S&P Global Market Intelligence, said:

"Whilst there were signs of improvement on the activity front in March, with housing work showing a much slower rate of decline and civil engineering enjoying stronger growth, several of the survey's other indicators flashed warning signals about the sector's prospects in the coming months. For a start, inflows of new orders continued falling at an accelerating rate, with existing headwinds to demand from economic uncertainty and already-high price levels being exacerbated by the outbreak of war in the Middle East.

"The construction sector has followed manufacturing in seeing a record month-on-month rise in its input prices index, underscoring the immediate spike in cost pressures that's rippled through the economy from the Middle East war.

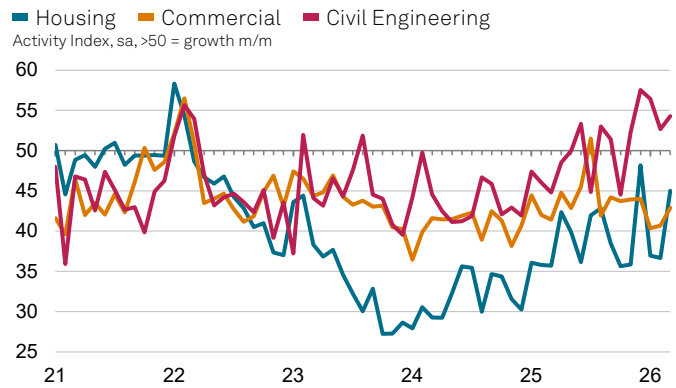
"The dual concerns over weaker demand and sharply rising prices have hit business confidence and put paid to the green shoots of optimism seen at the start of the year."

fuel and transportation, citing the influence of the outbreak of war in the Middle East.

At the same time, the latest data showed increased strain on supply chains across the construction sector. Average lead times on building materials and products, which had been steadily increasing in the five months leading up to March, lengthened to the greatest extent for nearly three-and-a-half years at the end of the first quarter.

Alongside increasingly challenging supply-side conditions, German constructors faced a further deterioration on the demand front in March. The rate of decline in new orders accelerated for the third month in a row and reached its quickest since July last year.

Reflecting reduced workloads, building companies remained in retrenchment mode in March, scaling back both their purchasing activity and workforce numbers. That said, the rates of decline in buying levels and employment slowed from the month before, with the former easing to the weakest since mid-2022.



Source: S&P Global PMI. ©2026 S&P Global.

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Methodology

The S&P Global Germany Construction PMI® 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.

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