News Release
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S&P Global UK Construction PMI®

Construction output declines at a slower pace in December

December 2025

Sharp falls in housing, commercial and civil engineering activity

Business activity expectations rebound to five-month high, despite weak order books

Input cost inflation eases to 14-month low

UK construction companies experienced another sharp downturn in business activity and incoming new work at the end of 2025.

However, both rates of contraction eased from the five-and-a-half year records seen in November. Job shedding also moderated since the previous survey period, helped by an improvement in business activity expectations to the highest since July.

The seasonally adjusted S&P Global UK Construction Purchasing Managers' Index™ (PMI®) – a headline index tracking changes in total industry activity – registered 40.1 in December, up from 39.4 in November but below the neutral 50.0 value for the twelfth successive month. The latest reading was the second-lowest since May 2020.

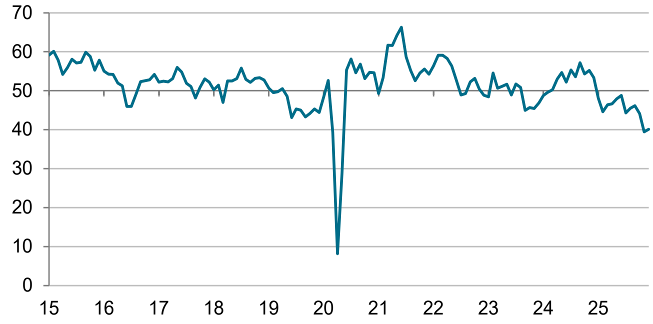
Civil engineering was the weakest-performing category of construction activity in December (index at 32.9), despite recording a softer rate of contraction than in November. Meanwhile, both housing activity (33.5) and commercial construction (42.0) decreased to the greatest extent since May 2020.

Anecdotal evidence suggested that fragile confidence among clients and subdued underlying demand had resulted in lower workloads at the end of the year. Many firms also noted that delayed investment decisions ahead of the Budget in November had weighed on their sales pipelines.

December data signalled a sharp decline in total new work across the construction sector. Reduced volumes of new business were recorded in each month of 2025, but the pace of contraction moderated since November.

Despite sluggish demand conditions and a lack of new orders to replace completed projects, the latest survey pointed to a recovery in business optimism at UK construction companies. Around 37% of the survey panel predict a rise in output levels during the year ahead, compared to 20% that forecast a decline. This signalled the highest level of business confidence for five months. A number of firms cited forthcoming new work in the utilities sector, related to investments in water and energy infrastructure. Lower interest rates and an

S&P Global UK Construction PMI Total Activity
Index, sa, >50 = growth m/m



Data were collected 4-22 December 2025.
Source: S&P Global PMI. ©2026 S&P Global.

Comment

Tim Moore, Economics Director at S&P Global Market Intelligence, said:

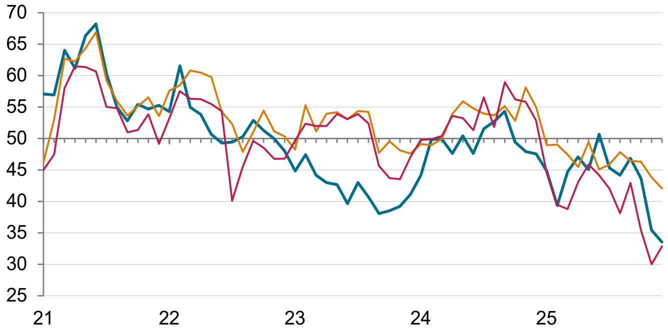
"UK construction companies once again reported challenging business conditions and falling workloads in December, but the speed of the downturn moderated from the five-and-a-half-year record seen in November. Many firms cited subdued demand and fragile client confidence. Despite a lifting of Budget-related uncertainty, delayed spending decisions were still cited as contributing to weak sales pipelines at the close of the year.

"By sector, latest data indicated the fastest reductions in housing and commercial construction since May 2020, while civil engineering was the only segment to signal a slower pace of decline than in the previous month.

"Total new orders nonetheless decreased to a much lesser degree than in November, while business activity expectations for the year ahead rebounded to a five-month high. Some survey respondents attributed greater optimism to projections of rising infrastructure spending, especially in the utilities sector. There were also hopes that lower borrowing costs and easing inflationary pressures could boost demand across the construction sector.

"Supplier performance meanwhile improved for the fifth month running, largely due to lower input buying. This also contributed to a slowdown in purchasing price inflation to its weakest since October 2024."

PMI® by S&P Global



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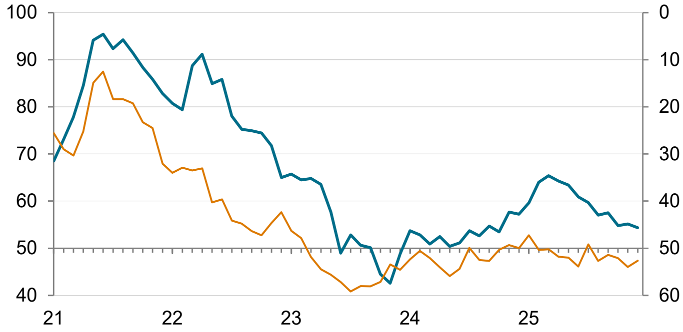

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improvement in domestic economic conditions were also reported as factors that could help to boost construction activity over the course of 2026.

Mirroring the trend for business activity in December, construction companies recorded relatively sharp reductions in employment and input buying. However, the rates of decline moderated since November, which was partly attributed to improved projections for workloads in the year ahead.

Softer demand for construction items contributed to an improvement in suppliers' delivery times for the fifth successive month in December. A number of survey respondents reported greater stock availability and fewer issues with transportation.

Lower purchasing activity across the construction supply chain and greater competition among vendors helped to bring down input price inflation at the end of 2025. Average cost burdens rose at the slowest pace since October 2024. Adding to signs of easing inflationary pressures, rates charged by subcontractors also increased at the weakest pace for just over one year.

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Methodology

The S&P Global UK 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 April 1997.

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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