

S&P Global UK Construction PMI[®]

Construction sector downturn continues, led by sharp drop in housing activity

March 2026

New orders decline at fastest pace since November 2025

Rapid acceleration in input cost inflation

Business optimism moderates since February

March data indicated a solid reduction in UK construction output, albeit at a slightly less marked pace than in the previous month. Residential work remained by far the weakest-performing category.

The latest survey also suggested that operating margins were under considerable pressure from a rapid acceleration in input cost inflation. Construction companies widely noted that the war in the Middle East had pushed up fuel, transportation and raw material prices.

At 45.6 in March, the headline seasonally adjusted S&P Global UK Construction Purchasing Managers' Index™ (PMI[®]) – an index tracking changes in total industry activity – rose from 44.5 in February but remained below the neutral 50.0 value for the fifteenth month in a row.

Survey respondents generally cited falling confidence among clients and a lack of new project starts. However, resilient energy sector demand was reported in March. Some firms suggested that a return to typical weather conditions helped to moderate the overall downturn in construction output after delays due to unusually wet weather in February.

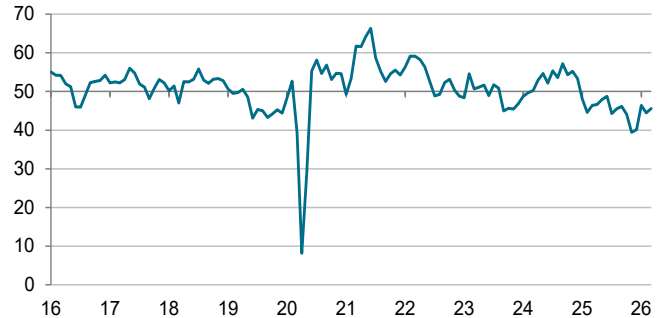
House building activity (index at 38.2) again declined more quickly than civil engineering (44.8) and commercial construction (47.1). All three sub-categories recorded slower rates of contraction than in February. The latest fall in civil engineering activity was the least marked since May 2025, which some firms linked to a gradual turnaround in major infrastructure work.

Total new business decreased at the fastest pace for four months in March. Lower volumes of new work have been recorded in each month since January 2025, with the latest reduction attributed to rising risk aversion among clients in response to elevated global economic uncertainty. Many firms noted that the conflict in the Middle East had negatively impacted confidence among clients.

Construction companies recorded a faster decline in employment during March. There were also sharp cutbacks to subcontractor usage and purchasing activity in response to reduced workloads.

S&P Global UK Construction PMI Total Activity

Index, sa, >50 = growth m/m



Data were collected 12-30 March 2026.

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Comment

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

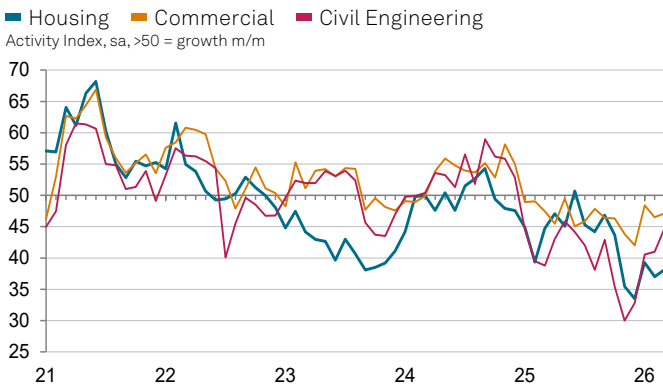
"UK construction companies indicated a sustained downturn in business activity during March, led by another steep reduction in residential work. A degree of resilience continued in the commercial and civil engineering segments. There were some reports of a turnaround in infrastructure work, especially in the energy sector."

"March data suggested a challenging near-term outlook for construction activity as total new orders decreased at one of the sharpest rates seen over the past six years. Survey respondents commented on fragile consumer confidence and delayed investment decisions in response to the outbreak of war in the Middle East."

"Construction firms also signalled a recalibration of their output growth forecasts for the year ahead. The drop in confidence during March wiped out the steady improvements in business optimism reported since the Autumn Budget. Escalating inflationary pressures, gloomy domestic economic prospects and higher borrowing costs were widely cited concerns in March."

"International shipping delays meant that supply chain performance deteriorated for the first time since last summer. Moreover, fuel surcharges and rising transport costs contributed to a surge in input cost inflation to its highest for more than three years. The month-on-month acceleration in cost inflation since February was the largest recorded in nearly three decades of data collection."

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March data pointed to a renewed downturn in supplier performance. Average lead times among vendors lengthened for the first time since July 2025 and to the greatest extent for 14 months. Construction companies typically commented on longer international shipping times and tighter supplies of some raw materials (e.g. resins).

Nearly half of the survey panel (48%) reported an increase in their average cost burdens during March, while only 3% signalled a decline. The resulting seasonally adjusted Input Prices Index pointed to a rapid acceleration in cost inflation to its highest since November 2022.

Concerns about the inflation outlook, higher borrowing costs and the prospect of a protracted war in the Middle East all weighed on business activity expectations across the construction sector during March. Although still upbeat overall, the latest data indicated that business optimism fell markedly since February to its lowest for three months.

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.

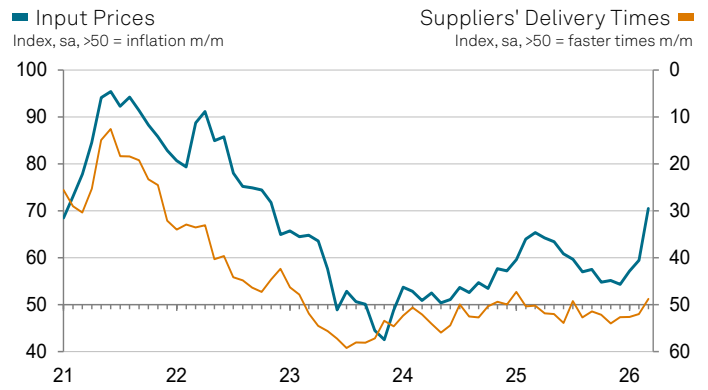
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

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