News Release
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S&P Global UK Construction PMI®

Slowest downturn in construction output for four months in July

July 2026

All three main categories of construction record a slower drop in business activity

New orders fall to the least marked extent since September 2025

Business activity expectations most upbeat for five months

Output levels fell again in the UK construction sector, but at the slowest pace since March. This contributed to a sustained rebound in business activity expectations for the year ahead. Supply chain performance meanwhile improved and input price inflation eased to a five-month low.

At 44.7 in July, up from 38.4 in June, the seasonally adjusted S&P Global UK Construction Purchasing Managers' Index™ (PMI®) – an index tracking changes in total industry activity – reached its highest level for four months and remained below the neutral 50.0 threshold. Reduced volumes of business activity have been recorded since January 2025, which is the longest continuous period of decline since the global financial crisis.

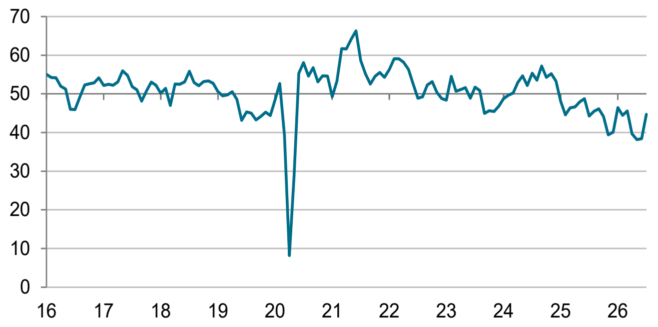
Much slower rates of contraction were seen in all three main sub-sectors in July. Commercial work (index at 46.8) showed the greatest resilience, while civil engineering activity again saw the steepest pace of decline (38.3). Meanwhile, house building activity decreased at the least marked pace since October 2025 (index at 41.8).

Total new business received by construction companies fell at the slowest pace for 10 months in July. Some firms commented on a recent turnaround in tender opportunities, including for commercial development, residential projects and transport infrastructure work. However, many survey respondents also noted that heightened geopolitical uncertainty and subdued domestic economic conditions continued to weigh on customer demand.

Mirroring the trends seen for business activity and new work, latest data highlighted a softer reduction in employment numbers across the construction sector. The rate of job losses was the slowest since February. Anecdotal evidence cited the non-replacement of voluntary leavers in response to a lack of new work. At the same time, subcontractor availability improved to the greatest extent since April 2025.

July data revealed a sustained decline in purchasing activity, albeit the least marked since September 2025. Softer demand for construction products and materials, alongside fewer reported instances of transportation delays, contributed to an

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



Data were collected 9-30 July 2026.
Source: S&P Global PMI. ©2026 S&P Global.

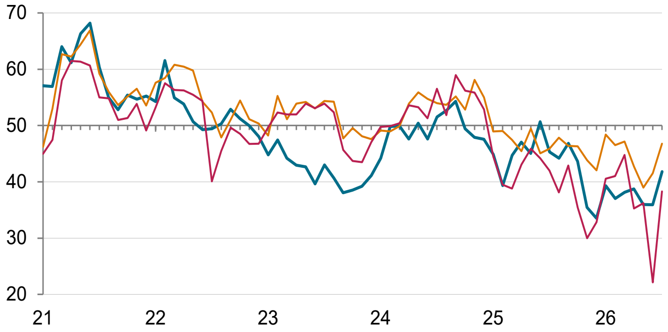
Comment

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

"July data suggests that the performance of UK construction sector has started to stabilise after a sharp downturn throughout the second quarter of 2026. Business activity levels continued to decline in all three main categories, but in each case the rate of contraction was much slower than in June. This was supported by the weakest reduction in new business intakes since September 2025.

"Survey respondents commented on signs of a turnaround in client demand and a revival in new tender opportunities in some cases, despite subdued underlying market conditions. This contributed to more upbeat business activity expectations for the year ahead, with confidence levels the highest since February.

"A renewed improvement in supplier performance and softer input cost inflation were also positive developments in July. Construction companies widely commented on fuel surcharges and higher raw material prices due to the war in the Middle East, but the overall rate of cost inflation was the lowest for five months."



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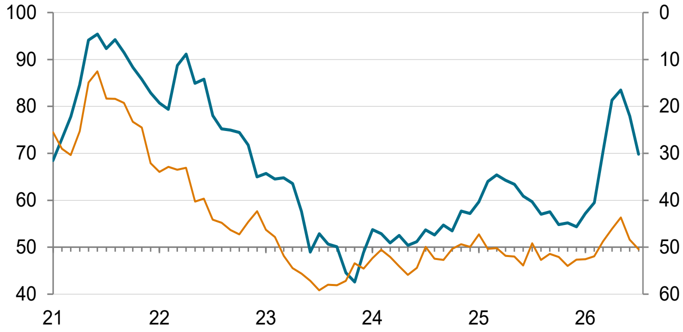

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improvement in supplier performance for the first time in five months.

Meanwhile input price inflation eased further from May's near four-year high. Although still sharp, the latest increase in average cost burdens was the slowest since February. Companies reporting higher purchasing costs typically linked this to fuel surcharges and rising prices paid for raw materials.

Business activity expectations for the year ahead remained positive in July, with around 38% predicting an expansion and only 17% anticipating a decline. This signalled the strongest degree of optimism since February. Survey respondents noted hopes of a rebound in domestic economic conditions and signs of an improved near-term outlook for customer demand, particularly in relation to infrastructure work.

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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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