News Release
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S&P Global UK Construction PMI®

Construction output falls at faster pace amid sharp drop in housing activity

August 2026

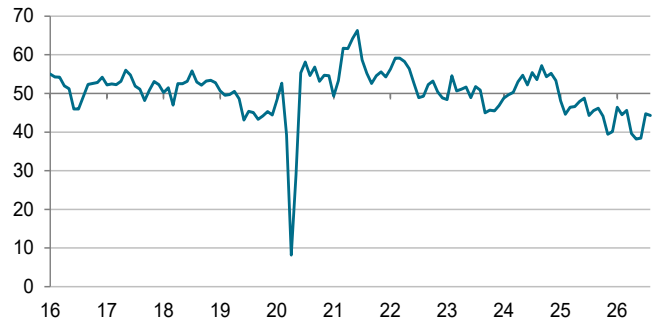
Sharp decline in residential work

Slower reductions in new orders and employment

Input price inflation eases to six-month low

S&P Global UK Construction PMI Total Activity

Index, sa, >50 = growth m/m



Data were collected 12-27 August 2026.
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August data indicated a sustained downturn in business activity across the UK construction sector, led by weakness in the residential building segment.

The seasonally adjusted S&P Global UK Construction Purchasing Managers' Index™ (PMI®) – an index tracking changes in total industry activity – registered 44.3 in August, down from 44.7 in July and below the neutral 50.0 value for the twentieth successive month. Survey respondents often commented on subdued demand conditions and a reduction in new projects, especially house building starts.

All three sub-sectors recorded a reduction in construction activity during August, but housing was the only category to register a faster pace of contraction than in July. Survey Moreover, the downturn in residential work (index at 37.6) was sharper than seen elsewhere in the construction sector. Commercial activity (47.8) fell at the slowest rate since January, while civil engineering activity (40.5) decreased to the least marked extent since March.

Construction companies signalled a fall in total new order intakes during August, but the rate of contraction was only modest and the slowest since September 2025. Anecdotal evidence often cited heightened risk aversion in the wake of the Middle East conflict and delayed decision-making by clients, but some firms noted improvements in infrastructure work.

A lack of new business to replace completed projects, alongside intense cost pressures, resulted in another reduction in employment numbers across the construction sector. However, the rate of job shedding was only modest and the smallest since February. At the same time, subcontractor usage increased for the first time in just under two years.

Purchasing activity fell sharply in August and at a faster pace than seen during the previous survey period. Softer demand helped to alleviate some pressure on supply chains, but delivery times were broadly stable overall. A number of survey respondents commented on longer international shipping times.

Higher fuel costs, transportation bills, and raw material prices were cited as contributing to another sharp increase in purchasing expenses during August. That said, the overall

Comment

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

"UK construction companies experienced another solid reduction in output volumes, with a faster downturn in house building the main reason for a weaker overall performance during August. A sharp and accelerated drop in residential activity more than offset slower falls in the commercial and civil engineering sub-sectors.

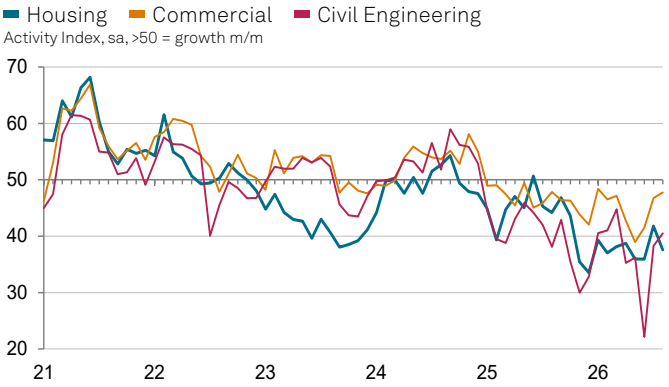
"Sluggish demand conditions and low client confidence, combined with anxiety about the impact of the Middle East conflict, were again factors contributing to lower workloads across the construction sector. Total new business nonetheless decreased to the least marked extent for 11 months amid reports of support from transport infrastructure work and some pockets of vitality such as data centre roll outs and energy sector projects.

"Encouragingly, input price inflation eased to its lowest since February and supply chain performance was broadly stable. Softer overall inflation was recorded in August despite upward pressure on operating expenses from higher fuel bills, logistics costs and raw material prices.

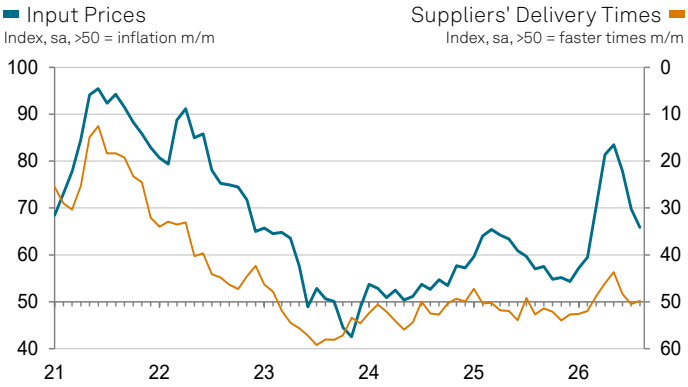
"Business optimism was still subdued, as growth projections for the year ahead eased since July and were much weaker than historic trends. Concerns about geopolitical tensions, lacklustre domestic economic prospects and elevated borrowing costs were all noted as holding back confidence."

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rate of input cost inflation moderated to its lowest for six months amid some reports of more competitive pricing among suppliers. Meanwhile, rates charged by subcontractors increased at the slowest pace since March.

Construction companies were still upbeat on balance about the outlook for business activity during the year ahead, but the degree of positive sentiment eased from July's five-month high. Around 38% of the survey panel anticipate an expansion of output, while 20% forecast a downturn. Anecdotal evidence suggested that subdued client confidence, uncertain domestic economic prospects and concerns about the Middle East conflict were the main factors weighing on optimism, although some noted hopes of a turnaround in tender opportunities (especially for commercial 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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