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# IHS Markit Eurozone Construction PMI®

## Renewed expansion in eurozone construction activity in March

### Key findings

New orders return to growth territory

Job creation resumes after 12 months of decline

Business optimism remains strong

Data were collected 12-31 March 2021.

The IHS Markit Eurozone Construction PMI® is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in a panel of around 650 construction firms in the eurozone. The headline figure is the Total Activity Index, which tracks changes in the total volume of construction activity compared with one month previously.

The IHS Markit Eurozone Construction Total Activity Index rose from 45.0 in February to 50.1 in March, signifying a fractional expansion in eurozone construction activity. This marked the first rise in activity since February 2020, prior to the downturn caused by the coronavirus disease 2019 (COVID-19) pandemic during 2020. Latest data showed that the return to growth was led by house building activity, which rose for the first time in 13 months. There were also softer declines in both commercial construction and civil engineering activity.

Home building among eurozone constructors returned to expansion territory in March. The pace of growth was modest overall and was the first instance of growth since February 2020. The increase was led by a strong rise in Italy, with support from a stabilisation in activity in France. However, German firms noted the second successive fall in housebuilding, although the pace of decline softened from February.

Meanwhile, commercial construction activity was the worst performing sub-sector in the latest survey period. The fall in March was the thirteenth in a row, yet the pace of contraction was the softest since July 2020. Construction firms in France and Germany continued to report sharp contractions, while Italian businesses signalled a further, solid rise in activity.

Work undertaken on civil engineering projects reduced for the twentieth month in succession in March. That said, the decline softened from February and was the softest since February 2020. A solid contraction in Germany offset marginal growth

Eurozone Construction PMI Total Activity Index  
sa, >50 = growth since previous month



Source: IHS Markit.

recorded at both Italian and French builders.

Of the three largest economies in the eurozone, only firms in Italy registered an expansion in March. Moreover, Italian construction activity rose at the fastest pace since January 2007. At the same time, German firms signalled the softest contraction in output for seven months. Meanwhile, French firms signalled a fractional contraction, with the pace of decline the softest in the current nine-month sequence.

New orders received by eurozone construction firms returned to growth in for the first time in 13 months in March. Though the pace of the increase was marginal, it was the fastest since January 2020. Businesses commented that a number of projects postponed due to the pandemic were brought to tender, notably in the French and Italian public sector. Only firms in Germany indicated that new business had fallen in March, while their French counterparts signalled a renewed expansion. Italian firms, meanwhile, reported the quickest rise since May 2001.

Latest data pointed to a renewed expansion in employment levels at eurozone construction firms. Although marginal, the increase in workforce numbers was the first since February 2020, with anecdotal evidence suggesting a rise in demand had required additional capacity. Both French and Italian firms recorded job creation in March, with the latter posting the strongest rise since June 2019. German firms noted a marginal fall in employment levels, however.

Overall sentiment among eurozone building companies remained positive in March, as indicated by the Future Activity Index staying above the 50.0 no-change threshold for the third month running. All three of the largest economies in the bloc anticipated a rise in activity over the next 12 months, the first time this has occurred since February 2020.

## Comment

Commenting on the latest results, Usamah Bhatti, Economist at IHS Markit, said:

"Eurozone construction companies reported fractional growth in March, marking for the first increase since the pandemic disrupted activity across the bloc throughout 2020. Incoming business also expanded in the latest survey period, as the appetite for new construction projects in the eurozone began to return, reportedly in public sector work. As a result, firms across the bloc increased workforce numbers marginally in March, the first instance of job creation since February 2020. As short-term disruptions lifted gradually and postponed projects resumed, eurozone-based construction companies were optimistic that activity would rise over the coming 12 months, with the degree of positive sentiment remaining at a strong level. By country, Italian firms noted a second successive rise in activity, with the pace of growth the fastest since January 2007. Builders in France and Germany continued to report further declines in construction activity, although both recorded softer rates of decline."

## Contact

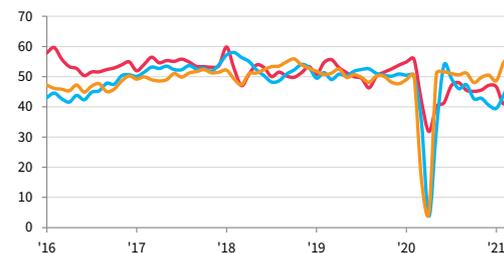
Usamah Bhatti  
Economist  
IHS Markit  
T: +44 1344 328 370  
[usamah.bhatti@ihsmarkit.com](mailto:usamah.bhatti@ihsmarkit.com)

Joanna Vickers  
Corporate Communications  
IHS Markit  
T: +44 207 260 2234  
[joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)

### Construction Total Activity Index

Germany / France / Italy

sa, >50 = growth since previous month

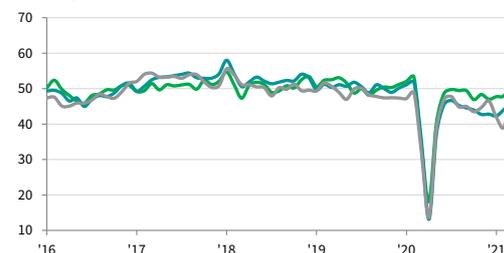


Source: IHS Markit.

### Construction Activity Index

Housing / Commercial / Civil engineering

sa, >50 = growth since previous month



Source: IHS Markit.

### Survey methodology

The IHS Markit Eurozone Construction PMI® is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in a panel of around 650 construction firms in Germany, France, Italy and Ireland. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP.

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, at the country level. 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. Eurozone level indices are calculated by weighting together the national indices. Weights are calculated from national construction value added.

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'.

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@ihsmarkit.com](mailto:economics@ihsmarkit.com).

### Survey dates and history

Data were collected 12-31 March 2021.

Survey data were first collected January 2000.

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