

## News Release

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
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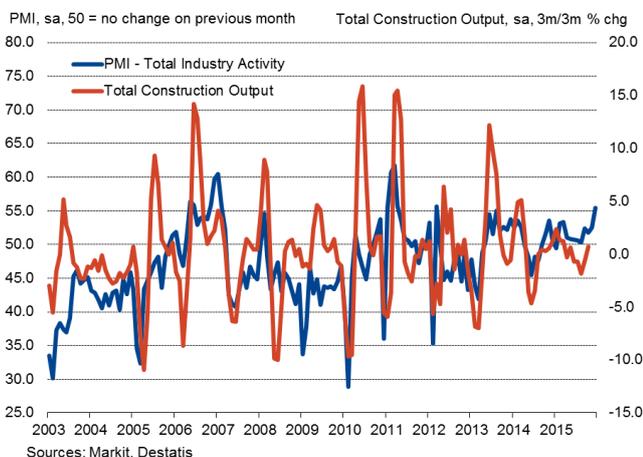
# Markit Germany Construction PMI®

## Germany Construction PMI hits 45-month high in December

### Key points:

- Broad-based upturn in Germany's construction sector continues in December
- Strongest rise in residential building activity since March 2011
- New business increases for first time in seven months

### Historical overview:



### Summary:

December saw construction output in Germany increase sharply, with the respective rate of growth the strongest since March 2012. New business rose for the first time in seven months and companies raised their purchasing activity. Meanwhile, employment levels continued to rise and panellists expect activity at their units to increase over the course of the next 12 months.

Building activity in Germany rose for the eleventh month running in December, with the pace of expansion the fastest in 45 months. This was highlighted by the seasonally adjusted Purchasing Managers' Index® (PMI®) – which is based on a

single question asking respondents to report on the actual change in their total construction activity compared to one month ago – posting 55.5, up from November's 52.5. Panellists partly attributed higher construction activity to successful tenders and the processing of backlogs.

Out of the three broad categories of construction activity covered by the survey, residential building output saw the sharpest rise. Moreover, the rate of growth in housing activity was the strongest in more than four-and-a-half years.

Commercial building work also expanded markedly during the month, with the latest increase the sharpest in two years. Meanwhile, civil engineering activity increased for the second month running in December. Although more modest than the growth rates seen for commercial and housing activity, the pace of expansion was the quickest in just over a year.

New business placed with German construction companies rose for the first time since May 2015, which some panellists linked to a positive economic environment. The rate of growth in new work was the strongest since March, albeit modest overall.

Higher business requirements meanwhile resulted in ongoing employment growth. The rate of job creation accelerated to the sharpest since March 2015.

Companies also continued to raise their purchasing activity at the year-end. The rate at which input buying increased was the most marked in 28 months, with some panel members commenting on higher new business.

Meanwhile, input costs faced by German building firms increased for the seventy-seventh consecutive month in December. Some panellists attributed higher costs to increased raw material prices. However, the rate of inflation was little-changed since November and remained below the long-run series average.

Average lead times lengthened again during the month, thereby extending the current sequence of rising delivery times to 15 months. The rate at which vendor performance deteriorated was the least marked since September 2015.

Finally, German constructors expect output at their units to expand over the next 12 months.

**Comment:**

Commenting on the Markit Germany Construction PMI<sup>®</sup> survey data, **Oliver Kolodseike, economist at Markit** said:

*“Germany’s construction sector roared back to health in December, with the headline PMI hitting a 45-month high on the back of a marked upturn in residential building activity. Encouragingly, civil engineering and commercial building output also continued to rise, despite the rates of growth more moderate than that seen for housing.*

*“A closer look at the underlying data furthermore suggests that the upturn should continue in early-2016, unless severe winter weather leads to disruptions of course. New business increased for the first time in seven months and work contracted out by constructors rose to the greatest extent in close to four years, thereby signalling ongoing capacity strains in the sector.”*

-End-

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**Notes to Editors:**

The Germany Construction PMI<sup>®</sup> (*Purchasing Managers’ Index*<sup>®</sup>) is produced by Markit Economics and is based on original survey data collected from a representative panel of over 200 companies based in the German construction sector.

Data are collected at mid-month, asking respondents to compare a variety of business conditions with the situation one month ago. Data have been collected since September 1999.

A reading of below 50.0 indicates that the economy is generally declining, above 50.0 that it is generally expanding and exactly 50.0 indicates no change on the level recorded the previous month.

The PMI and related indices are directly comparable with all other national Purchasing Managers’ Indices, including those of the ISM in the United States and the Eurozone PMI produced by Markit Economics, and are produced using identical methodologies in each country.

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**About PMI**

Purchasing Managers' Index<sup>®</sup> (PMI<sup>®</sup>) surveys are now available for over 30 countries and also for key regions including the Eurozone. They are the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. To learn more go to [www.markit.com/economics](http://www.markit.com/economics).

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