

S&P Global UK Construction PMI[®]

Business activity declines for the first time since February 2024

All three categories of construction work see a reduction in output during January

Renewed downturn in construction order books

Cost inflation accelerates to a 21-month high

A modest fall in total industry output was recorded at the start of the year, thereby ending a 10-month period of sustained expansion. Shrinking order books and rising cost pressures contributed to the weakest business activity expectations since October 2023.

At 48.1 in January, down sharply from 53.3 in December, the headline seasonally adjusted S&P Global UK Construction Purchasing Managers' Index™ (PMI[®]) – an index tracking changes in total industry activity – registered below the 50.0 no-change threshold for the first time since February 2024.

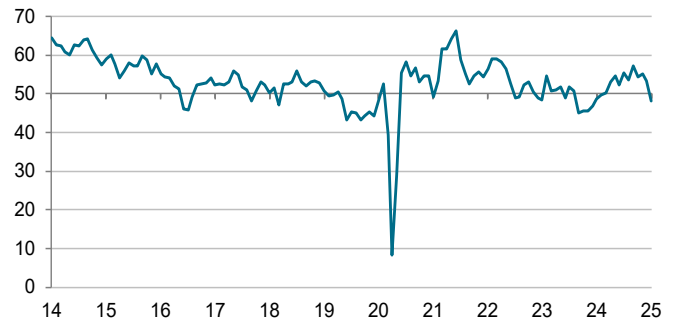
Construction companies cited delayed decision-making by clients on major projects and general economic uncertainty had weighed on business activity at the start of 2025. A number of firms also commented on the impact of subdued market conditions in the residential building sector. Latest data showed that house building (index at 44.9) decreased for the fourth successive month and at the fastest pace since January 2024.

Civil engineering activity (44.6) declined at a relatively sharp rate, although this partly reflected disruptions from unusually wet weather at the start of the year. Meanwhile, output in the commercial construction category also returned to contraction in January (48.9). This was linked to a lack of tender opportunities and a reluctance among clients to commit to new projects.

January data pointed to a decline in incoming new work for the first time in 12 months. Although only modest, the rate of contraction was the steepest since November 2023. Anecdotal evidence suggested that a lack of confidence among clients and worries about the UK economic outlook had contributed to fewer sales enquiries.

Purchasing activity decreased for the second month in a row, reflecting weak order books and a lack of new work to replace completed projects. Despite softer demand for construction products and materials, the latest survey indicated the steepest rise in input costs since April 2023. Construction companies noted that suppliers had sought to pass on rising energy, transportation and staff costs. Moreover, vendor performance deteriorated to the greatest extent for two years, which was partly linked to shipping delays.

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



Data compiled 09-30 January 2025.

Source: S&P Global PMI. ©2025 S&P Global.

Comment

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

"UK construction output fell for the first time in nearly a year as gloomy economic prospects, elevated borrowing costs and weak client confidence resulted in subdued workloads."

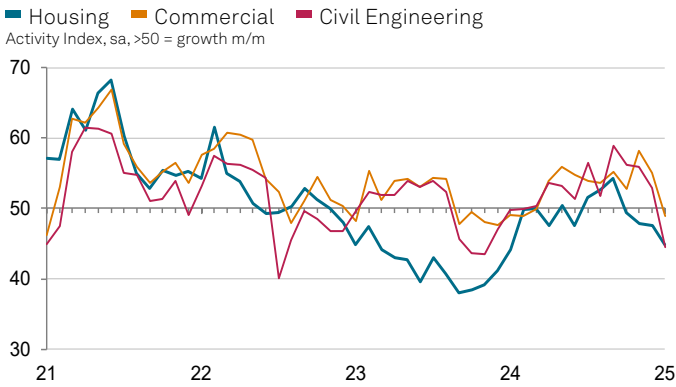
"Output levels decreased across the board in January, with particularly sharp reductions seen in the residential and civil engineering categories."

"Construction firms noted the fastest fall in residential work for 12 months as market conditions remained somewhat subdued. Anecdotal evidence suggested that caution regarding demand for new projects was prevalent at the start of 2025, despite strong policy support for house building and hopes for a longer-term boost to supply via planning reform."

"The forward-looking survey indicators were also relatively downbeat in January. New orders decreased at the fastest pace since November 2023 amid many reports of delayed decision-making by clients. Reduced workloads, combined with concerns about the general UK economic outlook, led to a dip in business activity expectations to the lowest for 15 months."

"There was little respite on the supply front, as transport delays meant that vendor lead times lengthened to the greatest extent for two years. Demand for construction items softened again in January, but purchase price inflation was the highest since April 2023 as suppliers sought to pass on rising energy, fuel and wage costs."

S&P Global UK Construction PMI®



Source: S&P Global PMI. ©2025 S&P Global.

Sub-contractor charges increased at an accelerated pace in January, with the rate of inflation hitting a 21-month high. This was despite a reduction in sub-contractor usage for the fifth time in the past six months. Construction firms meanwhile signalled renewed cutbacks to their staffing levels. Employment decreased for the first time since August 2024, but the rate of decline was only marginal.

Finally, around 38% of the survey panel predict a rise in business activity over the year ahead, while only 17% forecast a reduction. However, this pointed to the lowest degree of business optimism since October 2023. Survey respondents cited a post-Budget dip in confidence among clients, alongside weakening sales pipelines and the impact of lacklustre domestic economic conditions.

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.

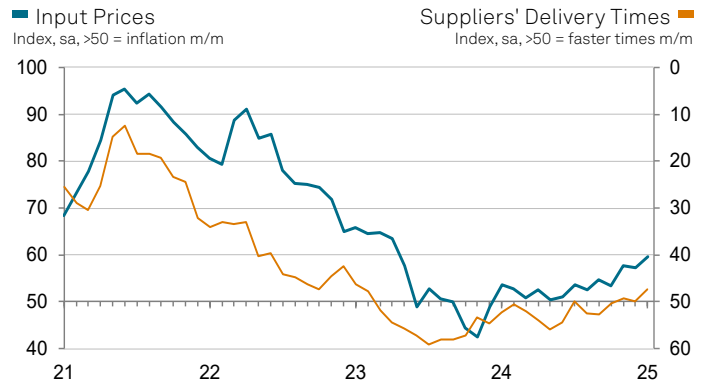
The headline figure is the Total Activity Index. This is a diffusion index that tracks changes in the total volume of construction activity compared with one month previously. The Total Activity Index is comparable to the Manufacturing Output Index and Services Business Activity Index. It may be referred 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.

PMI by S&P Global

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 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. www.spglobal.com/marketintelligence/en/mi/products/pmi



Source: S&P Global PMI. ©2025 S&P Global.

Contact

Tim Moore
Economics Director
S&P Global Market Intelligence
T: +44-1491-461-067
tim.moore@spglobal.com

Corporate Communications
S&P Global Market Intelligence
press.mi@spglobal.com

If you prefer not to receive news releases from S&P Global, please email press.mi@spglobal.com. To read our privacy policy, click [here](#).

S&P Global

S&P Global (NYSE: SPGI) provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today. www.spglobal.com

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.