

S&P Global UK Construction PMI[®]

UK construction output declines slightly in June

June 2025

Total activity falls for the sixth month running

Reduced commercial and civil engineering work offset a rise in housing activity

Optimism dips to lowest since December 2022 amid sustained fall in new orders

Construction companies indicated a marginal reduction in total business activity during June, despite a return to growth in residential building work.

However, new orders decreased at an accelerated pace. This contributed to the weakest degree of business optimism across the construction sector for two-and-a-half years.

At 48.8 in June, the headline S&P Global UK Construction Purchasing Managers' Index[™] (PMI[®]) – a seasonally adjusted index tracking changes in total industry activity – was up from 47.9 in May and signalled the slowest decline in construction output since the current period of contraction began in January. Any reading below 50.0 indicates an overall reduction in construction activity.

The marginal decline in construction output during June reflected accelerated rates of contraction in the commercial and civil engineering segments. Commercial work decreased at the fastest pace since May 2020 (index at 45.1), which survey respondents attributed to subdued UK economic conditions and cutbacks to investment spending among clients. Civil engineering (44.2) fell for the sixth month running and was the weakest-performing area of construction activity.

House building was the only category of construction work to expand in June (50.7). Higher levels of residential activity were recorded for the first time since September 2024, although the rate of growth was only marginal. Some firms commented on an upturn in new projects and sales pipelines.

New order books across the construction sector as a whole deteriorated for the sixth successive month in June, with the rate of decline accelerating since May. Survey respondents commented on fewer tender opportunities and intense competition for new work, reflecting weak overall demand conditions and heightened risk aversion among clients.

Mirroring the trend for new work, latest data indicated a sustained downturn in staffing numbers. Construction companies have recorded cutbacks to employment throughout the year to date. This was again linked to lower demand and efforts to reduce overheads.

Demand for construction items softened again in June.

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



Data were collected 12-27 June 2025.

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Comment

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

"June data highlighted a sustained downturn in UK construction output, albeit at the slowest pace in six months.

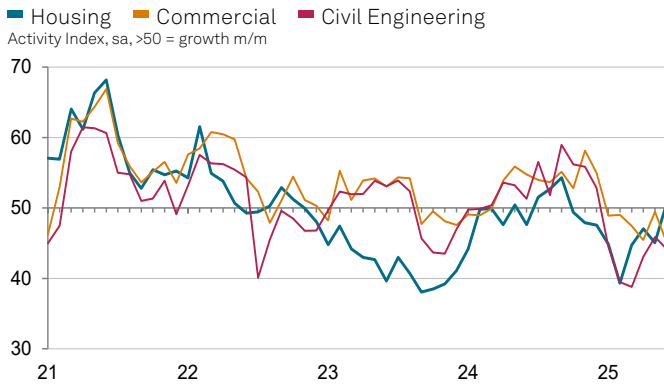
"Shrinking workloads in the commercial and civil engineering segments weighed on total industry activity. Commercial activity fell at the sharpest rate in just over five years.

"On a brighter note, house building was the best-performing area of the construction sector. Higher levels of residential work were recorded for the first time since September 2024 amid some reports of more stable demand conditions.

"The forward-looking survey indicators were weaker than in May. Total new orders fell at a faster pace as many construction companies signalled reduced overall workloads due to unfavourable domestic economic conditions and fragile confidence among clients.

"At the same time, business activity expectations dipped to a two-and-a-half-year low in June. Survey respondents widely cited fewer tender opportunities, rising competition for new work and a projected headwind from subdued business investment during the year ahead."

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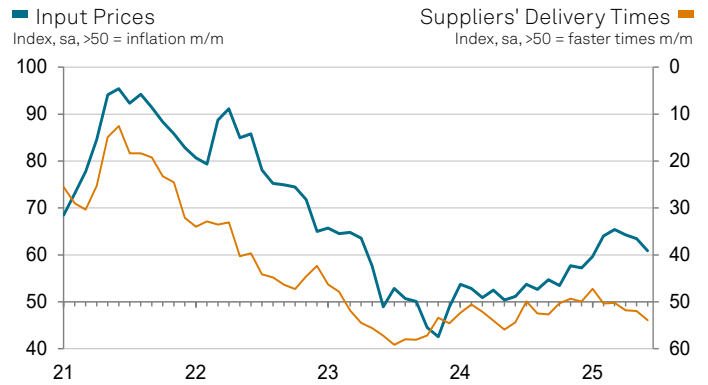


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Reduced purchasing activity has been recorded consistently since December 2024, although the latest fall was the least marked for five months. Supplier performance meanwhile improved to the greatest extent since June 2024, despite some reports of international shipping delays.

June data signalled a sharp increase in purchasing costs across the construction sector. Firms cited higher prices paid for a range of products and materials, including concrete, insulation and timber. However, the overall rate of cost inflation eased for the third month in a row and was the lowest since January.

Finally, business expectations for the year ahead moderated in June. Around 34% of the survey panel anticipate a rise in output, while 18% expect a decline. This pointed to the lowest degree of optimism since December 2022. Anecdotal evidence suggested that subdued sales enquiries and worries about the UK economic outlook had weighed on business confidence.



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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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