



ECONOMICS



# Global Construction Monitor

Q3 2025

Responses were gathered in conjunction with the following organisations:



Canadian Institute of  
Quantity Surveyors

Institut canadien des  
économistes en construction



PICQS



AACE  
INTERNATIONAL

## ECONOMICS

# Modest improvement in construction activity reported globally

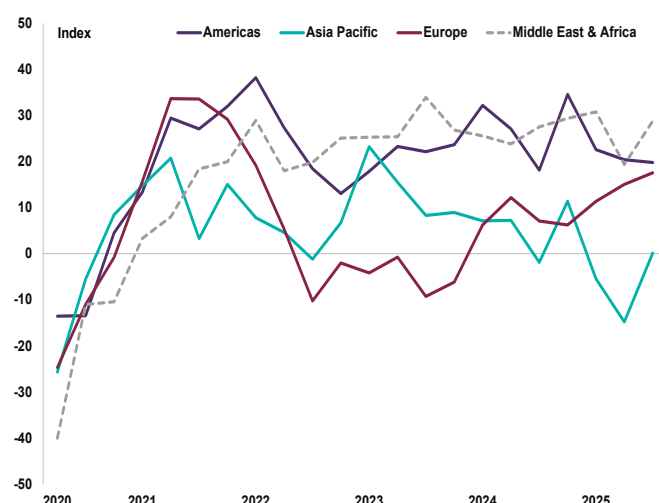
- Global Construction Sentiment Index edges back into slightly positive territory
- Market conditions remain solid across MEA and the Americas; Europe shows further signs of recovery, while APAC lags with a stagnant backdrop
- Total construction cost projections ease across all regions, suggesting a potentially less challenging inflation environment ahead

The Q3 2025 results from the RICS Global Construction Monitor indicate a modest improvement in overall market momentum. Reflecting this, the headline Construction Sentiment Index (CSI) recorded a global reading of +12, up from +5 in the previous quarter and the strongest result so far this year. Supporting the more positive outlook, respondents expect construction costs to rise at a slightly slower pace over the next twelve months, with forecasts across all regions trimmed modestly compared to earlier in the year.

### Recovery across Europe appears to be gaining traction

Chart 1 presents the CSI at a broad regional level. As has been the case for much of the past couple of years, sentiment remains strongest across the MEA and Americas regions, where respondents continue to report solid growth in overall activity (although momentum in the Americas has softened somewhat compared with last year). Notably, in recent quarters the CSI in Europe has risen to +18, marking a steady improvement over the past three reports. Moreover, the Q3 result represents the most positive reading for the region since early 2022.

Chart 1 - Construction Sentiment Index by Region



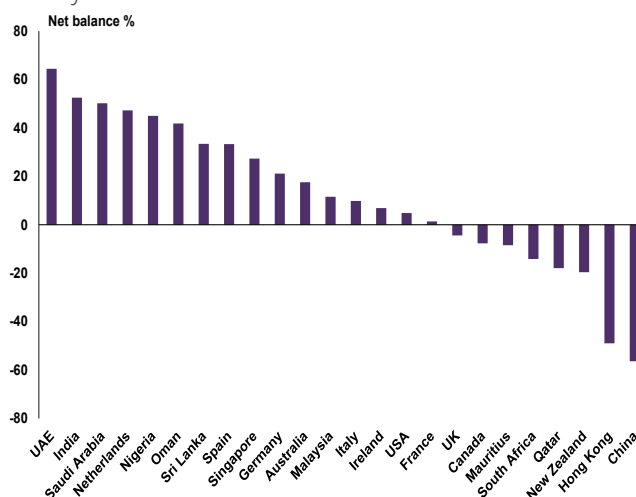
In contrast, APAC continues to lag behind the global trend, with a CSI reading of zero in the latest survey period. While this does represent a less downbeat picture compared to the negative readings recorded in the previous two quarters, it still points to a broadly flat trend rather than a clear recovery. Nevertheless, the headline results across the region continue to mask significant divergence at a country level.

### UAE, India and Saudi Arabia continue to show the strongest growth in construction workloads

Chart 2 shows the net balance data for headline construction workloads at a country level. Leading the way in terms of reported growth, the UAE, India, Saudi Arabia, the Netherlands, and Nigeria all recorded a robust pickup during Q3. Also reporting solid, albeit slightly more moderate, growth were respondents from Oman, Sri Lanka, Spain, and Singapore, who noted an increase in overall construction workloads.

At the weaker end of the scale, construction activity continues to decline in both mainland China and Hong Kong, with the latest survey results showing no meaningful improvement in what has been a challenging environment for much of the past few years. Similarly, market conditions remain patchy in New Zealand and

Chart 2 - Current Trend in Headline Workloads by Country





Qatar, where respondents reported a further drop in output.

Also of note, growth appears to have lost momentum across the United States, with the Q3 figures indicating only a modest increase in workloads (much slower than that reported throughout 2024). Meanwhile, France and the UK are experiencing largely stagnant conditions at present, as is Canada.

When examining the sectoral breakdown, infrastructure continues to outperform other market segments in many regions. In fact, the Q3 current workload readings for infrastructure exceed those for private residential and non-residential projects in around 70% of the countries covered by the Monitor. There are some clear exceptions, such as South Africa, Mauritius, and even France, but overall, infrastructure activity has been a key driver of growth across the wider construction market in many nations of late.

Chart 3 shows a breakdown of the current workloads indicator by infrastructure subcategory. Energy projects, particularly across Europe, are showing the most robust expansion of any regional sector in net balance terms. More broadly, energy activity is experiencing strong growth across all regions. In addition, transport workloads are increasing notably in MEA and the Americas, with Europe also recording solid gains. Similarly, ICT infrastructure is seeing relatively strong growth across these regions. By contrast, agribusiness continues to emerge as the weakest area of infrastructure growth, while the 'social infrastructure' category (which includes facilities such as schools, hospitals, and community buildings) is also lagging somewhat, especially in the APAC region.

### Forward-looking sentiment strengthens slightly

Chart 4 illustrates twelve-month workload expectations across global regions. Overall, respondents have become slightly more optimistic about the outlook for the year ahead compared with the previous survey results. Notably, expectations have strengthened significantly within the private residential sector across the Americas, driven primarily by the United States. Similarly, respondents in MEA are increasingly confident that private residential workloads will rise, with the

Chart 3 - Infrastructure Workloads by sub-sector

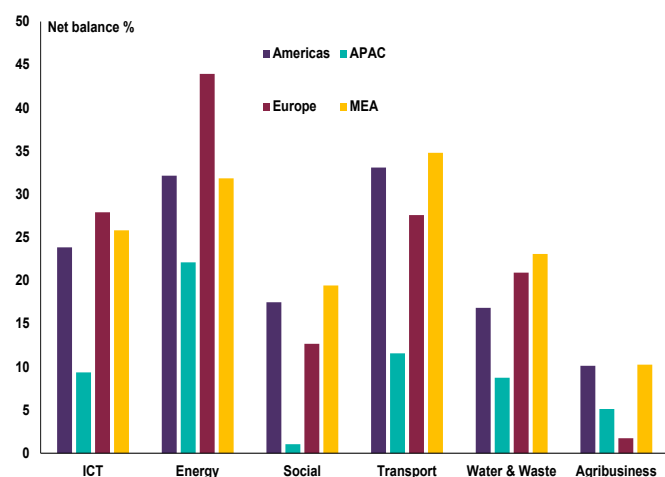
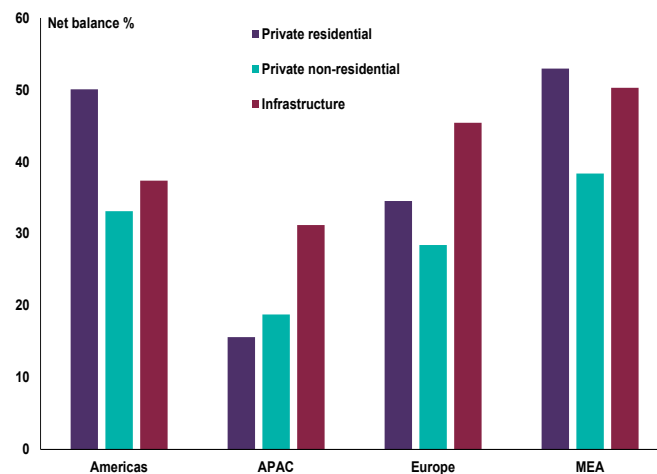


Chart 4 - Twelve-month Workload Expectations by Region and Sector



net balance reaching an eight-quarter high of +53%. At the country level, the UAE has recorded the sharpest improvement, with its net balance climbing to +75%, while forward-looking sentiment also remains robust in Saudi Arabia. In Europe, the Netherlands, Spain, and Germany exhibit the strongest expectations for residential development activity, whereas the outlook for the UK appears somewhat more subdued.

Across all regions, infrastructure workloads are anticipated to rise over the year to come, with the headline net balance rising compared to last quarter in MEA, Europe and APAC. The private non-residential sector, while generally lagging to some extent, still shows comfortably positive expectations at the aggregate regional level. However, from a country perspective, several key markets, such as France, Canada, and China, are reporting negative readings for private non-residential workload expectations, while the outlook in the UK appears largely stagnant.

### Financial constraints still a considerable challenge

Chart 5 on the next page shows that financial constraints remain the most widely cited impediment to construction activity at present, with 66% of respondents globally highlighting this issue. At the same time, 58% of survey participants identify competition as a current challenge, while 56% report that insufficient demand is weighing on activity. Interestingly, the share citing insufficient demand is now at its highest level since Q1 2021. Meanwhile, 49% of respondents note that skills shortages are a key issue, although this represents the lowest proportion reporting such difficulties since 2020.

The cost of materials is cited by 55% of respondents as an impediment to activity. While still elevated, this figure has eased slightly from 62% in the previous survey. More encouragingly, as shown in Chart 6 (next page), respondents' forecasts for total construction cost inflation have been revised down across all world regions over the past two quarters. Consequently, the global average projection of 3.7% represents the most moderate pace of expected cost growth since Q3 2020. This easing in inflationary pressures (if realised) could help alleviate some of the financial constraints and broader cost challenges currently weighing on construction activity.

Chart 5 - Factors Limiting Activity

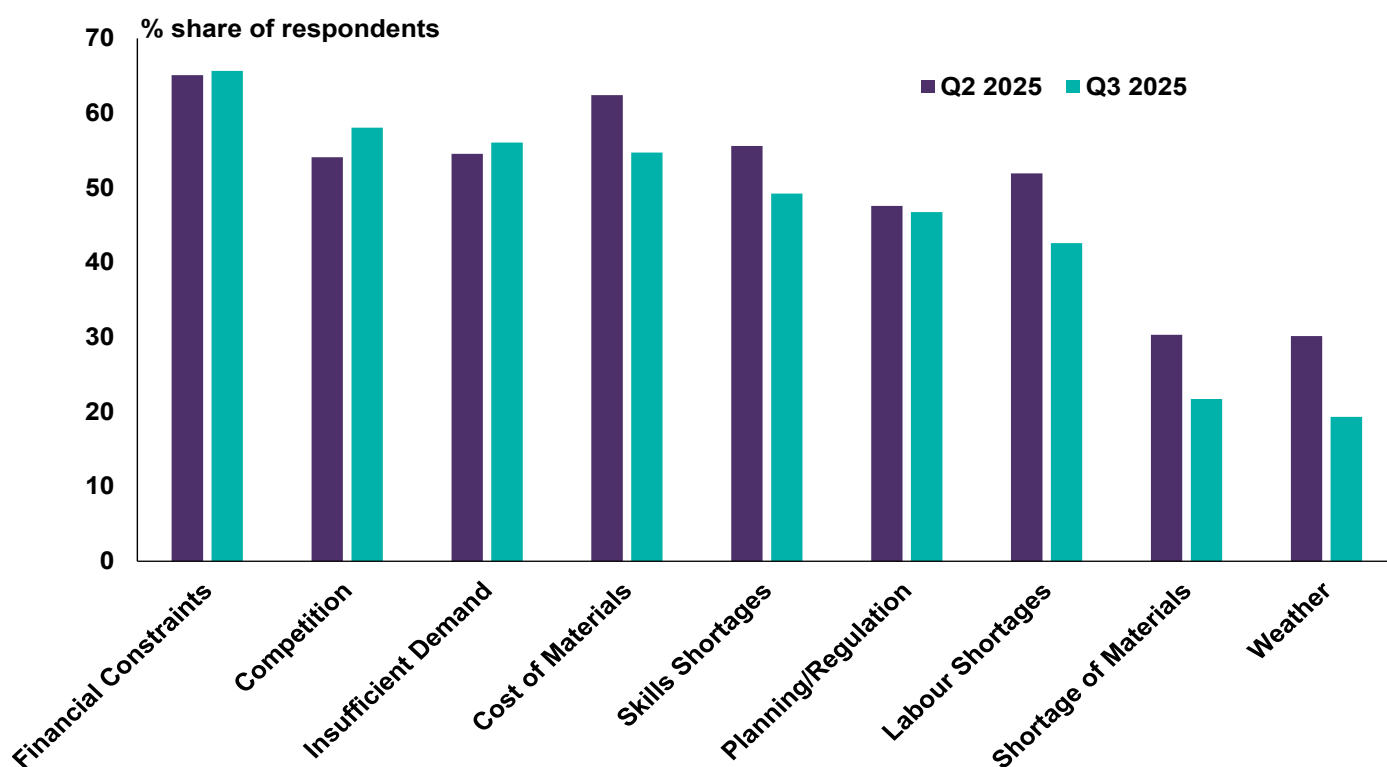
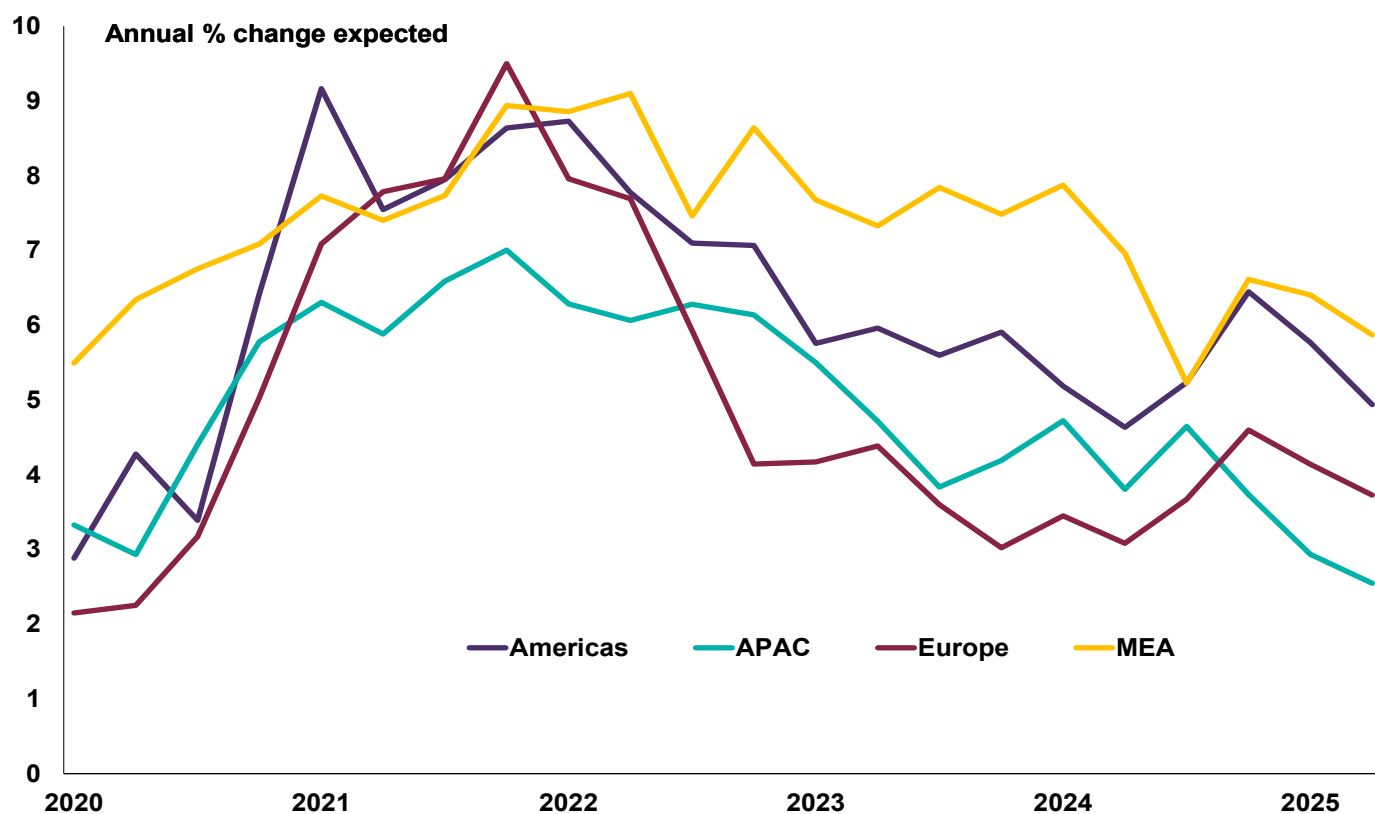


Chart 6 - Twelve-month Total Construction Cost Projections by Region



# APAC: Signs of improvement evident in several markets, despite a still subdued headline regional picture

The Q3 2025 survey results for the APAC region indicate that, in aggregate, conditions remain more subdued than in other parts of the world, although feedback continues to vary considerably across individual markets. Moreover, forward-looking sentiment has improved compared with the previous quarter, suggesting that a recovery narrative may begin to take shape in the months ahead.

## Construction Sentiment Index (CSI) improves in most nations across the region

As shown at the country level in Chart 1, the headline CSI improved compared with last quarter's readings in most APAC nations covered. India continues to display robust momentum, posting a CSI of +49 in Q3, slightly above its year-to-date average. Meanwhile, Sri Lanka and Singapore recorded notable improvements, with CSI figures of +35 and +23, respectively. Australia has also seen its CSI readings rise in each of the past four quarters, with the Q3 reading of +15 marking the strongest performance in the nation since early 2023. Still weighing heavily on the broader regional picture, the latest CSI readings came in at -35 for mainland China and -44 for Hong Kong. That said, China's figure is at least slightly less negative than the record low of -52 recorded in Q2.

## Competition, insufficient demand, and financial constraints identified as significant challenges

Examining the factors currently impeding market activity, 80% of respondents across the APAC region report that competition remains a significant challenge. This is notably higher than the global average of 58%, and is especially pronounced in China. At the same time, financial constraints are cited by 75% of APAC respondents as negatively impacting activity (broadly in line with the global figure). Another prominent feature of regional conditions is that insufficient demand is more widely reported than elsewhere, with nearly 70% of respondents across APAC highlighting this issue. On the flipside, only 17% of survey participants across the region report experiencing material shortages (the lowest share on record). Meanwhile, skills shortages are cited by 40% of contributors at the aggregate APAC level. Although not insignificant, this represents the lowest proportion among all world regions.

## Outlook for construction activity over the year brightens

As shown in Chart 3, respondents' twelve-month expectations at the regional level have been upgraded across all categories compared with the Q2 results. Having shifted from somewhat negative territory previously, both private non-residential and private residential workloads are now anticipated to record modest growth over the year ahead. In addition, infrastructure output is expected to rise at a firmer pace than previously envisaged. At the country level, twelve-month projections are particularly upbeat in India and Sri Lanka, while Australia and Singapore also exhibit clearly positive sentiment for the year ahead. By contrast, activity across Hong Kong is still expected to contract in each sector

Turning to the outlook for industry employment, the region-wide data continues to point to a largely flat trend. However, this headline figure masks more positive expectations in India, Australia, Sri Lanka, Singapore, and New Zealand. In terms of profit margins, only India and Sri Lanka are anticipated to see any meaningful improvement over the year ahead, while respondents across all other markets in the region report a flat to slightly negative assessment.

Chart 1 - Construction Sentiment Index



Chart 2 - Factors Holding Back Activity

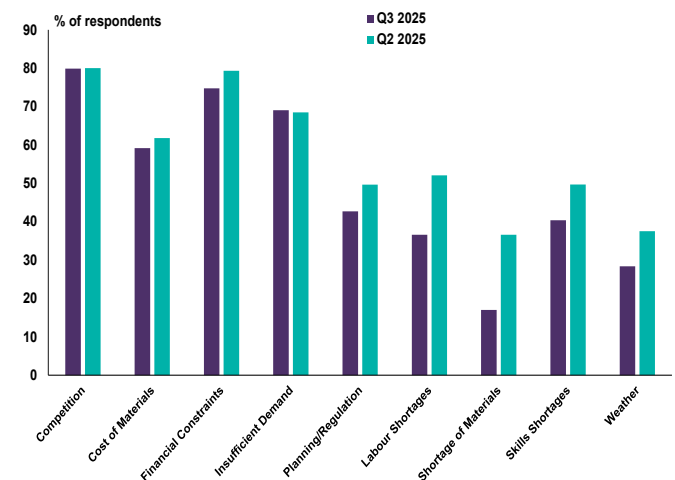
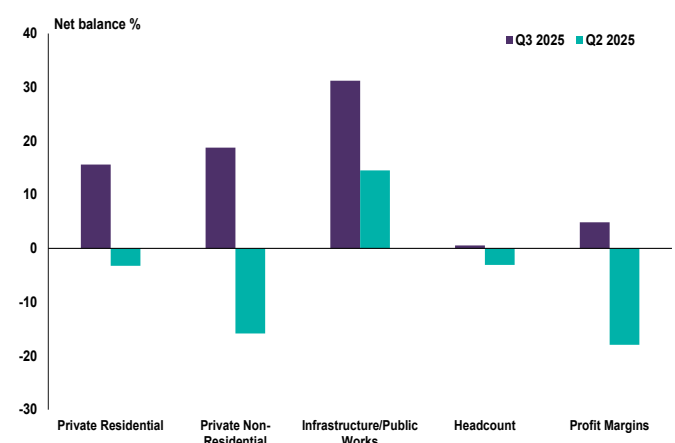


Chart 3 - Twelve-month Expectations



## Regional comments from survey participants in APAC

### Australia

Olympics 2032. - Brisbane

Lack of major projects in the Hobart area in the coming year is affecting some main sub contractors. - Hobart

Lack of trade skills. - Indooroopilly

Lack of skilled labour. - Melbourne

The construction market is currently being influenced by global market uncertainty, particularly due to fluctuations in material prices, supply chain disruptions, and inflationary pressures. Additionally, recent changes in government policies and regulations impacting the mining sector have affected the availability and cost of raw materials, which in turn influence construction costs and project timelines. - Perth

Disputes remain high; values increasing with a groundswell of lower value issues that are not resolving. - Sydney

Government blow outs on major infrastructure projects. - Sydney

Government policy driving down cost and quality out outcomes. - Sydney

Overly restrictive WHS policies lack of adequate financial resources. - Sydney

Planning regulations holding back development and reducing productivity. - Sydney

Slowing activity in 2025 resulting in many companies restructuring resulting in increased turnover. - Sydney

Uncertainty of international financial conditions due to USA's unpredicted policies. - Sydney

Subcontractors have more control of the pricing than builders. - Sydney & Hunter

Lack of qualified tradesmen. - Sydney

### Bangladesh

Politics and collaboration among stakeholders. - Dhaka

### Brunei

Sluggish domestic economic growth due to reduction in Public spending and lack of private investment have contributed significantly to the slowdown in the Construction Industry as a result of lack of domestic demand for goods and services. The impact on the domestic economy is primarily due to the fall in global oil prices, where crude oil is the main source income for the country. - Bandar Seri Begawan

### China

The overall economy is declining. - Beijing

The main issues are the shrinking real estate market demand and the overall employment situation. Material and labour costs have declined, but the application of new technology and green buildings still needs attention. - Guangzhou

Falling demand for the building itself. - Suzhou

The market is not active and demand is weakening. - Wuhan

Weakening market demand. - Wuhan

The 'three red lines' policy introduced to control leverage in real estate companies, combined with a market downturn, has led to debt crises for some large real estate developers. - Zhuhai

National macroeconomic policy. - Zhuhai

### Hong Kong

Potential users' expectation toward the property sale market. - Central

Imported labour. - Hong Kong

Overly bureaucratic, highly onerous documentation requirements, competency gaps. - Hong Kong

Implementation of Building Information Modelling. - Hong Kong

Government provide more opportunity in development. - Hong Kong

Global economic, tariffs and policy on construction. - Hong Kong

General economy condition. - Hong Kong

Depression on estate industry. - Hong Kong

Declining housing price, thus diminishing construction works in private sector. - Hong Kong

Construction industry security of payment ordinance in effect since 28 August 2025. - Hong Kong

Extent of Government funding to projects. - Hong Kong

Irreversible economic decline in Hong Kong. - Hong Kong

Construction projects are decreasing. - Hong Kong

The market is currently mainly affected by sales prices, leading to negative profits and affecting industry confidence. - Hong Kong

Government policy and global interest rate. - Hong Kong

Decline in property price; uncertainty in future demand on office leasing; uncertainty in retail leasing and retail sales growth due to change of consumption pattern eg. significantly increase in e-shopping, shopping in Shenzhen rather than in HK. - Hong Kong

Clients and Main Contractor payment practices - Needs addressing with the SOP legislation coming in. - Hong Kong

Economy. - North point

Imported labors. - TKO

Increase cost in material and labour. - Yuen Long

### India

Availability of New technology penetration to lower levels. - Bangalore

Taxation part, as recently imposed. - Bengaluru

Skill development and retaining trained workforce. - Bharuch Dahej

Raise in price for raw material. - Chennai

Quality of customers. - Guruvayur

Change management. - Hyderabad

More Govt project with 3rd party funded to be initiated. - Kolkata

Less motivation and negative impact on employees mind which is reducing invention. Need emotion control training to all employees and workers to get out of the emotional blackmails on daily basis. People don't share their skills down the line to the work force, that is the biggest impact on the Construction industry progress of work culture. - Mumbai

Trained skilled workers. - Mumbai

1. Delay in Government regulatory clearance. - Pune

Labour camp standards. - Pune

As we are developing greenfield capital city in Vijayawada for the state of Andhra Pradesh, vonstruction has taken off with aid of various institutions in the world. The skills for construction need to be augmented. - Vijayawada

### Indonesia

Government policies and oversight. - Balikpapan

Recent civil unrest may affect currency and investment. - Jakarta

### Malaysia

US tariffs. - Georgetown

Contract Administration Works. - KL

Geopolitical issues. - Kuala Lumpur

The private residential development softer than before, maybe due to the recent announcement of 6% service tax on all construction projects. - Petaling Jaya

Too many construction projects within johor Bahru city has caused a shortage of materials and skilled workers. - Seremban

### Myanmar

Civil unrest. - Yangon

### New Zealand

Government budget allocation to projects. - Auckland

Slow down on government spending is the main factor affecting the industry's productivity at the moment. Maybe that is fuelled by the global economic shocks caused by trade shifts. - Auckland

Slow economy so construction activity is subdued. - Auckland

## Regional comments from survey participants in APAC

There isn't sufficient work available. Roles have been disestablished (mine was). The economy needs to improve for sustainable projects to become available. - Auckland

We need more work. - Auckland

Central Government are leaving it very late in the run-up next years' election to raise construction industry sentiment and boost the construction economy. - Christchurch

Competitive. - Christchurch

Government failure to fund and action planned public projects, resulting in 18 months of decline and 70,000 redundancies. Car crash economic policies & roll back of all carbon legislation. - Christchurch

Outward migration of skilled trades and professionals. - Christchurch

Significant weather event in July more for horizontal infrastructure. - Nelson

Lack of clients needing external consultancy and current business marketing. - Wellington

Significant lack of available finances and equity to enable well needed projects, particularly within local government and education sectors. The money simply isn't there, and as a result the focus is on localised reactive repairs to keep buildings limping along rather than dedicated assessments, and suitable repair/ maintenance programming. - Wellington

### Pakistan

Political Instability and slow economic growth. - Lahore

Recent Floods. - Lahore

### Philippines

Not adopting global standards. Recently, Philippines has challenges in massive government corruption primarily on flood control, roads and school buildings. - Makati

Economy, political concerns. - Makati City

The country remains a buyer's market, which results to the continuously increasing level of stringency in contract conditions from clients. - Mandaluyong

### Singapore

Competition/Increase in regulations/labour supply. - Singapore

Lack of skilled workers and staff at all levels. - Singapore

Too many projects but too few contractors. Consultants standards not up to mark. - Singapore

Volume of mega projects roll out for construction tender drives tender prices higher due to resource and material crunch. - Singapore

All contractors are aggressively bidding at extremely low rates just to secure projects, even if it means accepting no profit or quoting below cost. - Singapore

Foreign worker policies. - Singapore

### South Korea

No-one is building anything. - Thabazimbi

### Sri Lanka

Construction projects through part funding is difficult due to increased interest rates and long lending process. - Colombo

Unexpected weather pattern affecting the construction market for targeting the deadlines. - Colombo

Sri Lanka is facing for huge financial crisis due to actions of untrained senior positions. - Galle

### Thailand

The recent Thailand/Cambodia border dispute has led to a significant drop in labour supply from Cambodia in many parts of the Industries in Thailand. Thailand labour cost has increased over the years leading to Employers seeking cheaper labour cost from Cambodia and Myanmar. This trend will not change for now. - Bangkok

Unstable politics and policy making by the government. - Bangkok



# Europe: Region construction outlook strengthens, although recovery remains gradual

The Q3 2025 GCM results across Europe once again indicate that the recovery in construction activity is gaining traction, albeit gradually. What's more, forward-looking indicators suggest this improvement is likely to continue over the year ahead. That said, the current landscape is not without its challenges, with a majority of respondents across the region citing financial constraints, planning and regulatory hurdles, and persistent skills shortages as key factors impeding progress in the construction industry.

## Construction Sentiment Index (CSI) rises at the Europe-wide level, with gains seen in several markets

At the pan-European level, the Construction Sentiment Index (CSI) registered a reading of +18 in Q3, marking the third consecutive quarterly improvement and the strongest figure since early 2022. Chart 1 presents CSI readings at the country level, comparing Q3 results with those from Q2. Spain continued to post the most upbeat results, recording a CSI of +46 this quarter. Both the Netherlands and Germany also remained firmly in positive territory, with the Netherlands showing a notable improvement on the previous quarter. Meanwhile, Italy, France, and Ireland reported moderately positive CSI readings, with France in particular showing a meaningful uptick relative to earlier results. At the softer end of the spectrum, the UK saw its CSI slip slightly to -3, signalling broadly stagnant conditions in the market.

In line with the broader narrative of a steadily improving backdrop, new business enquiries increased across the region for a third consecutive quarter (see Chart 2). Spain, the Netherlands, and Italy all recorded solid gains in Q3. At the aggregate level, current workloads also strengthened in both the infrastructure and private residential sectors, while conditions in the private non-residential segment remained broadly flat.

## Twelve-month expectations point to stronger growth moving forward

As shown in Chart 3, sentiment regarding the twelve-month outlook improved across all sectors compared with Q2. Leading the way, a net balance of +45% of respondents across the region expect infrastructure workloads to rise over the year ahead (the strongest reading since 2021). Expectations for the private residential sector were also upgraded, reaching a three-year high, while sentiment in the private non-residential (commercial) sector likewise strengthened notably over the quarter.

At the national level, Spain and Germany continue to display the most well-balanced outlook for construction workloads, with respondents in both countries returning solid expectations across all sectors. While the overall picture in Italy remains positive, sentiment around private residential development activity is more restrained. Meanwhile, in France, the private non-residential sector stands out as a clear laggard, with survey participants anticipating a contraction in output over the year ahead.

With respect to industry employment prospects, a net balance of +13% of respondents anticipate an increase in headcounts over the year ahead. While this represents a slight moderation from the previous reading of +18%, it still points to a modest rise in construction employment. The outlook for profit margins remains more cautious, with respondents expecting conditions to remain broadly flat over the next twelve months. On a more positive note, forecasts for total construction cost inflation were revised down to their lowest level since 2020, suggesting some easing in cost pressure.

Chart 1 - Construction Sentiment Index by Country



Chart 2 - New Business Enquiries

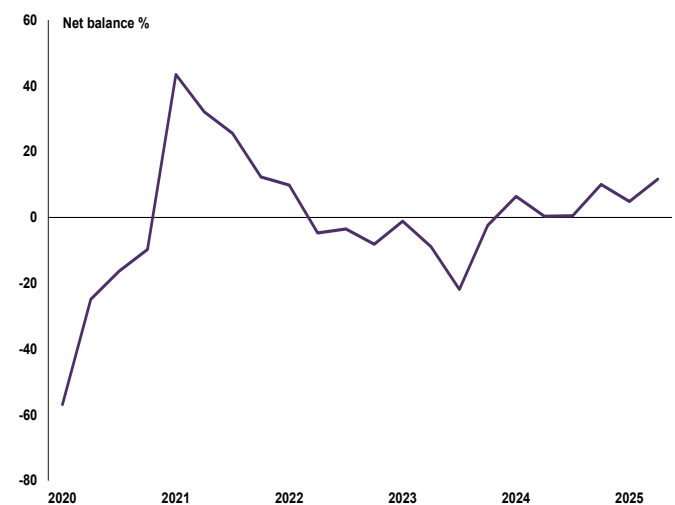
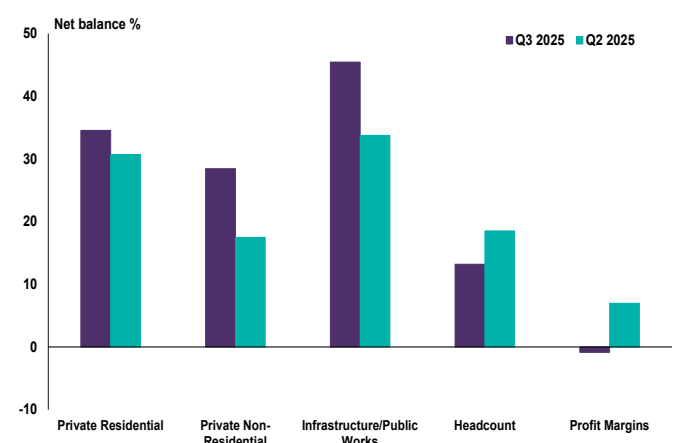


Chart 3 - Twelve-month Expectations





## Regional comments from survey participants in Europe

### Austria

Excessive regulation on sustainability and carbon emissions—Europe is shooting itself in the foot with this. - Attnang-Puchheim

### Bulgaria

Global financial uncertainty. - Sofia

Lack of opportunities at the present time and clients delaying appointments. - Sofia

### Cyprus

Geopolitical factors. - Larnaca

### France

The sector of activity; for instance the office market is dead and people are focusing on converting premises. Political situation, which is affecting investors in the market. - Paris

### Germany

Lack of employee motivation. Issues with citizens' allowance schemes. High sickness rates. - Bautzen, Görlitz, Annaberg, Schwerin, Gevelsberg

The cost of credit facilities plus employer reluctance to make payments. - Cologne

Consistent implementation of existing regulations, especially the requirements for state tenants (BIMA / LBIH). - Frankfurt

Automation and the use of machines/robots will influence the construction market in the medium term. - Hamburg

Uncertainty among investors and clients leads to a reluctance to start new construction projects, even though social pressure to do so is high. - Hamburg

Overall costs are too high and there is too much bureaucracy. - Schondorf am Ammersee

Too many complex building regulations (abolish the DIN standards). There are no incentives for buyers. - Starnberg

### Greece

The rise of residential construction is diverting labour away from public work projects. - Athens

### Guernsey (UK)

Government encouraging competition. - Guernsey

Shortage of land/sites for development. - St Peter Port

### Hungary

Government-favoured companies undermine fair competition and distort pricing. Dysfunctional retail real estate regulations

distort asset operations (exacerbated by the 'Plaza Stop' insanity). - Budapest

Official regulations should be negotiated with the market players. - Budapest

Special government-supported loan scheme for residential buyers. - Budapest

Excessive political influence in approval procedures. - Budapest

### Ireland

Lack of both skilled and unskilled labour. - Ballincollig

Ongoing shortages of skilled and unskilled labour, along with professionals, continue to impact productivity. Red tape in planning and public procurement is also delaying the delivery of results. - Cork

Departmental sign-off and paperwork delay progress through the various stages of a contract. - Cork

Planning permission difficulties. - Cork

Construction upskilling on trades, etc. - Countrywide

Weak office demand. - Dublin

Planning delays, government inaction. - Dublin

Low availability of skilled workers/professionals. - Dublin

Planning delays. - Dublin

Fear of tariffs along with the Trump factor is making companies hold off on investments. - Dublin

Digitalisation might lead to improvements in the long run but currently it is very counterproductive, with a lot of time wasted on processes. - Dublin

Cost issues. - Dublin

US foreign policy is impacting investments by US companies outside of the US. - Dublin

Increased legislative barriers and reduced local authority skills to assess submissions. - Feakle

At the moment there is little competition in the market. - Kerry

Working hours and lack of availability. - Pettigo

Lack of infrastructure – power, water and water treatment capacities. - Dublin

A general lack of skilled operatives and contractors and material costs are still causing blockages. - Sligo

A lack of trades is our biggest problem. - Tralee

### Isle of Man (UK)

Lack of training, pay disparity between trades and professions, and lack of apprenticeships. - Isle of Man

### Italy

The lack of planning by the authority is a major issue. - Latina

Complex regulation. - Milan

Mortgage conditions. - Milan

Scarcity of EPC for power and critical mission projects. - Rome

### Netherlands

Too many sustainability measures. - Rotterdam

The impact of AI on repetitive work is enormous. Integrations are ongoing. - Zwolle

### Portugal

Bureaucracy. - Lisbon

### Romania

Political factors, such as increasing taxes, are a concern. - Bucharest

Political and economic instability. - Bucharest

### Spain

Sustainability. - A Coruña

Shortage of materials and skilled labour. The average age of the workers is very high. - Madrid (MAD)

Lack of electrical supply capacity. - Urduliz

It is essential to have trained and up-to-date workers for current construction systems and products. In Spain, the construction sector absorbs unemployment. - Valencia

Lack of labour. - Villalón de Campos

### Sweden

Demand. - Malmö

### Switzerland

Political regulations and objections during the approval process. - Bern

Cost control is always an issue, scheduling and dealing with unforeseen events or circumstances. - Zurich

## Middle East and Africa: Regional conditions remain solid, with growth reported across all sectors

The Q3 2025 GCM survey shows that headline sentiment strengthened across the Middle East and Africa (MEA), though feedback points to a notable divergence in performance among individual markets. Encouragingly, twelve-month expectations remain solid, even as respondents continue to highlight financial constraints and labour shortages as key impediments to activity.

### Construction Sentiment Index gains momentum, returning to recent highs

At the regional level, the Construction Sentiment Index (CSI) rose to +29 in Q3, up from +19 in the previous quarter — bringing sentiment back in line with levels seen earlier this year. The MEA region continues to outperform the global average, which also improved over the quarter, rising from +5 to +12.

A country-level breakdown of workloads (Chart 1) highlights a mixed picture. Nigeria recorded a substantial improvement in activity, emerging as the strongest performer with a CSI of +65 (up from +29 in Q2). Both the UAE (+57) and Saudi Arabia (+42) continue to report strong readings. However, for Saudi Arabia, this marks the sixth consecutive quarter of slightly softer readings, suggesting early signs of moderation in construction activity. In contrast, sentiment weakened in South Africa and Mauritius, where the CSI eased to +1 (from +8) and fell further into negative territory to -14 (from -8), respectively. Meanwhile, Qatar showed modest improvement, with activity broadly stabilising (CSI 0 in Q3 vs -8 in Q2).

### Workload trends strengthen across all sectors

Across sectors, infrastructure continues to record the strongest growth, with a net balance of +30% of contributors reporting higher workloads. At a country level, infrastructure activity continues to expand at a particularly robust pace in the UAE (+74% net balance) and Saudi Arabia (+55% net balance). Back at the aggregate view, workloads in both the private residential and private non-residential sectors also strengthened. The net balance for the private residential segment rose to +27% (from +18%), while private non-residential held broadly steady (+11% vs +10% in Q2). Comparing current conditions with twelve-month expectations (Chart 2) shows that all sectors are projected to experience solid workload growth, led by private residential (+53%), closely followed by infrastructure (+50%).

Despite employment trends remaining somewhat flat and profit margins still under pressure, both metrics are expected to improve meaningfully over the coming year, with net balances of +47% and +27%, respectively.

### Financial constraints and skills shortages remain key challenges

Turning to the obstacles facing business activity (Chart 3), financial constraints continue to dominate, with 71% of respondents identifying this as their primary challenge (little changed from previous quarters). The share of respondents noting pressures from material costs (56%) and weak demand (50%) has moderated slightly but remain historically high. Meanwhile, skills shortages have emerged as a more acute issue, cited by 51% of respondents, marking a notable nine-percentage-point rise since Q2 and signalling growing structural strains in labour markets.

Chart 1 - Construction Sentiment Index by Country

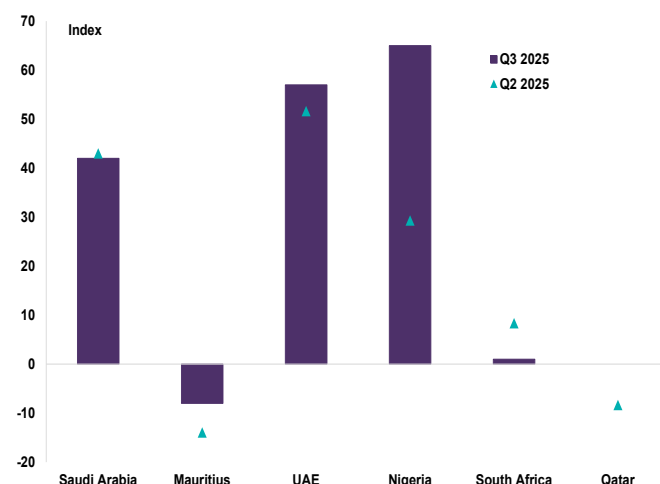


Chart 2 - Current conditions/twelve-month expectations

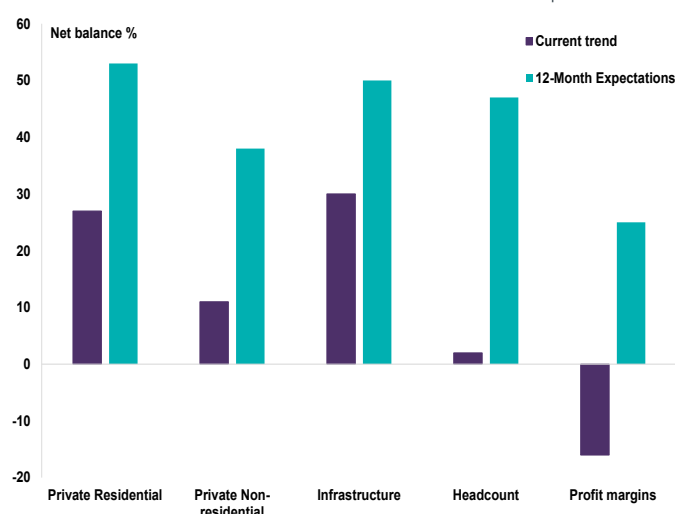
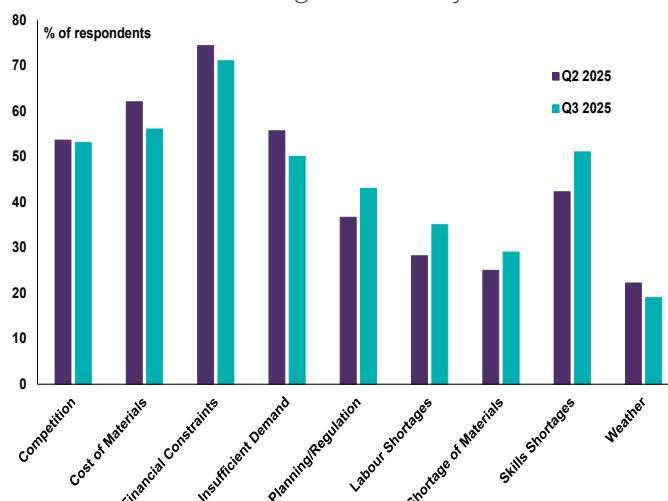


Chart 3 - Factors Holding Back Activity



## Regional comments from survey participants in MEA

### Bahrain

Lack of cash and delay in payments. - Manama

Supply chain disruptions, raw material shortages, labor shortages, fluctuating commodity prices.. - Manama

Material fluctuations, supply chain disruption, labour shortage, Project management challenges, environmental concern, technological advancement, political instability and economic conditions. - Sitra

### Botswana

Botswana shares a border with Zimbabwe which has experienced economic collapse. Desperate refugee labour distorts demand and cost of labour. - Gaborone

Government facing financial difficulties due to falling diamond sales. Large deficit on the current account combined with falling tax revenues. - Gaborone

There is a new government in place which has sought to review policies of the previous government. Hence some national construction projects planned by the previous government have been suspended or cancelled. Furthermore, the economy is largely dependant on revenue from diamond sales but due to the slump in world market prices for diamonds, Botswana's economy is poised to shrink in the current financial year, consequently expenditure in construction projects is being reduced. - Gaborone

### Ghana

Lack of payment to contractors. - Accra

### Kenya

Political related regional matters, elections in two neighboring countries (Uganda & Tanzania). A major component of construction work is affordable housing & markets schemes that are government driven. - Nairobi

### Kuwait

Impact of increases in tariffs on construction materials and equipment. - Kuwait

Less government expenditure. - Kuwait

### Mauritius

As a country, we are reliant on the importing materials from abroad. Therefore, we are dependent on the global market. So any geopolitics change will have a repercussion on Mauritius. - All over the island

Lack of resources. - Moka

Scarcity of good skilled workers. - Port Louis

Economics factors such as interest and inflation. - Quatre Bornes

Geopolitical issues, the US imposing high import duties and the ongoing war is generally affecting the construction sector. - Vacoas

### Nigeria

Supply chain. - Kaduna North

Inflation. - Lagos

Project budget, devaluation of the Naira and economic policies. - Lagos

### Oman

Adopting an appropriate procurement strategy and establishing effective stakeholder interface metrics can help address ongoing weaknesses related to time, cost, and quality within the construction industry. - Muscat

Delay in decision form the higher management is impacted to the progress of work in construction. - Muscat

Late payments, non-payment, omanisation policies, replacing people on leave (additional costs), claims culture, BAFO/LAFO culture - beating down consultants and contractors out of habit (since Covid) - arbitrary cuts by Clients to fees. - Muscat

Local SME and Omanisation policies. - Muscat

Military action in the region, pushing up transport costs, increasing danger/risk of shipping and increased cancellations/ delays, revised routes etc. - Muscat

### Qatar

Benign conditions. - Doha

Capital Investment Level. - Doha

Less projects, more competition. - Doha

Low demand. - Doha

Low investment by private sector. - Doha

Low private demand in Qatar. - DOHA

More days of extreme temperatures (over 45 C), and more hours in ach day where the temperature is 39 C or higher. - Doha

Projects implementation. - Doha

Qatar as a relatively recent booming Construction economy is in a death spiral with no apparent way out. Lack of acceptance by Clients and Employers alike to pay the correct rates and employ proper and professionally qualified personnel in the form of RICS Members instead of imposters is causing major problems for Client in terms of wasting funds. VERY concerning. - Doha

Rising material costs and labor shortages are significantly impacting project timelines and budgets. Regulatory changes and delays in permit approvals are also contributing to market uncertainty. - Doha

The construction market in Qatar is affected by rising material and labour costs, cash flow constraints due to delayed payments, stricter regulatory requirements, and highly competitive tendering practices, alongside broader economic and geopolitical uncertainties impacting project delivery and new awards. - Doha

The recent attack by Israel has certainly unsettled all markets (not just construction) as it has unsettled the country as a whole, and therefore construction market. - Doha

Unstable global macro economic conditions. - Doha

Long term shifts from infrastructure to energy projects. - Lusail Central

### Saudi Arabia

Vision 2030 Mega-Projects. - Al wajh

Remote factor and high demand for experienced contractors. Also, a lack of experienced professionals. - Alula

Risk Management in construction is vital role that could raise the flag for the potential threats that impacting the projects the most, however this culture is usually neglected. - Makkah

The disconnect between supply and demand. - Neom

Availability of Skilled workers in the local market. - Riyadh

Available work is a feast or famine cycle seemingly every 6 months. - Riyadh

Extreme weather condition is one of the most significant factor on the workers productivity. - Riyadh

Funding and budget overrun. - Riyadh

Government funding priority. - Riyadh

Mismanagement and lack of leadership. - Riyadh

Non Standard market pricing for new bidding. - Riyadh

Redirection of fundings due to new country commitments as World Cup and Expo projects. - Riyadh

Shortage of skilled labour and contractors. - Riyadh

There needs to be a drive to educate Saudi leadership. This is pivotal as most have no idea. Degrees are purchased from Egypt which is recognised. Choices are made by how much leadership likes people not on proven processes. - Riyadh

Volatile Client changes & expectations, late decision making, unrealistic budget cuts. - Riyadh

We are a company investing heavily in AI solutions - existing software already used in the market. - Riyadh

Neom is the main employer in the region with its ambitious redevelopment plan. However due to lower than expected investment is rationalizing its projects on priority basis to make savings. This has made completing our existing projects under construction far more challenging than expected. We are facing a powerful client in challenging commercial conditions facing acts of bad faith and contract breaches. - Sharma

### South Africa

Poor government. - Cape Town

Currency fluctuations and High Interest rates. - Centurion

The procurement of work and defining work ethics, quality and reasonable bid prices are to be seriously considered when client appoint Contractors. - Durban

## Regional comments from survey participants in MEA

Uncertainty on USA tariffs. - Durban

Competition has increased rapidly in the past years. - Johannesburg

Labour relations are adversely affected by racially based employment legislation. - Johannesburg

Stagnation of new projects breaking ground. Available work is multi million/billion contracts mainly picked up by the industry big-five companies. - Polokwane

Construction Mafias. - Potchefstroom

Delayed payments by clients. - Pretoria

Government incompetence to roll out infrastructure investment that would improve other development. - Pretoria

Migration of skilled workforce to other regions that are thriving. - Pretoria

Remains low - government isn't assisting in growth. - Rustenburg

### Tanzania

The construction sector in Tanzania is experiencing a boom with heavy construction work going on regarding infrastructure projects that include \$10BN SGR, BRT \$250m etc. - Dar es Salaam

### United Arab Emirates

Availability of Skilled Manpower. - Abu Dhabi

Frequent design changes by the employer, authorities, poor assessment of design risk, Contractor's site management, low productivity. - Abu Dhabi

Investment by the private sector and economic health in general. - Abu Dhabi

Reviewing standard, and challenging the normal solutions. - Abu Dhabi

Technology adoption offers both a challenge and an opportunity. Building Information Modelling (BIM), modular construction, and prefabrication are helping reduce waste, improve cost control, and speed up delivery, but they require investment and skilled personnel. - Abu Dhabi

1) adverse climate for more than half an year  
2) Changes instructed by the Client  
3) Too many stakeholders involved and the politics evolving from the multiple stakeholder engagement. - Dubai

Availability of skilled resources. - Dubai

Barriers of entry for new contractors. The limited pool of contractors is uplifting the tender prices due to continuous demand. - Dubai

Demand. - Dubai

Discriminatory practices hiring people based on their sex to achieve quotas. - Dubai

Extreme hot weather conditions. - Dubai

Geopolitical conflicts. - Dubai

High demand, high volume residential market. - Dubai

Improve funding of the Projects. - Dubai

Incompetent management. - Dubai

Movement of experienced Engineering staff due to high demand. - Dubai

Over-heated property market. - Dubai

Stringent Employer's requirements and overzealous HSE/Quality procedures particularly from O&G Clients. - Dubai

Supply and demand. - Dubai

Supply Chain and inexperience designing company. - Dubai

The analysis of the UAE construction market in 2025 highlights intense regional competition, rising costs for materials and labor, supply chain volatility, and challenges related to the workforce, including a shortage of skilled labor. - Dubai

The UAE construction market is growing, but facing high material costs, skilled labour shortages, and project delays. Sustainability rules and digital tools are rising, yet not all firms are ready. Success now depends on managing costs, improving skills, and adopting new technologies. - Dubai

Upskilling the workforce. - Dubai

The global crisis and regional on going wars negatively impacted the materials costs and labours' availability. - Sharjah

### Zambia

The general weak economic growth continues to negatively impact demand and performance of the construction market. - Lusaka

### Zimbabwe

As a Zimbabwean, it's clear the construction sector is a tale of two realities. On one hand, you see a building boom, with new roads, shopping centers, and residential properties popping up everywhere. This is often fueled by diaspora remittances and people investing in real assets to hedge against currency volatility. The cranes are up and there's a lot of visible progress. On the other hand, the industry is plagued by a host of systemic issues that make it a very challenging environment. - Harare



# North America: Near-term headwinds soften momentum, but expectations point to a stronger outlook

The Q3 2025 RICS Construction Monitor across North America (conducted in conjunction with CIQS in Canada) convey a mixed picture. While current momentum appears softer than that reported throughout much of last year, twelve-month expectations suggest the market will regain impetus moving forward.

## Construction Sentiment Index (CSI) moves slightly lower in both the United States and Canada

Chart 1 compares the CSI across Canada and the United States, showing a modest easing in both countries relative to recent reports. In the US, the Q3 reading of +15 marks the lowest level since early 2023. In Canada, the index registered a reading of -3, slipping into neutral-to-negative territory after a slightly stronger performance in the previous period.

Perhaps helping to explain some of the recent softening, Chart 2 highlights the factors currently cited as holding back the market. The cost of materials emerges as the most widely reported impediment in both countries, closely followed by skills shortages and financial constraints. In each case, more than half of respondents in both Canada and the United States identify these issues as negatively affecting construction activity.

On a somewhat more encouraging note, respondents' twelve-month forecasts for material cost inflation, as well as for skilled and unskilled labour costs, were noticeably trimmed across both countries in Q3. That said, the easing was more pronounced in Canada than in the United States, with overall construction cost inflation projections now at their lowest level since 2020 in the former.

## Private residential activity expected to rise firmly across the United States

Chart 3 provides a sectoral breakdown of current workload trends and twelve-month expectations. Across the United States, respondents have turned notably more optimistic about the outlook for private residential development over the coming year, with the latest net balance rising sharply to +53%, up from +10% previously. In Canada, meanwhile, private residential workloads reportedly contracted in Q3, although they are expected to stabilise twelve months ahead.

Alongside this, private non-residential workloads reportedly declined across both countries during Q3. In the United States, however, a turnaround is expected over the next twelve months, as indicated by a positive net balance of +26%. In Canada, the downward trend is anticipated to ease, but expectations have not yet turned positive. For infrastructure, the outlook remains solid despite a more subdued current picture in the US, with net balances of +32% and +37% in the US and Canada, respectively, indicating that respondents expect infrastructure activity to pick up over the coming year.

With respect to industry employment trends, respondents in Canada report a largely flat near-term picture, with expectations indicating little change over the coming year. In the United States, a net balance of -19% points to a decline in headcounts during Q3. Looking ahead, a net balance of +21% of respondents expect employment to rise over the next twelve months across the nation, albeit this represents the weakest positive reading since 2020.

Chart 1 - Construction Sentiment Index

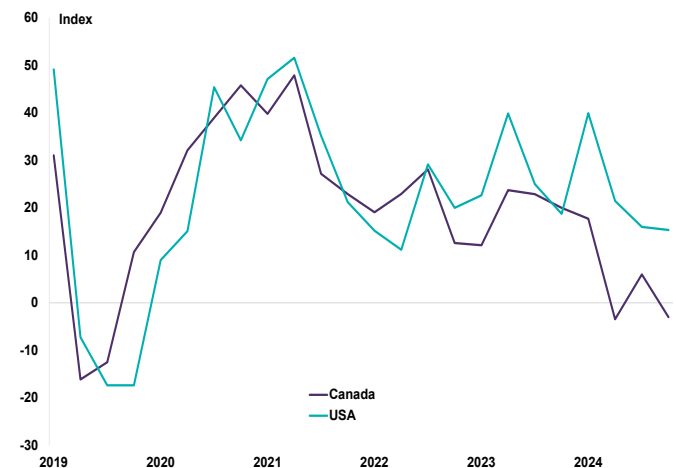


Chart 2 - Factors Holding Back Activity

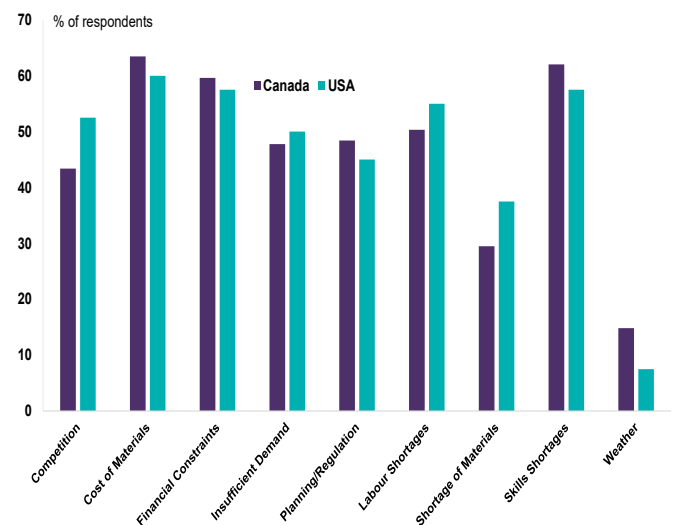
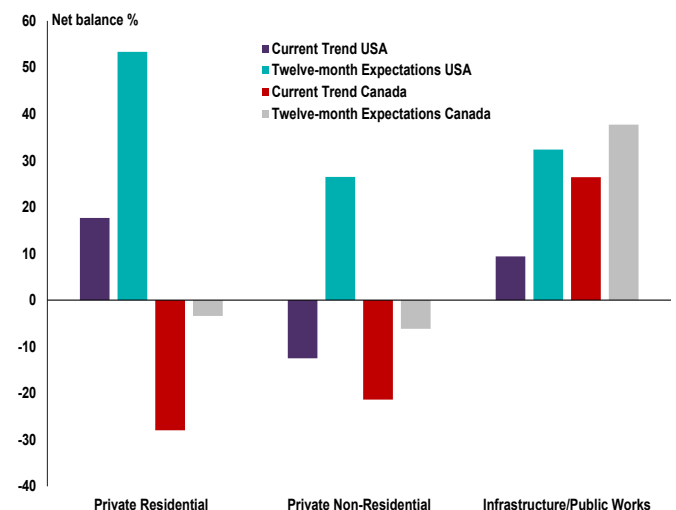


Chart 3 - Current Workloads and Expectations



## Regional comments from survey participants in the Americas

### Antigua and Barbuda

Silly money being thrown at building the Barbuda Ocean Club, similar comments may soon apply to the Nikki Beach Club. - St Johns

### Bahamas

USA economy and tariffs. - Nassau

### Bermuda (UK)

Procurement delays and planning delays. - Hamilton

### Brazil

The civil construction market in Goiânia, Brazil has experienced inconsistent, short-term growth that is likely to slow after a future market bubble and has been cycling like this since 1980. - Goiânia

Better control of marketing media. - São Paulo

### Canada

Demand, supply, interest rates and immigration. - Burnaby

Increased municipal development charges, levies, fees and taxes are undermining and hurting the residential construction sector. Increased government ESG regulation protocol is delaying or canceling projects. Increased H&S regulation is also destroying productivity. - Calgary

Low demand. - Calgary

The ever evolving/adding of code requirements. We need code requirements that decrease construction cost. - Calgary

US tariffs. - Calgary

The USA/ Canada Trade Tariffs and CUSMA Free Trade negotiations are negatively impacting Canada's economy. The USA keeps lobbying for Canada to become the 51st state and trying to drive up costs, instead of nurturing the current codependent economy, to create economic pressure on the country to ask for help. - Cambridge

Competition. - Concord

Tariffs. - Edmonton

Tariffs. - Halifax

Volume of work in the industry is the major factor. - Halifax

Cooperation with clients, receptivity to communication, collaboration with local contractors. - Halifax

Tariffs. - Halifax

The reciprocal tariffs imposed on American goods is causing materials to cost Canadian trades more. - Kelowna

More competition. - Kitchener

Downturn of condo building in the GTA is the largest single thing I can think of. We are as busy as ever on ICI projects. - Oakville

Instability in the regulatory process and Government requirements. - Oakville

Ottawa market is stable while office handling the Northern Projects. Private residential slow down. - Ottawa

Private commercial cost of borrowing (interest rate), and global economic uncertainty has significant effects. - Ottawa

Weather. Upcoming Winter Months will have an impact on

productivity. - Saskatoon

Too much work, not enough people. workers are getting burnt out and it affects productivity, mental health, and the ability to retain skill. - Saskatoon

Poor coordination among stakeholders. - St-Hubert

Timing of Municipal Approvals & Market conditions. - Toronto

Macro-economic slow down. - Toronto

Past sales and design practices have seriously affected the residential market in the Toronto GTA area. Designing and selling an investor and speculator based model was not sustainable, however builders and developers could not see the forest for the trees and thought this was a never ending story. - Toronto

Prime rate. - Toronto

Quality of design documents. - Toronto

Tariffs. - Toronto

Tariffs, bank lending, decline in residential investments. - Toronto

Government alignment across all levels. - Toronto

Global uncertainty in both political and trade partnerships have lead to hesitation in the markets which trickles down to consumer confidence. - Toronto and GTA

Automation will be very significant in reporting. - Vancouver

Foreign money can't enter into the local market - is causing this crash. - Vancouver

Government policy on immigration and housing. - Vancouver

Inflation:tariff war with America. - Vancouver

Lack of economic viability for most projects as a result of high construction costs, sticky interest rates and lack of demand for high priced product. - Vancouver

Productivity expected to reduce because lower workload flow. Offset by modest fee increases, change in project types, more hourly fees. - Vancouver

Tariff imposed on steel and Alumina by the US government. - Vancouver

The rapid decline of the movement of goods and people across the US/ Canada border will ultimately negatively impact the local construction industry. - Vancouver

Fear of economic downturn, Trump Tariff, Minimal private sector investments. - Vaughan

Federal and Provincial Work Opportunities are Drying Up. - Winnipeg

### Cayman Islands (UK)

Cost. - George Town

Poorly drafted contracts passing risk down the line to subcontractors, who respond by simply increasing their baseline cost. - George Town

### Chile

Protectionist policies do not allow foreign participation. - Santiago

## Regional comments from survey participants in the Americas

### Jamaica

Availability of raw materials, the inability to predict the prices of raw materials affected by supply chain issues. - Kingston

Closed Job Market, Low Reliance on Professional Team/Advisors. - Kingston

Tariffs - Tariffs are significantly affecting the construction industry by increasing material costs, disrupting supply chains, and fueling market uncertainty. Affecting material cost and availability for items such as steel, aluminum, and lumber etc. This affects the cost for construction projects. Change in government has significant effect on construction. These includes changes in policies, changes in budgets of existing and proposed projects to even cancellation of projects etc. - Kingston

### Peru

Inflation. - Lima

### Saint Lucia

Shortage of skill workers and middle managers. - Castries

### Trinidad and Tobago

Security from external sources. Extortion by miscreants who demand 'taxes' for working in particular areas. Such taxes are on the premise that the site would be free from bandits and thieves. - St. Augustine

A lack of foreign currency to procure construction goods and services. - Trincity

Foreign Currency issues. - Trincity

### Turks and Caicos Islands (UK)

Obtaining work permits for expat skilled labour. - Grace Bay

Worker Housing. - Providenciales

### United States of America

Political incompetence (National Guard / ICE deployment threatening skilled and unskilled labour forces). - Chicago

Uncertainty in demand, tariffs, inflation, geo political environment creating slow down in Capex spend. - Chicago

Tariff maybe affecting steel and aluminium purchases and related construction. - Columbus

In the high tech sector energy infrastructure and statutory changes. - District of Columbia

Lack of skilled workforce remains largest factor affecting construction. - Harrisburg

Major Semi conductor manufacturer has delayed or cancelled projects and laid workers off. - Hillsboro

Quality. - Houston

Uncertainty around Tariffs are leading to delays in investment. - Houston

Potential lowering borrowing rates by the Fed. - Los Angeles

Lack of good estimators. - Los Angeles

East Coast large pharma projects are pulling skilled labour from West Coast, particularly piping inspectors and skilled hygienic piping welders. - Los Angeles

Insurance and specifically NYC Labour Law. - New York

One of the most significant issues affecting construction in NYC is the impact of tariffs on imported materials. - New York

Material prices remain volatile (steel, glass, specialty finishes) NYC's permitting and approval process is dense, slow, and often unpredictable. Delays and redesigns are common, due to global supply chains, tariffs, and shipping constraints. - New York City

Tariffs. - New York City

Too much overtime crushes productivity. - Portland

Huge variance by sector, life Sciences, high tech manufacturing and data centers are all booming. Most other areas are flat or contracting. Uncertainty in government funding and approvals is a larger impact than interest rates. - Scottsdale

Project schedule delays lead to disputes among stakeholders and prolong financial constraints. - Taylor

Rising construction costs and increased demands from clients to cut costs have led to payment delays and disputes, lowering productivity, delaying schedules and negatively affecting projects. - Taylor

Government currency debasement. Budget impasse. Unsustainable Debt. Illegal Immigration drain on services. - Washington DC

## Global Construction Monitor

RICS' Global Construction Monitor is a quarterly guide to the trends in the construction and infrastructure markets. The report is available from the RICS website [www.rics.org/economics](http://www.rics.org/economics) along with other surveys covering the housing market, residential lettings, commercial property, construction activity and the rural land market.

## Methodology

Questionnaires were sent out on 11 September 2025 with responses received until 20 October 2025. Respondents were asked to compare conditions over the latest three months with the previous three months as well as their views as to the outlook. A total of 2147 company responses were received globally.

Net balance = Proportion of respondents reporting a rise in a variable (e.g. occupier demand) minus those reporting a fall (if 30% reported a rise and 5% reported a fall, the net balance will be 25%). Net balance data can range from -100 to +100. A positive net balance reading indicates an overall increase while a negative reading indicates an overall decline.

RICS Construction Activity Index is constructed by taking an unweighted average of current and 12-month expectations of four series: residential workloads, non-residential workloads, infrastructure workloads and profit margins. Global and regional series are weighted using the World Bank's GDP PPP (2017 constant prices) data series. Current responses were weighted using the prior years GDP (e.g. the 2020 responses were weighted using 2019 GDP data). Where responses are not sufficient to form a national-level sample, they are binned together to fill in any gaps in regional coverage.

## Disclaimer

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## Delivering confidence

We are RICS. Everything we do is designed to effect positive change in the built and natural environments. Through our respected global standards, leading professional progression and our trusted data and insight, we promote and enforce the highest professional standards in the development and management of land, real estate, construction and infrastructure. Our work with others provides a foundation for confident markets, pioneers better places to live and work and is a force for positive social impact.

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