



SteadWay

# CONSTRUCTION MARKET INSIGHT GERMANY

for H1 2025





# INTRODUCTION & MACRO ECONOMICS

Germany’s economic performance has experienced notable challenges, resulting in two consecutive years of GDP decline (0.2% decline in 2023 and 0.3% decline in 2024). The most recent recession has not occurred since 2003. High energy costs, increased interest rates, labour shortages and increasing competition in export markets has contributed to the economic challenges. The Bundesbank projects minimal GDP growth of 0.2% for 2025, but the introduction of new U.S. tariffs poses additional risks to Germany’s export-driven economy, with estimates suggesting a possible 2025 GDP reduction of up to 1.2%. A more optimistic growth rate of 1.3% is projected for 2026, potentially bolstered by a €500 billion stimulus package aimed at infrastructure and defence spending.

Table 1 - Annual Construction Output in Germany		
Year	Completed Buildings	Completed Dwellings
2020	205,276	306,376
2021	192,055	293,393
2022	192,744	295,275
2023	183,665	294,399
2024	145,014	215,293 (lowest since 2012)

Source: Destatis

The German construction industry has similarly faced a series of challenges in recent years, including economic fluctuations, rising input costs for labour and materials, and elevated interest rates which have led to a contraction of 4.4% in real terms in 2024, marking the fourth consecutive year of decline. Table 1 which captures annual construction output, highlights this decline. Projections for 2025 indicate a further real-term decline of between 1% and 2%.

Construction costs have increased significantly since 2020. The rate of construction cost inflation has slowed in the past 2 years, but is still increasing albeit at a steadier rate of approximately 3% per year. Our forecast for 2025 confirms this inflation trend. There is no sign of construction costs decreasing in 2025.

We have experienced a recent growing appetite from General Contractors (GCs) in the market trying to win new work. From our current live projects we are consistently receiving more bona fide tender returns than in previous years (3-5 on average, compared to 1-2 on average in recent years) and GCs are tending to offer larger discounts in an effort to secure future workload.



# INPUT COSTS

## Material Costs

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Construction material costs have experienced severe fluctuations in the past 5 years, caused by various economic factors such as supply chain disruption, energy price increases and supply and demand factors. Prices for key building materials, such as timber, steel, insulation, cement and bitumen increased significantly from 2021 to 2022. Timber and steel prices experienced price reductions towards the end of 2023. Products requiring high energy consumption for production,

such as concrete, bitumen and cement continue to see price hikes in 2025. Copper prices are also currently fluctuating driven by uncertainty in the market.

Oil prices experienced a sharp decline in early April 2025 with Brent crude falling below \$63 a barrel. This marked a 17% drop in the oil price since the announcement of trade tariffs by the U.S. administration in April 2025

## Labour Rates

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Average weekly earnings in Germany increased at a rate of 5.5% from 2022 to 2023. The official data for average earnings in 2024 has not yet been published, but considering the upward trend from previous years and the statutory minimum wage increase from €12.00 per hour to €12.41 per hour from January 2024, it is likely

that the average earnings in 2024 rose approximately 5%. From January 2025, the minimum wage went up to €12.82 per hour, an increase of 3.3%. This trend corresponds with the general rise in construction labour rates expected in 2025.

## General Contractor Markups

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We have typically seen General Contractor (GC) Markups of 20% - 25% in recent years. This increased from 17% - 20% in the period prior to 2020. GC markups are currently still sitting in the range of 20% - 25%, but GCs are more willing to offer discounts against their markups, compared to recent years.

The extreme uncertainty in the market from 2020 to 2023, caused by supply chain disruptions and increased energy prices and high demand resulted in higher risk margins being priced into GC rates. The current market conditions so far in 2025 enable GCs to reduce those risk margins significantly to more reasonable project specific levels.

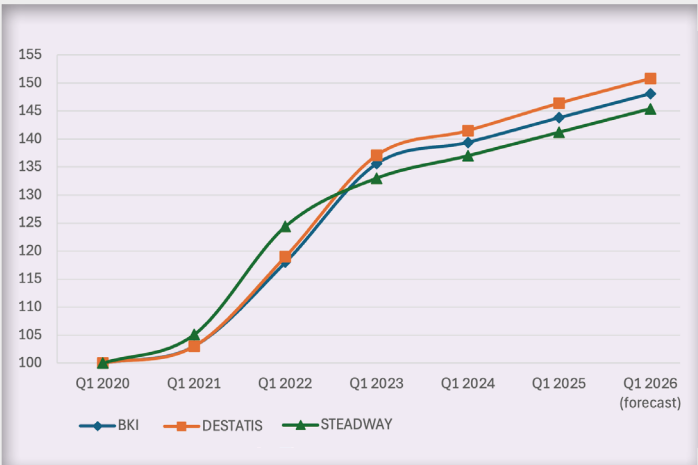


# CONSTRUCTION COST TRENDS & FORECASTS

Compared to the most reliable published data, we have experienced a slightly lower increase in average construction costs over the past 4 years in Germany. This can be seen in the table and graph below. Over the past 2 years construction cost inflation has slowed to approximately 3% per year. Our forecast

for construction cost inflation to Q1 2026 is also 3%, assuming no significant macroeconomic factors cause negative market disruption. The construction supply chain in Germany is more robust than pre 2020 levels as a result of the market corrections that have occurred.

Table 2 - Comparison of Construction Cost Indices			
Construction Price Index	BKI	Destatis	SteadWay
Q1 2020	100,0	100,0	100,0
Q1 2021	103,0	103,0	105,1
Q1 2022	118,0	119,0	124,4
Q1 2023	135,6	137,1	133,0
Q1 2024	139,4	141,5	137,0
Q1 2025	143,8	146,4	141,2
Q1 2026 (forecast)	148,1	150,8	145,4



Note: To create a like-for-like baseline of the published data from the BKI (Construction Cost Information Centre of the German Chamber of Architects) and Destatis (Federal Statistical Office of Germany) we have set the base date for BKI and Destatis at 2020 for comparison purposes with our cost data analysis.



## PRICE TRACKER (Q2 2025)

Description of Work	Indicative Rates (€)		
	Unit	Lower Range	Upper Range
Concrete (slab; C45/55; XC1)	m <sup>3</sup>	€160	€200
Formwork (standard)	m <sup>2</sup>	€60	€80
Rebar (B500)	t	€2,000	€2,500
Structural Steel (HEB)	t	€3,200	€4,000
Ductwork (standard)	m <sup>2</sup>	€70	€80
Cable Trays (perforated steel; 100 - 300mm)	m	€80	€90
Pipework (steel pipes; DN 20 - 25; hot water)	m	€25	€30
Pipe Insulation (DN 20 - 25; 50mm thick)	m	€20	€30
Plasterboard Walls (125mm thick; Rw,P 56dB; non fire rated)	m <sup>2</sup>	€90	€100
Plasterboard Suspended Ceiling (standard; non fire rated)	m <sup>2</sup>	€60	€70
Carpet (standard office)	m <sup>2</sup>	€40	€50
Glazed Partitions (D 100mm; 37dB; non fire rated)	m <sup>2</sup>	€450	€550
Floor Screed (cement; 5kN; excl. insulation)	m <sup>2</sup>	€30	€40
Raised Access Flooring (5kN; 150mm - 450mm)	m <sup>2</sup>	€130	€150
Raised Access Flooring (8kN; server room; 150mm - 450mm)	m <sup>2</sup>	€230	€250
Timber Door Single Leaf, T0 (37dB)	Nr.	€1,200	€1,600
Timber Door Single Leaf, T30 (37dB)	Nr.	€2,300	€2,600
Steel Door Single Leaf, T0	Nr.	€2,500	€3,000
Steel Door Single Leaf, T30	Nr.	€3,500	€4,000
Glass Aluminium Door Single Leaf, T30	Nr.	€5,000	€6,000

All the above rates exclude VAT and General Contractor's markups and are based on blended averages. They are purely intended as indicative and would vary depending on project specifics, such as location, size and type of building project. The materials described above represent a broad cross section of works in a typical building project. The range of unit rates quoted are on a supply and install basis and are pure generic in nature.





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This publication must be treated as an indicative guide only, as the information provided is based on averages across various types and sizes of projects in varying locations, with varying degrees of complexity. Project specifics must be carefully reviewed and analysed on a case-by-case basis and should be reviewed regularly with your SteadWay team in order to determine the appropriate base cost for the project.