

CONSTRUCTION INDUSTRY SURVEY

ECONOMIC INDICATORS **CNI**

CBIC

CNI Brazilian National
Confederation
of Industry

High interest rates challenged the Construction Industry in 2024

In the fourth quarter of 2024, high interest rates were highlighted as the main challenge faced by the construction industry. In second place was the lack or high cost of skilled workers, and in third place was the high tax load.

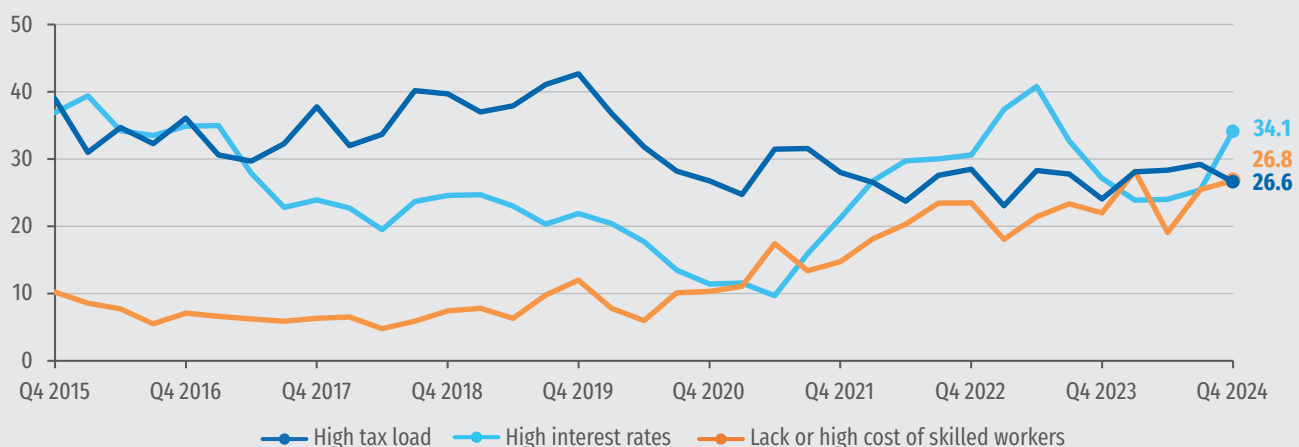
Regarding financial conditions, business leaders reported increased dissatisfaction with operating profits, accelerating input and raw material price increases, and greater difficulty in accessing credit during the quarter.

In this context, the Construction Industry Business Confidence Index (ICEI) fell below 50 points for the first time since January 2023, clearly signaling a shift from confidence to a lack of confidence. This result was driven by a perceived deterioration in current conditions and reduced optimism regarding the outlook for the Brazilian economy.

Nevertheless, expectations for the number of employees, purchases of inputs and raw materials, activity levels, and new projects and services remained positive, indicating expectations of growth for the first half of the new year.

Main problems faced by Construction Industry in the 4th quarter of 2024

Percentage of indications (%)^{*}



^{*}In the survey, the entrepreneur is asked to mark up to three items. Thus, the sum of the percentages exceeds 100%.

PERFORMANCE OF THE CONSTRUCTION INDUSTRY IN DECEMBER 2024

Activity and employment decline at the end of 2024

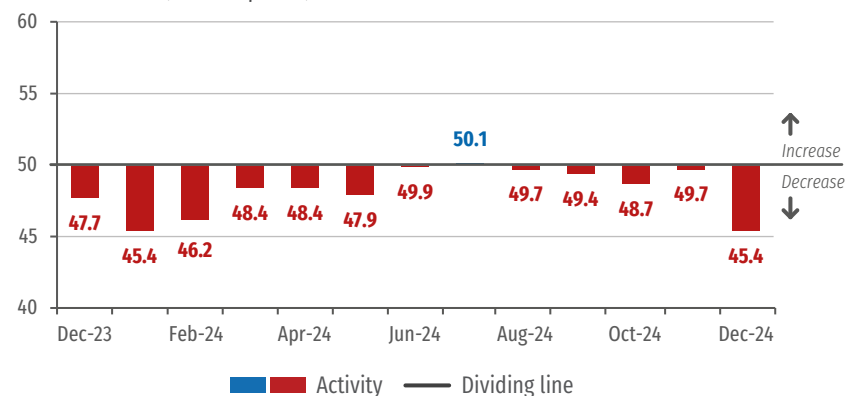
The activity level evolution index for the construction industry stood at 45.4 points in December 2024. The index, which was already below the 50-point threshold, moved further away from this mark in December, revealing that the decline in activity during the month was more intense and widespread than in November. The drop in activity was observed across companies of all sizes.

The number of employees evolution index stood at 45.7 points in December 2024. The index, which was already below 50 points in November, moved further away from this level, signaling a more intense and widespread decline in construction employment in December 2024. The reduction in employment was also generalized across companies of all sizes.

It is worth noting that a decline in both activity levels and employment is typical for the construction industry during the transition from November to December each year.

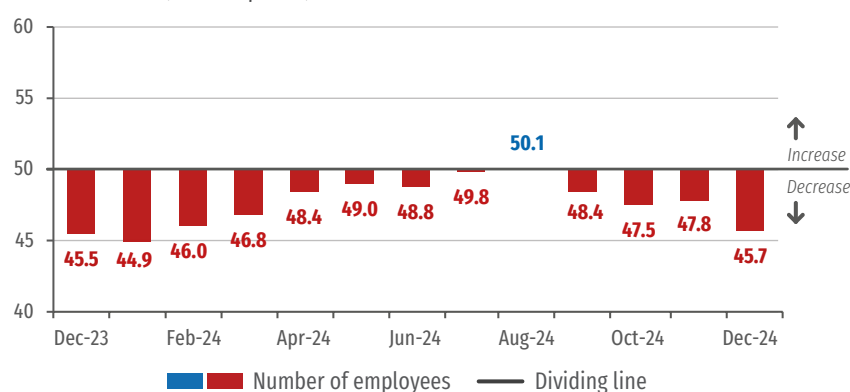
Activity level evolution

Diffusion indices (0 to 100 points)*



Number of employees evolution

Diffusion indices (0 to 100 points)*



*Values above 50 indicate an increase in activity or employment compared to the previous month. Values below 50 points indicate a decrease in activity or employment compared to the previous month. The further away from 50 points, the greater and more widespread is the variation.

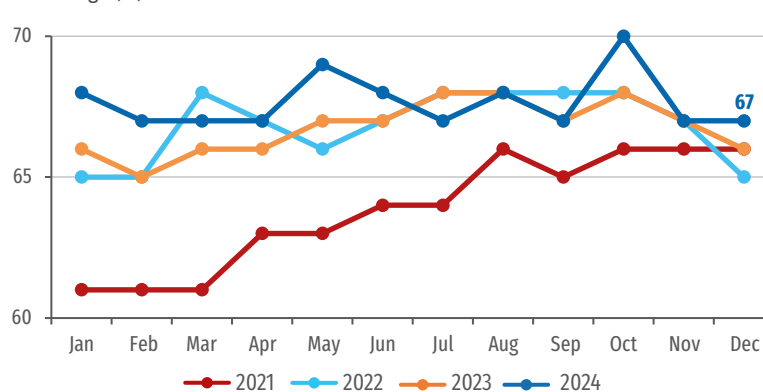
Operational Capacity Utilization ends 2024 at an elevated level

From November to December 2024, the Utilization of Operational Capacity (UCO) remained stable at 67%. Throughout the index's historical series, which began in 2012, this was the highest level ever recorded for a December. Additionally, the UCO was 5 percentage points (p.p.) above the historical average for December months, which stands at 62%.

The index stability in December was the result of a combination of a 4 p.p. decline in the UCO of small companies, stability in the index for medium-sized companies, and a 1 p.p. increase in the indicator for large companies. Notably, all size-specific indices remained above their respective December averages.

Utilization of Operational Capacity

Percentage (%)



FINANCIAL CONDITIONS OF THE CONSTRUCTION INDUSTRY IN THE 4th QUARTER OF 2024

Credit access becomes more difficult

In the fourth quarter of 2024, the credit access ease index stood at 37.7 points, after declining by 2.6 points compared to the third quarter of the year. The movement of the indicator, which already reflected a perception of difficulty among construction entrepreneurs, signaled a more intense and widespread challenge in accessing credit during the last three months of the year. This was perceived by companies of all sizes.

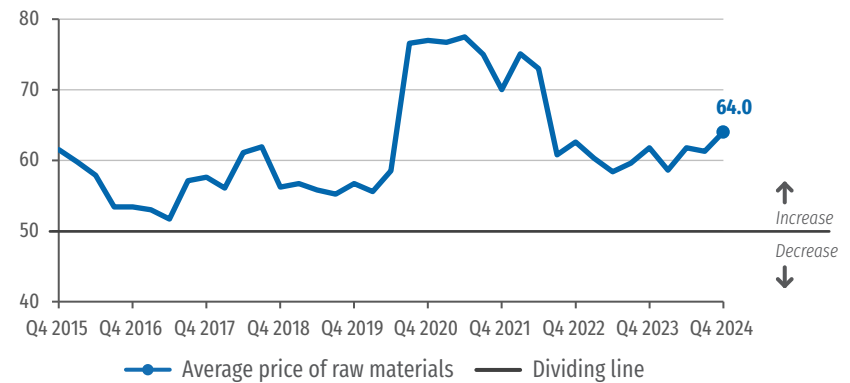
After declining by 0.6 points compared to the third quarter of 2024, the profit margins satisfaction index stood at 44.8 points in the last quarter of the year. Moving further away from the 50-point threshold, the indicator reveals that dissatisfaction with operating profits intensified in the last three months of the year. Companies of all sizes expressed dissatisfaction.

The raw materials average price index stood at 64 points in the fourth quarter, after advancing by 2.7 points compared to the previous quarter. The index, which was already above 50 points, indicates that business leaders in the sector noted accelerating input and raw material price increases between quarters. This perception was widespread across companies of all sizes.

Finally, the financial situation satisfaction index stood at 49 points in the fourth quarter of the year, after advancing by 1.3 points compared to the previous quarter. Between periods, the index approached the 50-point threshold, revealing that dissatisfaction with the financial situation became less intense and widespread in the last quarter of 2024.

Profit margins and financial situation satisfaction

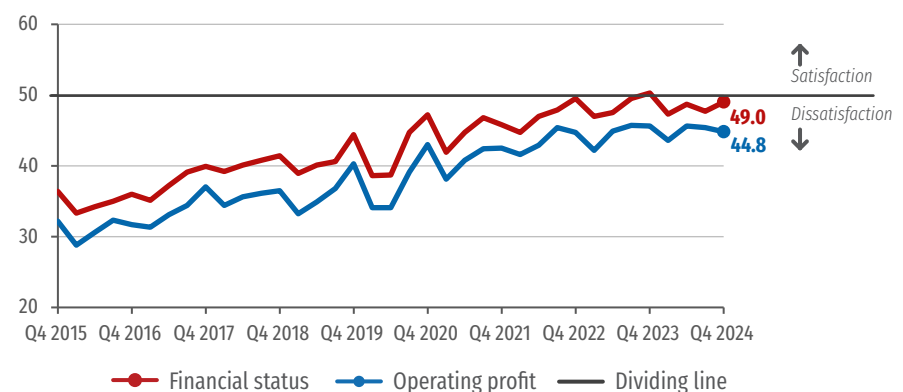
Diffusion index (0 to 100 points)*



*Values above 50 indicate satisfaction with the operating profit margin and the financial situation. Values below 50 indicate dissatisfaction with the operating profit margin and the financial situation. The further away from 50 points, the greater and more widespread is the satisfaction or dissatisfaction.

Satisfaction with operating profit and with the financial situation

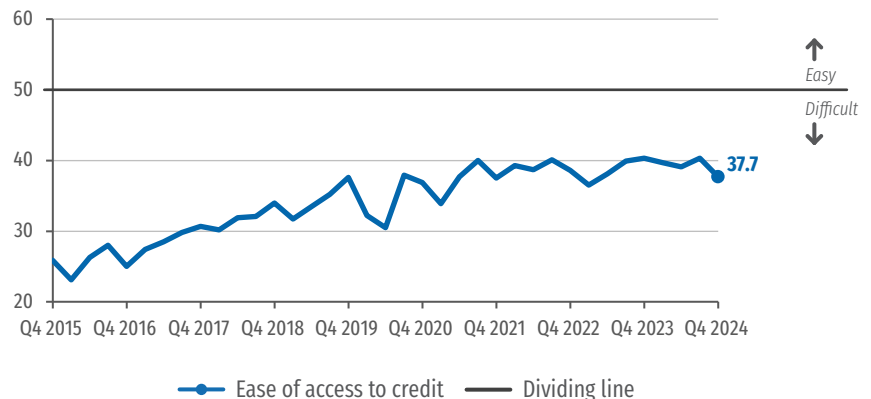
Diffusion index (0 to 100 points)*



*Values above 50 indicate ease of access to credit. Values below 50 indicate difficulty in accessing credit. The further away from 50 points, the greater and more widespread is the difficulty or ease of access to credit.

Ease of access to credit

Diffusion index (0 to 100 points)*



*Values above 50 indicate an increase in the prices of inputs and raw materials compared to the previous quarter. Values below 50 points indicate a decrease in the prices of inputs and raw materials compared to the previous quarter. The further away from 50 points, the more intense and widespread is the variation.

CHALLENGES FACED BY THE CONSTRUCTION INDUSTRY IN THE 4th QUARTER OF 2024

High interest rates are the main challenge for Construction

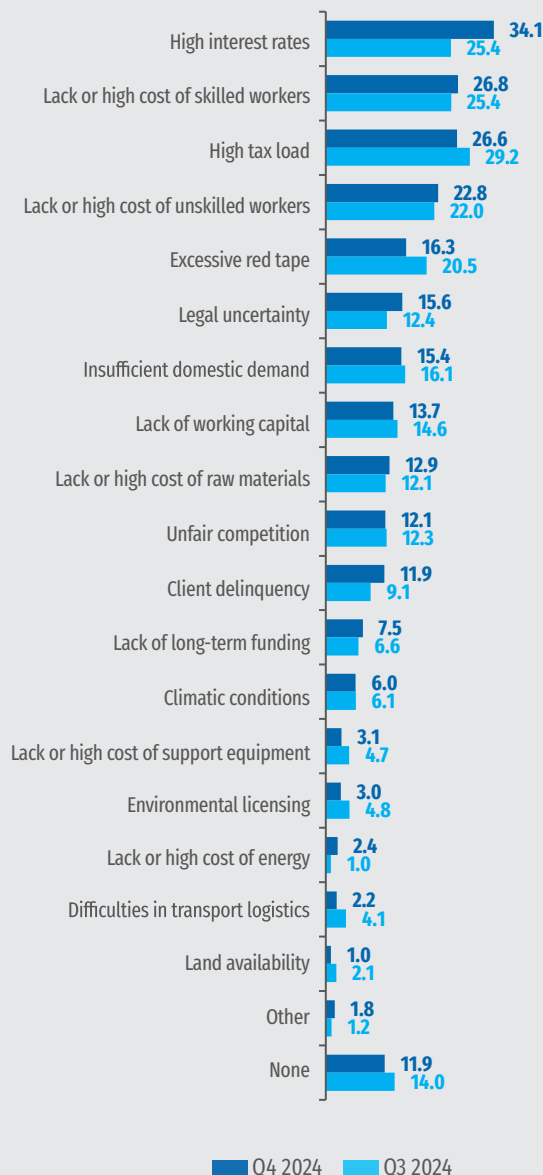
High interest rates were cited by 34.1% of business leaders as the main challenge faced by the construction industry in the fourth quarter of 2024. This figure represents an increase of 8.7 p.p. compared to the third quarter of the year.

The issue of lack or high cost of skilled workers ranked second in the list of main challenges, indicated by 26.8% of construction business leaders. This figure represents an increase of 1.4 p.p. compared to the previous quarter.

The high tax load also stood out and ended the year as the third-main challenge for the construction industry, with 26.6% of indications from sector entrepreneurs.

Other notable challenges included the lack or high cost of unskilled workers (22.8% of indications), excessive red tape (16.3%), and legal uncertainty (15.6%).

Main problems faced by Construction Industry in quarter
Percentage (%)*



*In the survey, the business owner is asked to mark up to three items that constituted real problems for their company. Therefore, the sum of the percentages exceeds 100%.

CONSTRUCTION INDUSTRY BUSINESS CONFIDENCE INDEX IN JANUARY 2025

Business leaders reveal lack of confidence in the first month of the year

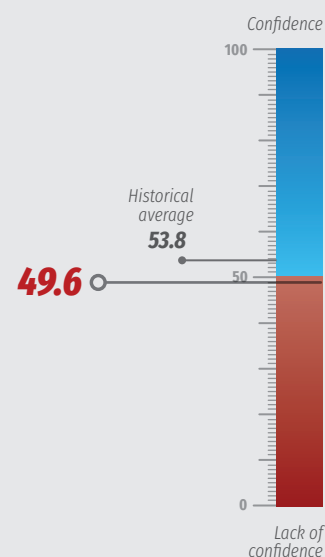
In January 2025, the Construction Industry Business Confidence Index (ICEI) stood at 49.6 points. From December 2024 to January 2025, the indicator declined by 1.4 points, falling below the 50-point threshold that separates confidence from a lack of confidence. This was the first time this had happened since January 2023. All indices for companies of different sizes declined in January 2025.

The decline in the ICEI was driven by a deterioration in business leaders' assessments of both current conditions and expectations.

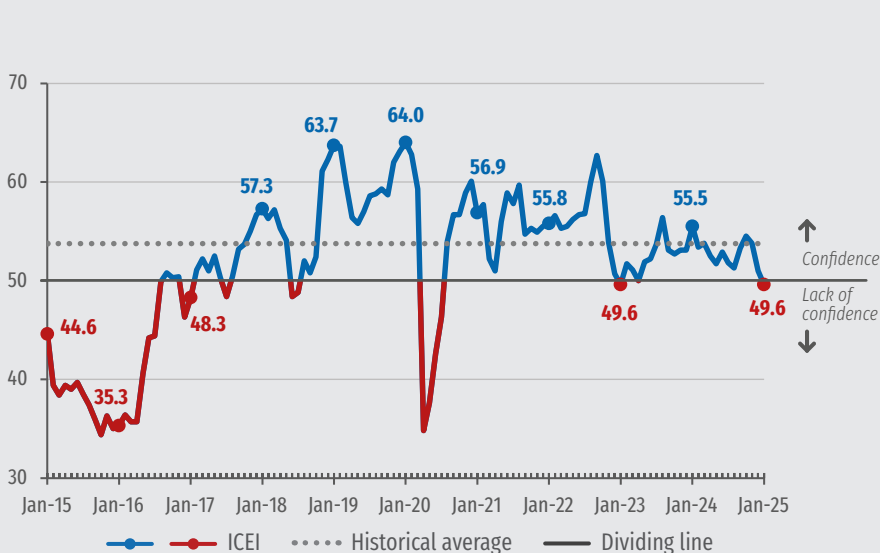
The Current Conditions Index stood at 44.9 points in January 2025, representing a decline of 1.2 points compared to December. As a result, it moved further away from the 50-point threshold, revealing that the perception of worsening current conditions became more intense and widespread. The decline was driven by a deterioration in the assessment of current conditions in the Brazilian economy, as the index for current company conditions remained stable between December 2024 and January 2025.

The Expectations Index stood at 51.9 points in January 2025, after declining by 1.6 points compared to December 2024. Approaching the threshold, the indicator reveals that sector expectations became less optimistic, although they remain positive. The decline in the indicator between months was driven by a drop in the indices for expectations regarding the Brazilian economy and company performance.

Construction ICEI
Index (0 to 100 points)*



Historical Series
Index (0 to 100 points)*



*Values above 50 points indicate business confidence and the higher above 50 points, the greater and more widespread is the confidence. Values below 50 points indicate a lack of business confidence and the lower below 50 points, the greater and more widespread is the lack of confidence.

CONSTRUCTION INDUSTRY EXPECTATIONS IN JANUARY 2025

Construction entrepreneurs reveal optimism for the first half of 2025

In January 2025, the indices for expectations regarding the number of employees and purchases of inputs and raw materials advanced, while the index for activity level expectations remained stable, and the index for new developments and services declined. During the month, all indices remained above 50 points, signaling expectations of growth for the first half of the year.

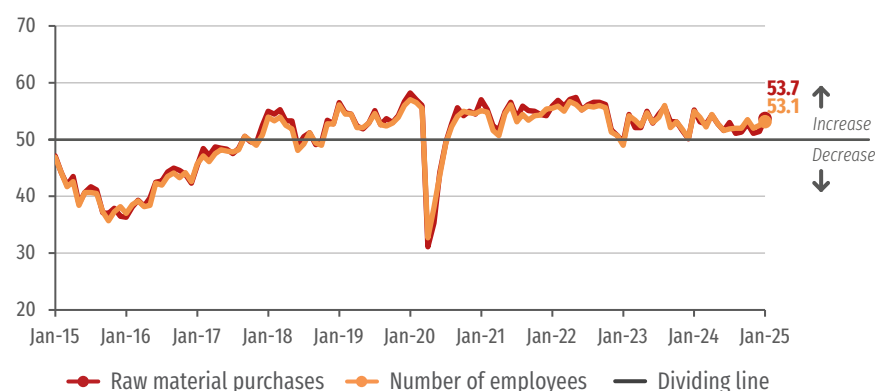
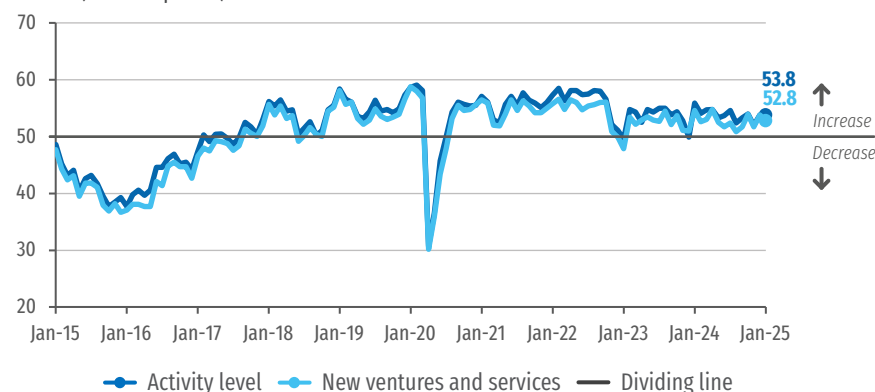
In January 2025, the activity level expectation index stood at 53.8 points, the same level as in December 2024. The index stability between months was the result of increased expectations for higher activity levels among small and medium-sized companies, and a decline in expectations among large companies. It is worth noting that the indicator remained above 50 points for companies of all sizes.

The purchase of input and raw material expectation index stood at 53.7 points in January, after advancing by 2.3 points compared to December. The indicator reveals that the expectation of increased purchases of inputs and raw materials became more intense and widespread during the month. All indices for companies of different sizes advanced in January and remained above 50 points.

The number of employees expectation index stood at 53.1 points in January, after advancing by 0.6 points compared to December. The index reveals that the expectation of increased employment in the sector became more intense and widespread. Among indices for

Expectations indices

Indices (0 to 100 points)*



*Values above 50 points indicate an expectation of growth. Values below 50 points indicate an expectation of decline. The further away from 50 points, the greater and more widespread is the expected variation.

companies of different sizes, all of them remained above 50 points, although the indicator for large companies declined during the month.

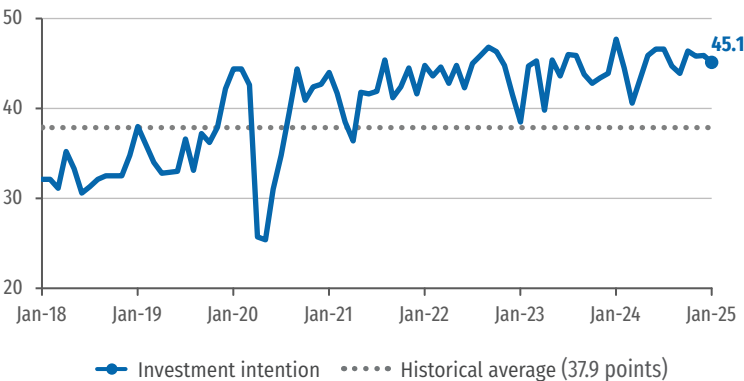
The new developments and services expectation index, on the other hand, stood at 52.8 points in January, after declining by 1 point compared to December. Approaching the threshold, the indicator reveals that the expectation of increased new projects and services became less intense and widespread during the month. The decline in the index was driven by a drop in the expectation indicator for large companies, while the indices for small and medium-sized companies advanced during the period. Nevertheless, all indices for companies of different sizes remained above the threshold in January.

Investment intentions decline in January

The investment intention index for the construction industry stood at 45.1 points in January 2025. Compared to December, the indicator declined by 0.8 points. During the month, the indicator remained 7.2 points above the historical series average of 37.9 points.

Investment intentions

Index (0 to 100 points)*



*The higher the index, the greater the industry's propensity to invest.



RESULTS

Financial status in the quarter

	OPERATING PROFIT MARGIN			AVERAGE PRICE OF RAW MATERIALS			FINANCIAL STATUS			ACCESS TO CREDIT		
	Q4 2023	Q3 2024	Q4 2024	Q4 2023	Q3 2024	Q4 2024	Q4 2023	Q3 2024	Q4 2024	Q4 2023	Q3 2024	Q4 2024
SURVEY	45.6	45.4	44.8	61.8	61.3	64.0	50.3	47.7	49.0	40.3	40.3	37.7
BY SIZE												
Small ¹	42.4	45.9	43.4	57.1	60.4	64	45.4	48	43.6	38.8	35.6	33.1
Medium ²	44.8	44.1	43.1	60.5	60.2	64.2	49.2	46.3	47.3	38.8	38.7	36.9
Large ³	47.3	45.9	46.3	64.2	62.3	63.8	52.7	48.3	51.9	41.7	42.9	39.8

Indicators range from 0 to 100 points. A score above 50 points indicates satisfaction with the operating profit margin and financial status, easy access to credit, or an increase in the average price of raw materials. A score below 50 points indicates dissatisfaction with the operating profit margin and financial status, difficult access to credit, or a decrease in the average price of raw materials.

1 - Company with 10 to 49 employees. 2 - Company with 50 to 249 employees. 3 - Company with 250 or more employees.

Main problems in the construction industry

	GENERAL			SMALL			MEDIUM			LARGE		
	Q3 2024	Q4 2024		Q3 2024	Q4 2024		Q3 2024	Q4 2024		Q3 2024	Q4 2024	
Items	%	%	Position	%	%	Position	%	%	Position	%	%	Position
High interest rates	25.4%	34.1%	1	24.2%	34.7%	1	24.2%	32.3%	1	27.4%	35.8%	1
Lack or high cost of skilled workers	25.4%	26.8%	2	23.4%	18.6%	5	23.4%	26.2%	3	28.8%	32.8%	2
High tax load	29.2%	26.6%	3	37.5%	33.9%	2	31.3%	26.2%	3	21.9%	22.4%	3
Lack or high cost of unskilled workers	22.0%	22.8%	4	25.0%	22.0%	4	18.8%	27.7%	2	23.3%	17.9%	5
Excessive red tape	20.5%	16.3%	5	17.2%	16.9%	6	21.1%	18.5%	5	21.9%	13.4%	8
Legal uncertainty	12.4%	15.6%	6	14.1%	11.9%	10	8.6%	11.5%	10	15.1%	22.4%	3
Insufficient domestic demand	16.1%	15.4%	7	11.7%	12.7%	9	17.2%	14.6%	7	17.8%	17.9%	5
Lack of working capital	14.6%	13.7%	8	14.1%	15.3%	7	10.2%	13.1%	8	19.2%	13.4%	8
Lack or high cost of raw materials	12.1%	12.9%	9	10.9%	11.0%	11	14.1%	12.3%	9	11.0%	14.9%	7
Unfair competition	12.3%	12.1%	10	17.2%	23.7%	3	13.3%	10.8%	11	8.2%	6.0%	11
Client delinquency	9.1%	11.9%	11	9.4%	13.6%	8	12.5%	16.2%	6	5.5%	6.0%	11
Lack of long-term funding	6.6%	7.5%	12	2.3%	8.5%	12	7.8%	6.9%	13	8.2%	7.5%	10
Climatic conditions	6.1%	6.0%	13	7.0%	7.6%	13	4.7%	9.2%	12	6.8%	1.5%	16
Lack or high cost of support equipment	4.7%	3.1%	14	5.5%	2.5%	14	0.8%	2.3%	16	8.2%	4.5%	13
Environmental licensing	4.8%	3.0%	15	3.9%	1.7%	15	4.7%	3.8%	14	5.5%	3.0%	15
Lack or high cost of energy	1.0%	2.4%	16	1.6%	1.7%	15	1.6%	0.8%	18	0.0%	4.5%	13
Difficulties in transport logistics	4.1%	2.2%	17	3.1%	1.7%	15	4.7%	3.1%	15	4.1%	1.5%	16
Land availability	2.1%	1.0%	18	1.6%	1.7%	15	3.1%	1.5%	17	1.4%	0.0%	18
Other	1.2%	1.8%	-	2.3%	0.0%	-	1.6%	3.1%	-	0.0%	1.5%	-
None	14.0%	11.9%	-	14.1%	12.7%	-	15.6%	11.5%	-	12.3%	11.9%	-

Note: In the survey, the entrepreneur is asked to mark up to three items that were real problems for his or her company. Thus, the sum of the percentages exceeds 100%.

RESULTS

Construction industry performance

	CAPACITY UTILIZATION (%) ¹			ACTIVITY LEVEL VARIATION INDEX ²			EFFECTIVE ACTIVITY LEVEL INDEX COMPARED TO USUAL LEVELS ³			NUMBER OF EMPLOYEES VARIATION INDEX ²		
	Dec-23	Nov-24	Dec-24	Dec-23	Nov-24	Dec-24	Dec-23	Nov-24	Dec-24	Dec-23	Nov-24	Dec-24
SURVEY	66	67	67	47.7	49.7	45.4	44.5	46.5	43.8	45.5	47.8	45.7
Small	59	63	59	43.0	45.1	44.1	40.7	43.4	38.3	42.8	44.3	43.4
Medium	64	65	65	46.6	46.9	42.7	43.3	44.2	43.5	47.1	48.0	44.2
Large	70	70	71	50.0	52.9	47.4	46.6	48.9	45.9	45.6	48.9	47.4

Expectations of the construction industry

EXPECTATION INDICES ⁴													INDEX OF INTENTION TO INVEST ⁵		
ACTIVITY LEVEL			NEW ENTERPRISES AND SERVICES			INPUT AND RAW MATERIAL PURCHASE			NUMBER OF EMPLOYEES						
	Jan-24	Dec-24	Jan-25	Jan-24	Dec-24	Jan-25	Jan-24	Dec-24	Jan-25	Jan-24	Dec-24	Jan-25	Jan-24	Dec-24	Jan-25
SURVEY	55.9	53.8	53.8	54.6	53.8	52.8	55.2	51.4	53.7	55.0	52.5	53.1	47.7	45.9	45.1
Small	56.3	50.2	53.4	52.5	50.0	50.4	53.2	49.8	52.3	53.8	50.2	51.1	42.2	43.0	37.9
Medium	53.6	51.6	53.5	54.4	52.6	52.7	53.6	51.1	53.1	52.5	51.3	53.1	46.0	41.2	39.1
Large	57.1	56.3	54.2	55.4	55.9	53.8	56.8	52.2	54.5	56.8	54.0	53.8	50.7	49.6	51.1

Construction Industry Business Confidence Index and its components

	ICEI – CONSTRUCTION ⁶			INDEX OF CURRENT CONDITIONS ⁷			EXPECTATIONS INDEX ⁸		
	Jan-24	Dec-24	Jan-25	Jan-24	Dec-24	Jan-25	Jan-24	Dec-24	Jan-25
SURVEY	55.5	51.0	49.6	50.0	46.1	44.9	58.3	53.5	51.9
Small	54.1	50.0	46.8	47.3	46.2	41.3	57.5	51.9	49.5
Medium	53.7	50.7	48.5	48.6	45.7	43.2	56.3	53.2	51.2
Large	57.0	51.6	51.1	51.7	46.2	47.2	59.7	54.3	53.1

1 - The indicator varies within the range from 0% to 100%. The series started in January 2012.

2 - The indicator varies within the range from 0 to 100. Values above 50 show an increase.

3 - The indicator varies within the range from 0 to 100. Values above 50 show higher activity than usual.

4 - The indicator varies within the range from 0 to 100. A score above 50 points indicates positive expectations.

5 - The indicator varies within the range from 0 to 100. The higher the value, the greater the intention to invest.

6 - The ICEI – Construction varies within the range from 0 to 100. A score above 50 points indicates the entrepreneur is confident.

7 - The indicator varies within the range from 0 to 100. A score above 50 points indicates a better status when compared to the last six months.

8 - The indicator varies within the range from 0 to 100. A score above 50 points indicates optimistic expectations for the next six months.



Technical specifications

Sample profile

315 companies: 118 small,
130 medium and 67 large.

Collection period

7 to 17 January 2025.

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