AGC THE CONSTRUCTION ASSOCIATION

Data DIGest

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Fuel, metals push October input prices up 13%; AGC adds data centers to Construction Impact Model

Input prices for new nonresidential construction jumped 13.3% year-over-year (y/y) from October 2025 to October 2026, the most in four years, according to producer price index (PPI) data the Bureau of Labor Statistics (BLS) posted today. The **PPI for new nonresidential building construction**, a measure of what contractors report they would charge to construct five types of buildings, rose 5.5% y/y. AGC posted tables of construction-related PPIs. Strong global demand and tight supplies resulting from the Middle East conflicts drove the PPI for diesel fuel up 115% y/y and liquid asphalt up 11.5%. The PPI for truck transport of freight climbed 25%, reflecting tight supplies of drivers and the fuel surcharges contractors pay on deliveries and hauling away of materials and debris. **Tariffs of up to 50%** imposed a year ago have pushed up metals prices. PPIs jumped 33% for steel mill products, 23% y/y for aluminum mill shapes and 24% for copper and brass mill shapes. **Readers are invited to submit reports regarding prices, allocations and other supply issues** to ken.simonson@agc.org and to view AGC's Tariff Resource Center for the latest news about relevant tariffs.

AGC posted an update to its **Construction Impact Model**, created by Brian Lewandowski of the University of Colorado, Boulder. The **model estimates the employment and economic activity supported by construction investments** at the national and state levels **and now includes data center construction** as a project category. Results include employment, employee compensation, labor income, value added (contribution to GDP), and gross economic output. For example, the model estimates that a one-year, $100 million investment in data center construction nationwide supports 873 jobs and generates $249 million in gross economic output over one year.

"Merit shop [**open-shop**] contractors anticipate skilled **craft hourly wage increases** of 3.9% in 2026," compared to an actual 4.1% in 2025, construction consultancy PAS reported in its October Contractor Compensation Quarterly. "Historically, projected numbers from PAS survey participants are slightly lower than the actual year-end figure." This year's survey "includes 65,039 skilled craft employed by over 490 merit shop contractors [and] covers 30 crafts…broken down by geographic areas….Turnover statistics from our 2026 Benefit Survey for Contractors show non-craft turnover from July 2025 to July 2026 was 15.4%," down from 16.0% the year before.

"**Economic activity in the services sector** continued to expand in October" for the 28th month in a row, the Institute for Supply Management (ISM) reported on Nov. 4. "For the third month in a row, the only industry reporting a decrease in new orders in the month of October is construction." Construction was also one of two sectors (out of 18) whose respondents reported a decrease from September in industry performance, along with decreases in business activity (2 sectors), order backlogs (3 sectors) and employment (7), slower supplier deliveries (14), and increased inventories (10) and prices paid (17). **Items** significant for construction **reported up in price** include aluminum, construction labor, copper (11 months in a row), diesel (8), steel products (7) and wire and cable (2). The only construction-related **item reported in short supply** was wire and cable (5). Respondents cited impacts from tariffs, high fuel prices and supplies or lead times for materials.

The **lead time between the Architecture Billings Index** (ABI) **and future construction spending** on nonresidential buildings has "has increased somewhat as delayed, stalled and canceled projects have increased" and the "correlation between these two measures was modestly weaker than in previous analyses," the American Institute of Architects reported on Nov. 4 in a new white paper, Clarifying the Construction Outlook by Integrating Architecture Billings with Broader Economic Indicators. "ABI values from 14 months ago produce the highest correlation with current construction spending," up from 11 months in a similar 2014 study. "The correlation coefficient between the two data series is .67," down from .85 in the 2014 study. A coefficient of 1.0 indicates a uniform lead time, while lower values indicate a less consistent lead time. The value for both the commercial/industrial and institutional ABI subindexes is .69, with a lead time of 12 months. For architecture firms with a predominantly multifamily practice the coefficient "is a disappointing .52," with a 15-month lead.

Construction experienced the strongest employment recovery among 14 sectors from the 2020 pandemic, according to an article BLS posted on Thursday, "Postpandemic employment recovery by industry sector and selected states." "After losing 1.1 million jobs from February 2020 to April 2020, the construction industry sector recovered from its pandemic-related job losses in February 2022. By September 2025, the construction industry sector recovered all of its job losses and had grown to an employment level of 8,255,000, or 108.5 percent of its prepandemic level."

Data DIGest is a weekly summary of economic news. Sign up here. Editor: Ken.Simonson@agc.org, Chief Economist, AGC. Go here for Ken's PPT or more construction data
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