

Comments relevant to construction in the July 16, 2025 Beige Book

The “Beige Book” is a compilation of informal soundings of business conditions in each of the 12 Federal Reserve districts, which are referenced by the name of their headquarters cities. The latest edition, [posted](#) on July 16, is based on information collected from late May to early July and includes the following overall comments, followed by comments relevant to construction specific to the district. Explicit mentions of construction are [highlighted](#).

U.S. Summary: Economic activity increased slightly from late May through early July. Five Districts reported slight or modest gains, five had flat activity, and the remaining two Districts noted modest declines in activity. That represented an improvement over the previous report, in which half of Districts reported at least slight declines in activity. Uncertainty remained elevated, contributing to ongoing caution by businesses. Nonauto consumer spending declined in most Districts, softening slightly overall. Auto sales receded modestly on average, after consumers had rushed to buy vehicles earlier this year to avoid tariffs. Tourism activity was mixed, manufacturing activity edged lower, and nonfinancial services activity was little changed on average but varied across Districts. Loan volume increased slightly in most Districts. [Construction activity slowed somewhat, constrained by rising costs in some Districts.](#) Home sales were flat or little changed in most Districts, and nonresidential real estate activity was also mostly steady.

Labor Markets

Employment increased very slightly overall, with one District noting modest increases, six reporting slight increases, three no change, and two noting slight declines. Hiring remained generally cautious, which many contacts attributed to ongoing economic and policy uncertainty. Labor availability improved for many employers, with further reductions in turnover rates and increased job applications. A growing number of Districts cited labor shortages in the skilled trades. Several Districts also mentioned reduced availability of foreign-born workers, attributed to changes in immigration policy. Employers in a few Districts ramped up investments in automation and AI aimed at reducing the need for additional hiring. Wages increased modestly overall, extending recent trends, with reports that ranged from flat wages to moderate growth. Although reports of layoffs were limited in all industries, they were somewhat more common among manufacturers. Looking ahead, many contacts expected to postpone major hiring and layoff decisions until uncertainty diminished.

Prices

Prices increased across Districts, with seven characterizing price growth as moderate and five characterizing it as modest, mostly similar to the previous report. [In all twelve Districts, businesses reported experiencing modest to pronounced input cost pressures related to tariffs, especially for raw materials used in manufacturing and construction.](#) Rising insurance costs represented another widespread source of pricing pressure.

[Federal Reserve Bank of Boston](#) (First District--covering New England except Fairfield County, CT)

Summary of Economic Activity

Economic activity was roughly flat overall, but signals varied across sectors. Uncertainty continued to be mentioned as a factor holding back activity, albeit less frequently than in May....Commercial real estate activity was roughly unchanged. Prices increased modestly on average, although tariffs led to moderate-to-large price increases in a few cases. Employment increased slightly, and wage growth was modest. The outlook was mostly stable and cautiously optimistic on balance.

Commercial Real Estate

Commercial real estate activity was flat on balance. Office leasing increased slightly but was still described as sluggish. One contact said that return-to-office policies had not picked up as much as expected. Office rents were said to have stabilized at very low levels, resulting in thin profit margins and leaving owners with little incentive to invest in improvements. Loan distress remained a significant concern in the office market. Contacts said that uncertainty surrounding tariffs had led firms to pause business plans, dampening industrial leasing and putting the brakes on rent growth in that market. Nonetheless, investment demand for industrial space remained healthy. Retail leasing remained solid, with modest rent increases and stable vacancies. Multifamily leasing and sales activity were stable at healthy levels, but one contact said that apartment rent growth had tapered off recently. Overall, contacts became slightly more pessimistic, with some expecting the office recovery to take longer than previously forecasted, and others worried about risks to property leasing and investment related to emerging federal policies.

For more information about District economic conditions visit: <https://www.bostonfed.org/in-the-region.aspx>

Federal Reserve Bank of New York (Second District--covering NY, northern NJ, & Fairfield County, CT)

Summary of Economic Activity

Economic activity in the Second District continued to decline modestly as heightened uncertainty hindered decision-making. Employment was up slightly and wage growth was modest. Selling price increases remained moderate, while input prices rose steeply as tariff-related cost increases were widespread.

Labor Markets

Attrition remained exceptionally low in most industries, though contacts in construction and some other industries dependent on workers in the skilled trades continued to see high attrition and low labor supply, particularly amid a decline in immigrant labor.

Prices

The pace of selling price increases was mostly unchanged at a moderate pace. However, the pace of input price increases remained steep as tariff-related cost increases were widespread. Many businesses reported continuing to pass on some or all tariff cost increases to their customers. A manufacturer of doors for a Manhattan construction project reported a significant jump in costs due to the tariffs on steel.

Real Estate and Construction

Commercial real estate markets continued to improve slightly. Leasing and sales activity in Manhattan's office market picked up further, with some spillover into adjacent suburban markets. The tech sector has become more active in office leasing after having been mostly absent in recent years. The industrial market has remained soft amid declining data center demand. The industrial warehousing market cooled in the New York City area due to a slowdown in sales of home-related goods requiring storage, though one contact in Northern New Jersey noted some pickup in the industrial warehousing market. Manhattan saw a sharp decline in multi-family building sales. Construction activity across the District declined strongly, as high construction costs weighed on developers.

For more information about District economic conditions visit: <https://www.newyorkfed.org/regional-economy>.

Federal Reserve Bank of Philadelphia (Third District--covering DE, southern NJ, and eastern PA)

Summary of Economic Activity

On balance, business activity in the Third District continued to decline modestly. Nonmanufacturing activity again declined moderately.

Labor Markets

Most contacts reported little issue with labor supply; however, some contacts highlighted that immigration policies led to a shortage of workers in the lowest-wage jobs—a shortage they did not expect to be able to make up. Firms across industries reported that wages continued to grow slightly this period. Most contacts reported little upward wage pressure over the period.

Prices

Contacts across multiple sectors, including retail, tourism, and residential construction, reported offering discounts to try to boost demand, putting some pressure on profit margins. Overall, costs appeared to rise modestly, with large increases in the costs of some goods being offset by smaller increases or declines elsewhere. One contact highlighted relief in the firm's insurance costs, which recently declined for the first time in a few years. Many contacts reported tariff-related increases in costs and prices, but some contacts noted that cost increases haven't materialized or were more limited than expected. However, most contacts expected further tariff impacts in the coming months.

Real Estate and Construction

Nonresidential construction activity continued to record slight declines. Contacts reported that some construction projects continue to be delayed by price uncertainty. One contact also noted that confusion around the status of federal grant money has slowed multiple projects.

For more information about District economic conditions visit: <https://www.philadelphiafed.org/regional-economy>.

Federal Reserve Bank of Cleveland (Fourth District--covers OH, eastern KY, southern WV, and western PA)

Summary of Economic Activity

Contacts' reports suggested flat overall business activity in the Fourth District in recent weeks, though contacts expected activity to increase slightly in the months ahead.

Labor Markets

...wage pressures were reportedly subsiding in the retail and construction sectors, with contacts noting a slower job market.

Prices

Contacts across multiple sectors, including retail, tourism, and residential construction, reported offering discounts to try to boost demand, putting some pressure on profit margins. Overall, costs appeared to rise modestly, with large increases in the costs of some goods being offset by smaller increases or declines elsewhere. One contact highlighted relief in the firm's insurance costs, which recently declined for the first time in a few years. Many contacts reported tariff-related increases in costs and prices, but some contacts noted that cost increases haven't materialized or were more limited than expected. However, most contacts expected further tariff impacts in the coming months.

Real Estate and Construction

Commercial construction and real estate contacts reported moderate growth in demand in recent weeks. One real estate developer reported that retail traffic increased steadily, driving leasing activity, and another said that trends toward in-person work continued to bolster demand for office space. However, several commercial builders mentioned that clients had delayed projects or that new inquiries had slowed amid economic uncertainty. Contacts anticipated continued moderate growth in demand in the coming months.

For more information about District economic conditions visit: <https://www.clevelandfed.org/en/region/regional-analysis>

Federal Reserve Bank of Richmond (Fifth District--covers DC, MD, NC, SC, VA, and northern WV)

Summary of Economic Activity

The Fifth District economy grew modestly in recent weeks.

Labor Markets

Most contacts reported little issue with labor supply; however, some contacts highlighted that immigration policies led to a shortage of workers in the lowest-wage jobs—a shortage they did not expect to be able to make up. Firms across industries reported that wages continued to grow slightly this period. Most contacts reported little upward wage pressure over the period.

Prices

Contacts across multiple sectors, including retail, tourism, and residential construction, reported offering discounts to try to boost demand, putting some pressure on profit margins. Overall, costs appeared to rise modestly, with large increases in the costs of some goods being offset by smaller increases or declines elsewhere. One contact highlighted relief in the firm's insurance costs, which recently declined for the first time in a few years. Many contacts reported tariff-related increases in costs and prices, but some contacts noted that cost increases haven't materialized or were more limited than expected. However, most contacts expected further tariff impacts in the coming months.

Real Estate and Construction

Commercial real estate activity remained the same despite the expected summer slowdown. A few agents across the District mentioned that several tenants were looking to purchase the properties they were currently leasing. An agent in North Carolina stated that owner-occupied buildings were getting better interest rates versus investor property. Uncertainty in the market continued as agents noted deals taking longer to close as buyers ran every analytics model. An agent in South Carolina also mentioned that fears of wire fraud added to the closing process. In also speaking of fraud, a Virginia broker said, "All this does is add time and time kills real estate deals."

For more information about District economic conditions visit: https://www.richmondfed.org/research/data_analysis

Federal Reserve Bank of Atlanta (Sixth District--covers AL, FL, GA, southern LA & MS, and eastern TN)

Summary of Economic Activity

The economy of the Sixth District was little changed over the reporting period. Labor markets remained stable as most firms kept headcounts level; wage pressures remained muted. Prices rose moderately amid continued economic uncertainty. Retailers and restaurateurs experienced softening demand. Travel and tourism grew modestly. Sales of new and existing homes slowed, and housing inventories rose significantly. Commercial real estate saw a moderate decline in activity.

Labor Markets

Labor markets remained relatively unchanged over the reporting period, with most firms holding headcount flat. Contacts continued to describe a reluctance to hire given economic uncertainty and softening demand....Turnover remained low,

and contacts generally reported an ample supply of available workers. Overall, wage pressure remained muted amid less turnover and solid labor availability.

Prices

Prices rose at a moderate pace. Many businesses reported inflationary concerns surrounding the direct and indirect effects of trade policy and related uncertainty. Firms with exposure to tariffs continued to describe various approaches to cost pass-through, such as sharing tariff-related cost increases with both suppliers and customers. Some businesses have raised prices ahead of imposed tariffs. Others said they were waiting to raise prices until they had more clarity on trade policy, which puts pressure on margins but minimizes price volatility. Several contacts noted they were still working through pre-tariff inventories, thus delaying price adjustments. Contacts continued to reconfigure supply chains amid trade turmoil but noted difficulties executing plans given the uncertainty around final tariff levels for different countries.

Real Estate and Construction

While home sales in the District slowed modestly over the reporting period, existing home inventory levels rose sharply, especially in southwest Florida. Home prices remained at or near record highs, but home price growth moderated or even declined. Homebuilders noted weaker sales, which had been primarily driven by the use of incentives, such as price cuts and rate buydowns. Builders also noted difficulties qualifying potential buyers as credit quality deteriorated. Commercial real estate (CRE) activity declined moderately, on balance, in recent months. The office segment saw rising sales prices alongside moderate declines in transaction volumes; however, rents and vacancies were stable. Multifamily conditions remained mixed, with some areas of the District noting increased concessions on rents due to an oversupply of units. However, the pipeline for new properties, though slowing, remained healthy. Industrial markets experienced a pullback in activity, characterized by one industrial developer as "recession levels of demand" across the southeast, rising vacancies, and a corresponding drop in rents. Retail CRE conditions weakened, as both demand for space and sales declined.

For more information about District economic conditions visit: <https://www.atlantafed.org/economy-matters/regional-economics>.

Federal Reserve Bank of Chicago (Seventh District--covers IA, northern IL & IN, and southern MI & WI)

Summary of Economic Activity

Economic activity in the Seventh District increased slightly over the reporting period, while contacts expected a slight decline in activity over the next year. Employment increased modestly; consumer spending, business spending, and **construction and real estate activity were flat**; manufacturing declined slightly; and nonbusiness contacts saw no change in activity. Prices rose moderately, wages rose modestly, and financial conditions loosened slightly.

Labor Markets

Attrition remained exceptionally low in most industries, though **contacts in construction and some other industries dependent on workers in the skilled trades continued to see high attrition and low labor supply, particularly amid a decline in immigrant labor.**

Prices

Prices rose moderately in late May and June, and contacts expected a similar pace of growth over the next 12 months. Nonlabor input costs were up moderately, with contacts highlighting higher costs for raw materials. Several manufacturers cited increases in costs of materials due to tariffs, including for steel, aluminum, tungsten, and magnets. Overall, producer prices increased moderately.

Construction and Real Estate

Construction and real estate activity was unchanged over the reporting period. Residential construction declined slightly. One contact in the Des Moines area noted that single family starts were down significantly, while construction of townhomes and multifamily units aimed at the rental market was up....Nonresidential construction increased slightly. Commercial real estate demand was unchanged as were prices, rents, and vacancy rates. Lower occupancy rates in the industrial and multifamily sectors were counterbalanced by higher occupancy rates in the office and retail sectors.

For more information about District economic conditions visit: <https://chicagofed.org/cfsec>

Federal Reserve Bank of St. Louis (Eighth District--covers AR, western KY & TN, southern IL & IN, northern MS, and eastern MO)

Summary of Economic Activity

Economic activity has remained unchanged since our previous report.

Labor Markets

Some contacts shared that they had lost their immigrant workforce due to fears of incarceration and deportation and it was restraining business activity. For example, a construction company reported that the lack of workers was slowing project completion, and a landscaping company reported that they were unable to fulfill more than half of their customer requests.

Prices

...a construction company reported that HVAC equipment and utility billing had increased and that those costs had to be passed along.

Real Estate and Construction

Contacts reported that, while commercial real estate projects continued to progress, there was no new business taking place. An office renovation company reported that projects had fallen short of expectations, as businesses were not spending. A developer reported concerns that some projects requiring refinancing would not be profitable at higher rates, which could result in foreclosures.

For more information about District economic conditions visit: <https://www.stlouisfed.org/research/regional-economy>

Federal Reserve Bank of Minneapolis (Ninth District--covers MN, MT, ND, SD, and northern MI & WI)

Summary of Economic Activity

Ninth District economic activity was flat since the previous report. Employment rose slightly and wages grew moderately. Prices increased modestly overall, with greater pressure among manufacturers. Tourism activity increased and residential real estate was mixed. Manufacturing, vehicle sales, and commercial real estate were flat. Nonauto consumer spending, construction, and energy activity decreased.

Prices

Manufacturers continued to report that suppliers added surcharges on orders in response to tariffs, particularly those on steel and aluminum. A construction materials supplier commented that "it seems that prices have gone up out of fear that prices will go up."

Construction and Real Estate

Construction activity was modestly lower on balance, driven mostly by a decline in active residential projects and a slow replenishing of backlogs. Interest rates, material costs, and trade policy remained limiting factors among industry contacts. Permitting activity increased moderately across most District markets, and several contacts reported increased orders. Expectations for the upcoming weeks were mixed as customers held back investments on larger projects. "I do have work scheduled but nothing exciting until August," shared a Minnesota contact, adding that their current workload consisted of maintenance and small jobs. Commercial real estate was flat overall. High financing rates and economic uncertainty continued to dampen new development in most subsectors. Office vacancy rates remained high, but leasing activity has reportedly picked up as companies looked for better space to meet evolving needs.

For more information about District economic conditions visit: <https://www.minneapolisfed.org/region-and-community/regional-economic-surveys>

Federal Reserve Bank of Kansas City (Tenth District--covers CO, KS, NE, OK, WY, western MO, and northern NM)

Summary of Economic Activity

Economic activity in the Tenth District was mostly unchanged, with some rebound in consumer spending and financial activity following declines in prior months. Job gains were subdued, and wage pressures were expected to diminish. Labor availability was reportedly much higher, with the notable exception of the skilled trades for which job openings far exceeded the number of workers for hire.

Community Conditions

Nearly all community college and certificate program contacts reported strong job placement, with many programs—such as building trades, diesel tech, welding, and aircraft maintenance—continuing to have more jobs available than there were graduates.

Prices

Contacts across multiple sectors, including retail, tourism, and residential construction, reported offering discounts to try to boost demand, putting some pressure on profit margins. Overall, costs appeared to rise modestly, with large increases in the costs of some goods being offset by smaller increases or declines elsewhere. One contact highlighted relief in the firm's insurance costs, which recently declined for the first time in a few years. Many contacts reported tariff-related

increases in costs and prices, but some contacts noted that cost increases haven't materialized or were more limited than expected. However, most contacts expected further tariff impacts in the coming months.

Real Estate and Construction

Over the past eight weeks, there has been little to no change in vacancies or absorption rates among commercial real estate (CRE) properties within the District, while sales volumes and prices increased modestly. Activity in the industrial segment has been driven by sustained demand for mid- to large-scale development. The key theme among contacts' reports remains uncertainty, which delayed projects despite available capital. As one firm noted, "at some point they will punch through the uncertainty because of pent-up demand." In the office market, expectations centered on continued remodeling of existing spaces with demand concentrated on higher quality assets.

For more information about District economic conditions visit: <https://www.KansasCityFed.org/research/regional-research>

Federal Reserve Bank of Dallas (Eleventh District--covers TX, southern NM, and northern LA)

Summary of Economic Activity

Economic activity in the Eleventh District economy was up slightly over the reporting period....Housing market activity weakened. Employment levels were unchanged, and prices continued to increase modestly except for tariff-related increases in the manufacturing sector. Outlooks generally remained pessimistic and uncertainty elevated.

Prices

Prices continued to increase at a moderate pace, driven by a notable pickup in the manufacturing sector. Manufacturing raw materials prices and finished goods prices rose further in June after rising following the April tariff announcement. A few energy contacts reported higher input costs because of the steel tariffs. A transportation equipment manufacturer noted that even prices for domestic steel have increased as demand shifted from imported steel to domestically produced steel.

Real Estate and Construction

Commercial real estate activity largely remained steady during the reporting period. Apartment leasing was solid, but rent growth continued to be subdued due to the elevated supply of new units. Office leasing picked up modestly, and contacts said there appear to be more signs of stability. Industrial activity softened slightly. New commercial construction activity was subdued, and outlooks remained cautious.

For more information about District economic conditions visit: <https://www.dallasfed.org/research/texas>

Federal Reserve Bank of San Francisco (Twelfth District--covers AK, AZ, CA, HI, ID, NV, OR, UT & WA)

Summary of Economic Activity

Economic activity in the Twelfth District was somewhat subdued but largely stable during the mid-May to June reporting period. Employment levels were slightly lower on net with more firms under a hiring freeze and using attrition and layoffs to reduce headcount. Wages continued to grow at a slight pace, and prices rose modestly. Retail sales expanded modestly, and activity in consumer and business services eased. Activity in manufacturing and the residential real estate market weakened somewhat. Conditions in agriculture, commercial real estate, and the financial sector were largely unchanged and deteriorated further in the nonprofit sector. Looking ahead, contacts reported making contingency plans in response to economic uncertainty and an expected pickup in inflation.

Prices

Prices rose modestly, similar to the previous reporting period. Price increases were reported across a wide range of industries, including manufacturing, health care, real estate, and financial services. Insurance prices rose notably, and modest increases were reported in fresh food prices. Higher tariffs, particularly for companies using hardware components, intensified the pressure on their final prices, leading some manufacturers to include an explicit tariff surcharge. The cost of raw materials remained elevated, although prices for lumber and manufactured wood products were reportedly depressed.

Manufacturing

...bad weather in parts of the United States put an additional strain on construction and lowered demand for manufactured wood.

Real Estate and Construction

Residential real estate activity weakened slightly in recent weeks....Supply of multifamily housing across the District expanded further as more units were completed, pushing down rents in some markets. New construction activity was generally limited in most regions. However, large industrial and infrastructure projects in the Mountain West, such as the

building of new data centers and chip fabrication plants, supported single-family home construction in specific areas within that region.

Commercial real estate markets remained weak and were generally unchanged from the prior reporting period. Demand for industrial, office, and retail spaces was muted, which brought down asking rents in some markets. Nevertheless, leasing of retail spaces in some urban areas in the Mountain West was generally stable. Commercial construction activity remained slow in the private sector as builders and clients adopted a wait-and-see approach regarding trade policy and its effects on overall economic conditions, including the availability of materials and construction costs. Construction activity for public sector projects such as transportation and utilities remained solid.

For more information about District economic conditions visit: <https://www.frbsf.org/research-and-insights/publications/san-francisco-fed-twelfth-district-beige-book/>