



AGC
THE CONSTRUCTION
ASSOCIATION

April 2025

Will U.S. Construction Thrive or Dive in the Rest of '25?

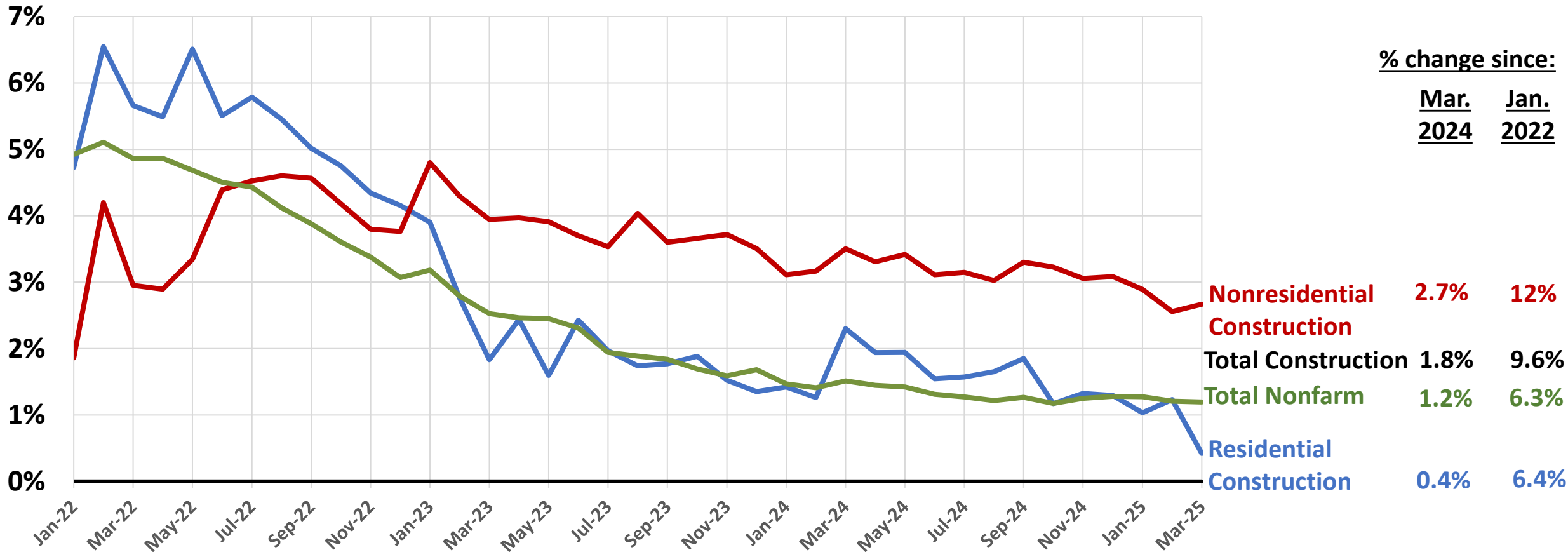
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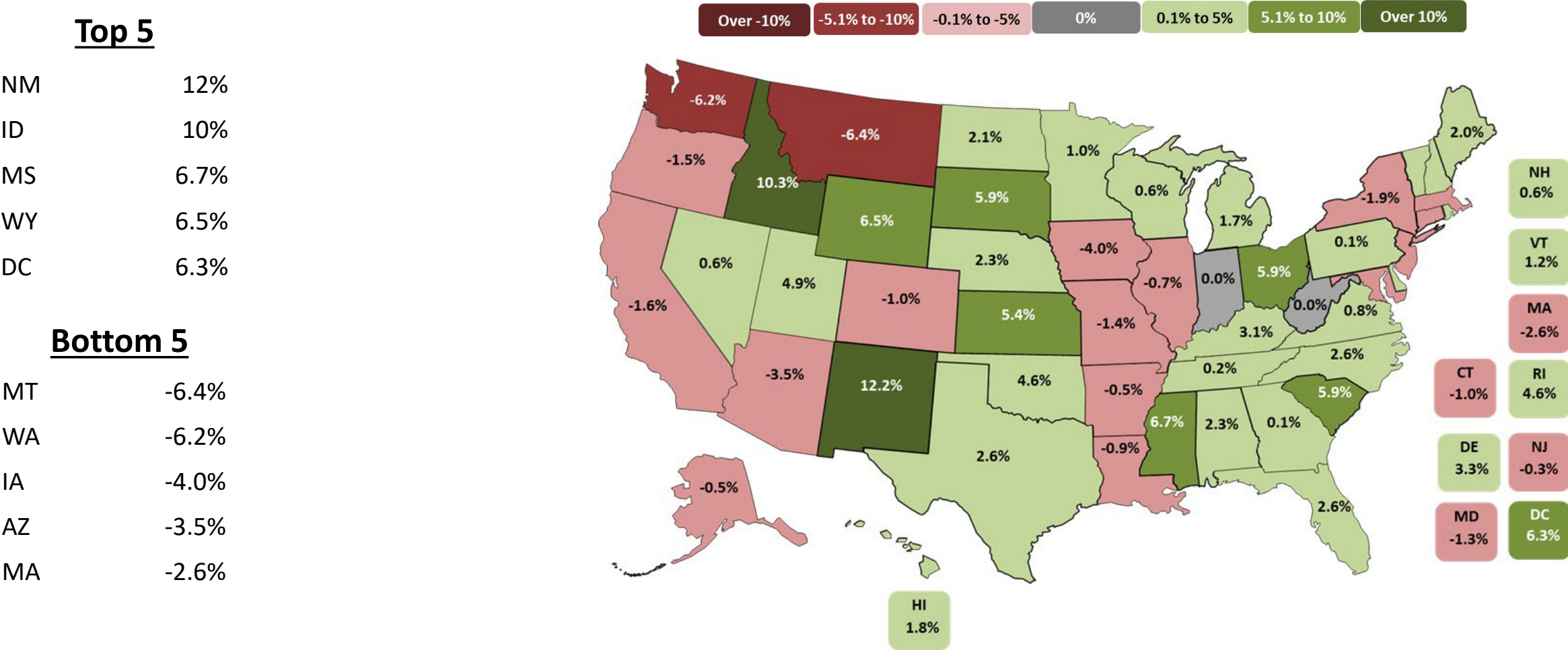
Construction job gains have slowed but still outpace other sectors

Year-over-year change, Jan. 2022-Mar. 2025, seasonally adjusted



Construction employment is increasing in most states

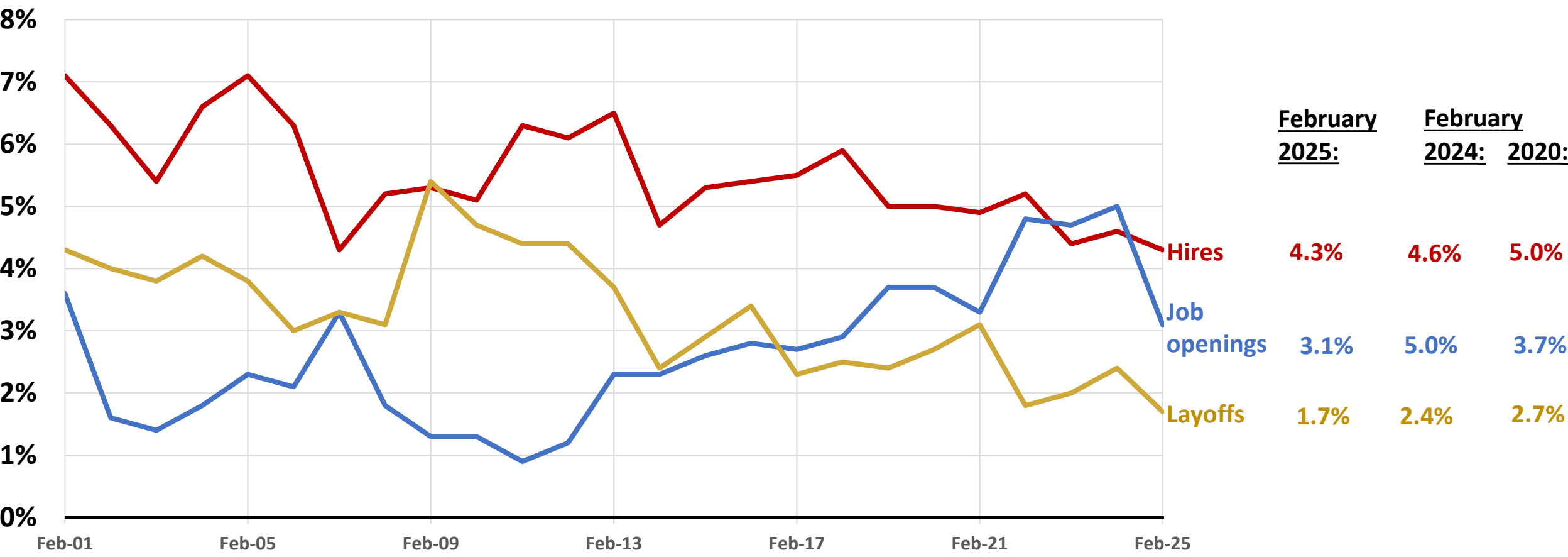
31 states & DC up & 17 states down, & 2 unchanged Feb. 2024-Feb. 2025 (U.S.: 2.1%)



Contractors have pulled back on hires & openings but also layoffs



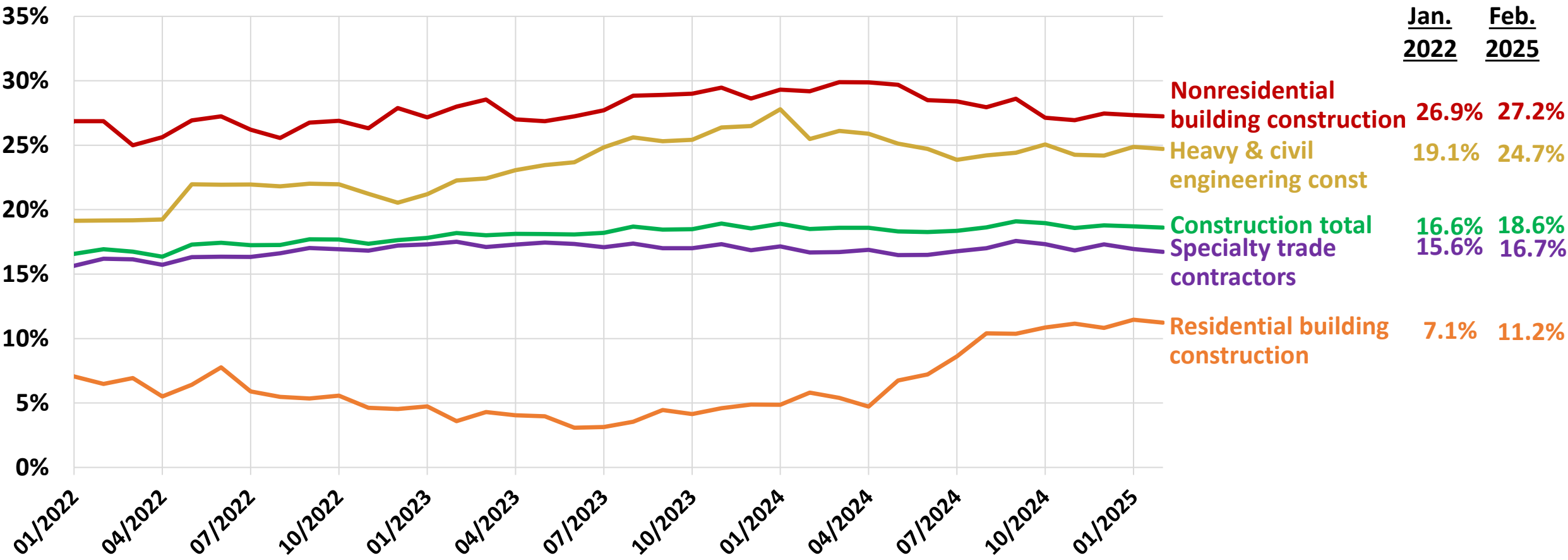
Job openings, hires, and layoff rates, February 2001-February 2025, seasonally adjusted



The wage 'premium' contractors pay to attract craft workers is rising



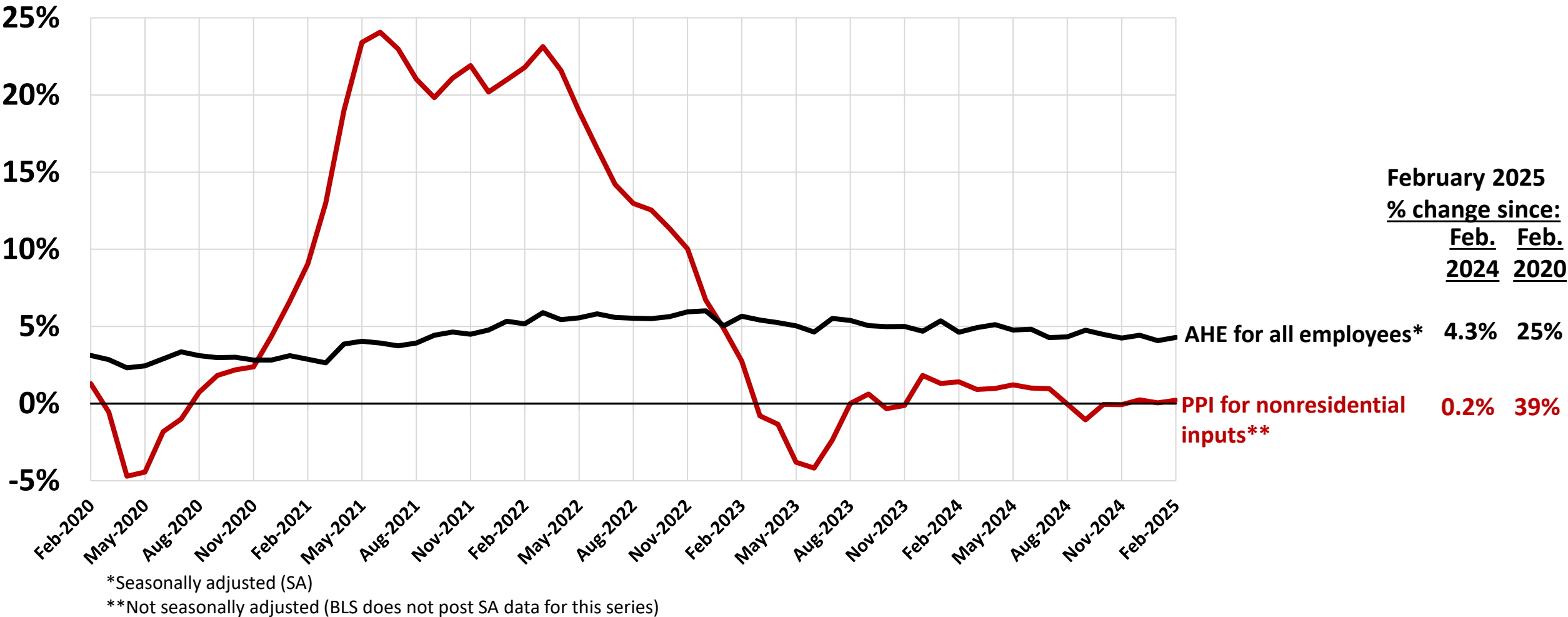
Wage 'premium'=average hourly earnings for production & nonsupervisory employees in nonresidential building construction & heavy and civil construction compared to private sector, Jan. 2022-Feb. 2025, seasonally adjusted



Wages have risen 4-6% since 2021; materials costs have been volatile



Year-over-year change in **producer price index (PPI)** for nonresidential inputs and average hourly earnings (AHE) for construction, Feb. 2020 – Feb. 2025



Price changes for construction inputs as of February 2025

producer price indexes (PPIs), 1 - & 12-mo. change (not seasonally adjusted)

February 2025 change from:
Jan. 2025 Feb. 2024 Feb. 2020
(1 month) (12 months) (60 months)

Overall input costs were flat in 2024 but have outpaced the CPI since 2020

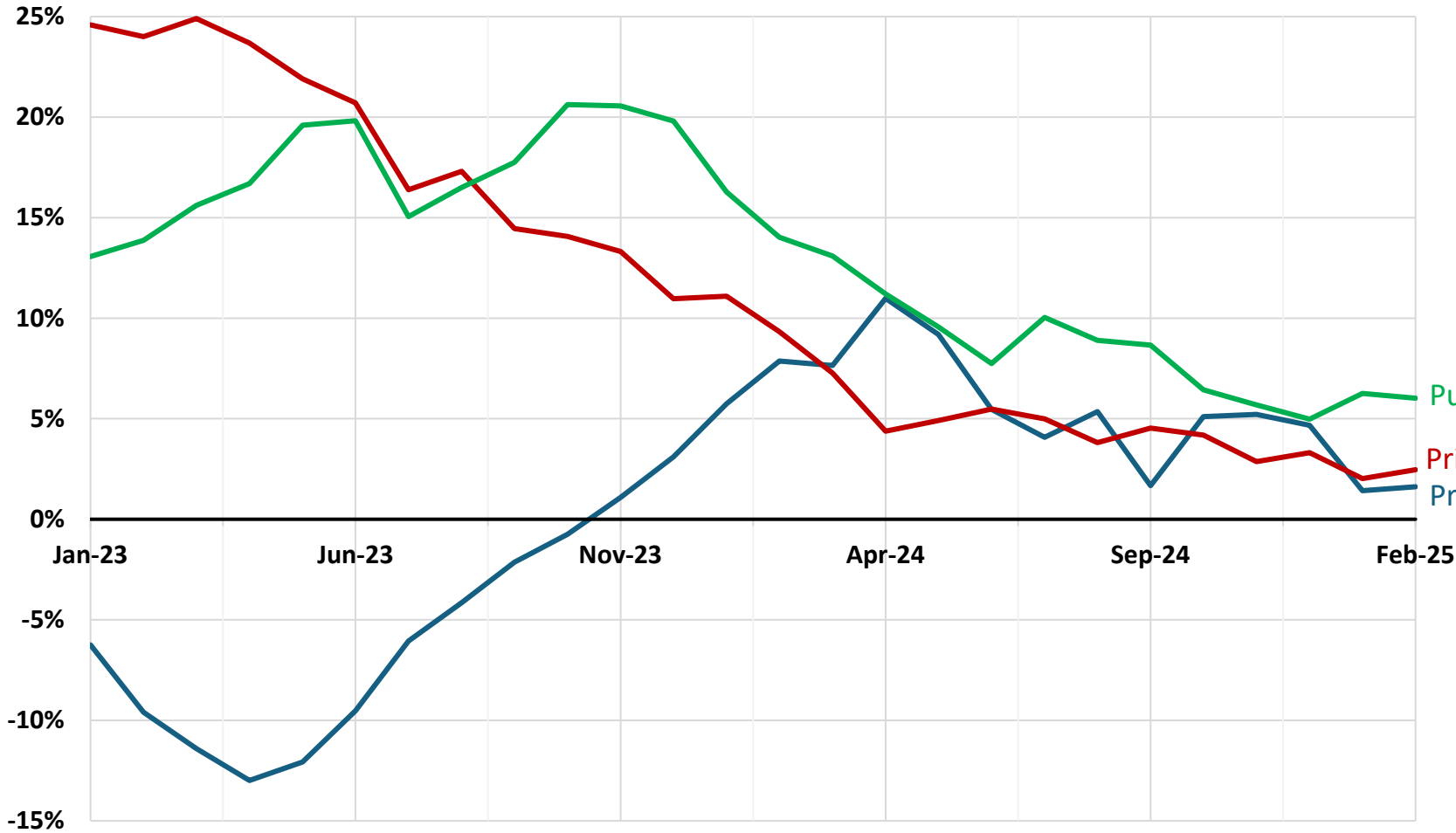
PPI for inputs to new nonresidential construction	0.5%	0.2%	39%
Consumer price index (CPI)	0.4%	2.8%	23%

...and some input prices remain volatile

Copper and brass mill shapes		1.8%	15%	74%
Steel mill products		2.7%	-19%	44%
Diesel fuel		2.3%	-18%	62%

Change in construction spending, January 2023-February 2025

Year-over-year % change in current (not inflation-adjusted) dollars, seasonally adjusted



	Feb. 2025	year-over-year % change	
	(billion \$)	Feb 2023- Feb 2024	Feb 2024- Feb 2025
Public	\$509	14%	6%
Private nonresidential	\$758	9%	2%
Private residential	\$929	8%	2%

Spending trends: mix of increases and **decreases**

current dollars, seasonally adjusted, February 2024-February 2025

Total 3%: Private residential 2% (**single-family -0.1%**; **multi -12%**; improvements 9%); public residential 3%

Nonresidential 4% (private 2%, public 6%)

Nonresidential segments (in descending order of February 2025 spending; combined new & renovation spending)

- Mfg. 5% (**computer/electronic -0.6%**; chemical 16%; transportation equipment 20%; food/beverage/tobacco 8 %)
- Power 3% (electric 6%; **oil/gas fields & pipelines -11%**)
- Highway and street 0.4%
- Education 7% (primary/secondary 4%; higher ed 11%)
- **Commercial -3%** (**warehouse -5%**; **retail -7%**; farm 5%)
- Office including data centers 3% (data centers 39%; **other private office -11%**; public office 1%)
- Transportation 6% (air 15%; private rail/truck 7%; **transit -5%**)
- Health care 2% (hospital 6%; **medical building -11%**; special care 33%)
- Sewage/waste 9%; Amuse/recreation 14%; Water supply 16%; Communication 4%; **Lodging -0.1%**; Public safety 4%; Conser/development 8%

Tariff announcements & dates affecting construction (as of April 9)

(more at AGC [Tariff Resource Center](https://www.agc.org/tariff-resources-contractors) for Contractors: www.agc.org/tariff-resources-contractors)



- **10% “baseline” tariff on nearly all imports**
- **Additional “reciprocal” tariffs at specified rates on >100 countries**
- **China** 104%: 10% tariff Feb. 4; additional 10% March 4; 34% April 5; 50% April 9
- **Canada, Mexico** 25% if not covered by USMCA; 10% on energy, “critical minerals”
- **Steel & aluminum** 25%
- **Copper** pending investigation by Department of Commerce
- **Lumber** possible 25%; possible higher tariffs on Canadian lumber
- **Cars & trucks** 25%; also applies to unspecified parts
- **Fee on Chinese ships calling on U.S. ports** threatened; no details yet

Medium-term outlook: modestly positive but growing risk of decline



- Economic growth will continue but risks of inflation and recession are increasing
 - higher tariffs will raise costs, invite retaliation, may disrupt supply chains
 - harsh immigration/deportation actions will worsen construction labor shortages
 - expectation of larger deficits may push interest rates higher
 - less support for renewables may slow solar and EV related projects
 - however, lessened federal regulatory hurdles may help projects start sooner
- Single-family: gradual pickup if mortgage rates don't spike
- Multifamily, warehouse, office: declines likely through 2025 given high costs, weak demand
- Data center, power, infrastructure: best bets for growth
- Mfg. construction: canceled & deferred projects likely to outweigh new starts
- Materials costs: up 1-3%, much more if tariffs last; lead times: few problems except electrical gear
- Labor costs: up 4-5%; availability remains a challenge unless layoffs become widespread

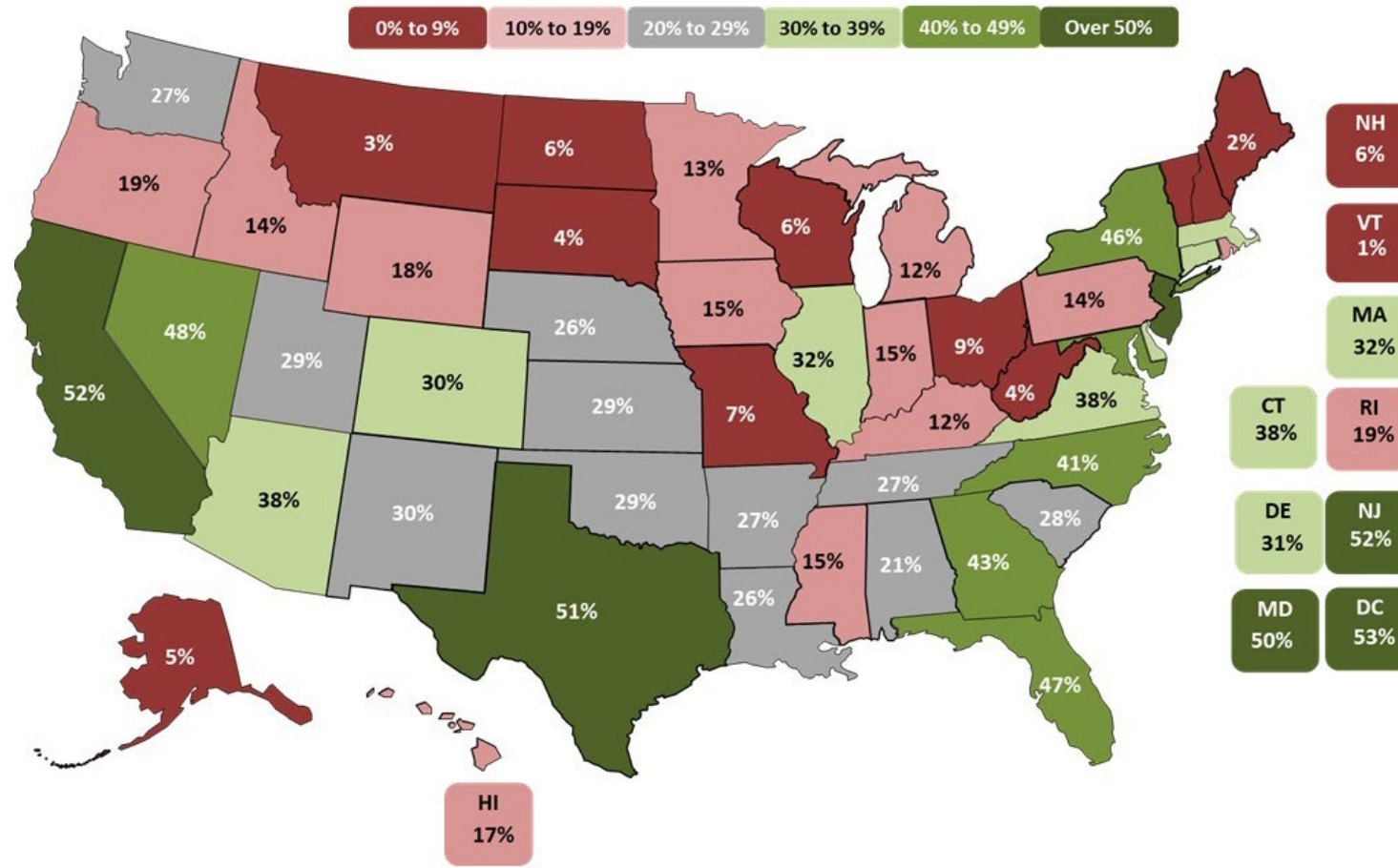
Share of construction trade workers that are foreign born by trade, 2023

<u>Occupation</u>	<u>Foreign born</u>	<u>Occupation</u>	<u>Foreign born</u>
Plasterers & Stucco Masons	61%	Pipelayers	26%
Drywall Installers, Ceiling Tile Installers, & Tapers	61%	Plumbers, Pipefitters, & Steamfitters	18%
Roofers	52%	Glaziers	18%
Painters & Paperhangers	51%	Solar Photovoltaic Installers	17%
Carpet, Floor, & Tile Installers and Finishers	45%	Sheet Metal Workers	17%
Construction Laborers	43%	Boilermakers	16%
Insulation Workers	34%	Electricians	16%
Carpenters	32%	Structural Iron & Steel Workers	15%
Cement Masons, Concrete Finishers, Terrazzo Workers	31%	Construction Equipment Operators	15%

Construction trades rely heavily on immigrants (34% vs. 18% for all workers); impact varies greatly by state (1-53%)

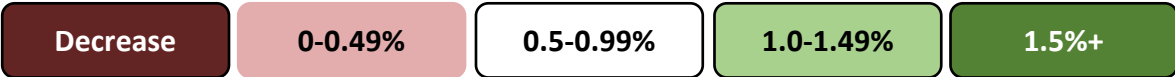


Share of construction trade workers that are foreign born by state, 2023



Population change by state, July 2023–July 2024

U.S.: 0.98%; 84% was from net immigration, 16% from natural increase (births-deaths)

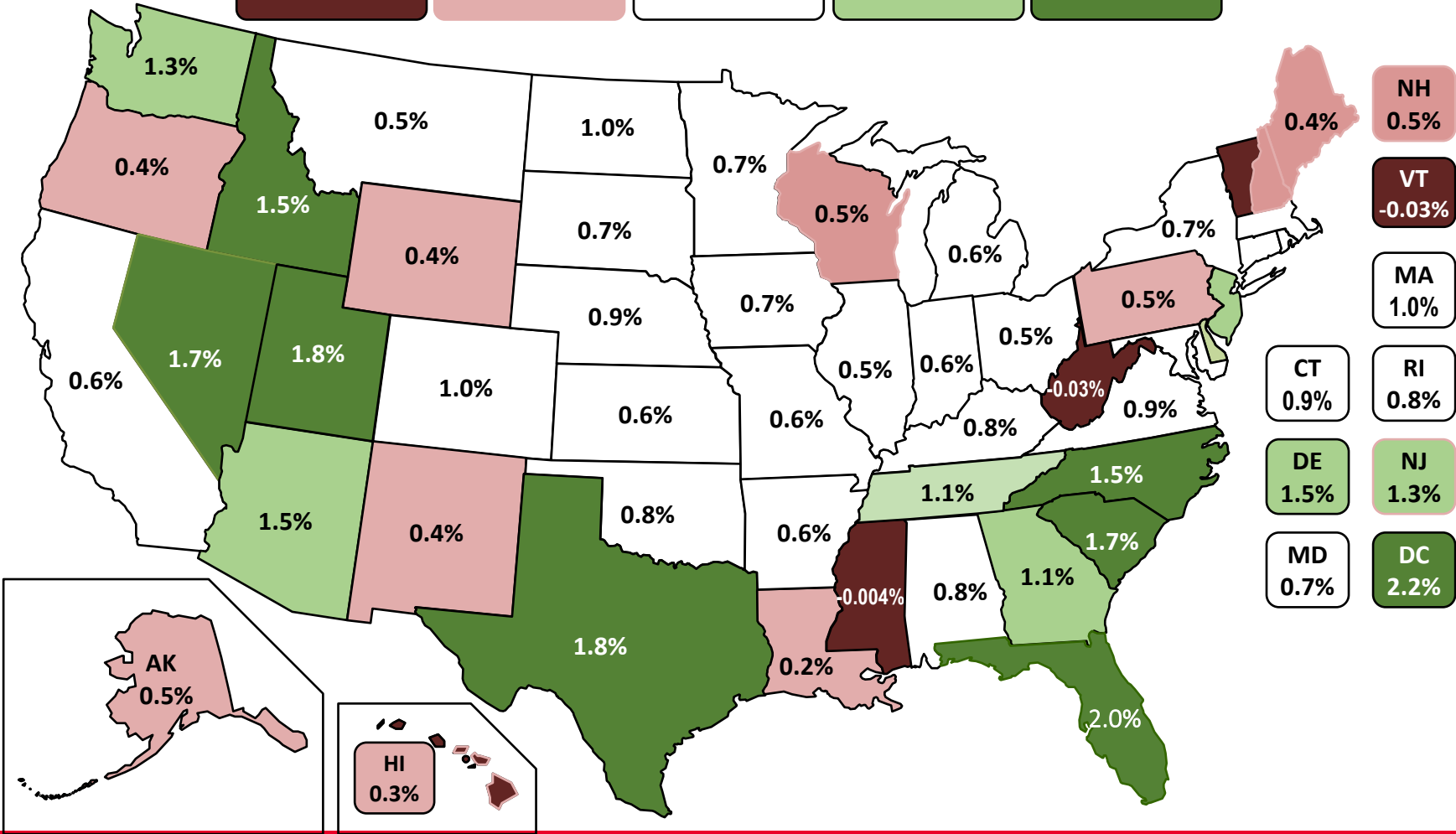


Top 6

DC	2.2%
FL	2.0%
TX, UT	1.8%
SC, NV	1.7%

Bottom 5

WV, VT	-0.3%
MS	-0.004%
LA	0.2%
HI	0.3%



AGC economic resources

(email ken.simonson@agc.org)

- *Data DIGest*: weekly email summary of construction economic news ([subscribe](https://marketplace.agc.org/Store/ItemDetail?iProductCode=4401&OrderLineId=901649fd-c733-4103-93e0-a251778cd084): <https://marketplace.agc.org/Store/ItemDetail?iProductCode=4401&OrderLineId=901649fd-c733-4103-93e0-a251778cd084>)
- AGC [Tariff Resource Center](https://www.agc.org/tariff-resources-contractors) for Contractors: www.agc.org/tariff-resources-contractors
- State and metro data, [fact sheets](https://www.agc.org/learn/construction-data): www.agc.org/learn/construction-data
- Monthly [press releases](https://www.agc.org/newsroom): construction spending; producer price indexes; national, state, metro employment with rankings: www.agc.org/newsroom
- Construction impact model: www.agc.org/agc-construction-impact-model
- ConsensusDocs [Price Escalation Resource Center](https://www.consensusdocs.org/price-escalation-clause/): www.consensusdocs.org/price-escalation-clause/



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PPI for inputs rises in April but dips over 12 months; pay in construction tops U.S. median by 18%

Prices show mixed trends in April

The producer price index (PPI) for material and service inputs to new nonresidential construction rose 0.5% from March to April but declined 1.1% year-over-year (y/y), according to Bureau of Labor Statistics (BLS) data posted on Thursday.

[Read more](#)

Construction pay tops U.S. median by 18%

"Half of payroll workers in construction earn more than \$4,540," 18% more than the U.S. median wage of \$4,630, "and the top 25% make at least \$77,030," 4.9% higher than the U.S. top quartile base of \$73,460, the National Association of Home Builders reported on Tuesday, based on its analysis of May 2022 Occupational Employment and Wage Statistics posted by BLS...

[Read more](#)

Child counts decline in 35 states

In a trend with implications for school and other construction, "Thirty-five states have fewer children than they did five years ago, a situation caused by declining birth rates nationwide, but also by young families migrating across state borders in search of cheaper housing," Stateline reported on Thursday...

[Read more](#)

Results from RICS-AACE construction survey

Firms reporting declining profit margins outnumbered firms reporting rising margins by 27 percentage points (a net balance reading of -27%) in the first quarter (Q1) 2023 RICS-AACE USA Construction Monitor, covering 60 responses between March 8 and April 21 and posted by RICS on Monday...

[Read more](#)

AGC Highway safety survey closes tonight

Highway contractors are invited to complete AGC's annual highway work zone safety survey by tonight, May 12. Responses will be kept confidential.

[Read more](#)

Census of Construction reminder

The Census Bureau reminded firms in all industries, "The due date for responding to the 2022 Economic Census has passed, but it's not too late to respond..."

[Read more](#)

