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# Data Digest

WWW.AGC.ORG

Vol. 25, No. 7

March 3-7, 2025

## Contractors add jobs in February; spending slips in January; spending, tariff changes affect projects

**Construction employment**, seasonally adjusted, totaled 8,310,000 in February, a gain of 19,000 from January and 174,000 (2.1%) year-over-year (y/y), according to AGC's [analysis](#) of data BLS [posted](#) today. The monthly gain was the largest since September but y/y growth slowed from 189,000 (2.4%) a year ago. **Residential construction employment** (at residential building and specialty contractors) accelerated slightly, rising by 13,000 in February and 51,000 (1.5%) y/y, up from 41,000 (1.3%) 12 months earlier. **Nonresidential construction employment** (at building, specialty trade, and heavy and civil engineering construction firms) increased by 6,000 for the month and 123,000 (2.6%) y/y, compared to 148,000 (3.2%) a year earlier. Seasonally adjusted **average hourly earnings** for production and nonsupervisory employees (craft and office) in construction rose 4.0% y/y to \$36.55 per hour. In the previous 12 months that measure rose 4.4%.

**Construction spending** (not adjusted for inflation) totaled \$2.19 trillion in January at a seasonally adjusted annual rate, down 0.2% from December but up 3.3% y/y, the Census Bureau [reported](#) on Monday. **Private residential construction** slipped 0.4% for the month but rose 3.1% y/y. Single-family homebuilding climbed 0.6% for the month, multifamily construction spending fell 0.7%, and owner-occupied improvements slid 1.5%. **Private nonresidential construction** spending was unchanged for the month and up 1.8% y/y. The largest private nonresidential segment—manufacturing construction—fell 0.3% for the month (including computer/electronic/electrical, down 0.2%, and chemical and pharmaceutical, down 1.1%). Commercial construction fell 0.3% (comprising warehouse, up 0.9%; retail, down 0.5%; and farm, down 5.8%). Power construction rose 0.6%. Private “office” construction increased 0.4% (comprising data centers, up 1.9%, and other, down 0.5%). **Public construction** spending increased 0.1% for the month and 5.9% y/y. Among the largest public segments, highway and street construction rose 0.6% for the month, educational construction declined 0.4%, and transportation construction rose 0.6%.

Numerous reports suggest **projects** are being **put on hold** due to **federal contract cancellations and funding freezes** as well as frequent changes in announced **tariff** rates, dates, and coverage. “President Trump on Thursday suspended for one month the 25% tariffs he placed on Mexican and Canadian products earlier this week, the [Wall Street Journal reported](#) today. “But there is a catch: The deal only applies to goods that had been traded duty-free under a 2020 North American trade agreement. That is less straightforward than it might seem, as the U.S.-Mexico-Canada Agreement sets forth an intricate and complex set of rules governing trade among the three countries.... Gary Hufbauer, an economist at the Peterson Institute for International Economics, said that given the complexities of rules and constant changes by Trump, businesses will continue to put orders on hold and delay investment decisions.”

“**Economic activity** rose slightly to moderately since mid-January,” the Fed [reported](#) on Wednesday in its latest Beige Book, which “characterizes regional economic conditions and prospects based on a variety of mostly qualitative information, gathered directly from each district’s sources.... **Construction activity** declined modestly for both residential and nonresidential units. Some contacts in the sector also expressed nervousness around the impact of potential tariffs on the price of lumber and other materials.... **Prices** increased moderately in most districts, but several districts reported an uptick in the pace of increase relative to the previous reporting period. Input price pressures were generally greater than sales price pressures, particularly in manufacturing and construction.” **Readers are invited to send information about project timing, materials price changes, and supply chains** to [ken.simonson@agc.org](mailto:ken.simonson@agc.org).

The Dodge Momentum Index (DMI) edged up 0.7% in February from the revised January reading and 27% y/y, Dodge Construction Network [reported](#) today. Commercial planning rose 3.3% and 43%, respectively, while institutional planning decreased 4.6% for the month but rose 2% y/y. “The DMI is a monthly measure of the **value of nonresidential building projects going into planning**, shown to lead construction spending for nonresidential buildings by a full year.... ‘Planning momentum moderated in February, after a few months of stronger growth,’ stated Sarah Martin, associate director of forecasting. ‘Data centers continue to prop up growth in the overall index. Without them, the DMI would have decreased 2% this month.’ On the commercial side, data center, traditional office building, and retail planning led this month’s gains, while weaker education planning brought down the institutional portion.... The influence of data centers on the DMI this year remains substantial. If we remove all data center projects between 2023 and 2025, commercial planning would be up 12% from year-ago levels, and the entire DMI would be up 8%.”

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

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