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Input costs accelerate in May; rebar price hike follows tariff boost; DMI rises despite data center pause

Input prices for new nonresidential construction rose 0.4% in May, not seasonally adjusted (NSA), and 2.2% year-over-year (y/y), according to producer price index (PPI) data the Bureau of Labor Statistics (BLS) [posted](#) on Thursday. The y/y change was the largest since February 2023. A major contributor to the pickup was the PPIs for steel mill products, which soared 7.1% in May and 8.8% y/y. The index for aluminum mill shapes also climbed 8.8% y/y, despite declining 3.6% for the month. The **PPI for new nonresidential building construction**—a measure of prices that contractors say they would bid to erect a fixed set of buildings—rose 0.3% in May and 1.9% y/y. AGC posted [tables](#) and [charts](#) of PPI changes relevant to construction.

Prices used to calculate PPIs are collected on the 11th of each month. **Tariffs on steel and aluminum** were imposed at a 25% rate on March 12. The PPI for steel mill products jumped 6.8% in March and 5.6% in April, while the PPI for aluminum mill shapes rose 4.8% in March and 1.7% in April. On June 4, the steel and aluminum tariffs were hiked to 50%. The next day, domestic steel producers raised their **price for rebar** by \$60 per ton and for 20-foot lengths by \$20 per ton. Country-specific “reciprocal” tariffs were imposed on April 9 but suspended later that day until July 9, while there are varied—and frequently changing—announced dates and rates for other commodities and countries. **Readers are invited to consult AGC’s Tariff Resource Center** for the latest details and to send information about project timing, materials price changes, and supply chains to ken.simonson@agc.org.

The Dodge Momentum Index (DMI)—“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”—rose 3.7% in May from a downwardly revised April reading, Dodge Construction Network [reported](#) on June 6. Commercial planning rose 0.8%, while institutional planning increased 10.5%. “After a very strong April, data center projects returned to more typical levels in May and constrained overall commercial planning. Without data center projects, the commercial portion of the DMI would have improved 5% and the entire DMI would have grown 7% over the month. Accelerated warehouse and hotel planning drove the commercial portion of the index, while office and retail planning remained flat. On the institutional side, a strong uptick in education and recreational projects drove this month’s gains, partially offset by a mild slowdown in healthcare planning....In May, the DMI was up 24% [y/y]. The commercial segment was up 15% [y/y], and the institutional segment was up 47% after a weak May last year. If all data center projects between 2023 and 2025 are excluded, commercial planning would be up 4% from year-ago levels and the entire DMI would be up 17%.”

The National Association of Home Builders [posted](#) an analysis of **average hourly earnings (AHE) in construction by state** on June 5, based on BLS’s Current Employment Statistics report for April. AHE for all employees in construction increased 3.6% y/y, NSA, in April to \$39.31. AHE “in construction in Alaska and Massachusetts exceeded \$50 per hour....Across states, the annual growth rate in AHE ranged from 10.6% in Nevada to a decline of 3% in Oklahoma....Alaska, states along the Pacific coast, Illinois, Minnesota, and the majority of states in Northeast record the highest AHE. As of April 2025, 14 states report [AHE] exceeding \$40 per hour, while nine states report [AHE] under \$34. The states with the lowest AHE are mostly in the South, with Arkansas reporting the lowest rate of \$29.30 per hour. While differences in regional hourly rates reflect variation in the cost of living across states among other things, the faster growing wages are more likely to indicate specific labor markets that are particularly tight...Nevada, Mississippi, Alaska, Colorado, Texas, Florida, South Carolina, and Montana reported [the fastest growing AHE y/y], more than doubling the national average growth of 3.6%. Nevada reported the largest annual increase of 10.6%, while the growth rate in Mississippi and Alaska was just under 10%. In sharp contrast, Oklahoma registered a decline in hourly wages of 3%. Five other states reported modestly declining hourly rates in construction, compared to a year ago – Louisiana, Missouri, Rhode Island, California, and Wisconsin....AHE measures wage rates including overtime but does not include benefit costs and payroll taxes.” States differ in the share of construction represented by lower-AHE residential vs. higher-AHE nonresidential jobs.

In the first quarter of 2025 the “U.S. solar industry installed 10.8 GW [gigawatts] of new electricity generating capacity..., and **solar and storage** account for 82% of all new **generating capacity** added to the grid,” the Solar Energy Industries Association (SEIA) and Wood Mackenzie [reported](#) on Monday. Texas added the most, with “Florida surging ahead of California for second place.”