AGC THE CONSTRUCTION ASSOCIATION

Data DIGest

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Vol. 25, No. 30 September 2-5, 2025

Construction jobs slip in August; July openings, layoffs, hires rise, quits tumble, spending dips

Construction employment, seasonally adjusted, totaled 8,295,000 in August, a dip of 7,000 from July and the third monthly decline in a row, according to AGC's analysis of data the Bureau of Labor Statistics (BLS) posted today. Construction employment has risen by only 6,000 (0.1%) since December. Residential construction employment (at residential building and specialty contractors) declined by 6,100 in July and by 26,100 (-0.8%) year-over-year (y/y). Nonresidential construction employment (at building, specialty trade, and heavy and civil engineering construction firms) fell by 1,200 for the month but rose by 83,500 (1.7%) y/y. Seasonally adjusted average hourly earnings for production and nonsupervisory employees (craft and office) in construction rose 4.3% y/y to $37.47 per hour, outpacing the 3.9% rise for the overall private sector. The unemployment rate for workers with construction experience was 3.2%, not seasonally adjusted, tying with 2024 for the lowest August rate in a series that dates back to 2000.

There were 306,000 **job openings in construction**, seasonally adjusted, at the end of July, an increase of 77,000 or 34% y/y, BLS reported on Wednesday. The job openings rate (openings as a share of employment plus openings) rose from 2.8% to 3.5%, but that was still the second-lowest July rate since 2017. **Hires** for the full month totaled 342,000, an increase of 3,000 (0.9%) y/y, while the hires rate (hires as a share of employment) matched the record-tying low for July of 4.1% set in 2024. **Layoffs and discharges** soared 36% y/y, from 171,000 to 232,000, and the layoff rate (layoffs and discharges as a share of employment) rose from 2.1% in July 2024 to 2.8%, the highest July rate since 2017. Only 74,000 construction employees quit in July, a plunge of 60,000 (44%) from July 2024, and the **quits rate** (quits as a share of employment) tumbled from 1.6% a year earlier to 0.9%, the lowest for any month in a series that began in December 2000. The low rates of hires and quits, along with the jump in the layoff rate, suggest contractors have less need for workers immediately. While a spike in job openings may imply an uptick in activity, positions may be advertised but left unfilled until contractors receive a go-ahead to start work. In the 2025 AGC-NCCER Workforce Survey, which AGC posted on August 28, 88% of firms reported having openings for hourly craft positions and 80% for salaried positions, but only 62% expected to add to their headcount in the next 12 months—fewer than in the past three annual surveys.

Construction spending (not adjusted for inflation) totaled $2.14 trillion in July at a seasonally adjusted annual rate, down 0.1% from June and down 2.8% y/y, the Census Bureau reported on Tuesday. Spending has declined for 10 of the past 11 months. **Private residential construction** inched up 0.1% for the month but slumped 5.3% y/y. Single-family homebuilding edged up 0.1% for the month, multifamily construction slid 0.4%, but owner-occupied improvements climbed 0.5%. **Private nonresidential spending** fell 0.5% for the month and 3.7% y/y. The largest private nonresidential segment—manufacturing construction—declined for the sixth month in a row, by 0.7% for the month and 6.7% y/y. Commercial construction fell 0.9% for the month (comprising warehouse, -1.9%; retail, 0.2%; and farm, -0.4%). Private "office" construction slipped 1.4% in July (comprising data centers, 0.2%, and other, -0.6%). **Public construction spending** rose 0.3% for the month and 3.4% y/y. But spending on the three largest public segments slipped for the month: highway and street and educational each dipped 0.1%, while spending on sewage and waste disposal fell 0.3%.

"Most of the 12 Federal Reserve districts reported little or no change in **economic activity** since early July," the Federal Reserve reported on Wednesday in its latest Beige Book. The report is issued eight times a year and "characterizes regional economic conditions and prospects based on a variety of mostly qualitative information, gathered directly" from sources in the 12 districts, which are identified by their headquarters cities. The report noted a "surge of **data center construction**—a rare strength in commercial real estate noted by the Philadelphia, Cleveland, and Chicago districts….However, half of the districts noted that contacts reported a reduction in the **availability of immigrant labor**, with New York, Richmond, St. Louis, and San Francisco highlighting its impact on the construction industry." In the AGC-NCCER Workforce Survey, which like the Beige Book interviews was conducted from early July to mid-August, 28% of respondents reported direct or indirect impacts from immigration enforcement actions. Nonresidential construction or commercial real estate declines were noted in the New York and Philadelphia districts; flat demand in the Cleveland, Richmond, St. Louis, Minneapolis, Kansas City districts; "slow overall" in the San Francisco district; and "slight" or "subdued" increases in the Chicago and Dallas districts. AGC posted construction-related excerpts from each district, including: "Nonresidential construction activity continued to record slight declines in this period, despite the construction of some data centers and power generation plants. Noting the recent post-pandemic supply chain disruptions and rising prices for commodities and labor, project owners and developers are making greater use of escalator clauses and larger contingency funds." (Philadelphia)

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