Contractors show less optimism about 2026, AGC/Sage survey finds; employment slips in December

Contractors are generally much less optimistic about the **outlook for** nonresidential and multifamily **construction** in 2026 than a year ago, apart from data centers and power projects, based on the 2026 AGC/Sage Construction Hiring and Business Outlook Survey, which AGC released on Thursday. The survey included 951 responses from November 4 to December 15. Respondents were asked whether the dollar value of projects they compete for would be higher or lower in 2026. The net reading (the percentage of respondents expecting a higher dollar value less the percentage expecting a lower value) was positive for 12 out of 17 project types. Respondents were more upbeat than in the 2025 survey regarding data centers, with a net positive reading of 57 percentage points (up 15 points from the 2025 survey), and power (net of 34, up 2 points). The net reading declined for all other types, though it remained positive for hospitals, with a net of 20, and other health care (such as clinics, labs, and testing facilities), 24; water and sewer, 16; manufacturing, 15; transportation facilities, 11; bridge/highway, 10; warehouse and federal agencies, 5 each; multifamily, 4; and public building, 1. The net readings slipped from positive in 2025 to negative for K-12 schools, -1; higher education, -5; and lodging, -7. Readings were even more negative than in 2025 for private office, -14; and retail, -18. Among other results, 33% of respondents report having been affected by **immigration enforcement**: 6% at a jobsite or offsite; 11% because workers left or failed to show up; and 24% because subcontractors had been affected.

Construction employment, seasonally adjusted, totaled 8,303,000 in December, a decrease of 11,000 from November but a gain of 14,000 (0.2%) year-over-year (y/y), according to AGC's analysis of data the Bureau of Labor Statistics (BLS) posted today. Employment has fluctuated in a narrow range throughout 2025. Residential construction employment declined by 3,100 in December (down by 4,200 at residential building firms and up by 1,100 at specialty contractors) and by 41,400 (-1.2%) y/y. Nonresidential construction employment decreased by 7,800 for the month (down by 1,200 at building firms and by 8,900 at specialty trade contractors, up by 2,300 at heavy and civil engineering construction firms) but increased by 55,600 (1.1%) y/y. Labor costs for construction firms outpaced other sectors: seasonally adjusted average hourly earnings (AHE) for production and nonsupervisory employees rose 3.8% y/y for the total private sector and 4.5% for construction (i.e., most craft and office workers). The industry's AHE for production workers in December was $38.08 or 19.9% more than the overall private average of $31.76.

Seasonally adjusted **construction employment** rose from October to November **in 26 states** and the District of Columbia, declined in 21 states, and was flat in Nebraska, Maryland, and Oregon, according to AGC's analysis of BLS data posted on Wednesday. Minnesota added the most construction jobs (3,200 jobs or 2.2%), followed by Missouri (3,100, 2.1%) and California (2,400, 0.3%). The largest percentage gain occurred in Idaho (2.3%, 1,800 jobs), followed by Minnesota and Missouri. Arizona lost the most construction jobs from October to November (-2,900 jobs, -1.3%), followed by Alabama (-2,300, -2.0%) and New York (-2,100, -0.6%). Alabama lost the highest percentage of jobs for the month, followed by Montana (-1.9%, -700 jobs) and South Dakota (-1.9%, -600). Between November 2024 and November 2025, 32 states and D.C. added construction jobs, while 18 states shed jobs. Texas added the most (24,000 or 2.8%), followed by North Carolina (14,500, 5.3%), Ohio (12,600, 5.0%), Minnesota (10,900, 7.8%), and Michigan (10,400, 5.3%). Iowa had the largest percentage gain over 12 months (9.9%, 8,100 jobs), followed by North Carolina, Ohio, Minnesota, and Michigan. New York lost the most construction jobs during the past 12 months (-18,100 jobs, -4.6%), followed by California (-15,900, -1.6%), New Jersey (-12,500, -7.5%), Washington (-10,700, -4.8%), and Nevada (-8,200, -7.3%). The largest percentage loss was in New Jersey, followed by Nevada, Washington, New York, and Arkansas (-3.1%, -2,100). (BLS reports combined mining, logging, and construction data for Hawaii, Maryland, and D.C.; AGC treats all jobs as construction.)

There were 292,000 **job openings in construction**, seasonally adjusted, at the end of November, an increase of 15,000 (5.4%) y/y, BLS reported on Wednesday. **Hires** for the full month totaled 342,000, a y/y increase of 5,000 (1.5%). The hires rate (hires as a% of employment) was 4.1%, tying the 2024 rate for the lowest November rate in the 25-year history of the series. **Layoffs** rose by 4,000 (1.3%) y/y to 141,000. **Quits** rose by 6,000 (4.2%) y/y to 149,000. The low rate of hires is consistent with the subdued expectations reported in the AGC/Sage survey.