

Employment jumps in January; wage growth outpaces private sector; multifamily outlook is mixed

Construction employment totaled 8,328,000, seasonally adjusted, in January, an increase of 33,000 from December and 44,000 (0.5%) year-over-year (y/y), according to AGC's [analysis](#) of data the Bureau of Labor Statistics (BLS) [posted](#) on Wednesday. BLS made routine and one-time adjustments to data for 2025 and earlier years. The December total was revised down by 25,000 and the y/y change in 2025 reduced from 14,000 to -4,000 (-0.05%). Residential construction employment rose by 5,900 in January (up by 300 at residential building firms and 5,600 at specialty contractors) but shrank by 43,600 (-1.3%) y/y. Nonresidential construction employment rose by 27,900 for the month (up by 3,600 at building firms and 25,100 at specialty trade contractors, down by 800 at heavy and civil engineering construction firms) and by 87,700 (1.8%) 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 4.7% for construction (i.e., most craft and office workers). The industry's AHE for production workers in January was \$38.26 or 19.7% more than the overall private average of \$31.95.

Construction industry **compensation** (wages, salaries, and benefits including required employer contributions) rose 0.7%, seasonally adjusted, in the fourth quarter (Q4) of 2025 and 4.0% over four quarters (vs. 2.4% in 2024), BLS [reported](#) on December 10. **Wages and salaries** increased by 0.7% in Q4 and 4.3% over four quarters (vs. 2.4% in 2024). The latest increases outpaced those in the overall private sector, where compensation rose 0.7% in Q4 and 3.4% over four quarters and wages rose 0.7% in Q4 and 3.3% over four quarters. These results, as well as the data on increases in average hourly earnings, suggest construction pay is rising faster than overall private-sector pay.

"Multifamily developers are somewhat less optimistic than they were at this time last year, except in the market segment for garden/low-rise apartments," the National Association of Home Builders [reported](#) on Thursday. "This suggests that the 2025 trend of gains in multifamily market share for outlying metro and non-metro counties—where garden and low-rise structures are more common—is likely to continue in 2026. Elevated construction costs and the local regulatory environment continue to be major headwinds to faster growth. While interest rates eased slightly in 2025, they still need to come down further to significantly spur new construction." The share of respondents rating current conditions as "good" vs. "poor" improved y/y in Q4 2025 for garden/low-rise projects but worsened for mid/high-rise, subsidized, and built-for-sale (or condominium) markets.

"As of February 2026, the US has 577 operating **data centers** with 14,187 [megawatts (MW)] of capacity and 666 planned projects that would add 176,679 MW of additional capacity, tracking platform Cleanview [reported](#) this month. The largest planned projects, "ranked by projected capacity in megawatts...currently **in development** and expected to come online in the coming years," are in Lea, N.M.; Mason, W.Va.; Carson, Texas; Indiana, Pa.; and Millard, Utah. "Four U.S. tech giants—Microsoft, Meta Platforms, Amazon, and Alphabet's Google—are planning to spend up to \$670 billion to build out **AI infrastructure** this year alone as they scramble to increase the computing power needed to operate and scale their AI-related endeavors," the [Wall Street Journal](#) [reported](#) on Monday.

"Almost 70 gigawatts (GW) of **new solar generating capacity projects** are scheduled to come online in 2026 and 2027, which represents a 49% increase in U.S. solar operating capacity compared with the end of 2025," the Energy Information Administration [posted](#) on January 16. "Much of the utility-scale solar generation capacity additions will come online in Texas....Increasing amounts of **battery storage capacity** help to support the fluctuations in solar output during the day. The electric power sector plans to expand battery capacity in [Texas] from about 15 GW in 2025 to 37 GW by the end of 2027."

"Economic activity in the services sector continued to expand in January," the Institute for Supply Management [reported](#) on February 4. Construction respondents were among 11 sectors (out of 18) reporting expansion, along with increases in new orders (10 sectors), prices paid (17), employment (5), and order backlogs (4), along with a decrease in inventories (10), and no change in business activity (9) and imports (12). **Items significant for construction reported up in price** include copper, copper products (6 months in a row), construction labor (2), lumber and lumber products. Price declines were reported for diesel fuel (2). No construction items were reported in short supply.

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