

Supreme Court invalidates some tariffs; January starts are mixed, Dodge and Census report; ABI falls

The Supreme Court [ruled](#) today that the International Emergency Economic Powers Act does not authorize the President to impose broad **tariffs**. As a result, tariffs on goods from multiple countries imposed under that law are no longer in effect, although the Court did not establish a refund process for duties already paid. **Tariffs on key construction inputs** including steel, aluminum, copper and softwood lumber remain in place because they were imposed under separate trade laws. The ruling may lessen price volatility for equipment, components, and finish materials but is unlikely to materially reduce overall construction costs unless additional trade actions change. See AGC's Tariff Resource [Center](#) for details. Readers are invited to send information about price changes to ken.simonson@agc.org.

Total construction starts rose 0.7% in January at a seasonally adjusted annual rate, Dodge Construction Network [reported](#) today. Nonresidential building starts fell 15.4% and residential starts declined 6.4%, while nonbuilding starts increased 24.3%, driven largely by electric power and utility projects. Commercial activity weakened, with office and data center starts plunging 52.2%, hotels down 17.4%, and parking garages declining 6.7%, partly offset by gains in warehouses (+10.2%) and retail (+6.5%). Institutional work declined 15.2% as education and miscellaneous institutional projects fell, although healthcare rose 10.5%. Manufacturing starts jumped 97.5% for the month. Three large nonbuilding projects accounted for nearly half of January's increase, and without them total starts would have declined. For the 12 months ending January 2026, total starts increased 6.1%, with nonbuilding up 21.0%, nonresidential up 5.5%, and residential down 6.0%. Single-family starts fell 15.2% compared to the 12 months ending January 2025, and multifamily starts rose 13.6%.

Housing starts (units) in December rose 6.2% for the month at a seasonally adjusted annual rate, but fell 7.3% below the December 2024 rate, the Census Bureau [reported](#) on Wednesday. For 2025 as a whole, starts slipped 0.6% from 2024. Single-family starts rose 4.1% for the month but fell 6.9% from the 2024 total. Multifamily (five or more units) starts increased 10% from November and jumped 18% for the full year. **Residential permits** increased 4.3% for the month, but were down 3.6% for the year. Single-family permits slipped 1.7% from November and 7.4% for the year. Multifamily permits climbed 18% from November and 4.3% for the year. The number of **multifamily units under construction** fell 2.3% from November and tumbled 13% from the December 2024 rate to the lowest rate since May 2021.

The **Architecture Billings Index** (ABI) fell to 43.8 in January, seasonally adjusted, from 47.1 in December, the American Institute of Architects [reported](#) on Wednesday. The index is "a leading economic indicator that leads nonresidential construction activity by approximately 9-12 months." The ABI is derived from the share of responding architecture firms that report a gain in billings compared to the previous month less the share reporting a decline in billings, presented on a 0-to-100 scale. Any score below 50.0 indicates decreasing business conditions. "Inquiries for new projects declined for the first time since April 2025, alongside a decline in newly signed design contracts [to 42.7], as client uncertainty persisted and new projects tended to be smaller in scale. [B]usiness conditions remained challenging across all specializations, although multifamily residential firms continued to experience a slower rate of decline and have seen no billings growth since mid-2022."

"In January, year-over-year **pay growth** for job-stayers [workers who are with same employer that they were with a year earlier] was little changed at 4.5%," payroll processor ADP [reported](#) on Tuesday. "For the past 10 months, annualized pay growth for job-stayers has stabilized in a narrow range between 4.4% and 4.5%. Pay growth for job-changers [people who switched jobs during that 12-month period] is more sensitive to real-time labor market conditions. For this group, annualized gains slowed to 6.4% in January from 6.6% in December. January's increase tied with November 2025 as the slowest pace of pay growth for job-changers since February 2021. Moreover, the pay premium for switching jobs—that is, the difference in pay gains between job-changers and job stayers—is the smallest we've recorded in data going back to 2020. **[W]orkers in construction** and mining landed the biggest pay bumps from switching employers. For construction, workers who changed employers saw a 6.6% pay premium over the sector's job-stayers...For a year and a half, median base pay for [people who joined an employer in the past three months] was stuck at about \$18 an hour. That changed last month, when pay for new hires rose to \$19 an hour. This increase was led by accelerated hiring in the higher-paying construction and financial sectors."