

Employment drops in February after large January gain; DMI declines; Beige Book is mixed

Construction employment in February totaled 8,309,000, seasonally adjusted, a decrease of 11,000 from January but an increase of 42,000 (0.5%) year-over-year (y/y), according to AGC's [analysis](#) of data the Bureau of Labor Statistics (BLS) [posted](#) today. The monthly gain in January was revised up from 33,000 to 48,000, the most since February 2022. Residential construction employment fell by 7,100 in February (up by 2,400 at residential building firms and down by 9,500 at specialty contractors) and by 46,100 (-1.4%) y/y. Nonresidential construction employment fell by 3,800 for the month (up by 4,100 at building firms and down by 1,400 at specialty trade contractors and 6,500 at heavy and civil engineering construction firms) but rose by 88,200 (1.8%) y/y. **Labor costs** for construction firms outpaced other sectors: seasonally adjusted **average hourly earnings** (AHE) for production and nonsupervisory employees rose 3.7% y/y for the total private sector and 5.1% for construction (i.e., most craft and office workers). The industry's AHE for production workers in February was \$38.52 or 20.3% more than the overall private average of \$32.03.

The Dodge Momentum Index (DMI)—“a monthly measure based on the three-month moving **value of nonresidential building projects going into planning**, shown to lead construction spending for nonresidential buildings by a full year to 18 months”—declined 7.3% in February from a downwardly revised January reading, Dodge Construction Network [reported](#) today. “[C]ommercial planning fell 8.9% and institutional planning momentum slowed by 4.0%...On the commercial side, planning momentum slowed across all commercial sectors apart from warehouses. Within institutional planning, all sectors slowed down with public buildings facing the largest contraction. Despite widespread declines, project momentum for retail stores, recreational buildings, data centers and healthcare facilities remain elevated. Year-over-year, the DMI was up 18.7% when compared to February 2025. The commercial segment was up 12.3% (+4.4% when data centers are removed) and the institutional segment was up 34.0% over the same period.”

“Overall **economic activity** increased at a slight to modest pace in seven of the 12 Federal Reserve districts, while the number of Districts reporting flat or declining activity increased from four in the prior period to five in the current period,” the Federal Reserve [reported](#) on Wednesday in its latest Beige Book, which covers information gathered from early January to February 23. “**Nonresidential construction activity** was mixed across reporting districts but increased slightly on net.” 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. **Construction-relevant comments** were mixed: “Builders noted continued demand for infrastructure and data centers, offsetting the impact of delayed manufacturing projects. Senior and multifamily housing developers saw steady demand” (Cleveland) “Construction activity was moderately lower with larger declines in nonresidential building....Manufacturing and construction contacts continued to report steep increases in raw materials costs, particularly for aluminum.” (Minneapolis) “Construction activity continued to decline across the district, albeit at a slightly slower pace than last period” (New York) “Building construction declined slightly, and one contact reported that the major construction projects are data centers and health-care projects, with no new starts yet scheduled for 2026.” (Philadelphia) “Nonresidential construction increased slightly. Data center projects moved forward and buildouts of existing space continued.” (Chicago) “Construction activity overall has slightly increased....Some construction firms across the district reported that government policy changes were affecting project approvals and timelines.” (St. Louis)

There has been a huge upheaval in **construction of plants to build electric vehicles [EVs] and batteries** for them, the Federal Reserve Bank of Dallas [posted](#) on Tuesday. “Several dozen new gigafactories in the U.S. have been announced in the past five years, leading to eventual emergence of a battery manufacturing base in the country. There are 12 plants operating and another 23 are at various stages of construction [shown on a map]. While some projects have made it across the finish line, many have faced setbacks reflecting new realities. Approximately 10 projects have been officially canceled or their progress has stalled, representing more than \$10 billion in potential investment. The planned start dates of many plants under construction have been pushed out. The projects under construction reflect a significant amount of potential capacity, especially when considering those focused on EVs. The fate of these plants hangs in the balance, whether they will be canceled or postponed indefinitely in 2026 due to the changing dynamics of the U.S. battery market.”