

War pushes fuel, commodities prices higher; job openings, hires, layoffs, quits remain subdued

The Middle East **war** is already **affecting construction costs**, with the impacts likely to increase sharply the longer the war continues. The national average **price of on-highway diesel fuel** as [reported](#) by AAA was \$4.89 per gallon on Thursday, an increase of 56 cents (13%) from a week earlier and \$1.27 (35%) year-over-year (y/y). Construction firms and workers use diesel fuel directly for their trucks, offroad equipment, and generators, and are likely to experience fuel surcharges on deliveries of materials and equipment to jobsites and the hauling away of debris and equipment. Cargo shipping has also been disrupted, which may affect a variety of shipments to U.S. construction. “U.S. imports of primary and alloyed **aluminum** from the Middle East amounted to nearly 22% of its total at 3.4 million tons last year, according to TDM,” Reuters [reported](#) on March 2. “Aluminum smelters in Bahrain and Qatar, ... halted shipments last week, the [Wall Street Journal](#) posted on Wednesday. “To get the foreign-made tons into the U.S., buyers pay a fee on top of the market price for the aluminum that includes shipping expenses, the 50% U.S. tariff on imported aluminum and additional money to dissuade suppliers from selling the metal elsewhere. Since the start of the fighting on Feb. 28, the U.S. benchmark delivery fee has climbed 7% to \$2,445 a metric ton, according to S&P Global Energy.” Higher prices for petroleum, natural gas, and other materials will affect the cost of many construction products.

There were 231,000 **job openings in construction**, seasonally adjusted, at the end of January, a decline of 1,000 or -0.4% y/y, the Bureau of Labor Statistics (BLS) reported [today](#). The job openings rate (openings as a share of employment plus openings) remained unchanged at 2.7%, the lowest December rate since 2017. **Hires** for the full month totaled 349,000, a gain of 17,000 (5.1%) y/y, while the hires rate (hires as a share of employment) rose to 4.2% from 4.0%. **Layoffs** and discharges increased 4.3% y/y, from 162,000 to 169,000, while the layoff rate (layoffs and discharges as a share of employment) remained at a relatively low 2.0%. **Quits** fell by 17% y/y, from 166,000 to 138,000, and the quits rate (quits as a share of employment) fell from 2.0% to 1.7%, tying the 2024 rate as the lowest December rate since 2016. Low layoffs and fewer voluntary quits suggest contractors are holding on to workers even as demand for hiring remains moderate.

Community opposition in 2026 is delaying or **blocking data center projects**, with some projects canceled outright due to local resistance over environmental and resource concerns,” [Data Center Frontier reported](#) today. “Local governments are increasingly using moratoriums, zoning restrictions, and legal challenges to control or prevent data center development, shifting the power dynamics in infrastructure planning....Concerns over water usage, energy costs, and environmental impact are central to community debates, often outweighing economic development arguments in local decision-making. The evolving resistance signifies a structural change where community acceptance is now a key gatekeeper, potentially slowing hyperscale expansion and prompting developers to prioritize supportive jurisdictions....Reporting from [The Guardian](#) found that 26 data center projects were canceled in December and January, compared with just one cancellation in October, suggesting that community resistance campaigns are increasingly capable of stopping projects before construction begins.”

“The **solar market** installed 43 gigawatts [(GW)] in new capacity last year, compared to nearly 50 GW in 2024, according to a study by the Solar Energy Industries Association [and Wood Mackenzie,] with utility-scale solar installations declining 16% and community solar declining 25%,” Reuters [reported](#) on Tuesday. The study pointed “to cooling momentum across the sector after President Donald Trump scrapped subsidies and tax breaks for renewable energy developers....Still, solar and energy storage accounted for 79% of new capacity additions in the first year of the Trump administration, with more than two-thirds of installations occurring in states won by him, the report said. Texas led with 11 GW of new solar capacity, followed by Indiana, Florida, Arizona, Ohio, Utah and Arkansas.”

Housing starts (units) in January increased 7.2% from December and 9.5% y/y at a seasonally adjusted annual rate, the Census Bureau [reported](#) on Thursday. Single-family starts fell 2.8% for the month and 6.5% y/y. Multifamily (five or more units) starts soared 29% for the month and 57% y/y. **Residential permits** fell 5.4% in January and 5.8% y/y. Single-family permits were down 0.9% for the month and 12% y/y. Multifamily permits fell 13% in January but were up 8.9% y/y. Multifamily units under construction declined by 1.2%, and 11% y/y. However, multifamily starts and permits tend to have large monthly swings and revisions. The number of multifamily units under construction at the end of January fell 1.2% from December and 11% y/y.

Multifamily permits increased in 31 states from 2024 to 2025 as a whole, the National Association of Home Builders [posted](#) on **Wednesday** (using unrevised Census data). The top three states were Texas (where permits rose 1.7% from 2024), Florida (30%), and California (22%). Permits slumped 22% in the largest metro market, New York-Newark-Jersey City.