



**AGC**  
THE CONSTRUCTION  
ASSOCIATION

**June 2025**

# **Will U.S. Construction Thrive or Dive in the Rest of '25?**

Ken Simonson

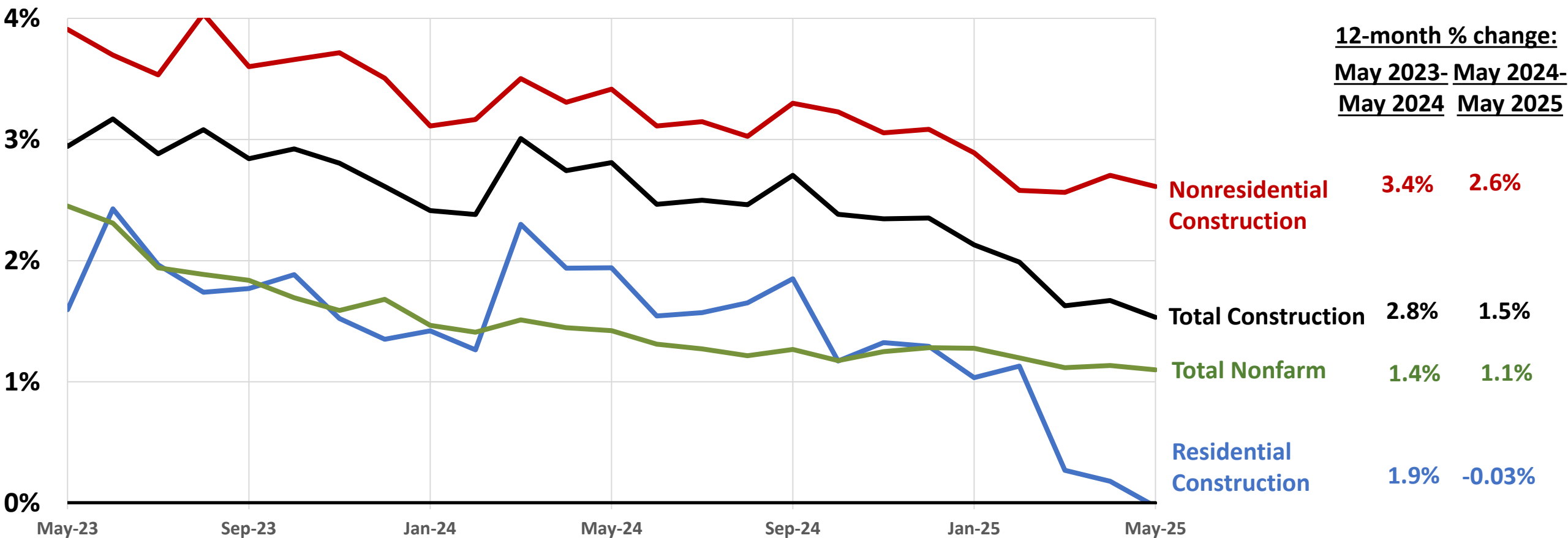
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# Construction job gains have slowed but still outpace other sectors

Year-over-year % change, May 2023-May 2025, seasonally adjusted





# Construction employment is increasing in most states

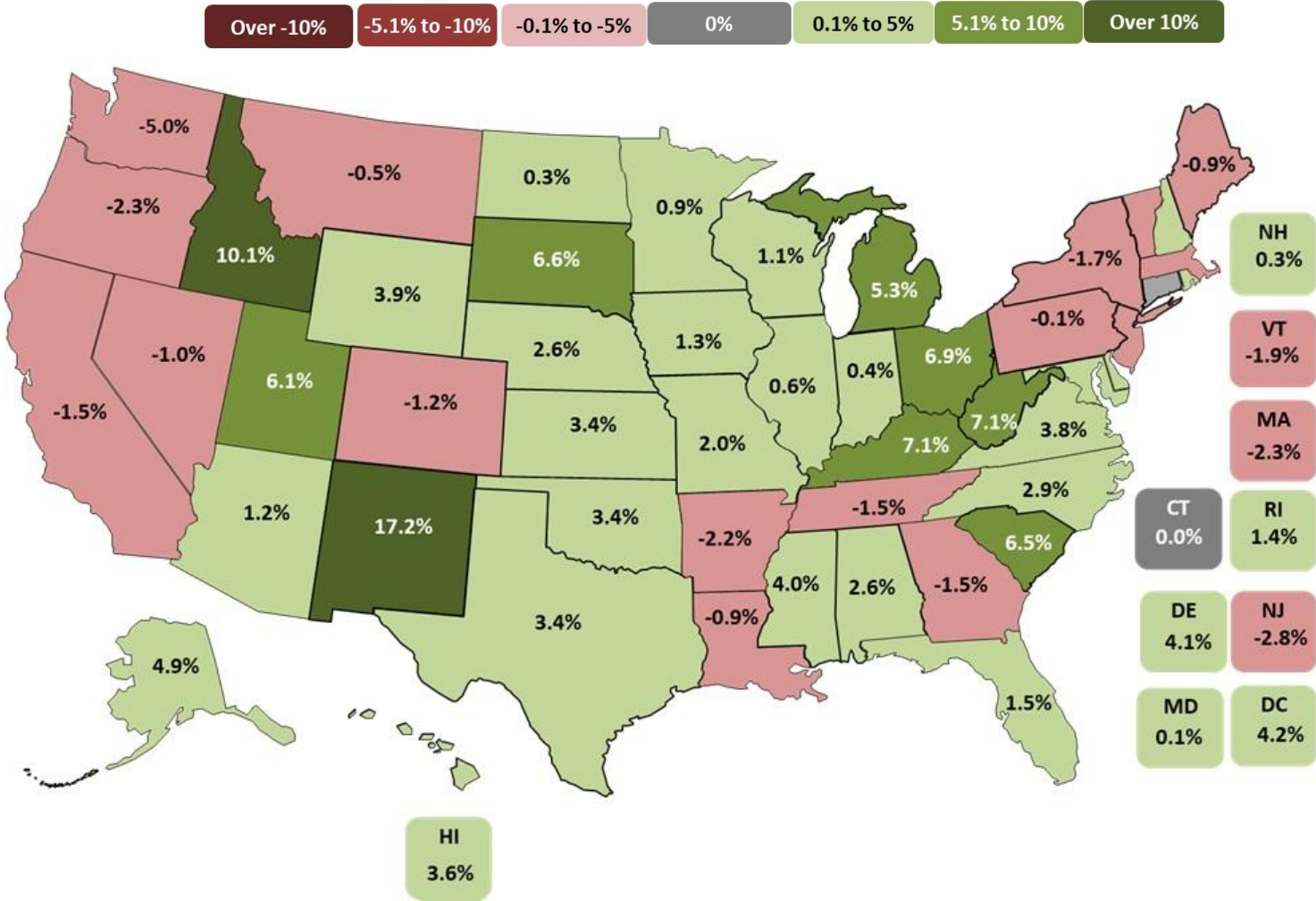
33 states & DC **up**, 16 states **down**, & 1 unchanged May 2024-May 2025 (U.S.: 1.5%)

## Top 5

NM	17%
ID	10%
KY	7.1%
WV	7.1%
OH	6.9%

## Bottom 5

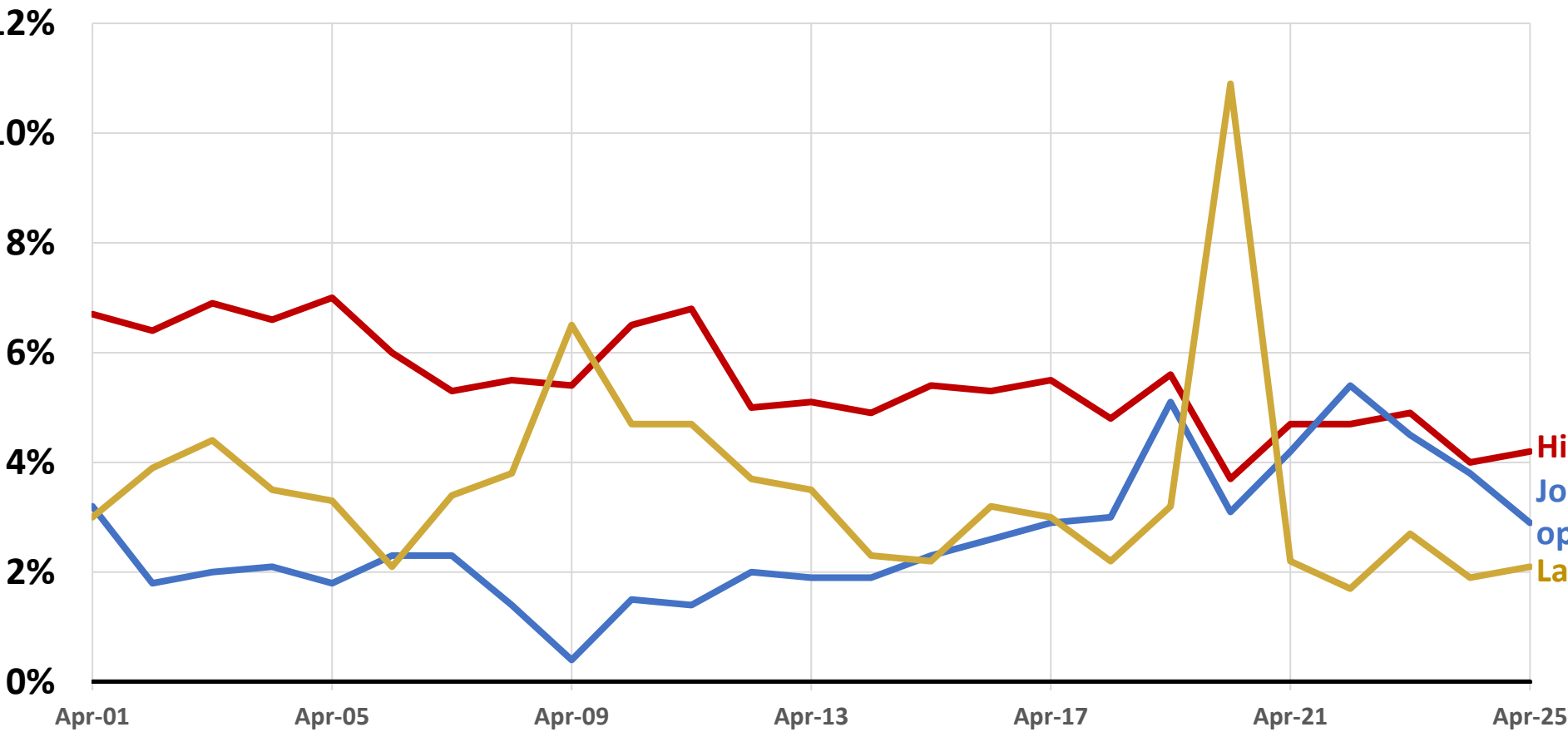
WA	-5.0%
NJ	-2.8%
OR	-2.3%
MA	-2.3%
AR	-2.2%





# Contractors have pulled back on hires & openings but also layoffs

Job openings, hires, and layoff rates, April 2001-April 2025, seasonally adjusted



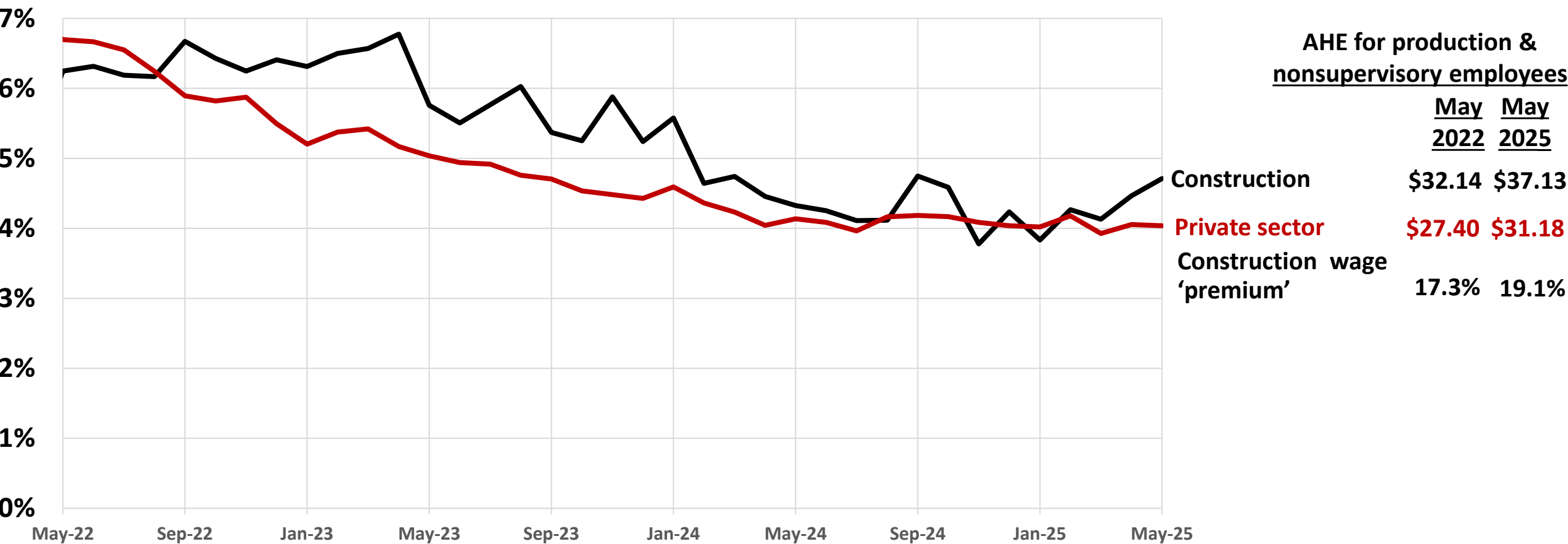
	<u>April</u> <u>2025</u>	<u>April</u> <u>2024</u>
Hires	4.2%	4.0%
Job openings	2.9%	3.8%
Layoffs	2.1%	1.9%

Source: Bureau of Labor Statistics, [www.bls.gov/jlt](https://www.bls.gov/jlt), Job Openings & Labor Turnover Survey (JOLTS)



# Construction pay has risen faster than in overall private sector

12-month change in average hourly earnings (AHE) for production & nonsupervisory employees in construction compared to **private sector**, May 2022-May 2025, seasonally adjusted

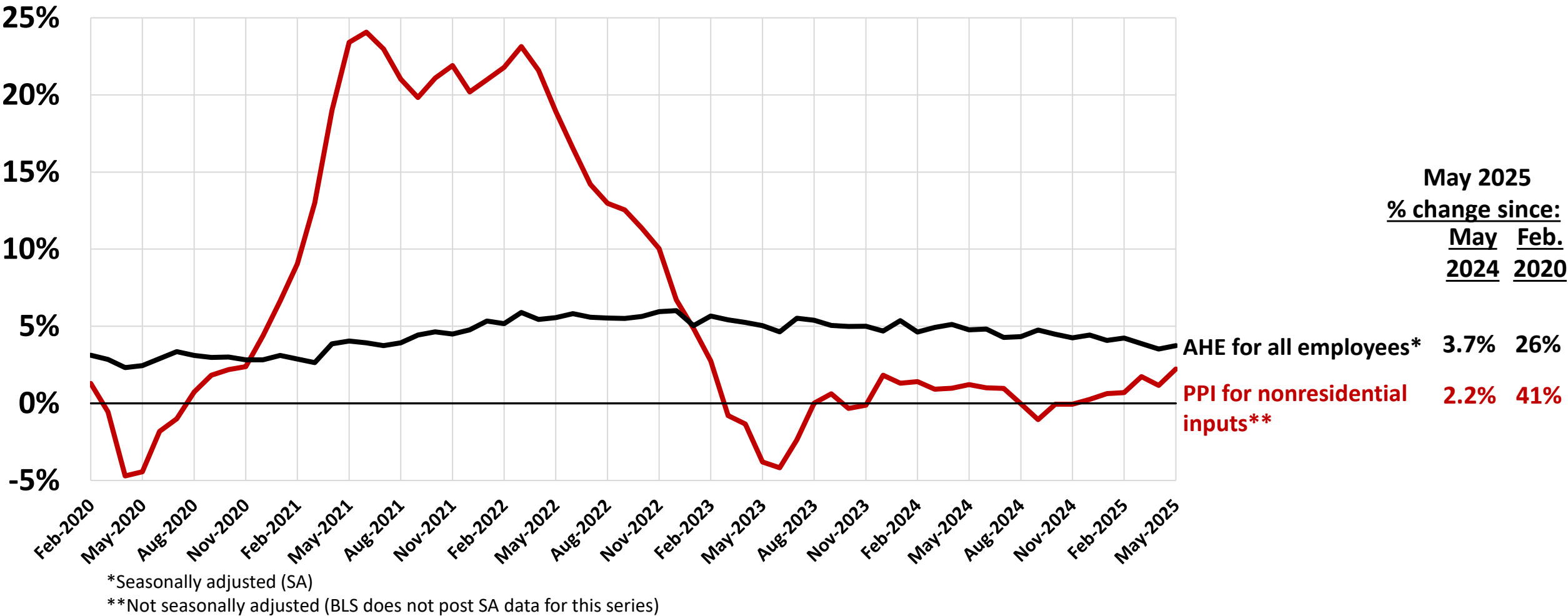




# Wages have risen 3.5-6% since 2021; materials costs have been volatile



Year-over-year change in **producer price index (PPI) for nonresidential inputs** and average hourly earnings (AHE) for all employees in construction, Feb. 2020 – May 2025





# Price changes for construction inputs as of May 2025

producer price indexes (PPIs), 1 - & 12-month change (not seasonally adjusted)



**May 2025 change from:**  
**Apr. 2025    May 2024    Feb. 2020**  
**(1 month)   (12 months) (63 months)**

**Overall input costs were flat in 2024 but have outpaced the CPI since 2020**

PPI for inputs to new nonresidential construction	0.4%	2.2%	41%
Consumer price index (CPI)	0.2%	2.4%	24%

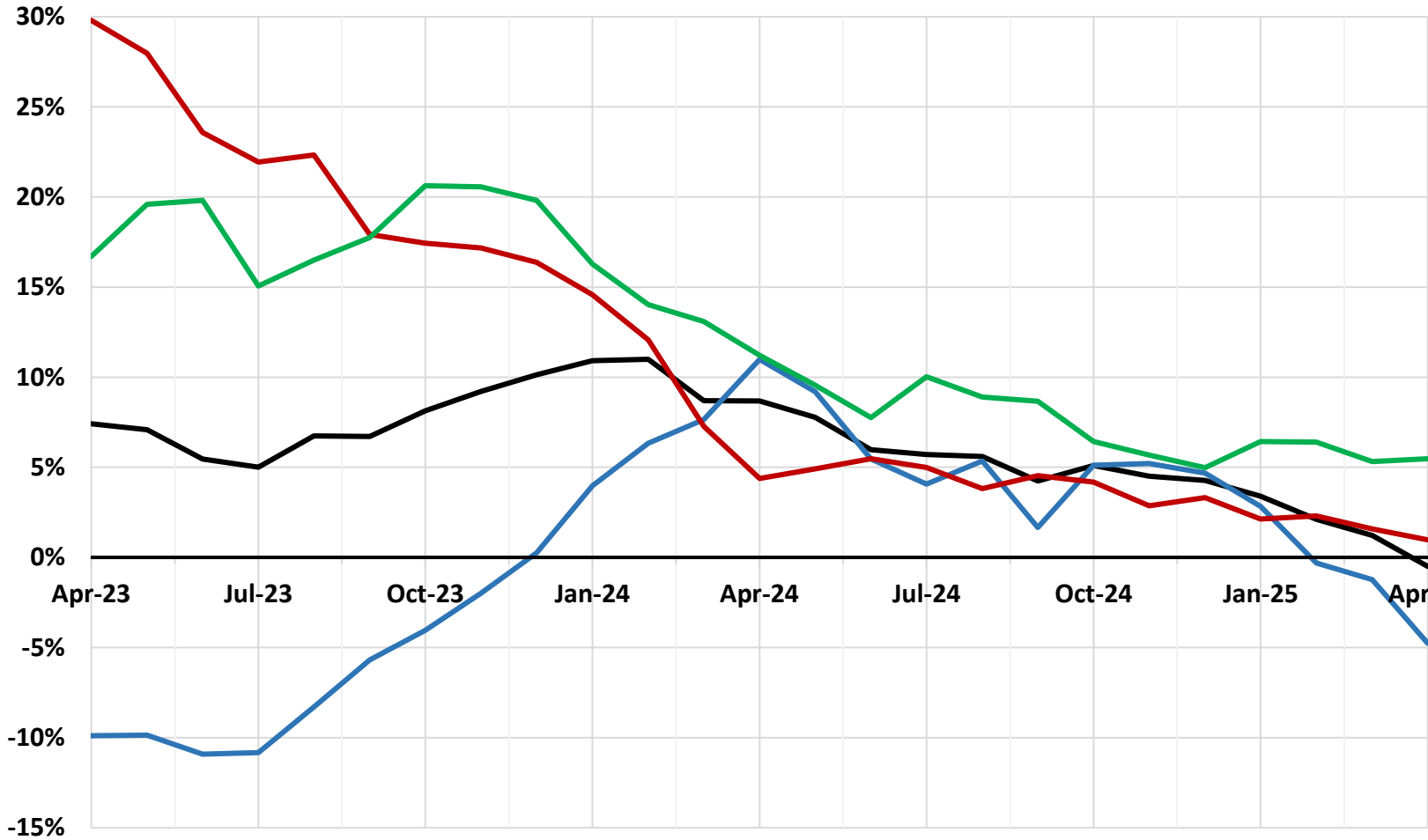
**...and some input prices remain volatile**

Steel mill products		7.1%	8.8%	73%
Aluminum mill shapes		-3.6%	8.8%	36%
Gypsum building materials		0.0%	1.4%	54%



# Construction spending has slowed sharply

Year-over-year % change in current dollars, seasonally adjusted, April 2023-April 2025



Apr. 2025 (billion \$)	year-over-year % change	
	Apr 2023- Apr 2024	Apr 2024- Apr 2025
\$514	11%	5%
al \$746	4%	1%
\$2,152	9%	-0.5%
\$893	11%	-5%



# Spending trends: mix of increases and **decreases**

Year-over-year % change, current dollars, seasonally adjusted, April 2024-April 2025

**Total -0.5%:** Private residential -5% (single-family -2%; multi -11%; improvements -5%); public residential -1%

Nonresidential 3% (private 1%, public 5%)

Nonresidential segments (in descending order of April 2025 spending; combined new & renovation spending)

- Mfg. 0.3% (**computer/electronic -10%**; chemical 17%; **transportation equipment -0.4%**; food/beverage/tobacco 16%)
- Power 4% (electric 5%; **oil/gas fields & pipelines -3%**)
- Highway and street 0.5%
- Education 7% (primary/secondary 6%; higher ed 9%)
- **Commercial -4%** (**warehouse -8%**; **retail -4%**; farm 2%)
- Office including data centers 4% (data centers 32%; **other private office -9%**; public office 4%)
- Transportation 7% (air 16%; private rail/truck 4%; **transit -8%**)
- Health care 3% (hospital 3%; **medical building -9%**; special care 41%)
- Sewage/waste 9%; Amuse/recreation 11%; Water supply 7%; Communication 2%; Lodging -0.6%; Public safety 4%; **Conser/development -0.4%**



# Tariff announcements & dates affecting construction (as of June 24)

(more at AGC [Tariff Resource Center](http://www.agc.org/tariff-resources-contractors): [www.agc.org/tariff-resources-contractors](http://www.agc.org/tariff-resources-contractors))



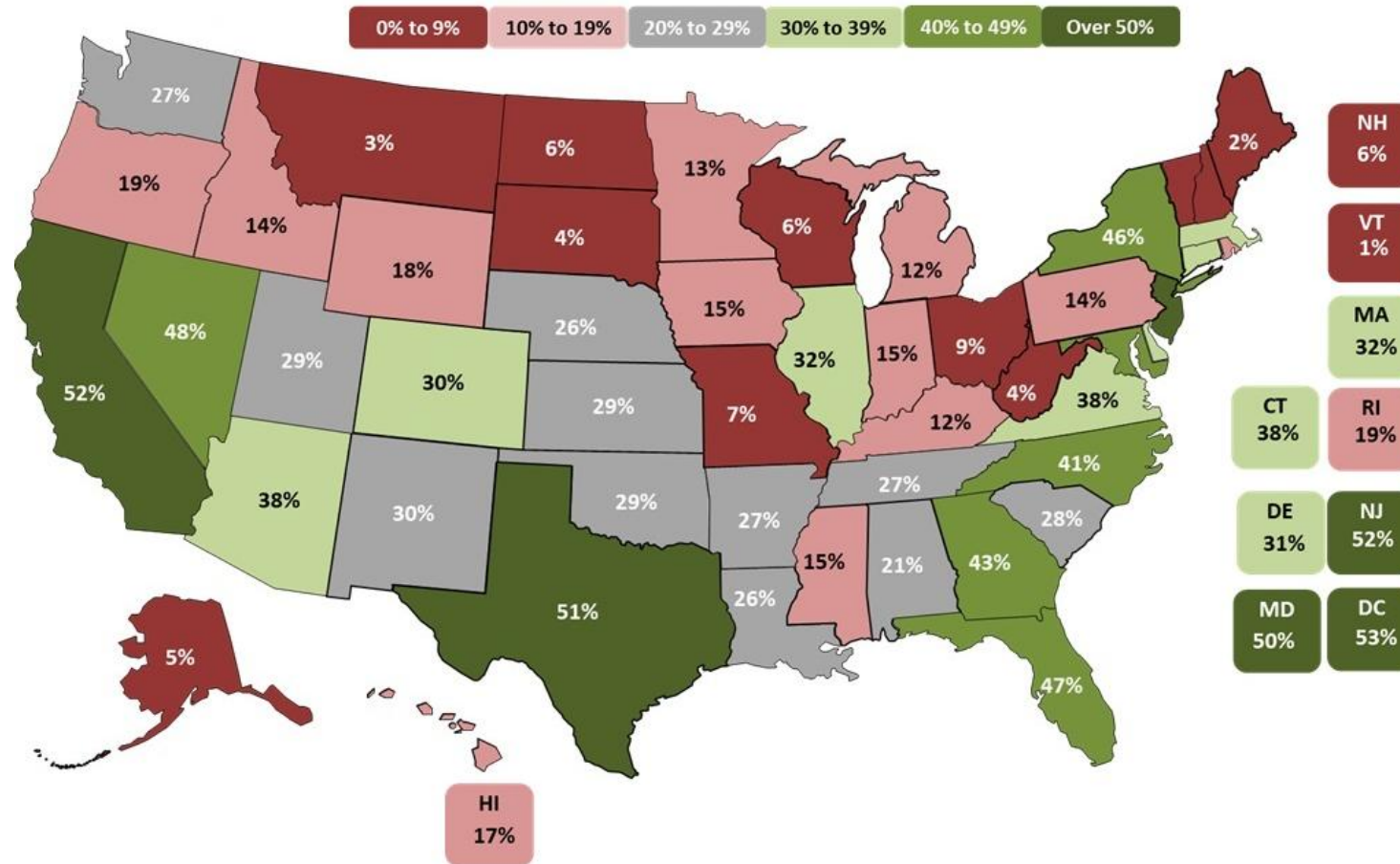
- **10% “baseline” tariff on nearly all imports**
- **Additional** country-specific **“reciprocal” tariffs** announced, then suspended for 90 days on April 9
- **China 30%:** 10% tariff Feb. 4; changed to 20% March 4; 54% April 5, 145% April 9, reduced to 30% May 12 under temporary 90-day truce; “framework” for 35% tariff announced June 10
- **Canada, Mexico** 25% if not covered by USMCA; 10% on energy, “critical minerals”
- **Steel & aluminum** 50% June 4 (~~waiver for UK until July 9~~); raised from 25% March 12
- **Copper** pending investigation by Department of Commerce
- **Lumber** possible 25%; possible higher tariffs on Canadian lumber
- **Cars & trucks** 25%; partial credit for parts
- **Fee on Chinese ships calling on U.S. ports:** proposed structure varies by ship type; implementation may begin in Oct., rising through 2028



# Construction trades rely heavily on immigrants (34% vs. 18% for all workers); impact varies greatly by state (1-53%)



Share of construction trade workers that are foreign born by state, 2023





# Share of construction trade workers that are foreign born by trade, 2023

<u>Occupation</u>	<u>Foreign born</u>	<u>Occupation</u>	<u>Foreign born</u>
Plasterers & Stucco Masons	61%	Pipelayers	26%
Drywall Installers, Ceiling Tile Installers, & Tapers	61%	Plumbers, Pipefitters, & Steamfitters	18%
Roofers	52%	Glaziers	18%
Painters & Paperhangers	51%	Solar Photovoltaic Installers	17%
Carpet, Floor, & Tile Installers and Finishers	45%	Sheet Metal Workers	17%
Construction Laborers	43%	Boilermakers	16%
Insulation Workers	34%	Electricians	16%
Carpenters	32%	Structural Iron & Steel Workers	15%
Cement Masons, Concrete Finishers, Terrazzo Workers	31%	Construction Equipment Operators	15%



## Medium-term outlook: modestly positive but growing risk of decline

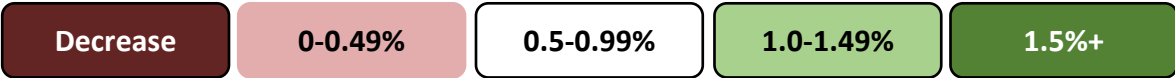


- Economic growth will continue but risks of inflation and recession are high
  - higher tariffs will raise costs, invite retaliation, may disrupt supply chains
  - harsh immigration/deportation actions will worsen construction labor shortages
  - expectation of larger deficits may push interest rates higher
  - less support for renewables may slow solar and EV related projects
  - however, lessened federal regulatory hurdles may help projects start sooner
- Single-family: gradual pickup if mortgage rates don't spike
- Multifamily, warehouse, office: declines likely through 2025 given high costs, weak demand
- Data center, power, infrastructure: best bets for growth
- Mfg. construction: canceled & deferred projects likely to outweigh new starts
- Materials costs: up 1-3%, much more if tariffs last; lead times: few problems except electrical gear
- Labor costs: up 4-5%; availability remains a challenge unless layoffs become widespread



# Population change by state, July 2023–July 2024

U.S.: 0.98%; 84% was from net immigration, 16% from natural increase (births-deaths)

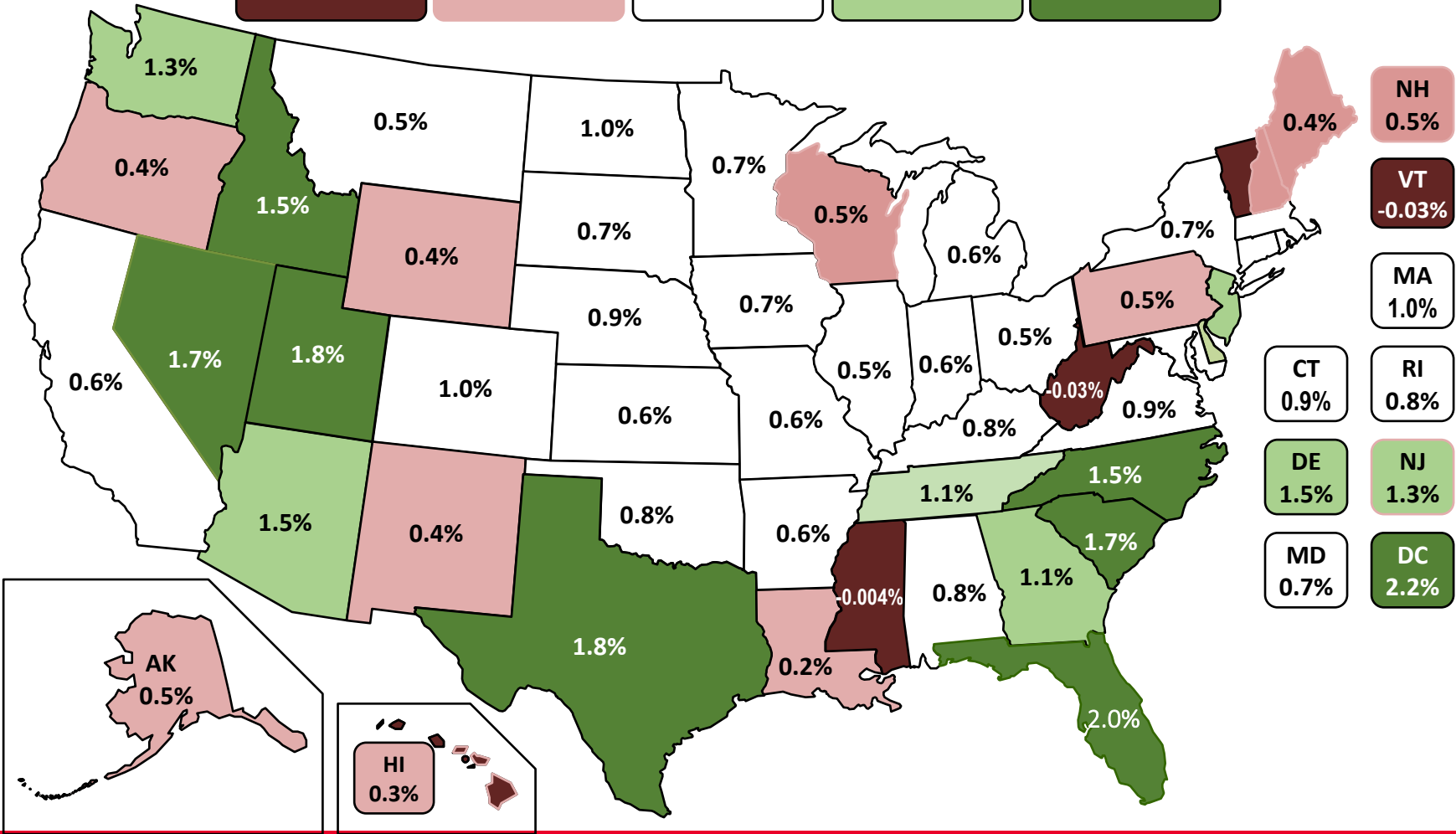


## Top 6

DC	2.2%
FL	2.0%
TX, UT	1.8%
SC, NV	1.7%

## Bottom 5

WV, VT	-0.3%
MS	-0.004%
LA	0.2%
HI	0.3%





# AGC economic resources

(email [ken.simonson@agc.org](mailto:ken.simonson@agc.org))

- *Data DIGest*: weekly email summary of construction economic news ([subscribe](https://marketplace.agc.org/Store/ItemDetail?iProductCode=4401&OrderLineId=901649fd-c733-4103-93e0-a251778cd084): <https://marketplace.agc.org/Store/ItemDetail?iProductCode=4401&OrderLineId=901649fd-c733-4103-93e0-a251778cd084>)
- AGC [Tariff Resource Center](http://www.agc.org/tariff-resources-contractors): [www.agc.org/tariff-resources-contractors](http://www.agc.org/tariff-resources-contractors)
- State and metro data, [fact sheets](http://www.agc.org/learn/construction-data): [www.agc.org/learn/construction-data](http://www.agc.org/learn/construction-data)
- Monthly [press releases](http://www.agc.org/newsroom): construction spending; producer price indexes; national, state, metro employment with rankings: [www.agc.org/newsroom](http://www.agc.org/newsroom)
- Construction impact model: [www.agc.org/agc-construction-impact-model](http://www.agc.org/agc-construction-impact-model)
- ConsensusDocs [Price Escalation Resource Center](http://www.consensusdocs.org/price-escalation-clause/): [www.consensusdocs.org/price-escalation-clause/](http://www.consensusdocs.org/price-escalation-clause/)



**PPI for inputs rises in April but dips over 12 months; pay in construction tops U.S. median by 18%**

**Prices show mixed trends in April**

The producer price index (PPI) for material and service inputs to new nonresidential construction rose 0.5% from March to April but declined 1.1% year-over-year (y/y), according to Bureau of Labor Statistics (BLS) data posted on Thursday.

[Read more](#)

**Construction pay tops U.S. median by 18%**

"Half of payroll workers in construction earn more than \$54,540," 18% more than the U.S. median wage of \$46,310, "and the top 25% make at least \$77,030," 4.9% higher than the U.S. top quartile base of \$73,460, the National Association of Home Builders reported on Tuesday, based on its analysis of May 2022 Occupational Employment and Wage Statistics posted by BLS...

[Read more](#)

**Child counts decline in 35 states**

In a trend with implications for school and other construction, "Thirty-five states have fewer children than they did five years ago, a situation caused by declining birth rates nationwide, but also by young families migrating across state borders in search of cheaper housing," Stateline reported on Thursday...

[Read more](#)

**Results from RICS-AACE construction survey**

Firms reporting declining profit margins outnumbered firms reporting rising margins by 27 percentage points (a net balance reading of -27%) in the first quarter (Q1) 2023 RICS-AACE USA Construction Monitor, covering 60 responses between March 8 and April 21 and posted by RICS on Monday...

[Read more](#)

**AGC Highway safety survey closes tonight**

Highway contractors are invited to complete AGC's annual highway work zone safety survey by tonight, May 12. Responses will be kept confidential.

[Read more](#)

**Census of Construction reminder**

The Census Bureau reminded firms in all industries, "The due date for responding to the 2022 Economic Census has passed, but it's not too late to respond..."

[Read more](#)

