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March 2026

U.S. & N.C. Construction Outlook: What's in the Mix for '26?

Ken Simonson

Chief Economist, AGC of America

ken.simonson@agc.org

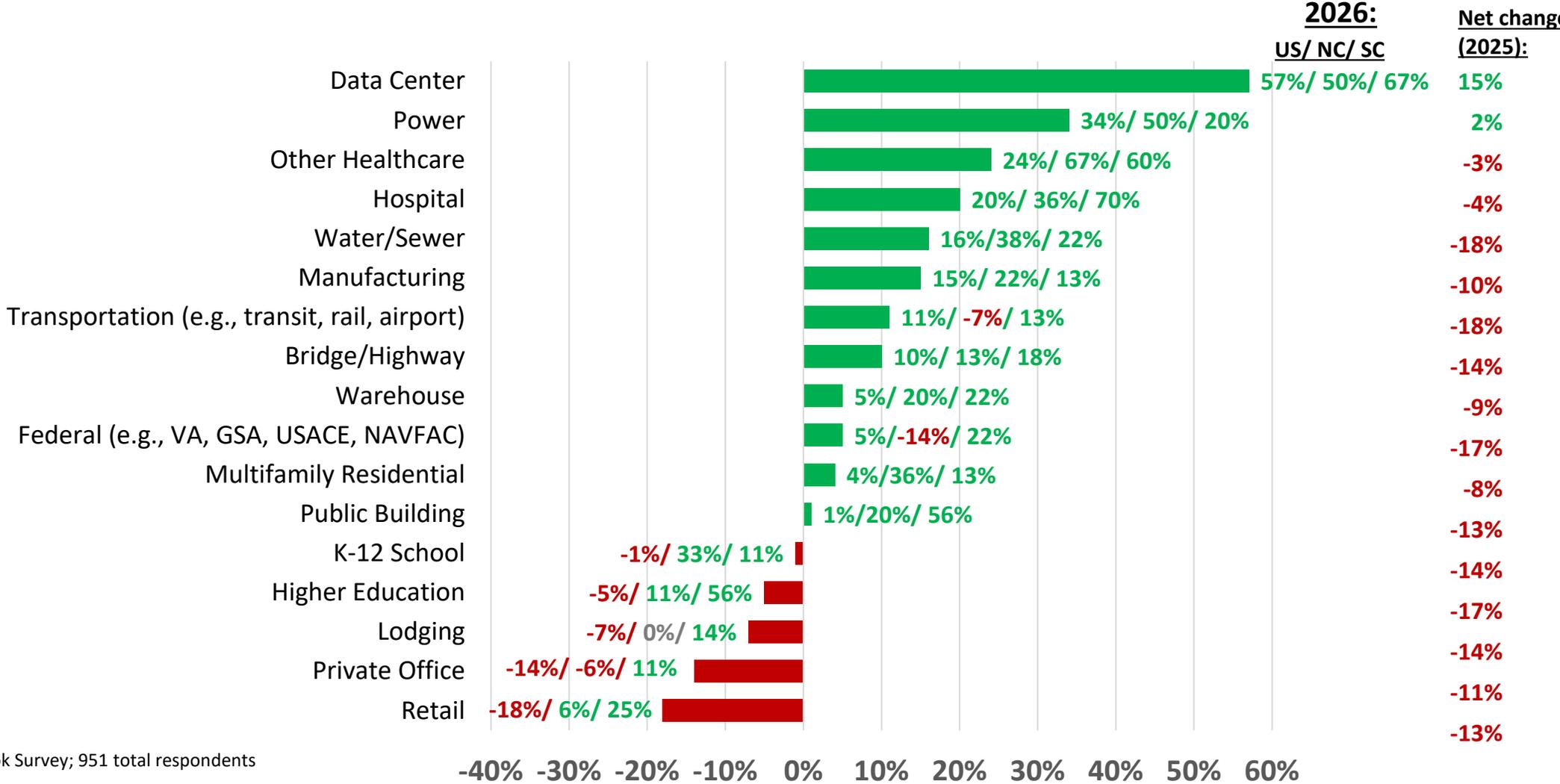
Net* % who expect value of projects to be higher/lower than in previous year

* Net = % expecting higher value - % expecting lower value than in previous year



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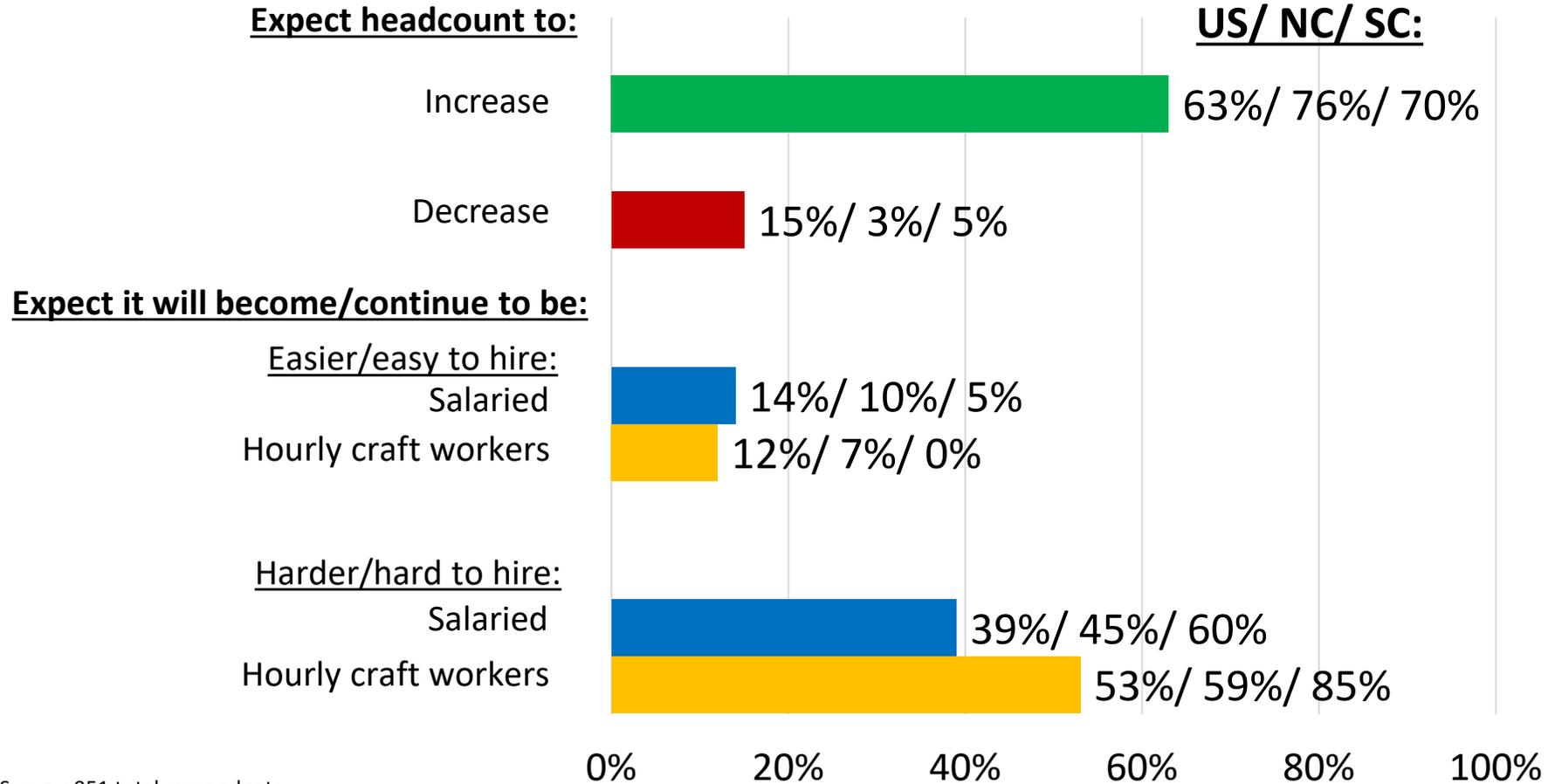
Source: AGC 2026 Outlook Survey; 951 total respondents

-40% -30% -20% -10% 0% 10% 20% 30% 40% 50% 60%

Firms' expectations regarding their headcount and hiring workers over next 12 months



% of respondents who:



Source: AGC 2026 Outlook Survey; 951 total respondents

US & NC Construction Employment

Cumulative change, Feb. 2020- Dec. 2025, seasonally adjusted

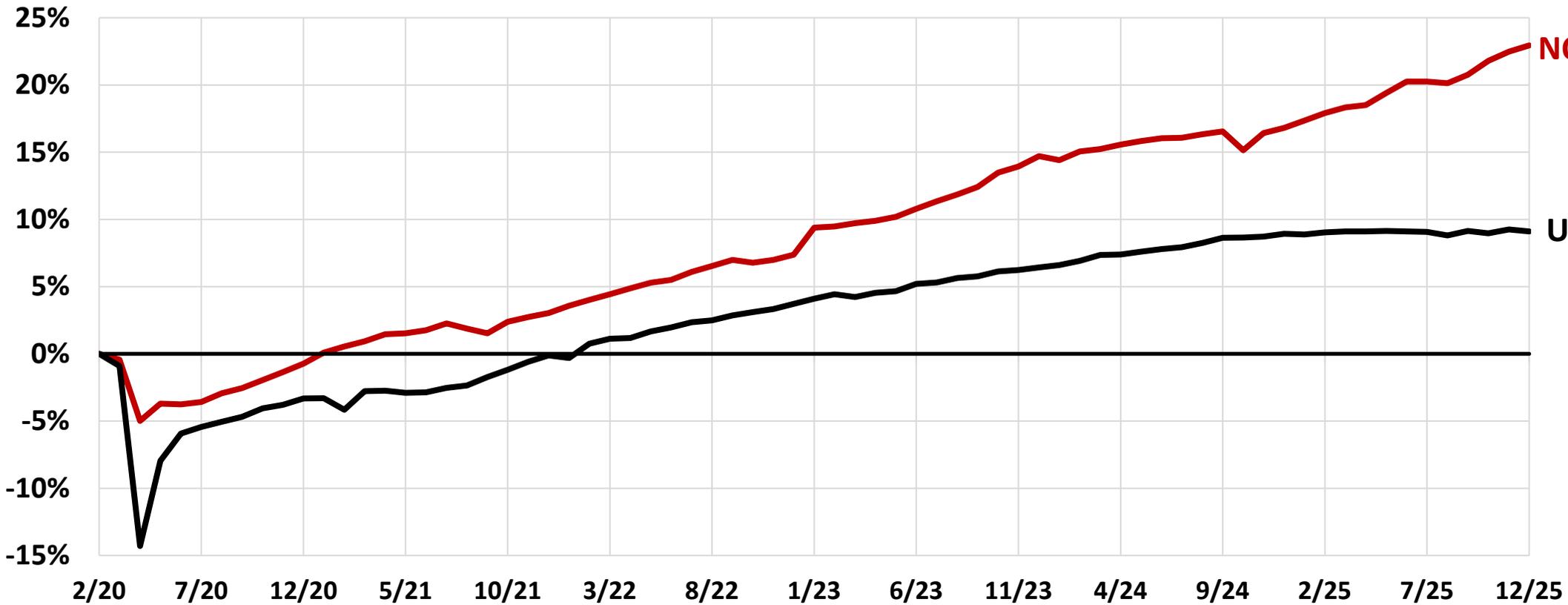


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% change
Feb. 2020- Dec. 2024-
Dec. 2025: Dec. 2025:

NC 23% 5.3%

US 9.1% 0.2%



Source: Bureau of Labor Statistics, www.bls.gov/sae.

North Carolina Metro Construction Employment

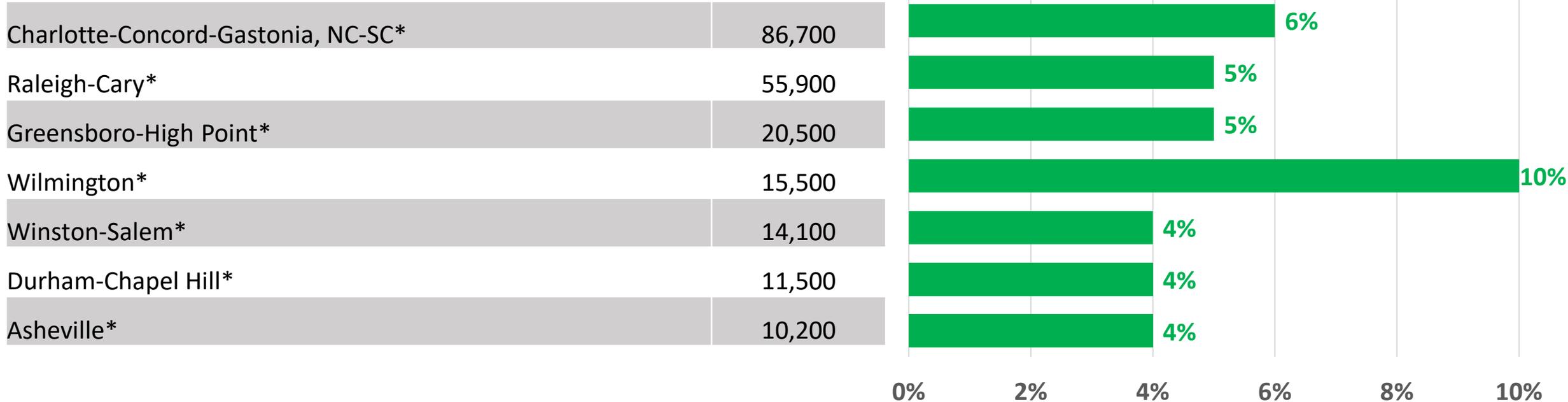
Dec. 2024 – Dec. 2025, not seasonally adjusted



Metros:

Dec. 2025:

% change from Dec. 2024:



5 | Source: Bureau of Labor Statistics, www.bls.gov/sae. *BLS reports employment combined with mining and logging for DE, HI, DC and metro areas in which mining and logging have few employers. AGC attributes all of the change in employment to construction.



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Construction job growth is uneven across states

34 states & DC **up** & 15 states **down** & 1 state unchanged Dec. 2024-Dec. 2025 (U.S.: **down -0.01%**)

176 metros (49%) **up**, 129 (36%) **down**, 55 unchanged

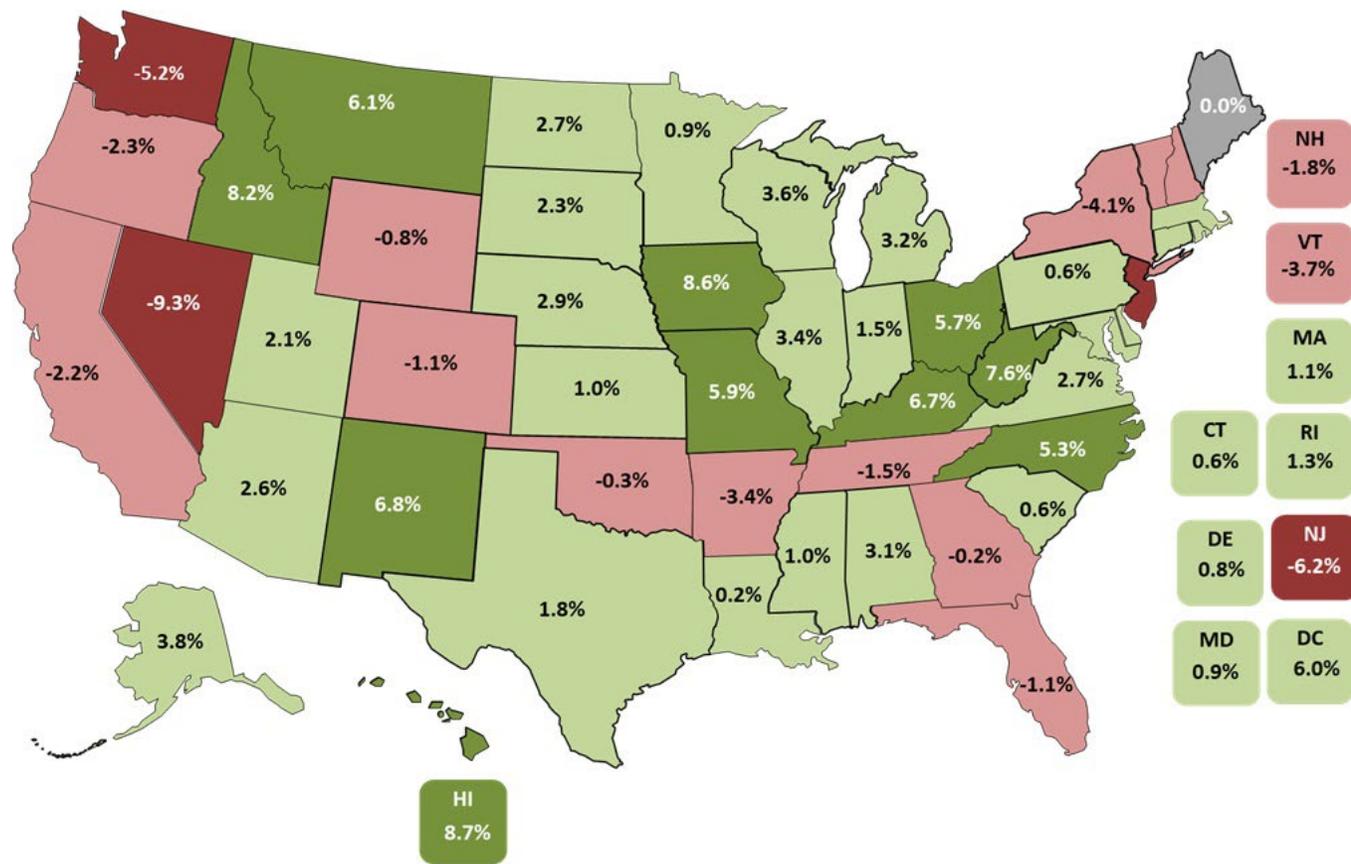


Top 5

HI	8.7%
IA	8.6%
ID	8.2%
WV	7.6%
NM	6.8%

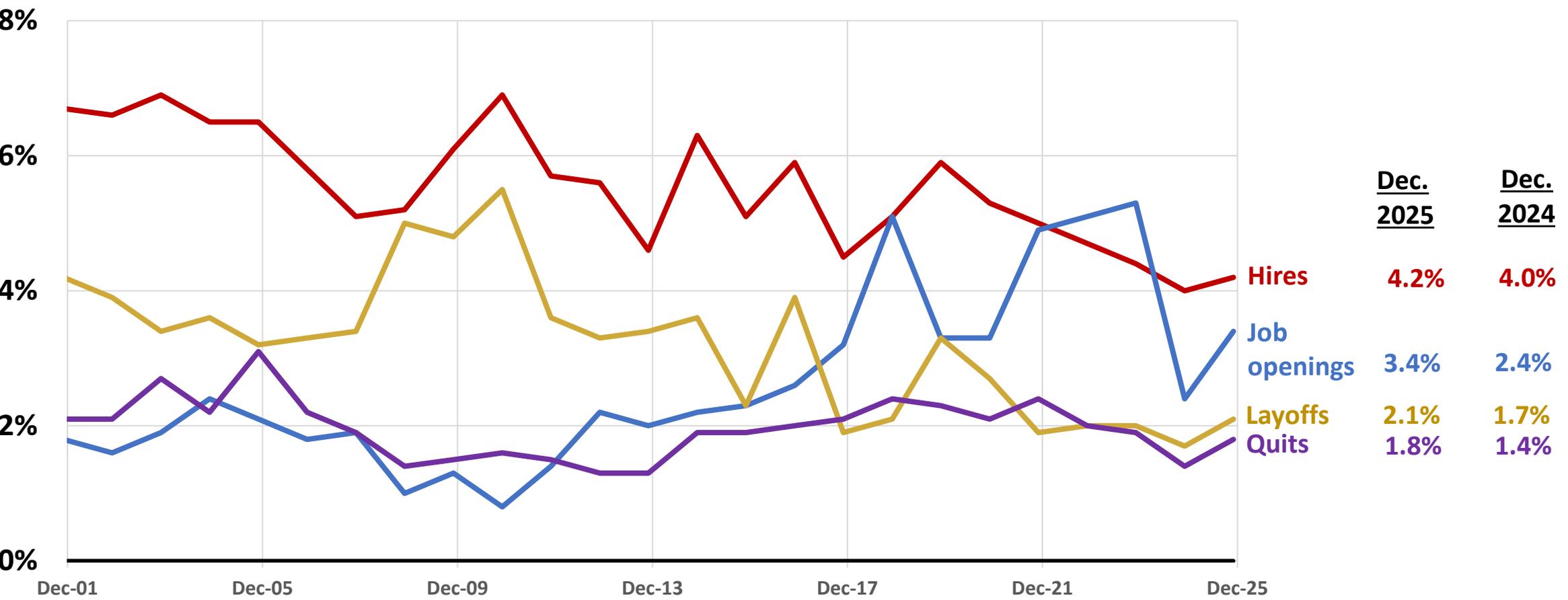
Bottom 5

NV	-9.3%
NJ	-6.2%
WA	-5.2%
NY	-4.1%
VT	-3.7%



Low rates for hires and job openings but also layoffs (“low hire, low fire”)

Construction job openings, hires, quits, and layoffs as % of Dec. employment, 2001-25

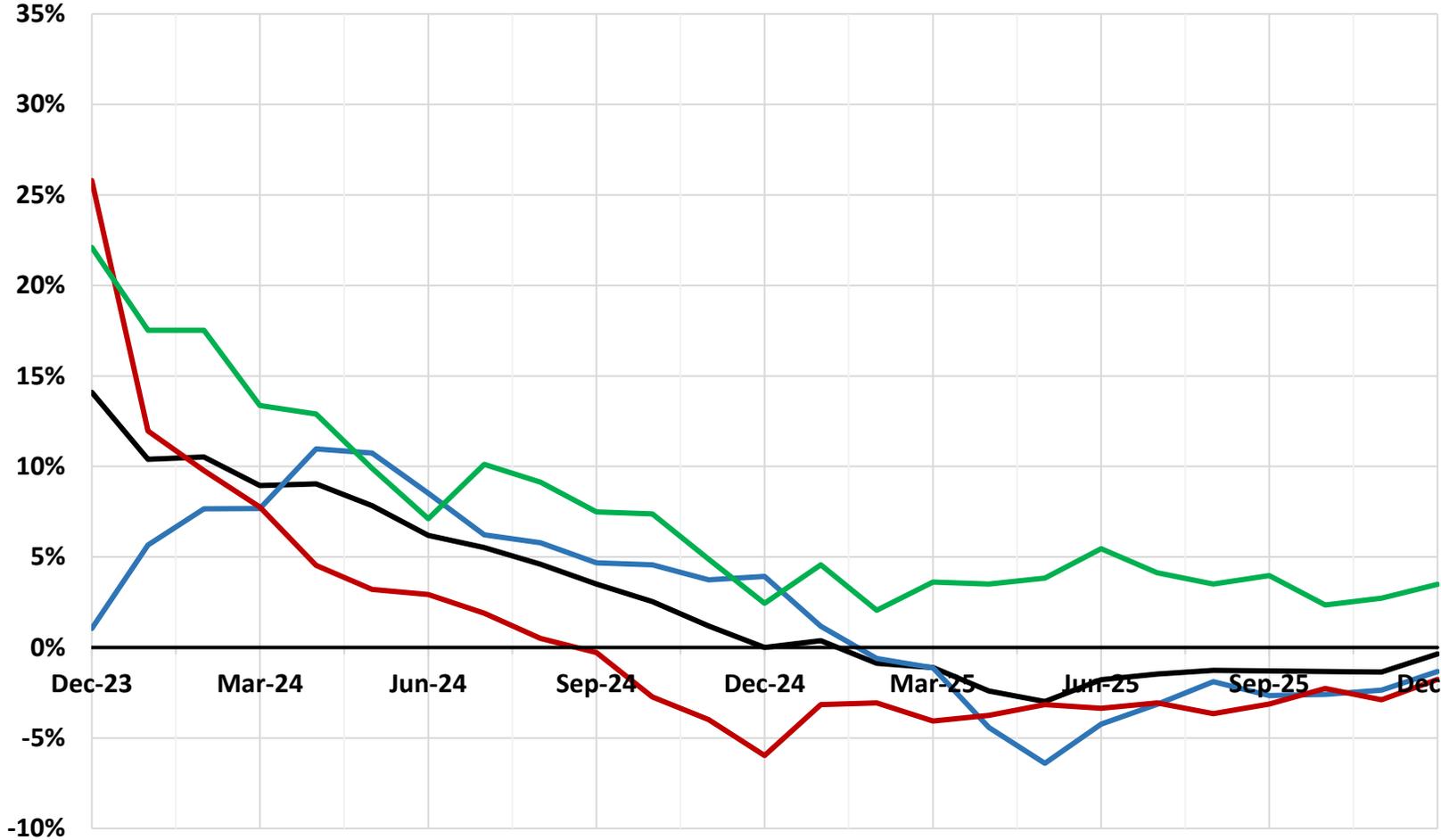


Private construction is declining; public remains positive but weak

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



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	<u>Dec. 2025</u> <u>(billion \$)</u>	<u>year-over-year % change</u> <u>Dec. 2023-</u> <u>Dec. 2024</u>	<u>Dec. 2024-</u> <u>Dec. 2025</u>
Public	\$522	5%	3%
Total construction	\$2,169	0.4%	-0.4%
Private residential	\$916	1%	-1%
Private nonresidential	\$731	-3%	-2%



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

current dollars, seasonally adjusted annual rate (billion \$), Dec. 2024-Dec. 2025

\$2,169B **Total -0.4%**: \$928B Residential **-1%** (Private single-family **-4%**; multi 3%; improvements 0.04%); public 9%

\$1,240B Nonresidential **0.3%** (private **-2%**, public 3%)

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

\$202B **Mfg. -11%** (computer/electronic **-30%**; chemical 12%; food/beverage/tobacco 6%; **transportation equipment -12%**)

\$162B Power 6% (electric 5%; oil/gas fields & pipelines 12%)

\$142B Highway and street 0.6% (pavement 0.03%; bridge 4%)

\$140B **Educational -0.2%** (primary/secondary **-1%**; higher ed **-3%**; pre-primary, libraries, museums, misc. 18%)

\$122B Commercial 0.7% (warehouse **-3%**; retail 5%; farm **-3%**)

\$108B Office including data centers 2% (data centers 29%; **other private office -14%**; **public office -3%**)

\$69B **Health care -1%** (hospital **-2%**; **medical building -4%**; special care 8%)

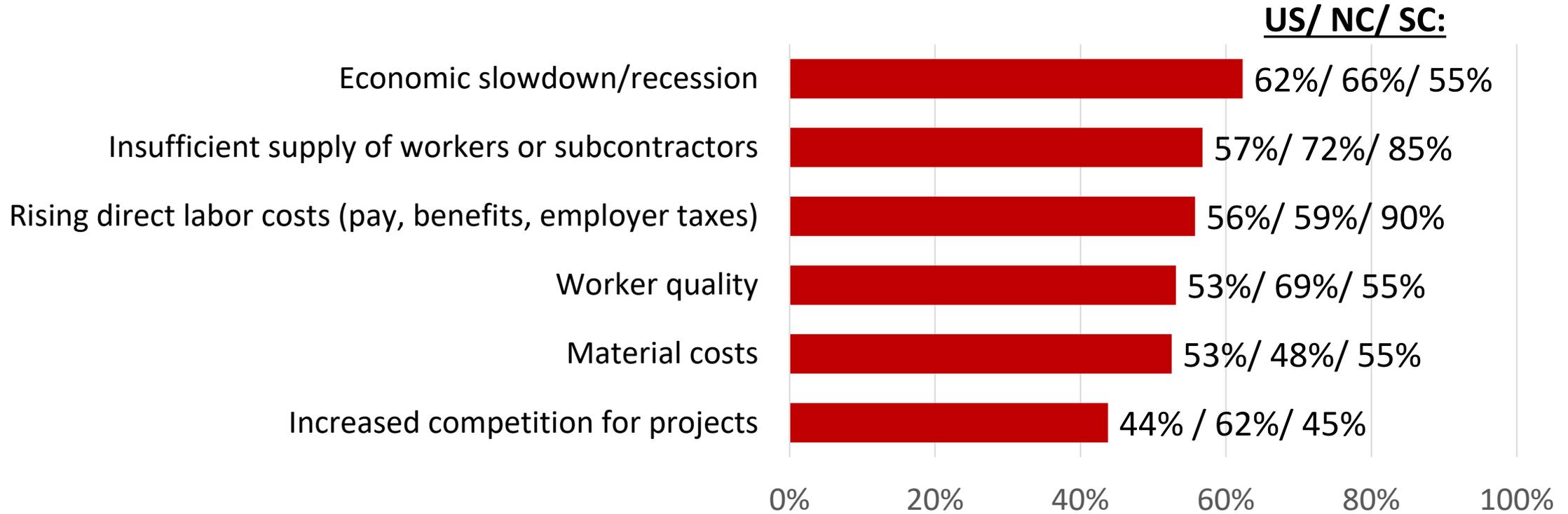
\$69B Transportation 5% (air 8%; private rail/truck 4%; **transit -12%**)

\$226B Other 7%:

Sewage/waste 14%; Amuse/recreation 6%; Water supply 8%; **Communication -0.8%**; **Lodging 2%**; Public safety 3%; Conserv/dev 10%; Relig 9%

Firms' major concerns for 2026

% of respondents who listed as a major concern:





Tariffs are pushing up costs of construction materials, equipment

producer price indexes (PPIs), changes through Jan. 2026 (not seasonally adjusted)

January 2026 change from:

Dec. 2025 Jan. 2025 Feb. 2020
(1 month) (12 months) (68 months)

Overall input costs are rising again and have outpaced the CPI since 2020

PPI for inputs to new nonresidential construction	0.7%	2.9%	43%
Consumer price index (CPI)	0.4%	2.4%	26%

...and domestic input prices for items competing with tariff-burdened imports soared

Steel mill products	1.1%	21%	68%
Aluminum mill shapes	2.6%	33%	75%
Copper and brass mill shapes	5.0%	16%	98%
Construction machinery and equipment	-0.5%	4.7%	36%

Tariff announcements & dates affecting construction (as of Feb. 27)

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



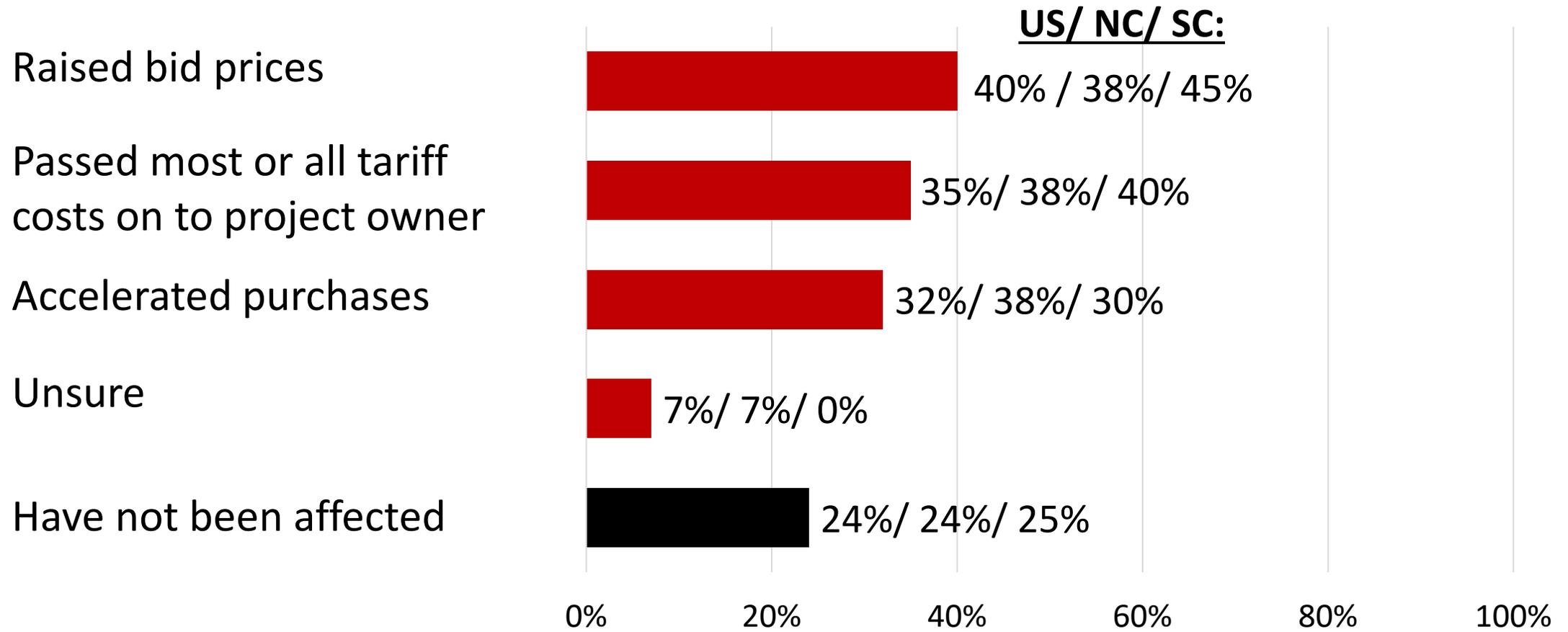
- **Supreme Court ruling invalidates many country-specific tariffs but not materials tariffs**
- **Not clear yet what Trump Administration will do next and if it will be upheld**

Still in effect:

- **Steel & aluminum:** 25% on March 12; 50% on June 4
- **Copper:** 50% on Aug. 7 for copper products, not unprocessed copper
- **Lumber:** 10% on Oct. 1; duties on Canadian lumber raised from 14.5% to 35% in early August
- **Cars & light trucks:** 25%; **medium and heavy trucks:** 25% on Nov. 1; lower rate for parts, USMCA
- **Fee on Chinese ships calling on U.S. ports:** began on Oct. 14; suspended as of Nov. 10

Actions taken in response to actual or proposed tariffs

(% of firms - some respondents reported multiple actions):



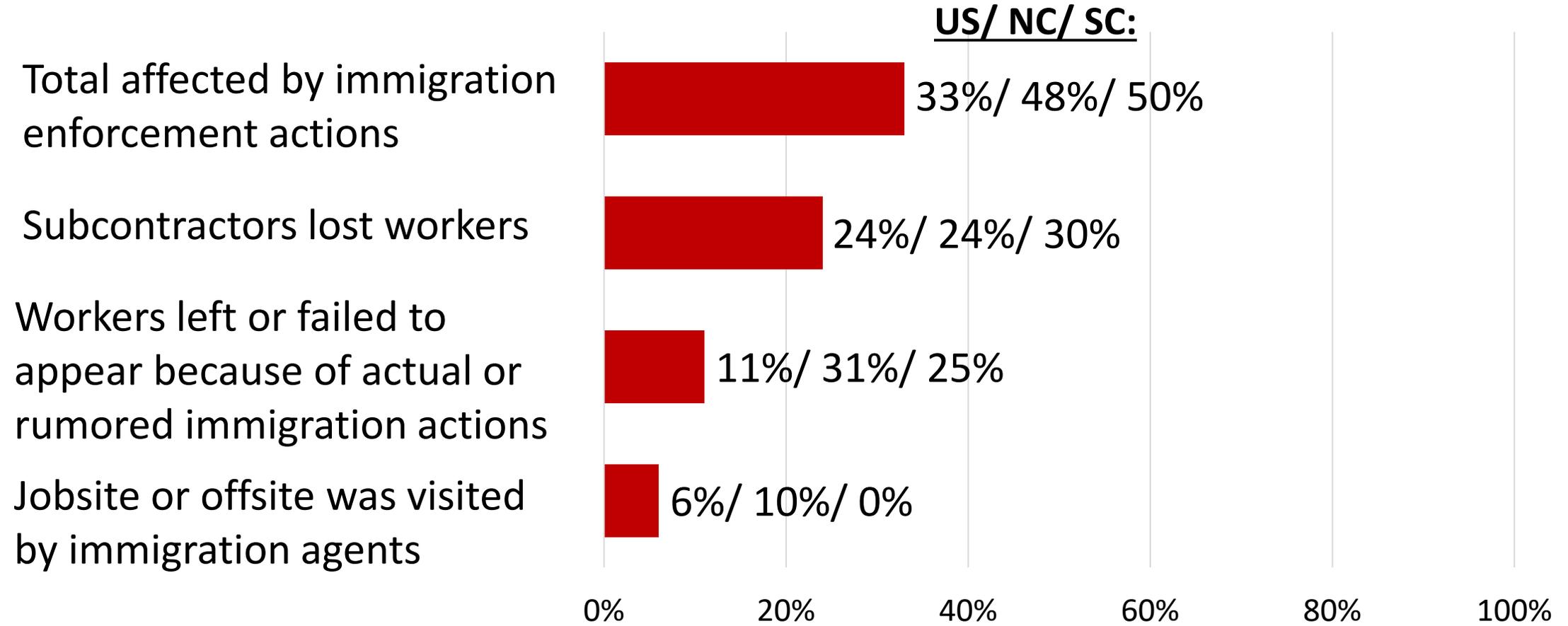
Construction pay increases continue to outpace the private sector



- [BLS](#): Average hourly earnings for production and nonsupervisory employees (Jan. 2025-Jan. 2026):
Construction 4.7% Private sector 3.8%
- [BLS](#): Wages and salaries (employment cost index, Q4 2024-Q4 2025):
Construction 4.3% Private sector 3.3%
- [CLRC](#): First-year settlements for construction union contracts: 4.7% (2025)
- [PAS](#): Construction firm wage increases for support staff: 4.0% (Oct. 2025)

Immigration enforcement affected rising share of firms in past 6 months

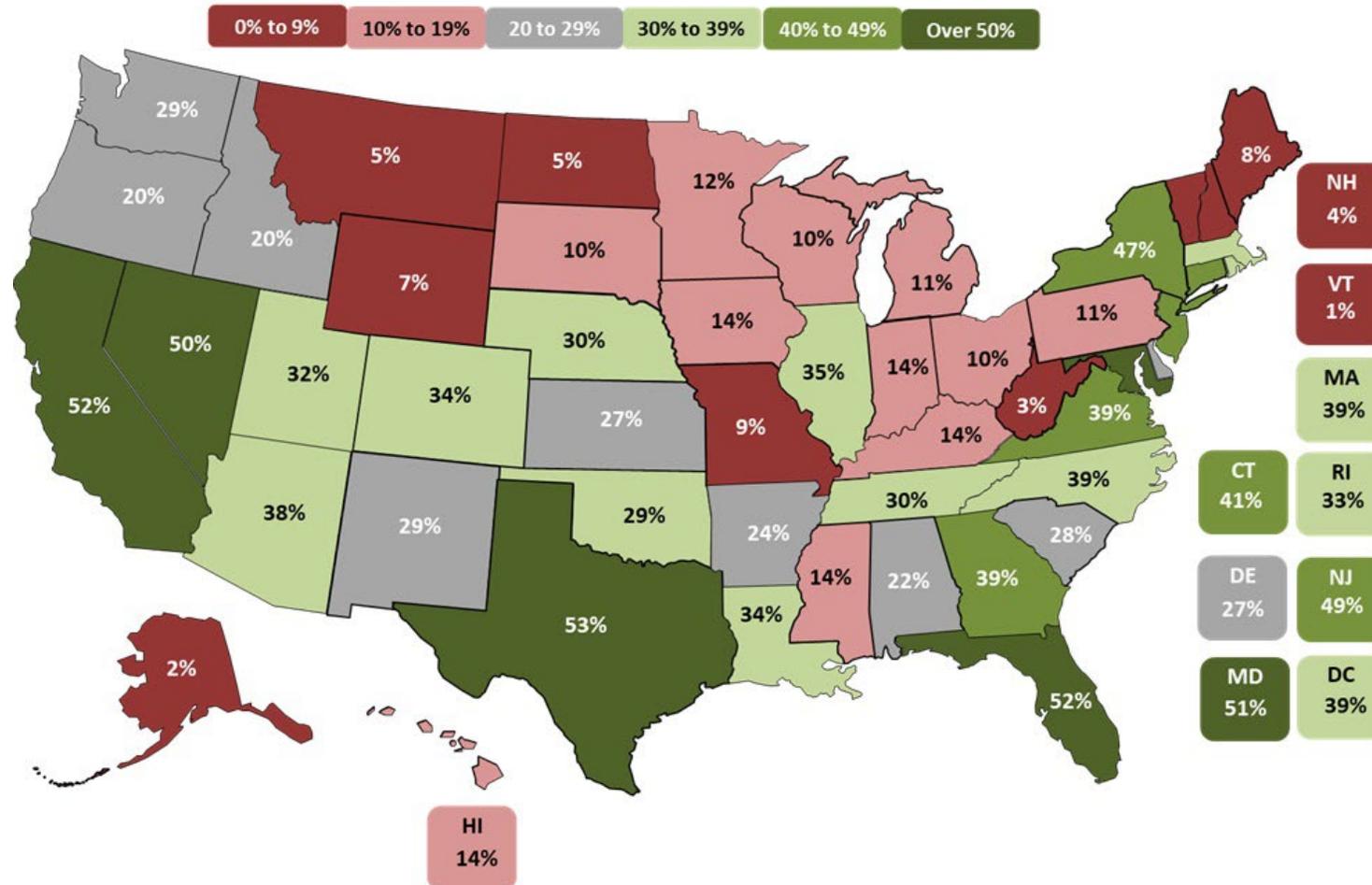
(% of firms - some respondents reported multiple types of effects):



Construction trades rely heavily on immigrants (35% vs. 18% for all workers); impact varies greatly by state (1-53%)



Share of construction trade workers who are foreign born by state, 2024





Foreign-born share of construction trade workers varies greatly by trade

<u>Occupation</u>	<u>Foreign born</u>	<u>Occupation</u>	<u>Foreign born</u>
Plasterers & Stucco Masons	57%	Carpenters	35%
Drywall Installers, Ceiling Tile Installers, & Tapers	57%	Pipelayers	28%
Roofers	53%	Plumbers, Pipefitters, & Steamfitters	18%
Painters & Paperhangers	53%	Solar Photovoltaic Installers	17%
Carpet, Floor, & Tile Installers and Finishers	51%	Sheet Metal Workers	17%
Construction Laborers	44%	Structural Iron & Steel Workers	16%
Brick, Block, & Stone Masons	39%	Glaziers	16%
Insulation Workers	38%	Electricians	16%
Cement Masons, Concrete Finishers, Terrazzo Workers	36%	Construction Equipment Operators	14%

Likely policy impacts on construction



- 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
- However, lessened federal regulatory hurdles may help projects start sooner
- OBBBA adds certainty about corporate taxes; may lead to speedup of some investments

Medium-term outlook: slow growth, risk of stalling, higher prices



- Economic growth is close to stalling; risks of inflation and recession are high
- Single-family: gradual pickup if mortgage rates don't spike; multifamily close to bottoming out
- Warehouse, office: declines likely throughout 2026 given high costs, weak demand
- Data center, power, infrastructure, specialty health care: best bets for growth
- Mfg. construction: canceled & deferred projects likely to outweigh new starts
- Materials costs: up 2-4%, much more if tariffs last; lead times: few problems except electrical gear
- Labor costs: up 4-5%; ICE actions make availability a challenge

AGC economic resources

(email ken.simonson@agc.org)

- *Data DIGest*: weekly email summary of construction economic news ([subscribe](#))
- AGC [Tariff Resource Center](#)
- AGC/Sage Construction Hiring and Business Outlook [Survey](#)
- State and metro data, [fact sheets](#)
- Monthly [press releases](#): construction spending; producer price indexes; national, state, metro employment with rankings
- Construction impact model: www.agc.org/agc-construction-impact-model
- ConsensusDocs [Price Escalation Resource Center](#)



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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," 4.5% 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](#)

