



**AGC**  
THE CONSTRUCTION  
ASSOCIATION

**March 2025**

# Will U.S. & N.C. Construction Thrive or Dive in '25?

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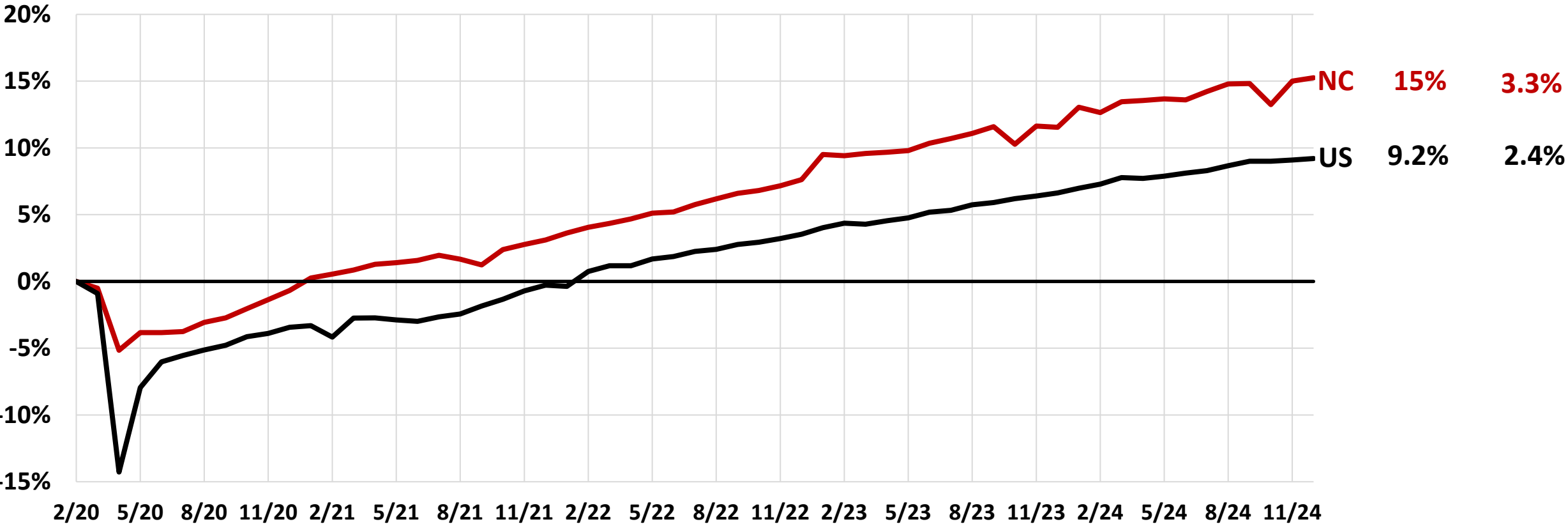
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# US & NC Construction Employment

Cumulative change, Feb. 2020-Dec. 2024, seasonally adjusted



% change  
Feb. 2020- Dec. 2023-  
Dec. 2024: Dec. 2024:



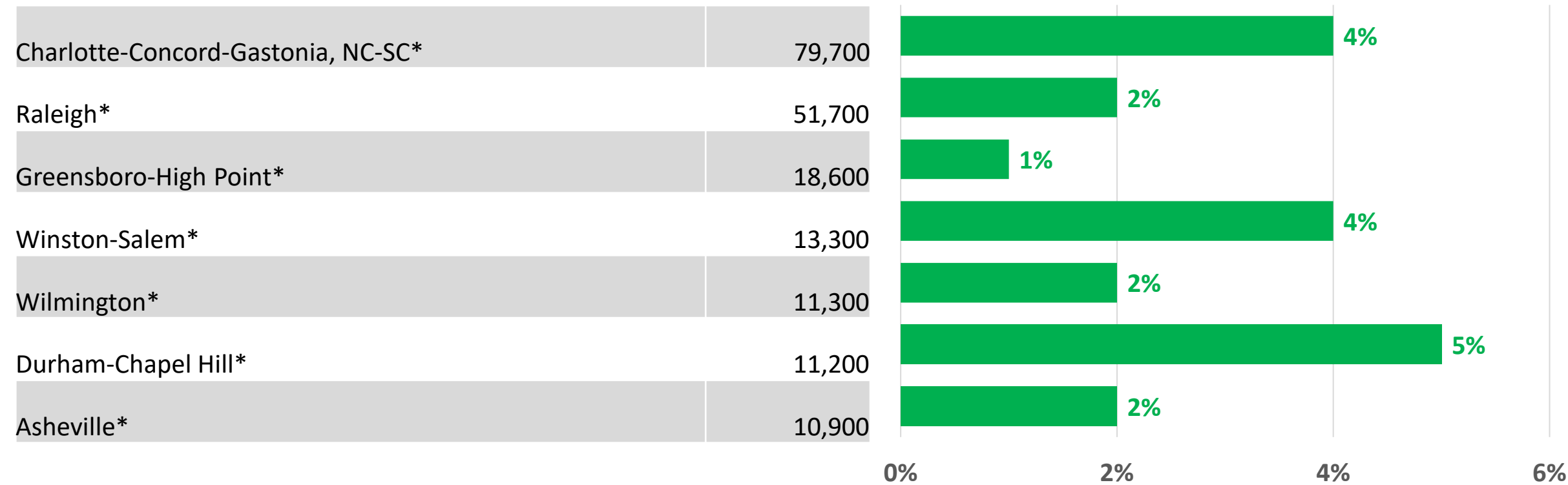
# North Carolina Metro Construction Employment

December 2023 – December 2024, not seasonally adjusted



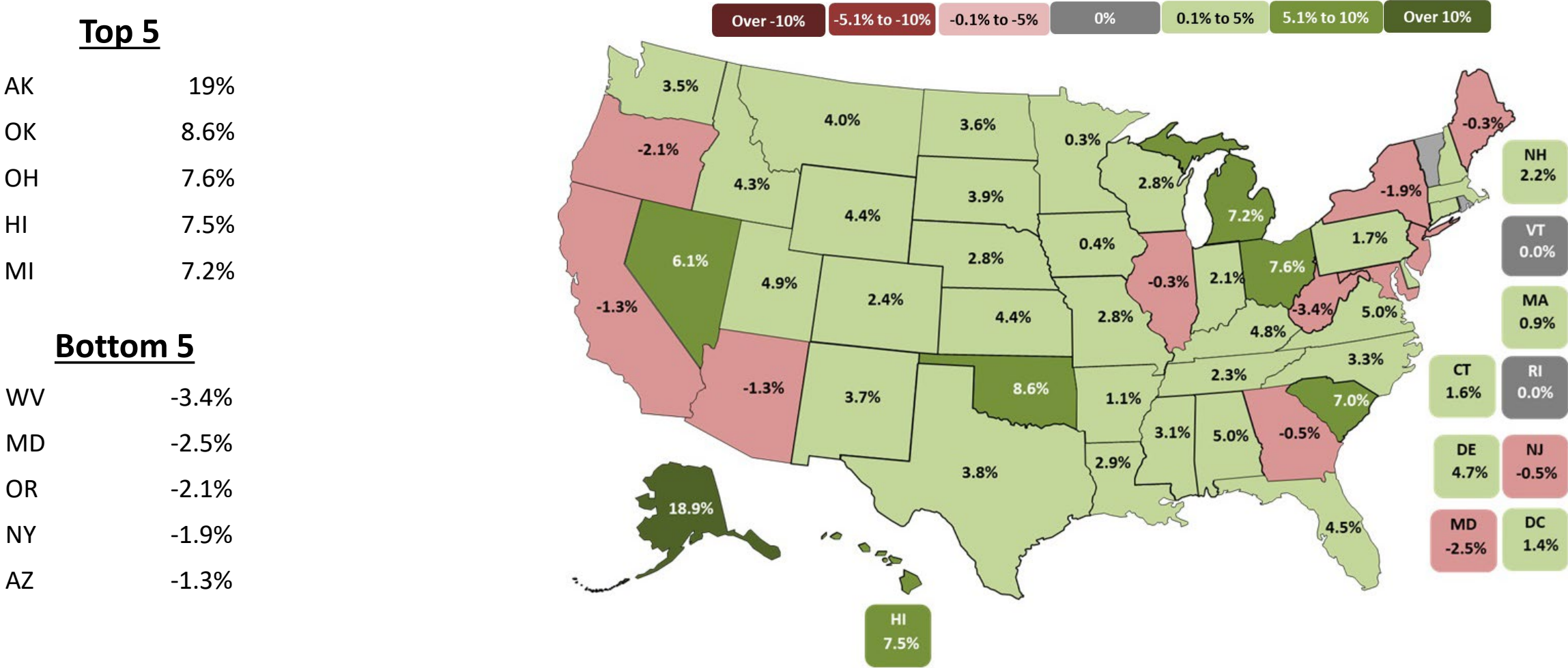
December 2024:

% change from December 2023:



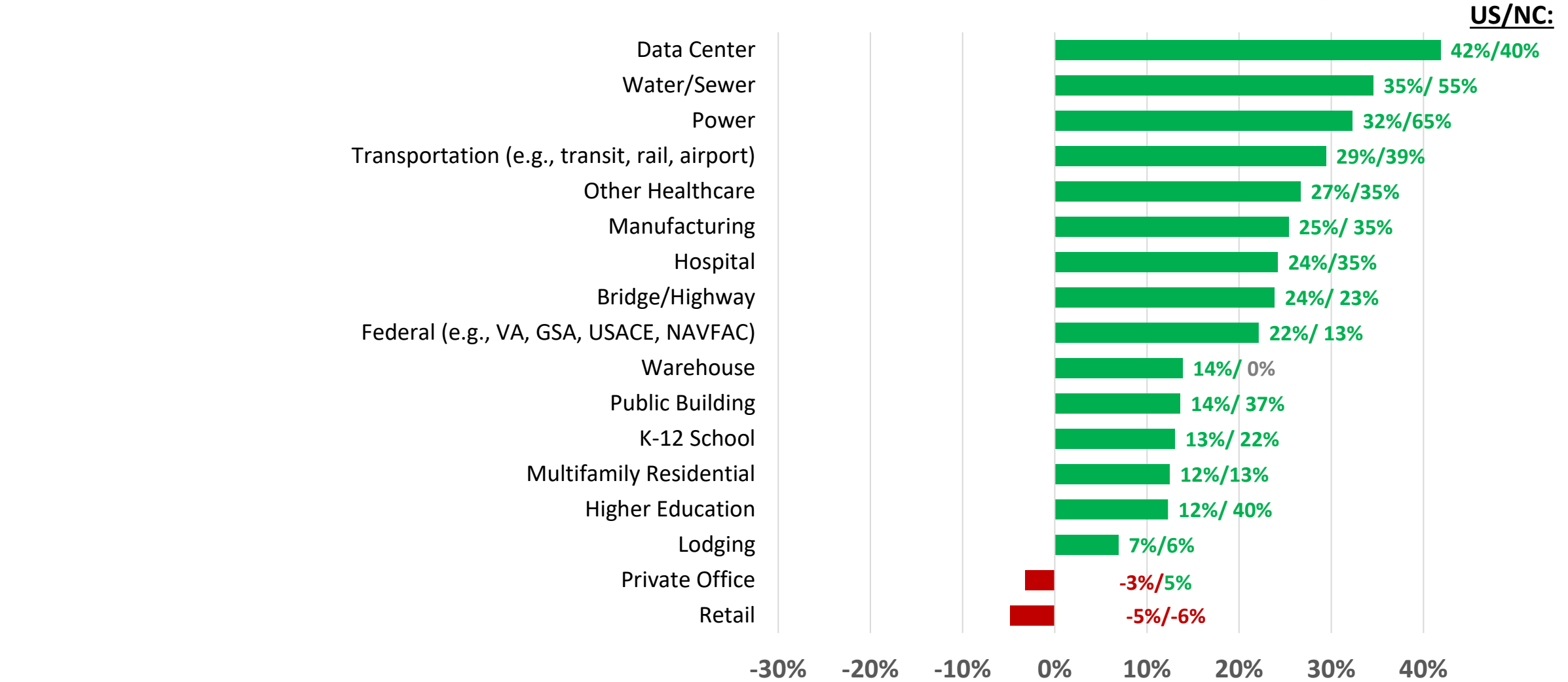
# Construction employment is increasing in most states

38 states & DC up & 10 states down, & 2 unchanged Dec. 2023-Dec. 2024 (U.S.: 2.4%)



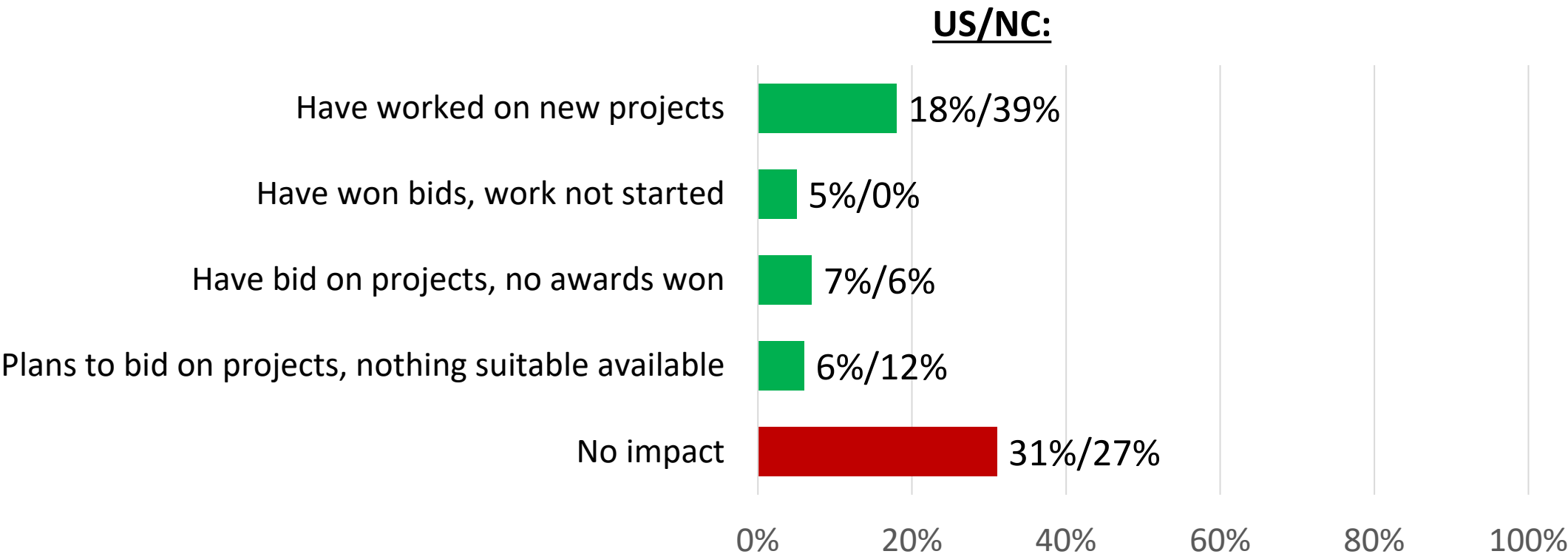
# Net\* % who expect value of projects to be higher/lower than in previous year

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



# IIJA’s impact on firms’ business

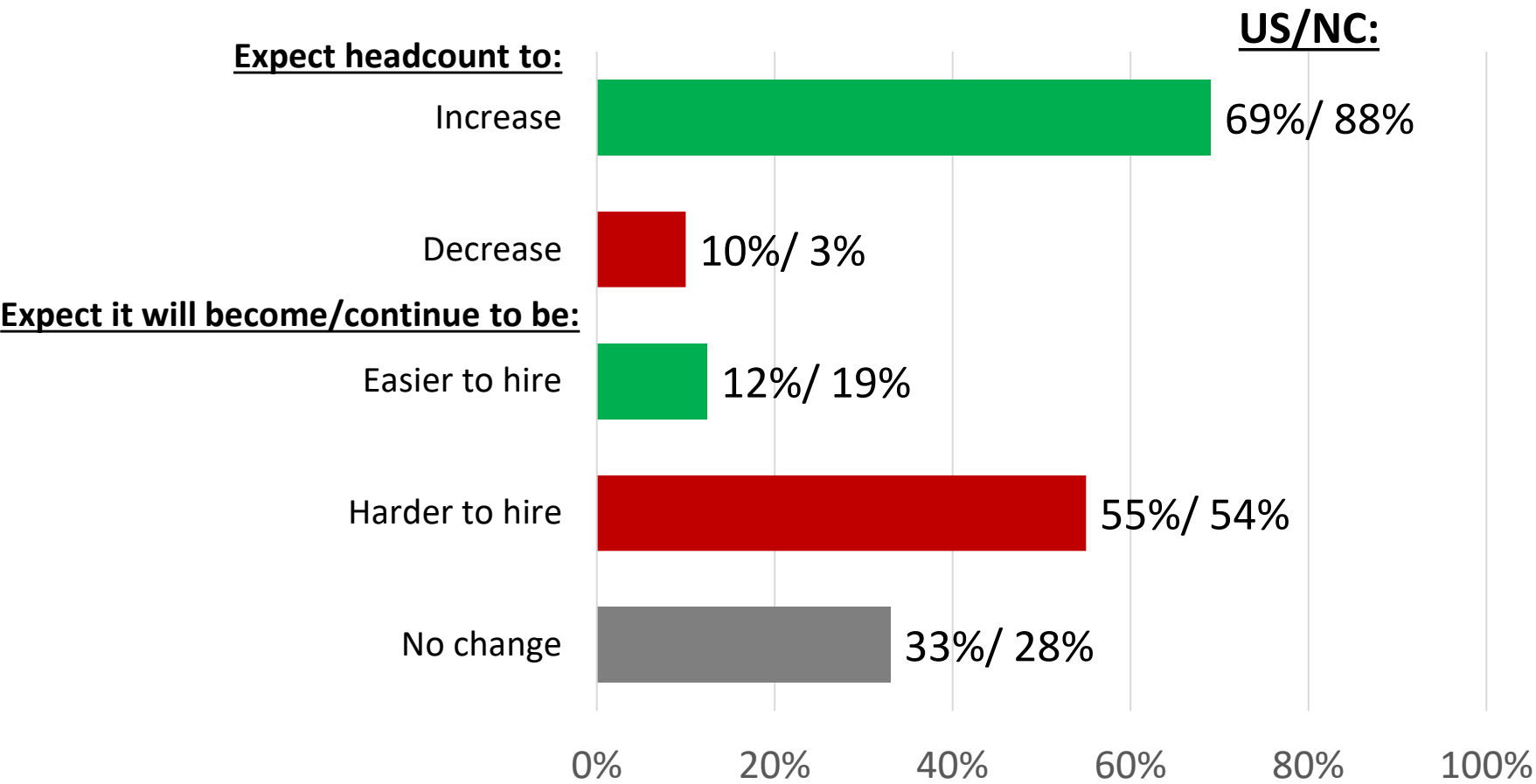
% of respondents who reported:



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

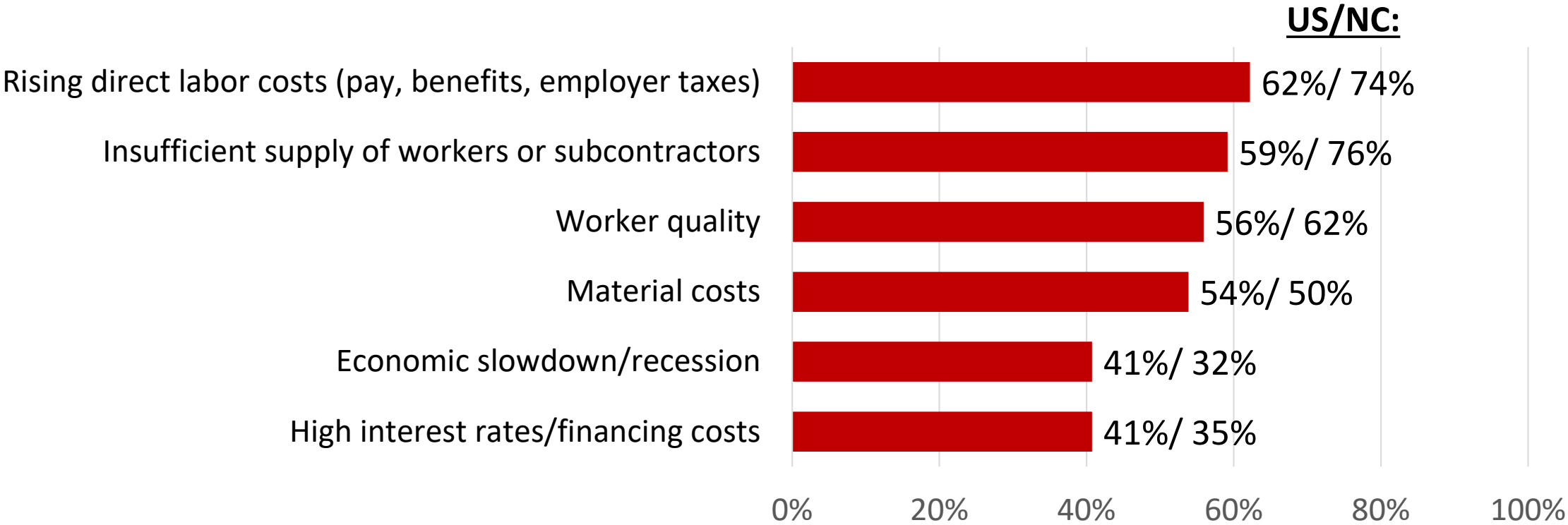


% of respondents who:



# Firms' major concerns for 2025

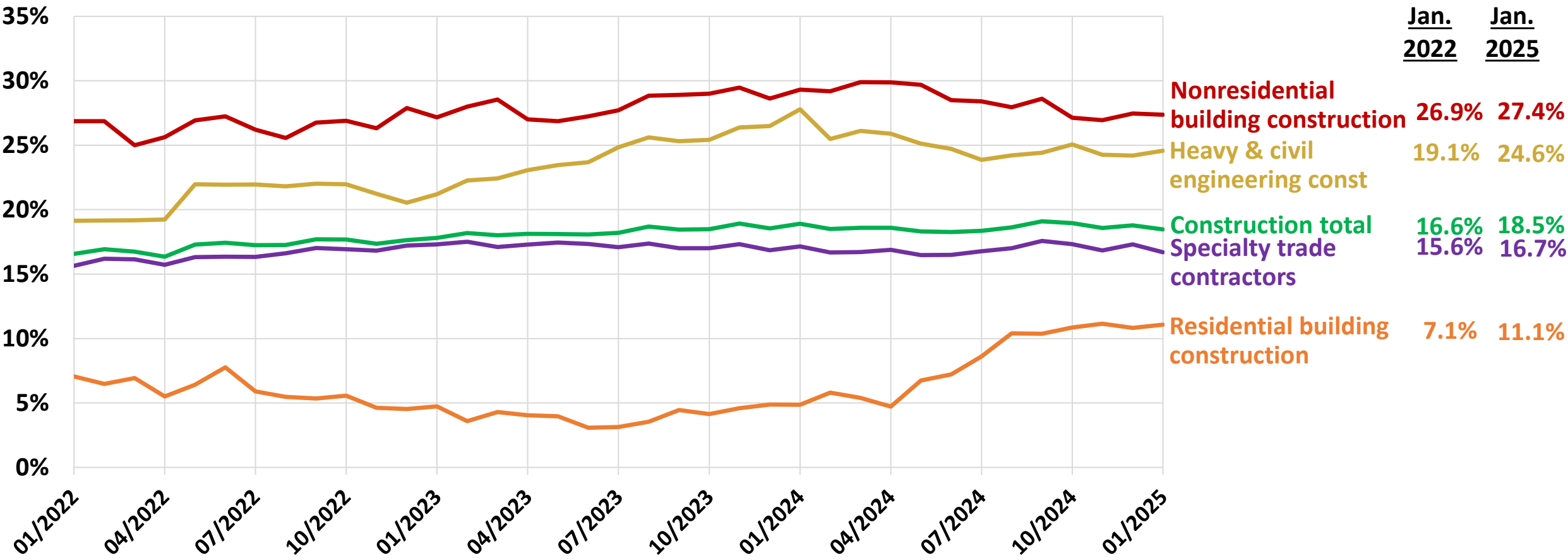
% of respondents who listed as a major concern:





# The wage 'premium' contractors pay to attract craft workers is rising

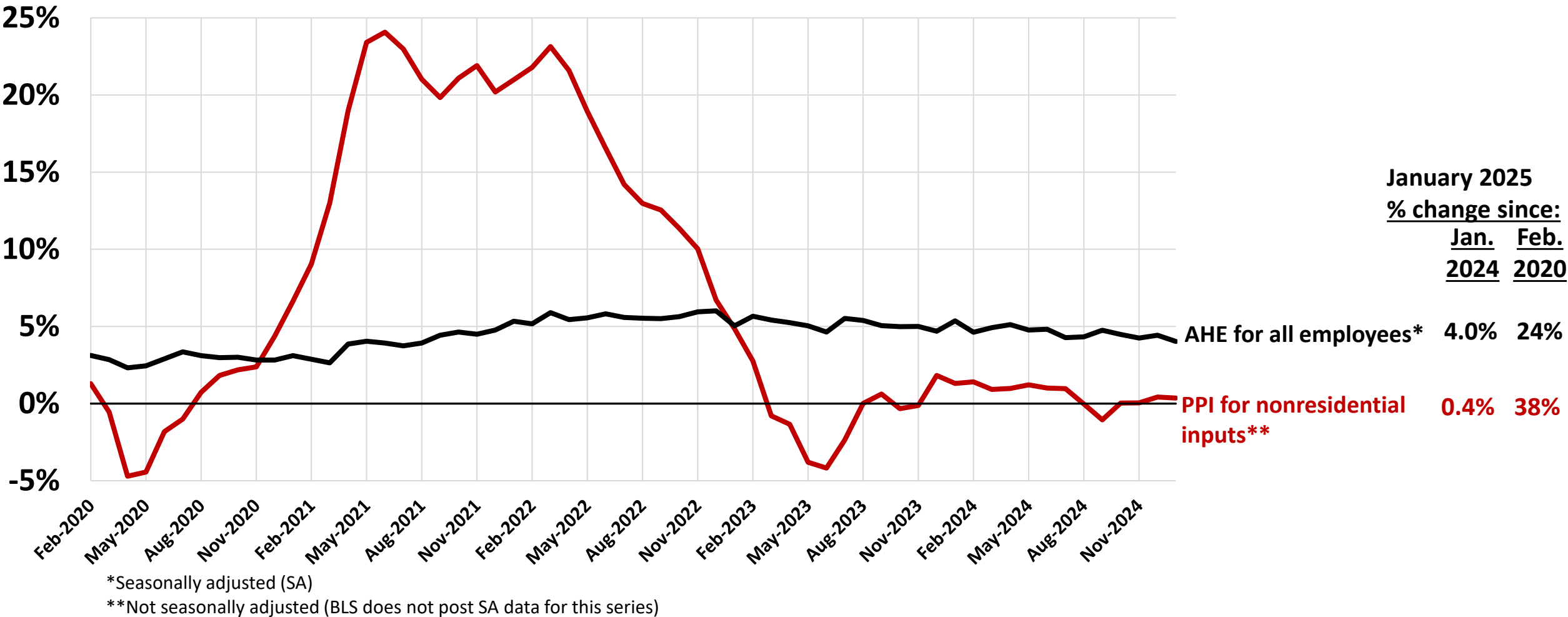
Wage 'premium'=average hourly earnings for production & nonsupervisory employees in nonresidential building construction & heavy and civil construction compared to private sector, Jan. 2022-Jan. 2025, seasonally adjusted



# Wages have risen 4-6% 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 construction, Feb. 2020 – Jan. 2025



# Price changes for construction inputs as of January 2025

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

January 2025 change from:  
**Dec. 2024    Jan. 2024    Feb. 2020**  
**(1 month)    (12 months)    (59 months)**

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

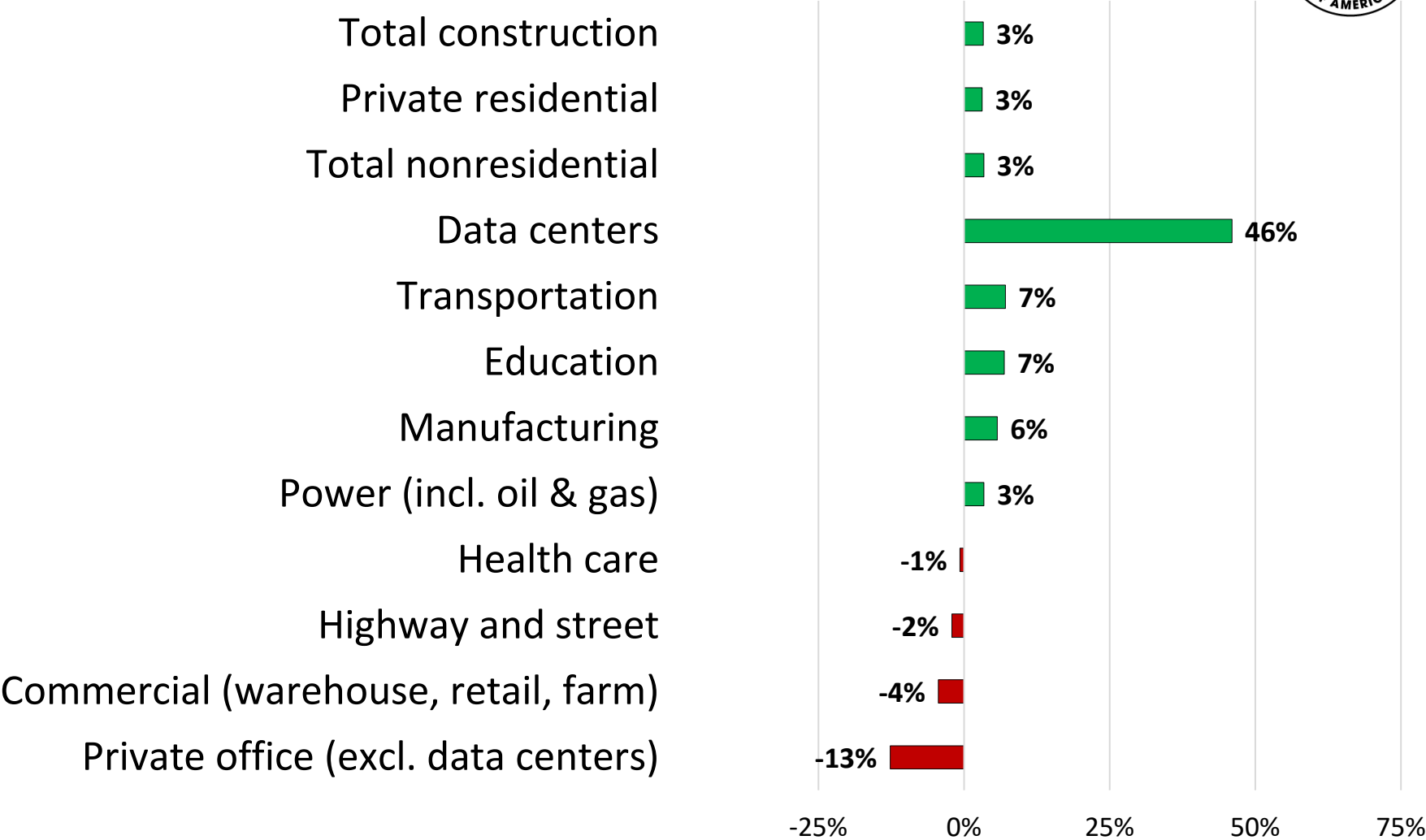
|   |      |      |     |
|---|------|------|-----|
| PPI for inputs to new nonresidential construction | 0.8% | 0.4% | 38% |
| Consumer price index (CPI)                        | 0.7% | 3.0% | 23% |

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

|                              |  |      |       |     |
|------------------------------|--|------|-------|-----|
| Copper and brass mill shapes |  | 1.9% | 12%   | 71% |
| Steel mill products          |  | 0.2% | -17%  | 43% |
| Diesel fuel                  |  | 3.6% | -6.6% | 58% |

# Change in construction spending, January 2024-January 2025

Year-over-year % change in current (not inflation-adjusted) dollars, seasonally adjusted



# Change in construction spending by subcategory

current dollars, seasonally adjusted, January 2024-January 2025

**Total 3%:** Private residential 3% (**single-family -0.9%**; **multi -12%**; improvements 14%); public residential 5%

Nonresidential 3% (private 2%, public 6%)

Nonresidential segments (in descending order of December 2024 spending; combined new & renovation spending)

- Mfg. 6% (computer/electronic 0.8%; chemical 14%; food/beverage/tobacco 10%; transportation equipment 16%)
- Power 3% (electric 6%; **oil/gas fields & pipelines -11%**)
- **Highway and street -2%**
- Education 7% (primary/secondary 5%; higher ed 11%)
- **Commercial -6%** (**warehouse -8%**; **retail -7%**; farm 6%)
- Office including data centers 4% (data centers 46%; **other private office -13%**; public office 6%)
- Transportation 7% (air 16%; private rail/truck 7%; **transit -6%**)
- **Health care -0.7%** (hospital 8%; **medical building -13%**; special care 9%)
- Sewage/waste 9%; Amuse/recreation 4%; Water supply 16%; Communication 2%; **Lodging -0.3%**; Public safety 10%; **Conser/development -1%**

# Medium-term outlook for construction



- Economic growth will continue but policy uncertainty has risen:
  - 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 but vulnerable to higher mortgage rates
- Multifamily, warehouse, office: declines likely through 2025 given high costs, weak demand
- Data center, power, infrastructure: strong growth; mfg construction: slower growth
- Materials costs: up 1-3%; lead times: few problems except electrical gear
- Labor costs: up 4-5%; availability remains the #1 challenge for many contractors
- BUT costs could rise much more, depending on tariffs and immigration policies

## Tariff announcements & dates affecting construction (as of March 7)



- **China** 10% tariff Feb. 4; additional 10% March 4
- **Canada, Mexico** 25% tariff March 4; partially suspended March 6 until April 2
- **Steel & aluminum** 25% tariff announced for March 12
- **Copper** pending investigation by Department of Commerce
- **Lumber** possible 25% in April; possible higher tariffs on Canadian lumber
- **Cars & trucks** possible 25% tariffs in April
- **“Reciprocal”** tariffs to match taxes on US firms: study due April 2
- **Fee on Chinese ships calling on U.S. ports** threatened; no details yet

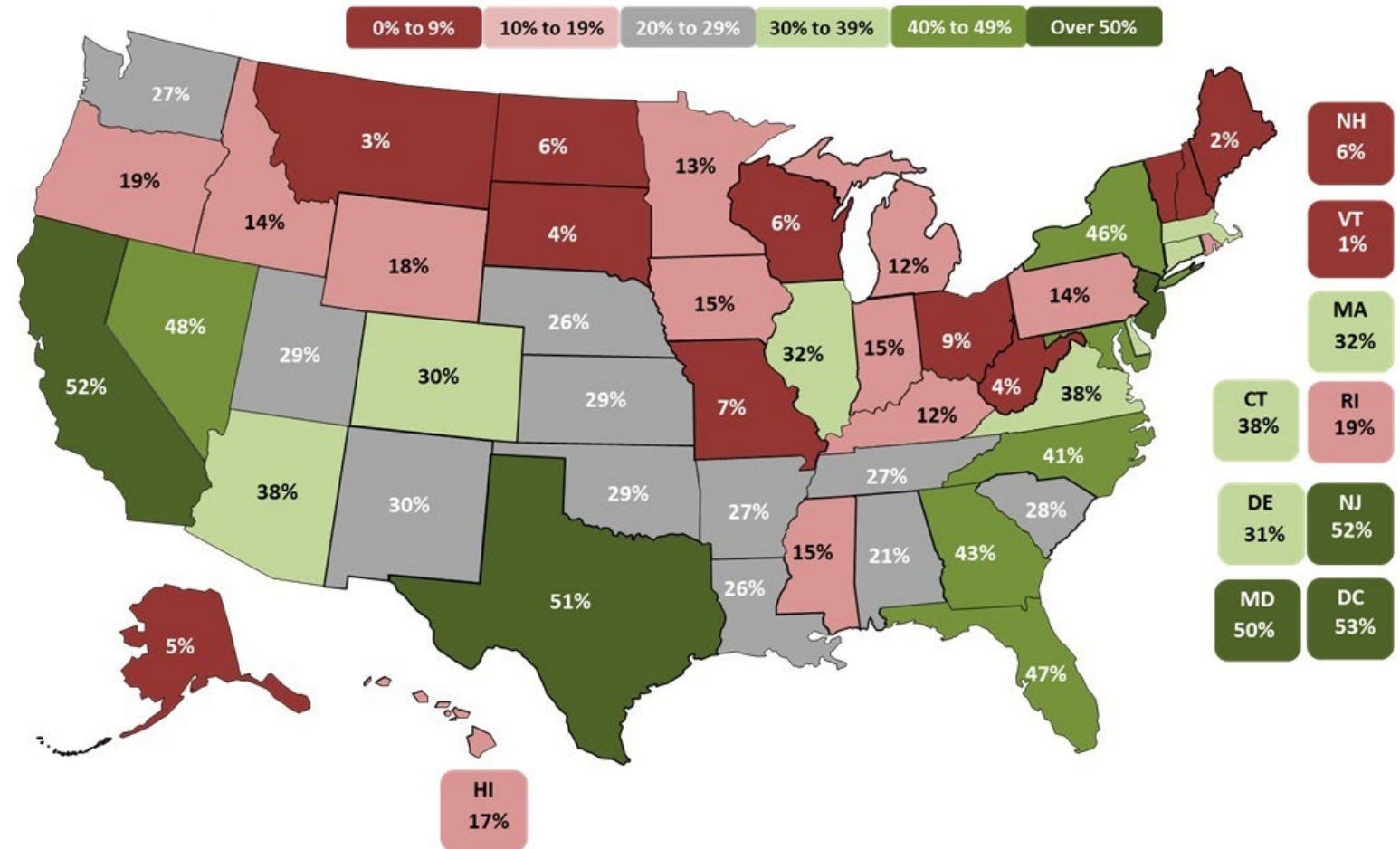


# Immigrants in construction trades: NC 41%, US 34% (immigrants in all industries: 18% of US workforce)



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

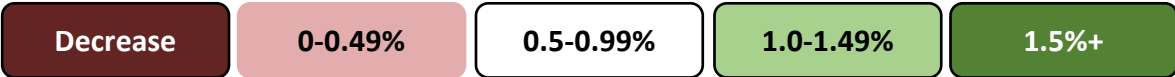
|                         |     |                   |     |
|-------------------------|-----|-------------------|-----|
| Alabama/AL              | 21% | Missouri/MO       | 7%  |
| Alaska/AK               | 5%  | Montana/MT        | 3%  |
| Arizona/AZ              | 38% | Nebraska/NE       | 26% |
| Arkansas/AR             | 27% | Nevada/NV         | 48% |
| California/CA           | 52% | New Hampshire/NH  | 6%  |
| Colorado/CO             | 30% | New Jersey/NJ     | 52% |
| Connecticut/CT          | 38% | New Mexico/NM     | 30% |
| Delaware/DE             | 31% | New York/NY       | 46% |
| District of Columbia/DC | 53% | North Carolina/NC | 41% |
| Florida/FL              | 47% | North Dakota/ND   | 6%  |
| Georgia/GA              | 43% | Ohio/OH           | 9%  |
| Hawaii/HI               | 17% | Oklahoma/OK       | 29% |
| Idaho/ID                | 14% | Oregon/OR         | 19% |
| Illinois/IL             | 32% | Pennsylvania/PA   | 14% |
| Indiana/IN              | 15% | Rhode Island/RI   | 19% |
| Iowa/IA                 | 15% | South Carolina/SC | 28% |
| Kansas/KS               | 29% | South Dakota/SD   | 4%  |
| Kentucky/KY             | 12% | Tennessee/TN      | 27% |
| Louisiana/LA            | 26% | Texas/TX          | 51% |
| Maine/ME                | 2%  | Utah/UT           | 29% |
| Maryland/MD             | 50% | Vermont/VT        | 1%  |
| Massachusetts/MA        | 32% | Virginia/VA       | 38% |
| Michigan/MI             | 12% | Washington/WA     | 27% |
| Minnesota/MN            | 13% | West Virginia/WV  | 4%  |
| Mississippi/MS          | 15% | Wisconsin/WI      | 6%  |
|                         |     | Wyoming/WY        | 18% |





# Population change by state, July 2023–July 2024

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

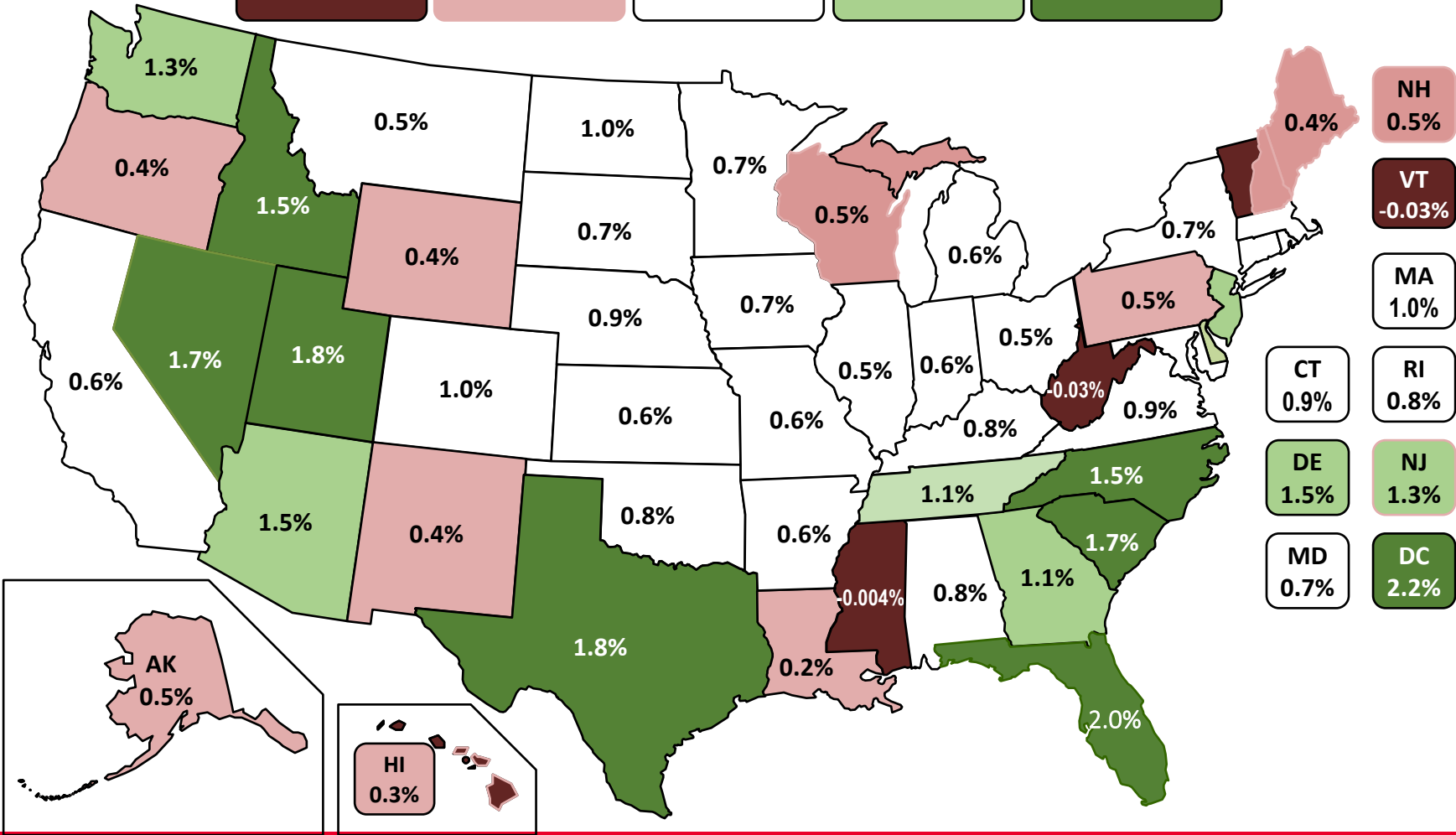


## Top 6

|        |      |
|--------|------|
| 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](https://www.agc.org/tariff-resources-contractors) for Contractors: [www.agc.org/tariff-resources-contractors](https://www.agc.org/tariff-resources-contractors)
- AGC/Sage 2025 Outlook [Survey](https://www.agc.org/2025-construction-hiring-and-business-outlook): [www.agc.org/2025-construction-hiring-and-business-outlook](https://www.agc.org/2025-construction-hiring-and-business-outlook)
- State and metro data, [fact sheets](https://www.agc.org/learn/construction-data): [www.agc.org/learn/construction-data](https://www.agc.org/learn/construction-data)
- Monthly [press releases](https://www.agc.org/newsroom): construction spending; producer price indexes; national, state, metro employment with rankings: [www.agc.org/newsroom](https://www.agc.org/newsroom)
- Construction impact model: [www.agc.org/agc-construction-impact-model](https://www.agc.org/agc-construction-impact-model)
- ConsensusDocs [Price Escalation Resource Center](https://www.consensusdocs.org/price-escalation-clause/): [www.consensusdocs.org/price-escalation-clause/](https://www.consensusdocs.org/price-escalation-clause/)



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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 \$4,540," 18% more than the U.S. median wage of \$4,630, "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](#)

