



AGC
THE CONSTRUCTION
ASSOCIATION

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Will US & CA Construction Thrive or Dive in '25?

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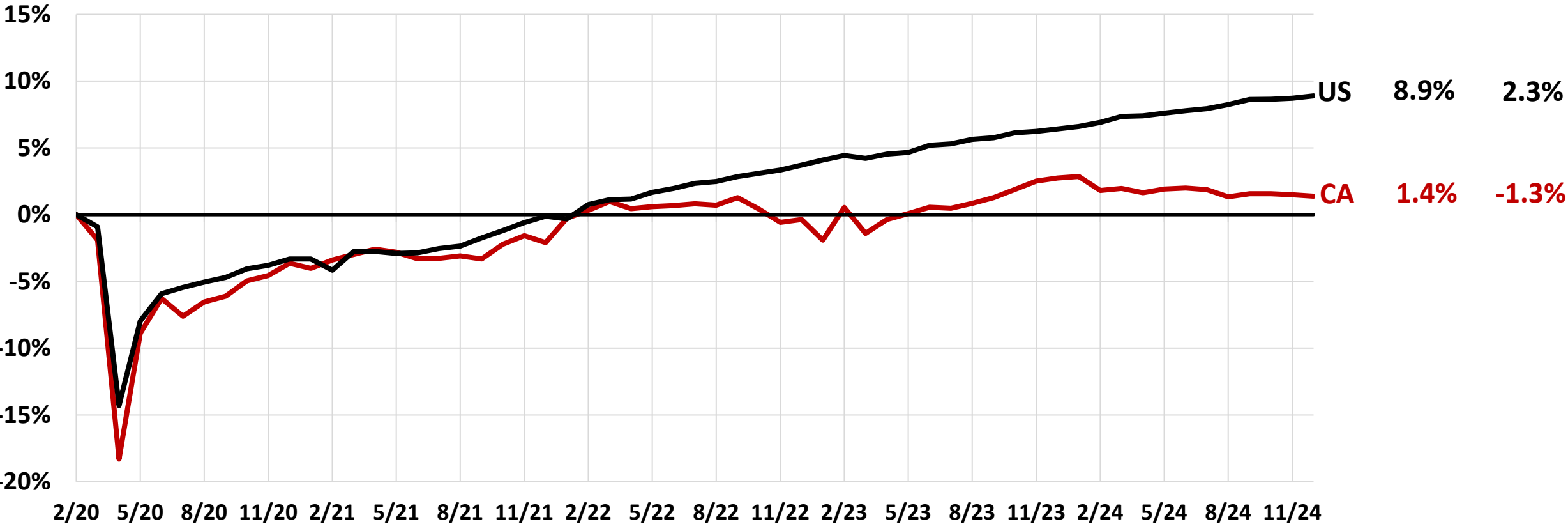
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US & CA Construction Employment

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



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

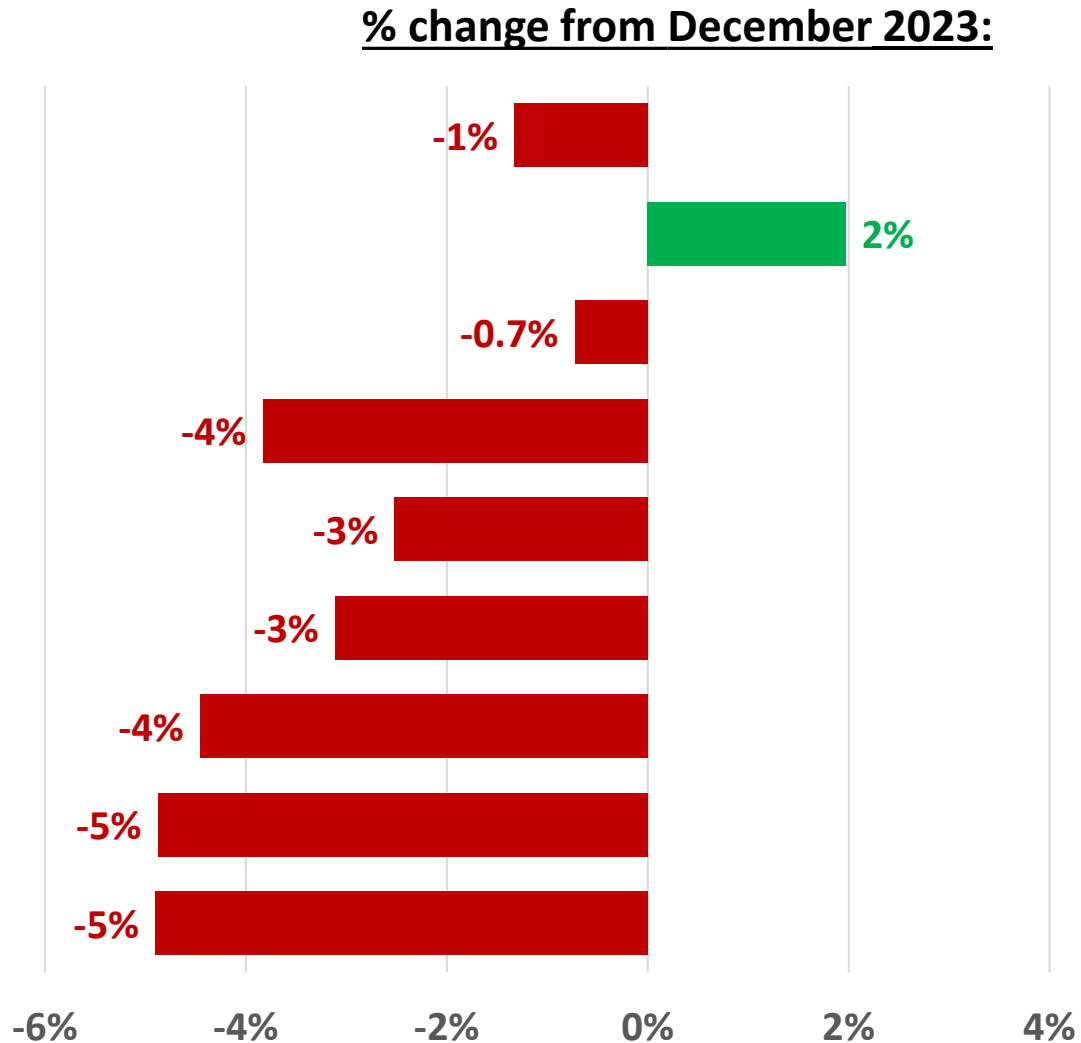


California Metro Construction Employment

December 2023 – December 2024, not seasonally adjusted

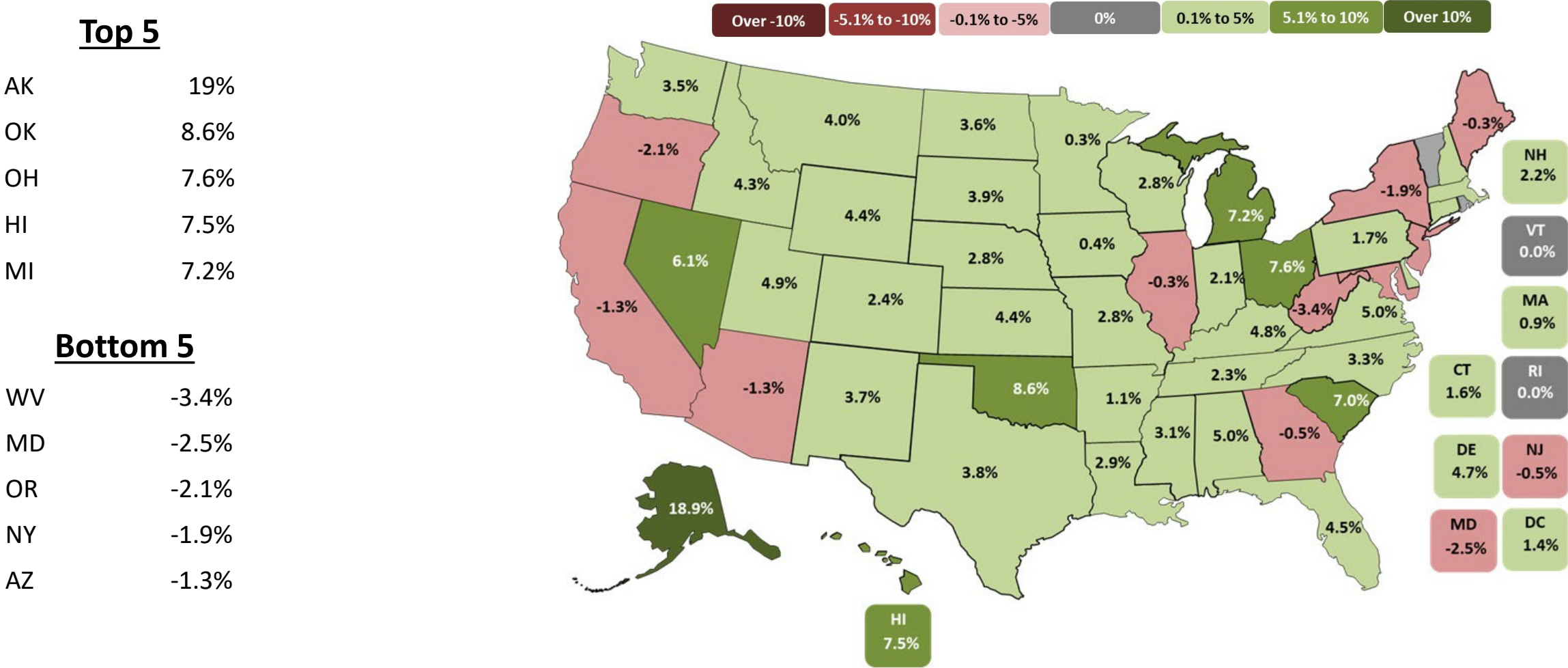


	December 2024:
California statewide (seasonally adjusted)	921,300
San Diego-Carlsbad	93,100
Los Angeles-Long Beach-Glendale Metro Division	150,800
Anaheim-Santa Ana-Irvine Div.	102,900
Oakland-Hayward-Berkeley Div.	73,500
Riverside-San Bernardino-Ontario	115,200
Sacramento--Roseville--Arden-Arcade	72,900
San Jose-Sunnyvale-Santa Clara	50,700
San Francisco-Redwood City-South San Francisco Div.	38,800



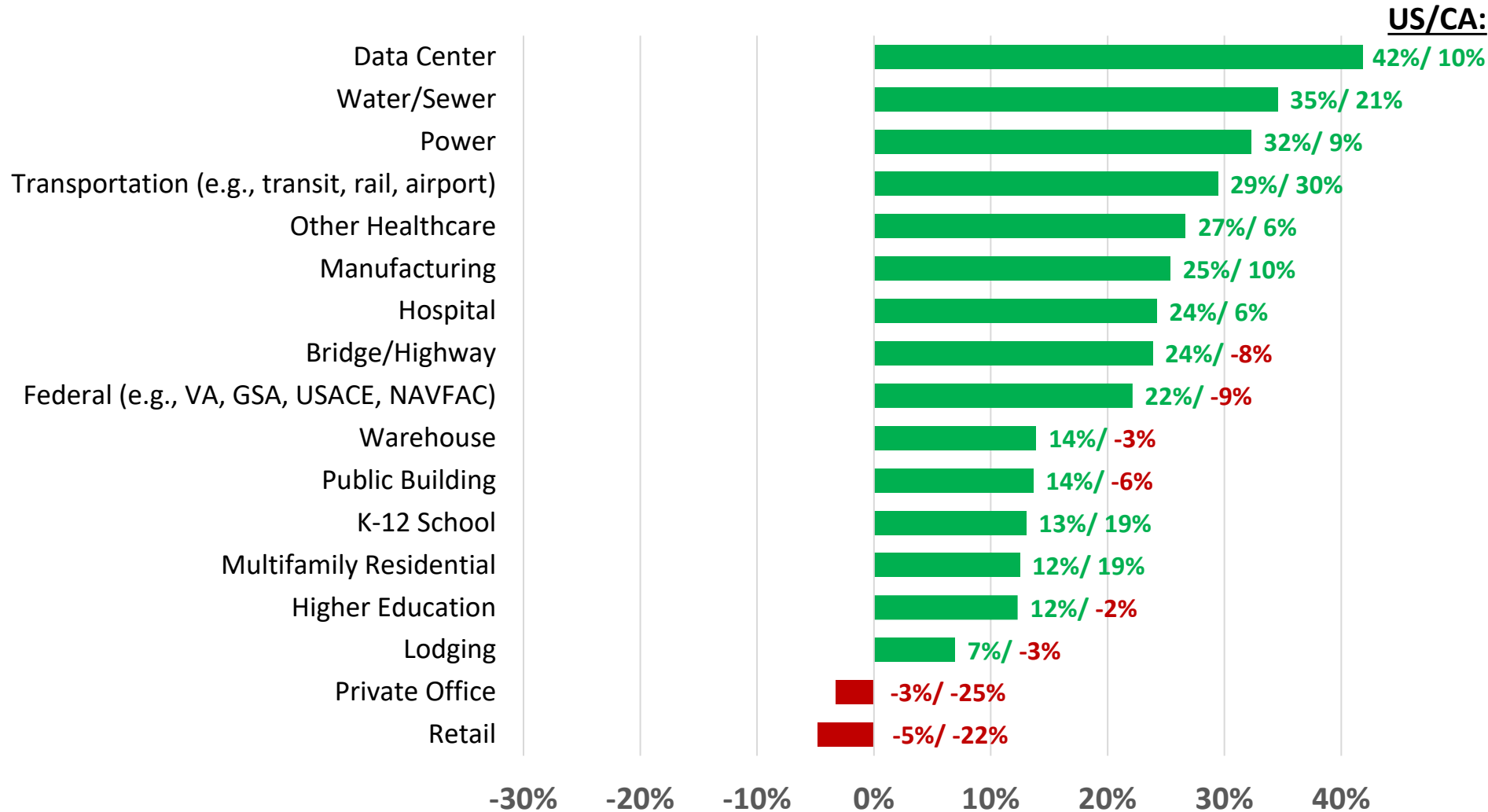
Construction employment is increasing in most states

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



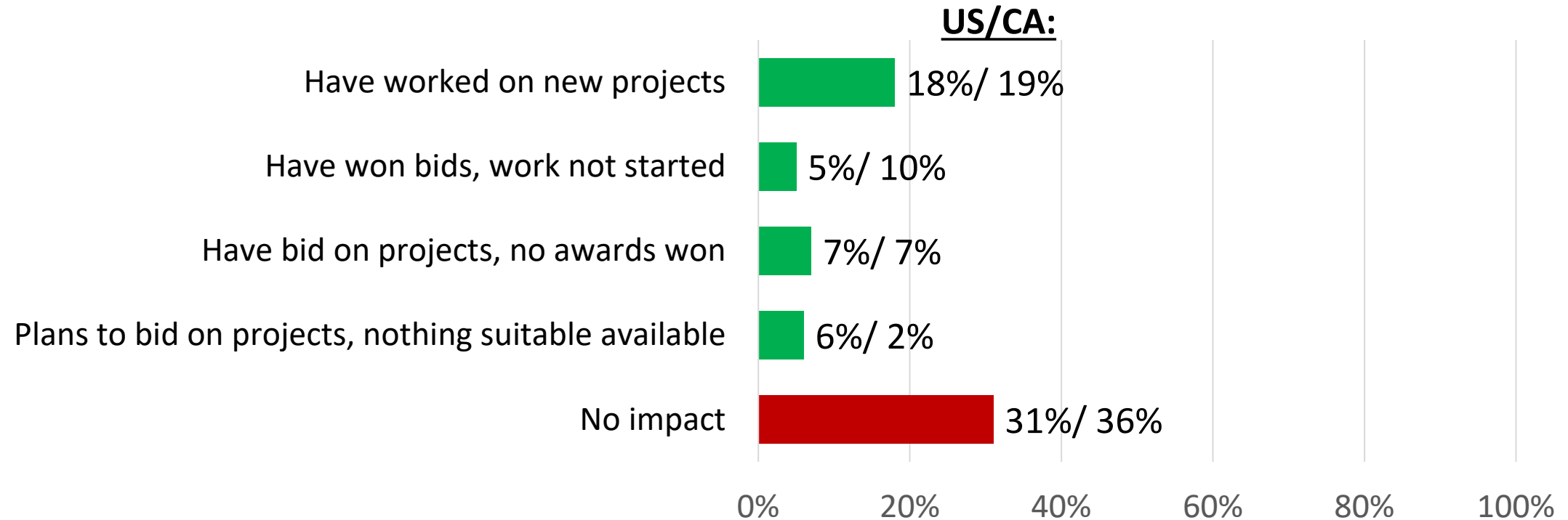
Net* % who expect value of projects to be higher/lower than in previous year

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



IIJA's impact on firms' business

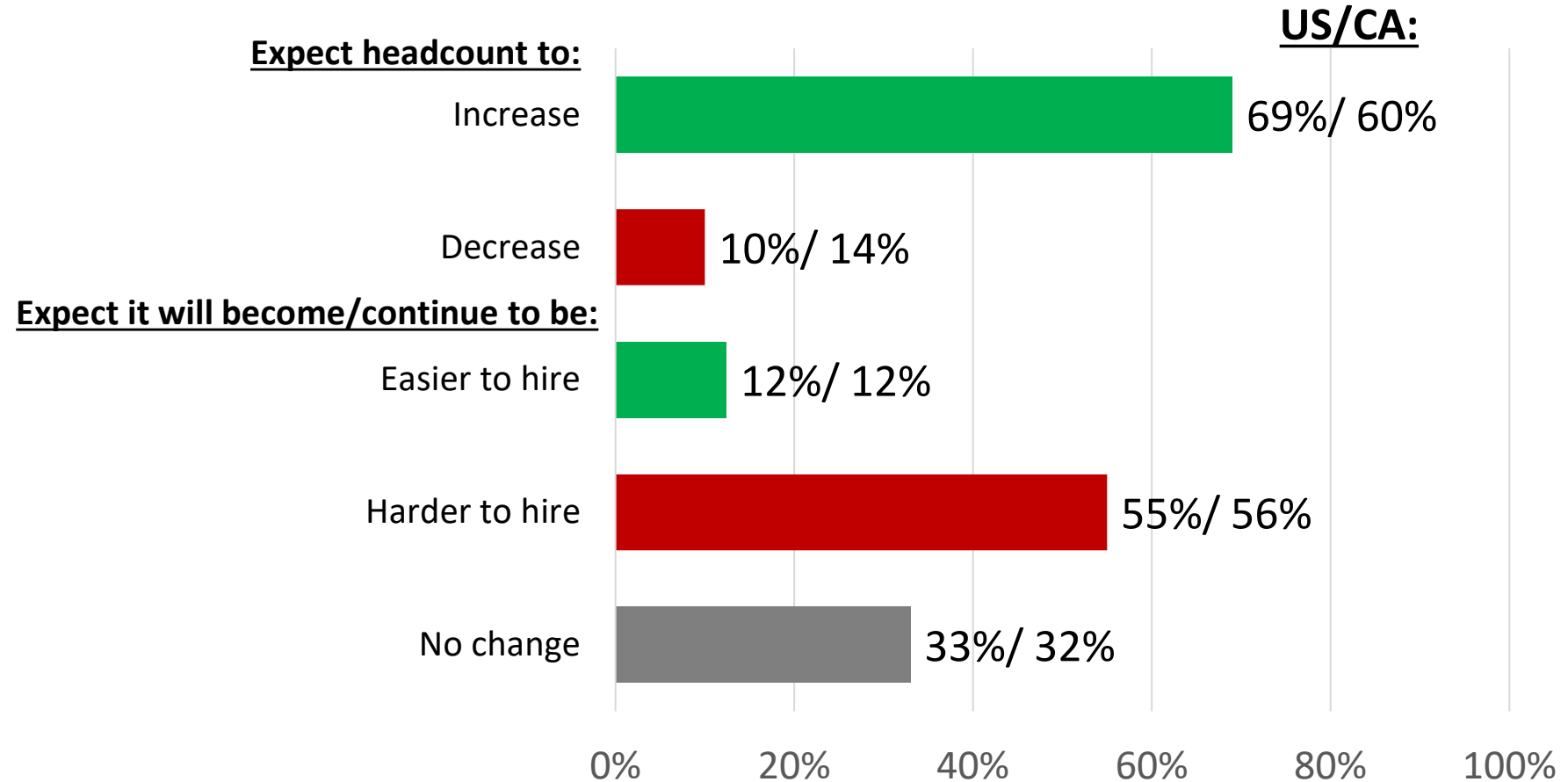
% of respondents who reported:



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

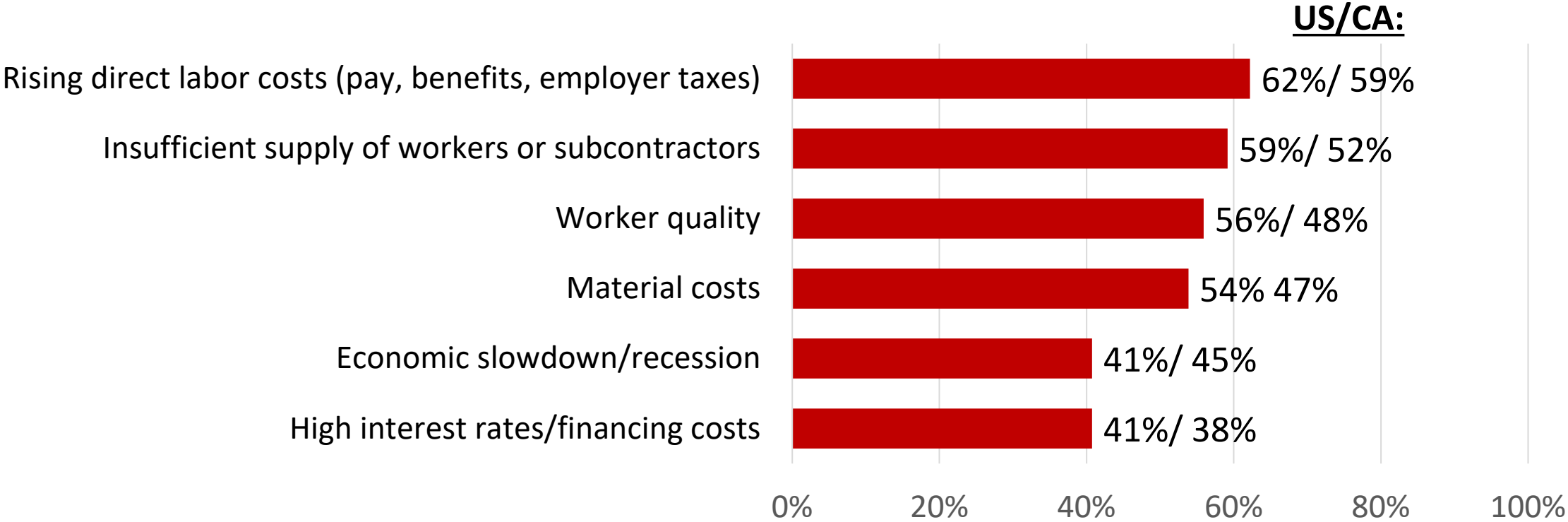


% of respondents who:



Firms' major concerns for 2025

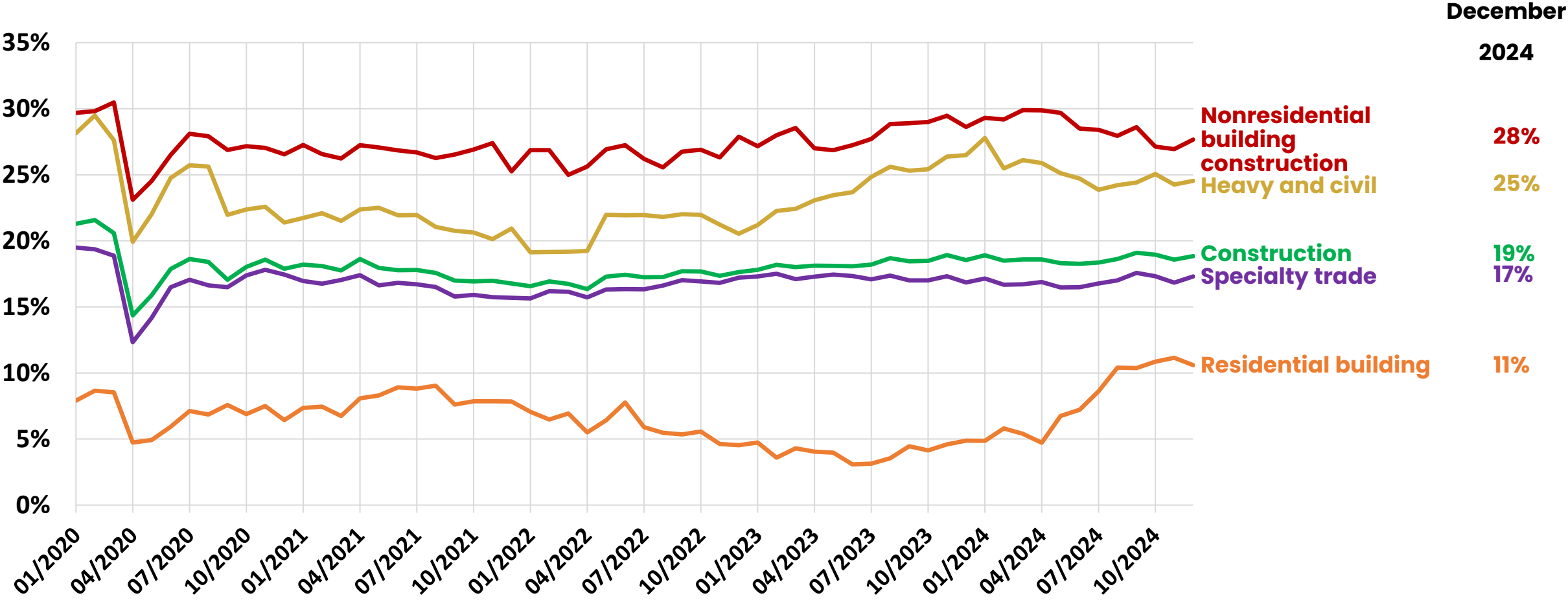
% of respondents who listed as a major concern:



Wage “premium”: Construction subsectors vs. total private sector



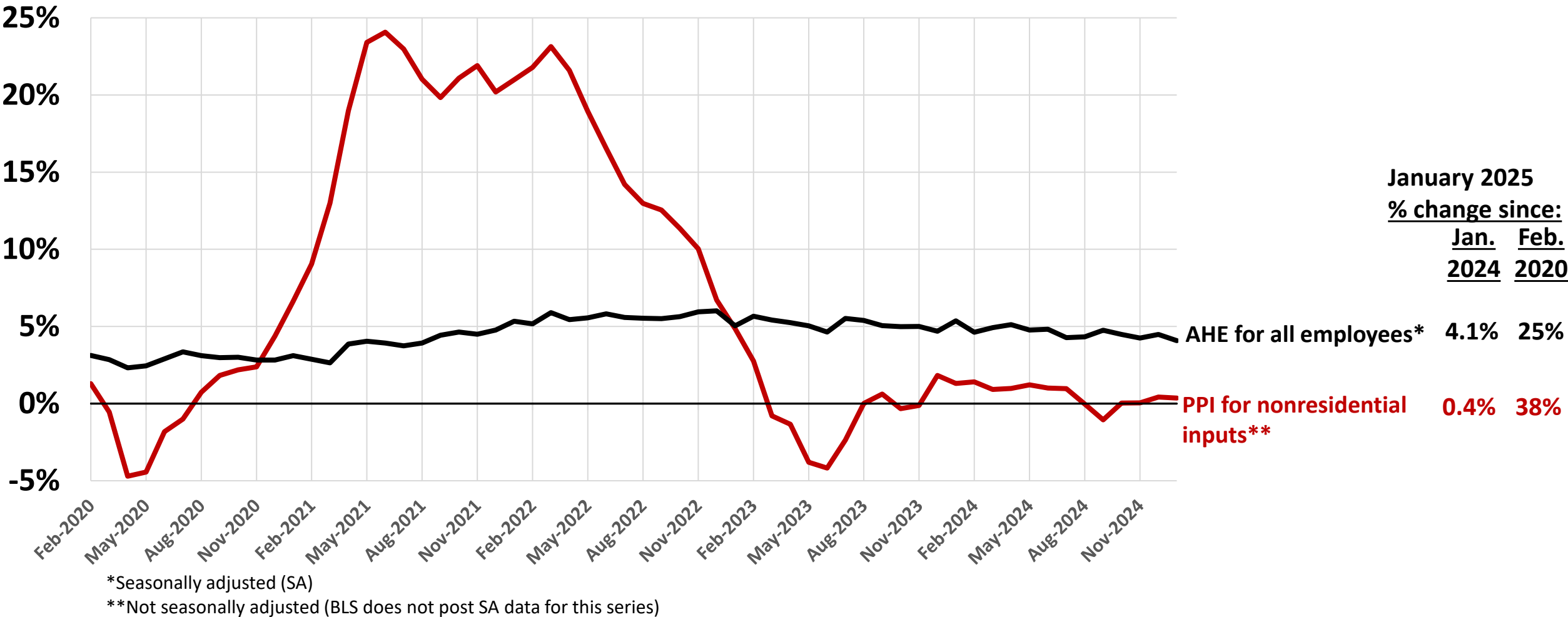
“Premium”=average hourly earnings for production & nonsupervisory employees in construction compared to private sector, Jan 2020-Dec 2024, seasonally adjusted



Change in construction materials and labor costs, 2020-2025



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



Input and bid price changes, 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 and bid prices have moderated

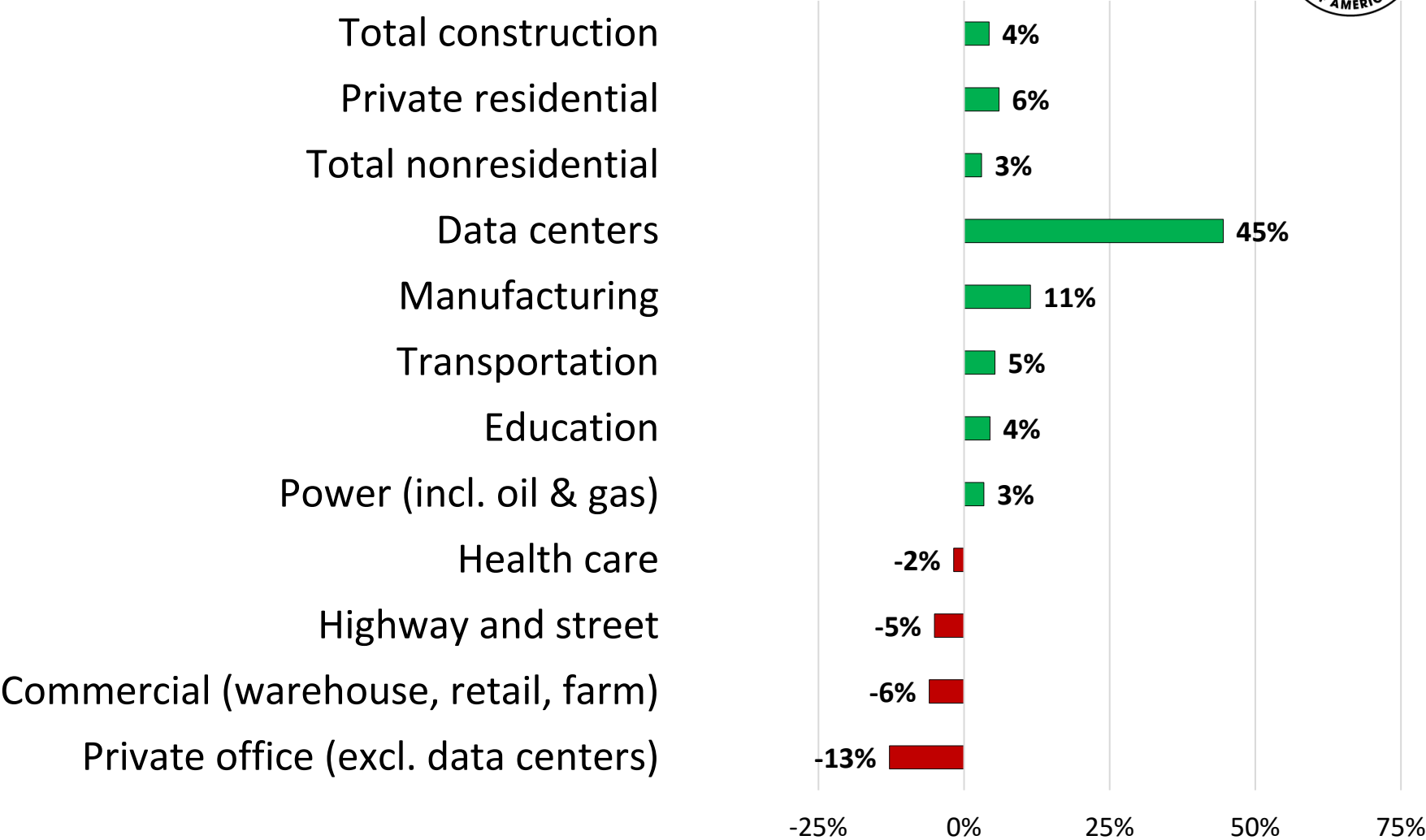
PPI for inputs to new nonresidential construction		0.8%	0.4%	38%
Output (bid price) PPI for new nonresidential buildings		0.3%	1.7%	38%
Consumer Price Index (CPI)		0.7%	3.0%	23%

...but 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, December 2023-December 2024

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



Change in construction spending by subcategory

current dollars, seasonally adjusted, December 2023-December 2024

Total 4%: Private residential 6% (**single-family -0.8%**; **multi -10.5%**; improvements 22%); public residential 12%
Nonresidential 3% (private 2%, public 4%)

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

- Mfg. 11% (computer/electronic 6%; chemical 17%; transportation equipment 26%; food/beverage/tobacco 9%)
- Power 3% (electric 6%; **oil/gas fields & pipelines -11%**)
- **Highway and street -5%**
- Education 4% (primary/secondary 5%; higher ed 4%)
- **Commercial -6%** (**warehouse -11%**; **retail -9%**; farm 11%)
- Office including data centers 0.1% (data centers 45%; **other private office -13%**; public office 10%)
- Transportation 5% (air 12%; private rail/truck 3%; **transit -11%**)
- **Health care -2%** (hospital 3%; **medical building -13%**; special care 18%)
- Sewage/waste 10%; Amuse/recreation 9%; Water supply 13%; **Communication -2%**; **Lodging -4%**; Public safety 13%; **Conser/development -7%**

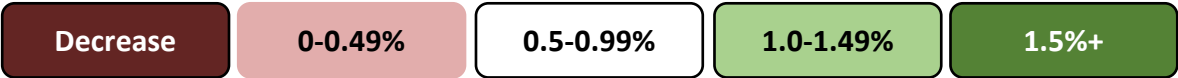
Medium-term outlook for construction



- 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
 - 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

Population change by state, July 2023–July 2024

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

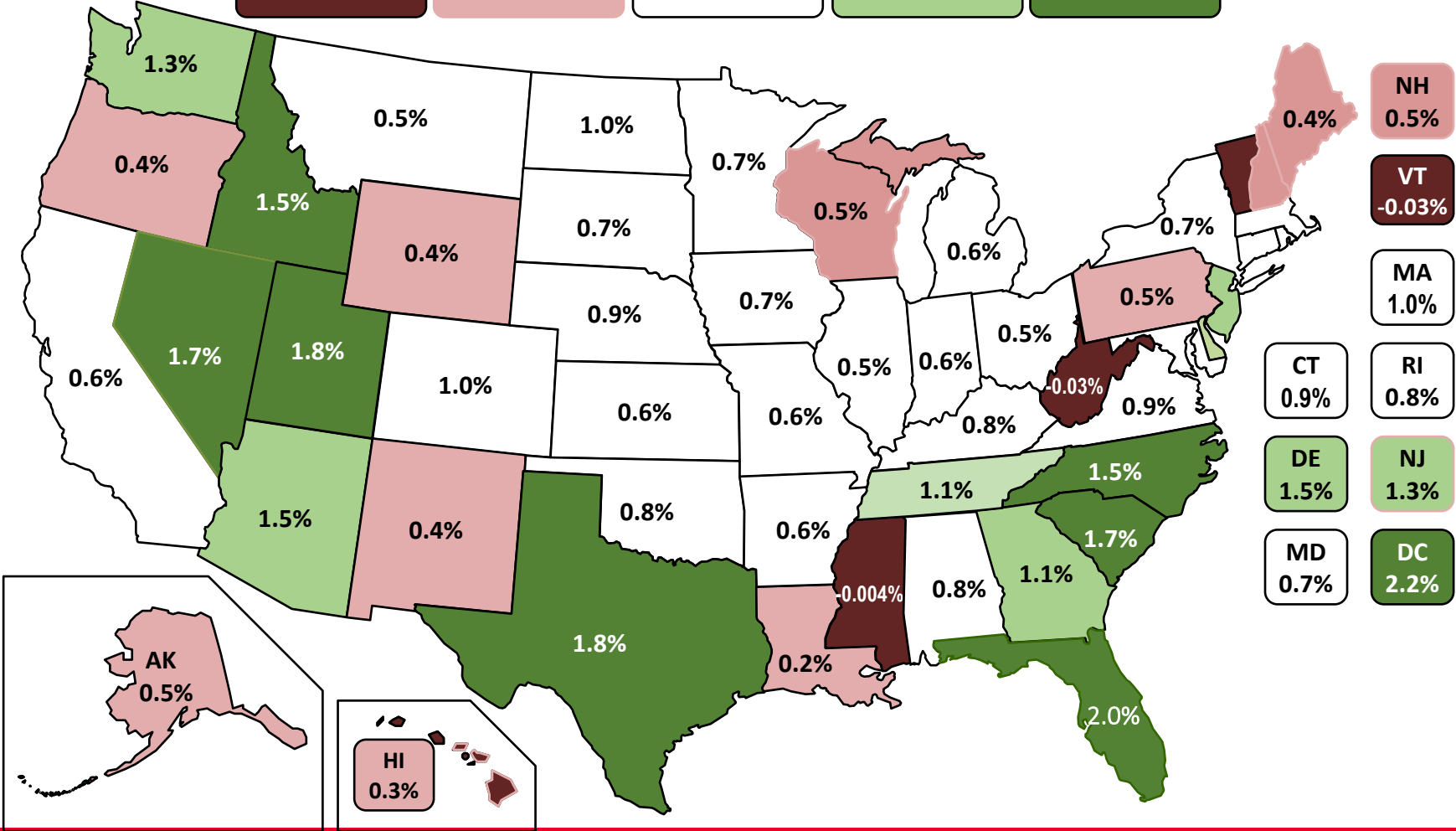


Top 6

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)

- *Data D/Gest*: 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
- AGC/Sage 2025 Outlook [Survey: 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: 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
- Construction impact model: www.agc.org/agc-construction-impact-model
- ConsensusDocs [Price Escalation Resource Center: 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...

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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](#)

