AGC
THE CONSTRUCTION ASSOCIATION

September 2026

U.S. Construction Outlook: What's in the Mix for the Rest of '26 (and Beyond)?

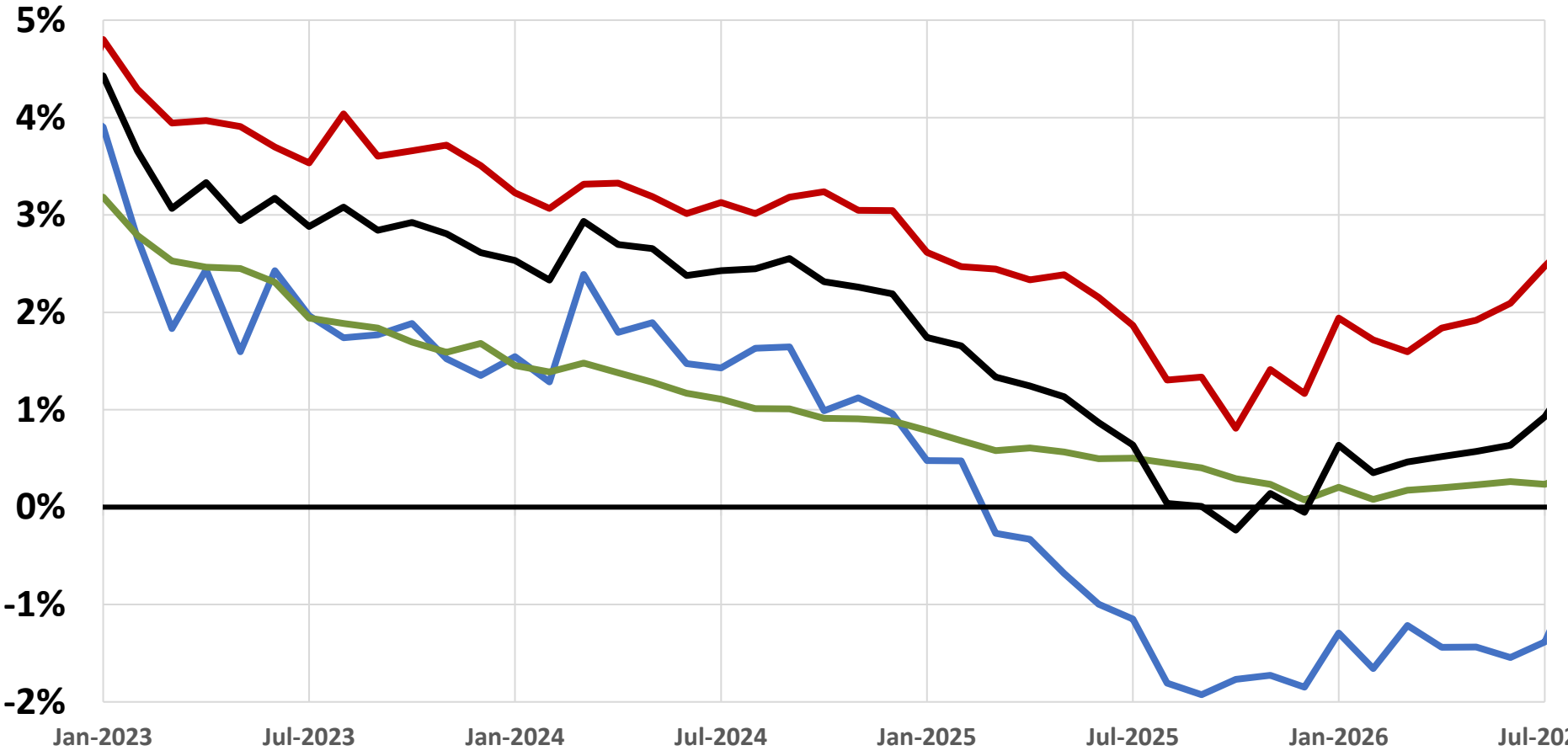
Ken Simonson
Chief Economist, AGC of America
ken.simonson@agc.org

©2026 The Associated General Contractors of America, Inc.

Nonresidential jobs are increasing; residential employment is falling

Year-over-year % change in employment, Jan. 2023-Aug. 2026, seasonally adjusted

AGC THE CONSTRUCTION ASSOCIATION



	% change since: July 2026	% change since: Aug. 2025
Nonresidential Construction	0.2%	2.8%
Total Construction	0.3%	1.4%
Total Nonfarm	0.1%	0.4%
Residential Construction	0.3%	-0.6%

 Source: BLS current employment statistics, https://www.bls.gov/ces/

©2026 The Associated General Contractors of America, Inc.

Construction job growth is uneven across states

36 states & DC **up**, 13 states **down** & 1 states **unchanged** July 2025-July 2026 **(U.S.: up 0.9%)**

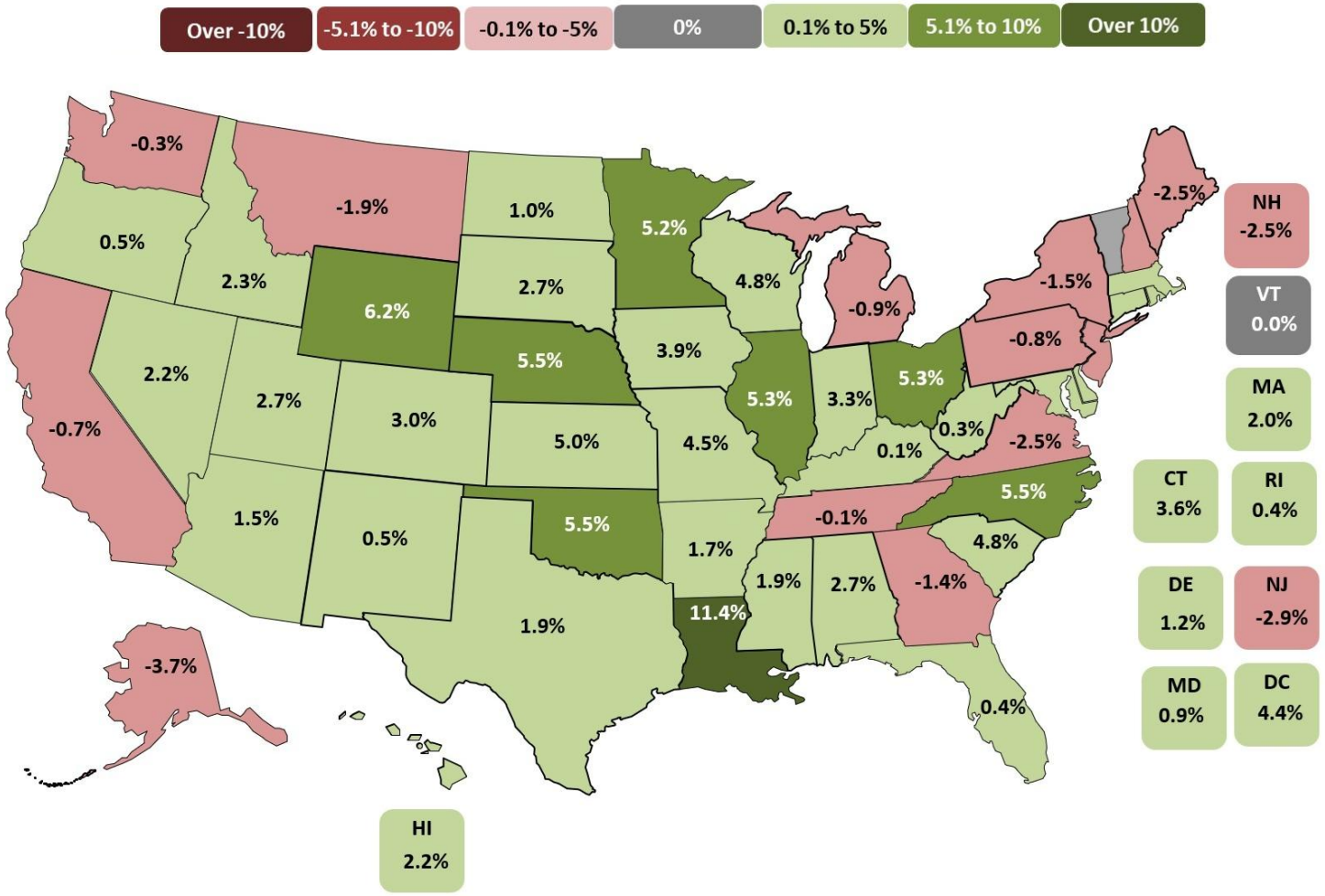
173 metros (48%) **up**, 127 (35%) **down**, 60 **unchanged**

Top 5

LA	11.4%
WY	6.2%
NE	5.5%
NC	5.5%
OK	5.5%

Bottom 5

AK	-3.7%
NJ	-2.9%
ME	-2.5%
NH	-2.5%
VA	-2.5%

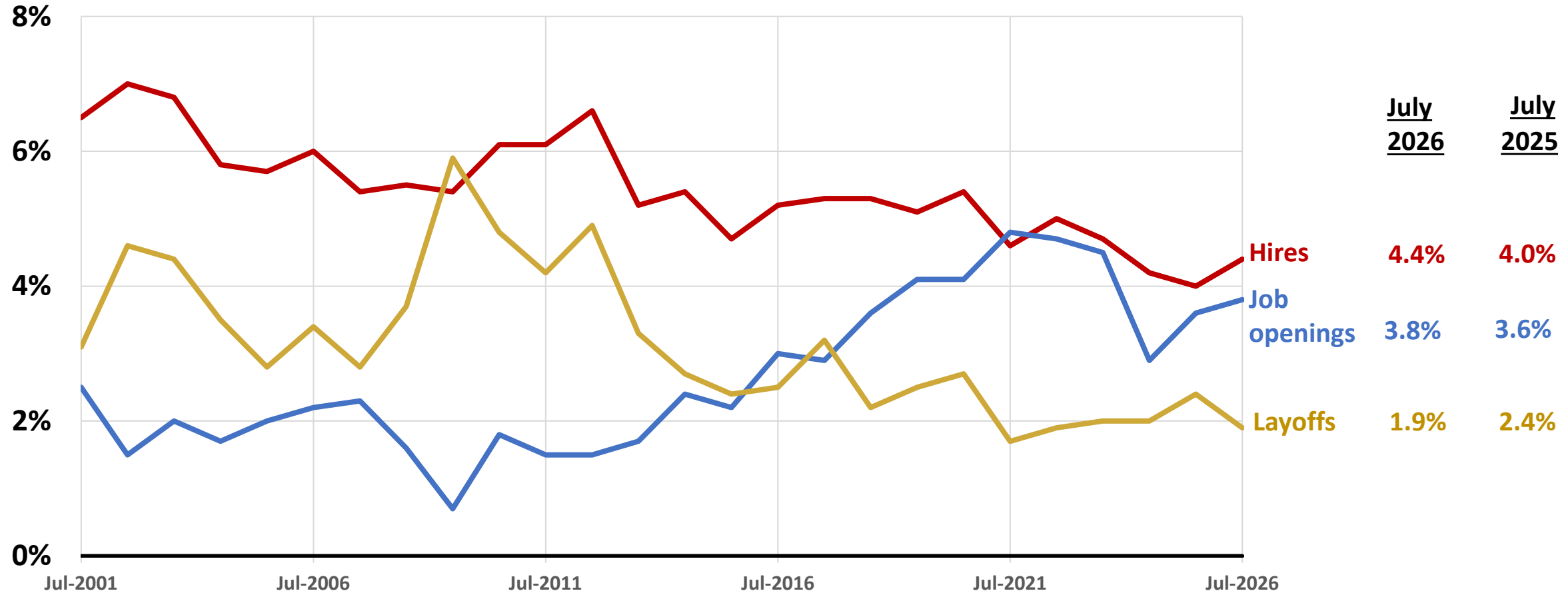


Source: Bureau of Labor Statistics, state and area employment, www.bls.gov/sae

©2026 The Associated General Contractors of America, Inc.

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

Construction hires, job openings, and layoffs as % of July employment, 2001-2026

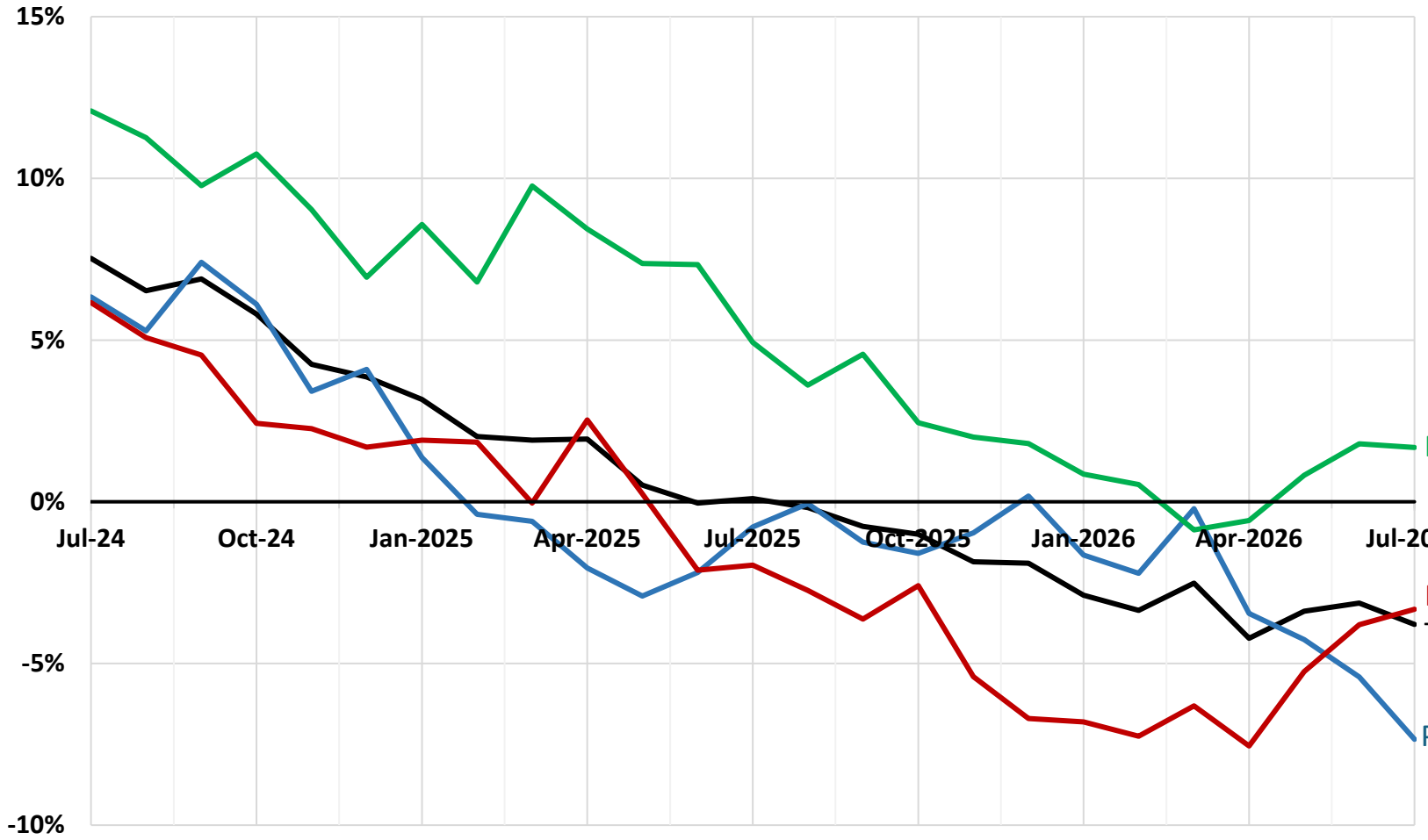


 Source: Bureau of Labor Statistics, www.bls.gov/jlt, Job Openings & Labor Turnover Survey (JOLTS)

©2026 The Associated General Contractors of America, Inc.

Small gain in public spending; downturns in private res & nonresidential

Year-over-year % change in current dollars, seasonally adjusted, July 2024-July 2026



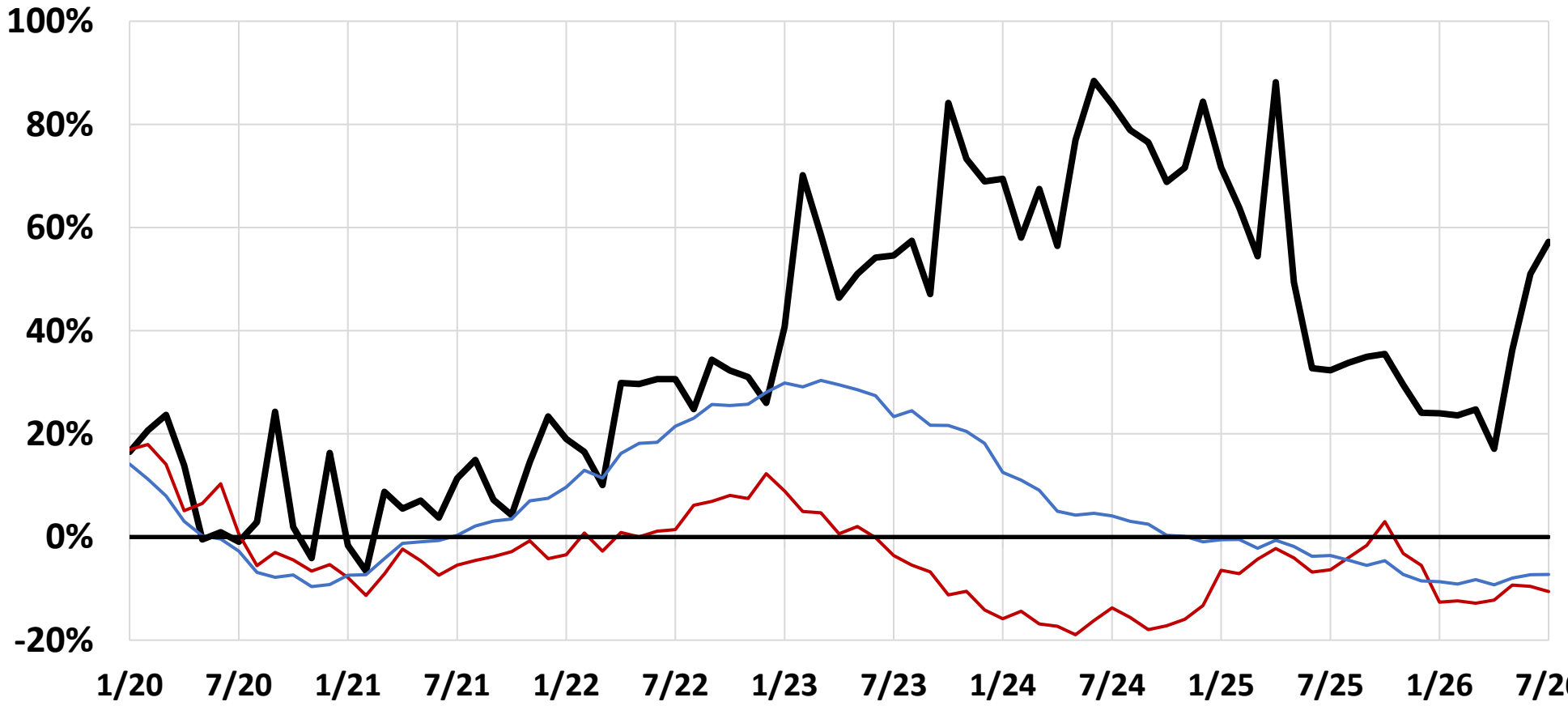
	July 2026 (billion $)	year-over-year % change July 2024-July 2025	year-over-year % change July 2025-July 2026
Public	$543	4.9%	1.7%
Private nonresidential	$755	-2.0%	-3.3%
Total construction	$2,158	0.1%	-3.8%
Private residential	$859	-0.8%	-7.3%

 Source: Author, from U.S. Census Bureau, www.census.gov/constructionspending

©2026 The Associated General Contractors of America, Inc.

Data center, other private nonresidential, & other private office construction

Year-over-year change, Jan. 2020-Jul. 2026, seasonally adjusted annual rate



	% change Jan. 2020-Jul. 2026:	% change Jul. 2025-Jul. 2026:
Data centers	695%	57%
Other private nonresidential (excl. data centers)	32%	-7.3%
Other private office (excl. data centers)	-35%	-11%

Source: US Census Bureau, Construction Spending

©2025 The Associated General Contractors of America, Inc.

Spending trends: mix of increases and decreases

Billions of dollars, seasonally adjusted annual rate, July 2025-July 2026

AGC THE CONSTRUCTION ASSOCIATION

$2,158B Total -3.8%: $871B Residential -7% (private single-family -7%; multi -0.9%; improvements -10%); public -5%

$1,286B Nonresidential -1% (private -3%, public 2%)

Nonresidential segments (in descending order of July 2026 spending; combined new & renovation spending)

$182B Power 5% (electric 6%; oil/gas fields & pipelines -1%)

$170B Mfg. -21% (computer/electronic -47%; chemical 2%; food/beverage/tobacco 6%; transportation equipment 19%)

$152B Highway and street 4% (pavement 6%; bridge 0.4%)

$140B Office including data centers 17% (data centers 57%; other private office -11%; public office 2%)

$137B Educational -0.6% (primary/secondary -0.1%; higher ed -3%; pre-primary, libraries, museums, misc. 4%)

$123B Commercial -5% (warehouse -7%; retail -3%; farm 0.01%)

$ 75B Health care -2% (hospital 2%; medical building -6%; special care -10%)

$ 72B Transportation 2% (air 3%; private rail/truck -5%; transit 2%)

$237B Other 0.5%:

Sewage/waste -2%; Amuse/recreation 3%; Water supply 0.2%; Communication 3%; Lodging -10%; Pub safety -8%; Conserv/dev 28%; Relig 19%

Source: Author, from U.S. Census Bureau, www.census.gov/constructionspending

©2026 The Associated General Contractors of America, Inc.

Tariffs, war are pushing up costs of construction materials

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

	Aug. 2026 change from:		
	July 2026 (1 month)	Aug. 2025 (12 months)	Feb. 2020 (77 months)
Overall input costs are rising again and have outpaced the CPI since 2020			
PPI for inputs to new nonresidential construction	1.3%	8.9%	54%
Consumer price index (CPI)	0.3%	3.4%	29%
...and domestic input prices for items competing with tariff-burdened imports soared			
Diesel fuel	18%	78%	182%
Aluminum mill shapes	-4.4%	27%	97%
Copper and brass mill shapes	3.5%	21%	115%
Steel mill products	1.7%	23%	103%
Asphalt (at refinery)	-9.6%	16%	50%

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

©2026 The Associated General Contractors of America, Inc.

Tariff announcements & dates affecting construction (as of Sept. 10)

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

AGC THE CONSTRUCTION ASSOCIATION

- Supreme Court ruling invalidated many country-specific tariffs but not materials tariffs
- Contractors can get refunds only if they are importers-of-record or tariffs are shown on invoice
- President Trump imposed new tariffs in late July; also facing court challenges

Still in effect:

- **Steel & aluminum**: 25% on March 12, 2025; 50% on June 4, 2025; various exceptions
- **Copper**: 50% on Aug. 7, 2025 for copper products, not unprocessed copper
- **Lumber**: 10% on Oct. 1, 2025; duties on Canadian lumber raised from 14.5% to 35% in August 2025
- **Cement**: 50% on Canadian cement on Aug. 19, 2026; suspension announced Sept. 8, effective Sept. 15
- **Cars & light trucks**: 25%; **medium and heavy trucks**: 25% on Nov. 1, 2025; lower rate for parts, USMCA
- **Fee on Chinese ships calling on U.S. ports**: suspended for 1 year as of Nov. 10, 2025

Source: White House and media reports

©2026 The Associated General Contractors of America, Inc.

Construction pay increases continue to outpace the private sector

- BLS: Average hourly earnings for production and nonsupervisory employees (Aug. 2025-Aug. 2026):

  Construction 5.0% Private sector 3.3%

- CLRC: First-year settlements for construction union contracts: 4.9% (Jan.-June 2026)
- PAS: Construction firm staff increases: 4.4% in 2025; 3.9-4.4% anticipated in 2026 (June 2026 report)

 Source: Author

©2026 The Associated General Contractors of America, Inc.

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

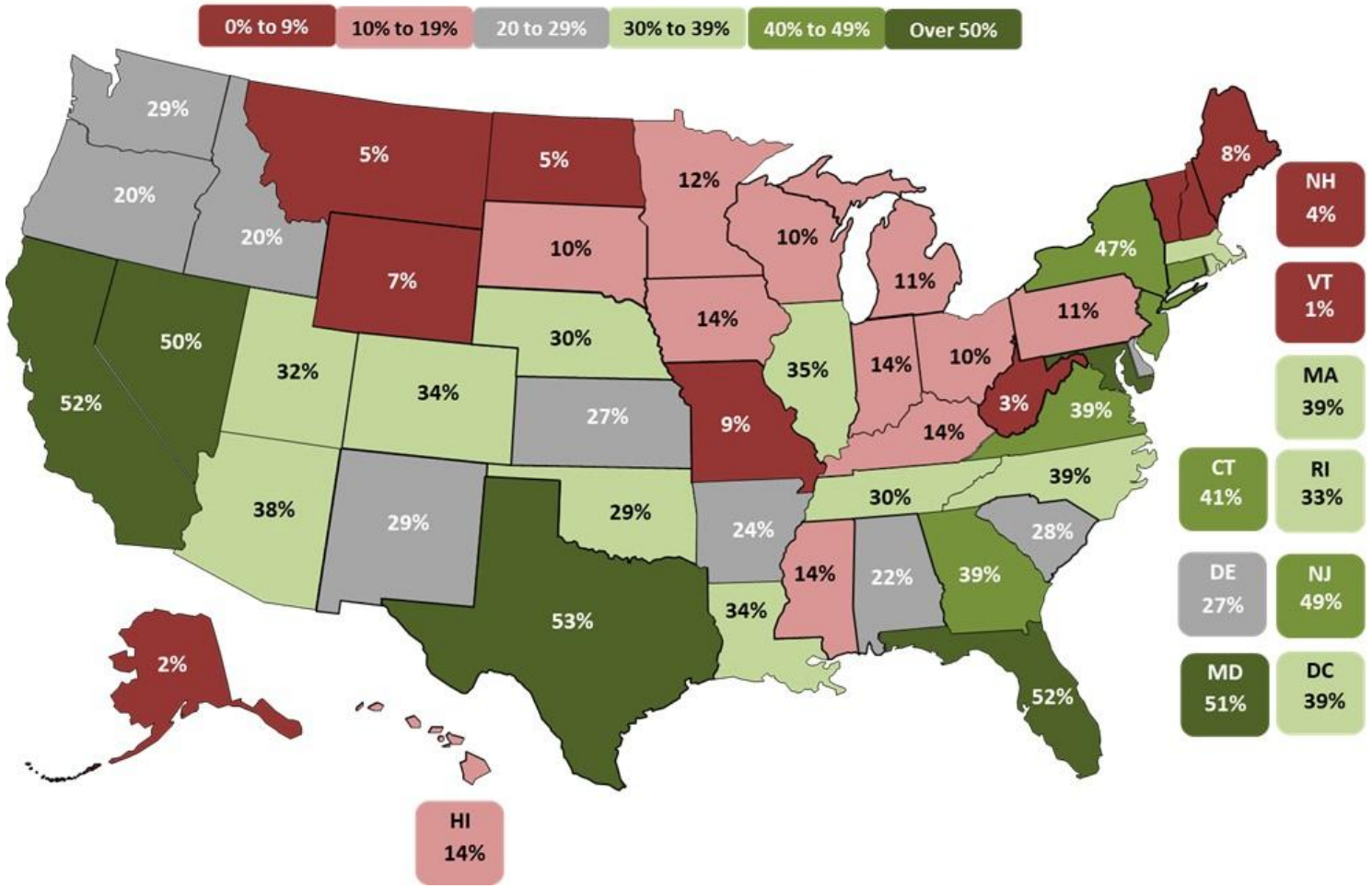
Occupation	Foreign born	Occupation	Foreign born
Plasterers & Stucco Masons	57%	Carpenters	35%
Drywall Installers, Ceiling Tile Installers, & Tapers	57%	Pipelayers	28%
Roofers	53%	Plumbers, Pipefitters, & Steamfitters	18%
Painters & Paperhangers	53%	Solar Photovoltaic Installers	17%
Carpet, Floor, & Tile 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%

 Source: Harvard Joint Center for Housing Studies from Census Bureau, 2024 American Community Survey 1-Year Ests.

©2026 The Associated General Contractors of America, Inc.

Foreign-born share of construction trades varies greatly by state (1-53%)

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



Top 6

TX	53%
CA, FL	52%
MD	51%
NV	50%
NJ	49%

Bottom 6

VT	1%
AK	2%
WV	3%
NH	4%
MT, ND	5%

 Source: Harvard Joint Center for Housing Studies from Census Bureau, 2024 American Community Survey 1-Year Ests.

©2026 The Associated General Contractors of America, Inc.

Middle East conflict adds to uncertainty

- Fuel prices hit construction directly and via surcharges
- Natural gas price affects cost of construction plastics
- Energy cost affects cost of all materials & equipment
- Alumina shutdown will affect aluminum prices, supply chain
- Other imports may face longer delivery times, higher fuel costs
- Owners may delay projects based on input costs, availability
- Reduced travel, other spending may hit hotel, retail construction
- Less investment by Middle East public and private investors

©2019 The Associated General Contractors of America, Inc.

Likely policy impacts on construction

- Tariffs raise costs, invite retaliation, add to uncertainty and owner hesitancy
- Harsh immigration/deportation actions will worsen construction labor shortages
- Fast-rising deficits keep interest rates higher for homebuyers, bond issuers
- Delayed renewal of federal highway & transit funding bill may stop some project awards
- However, lessened federal regulatory hurdles may help projects start sooner

 Source: Author

©2026 The Associated General Contractors of America, Inc.

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

- Economic growth is unbalanced and vulnerable to war shock; inflation risk is high, recession less so
- 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
- Best bets for growth: data centers, power, airports, specialty health care
- Mfg. construction: increases related to data centers, power, defense production
- Materials costs: up 3-6%, much more if Middle East conflicts persist
- Supply chain: few problems so far except electrical gear; problems may grow if war continues
- Labor costs and supply: up 4-5%; ICE actions make availability a challenge

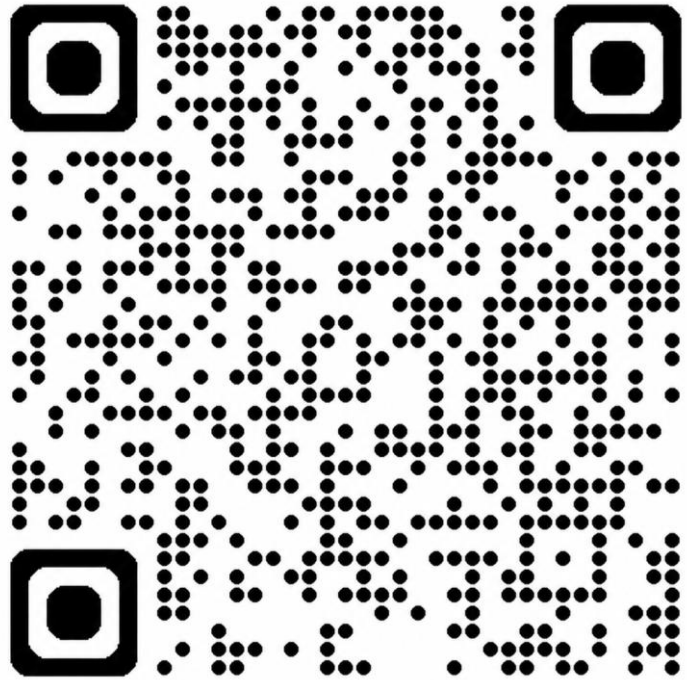
 Source: Author

©2026 The Associated General Contractors of America, Inc.

AGC economic resources

(email ken.simonson@agc.org)

- *Data DIGest*: weekly email summary of construction economic news (subscribe)
- AGC-NCCER 2026 workforce survey
- AGC data center construction Resource Hub
- AGC Tariff Resource Center
- 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



 Source: Author

©2026 The Associated General Contractors of America, Inc.