



AGC
THE CONSTRUCTION
ASSOCIATION

Data Digest

WWW.AGC.ORG

Vol. 25, No. 11 April 2-4, 2025

Construction employment rises in February but annual growth slows; tariffs hit with multiple impacts

Construction employment, seasonally adjusted, totaled 8,313,000 in March, a gain of 13,000 from February and 143,000 (1.8%) year-over-year (y/y), according to AGC's [analysis](#) of data BLS [posted](#) today. The y/y growth slowed from 239,000 (3.0%) a year ago. **Nonresidential construction employment** (at building, specialty trade, and heavy and civil engineering construction firms) increased by 22,300 for the month and 129,000 (2.7%) y/y, compared to 163,600 (3.5%) a year earlier. **Residential construction employment** (at residential building and specialty contractors) declined by 9,800 in March but edged up by 14,000 (0.4%) y/y, down from 75,000 (2.3%) 12 months earlier. Seasonally adjusted **average hourly earnings** for production and nonsupervisory employees (craft and office) in construction rose 4.1% y/y to \$36.79 per hour. In the previous 12 months that measure rose 4.7%. The industry's unemployment rate was 5.4%, unchanged y/y.

The **tariffs** that President Trump announced on Wednesday have multiple implications for construction. Nearly all imports will be subject to 10% "baseline" tariffs, effective April 5. Additional "reciprocal" tariff rates, effective April 9, vary by country, with the highest total rate, 54%, applying to imports from China. Items from Mexico and Canada that are subject to the U.S.-Mexico-Canada Agreement are exempt from new tariffs. But many autos and light trucks are subject to a 25% tariff. The 25% **tariffs on steel and aluminum** that took effect on March 12 affect the cost of many domestically produced construction materials, equipment, heavy trucks, and trailers. More detail is at AGC's [Tariff Resource Center](#).

The tariffs may encourage more factory construction in the U.S. but could also cause many types of firms to lose sales and cut back on construction: retailers and wholesalers that sell imported items, manufacturers that use imported components, and firms throughout the supply chain that lose export sales as result of foreign retaliatory actions or consumer boycotts. For example, "**Data center construction** has long been dependent on key materials such as steel and aluminum, which are essential for everything from structural frameworks to power infrastructure," the newsletter [DataCenterFrontier](#) [posted](#) today. "More concerning, however, is the potential for delayed project timelines...as a result of both rising material costs and the limited availability of key components. Steel and aluminum are used in not just the physical building, but in critical power systems—transformers, switchgear, and cooling equipment....Furthermore, analysts are particularly worried about the compounded impact of these tariffs on already-strained energy access. In regions like Northern Virginia, Silicon Valley, and parts of Texas, data center growth has been stifled by [difficulty securing] the necessary power infrastructure for large-scale operations. Now, with the cost of essential electrical components—such as steel transformers—set to rise, the tariff-induced delays could make it even harder to ensure reliable power supply. This double whammy of higher construction costs and energy infrastructure delays could stymie efforts to meet the rapidly growing demand for data center capacity, slowing overall sector growth and potentially deterring new investment in data center construction."

Construction employment, not seasonally adjusted, rose y/y from February 2024 to February 2025 in 189 (53%) of the 360 **metro areas** (including divisions of larger metros) for which BLS [posts](#) construction employment data, fell in 125 (35%), and was unchanged in 46, according to an [analysis](#) AGC released on Thursday. (For most metros, BLS posts only combined totals for mining, logging, and construction; AGC treats these totals as construction-only.) The largest job gains were in the Miami-Miami Beach-Kendall metro division (4,400 construction jobs, 8%) and Boise (4,400 combined jobs, 13%), followed by Orlando-Kissimmee-Sanford (4,300 construction jobs, 5%) and the Tampa division (3,700 construction jobs, 5%). Kokomo, Ind. had the largest percentage gain (22%, 400 combined jobs), followed by Battle Creek, Mich. (19%, 300 combined jobs) and 17% gains in Las Cruces, N.M. (700 combined jobs) and Anniston-Oxford, Ala. (200 combined jobs). The largest loss occurred in the Los Angeles-Long Beach-Glendale division (-8,200 combined jobs, -5%), followed by New York City (-6,100 combined jobs, -4%) and the Oakland-Fremont-Berkeley division (-5,200, -7%). Elizabethtown, Ky. had the largest percentage loss (-23%, -600 combined jobs), followed by Monroe, Mich. (-14%, -300 combined jobs).

A reader forwarded two **price increase notices** from Johns Manville. On March 21, JM announced increases effective on May 20 **for roofing** fasteners, plates and other materials from 10% "up to 25%." On January 21, JM had announced increases effective on April 1 for members and accessories of 3% to 12% and for polyiso insulation of 5%. Readers are invited to send examples of **tariff-related costs or delays** to ken.simonson@agc.org.

Data DIGest is a weekly summary of economic news. Sign up [here](#). Editor: Ken.Simonson@agc.org, Chief Economist, AGC. Go here for [Ken's PPT](#) or more [construction data](#).

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