

EXECUTIVE SUMMARY

Current Industry Growth

CAUSTIOUSLY OPTIMISTIC AS TARIFF POLICY DRIVES MARKET EXPECTATIONS

Current Industry Status

INCREASING STARTS IN JUNE OFFSET BY SIGNIFICANT DROP IN JULY. GROWTH TO CONTINUE BUT AT DIMISHED RATES FROM PREVIOUS YEARS.

Optimistic Markets

- DATA CENTERS
- MANUFACTURING
- INSTITUTIONAL
- WAREHOUSE

Optimistic Locations

- ARLINGTON, VA
- DALLAS, TX
- CINCINNATI, OH

Areas of Concern

- PRIVATE OFFICE MARKET
- RETAIL MARKET
- CALIFORNIA & NEW YORK
- LABOR

HEADLINES

- Dodge Momentum Index reported an up-tick in commercial planning, marking a shift from what had been a sluggish first half of the year.
- National cost indexes on construction inputs have remained largely steady showing only minor increases despite increased tariffs against global trade partners. Exclusions within those policies may disrupt this.
- Inflation likely to escalate by 4-5% throughout the year, as long as no significant market changes are felt.²

LABOR

The August report from the Bureau of Labor and Statistics shows that construction employment has remained steady after a small spike earlier this year.

A model provided by Associated Builders and Contractors predicted a need for 439,000 new workers to meet demands. However, hiring has remained stagnant so far this year, showing only 1.2% increases in year over year basis.

Lack of new openings, sluggish salary growth, and continued delayed starts on new projects will likely keep labor costs high as employers maintain their engaged workforces.

MATERIALS

In addition to the new copper tariffs, rates on steel and aluminum products recently rose from 25% to 50%. However, most of these tariffs apply to countries that account for a small portion of US imports.

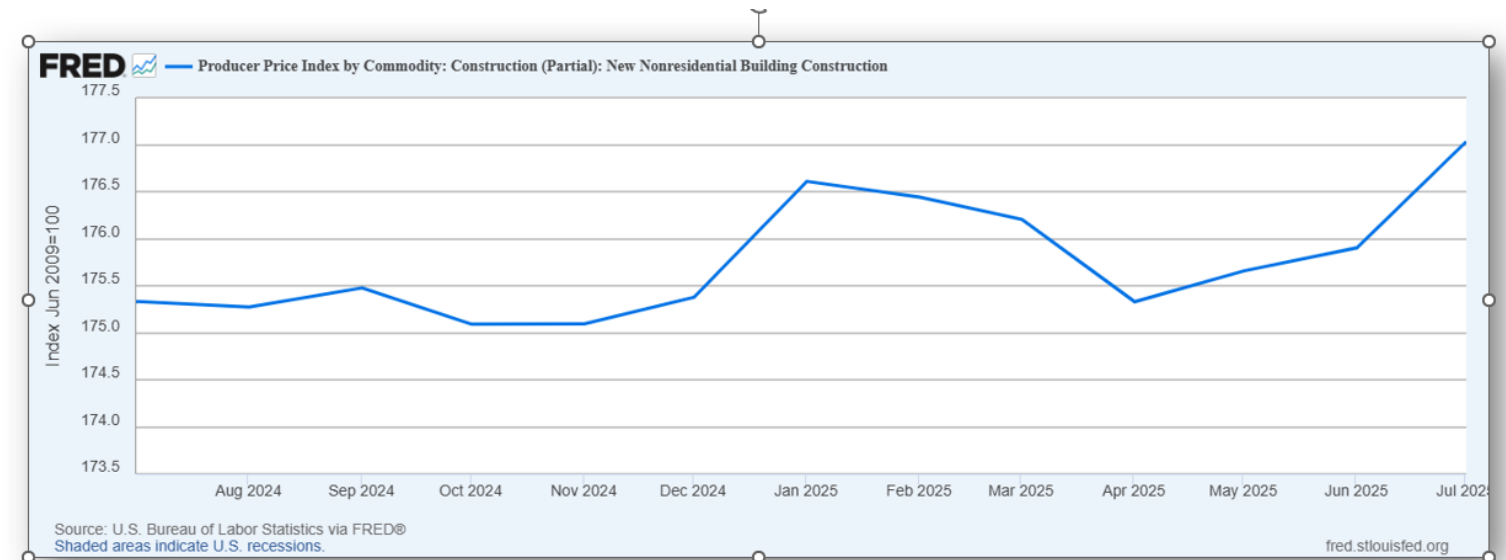
Even materials that ultimately were given exemptions from tariff policies have seen steady price increases. Softwood lumber for example has risen from \$513 per board foot to \$597, with several spikes near \$700 per board foot over the past year.³

This would suggest that while most material costs will continue to rise, they will likely do so incrementally, with the trend correlating not just to the percentage, but the trade partner it applies to.

Table 1. Value of Construction Put in Place in the United States, Seasonally Adjusted Annual Rate (Millions of dollars. Details may not add to totals due to rounding.)

Type of Construction	Jun 2025 ^P	May 2025 ^I	Apr 2025 ^I	Mar 2025	Feb 2025	Jun 2024	Percent change Jun 2025 from -	
							May 2025	Jun 2024
Total Construction	2,136,210	2,143,885	2,153,440	2,150,847	2,165,431	2,199,846	-0.4	-2.9
Residential	895,093	901,227	906,503	909,661	920,572	952,517	-0.7	-6.0
Nonresidential	1,241,117	1,242,658	1,246,937	1,241,186	1,244,859	1,247,329	-0.1	-0.5
Lodging	23,423	23,165	23,283	23,061	23,555	24,537	1.1	-4.5
Office	103,701	104,963	106,029	104,340	105,816	104,074	-1.2	-0.4
Commercial	119,635	120,493	121,369	121,641	122,786	132,050	-0.7	-9.4
Health care	68,968	69,119	68,681	68,673	68,727	68,680	-0.2	0.4
Educational	136,959	136,703	136,742	136,362	136,752	137,159	0.2	-0.1
Religious	4,574	4,635	4,663	4,835	4,928	3,915	-1.3	16.8
Public safety	19,279	19,419	19,444	19,200	19,323	18,993	-0.7	1.5
Amusement and recreation	42,607	42,533	42,626	41,861	41,199	40,823	0.2	4.4
Transportation	68,465	68,026	67,830	67,976	67,277	64,819	0.6	5.6
Communication	29,473	29,205	29,089	28,963	29,095	29,539	0.9	-0.2
Power	156,919	156,726	157,519	156,917	157,695	154,573	0.1	1.5
Highway and street	144,989	144,020	145,071	143,469	143,168	139,430	0.7	4.0
Sewage and waste disposal	50,781	50,886	50,972	49,499	49,247	45,755	-0.2	11.0
Water supply	34,095	34,120	34,065	33,810	33,402	31,441	-0.1	8.4
Conservation and development	11,436	11,760	11,912	11,691	11,301	11,452	-2.8	-0.1
Manufacturing	225,814	226,887	227,643	228,888	230,589	240,090	-0.5	-5.9

Data are at an annual rate, adjusted for seasonality but not price changes. Source: U.S. Census Bureau, Construction Spending, August 1, 2025. Table 3 provides estimated measures of sampling variability. Additional information on the survey methodology may be found at www.census.gov/construction/c30/meth.html



Resources to Learn More



1- <https://www.construction.com/resources/>
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