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April 2026

US & WA Construction Outlook: What's in the Mix for the Rest of '26 (and Beyond)?

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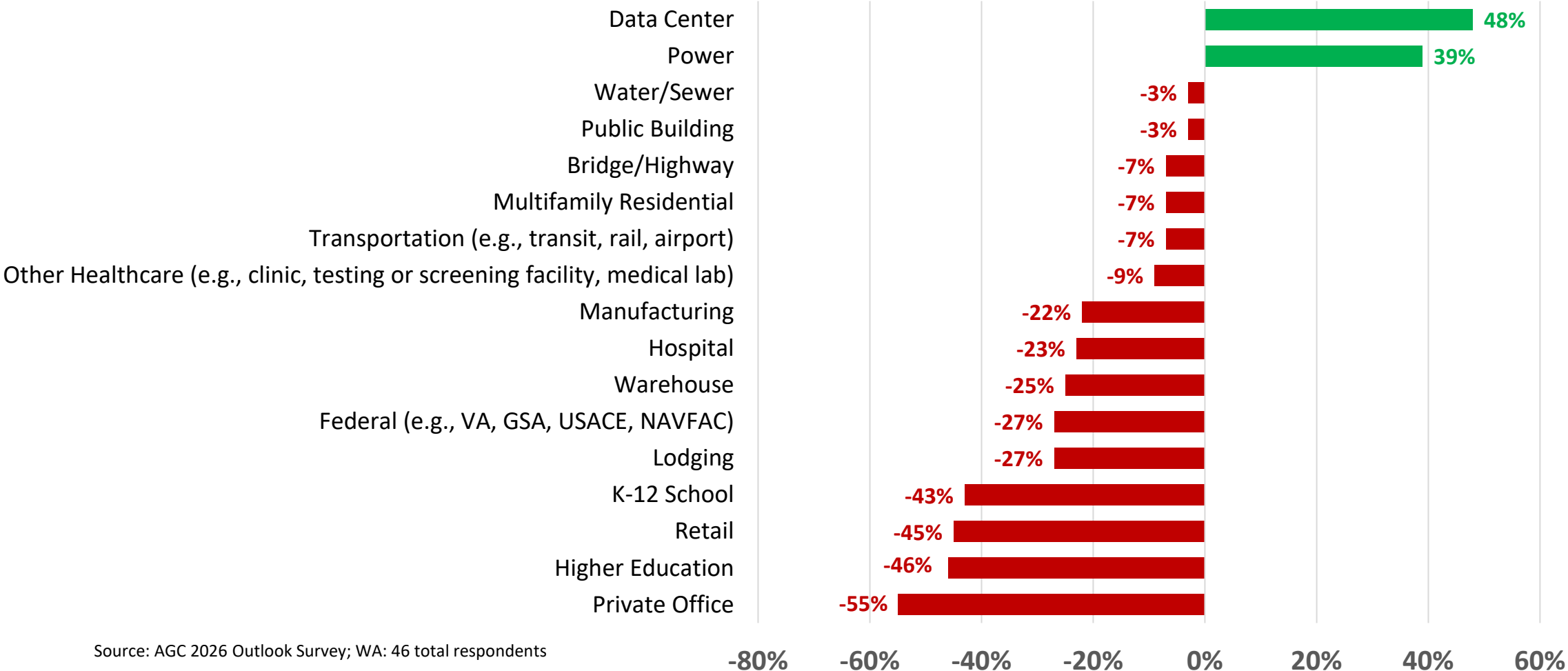
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Washington contractors have generally negative expectations for 2026

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



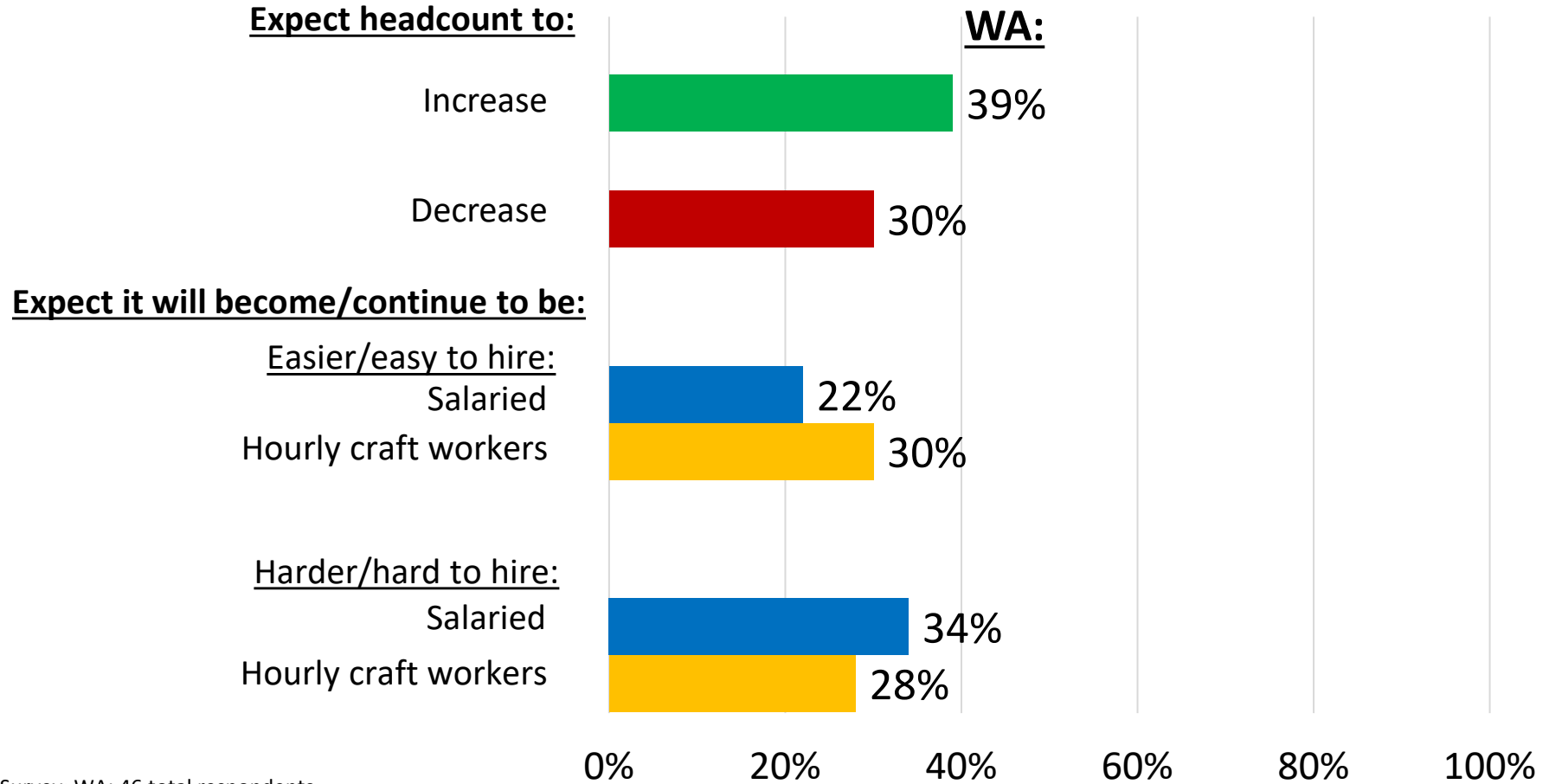
WA:



Source: AGC 2026 Outlook Survey; WA: 46 total respondents

Firms' expectations regarding their headcount and hiring workers

% of respondents who:



Source: AGC 2026 Outlook Survey; WA: 46 total respondents

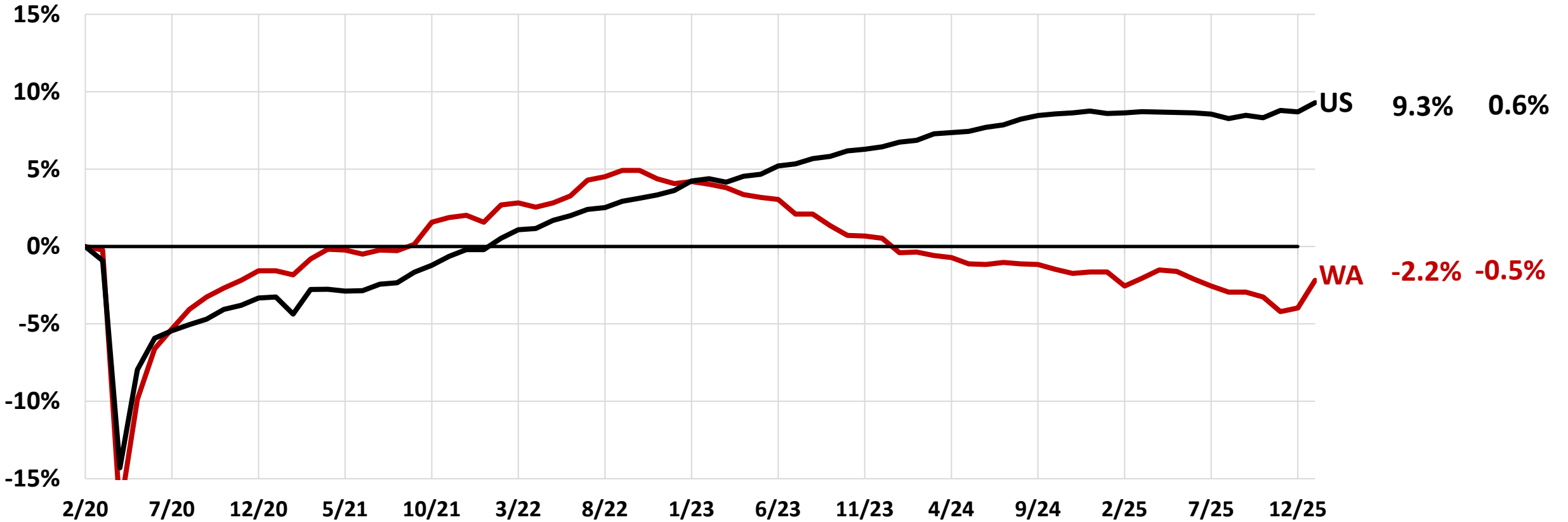
US & WA Construction Employment

Cumulative change, Feb. 2020- Jan. 2026, seasonally adjusted



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% change
Feb. 2020- Jan. 2025-
Jan. 2026: Jan. 2026:



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

Washington Metro Construction Employment

Jan. 2025 – Jan. 2026, not seasonally adjusted

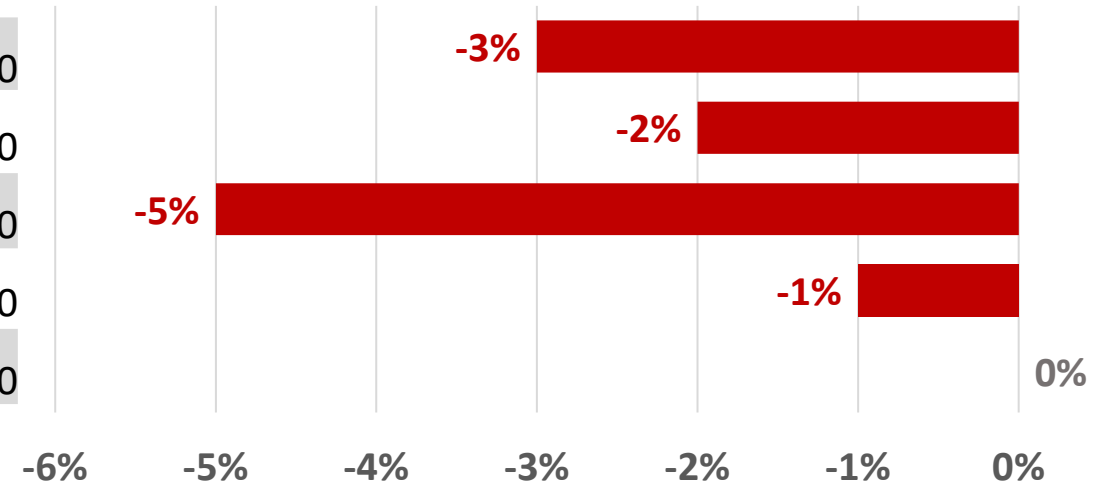


Metros:

Jan. 2026:

Seattle-Bellevue-Kent Metro Div.	67,500
Tacoma-Lakewood, WA Div.*	24,100
Everett, WA Div.*	23,400
Spokane-Spokane Valley*	14,100
Kennewick-Richland*	10,900

% change from Jan. 2025:





Construction job growth is uneven across states

38 states & DC **up** & 11 states **down** & 1 state unchanged Jan. 2025-Jan. 2026 (U.S.: **up 0.6%**)

205 metros (57%) **up**, 110 (31%) **down**, 45 unchanged

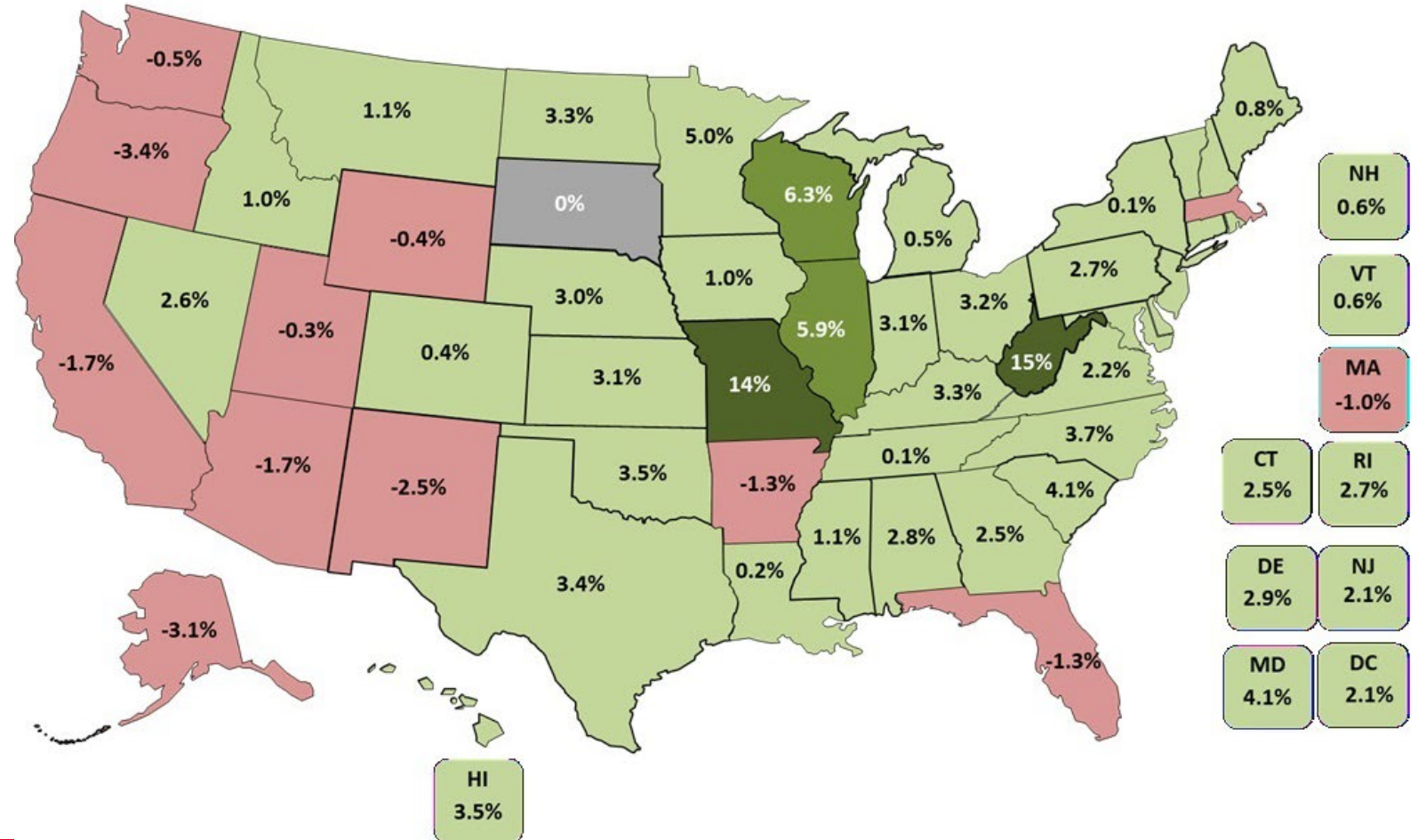


Top 5

WV	15%
MO	14%
WI	6.3%
IL	5.9%
MN	5.0%

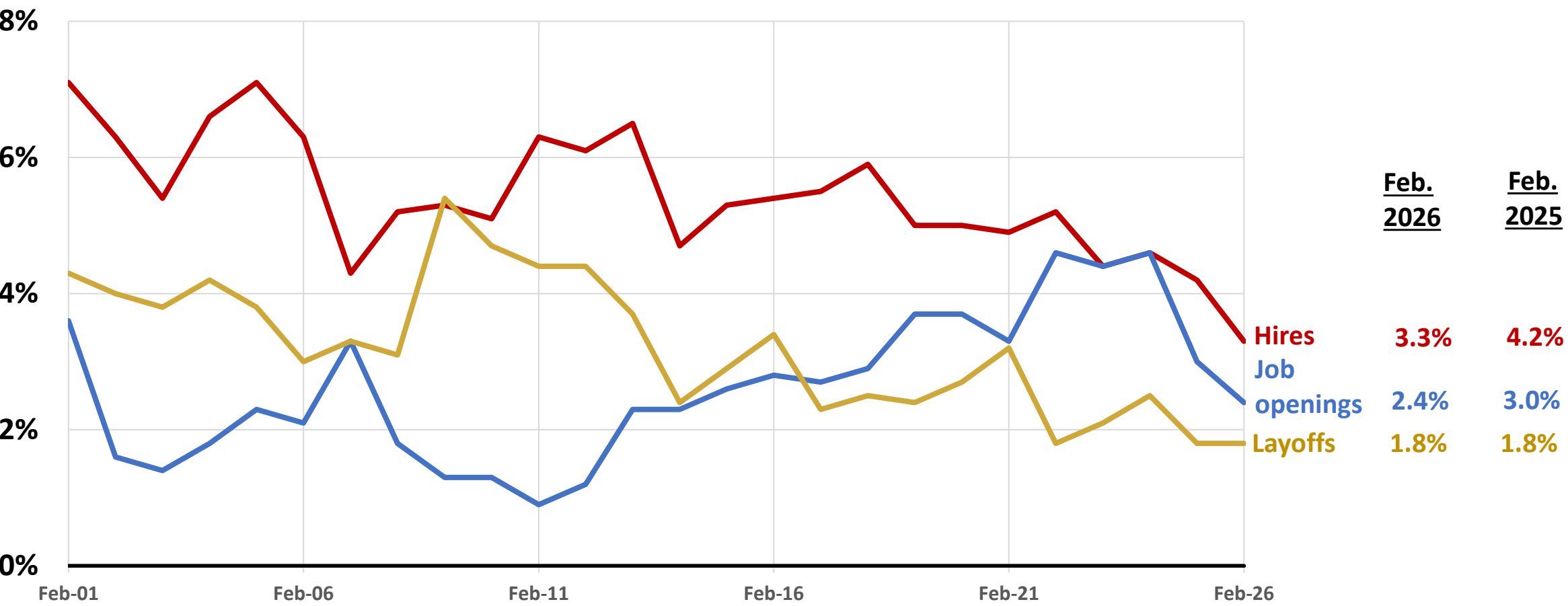
Bottom 5

OR	-3.4%
AK	-3.1%
NM	-2.5%
CA	-1.7%
AZ	-1.7%



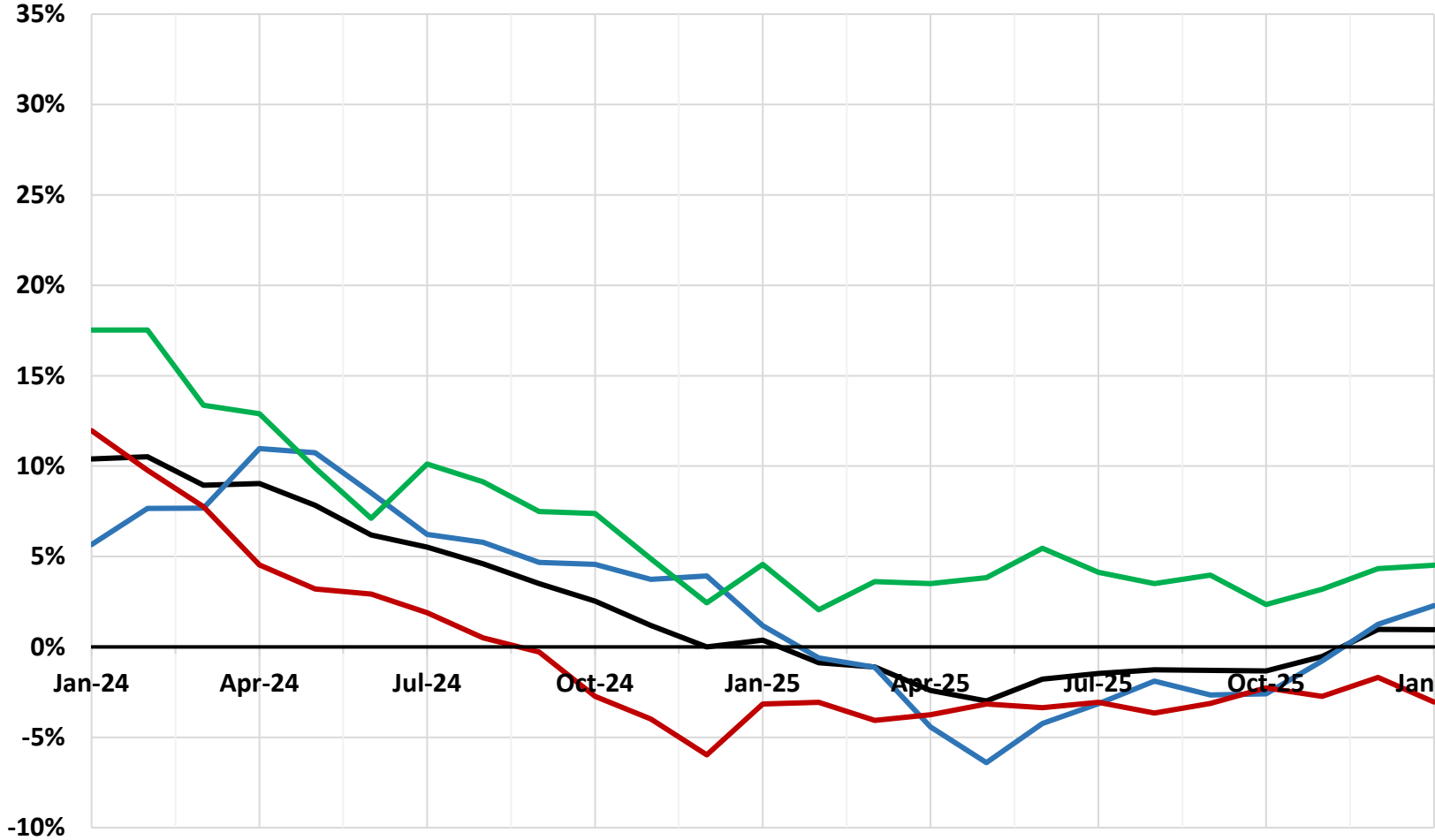
Low rates for hires and job openings but also layoffs (“low hire, low fire”)

Construction hires, job openings, and layoffs as % of Feb. employment, 2001-26



Private construction is declining; public remains positive but weak

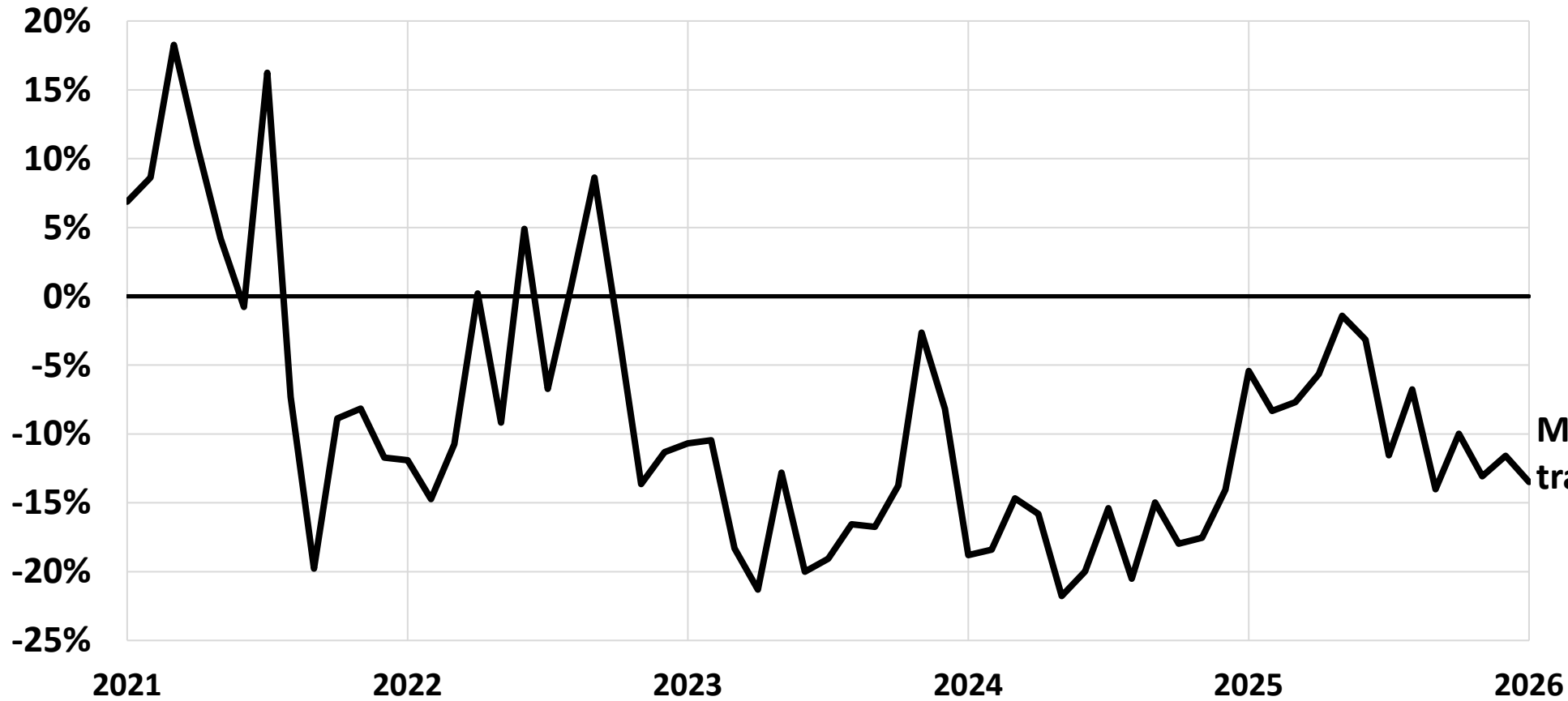
Year-over-year % change in current dollars, seasonally adjusted, Jan. 2024-Jan. 2026



	<u>Jan. 2026</u> <u>(billion \$)</u>	<u>year-over-year % change</u> <u>Jan. 2024-</u> <u>Jan. 2025</u>	<u>Jan. 2025-</u> <u>Jan. 2026</u>
Public	\$529	5%	5%
Total construction	\$2,190	0.4%	1%
Private residential	\$933	1%	2%
Private nonresidential	\$728	-3%	-2%

Change in mass transit construction spending

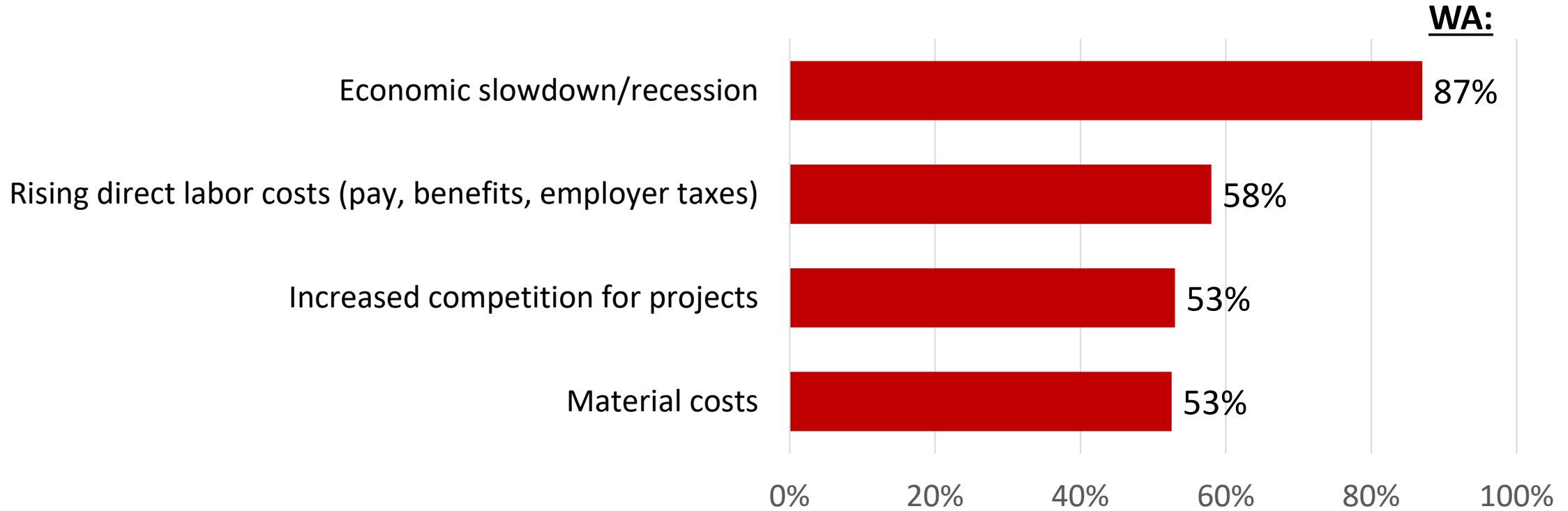
Year-over-year change, Jan. 2021-Jan. 2026, seasonally adjusted annual rate



	<u>% change</u>
Jan. 2026	Jan. 2025-
<u>(Million \$)</u>	<u>Jan. 2026:</u>
Mass transit	\$6,340
	-13.5%

Firms' major concerns for 2026

% of respondents who listed as a major concern:



Tariffs are pushing up costs of construction materials, equipment



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

February 2026 change from:
Jan. 2026 Feb. 2025 Feb. 2020
(1 month) (12 months) (72 months)

Overall input costs are rising again and have outpaced the CPI since 2020

PPI for inputs to new nonresidential construction	1.0%	3.7%	45%
Consumer price index (CPI)	0.5%	2.4%	26%

...and domestic input prices for items competing with tariff-burdened imports soared

Diesel fuel	20%	3.7%	67%
Steel mill products	3.0%	21%	73%
Aluminum mill shapes	5.7%	39%	85%
Copper and brass mill shapes	1.3%	15%	100%
Construction machinery and equipment	0.4%	4.9%	37%

Tariff announcements & dates affecting construction (as of April 8)

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



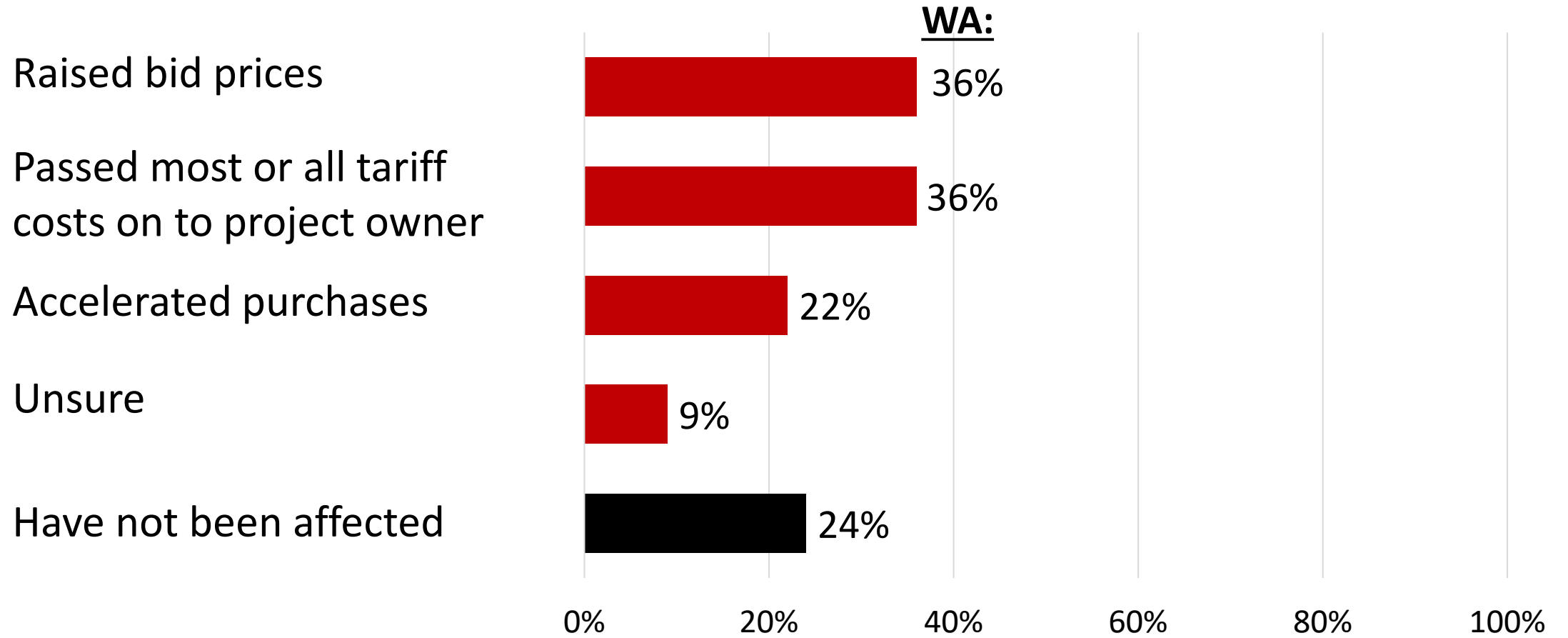
- **Supreme Court ruling invalidates many country-specific tariffs but not materials tariffs**
- **Not clear yet what Trump Administration will do next and if it will be upheld**

Still in effect:

- **Steel & aluminum:** 25% on March 12, 2025; 50% on June 4
- **Copper:** 50% on Aug. 7 for copper products, not unprocessed copper
- **Lumber:** 10% on Oct. 1; duties on Canadian lumber raised from 14.5% to 35% in early August
- **Cars & light trucks:** 25%; **medium and heavy trucks:** 25% on Nov. 1; lower rate for parts, USMCA
- **Fee on Chinese ships calling on U.S. ports:** began on Oct. 14; suspended as of Nov. 10

Actions taken in response to actual or proposed tariffs

(% of firms - some respondents reported multiple actions):



Construction pay increases continue to outpace the private sector

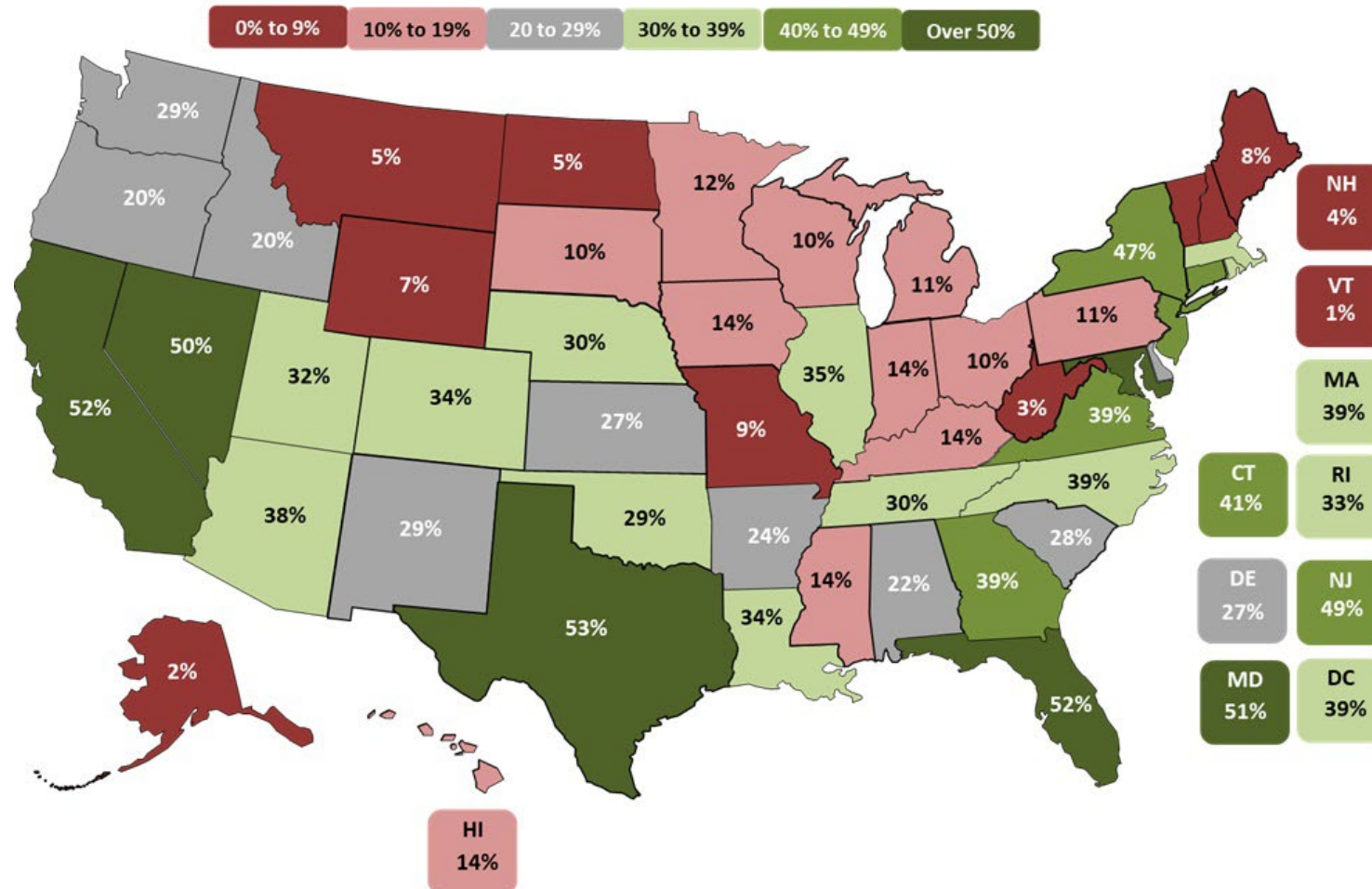


- [BLS](#): Average hourly earnings for production and nonsupervisory employees (Mar. 2025-Mar. 2026):
Construction 5.0% Private sector 3.4%
- [BLS](#): Wages and salaries (employment cost index, Q4 2024-Q4 2025):
Construction 4.3% Private sector 3.3%
- [CLRC](#): First-year settlements for construction union contracts: 4.7% (2025)
- [PAS](#): Construction firm executive increases: 4.5% in 2025; 4-4.5% anticipated in 2026 (Mar. 2026)

Construction trades rely heavily on immigrants (35% vs. 18% for all workers); impact varies greatly by state (1-53%); WA: 29%



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



Middle East war 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 drive 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

Likely policy impacts on construction



- Higher tariffs will raise costs, invite retaliation, may disrupt supply chains
- Harsh immigration/deportation actions will worsen construction labor shortages
- Expectation of larger deficits pushed interest rates higher
- However, lessened federal regulatory hurdles may help projects start sooner
- OBBBA adds certainty about corporate taxes; may lead to speedup of some investments

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



- Economic growth is close to stalling; risks of inflation and recession are high
- Transit construction: cutbacks, extended timetables are likely nationally
- 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: canceled & deferred projects likely to outweigh new starts
- Materials costs: up 3-4%, much more if Middle East war lasts
- Supply chain: few problems so far except electrical gear; problems will grow if war continues
- Labor costs: up 4-5%; ICE actions make availability a challenge

AGC economic resources

(email ken.simonson@agc.org)

- *Data DIGest*: weekly email summary of construction economic news ([subscribe](#))
- AGC [Tariff Resource Center](#)
- AGC/Sage Construction Hiring and Business Outlook [Survey](#)
- 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](#)



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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 \$54,540," 18% more than the U.S. median wage of \$46,310, "and the top 25% make at least \$77,030," 4.5% 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](#)

