

By: Anirban Basu  
MPP, MA, JD, PHD  
Sage Policy Group, Inc.

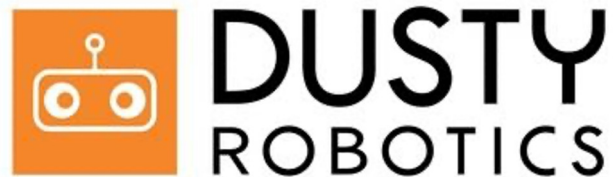
On Behalf of  
Construction Executive

July 16, 2025

# **2025 Q2 Construction Economic Update & Exclusive Forecast**



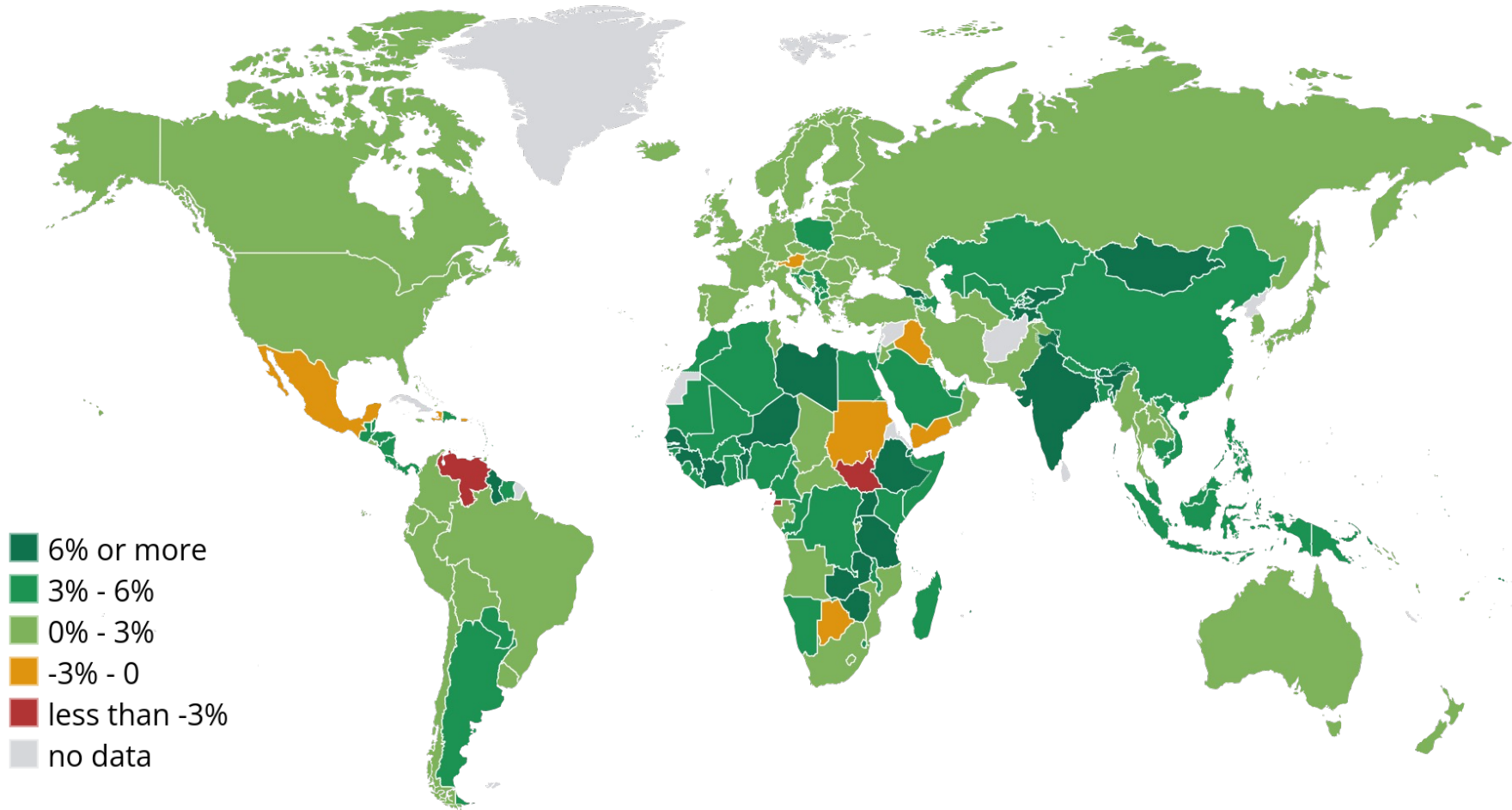
# Thank You to Our Sponsors



# Global Economic Dynamics



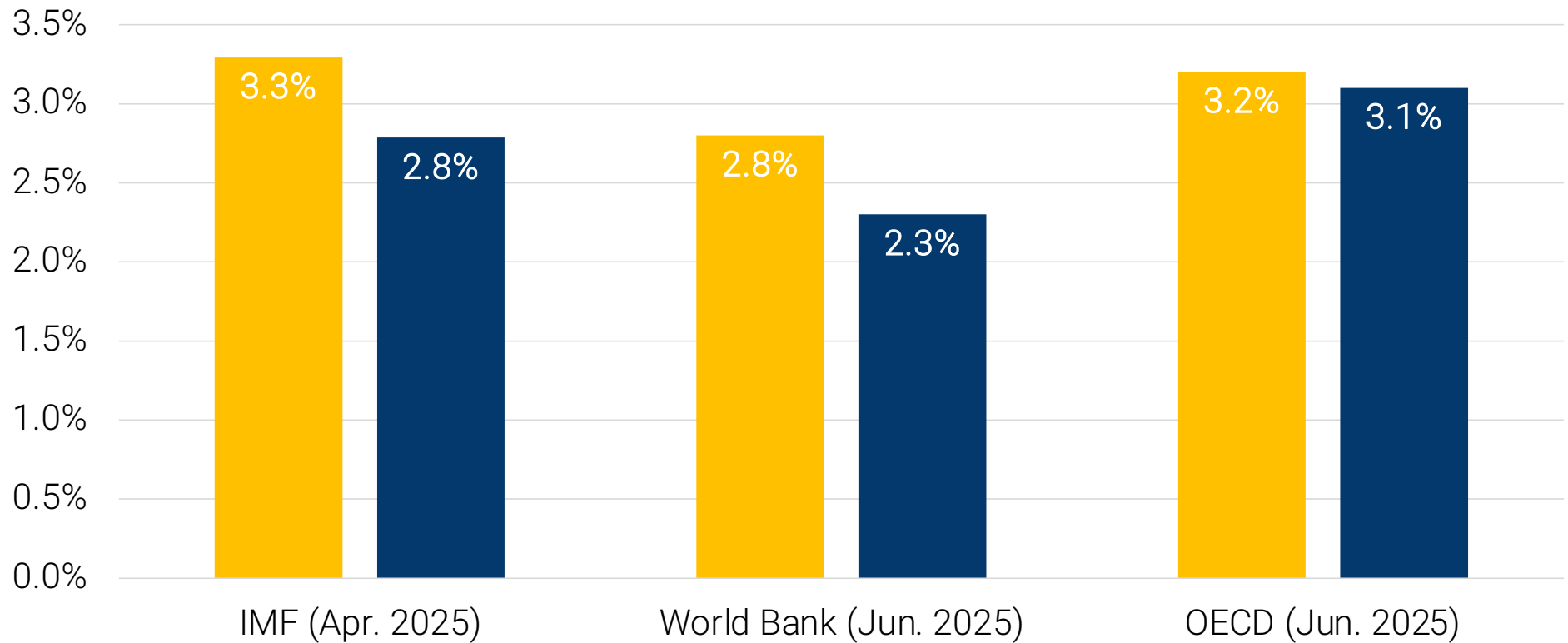
## Real GDP Growth 2025, Projected Annual Percent Change



Source: International Monetary Fund, World Economic Outlook, April 2025

## Major Economic Forecasts for World GDP Growth

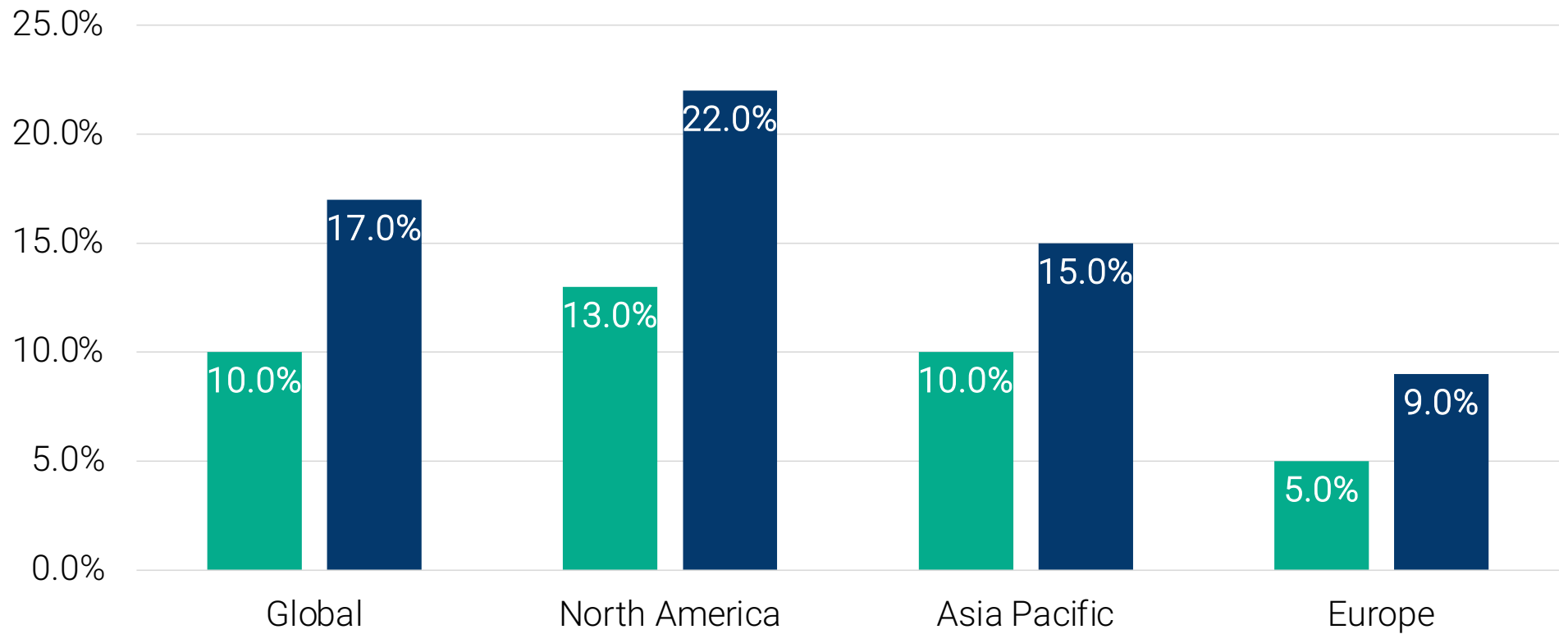
■ 2024 ■ 2025



Source: IMF; OECD; World Bank

## Global Office Vacancy in Select Regions

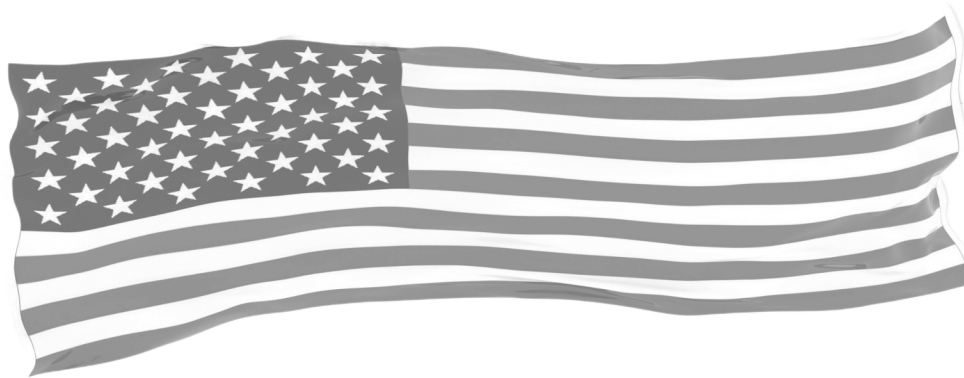
■ 2019Q4 ■ 2025Q1



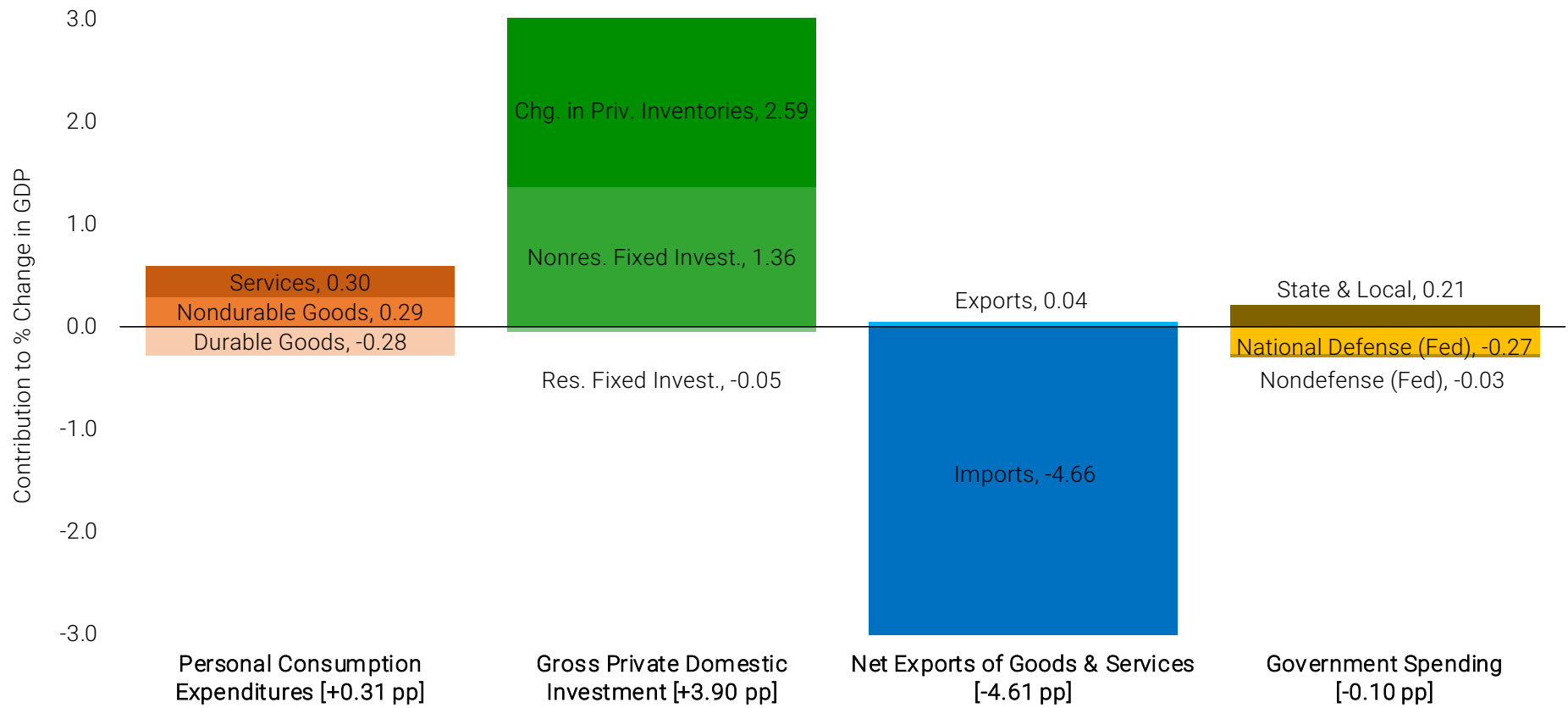
Source: JLL Research

**SAGE** | policy group

# **U.S. Economic Conditions**



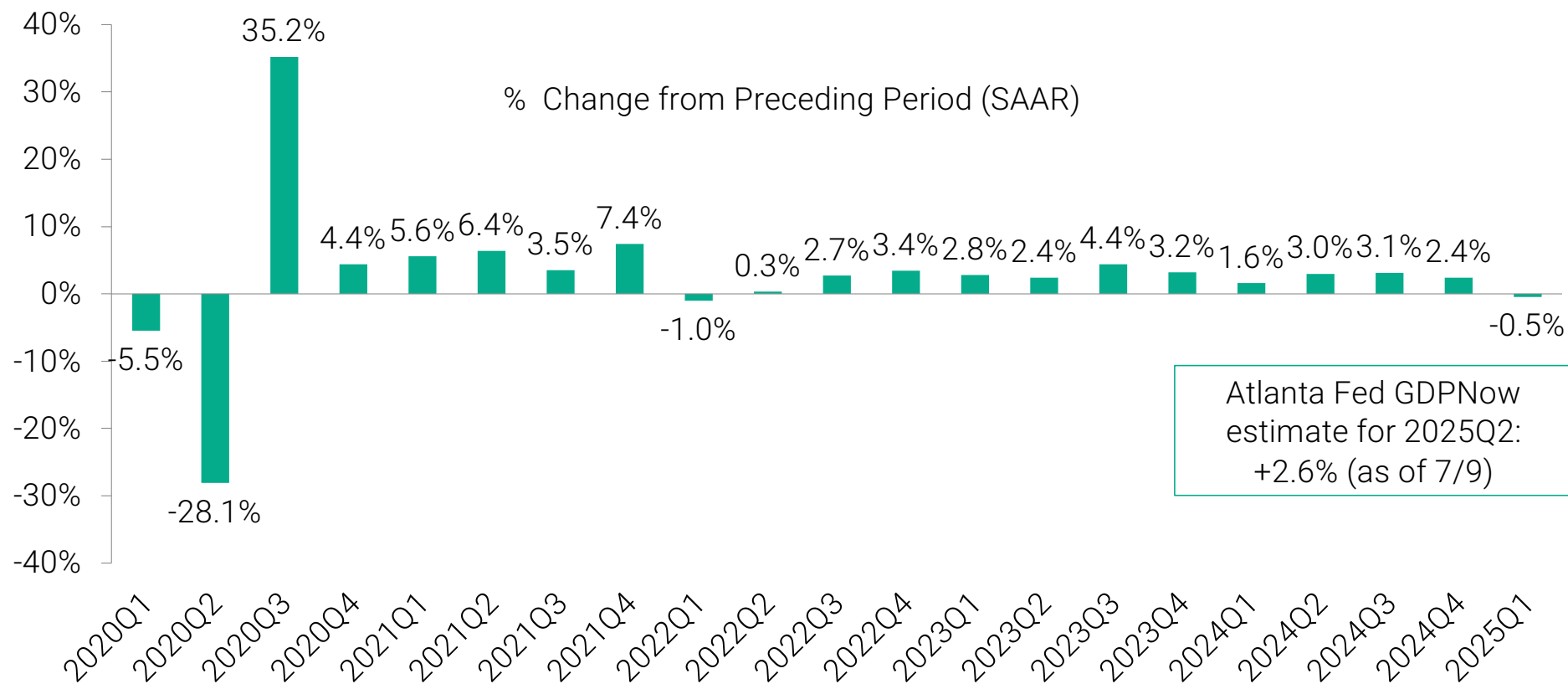
## Contributions to GDP Growth, 2025Q1



Source: U.S. Bureau of Economic Analysis \*2025Q1: 3<sup>rd</sup> (final) estimate

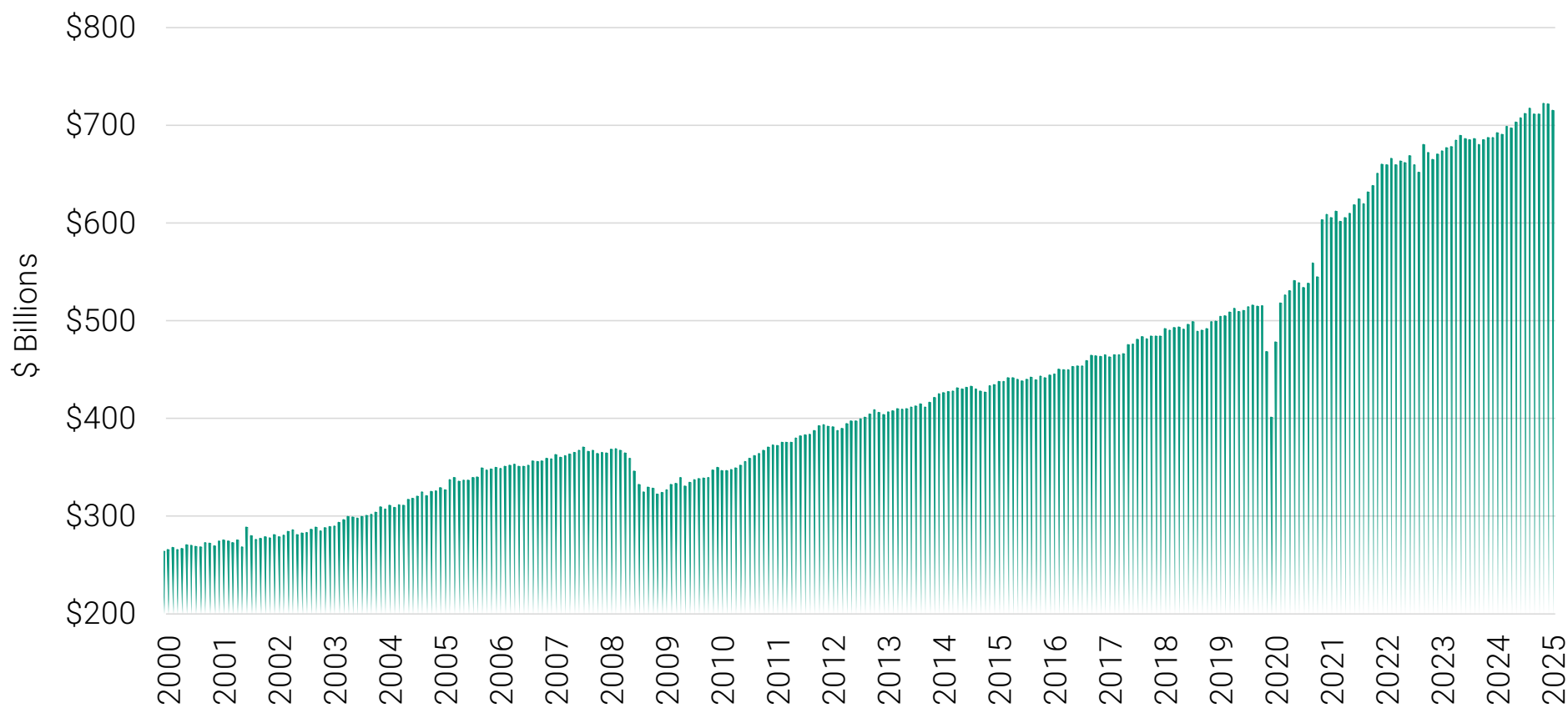


## U.S. Gross Domestic Product Growth, 2020 – 2025Q1



Source: U.S. Bureau of Economic Analysis \*2025Q1: 3<sup>rd</sup> (final) estimate

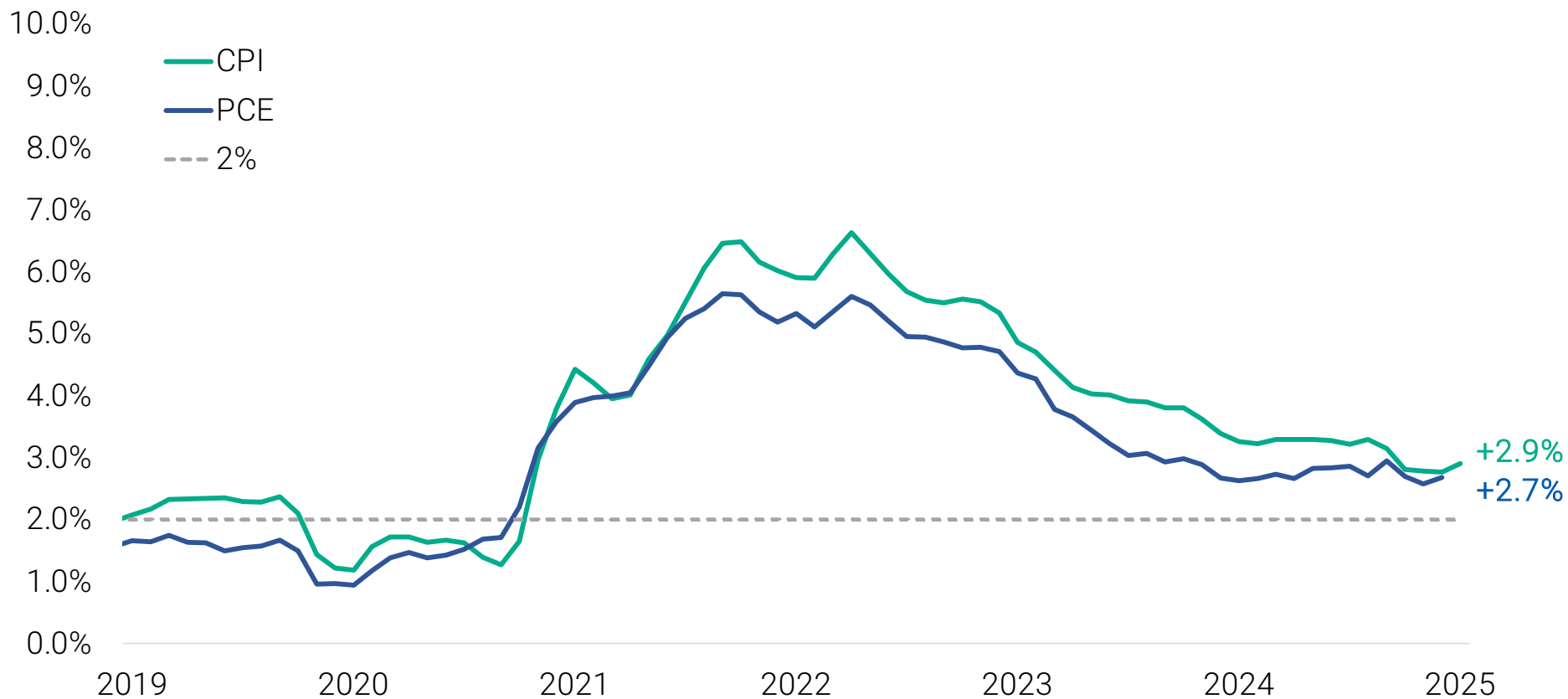
## U.S. Retail Sales, 2000 – May 2025



Source: U.S. Census Bureau

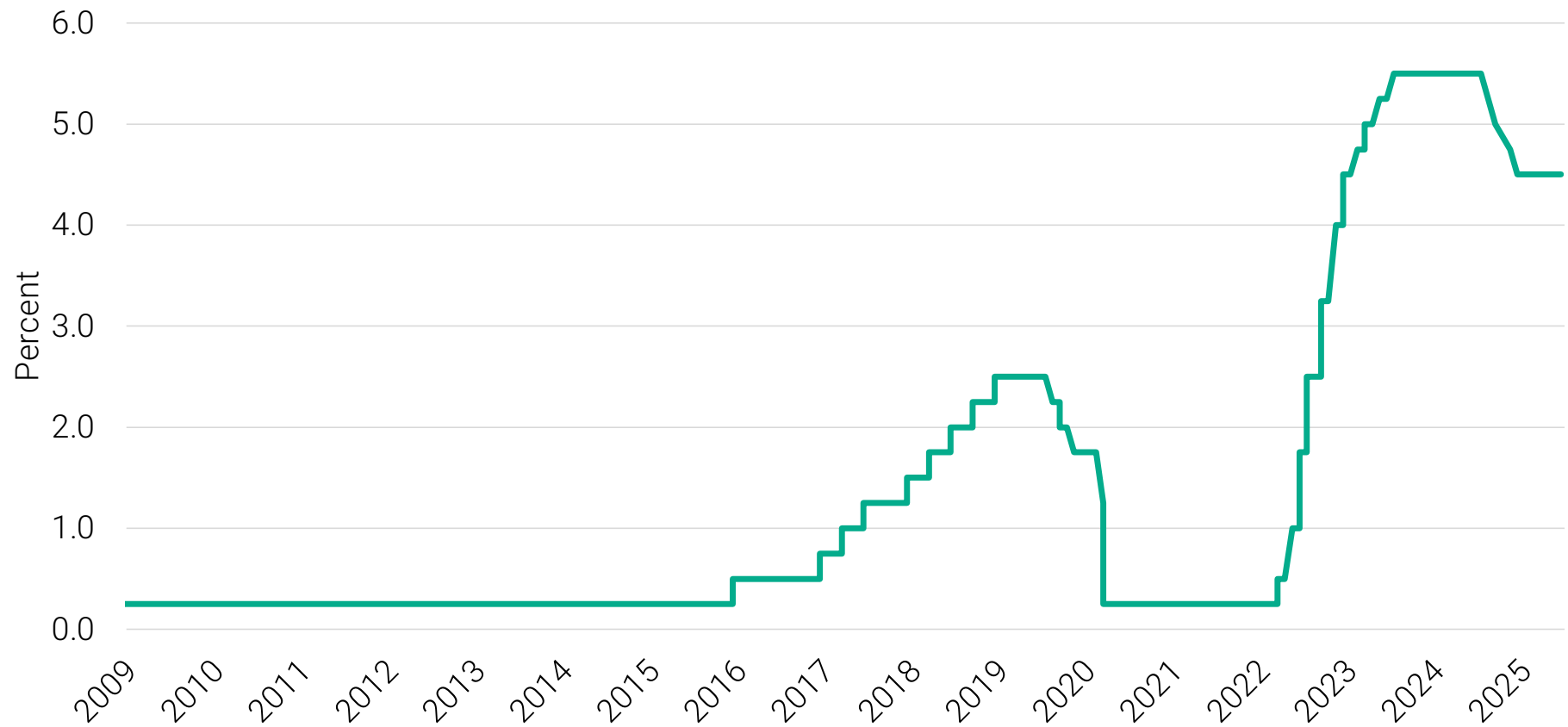
## Core CPI & PCE, 12-Month % Change (SA)

2019 – May/June 2025



Source: U.S. Bureau of Labor Statistics; U.S. Bureau of Economic Analysis \*Core: All items less food and energy

## Federal Funds Rate, Target Rate Upper Limit, 2009 – 2025



Source: Board of Governors of the Federal Reserve System

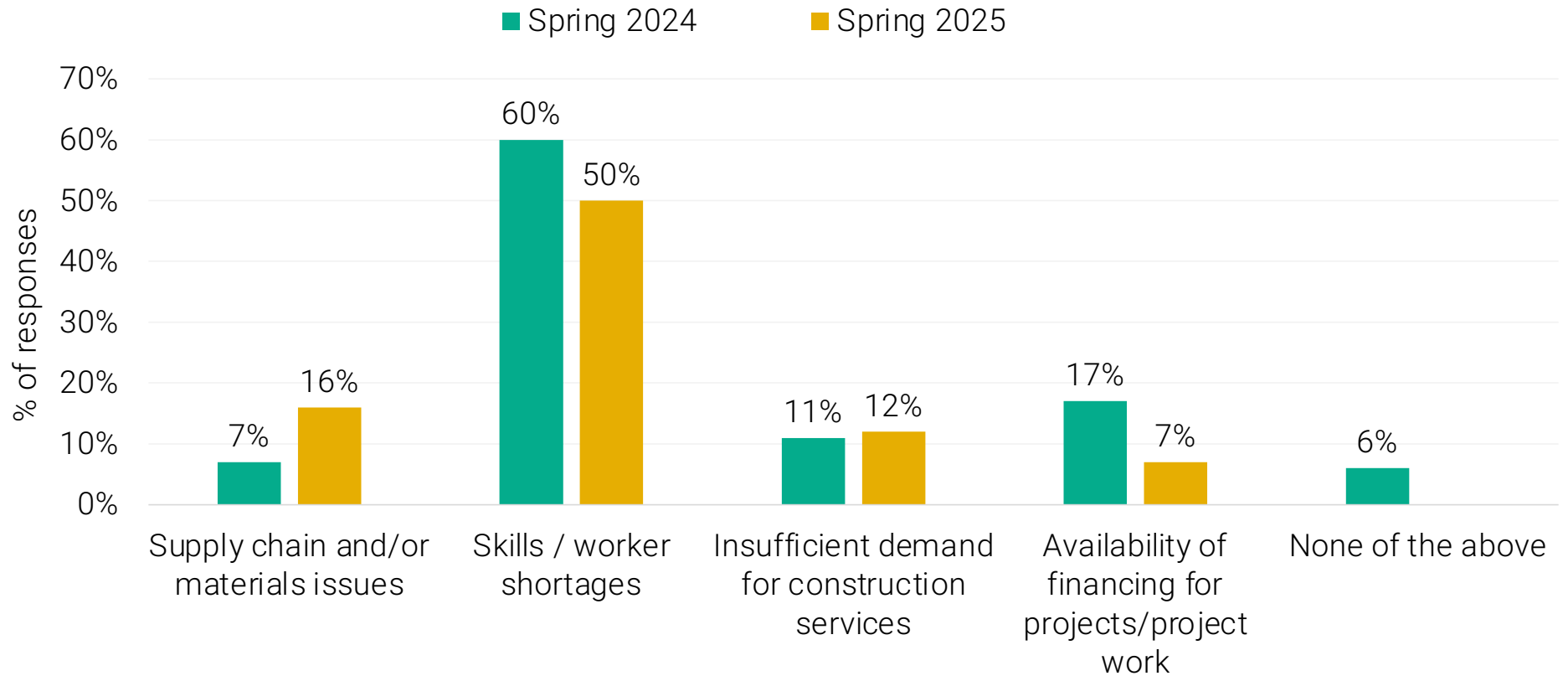
## POLL

Which of these is the leading challenge for your company today?

- Supply chain and/or materials issues
- Skills / worker shortages
- Insufficient demand for construction services
- Availability of financing for projects/project work
- None of the above

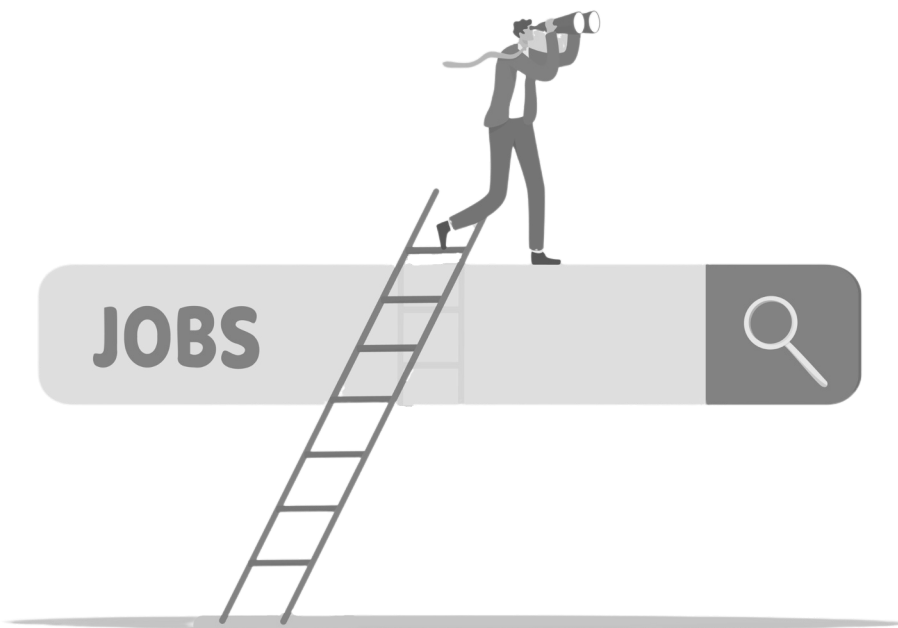
## CE Webinar Audience Poll Results:

“Which of these is the leading challenge for your company today?”



Source: Associated Builders and Contractors; Sage

# U.S. Labor Market



## U.S. Job Openings, 2015 – May 2025



May 2025:  
7.8M Openings

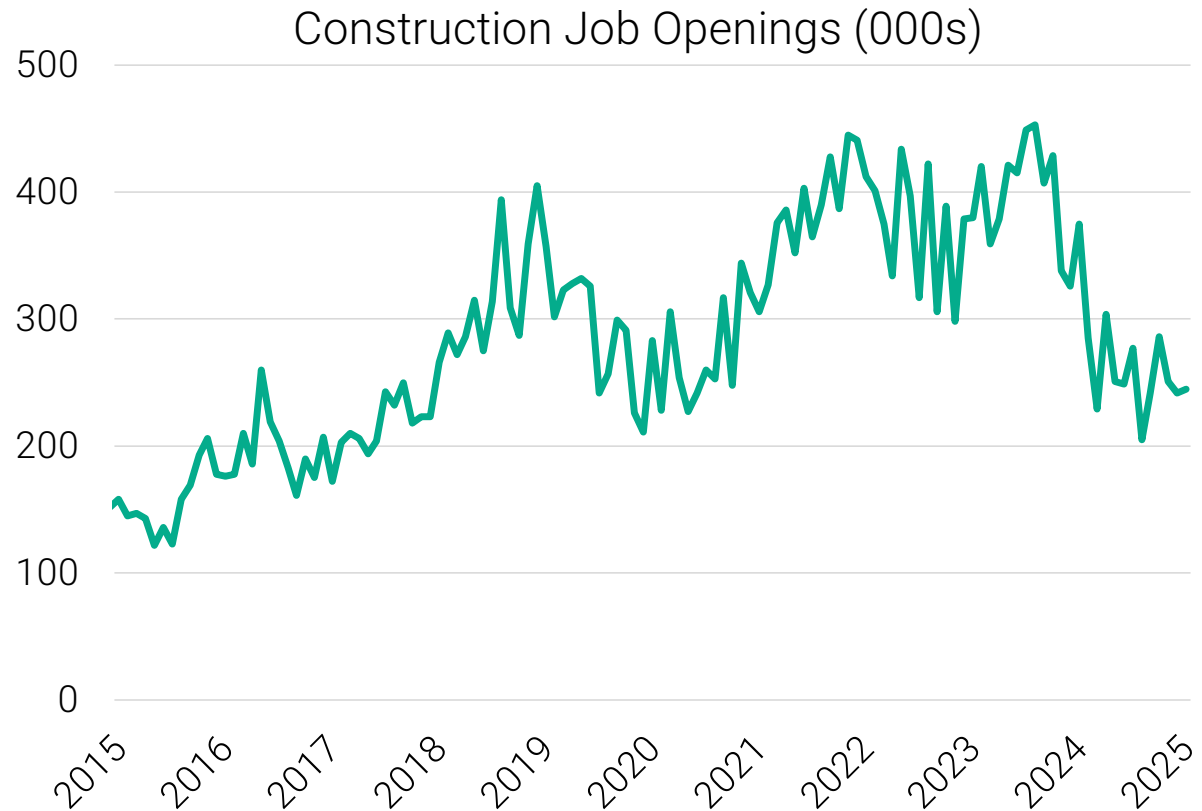
Source: U.S. Bureau of Labor Statistics

**SAGE** | policy group



## U.S. Construction Job Openings, 2015 – May 2025

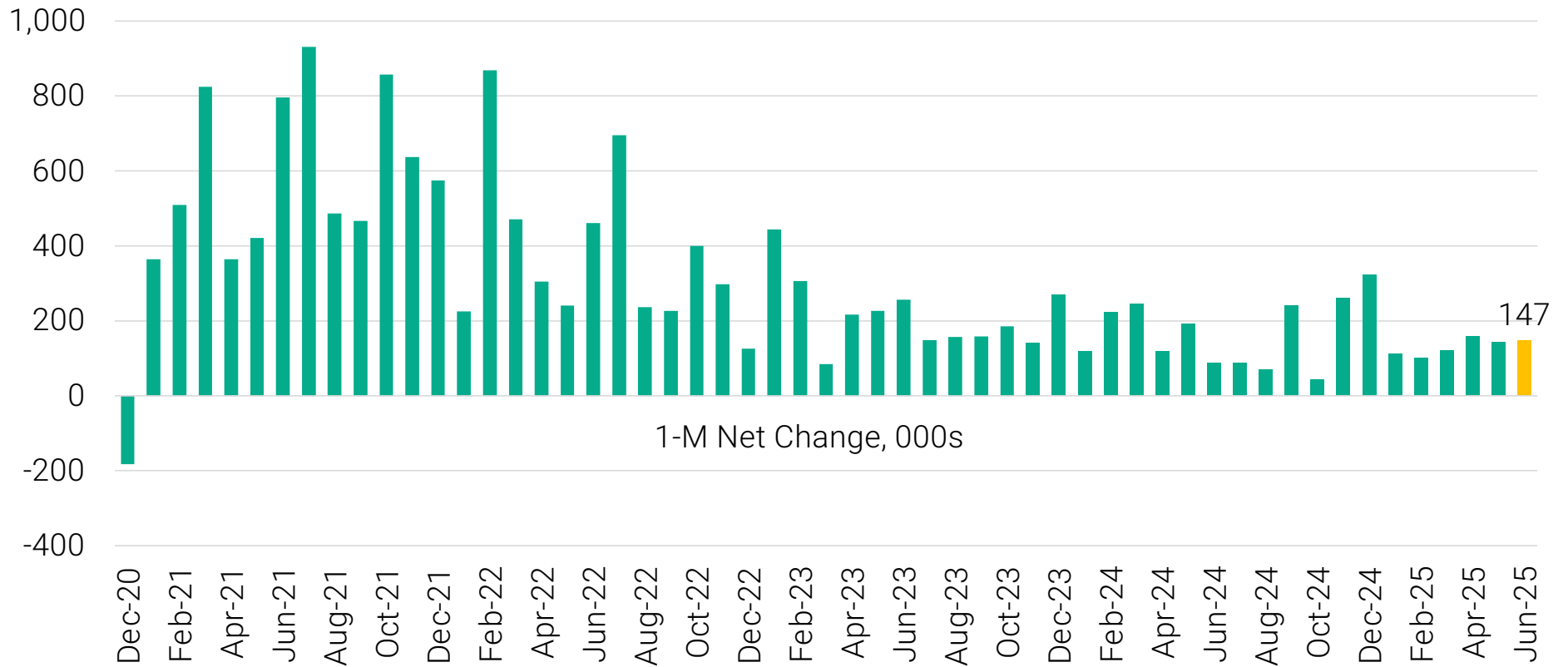
- From 2015-2019 the number of unfilled U.S. construction jobs averaged 228,000.
- In 2024 there was an average of 306,000 unfilled construction jobs.
- That's 34% higher than the 2015-2019 average.



Source: U.S. Bureau of Labor Statistics

# U.S. Job Growth, Monthly

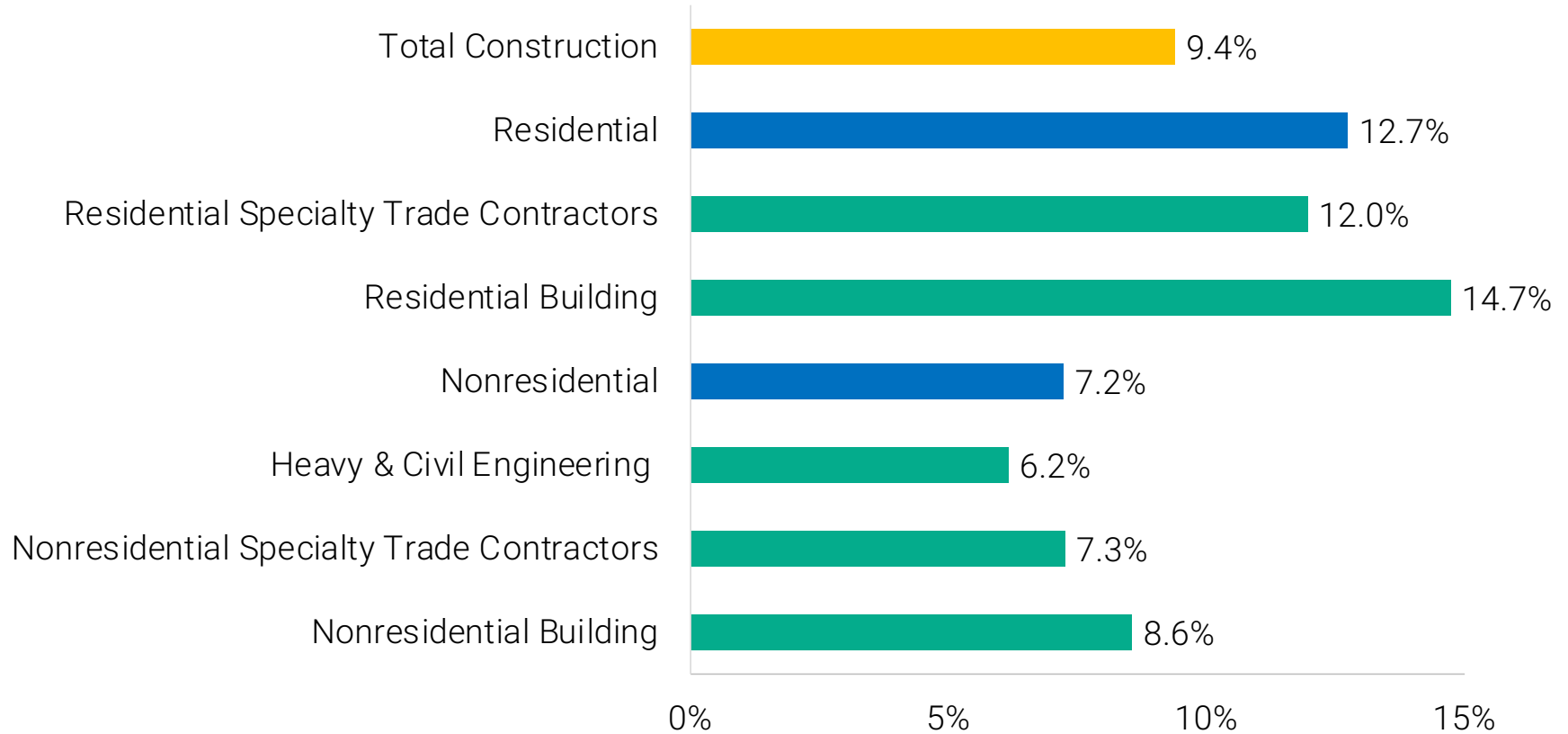
December 2020 – June 2025



Source: U.S. Bureau of Labor Statistics

# U.S. Construction Employment

February 2020 v. June 2025



Source: U.S. Bureau of Labor Statistics

# Employment Growth, 25 Largest Metros

February 2020 v. May 2025 % Change

Rank	MSA	%
1	Austin-Round Rock-San Marcos, TX	20.4%
2	Orlando-Kissimmee-Sanford, FL	13.1%
3	Dallas-Fort Worth-Arlington, TX	12.9%
4	San Antonio-New Braunfels, TX	11.5%
5	Charlotte-Concord-Gastonia, NC-SC	11.1%
6	Tampa-St. Petersburg-Clearwater, FL	10.8%
7	Phoenix-Mesa-Chandler, AZ	10.2%
8	Houston-Pasadena-The Woodlands, TX	8.7%
9	Miami-Fort Lauderdale-West Palm Beach, FL	8.5%
10	Atlanta-Sandy Springs-Roswell, GA	8.0%
11	Riverside-San Bernardino-Ontario, CA	7.4%
12	Denver-Aurora-Centennial, CO	7.0%
13	Philadelphia-Camden-Wilm., PA-NJ-DE-MD	6.0%

Rank	MSA	%
14	New York-Newark-Jersey City, NY-NJ	4.1%
15	San Diego-Chula Vista-Carlsbad, CA	4.0%
16	Baltimore-Columbia-Towson, MD	3.6%
17	Seattle-Tacoma-Bellevue, WA	2.8%
18	Chicago-Naperville-Elgin, IL-IN-WI	2.7%
19	Detroit-Warren-Dearborn, MI	2.6%
19	Washington-Arlington-Alexandria, DC-VA-MD-WV	2.6%
21	St. Louis, MO-IL	2.5%
22	Minneapolis-St. Paul-Bloomington, MN-WI	2.3%
23	Boston-Cambridge-Newton, MA-NH	0.6%
24	Los Angeles-Long Beach-Anaheim, CA	0.0%
25	San Francisco-Oakland-Fremont, CA	-3.2%

Source: Bureau of Labor Statistics  
Current Employment Statistics (CES) Survey. Note: data are not seasonally adjusted.

U.S. % Change 2/2020 v. 5/2025: +4.8%



# Construction Employment Growth, 25 Largest Metros

February 2020 v. May 2025 % Change

Rank	MSA	%
1	Phoenix-Mesa-Chandler, AZ	30.8%
2	Detroit-Warren-Dearborn, MI	29.7%
3	St. Louis, MO-IL	28.7%
4	Austin-Round Rock-San Marcos, TX	27.3%
5	Minneapolis-St. Paul-Bloomington, MN-WI	24.7%
6	San Antonio-New Braunfels, TX	22.7%
7	Charlotte-Concord-Gastonia, NC-SC	20.0%
8	Dallas-Fort Worth-Arlington, TX	17.3%
9	Chicago-Naperville-Elgin, IL-IN-WI	15.6%
10	Tampa-St. Petersburg-Clearwater, FL	15.1%
11	Miami-Fort Lauderdale-West Palm Beach, FL	13.1%
12	Atlanta-Sandy Springs-Roswell, GA	11.4%
13	Orlando-Kissimmee-Sanford, FL	10.9%

Rank	MSA	%
14	Washington-Arlington-Alexandria, DC-VA-MD-WV	9.8%
15	Boston-Cambridge-Newton, MA-NH	9.3%
16	San Diego-Chula Vista-Carlsbad, CA	7.0%
17	Philadelphia-Camden-Wilm., PA-NJ-DE-MD	6.0%
18	Denver-Aurora-Centennial, CO	3.8%
19	Riverside-San Bernardino-Ontario, CA	2.2%
20	Baltimore-Columbia-Towson, MD	0.6%
21	New York-Newark-Jersey City, NY-NJ	-1.9%
22	Houston-Pasadena-The Woodlands, TX	-2.4%
23	Los Angeles-Long Beach-Anaheim, CA	-4.7%
24	Seattle-Tacoma-Bellevue, WA	-6.4%
25	San Francisco-Oakland-Fremont, CA	-10.2%

Source: Bureau of Labor Statistics  
Current Employment Statistics (CES) Survey. Note: data are not seasonally adjusted.

U.S. % Change 2/2020 v. 5/2025: +9.2%



## Unemployment Rates, 25 Largest Metros, May 2025

Rank	MSA	%
1	Miami-Fort Lauderdale-West Palm Beach, FL	3.1%
1	Minneapolis-St. Paul-Bloomington, MN-WI	3.1%
3	Baltimore-Columbia-Towson, MD	3.2%
4	Atlanta-Sandy Springs-Roswell, GA	3.3%
4	Austin-Round Rock-San Marcos, TX	3.3%
6	Orlando-Kissimmee-Sanford, FL	3.4%
7	Tampa-St. Petersburg-Clearwater, FL	3.5%
8	Charlotte-Concord-Gastonia, NC-SC	3.6%
8	Washington-Arlington-Alexandria, DC-VA-MD-WV	3.6%
10	Dallas-Fort Worth-Arlington, TX	3.7%
10	Phoenix-Mesa-Chandler, AZ	3.7%
10	San Antonio-New Braunfels, TX	3.7%

Rank	MSA	%
10	St. Louis, MO-IL	3.7%
14	San Francisco-Oakland-Fremont, CA	3.9%
15	New York-Newark-Jersey City, NY-NJ	4.0%
15	Philadelphia-Camden-Wilm., PA-NJ-DE-MD	4.0%
15	San Diego-Chula Vista-Carlsbad, CA	4.0%
18	Houston-Pasadena-The Woodlands, TX	4.2%
19	Seattle-Tacoma-Bellevue, WA	4.3%
20	Denver-Aurora-Centennial, CO	4.5%
21	Chicago-Naperville-Elgin, IL-IN-WI	4.6%
21	Detroit-Warren-Dearborn, MI	4.6%
23	Boston-Cambridge-Newton, MA-NH	4.8%
23	Riverside-San Bernardino-Ontario, CA	4.8%
25	Los Angeles-Long Beach-Anaheim, CA	5.0%

Source: Bureau of Labor Statistics  
Local Area Unemployment Statistics (LAUS) program. Note: data are not seasonally adjusted

U.S. Unemployment Rate — May: 4.2% | June: 4.1%

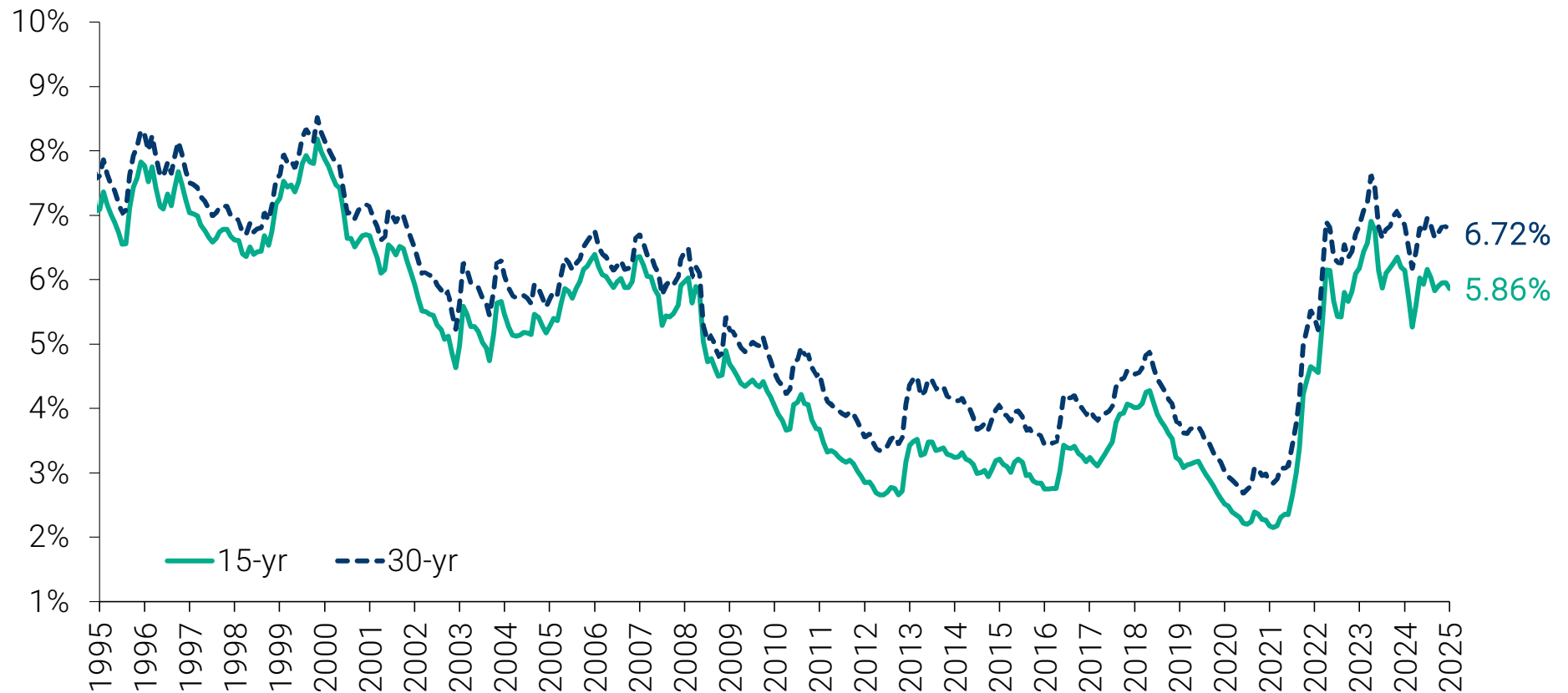


# Spotlight: Construction



# U.S. 15-Year & 30-Year Fixed Mortgage Rates

1995 – July 2025\*



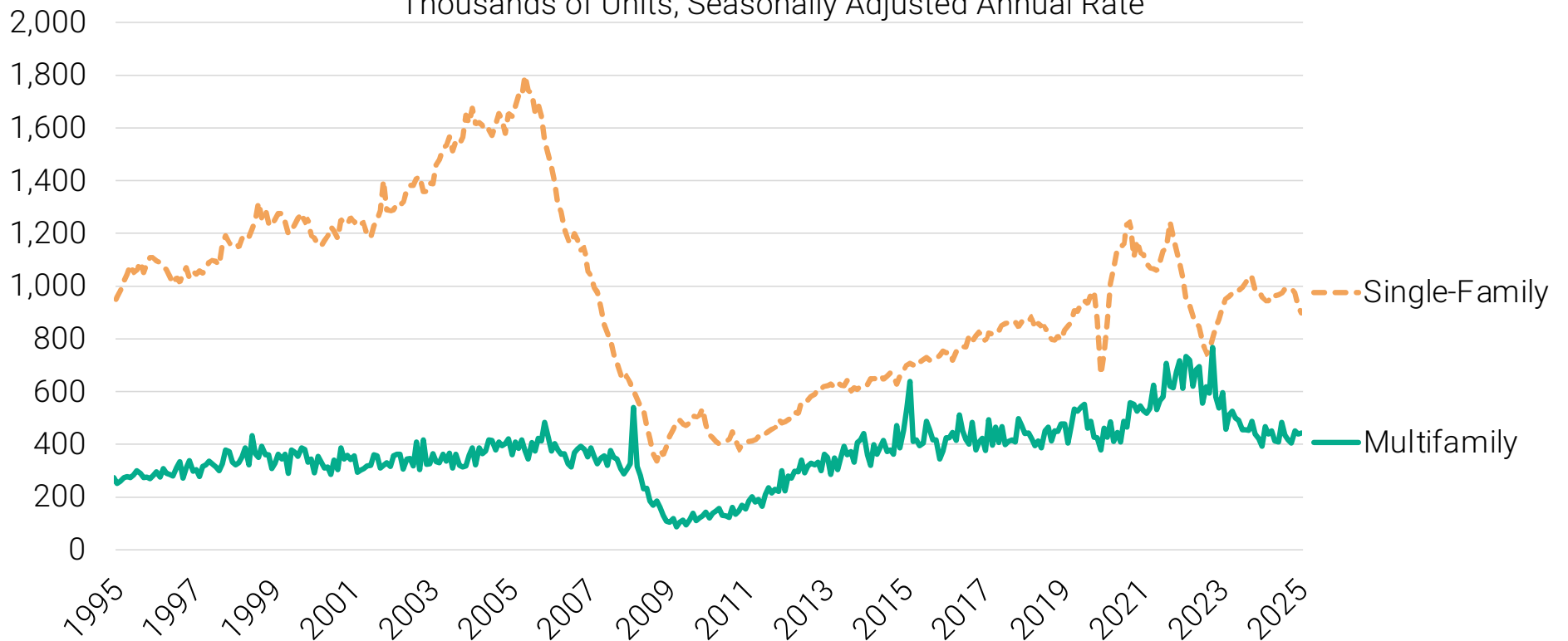
Source: Freddie Mac \*Week ending 7/10/2025



# U.S. Residential Building Permits

1995 – May 2025

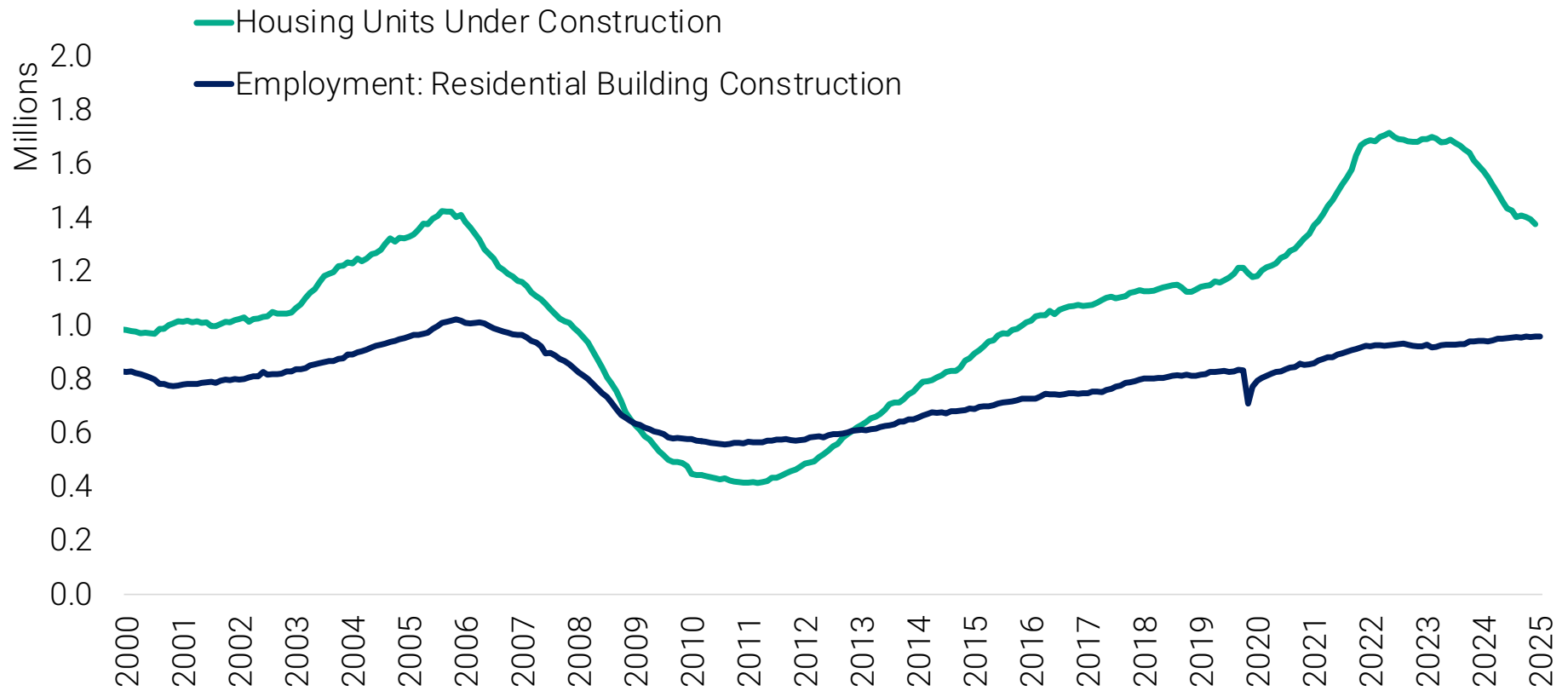
Thousands of Units, Seasonally Adjusted Annual Rate



Source: U.S. Census Bureau

# Housing Units Under Construction vs. Residential Employment

2000 – May/June 2025



Source: U.S. Census Bureau; U.S. Bureau of Labor Statistics

## POLL

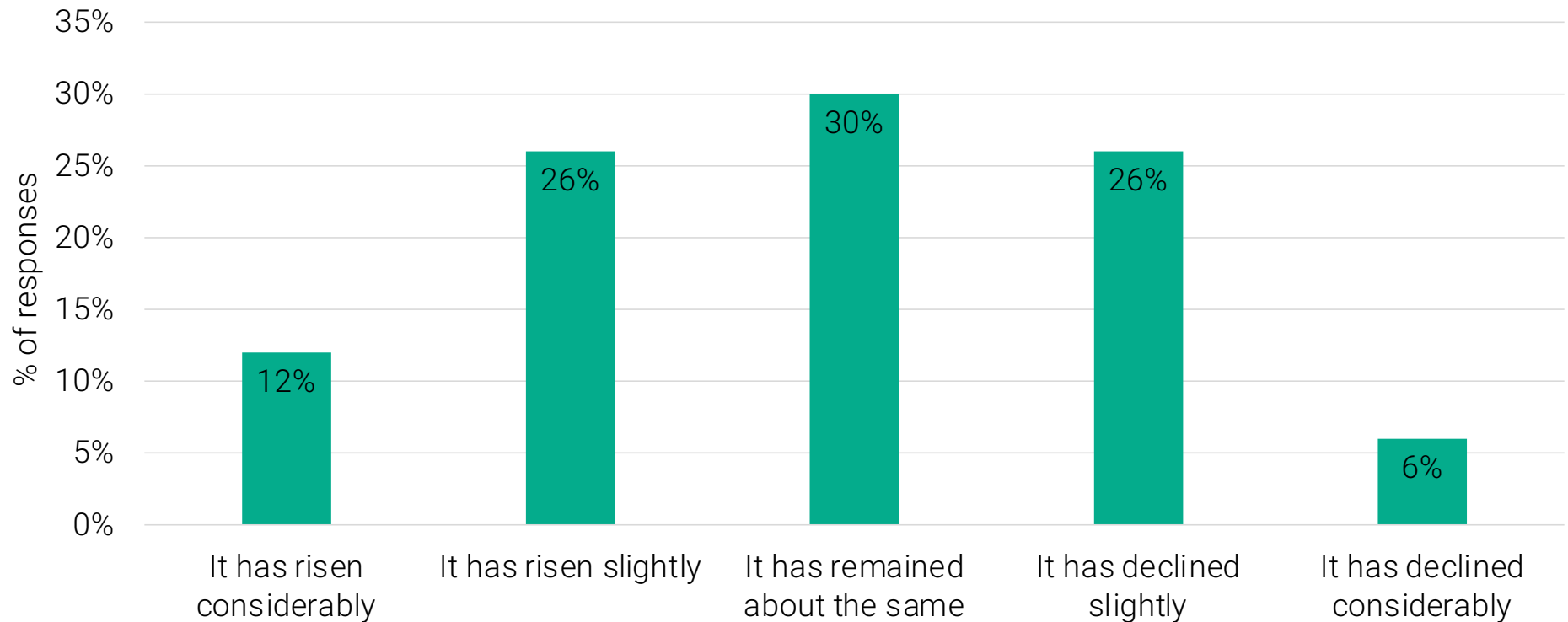
Over the last three months, how has your company's backlog fared?

- It has risen considerably
- It has risen slightly
- It has remained about the same
- It has declined slightly
- It has declined considerably

## CE Webinar Audience Poll Results:

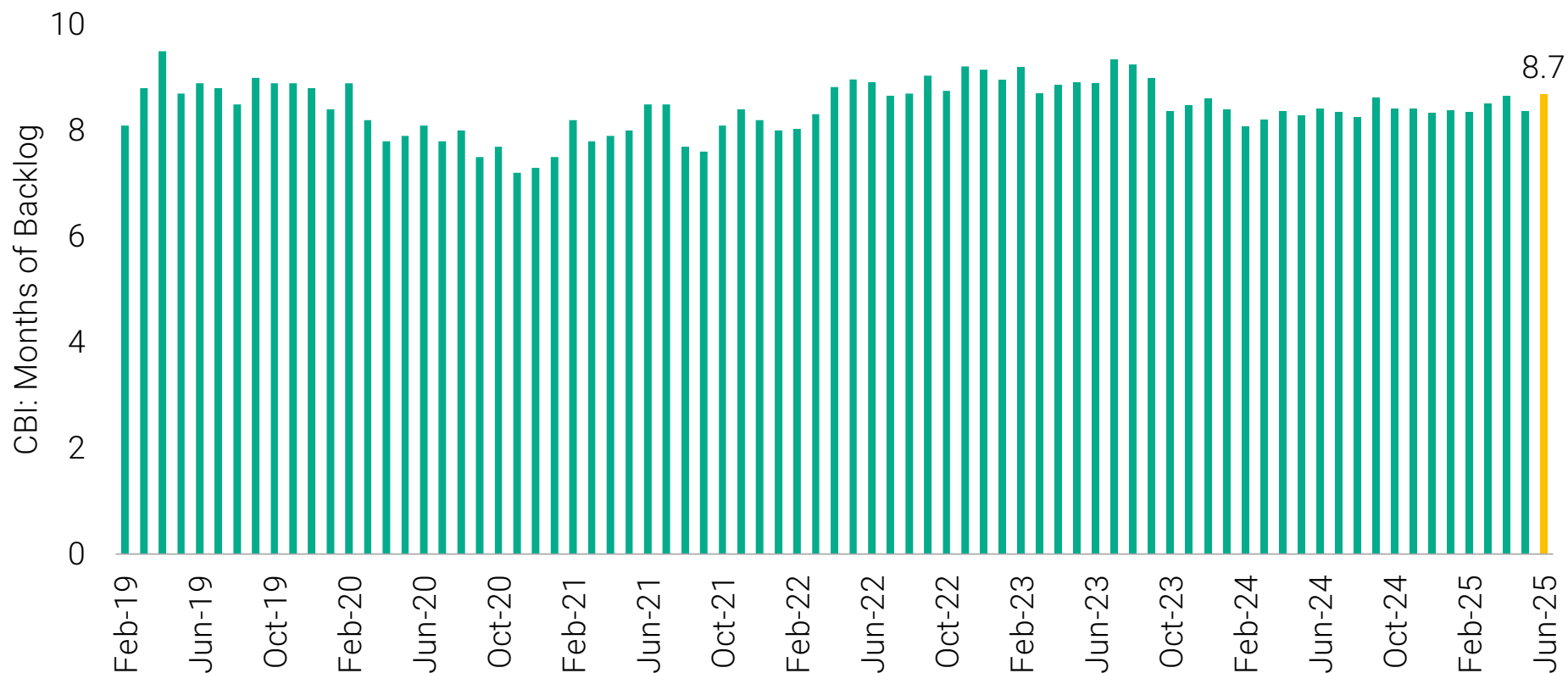
"Over the last three months, how has your company's backlog fared?"

■ 4/2/2025



Source: Associated Builders and Contractors; Sage

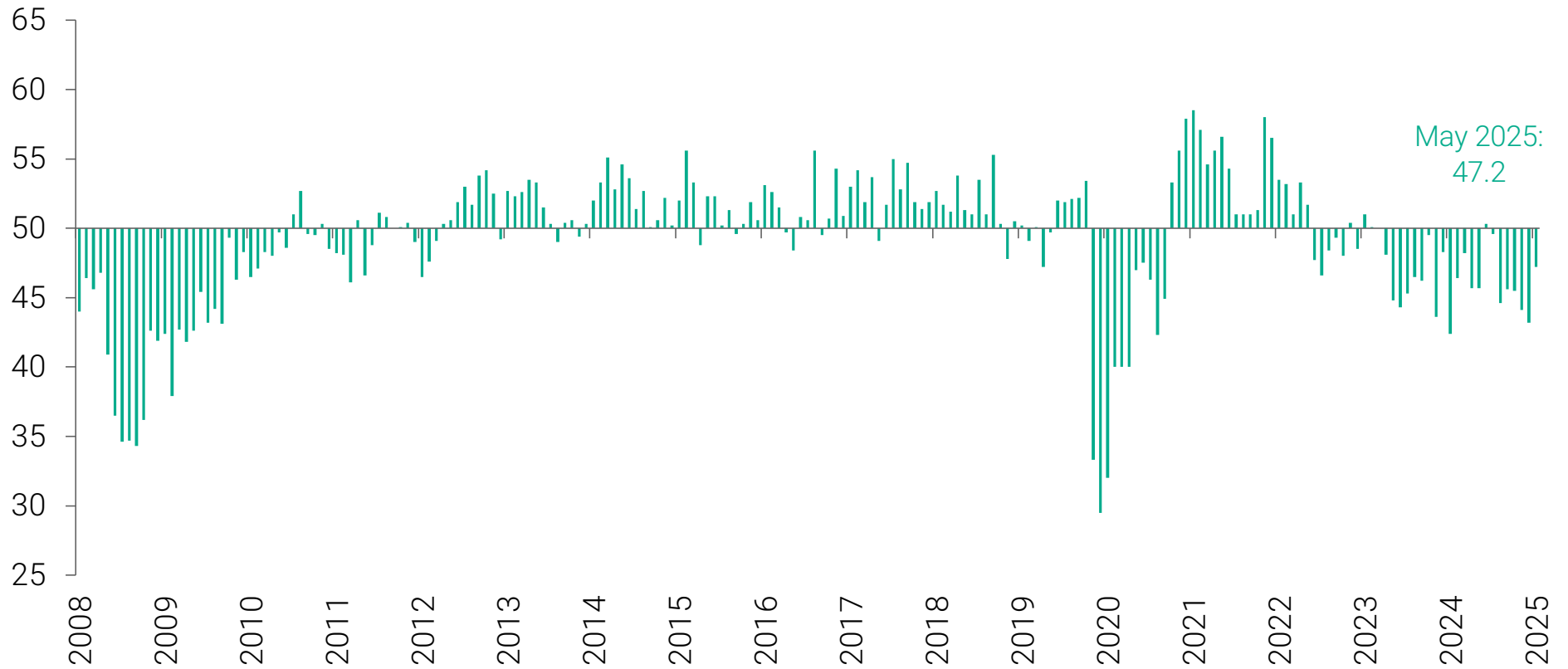
## ABC Construction Backlog Indicator, 2019 – June 2025



Source: Associated Builders and Contractors; Sage

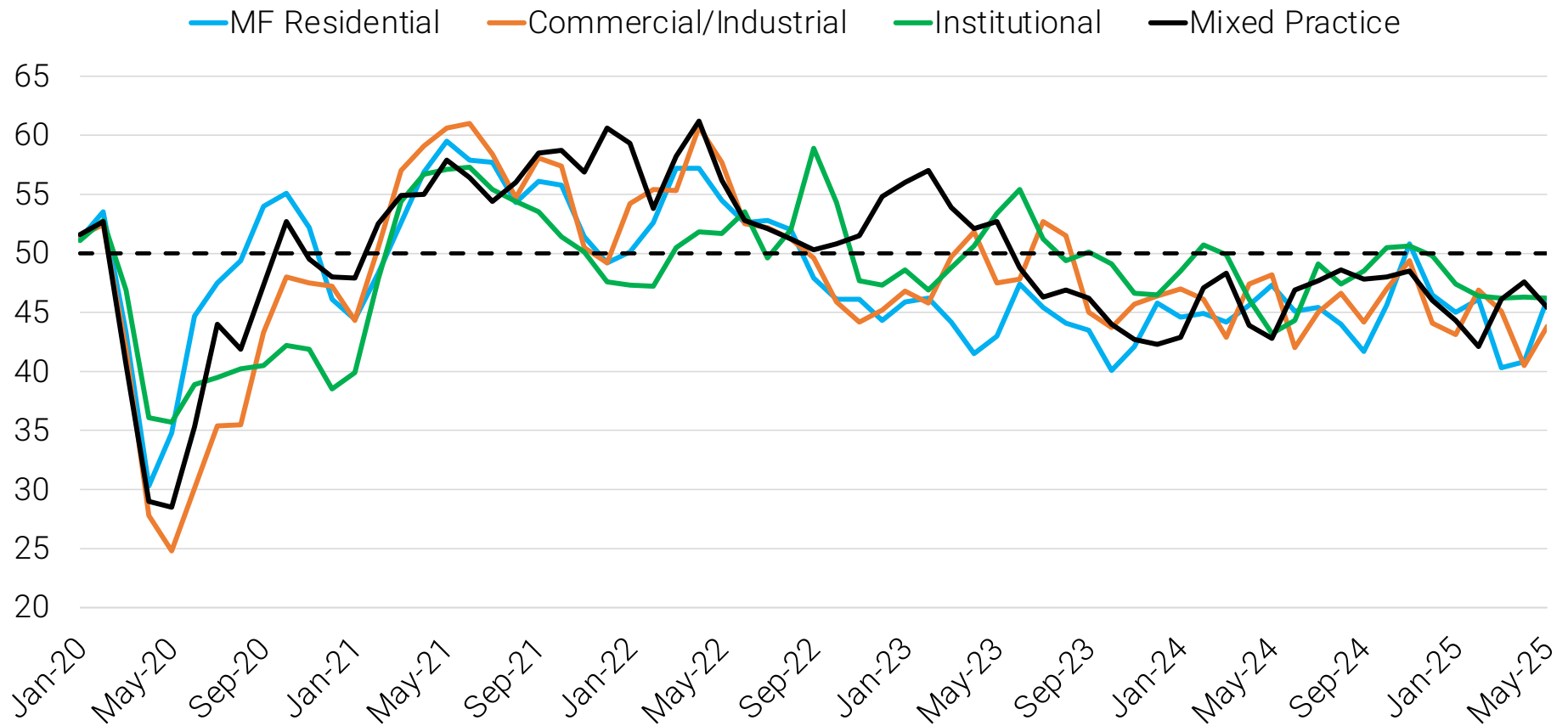
# Architecture Billings Index

2008 – May 2025



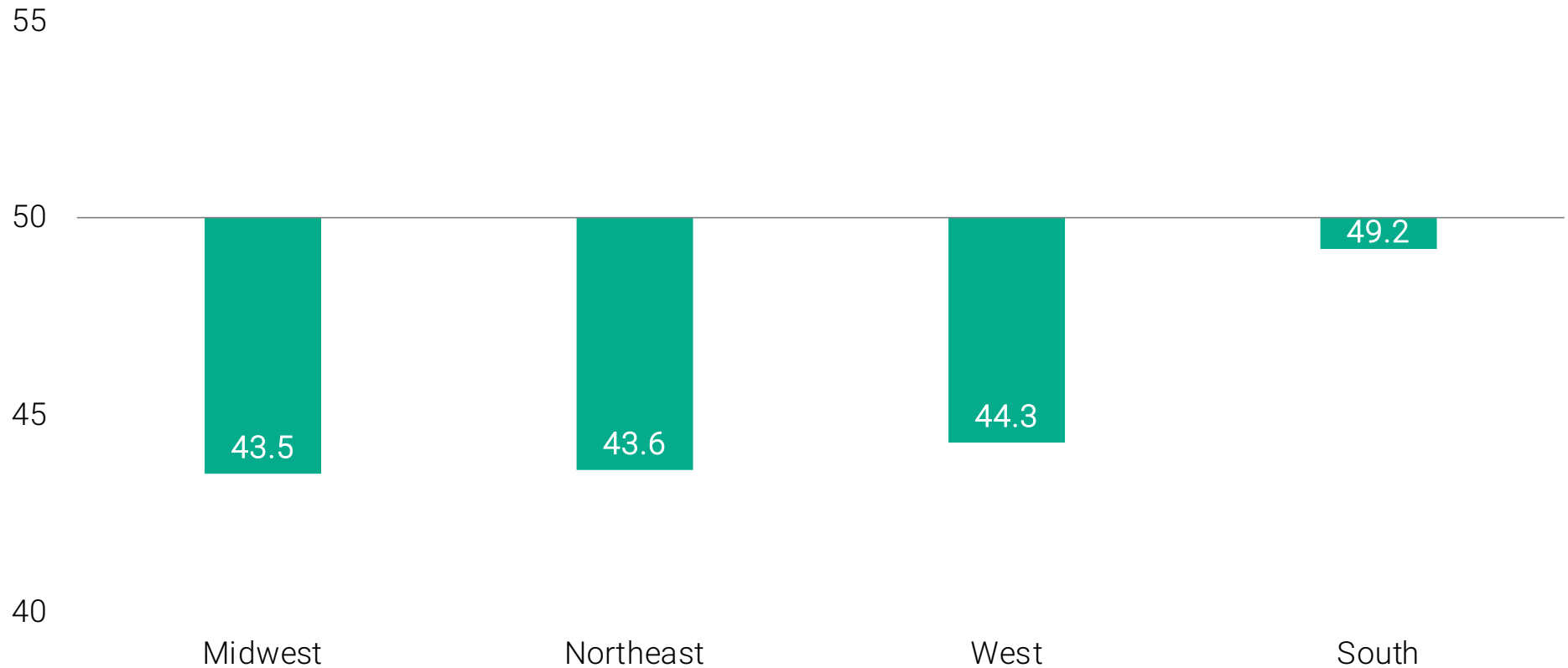
Source: The American Institute of Architects

# Architecture Billings Index by Sector, 2020 – May 2025



Source: The American Institute of Architects \*Note: unlike the national score, sector billings are calculated as three-month moving averages

## Architecture Billings Index by U.S. Region, May 2025



Source: The American Institute of Architects \*Note: Unlike the national score, regional billings are calculated as three-month moving averages



# Total Nonresidential Construction Spending

Current Dollars, 2006 – May 2025

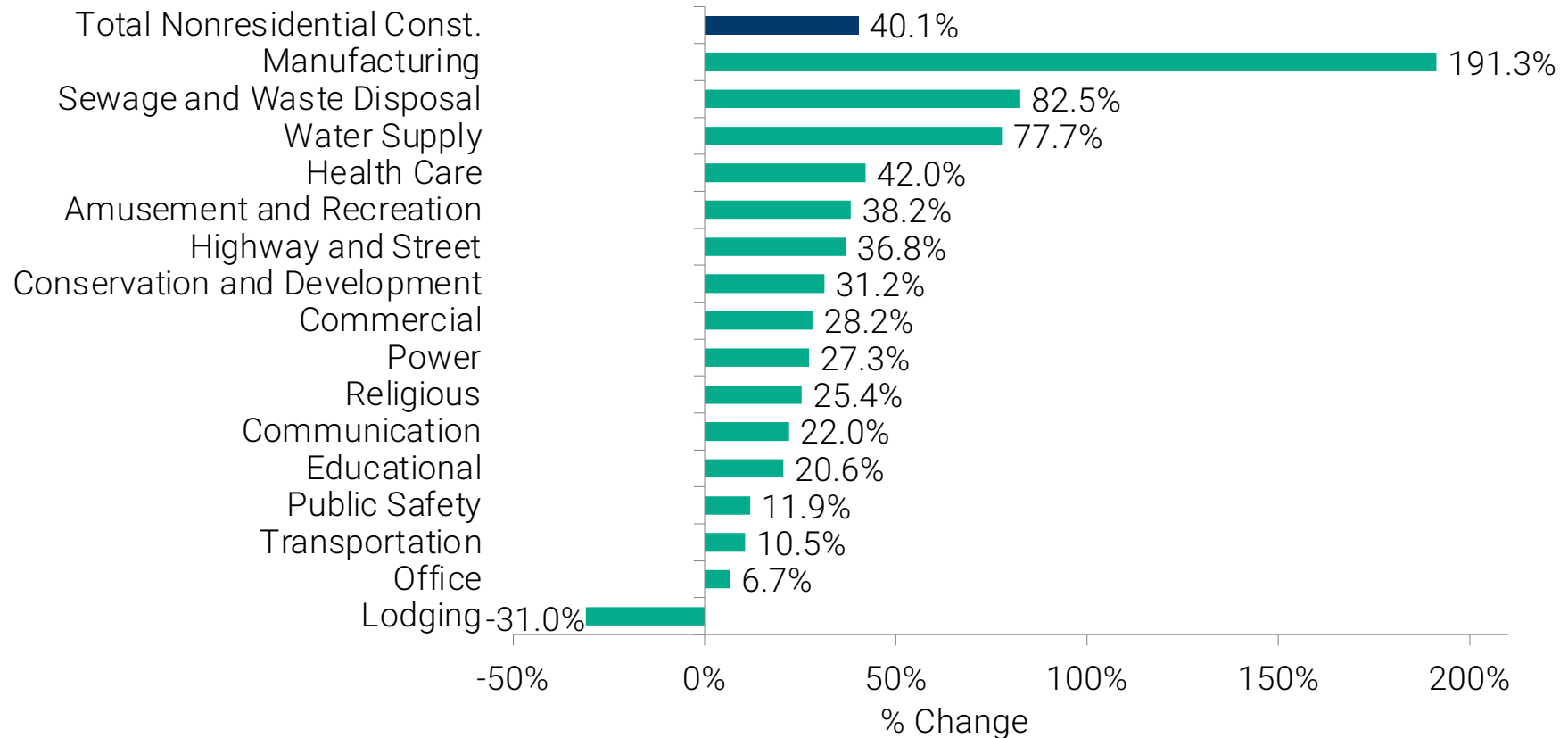
\$ Billions, Seasonally Adjusted Annual Rate



Source: U.S. Census Bureau; U.S. Bureau of Labor Statistics  
\*Adjusted with U.S. Bureau of Labor Statistics Consumer Price Index, All Urban Consumers, U.S. City Average

# Nonresidential Construction Spending by Subsector

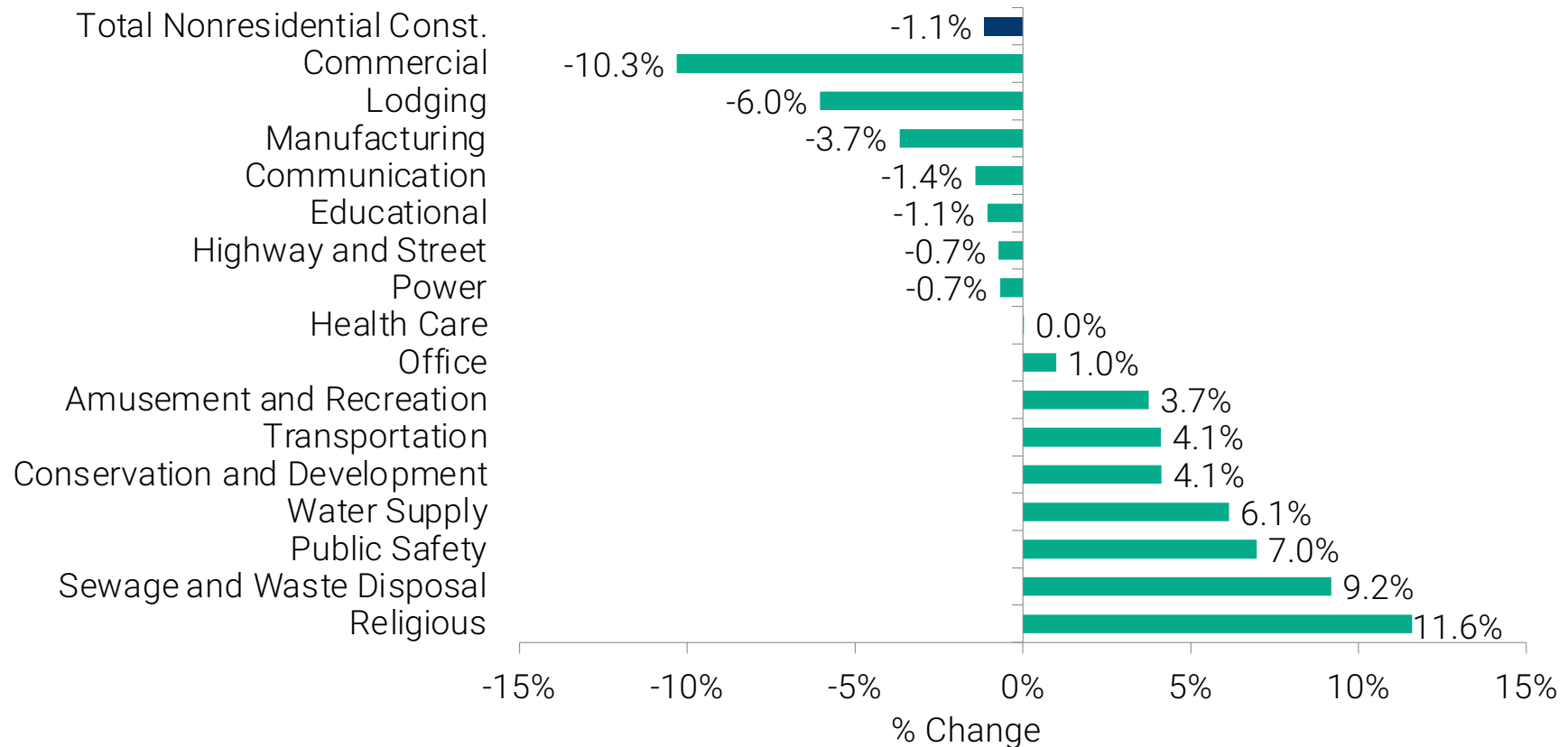
February 2020 v. May 2025 (Current \$)



Source: U.S. Census Bureau

# Nonresidential Construction Spending by Subsector

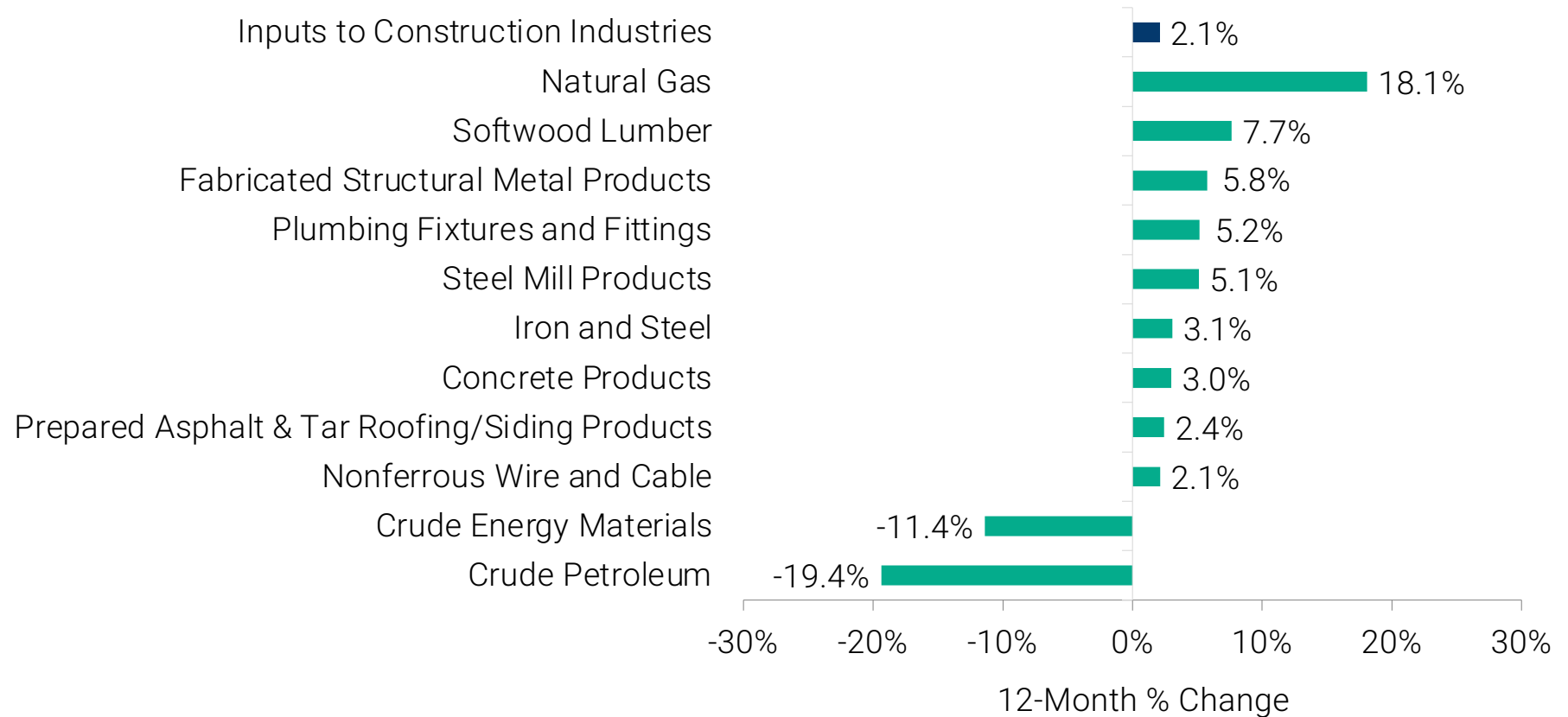
May 2024 v. May 2025 (Current \$)



Source: U.S. Census Bureau

## Construction Materials PPI

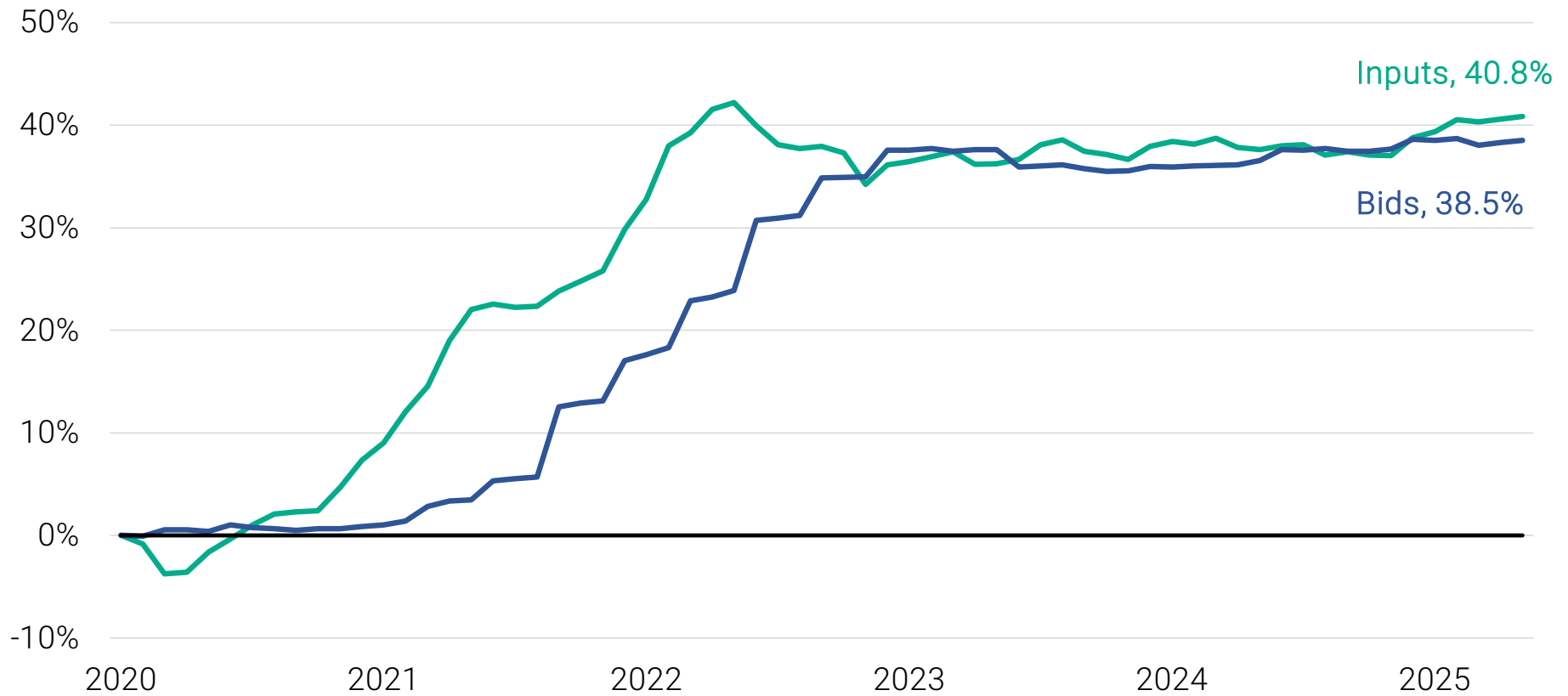
12-Month % Change as of June 2025



Source: U.S. Bureau of Labor Statistics. Note: Data are not seasonally adjusted

# New Nonresidential Construction: Input Costs v. Bid Prices

% Change v. February 2020



Source: U.S. Bureau of Labor Statistics

Inputs: PPI Commodity data for Inputs to new nonresidential construction, excluding capital investment, labor, and imports.

Bids: PPI Commodity data for Construction (partial)-New nonresidential building construction.

# Outlook



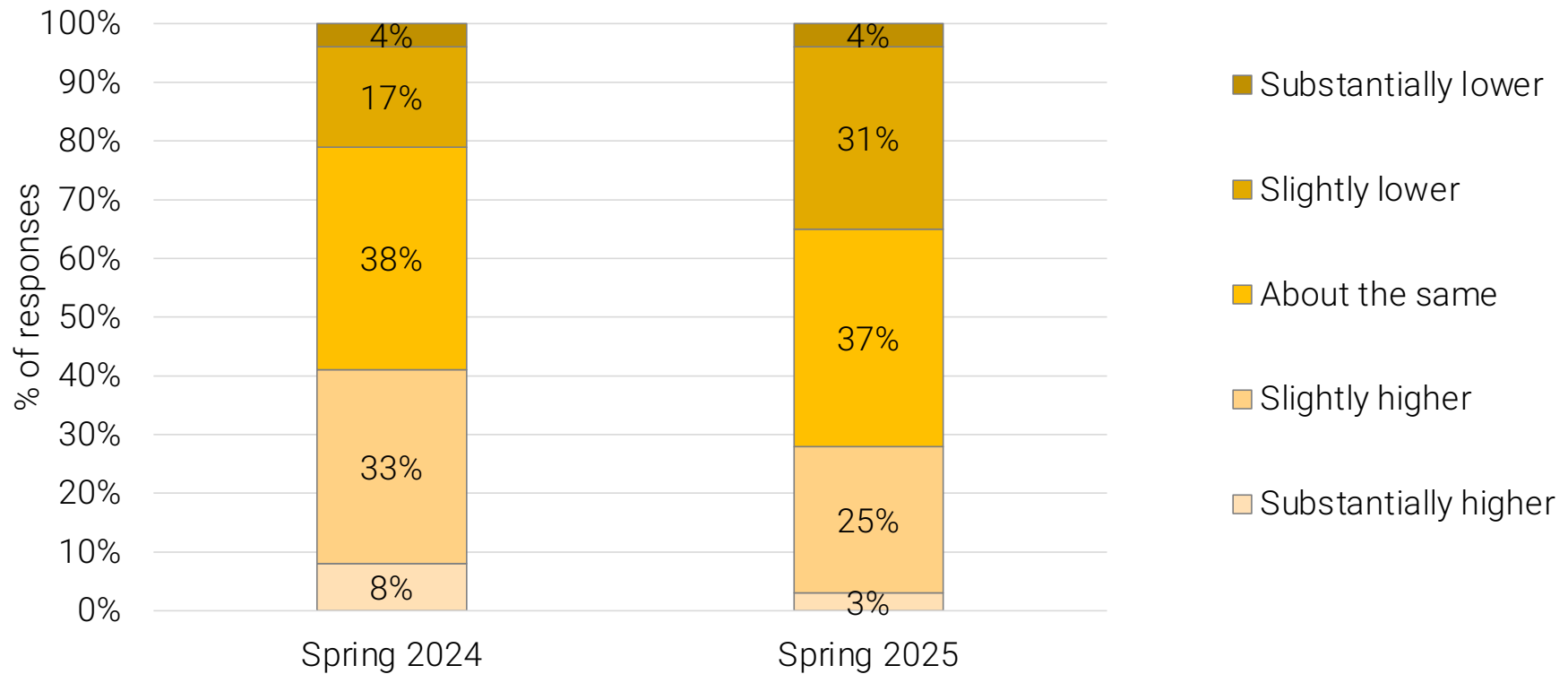
## POLL

Where do you expect your company's profit margins to be a year from now?

- Substantially higher
- Slightly higher
- About the same
- Slightly lower
- Substantially lower

## CE Webinar Audience Poll Results:

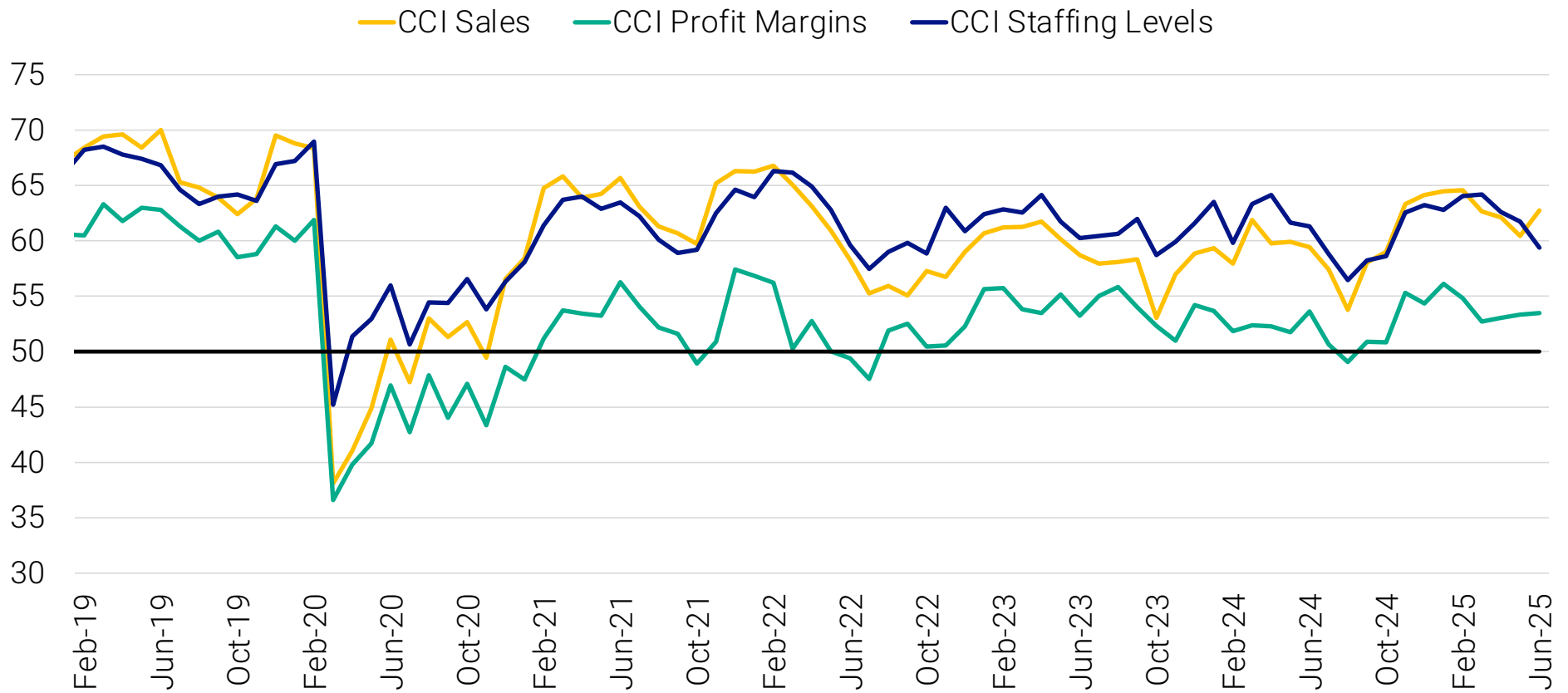
"Where do you expect your company's profit margins to be a year from now?"



Source: Associated Builders and Contractors; Sage

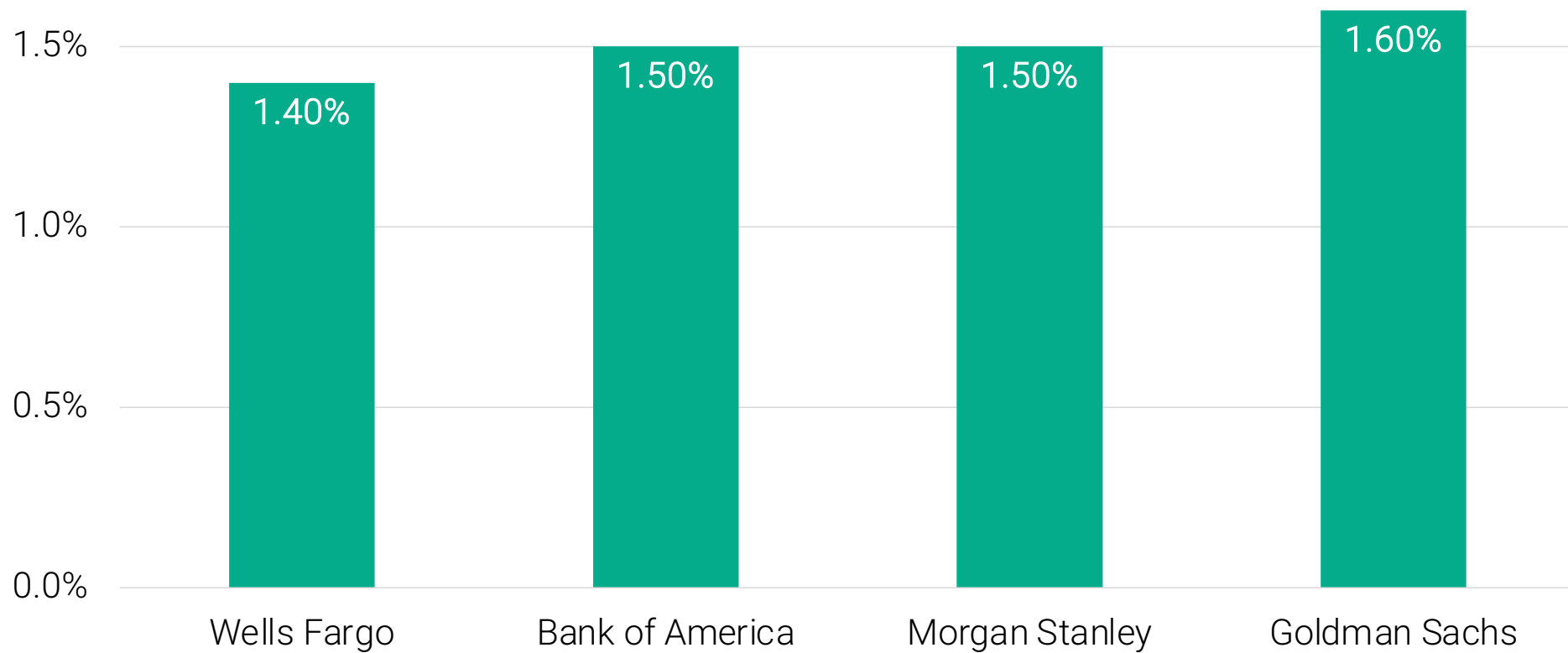


## ABC Construction Confidence Index, 2019 – June 2025



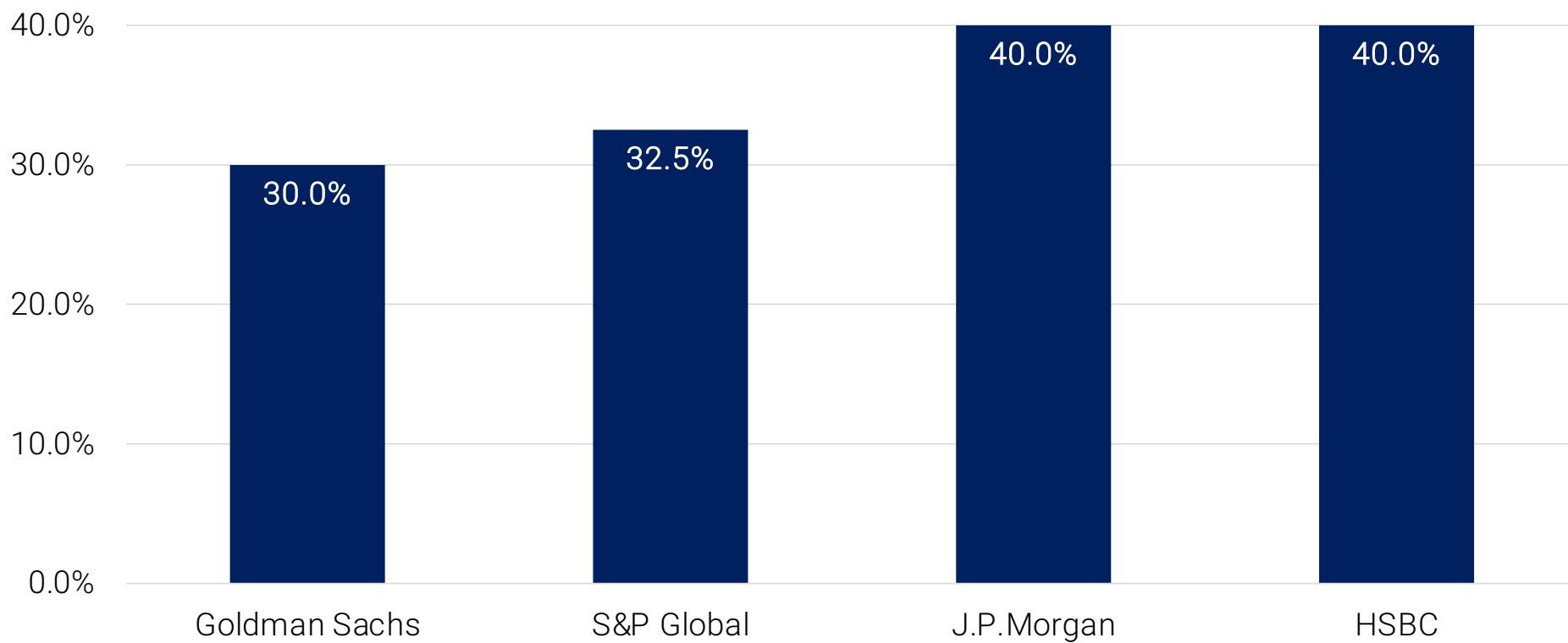
Source: Associated Builders and Contractors; Sage

## Major Banks' Forecasts for U.S. GDP Growth in 2025



Source: Brokerage and media reports

## 2025 Recession Probability, Major Brokerage Forecasts



Source: Reuters

# My Take

- Inflation poised to stage a comeback – blame tariffs;
- Interest rates will be higher for longer – ditto;
- Many consumers now exhausted financially, and circumstances could worsen – right, because of tariffs;
- Are asset prices overextended? This may have something to do with tariffs;
- So forecast was for growth in 2025, but there are risks, including rising interest rates and falling asset prices, and that's because of . . . well you know.

# Thank You

Please contact us when you require economic research & policy analysis: [www.sagepolicy.com](http://www.sagepolicy.com)



Sign up for our newsletter at [www.SageEcon.com](http://www.SageEcon.com)

Free subscribers get:

- An overview of the jobs report on the first Friday of every month
- Occasional posts on specific economic & policy related subjects

Paid subscribers get:

- A “Week in Review” post every Friday covering all the economic data releases, the best things I read, and, of course, my absence of humor
- A monthly Q&A session
- Scan the QR code or visit [www.SageEcon.com/ABLive30](http://www.SageEcon.com/ABLive30) for 50% a discount on an annual paid membership

# Q&A

**Thank You to Our Sponsors**

bambooHR™

 **DUSTY**  
ROBOTICS

 **GCPAY**  
An  **AUTODESK** Company

**NCCER**  
National Center for Construction  
Education and Research

 **SAGE** | policy group