



Building Beyond Today: Preparing Leaders for Tomorrow's Economy

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Chief Economist

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Who is ConstructConnect?

The leading pre-construction network and provider of cloud-based, non-residential construction project data and collaboration and estimating solutions to 60,000+ customers across the US and Canada.

600,000

Non-residential Commercial
Construction Projects in the
US and Canada

100,000

Users

>1,000

Employees

Roper
TECHNOLOGIES

Part of Roper Technologies
Group of high performing
companies (55B Market Cap).



Offices in North America
(Cincinnati, Atlanta, Markham).

Our three main lines of business include:



Project Data



Takeoff + Estimating



Bid + Risk Management

To help the **construction industry** start every project on a **solid foundation**.

Get Started Today!



Scan Me

<https://www.constructconnect.com/try-today>

How Our Economics Team Interprets Construction:



Summary forecasts



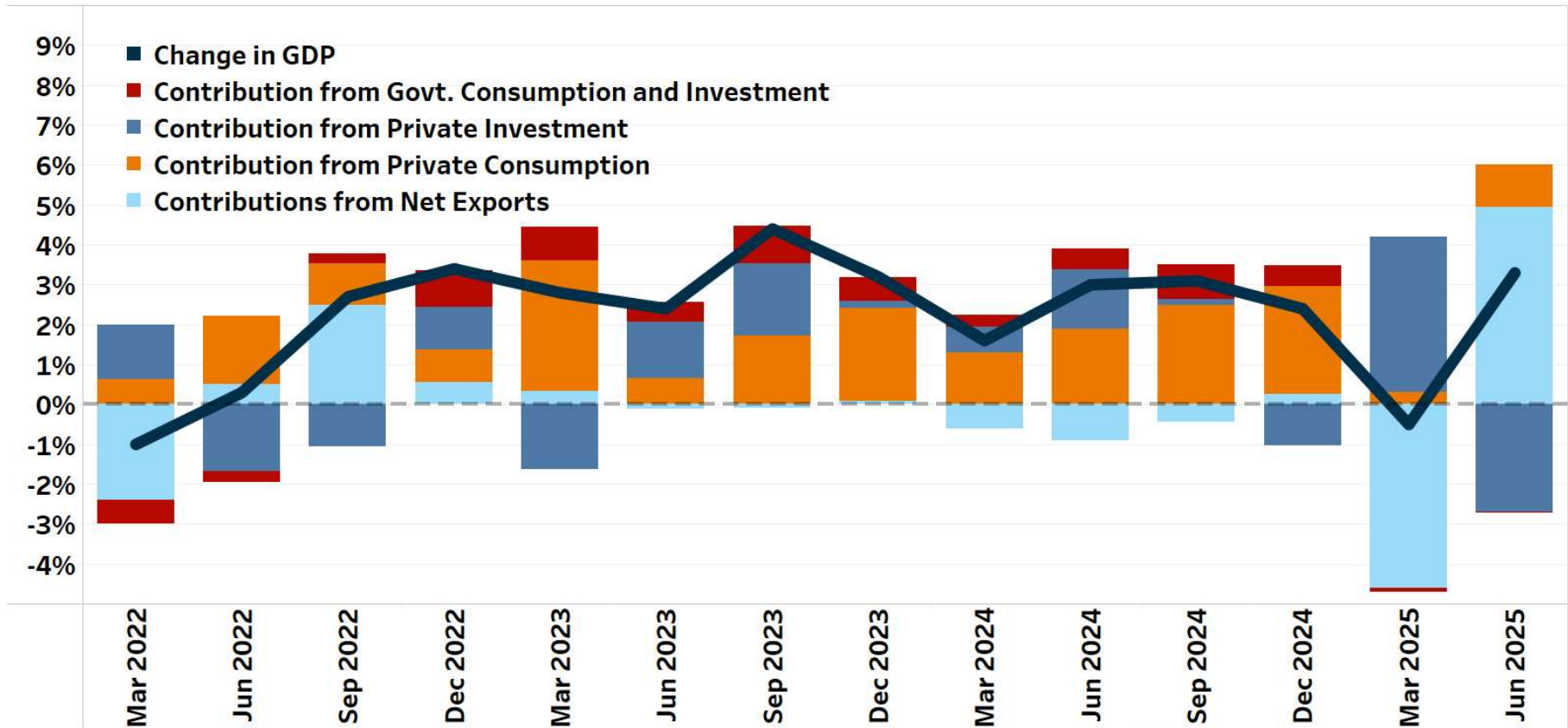
(Annual percentage changes unless specified otherwise)

	2023	2024	2025	2026	2027	2028	2029
US							
Macro variables							
GDP	2.9	2.8	1.6	2.1	2.5	2.4	2.2
Population growth	0.8	0.9	0.7	0.5	0.4	0.4	0.4
Unemployment rate (%)	3.6	4.0	4.2	4.4	4.0	3.9	4.0
Real disposable income	5.1	2.7	1.5	1.9	3.9	2.6	2.4
Central bank rate (%)	5.1	5.2	4.4	3.4	3.1	3.1	3.1
10-year government yield (%)	4.0	4.2	4.4	4.3	4.2	4.2	4.2

Source: Oxford Economics, July 2025

The Drivers of US Economic Growth Continue to Recalibrate

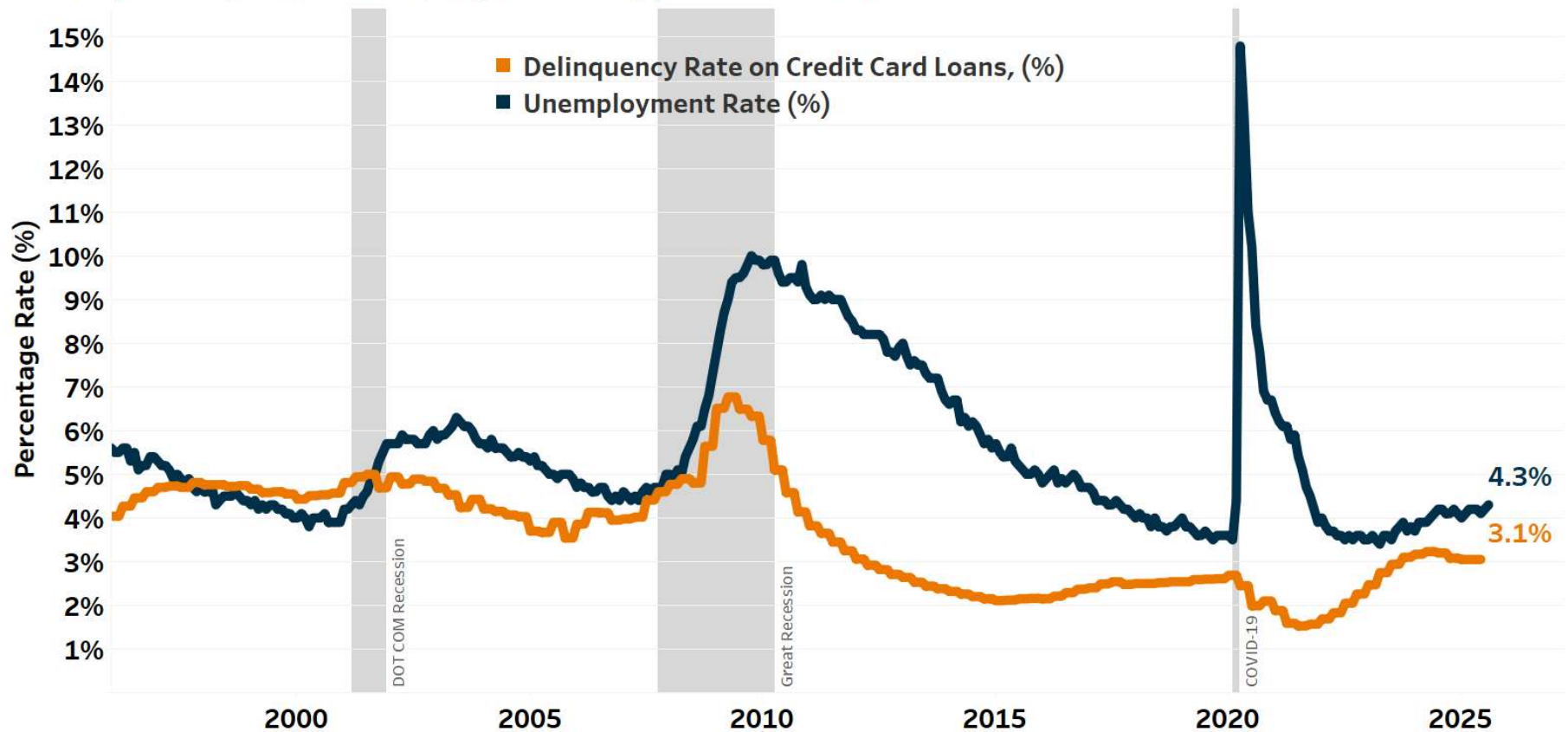
2025 economic readings have been largely driven by changing trade dynamics (% , QoQ SAAR)



Source: U.S. Bureau of Economic Analysis

Consumer Finances Do Not Signal a Hit to Jobs or an Imminent Recession

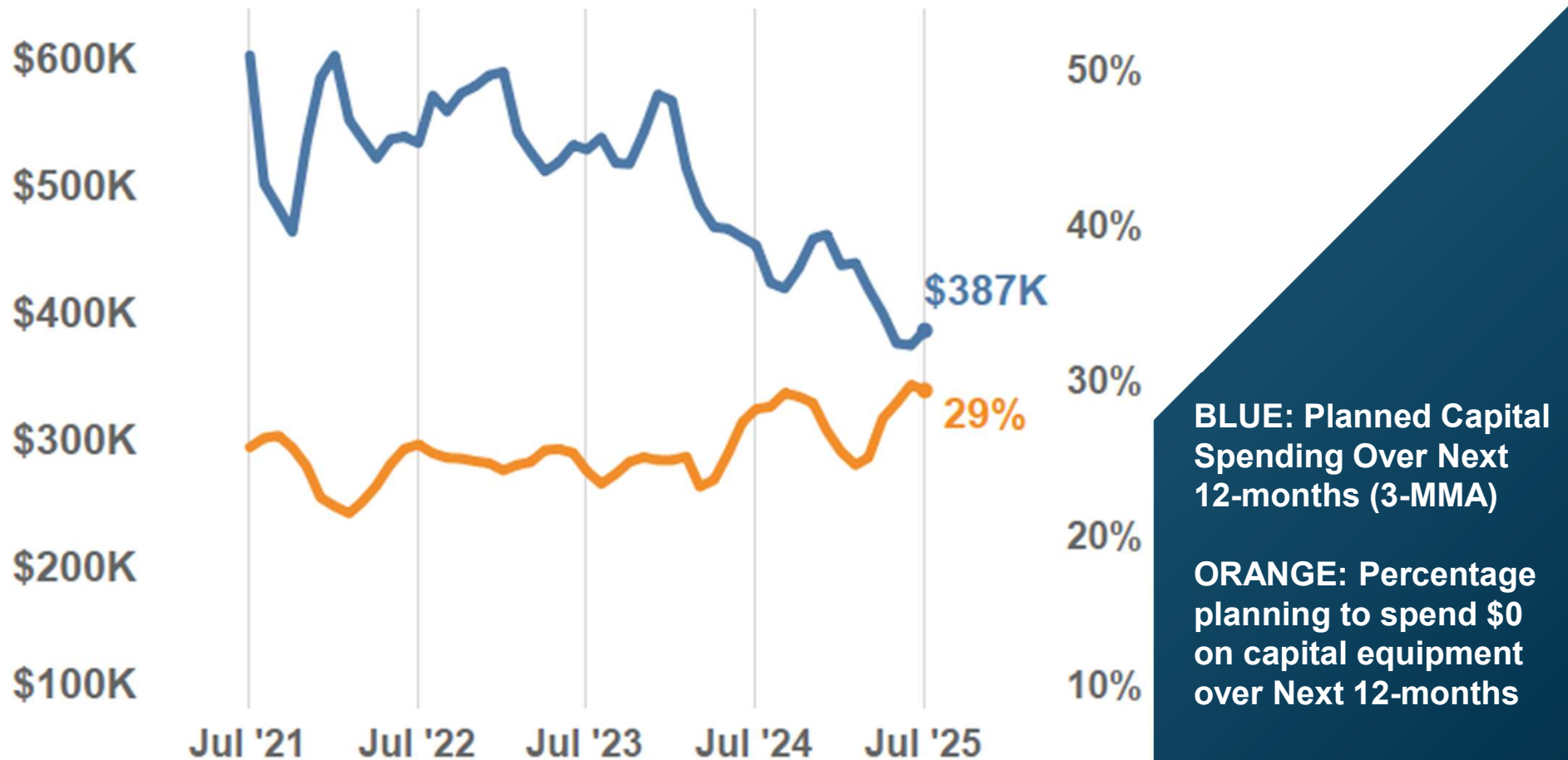
50-basis point surges in the delinquency rate usually precede recessions



Source: Federal Reserve

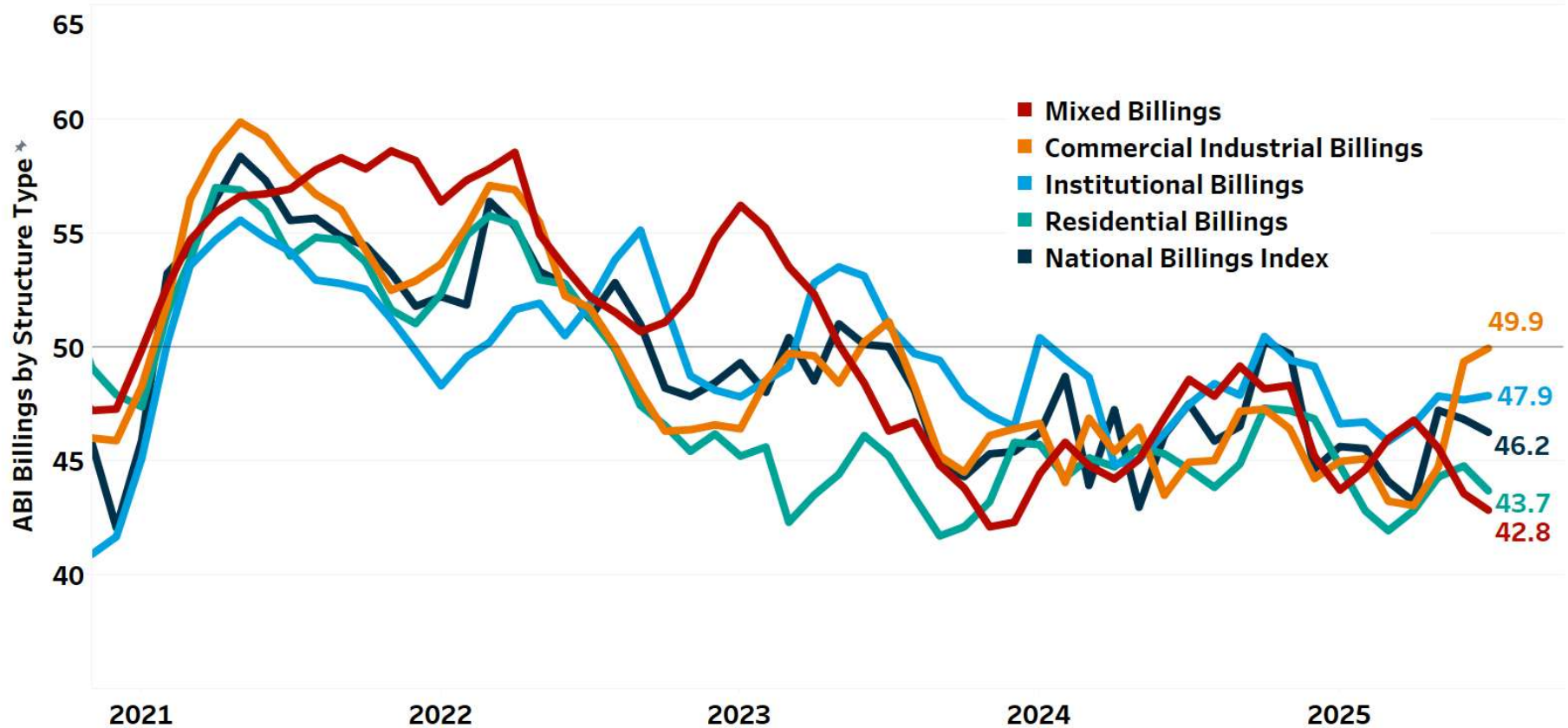
Investment Spending is Halting Amongst Uncertainty

Gardner Intelligence -- Capital Spending Survey



Architecture Billings Index Struggles for Third Consecutive Year

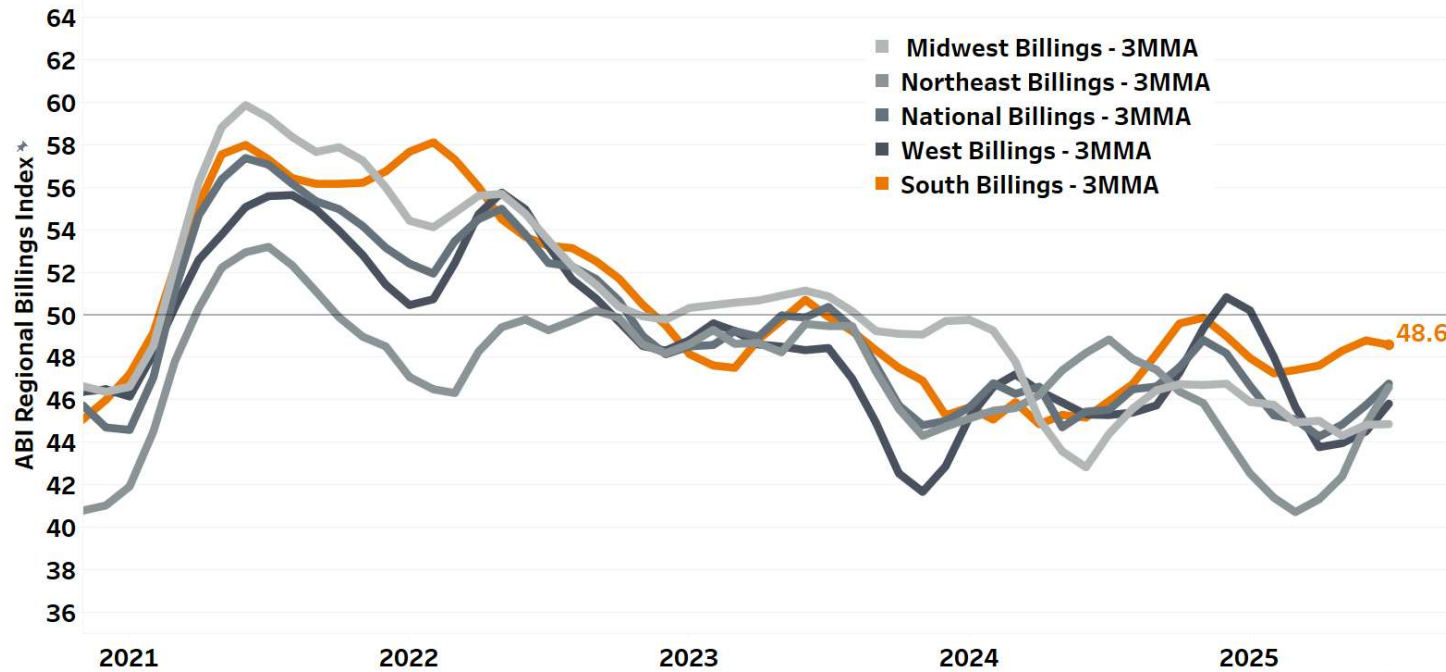
The ABI and ConstructConnect's latest actuals both point to challenging nonresidential building market conditions



Source: Architecture Billings Index, American Institute of Architects; Total Nonresidential Building

ABI Regional Activity Readings

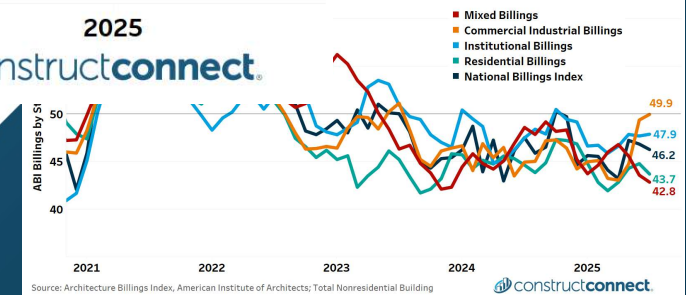
3-Month Moving Average



Source: Architecture Billings Index, American Institute of Architects

Third Consecutive Year
to challenging nonresidential building market conditions

constructconnect

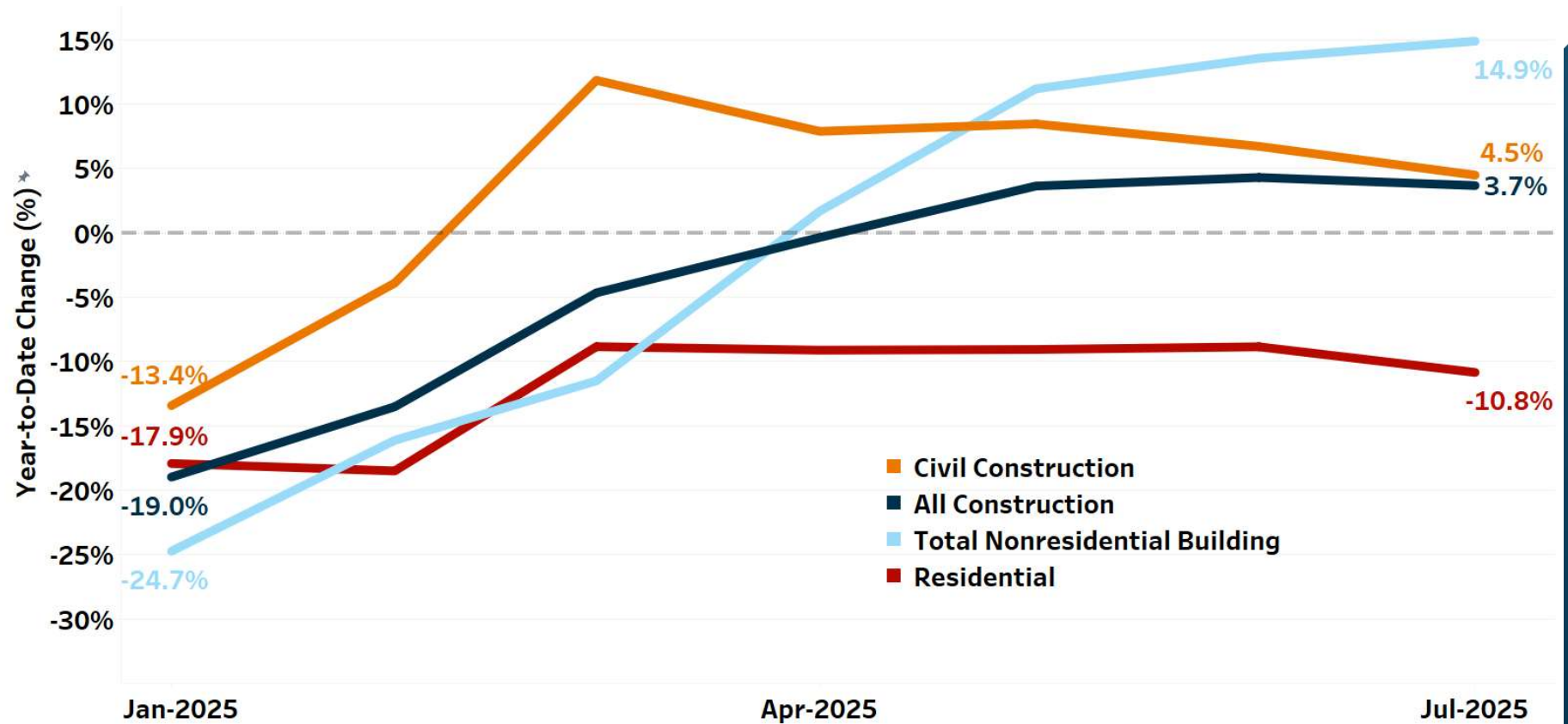


Source: Architecture Billings Index, American Institute of Architects; Total Nonresidential Building

constructconnect

Year-to-Date Starts Activity

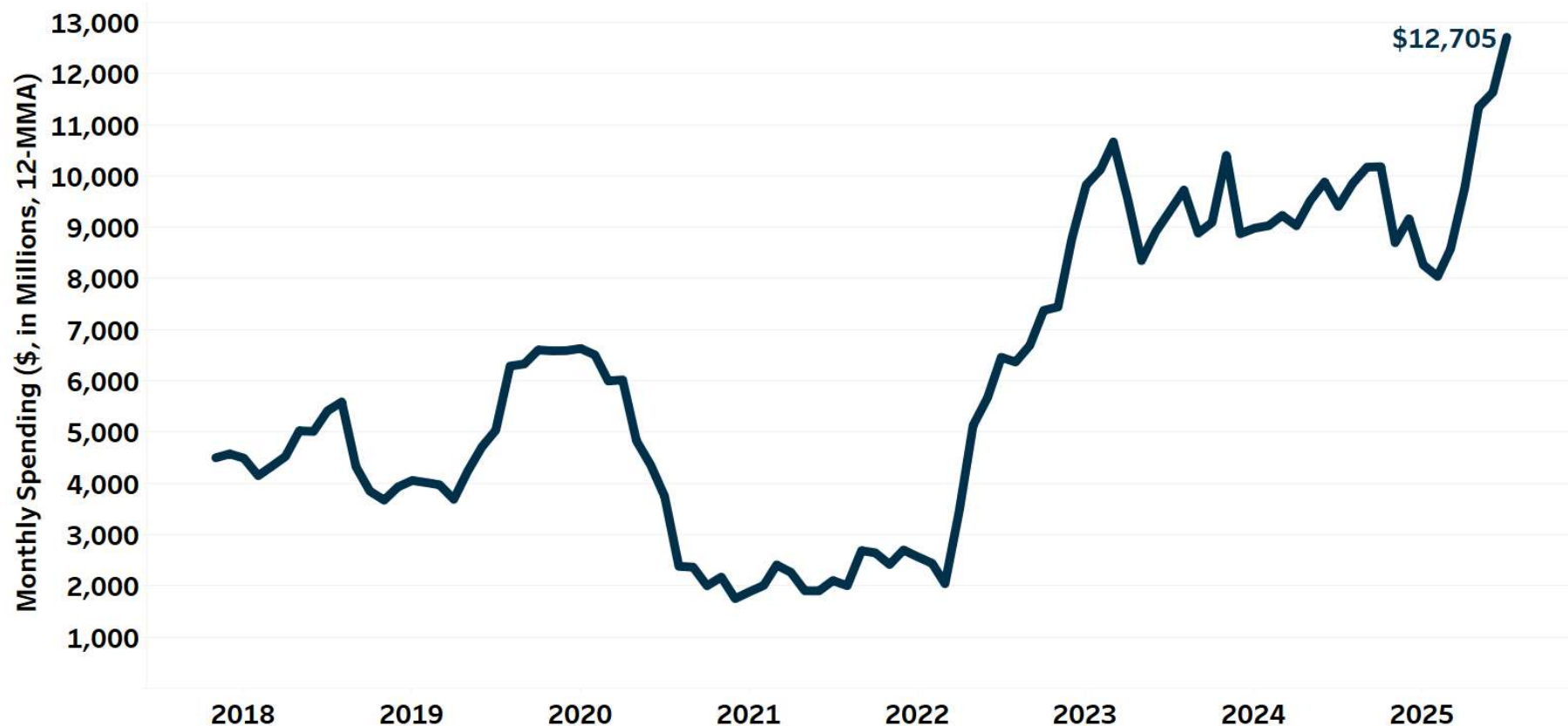
Year-to-Date "YTD" are slowing climbing out of early deficit



Source: ConstructConnect, Industry Snapshot data through July 2025

U.S. Megaprojects Are Providing Substantial Support to the Industry

Average monthly total value of all projects \$1 Billion and greater (\$, in Millions, 12-MMA)



Source: ConstructConnect CCPI

The Impact of Megaprojects to Starts Results is Tremendous

Recent Megaproject Statistics:

- Mega spending in May, June & July totaled \$79B, raising 12-MMA to \$12.7B, a clear record.
- July's Megaprojects accounted for 36% of total nonresidential Starts.

On a 12-Month Look Back:

- 12-month total of \$152.4 Billion
- 21% of all NR spending

Top 5 Verticals

Industrial (42%)

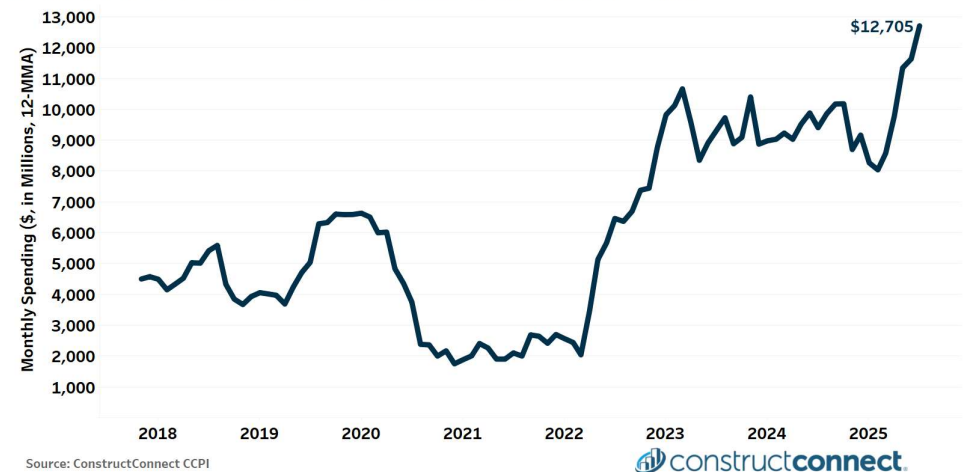
Civil (28%)

Commercial (24%)

Mixed (3%)

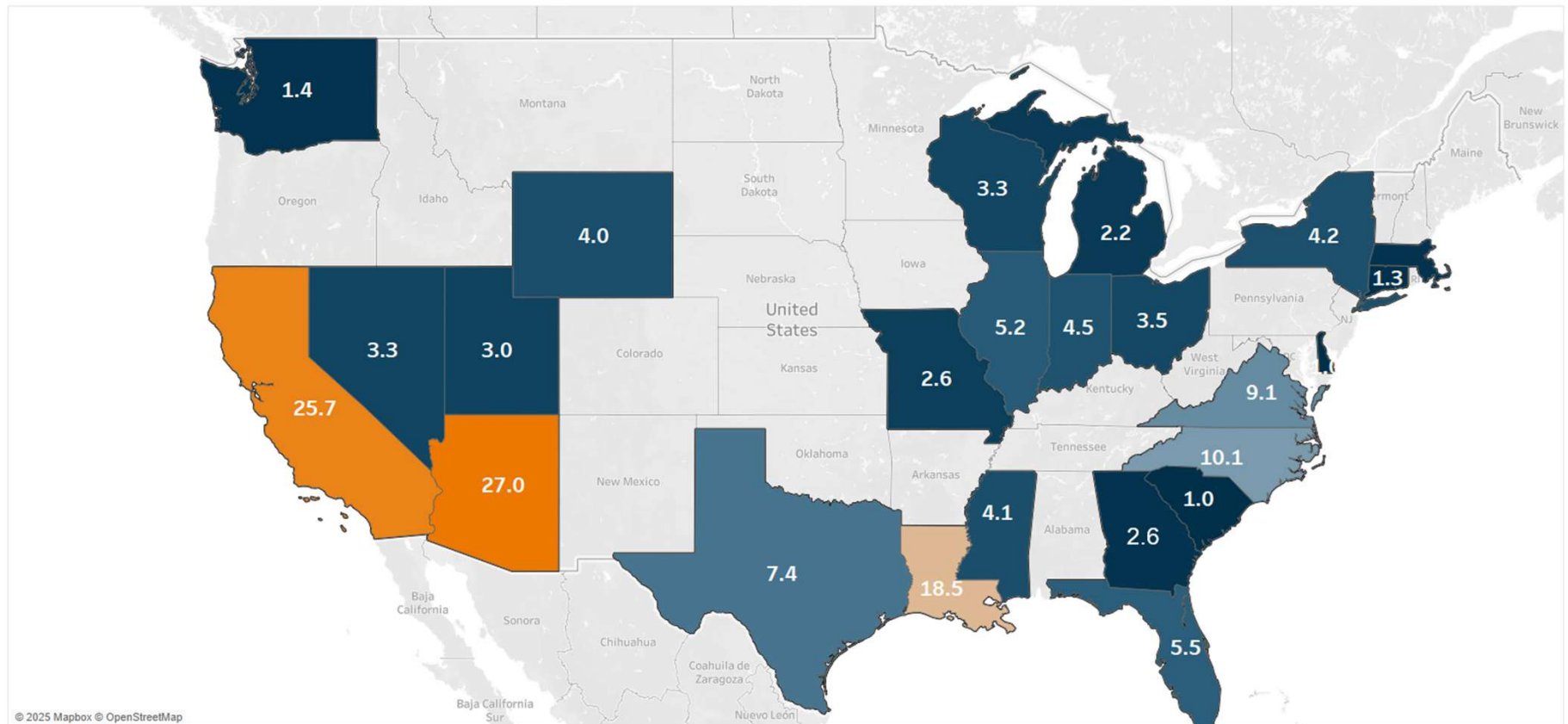
Institutional (2%)

U.S. Megaprojects Are Providing Substantial Support to the Industry
Average monthly total value of all projects \$1 Billion and greater (\$, in Millions, 12-MMA)



Megaproject Spending by State

Aggregated value over the trailing twelve months (\$, Billions)



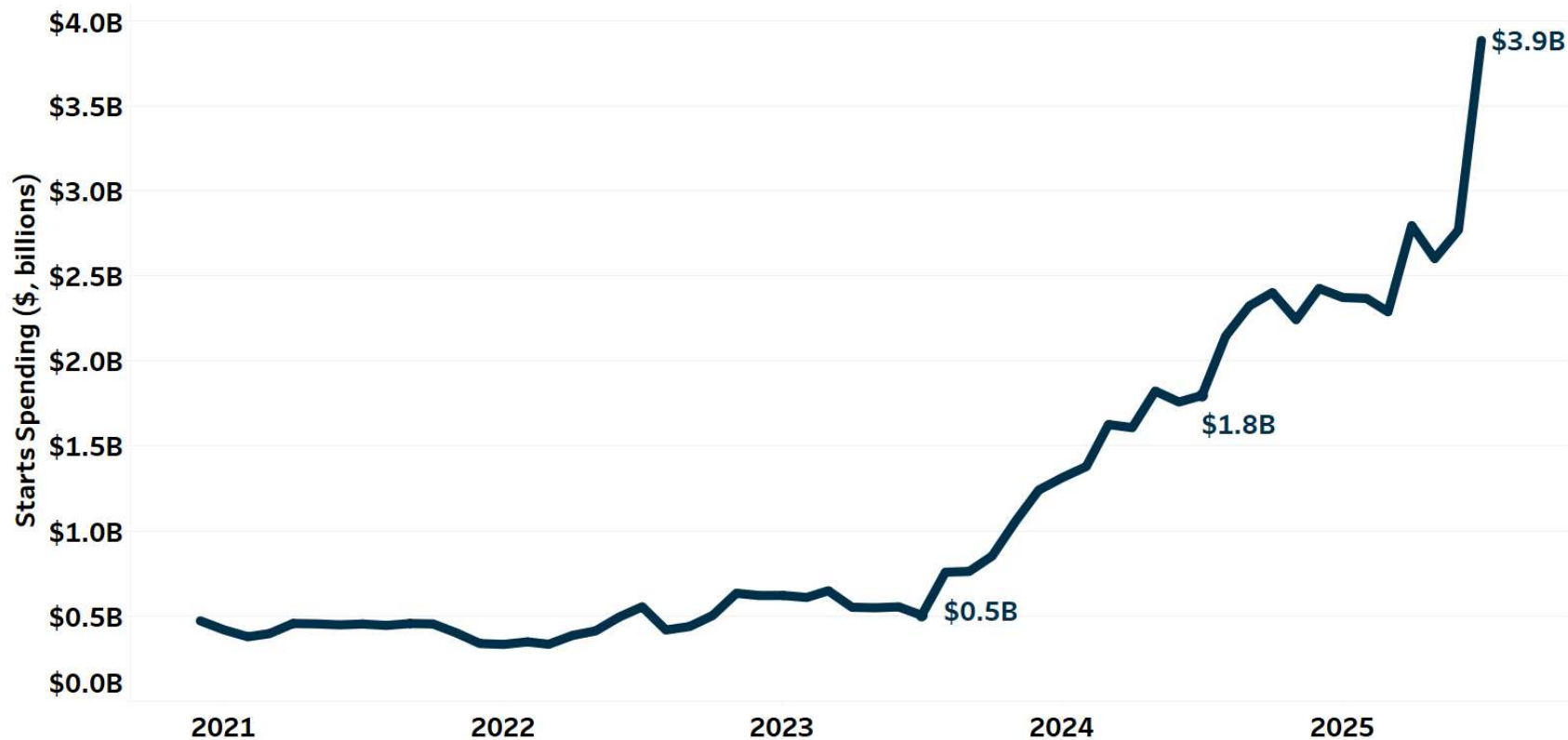
© 2025 Mapbox © OpenStreetMap

Source: ConstructConnect, CCPI

Data Centers Are a Fundamental Part of the Megaproject Trend

Monthly Average Data Centers Starts Spending

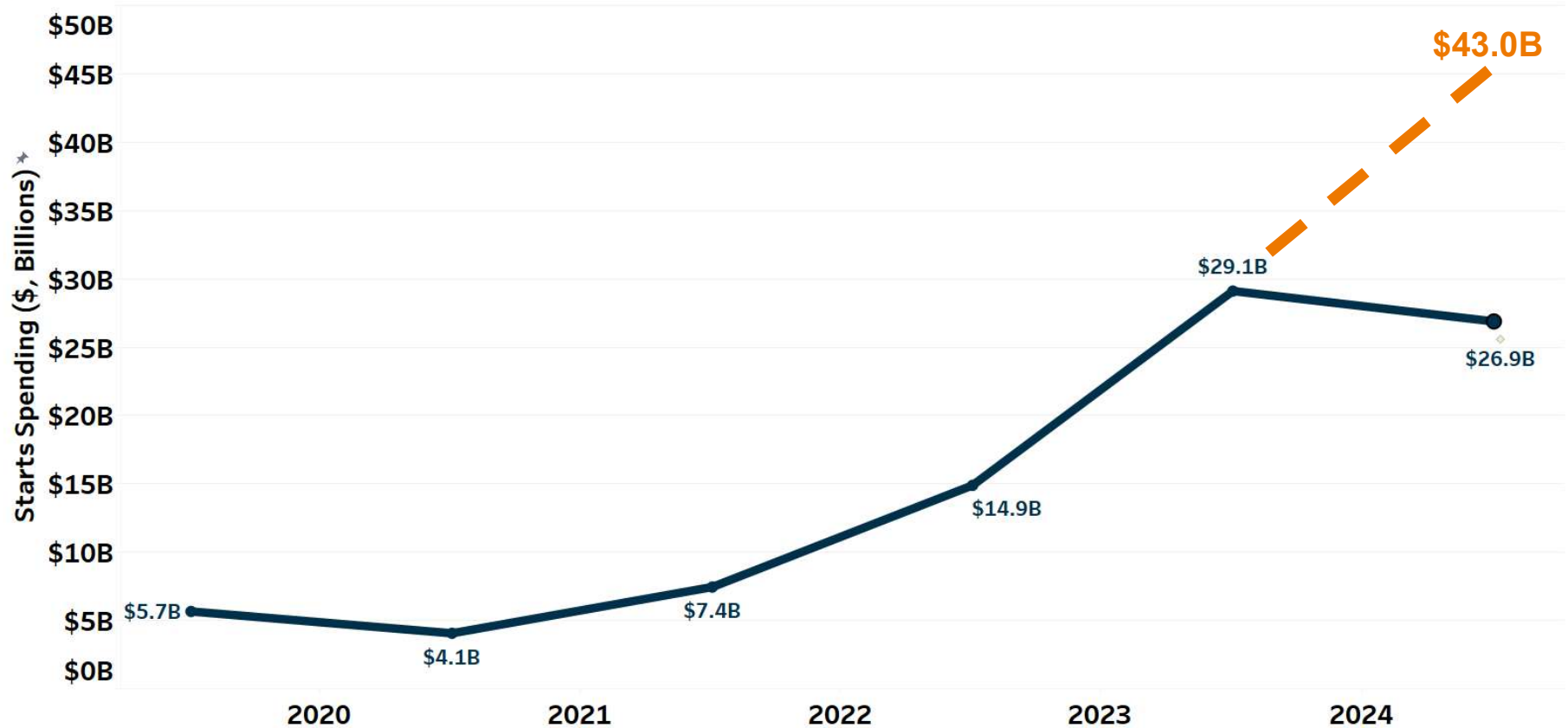
Average monthly datacenter spending has increased 800% over 2-years (12-MMA in \$, Billions)



Source: ConstructConnect

U.S. Data Centers Construction Starts

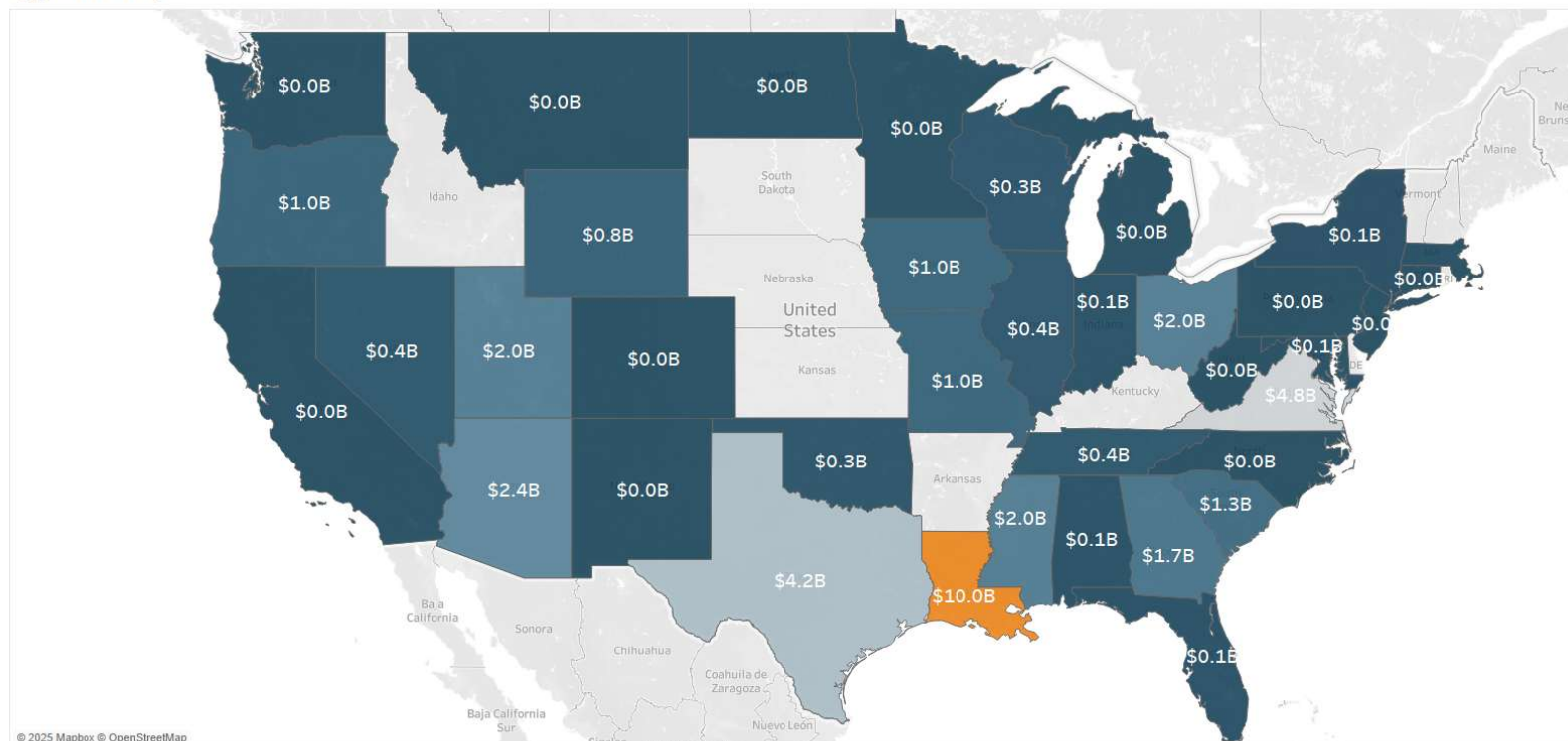
Total Annual Spending in 2024 and prior with YTD 2025 (\$, Billions)



Source: ConstructConnect

Datacenters Are a Fundamental Part of the Mega Project Trend

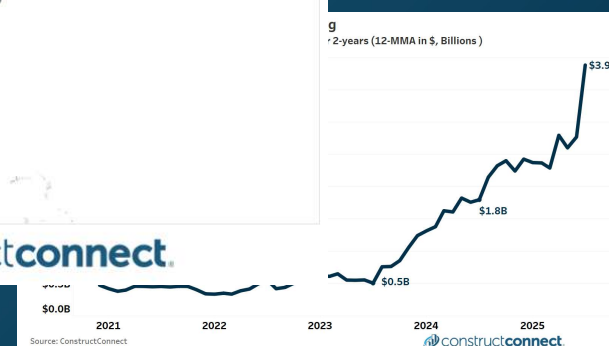
Data Centers Starts Spending In the Trailing 12-Months (\$, Billions)



© 2025 Mapbox © OpenStreetMap

Source: ConstructConnect

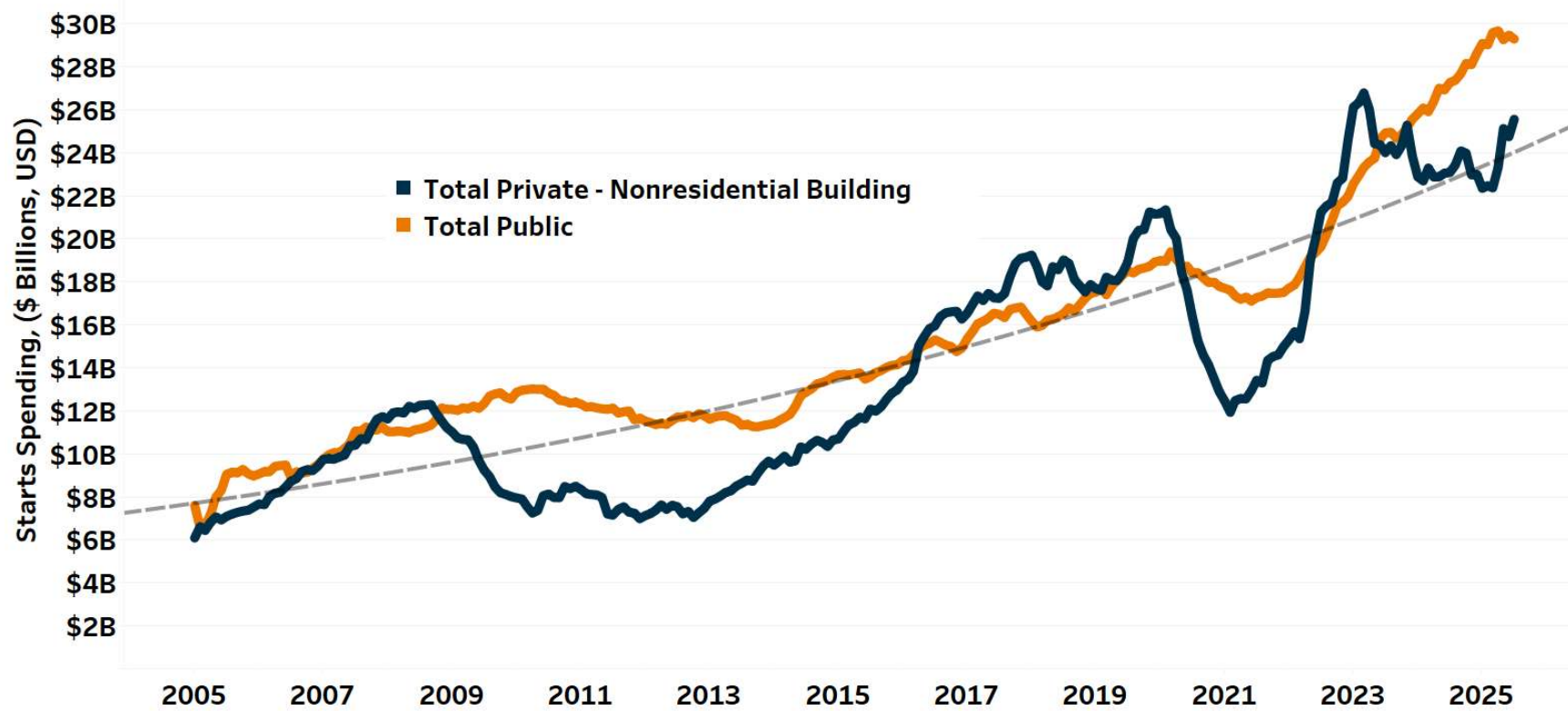
constructconnect



Source: ConstructConnect

U.S. Total Private & Public Construction Starts Are In Early Convergence

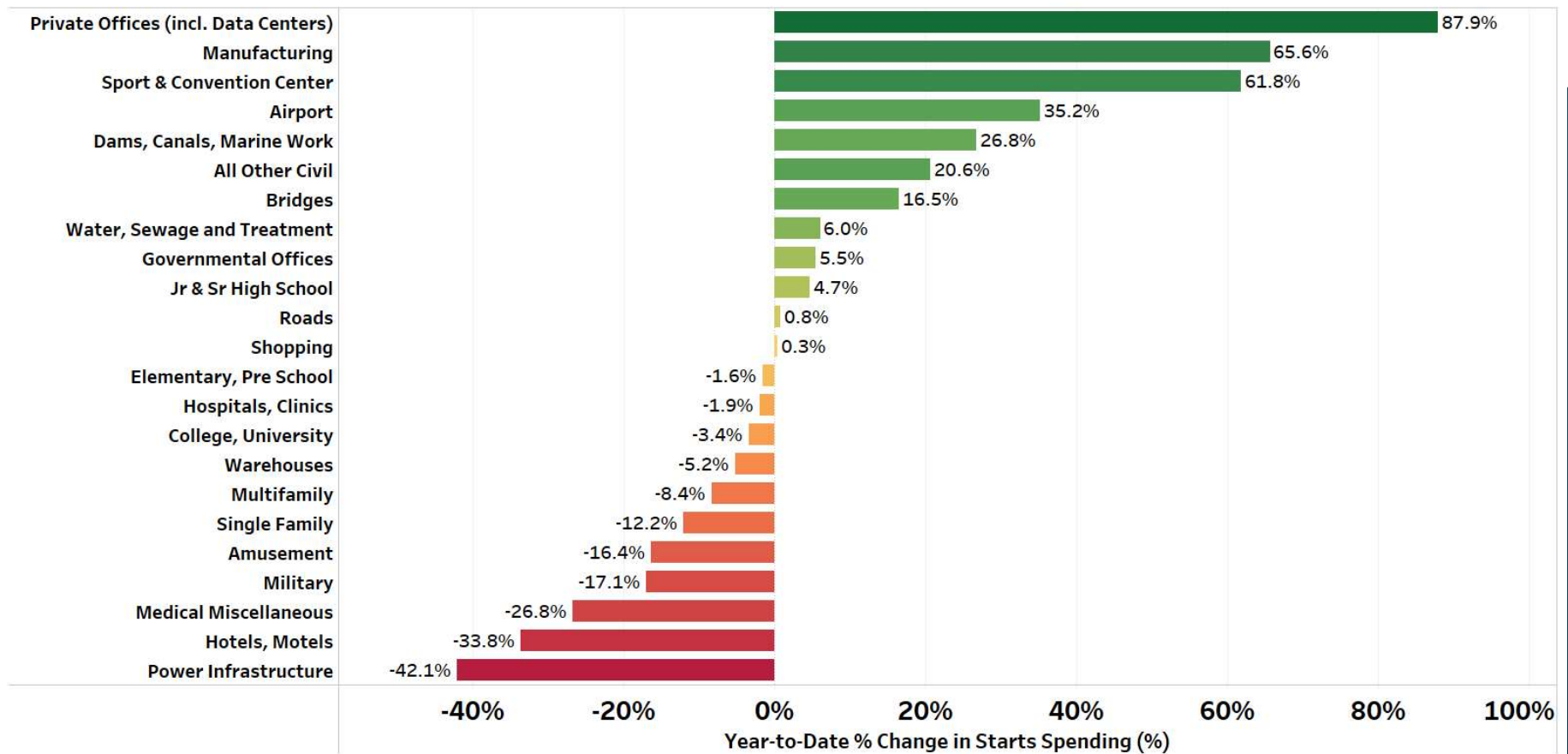
Construction Starts (\$ billions, USD), 12-month moving average



Source: ConstructConnect Industry Snapshot

Note: Dashed line represents the collective trend of private and public spending.

Year-to-Date 2025 US Construction Starts For Select Subcategories



Source: ConstructConnect August 2025 Industry Snapshot

Project Stress Index Composite

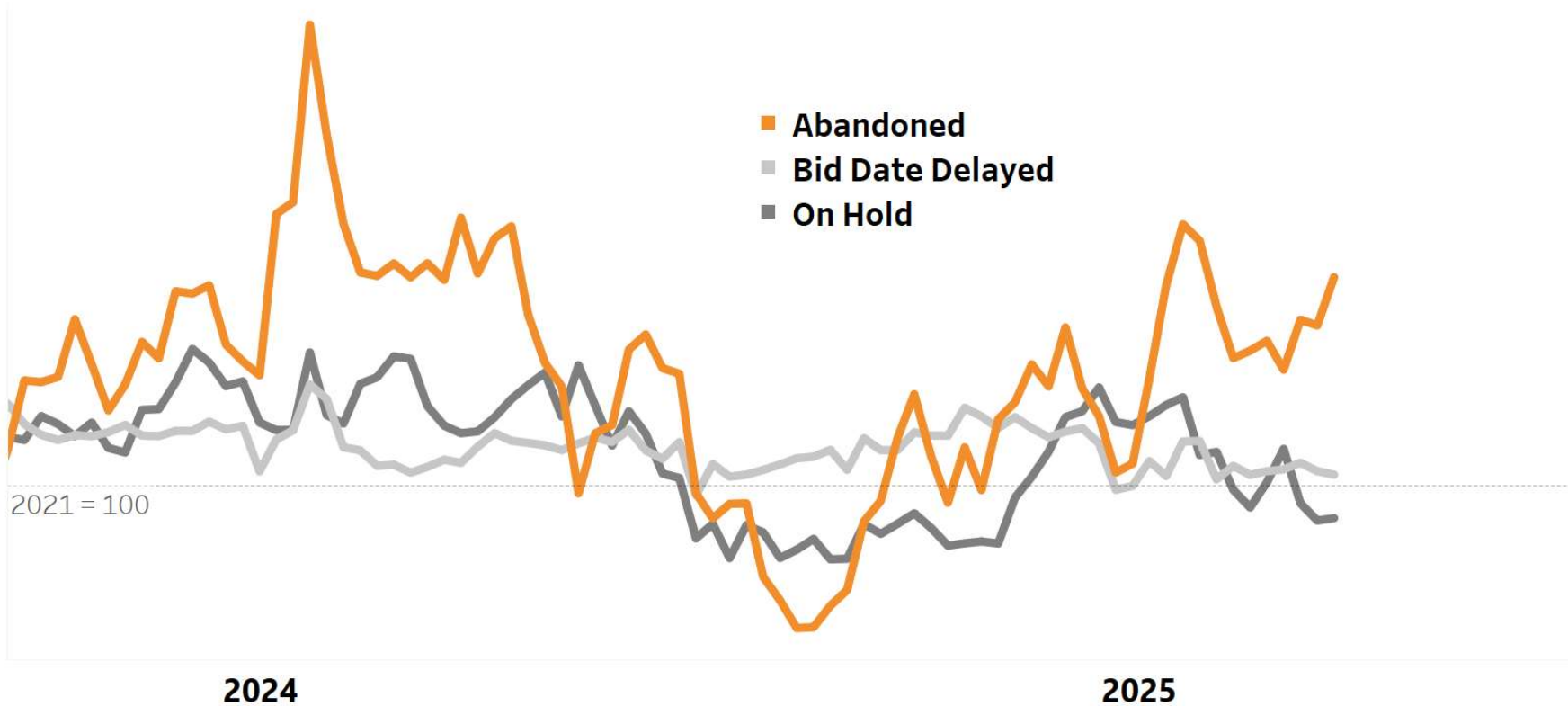
A seasonally adjusted, equal weight measure of delayed, on hold and abandoned projects



Source: ConstructConnect, Project Stress Index

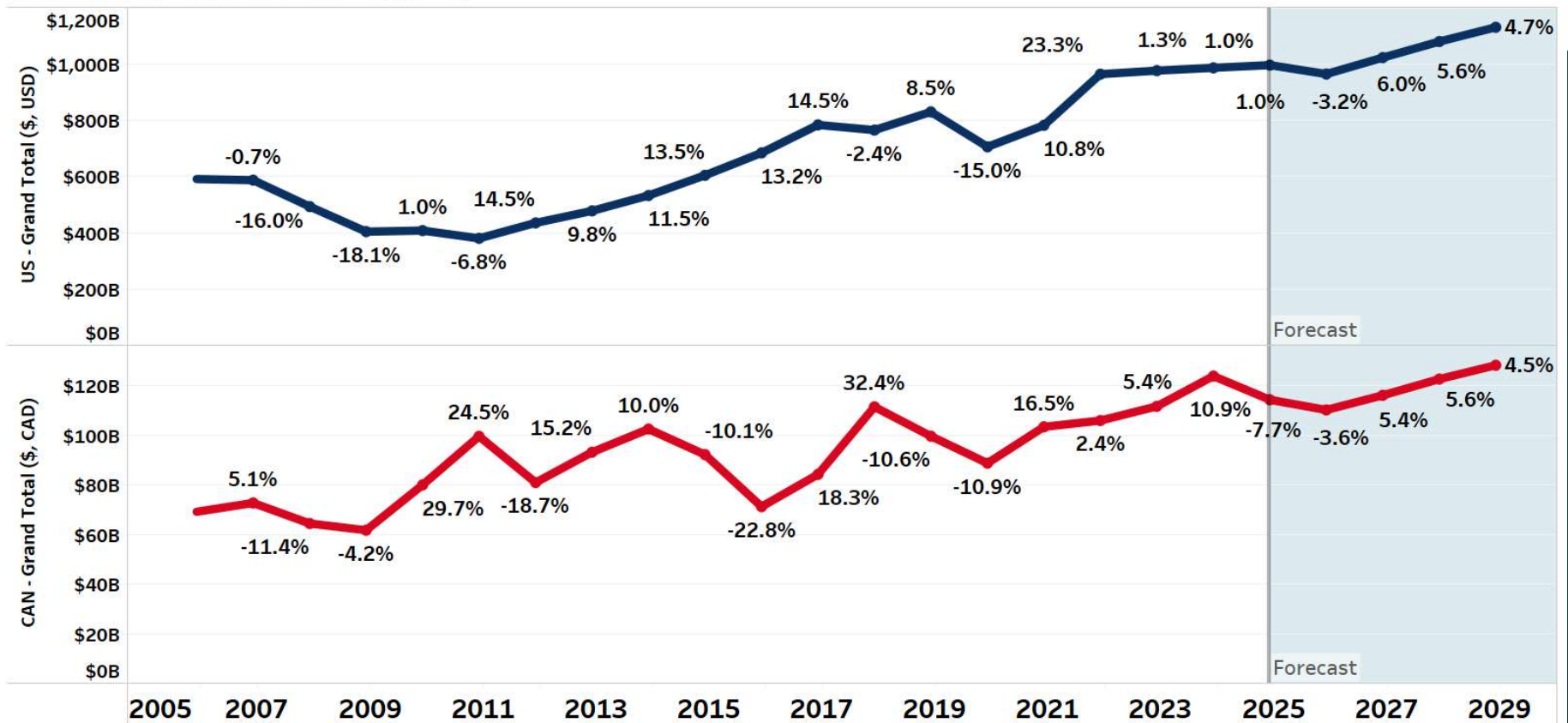
Project Stress Index Composite Components

Values are seasonally adjusted and indexed to 2021 = 100



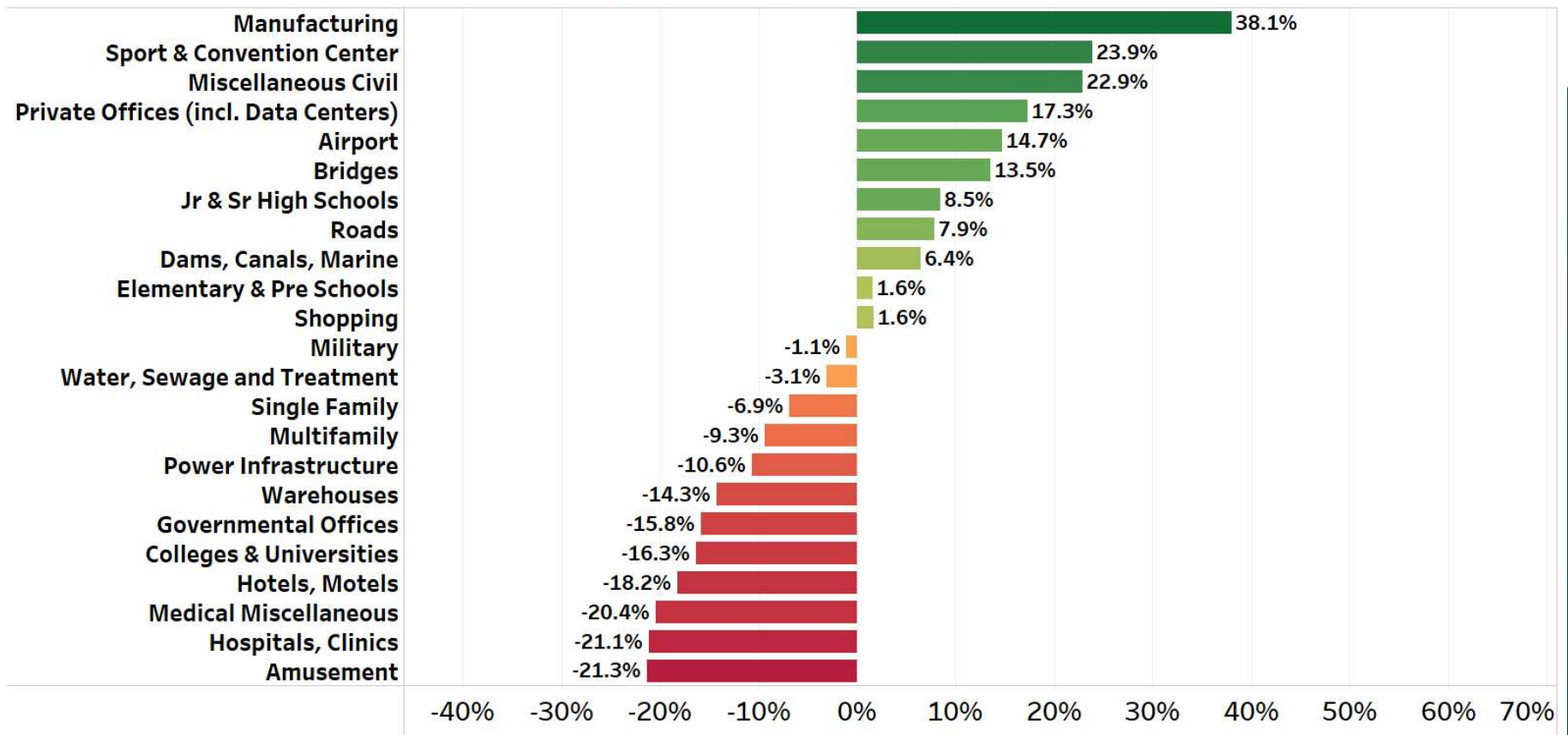
Source: ConstructConnect, Project Stress Index

Canadian & U.S. Grand Total Historic Starts and Forecast (Billions of \$ in native currency, NSA)



Source: ConstructConnect Starts Forecast, 3Q2025 Release

2025 US Full Year Starts Forecast by Subcategory

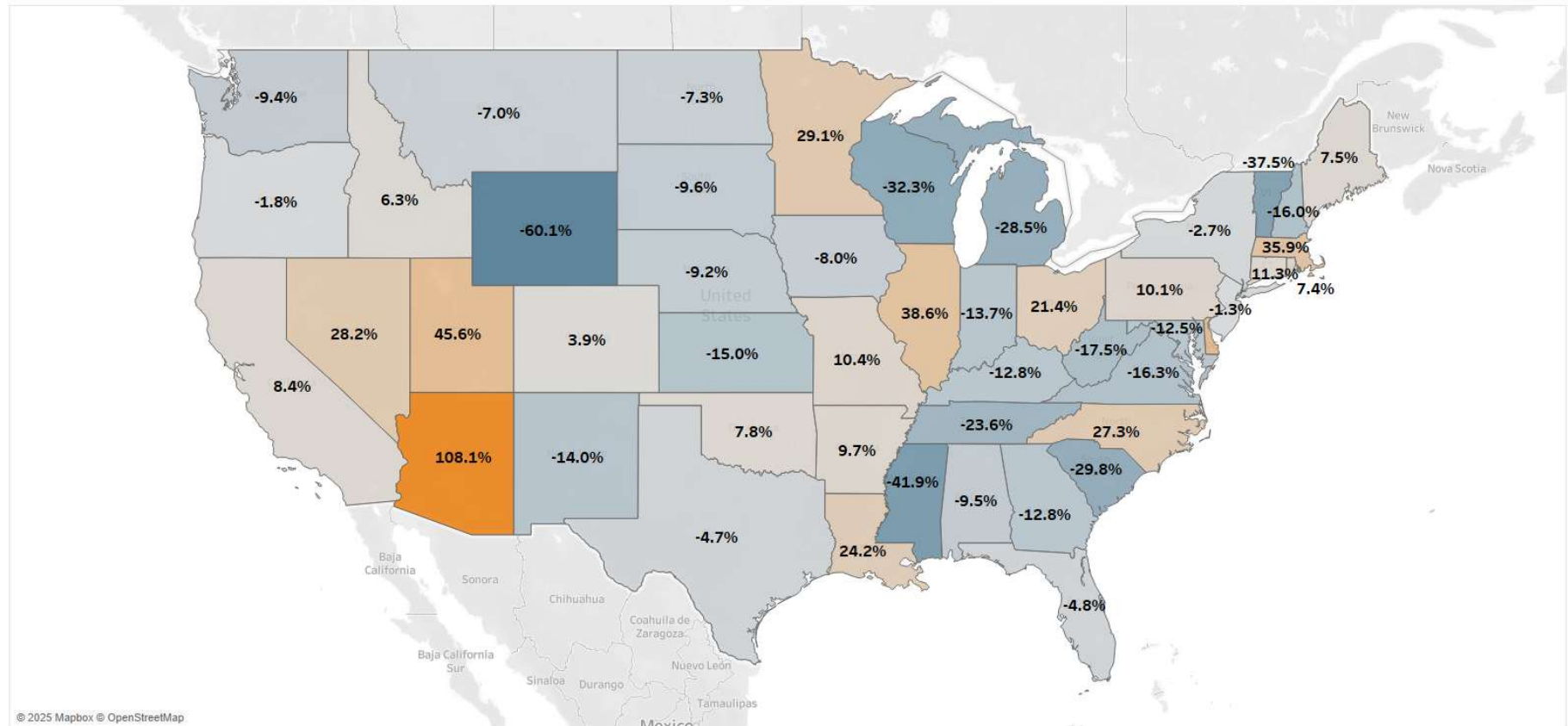


Source: 3Q2025 Starts forecast, ConstructConnect

Note: **Miscellaneous Civil** includes includes Parks, Landscaping, Railroad & Subway, Sidewalks, Curbs, Gutters, Military Non Building, Athletic Fields & Courts, Swimming Pools, Demolition (Civil), Electrical Work (Civil), Fencing, Machinery & Supplies, Pavement Markers, Tunnels, Miscellaneous (Civil), Sitework, Oil and Gas Pipelines in addition to power infrastructure
Medical Miscellaneous includes Medical Offices, Outpatient Surgery Centers, Imaging Centers

2025 Year-End Starts Forecast by State

Total Construction Starts, Dollar Change from Prior Year, (YoY, %)



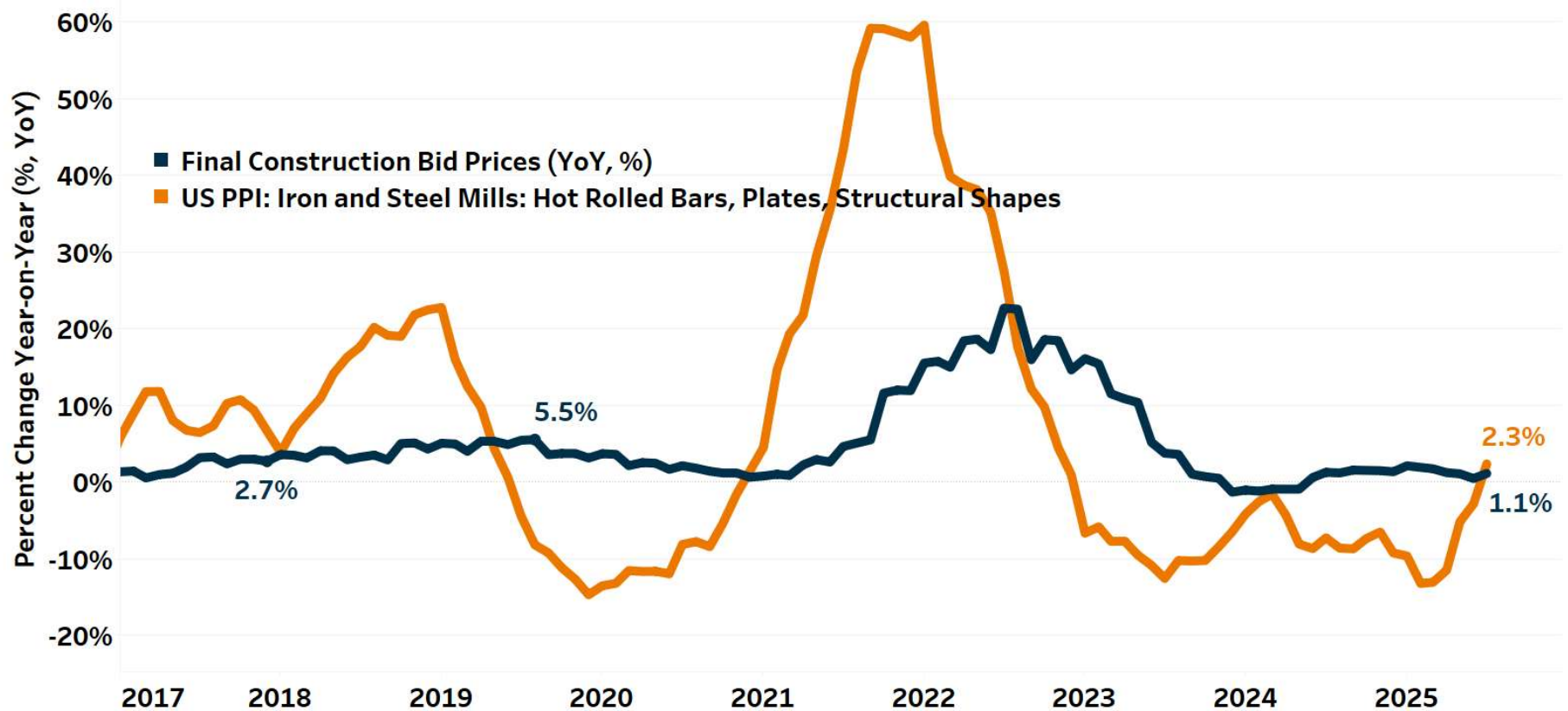
Source: ConstructConnect Starts Forecast 3Q2025



Prices & Tariffs

Total Construction Price Changes Lag Behind Material Price Shocks

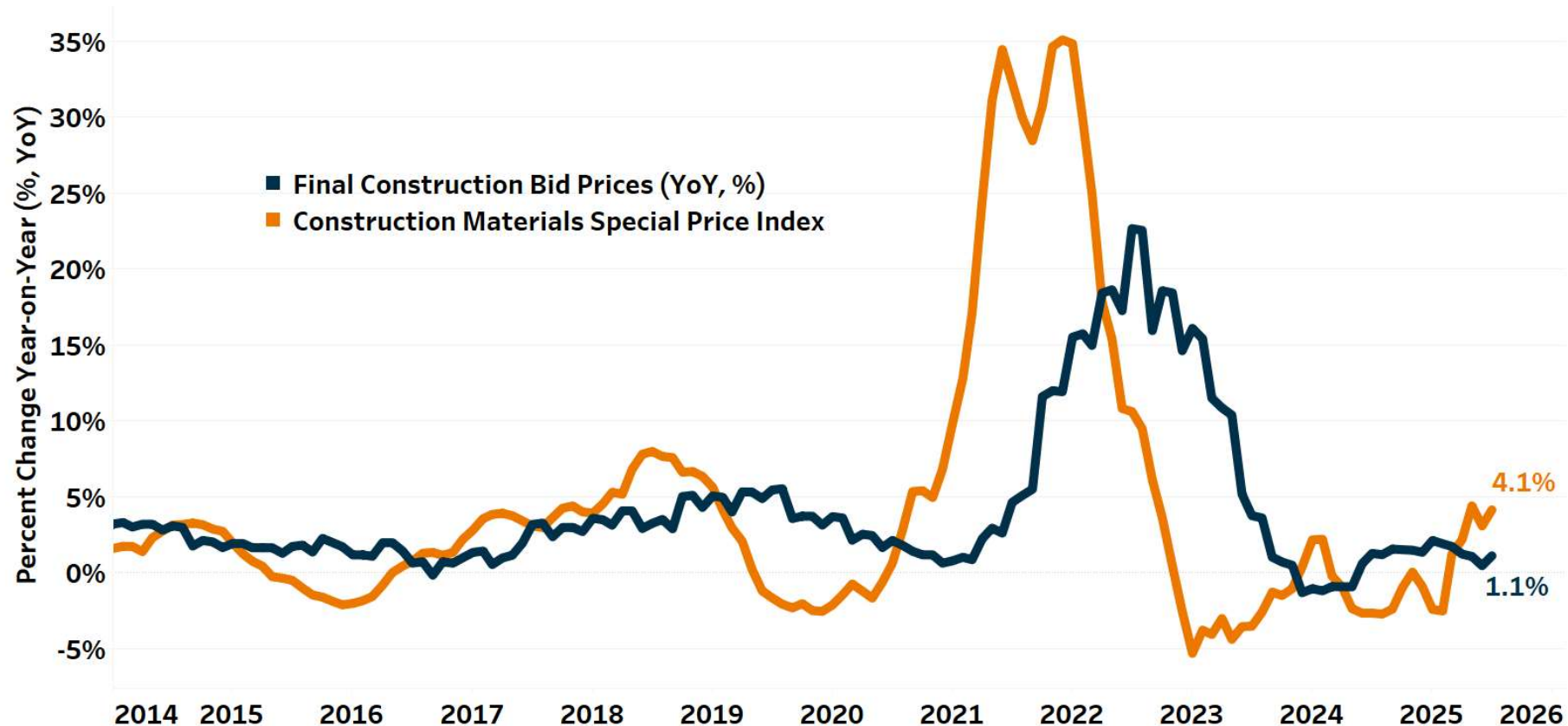
25% steel tariffs in mid-2018 contributed to a peak rise of 5.5% in total project construction costs by mid-2019. (YoY, %)



Source: U.S. Bureau of Labor Statistics

Construction Prices Are Not Keeping Pace With Quickly Rising Material Costs

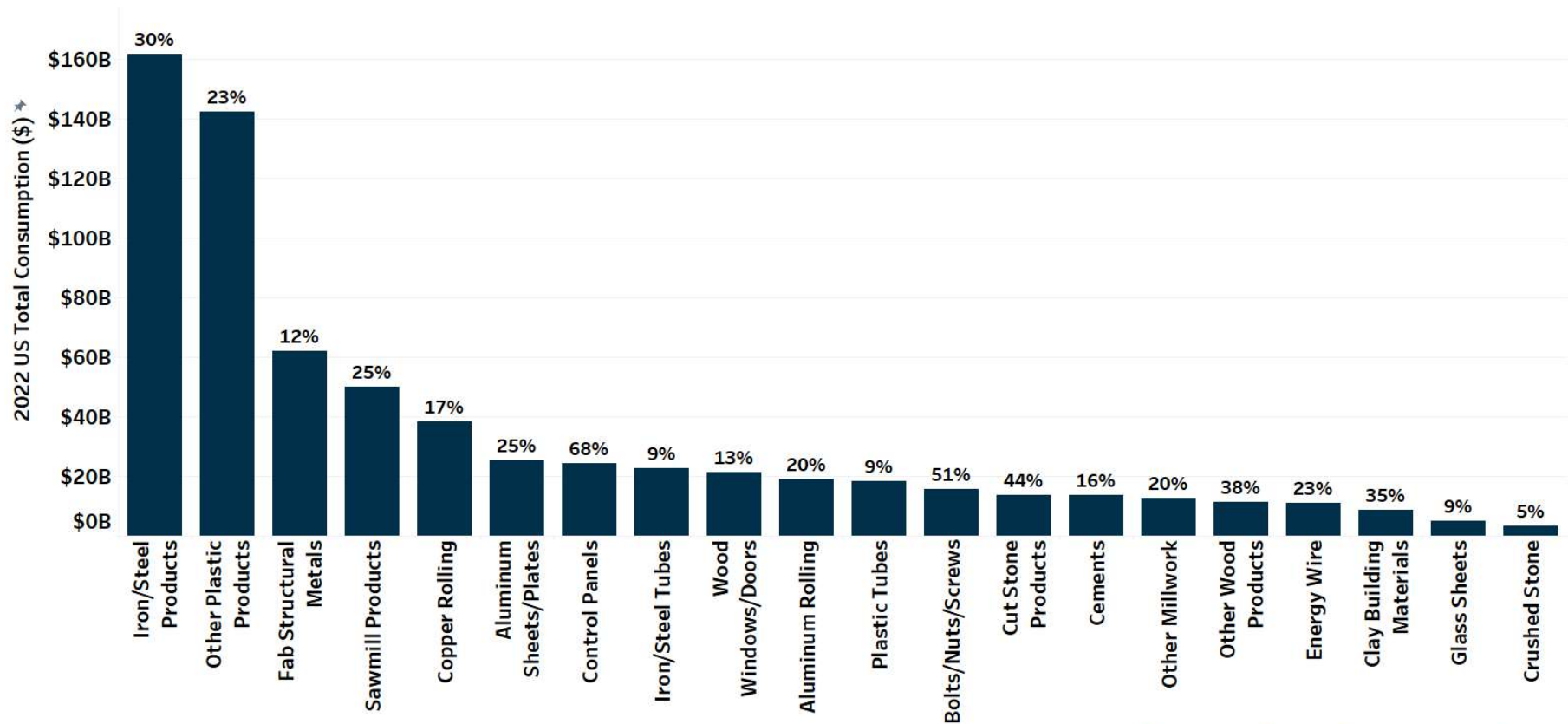
Construction material prices in the second quarter exceeded construction bid prices.



Source: U.S. Bureau of Labor Statistics

Major Construction Related Product Categories Sorted By Consumption Value

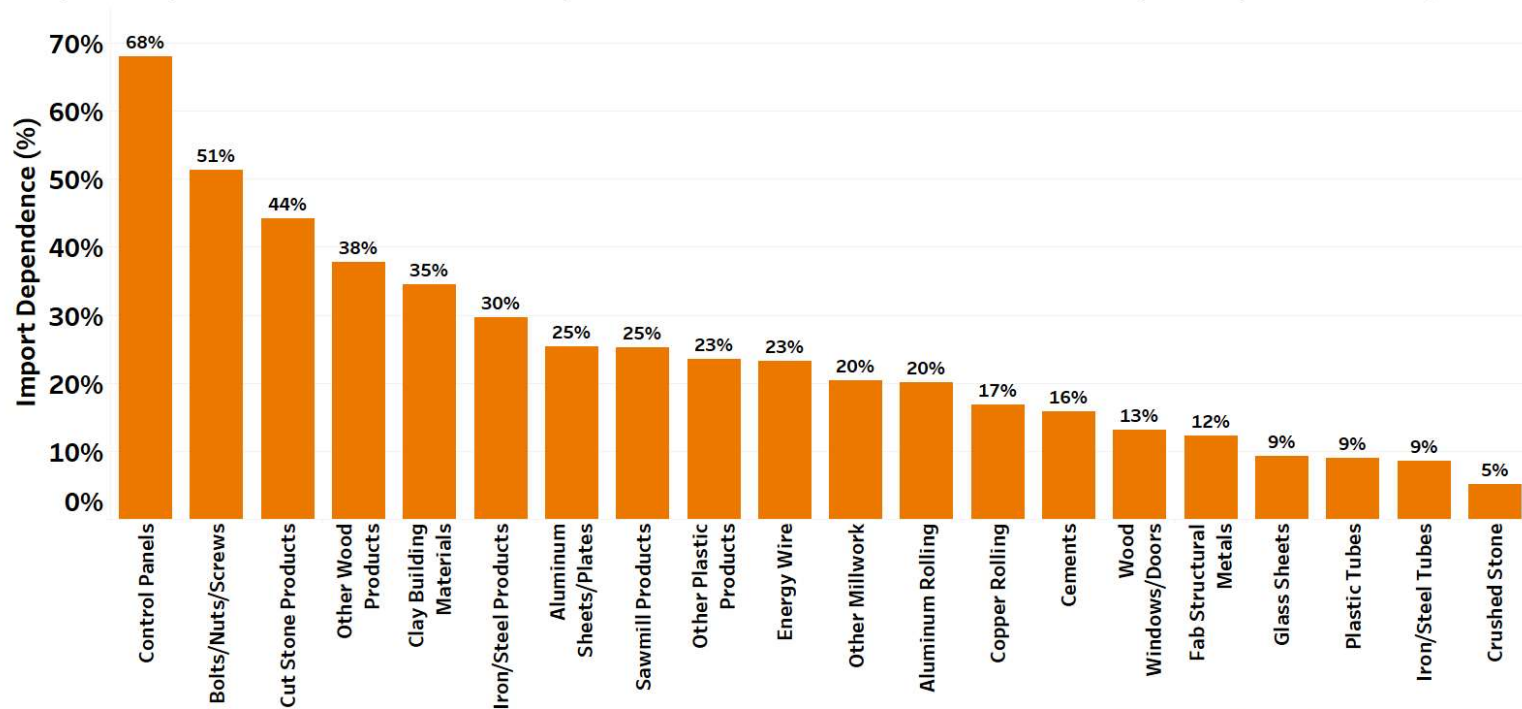
"Import Dependence" measured as imports relative to total domestic consumption, (% as of 2022)



Source: USITC, Census Bureau, calculations by ConstructConnect

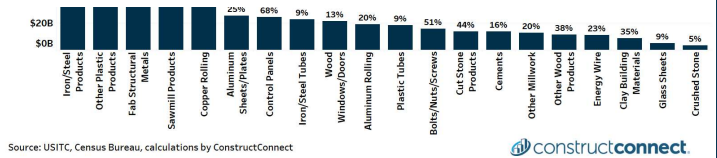
Major Construction Related Product Categories Sorted By Import Dependence

"Import Dependence" measured as imports relative to total domestic consumption, (% as of 2022)



By Consumption Value
nestic consumption, (% as of 2022)

Source: USITC, Census Bureau, calculations by ConstructConnect



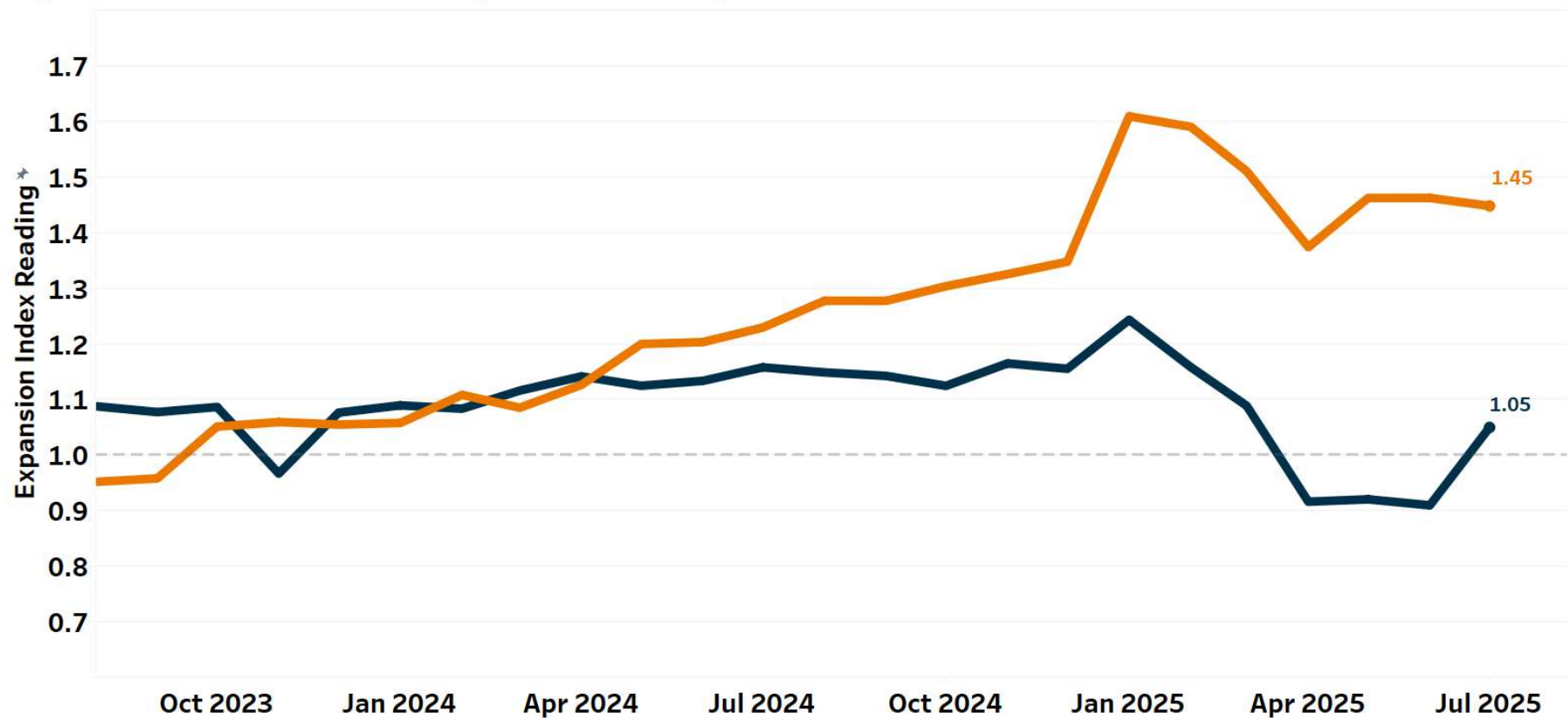
Source: USITC, Census Bureau, calculations by ConstructConnect



Georgia Overview

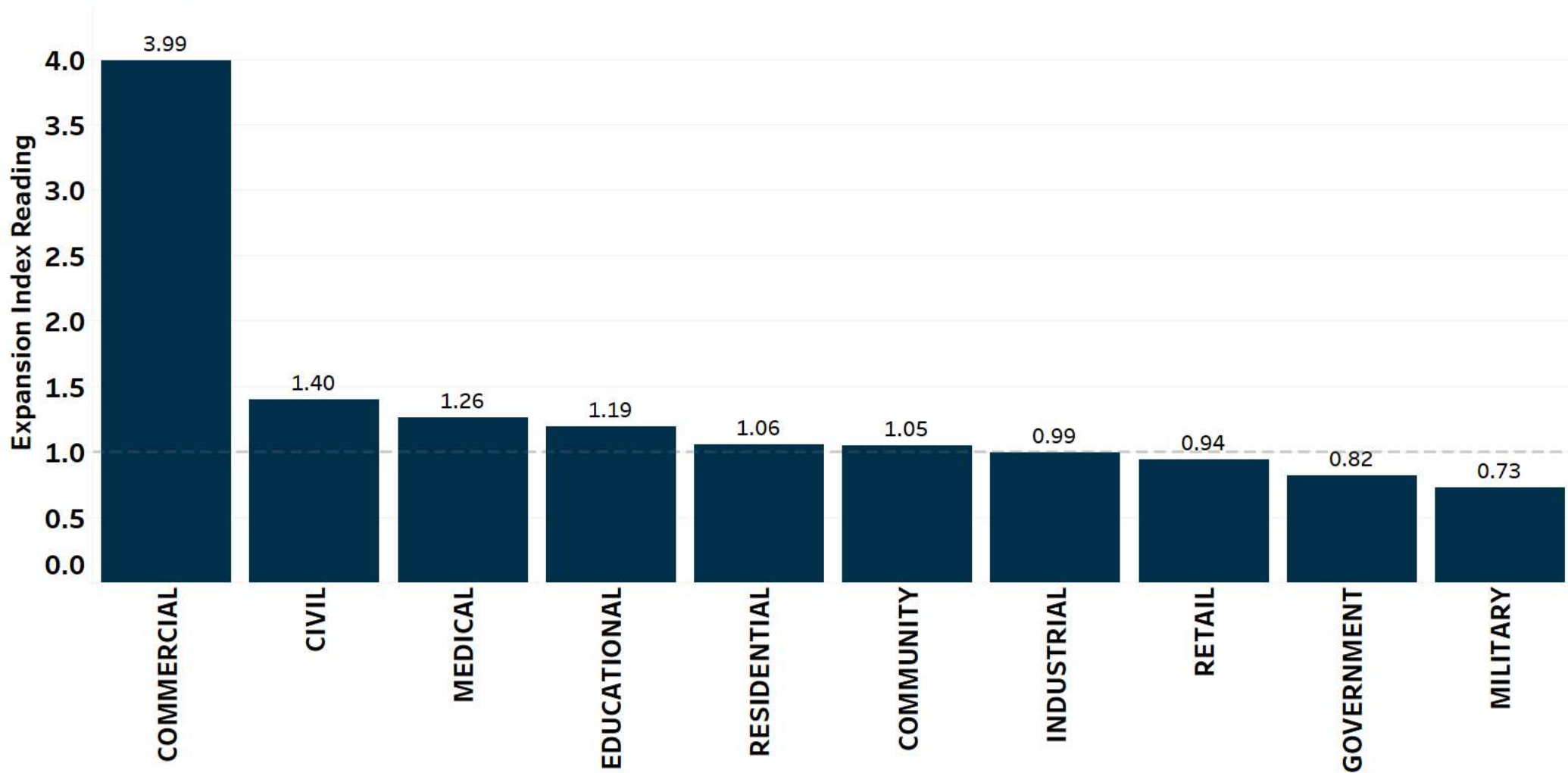
Georgia Expansion Activity is Outpacing the National Index

Expansion Index values from August 2023 to August 2025.



Source: ConstructConnect Expansion Index

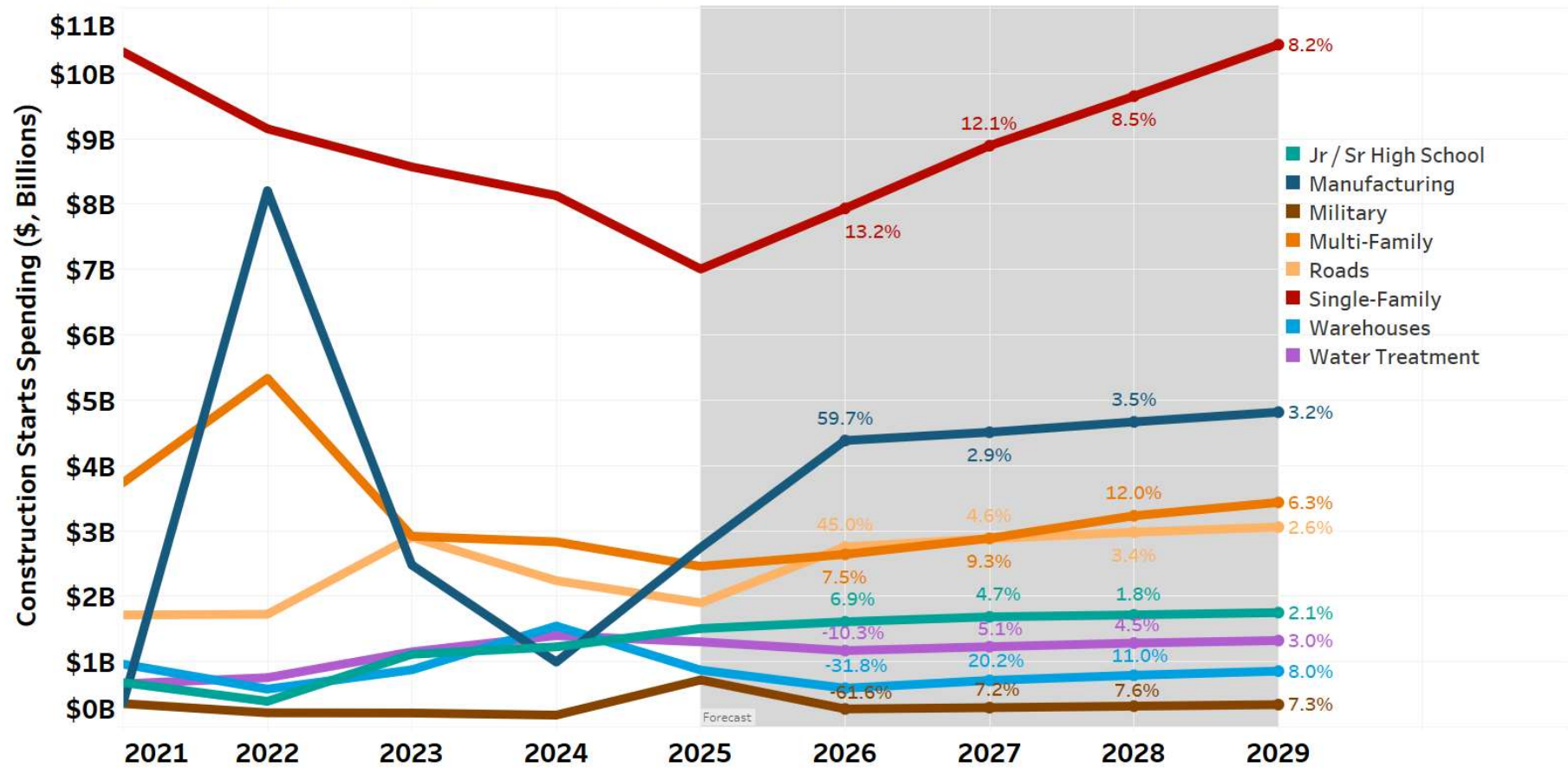
Georgia Expansion Index Results by Vertical



Source: ConstructConnect Expansion Index, August 2025

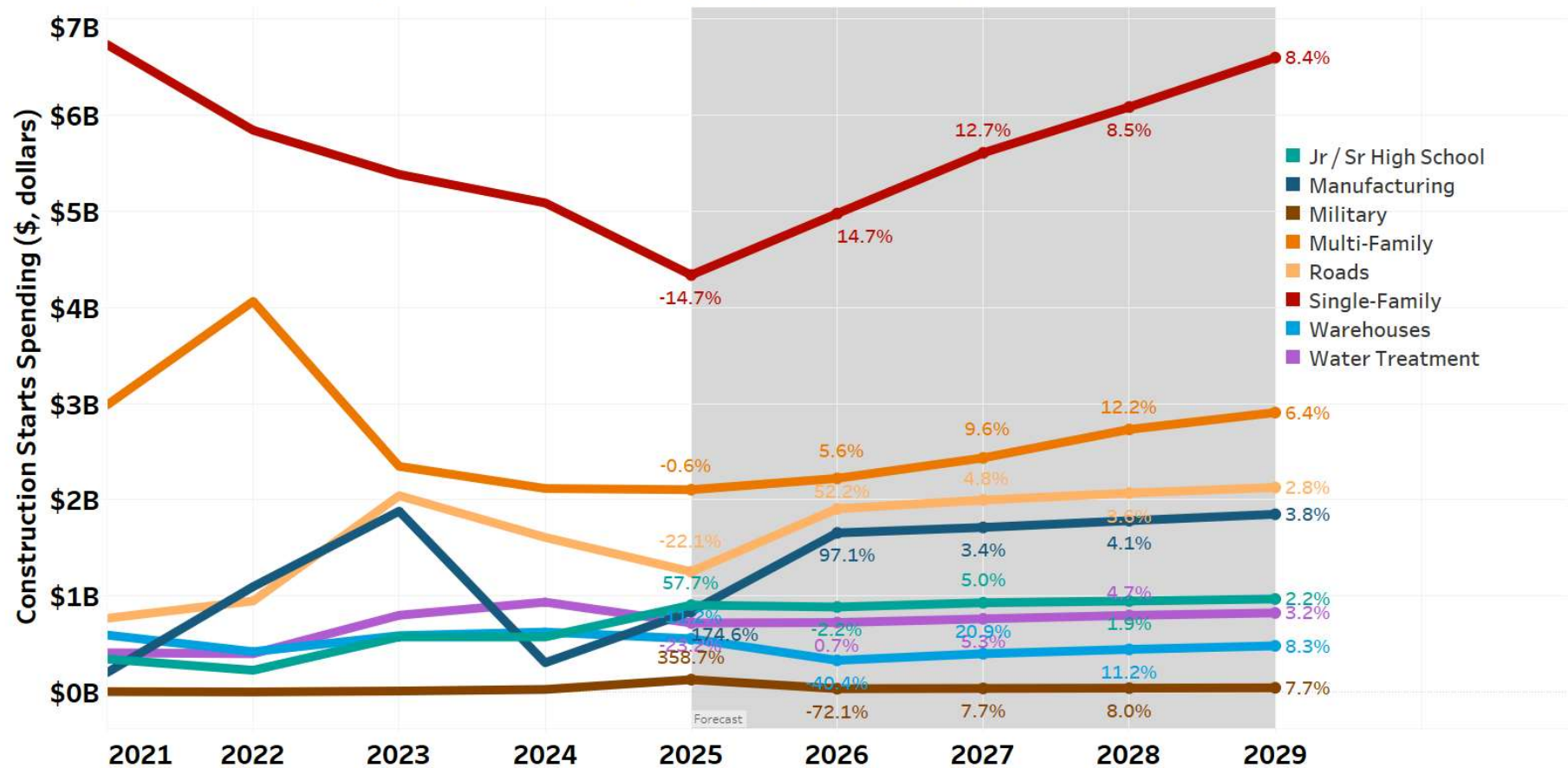


Georgia Starts Spending Among Top Eight Subcategories



Source: ConstructConnect Insight Forecast, 3Q2025

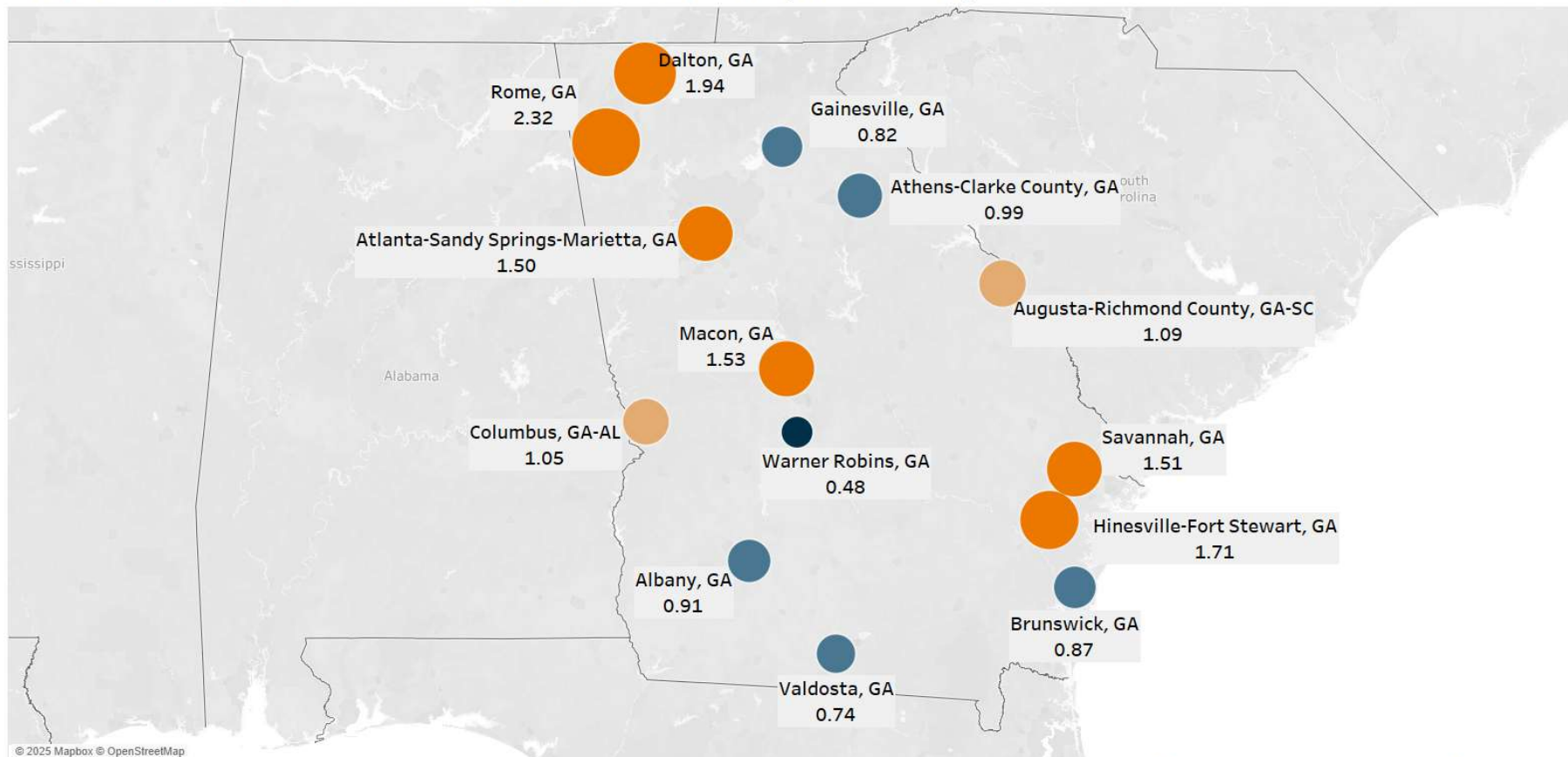
Atlanta MSA Starts Spending Among Top Eight Subcategories



Source: ConstructConnect Insight Forecast, 3Q2025

Georgia MSAs Expansion Index in August 2025

Values represent change in contemplated spending from 1-year ago, (1.0 = no change)



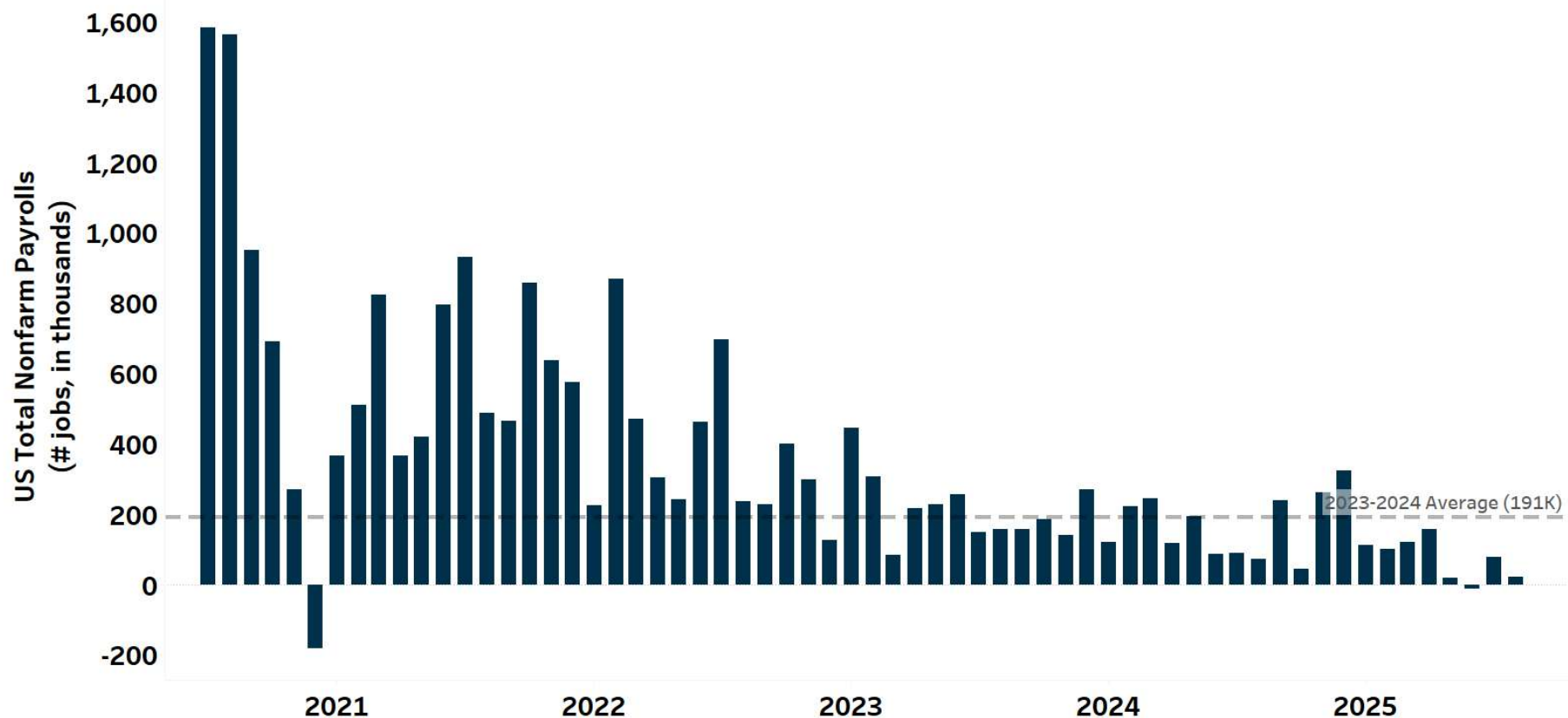
Source: ConstructConnect Expansion Index



Labor Overview

Monthly Change in US Total Nonfarm Payrolls

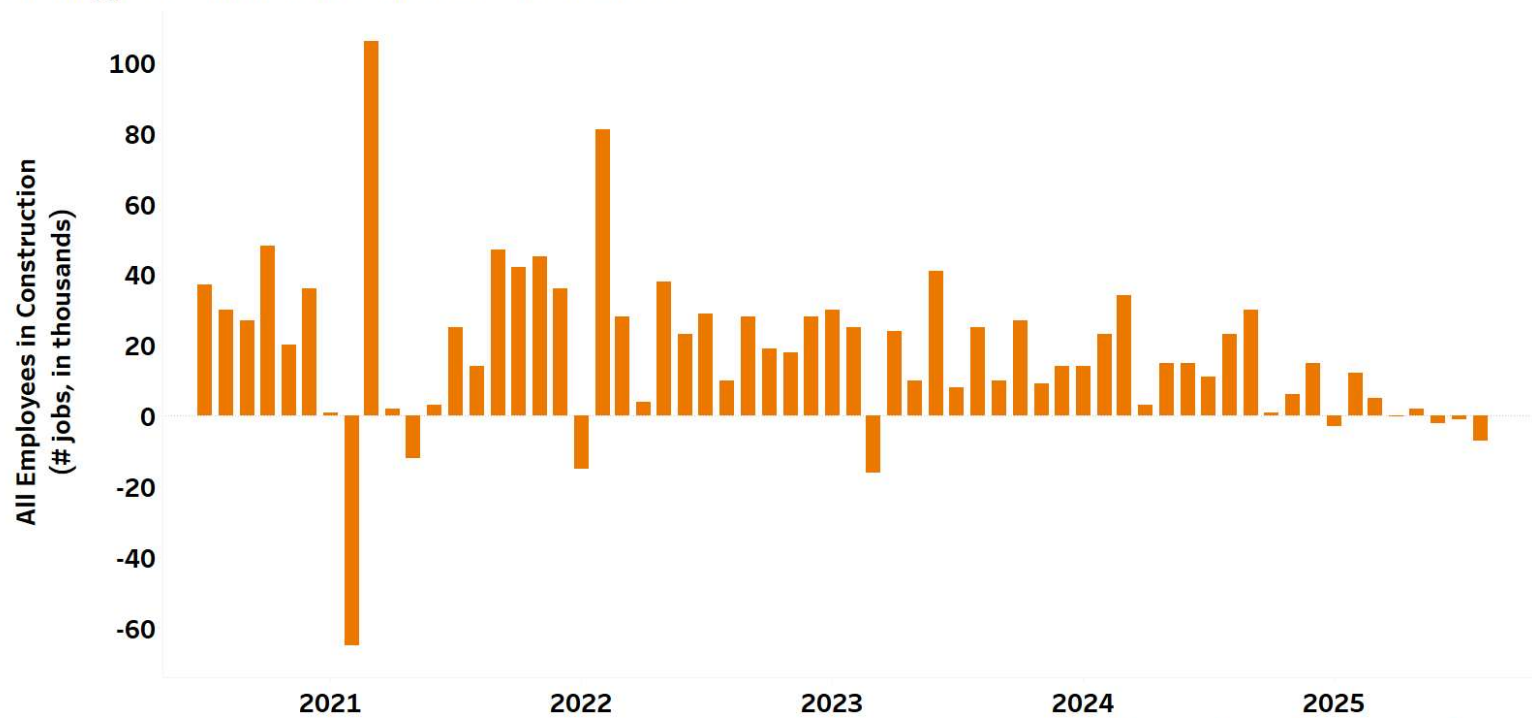
Monthly jobs additions have been on a long downward decline since early 2022. (# jobs, in millions)



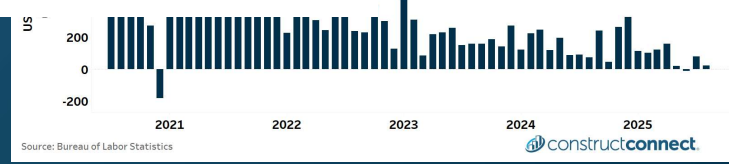
Source: Bureau of Labor Statistics

Monthly Change in US Construction Payrolls

Monthly jobs additions have come to a near halt in 2025



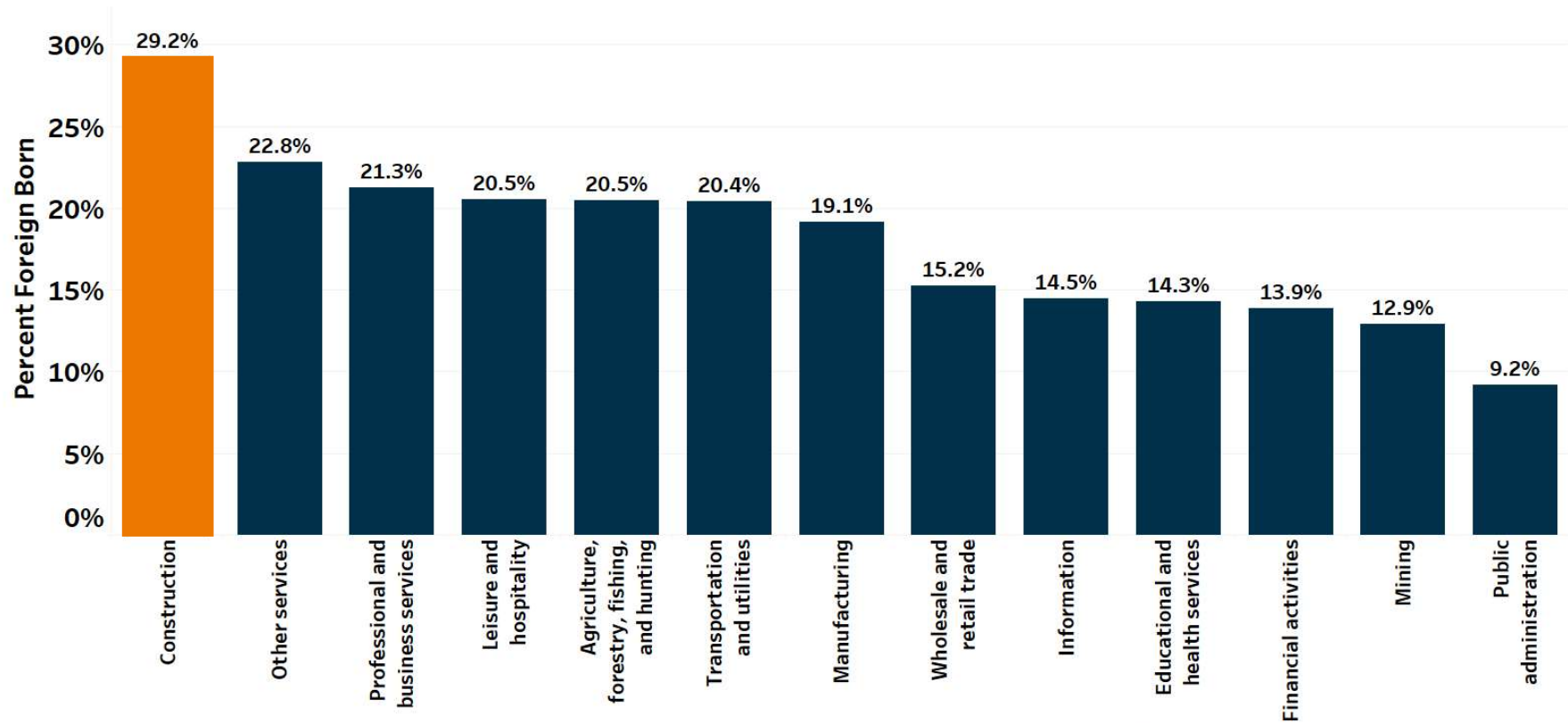
Source: Bureau of Labor Statistics



Source: Bureau of Labor Statistics

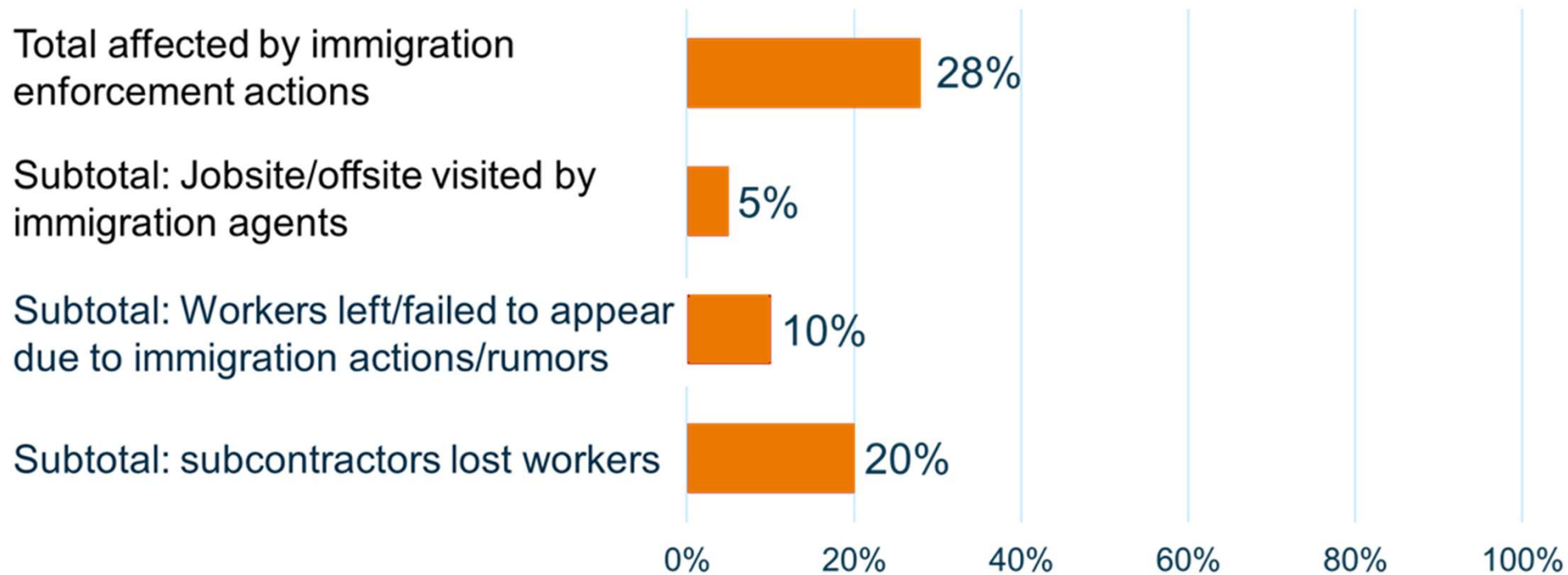
Number of Foreign Born Workers By Industry

Over 28M workers, or 14.7%, of the U.S. labor force was foreign born in 2022 (#, count)



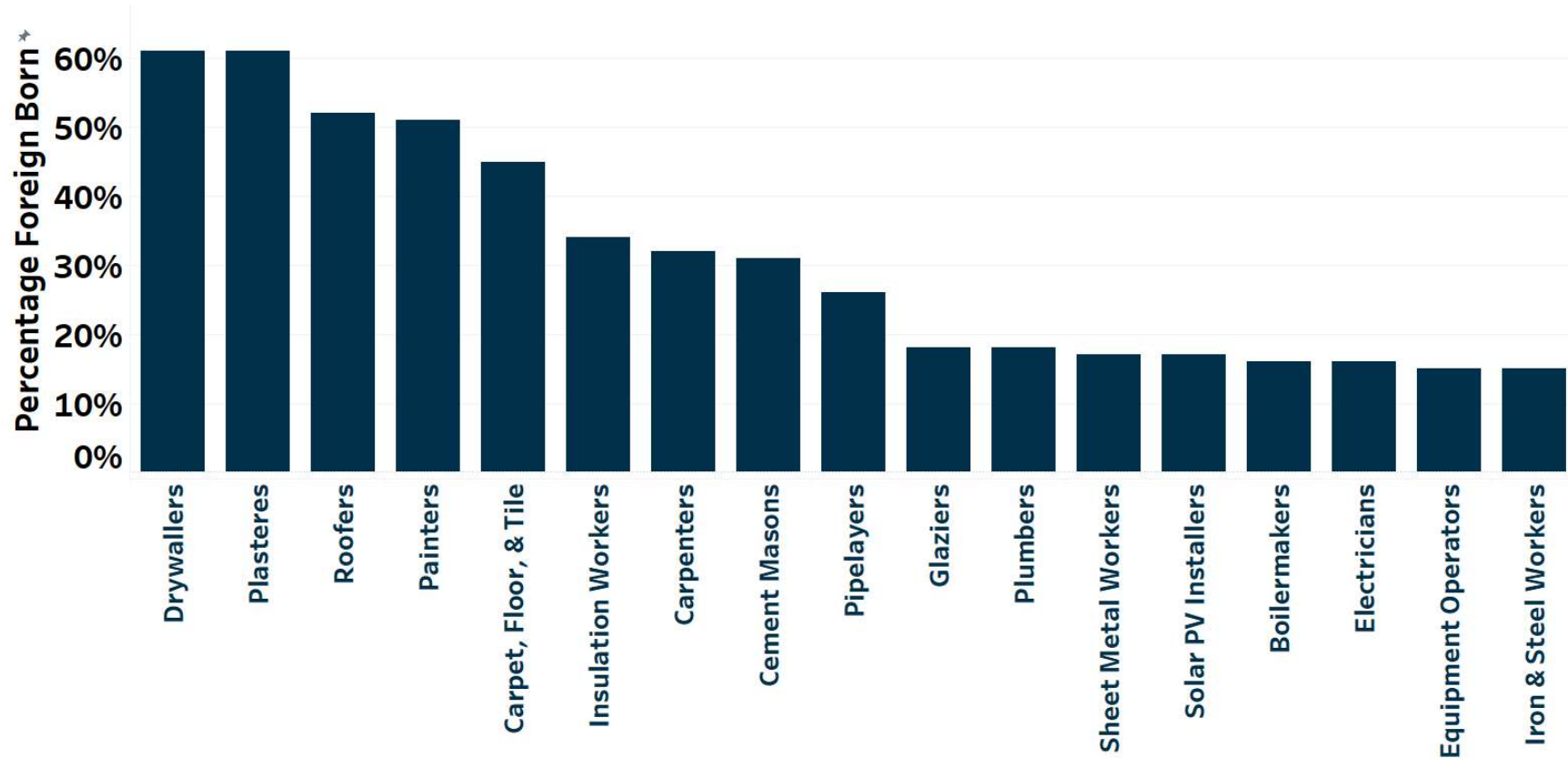
Source: Census Bureau

Immigration Enforcement Is Affecting a Rising Share of Firms (respondents allowed to list multiple effects)



Source: Association of General Contractors, NCCER Workforce Survey, results recorded over past 6-months

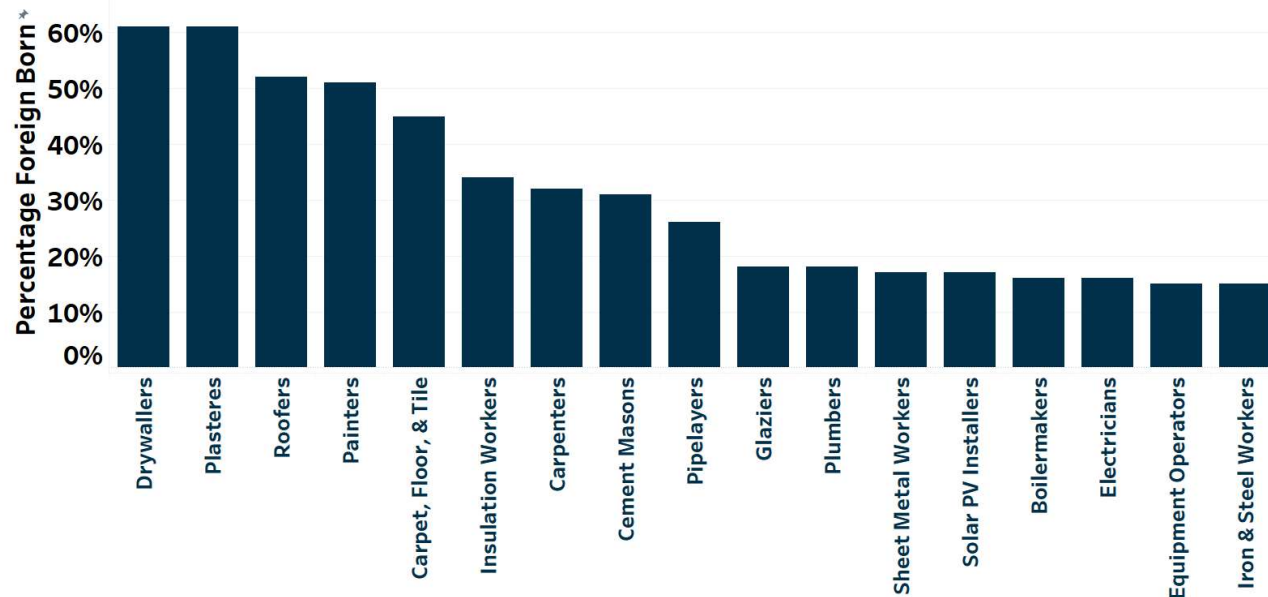
Select Trades Are More Sensitive to Immigration Control



Source: Census Bureau, 2023 results

Geography Plays an Important Role In The Construction Labor Market

Select Trades Are More Sensitive to Immigration Control



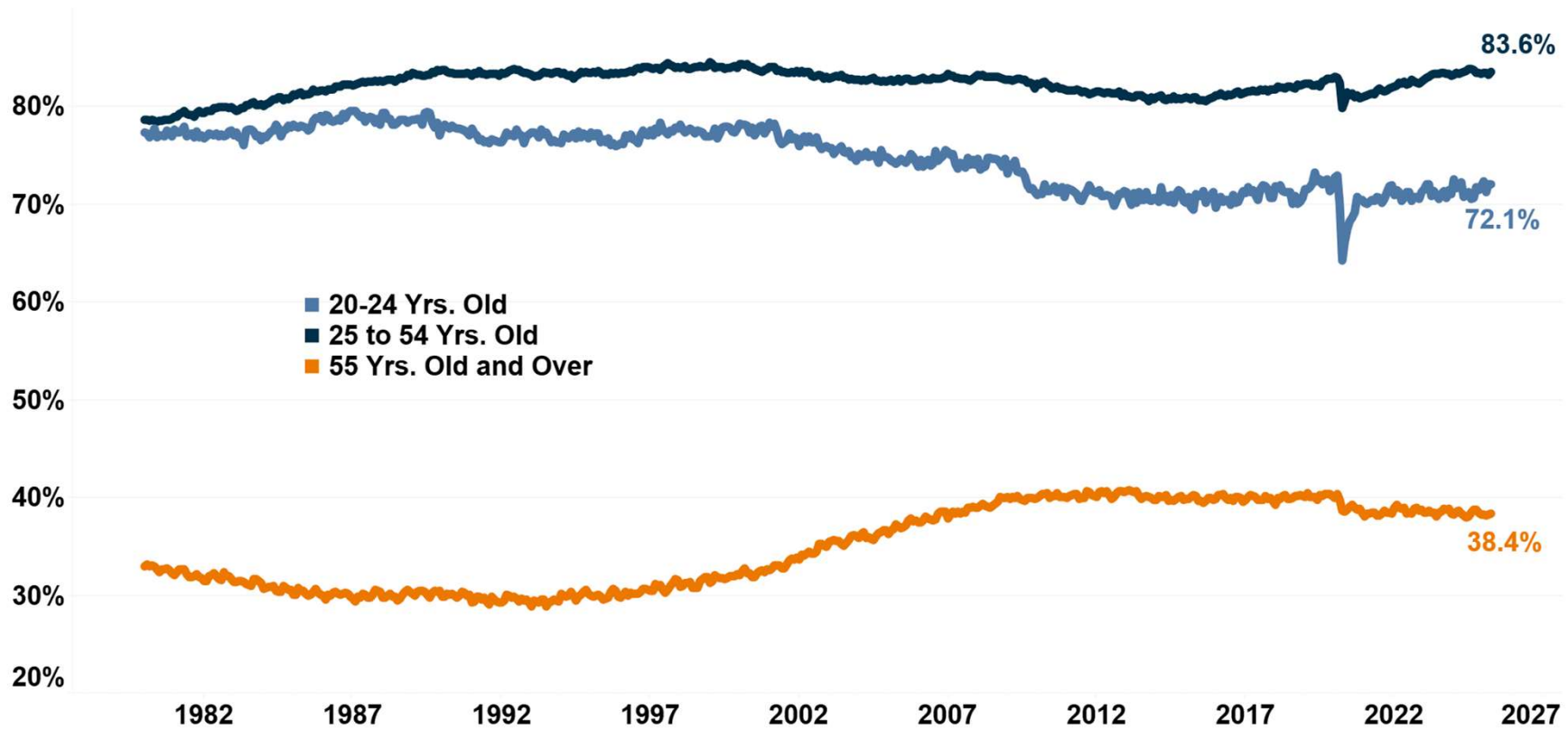
Source: Census Bureau, 2023 results

Foreign Born Labor Among 2024 Top Spend States

CA	52%
TX	51%
FL	47%
NY	46%
NC	41%
VA	38%
GA	43%
AZ	38%
IL	32%
TN	27%
Nat'l Avg	29%

The Percentage of Prime Age Workers Is at a 20-year High

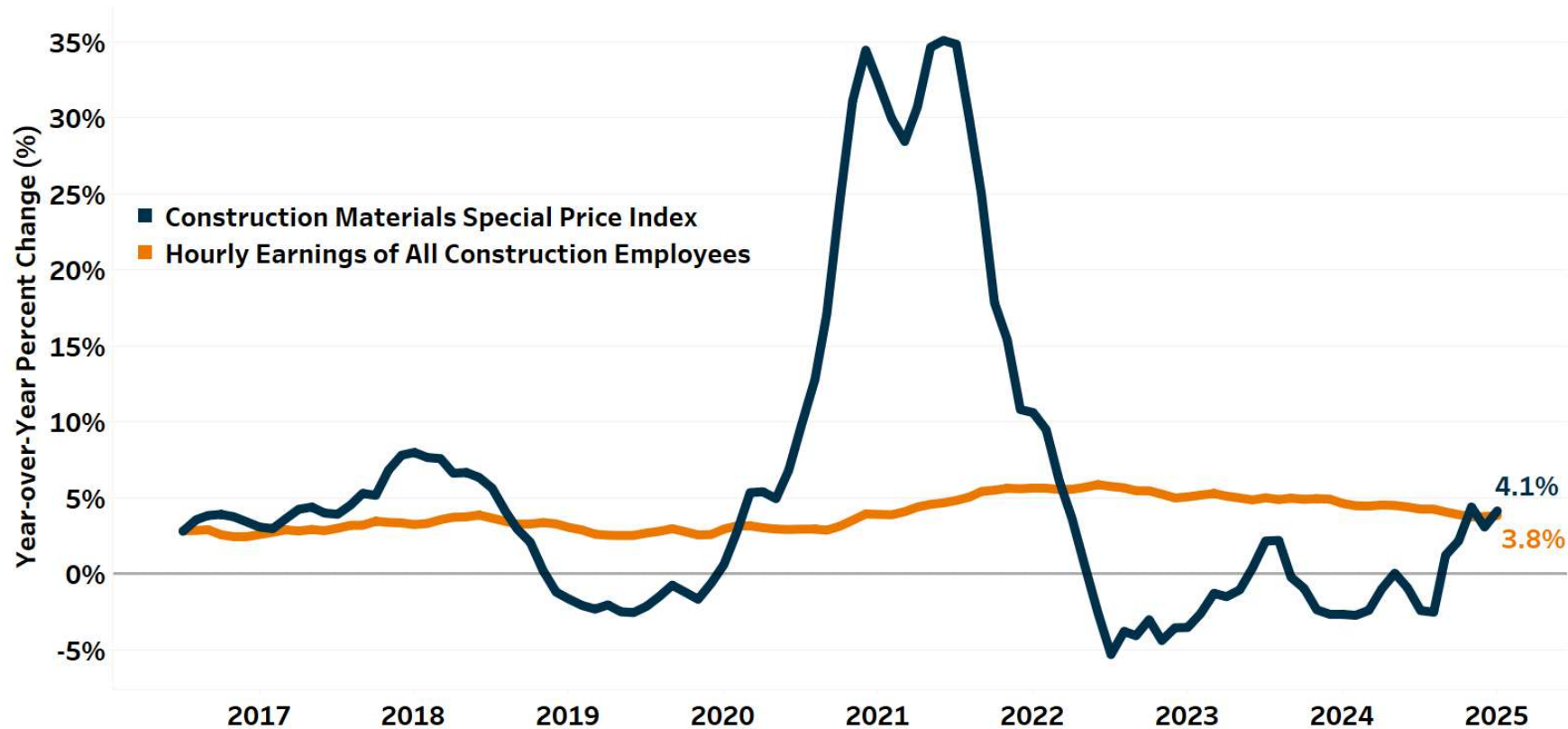
Yet total labor force participation is at 62.6%, its lowest non-pandemic level since 1978



Source: U.S. Bureau of Labor Statistics

Wage Growth Will Remain the Top Cost Concern in 2025

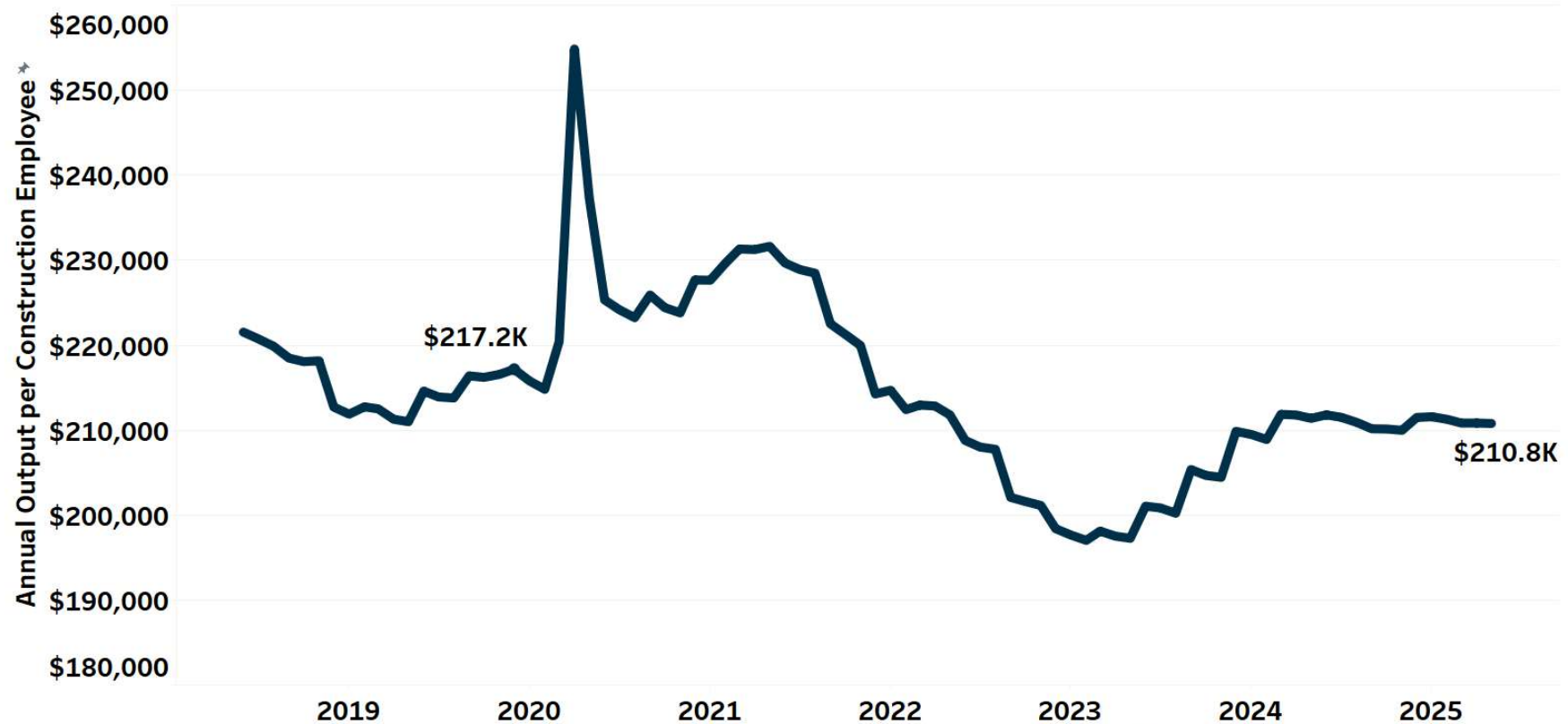
Strong demand for construction laborers likely to keep wage growth above the national average (3/12 rate of change, %)



Source: U.S. Bureau of Labor Statistics

Output-Per-Worker Remains Below Pre-COVID Levels

Worker productivity fell by 15% in a 2-year period between 2021 and 2023



Source: Bureau of Labor Statistics and U.S. Bureau of Economic Analysis, calculations by ConstructConnect

What Can YOU Do About This?

Contact your House Representatives & Senators

Document your labor shortage:

- Quantify how many laborers you need
- Show wage levels you're offering
- Document recruitment efforts you've already made
- Gather data on project delays & costs due to labor shortages

AGC urges creation of construction-specific visa

Severe labor shortages have prompted the Associated General Contractors of America to urge the federal government to create of lawful pathways for foreign construction workers, including a construction-specific temporary visa, noting current options like H-2B are cumbersome and used by only 10% of firms. Immigration crackdowns are already disrupting workforces at 28% of firms. With about one-third of US construction trade workers born outside the US—with half or more in several states and up to 61% in trades like insulation, drywall, and roofing—AGC's survey underscores that immigration reform expanding legal work channels is essential even as contractors raise pay and invest in training. However, waiting for the government to act won't help firms in the meantime.

* Story: [Construction Briefing](#) (9/1), [Global Construction Review \(UK\)](#) (9/1)

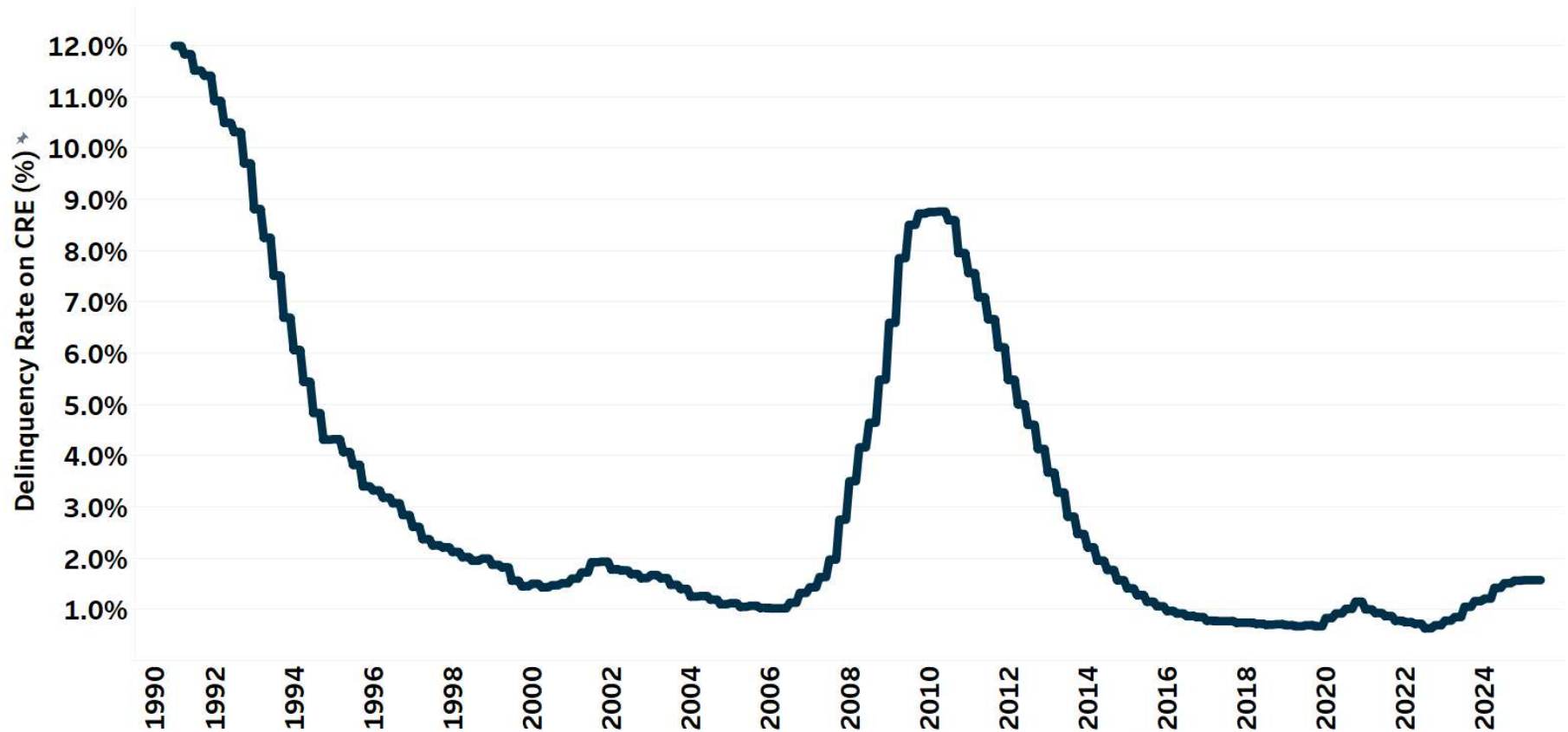
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Finance Overview

Delinquency Rates on Commercial Real Estate Are Rising

A \$1-trillion wave of distressed debt is coming due made worse by banks extending underperforming loans in recent years.



Sources: U.S. Federal Reserve, results exclude impacts from CRE used to finance farmland.

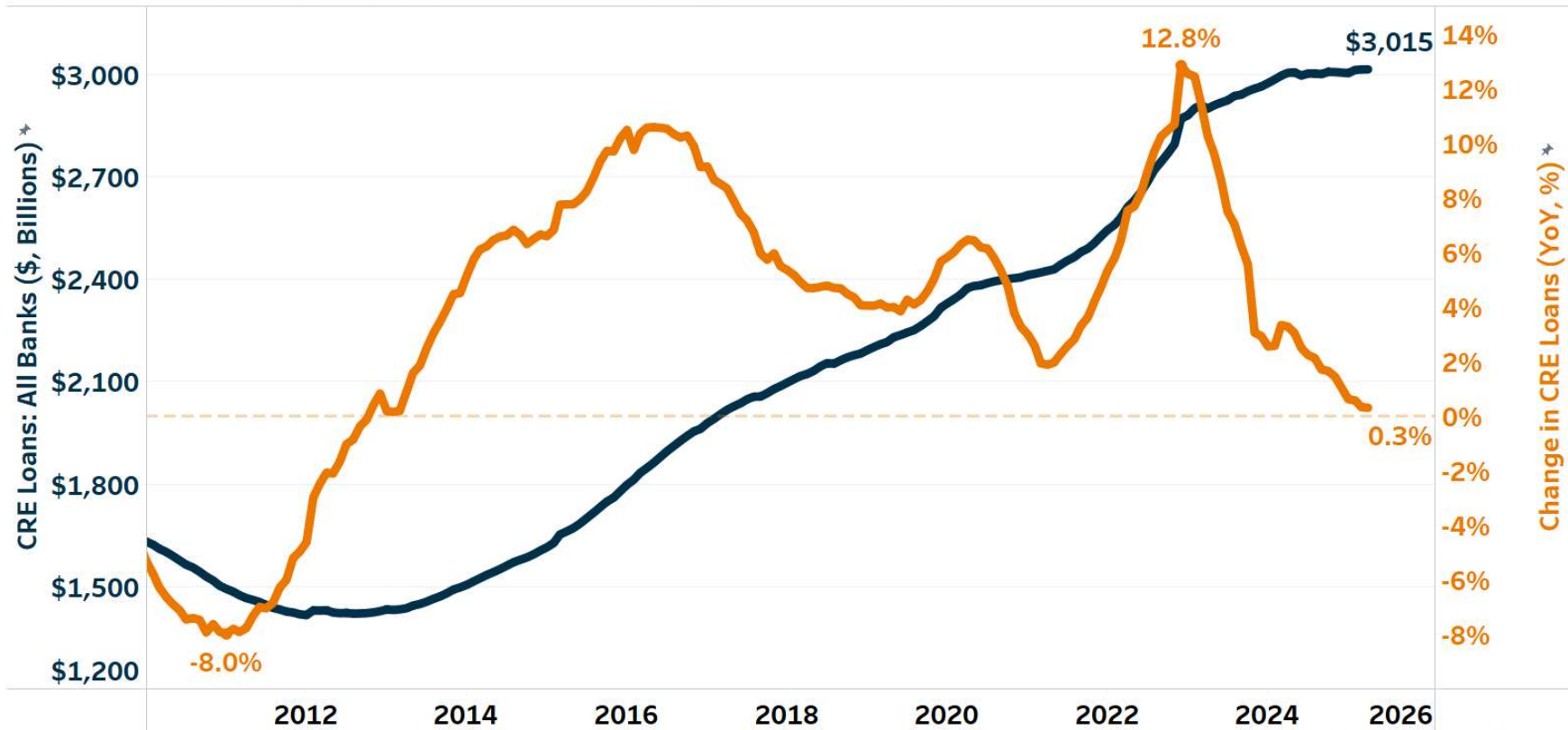
Existing CRE Is Not Over the Hump Yet...

Delinquency Rates by Sector Continue to Flash RED

- **Beware of nationally rising Office (16%), Hotels (8%) and Industrial (6%) delinquency rates.** *(Moody's, Wells Fargo)*
 - Apartment vacancy rate (~8%) is at multiyear highs. (CoStar)
- **Total property distress in 1H2025 hit ~\$125B, the highest since 2014 as the industry was rolling off the backside of the Great Recession** *(MSCI, Wells Fargo)*
- ***\$384 billion in CRE loans post-maturity have been extended into 2025, accounting for 40% of the total \$957 billion in CRE debt maturing this year. (Colliers)***
- See: <https://www.credaily.com/briefs/cre-loans-show-weakness-as-defaults-hit-decade-high/>

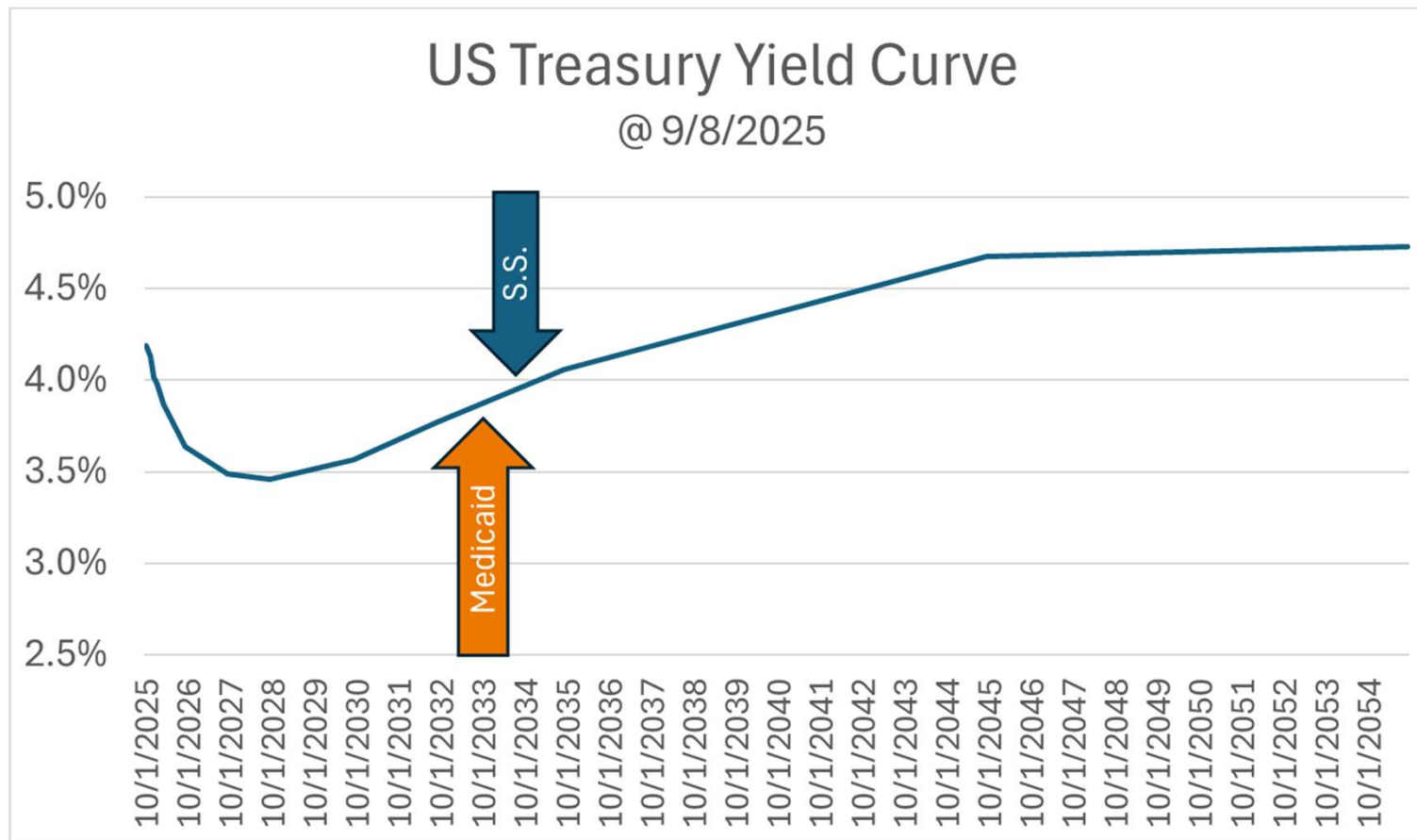
Banks Are Holding Commercial Real Estate Lending Frozen at \$3-Trillion

Banks have been slowing Commercial Real Estate debt growth since early 2023



Source: Board of Governors of the Federal Reserve System

Upcoming Government Debt Challenges Will Pressure Rates





Question & Answer

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