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Input prices rise for third-straight month in March; tariffs remain volatile; impact varies by project type

Input prices for new nonresidential construction rose 0.4% March, not seasonally adjusted, following upwardly revised gains of 0.6% in February and 0.8% in January, according producer price index (PPI) data the Bureau of Labor Statistics [posted](#) today. The three-month change totaled 1.9% (an annualized rate of 7.9%), the most since March 2023. Outsized one-month increases occurred in the PPIs for steel mill products, 7.1%; aluminum mill shapes, 5.1%; and lumber and plywood, 2.7%. The **PPI for new nonresidential building construction**—a measure of prices that contractors say they would bid to erect a fixed set of buildings—rose 0.4%, following a decrease of 0.1% in February. Prices to calculate PPIs were collected around March 11, before most tariffs took effect.

Tariff rates continue to change abruptly and steeply. President Trump on Wednesday afternoon suspended until July 9 the “reciprocal” tariffs that he had announced a week earlier and that took effect just after midnight EDT on Wednesday. However, nearly all imports remain subject to 10% “baseline” tariffs that took effect on April 5. Items from Mexico and Canada that are subject to the U.S.-Mexico-Canada Agreement are exempt from the 10% tariff. But many autos and light trucks are subject to a 25% tariff. And imports from China are now subject to a 145% 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](#). Readers are invited to send examples of **materials cost announcements or project delays and cancellations** to ken.simonson@agc.org

“The share of **imported intermediate inputs** used in construction was 10% in 2023, not far above the all-industry average of 8.9%,” Wells Fargo Economics [posted](#) on Wednesday, based on its analysis of Commerce Department data for 2023. “Although the sector’s exposure to trade is moderate, the extent varies significantly by building type. Construction of educational, healthcare, and manufacturing buildings utilizes relatively higher shares of imported materials compared to office, commercial, and residential buildings. The general difference between import shares appears owed to greater utilization of HVAC, lighting, and plumbing components produced abroad....Some key inputs—like concrete, asphalt and wood kitchen cabinets—are mostly procured from domestic producers. Other materials are sourced predominantly from global producers but comprise a low share of total construction inputs, notably lighting fixtures, household appliances, wires and tires. Even low-import-intensity materials purchased from domestic firms are exposed to international trade. The integrated nature of global supply chains means many unprocessed construction materials cross the border at some point in the production process. For example, the ready-mix concrete industry, which primarily uses domestic materials, still utilizes small quantities of cement and stone produced in other nations.”

“In what appears to be the first full-scale **workplace raid** in Washington since President Donald Trump took office, immigration officials descended **on a roofing company** in Bellingham early Wednesday [April 2] and arrested 37 people,” the [Seattle Times](#) [reported](#) on April 3. So far, this case appears to be a rarity. The Transactional Records Access Clearinghouse at Syracuse University [posted](#) an analysis on March 25 that found Immigration and Customs Enforcement (ICE) immigration removals from January 26 through March 8 averaged 661 per day, 11% less than in October 2023-September 2024. Readers are invited to send **information on workplace enforcement actions** to ken.simonson@agc.org.

The Dodge Momentum Index (DMI)—“a monthly measure of the **value of nonresidential building projects going into planning**, shown to lead construction spending for nonresidential buildings by a full year”—declined 6.9% in March from the revised February reading, Dodge Construction Network [reported](#) on Monday. Commercial planning declined 7.8% while institutional planning fell 5.0%. “On the commercial side, weaker planning activity for warehouses, data centers, and retail stores drove this month’s decline. Meanwhile, hotel and office planning continued to accelerate. On the institutional side, planning activity slowed for education, healthcare, and government buildings. In March, the DMI was up 30% when compared to year-ago levels. The commercial segment was up 32% [and the] institutional segment was up 27%..., following a very weak March last year. The influence of data centers on the DMI this year remains substantial. If we remove all data center projects between 2023 and 2025, commercial planning would be up 4% from year-ago levels, and the entire DMI would be up 12%. While momentum decelerated for data centers this month, levels of activity remain very high.”

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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