

2025 Construction Perspective

U.S. Mid-year update



Research and
cost management

U.S.
July 2025

jll.com

© 2025 JLL. All rights reserved.

Building a focused response to uncertainty



Moving decision making beyond reactivity

Policy volatility has disrupted development patterns, creating varied challenges and opportunities across regions and sectors. Projects are on hold, spending forecasts down, and contractors face concerning reductions in secured work. Uneven industry responses affect schedules and costs while employment losses compound existing shortages. These factors may further reshape construction opportunities in affected markets.



Assessing project-specific risk in an uncertain industry

Tariffs impact construction materials unevenly due to unique supply chains spanning intermediate goods and domestic production. Effects will vary by sector, material category, and market through 2025. Trade patterns reorganizing around current volatility rather than awaiting certainty may have durable impacts. A diminished U.S. role in global trade would create long-term challenges for construction, regardless of current policy longevity.



Preparing for local impacts

The industry faces unprecedented pressure from immigration policy, including targeted federal deportation efforts. Enforcement actions at jobsites have created a chilling effect, with contractors reporting increased absenteeism and project delay concerns. These disruptions affect both existing projects and future work capacity, compounding labor challenges that already constrain the construction sector.



Beyond reactivity

The growth outlook for the construction industry has fallen due to economic turbulence, with an expected late-2025 surge of starts delayed. Private investment will return unevenly as stakeholders assess changing priorities and public support, limiting construction demand.

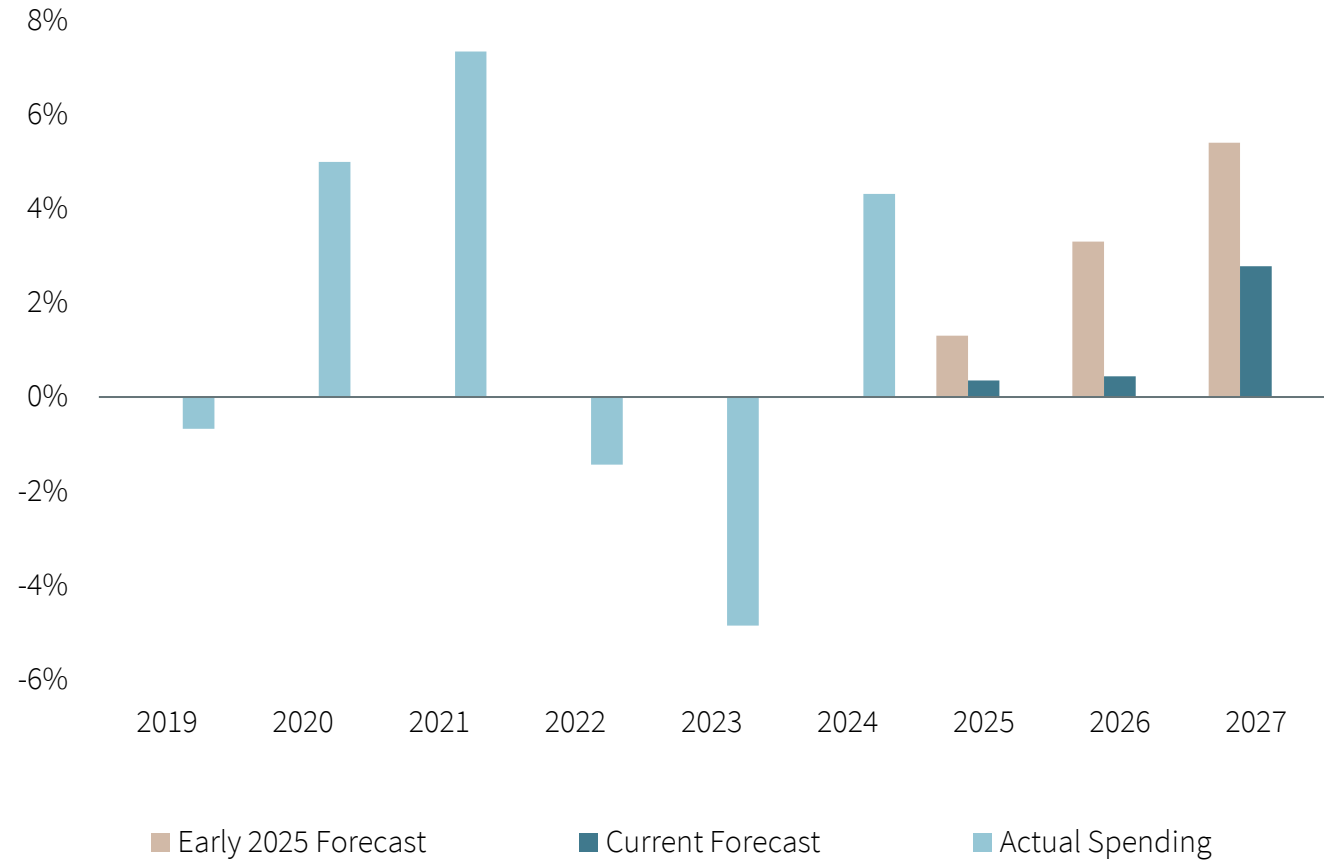
As disruptions vary significantly by sector and location—with select industries maintaining robust activity—the underlying impact is more complex. Critical sector investments ensure opportunities remain, though delays will alter their shape and timing.

0.3%

Current forecasted change in total real construction spending through 2026.

Spending forecasts down and anticipated uptick pushed back

Annual change in total construction spending



Source: JLL Research, Oxford Economics, Census Bureau



Assessing project-specific risk

Trade policy upheaval has transformed the cost environment in six months and prices are now on pace to see a significant overall increase. Trade policy impacts have not fully manifested yet and uneven effects are expected based on regional pipelines, production access and sensitivity.

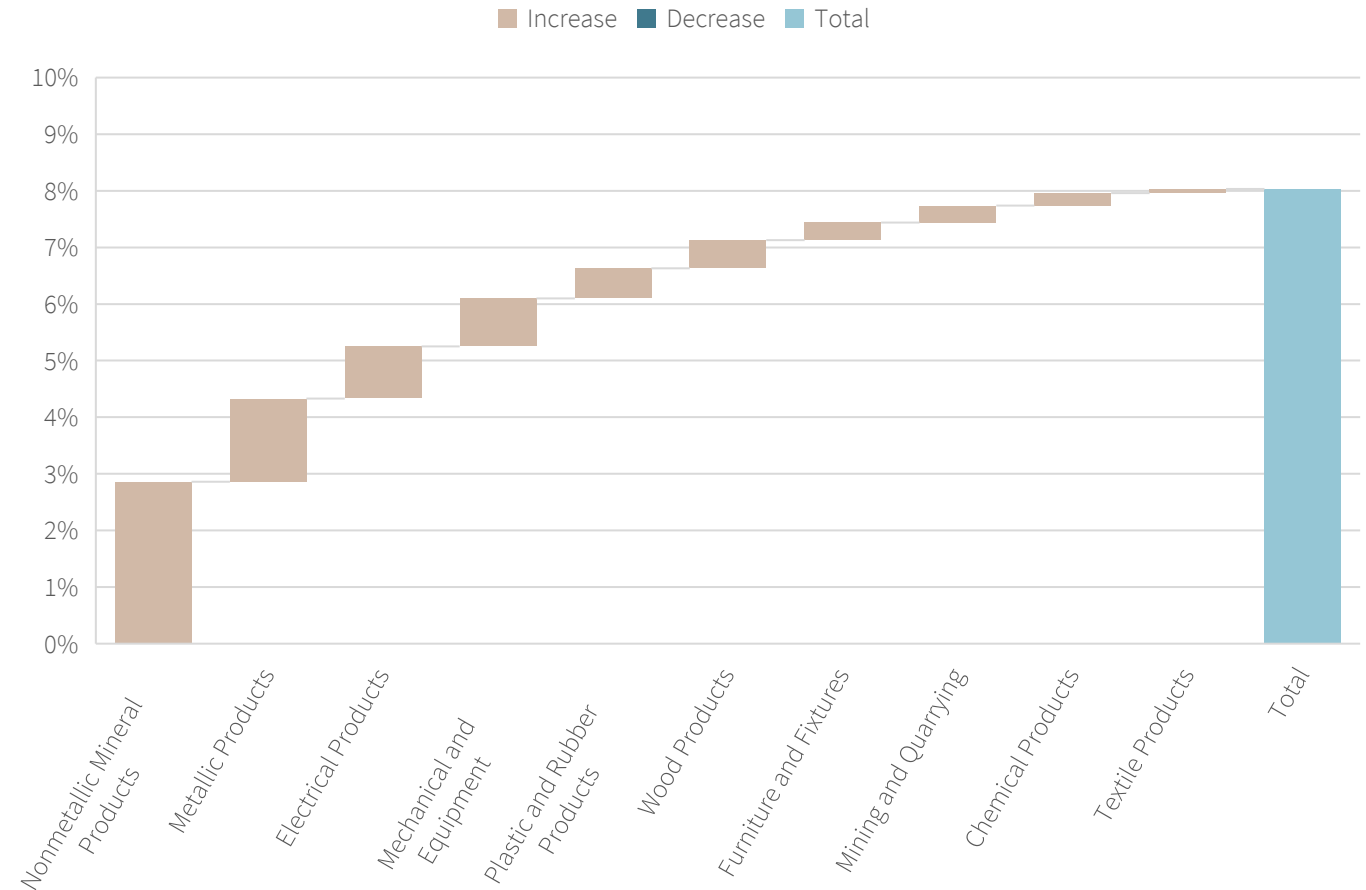
Further, sectors are not equally exposed to impending increases. Mechanical and electrical components required for advanced building systems are disproportionately imported. As these are critical features of data centers and other active sectors, coordinated demand will keep costs high and growing as current stockpiles deplete.

7% to 12%

Estimated range for total material costs increase in 2025 with current trade policies.

An evolving range of cost impacts due to uncertain trade policy

Construction materials categories contribution to industrywide increase



Source: JLL Research, Bureau of Economic Analysis, Bureau of Labor Statistics
Forecast represents average impacts based on policies active as of late June 2025



Preparing for local impacts

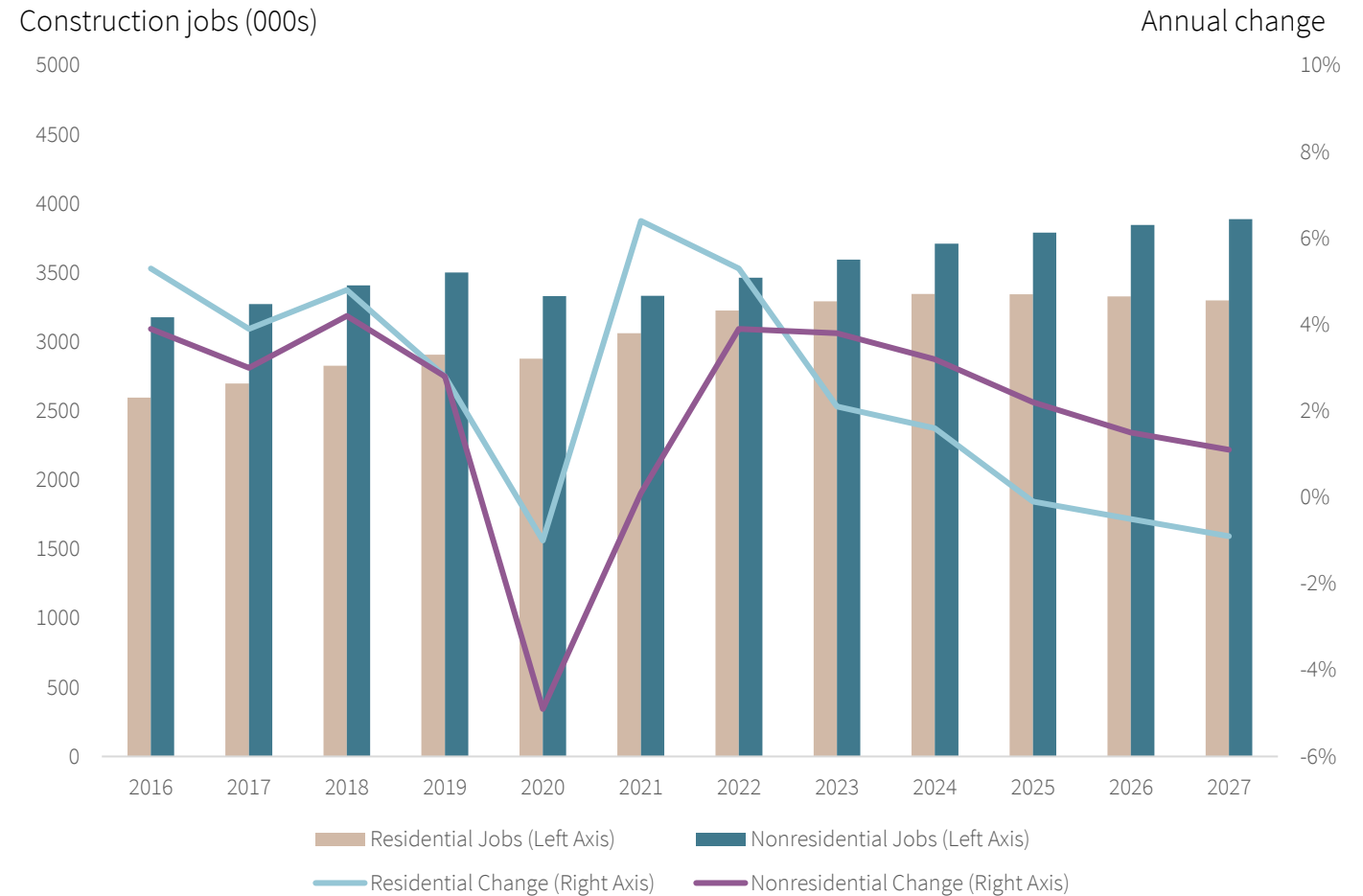
Construction has long relied on foreign-born labor as a partial solution to structural deficiencies in the labor force. Impacts of limited immigration and accelerated losses will be moderated by slower activity now, but punishing as starts return to normal levels in 2027.

Geographic differences in reliance and enforcement will reshape project viability, timelines, and wage premiums. This workforce rebalancing will shift development patterns, particularly impacting disaster recovery in California and Florida.

1%

Labor force growth rate under new immigration enforcement policies - down from 3% since 2020.

The U.S. construction industry labor capacity crisis will accelerate



Source: JLL Research, Bureau of Labor Statistics, Association of General Contractors, Oxford Economics



Outlook for next 12 months

Strategic activity pulling ahead

Sluggish starts and uncertainty will have a lasting effect on construction regardless of how soon policies, and their impacts, crystalize.

Forward-thinking organizations are already solidifying revised capital plans and are implementing flexible approaches to procurement, labor sourcing, and project timelines.

Material markets will find a new equilibrium

Expect the trajectory of material prices to vary by category. Trade policy impacts will differ substantially by cost category, with mechanical and electrical components facing greater exposure to tariffs, and higher demand, leading to more aggressive cost increases for dependent sectors.

A new pattern for a new development cycle

Construction activity will resume and accelerate unevenly across regions. Commercial activity is strengthening in specific markets while industrial construction shows divergent regional patterns, with data centers and advanced manufacturing driving growth despite broader hesitancy.

Research authors

Andrew Volz

Research Manager
Project and Development Services
Americas
andrew.volz@jll.com

Ruth Hynes

Research Lead
Project and Development Services
Global and EMEA
ruth.hynes@jll.com

To find out more about JLL services, contact:

Daniel Pomfrett

Cost Management Lead
Americas
daniel.pomfrett@jll.com

Louis Molinini

Project and Development Services Lead
Americas
louis.molinini@jll.com

Research at JLL

JLL's research team delivers intelligence, analysis and insight through market-leading reports and services that illuminate today's commercial real estate dynamics and identify tomorrow's challenges and opportunities. Our more than 550 global research professionals track and analyze economic and property trends and forecast future conditions in over 60 countries, producing unrivalled local and global perspectives. Our research and expertise, fueled by real-time information and innovative thinking around the world, creates a competitive advantage for our clients and drives successful strategies and optimal real estate decisions.

About JLL

For over 200 years, JLL (NYSE: JLL), a leading global commercial real estate and investment management company, has helped clients buy, build, occupy, manage and invest in a variety of commercial, industrial, hotel, residential and retail properties. A Fortune 500® company with annual revenue of \$23.4 billion and operations in over 80 countries around the world, our more than 112,000 employees bring the power of a global platform combined with local expertise. Driven by our purpose to shape the future of real estate for a better world, we help our clients, people and communities SEE A BRIGHTER WAYSM. JLL is the brand name, and a registered trademark, of Jones Lang LaSalle Incorporated. For further information, visit [jll.com](https://www.jll.com).

© 2025 Jones Lang LaSalle IP, Inc. All rights reserved.

This report has been prepared solely for information purposes and does not necessarily purport to be a complete analysis of the topics discussed, which are inherently unpredictable. It has been based on sources we believe to be reliable, but we have not independently verified those sources and we do not guarantee that the information in the report is accurate or complete. Any views expressed in the report reflect our judgment at this date and are subject to change without notice. Statements that are forward-looking involve known and unknown risks and uncertainties that may cause future realities to be materially different from those implied by such forward-looking statements. Advice we give to clients in particular situations may differ from the views expressed in this report. No investment or other business decisions should be made based solely on the views expressed in this report.