



Construction and Skilled Labor Report

Q4 2025



Key market statistics

4.4%

UNEMPLOYMENT
RATE
(December 2025)

7.5m

TOTAL UNEMPLOYED
PEOPLE
(December 2025)

5.0%

CONSTRUCTION
UNEMPLOYMENT RATE
(December 2025)

2.7%

CURRENT
INFLATION RATE
(December 2025)

+0.3%

CONSUMER
PRICE INDEX
(December 2025)

6.75%

FED PRIME RATE
(December 2025)

50k

JOBS ADDED
(December 2025)

Cooling labor demand, elevated costs

The U.S. labor market remains fundamentally tight through Q4 2025, though hiring momentum has slowed relative to earlier in the year. Construction unemployment rose modestly toward 5.0%, a sign that contractions in residential projects and broader economic softness are weighing on new hiring even as nonresidential employment shows pockets of strength.

Total construction employment ticked up over 2025 on a year-over-year basis, but net job growth slowed sharply — especially toward year-end, with only modest gains recorded at industry scale.

Wages and labor costs continue rising as contractors compete to retain scarce skilled labor, with average hourly earnings up roughly 4.0% year over year.

However, positions remain difficult to fill across trades, with large proportions of firms reporting unfilled openings and persistent project delays tied to labor gaps.



Tariffs, materials and wage pressures

CONSTRUCTION COST PRESSURES REMAIN A DEFINING THEME IN Q4 2025.

Material prices

Copper wire and cable prices have [spiked nearly 14% year over year](#). Other critical inputs, such as natural gas (used in cement and other production), surged even more, adding substantial volatility to bid pricing and project budgets.

Persistent [supply chain frictions](#) and tariff-induced price escalations are reshaping cost structures and planning assumptions.

Driven by ongoing craft labor shortages, [wage inflation](#) adds another layer to rising input costs.

Tariffs

Tariff policy remains a central uncertainty for construction pricing.

Broad, higher effective U.S. tariff rates across imported goods reached their highest levels in decades, significantly elevating costs for key commodities used in construction (like steel, aluminum and wood products).

Overall, tariff-related inflationary effects continue to complicate forecasting and project cost estimation.

Mixed signals across the board

After a year of modest growth in the labor market, construction firms are exercising caution on new hiring and expansion. Yet [contractors report](#) increased difficulty filling open positions, and delays tied to staffing shortages persist.

[Residential construction activity](#) (especially single-family housing) weakened significantly by late 2025, reflecting affordability challenges, tariff-related material price increases, and subdued demand.

On the bright side, nonresidential employment and [project pipelines](#) retained pockets of strength, driven in part by data center and specialized commercial work, even as broader economic growth slowed.

All in all, this means that strategic workforce planning and external staffing support are more valuable than ever. Projects with long timelines and fixed bids are particularly vulnerable to cost overruns and delays. But operations with flexible labor sourcing and robust recruitment strategies stand a better chance of maintaining profitability.



Struggling to attract, hire and retain qualified tradespeople? We can help.

At PeopleReady Skilled Trades (PRST), we connect experienced tradespeople with opportunities across a wide range of specialties — including carpentry, electrical, plumbing, welding, solar installations, and more. Whether you need a single skilled trade worker or coordinated workforce deployment across multiple projects, we ensure you have the right personnel on-site, equipped, and ready.



About PRST

Our mission is to connect skilled tradespeople and work — a mission we've been dedicated to since 1987. As part of TrueBlue, we own our niche and have honed the craft of skilled trades staffing across the construction, energy and marine sectors.

We put a scalable workforce within reach

A widespread skilled trades labor shortage is disrupting project timelines and budgets across the U.S. When you partner with PRST, a scalable, dependable workforce is within reach — giving your organization the agility to meet deadlines without sacrificing quality or safety.

We Respect the Craft

Skilled tradespeople are essential to every project's success. We honor their expertise by providing them with meaningful opportunities and by delivering the same level of respect and service to our customers.

Looking for skilled tradespeople for your next project?
Visit skilled.peopleready.com/request-tradespeople.