Hispanic Construction
COUNCIL

THE 2025 HCC 50-STATE REPORT

AMERICAS CONSTRUCTION CRISIS

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EXECUTIVE SUMMARY

America is building at a historic scale, and the only limit is delivery capacity. Capital is committed across AI and cloud infrastructure, CHIPS-enabled semiconductor fabs, clean energy and the grid, broadband, ports, transit, water systems, and large-scale housing. Texas led the nation with 225,756 housing units authorized in 2024 and continues to turn approvals into starts. California's procurement system expands access for small firms through clear certification, prompt payment, and a bid preference that widens the scope of competition. Projects are slipping because crews are short-staffed, financing conditions are tight, long lead times for electrical equipment delay energization, and environmental reviews extend the preconstruction phase. Deportation would remove trained crews when schedules are already running tight and would shrink state and local tax bases, with more than $37 billion in annual payments at risk.

The Hispanic Construction Council's (HCC) national model shows what it will take to deliver on time. The industry is expected to add approximately 3.2 million workers by 2030, and current vacancies are expected to exacerbate the near-term shortfall to around 3.7 million. The steepest incremental needs are concentrated in California, Texas, Florida, and New York, with sustained pressure across the Southeast, the Mountain West, and the Mid-Atlantic. No state earned a "B" or an "A" on HCC's hazards matrix, which means flood, heat, seismic, and grid exposure continue to lift premiums and contingency. Newly effective tariffs and supply chain frictions are adding to costs, while the lead times for large power transformers commonly range from 80 to 120 weeks, moving energization to the critical path.

Who will build it? We will. Hispanic builders hold a decisive edge across the entire value chain, encompassing roles such as ownership, engineering, management, and skilled labor. Hispanics now account for about one-third of the national construction workforce. They are materially younger than non-Hispanic peers, which positions our community to backfill retirements and absorb advanced training as megaprojects mobilize. Hispanic-owned employer construction firms have grown by about thirty-five percent since 2018, making business formation the fastest lever to add capacity at scale.

I am proud to congratulate the **Top 10 states** in this year's HCC ranking.

- California
- Texas
- New York
- Florida
- Oregon
- Washington
- Ohio
- Tennessee
- Virgina
- Arizona

These states widen access for small and diverse firms, strengthen workforce pipelines, accelerate approvals, and invest in resilience that protects logistics and public safety. The national housing gap remains substantial, at an estimated 3.85 million homes, and key metropolitan areas still lag behind long-term demand. When housing near job sites is scarce and critical equipment is in short supply, schedules slip and costs rise.

The call to action for President Trump. Form a Special Committee on America's Infrastructure that is led by business and government agencies. The committee will convert policy into capacity and then leverage that capacity into assets. Finance. Approve. Staff. Finance by expanding surety guarantees that unlock billions of dollars in aggregate bonding for small contractors and by enforcing prompt pay so cash cycles match field reality. Approve by cutting median permit time by 30%, strict decision clocks, and monthly scorecards. Staff by scaling paid earn and learn tied to real jobs and adopting an earned lawful work pathway through the Building America Stronger Act that links restitution, tax growth, and accountability. The mandate is to convert capital into on-time assets that generate returns, mitigate risk, and propel America forward.

George Carrillo
Co-Founder | Chief Executive Officer
Hispanic Construction Council

"Latinos Built America & Now We Own It's Future"

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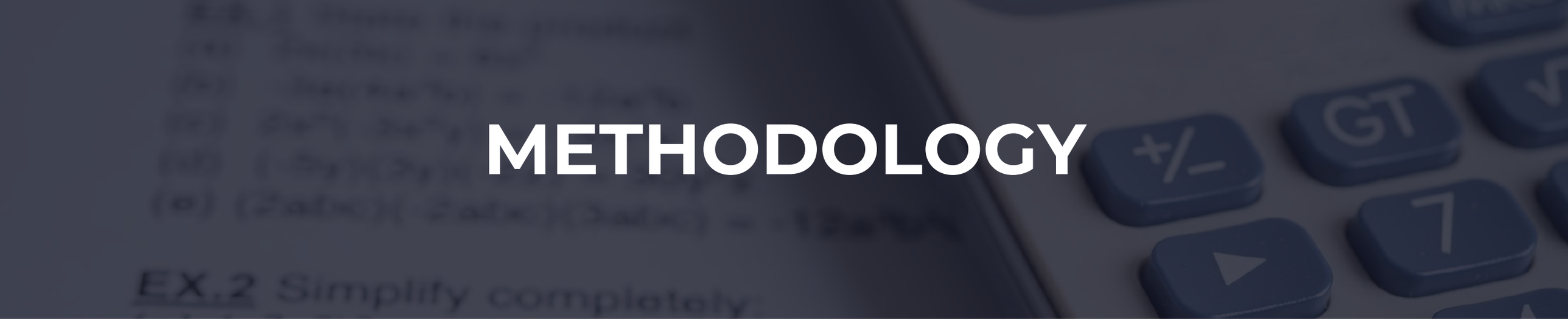


METHODOLOGY

This report employs a mixed-methods approach, integrating quantitative and qualitative data to provide a comprehensive analysis of the U.S. construction industry, with a particular focus on the role and experiences of Hispanic workers and businesses.

A. Data Collection

Government Data

Primary data is sourced from publicly accessible databases maintained by U.S. government agencies, including the U.S. Census Bureau, the Bureau of Economic Analysis (BEA), and the Bureau of Labor Statistics (BLS). These sources provide foundational statistics on employment, economic activity, demographics, and safety.

Secondary Research

The report incorporates findings from research reports, scholarly articles, and publications released by various organizations, such as the Economic Policy Institute, Pew Research Center, McKinsey & Company, advocacy groups, and industry associations. These sources offer in-depth analysis and diverse perspectives on relevant issues.

Real-Time Indicators

Current economic indicators and industry news are monitored to provide an up-to-date overview of the construction industry's performance and emerging trends.

B. Data Analysis

Quantitative Analysis

Statistical techniques are used to analyze numerical data related to employment, wages, business ownership, economic output (GDP), and safety incidents. This analysis aims to identify key trends, disparities, and correlations within the industry.

Comparative Analysis

Data is compared across different demographic groups (e.g., Hispanic vs. non-Hispanic, men vs. women), time periods (e.g., 2017-2024), and geographic regions to highlight disparities, track progress, and identify best practices.

Economic Modeling

Economic projections and forecasts, based on current data and anticipated policy changes (e.g., tariffs, legislative initiatives), are incorporated to assess potential future impacts on the construction industry and its workforce.

Qualitative Analysis

Case studies, worker testimonials, and industry examples are used to provide context and illustrate the lived experiences of Hispanic workers and business owners within the construction sector. This qualitative data enriches the statistical findings and adds a human dimension to the analysis.

C. Data Limitations

Data Lag

Some government data, particularly from the U.S. Census Bureau and the Bureau of Economic Analysis, may have a time lag. This means that some of the statistics presented may not reflect the most current conditions in the industry. Specifically, data from the U.S. Census Bureau Economic Census is only collected and reported every five years for years ending in 2 and 7, limiting the frequency with which detailed industry-level data is available.

Sampling Methodology

Data from the U.S. Bureau of Labor Statistics (BLS) relies on the Current Population Survey (CPS), which is a sample survey. As with any sample, there is a margin of error associated with the estimates, and the data may not perfectly represent the entire population of construction workers and firms.

Self-Reported Data

Some data, such as that collected through surveys, relies on self-reporting, which can be subject to biases or inaccuracies. For example, data on wages and working conditions may not fully capture the experiences of undocumented workers or those employed in informal arrangements.

Economic Projections

Economic projections and forecasts are inherently uncertain and are based on assumptions that may not hold true in the future. Factors such as unforeseen policy changes, economic shocks, or technological disruptions could significantly alter the projected outcomes.

Data on Undocumented Workers

Due to the sensitive nature of immigration status, data on undocumented workers in the construction industry is particularly difficult to obtain and may be subject to significant underreporting or estimation errors.

Causation vs. Correlation

While the report identifies trends and correlations, it is important to note that correlation does not equal causation. Further research may be needed to establish causal relationships between specific factors and outcomes in the construction industry.

Access to Proprietary Data

This report relies primarily on publicly available data. Access to proprietary or confidential data from industry associations or private companies could provide a more granular and nuanced understanding of certain issues, but this data was not available for this analysis.

D. Report Generation

Data Visualization

Key findings are presented visually through figures, tables, charts, and maps to enhance accessibility and understanding for a broad audience.

Consistent Citations

All data sources are meticulously cited using a consistent citation style to ensure transparency and credibility.

E. State Ranking

Purpose and Scope

We rank all fifty states on a single 1100-point scale that measures capacity, equity, and delivery risk across the public and private construction economy for 2023 to 2025, with a near-term outlook. The objective is to direct policymakers and investors toward actions that convert capital into on-time assets while expanding Hispanic participation and firm growth.

Indicator Framework

Each state is scored on eleven sections that match the report. Every section draws on a compact set of quantitative indicators with documented analyst judgment only where data is partial. Indicators are chosen for decision value, comparability across states, and clear audit trails.

Weight and Emphasis

Sections carry different weights to reflect strategic importance. Year-over-year financial strength, housing, and infrastructure investment receive the highest weights because they signal executable capacity. Workforce shortage and Hispanic firm ownership are elevated because talent and small business depth are binding constraints. Infrastructure and public safety risks are weighted to reflect life safety.

Scale and Participation Blend

We evaluate states through two lenses at once. Scale captures absolute counts, such as the total number of Hispanic-owned firms and the total craft headcount. Participation rates include the share of the Hispanic workforce, per capita housing production, and DBE participation. Within each section, the composite blends participation at 60% and scale at 40%, allowing smaller but efficient states to score well, and large states to be rewarded when scale is inclusive.

Normalization and Dispersion

All indicators are converted to percentiles across states to ensure comparability. Values are clipped at the 5th and 95th percentiles to limit outliers. A light dispersion boost widens separation in the middle of the pack. Where thresholds matter, such as severe cost burden or bridge deficiency, scoring increases or decreases more steeply near those cutoffs.

Forecast

Data from 2024 and 2025 carries full weight. Data from 2023 is discounted by 10% to 20% based on volatility. Forward credit is granted only for funded and contracted pipelines; announced but unfunded projects receive minimal weight.

Equity and Acessibility

We credit states that expand access to capital and contracts for Hispanic and other minority owned firms through DBE and MBE award shares, small contractor bonding support, prompt pay compliance, supplier diversity with enforcement, bilingual training, apprenticeship seats, and recognition of prior experience for immigrant workers.

Risk Adjustment

Penalties apply for persistent project delays, repeated cost overruns, exposure to hazards in roads, bridges, water, and power grids, and policy risks that could shrink the available workforce. Penalties scale with duration and severity and are reduced when funded mitigation plans reach execution.

Composite Score

Within each section, we calculate the average normalized indicators using the internal weights and then apply the section weight. The eleven section scores sum to a maximum of 1100. Ties are broken by higher year-over-year financial strength, followed by lower workforce shortages, and then higher Hispanic firm participation.

Letter Grade

Total points map to letter grades for public communication. A indicates strong delivery and inclusive growth, B indicates healthy fundamentals with targeted risks, C indicates mixed capacity with rising exposure, D indicates systemic delivery risk or weak inclusion, and F signals critical condition. Use numeric scores and section details for decisions.

Section Weights

Section	Weight	Section	Weight
Hispanic-owed Firms	100	Projects	50
Hispanic Workforce	100	Workforce Shortage	120
Housing and Infrastructure	140	Deportation Impact	80
Policy and Legislative Outlook	80	Financial Strength	160
Economic Risk	100	Infrastructure Risk	90
Private Development	80		

CALIFORNIA

1032 Points

STATE OF CONSTRUCTION **2025**

CALIFORNIA EXECUTIVE SUMMARY

California is the largest construction economy in the United States, with unmatched depth across public works, private verticals, and tech-led infrastructure. By the end of 2024, construction value added reached $159 billion, reflecting the state's scale and diversity across transportation, water, grid, ports, higher education, health, and housing. Hispanic builders are the backbone of this industry, anchoring delivery across Los Angeles, the Inland Empire, the Bay Area, San Diego, and the Central Valley, while leading in specialty trades and small general contracting.

Opportunities and Challenges

- Workforce Shortages: While capacity is strong, the market faces a near-term skilled labor gap of 60,000 to 85,000 workers as transit, water, energy, data infrastructure, and resilience programs advance simultaneously. A tight supply in the licensed electrical and mechanical trades drives overtime, extends change cycles, and increases working capital needs for primes and specialty firms.
- Housing and Infrastructure: California has streamlined approvals for eligible multifamily housing through state laws that reduce review times and mitigate litigation risks. Agencies are advancing critical projects in port modernization, transit upgrades, water conveyance and storage, and grid hardening. Owners who front-load utility coordination and prebuy long-lead electrical equipment can convert entitlement gains into faster construction timelines. Housing is a critical gap at 2.5 million homes needed.
- Disaster Risks: Severe storms and flooding in San Diego County in January 2024 triggered a federal disaster declaration, underscoring the state's vulnerability to recurring hazards, including floods, wildfires, and extreme heat. These events add premium days and contingencies to critical path scopes. Long lead times for large power transformers (80-120 weeks) place energization on the critical path, even when civil and structural work is completed on schedule.

Acceleration Playbook

- Finance: Enforce prompt pay practices to protect the cash flow of small and mid-sized Hispanic primes and expand bonding access to support their growth in concrete, electrical, sitework, and interior systems.
- Approval Processes: Publish permit time scorecards in major jurisdictions to improve transparency and accountability, and organize pooled procurement for long-lead electrical gear to mitigate delays.
- Workforce Development: Expand bilingual apprenticeship programs and fast-track recognition of prior experience to upskill the younger-than-average Hispanic workforce and address labor shortages.

With construction GDP at nearly $159 billion on a quarterly, seasonally adjusted basis, California is uniquely positioned to lead the nation in construction innovation and resilience. The Hispanic Construction Council recommends expanding bilingual training programs, streamlining permit processes, organizing pooled procurement for critical equipment, and enforcing prompt pay to accelerate delivery and broaden ownership opportunities.

Congratulations to California for its leadership in construction scale and innovation. By addressing workforce gaps, mitigating disaster risks, and streamlining approvals, the state can continue to set the standard for a resilient and thriving construction economy.

California Hispanic Owned Firms

California leads the nation in the number of Hispanic-owned businesses, and construction is a key sector. The state is home to nearly 89,000 Hispanic-owned firms, which comprise approximately 12 percent of all employer businesses in California. Construction is the leading category, with more than 70,000 Hispanic-owned firms operating in the built environment sector. This represents the largest concentration of Hispanic entrepreneurship in the state. It reflects both historic community strength in trades and the untapped opportunity to expand into prime contracting.

Figure 1.1 Estimated Ownership by Race

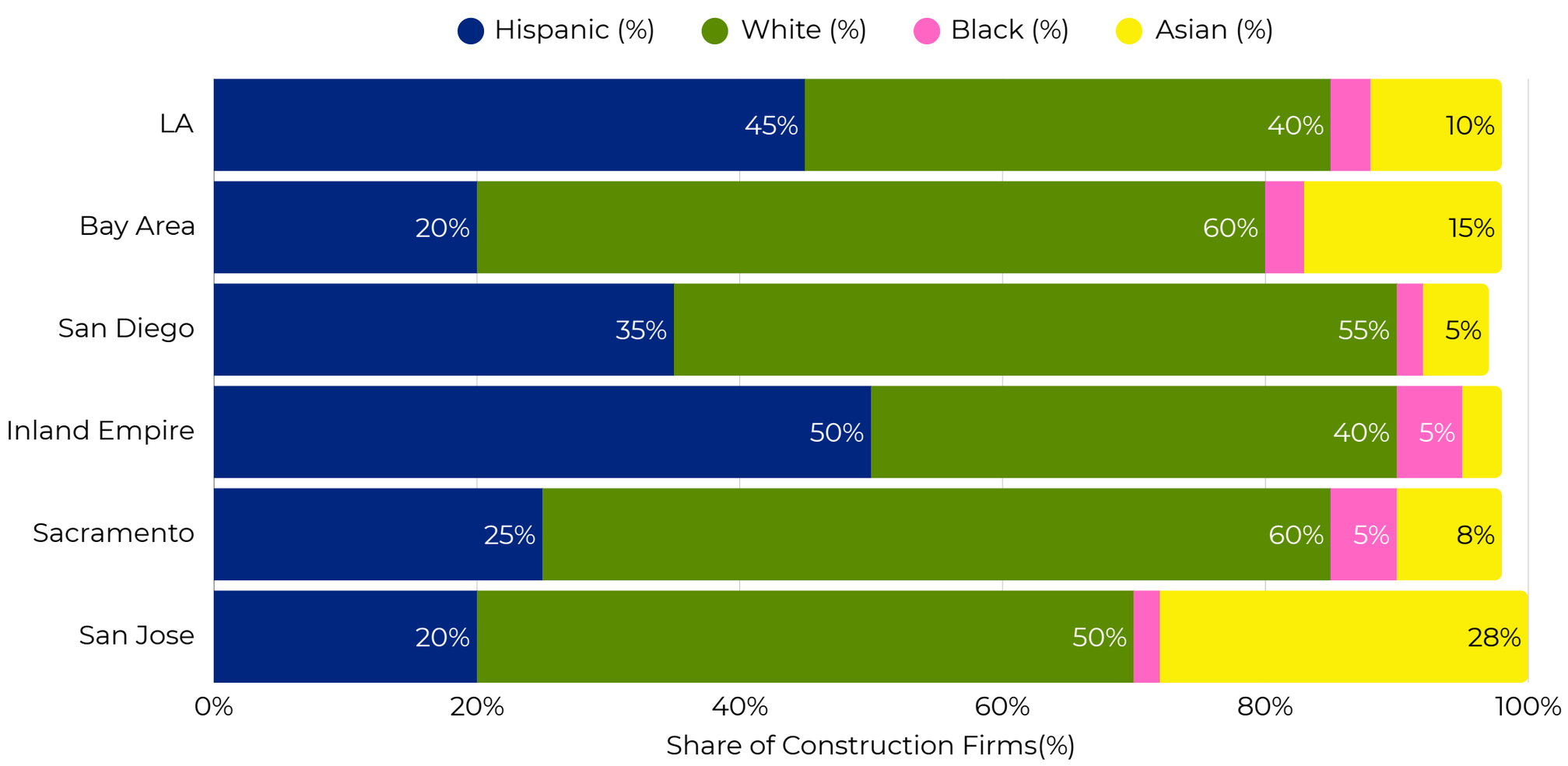
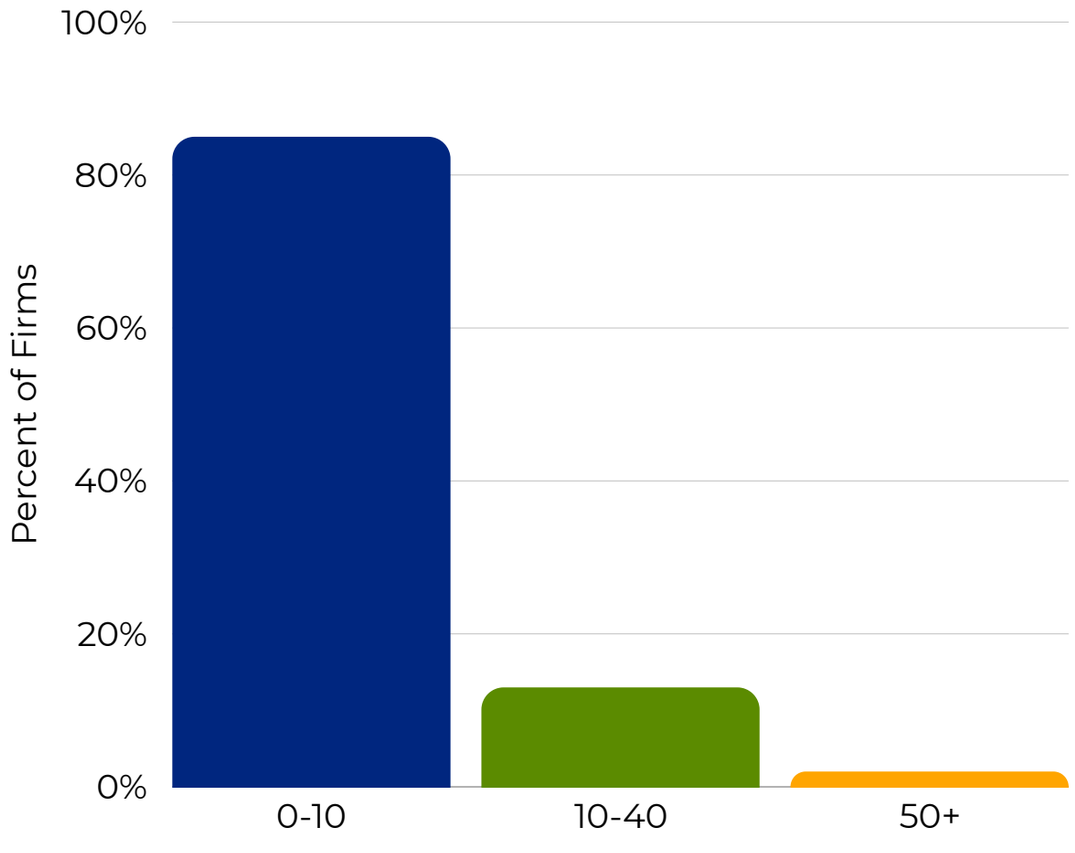


Figure 1.2 Firm Size by Employees



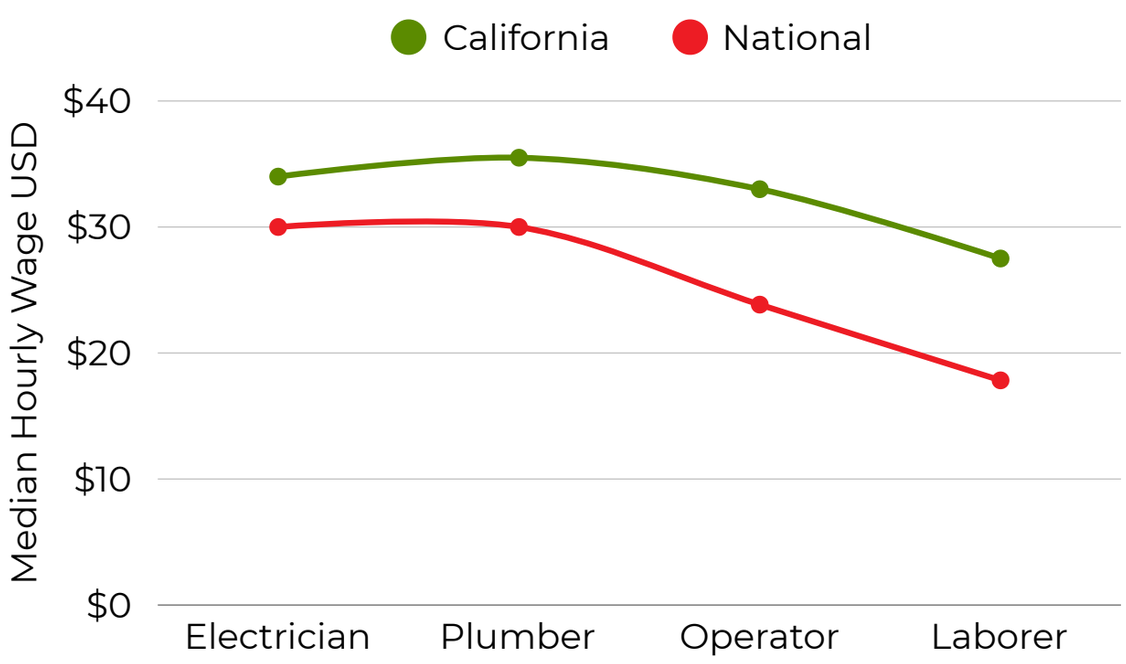
Hispanic-owned firms in California continue to grow, but gaps in access and scale remain. Across the United States, Hispanic business ownership is increasing at nearly eight times the rate of other firms, and California plays a central role in this trend. In the construction and related trades, this demographic shift fuels growth and creates opportunities. Yet progress is uneven. Hispanic entrepreneurs own 11% of California employer businesses despite Hispanics comprising nearly 40% of the state's population. This gap signals expansion potential but also highlights the need for capital, contracting inclusion, and mentorship structures that match the scale of the community.

Strengthening this segment requires bold and strategic action. Hispanic-owned construction firms are thriving along the residential and industrial corridors of Southern California, the Central Valley, and the Bay Area; however, they often encounter limitations in capital and capacity. Expanding equitable procurement policies, bonding assistance, and financial tools will help translate entrepreneurial vitality into lasting economic power. Hispanic-owned firms are more than an underserved segment. They are the drivers of local jobs, supplier networks, and regional equity. Elevating them aligns directly with California's priorities of infrastructure investment, climate resilience, and generational economic mobility.

California Hispanic Construction Workforce

Hispanic workers anchor California's construction industry, comprising approximately 55% of the statewide workforce, or an estimated 800,000 to 820,000 people. Concentrations are highest in Los Angeles, the Inland Empire, the Central Valley, and San Diego, where residential building, logistics, and public works drive demand. Hispanic participation is material across every trade, from concrete and framing to electrical, drywall, roofing, and site work.

Figure 1.3 Wage Ladder



From 2015 to 2024, the Hispanic construction headcount grew faster than the overall industry, as housing and infrastructure cycles overlapped. Net immigration and migration from coastal to inland counties expanded the labor supply, even during slower periods of private development. Today, Hispanic workers are central to publicly funded programs tied to transportation, water, schools, and climate resilience.

The Hispanic construction workforce is younger on average than its non-Hispanic peers, creating a pipeline to backfill retirements and absorb advanced training. Apprenticeship participation is growing, but barriers remain in language access, credential recognition, and licensing. Expanding bilingual training, streamlining recognition of prior trade experience, and investing in workforce housing near job hubs will stabilize schedules on major projects.

Figure 1.4 Workforce Composition

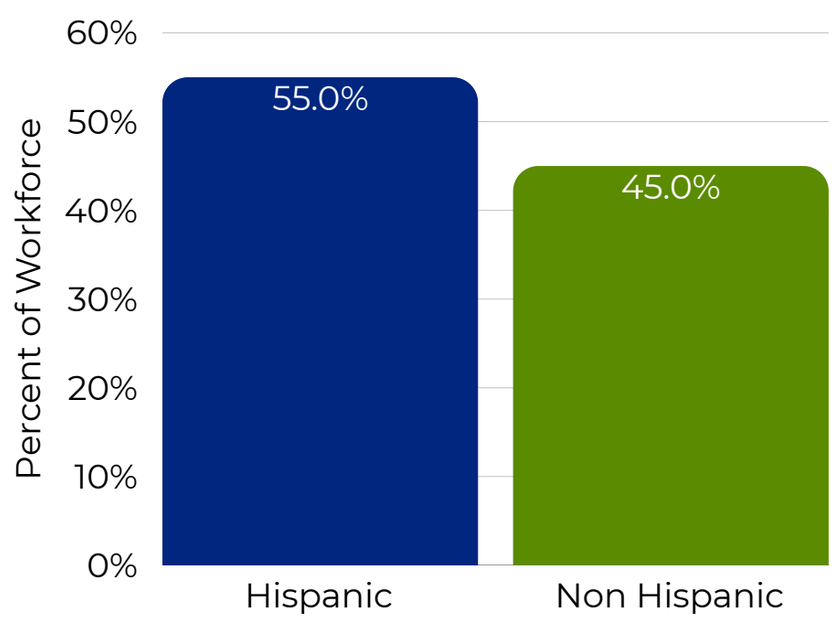
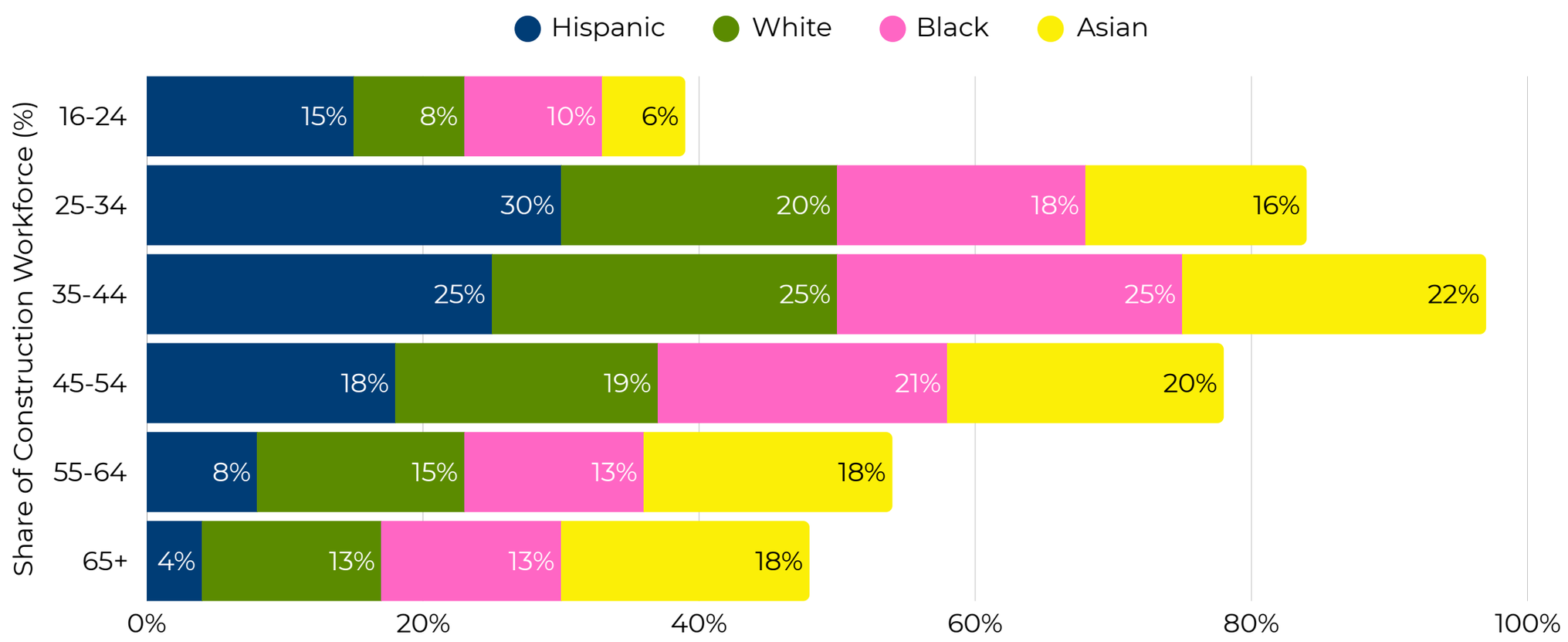


Figure 1.5 Workforce Composition by Age

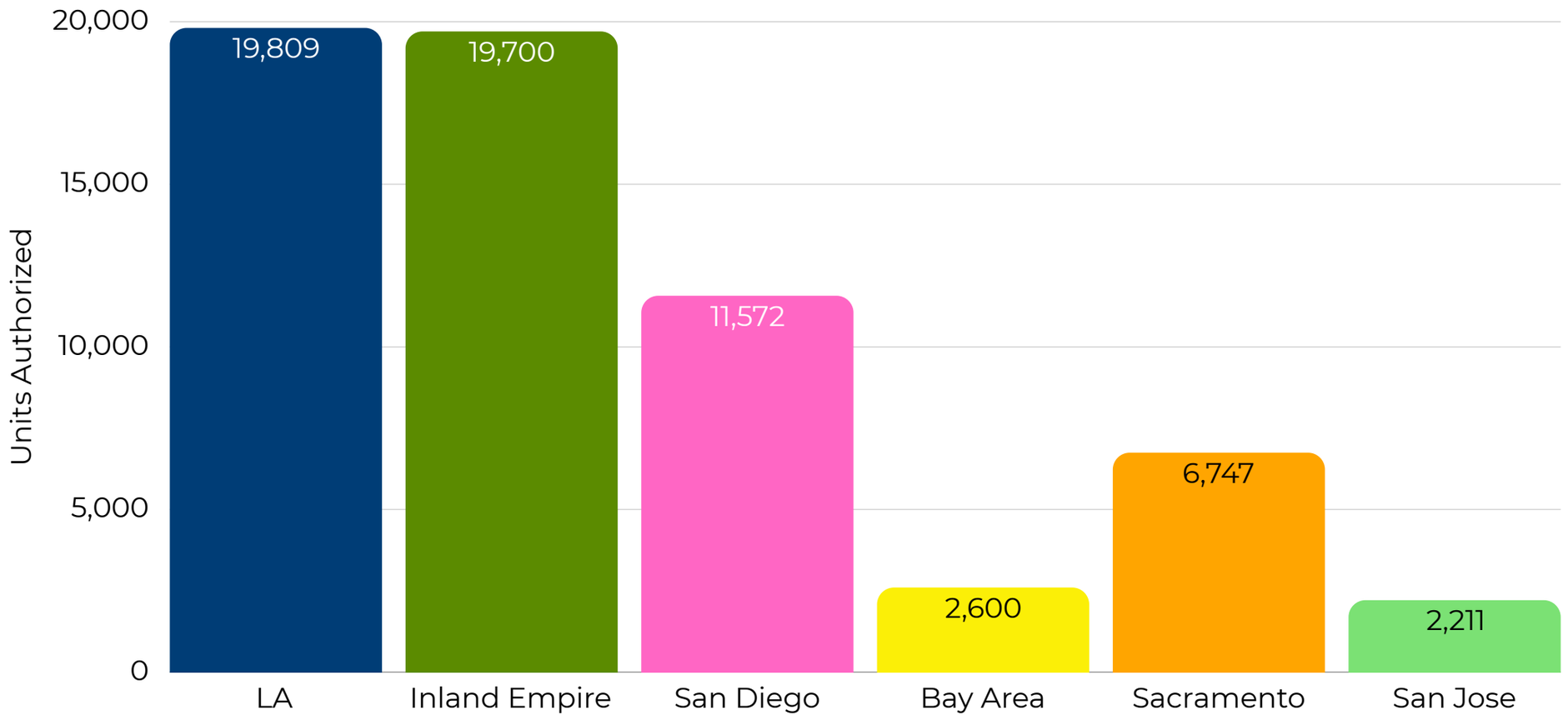


California's construction workforce exhibits a demographic mix with challenges and strengths. Hispanic workers, the largest and youngest group, have about 45% under 35, essential for replacing retiring workers. In contrast, White and Asian workers are predominantly older, with nearly one-third aged 55 or older. Black workers are more evenly distributed but have a higher proportion in mid-career roles (35-54). This highlights the need for knowledge transfer and expanded apprenticeship programs to address the aging workforce and ensure project delivery capacity.

California Housing and Infrastructure

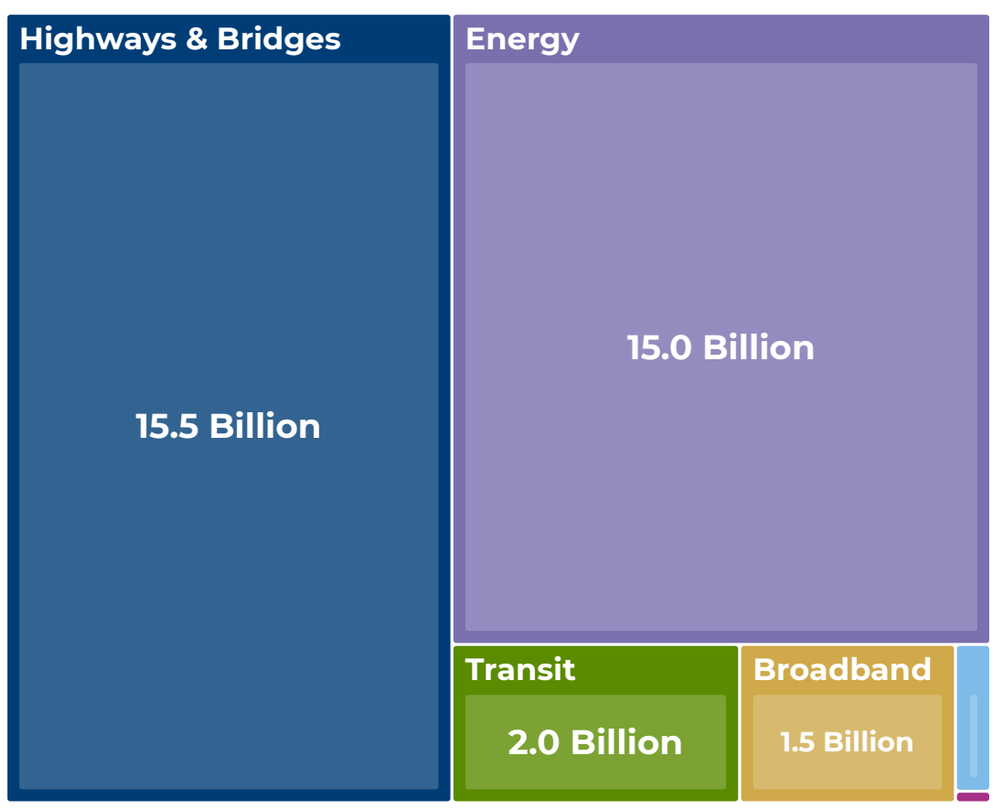
California faces a persistent housing shortfall, with estimates indicating that more than 2.5 million units are needed to close the gap by the end of the decade. Multifamily permitting softened between 2023 and 2024 as high interest rates raised financing costs, but demand remains strong in Los Angeles, San Francisco, San Diego, and Sacramento. Inland metros such as the Central Valley and the Inland Empire continue to absorb population growth, creating steady pressure for subdivisions and workforce housing. Rising construction costs, extended approval timelines, and limited land availability in core coastal markets are prompting developers to explore public-private partnerships and modular solutions to enhance affordability.

Figure 1.6 Housing Permits by Metro



California is in the midst of its largest infrastructure cycle in decades, fueled by federal IIJA and state capital commitments. Transportation agencies are advancing highway, rail, and port expansions, while water agencies prioritize drought resilience, storage, and conveyance. Billions are also being invested in grid modernization, wildfire hardening, and renewable energy integration to meet state climate mandates. The result is a pipeline of multiyear programs across transit modernization, school upgrades, and energy transition projects that sustain contractor backlogs and create opportunities for Hispanic-owned firms to scale.

Figure 1.7 Funding Scoreboard



Execution remains the key challenge. Infrastructure delivery is complicated by permitting, environmental review, utility relocation, and workforce shortages. Housing projects face similar constraints, particularly in terms of labor supply, materials, and local opposition to density. Without faster approvals, workforce expansion, and better alignment of housing policy with transportation and climate investment, cost escalation and schedule delays will erode value. Yet the opportunity is clear: aligning state housing initiatives with infrastructure cycles offers a once-in-a-generation chance to close the housing gap, expand equity, and strengthen California's long-term competitiveness.

California Policy and Legislative Outlook

California is rewriting its infrastructure delivery script through sweeping reforms to the California Environmental Quality Act. In June 2025, Governor Newsom signed AB 130 and SB 131, landmark trailer bills that exempt most infill housing and high-priority infrastructure from CEQA review and require agencies to determine the qualification of projects within 30 days. These reforms unlock opportunities for infill housing, broadband, childcare, advanced manufacturing projects, and more, signaling a historic shift toward faster permitting without compromising oversight.

State leaders are ramping up accountability and zoning reform to meet California's housing needs. AB 2011, the Affordable Housing and High Road Jobs Act, enables by-right approvals for affordable and mixed-income developments in commercial corridors, conditional on prevailing wage and apprenticeship requirements. SB 4, the Affordable Housing on Faith and Higher Education Lands Act, allows similar by-right development on institutional lands. SB 684 and its extension, SB 1123, streamline small lot subdivisions, eliminating CEQA and hearing requirements. These laws expand development capacity and align workforce policy with housing delivery. Senate Bill 2038 changes who holds the pen at the urban edge. Landowners and residents can seek release from a city's extraterritorial jurisdiction. Counties and major metros are processing requests.

Assembly member Buffy Wicks' AB 609, now embedded into AB 130, and Senator Wiener's SB 79 have propelled zoning and CEQA reform to new heights. AB 609 exempts dense infill urban housing from CEQA, while SB 79 proposes upzoning near transit nodes. Both measures align housing density with transit investment and position workforce housing as a lever for equity and infrastructure efficiency.

California is reinforcing the bridge between contracting capacity and housing delivery. AB 1162 mandates transparency by requiring monthly apprenticeship compliance data and establishing a public database for credential tracking. AB 694 directs agencies to assess understaffing in Cal/OSHA enforcement roles, aiming to strengthen job site compliance oversight. These bills support scale, safety, and accountability across the trades.

California Economic Risk

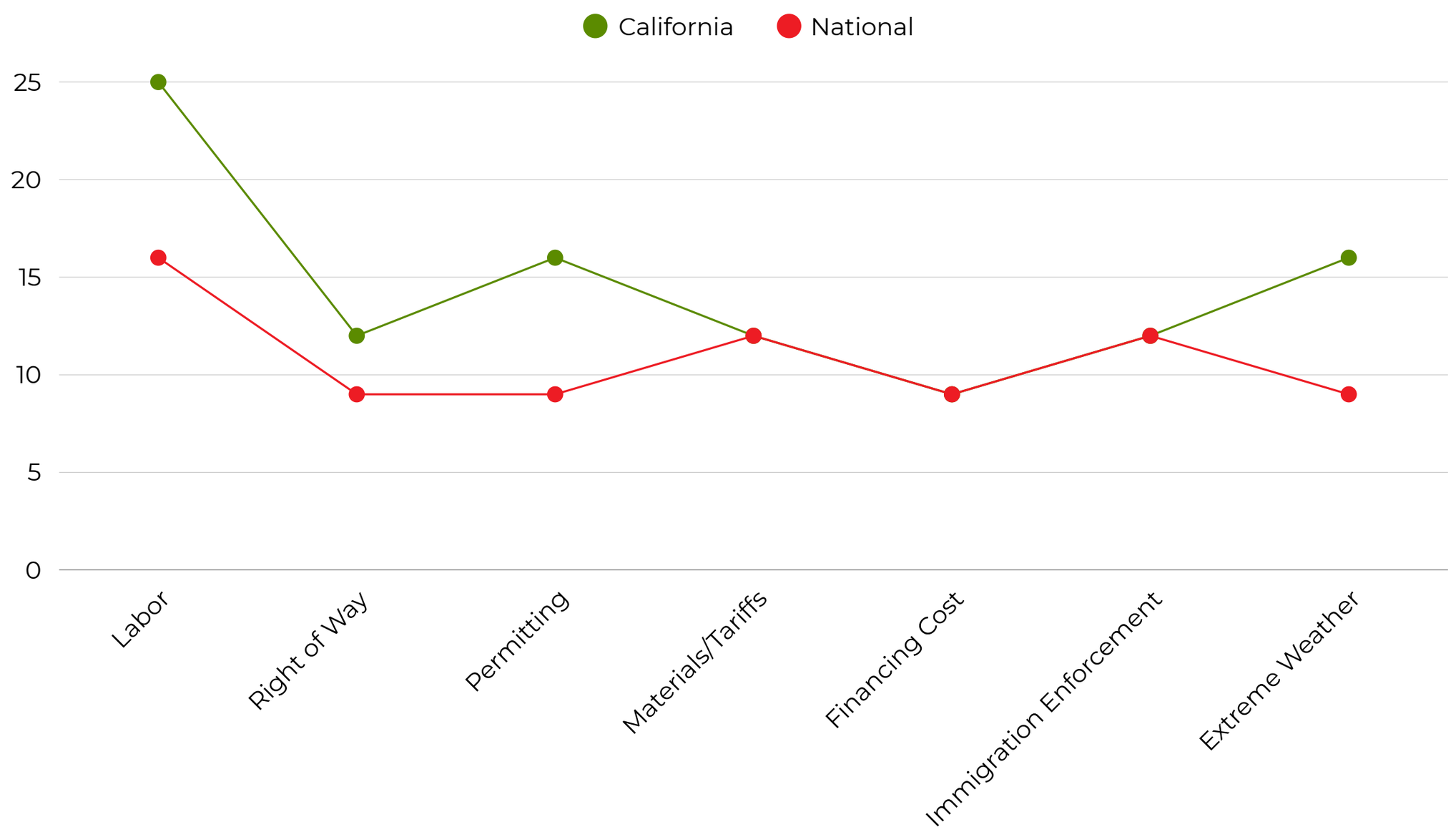
California's unmatched construction scale also magnifies its vulnerabilities. Labor scarcity remains the leading risk as retirements accelerate and specialty trades struggle to keep up with demand. This scarcity raises costs and forces contractors to pay premiums for critical path packages. Input costs remain elevated due to global tariffs, supply chain friction, and logistics bottlenecks at ports. These pressures compress margins and amplify the financial strain for firms with weaker balance sheets, particularly smaller subcontractors.

Table 1. Project Delay

Project Delays				
Project	**Cost**	**Location**	**Delay Impact**	**Cause**
High Speed Rail	$35 billion	Central Valley	Multi-year schedule extensions	Right of way acquisition, utility relocations, funding and sequencing
BART Silicon Valley Phase II	$12.2 billion	Santa Clara County	Multi-year schedule revisions	Complex single bore tunneling approach, cost escalation, funding and risk reviews
Foothill Gold Line Phase 2B extension	$1 billion	LA & San Bernardino	2-3 year deferral	Funding gap and cost escalation
US 101 Last Chance Grade replacement and tunnel	$2 billion	Del Norte County	Environmental review and procurement timeline extended	Geotechnical instability and coastal environmental constraints
Delta Conveyance water project	$16 - $20 billion	Statewide	Schedule extensions under litigation and permitting	Environmental review, litigation, and fiscal planning

The state's housing affordability crisis has a direct impact on the construction workforce. Crews often face long commutes from inland counties because housing near major job sites is priced out of reach, reducing productivity and complicating project scheduling. Permitting bottlenecks, which vary by jurisdiction, add further uncertainty. Even with recent state reforms, local governments retain significant discretion, and uneven execution slows project delivery. These friction points delay capital deployment, raise carrying costs, and diminish the impact of state and federal infrastructure commitments.

Figure 1.8 Risk Matrix



Equity barriers continue to limit the capacity of small and minority-owned firms, particularly in areas such as bonding, cash flow management, and pre-qualification standards. Hispanic-owned construction firms, despite being a significant presence in the state's workforce, remain underrepresented in larger contract awards. The risk is that without targeted capital access and bonding assistance, reforms will benefit only the largest primes. The opportunity lies in converting state policy changes into consistent local practices, mobilizing California's younger Hispanic workforce, and expanding access to credit so that these firms can transition from subcontracting to prime contracting roles. Sustaining growth while broadening equity will determine the resilience of California's construction economy.

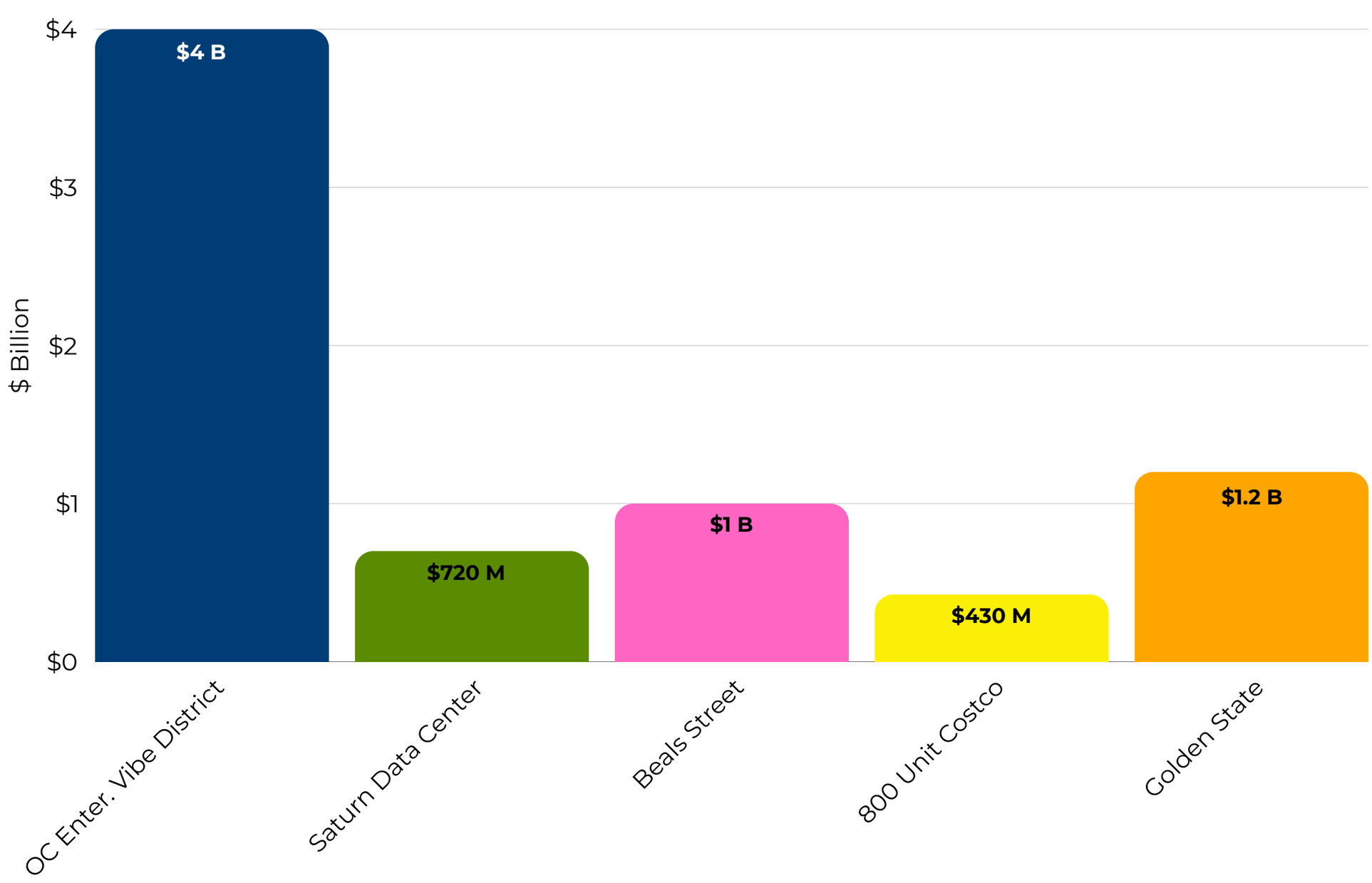
California Private Development Health

California's private development sector remains resilient due to its scale and diversity; however, performance is uneven across asset classes. Industrial and logistics sectors continue to show strength, with significant demand in the Inland Empire, Los Angeles, and Central Valley, driven by e-commerce and reshoring, which in turn drives leasing activity. Data centers and advanced manufacturing campuses are emerging in Silicon Valley, Sacramento, and San Diego as energy, semiconductor, and tech industries capitalize on the state. By contrast, conventional office remains subdued, particularly in San Francisco and Los Angeles, where vacancy levels exceed national averages. Retail is highly selective, focused on mixed-use and high-income nodes rather than speculative expansion.

Private residential development continues to face pressure from high interest rates, elevated construction costs, and protracted permitting timelines. Multifamily starts slowed in 2024, although demand remains strong in coastal metros, and affordability pressures in inland regions continue to sustain subdivision activity. Developers are turning to joint ventures, modular approaches, and public-private partnerships to make projects pencil. Access to capital is a critical differentiator: large, well-capitalized developers are moving forward, while smaller firms face delays due to financing constraints and higher contingency pricing.

The health of private development is also shaped by workforce availability and equity in contracting. Labor shortages in licensed trades pose risks to schedule certainty. At the same time, small and minority-owned firms face barriers to bonding, cash flow, and prequalification, which limit their participation in larger private projects. The policy environment, with new streamlining measures and workforce mandates, presents opportunities for Hispanic-owned firms to scale if access to capital and mentoring expands. Looking ahead, California's private development market is constructive but execution sensitive: growth depends on aligning capital, workforce, and permitting reform to unlock a pipeline of housing, industrial, and mixed-use projects that match the state's economic and demographic needs.

Figure 1.9 Major Projects



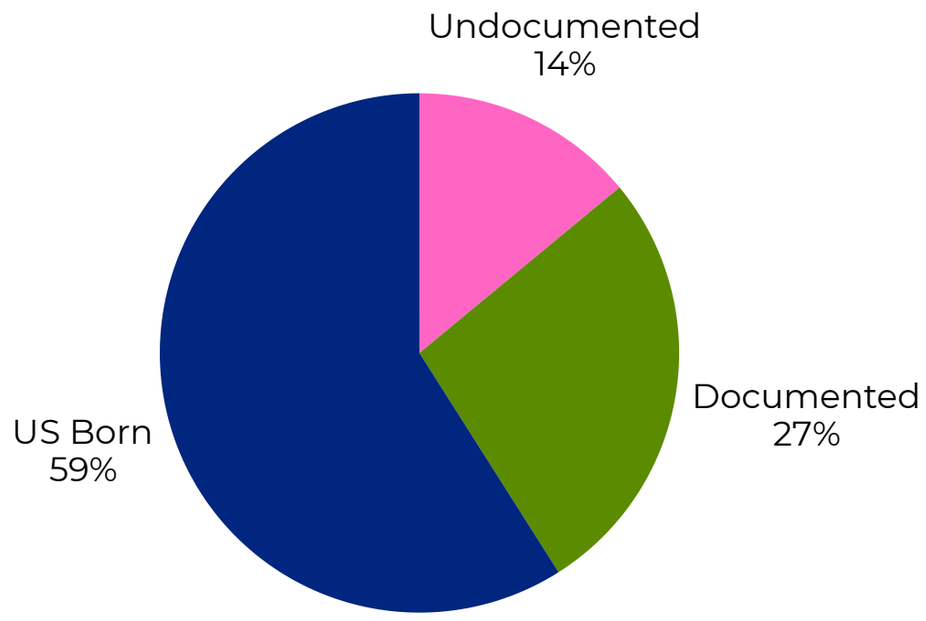
California Construction Workforce Shortage

California's construction industry faces a severe workforce shortage, with about 672,000 workers employed but an estimated gap of 70,000 skilled positions needed to meet demand. Contractors report difficulty filling high-skilled trades, such as electrical, plumbing, and concrete, and nearly half of the workforce is foreign-born, raising additional risk from immigration enforcement. A $500 million project delayed by one to two months can incur $3 to $6 million in extra cost of capital alone, not including escalation and lost productivity. High housing costs, long commutes, and an aging workforce compound the problem, making expanded apprenticeship, streamlined credentialing, and more substantial support for small and minority owned firms essential to sustaining delivery.

California Impact of Mass Deportation

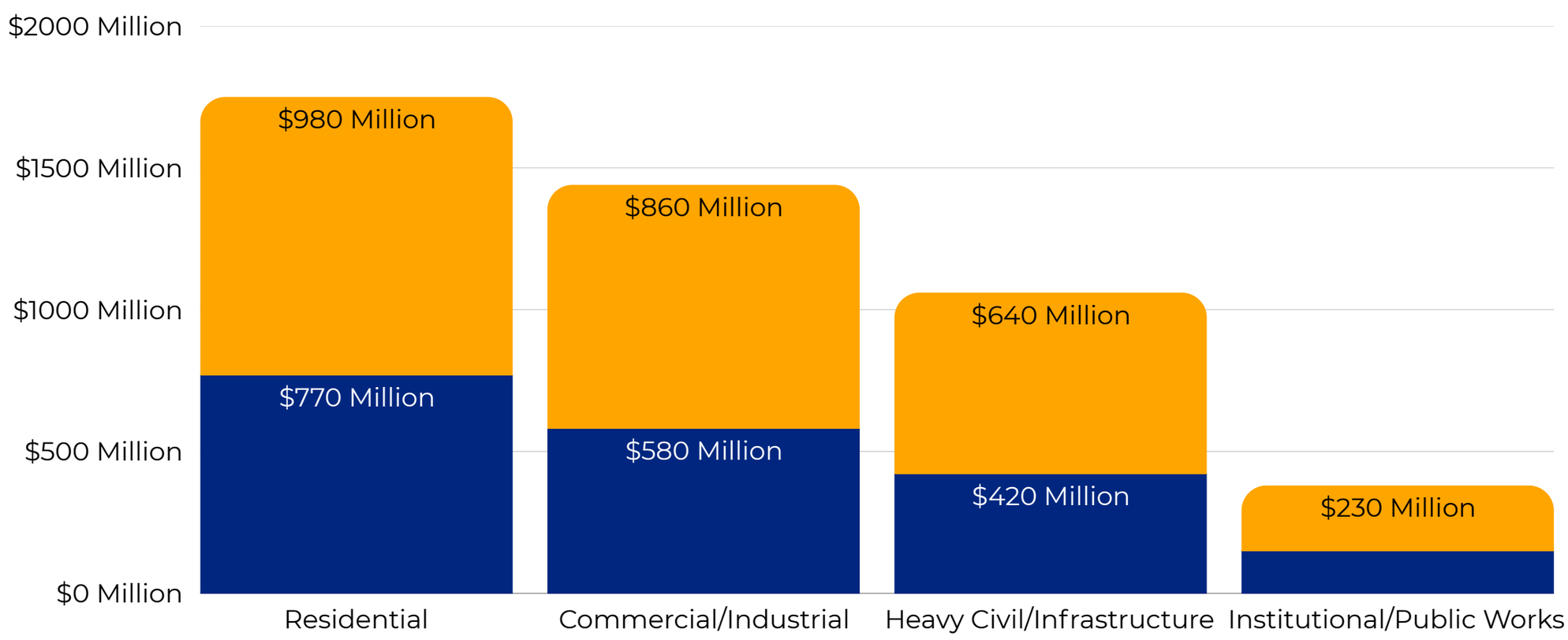
Mass deportations would create a cascading shock to California's construction economy by directly removing a significant portion of the labor force. Nearly half of all construction workers in the state are foreign-born, and undocumented workers are estimated at 20–23% of the industry, meaning the loss of even half of this group would strip tens of thousands of skilled and semi-skilled workers from critical trades. The immediate impact would be widespread project slowdowns and inflated costs on both private development and public infrastructure.

Figure 1.10 Immigration Status Composition



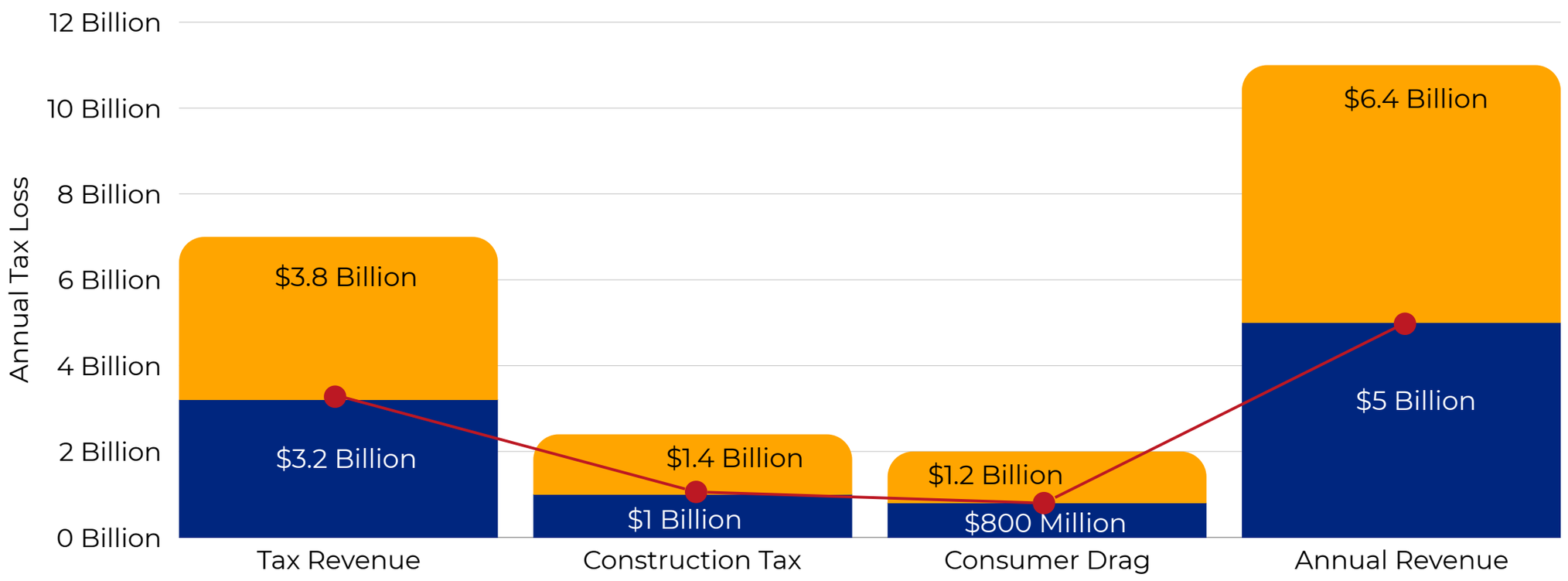
The economic ripple would extend far beyond the jobsite. An 8–12% contraction in construction output equates to $12–18 billion in annual losses, diminishing the state's ability to deliver housing, transit, energy, and water projects. Each month of delay on a $500 million program could add $3–6 million in financing costs before escalation and inefficiencies are counted.

Figure 1.11 Annual Output Loss by Sector



Mass deportations also magnify long-term workforce and equity challenges. Hispanic workers are the youngest segment of the industry and represent the strongest pipeline for backfilling retirements and advancing into licensed trades. Their removal would hollow out the future leadership bench just as the state ramps up multiyear programs tied to housing mandates and federal infrastructure dollars.

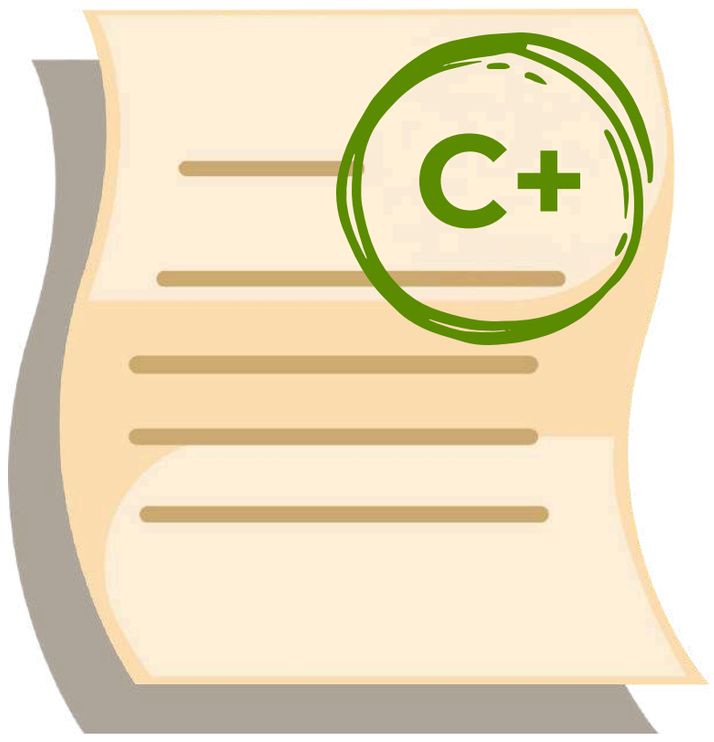
Figure 1.12 Estimated Tax Revenue Loss



California Infrastructure Hazards

California faces repeated stress on its infrastructure from climate-driven hazards. Flooding from atmospheric rivers overwhelms levees, dams, and urban drainage systems, particularly in Sacramento, the Bay Area, and Los Angeles basins. Extreme heat accelerates material fatigue in pavements, rails, and electrical components, while also reducing crew productivity and safety. Wildfires threaten transmission lines and water facilities in Central and Northern California, forcing expensive rebuilds and raising insurance costs. Together, these climate pressures create recurring interruptions and higher baseline risk across the state's infrastructure networks.

Bridge rehabilitation needs remain significant on both rural connectors and high-volume freight corridors, such as I-5, I-80, and I-10. Deferred maintenance has led to periodic lane closures and costly emergency repairs. Aging water and wastewater systems in smaller jurisdictions contribute to boil-water notices and service disruptions, while ports and freight rail require seismic upgrades to protect national supply chains. Permitting bottlenecks further delay hazard-mitigation projects, leaving communities exposed to grid failures, flooding, and road closures even after funding has been approved.



Grid reliability remains fragile during peak demand and severe weather, with rotating outages and shutdowns related to wildfires highlighting system vulnerabilities. The priority actions are clear: accelerate coastal drainage and surge protection, harden substations and feeders serving critical facilities, expand rapid bridge replacement on freight corridors, and standardize trench safety and heat mitigation practices statewide. Aligning these actions with IIJA and state capital spending would lower risk premiums, protect logistics networks, and ensure California's infrastructure remains operational during hazard events.

California Financial Outlook

California benefits from unprecedented infrastructure spending fueled by federal IIJA allocations, state climate bonds, and housing mandates, creating a robust funding pipeline. Despite this, rising interest rates and tighter credit conditions place consistent pressure on financing, especially for smaller developers and emerging firms. Large, well-capitalized primes maintain viability, but equity thresholds and contingency buffers have compressed, increasing the cost of capital and placing pressure on project margins.

Material costs remain volatile, particularly for lumber, steel, and specialty components, due to fluctuations in the supply chain and global trade dynamics. Combined with labor shortages and housing unaffordability, these factors drive cost escalation and financing stress. Permitting delays and regulatory drag extend holding periods, heightening exposure to carry costs. Projects must align finely with cost escalators and delivery timelines to remain viable; mistimed schedules can tip a project from a return to a loss.

Capital access remains a pressing concern for small, minority- and Hispanic-owned firms. Bonding, liquidity, and prequalification challenges block equitable participation in the rapidly growing construction market. Legislative reforms offer promise, but execution is uneven. Targeted state-level tools, like prompt-payment initiatives, capital access funds, and bond facilitation programs, are pivotal. For California to translate its financial firepower into equitable delivery, capital must flow beyond a narrow set of incumbents and fund the next generation of generational builders.

TEXAS

2

1012 Points

STATE OF
CONSTRUCTION
2025

TEXAS EXECUTIVE SUMMARY

Texas is a national leader in construction, with unmatched scale across highways, grid, ports, logistics, and advanced manufacturing. By late 2024, construction value added reached $142 billion and continues to rise. Hispanic workers and firms are the backbone of this growth, with significant concentrations in Dallas-Fort Worth, Houston, Austin, and San Antonio, and broad participation in heavy civil, utility, concrete, electrical, and specialty trades.

Opportunities and Challenges

- Workforce Shortages: Texas faces a near-term skilled labor gap of 40,000 to 55,000 workers as semiconductor facilities, data centers, port expansions, and grid upgrades mobilize. Wage growth since 2023 has been in the mid-single digits across major metros, signaling tight labor markets and higher working capital needs near project hubs. Early teaming with Hispanic primes and auditable plans improves bid competitiveness and schedule certainty.
- Housing and Infrastructure: Texas leads the nation in new housing permits, with over 225,000 units authorized in 2024. Growth is underpinned by transportation corridors, ports, and water systems, which require predictable utility relocations and commissioning. Third-party permit review tools and agency-led industrial recruitment provide policy clarity, converting applications into project starts.
- Disaster Risks: Hurricane Beryl in 2024 caused large-scale outages and stressed distribution and restoration logistics along the Gulf Coast. Storm exposure remains a core hazard, making grid hardening and staging plans baseline requirements for predictable delivery. Long lead times for large power transformers and switchgear (80-120 weeks) place commissioning on the critical path, even when civil and structural work is completed on time.

Acceleration Playbook

- Finance: Enforce prompt pay practices and provide bonding support to help small and mid-sized Hispanic firms move into prime roles on mid-sized packages.
- Approval Processes: Utilize third-party reviews to maintain project momentum and ensure timely project starts when local permit deadlines are approaching.
- Workforce Development: Scale bilingual “earn-and-learn” programs in licensed electrical and mechanical trades to address labor shortages and support quality delivery.
- Procurement: Prebuy long-lead electrical equipment for priority corridors to mitigate delays and protect project schedules.

With construction GDP running at nearly $142 billion on a quarterly, seasonally adjusted basis, Texas is well-positioned to lead the nation in construction innovation and resilience. The Hispanic Construction Council recommends scaling bilingual training programs, streamlining permit processes, pre-buying critical equipment, and enforcing prompt payment to accelerate delivery and broaden ownership opportunities.

Congratulations to Texas for its leadership in infrastructure and advanced manufacturing-driven growth. By addressing workforce gaps, mitigating disaster risks, and streamlining approvals, the state can continue to set the standard for a resilient and thriving construction economy.

Texas Hispanic Owned Firms

Texas is the growth engine for Hispanic construction ownership. The state hosts approximately 70,000 Hispanic-owned employer firms across all industries, with construction at the center of that entrepreneurial engine. Applying the national sector mix to Texas yields roughly 11,0000 Hispanic-owned construction employer firms active as of the most recent data year. Texas is a construction economy with the deepest residential pipeline in the country and a vast public works program.

Figure 2.1 Estimated Ownership by Race

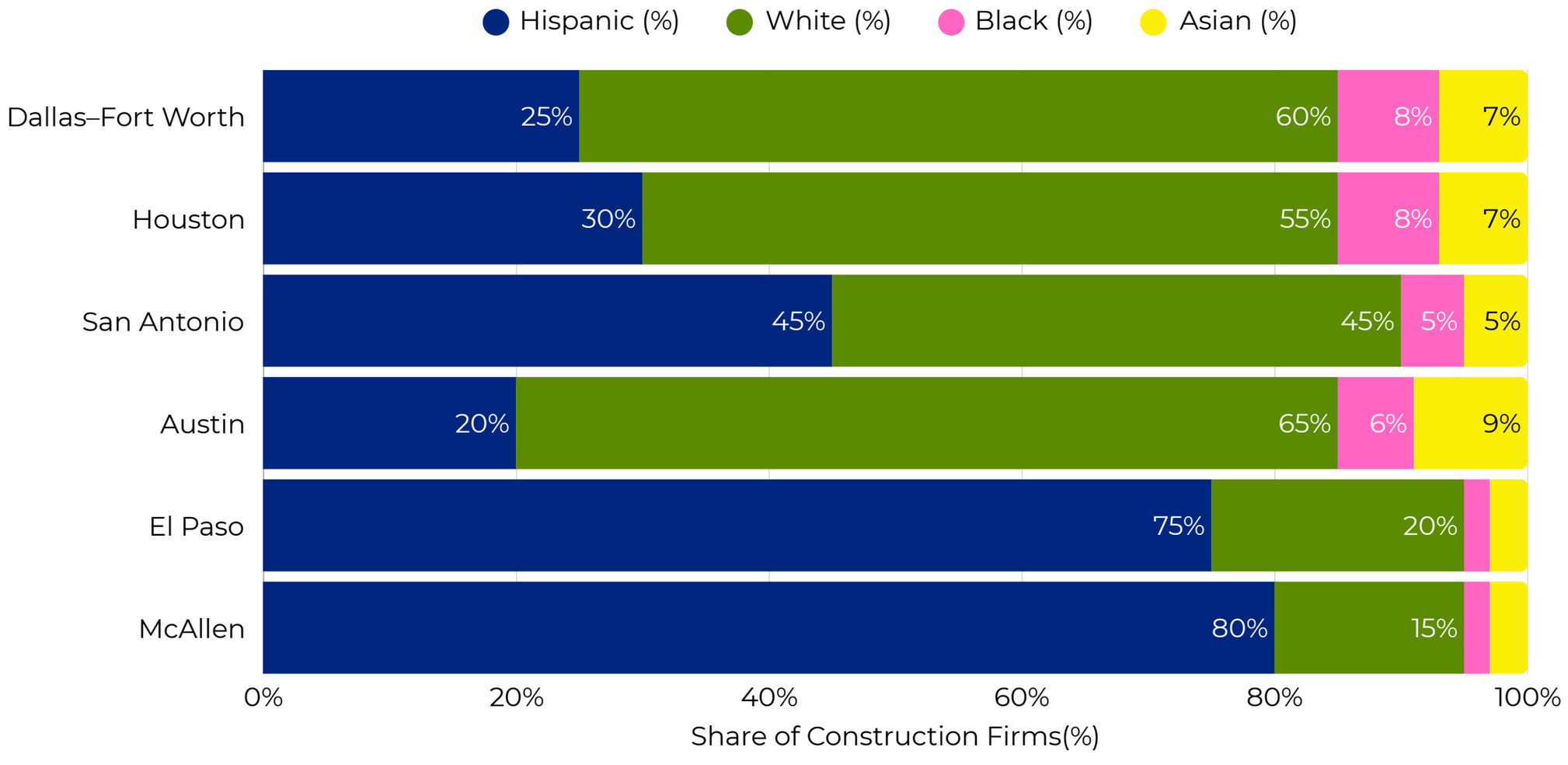
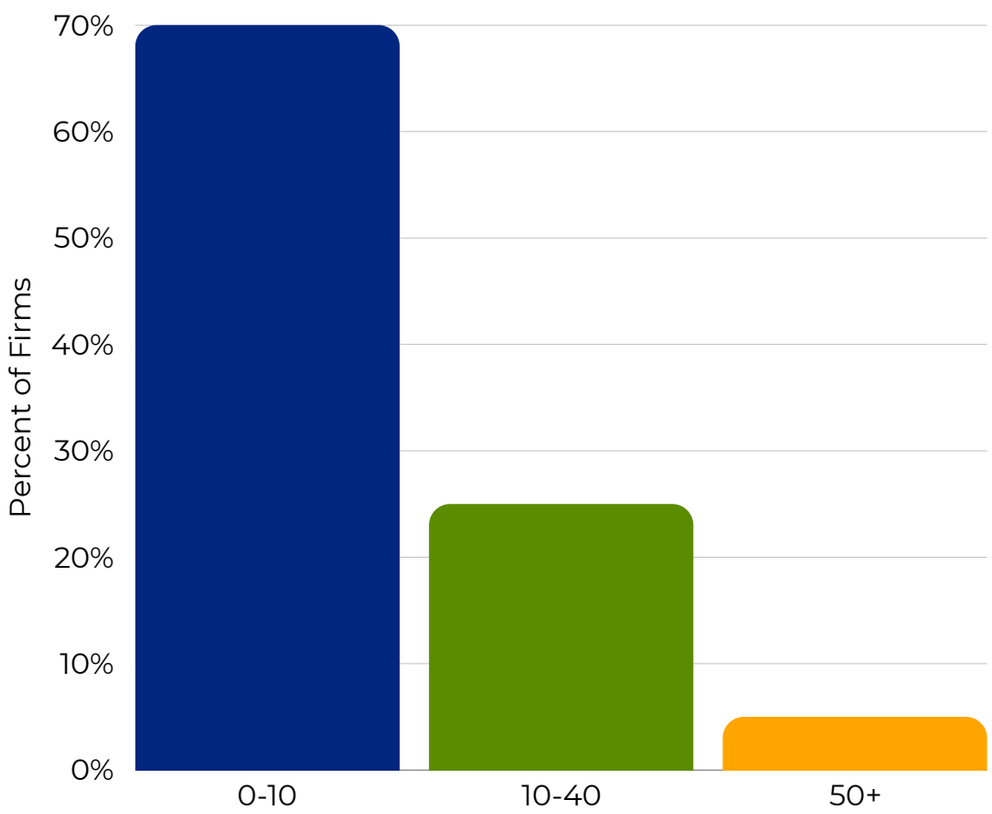


Figure 2.2 Firm Size by Employees



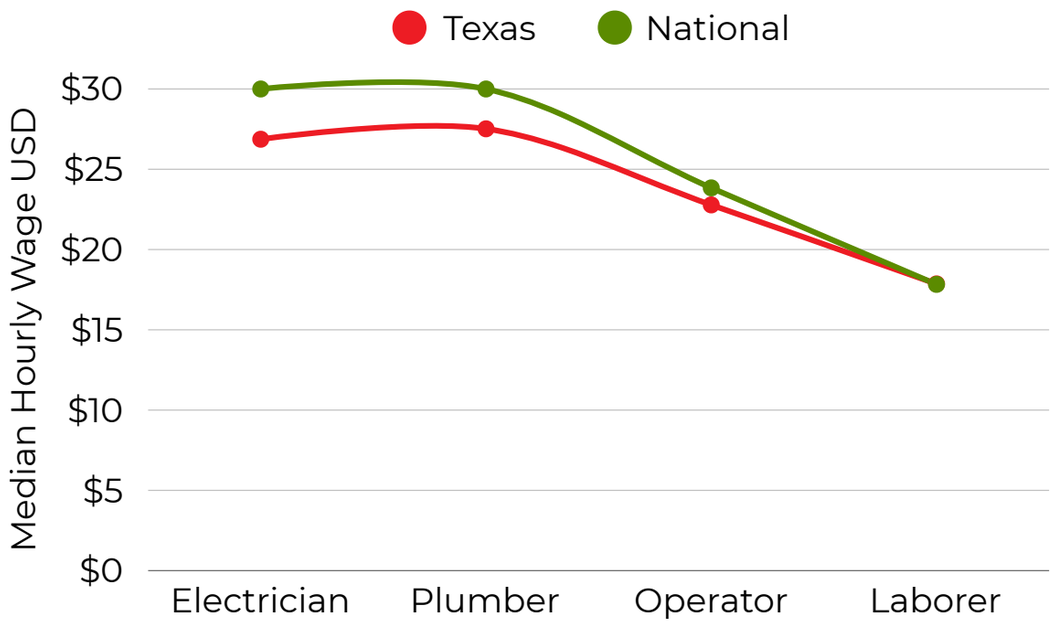
Small employers drive the market. The majority of Hispanic-owned construction firms in Texas operate with fewer than ten employees and an annual revenue of under $1 million. These firms lead in specialty trades, including concrete, framing, drywall, roofing, electrical, and mechanical services. The biggest constraint is working capital and bonding. Bid risk and slow pay cycles make it difficult to step into larger scopes. The surety bond guarantee program can change the math by lowering the hurdle for performance and payment bonds and by unlocking mobilization capital at award.

Texas is delivering nation-leading programs in highways, energy, water, and advanced manufacturing. Demand is strongest where public and private projects overlap. Highway widenings and interchanges are pulling concrete and structures crews. Grid upgrades and data centers are pulling electrical and low-voltage power. Fabs and logistics hubs are pulling sitework and MEP. The playbook is clear: pair HUB and DBE certifications with mentor partner agreements and joint ventures. Add bonding backstops and quick access credit. Bring bilingual safety and estimating training to crews that have already proven themselves on complex jobs. By following these steps, Hispanic firms can convert their current subcontracting share into prime capacity, increase average contract value, and expand their backlog.

Texas Hispanic Construction Workforce

Texas construction runs on Hispanic talent. Hispanics account for approximately 63% of the state's construction workforce, comprising roughly 827,000 workers. Immigrant expertise is foundational, with about 40% of the workforce foreign-born. Payroll construction jobs in Texas reached 876,700 in July 2025. This is the largest Hispanic construction workforce in the nation, encompassing residential building, specialty trades, and heavy civil construction.

Figure 2.3 Wage Ladder



As of 2024, Texas boasts around 35,500 active registered apprentices enrolled in 945 programs. The top fields with the highest enrollments are electrician, plumbing, and HVAC. The quickest successes come from bilingual pre-apprenticeships linked to actual job opportunities and expedited licensing preparation, which significantly reduces the time to become productive.

The scale is unmatched, and the pipeline continues to grow. Payroll construction employment in Texas stood at eight hundred seventy-seven thousand in July of this year. The total workforce is larger because Texas has a high share of self-employed contractors and seasonal crews. Together they form the crews that frame homes, wire data centers, pour concrete on interstate interchanges, and stand up utility-scale energy projects from the Panhandle to the Valley.

Figure 2.4 Workforce Composition

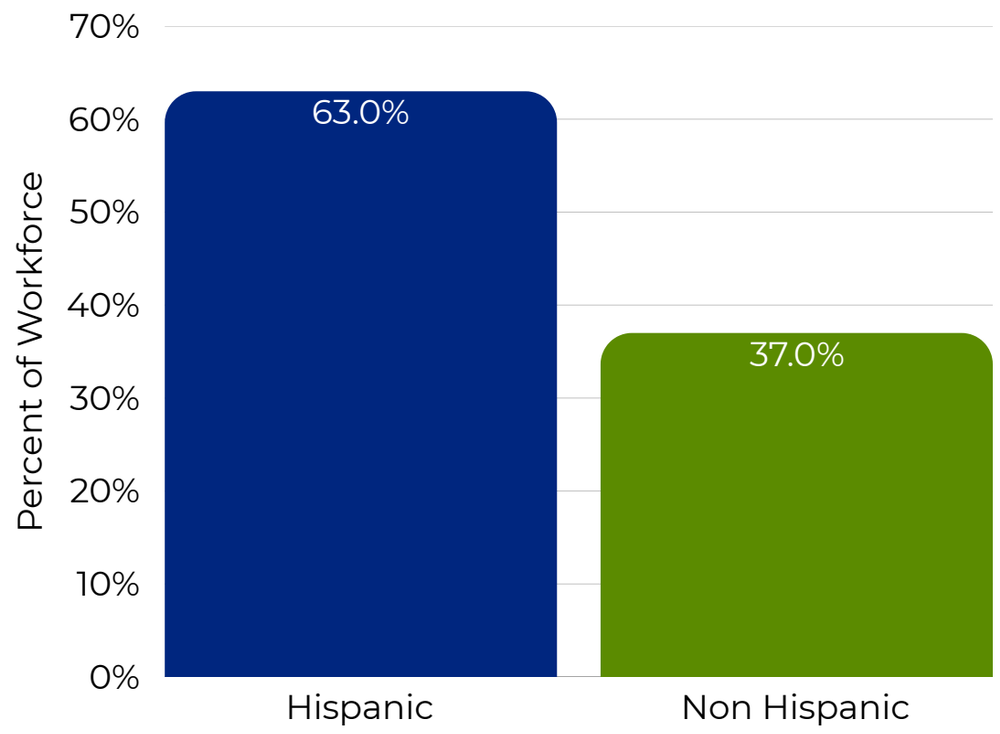
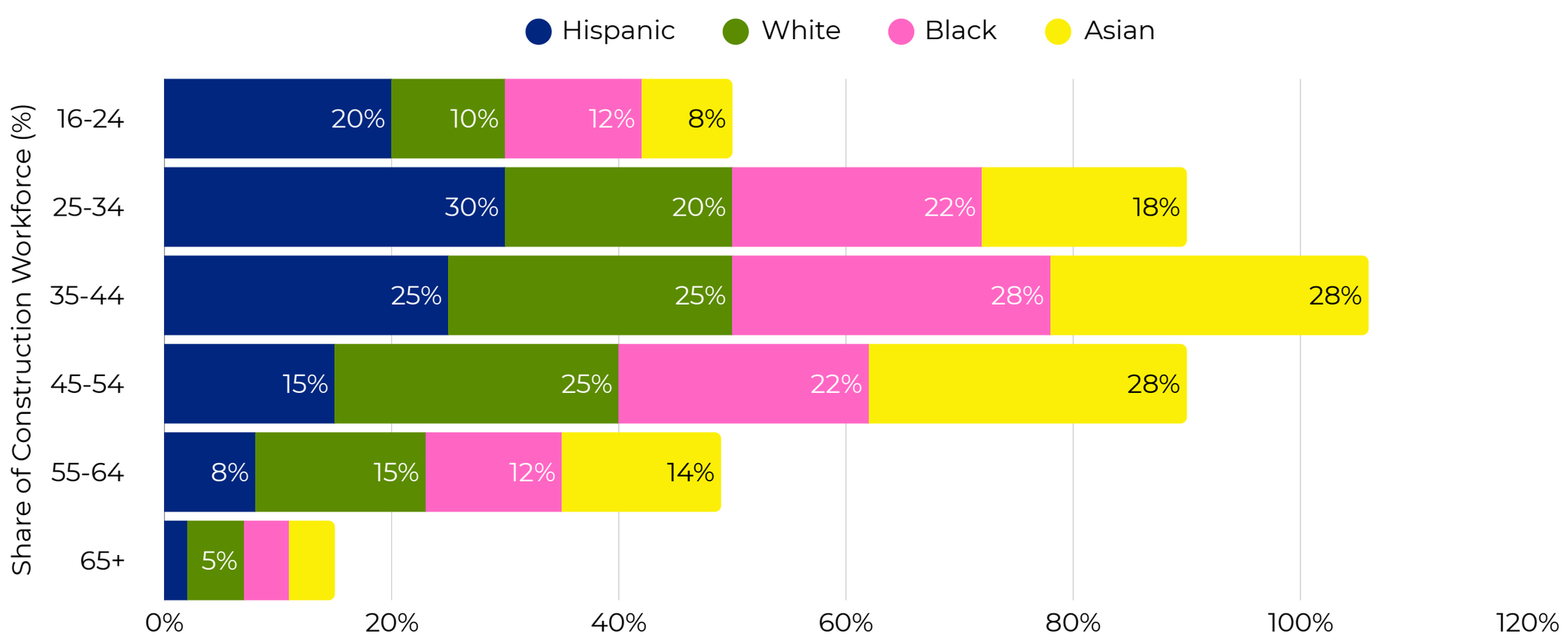


Figure 2.5 Workforce Composition by Age

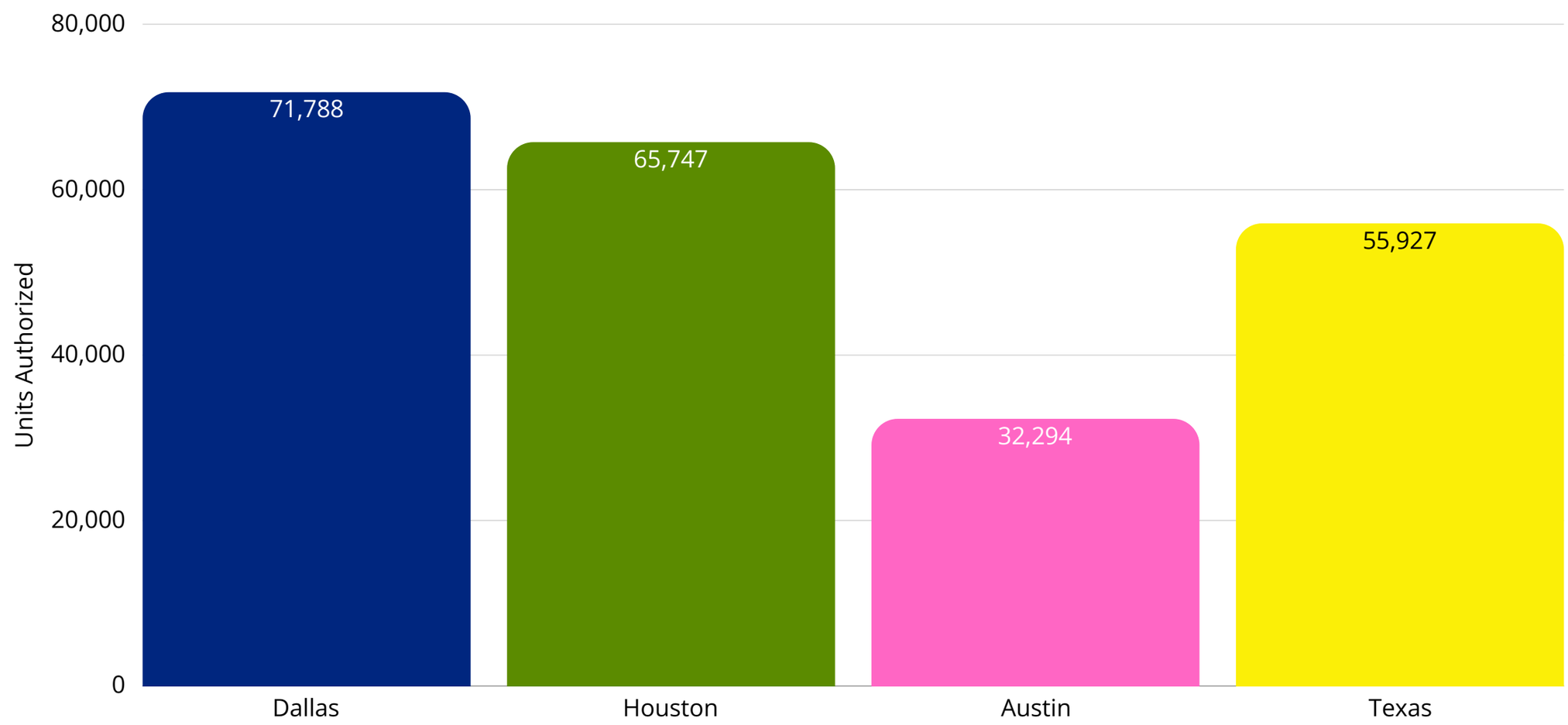


The youth of the Hispanic population in Texas, with a median age in the late twenties, provides a competitive edge in the construction industry. Most Hispanic construction workers are in their prime working years, enabling Texas to staff large programs effectively. Research shows steady growth in Hispanic participation in construction, positioning Texas to benefit from future expansions if apprenticeships and licensing meet demand. While training capacity is improving, gaps still exist in licensed and high-voltage trades, with over 32,000 active registered apprentices across various industries.

Texas Housing and Infrastructure

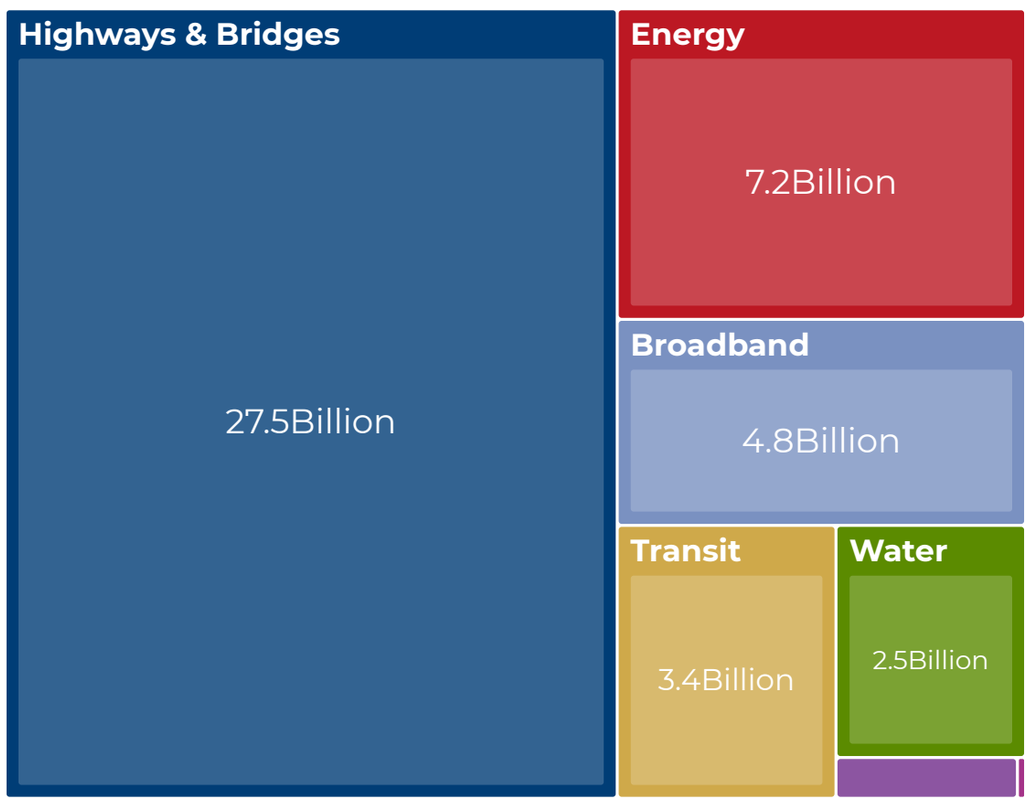
Texas is the national pace setter for new homebuilding and a magnet for infrastructure capital. In 2024, permit offices in Texas authorized 225,756 new housing units, the highest of any state. That volume represented 15% of all units authorized nationwide. Texas still leads even as the national pipeline softened in early 2025, which means the construction market remains deep but requires a disciplined bid strategy and tighter pro formas.

Figure 2.6 Housing Permits by Metro



Housing and affordability. Single-family permits rebounded through 2024 while multifamily cooled from record 2022 levels. Texas remains undersupplied in workforce housing, with elevated mortgage rates and insurance costs putting pressure on affordability. Dallas, Fort Worth, and Houston lead in new supply, while Austin continues to deliver high-density infill, and San Antonio expands attainable single-family housing. Unit production still trails demand in job-rich corridors.

Figure 2.7 Funding Scoreboard



IIJA and state allocations. Since its enactment, Texas is positioned to receive tens of billions of dollars through the Bipartisan Infrastructure Law. Guideposts include approximately $30 billion for highways and bridges through formula programs and discretionary wins, around $1.3 billion over five years for public transit apportionments to Texas agencies, roughly $3.3 billion for statewide broadband under the BEAD program, and several billion dollars through clean water and drinking water revolving funds. Additional competitive grants support ports, energy, grid, and EV charging. These flows support multi-year backlogs for roads, transit, water, and digital infrastructure across all major metropolitan areas and many rural districts.

Texas Policy and Legislative Outlook

Texas is building a faster path to project delivery and a clearer lane for construction primes. The state is tightening approval clocks and expanding industrial recruitment while reinforcing access through HUB and DBE programs. The result is a policy environment that rewards firms with compliance discipline, bonding capacity, and verified delivery plans.

House Bill 14 puts permits on a clock. When a city misses deadlines, applicants can use an independent professional to review plats, plans, permits, and inspections. Cities now publish procedures. This converts permit risk into a managed workflow, lowering carrying costs.

Senate Bill 2038 allows landowners to request release from a city's extraterritorial jurisdiction, affecting governance near urban areas. Counties and major metros are handling these requests. Builders should identify the governing authority early to align entitlements, utilities, and service districts before finalizing design and financing.

The Jobs, Energy, Technology, and Innovation Act restores a school district value limitation that serves as a multi-year property tax benefit for qualifying projects. It is the key lever for data centers' advanced energy and manufacturing, and it pairs with site readiness and workforce agreements that feature Hispanic primes.
Procurement access is defined in statute. Statewide HUB goals include 21.1% for building construction, 32.9% for special trade construction, and 11.2% for heavy construction. TxDOT sets DBE goals on federally assisted work with 4.15% for FTA projects and a proposed 18.94% for FHWA. DBE certification is unified through the Texas Unified Certification Program, and sponsors enforce goals at bid and during execution.
Cash flow protection is codified. State agencies must pay within 30 days. Private owners must pay primes within 35 days, and primes must pay subs within seven days. Build these triggers into contracts, billing, and supplier terms.

What this means for Hispanic builders is direct. Utilize a third-party review to expedite permit processing and target JETI projects with early teaming. Present credible HUB and DBE plans. Enforce prompt pay in every contract. Certify in the TUCP directory and bid to published goals. Align with MUD and PID pipelines to convert policy into backlog ownership and generational capacity.

Texas Economic Risk

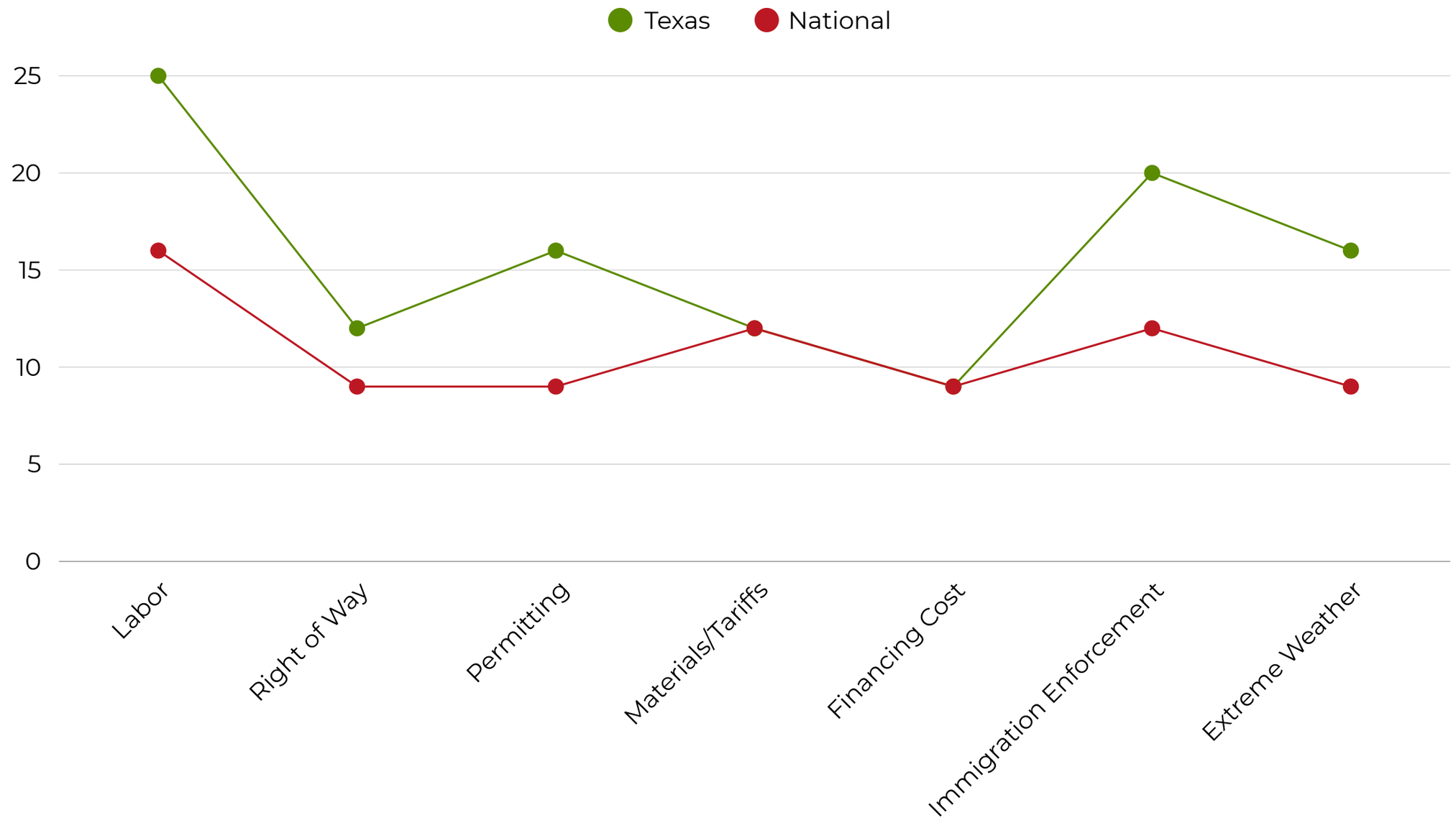
Texas infrastructure faces three linked economic risks.
First is the pressure from cost and schedule issues due to inflation in materials, year-plus lead times for transformers and switchgear, and utility relocations that sit on the critical path. Right-of-way, railroad coordination, and uneven local permitting create a delay risk that compounds carrying costs and erodes the purchasing power of public programs. Even with an extensive ten-year transportation plan, every month of slippage reduces delivered miles and pushes contingency bands higher for owners and lenders.

Chart 2 Project Delay

Project Delays				
Project	**Cost**	**Location**	**Delay Impact**	**Cause**
North Houston Highway Improvement I-45	$10 to $13 billion	Houston	Multi-year phasing adjustments and schedule slippage	Civil rights review, redesign, and stakeholder agreements
Texas Central High Speed Rail Dallas to Houston	$25 billion	Dallas to Houston	Multi-year financing and start delay	Funding structure, land acquisition, and governance transitions
Austin Project Connect Light Rail Program	$7.1 million	Austin	Scope resets and multi-year rebaseline	Cost escalation, community input, funding plan adjustments
I-345 Cap and Cover and Downtown Dallas Reconnect	$1 billion	Dallas	Schedule uncertainty and design changes	Alignment decisions and urban design revisions
Port Houston Ship Channel Expansion Project 11	$1.5 billion	Houston	Segment re-sequencing and procurement shifts	Federal cost sharing, contracting, and dredge market capacity

Labor is the second risk, and it is a decisive one. Texas builds with a Hispanic workforce that powers highways, grid upgrades, water systems, and housing. Tight supply in licensed electrical and mechanical trades, extreme heat days, and immigration enforcement shocks can stall crews and stretch timelines. When experienced foremen are pulled from job sites, rework increases, safety incidents rise, and overtime becomes the default, which in turn raises unit costs and weakens bid competitiveness.

Figure 2.8 Risk Matrix



Funding and execution discipline are the third risk. Federal and state allocations are substantial; however, higher interest costs and inflation reduce real capacity unless projects are implemented quickly and predictably. Sponsors and primes that fail to meet HUB and DBE requirements or prompt pay rules will see fewer bidders and higher prices. The play is clear. Lock utility coordination early, use third-party review to keep permits on schedule, prebuy long-lead equipment, embed prompt pay triggers in every contract, and pair HUB and DBE goals with credible plans led by Hispanic primes. This converts risk into bankable delivery and protects the value of every public dollar.

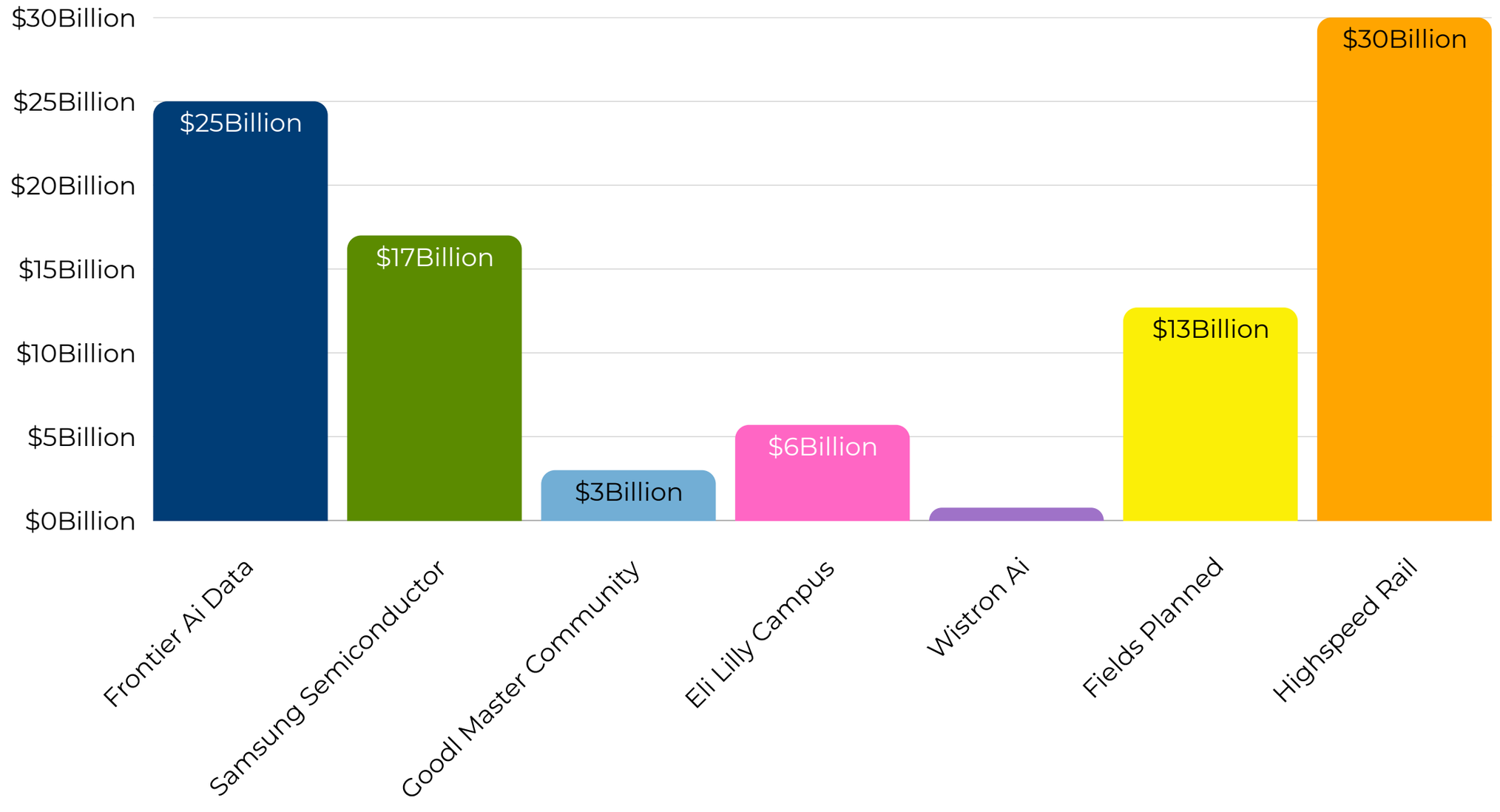
Texas Private Development Health

Private development in Texas shows resilience, but project health varies sharply by sector and financing environment. Industrial and logistics projects remain the strongest, with national e-commerce demand and the reshoring of supply chains driving investments in warehouses, distribution, and advanced manufacturing. These projects benefit from long-term tenant agreements, federal incentives, and Texas's land and tax advantages. By contrast, multifamily and office development are under greater strain. Higher interest rates, construction cost escalation, and tighter lending standards have slowed new starts, especially for urban high-rise multifamily and speculative office towers. Developers and lenders are selective, prioritizing projects with strong pre-leasing, stable financing, and entitlement certainty.

Regional divergence is also influencing the overall health of the project. Dallas–Fort Worth continues to attract capital into both residential subdivisions and logistics hubs. At the same time, Houston exhibits stronger industrial growth but more cautious multifamily activity due to the cyclicality of the energy market. Austin maintains momentum from technology and semiconductor investments, but the housing market is cooling under affordability stress and higher mortgage rates. Secondary metros and border regions experience mixed health, with infrastructure-linked projects progressing but private speculative work facing delays. The net effect is a two-speed market: capital flows toward projects that align with infrastructure and industrial trends, while discretionary development slows under tighter credit and high carrying costs.

For Hispanic contractors and small developers, private project health is tied to access to capital, bonding, and participation in these stronger sectors. When developers demonstrate credible workforce plans and align with public incentives, lenders are more willing to fund projects. However, risks remain from slow payment cycles, price contingencies, and potential labor disruptions. Firms that secure HUB or DBE certifications, build joint ventures with larger primes, and secure mobilization capital can transition from subcontracting to lead roles, even as broader market conditions become more competitive. In this environment, project health depends less on raw demand and more on execution discipline and financial readiness.

Figure 2.9 Major Projects



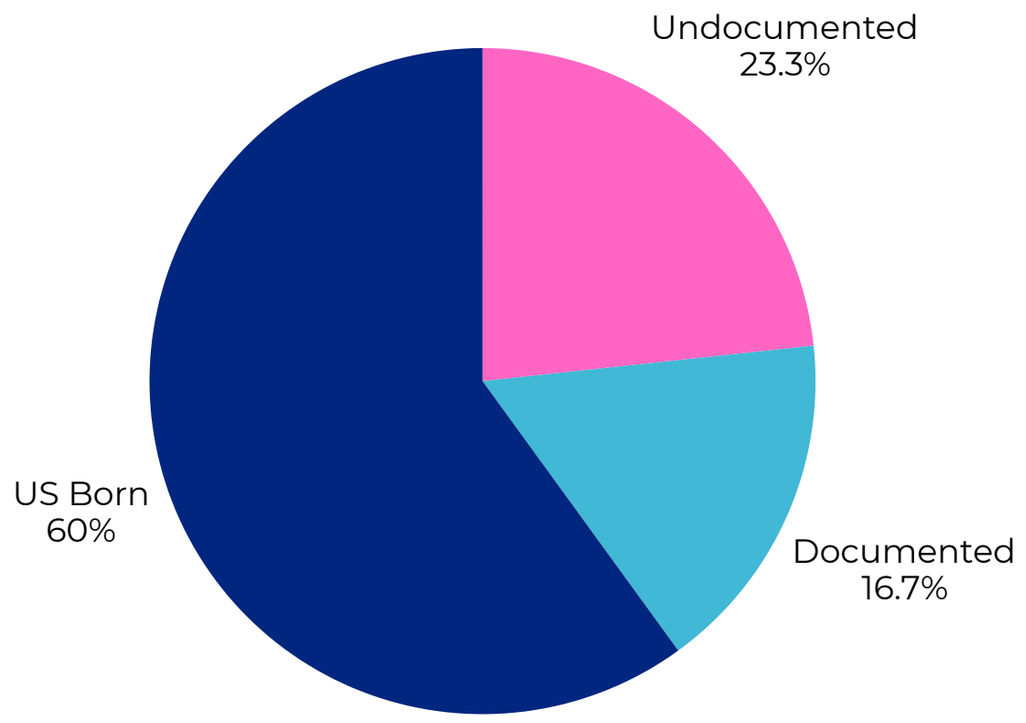
Texas Construction Workforce Shortage

Texas faces an unfilled demand of more than 50,000 skilled construction workers through 2025, with peak need rising as mega programs mobilize. The most constrained crafts are electricians, plumbers and pipe fitters, concrete and paving crews, ironworkers, heavy equipment operators, and low voltage and fiber technicians. Workforce shortages translate directly into higher costs, longer timelines, and lost economic output.

Texas Impact of Mass Deportation

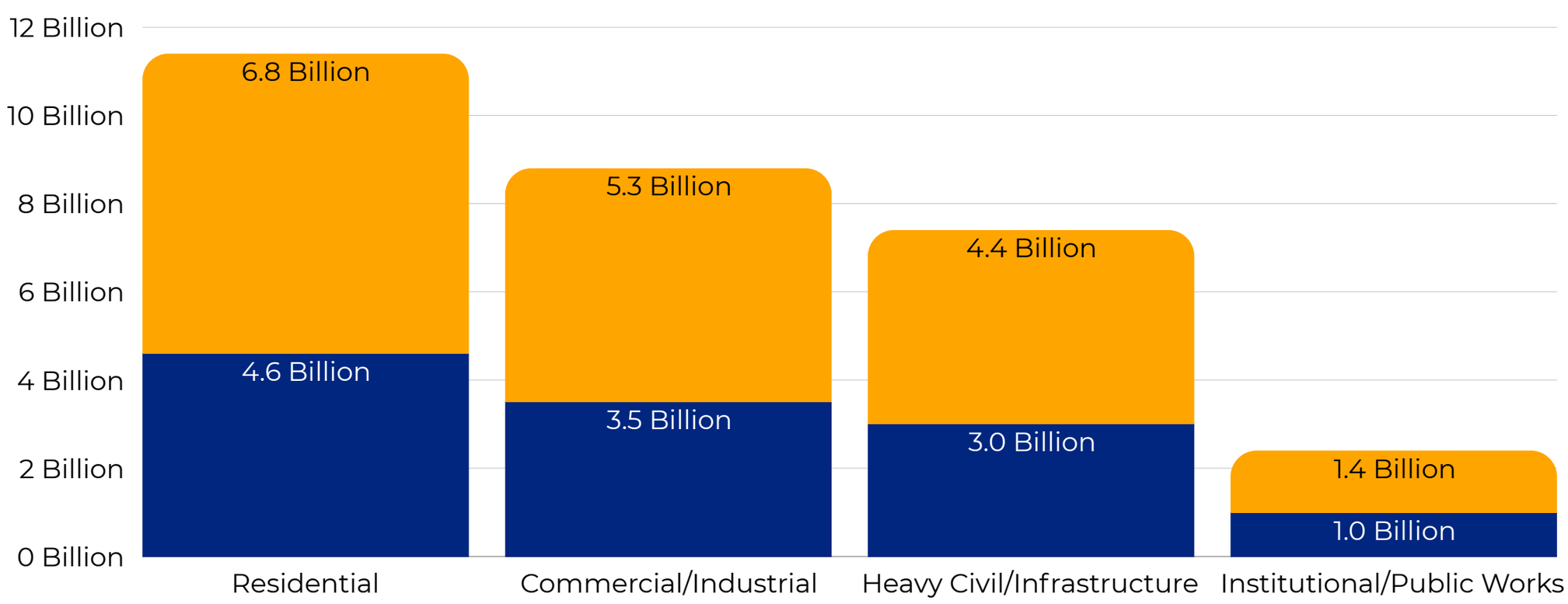
A significant portion of Texas construction crews is comprised of foreign-born individuals, and the majority of the workforce is Hispanic. If even half of the undocumented cohort were removed, craft capacity would fall by double digits in the most constrained trades, and statewide construction output would contract by 8% to 12%. That equals roughly $12 to $18 billion in lost activity each year. Industrial projects likely slip three to nine months as subcontractor premiums rise, rework increases, and available crews become stretched thin across multiple geographies. Corridor programs and multi-site campuses would feel the compounded impact most acutely.

Figure 2.10 Immigration Status Composition



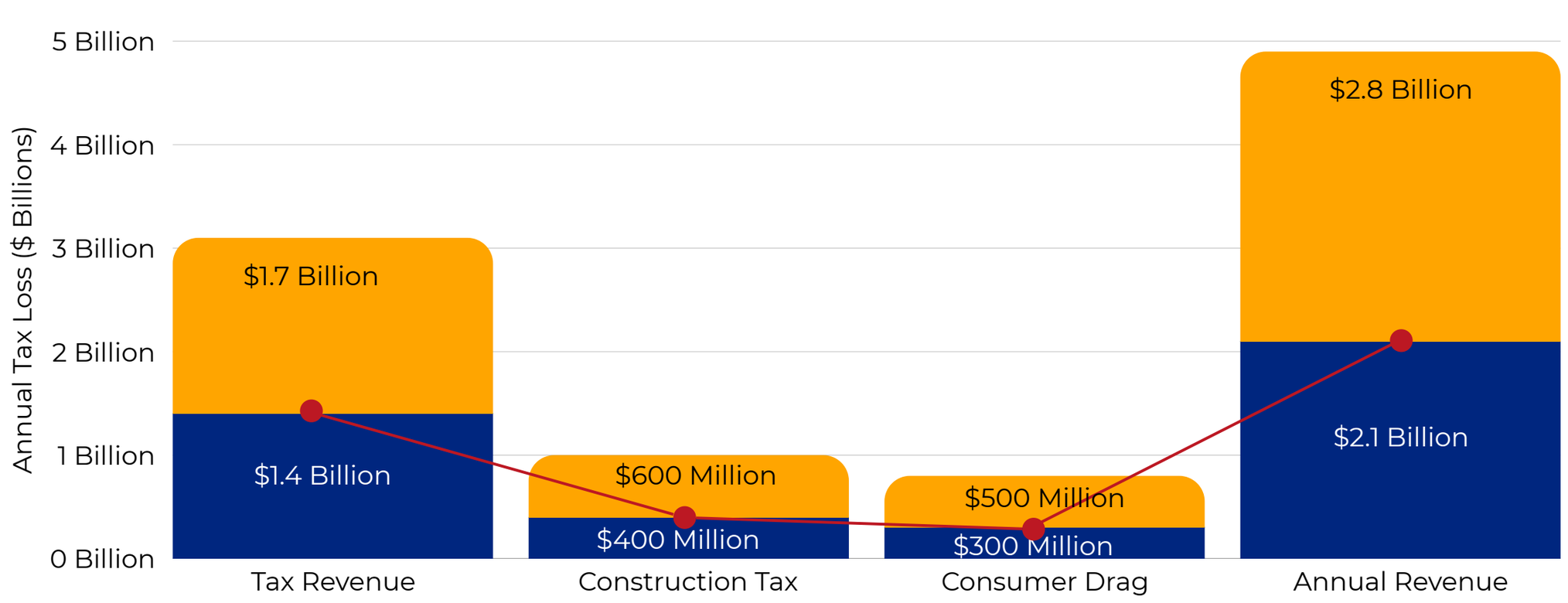
The fiscal effects are immediate. Construction payroll, sales, and business taxes collectively generate billions of dollars for state and local governments annually. An 8% to 12% contraction would reduce receipts by $1.2 to $2.2 billion each year while trimming Texas's gross state product by many billions more through direct, indirect, and induced channels. The shock would ripple beyond construction into suppliers, services, and housing markets.

Figure 2.11 Annual Output Loss by Sector



Replacement through training is possible, but it is a slow process. It takes several years and significant stipend support before new entrants reach journey-level productivity in licensed trades. The faster solution is stabilization. Legal work authorization through the Building America Stronger Act, tied to training, safety, and compliance, preserves capacity while ensuring accountability. This approach keeps projects staffed, protects public investment, and converts private capital into on-time assets.

Figure 2.12 Estimated Tax Revenue Loss



Texas Infrastructure Hazards

Texas infrastructure is under strain from repeated flooding, high roadway fatalities, and structural failures. Central Texas suffered one of its deadliest flash floods in July 2025, claiming over one hundred lives and overwhelming emergency response systems. A bridge collapse on Interstate 35 added to concerns about corridor safety, while first responders continue to face radio communication breakdowns that delay rescue operations and increase risk. These events highlight the human cost of deferred maintenance and the urgent need for stronger disaster preparedness.

Heat, flood exposure, and grid fragility compound these challenges. Houston's bayou and drainage systems are routinely overwhelmed by storms and surges, leaving neighborhoods vulnerable. Smaller jurisdictions face recurring boil-water notices due to aging treatment plants and pipelines. Extreme heat stresses both crews and materials, reducing productivity and safety, while the electric grid remains fragile during peak demand and severe weather events. Together, these hazards erode confidence in infrastructure reliability and raise costs for contractors, governments, and communities.

The Hispanic Construction Council assigns Texas a grade of D+ for infrastructure-linked hazards and public safety. This reflects the convergence of flood risk, extreme heat, grid instability, and lagging bridge rehabilitation. Priority actions include accelerating drainage and surge protection in coastal counties, hardening substations that serve critical facilities, expanding rapid bridge replacement on freight corridors, and enforcing trench safety and heat mitigation practices statewide. Sequencing these moves with federal and state capital will lower risk premiums, protect logistics networks, and sustain project delivery.

Texas Financial Outlook

Texas construction output from 2023 through early 2025 grew at a low to mid single-digit rate. Industrial and public sector projects driven by highways, ports, water systems, grid upgrades, and advanced manufacturing offset the moderation in multifamily construction. Data center demand accelerated in the Dallas-Fort Worth and San Antonio areas, while semiconductor supply chain investments supported steady site and utility work in Austin and across Central Texas. Real construction GDP in Texas expanded from approximately $135 billion in early 2024 to about $144 billion by early 2025, confirming steady baseline growth.

Firm-level performance varies by market segment. Large primes and diversified mid-market contractors saw stable or rising revenues with gross margins of 9-12% due to escalation clauses and effective change management. In contrast, smaller residential and specialty subcontractors experienced tighter margins of 6-8% amid high insurance, fuel, and material costs. Tariff-driven input costs for steel and electrical gear rose by 3-6% compared to 2022, causing longer lead times for transformers and switchgear, which led to contingency pricing and increased working capital needs.

The outlook is constructive but execution sensitive. Multi-year public programs are funded. Semiconductors, advanced manufacturing, and data infrastructure continue to expand. Heavy civil primes are carrying backlogs of 8 to 12 months, while building contractors average 6 to 9 months. Financial resilience over the next year will depend on workforce growth, prompt pay enforcement to safeguard small contractor liquidity, faster permitting to reduce carrying costs, and workforce housing near job hubs to stabilize attendance and safety.

NEW YORK

3

916 Points

STATE OF CONSTRUCTION **2025**

NEW YORK EXECUTIVE SUMMARY

New York's construction market is one of the most diversified in the nation, spanning transit, bridges, airports, water systems, coastal defenses, and dense infill housing, with a growing pipeline of office conversions. By the end of 2024, construction value added held steady at $68 billion, driven by agency capital plans and private retrofits. Hispanic workers are essential to statewide delivery, with the largest concentrations in New York City, Long Island, and the lower Hudson Valley.

Opportunities and Challenges

- Workforce Shortages: HCC estimates a skilled labor gap of 15,000 to 25,000 workers due to overlapping capital programs, code-driven retrofits, and complex urban logistics. A tight supply in the electrical, low-voltage, concrete, and heavy civil trades results in overtime, change order friction, and elongated procurement timelines for gear and specialty materials. Predictable payment practices and unbundled scopes help bring Hispanic primes into discrete packages with clear, commercially useful functions.
- Housing and Infrastructure: New York has set an ambitious 10-year target to build 800,000 new homes, addressing the housing shortage and stabilizing rents and commutes. High-priority infrastructure includes rail modernization, bridge rehabilitation, stormwater and drainage upgrades, and coastal resilience. Owners who front-load right-of-way access, rail windows, and utility relocations, and pair long-lead purchases with early works, can better protect critical project paths.
- Disaster Risks: Flash flood events on September 29, 2023, shut down subways, flooded basements, and disrupted airport operations, exposing vulnerabilities in stormwater and drainage systems. Drainage upgrades, pump stations, and raised equipment vaults are now essential schedule protectors for public sponsors and private developers. Long lead times for large power transformers necessitate early procurement and staging to prevent delays.

Acceleration Playbook

- Finance: Enforce prompt payment and transparent retainage practices to protect cash flow for small and mid-sized Hispanic primes and elevate their participation in key projects.
- Approval Processes: Unbundle scopes to create opportunities for Hispanic-owned firms and advance pro-housing zoning reforms to unlock by-right projects in areas with existing services.
- Procurement: Prebuy electrical equipment for priority corridors to mitigate delays and ensure timely project delivery.
- Workforce Development: Expand bilingual apprenticeship programs aligned with agency capital plans to convert training into predictable staffing pipelines.

With construction GDP near $68 billion on a quarterly seasonally adjusted basis, New York is well-positioned to lead in construction innovation and resilience. HCC recommends enforcing prompt payment, unbundling scopes to elevate Hispanic prime contractors, pre-buying critical equipment, and advancing zoning reforms to accelerate housing and infrastructure delivery.

Congratulations to New York for its leadership in infrastructure and housing-driven growth. By addressing workforce gaps, mitigating disaster risks, and streamlining approvals, the state can continue to build a resilient and thriving construction economy.

New York Hispanic Owned Firms

Hispanic entrepreneurs are a growing force in New York, but their ownership share is far smaller than their presence in the state. Out of more than 430,000 employer firms, only about 22,500 are Hispanic-owned, just 5.2% of the total, compared with nearly 19% of the population. In construction, where the Hispanic workforce is indispensable, this shortfall represents more than a gap; it represents lost opportunity. Every absent firm is another opportunity for a Hispanic contractor to lead projects, create jobs, and build wealth that would otherwise flow elsewhere.

Figure 3.1 Estimated Ownership by Race

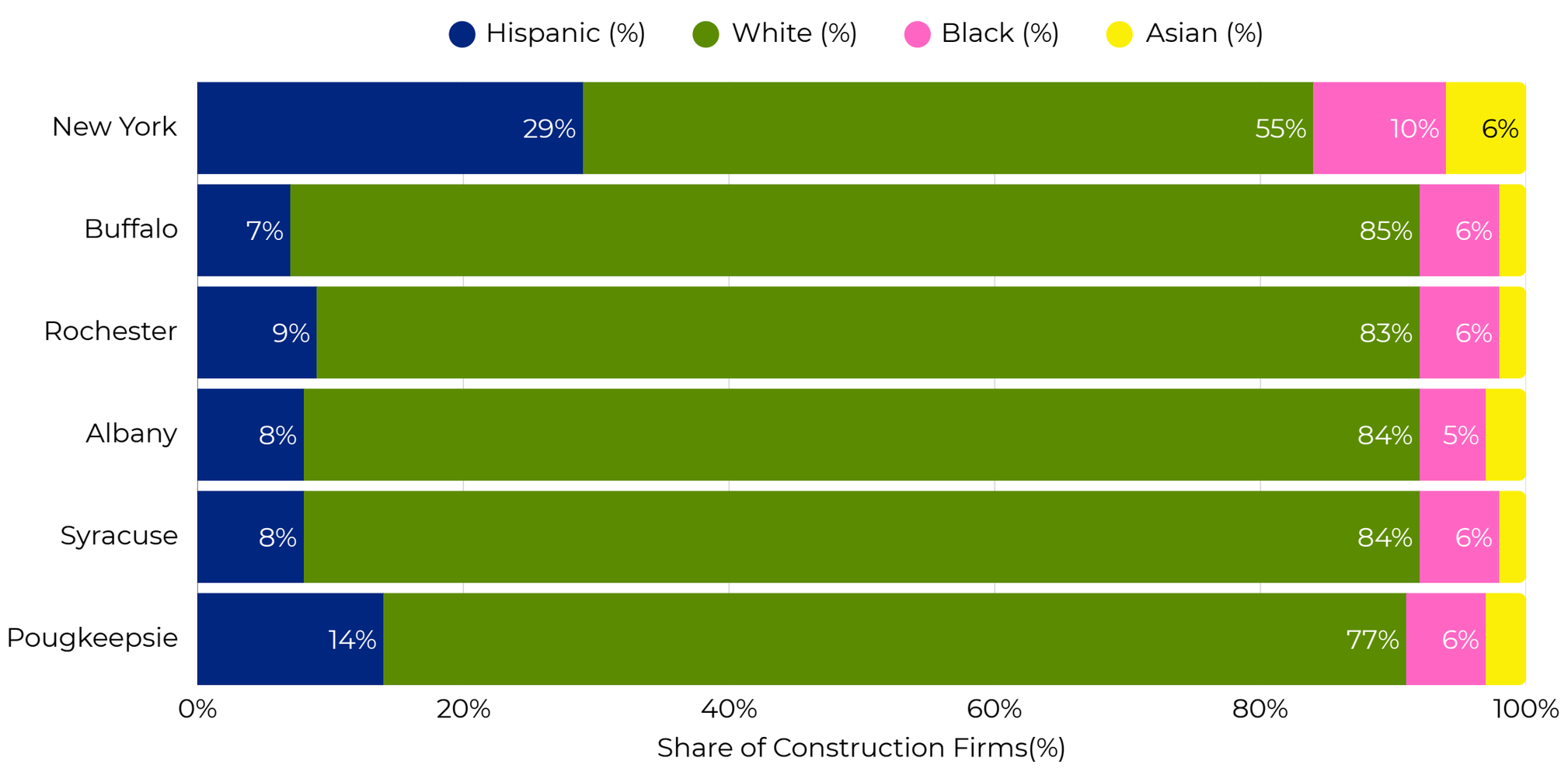
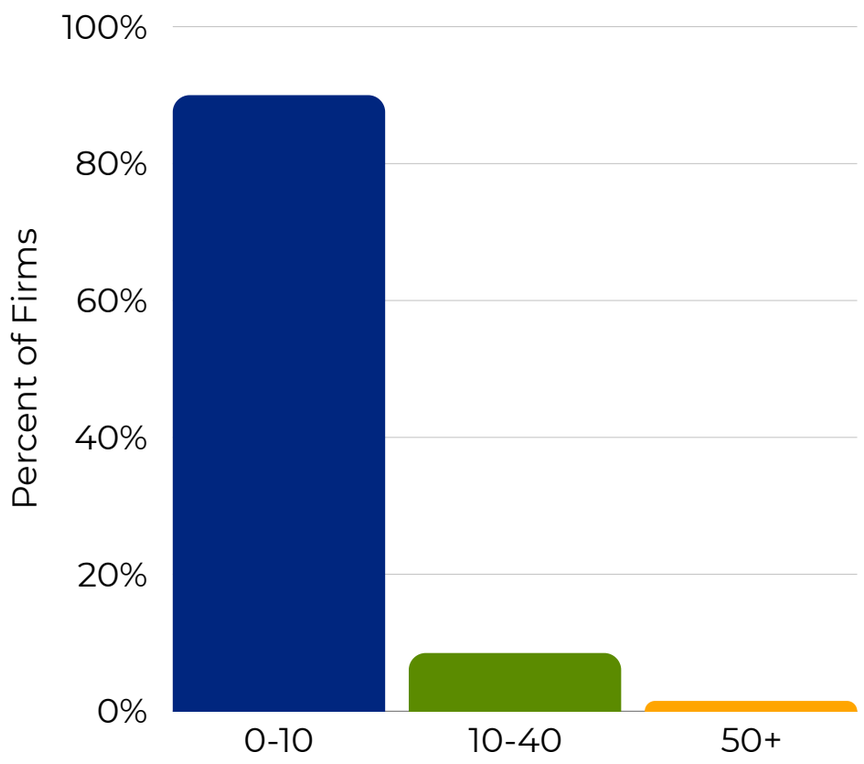


Figure 3.2 Hispanic Firm Size by Employees



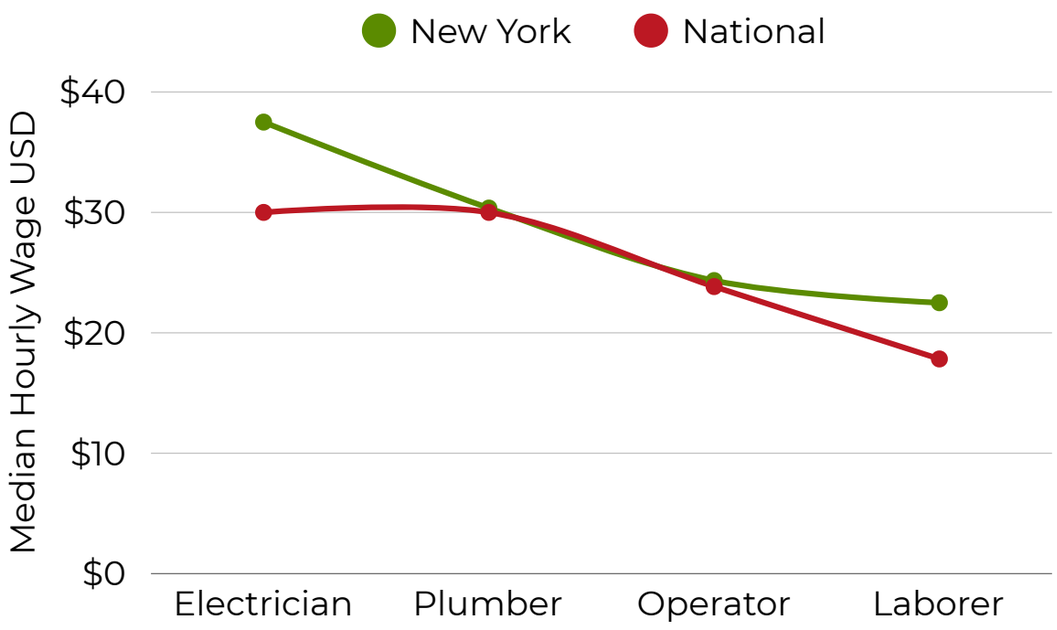
The labor contribution of Hispanic workers in New York is significant and growing. Statewide, they represent roughly 30% of the construction workforce, accounting for nearly 171,000 workers, and in New York City, this share approaches 44%. They power the borough-by-borough expansion of housing in Queens, infrastructure upgrades in Brooklyn and the Bronx, and resilience projects across Long Island's growing suburbs. But while these crews build the city's future, they rarely build the firms that deliver it.

New York stands at a pivotal crossroads: capital flows and redevelopment are surging, particularly amid growing demands for residential and infrastructure development. Hispanic-owned construction firms are strategically positioned to lead projects such as transit-oriented housing in the Bronx, factory retrofits in Buffalo, and logistics expansion on Long Island. With targeted programs supporting bonding, capital access, and government procurement pipelines, particularly in MWBE initiatives, Hispanic contractors can move from labor to leadership. Unlocking this potential is not just a matter of equity; it's a strategic investment in the resilience and inclusivity of New York's built environment.

New York Hispanic Construction Workforce

New York State's construction sector employs over 500,000 people and is nearing pre-pandemic employment levels. The statewide construction workforce numbered approximately 560,000 in 2023. The labor pool is diverse, with about 30% of these workers being Hispanic, around 168,000 people, making Hispanics the largest minority group, while non-Hispanic white workers remain the majority, roughly 55–60%.

Figure 3.3 Wage Ladder



Construction wages have been trending upward, with the median hourly pay for construction and extraction occupations in New York at around $30.80. The average annual salary in the sector is approximately $89,000 statewide, exceeding $95,000 in New York City. Laborers are the single largest occupation in the construction sector, nearly 30% of NYC's construction workers in 2023.

Skilled trades that require apprenticeship and licensing, such as carpenters, electricians, and plumbers, each account for roughly 5–10% of the workforce. To supply these skilled roles, New York maintains a robust apprenticeship pipeline, with over 17,600 active registered apprentices statewide as of 2023. Despite these training efforts, the industry faces headwinds: a significant portion of workers are nearing retirement age, and around 35% of NY construction workers are over 50.

Figure 3.4 Workforce Composition

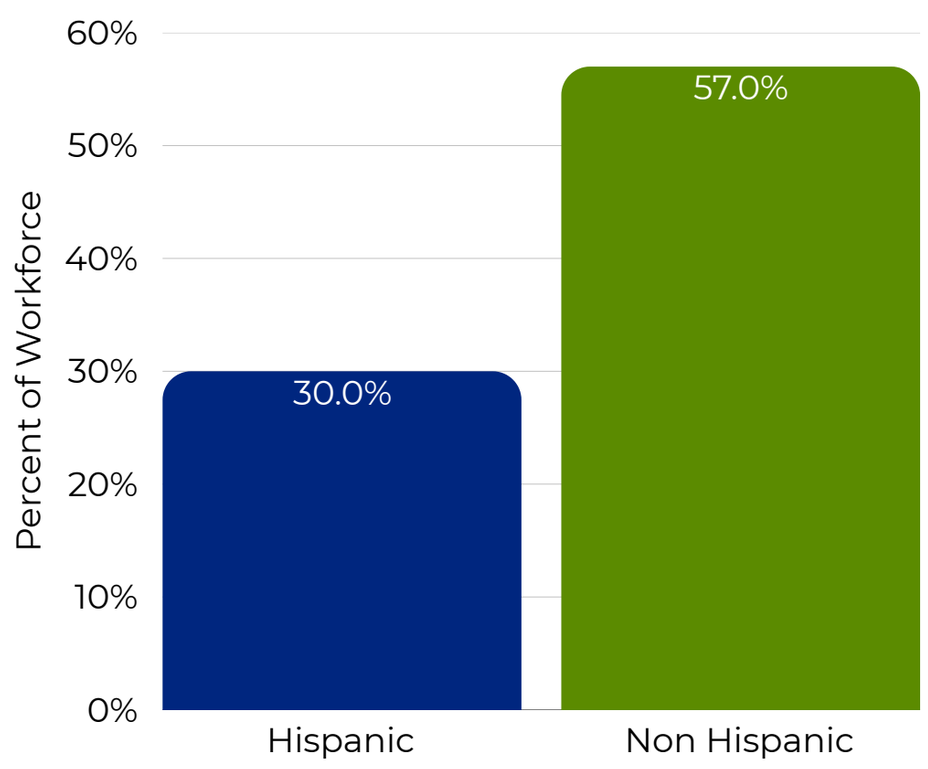
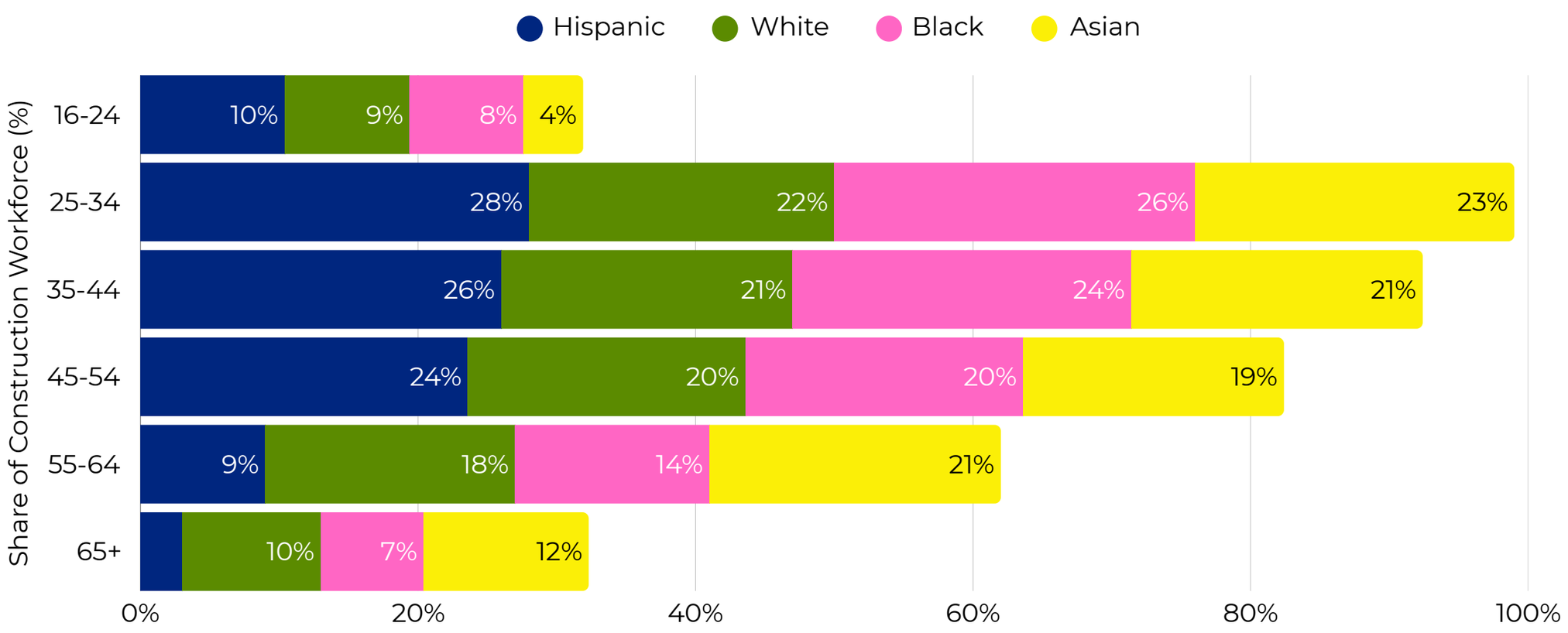


Figure 3.5 Workforce Composition by Age



Employers report persistent skilled labor shortages. Surveys of New York contractors indicate many firms have had to delay projects or turn down work due to a lack of qualified workers, and over 60% of companies now invest in internal training programs as workforce development becomes a top priority. This emphasis on recruiting and training new talent highlights the industry's response to an aging workforce and the ongoing demand for skilled construction labor in New York State.

New York Housing and Infrastructure

New York's housing production remains sizable and concentrated in its largest markets. In 2024, New York accounted for about three percent of all U.S. units authorized, or roughly 44,000 out of 1.48 million nationally. The pipeline in New York City is material, with 98,502 units permitted and another 51,714 filed and awaiting permits as of late 2024, signaling steady output even as financing and taxes reshape the multifamily mix. For developers and general contractors, the message is clear that volume is real but timing is sensitive and deal underwriting must assume elongated approvals and selective lease-up.

Figure 3.6 Housing Permits by Metro

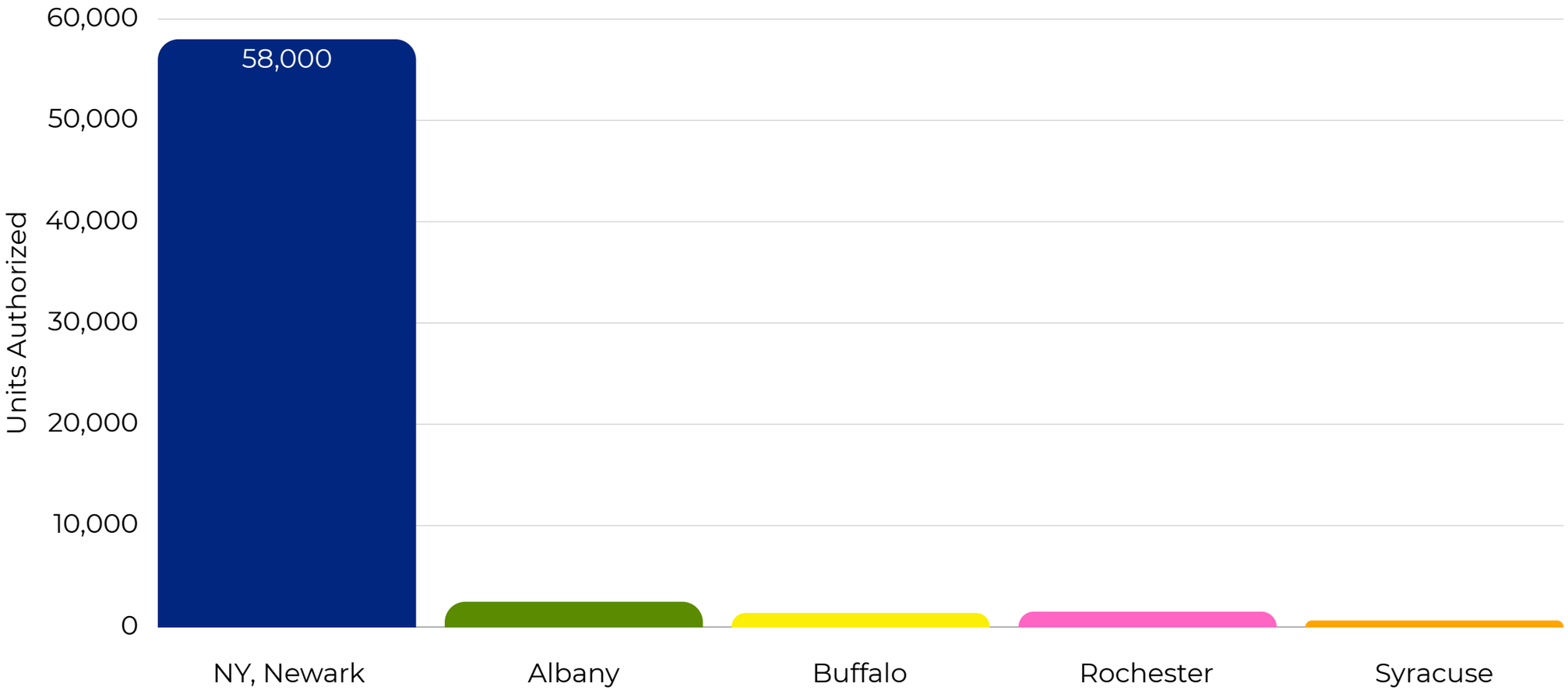


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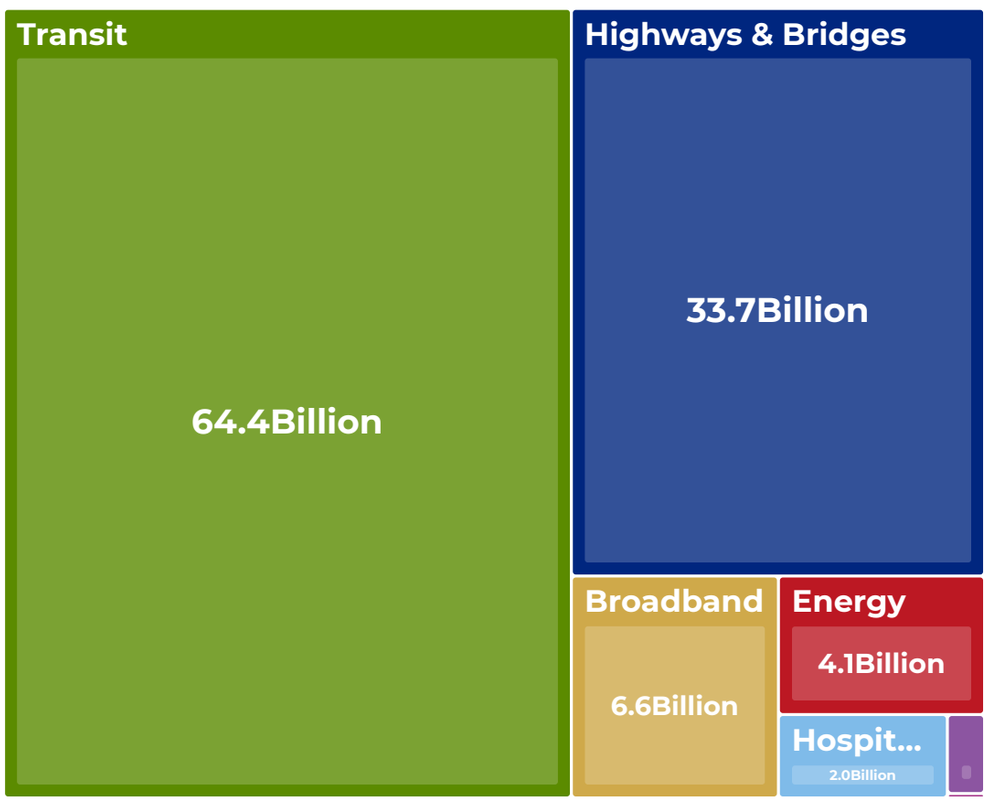
Figure 3.7 Funding Scoreboard



Water and local resilience funding extend the platform. New York has layered state grants on top of federal programs, advancing additional clean water infrastructure dollars and awarding billions to municipal projects through the Environmental Facilities Corporation. This combination supports treatment plant upgrades, lead service line replacement, and stormwater capacity, which pairs with broadband, energy, and station modernization to broaden the bid universe for qualified prime contractors and subcontractors. Teams that bring credible compliance plans, MWBE utilization, and schedule discipline will convert this capital into backlog and on-time delivery.

New York Policy and Legislative Outlook

New York is reforming housing policies to increase supply and simplify entitlements. The "City of Yes for Housing Opportunity," adopted in December 2024, updates zoning to facilitate more homes near transit, relaxes parking requirements, and encourages mixed-use development. The state reintroduced a tax incentive under Section 485 x to support new rental construction with clear timelines, alongside Section 467 m for converting offices to include affordable units. Additionally, the Green CHIPS program boosts industrial recruitment, enhancing manufacturing and data infrastructure.

Procurement and payment rules reward certified and disciplined teams. State agencies target a 30% MWBE participation rate and enforce good-faith effort standards in contract awards. On federally assisted work, NYSDOT sets triennial DBE goals and applies contract-level checks through its goal-setting methodology. Cash flow protections have tightened with the introduction of a five percent retainage cap on many private contracts, as well as prompt pay rules that require payment within statutory windows and accrue interest if deadlines are missed. New York continues to utilize design-build across state and city portfolios. Stakeholders are pressing to add progressive design-build and CM-at-risk build tools that align scope, budget, and schedule earlier in the process.

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What this means for builders is direct. Certify in the state MWBE directory and in the NYSDOT unified DBE system, and bring auditable utilization plans to every bid. Target 485 x and 467 m pipelines with schedule control and affordability math that withstand lender review, and team early with owners to plan LL97 compliance and all-electric design. Bake five percent retainage and prompt pay triggers into contracts and billing systems, and align insurance and safety programs to New York's liability environment to protect margins. Pursue design-build prequalifications and progressive teaming so you shape risk and convert policy into backlog ownership and multiyear growth, rational capacity.

New York Economic Risk

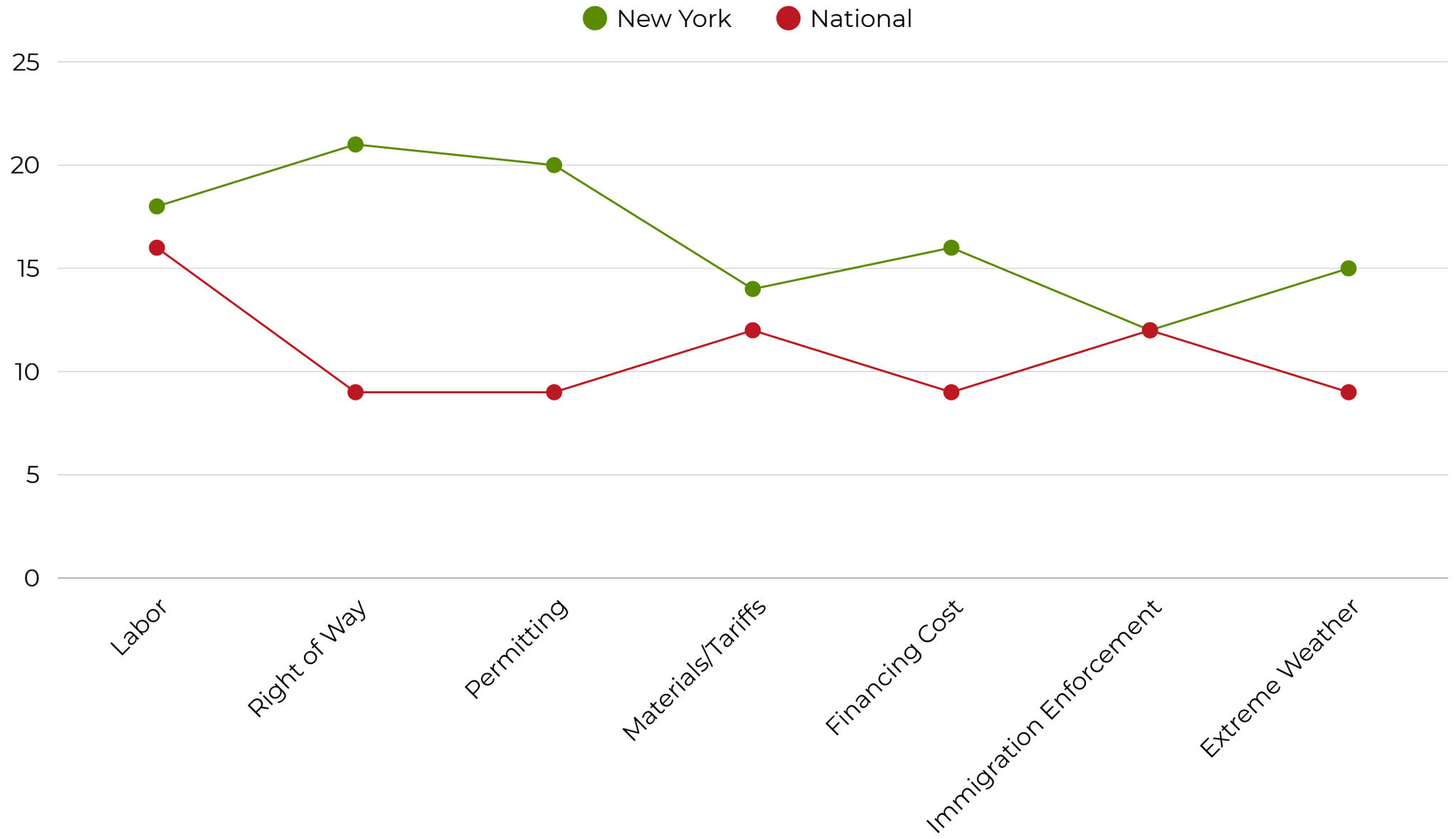
Cost and schedule risk remain the first headwind. Urban utility relocations, rail and right-of-way coordination, and environmental review under SEQRA and city land use processes can add months and increase carrying costs. Long lead electrical gear, such as switchgear, transformers, and elevator systems, still stretches procurement calendars, which magnifies interest expense and squeezes contingency. Entitlement sequencing, Article 78 challenges, winter work limits, and site logistics in tight corridors compound delay risk and require owners to lock designs earlier and prebuy critical equipment.

Chart 3 Project Delay

Project Delays				
Project	**Cost**	**Location**	**Delay Impact**	**Cause**
Metro-North Penn Station	3.2B	Bronx	Pushed to 2028	Contractor performance and schedule slippage
Brooklyn-Queens Expressway	TBD	Brooklyn	2028-2029	Scope rephrasing, funding sequence
Second Avenue Subway	$7.1 million	Austin	Scope resets and multi-year rebaseline	Cost escalation, community input, funding plan adjustments
JFK Terminal 1	7.7 billion	Queens	Phased timeline stretched	Financing and scope
Penn State Reconstruction Program	TBD	Manhattan	Program milestones slipped	Governance and funding impacts after tolling pause

Labor is the second risk, and it is a decisive factor. Licensed electrical and mechanical trades, signal and systems specialists, and tunneling and heavy civil crews remain tight across downstate markets. Wage escalation, project labor requirements, and safety-critical certifications raise baseline costs while housing affordability near job hubs strains retention and attendance. The practical impact is higher overtime expense, greater rework exposure when experienced foremen are stretched across multiple jobs, and a thinner bench for surge work on public programs that cannot be delayed.

Figure 3.8 Risk Matrix



Funding and compliance discipline form the third risk. Capital plans are sizable, but timing swings and regulatory shifts in energy and emissions rules can reshape scopes midstream. New building electrification requirements and emissions limits for existing large buildings drive costly MEP redesigns if not integrated early. Insurance pricing under New York's liability regime increases premiums and alters risk allocations. The play is clear. Lock utility coordination with Con Edison, National Grid, and railroads early, prequalify for alternative delivery where available, prebuy long-lead gear, and carry enforceable escalation and prompt pay terms. Pair MWBE and DBE goals with auditable plans led by Hispanic primes and invest in bilingual apprenticeship pipelines so schedule reliability and compliance convert risk into on-time assets.

New York Private Development Health

Private development in New York is recalibrating rather than retreating. Industrial, life science, studio, and mission-critical assets remain the healthiest segments because they ride multi-year demand and often anchor long leases. Multifamily is selective but improving as the 485x tax incentive returns new rental deals to feasibility, and the 467m conversion program turns underused commercial space into housing, with affordability set as a condition. The office market remains a tale of two markets, with trophy and well-leased Midtown towers refinancing and trading, while commodity space lags. The near-term signal is that capital will back projects with clear revenue, predictable approvals, and credible delivery teams.

Regional dynamics are sharpening. In New York City, the outer boroughs continue to attract logistics, film, and television, as well as last-mile industrial buildouts. At the same time, Manhattan directs capital into top-tier office repositionings and conversion-ready assets that can meet housing rules and energy performance standards. Upstate, semiconductor and advanced manufacturing investments tied to Green CHIPS have reset private demand in Central New York and the Capital Region, with site readiness, grid upgrades, and supplier space following close behind. These currents create a map where private projects succeed when they leverage infrastructure, utility capacity, and incentive alignment.

Financing and cost discipline remain decisive. New York is among the most expensive places to build, so carrying costs and interest rates can be a significant burden. Supply chain pressure on power gear and elevators can still extend commissioning calendars. At the same time, energy code and emissions requirements push the mechanical and electrical scope higher if owners wait to integrate compliance. Lenders and equity will support well-underwritten plans with preleasing, sound contingencies, and clean permit paths. Sponsors who wait for perfect clarity often find that input prices and soft costs erode returns.

Figure 3.9 Major Projects

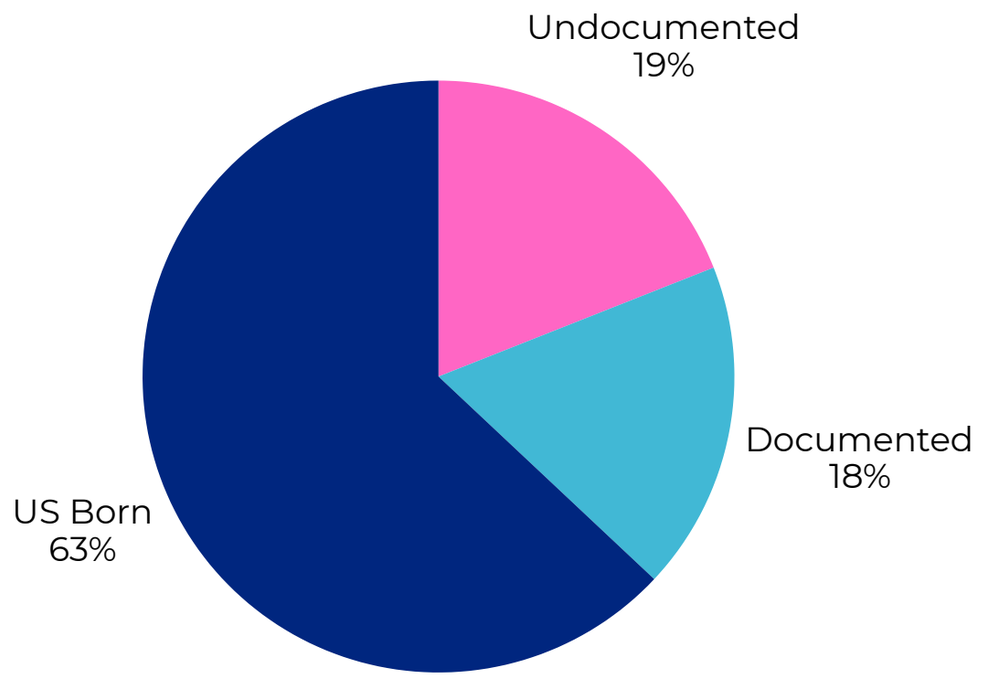
New York Construction Workforce Shortage

New York is short roughly 16,600 to 19,900 skilled construction workers, with the tightest gaps in licensed electrical and mechanical trades, signal and systems crews, and heavy civil construction, as pressures are created by the MTA's multi-year capital plan and the first wave of Local Law 97 retrofits moving simultaneously. The near-term impact is longer commissioning queues, higher overtime, and increased reliance on downstate jobs, as well as stricter prequalification, as owners prioritize teams that can lock utility windows and deliver electrification scopes without rework.

New York Impact of Mass Deportation

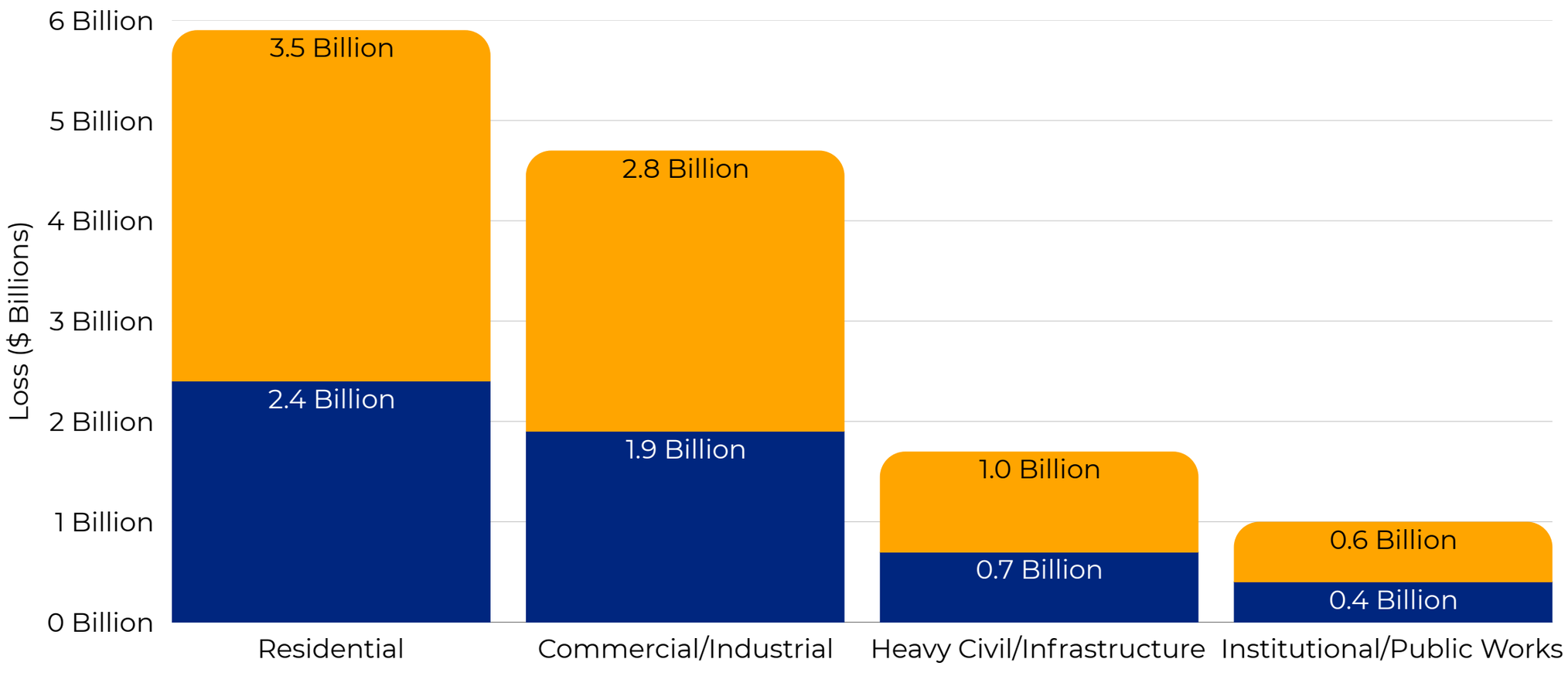
New York's construction sector would face a labor shock, increasing costs and delaying schedules. With about 383,000 construction payrolls in July 2025, immigrants make up 37% of the workforce, and an estimated 38,000 to 50,000 workers could be lost. This loss would particularly affect concrete, framing, interiors, electrical, roofing, and site work, leading to wider bid spreads, higher overtime costs, and delays of 3 to 6 months for typical projects, while complex civil and utility programs could slip 6 to 12 months.

Figure 3.10 Immigration Status Composition



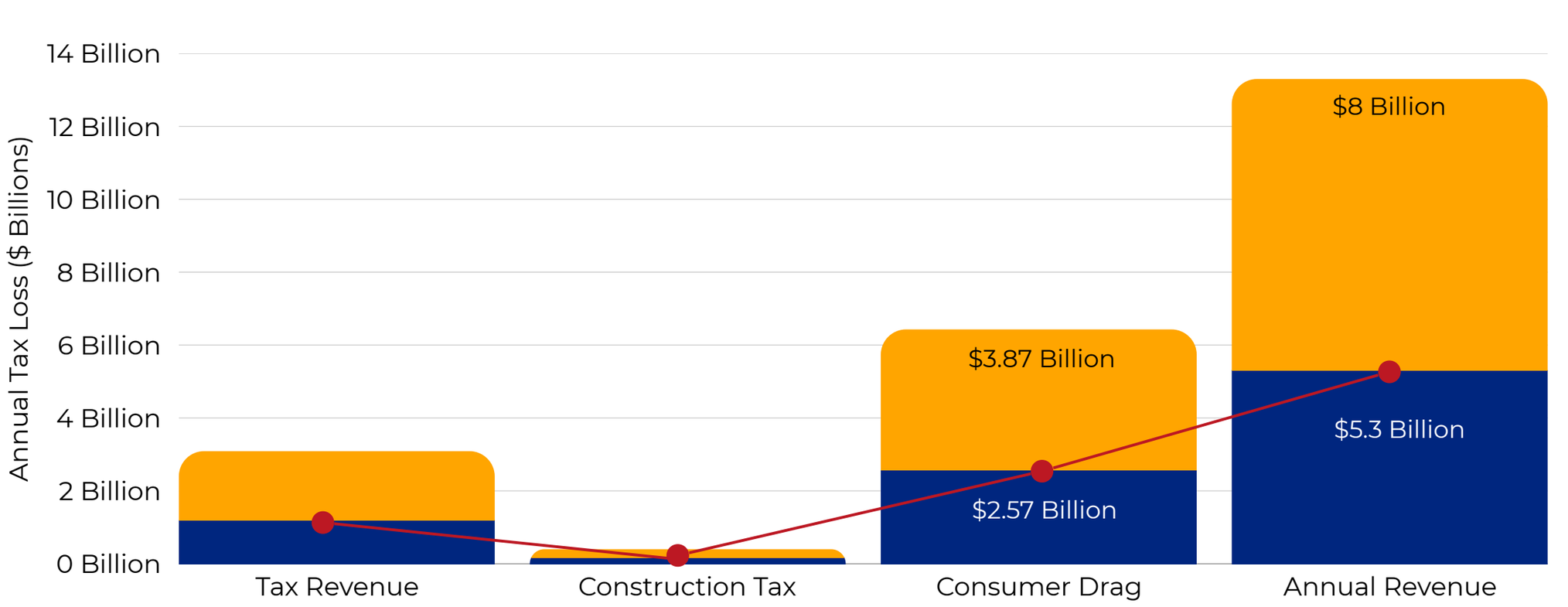
The fiscal hit would be visible in both state and local ledgers. Undocumented New Yorkers pay an estimated $3.1 billion in combined federal, state, and local taxes each year. Using ITEP's per-capita tax benchmark for undocumented filers and the at-risk headcount above, taxes attributable to undocumented construction workers alone are on the order of $340 million to $450 million annually, including well over $100 million to state and local treasuries.

Figure 3.11 Annual Output Loss by Sector



State and local revenues would decline through multiple channels. Undocumented households pay billions in taxes each year, and their consumer spending supports sales tax and permit fees that flow to local budgets. Training pipelines cannot close the gap quickly because most trades require multi-year apprenticeships and supervised hours before journey-level productivity is reached. The result is fewer bidders, higher contingencies, and longer delivery on climate and transit projects that underpin statewide competitiveness.

Figure 3.12 Estimated Tax Revenue Loss



New York Infrastructure Hazards

New York's dominant infrastructure hazards are extreme rainfall, flash flooding, and coastal surge that overwhelm stormwater systems and disrupt airports, transit, and below-grade assets. The September 2023 cloudburst highlighted how rainfall intensity can exceed historic design standards, leading to terminal closures and service suspensions across multiple subway and commuter rail lines. Aging combined sewers and constrained outfalls in dense boroughs magnify basement and tunnel flooding when cloudbursts stack with high tides. Upstate riverine flooding and saturated soils add slope instability along highways and rail corridors. Airports and railyards need upgraded drainage and pump redundancy to keep pace with short-duration, high-intensity rain.

Roadway safety is a significant public hazard, particularly for pedestrians and cyclists on urban arterials at night. Winter storms worsen visibility and traction on highways, impacting emergency access. Signal timing and lighting have not adapted to the growth of mixed-use areas. Additionally, freeze-thaw damage to bridge infrastructure reduces service life and increases maintenance needs, while freight bottlenecks during snow and ice disrupt delivery reliability for essential materials.

Mitigation is advancing but unevenly across jurisdictions. Cloudburst streets, detention retrofits, and greened rights-of-way are scaling, yet timelines are long and costs are high without streamlined procurement and standardized designs. Critical facilities require hardened electrical rooms and deployable barriers as a minimum standard. Coastal surge protection and transit hardening require tight coordination with utility owners to avoid rework during energization windows.

New York Financial Outlook

New York's construction sector is stabilizing as we approach 2025, thanks to improved employment and lending conditions, coupled with public programs that support demand. Statewide construction employment has nearly returned to pre-pandemic levels and is projected to fully recover by the end of 2025. Private investment is re-emerging in projects with clear delivery strategies, notably driven by a resurgence in multifamily permitting in New York City due to the implementation of the new 485-x incentive. Early filings for 2025 show double-digit growth, particularly in the first half, as developers gravitate toward mid-scale projects that comply with the new regulations. This uptick in permits and lending fosters a gradual enhancement in bid pipelines and preconstruction activities.

Public finance remains critical for short-term visibility. The state is currently in the third year of a historic five-year, $32.9 billion capital plan through the Department of Transportation, aligned with funding from the Infrastructure Investment and Jobs Act. The Metropolitan Transportation Authority is advancing a capital program funded by congestion pricing revenues, which are anticipated to support $15 billion in projects, alongside significant federal contributions to the 2025-2029 plan. The Gateway Program has received its full federal commitment and is progressing, while the Port Authority continues with major airport redevelopments, including JFK Terminal 6, as part of a broader $19 billion initiative. Additionally, the Micron memory campus near Syracuse benefits from federal CHIPS support and a state Green CHIPS framework, along with a connected $500 million workforce and community fund. Collectively, these initiatives signal sustained high demand for civil and advanced manufacturing throughout the decade.

While construction backlogs remain robust, costs are under upward pressure due to wages, materials, and schedule premiums. Successful delivery hinges on the ongoing execution of congestion pricing revenues, timely federal grants, and careful phasing of megaprojects. Overall, the financial outlook for 2025 appears moderately positive, with potential growth linked to housing production under the 485-x incentive, steady advancements on the MTA and Gateway programs, and the surge in semiconductor and data center investments in upstate regions.

FLORIDA

4

893 Points

STATE OF
CONSTRUCTION
2025

FLORIDA EXECUTIVE SUMMARY

Florida’s construction economy ranks among the largest in the nation, driven by population inflows, logistics expansions, and resilience programs. In 2024, construction GDP reached $97.7 billion and is expected to continue rising in 2025. Hispanic contractors and crews are central to this growth, representing a significant and expanding share of the skilled workforce and small firm ownership. However, recent hurricanes have highlighted vulnerabilities in supply chains and insurance systems, which can slow delivery and widen bid spreads.

Opportunities and Challenges:

- Workforce Shortages: Florida faces a tight labor market for licensed electrical and mechanical trades, as well as concrete and civil crews, and low-voltage specialists. Shortfalls are most acute in Miami, Orlando, Tampa, Jacksonville, and the Southwest Florida rebuild zones, leading to overtime, change order friction, and extended lead times for critical equipment, such as transformers and switchgear.
- Housing and Infrastructure: Florida remains a leader in housing permits, but affordability near job sites remains a challenge. High-priority infrastructure includes ports, coastal surge protection, water and wastewater modernization, grid hardening, and transit expansions. Rebuild and mitigation efforts after recent storms must be sequenced with housing near job hubs to stabilize crews and reduce travel downtime.
- Disaster Risks: The 2024 hurricane season, which included Hurricanes Helene and Milton, resulted in widespread agricultural and infrastructure losses. Recurring hazards, such as inland flooding, storm surge, and heat stress, necessitate pre-buy strategies for long-lead electrical gear, hardened staging plans for storm season, and clear force-majeure pathways in contracts.

Acceleration Playbook:

- Finance: Expand access to bonding and mobilization capital for Hispanic-owned firms while enforcing prompt payment norms to sustain schedules and protect working capital across tiers.
- Approval Processes: Fast-track housing approvals near job sites and sequence rebuild and mitigation work with infrastructure projects to stabilize workforce availability.
- Workforce Development: Scale bilingual “earn-and-learn” programs and establish specialty pre-apprenticeships tied to real projects, ensuring a steady pipeline of skilled workers.

Florida’s construction GDP, nearing $100 billion, underpins a robust pipeline in logistics, tourism, health, and resilience. HCC recommends celebrating the state’s Top 10 ranking by converting momentum into faster delivery and broader ownership. Partner with the Hispanic Construction Council to expand bilingual training seats, enforce prompt pay, and prebuy critical electrical gear to ensure timely project execution.

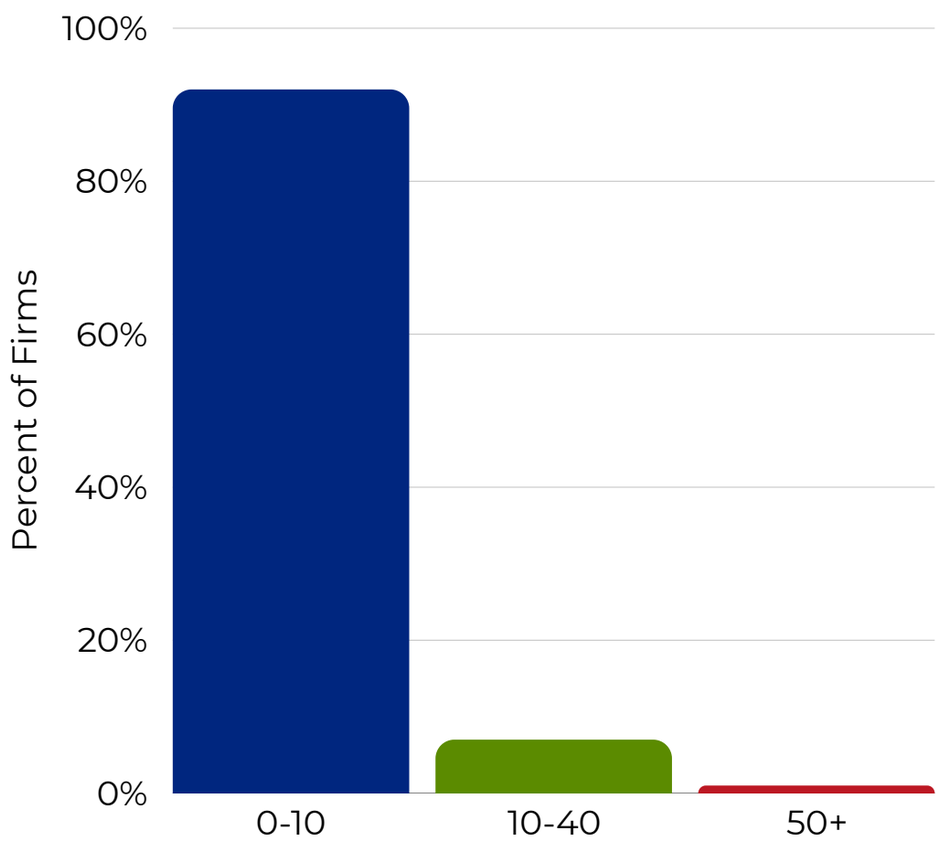
Congratulations to Florida for its leadership in construction growth and resilience. By addressing workforce gaps, streamlining approvals, and prioritizing disaster preparedness, the state can continue to set the standard for construction excellence.

Florida Hispanic Owned Firms

Florida is home to approximately 86,000 Hispanic-owned employer firms, which represent roughly 18.1% of all businesses in the state. This share exceeds Florida's Hispanic population share of around 26.6%, but ownership remains concentrated in sectors outside of construction. The disparity suggests significant untapped potential if structural barriers, such as access to capital and bonding, are removed. If Florida can align labor and ownership trends, the state will be better positioned to meet demand for housing, infrastructure, and climate resilience projects.

Figure 4.1 Estimated Ownership by Race

Figure 4.2 HispanicFirm Size by Employees



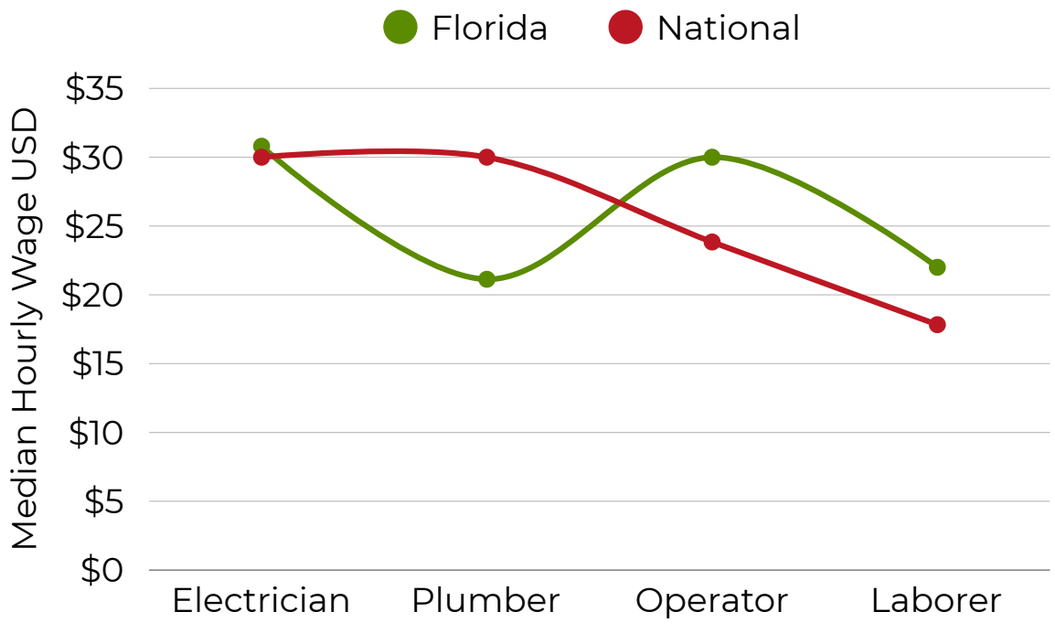
Hispanic workers account for about 59% of Florida's construction workforce, reflecting vital labor participation that significantly outpaces ownership presence in the sector. In Tampa–St. Petersburg, they power vital infrastructure rehab and logistics projects. Across Central Florida's theme park expansion, they are essential to delivering large-scale hospitality and residential complexes. Yet ownership remains fragmented. Without pathways to ownership, this invaluable labor contribution is undervalued and underutilized.

Florida has a material opportunity to close this ownership gap by aligning policy, capital, and procurement with reality. With thousands of Hispanic-owned firms already in place, expanding bond and loan access, supportive procurement programs, and apprenticeship-to-business acceleration could catapult them from subcontractors to prime contractors. Embedding these firms into state-level housing, transit, and climate resilience agendas would not just promote equity, it would strengthen Florida's construction ecosystem. Hispanic-owned firms are more than beneficiaries of economic development; with proper support, they can become its backbone.

Florida Hispanic Construction Workforce

Florida's construction sector remains a powerhouse in the state economy, employing approximately 657,000 workers as of July 2025. The industry extends across booming markets like Miami, Orlando, Tampa, and Jacksonville, anchored by growth in housing, hospitality, logistics, and climate resilience projects. This sheer scale places construction at the core of Florida's workforce development priorities, intersecting with infrastructure expansion and population growth corridors statewide.

Figure 4.3 Wage Ladder



Demographically, Florida's construction workforce mirrors the state's diversity. Hispanic workers are a prominent minority group estimated to represent 35% percent of construction employment, particularly in South Florida urban centers. Average annual pay for broader "miscellaneous construction workers" hovers around $41,600, with the top-paying union roles averaging about $71,000 per year.

While specific data on immigrant participation or union penetration is limited, anecdotal and regional surveys suggest that foreign-born workers compose a substantial portion of construction labor, anchoring trades like framing, roofing, and site prep. Union representation skews lower in Florida than in traditional high-cost states; many construction workers operate in open shop settings, especially in residential and hospitality-driven demand cycles.

Figure 4.4 Workforce Composition

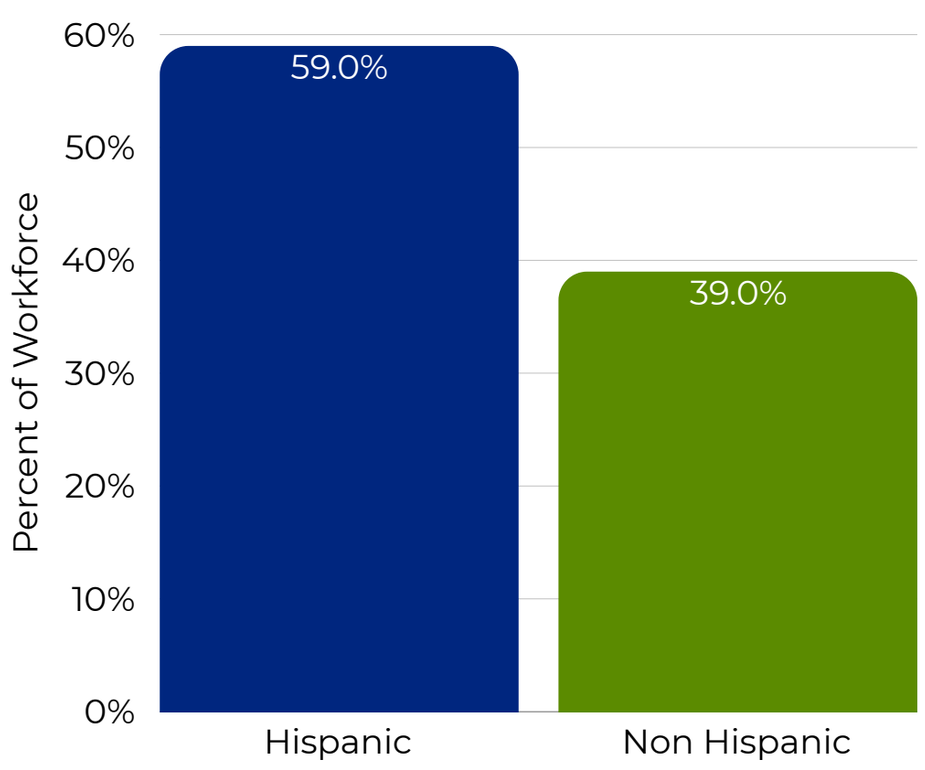
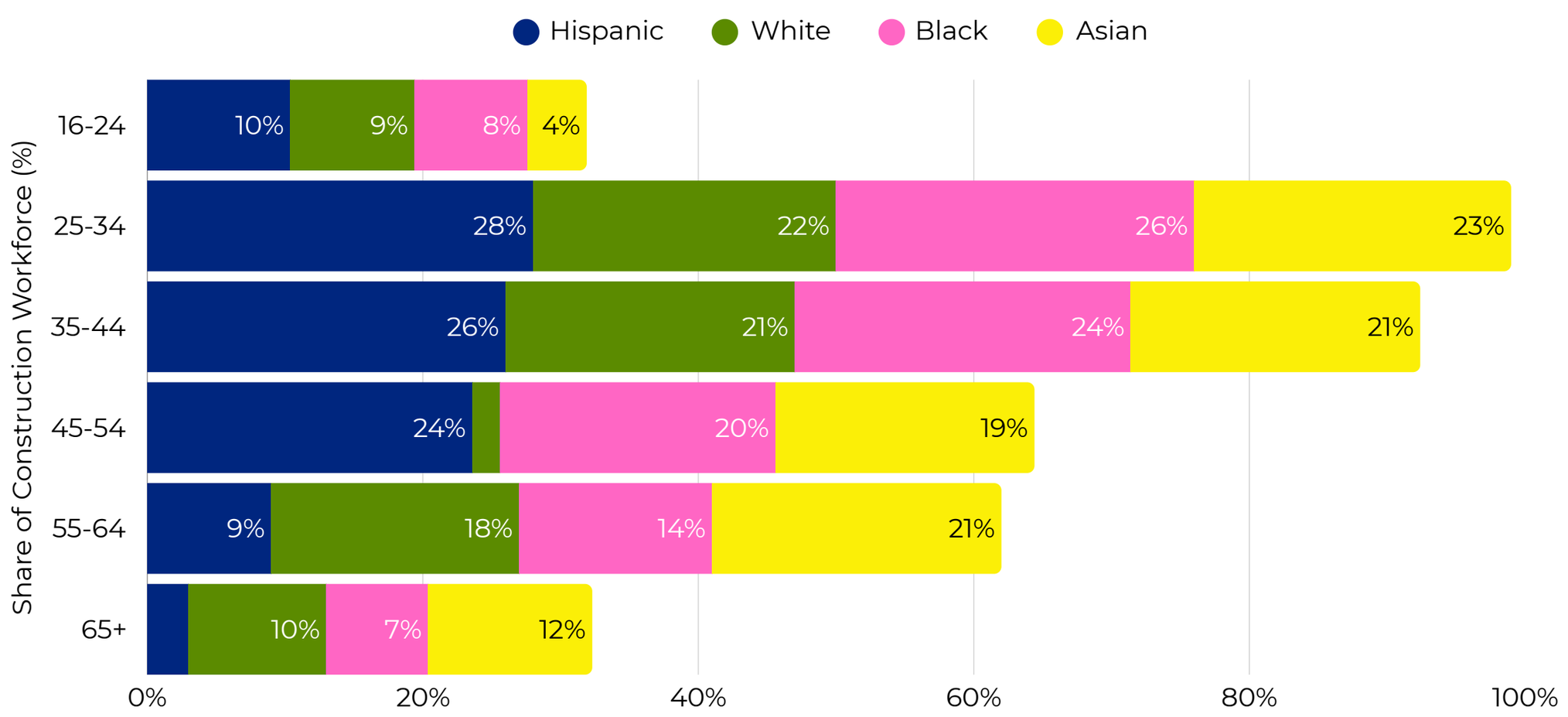


Figure 4.5 Workforce Composition by Age

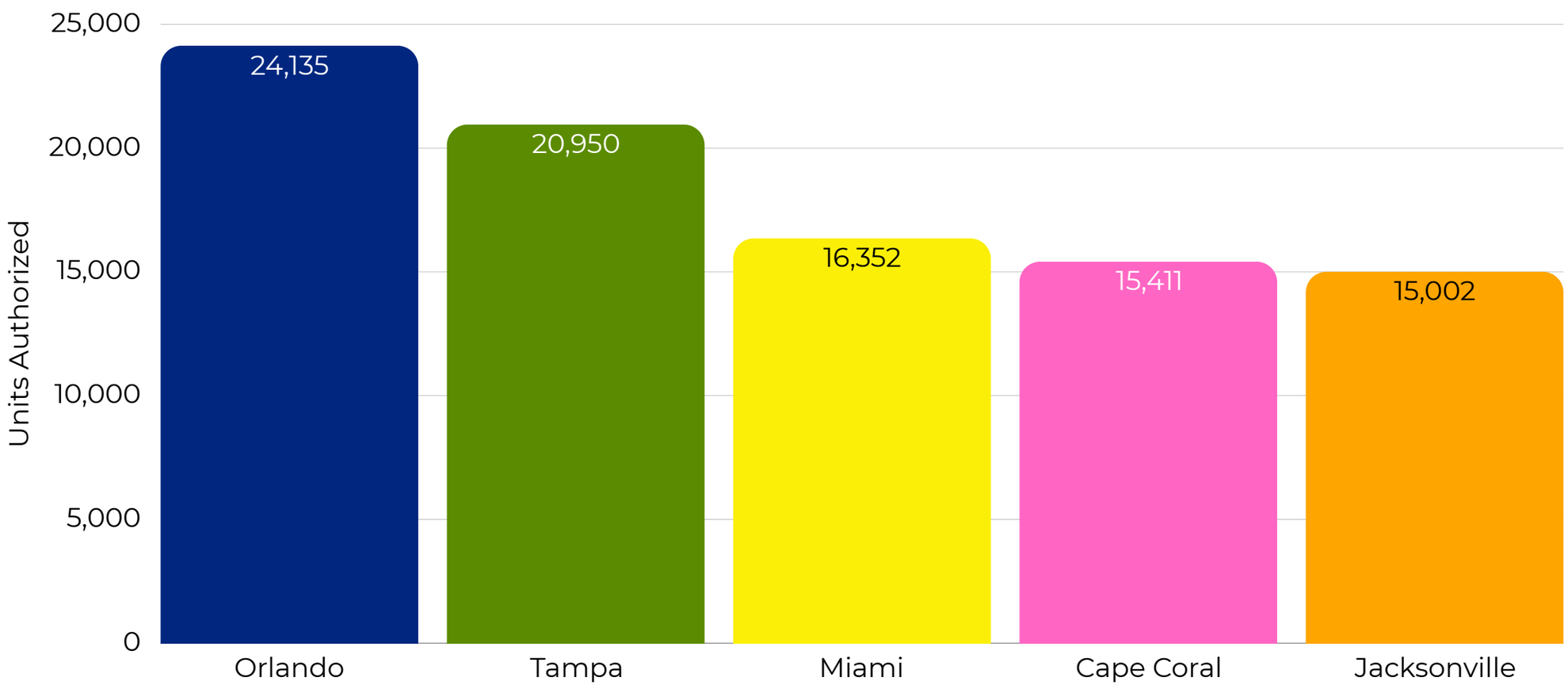


Florida's construction industry faces recruitment and retention challenges due to wage inflation and labor shortages, exacerbated by immigration enforcement. Reports indicate that intensified enforcement has decreased worker availability and increased costs. Additionally, the workforce is aging, with a median age of 42 and Baby Boomers nearing retirement, while Gen Z is entering the field slowly. However, specific data on Florida's construction workforce age distribution is limited.

Florida Housing and Infrastructure

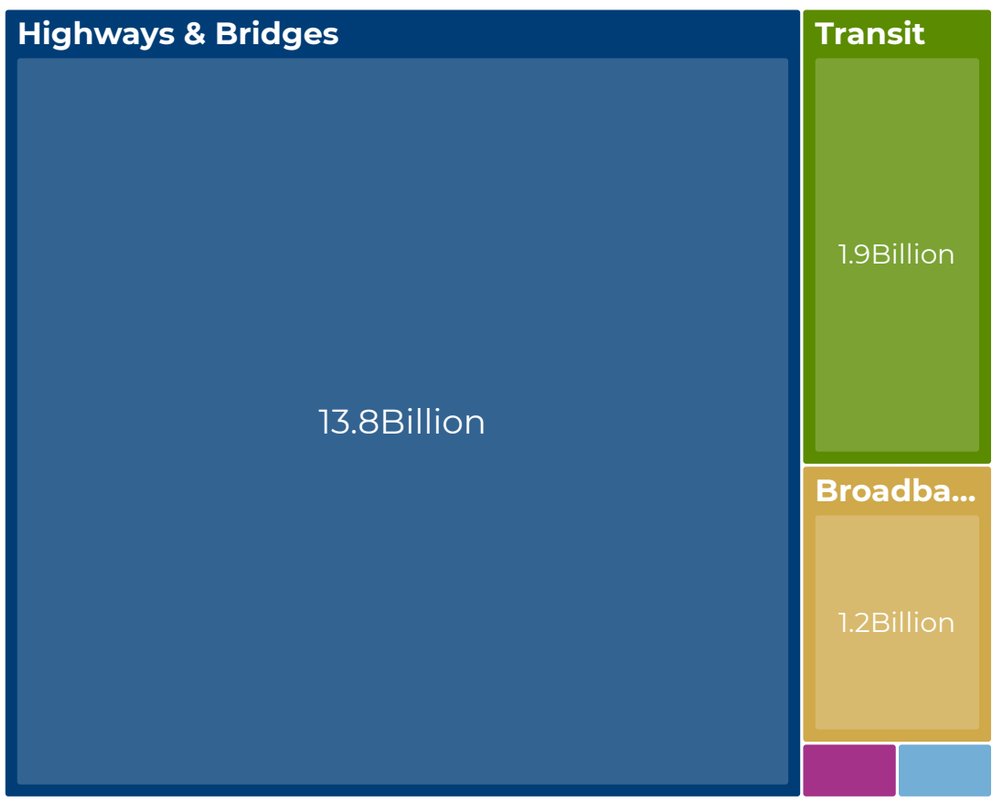
Transportation and infrastructure in Florida are expanding significantly, with the Department of Transportation's five-year work program for 2026-2030 totaling about $66.1 billion for highways, bridges, and major projects. Florida will also receive around $13.06 billion in federal highway funds from 2022 to 2026 under the Infrastructure Investment and Jobs Act. Additionally, the modal development program includes approximately $6.3 billion for transit, rail, seaports, and aviation, providing steady opportunities for contractors.

Figure 4.6 Housing Permits by Metro



Florida's Department of Transportation plans a five-year work program (2026-2030) totaling about $66.1 billion for highways, bridges, and major projects. The state will also receive approximately $13.06 billion in federal highway funds from the Infrastructure Investment and Jobs Act (2022-2026). Additionally, the modal development program allocates around $6.3 billion, including $2.1 billion for transit, $1.0 billion for rail, $400 million for seaports, and $1.8 billion for aviation, supporting contractors in these areas.

Figure 4.7 Funding Scoreboard



Water resilience, broadband, and home hardening initiatives expand opportunities. The 2025-2026 Statewide Flooding and Sea Level Rise Resilience Plan allocates $150 million for local projects, while the My Safe Florida Home program designates $280 million for wind mitigation upgrades. The budget includes $805 million for Everglades restoration and $550 million for water quality improvements, alongside over $1.16 billion in BEAD broadband funds for last-mile construction. Companies aligning with these funding streams and demonstrating compliance can secure multi-year projects.

Florida Policy and Legislative Outlook

Florida is utilizing housing preemption and tax strategies to increase supply. The Live Local Act of 2023 established zoning preemptions for mixed-income rentals on commercial sites and enhanced state financing for workforce housing. In 2024, SB 328 and HB 7073 were adopted to clarify and strengthen these measures by protecting floor area ratios and improving tax incentives. Local implementation guides are being published, and developers are progressing with proposals near transit and employment centers.

Permitting is moving toward time-certain decisions with clearer pathways for private providers. HB 267 in 2024 directs the Florida Building Commission to revise code provisions, tightens permit processing clocks when sealed affidavits are used, allows deemed approvals in defined circumstances, and requires local audit manuals before auditing private providers. Statute already compels online application tracking and sets master permit rules with fee reductions when review deadlines are missed, creating predictable timelines for high-volume residential programs and repeatable building types.

Procurement access and cash flow protections are codified. The Office of Supplier Diversity certifies minority, women, and veteran-owned firms for state purchasing and should be part of every procurement strategy. For federally assisted transportation work, FDOT's triennial overall DBE goal for FHWA-funded contracts is 10.54 percent for federal fiscal years 2024 through 2026, with project-level enforcement by sponsors. Payment rules include state agency processing limits under Section 215.422, private contract protections under Section 715.12, and local government prompt payment with mandatory interest under Section 218.735. Retainage on public construction is capped at five percent, with punch list-based closeout, under Sections 255.077 and 255.078. Build these triggers into every subcontract, billing cycle, and supplier term sheet.

Florida also widened the lane for public-private delivery. HB 781 in 2024 amended section 255.065 to allow responsible public entities to accept unsolicited P3 proposals without a full competitive bid if they hold two public meetings, make a public interest determination, and publish a report in the Florida Administrative Register. This creates a faster route for transportation, water, social infrastructure, and district energy projects where private capital and delivery speed matter. For Hispanic primes, the strategy is direct. Pair Live Local entitlement math with the right height and FAR, use master permits to compress cycle time, certify with OSD, and in the Unified DBE directory, contract to Florida prompt pay and retainage standards, and position on P3 pipelines where your team can carry design, compliance, and operations to close.

Florida Economic Risk

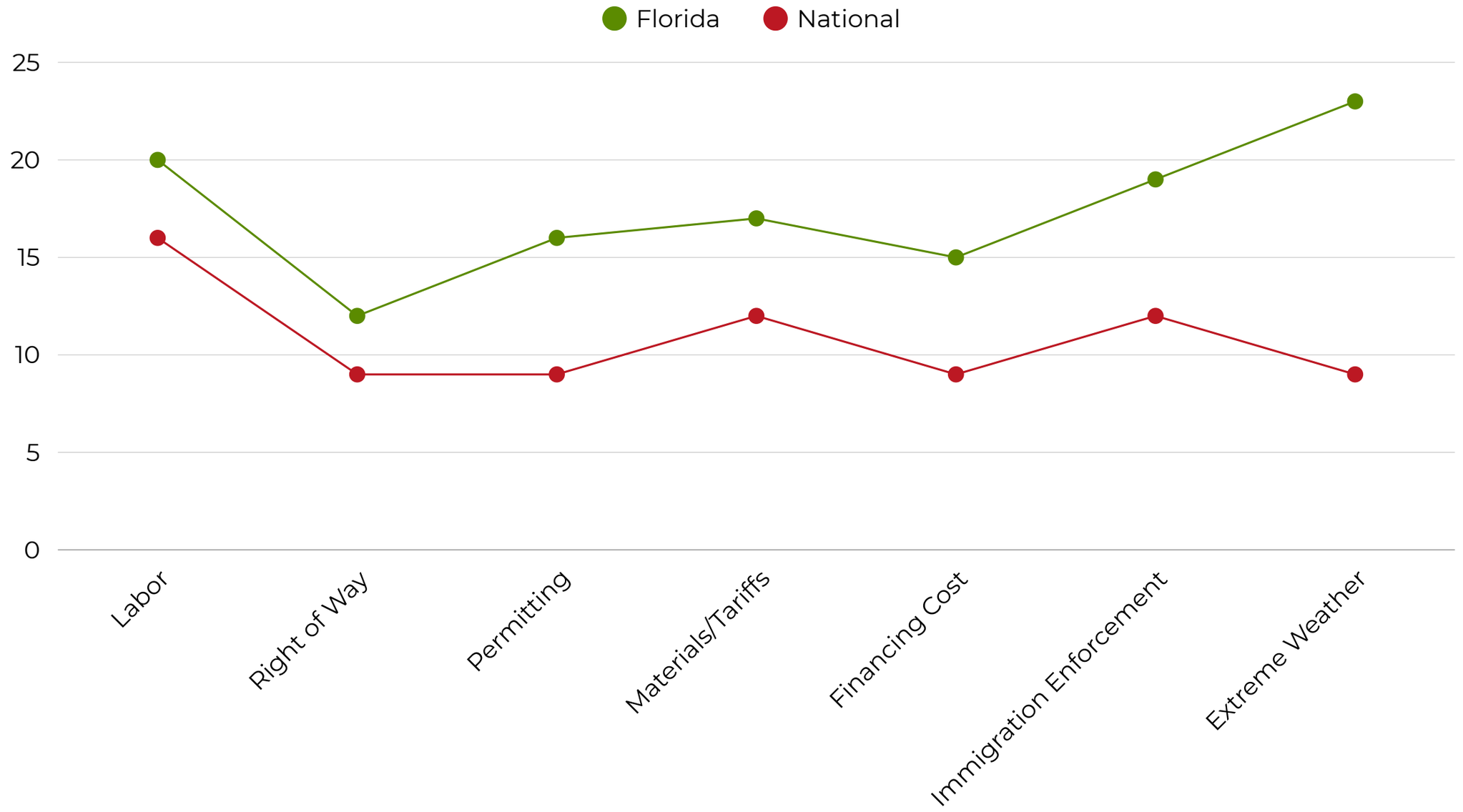
Cost and schedule risk starts with insurance, storms, and long lead equipment. Florida homeowners pay some of the highest premiums in the nation, and persistent reinsurance pressure keeps pricing volatile, which lifts carrying costs for builders and weakens housing demand near the margin. Hurricane seasons introduce predictable schedule interruptions, while procurement for distribution and power transformers, as well as large switchgear, often runs long, which stalls energization, commissioning, and closeout. Permitting clocks are improving under recent building regulation changes, including faster decisions and deemed approvals with private provider affidavits. However, local implementation remains uneven, so owners should structure pre-application meetings and third-party reviews to protect their calendars.

Chart 4 Project Delay

Project Delays				
Project	Cost	Location	Delay Impact	Cause
I-395 Signature Bridge	840 million	Miami	Delayed by 270 days with delivery by 2027	Weather
I-4	2.3 billion	Orlando	Overrun	Claims and construction challenges
SunRail Service	TBD	Orlando Metro	Scope resets and multi-year rebaseline	Cost escalation, community input, funding plan adjustments
Tampa Street Car	TBD	Tampa Bay	Start date delayed	Funding sequencing and environmental review
Jacksonville U2C	430 million	Jacksonville	Phrases re-sequenced	Tech readiness and procurement pacing

Labor is the second risk, and it is a decisive factor. Florida builds with a heavily Hispanic workforce, and licensed electricians, plumbers, and operating engineers remain in high demand in the hottest metros. The 2023 law, known as SB 1718, requires E-Verify for employers with 25 or more employees, which adds documentation steps and heightens exposure for firms with weak onboarding and record-keeping practices. Extreme heat days reduce productive hours and increase safety requirements for hydration, shade, and work-rest cycles. Without a strong apprenticeship intake and bilingual training, overtime becomes the default, unit costs rise, and rework risk increases when experienced supervisors are spread across multiple jobs.

Figure 4.8 Risk Matrix



Funding is sizable, but execution discipline determines how much value gets delivered. The FDOT's tentative five-year work program totals approximately $66 billion, yet inflation and interest costs erode buying power when projects slip. The play is clear. Pre-buy critical electrical gear, align schedules with utility windows and storm calendars, and utilize private provider pathways to keep permits on schedule. Build auditable DBE plans to meet contract goals, embed prompt pay and retainage protections in every subcontract, and lock utility coordination early. Firms that run this checklist hold margins and convert public capital into on-time assets.

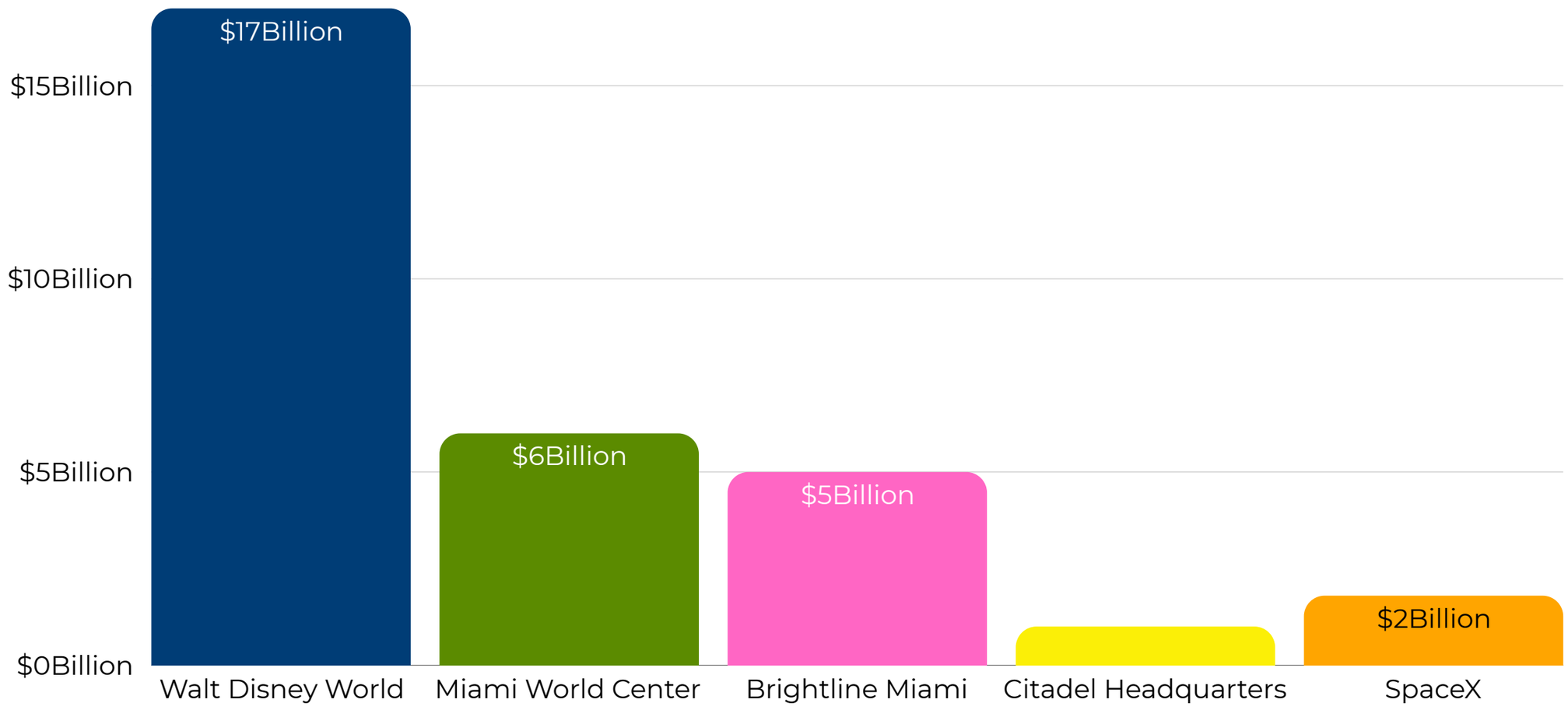
Florida Private Development Health

Private development is currently divided into two sectors: industrial/logistics and multifamily. Industrial growth is strong due to population increases, e-commerce, and port connectivity, while multifamily development has become more cautious due to rising insurance costs and tighter financing. A significant number of units from the 2021-2023 pipeline are being completed, but new projects are slowing down as lenders demand stronger preleasing and clearer budgets.

Tourism and entertainment projects, like Epic Universe in Orlando, support construction, with a modest data center pipeline in Miami and Tampa. Metro dynamics vary: South Florida's industrial sector shows positive absorption and rising rents despite higher vacancy rates, while Orlando's industrial market is improving after rapid deliveries. Jacksonville benefits from a strong logistics ecosystem, and population growth is concentrated in select counties, driving private development momentum.

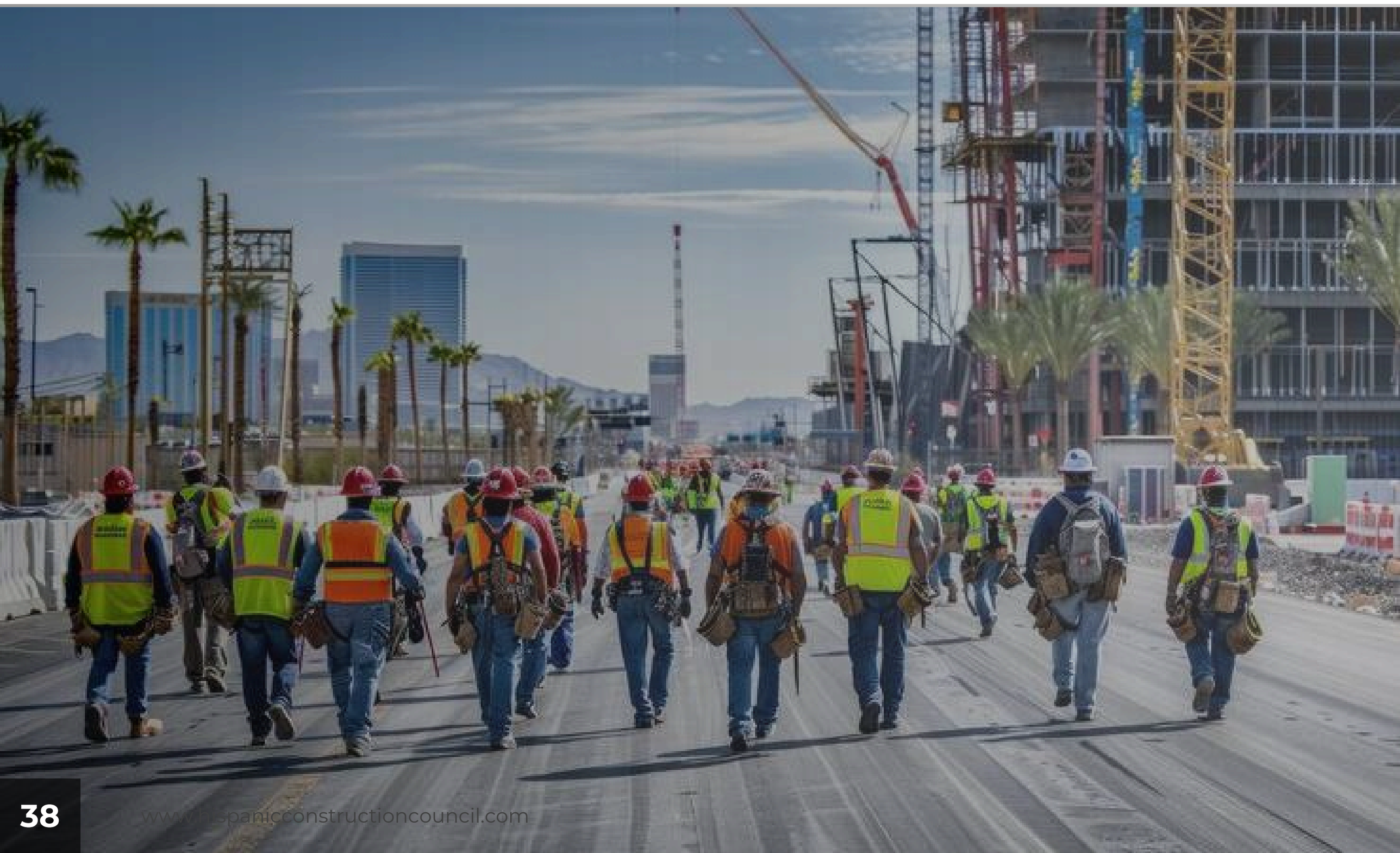
For Hispanic contractors and small developers, the play is targeted and disciplined. Focus on logistics, healthcare, entertainment, and mission-critical scopes that align with durable demand. Underwrite insurance explicitly, prebuy critical electrical gear when contracts allow, and build schedules around utility windows and storm calendars. Where mixed income rental math pencils, pair Live Local entitlement tools with auditable supplier and workforce plans, and lock prompt pay and retainage protections into every subcontract. Execution quality and cash flow discipline are the edge that converts Florida demand into bankable backlog.

Figure 4.9 Current Major Projects



Florida Construction Workforce Shortage

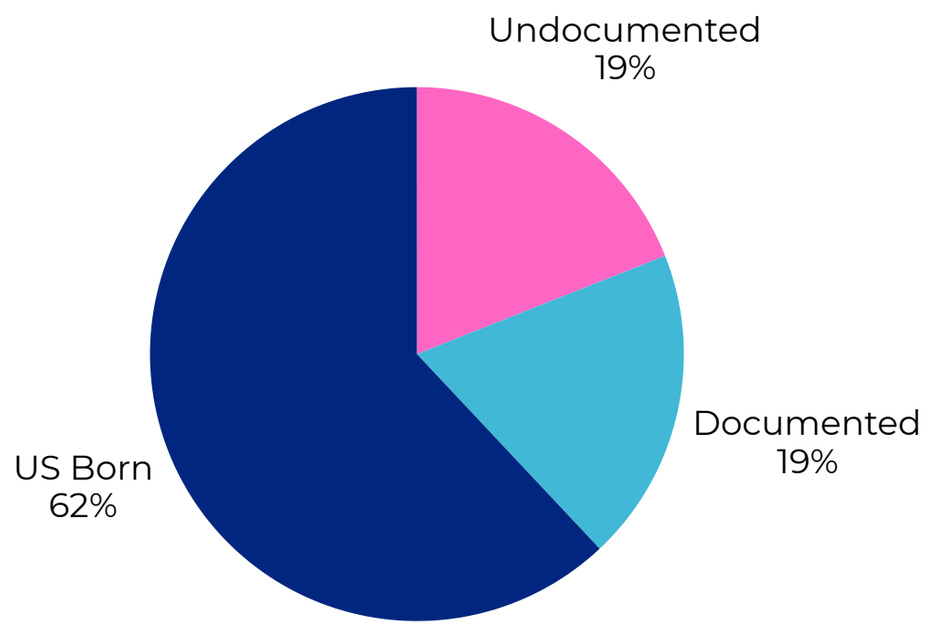
Florida’s deficit is about 21,400 to 24,200 workers statewide, led by shortages of electricians, plumbers, HVAC mechanics, roofers, and operating engineers as storm repairs, Live Local housing, and grid work stack up. Projects feel the impact through longer MEP lead times, schedule slips during peak heat and hurricane seasons, and tighter onboarding under E-Verify, which raises documentation risk for firms without a disciplined HR process and increases contingency pricing on fast-track multifamily and logistics jobs.



Florida Impact of Mass Deportation

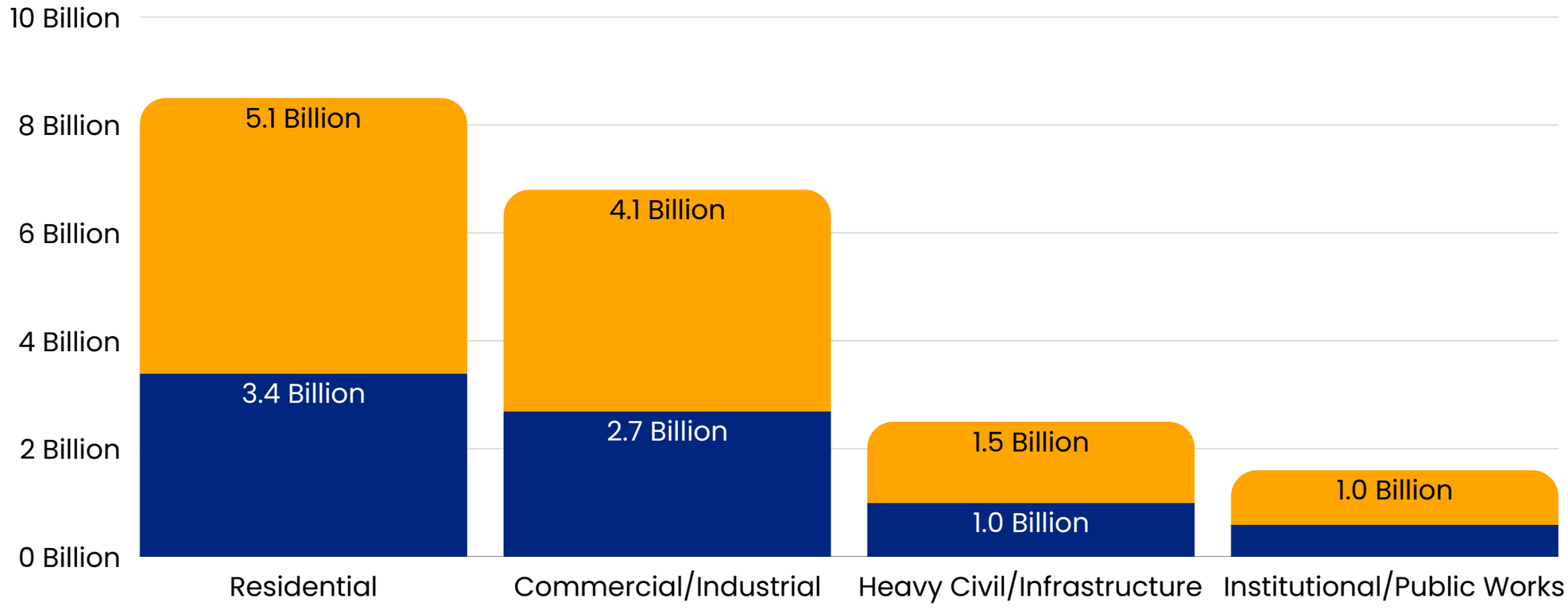
Florida's construction sector faces a potential labor shock, with 657,000 workers currently employed. Immigrants make up about 38% of this workforce, and national data suggests 10% to 13% of construction workers are undocumented. This could mean a loss of 66,000 to 85,000 workers in Florida, particularly affecting concrete, framing, drywall, electrical, roofing, and site work in South Florida, Orlando, Tampa, and growth corridors. Such a loss would lead to wider bid spreads, increased overtime and per-diem costs, and delays of 3 to 6 months for typical vertical projects.

Figure 4.10 Immigration Status Composition



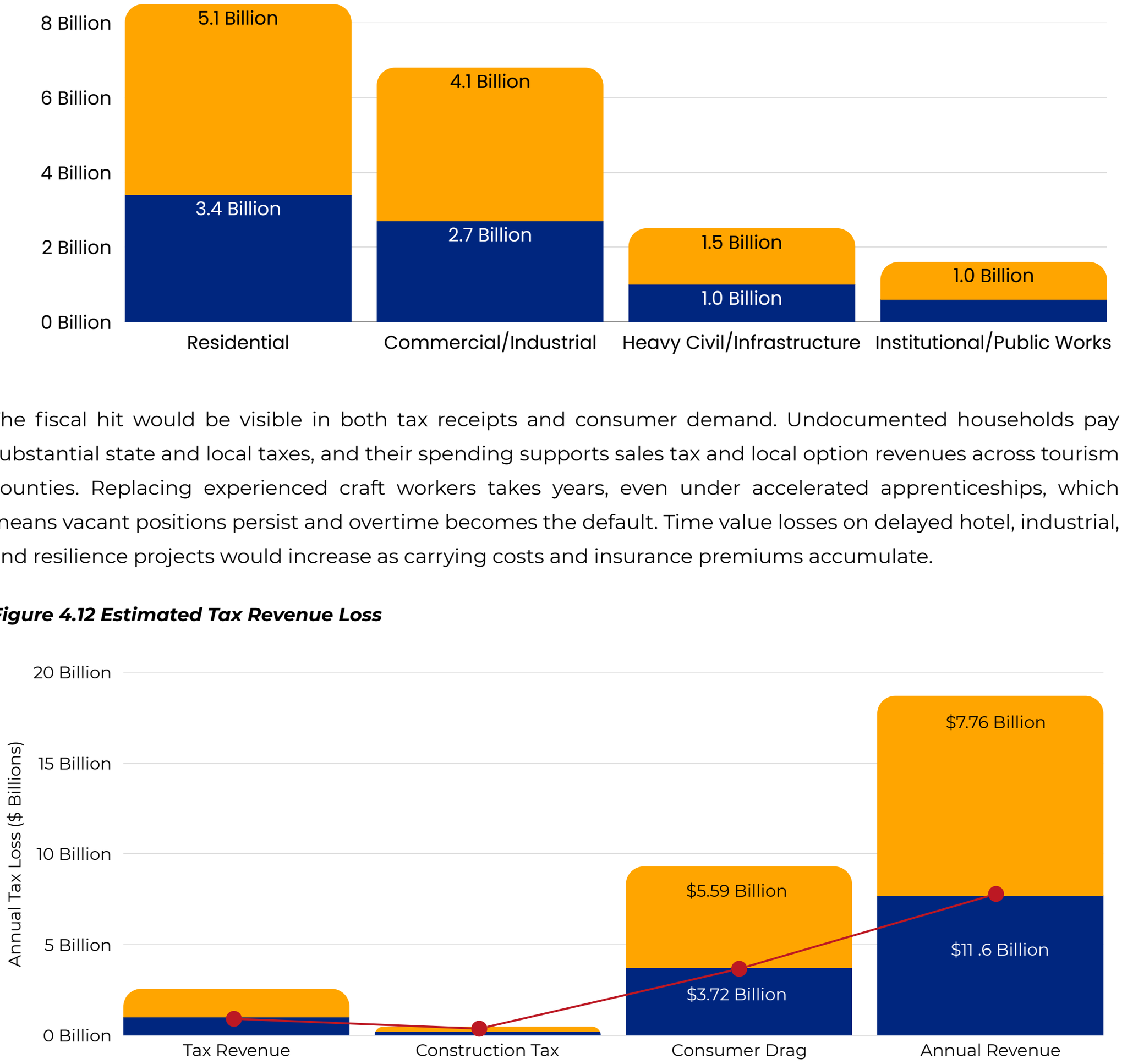
Macro effects would register in output and growth. Construction value added in Florida is running at nearly $101.3 billion per year at an annual rate in early 2025. A 10% to 13% unfilled workforce loss would likely result in an 8% to 12% reduction in yearly construction output, before considering multipliers, equivalent to roughly $8.1 to $12.2 billion. Against a state economy of approximately $1.3 trillion, that represents a direct drag of 0.6% to 0.9%, with larger secondary effects as industrial facilities, ports, airports, data centers, and public works are delayed on schedule.

Figure 4.111 Annual Output Loss by Sector



The fiscal hit would be visible in both tax receipts and consumer demand. Undocumented households pay substantial state and local taxes, and their spending supports sales tax and local option revenues across tourism counties. Replacing experienced craft workers takes years, even under accelerated apprenticeships, which means vacant positions persist and overtime becomes the default. Time value losses on delayed hotel, industrial, and resilience projects would increase as carrying costs and insurance premiums accumulate.

Figure 4.12 Estimated Tax Revenue Loss



Florida Infrastructure Hazards

Florida’s leading hazards are hurricanes, storm surges, and tornado outbreaks, which damage roads, bridges, and water systems, and cause widespread power outages. Hurricane Milton in 2024 produced EF-2 tornado damage, severe flooding, and large-scale outages, illustrating how outer rainbands can deliver destructive winds far from landfall. Repeated coastal events accelerate the corrosion of bridge components and pump stations, while issuing frequent boil-water advisories. Inland river basins experience prolonged flooding that undermines embankments and culverts. Heat extremes compound risks by reducing safe work windows and stressing materials during peak construction months.

Roadway safety in Florida is a significant concern, with high pedestrian and motorcycle fatalities exacerbated by fast speeds and poor nighttime visibility. King tides and flooding disrupt low-lying areas, increasing maintenance costs and complicating evacuations. Infrastructure like bridge approaches and signal cabinets faces saltwater intrusion, reducing asset lifespan. Additionally, port and airport operations experience frequent recovery cycles, raising insurance and contingency expenses.

Resilience spending is growing, but it must scale in proportion to the level of exposure. Priority moves include surge barriers in the highest-risk inlets, elevating critical road segments, and hardening substations that serve hospitals, shelters, and water plants. Undergrounding distribution in the most vulnerable coastal segments and standardized debris-clearance contracts shorten restoration timelines. Owners should pair drainage modernization with updated design storms and procurement that prebuys long-lead electrical gear ahead of peak season. HCC grades Florida as a C-.

Florida Financial Outlook

Florida’s construction economy is stable as it approaches late 2025, supported by strong public sector projects and a cautiously improving private sector. Employment remains high, and rapid population growth drives demand for residential and community infrastructure. Private capital is becoming more available for projects with solid plans, although permitting varies. Single-family housing is affected by interest rates, while multifamily activity shows resilience, particularly in southern regions.

Public finance is a key driver, with Florida's Department of Transportation planning $13.7 billion for fiscal 2025-2026 and $66.1 billion over five years. Federal programs under the Infrastructure Investment and Jobs Act support various infrastructure projects. These investments help stabilize contractor backlogs amid private market fluctuations.

However, there are risks, including rising insurance costs affecting housing affordability and the complexity of financing certain projects. Despite these challenges, the outlook for 2025 remains moderately positive due to population growth and ongoing transportation and port programs.

OREGON

5

892 Points

STATE OF CONSTRUCTION **2025**

OREGON EXECUTIVE SUMMARY

Oregon’s construction market is a critical driver of the state’s economy, anchored by semiconductor supply chains, logistics, and public works. In 2024, construction GDP reached $16.9 billion and is expected to continue climbing in 2025. Hispanic workers and firms play a vital role in this growth, with expanding contributions in framing, concrete, drywall, and sitework. However, tight housing supply in Portland, the Willamette Valley, and Bend increases travel times and turnover for crews, adding pressure to project timelines.

Opportunities and Challenges:

- Workforce Shortages: The demand for civil crews, concrete workers, electricians, and control technicians exceeds the local supply during peak periods tied to semiconductor fabs and transportation projects. Wildfire seasons further disrupt air quality and outdoor work windows, compressing schedules and requiring weekend and night shifts. Predictable payment practices and bilingual training programs are essential for scaling small and mid-sized Hispanic firms into prime roles.
- Housing and Infrastructure: Semiconductor expansions, water system upgrades, bridges, and transit maintenance provide a stable foundation for work. Wildfire hardening, evacuation routes, and substation protection are rising priorities following record-breaking wildfire seasons. Streamlined housing approvals near job hubs can stabilize attendance, improve safety, and shorten project cycle times.
- Disaster Risks: Oregon’s 2024 wildfire season was the most expensive on record, with 1.9 million acres burned and significant appropriations for response and mitigation. Early 2025 continues to see elevated fire activity and costs. Effective execution requires seasonal schedule buffers, filtration and heat plans, and logistics redundancy to navigate closures.

Acceleration Playbook:

- Finance: Ensure predictable payment terms and unbundle scopes to allow emerging Hispanic primes to compete for vertical and tech-adjacent projects.
- Approval Processes: Streamline land use approvals for infill and workforce housing near job hubs to stabilize crews and reduce travel downtime.
- Workforce Development: Expand bilingual apprenticeship programs and establish protocols for wildfire-season work to maintain productivity and safety during peak disruptions.

Oregon’s construction GDP, now trending above $17 billion on a quarterly SAAR basis, reflects the state’s resilience and disciplined delivery. HCC recommends standing up wildfire-season work protocols, streamlining housing approvals, and expanding bilingual training programs to accelerate growth and broaden ownership opportunities.

Congratulations to Oregon for its Top 10 ranking and leadership in construction innovation. By addressing workforce gaps, mitigating wildfire risks, and streamlining approvals, the state can continue to build a resilient and thriving construction economy.

Oregon Hispanic Owned Firms

Hispanic-owned businesses account for about 8.3% of all employer firms in Oregon, while Hispanics comprise nearly 13% of the state's population. Within construction, this translates to an estimated 3,070 Hispanic-owned construction businesses out of roughly 37,000 employer firms. The underrepresentation points to a structural gap in access to capital, bonding, and procurement that limits the ability of Hispanic entrepreneurs to scale and compete at the same level as their workforce presence would suggest. Expanding inclusive financing and procurement practices could help convert this labor strength into broader ownership equity.

Figure 5.1 Estimated Ownership by Race

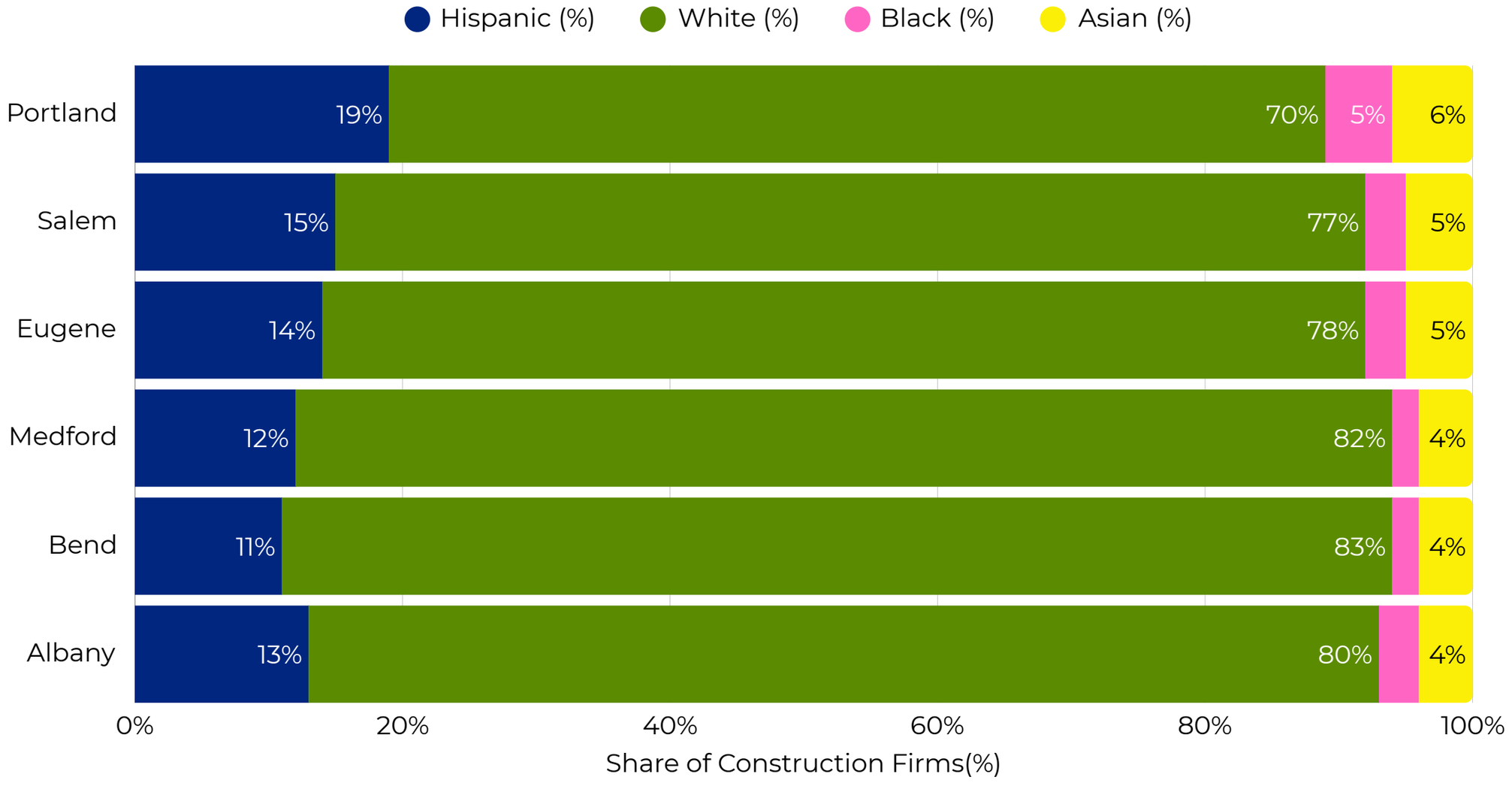
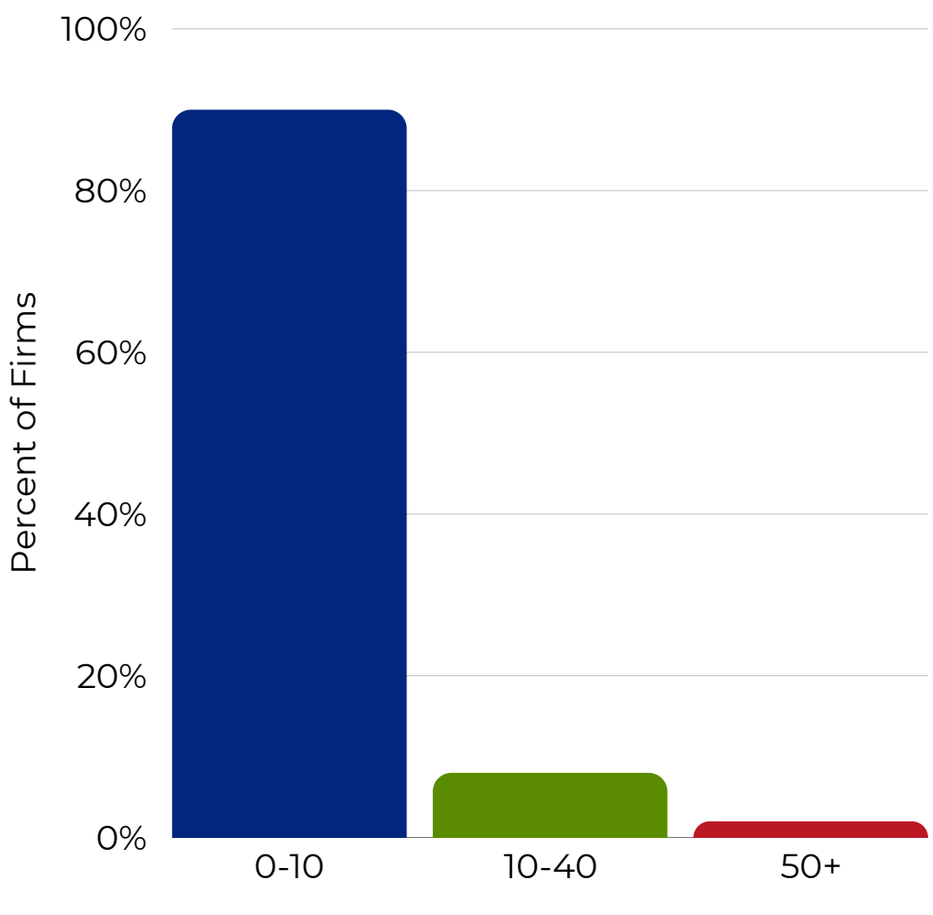


Figure 5.2 Hispanic Firm Size by Employees



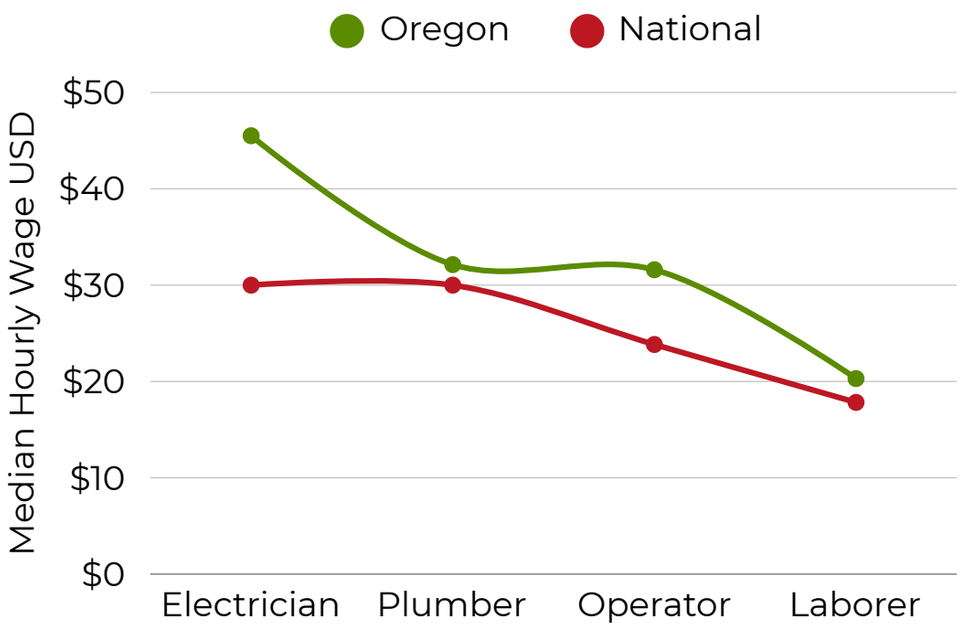
Hispanic workers represent about 18% of Oregon's construction workforce, and their presence is even higher in trades like carpentry, drywall, and general labor. In Portland and the Willamette Valley, Hispanic labor anchors multifamily and residential growth. In Central Oregon around Bend, they are integral to rapid suburban expansion. In Eastern Oregon, Hispanic crews keep agricultural facilities and logistics hubs running. Yet while their labor is indispensable, ownership remains uneven. Without policies that help these workers transition into firm ownership, Oregon risks leaving its most critical workforce locked into labor-only roles while others capture the rewards of leadership.

Oregon's housing shortage, wildfire recovery, and infrastructure needs create an opening to elevate Hispanic-owned firms into leadership roles. Bonding assistance, inclusive procurement, and bilingual apprenticeship-to-ownership pipelines would allow these 3,000-plus firms to scale and compete. Embedding Hispanic contractors into Portland's affordable housing programs, statewide transportation projects, and climate resilience work would create not just equity, but economic resilience. By leveraging the strength of its Hispanic workforce and ensuring it is matched with ownership opportunities, Oregon can align its economic development with the communities driving its construction sector.

Oregon Hispanic Construction Workforce

Hispanics are a cornerstone of Oregon's construction sector, representing roughly 14% of the statewide construction workforce, a proportion higher than their share of Oregon's overall labor force. In the Portland metro area, Hispanic workers make up close 20% of construction employees, reflecting both a strong urban presence and a vital role in rural projects like agricultural facilities and regional infrastructure.

Figure 5.3 Wage Ladder



Across the state, Hispanic workers are disproportionately represented in physically demanding and essential roles such as framing, drywall, roofing, and site preparation, trades that form the backbone of housing and infrastructure delivery. Language access, credential recognition, and access to affordable training opportunities limit the pace at which Hispanic workers move into licensed trades and supervisory roles, constraining their potential to scale into higher-earning positions.

The apprenticeship pipeline underscores the importance of Hispanic labor in sustaining the industry. In recent years, about 19% of new apprentices in key trades such as carpentry, electrical, and plumbing identified as Hispanic/Latino. This demonstrates not only the scale of Hispanic participation but also their younger age profile relative to non-Hispanic peers.

Figure 5.4 Workforce Composition

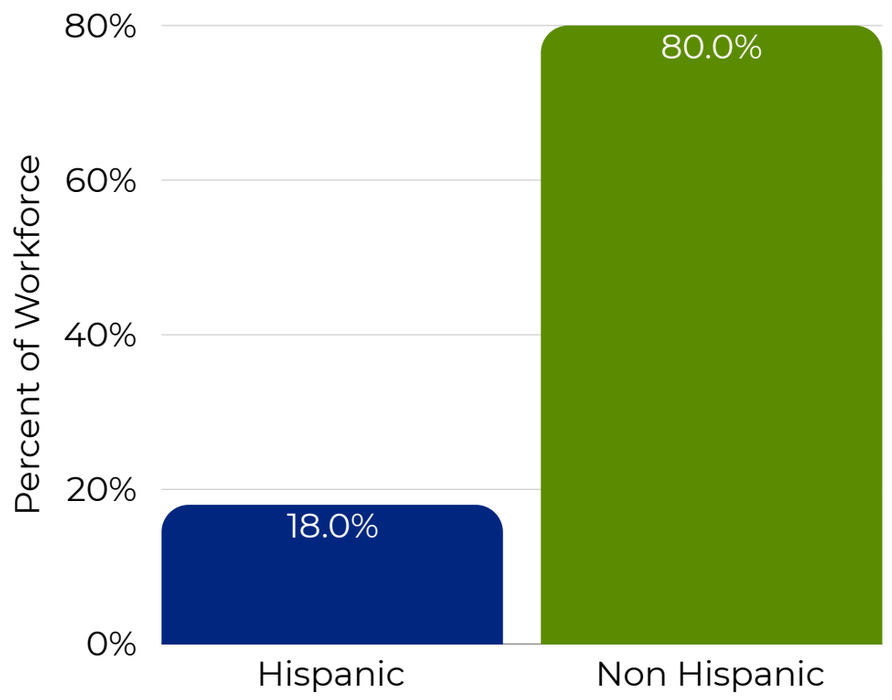
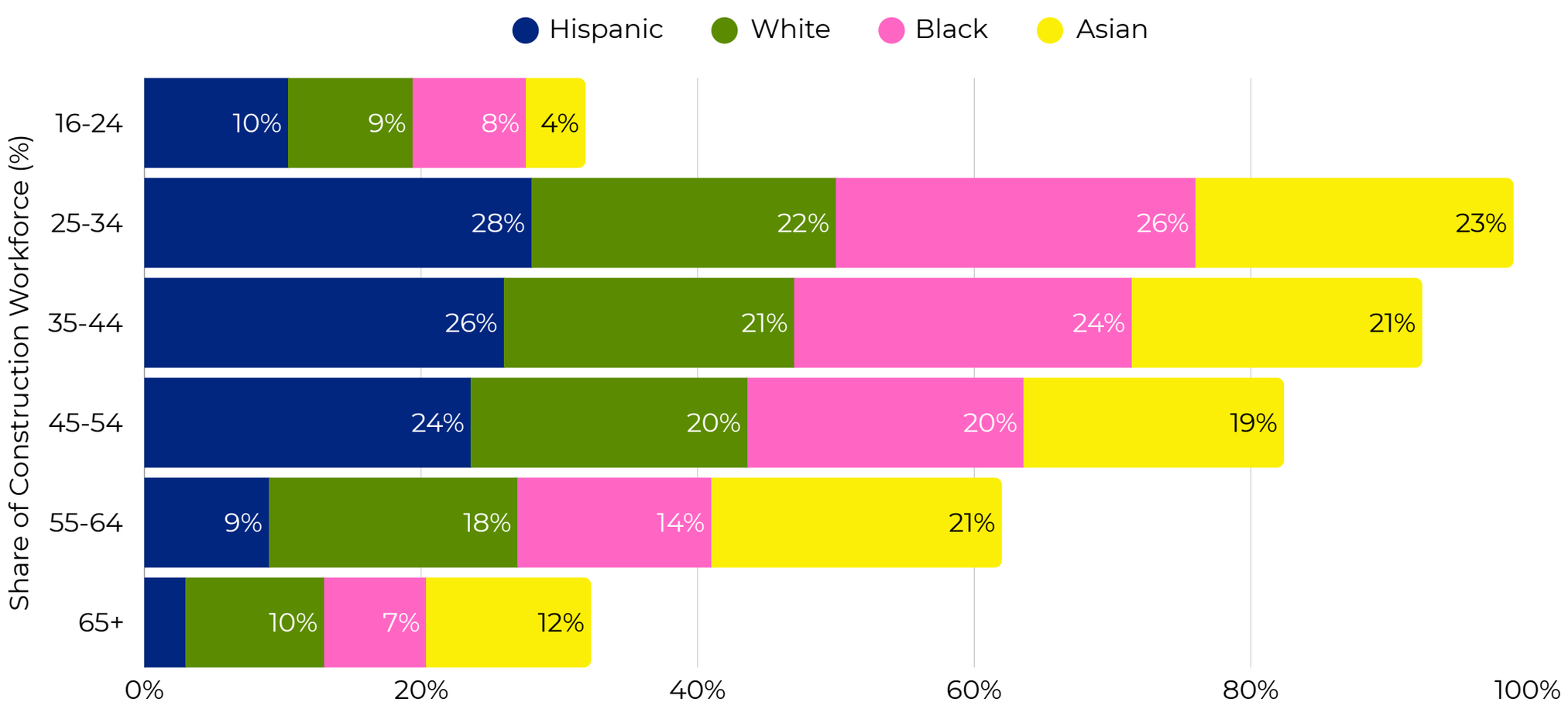


Figure 5.5 Workforce Composition by Age

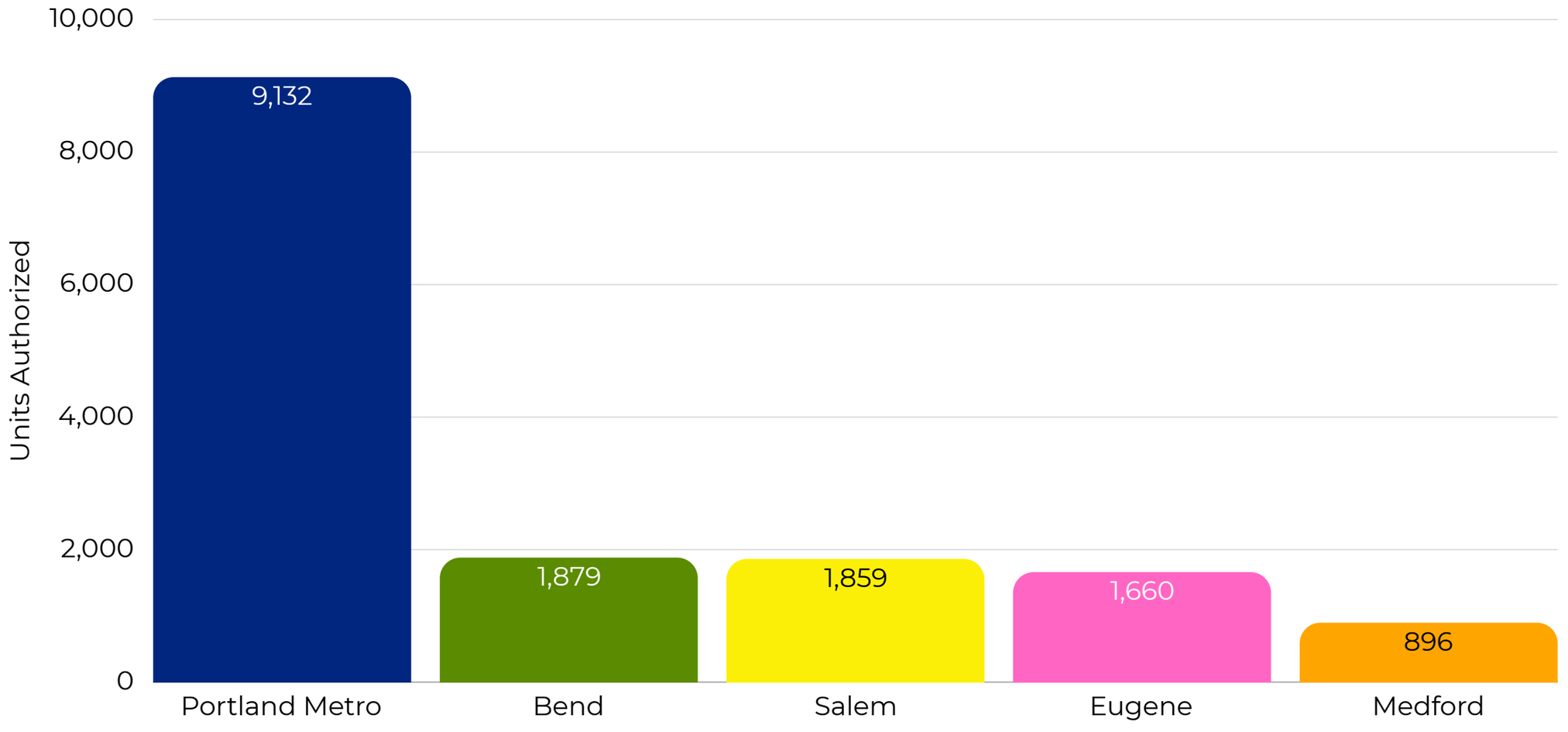


Hispanic workers in Oregon are prevalent on jobsites but are underrepresented in construction ownership and leadership. Most are employees or small subcontractors, leading to vulnerability during economic shifts or immigration enforcement. To address this, Oregon should invest in bilingual training, streamline credential pathways, and enhance access to bonding and capital for Hispanic entrepreneurs. Elevating Hispanic workers into ownership and leadership can foster economic equity and help meet the state's housing and infrastructure objectives.

Oregon Housing and Infrastructure

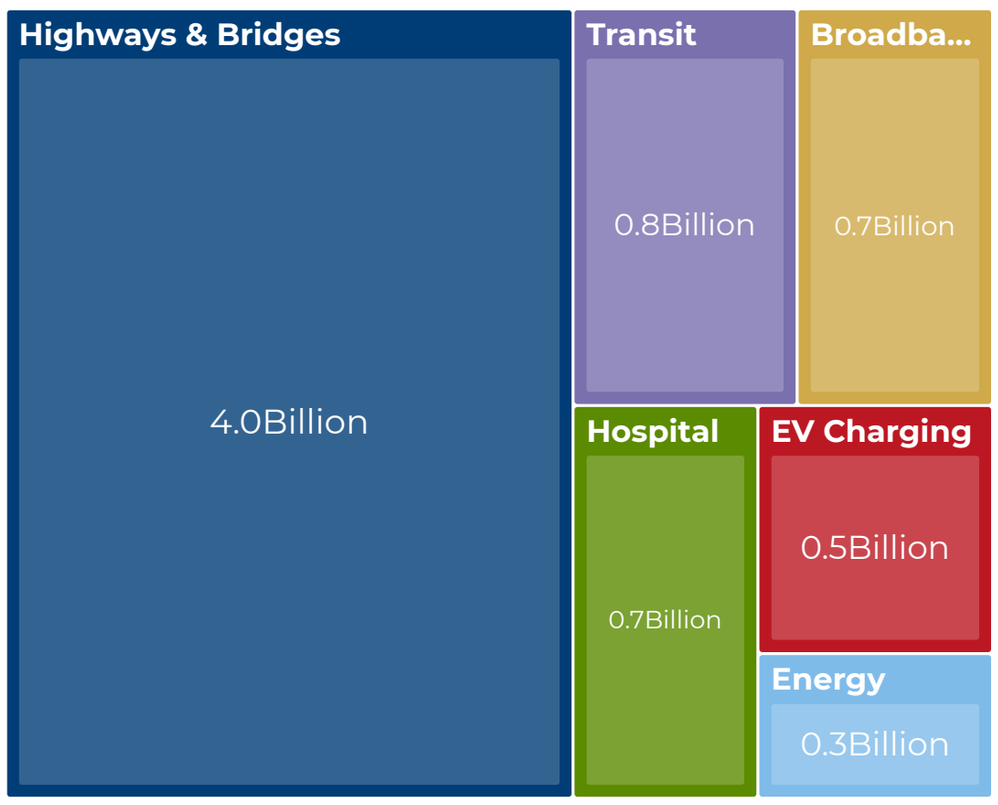
Oregon’s housing pipeline softened in 2024 but remains active in Portland, the Willamette Valley, and Central Oregon. Local jurisdictions authorized approximately 14,000 new housing units for the year, equivalent to roughly one percent of all U.S. permits, with single-family housing holding up better than large multifamily units late in the year. That volume still supports steady work for site, concrete, framing, electrical, and MEP subs, but pro formas must carry longer approval clocks and tighter coverage on insurance and materials

Figure 5.6 Housing Permits by Metro



Transportation and core infrastructure are funded for multi-year delivery. The current Oregon Statewide Transportation Improvement Program invests more than $3.3 billion across roads, bridges, safety, and local programs through 2027. Federal highway formula apportionments to Oregon under the Infrastructure Investment and Jobs Act total approximately $3.45 billion across fiscal years 2022 through 2026, including dedicated lines for freight, carbon reduction, and PROTECT, which provides a reliable foundation for heavy civil and systems work.

Figure 5.7 Funding Scoreboard



Water, resilience, broadband, and grid programs widen the bid lane. The EPA announced more than $74 million for Oregon's drinking water, wastewater, and stormwater upgrades in 2024, and federal and state materials indicate additional SRF support of approximately $90 million for the year. Oregon’s BEAD broadband allocation is approximately $689 million, which will extend last-mile construction statewide. The Department of Energy and the Oregon Department of Energy opened an eighteen-point-nine-million-dollar grid resilience grant round tied to IIJA Section 40101, adding near-term substation and feeder hardening work.

Oregon Policy and Legislative Outlook

Procurement access and cash flow protections are established. The Office of Supplier Diversity certifies minority, women, and veteran-owned businesses for state purchasing. For federally assisted transportation, FDOT's DBE goal is 10.54% for 2024-2026, enforced by project sponsors. Payment rules include processing limits, private contract protections, and prompt payment requirements for local governments. Retainage on public construction is capped at 5%, with specific closeout procedures. These elements should be integrated into all subcontract agreements, billing cycles, and supplier terms.

Industrial recruitment in Oregon is supported by land and finance tools that boost construction demand, particularly through the Oregon CHIPS Act of 2023, which authorizes grants and loans for semiconductor projects. The act allows the Governor to designate critical industrial land, and Business Oregon's loan program provides forgivable financing for site preparations. Recent advances include a Hillsboro site for research and manufacturing.

Certification through the state's office supports minority, women-owned, emerging small, and veteran-owned firms, with a DBE goal of 3.39% for federal transit work from 2024 to 2026. Public contracts enforce a five percent retainage cap and prompt payment rules. Alternative delivery methods like CMGC and design-build are available.

For Hispanic builders, it's crucial to certify with COBID and the DBE system, present auditable plans, and target housing pipelines with infrastructure grants. Prioritize Oregon CHIPS land readiness and ensure contracts include prompt pay and retainage terms, utilizing exemptions for better risk management and growth opportunities.

Oregon Economic Risk

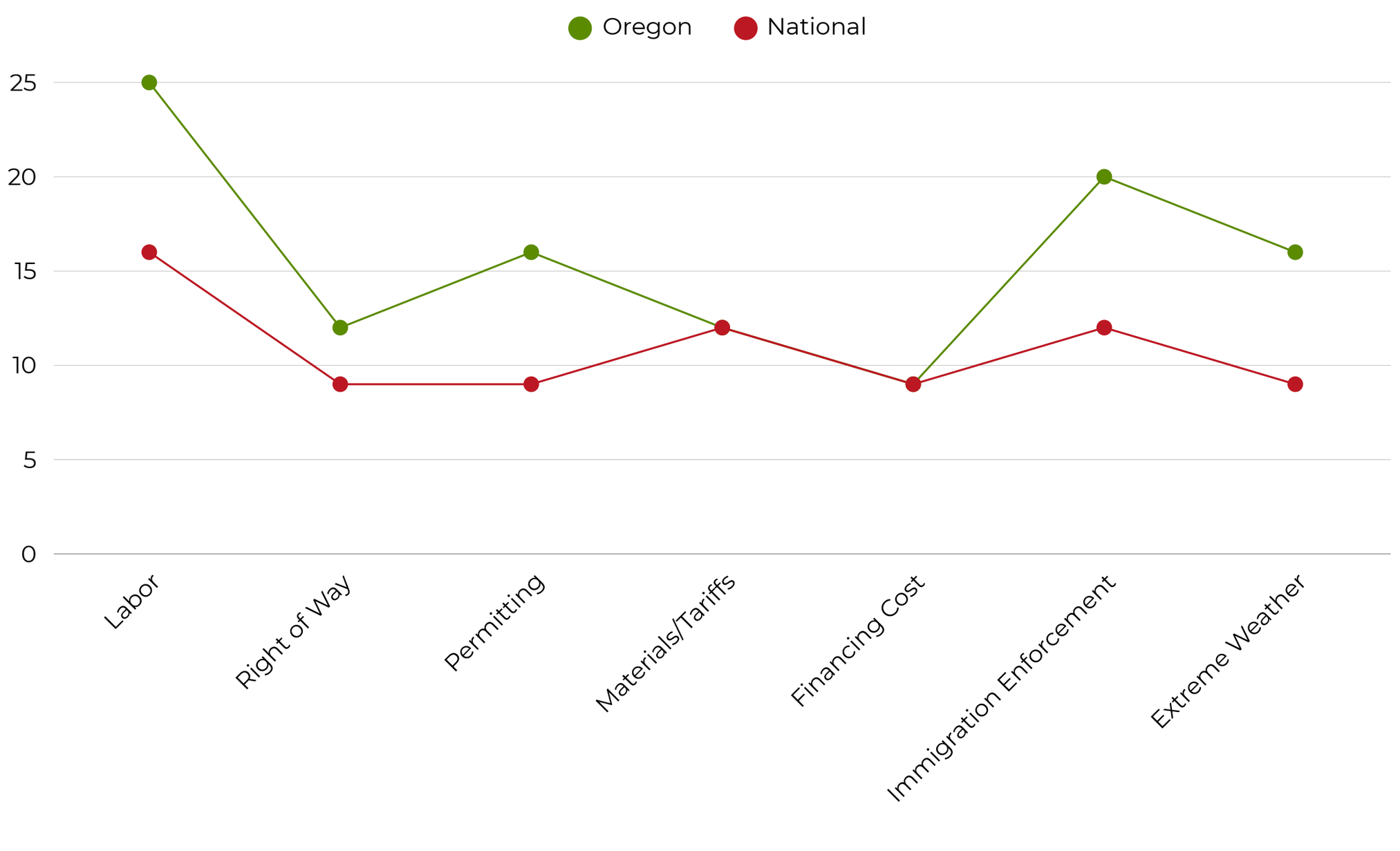
Cost and schedule risk begins with land use friction and long-lead equipment. Oregon’s growth management system and local infrastructure capacity can slow approvals and force expensive redesigns when utilities or transportation plans do not align with site timing. Lead times for switchgear and transformers continue to lengthen as data centers and electrification compete for equipment, which pushes energization and commissioning to the critical path. Rising utility rates add pressure to project pro formas and increase the cost of temporary and permanent power. To defend the margin, it is essential to front-load utility coordination, lock in interconnection windows, and pre-purchase electrical gear where contracts permit.

Chart 5 Project Delay

Project Delays				
Project	**Cost**	**Location**	**Delay Impact**	**Cause**
i205	$815 million	Clackamas County	Delayed to fall of 2026	Cost overruns and schedule changes
i5 Rose Quarter Improvement	$2 billion	Portland	Delayed start time within 2025	Funding and design updates
Interstate Bridge Replacement i5	$7.5 billion	Portland-Vancouver	Delayed to 2026	Funding plan and scope review
Pacific Coast Intermodal	2.3 billion	Cose Bay	Multi-year Delay	Permitting and financing hurdles
PacWave South	$80 million	Newport Coast	First deployment moved to 2026	Uncertainty and developer cancellationsho

Labor is the second risk, and it is a decisive one. Licensed electrical and mechanical trades remain in high demand in the Portland metro and in fast-growing regional hubs, and the seasonal construction calendar now includes days with heat and wildfire smoke that reduce productive hours. Oregon's permanent heat and smoke rules require water, shade, rest, and exposure controls at defined thresholds, which is good safety practice but adds schedule constraints and cost if not planned. Without bilingual apprenticeship intake and targeted upskilling for supervisors and field engineers, overtime becomes the default, and the risk of rework increases when experienced supervisors are stretched across multiple sites.

Figure 5.8 Risk Matrix



Funding is sizable, but execution discipline determines delivered value. The current Statewide Transportation Improvement Program programs multi-year highway and local mobility work, yet inflation and carrying costs erode buying power when projects slip. New statewide building performance standards for large commercial buildings will shift MEP scopes and require early energy modeling and retrofit planning, which can derail budgets if owners wait until late in the design process. Cash flow rules cap retainage and require prompt payment with interest penalties; however, sponsors who miss payment windows or allow change-order backlogs will see fewer bidders and higher prices. The play is clear. Sequence permits and off-site work early, integrates heat and smoke contingencies into baseline schedules, aligns contracts with Oregon's prompt-pay and retainage rules, and prequalifies Hispanic primes with auditable compliance plans, ensuring public and private capital converts into on-time assets.

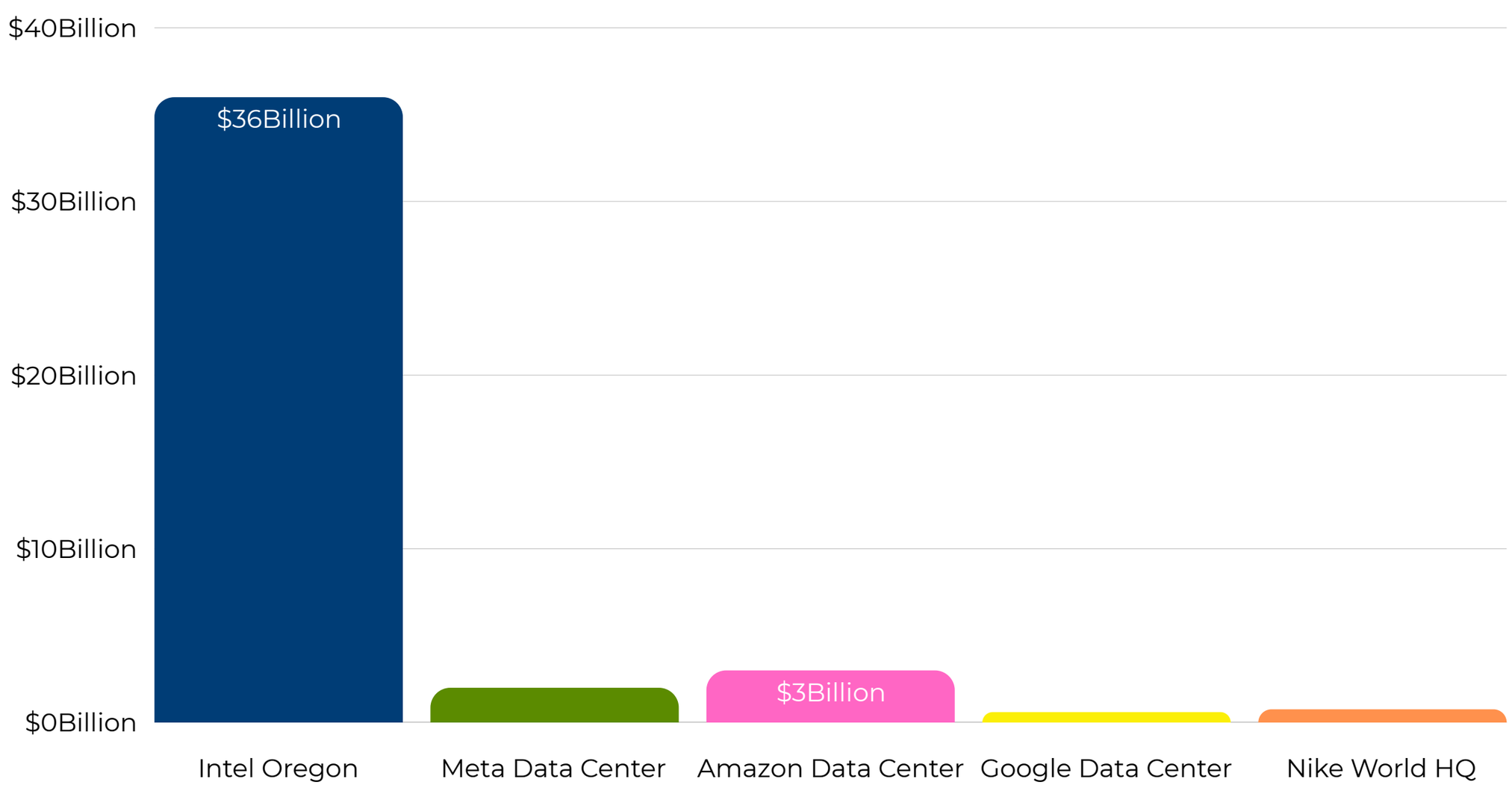
Oregon Private Development Health

Private development is running on two tracks. Industrial and logistics sectors remain steady statewide, even as Portland fundamentals cool, with vacancy rates near the mid-five percent range and leasing activity slower than during the last cycle. The strongest tailwind is mission-critical work. Amazon is expanding in eastern Oregon on hundreds of acres, Google is upgrading its The Dalles campus, and Meta and Apple continue to anchor Prineville. Semiconductor activity remains a pillar around Hillsboro, where Intel's technology development hub signals ongoing clean room and support building work. The office sector remains the weak link in Portland, with a record vacancy rate and continued negative absorption, which keeps lender scrutiny high and puts a premium on repositioning and credit tenancy.

Multifamily is selective but stabilizing. Deliveries and starts have pulled back, vacancy has flattened, and absorption has improved from late 2024 lows as developers digest the last wave of product. Reports show a modest number of units delivered in the recent quarter and a sharp drop in new starts year to date, while asking rents are firming in several submarkets as the under-construction pipeline steps down. The practical takeaway is that new ground-up deals must carry conservative lease-up assumptions, explicit insurance and tax budgets, and tighter contingencies, with suburban and university adjacent locations showing the cleanest underwriting.

For Hispanic contractors and small developers the play is targeted and disciplined. Prioritize data center campus work, semiconductor supplier space, and logistics facilities that ride long leases and utility upgrades. Prebuy long lead electrical gear where contracts allow, align schedules to utility windows, and lock commissioning plans early. Partner with equity that values compliance maturity and bilingual workforce depth, bring auditable supplier diversity plans to every bid, and structure prompt pay and retainage protections that keep cash flowing. This is how private demand converts into bankable backlog in Oregon's current cycle.

Figure 5.9 Major Projects



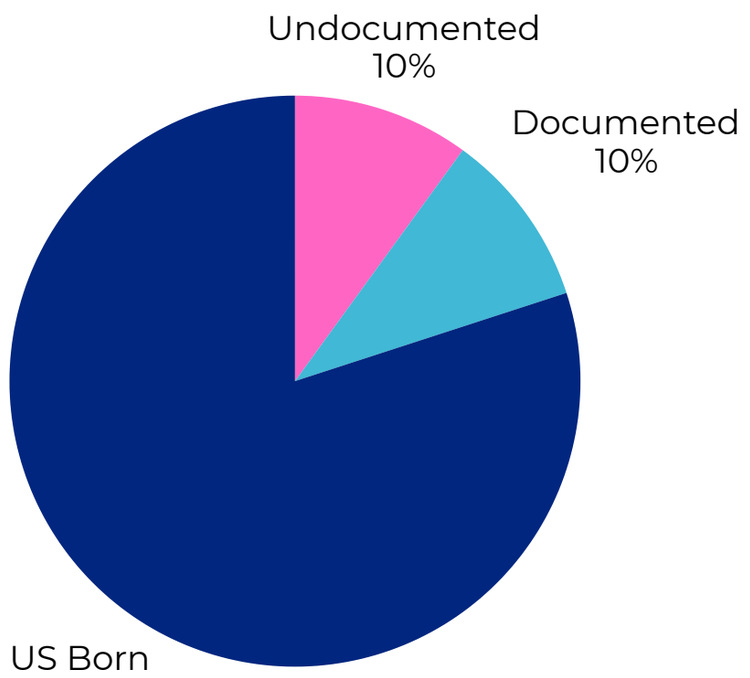
Oregon Construction Workforce Shortage

Oregon is short approximately 3,460 to 3,750 workers, primarily in the fields of electricians, controls technicians, and civil/site crews, who support semiconductor and data-center programs. The result is constrained shift coverage on clean-room and substation packages, productivity loss on heat and wildfire-smoke days, and higher carrying costs when commissioning talent is split across Hillsboro, The Dalles, and Central Oregon, making prefabrication and early equipment buyouts decisive.

Oregon Impact of Mass Deportation

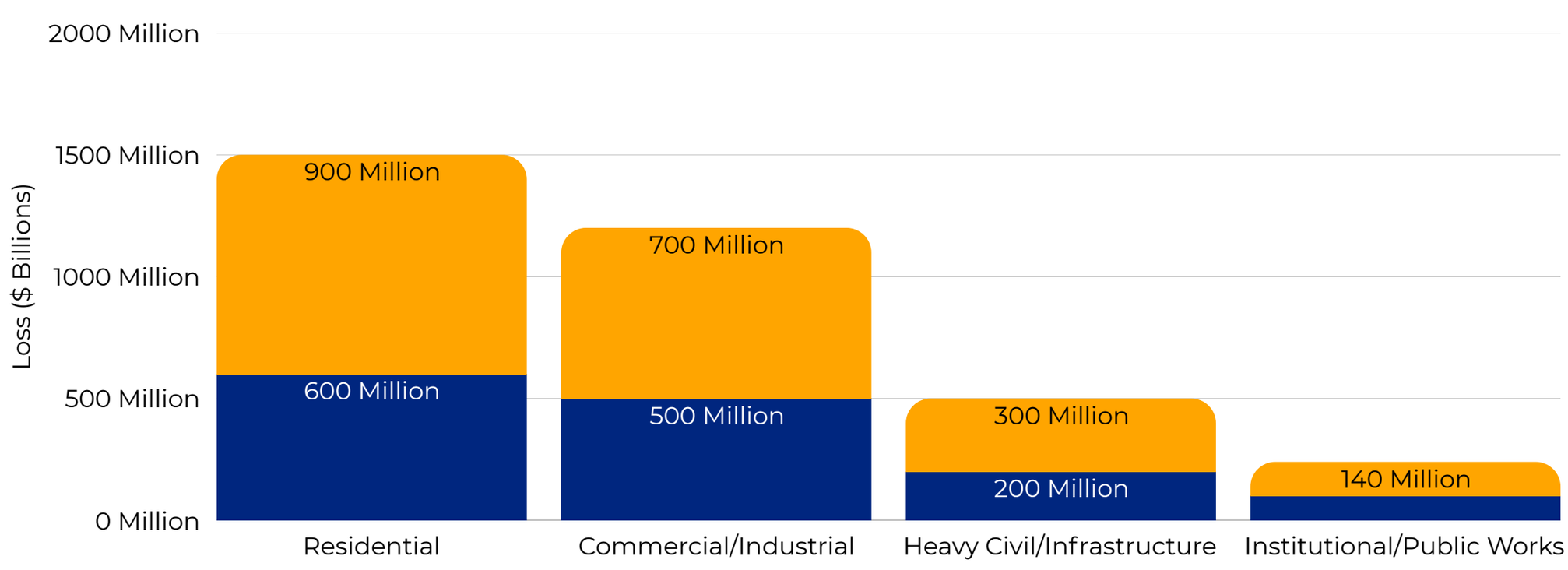
Oregon's construction sector is at risk of an immediate labor shortage due to potential material scheduling issues. As of July 2025, the state had about 116,400 construction workers, with 6% to 9% at risk of being removed, translating to 7,000 to 10,500 workers. The greatest impact is expected in areas such as concrete, framing, and electrical work, particularly in the Portland metro area and Central and Southern Oregon. This loss could lead to wider bid spreads, increased overtime costs, and delays of 3 to 6 months for typical projects.

Figure 5.10 Immigration Status Composition



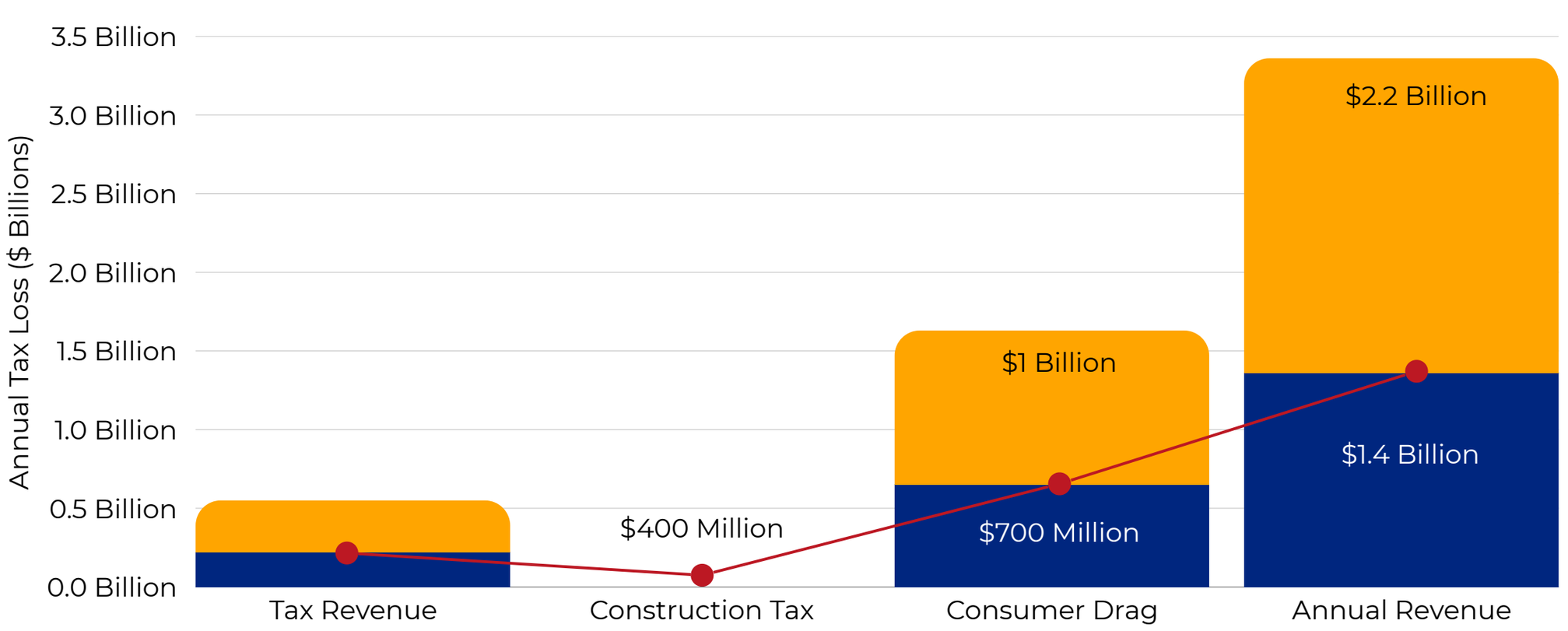
The fiscal hit would be visible in state and local ledgers. Undocumented Oregonians pay an estimated $695.6 million in total taxes each year, including $257.9 million in state and local taxes. Construction is one of the significant employing industries for undocumented workers in Oregon. If the tax stream is reduced in line with the construction share of undocumented employment, Oregon would forfeit on the order of $45 to $55 million in total annual taxes tied to undocumented construction workers, including roughly $16 to $20 million to state and local treasuries.

Figure 5.11 Annual Output Loss by Sector



Macro effects on output and growth in Oregon's construction sector could be significant. With construction value at about $17.1 billion in early 2025, a workforce loss of 6% to 9% might reduce yearly output by 4% to 7%, translating to a loss of $700 million to $1.2 billion. This impact represents a direct drag of 0.25% to 0.45% on a $265 billion state economy, with additional secondary effects causing delays in various projects. Portfolio-level consequences may include higher construction interest rates, deferred revenue for private owners, and risks to federal infrastructure funding timelines.

Figure 5.12 Estimated Tax Revenue Loss



Oregon Infrastructure Hazards

Oregon faces a high-consequence seismic threat from the Cascadia Subduction Zone, alongside wildfire smoke and heat events that interrupt construction and strain public works. A full-margin M9 scenario would deliver strong shaking, liquefaction, and coastal subsidence that damage highways, bridges, ports, and water systems while isolating communities. Mountain corridors are vulnerable to landslides that sever I-5 and key lifeline routes during wet winters and post-fire soil conditions. Heat and smoke days reduce productive hours and increase health risks for field crews during peak seasons. Water systems must plan for turbidity spikes and power interruptions during wildfire and post-fire storm cycles.

Urban areas face compound risks. Portland-area combined sewers and older culverts can be overwhelmed by intense rainfall, raising basement flooding and CSO events. Freight routes through the Willamette Valley and across the Cascades are vulnerable to closures that can disrupt supply chains. Rural drinking water systems face capacity and resilience gaps that prolong boil-water events following wildfires. Smaller jurisdictions need mutual aid and portable generation to maintain essential services.

Resilience planning is advancing, but funding gaps remain. Seismic retrofits for bridges, hospitals, and schools are the highest-value investments given the life-safety risk. Redundant coastal routes, substation hardening, and community-scale cooling and clean-air shelters are the next tier in preserving continuity during smoke and heat events. Contracting should include flexible work windows and prefabrication strategies to mitigate the impact of air-quality shutdowns. HCC grade is C.

Oregon Financial Outlook

Oregon's construction sector is stabilizing as it approaches late 2025, with employment averaging nearly 117,000 from 2022 to 2024 and about 111,600 in June 2025. Growth is driven by hyperscale data centers and ongoing semiconductor activity in the Portland area, with AWS investing over $39.2 billion in eastern Oregon. However, housing production lags, with residential permits dropping from approximately 17,700 in 2023 to around 14,300 in 2024, impacting labor availability and multifamily delivery timelines.

Public finance is both stabilizing and uncertain, with Oregon set to receive at least $4.5 billion from federal infrastructure funding through 2026. Significant projects, like the Interstate Bridge Replacement program, face funding challenges, with the Oregon Department of Transportation expecting a shortfall of $300-$350 million. Leaders are considering a special package to raise $5.8 billion over the next decade to support operations.

Looking ahead, cautious improvement is anticipated if capital access and permitting remain stable. Lenders are open to well-structured projects, and the governor's housing agenda aims to enhance approvals and meet targets. The net outlook for 2025 is moderately positive, supported by industrial demand, federal funding, and housing reforms.

WASHINGTON

6

889 Points

STATE OF CONSTRUCTION

2025

WASHINGTON EXECUTIVE SUMMARY

Washington’s construction economy thrives on its cloud and aerospace ecosystems, public transit and highway expansions, as well as port modernization efforts. In 2024, construction GDP reached $36.3 billion, reflecting the state’s robust pipeline of projects. Hispanic workers and firms are essential contributors, playing key roles in vertical and civil projects across the Central Valley and Puget Sound. However, tight housing supply in Puget Sound and Eastern Washington growth nodes continues to pressure wages and retention.

Opportunities and Challenges

- Workforce Shortages: Electrical and low-voltage trades are in high demand due to the overlap of data center and transit programs. Civil crews face seasonal disruptions from wildfire smoke in Eastern Washington and heavy rain in the west. Predictable pay cycles and bilingual supervision pipelines are crucial for Hispanic firms to scale responsibly and maintain their margins as they assume key roles.
- Housing and Infrastructure: High-priority infrastructure needs include bridge preservation, transit extensions, stormwater and culvert replacements, and substation hardening. Safety programs are a key focus as the state works to reduce elevated traffic fatalities, which impact work zones and logistics.
- Disaster Risks: Wildfires in 2023 destroyed hundreds of homes in Spokane County, underscoring the risks of underinsurance. While preliminary 2024 data show a decline in traffic fatalities statewide, levels remain above pre-pandemic baselines. Sequencing wildfire mitigation, work zone safety, and grid reliability programs is essential to protect crews and schedules.

Acceleration Playbook

- Finance: Enforce prompt pay and utilization plans to support Hispanic-owned firms as they expand into general contractor roles on public buildings and transit-adjacent developments.
- Approval Processes: Standardize third-party reviews for complex permits to streamline project timelines and reduce bottlenecks.
- Workforce Development: Expand bilingual apprenticeship programs and pair resilience funding with workforce housing near job hubs to stabilize crews and reduce turnover.

With construction GDP exceeding $36 billion and strong tech adjacency, Washington is well-positioned to lead in construction innovation and resilience. The Hispanic Construction Council recommends expanding bilingual training programs, streamlining complex permitting processes, and pairing resilience dollars with workforce housing to accelerate delivery and broaden ownership opportunities.

Congratulations to Washington for its Top 10 ranking and leadership in disciplined project delivery. By addressing workforce gaps, mitigating disaster risks, and streamlining approvals, the state can continue to build a resilient and thriving construction economy.

Washington Hispanic Owned Firms

Hispanics represent approximately 12.7% of all workers in Washington State but own only about 8.3% of employer businesses statewide, a clear sign of underrepresentation relative to labor contribution. With an estimated 225,000 total construction employer firms in the state, that suggests approximately 18,700 are Hispanic-owned, leaving a significant equity gap between workforce presence and business ownership. This shortfall reflects barriers in access to credit, bonding, and procurement opportunities, which continue to limit the ability of Hispanic contractors to scale into larger markets and long-term generational enterprises.

Figure 6.1 Estimated Ownership by Race

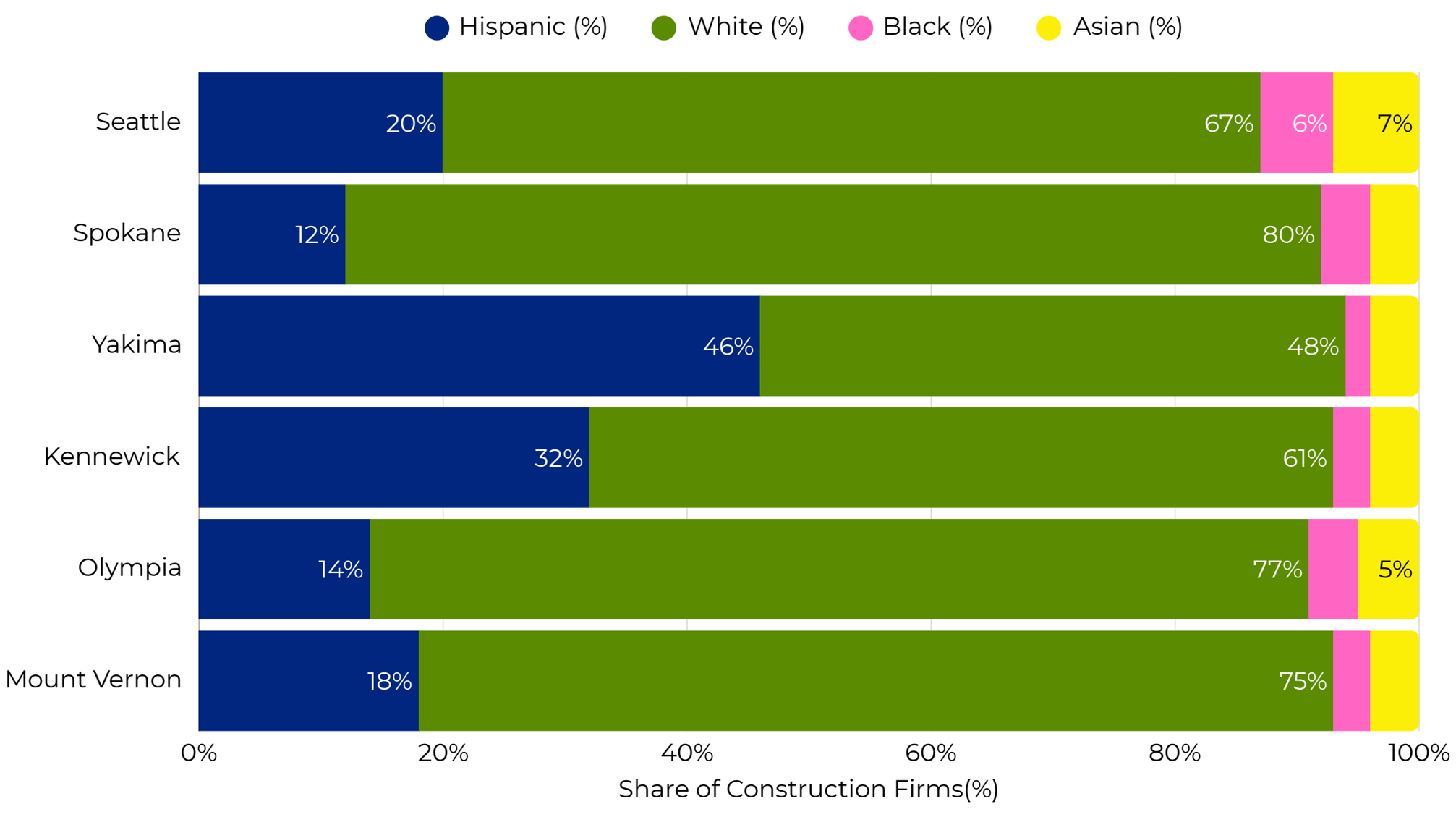
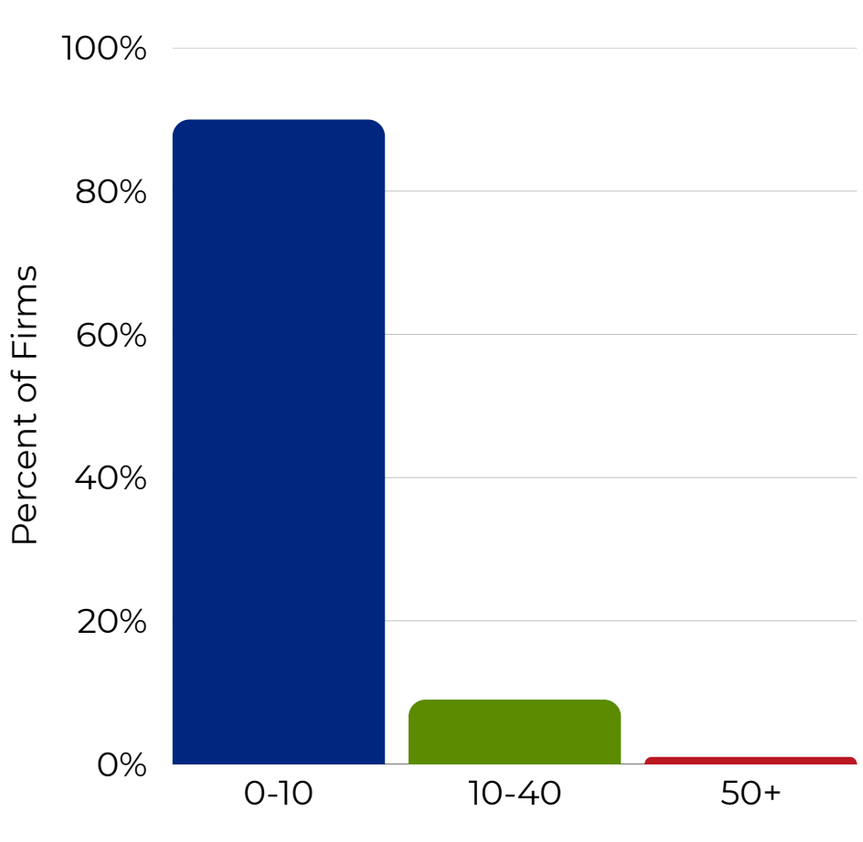


Figure 6.2 Hispanic Firm Size by Employees



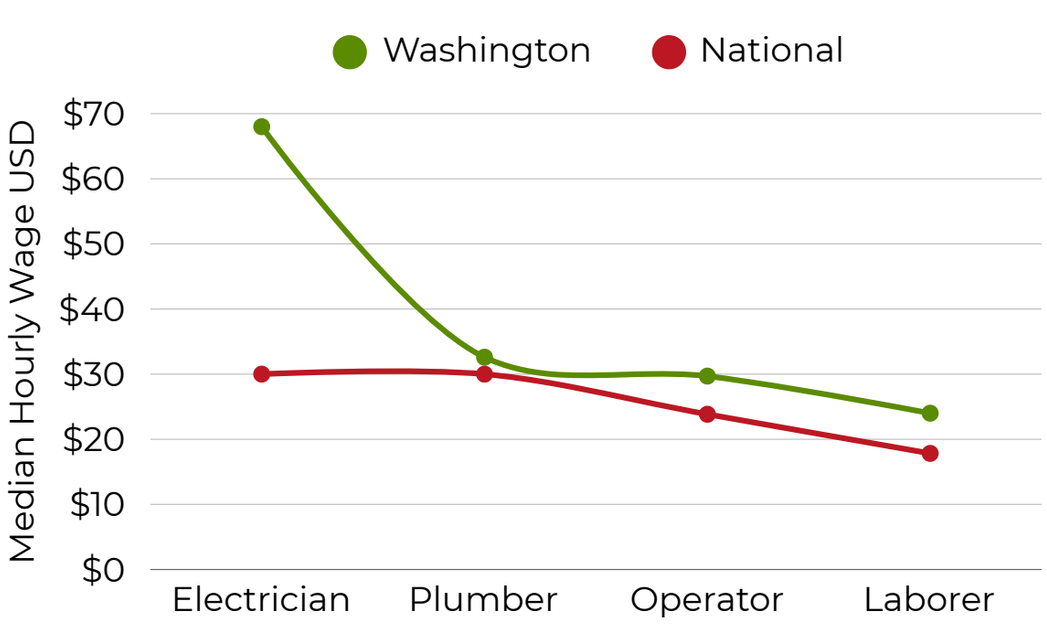
Hispanics are critical to Washington's construction workforce, particularly in the Puget Sound region, where their labor drives the residential boom in King, Pierce, and Snohomish counties. In Yakima, Wenatchee, and Tri-Cities, Hispanic workers dominate agricultural facility construction, housing, and regional infrastructure. In Spokane and Eastern Washington, they are increasingly present in highway and logistics projects tied to trade corridors. This labor contribution is central, yet ownership lags far behind. Without more firms transitioning from the jobsite to the prime contractor's table, Washington risks sidelining the very workforce that powers its growth.

Washington's position as a tech hub, trade gateway, and agricultural leader creates unique opportunities for Hispanic-owned firms to expand. Federal and state investments in Sound Transit, I-5 corridor modernization, and housing initiatives in Seattle and Tacoma present billions in contracts over the next decade. If Hispanic firms gain better access to bonding, capital, and procurement pipelines, they can move beyond subcontracting to leading roles. By embedding Hispanic-owned businesses into Puget Sound's housing surge, Eastern Washington's infrastructure buildout, and statewide climate resilience projects, Washington can align inclusive growth with its broader economic trajectory.

Washington Hispanic Construction Workforce

Washington's construction sector employs roughly 212,400 workers, accounting for about 7.1% of total state employment, higher than the national average. Hispanic workers comprise 13–14% of the overall labor force, with a notably higher presence in construction. In Southwest Washington, for example, Hispanics represent nearly 18.6% of construction workers, signaling both robust participation and critical reliance on Hispanic labor across the industry.

Figure 6.3 Wage Ladder



Hispanic workers form a central share of construction employment, particularly in key regions. The Seattle–Tacoma corridor, Tri-Cities, and Yakima-area infrastructure projects, among others, lean on Hispanic crews for housing, logistics, and agricultural builds. Nationwide, 67% of Hispanic construction workers are foreign-born, transitioning from labor-intensive roles into the workforce. That share is expected to hold in Washington, where Hispanic construction labor is disproportionately immigrant and essential at the site level.

he age distribution of the construction workforce highlights stark demographic differences that shape the industry's future capacity. Hispanic construction workers are the youngest cohort, with only about 12% aged 55 or older, while nearly 78% fall within the prime working ages of 25 to 54. By contrast, non-Hispanic White workers skew older, with 28 percent over 55 and just 63 percent in the 25–54 range.

Figure 6.4 Workforce Composition

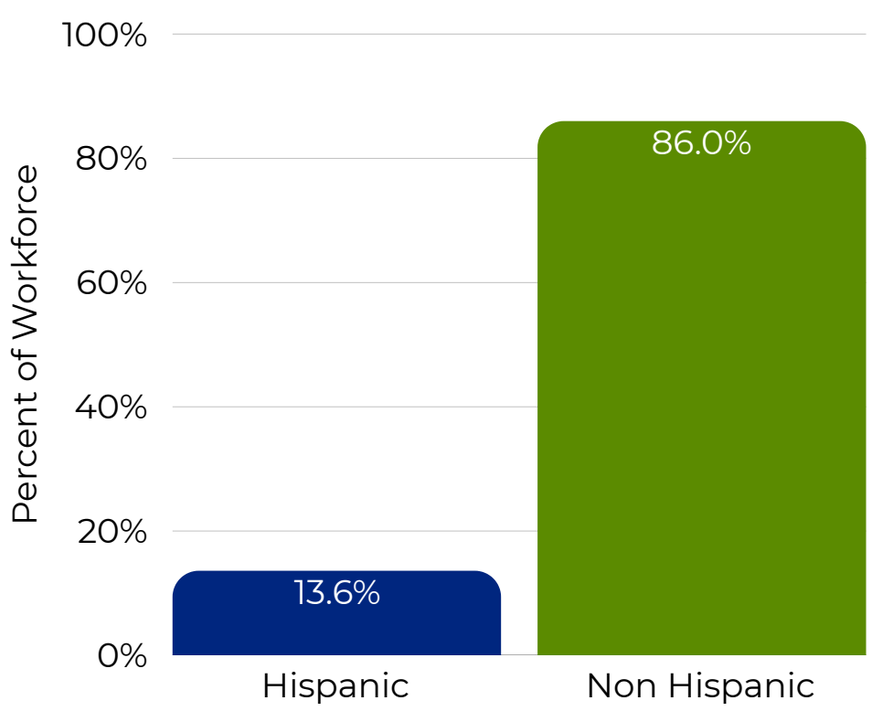
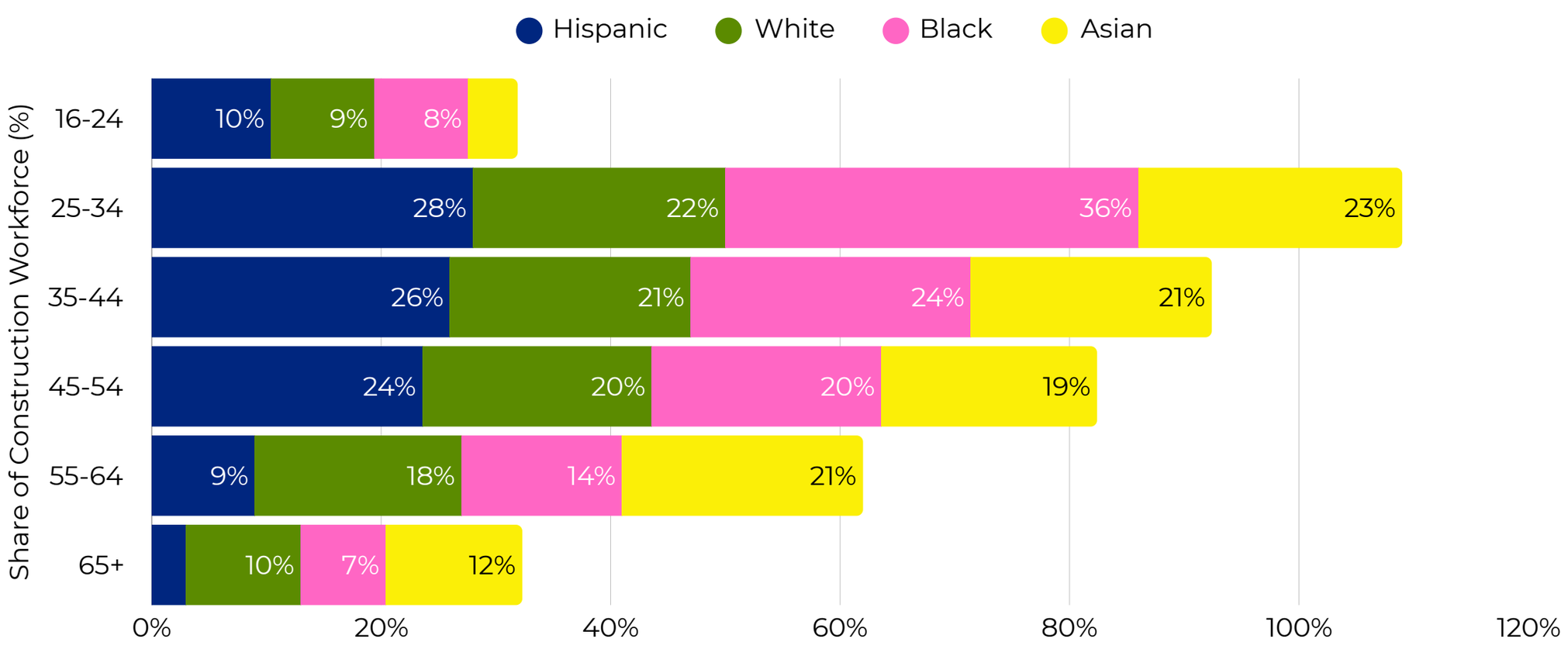


Figure 6.5 Workforce Composition

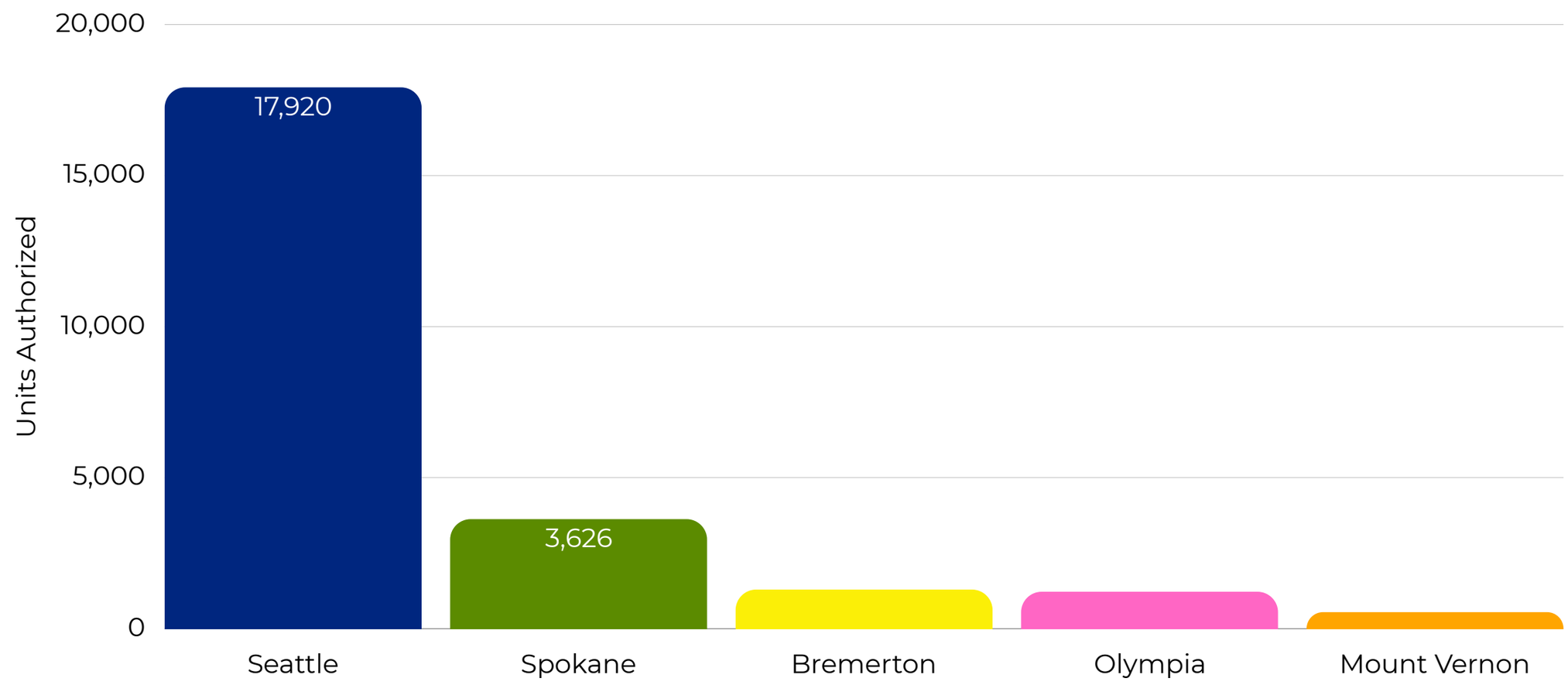


Despite their scale, Hispanic workers are just starting to gain visibility in ownership and leadership. Washington has recorded a recent 5% drop in construction jobs over the past year, amplifying pressure on Hispanic working families. Meanwhile, Hispanic unemployment within the state's broader labor market remains consistently higher than for white workers. To build a more equitable and resilient industry, Washington must pair its Hispanic workforce with pathways to business ownership, entrepreneurial capital, and bilingual apprenticeship programs, especially as demographic change and economic shifts continue to shape jobsite demand and project continuity.

Washington Housing and Infrastructure

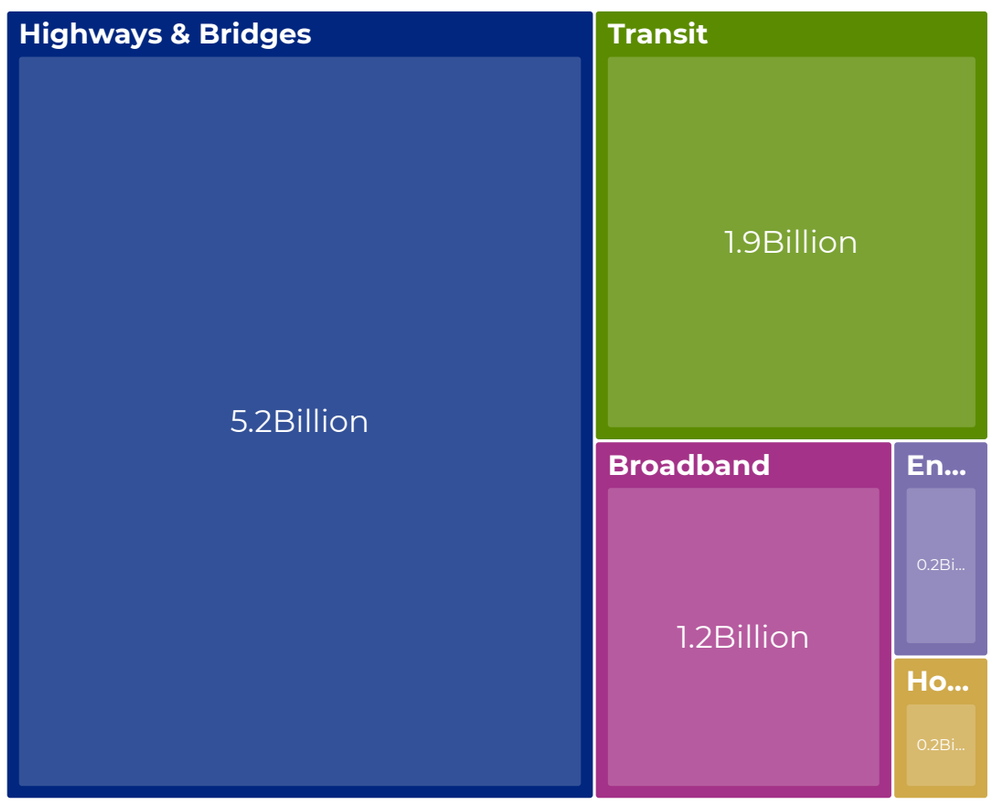
Washington's housing production remained material, with volume led by the Puget Sound corridor and steady activity in Spokane and the Tri-Cities. In 2024, permit offices in Washington authorized approximately three percent of all United States units, which translates to roughly 38,000 to 44,000 homes for the year. Single-family housing remained comparatively resilient, while larger multi-family units cooled from prior peaks. This means contractors should build schedules with conservative lease-up assumptions and tighter coverage on insurance and materials.

Figure 6.6 Housing Permits by Metro



Transportation and infrastructure funding includes the Move Ahead Washington package, which invests $16.9 billion over 16 years, emphasizing public transportation. The 2025-2028 Statewide Transportation Improvement Program identifies 1,180 priority projects utilizing around $4.6 billion in federal funds. Additionally, Washington receives approximately $4.7 billion in federal highway apportionments under the Infrastructure Investment and Jobs Act for various statewide projects through fiscal years 2022-2026.

Figure 6.7 Funding Scoreboard



Transportation and core infrastructure are funded for a long runway. The Move Ahead Washington package invests approximately $16.9 billion over 16 years and includes a multibillion-dollar commitment to public transportation. The 2025 through 2028 Statewide Transportation Improvement Program lists approximately 1,180 priority projects that together draw roughly $4.6 billion in federal funds. Federal highway apportionments to Washington under the Infrastructure Investment and Jobs Act total approximately $4.7 billion across fiscal years 2022 through 2026, which supports highway, safety, freight, carbon reduction, and resilience formula work statewide.

Washington Policy and Legislative Outlook

Washington is transforming the housing and permitting landscape for builders through several key legislative measures. HB 1110 legalizes middle housing by requiring cities to permit duplexes to sixplexes near transit, adhering to objective standards. Additionally, HB 1337 mandates that jurisdictions allow two accessory dwelling units per lot and eases restrictions near transit until mid-2025. Meanwhile, HB 1293 and SB 5290 aim to establish clearer design review rules, implement digital tracking, and ensure predictable decision timelines. These changes indicate a shift towards more streamlined processes, reducing discretionary hearings and enabling more infill and small-lot projects.

Energy policy establishes the mechanical and electrical standards, with the 2021 Washington State Energy Code promoting high-efficiency electric heat pumps starting March 15, 2024. Seattle's Building Emissions Performance Standard aims for net zero emissions in large commercial and multifamily buildings by 2050. Despite voters approving Initiative 2066 in 2024 to protect natural gas access, it was struck down by a judge in March 2025 and is under appeal. Until resolved, electrification-focused design is preferred for project schedules and pricing.

Access pathways are defined in statute, overseen by OMWBE for MWBE certification and DBE goals by WSDOT. Public contracts include protections such as prompt-pay interest and capped retainage. Alternative delivery methods, including design-build and job order contracting, are being used for complex projects. Hispanic primes should certify, register in WEBS, and focus on compliance with electrification codes and Seattle's BEPS.

Washington Economic Risk

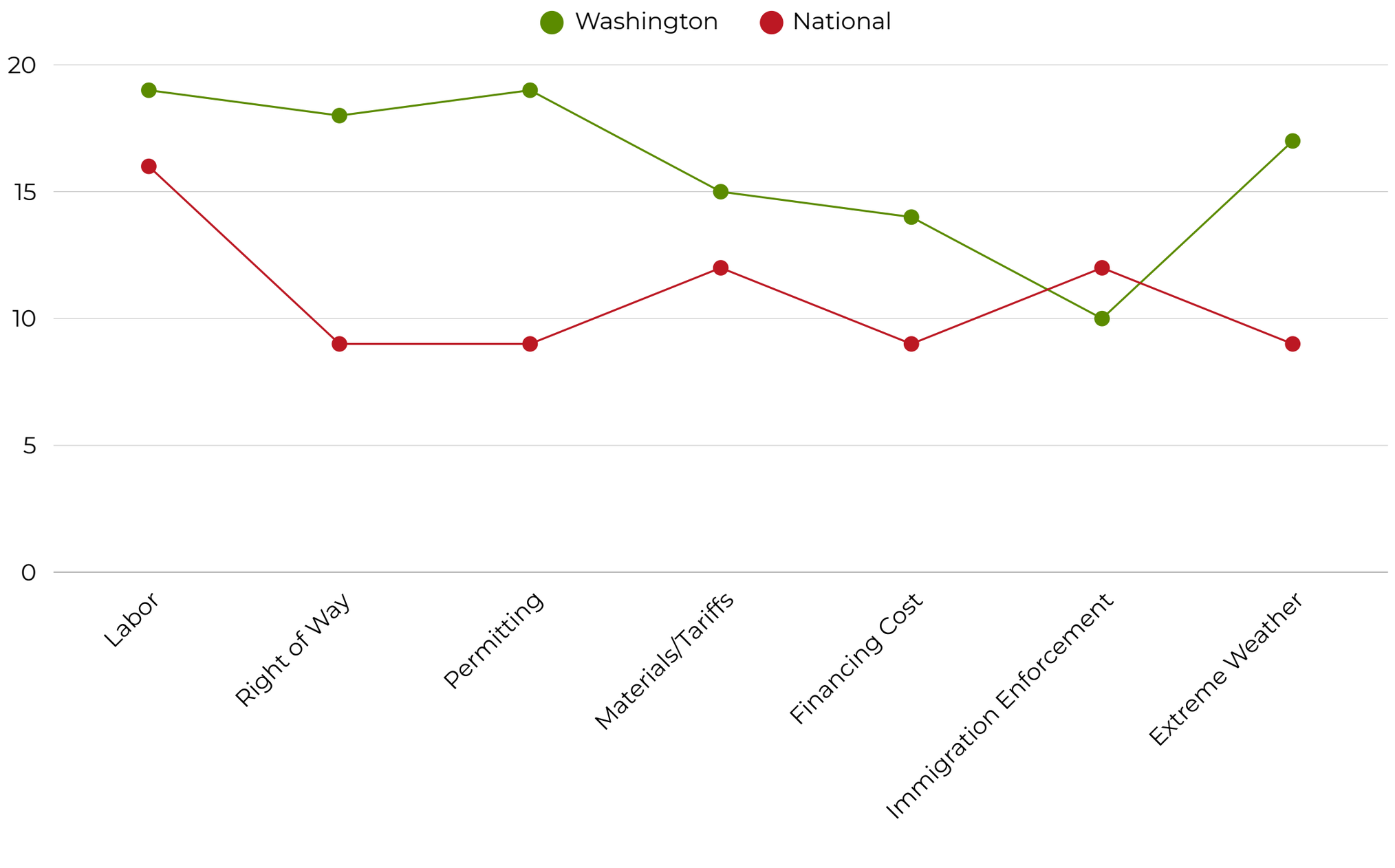
Cost and schedule risk begin with electrification and long lead equipment. The state energy code, which took effect in March 2024, encourages projects to adopt high-efficiency electric systems and expands the mechanical and electrical scope that must be procured and commissioned. Seattle’s emissions standard for large existing buildings imposes retrofit demands over the next two decades. At the same time, the North American market faces acute shortages of power and distribution transformers, as well as large switchgear, which places energization on the critical path and magnifies carrying costs when delivery dates slip. Legal uncertainty surrounding the natural gas initiative adds to planning uncertainty, even as a judge’s March 2025 ruling temporarily restores the trajectory toward electrification.

Chart 6 Project Delay

Project Delays				
Project	**Cost**	**Location**	**Delay Impact**	**Cause**
West Seattle and Ballard	$12 to $20 billion	Seattle	EIS final 2026	Scope changes and environmental review
Tacoma Dome Link Extension	$3.3 billion	Tacoma to Federal Way	Delay 2035	Right of way and cost pressure
East Link Full Opening Across i-90	$3.7 billion	Seattle and Eastside	Full opening after starter line	Guideway defects and rework
North Spokane Corridor	$2 billion	Spokane	Completion phased later	Funding and scope of adjustment
SR 520 Portage Bay	$1.2 billion	Seattle	Schedule pressure	Complex staging and budget strain

Labor is the second risk, and it is a decisive factor. Licensed electrical and mechanical trades remain in high demand across Puget Sound, and specialized civil crews are stretched thin by ferry terminals, ports, and utility work. Housing costs near job hubs strain retention and drive longer commutes, which erodes productivity. Permanent state rules for heat and wildfire smoke require water, shade, rest, and exposure controls at defined thresholds, which is good practice but reduces productive hours if not scheduled into baseline calendars. Without a strong apprenticeship intake, bilingual training, and disciplined field supervision, overtime becomes the default, and rework risk increases when experienced supervisors are spread across multiple jobs.

Figure 6.8 Risk Matrix



Washington and carbon auction revenues preserve a strong capital runway, but every month of slippage reduces real buying power as inflation and financing costs compound. Public works contracts accrue prompt pay interest when agencies miss payment windows, and retainage is capped at 5%. This means that owners who pay late or carry change orders will see fewer bidders and higher prices. The play is clear. Lock utility coordination early, pre-buy critical electrical gear where contracts allow, and sequence permitting and code compliance to avoid redesign. Write prompt pay and retainage protections into every subcontract, while pairing DBE goals with auditable plans led by Hispanic primes.

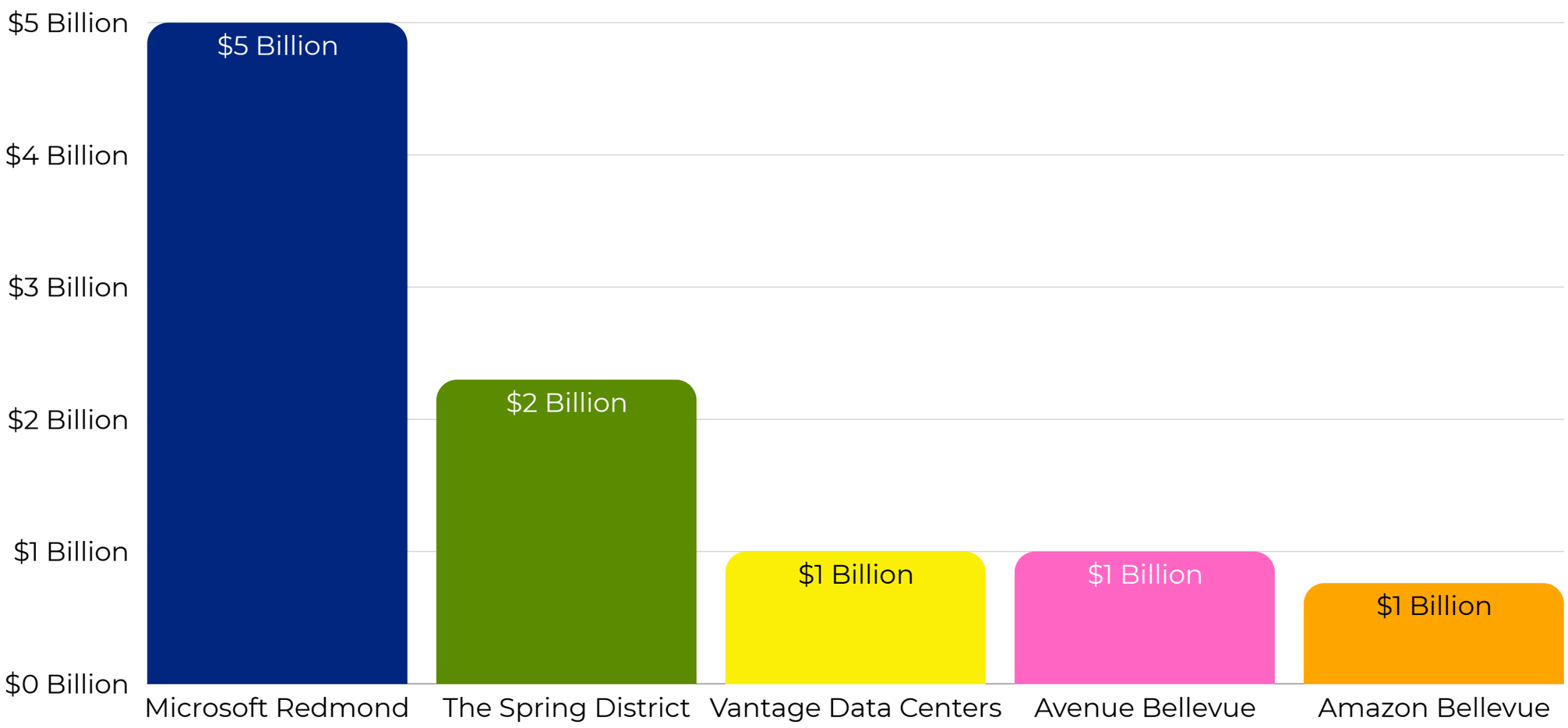
Washington Private Development Health

Private development in the Puget Sound area shows mixed but investable conditions. Industrial and logistics sectors are stabilizing with vacancy rates around eight percent and improving absorption as tenants return. The office sector faces challenges with high vacancy rates, especially in Downtown Seattle and the Eastside, though mission-critical work remains strong. Central Washington is expanding data center capacity, supported by hydropower, leading to consistent demand for development. Port traffic is stable, boosting warehouse and cold chain projects linked to Seattle and Tacoma.

Multifamily is selective, but setting up for a tighter supply picture. New deliveries have slowed from the last cycle, while thousands of units remain under construction, and developers report more conservative underwriting on lease-up and operating costs. Permitting for new apartments has cooled sharply across the metro, which suggests future rent pressure once the current wave is absorbed. The practical takeaway for sponsors is to seek sites with clean utility paths and predictable approvals and to carry higher contingencies for power gear and commissioning.

For Hispanic contractors and small developers, the play is targeted and disciplined. Lean into data center campuses, grid and substation upgrades, and port-linked logistics where long leases and utility investment support schedules and cash flow. Build teams that pair compliance maturity with bilingual workforce depth, pre-buy long-lead electrical equipment when contract terms permit, and lock utility and commissioning windows early. In this market, execution quality and reliable delivery are the edge that converts private demand into bankable backlog.

Figure 6.9 Major Projects



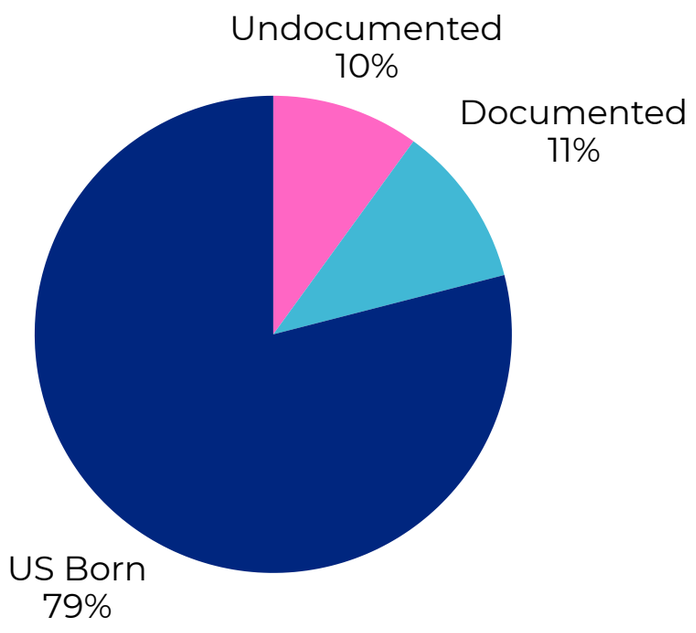
Washington Construction Workforce Shortage

Washington's gap is 5,260 to 6,510 workers, with the pinch strongest in electricians, HVAC, and controls, low-voltage, and heavy civil tied to ferry, port, and grid upgrades. Electrification-oriented codes and Seattle's emissions standard are expanding the scope of retrofits just as Central Washington data centers are pulling power talent east, which lengthens energization timelines and forces owners to reward contractors who can prefabricate, stage nighttime work, and maintain CUF-compliant teams across regions.

Washington Impact of Mass Deportation

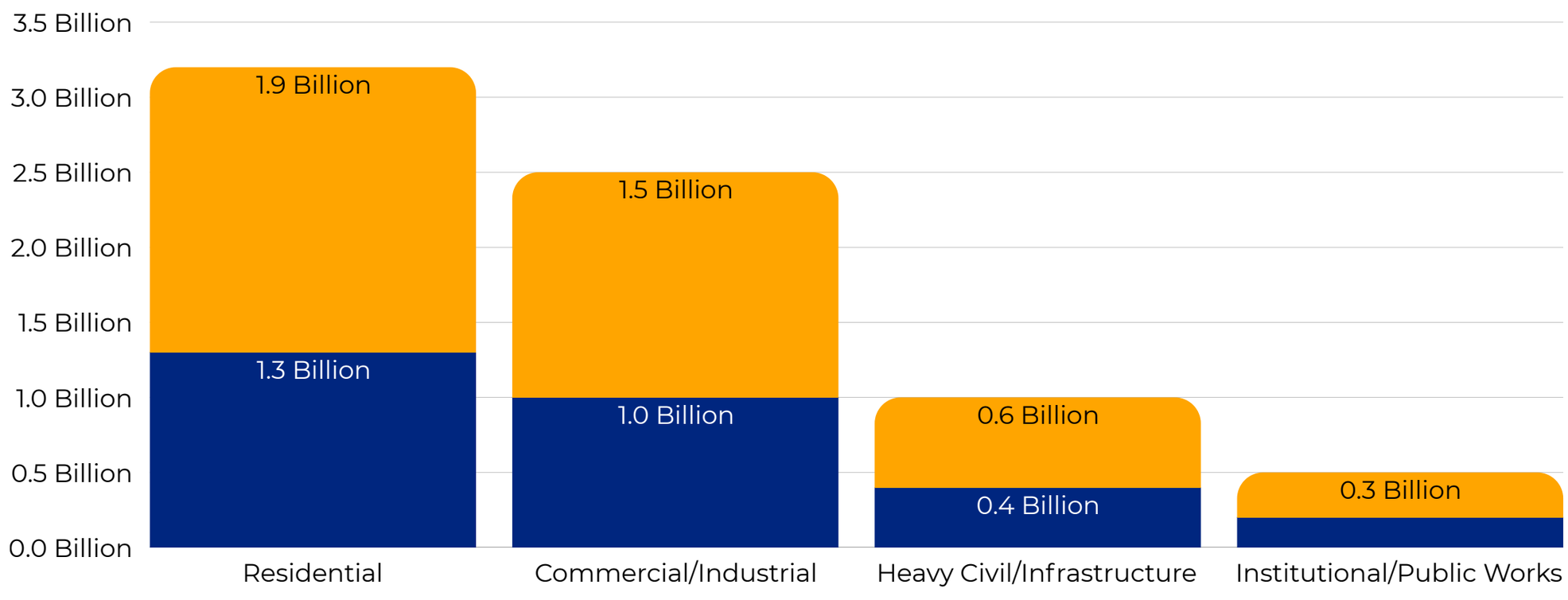
Washington's construction sector faces a potential labor shock, with employment around 214,700 in July 2025. Immigrants constitute roughly 25% of the national construction workforce, with undocumented workers making up 10-13%. Applying an 8-12% at-risk range suggests that 17,000 to 26,000 workers could be lost, particularly affecting concrete, framing, electrical, interiors, and site work in the Puget Sound and Central/Eastern Washington. This loss would lead to wider bid spreads, increased costs, and delays of 3 to 6 months for typical projects.

Figure 6.10 Immigration Status Composition



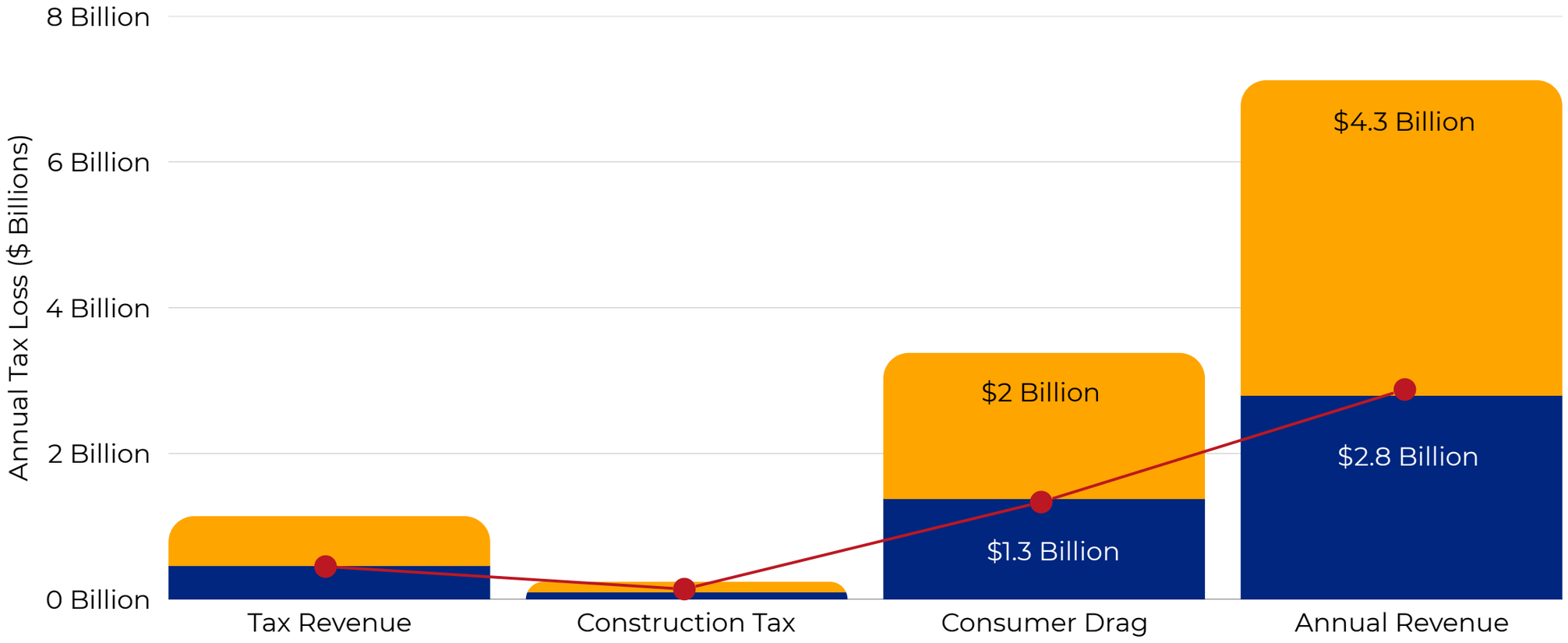
The fiscal hit would be visible in state and local ledgers. Undocumented households in Washington have historically paid hundreds of millions of dollars in state and local taxes each year and well over a billion dollars in total federal, state, and local taxes. A removal that targets construction disproportionately would erase a significant share of those receipts and reduce related revenues, including permit fees, sales taxes on materials, fuel, lodging, and wage-linked income collections.

Figure 6.11 Annual Output Loss by Sector



Macro effects on output and growth in Washington's construction sector are significant. In 2024, construction value added was $36.3 billion. An 8% to 12% workforce loss could reduce annual output by $2.9 to $4.4 billion, impacting the state's $700 billion economy by 0.4% to 0.6%. This may cause delays in industrial projects, data centers, logistics facilities, and public works. Additional portfolio impacts include increased construction interest, delayed revenue for private owners, and risks to federal infrastructure and clean-energy project timelines.

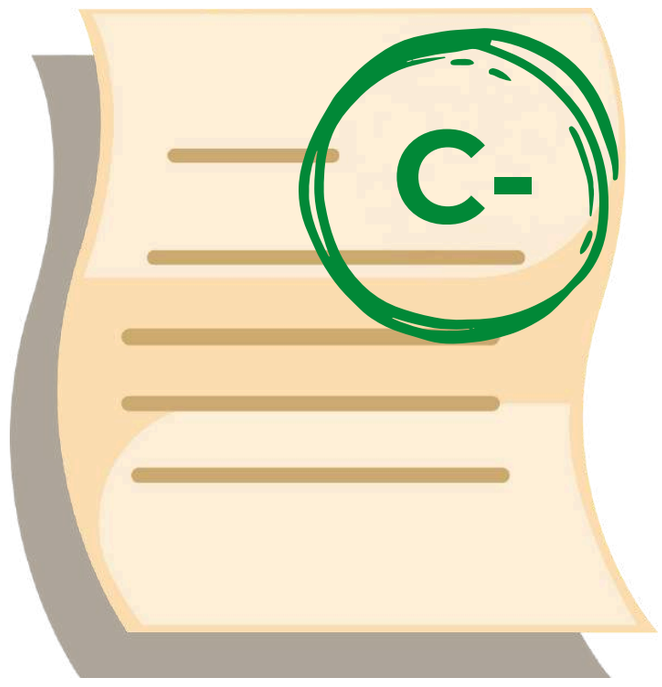
Figure 6.12 Estimated Tax Revenue Loss



Washington Infrastructure Hazards

Washington’s hazard profile is led by seismic risk, wildfire smoke, and persistently high roadway fatalities that stress public safety systems. A Cascadia M9 scenario would deliver severe shaking across Puget Sound, trigger landslides, and damage port and ferry facilities, isolating island and coastal communities. Bridge bearings and older structures face amplified motions on artificial fill and soft soils along industrial shorelines. Wildfire seasons are driving recurring air-quality alerts and targeted power-safety shutoffs in high-risk districts. Heat waves now overlap with construction peaks and raise health risks for outdoor crews.

Traffic risk remains high despite a 10% drop in fatalities in 2024, following a record 810 deaths in 2023. Vulnerable road users face increased danger on fast suburban roads. Additionally, snow and ice disrupt mountain passes and ferry schedules, affecting freight and emergency services, while ports struggle with coordination due to storms and smoke impacting operations and visibility.



Mitigation requires coordinated seismic retrofits, utility and ferry-system hardening, and design changes that reduce exposure for people walking and biking. Owners should budget for smoke-day protocols, portable filtration, and schedule flexibility to maintain productivity. Emergency communications and energy redundancy for hospitals and water plants need priority investment. HCC issues a grade of C- to Washington.

Washington Financial Outlook

Washington's construction market is expected to stabilize by late 2025, driven by steady employment and rising demand for data centers and industrial projects. The unemployment rate is stable around mid-4%, with strong private investment in cloud infrastructure, especially in Central and Eastern Washington, although urban multifamily starts are slowing due to financing costs.

Public finance is significant, with a $15.5 billion transportation budget supporting major projects, including Interstate 5 planning. The Port of Seattle plans a $5.6 billion investment, and the Pacific Northwest Hydrogen Hub has secured up to $1 billion for clean energy projects. However, risks exist, such as declining apartment construction in Seattle, potential cost pressures on transit projects, and uncertainties from federal policy changes regarding hydrogen incentives.

Washington's economic landscape benefits from diverse industries, particularly a growing tech sector that attracts talent and drives innovation. Local governments are pursuing sustainability and resilience policies, with workforce skill enhancement initiatives focused on technology and green energy. Education programs are aligning with industry needs to create a qualified workforce.

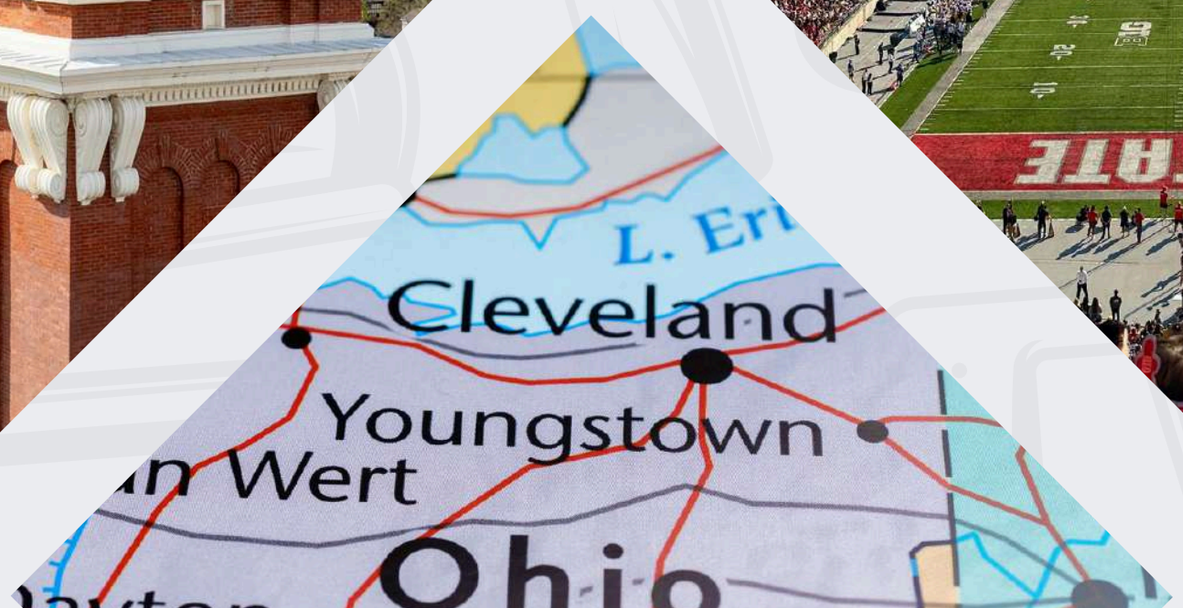
To address housing affordability, zoning reforms and mixed-use development incentives are being implemented. Collaboration between public and private sectors is vital for overcoming challenges and leveraging opportunities, positioning Washington for sustainable growth and innovation.

OHIO

7

883 Points

STATE OF
CONSTRUCTION
2025



OHIO EXECUTIVE SUMMARY

Ohio’s construction economy is thriving, driven by advanced manufacturing and semiconductor supply chains, with Intel and its suppliers anchoring civil and vertical demand. In 2024, construction real GDP approached the mid-$20 billion range on a chained basis and is expected to continue expanding in 2025. Hispanic workers and firms are playing an increasingly vital role, particularly in Central Ohio’s mega project zones, where housing shortages near new fabs and logistics hubs are impacting recruitment and retention.

Opportunities and Challenges

- Workforce Shortages: Ohio faces significant shortages in electricians, control technicians, concrete workers, and heavy equipment operators as mega projects mobilize in Central Ohio and along key corridors. Severe convective weather has disrupted spring schedules, adding contingencies to bids. Bilingual training programs and predictable pay administration are essential for scaling Hispanic firms into prime scopes on sitework and vertical buildouts.
- Housing and Infrastructure: Priority infrastructure needs include utility relocations, enhancing highway capacity near logistics nodes, modernizing water and wastewater systems, and securing workforce housing approvals near major job sites. Early right-of-way and railroad coordination is critical to protecting the critical path and preserving public purchasing power.
- Disaster Risks: Deadly tornadoes in March 2024 caused significant damage in Logan County and surrounding areas, underscoring the risks associated with severe weather volatility. Hardened staging plans and flexible sequencing are crucial for mitigating schedule risks and maintaining project momentum.

Acceleration Playbook

- Finance: Unbundle scopes to allow emerging Hispanic primes to compete and ensure predictable pay cycles to support their growth in concrete, electrical, and sitework roles.
- Approval Processes: Fast-track workforce housing approvals near project hubs and prioritize early right-of-way and railroad coordination to protect schedules and budgets.
- Workforce Development: Tie workforce pipelines to fab schedules and expand bilingual training programs to ensure a steady supply of skilled labor for advanced manufacturing projects.

Ohio’s construction output is rising on the strength of advanced manufacturing and public capital investments. HCC recommends tying workforce pipelines to fab schedules, prebuying long-lead equipment, unbundling scopes for emerging primes, and fast-tracking housing approvals near project hubs to accelerate delivery and broaden ownership opportunities.

Congratulations to Ohio for its leadership in advanced manufacturing and construction innovation. By addressing workforce gaps, mitigating weather risks, and streamlining approvals, the state can continue to build a resilient and thriving construction economy.

Ohio Hispanic Owned Firms

Hispanic entrepreneurs power Ohio's job sites, yet ownership lags far behind. While Hispanics represent 4.5% of the state's workforce, they own only 6.3% of employer firms, and in construction that translates to just 2,330 businesses out of 37,000. The numbers reveal more than a statistic they reveal opportunity left on the table. Every missing firm is a contractor who could be leading projects, winning bids, and creating generational wealth, but is instead locked out by barriers in bonding, credit, and procurement. The result is a construction economy that leans on Hispanic labor but too rarely rewards Hispanic ownership.

Figure 7.1 Estimated Ownership by Race

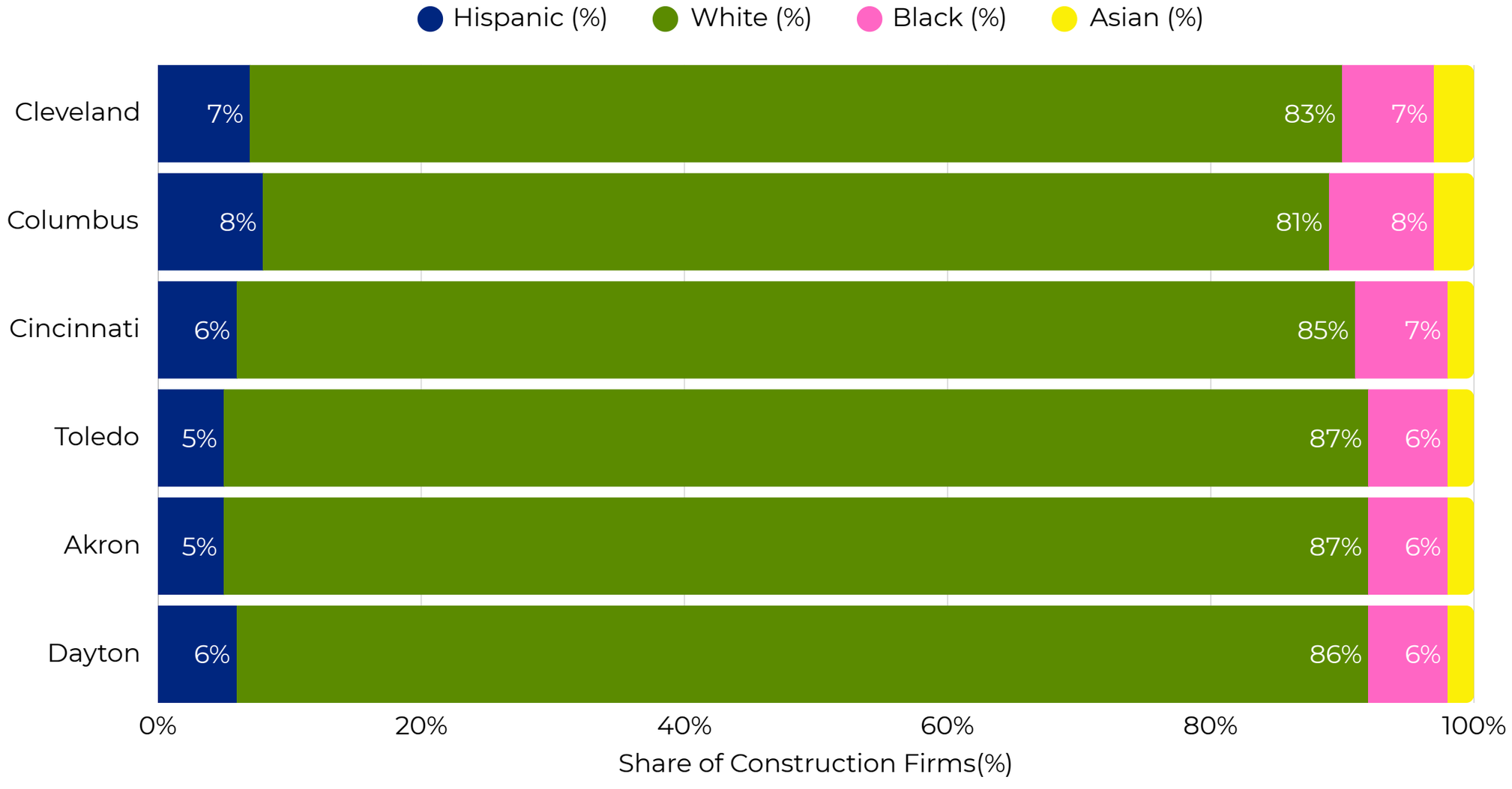
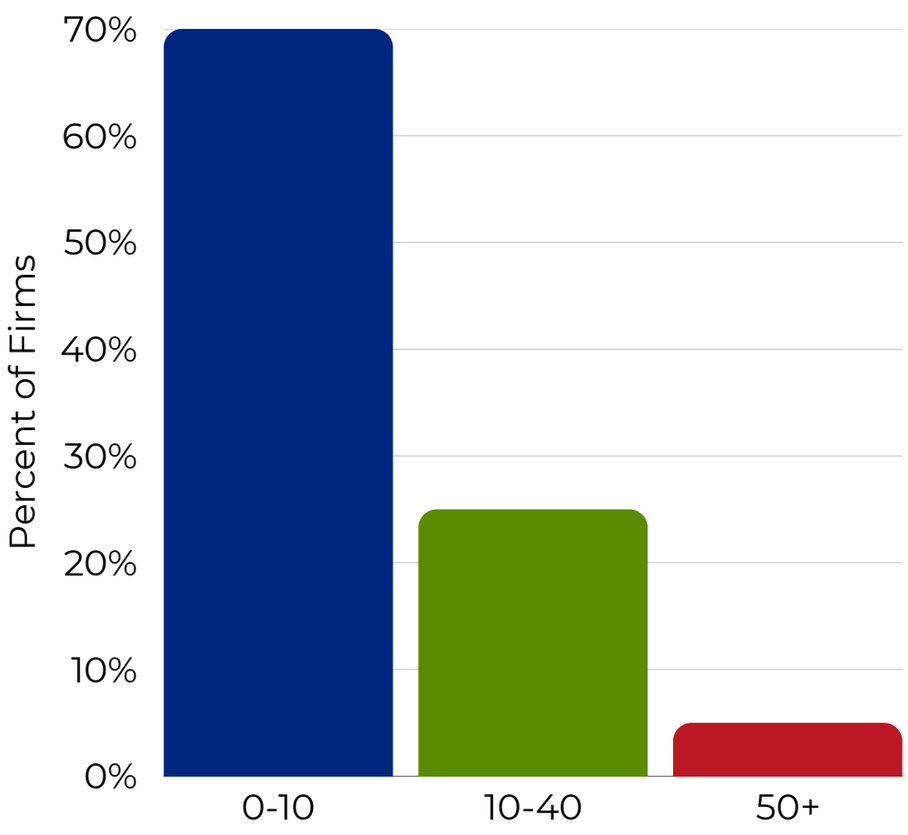


Figure 7.2 Hispanic Firm Size by Employees



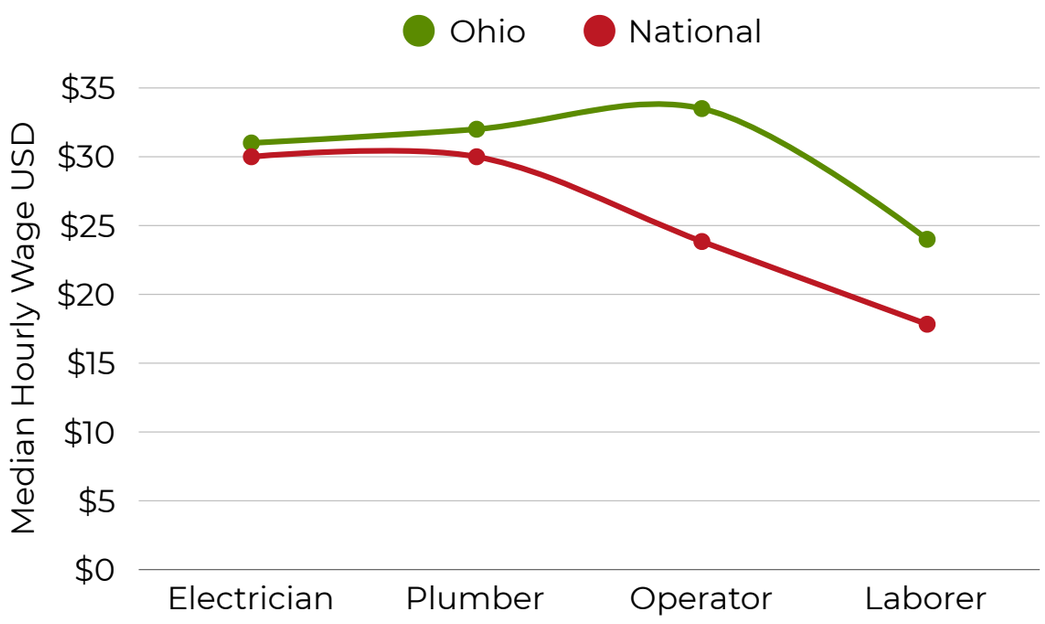
Hispanics now make up close to 30% of Ohio's construction workforce, a presence that far exceeds their share of the general labor market. In Cleveland and Toledo, Hispanic workers are filling the skilled trades needed for highway and port modernization. In Columbus, they are powering multifamily and suburban housing growth. Along the I-75 corridor through Dayton and Cincinnati, they are embedded in manufacturing plant expansions and logistics projects tied to auto and aerospace. The labor contribution is central, but ownership lags far behind. Without stronger pathways from worker to owner, Ohio risks wasting a generational opportunity to turn sweat equity into firm equity.

Ohio's position as a logistics hub and manufacturing state creates a unique opportunity to elevate Hispanic-owned construction firms. Public and private investment is flowing into Intel's semiconductor campus near Columbus, highway rebuilds across I-70 and I-75, and new housing stock statewide. If Hispanic firms are equipped with bonding assistance, access to procurement pipelines, and capital to scale, they can move from subcontractors to primes on projects that define the state's future. Strengthening these firms would not only close an equity gap but also ensure Ohio has the skilled business base required to deliver on its industrial and housing commitments. In short, Hispanic-owned companies are already present but with the right tools, they can become anchors of Ohio's construction economy.

Ohio Construction Workforce

Ohio's Hispanic workforce accounts for roughly 4% of the state's total labor force, with a notable share employed in construction and production trades. Hispanics are disproportionately represented in construction and production compared to other sectors, with approximately 10% of Hispanic workers.

Figure 7.3 Wage Ladder



The average construction worker earns between $22 and $24 per hour, equating to roughly $46,000 to $50,000 annually. Entry-level positions start around $14–$17 per hour, while more experienced tradespeople or unionized workers can make as much as $34 per hour. Wages vary depending on experience, specific trade, and location. Hispanic workers holding apprenticeships or union credentials stand to earn significantly more than their non-union counterparts and are a critical pipeline for building economic equity in the trades.

This indicates that Hispanic labor plays a disproportionately large role in building and infrastructure compared to overall employment trends. Though precise counts of Hispanic construction workers in Ohio aren't available, this overrepresentation underscores their critical role in the industry. Hispanic construction workers in Ohio are largely concentrated in frontline roles such as laborers and skilled trades assistants.

Figure 7.4 Workforce Composition

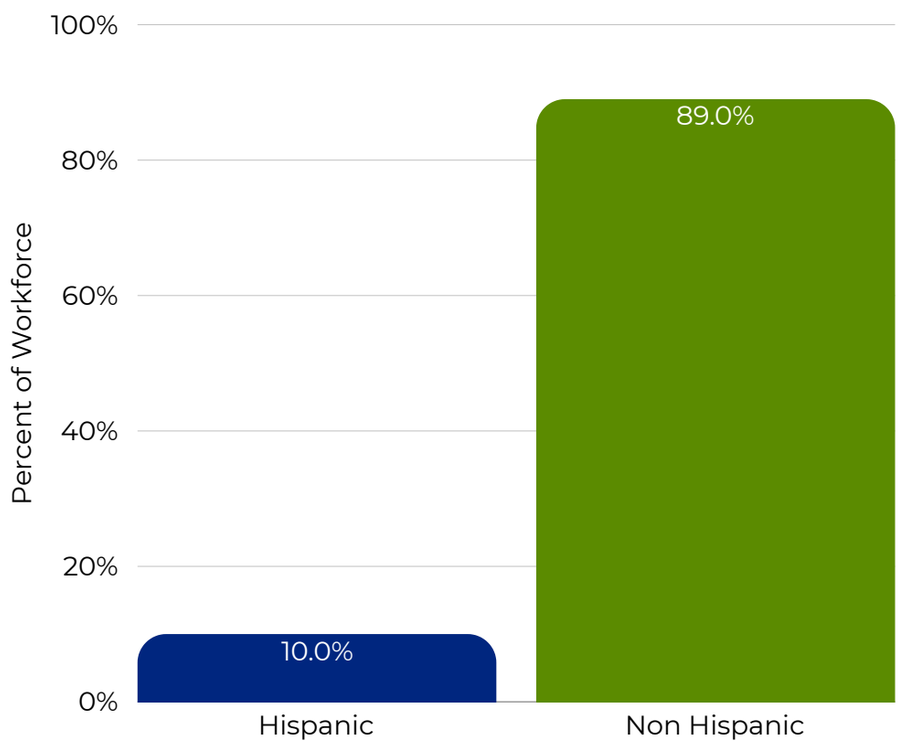
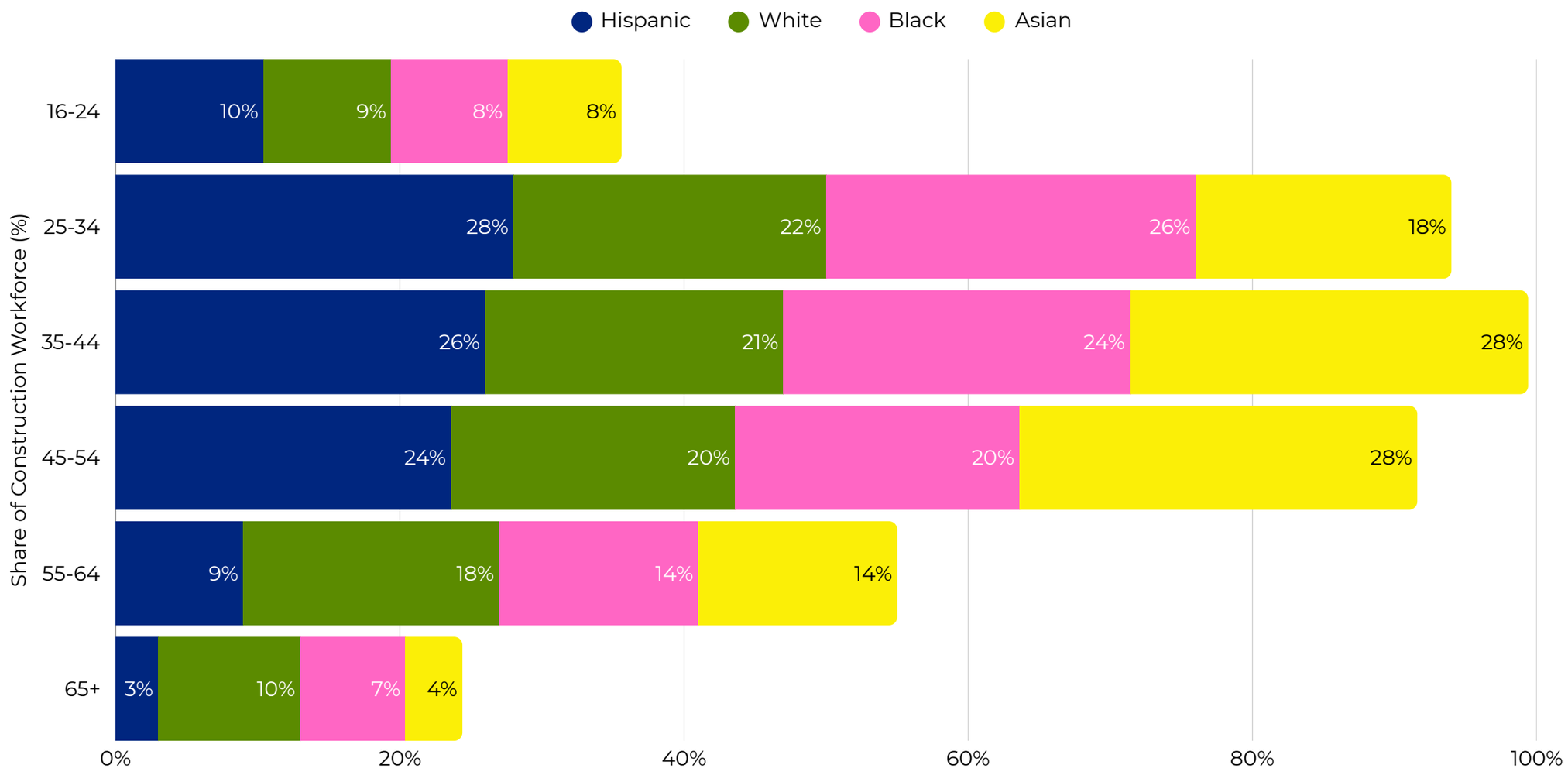


Figure 7.5 Workforce Composition by Age



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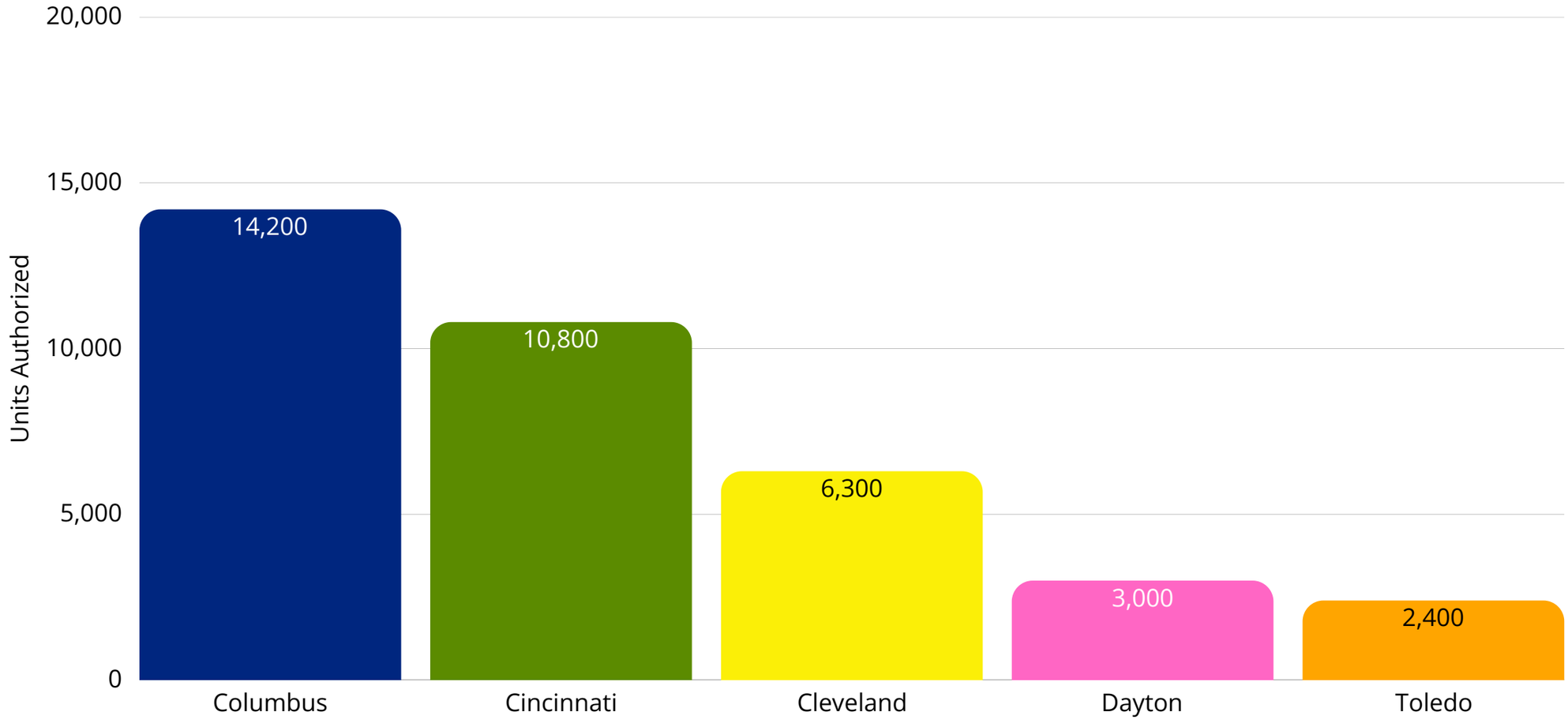
Ohio Housing and Infrastructure

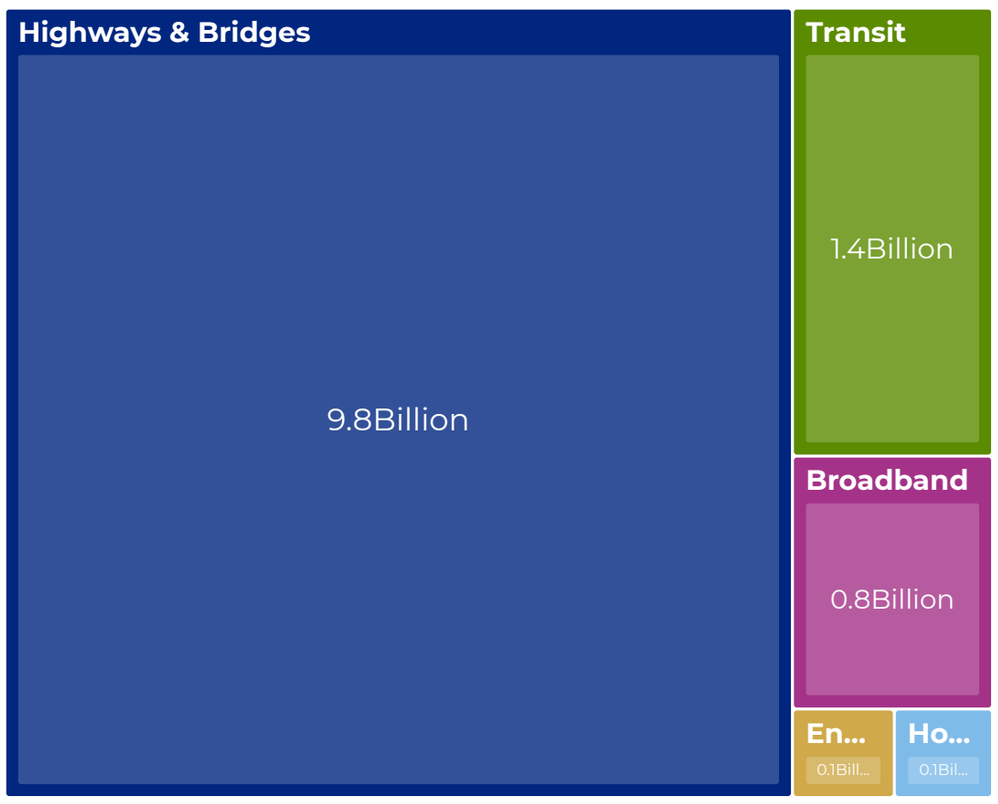
Water, resilience, and broadband programs widen the bid lane. The Clean Water State Revolving Fund and related state programs typically provide on the order of $100 to $200 million per year for wastewater and stormwater projects, and the Drinking Water SRF plans approximately $150 million in new awards for the current funding cycle. The EPA added targeted grants for school and household water upgrades, while the state's BEAD broadband allocation of roughly $1.2 billion will drive last-mile construction. Teams that bring credible compliance plans, workforce development, and on-time delivery will convert this capital into backlog and timely assets.

Figure 7.6 Housing Permits by Metro



Transportation investment is funded and visible in the field. Ohio's highway apportionments under the federal infrastructure law total about $9.24 billion across fiscal years 2022 through 2026, anchoring a multiyear program for pavement, bridges, safety, freight, and resilience. In 2024, ODOT launched a record construction season, with approximately $2.8 billion allocated across 950 projects statewide, including dozens of major projects exceeding $10 million, while TRAC advanced capacity projects for the next cycle. This capital stack gives contractors a reliable runway for heavy civil and roadway work.

Figure 7.7 Funding Scoreboard



Transportation investment is funded and visible in the field. Ohio's highway apportionments under the federal infrastructure law total about $9.24 billion across fiscal years 2022 through 2026, anchoring a multiyear program for pavement, bridges, safety, freight, and resilience. In 2024, ODOT launched a record construction season, with approximately $2.8 billion allocated across 950 projects statewide, including dozens of major projects exceeding $10 million, while TRAC advanced capacity projects for the next cycle. This capital stack gives contractors a reliable runway for heavy civil and roadway work.

Ohio Policy and Legislative Outlook

Ohio is implementing targeted incentives and site readiness to advance projects. The Transformational Mixed Use Development credit has reopened for fiscal years 2026 and 2027. The Ohio Historic Preservation Tax Credit supports urban rehabilitation projects, while Brownfield Remediation and Ohio BUILDS grants fund necessary utility and environmental work. Additionally, semiconductor recruitment, highlighted by the Intel New Albany campus, is driven by a state package that includes grants, infrastructure commitments, and job creation tax credits.

Delivery authority and codes enhance efficiency for organized teams in Ohio. Public owners can utilize design-build and construction manager at risk methods per Ohio Revised Code Chapter 153, detailing criteria, architectural steps, and subcontractor prequalification. Payment structures include partial payments up to 92% until mid-project, facilitating cash flow. The 2024 Ohio Building Code, effective March 1, 2024, incorporates the 2021 International Building Code and energy compliance standards.

Access programs and payment protections are crucial, with the state certifying Minority Business Enterprise (MBE) and EDGE firms for procurement. ODOT manages DBE goals for federally assisted transportation projects. Ohio's prompt payment law mandates timely payments and interest on delays, linking subcontractor payments to owner funds.

Bidders should certify in MBE, EDGE, and Ohio UCP, create auditable utilization plans, and position for tax equity and financing opportunities. They should prequalify for design-build lists, align schedules with the 2024 code, and embed prompt pay terms in subcontracts, focusing on semiconductor and advanced manufacturing sectors for sustainable growth.

Ohio Economic Risk

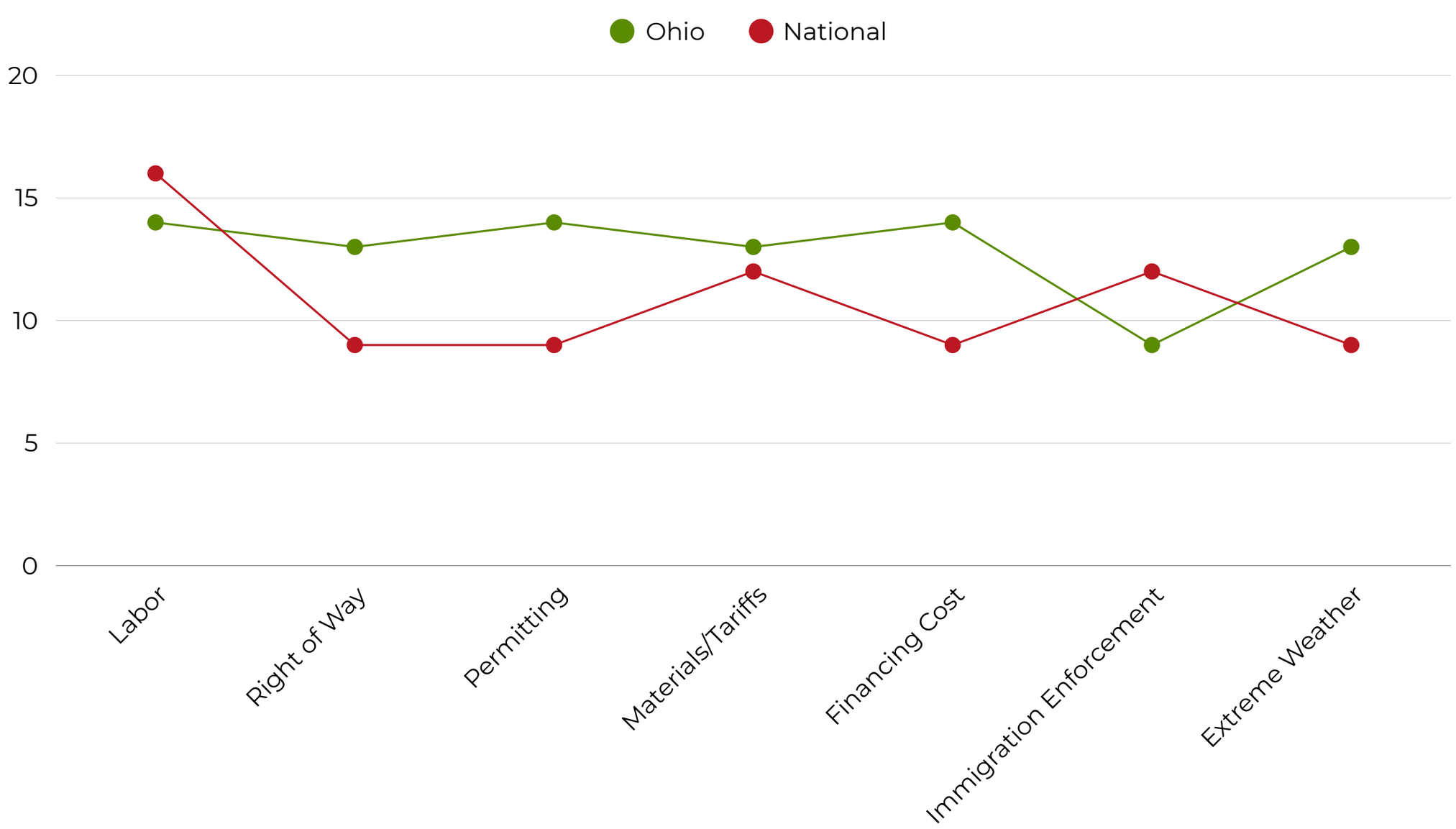
Washington and carbon auction revenues preserve a strong capital runway, but every month of slippage reduces real buying power as inflation and financing costs compound. Public works contracts accrue prompt pay interest when agencies miss payment windows, and retainage is capped at 5 percent. This means that owners who pay late or carry change orders will see fewer bidders and higher prices. The play is clear. Lock utility coordination early, pre-buy critical electrical gear where contracts allow, and sequence permitting and code compliance to avoid redesign. Write prompt pay and retainage protections into every subcontract, while pairing DBE goals with auditable plans led by Hispanic primes.

Chart 7 Project Delay

Project Delays				
Project	**Cost**	**Location**	**Delay Impact**	**Cause**
Intel Oho One	$28 billion	Licking County	Delayed until 2026	Supply chain and grant timing
Cuyahoga County Central Services Campus	$1.3 billion	Cleveland	Delayed until 2026	Cost escalation and financing
I-70 and Downtown Ramp Up	$1.4 billion	Columbus	Phased work extended	Utility relocation and design
Brent Spence Bridge	$3.6 billion	Cincinnati	Package sequencing shifts	Procurement and design
Western Hills Viaduct	$335 million	Cincinnati	Schedule extended	Funding

Licensed electrical and mechanical trades and operating engineers remain in high demand in Columbus, Cincinnati, and the Cleveland-Akron corridor. Winter work windows and freeze-thaw cycles limit productivity, while housing near job hubs stretches household budgets and increases commute distances. Without a strong apprenticeship intake, bilingual training, and disciplined field supervision, overtime becomes the default, and rework risk increases when experienced supervisors are split across multiple jobs.

Figure 7.8 Risk Matrix



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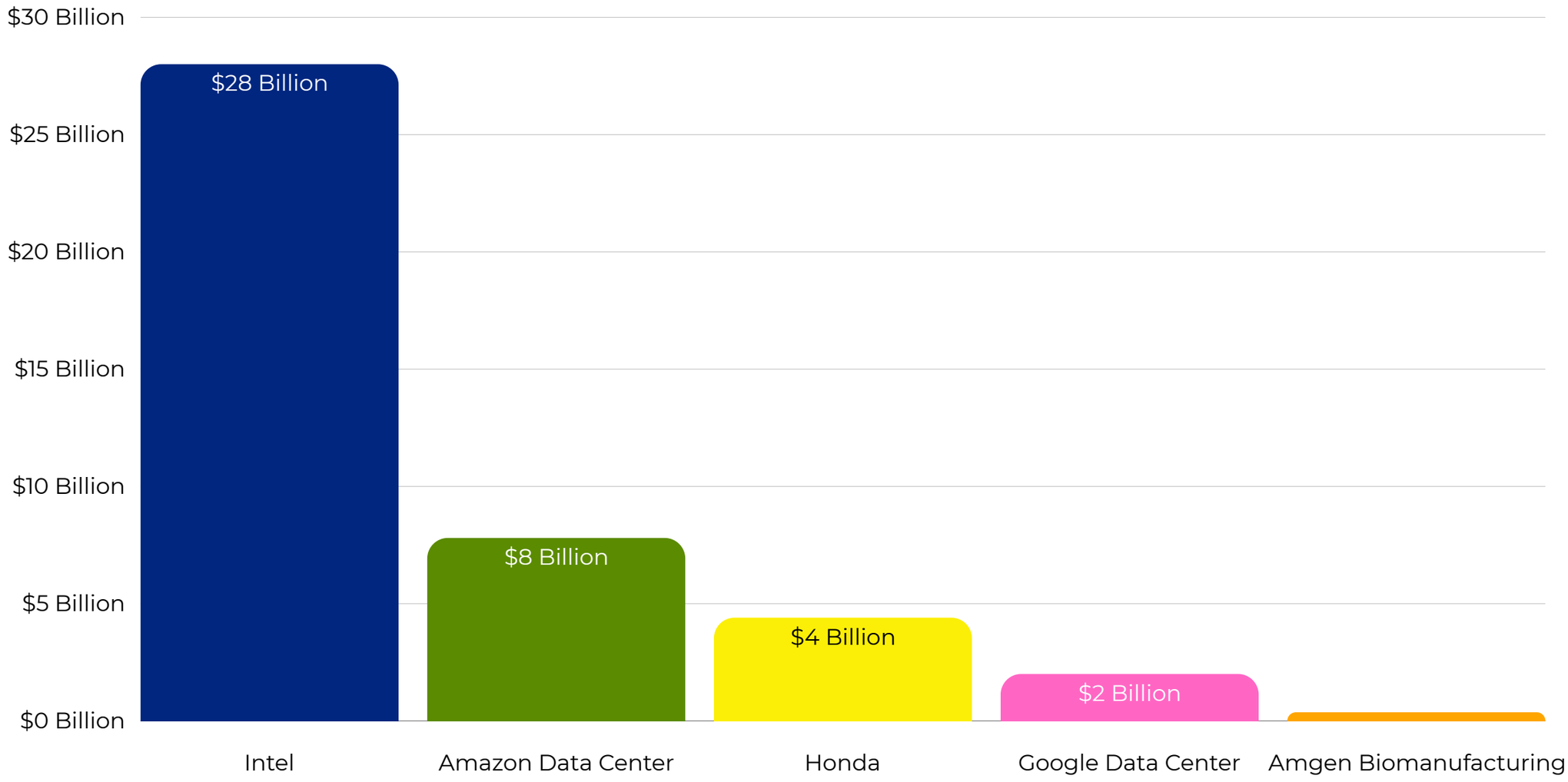
Ohio Private Development Health

Private development is steady and investable with clear sector leaders. The industrial and logistics sectors are stabilizing after a rapid delivery cycle, as absorption begins to catch up and vacancy rates decline in the second half of the year. Mission-critical work remains the anchor, with Intel's Ohio One continuing construction while extending its production timeline, which sustains civil, structural, and utility packages even as equipment purchases shift to later phases. Healthcare and research projects in Cleveland generate durable demand for complex interiors and MEP scopes, complementing a pipeline that rewards teams with schedule discipline and proven commissioning plans

Metro dynamics are diverging in ways that matter for underwriting. Columbus is the state's strongest private market, with apartment absorption running above long-term averages and new starts falling sharply, which sets up firmer rents as the pipeline steps down. The office market in Columbus is stabilizing, but remains challenged in Cincinnati, where vacancy rates remain elevated and conversions are advancing with state incentive support. These currents direct capital toward infill industrial, conversion-ready assets, and healthcare campuses in the three major metros, while speculative office remains on the sidelines.

The play for Hispanic contractors and small developers is targeted and disciplined. Lean into logistics, healthcare, and semiconductor supplier space, where long leases and public incentives de-risk delivery. Pre-buy long-lead electrical gear when contracts allow, lock utility and commissioning windows early, and carry explicit contingencies for power equipment and elevators. On urban projects, pair state credits with auditable supplier and workforce plans and protect cash flow with prompt pay and retainage terms. Execution quality and clean compliance convert Ohio demand into bankable backlog.

Figure 7.9 Major Projects



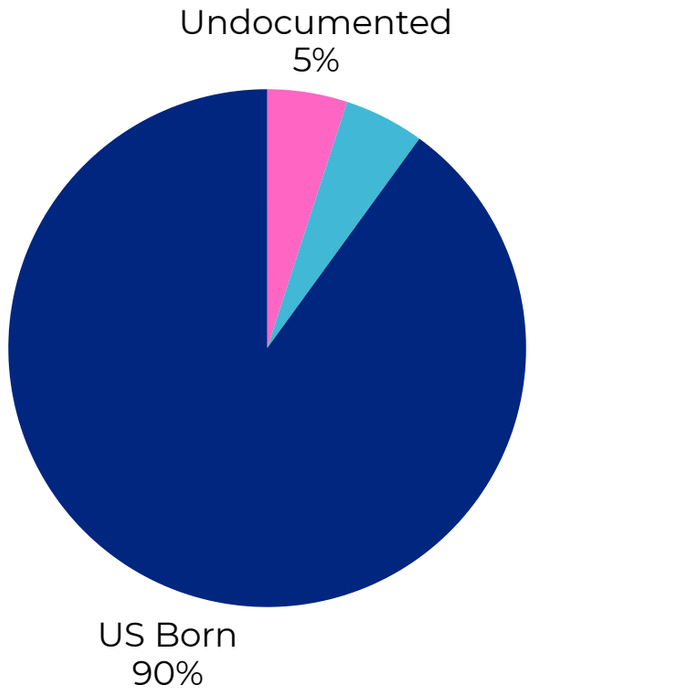
Ohio Construction Workforce Shortage

Ohio needs 7,790 to 8,960 additional workers, especially electricians, operating engineers, and concrete/civil crews, to support record highway letting and healthcare builds. Intel’s revised timeline tempers the immediate surge, but MEP and signal capacity still govern the schedule on urban corridors and hospital campuses, so sponsors are paying premiums for teams that lock utility windows early and can commission critical equipment without repeat inspections.

Ohio Impact of Mass Deportation

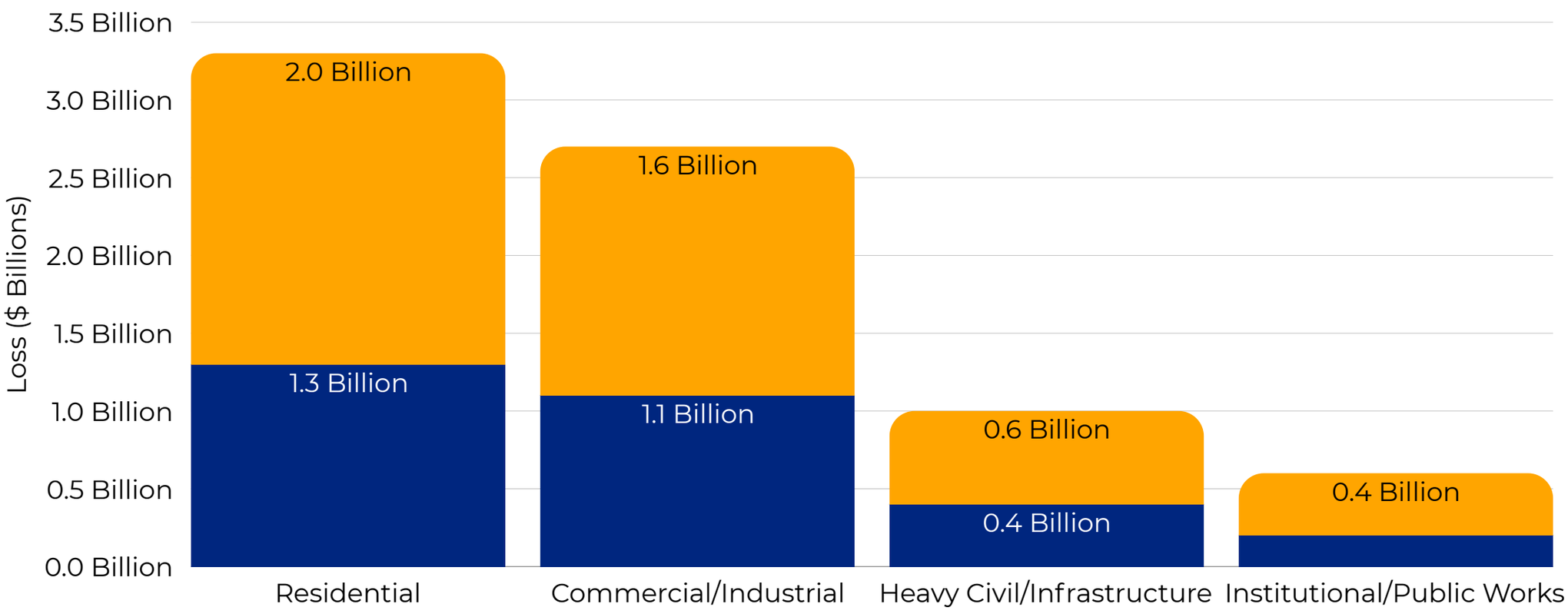
Ohio's construction sector could experience a labor shock due to material schedule risk, with employment at approximately 265,000 workers. A scenario removing 5% to 8% of the workforce could result in 13,000 to 21,000 workers being sidelined in various construction areas. This decline would delay projects like data centers and highways by 3 to 12 months, as contractors would need to re-sequence tasks and pay higher costs for labor.

Figure 7.10 Immigration Status Composition



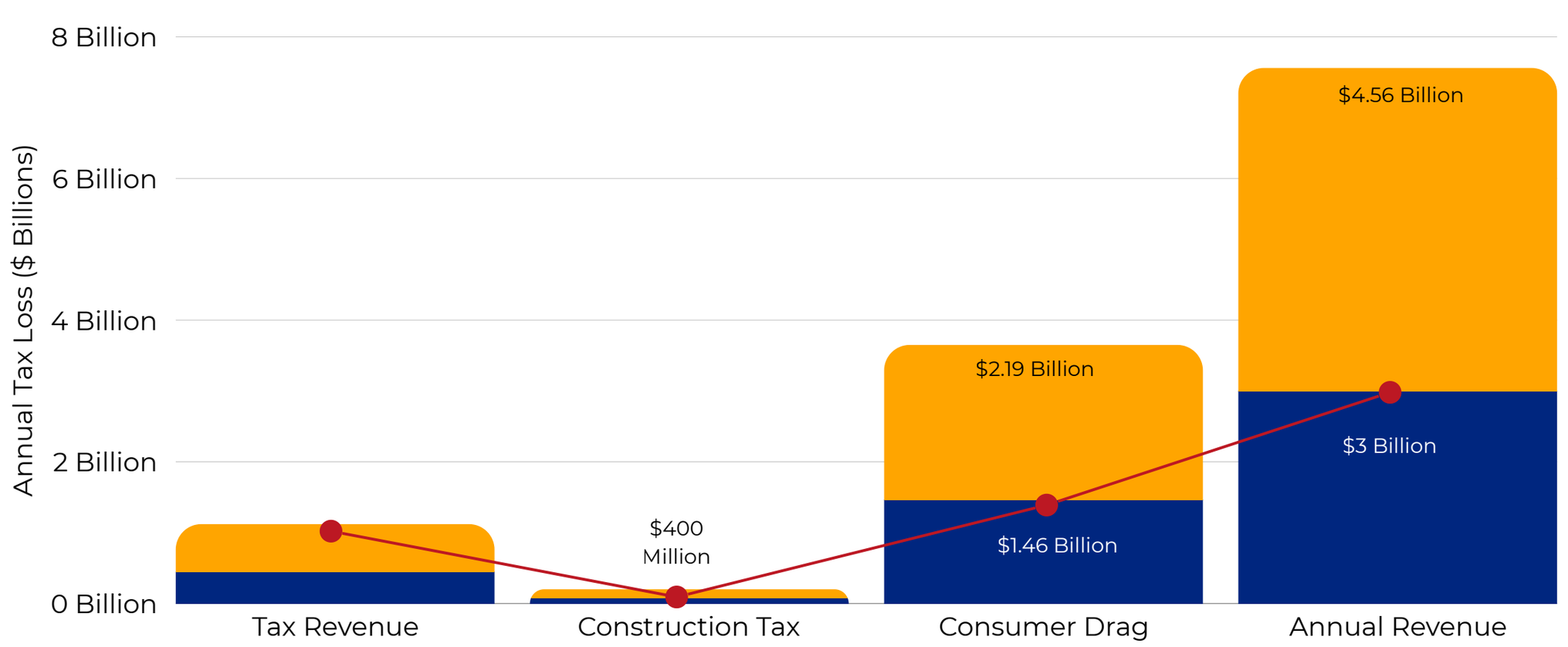
The revenue hit would be visible at the state and local levels. Undocumented households in Ohio pay an estimated $739.8 million in total taxes each year, including $274.4 million in state and local taxes. A full-scale removal would erase these streams and reduce related receipts tied to construction activity, such as permit fees, sales taxes on materials, and wage-linked income taxes from crews and suppliers. Even partial removals would trim tens of millions from local budgets and complicate capital plans that depend on timely project delivery to unlock matching funds and future property-tax growth.

Figure 7.11 Annual Output Loss by Sector



The macroeconomic impact on Ohio's construction sector could lead to a drop in output and growth. With real construction value at about $25.8 billion annually, a 5% to 8% workforce loss could result in a near-term decrease of $1.3 to $2.1 billion in construction output, affecting 0.2% to 0.3% of Ohio's $727 billion economy. This would also cause delays in industrial fit-outs, data centers, logistics facilities, and public works.

Figure 7.12 Estimated Tax Revenue Loss



Ohio Infrastructure Hazards

Ohio's key hazards are extreme rainfall and flooding, winter storms, and aging dams and levees that were not designed for today's precipitation patterns. Recent analyses indicate a growing trend in rainfall intensity in Northeast Ohio, which increases flash-flood frequency and overburdens stormwater systems and older culverts. Riverine flooding stresses legacy levees and can lead to wastewater bypasses, which degrade water quality. Ice storms and heavy wet snow still trigger extended outages that interrupt traffic signals and water treatment. Rural bridges and township roads carry outsize detour impacts when closed.

Freight and emergency access are threatened by simultaneous flooding in urban areas like Cleveland, Columbus, and Cincinnati, where high-intensity rains exceed drainage capacities. Saturated soils raise the risk of slope failures, isolating neighborhoods and logistics. Additionally, aging dam structures require rehabilitation, and insurance expectations lead owners to enhance contingencies and scheduling.

Mitigation priorities include upstream detention, green infrastructure, and modern conveyance that reflect updated design storms. Dam rehabilitation and targeted levee improvements should align with the highest life-safety exposure and downstream critical facilities. Water and wastewater plants need floodproofing, backup power, and clear shelter-in-place protocols. HCC issues a grade of D+ to Ohio.

Ohio Financial Outlook

Ohio's construction economy is thriving as it approaches late 2025, driven by semiconductor, battery, and cloud infrastructure projects. Key highlights include:

- Strong Labor Base: Construction employment reached about 265,100 in June 2025, a 7% increase from the previous year.
- Private Sector Growth: Central Ohio sees significant activity, particularly with Intel's New Albany fabs advancing due to federal CHIPS support. Google and Meta are expanding in the data center sector, despite a Microsoft project pause.
- Public Financing: An $11 billion transportation budget supports ongoing highway, bridge, and mobility programs, bolstering contractor stability.
- Industrial Developments: The Honda–LG Energy Solution battery plant in Jeffersonville represents a $3.5 billion investment, ensuring continued work for suppliers.

Despite a moderately positive outlook, risks include high financing costs for some projects and tight supply chains for essential equipment. However, the construction sector is expected to stabilize or improve due to rising employment and confirmed public funding.

Ohio is focusing on sustainable infrastructure through green construction practices, addressing climate resilience, and aligning industrial policies with workforce development. Collaborative efforts among stakeholders will be crucial for fostering a resilient and prosperous future for the state.

TENNESSEE

8

882 Points

STATE OF CONSTRUCTION **2025**

TENNESSEE EXECUTIVE SUMMARY

Tennessee’s construction market is thriving, fueled by automotive and battery investments, logistics expansions, and steady public works. In 2024, construction GDP reached $23.5 billion and continues to grow in 2025. Hispanic workers and firms are playing a pivotal role in this growth, particularly in framing, concrete, and MEP trades, while housing shortages near job centers increase turnover costs for employers.

Opportunities and Challenges

- Workforce Shortages: Persistent shortages in electrical, mechanical, concrete, and crane operations are most acute in Nashville, Memphis, Chattanooga, and Knoxville. Severe weather and tornado outbreaks have caused episodic delays, driving up insurance and contingency pricing. Hispanic firms with reliable staffing and bilingual safety and supervision capabilities are winning scopes as primes standardize utilization and prompt pay practices.
- Housing and Infrastructure: Key infrastructure needs include capacity and interchange improvements on I-24 and I-40, freight and airport upgrades, water and wastewater modernization, and grid resilience near industrial corridors. A focused push for workforce housing near plants and logistics hubs is critical to stabilizing attendance and improving safety metrics.
- Disaster Risks: Tennessee has faced deadly tornado outbreaks and catastrophic flash flooding in recent years, underscoring the need for rapid bridge and culvert replacements, hardened substations, and resilient staging plans to navigate severe weather windows.

Acceleration Playbook

1. Finance: Enforce prompt pay and provide bonding support to help Hispanic-owned firms form joint ventures and compete for plant expansions and public building projects.
2. Approval Processes: Fast-track workforce housing approvals near industrial nodes to stabilize crews and reduce turnover costs for employers.
3. Workforce Development: Scale bilingual “earn-and-learn” programs to address persistent labor shortages and ensure a steady pipeline of skilled workers.

With construction GDP exceeding $23 billion and continuing to rise, Tennessee is well-positioned to lead in construction innovation and resilience. The Hispanic Construction Council recommends scaling bilingual training programs, unbundling scopes to support emerging primes, and fast-tracking workforce housing near industrial hubs to accelerate delivery and broaden ownership opportunities.

Congratulations to Tennessee for its leadership in automotive and logistics-driven construction growth. By addressing workforce gaps, mitigating disaster risks, and streamlining approvals, the state can continue to build a resilient and thriving construction economy.

Tennessee Hispanic Owned Firms

Hispanic entrepreneurs are a growing force in Tennessee's construction industry. Based on the latest Annual Business Survey and nonemployer statistics, Tennessee is estimated to host between 900 and 1,100 Hispanic-owned employer construction firms and approximately 9,000 to 11,000 Hispanic sole proprietors and single-member contractors. Most are concentrated along the I-24 and I-40 corridors in Greater Nashville, Clarksville, and Murfreesboro, with strong clusters in Memphis and Chattanooga, tied to logistics, healthcare expansion, and school and water programs. Ownership is growing faster than the state average as population and project pipelines expand, especially in residential trades, small commercial, and public works packages.

Figure 8.1 Estimated Ownership by Race

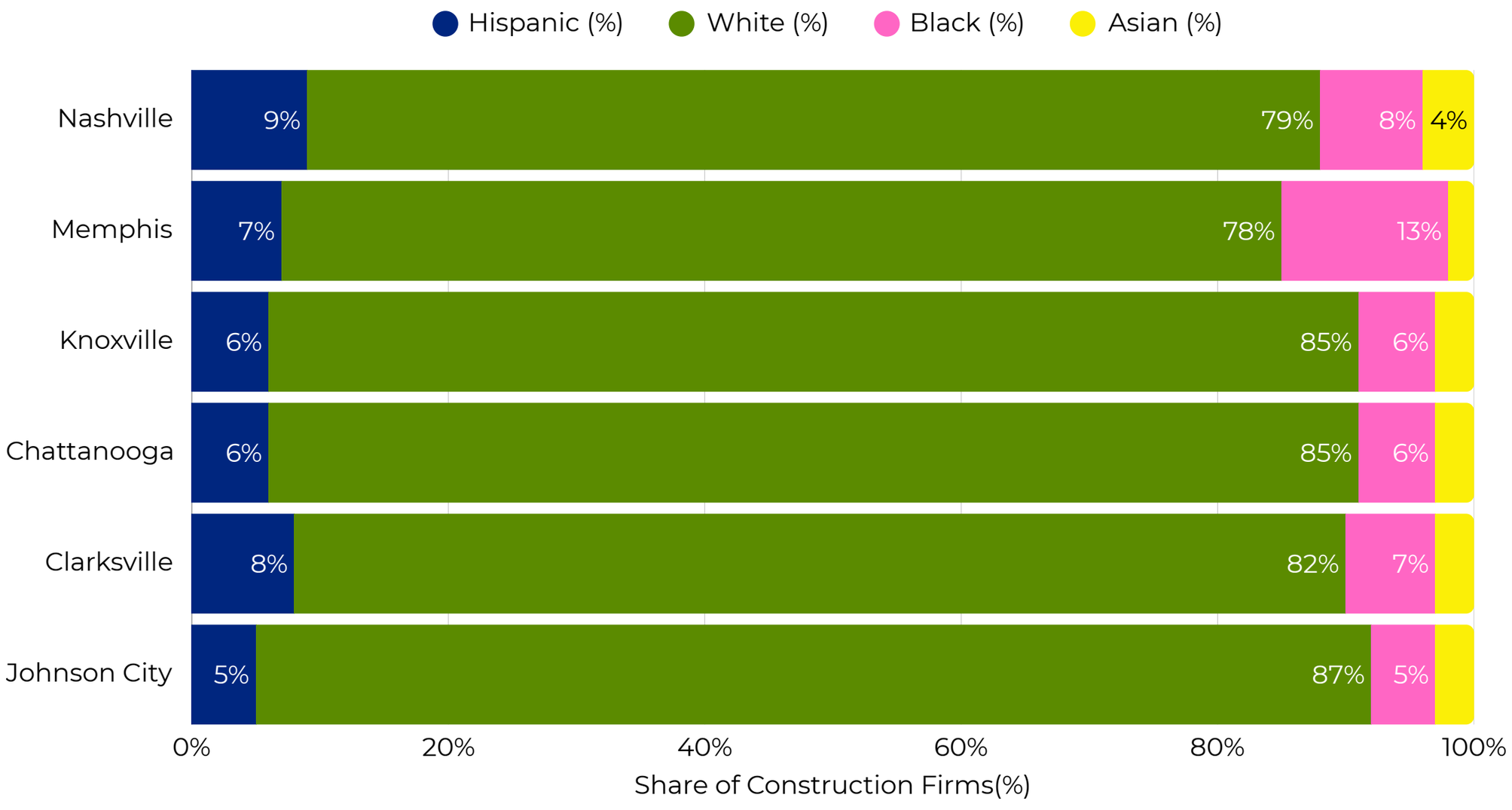
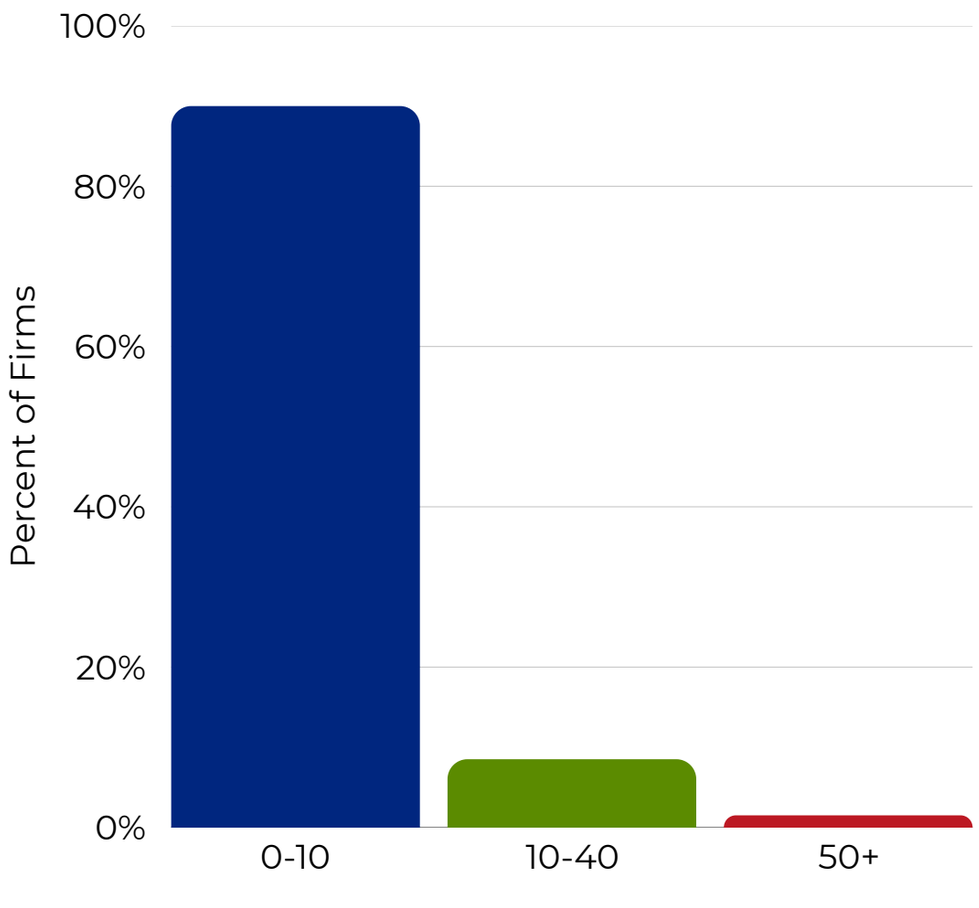


Figure 8.2 Hispanic Firm Size by Employees



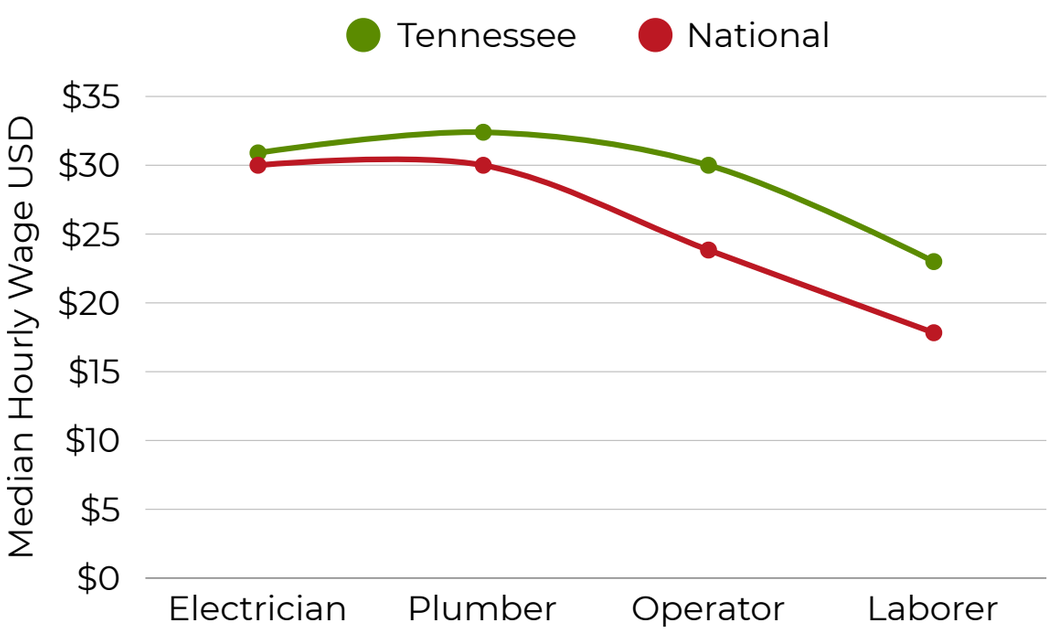
Firm profiles are predominantly small and agile. The majority of companies employ ten or fewer people and operate in various areas, including concrete, framing, drywall and finishes, roofing, site and utility work, and low-voltage scopes. These firms win with speed, bilingual field leadership, and the ability to staff weekend and night windows around hospital, distribution, and manufacturing shutdowns. Barriers are concentrated in bonding limits, working capital for long lead materials, and prequalification requirements that privilege larger back offices. Compliance needs are specific in Tennessee.

The scale path is clear. Register with the Governor’s Office of Diversity Business Enterprise for MBE status and with TDOT for DBE certification to access federally assisted transportation work. Build auditable, commercially useful function practices, prompt-pay clauses, and supplier terms that match pay apps. Pair with larger primes in EV manufacturing, data centers, grids, schools, and water programs, where multi-year work supports bonding growth. Invest in bilingual safety and apprenticeship pipelines for electricians, plumbers, and operating engineers so crews can step into higher-margin scopes and commissioning.

Tennessee Construction Workforce

Hispanics make up approximately 5.5% of Tennessee's total labor force. While statewide construction-specific demographic data for Hispanic workers is 28.9%, national trends show Hispanics are disproportionately represented in construction. In border and growth states, their share of construction employment often far exceeds their share in the wider workforce.

Figure 8.3 Wage Ladder



Entry-level laborers may earn between $15 and $20 per hour, while more skilled or licensed workers in urban markets like Knoxville or Nashville can reach $25 per hour or more. Hispanic workers may face wage drag relative to non-Hispanic peers, consistent with national patterns where non-white workers, including Hispanics, often earn less on average.

Given Tennessee's construction boom in cities like Nashville, Memphis, and Chattanooga, it is reasonable to interpret that Hispanic workers play a growing role as laborers, tradespeople, and support staff in the sector.Construction and production workers in Tennessee earn an average of around $20.40 per hour, equating to a median annual wage near $41,000.

Figure 8.4 Workforce Composition

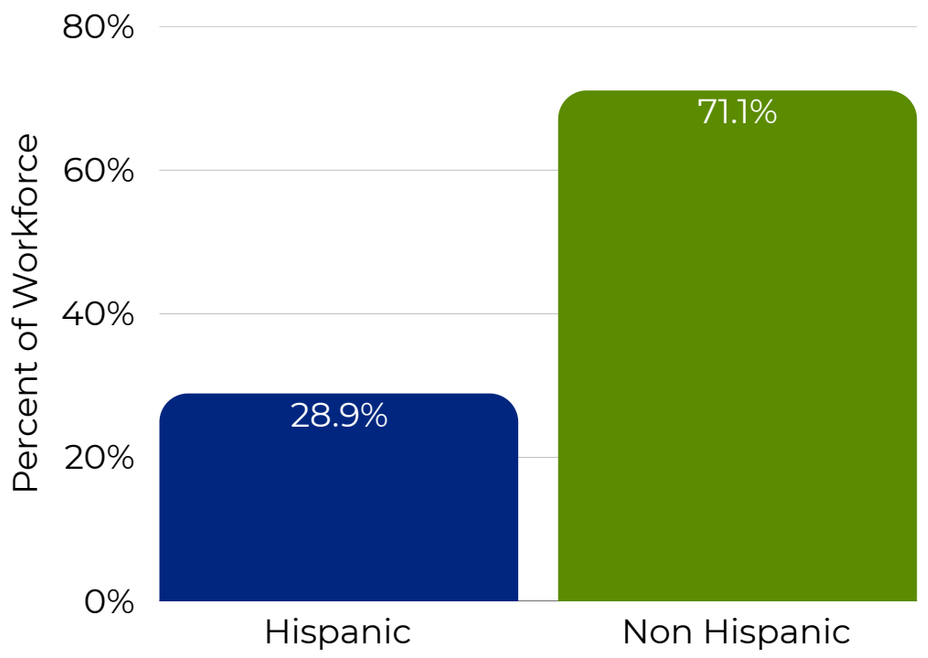
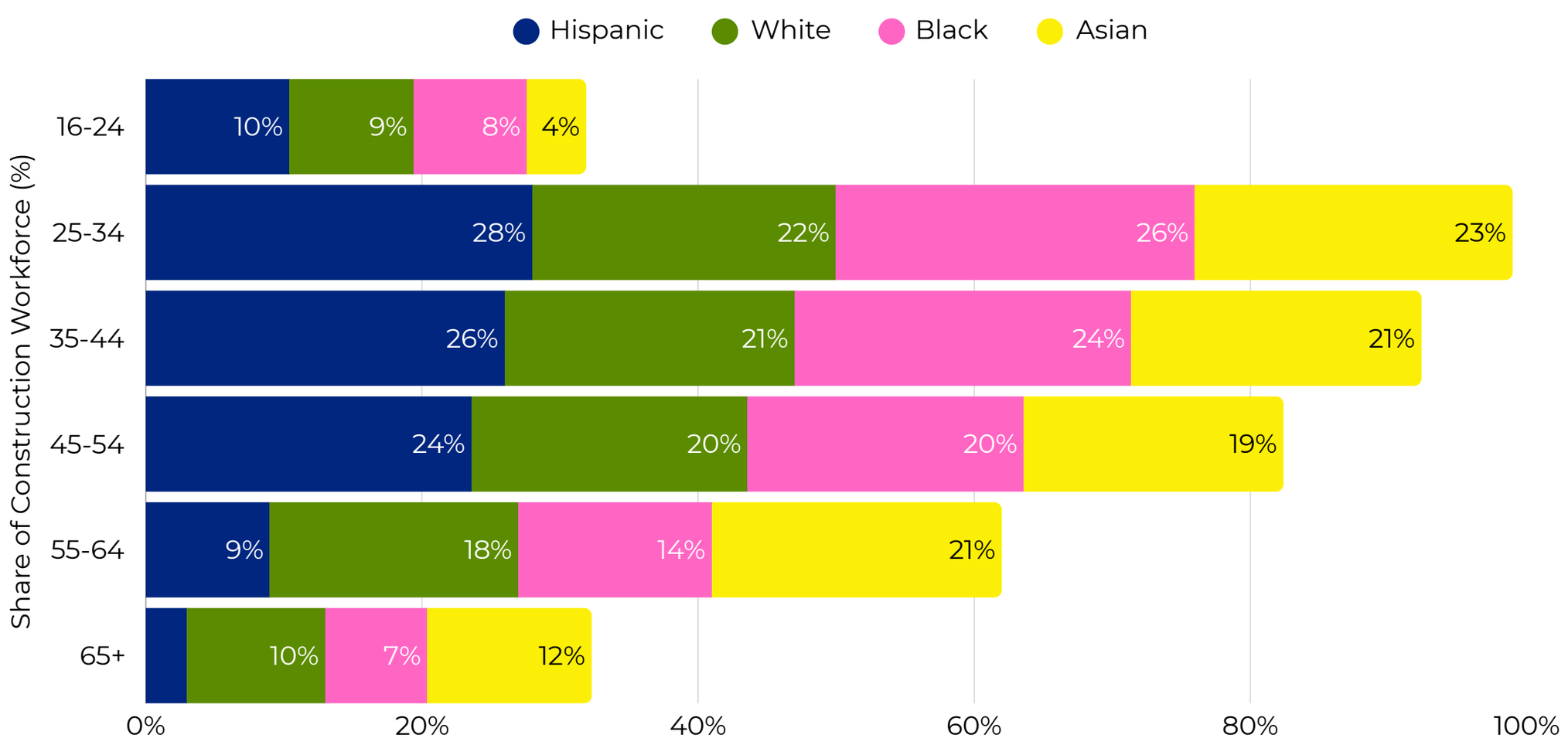


Figure 8.5 Workforce Composition by Age

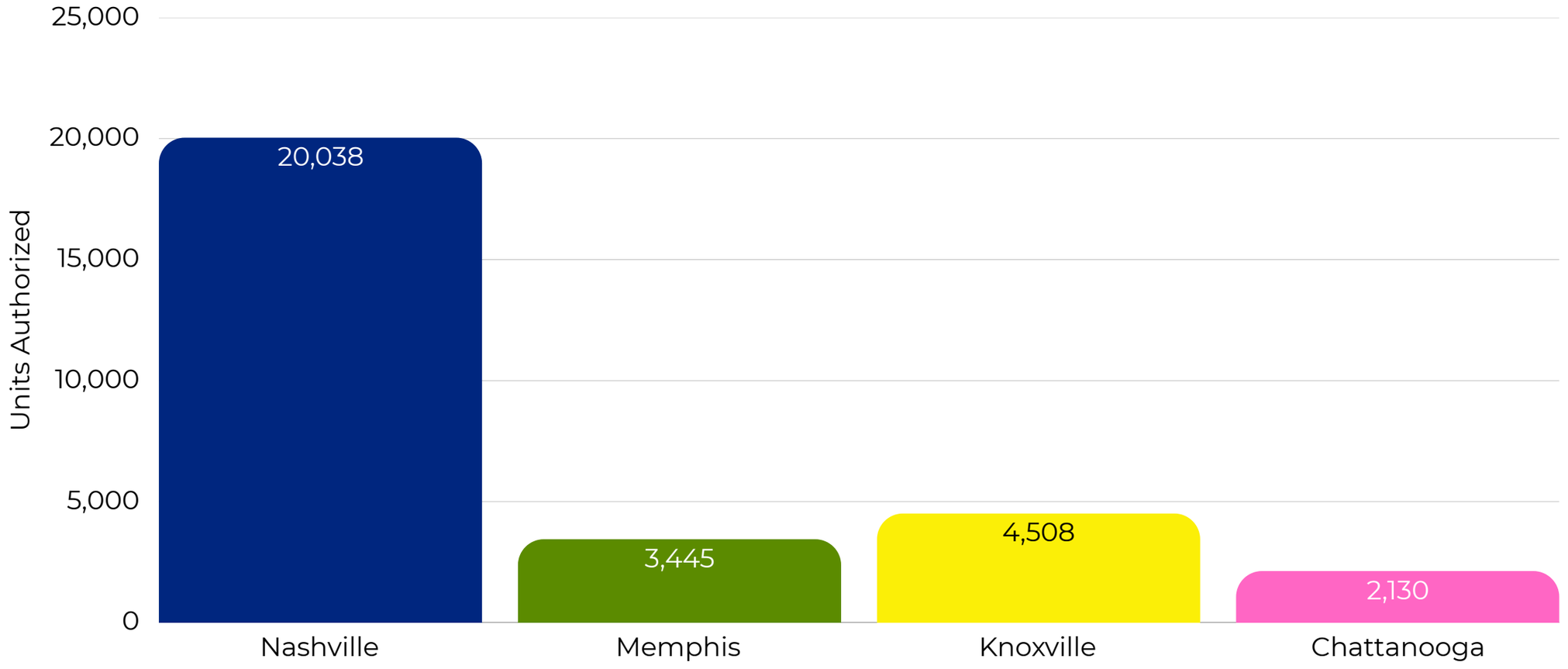


While detailed age distribution data for Tennessee's Hispanic construction workers is unavailable, national age trends reflect that Hispanic construction workers are significantly younger than their peers. About 12% of Hispanic construction workers nationally are aged 55 and above, compared to higher age shares among non-Hispanic whites and Asians. Combined with Tennessee's overall median age of about 39, this suggests that Hispanic construction labor in the state is relatively young, positioning them to absorb retirement wave effects and sustain sector growth. These dynamics highlight the need for training pathways, multilingual apprenticeship programs, and inclusive upskilling to strengthen long-term workforce capacity.

Tennessee Housing and Infrastructure

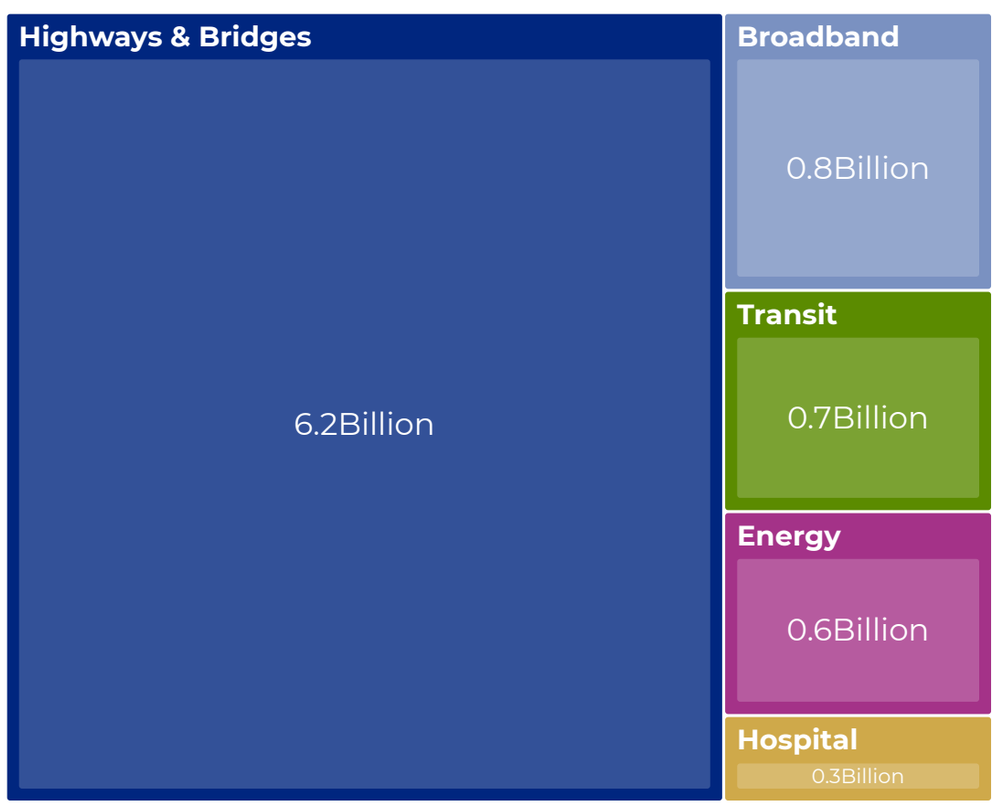
Water, resilience, and broadband programs widen the bid lane. The Ohio Water Development Authority reported 2024 loan awards of approximately $684 million for wastewater construction and $393 million for drinking water construction, as well as additional Fresh Water loans that fund storm and distribution upgrades. Ohio’s BEAD allocation of approximately $793 million will facilitate last-mile builds once the awards transition to construction. Teams that pair strong compliance and workforce plans with schedule discipline will convert this funding into backlog and timely assets.

Figure 8.6 Housing Permits by Metro



Tennessee's transportation funding includes approximately $1.58 billion for highway construction in TDOT's work program for FY 2025 and 2026, supplemented by a one-time $1 billion from the Transportation Modernization Fund. From 2022 to 2026, the state expects about $5.83 billion in federal highway apportionments for various projects. Additionally, state authorization for choice lanes and managed corridors in Nashville aims to increase capacity while maintaining general-purpose lanes.

Figure 8.7 Funding Scoreboard



Tennessee's TDOT plans to invest approximately $1.58 billion in highway construction for fiscal years 2025 and 2026, supplemented by a $1 billion boost from the Transportation Modernization Fund. From 2022 to 2026, the state expects about $5.83 billion in federal highway funds for various projects, including pavement and bridge improvements. Additionally, state authorization for choice lanes and managed corridors in Nashville aims to enhance capacity while maintaining general-purpose lanes.

Tennessee Policy and Legislative Outlook

Tennessee has established a clear path for faster delivery and private capital investment. The Transportation Modernization Act authorized choice lanes and opened the door to revenue-backed concessions, with the first corridors advancing around Nashville and other metropolitan areas. TDOT has published the choice lane framework and is moving toward initial procurements on priority interstate segments. The agency’s ten-year program and corridor pipeline translate into sustained opportunities in paving, structures, utilities, tolling systems, and long-term maintenance, where teams can demonstrate schedule control and risk pricing discipline.

Tennessee is enhancing delivery and attracting private investment in transportation through the Transportation Modernization Act, which authorizes choice lanes and revenue-backed concessions, particularly around Nashville. The Tennessee Department of Transportation (TDOT) is progressing with a ten-year program focused on paving, structures, tolling systems, and maintenance, utilizing various project delivery methods like design-build and CMGC for efficiency.

Access to opportunities is bolstered by a Uniform Certification Program for DBE firms, aiming for a nearly ten percent participation goal. TDOT's Small Business Development Program provides support for firms, promoting inclusivity, especially for minority and women-owned businesses. This strategy aligns economic development with infrastructure investments, fostering sustainable growth and innovation.

The emphasis on alternative delivery methods allows for faster project completion, addressing the needs of Tennessee's growing population and economy. Stakeholders are encouraged to engage with TDOT's initiatives to drive forward the state's transportation future collaboratively.

Tennessee Economic Risk

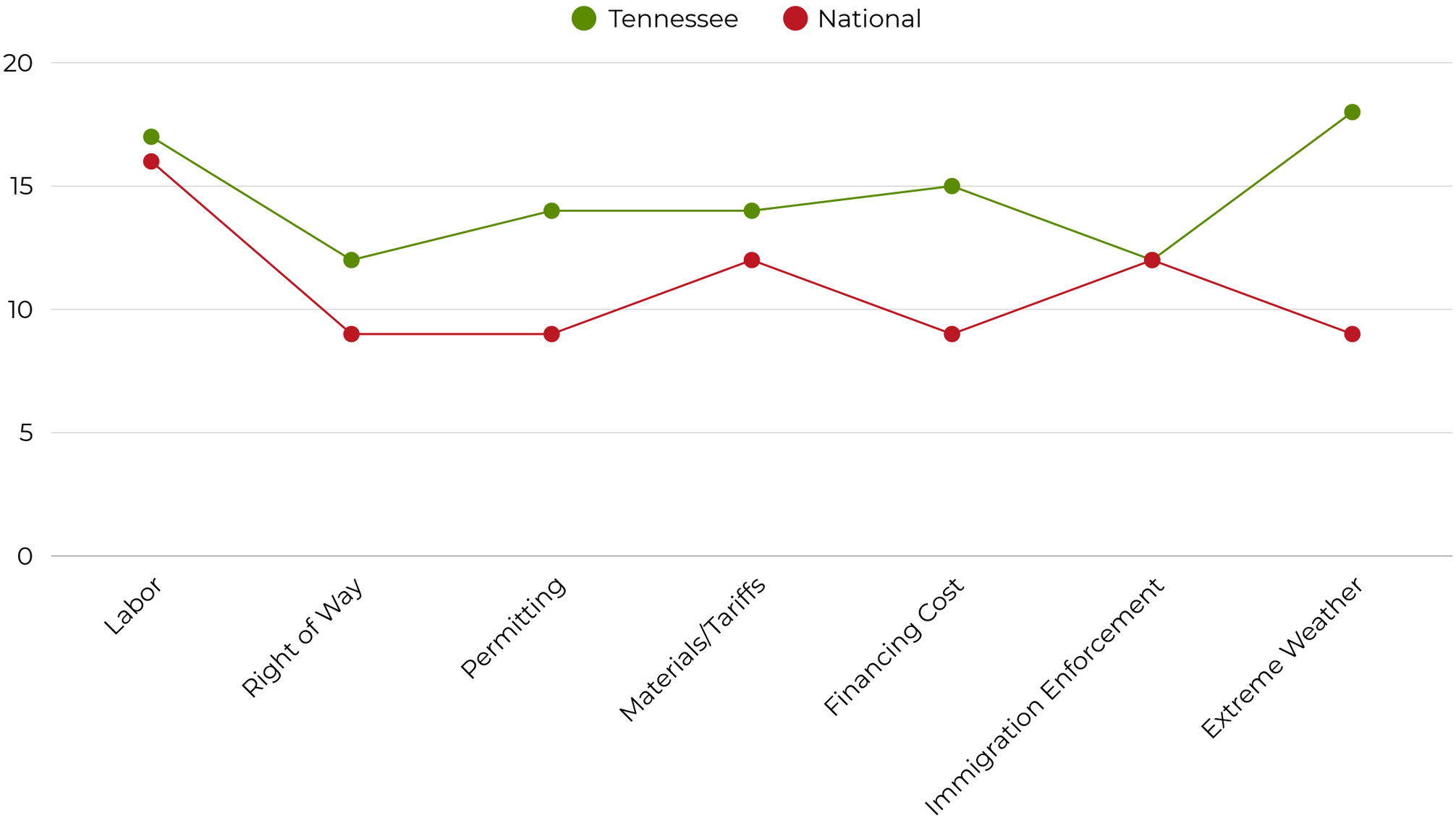
Cost and schedule risk begin with utility coordination and long lead electrical gear. Switchgear and transformers remain scarce, which pushes energization and commissioning to the critical path and increases carrying costs when delivery dates move. Right-of-way and railroad windows add months to interstate and bridge work. Severe heat and storm cycles interrupt crews and extend punch lists. The practical defense is to lock utility work early, prebuy critical equipment where contracts allow, and sequence inspections so energization and closeout do not slip.

Chart 8 Project Delay

Project Delays				
Project	**Cost**	**Location**	**Delay Impact**	**Cause**
Blue Oval City EV Campus	$5.6 billion	Stanton	Production to 2026 - 2027	Market conditions and supply chain
Tennessee Performing Arts	$200 million	Nashville East Bank	Timeline pushed	Infrastructure cost and redesign
i-24 Smart Corridor	$140 million	Nashville to Murfreesboro	Extended activation	Technology intergration and tuning
I-40 Reconstruction segments	$250 million	Middle to West Tennessee	Delayed to 2026	Procurement and design
East Bank Public Realm	$500 million	Nashville	Sequencing revised	Financing

Labor is the second risk, and it is a decisive factor. Licensed electrical and mechanical trades and operating engineers are in high demand in Nashville, Memphis, Knoxville, and Chattanooga. Compliance steps under the state employment verification law increase documentation requirements for larger employers, which in turn raises exposure for firms with weak onboarding and record-keeping practices. High heat and humidity reduce productive hours and raise safety requirements for water, shade, rest, and monitoring. Without a strong apprenticeship intake, bilingual training, and disciplined field supervision, overtime becomes the default, and the risk of rework increases when experienced supervisors are stretched across multiple jobs.

Figure 8.8 Risk Matrix



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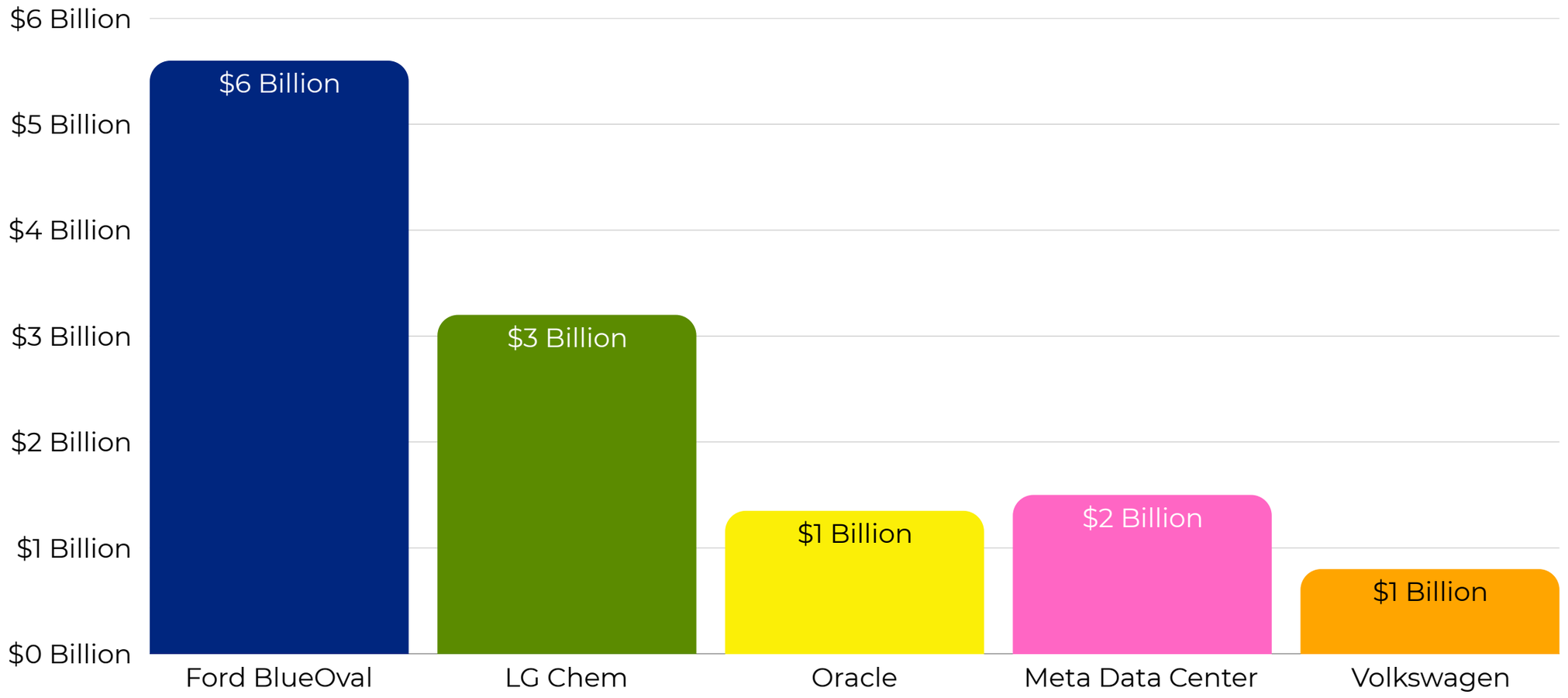
Tennessee Private Development Health

Private development is steady and investable with clear sector leaders. Industrial and logistics remain healthy in Nashville and Memphis as absorption catches up with a large 2023 and 2024 delivery wave. Vacancy rates in Nashville are holding near the mid-single digits, with rents remaining resilient. Meanwhile, in Memphis, vacancy rates remain stable in the high single digits, accompanied by positive net absorption and significant tenant commitments still being secured. Mission-critical manufacturing adds durable demand. Ford's BlueOval City remains a multi-year construction platform, even as mass production is rescheduled. Meanwhile, the LG Chem cathode plant in Clarksville is advancing toward initial operations, which sustains site work, heavy civil, and advanced MEP packages across the EV supply chain.

Multifamily is selective but improving. After record deliveries, new starts have fallen sharply, and the 2025 pipeline is lighter, which supports firmer rents and a gradual decline in vacancy as absorption improves. Developers are underwriting longer lease-up, explicit insurance budgets, and disciplined contingencies, with suburban and mixed-use locations showing the cleanest math. The office is a split screen. Downtown vacancy is elevated, while new and amenitized product in core submarkets is capturing the bulk of leasing and compressing availability. The signal for sponsors and lenders is to favor conversion-ready assets, healthcare-anchored campuses, and locations with clear utility paths and predictable approvals.

For Hispanic contractors and small developers, the play is targeted and disciplined. Lean into EV manufacturing campuses, supplier space, logistics hubs, and healthcare interiors where long leases and public incentives de-risk delivery. Pre-buy long-lead electrical gear where contract terms allow, lock in utility and commissioning windows early, and document schedule control and safety to win with lenders. Pair auditable supplier diversity and workforce plans with prompt pay and retainage protections so cash flow stays stable and execution converts Tennessee demand into bankable backlog.

Figure 8.9 Major Projects



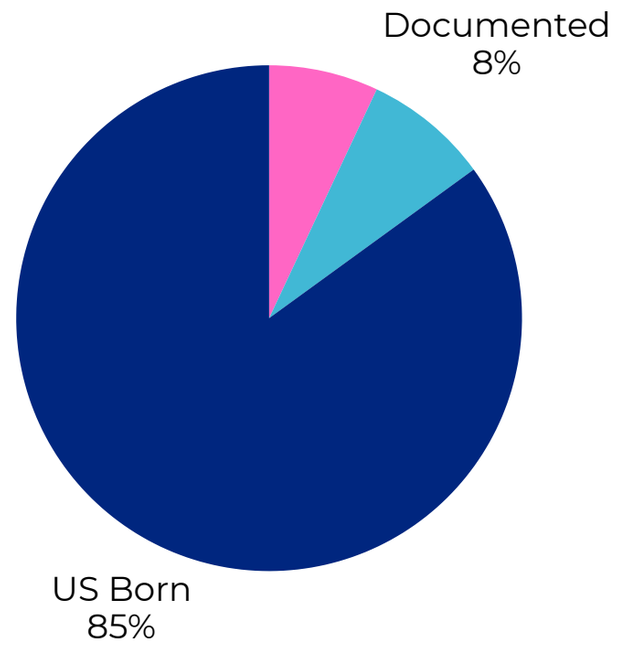
Tennessee Construction Workforce Shortage

Tennessee's shortfall is estimated to be between 5,990 and 6,810 workers, primarily in electricians, HVAC/controls, operating engineers, and concrete crews across EV manufacturing campuses and TDOT corridor work. Jobs are pushed out when commissioning talent is stretched between BlueOval City, supplier plants, and choice-lane segments, and heat-day work rules trim productive hours. This is why lenders are favoring contractors who document staffing ladders, secured travelers, and realistic summer schedules.

Tennessee Impact of Mass Deportation

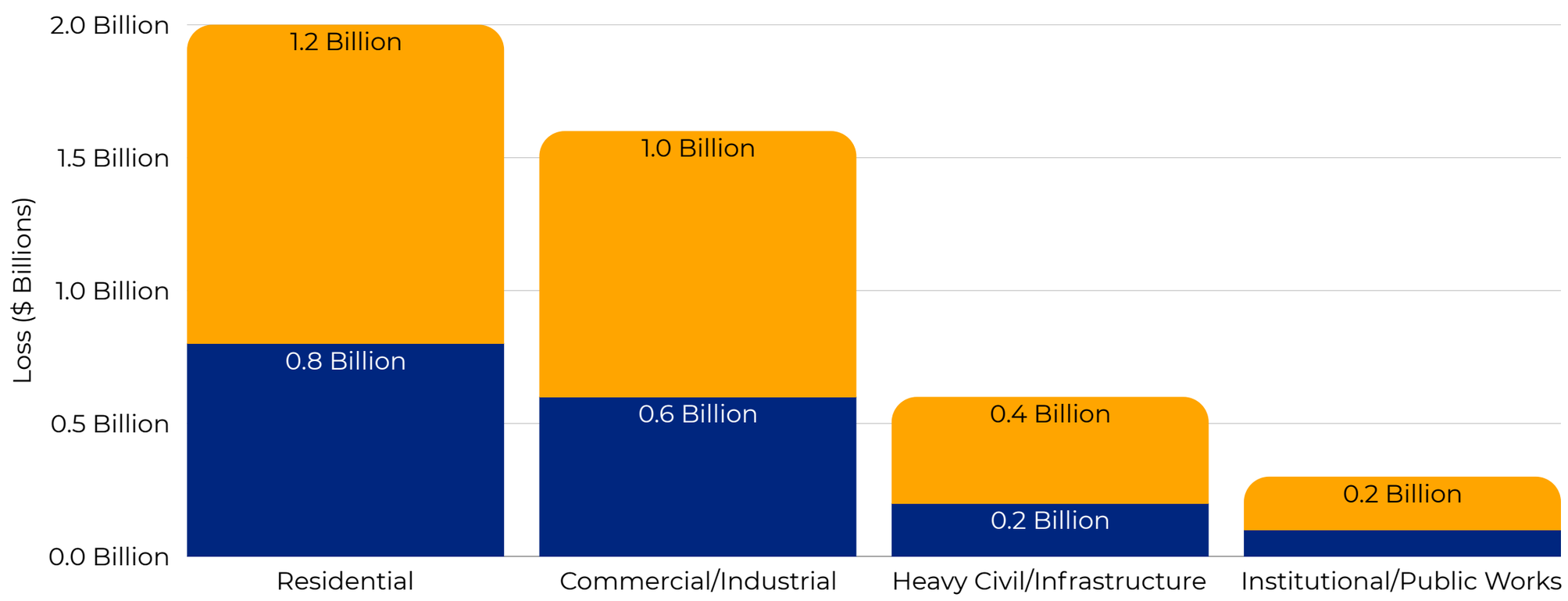
Tennessee's construction labor market would face immediate capacity loss under sustained removals. The state employed about 164,500 construction workers in July 2025. Best available data indicate ~17% of construction and extraction workers in Tennessee are foreign-born, with undocumented workers representing a material share of that group. Even a conservative removal scenario, which subtracts 6% to 8% of the current construction workforce, would sideline 9,900 to 13,000 workers across Nashville, Memphis, Knoxville, and fast-growing suburban counties.

Figure 8.10 Immigration Status Composition



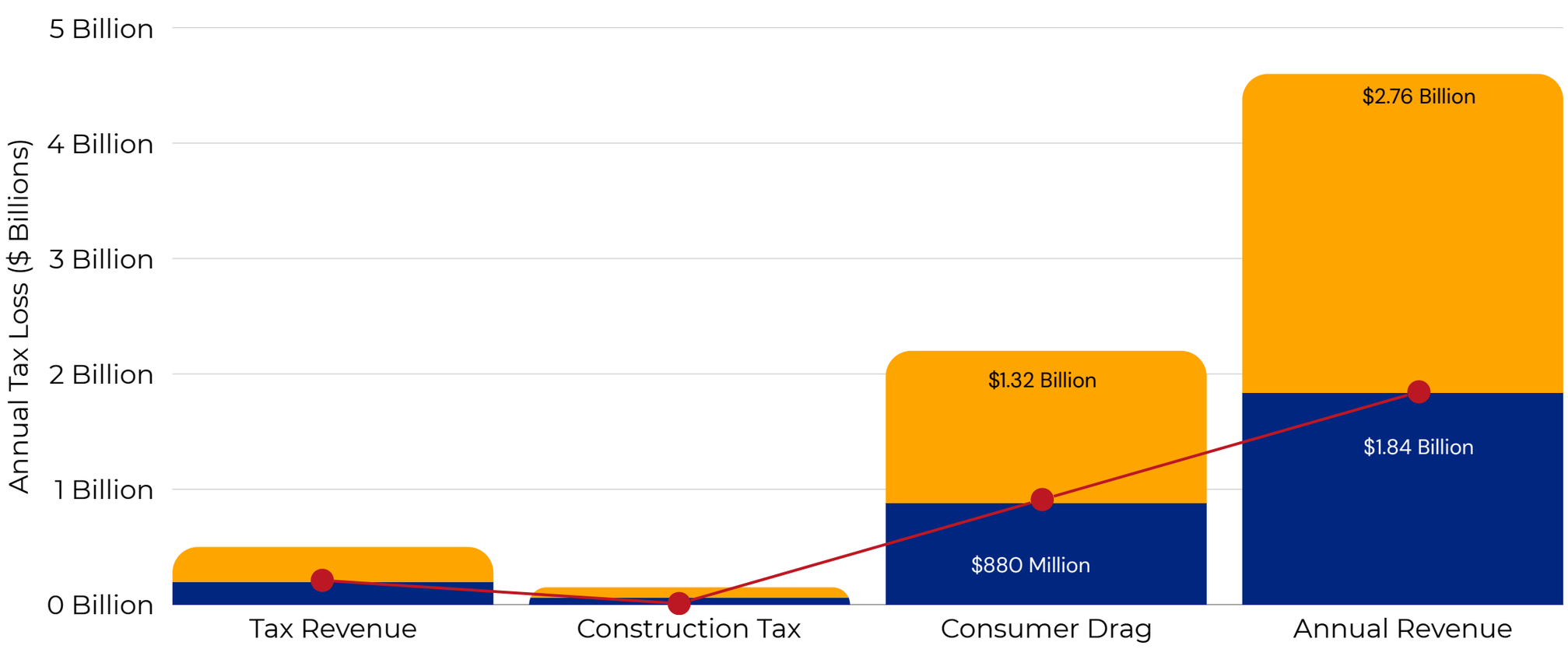
The macroeconomic impact in Tennessee could be significant, with construction value added at about $24 billion SAAR in Q1 2025. A 6% to 8% labor shock may lead to a near-term output loss of $1.0 billion to $1.9 billion in construction GDP, potentially dragging state GDP down by 0.3% to 0.6% when accounting for supply-chain and income multipliers. Project schedules for complex jobs may extend by 3 to 9 months, and 6 to 12 months for multi-site programs, as companies adjust work sequences and retrain new hires.

Figure 8.11 Annual Output Loss by Sector



Public finances in Tennessee would weaken due to the significant tax contributions of undocumented households, totaling hundreds of millions annually. A 60% to 80% reduction in this tax base could lead to a $200 million to $300 million drop in state and local revenue, along with losses from decreased construction activity and delayed property reassessments. This would exacerbate the fiscal gap for essential infrastructure and capital plans amid ongoing efforts to improve investments in the state.

Figure 8.12 Estimated Tax Revenue Loss



Tennessee Infrastructure Hazards

Tennessee's principal hazards include tornadoes, extreme rainfall, and flash flooding, which strike both urban corridors and rural valleys. The 2021 Waverly disaster remains a benchmark for catastrophic rain and loss of life, underscoring how small watersheds can produce rapidly rising floodwaters. Severe convective seasons in 2024 again delivered tornadoes, large hail, and flash-flood emergencies that tested county systems. Hill-country topography funnels debris and water into narrow channels, damaging bridges and roadway approaches. Heat waves now overlap with peak construction seasons, increasing crew health risks and downtime.

Transportation and utilities face compounding exposure. Landslides and debris flows isolate communities and lengthen detours for freight and emergency services. Storms stress distribution networks and water plants, raising the odds of boil-water notices and extended restoration windows. Rural roads, culverts, and low-water crossings remain particularly vulnerable to washouts. Schools and hospitals need clear backup power and sheltering plans to maintain continuity.

Mitigation is improving, but it needs to expand beyond major metropolitan areas. Priorities include targeted buyouts in high-repetition loss zones, upgrades to culvert and bridge approaches, and the installation of hardened pump stations. Regional warning coverage and siren reliability in small watersheds need sustained funding. Construction owners should plan for flexible work windows and pre-position materials to facilitate rapid repairs after severe weather. HCC grade is D.

Tennessee Financial Outlook

Tennessee's construction economy is robust as it enters late 2025, supported by record industrial programs and stable labor conditions.

- Construction employment rose to 163,900 in 2024, a 4.7% increase from 2023.
- Significant private investments are evident, with Ford's BlueOval City and upgrades at Ultium Cells and LG Chem.
- The Transportation Modernization Act allocated $3 billion for a 10-year project plan, with an additional $1 billion proposed for road backlogs.
- Nashville International Airport is undergoing a $3 billion expansion, enhancing opportunities for contractors through 2029.

While the outlook for 2025 is moderately positive, challenges include:

- Interest rate sensitivity affecting multifamily starts.
- Utility capacity constraints and long lead times for electrical equipment.
- Rising insurance costs and material prices.

Tennessee is also prioritizing sustainability with green building practices and workforce development through partnerships for skilled labor in advanced manufacturing. This collaboration between public and private sectors aims to drive innovation and position Tennessee as a leader in sustainable development and economic resilience.

VIRGINIA

9

880 Points

STATE OF CONSTRUCTION

2025

VIRGINIA EXECUTIVE SUMMARY

Virginia’s construction economy is thriving, driven by data centers, defense, ports, and transportation programs. In 2024, construction GDP reached $38.3 billion and is expected to continue growing in 2025. Hispanic workers and firms are essential contributors, playing key roles in vertical and civil projects across Northern Virginia, Hampton Roads, and Richmond. However, high housing costs near Northern Virginia job hubs constrain staffing and retention.

Opportunities and Challenges

- Workforce Shortages: Electrical and low-voltage trades are in high demand as data center expansions continue in Loudoun, Prince William, and adjacent counties. Coastal resilience and Hampton Roads megaprojects are pulling civil crews and driving wage competition. Bilingual training pipelines and prompt pay enforcement are critical for Hispanic firms to scale and maintain margins.
- Housing and Infrastructure: Priority infrastructure needs include transit extensions, bridge and tunnel capacity in Hampton Roads, port access improvements, stormwater and culvert replacements, and coastal surge protection. Agencies are conducting studies to address the impacts of sea level rise and recurrent flooding on transportation assets, ensuring long-term resilience.
- Disaster Risks: The remnants of Hurricane Helene caused deadly flooding in Southwest Virginia in 2024, highlighting the state’s vulnerability to extreme weather. Ongoing sea level rise and land subsidence in Hampton Roads further elevate risks for roads, utilities, and neighborhoods. Resilience design and hardened staging plans are essential for predictable project delivery.

Acceleration Playbook

- Finance: Enforce prompt pay across tiers and unbundle scopes to allow Hispanic-owned firms to compete for prime roles in building modernizations, sitework, and specialty systems.
- Approval Processes: Streamline data center approvals and offsets to meet growing demand while advancing coastal protection projects to safeguard critical infrastructure.
- Workforce Development: Expand bilingual training pipelines to address labor shortages and ensure a steady supply of skilled workers for data centers and transportation programs.

With construction GDP nearing $39 billion SAAR and strong private adjacency, Virginia is well-positioned to lead in construction innovation and resilience. The Hispanic Construction Council recommends streamlining data center approvals, advancing coastal protection initiatives, enforcing prompt pay, and unbundling scopes to support emerging primes and accelerate delivery.

Congratulations to Virginia for its leadership in data center and infrastructure-driven growth. By addressing workforce gaps, mitigating disaster risks, and streamlining approvals, the state can continue to build a resilient and thriving construction economy.

Virgina Hispanic Owned Firms

Hispanic business ownership in Virginia remains underdeveloped relative to both labor strength and population. Hispanics account for roughly 10% of the workforce yet only 8.5% of employer firms statewide. In construction, this translates to thousands of missing businesses that could be building wealth in communities from Northern Virginia to Hampton Roads. Each absent firm is not just a lost statistic, it is a contract awarded elsewhere, a leadership role unfilled, and an opportunity for Hispanic entrepreneurs left unrealized in one of the nation's fastest-growing economies.

Figure 9.1 Estimated Ownership by Race

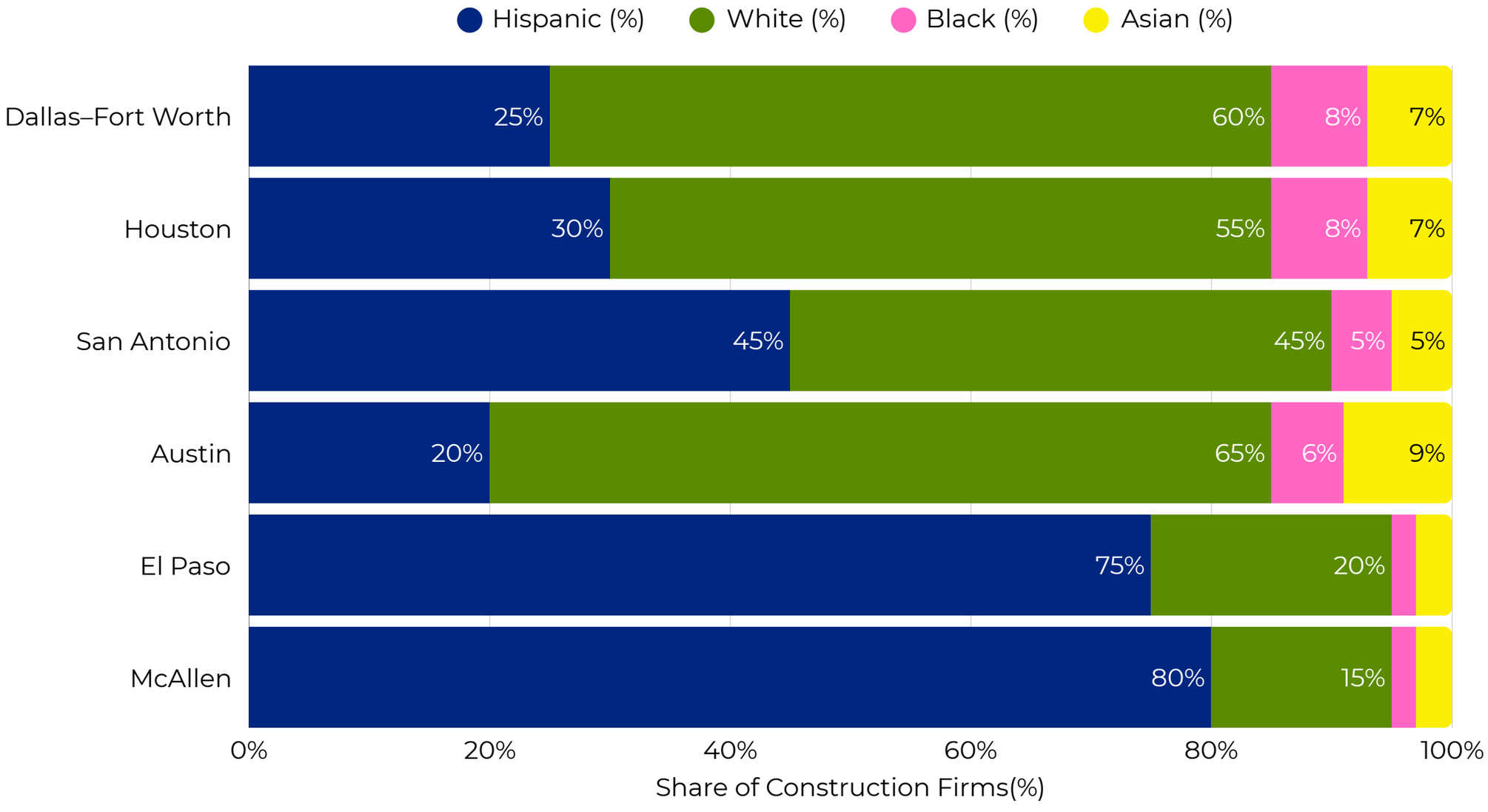
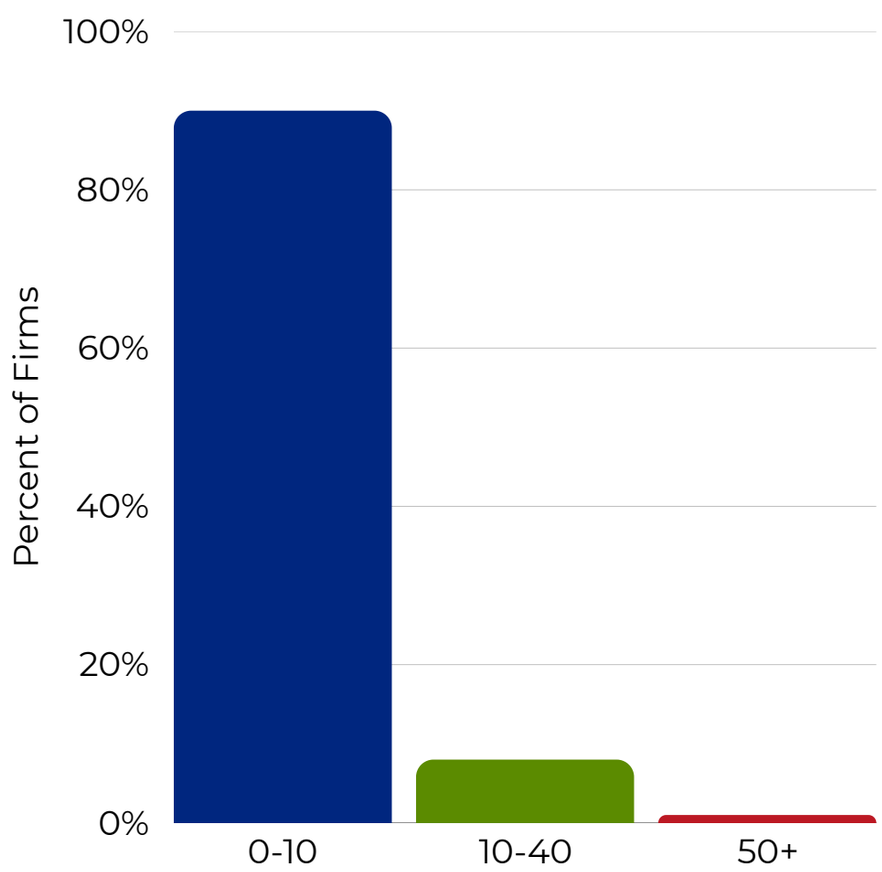


Figure 9.2 Hispanic Firm Size by Employees



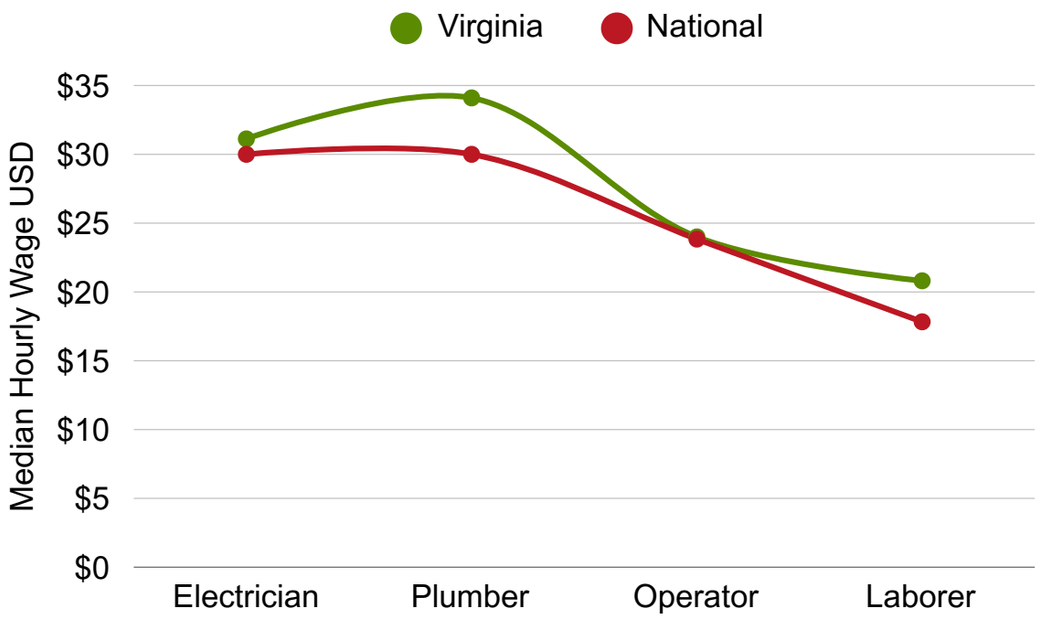
Virginia's construction labor market tells a different story. In Northern Virginia, Hispanic workers dominate residential building and suburban expansion, powering the state's housing engine. In Hampton Roads, they are indispensable to shipyard and military base projects that keep the region's economy tied to defense spending. Across Richmond and the I-95 corridor, Hispanic crews are anchoring highway, logistics, and data center construction. Their presence is not marginal, it is central to Virginia's infrastructure and growth. Yet despite this dominance on the jobsite, ownership opportunities lag behind, preventing the workforce from translating sweat equity into generational wealth and firm leadership.

Virginia's position at the intersection of federal contracting, defense infrastructure, and suburban growth gives it unique levers to elevate Hispanic-owned construction firms. Opening access to federal and state procurement pipelines, lowering bonding hurdles, and investing in bilingual apprenticeship-to-ownership pathways would allow Hispanic firms to expand beyond subcontracting roles into prime contracts. Embedding these businesses into statewide housing and infrastructure programs would not only close equity gaps, but also strengthen Virginia's ability to deliver projects in a high-cost, high-demand market. By tying Hispanic-owned firms into Northern Virginia's housing surge and Hampton Roads' defense economy, the state can align economic growth with inclusive ownership.

Virginia Construction Workforce

Virginia's construction sector remains a growth engine, and Hispanic workers are central to its labor base. While Hispanics constitute about 10.7% of Virginia's population, they account for 30% of construction workers, especially in fast-growing regions like Northern Virginia and Hampton Roads. In counties like Prince William, Hispanics now make up 25% of residents, reflecting strong labor-market engagement, including in the trades.

Figure 9.3 Wage Ladder



Wage data for construction workers in Virginia reflects both regional variation and trade specialization. Entry-level laborers typically earn between $18 and $22 per hour, while skilled trades such as carpentry, plumbing, and electrical range between $28 and $35 per hour depending on licensure and experience.

Hispanic workers, especially those newer to the trades or operating without credential support tend to cluster in lower-wage roles. Supporting their elevation through apprenticeship pathways and certification opportunities is key to narrowing wage equity gaps and opening pathways into higher-paying, licensed trades.

Figure 9.4 Workforce Composition

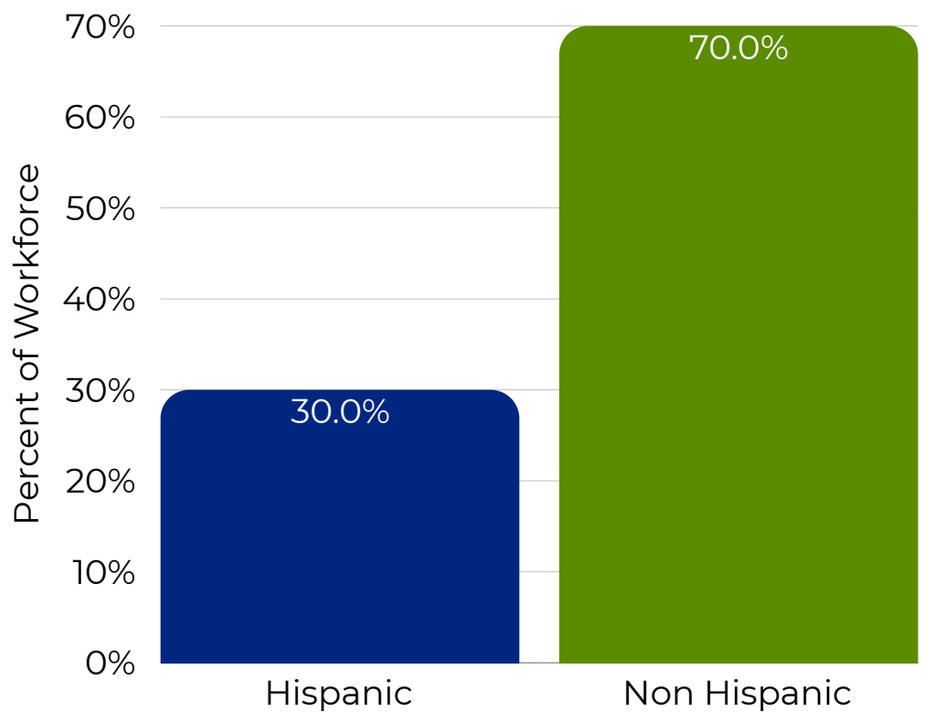
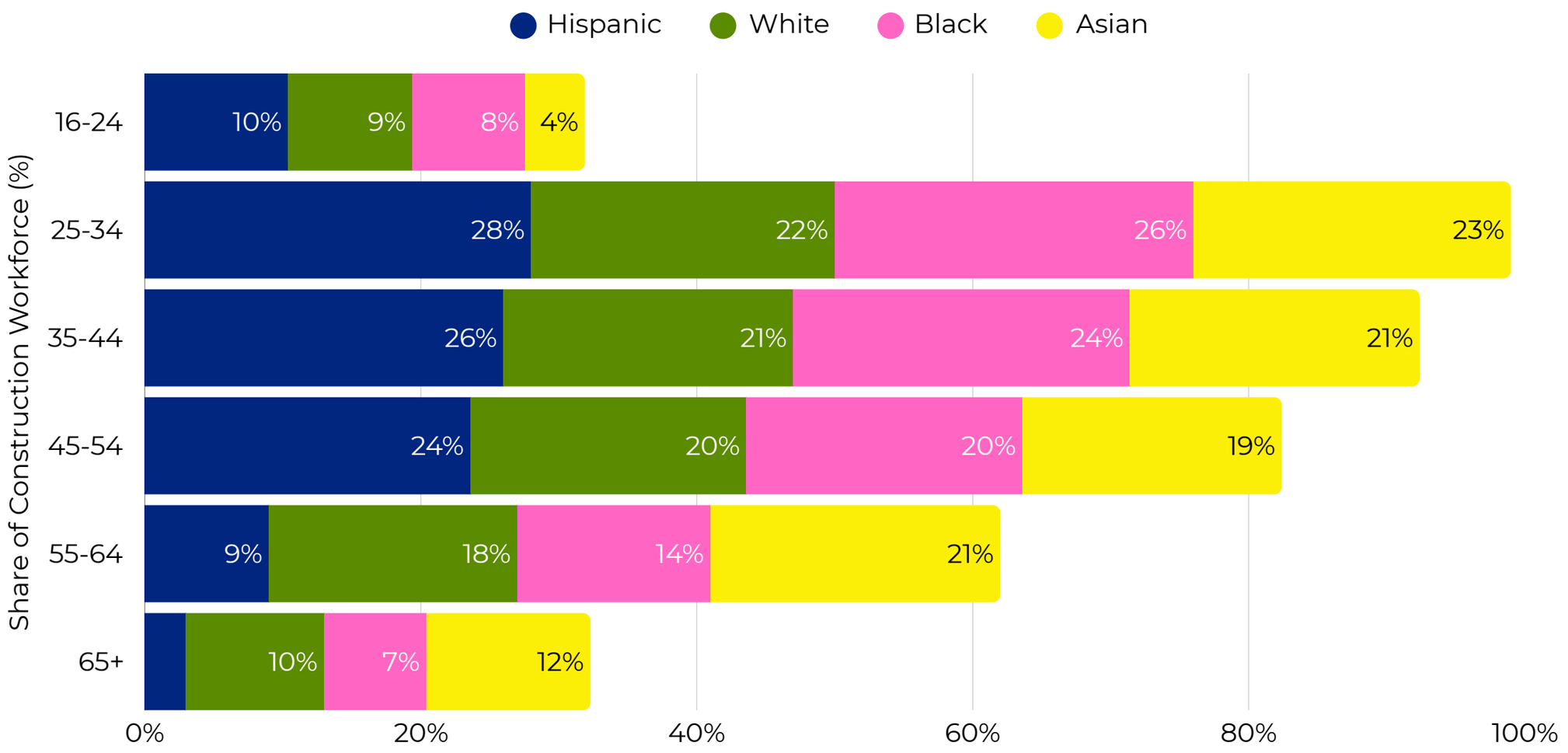


Figure 9.5 Workforce Composition by Age

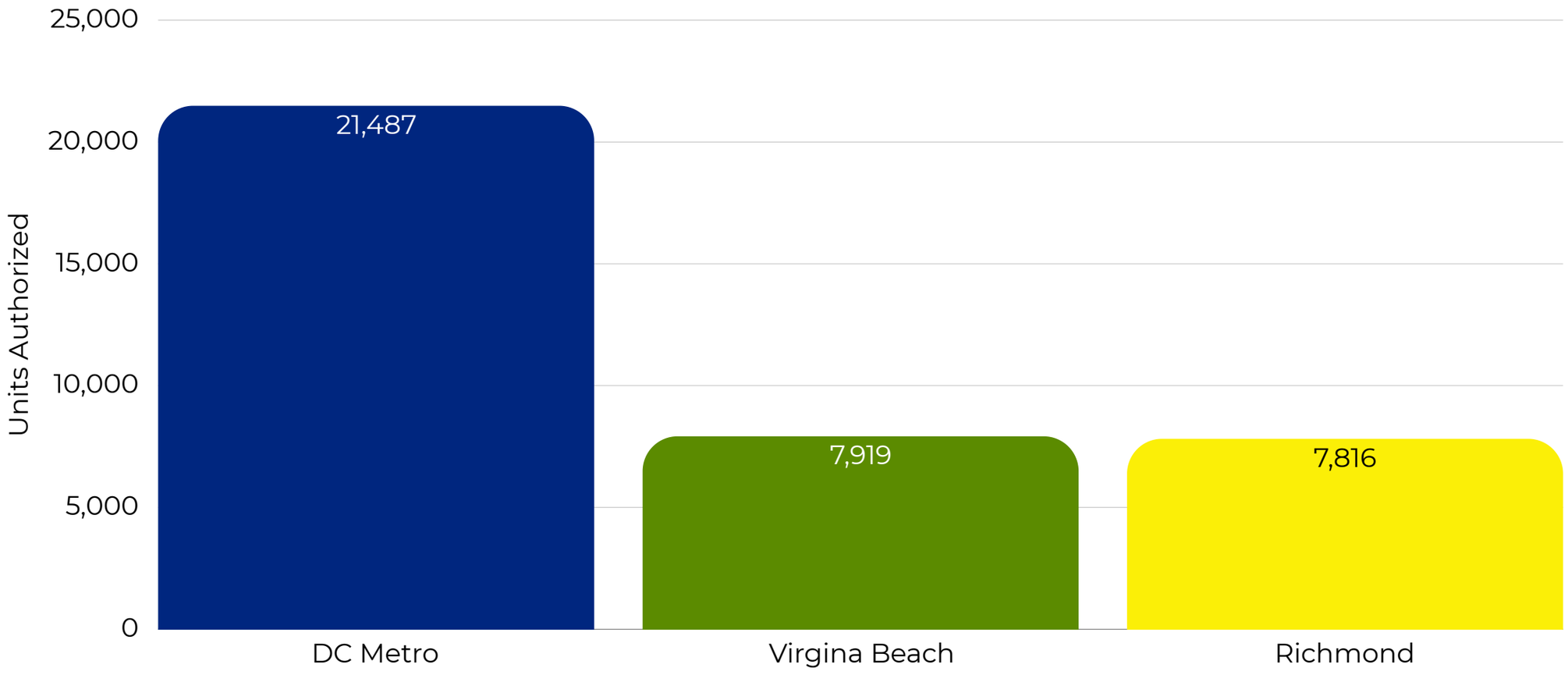


Virginia's construction workforce is aging, with 24% of workers aged 55 or older. In contrast, the Hispanic labor force is younger, primarily between 25 and 44, making them key to addressing retiree replacement. However, challenges such as language barriers, licensing costs, and limited training hinder their advancement into leadership roles. Enhancing bilingual apprenticeship outreach and leadership training for Hispanic workers is vital to sustain the sector's workforce and leverage demographic strengths for future growth.

Virginia Housing and Infrastructure

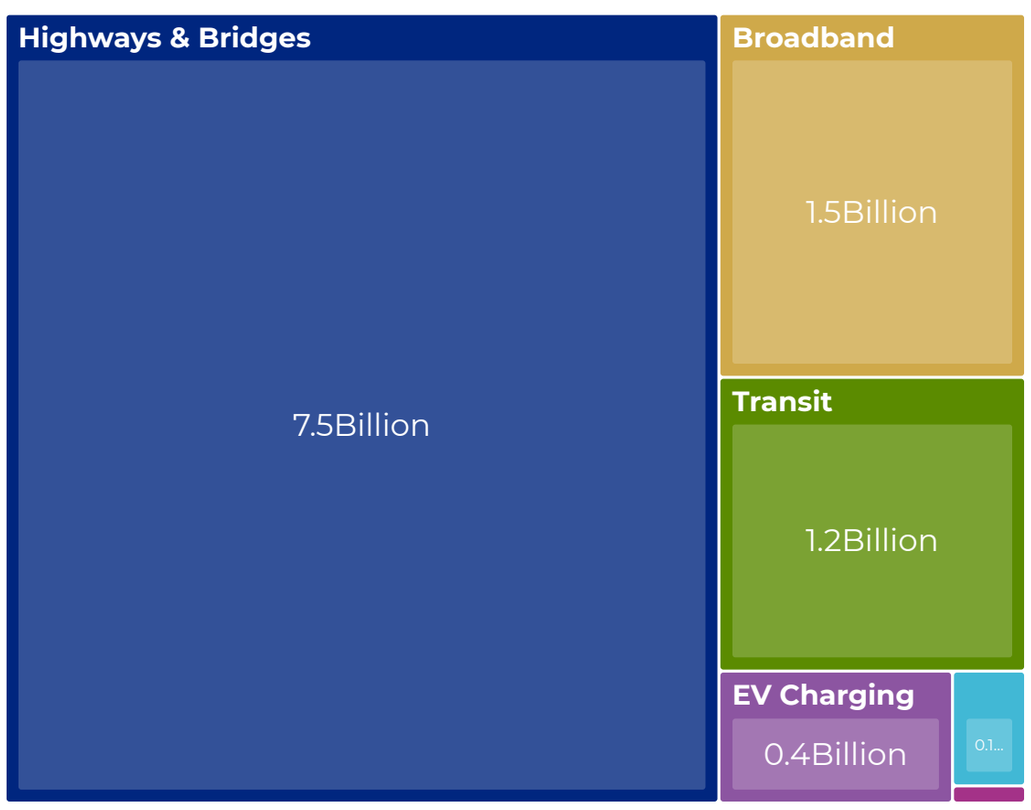
Virginia's housing pipeline is steady rather than spectacular, with single-family permits trending higher year over year in 2024 and activity concentrated in Northern Virginia, Richmond, and Hampton Roads. From January to August 2024, the state authorized 15,970 single-family permits, representing an 11.7% increase from the prior year, while multifamily permits remained selective and clustered near transit and job centers. The upshot is a market that can absorb public-sector work without overheating, but it still demands disciplined bids and realistic carry assumptions on approvals and utilities.

Figure 9.6 Housing Permits by Metro



Transportation investment is committed to a significant scale. The Commonwealth Transportation Board's draft Six-Year Improvement Program for fiscal years 2026 through 2031 totals about $25.8 billion, including $18.8 billion for highways and $7.0 billion for rail and public transportation. Layered on top is approximately $7.02 billion in highway formula apportionments for Virginia across fiscal years 2022 through 2026, under the Infrastructure Investment and Jobs Act, providing sponsors with predictable cash flow to advance corridors, bridges, and safety upgrades.

Figure 9.7 Funding Scoreboard



Transportation investment is committed to a significant scale. The Commonwealth Transportation Board's draft Six-Year Improvement Program for fiscal years 2026 through 2031 totals about $25.8 billion, including $18.8 billion for highways and $7.0 billion for rail and public transportation. Layered on top is approximately $7.02 billion in highway formula apportionments for Virginia across fiscal years 2022 through 2026, under the Infrastructure Investment and Jobs Act, providing sponsors with predictable cash flow to advance corridors, bridges, and safety upgrades.

Virginia Policy and Legislative Outlook

Cash flow protections should be codified and written into every contract and pay application process. On private projects, owners must pay primes within thirty days of a proper application, and public agencies must pay within forty-five days, with interest accruing at 1.5% per month when deadlines are missed. Retainage is capped at 5% and must be held in a separate escrow account; courts enforce penalties for noncompliance. Build these rules into billing calendars, automate interest calculations, and verify retainage escrow details at award to protect working capital and avoid disputes.

Delivery tools and funding are solid. The Commonwealth Transportation Board's programs and projects, outlined through the Six-Year Improvement Program and the FY 2026 to 2031 financial plan, allocate more than $58 billion across highways, rail, transit, ports, and aviation. Federal highway apportionments under IIJA backstop this stream. Virginia also retains mature public-private partnership authority through the Public-Private Transportation Act for transportation assets and the Public-Private Education Facilities and Infrastructure Act for vertical and civic work. At the same time, state law authorizes design-build, CM at risk, and job order contracting when justified.

Access and cash flow protections are defined in statute. The SWaM program certifies small, women-owned, and minority owned businesses for state procurement, and the Virginia Unified Certification Program covers DBE for highway, transit, and airport sponsors. DRPT and regional transit sponsors set triennial DBE goals, and VDOT enforces CUF and goal compliance on federally assisted work. The Prompt Payment regime requires timely payment with a seven-day pass-through to subs once funds are received and prohibits most pay-if-paid clauses. Public retainage is capped at five percent, with escrow options available for larger jobs.

What this means for Hispanic builders is direct. Certify in SWaM and the Virginia UCP, register with VDOT and DRPT vendor systems, and bring auditable utilization plans to every pursuit. Target Six-Year Improvement Program corridors, use design-build and CM at risk where complexity and phasing warrant, and evaluate PPEA and PPTA pathways for campus, utility, and corridor packages. Embed prompt pay and five percent retainage in contract administration, and position on Business Ready Sites and data center supply chains where state incentives and site development funding translate policy into backlog and multi-year growth.

Virginia Economic Risk

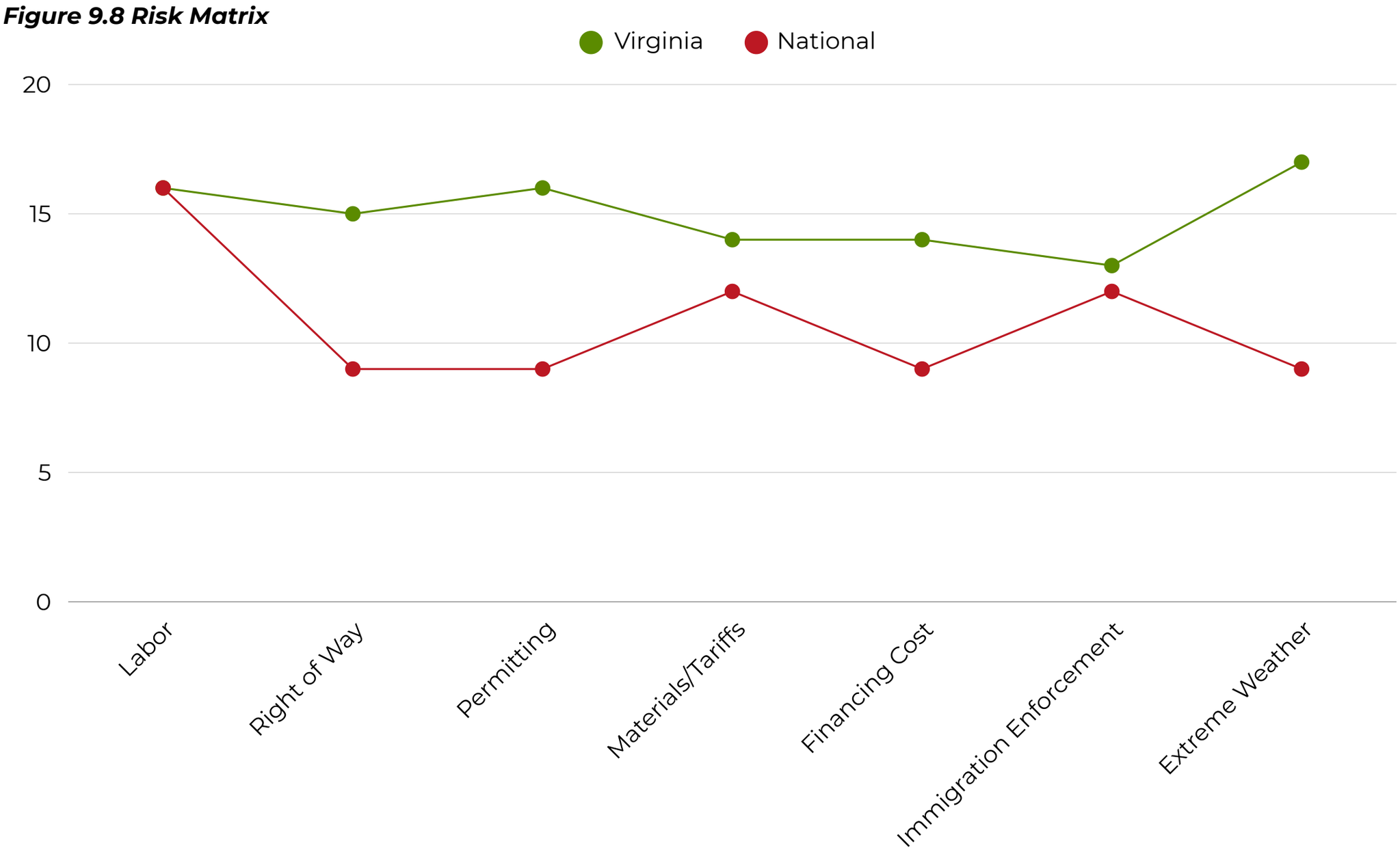
Cost and schedule risk begin with utility coordination and coastal exposure. Northern Virginia data center growth and grid upgrades have lengthened lead times for power transformers and large switchgear, which pushes energization and commissioning to the critical path and inflates carrying costs when dates slip. Coastal flooding and storm surge around Hampton Roads disrupt logistics and necessitate the resequencing of earthwork and paving, while stormwater constraints and rail coordination introduce delay risks in urban corridors. To defend the margin, consider front-loading utility windows with Dominion and local providers, pre-buying long-lead electrical gear where contracts allow, and hardening site logistics for tidal flooding and intense rain events.

Chart 9 Project Delay

Project Delays				
Project	**Cost**	**Location**	**Delay Impact**	**Cause**
Hampton Roads Bridge	$3.9 billion	Hampton Roads	Delayed until 2027	Cost
Long Bridge Rail Capacity	$2.3 billion	Arlington to DC	Through 2030	Staging and permitting
i-495 Express Lanes	$660 million	Fairfax County	Mid 2026	Construction complexity and traffic management
VRE Crystal City Station improvement	$69 million	Arlington	Timeline Extended	Coordination with Adjacent projects
I-64 Widening Segments	$750 million	Hampton to Richmond	Rolling Delays	Utility relocation and funding

Labor is the second risk, and it is a decisive factor. Licensed electrical and mechanical trades remain in high demand in Northern Virginia and Hampton Roads, and specialized civil crews are stretched thin by bridge, tunnel, and port work. High living costs near job hubs raise commute distances and strain retention, which lowers productive hours and increases reliance on overtime. Without a strong apprenticeship intake, bilingual training, and disciplined field supervision, the risk of rework increases when experienced foremen are split across multiple projects, and safety exposure rises during surge periods.

Figure 9.8 Risk Matrix



Funding is sizable, but execution discipline determines delivered value. The Six-Year Financial Plan allocates roughly $58.3 billion across modes; yet, every month of slippage reduces real buying power as material inflation and financing costs compound. Virginia's Prompt Payment law requires timely payment with a seven-day pass-through to subcontractors once funds are received, and public retainage is capped at five percent. Owners and primes that miss payment windows or allow change orders to linger will see fewer bidders and higher prices. The play is clear. Lock utility and rail windows early, sequence coastal resilience into baseline schedules, prebuy critical equipment, and bake prompt pay and retainage protections into every subcontract while aligning SWaM and DBE plans with auditable delivery led by Hispanic primes.

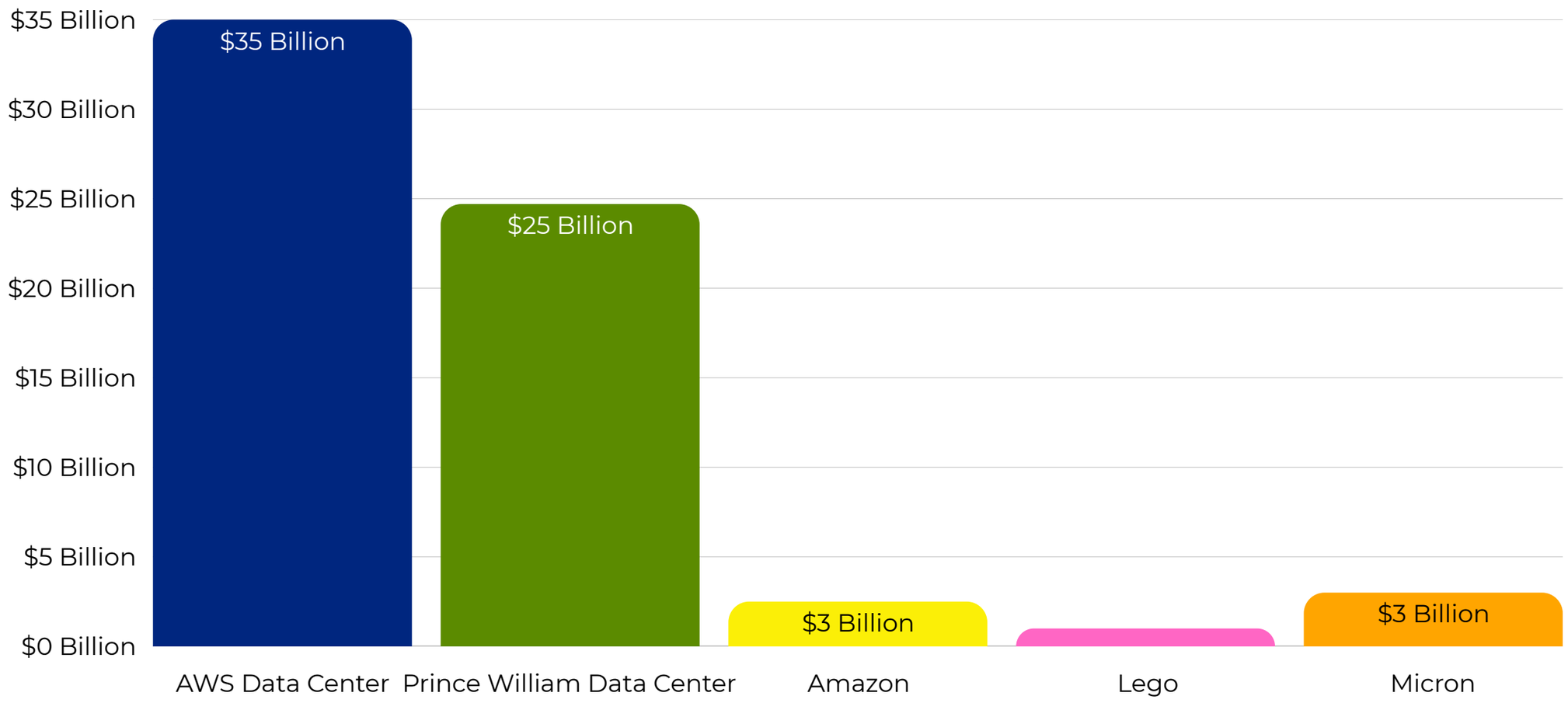
Virginia Private Development Health

Private development is mixed but investable. Data centers remain the state's signature engine, with Northern Virginia leading national absorption and a spillover wave building along the Richmond corridor as land and power tighten up north. That migration is already visible in new megawatt commitments around Richmond and Fredericksburg, even as a recent court ruling that voided the Prince William Digital Gateway rezoning adds uncertainty to one of the most significant planned clusters. Logistics remains a steady lane anchored by the Port of Virginia's channel deepening and terminal upgrades, which support larger vessels and sustain demand for warehouse cold chain and drayage-linked facilities.

Multifamily is selective but stabilizing. New deliveries have slowed materially compared to last year, and units under construction are down year over year, while absorption remained positive and vacancy edged lower in the second quarter. Northern Virginia and Richmond hold the largest multifamily pipelines, with Hampton Roads showing improving rent growth and a shrinking construction queue. In the for-sale market, Richmond is witnessing a notable shift toward townhome and condo products as builders navigate land constraints and address buyer affordability concerns. The office market remains a barbell, with high-quality Northern Virginia assets leasing while commodity space lags, and the next phase of Amazon's HQ2 remains on an extended timetable.

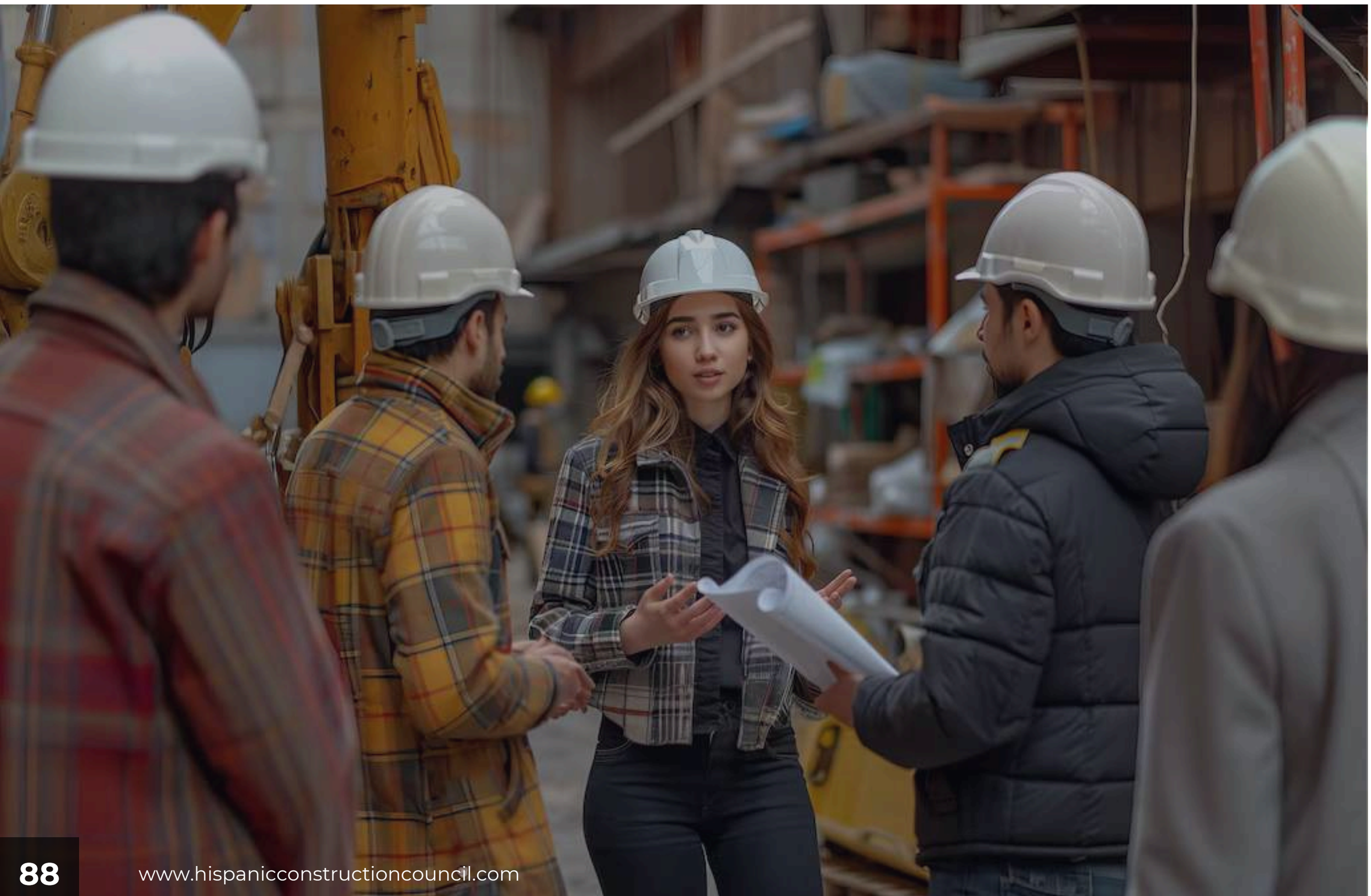
The play for Hispanic contractors and small developers is targeted and disciplined. Lean into data center campuses, grid, and substation upgrades, and port-linked logistics, where long leases and infrastructure investment protect schedules and cash flow. Pair conversion-ready housing and selective suburban multifamily with clean approvals, strong utility paths, and explicit contingencies for long-lead electrical gear. Bring auditable SWaM and DBE plans, pre-buy critical equipment when contracts allow, and secure utility coordination early to ensure execution quality and effective cash management, thereby converting Virginia demand into bankable backlog.

Figure 9.9 Current Major Projects



Virginia Construction Workforce Shortage

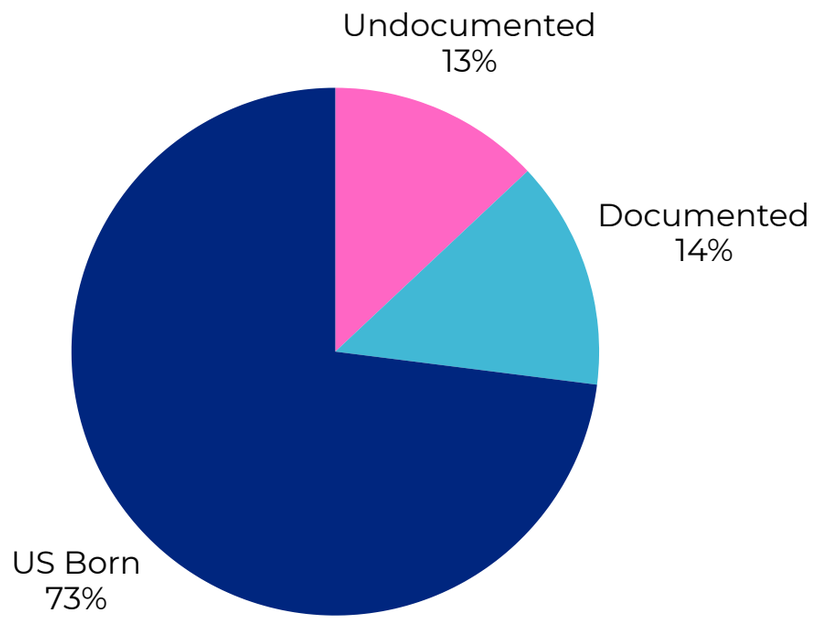
Virginia lacks 8,750 to 9,950 workers, with the tightest needs in medium-voltage electricians, substation technicians, HVAC/controls, and heavy civil as Northern Virginia data centers and the Six-Year Transportation Program advance in parallel. The impact is visible in longer energization intervals, higher cash-flow strain from elongated punch lists, and widening bid spreads on projects that require Dominion coordination, prompting owners to select teams with verified commissioning depth and ironclad pass-through payment practices.



Virginia Impact of Mass Deportation

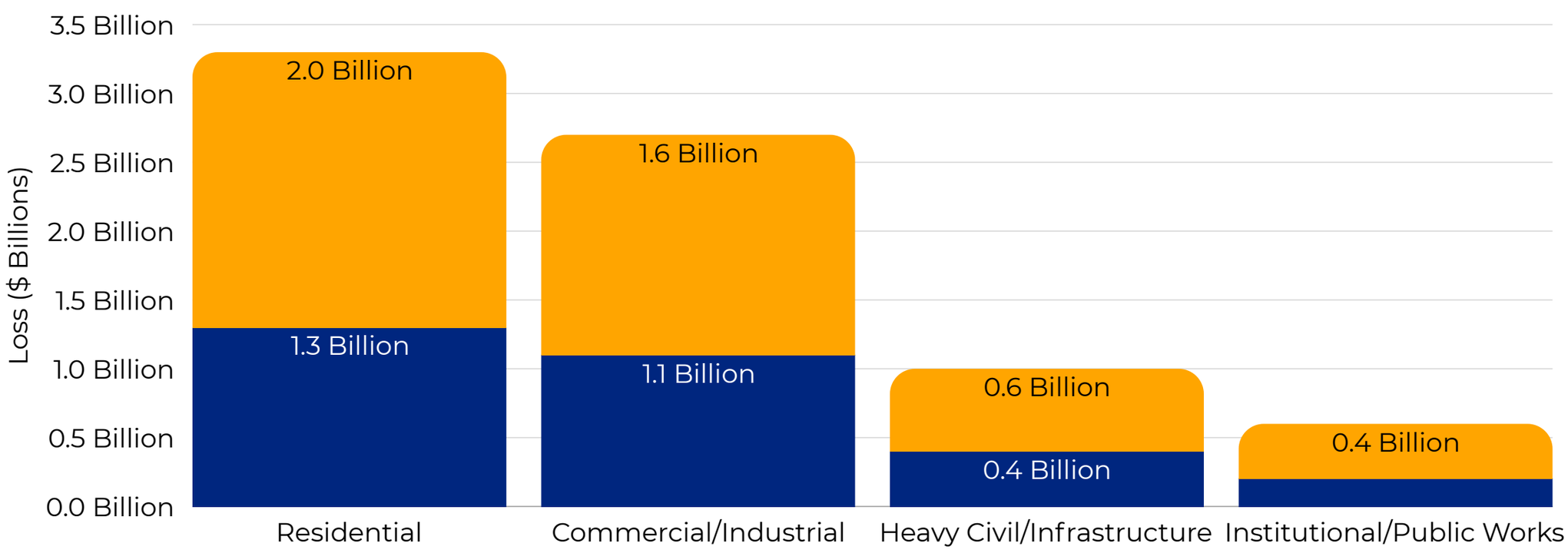
Virginia's construction payroll had about 235,000 jobs in mid-2025, with immigrants making up 27% of workers and 13% being undocumented. In a mass removal scenario, 25,000 to 32,000 workers could be at risk. This would lead to reduced subcontractor capacity in key areas across Northern Virginia, Richmond, and Hampton Roads. Losing 10% of field capacity could delay vertical projects by 3 to 6 months and complex civil programs by 6 to 12 months due to necessary adjustments in workforce management.

Figure 9.10 Immigration Status Composition



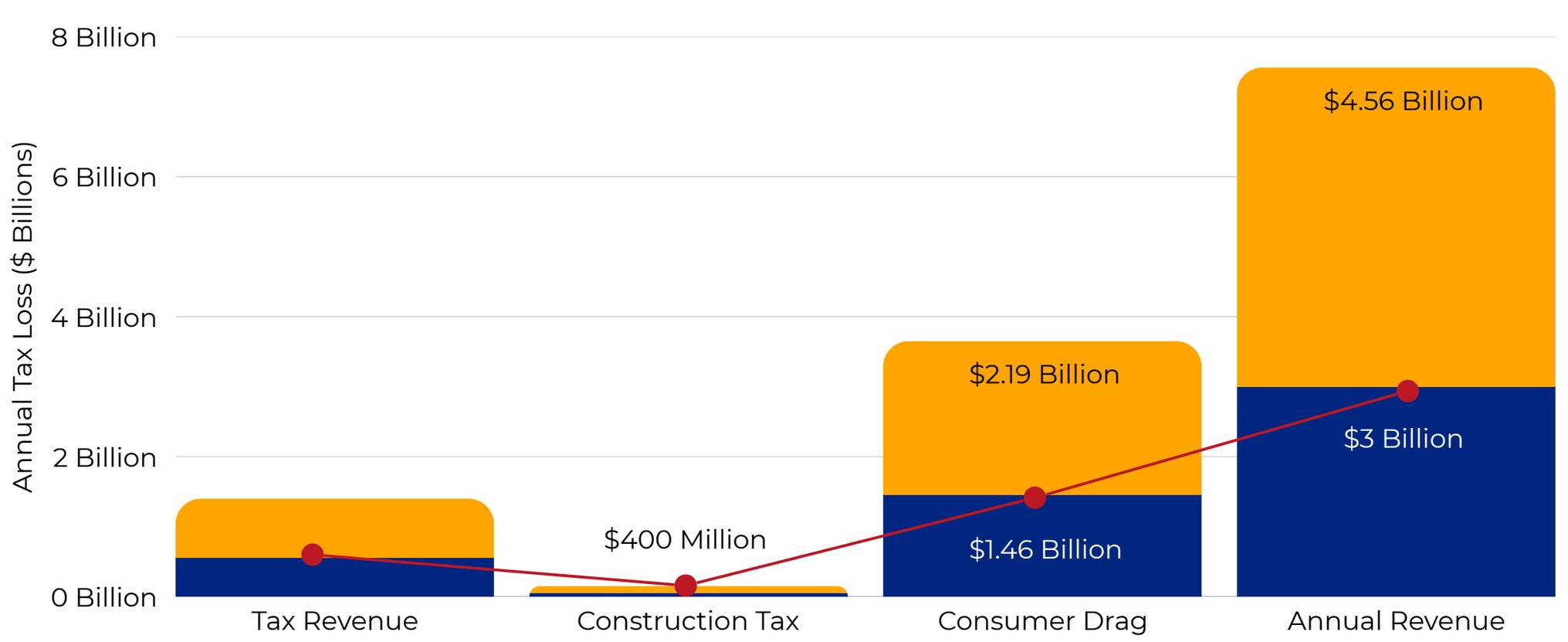
Virginia's construction economy includes data centers, defense facilities, and transit. Mass deportation could lead to a loss of skilled labor in Northern Virginia and Hampton Roads, affecting MEP and civil crews already at high capacity. This would result in longer lead times and a significant loss of state and local tax revenue, estimated at $69 million annually for a 10% removal, with a full-scale scenario threatening overall revenue and construction activity. Undocumented households contribute around $690 million per year in state and local taxes.

Figure 9.11 Annual Output Loss by Sector



Virginia's construction value added is around $39 to $40 billion annually. If undocumented workers make up 13% of this workforce, their removal could risk $5 billion in construction output. Short-term adjustments might still result in $2.5 to $4 billion in lost output, representing 0.4% to 0.7% of the state's $616 billion GDP. This excludes additional effects on related sectors. Portfolio impacts may include higher costs, extended interest during construction, and delayed revenue for private owners, along with slower progress on federally backed infrastructure projects requiring timely obligations and expenditures.

Figure 9.12 Estimated Tax Revenue Loss



Virginia Infrastructure Hazards

Virginia’s signature hazard is recurrent tidal flooding and sea-level rise in Hampton Roads that threatens access to ports, bases, hospitals, and neighborhoods. Tide-gauge analyses project roughly one and a half feet of sea-level rise by 2050 relative to the early 1990s, with land subsidence and storm surge compounding exposure. Frequent “sunny day” or high-tide flooding already disrupts low-lying corridors and causes saline intrusion in stormwater systems. Tropical systems continue to deliver damaging winds and prolonged outages that disrupt port and tunnel operations. Inland cloudbursts flood low-lying Richmond and Northern Virginia corridors and trigger combined-sewer overflows.

Transportation vulnerability is well-documented. VIMS and VDOT have mapped inundation of thousands of road segments, highlighting risks to evacuation routes and access to critical facilities. Utility substations and wastewater plants in coastal zones face rising inundation probabilities without elevation or floodproofing. Military and defense facilities require redundant access and hardened energy systems to maintain mission assurance. Insurance and capital-markets scrutiny are increasing for assets lacking adaptation plans.

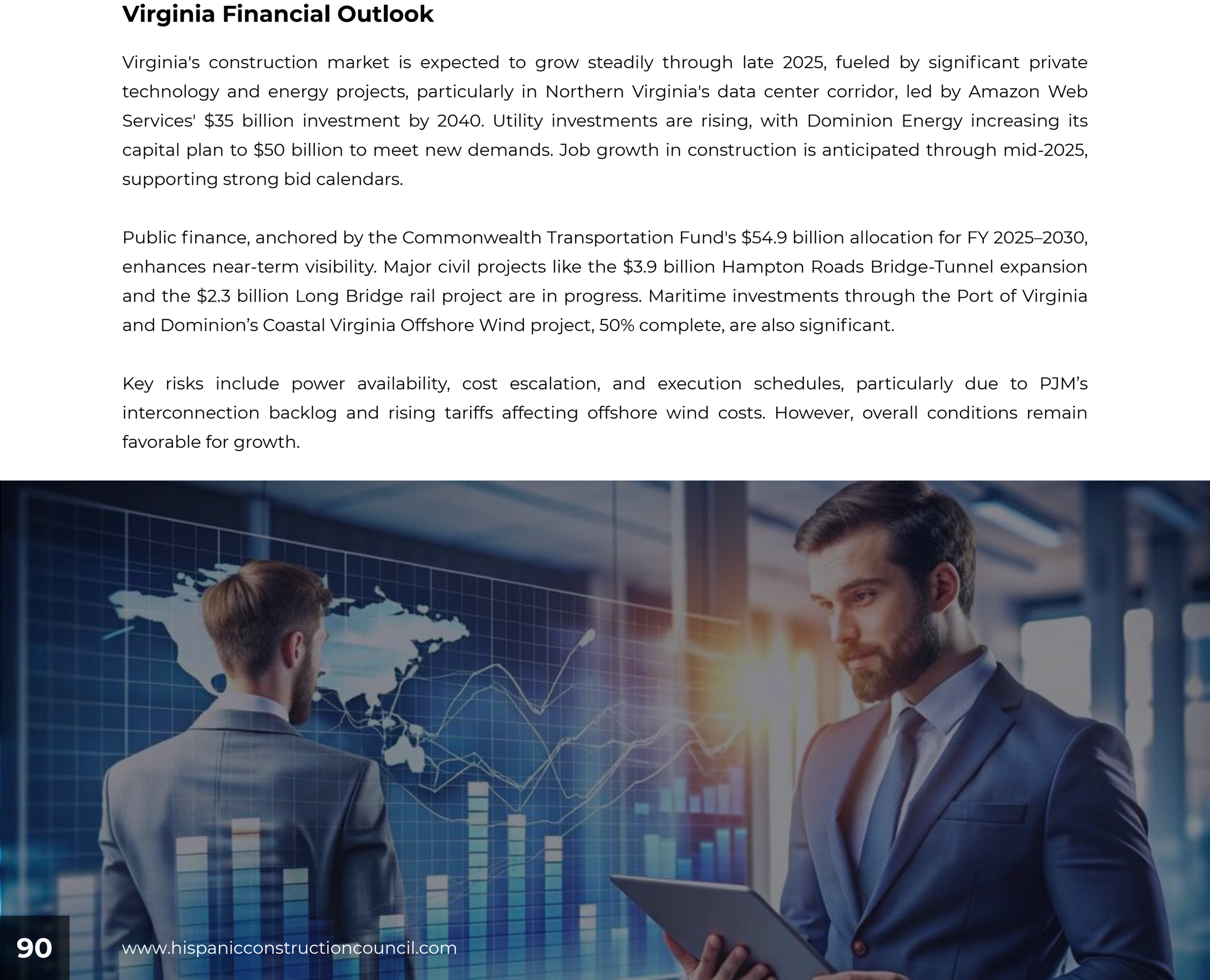
Mitigation is progressing, but scale and timing matter. Near-term actions include elevating or floodproofing critical corridors, protecting substations and pump stations, and integrating inundation data into project selection and operations. Longer-term solutions include surge barriers, living shorelines, and coordinated land-use strategies that reduce repetitive losses. Owners should align project delivery with resilience standards to preserve insurability and financing.

Virginia Financial Outlook

Virginia's construction market is expected to grow steadily through late 2025, fueled by significant private technology and energy projects, particularly in Northern Virginia's data center corridor, led by Amazon Web Services' $35 billion investment by 2040. Utility investments are rising, with Dominion Energy increasing its capital plan to $50 billion to meet new demands. Job growth in construction is anticipated through mid-2025, supporting strong bid calendars.

Public finance, anchored by the Commonwealth Transportation Fund's $54.9 billion allocation for FY 2025–2030, enhances near-term visibility. Major civil projects like the $3.9 billion Hampton Roads Bridge-Tunnel expansion and the $2.3 billion Long Bridge rail project are in progress. Maritime investments through the Port of Virginia and Dominion’s Coastal Virginia Offshore Wind project, 50% complete, are also significant.

Key risks include power availability, cost escalation, and execution schedules, particularly due to PJM’s interconnection backlog and rising tariffs affecting offshore wind costs. However, overall conditions remain favorable for growth.



ARIZONA

10

879 Points

STATE OF CONSTRUCTION

2025

ARIZONA EXECUTIVE SUMMARY

Arizona’s construction economy is booming, driven by semiconductor and advanced manufacturing, logistics, and data infrastructure. In 2024, construction GDP reached $35.9 billion, marking one of the fastest growth rates in the nation. Hispanic workers and firms are central to this success, playing key roles across vertical and civil scopes. However, tight housing near Phoenix and Tucson's job hubs, as well as transportation challenges for crews, remain pressing issues.

Opportunities and Challenges

- Workforce Shortages: Arizona faces a tight supply of electricians, instrument technicians, concrete workers, and heavy equipment operators as fabs and data centers mobilize. Extreme heat compresses workable hours and increases hydration and safety costs. Hispanic firms with bilingual supervision and heat-season protocols are scaling responsibly and winning key scopes.
- Housing and Infrastructure: High-priority infrastructure needs include improving freeway capacity on I-10 and loop systems, implementing water and wastewater reuse, enhancing substation and feeder security, and expanding transit services in Phoenix and Tucson. Water supply management and reuse projects are critical to long-term growth and must be carefully sequenced with industrial starts to maintain momentum.
- Disaster Risks: Phoenix experienced its warmest year on record in 2024, with unprecedented days above 110 degrees. The Colorado River Basin remains in Tier 1 shortage, elevating water risks and necessitating conservation and reuse programs to keep industrial schedules on track. Heat, monsoon flooding, and dust events necessitate robust staging plans and adaptable shift scheduling to safeguard crews and timelines.

Acceleration Playbook

- Finance: Enforce bonding and prompt pay practices to support Hispanic-owned firms as they expand in concrete, steel, electrical, and sitework and compete for prime roles on industrial and public building projects.
- Approval Processes: Fast-track workforce housing approvals near job hubs and sequence water reuse projects with industrial starts to stabilize growth.
- Workforce Development: Expand bilingual apprenticeship programs and codify heat standards for public works to ensure safety and productivity during extreme weather conditions.

With construction GDP nearing $36 billion and a robust advanced manufacturing pipeline, Arizona is well-positioned to lead in construction innovation and resilience. The Hispanic Construction Council recommends expanding bilingual training programs, codifying heat standards, fast-tracking workforce housing, and maintaining predictable water allocations and reuse to accelerate delivery and broaden ownership opportunities.

Congratulations to Arizona for its leadership in advanced manufacturing and infrastructure-driven growth. By addressing workforce gaps, mitigating heat and water risks, and streamlining approvals, the state can continue to build a resilient and thriving construction economy.

Arizona Hispanic Owned Firms

Hispanics account for a striking 31.8% of Arizona's workforce, yet Hispanic ownership stands at just 23% of employer businesses statewide. That gap plays out in hard dollars in places like Phoenix's sprawling housing corridors, Tucson's urban infill projects, and Yuma's agricultural infrastructure buildouts. Every missing Hispanic-owned construction firm is a missed opportunity for the state contracts that slip away, local leadership that goes unrealized, and generational wealth left unbuilt.

Figure 10.1 Estimated Ownership by Race

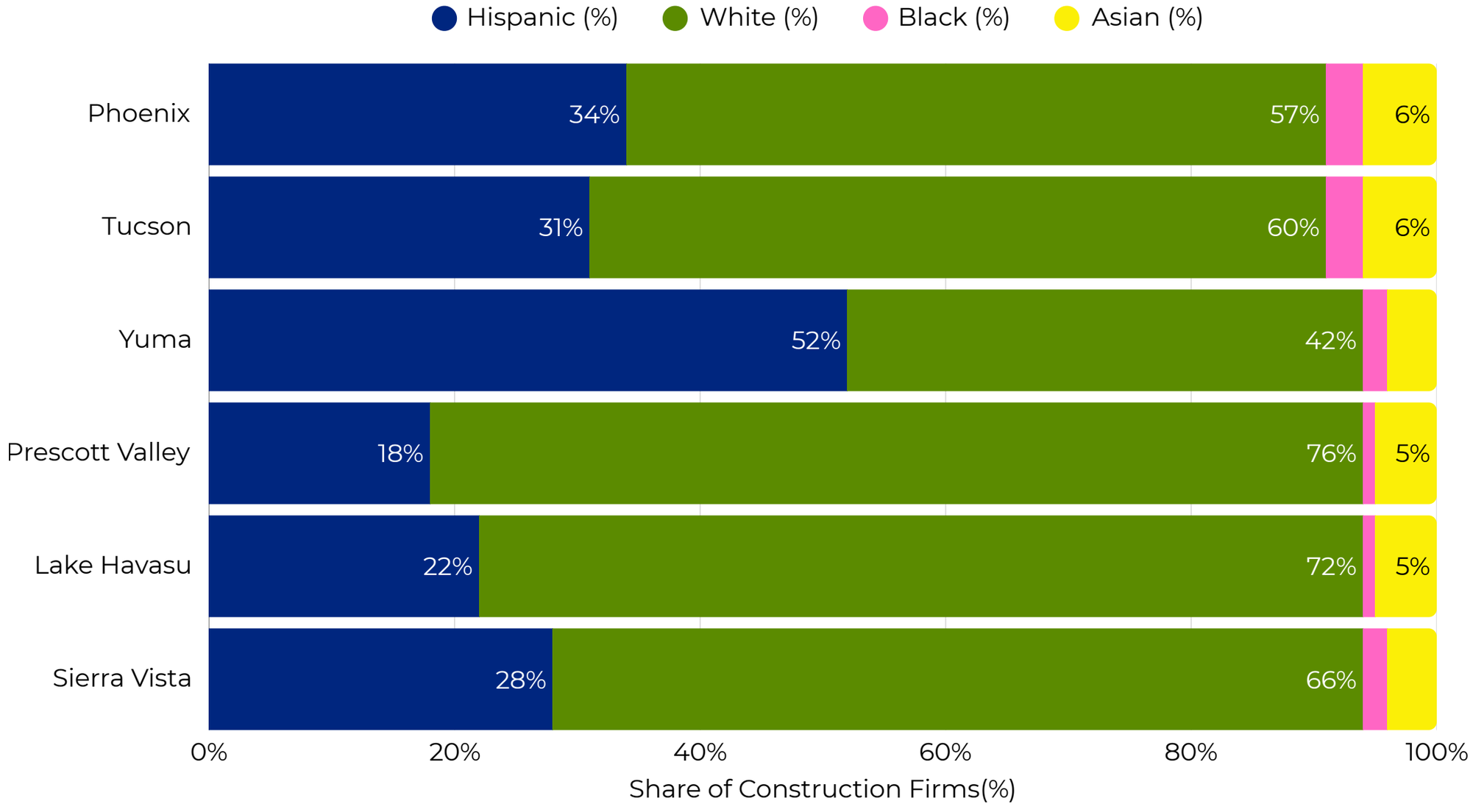
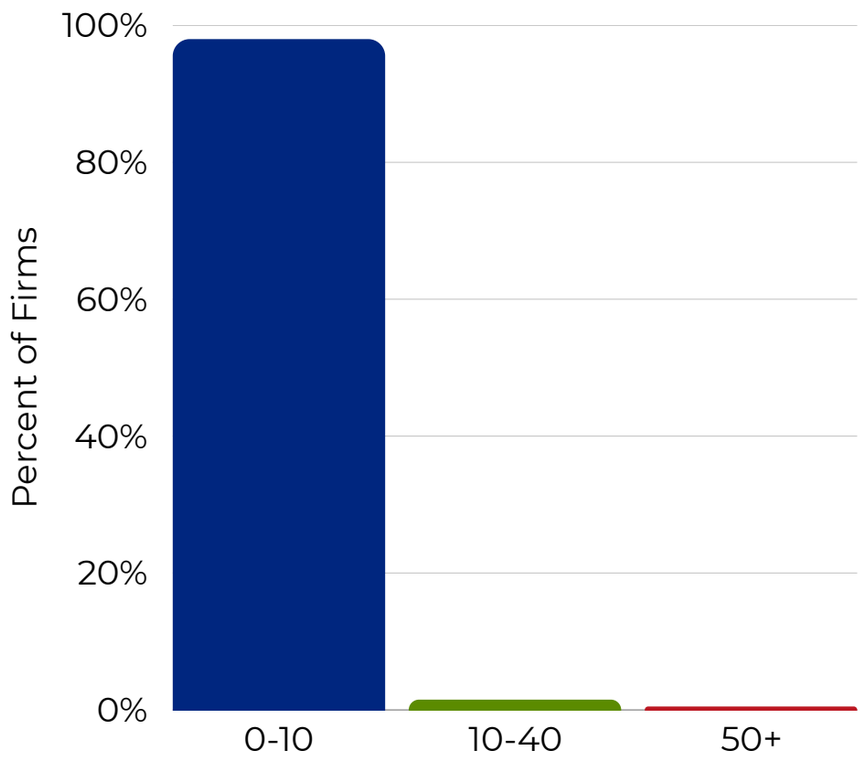


Figure 10.2 Hispanic Firm Size by Employees



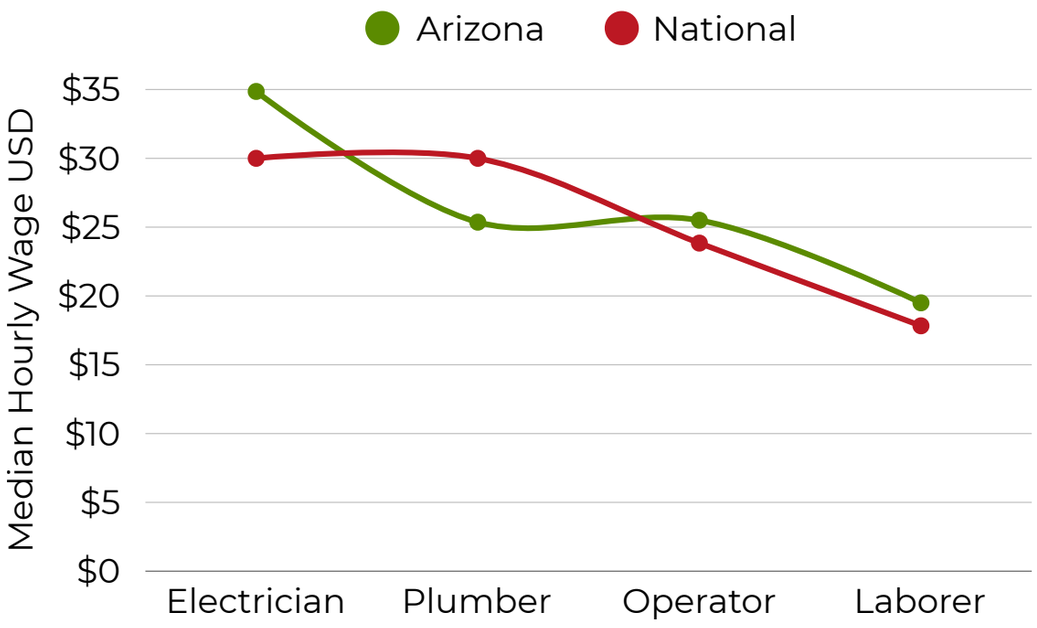
The construction workforce in Arizona leans heavily on Hispanic labor well over one-third of workers, especially in Maricopa County's residential boom, Pima County's housing and logistics projects, and Yuma's irrigation and infrastructure expansion. Hispanic crews are the bedrock of trade labor in roofing, framing, site work, and concrete. Yet leadership of firms does not align with labor dominance. Without pathways to ownership, Arizona risks converting labor contribution into economic inequality rather than business equity.

Arizona can seize a distinct opportunity to elevate Hispanic-owned construction entrepreneurs into leadership roles. With hundreds of projects underway from Sun Corridor development in Phoenix, border infrastructure upgrades, to housing resilience in the Valley targeted programs for bonding, capital access, and procurement can break down the structural barriers in place. Aligning these firms with statewide housing and infrastructure pipelines is not only equity-centered, it is essential to ensuring Arizona's construction economy delivers inclusive growth and reflects who builds our communities.

Arizona Construction Workforce

Arizona's construction industry employs approximately 239,000 workers, which is about 1 in every 14 working people in the state. Hispanics form the backbone of that workforce, making up more than 50% of construction laborers and painters/paperhangers, and well over one-third of all construction workers, even though they represent around 31% of Arizona's overall population.

Figure 10.3 Wage Ladder



Hispanic construction laborers in Arizona typically earn wages at or below industry norms. In the Tucson metro, for example, the median hourly wage across all occupations was roughly $22–23 per hour, placing it below U.S. benchmarks. Hispanic workers, particularly undocumented individuals, often face wage suppression, reporting cut rates of 30 to 40% in informal work conditions.

Arizona's construction workforce is younger than the national norm, driven by Hispanic labor demographics. The state's median age for Hispanic residents remains in the early 30s, well below the state's overall median of nearly 39. This younger age distribution positions Hispanic workers to replace retiring baby boomers and sustain long-term industry capacity. Still, widespread labor shortages and vulnerability to immigration enforcement highlight the urgent need for bilingual apprenticeship opportunities, legal protections, and equitable advancement.

Figure 10.4 Workforce Composition

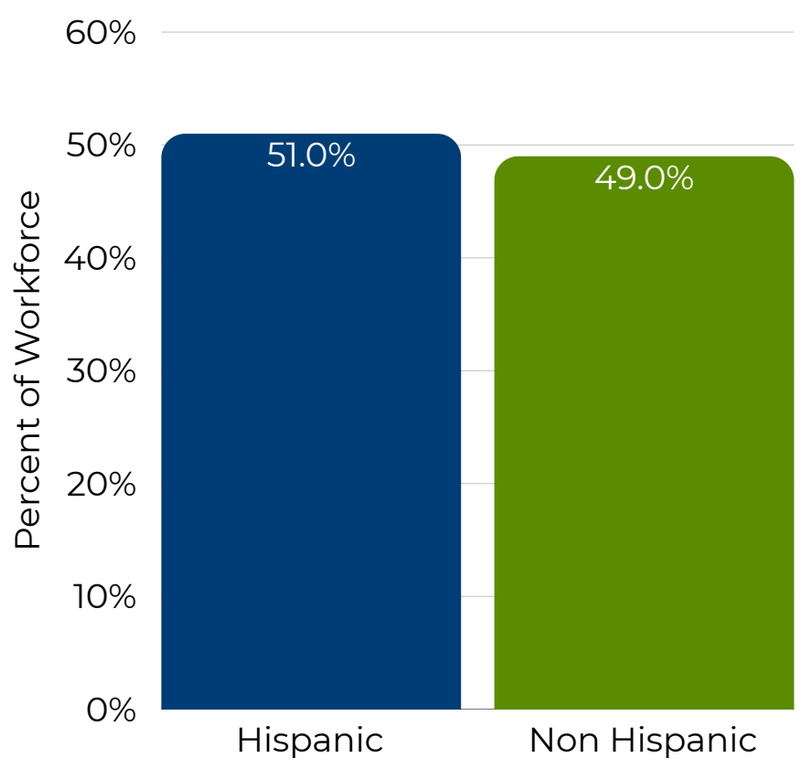
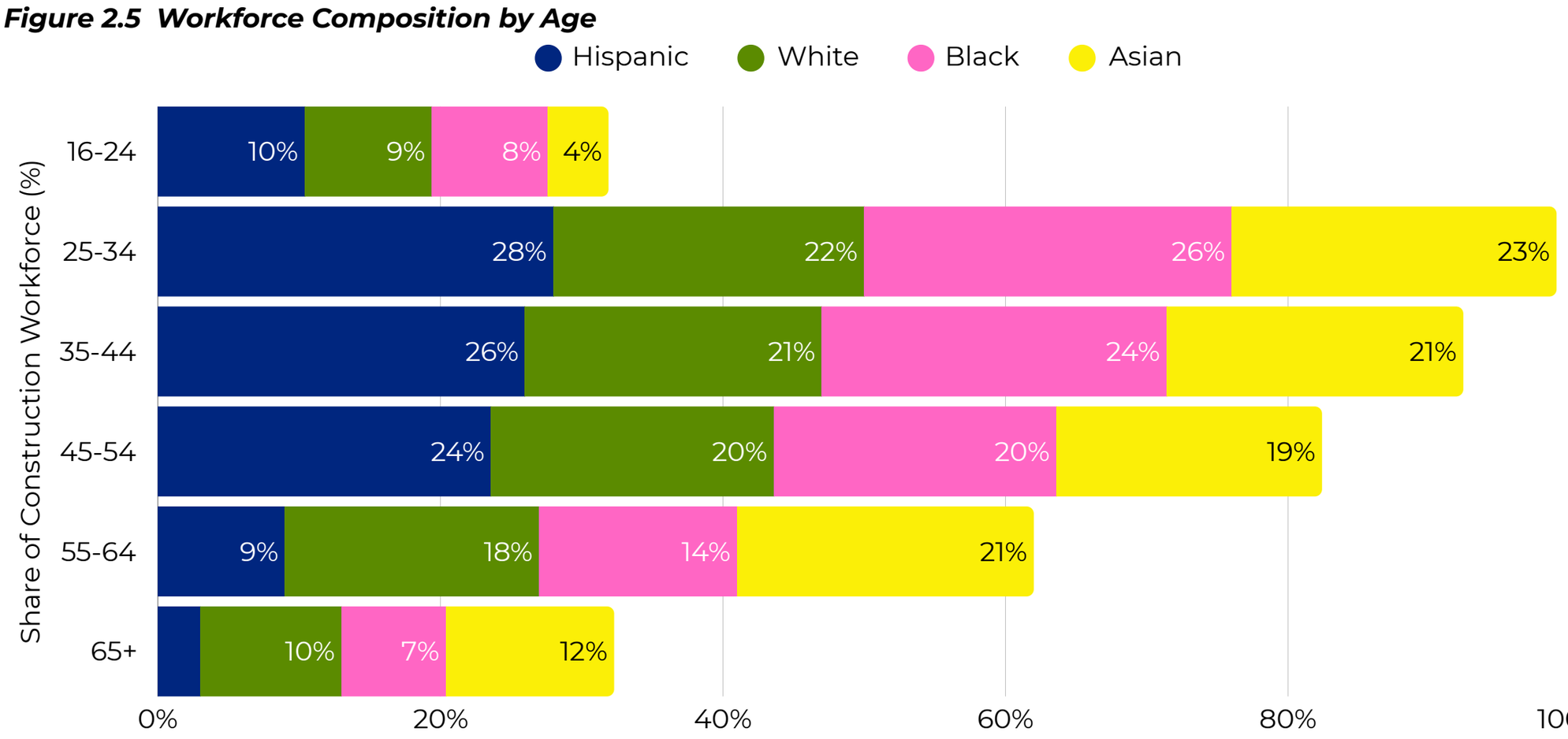


Figure 2.5 Workforce Composition by Age

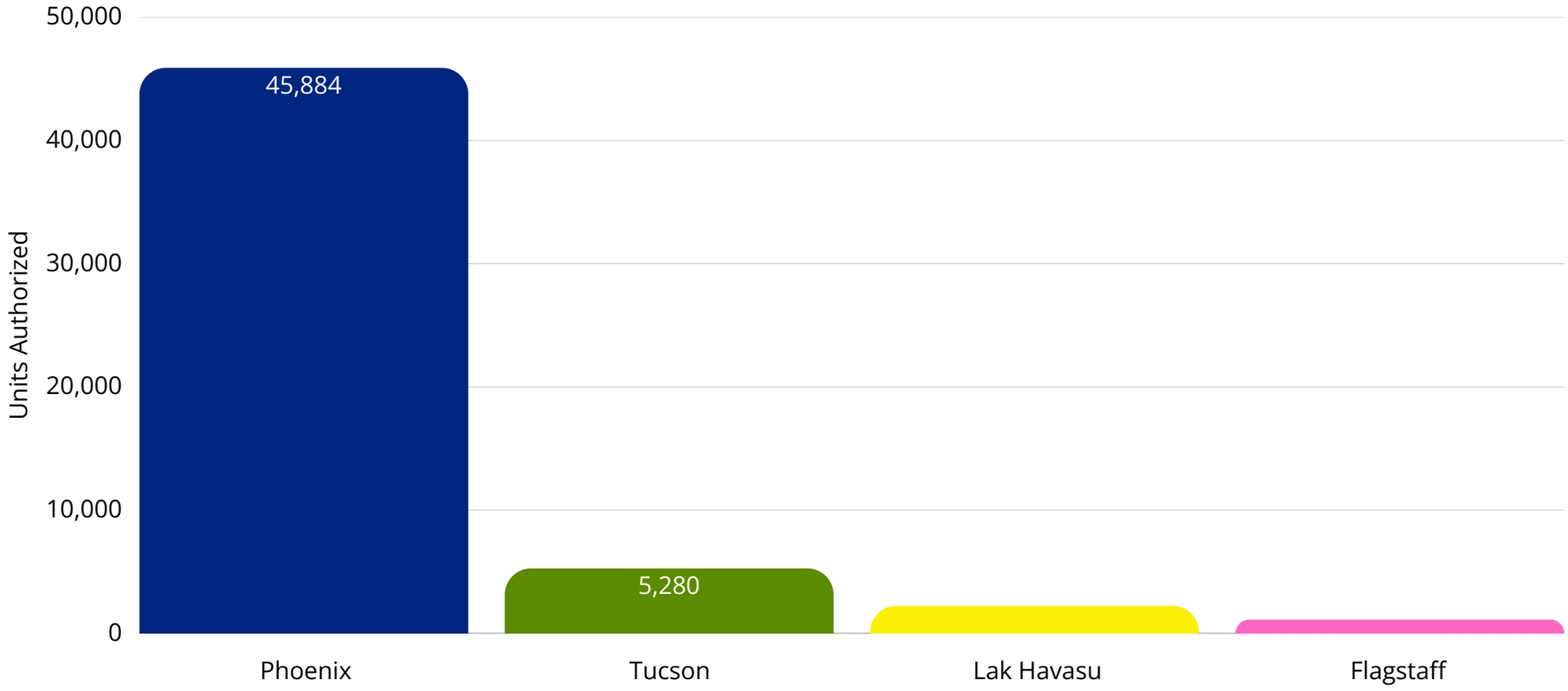


Arizona's construction workforce, primarily composed of young Hispanics, faces challenges such as filling licensed trades, slow apprenticeship enrollment, high housing costs, and immigration enforcement. These issues lead to lost crews and increased project costs. Proposed solutions include investing in bilingual apprenticeships, providing housing and transportation support, and involving Hispanic-owned subcontractors. Partnerships among local governments, educational institutions, and industry leaders are crucial for talent retention. Incentives for diversity can enhance equity and innovation, while legal aid for Hispanic workers can reduce immigration risks. Community engagement is essential for turning challenges into growth opportunities, benefiting Arizona's economy.

Arizona Housing and Infrastructure

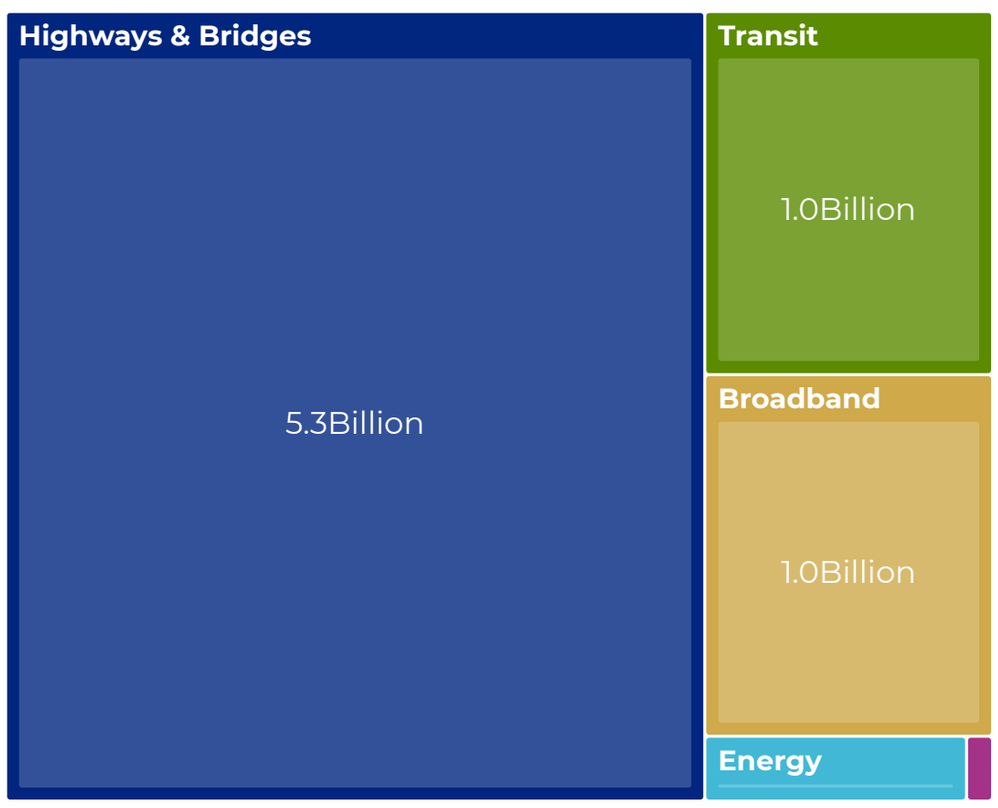
Arizona remains a top-tier builder with a deep pipeline centered in the Phoenix metro area and steady activity in Tucson, as well as growing exurban markets. In 2024, the state accounted for approximately four percent of all U.S. units authorized, which equates to roughly 59,000 new homes out of 1.48 million nationwide. Volume held up through late 2024 even as financing and insurance costs rose. That means the market can support aggressive production schedules if bids assume longer approvals and disciplined cost control on materials and carry.

Figure 10.6 Housing Permits by Metro



Transportation investments are planned over a long period. The State Transportation Board approved an eleven-billion-dollar Five Year Transportation Facilities Construction Program for 2026 through 2030 that funds highways, bridges, and airports. Federal highway formula funds under the infrastructure law provide a steady foundation. Arizona's projected allocations from fiscal years 2022 through 2026 total about five billion dollars and are directed toward interstate corridors and urban connectors. This combination establishes multi-year heavy civil and systems work for primes and subcontractors capable of delivering at scale.

Figure 10.7 Funding Scoreboard



Water resilience and broadband expand the opportunity set. EPA awarded Arizona new 2024 allotments through the Clean Water and Drinking Water State Revolving Funds, including targeted support for lead service line replacement. WIFA's financing programs continue to push low-cost loans and grants to municipal systems. The state also secured approximately $993 million from the BEAD program, which will facilitate last-mile broadband construction across rural and tribal communities. Firms that pair compliance discipline with verified workforce and supplier plans will convert these funds into backlog and on-time assets.

Arizona Policy and Legislative Outlook

Arizona has moved from debate to action on housing supply. House Bill 2720 legalizes accessory dwelling units across larger cities and removes common barriers, such as extra parking mandates and restrictive design requirements. House Bill 2721 requires cities to permit middle housing in designated areas and to use objective standards with expedited timelines. Phoenix, Tucson, and Scottsdale have begun code updates and implementation plans. For builders, this shifts infill approvals toward checklists and puts more small-lot and missing-middle projects on a predictable path from application to permit.

Funding visibility for transportation and water is strong. Maricopa County voters extended the half-cent regional transportation tax through 2045, a measure projected to generate roughly $15 billion in twenty-year revenues, with programmed highway arterial and transit investments. ADOT's statutes support public-private partnerships in transportation where warranted, and state law authorizes design-build construction manager at risk and job order contracting, which many agencies already use to compress schedules and manage risk on complex corridors and facilities.

Access and cash flow protections are defined in statute and should be built into every pursuit. ADOT's current overall DBE goals are twelve point five five percent for FHWA work, nine point eight five percent for FTA, and four point six one percent for FAA, with certification unified through the Arizona Unified Certification Program and the AZUTRACS directory. Arizona's Prompt Pay laws require timely payment after certification, set a day pass-through to subcontractors, and add monthly interest on late payments. In contrast, public retainage typically drops to five percent after the halfway point of the work. These rules reward firms that maintain disciplined billing calendars, track interest accurately, and maintain compliance documentation.

Certify in the Arizona UCP and register as a Small Business Concern to capture race-neutral opportunities, then bring auditable utilization plans to every bid. Target the Prop 479 pipeline and city middle-housing programs with integrated design inspection and neighborhood engagement strategies. Prequalify for CMAR design, build, and job order contracting lists, align submittals with agency standards, and embed prompt-pay and retainage protections in subcontracts. This is how policy translates into backlog ownership, cash flow stability, and multiyear growth.

Arizona Economic Risk

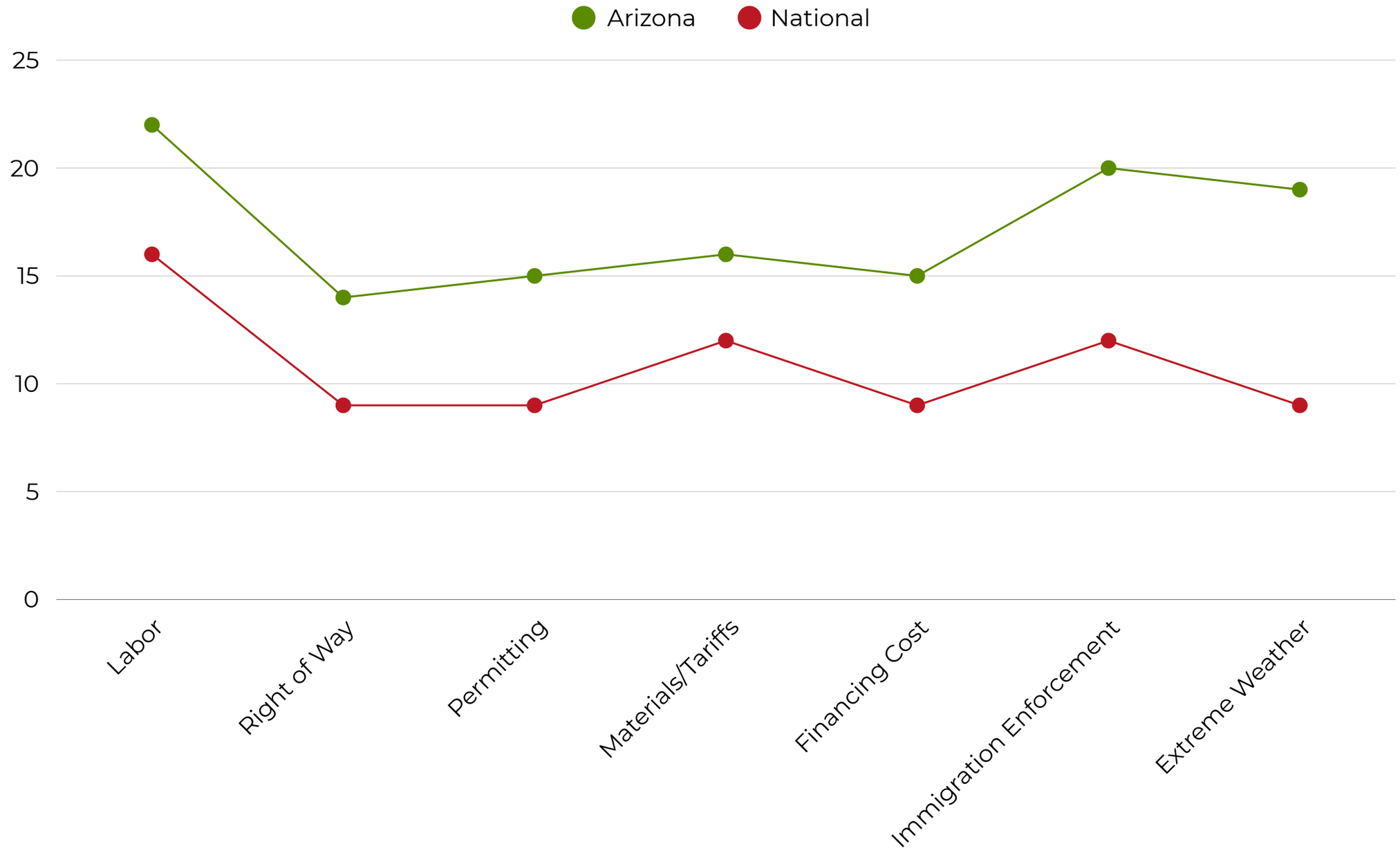
Cost and schedule risk begins with power equipment scarcity, water constraints, and utility coordination. Power and distribution transformers, as well as large switchgear, remain in deficit, which pushes energization and commissioning to the critical path and inflates carrying costs when deliveries slip. The state's assured water supply rules in the Phoenix Active Management Area require proof of a 100-year supply, and recent model updates have raised scrutiny on subdivision approvals, which can force redesigns or off-site investments before financing closes. Highway and rail utility windows remain a gating item on corridor work, so owners who do not lock relocations early face change orders and lost production.

Chart 10 Project Delay

Project Delays				
Project	**Cost**	**Location**	**Delay Impact**	**Cause**
TSMC Arizona	$65 billion	Phoenix	2025-2026	Skilled labor and equipment timing
South Central light rail	$1.34 billion	Phoenix	Delayed until 2026	Pandemic disruptions and utilities
Mesa Gateway Airport	130 million	Mesa	Through 2026	Funding
Phoenix Sky Harbor	$800 million	Phoenix	Into 2026	Supply chain
I-10 Broadway Curve	$800 million	Phoenix to Tempe	Into mid-2025	Complex traffic phasing

Arizona's construction market relies heavily on Hispanic workers, and statewide E-Verify requirements add strict documentation and onboarding steps for every new hire. Firms that fall behind on compliance expose themselves to sanctions and unplanned workforce churn. Extreme heat is a recurring productivity threat that reduces safe work hours and demands robust plans for water, shade, rest, and monitoring, especially in Maricopa County, where record heat streaks have become increasingly common.

Figure 10.8 Risk Matrix



Funding is visible, but execution discipline determines delivered value. Maricopa County's long-term transportation tax, which supports a multi-year highway and transit program, now runs through 2045. However, inflation and lead-time risk will erode buying power whenever projects slip. The play is clear. Prebuy critical electrical gear where contracts allow. Front-load assured water supply due diligence and secure utility and railroad windows early. Build heat mitigation into baseline schedules and document E-Verify compliance in HR systems. Teams that run this checklist will hold margins, protect schedules, and convert public and private capital into on-time assets.

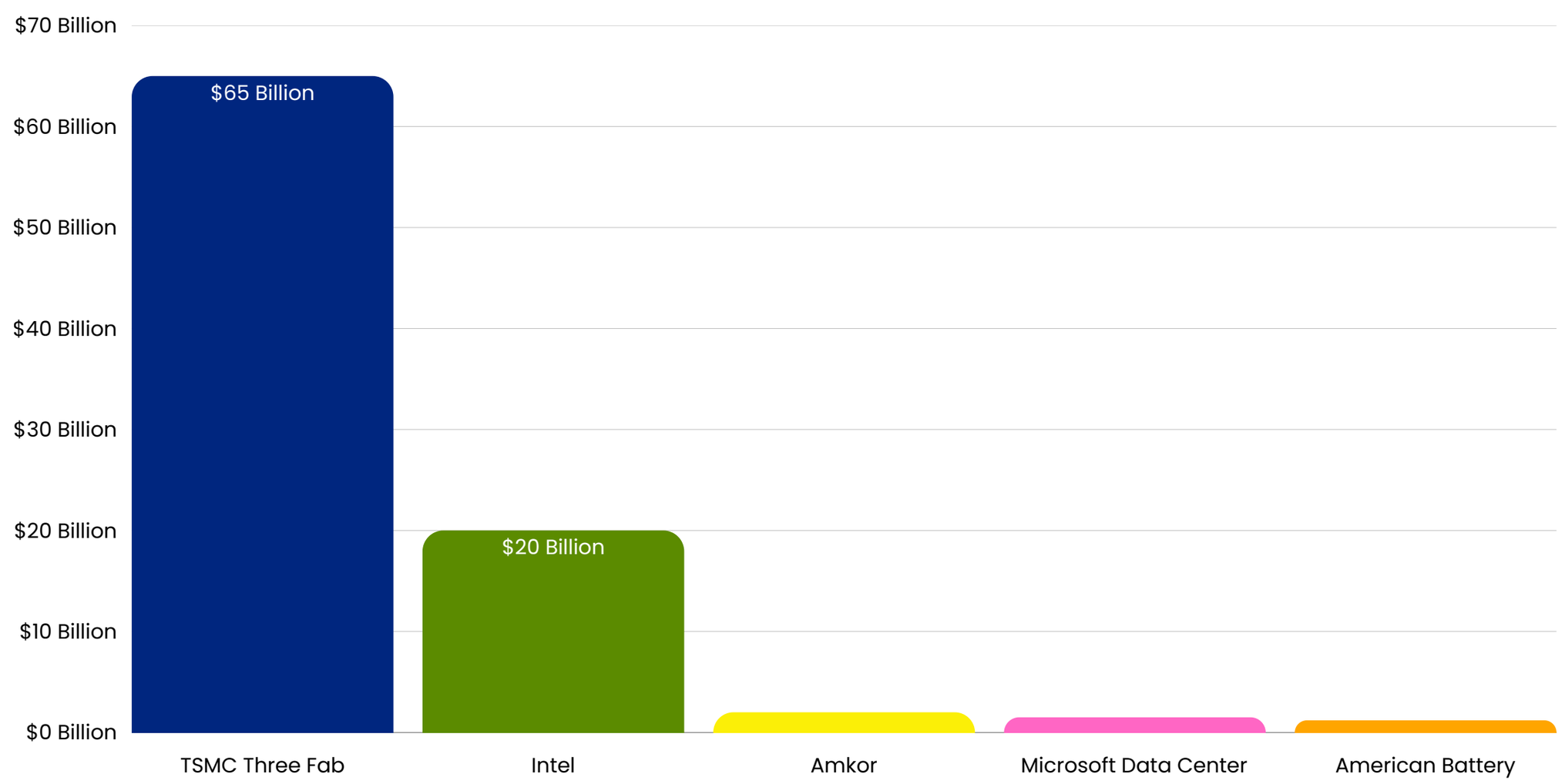
Arizona Private Development Health

Private development is running on two tracks. Industrial and logistics remain investable across Greater Phoenix as absorption improves and the 2025 delivery wave steps down. Vacancy has moved into the low teens after a historic build cycle, yet asking rents and net absorption stabilized in the second quarter, and construction starts have moderated, which helps the market rebalance. Mission-critical work is the anchor. The Mesa data center campus is now online, and Central Arizona continues to draw hyperscale and AI demand that sustains site work, power infrastructure, and advanced MEP scopes.

Multifamily and office are selective. Phoenix apartments are navigating a significant supply surge that has put pressure on rents and occupancy in 2024. However, Q2 showed the first quarter of rent improvement in three years, and concessions are easing as the number of starts declines. The office market remains challenged by vacancies in the twenties; yet, demolitions, conversions, and owner-user deals are slowly stabilizing the fundamentals. Meanwhile, the best-located product in Scottsdale, Tempe, and Chandler captures the bulk of leasing activity. The play for Hispanic contractors is targeted and disciplined. Lean into data centers, semiconductor supplier space, and logistics corridors where long leases and utility investment protect schedules and cash flow. Pre-buy critical electrical gear when contracts allow, lock in utility and commissioning windows early, and bring auditable supplier diversity plans so that execution converts Arizona demand into a bankable backlog.

Semiconductor investment sets a durable floor. TSMC confirmed a three-fab roadmap in Phoenix, with production milestones extending through the decade and large supplier packages in design and early build. Advanced packaging is joining the cluster, with Amkor's Peoria facility advancing through city approvals and site planning. These commitments keep heavy civil, structural, cleanroom, and commissioning work in the regional pipeline, even as individual equipment purchases shift with global cycles.

Figure 10.9 Current Major Projects



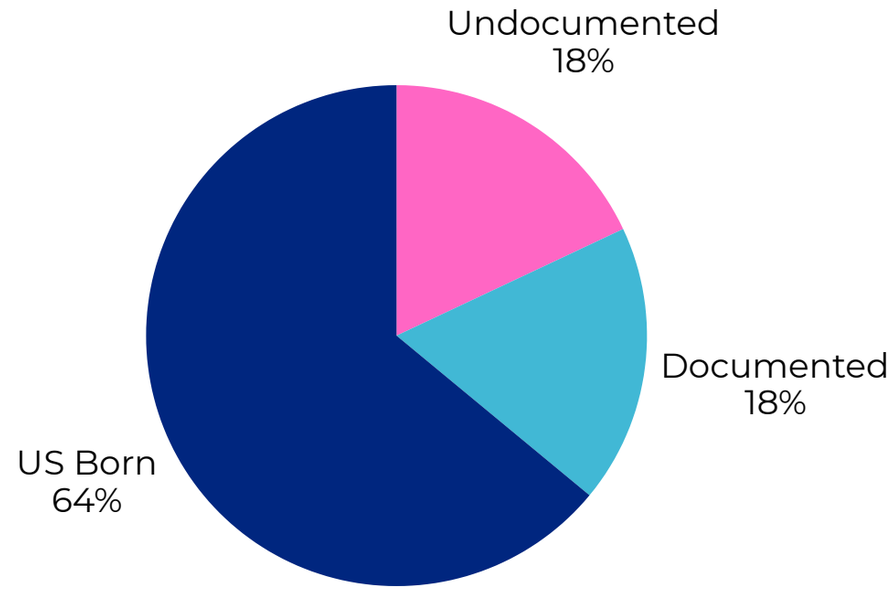
Arizona Construction Workforce Shortage

Arizona's gap is 7,450 to 8,430 workers, concentrated in electricians, low-voltage, and advanced MEP for semiconductor and hyperscale data-center work, plus operating engineers for site and utility packages. Extreme heat compresses safe work windows, and E-Verify compliance adds HR friction, resulting in longer MEP lead times and tighter inspection calendars for projects. As a result, sponsors are awarding contracts to firms that can pre-buy gear, run shaded shift plans, and maintain bilingual crews through commissioning.

Arizona Impact of Mass Deportation

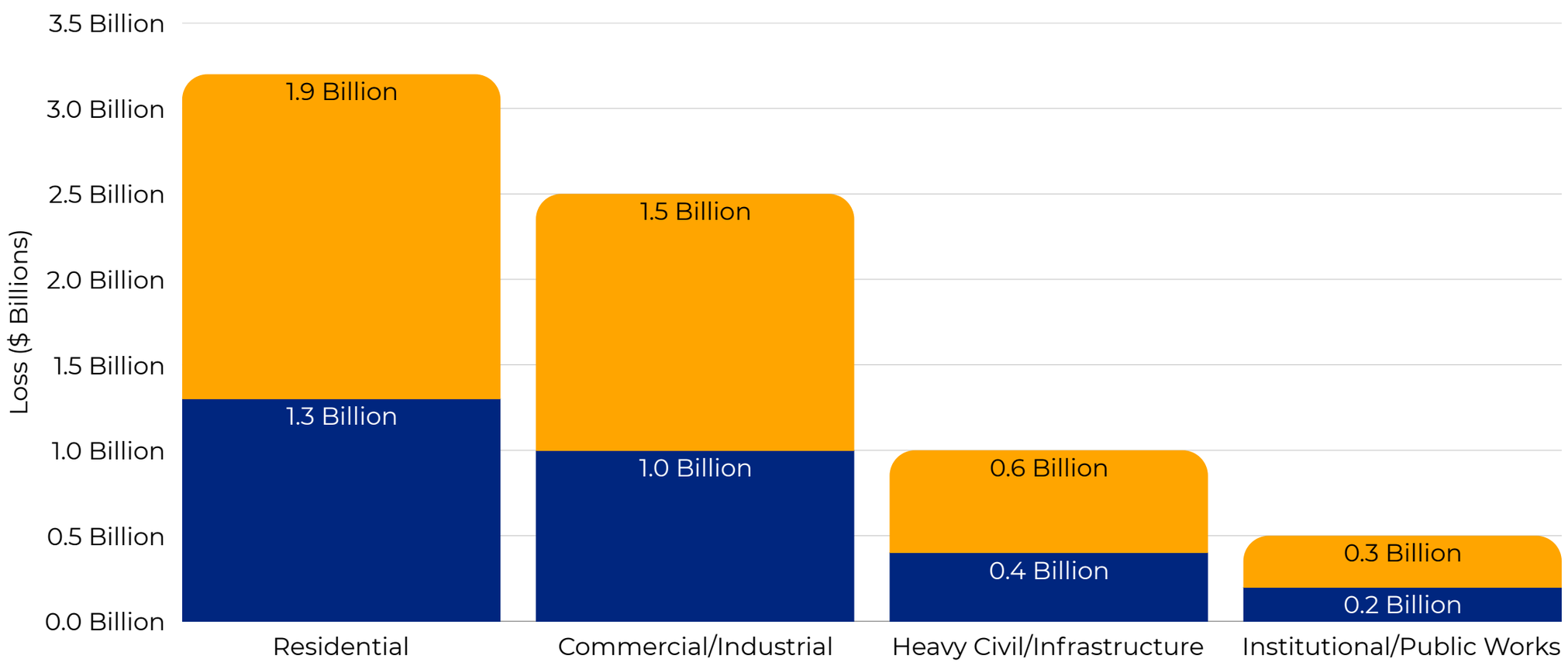
Arizona's construction sector may face significant labor shortages and material delays, with about 223,500 workers. Approximately 25% are foreign-born, and 10% to 13% of the workforce is undocumented, potentially resulting in the loss of 22,000 to 29,000 workers. This could lead to delays in projects like fabs and data centers, widen bid spreads, and affect utilities and specialty trades.

Figure 10.10 Immigration Status Composition



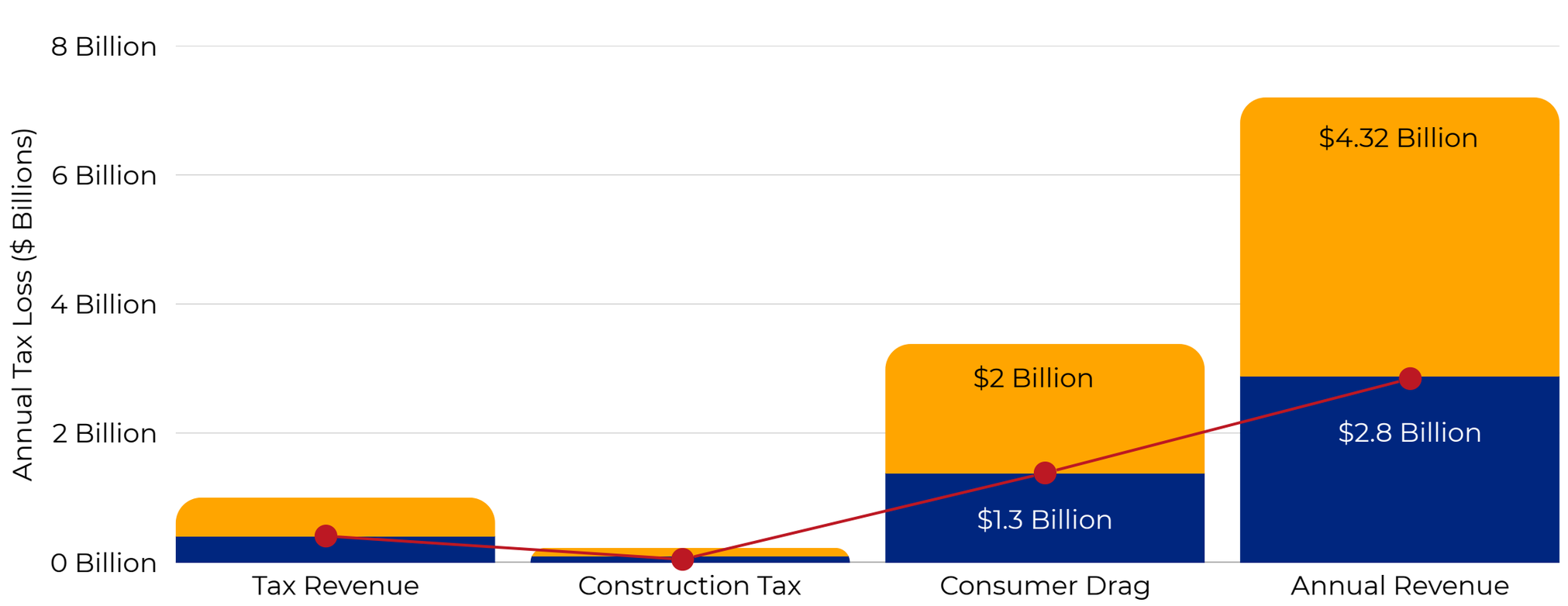
The removal of undocumented Arizonans would significantly impact revenue at both federal and state levels, as they contribute approximately $2.1 billion in annual taxes, including $770 million in state and local taxes. Undocumented workers make up about 16.6% of the construction workforce, and their removal could erase around $350 million in total tax payments, with $125 to $130 million in state and local revenues. Additionally, project slowdowns would affect permit and impact fees, as well as sales and income taxes related to construction, further increasing fiscal losses for counties and cities.

Figure 10.11 Annual Output Loss by Sector



The macroeconomic impact indicates a potential decline in Arizona's construction output due to a workforce shock of 10% to 13%, resulting in an 8% to 12% decrease, equating to $3.0 to $4.3 billion annually. This represents a 0.6% to 0.8% drag on the state's $520 billion economy. National research suggests that mass removals could lead to further GDP losses through supply chain and consumption channels, negatively affecting growth and increasing costs and timelines for strategic assets in semiconductors and cloud services.

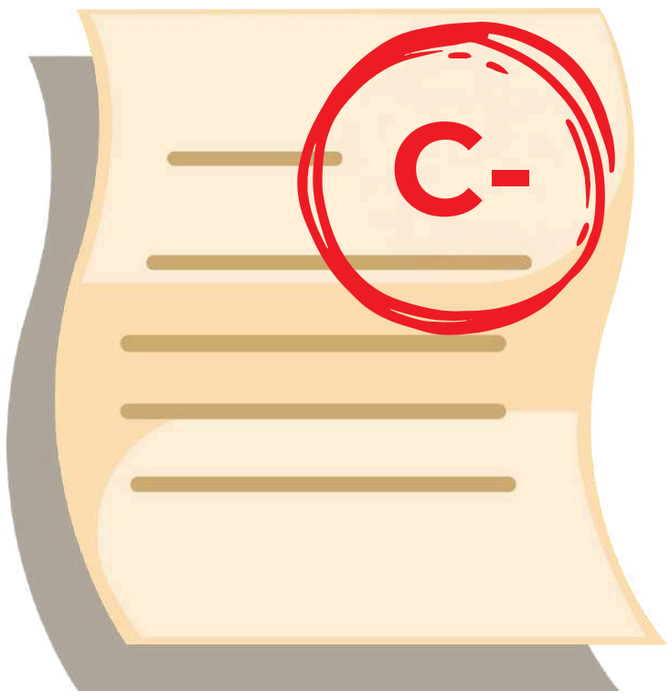
Figure 10.12 Estimated Tax Revenue Loss



Arizona Infrastructure Hazards

Arizona’s chief hazards are extreme heat, drought, and dust storms that endanger crews, degrade pavements, and reduce construction productivity. Maricopa County confirmed more than 600 heat-related deaths in 2024, underscoring escalating public-health risk and the need for heat-safe work plans. Haboobs during monsoon season can drop visibility to near zero and force immediate traffic shutdowns on interstates. Drought conditions and dry fuels elevate wildfire risk and smoke exposure across fast-growing exurban corridors. Water-supply uncertainty adds planning complexity for housing and industrial growth.

Monsoon floods can damage rural roads and utility corridors, while intense downbursts affect signals and temporary structures. Utilities are implementing Public Safety Power Shutoffs in high-risk areas to prevent wildfires. Heat and smoke limit safe work periods, necessitating shaded areas, hydration, and adjusted shifts. Prolonged heat impacts pavement performance, increasing life-cycle costs without material modifications. Airports and logistics hubs face service disruptions during severe dust and lightning events.



Mitigation now means designing for heat as a structural constraint. Owners should budget for night work capabilities, shade, cooling stations, and crew rotation as baseline job-site infrastructure. Grid hardening, selective undergrounding, and PSPS protocols reduce the risk of wildfire ignition, but they also demand customer contingency planning. Water reuse, storage, and drought-tolerant landscaping are essential for growth corridors. HCC issues a C- to Arizona.

Arizona Financial Outlook

Arizona's construction economy remains strong in late 2025, bolstered by private investments in semiconductors and cloud infrastructure. As of July 2025, construction employment reached around 223,500, supporting firm bid calendars. Key players include TSMC Arizona, with $6.6 billion in CHIPS support for a $65 billion project in Phoenix, and Intel, which has invested over $50 billion in Arizona, including a recent $20 billion expansion. Cloud investments are significant, with Meta's $1 billion data center in Mesa, Google's $600 million campus, and Microsoft actively expanding in the state.

Public finance provides visibility and ballast. The State Transportation Board approved an $11.5 billion 2026–2030 five-year construction program for highways, bridges, and airports, building on a prior $8.2 billion cycle. Federal infrastructure flows remain material. Formula funding under the infrastructure law allocates approximately $5.3 billion to Arizona's highways and bridges through 2026, and the state’s broadband office is deploying roughly $993 million in BEAD funds to extend high-speed internet. These commitments underpin heavy civil backlogs and help smooth the private cycle, especially around the Phoenix metro and key freight and airport corridors.

The outlook is moderately positive with manageable risks. Housing permits have been soft relative to targets, which tightens labor markets near job sites and lifts wage pressure in select metropolitan areas. Power and water availability are gating items for large semiconductor and data campuses, which place a premium on timely utility upgrades and resilience investments. Even with these constraints, confirmed CHIPS awards, a scaled data center pipeline, and a multi-year state transportation program indicate stable or improving volumes in 2025 as financing normalizes and owners with precise delivery plans transition from entitlement to construction.

STATE RANKINGS

Rank	State	Total Score	Infrastructure Grade
1	California	1032	C-
2	Texas	1012	D+
3	New York	916	D
4	Florida	893	C-
5	Oregon	892	C
6	Washington	889	C-
7	Ohio	883	D+
8	Tennessee	882	D
9	Virginia	881	D
10	Arizona	880	C-
11	Alaska	879	D+
12	Pennsylvania	878	D
13	Rhode Island	874	F
14	Massachusetts	873	F
15	Illinois	872	F
16	Utah	869	F
17	New Jersey	868	F
18	Colorado	866	C
19	South Carolina	864	D
20	Wisconsin	861	F
21	North Carolina	852	D
22	Maryland	851	D
23	Minnesota	849	D
24	Hawaii	848	F
25	Nevada	847	F

Rank	State	Total Score	Infrastructure Grade
26	Oklahoma	846	F
27	Connecticut	844	D
27	Michigan	844	C
29	Georgia	842	F
30	Arkansas	841	D
31	Missouri	838	D
32	Idaho	837	F
33	New Mexico	833	F
34	Indiana	832	F
35	Kansas	829	F
36	New Hampshire	828	C
37	Delaware	827	F
38	Montana	825	F
39	North Dakota	824	F
40	Nebraska	822	F
41	Iowa	821	F
42	Maine	818	F
43	Kentucky	813	F
44	Alabama	806	C
45	Louisiana	758	F
46	South Dakota	756	F
47	West Virginia	752	F
48	Wyoming	746	F
49	Vermont	742	F
50	Mississippi	741	D

APPENDIX A

Construction Industry Data Tables

Construction Industry Economic Trends (2022-2024)

		2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3
Gross Domestic Product	[Billions of dollars] Seasonally adjusted at annual rates (All Industries)	25215.5	25805.8	26272	26734.3	27164.4	27453.8	27967.7	28297	28624.1	29016.7	29374.9
VA Current Dollar	[Billions of dollars] Seasonally adjusted at annual rates (All Industries)	1079.1	1091.2	1117.6	1169.3	1185.6	1202.4	1231.6	1262.7	1291.1	1306.4	1318.6
VA Percent of GDP	[Percent] (All Industries)	4.3	4.2	4.3	4.4	4.4	4.4	4.4	4.5	4.5	4.5	4.5
Real GDP	[Billions of 2017 chain dollars] (All Industries)	21903.9	21919.2	22066	22249.5	22403.4	22539.4	22780.9	22960.6	23053.5	23223.9	23400.3
VA Chained 2017 $	[Billions of 2017 chain dollars] (All Industries)	884.3	851.7	813.5	810.4	807.2	811	829.6	836.5	853.3	864.1	863.7
GDP Quantity % Change	[Percent change] Seasonally adjusted at annual rates (All Industries)	-1	0.3	2.7	3.4	2.8	2.4	4.4	3.2	1.6	3	3.1
Q-Contributions to GDP	[Percent and % points] (All Industries)	0.23	-0.68	-0.75	0.01	0.07	0.19	0.48	0.19	0.36	0.23	-0.01
VA Quantity Index	[2017=100] (All Industries)	105.241	101.369	96.825	96.445	96.065	96.52	98.732	99.562	101.562	102.847	102.789
VA Quantity % Change	[Percent change] Seasonally adjusted at annual rates (All Industries)	8.2	-13.9	-16.8	-1.6	-1.6	1.9	9.5	3.4	8.3	5.2	-0.2
GDP Price % Change	[Percent change] Seasonally adjusted at annual rates (All Industries)	8.5	9.3	4.5	3.7	3.6	1.9	3.2	1.5	3	2.5	1.9
P-Contributions to GDP	[Percent and % points] (All Industries)	0.34	0.89	1.17	0.78	0.17	0.06	-0.05	0.26	0.04	-0.01	0.18
VA Price Index	[2017=100] (All Industries)	121.838	127.819	137.01	143.981	146.761	148.266	148.541	151.06	151.415	151.304	152.798
VA Price % Change	[Percent change] Seasonally adjusted at annual rates (All Industries)	4.8	21.1	32	22	7.9	4.2	0.7	7	0.9	-0.3	4
GO Current Dollar	[Billions of dollars] Seasonally adjusted at annual rates (All Industries)	2137.2	2199.9	2210.9	2230	2246.9	2294.5	2359.1	2443.1	2494.1	2509.6	2524
GO Chained 2017 $	[Billions of 2017 chain dollars] (All Industries)	1638.6	1620.2	1581.7	1565.8	1571.2	1609.5	1652.9	1699.6	1730.8	1737.3	1737.4
GO Quantity Index	[2017=100] (All Industries)	103.844	102.673	100.23	99.227	99.574	102.001	104.749	107.707	109.688	110.099	110.102
GO Quantity % Change	[Percent change] Seasonally adjusted at annual rates (All Industries)	2.5	-4.4	-9.2	-4	1.4	10.1	11.2	11.8	7.6	1.5	0
GO Price Index	[2017=100] (All Industries)	130.325	135.689	139.70	142.373	142.979	142.559	142.748	143.777	144.129	144.483	145.308
GO Price % Change	[Percent change] Seasonally adjusted at annual rates (All Industries)	17.4	17.5	12.4	7.9	1.7	-1.2	0.5	2.9	1	1	2.3
II Current Dollar	[Billions of dollars] Seasonally adjusted at annual rates (All Industries)	1058.1	1108.7	1093.3	1060.7	1061.3	1092.1	1127.6	1180.4	1203	1203.2	1205.4
II Chained 2017 $	[Billions of 2017 chain dollars] (All Industries)	757.6	768.9	767.3	754.6	763.1	798.3	823.1	864.3	878.6	873.5	874.1
II Quantity Index	[2017=100] (All Industries)	102.697	104.228	104.00	102.281	103.433	108.205	111.569	117.15	119.092	118.405	118.484
II Quantity % Change	[Percent change] Seasonally adjusted at annual rates (All Industries)	-3	6.1	-0.9	-6.5	4.6	19.8	13	21.6	6.8	-2.3	0.3
II Price Index	[2017=100] (All Industries)	139.607	144.192	142.53	140.614	139.074	136.774	136.936	136.522	136.87	137.681	137.845
II Price % Change	[Percent change] Seasonally adjusted at annual rates (All Industries)	31.7	13.8	-4.5	-5.3	-4.3	-6.5	0.5	-1.2	1	2.4	0.5

Note. Data sourced from U.S. Bureau of Economic Analysis (2024).

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