



An Uncertain Economy and a Weak Construction Market: The Design and Construction Economic Outlook for 2026 & 2027

Richard Branch
AIA Chief Economist

January 29, 2026

Overview

- Economy still facing uncertainty; housing market woes gaining greater attention.
- Construction performance is uneven; reconstruction is growing in importance.
- Architecture firms still seeing weak billings numbers; outlook is for modest gains.



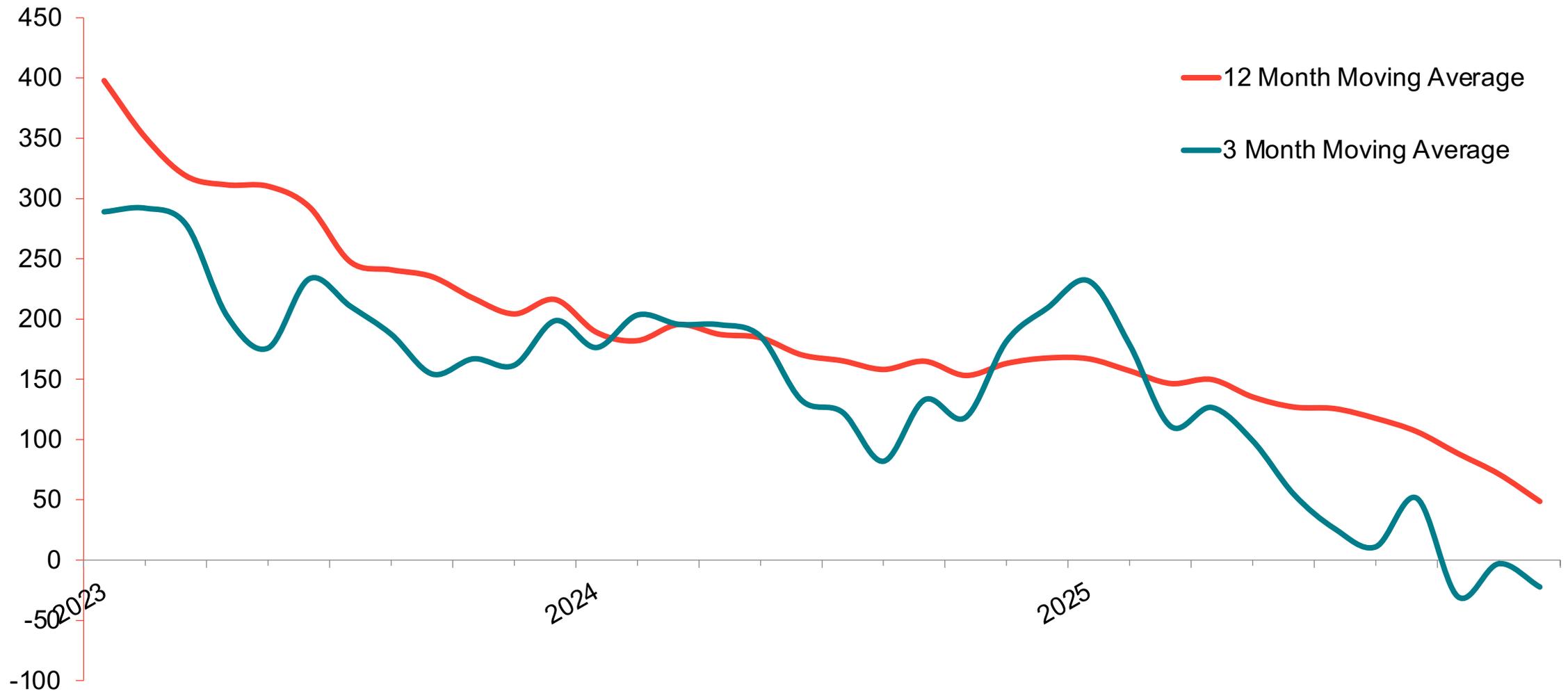
Economic forecasters remain dour on their hopes for economic growth this year and next

Economic Indicator	2023	2024	2025	2026 (F)	2027 (F)
Annual GDP Growth (%)	2.9%	2.8%	2.4%	2.2%	2.1%
Inflation (December Y/Y Percent Change)	3.3%	2.9%	2.7%	2.6%	2.4%
Change in payrolls (Dec - Dec change)	2,594	2,012K	584K	64K	N/A
Unemployment Rate (December)	3.8%	4.1%	4.4%	4.5%	4.3%
10-year treasury bond yield (December)	4.0%	4.4%	4.1%	4.2%	4.1%

Source: Wall Street Journal quarterly economic forecasting survey.

National job growth has stalled

Total Nonfarm Employment: Month-to-Month Change (Thousands)



Through first 10 months of 2025, construction spending is down a bit compared to last year

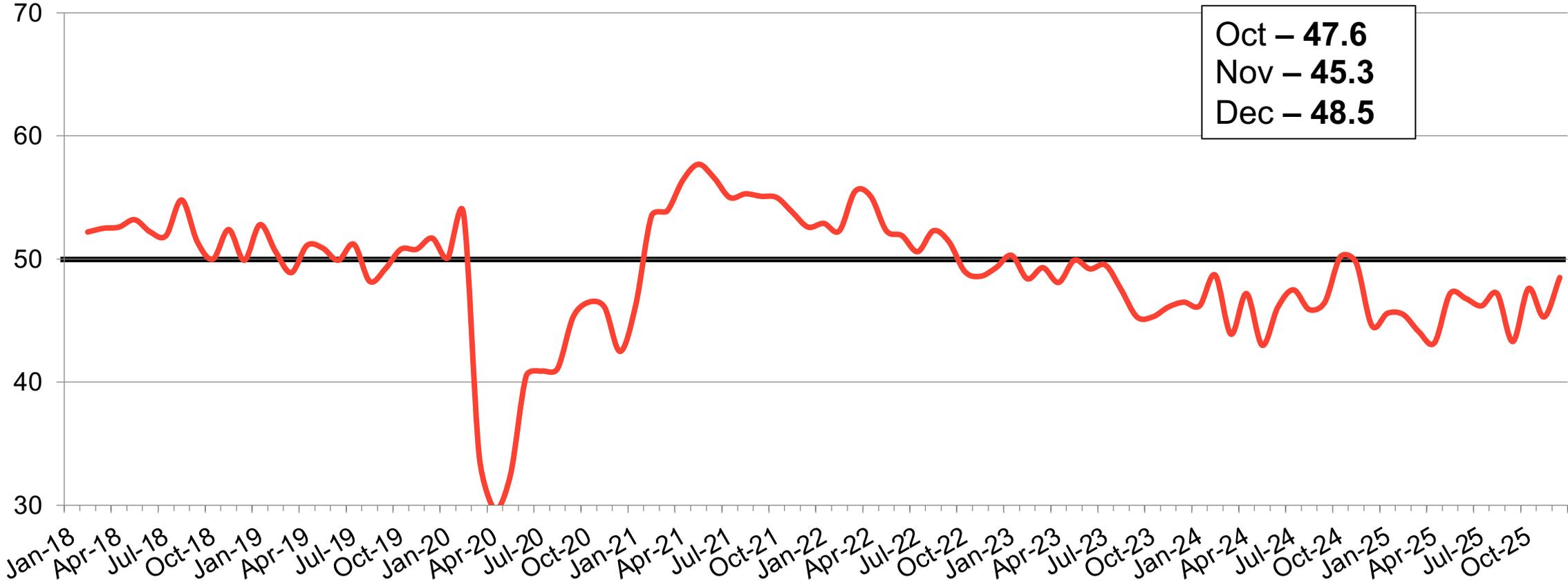
Billions of \$, Jan.- Oct. 2025 vs. Jan.- Oct. 2024 totals not seasonally adjusted

	2024	2025	% Change
Total Nonresidential Building Construction	\$723.1	\$708.5	-2.0%
Commercial/ Industrial	\$416.6	\$396.7	-4.8%
Lodging	\$20.4	\$20.0	-2.0%
Office	\$87.2	\$88.7	1.7%
Commercial (retail & other)	\$112.5	\$101.9	-9.4%
Manufacturing	\$196.5	\$186.1	-5.3%
Institutional	\$306.5	\$311.8	1.7%
Healthcare	\$57.4	\$57.7	0.5%
Education	\$116.9	\$116.6	-0.3%
Religious	\$3.5	\$4.1	17.1%
Public Safety	\$15.5	\$16.3	5.2%
Amusement & Recreation	\$34.2	\$35.9	5.0%
Transportation	\$54.9	\$57.2	4.2%
Communication	\$24.1	\$24.0	-0.4%

Source: U.S. Census Bureau, Value of Construction Put in Place

Architecture firm billings have been soft since late 2022; recently more volatile

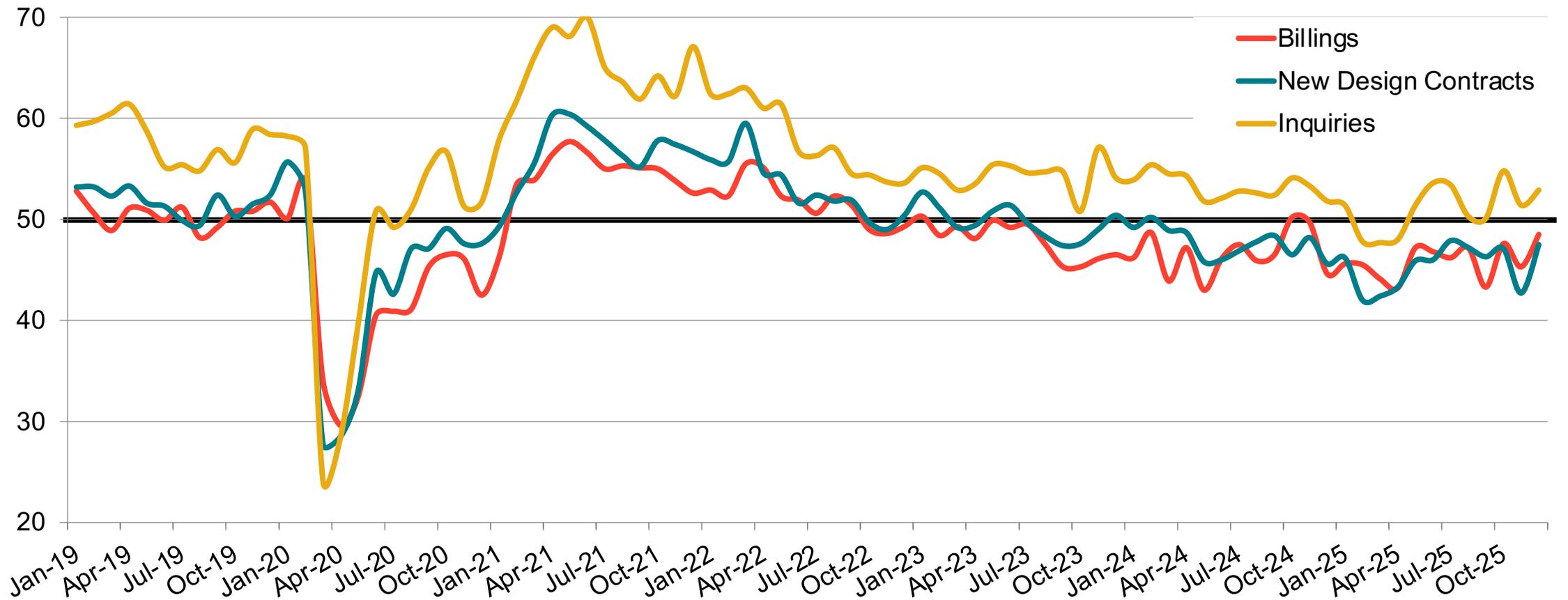
Diffusion index: 50 = no change from previous month, seasonally adjusted



Source: AIA/Deltek Architecture Billings Index

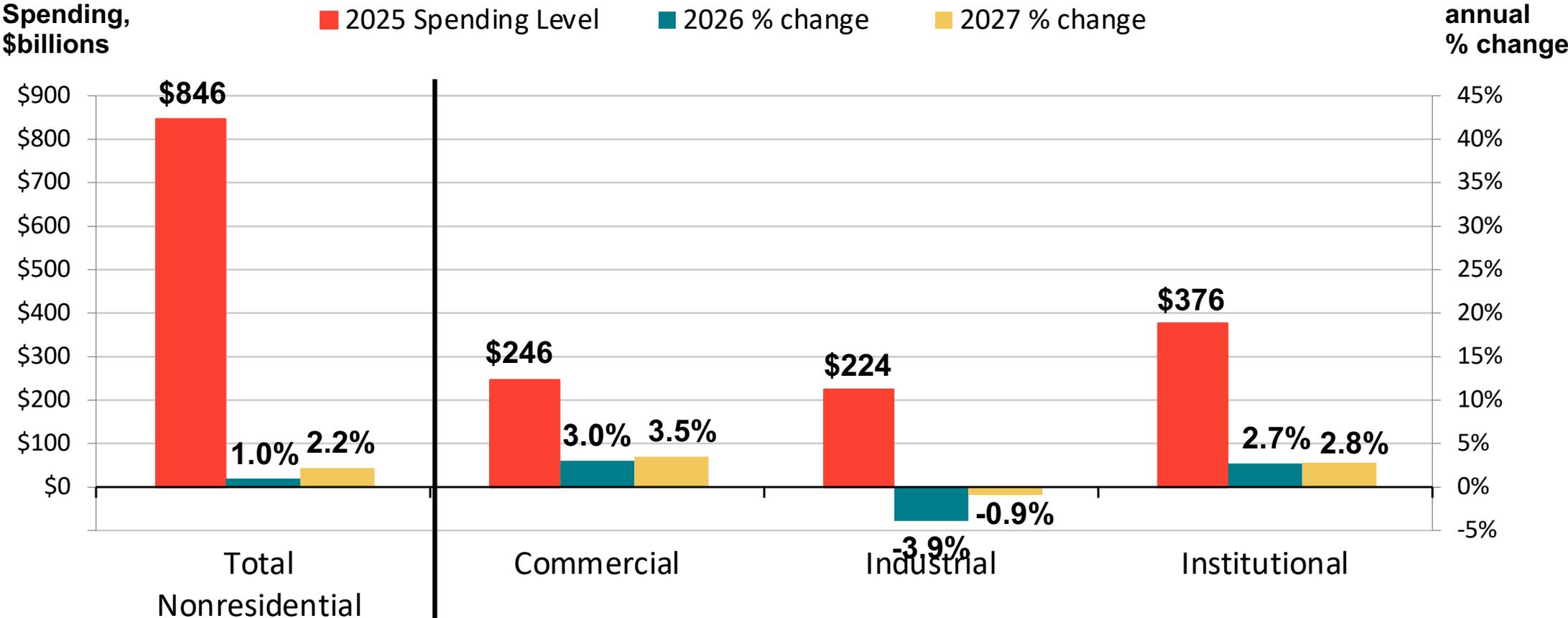
Billings and new design contracts have remained weak recently; inquiries have strengthened a bit

Diffusion index: 50 = no change from previous month, seasonally adjusted



Construction spending expected to see slow growth this year and next

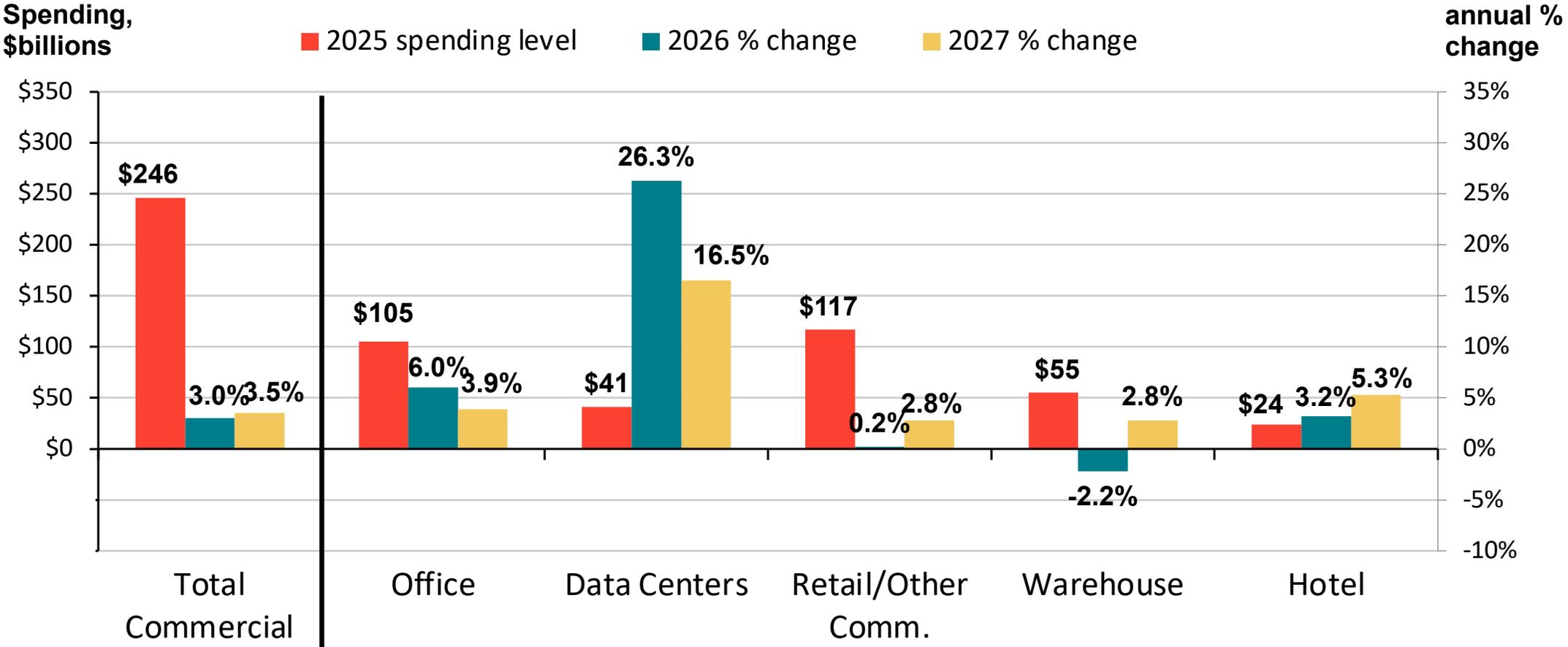
Billions \$ / % change—construction spending on nonresidential buildings



Source: AIA Consensus Construction Forecast Panel, January 2026

Data centers driving office gains; little growth elsewhere

Billions \$ / % change—construction spending on nonresidential buildings

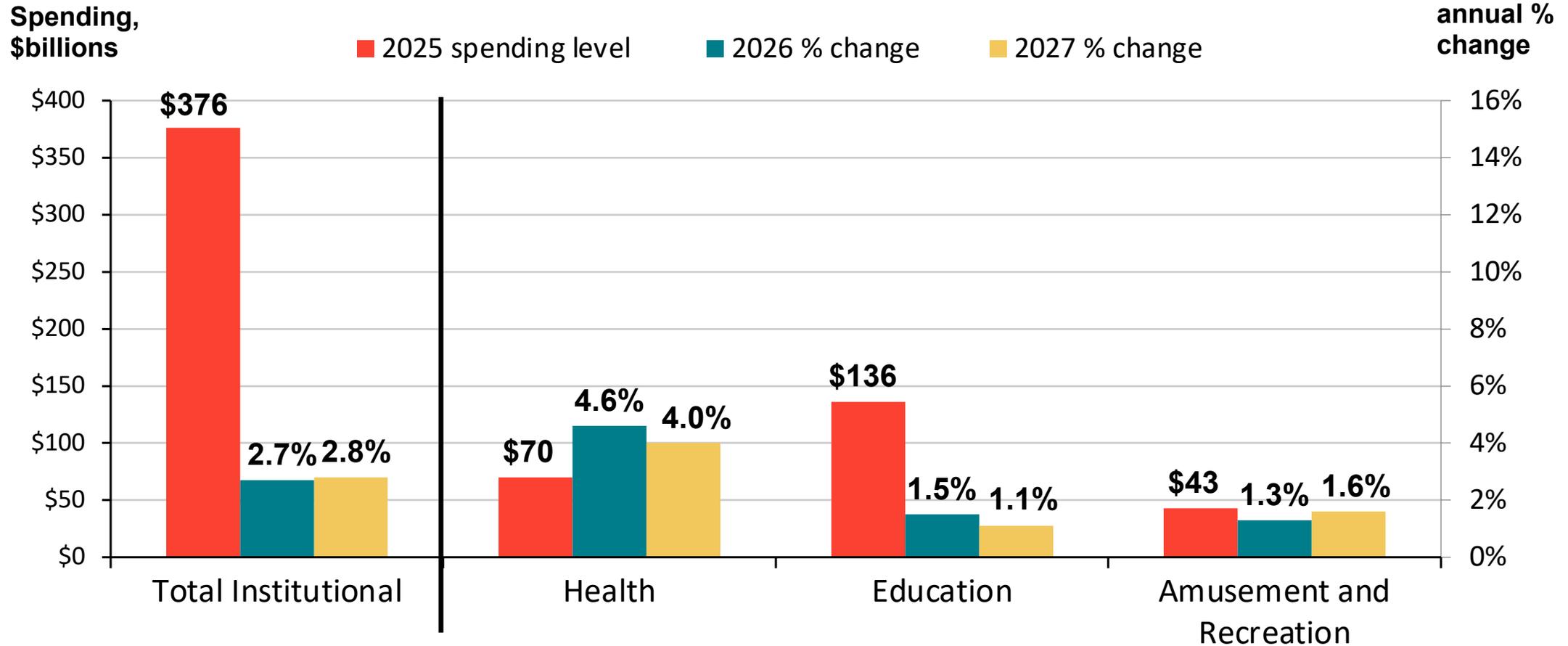


Notes: Data center spending included in office category; warehouse included in retail and other commercial

Source: AIA Consensus Construction Forecast Panel, January 2026

Major institutional sectors expected to see healthy growth this year before moderating a bit in 2026

Billions \$ / % change—construction spending on nonresidential buildings

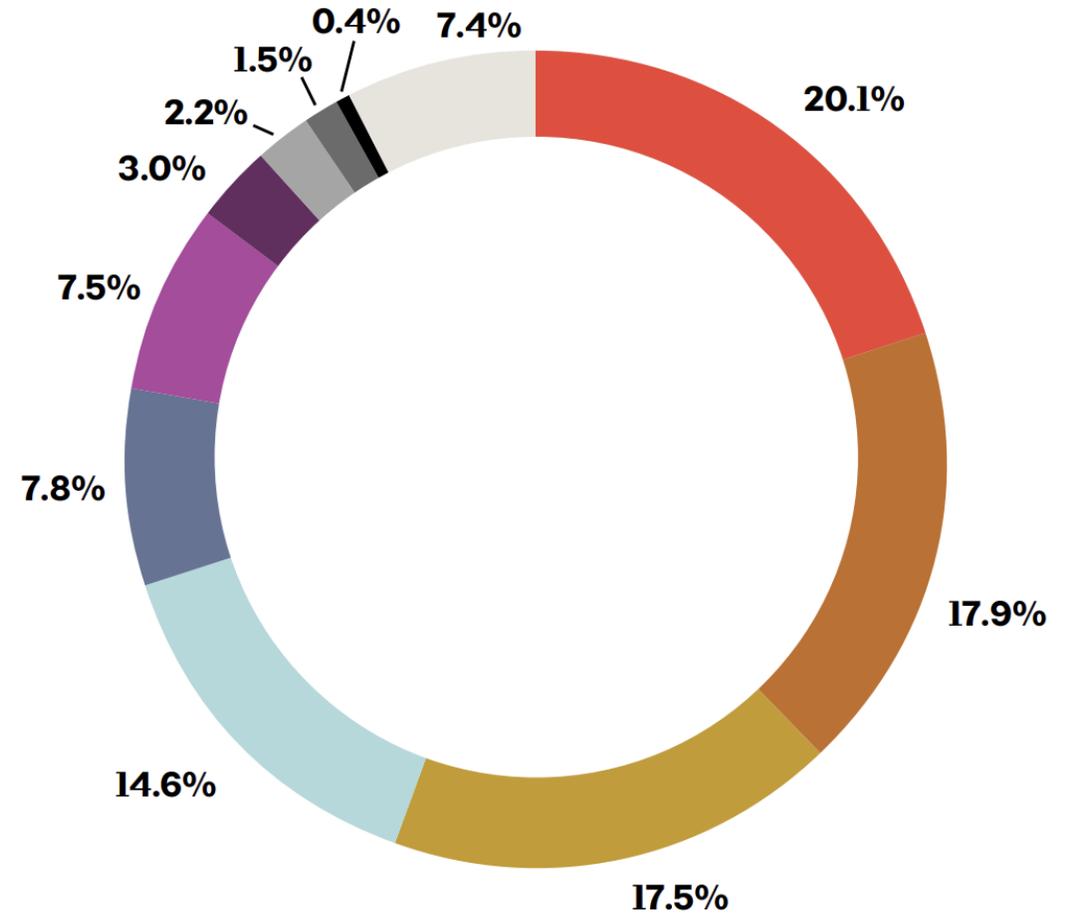


Note: Not all institutional categories reported in chart
 Source: AIA Consensus Construction Forecast Panel, January 2026

What is the main cause of project delays?

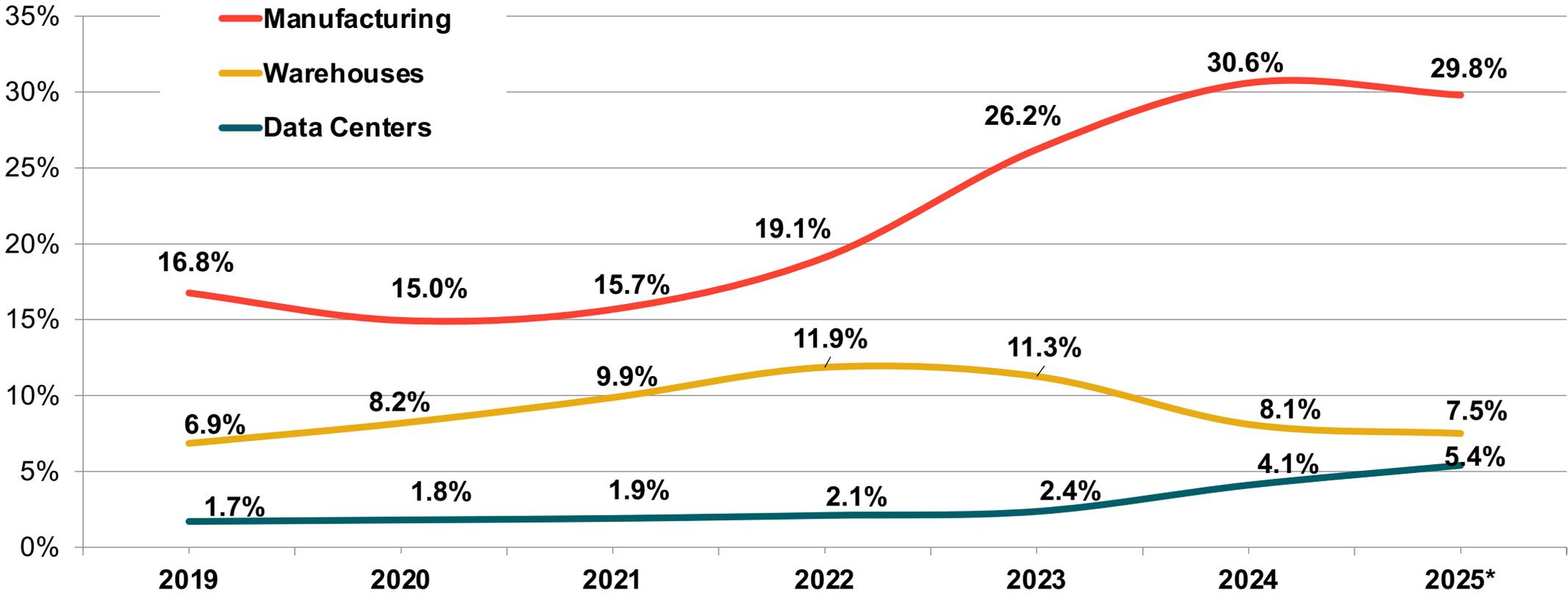
% of firms indicating one most significant factor contributing to projects at their firm being delayed/stalled/canceled recently

- Client delays/indecision on key issues
- Changing market conditions making clients nervous about proceeding
- Construction budget insufficient for project as currently conceived
- Financing problems
- Permitting/zoning/other approvals delays
- Contractor bids coming in too high or schedules too long
- Material prices
- High interest rates
- Firm is so busy that design schedules have slipped
- Supply chain issues/materials availability
- Other



The share of construction spending for manufacturing, warehouses, and data centers has grown dramatically

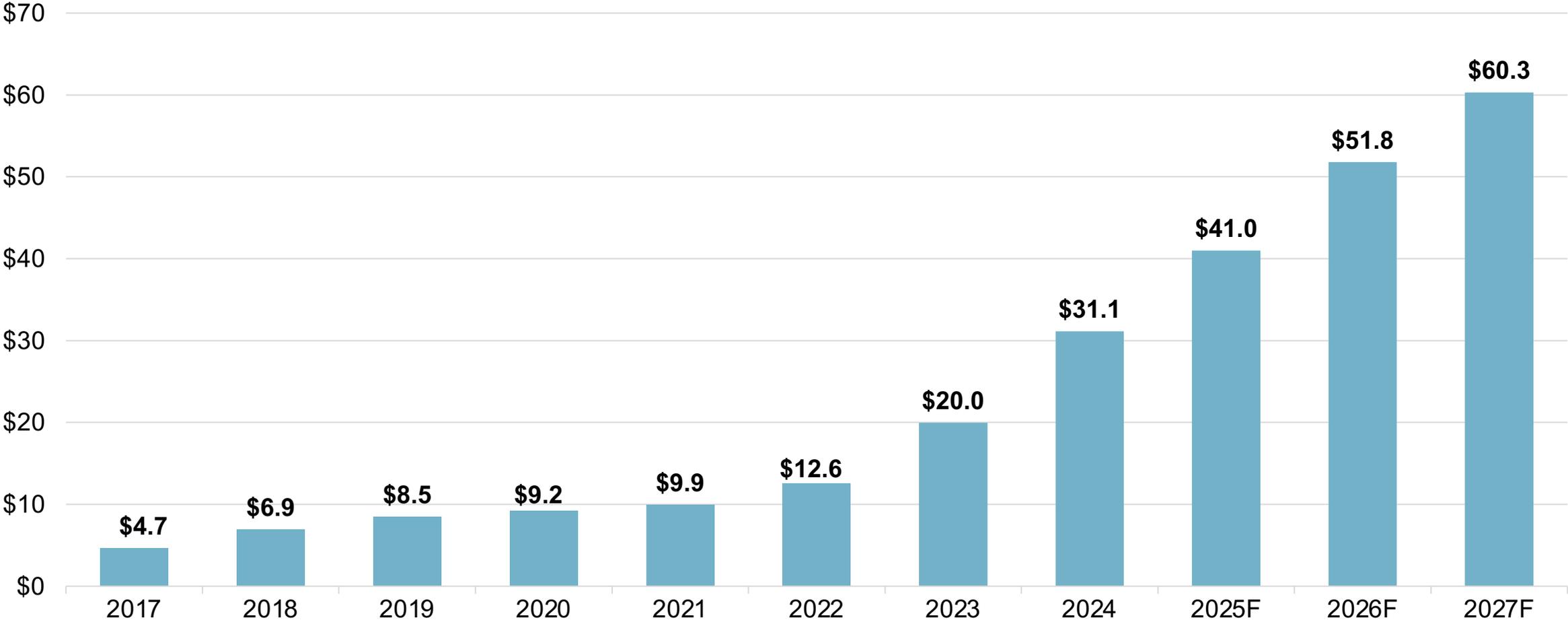
Share of private nonresidential building construction spending



Note: 2025 figures are year-to date thru October.
Source: Construction spending reports, U.S. Census Bureau.

Data center projects are expected to continue their ascent over the next two years

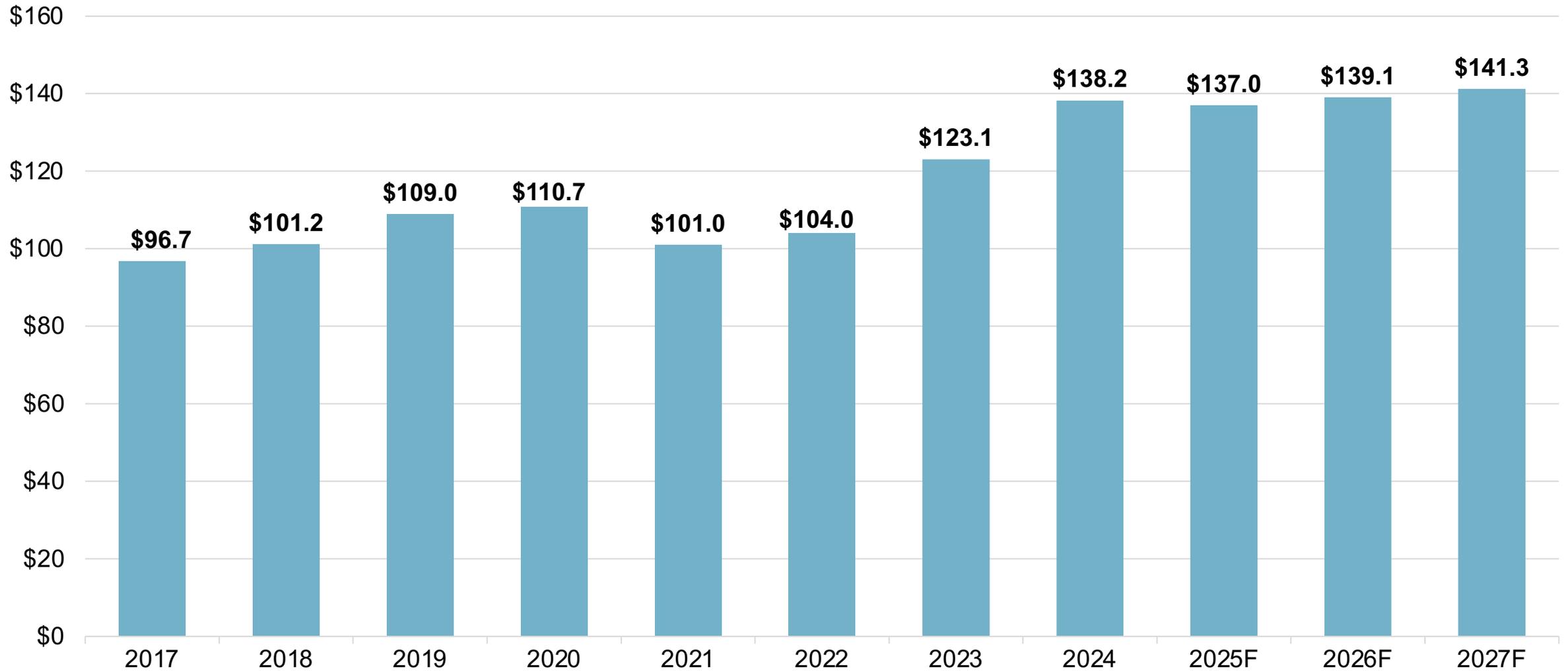
Data Center Construction Put in Place (Dollars, Billions)



Source: U.S. Census Bureau (History), Consensus Construction Forecast January 2026

Education construction spending: slow, but steady growth

Education Construction Put in Place (Dollars, Billions)



Source: U.S. Census Bureau (History), Consensus Construction Forecast January 2026

Economic & business resources from the AIA

- AIA Architectural Billings Index (ABI): aia.org/abi
- AIA Consensus Construction Forecast: aia.org/ccf
- 2024 AIA Business of Architecture firm survey report: aia.org/firmsurvey
- Economic indicators to track leading economic Key Performance Indicators (KPIs): aia.org/indicators
- 2025 AIA Compensation & Benefits: www.aia.org/compensation
- AIA Salary Calculator: salarycalculator.aia.org
- AIA Guides for Equitable Practice: www.aia.org/equityguides
- AIA Home Design Trend Survey (HDTS): aia.org/hdts
- AIA Best Practices: www.aia.org/bestpractices

**WATCH FOR—
AIA 2026 Economic
Series dates**

**Email us at
economics@aia.org**