

2026 Update to the Economic Impact of the Commercial Construction Industry on the Economy of the State of Alabama

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This report aims to update the 2021 estimate of the economic impact of Alabama's commercial construction industry on the state's economy. The key variables analyzed are employment, earnings, and final demand (output). The study follows the same methodology as the 2021 report.

This economic report is an estimate based on a sound theoretical understanding of the region's economy, utilizing the most up-to-date socioeconomic, demographic, retail, and general business climate information available.

The study estimates potential changes to the regional economy based on existing economic operations, without considering any externalities, positive or negative. The analysis assumes no major events will alter the short-term or long-term economic foundation of the region, maintaining all other conditions constant during this exercise.

Every effort has been made to use the most recent information. However, the author does not assume responsibility for any changes or revisions that may be made to the source data.

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Executive Summary

The Purpose

- This report updates the 2021 economic impact of nonresidential (commercial) construction activities on the economy of the State of Alabama.
- We present our findings in terms of total dollar value of output, total payroll (earnings), and total employment attributable to the commercial construction industry.

The Data

- First, we concentrated on and started our analysis with the 2023 construction data, since 2023 was the latest year for which detailed information was available.
- Next, we extrapolated the data to get the 2025 estimates using an in-house survey of the membership of the Associated Builders and Contractors, Inc.–Alabama Chapter.

Economic Impact

Direct Impact

	Production (Nominal GDP)	Payroll	Employment
Commercial Construction in Alabama in 2023	\$11,060,812,000	\$5,511,241,100	69,920
Commercial Construction in Alabama in 2021	\$9,460,134,126	\$4,663,051,800	64,454

- For 2023, it is our estimate that the commercial construction industry generated a total direct output of \$11.1 billion.
- Compared to the 2021 figures, the 2023 values were 18% larger.
- The data showed that the commercial construction industry had a payroll of \$4.7 billion and 64,454 jobs in 2023.
- Payroll and employment for the nonresidential subcomponent of the construction industry increased by \$.9 billion and 5,000 from 2021 to 2023, respectively.

Total Economic Impact - 2023

- Our estimate summarizes the economic impact of commercial construction in 2023 as:
 - Total output impact of \$20.1 billion
 - Total earnings impact of \$13.5 billion
 - Total employment impact of 223,00 FTE jobs

	2021	2023
Total Economic Impact - Employment	200,547	223,167
Total Economic Impact - Expenditure (output)	\$17,155,040,849	\$20,067,461,938
Total Economic Impact - Earnings	\$11,444,977,813	\$13,461,696,705

- Our calculation shows that the total output impact of the non-residential construction industry on Alabama's economy in 2023 was \$20.1 billion. This is an increase of 17% over the 2021 estimate.

- According to our model, the largest beneficiaries of the economic impact of the commercial construction are as follows:
 - ✓ Construction
 - ✓ Manufacturing sector
 - ✓ Service sector
 - ✓ Wholesale trade
 - ✓ Finance sector
 - ✓ Transportation sector

Tax (Fiscal) Impact-2023

- According to our model, the commercial construction industry is estimated to have generated \$746 million in taxes for the state coffers, in 2023.
- These are the categories of taxes that we can directly attribute to the operation and spending of this industry.
- Based on our estimate, the commercial construction was responsible for \$401 million in income taxes, \$294 million in sales and use taxes, and \$50 million in utility taxes.
- These taxes are net of deduction and collection fees and are net contribution to the State's Education Trust Fund.

2024 and 2025 Estimates

- The research team conducted a survey of board members from the Associated Builders and Contractors (ABC)—Alabama Chapter to assess expected changes in project volume, workforce levels, and overall business activity between 2023 and 2025.
- Survey responses were combined with construction output trends reported by the U.S. Bureau of Economic Analysis (BEA) to generate forecast values used in the economic impact model.
- The results show that commercial construction remains a significant contributor to Alabama's economy and is projected to continue expanding over the forecast period.

	2023	2024	2025
Total Economic Impact - Employment	223,167	235,301	246,778
Total Economic Impact - Expenditure (output)	\$20,067,461,938	\$22,265,807,942	\$23,176,404,841
Total Economic Impact - Earnings	\$13,461,696,705	\$14,867,807,127.58	\$15,626,807,084.93

- Total employment supported by the sector is expected to increase from 223,167 jobs in 2023 to 235,301 jobs in 2024 and 246,778 jobs in 2025.
- This represents an increase of approximately 23,600 jobs, or 10.6 percent growth over two years.
- Economic output generated by commercial construction activity is projected to rise from \$20.07 billion in 2023 to \$22.27 billion in 2024 and \$23.18 billion in 2025.
- This reflects an overall increase of roughly \$3.11 billion, representing a growth of approximately 15.5 percent.
- Labor earnings associated with the sector are similarly expected to expand, increasing from \$13.46 billion in 2023 to \$15.63 billion in 2025, a gain of about \$2.17 billion, or 16.1 percent.

Introduction

This report aims to update the 2021 estimate of the economic impact of Alabama's commercial construction industry on the state economy. The study follows the same methodology as the 2017 and 2021 reports.

The construction industry is divided into two sectors. They are residential and nonresidential (or commercial) construction. Like the previous reports, this study sets out to estimate the economic impact of the activities of the nonresidential (commercial) construction sector on the economy of the State of Alabama. Our findings are presented in terms of total dollar value of output, total payroll (earnings), and total employment because of the commercial construction industry.

The construction industry is a vital component of the state's economy. The U.S. Bureau of Economic Analysis (BEA) estimates that in 2023, the contribution of Alabama construction industry (both residential and commercial) to the State's Gross Domestic Product (GDP) amounted to \$14.5 billion, \$620 million higher than the 2021 figures used in the latest study. In terms of GDP-share, construction activities represented 4.7% of Alabama's GDP. Likewise, the industry's employment accounted for 4% of the payroll employment in Alabama.

These statistics highlight the economic significance of the construction industry, in both absolute and relative terms. However, we believe that these figures under-represent the real contribution and importance of this industry on the state economy. For example, the employment and payroll data for the construction industry includes those individuals who are employed, by way of employment or contract, by the construction firms. They do not, however, account for those who are employed in construction-support industries, such as architectural, engineering, and related services, paper, pulp, lumber and wood industries or manufacturing of flooring materials. Some of these industry subsectors are captured in the service sector, and the others are included in the manufacturing sector.

This report attempts to highlight and estimate the more complete (or the true) economic significance (impact) of Alabama's commercial construction industry. To that end, and like the previous reports, we employ an economic impact methodology and a model that is specific to the state and one which has been used in estimating the economic impacts of all mega industrial projects recently in the State of Alabama. Examples of such projects are Mercedes, Honda, Hyundai, ThyssenKrupp Steel, and the Airbus project. The model allows us to map out detailed interactions among all the industries in Alabama's economy via the dynamics of the multiplier analysis. As such, the model output should yield a more realistic view of the size and significance of the commercial construction activities in Alabama. As is customary in this type of research, the model uses the multipliers estimated by RIMS II, which is developed by the U.S. Department of Commerce Bureau of Economic Analysis.

Commercial Construction Industry in Alabama- In Glance

The first step in every economic impact study involves collecting the project's direct primary data. In this case, we were able to access, collect, and construct the primary data for Alabama's construction industry and its two components from a variety of sources. Our sources included information from the

U.S. Bureau of Economic Analysis and the U.S. Census (County Business Pattern). We used the 2023 data for our study since 2023 was the latest year for which U.S. Census information was available. This data is presented in Table 1.

As is highlighted in Table 1, the total output produced by the commercial Construction industry in 2021 was reported to be \$9.4 billion.¹ The 2023 value is 18% larger than the 2023 figures.²

The 2023 payroll and employment data, for the commercial construction industry, were reported to total to \$5.5 billion and 69,920 jobs.³ This information was constructed from the U.S. Census Bureau. For the employment and payroll data, we added the respective data for the architectural, engineering, and related services (NAICS 5413), and special design services (NAICS 5414) to that of the construction industry's (NAICS 23). Further, since the payroll and employment data was available at a more detailed level (four-digit NAICS level), we were able to further disaggregate the data to the residential and nonresidential sub-component levels.

According to Table 1, payroll and employment for the nonresidential subcomponent of the construction industry increased by \$1.6 billion and 5,000 from 2021 to 2023, respectively. Based on our estimate, nonresidential construction represents 70 percent of the construction industry's total payroll and employment.

Table 1: Commercial (non-residential) Construction Activities in Alabama- 2023 vs. 2021

	Production (Nominal GDP)	Payroll	Employment
Commercial Construction in Alabama in 2023	\$11,010,378,053	\$5,511,241,100	69,920
Commercial Construction in Alabama in 2021	\$9,460,134,126	\$4,663,051,800	64,454

In Table 2, we list all the construction subsectors (disaggregated sectors) that were included in the calculation of the nonresidential construction component. As is highlighted, we incorporated the employment and payroll for the construction of new multifamily projects, nonresidential building, utility system, land subdivision, highway and bridge construction, and a fraction of the data for the specialty trade contractors' subsector in our calculation of nonresidential construction statistics.

¹ Source: The U.S. Bureau of Economics

² This information is collected from the U.S. Bureau of Economic Analysis (BEA). The BEA, however, does not disaggregate the construction estimate further into the residential and nonresidential sub-components. In order to disaggregate the BEA (industry level) data, we used the information provided to us from the McGraw-Hill Construction national historical dataset. More specifically, we used the McGraw-Hill database and computed the ratio of non-residential to total construction. This ratio was then applied to the BEA figures in order to estimate the non-residential share of the construction output.

³ Source: The U.S. Census, County Business Pattern

Table 2: Commercial Construction Industry Subsectors in Alabama

Industry Identifier	NAICS
New Multifamily Construction	236116
Nonresidential Building Construction	2362
Utility System Construction	2371
Land Subdivision	2372
Highway, Street, and Bridge Construction	2373
Specialty Trade Contractors	238
Architectural, Engineering , and related Services	5413
Specialized Design Services	5414

Methodology Economic Impact

The methodology employed to estimate the impact of commercial construction on the State economy is derived from regional economic models. The basic premise is that spending by commercial construction in Alabama stimulates a number of (additional) sectors in the local economy. This is true since the transaction activities by commercial construction companies increase the demand for goods and services for a number of industries in the region. This in turn, makes the affected sectors increase their demand from their suppliers throughout the region to respond to the additional demand for their output generated by the nonresidential construction sector.

Classifying the impacts into three broad categories facilitates an understanding of how an initial change in the demand for goods and services in the economy, due to an economic activity, is multiplied into additional impacts.

The three categories of impact are:

Direct: The direct impacts of nonresidential construction spending are the additional demand and expenditures in the local economy that are directly (one-to-one) attributable to the regular and day-to-day spending of the commercial construction companies in the State.

Indirect: Indirect impacts occur when purchases of materials and services by the commercial construction sector, of the economy (the direct impact), result in further increases in business transactions. An indirect impact, for example, results when a business needs additional resources to service the increased demand directly attributable to the commercial construction projects. The suppliers of these items find their sales increasing and, in turn, need more input to meet the new demand. This process continues, yielding a multiplier effect on the output of the local economy. Whenever the extra demands are met by industries outside the local economy, there are leakages from the flow of products and income from the local economy. The greater

the number of leakages, the lower the indirect impacts, and the lower the multiplier. On the other hand, the more diversified the local economy, the higher the value of the multipliers.

Induced: Additional indirect effects are induced by the change in income in the economy. For example, when a business hires additional employees to meet the demand caused by commercial construction firms, the employee's spending further enhances economic activity in the region.

Determining multipliers for the project under consideration is a fundamental step toward conducting an economic impact analysis. The term multiplier refers to the ratio of all direct, indirect, and induced effects to the direct effects. Once the total direct impact of operation are estimated, they are linked to other relevant criteria to estimate other important variable such as the demand on housing, labor force, and any addition to sales tax, property tax, and income tax revenues realized by the state officials.

For the purpose of estimating the economic impact of this project, economic, demographic, and housing market information was gathered from:

The U.S. Department of Labor

The U.S. Census Bureau

The U.S. Bureau of Economic Analysis

Alabama Department of Revenue

Economic Development Partnership of Alabama

Notes about the Model

The following observations should be noted about the model that has been used for conducting the analysis in this study:

- The Input-Output model used for this study deals with readily available quantifiable impacts such as dollars of spending or employment.
- The model does not consider social costs or benefits of economic activities.
- The model used is a static process that does not take into effect changes over time in a dynamic economy. This suggests that the relationships between economic sectors are fixed, as of the date of the model's underlying database, and does not account for adjustments that may take place over time.
- The model assumes that the relationship between changes in demand for products and services and the resulting changes in income and employment are linear. That is, it does not take into account the changes in productivity over time.
- The model assumes that a response to any incremental change in demand for goods and services is at the average rather than the marginal rate.
- Finally, the model does not take into consideration the additional capital expenditures required to support indirect and induced effects on the local economy.

Economic Impact

As suggested in the earlier sections, the first step in conducting any economic impact analysis is to identify the direct impacts of the operation or organization in question. In this context, direct impacts are defined as the output, payroll, and job additions that are solely attributable to the operation of the commercial construction companies in the State. This information is presented in Table 1.

Next, we opted to follow two distinct approaches. The first approach entailed a static and detailed step-by-step process of applying construction-specific multipliers to the direct impacts. The estimated results from this approach are presented in Tables 3 through 7. The second approach involved utilizing our economic development model. Here, we feed the direct impact variables into our model. The model then used its multipliers algorithm to produce the indirect and induced economic impact estimates. This process involved using a detailed industry-by-industry matrix of multipliers to map out the complete industry level interaction amongst all sectors of the Alabama economy. This set of results is available in Tables 8 through 10.

Table 3: Output Economic Impact–Payroll Expenditure Contribution, 2023

Commercial Construction Gross Payroll	\$5,511,241,100
Weighted Average Payroll Multiplier	1.897
Output Impact Contribution from Payroll	\$10,454,273,243

In the first approach, we started with dividing the commercial construction spending into payroll and non-payroll spending. Payroll spending is defined as the direct payment for services to employees and contractors, and non-payroll spending is a direct payment to suppliers of input and materials. These two categories of spending, once incurred, lead to additional purchases and production of goods and services throughout the economy.

In Table 3, we show the output impact of the commercial construction’s direct payroll spending in Alabama. In 2023, the industry was identified to inject \$5.5 billion in direct wages and salaries into the state’s economy. This income (earned income) was spent on the purchase of goods and services (output) throughout the Alabama economy. The total output impact is estimated as follows:

- ✓ The output multiplier for payroll spending is defined at 1.897.
- ✓ Applying this multiplier to the direct payroll yields an output impact contribution from payroll of \$10.5 billion for the Alabama economy.

Next, we concentrated on the industry’s output contribution from non-payroll expenditures. Besides the payroll spending, Alabama’s commercial construction companies also purchased materials and services to support their ongoing operation. This included naming just a few, purchases of heavy machinery, construction materials, and office supplies. This non-payroll spending boosted sales and revenues for the local suppliers of such products and services. It also supported additional employment. The output impact of this category of spending is highlighted in Table 4.

Table 4: Output Economic Impact – Non-Payroll Expenditure Contribution

Commercial Construction- Value Put in Place	\$11,060,812,000
Industry Payroll	\$5,511,241,100
Industry Non-Payroll Expenditure	\$5,549,570,900
Leakage at 20%	\$1,109,914,180
Total In State Non-Payroll Expenditures	\$4,439,656,720
Multiplier	2.1653
Output Contribution from Non-Payroll Expenditures	\$9,613,188,696

According to Table 4, the non-payroll expenditure in 2023 was estimated to total \$5.51 billion. This figure was estimated by subtracting the payroll expenditure from the industries' value added contribution to the State's GDP. We applied a leakage factor of 20% to the above estimate. This resulted in a total in-state non-payroll expenditure of \$4.4 billion for calendar year 2023. Finally, we applied a multiplier of 2.165 to this class of spending. This resulted in an estimate of the output impact from non-payroll expenditure of \$9.6 billion.

The total output impact of the commercial construction industry in Alabama on the state's economy is the sum of these two subcomponents. This estimate is presented in Table 5. Our calculation shows that the total output impact of the non-residential construction industry on Alabama's economy in 2023 was \$20.1 billion. This is an increase of 17% over the 2021 estimate.

Table 5: Total Economic Impact–Output (Payroll and Non-Payroll Expenditure Contribution), in 2023, 2021 and 2015

Total Economic Impact–Output in 2023	\$20,067,461,938
Total Economic Impact–Output in 2021	\$17,155,040,849
Total Economic Impact–Output in 2015	\$11,854,136,410

Next, we concentrate on the employment impact. Like the output case, we compute the employment impact using both the payroll and non-payroll spending. It is important to note that these two classifications of spending have their own distinct multipliers. The exact process and the results are reported in Table 6. As reported, it is our estimate that in 2023, the commercial construction industry was responsible for a total of 223,000 full-time equivalent (FTE) jobs in Alabama. This is an increase of approximately 23,000 jobs over the 2021 estimate.

Table 6: Employment Impact, 2023, 2021, and 2015

	2015	2021	2023
Added Jobs from Non-Payroll Expenditures	52,889	77,866	90,081
Direct Job	54,057	64,454	69,920
Direct Employment Multiplier	1.9034	1.9034	1.9034
Jobs Created from Direct Employment	102,892	122,681	133,086
Total Employment Impact (from Non-Payroll Expenditures and Direct Employment)	155,782	200,547	223,167

Finally, we use the established industry-wide statistical relationship between output and earning to estimate the total earning impact attributable to Alabama’s commercial construction industry. The earnings estimate, along with the output and employment impacts is presented in Table 7. According to our estimation, the economic impact of commercial construction in 2023 can be summarized as follows:

- ✓ Total output impact of \$20.1 billion
- ✓ Total earnings impact of \$13.5 billion
- ✓ Total employment impact of 223,00 FTE jobs

Table 7: Total Economic Impact–Output, Employment and Earning, 2023, 2021, and 2015

	2015	2021	2023
Total Economic Impact - Employment	155,782	200,547	223,167
Total Economic Impact - Expenditure (output)	\$11,854,136,410	\$17,155,040,849	\$20,067,461,938
Total Economic Impact - Earnings	\$7,975,687,311	\$11,444,977,813	\$13,461,696,705

For the second approach, direct commercial construction industry data, as presented in Table 1, was directly inputted into our model. This practice produces the same set of statistics, namely, the total output, employment, and earning impact. The primary difference between the two approaches is that this alternate approach uses a bottom-up or industry-by-industry approach. The economic impact estimates generated here serves twofold. They are:

- ✓ First, we will be able to validate the earlier results.
- ✓ Two, we will be able to produce a map of economic interaction between the commercial construction industry and all other industries in the Alabama economy.

The result is presented in Tables 8 and 9.

According to our model, as presented in Table 8, the employment, output, and earnings impacts of the commercial construction industry in Alabama are:

- ✓ Total output impact of \$20.6 billion
- ✓ Total earnings impact of \$13 billion
- ✓ Total employment impact of 230,000 FTE jobs

Table 8: Total Economic Impact: Alternative Approach, 2023

Total Economic Impact - Employment	230,045
Total Economic Impact - Expenditure (output)	\$20,592,487,443
Total Economic Impact - Payroll	\$13,041,930,807

The two sets of estimates are extremely close.

Next, Table 7 shows the inter-industry interaction between all sectors of the State’s economy and the non-residential (commercial) construction sector. According to our model, the largest beneficiaries of the economic impact of the commercial construction are as follows:

- ✓ Construction
- ✓ Manufacturing sector
- ✓ Service sector
- ✓ Wholesale trade
- ✓ Finance sector
- ✓ Transportation sector

Table 9: Industry Share, 2023

	Output
Agriculture, Forestry, and Fisheries	0%
Mining	2%
Construction	56%
Manufacturing	10%
Transportation, Communication, and Utilities	8%
Wholesale and Retail Trade	8%
Finance, Insurance, and Real Estate	3%
Services	12%
Total	100.0%

Finally, according to our model, the commercial construction industry is estimated to have generated a total of \$746 million in taxes for the state coffers in 2023. These are the categories of taxes that we can directly attribute to the operation and spending of this industry. Based on our estimate, commercial construction was responsible for \$401 million in income taxes, \$294 in sales and use taxes, and \$50 million in utility taxes. These taxes are net of deduction and collection fees and are net contribution to the State’s Education Trust Fund.

Table 10: Alabama Selected Tax Collection Estimates—Attributable to Commercial Construction

	2015	2021	2023
Income Tax (Individual & Corporate)	\$239,109,212	\$342,109,544	\$401,385,968
Sales Tax	\$154,326,798	\$220,805,673	\$259,064,093
Use Tax	\$20,848,705	\$29,829,638	\$34,998,141
Utility Tax	\$30,193,546	\$43,199,926	\$50,685,064
Total Selected-Taxes	\$444,478,261	\$635,944,781	\$746,133,267

Forecast for 2024 and 2025

The County Business Patterns (CBP) database provides the detailed industry data necessary to estimate the components of commercial construction activity in Alabama. At the time of this analysis, calendar year 2023 represents the most recent year for which complete CBP data are available. Consequently, estimates for 2024 and 2025 required the development of forecast values.

To generate these estimates, the research team surveyed board members of the Associated Builders and Contractors, Inc.–Alabama Chapter (ABC) regarding the scope and anticipated trajectory of their commercial construction activities between 2023 and 2025. Respondents provided information regarding changes in project volume, workforce levels, and overall business activity.

The survey results were combined with construction output trends published by the U.S. Bureau of Economic Analysis (BEA) to extrapolate the detailed industry inputs required for the economic impact model. Using these data, estimates of commercial construction activity for 2024 and 2025 were developed and incorporated into the model to produce the projected economic impacts presented in Table 11.

Table 11: Estimates of the Economic Impact of Commercial Construction for 2024 and 2025

	2023	2024	2025
Total Economic Impact - Employment	223,167	235,301	246,778
Total Economic Impact - Expenditure (output)	\$20,067,461,938	\$22,265,807,942	\$23,176,404,841
Total Economic Impact - Earnings	\$13,461,696,705	\$14,867,807,127.58	\$15,626,807,084.93

Interpretation of Results

The projections indicate continued growth in the economic contribution of commercial construction to Alabama’s economy between 2023 and 2025. All three major economic impact measures—employment, total output, and labor earnings—are expected to increase during the forecast period.

Total employment supported by commercial construction activity is projected to increase from 223,167 jobs in 2023 to 235,301 jobs in 2024, and further to 246,778 jobs in 2025. This represents an increase of 23,611 jobs over the two-year period, corresponding to a 10.6 percent rise in employment supported by the sector. The growth reflects expanded construction activity as well as the indirect and induced employment generated throughout the state’s economy.

Total economic output generated by commercial construction activity is estimated to grow from \$20.07 billion in 2023 to \$22.27 billion in 2024, reaching \$23.18 billion in 2025. This represents an overall increase of approximately \$3.11 billion, or 15.5 percent growth over the period. Output measures the total value of production generated in the economy as a result of commercial construction expenditures and captures both direct construction spending and the broader supply-chain and consumption effects associated with the industry.

Similarly, labor earnings associated with commercial construction activity are projected to increase from \$13.46 billion in 2023 to \$15.63 billion in 2025, representing a gain of approximately \$2.17 billion, or 16.1 percent growth. These earnings include wages, salaries, and benefits paid to workers directly employed in construction as well as employees in supplier industries and sectors supported through induced spending.

Overall, the projected increases in employment, output, and earnings show that commercial construction will continue to serve as an important driver of economic activity in Alabama through 2025. The sector's growth generates substantial multiplier effects across the state economy, supporting jobs in manufacturing, professional services, transportation, retail trade, and other industries that supply goods and services to construction projects or benefit from increased household spending.

Addendum I

Employment in Construction-Related Occupational Groups

The construction industry supports a broad range of occupations extending beyond on-site construction workers. In addition to skilled and unskilled craft labor, the industry relies on professionals in management, engineering, legal services, insurance, transportation, and real estate development. These occupations collectively form the workforce ecosystem that enables construction projects to be planned, financed, built, and maintained.

Recent labor market data indicate that construction employment in Alabama has continued to expand modestly in recent years, with approximately 112,900 individuals employed in the construction industry as of late 2025.

Within this broader industry workforce, a wide range of specialized occupational groups contribute to construction activity across the state.

Table 12: Selected Construction-Related Occupations in Alabama

Occupational Group	Description	Approximate Role in the Construction Industry
Unskilled Construction Craftsmen	Laborers, helpers, site preparation workers	Provide general labor support on construction sites
Skilled Construction Craftsmen	Electricians, plumbers, carpenters, welders, equipment operators	Perform specialized technical construction work
Construction Managers	Project managers, superintendents	Oversee project execution, budgets, and schedules
Construction Executives	CEOs, company presidents, senior managers	Provide strategic leadership and business development
Construction Designers	Architects, civil engineers, structural engineers	Plan and design structures and infrastructure
Construction Insurance Professionals	Underwriters, risk managers	Manage project insurance and bonding requirements
Construction Attorneys	Construction law specialists	Provide legal services for contracts and disputes
Construction Developers	Real estate developers and project sponsors	Initiate, finance, and coordinate development projects
Transportation and Logistics	Truck drivers, equipment transport operators	Move materials and equipment to job sites

These occupations illustrate the multi-sector workforce structure that supports construction activity, extending well beyond the craft labor visible on project sites.

Workforce Composition

Unskilled Construction Craftsmen

Unskilled construction craftsmen primarily include construction laborers and helpers responsible for tasks such as site preparation, demolition, material transport, and general project support. These workers form an essential entry-level segment of the construction workforce and often transition into skilled trades through apprenticeship and training programs.

Skilled Construction Craftsmen

Skilled craftsmen include trades such as carpenters, electricians, plumbers, pipefitters, ironworkers, welders, and heavy equipment operators. These workers require specialized training and technical expertise and represent the core labor force responsible for executing construction projects.

Construction Management

Construction managers coordinate project planning, cost control, scheduling, safety compliance, and contractor coordination. These professionals are responsible for ensuring projects are delivered on time, within budget, and according to design specifications.

Construction Executives

Construction executives include chief executive officers, company presidents, and senior operating officers within construction firms. These individuals guide corporate strategy, capital allocation, and major project acquisition decisions.

Construction Designers

Architects and engineers design buildings and infrastructure projects while ensuring compliance with building codes, environmental regulations, and structural safety standards. Their work forms the foundation of the project development process.

Construction Insurance Professionals

Insurance specialists provide risk assessment, project bonding, and liability coverage for construction firms. These services are essential for protecting contractors, developers, and project owners from financial risks associated with large construction projects.

Construction Attorneys

Construction attorneys assist firms with contract negotiation, dispute resolution, regulatory compliance, and construction litigation. As construction projects become increasingly complex, the demand for legal expertise in this field continues to grow.

Construction Developers

Developers initiate construction projects by securing land, arranging financing, and coordinating design and construction teams. They serve as the primary drivers of project investment in both the commercial and residential construction markets.

Transportation and Logistics

Transportation and logistics workers play a critical role in delivering materials, equipment, and heavy machinery to project sites. This group includes truck drivers, equipment transport specialists, and logistics coordinators.

Compensation in Construction-Related Occupations

Earnings in construction-related occupations vary widely depending on skill level, education, experience, and project complexity. However, construction careers typically offer competitive wages relative to many other industries.

Unskilled Construction Craftsmen

Construction laborers earn approximately \$42,000 to \$43,000 annually in Alabama, depending on experience and geographic location.

These positions provide entry-level access to the construction industry and often serve as steppingstones to higher-skilled trades.

Skilled Construction Craftsmen

Skilled trades such as electricians, carpenters, and plumbers typically earn **between \$45,000 and \$65,000** annually, depending on experience, certifications, and specialization.

Construction Management

Construction managers earn significantly higher salaries due to the complexity of their responsibilities. National labor market data indicate a median annual wage of approximately \$106,980 for construction managers.

In Alabama, typical salaries for construction managers generally range between **\$95,000 and \$110,000** annually, depending on project scale and experience.

Construction Executives

Senior executives in construction firms frequently earn well above \$150,000 annually, with compensation often tied to company performance and project success.

Construction Designers

Architects and engineers working in construction design roles typically earn between \$65,000 and \$95,000 annually, depending on specialization and years of experience.

Construction Insurance Professionals

Insurance professionals working with construction firms—such as underwriters and risk managers—generally earn between \$70,000 and \$120,000 annually, reflecting the specialized expertise required in project risk assessment and bonding.

Construction Attorneys

Attorneys specializing in construction law frequently earn more than \$120,000 annually, reflecting the complexity of legal services associated with construction contracts and litigation.

Construction Developers

Developer compensation varies significantly depending on project size and investment performance. However, experienced developers often earn well into the six-figure range, particularly when managing large commercial or mixed-use developments.

Transportation and Logistics Workers

Transportation workers supporting construction projects—such as heavy truck drivers—earn approximately \$48,000 to \$55,000 annually, depending on experience and licensing.

Out-of-State and International Projects by Alabama Construction Firms

Alabama construction firms frequently participate in projects outside the state, expanding the economic reach of the state's construction industry and generating revenue from national and international markets.

One of the most prominent firms engaged in such work is B.L. Harbert International, headquartered in Birmingham, Alabama. The company specializes in large-scale government, military, and international construction projects.

Major Recent Projects

Barksdale Air Force Base, Louisiana

B.L. Harbert International secured a \$210 million contract to construct a weapons generation facility at Barksdale Air Force Base. The project includes the construction of multiple new facilities and the renovation of an existing building, with completion expected in **2026**.

Ellsworth Air Force Base, South Dakota

The company was awarded a \$207 million contract for the construction of military support facilities at Ellsworth Air Force Base. The project includes multiple structures and supporting infrastructure and is expected to be completed by **2027**.

Naval Submarine Base Kings Bay, Georgia

B.L. Harbert also secured a \$136 million contract to construct a nuclear regional maintenance facility at Naval Submarine Base Kings Bay. The project includes extensive site preparation, structural steel construction, and specialized maintenance facilities.

Fort Novosel, Alabama

The firm was awarded a \$61 million contract to construct an aviation training complex at Fort Novosel (formerly Fort Rucker), supporting U.S. Army aviation training operations.

International Construction Projects

In addition to domestic work, Alabama-based firms frequently participate in international construction markets. B.L. Harbert International has completed numerous projects abroad, including U.S. embassy construction projects in countries such as Pakistan, Lebanon, and Turkey. Over the past two decades, the company has completed international projects valued at more than \$800 million.

Addendum II

Construction Workforce Shortages

Despite the strong wages and career opportunities available within the construction industry, many states—including Alabama—face persistent shortages of skilled construction workers. Several factors contribute to these workforce challenges:

Aging Workforce

A significant portion of the construction workforce is approaching retirement age. As experienced craftsmen retire, replacing this institutional knowledge requires the development of new workers through apprenticeship and workforce training programs.

Growing Demand for Construction Projects

Population growth, infrastructure investments, and expanding commercial development have increased the demand for construction services. This increased demand has intensified competition for skilled labor across the industry.

Decline in Vocational Training Participation

Over the past several decades, many educational systems have shifted emphasis toward four-year college pathways, reducing the number of students entering vocational and technical training programs. As a result, fewer young workers are entering the skilled trades.

Competition from Other Industries

Industries such as manufacturing, logistics, and energy often compete with construction firms for workers who possess similar technical skills.

Industry Response to Workforce Challenges

Construction firms and industry organizations are increasingly investing in **workforce development initiatives** to address labor shortages. These initiatives include:

- expansion of apprenticeship programs
- partnerships with community colleges and technical schools
- development of career and technical education (CTE) programs in high schools
- industry-led training initiatives sponsored by organizations such as the Associated Builders and Contractors (ABC)

These efforts are designed to ensure that the construction industry continues to maintain a sustainable workforce pipeline capable of meeting future demand for infrastructure and commercial development projects.

Broader Economic Implications

The construction workforce plays a critical role in supporting economic growth across Alabama. In addition to providing direct employment opportunities, construction workers support economic activity across numerous industries through their spending and through the supply chains required for construction materials, equipment, and professional services.

As a result, maintaining a strong and well-trained construction workforce is essential for supporting **long-term economic development, infrastructure investment, and business expansion within the state.**

Immigration and Construction Labor Supply

Immigration policy plays a significant role in shaping labor availability in the U.S. construction industry. Construction is one of the industries most dependent on immigrant labor due to the physically demanding nature of many jobs and the cyclical demand for workers tied to economic growth and infrastructure investment.

Recent labor market data indicate that immigrants represent a substantial share of the construction workforce. Nationally, approximately 25–26 percent of construction workers are foreign-born, representing more than 3.5 million workers in the industry.⁴

The share is even higher in certain construction trades, where nearly one-third of workers are immigrants, particularly in occupations such as carpentry, drywall installation, roofing, and painting.⁵

By comparison, immigrants represent about 19 percent of the overall U.S. labor force, highlighting the disproportionate importance of immigrant workers within construction relative to most other industries.⁶

Because of this reliance, immigration policy can significantly influence the size and stability of the construction workforce.

Immigrant Participation in Construction Trades

⁴ <https://www.fwd.us/wp-content/uploads/2026/01/Construction-Industry-fact-sheet-.pdf?utm>

⁵ <https://www.jchs.harvard.edu/blog/homebuilding-and-remodeling-depend-immigrant-labor-major-metros?>

⁶ <https://www.bls.gov/news.release/forbrn.nr0.htm?>

Immigrant workers are especially concentrated in several key construction occupations that frequently experience labor shortages. For example:

- 42 percent of construction laborers are foreign-born
- About one-third of carpenters are foreign-born
- More than half of drywall installers and plasterers are immigrants
- Approximately half of roofers and painters are foreign-born⁷

These trades are essential to residential and commercial construction projects, meaning shortages in these occupations can quickly affect project timelines and overall construction capacity.

Immigration and Labor Force Growth

Immigration has also been a major driver of labor force growth in recent years. In 2024, foreign-born workers accounted for roughly 19.2 percent of the U.S. labor force, continuing a long-term upward trend.⁸

More than 1 million immigrants entered the U.S. workforce in 2024 alone, helping offset demographic trends such as the aging of the native-born workforce and declining labor force participation among younger workers.⁹

Without this inflow of workers, many labor-intensive industries—including construction—would face even greater labor shortages.

Implications for Alabama

Although the proportion of immigrant workers in Alabama's construction industry is somewhat lower than in states such as California, Texas, or Florida, immigrant labor still plays an important role in supplementing the construction workforce. As Alabama continues to experience population growth, industrial expansion, and infrastructure investment, ensuring an adequate labor supply will remain critical to maintaining the pace of construction activity.

Industry organizations and construction firms in Alabama have increasingly emphasized **workforce development programs, apprenticeship training, and recruitment initiatives** to address labor shortages while advocating for policies that maintain access to a stable construction workforce.

⁷ <https://www.nahb.org/advocacy/industry-issues/labor-and-employment/immigration-reform-is-key-to-building-a-skilled-workforce/concentration-of-immigration-in-construction-trades?>

⁸ <https://www.bls.gov/news.release/forbrn.nr0.htm?>

⁹ <https://www.bloomberg.com/news/articles/2025-05-20/influx-of-foreign-born-workers-drove-2024-us-labor-force-growth?>