

Gilbane

Construction Market Conditions Report

Q4 2025



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Jay Pendergrass

*Vice President
Supply Chain Management*



Courtney Davis

*Supply Chain Supervisor
Supply Chain Management*

We are pleased to share the Gilbane Q4 2025 Market Conditions Report. This quarterly report provides a national macroeconomic view of the overall economy and its impacts on the U.S. construction industry, focusing on market-driven data, end-to-end supply chain constraints, equipment and material availability, costs, and risk mitigation strategies. This quarter, in addition to our interactive Geographic Insights, our Supply Chain Spotlight provides updated analysis focused on the impacts of the ongoing tariffs on global construction supply chains. Due to the recent United States government shutdown, the availability of government data beyond Q2 2025 is limited. Specific data limitations are explicitly stated in affected sections.

Our overarching goal is to be your leading resource in supply chain management, construction equipment, and material resources. Reach out to our team of experts today; we're here to help.

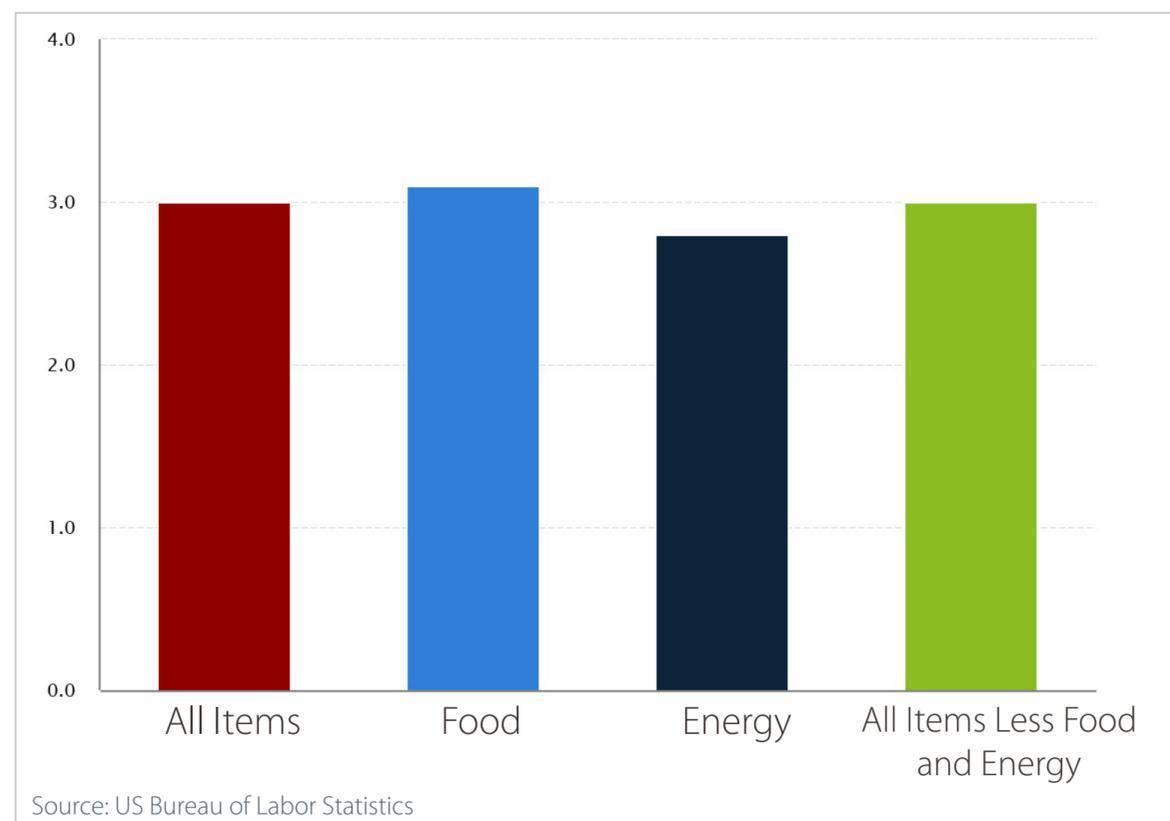
General Economic Outlook

- › Consumer spending continued to increase in the second quarter of 2025 at an accelerated rate. Both current dollar personal income and disposable personal income increased in August. However, after adjusting for inflation, real personal income and real disposable personal income were stagnant. Due to the recent United States government shutdown, personal income data after August 2025 is not available.
- › Total nonfarm employment increased by 22,000 in August. Meanwhile, the unemployment rate increased slightly to 4.5 percent up 0.1 percent from 4.2 percent in July. After seasonal adjustment, the unemployment rate has remained in the range of 4.0 percent to 4.3 percent since May 2024. Due to the recent United States government shutdown, BLS employment data after August 2025 is not available.
- › The ADP National Employment Report (NER) is one alternative source of updated employment data amid the U.S. government shutdown. This publication provides a monthly snapshot of anonymized payroll data from ADP's clients and covers approximately 20 percent of U.S. private sector employment. From January 2021 to August 2025, there was a 73 percent correlation between ADP and BLS estimates of job growth in the United States. According to the ADP NER, total private sector employment increased by 42,000 in October 2025.
- › Real average hourly earnings decreased 0.1 percent from July 2025 to August 2025 and are up 0.7 percent from August 2024 to August 2025. The monthly decline in real average hourly earnings in August 2025 is a result of a 0.3 percent increase in average hourly earnings coupled with a 0.4 percent increase in inflation, measured by the Consumer Price Index for All Urban Consumers (CPI-U) for August. Due to the recent United States government shutdown, earnings data after August 2025 is not available.
- › The value of the U.S. Dollar marginally weakened against the Euro in September 2025 and has been weakening since the start of the year. This decrease in value aligns with the recent uptick in inflation.

Despite a slight continued uptick in inflation, the Federal Reserve resumed interest rate cuts in 2025.

12-month percentage change, Consumer Price Index

Selected categories, Sept. 2025, not seasonally adjusted



General Economic Outlook

Gross Domestic Product

- › Real gross domestic product (GDP) increased 0.95 percent (annual rate of 3.8 percent) in Q2 2025 from Q1 2025, according to the “third” estimate released by the Bureau of Economic Analysis. In Q1 2025, real GDP decreased 0.15 percent (annual rate of 0.6 percent) from the previous quarter. Due to the recent United States government shutdown, GDP data after Q2 2025 is not available.
- › The growth in real GDP in the second quarter reflects a decrease in imports and an acceleration in consumer spending, which were partially offset by decreases in investment.
- › Construction contributed 0.18 percentage points to the 3.8 percent annualized increase in GDP in Q2 2025. This marks the fourth largest contribution to GDP among private goods industries in Q2 2025.
- › From Q2 2024 to Q2 2025, real GDP grew 2.1 percent.

Inflation

- › The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.3 percent in September 2025 on a seasonally adjusted basis and rose 3 percent over the past 12 months, not seasonally adjusted, according to the U.S. Bureau of Labor Statistics. This marks the largest year-over-year increase in inflation since January 2025.
- › The All Items Less Food and Energy Index rose 0.2 percent in September and 3 percent over the past 12 months.
- › September 2025 marks the sixth consecutive month of growth in inflation, following a marginal dip in March.
- › Despite the slight uptick in inflation since March, the Federal Reserve has made two 0.25-point interest rate cuts so far in 2025. The first was on September 17, 2025, and the second was on October 29, 2025. These cuts have brought the target range down to 3.75-4.0 percent. The Fed’s next Federal Open Market Committee (FOMC) meeting to consider further rate cuts is scheduled for December 9-10, 2025. While it is still unknown whether the Fed will cut interest rates again in 2025, Goldman Sachs Research forecasts that the Fed will cut interest rates again in December.

General Economic Outlook

Government Investment

- › Real government consumption expenditures and gross investment decreased 0.025 percent (annual rate of 0.1 percent) in Q2 2025 from Q1 2025, according to the “third” estimate released by the Bureau of Economic Analysis. In Q1 2025, real government expenditures and investment decreased 0.25 percent (annual rate of 1 percent) from the previous quarter. Due to the recent United States government shutdown, government investment data after Q2 2025 is not available.
- › From Q2 2024 to Q2 2025, real government consumption expenditures and gross investment rose 1.9 percent.

Corporate Profits

- › Corporate profits increased 0.2 percent in Q2 2025 from Q1 2025, according to the “third” estimate released by the Bureau of Economic Analysis. By contrast, corporate profits decreased 1.2 percent in Q1 2025 from the previous quarter. Corporate profits were 3.6 percent higher in Q2 2025 than in Q2 2024.
- › Corporate profits are a key measure of the financial health of corporate America, according to the Bureau of Economic Analysis.

Business Investment

- › Real gross private domestic investment decreased 3.45 percent (annual rate of 13.8 percent) in Q2 2025 from Q1 2025, according to the “third” estimate released by the Bureau of Economic Analysis. In Q1 2025, real private investment increased 5.825 percent (annual rate of 23.3 percent) from the previous quarter. Due to the recent United States government shutdown, business investment data after Q2 2025 is not available.
- › From Q2 2024 to Q2 2025, real gross private domestic investment remained unchanged.

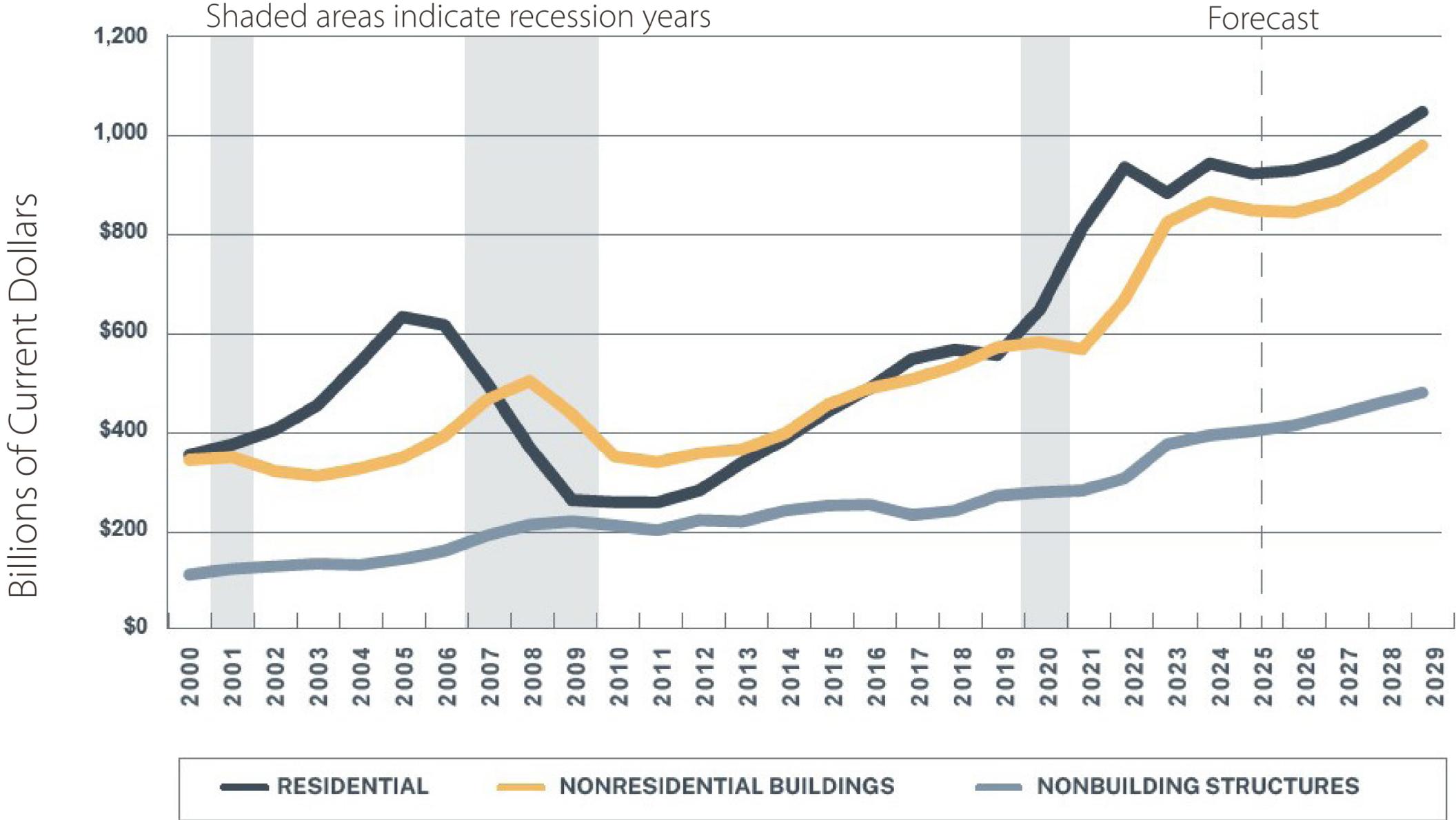
Construction Market Overview

- › **Despite previous optimism for growth this year, the construction industry is now projected to contract slightly in 2025.** FMI forecasts total U.S. construction spending will decrease 1 percent in 2025. By comparison, total engineering and construction spending ended 2024 up 6.5 percent, according to the U.S. Census Bureau. Mixed performance across construction sectors this year highlights the importance of picking the right niches and anticipating longer delivery cycles, FMI notes.
- › This significant projected slowdown in construction spending is largely attributed to weakening performance in the residential and manufacturing sectors. Factors such as elevated interest rates, a softening labor market, and growing uncertainty around federal policy continue to limit activity. After years of rapid growth, FMI forecasts manufacturing construction spending will fall 4 percent in 2025 as ongoing megaprojects approach completion and tariffs raise costs for future projects.
- › Amid sustained economic headwinds for the industry, infrastructure construction remains a source of stability. Power and highway spending are forecast to hold steady, while water and sewage stand out as growth leaders. In general, utilities investments are less sensitive to consumer demand and interest rates, leading to consistent spending despite fluctuating economic conditions. Data center and healthcare spending are also expected to grow in 2025.
- › Total construction spending decreased slightly in July 2025, falling 0.1 percent from June 2025. Meanwhile, construction spending in July 2025 was down 2.8 percent from July 2024, according to the U.S. Census Bureau. Due to the recent United States government shutdown, construction spending data after July 2025 is not available.
- › High-performing segments in 2025 point to strong investment growth across religious, sewage and waste disposal, water supply, and conservation and development segments, each with anticipated year-end growth of 5 percent or more above 2024 levels. Meanwhile, single-family, multifamily, lodging, commercial, educational, and manufacturing are contracting.
- › FMI notes that executives should prepare for a more selective market, target sectors with resilient cash flows, and reframe strategic priorities to align with available resources. FMI recommends that organizations act to strengthen partnerships, secure labor, and build delivery capacity in order to position themselves to capture growth as conditions improve into late 2026.



Construction Market Overview

Total Construction Spending Put in Place Estimated for the U.S.

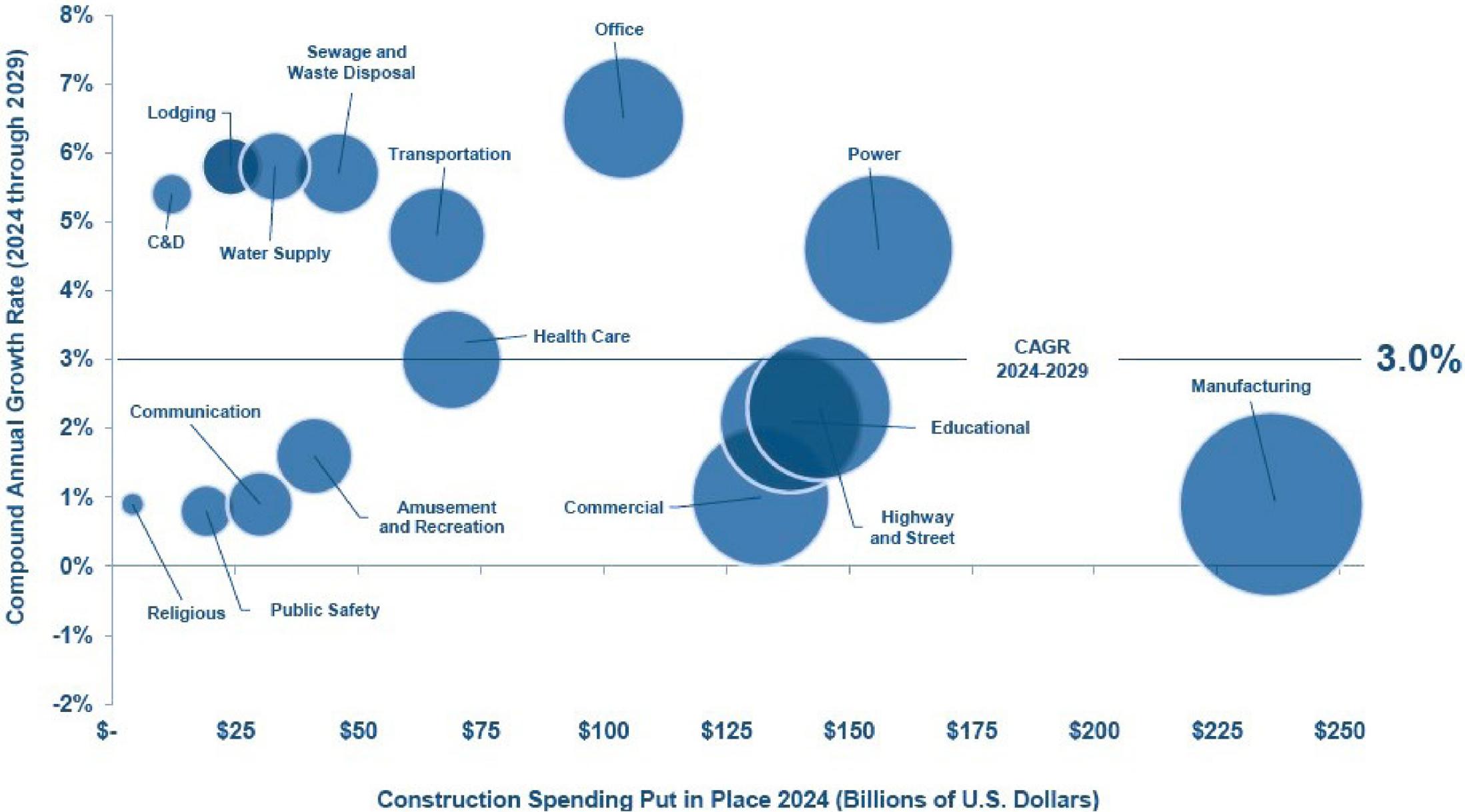


Source: FMI Forecast, Q4 2025

Construction Market Overview

Non-Residential
Construction Spending
Put in Place

Forecast Growth by
Construction Segment



Source: FMI Forecast, Q4 2025

Construction Market Overview: Geographic Insights

Southeast

In the Southeast region, escalation has been increasing over the course of 2025 but is expected to moderate to a more standard range in 2026. However, tariffs continue to contribute to cost uncertainty. Trade contractor backlog remains a prominent topic of conversation. Increasing demand for trade contractors, particularly skilled trades such as HVAC, plumbing, electrical, and hygienic piping, is placing strain on the workforce, creating concerns of delays, and contributing to higher labor costs. On the other hand, bidding opportunities and backlogs are slowing for concrete and curtainwall trades. Contractors for these trades are actively looking to fill backlogs for mid-2026 and beyond. Demand for data center projects remains high, which is contributing to price increases for electrical supplies and leading electrical and mechanical subcontractors to prioritize data center work.

New England

Within the New England region, the Massachusetts construction market continues to face headwinds in the private sector, driven largely by rising costs associated with the updated energy codes. Additionally, the life sciences sector is experiencing a significant imbalance in supply and demand. An estimated 30-40% of approximately 50 million square feet of developed space remains available for lease. The remaining market has seen increased competition, particularly in terms of bid pricing and the number of contract managers pursuing each opportunity.

New York

In New York State, construction activity remains robust, with numerous megaprojects. Despite stagnation in apartment property valuations, population growth and strong rental demand in the region continue to drive activity in apartment construction. Additionally, there are multiple ongoing hospital expansions and developments in public health facilities. As a result of strong activity in the New York State construction market, the labor market is expected to be strained for the foreseeable future. An aging workforce and slow entry of labor from younger generations continue to exacerbate the shortage. However, Upstate New York is expanding apprenticeship programs and ON-RAMP initiatives to help address the ongoing shortage.

In New York City, construction activity has increased, with more commercial office space conversion projects moving forward. Hospital and outpatient facility expansions remain strong, while major life sciences projects are driving growth in the region. New York State's \$150 million investment in biotech hubs has been a driving force behind demand for major life sciences projects. Among K-12 and the broader education sector, growth has been more moderate. Demand for projects in the education sector has been largely overshadowed by the prioritization of healthcare and life sciences projects. Additionally, affordable housing projects are gaining traction due to support from the state's Housing Acceleration Fund. On the labor side, shortages persist. The NYC workforce is still below pre-pandemic levels

and over 25% of the Hudson Valley construction workforce is aged 55-65, signaling looming retirement. Additionally, immigration policy shifts are applying further pressure to an already strained workforce.

Mid-Atlantic

In the Mid-Atlantic region, labor availability remains strained. However, trends are mixed and vary according to the state and city. In the New Jersey market, for example, there is a high volume of data center work. Demand in this sector is straining subcontractor availability, particularly for mechanical and electrical trades. Additionally, high demand for data center projects is limiting the availability of and extending lead times for long-span joists and precast concrete panels. Meanwhile, in the Philadelphia market, there has been a chronic labor shortage for several years, but in many trades, the labor shortage is easing. Easing labor shortages can be attributed to a shrinking backlog among subcontractors in Philadelphia, which is leading to more competitive pricing. Subcontractors are becoming more eager for work and this trend is expected to continue over the next six to eight months.

Construction Market Overview: Geographic Insights

Southwest

In the Southwest, bid coverage has been improving across trades throughout the year. Earlier in 2025, the average bids per package ranged from one to three. Now, in Q4 2025, the average bids per package range from three to five. Equipment and material availability remain consistent or are improving. Specifically, the region is seeing increasing availability of glass and glazing systems. Additionally, prices remain stable.

Midwest

In the Midwest, demand for healthcare projects has been increasing. Many of these projects already have funding in place. Proactively forecasting escalation through standardized calculation processes has become a major focus in the preconstruction phase. It has also become standard practice to pre-purchase all major equipment for a project. Despite an uptick in healthcare construction demand, subcontractor workloads are slowing on average. This trend has been encouraging more subcontractors to assist with budget pricing.

West

The **Arizona** market is seeing continued strength in advanced manufacturing, specifically semiconductor manufacturing and data centers. Projects involving public services, infrastructure, and sister industries to the megaprojects are projected to remain in demand through

2026 as municipalities prepare for a population influx once these facilities are fully operational. Multifamily and student housing developments are beginning to rebound due to a more favorable lending climate. The light industrial sector is seeing a slowdown in new construction, with the focus pivoting to absorption/fit-out of existing facilities.

The **Southern California** market remains robust, fueled by the passage of Proposition 2, which is injecting billions into K-12 and community college facility upgrades, though many projects are still in the planning stages. Public infrastructure is also surging as Los Angeles prepares for the 2026 FIFA World Cup and 2028 Summer Olympics, with major upgrades underway at LAX and existing venues. Healthcare construction continues to accelerate due to the 2030 seismic compliance deadline under SB 1953, with hospitals racing to retrofit or rebuild facilities. These overlapping demand drivers are intensifying pressure on labor availability and material costs, the latter of which remain elevated, and are expected to challenge project delivery across the region through at least 2028.

In **Northern California**, the current outlook is characterized by modest overall growth. Public sector projects such as infrastructure, healthcare, and education continue to see steady growth. Data center demand continues to boom, driven by the expansion of digital infrastructure and AI

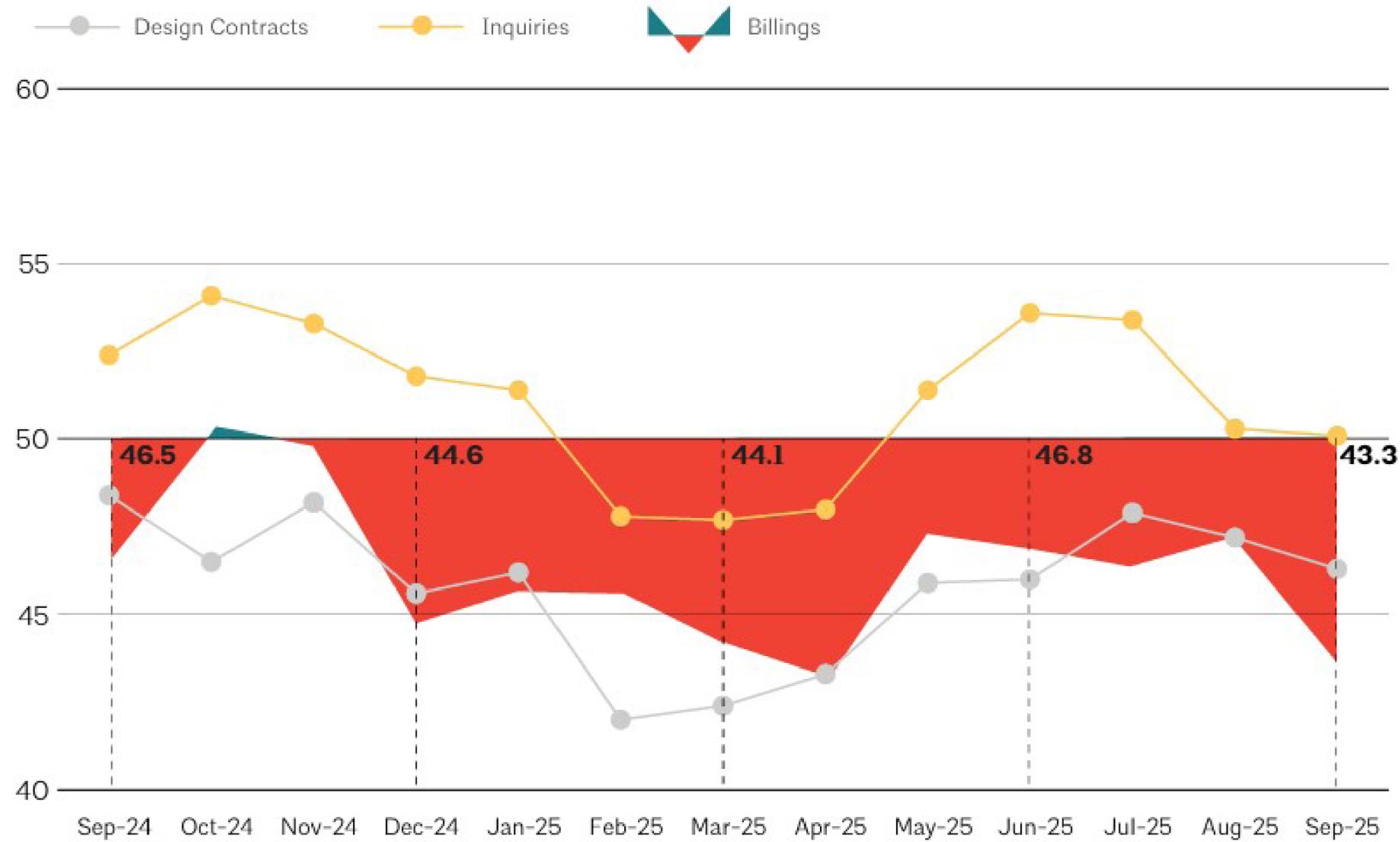
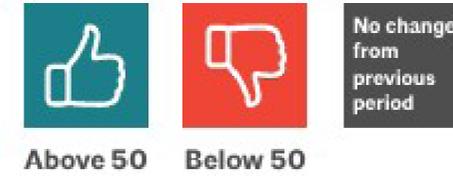
and machine learning investments in Silicon Valley. Civil construction is also projected to rise due to investments in roads and water/sewer treatment. However, supply chain disruptions, especially for electrical materials, are causing delays and price spikes in data center, electrification, and EV infrastructure projects. Private development has also slowed due to economic uncertainty and high interest rates. As is the case with Southern California, the statewide 2030 Seismic SB 1953 deadline for hospital retrofits is still driving high rates of healthcare projects for tenant improvements and seismic retrofits.

Architectural Billings Report

National

Billings weaken further at architecture firms.

Graphs represent data from September 2024–September 2025.



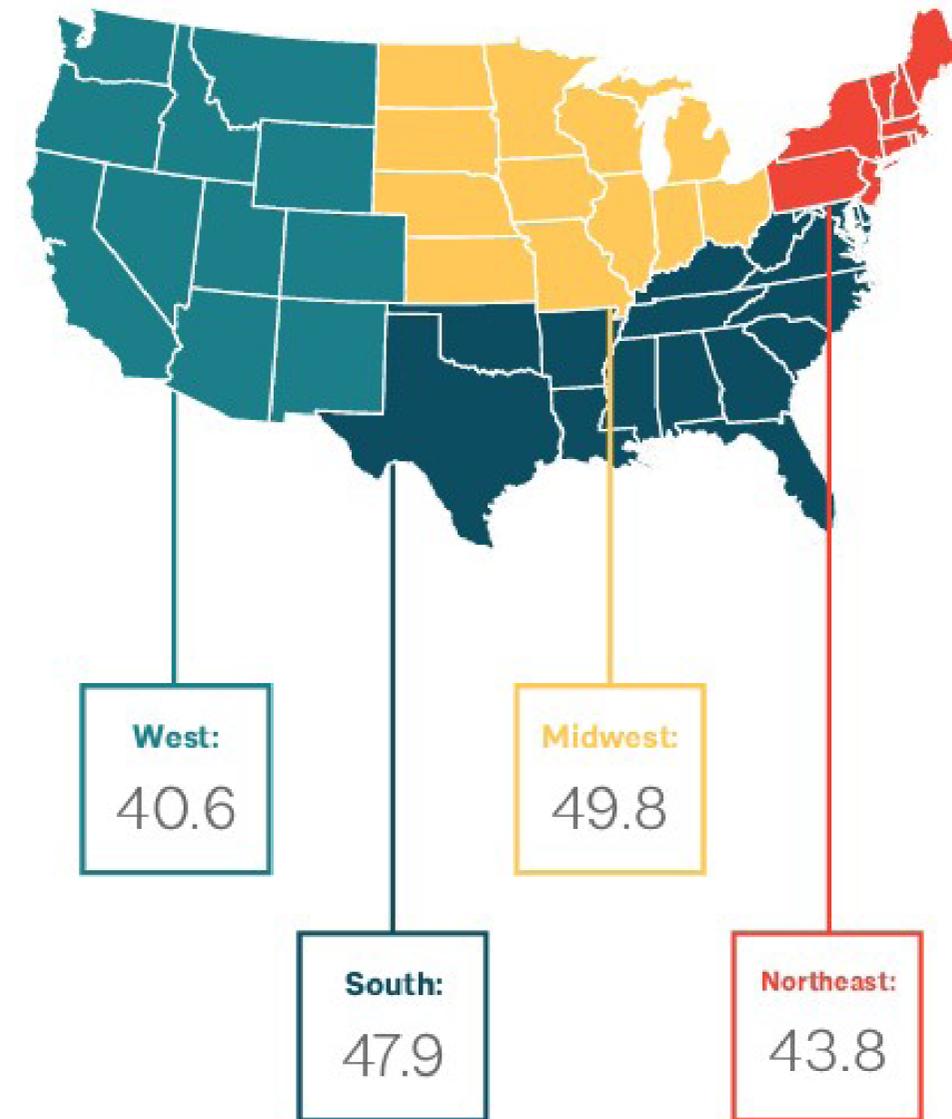
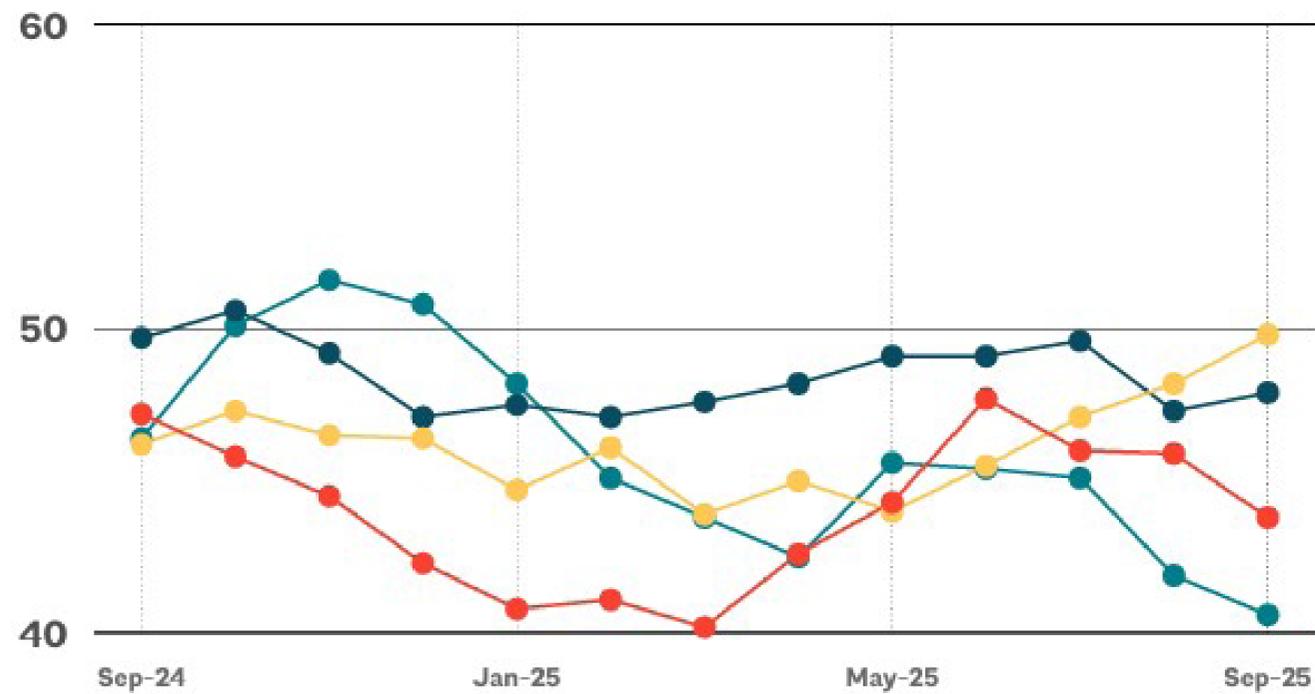
Source: American Institute of Architects (AIA)/Deltek, Architecture Billings Index (ABI), Sept. 2025.

Architectural Billings Report

Regional

Firm billings continue to decline across the country.

Graphs represent data from September 2024–September 2025 across the four regions. 50 represents the diffusion center. A score of 50 equals no change from the previous month. Above 50 shows increase; Below 50 shows decrease. 3-month moving average.



Source: American Institute of Architects (AIA)/Deltek, Architecture Billings Index (ABI), Sept. 2025.

Commodity/Input Cost Insights

Material Price Index

- › The Materials Price Index (MPI) by S&P Global Market Intelligence rose 0.3 percent in the last week of October 2025, with eight of the 10 subcomponents increasing. This continues the trend of slight upward movement in the MPI that has been ongoing since June 2025. With that being said, the MPI sits about 5 percent lower than the same week in 2024, indicating commodity prices have eased in the past year.
- › Rising energy prices were the main driver of the recent increase in the MPI, while growth in nonferrous metal prices also made a notable contribution. Copper prices have been increasing due to lingering supply restrictions from mine closures in September stemming from a natural disaster in Indonesia. Alternatively, declining chemical and lumber prices helped limit the recent MPI increase. Notably, weak demand and continued oversupply continue to suppress chemical prices.
- › The MPI is a weighted average of weekly spot prices for a key collection of globally traded manufacturing inputs.

Materials Price Index by S&P Global Market Intelligence

(week 1 2002 = 1.00)



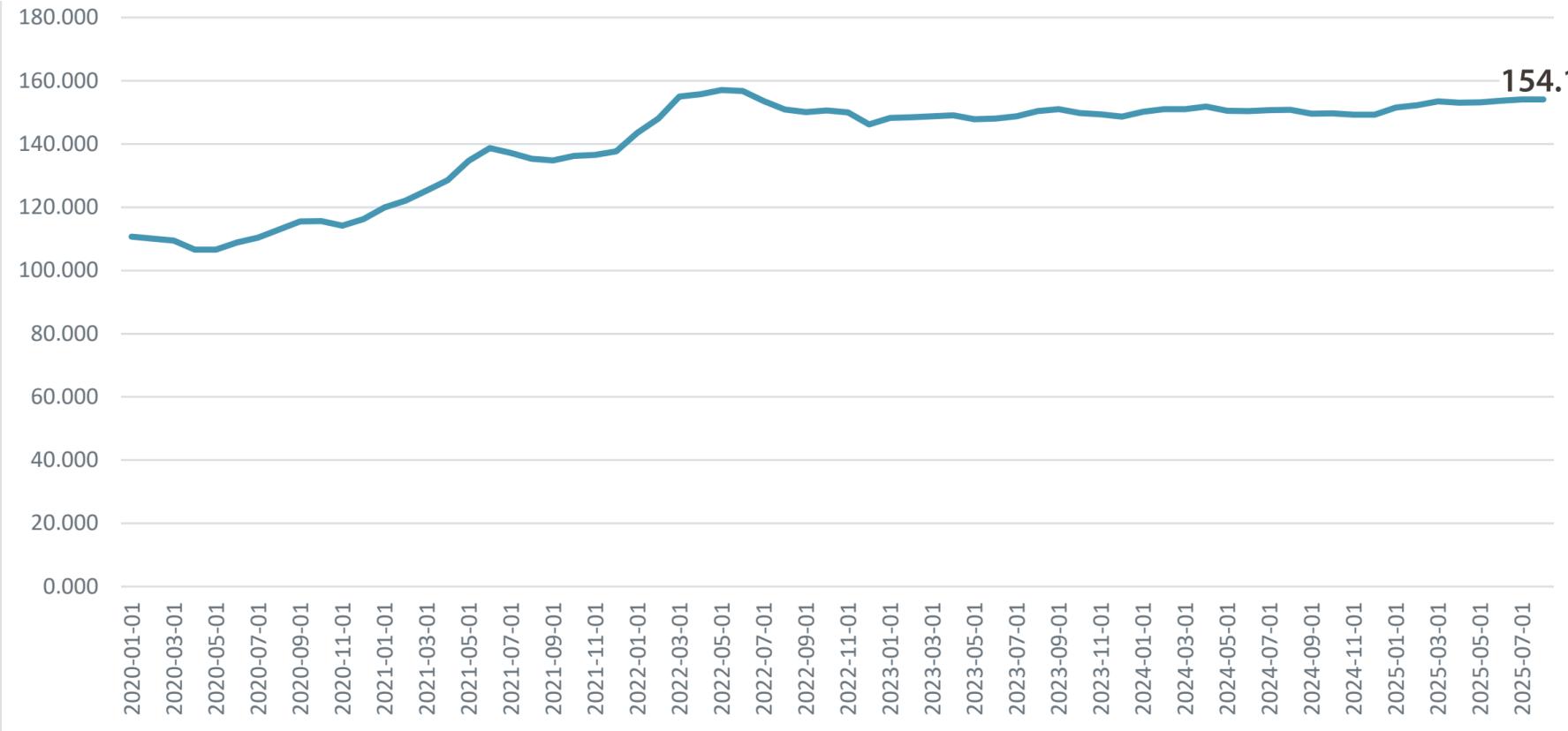
Date Compiled Nov. 4, 2025
Source: S&P Global Market Intelligence
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Commodity/Input Cost Insights

Producer Price Index – Inputs to Construction

- › The PPI – Inputs to Construction came in at 154.1 in August 2025, 0.7 percent higher than in May 2025, as reported by the U.S. Bureau of Labor Statistics. Due to the recent United States government shutdown, Producer Price Index (PPI) data after August 2025 is not available.
- › The index has also increased 2.2 percent year-over-year from August 2024. The index is down 1.9 percent since its peak in May 2022.

Producer Price Index - Inputs to Construction



Commodity/Input Cost Insights

Construction Materials

The following chart illustrates year-to-date through August 2025 percent (%) changes for select materials. Due to the recent United States government shutdown, Producer Price Index (PPI) data after August 2025 is not available.

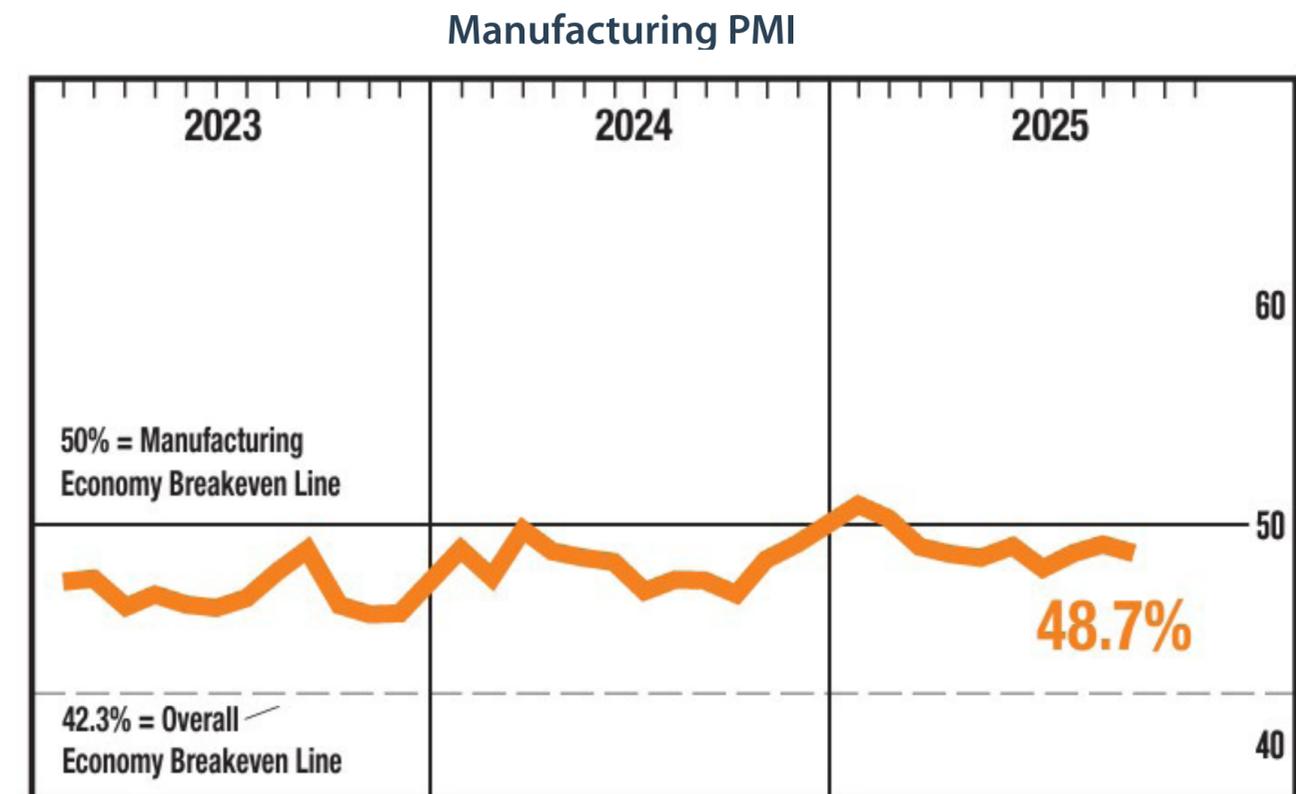
Material	% Change from last quarter	% Change Aug 2024 - Aug 2025	Material	% Change from last quarter	% Change Aug 2024 - Aug 2025
Ready Mix Concrete	-0.3	0.0	#2 Diesel Fuel	6.6	-8.2
Concrete Pipe	-0.6	3.9	Aluminum Shapes	13.3	22.8
Paving Mixtures and Blocks	0.2	0.3	Copper and Brass Shapes	2.9	4.9
Lumber and Plywood	-1.4	4.8	Flat Glass	4.6	3.9
Steel Mill Products	-4.7	13.1	Gypsum Products	-0.7	0.4
Fabricated Structural Steel	1.3	7.6	Steel Pipe and Tube	-1.2	4.1

Source: Select data taken from AGC PPI Tables, September 2025 (compiled from www.bls.gov/ppi)

Supply Chain and Labor

Purchasing Managers' Index®

- › The U.S. manufacturing sector contracted in October 2025 for the eighth month in a row, following a two-month expansion and preceded by 26 consecutive months of contraction. The Manufacturing Purchasing Managers' Index (PMI®) registered 48.7 percent in October, down 0.4 percentage points from the September reading of 49.1 percent. This is reported by the Manufacturing ISM® Report on Business®.
- › The New Orders Index registered 49.4 percent in October, up 0.5 percentage points from the September reading of 48.9 percent. This is the second consecutive month that the New Orders Index has been in contraction territory, following one month of expansion. New orders have largely remained in contraction territory since February 2025 amid tariff uncertainty. Despite an overall increase in the New Orders Index, signaling slower contraction, several construction-related industries reported a decrease in new orders in October, including Paper Products, Petroleum & Coal Products, Nonmetallic Mineral Products, Miscellaneous Manufacturing, Chemical Products, Electrical Equipment, Appliances and Components, and Machinery.
- › The delivery speed of suppliers to manufacturing organizations was slower in October, as the Supplier Deliveries Index registered 54.2 percent, 1.6 percentage points higher than the 52.6 percent recorded in September. This marks the third consecutive monthly slowdown in delivery speeds, after one month of faster deliveries preceded by seven months of slowing deliveries. While delivery speeds slowed overall, the Paper Products industry reported faster deliveries in October.



Source: Institute for Supply Management Report On Business, November 2025

Supply Chain and Labor

Purchasing Managers' Index® Continued

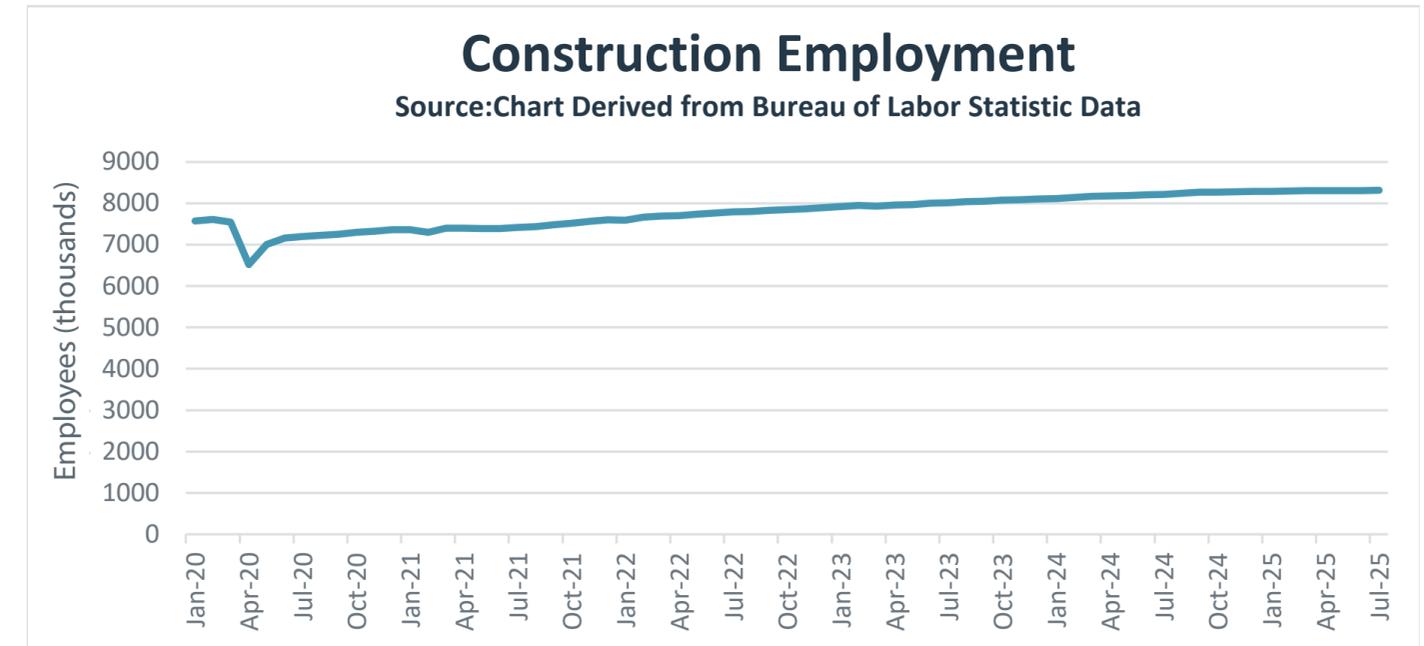
- › The Inventories Index registered 45.8 percent in October, 1.9 percentage points lower than the September reading of 47.7 percent. This decline indicates that inventories are contracting at a faster rate. Contracting inventories makes it harder for suppliers to deliver on time, hindering accurate revenue projections and high-quality customer service. However, several industries reported higher inventories in October, including Nonmetallic Mineral Products, Plastics and Rubber Products, and Transportation Equipment.
- › The Backlog of Orders Index increased in October, registering at 47.9 percent, up 1.7 percentage points from the 46.2 percent recorded in September. The Index has contracted for 37 consecutive months due to frequent contraction in new orders. Trade issues and geopolitical tensions are expected to continue to hinder backlog expansion in the near term. Despite this increase in the Index, indicating slower contraction, Paper Products, Plastics and Rubber Products, Machinery, Nonmetallic Mineral Products, and Chemical Products all reported lower backlogs in October."
- › Capital Equipment, Critical Minerals, Electrical Components, Electronic Components, Labor, and Rare Earth Magnets are the materials and commodities most reported as in short supply by the purchasing executives responding to the ISM® Report on Business® survey.



Supply Chain and Labor

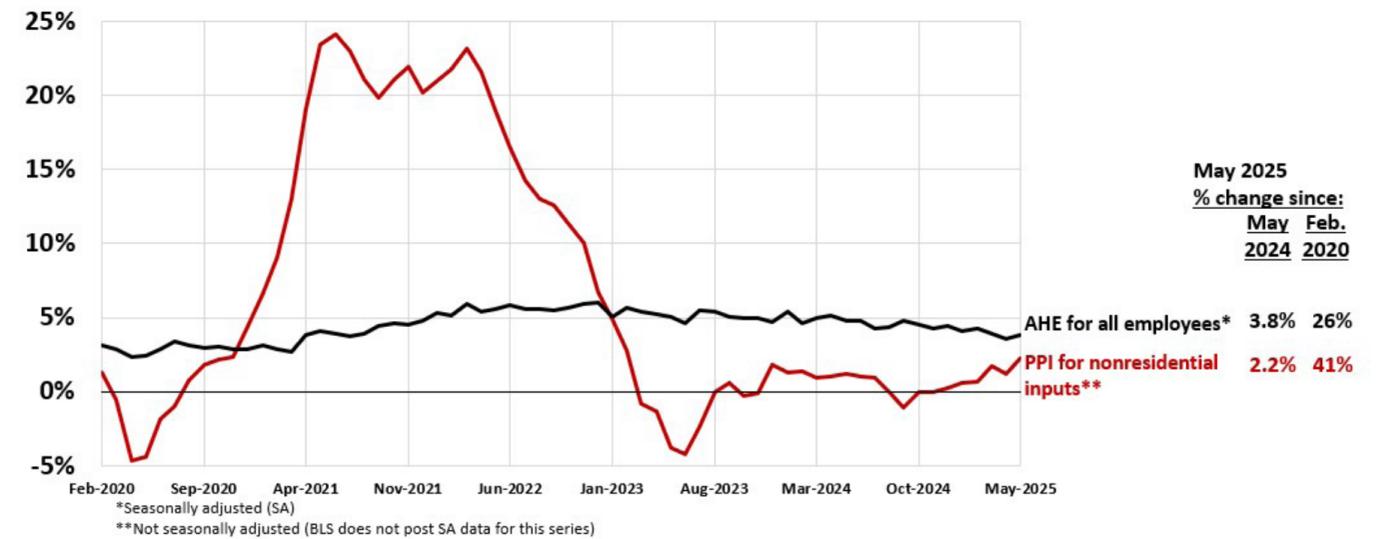
Labor Outlook

- › According to the U.S. Bureau of Labor Statistics, the unemployment rate for construction workers registered 3.2 percent in August 2025, 0.3 percentage points lower than it was in May.
- › The Bureau of Labor Statistics also reported a monthly decrease of 7,000 construction jobs in August. Due to the recent United States government shutdown, BLS employment data after August 2025 is not available. The ADP National Employment Report (NER), an alternative source of updated employment data amid the U.S. government shutdown, reported a monthly increase of 5,000 construction jobs in October 2025.
- › Construction labor demand is expected to increase in 2026 in line with the reauthorization of major Infrastructure Investment and Jobs Act (IIJA) components.
- › Skilled construction wages are expected to rise around 3.9 percent in 2025 and 3.6 percent in 2026, according to S&P Global Market Intelligence.



Wages have risen 3.5-6% since 2021; materials costs have been volatile

Year-over-year change in **producer price index (PPI) for nonresidential inputs** and average hourly earnings (AHE) for construction, Feb. 2020 – May 2025



6 | Source: Bureau of Labor Statistics, PPI, www.bls.gov/ppi; AHE, <https://www.bls.gov/ces/>

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Supply Chain and Labor

Employment Cost Index

The following chart illustrates percent (%) changes in the Employment Cost Index (ECI) for total compensation in select labor categories through June 2025, before seasonal adjustment. Due to the recent United States government shutdown, ECI data after June 2025 is not available.

Labor Category	% Change Mar 2025 – Jun 2025	% Change Jun 2024 – Jun 2025	Labor Category	% Change Mar 2025 – Jun 2025	% Change Jun 2024 – Jun 2025
Private Industry Workers – All	1.1	3.5	Private Industry Workers – Construction	1.0	3.8
Private Industry Workers – All Union	1.4	4.3	Private Industry Workers – Mining, Construction, & Manufacturing – Union	1.5	4.2
Private Industry Workers – All Nonunion	1.0	3.4	Private Industry Workers – Mining, Construction, & Manufacturing – Nonunion	1.0	3.4

Source: U.S. Bureau of Labor Statistics (BLS) Employment Cost Index (ECI), Nov. 2025

Supply Chain and Labor

Selected Equipment and Material: General Lead Times (from Internal Survey Results and Supplier/MFG data)*

Material	Lead Time	Cost	Explanation
Switchboards	25-41 weeks (longer for larger/complex)	Slightly Increasing	Manufacturers' lead times continue to gradually improve, but are becoming harder to estimate because lead times for certain configurations are improving faster than others. Heavy demand and large backlogs for data center projects are contributing to price increases for electronic components and labor. Tariffs are also contributing to price increases across the board. However, price increases vary. However, price increases vary by manufacturer.
Panelboards	12-21 weeks (longer for larger/complex)	Slightly Increasing	
Pad Mounted Transformers	34-56 weeks (lead times continue to improve)	Slightly Increasing	
Switchgear LV	27-45 weeks (slight improvement in deliveries)	Slightly Increasing	
Switchgear MV	32-54 weeks (slight improvement in deliveries)	Slightly Increasing	
Generators	35-58 weeks (longer for larger generators)	Increasing	
Chillers (Water Cooled, <1000 tons)	18-30 weeks	Stable	Prices seem to be holding steady, but some manufacturers are implementing price increases at the end of the year. Some quotes include language that indicates tariff increases will be passed down to customers.
Chillers (Water Cooled, >1000 tons)	25-42 weeks	Stable	
Chillers (Air Cooled)	18-28 weeks	Stable	
AHUs (Commercial Grade)	16-20 weeks	Stable	
AHUs (Custom)	19-30 weeks	Slightly Increasing	
RTUs (<50 ton)	12-20 weeks	Stable	
RTUs (>50 ton)	14-22 weeks	Stable	

*Lead times are typical and indicative general ranges for each category and may differ based on specifications, requirements, manufacturer, production facility, and other supply chain factors. Shorter lead times than those shown may be available for stock/quick ship catalog items and longer lead times may apply for large and more custom specifications. Lead times are after the release of the order or release to fabrication, as applicable, and do not include the procurement cycle, submittals process, performance/witness tests, or transportation. These should be planned as applicable.

Supply Chain and Labor

Selected Equipment and Material: General Lead Times (from Internal Survey Results and Supplier/MFG data)*

Material	Lead Time	Cost	Explanation
Packaged Rooftop Heat Pumps	17-24 weeks	Stable	
Modular Air-to-Water Heat Pumps	17-28 weeks	Stable	
Computer Room A/C Units - Air Cooling	16-27 weeks	Slightly Increasing	
Cooling Towers	12-16 weeks	Stable	
Lab Exhaust Fans	14-23 weeks	Stable	
Energy Recovery Units	12-20 weeks	Stable	
Exhaust AHUs	12-16 weeks	Stable	
Heat Recovery Skids	20-24 weeks	Stable	
Steel	18-29 weeks (shorter for mill cycle)	Increasing	
Millwork	12-19 weeks	Slightly Increasing	
Elevators	24-40 weeks	Increasing	
Curtainwall	22-36 weeks	Slightly Increasing	
Roofing	16-26 weeks	Stable	

*Lead times are typical and indicative general ranges for each category and may differ based on specifications, requirements, manufacturer, production facility, and other supply chain factors. Shorter lead times than those shown may be available for stock/quick ship catalog items and longer lead times may apply for large and more custom specifications. Lead times are after the release of the order or release to fabrication, as applicable, and do not include the procurement cycle, submittals process, performance/witness tests, or transportation. These should be planned as applicable.

Supply Chain and Labor

Transportation and Logistics

Sea/Maritime

- › Global container freight prices have decreased 39.2 percent from the start of 2025 through November 7, 2025, according to Trading Economics.
- › Yearly freight rates peaked on January 3, 2025, and reached their lowest point on September 29, 2025. Current freight rates are down 40.3 percent from the highest point in 2025 and are up 34.1 percent from the lowest point in 2025, reflecting high volatility throughout the year.
- › After decreasing steadily from the beginning of January through late March, freight prices rebounded slightly in early April before leveling off. Prices spiked from mid-May to mid-June and then sharply declined through early October. Freight prices have since been on the rise again but remain 6.9 percent lower than the year-to-date average.
- › The Containerized Freight Index tracked by Trading Economics considers the most current freight prices for container transport from the most important ports in China.



Supply Chain and Labor

Transportation and Logistics

Road

- › Truckload volumes declined in September compared to August, which aligned with expectations for seasonal trends. Month-over-month, the DAT Truckload Volume Index (TVI) declined 3 percent for van and 7 percent for reefer, but increased 1 percent for flatbed. Year-over-year, the TVI increased 2 percent for van, 2 percent for reefer, and 9 percent for flatbed.
- › Despite lower volumes, spot rates increased slightly. From August to September 2025, spot rates increased 2 cents for van, 3 cents for reefer, and 1 cent for flatbed.
- › Meanwhile, trends were mixed for contract rates. From August to September 2025, contract rates remained unchanged for van, increased 2 cents for reefer, and decreased 2 cents for flatbed.
- › Regional imbalances played a role in the mixed trends for September 2025. For example, there was a lower volume of containerized freight arriving at ports in Southern California compared to previous months, which meant there were fewer trucks heading to key destination markets in the West, such as Stockton, Las Vegas, and Phoenix. Reduced trucking capacity in the region consequently pushed spot rates higher in those markets.
- › The DAT Truckload Volume Index (TVI) tracked by DAT Freight & Analytics reflects the change in the number of loads with a pickup date during that month.

Supply Chain and Labor

Transportation and Logistics

Rail

- › United States rail freight volume, which includes rail intermodal and carload volume, was 1.7 percent lower in October 2025 than in October 2024, according to the Association of American Railroads (AAR). Meanwhile, the AAR Freight Rail Index (FRI), which measures seasonally adjusted month-to-month rail intermodal shipments plus carloads excluding coal and grain, fell 1.4 percent in October 2025 from September 2025 and is down 1.5 percent year-over-year. The monthly decline in the FRI in October marks the sixth decline in the past seven months. The FRI complements actual recorded freight volume data by providing a gauge of underlying freight demand tied to industrial production and consumer goods flows.
- › Intermodal volume in October 2025 was down 3 percent year-over-year. This marks the third year-over-year decline in the past five months and the steepest percentage drop since August 2023. Year-over-year declines in October and preceding months can be attributed to weakness in the manufacturing sector, a shift in consumer spending towards services, and front-loaded shipping patterns. However, year-to-date intermodal volume through October 2025 was up 2.8 percent.
- › Carload volume in October 2025 was down 0.03 percent year-over-year, but up 1.9 percent year-to-date.
- › Among select construction-related materials, carload volume in October 2025 for industrial products (which includes chemicals, paper, steel, autos, metallic ores, crushed stone, and stone and glass products, including ground minerals) was up 1.2 percent from October 2024. Meanwhile, carload volume in October 2025 for chemicals specifically was up 1.8 percent year-over-year and 1.6 percent year-to-date, while carload volume in October 2025 for primary metal products (mainly steel) was up 4.4 percent year-over-year and 3.7 percent year-to-date.

Supply Chain Spotlight: Ongoing Tariff Impacts on Construction Materials

Section 232 Tariffs: Goods currently subject to Section 232 tariffs include steel, aluminum, copper, automobiles and automobile parts, medium- and heavy-duty vehicles (MHDVs) and medium- and heavy-duty vehicle parts (MHDVPs), buses and related vehicles, and wood.

Other materials currently being assessed by the U.S. Department of Commerce for potential Section 232 tariff applicability include semiconductors, pharmaceuticals, critical minerals, commercial aircraft, polysilicon, and unmanned aircraft systems.

Top 5 Section 232 Tariffs that Impact Construction

#1 Steel	#3 Copper	#5 Vehicles/ Vehicle parts
#2 Aluminum	#4 Wood	



Steel and Aluminum:

- › Section 232 tariffs on imports of steel, aluminum, and their derivative products remain at 50% for all countries of origin except for the United Kingdom. Steel and aluminum imports from the United Kingdom remain subject to a 25% tariff.
- › Section 232 tariffs on steel will not apply to derivative steel articles processed in another country from steel articles that were exclusively melted and poured in the United States. Similarly, Section 232 tariffs on aluminum will not apply to derivative aluminum articles processed in another country from aluminum articles that were exclusively smelted and cast in the United States. In this case, only the non-steel and non-aluminum content will be subject to applicable reciprocal and IEEPA tariffs.
- › Section 232 tariffs on steel and aluminum may be reduced to as low as 25% for imports that meet all three of the following conditions: (1) Were melted and poured (steel) or smelted and cast (aluminum) in Canada or Mexico, (2) Qualify for preferential tariff treatment under the United States-Mexico-Canada Agreement (USMCA), and (3) Support United States production capacity of key products, including United States automobiles and MHDVs.



Vehicles and Vehicle Parts:

- › Section 232 tariffs on vehicle and vehicle parts cover automobiles, automobile parts, medium- and heavy-duty vehicles (MHDVs), medium- and heavy-duty vehicle parts (MHDVPs), buses, and related vehicles for the transport of 10 or more persons.
- › Section 232 tariffs on automobiles and automobile parts remain at 25%, and these tariffs have been expanded to include a 25% tariff on MHDVs and MHDVPs. Exceptions exist across all four tariff categories for certain vehicles and parts imported from Canada, Mexico, and the United Kingdom. For automobiles and MHDVs that qualify for preferential tariff treatment under the USMCA, the 25% Section 232 tariff will only apply to the non-U.S. content of the vehicle. Automobile and MHDV parts that qualify for preferential tariff treatment under the USMCA are exempt from this tariff. Meanwhile, the first 100,000 automobiles imported from the United Kingdom will be subject to a 10% tariff.
- › Section 232 tariffs on automobile and MHDV parts that are intended for use in automobiles that undergo final assembly in the United States will only apply to 15% of the total value of the final vehicle. This means that vehicles intended for final assembly in the United States will face a total automobile parts tariff of 3.75% of the vehicle Manufacturer's Suggested Retail Price (MSRP) through April 30, 2030 and October 31, 2030 for automobile parts and MHDVPs, respectively.
- › Buses and other vehicles for the transport of 10 or more persons are now subject to a 10% Section 232 tariff.



Copper:

- › Section 232 tariffs on Imports of semi-finished copper products and intensive copper derivative products from all countries remain at 50%.
- › Copper input materials (such as copper ores, concentrates, mattes, cathodes, and anodes) and copper scrap are exempt from Section 232, reciprocal, and IEEPA tariffs.
- › Consistent with the United States-United Kingdom Economic Prosperity Deal, the United States will coordinate with the United Kingdom to adopt a structured, negotiated approach to addressing the national security threat in the copper sector.



Wood:

- › Imports of select wood and wood products are now subject to various Section 232 tariffs. Softwood timber and lumber are subject to a 10% tariff, certain upholstered wood products are subject to a 25% tariff, and completed kitchen cabinets and vanities as well as parts imported for use in kitchen cabinets and vanities are subject to a 25% tariff.
- › Exceptions exist for wood and wood products imported from the United Kingdom, European Union, and Japan, based on recently developed trade agreements. Section 232 tariffs on wood and wood products from the United Kingdom will not exceed 10%, while the total tariff rate (combining Section 232 tariff rates with Column 1 Duty Rates) on wood and wood products from the European Union and Japan will not exceed 15%.

Supply Chain Spotlight: Ongoing Tariff Impacts on Construction Materials

Reciprocal Tariffs

- › Updated reciprocal tariff rates for most U.S. trading partners went into effect on August 7, 2025. These range from 10% to 41%, depending on the country.
- › Imports from Canada and Mexico continue to be exempt from reciprocal tariffs.
- › The reciprocal tariff rate on Chinese goods has been temporarily reduced to 10% since May 14, 2025. Ongoing negotiations between the U.S. and China have extended the duration of this lower reciprocal tariff rate through November 10, 2026. If no deal is reached by this date, the reciprocal tariff rate on imports from China is set to increase to 34%.
- › Reciprocal tariffs on goods from the European Union and Japan will face a tiered approach. The reciprocal tariff rate for goods that currently face a Column 1 HTSUS Duty Rate of less than 15% will equal 15% minus the current Column 1 HTSUS Duty Rate for a total tariff rate of 15%. For goods with a Column 1 HTSUS Duty Rate of 15% or more, the reciprocal tariff rate will be 0%, for a total tariff rate of 15% or more, equal to the current Column 1 HTSUS Duty Rate.
- › Reciprocal tariffs do not apply to pharmaceuticals, semiconductors, consumer electronics, bullion, energy and energy products, or certain minerals that are not available in the United States.

Supply Chain Spotlight: Ongoing Tariff Impacts on Construction Materials

IEEPA & Secondary Tariffs

- › Imports from Canada, Mexico, and China continue to be subject to IEEPA tariffs related to concerns about the flow of fentanyl into the United States. USMCA-compliant goods from Canada and Mexico are exempt from these tariffs.
- › The IEEPA tariff rate on non-USMCA-compliant Canadian goods (excluding energy, energy products, and critical minerals) remains at the increased rate of 35%. Canadian energy, energy products, and critical minerals that fail to comply with the USMCA remain subject to a 10% IEEPA tariff, while non-USMCA-compliant imports from Mexico remain subject to a 25% IEEPA tariff.
- › The IEEPA tariff rate on imports from China was recently lowered to 10%, down from 20%.
- › Imports from Brazil remain subject to a 40% IEEPA tariff due to actions taken by the Brazilian government that are deemed as a threat to U.S. national security. Exemptions include certain silicon metal, pig iron, civil aircraft and parts and components thereof, metallurgical grade alumina, tin ore, wood pulp, precious metals, energy and energy products, and fertilizers.
- › Imports from India now face a 25% secondary tariff in response to security concerns arising from India importing Russian oil.

Supply Chain Spotlight: Ongoing Tariff Impacts on Construction Materials

Stacking Rules

Tariff applicability is assessed in a hierarchical order. Once an imported article is deemed applicable under a given tariff tier, regardless of any exceptions or exemptions under USMCA, offsets, or trade/national security deals, the article is not subject to further tariff evaluation under subsequent tiers, except for the fentanyl-related IEEPA tariff on imports from China and additional applicable tariffs not addressed in the hierarchy below. The fentanyl-related IEEPA tariff on imports from China stacks with all other applicable tariffs, including those in the hierarchy below and those not otherwise specified.

Tariff applicability is assessed in the following hierarchical order:

- **Tier 1:** Section 232 tariffs on vehicles and vehicle parts, which include automobiles, automobile parts, MHDVs, MHDVPs, and buses/other related vehicles.
- **Tier 2:** Section 232 tariffs on metals, which include steel, aluminum, and copper. If a derivative article contains a combination of steel, aluminum, and/or copper, the relevant Section 232 tariffs will apply to the respective value of each specified metal content. All non-steel, non-aluminum, and non-copper content are subject to further tariff evaluation under subsequent tiers, except for the non-steel and non-aluminum content of steel and aluminum derivative imports from Canada and Mexico, which are exempt from the IEEPA tariffs on non-USMCA-compliant goods from Canada and Mexico, regardless of USMCA compliance.
- **Tier 3:** Section 232 tariffs on wood and wood products, which include softwood lumber and timber, certain upholstered wood products, and completed kitchen cabinets and vanities as well as parts imported for use in kitchen cabinets and vanities.
- **Tier 4:** Reciprocal tariffs, IEEPA tariffs, and secondary tariffs. If more than one of these tariffs applies to an imported article, the applicable tariffs will stack.

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