



Construction Data Intelligence®

Quarterly Report - Q3 2025

United States



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Cost Escalation

Overall material price escalation was negative in 2024.

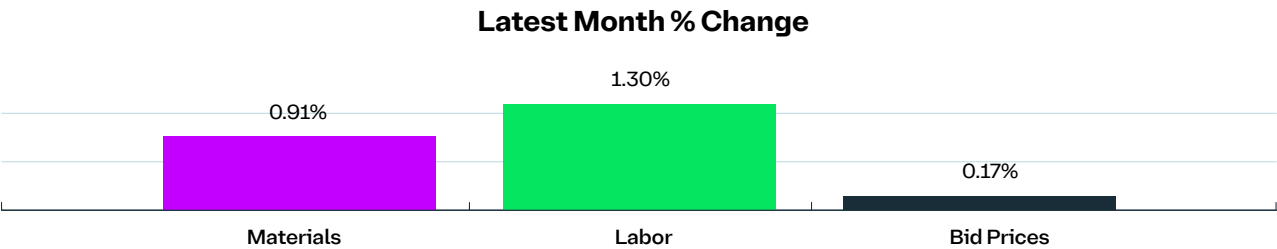
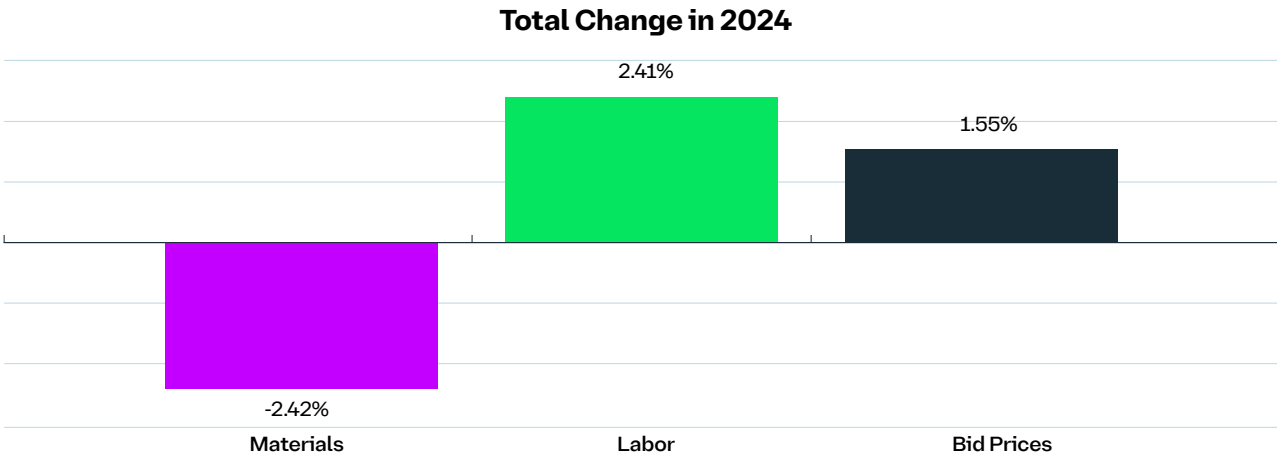
After sustaining unprecedented levels of escalation in 2021 and 2022, supply chains stabilized in the following years and material prices settled at a new, higher, price floor. Since then, the cost of construction materials increased 2.15% through 2023 and declined -2.42% in 2024, resulting in a flat trend in recent years. In the latest data from March 2025, material prices escalated 1.82%, the largest increase in thirteen months.

The cost of construction labor increased at an unusually slow pace in 2024.

Labor costs have historically tended to rise 3-4% year-over-year, yet BLS data reported the total compensation for construction workers increased 2.41% in Q4 2024 relative to Q4 of the previous year. Despite the lower rate of escalation, labor acted as the main driver of bid price escalation in the past year. Labor escalation is now on track to return to historical levels as compensation is up 2.89% in Q1 2025.

Bottom Line:

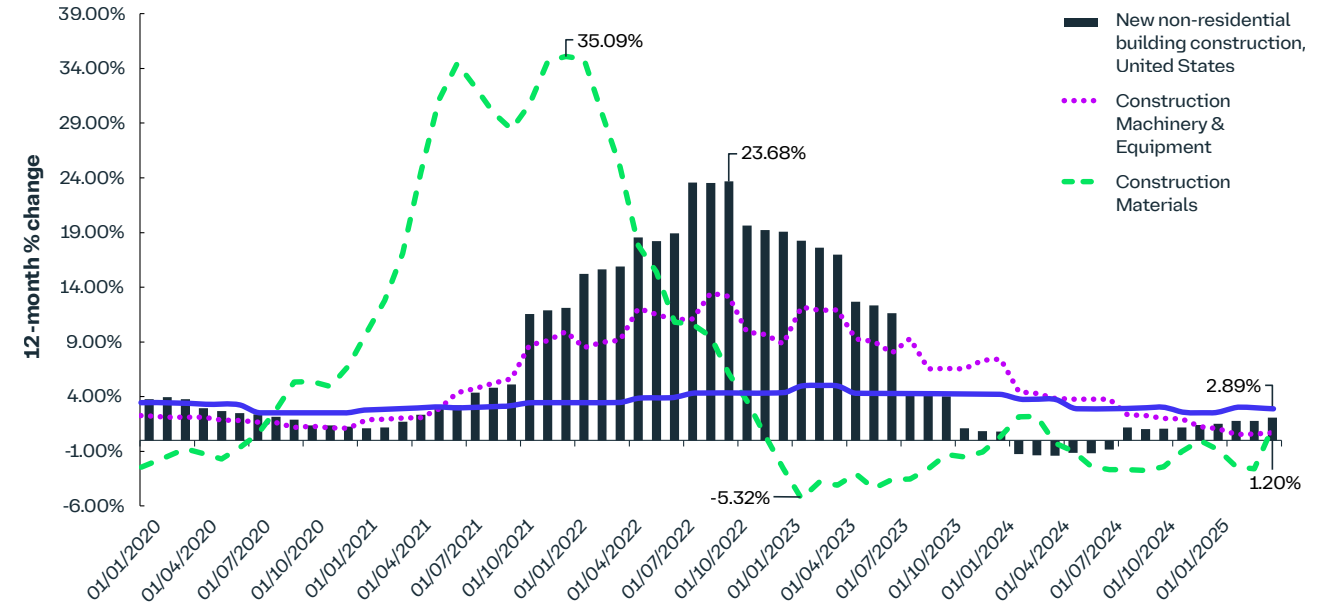
- Overall construction cost escalation has been stagnant, though key materials like copper and aluminum continued escalating.
- Recent data implies material escalation is **heating up again**.
- Labor continues to drive up bid prices, though at a slower pace than usual.



Escalation Trends

The graph displays cost escalation in several parts. The primary data series is New non-residential building construction, United States, which tracks bid prices received by contractors on all kinds of non-residential work. The other three series show separate components of bid prices: equipment, materials, and labor. These data are tracked by comparing each monthly value to the previous year's value, which gives a more stable view of how each cost has changed over time.

High bid price escalation from late 2021 into 2023 lagged a period of significant material price escalation that occurred about a year earlier, from late 2020 through 2022. Since 2023 to the start of 2025, labor and equipment escalation have been the primary drivers of bid price escalation, though material escalation has begun to re-emerge in the first months of 2025.



Material Prices

Select material groups sustained significant price movement during the flat period.

The adjacent table displays BLS data for several different material series, aggregated into their respective groups. In the past year, copper and aluminum have been in great demand, commensurate with the high level of new industrial activity across the country. Aluminum escalation has slowed down in recent months, while copper continues to rise.

Electrical, Concrete, and Lighting materials recorded escalation in line with historical norms, though Concrete has seen more consistent escalation in the past six months. Steel prices have been on the decline since the COVID-19 supply crunch and have, consequently, been the largest de-escalator in the past year.

These data are starting to reflect the effects of tariffs implemented in March. As a result of tariffs, aluminum will likely continue to escalate further, and steel will reverse its downwards trend.

Material Group	6-month % change (to March 2025)	12-month % change (to March 2025)
Aluminum	9.77	14.12
Copper	3.91	12.98
Electrical	3.22	6.22
Concrete	2.64	3.56
Lighting	2.41	3.05
Gypsum	0.23	1.37
HVAC	0.53	0.69
Steel	2.14	-5.08
Construction Materials	3.33	-1.17



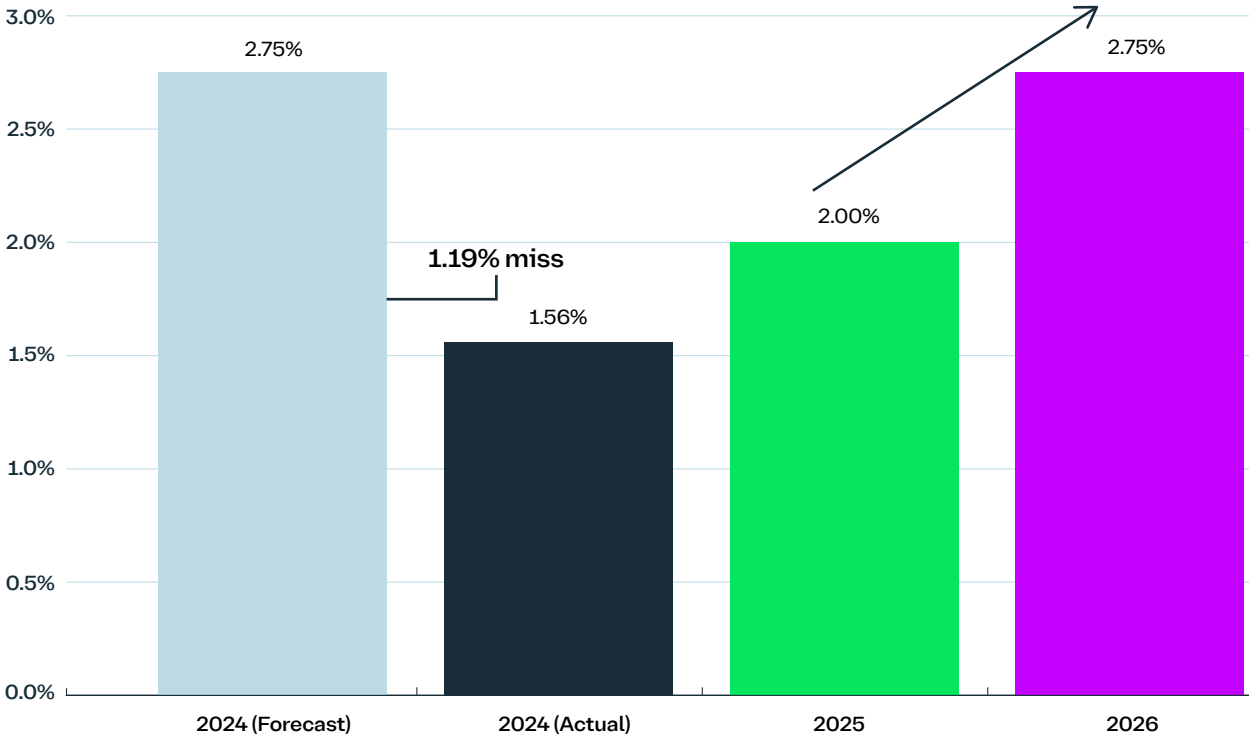
National Escalation Forecasting

Forecasting cost escalation has become difficult following the COVID-19 pandemic.

The extreme escalation observed in the COVID-19 period confounded many economists' attempts at forecasting. Our previous bid price forecasts estimated an increase of 2.75% in 2024. Due to overall material de-escalation during the year and lower than expected labor escalation, our forecast was nearly double the actual change of 1.56%.

Tariff policies pose a new challenge to accurate forecasting, as recent plans have been subject to frequent changes. The resulting uncertainty is reflected in a February report from the American Institute of Architects, which stated the number of inquiries into new projects that design firms are receiving has fallen for the first time in four years.

Our forecasting model now predicts 2.00% bid price escalation in 2025, increasing to 2.75% in 2026 as activity is expected to pick back up. We expect material and labor escalation to resume, which tariffs could exacerbate. Another possible outcome, however, is slow economic growth through 2025 if companies react to market uncertainty by delaying new investments. This could lead to falling, or stalling, construction prices.



(Note – there are significant variations in regional cost escalation figures, driven by local supply and demand dynamics.)



Market Indicators

Positive Indicators

- ABC's Construction Backlog Indicator sits at a healthy level of 8.5 months of average backlog in March 2025.
- CIRT Sentiment Index increased to 67.9 in the first quarter of 2025 as members report stronger backlogs and productivity.
- Consumer inflation (CPI) softened to 2.4% year-over-year in March, lower than what was expected. Inflation remains too high for the Fed to consider further rate cuts, which could increase investments in the industry.

8.5 Months

Average Backlog

-0.4%

Softened
Consumer Inflation

Negative Indicators

- AIA Architecture Billings Index Score has been negative for 5 months straight as of March, suggesting a slowdown in future activity.
- A majority of firms surveyed by the AIA report are now reporting declining inquiries into new projects, the first time this has occurred since 2020.
- CIRT Design Index fell from 71.1 to 61.8. The design index trend historically leads the sentiment index, and they are now diverging. The last time this occurred was during the COVID-19 pandemic.
- Federal Reserve declined to cut the federal funds rate in March.

-9.3

Fall in CIRT
Design Index

5 Months

Architectural Billings
Decline Streak

45.5

Declining
Design Inquiries

Tariff Impact Analysis

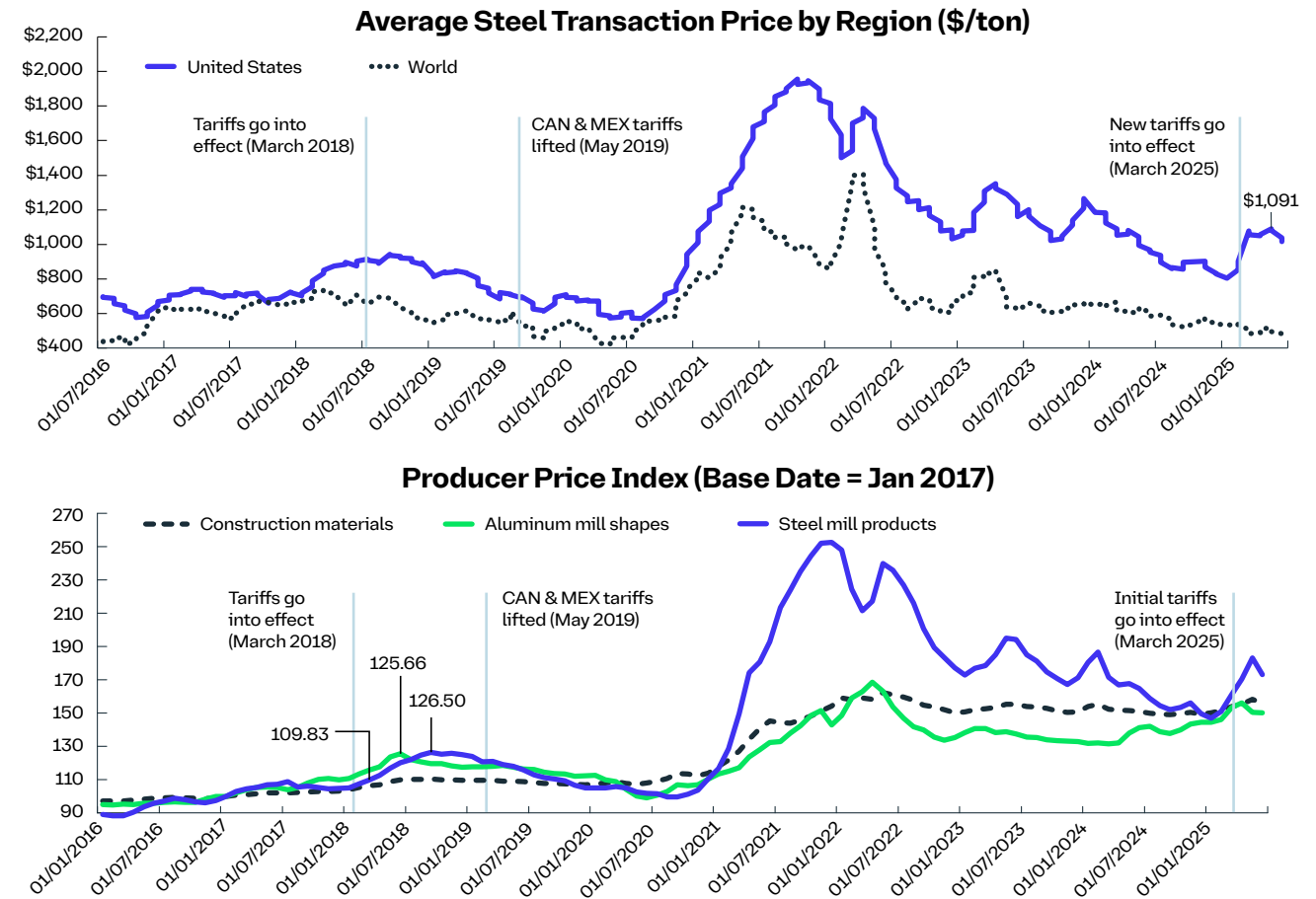
25% tariffs on steel and aluminum imported from all countries went into effect on March 12th, 2025.

Back in 2018, 25% tariffs on steel and 10% tariffs on aluminum from Canada and Mexico resulted in the price of the average steel transaction rising ~38% in nine months. BLS data recorded a lower rate of escalation among steel mill products as prices increased 20% on average. Aluminum experienced a similar level of escalation, rising 10% within three months of implementation. Following negotiation of the USMCA and subsequent lifting of tariffs on our largest trading partners, steel and aluminum prices slowly declined before skyrocketing during the COVID-19 supply crunch.

This new round of tariffs is much wider in scope.

The tariffs implemented in 2018 primarily applied to unrefined steel and aluminum materials, and critical trading partners like Brazil and South Korea received exemptions or relaxed import controls. The reinstituted tariff regime has been widened to include all forms of steel and aluminum imports, which will lead to a more serious price shock to refined steel and aluminum products like fabricated structural steel. This is evident in the latest SteelBenchmarker data, which has recorded a near 21% year-to-date increase in the average transaction price for US-made steel products as of June 2025. June and July saw steel and aluminum tariffs double to 50% and further reciprocal tariff increases on 12 countries by the end of the August 1st negotiation window, which will serve to exacerbate price pressures.

SteelBenchmarker, Bureau of Labor Statistics



Key Dates and Price Levels

Material	March 2018 BLS Index Value (Jan. 2017 = 100)	March 2017 Pre-Tariff Value	% Change March 2017 – March 2018	Date of Peak Price Level, Post-Tariff	Peak Price Level, Post-Tariff Value	% Change March 2018 – Peak
Steel mill products	109.83	104.66	4.94	2018 September	126.50	15.18
Fabricated structural metal	109.66	99.90	9.77	2019 July	119.81	9.26
Prefabricated structural members	118.66	103.16	15.03	2018 August	129.55	9.18
Steel pipe and tubes	112.49	106.74	5.39	2018 September	131.29	16.71
Average of selected Steel series			8.78	2018 November		12.58
Aluminum mill shapes	115.88	103.93	11.50	2018 June	125.66	8.44
Aluminum sheet & strip	117.94	104.27	13.11	2018 June	127.83	8.39
Sheet metal electronic enclosures	101.37	100.00	1.37	2019 January	111.53	10.02
Panels, parts, and sections for prefabricated buildings, steel and aluminum	102.02	99.61	2.42	2018 September	112.30	10.08
Average of selected Aluminum series			7.10	2018 August		9.23
Construction Materials	106.44	101.10	5.28	2018 September	110.45	3.77

The table above shows how selected price indices for steel and aluminum changed from the implementation of tariffs in March 2018 to key dates before and after the tariffs went into effect.

AtkinsRéalis, U.S. Bureau of Labor Statistics



Tariff Timeline

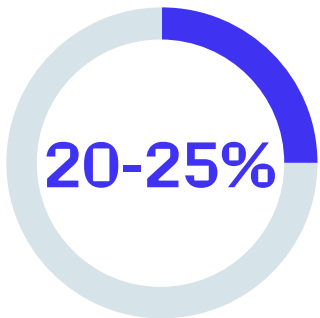
Below is a possible scenario we think could happen because of Reciprocal Tariffs.

Reciprocal tariffs took effect on April 9th. These plans will result in an immediate rise in the price of imported consumer products and mineral fuels. The rise in prices consumers see in stores is likely to cause consumers to reduce their consumption level, potentially reducing business profits. Reduced profits could in turn lead to layoffs in those businesses most exposed to the effects of import taxes. The speed of the implementation of these tariffs could complicate decision making for new construction projects, leading to delays and a slowdown in the short-term. Contractors would be seeing less work coming in and possibly choose to underbid projects to maintain their backlog of work. Bid price escalation would slow down or decline as a result.

This is an unprecedented scenario.

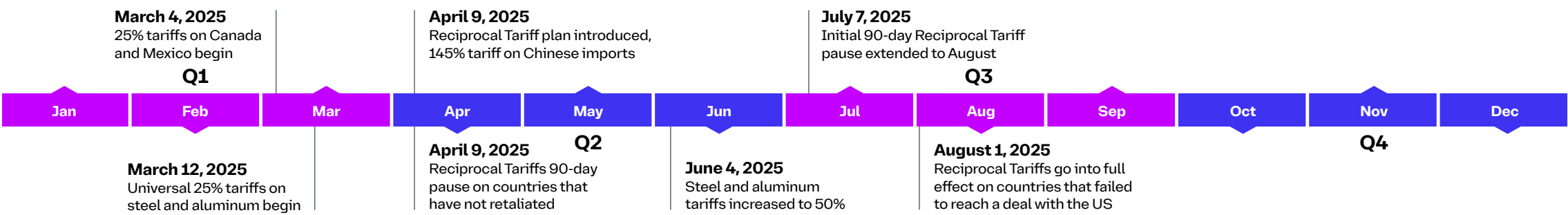
The ultimate result of the new tariffs remains to be seen, and it will be more important than ever to monitor early indicators and material escalation data to inform future planning. If construction activity remains robust, prices will rise. If activity falls, then prices may flatline or even decline. We'll be closely watching the AIA billings index, ABC backlog indicator and Census Bureau construction-in-place data.¹

Potential Price Impact



Possible Tariff Impacts:

- Market uncertainty slows economic growth and delays large investments.
- Steel and aluminum tariffs inflate material prices 20-25%.
- High tariffs disproportionately impact costs for projects that source their mechanical and electrical equipment from China.
- Reciprocal tariffs fuel core consumer inflation and/or reduce consumer spending.



1. [How Reciprocal Tariffs Impact Global Trade](#)



Construction Value Put In Place

Data Center construction continues to explode, while manufacturing slows down.

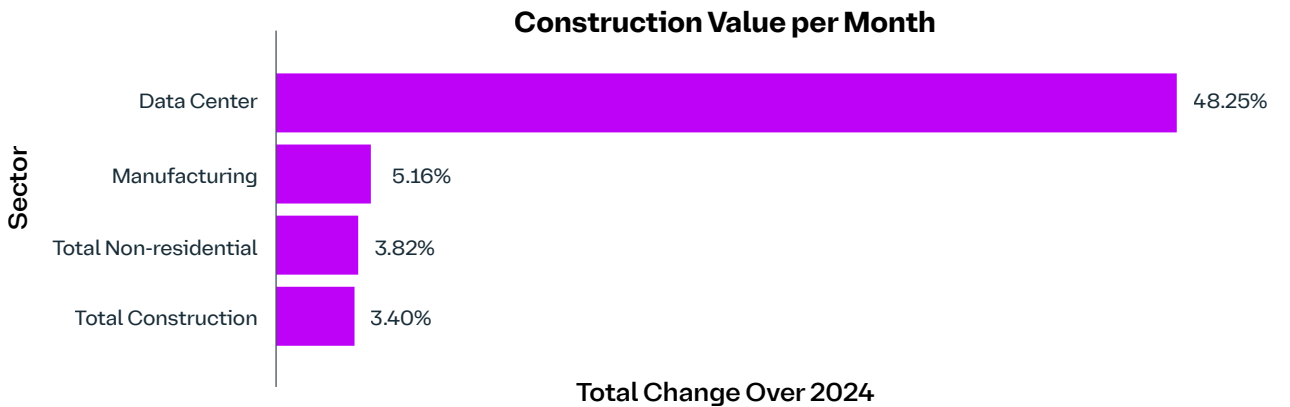
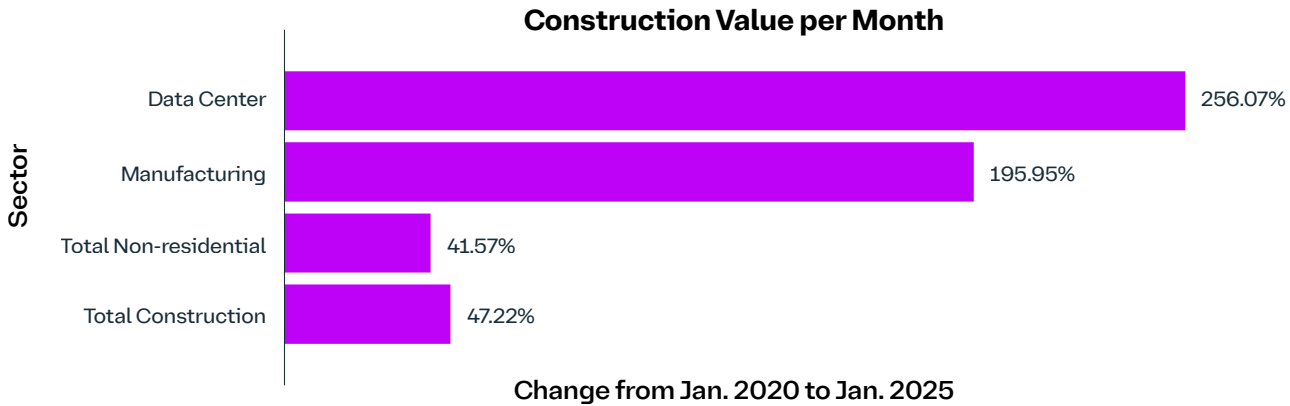
Data Center

The value of construction work on Data Center projects across the United States has grown tremendously over the last several years. The value of construction installed per month on Data Center projects grew more than 250% from January 2020 to January 2025, including growth of approximately 50% in each 2023 and 2024.

Manufacturing

National Manufacturing construction grew by nearly 200% over the same period, though it slowed down significantly through 2024.

Federal funding following legislation like the CHIPS and Science Act and Inflation Reduction Act boosted activity for projects like Semiconductor Fabs and Electric Vehicle and Battery plants during the previous few years. In recent months, focus has shifted away from these acts and the projects in related sectors. While it is unclear if the federal government will pursue new investments in semiconductor and EV manufacturing, work on existing and approved projects around the country is likely to continue.



Construction Value Put In Place

Despite the recent slowdown, monthly Manufacturing still dominates non-residential construction.

Manufacturing is the top non-residential Sector by Monthly Construction Value

Manufacturing has consistently ranked as the largest non-residential sector by monthly construction value put in place since November 2022. Only one year prior to taking the top spot, Manufacturing ranked sixth among non-residential sectors. It rapidly climbed through the ranks during 2022, surpassing Office, Educational, Highway and Street, Power, and Commercial construction.

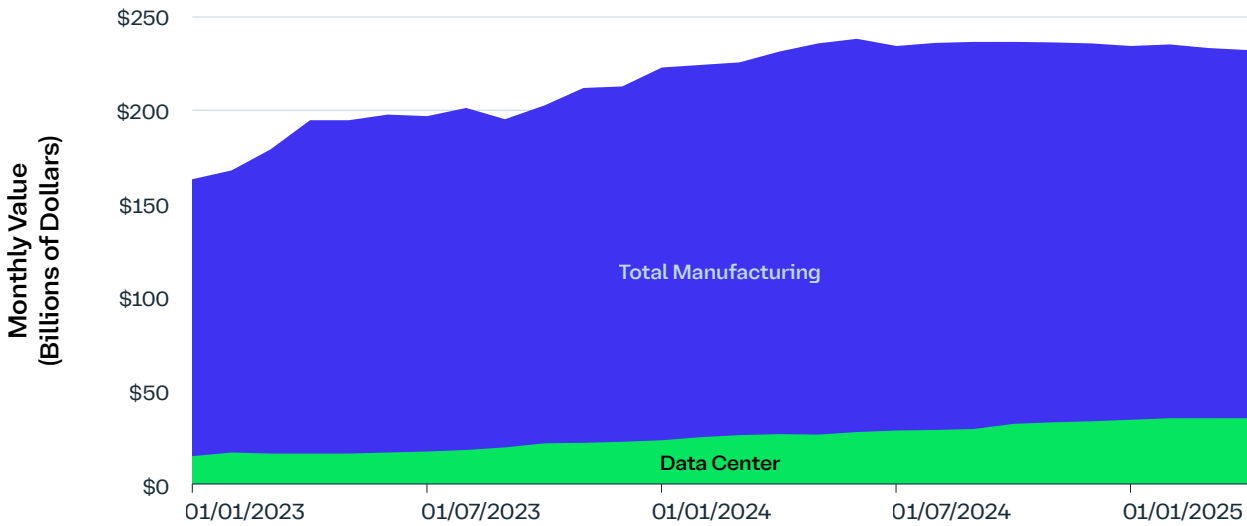
Data Center growth and the recent decline in Manufacturing

Data Center construction has grown substantially over the last few years, though its total value is dwarfed by Manufacturing construction. For reference, monthly Data Center construction continues to grow, reached its highest recorded level in January 2025 just shy of \$34 billion. By comparison, Manufacturing construction in the same month was nearly seven times that level at more than \$235 billion.

While the total dollar value of Data Center construction will not reach the recent level of Manufacturing any time soon, recent data suggest it could continue to grow at an astonishing rate.

U.S. Census Bureau

Construction Value Put In Place



Construction Value Put In Place, Change by Sector and Year

Year	Data Center	Manufacturing
2024	48.25%	5.16%
2023	56.58%	36.69%
2022	31.39%	65.28%



Electric Vehicles and Batteries

Automotive manufacturers have embraced the transition to electric-powered vehicles.

American and global automobile manufacturers have spent tens of billions of dollars to construct facilities to build Electric Vehicles (EV) and EV Batteries across the United States in recent years. Many new manufacturing plants, as well as conversions of existing plants, have been constructed in various parts of the country.

This activity has started to slow down, however. High price tags, lacking charging infrastructure, and complex tax credit rules have deterred consumers from adopting EVs as widely as manufacturers had hoped.²

Though long-term conditions will likely improve as production becomes more cost effective and better designs are brought to market, the current lack of institutional support will pose challenges for the sector in the short-term.

² [Why Are U.S. EV Sales Flatlining?](#)



Electric Vehicles and Batteries

A majority of projects in the EV supply chain are in the Midwest and South.

An extensive survey of the EV supply chain, published by The Big Green Machine, illustrates hundreds of construction projects across Canada, Mexico, and the United States. These projects span the lifecycle of EVs, batteries, and other related components, revealing the breadth and depth of the industry's network.

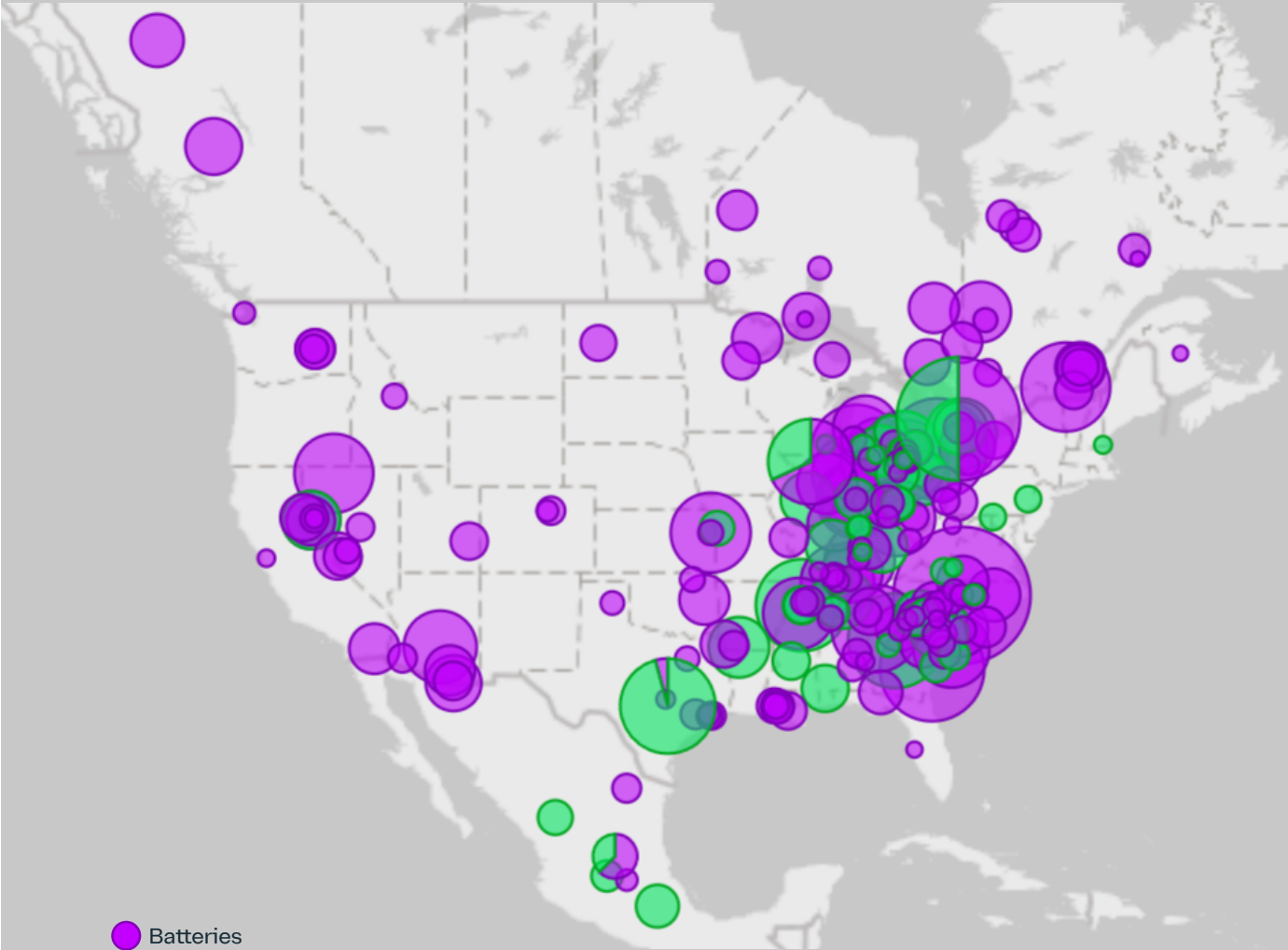
Many of the projects in this industry are in states in the U.S. Midwest and South, including Georgia, Michigan, and North Carolina, which each have roughly \$20 billion in identified capital investments. There are also several massive investments across Ontario, Canada.

The total forecasted job growth related to these highlighted projects is over 178,000 across the three countries, based on this study, showing huge opportunities for economic growth and development.

Capital Investments – Active, Planned, and Rumored Projects

Year	Batteries	Electric Vehicles
Total Capital Investment	\$169 billion	\$60 billion
Number of Projects	239	73

The Big Green Machine, March 19, 2025
Includes projects along the supply chain, organized by primary final product



Semiconductor Manufacturing

Recognition of US dependence on foreign-made semiconductor chips led to the CHIPS and Science Act in 2022.

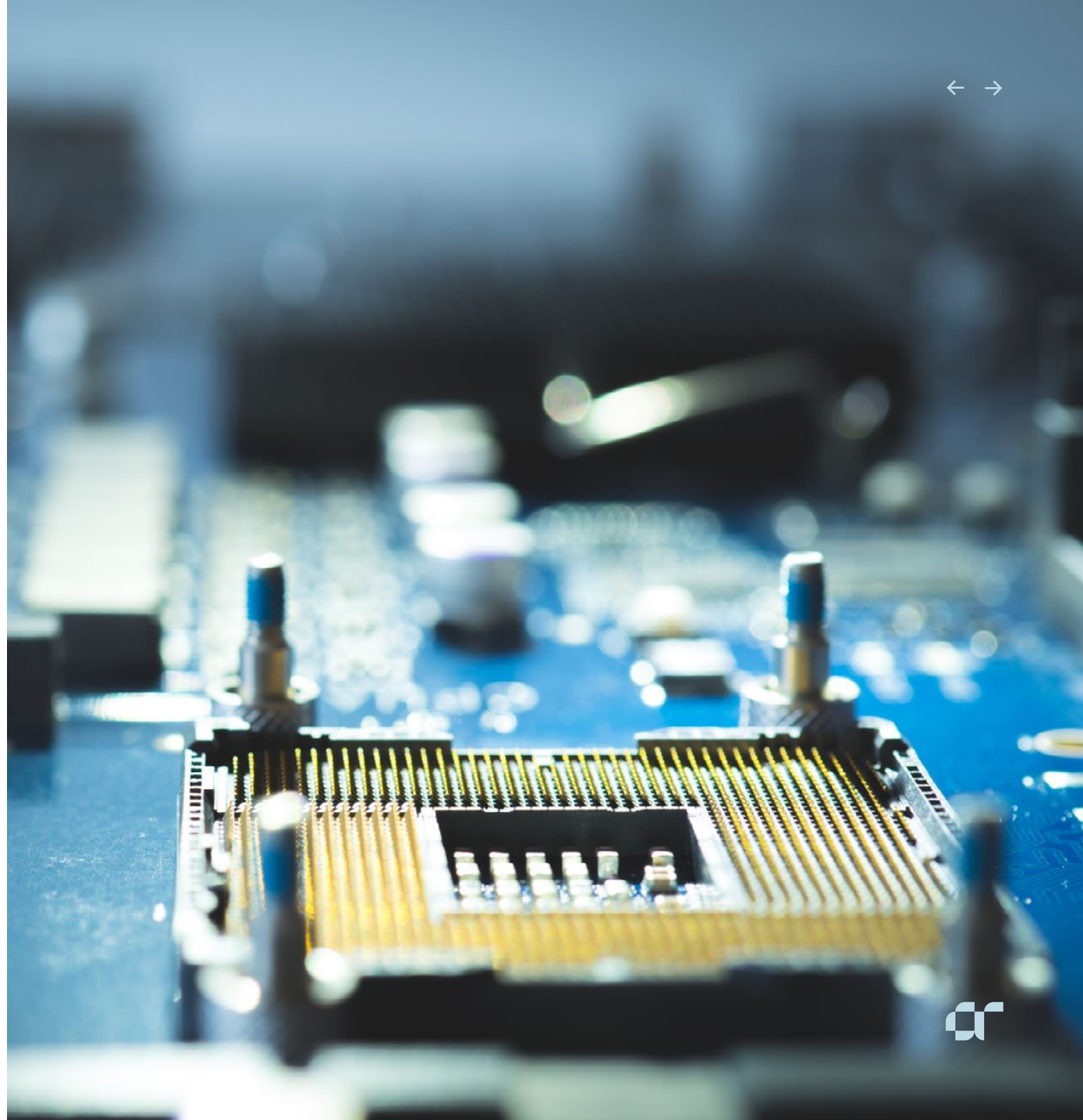
The bill earmarked \$52 billion in funds to support the construction of new semiconductor foundries on US soil. This financial support has in turn led to over \$270 billion in total investment from industry leaders like Intel, Micron, and others.³ By 2032, the US is projected to increase its share of global production capacity to 14%, up from 10% in 2023.⁴

Progress has been made, yet supply chains remain vulnerable.

Though a repeal of the CHIPS act appears unlikely, further direct institutional support to strengthen these efforts is equally unlikely.

3. [Inflation Reduction Act \(IRA\) and CHIPS and Science Act Investments](#) | Jack Conness

4. [Emerging Resilience In The Semiconductor Supply Chain](#) - Semiconductor Industry Association

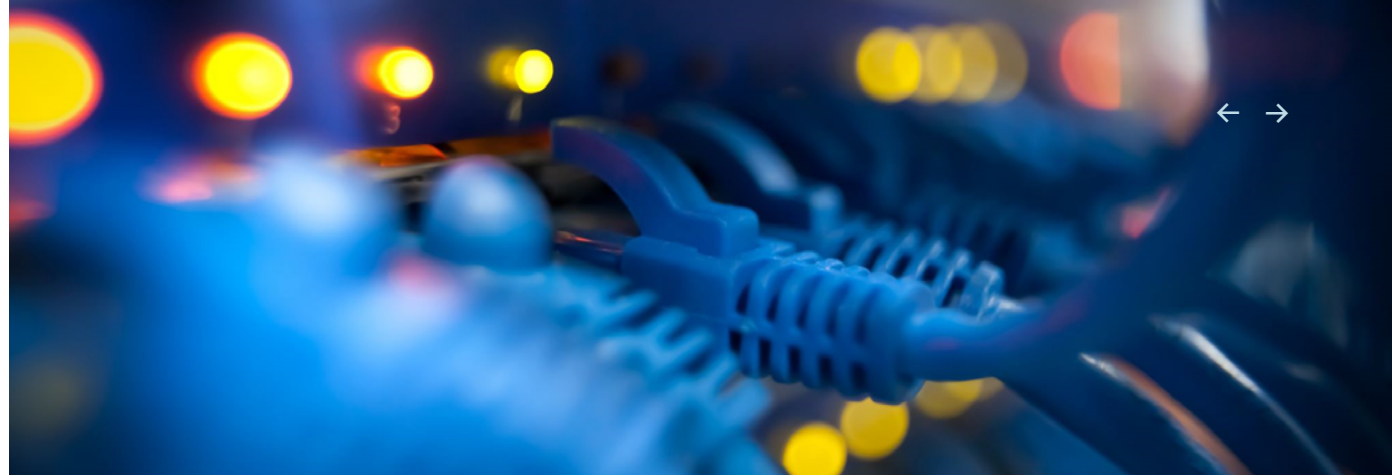


Data Centers

Data centers are the fastest growing construction sector today.

As productivity gains have slowed down and developed countries like the US face demographic aging, political and industrial leaders have hedged their bets on artificial intelligence to tackle these issues. Large Language Models (LLMs) like OpenAI's Chat GPT require a massive amount of bandwidth to train and host their AI models, which is leading companies like Amazon and Microsoft to commit billions of dollars over the coming years to build out data center capacity and the requisite energy infrastructure.

From January 2022 the total value of data center construction put-in-place has increased 200% to \$34 billion in January 2025. Though the magnitude of Data Center funding is relatively low compared to the Manufacturing sector, Manufacturing was at the same activity level just over a decade ago. Even now, the Chinese startup DeepSeek's cost-effective AI model R1 has deepened competition in this sector. The race to innovate and the pursuit of process automation could drive this sector to new heights.

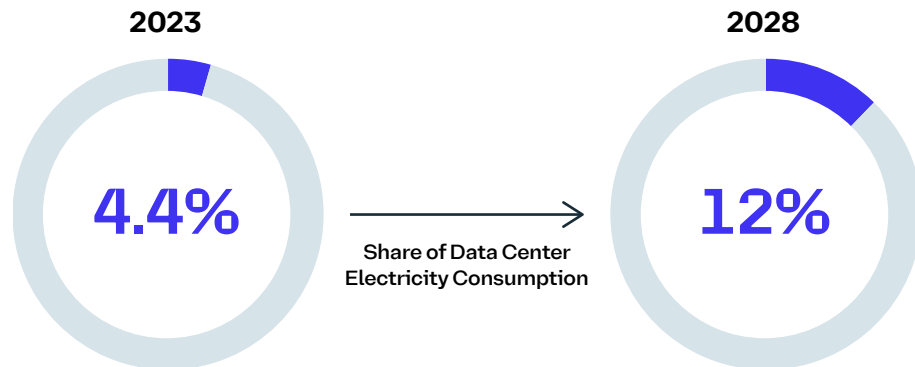


Energy Infrastructure

Huge new industrial activity and tech facilities will require a lot of power.

Data centers in particular demand massive amounts of electricity and water to run around-the-clock. The Lawrence Berkeley National Laboratory estimates that data centers consumed ~4.4% of total US electricity in 2023, which could rise as high to consume 12% of US electricity by 2028.⁵ Total US electricity consumption increased 2% in 2024 and the US Energy Information Administration forecasts consumption to continue rising 2% in 2025 and 2026.⁶

Most added energy capacity to the wider US electrical grid will come from solar and wind projects. However, “hyperscalers” like Amazon and Google are turning to green nuclear technologies such as the Small Modular Reactor to sustainably fuel their power-hungry new data centers.⁷



5. [EIA extends five key energy forecasts through December 2026 - U.S. Energy Information Administration \(EIA\)](#)

6. [DOE Releases New Report Evaluating Increase in Electricity Demand from Data Centers | Department of Energy](#)

7. [Amazon and Google have plans for fueling their data centers: Nuclear power - CBS News](#)





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