



Q2 2024



### Concrete



Concrete material availability remains stable, though fly ash faces seasonal constraints during annual power plant maintenance shutdowns from March to May.

While CDL truck drivers are accessible, finding reliable, consistent drivers remains challenging. The shift towards increased wind and solar energy in the U.S. is reducing the availability of fly ash, a byproduct of coal-fired power plants, placing downward pressure on its supply. Prices for cement and aggregate are anticipated to stabilize to historically typical levels throughout 2024. Concrete cost escalations of \$6-8 per cubic yard are expected biannually, typically in June and January, aligning with standard industry trends.

### Masonry



Currently, the construction sector is grappling with supply challenges affecting cement and lime, leading to shortages in masonry materials due to overwhelming demand.

A significant price hike in mortar and grout materials has been implemented in Q1 2024. Additionally, field labor turnover rates have risen as competitors offer higher wages, prompting a 4% wage increase to retain skilled workers and remain competitive.

### Metals



Aluminum prices have sharply increased, and steel prices are also trending upwards. We anticipate a broader rise in supply costs across the board.

The cost of employment has seen significant increases and continues to climb, reflecting a shortage of skilled personnel. Additional cost pressures stemming from elevated global shipping expenses, compounded by broader economic factors and inflationary pressures, are also present.

### Millwork



Metal casework, flexible furniture, and fume hoods remain in high demand with extended lead times of 10-20 weeks. Wood, metal, and solid surfacing prices

have stabilized, though epoxy resins' surcharges persist. The construction sector continues to grapple with labor shortages, particularly in skilled installers, leading to wage increases and larger benefits packages to reduce turnover and retain installation workforces. There is also apprehension about rising freight costs, which have seen increases of 15-20%, adding to overall project expenses.

### Waterproofing



The economic outlook for thermal and moisture protection materials in the Texas metro area reflects steady demand amid specific challenges. Fluctuations may

influence prices for these materials in raw material costs, which respond to global supply chain dynamics and energy market trends. Lead times for procurement can vary due to local availability and logistics, impacting project timelines. Moreover, the ongoing labor shortages in specialized installation roles contribute to construction challenges and potentially affect project costs.

### Roofing/Enclosure Systems



Manufacturers are grappling with lead times, extending 10+ months for essential roofing materials and mineral wool, highlighting supply chain challenges. Despite ongoing

efforts, labor turnover also remains within the industry. Wages for employees (new and existing) are rising, reflecting pressures from a competitive labor market. All of these factors underscore the complexities contractors face in meeting project timelines and cost projections. Amid inflation expectations, careful planning and strategic resource management are essential to navigate uncertainties and maintain profitability for roofing.

# Subcontractor/Supply Chain Pulse

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## Storefront/Curtainwall



Raw aluminum prices have seen a notable 8% increase over the past three months, impacting overall project costs for various applications. Conversely, prices for insulated glass units (IGUs), freight, and energy surcharges have stabilized, providing stability in material expenses. However, the insulation sector continues to face challenges with supply shortages, leading to extended lead times of 16-24 weeks. Labor availability remains steady, although wages have risen as companies strive to retain skilled workers amidst competitive pressures. There is also growing concern within the industry regarding the implications of new energy code requirements, which could potentially introduce additional costs and compliance challenges for construction projects moving forward. These factors highlight the dynamic nature of the construction market, requiring adaptive strategies to manage costs and regulatory changes effectively.

## Mechanical



Mechanical sectors are navigating a mixed landscape of improved lead times and new challenges with specialty equipment and labor availability. While lead times for standard equipment have stabilized, specialty items like energy recovery units and custom air handlers face extended fabrication times of 12+ months. Labor shortages loom in several large commercial projects slated for Q1 2025. An anticipated influx of out-of-state labor, driven by higher wages, is expected to meet demand. Concurrently, increased steel and copper prices impact the market, potentially triggering broader price increases across HVAC equipment. This underscores the importance of proactive supply chain management/strategic workforce planning to mitigate cost impacts.

## Flooring, Tile, and Stone



Rolled carpet and carpet tiles have generally reverted to manageable 4- to 8-week lead times, varying by style. Luxury Vinyl Tile availability remains robust, though larger orders may encounter lead times of up-to 3 months, especially for specific colors and textures. Supply chains for flooring materials and supplies are operating smoothly without significant disruption. The industry has maintained labor stability while implementing a sweeping 7% wage increase to recruit/retain skilled workers. These developments indicate a balanced environment. Managing supply logistics and workforce dynamics are crucial for sustaining operational efficiency in projects with flooring installations.

## Electrical



The electrical sector is confronting powerful challenges amid evolving market conditions. Lead times for critical components are lengthy at 50-80 weeks, while large generator sets are delayed 80-120 weeks. This delay is worse for specialty items; gear/generator lead times are 1.5 times longer than pre-pandemic levels. Skilled labor shortages continue to drive up costs, but current conditions are manageable with workforce planning. Suppliers maintain moderate inventory levels, yet specialty items may require extended waiting periods. Volatile copper prices, peaking at \$5.16 before retreating to \$4.80 by late May, reflect broader economic uncertainties/impacts in the electrical supply chain. The upcoming election raises concerns and may influence market dynamics and investment decisions.

*The information provided in Linbeck's Quarterly Construction Market Forecast and Subcontractor/Supply Chain Pulse is gathered from numerous local and national suppliers every quarter to provide our clients with up-to-date market news.*

## Framing, Drywall, and Ceilings



Pricing trends for materials are expected to vary in Q2 2024. Metal studs, gypsum board, insulation, and ACT grid/tile are all affected. Metal prices are expected to decline by 4% starting in Q2 2024, followed by another 2% in Q4 2024, and 2% in Q1 2025. Conversely, gypsum board prices are projected to rise by 3% beginning in Q2 2024, another 2% in Q4 2024, and 3% in Q3 2025. Labor costs are also set to increase, with a 4% uptick in Q3 2024, another 4% in Q1 2025, and 3% in Q3 2025. Fiberglass bat insulation and mineral wool face significant lead times, exceeding 3 months and 6-8 months, respectively.

## Elevators



Lead times and supply chain efficiency have improved, with material deliveries averaging 12-14 weeks. But challenges persist, particularly with electronic control lead times for some manufacturers. However, labor conditions have stabilized, supporting continued construction and better retention rates. Innovative elevator technologies (e.g., energy-efficiency, advanced control systems) are key considerations for projects pursuing overall sustainability and efficiency.

## Low Voltage



Communications lead times are returning to normal among most manufacturers, facilitating smoother project timelines and delivery schedules. However, labor shortages remain a pressing issue, with costs increasing by approximately 20% compared to last year as companies compete for skilled personnel. This labor scarcity threatens workforce continuity and project efficiency. Moreover, there is a noticeable slowdown in spending as the election approaches, demonstrating cautiousness and potential uncertainty among telecommunications and data investors and stakeholders.