

Construction Market Forecast and Subcontractor/Supply Chain Pulse

October Architecture Billings Index Finally Reports Increase in Billings

The AIA's Architecture Billings Index for October is a lesson in "cautious optimism." After 20 months of decline, the score for October finally (finally!) inched over 50. Any score above 50 indicates an increase in billings from the previous month.

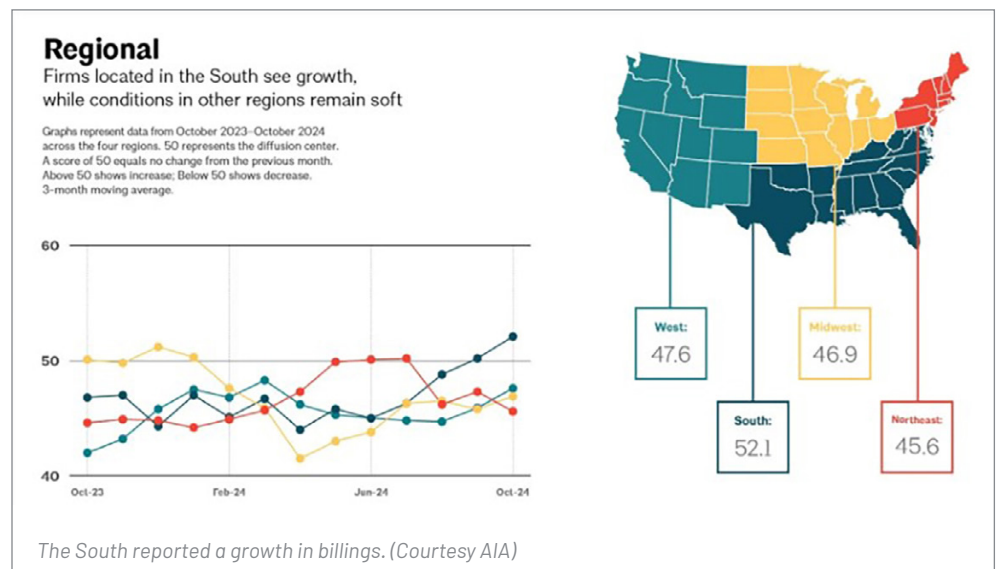
"Billings finally stabilized this month, and firms are feeling more optimistic about revenue projections for 2025," said AIA chief economist Kermit Baker in a statement. "Overall, 41 percent of responding firm leaders expect to see net revenue growth from 2024 to 2025, with 32 percent projecting growth in the 5 percent to 9 percent range," Baker added.

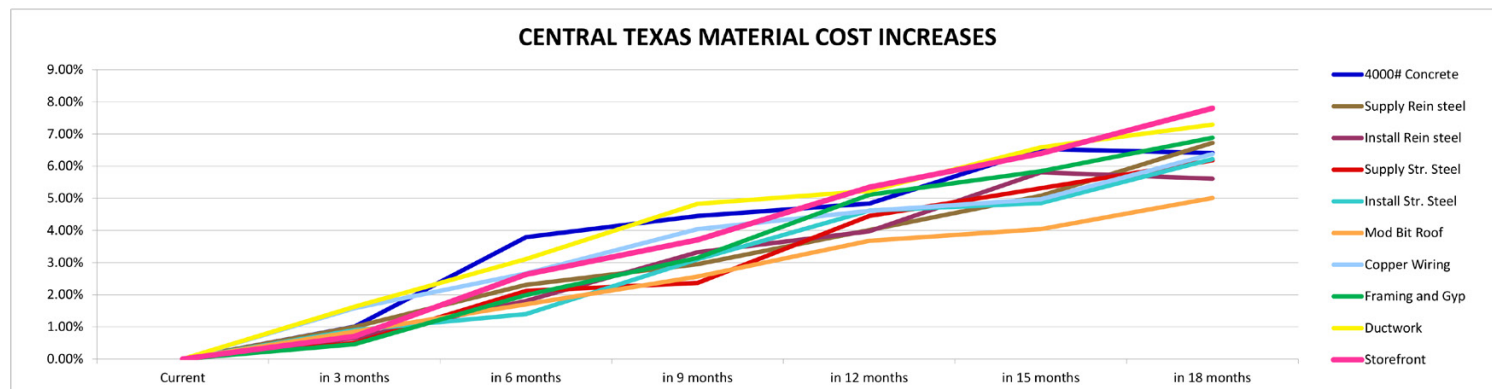
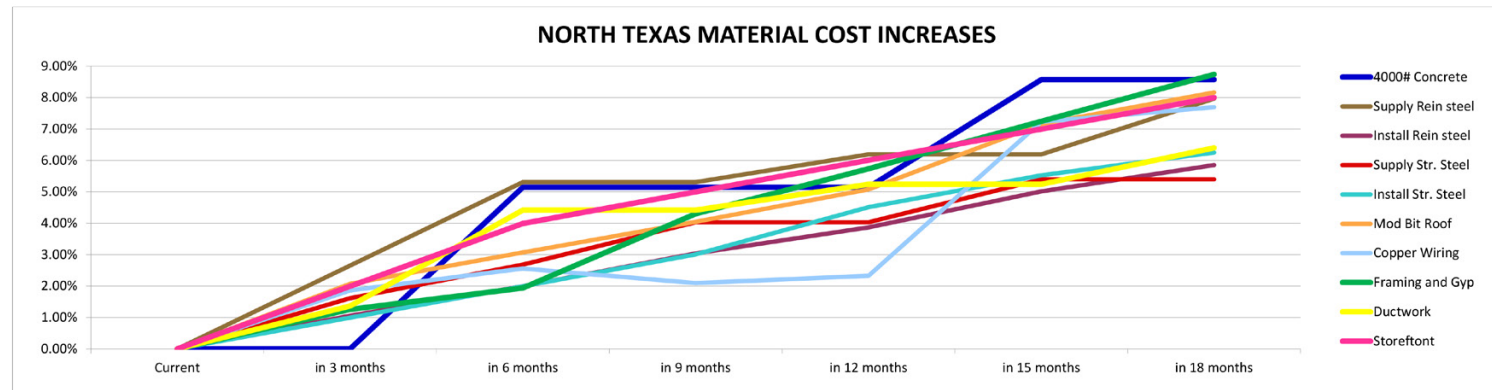
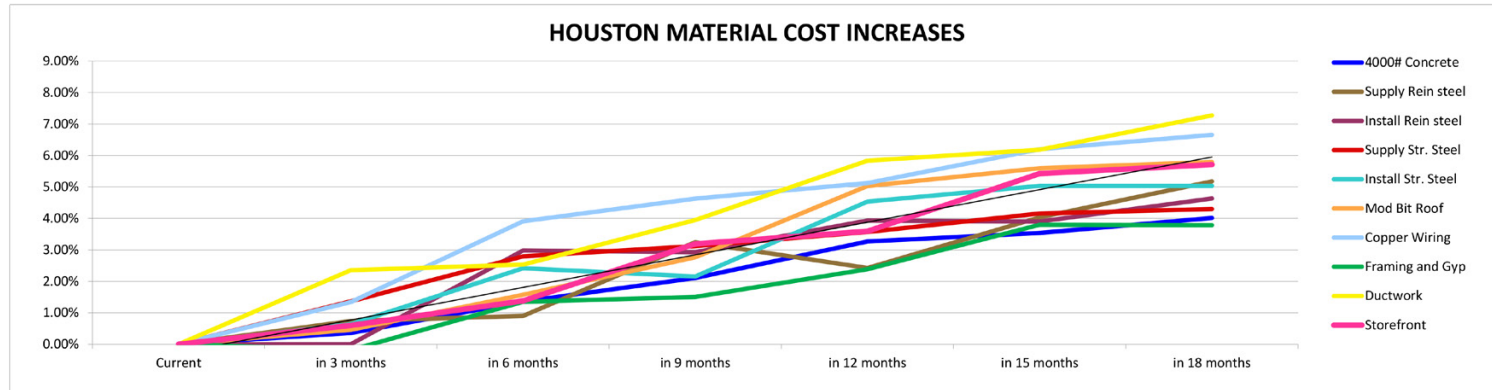
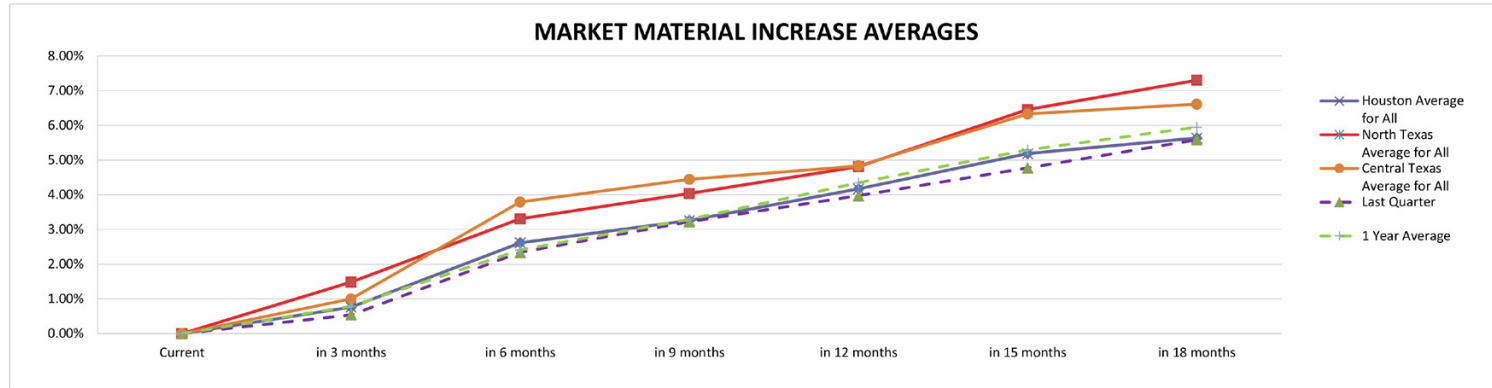
[Source and Hyperlink:
The Architect's Newspaper: November 20, 2024,
Kristine Klein
https://www.archpaper.com/2024/11/october-architecture-billings-index-increase/](https://www.archpaper.com/2024/11/october-architecture-billings-index-increase/)

In addition to the national average, the AIA's billings index also records scores regionally. In a turn of events from recent months, this month, only the South inched over 50, reporting a score of 52.1. The region with the lowest score in October was the Northeast, 45.6, a further drop from September's.

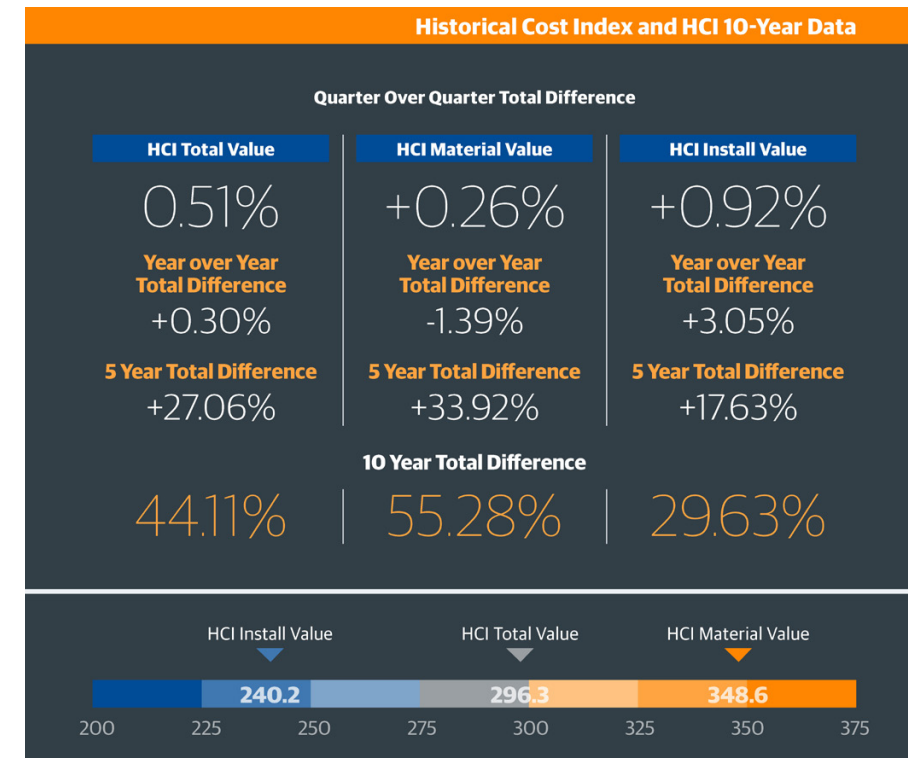
This turn-of-events and renewed "cautious optimism" came before

the election and post-election stock market surge, and the Federal Reserve's second slash to interest rates this year. It's fair to assume architecture firm owners and economists alike are looking to the third Wednesday in December when November's billings index drops





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.



NOTES:

The index values are based on a 30-city national average with a base of 100 on January 1, 1993. The three numbers are the total, material, and install index numbers, respectively, for the 30-city national average in 2024.

The Historical Cost Index (HCI) applies the quarterly City Cost Index (CCI) updates to a historical benchmark and allows specific locations to be indexed over time. These indices with RSMean Data are a vital tool for forecasting construction costs and can be a valuable source of information for comparing, updating and forecasting construction costs throughout the United States.

Historical Cost Index Overview

The HCI (Historical Cost Index) is an invaluable tool to track changes in the cost of construction materials and labor over time. The HCI Total Index Value represents the overall change in construction costs, including materials, labor, and installation expenses. The HCI Material Value tracks the change in the cost of raw materials, such as lumber and steel. The HCI Install Value measures the change in the cost of installation labor, including plumbing, electrical, and HVAC. These indices provide valuable insights, helping building industry professionals to anticipate and plan for changes in construction costs and make informed decisions about project budgets and timelines.

[Source and Hyperlink: Gordian Quarterly Construction Cost Insights Report: Q4 2024](https://www.gordian.com/resources/q4-2024-construction-cost-insights-report/)
<https://www.gordian.com/resources/q4-2024-construction-cost-insights-report/>

Schuff Steel Quarterly Steel Report

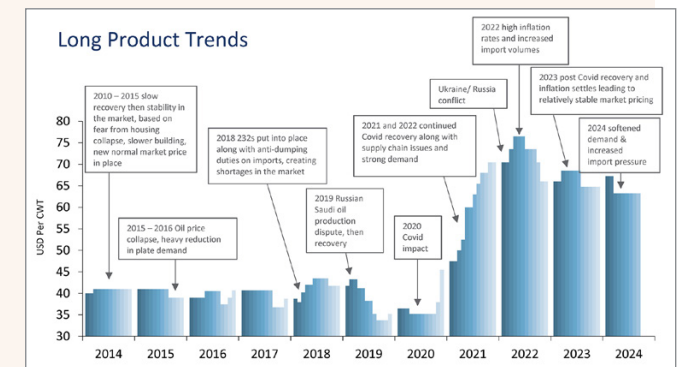
As we approach the close of 2024, steel pricing seems to be at a pivotal point. Key factors such as reduced demand, stable scrap prices, and relatively low mill capacity utilization collectively point to favorable market conditions. For context, the average mill utilization rate has hovered at 77% year-to-date, closing out October at 73.3%. This level of capacity utilization has helped keep mill lead times stable and short, ensuring prompt delivery of steel for your projects.

Long product prices have remained flat since March, while prices for flat products, including plate and HSS tube, have seen continued declines throughout the year.

[Source and Hyperlink: Schuff Steel, Quarterly Steel Supply Chain Report: October 31, 2024](https://www.schuff.com/quarterly-supply-chain-report/)
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The key question on everyone's mind is: Where will steel prices head from here? Steel producers are closely monitoring the market, hoping for signs of stronger demand to justify raising prices, yet the current landscape remains subdued. The uncertainty now is whether mills will adjust prices downward to stimulate demand, or if buyers will lock-in today's rates or hold off in anticipation of potential declines. The coming months will be critical as both sides navigate these market dynamics.

If market indicators show signs of improvement, we anticipate a rapid



increase in prices. By locking in current pricing now, we can safeguard against potential hikes—provided projects are awarded and materials are procured within the established price protection terms. Should the market experience further price declines, we will leverage our relationships with the mills to negotiate adjustments accordingly on items that have not yet shipped from the supplier.

Supply Reinforcing Steel \$\$/TON						
	HTX		NTX		CTX	
Timeframe	\$/LB	Delta	\$/LB	Delta	\$/LB	Delta
Current	\$1,253	0.00%	\$1,130	0.00%	\$1,192	0.00%
in 3 months	\$1,262	0.73%	\$1,160	2.65%	\$1,204	1.00%
in 6 months	\$1,264	0.90%	\$1,190	5.31%	\$1,220	2.31%
in 9 months	\$1,294	3.24%	\$1,190	5.31%	\$1,227	2.95%
in 12 months	\$1,283	2.42%	\$1,200	6.19%	\$1,240	4.01%
in 15 months	\$1,304	4.03%	\$1,200	6.19%	\$1,253	5.08%
in 18 months	\$1,318	5.18%	\$1,220	7.96%	\$1,272	6.72%

Install Reinforcing Steel \$\$/TON						
	HTX		NTX		CTX	
Timeframe	\$/LB	Delta	\$/LB	Delta	\$/LB	Delta
Current	\$513	0.00%	\$505	0.00%	\$511	0.00%
in 3 months	\$513	0.73%	\$510	1.05%	\$515	0.65%
in 6 months	\$528	0.90%	\$515	1.99%	\$521	1.81%
in 9 months	\$528	3.24%	\$520	3.04%	\$528	3.32%
in 12 months	\$533	2.42%	\$525	3.87%	\$532	3.98%
in 15 months	\$533	4.03%	\$530	5.02%	\$541	5.81%
in 18 months	\$536	5.18%	\$535	5.85%	\$540	5.61%

Supply Structural Steel \$\$/TON						
	HTX		NTX		CTX	
Timeframe	\$/LB	Delta	\$/LB	Delta	\$/LB	Delta
Current	\$3,500	0.00%	\$3,700	0.00%	\$3,900	0.00%
in 3 months	\$3,548	1.36%	\$3,760	1.62%	\$3,920	0.50%
in 6 months	\$3,598	2.80%	\$3,800	2.68%	\$3,983	2.12%
in 9 months	\$3,609	3.12%	\$3,850	4.03%	\$3,992	2.37%
in 12 months	\$3,625	3.57%	\$3,850	4.03%	\$4,074	4.45%
in 15 months	\$3,646	4.16%	\$3,900	5.40%	\$4,107	5.32%
in 18 months	\$3,651	4.30%	\$3,900	5.40%	\$4,141	6.18%

Install of Structural Steel \$\$/TON						
	HTX		NTX		CTX	
Timeframe	\$/LB	Delta	\$/LB	Delta	\$/LB	Delta
Current	\$1,618	0.00%	\$2,000	0.00%	\$1,707	0.00%
in 3 months	\$1,629	0.64%	\$2,020	1.00%	\$1,722	0.90%
in 6 months	\$1,657	2.42%	\$2,040	2.00%	\$1,731	1.40%
in 9 months	\$1,653	2.16%	\$2,060	3.01%	\$1,760	3.10%
in 12 months	\$1,692	4.54%	\$2,090	4.51%	\$1,785	4.62%
in 15 months	\$1,700	5.04%	\$2,110	5.52%	\$1,789	4.85%
in 18 months	\$1,700	5.04%	\$2,125	6.25%	\$1,813	6.22%

Copper Wire \$\$/LB						
	HTX		NTX		CTX	
Timeframe	\$/LB	Delta	\$/LB	Delta	\$/LB	Delta
Current	\$4.32	0.00%	\$4.30	0.00%	\$4.66	0.00%
in 3 months	\$4.37	1.34%	\$4.38	1.86%	\$4.73	1.58%
in 6 months	\$4.48	3.91%	\$4.41	2.56%	\$4.78	2.66%
in 9 months	\$4.51	4.63%	\$4.39	2.09%	\$4.85	4.04%
in 12 months	\$4.54	5.12%	\$4.40	2.33%	\$4.87	4.61%
in 15 months	\$4.58	6.20%	\$4.61	7.23%	\$4.89	4.97%
in 18 months	\$4.60	6.66%	\$4.63	7.69%	\$4.96	6.38%

Frame and Gyp \$\$/SF						
	HTX		NTX		CTX	
Timeframe	\$/LB	Delta	\$/LB	Delta	\$/LB	Delta
Current	\$9.55	0.00%	\$6.62	0.00%	\$7.76	0.00%
in 3 months	\$9.54	-0.18%	\$6.70	1.26%	\$7.79	0.46%
in 6 months	\$9.68	1.35%	\$6.75	1.94%	\$7.91	1.99%
in 9 months	\$9.70	1.50%	\$6.90	4.30%	\$8.00	3.14%
in 12 months	\$9.78	2.39%	\$7.00	5.73%	\$8.15	5.11%
in 15 months	\$9.92	3.80%	\$7.10	7.24%	\$8.21	5.84%
in 18 months	\$9.92	3.79%	\$7.20	8.74%	\$8.29	6.88%

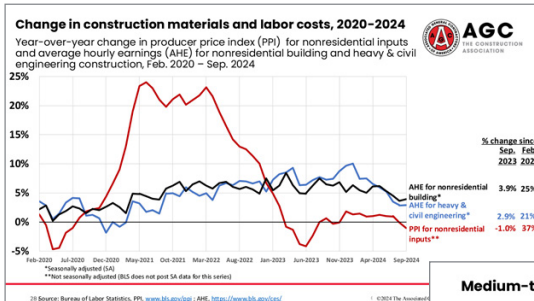
Mod Bit Roofing* \$\$/SF						
	HTX		NTX		CTX	
Timeframe	\$/LB	Delta	\$/LB	Delta	\$/LB	Delta
Current	\$20.87	0.00%	\$23.75	0.00%	\$21.91	0.00%
in 3 months	\$20.97	0.46%	\$24.24	2.07%	\$22.09	0.85%
in 6 months	\$21.20	1.57%	\$24.48	3.07%	\$22.28	1.70%
in 9 months	\$21.45	2.76%	\$24.71	4.05%	\$22.47	2.56%
in 12 months	\$21.92	5.03%	\$24.96	5.08%	\$22.71	3.68%
in 15 months	\$22.04	5.60%	\$25.45	7.16%	\$22.79	4.04%
in 18 months	\$22.08	5.79%	\$25.69	8.16%	\$23.00	5.01%

Ductwork \$\$/LB						
	HTX		NTX		CTX	
Timeframe	\$/LB	Delta	\$/LB	Delta	\$/LB	Delta
Current	\$9.77	0.00%	\$9.17	0.00%	\$9.58	0.00%
in 3 months	\$10.00	2.35%	\$9.29	1.36%	\$9.74	1.63%
in 6 months	\$10.02	2.53%	\$9.57	4.42%	\$9.88	3.11%
in 9 months	\$10.16	3.95%	\$9.57	4.42%	\$10.05	4.83%
in 12 months	\$10.34	5.84%	\$9.65	5.24%	\$10.08	5.23%
in 15 months	\$10.37	6.18%	\$9.65	5.24%	\$10.21	6.58%
in 18 months	\$10.48	7.28%	\$9.75	6.40%	\$10.28	7.29%

4000# Concrete \$\$/CY						
	HTX		NTX		CTX	
Timeframe	\$/LB	Delta	\$/LB	Delta	\$/LB	Delta
Current	\$154.67	0.00%	\$175.00	0.00%	\$165.50	0.00%
in 3 months	\$155.22	0.36%	\$175.00	0.00%	\$167.16	1.00%
in 6 months	\$156.77	1.36%	\$184.00	5.14%	\$171.78	3.79%
in 9 months	\$157.93	2.11%	\$184.00	5.14%	\$172.86	4.45%
in 12 months	\$159.73	3.27%	\$184.00	5.14%	\$173.50	4.83%
in 15 months	\$160.14	3.54%	\$190.00	8.57%	\$176.31	6.53%
in 18 months	\$160.88	4.01%	\$190.00	8.57%	\$176.12	6.41%

* 20,000 SF Roof with 4-inch ISO

Storefront \$\$/SF						
	HTX		NTX		CTX	
Timeframe	\$/LB	Delta	\$/LB	Delta	\$/LB	Delta
Current	\$88.63	0.00%	\$100.00	0.00%	\$95.00	0.00%
in 3 months	\$89.15	0.59%	\$102.00	2.00%	\$95.67	0.70%
in 6 months	\$89.85	1.38%	\$104.00	4.00%	\$97.50	2.63%
in 9 months	\$91.45	3.19%	\$105.00	5.00%	\$101.11	3.70%
in 12 months	\$91.81	3.60%	\$106.00	6.00%	\$100.08	5.34%
in 15 months	\$93.44	5.43%	\$107.00	7.00%	\$101.08	6.40%
in 18 months	\$93.69	5.71%	\$108.00	8.00%	\$102.41	7.80%



Medium-term outlook for construction

- Economic growth will continue but policy uncertainty has risen:
 - higher tariffs will raise costs, invite retaliation, may disrupt supply chains
 - expectation of larger deficits may push interest rates higher
 - less support for renewables may slow solar and EV related projects
 - lessened federal regulatory hurdles may help projects start sooner
- Single-family: gradual pickup but vulnerable to higher mortgage rates
- Multifamily, warehouse, office: steep drops likely as vacancies and costs climb
- Data center, power, infrastructure: strong growth; mfg construction: slower growth
- Materials costs: up 1-3%; lead times: few problems except electrical gear
- Labor costs: up 4-5%; availability remains the #1 challenge for many contractors

Source and Hyperlink:

[ConstructConnect, The Construction Economy Outlook: Fall Webcast November 8, 2024](https://www.constructconnect.com/videos?wchannelid=ud549vywr1&wmediaid=syu1onb3d9)

<https://www.constructconnect.com/videos?wchannelid=ud549vywr1&wmediaid=syu1onb3d9>