

Quarterly Construction Cost Insights Report

Q1 2025

Construction Costs in 2025: A Balancing Act

How interest rates, tariffs and evolving demand are shaping material pricing this quarter

Executive Summary

As 2025 begins, construction firms must navigate rising material costs, shifting policies and emerging opportunities across key sectors. At the same time, ongoing labor shortages and evolving regulations continue to create challenges, while infrastructure investments and new technologies drive areas of growth. To stay ahead, firms must carefully manage cost pressures, adjust to regulatory changes and adapt to supply chain fluctuations.

This report incorporates expert insights from Gordian, Alston Construction, [Gray](#) and Choate Construction Company, along with data and analysis from the Associated General Contractors of America (AGC) and government sources. It explores shifting material costs, workforce challenges and market outlooks, providing construction professionals with key takeaways for navigating Q1 2025.

BUILDING MODELS USED TO CALCULATE PRICE DATA

Gordian's data team researches material, labor and equipment prices and quantities in cities across the U.S. and Canada to create a composite cost model, which is weighted to reflect actual usage in the building construction industry. To capture the types of construction activity typically performed across North America, researchers merged nine building types, which represent those most commonly found across America and Canada. They are:

- 1. **FACTORY** (one story)
- 2. **OFFICE** (two to four stories)
- 3. **STORE** (retail)
- 4. **TOWN HALL** (two to three stories)
- 5. **HIGH SCHOOL** (two to three stories)
- 6. **HOSPITAL** (four to eight stories)
- 7. **GARAGE** (parking)
- 8. **APARTMENT** (one to three stories)
- 9. **HOTEL/MOTEL** (two to three stories)

Material Pricing Trends: Challenges and Opportunities

As of January 2025, construction firms continue to manage material price fluctuations, with potential new tariffs adding to the uncertainty. AGC's Chief Economist Ken Simonson warns that material costs could increase further as the industry adjusts to evolving economic and trade policies.^[1]

Tariff volatility and its ripple effects

Tariffs remain a significant issue driving market instability. [Gray's](#) Director of Strategic Sourcing & Procurement, Chamblee Shirley, notes that tariffs on imported materials — particularly steel, aluminum and lumber — can increase costs for construction inputs, especially if key exporting countries are targeted. This often leads to price volatility as companies adjust sourcing strategies to mitigate rising costs. Shirley explains that these increases have a cascading effect, as “costs at one point of the supply chain begin to increase, [causing] the remaining costs all along the other parts of the supply chain [to] react in response and increase as well.”

Uncertainty around potential new tariffs is keeping the construction sector on edge. Adam Raimond, Gordian's Program Manager for Construction Indices, says firms are watching closely to see whether the new administration will introduce additional trade restrictions or lift existing ones. “With a new presidential administration coming to power this quarter, all eyes will be on the first actions the administration takes,” he says.

Past Trade Commission reports found that tariffs imposed in 2019 on Chinese imports resulted in higher prices for both imported and domestic construction materials.^[2] Now, there is speculation that even steeper tariffs could be introduced on Chinese goods, along with additional tariffs on imports from other countries.^[3] If this happens, Raimond expects prices for many construction materials to increase in the coming months.

[Gray's](#) Vice President of Preconstruction Systems and Services, Nick Walter, highlights that market dynamics are also playing a role. “Manufacturing facilities, data centers, power plants and related infrastructure projects are driving growth in the private sector,” he says. Public and institutional projects, including educational and healthcare facilities, are also contributing but at a lower rate. Walter notes that industrial markets saw a boost in late 2024, but many clients

HOW NATIONAL AVERAGE MATERIAL COSTS ARE DETERMINED

Gordian's team contacts manufacturers, dealers, distributors and contractors all across the U.S. and Canada to determine national average material costs. Included within material costs are fasteners for a normal installation. Gordian's engineers use manufacturers' recommendations, written specifications and/or standard construction practice for size and spacing of fasteners. The manufacturer's warranty is assumed. Extended warranties and sales tax are not included in the material costs.

Note: Adjustments to material costs may be required for your specific application or location. If you have access to current material costs for your specific location, you may wish to make adjustments to reflect differences from the national average.

paused decisions due to election-related uncertainty. As policies take shape, pricing trends will become clearer.

Supply chain adjustments and material sourcing

Changing trade policies are also influencing sourcing decisions. Some companies, wary of potential domestic supply chain instability, are increasing reliance on foreign suppliers.

“Some customers are unsure of the stability of future domestic supply chains with new international policies and are instead choosing to lean on existing foreign relationships for sourcing,” says Chamblee Shirley.

Walter also points out that energy policies will have ripple effects on material demand, particularly in the oil and gas sector. Increased drilling activity could lead to a surge in demand for pipes, placing pressure on steel and metal supply chains. Additionally, he warns that if new tariffs are enacted, “Products from China would be subject to a 60% tariff, and potential products from Canada and Mexico would be subject to a 25% tariff, if implemented.”

Industry caution and vendor communication

In response to these uncertainties, many construction firms are taking a cautious approach. John Cody, Vice President and General Manager of Alston Construction, emphasizes that the industry remains in a “wait-and-see” mode, monitoring how the new administration's policies unfold.

“Alston is making sure to communicate with all our vendors/ partners on what they might be seeing in regards to material pricing,” he says. Pricing concerns began surfacing in late 2024, but the true impact of potential tariffs and policy changes remains unclear.

Beyond vendor communication, many firms are securing materials earlier in project timelines to hedge against potential pricing volatility. Strategic procurement approaches are becoming more common as firms work closely with suppliers to identify stable pricing structures amid uncertain global markets.

IN THIS QUARTERLY CONSTRUCTION INSIGHTS REPORT:

In this Quarterly Construction Cost Insights Report, we will be examining key data points surrounding construction material pricing. We will look at the Historical Cost Index, offering a retrospective lens on pricing trends, and the City Cost Index, providing a granular view of localized market variations. In addition, we will thoroughly explore the pricing trends of six key building materials:

- **STRUCTURAL STEEL**
- **FRAMING LUMBER**
- **CONCRETE BLOCK**
- **CONDUIT**
- **COPPER ELECTRIC WIRE**
- **FIBERGLASS INSULATION**

Regulatory and Market Disruptions

Regulatory changes, labor shortages and climate-related disruptions are reshaping the construction landscape, forcing firms to adapt quickly to shifting conditions.

U.S. Steel's uncertain future

One significant area of uncertainty is the future of U.S. Steel, following the blocked acquisition bid by Nippon Steel earlier this year. Gordian's Adam Raimond notes that the decision may have halted planned investments in U.S. production and operations, creating potential ripple effects on steel product costs in 2025 and beyond. While a rival bid from a U.S.-based company is emerging, the long-term outlook remains uncertain, adding another layer of volatility to an already shifting market.^{[4][5]}

Labor dispute and shortage impacts

Labor disputes are another ongoing concern. Gray's Chamblee Shirley notes that potential strikes — particularly in industries affecting material transportation and logistics — could have massive implications for both material costs and supply chain stability. While a tentative resolution in 2024 helped avoid longshoreman labor disruptions, the possibility of future port strikes or major labor disputes remains a risk.

Furthermore, workforce shortages remain one of the most pressing constraints on construction activity in 2025, further complicating firms' ability to meet growing demand. The Associated General Contractors of America's (AGC) 2025 Construction Hiring and Business Outlook, published on January 8, 2025, reports that 78% of firms struggle to fill hourly craft positions, while 77% report difficulties in hiring for salaried roles. Rising wages further compound these challenges, with 62% of firms identifying labor costs as a significant concern.^[7]

These shortages delay projects and increase costs, making it harder for firms to meet demand. Addressing this issue will likely require a combination of expanded work visa programs, increased investment in workforce training, and stronger industry recruitment efforts. Stricter immigration enforcement under the new administration could worsen workforce shortages in an industry that relies heavily on immigrant labor.

Environmental and natural disaster impacts

Beyond regulatory uncertainty, global events and

MATERIAL PRICING BY REGION - KEY DIFFERENCES

CURRENCY FLUCTUATIONS AFFECT COSTS

Material costs across North America vary significantly due to currency fluctuations, labor expenses and transportation costs. Gordian's Adam Raimond highlights that material prices in most Canadian cities tend to be lower than in U.S. cities, largely due to the Canadian dollar's declining value against the U.S. dollar. "The conversion rate dropped from 0.74 in early October to 0.70 now," he notes, adding that some materials, like concrete, are significantly cheaper in Canada due to greater availability of raw materials.

LABOR AND SHIPPING COSTS DRIVE DIFFERENCES

Beyond currency effects, regional material pricing differences stem from a combination of local labor costs, transportation expenses and supply chain logistics. Gray's Nick Walter explains that labor is a major driver of cost variations, stating, "The labor around the materials — getting the materials, getting them to site and installing those materials — is one of the main factors that impacts cost variations." He also emphasizes that shipping costs play a role, particularly when labor and transportation are factored together.

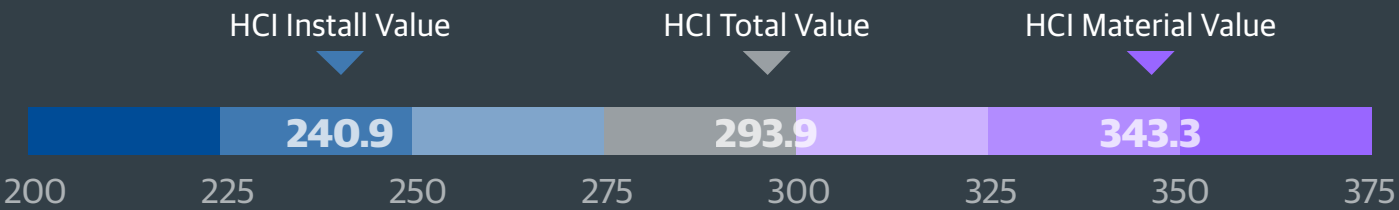
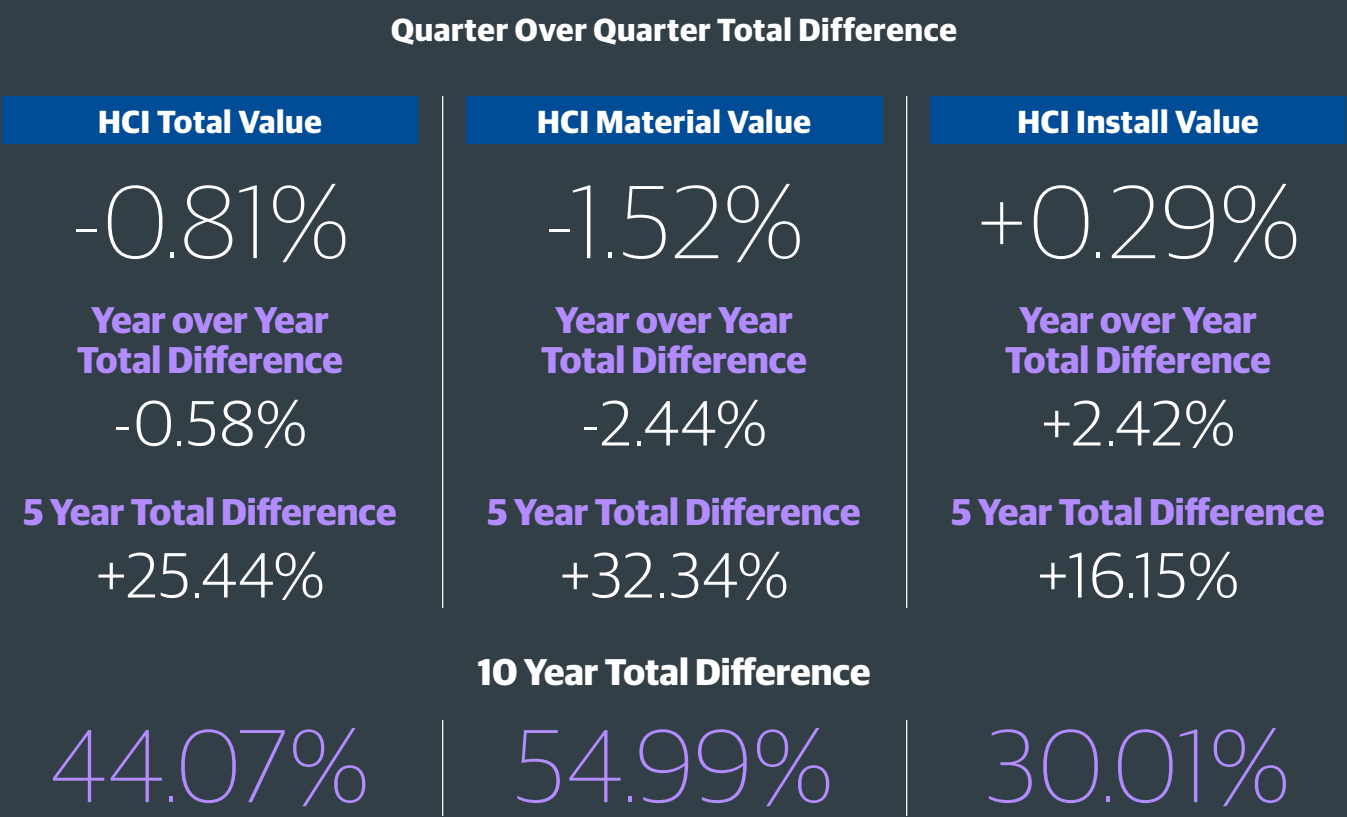
SOURCING AND MARKET DEMAND CREATE REGIONAL PRICE GAPS

Alston Construction's John Cody reinforces this point, noting that product sourcing and transportation costs are key determinants of regional price disparities. These factors, combined with local market demand, create significant cost differences across U.S. cities and internationally.

environmental factors are also affecting the construction industry. Adam Raimond of Gordian cites reports estimating that the Los Angeles wildfires have caused over \$100 billion in damages and losses. He warns that while recovery could take years, construction costs could see immediate increases, particularly for materials used in rebuilding efforts, as well as in surrounding regions.^[6]

Chamblee Shirley agrees, emphasizing that extreme weather events create instability in material pricing and supply chains. She highlights the unpredictability of these disruptions, stating,

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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.

- 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 indexes 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.

City Cost Index Overview

The City Cost Index is a quarterly data product designed to answer the question, "How much higher/lower are costs in my city relative to the national average?" The CCI can be used to better reflect localized pricing in construction estimates. Each quarter, Gordian's RSMeans™ Data research team collects prices from cities across the United States and

Canada, which are then compared to the national average and the current year's annual release data to create the CCI. The City Cost Index shows a factor for Material, Installation and Total with rows representing multiple CCI divisions. Additionally, the CCI shows a Material Total, Installation Total and a Total Weighted Average.

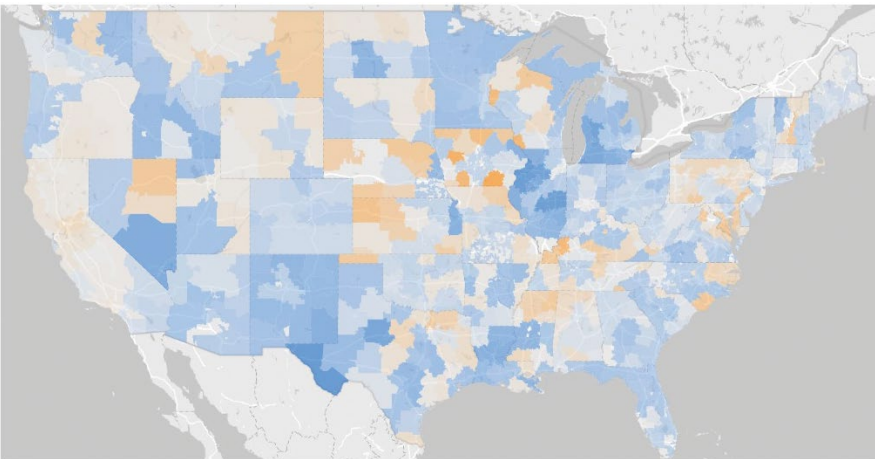
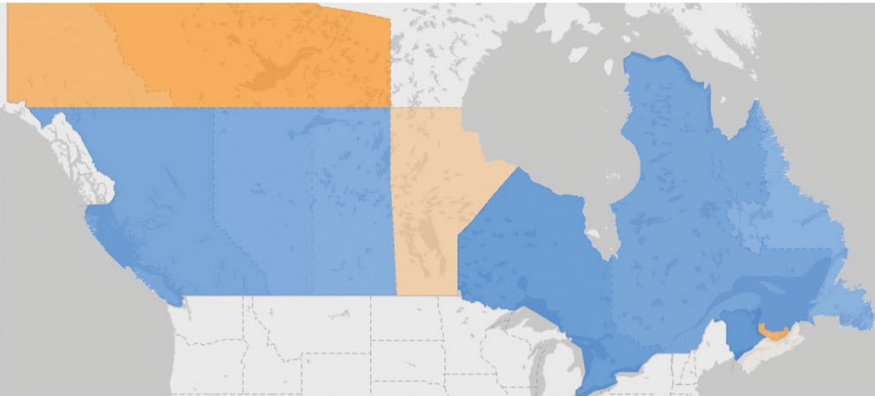
State/Province-Level Cost Trends

Quarterly Cost Changes

Q4 2024 to Q1 2025

U.S. material costs presented mixed results between Q4 of 2024 and Q1 of 2025, largely across regional lines. Texas, Arizona, New Mexico and other Southwestern locales enjoyed the greatest cost decreases, while North Dakota, Montana and other areas bordering Canada saw consistent increases. Nevada may present the most interesting case, as the Northeastern regions of "The Silver State" saw great upticks while the Southeast of the state enjoyed cost decreases.

Canada told an interesting story in its own right. While the range of costs was less volatile compared with the U.S., the pattern of fluctuations was curious, with big drops to the extreme East and West, with a small slice of increase in the middle. Costs consistently grew in the Northwest, further from the U.S. border.



| CITY | STATE | CURRENT QUARTER TOTAL INDEX | QUARTER OVER QUARTER TOTAL DIFFERENCE | YOY TOTAL DIFFERENCE | CURRENT QUARTER MATERIAL INDEX | QUARTER OVER QUARTER MATERIAL DIFFERENCE | YOY MATERIAL DIFFERENCE | CURRENT QUARTER INSTALL INDEX | QUARTER OVER QUARTER INSTALL DIFFERENCE | YOY INSTALL DIFFERENCE |
|---------------|-------|-----------------------------|---------------------------------------|----------------------|--------------------------------|--|-------------------------|-------------------------------|---|------------------------|
| ATLANTA | GA | 0.907 | -0.57% | -0.48% | 1.008 | -0.92% | -1.90% | 0.75 | 0.18% | 2.65% |
| BALTIMORE | MD | 0.956 | -0.70% | 0.89% | 1.031 | -1.04% | 0.03% | 0.839 | -0.03% | 2.57% |
| BOSTON | MA | 1.124 | -0.91% | -0.02% | 1.001 | -1.71% | -1.26% | 1.316 | 0.05% | 1.51% |
| BUFFALO | NY | 1.044 | -1.03% | 1.02% | 1.03 | -1.16% | 0.48% | 1.065 | -0.83% | 1.85% |
| CALGARY | AB | 1.163 | -1.34% | 0.12% | 1.372 | -1.76% | -0.40% | 0.835 | -0.26% | 1.47% |
| CHICAGO | IL | 1.171 | -0.05% | -1.37% | 0.972 | -1.49% | -5.66% | 1.482 | 1.46% | 3.45% |
| CINCINNATI | OH | 0.911 | -1.19% | -0.43% | 0.979 | -1.59% | -1.94% | 0.804 | -0.40% | 2.58% |
| CLEVELAND | OH | 0.943 | -1.03% | -1.06% | 0.958 | -1.28% | -3.53% | 0.921 | -0.61% | 3.22% |
| COLUMBUS | OH | 0.931 | -0.79% | -0.88% | 0.982 | -1.07% | -2.43% | 0.853 | -0.27% | 2.02% |
| DALLAS | TX | 0.852 | 0.04% | -0.75% | 0.973 | -0.53% | -1.98% | 0.663 | 1.36% | 2.20% |
| DENVER | CO | 0.91 | -0.87% | -0.61% | 0.999 | -1.46% | -2.49% | 0.769 | 0.33% | 3.43% |
| DETROIT | MI | 0.968 | -2.95% | -0.96% | 0.944 | -4.54% | -3.14% | 1.006 | -0.51% | 2.41% |
| EDMONTON | AB | 1.161 | -0.98% | -0.46% | 1.369 | -1.20% | -1.20% | 0.836 | -0.42% | 1.47% |
| HAMILTON | ON | 1.141 | -1.90% | 1.30% | 1.266 | -2.71% | -0.79% | 0.946 | -0.17% | 5.99% |
| HOUSTON | TX | 0.847 | -1.37% | -1.57% | 0.965 | -2.20% | -3.12% | 0.664 | 0.57% | 2.14% |
| INDIANAPOLIS | IN | 0.925 | -0.02% | -0.97% | 0.974 | 0.25% | -2.45% | 0.85 | -0.49% | 1.79% |
| KANSAS CITY | MO | 0.976 | -0.74% | -2.28% | 0.958 | -0.72% | -4.48% | 1.006 | -0.78% | 1.18% |
| LONDON | ON | 1.131 | -1.88% | 0.78% | 1.267 | -2.57% | -1.16% | 0.919 | -0.37% | 5.21% |
| LOS ANGELES | CA | 1.145 | 0.49% | 0.56% | 1.01 | -1.78% | -1.62% | 1.356 | 3.26% | 3.21% |
| MEMPHIS | TN | 0.882 | -0.80% | -1.00% | 0.994 | -1.05% | -2.34% | 0.707 | -0.23% | 2.09% |
| MILWAUKEE | WI | 1.011 | -1.16% | -1.17% | 0.957 | -1.45% | -4.04% | 1.094 | -0.75% | 3.03% |
| MINNEAPOLIS | MN | 1.062 | -1.21% | -1.53% | 0.97 | -1.73% | -4.23% | 1.204 | -0.54% | 2.10% |
| MONTREAL | QC | 1.115 | -1.73% | 0.64% | 1.268 | -2.46% | -0.25% | 0.875 | -0.02% | 2.71% |
| NASHVILLE | TN | 0.892 | -0.86% | -0.21% | 0.995 | -1.54% | -1.39% | 0.732 | 0.61% | 2.38% |
| NEW ORLEANS | LA | 0.865 | -1.72% | -0.77% | 0.971 | -2.11% | -1.48% | 0.699 | -0.85% | 0.81% |
| NEW YORK | NY | 1.257 | -0.88% | -0.74% | 0.993 | -1.78% | -2.93% | 1.67 | -0.02% | 1.39% |
| OTTAWA | ON | 1.139 | -1.84% | 1.05% | 1.265 | -2.73% | -1.18% | 0.942 | 0.08% | 6.06% |
| PHILADELPHIA | PA | 1.135 | -0.16% | -0.67% | 0.992 | -0.47% | -2.57% | 1.358 | 0.19% | 1.60% |
| PHOENIX | AZ | 0.893 | -1.33% | -1.92% | 0.985 | -1.97% | -4.31% | 0.749 | 0.01% | 3.39% |
| PITTSBURGH | PA | 1.033 | 0.41% | 1.22% | 1.036 | 0.78% | 0.74% | 1.029 | -0.17% | 1.98% |
| QUEBEC | PQ | 1.116 | -2.47% | 0.58% | 1.277 | -2.55% | 0.50% | 0.863 | -2.26% | 0.76% |
| SAN ANTONIO | TX | 0.84 | -1.79% | -0.78% | 0.96 | -2.13% | -1.91% | 0.651 | -1.00% | 1.92% |
| SAN DIEGO | CA | 1.106 | -0.44% | -0.18% | 0.994 | -2.57% | -2.56% | 1.28 | 2.28% | 2.87% |
| SAN FRANCISCO | CA | 1.28 | -0.52% | 0.69% | 1.03 | -4.43% | -2.74% | 1.671 | 3.56% | 4.23% |
| SEATTLE | WA | 1.076 | -0.76% | 0.53% | 1.009 | -2.45% | -1.69% | 1.18 | 1.59% | 3.64% |
| ST. LOUIS | MO | 0.976 | -1.29% | -1.77% | 0.952 | -0.41% | -3.69% | 1.013 | -2.55% | 1.19% |
| TORONTO | ON | 1.161 | -2.18% | 0.47% | 1.262 | -2.95% | -1.99% | 1.004 | -0.63% | 5.68% |
| VANCOUVER | BC | 1.133 | -1.91% | -0.44% | 1.311 | -2.53% | -0.93% | 0.854 | -0.40% | 0.77% |
| WASHINGTON | DC | 0.959 | -0.58% | -1.00% | 1.009 | -0.60% | -2.66% | 0.882 | -0.55% | 2.11% |
| WINNIPEG | MB | 1.086 | -0.77% | 0.19% | 1.373 | -0.87% | 0.09% | 0.637 | -0.45% | 0.53% |

Structural Steel

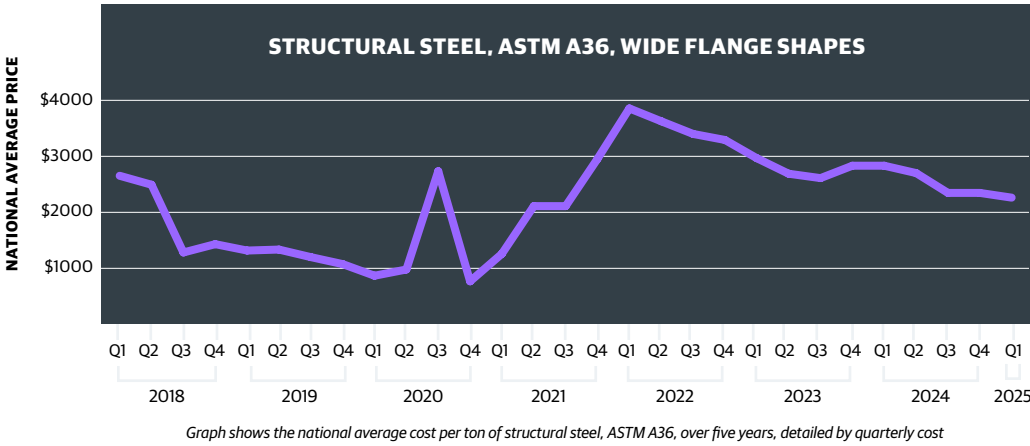
What the data says:

- Q1 2025: Prices continue to decline modestly, down 2.85% from Q4, with a 16% year-over-year drop. While weaker demand in some sectors contributes to this trend, more stable global supply chains have helped prevent major cost spikes. However, potential shifts in policy, energy prices and raw material costs could introduce volatility later in the year.

View from the field:

GRAY: "Structural steel costs Q4 2024 and into Q1 2025 have remained essentially flat. However, potential fluctuations could arise from shifts in global raw material costs, energy prices, or changes in demand driven by large-scale construction and industrial projects."

Material Description: Structural steel, ASTM A36, wide flange shapes, two-story office building, beams and columns, field bolting.
Measurement relative to this data: National average cost is per ton of structural steel, ASTM A36.



ALSTON CONSTRUCTION: "Steel pricing went down over the course of 2024 [but] the challenge with unknown material costs is that everyone remembers what happened during COVID when certain products such as steel and roofing went up quickly and retroactively. ... A major effect on pricing will be steel because it is so abundant in commercial construction."

Read more on what the data says about steel

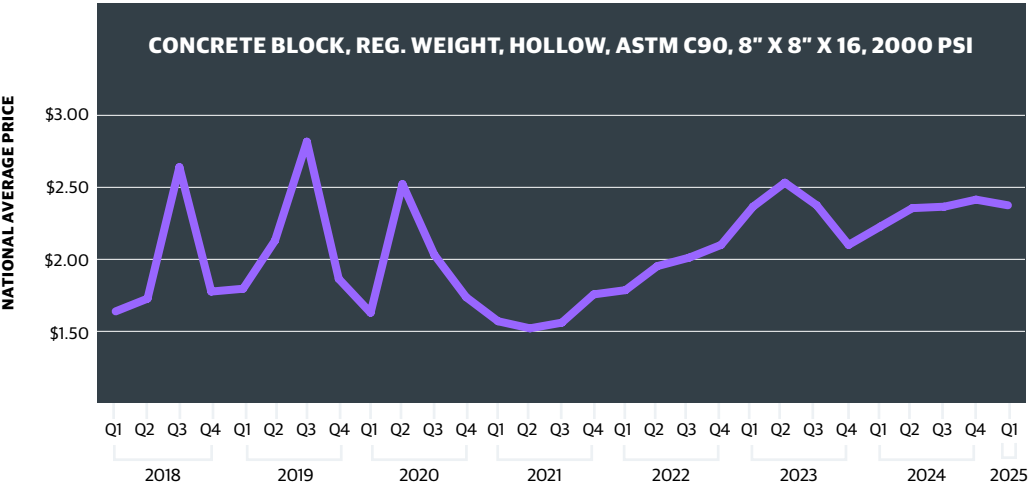
Concrete Block

What the data says:

- Q1 2025: Prices have moderated slightly, down 1.65% from Q4, but remain 6.70% higher year-over-year. This suggests sustained demand, particularly in infrastructure and residential construction. Regional availability of raw materials and transportation costs continue to influence pricing trends.

Read more on what the data says about concrete block

Material Description: Concrete block, reg. weight, hollow, ASTM C90, 8" x 8" x 16", 2000 psi (pounds per square inch).
Measurement relative to this data: National average cost is per square foot of the material costs. National average cost noted is per one block of concrete, ASTM C90.



View from the field:

GRAY: "Prices here have remained stable over the last six months, but this is an area where we see costs continue to trend upward year-over-year. We would expect that the prices here would continue that trend and move slightly higher in 2025."

Framing Lumber

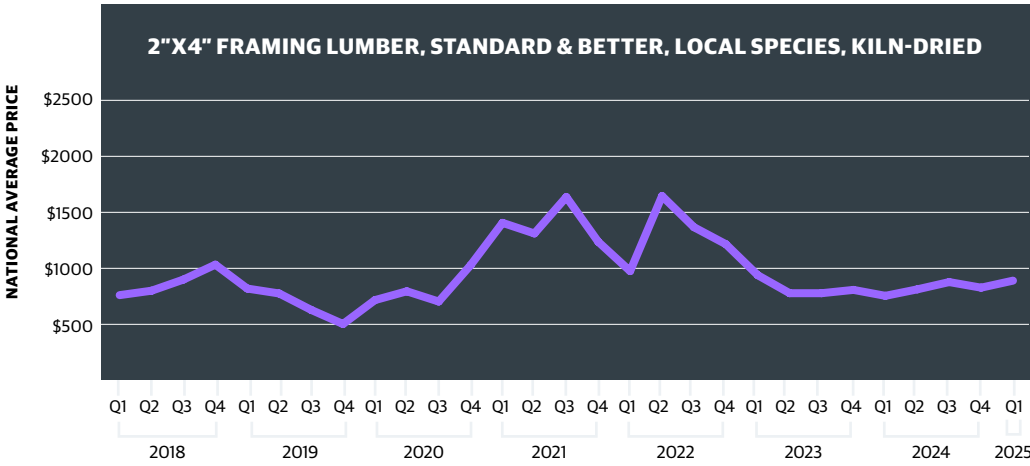
What the data says:

- Q1 2025: Prices are rising again, up 7.22% quarter-over-quarter and more than 17% year-over-year. This increase follows production cutbacks in Canadian and U.S. mills, tightening supply. Additionally, tariffs on Canadian lumber continue to exert upward pressure, though prices remain below the record highs of 2021-2022.

View from the field:

GORDIAN: "Prices for framing lumber have increased 17% in the last 12 months. A couple of reasons behind the increase are increased tariffs from the U.S. on Canadian lumber, along with supply constraints caused by multiple mill closures in Canada. In response, mills in Canada and the southern U.S. have

Material Description: 2" x 4" framing lumber, standard & better, local species, Kiln-dried
Measurement relative to this data: National average cost is per square foot of the material costs. National average cost noted is per MBF (thousand board feet) of 2" x 4" framing lumber.



announced plans to reduce production capacity, starting this January, which may continue to impact prices in the coming months."^[8]

GRAY: "Costs have been trending upward since mid-2024."

Read more on what the data says about lumber

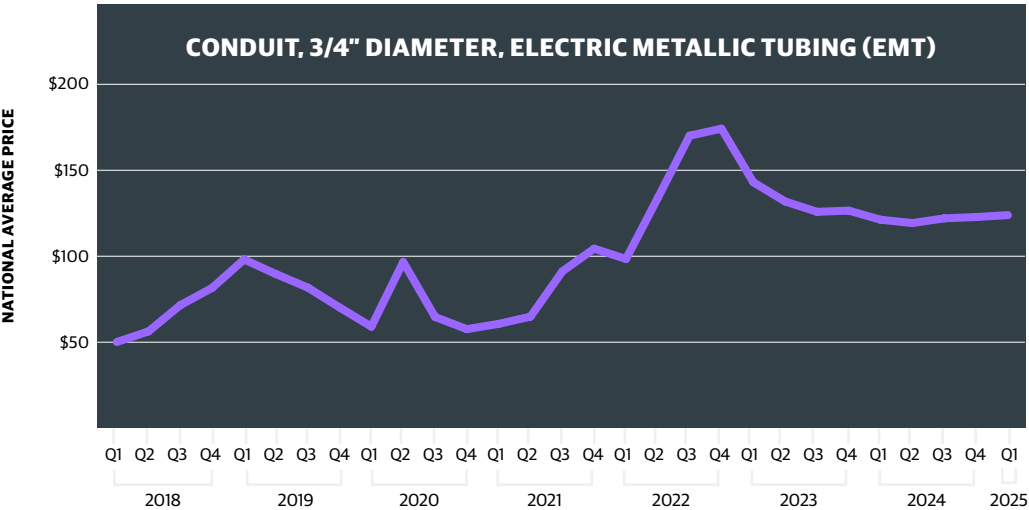
Conduit

What the data says:

- Q1 2025: Prices remain relatively stable, with a 0.89% quarter-over-quarter increase and a 2.14% year-over-year rise. Strong demand from infrastructure and renewable energy projects continues to support elevated pricing, though supply chain improvements have helped moderate cost increases.

Read more on what the data says about conduit

Material Description: Conduit, 3/4" diameter, electric metallic tubing (EMT).
Measurement relative to this data: National average cost is per square foot of the material costs. National average cost noted is per CLF (hundred linear feet) of EMT (electric metallic tube) conduit.



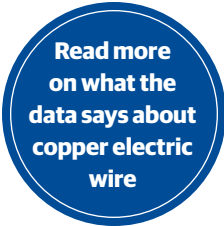
View from the field:

GRAY: "In early 2024, we saw a significant price spike around conduit. One reason was the high demand for infrastructure and utility projects, especially those around renewable energy. As we moved toward Q4 2024, prices began to stabilize and trend slightly lower. We expect more of a stable price point for conduit in 2025."

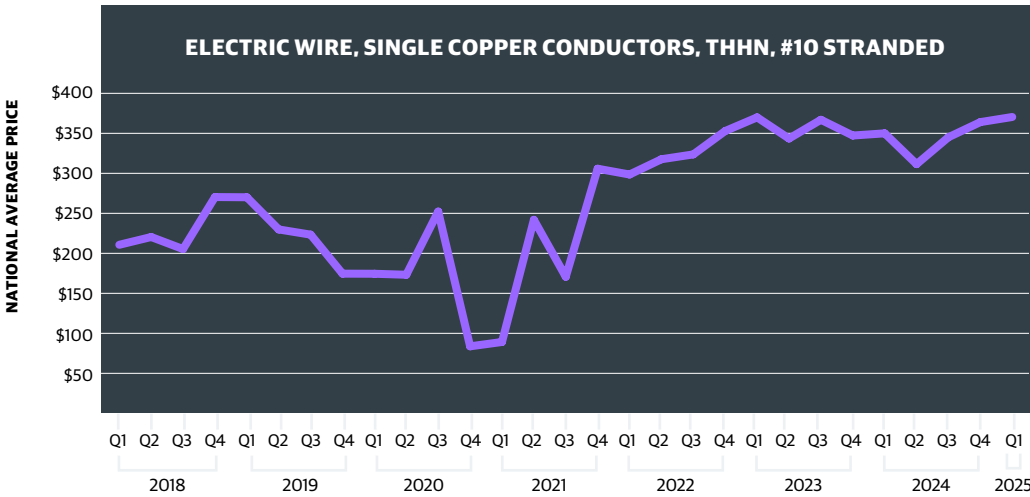
Copper Electric Wire

What the data says:

- Q1 2025: Prices remain relatively steady, increasing 1.73% from Q4 2024. Demand remains strong, but market conditions have stabilized compared to the price spikes of mid-2024. Copper pricing remains sensitive to global supply fluctuations and infrastructure investment trends.



Material Description: Electric wire, single copper conductors, THHN, #10 stranded.
Measurement relative to this data: National average cost is per square foot of the material costs. National average cost noted is per MLF (thousand linear feet) of copper wire.



View from the field:

GRAY: "This was another area that had a large price spike in 2024. For copper wire, the surge in pricing came around mid-2024 and stretched even through early Q4 2024. As we move into Q1 2025, prices are currently stabilizing and starting to trend downwards."

... continued from page 4

"Extreme weather or natural disasters always have the potential of bringing disruptions or interruptions to these delicate markets."

Sustainability and material costs

Sustainability remains a key priority for many construction firms, but rising demand for low-carbon concrete, recycled steel and other environmentally friendly materials is also driving up costs. These materials are increasingly sought after due to long-term climate goals and corporate sustainability commitments. However, these materials often come at a premium, making it necessary for firms to carefully balance cost considerations with environmental responsibility.

To manage these challenges, firms are adopting more strategic procurement practices and collaborating across the supply chain. Sara O'Mara, Director of LEED/Environmental Services at Choate Construction Company, highlights how this mindset is transforming product development, stating, "This innovative approach has led to creative solutions where materials that were once considered 'one and done' products are repurposed into material components or entirely new products."

power plants and infrastructure projects, though private-sector development remains cautious. Still, firms must continue monitoring borrowing costs amid ongoing economic uncertainty as the year progresses.

Looking Ahead: Forecast for 2025

As 2025 unfolds, material costs, labor market trends and regulatory changes will shape the construction landscape. Falling interest rates may encourage new development, particularly in infrastructure, energy and manufacturing. However, financing challenges remain in some sectors, limiting private development in areas where borrowing costs are still high.

Trade policy shifts will likely create short-term volatility, especially if tariffs on key materials such as steel and lumber are implemented. Firms that take a proactive approach to procurement and sourcing will be better positioned to manage price fluctuations. Sustainability will also play a growing role in construction decisions, with increasing demand for low-carbon materials, recyclability and Environmental Product Declarations (EPDs).

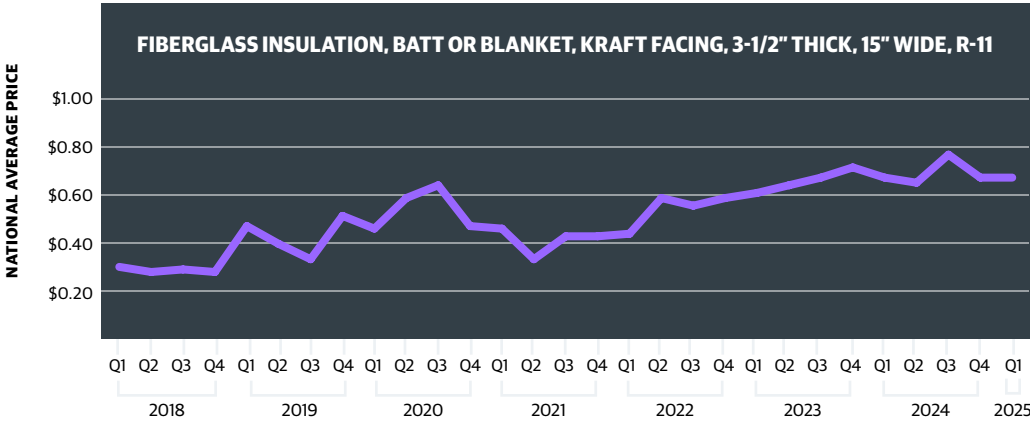
Fiberglass Insulation

What the data says:

- Q1 2025: Prices remain unchanged from Q4 2024, showing no movement year-over-year, indicating a more balanced supply-and-demand environment following prior volatility. Stability is supported by improved manufacturing capacity and steady raw material availability.



Material Description: Fiberglass insulation, batt or blanket, Kraft facing, 3-1/2" thick, 15" wide, R-11.
Measurement relative to this data: National average cost is per square foot of the material costs. National average cost noted is per square foot of fiberglass insulation.



View from the field:

GORDIAN: "In 2024 the insulation market was volatile, with Q3 prices spiking nearly 17% and Q4 showing a decline of over 11%, aligning with a 5.56% year-over-year decrease. As we head into 2025, however, pricing is flat with no change from Q4."

Interest rates and construction financing

Fluctuations in interest rates continue to shape construction financing, material demand and overall project costs. The Federal Reserve's 0.5 percentage point rate cut in late 2024 lowered rates compared to earlier in the year, with additional cuts anticipated throughout 2025. Gray's Nick Walter notes that declining borrowing costs are expected to drive demand for construction, particularly in manufacturing, data centers,

Conclusion

Construction firms that monitor market conditions, adjust procurement strategies and embrace innovation will be best positioned for success. Those that proactively manage trade policy shifts, interest rate fluctuations and sustainability requirements will gain a competitive edge in an evolving construction landscape.

THE FOLLOWING SUPPLY CHAIN, PRECONSTRUCTION AND SUSTAINABILITY SUBJECT MATTER EXPERTS CONTRIBUTED THEIR VIEWS FOR THIS Q1 2025 ANALYSIS:

ALSTON CONSTRUCTION

- John Cody, Vice President/General Manager

CHOATE CONSTRUCTION COMPANY

- Sara O'Mara, Director of LEED/Environmental Services

GORDIAN

- Adam Raimond, Program Manager, Construction Indices

GRAY

- Nick Walter, Vice President, Pre-Construction Systems & Services
- Chamblee Shirley, Director, Strategic Sourcing & Procurement

Key Takeaways

1

STRUCTURAL STEEL PRICES KEEP FALLING: Prices are down 2.85% from Q4 and 16% year-over-year, driven by weaker demand and improved supply. Future volatility remains possible due to potential policy changes and energy price fluctuations.

2

FRAMING LUMBER PRICES CLIMB: Prices are up 7.22% from Q4 and 17% year-over-year, as mill closures and tariffs on Canadian imports tighten supply. Demand remains strong, and further increases could occur.

3

TARIFF UNCERTAINTY LOOMS: Ongoing trade policies could impact steel, lumber, and other imports, potentially increasing material costs and contributing to supply chain volatility.

4

HIGH INTEREST RATES SLOW PROJECTS: Borrowing remains expensive, limiting new development outside of strong sub-markets or self-funded projects. While federal rate cuts are expected, they haven't yet made a noticeable difference in easing financing challenges.

5

SUPPLY CHAINS STABILIZING IN SOME SECTORS: Prices for fiberglass insulation, conduit and copper wire have leveled off, while concrete block and conduit show slight increases. Market stabilization is improving material availability in some areas.

6

SUSTAINABILITY GAINS MOMENTUM: More firms prioritize low-carbon materials, recyclability and Environmental Product Declarations (EPDs) in procurement decisions, driven by both regulatory pressures and client demand.

ADDITIONAL RESOURCES

[Gordian Construction Data and Insights Hub](#)

^[1] [Construction Firms Predict Strong Demand for Certain Private-Sector & Most Types of Public-Sector Work in 2025, But Worry About Labor & Materials Prices. Associated General Contractors of America \(AGC\)](#)

^[2] [Economic Impact of Tariffs Under Sections 232 and 301 on U.S. Industries](#)

^[3] [Trump to unleash nearly 40% tariffs on China in early 2025, hitting growth: Reuters poll | Reuters](#)

^[4] [Biden's decision to block Nippon Steel takeover creates uncertainty for U.S. Steel workers | AP News](#)

^[5] [A new rival bid for US Steel is emerging as the US extends deadline on Nippon's bid blocked by Biden | AP News](#)

^[6] [The Los Angeles wildfires could be the costliest in US history | AP News](#)

^[7] [A Year In the Balance: The 2025 Construction Hiring and Business Outlook. Associated General Contractors of America \(AGC\)](#)

^[8] [Framing Lumber Prices | NAHB](#)



Gordian is the leading provider of Building Intelligence™ Solutions, delivering unrivaled insights, robust technology and comprehensive expertise that fuel customers' success during every phase of the building lifecycle. Gordian created Job Order Contracting (JOC) and the industry standard RSMeans™ Data. We empower organizations to optimize capital investments, improve project performance and minimize long-term operating expenses.