GORDIAN®

Quarterly Construction Cost Insights Report

Q2 2025

Construction Material Prices Hold Steady — Preparing for Potential Volatility

Contractors and suppliers weigh pricing stability against growing volatility signals, as tariffs, trade policy and project backlogs reshape market dynamics

Executive Summary

While inflationary pressures eased and prices stabilized across many construction materials earlier this year, contractors were hopeful that 2025 would offer a more predictable trajectory. However, new tariffs, combined with continued fluctuations in material availability, have led to renewed uncertainty.

This Q2 2025 Construction Materials Cost Report draws from Gordian's national cost data and expert commentary, as well as real-world insights from PCL Construction's national supply chain leadership. Together, these perspectives offer a timely snapshot of where prices stand now — and where they may be headed next.

General Market Trends

Gordian's Q2 data shows only modest movement in most core categories, indicating relative stability at the national level. However, contractors in the field are already preparing for pricing disruption in the months ahead. Regional cost variations and shifts in market behavior are contributing to what many see as an inflection point. [1]

"Stability at the national level doesn't always match the regional story. We're seeing upward pressure in areas with active infrastructure or manufacturing booms, especially in the South and Mountain regions," said Adam Raimond, senior product manager at Gordian.

According to Andrew Ahrendt, director of national manufacturing at PCL Construction, "Some clients are locking in pricing early, anticipating tariff-driven increases later in the year." Others are reevaluating design flexibility and stockpiling select materials, such as lumber, cabinetry and steel, in anticipation of pricing pressure.

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)*

Tariff Impacts and Broader Trends

While material prices remained mostly stable in Q2, the construction industry is preparing for potential ripple effects from newly announced tariffs. On April 2, the U.S. reinstated a baseline 10% tariff on all imports, with higher rates. [2]

Although the full impact may not be visible until Q3 or later, preconstruction teams are already modeling cost scenarios and adjusting procurement timelines. Andrew Ahrendt of PCL Construction noted that structural steel costs have already risen by 10–25%, driven by the reinstatement of 25% tariffs on Canadian and Mexican imports.

Ahrendt also noted that copper, aluminum, drywall and roofing have seen price increases between 3% and 15%, largely due to tariff pressures and ongoing supply constraints. Gordian's Q2 data reflects these trends, with noticeable gains in copper electric wire, conduit and framing lumber. [3]

"Any pricing fluctuations related to the April tariff adjustments are likely to play out over the coming quarters," said Raimond. [4]

Unlike the more limited 2018 tariffs on steel and aluminum, which had a muted initial impact, this latest round applies to a much broader range of goods, which could reshape procurement strategies across industries. [5]

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.

Supply Chain Adjustments and Hoarding Behavior

Although volatility remains modest, concern has shifted procurement behavior. According to Ahrendt, "Companies are proactively adjusting procurement strategies and selectively stockpiling materials in preparation for anticipated tariff-driven price hikes."

Gordian's Sam Giffin, Principal Product Manager, observed that contractors are also rethinking just-in-time delivery models. Delays in electrical components, HVAC systems and specialty finishes are prompting teams to preorder long-lead items earlier in the design phases.

Rather than panic-buying, firms are leaning into strategic risk management. Scenario planning, buffer scheduling and flexible procurement are becoming more common. Some contractors are incorporating lead-time forecasting into procurement software and establishing stronger communication with suppliers. Others are developing tiered substitution strategies, focusing on identifying domestic alternatives when possible to avoid delays.

While some projects are paused, others, particularly in advanced manufacturing and data centers, are moving forward at an accelerated pace.

Workforce and Logistics Strains

Labor shortages continue to affect project timelines, even when materials are available. Ahrendt emphasized that persistent labor shortages, especially in skilled trades, can delay the transition from delivery to installation and impact project timelines. "We recommend coordinating labor and material delivery closely — just-in-time strategies may be risky right now," he noted. Some firms are adopting more agile scheduling approaches and self-perform strategies to maintain control over pacing.

Raimond and Giffin echoed these concerns, pointing to logistics issues that extend beyond workforce constraints. Ongoing port congestion, transportation bottlenecks and inconsistent access to specialty items continue to add uncertainty. In response, some contractors are padding schedules or building in pre-negotiated contingencies to reduce delivery-related risks.

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**

Market Watch: Sector Variability on the Rise

Not all construction segments are responding to current pressures in the same way. According to PCL, advanced manufacturing and data centers have seen increased activity in Q2, while other sectors are experiencing delays or deferrals.

This uneven pace is prompting firms to rebalance internal priorities and staffing allocations. The ability to forecast regional and sector-specific swings is becoming increasingly important in maintaining performance and profitability across a national portfolio. Firms are not just tracking prices anymore — they're analyzing market movement at a more localized level, sometimes even down to the zip code.

Recent analysis from Gordian reinforces this view. The data shows that regional input cost changes are becoming more abrupt and more localized, particularly in states with strong energy, logistics or semiconductor activity. Contractors working across multiple jurisdictions are being encouraged to keep procurement plans adaptable to account for both growth opportunities and potential slowdowns.

Strategic Sourcing and Risk Planning

To maintain cost certainty and meet construction schedules amid evolving trade policies and supply chain pressure, firms are adopting more sophisticated sourcing strategies. At PCL Construction, teams are reinforcing procurement planning through a combination of global and domestic approaches to help mitigate tariff-related disruption and delivery delays.

According to Ahrendt, this includes strengthening alternate supplier pipelines, revising specs to allow flexible...

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TARIFF WATCH 2025: HOW CONTRACTORS ARE RESPONDING TO TRADE POLICY RISKS

In early April 2025, the U.S. announced significant changes to trade policy, including a new baseline 10% tariff on imported goods, with higher rates applied to select materials. Along with ongoing adjustments and suspensions, this has introduced uncertainty into the construction industry, prompting contractors to reassess procurement strategies and rethink cost forecasts for Q3 and beyond.

While not all materials are impacted equally, the indirect effects on logistics, supplier availability and cost escalation clauses are already being felt in some sectors. Firms with tight timelines or high exposure to imported components are taking a closer look at procurement schedules and spec flexibility.

KEY CONSIDERATIONS:

Steel and Aluminum: *PCL Construction reports 10–25% cost increases tied to reinstated import duties on structural metals. Tariff-related volatility is influencing supplier selection and delivery planning.*

Procurement Strategies: *Contractors are adjusting procurement approaches, including early purchasing and exploring alternative suppliers, to mitigate potential cost escalations.*

Lead Times and Logistics: *Supply chain disruptions and port congestion are prompting firms to build in additional lead time for material deliveries, particularly for imported goods. Preordering and scheduling buffers are becoming more common.*

Spec Revisions: *Some project teams are revisiting material specifications to allow for domestic substitutions or more readily available alternatives.*

Planning for Tariff Risk: *Some firms are incorporating tariff modeling into early-phase planning, especially on large or complex projects.*

As the construction industry navigates these changes, staying informed and maintaining flexibility in procurement and project planning remains essential to managing risk.

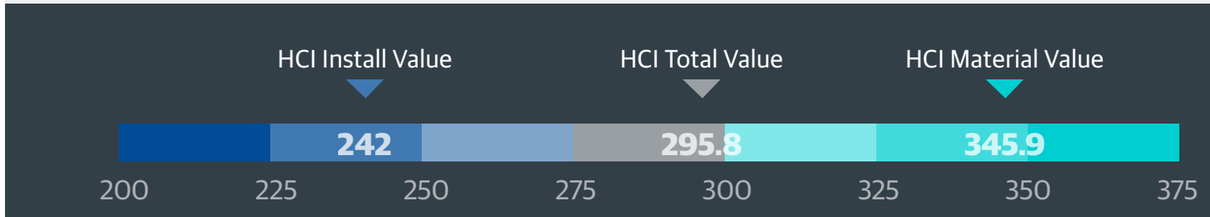
Some project owners are also requesting greater transparency around material sourcing and risk exposure during early planning stages. In response, preconstruction teams are incorporating tariff and logistics scenarios into budgeting tools and client presentations. Setting clearer expectations upfront can reduce surprises, strengthen buy-in for contingency allowances and align teams more effectively around procurement priorities as trade conditions continue to shift.

Quarter Over Quarter Total Difference

HCI Total Value	HCI Material Value	HCI Install Value
+0.65%	+0.76%	+0.46%
Year over Year Total Difference	**Year over Year Total Difference**	**Year over Year Total Difference**
+0.10%	-1.40%	+2.46%
5 Year Total Difference	**5 Year Total Difference**	**5 Year Total Difference**
+25.55%	+32.94%	+15.68%

10 Year Total Difference

44.57%	55.32%	30.60%



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 2025.*
- *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 RSMeans 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.

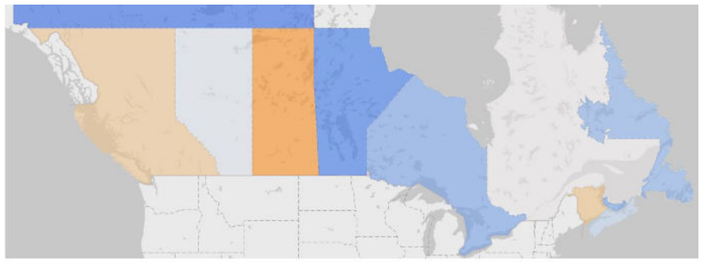
State/Province-Level Cost Trends

Quarterly Cost Changes

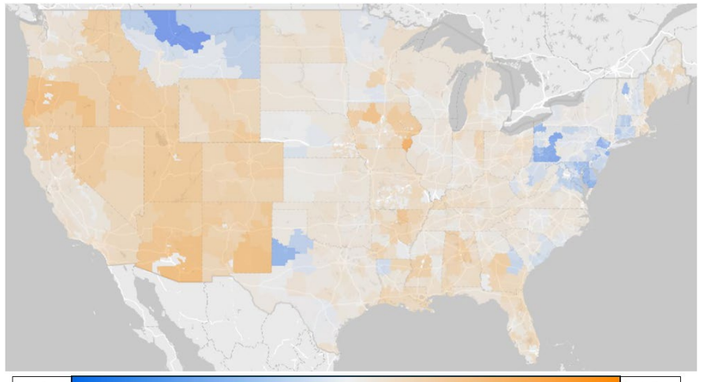
Q1 2025 to Q2 2025

Material costs rose modestly across the U.S., with the fiercest pressure coming in the Mountain region, where infrastructure projects and manufacturing growth is booming. A similar, albeit less intense scenario can be seen across the southeast and into Florida.

Canadian prices settled into a more predictable pattern after strange Q1 movements. Increases were most intense in the central region of the country, while areas to the east and north experienced a cooling period.



CANADA



USA

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	0.912	0.55%	0.03%	1.012	0.02%	-1.07%	0.757	1.65%	2.36%
BALTIMORE	MD	0.948	-0.73%	-0.06%	1.024	-1.02%	-1.10%	0.832	-0.15%	1.97%
BOSTON	MA	1.128	0.37%	0.62%	1.006	0.11%	-0.32%	1.317	0.67%	1.75%
BUFFALO	NY	1.042	-0.10%	1.09%	1.031	-0.23%	0.46%	1.059	0.09%	2.05%
CALGARY	AB	1.221	5.08%	4.31%	1.408	2.26%	1.40%	0.932	12.31%	11.79%
CHICAGO	IL	1.178	0.67%	-0.15%	0.985	1.00%	-3.42%	1.478	0.34%	3.46%
CINCINNATI	OH	0.916	0.65%	0.29%	0.993	1.02%	-0.66%	0.799	-0.07%	2.17%
CLEVELAND	OH	0.946	0.30%	-0.47%	0.965	0.37%	-2.35%	0.917	0.20%	2.74%
COLUMBUS	OH	0.941	1.03%	0.12%	0.997	1.17%	-1.37%	0.854	0.78%	2.92%
DALLAS	TX	0.856	0.48%	-0.70%	0.983	0.62%	-1.82%	0.66	0.17%	1.99%
DENVER	CO	0.93	2.30%	1.97%	1.036	3.33%	1.35%	0.766	0.20%	3.29%
DETROIT	MI	0.971	0.34%	-2.49%	0.952	0.43%	-4.58%	1.002	0.22%	0.74%
EDMONTON	AB	1.216	4.75%	3.95%	1.403	2.13%	1.20%	0.927	11.47%	11.01%
HAMILTON	ON	1.172	2.73%	1.89%	1.293	1.84%	-0.03%	0.983	4.59%	6.04%
HOUSTON	TX	0.849	0.20%	-1.86%	0.968	0.04%	-3.62%	0.664	0.56%	2.37%
INDIANAPOLIS	IN	0.928	0.35%	0.10%	0.984	0.70%	-0.51%	0.842	-0.27%	1.21%
KANSAS CITY	MO	0.985	0.90%	-0.86%	0.974	1.41%	-2.42%	1.001	0.14%	1.59%
LONDON	ON	1.169	3.39%	1.28%	1.298	2.13%	-1.04%	0.969	6.11%	6.43%
LOS ANGELES	CA	1.156	0.98%	0.31%	1.03	1.63%	-2.43%	1.351	0.23%	3.73%
MEMPHIS	TN	0.889	0.79%	-1.32%	1.004	0.70%	-2.74%	0.71	1.00%	1.93%
MILWAUKEE	WI	1.012	0.12%	-1.05%	0.959	-0.21%	-3.51%	1.094	0.58%	2.50%
MINNEAPOLIS	MN	1.081	1.85%	1.04%	0.99	1.65%	-1.38%	1.222	2.10%	4.23%
MONTREAL	QC	1.131	1.47%	0.62%	1.285	0.96%	-0.69%	0.892	2.60%	3.65%
NASHVILLE	TN	0.899	0.86%	-0.14%	1.006	0.84%	-1.69%	0.734	0.89%	3.31%
NEW ORLEANS	LA	0.88	1.76%	0.42%	0.988	1.36%	-0.23%	0.713	2.63%	1.83%
NEW YORK	NY	1.262	0.42%	0.59%	1.009	1.23%	0.13%	1.654	-0.33%	1.03%
OTTAWA	ON	1.183	3.92%	3.66%	1.307	2.99%	1.97%	0.991	5.87%	7.29%
PHILADELPHIA	PA	1.126	-0.72%	-1.14%	0.988	-0.75%	-2.89%	1.34	-0.68%	0.94%
PHOENIX	AZ	0.921	3.19%	0.48%	1.027	3.87%	-1.38%	0.758	1.78%	4.61%
PITTSBURGH	PA	1.025	-0.77%	0.51%	1.023	-1.59%	-0.63%	1.028	0.53%	2.33%
QUEBEC	PQ	1.142	2.41%	1.56%	1.301	1.48%	0.59%	0.897	4.57%	3.80%
SAN ANTONIO	TX	0.839	-0.07%	-2.23%	0.961	-0.31%	-3.70%	0.65	0.48%	1.29%
SAN DIEGO	CA	1.121	1.44%	2.57%	1.021	2.35%	2.34%	1.276	0.34%	2.85%
SAN FRANCISCO	CA	1.293	0.99%	2.91%	1.053	1.85%	1.82%	1.663	0.17%	4.01%
SEATTLE	WA	1.077	0.18%	1.15%	1.014	0.16%	-1.04%	1.175	0.21%	4.24%
ST. LOUIS	MO	0.988	1.23%	-0.85%	0.964	0.88%	-2.39%	1.024	1.75%	1.47%
TORONTO	ON	1.199	3.28%	1.83%	1.295	2.32%	-0.36%	1.049	5.16%	6.28%
VANCOUVER	BC	1.188	4.87%	3.83%	1.348	2.45%	0.93%	0.94	10.65%	10.90%
WASHINGTON	DC	0.958	-0.13%	0.11%	1.011	-0.14%	-0.66%	0.875	-0.10%	1.51%
WINNIPEG	MB	1.099	1.28%	0.95%	1.386	0.55%	0.19%	0.657	3.74%	3.52%

Structural Steel

What the data says:
Following a notable price dip in Q1 2025, the national average for structural steel rose modestly in Q2 — up 3.15% quarter over quarter to $2,604.90. However, year-over-year pricing remains down 10.49%, reflecting a broader cooling trend following the volatility of 2021–2022.

Read more on what the data says about steel

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.

Graph shows the national average cost per ton of structural steel, ASTM A36, over seven years, detailed by quarterly cost

View from the field:

GORDIAN: "It's seeming more and more likely that steel prices will increase in the second half of 2025, and possibly sooner."

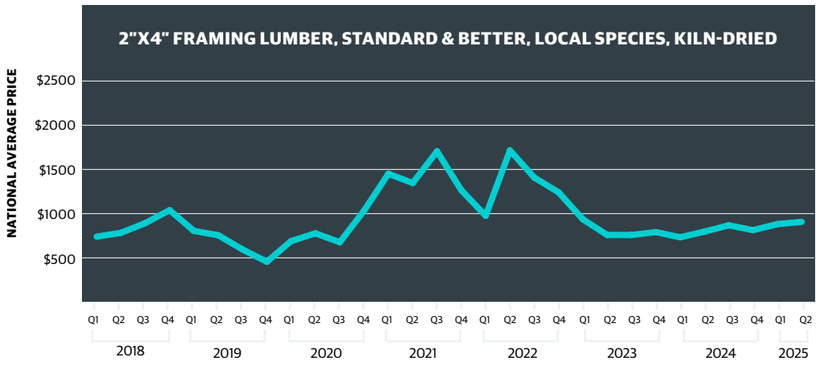
PCL CONSTRUCTION: "Steel prices have experienced increases, with structural steel costs rising due to the reinstatement of 25% tariffs on imports from Canada and Mexico. This has led to price hikes of 10–25% in 2025."

Framing Lumber

What the data says:
The national average price for framing lumber continued its upward trend in Q2 — rising 2.38% quarter over quarter to $879.60. The year-over-year change shows a notable 11.71% increase, marking a return to double-digit growth after a year of fluctuating declines.

Read more on what the data says about lumber

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.



View from the field:

GORDIAN: "Lumber is also likely to become more volatile. An increase in tariff rate has been put in place for Canadian wood, which is the United States' largest supplier of imported lumber."

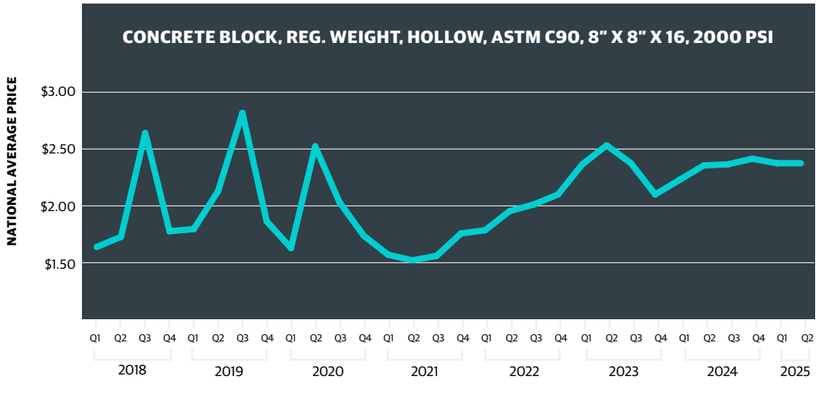
PCL CONSTRUCTION: "Lumber prices continue to be under upward pressure due to production cutbacks and tariffs."

Concrete Block

What the data says:
Following a minor decline in Q1, the national average for concrete block held flat in Q2 2025 at $2.39 per unit, showing no change quarter over quarter and a minimal 0.84% increase year over year. This marks a cooling trend following significant gains throughout 2023.

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:

GORDIAN: "We are seeing a surprising pricing uptick in both aggregates and precast concrete products. Some of these are up over 10% from the same time last year."

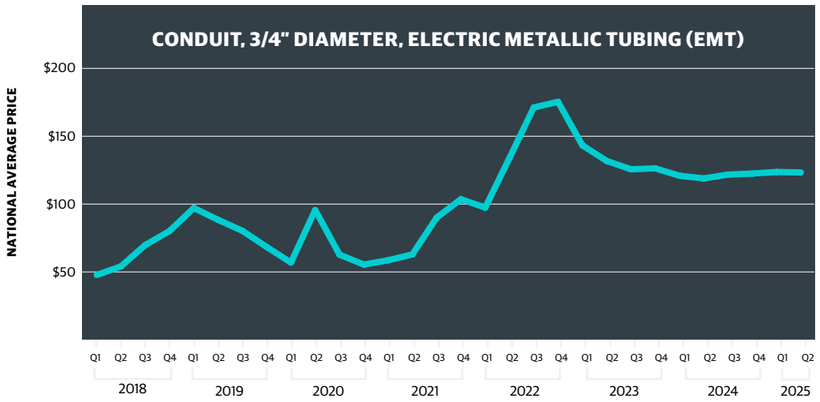
PCL CONSTRUCTION: "[Concrete is] sensitive to global commodity markets and may spike unexpectedly."

Conduit

What the data says:
Conduit prices, which saw modest gains in Q1, remained essentially flat in Q2 2025. The national average dipped by just 0.25% quarter over quarter, settling at $125.51 per unit. Year-over-year pricing remains slightly positive, up 3.47%, signaling relative stability following more dramatic shifts seen in 2022 and early 2023.

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.



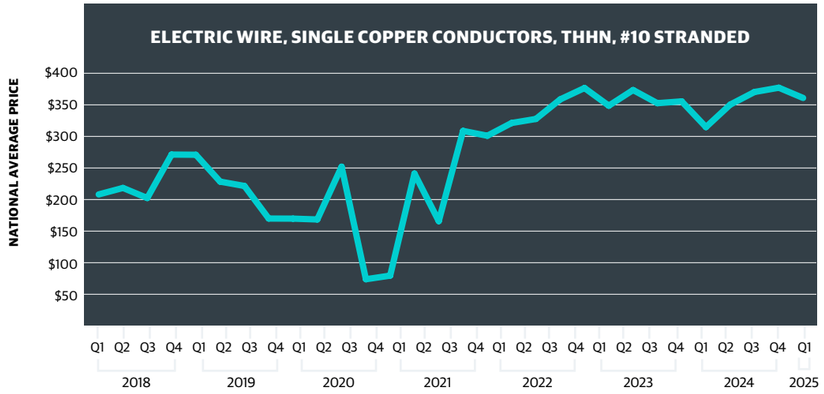
View from the field:

GORDIAN: "There's currently an unexpected surplus supply of aluminum (what conduit is made of), and as a result, that has kept conduit prices consistent for the last year. This trend should continue."

Copper Electric Wire

What the data says:
Copper electric wire prices dipped slightly in Q2 2025 to $351.38, a 4.08% drop from Q1, yet remain 13.75% higher year over year, reflecting steady demand and a strong market coming out of 2023.

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.



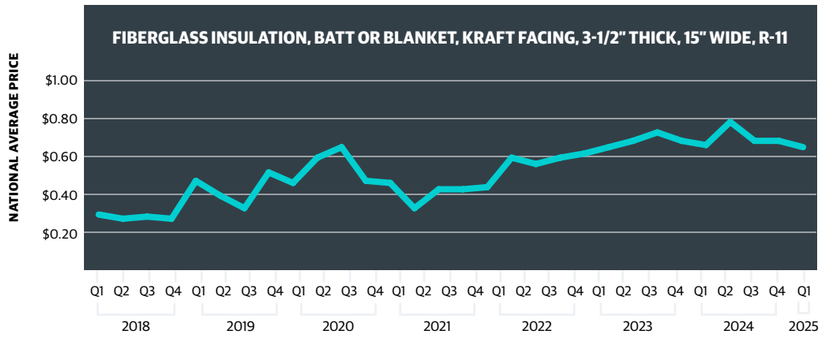
Read more on what the data says about copper electric wire

View from the field:
GORDIAN: "Copper has been expected to dramatically increase in price for a while, but instead, prices at suppliers decreased in the first three months of 2024. It would be shocking if that trend continued, however. Demand is expected to increase. Additionally, some supply disruptions are ongoing due to copper mining pauses."
PCL CONSTRUCTION: "Materials such as copper, [aluminum, drywall and roofing] have seen price increases ranging from 3% to 15%, influenced by tariffs and supply chain constraints."

Fiberglass Insulation

What the data says:
The national average price for fiberglass insulation dipped slightly in Q2, following a flat Q1 2025 to $0.65 per square foot, a 4.41% quarter-over-quarter decrease. Year-over-year pricing is also down 1.52%, signaling a return to stability after several quarters of volatility in 2022 and 2023.

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.



Read more on what the data says about fiberglass insulation

View from the field:
GORDIAN: "After freezing in Q1, insulation prices sag in the second quarter of 2025. Costs are down 4.41% since January and 1.52% year-over-year."

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... substitutions, and working with clients to prequalify multiple options for critical-path components like motors, electrical gear and control systems. PCL's Global Procurement Services team plays a key role in identifying viable alternatives and ensuring compliance with domestic sourcing requirements.

Contractors are increasingly turning to digital procurement tools and supply chain analytics to forecast lead times and identify alternative vendors more efficiently. At the same time, many are updating contract language with escalation clauses to allow for mid-project pricing flexibility. In sectors facing greater material demand, closer partnerships with regional manufacturers are helping stabilize supply and reduce delivery risk.

Regional Disparities and Emerging Categories

While national averages suggest general stability, regional variations in construction pricing and availability continue to influence sourcing decisions. Gordian notes that pricing pressure remains highly localized, with active infrastructure and manufacturing regions, particularly in the South and Mountain states, experiencing upward movement. This stands in contrast to slower growth or pullback in other areas, underscoring the importance of regional analysis even when national figures appear steady.

PCL's field observations align with this. Ahrendt noted that states like the Carolinas, Alaska, Oregon, and California have experienced growth, while markets such as Arkansas, Louisiana, and Oklahoma have seen a slowdown. Metropolitan areas, including New York and San Francisco, continue to face high costs, labor shortages, and complex permitting. In contrast, cities like Austin are advancing development through density allowances and permitting reform.

In high-cost metros, some firms are working with developers earlier in the design phase to reassess finish schedules or simplify scopes. In rural markets with limited labor resources, strategies like prefab or modular construction are helping teams stay on schedule.

While rural areas often offer lower land costs, they also face logistical hurdles — such as limited infrastructure, longer delivery timelines and fewer skilled laborers — that can slow progress.

Insights from both PCL and Gordian suggest that local-level cost tracking is increasingly important, as national pricing data may not always reflect on-the-ground realities.

Outlook: Signs Point to Second-Half Volatility

Contractors are anticipating increased volatility in the second half of 2025, particularly as the effects of newly reinstated tariffs begin to ripple through procurement and pricing structures. Materials like steel and aluminum remain particularly sensitive to shifts in trade policy.

"Steel and aluminum remain highly volatile commodities," said Ahrendt. "We are staying close to [trade policy changes] for the time being."

Adding to the uncertainty, the ongoing acquisition of U.S. Steel by Nippon remains under federal review, further complicating market dynamics. [6] At the same time, project teams are closely monitoring broader economic signals, such as the potential extension of the 2017 Tax Cuts and Jobs Act. This could have significant implications for capital investment decisions, particularly among manufacturers and commercial developers.

On the lumber front, recent increases in U.S. softwood lumber duties on Canadian imports have introduced additional pressure on pricing. As domestic supply struggles to meet demand, these tariff hikes are likely to amplify cost increases in the coming months. [7]

Beyond tariff-related concerns, analysts are keeping a close watch on global disruptions that may impact supply chains. Shipping slowdowns in the Red Sea and drought-related delays at the Panama Canal are among the geopolitical and climate-related flashpoints that could worsen logistics challenges and further affect pricing if conditions continue to deteriorate.

Labor remains another critical factor influencing both cost escalation and scheduling delays. Even when material prices stabilize, persistent labor shortages — especially in skilled trades — continue to extend project timelines. "A tight labor market continues to push up costs and slow project timelines," said Ahrendt.

Despite recent stability in material prices, the construction industry remains vulnerable to fluctuations in trade policies, workforce limitations, and ongoing supply chain disruptions. Ahrendt anticipates that demand will increase in sectors like U.S. manufacturing, driven by onshoring efforts, regulatory streamlining and industry consolidation.

According to Raimond, while Q2 data showed few national pricing spikes, sector-specific trends and regional variability may still trigger unexpected fluctuations in Q3 and Q4. In particular, sectors like advanced manufacturing, data centers and public infrastructure are expected to place further strain on supply chains and the labor market.

As volatility continues in the construction market, contractors are preparing for an uncertain second half of the year, anticipating increased challenges driven by trade policy changes, labor shortages and ongoing supply chain issues.

Conclusion

As contractors and suppliers look ahead to the second half of 2025, thoughtful coordination across design, procurement and construction will remain essential for managing costs and avoiding delays. While recent trends suggest a period of relative stability, uncertainty surrounding labor, logistics and trade policy continues to keep project teams on alert.

Staying on track will require proactive planning, flexibility in sourcing and strong communication among stakeholders. Regional and sector-specific trends will continue to play out, influencing material pricing and availability, while global disruptions may continue to test supply chains. To navigate these challenges, firms will need to stay agile and adapt quickly to changing conditions in order to remain competitive in the marketplace.

Key Takeaways

1. **Q2 MATERIAL PRICING REMAINED STABLE OVERALL,** with only modest national movement across most categories. However, regional variations and sector-specific pressures are already creating procurement challenges.

2. **TARIFF-DRIVEN UNCERTAINTY IS INFLUENCING BEHAVIOR.** While the impact of new trade policies is still unfolding, many contractors are proactively adjusting procurement strategies and stockpiling high-risk materials like steel and cabinetry.

3. **STEEL, ALUMINUM AND COPPER ARE TRENDING UPWARD,** with reported cost increases of 10–25% in some markets, driven largely by reinstated import tariffs and international sourcing disruptions.

4. **LABOR SHORTAGES CONTINUE TO DRIVE COST AND SCHEDULE RISK.** Even when materials are available, installation timelines remain tight, especially in high-demand markets and skilled trades.

5. **CONTRACTORS ARE PRIORITIZING FLEXIBILITY.** Project teams are revising material specifications, engaging suppliers earlier and expanding alternate sourcing pipelines to protect cost and schedule certainty.

6. **STRATEGIC PLANNING IS MOVING EARLIER IN THE PROCESS.** Design teams, procurement leaders and suppliers are collaborating sooner to mitigate risk, improve material certainty and lock in pricing, especially for long-lead or tariff-sensitive items.

THE FOLLOWING SUPPLY CHAIN, PRECONSTRUCTION AND SUSTAINABILITY SUBJECT MATTER EXPERTS CONTRIBUTED THEIR VIEWS FOR THIS Q2 2025 ANALYSIS:

GORDIAN
- Adam Raimond, Program Manager, Construction Indices
- Sam Giffin, Principal Product Manager

PCL CONSTRUCTION
- Andrew Ahrendt, Director, National Manufacturing

ADDITIONAL RESOURCES

Gordian Construction Data and Insights Hub

[1] Associated General Contractors of America (AGC), Input Costs Rise

[2] U.S. Bureau of Labor Statistics, Producer Price Index (PPI)

[3] U.S. Census Bureau, Construction Spending

[4] National Association of Manufacturers (NAM), Trade Policy Statement

[5] Reuters, Steel and Aluminum Tariff History

[6] Associated Press, U.S. Steel and Nippon Review

[7] CBC News, Softwood Lumber Duties Increase

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