

# LINBECK

## Subcontractor/Supply Chain Pulse



Q1 2025



*Linbeck's Quarterly Construction Market Forecast and Subcontractor/Supply Chain Pulse gather data from various local and national suppliers each quarter to keep clients informed about market news.*

### Concrete



At present, the price of concrete remains relatively stable; however, we anticipate a potential increase of approximately \$5 per cubic yard over the next six months. Additionally, the ongoing shortage of scrap iron is driving upward pressure on rebar prices. Labor costs are holding steady, with wages showing minimal fluctuation. However, there are growing concerns regarding the upcoming tariffs, which are expected to be implemented shortly and may impact overall material costs. These factors should be closely monitored as they could influence pricing trends in the near future.

### Waterproofing



The primary impact related to weatherproofing is on metal flashing, where price fluctuations have resulted in bid hold times ranging from 5 to 15 days. Spray foam prices are projected to increase by approximately 10% starting in Q2, with most other materials expected to rise by 5-6% within the same timeframe. Due to the high volume of active projects, a shortage of skilled labor is anticipated, although no additional significant impacts are expected at this time. Tariff concerns continue to be a potential risk to material costs.

### Masonry



Lead times for brick deliveries remain extended, averaging more than 20 weeks. Projects requiring specific match-existing or blended brick varieties are experiencing delivery delays of up to 52 weeks. Recent increases in metal costs have been marginal; however, based on projections and feedback from suppliers, we anticipate a potential price increase of 10-20% later this year.

There has been a significant uptick in construction activity, particularly in the Education sector. This surge in demand may contribute to potential shortages of key materials such as rebar and concrete. The increased consumption of these materials by contractors in other trades—beyond masonry—could make sourcing these items in a timely manner more challenging.

In addition, we expect a 3-5% increase in labor costs due to the growing difficulty in securing skilled labor, particularly masons, amidst the high volume of ongoing work in the region. While general unskilled labor is not currently a major concern, this situation may evolve as the year progresses. Additionally, competition for labor from other masonry contractors will likely increase, further contributing to potential rises in labor costs.

### Metals



Recent cost increases can be attributed primarily to tariffs imposed on imports from foreign countries. These tariffs have led to higher prices from U.S.-based manufacturers, as well as increased costs for imported goods. While these tariff-driven price adjustments have had an impact, lead times have not been affected to date, and we do not anticipate significant delays in the near future.

### Millwork



Domestic plastic laminate prices have risen, with / tariff impacts expected on imports. Panel/wood products will also see price increases due to tariffs. Steel brackets, aluminum reveals, and other hardware are experiencing price hikes and availability concerns. Lead times are increasing, and inflation remains a concern. PVC edge banding, largely sourced from Canada, is expected to rise significantly due to tariffs, impacting costs and availability, especially for plastic laminate casework.

Labor rates for skilled plant operations are rising slower than last year while field labor costs continue to climb. Turnover is higher than prepandemic levels, and filling professional positions is difficult due to limited applicants and high compensation demands. We are monitoring political developments, including potential opportunities in private/charter schools from state-level education voucher approvals.

# Subcontractor/Supply Chain Pulse



## Roofing/Enclosure System



Currently, there are no reported shortages. However, roofing suppliers and manufacturers have issued notifications regarding price increases for screws, plates, PVC materials, TPO materials, and insulation. These increases range from 10-30%, depending on the product. Steel and aluminum prices remain particularly volatile due to ongoing tariff concerns. We are closely monitoring fuel costs, insurance premiums, and general overhead expenses for potential impacts on project costs.

## Storefront/Curtainwall



Raw aluminum prices have increased significantly, approximately 20%, since Q4 2024. While prices for IGU raw materials remain unaffected, energy surcharges have risen, contributing an additional \$1/SF to IGU costs. Specifics of impending tariffs are still unclear, concerns are driving prices higher. Insulation remains in short supply, with suppliers unwilling to hold pricing for longer than 30 days. Inflation continues to exert upward pressure on labor costs, and we anticipate this trend will persist to retain qualified labor and maintain high standards of workmanship.

## Mechanical



Commodity metals and finished goods have seen price increases of 10-20% over the past year, driven by general inflation, wage increases, and global supply-demand dynamics. Lead times remain extended but are currently manageable. Specifically, commodity copper has risen by 20% in 2025.

Demand for skilled labor remains exceptionally high, driven by large-scale data centers and healthcare projects attracting significant numbers of piping tradesmen. Some projects offer incentive pay, further tightening the availability of skilled labor and contributing to wage inflation.

We are closely monitoring the copper and steel markets in anticipation of bulk orders. Specific restrictions relate to time horizons and storage capacity.

## Flooring, Tile, & Stone



Tariffs are likely to be applied to imported materials from Asia and Mexico. Domestic brokers have already accounted for these charges, resulting in a 10-15% cost increase. As a result, project designers are increasingly turning to domestically produced materials and verifying stock availability. Labor rates continue to rise 5-8% annually driven by market demand/cost-of-living adjustments. The demand for labor remains strong. There is concern regarding the potential impact of a strike by port employees on the Gulf Coast, which could disrupt deliveries and lead to a significant backlog in material shipments.

## Elevators



There are no significant supply chain disruptions currently. Lead times for most elevators have improved to 12 weeks. Labor availability remains stable, with the union providing workers as needed. Aside from the standard annual increase, wage rates have not changed. We anticipate a 4-6% increase in material costs and closely monitor tariff developments for any impact on pricing.

## Fire Protection



Pipe and fitting prices have been volatile, with increases ranging from 10-20%. Some vendors are locking in prices for 10 days. We are actively monitoring steel futures to anticipate potential price fluctuations for pipe materials. While futures are currently stable, the threat of tariffs could create upward pricing pressure. Securing experienced manpower remains challenging, with wages rising for new and less experienced workers as companies compete for available labor.

## Low Voltage



The supply chain has stabilized, with occasional shortages of chips or components being resolved within weeks. Labor conditions have also stabilized, with wages now 20% higher, and further escalation is anticipated. Employee retention has improved due to the wage increases, but concerns remain material costs, in light of the potential tariffs.

## Framing, Drywall, & Ceiling



Metal prices are expected to rise by 6% in the second quarter of 2025, with an additional 3% increase anticipated in the fourth quarter. Prices are projected to stabilize by mid-2026. Gypsum board pricing is forecasted to increase by 3% in Q2, another 3% in Q3, and an additional 2% in Q4. Mineral wool insulation continues to face long lead times, with no signs of easing at this time. Labor costs are projected to rise by 4%, driven by ongoing inflationary pressures. Tariffs on foreign goods and the high rate of inflation continue to contribute to rising material costs.

## Electrical



Lead times and costs for transformers, generators, medium-voltage gear, and wire remain extended. Large transformers, imported due to EPA regulations, face up to two years of lead time. Fixture prices continue to rise, primarily due to tariffs on imports from China.

The labor market faces challenges due to a shortage of qualified workers, driven by an aging workforce and a late surge in trade school recruitment. Many markets are offering up to \$10/hour over scale to attract labor, fueling a competitive environment.

Concerns regarding the rapid advancement of AI highlight the need for faster design processes and an increased reliance on prefabrication to keep pace with the current construction schedule.

## Plumbing



Lead times for piping and valves are currently increasing. In response, some companies are making bulk purchases to mitigate the impact of tariffs. Most other equipment deliveries have returned to normal. However, the shortage of available plumbers remains challenging, particularly with the volume of upcoming projects. We anticipate continued labor cost increases over the next few years due to ongoing demand for skilled trades. Additionally, we are closely monitoring the potential impact of imposed tariffs on material costs.