

2026

SECOND QUARTERLY

COST REPORT

Starts in the utilities and commercial sectors accounted for most of the new construction this quarter, as data centers continue to dominate the non-residential market. Economists expect materials prices to continue to rise due to tariffs and the effects of the conflict in Iran. The second quarterly cost report takes a look at these issues alongside the general economic outlook, equipment prices and construction manager compensation. In the quarterly confidence index, data shows that confidence among executives has remained steady since last quarter.

Economics p. 24 // **Confidence Index** p. 27 // **Equipment** p. 29 // **Labor** p. 30

LIGHTING UP
Utilities construction soared 79% year-over-year in April, according to Dodge data.



PHOTO BY JOSEPH GIUDINS



Data Center Surge Presses On Amid Ongoing Economic Issues, Community Pushback

Steel, lumber and energy prices continue to rise **By Alisa Zevin**

Price hikes from last year's tariffs, in addition to energy spikes caused by the ongoing conflict in Iran, remain cause for concern as the second quarter of the year comes to a close.

"The sense of optimism for 2026 has waned," says Sarah Martin, associate director of forecasting at Dodge Construction Network. "Military actions in the Persian Gulf have limited the potential for upside risk. Rising materials costs and renewed uncertainty around global supply chains are poised to weigh on construction activity in 2026, even as project demand remains resilient."

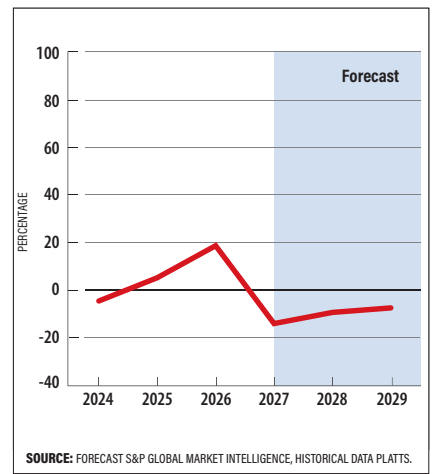
Michael Guckes, chief economist at ConstructConnect, shares a similar sentiment. "Tariffs have already put a sizable floor under construction inflation which has been steadily rising," he says. "With the latest jump in energy prices yet to be fully factored into construction prices, it is reasonable to suspect that materials

prices will move higher still in the second quarter and beyond if the war and tensions in the Middle East continue."

Total construction starts are up 5% through April, according to Dodge, spurred largely by utilities work and the ongoing construction of data centers. Residential starts are down 4% in the same time period, due to an 11% drop in the single-family sector. "Rising mortgage rates between January and April have continued to price out first-time homebuyers, exacerbating an already tight supply of affordable housing," says Martin.

The decline in affordable single-family options has led to a larger demand for multifamily housing, for which starts rose 8% through April. The largest multifamily buildings to start work in April were the \$850-million Gowanus Wharf 175 3rd Street Mixed Use Development in Brooklyn, N.Y.; the \$354-million Deerfield Episcopal Retirement Community III expan-

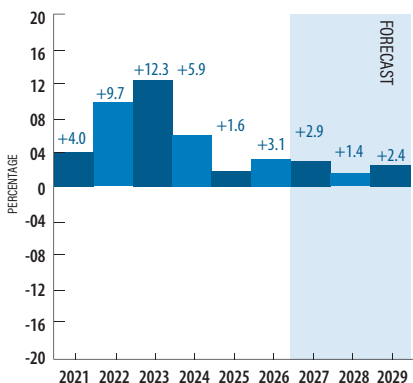
Structural Steel Forecast



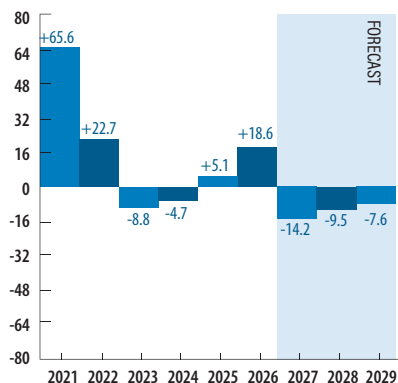
sion project in Asheville, N.C.; and the \$303-million Archer Towers Mixed Use Development-Garage (Phase 2) project in Queens, N.Y.

In the non-residential sector, starts

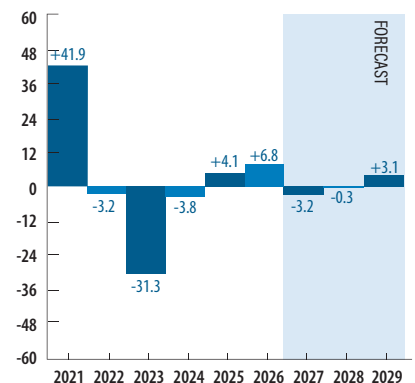
CEMENT



STRUCTURAL STEEL



SOFTWOOD LUMBER



rose 19% in the first four months of the year. Martin attributes this largely to commercial starts, as office buildings and data centers increased a whopping 61% year-to-date. “Data center construction continues to be a bright spot, with robust starts activity alongside outsized demand for AI and cloud infrastructure,” says Martin.

Steve Stouthamer, executive vice president of project planning at Skanska USA Building, notes that despite the “increased scrutiny” surrounding data center construction, “we have not seen those factors meaningfully alter the underlying demand driving these projects.” He adds that going forward, “technology-driven investment and infrastructure modernization [are expected] to remain key market drivers, particularly as demand for AI, data processing capacity and advanced manufacturing continues to grow.”

However, the sector has begun to see longer planning stages. “It’s taking a median of 17 months for projects to reach groundbreaking in the first four months of the year, compared to 15 months in all of 2025,” say Martin. “Growing constraints around specialized labor and power availability, along with rising resistance from local communities, appear to be contributing to the delay.”

Retail, hotel and parking garage starts also had strong showings through April, while warehouse starts fell 11%, according to Dodge. Within the institutional market, education and health care starts both declined at a rate of 5% and 22% respectively. “Reduced access to federal funding, tighter state and local budgets and ongoing material and labor pressures are all weighing heavily on publicly funded construction activity,” Martin says. The largest non-residential projects to start in April were the \$5-billion Provident/PowerHouse Prairie Ridge Data Center Phase 1 in Midlothian, Texas; the \$1.9-billion SK Hynix HBM Advanced Packaging & R&D Hub project in West Lafayette, Ind.; and the \$1.3-billion Stargate Data Center Campus project in Saline Township, Mich.

Non-building starts increased 12% year-to-date, due to a massive 79% increase in utility starts, according to Dodge

| BUILDERS' CONSTRUCTION COST INDEXES | | | | | | | |
|--|------------|-----------|-----------|-----------|------------|----------|------|
| NAME, AREA AND TYPE | APRIL 2025 | JULY 2025 | OCT. 2025 | JAN. 2026 | APRIL 2026 | % CHANGE | |
| | | | | | | QTR. | YEAR |
| GENERAL-PURPOSE COST INDEXES: | | | | | | | |
| ENR 20-CITY: CONSTRUCTION COST ¹ | 1284.56 | 1293.36 | 1310.23 | 1314.37 | 1318.03 | +0.3 | +2.6 |
| ENR 20-CITY: BUILDING COST ¹ | 1252.68 | 1269.67 | 1288.50 | 1297.34 | 1303.15 | +0.4 | +4.0 |
| BUREC: GENERAL BUILDINGS ² | 555.00 | 562.00 | 569.00 | 575.00 | 592.00 | +3.0 | +6.7 |
| SIERRA WEST: GENERAL BUILDING | NA | NA | NA | NA | NA | NA | NA |
| LELAND SAYLOR: MATERIAL/LABOR | 1345.44 | 1357.89 | 1364.09 | 1389.25 | NA | NA | NA |
| SELLING PRICES INDEXES—BUILDING: | | | | | | | |
| SIERRA WEST: SELLING PRICE | NA | NA | NA | NA | NA | NA | NA |
| TURNER: GENERAL BUILDING ¹ | 1480.66 | 1497.69 | 1514.76 | 1534.75 | NA | NA | NA |
| LELAND SAYLOR: SUBCONTRACT | 1415.90 | 1425.71 | 1430.07 | 1458.62 | NA | NA | NA |
| RIDER LEVETT BUCKNALL ⁵ | 276.51 | 279.82 | 282.64 | 285.47 | 288.58 | +1.1 | +4.4 |
| SPECIAL-PURPOSE BUILDING COST INDEXES: | | | | | | | |
| U.S. COMMERCE: ONE-FAMILY HOUSE ⁶ | 195.40 | 197.70 | 197.30 | NA | NA | NA | NA |
| U.S. COMMERCE: NEW WAREHOUSES ⁶ | 233.61 | 235.51 | 234.83 | 238.87 | 239.24 | +0.2 | +2.4 |
| U.S. COMMERCE: NEW SCHOOL BUILDINGS ⁶ | 228.87 | 230.83 | 230.73 | 236.98 | 237.29 | +0.1 | +3.7 |
| U.S. COMMERCE: NEW OFFICE BUILDINGS ⁶ | 209.90 | 211.91 | 211.94 | 219.43 | 218.96 | -0.2 | +4.3 |
| U.S. COMMERCE: NEW INDUSTRIAL BUILDINGS ⁶ | 192.27 | 194.54 | 194.91 | 200.73 | 200.56 | -0.1 | +4.3 |

¹BASE: 1967=100; ²BASE: 1977=100; ³BASE: 1980=100; ⁴FORMERLY SMITH GROUP, 1992=100; ⁵BASE: APRIL 2001=100; ⁶BASE: 1992=100;

| CONSTRUCTION MATERIALS PRICE MOVEMENT IN 2026 | | | | | | | | |
|---|----------------|-------|-------|-------|-------|-------|-------|-------|
| | | OCT. | NOV. | DEC. | JAN. | FEB. | MAR. | APR. |
| AGGREGATES | MONTHLY % CHG. | +0.1 | -0.1 | +0.2 | +3.6 | +0.2 | +0.2 | +0.3 |
| | ANNUAL % CHG. | +6.1 | +6.0 | +6.1 | +5.6 | +5.2 | +5.7 | +5.6 |
| ALUMINUM SHEET | MONTHLY % CHG. | — | — | — | — | — | — | — |
| | ANNUAL % CHG. | — | — | — | — | — | — | — |
| ASPHALT PAVING | MONTHLY % CHG. | +1.2 | +0.1 | +0.8 | +7.9 | -0.1 | -0.3 | -7.2 |
| | ANNUAL % CHG. | +2.8 | +3.3 | +3.8 | -2.9 | -3.5 | -3.8 | +0.2 |
| CEMENT | MONTHLY % CHG. | -0.7 | -0.5 | -0.1 | -0.1 | +0.2 | 0.0 | +0.6 |
| | ANNUAL % CHG. | +1.3 | +0.8 | +0.8 | -0.4 | -0.1 | -0.6 | -0.1 |
| CONCRETE PIPE | MONTHLY % CHG. | +0.8 | -0.2 | -0.5 | +0.6 | 0.0 | 0.0 | 0.0 |
| | ANNUAL % CHG. | +3.8 | +5.1 | +1.7 | 0.0 | -1.3 | +0.6 | +0.5 |
| COPPER PIPE | MONTHLY % CHG. | +4.3 | +1.7 | +3.9 | +4.9 | +1.7 | 0.0 | -0.4 |
| | ANNUAL % CHG. | +10.4 | +12.1 | +18.1 | +22.7 | +22.4 | +21.6 | +17.2 |
| DIESEL FUEL | MONTHLY % CHG. | -4.8 | +10.9 | -17.6 | -2.4 | +19.5 | +38.0 | +13.6 |
| | ANNUAL % CHG. | -6.1 | +6.3 | -7.3 | -12.7 | +1.8 | +51.4 | +73.8 |
| FABRICATED STEEL | MONTHLY % CHG. | +0.8 | +0.7 | +0.3 | +0.4 | +0.8 | +0.9 | +0.8 |
| | ANNUAL % CHG. | +7.6 | +8.3 | +8.6 | +8.8 | +8.8 | +7.3 | +7.5 |
| GYPSUM PRODUCTS | MONTHLY % CHG. | 0.0 | -0.4 | -0.2 | 0.0 | +0.1 | -0.3 | +0.1 |
| | ANNUAL % CHG. | +0.9 | 0.0 | -0.3 | -0.2 | -1.2 | -1.8 | -1.2 |
| LUMBER, SOFTWOOD | MONTHLY % CHG. | -0.7 | +0.1 | -0.5 | +3.9 | +4.0 | -0.8 | +5.5 |
| | ANNUAL % CHG. | -3.6 | -6.7 | -8.2 | -2.8 | -1.7 | -6.8 | +0.9 |
| PLYWOOD | MONTHLY % CHG. | -0.9 | +0.7 | +0.1 | +0.4 | +0.6 | +1.6 | +1.2 |
| | ANNUAL % CHG. | -0.9 | -0.2 | +0.5 | +1.9 | +0.6 | +0.3 | +2.5 |
| PVC PRODUCTS | MONTHLY % CHG. | -0.5 | 0.0 | +0.2 | +0.8 | -0.2 | +0.4 | +0.9 |
| | ANNUAL % CHG. | -1.1 | -0.7 | -0.6 | 0.0 | +0.9 | +1.3 | +1.8 |
| READY-MIX CONCRETE | MONTHLY % CHG. | -0.2 | -0.4 | +0.6 | +1.0 | 0.0 | +0.2 | +0.4 |
| | ANNUAL % CHG. | +0.1 | -0.9 | +0.1 | 0.0 | +0.1 | +0.6 | +1.7 |
| SHEET METAL | MONTHLY % CHG. | +0.1 | -0.4 | +0.4 | +0.4 | +0.5 | +1.2 | +1.0 |
| | ANNUAL % CHG. | +5.5 | +5.2 | +6.0 | +6.0 | +5.8 | +5.6 | +5.7 |
| EQUIPMENT | MONTHLY % CHG. | 0.0 | +0.7 | +1.0 | +0.8 | 0.0 | +0.4 | 0.0 |
| | ANNUAL % CHG. | +4.9 | +5.6 | +6.6 | +5.4 | +5.5 | +5.5 | +5.1 |

SOURCE: BUREAU OF LABOR STATISTICS. MONTHLY AND YEAR-TO-YEAR PERCENT CHANGES FOR PRODUCER PRICE INDEXES FOR LATEST EIGHT-MONTH PERIOD.

data. Other portions of the sector, however, have been slowing down as public funds allocated by the Biden administration are set to expire in September. Highway and bridge starts fell 14% through April, while environmental public works

starts declined 4%. Among April's biggest non-building projects were included the \$3.3-billion Cayuga Station Natural Gas Energy Replacement in Cayuga, Ind., and the \$1-billion Tradepoint Atlantic Container Terminal in Edgemere, Md.

In the materials market, tariffs will continue to raise prices throughout the rest of the year, according to the S&P Global Market Intelligence second quarter forecast. Softwood lumber prices are predicted to rise 6.8% by the end of 2026, with plywood prices up 4% in the same time period.

Steel prices are also expected to increase for the year. Structural shape

prices will rise 18.6%, according to S&P Global Market Intelligence, while fabricated structural metal products and fabricated structural sheet are predicted to increase 7.7% and 8.3%, respectively. Reinforcing bar prices will experience a double digit boost, at 11.4%, with sheet metal expected to be up 5.5% by the end of 2026.

ConstructConnect's Guckes shares

the same prediction for steel prices. He points to the conflict in Iran as the catalyst, stating that the "full impact on energy prices has yet to be fully factored into construction prices."

"The ongoing rise in energy prices will continue to work through the metal products supply chain," he adds. "The result being an almost certain rise in future metals prices." ■

Formula for Calculating ENR Indexes

The formula we use to create the two major cost indexes, the ENR Construction Cost Index and the ENR Building Cost Index, has four inputs: portland cement, structural steel, lumber and labor. Labor forms the

largest component of each index.

The labor data used to compute the index is union wage rate data. Union wage rates are typically set by annual contracts. Therefore, the labor rates in the indexes only fluctuate once per

year, which is a major factor in why the indexes behave the way they do.

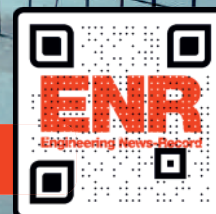
Once each year, in the first quarterly cost report, ENR publishes pie charts that show the proportions of each of the four inputs in the total index. ■

ENR Official Proposal
& Bid Notices 

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Construction Exec Confidence Unchanged Despite Iran Conflict

Demand for AI infrastructure pushes the industry through headwinds **By Jonathan Keller**

Construction industry executives report no change in industry confidence between Q1 and Q2, as ENR's Construction Industry Confidence Index stayed at a slightly optimistic 54 rating this quarter. ENR's Economic Index stayed static for a third straight quarter at a 48 rating.

The confidence index measures executive sentiment about where the current market will be in the next three to six months and over a 12- to 18-month period, on a 0-100 scale. A rating above 50 shows a growing market. The measure is based on responses by U.S. executives of leading general contractors, subcontractors and design firms on ENR's top lists to surveys sent between May 4 and June 8.

Firms report slightly less confidence in the current construction market than last quarter, but slightly more confidence in how the market will look 12-18 months from now. In Q1, 18.5% of firms saw an improving current market, but that number has dropped to 14.4%



in Q2. Conversely, in Q1 nearly 20% of firms foresaw a declining market in 12-18 months. That number has dropped to 11.1% this quarter.

GC/CMs report the highest confidence levels. Taken separately, they came in at a 59 rating in Q2, four points higher than in Q1. Design firms remain the most pessimistic group but still reported a nine-point upswing in confidence, jumping to a stable 50 rating. Confidence among subcontractors moved in the opposite direction however, falling eight points, down to a 50 rating. Larger firms report more confidence in both the construction market and the economy overall than smaller firms.

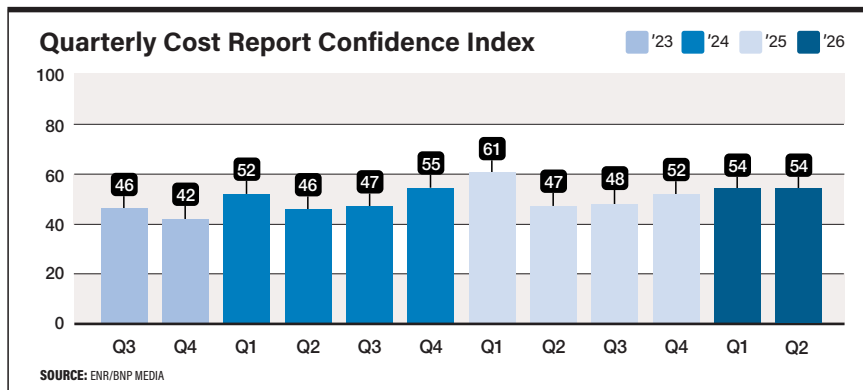
Firms self-reporting more than \$250 million in revenue registered a 55 rating for both the confidence and economic indices. Firms that reported revenue of less than \$50-million had 48 and 45 ratings, respectively.

Results of the ConfIndex survey from Princeton, N.J.-based Construction Financial Management Association

tell a slightly different story than that of ENR. Each quarter, the group polls CFOs from general and civil contractors and subcontractors on markets and business conditions. The resulting Confindex is based on four separate financial and market components, each rated on a scale of 1 to 200. A rating of 100 indicates a

| PROSPECTS IN INDIVIDUAL SECTORS BY FIRMS WORKING IN THOSE MARKETS | NUMBER OF FIRMS | CURRENTLY (%) | | | 3-6 MONTHS (%) | | | 12-18 MONTHS (%) | | |
|---|-----------------|--------------------|-----------------|--------------------|--------------------|-----------------|--------------------|--------------------|-----------------|--------------------|
| | | DECLINING ACTIVITY | STABLE ACTIVITY | IMPROVING ACTIVITY | DECLINING ACTIVITY | STABLE ACTIVITY | IMPROVING ACTIVITY | DECLINING ACTIVITY | STABLE ACTIVITY | IMPROVING ACTIVITY |
| COMMERCIAL OFFICES | 50 | 54 | 40 | 6 | 52 | 38 | 10 | 40 | 40 | 20 |
| DISTRIBUTION, WAREHOUSE | 31 | 16 | 48 | 35 | 13 | 39 | 48 | 10 | 42 | 48 |
| EDUCATION K-12 | 40 | 13 | 77 | 10 | 12 | 68 | 20 | 10 | 69 | 21 |
| ENTERTAINMENT, THEME PARKS, CULTURAL | 27 | 15 | 67 | 19 | 11 | 63 | 26 | 4 | 56 | 41 |
| HOSPITALS, HEALTH CARE | 51 | 4 | 63 | 33 | 6 | 60 | 34 | 8 | 51 | 41 |
| HIGHER EDUCATION | 53 | 19 | 70 | 11 | 17 | 72 | 11 | 19 | 60 | 21 |
| HOTELS, HOSPITALITY | 37 | 27 | 65 | 8 | 22 | 70 | 8 | 16 | 68 | 16 |
| MULTI-UNIT RESIDENTIAL | 35 | 46 | 31 | 23 | 38 | 35 | 26 | 14 | 46 | 40 |
| RETAIL | 29 | 34 | 59 | 7 | 21 | 71 | 7 | 18 | 68 | 14 |
| INDUSTRIAL, MANUFACTURING | 34 | 12 | 47 | 41 | 12 | 41 | 47 | 6 | 38 | 56 |
| TRANSPORTATION | 33 | 12 | 61 | 27 | 12 | 58 | 30 | 9 | 55 | 36 |
| WATER, SEWER AND WASTE | 26 | 4 | 58 | 38 | 4 | 58 | 38 | 0 | 58 | 42 |
| POWER | 19 | 0 | 37 | 63 | 5 | 21 | 74 | 0 | 26 | 74 |
| PETROLEUM, PETROCHEMICAL | 6 | 20 | 60 | 20 | 0 | 50 | 50 | 20 | 20 | 60 |
| ENVIRONMENTAL, HAZARDOUS WASTE | 7 | 29 | 29 | 43 | 17 | 33 | 50 | 14 | 29 | 57 |

SOURCE: ENR/BNP MEDIA. FIGURES MAY NOT ADD UP TO 100% DUE TO ROUNDING



stable market; higher ratings indicate market growth.

All indices that the association tracks fell between Q1 and Q2, with the exception of its “current confidence” index, which rose 1% to a 105 rating. The overall Confindex fell 2.7% to a 107 rating. The “business conditions” index fell 3.5% to 109 and the “financial conditions” index fell 1.9% to a 106 rating.

The biggest drop was in the “year ahead outlook” index, which dropped 6.8% to a 110 rating after three stable quarters, close to its June 2025 reading. “A year ago, what are these controllers staring at? They’re staring at the tariffs,” says Anirban Basu, CEO of Sage Policy Group and an association Advisor. “[CFOs] were deeply pessimistic a year ago, and they’re roughly as pessimistic now.”

With the war in Iran passing the 100-day mark without a clear end in sight, Basu sees recognition from finance professionals working in construction that inflation effects could be longer lived. “[In Q1] our financial professionals could look forward to two or three rate cuts this year. Now they’re hearing there’s going to be a rate increase in December, and then another one the next meeting after that, and another one the next meeting after that,” he says. “You’ve gone from three rate cuts to three rate increases in the bond market, 1.5% higher than expectation. To me, that’s a difference maker.”

The consumer price index rose to 4.2% in May, its highest level since April 2023, said the U.S. Bureau of Labor Statistics.

More than 75% of respondents to ENR’s survey report that they are experiencing upward price pressure, up from 63% last quarter. “Almost 80% of [association] respondents say materials prices are worse for them now than they were a year ago, up from 52% at the start of the year,” adds Basu. No association respondents report an improvement in materials prices. “I don’t think I’ve ever seen a result like that before,” he opines, adding: “This inflation is really broad-based along the dimension of construction inputs.”

An Overheating Economy

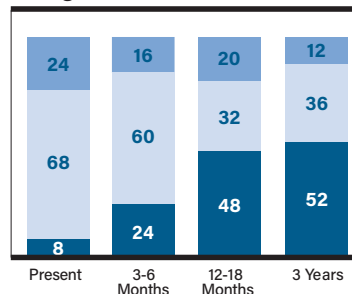
Basu does not see a recession anytime soon. “For a recession, either demand has to collapse or supply has to be interrupted,” he says. “COVID-19 was a supply shock. The 2008-2009 recession was demand.” The economist sees too many demand drivers in the economy, starting with artificial intelligence. “I speak to very large general contractors who tell me that ‘a few years ago our data center work was 5% of our book. Now it’s 35%.” Basu also sees the federal government pushing money into the economy.

If anything, he sees the economy being overheated, with added jobs and higher input costs and inflation, “but the demand is still strong through those rising prices,” Basu explains. He says that recent wages in construction have been sharp relative to the rest of the economy. “Construction inflation is worse than overall economic inflation by a long shot, and yet demand is pushing through it,” Basu contends. ■

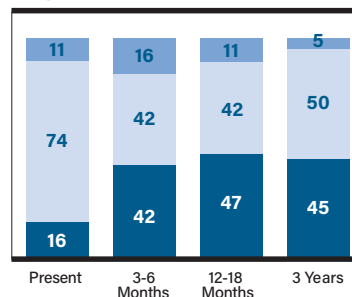
How Different Types of Firms View the Overall Market

Improving Stable Declining

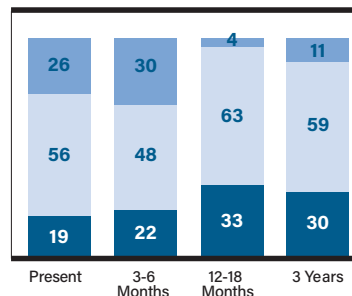
Designers



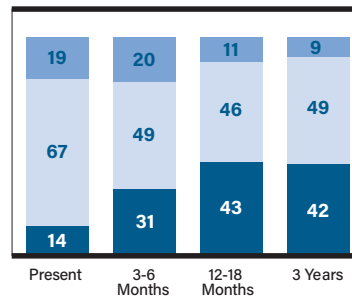
General Contractors, Construction Managers, Engineer-Constructors



Subcontractors



All Firms



SOURCE: ENR/BNP MEDIA



Steady Pricing Seen in Used Machines as Manufacturers Continue to Absorb Tariff Costs

Tariff refunds after court ruling and changes in policy may ease price pressures **By Jeff Rubenstone**

The broader forces at work in construction, from the data center building boom to volatility in oil and gas markets are not having a significant impact on used equipment pricing, based on the latest figures from industry analyst EquipmentWatch. Prices have slid slightly over the last few years, but normal seasonal pricing trends and other expected shifts are being seen, according to sales analyst Brendan Gallagher.

“Prices are following the trend from previous years in the first half: Newer equipment gets listed driving up prices, and then it flatlines by the middle of the year,” he says. The decline in year-over-year

values for used iron, down 5.52% in resale and 10.89% at auction, might reflect slightly softening demand in some sectors for the 2026 construction season, but it’s not that far out of the ordinary, explains Gallagher, who adds that these trends are reflected in both the construction and lift equipment categories that EquipmentWatch tracks in secondary channels.

Costs of ownership related to rising diesel prices tend not to be reflected in used channels, but Gallagher says it may lead to an uptick in rental pricing in coming months. “Fuel prices are typically cooked into the hourly rental rates, and

for construction projects it is included in bids as part of the total cost.”

Original equipment manufacturers have been navigating some rough waters recently with shifting tariff requirements and other uncertain policies, but demand is making up for unexpected costs in some cases. Deere & Co. reported strong num-

bers for its construction and forestry division last month in its second-quarter earnings call, with a notable year-over-year rise in net sales of 29%. “The fundamentals behind the construction industry remain favorable,” said Chris Seibert, Deere manager for investor communications on the May 21 call. “Healthy customer backlogs [are] supported by infrastructure and large project spending that is more than offsetting softness in residential construction.”

bers for its construction and forestry division last month in its second-quarter earnings call, with a notable year-over-year rise in net sales of 29%.

While the impact of tariffs has already been in OEM’s planning for 2026, the refund of tariffs following a February court decision invalidating some of the surcharges has been an unexpected tailwind for some manufacturers. Deere in particular is taking the refunds as a chance to make further adjustments in its supply chain, further onshoring operations to avoid future charges. The manufacturer still projects a \$1.2-billion charge in 2026 related to tariffs.

“To help manage the impact of tariffs, we continue to have teams across the organization working diligently to quantify exposures and identify mitigation opportunities,” said Brent Norwood, Deere senior vice president and CFO. “Overall, we believe we are executing well against these opportunities and

remain confident in our ability to manage through the current tariff environment effectively.” Norwood added that Deere manufactures 80% of its finished goods in the U.S., with 75% of components sourced domestically.

Tariff pressures on imported equipment eased slightly this month, as the White House announced tariffs on certain types of equipment imports would be lowered from 25% to 15%. Equipment covered includes certain kinds of forklifts as well as bulldozers, scrapers, graders and other earthmoving equipment. The new policy went into effect June 8. ■

| EQUIPMENT MARKET DATA FOR MAY 2026 | | | | | | |
|------------------------------------|---------|--------|--------|---------|---------|--------|
| POWERED BY: EquipmentWatch. | RESALE | | | AUCTION | | |
| | VS. | VS. | VS. | VS. | VS. | VS. |
| | 5/2024 | 5/2025 | 5/2026 | 5/2024 | 5/2025 | 5/2026 |
| CONSTRUCTION | | | | | | |
| VALUES | -7.99% | -5.52% | -1.41% | -21.18% | -10.89% | -1.87% |
| AGE | +6.56% | +6.80% | -0.18% | +2.66% | -0.39% | -5.73% |
| USAGE | -13.73% | -7.00% | -0.10% | +16.11% | +31.56% | +9.71% |
| LIFT | | | | | | |
| VALUES | -1.89% | -0.47% | -1.50% | -17.20% | -7.41% | -1.70% |
| AGE | +6.32% | +4.94% | -1.73% | -3.35% | +0.66% | +6.21% |
| USAGE | +6.89% | -1.17% | -5.25% | -37.05% | +16.79% | +21.48 |

NOTES: RESALE ACTIVITY BASED ON LISTINGS; AUCTION ACTIVITY BASED ON SALES RESULTS; DATA COURTESY EQUIPMENTWATCH



Compensation Increases on The Decline Following 2023 High

Hiring process slows as employers and employees show caution **By Bruce Buckley**

After years of historically high salary increases, compensation hikes for construction staff continue to drop toward a more normalized level. Last year, base salaries increased by 4.36% on average, according to data from compensation consultant Personnel Administration Services. The drop follows average increases of 4.6% in 2024 and 5% in 2023.

PAS data from its 2026 Construction/Construction Management Staff Salary Survey suggest that the recent decline in salary increases hasn't hit bottom yet. Survey respondents forecast that, on average, they expect to offer 3.9% increases this year. If that prediction holds, it would be the first time since 2020 that average compensation increases have been under 4%.

PAS President Jeff Robinson says that although respondents tend to underestimate future compensation, he thinks the 2026 forecast is likely accurate. "I think we'd be lucky to hit 4.1% or 4.2%," he says. "I think it's going to be really close to that 4%."

The northeastern states of Connecticut, Massachusetts, Maine, New Hampshire, Rhode Island and Vermont saw the biggest drop—to 4.2% in 2025 from 4.6% in 2024. This year, respon-

dents in that region expect annual increases to decline to 3.6%—a 0.6% percentage drop. The southeastern region—which includes Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina and Tennessee—is the only other area of the country that anticipates a 0.6% percentage drop this year, dipping to 4% from 4.6% last year.

Notably, the two regions that were already at 4% last year forecasted in the survey that they expect to remain at 4% this year, including the Pacific Northwest (Alaska, Idaho, Oregon and Washington) and the Plains states (Iowa, Kansas, Missouri and Nebraska).

Robinson notes that 4% increases are within the range of historic norms, so there is a chance that such increases could stabilize for the coming years.

The level of annual increase can vary depending on the market sector. In the buildings and industrial sectors, for example, Robinson says many staff categories, especially superintendents, outpaced averages.

Robinson notes that respondents often include those who do mission critical work in those sectors. Meanwhile, he said the survey showed some cooling in the heavy civil sector, noting that

| CONTRACTOR AND CM PAY | | |
|-------------------------------|---------------------|----------|
| POSITION | GENERAL CONTRACTORS | CM FIRMS |
| SUPERINTENDENT | 119,873 | 120,519 |
| ASSISTANT SUPERINTENDENT | 92,263 | 95,175 |
| PROJECT SUPERINTENDENT | 146,479 | 149,916 |
| PROJECT MANAGER/ESTIMATOR | 122,950 | 125,845 |
| CONSTRUCTION MANAGER | 186,954 | 182,646 |
| PROJECT MANAGER | 120,449 | 123,427 |
| FIELD ENGINEER | | |
| INEXPERIENCED | 74,919 | 76,778 |
| EXPERIENCED | 90,941 | 94,536 |
| CHIEF | 142,871 | 150,480 |
| SENIOR PROJECT ENGINEER | 109,936 | 114,069 |
| ESTIMATOR | | |
| INEXPERIENCED | 83,635 | 81,535 |
| EXPERIENCED | 105,179 | 104,089 |
| SENIOR | 136,851 | 139,834 |
| CHIEF | 182,085 | 190,261 |
| COST ENGINEER | | |
| INEXPERIENCED | 78,635 | 77,348 |
| EXPERIENCED | 94,859 | 92,608 |
| SENIOR | 122,459 | 115,318 |
| COST ENGINEERING MANAGER | 155,954 | 157,488 |
| SCHEDULING ENGINEER | | |
| INEXPERIENCED | 86,498 | 85,511 |
| EXPERIENCED | 111,257 | 110,069 |
| SENIOR | 139,475 | 142,612 |
| SCHEDULING MANAGER | 158,502 | 159,925 |
| CONTRACT ADMINISTRATOR | | |
| INEXPERIENCED | 62,519 | 65,513 |
| EXPERIENCED | 74,919 | 79,034 |
| SENIOR | 99,046 | 96,757 |
| QUALITY CONTROL | | |
| NETWORK ADMINISTRATOR | 101,585 | 99,610 |
| CONTRACTS MANAGER | 144,469 | 157,406 |
| ASSISTANT SAFETY DIRECTOR | 103,141 | 107,543 |
| SAFETY DIRECTOR | 137,518 | 143,621 |
| BUSINESS DEVELOPMENT | | |
| PROGRAMMER/ANALYST | 103,749 | 103,463 |
| PURCHASING AGENT | 97,260 | 102,016 |
| MATERIALS MANAGER | 97,178 | 108,219 |
| EQUIPMENT MANAGER | 121,560 | 123,092 |

SOURCE: PAS INC. 2026 CONSTRUCTION MGMT. SALARY SURVEY. FIGURES ARE BASE PAY AVERAGES BEFORE BONUS, ALL BID TYPES

the sector had previously been offering higher than average increases compared to other sectors.

The boom in data center work has been a big driver of compensation for new hires in recent years, says David Williams, market leader at recruiting firm Kimmel & Associates. “About half of my searches are in data centers,” he says.

At the staff level, he says professionals in operations, particularly project managers, are in high demand. “Before data centers [got big], a senior project manager was probably looking at \$150,000 [annually] and now it’s going up to \$175,000 for a senior project manager,” he says.

Williams adds that data center projects are often high-margin work, and construction staff are seeing healthier bonuses. “Where traditionally, you’d see a 25% bonus, it’s now 30%,” he adds.

Williams says he also sees a bit of a

backlash that is driving some candidates away from companies engaged in data center projects. “I’ve heard people say that some of the companies jumping into data centers are not that experienced and [employees] are saying, ‘This is a mess. I’m out.’”

One notable trend in compensation packages is significant increases in vehicle allowances. Of the 27 positions that PAS tracks, 25 have seen double-digit vehicle allowance increases since 2023. Nearly half of those positions saw average vehicle allowance increases of at least 20% between 2023 and 2026. At the high end, business development directors saw average vehicle allowances increase by 41% during that time period.

Bob Honour, president of recruiting firm Honour Consulting, says he has seen a notable increase in companies offering vehicle allowances, shifting away from offering company-owned or com-

pany-leased cars. As that trend has taken hold, employees and job candidates are getting savvier about what allowances they should expect. “[Employees] understand that maybe that allowance was never quite enough to begin with,” Honour says.

“When they agreed to, say, a \$400 allowance and they finally did plug [in] the numbers, they realized, ‘Wait, that wasn’t such a good deal. Maybe we need to up this a little bit.’”

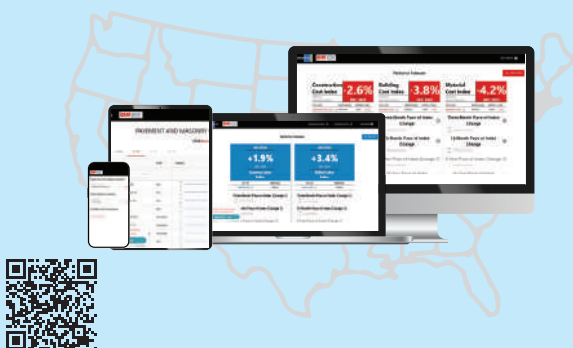
Honour says that, while certain sectors such as mission critical are aggressively hiring for specific projects, he has seen more caution from both employers and employees.

“There’s plenty of hiring going on, but it’s a bit of a slower process,” he says. “In part, it’s because people are less interested in making a move. We started to notice that last year. I think it all goes to uncertainty about the economy.” ■

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