2026 FIRST QUARTERLY COST REPORT

1Q

Starts in the non-building sector were responsible for most of the growth in the past year, while data center work continues to account for a large amount of non-residential work. Economists expect the industry's current challenges to continue. The first quarterly cost report takes a look at these issues alongside the general economic outlook, equipment prices and executive compensation. In the quarterly confidence index, data shows that confidence among executives is up slightly since last quarter, despite ongoing uncertainty.

POWER UP
Non-building work, such as electric power and utilities, leads growth for the industry.

PHOTO BY GETTY IMAGES/GERVILLE

1Q

Non-building Work Leads Industry Starts Through First Quarter

Residential and non-residential both declined overall despite ongoing data center work By Alisa Zevin

As the first quarter comes to a close, the construction industry continues to face challenges related to tariffs, labor shortages and other ongoing issues that will mitigate growth in the coming months.

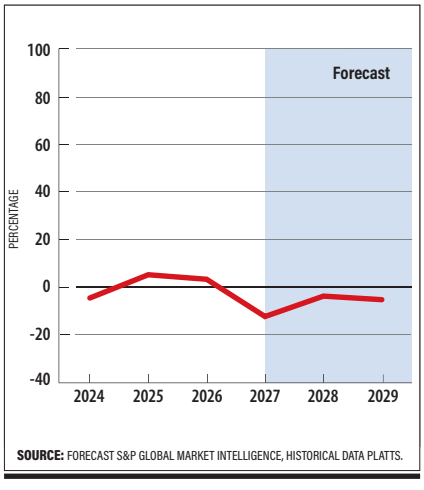
"Caution will continue to define the year ahead," says Sarah Martin, associate director of forecasting at Dodge Construction Network. "Inflation pressures and worsening labor shortages are expected to persist, contributing to subdued growth in 2026."

While total starts rose 5% year-over-year in January, industry growth was confined to the non-building sector. "Construction activity began the year on a soft note, with multiple sectors experiencing notable year-to-date declines," she says, noting that "activity is expected to stabilize over the course of 2026, albeit at relatively flat levels."

Steve Stouthamer, executive vice president of project planning at Skanska USA Building, shared that outlook. "The U.S. construction market is navigating a period of cautious transition, with modest overall growth expected amid high borrowing costs, materials inflation and persistent labor shortages," he says. "While high-growth sectors such as data centers, semiconductors and life science projects continue to drive activity, traditional residential and commercial markets remain softer, highlighting the uneven momentum shaping the year ahead."

Residential starts declined 17% since January 2025, according to Dodge data. The bulk of the decline is attributed to single-family starts that fell 22%. "Despite incremental improvement in mortgage rates and home prices, overall housing affordability remains historically low," Martin notes, pointing to recession fears and a "steadily weakening labor market" as catalysts for the decline.

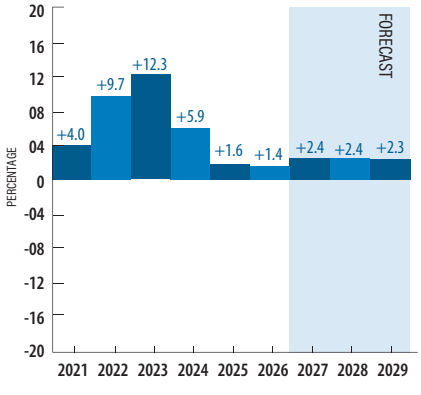
Structural Steel Forecast



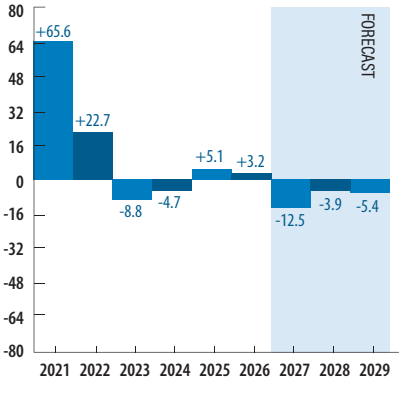
SOURCE: FORECAST S&P GLOBAL MARKET INTELLIGENCE, HISTORICAL DATA PLATTS.

Multifamily starts fell 9% year-over-year, but Dodge data predicts growth in the sector going forward. "As low- and middle-income buyers continue to be priced out of the single-family market,

CEMENT



STRUCTURAL STEEL



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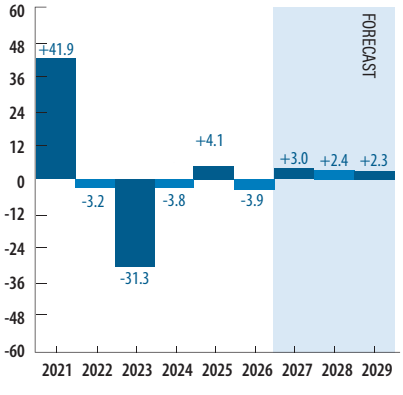


SOURCE: S&P GLOBAL MARKET INTELLIGENCE

demand on the rental side will be sustained—or buyers will opt for more affordable townhouses or condominiums," says Martin.

Major multifamily structures that began work in January were the $335-million 38 Gramercy Park East Condominiums in New York, the $265-million Lakeview Residence in West Palm Beach, Fla., and the $200-million Homestead Gateway Mixed Residential Tower in Jersey City, N.J.

In the non-residential sector, yearly starts are down 10%. Heathcare and education construction were among the weakest markets, declining 39% and 18%, respectively.

Commercial work, continuing to be bolstered by data centers, as well as by hotels and parking garages, has been strong—up 14% since January 2025. The $1.2-billion New York Presbyterian Cancer Center in New York, $1-billion Amkor Semiconductor Advanced Packaging (Phase 1) in Peoria, Ariz., and $750-million QTS CLT1 Data Center (Phase 1) in York, S.C., were the largest non-residential projects to break ground in January.

The non-building sector was by far the strongest, with starts up 46% year-over-year. Electric power and utilities starts soared, at a rate of 300%. Public works starts, however, were more "subdued," says Martin. Dodge reports that highway and bridge work declined 25% between January 2025 and January 2026, while environmental public works dropped 20%.

In this market, the biggest projects to start in January were the $12-billion Port Arthur LNG-Liquefaction Phase 2 (Trains 3 & 4) in Port Arthur, Texas, the $6-billion Homer City Energy Campus 4.4 GW in Homer City, Pa., and the $1.5-billion Tehuacana Creek 1 Solar and Battery Storage project in Navarro, Texas,

On the materials side, many construction inputs have been affected by ongoing tariffs. In the S&P Market Intelligence first quarter forecast, which was published prior to the current conflict in Iran, rebar prices are set to rise 7.2% this year.

Fabricated structural sheet and fabricated structural metal products are also predicted to increase, at a rate of 6.9% and 5.1%, respectively.

Stouthamer expects that prices will continue to rise amid current events worldwide. "Global uncertainty is beginning to influence construction inputs," he explains. "Planning for contingencies—whether they are related to tariffs, supply chain disruptions, labor challenges or cost escalation—is increasingly critical to keeping projects on schedule and within budget." ■

BUILDERS' CONSTRUCTION COST INDEXES

NAME, AREA AND TYPE	JAN. 2025	APRIL 2025	JULY 2025	OCT. 2025	JAN. 2026	% CHANGE QTR.	% CHANGE YEAR
GENERAL-PURPOSE COST INDEXES:							
ENR 20-CITY: CONSTRUCTION COST[1]	1278.35	1284.56	1293.36	1310.23	1314.37	+0.3	+2.8
ENR 20-CITY: BUILDING COST[1]	1244.45	1252.68	1269.67	1288.50	1297.34	+0.7	+4.3
BUREC: GENERAL BUILDINGS[2]	544.00	555.00	562.00	567.00	NA	NA	NA
SIERRA WEST: GENERAL BUILDING	NA	NA	NA	NA	NA	NA	NA
LELAND SAYLOR: MATERIAL/LABOR	1344.91	1345.44	1357.89	1364.09	1389.25	+1.8	+3.3
SELLING PRICES INDEXES—BUILDING:							
SIERRA WEST: SELLING PRICE	NA	NA	NA	NA	NA	NA	NA
TURNER: GENERAL BUILDING[1]	1463.54	1480.66	1497.69	1514.76	NA	NA	NA
LELAND SAYLOR: SUBCONTRACT	1414.48	1415.90	1425.71	1430.07	1458.62	+2.0	+3.1
RIDER LEVETT BUCKNALL[5]	273.41	276.51	279.82	282.64	285.47	+1.0	+4.4
SPECIAL-PURPOSE BUILDING COST INDEXES:							
U.S. COMMERCE: ONE-FAMILY HOUSE[6]	191.6	195.40	197.70	197.30	NA	NA	NA
U.S. COMMERCE: NEW WAREHOUSES[6]	234.29	233.61	235.51	234.83	238.87	+1.7	+2.0
U.S. COMMERCE: NEW SCHOOL BUILDINGS[6]	229.78	228.87	230.83	230.73	236.98	+2.7	+3.1
U.S. COMMERCE: NEW OFFICE BUILDINGS[6]	210.85	209.90	211.91	211.94	219.43	+3.5	+4.1
U.S. COMMERCE: NEW INDUSTRIAL BUILDINGS[6]	193.91	192.27	194.54	194.91	200.73	+3.0	+3.5

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

CONSTRUCTION MATERIALS PRICE MOVEMENT IN 2026

		JUL.	AUG.	SEP.	OCT.	NOV.	DEC.	JAN.
AGGREGATES	MONTHLY % CHG.	+0.2	0.0	+0.1	+0.1	−0.1	+0.2	+2.8
	ANNUAL % CHG.	+7.3	+6.3	+6.2	+6.1	+6.0	+6.1	+4.8
ALUMINUM SHEET	MONTHLY % CHG.	—	—	—	—	—	—	—
	ANNUAL % CHG.	—	—	—	—	—	—	—
ASPHALT PAVING	MONTHLY % CHG.	+0.2	−0.1	−0.1	+1.2	+0.1	+1.0	+11.2
	ANNUAL % CHG.	+1.0	+1.1	+1.5	+2.8	+3.3	+4.0	+0.3
CEMENT	MONTHLY % CHG.	0.0	0.0	+0.1	−0.7	−0.5	−0.1	+1.4
	ANNUAL % CHG.	+1.6	+1.7	+1.9	+1.3	+0.8	+0.8	+1.1
CONCRETE PIPE	MONTHLY % CHG.	−0.3	+0.3	+0.5	+0.8	−0.2	−0.5	+0.6
	ANNUAL % CHG.	+7.6	+3.9	+4.2	+3.8	+5.1	+1.7	0.0
COPPER PIPE	MONTHLY % CHG.	+4.4	−1.1	−2.7	+4.1	+1.6	+3.8	+5.5
	ANNUAL % CHG.	+9.5	+11.8	+8.2	+10.2	+11.7	+17.7	+23.0
DIESEL FUEL	MONTHLY % CHG.	+10.4	−3.1	+2.2	−4.8	+11.0	−17.6	−2.0
	ANNUAL % CHG.	−7.4	−8.3	+8.6	−6.1	+6.4	−7.2	−12.3
FABRICATED STEEL	MONTHLY % CHG.	0.0	+0.9	+0.3	+0.8	+0.7	+0.3	+0.2
	ANNUAL % CHG.	+6.4	+6.4	+6.9	+7.6	+8.3	+8.6	+8.6
GYPSUM PRODUCTS	MONTHLY % CHG.	−0.1	+0.1	−0.4	+0.0	−0.4	−0.2	0.0
	ANNUAL % CHG.	+1.1	+1.3	+0.7	+0.9	0.0	−0.3	−0.2
LUMBER, SOFTWOOD	MONTHLY % CHG.	−1.9	+0.9	−4.1	−0.7	+0.1	−0.5	+3.9
	ANNUAL % CHG.	+7.7	+5.5	−1.3	−3.6	−6.7	−8.2	−2.8
PLYWOOD	MONTHLY % CHG.	+0.5	+0.3	−0.6	−0.9	0.7	+0.2	+0.5
	ANNUAL % CHG.	+0.7	+1.8	0.0	−0.9	−0.2	+0.5	+2.0
PVC PRODUCTS	MONTHLY % CHG.	−0.2	−0.1	+0.1	−0.5	0.0	+0.2	+0.8
	ANNUAL % CHG.	−1.1	−1.4	−1.1	−1.1	−0.7	−0.5	+0.1
READY-MIX CONCRETE	MONTHLY % CHG.	−0.4	+0.1	0.0	−0.2	−0.4	+0.4	+0.7
	ANNUAL % CHG.	+0.6	0.0	+0.3	+0.1	−0.9	−0.1	−0.5
SHEET METAL	MONTHLY % CHG.	+0.1	0.0	+0.3	+0.1	0.0	0.0	−0.1
	ANNUAL % CHG.	+4.8	+4.8	+5.2	+5.5	+5.6	+6.0	+5.5
EQUIPMENT	MONTHLY % CHG.	+0.5	+0.2	0.0	0.0	+0.7	+1.0	+0.8
	ANNUAL % CHG.	+5.1	+4.9	+4.9	+4.9	+5.6	+6.6	+5.5

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

Data Centers Propping Up a Fragile Construction Market

Construction exec optimism edges higher, despite headwinds By Jonathan Keller

ENR's Construction Industry Confidence Index rose modestly between Q4 2025 and Q1 2026, up two points to a 54 rating. The index has been climbing slowly and steadily since Q2 2025, up seven points since that reading. ENR's economic index stayed flat at a slightly pessimistic 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 Feb. 9 and March 16.

Confidence in the current market and the market 3-6 months from now remains strong, but execs report more pessimism about the market 12-18 months from now. Last quarter 53.5% of respondents saw an improving market in 12-18 months. This quarter that percentage has dropped to 44%. The percentage of firms who foresaw an improving economy 12-18 months from now also fell, down to 33.3% from 44.7%.

Design firms remain more pessimistic than either GC/CMs or subcontractors. Confidence for designers came in at a 41 rating, down three points from last quarter, with 43% of design firms seeing a declining market 3-6 months from now. GC/CMs rose eight points to 55. Subcontractors remain the most confident, coming in at a 58 rating.

The largest and smallest firms reported significantly different levels of confidence in the market. Confidence among firms who self-reported $250 million or more in revenue came in at a 61 rating. Firms who reported under $50 million in revenue came in at a 43.

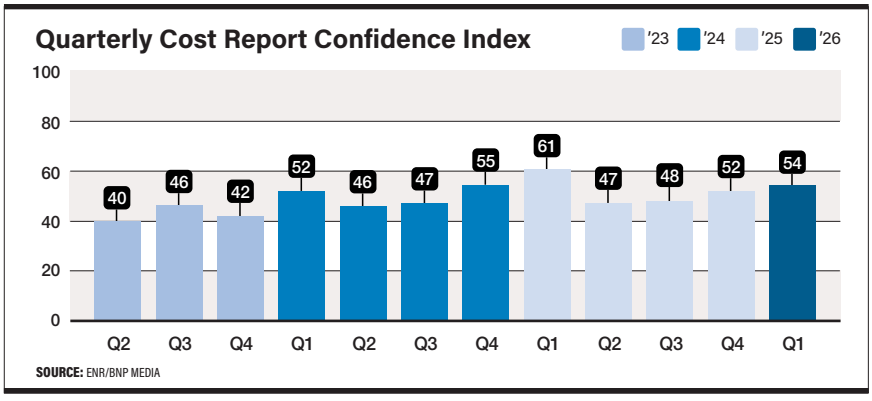
ENR's results are largely mirrored in the Confindex survey from Princeton, N.J.-based Construction Financial Management Association (CFMA). Each quarter, CFMA polls CFOs from general and civil contractors and subcontractors on markets and business conditions. The resulting Confindex is based on four separate financial and market components, each rated on a scale of 1 to 200. A rating of 100 indicates a stable market; higher ratings indicate market growth.

The overall Confindex rose four points to a 110 rating. The business condi-

PROSPECTS IN INDIVIDUAL SECTORS BY FIRMS WORKING IN THOSE MARKETS

		CURRENTLY (%)			3-6 MONTHS (%)			12-18 MONTHS (%)		
	NUMBER OF FIRMS	DECLINING ACTIVITY	STABLE ACTIVITY	IMPROVING ACTIVITY	DECLINING ACTIVITY	STABLE ACTIVITY	IMPROVING ACTIVITY	DECLINING ACTIVITY	STABLE ACTIVITY	IMPROVING ACTIVITY
COMMERCIAL OFFICES	42	43	48	10	46	44	10	33	48	19
DISTRIBUTION, WAREHOUSE	36	19	53	28	14	44	42	11	42	47
EDUCATION K-12	37	14	86	0	8	89	3	16	70	14
ENTERTAINMENT, THEME PARKS, CULTURAL	24	29	46	25	33	38	29	38	33	29
HOSPITALS, HEALTH CARE	42	5	62	33	2	55	43	5	40	55
HIGHER EDUCATION	42	29	63	7	29	60	12	31	50	19
HOTELS, HOSPITALITY	34	38	50	12	29	56	15	24	59	18
MULTI-UNIT RESIDENTIAL	33	27	58	15	15	55	30	6	50	44
RETAIL	29	41	52	7	45	45	10	39	36	25
INDUSTRIAL, MANUFACTURING	37	27	41	32	27	35	38	16	35	49
TRANSPORTATION	31	19	68	13	19	55	26	10	52	39
WATER, SEWER AND WASTE	22	9	55	36	14	50	36	5	55	41
POWER	16	0	12	88	0	7	93	0	19	81
PETROLEUM, PETROCHEMICAL	8	50	50	0	38	38	25	38	38	25
ENVIRONMENTAL, HAZARDOUS WASTE	9	22	78	0	11	78	11	12	75	12

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



tions index rose eight points to 113 and the current confidence index rose seven points, to 104. The financial conditions and year ahead outlook indices stayed virtually flat, coming in at 108 and 118 respectively. All indices are down in comparison to Q1 2025, except the business conditions index, which saw no change.

Neil Shah, CFMA's CEO, sees a still growing but potentially fragile construction market. "We're not diversified in asset classes from a construction perspective," he says. Data centers and energy projects aside, most construction sectors "aren't in great shape," he explains. "And from a federal perspective, I don't see where the money comes from to reauthorize more infrastructure spending when we're spending on a lot of other things, including a war in the Middle East."

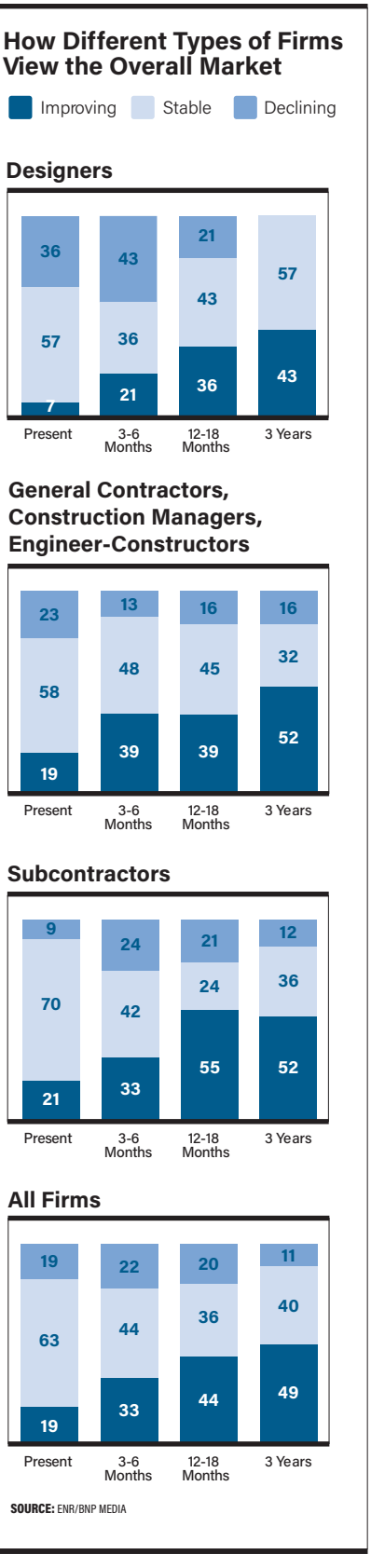
CFMA advisor and Sage Policy Group CEO Anirban Basu concurs: "The critical aspect to 2026 in my mind, has been bringing down interest rates so that interest rate sensitive project types can move forward. Those projects are still sidelined in many cases." Basu echoes the sentiment for the U.S. economy as a whole: "When you've got such a narrow foundation, the entire U.S. macro economy can wobble, and that's why there's so much concern out there. Costs keep rising. Interest rates stay high, and the economic expansion is narrowing to include a smaller and smaller constellation of economic actors," he says.

"Coming into the year, the expectation had been two or three rate cuts in 2026, which would have brought the upper limit to the federal funds rate down to around 3%," he says. "Instead, what we're getting is 10-year treasury yields rising." The Sage CEO expects at most one rate cut this year.

Still, Basu does not foresee a recession in 2026 as the data center boom shows no sign of abating. "You see Mark Zuckerberg announcing layoffs on the one hand and more expenditures than anticipated in AI infrastructure on the other hand. The commitment to spend on AI infrastructure is increasing, not decreasing," he says.

Those firms hoping for more public dollars to flow into the construction sector are likely to be disappointed, opines Basu. "State level government finances have really deteriorated the last year or two. Last year, for instance, you had debt downgrades in Chicago, Los Angeles [and other places]. You just don't have as much state money." The federal government has shown no signs of authorizing a new public works package. "We had a $1.2-trillion package, [with] $550 billion of new money under Biden. The Trump administration talked about $20 billion and the rest as public-private partnerships. Who knows if that works or not?" Basu says.

Basu has been advising those public works and heavy civil contractors to sell their business soon if they want to maximize their value. "Your financials are great right now, but in four or five years, I think the money is gone," he explains. "[In a few years] the Social Security trust fund goes insolvent; Medicare trust fund goes insolvent; and you're not going to look as good on paper or in reality. I've yet to have one contractor say: 'You're dead wrong about that.'" ▪



Executive Compensation Increases Continued to Drop Last Year Following 2023 High

Firms saw turnover decline in 2025 By Bruce Buckley

While executive compensation at construction firms remains historically higher than average, companies are rapidly reducing annual pay increases. Recent spikes in executive pay peaked in 2023, when average annual increases hit 5.6%, according to data from industry compensation research firm PAS. That marked the highest increase recorded in more than two decades.

After easing to 5.2% in 2024, PAS data shows the trend accelerated last year with executive salary increases diving to 4.5%. This year, companies anticipate reducing annual hikes again, dropping down to 4%, according to respondents to the firm's 2026 Executive Compensation Survey for Contractors.

Jeff Robinson, president of PAS, notes that competition was very high for talent in 2022 and 2023, which drove up annual compensation demands. He says management-level employees, in particular, were in very high demand, which helped drive executive increases as well. In recent years, that demand has ebbed and compensation is returning to historic norms.

"Last year, turnover slacked off a little bit and recruiting slacked off," Robinson says. "All of the things that were forcing those jumps [in compensation] slacked off.... While there's still turnover, it's not as extreme and, at the same time, there's a lot of caution out there."

PAS data shows that turnover of employees has eased recently, except in high-demand specialty contracting such as mechanical and electrical. Robinson adds that those trades are heavily engaged on the current boom in data center construction. "Without data center work, that 4.5% [average annual increase] might have been more like 4.2%," he says.

The recent drops in pay increases varies from region to region throughout the U.S. The biggest one-year drop was in the south-central states of Arkansas, Louisiana, New Mexico, Oklahoma and Texas, which decreased from 5.9% in 2024 to 4.4% in 2025.

The plains states of Iowa, Kansas, Missouri and Nebraska had the largest two-year drop—from 5.8% in 2023 to 3.9% in 2025. The southeast also saw a significant drop during that timeframe, falling from 5.8% in 2023 to 4.3% last year. New York and New Jersey have remained the steadiest in recent years, peaking at 5% in 2022 but otherwise remaining between 4.3% and 4.5% since 2021.

While average compensation across the industry may be returning to normal, demand for strong leadership remains high in some sectors. Mark Jones, executive vice president and national sales manager at Kimmel & Associates, says some companies are willing to pay top dollar for

CONTRACTOR EXECUTIVE PAY

TITLE	MEDIAN BASE SALARY ($)	MEDIAN BONUS ($)
PRESIDENT	325,000	200,000
CHAIR	458,450	464,500
EXECUTIVE VP	275,225	135,000
SENIOR VP	252,736	119,806
VP, OPERATIONS	215,152	75,740
VP, ESTIMATING	194,750	67,800
VP, BUS. DEVELOPMENT	211,581	54,400
VP, PRECONSTRUCTION	201,600	56,875
VP, ADMINISTRATION	202,056	58,800
VP, CFO	226,000	89,000
VP, HUMAN RESOURCES	188,745	48,688
GENERAL COUNSEL	252,500	92,637
OPERATIONS MANAGER	175,087	36,000
IT-MIS DIRECTOR	155,000	28,219
DIVISIONAL MANAGER	198,685	75,000
GEN. SUPERINTENDENT	176,380	29,000
CONTROLLER	143,898	24,861

SOURCE: PAS INC. 2025 EXECUTIVE COMPENSATION SURVEY

the right candidate, especially in the specialty trades and among firms with private equity investors.

"I just turned in a deal where we took a senior vice president from $250,000 [in total compensation] to a $270,000 base salary, plus an expected bonus of around $100,000," he says. "I think there's a big delta between average increases with current employees and newly recruited employees."

Willingness to invest heavily in senior leadership is particularly acute in companies that are backed by private equity, which typically looks for returns on investments in about five to seven years, Jones says.

"I'm doing a search in the Mid-Atlantic for a COO… and one of the hiring parties said, 'Look, Mark. I'm not going to let $100,000 stand in the way of getting the right candidate,'" he says.

"Last year, turnover... and recruiting slacked off. While there's still turnover, it's not as extreme."

- Jeff Robinson, President, PAS

Alan MacNair, founder of MacNair Retained Search, also sees certain sectors that are willing to be more generous with compensation than others, particularly in electrical, mission critical and industrial niches.

While strong offers are available for good candidates, MacNair says companies expect results—and they structure bonuses accordingly. He notes that he's seen a greater emphasis on bonuses driven by metrics, and less on discretionary factors. Often, bonuses are tied to EBITDA [earnings before interest, taxes, depreciation and amortization], he says.

"I'm looking at an offer now with a base of $525,000 and a bonus that's based off EBITDA," MacNair says. "It's stair-stepped, so with incremental improvements in EBITDA, [the candidate] would receive a bonus between 30% and 100% of base salary."

Additionally, the recruiter sees signing bonuses and vehicle allowances increasingly being used to close the gap during negotiations. MacNair adds that some offers for company leadership include future payouts if the company is sold at a higher value than when the candidate was hired.

"Base salaries are rising and we still see traditional bonuses, but there can also be a kicker in the event that the company is sold," he says. ■

Equipment Pricing Maintains Stability, but Rising Fuel Costs May Impact Fleet Refreshes

Heavy equipment market has weathered tariffs, now faces possible oil shock By Jeff Rubenstone

With some clarification on tariffs from legal battles and a sense that prices are softening, the used equipment market is following its usual seasonal trends with no immediate sign of tariff surcharges on new machine pricing. But disruption in the global oil markets due to the ongoing conflict in the Middle East could drive up diesel prices and have fleet managers feeling the pain at the pump in the coming months.

Prices for used equipment are in their seasonal upward swing, as the new 2026 models enter the market and relatively newer machines show up used. This annual trend is seen in data from industry analyst EquipmentWatch, with used equipment prices up slightly—a 0.15% increase at resale. Pricing at auction can show greater variance at this time of year due to lower volume, explains Brendan Gallagher, sales analyst with EquipmentWatch. "There's just fewer data points at auction; that activity always slows down this time of year," he says.

With seasonal pricing, expect a rise in the first half of the year and an ebb later on. "The previous month shows the same trend: At the new year [used equipment] resale prices start to creep up, and taper off in the middle of the year."

There were concerns last year that ongoing tariff pressures might be reflected in 2026 models having higher manufacturer suggested retail pricing, but that has not materialized yet, says Gallagher, who notes this is not the case in industries outside construction and lift equipment. "So far, looking at Caterpillar and Deere, we are seeing 2026 MSRPs up 1% to 5%," he says. "But if you look at other industries, like commercial trucking, they are seeing 9% to 12% increases in 2026 MSRPs—that's driven by tariffs."

For Deere, the first quarter of 2026 saw growth in construction equipment, with net sales up 34% year-over-year, but profits were less impressive. Josh Beal, director of Deere's investor relations, attributed this to tariff pressures and unfavorable global equipment mixes, speaking during Deere's Feb. 19 quarterly earnings call.

Perhaps more importantly, Deere has been able to mitigate the impact of tariffs through reducing overhead. "Excluding tariffs, production costs were lower year-over-year for all business segments in the first quarter," Beal said. He added that the construction segment remains a "bright spot" for Deere, driven by ongoing government investment in infrastructure, declining interest rates and rising demand in the rental market.

Deere is forecasting a 15% increase in sales of construction equipment for the rest of 2026 globally, with a 5% rise in the U.S. and Canada.

While the full impact of the ongoing U.S.-Israel-Iran War is still unclear in the long-term, short-term disruptions in oil and gas production have already led to rising prices for gasoline and diesel due to supply issues.

"Oil prices are already looking sky-high right now," notes EquipmentWatch's Gallagher. While contractors are likely to include a rise in diesel prices when calculating their cost of ownership, Gallagher says not to expect them to re-fleet with electric-powered or more fuel-efficient machines. "I don't expect any crazy shifts immediately from a spike [in fuel prices], as these costs get included in bid estimates for construction, so even though the equipment mix is mostly the same, the cost could be reflected in project bids." ■

EQUIPMENT MARKET DATA FOR FEBRUARY 2026

POWERED BY: EquipmentWatch

	RESALE			AUCTION		
	VS. 2/2024	VS. 2/2025	VS. 1/2026	VS. 2/2024	VS. 2/2025	VS. 1/2026
CONSTRUCTION						
VALUES	-13.33%	-10.39%	+0.15%	-29.50%	-22.54%	-1.72%
AGE	+8.12%	+8.14%	-1.73%	+11.24%	+4.72%	+5.55%
USAGE	-10.41%	-4.05%	-2.20%	+17.26	+29.63%	+4.32%
LIFT						
VALUES	-5.38%	-2.08%	+0.35%	-27.16%	-18.92%	-0.82%
AGE	+4.00%	+3.28%	-1.21%	+8.86%	+0.56%	+7.74%
USAGE	-2.83%	-5.05%	-2.14%	+0.08%	-1.69%	+13.78%

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

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Tariffs Contributed to Price Hikes for Many Materials in 2025

Steel and cement prices saw substantial increases By Alisa Zevin

Although ENR's indexes measure the costs of non-residential buildings, the housing market has had a major impact on index movement. The ENR 20-city average yearly price for steel rose 11.9% by the end of 2025, while the overall Materials Cost Index experienced an increase of 2.5%. Skilled and common labor rose 5.7% and 4%, respectively.

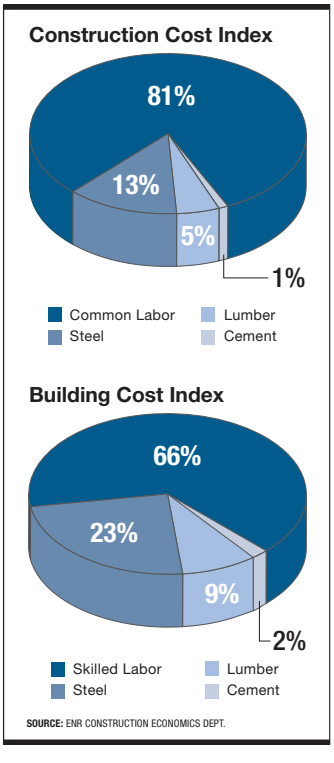
The ENR Building Cost Index (BCI) rose 4.2% for the year, while the Construction Cost Index (CCI) rose 3.6% over the same period.

ENR began reporting changes in materials prices and wages systematically in 1909, but it did not establish the CCI until 1921. It was designed as a general-purpose tool to chart basic cost trends, and today remains a weighted aggregate index of the prices of a constant quantity of structural steel, portland cement, lumber and common labor. This package of goods was valued at $100, using 1913 prices.

The original use of common labor in the CCI was intended to reflect wage-rate activity for all construction workers. In the 1930s, however, wage and fringe benefit rates climbed much faster in percentage terms for common laborers than for workers in the skilled trades. In response to this trend, ENR in 1938 introduced its BCI to weigh the impact of skilled-labor wage changes on overall costs.

The BCI labor component is the average union wage rate, plus fringe benefits, for carpenters, bricklayers and ironworkers. The materials component is the same as the CCI's. The BCI also represents a hypothetical package of these construction items, valued at $100 in 1913.

Both indexes are designed to indicate the basic underlying trends of construction costs in the U.S. Therefore, components are based on construction materials that are influenced less by local conditions. ENR chose steel, cement and lumber because they have a stable relationship to the U.S. economy and play a predominant role in construction.



Materials Choices

As a practical matter, ENR selected these materials because reliable price quotations are available for all three, ensuring both indexes can be computed on a timely basis. While there may be some weaknesses in any index based on a limited number of components, ENR thinks a larger number of elements would increase the time lag between verifying prices and releasing the index. Also, an index with fewer components is more sensitive to price changes than one that includes many.

On the downside, however, the use of only a few cost components can cause indexes for individual cities to be more vulnerable to source changes. These aberrations tend to average out for the 20-city indexes, which ENR recommends for general use.

Since the indexes are computed with real prices, the proportion of a given component within the index will vary with its relative escalation rate.

In the late 1970s, labor's share of the index dropped because materials prices were in the grip of hyperinflation. In 1979, for example, lumber prices increased 16%, cement prices rose 13% and steel prices jumped 11%, but labor went up just 8%. These developments resulted in materials gaining a larger percentage of the index.

In the original CCI, the components were weighted at 38% for labor, 38% for steel, 17% for lumber and 7% for portland cement. The shifting tide of inflation changed the weight of the CCI components, making labor 81%, steel 13%, lumber 5% and cement 1%. This shift was less dramatic for the BCI, which is now 66% for labor, 23% for steel, 9% for lumber and 2% for cement.

Neither index is adjusted for productivity, contractor overhead or profits. However, the indexes can get a fix on these factors. As a rule, when productivity is low, the selling price will be relatively higher than the ENR index. Generally, when competition is sharp, the selling price of finished construction will fall below ENR's indexes. ■

Using ENR's Cost Indexes

An overview of the differences between the building and construction cost indexes

By Alisa Zevin

Readers of ENR often ask about the magazine's cost indexes and how to apply them accurately to construction projects. To help clarify the use of the cost indexes, below are answers to frequently asked questions.

▪ What is the difference between ENR's Construction Cost Index (CCI) and its Building Cost Index (BCI)?

The difference between the two indexes is in their respective labor components. The CCI calculation uses 200 hours of common labor, multiplied by the 20-city average rate for wages and fringe benefits. The BCI derives its calculation from a baseline of 68.38 hours of skilled labor, multiplied by the 20-city wage-fringe benefits average for three trades: bricklayers, carpenters and structural ironworkers. For their materials components, both indexes use 25 cwt of standard fabricated structural steel at the 20-city average price, 1.128 tons of locally priced bulk portland cement and 1,088 board ft of 2x4 lumber, which is also priced locally. The ENR indexes measure how much it costs to purchase this hypothetical package of goods compared with the price in the base year.

▪ What kinds of construction are represented in the ENR indexes?

The two indexes apply to general construction costs. The CCI can be used when labor costs are a high proportion of total costs. The BCI is more applicable to structures.

▪ Where does ENR get its data?

ENR's price reporters check local prices in 20 U.S. cities. The prices are quoted by the same suppliers each month. ENR computes its latest indexes from these figures as well as local union wage rates.

▪ Are materials prices averaged?

No. ENR reporters collect spot prices from a single source for all materials tracked, including those in the index. Actual prices within a city may vary, depending on the competitiveness of the market and local discounting practices. This method allows for a quick indicator of price movement, which is the primary objective of both indexes.

▪ Do the indexes measure cost differences between cities?

No. This is a common error in the application of ENR's indexes, which measure trends only in each individual city and in the U.S. as a whole. Differentials between cities may reflect differences in labor productivity and building codes. Moreover, price quotations for lumber and cement

BUILDING COST INDEX HISTORY (1929-2025)

HOW ENR BUILDS THE INDEX: 68.38 hours of skilled labor at the 20-city average wage of bricklayers, carpenters and structural ironworkers, plus 25 cwt of standard structural-steel shapes at the mill price prior to 1996 and the fabricated 20-city price from 1996, plus 1.128 tons of portland cement at the 20-city price, plus 1,088 board-ft of 2x4 lumber at the 20-city price.

ANNUAL AVERAGE, 1993=100

1929: 191	**1954:** 446	**1979:** 1819
1930: 185	**1955:** 469	**1980:** 1941
1931: 168	**1956:** 491	**1981:** 2097
1932: 131	**1957:** 509	**1982:** 2234
1933: 148	**1958:** 525	**1983:** 2384
1934: 167	**1959:** 548	**1984:** 2417
1935: 166	**1960:** 559	**1985:** 2425
1936: 172	**1961:** 568	**1986:** 2483
1937: 196	**1962:** 580	**1987:** 2541
1938: 197	**1963:** 594	**1988:** 2598
1939: 197	**1964:** 612	**1989:** 2634
1940: 203	**1965:** 627	**1990:** 2702
1941: 211	**1966:** 650	**1991:** 2751
1942: 222	**1967:** 676	**1992:** 2834
1943: 229	**1968:** 721	**1993:** 2996
1944: 235	**1969:** 790	**1994:** 3111
1945: 239	**1970:** 836	**1995:** 3112
1946: 262	**1971:** 948	**1996:** 3203
1947: 313	**1972:** 1048	**1997:** 3364
1948: 341	**1973:** 1138	**1998:** 3391
1949: 352	**1974:** 1205	**1999:** 3456
1950: 375	**1975:** 1306	**2000:** 3539
1951: 401	**1976:** 1425	**2001:** 3574
1952: 416	**1977:** 1545	**2002:** 3623
1953: 431	**1978:** 1674	**2003:** 3694

	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	ANNUAL AVERAGE
2004	3767	3802	3859	3908	3955	3996	4013	4027	4103	4129	4128	4123	3984
2005	4112	4116	4127	4168	4189	4195	4197	4210	4242	4265	4312	4329	4205
2006	4335	4337	4330	4335	4331	4340	4356	4360	4375	4431	4462	4441	4369
2007	4432	4432	4411	4416	4475	4471	4493	4515	4533	4535	4558	4556	4486
2008	4557	4556	4571	4574	4599	4640	4723	4733	4827	4867	4847	4797	4691
2009	4782	4765	4767	4761	4773	4771	4762	4768	4764	4762	4757	4795	4769
2010	4800	4812	4811	4817	4858	4888	4910	4905	4910	4947	4968	4970	4883
2011	4969	5007	5010	5028	5035	5059	5074	5091	5098	5104	5113	5115	5059
2012	5120	5122	5144	5150	5167	5170	5184	5204	5195	5204	5213	5210	5174
2013	5226	5246	5249	5257	5272	5286	5281	5277	5285	5308	5317	5326	5278
2014	5324	5321	5336	2357	5370	5375	5383	5390	5409	5442	5468	5480	5387
2015	5497	5488	5487	5501	5490	5507	5510	5515	5541	5544	5564	5560	5517
2016	5562	5588	5606	5633	5637	5637	5660	5670	5657	5682	5690	5723	5645
2017	5734	5742	5789	5802	5816	5826	5844	5862	5873	5867	5902	5914	5831
2018	5921	5932	5942	5954	5995	6005	6043	6060	6081	6093	6093	6105	6019
2019	6107	6108	6110	6110	6112	6118	6131	6147	6147	6169	6179	6199	6136
2020	6214	6217	6218	6234	6329	6247	6258	6268	6300	6344	6392	6445	6281
2021	6459	6493	6545	6612	6754	6876	7006	7201	7214	7244	7255	7289	6912
2022	7359	7458	7565	7677	7786	7890	7950	7953	7959	7965	7967	7972	7792
2023	7977	7990	8001	8001	8054	8095	8180	8227	8241	8256	8268	8272	8130
2024	8278	8289	8303	8306	8308	8322	8331	8379	8405	8405	8405	8407	8345
2025	8407	8437	8437	8463	8520	8563	8578	8602	8617	8705	8741	8761	8569

vary from one city to the next. One city may report list prices, while another city may include discounts in its reported price for the same material.

■ Are the cost indexes seasonally adjusted?

No. This is an important point for index users to keep in mind. Wages, the most important component, usually affect the indexes once or twice a year. Cement prices tend to be more active in the spring, while pricing for fabricated structural steel tends to have monthly adjustments.

Lumber prices, which are more dependent on local pricing and producing conditions, are the most volatile and can change appreciably from month to month. Declines in the indexes are most often the result of falling lumber and steel prices.

The study of index movement for a period of less than 12 months can sometimes miss these important developments. Users of an index for individual cities should take note of the timing of wage settlements as well. Stalled labor negotiations may keep the old wage rate in effect longer than a 12-month period, giving the appearance of a low inflation rate.

■ Is it more accurate to use an index that is closest to my home city?

No. The 20-city average index is generally more appropriate—because it has more elements, it has a smoother trend. Indexes for individual cities are more susceptible to price spikes.

■ Are the annual averages weighted?

No. They are straight mathematical averages.

■ How are the indexes calculated?

The index was designed as a general-purpose construction cost index that would measure the basic ground swells in construction costs. It is a weighted aggregative index with a fixed base, made up of select quantities of construction materials and labor, multiplied by their actual prices. Calculations include proprietary factors developed and tested by ENR economists over the last 100 years.

■ Does ENR forecast its indexes?

Yes, once a year. ENR projects its BCI and CCI for the next 12 months in the Fourth Quarterly Cost Report in December. To reach its forecast, ENR incorporates the new wage rates called for in multiyear collective-bargaining agreements and estimates for cities in which new contract terms will be negotiated. Further, ENR estimates the materials component by studying consumption forecasts as well as price trends.

■ Does ENR change the weighting of the index components?

No. The components are always multiplied by the same factors. However, a component's share of an index's total will shift with its relative escalation rate.

■ Has ENR ever changed the makeup of the indexes' components?

Only once. In 1996, ENR switched from the mill price for structural steel to the 20-city average fabricated price for channel beams, I-beams and wide flanges after ENR's two sources for mill prices left the structural market.

■ Does ENR revise the indexes?

On some occasions, ENR must revise the indexes. Any revisions to the national indexes for individual cities are published in the cost report at ENR.com.

■ Is ENR's cost data online?

Yes. All of ENR's cost indexes, wage rates, materials prices and cost-issue articles can be found at ENR.com and at the Construction Cost Data Dashboard at ENR CostData.com. ■

CONSTRUCTION COST INDEX HISTORY (1929-2025)

HOW ENR BUILDS THE INDEX: Two hundred hours of common labor at the 20-city average common-labor wage rates, plus 25 cwt of standard structural-steel shapes at the mill price prior to 1996 and the fabricated 20-city price from 1996, plus 1.128 tons of portland cement at the 20-city price, plus 1,088 board-ft of 2x4 lumber at the 20-city price.

ANNUAL AVERAGE, 1993=100

1929: 207	**1954:** 628	**1979:** 3003
1930: 203	**1955:** 660	**1980:** 3237
1931: 181	**1956:** 692	**1981:** 3535
1932: 157	**1957:** 724	**1982:** 3825
1933: 170	**1958:** 759	**1983:** 4066
1934: 198	**1959:** 797	**1984:** 4148
1935: 196	**1960:** 824	**1985:** 4182
1936: 206	**1961:** 847	**1986:** 4295
1937: 235	**1962:** 872	**1987:** 4406
1938: 236	**1963:** 901	**1988:** 4519
1939: 236	**1964:** 936	**1989:** 4615
1940: 242	**1965:** 971	**1990:** 4732
1941: 258	**1966:** 1019	**1991:** 4835
1942: 276	**1967:** 1074	**1992:** 4985
1943: 290	**1968:** 1155	**1993:** 5210
1944: 299	**1969:** 1269	**1994:** 5408
1945: 308	**1970:** 1381	**1995:** 5471
1946: 346	**1971:** 1581	**1996:** 5620
1947: 413	**1972:** 1753	**1997:** 5826
1948: 461	**1973:** 1895	**1998:** 5920
1949: 477	**1974:** 2020	**1999:** 6059
1950: 510	**1975:** 2212	**2000:** 6221
1951: 543	**1976:** 2401	**2001:** 6334
1952: 569	**1977:** 2576	**2002:** 6538
1953: 600	**1978:** 2776	2003: 6695

	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	ANNUAL AVERAGE
2004	6825	6861	6957	7017	7064	7109	7126	7188	7298	7314	7312	7308	7115
2005	7297	7298	7309	7355	7398	7415	7422	7479	7540	7563	7630	7647	7446
2006	7660	7689	7692	7695	7691	7700	7721	7723	7763	7883	7911	7888	7751
2007	7880	7880	7856	7865	7942	7939	7959	8007	8050	8045	8092	8089	7967
2008	8090	8094	8109	8112	8141	8185	8293	8362	8557	8623	8602	8551	8310
2009	8549	8533	8534	8528	8574	8578	8566	8564	8586	8596	8592	8641	8570
2010	8660	8672	8671	8677	8761	8805	8844	8837	8836	8921	8951	8952	8799
2011	8938	8998	9011	9027	9035	9053	9080	9088	9116	9147	9173	9172	9070
2012	9176	9198	9268	9273	9290	9291	9324	9351	9341	9376	9398	9412	9308
2013	9437	9453	9456	9484	9516	9542	9552	9545	9552	9689	9666	9668	9547
2014	9664	9681	9702	9750	9796	9800	9835	9846	9870	9886	9912	9936	9806
2015	9972	9962	9972	9992	9975	10039	10037	10039	10065	10128	10092	10135	10034
2016	10133	10182	10242	10279	10315	10337	10379	10385	10403	10435	10443	10531	10339
2017	10542	10559	10667	10678	10692	10703	10789	10826	10823	10817	10870	10873	10737
2018	10878	10889	10959	10971	11013	11069	11116	11124	11170	11183	11184	11186	11062
2019	11206	11213	11228	11228	11230	11268	11293	11311	11311	11326	11381	11381	11281
2020	11392	11396	11397	11412	11418	11436	11439	11455	11499	11539	11579	11626	11466
2021	11627	11698	11749	11849	11989	12112	12237	12463	12464	12464	12467	12481	12133
2022	12556	12684	12791	12899	13004	13111	13168	13171	13173	13175	13175	13175	13007
2023	13175	13176	13176	13230	13288	13345	13425	13473	13486	13498	13511	13515	13358
2024	13515	13518	13532	13532	13532	13547	13556	13556	13594	13632	13632	13632	13571
2025	13732	13766	13783	13798	13839	13871	13893	13914	13928	14074	14098	14119	13901