

# Subcontractor/Supply Chain Pulse



2ND QUARTER 2023



GAUGING THE MARKETS

## Concrete



Labor rates are rising, which could further impact labor costs for businesses in the sector. Additionally, driver availability is a challenge, which may further impact logistics and transportation within the industry. Cement, aggregates, and fly ash still have availability challenges.

## Masonry



The past year has seen a 10-12% price increase in Portland cement. Less workforce was available, with approximately a 5% wage increase compared to last year.

## Metals



General materials have stabilized after significant increases over the past few years. This country has a significant labor shortage and will be for the remainder of this year and probably most of 2024. Need to try and lock down erectors 8 months in advance to reserve space in their backlog.

## Millwork



Domestic materials are back to pre-COVID lead times. There are slightly longer lead times on imports such as laminates, quartz, and hardware. Container availability is an issue for import lead times. Significant colors, patterns, and sizes are being discontinued due to the cost of manufacturing and warehousing. Lead times for lab products are at an all-time high, as far out as nine months. Labor turnover and wages have continued to increase and affect this industry.

## Waterproofing



Materials still have some shortages but have been minimalized. The market continues to improve with the demand for the materials. Still experiencing labor shortages as well as higher wages to keep workers.

## Roofing/Enclosure Systems



The mod bit is \$26.74/SQ increasing to \$29.25/SQ over the next 18 months with lead times averaging 2-3 months. Supply issues have significantly improved, and labor is a challenge with increased inflation-related wages.

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## Storefront/Curtainwall



Average lead times of 8-12 weeks, and material pricing is influenced by insulated glass rather than metal. The current cost of the Kawneer 1600

curtain wall with 1-inch Viracon varies from \$100-135/SF, expecting a 10% and 15% increase for 12 and 18 months, respectively. Supply issues with automatic doors, door hardware, and specialty glass lead to manufacturing delays, longer lead times, and rising labor costs. Increased turnover, higher wages, and a lack of qualified labor are further challenges.

## Framing, Drywall, and Ceilings



Glass-Mat gyp lead times are 4 weeks; standard gyp board is 2-3 weeks, with mineral wool insulation at 5 weeks. Labor continues to be impacted, and

expect an increase in the third quarter due to the volume of work starting at this time.

## Flooring, Tile, and Stone



Labor costs have increased, requiring higher wages to retain qualified tradesmen, while material pricing has stabilized for LVT, and shipping rates have

decreased with a drop in container fees. Overseas products average 12-16 week lead times, and expect a 10-12% increase in material prices by the end of 2023.

## Plumbing



Facing challenges with availability and costs of metal, steel, and PVC. Ductile Iron pipes, fittings, and castings are affected, resulting in increased

costs and longer lead times. Wages will continue to rise, and the availability of skilled workers remains an issue.

## Elevators



Electronics such as boards and kiosks are the most impacted by delays caused by the unavailability of parts.

Experiencing nickel shortages due to supply chain from Russia. Lead times have increased by 2-4 weeks.

## Fire Protection



Challenges with pipe, valves, brass, and sprinklers experiencing price increases and lead times of 40 days. Delays in construction impact workers

significantly, and turnover may become an issue if the situation persists. Additionally, industry-wide concerns include shortages of qualified field help and rising labor costs.

## Mechanical



Because of supply chain issues with equipment and materials, costs have increased.

Factories cannot keep up with demand, and lead times remain excessive. Stainless steel and galvanized steel costs continue to rise. The availability of skilled workers remains an ongoing issue, with turnover of entry-level employees being a constant problem.

## Electrical



Supply chain issues continue to cause long lead times for main switchgear, panel boards, and generators; 50-72 weeks, 15-30 weeks, and 50-72 weeks,

respectively. Skilled worker shortages remain, with 25% wage increases for skilled labor.

## Low Voltage



AV materials, particularly Crestron and other control products, continue to face significant lead times of 25+

weeks, with some components taking 52 weeks to be available. Labor market conditions remain relatively stable, with wages increasing due to inflation and cost of living, but no significant labor shortages are reported.

*The information provided in Linbeck's Quarterly Construction Market Forecast and Subcontractor/Supply Chain Pulse is gathered from numerous local and national suppliers every quarter to provide our clients with up-to-date market news.*