

# Subcontractor/Supply Chain Pulse



4TH QUARTER 2023



GAUGING THE MARKETS

## Concrete



Q3 introduced an escalator of \$8/CY. The industry is expecting another escalator of approximately \$6/CY in 6 months. Labor rates continue to rise—a factor in these escalators. Driver availability is still a challenge.

## Masonry



A labor shortage is still the biggest concern since skilled labor is more challenging to find as the construction workload increases. Wages have continued to rise as we pay more to retain our current staff. Lead times on materials are still slightly elongated but manageable. Cement, lime, and metals are facing price increases. CMU prices have increased monthly.

## Metals



Steel mill pricing has stabilized to normal annual escalation rates, and no availability issues exist. Pricing and availability of joists and metal decks have also stabilized. Steel market activity remains strong across the states, driven by microchip, EV, and battery plants. Labor is still the top issue, with wages rising and a significant effort to retain a talented workforce. The industry is keeping an eye on interest rates nationally and global scrap prices with the escalation of wars.

## Millwork



The supply chain is doing well, and lead times have almost returned to normal durations. Labor shortages continue to be an issue as the pool of trained carpenters and installers has reduced substantially. Wage increases have occurred to maintain a competent workforce.

## Waterproofing



Right now, there are no long lead time supply chain issues. However, in some instances, production has not kept up with the increase in demand. This has affected the availability and lead times of some specialty products. Freight, labor, and material costs continue to rise. Finding qualified labor and staff is an issue; staff turnover is higher than usual, and wages are increasing.

## Roofing/Enclosure Systems



Lead times have improved (sometimes shorter) depending on the product/project. Material has slowed in price increases, but they still creep upwards. Wages continue to rise. The labor force remains the largest concern in finding/maintaining the current workforce.

*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.*

# Subcontractor/Supply Chain Pulse



4TH QUARTER 2023

## Storefront/Curtainwall



Overall lead times are down from the past 12 months. Still having issues with electric exit devices and black anodized aluminum frames and doors—experiencing 21-week lead times. Material costs have stabilized but require escalation for materials purchased more than 12 months in advance. Shipping and labor costs have increased, and labor issues plague the market. Wages are growing to meet current demand.

## Framing, Drywall, and Ceilings



Currently, we do not see any supply chain issues for base products. Metal pricing is projected to increase by 6% starting in Q3 2024 and remain stable through Q1 2025. Gypsum Board pricing is projected to grow 3% in Q3 2024 and remain stable through Q1 2025. Reliable, experienced labor is still at a premium. Labor is projected to increase by 4% in Q1 2024, another 4% increase in Q3 2024, then remain stable through Q1 2025.

## Flooring, Tile, and Stone



Interest and market rates are still high, so all flooring material costs are higher. Due to container availability, ceramic tile imports average 12-16 week lead times. Raw goods costs are up, resulting in an annual increase in material costs at 8-10%. Long-term budgeting is tricky due to the volatility of material pricing. On average, labor rates have risen 15-20% in the last year to stay competitive. The wars in Israel and Ukraine could cause raw goods pricing to rise. Potential oil prices will rise over the next few months, causing material sources to increase in cost.

## Elevators



We are still having electronics supply chain issues. Nickel supply from Russia is also causing shortages. Lead time on elevators remain at 22-24 weeks, 2-4 weeks longer than usual.

## Fire Protection



The supply chain has stabilized with moderate increases in the cost of pipe. Wages are rising due to inflation, and finding a qualified workforce is challenging.

## Plumbing



Ductile Iron Pipe, fittings, and castings continue to have issues with availability. This is driving up the costs and resulting in longer lead times. Pipe costs have had significant price increases.

## Mechanical



Most materials and equipment still have supply chain impacts; however, lead times are trending back to normal. Issues with air-cooled chillers and low-harmonic VFDs are still impacting projects. Wages have risen 5-10%, coupled with paying bonuses to get qualified workers.

## Electrical



Gear deliveries have stabilized, and lead times are dropping; however, switchboards still have long lead times due to breaker parts that can be upwards of 14-18 months. Shortage of skilled labor is driving up costs to keep crews together. Wages are increasing at a 5% per year average.

## Low Voltage



Most materials are back to reasonable lead times of less than one month. However, any equipment with a chip is currently experiencing lead times of up to 6 months. Skilled labor, engineers, and technicians are more challenging to find. New candidates have been requesting higher wages.

## Megaproject Boom Squeezes Supplies for Life Sciences Construction

*First, it was a labor squeeze. Now, contractors say lead times for generators, electrical switchgears and elevators stretch to two years because of billion-dollar builds.*

Generators, electrical switch gears and other essential components are proving harder to find and are taking as long as two years to obtain for many projects, according to a report by Cushman & Wakefield. The difficulty is attributed to a boom in multibillion-dollar federal infrastructure projects and in net-zero projects, a surge that is cutting into the labor pool and affecting opportunities for growth for some companies

[Source and Hyperlink:](#)

[CONSTRUCTION DIVE, October 2, 2023](#)