

# LINBECK

## Subcontractor/Supply Chain Pulse



1ST QUARTER 2024



### Concrete



Materials used to produce concrete are readily available. Fly ash will experience the typical annual issue when power plants shut down for annual maintenance. This will occur from March to May. Truck drivers with CDL are available, but finding good, consistent drivers remains difficult. The U.S. is moving towards more wind and solar energy. This puts downward pressure on the availability of fly ash, which coal-burning power plants produce. Cement and aggregate price increases should stabilize to more historically normal levels in 2024. More typical concrete escalators of \$6-8/CY are expected every 6 months, typically in June and January.

### Masonry



The current supply impacts are cement and lime. Such a high demand is resulting in shortages of these materials for masonry. A 12% cost increase on mortar and grout materials hit Q1 2024. Field labor turnover has increased as competitors have offered higher wages, resulting in 4% wage increases to keep pace.

### Metals



Raw material costs have corrected themselves and are holding steady. Steel fabricators and erectors have a decent backlog through 2024, but the November election usually follows with a slowdown. Joists and deck are back to 6 months out after signed PO labor, which generally is harder to find, mainly welders, and wages continue to rise.

### Millwork



Millwork material lead times and prices have stabilized. Most suppliers are back to one price increase annually, except for petroleum-based materials, such as plastic laminate and solid surface. Shipping now has plenty of containers and drivers. Labor turnover and wages have improved, but they still have issues finding qualified labor. This is much better than the last two years. Fuel price fluctuation is still a part of life. These are generally passed along from our supply chain to us through delivery charges.

### Waterproofing



There are no long lead-time supply chain issues, as most of our materials are in stock and readily available. If we encounter a stock shortage, the lead time for replenishment is approximately four weeks.

### Roofing/Enclosure Systems



The roofing material supply chain has seen great relief over the past 8 months. Product availability is back to the manufacturer's standard lead times in almost all cases, and distribution stock has been replenished as well. Quality labor is still hard to come by, and wages have continued to increase, making it difficult to retain quality employees. This labor market is forcing an increase in the use of labor-only subcontractors.

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## Storefront/Curtainwall



Some glass door hardware still experiences longer lead times and a 5% increase at the beginning of 2024. Aluminum pricing has stabilized, while glass

is expected to have a slight increase over the upcoming quarters. Lead times have continued to improve. Maintaining skilled labor is difficult, and wages have increased. We are seeing the impacts of inflation on some materials. Keep an eye on the consolidation of some glazing suppliers.

## Elevators



Outside of electronic controls, supply chain and lead times have been improving. Elevator material delivery currently takes 12-14 weeks. Electronic controls

still cause lead time issues, depending on the elevator manufacturer. Labor has stabilized, and we have been able to maintain crews.

## Fire Protection



Pipe and steel prices went wild in Q3 2023 but have slowed since. Prices increased 30-40% at that time and have now leveled out.

There are currently no significant pipe increases forecasted for the near future. Lead times and availability for most materials are 1-2 weeks. There are ongoing manpower issues with a lack of experienced personnel. The current overseas conflicts could disrupt foreign supply chains.

## Framing, Drywall, and Ceilings



Metal studs, gypsum board, insulation, and ACT grid/tile all experienced a 10% increase in Q1 2024. Metal pricing is projected to fall 4% starting Q2 2024,

another 2% beginning Q4 2024, and another 2% starting Q1 2025. Gypsum Board pricing is projected to increase by 3% beginning Q2 2024, another 2% starting Q4 2024, and another 3% starting Q3 2025. Labor is up 4% starting Q3 2024, another 4% increase beginning Q1 2025, and another 3% starting Q3 2025. Currently seeing extenuated lead times for fiberglass bat insulation of 3 months+ and mineral wool of 6-8 months+.

## Plumbing



Long lead times for most plumbing equipment continue to be an issue. Copper and cast iron costs have leveled out from a year ago. Steel materials have level but recently started to trend upwards.

## Electrical



Still having issues with lead times on switchboards, panelboards, disconnects, generators, and transformers. Lead times are still months

to over a year out on switchboards due to plant labor shortages and increased demand from infrastructure, green energy, and semiconductors. Generators have over a year lead time due to data center demand. Labor shortages in US manufacturing and field labor are resulting in higher wages. The second largest aluminum smelter in the US shut down on 01.08.2024. No effect in the market yet, but something to keep an eye on. Also, shippers are diverting from the Red Sea, increasing shipping costs, which will impact costs.

## Flooring, Tile, and Stone



Interest and market rates are still high, so all flooring material costs are higher. All European and Asia-Pacific imported flooring goods continue to

average 12-16 weeks lead time due to shipping container availability. The shipping rates are increasing due to added fuel for cargo ships to reroute around the Red Sea, which will continue for the next 12-16 months. Raw goods costs are up, continuing an annual increase of 8-10%. Thus, material prices can only be guaranteed for 90 days. Labor availability has leveled, but the inflation rate, cost of living, and expenses require us to steadily increase our labor rates by 7% yearly, on average. The continued warfare in Israel and Russia/Ukraine can cause volatility in the market. Need to stay vigilant on container freight cost and petroleum goods availability.

## Mechanical



HVAC equipment with electronic components and VFDs still has long lead times. Chillers and packaged RTUs run 24-42 weeks. Sourcing the electronic components is the issue. Large data center projects have had a heavy impact on the labor market. There is also a significant amount of healthcare work slated for the next 2-3 years.

These are causing a trend towards labor shortages, and the escalation of wages has increased 5-8%.

## 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.