



GLOBAL OCCUPIER SERVICES

CONSTRUCTION INSIGHTS

FOR GLOBAL OCCUPIERS

SUMMER 2025

Better never settles





CONTENTS

01

ECONOMIC DRIVERS

02

CONSTRUCTION COSTS

03

CONSTRUCTION EMPLOYMENT

04

SECTOR SPOTLIGHTS

05

COUNTRY DEEP DIVE: UNITED STATES

INTRODUCTION

During the first half of 2025, the global construction sector faced significant headwinds from multiple fronts. Tariff uncertainty has contributed to elevated material costs, supply challenges, and project delays, leaving firms grappling with several unknowns in their planning processes.

Industry sentiment has softened, as initial projections of rising demand have been overshadowed by concerns related to trade policy. In response, firms are seeking to stabilize labor expenses—a difficult task given persistent skilled labor shortages.

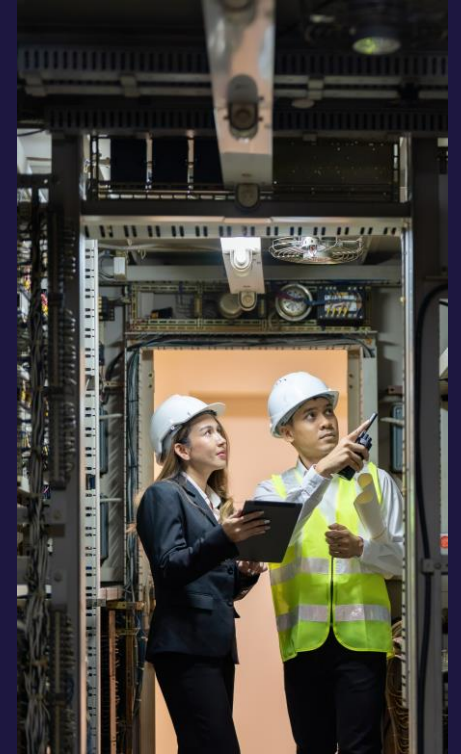
Increased clarity could go a long way to fostering growth in the second half of 2025 as the sector continues to demonstrate resiliency.



The Global Supply Chain Stress Index now sits at equilibrium. However, it remains vulnerable to trade policy shifts, geopolitical instability, and chokepoint disruptions such as those in the Red Sea.



Labor constraints persist, particularly in skilled trades, where strong demand for specialized property types has further intensified shortages.



Global construction continues to shift, with office pipelines at a 10-year low—now concentrated primarily in the APAC region. Industrial activity has slowed from post-pandemic peaks, easing below long-term averages.

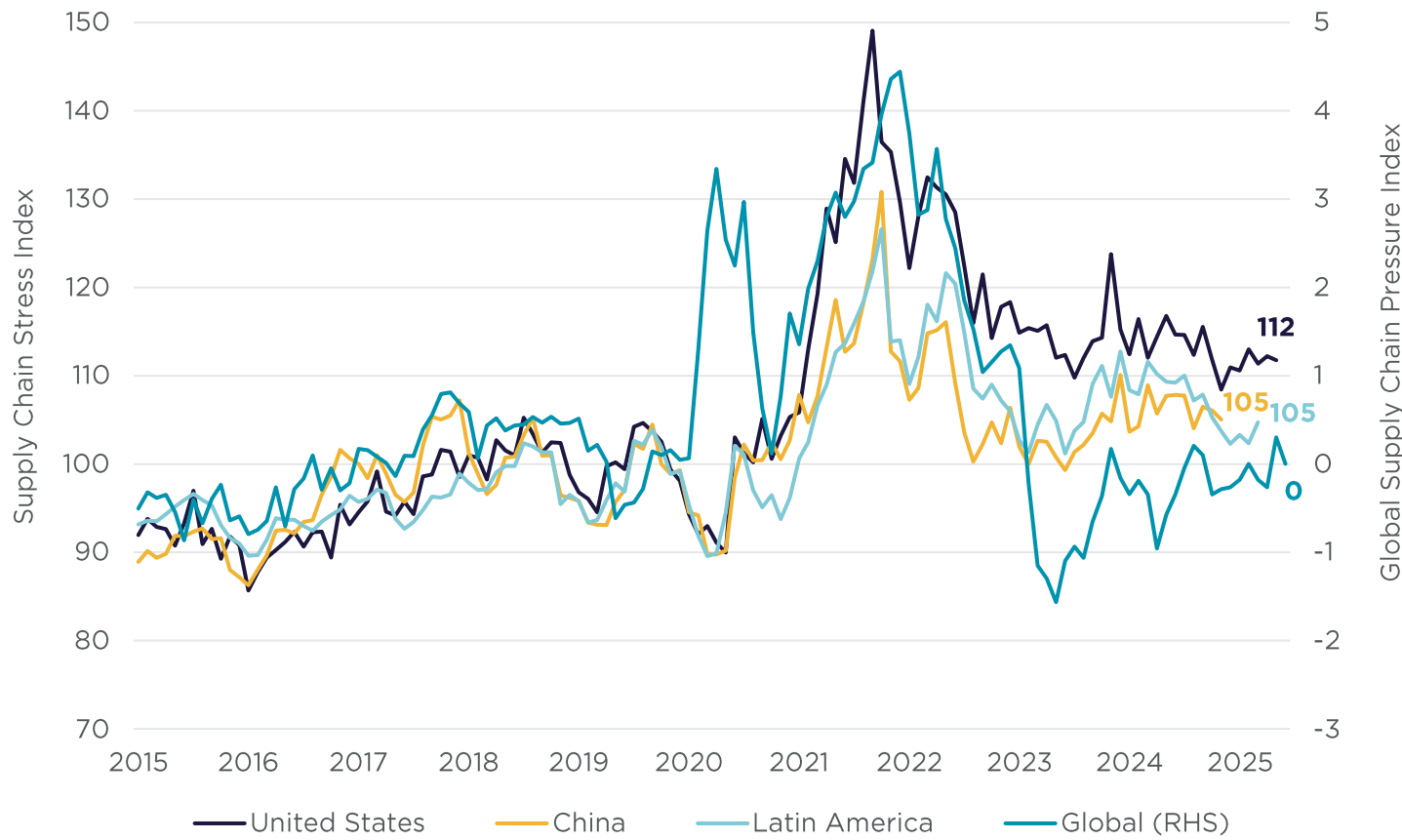
01

ECONOMIC DRIVERS



GLOBAL STRESS LEVELS NORMAL

For now, but face upward pressure from various factors



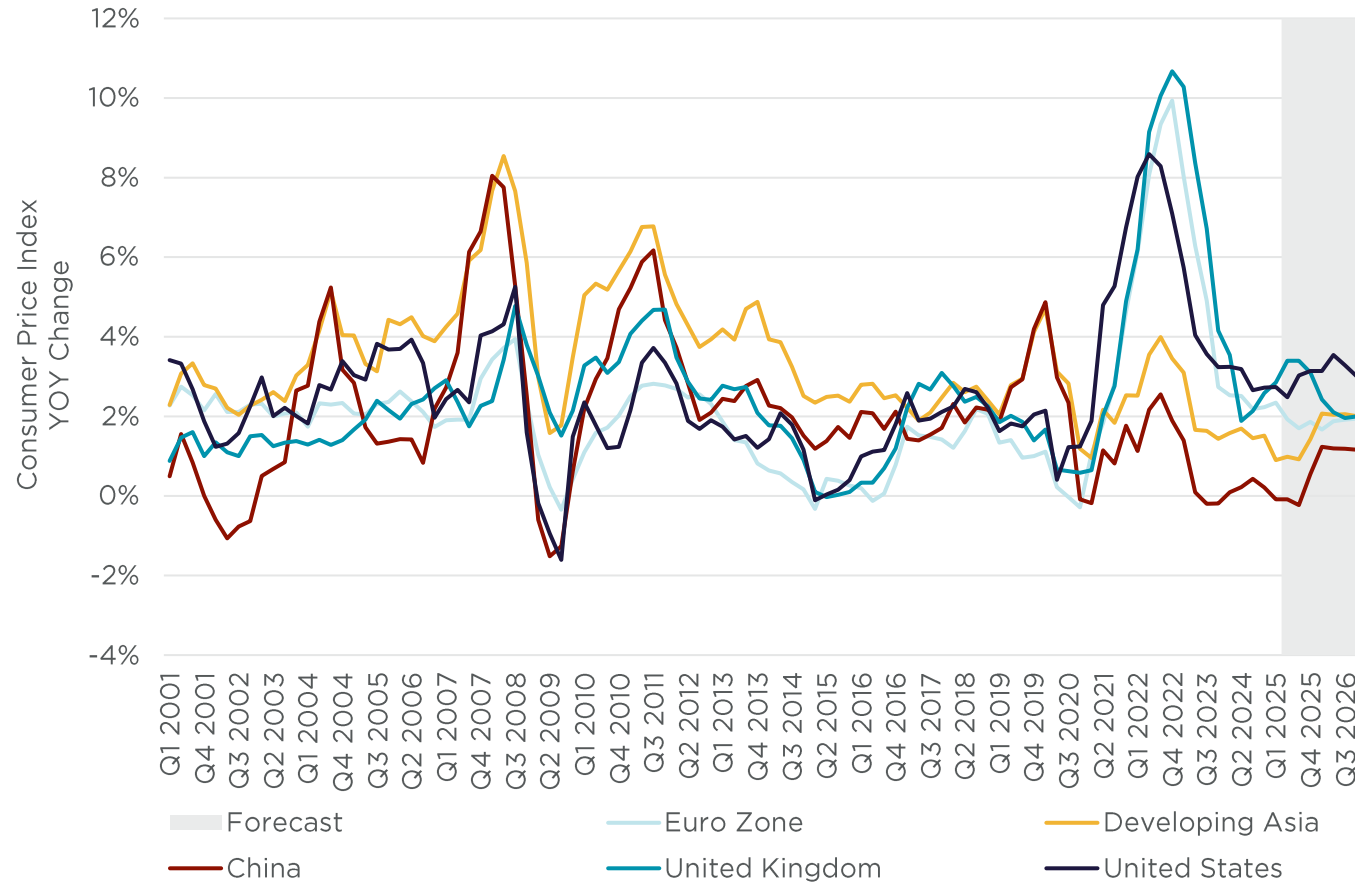
- The new U.S. administration's focus on rebalancing trade and the uneven implementation of tariff policy has created global uncertainty. Despite this increased volatility, U.S. and global supply chain pressure levels have only risen slightly through midyear 2025.
- A value of zero in the Global Supply Chain Pressure Index (GSCPI) indicates normal stress levels, with positive values indicating strain. In June 2025, the global index sat at baseline, 0.35 points higher than a year ago and .11 points higher than the prior 12-month average.
- However, there may be a shift in stress levels due to recent attacks against ships transiting the Red Sea. Global pressure levels may increase as shipping companies reroute vessels around the Cape of Good Hope.

Source: Federal Reserve Bank of New York

Note: Global data is based on the Global Supply Chain Pressure Index while non-global data is based off Supply Chain Stress Indices
Cushman & Wakefield

TARIFF UNCERTAINTY LOOMS

But global inflation has continued to trend downward



Source: The World Bank; Moody's Analytics

- Inflation has eased from its 2022 peak, but recent global economic uncertainty has slowed the deceleration. According to the IMF's April 2025 Outlook, global inflation projections have been revised slightly upward, though the overall trend remains downward. Inflation is now expected to decline to 4.3% in 2025, 3.6% in 2026, and 3.3% in 2027.
- As of Q1 2025, inflation has slowed across most regions compared to the prior year. However, the UK has seen a rise in inflation rates, while China is experiencing deflation.
- The Moody's Analytics' two-year forecast calls for higher inflation in the U.S. and the UK in 2025, primarily due to tariff policies. However, these increases are expected to be temporary, with disinflation occurring in the second half of 2026.
- Higher inflation is expected in China and developing Asia through 2026 as they grapple with rising global prices and, like many other regions, tariff uncertainty.

RATES REMAIN HISTORICALLY HIGH

As central banks wait to see the impact of tariffs



Source: The World Bank; Moody's Analytics

- Despite the expectation of global disinflation in the coming years, many countries continue to contend with above-target inflation and uncertainty surrounding the potential impact of proposed tariffs on prices.
- Central banks may delay or slow the pace of interest rate cuts until greater clarity emerges.
- Persistently high interest rates have created headwinds for the construction sector, making projects more costly and contributing to delays or cancellations.
- As rates remain elevated longer than anticipated, construction activity is likely to remain subdued until conditions stabilize.

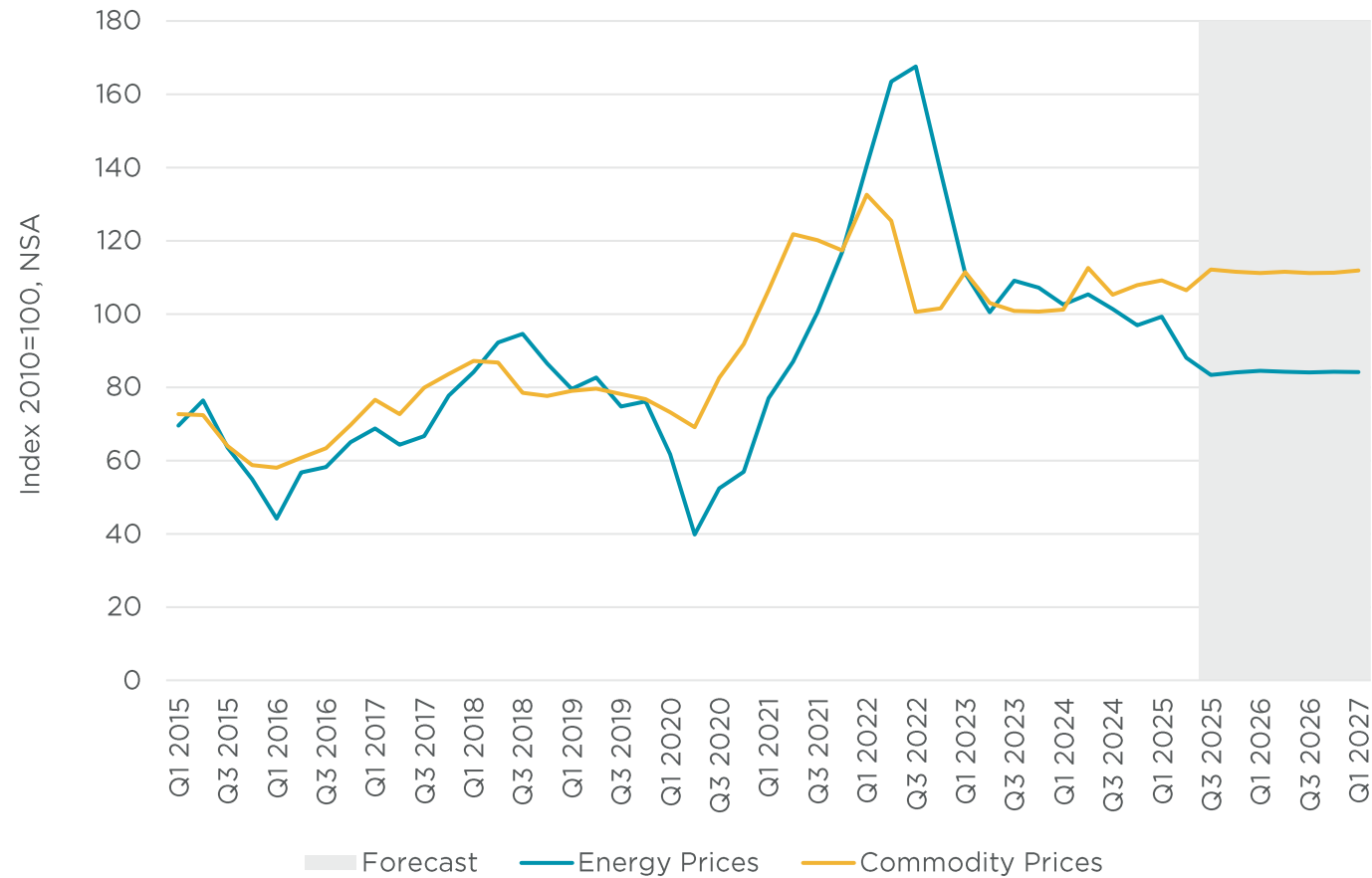
02

CONSTRUCTION COSTS



ENERGY AND COMMODITIES

Energy prices continue to soften

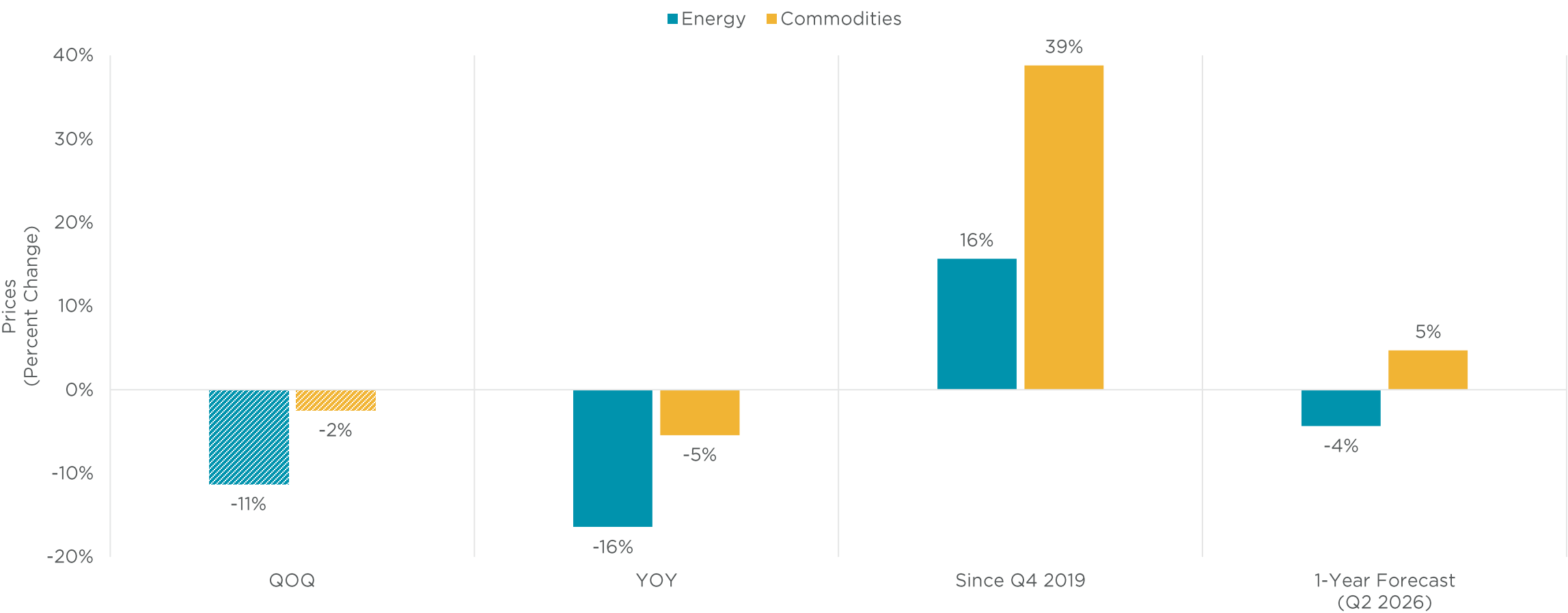


Source: The World Bank; Moody's Analytics

- In the second quarter of 2025, global energy prices fell 11.3% quarter-over-quarter (QOQ) and now sit 16.4% lower than a year ago. Energy prices are closing the gap to pre-pandemic levels, up just 6.5% from Q2 2019. The World Bank expects energy prices to decline an additional 5% by the end of 2025, and to remain relatively stable in 2026. Despite forecasted declines, increased conflict in the Middle East could disrupt oil supplies and alter price projections.
- Global commodity prices declined 2.5% QOQ and 5.4% year-over-year (YOY) as demand outlook for metals softened. Global Manufacturing Purchasing Managers' Indexes (PMIs) contracted in April for the first time in 2025, indicating a slowdown in industrial activity. Prices are down 19.7% from their 2022 peak but remain 33.8% above Q2 2019 levels. Prices are anticipated to rise in the back half of 2025; however, until there is more clarity around tariff policies, volatility in pricing should be expected.

ENERGY AND COMMODITIES

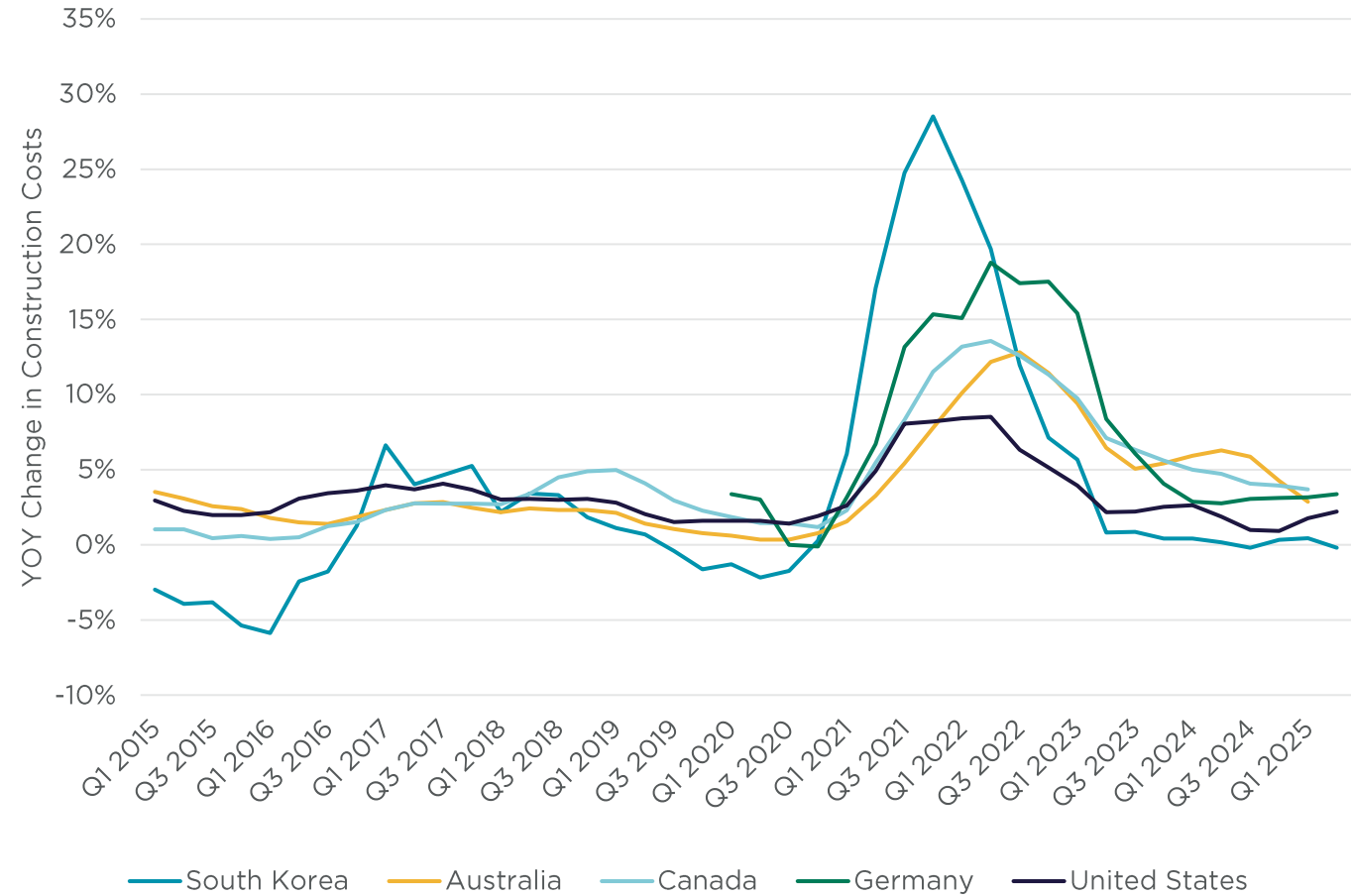
Are expected to continue to decline over the next 12 months



Source: The World Bank; Moody's Analytics

CONSTRUCTION COSTS VARY

Dampening demand has decelerated cost growth in some regions, while others anticipate an acceleration in prices



Source: Moody's Analytics

- After surging during the post-pandemic reopening, construction cost growth has since slowed.
- Recent data shows a deceleration in YOY construction cost growth in Australia, Canada, and South Korea, while Germany and the United States have seen cost increases accelerate.
- In Australia, annual construction cost growth has slowed to 2.9%, down from 5.9% the previous year. This decline is largely driven by falling steel prices and a dip in residential construction costs, as builders offer increased incentives to stimulate demand amid high living costs and weakening activity.
- U.S. construction costs are expected to accelerate, with QOQ increases projected to exceed 1% for each of the next three quarters.

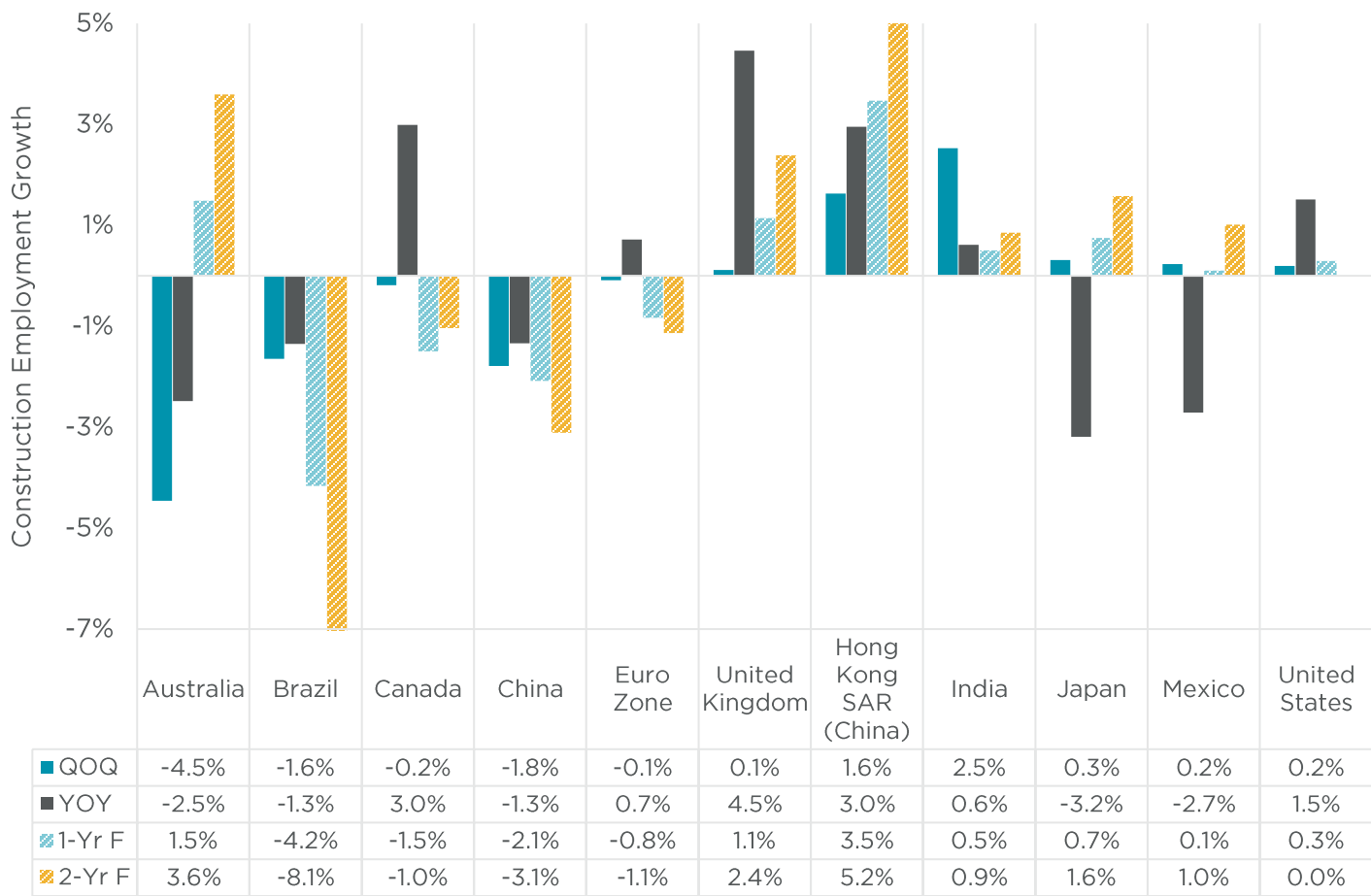
03

CONSTRUCTION EMPLOYMENT



CONSTRUCTION EMPLOYMENT

Continues to be a headwind for the industry

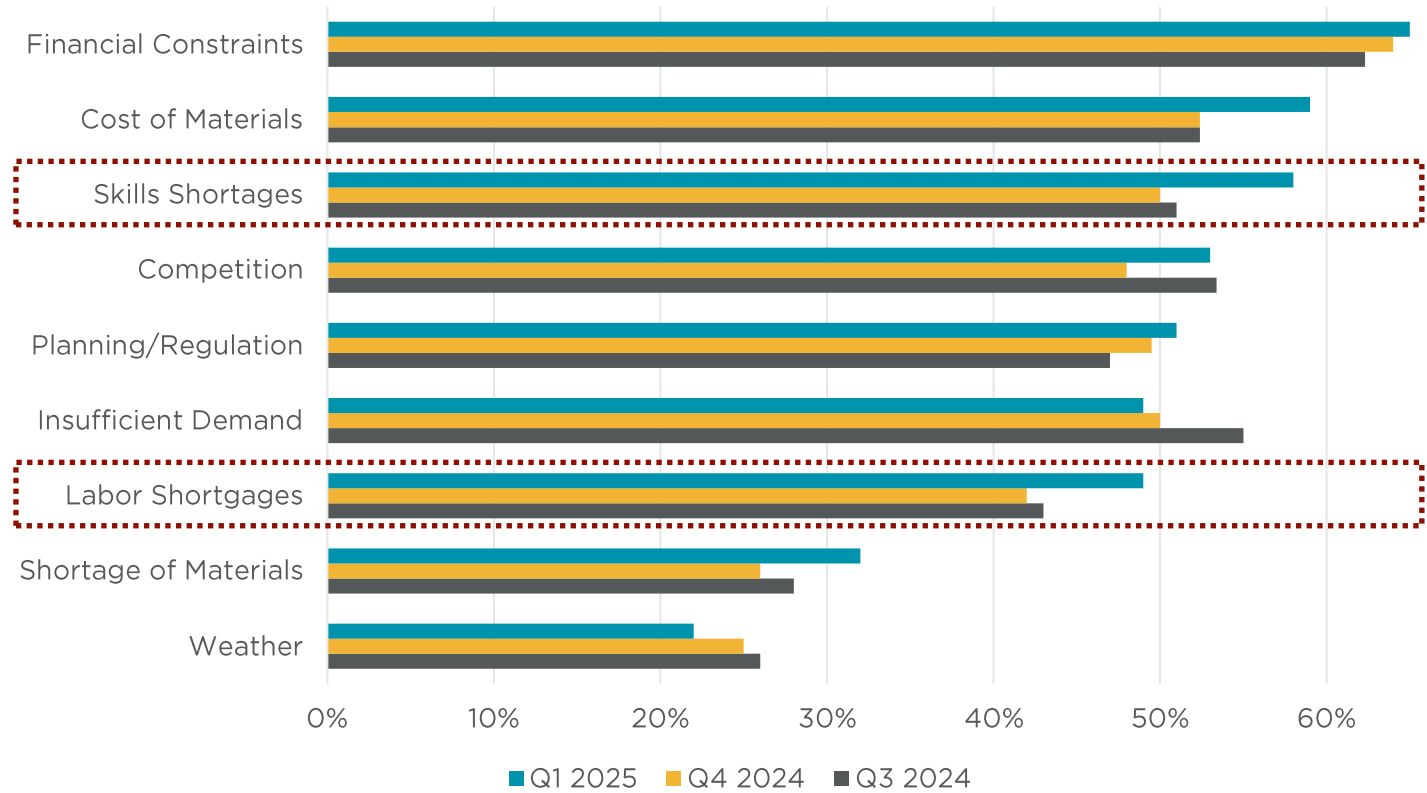


Source: Moody's Analytics

- Though regional trends vary, construction employment across the represented countries declined 0.3% QOQ and rose 0.2% YOY.
- Employment in Brazil continues to slide amid labor shortages and the highest interest rates since 2006.
- Construction labor shortages in the U.S. will likely worsen under new immigration policies introduced by the Trump administration. Immigrants make up roughly 34% of construction trades nationally—nearly twice that of the broader economy—though this share varies significantly across states.
- Overall, construction employment is expected to remain relatively stable—declining by just 0.1% over the next year and rising 0.1% two years from now.

LABOR CHALLENGES INTENSIFY

Concerns about skill and labor shortages increase in 2025



Source: Royal Institution of Chartered Surveyors (RICS) Q3 2024 Global Construction Monitor

- According to the Royal Institution of Chartered Surveyors (RICS) Q1 2025 survey of over 2,300 companies worldwide, labor challenges are intensifying, with concerns about both workforce availability and skill shortages climbing from Q4 2024.
- In the U.S., 83% of respondents cited skilled labor shortages as a concern—an issue reflected in the Engineering News-Record (ENR) cost index, which shows skilled labor costs up 4.8% YOY.
- Notably, companies are concerned about financial constraints which continue to stifle construction activity as prolonged elevated interest rates weigh on global markets.

04

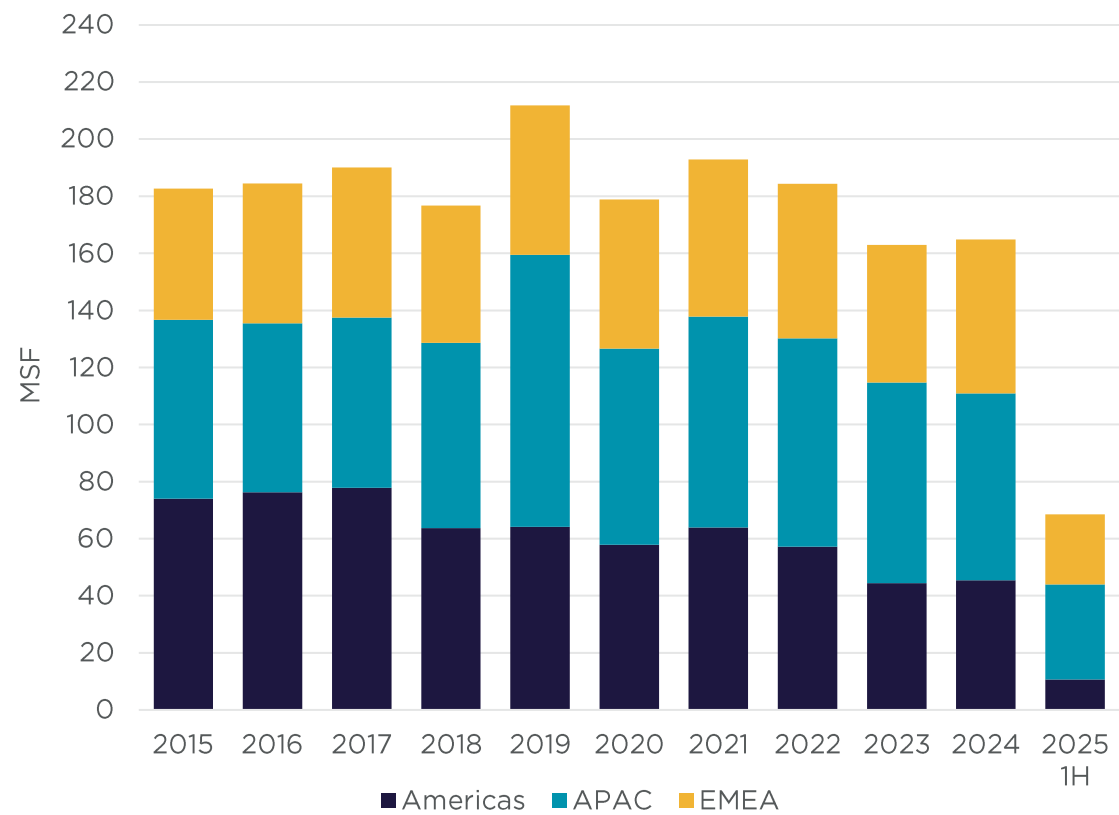
SECTOR SPOTLIGHTS



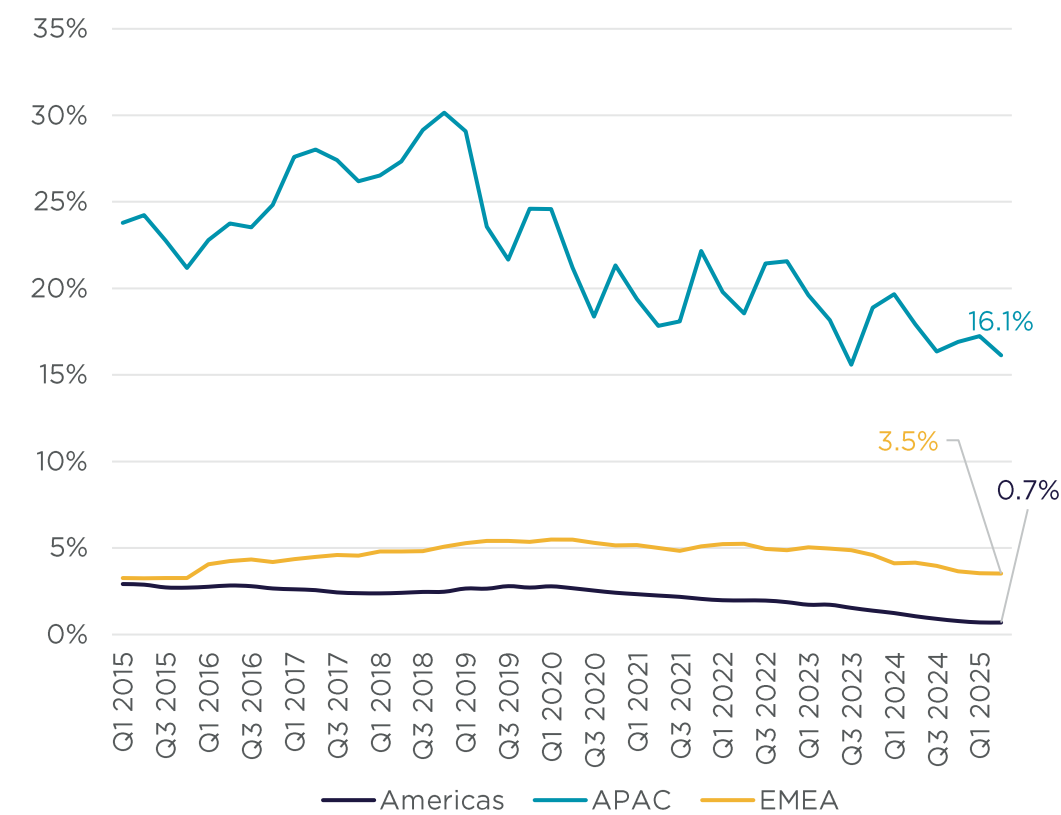
GLOBAL OFFICE PIPELINE CONTINUES TO CONTRACT

As inventory under construction hits a 10-year low

Office Deliveries by Region



Under Construction as a % of Inventory

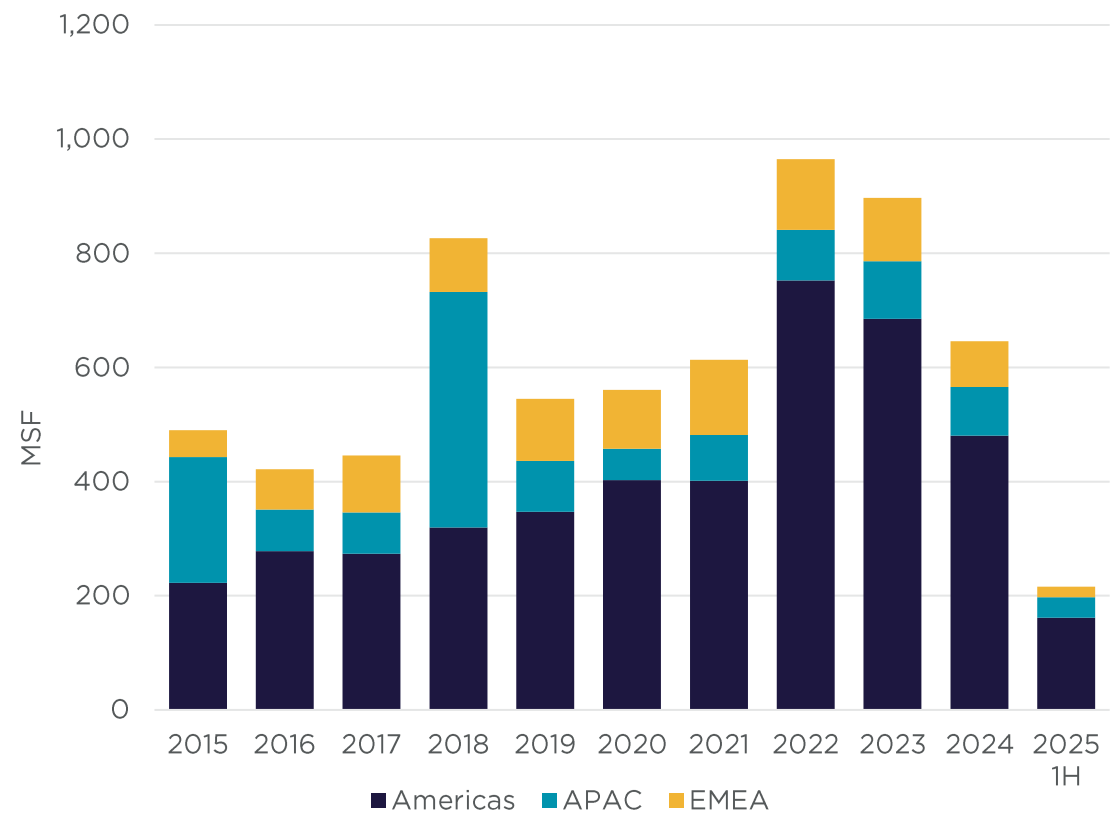


Source: Cushman & Wakefield Research; LATAM doesn't include Q2 2025 and APAC data is preliminary

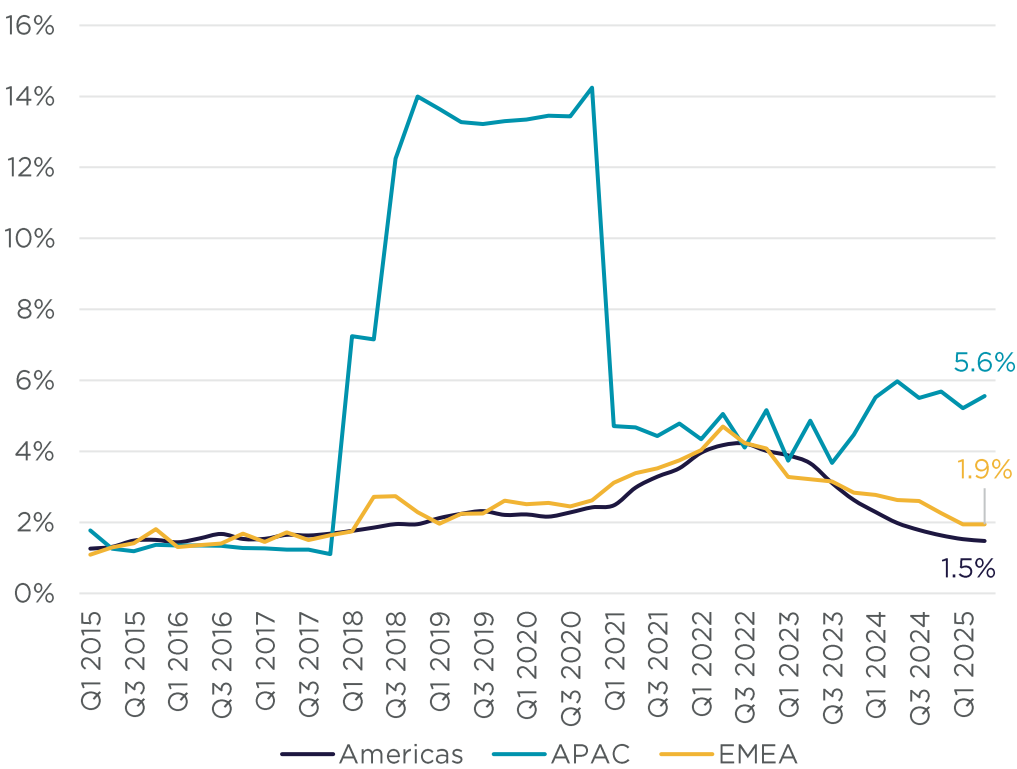
INDUSTRIAL CONSTRUCTION IN APAC TICKS UP

With total inventory under construction 29% higher than the three-year average

Industrial Deliveries by Region



Under Construction as a % of Inventory

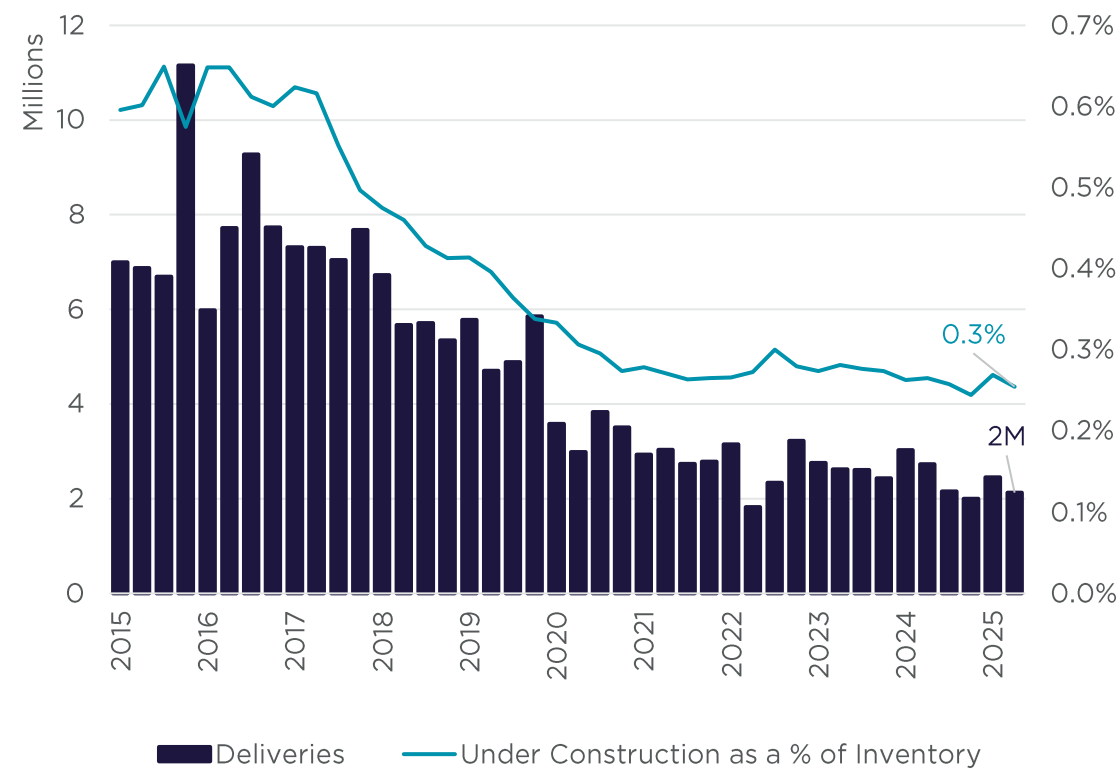


Source: Cushman & Wakefield Research; Q2 data from EMEA and LATAM not yet updated

SATURATION SLOWS NEW MULTIFAMILY DEVELOPMENT

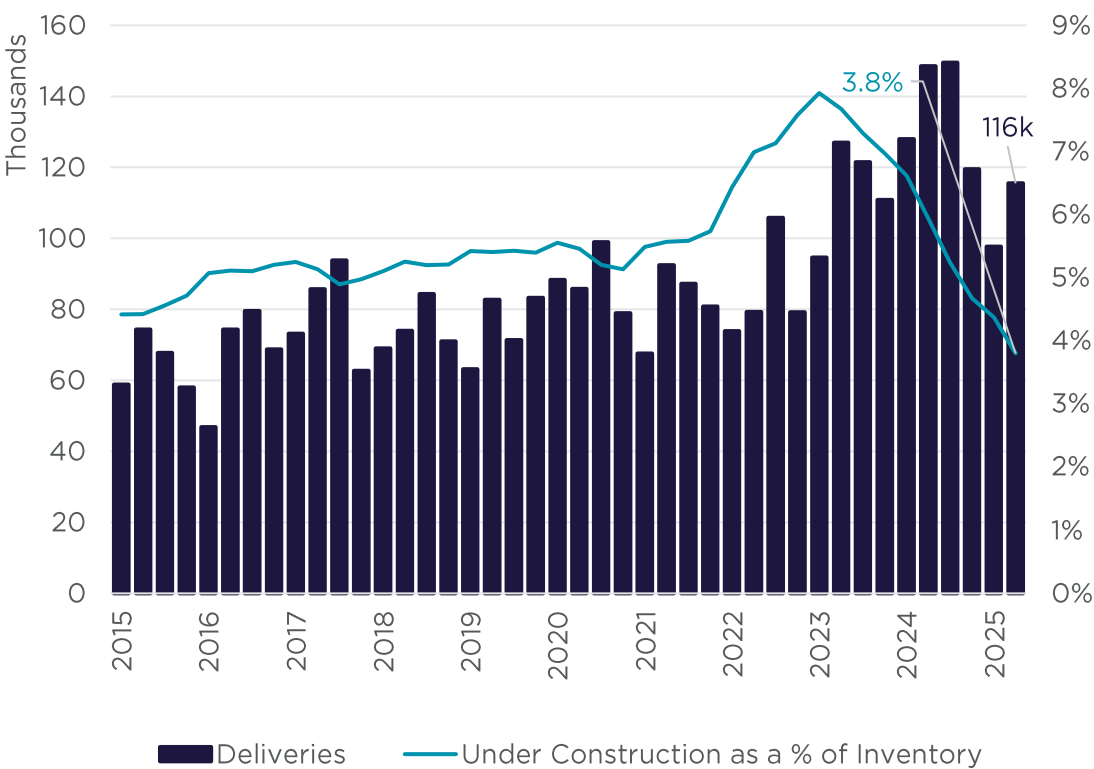
While the retail pipeline continues its long-term contraction

United States Retail Pipeline



Source: Cushman & Wakefield Research

United States Multifamily Pipeline



Source: Cushman & Wakefield Research



05

**COUNTRY
DEEP DIVE**
UNITED STATES

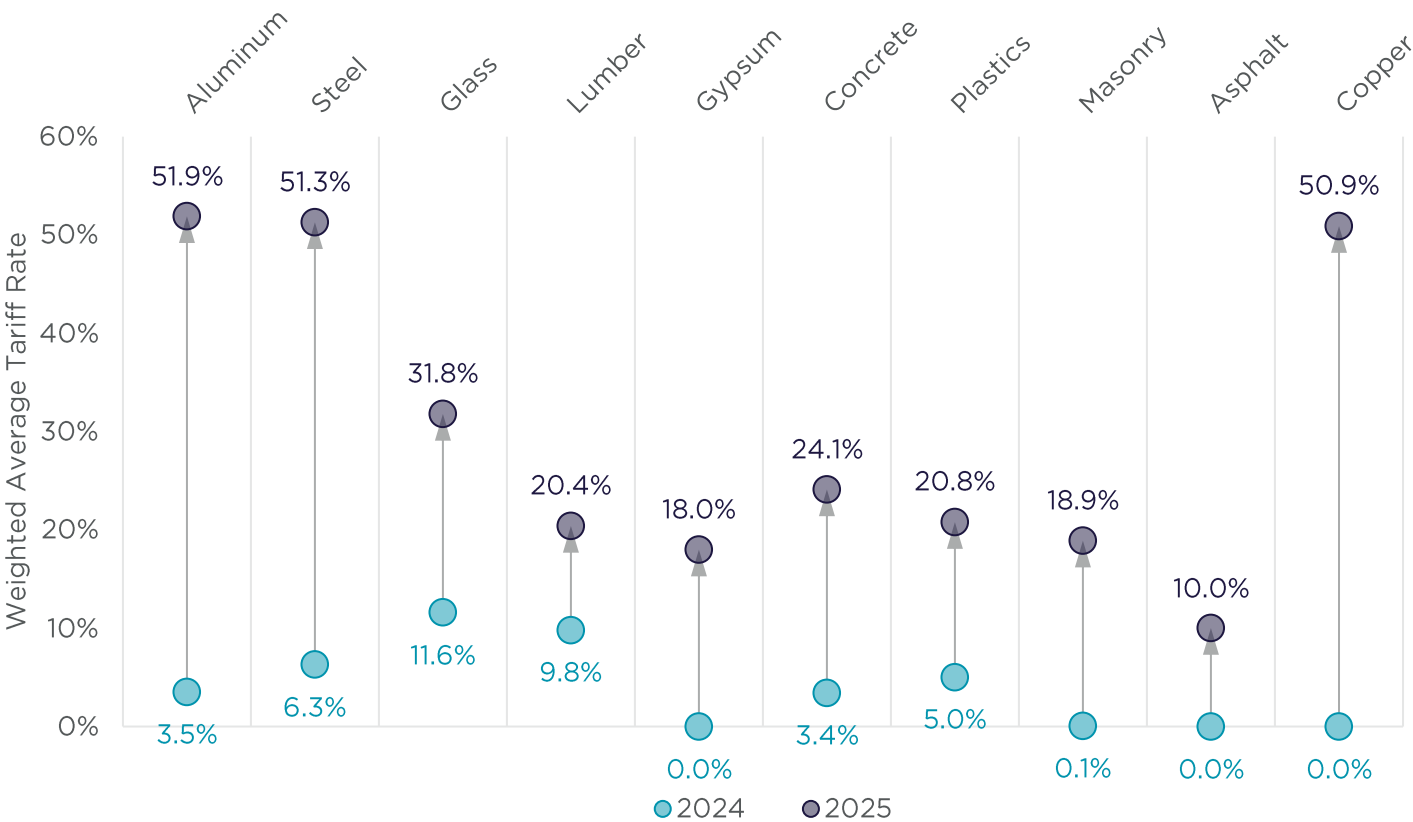


CONSTRUCTION COSTS

U.S. construction costs are still rising, driven by commodity tariffs, equipment inflation, and labor shortages. Projects with a heavy reliance on steel and aluminum are feeling the largest impact from tariffs. While national cost growth is moderating, uncertainty around tariffs and trade policy has weakened industry confidence heading into the second half of 2025.

TARIFFS ELEVATE MATERIAL COSTS

With metal intensive projects being the most impacted



Source: Cushman & Wakefield Research (Data as of August 6th, 2025)

- Cushman & Wakefield estimates material costs in all commercial real estate projects to increase by 6-10% from 2024 based on current tariff policies (August 6, 2025).
- Assuming no change to labor or administrative expenses (zoning, permits), this will add 3-5% to overall project costs.
- 55%-65% of the total material cost increase is attributed to metal tariffs (Steel, Copper, Aluminum).
- Data Center, Retail, and Industrial projects will be disproportionately impacted due to their heavy reliance on metals.
- We estimate 40% of CRE construction materials are sourced internationally, with variability across regions and contractors.

COST INCREASES BEGIN TO EMERGE

As firms look to offset higher prices

In 2021, input prices for nonresidential construction rose rapidly, outpacing contractor bids. Firms were left operating on ultra tight margins. Fast forward a few years, in a climate of economic and geopolitical volatility, construction firms are erring on the side of caution—increasing prices across major services in preparation for a costlier operating landscape.

As of June 2025, nonresidential structural prices rose 1.4% YOY. Overall structure prices increased 1.2% during the same period, with office structures seeing the largest gain at 2.0%, followed closely by healthcare at 1.9%.

Contractor prices rose 3.0% YOY, driven by hikes in the roofing and electrical segments. Costs for services climbed as well, up 4.8% YOY.

	1-Month % Change	YOY % Change	Prior Year* % Change	% Change Jan-2020
STRUCTURES				
Nonresidential	0.2%	1.4%	-0.8%	38.7%
Office	0.3%	2.0%	-0.8%	45.0%
Industrial	0.6%	0.8%	-0.7%	40.7%
Warehouse	-0.1%	-0.2%	-0.7%	43.3%
Healthcare	0.1%	1.9%	-1.0%	35.9%
Average Change	0.2%	1.2%	-0.8%	40.7%
CONTRACTORS				
Concrete Contractors	0.0%	1.9%	0.5%	32.6%
Roofing Contractors	0.7%	4.2%	0.8%	55.7%
Electrical Contractors	2.4%	4.3%	-0.6%	35.5%
Plumbing; HVAC Contractors	-0.1%	1.5%	1.3%	29.9%
Average Change	0.7%	3.0%	0.5%	38.4%
SERVICES				
Utilities	5.3%	4.5%	4.0%	39.2%
Janitorial	0.0%	2.8%	2.9%	18.2%
Waste Collection	-0.5%	3.8%	5.5%	35.1%
Nonresidential Bldg. Maintenance & Repair	3.3%	8.0%	4.3%	35.6%
Average Change	2.0%	4.8%	4.2%	32.0%

Source(s): United States Bureau of Labor Statistics (www.bls.gov/ppis); *Prior year represents June 2024 YOY price change

COMMODITY PRICE GROWTH ACCELERATES

Amid increased tariff implementation and proposals

While the actual implementation of tariffs directly raises input costs for construction-related materials, even the discussion or threat of tariffs have resulted in elevated commodity prices through indirect channels, including:

- **Stockpiling Surge:** Buyers accelerated purchases in anticipation of impending tariffs.
- **Preemptive Price Increases:** Suppliers raised prices in expectation of future cost pressures.
- **Uncertainty Premiums:** Firms applied precautionary markups to hedge against potential policy risks.

As of June 2025, construction related commodity prices rose 3.3% YOY, tracking closely with the prior year's 3.4% annual increase. Fabricated steel plates saw largest YOY gain at 13.6% while hot rolled bars had the steepest decline, falling 2.7%.

On average, costs are projected to be:

↑ 2.3% from current prices to September 2025

↑ 3.0% from current prices to December 2025

	1-Month % Change	YOY % Change	Prior Year % Change	3-Month Forecast* (Sep-2025)	6-Month Forecast* (Dec-2025)
Lumber	-0.3%	1.5%	-1.6%	1.8%	1.3%
Hot rolled bars; plates & structural	1.3%	-2.7%	-8.7%	-1.4%	-0.4%
Steel pipe and tube	0.5%	4.3%	-9.1%	2.5%	4.1%
Nonferrous metals	1.1%	8.9%	7.0%	2.3%	3.4%
Nonferrous wire and cable	0.5%	2.1%	11.3%	3.3%	4.6%
Fabricated structural metal	1.1%	8.9%	-9.7%	0.7%	1.5%
Fabricated steel plate	0.8%	13.6%	0.0%	0.5%	1.0%
Prefabricated metal buildings	1.1%	0.5%	1.9%	0.4%	1.2%
Miscellaneous metal products	0.4%	2.6%	2.8%	1.4%	2.7%
Glass	0.2%	0.3%	0.5%	1.7%	2.2%
Concrete and related products	0.2%	6.0%	6.6%	2.8%	3.8%
Concrete products	-0.2%	3.0%	5.0%	3.4%	4.6%
Asphalt felts and coatings	0.0%	2.3%	1.2%	2.2%	1.4%
Other nonmetallic minerals	-0.1%	2.0%	3.4%	4.9%	5.3%
Copper Base Scrap	2.8%	-0.3%	12.4%	1.3%	1.4%
Aluminum Base Scrap	-1.7%	-0.7%	32.1%	9.3%	10.2%
Average Change	0.5%	3.3%	3.4%	2.3%	3.0%

Source(s): United States Bureau of Labor Statistics (www.bls.gov/ppis); Prior year represents June 2024 YOY price change

EQUIPMENT PRICES CONTINUE UPWARD TRAJECTORY

With heightened demand amid the data center boom

Equipment prices continue to climb, with June 2025 marking a 5% annual increase, up from 4.3% in 2024.

Switchgear prices have seen the sharpest rise, up 17.3% from two years ago, driven by the component’s critical role in powering data centers. These facilities are expanding rapidly to support the surge in power-intensive AI workloads.

Demand for Motors and Generators has also intensified, as data centers prioritize both power and cooling redundancy to ensure uninterrupted uptime.

Transformer prices are expected to accelerate, as utilities invest in grid modernization to accommodate growing electricity demand—pressured further by material constraints and long lead times in the manufacturing pipeline.

On average, equipment prices are projected to be:

↑ 5.2% from current prices to September 2025

↑ 6.9% from current prices to December 2025

	1-Month % Change	YOY % Change	Prior Year % Change	3-Month Forecast* (Sep-2025)	6-Month Forecast* (Dec-2025)
Switchgear; switchboard; etc. equipment	0.9%	9.3%	8.0%	1.6%	3.7%
Metalworking machinery and equipment	0.5%	3.9%	4.0%	2.6%	4.1%
Pumps; compressors; and equipment	0.2%	7.0%	5.1%	5.2%	6.8%
Fans and blowers; except portable	0.0%	0.9%	1.3%	6.3%	8.0%
Electrical machinery and equipment	0.1%	3.2%	2.8%	4.2%	5.3%
Motors; generators; motor generator sets	0.9%	7.6%	4.0%	7.6%	9.2%
Transformers and power regulators	0.0%	2.4%	3.4%	13.0%	15.5%
Process control instruments	1.1%	6.1%	5.5%	1.2%	2.5%
Average Change	0.5%	5.0%	4.3%	5.2%	6.9%

Source(s): United States Bureau of Labor Statistics (www.bls.gov/ppis); Prior year represents June 2024 YOY price change

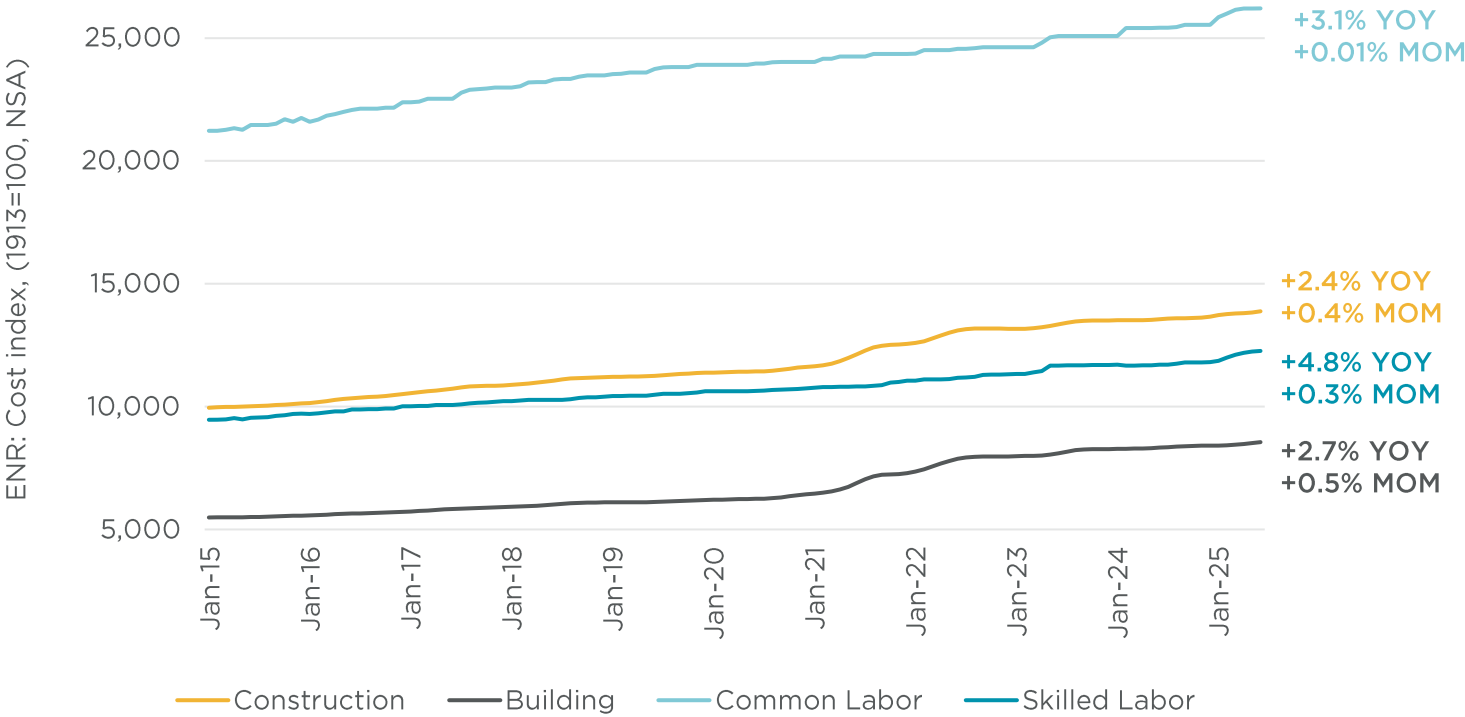
RISING LABOR EXPENSES

Continue applying upward pressure to overall costs

The construction industry continues to face labor challenges, contributing to extended completion times and rising costs. Skilled labor expenses increased 4.8% over the past year, while wages for common labor rose 3.1% YOY.

An aging workforce, limited entry of younger workers into construction trades, elevated demand for skilled positions, and tighter immigration policies have all contributed to the shortage. This strain is further compounded by growing demand for complex projects—such as data centers—that require specialized expertise.

Despite escalating labor expenses, overall construction and building costs have seen more moderate increases, rising 2.4% and 2.7% YOY, respectively. However, construction costs have risen more sharply this year compared to the 1.5% increase in June 2024.



Source: Engineering News-Record (ENR) (McGraw-Hill)

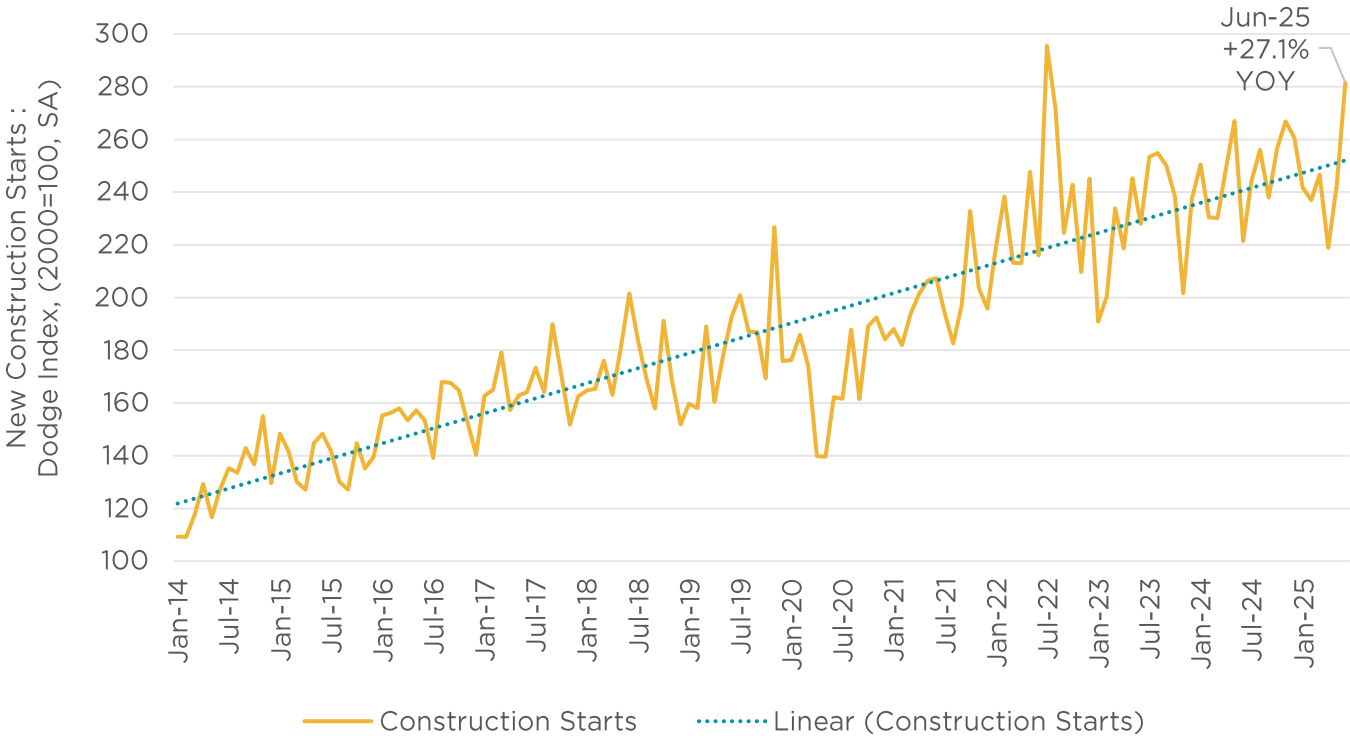
NEW CONSTRUCTION STARTS INCREASED YOY

However, nonresidential building starts decreased

Construction starts jumped 27% YOY in June 2025 climbing 16% from May and surpassing their long-term trend. Nonbuilding construction led the monthly gains with a 39% increase, extending the momentum from its 20% rise in May.

The outlook for construction starts remains mixed: optimism is supported by certain provisions in the One Big Beautiful Bill Act (OBBBA), while financial headwinds persist as developers await potential interest rate relief from the Federal Reserve.

Renewable energy projects may experience a short-term uptick as firms accelerate timelines to begin construction before changes under the OBBBA take effect. Specifically, the termination of Section 45Y and Section 48E clean energy tax credits. Facilities that begin construction within 12 months of the bill's enactment can still receive the tax credit.



Source: Dodge Data & Analytics

METRO-LEVEL COSTS ARE STILL CLIMBING

But increases have decelerated

Construction cost growth has moderated nationally, according to the Rider Levett Bucknall (RLB) Construction Cost Report. Costs rose just 0.2% from Q1 to Q2 2025 and 4.4% YOY, a slowdown from the 5.4% annual increase recorded in 2024.

Among the 16 U.S. markets tracked in the report, construction expenses increased by an average of 1.1% QOQ and 4.5% YOY, both still notably higher than the 2.4% annual increase in the Consumer Price Index (CPI).

Chicago, Dallas, Miami, and Honolulu were the largest contributors to the increase, each recording annual cost growth exceeding 5%. However, escalation appears to be tapering in Dallas, where costs rose just 0.7% from Q1, the smallest quarterly gain among all markets.

In contrast, Austin, Los Angeles, San Francisco, and New York showed the most pricing stability, with YOY increases below 4%.

Metro	QOQ % Change	YOY % Change (Q2 2025 vs. Q2 2024)	Prior Year % Change (Q2 2024 vs. Q2 2023)
Austin	1.07%	2.92%	
Boston	1.08%	4.61%	6.02%
Chicago	1.65%	5.75%	7.67%
Dallas	0.65%	5.55%	
Denver	1.19%	4.59%	4.04%
Honolulu	1.37%	5.48%	5.76%
Las Vegas	1.33%	4.40%	5.11%
Los Angeles	1.12%	3.57%	4.94%
Miami	1.09%	5.50%	
Nashville	1.14%	4.54%	
New York	0.99%	3.99%	5.13%
Phoenix	1.17%	4.42%	4.17%
Portland	1.11%	4.35%	6.31%
San Francisco	1.48%	3.78%	4.00%
Seattle	0.99%	4.48%	6.54%
Washington D.C.	0.74%	4.12%	5.33%
Average	1.13%	4.50%	5.42%

Source: Rider Levett Bucknall

TARIFF TURBULENCE WEIGHING ON EXECUTIVES

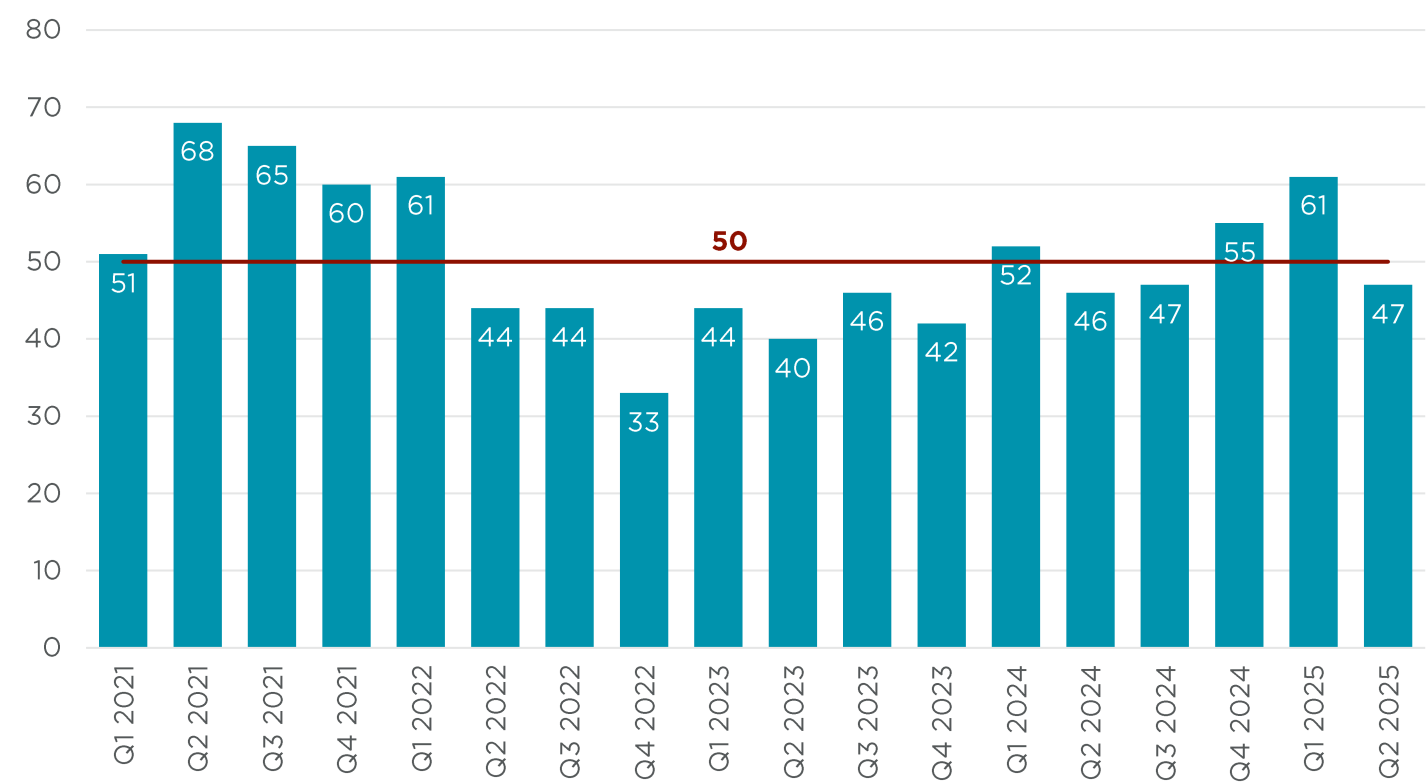
Despite optimism for long term growth

The quarterly survey results from ENR, conducted among U.S. executives of leading general contractors, subcontractors and design firms, fell substantially in Q2.

Executive confidence dropped to 47, reversing gains from the previous quarter when the index matched a three-year high. Based on feedback to ENR, executives primarily attributed the decline to ongoing tariff uncertainty, a concern shared from the previous quarter’s survey.

Despite softening sentiment, the expanding data center industry continues to fuel construction activity. Firms reported the highest confidence in the power sector across all three time periods.

The index, which measures sentiment regarding future market conditions, suggests that executives remain cautious about the 3–6 and 12–18 month outlooks.



Source: ENR/BNP MEDIA



LABOR

Construction employment continues to grow modestly. However, hiring activity and employee turnover have slowed as firms grapple with volatile material costs. Many companies are prioritizing labor expense stability and retention. Wage growth remains elevated relative to other sectors but has decelerated through midyear 2025. Stricter immigration policies could reignite labor shortages and wage pressure heading into 2026.

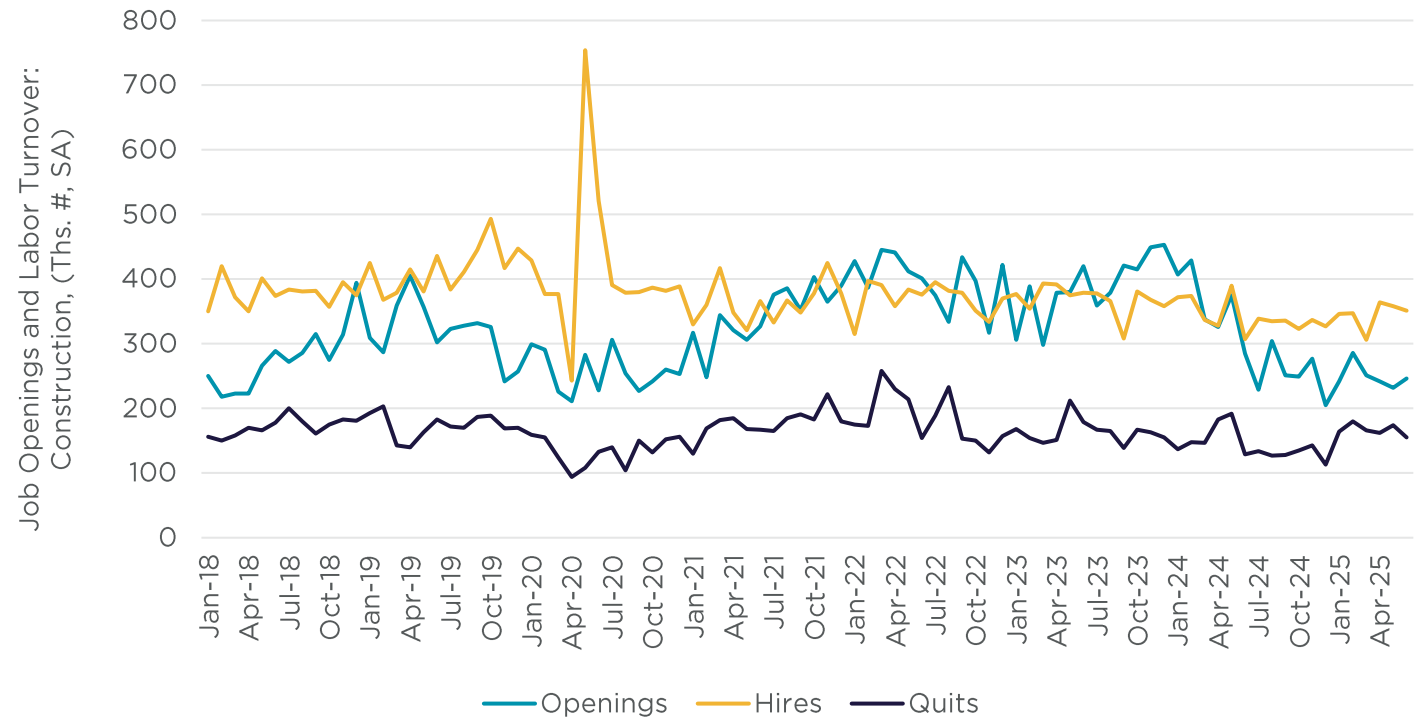
WORKFORCE TURNOVER STABILIZING

As firms focus on stabilizing labor costs amid murky material prices

Construction employment posted a modest gain in June 2025, rising 0.2% from May and extending its streak to five consecutive months without a decline. Nonresidential building construction remained effectively flat, shedding approximately 400 workers.

Compared to the previous year, total construction employment is up 1.5%, exceeding gains in total nonfarm (+1.2%) and private sector employment (+1.1%). Net construction employment continues to grow, despite reduced job turnover and openings. Workers in nonresidential construction also increased, rising 1.0% from last June.

Amid ongoing tariff uncertainty and volatile material costs, construction firms are focused on stabilizing labor expenses and minimizing workforce turnover. Key market indicators reflect this shift: through the first half of 2025, construction openings, hires, and quits have all declined compared to the same January–June periods in 2022, 2023, and 2024—with quits in 2024 being the lone exception.



Source: U.S. Bureau of Labor Statistics (BLS)

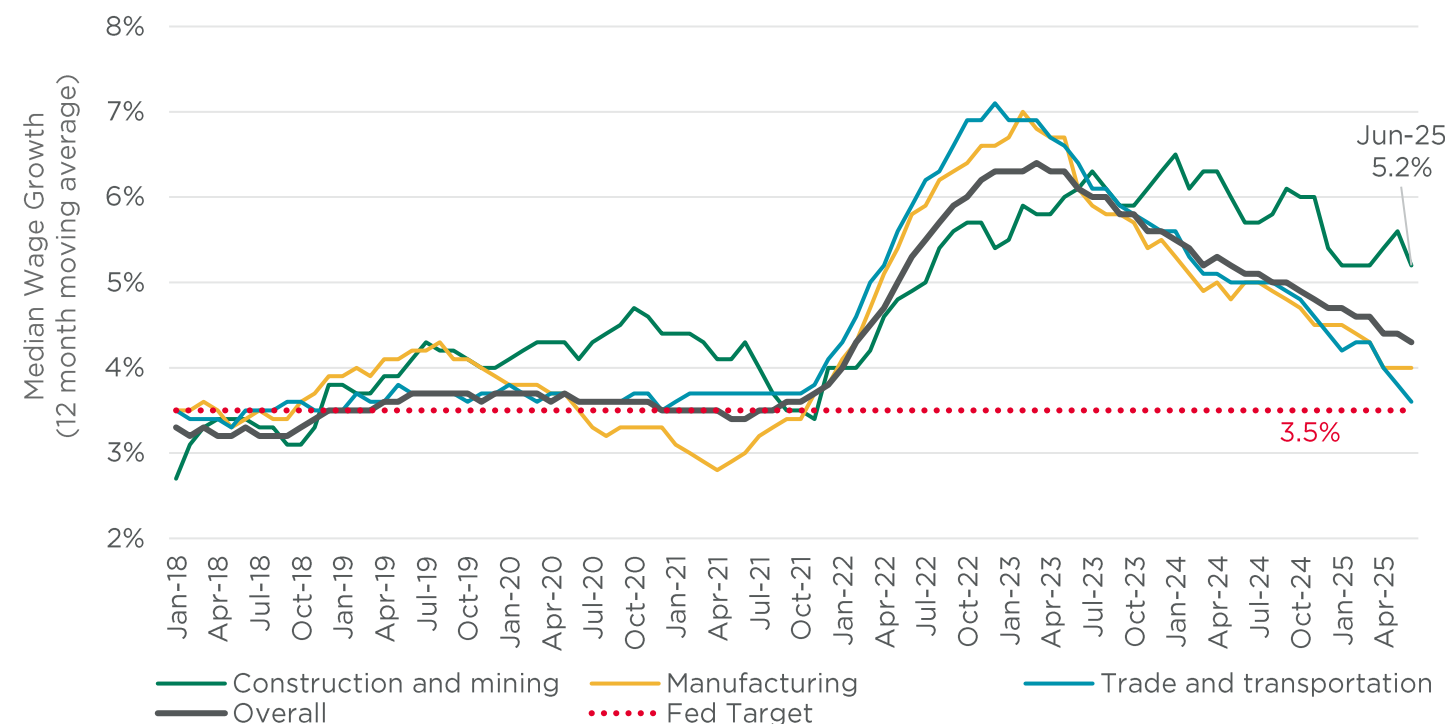
CONSTRUCTION WAGE GROWTH IS MODERATING

But may face upward pressure with current U.S. policy on immigration

Persistent labor constraints in the construction industry have continued to exert upward pressure on wages. Over the past 12 months, average earnings in construction and mining have outpaced those in manufacturing, trade and transportation, and the overall economy by 1.1%, 1.2%, and 0.9%, respectively. These wage increases have been a key driver of price escalations in construction projects.

However, momentum has waned recently, with increases in construction, mining, and other sectors beginning to trend back toward pre-pandemic averages. As of June, wage growth across these industries has decelerated in every month of 2025 compared to the same period a year earlier.

The more stringent immigration policies enacted by the new administration may result in a reversal of the recent moderation in construction wage growth as the industry's heavy reliance on immigrant labor could intensify labor shortages.



Source: Federal Reserve of Atlanta



PROJECT TIMELINES

Backlogs have continued to rise in 2025, even as trade policy headwinds persist. Ongoing tariff volatility is contributing to project delays and making accurate budgeting and forecasting more difficult, which is limiting new activity. Architectural billings are showing signs of stabilization but remain below growth territory amid tight credit conditions and elevated costs. A reduction in interest rates could ease financing pressures and help support pipeline growth.

PROJECT TIMELINES

Equipment lead times

Equipment lead times have remained stable throughout 2025, largely due to the construction sector’s adaptation to extended timelines. Improvements in supply chain efficiency, especially compared to pandemic-era constraints, have also played a key role.

While uncertainty continues to weigh on the sector, a slowdown in the project pipeline has softened equipment demand. This reduced pressure hasn’t significantly shortened lead times, but it has helped prevent further delays. Looking ahead, as market conditions stabilize, supply chain gains are expected to hold even as demand begins to recover.

EQUIPMENT	SIZE	WEEKS
CRAC Units	Small format	8-30+
CRAC Units	Large format	32-40+
Supplemental AC	Supplemental AC	16
Fan Coil Units	Fan Coil Units	14-16
VAV Boxes	VAV Boxes	10
FPB	FPB	10
Air Handlers	Water Cooled DX Semi-Custom	20-30
Modular Chillers	Modular Chillers	24-35
Roof Top AHUs	Roof Top AHUs	24-34+
Centrifugal Chillers	Centrifugal Chillers	30
UPS	80 kva	16-28
UPS	100-150kva	20-26
UPS	225; 300; 500 kva	24-28
PDU	80; 100-150; 225 kva	40-54
PDU	300 kva	24-28
PDU	500 kva	22-26
Switch Boards	100; 200; 400; 800 Amp	15-20
Switch Boards	1200 Amp	17-20
Switch Boards	1600; 2000; 2500 Amp	45-60
Cat Generators	100-500kw	32-34
Cat Generators	750-1250 kw	62-65
Cat Generators	1500 kw	65+
Detroit Diesel Generators	30-200 kw	35-37
Detroit Diesel Generators	230-400 kw	61-63
Detroit Diesel Generators	450-600 kw	35-37
Detroit Diesel Generators	1000-1250; 1500-1750; 2000-2500 kw	92-96

Source: Turton Bond

JUNE CONSTRUCTION BACKLOG HOLDS FIRM

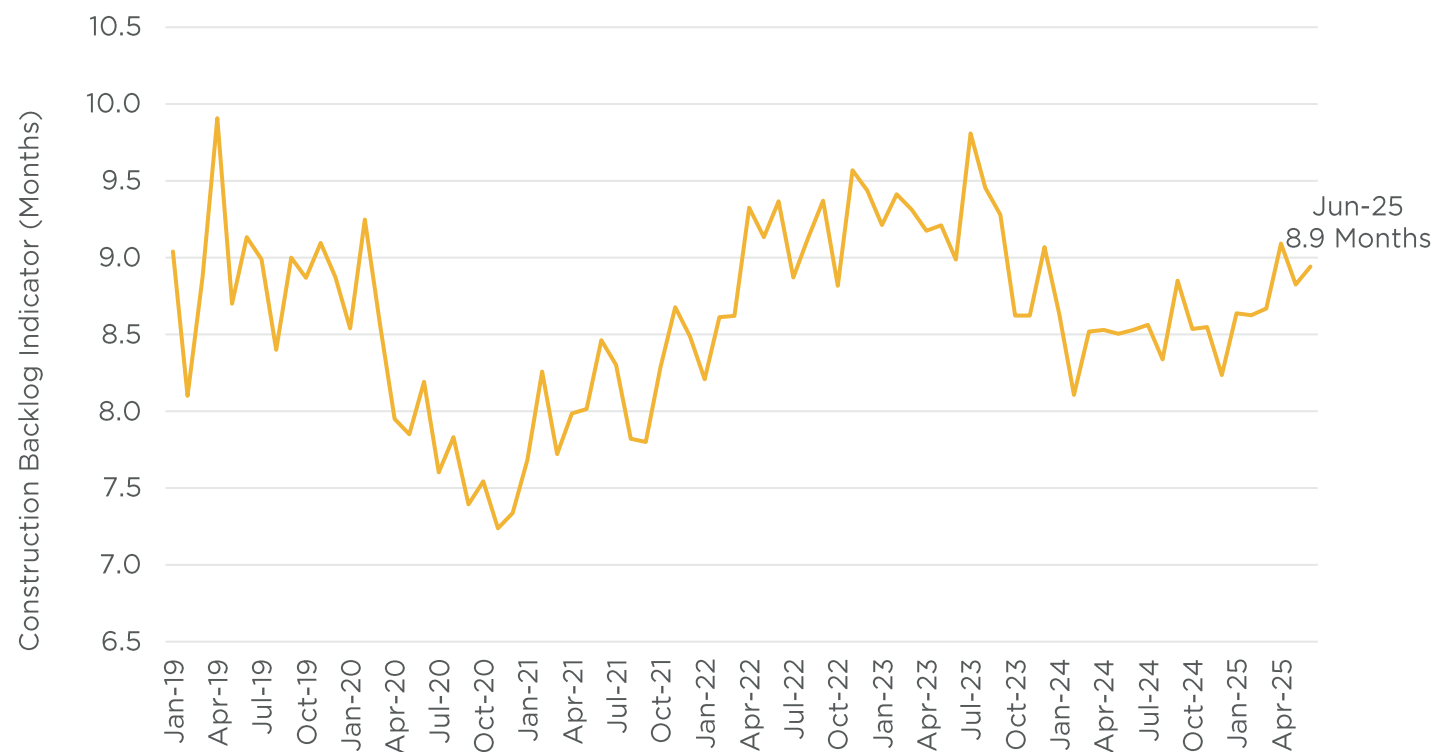
Amid mixed market signals

The Associated Builders and Contractors (ABC) construction backlog for commercial and institutional projects reached 8.9 months in June 2025—approximately four days longer than the previous month and 0.4 months higher than the same period last year.

The southern U.S. continues to hold the most significant backlog, followed closely by the Northeast, where activity has increased notably in recent months.

Robust demand for data center construction has helped sustain elevated backlog levels with roughly 14% of ABC members reporting active involvement in such projects. Contractor sentiment remains optimistic, with 60% of respondents expecting sales to rise in the second half of 2025.

However, ongoing tariff volatility is creating budgeting and forecasting challenges, contributing to project disruptions. According to ABC, one in five contractors experienced a project delay or interruption in June from tariffs.



Source: Associated Builders and Contractors

Backlog is defined as “the amount of work, measured in dollars, that construction companies are contracted to do in the future.”

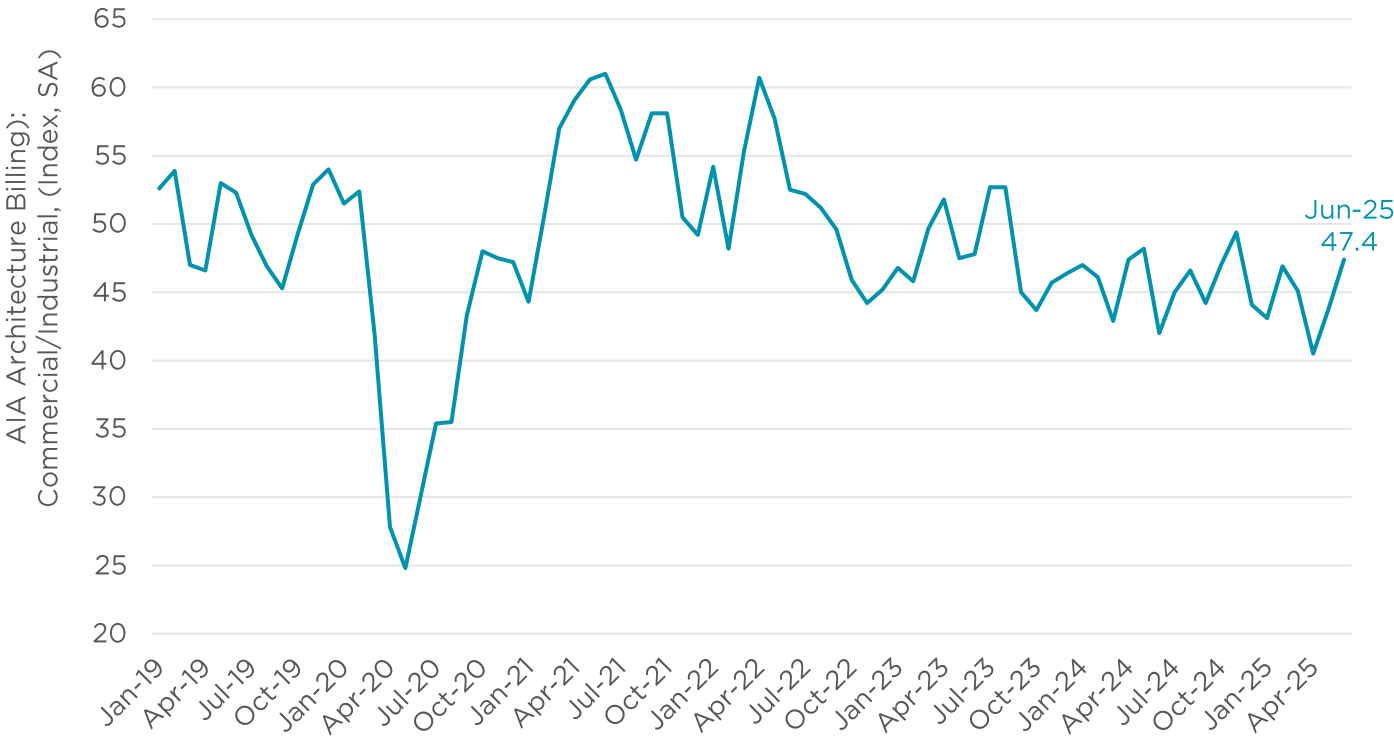
ARCHITECTURAL BILLINGS STABILIZE

But remain below growth threshold

Commercial and industrial architectural billings showed signs of stabilization over the past two months, with the Architecture Billings Index (ABI) rising to 47.4 in June—its highest level since November 2024, though still below the 50 threshold that signals growth.

Following strong demand in 2021 and early 2022, billings trended downward amid elevated inflation and rising financing costs. While construction cost escalation has moderated, prices remain elevated, and firms continue to face tight and expensive credit conditions. These constraints limit the flow of new project funding, dampening architectural demand and construction activity. Since architects are typically engaged early in the development process, the ABI is considered a reliable leading indicator for future construction activity.

A reduction in Federal Reserve interest rates would likely ease financing barriers and help support growth in design and construction pipelines.



Source: The American Institute of Architects (AIA)



TYLER PAYTAS

Global Head of GOS Project Management
tyler.paytas@cushwake.com



CARRIE BOEGEMAN

Head of Platform Operations
GOS Project Management
carrie.boegeman@cushwake.com



SANDY ROMERO

Research Manager, Global Research
sandy.romero@cushwake.com



ETHAN TRIBBLE

Research Analyst, Global Research
ethan.tribble@cushwake.com

ABOUT CUSHMAN & WAKEFIELD

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2024, the firm reported revenue of \$9.4 billion across its core service lines of Services, Leasing, Capital markets, and Valuation and other. Built around the belief that *Better never settles*, the firm receives numerous industry and business accolades for its award-winning culture. For additional information, visit www.cushmanwakefield.com.

Better never settles

