HORIZONS

Market Conditions

Q1 2025

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About this report

As we finalized this edition of our quarterly market report, the U.S. administration announced a sweeping set of universal tariffs on imported goods. This development punctuates a broader trend running through this quarter's data: uncertainty. Rapidly emerging developments are shaping the life science and food and beverage industries in real time, making it increasingly difficult for project teams to move their capital planning forward.

The cost implications of these policy updates are a key concern for owners and suppliers alike. Nearly 83% of trade partners who responded to our survey say that prices for their products have increased this quarter—the highest proportion since we began publishing quarterly reports two years ago.

While the situation evolves, CRB is working with our trade partners to clarify the scale and impact of potential tariff-related cost increases. These discussions are helping our clients establish agile, well-informed procurement strategies in this era of increasing uncertainty.

This quarter's report further contextualizes that sense of uncertainty within a broader picture of today's supply dynamics. It combines the latest marketplace data with CRB's on-the-ground insights so clients can confidently navigate this unpredictable environment. As always, we welcome your feedback and look forward to continuing this conversation.

Mike Barrett

Vice President, Global Project Delivery, CRB

CRB's procurement team works with our trusted strategic trade partners and suppliers to maintain a database of lead times for equipment and materials, particularly those specific to the life sciences and food + beverage industries. We frequently add new equipment and materials to our database to better support our clients with current information and options.

FIGURE 1

Database of lead times for equipment and materials

CRB Lead Time Database

● Improving ● Stable ● Increasing

CURRENT LEAD TIMES FOR EQUIPMENT AND MATERIAL: Q1 2025		
Equipment/Material	Lead Time (wks)	Trend
F&B Equipment – CIP Skid	14	●
F&B Equipment – Palletizer	48	●
Media Prep & Hold Skids-316SS	48	●
Media Prep & Hold Skids-AL6XN	58	●
Buffer Prep & Hold Skids-316SS	48	●
Buffer Prep & Hold Skids-AL6XN	58	●
Purified Water Skids	32	●
WFI Distribution Skids	30	●
USP Water Distribution Skid	30	●
Pure Steam Generators	24	●
Stainless Steel Vessels - ID > 98"	25	●
Stainless Steel Vessels - ID < 98"	16	●
Single Use Bioreactors	30	●
Single Use Bioreactor Bags	18	●
Stainless Steel Bioreactors - ID > 98"	44	●
Stainless Steel Bioreactors - ID < 98"	36	●
Chromatography Skids	45	●
Chromatography Columns	50	●
Stainless Steel Tubing 316L	0	●
Stainless Steel Tubing AL6XN SF4	0	●
Modular Cleanroom Panels	18	●
Roof Joists	14	●
Metal Decking	14	●
Medium Voltage GIS Switchgear (35kV class, 1200A)	62	●

(continued)

Source: CRB

FIGURE 1 (CONT.)

Database of lead times for equipment and materials

● Improving ● Stable ● Increasing

CURRENT LEAD TIMES FOR EQUIPMENT AND MATERIAL: Q1 2025		
Equipment/Material	Lead Time (wks)	Trend
Medium Voltage Fused Switchgear (15kV class, 1200A)	46	●
Medium Voltage Fused Switchgear (4160V class, 1200A)	46	●
Medium Voltage Transformer - 3Ph - 45-500kva	75	●
Medium Voltage Transformer - 3Ph - 501-1500kva	75	●
Medium Voltage Transformer - 3Ph - 1501-3000kva	75	●
Medium Voltage Transformer - 3Ph - 3001-5000kva	85	●
MediumVoltage Transformer - 3Ph -5001+ kva	85	●
ANSI Switchgear (3000-4000A)	38	●
Switchboard (3000A-4000A)	38	●
Switchboard (2000A-2500A)	30	●
Panelboards (480V, Any ampacity)	8	●
Panelboards (208V, Any ampacity)	6	●
Dry Type Transformers (112.5kVA and below)	8	●
Busway (Any Ampacity)	20	●
Standard MCC	40	●
Smart MCC	72	●
Copper Tubing and Fittings	1	●
Standard Packaged RTUs	13	●
Cooling Towers	16	●
Water-Cooled Centrifugal Chillers	36	●
Air-Cooled Chillers, < 250 Tons	23	●
Air-Cooled Chillers, > 250 Tons	33	●
Boilers, 500 HP Water Tube	18	●
Boilers, 800 HP Fire Tube	22	●
Large-diameter Control Valves-Modulating	12	●
Stainless Steel Zero-Static	5	●
Block Body Valves	10	●

(continued)

Source: CRB

FIGURE 1 (CONT.)

Database of lead times for equipment and materials

● Improving ● Stable ● Increasing

CURRENT LEAD TIMES FOR EQUIPMENT AND MATERIAL: Q1 2025		
Equipment/Material	Lead Time (wks)	Trend
Sanitary Filters & Housings: 1 Rd Housings	12	●
Sanitary Filters & Housings: Multi Rd Housings	14	●
Sanitary Filters & Housings: Opti-clean	12	●
Sterile Pass-Thrus	20	●
Sanitary Heat Exchangers	22	●
Custom AHUs (Small Indoor Units)	32	●
Custom AHUs (Large Outdoor Units)	30	●
DOAS AHUs (Dedicated Outdoor Air System)	16	●
Semi-Custom AHUs (Small Indoor Units)	18	●
Semi-Custom AHUs (Large Outdoor Units)	18	●
HDPE Piping <4"	1	●
HDPE Piping >4"	1	●
Insulated Metal Panels (IMP)	10	●
RO Skids	45	●
BioWaste Kill Skids	30	●
Waste Neutralization Skids, 100 GPM	22	●
Waste Neutralization Skids, < 25 GPM	18	●
Diesel Generators ≤ 200kW	22	●
Diesel Generators 230kW -1 MW	22	●
Diesel Generators > 1 Megawatt	60	●

Source: CRB

LOOKING FOR SOMETHING ELSE?

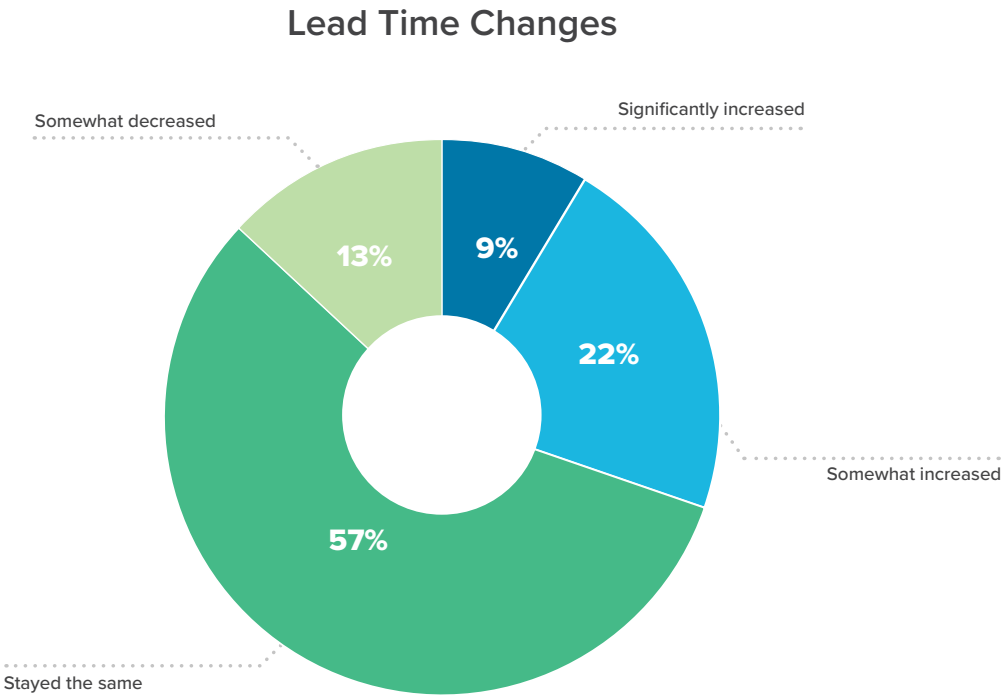
REQUEST LEAD TIME DETAILS

On a macroeconomic level, supply chain lead times appear relatively stable. The Global Supply Chain Pressure Index, for example, suggests that current supply dynamics are consistent with pre-pandemic norms.

However, after two quarters of steadily decreasing lead times overall, our trade partners are noting a shift: nearly a third of them report increased lead times, up nearly 10% from last quarter. This is consistent with a microenemoic trend that CRB is seeing among life science and food and beverage project owners, who are facing more volatility now than they did in 2024. CRB's procurement database demonstrated this trend in Q4 of last year, when 30% of tracked materials showed lengthening delivery times compared to just 7% in Q3. That statistic remains consistent this quarter. Meanwhile, 45% of lead times are unchanged, and another 25% have improved.

FIGURE 2

How would you describe the lead times for your products in the first quarter (Q1) of 2025 as compared to the fourth quarter (Q4) of 2024?



Source: CRB

DID YOU KNOW?

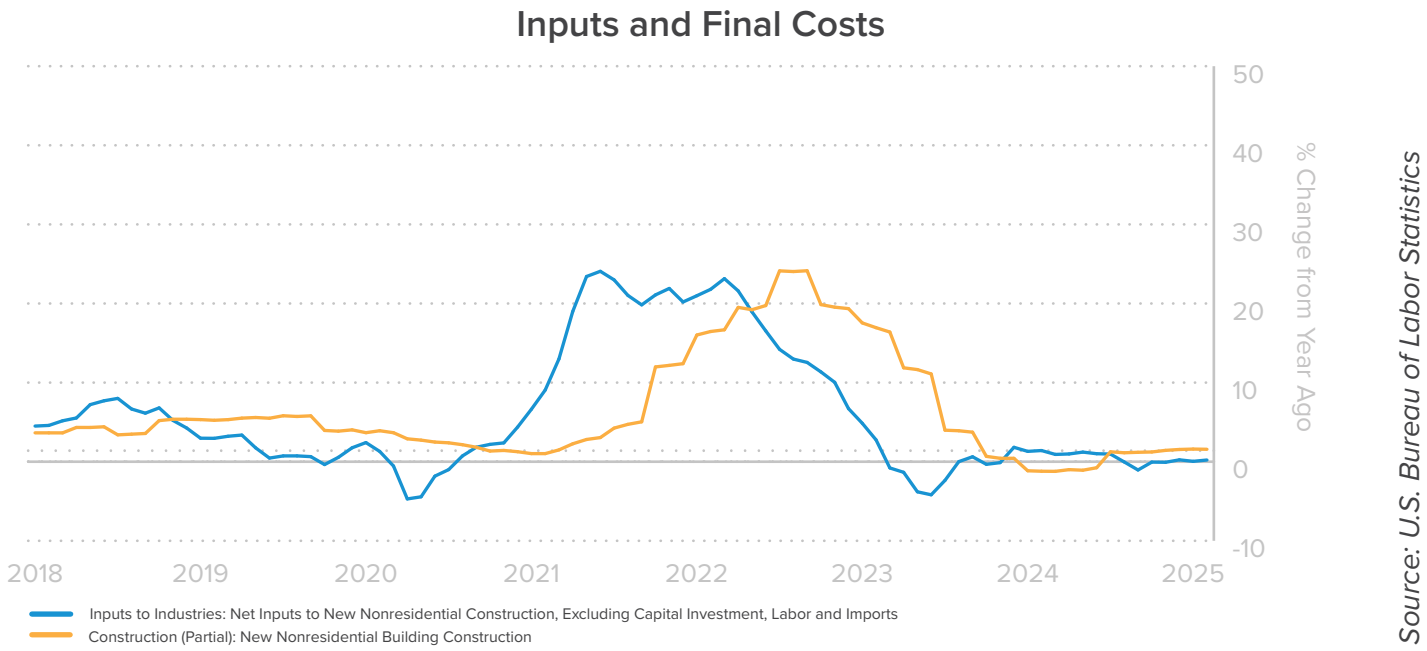
The capital project bidding process includes more than a dozen steps, from prequalification through submittal reviews, model coordination, and Factory Acceptance Testing. The right procurement partner can help get each step right by driving a robust end-to-end strategy that addresses long-lead delivery challenges, especially during periods of supply chain uncertainty.

Producer price indexes (PPI) are a family of indexes that measure the average change over time in selling prices received by domestic producers of goods and services. The price information is provided to the U.S. Bureau of Labor Statistics by over 16,000 establishments, providing approximately 64,000 price quotations per month. CRB uses data from PPIs to measure price movement specific to the construction industry and the products we purchase for our projects.

Figure 3 illustrates two different types of indexes. The blue line is an input index that represents the most common composition of materials used in non-residential building construction projects. The yellow line is considered a selling-price index, or, in other words, an index that measures the change to final construction costs for consumers, inclusive of labor, material, overhead and profit costs. For this figure, each data point shows the percentage of change in the index value over the preceding twelve months.

FIGURE 3

Construction inputs and bid price producer price indexes



The price stability that characterized 2024 appears to be holding, with year-over-year industry inputs showing almost no change since last quarter. However, final costs to construction consumers have increased, suggesting that cost pressures are quietly building beneath the surface.

This corresponds with CRB's own observations of the current marketplace. We've seen several vendors preemptively increase their prices in response to tariff-related uncertainty in the U.S. Suppliers of imported carbon steel pipe fittings have increased their prices by up to 50% this quarter, for example.

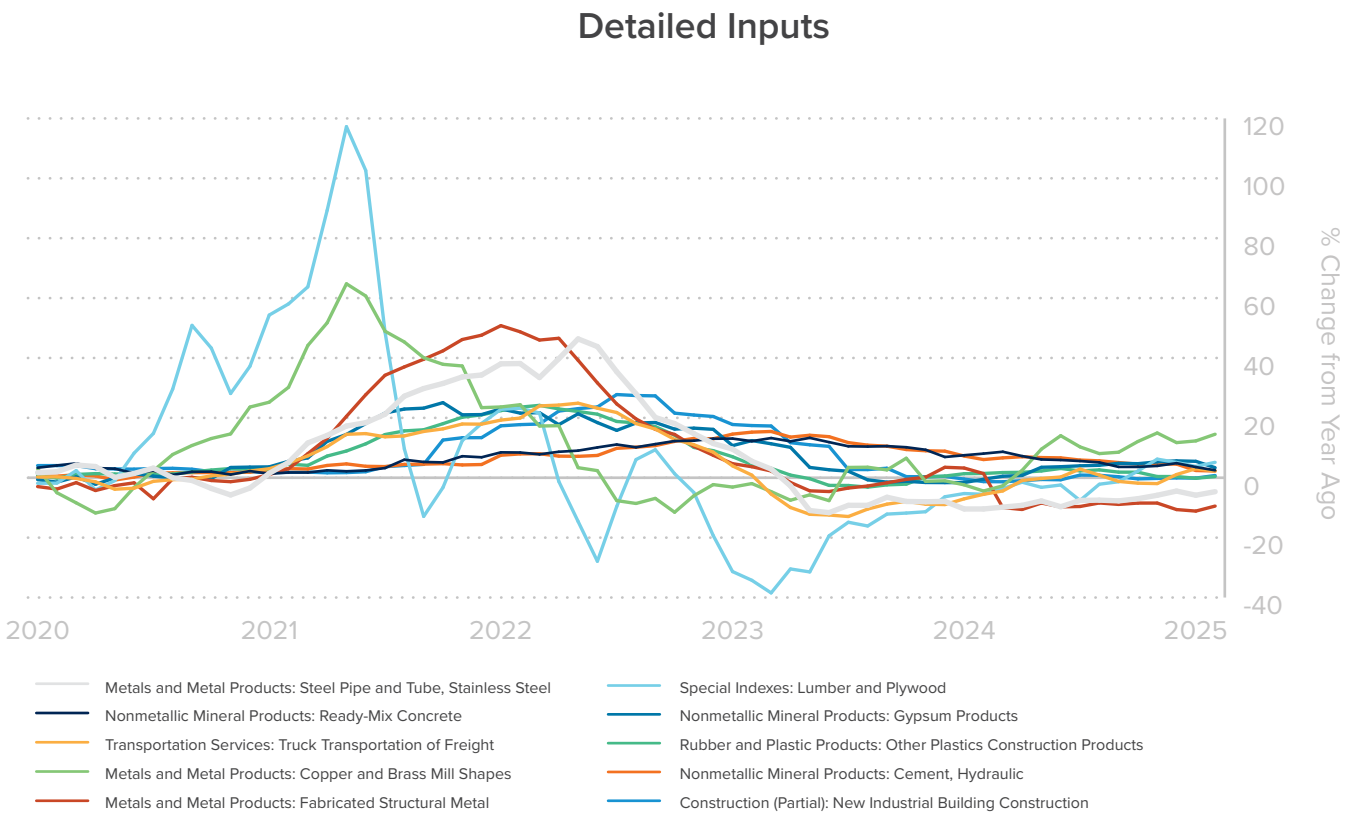
These pricing shifts are not limited to imported goods. Domestic producers are also warning their customers of pending price increases, likely to keep pace with broader market concerns and to protect stock levels. As a result of these pressures, project teams should consider carrying 6-10% to cover anticipated escalation, inclusive of 3 to 5% for Tariffs, for projects with construction starts in 2025-2026.

Figure 4 overlays individual input indexes for common materials with the selling price index for new industrial building construction, presented as a percentage of change over the last year.

Within the relatively stable pricing environment depicted in Figure 3, metal products stand out as a notable exception. Copper prices, in particular, are continuing their volatile climb, extending a trend we noted in last quarter's report. The market for fabricated structural metal is also facing headwinds; though its cost is falling compared to a year ago, that decline appears to be slowing. This has prompted some market analysts to flag structural steel as a segment to watch.

FIGURE 4

Construction inputs and bid price producer price indexes



Source: U.S. Bureau of Labor Statistics

WHAT WE'RE HEARING:

"As foreign steel is reduced or eliminated, it creates a rush on domestically produced products. This drives up prices and extends lead times. It has already started happening prior to the actual tariffs being in affect."

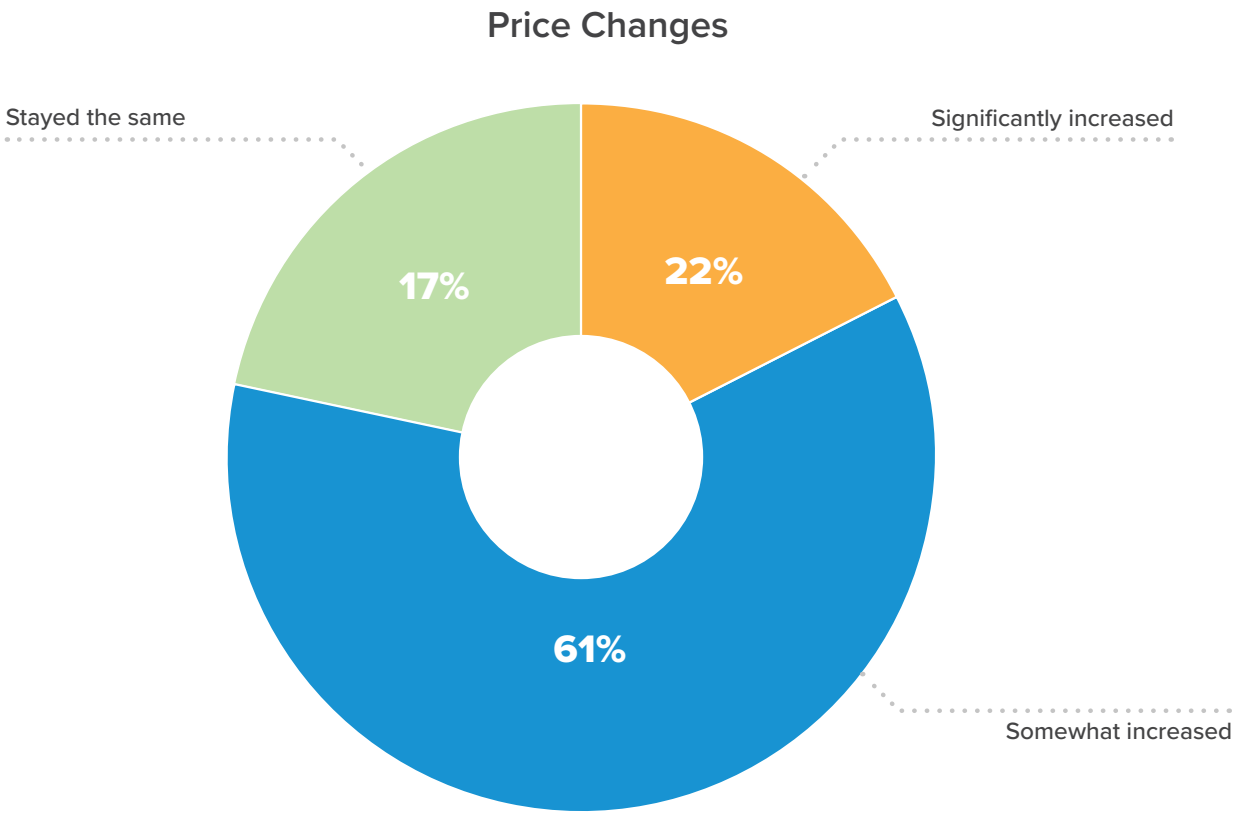
– A CRB Trade Partner

In Q1 2025, trade partners reported the sharpest perceived price increase in nearly two years. A combined 83% of respondents said prices have either somewhat (61%) or significantly (22%) increased compared to last quarter. The last time even a small fraction of respondents labeled price increases as “significant” was in Q2 of 2023, when only 4% selected that option. That same quarter, just 25% reported that prices had “somewhat increased,” less than half of today’s total.

This shift is particularly abrupt in contrast with Q1 of last year, when the majority of respondents said prices had stayed the same. Trade partners are clearly bracing for widespread pricing impacts, leading them to proactively adjust the cost to buyers—a trend explored in more detail earlier in this report.

FIGURE 5

How would you describe the prices of your products in the first quarter of 2025 (Q1, as compared to the forth quarter of 2024 (Q4)?



Source: CRB

WHAT WE’RE HEARING:

“We see all aspects of advanced industrial construction increasing. This will put a strain on the entire industry.”

– A CRB Trade Partner

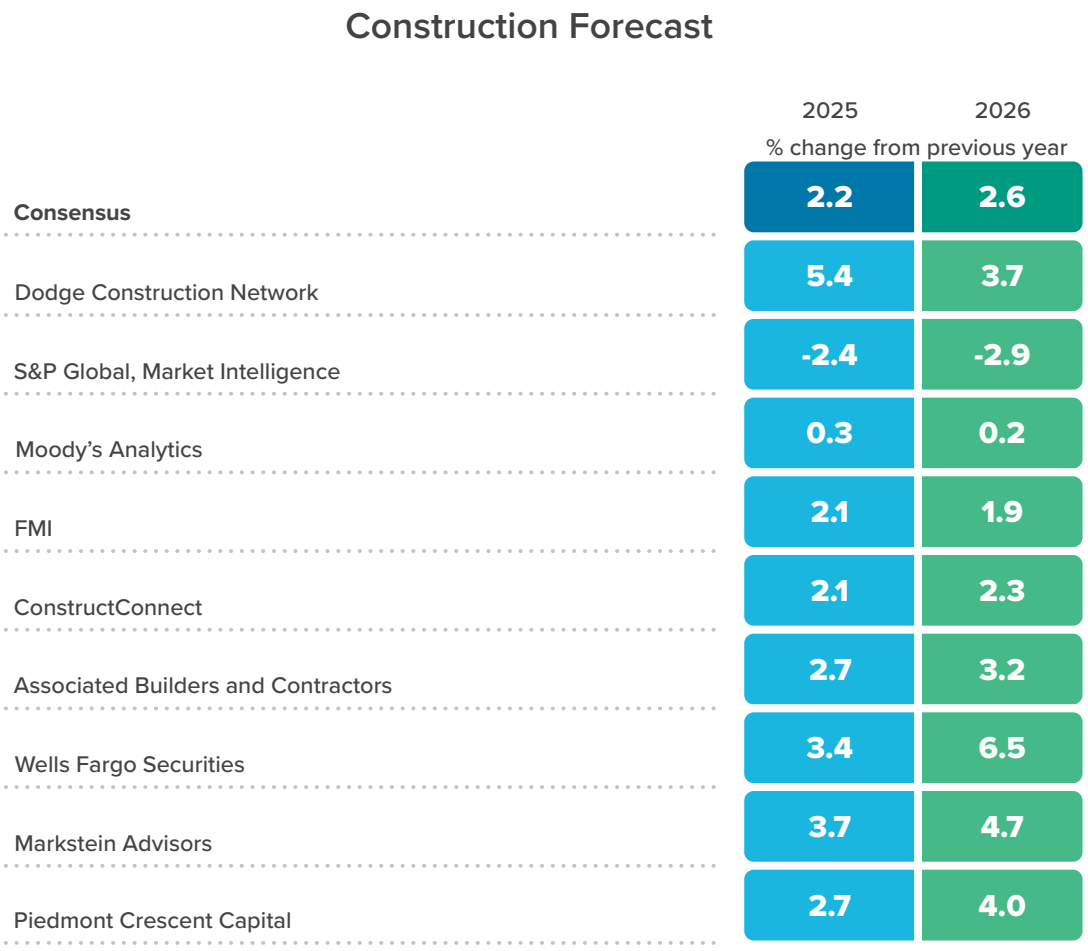
A surge in data center projects suggests that construction spending will continue to climb in 2025, but ignoring this anomaly reveals a more conservative outlook: spending on non-data center manufacturing is expected to grow just 2.6%, according to the 2025 AIA Consensus Construction Forecast—a further downward trend from the already modest 4% prediction issued at this time last year.

However, the market appears to be undergoing a broad recalibration rather than a sharp downturn. As explained in Construction Analytics, the surge of manufacturing projects that began over the last several years (particularly in 2022, which recorded a historic volume of construction starts) are now reaching completion, giving way to a more measured pace of construction spending. While new CapEx commitments have slowed, though, total construction spending remains higher today than in 2019. This isn't a drop—it's a plateau.

The AIA releases this forecast biannually. Figures shown may have been updated since publication.

FIGURE 6

Total nonresidential U.S. construction spending (% change from previous year)



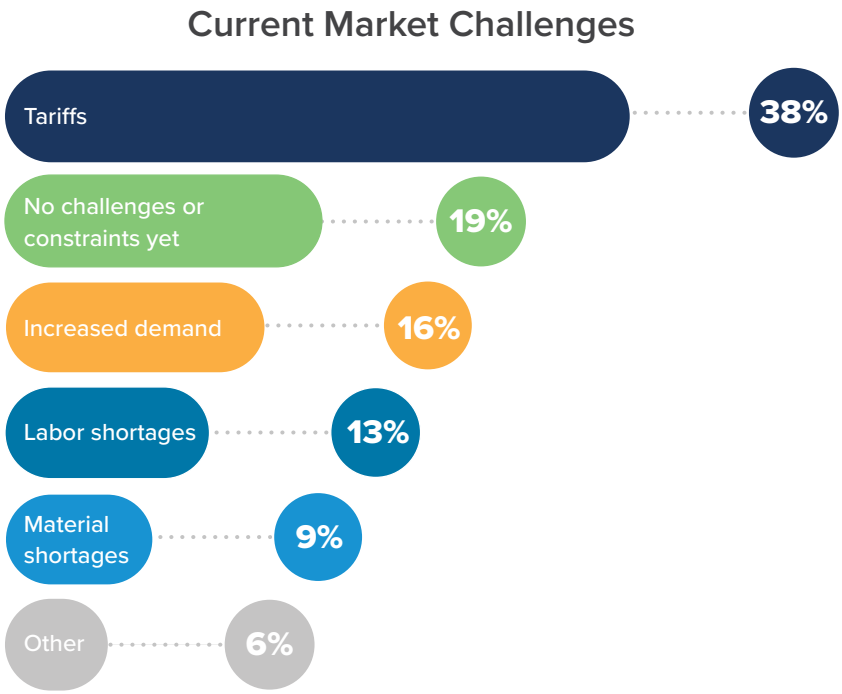
Source: AIA Consensus Forecast

Uncertainty is the dominant theme this quarter as CRB's trade partners brace for potential impacts from new or increased tariffs on key construction materials. The timing, scope, and duration of these impacts are unknown, creating a dynamic marketplace in which even expert-backed analyses are quickly outdated by new and unpredictable developments. Early in 2025, for example, Dodge Construction Network predicted a 10% increase to the U.S. tariff rate by the end of the year. **In March, noting that the average U.S. tariff rate had already reached 8.1%, they revised their prediction to 12%.**

Given this level of uncertainty, CRB is working with project owners to clarify their risk tolerance and develop tailored procurement strategies in conversation with key suppliers. In some cases, it may be appropriate to establish cost certainty by accepting a premium in exchange for supplier pricing commitments. Elsewhere, a more flexible supplier arrangement may be appropriate or necessary, despite the risk of future cost increases. These conversations should happen early in the procurement process, with a view to mitigating tariff-related risks and establishing a resilient, diversified, and engaged network of reliable suppliers.

FIGURE 7

What factors have contributed to any challenges or constraints in the first quarter (Q1)?



Source: CRB

WORKFORCE CONCERNS BACK ON THE RADAR

Last quarter, none of CRB's survey respondents cited labor shortages as a concern. The issue is back this quarter, indicating that workforce constraints are a reemerging challenge.

While material costs and tariffs are commanding attention this quarter, the construction labor market remains a key concern. The AGC's 2025 Outlook Survey shows that most project owners expect demand for boots on the ground to grow this year—and they expect more difficulty in meeting that demand, largely due to the rising cost of labor, an insufficient supply of workers, and a persistent talent gap.

Interestingly, the number of open positions has dropped sharply despite these labor concerns. In March of this year, the Bureau of Labor Statistics noted a 42% decrease in open, unfilled construction jobs compared to the same time in 2024. This could indicate a lack of confidence in the short-term construction outlook, which may lead some project owners to delay or scale back their hiring plans. As Wade Shelden, VP of Design and Construction Operations, put it: "The job market hasn't improved; it's just that other pressing concerns, like tariffs, are now in the mix."

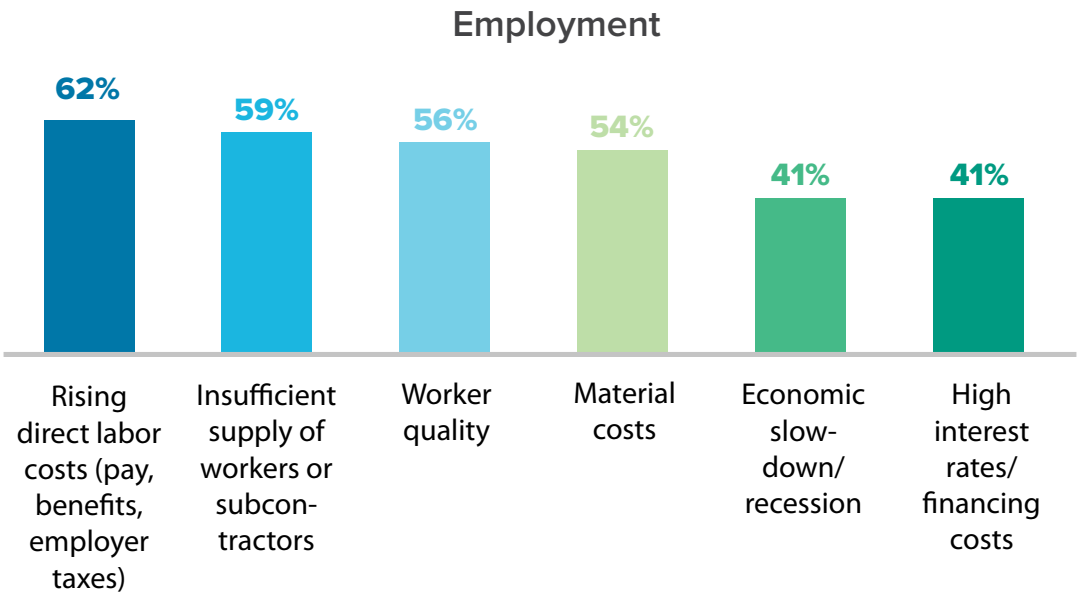
AGC firms expect a

69% increase

in headcount over the next 12 months, and 55% believe hiring those hourly craft workers will be more difficult.

FIGURE 8

Top business concerns for construction firms in 2025 (% of respondents)



Source: Associated General Contractors of America

For CRB's life sciences and food and beverage manufacturing clients, these constraints are particularly critical, as projects require specialized expertise and adherence to stringent regulatory standards. To mitigate these challenges, CRB prioritizes workforce planning, collaborates with trusted trade partners and leverages innovative strategies like modular construction and prefabrication. By optimizing resource allocation and reducing on-site labor demands, we ensure efficient project delivery. Additionally, our commitment to safety, training, and retention further strengthens our ability to navigate a competitive labor market.

CONTRIBUTORS

Greg Casper is the Director of Estimating, leading a team of estimating professionals across CRB's global offices. Greg has over 15 years of experience providing preconstruction, procurement, estimating and scheduling services for life sciences and food + beverage projects.

Valerie Silva is the Director of Procurement and has more than 15 years of experience with global cost optimization, project management and supply chain issues. She leads a team of procurement experts to offer our clients end-to-end sourcing and managing of equipment and construction services for capital projects.

Wade Shelden is the Vice President of Design & Construction Operations at CRB, with more than 31 years of experience in project delivery. Wade is responsible for driving operational excellence through teamwork, integrated project delivery and lean design and construction best practices.

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Reference Data

Much of the economic information in this report is compiled from third-party resources that are available to the public and not owned by CRB. All references are included in the body of the report.

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