Market Conditions Q4 2024

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About this report

The construction industry wrapped up the fourth quarter of 2024 facing a mix of opportunities and challenges, shaped by macroeconomic trends and political shifts as the U.S. transitions to a new administration. These changes, along with stabilized lead times, moderate price adjustments and ongoing improvements in labor availability, set the stage for a promising start to 2025.

CRB observed steady progress in lead times, pricing and workforce conditions. However, uncertainties surrounding tariffs and broader economic conditions highlight the importance of careful planning and flexibility. CRB remains focused on helping our life sciences and food + beverage clients with innovative solutions, proactive workforce strategies and informed decision-making.

This report was prepared before the devastating January 2025 fires in California, which are expected to significantly impact the construction industry. The rebuilding efforts and potential disruptions to supply chains and labor markets may shift industry priorities in the coming months. CRB is closely monitoring these developments to provide relevant guidance and support to our clients.

As we mark two years of producing these market condition reports, we reaffirm our commitment to delivering practical insights and strategic advice. These reports are designed to help clients navigate challenges, seize opportunities and make well-informed decisions. Your feedback is invaluable—please let us know how we can enhance these reports or what additional topics you would like us to explore in future editions.

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: Q42024		
Equipment/Material	Lead Time (wks)	Trend
F+B Equipment - CIP Skid	30	●
Media Prep & Hold Skids - 316SS	32	●
Media Prep & Hold Skids - AL6XN	36	●
Buffer Prep & Hold Skids - 316SS	32	●
Buffer Prep & Hold Skids - AL6XN	36	●
Purified Water Skids	30	●
WFI Distribution Skids	30	●
USP Water Distribution Skid	30	●
Pure Steam Generators	28	●
Stainless Steel Vessels - ID > 98"	24	●
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	●
Stainless Steel Tubing - 316L	0	●
Stainless Steel Tubing - AL6XN SF4	0	●
Modular Cleanroom Panels	10	●
Roof Joists	10	●
Metal Decking	10	●
Medium Voltage GIS Switchgear - 35kV class, 1200A	62	●
Medium Voltage Fused Switchgear - 15kV class, 1200A	46	●
Medium Voltage Fused Switchgear - 4160V class, 1200A	46	●

(continued)

Source: CRB

FIGURE 1 (CONT.)

Database of lead times for equipment and materials

● Improving ● Stable ● Increasing

CURRENT LEAD TIMES FOR EQUIPMENT AND MATERIAL: Q4 2024		
Equipment/Material	Lead Time (wks)	Trend
Medium Voltage Transformers - 3Ph - 45 - 500kVA	75	●
Medium Voltage Transformers - 3Ph - 501 - 1500kVA	75	●
Medium Voltage Transformers - 3Ph - 1501 - 3000kVA	75	●
Medium Voltage Transformers - 3Ph - 3001 - 5000kVA	85	●
Medium Voltage Transformers - 3Ph - > 5001+ kVA	85	●
ANSI Switchgear - 3000 - 4000A	38	●
Switchboards - 3000A - 4000A	38	●
Switchboards - 2000A - 2500A	38	●
Panelboards - 480V, Any Ampacity	8	●
Panelboards - 208V, Any Ampacity	8	●
Dry Type Transformers - ≤ 112.5kVA	6	●
Busways - Any Ampacity	20	●
Standard MCC	40	●
Smart MCC	72	●
Copper Tubing and Fittings	0	●
Standard Packaged RTUs	32	●
Cooling Towers	16	●
Water-Cooled Centrifugal Chillers	34	●
Air-Cooled Chillers - < 250 Tons	12	●
Air-Cooled Chillers - > 250 Tons	28	●
Boilers, 500 HP Water Tube	24	●
Boilers, 800 HP Fire Tube	24	●
Large-diameter Control Valves - Modulating	10	●
Stainless Steel Zero - Static/Block Body Valves	10	●
Sanitary Filters & Housings - 1 Rd Housings	10	●
Sanitary Filters & Housings - Multi Rd Housings	10	●
Sanitary Filters & Housings - Orticlean	13	●

(continued)

Source: CRB

FIGURE 1 (CONT.)

Database of lead times for equipment and materials

● Improving ● Stable ● Increasing

CURRENT LEAD TIMES FOR EQUIPMENT AND MATERIAL: Q4 2024		
Equipment/Material	Lead Time (wks)	Trend
Sterile Pass-Thrus	26	●
Sanitary Heat Exchangers	13	●
Custom AHUs (Small Indoor Units)	14	●
Custom AHUs (Large Outdoor Units)	18	●
DOAS AHUs (Dedicated Outdoor Air System)	25	●
Semi-Custom AHUs (Small Indoor Units)	14	●
Semi-Custom AHUs (Large Outdoor Units)	18	●
HDPE Piping < 4"	6	●
HDPE Piping > 4"	6	●
Insulated Metal Panels (IMP)	10	●
RO Skids	40	●
BioWaste Kill Skids	30	●
Waste Neutralization Skids, 100 GPM	26	●
Waste Neutralization Skids, < 25 GPM	20	●
Diesel Generators ≤ 200kW	30	●
Diesel Generators 230kW - 1 MW	30	●
Diesel Generators > 1MW	55	●

Source: CRB

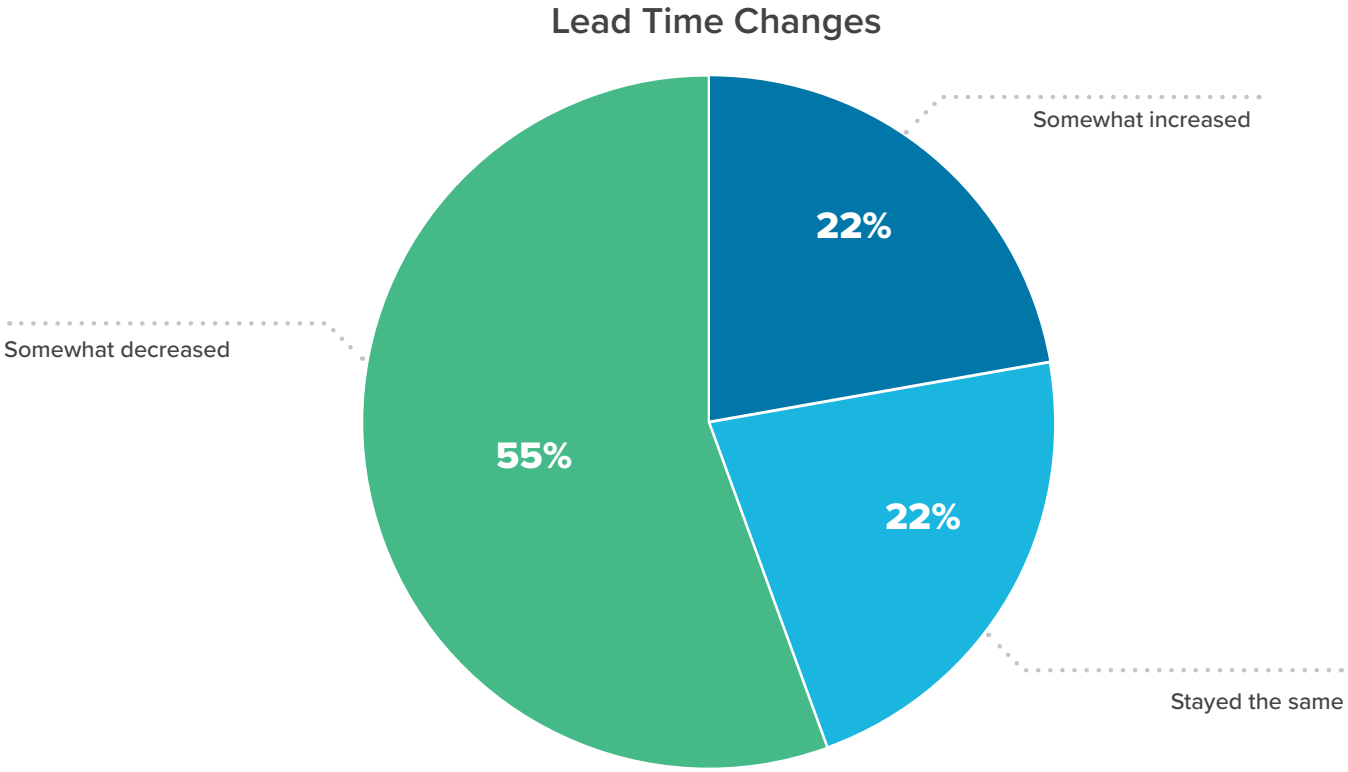
LOOKING FOR SOMETHING ELSE?

REQUEST LEAD TIME DETAILS

The second half of 2024 brought stability in lead times across CRB's projects. For the second consecutive quarter, a record percentage of respondents reported decreasing lead times (Figure 2). These improvements reflect growing supply chain efficiencies, with materials like panelboards, modular cleanroom panels and HVAC units becoming more readily available due to better production scheduling and expanded supplier capabilities. However, specialized equipment, such as high-capacity transformers and custom biopharma skids, continues to require extended lead times, emphasizing the need for proactive planning.

FIGURE 2

How would you describe the lead times for your products in the fourth quarter (Q4) as compared to the third quarter (Q3)?



Source: CRB

DID YOU KNOW?

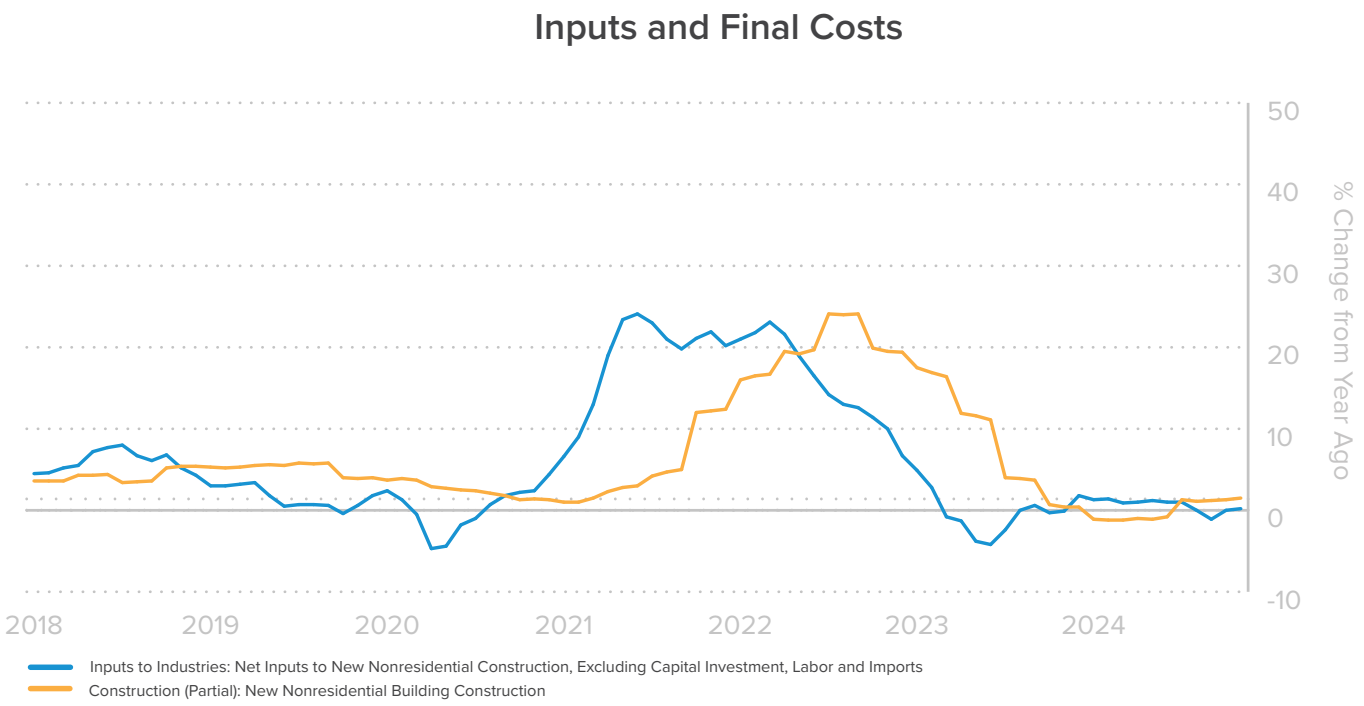
Even with improved lead times, construction delays can happen as a result of transportation, logistics or labor challenges. CRB's procurement team provides comprehensive on- and off-site coordination including logistics planning, equipment tracking, purchase order management, change order management and expediting.

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



Source: U.S. Bureau of Labor Statistics

In 2024, construction input prices stabilized, with November non-residential inputs rising only 0.1% month-over-month, ending 1.5% higher than in November 2023. However, non-residential construction spending increased by just 2.8% year-over-year or 0.1% after inflation. These trends indicate a mixed environment where cost pressures coexist with spending constraints.

Manufacturing saw an

11.3%

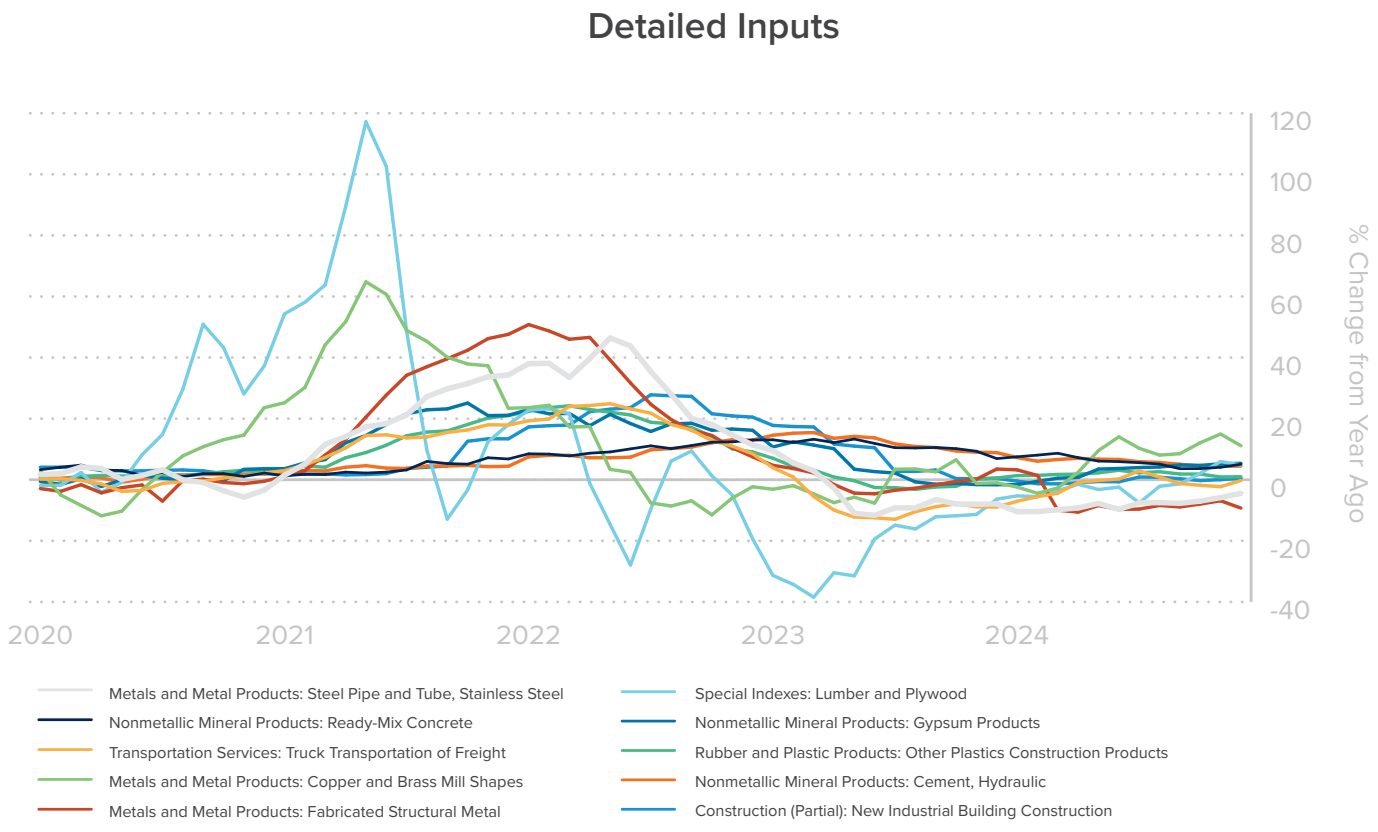
increase in spend from November 2023 to November 2024, making it a standout performer within the broader industry.

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.

While most inputs remained stable, costs for copper and brass mill shaped increased 11% over the past year. This increase is in part due to copper's essential role in renewable energy initiatives, such as solar panels, electric vehicles and energy-efficient buildings. While these advancements drive sustainability, increased demand has added pressure to supply chains. CRB addresses these challenges through partnerships with responsible suppliers and proactive procurement strategies, ensuring our projects meet timelines, budgets and sustainability goals.

FIGURE 4

Construction inputs and bid price producer price indexes



Source: U.S. Bureau of Labor Statistics

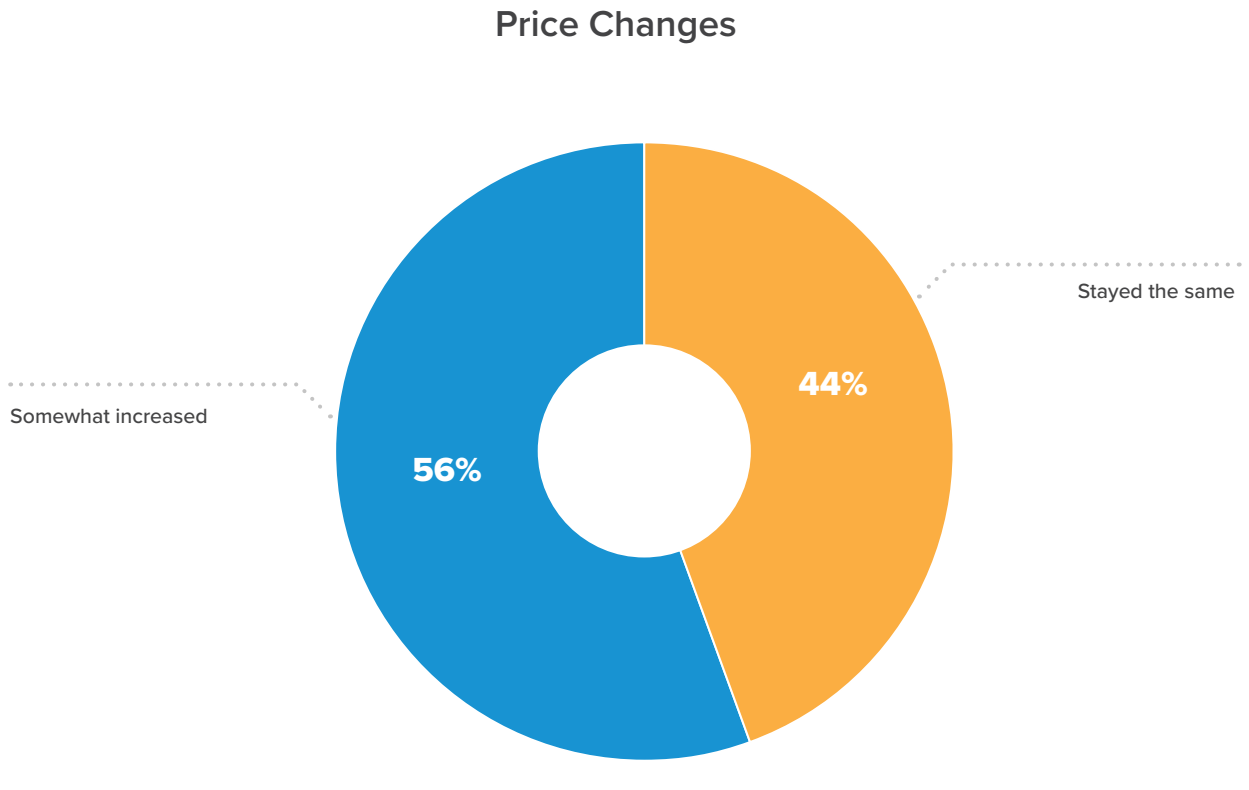
DID YOU KNOW?

Copper prices are particularly volatile due to its wide range of uses in construction and manufacturing. Its value is heavily influenced by supply chain disruptions, geopolitical events and shifts in demand from rapidly industrializing nations. Copper mining and production are resource-intensive, making them vulnerable to labor strikes, environmental regulations and fluctuating energy costs.

In the fourth quarter, CRB's trade partners observed varying trends in pricing. A significant portion, 56%, reported a noticeable increase in prices, reflecting ongoing cost pressures in materials, labor or other factors influencing the market. Meanwhile, 44% noted that prices remained steady, suggesting some stabilization in specific areas. These insights highlight the nuanced nature of the current market, where rising costs coexist with pockets of consistency, emphasizing the importance of strategic planning and adaptability in managing project budgets and timelines effectively.

FIGURE 5

How would you describe the prices of your products in the fourth quarter (Q4, as compared to the third quarter (Q3)?

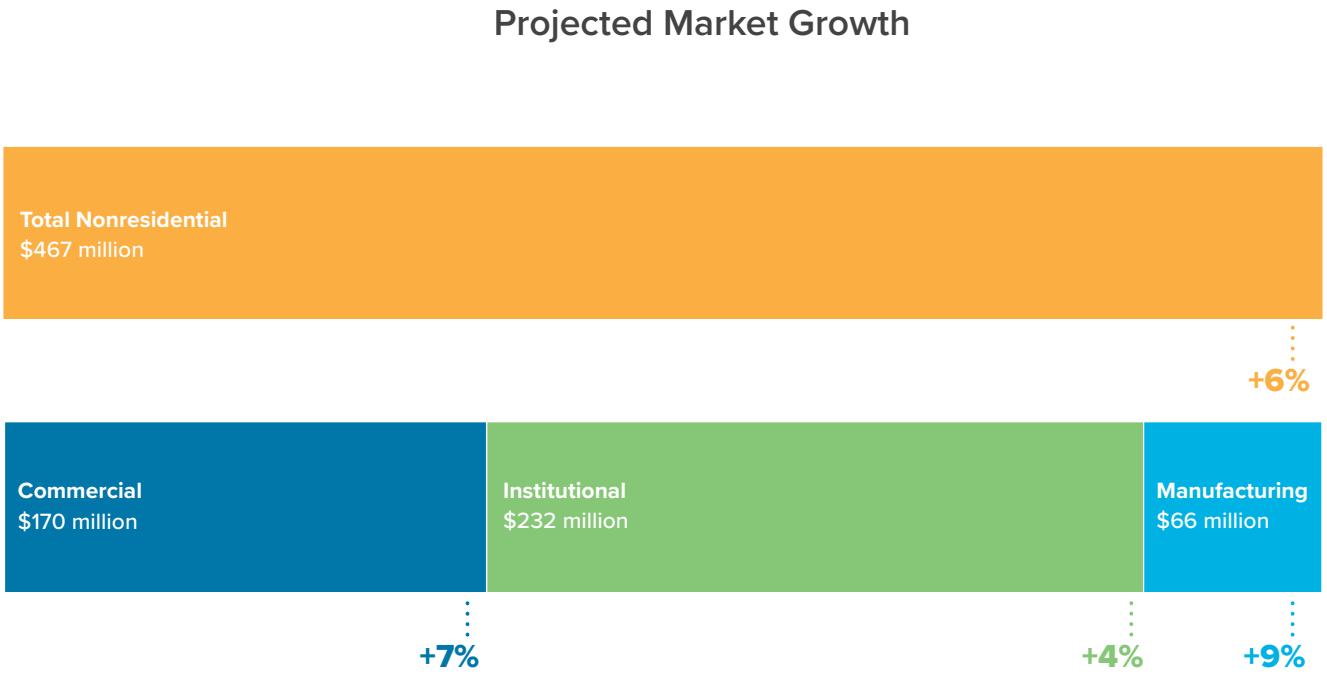


Source: CRB

The construction industry is poised for growth in 2025, driven by anticipated rate cuts and increased investment activity. According to the Dodge Construction Network's Outlook 2025, non-residential starts are expected to grow 6% to $467 billion (Figure 6). However, the slowing pace of mega manufacturing projects could temper overall non-residential spending, with Construction Analytics forecasting a slight decline of 0.7% in 2025.

FIGURE 6

Projected nonresidential starts by sector for 2025

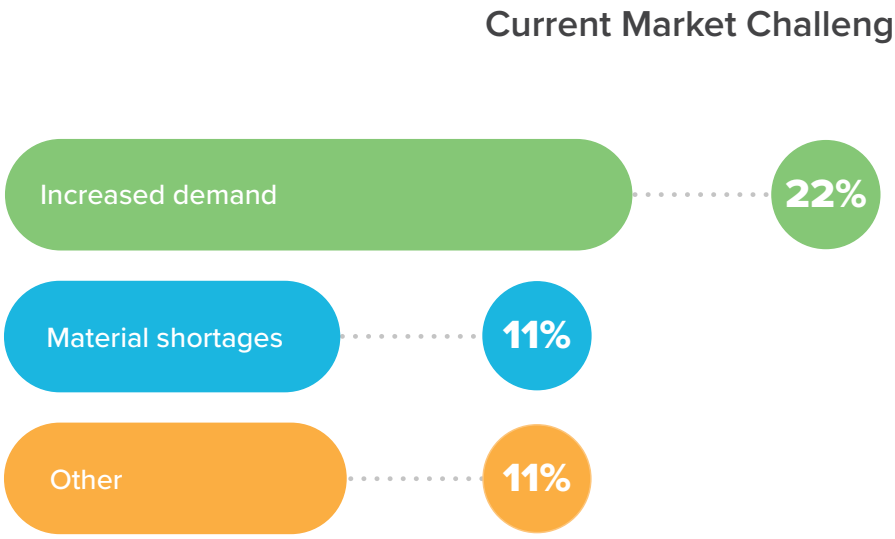


Source: Dodge Construction Network

Labor shortages, a persistent challenge in the construction industry, have shown significant improvement. For the first time since June 2023, none of CRB's survey respondents cited labor shortages as a current issue—a sharp decline from 18% in the previous quarter. This marks a turning point, with a tighter labor market market showing signs of easing.

FIGURE 7

What factors have contributed to any challenges or constraints in the fourth quarter (Q4)?



Source: CRB

This quarter, our survey respondents are focused on a new challenge—potential tariffs. While this wasn't one of the multiple choice options in our survey, 11% of respondents selected "other" as a challenge and wrote in comments about possible tariffs on materials and the unknown impacts on their products that are manufactured outside of the United States.

New or increased tariffs on important construction materials, such as metals and HVAC components could impact the industry by increasing material costs and causing delays. Even domestically produced products could become more expensive due to reduced competition.

CRB takes a proactive approach to managing the potential impact of policy changes, including tariffs, by diversifying supply chains and implementing strategies that minimize risk and maintain project efficiency. We also employ target value delivery to identify alternative materials or methods that maintain quality while reducing risk.

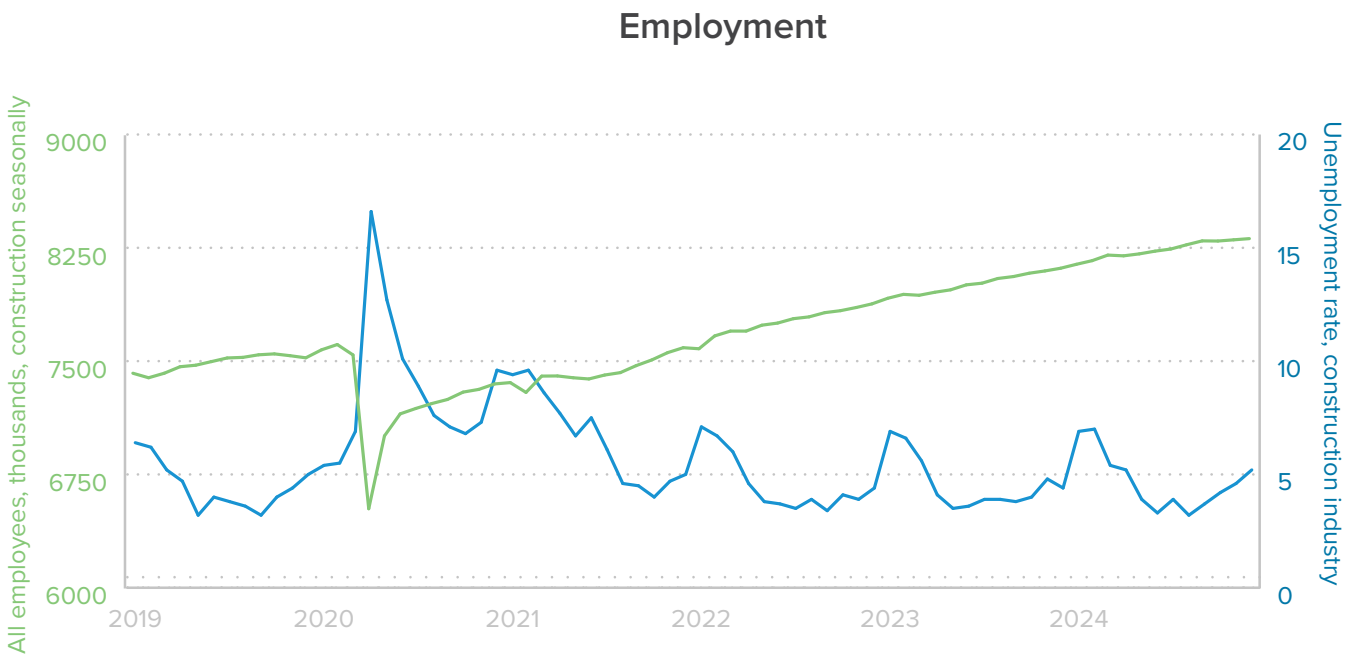
TARIFF IMPACT

Currently, the U.S. imposes a 25% tariff on steel and aluminum imports from China. There are no confirmed changes to this rate as of now but the president-elect has spoken about his intention to increase existing tariffs.

Skilled labor shortages have posed significant challenges for the construction industry in recent years. Figure 8 illustrates employment levels and unemployment rates since 2019. The COVID-19 pandemic caused a sharp decline in employment as projects were delayed or canceled. Since then, the industry has seen steady growth, although employment levels have yet to fully recover, reflecting ongoing labor shortages.

FIGURE 8

Construction industry employees and unemployment rate from 2019-2024



Source: U.S. Bureau of Labor Statistics

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.

Brad Goodman is a Procurement Manager with more than 45 years of experience in equipment procurement, subcontractor management and contract negotiation. He works closely with CRB's key trade partners and suppliers to actively monitor market conditions.

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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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