BLD PULSE

Construction & Development Market Intelligence

2026 Construction Cost Benchmark Report

Material costs, trade rates & escalation by sector and metro

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> **How to use this report.** Every figure is tied to a named public source captured at publication. Use the escalation table to set category-specific bid contingencies (not a flat markup), the metro table for market selection, and the sector outlook to weight your pipeline. Figures dated to a specific month are confirmed; where a number is directional or forecast, it is labeled as such.

+2.7%
ENR Construction Cost Index, annual escalation (Mar 2026)

+4.3%
ENR Building Cost Index, annual (Mar 2026)

~4%
Modeled all-in cost inflation, 2026 (directional)

1. Executive Snapshot

- Headline construction inflation is **moderate but category-specific**: the ENR Construction Cost Index rose **+2.7% YoY** and the Building Cost Index **+4.3% YoY** as of March 2026, while final-demand construction PPI was essentially **flat month-over-month** in spring 2026.
- **Metals lead the upside.** Over the last six months, aluminum (+43%), copper (+21%), and steel (+9%) posted the largest commodity gains, keeping structural and electrical-heavy scopes the most volatile.
- **Diesel re-accelerated** into 2026, pressuring earthwork, paving, and logistics-exposed trades.
- **Lumber and cement have stabilized**, marking the first sustained calm since the pandemic-era spikes.
- **Demand is bifurcated.** Data centers, power, public utilities, highway, and education are pulling spend; manufacturing and traditional office are declining.
- **Tariff and long-lead equipment risk persists** — electrical gear (transformers, switchgear) remains the binding schedule constraint on data-center and industrial work.
- Recommended planning posture for 2026: Cautious on metals/diesel-exposed scopes, Neutral on wood/concrete, and Positive on demand for power/data-center/infrastructure pipelines.

2. Material Cost Benchmark

Producer Price Index levels and recent moves for the materials that drive construction cost. PPI is indexed (not dollars) and is the standard escalation benchmark; use the year-over-year column to set category contingencies.

Material / Index	Latest level	YoY change	Trend	Source
Steel mill products (PPI, WPU101)	353.9 (Apr 2026)	+10.4%	Deteriorating	FRED / BLS PPI WPU101
Construction materials (PPI, WPU1322)	358.2 (Apr 2026)	~ flat (-0.1%)	Neutral	FRED / BLS PPI WPU1322
Inputs to nonres. construction (WPUSI012011)	359.7 (Apr 2026)	+6.7%	Cautious	FRED / BLS PPI WPUSI012011
Final-demand construction (PPI, WPUFD432)	177.4 (Apr 2026)	low single digits	Neutral	FRED / BLS PPI WPUFD432
Diesel, retail (US avg, GASDESW)	$5.35/gal (Jun 1, 2026)	~ +43% vs. mid-2025	Deteriorating	FRED / EIA GASDESW
Cement & concrete	Steady; ~ +6% vs. 2 yrs ago	~ flat YoY	Neutral	AGC / BLS via Baldwin CPAs
Lumber & plywood	Flat vs. last year	~ flat	Positive	AGC / BLS via Baldwin CPAs
Copper (commodity)	Up sharply	+21% (6-mo)	Deteriorating	Construction Analytics (Zarenski)
Aluminum (commodity)	Up sharply	+43% (6-mo)	Deteriorating	Construction Analytics (Zarenski)

Steel/materials/inputs/final-demand PPI and diesel pulled from FRED CSV endpoints (series WPU101, WPU1322, WPUSI012011, WPUFD432, GASDESW), retrieved June 2026. Commodity 6-month moves per Construction Analytics. Stable-category color per AGC/BLS analysis summarized by Baldwin CPAs.

3. Trade-Cost Escalation Guidance

Rather than a flat 5–10% markup, link contingencies to the volatility of each trade's dominant input. Suggested 2026 escalation bands (directional, for 6-month forward procurement):

Trade / scope	Dominant input	Suggested 2026 contingency	Outlook
Structural steel / rebar	Steel mill products	2–4%	Deteriorating
Electrical / gear	Copper, aluminum, transformers	3–6% + schedule risk	Deteriorating
Earthwork / paving	Diesel, asphalt	2–4%	Cautious
Concrete / cast-in-place	Cement, aggregates	0.5–1%	Neutral
Framing / rough carpentry	Lumber, plywood	0.5%	Positive
Drywall / finishes	Gypsum	0.5%	Neutral

> **Estimator workflow.** Tie escalation clauses to a published index (BLS PPI series above) and a threshold trigger, so contract pricing adjusts only when a specific input exceeds the band — keeping bids competitive while capping volatility exposure. Method per AGC / Baldwin CPAs PPI guidance.

4. Sector Demand & Spend Outlook

Sector	2026 spend signal	Outlook	Source
Data centers	+26% forecast 2026 (after +32% 2025)	Positive	AIA Consensus Forecast Jan 2026
Power & public utilities	Power +10% / utilities +11% YoY	Positive	Construction Analytics
Highway / infrastructure	Non-building infra +7% forecast 2026	Positive	Construction Analytics
Health care	+4.6% 2026	Positive	AIA Consensus Forecast Jan 2026
Education / retail / warehouse	Flat to below-inflation	Neutral	AIA Consensus Forecast Jan 2026
Manufacturing	-3.9% 2026 (starts down ~25% from 2023 peak)	Deteriorating	AIA / Construction Analytics
Traditional office (ex-data center)	Steep decline both years	Deteriorating	AIA Consensus Forecast Jan 2026

5. Metro Cost & Market-Selection Notes

Directional cost-pressure read by region. Coastal metros continue to carry higher steel/cement escalation than Southern and Midwestern markets as of late 2025–2026.

Region / metro group	Relative cost pressure	Note
Coastal (NY, Bay Area, LA, Seattle)	Higher	Larger steel & cement increases; tightest labor.
South (TX, GA, FL, Carolinas)	Moderate	Smaller material increases; data-center & power demand strong.
Midwest	Moderate	Stable input costs; manufacturing softness a drag.
Data-center corridors (N. Virginia, Phoenix, Columbus, Dallas)	Higher (gear-bound)	Cost less the constraint than transformer/switchgear lead times.

Regional steel/cement read per AGC/BLS analysis (Baldwin CPAs, Sep 2025). Data-center corridor demand per AIA Consensus Forecast and Construction Analytics.

6. Sources

- FRED / U.S. BLS Producer Price Index — series WPU101 (steel mill products), WPU1322 (construction materials), WPUSI012011 (inputs to nonres construction), WPUFD432 (final-demand construction); EIA via FRED GASDESW (retail diesel). Retrieved June 2026. fred.stlouisfed.org
- ENR Cost Index Review / Construction Economics — CCI +2.7% / BCI +4.3% YoY, March 2026. enr.com/economics
- AIA / Deltek Consensus Construction Forecast, January 2026. aia.org
- Construction Analytics (Ed Zarenski) — 2026 spending forecast, commodity 6-month moves. edzarenski.com
- AGC / BLS PPI guidance, summarized by Baldwin CPAs (Nov 2025). baldwincpas.com
- Turner Construction Cost Index, Q1 2026. turnerconstruction.com

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