Linesight

CONSTRUCTION MARKET INSIGHTS – AMERICAS

Industry Update

NOVEMBER 2024

US • Canada

Executive summary

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While both the US and Canadian economies are expected to grow steadily in 2024, the construction markets in these two countries are following divergent trends.

The US economy is expected to see a slight slowdown in 2025 but is proving largely resilient in the face of geopolitical uncertainties. Canada's GDP growth, meanwhile, which has been slow in 2024, is set to pick up on the back of infrastructure investment and rising exports.

Both markets will benefit from the continued easing of inflation, which is expected to reach the 2% target in 2025. This is being reflected in interest rates, with the US Federal Reserve making its first cut in over four years in September and the Bank of Canada also lowering the cost of borrowing over the summer. Both economies anticipate further rate cuts.

Against this backdrop, the US construction industry is expected to expand by 2.5% in 2024, before growing at a steady annual rate of 2.2% between 2025 and 2027. The data center sector has proved particularly dynamic, with construction spending increasing by 58% in the year leading up to September 2024.

The Canadian construction market faces a 3.1% fall in output in 2024, mainly due to ongoing weaknesses in the residential sector. From 2025 onwards, the industry is expected to rebound at an annual average growth rate of 2.2%, fueled by substantial government investment in transport, renewable energy, healthcare and education. The residential market is also expected to show signs of recovery.

Labor in North America remains a significant cost factor due to the shortage of skilled workers. While decreased construction activity in some sectors has alleviated demand temporarily, a potential rise in activity due to falling interest rates could push labor costs back up. Regions with significant high-tech and mission-critical projects still struggle with a lack of skilled labor, particularly in the MEP trades.

Construction inflation in both the US and Canada has eased compared to last year. During 2025, the new US administration may introduce changes related to immigration policies and tariffs. This will require close monitoring.

Macroeconomic overview

GDP Growth

The US economy is set for solid growth in 2024 but is projected to slow down in 2025. In contrast, Canada's growth is expected to pick up pace in 2025, following a slower start in 2024, fueled by infrastructure projects and rising export demand.

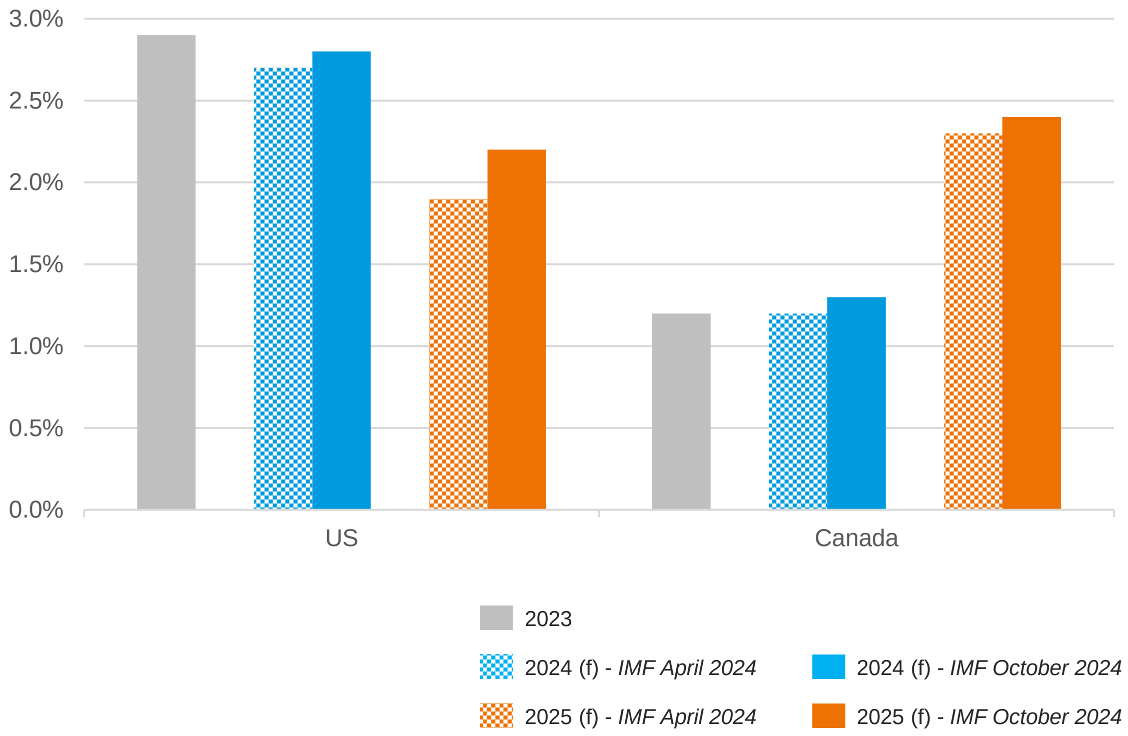
US

The US economy is proving resilient despite uncertainties and challenges. The IMF initially projected a GDP growth rate of 2.7% for 2024 in April, but several economic institutions have since revised their forecasts upward. The IMF, in its latest update in October 2024, projects a GDP growth of 2.8% for 2024 and 2.2% for 2025. This adjustment is driven by several factors, including rising consumer spending, higher disposable income, increased savings among US households, and a strong job market.

Canada

In 2024, Canada’s real GDP growth is expected to reach 1.3%, a slight increase from 1.2% in 2023. This reflects ongoing economic recovery supported by population growth and investments in infrastructure, particularly in the clean energy and housing sectors. By 2025, Canada’s GDP growth is forecasted to rise to 2.4% as inflation stabilizes and the Bank of Canada is expected to further reduce interest rates. The continued easing of monetary policy will likely stimulate consumer demand and encourage business investments, particularly in housing and energy infrastructure projects. Strong global demand for Canadian commodities like oil and natural gas is also expected to boost export growth, contributing to the country’s economic expansion.

Real GDP annual growth (%)



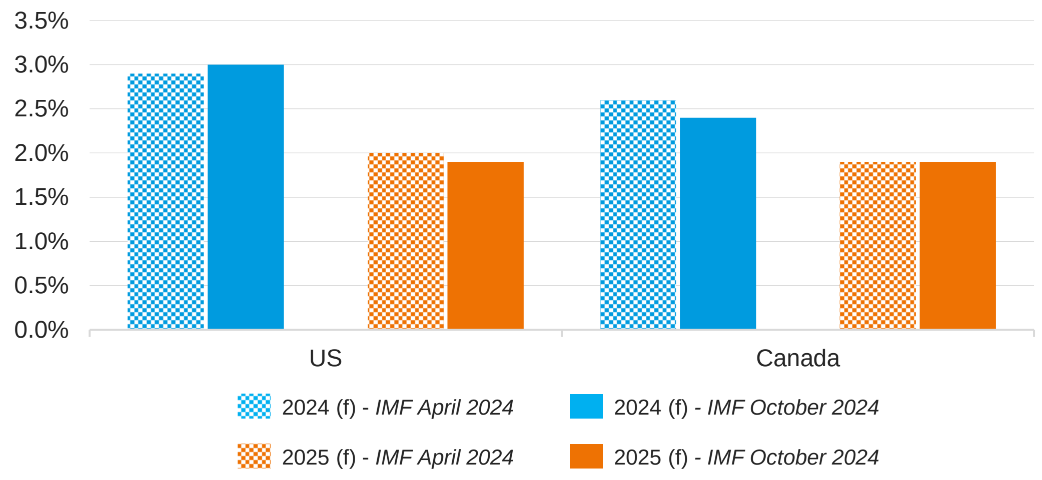
Source: IMF, Bureau of Labor Statistics

Macroeconomic overview

Inflation and interest rates

Inflation in both the US and Canada is expected to decrease steadily, reaching target levels by 2025. This trend is driven by tighter monetary policies in the first half of 2024, improved supply chains, stable energy prices, and moderated wage growth.

CPI Inflation



Source: IMF

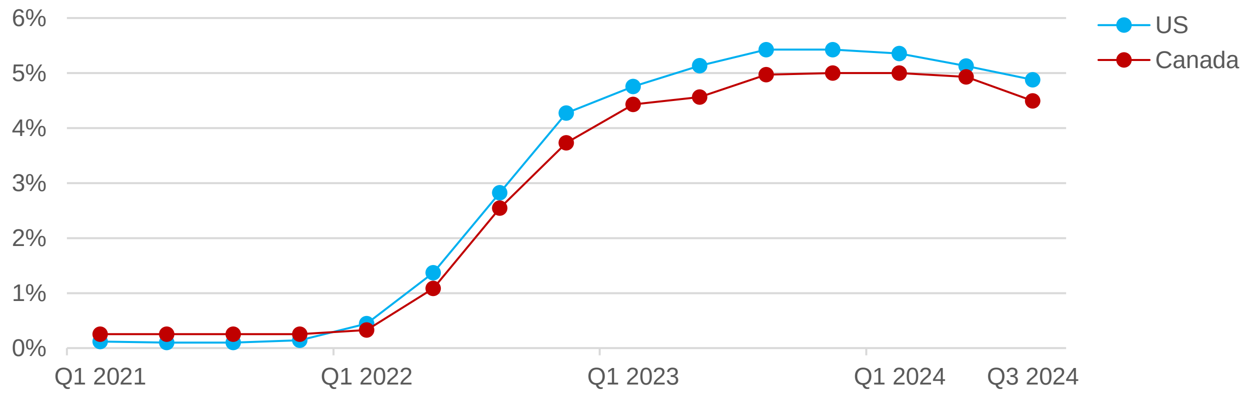
US

US inflation has been on a steady decline, with the all-items index increasing by just 2.4% over the 12 months ending in September, the smallest increase since February 2021. Factors such as reduced spending, more price-conscious consumers, slowing wage growth, and lower rent inflation are expected to continue driving disinflation. The IMF forecasts inflation to fall to 1.9% by 2025.

Canada

Inflation in Canada has continued to ease since May 2024 largely due to decreasing gasoline prices, prompting the Bank of Canada to cut interest rates. Canada's Consumer Price Index (CPI) rose by 1.6% year-over-year, the smallest increase since February 2021, with inflation expected to reach the 2% target by mid-2025.

Short-term interest rates (% change per annum)



Source: Trading Economics, OECD, Bank of Canada

Interest rates Definitions:

In Canada, the Bank of Canada's Governing Council sets the benchmark interest rate, known as the Overnight Rate. The Bank influences short-term interest rates by adjusting this target rate on eight fixed dates each year as part of its monetary policy.
In the US, the federal funds rate is the target interest rate set by the Federal Reserve at which commercial banks borrow and lend their extra reserves to one another overnight.

US

In September 2024, the US Federal Reserve made its first rate cut in over four years, lowering the benchmark rate by 50 basis points to 4.75%-5% amid slowing inflation and job growth. This move is seen as the start of a new monetary easing cycle that may continue beyond 2025. Analysts expect another 50 basis points cut in Q4 2024, with additional reductions in 2025, reaching a total of 100 basis points.

Canada

The Bank of Canada began cutting rates in June 2024, when the rate was at 5%. The interest rate was reduced by 75 basis points from June to September. Another rate cut is anticipated, making it the fourth reduction between June and October, as the bank cited easing inflation and the need to boost economic growth.

Executive summary
Macroeconomic overview
Construction industry overview
Commodities
Methodology

Construction industry overview

Industry output

US

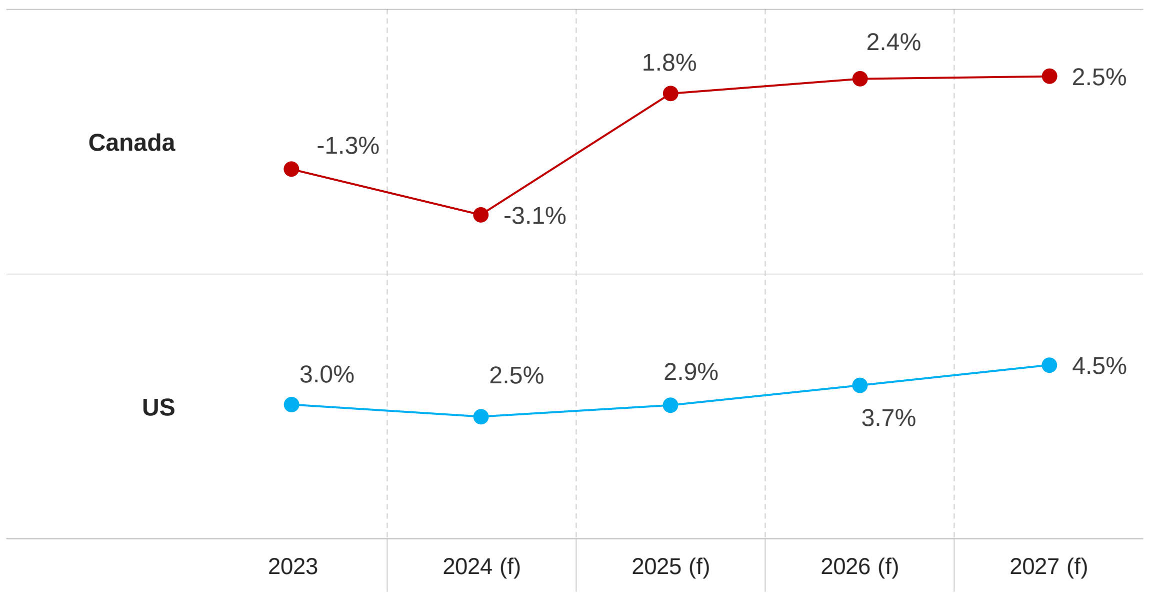
- The US construction industry is expected to expand by 2.5% in 2024, driven by increased spending in non-residential sectors like data centers, manufacturing, infrastructure, and energy and utilities. This growth is bolstered by government stimulus packages, including the Infrastructure Investment and Jobs Act (IIJA), the Inflation Reduction Act (IRA), and the CHIPS and Science Act.
- During the AI surge, data center construction spending increased by 58% in the past year (from September 2023 to September 2024), surpassing all other sectors. Manufacturing construction also increased by 28% over the same period, with computer, electronic, and electrical manufacturing growing by 30%, contributing to an overall 55% share of total manufacturing construction spending.
- From 2025 to 2027, the industry is projected to grow at an annual rate of 2.2%, driven by government initiatives to support manufacturing, infrastructure, and climate goals. However, the trajectory of this growth may be influenced by any new policies introduced by a new administration.

Canada

- Canada’s construction industry is expected to struggle in 2024, with a projected decline of 3.1% in real terms. This downturn is driven by ongoing weaknesses in the residential sector due to high construction and borrowing costs, skilled labor shortages, particularly with electrical installers, and low business confidence. However, the industrial and infrastructure sectors are expected to grow in 2024.
- The residential sector is anticipated to rebound in 2025, supported by lower interest rates and government initiatives aimed at reducing the housing deficit. These include affordable housing programs, tax incentives like the removal of the Goods and Services Tax on new rental projects, and significant investments to increase the housing stock.
- From 2025 onwards, the construction industry is expected to recover and grow at an annual average rate of 2.2%. This growth will be fueled by substantial government investments in transportation infrastructure, renewable energy projects targeting carbon neutrality by 2050, and the expansion of healthcare and educational facilities. The largest infrastructure project in the pipeline is the US$17bn Alberta to Alaska rail line development project.

Source: Global Data, United States Census Bureau

YoY % change in construction output (in real terms)



Source: Global Data
Note: Construction output data is presented in real terms and is calculated in US dollars using 2022 as a base. Forecast for the output is projected based on the data available up to and including Q2 2024.

Construction industry overview

Construction inflation

As economic inflationary pressures subside, construction inflation in North America is anticipated to decrease in 2024. The construction inflation rate for 2024 is estimated to be around 3.5%, with projections for 2025 ranging from 3% to 4.5%.

- Prices for some inputs have stabilized as supply and demand have balanced out. While energy-intensive commodity prices remain mostly unchanged, there may be increases in products such as low-carbon concrete due to growing demand to meet decarbonization goals, which could strain an underdeveloped supply chain.
- Prices for flat and stainless steel have have dropped significantly, although there is still some volatility in the stainless steel market. Meanwhile, steel rebar prices remain high in the US.
- The fluctuating prices of metals remains a concern. Copper and aluminum prices are higher than they were in 2023 due to issues with supply, raw material availability, and import costs.
- Labor remains a significant cost factor due to the shortage of skilled workers. While decreased construction activity in some sectors has alleviated demand temporarily, a potential rise in activity due to falling interest rates could push labor costs back up. Regions with significant high-tech and mission-critical projects still struggle with a lack of skilled labor, particularly in the mechanical, electrical, and plumbing (MEP) fields.
- Demand for MEP equipment from mission-critical sectors continues to be high and is expected to increase further due to AI-driven project needs, leading to capacity pressures.
- Overall, construction cost inflation for 2024 is projected to be slightly lower than initially forecasted in early 2024.
- Labor shortages are expected to continue into 2025. As interest rates decrease, rising construction activity may lead to inflationary pressures slightly surpassing those seen in 2024.
- In 2025, conflicts in the Middle East and uncertainties surrounding import taxes and sanctions amid political changes in the US, could impact material costs and delivery timelines. This could further strain commodities and supply chains, potentially leading to increased cost inflation.
- The construction industry stakeholders are advised to take a cautious approach to new projects, especially in an environment with rising insolvencies. For this reason, it is beneficial to thoroughly prequalify general contractors to help manage any potential risks.

Executive summary

Macroeconomic overview

Construction industry overview

Commodities

Methodology

Construction industry overview

Supply chain outlook for long-lead equipment

Review of 2024

- Throughout Q3 2024, market performance largely aligned with expectations, with the general economy growing moderately.
- Lead times are anticipated to hold steady in Q4 as suppliers grapple with the persistent global increases in demand. Any open opportunities with manufacturers are quickly absorbed by this ever-increasing market demand.
- Reports of weather-related delays and transportation challenges have decreased, however freight costs remain volatile due to fluctuations in labor and fuel expenses, as well as workforce factors.
- The increased need for power and cooling solutions will further aggravate the supply chain capacity for certain sectors.
- Geopolitical tensions, regional conflicts, and labor strikes (especially in key locations like US ports) have caused minor disruptions in the supply chain. Together, these factors contribute to delays and periodic shortages, challenging the supply chain's resilience.
- In Q2, the Canadian Border Services Agency (CBSA) and the Public Service Alliance of Canada (PSAC) reached a contract agreement, preventing a potential strike that could have disrupted cross-border freight. Finalized details will likely address worker concerns such as wages and benefits, ensuring continuous CBSA operations.

Outlook to 2025

- Projections from the supply chain indicate a similar performance to 2024 with an expected annual increase of 3% to 5%, driven by rising labor and production expenses.
- The outlook for freight and logistics remains uncertain, with fluctuating costs, labor strikes and port disruptions posing a significant risk to the global freight industry. Extended lead times remain a possibility.
- As we move into 2025, cooling solutions are rapidly emerging as a critical trend to monitor, especially for data center operators. Supplier capacity and lead times have begun to be impacted.
- Several LLE suppliers have publicized investment in facility expansion which is expected to provide some relief to lead times in the second half of 2025.
- Maintaining strong, collaborative partnerships with vendors can help secure a reliable supply chain, mitigating risks associated with disruptions and supporting consistent lead times.
- Enhancing the demand forecast for the supply chain can also mitigate the risk of capacity shortages and ensure timely access to the production line.
- Addressing the demand for AI computing and the densification of data centers will continue to pose significant challenges for 2025. The increased need for power and cooling solutions will further pressurize the supply chain capacity.

Equipment supply timelines (in weeks)
Current timelines as of Q3 2024
and future outlook

	North America	
	Q3 2024	Q4 2024 – Q1 2025
Transformers	50-52 Weeks	↘
Generators	60-110 Weeks	↗
UPS	28-38 Weeks	↔
Batteries	28-40 Weeks	↗
LV switchgears	28-44 Weeks	↘
PDU/RPP	24-32 Weeks	↘
STS	30-32 Weeks	↔
Chillers-PRR	34-40 Weeks	↔
CRAC	28-36 Weeks	↔
Cooling tower	30-35 Weeks	↔

↗ Increasing
↔ Stable
↘ Decreasing

Disclaimer:

The timelines provided are based on specific specifications and brands, as reported in Q3 2024, and reflect market conditions at that time. However, it's important to note that market conditions are subject to geopolitical and other influences which may cause supply chain disruptions that could impact the delivery schedules of equipment. Therefore, the timelines mentioned above are indicative and subject to change.

Source: Linesight

Commodities

Construction commodities play a crucial role in the global economy, and their prices are subject to fluctuations due to various factors such as supply and demand, economic outlook, and geopolitical events.

At Linesight, we closely monitor the trends and developments in the commodities market to provide our clients with the most up-to-date and accurate information.

Please note that commodity prices are based on representative materials available in the respective countries, and as these materials may not be standard across all markets, cross-country comparisons on prices can be ineffective. For example, asphalt types can vary between hot, cold or a bitumen price, and standard unit sizes for materials can vary across countries. Material prices relate to raw or unfinished materials, and not to finished, delivered and erected on-site prices.

- Copper
- Steel rebar
- Steel flat
- Stainless steel
- Cement
- Concrete
- Lumber
- Bricks/Blocks
- Drywall
- Diesel
- Aluminum

Executive summary

Macroeconomic overview

Construction industry overview

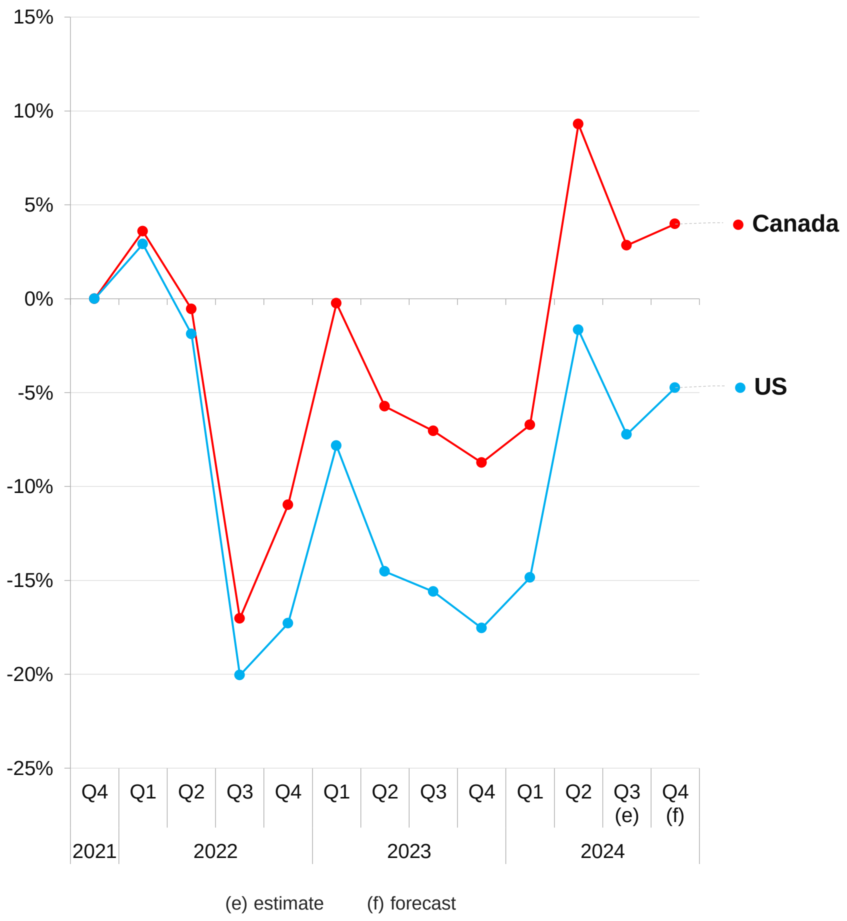
Commodities

Methodology

Commodities

Copper

Price change comparison against Q4 2021



Source: Global Data

	YoY % price change	Level of impact on construction industry			Forecast
	Q4'23 – Q4'24 (f)	Price change (e) vs (f)	Material availability	General state of supply chain	Q1'25 (f) – Q2'25 (f)
Canada	14%	■	●	◆	↗
US	16%	■	●	◆	↗

■ >5%
■ >1%-≤5%
■ ≤1%

● Deficit
● Balanced
● Surplus

◆ Stressed
◆ Adequate
◆ Easily available

↑ ≥ 5%
↗ ≥ 1% – < 5%
↔ < -1% – <1%
↘ ≥ -1% – < -5%
↓ ≥ -5%

Past trend

Higher primary copper prices globally and significant demand from the infrastructure and energy sectors led to an upward trend in copper prices in the US and Canada during Q2 2024. In Canada, the devaluation of the Canadian dollar against the US dollar drove prices up further. In the US, record highs on both COMEX and LME contributed to the peak in copper prices during Q2 2024.

Current situation

After witnessing hikes in Q2 2024, copper prices in North America dropped by 5.7% and 5.9% in the US and Canada during Q3 2024. In the US, the decrease was a result of excess inventory caused by copper imports from China. In Canada, the drop was due to declining primary copper prices from the previous high levels seen in Q2 2024. A strengthening of the Canadian dollar, which appreciated in September, further drove down copper prices in Q3 2024.

Future outlook

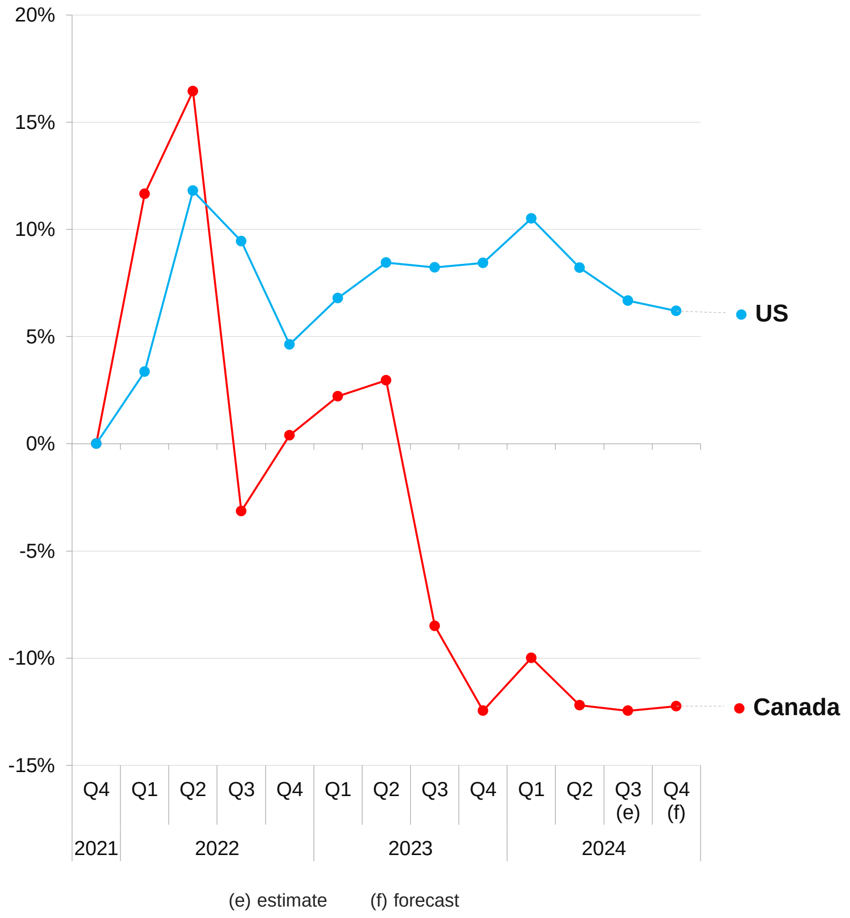
Prices are expected to rise in Q4 2024, driven by demand in the energy, utilities, and infrastructure sectors, bolstered by US government stimulus measures such as the Inflation Reduction Act (IRA) and Infrastructure Investments and Jobs Act (IIJA). In Canada, copper prices are also expected to rise due to demand from the EV sector following Canada's imposition of a 100% import tariff on Chinese EVs.

Executive summary
Macroeconomic overview
Construction industry overview
Commodities
Methodology

Commodities

Steel rebar

Price change comparison against Q4 2021



Source: Global Data

YoY % price change	Level of impact on construction industry			Forecast
Q4'23 – Q4'24 (f)	Price change (e) vs (f)	Material availability	General state of supply chain	Q1'25 (f) – Q2'25 (f)
-2%	■	●	◆	↗
0%	■	●	◆	↔

■ >5%
■ >1%-≤5%
■ ≤1%

● Deficit
● Balanced
● Surplus

◆ Stressed
◆ Adequate
◆ Easily available

↑ ≥ 5%
↗ ≥ 1% – < 5%
↔ < -1% – <1%
↘ ≥ -1% – < -5%
↓ ≥ -5%

Past trend

Steel prices increased slightly in Q1 2024, with steel rebar prices increasing by 2% in the US and 3% in Canada. However, in Q2 2024, prices fell by 2% in both countries. Notably, US steel prices have not dropped to the same levels as in other countries due to import tariffs. The combination of soft construction activity, declining scrap steel prices, and lower iron ore costs contributed to the overall decrease in steel prices.

Current situation

In Q3 2024, US steel rebar prices fell by 1.4% compared to the previous quarter, attributed to a construction slowdown and anticipated interest rate cuts. Despite this decline, prices remained elevated in comparison to global levels, bolstered by trade protections that restricted Chinese steel dumping. Meanwhile in Canada, rebar prices saw a marginal 0.3% drop, coinciding with the implementation of a 25% tariff on Chinese steel imports effective from October 22, 2024.

Future outlook

Following the recent interest rate cut in September and expected future decreases, construction demand in the US is set to increase in the next quarter, potentially driving steel rebar prices higher. In Canada, prices are projected to remain stable with a possible small uptick in the short term, supported by reduced Chinese steel imports and an increase in domestic steel production.

Executive summary

Macroeconomic overview

Construction industry overview

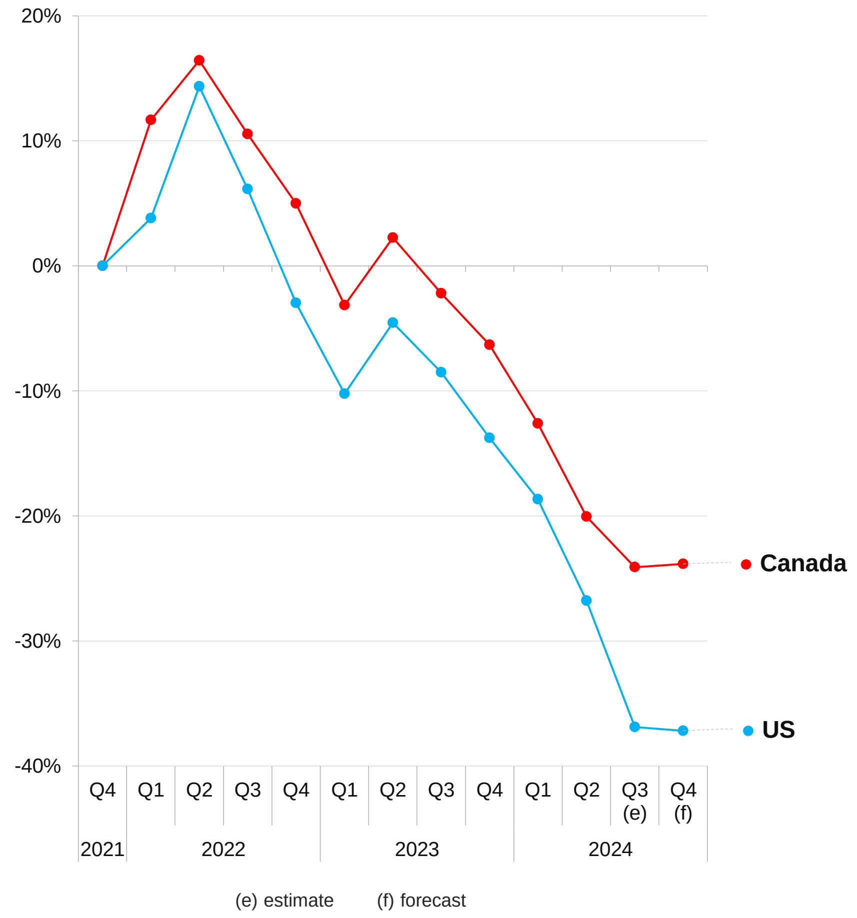
Commodities

Methodology

Commodities

Steel flat

Price change comparison against Q4 2021



Source: Global Data

YoY % price change	Level of impact on construction industry			Forecast
Q4'23 – Q4'24 (f)	Price change (e) vs (f)	Material availability	General state of supply chain	Q1'25 (f) – Q2'25 (f)
-19%	🟧	🟡	◆	↔
-27%	🟨	🟡	🔶	↗

🟥 >5%	🔴 Deficit	◆ Stressed	↑ ≥ 5%
🟧 >1%-≤5%	🟠 Balanced	🔶 Adequate	↗ ≥ 1% – < 5%
🟨 ≤1%	🟡 Surplus	◆ Easily available	↔ < -1% – <1%
			↘ ≥ -1% – < -5%
			↓ ≥ -5%

Past trend

Flat steel prices have been decreasing throughout 2024. In the US, prices have dropped more sharply than rebar, reflecting weakness in the manufacturing sector, where flat steel is primarily used. From Q4 2023 to Q2 2024, prices for flat steel dropped by 15% in both the US and Canada.

Current situation

In Q3 2024, flat steel prices in Canada fell by 5.1% compared to the previous quarter, showing a steeper drop than steel rebar prices. In the US flat steel prices decreased by 13.8% in Q3, reaching their lowest point since December 2022. This decline is attributed to an excess supply of material due to subdued demand in the preceding quarters.

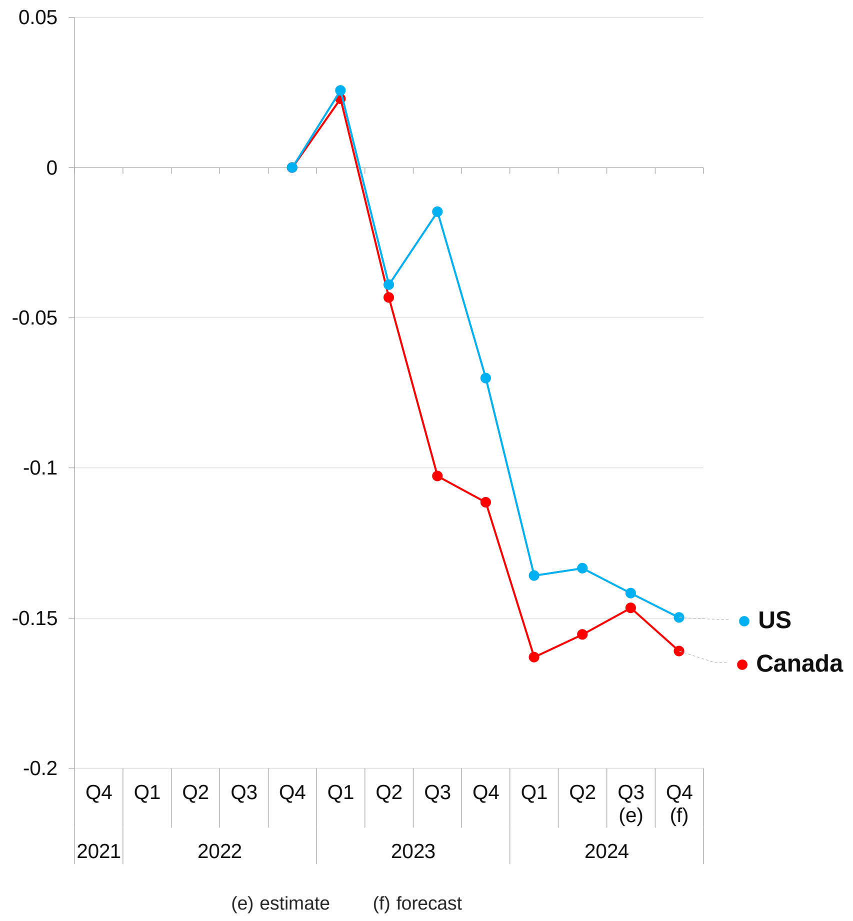
Future outlook

Like rebar, flat steel prices in the US are expected to drop slightly by 0.5% in Q4 2024, a smaller decline than the previous quarter. This is primarily due to the anticipated increase in demand and planned production cuts by US mills during maintenance shutdowns. In Canada, flat steel prices are expected to increase by 0.3% in Q4 2024, influenced by tariffs on Chinese steel imports, and are likely to remain stable thereafter.

Commodities

Stainless steel

Price change comparison against Q4 2022



Source: Global Data

YoY % price change	Level of impact on construction industry			Forecast
Q4'23 – Q4'24 (f)	Price change (e) vs (f)	Material availability	General state of supply chain	Q1'25 (f) – Q2'25 (f)
-9%	🟨	🟠	◆	↔
-6%	🟨	🟠	◆	↗

🟥 >5%
🟧 >1%-≤5%
🟨 ≤1%

🔴 Deficit
🟠 Balanced
🟡 Surplus

◆ Stressed
◆ Adequate
◆ Easily available

↑ ≥ 5%
↗ ≥ 1% – < 5%
↔ < -1% – <1%
↘ ≥ -1% – < -5%
↓ ≥ -5%

Past trend

In H1 2024, stainless steel prices experienced some volatility, heavily influenced by fluctuating nickel prices. After a decline in January and February, prices peaked in March, due to decreased demand from the automotive manufacturing sector. However, the ban on Russian-origin nickel on the LME and CME exerted upward pressure on prices. Overall, between Q4 2023 and Q2 2024, stainless steel prices declined by 7% in the US and 5% in Canada.

Current situation

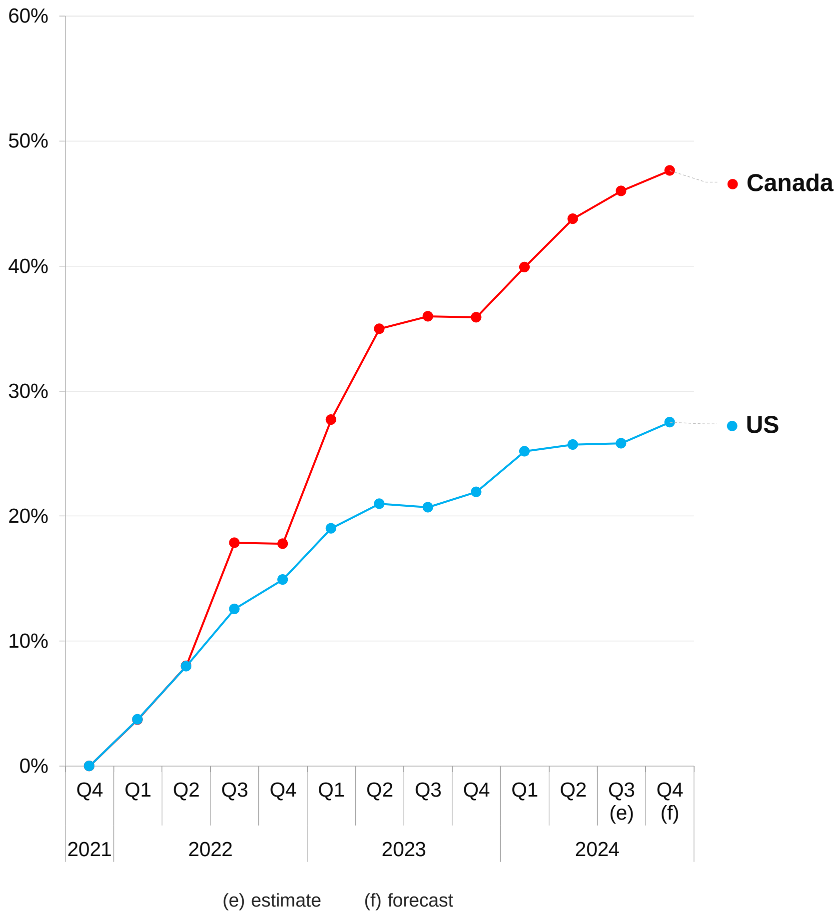
In the US, stainless steel prices fluctuated throughout Q3 2024, largely influenced by volatility in nickel prices. Prices saw a sharp decline in July and August, followed by a partial rebound in September, leading to an overall 3.9% depreciation for the quarter. Stainless steel prices in Canda on the other hand increased marginally by 1%.

Future outlook

Prices are expected to depreciate by approximately 1%-2% due to weak demand in the US and Canada. In the US, excess stainless steel inventory is driving prices down as suppliers seek to clear stock. Prices are expected to stabilize as demand increases in the medium to long term.

Commodities
Cement

Price change comparison against Q4 2021



Source: Global Data

	YoY % price change	Level of impact on construction industry			Forecast
	Q4'23 – Q4'24 (f)	Price change (e) vs (f)	Material availability	General state of supply chain	Q1'25 (f) – Q2'25 (f)
Canada	9%	■	●	◆	↘
US	5%	■	●	◆	↗

■ >5%	● Deficit	◆ Stressed	↑ ≥ 5%
■ >1%-≤5%	● Balanced	◆ Adequate	↗ ≥ 1% – < 5%
■ ≤1%	● Surplus	◆ Easily available	↔ < -1% – <1%
			↘ ≥ -1% – < -5%
			↓ ≥ -5%

Past trend

Amid strong demand from the infrastructure sector, cement prices remained elevated in the first half of 2024. From Q4 2023 to Q2 2024, cement prices in the US and Canada increased by 5% and 6%. Demand from the infrastructure sector in both countries, along with higher industrial electricity costs, drove prices upward and kept them elevated.

Current situation

In 2024, the US and Canada have seen strong domestic demand for cement driven by infrastructure, energy and utilities construction projects. By Q3 2024, cement prices had risen by 4.3% in the US and 7.4% in Canada compared to the previous year. Due to the large base effect, in Q3 2024, on a QoQ basis, cement prices increased by 2% in Canada and remained steady in US.

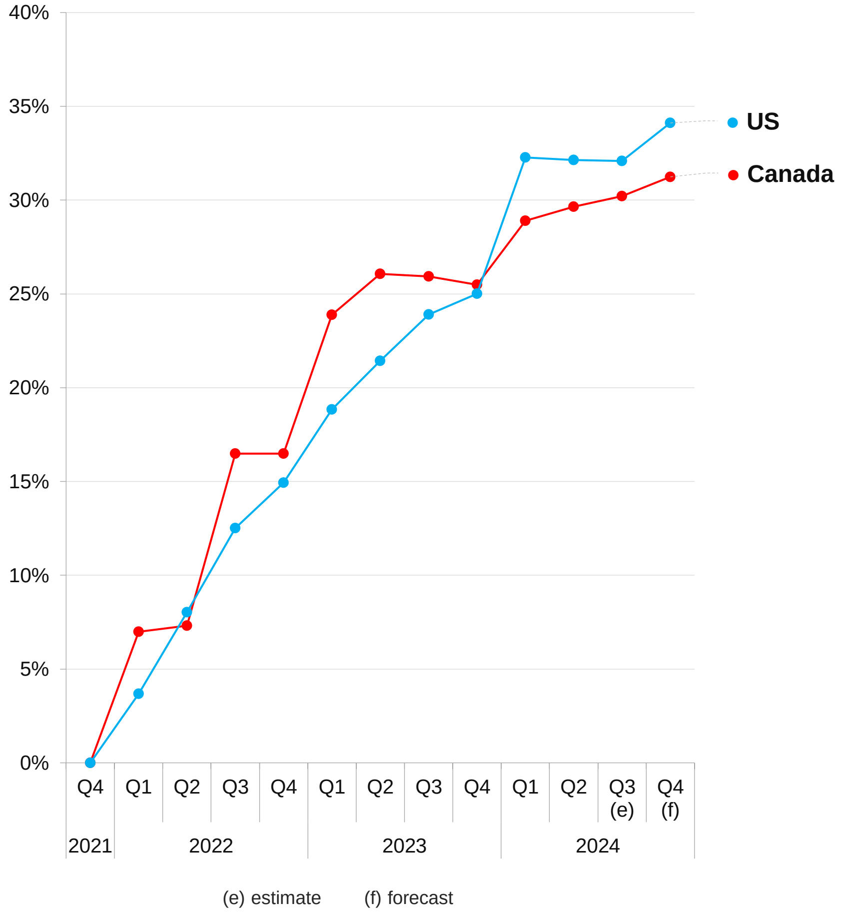
Future outlook

Cement prices are anticipated to increase in both the US and Canada. In the US, the decline in interest rates is likely to boost construction activity. Meanwhile, in Canada, the combination of lower interest rates and higher investment in residential projects is projected to drive growth in the construction industry as the government seeks to address the ongoing housing shortage.

Linesight

Commodities
Concrete

Price change comparison against Q4 2021



Source: Global Data

YoY % price change	Level of impact on construction industry			Forecast
Q4'23 – Q4'24 (f)	Price change (e) vs (f)	Material availability	General state of supply chain	Q1'25 (f) – Q2'25 (f)
7%	■	●	◆	↔
5%	■	●	◆	↔

■ >5%
■ >1%-≤5%
■ ≤1%

● Deficit
● Balanced
● Surplus

◆ Stressed
◆ Adequate
◆ Easily available

↑ ≥ 5%
↗ ≥ 1% – < 5%
↔ < -1% – <1%
↘ ≥ -1% – < -5%
↓ ≥ -5%

Past trend

Like cement prices, concrete prices have also remained elevated. Between Q4 2023 and Q2 2024, concrete prices rose by 3.3% in Canada and 5.7% in the US.

Current situation

Concrete prices have followed a similar trend as that of cement prices. In Canada, prices rose by 0.4% while in the US prices remained unchanged.

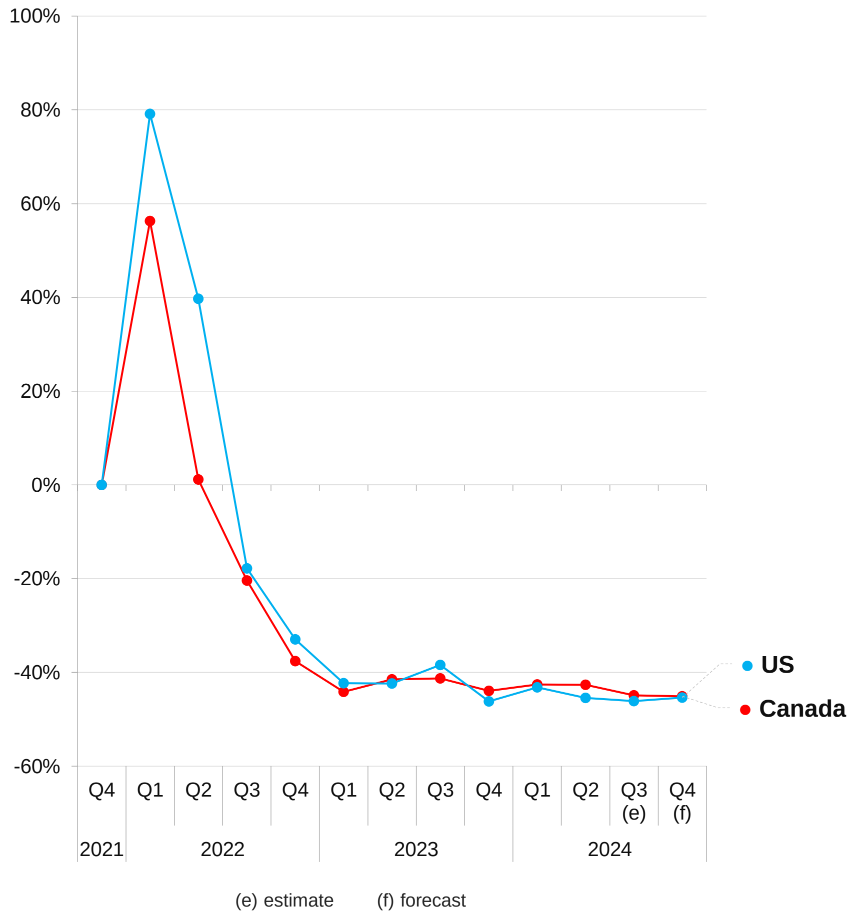
Future outlook

Concrete prices are expected to trend upward in both the US and Canada, driven by increased construction activity in the short to medium term. The increase in price will be supported by rising investment in the construction industry.

Executive summary
Macroeconomic overview
Construction industry overview
Commodities
Methodology

Commodities
Lumber

Price change comparison against Q4 2021



Source: Global Data

YoY % price change	Level of impact on construction industry			Forecast
Q4'23 – Q4'24 (f)	Price change (e) vs (f)	Material availability	General state of supply chain	Q1'25 (f) – Q2'25 (f)
1%	■	●	◆	↗
-2%	■	●	◆	↔

■ >5%
■ >1%-≤5%
■ ≤1%

● Deficit
● Balanced
● Surplus

◆ Stressed
◆ Adequate
◆ Easily available

↑ ≥ 5%
↗ ≥ 1% – < 5%
↔ < -1% – <1%
↘ ≥ -1% – < -5%
↓ ≥ -5%

Past trend

Following a steady decline in 2023, lumber prices in the US hit their lowest point in Q4 2023 since Q1 2021. Due to a lower base effect, prices then increased by 5.5% in Q1 2024, but subsequently declined by 3.9% in Q2 2024 due to a slowdown in the residential sector. In Canada, lumber prices continued to decrease throughout the first half of 2024, affected by a struggling housing sector.

Current situation

In Q3 2024, US lumber prices fell by 1.2% due to weak residential demand and increasing inventory levels, prompting key suppliers to reduce production or shut down sawmills. Meanwhile, Canadian lumber prices dropped by 3.9% following the US Department of Commerce's decision to raise tariffs on imports.

Future outlook

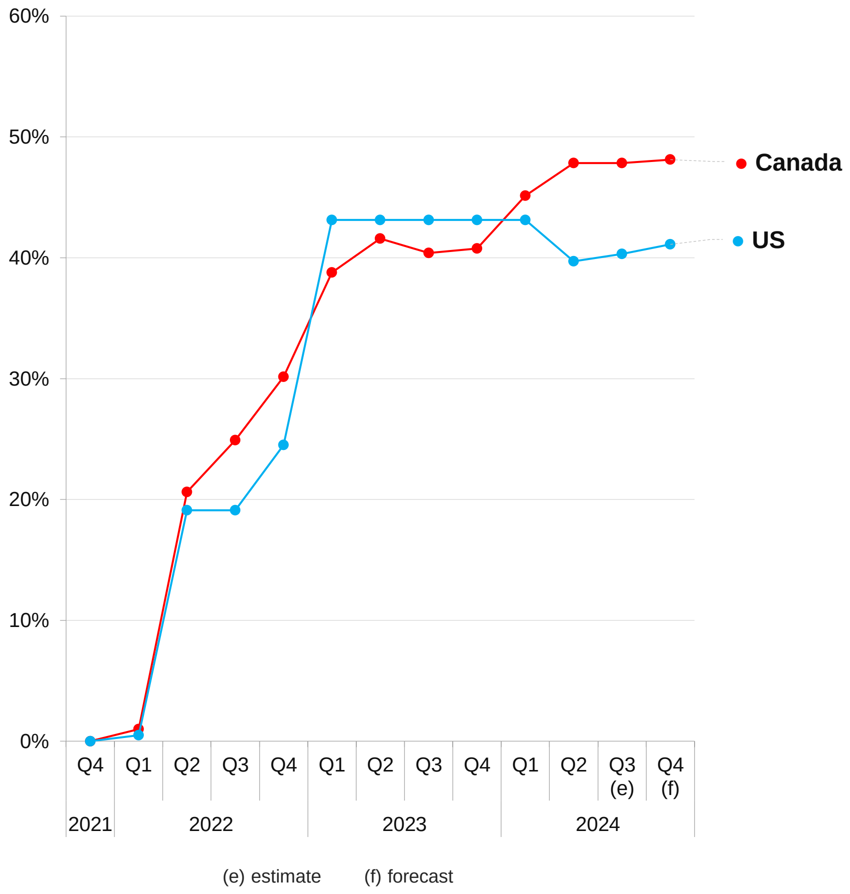
Even after the Federal Reserve's interest rate cuts in September, which sparked hope for residential construction, the impact on housing demand will need time to become apparent. As a result, lumber prices are expected to remain volatile, with a projected 1.4% increase quarter over quarter in Q4 2024.

In Canada, prices are projected to decline by about 0.4% in Q4. Looking ahead, there is expected to be a rise in medium to long term demand for lumber, supported by government plans to construct 2,600 affordable housing units by the end of 2026.

Commodities

Bricks/Blocks

Price change comparison against Q4 2021



Source: Global Data

YoY % price change	Level of impact on construction industry			Forecast
Q4'23 – Q4'24 (f)	Price change (e) vs (f)	Material availability	General state of supply chain	Q1'25 (f) – Q2'25 (f)
5%	🟨	🟠	◆	↔
-1%	🟨	🟡	◆	↔

🟥 >5%
🟧 >1%-≤5%
🟨 ≤1%

🔴 Deficit
🟠 Balanced
🟡 Surplus

◆ Stressed
◆ Adequate
◆ Easily available

↑ ≥ 5%
↗ ≥ 1% – < 5%
↔ < -1% – <1%
↘ ≥ -1% – < -5%
↓ ≥ -5%

Past trend

In the first half of 2024, brick prices in the US saw a slight decrease, as demand was limited by a continued softening of residential construction. In Canada, however, despite a weak residential sector, brick prices have remained stable, with producers maintaining higher prices due to the expected rise in demand from the housing sector, supported by government efforts to promote affordable housing.

Current situation

In the US in Q3 2024, brick prices remained stable due to low housing demand caused by high interest rates. However, following interest rate cuts in September, an anticipated uptick in residential demand led to a 0.4% price increase quarter over quarter. In Canada, affordable housing plans announced in Quebec and Montreal in August 2024 have sustained demand for bricks. Since most brick supplies come from the US, the supply has been able to meet demand, keeping prices consistent.

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Future outlook

Brick prices are expected to remain stable in both the US and Canada. In the US, while demand is projected to increase substantially over the next few quarters, prices, already at elevated levels, are expected to increase only slightly by 0.6% in Q4 2024.

In Canada, brick prices are forecasted to rise by 0.2% in Q4 2024, after remaining steady in Q3.

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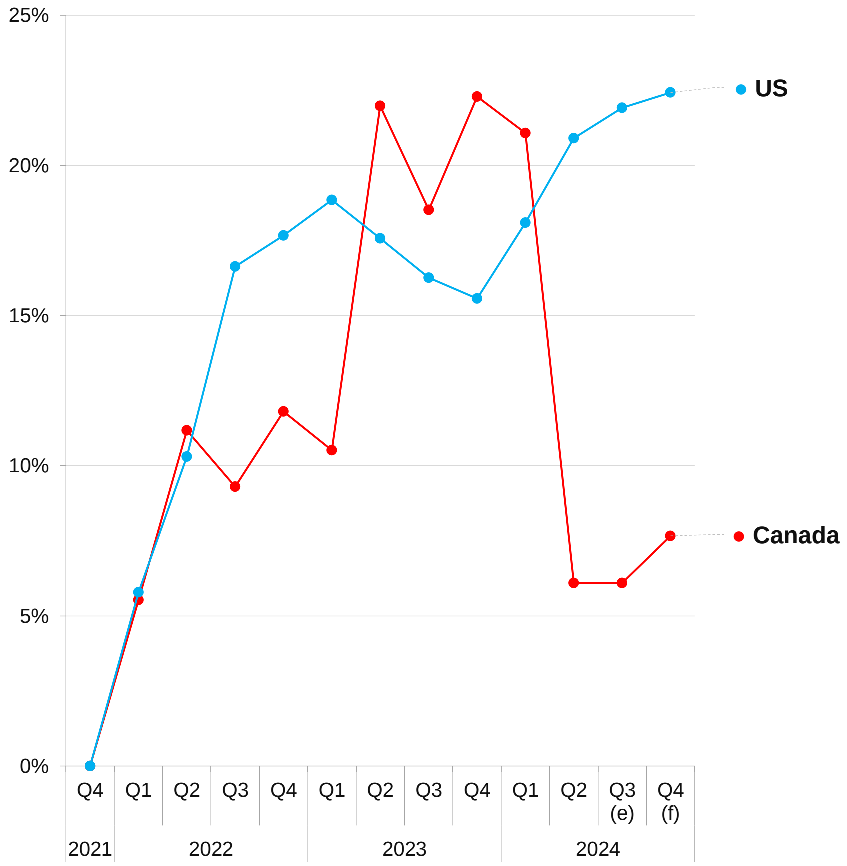
Commodities
Drywall

Price change comparison against Q4 2021



(e) estimate (f) forecast

YoY % price change	Level of impact on construction industry			Forecast
Q4'23 – Q4'24 (f)	Price change (e) vs (f)	Material availability	General state of supply chain	Q1'25 (f) – Q2'25 (f)
6%	■	●	◆	↔
-12%	■	●	◆	↔

- ■ >5%
- ■ >1%-≤5%
- ■ ≤1%

- ● Deficit
- ● Balanced
- ● Surplus

- ◆ Stressed
- ◆ Adequate
- ◆ Easily available

- ↑ ≥ 5%
- ↗ ≥ 1% – < 5%
- ↔ < -1% – <1%
- ↘ ≥ -1% – < -5%
- ↓ ≥ -5%

Source: Global Data

Past trend

In the US, drywall prices initially fell in 2023 due to slow construction activity. However, in the first half of 2024, prices rose by 2.3% on average per quarter, driven by demand from renovation and remodeling projects and the absence of price increases in the previous three quarters. In Canada, after a price increase in Q4 2023, drywall prices saw a significant 13.2% decrease in the first half of 2024. This decline was influenced by reduced demand from both the residential and commercial sectors, as well as a decline in home repair and remodeling projects, resulting in lower prices.

Current situation

Drywall prices in the US rose by 0.8% in Q3 2024, driven by demand primarily from the commercial and residential construction sectors, which were previously affected by high interest rates and changing office and retail trends. However, as interest rates decline, construction activity is expected to pick up, gradually lifting prices. In Canada, falling interest rates are also anticipated to boost demand, contributing to higher prices. Additionally, the weaker Canadian dollar has increased import costs, adding further upward pressure on drywall prices.

Future outlook

Anticipated increased demand is likely to lead to a modest 0.42% price rise for drywall in the US in Q4 2024. In Canada, prices are expected to increase by approximately 1.5% in Q4, following steady prices in Q3.

Executive summary

Macroeconomic overview

Construction industry overview

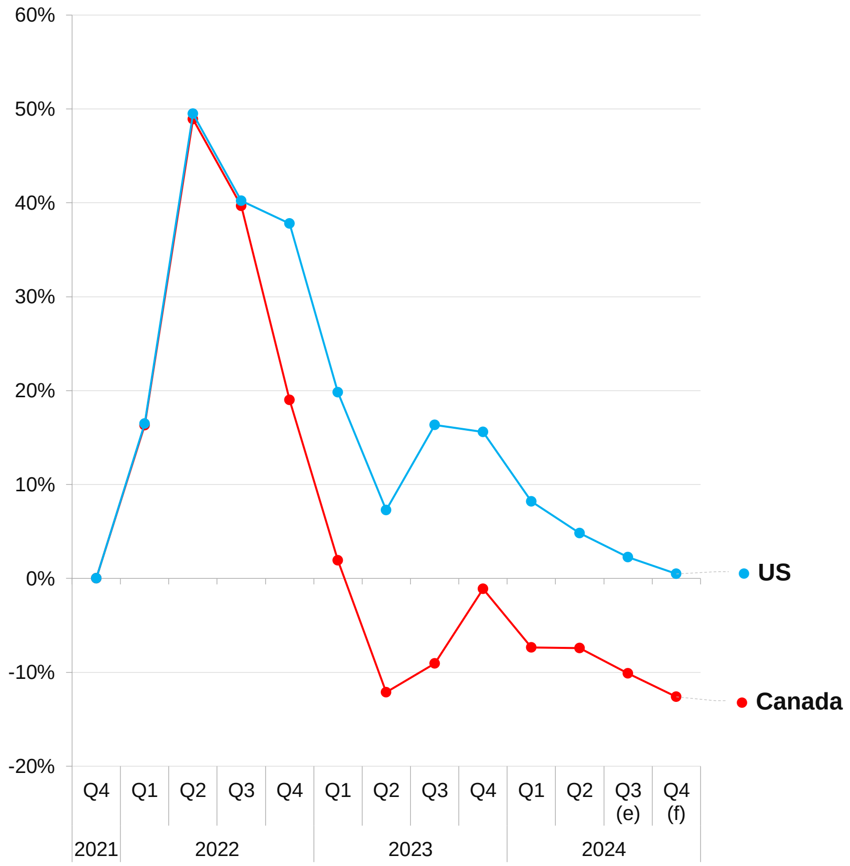
Commodities

Methodology

Commodities

Diesel

Price change comparison against Q4 2021



(e) estimate (f) forecast

Source: Global Data

	YoY % price change	Level of impact on construction industry			Forecast
	Q4'23 – Q4'24 (f)	Price change (e) vs (f)	Material availability	General state of supply chain	Q1'25 (f) – Q2'25 (f)
US	-13%	■	●	◆	↗
Canada	-12%	■	●	◆	↘

- ■ >5%
- ■ >1%-≤5%
- ■ ≤1%

- ● Deficit
- ● Balanced
- ● Surplus

- ◆ Stressed
- ◆ Adequate
- ◆ Easily available

- ↑ ≥ 5%
- ↗ ≥ 1% – < 5%
- ↔ < -1% – <1%
- ↘ ≥ -1% – < -5%
- ↓ ≥ -5%

Past trend

Diesel prices dropped in the first half of 2024 due to declining crude oil prices, weakened global demand, and rising inventories. In the US, the increase in refinery capacity played a role in this decline, while Canadian suppliers opted to stock more inventories to offset potential disruptions in the supply chain amidst escalating tensions in the Middle East.

Current situation

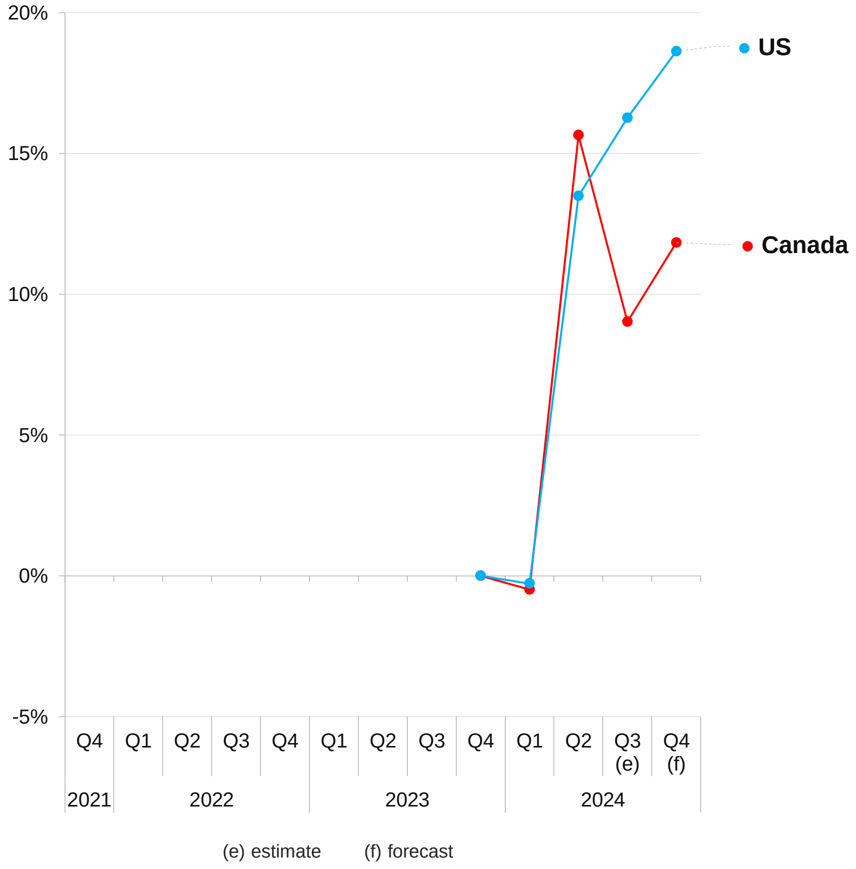
In Q3 2024, diesel prices declined by 2.4% in the US and by 2.9% in Canada, influenced by the decrease in global crude prices and weak demand. Ongoing geopolitical tensions continue to create a volatile environment for diesel and crude prices.

Future outlook

In Q4 2024, diesel prices are anticipated to gradually decrease, driven by abundant crude inventories, subdued demand, and expected production boosts from OPEC+ and other nations. However, diesel prices may face upward pressure due to geopolitical instability in the Middle East.

Commodities
Aluminum

Price change comparison against Q4 2023



Source: Global Data

	YoY % price change	Level of impact on construction industry			Forecast
	Q4'23 – Q4'24 (f)	Price change (e) vs (f)	Material availability	General state of supply chain	Q1'25 (f) – Q2'25 (f)
US	19%	🟧	🟠	🔶	↗
Canada	12%	🟨	🟠	🔶	↗

🟥 >5%
🟧 >1%-≤5%
🟨 ≤1%

🔴 Deficit
🟠 Balanced
🟡 Surplus

♦ Stressed
🔶 Adequate
◆ Easily available

↑ ≥ 5%
↗ ≥ 1% – < 5%
↔ < -1% – <1%
↘ ≥ -1% – < -5%
↓ ≥ -5%

Past trend

Aluminum prices in the US and Canada surged by 14% and 16% in Q2 2024 due to a sharp increase in global aluminum prices. Sanctions imposed by the US and UK on Russian metal imports further tightened supply, pushing prices up. In Canada, reduced aluminum alloy imports and decreased production from Chinese suppliers also played a part in the upsurge of aluminum prices during Q2 2024.

Current situation

In the US, aluminum prices increased by 2.4% in Q3 2024 compared to the previous quarter, primarily due to supply chain disruptions in alumina-exporting countries. Conversely, in Canada, aluminum prices are estimated to have dropped significantly by 5.7% quarter over quarter in Q3, due to low domestic demand and an oversupply of aluminum ingots from China.

Future outlook

In Q4 2024, US aluminum prices are projected to increase by 2%, driven by tightening supply and a potential boost in construction from recent Federal Reserve interest rate cuts. In Canada, a 2.6% quarter over quarter rise is expected, supported by a 25% tariff on Chinese imports and a rebound in construction demand, particularly from planned housing and water infrastructure projects. Looking ahead, easing interest rates and trade related tariffs are likely to support sustained price growth in aluminum.

Methodology

Linesight has commissioned independent global research to track construction activity, materials and commodity prices.

The approach and methodology for the collection of construction material pricing and other indicators is based on primary and secondary research.

Primary and secondary research

Primary research is conducted on a quarterly basis with stakeholders in the value chain, including manufacturers and suppliers/distributors of the target materials, to ascertain market information on prices in recent quarters, and also on projections for changes in the coming quarter and remainder of the year. The market analysis also involves a thorough assessment of secondary sources of data on materials and labor prices, in addition to underlying demand and supply trends that will impact market prices.

Sources include Global Data's Construction Intelligence Center (CIC), the World Bank, IMF, OECD, as well as country specific national statistics offices, such as the US Bureau of Economic Analysis, Bureau of Labor Statistics, and also industry specific associations and publications.

Published November 2024

Definitions

- All commodities are raw materials.
- Nominal data series do not exclude changes in prices and are also referred to as current prices series. Annual changes in nominal data for construction output will include changes in construction activity, as well as changes in costs for materials and equipment.
- Real data series are calculated by keeping prices constant (so, are also referred to as constant price series), and therefore, they reflect changes in activity only. Growth rates in nominal terms can overstate the pace of growth in construction activity if there is high inflation stemming from rising prices for key inputs.
- Level of impact rating reflects a combination of factors: price change (compared to recent past beyond the last quarter), the importance of the material, and general state of the supply chain in terms of stability.

Abbreviations

QoQ	Quarter on Quarter
YoY	Year on Year
MoM	Month on Month
GDP	Gross Domestic Product
CPI	Consumer Price Index (wherever not specified)
e	estimated
f	forecasted
EV	Electric Vehicles
DC	Data Center

Disclaimer

The construction market insights report contains information, data, and analysis related to the construction industry. While we strive to provide accurate and up-to-date information, it is important to note that the commodity market is subject to various factors, uncertainties, and changes that may impact the accuracy or reliability of the report's contents.

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Methodology

Acknowledgements

Linesight wishes to thank all who took the time to contribute to this report including but not limited to:

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