North American Market Intelligence Report

JULY 2026

Empowering growth.

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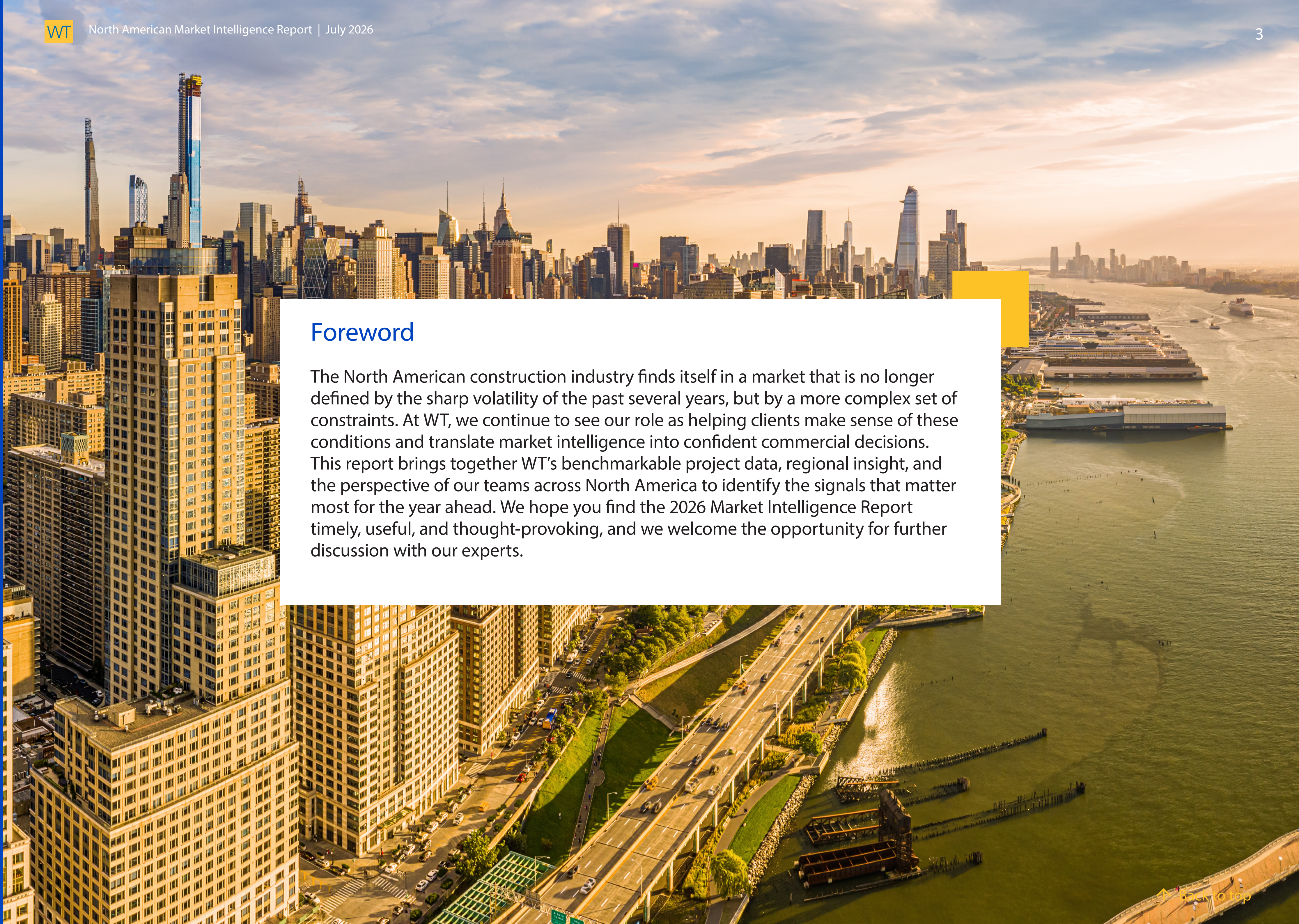

Foreword

The North American construction industry finds itself in a market that is no longer defined by the sharp volatility of the past several years, but by a more complex set of constraints. At WT, we continue to see our role as helping clients make sense of these conditions and translate market intelligence into confident commercial decisions. This report brings together WT's benchmarkable project data, regional insight, and the perspective of our teams across North America to identify the signals that matter most for the year ahead. We hope you find the 2026 Market Intelligence Report timely, useful, and thought-provoking, and we welcome the opportunity for further discussion with our experts.

Introduction

WT Market Intelligence: A market defined by constraint, not volatility

The current North American construction market has entered a different phase of complexity than owners experienced during the post-pandemic disruption cycle. The defining feature is no longer headline volatility. Instead, WT is seeing a market shaped by a more stable, but still elevated, cost trajectory; an uneven and increasingly sector-specific pipeline; and persistent execution constraints that continue to influence schedule, procurement, and commercial certainty. Put simply: uncertainty has narrowed, but risk has not disappeared. It has shifted from broad price shock toward capacity, sequencing, and capital discipline.

WT's position is anchored in four dynamics we are observing across benchmarkable project data, current pricing intelligence, contractor engagement, and owner pipeline activity. First, cost escalation has become more forecastable than it was during the sharp disruption period, but current pricing remains above historic baseline conditions. Labor, major material packages, electrical infrastructure, and market-specific trade availability continue to carry pricing risk, particularly in sectors with complex building systems or accelerated delivery expectations.

Second, the cost story is not purely national. It is increasingly city, sector, and scope sensitive. WT's benchmarking indicates that projects exposed to high-demand trades, long-lead electrical and mechanical equipment, and tariff-sensitive material packages are experiencing a different cost environment than more conventional or less schedule-sensitive scopes. This is especially visible in mission-critical, advanced manufacturing, infrastructure, and other capital-intensive sectors where procurement timing and trade capacity materially affect outcomes.

Cost Pressure

3.5% (5.3% materials)

Costs are steadier, but the baseline remains elevated

Selective Demand

+1.6% (DMI* +6%)

Activity is growing, but concentrated in select sectors

Capacity Constraint

8.8 months

Execution risk is driven by backlog and labor tightness

Capital Gate

3.3% delayed starts

Capital conditions are filtering which projects proceed

*DMI - Dodge Momentum Index

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Dynamic 1

Cost Escalation

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Cost Escalation

From volatility to stability, at a higher baseline definition

The most significant shift from the previous cycle is that cost escalation has become more predictable. This does not imply a low-cost environment, but rather, the range of outcomes has narrowed as the primary drivers of escalation have become clearer through WT's project benchmarking and market engagement. Current pricing continues to reflect a market anchored by labor cost growth and sustained pressure in key material categories.

Across WT's U.S., Canada and Mexico market research findings, there are indicators that the cost environment is being shaped by a consistent set of factors: elevated input pricing for metals and critical materials, the ongoing impact of tariffs embedded in supply chains, and persistent constraints in electrical and power infrastructure procurement. These dynamics are particularly pronounced in sectors with complex building systems or accelerated delivery requirements, where both cost and schedule are directly influenced by availability and lead times.

Labor remains the most structural and persistent contributor to cost pressure. Based on WT's analysis of wage trends and project outcomes, labor is not only a direct cost driver but also a limiting factor on delivery capacity. Tight labor markets, particularly for skilled and specialist trades, continue to influence bid pricing, productivity assumptions, and overall project risk. Even as escalation rates moderate, labor availability continues to underpin a higher baseline for construction costs.

Regionally, comparable patterns are evident across North America. WT's benchmarking across the U.S., Canada, and Mexico indicates that while escalation trajectories may differ slightly by market, the underlying drivers remain consistent: labor cost growth, material pricing exposure, and capacity constraints. These factors reinforce a common condition across markets, a transition away from volatility, but not a return to pre-disruption pricing levels.

What this means for clients:

- The current cost environment should be approached as stable, but firmly elevated.
- From a WT perspective, the priority is not reacting to volatility, but making disciplined, defensible assumptions around escalation.
- This includes stress-testing project scope against exposure to labor-intensive trades, long-lead equipment, and capacity-constrained packages, while aligning procurement strategies to mitigate these risks early in the delivery process.

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Cost Escalation

Costs are steadier, not cheaper: building costs are still rising

Escalation

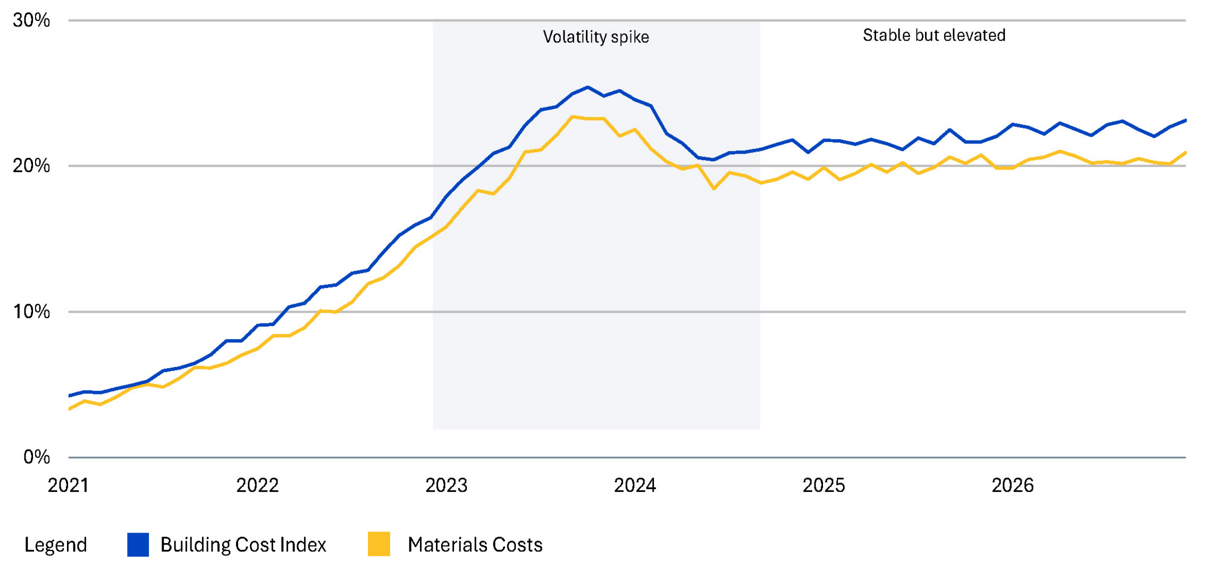
- Costs have stabilized, but the baseline remains historically high

Impacts

- Driven by labor, materials, and capacity-sensitive scopes
- BCI +3.5% / Materials +5.3%
- 2023: Volatility spike
- 2024-2026: stable but elevated

Cost Pressure

North American Construction Market



Source: ENR, WT

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New Aloha Stadium Entertainment District, Honolulu, HI

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Dynamic 2

Construction Demand / Pipeline

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Construction Demand / Pipeline
Strong activity, but increasingly selective

Demand is currently less about whether construction will occur and more about where it will concentrate. Based on WT's pipeline reviews, client engagement, and sector benchmarking, activity remains steady overall, but it is not evenly distributed. Instead, the market is increasingly defined by concentration in specific sectors and geographies, with clear divergence between high-growth and more constrained asset classes.

WT is seeing the strongest planning and pre-construction momentum in sectors supported by long-term structural demand, public funding, or strategic investment priorities. These include infrastructure, mission-critical facilities, advanced manufacturing, and other capital-intensive asset classes. In contrast, more discretionary sectors are progressing with greater caution, reflecting tighter underwriting, increased sensitivity to financing conditions, and a higher bar for project viability.

Importantly, the pipeline is not translating uniformly into near-term starts. WT's analysis indicates a widening gap between early-stage interest and committed delivery, as projects move through additional layers of feasibility testing, funding alignment, and risk evaluation. This creates a more complex demand environment, one that appears active on the surface but is more selective in execution.

From a delivery standpoint, this selectivity has practical implications. Projects are increasingly competing for the same pools of contractor capacity, specialist trades, and long-lead procurement, particularly in sectors where demand is most concentrated. As a result, project outcomes are becoming more sensitive to timing, positioning, and alignment with market demand drivers rather than simply overall activity levels.

What this means for clients:

- Demand should be understood as targeted, not broad-based.
- From a WT perspective, the critical question is not just whether the market is active, but how a given project is positioned within it.
- Clients should evaluate whether their project aligns with sectors driving demand, and plan for the associated competition for labor, contractor attention, and procurement capacity that comes with that alignment.

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Construction Demand / Pipeline

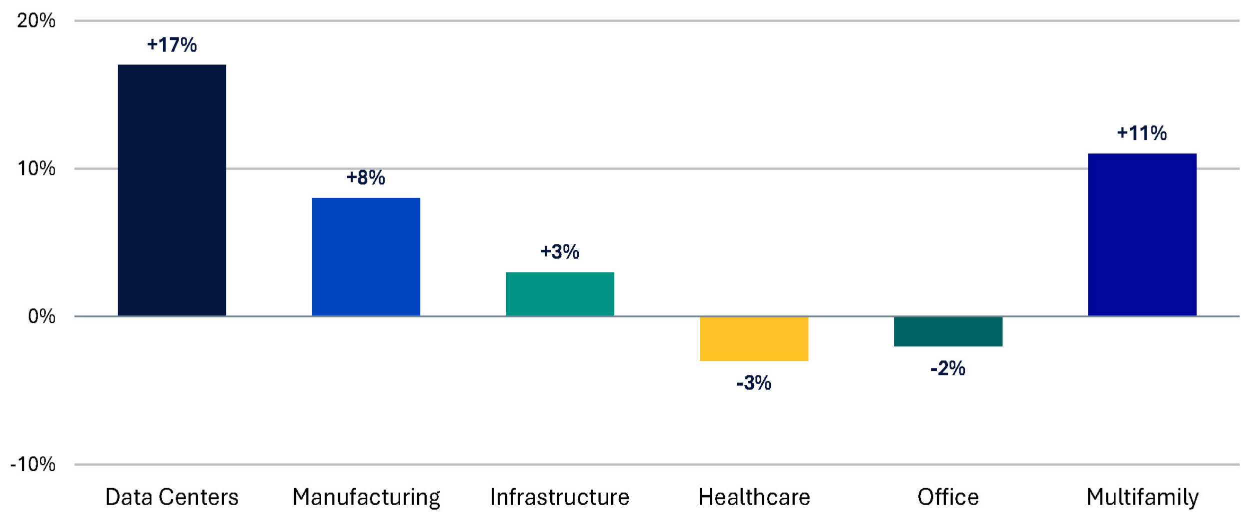
Demand is concentrated, not broad-based

Market Pipeline

- Demand is growing
- Overall starts +1.6%”
- DMI is +6%
- Concentration is strongest in select high-growth sectors vs weaker sectors

Select Demand

North American Construction Market



Source: Dodge Construction Network, U.S. Census Bureau, ENR, WT

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Hithium Battery Module & System Assembly Facility, Mesquite TX

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Dynamic 3

Delivery Constraints

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Delivery Constraints
Capacity is the primary delivery risk

In a stabilized escalation environment, execution constraints become the decisive factor in delivery outcomes. Based on WT's analysis and contractor engagement across active markets, capacity, not cost volatility, is now the primary driver of schedule risk. Even where pricing assumptions have become more predictable, the ability to secure labor, specialist trades, and critical materials continues to define how projects are delivered.

Backlog remains a key indicator of this constraint. From WT's perspective, a market can appear stable on cost while still carrying significant delivery risk if contractor capacity is already committed. Across many regions, contractors are maintaining strong order books, and this sustained workload continues to limit flexibility, extend bid timelines, and influence procurement strategies, particularly for complex or fast-track projects.

Labor availability is the most persistent constraint within this environment. WT's benchmarking and project delivery experience indicate that demand for skilled and specialist trades continues to outpace supply in key sectors. This imbalance affects not only pricing, but also productivity, sequencing, and the ability to execute work within planned timelines. In practical terms, labor constraints are translating directly into longer procurement durations and increased schedule uncertainty.

These pressures are reinforced by consistent feedback from the market. Across WT's contractor and client engagements, difficulty in securing qualified labor remains a common theme, particularly for specialized scopes. This is most visible in projects with complex building systems or significant MEP components, where trade depth is limited and coordination requirements are high. The result is a delivery environment that is increasingly sensitive to sequencing, early trade engagement, and procurement timing.

What this means for clients:

- Delivery risk should be planned as a capacity issue, not just a cost issue.
- From a WT perspective, successful outcomes will depend on early engagement with critical trades, realistic scheduling assumptions, and proactive procurement strategies for high-risk packages.
- Projects that align scope, sequencing, and market capacity early in the process will be better positioned to maintain certainty in both cost and schedule.

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Delivery Constraints
Capacity remains tight

Capacity Impacts

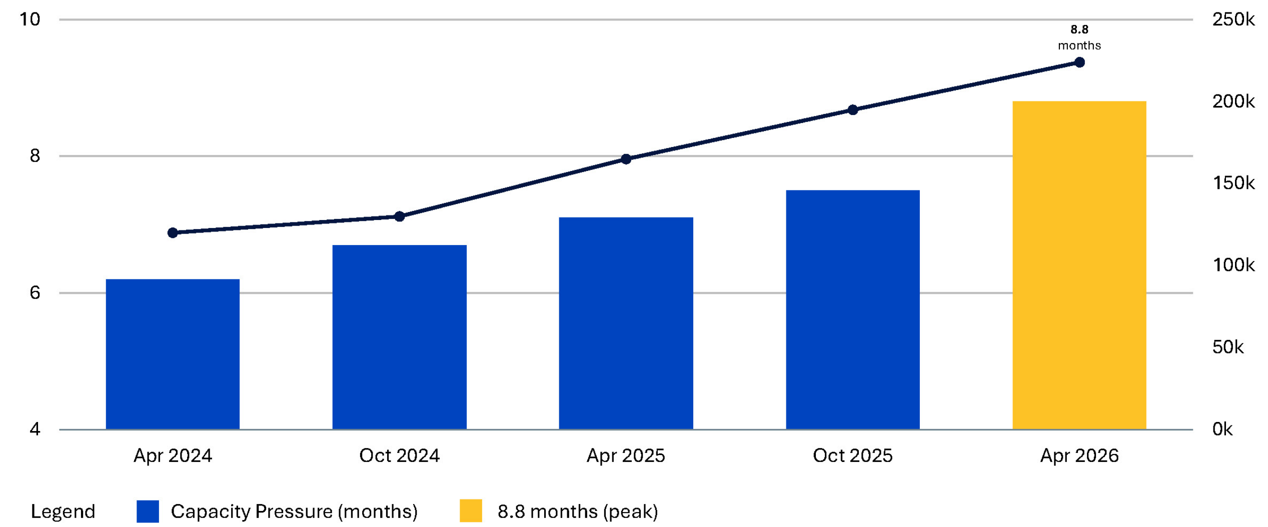
- Contractor backlog reached 8.8 months in April 2026
- Cost volatility is moderating

Workforce Pipeline

- 224,000 construction job openings reported in April

Capacity Constraints

North American Construction Market



Source: Associated Builders and Contractors, ENR, WT

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New St. Paul's Hospital, Vancouver, BC

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Dynamic 4

Capital Environment

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Capital Environment
Capital and policy conditions are the gating mechanism

The capital environment is increasingly determining whether projects move from planning into committed starts. Based on WT's engagement with clients, lenders, and development partners, financing conditions, capital availability, and policy direction are now central to project viability. While underlying demand remains present, access to capital and the cost of that capital is shaping both the timing and certainty of delivery.

From a WT perspective, interest rate conditions, lender risk appetite, and capital structuring continue to influence how projects are underwritten and advanced. These dynamics are directly affecting feasibility, particularly for projects with longer delivery horizons or higher exposure to construction and market risk, which are driving more rigorous financial scrutiny even for well-positioned developments.

Policy, funding, and macroeconomic conditions are also playing a more active role in shaping the capital landscape. WT is seeing greater alignment required between project fundamentals, funding sources, and delivery strategies, particularly for large-scale or publicly influenced developments. At the same time, broader uncertainty, geopolitical, trade, and economic, continues to introduce friction into investment decisions and delay project progression at key approval points.

In markets where public investment is a primary driver, fiscal conditions remain a key consideration. Increased focus on affordability, funding transparency, and long-term financial commitments reinforces the need to align project scope, delivery strategy, and funding structure early in the development process.

What this means for clients:

- Capital conditions reward clarity, discipline, and alignment.
- From a WT perspective, projects that demonstrate strong fundamentals, clear demand drivers, and a credible delivery strategy are more likely to maintain momentum.
- Owners should stress-test financial assumptions, understand sensitivity to interest rate and policy shifts, and structure procurement and delivery approaches to reduce uncertainty and strengthen overall bankability.

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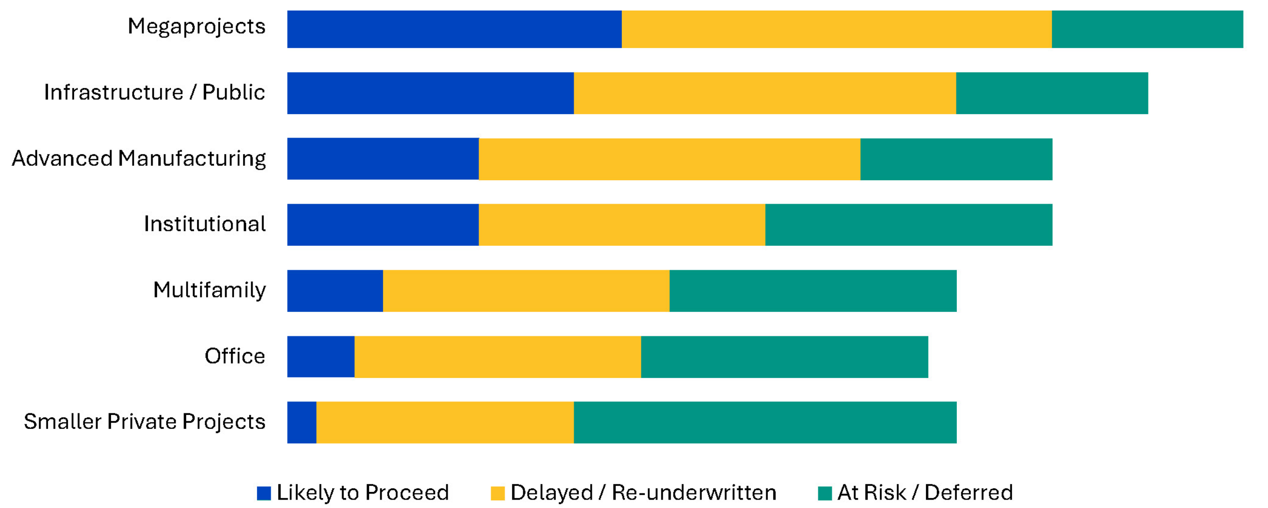
Capital Environment
Planning pipeline impacted by uncertainty

Capital Gate
- Financing and tariff uncertainty continue to delay marginal projects

Planning Pipeline
- Global growth is 3.3%
- Macro growth is holding

Impacts
- Capital conditions are filtering which projects move from planning to committed starts

Capital Gate
North American Construction Market



Source: U.S. Bureau of Economic Analysis; Federal Reserve Bank of St. Louis; International Monetary Fund, ENR, WT

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Infrastructure Ontario - Ontario Line, Toronto, ON

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Conclusions: Risks/Implications

Workforce

- Persistent labor shortages, particularly in skilled and specialist trades, continue to constrain productivity, extend schedules, and increase delivery risk.
- Workforce limitations are reinforcing the need for early trade engagement and realistic sequencing assumptions to maintain schedule certainty.

Regulation

- Policy shifts, including tariffs, funding priorities, and regulatory changes, are introducing volatility that can materially impact procurement and project timing.
- Greater scrutiny on public funding and compliance is increasing the importance of aligning project scope, approvals, and delivery strategy early.

Cost Escalation

- Cost escalation has stabilized, but pricing remains above historic baselines, driven by labor, materials, and capacity-sensitive scopes.
- The primary risk is misinterpreting reduced volatility as reduced exposure, disciplined cost planning and benchmarking remain critical.

Capital Markets

- Interest rates, capital availability, and policy conditions are acting as the primary gatekeepers for project viability and timing.
- Projects with weaker fundamentals or higher execution risk are facing increased friction, reinforcing the need for strong underwriting and alignment.

Delivery & Demand

- Demand remains active but increasingly selective, with strong sectors masking a more uneven broader market.
- Projects must compete for contractor capacity and procurement resources, making positioning, timing, and sector alignment critical to success.

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Disclaimer and methodology

This report and the market data it presents are general market information only. WT does not make or imply any specific advice or applicability of this information to any individual recipient. WT has taken care to ensure accuracy and that all data and details are correct to the best of our knowledge, but does not warrant completeness or infallibility of said information. WT and its staff do not accept any liability for any loss or damage whatsoever arising from the use or dissemination of any part of this report (via any medium).

The insights presented are informed by a combination of WT's collective project experience, market intelligence, data analysis and publicly available information. Our perspective reflects an industry-led view of current practices and emerging trends, supported by input-level analysis and broader sector considerations. As with all market commentary, conditions may vary by project, location and time.

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About us

At WT, we empower our clients to grow, inspiring confidence through independent advice and inventive thinking to create sustainable value across all aspects of the built environment.

We are a leading international project advisory firm with more than 75 years of multi-sector experience. Our clients can tap into the collective thinking of over 2,000 of the best people in the industry, operating from 70+ offices throughout Australia, New Zealand, Asia, India, Middle East, North America, Africa, the UK and Europe.

In North America, we deliver services across the project lifecycle, advising our clients on construction, property and infrastructure development via an award-winning team of specialists in infrastructure advisory, cost management and quantity surveying, project delivery and digital portfolio management.

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