

Linesight Report Signals Resilient Outlook for US Construction Despite Softer 2025

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Linesight has released its latest *Construction Market Insights* report, pointing to a resilient outlook for the US construction industry following a softer year in 2025. While construction output is projected to have contracted by 2.7% in 2025, after growth of 6.5% in 2024, strong momentum in data centres, transport infrastructure, semiconductors, and advanced manufacturing is expected to underpin a return to steady growth from 2026. From 2026 to 2029, the sector is forecast to expand at an average annual rate of 1.9%.

AI investment sustaining economic momentum

US GDP growth is forecast at 2.0% in 2025 and 2.1% in 2026, supported by AI-driven productivity gains and continued fiscal stimulus. Investment in artificial intelligence contributed an estimated 1.1% to GDP growth in the first half of 2025. According to the Bureau of Economic Analysis, GDP grew at an annualised rate of 4.3% in Q3 2025, driven by consumer spending, exports, and government expenditure, potentially strengthening the overall outlook for the year.

Mission-critical sectors remain robust

Despite tariffs and skilled labour shortages weighing on delivery throughout 2025, demand across mission-critical sectors has continued to strengthen. Spending in the data centre market reached US\$3.7 billion in August 2025, representing a 25% year-on-year increase. Energy and utilities construction also expanded, with estimated growth of 4.1% over the year.

Labour and materials pressures persist

Construction inflation remained elevated in 2025, at between 3% and 4%, driven by tight labour availability, subcontractor scarcity, and sustained demand for mechanical and electrical packages. These pressures are expected to continue into 2026, with inflation forecast to remain in the 4% to 5% range.

Patrick Ryan, Executive Vice President of the Americas at Linesight, said proactive planning will be critical as activity accelerates. "As mission-critical projects gather pace, the organisations that plan early will be best positioned to succeed. Power constraints, labour shortages, and equipment delays require proactive strategies. Early contractor engagement and a clear procurement roadmap can significantly reduce exposure to disruption."

Materials volatility continues

Key construction materials are expected to remain volatile as demand and tariff impacts evolve. Copper prices are forecast to have risen by 5% in Q4 2025, with further increases expected into early 2026 due to strong manufacturing demand and global supply disruption. Steel prices remain volatile amid tariff impacts and shifting market conditions. Aluminium prices are firming, with an estimated 2.4% increase in Q4 2025 as tariffs tighten supply. Cement prices remain elevated due to sustained infrastructure demand and the cost of environmental compliance, while lumber prices are projected to rise by 2.5% in Q4 2025 amid supply disruption and tariff uncertainty.

Lead times stabilise, but risks remain

Lead times have generally improved as suppliers expand capacity and regional sourcing increases following significant front-loading in early 2025. However, trade-related risks continue to affect delivery certainty. Overseas shipping timelines remain unpredictable, and rising demand in data centres and manufacturing could push some sourcing back to international suppliers, adding variability.

To protect schedule certainty, Linesight advises clients to prioritise long-term supplier agreements, diversify sourcing strategies, standardise specifications, and use data-driven forecasting to manage ongoing uncertainty.

The full report is available from Linesight [here](#).