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Construction Projects in 2026: Certainty Through Agility Amid Rising Costs

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The global construction industry enters 2026 facing a moderate rise in costs coupled with unprecedented uncertainty. A new Currie & Brown report, *Construction in 2026: Where Certainty Comes from Agility*, forecasts that global construction costs will increase by about 2.4% in 2026. Most markets are expecting cost inflation in the 2%–6% range, thanks to steady demand in infrastructure, healthcare, technology, and industrial projects.

Outliers like China and Japan skew the picture – China's costs are projected to remain essentially flat (≈0% change), while Japan could see **double-digit escalation (10–12%) due to acute labor and material pressures**. This **global outlook of modest cost growth** suggests some relief from the sharp spikes of recent years, but it **masks wide regional variations** and, more importantly, it **belies the real challenge facing project delivery**: volatility and uncertainty.

Cost Escalation Outlook Across Key Markets

Regional cost forecasts for 2026 reflect generally moderate increases, with some variation in key markets. In the **United States**, construction costs are expected to rise around **4%**. The **United Kingdom** is in a similar range, with **~3.6% cost escalation** forecast. The **United Arab Emirates (UAE)** should see a slightly lower increase, roughly **3%** in 2026. **India** faces a higher uptick at approximately **4.5–5.5%**, reflecting its rapid growth. Meanwhile, **China stands out with virtually 0% cost growth expected**, pulling down the global average. These figures underscore a **more balanced cost environment** than the past few years, but they do not tell the whole story. Crucially, **even where cost inflation is modest, each region has unique pressures**: for example, robust public investments are propping up UK construction despite soft economic growth, and in the US a wave of data center and energy projects is

fueling activity. In all markets, **sector demand is driving costs** – with **data centres, healthcare, and industrial projects** frequently cited as growth engines – yet **these same booming sectors amplify certain risks**, from skilled labor shortages to long lead times on key equipment.

Sector spotlights illustrate the pressures. **Data centers** are experiencing explosive growth (e.g. to support AI and cloud services), becoming a major construction driver in regions like the Americas. But they also pose **unique challenges**: data center projects are **highly energy-intensive and technology-heavy**, often constrained by the **procurement of specialized electrical components**. For instance, the **lead time for critical equipment like large transformers and switchgear can exceed one year**, creating schedule bottlenecks for new facilities. **Healthcare construction** is another priority sector globally, buoyed by urgent healthcare needs and government investments. Yet hospital and life-science projects must contend with **skilled labor shortages in specialized trades**, stringent regulatory requirements, and volatile prices for high-spec materials (all intensifying cost pressures). Similarly, **pharmaceutical manufacturing facilities** are being onshored and expanded in markets like the US and India, driving construction demand. These projects, however, **depend on complex supply chains** for process-specific equipment and face **intense competition for expertise**, from bioengineers to cleanroom contractors. Across data centers, healthcare, and pharma, **common pain points** emerge: a **limited pool of qualified labor, rising energy costs, and procurement delays** for critical materials all threaten to derail budgets and timelines if not proactively managed.

Volatility and Uncertainty – The Real Risk to Delivery

While cost forecasts for 2026 are relatively moderate, **volatility and uncertainty have become the foremost threats to successful project delivery**. Currie & Brown's analysis stresses that **the issue in 2026 is not simply the percentage cost increase – it's the unpredictability beneath it**, and the difficulty of knowing **how, where, and when challenges will hit**. A project might pencil out under current conditions, only to be jeopardized by a sudden spike in material costs or an unexpected policy change. Today's construction environment is shaped by **interconnected risk factors**: **labor shortages, shifting trade tariffs, supply chain disruptions, energy price volatility, climate events, and geopolitical conflicts** are all affecting projects worldwide. A shock in one domain can swiftly **cascade into others** – for example, a new trade restriction or tariff can tighten material supply and drive up prices, which then exacerbates contractor capacity issues in a heated market.

Crucially, many of these pressures **tend to emerge late in the project timeline**, when the ability to adapt is limited. **Skilled labor shortfalls** are a prime example. In regions like North America and Europe, construction is facing a generational workforce gap – an aging skilled workforce retiring faster than new tradespeople can be trained. This **talent crunch** is driving up wages and forcing projects to compete for scarce specialists (e.g. experienced electricians, welders, HVAC technicians). When **key trades are in short supply**, projects encounter delays and quality risks, sometimes scrambling to offer incentives or import labor at premium cost. Likewise, supply chain fragility means that a **single missing component can stall an entire project**: as noted, something as basic as a transformer delivery can hold up a data center for months[16]. **Energy market swings** add another layer of uncertainty – volatility in fuel and electricity prices not only affects operating costs, but can change input costs for materials like steel or cement, and even alter governments' infrastructure budgets.

This volatile backdrop has made **traditional planning methods inadequate**. Relying on fixed budgets and schedules assumes a level of predictability that 2026's market may not deliver. **"Moderate cost growth does not mean a simple delivery environment,"** the report warns, emphasizing that **staying on track will be harder despite modest inflation**[13]. In essence, **uncertainty itself is now the biggest risk**. To succeed, project teams must **shift from trying to precisely predict the future to building resilience against the unpredictable**. As Dr. Alan Manuel, Currie & Brown's Group CEO, puts it: *"In 2026, we're predicting moderate cost escalation across most markets. But the real challenge comes from how quickly this picture can change."* In such a climate, the firms that thrive will be those that **expect the unexpected and prepare accordingly**.

Proactive Agility: The Key to Managing Risk and Change

In response to these conditions, **agility has become the watchword** for project professionals. But this is not about mere *reactive* flexibility – it's about **proactive, design-led agility** built into the project from the outset. **Certainty in 2026 will come not from perfectly forecasting the future, but from being ready and able to adapt**. Practically, this means **planning for change rather than assuming stability**. Agility starts at the design and planning phase: teams need to identify which aspects of the project **must be locked-in** early and which aspects **can be left flexible** to accommodate evolving conditions. For example, a project might **fix** critical structural elements or long-lead equipment orders early (to avoid schedule slippage), but **flex** on non-critical architectural finishes or on the phasing of less urgent facilities. By **designing optionality** into contracts and schedules – such as alternate materials, contingency suppliers, or scalable scopes – projects can pivot more easily when disruptions occur.

This kind of foresightful agility is a shift from business-as-usual. It requires a mindset of **"plan for the best, but prepare for the worst."** Rather than waiting to react to a crisis (chasing new suppliers after a disruption, or value-engineering on the fly when costs spike), **leading project teams build buffers and scenario plans from day one**. Currie & Brown's CEO emphasizes that **resilience comes from *planning for change early*** – using data to anticipate potential twists and **technology to spot pressure points sooner**. Advanced analytics and digital tools can greatly aid this effort. For instance, building a **digital twin** of a project can allow teams to simulate different delay scenarios or design changes in a risk-free virtual environment. **Early Contractor Involvement (ECI)** is another agile strategy gaining traction: by bringing key contractors and suppliers into the planning process early, owners can glean real-world insights on supply risks or design simplifications before finalizing plans. The same goes for **modular construction** approaches – prefabricating components off-site can reduce on-site labor needs and shield parts of the project from weather or site disruptions. These methods exemplify agility as a *proactive strategy*: they are intentional moves made in advance to absorb shocks, rather than knee-jerk reactions after a shock has hit.

Fundamentally, **"certainty comes from agility" in 2026's market**. The most successful organizations will be those that **act earlier, maintain visibility of emerging risks, and preserve flexibility where it matters most**. Agility is not a vague slogan – it translates into concrete behaviors and choices by project leaders, as discussed next.

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Data-Driven Planning and Early Decision-Making: Practical Steps for 2026

To help project teams remain in control under uncertain conditions, the Currie & Brown report outlines **practical, data-driven steps for planning and decision-making**. These measures revolve around rigorous upfront planning, scenario analysis, and disciplined governance of decisions. In summary, project managers in 2026 should focus on the following key practices:

- **Use data to set a realistic baseline early.** Ground your project budgets and schedules in **current market data** and benchmarks, testing initial cost, timeline, and risk assumptions against real-world comparables. An honest starting point ensures you're not building on false optimism.
- **Plan for a few plausible scenarios, not just one.** Don't bet everything on a single forecast. **Develop a small number of credible scenarios** (e.g. best-case, moderate, and worst-case outcomes) and **decide which elements you will lock in no matter what and which can remain flexible** under those scenarios. This early scenario testing allows you to **pre-plan responses** for different futures.
- **Check workforce and supply chain capacity.** Evaluate **labor availability and market capacity in each project location and phase**. If critical skills or materials are likely to be scarce, adjust your plan **before** it's set in stone – this might mean re-sequencing tasks, scaling back scope, or choosing alternative procurement strategies upfront.
- **Make key decisions sooner rather than later. Front-load your decision-making on core requirements and long-lead items**. By confirming things like project phasing, major design specifications, and procurement of critical equipment early, you reduce exposure to late changes or rushed decisions (which often cost more).
- **Leverage technology for visibility and speed.** Adopt **tools that improve real-time visibility into project metrics and streamline decision cycles**. For example, use integrated project management software or BIM-based cost models to flag deviations quickly, and empower your team with dashboards to support **faster, clearer decisions** when conditions shift.

Each of these steps reinforces a common theme: **proactive control**. By using robust data and forward-looking planning, project managers can **govern decisions more effectively**, making deliberate choices early on when they have more options, instead of being forced into reactive choices under duress. Importantly, these practices also instill a culture of **risk management** at the project's core – the team is constantly scanning for what could go wrong and is ready with a playbook if it does. This level of preparation and governance is what allows projects to remain **agile yet disciplined**, preserving budget and schedule confidence even as external conditions evolve.

Conclusion: Staying in Control and Confident Amid

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Uncertainty

2026 will test construction professionals in new ways – not with runaway inflation, but with the **jagged unpredictability** that lies beneath the cost forecasts. In such times, **project leaders must combine market intelligence with agile execution** to stay on course. The strategic advice is clear: **embrace agility as a core principle of project delivery**. This means **planning for change, not assuming stability; making decisions early, not deferring tough calls; and building flexibility by design, not scrambling for it later**. By following data-driven planning steps – from realistic baselining and scenario planning to workforce capacity checks and early procurement – project managers can **maintain control over their projects' destiny**. Investing in the right digital tools and processes will further enable teams to **spot trouble sooner and respond faster**, turning potential surprises into manageable events.

Ultimately, **the value of certainty in 2026 comes from being agile and prepared**. Project professionals who heed these insights – proactively managing risks, fostering resilient teams, and making adaptive planning a habit – will be best positioned to **preserve delivery confidence** for their stakeholders. Rather than being thrown off course by the winds of volatility, agile project teams can bend without breaking, delivering successful outcomes even as the landscape shifts around them. In a world where change is the only constant, **agility is the surest path to certainty**.

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