



Denver Non-Residential Construction Outlook Reflects Measured Start to 2025 Amid Evolving Global Trade Shifts

The outlook for nonresidential construction in early 2025 remains steady, with modest cost increases across all regions and continued stability in labor and material availability. That said, emerging shifts in global trade policy and evolving tariff measures are beginning to ripple through the supply chain. While most markets reported improved sourcing and fewer constraints, we anticipate cost volatility in select material categories as trade partners adjust to the new landscape. Elevated planning activity and firm demand in several regions continue to support a balanced start to the year.

The Denver regional office reported a cost increase of +2.24% for the quarter, tracking precisely with the national average. Other Mortenson offices reported similar movement, including Portland at +2.19%, Phoenix at +2.07%, Minneapolis at +2.52%, Chicago at +2.55%, Milwaukee at +2.58%, Seattle at +2.60%, and Salt Lake City at +1.00%.

Nationally, nonresidential construction costs tracked by the Mortenson Quarterly Cost Index rose +2.24% over the past quarter and +3.91% over the previous twelve months.

After a period of softening prices, construction material costs rebounded in Q1, rising 3.8% year-over-year. This uptick appears partially driven by the evolving tariff environment, particularly affecting aluminum glazing systems and, indirectly, structural steel. Most trade partners are taking a cautious, wait-and-see approach as vendors continue adjusting pricing guidance.

Despite this upward pressure, supply chains remain steady. Regional offices, including Denver, reported no major disruptions in material availability, and freight and logistics channels continue to normalize after several years of volatility.

Labor markets remained relatively stable. While national labor costs have risen 4.6% year-over-year, most trades reported little to no concern with labor availability. Only limited trade shortages were mentioned as contractors work regional mega-projects. Minneapolis cited a lack of rod busters and pipefitters due to a large data center project, and Chicago likewise noted data center work straining local electrician availability.

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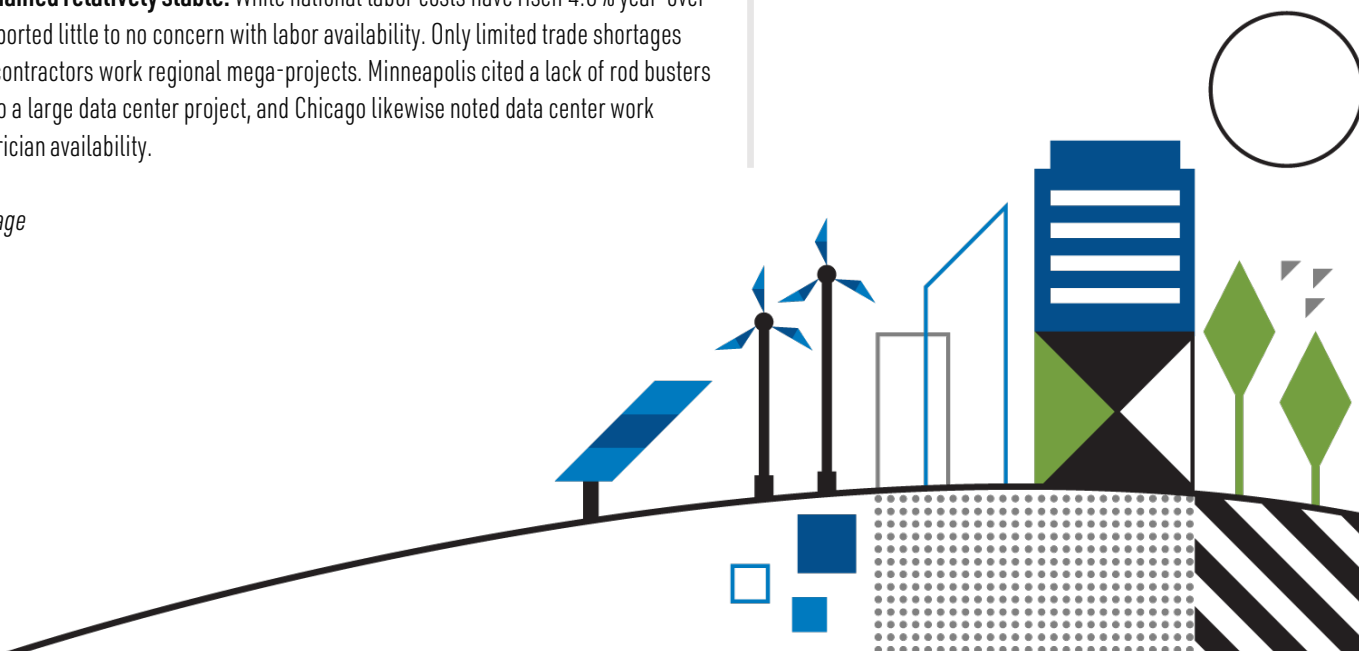
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DENVER Q1 2025



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Trade partner work costs increased 1.4% nationally this quarter, contributing to a +4.5% year-over-year rise. In the Denver market, trade partners reported increased competition and aggressive pricing, which has put downward pressure on select scopes.

Top material cost increases in Denver this quarter included Aluminum Entrances & Storefronts (+6.7%), Plumbing Systems (+5.8%), Fire Protection Systems (+8.3%), and Suspended Acoustical Ceilings (+4.1%). Select packages also saw declines, including Finish Carpentry (-4.2%) and Steel Framing and Stair Erection (-1.0%).

The Dodge Momentum Index, which tracks nonresidential projects entering the planning stage, showed strong momentum to begin the year. The index rose 5.6% in January and finished the quarter 26% higher than a year earlier, buoyed by a surge in data center developments. While it dipped slightly in March, Dodge's Sarah Martin noted that "activity remains considerably higher than year-ago levels and still suggests steady construction activity through mid-2026."

The Mortenson Construction Cost Index reflects a moderate cost increase for the 1st Quarter of 2025. While pricing has stabilized across most categories, we are closely monitoring potential fluctuations as the global supply environment responds to policy changes and new tariffs. With planning activity elevated and labor conditions stable, we expect overall nonresidential construction activity to remain steady through the first half of the year. We continue to advise customers to approach project starts with a measured mindset, balancing opportunity with preparedness for ongoing change.

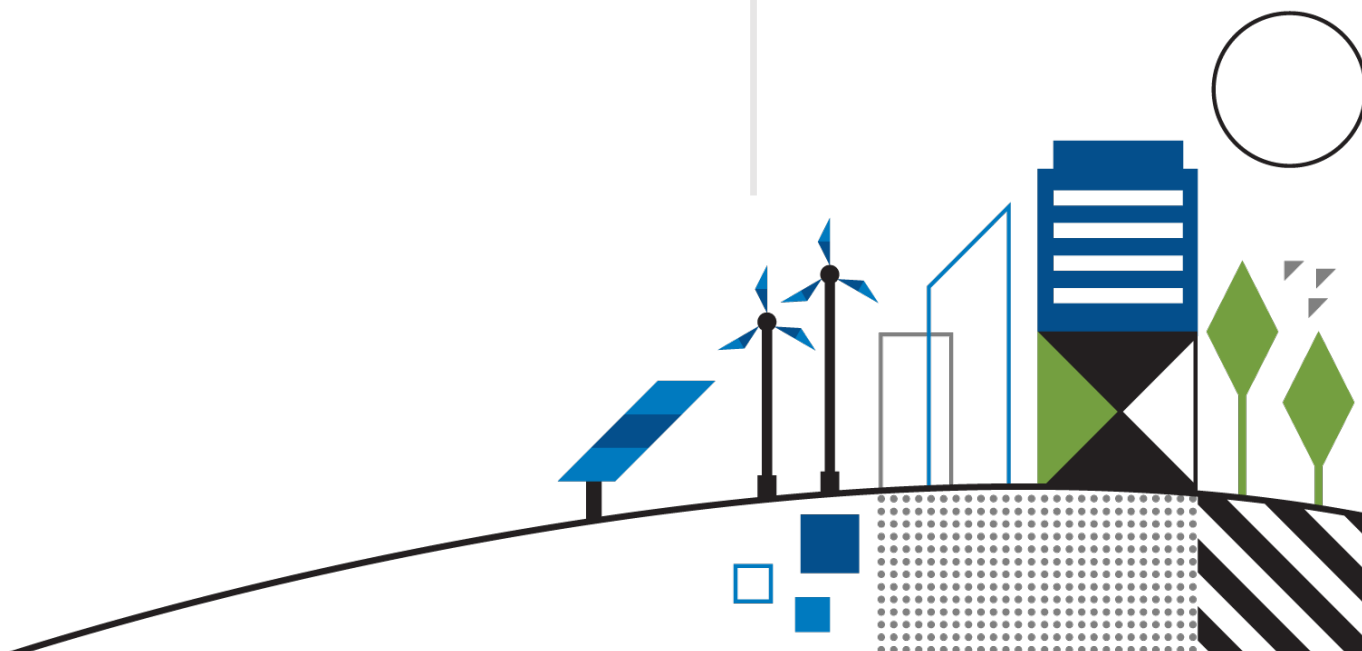
Mortenson tracks and reports on eight metropolitan areas in the U.S. including Chicago, Denver, Milwaukee, Minneapolis, Phoenix, Portland, Salt Lake City, and Seattle. The Mortenson Construction Cost Index is calculated quarterly by pricing representative non-residential construction projects in various metropolitan areas. It is part of a portfolio of industry insights and market studies provided by Mortenson.

**VIEW THE FULL
CONSTRUCTION COST INDEX**



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For nationwide construction cost index data visit:
Mortenson.com/Cost-Index.



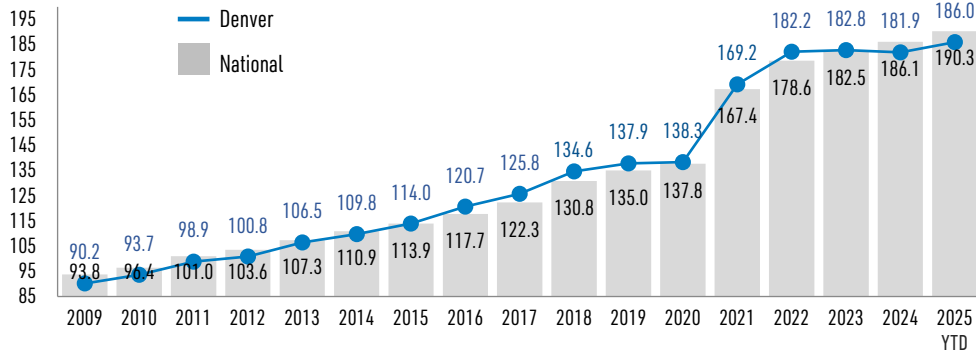
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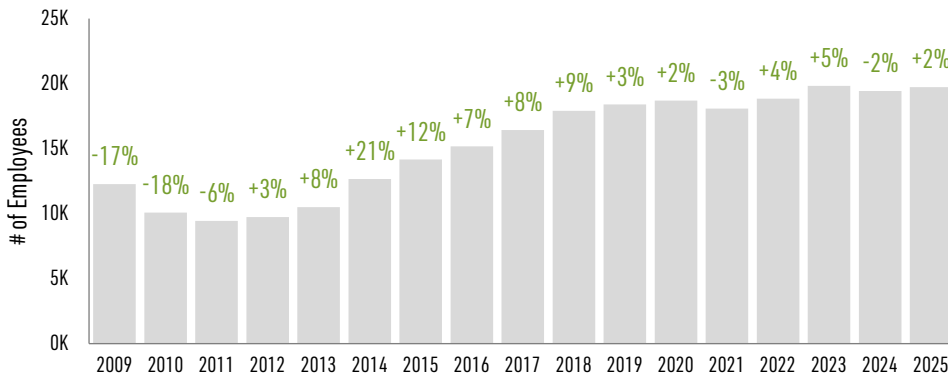
(January 2009 = 100)



Nationally, the Mortenson Cost Index went up 2.2% in the first quarter of 2025 and is up 3.9% compared to a year ago. In Denver, costs rose 2.2% this quarter and 1.6% over the last twelve months.

DENVER CONSTRUCTION EMPLOYMENT

(Jan-Mar Average Monthly Employment and YoY % Change)

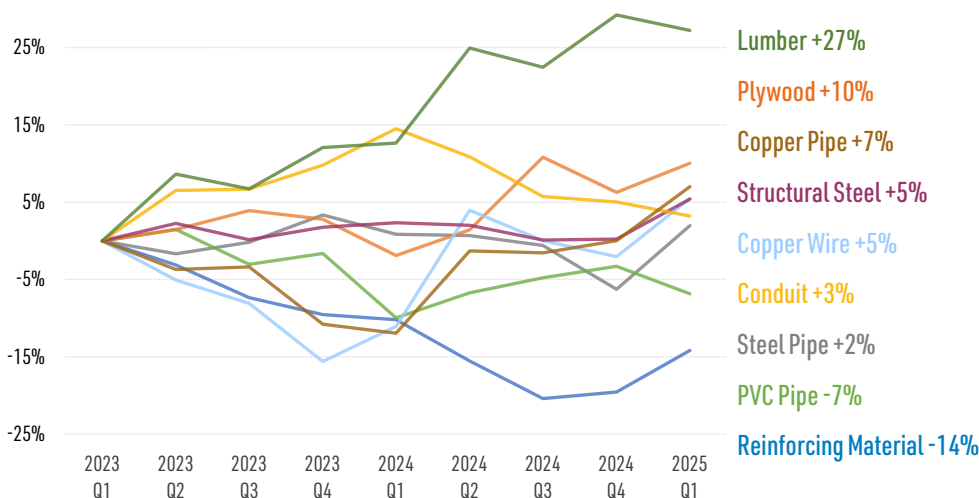


Building construction employment in the Denver metro region averaged 19,700 workers in the first three months of 2025—a 2% increase compared to the same period in 2024. Market uncertainties will continue to impact industry employment.

Source: Bureau of Labor Statistics
Denver-Aurora-Lakewood, CO | Construction of Buildings

MATERIAL PRICING CHANGES

(National Average - Cumulative Q1 2023 to Q1 2025)



After a period of softening prices, construction material costs bounced back this quarter. Despite the bump in material prices, overall supply chains remain steady.