



Seattle 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.

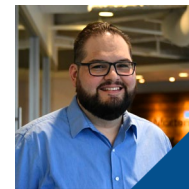
The Seattle regional office reported the highest cost increase among Mortenson offices this quarter at +2.60%, followed closely by Milwaukee at +2.58%, Chicago at +2.55%, Minneapolis at +2.52%, Denver at +2.24%, Portland at +2.19%, and Phoenix at +2.07%. Salt Lake City reported the lowest regional increase 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.

Following a period of softening prices, construction material costs rose again in Q1, with a 3.8% year-over-year increase. The shift appears partially tied to proposed tariff adjustments impacting aluminum glazing systems and structural steel pricing. While the full effect of these changes remains uncertain, most trade partners continue to adopt a cautious approach as they await pricing guidance from suppliers. Despite cost pressures, material availability and logistics were stable across most regions.

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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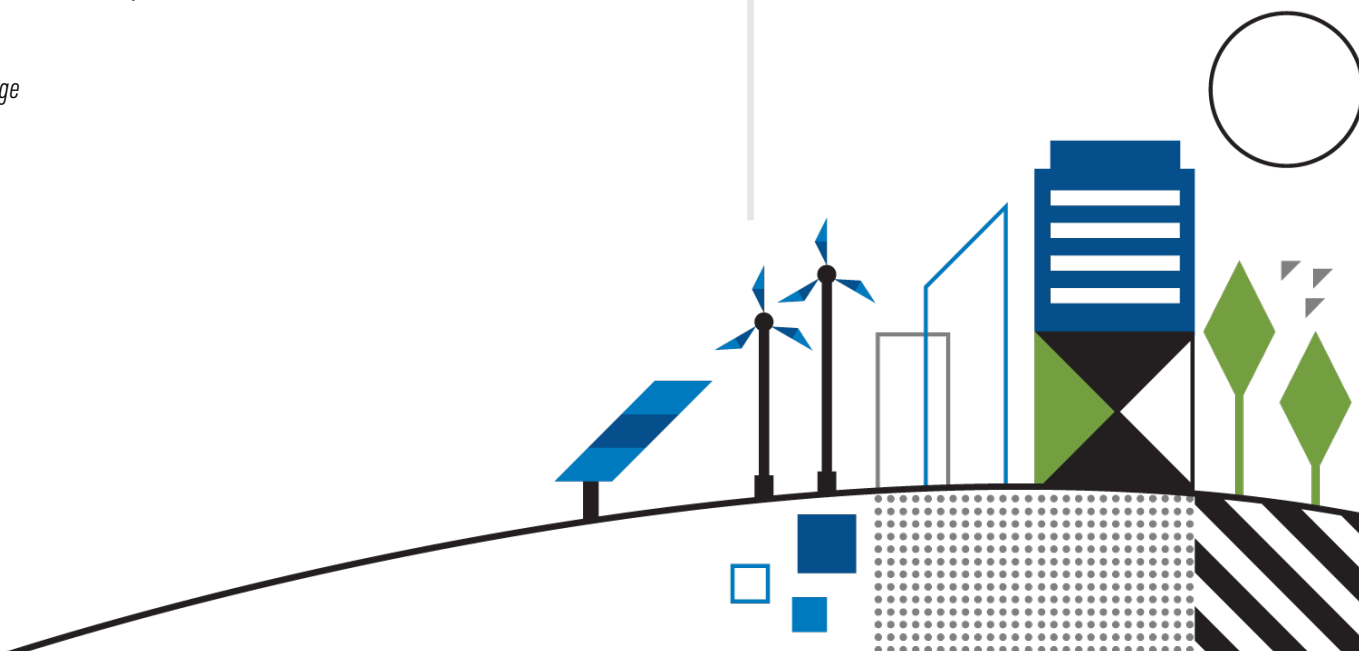
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Trade partner work increased 1.4% this quarter, contributing to a +4.5% year-over-year gain. Seattle trade partners reported increased competition and more aggressive pricing on select scopes, putting downward pressure on bids despite upward trends in material inputs.

Top pricing movements in Seattle included increases in Structural Steel and Metal Decking (+8.1%), Cast-In-Place Concrete (+5.2%), Suspended Acoustical Ceilings (+5.1%), and Reinforcing Steel Material (+5.0%).

The Dodge Momentum Index, a leading indicator of nonresidential construction planning, advanced 5.6% in January and remained 26% higher than the previous year through Q1, with strong data center activity driving growth. Although the index dipped 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.

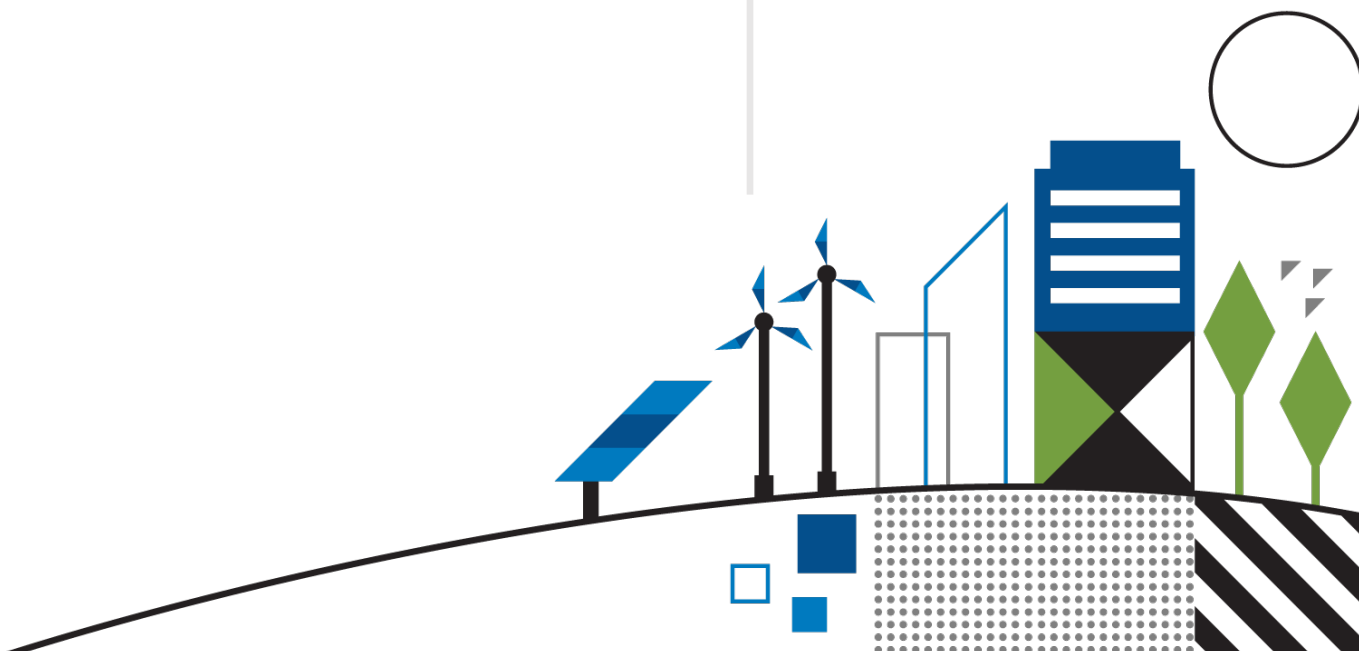
Mortenson tracks and reports on eight metropolitan areas in the U.S. including Chicago, Denver, Milwaukee, Minneapolis, Phoenix, Portland, Salt Lake City, and Seattle. The Mortenson Construction Cost Index is calculated quarterly by pricing representative non-residential construction projects in various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



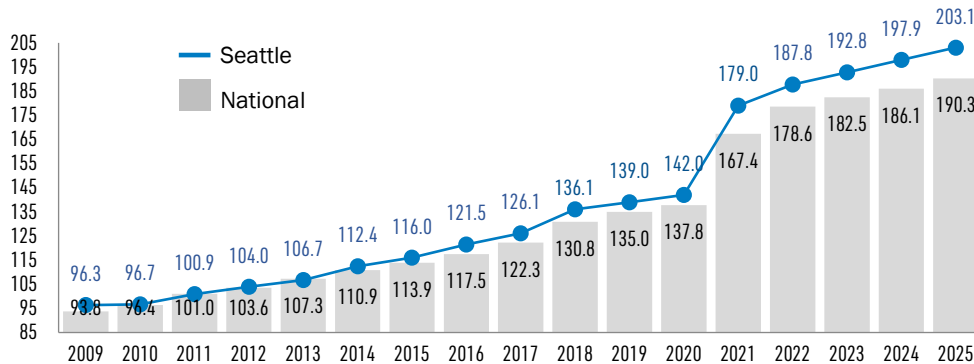
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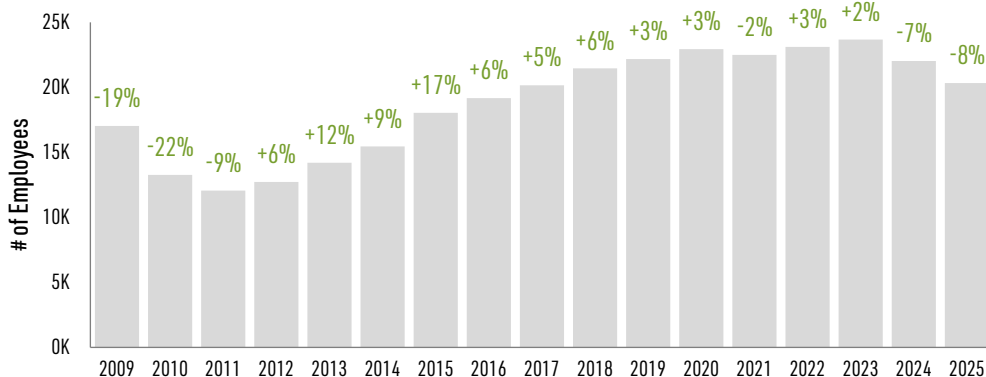
(January 2009 = 100)



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 Seattle, costs rose 2.6% this quarter and 4.6% over the last twelve months.

SEATTLE CONSTRUCTION EMPLOYMENT

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

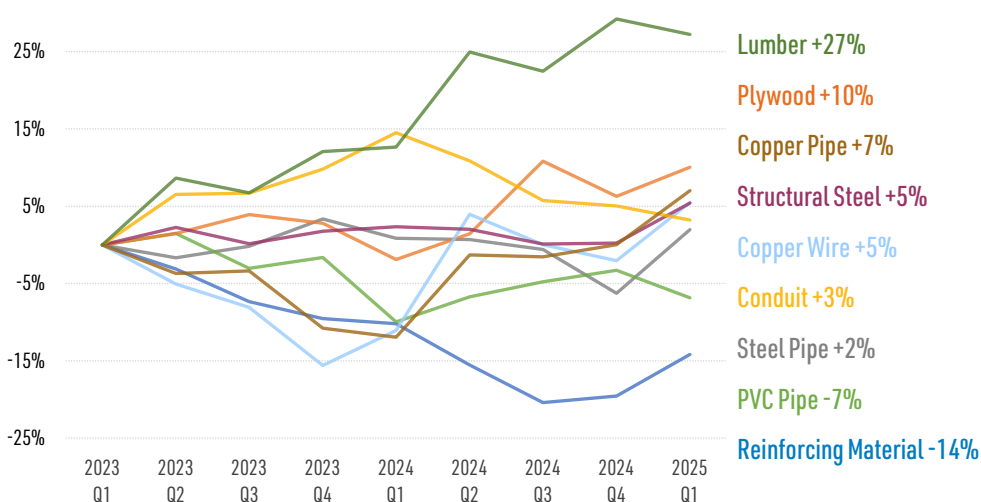


Building construction employment in the Seattle metro averaged 20,300 workers in the first three months of 2025—an 8% decline compared to the same period in 2024. Market uncertainties will continue to impact industry employment.

Source: Bureau of Labor Statistics
Seattle-Bellevue-Everett, WA - 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.