

Denver Nonresidential Construction Costs Trend Higher as Data Center Demand Tightens Resources

Key Cost Drivers



Metal costs remain elevated relative to other materials, with steel, copper, and aluminum pricing driven by strong demand and constrained supply.



Tariffs remain embedded in pricing, acting as a structural cost factor rather than a temporary disruption.



Electrical and power-distribution lead times persist, shaping project costs and timelines, especially in data center and advanced manufacturing sectors.

Nonresidential construction conditions in the Denver market remained active through the fourth quarter, with cost escalation continuing to trend above national averages. **While quarterly increases moderated from earlier peaks, year-over-year cost growth remains elevated**, reflecting sustained demand and ongoing resource constraints tied to data center and advanced manufacturing activity.

From a supply chain perspective, **conditions entering 2026 reflect improving resilience rather than full normalization**. While transportation costs have stabilized and lead times have improved in many areas, metals pricing, tariffs, and long-lead electrical equipment continue to shape cost inputs.

Broader industry indicators point to a more measured construction outlook heading into 2026. **Planning activity remains elevated compared to last year, particularly in data centers, infrastructure, and select institutional sectors**, though month-to-month momentum has moderated. At the same time, architectural billings continue to reflect softness across much of the design pipeline, suggesting that while large-scale projects remain active, overall project volume growth may remain constrained in the near term.

CONSTRUCTION COST INDEX TRENDS

(January 2009 = 100)



For a more specific update or questions regarding this report, please contact:



Ruth Stabile

Chief Estimator
586.634.2484
ruth.stabile@mortenson.com



Ashley Clark

Director of Business Development
605.254.2760
ashley.clark@mortenson.com

NATIONAL SNAPSHOT

Nonresidential Construction Costs

Market	Q4 % Change	YoY % Change
Denver	+1.52%	+10.15%
National	+1.05%	+7.35%
Chicago	+0.78%	+6.74%
Milwaukee	+1.96%	+10.74%
Minneapolis	+1.16%	+7.74%
Phoenix	+1.58%	+7.15%
Portland	+0.32%	+3.90%
Salt Lake City	+1.16%	+7.22%
Seattle	+0.30%	+6.26%

COST INDEX

DENVER Q4 2025



Quarterly Cost Movement

Material and labor costs in Denver continued to move upward this quarter, reflecting **sustained demand and tighter resource conditions**. Labor availability remained adequate, though **competition from mega projects continued to apply upward pressure** on both labor and material pricing.

At the national level, material and labor cost movements were mixed. Trade partner work increased modestly by +0.6%, while tracked construction materials rose +1.9%. **Year-over-year, labor costs increased +5.6% on average, materials rose +9.1%, and trade partner work increased +6.2%**, reflecting ongoing pressure in select categories.

Transportation & Supply Chain Conditions

Transportation conditions continue to support stable construction costs heading into 2026, with **low trucking prices, declining warehousing costs, and ocean freight rates expected to trend lower** despite occasional short-term fluctuations.

Cost increases were widespread across Denver scope packages this quarter, led by **metal stair fabrication (+8.6%), plumbing systems (+4.4%), reinforcing steel material (+3.2%), and structural steel and metal decking (+3.0%)**, reflecting ongoing pressure on steel inputs, including rebar. The only notable decline was in suspended acoustical ceilings (-2.9%), while growth in most other scope packages remained largely flat.

Regional Market Activity

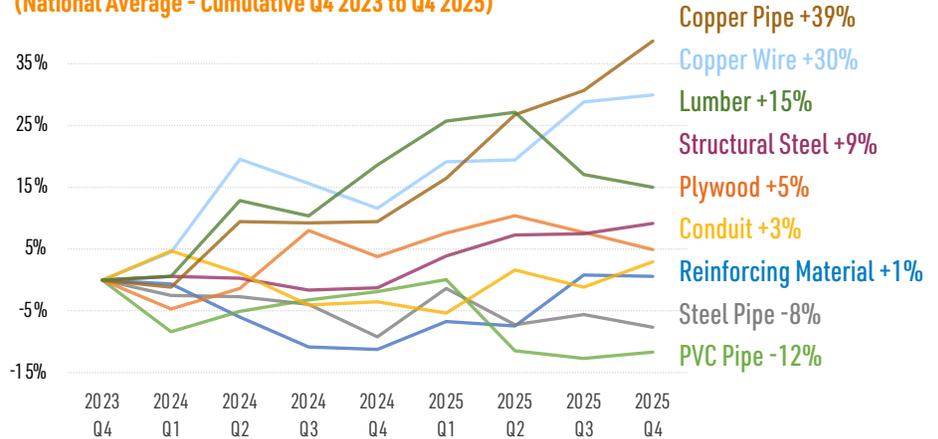
Regional construction activity in the Denver market remained active during the quarter, supported by continued data center and advanced manufacturing demand. Resource competition from these projects sustained upward pressure, and **labor availability along with general supply chain conditions** continue to **selectively impact projects**.

Labor Market Outlook

Labor market indicators suggest improving national workforce balance. **Associated Builders and Contractors (ABC) estimate the industry will need about 349,000 net new workers in 2026, down from more than 500,000 in recent years**, due to more modest construction growth.

MATERIAL PRICING CHANGES

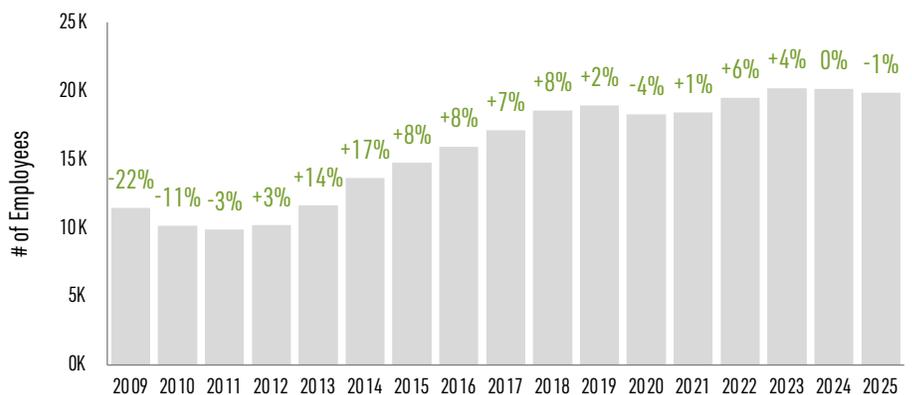
(National Average - Cumulative Q4 2023 to Q4 2025)



Entering 2026, global supply chains are experiencing some resilience and stabilization as transportation costs and lead times decrease, but headwinds remain, including elevated metal prices, tariffs, and long-lead electrical equipment, which continue to shape construction costs.

DENVER CONSTRUCTION EMPLOYMENT

(Average Monthly Employment in 2024 and YoY % Change)



Building construction employment in the Denver metro region averaged **19,900 workers per month in 2025**—which is a 1% decrease compared to 2024 average employment. While overall labor availability is sufficient, market-driven wage pressures continue to influence cost escalation.

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

COST INDEX

DENVER Q4 2025



Labor Market Outlook *Continued*

Most new worker demand will stem from retirements. "The industry needs to attract fewer workers than in recent years," said ABC Chief Economist Anirban Basu. "It is also important to note that **nonresidential specialty trade contractors have added 95,000 jobs since August 2024**, and the industry will need even more workers than the model predicts should current spending projections prove overly conservative."

**VIEW THE FULL
CONSTRUCTION COST INDEX**



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.

For nationwide construction cost index data visit: [Mortenson.com/Cost-Index](https://www.mortenson.com/Cost-Index).

Planning Momentum Accelerates

Late-Q4 planning activity strengthened across key nonresidential sectors:

↑ 7% Dodge Momentum Index
December 2025

Data Centers



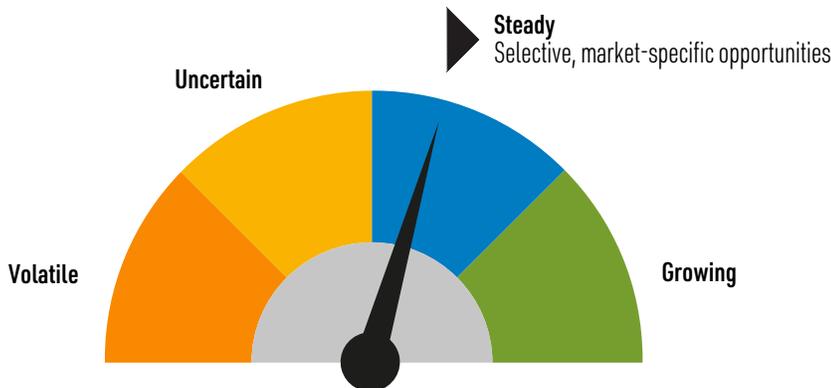
Healthcare



Warehouses



Summary: Nonresidential Construction Outlook Entering 2026



The Mortenson Construction Cost Index shows continued **moderation in cost escalation in Q4 2025**. While some material categories still show elevated year-over-year increases, quarterly escalation has softened and several input pressures have become more predictable.

Supply chains have become more resilient in some sectors, reflecting diversification and risk mitigation efforts, though vulnerabilities remain. Transportation conditions are supportive, labor availability has moderated, and competitive bidding persists in many regions. At the same time, large-scale data center and manufacturing projects continue to drive localized demand pressures.

Taken together, these conditions point to a construction environment where **thoughtful planning and flexibility are essential to achieving successful outcomes.**

