

Salt Lake City Nonresidential Construction Costs Trend Higher as Mega Projects Draw Labor 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.



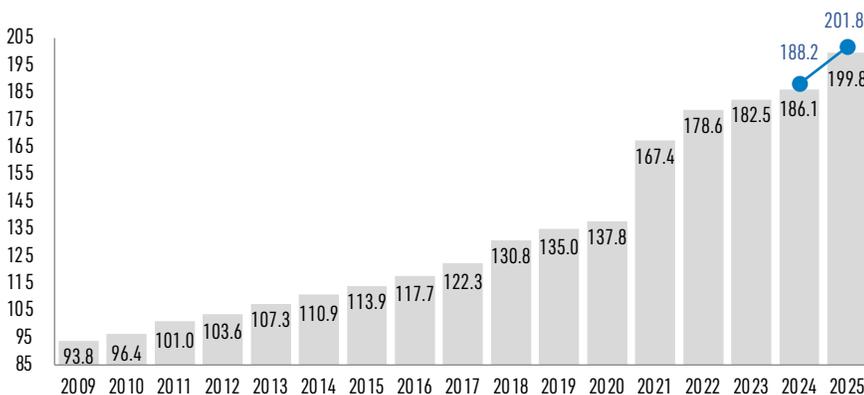
Electrical and power-distribution lead times persist, shaping project costs and timelines, especially in data center and advanced manufacturing sectors.

Nonresidential construction conditions in the Salt Lake City market remained active through the fourth quarter, with cost escalation remaining elevated. **While quarterly increases moderated from earlier volatility, year-over-year cost growth remains supported by ongoing mega-project activity**, which continues to draw labor resources and create secondary cost pressure on non-data center projects. Salt Lake City remains one of the few markets where heightened labor competition has been explicitly cited as a contributing factor to cost escalation.

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)



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NATIONAL SNAPSHOT Nonresidential Construction Costs

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

COST INDEX

SALT LAKE CITY Q4 2025



Quarterly Cost Movement

Material and labor costs in Salt Lake City continued to move upward this quarter, driven primarily by labor competition associated with large-scale projects.

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.

In the Salt Lake City market, fourth-quarter cost changes were concentrated in several key structural and vertical transportation scopes. **The largest increases were recorded in steel framing and erection (+8.5%), electric traction elevators (+7.7%), and metal stair fabrication (+5.6%)**. In contrast, cost decreases were observed in metal decking material (-2.2%) and gypsum board systems (-1.6%).

Regional Market Activity

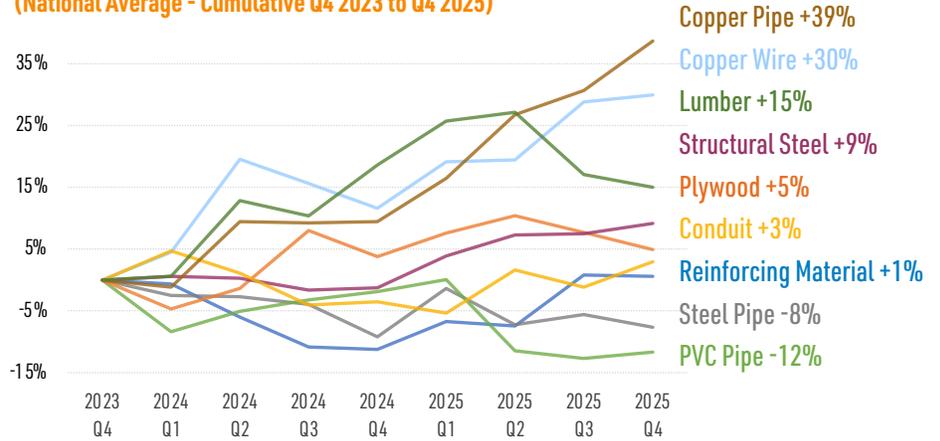
Regional construction activity in the Salt Lake City market remained active during the quarter, **shaped by ongoing mega-project demand and its downstream effects**. With project staffing and procurement strategies becoming increasingly important for non-data center work, labor availability along with 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. Most new worker demand will stem from retirements.

MATERIAL PRICING CHANGES

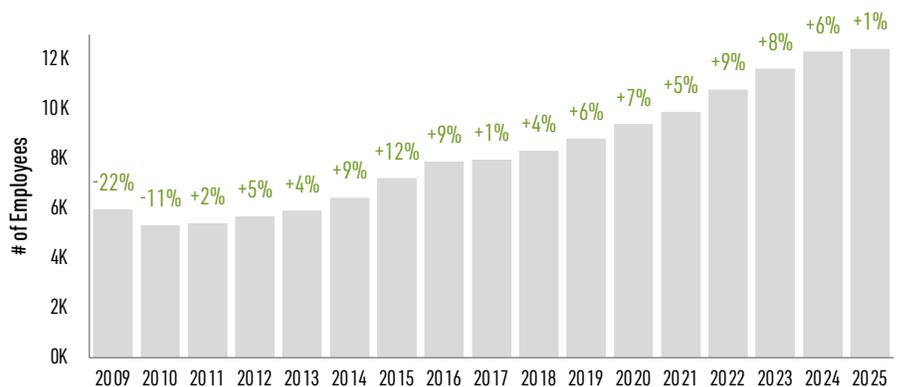
(National Average - Cumulative Q4 2023 to Q4 2025)



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.

SALT LAKE CITY CONSTRUCTION EMPLOYMENT

(Average Monthly Employment in 2024 and YoY % Change)



Building construction employment in the Salt Lake City metro averaged 12,400 workers each month in 2025—a 1% increase 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, Salt Lake City-Murray, UT | Construction of Buildings

COST INDEX

SALT LAKE CITY Q4 2025



Labor Market Outlook *Continued*

"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."

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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).

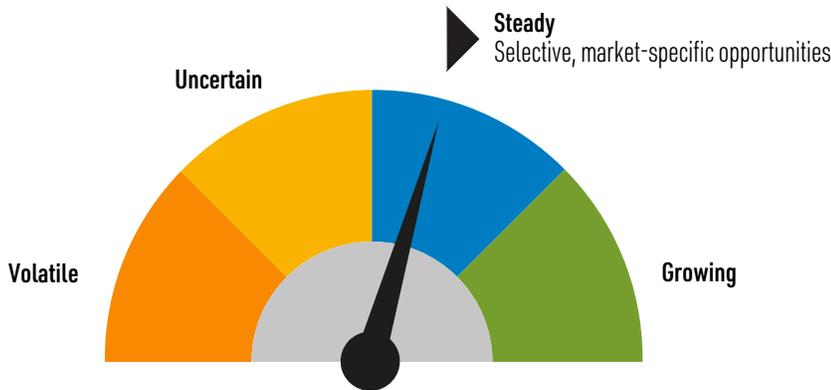
Planning Momentum Accelerates

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.**

