

Construction Expands Amid Rising Costs

Material pricing continues to rise due to tariffs and oil & gas instability. Diesel fuel prices surged 20.3% in February, leading to an avg. cost per gallon of diesel reaching \$5.00 (US). With ongoing geopolitical conflicts, expect continued upward pressure on material pricing & scope related to fuel consumption.

Regional Influence

In March, Industrial Planned-Construction doubled year-over-year, according to ConstructConnect Expansion Index. Arizona leads 16 states with 10% or more growth in planned-construction spending across all sectors.

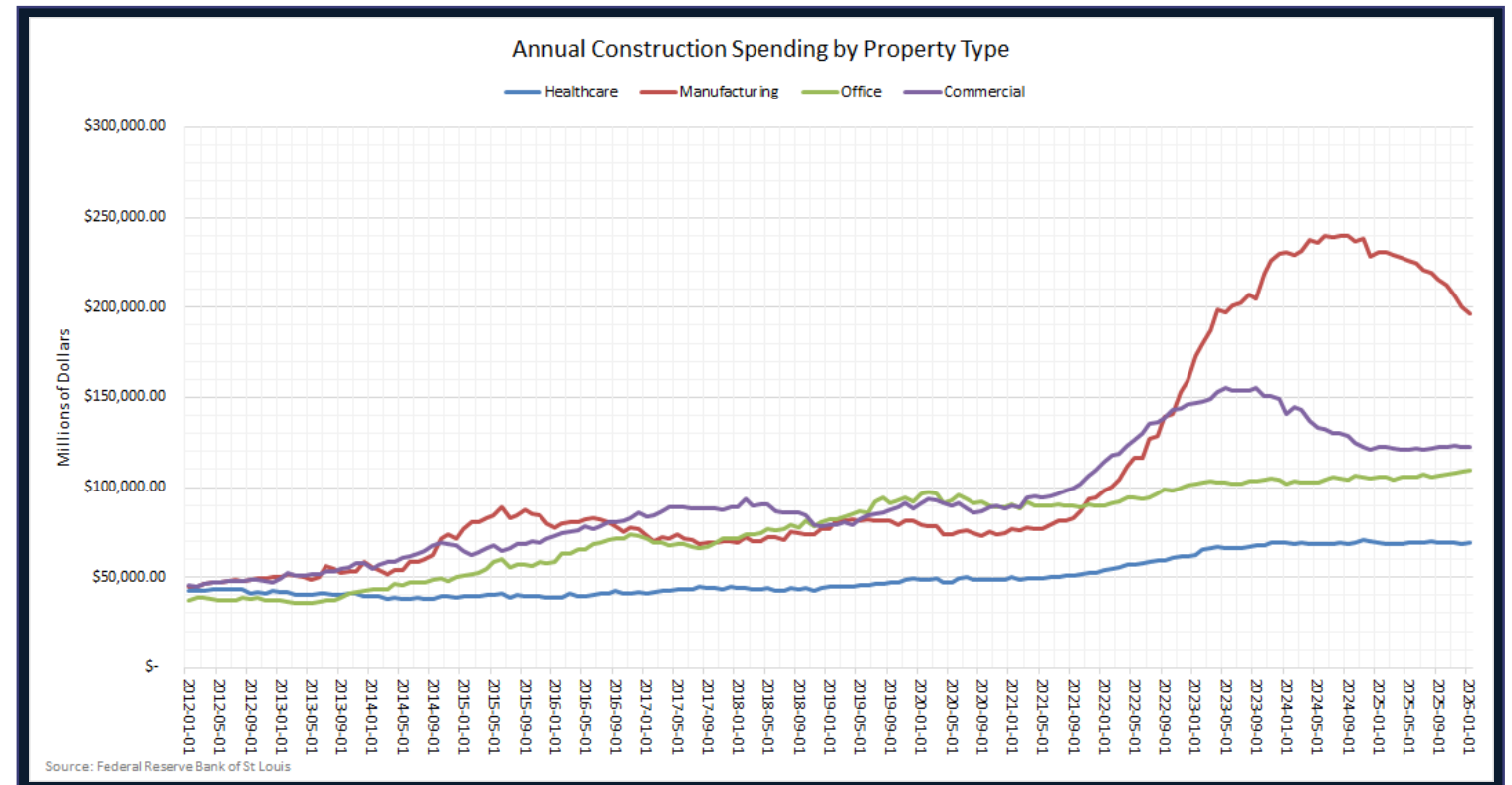
Non-Residential Construction, Input Price Increases

Overall, Year-Over-Year	+3.1%
Aluminum, Mill Shapes	+39.1%
Steel, Mill Product	+20.9%
Rebar & Bar Joist	+20.0%
Copper & Brass Shapes	+15.1%

Market Sectors of Interest

Though Institutional Construction is projected to decline 3.9% in 2026, following a 5.4% contraction in 2025, with the largest decline expected in educational (-10.6%), Health Care remains one of the strongest sectors entering 2026 (+11.8%).

Office Construction - 90% of which is tied closely to Data Center facilities - increased from 6% in 2022 to 25% in 2025 in share of Non-Residential Starts. When Office/Data Center projects are excluded from totals, growth drops to 11.5% from 22.8%. This single sector concentration has significantly distorted headlines and growth figures.



In Summary

The 2026 construction outlook remains uneven but resilient. Growth is concentrated in Health Care, Data Centers, and Industrial sectors. Rising material costs continue to be a key risk. However, strong planning activity suggests that there will continue to be opportunities in key sectors & regions.

1 | <https://news.constructconnect.com/march-expansion-index-reaches-eighth-straight-month-of-growth>
 2 | <https://edzarenski.com/>
 3 | <https://news.constructconnect.com/how-the-construction-industry-is-performing-without-data-center-starts>
 4 | <https://news.constructconnect.com/spring-2026-us-construction-forecast-modest-growth-amid-economic-uncertainty>
 5 | https://www.agc.org/sites/default/files/users/user21902/datadigest20260313_F2.pdf
 6 | <https://news.constructconnect.com/contractors-face-squeeze-as-material-prices-surge-new-agc-analysis-shows>