

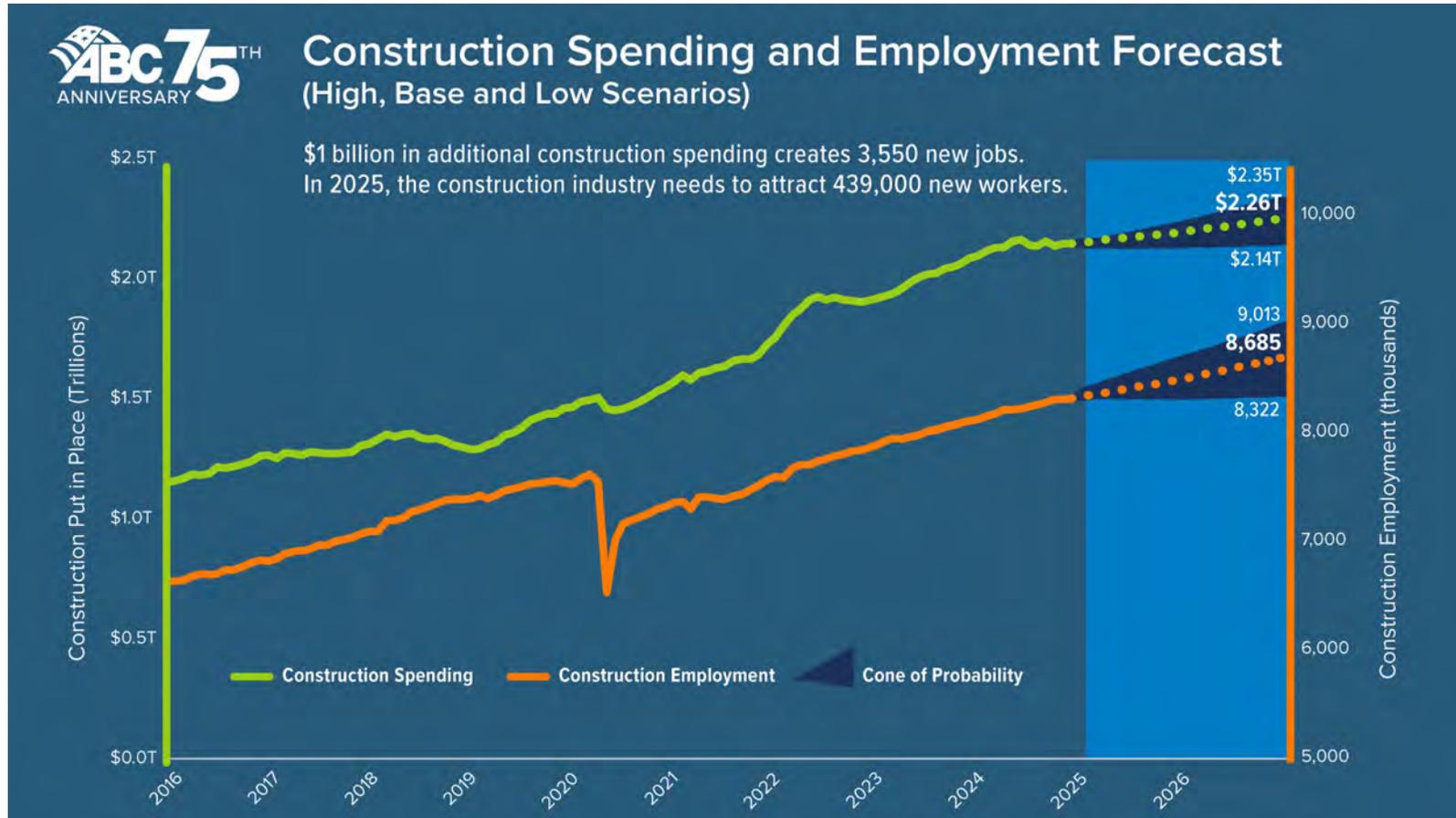
# **CONSTRUCTION OUTLOOK**

**MEREDA Annual Forecast  
February 2026**

**Ron Milley, Consultant Services  
Drew Wing, Zachau Construction  
Dave Thomas, Consigli Construction**

**Moderator: Marieke Thormann, Fathom Companies**

# Construction Spending & Employment Forecast



# AIA Consensus Construction Forecast

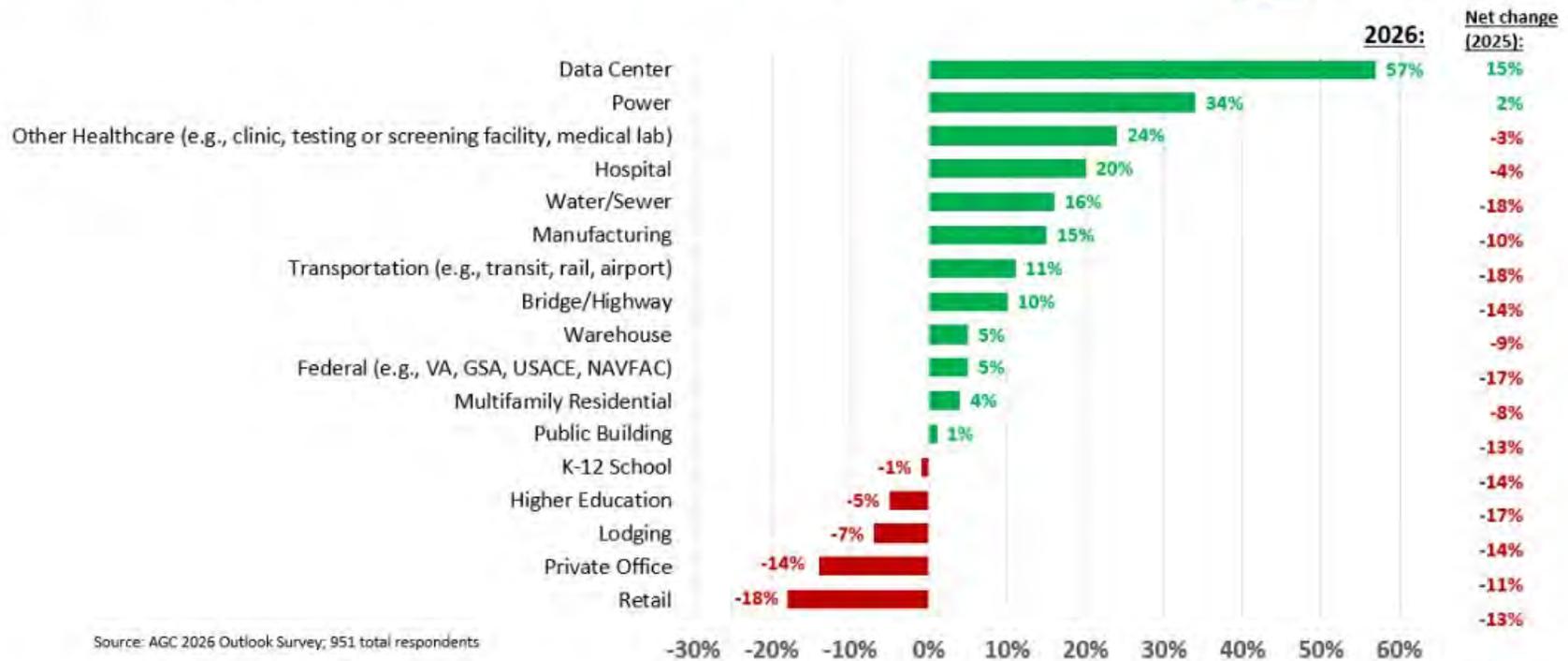


| Consensus                           |                           | Actual | Forecast |      |
|-------------------------------------|---------------------------|--------|----------|------|
|                                     |                           | \$     | % Change |      |
|                                     |                           | 2025   | 2026     | 2027 |
| Dodge Construction Network          | Nonresidential Total      | -      | 1.0      | 2.2  |
| S&P Global, Market Intelligence     | Commercial Total          | -      | 3.0      | 3.5  |
|                                     | Office                    | -      | 6.0      | 3.9  |
| Moody's Analytics                   | Data Centers              | -      | 26.3     | 16.5 |
| FMI                                 | Retail & Other Commercial | -      | 0.2      | 2.8  |
|                                     | Hotel                     | -      | 3.2      | 5.3  |
| ConstructConnect                    | Warehouse                 | -      | -2.2     | 2.8  |
|                                     | Manufacturing             | -      | -3.9     | -0.9 |
| Associated Builders and Contractors | Institutional Total       | -      | 2.7      | 2.8  |
|                                     | Health                    | -      | 4.6      | 4.0  |
| Wells Fargo Securities              | Education                 | -      | 1.5      | 1.1  |
| Markstein Advisors                  | Amusement & Recreation    | -      | 1.3      | 1.6  |
| Piedmont Crescent Capital           |                           |        |          |      |

# AGC National 2026 Outlook Survey

Net\* % who expect value of projects to be **higher/lower** than in previous year

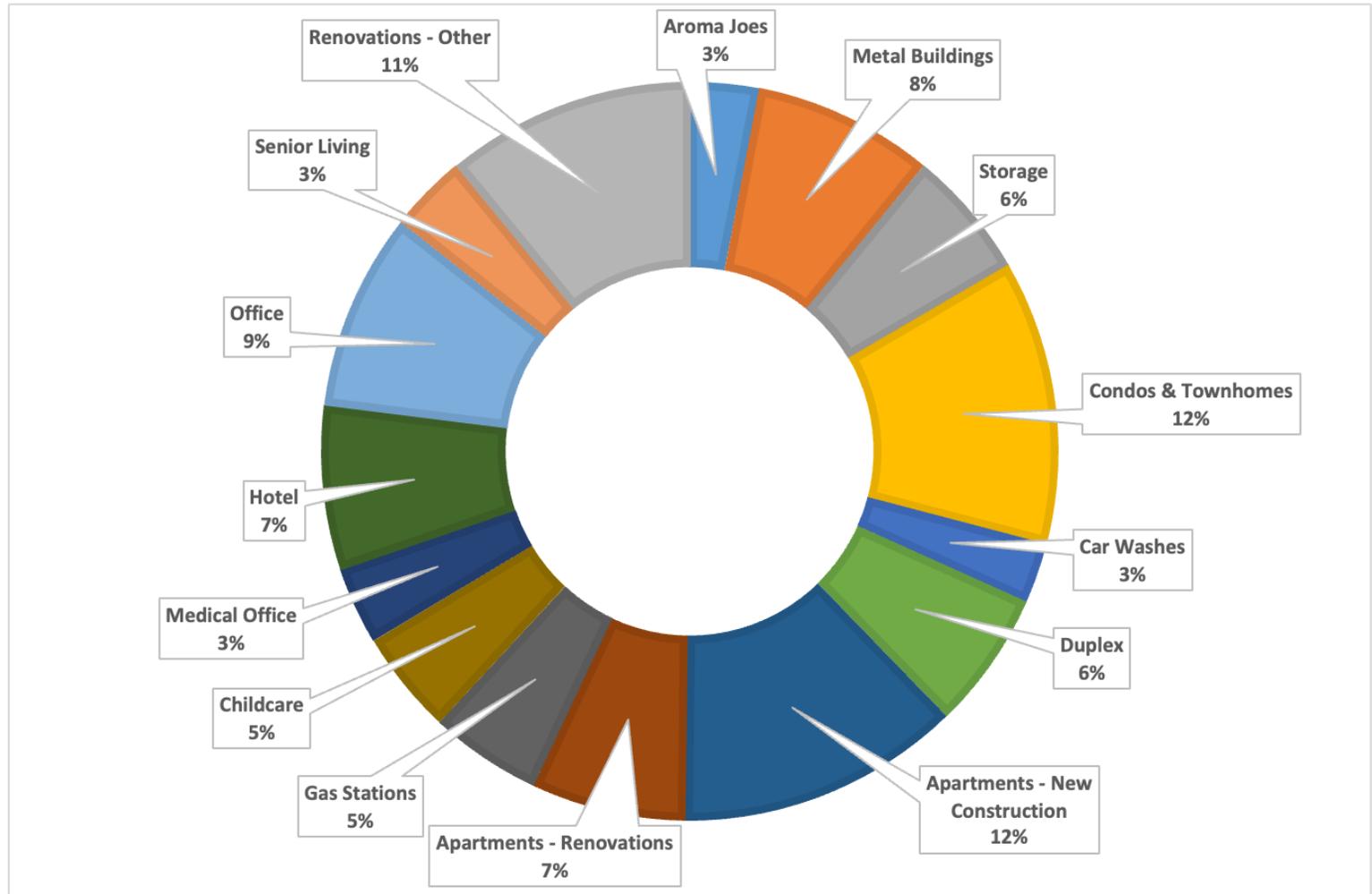
\* Net = % expecting higher value - % expecting lower value than in previous year



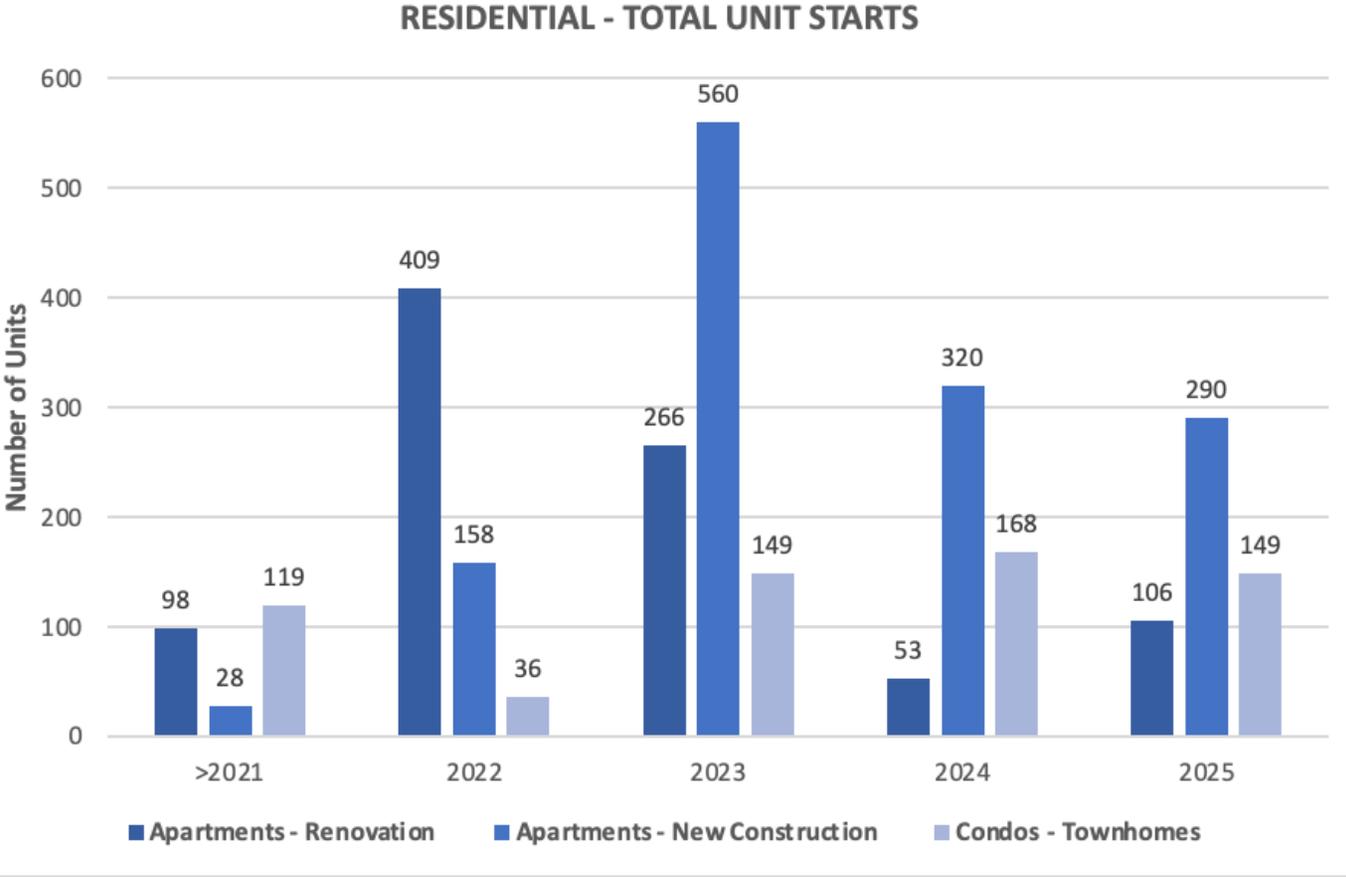
Source: AGC 2026 Outlook Survey; 951 total respondents



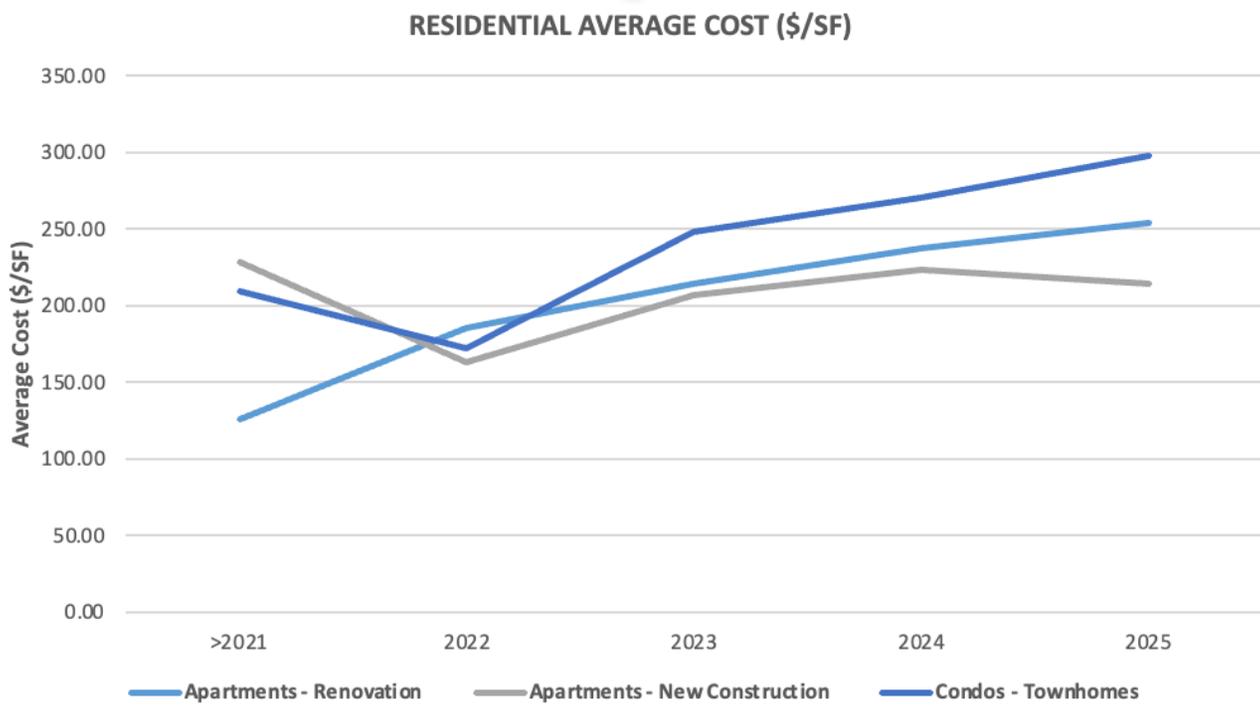
## PROJECT SECTORS (2021-2025)



# RESIDENTIAL UNIT SUPPLY BY PROJECT START (2021-2025)

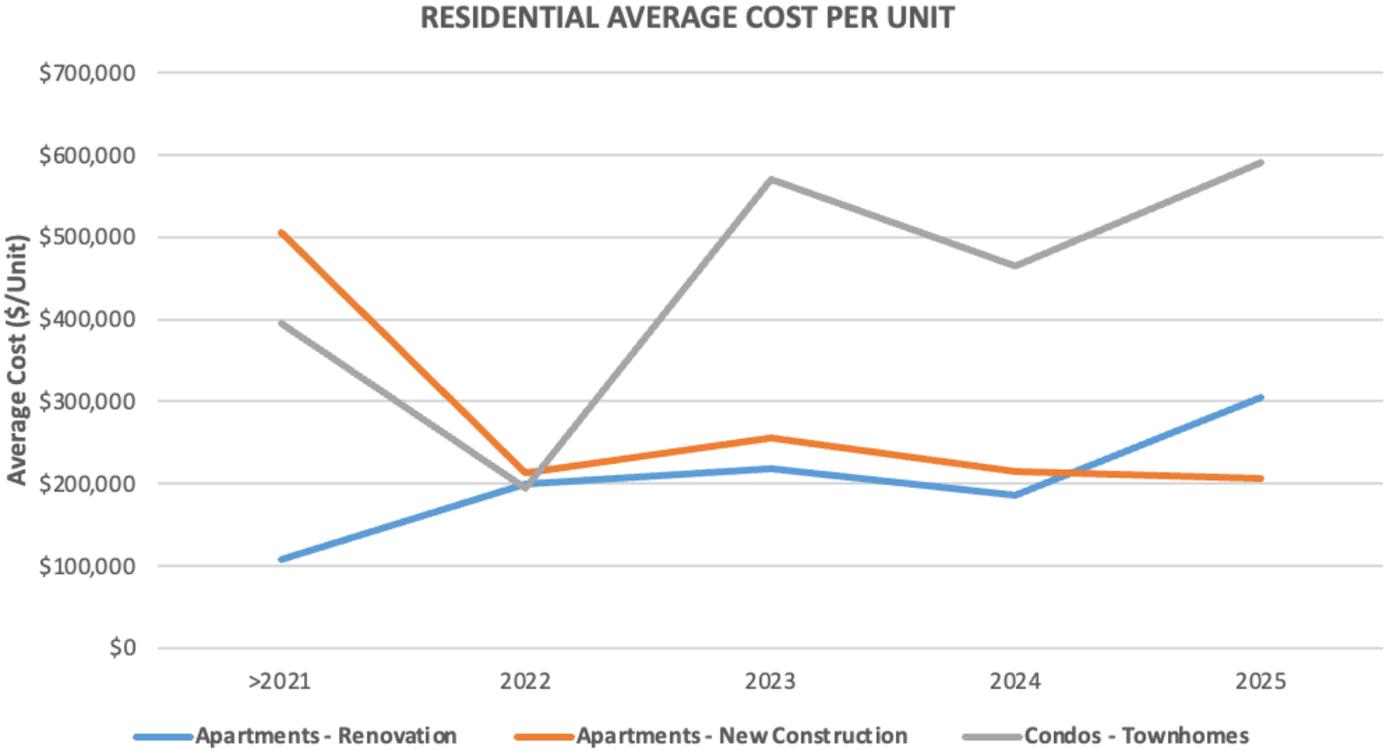


# MULTI-FAMILY HOUSING SUMMARY (EXCLUDING SITEWORK)



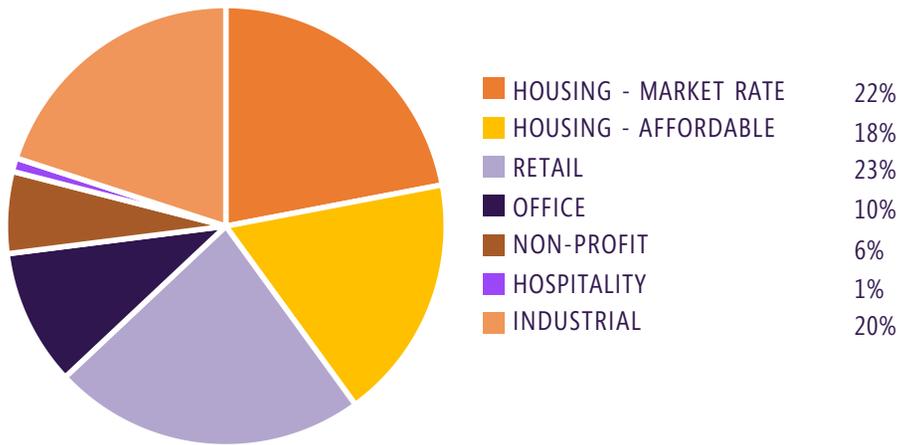
**Construction cost comparison excludes all cost associated with sitework.**

# MULTI-FAMILY HOUSING SUMMARY (EXCLUDING SITEWORK)



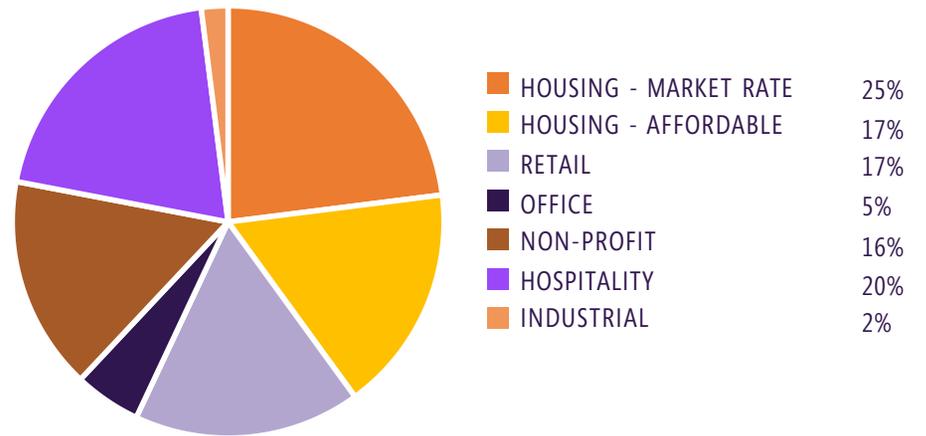
**Construction cost comparison excludes all cost associated with sitework.**

## 2025 REVENUE BY MARKET SECTOR



**TOTAL PROJECTS** \_\_\_\_\_ **14**  
**PROJECTS WITH SUBSIDY** \_\_\_\_\_ **57%**

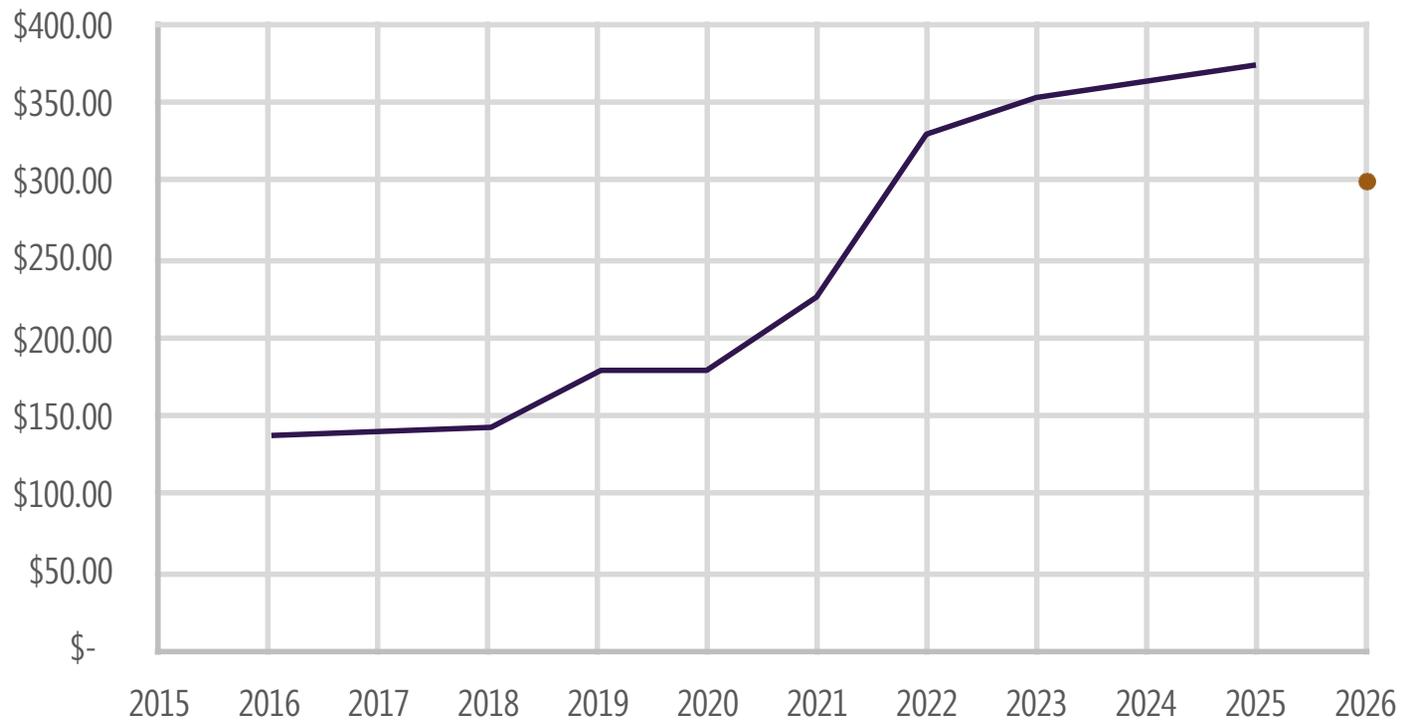
## 2026 PROJECTED REVENUE BY MARKET SECTOR 30% INCREASE OVERALL



**TOTAL PROJECTS** \_\_\_\_\_ **19**  
**PROJECTS WITH SUBSIDY** \_\_\_\_\_ **47%**



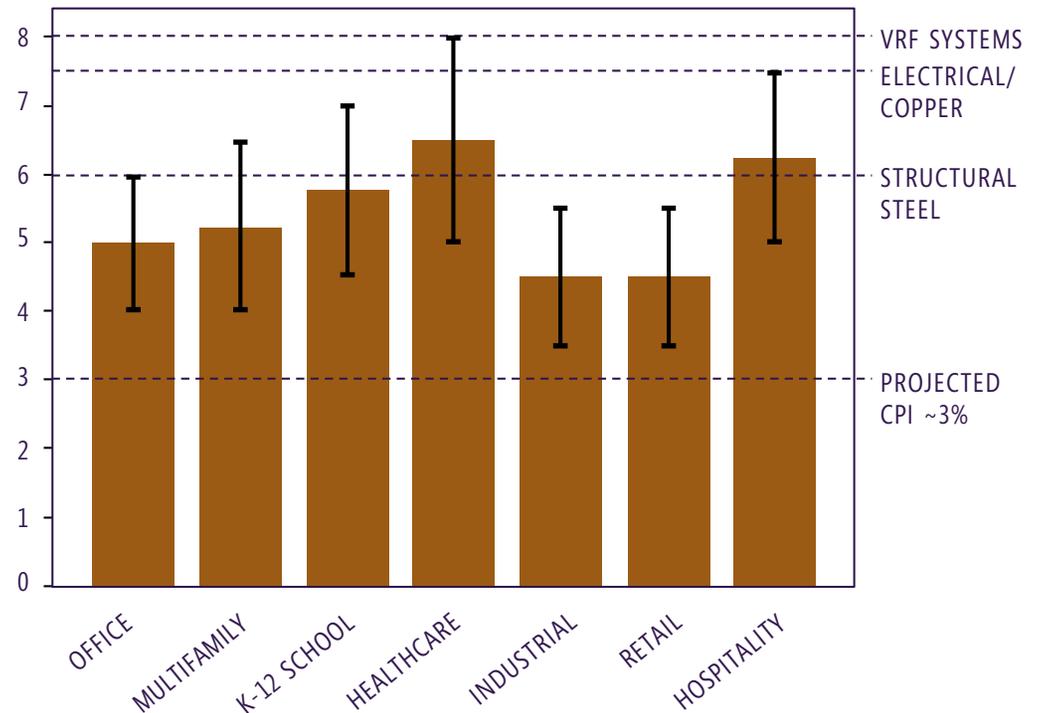
## NEW CONSTRUCTION MULTI-FAMILY HOUSING AVERAGE COST/SF 2016-2025



## 2026 COMMERCIAL CONSTRUCTION ESCALATION OUTLOOK

- Projected general inflation for 2026 is approximately 2.5 to 3 percent.
- Construction escalation is projected at 4 to 6 percent nationally and 4.5 to 6.5 percent in Maine.
- The 1.5 to 3 percent spread reflects labor intensity, commodity exposure, and supply chain volatility unique to construction.
- Healthcare trends higher due to intensive mechanical, electrical, medical gas, redundancy systems, and specialized code requirements.
- Hospitality trends higher due to finish density, plumbing counts, and schedule driven procurement.
- Early procurement and trade alignment are critical to managing escalation risk.

## 2026 ESCALATION BY BUILDING TYPE WITH CPI AND MATERIAL RISK REFERENCE



# LEGISLATIVE HOUSING WINS IN 2025

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**IMPROVEMENTS TO THE MAINE HISTORIC REHABILITATION TAX CREDIT PROGRAM** (LD146 + LD1755)

**INCREASED TRANSPARENCY FOR LOCAL IMPACT FEES** (LD1498)

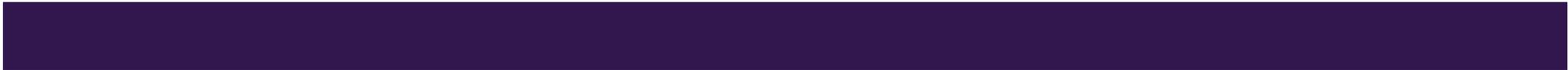
**EASED DEP APPROVALS FOR MULTIPHASE HOUSING DEVELOPMENT** (LD970)

## **WORKING GROUPS ESTABLISHED:**

**LD1375** creates working group to examine and recommend solutions for addressing regulatory barriers to housing construction.

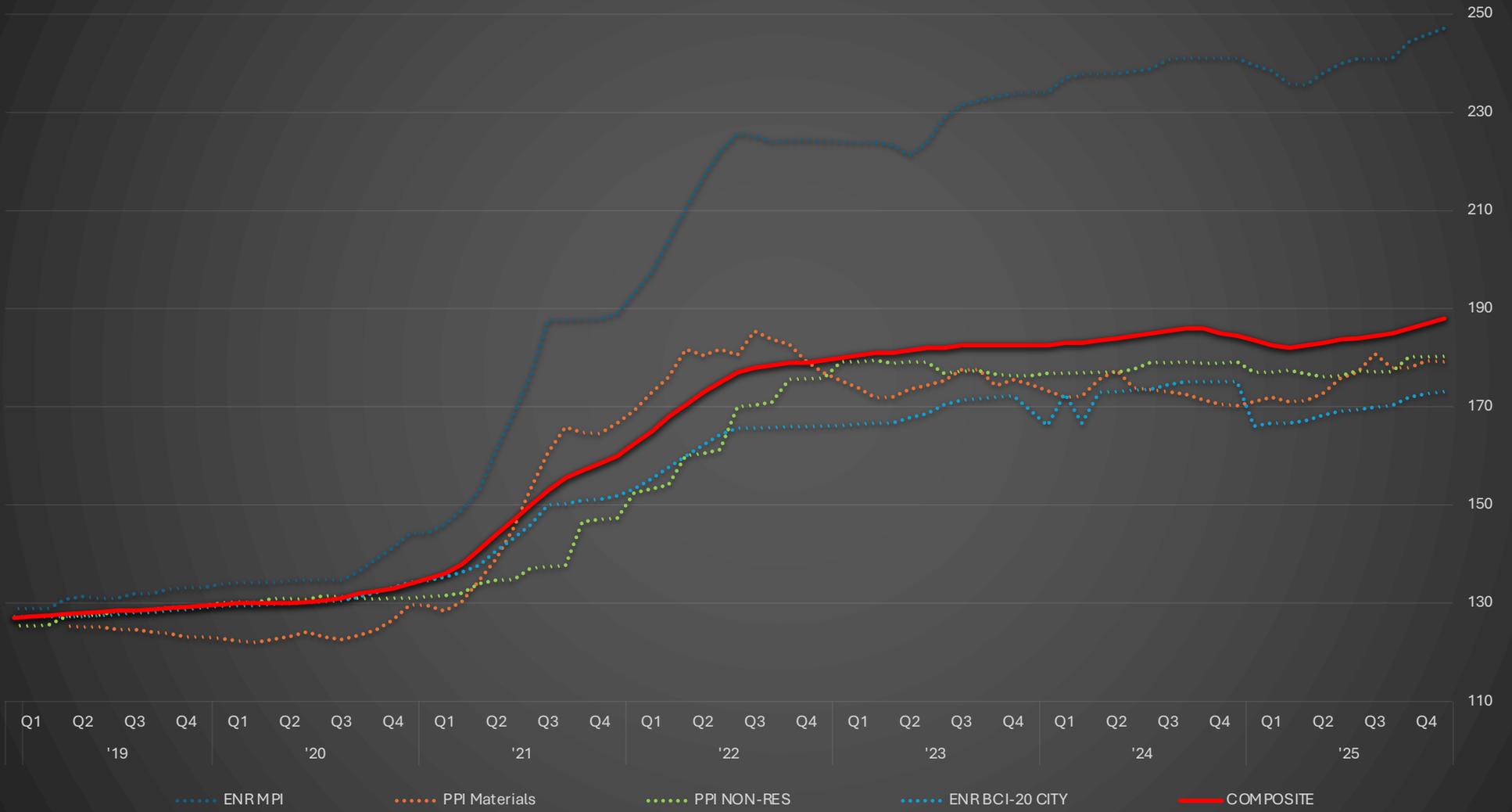
**LD1453** creates working group to study the potential for innovative construction technologies to reduce housing production costs and accelerate housing production.

**LD1246** creates working group to study how municipalities establish, impose and provide guidance to developers regarding impact fees.



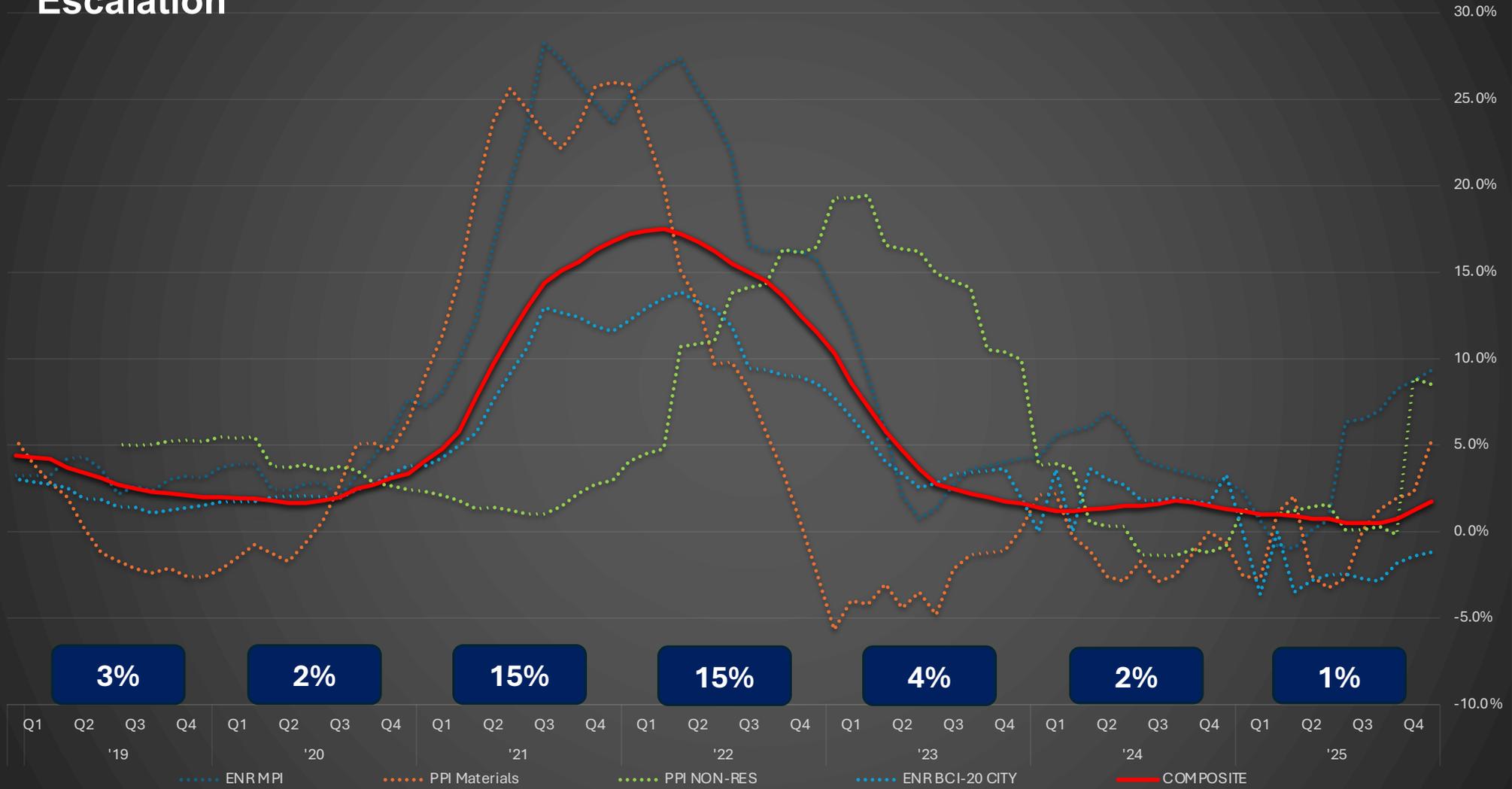
# Escalation

## Multiple Indexes '19-'25

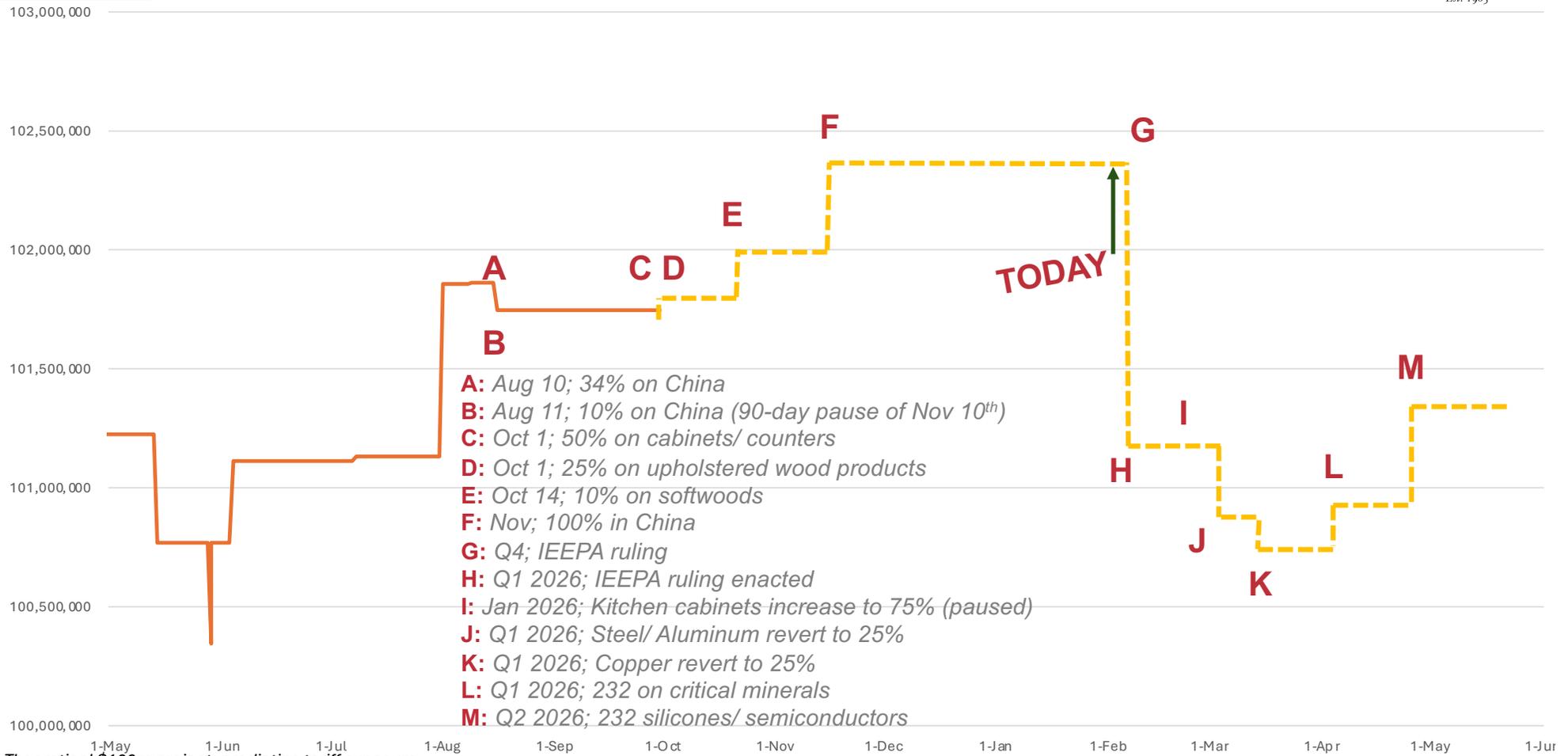


# Escalation

## Multiple Indexes YoY % Change '19-'25



# Tarriff Updates



Theoretical \$100m project; predicting tariff exposure

# Build America, Buy America (BABA) Requirements

## Sourcing U.S. Materials for Government-funded Projects

- ✓ 100% of all iron, steel and construction materials must be produced in the U.S.
- ✓ All construction materials must be manufactured in the U.S.



## DE MINIMIS WAIVER

Will Waive 5% of  
Non-compliant Material  
Cost Up to \$1 Million



PUBLIC INTEREST

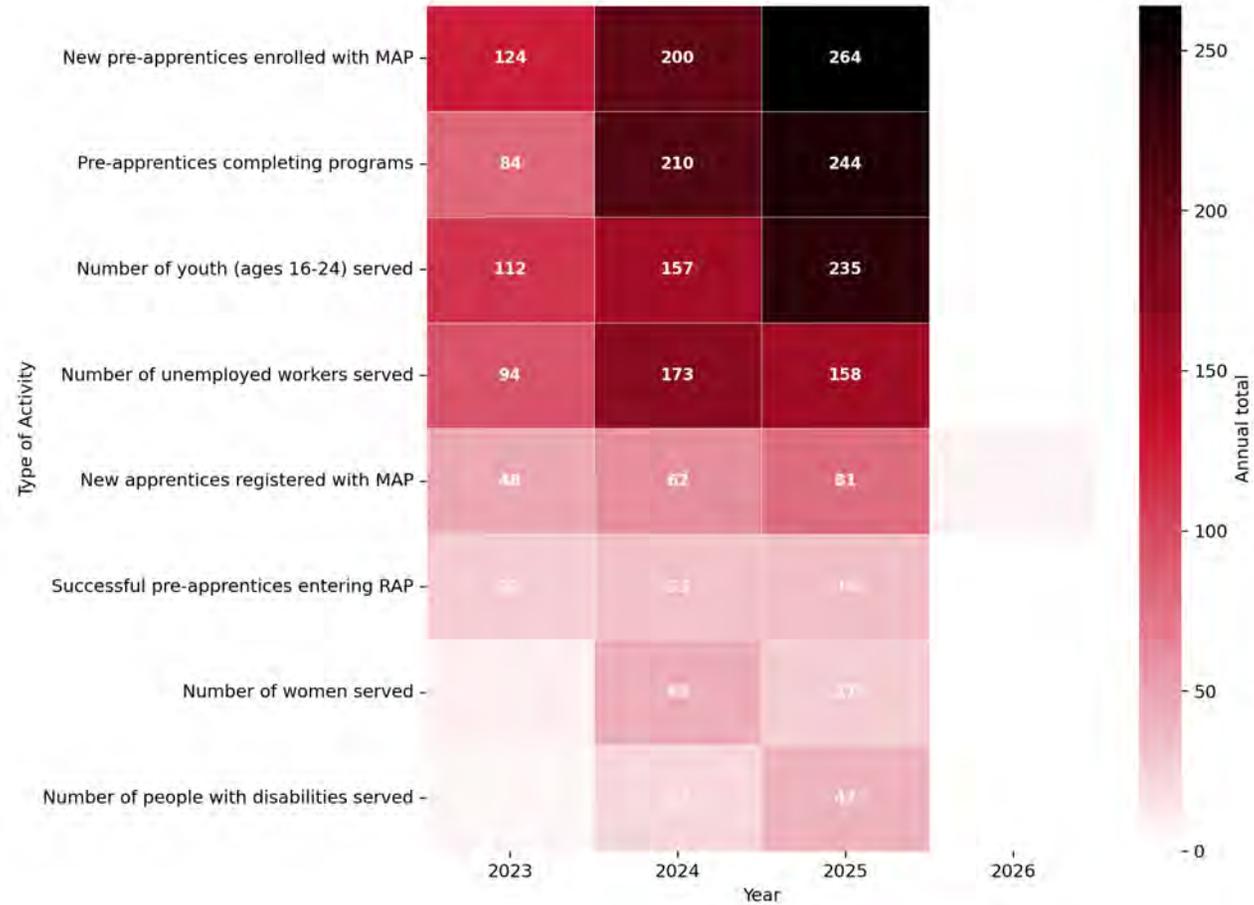


NON-AVAILABILITY



UNREASONABLE  
COST

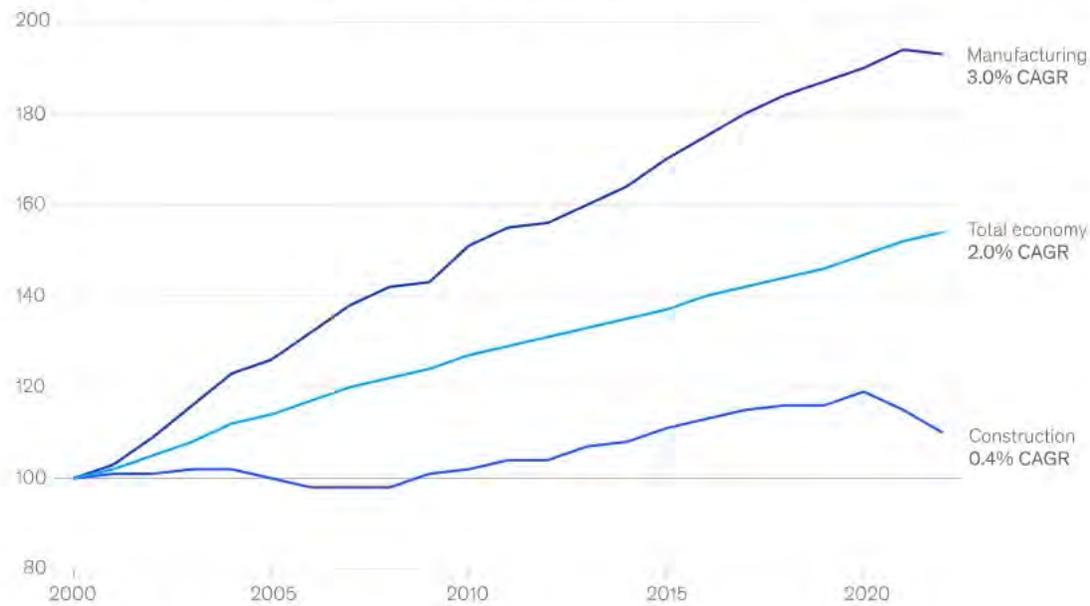
# AGC Maine Workforce Development



# Construction Productivity vs. Other Industries

**Labor productivity in construction continues to lag behind productivity in manufacturing and the total economy.**

Real gross value added per hour worked (global),<sup>1</sup> 2000–22 (index: 2000 = 100)



<sup>1</sup>Includes 42 countries with sufficient data availability; they account for >90% of 2022 construction value added.  
Source: McKinsey analysis based on sources from IHS Markit, the International Labour Organization, OECD, the UN, and local statistical offices.

# Prefabrication Approaches



## Volumetric Modular

Full building structure built off site & assembled on site



## Volumetric Components

Bathrooms, hotel rooms, exam rooms, data centers, AHUs, etc.



## Structural Systems

Structural wall systems, prefab steel, exterior wall panels, etc.



## Multi-trade

M/E/P/FP corridor racks, etc.



## Single Trade

Wall partitions, plumbing racks, headwalls, ceiling systems, etc.

Early Design Integration  
(Most Intensive)

Late Design Integration  
(Least Intensive)



## **CEDAR BEND CONDOMINIUMS**

BOOTHBAY, ME

**COMPLETED:** SEPTEMBER 2025

**TOTAL CONSTRUCTION DURATION:** 10 MONTHS

- 20 UNITS | 5 BUILDINGS
- WORKFORCE HOUSING
- 2 BED, 1.5 BATH CONDO

- ✓ **SCHEDULE**
- ✗ **CONSTRUCTION COST VS. PANELIZED**
- ✓ **TOTAL DEVELOPMENT COST REDUCTION**

### CONSIDERATIONS

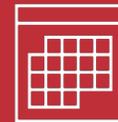
- ! **ADDITIONAL FINANCIAL EXPOSURE WITH SINGLE VENDOR**
- ! **ADVANCED PAYMENTS**
- ! **CUSTOMIZATION AVAILABLE BUT REQUIRES MANAGEMENT**
- ! **ON SITE COORDINATION IS CRITICAL**
- ! **TRANSPORTATION**
- ! **WEATHER**



# Modular Prefabrication: Colby College's Johnson Pond Houses



**200 BEDS**  
housed in the 40,000  
sq. ft. complex



**15 MONTHS**  
from project conception  
to move-in



**33%**  
project value  
prefabricated