

# US construction market overview



Welcome to the Q2 construction market overview report that forecasts the impact of current market trends and looks at the opportunities and challenges faced within the U.S. construction industry. This quarter's report takes a deeper dive into data centers and how we expect construction costs to be affected.

**Rachel Personius**  
Associate Director, U.S.

## Comparative construction cost index

Through CBI's comprehensive tracking of labor rates, material pricing, and market activity, we've created a comparative cost index with Washington, DC as the base 100. Below is a snapshot of some interesting data center projects currently under construction.



**Jackson, MS**

AWS plans to break ground on two giant data center facilities across two industrial parks. The parks, in Madison County, sit just outside of the state capital of Jackson, promising to create 1,000 jobs. The two facilities will receive an investment of \$10 billion and are set to open in 2027.

**Kansas City, MO**

Google is developing a four-phase, \$1 billion data center which totals 1.44 million square feet in the Northland area. Google will also work with Evergy to add 400 MW of carbon-free energy capacity to the grid.

**Mount Pleasant, WI**

The \$1 billion first phase of Microsoft's data center is in construction on a 315-acre campus in Mount Pleasant, WI. Microsoft expects to create 200 jobs in the first phase and 460 jobs when the data center is fully developed.

**Rosemount, MN**

Meta's 715,000-square-foot data center is in construction in UMore Park, which is scheduled to open in 2026. The project is expected to cost \$800 million, creating 100 long-term operation jobs and 1,000 construction jobs.

## Driving the data revolution: the future of data centers

The demand for data centers is skyrocketing nationwide, with revenue in the data center market forecasted to reach an impressive US \$340.20 billion by the end of 2024. Within the construction sector, network infrastructure remains at the forefront, projected to reach a market volume of US \$197.80 billion. This growth trajectory is set to continue, with revenue anticipated to culminating in a market volume of US \$438.70 billion by 2028. Notably, the United States is expected to lead the charge in global revenue generation, forecasted to surpass US \$99.16 billion by the end of the year.

We are actively involved in over \$45 billion of data center build programs providing site selection advice, benchmarking and data analytics, preconstruction estimating, contract negotiations, supply chain management, design validation, invoice auditing and post contract project controls services.

Source: [Statista.com](https://www.statista.com)



“The data center market is navigating through key shifts. We're balancing supply with demand and integrating AI. There's a focus on addressing CSR concerns and cutting water use. We're also exploring secondary markets, like moving from hyperscale to edge computing. We have started shifting our focus to onsite power and repurposing existing structures, such as turning a Barcelona church into a data center.

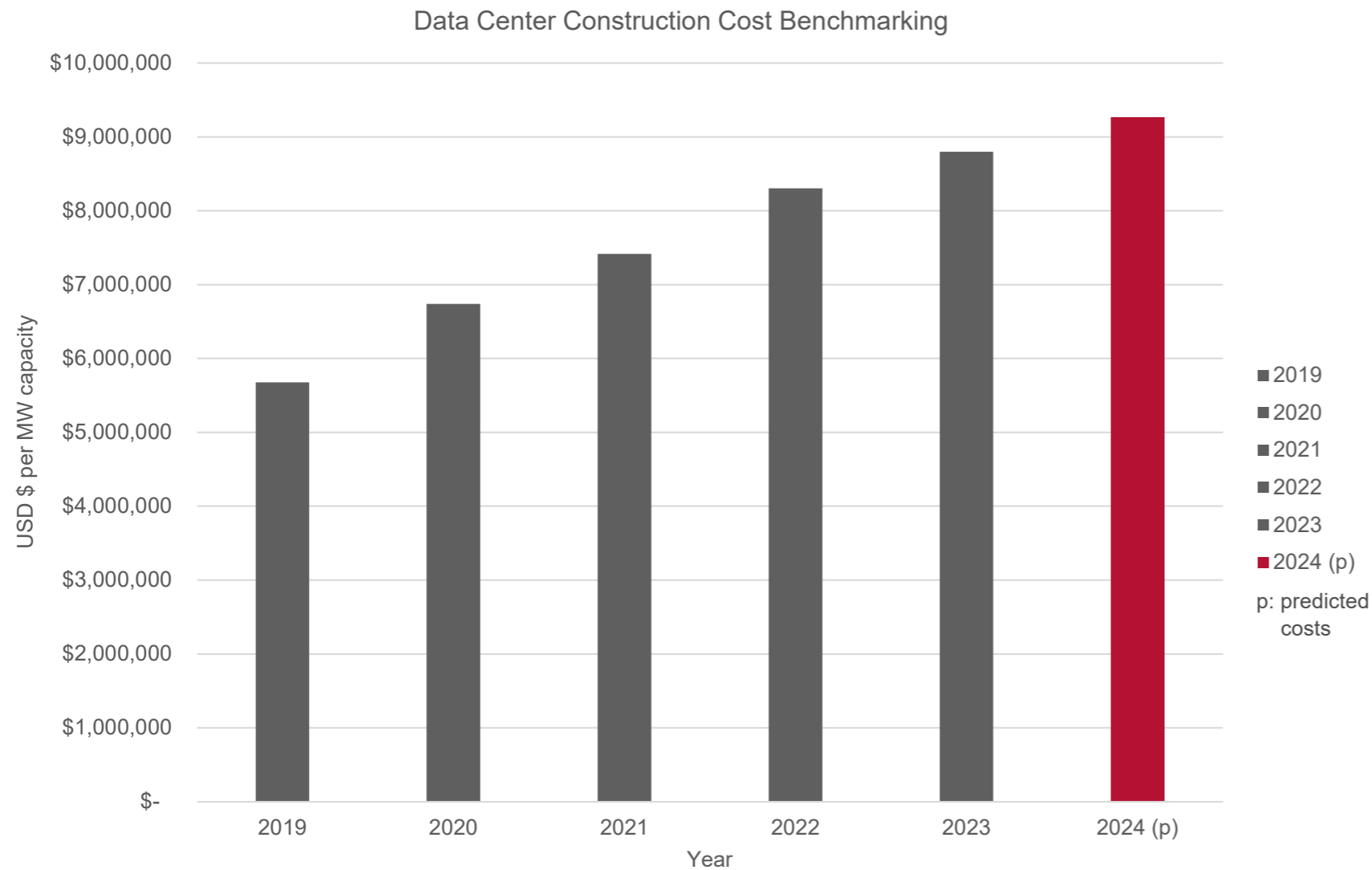
The industry needs to invest in skilled labor, adopt leaner procurement processes, leverage benchmark data and embrace more environmentally friendly materials. All whilst hurtling towards an increasing capacity as fast as possible.

**Paul Fitch**  
Senior Director, USA

## Data center benchmark analysis

The chart below shows how average construction costs for mission critical data centers built across the United States have trended over the last six years. Costs increased 30% from 2020 to 2023, but our data points show cost escalation slowing in 2024 as material and equipment costs normalize.

Project location, design efficiency (how much computing capacity can fit inside the same size building), and delineation of owner-supplied versus contractor-supplied mechanical and electrical equipment all impact construction costs. The information below should be used to understand annual escalation trends and give a rough order of magnitude starting point for construction costs. For customized benchmarking analysis please reach out to [Paul Fitch](#) or [Rachel Personius](#) (contact info at end of report).



Source: Currie & Brown

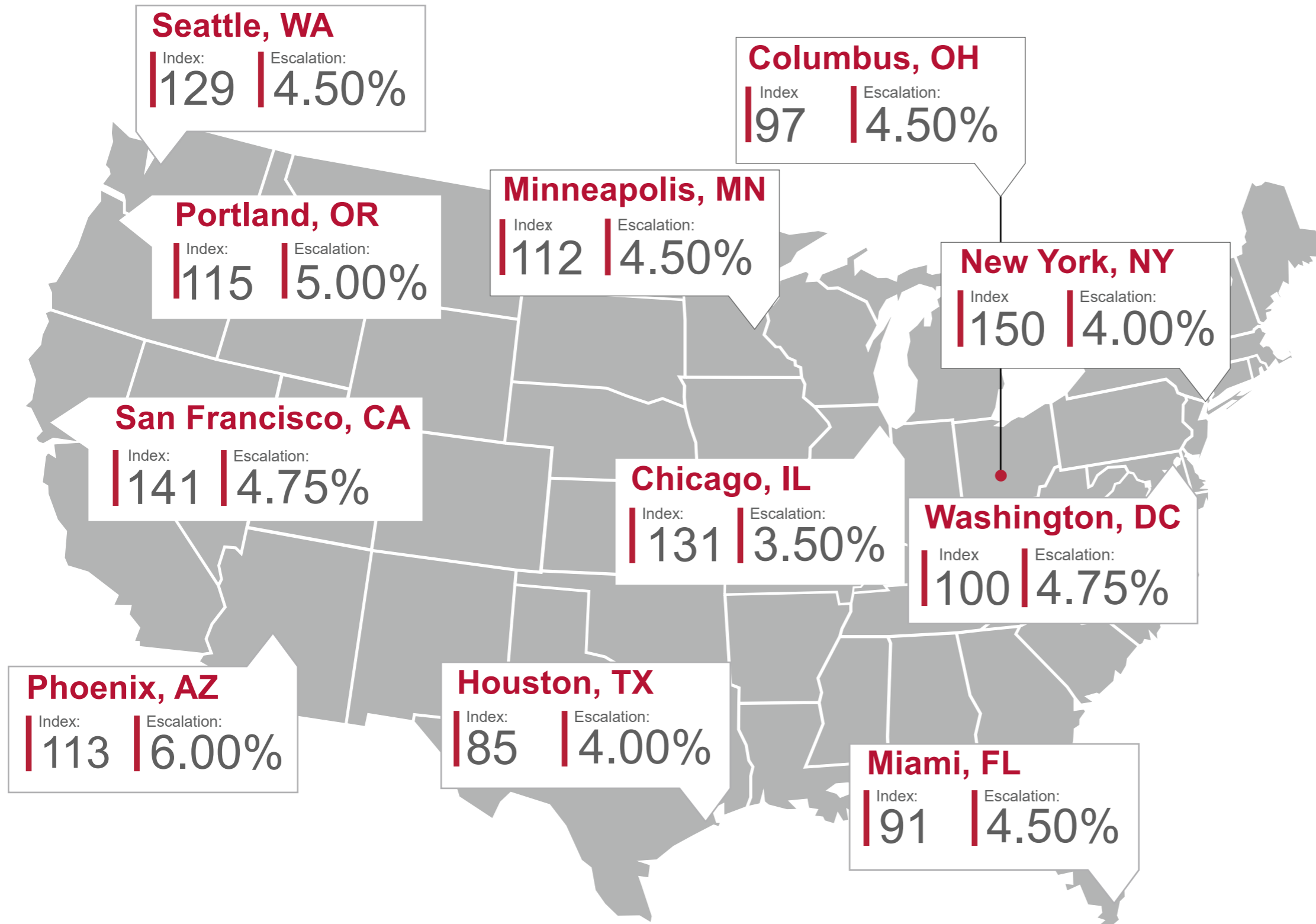
National average annual construction cost escalation for data centers peaked from 2021 to 2022 over 10%, with a total increase from 2020 to 2023 of over 30%.

While our data points to a normalization in escalation in 2024, we will be closely monitoring skilled labor cost and availability, particularly electricians, and equipment lead times as key risks that could drive up costs.



## 2024 Location indices and construction escalation

Examining nationwide construction costs, escalation values project the annual change in output costs from January to December 2024. CBI's comparative construction cost index, with Washington DC as the base 100, tracks labor rates, material pricing, and market activity for each location. The infographic below looks at ongoing or upcoming projects in specific cities.



### Trending up:

Prefabrication and modular construction, involving the assembly of 60-90% of a building offsite or specific components offsite, are gaining traction within the construction industry. Global Market Insights, Inc. project that the global market for these methods will reach \$120.4 billion by 2027, reflecting a notable increase of nearly \$30 billion from 2022.

This trend is driven by the benefits it offers, including cost efficiency, shortened construction schedules, and waste reduction, which are increasingly recognized by general contractors, architects, and developers.



### Trending down:

In 2024, the construction sector faces ongoing challenges due to the imbalance of construction material demand and supply. Impact factors include geopolitical tensions affecting overseas suppliers, transportation obstacles driven by driver shortages and escalating fuel expenses, and disruptions from severe weather events.

Proactive measures such as investing in staffing and tools to develop supply chain plans at project and company levels can help lower risks. It is also recommended to explore purchasing programs to secure fixed pricing. Planning multiple supply chain options can also help to mitigate risks.

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## Notes on Currie & Brown

Currie & Brown is a world-leading provider of cost management, project management and advisory services, covering the full range of public and private sectors. Our purpose is to add value that makes building a better future possible. We help clients navigate volatility and unpredictability, providing the certainty that enables better, more sustainable built environments for all. Our services reflect the complexity of physical assets' uses and integrated lifecycles, addressing every aspect, from concept, design and construction, to the assessment of best-value options for ongoing use, maintenance, operation and eventually deconstruction.

With principal offices in London, Dubai, Riyadh, Hong Kong, Mumbai, New York and Shanghai, we operate across 69 offices throughout the Americas, Asia Pacific, Europe, India and the Middle East. Currie & Brown has been a Sidara company since 2012.

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## Notes on methodology

This report is prepared by Currie & Brown to inform readers generally on construction matters. Our forecast provides guidance on the general level of construction cost escalation, using Currie & Brown's Americas escalation and location indices as current at end of Q1 2024.

The indices are baselined against Washington DC = 100. Our analysis draws on data collected internally from a range of major and medium-sized projects across all sectors of the market, together with direct engagement with contractors and practitioners across the industry, and other professional bodies and research organizations. Macro-economic data is drawn from official data sources such as FRED as referenced.

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