BLD PULSE

Today's Pulse
Thursday, July 16, 2026

Today's Pulse

Construction & Development Market Intelligence

Thursday, July 16, 2026 | For Executive Leaders in Contracting & Land Development

1. Executive Snapshot

- Deteriorating **Steel is the dominant cost story of mid-July:** June mill-products PPI spiked 5.46% m/m, its sharpest move of 2026, as the 50% Section 232 wall cut imports and handed domestic mills near-absolute pricing power. BLS PPI WPU101704
- Deteriorating **Roofing and envelope** is quietly one of the most tariff-exposed scopes: metal roofing is up ~60% y/y and TPO/single-ply membranes 12-18%, with chemical-feedstock duties (MDI, TCPP) compounding the hit. RoofVista
- Positive **Columbus is defying the national industrial slowdown,** absorbing 3.3M SF in Q2 and keeping vacancy near 5.0% while much of the US sees rising vacancy — anchored by data centers and the New Albany build cycle. Research Resource
- Neutral **Lumber offered the one clear relief:** June PPI eased 0.36% m/m, though physical framing markets remain tight on mill curtailments — a mixed picture rather than a clean downtrend. BLS PPI WPU081
- Cautious **Grid equipment remains the schedule killer for power-intensive projects:** GSU transformers now exceed 160-week lead times and HV breakers ~125 weeks, pushing data-center and industrial electrical work years out. U.S. News / Reuters
- Cautious **The design pipeline stays soft:** the ABI at 44.5 marks continued contraction in architecture billings, a leading indicator that nonresidential starts may cool into late 2026 even as select sectors run hot. AIA/Deltek ABI
- Deteriorating **Copper and aluminum add envelope pressure:** copper is up ~27% y/y (a record near $5.69/lb reported) and aluminum ~49%, feeding through to flashing, wiring, and metal panel costs under 50% metal tariffs. RoofVista

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2. Market Data by Industry

Sector	Demand	Prefab / Market Signal	Implication	Outlook
Data centers	Strong	Demand is the strongest in construction, but power is the binding constraint: GSU transformers exceed 160-week lead times and HV breakers ~125 weeks, forcing electrical procurement at design. U.S. News / Reuters	Grid-constrained, demand-led	Positive
Industrial / logistics	Strong	Columbus outperforms the national supply-led slowdown, absorbing 3.3M SF in Q2 at ~5.0% vacancy. Modern bulk near 1% vacancy; asking rents rose to $6.71 NNN, led by the New Albany corridor. Research Resource	Columbus outperforming	Positive
Single-family	Stable	Starts hold at 886K SAAR, permits 1.413M. Softer lumber PPI helps modestly, but affordability caps upside and cost risk has rotated to metal-heavy envelope and mechanical scopes. US Census NRC	Range-bound starts	Neutral

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Sector	Demand	Prefab / Market Signal	Implication	Outlook
Multifamily	Softening	Prior-wave deliveries keep rent growth muted and concessions elevated. High financing costs keep starts subdued; the pullback sets up 2027 tightening but near-term fundamentals stay soft. TenantBase	Digesting deliveries	Cautious
Office / commercial	Cautious	Bifurcated: trophy space tightens on flight-to-quality while commodity product carries elevated vacancy. The ABI at 44.5 signals a softening nonresidential design pipeline into late 2026. AIA/Deltek ABI	Bifurcated	Cautious
Public / infrastructure	Strong	Grid modernization is a durable multi-year backlog for electrical and civil trades. Utilities race to secure transformers and switchgear as data-center load and aging equipment drive demand. U.S. News / Reuters	Grid buildout backlog	Positive

3. Construction Cost Intelligence

This week's cost deep-dive leads with the **roofing and building envelope** — quietly one of the most tariff-exposed scopes on any project, and the featured trade for today's issue. **Metal roofing is up roughly 60% year-over-year**: standing-seam panels, metal shingles, and copper flashing all carry the full weight of the 50% Section 232 steel and aluminum tariffs plus 50% copper duties, and even domestically produced metal has risen as US mills match the tariff-adjusted market. **TPO and single-ply membranes are up 12-18%**, driven not by the membrane alone but by tariffs on the chemical feedstocks — polypropylene and polyethylene resins, plasticizers, UV stabilizers, and fire-retardant additives — plus finished-goods duties on imported rolls. The chemistry layer is where the real shock sits: antidumping duties on MDI (a core adhesive/sealant input) run as high as **161.61%** for the China-wide entity, and TCPP flame retardant — used across roofing foam, insulation board, and membrane formulations — carries a **269% duty**. For estimators, the practical takeaway is that any envelope scope quoted before Q2 2026 is now materially underpriced, and re-roof economics that pencilled against a lease term six months ago no longer hold. The dominant macro cost story reinforces the point: **steel mill-products PPI spiked 5.46% m/m** in June to 312.2 as the 50% tariff wall cut imports 26% YTD, giving mills near-absolute pricing power (HRC ~$1,160/st after 23 straight weekly increases). Copper is up ~27% y/y and aluminum ~49%, both feeding envelope and electrical costs. The rare relief valves: **lumber PPI eased 0.36% m/m**, cement was flat, the broad construction-materials index rose just 0.11%, and **diesel softened to roughly $4.58/gal** (heating-oil futures at $3.96 confirm a cooler distillate complex into H2). Net: the cost basket's pain is now concentrated in metals and metal-derived envelope products, not lumber or fuel.

Cost item	Move	Read-through
Steel mill products (PPI)	▲ +5.46% m/m	June PPI hit 312.2, the sharpest monthly steel move of 2026; HRC near $1,160/st after 23 straight weekly increases as 50% tariffs cut imports 26% YTD. BLS PPI WPU101704
Metal roofing	▲ ~+60% y/y	Standing-seam and metal panel prices up ~60% on 50% steel/aluminum and copper tariffs; even domestic mills match tariff-adjusted market pricing. RoofVista
TPO / single-ply membrane	▲ +12-18%	Chemical-feedstock and resin tariffs plus imported-roll duties lifted membrane costs; TCPP flame-retardant duties reach 269% and MDI up to 162%. RoofVista

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Cost item	Move	Read-through
Inputs to construction (PPI)	▲ +0.6% m/m	Broad input basket rose to 478.4 in June; construction materials special index up just 0.11%, showing the increase is concentrated in metals. BLS PPI WPU132
Lumber & wood products (PPI)	▼ -0.36% m/m	June lumber PPI eased to 280.1, the only major input to fall, though physical framing markets stay tight on mill curtailments. BLS PPI WPU081
Diesel (on-highway)	▼ ~-9¢ w/w	US on-highway diesel eased toward ~$4.58/gal; heating-oil futures at $3.96/gal confirm a softening distillate complex into H2 2026. Trading Economics

12-month trend — key cost & activity series (source: FRED; % = ~13-mo change)

Live tape: Steel mill-products PPI jumped **+5.46% m/m** in June to 312.2 as 50% Section 232 tariffs cut imports BLS PPI WPU101704 · Metal roofing up **~60% y/y** and TPO/single-ply membranes **+12-18%** on tariff-driven input costs RoofVista · Columbus industrial absorbed **3.3M SF** in Q2, holding vacancy near **5.0%** at $6.71 NNN Research Resource · Lumber PPI slipped **-0.36% m/m** in June; cement flat, construction materials +0.11% BLS PPI WPU081 · Inputs to construction rose **+0.6% m/m** in June to 478.4 BLS PPI WPU132 · Housing starts **1.177M SAAR**, permits 1.413M, single-family 886K US Census NRC · GSU transformer lead times exceed **160 weeks**; HV breakers ~125 weeks amid data-center demand U.S. News / Reuters · ABI held contractionary at **44.5** in May, signaling a softer nonresidential design pipeline AIA/Deltek ABI

4. Construction Technology and Methods

Cool-Roof and Reflective Membrane Value Engineering

With TPO up 12-18%, teams are re-running envelope value engineering on lifecycle rather than first cost. High-reflectance membranes and added insulation can offset tariff-inflated material costs through energy savings and utility rebates, and in data-center-heavy markets the cooling-load reduction directly frees stranded grid capacity — a real lever where power is the binding constraint. Commercial Roof Guide

Early Envelope Procurement and Buy-Out Locking

Because roofing chemistry inputs face duties as high as 269% (TCPP) and 162% (MDI), the smart move is locking envelope buy-outs at award and pre-purchasing membrane and insulation before manufacturer price letters take effect. Multiple manufacturers issued April and June 2026 increases, so quotes now expire in weeks, not months, and late buy-out is a direct margin leak. RoofVista

Domestic-Content Documentation Under Section 232

The June 8 Section 232 framework created a 10% tier for products with at least 85% US-melted-and-poured metal by weight and a 0% tier for items under 15% metal content. Fabricators and envelope suppliers who document melt-and-pour origin and metal-content ratios can qualify more packages for the lower rate — a meaningful lever while it lasts, though the framework sunsets December 31, 2027. PwC Tax Insights

5. Leasing and Market Selection

This issue's featured metro is **Columbus, Ohio** — a market defying the national industrial slowdown and one of the clearest examples of how data-center gravity reshapes an entire regional economy. While much of the US saw industrial vacancy tick up in 2026, Columbus absorbed 3.3 million SF in Q2 and held vacancy near 5.0%, anchored by the New Albany build cycle, hyperscaler campuses, and a Licking County corridor where modern bulk space is nearly spoken for. We pair Columbus with a read across the sectors and markets that define where demand is concentrating.

Market	Key metric	Selection note	Outlook
Columbus, OH (Industrial)	~5.0% vacancy, 3.3M SF Q2 absorption	Columbus recorded 3.3M SF of positive net absorption in Q2, trimming direct vacancy to ~5.0% (down ~250 bps y/y) even as three spec buildings totaling 926,440 SF delivered unleased. Modern bulk sits near 1% vacancy, average asking rent rose to $6.71 NNN and modern bulk to $7.25 NNN. Southwest and Pickaway submarkets led declines, each improving ~1.5% q/q. Research Resource	Positive

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Market	Key metric	Selection note	Outlook
Columbus, OH (New Albany / Data Centers)	Licking County ~2.8% vacancy	The New Albany submarket is the engine: Licking County vacancy dropped ~670 bps to 2.8% on leases from Meta, Ryder, Illuminate USA and others, with average new lease size ~400,000 SF. Meta's Prometheus, Google, and QTS keep the data-center pipeline and its coating/electrical labor pool tight even as Intel's Ohio One fabs slipped to 2030-2031, cushioning the metro against any single-project delay. Marcus & Millichap	Positive
National Industrial	~7% vacancy, supply pause	General industrial vacancy is easing toward 7% as deliveries thin, not as demand surges. Q1 leasing ran at a record annual pace while net absorption held near the long-run average. Small-bay and flex stay scarce while large 100K+ SF distribution carries most vacancy, so underwriting must stay metro- and product-specific rather than leaning on a national average. CBRE	Neutral
National Data Centers	~1% vacancy, grid-gated	Data-center vacancy sits near record lows around 1% for a second straight year with most under-construction capacity pre-committed for 2027-2028 delivery. The binding constraint is power: transformer lead times exceed 160 weeks. Markets that can deliver interconnection — including secondary metros like Columbus — capture the demand that power-constrained primary markets can no longer immediately serve. U.S. News / Reuters	Positive

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Market	Key metric	Selection note	Outlook
Office / Commercial (National)	ABI 44.5, bifurcated	The nonresidential design pipeline stays contractionary at an ABI of 44.5, with design contracts at 45.0 pointing to softer starts into late 2026. The market is split: trophy space tightens on flight-to-quality while commodity office carries elevated vacancy. Limited new construction slowly aids premier submarkets but leaves lower-tier assets exposed to further value erosion. AIA/Deltek ABI	Cautious
Multifamily (National)	Elevated concessions	The prior delivery wave keeps rent growth muted and concessions elevated across most high-supply metros. Softer lumber PPI marginally helps wood-frame economics, but high financing costs and lease-up risk keep starts subdued. The starts pullback sets up a tighter 2027, but landlords face continued pricing pressure through the back half of 2026. TenantBase	Cautious

6. Teach Me: Best Practices + AI for Contractors

Bidding the Envelope Under Tariff Volatility

The building envelope — roofing membrane, insulation, metal panels, flashing — is now one of the most tariff-sensitive scopes on a project, with metal up ~60% and membranes up 12-18% in a year. Bidding it like a stable commodity is how contractors quietly give back their entire margin on a single re-roof or facade package.

Why it matters: Envelope pricing is being driven by tariffs on inputs most estimators never see on a line item: TCPP flame retardant at a 269% duty, MDI adhesive inputs up to 162%, and 50% metal tariffs that even domestic mills price against. A fixed bid written in Q1 and built in Q4 can be underwater before the crew mobilizes. Understanding which inputs move, and pricing the risk explicitly, protects margin while keeping the base bid competitive against contractors who haven't caught up to the new cost reality.

How to implement:

1. Break the envelope into its tariff-exposed inputs (metal panels, membrane, insulation, adhesives/sealants) and flag which carry active duties.
2. Anchor each volatile input to a published benchmark (BLS metals PPI, manufacturer price letters) and record the baseline value and date at bid.
3. Write an escalation or price-validity clause: quotes valid 30 days, with adjustment beyond a defined band tied to the benchmark.
4. Lock the buy-out at award and pre-purchase membrane and insulation before the next manufacturer increase where storage allows.
5. Document domestic melt-and-pour content to qualify eligible packages for the 10% or 0% Section 232 tiers.

> **AI workflow / prompt:**
>
> ```
> "Act as a preconstruction estimator. For a 120,000 SF TPO re-roof,
> build a cost-risk table listing each tariff-exposed input (membrane,
> polyiso insulation, metal edge/flashing, adhesives), its approximate
> 2026 price move, the tariff driver, and a recommended contract
> mechanism (escalation clause, early buy-out, or domestic-content
> documentation) to mitigate each. Then write a two-sentence bid
> qualification note I can paste into the proposal."
> ```

7. Strategic Watchlist (Next 30–90 Days)

- **Steel escalation exposure:** with HRC up ~35% y/y and no near-term tariff relief expected before the election cycle, confirm every structural-steel package beyond 60 days carries an indexed escalation clause. BLS PPI WPU101704
- **Roofing/envelope re-bid risk:** with metal +60% and membranes +12-18%, re-price any envelope scope quoted before Q2 and verify allowances reflect current TPO, metal, and insulation pricing. RoofVista
- **Grid equipment lead times:** for any power-intensive project, order long-lead transformers and switchgear at design, not permit — 160-week lead times can outrun the entire construction schedule. U.S. News / Reuters
- **Section 232 sunset (Dec 31, 2027):** track the tariff schedule closely — the 10% domestic-content tier and eventual sunset are the key levers that could unwind today's metal-cost premium. PwC Tax Insights

8. Top 5 Questions Leaders Should Be Asking Now

1. Does every steel and envelope package beyond 60 days carry an indexed escalation clause tied to a published benchmark?

2. Have we re-priced roofing and metal-panel allowances to reflect the ~60% metal and 12-18% membrane increases?
3. For power-intensive projects, are long-lead transformers and switchgear ordered at design rather than permit?
4. Which of our pursuit markets mirror Columbus — data-center-anchored, single-digit industrial vacancy — versus digesting an oversupply?
5. How exposed is our backlog if Section 232 tariffs are modified or sunset, and would that help or hurt our locked-in pricing?

9. Suggested Double-Click Topics for Next Issue

The Envelope Tariff Stack

Roofing costs are being driven by a stack of tariffs most bids never itemize. On top of 50% Section 232 steel/aluminum and 50% copper duties (metal roofing ~+60% y/y), the chemistry layer carries antidumping duties up to 161.61% on MDI adhesives and 269% on TCPP flame retardant, pushing TPO/single-ply up 12-18%. Leaders should ask whether envelope allowances were set before Q2 2026 and whether re-roof feasibility studies still pencil at current pricing. RoofVista

Why Columbus Is Defying the Slowdown

While national industrial vacancy ticked up in 2026, Columbus absorbed 3.3M SF in Q2 and held vacancy near 5.0%, with Licking County at 2.8% on ~400K SF average new leases from Meta, Ryder, and Illuminate USA. Data-center gravity — Meta's Prometheus, Google, QTS — keeps demand and skilled-trade labor tight even after Intel's Ohio One fabs slipped to 2030-2031. The question for developers: which of your pursuit markets have this kind of anchor demand versus digesting spec oversupply? Marcus & Millichap

Long-Lead Power Equipment Is the New Critical Path

For any power-intensive project, the transformer — not the building shell — is now the critical path. GSU transformers exceed 160-week lead times and HV breakers run ~125 weeks as utilities and data-center developers compete for scarce supply. Owners should ask whether their schedule assumes equipment availability that no longer exists, and whether long-lead procurement is triggered at design rather than permit or GMP. U.S. News / Reuters

Key sources this issue

- BLS Producer Price Index
- US Census New Residential Construction
- RoofVista 2026 Roofing Tariff Price Guide

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- Research Resource Q2 2026 Columbus Industrial
- U.S. News / Reuters power equipment
- AIA/Deltek Architecture Billings Index