

TRENDS IN THE COST OF CONSTRUCTION MATERIALS

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Florida
TaxWatch



INTRODUCTION

Construction is an important part of Florida’s economy – contributing 5.7 percent (\$97 billion) of the state’s gross domestic product (GDP) in 2024.¹ Construction encompasses everything from minor home repairs to housing construction to complex commercial developments. The construction industry is shaped by several factors, including material costs, labor costs, supply chain stability, and overall market trends. The cost of each individual input can increase the total cost of production for a contractor and even for a “do-it-yourself” enthusiast making renovations in their home. The purpose of this commentary is to look at increasing prices of construction materials at the national level and in Florida to inform Florida taxpayers of current and possible future costs.

U.S. CONSTRUCTION INDUSTRY

Nationally, the cost of construction has risen substantially since the Covid-19 pandemic. With a peak in 2022, prices have dropped but are nowhere near pre-pandemic rates. The major reasons for an increase in construction costs are supply chain disruptions and labor costs. Despite increase in costs, the U.S. construction industry saw steady growth until 2024. As of June 2025, The U.S. Census Bureau estimated construction spending of \$2.1 trillion for 2025—a 2.9 percent decline from last year.² This will be the first time construction spending has seen a decline since 2020.

As prices for construction materials increase on the producer side, prices increase for consumers as well. Figure 1 shows the Producer Price Index (PPI) for construction materials nationally. PPI represents the average change, over time, in selling prices paid by producers for their output – measuring inflation from the perspective of producers. An increasing PPI means the wholesale price of that good is increasing, which would increase production costs and ultimately affect prices paid by the consumer. As shown in figure 1, the PPI has increased from 233 to 338 in the last five years.

¹ Associated General Contractors, “The Economic Impact of Construction in the United States and Florida,” September 2024.

² U.S. Census Bureau, “Monthly Construction Spending - June 2025,” retrieved from <https://www.census.gov/construction/c30/current/index.html>, accessed on August 4th, 2025.

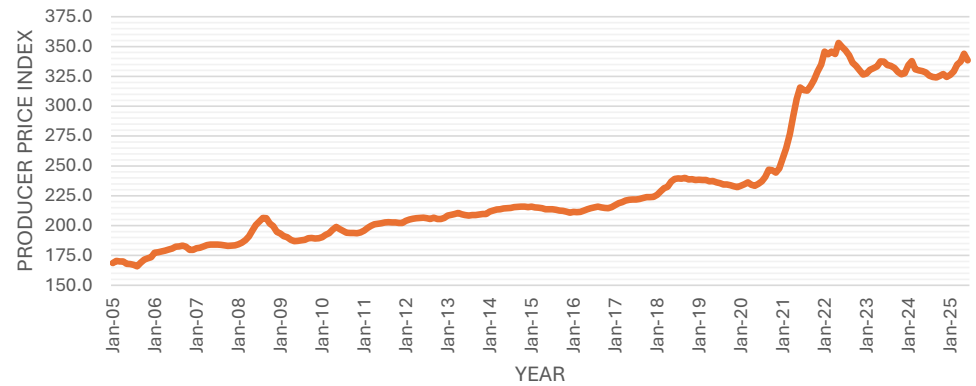
³ U.S. BLS, “Producer Price Index by Commodity: Special Indexes: Construction Materials” (2005 – 2025).

⁴ AGC, “Construction Data - Producer Prices and Employment Costs – Materials,” June 2025. ProCore,

“Construction Materials Price Tracker - Shingles, Drywall, Insulation Prices,” retrieved from <https://www.procore.com/library/material-price-tracker/shingles-drywall-insulation-prices>, accessed on July 17th, 2025.

FIGURE 1.

THE PRICE OF CONSTRUCTION MATERIALS HAS INCREASED SUBSTANTIALLY SINCE 2020



The five primary materials used in commercial construction are concrete, steel, wood or lumber, stone, and brick/masonry. A cost increase in these materials can quickly increase costs for the consumer. Table 1 shows the percentage change in the price of construction materials over the past year (from June 2024 to June 2025).

TABLE 1.

THE PRICE OF CERTAIN CONSTRUCTION MATERIALS IN THE U.S. HAS INCREASED BY AT LEAST FOUR PERCENT OVER THE PAST YEAR

CONSTRUCTION MATERIAL	PERCENTAGE CHANGE (JUNE 2024 TO JUNE 2025)
Steel	5.1
Concrete	4.9
Wood	4.8
Aluminum	6.3
Drywall/Insulation materials	7.9

Sources: Associated General Contractors of America, Procore⁴

Prices of certain construction materials, like fabricated metals used in bridges, have increased by 22.5 percent in the past year. Through the first half of 2025, nonresidential construction prices have climbed at a six percent annualized rate.⁵ Commercial construction is not the only service area struggling with increased pricing. Residential construction has also seen an increase in pricing over the last year. Homebuilders have reported seeing an increased construction cost of almost \$11,000 per home due to increased material costs.⁶

Research shows that the hike in national prices of construction materials is a result of inflation, uncertainty in trade agreements, and supply chain disruptions. According to the National Association of Homebuilders (NAHB), many developers are choosing to delay projects to avoid price hikes for their consumers. Current tariffs on construction materials like steel and aluminum range from 25 to 50 percent, depending on the country. Approximately seven percent of goods used in residential construction were imported as of 2024.⁷

Domestic production of construction materials is not up to par yet. A study by NAHB shows that the sawmills around the U.S. are operating at 64.4 percent of their potential capacity.⁸ In order to combat increased prices, developing national strategies for cost-saving, finding alternate suppliers, and stabilizing existing supply can help to take some of the burden off consumers.

FLORIDA'S CONSTRUCTION INDUSTRY

Florida's economy is growing in terms of population and urban development. As of May 2025, the construction industry is expected to grow seven percent in 2025, with a focus on mixed-use and infrastructure developments.⁹ Although contractors remain positive about the construction industry, prices in the sector have increased throughout the state.

RoMac Building Supply conducts a monthly Whole House Commodity Index for construction in the state of Florida. According to their July 2025 report, the Index is 5.1 percent higher than July 2024. This means that the overall cost of commodities required in building a home has increased by 5.1 percent.¹⁰ RoMac also found that May "Housing Starts"¹¹ were the slowest in five years, with increasing inventory and not enough demand.

While specific Florida based trends were not available for construction material pricing, Table 2 shows the percentage change in material prices for the southeast region of the U.S.

TABLE 2.
PRICE INCREASES OF CONSTRUCTION MATERIALS IN THE SOUTHEAST REGION OF THE U.S. FOLLOW THE NATIONAL TREND

CONSTRUCTION MATERIAL	PERCENTAGE CHANGE (JUNE 2024 TO JUNE 2025)
Steel	5.1
Concrete	4.7
Wood	8.2
Drywall/Insulation materials	6.2

Sources: RoMac and ProCore¹²

5 Construction Dive, "Construction costs rise as tariff clock ticks," retrieved from <https://www.constructiondive.com/news/construction-costs-june-2025-tariff/753255/#:~:text=Input%20costs%20now%20sit%202.1,set%20to%20take%20effect%20Aug.>, accessed on July 18th 2025.

6 Newsweek, "New US Homes Will Cost \$11,000 More To Build Because of Trump, Body Warns," retrieved from <https://www.newsweek.com/new-homes-will-cost-11000-more-build-because-trump-tariffs-body-warns-2060944#:~:text=New%20US%20Homes%20Will%20Cost,of%20Trump%2C%20Body%20Warns%20%2D%20Newsweek>, accessed on July 15th, 2025.

7 NAHB, "How Tariffs Impact the Home Building Industry," retrieved from <https://www.nahb.org/advocacy/top-priorities/building-materials-trade-policy/how-tariffs-impact-home-building>, accessed on July 18th, 2025.

8 NAHB, "Can the U.S. Lumber Industry Stand on Its Own?," retrieved from <https://www.nahb.org/blog/2025/06/can-us-lumber-stand-on-its-own>, accessed on August 5th, 2025.

9 ENS, "2025 Construction Market Overview: Trends, Costs, and Insights by State," retrieved from <https://www.ensdesigngroup.com/post/2025-construction-market-overview-trends-costs-and-insights-by-state/>, accessed on July 25th, 2025.

10 RoMac, "July 2025 Whole House Commodity Report," August 2025.

11 Housing starts are the number of new residential housing units on which builders have begun construction.

12 RoMac, "July 2025 Whole House Commodity Report," August 2025.

Procore, "Construction Material Price Tracker," retrieved from <https://www.procore.com/library/material-price-tracker>, accessed on July 28th, 2025.

In order to produce the above construction materials domestically, the root level materials like gypsum for drywall and sand and crushed stones for concrete are also crucial to control costs of production. Florida is one of the top ten states producing crushed stone—91.7 million tons annually¹³—and yet we still do not have enough concrete to fulfill construction demands in the state. This creates the need for importing these raw materials.

A July 2025 Florida TaxWatch commentary on tariffs stated that 75 percent of the of the imported lumber used for construction comes from Canada, and a crucial component of drywall—gypsum—comes from Mexico.¹⁴ A survey by the Associated General Contractors of America (AGC) showed that 46 percent on Florida contractors cited material costs as their top concern.¹⁵ Higher costs of construction materials in Florida can raise the price of a house by approximately \$10,000. The Florida Department of Transportation also expects a rise in cost of construction of five to nine percent.¹⁶ Another study estimates Florida real estate costs increasing by three to five percent in 2025. Additionally, increased material costs are already causing a four percent budget overrun in affordable housing projects – affecting the Live Local Act.¹⁷

IS THERE AN END IN SIGHT?

As of August 2025, there is a 50 percent tariff on all steel, aluminum, and copper imports in the U.S.¹⁸ Economists at NAHB and AGC state that the construction industry, at present, is very volatile in terms of demand and supply—which normally means prices are volatile as well. The best way to plan ahead, for anything construction related, is to stay informed about specific laws and tariffs regarding construction materials. In Florida, construction materials like plywood have seen a small drop in prices in June and July of 2025; however higher prices are anticipated due to uncertainty in the trade market. Long-term bids and contracts in the commercial construction industry may be the best option to lock in lower production costs. There has been no data to date to show any increase in domestic production of construction materials to help mitigate rising costs.

13 Twisted Nail, “Home – Material - U.S. States Where Construction Aggregate Prices Are Increasing the Most,” retrieved from <https://twistednail.com/post/states-where-construction-aggregate-prices-are-increasing-most/>, accessed on July 18th, 2025.

14 Florida TaxWatch. “The Potential Impact of New Tariffs on Florida’s Economy,” July 2025.

15 25WPBFNews, “Survey shows construction industry is optimistic about 2025 but there still some concerns,” retrieved from <https://www.wpbf.com/article/florida-construction-tariffs-trump-immigration/63374182#:~:text=essential%20to%20construction.%22-,Even%20though%20the%20supply%20chain%20problems%20in%202021%20and%202022,61%25%20name%20rising%20labor%20costs.>, accessed July 10th, 2025.

16 Policonstruction, “What Should Florida Builders Know About the Latest Material Tariffs?,” retrieved from <https://policonstruction.com/blog/what-should-florida-builders-know-about-the-latest-material-tariffs/>, accessed on July 10th, 2025.

17 Walter Duke and Partners, “Preparing for Tariffs: A Guide for Florida Commercial Real Estate Investors and Developers,” retrieved from <https://walterduke.com/preparing-for-tariffs-a-guide-for-florida-commercial-real-estate-investors-and-developers/>, accessed on July 6th, 2025.

18 AGC, “Tariff Resource Center for Contractors,” retrieved from <https://www.agc.org/tariff-resources-contractors>, accessed on August 5th, 2025.

ABOUT FLORIDA TAXWATCH

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