



Research Report

# US Commercial Construction and Contracting Industry

*December 2024*

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# CONTENTS



Executive Summary

03



Industry Overview

05



Trends & Growth Drivers

11



Key Market Players

14



M&A Activity

17



Industry Outlook

20



# Executive Summary





# Executive Summary

The US Commercial Construction industry is a highly fragmented and competitive industry with the presence of several domestic and foreign players operating in the country. The industry growth is primarily driven by increased government investments in infrastructure projects.

**Definition:** Commercial construction companies design, renovate, and build commercial structures such as offices, retail stores, warehouses, and more.

**Revenue and Growth of the US Commercial Construction Industry:** The industry's revenue is expected to reach \$171.3 B by 2024 and is projected to grow at a CAGR of 3.5% during 2024-29 to reach \$203.5 B by 2029.<sup>1</sup> In 2024, the US non-residential commercial construction spending is expected to increase by approx. 7.0% compared to 2023. The Manufacturing industry is expected to account for over 27.0% of all the construction projects.<sup>2</sup>

**Competition:** The US Commercial Construction industry is fragmented, with over 745,000 construction companies as of June 2024, with no major player holding a significant market share.<sup>3</sup>

**Rapid Technology Adoption:** The increasing adoption of technologies such as Building Information Modeling (BIM) and Construction Management Software (CMS) are enabling efficient project planning and design.

**Industry Outlook:** Despite challenges like labor shortages and supply chain issues, recent US government initiatives such as the Inflation Reduction Act, Infrastructure Investment and Jobs Act (IIJA), and CHIPS Act are expected to boost US construction spending in the future.

**Source:** <sup>1</sup> "United States Commercial Construction Market Size (2024 - 2029)" – Mordor Intelligence, <sup>2</sup> "What's the construction economy outlook for 2025? Experts are cautiously optimistic" – ConstructConnect, 2024, <sup>3</sup> "Construction Industry Statistics in the US in 2024" – Tst Europe, 2024





## Industry Overview



# Global Market Size & Growth

**Revenue and Growth:** The Global Commercial Construction industry's revenue was \$17.3 T in 2023 and is expected to grow at a CAGR of 8.5% during 2023-33 to reach \$39.1 T by 2033.

**Market Segmentation and Revenue Share by Type:** The Commercial Construction industry can be divided into two segments: type and application. By type, it can be segmented into New Construction, Repair and Maintenance, and Refurbishment and Demolition.

In 2023, New Construction, which includes the construction of new commercial structures, accounted for approximately 31.0% of the global market revenue. The demand was primarily driven by investments in renewable energy infrastructure. Repairs and Maintenance, which include restoring and maintaining existing structures, refurbishment and demolition accounted for 69.0% of the global market in 2023.

**Market Segmentation and Revenue Share by Application:** By application, the industry is categorized into Office Buildings, Leisure and Hospitality Buildings, Outdoor Leisure Facilities, and Retail Buildings.

Office Buildings held a 33.0% revenue share in 2023. Outdoor Leisure Facilities, Leisure and Hospitality Buildings, and Retail Buildings followed. The demand for Office Buildings was particularly influenced by economic growth and the continued shift towards remote working.

**Regional Analysis:** North America, particularly the US and Canada, accounted for roughly 36.0% of the Global Commercial Construction industry's revenue share in 2023.

Source: "Commercial Construction Market" – Market.us, 2023



## Industry Statistics

**\$17.3 T**

Revenue in 2023

**31.0%**

Revenue Share of New Construction

**8.5 %**

Revenue CAGR (2023-33)

**36.0%**

Revenue Share of North America



## Actual and Expected Industry Revenue 2023-33 (\$T)



# US Market Size & Growth

**Revenue and Growth:** The US Commercial Construction industry's revenue was \$171.3 B in 2024 and is expected to reach \$203.5 B by 2029, growing at a CAGR of 3.5% during 2024-29.<sup>1</sup>

**Competition:** The US Commercial Construction industry is highly fragmented and competitive due to the presence of numerous local and foreign companies, with no major player holding a significant market share. As of June 2024, the Construction industry consists of more than 745,000 companies in the US and employs 7.8 million people annually.

**Construction Spending:** In 2023, the total US construction spending increased by 7.4% YoY, reaching \$1.9 T. Non-residential construction was the primary driver of this growth, increasing by 17.6% YoY.<sup>2</sup> In 2024, the US non-residential commercial construction spending is estimated to increase by approx. 7.0% compared to 2023. The Manufacturing industry is expected to account for over 27.0% of all non-residential projects.<sup>3</sup>

**Government Initiatives:** The US government introduced key initiatives to drive growth in this industry, including the Inflation Reduction Act, promoting investments in renewable energy and sustainable projects. The Infrastructure Investment and Jobs Act, that plans to allocate trillions of US dollars over a 10-year period from 2021 to upgrade critical infrastructure like roads, bridges, and airports is also driving demand for construction projects. Similarly, the CHIPS and Science Act, are also boosting demand for advanced manufacturing facilities.

**Source:** <sup>1</sup> "United States Commercial Construction Market Size (2024 - 2029)" – Mordor Intelligence, <sup>2</sup> "Construction Industry Statistics in the US in 2024" – Tst Europe, 2024, <sup>3</sup> "What's the construction economy outlook for 2025? Experts are cautiously optimistic" – ConstructConnect, 2024



## Industry Statistics

**\$171.3 B**

Expected Revenue by 2024

**7.8 M**

People Employed

**\$1.9 T**

Construction Spending in 2023

**3.5 %**

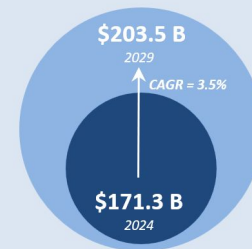
Revenue CAGR (2024-29)

**745,000**

Number of Businesses as of June 24



## Expected Industry Revenue 2024-29 (\$B)



# Industry Performance in the Past 5 Years

In the last 5 years, the US Commercial Construction industry faced a mix of challenges and opportunities, heavily influenced by government policies, the COVID-19 pandemic, global supply chain issues, and advancements in technologies.

**High Inflationary Environment and the Pandemic:** The US Commercial Construction industry was significantly affected by the COVID-19 pandemic and high inflationary environment. The prices of building materials like lumber and steel, skyrocketed, while the pandemic caused project delays, cancellations, and financial strains for industry players.

**Volatility in Lumber Prices:** Lumber is an important raw material for the Commercial Construction industry as it is used in structural framing, decorative elements, interior finishing, and roofing. The monthly lumber prices in the US were highly volatile between 2020-24. The lumber prices varied from \$278.5 in 2020 to \$1,500.5 in 2021 and finally reached \$499.6 per thousand board feet in July 24.<sup>1</sup>

**Construction Activities:** In 2024, the non-residential construction activity was highest in Texas, followed by California, Florida, New York, and Washington DC, majorly due to population growth, economic expansion, job creation opportunities, and investments from domestic and international sources.

**Industry Resilience:** Despite the labor shortages, high building material prices, and COVID-19 pandemic, the US Commercial Construction industry demonstrated resilience, with commercial construction spending increasing from \$150.2 B in 2020 to \$165.4 B in 2023, at a growth rate of 2.4%.<sup>2</sup>

**Source:** <sup>1</sup> "LumberPrice" – Trading Economics, 2024, <sup>2</sup> "Construction Spending" – US Census Bureau

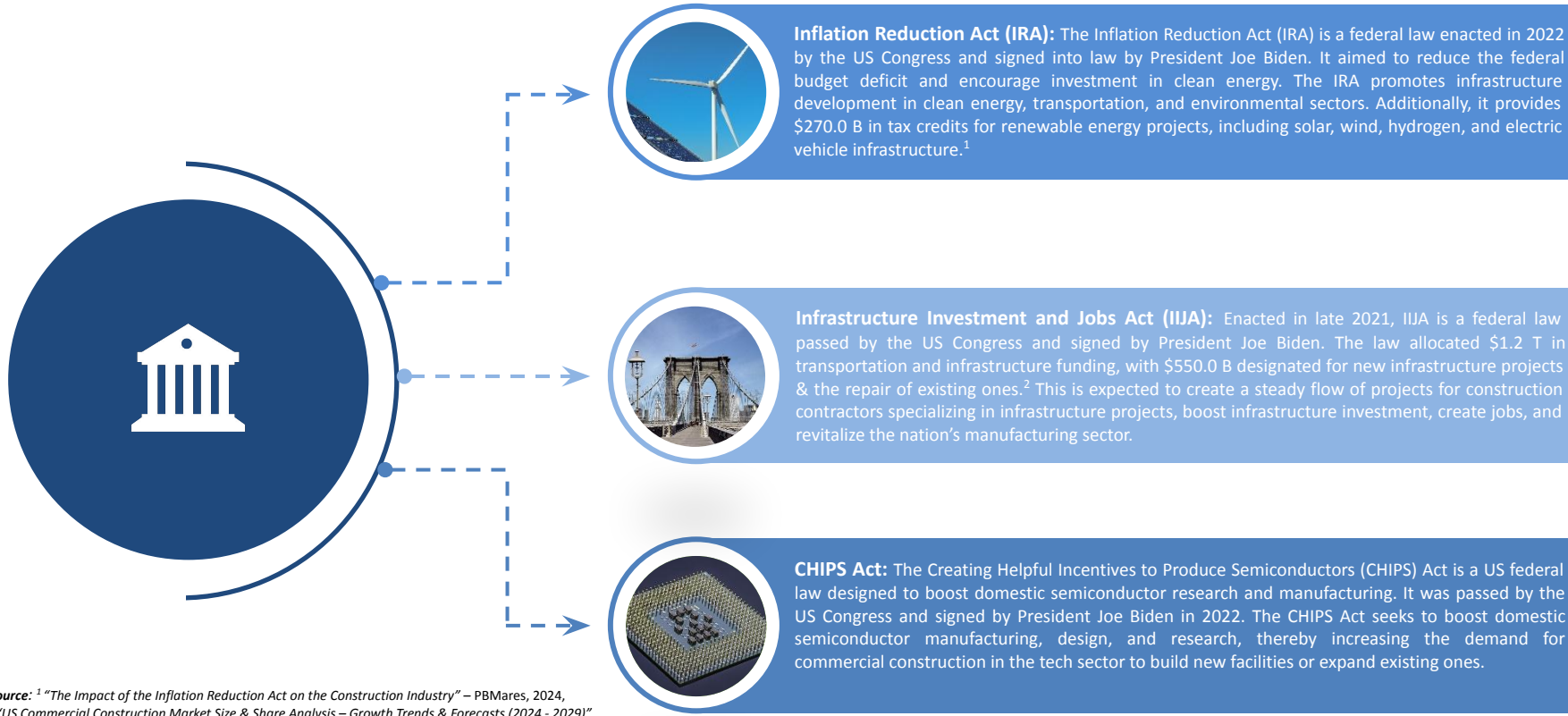


Lumber Prices (\$ per Thousand Board Feet)





# US Government Support and Initiatives



**Source:** <sup>1</sup> "The Impact of the Inflation Reduction Act on the Construction Industry" – PBMares, 2024,  
<sup>2</sup> "US Commercial Construction Market Size & Share Analysis – Growth Trends & Forecasts (2024 - 2029)"  
– Mordor Intelligence

# Expected Shifts in the Industry Under New US Leadership

The new US administration under Trump is expected to reduce regulations, prioritize the private sector, impose high tariffs on imported goods, which could increase operational costs for construction companies, and provide more funding for traditional infrastructure projects.



## Reduction in Tax Rates to Support the Construction Industry

Trump's Tax Cuts and Jobs Act (TCJA) lowered tax rates during his first term. The new administration is expected to reduce corporate taxes from 21.0% to 15.0%, which will likely reduce the tax burden of companies operating in the US Commercial Construction industry and enhance their profitability.



## Increased Focus on Non-Renewable Energy Sources

The new administration is expected to reverse policies supporting renewable energy, electrification, and energy efficiency. These policy changes could present challenges for commercial construction companies already transitioning to clean energy, but they could benefit the broader US Commercial Construction industry by potentially reducing the inflationary pressures in the economy.



## High Tariffs on Chinese and Mexican Imported Goods

During his first tenure, the Trump administration imposed high tariffs on steel and solar panels. The new leadership is likely to impose new tariffs, on Chinese and Mexican goods. These tariff costs will likely be passed on to the importers and thereby could increase operational costs for commercial construction firms, impacting their bottom line.

Source: "3 Ways a Second Trump Presidency Could Affect Building Owners and Operators" – BUILDINGS, 2024



## Trends & Growth Drivers





# Trends

## Rapid Advancements in Technology

Increased adoption of Building Information Modeling (BIM) and Construction Management Software (CMS) are helping construction companies in efficient design, visualization, and planning.

These technologies streamline the design and project planning processes, improve efficiency, and enable data-driven decision-making. BIM enables detailed 3D modeling of buildings, thereby, reducing errors and improving coordination. Companies utilize CMS for budget management, communication, job scheduling, etc.



## Use of Modular and Prefabricated Construction

Modular construction is a method in which a building is constructed offsite under controlled conditions before being transported and assembled at its final location.

Prefabrication, a subset of modular construction, involves assembling parts of a structure in either a factory or a manufacturing facility. These construction methods are gaining popularity due to their increased efficiency, cost-effectiveness, and ability to mitigate labor shortages.



## High Labor Shortages

An aging workforce, coupled with fewer young people entering the field, is creating a gap between the demand and supply of skilled workers. By 2031, approximately 41.0% of the US construction workforce hired before 2020 is expected to retire. This shortage is driving up the wage rates in this industry.

A lack of interest among younger generations pursuing careers in construction presents a significant hurdle for industry players which needs to be addressed by new investments and upskilling.



## Supply Chain Disruptions

Supply chain disruption is another challenge for the Commercial Construction industry. The COVID-19 pandemic and geopolitical tensions exposed the industry's vulnerabilities in this area.

Although fuel costs have decreased since the pandemic, some materials such as electrical components, steel, and timber still face extended lead times. However, the industry is benefiting from key provisions in the CHIPS Act, the IRA, and the Bipartisan Infrastructure Law.



Source: "Delivering on construction productivity is no longer optional" – McKinsey & Company, 2024

# Growth Drivers



**Increased Government Investments and Initiatives:** Government investments and initiatives in infrastructure development play a crucial role in driving the growth of the US Commercial Construction industry. Government investments in building transportation networks and public facilities significantly contribute to the growth of this industry. These investments generate job opportunities and lead to long-term economic growth. Government initiatives such as IJIA, providing \$1.2 T for infrastructure repairs and upgrades, further support the industry's growth by increasing demand for commercial spaces.<sup>1</sup>



**Urbanization and Population Growth:** The increasing population and urbanization are driving the demand for commercial spaces in urban areas. The US population is expected to grow by 0.5% in 2024.<sup>2</sup> This growing urban population increases the need for office buildings, shopping centers, and mixed-use developments. Additionally, rapid urbanization and population growth are boosting the demand for public infrastructure, such as roads, bridges, and public transportation, all of which contribute to the demand of commercial structures.



**Sustainability and Green Construction Initiatives:** Sustainability and green construction are key drivers for growth of the US Commercial Construction industry. A greater emphasis on sustainability and eco-friendly practices by both businesses and government are driving the demand for energy-efficient designs of commercial buildings and the use of sustainable materials. Growing awareness about climate change, along with stricter environmental regulations, are encouraging construction firms to adopt environmentally responsible practices and materials.



**Increased Demand for Office Space:** The demand for office space witnessed a decline during the COVID-19 pandemic, particularly with many companies shifting to a hybrid model. However, with the rise in corporate activity, the demand for office spaces increased in US cities such as New York, Los Angeles, and Chicago. In the third quarter of 2024, office leasing demand continued its recovery, growing by 0.4% from the second quarter of 2024, reaching 50.4 mn square feet.<sup>3</sup> This resurgence in office space demand is driving the need for commercial spaces, providing a boost to the Commercial Construction industry.

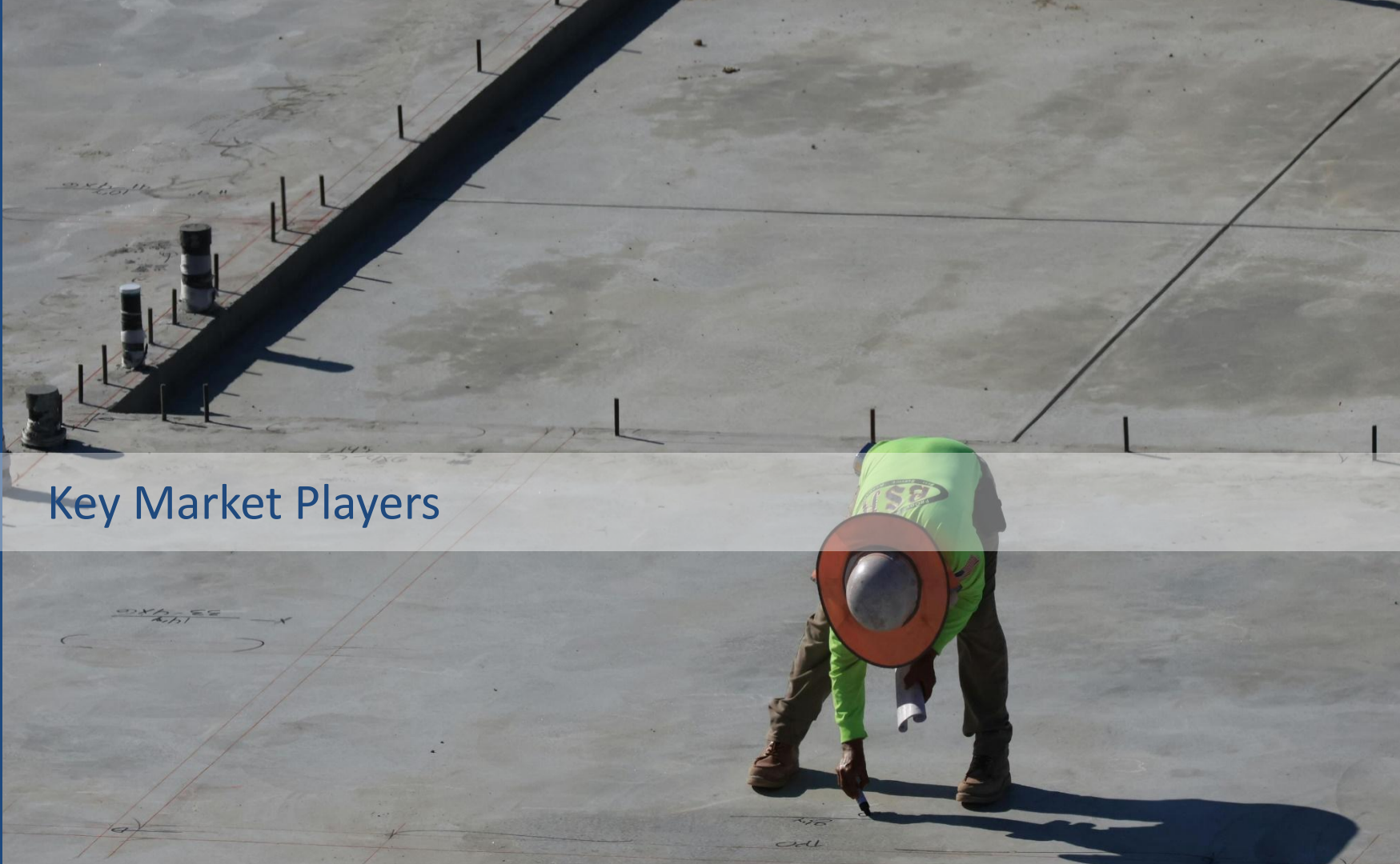


**Increased Number of Smart Cities:** The rise of Smart Cities is a key factor fueling growth in the industry. A Smart City is an urban area that leverages digital technology to gather data and deliver services. These cities demand advanced infrastructure and commercial spaces, which in turn drive expansion in the industry.

Source: <sup>1</sup> "US Commercial Construction Market Size & Share Analysis – Growth Trends & Forecasts (2024 - 2029)" – Mordor Intelligence, <sup>2</sup> "U.S. Population Growth Rate 1950-2024" – Macrotrends LLC, <sup>3</sup> "Q3 office leasing demand hit new post-pandemic highs: JLL" – Facilities Dive, 2024



## Key Market Players





# Key Market Players (1/2)

Company	Website	Headquarters	Business Description
	<a href="https://bechtel.com/">https://bechtel.com/</a>	Reston, VA	Provider of engineering, construction and project management services to industrial and government clients.
	<a href="https://turnerconstruction.com/">https://turnerconstruction.com/</a>	New York, NY	Provides construction services such as pre-construction, construction management, project management, and lean construction.
	<a href="https://dpr.com/">https://dpr.com/</a>	Redwood, CA	General contractor and construction manager specializing in projects for the advanced technology, life sciences, healthcare, higher education, and commercial markets.
	<a href="https://whiting-turner.com/">https://whiting-turner.com/</a>	Towson, MD	Provides construction management, general contracting, design-build, and integrated project delivery services.
	<a href="https://clarkconstruction.com/">https://clarkconstruction.com/</a>	Bethesda, MD	Commercial and civil contractor offering heavy construction of highways, railways, airports, and water treatment facilities.
	<a href="https://emcorgroup.com/">https://emcorgroup.com/</a>	Norwalk, CT	Provides mechanical and electrical construction, industrial and energy infrastructure, and building services.

# Key Market Players (2/2)

Company	Website	Headquarters	Business Description
	<a href="https://kiewit.com/">https://kiewit.com/</a>	Omaha, NE	Offers construction and engineering services in various markets including transportation, oil, gas and chemical, power, marine, water wastewater, industrial, and mining.
	<a href="https://mccarthy.com/">https://mccarthy.com/</a>	St. Louis, MO	National construction company offering expertise in aviation, commercial, education, government, healthcare industries, and more.
	<a href="https://holderconstruction.com/">https://holderconstruction.com/</a>	Atlanta, GA	Offers services such as general contracting, construction management, and design-build. It focuses on large-scale, complex commercial projects across various sectors.
	<a href="https://fluor.com/">https://fluor.com/</a>	Irving, TX	Provide professional and technical solutions to deliver engineering, procurement and construction (EPC) projects to clients globally.
	<a href="https://henselphelps.com/">https://henselphelps.com/</a>	Greeley, CO	Builds and manages a diverse range of domestic and international project types that includes development, new construction and renovation, and facilities management.
	<a href="https://gilbaneco.com/">https://gilbaneco.com/</a>	Providence, RI	Privately held and family-owned, full-service construction and real estate development firm.











## M&A Activity













# Selected M&A Transactions (1/2)

Date	Target	Acquirer	Target's Location	Transaction Description
01-Nov-24			Madison, WI	JG Development acquired Supreme Structures for an undisclosed amount. JG Development is a residential and commercial contractor and single-site developer. It builds homes and commercial structures. Founded in 1992, Supreme Structures is a general contractor and design-build construction company offering commercial property damage repair, plumbing and electrical services, routine maintenance, etc. The acquisition is expected to double the commercial construction operations of JG Development.
07-Jun-24			Mason, MI	Rival Holdings acquired Laux Construction for an undisclosed amount. Founded in 2023, Rival is a strategic investor focused on organizations within the built environment, aiming to drive innovation and actively transform the industry through targeted investments. Founded in 1996, Laux Construction is a general contractor that specializes in commercial construction offering general contracting, construction management, and design / build services. This acquisition aligns with Rival's investment strategy.
15-Mar-24			Pittsburgh, PA	AE Works Ltd., acquired WTW Architects for an undisclosed amount. Founded in 2007, AE Works is an architecture and engineering firm that designs and manages building projects. Established in 1959, WTW Architects is a full-service architecture, planning, & interior design firm specializing in student engagement spaces. The acquisition strengthens AE Works' design leadership and presence in Pittsburgh.
06-Feb-24			Kansas City, MO	Fleming Construction Group (FCG) acquired the Program Accounts and Construction Services divisions of BlueScope Construction from BlueScope Buildings North America. Founded in 1946, FCG is a full-service, design and build general contractor specializing in pre-construction, construction, and retrofit for non-residential and industrial facilities development. BlueScope Buildings North America is a manufacturer of engineered building solutions. The acquisition enhanced FCG's steel erection capabilities and capacity.

Source : Company Press Releases, Pitchbook

# Selected M&A Transactions (2/2)

Date	Target	Acquirer	Target's Location	Transaction Description
01-Nov-23			Duluth, GA	Camp Facility Services (CFS) acquired Finite Reimaging for an undisclosed amount. Founded in 1978, CFS provides restoration, renovation, and maintenance services to the multifamily and commercial construction industries. Established in 2015, Finite Reimaging is a construction management organization that offers building maintenance and repair, retail restoration services, and hotel renovations. The acquisition expands CFS' services nationwide and enhances its ability to serve hospitality and commercial customers.
07-Apr-23			Frisco, TX	Ratliff Hardscape acquired Gold Medal Construction, the commercial construction division of Gold Medal Pools, for an undisclosed amount. Ratliff Hardscape offers general construction, concrete, masonry services, and construction management to Texas's public and private sectors. Gold Medal Construction provides commercial construction services such as complete site development, amenity buildings, playgrounds, and hardscapes. The acquisition's objective was to enhance Ratliff Hardscape's general construction, masonry, and hardscape capabilities in the single and multi-family markets.
08-May-22			Austin, TX	W.E. O'Neil acquired DCA Construction for an undisclosed amount. Founded in 1925, W.E. O'Neil Construction is a construction company and project developer in Arizona and California. DCA Construction is a provider of general contractor, designing, building, pre-construction, and project management services. The acquisition of DCA Construction enabled W.E. O'Neil to expand its operations into the Texas market.
01-Apr-22			Winter Garden, FL	Cianbro acquired R.C. Stevens Construction Co. for an undisclosed amount. Cianbro is a construction and construction services company. R.C. Stevens is a construction firm that provides new construction and renovation services, with emphasis on design / build related to industrial and commercial markets. The acquisition is anticipated to broaden Cianbro's geographic footprint in the Southeastern United States.

Source : Company Press Releases, Pitchbook



## Industry Outlook



# US Commercial Construction Industry Outlook

The US Commercial Construction industry is expected to grow steadily, driven by increasing investments in logistics and renewable energy, government initiatives supporting infrastructure and sustainability, and advanced technologies adoption to enhance efficiency and reduce costs.



## Increased Infrastructure Investments

The US Commercial Construction industry is projected to grow to \$203.5 B by 2029, growing at a CAGR of 3.5% during 2024-29.

Key growth areas may include warehousing, logistics, and data centers, fueled by the continued expansion of e-commerce and increasing reliance on digital infrastructure. Investments in renewable energy, particularly solar and wind facilities, are also expected to drive sectoral growth.

Urbanization trends could lead to significant investments in office buildings and mixed-use spaces in metropolitan areas, while suburban regions may gain prominence due to changing population dynamics.



## Enhanced Government Support

Legislative measures like the Inflation Reduction Act and the CHIPS Act are expected to channel billions into infrastructure upgrades and manufacturing facility development.

These policies aim to enhance domestic production and improve transportation networks, creating new opportunities for construction firms.

The growing emphasis on sustainability and energy efficiency might drive demand for green construction projects. Businesses aiming to meet ESG targets could prioritize LEED-certified and net-zero buildings, making sustainability a critical growth driver in the future.



## Increased Adoption of New Technologies

The adoption of advanced technologies such as Building Information Modeling, AI-driven planning tools, and drone-based project monitoring is likely to reshape the industry.

These innovations are expected to reduce waste, improve design precision, and optimize resource utilization.

Prefabrication and modular construction methods may gain traction as cost-effective, time-saving approaches. Off-site manufacturing could streamline operations, making it a preferred choice for future projects, particularly large-scale and time-sensitive ones.

Source: "United States Commercial Construction Market Size (2024 - 2029)" – Mordor Intelligence



# US Commercial Construction Industry



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