



THIRD
QUARTER
2025

CIRT SENTIMENT INDEX



in partnership with



Construction Industry
Round Table

SEPTEMBER 2025

Along with the entire CIRT community, we are deeply saddened by the passing of President Mark Casso in June. Mark was an incredible person, mentor and leader who brought passion and energy to his leadership of CIRT. He leaves behind a legacy of pushing the industry forward, advocating tirelessly for improvement and creating connections across members. We already miss his influence as we present this quarterly report and remain committed to upholding his commitment to serving the members with excellence going forward.

Respectfully,
Chris Daum, CEO and President

EXECUTIVE SUMMARY

The third quarter CIRT Sentiment Index rose to 65.0 from 54.0 in the second quarter. The Design Index also advanced, increasing to 58.5 in the third quarter from 44.9 in the previous quarter. Members highlighted strong pipelines, improving views of the U.S. economy and easing cost pressures as drivers of the rebound. While the outlook is positive, it's important to note that design activity remains comparably cautious, and significant cost pressures remain.

Sentiment on the overall U.S. economy rose sharply in the third quarter to 49.0 from 30.4 in the second quarter, and the economy where members do business climbed to 58.7 from 39.3. Views of firms' own construction businesses improved to 75.4 from 55.9, while the nonresidential index moved up to 58.7 from 38.4. These gains show broad-based improvement in industry outlook compared to the prior quarter.

The backlog index eased slightly to 71.2 from 73.8 in the second quarter, though it remains at a historically healthy level. Labor costs edged higher, to 76.9 from 75.0, while materials costs dropped to 87.5 from 98.2. Productivity improved modestly to 49.0 from 48.2. Cost escalation remains a challenge, but pressures have eased since the last quarter.

Expectations for the broader economy are steady. Roughly 27% of members expect the U.S. economy to improve next quarter, 44% anticipate no change and 29% expect deterioration. Local markets are viewed slightly more positively. Nonresidential construction continues to be seen as stronger than residential, with 33% of respon-

CIRT Index Movement			
Sentiment Index		Design Index	
64.98		58.53	
		Q3 2025	Q2 2025
Overall U.S. Economy	↑	49.04	30.36
Economy Where We Do Business	↑	58.65	39.29
Our Construction Business	↑	75.41	55.88
Nonresidential Sector	↑	58.65	38.39
Backlog	↓	71.15	73.81
Cost of Labor	↑	76.92	75.00
Cost of Materials	↓	87.50	98.21
Productivity	↑	49.04	48.21

dents expecting improvement in nonresidential markets compared to 16% in residential. Health care, manufacturing and public works remain the strongest sectors, while office and lodging continue to lag.

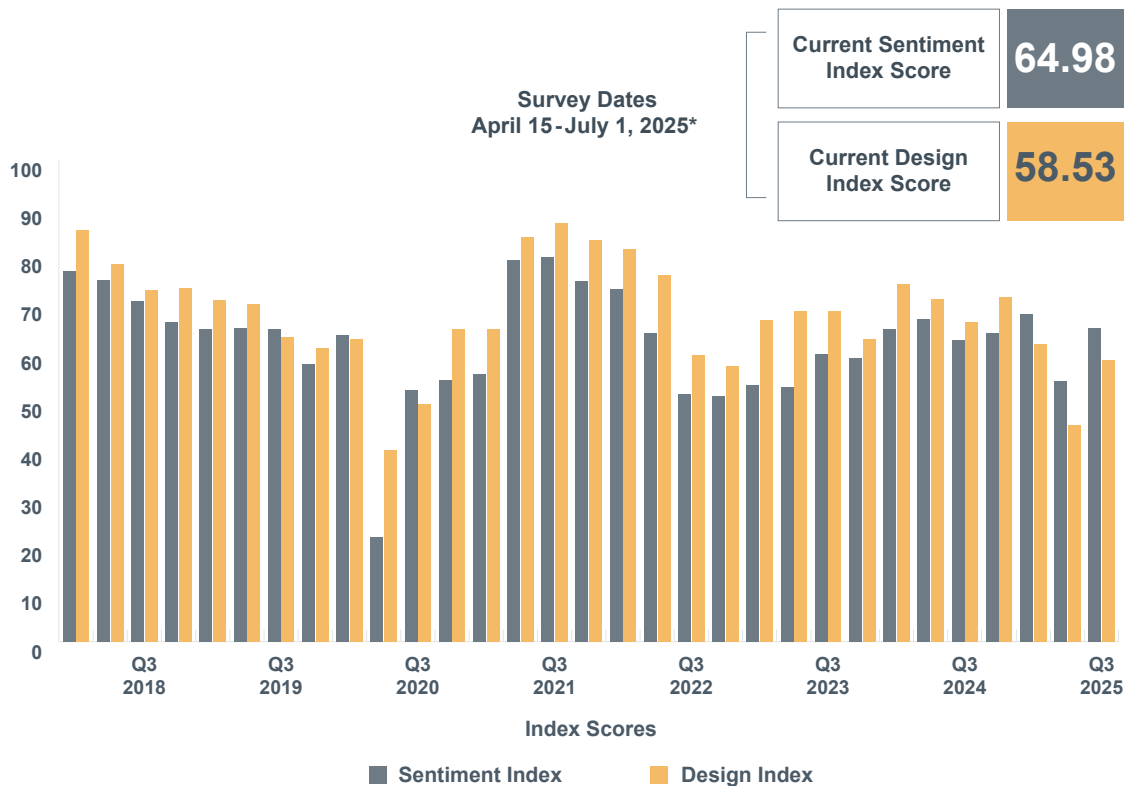
The third quarter survey's current-issue questions focused on opportunity, policy, resilience and strategy. Respondents reported stronger project pipelines than last year, with both higher project counts and higher dollar volume. On trade and tax policy, members pointed to mostly neg-

ative indirect impacts from trade policy due to client cost sensitivity and supply chain disruptions, though they view tax policy changes within the One Big Beautiful Bill Act as more balanced to positive.

Looking ahead, members identified profitability and backlogs as the most important levers for resilience in 2026. Members’ strategic plans show emphasis on selective bidding, pursuit of alternative procurement opportunities, targeted hiring, and investment in equipment and facilities. Many respondents also shared that they’ll be emphasizing expansion of services, including both segment- and geography-centered strategies, in their strategic plans.

In open-ended responses, members noted, as challenges, instability in Washington, high interest rates, tariffs and delays tied to the federal Project Labor Agreement (PLA) mandate. Labor and funding pressures were also cited, including stricter immigration enforcement, cuts in higher education and health care, and heavier regulation in energy. At the same time, members pointed to opportunities in artificial intelligence, onshoring of manufacturing, renewable energy and infrastructure renewal. Several members highlighted that stalled federal projects are redirecting resources to faster-growing areas such as mission-critical facilities.

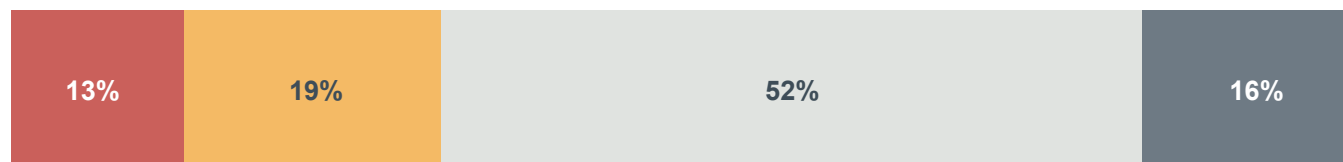
CIRT SENTIMENT INDEX AND DESIGN INDEX SCORES FROM Q1 2018 TO Q3 2025



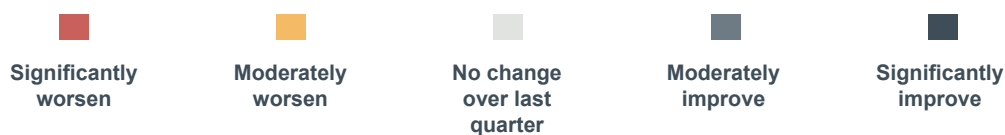
*Survey responses were collected during a period of heightened U.S.-China trade tensions. Tariff rates between the U.S. and China peaked on April 12 and were not reduced for further negotiations until May 14, just after the survey closed. This timing likely influenced member sentiment.

EXPECTATIONS FOR THE RESIDENTIAL AND NONRESIDENTIAL BUILDING MARKETS FOR NEXT QUARTER

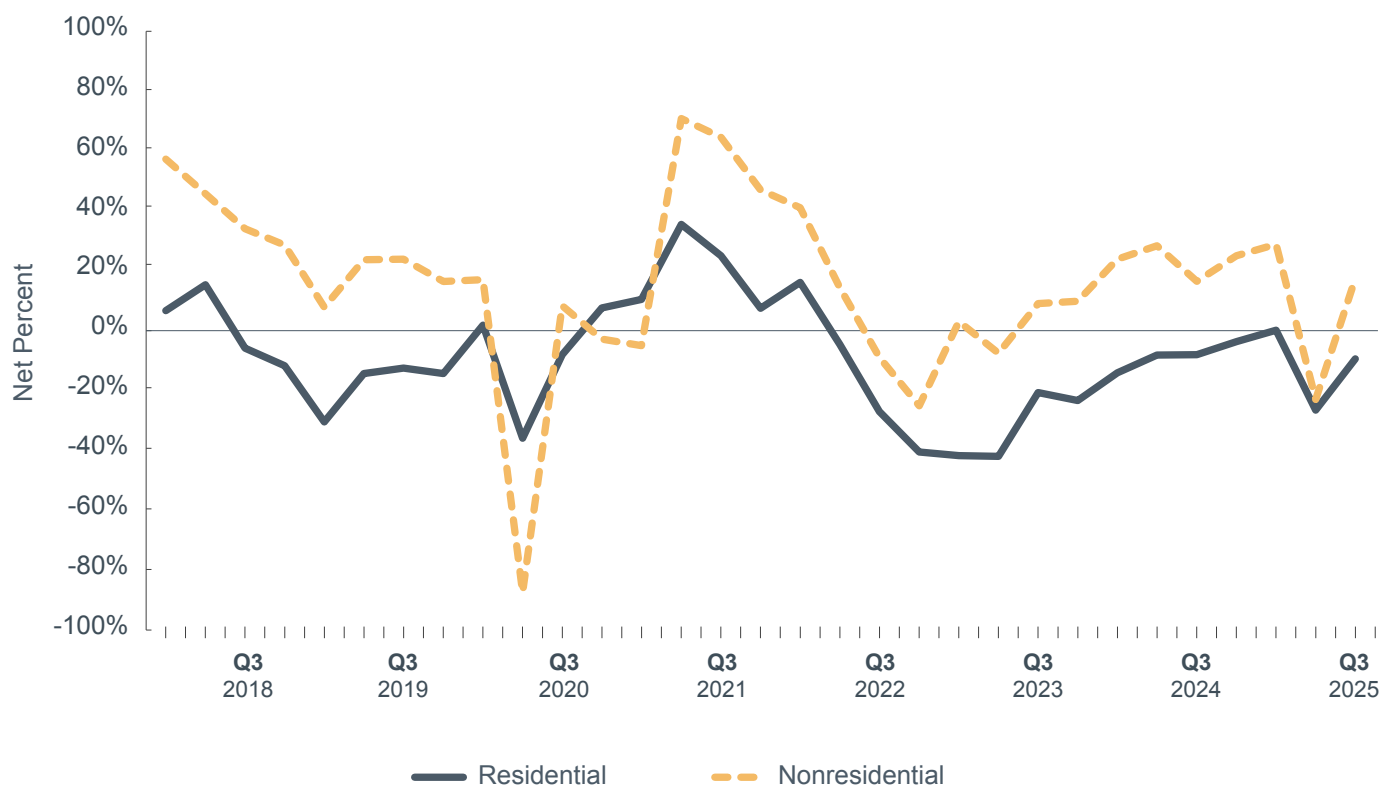
Residential Building Construction Market



Nonresidential Building Construction Market

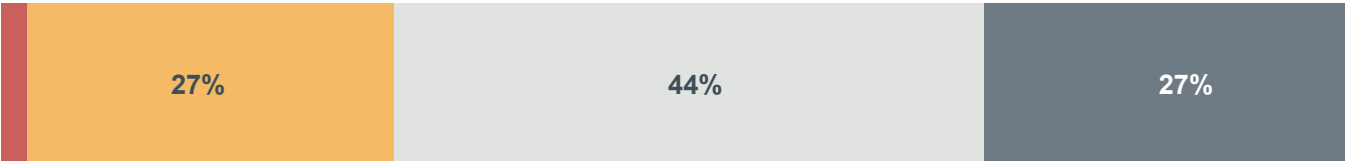


RESPONDENTS REPORTING IMPROVING CONDITIONS QUARTER OVER QUARTER

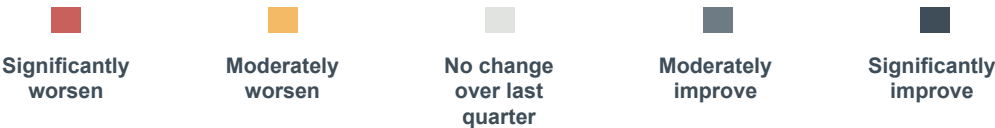
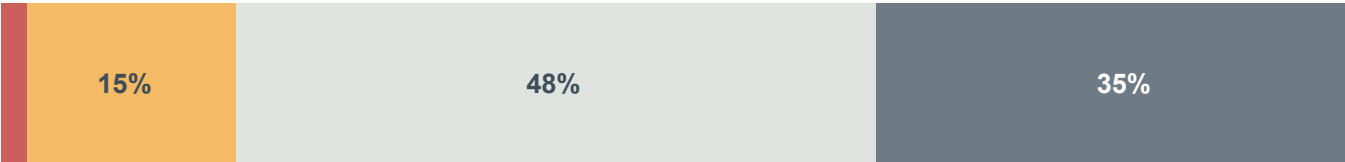


LOCAL AND NATIONAL ECONOMIC PREDICTIONS FOR NEXT QUARTER

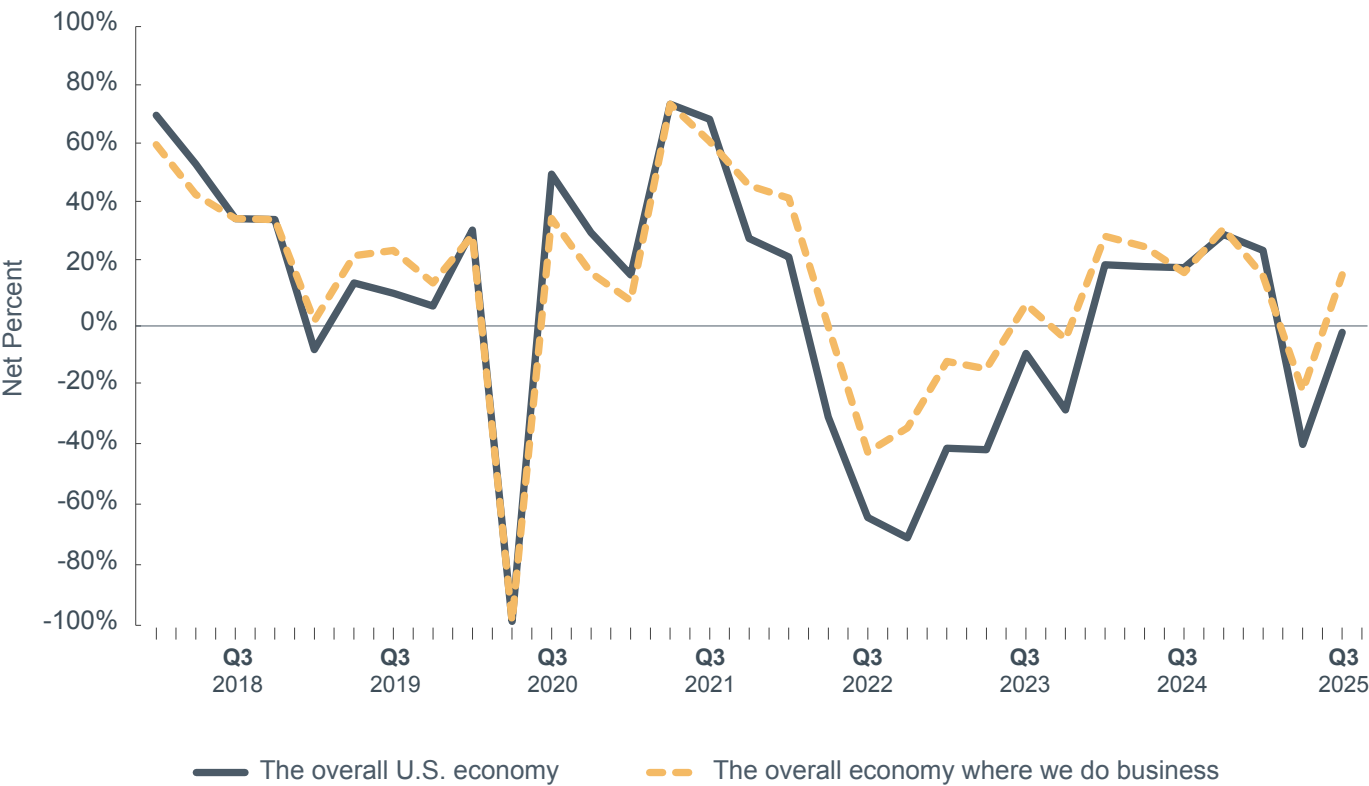
The overall U.S. economy will:



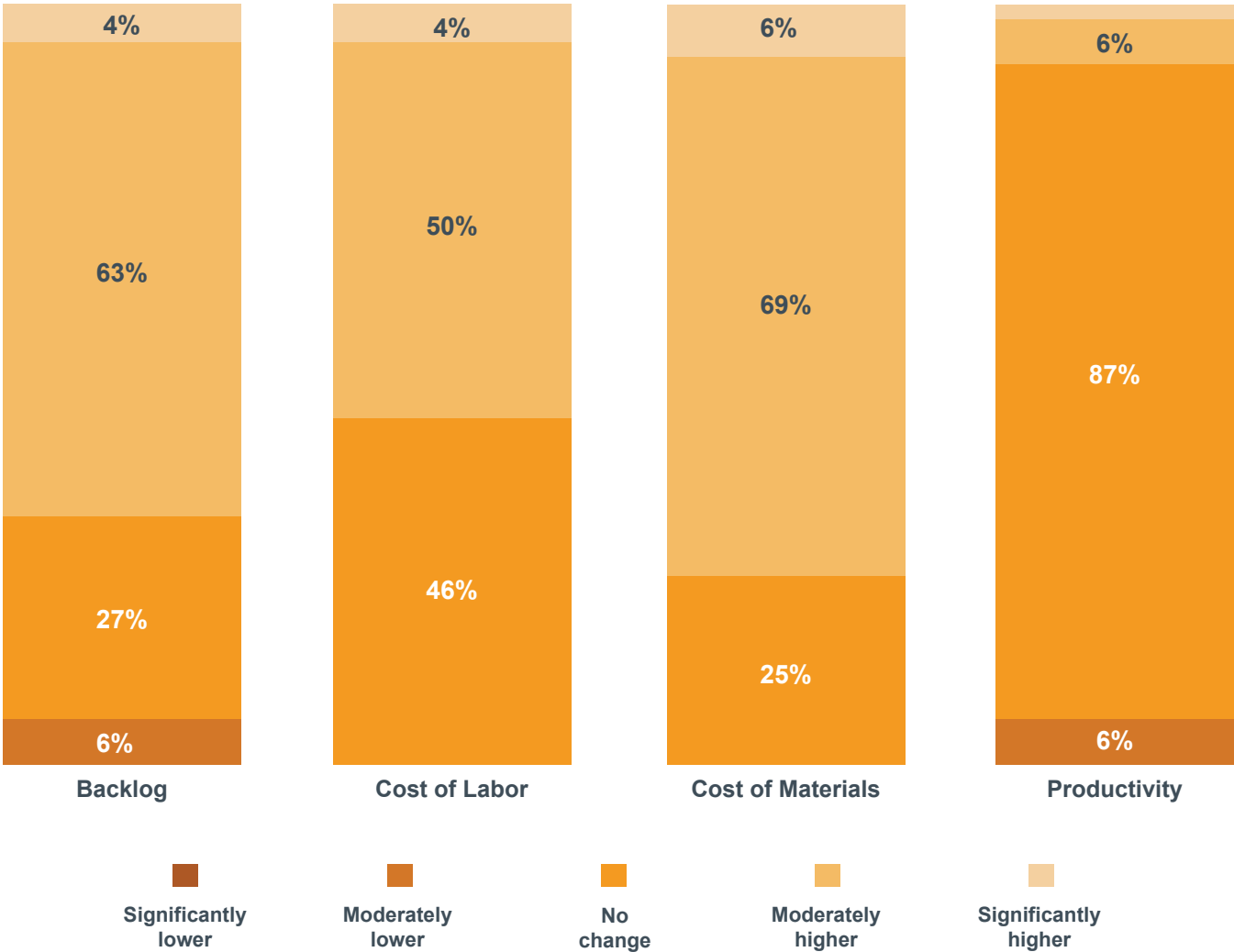
The economy where we do business will:



RESPONDENTS REPORTING IMPROVING ECONOMIC CONDITIONS
QUARTER OVER QUARTER



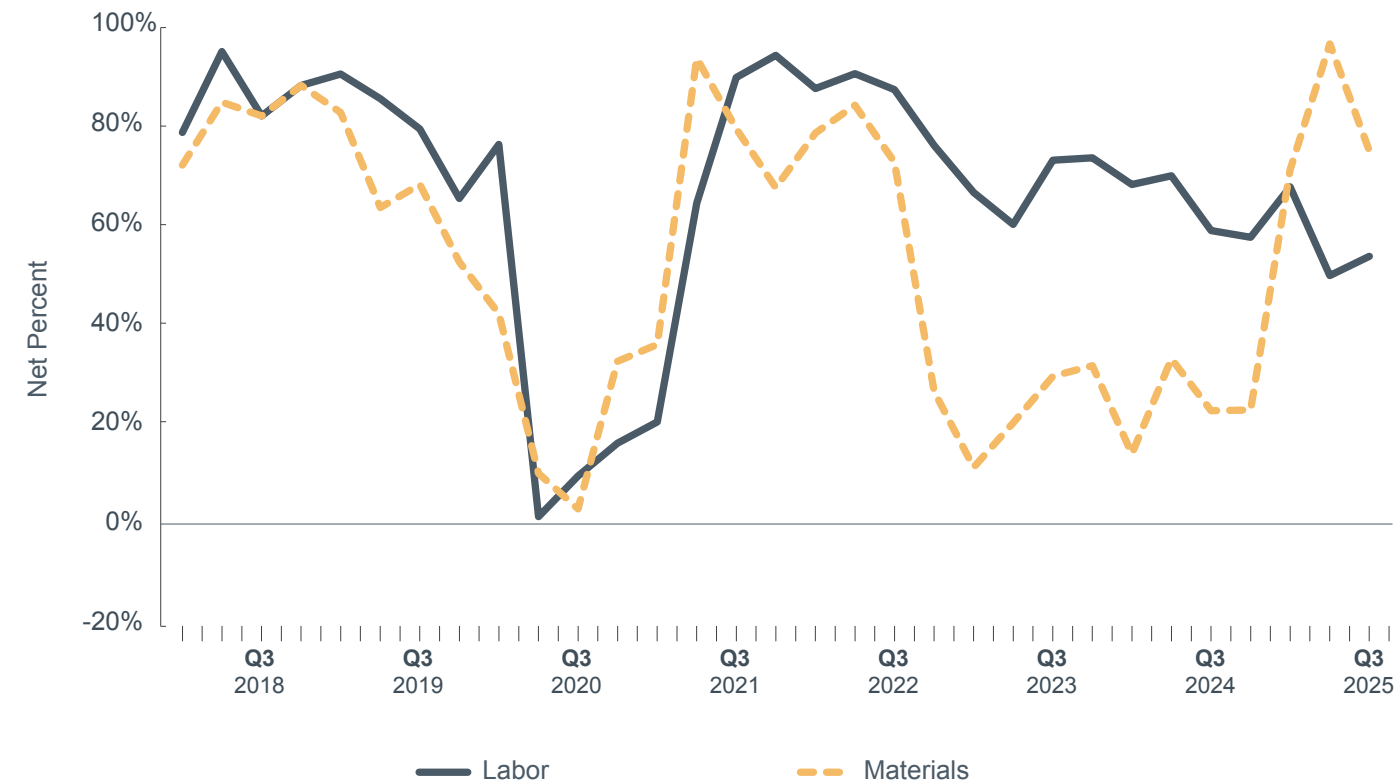
CONSTRUCTION INPUT PREDICTIONS FOR NEXT QUARTER



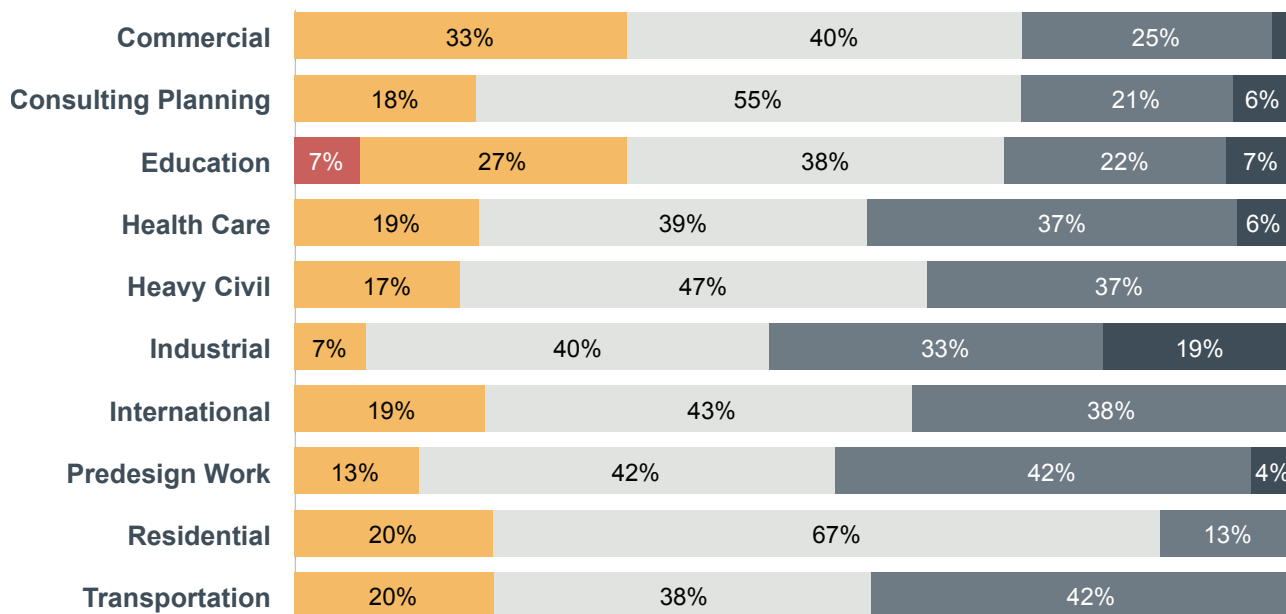
RESPONDENTS REPORTING IMPROVING BACKLOG CONDITIONS
QUARTER OVER QUARTER



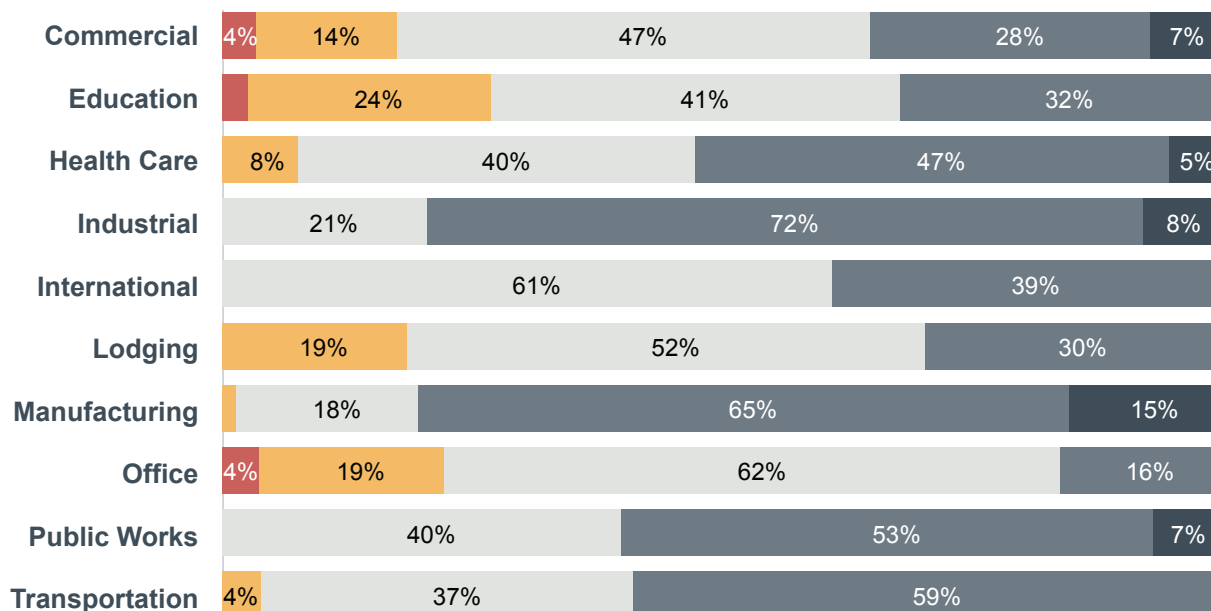
RESPONDENTS REPORTING COST INCREASES ON INPUTS
QUARTER OVER QUARTER



PERCEPTION OF CHANGE FOR NEXT QUARTER: DESIGN

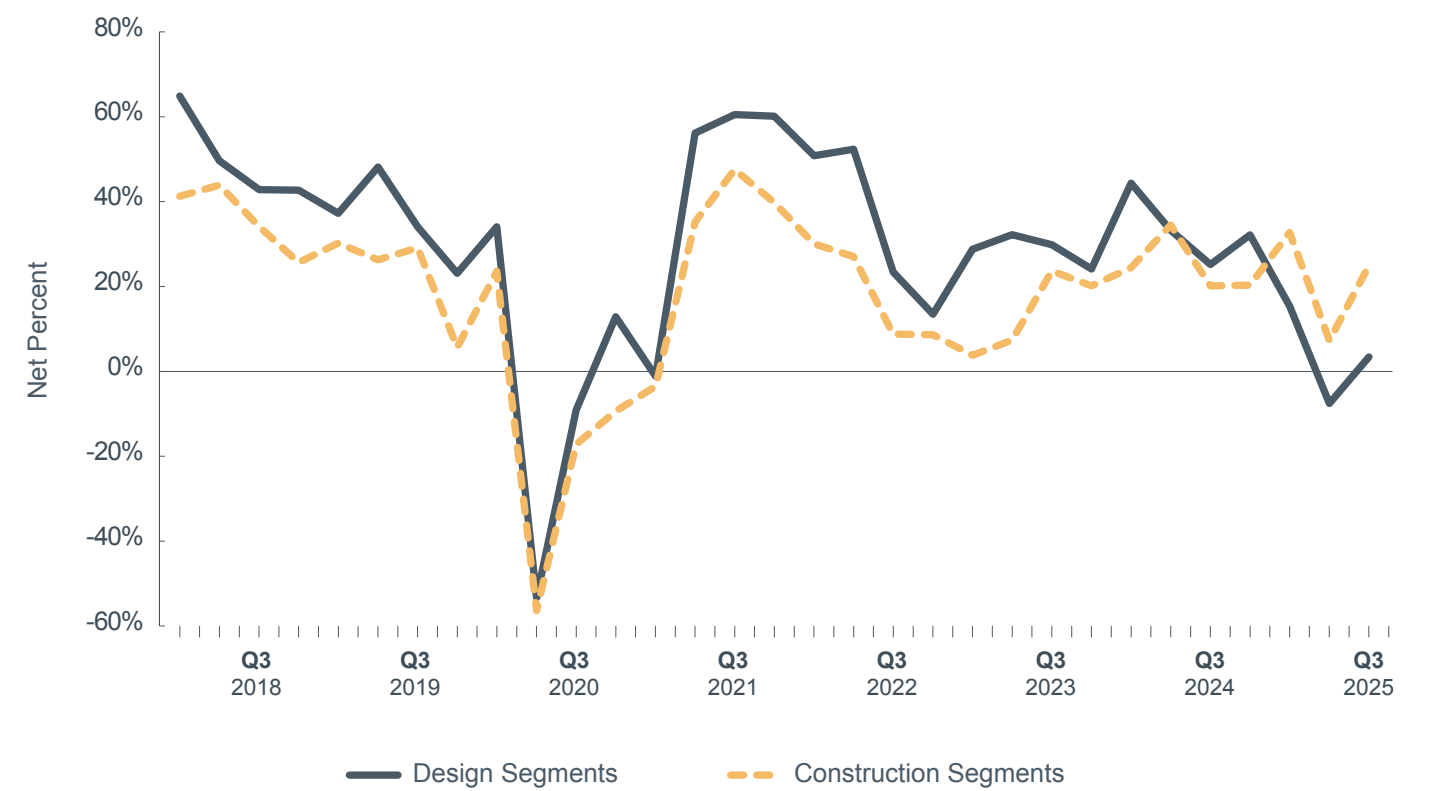


PERCEPTION OF CHANGE FOR NEXT QUARTER: CONSTRUCTION

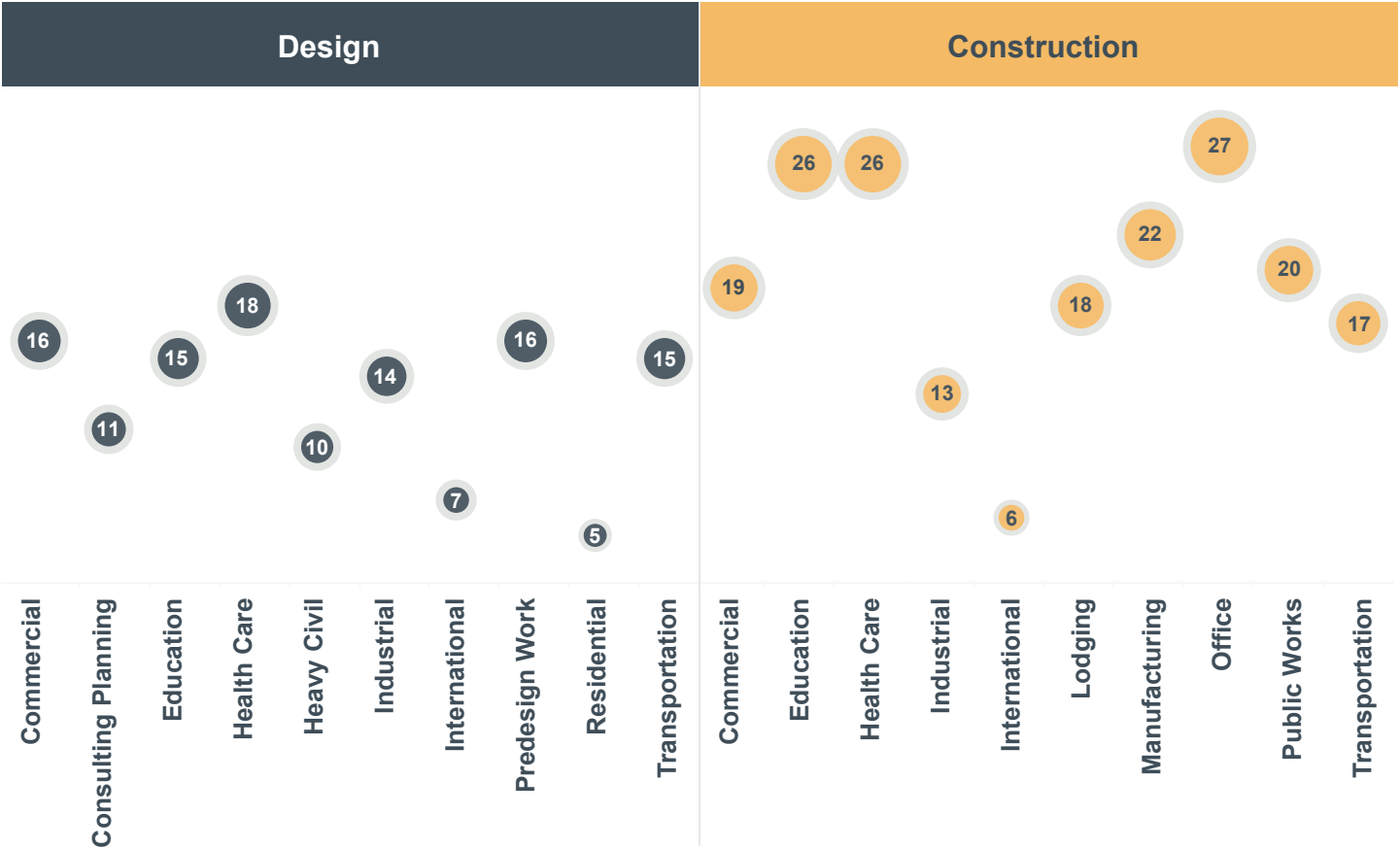


■ Significantly worsen
 ■ Moderately worsen
 ■ No change over last quarter
 ■ Moderately improve
 ■ Significantly improve

RESPONDENTS REPORTING IMPROVING SEGMENT CONDITIONS
QUARTER OVER QUARTER



MEMBER PROFILE: NUMBER OF CIRT
MEMBER COMPANIES IN EACH SECTOR



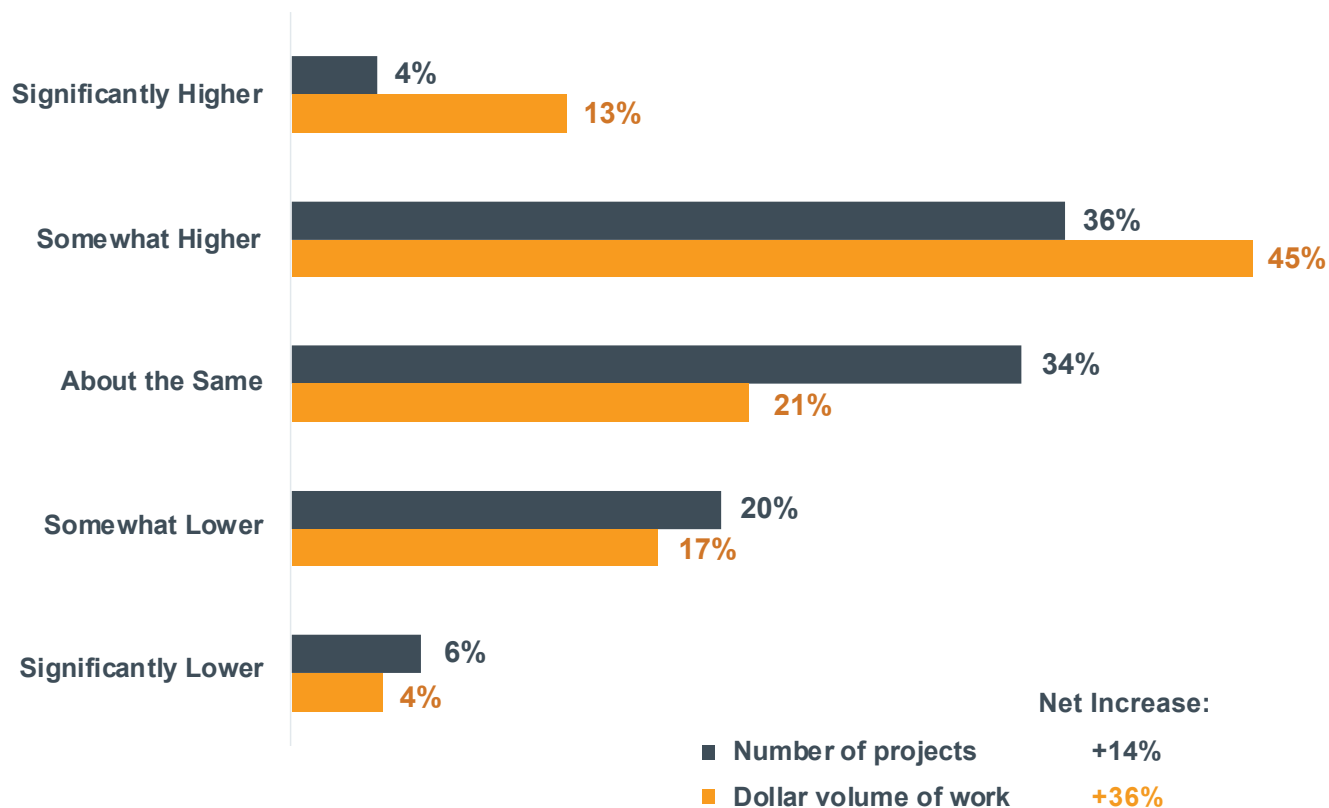
Members were asked this quarter to respond to current-issue questions about their assessment of current market opportunities, comparison of impacts from recent trade and tax policy volatility, drivers for resiliency and anticipated strategic direction for 2026.



CURRENT TRENDS

MARKET OPPORTUNITY PERCEPTIONS

How would you characterize the current opportunity in the markets you serve, both in terms of the number of projects and the dollar volume of work, compared to this time last year (year-to-date comparison)?



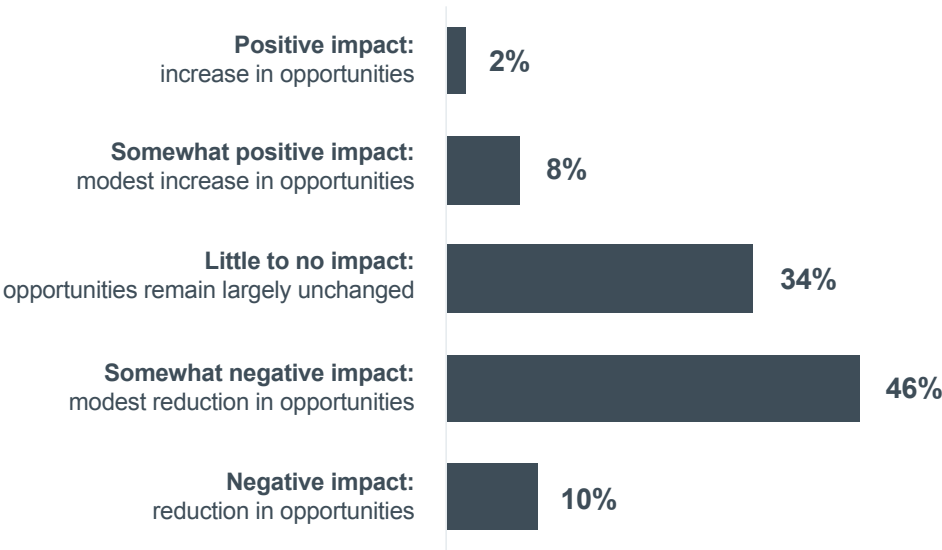
Year-to-date results show an overall improvement in market opportunities compared to last year. About 40% of members report more projects and 58% report higher dollar volume, producing net increases of 14% and 36%, respectively. This supports the view that pipelines remain healthy and stable, even as backlog measures have eased slightly.



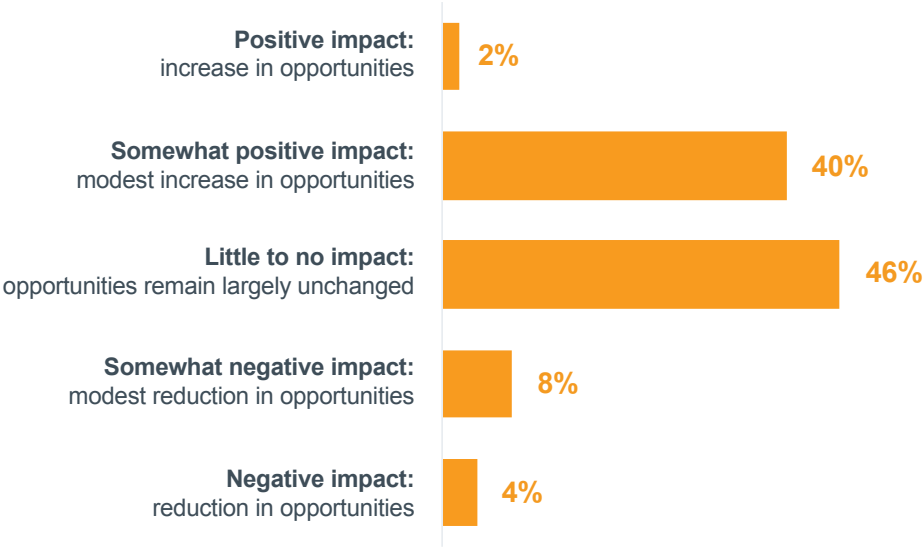
TRADE POLICIES VS. TAX POLICIES

Trade policy is widely seen as a challenge. More than half of respondents expect a negative impact over the next 12 to 24 months, with most citing indirect effects through client cost sensitivity and supplier disruptions. Tax policy is viewed more favorably, with 42% of respondents expecting a positive impact, 46% neutral and 12% negative. Impacts of tax policy are somewhat more direct, tied to owner funding, project budgets and firm-level liabilities. Taken together, trade and tax policies are expected to have a mixed to slightly negative effect on future industry opportunities.

How do you expect changing trade policies and new tariffs to affect the overall or net future opportunities for your business over the next 12-24 months?

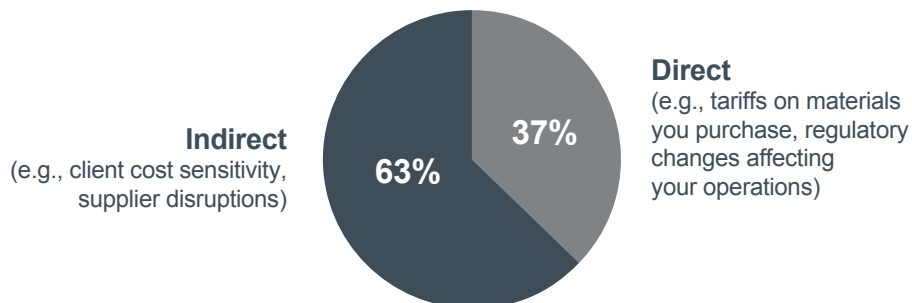


How do you expect changing tax policy under the One Big Beautiful Bill Act to affect the overall or net future opportunities for your business over the next 12-24 months?

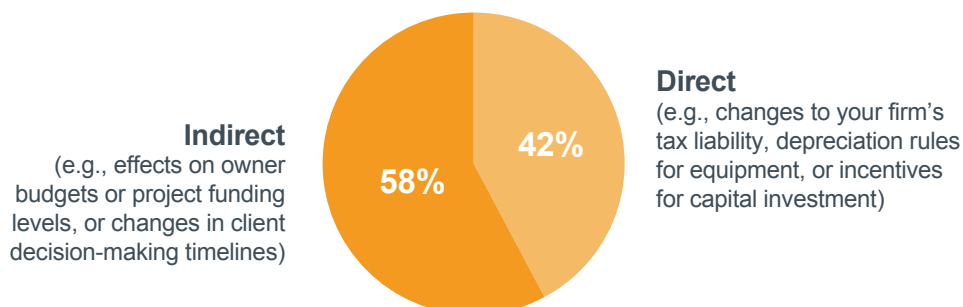


TRADE POLICIES VS. TAX POLICIES

Indicate whether the trade policy impact is primarily/mostly:

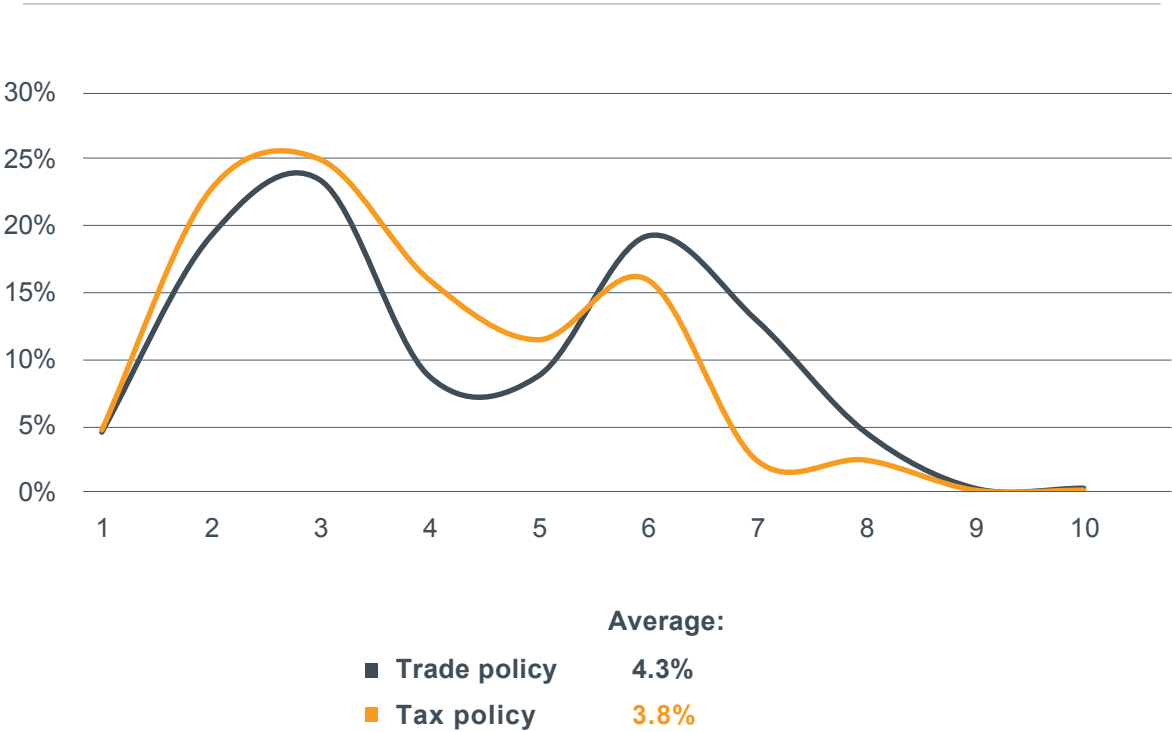


Indicate whether the tax policy impact is primarily/mostly:



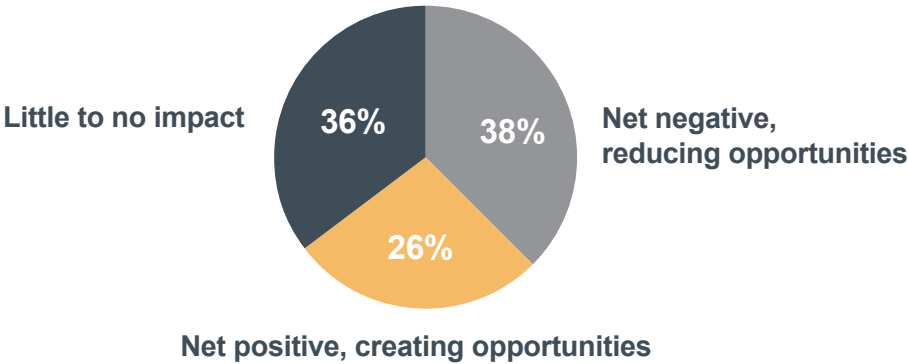
TRADE POLICIES VS. TAX POLICIES

On a scale of 0 to 10, how sensitive is your current backlog to evolving and changing trade policies over the next 12-24 months?



Scale: 0 = Not sensitive at all; 10 = Highly sensitive

What do you expect the overall impact of combined trade and tax policy changes will be on opportunities for your business over the next several years?



BUSINESS RESILIENCY INTO 2026

Excluding labor, members ranked backlog quality and profitability as the top two drivers of resilience going into 2026. Adaptability and investments in core offerings follow, while expansion into new segments or geographies ranked lowest. Members plan to emphasize maintaining healthy margins and reliable backlog over chasing market share.

Excluding labor, when thinking about creating a resilient business going into 2026, how would you rank the following themes on importance?

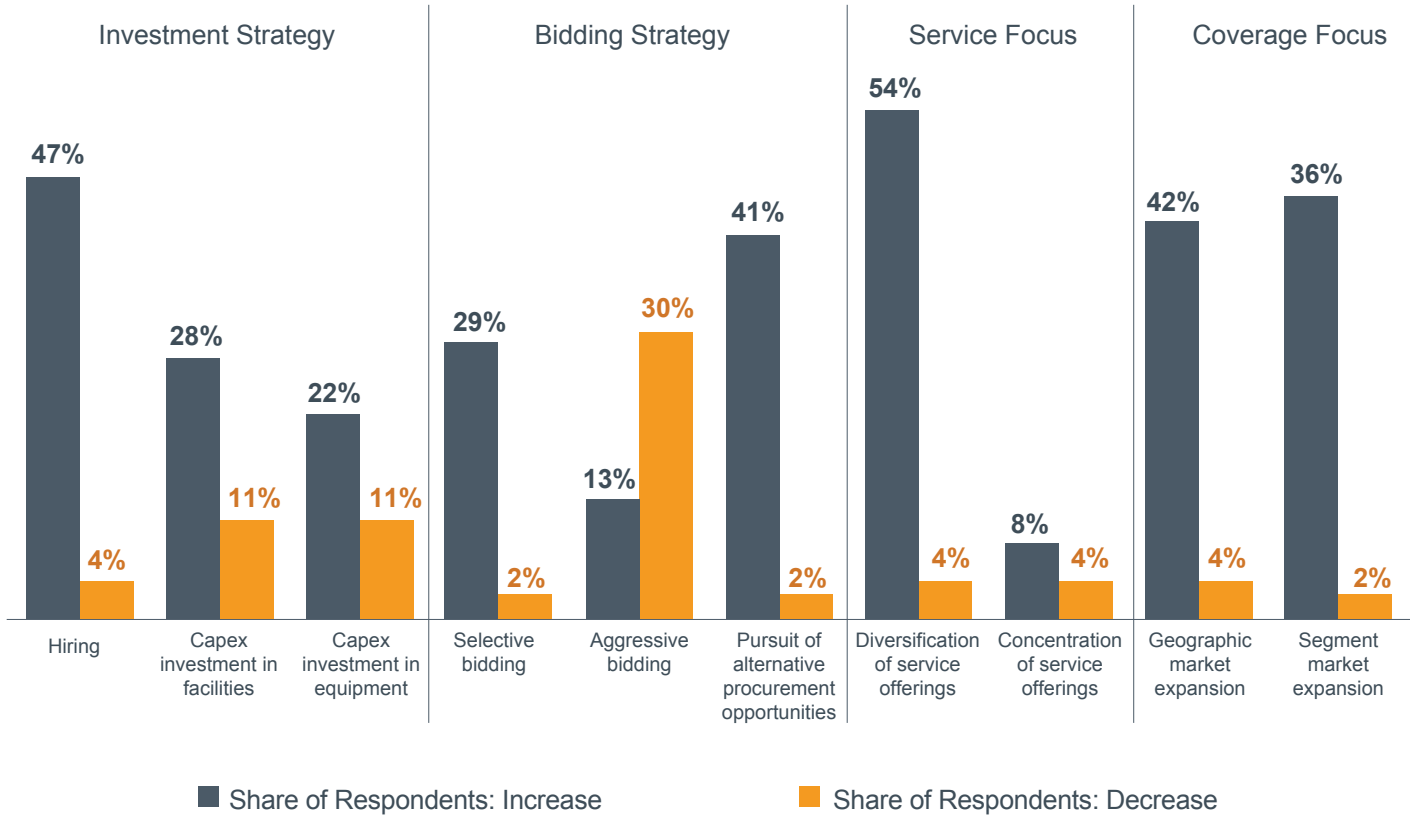


Scale: 1 = most important; 6 = least important



STRATEGIC DECISIONS THROUGH 2026

Strategic decisions for 2026 suggest many members are considering diversification and expansion, albeit taking a measured approach. A majority of CIRT members intend to increase hiring, increase pursuit of alternative procurement opportunities and further diversify/expand service offerings into selective new segments or regions. Conversely, fewer members plan to become more aggressive on bidding, with selective and disciplined pursuit strategies remaining the norm. Results show that members have plans to align staffing and capital spending with backlogs, supporting a cautious but growth position.



Note: Chart excludes the share of those who are retaining 2025's strategy.

In response to an open-ended question on concerns, members pointed most often to policy instability, tariffs, high interest rates and the federal PLA mandate as challenges for their future operations. Labor market pressures tied to immigration enforcement, cuts in higher education and health care, and heavier regulation in energy were also mentioned. Many described frustrations with the uncertainty and volatility from Washington as creating paralyzing conditions and freezing client decisions.

In response to an open-ended question on opportunities, members highlighted artificial intelligence, onshoring of manufacturing, renewable energy and infrastructure renewal as tailwinds. Demand for data centers and power infrastructure was cited as a top driver. Several respondents also noted that stalled federal projects are pushing resources toward faster-growing areas like mission-critical facilities, which highlights the need for member firms to be flexible and adaptable to capture growth from market changes and realignment.

DESIGN AND CONSTRUCTION OUTLOOK BY SEGMENT

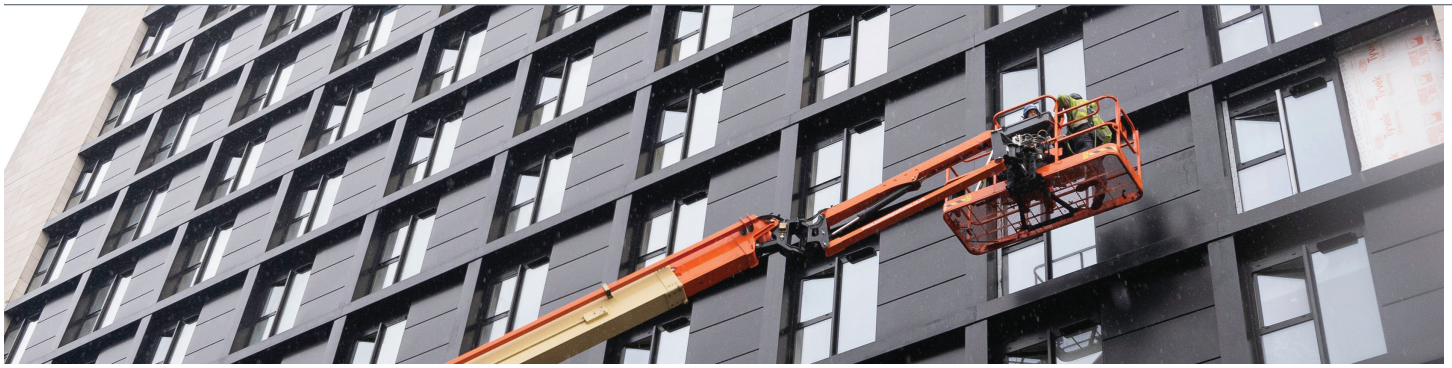
This quarter respondents were asked how the design and construction sectors will change next quarter, six months from now and one year from now. Each industry score is on a scale of 1 to 5, with 1 being the worst and 5 being the best. Each response reflects the change in score compared to the starting average score of the next quarter. Darker colors indicate higher optimism.

DESIGN OUTLOOK

Industry	Next Quarter	Six Months From Now	One Year From Now
Commercial	2.69	3.06	3.13
Consulting Planning	2.82	3.18	3.45
Education	2.87	2.93	3.07
Health Care	3.22	3.22	3.44
Heavy/Civil	3.20	3.10	3.30
Industrial	3.43	3.71	3.79
International	3.00	3.14	3.43
Predesign Work	3.19	3.44	3.50
Residential	2.80	3.00	3.00
Transportation	3.07	3.20	3.40

CONSTRUCTION OUTLOOK

Industry	Next Quarter	Six Months From Now	One Year From Now
Commercial	2.89	3.16	3.58
Education	2.88	3.04	3.15
Health Care	3.38	3.62	3.50
Industrial	3.85	3.85	3.92
International	3.33	3.33	3.50
Lodging	3.06	3.11	3.17
Manufacturing	3.77	3.95	4.09
Office	2.78	2.93	3.00
Public Works	3.55	3.65	3.80
Transportation	3.47	3.59	3.59



ABOUT THE CONSTRUCTION INDUSTRY ROUND TABLE (CIRT)

Construction Industry Round Table (CIRT) is composed exclusively of approximately 130 CEOs from the leading architectural, engineering and construction firms doing business in the United States.

CIRT is the only organization that is uniquely situated as a single voice representing the richly diverse and dynamic design/construction community. First organized in 1987 as the Construction Industry Presidents' Forum, the forum has since been incorporated as a not-for-profit association. Under its mission statement, CIRT is "a network of leading design/construction firms in the U.S.," which "seeks to inspire its members to be an innovative force creating a safe and sustainable quality of life for the future."

The Round Table strives to create one voice to meet the interests and needs of the design/construction community. CIRT supports its members by actively representing the industry on public policy issues, by improving the image and presence of its leading members, and by providing a forum for enhancing and developing strong management approaches through networking and peer interaction.

The Round Table's member CEOs serve as prime sources of information, news and background on the design/construction industry and its activities. If you're interested in obtaining more information about the Construction Industry Round Table, please call 202-466-6777 or contact us by email at cirt@cirt.org.

CIRT SENTIMENT INDEX

The CIRT Sentiment Index is a survey of members of the Construction Industry Round Table conducted quarterly by FMI. For press contact or questions about the CIRT Sentiment Index, contact Jane Bonvillain at jane@cirt.org or Brian Strawberry at brian.strawberry@fmicorp.com.

CONFIDENTIALITY

All individual responses are confidential and shared outside of FMI only in the aggregate. All names of responding individuals remain confidential to FMI.



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