



Market Conditions

Q2 2025

HORIZONS

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About this report



Every week over the last two months has carried market-changing news. While market stability remains elusive this July, I see new opportunities starting to appear. Creativity thrives in chaos, and perhaps even more so now than during the pandemic, we are seeing partners and clients find innovative, and even unprecedented, solutions to the supply chain, scheduling, pricing, and regulatory challenges they face today.

In the face of uncertainty, will companies remember the value of long-term investment in processes, partnerships, training, and technology?

As we stand at the threshold of a huge opportunity, we need to remember to stay humble, keep our ears open, and be ready to learn lessons from absolutely every direction.



Mike Barrett

Vice President, Global Project Delivery, CRB



CRB’s procurement team works with our trusted strategic trade partners and suppliers to maintain a database of lead times for equipment and materials, particularly those specific to the life sciences and food + beverage industries. We frequently add new equipment and materials to our database to better support our clients with current information and options.

FIGURE 1

Database of lead times for equipment and materials

CRB Lead Time Database

● Improving ● Stable ● Increasing

CURRENT LEAD TIMES FOR EQUIPMENT AND MATERIAL: Q2 2025		
Equipment/Material	Lead Time (wks)	Trend
F&B Equipment – CIP Skid	30	●
F&B Equipment – Palletizer	48	●
Media Prep & Hold Skids-316SS	52	●
Media Prep & Hold Skids-AL6XN	62	●
Buffer Prep & Hold Skids-316SS	52	●
Buffer Prep & Hold Skids-AL6XN	62	●
Purified Water Skids	32	●
WFI Distribution Skids	30	●
USP Water Distribution Skid	30	●
Pure Steam Generators	28	●
Stainless Steel Vessels - ID > 98"	46	●
Stainless Steel Vessels - ID < 98"	32	●
Single Use Bioreactors	32	●
Single Use Bioreactor Bags	22	●
Stainless Steel Bioreactors - ID > 98"	54	●
Stainless Steel Bioreactors - ID < 98"	44	●
Chromatography Skids	42	●
Chromatography Columns	50	●
Stainless Steel Tubing 316L	0	●
Stainless Steel Tubing AL6XN SF4	0	●
Modular Cleanroom Panels	8	●
Roof Joists	16	●
Metal Decking	16	●
Medium Voltage GIS Switchgear (35kV class, 1200A)	62	●

(continued)

Source: CRB

FIGURE 1 (CONT.)

Database of lead times for equipment and materials

● Improving ● Stable ● Increasing

CURRENT LEAD TIMES FOR EQUIPMENT AND MATERIAL: Q2 2025		
Equipment/Material	Lead Time (wks)	Trend
Medium Voltage Fused Switchgear (15kV class, 1200A)	46	●
Medium Voltage Fused Switchgear (4160V class, 1200A)	46	●
Medium Voltage Transformer - 3Ph - 45-500kva	70	●
Medium Voltage Transformer - 3Ph - 501-1500kva	70	●
Medium Voltage Transformer - 3Ph - 1501-3000kva	70	●
Medium Voltage Transformer - 3Ph - 3001-5000kva	70	●
Medium Voltage Transformer - 3Ph -5001+ kva	70	●
ANSI Switchgear (3000-4000A)	38	●
Switchboard (3000A-4000A)	28	●
Switchboard (2000A-2500A)	28	●
Panelboards (480V, Any ampacity)	8	●
Panelboards (208V, Any ampacity)	8	●
Dry Type Transformers (112.5kVA and below)	6	●
Busway (Any Ampacity)	20	●
Standard MCC	30	●
Smart MCC	50	●
Copper Tubing and Fittings	1	●
Standard Packaged RTUs	13	●
Cooling Towers	14	●
Water-Cooled Centrifugal Chillers	36	●
Air-Cooled Chillers, < 250 Tons	26	●
Air-Cooled Chillers, > 250 Tons	30	●
Boilers, 500 HP Water Tube	18	●
Boilers, 800 HP Fire Tube	18	●
Large-diameter Control Valves-Modulating	12	●
Stainless Steel Zero-Static	5	●
Block Body Valves	10	●

(continued)

Source: CRB



FIGURE 1 (CONT.)

Database of lead times for equipment and materials

● Improving ● Stable ● Increasing

CURRENT LEAD TIMES FOR EQUIPMENT AND MATERIAL: Q2 2025		
Equipment/Material	Lead Time (wks)	Trend
Sanitary Filters & Housings: 1 Rd Housings	17	●
Sanitary Filters & Housings: Multi Rd Housings	14	●
Sanitary Filters & Housings: Opti-clean	10	●
Sterile Pass-Thrus	8	●
Sanitary Heat Exchangers	20	●
Custom AHUs (Small Indoor Units)	30	●
Custom AHUs (Large Outdoor Units)	40	●
DOAS AHUs (Dedicated Outdoor Air System)	14	●
Semi-Custom AHUs (Small Indoor Units)	13	●
Semi-Custom AHUs (Large Outdoor Units)	16	●
HDPE Piping <4"	6	●
HDPE Piping >4"	6	●
Insulated Metal Panels (IMP)	8	●
RO Skids	35	●
BioWaste Kill Skids	30	●
Waste Neutralization Skids, 100 GPM	24	●
Waste Neutralization Skids, < 25 GPM	18	●
Diesel Generators ≤ 200kW	20	●
Diesel Generators 230kW -1 MW	30	●
Diesel Generators > 1 Megawatt	65	●

Source: CRB

LOOKING FOR SOMETHING ELSE?

REQUEST LEAD TIME DETAILS



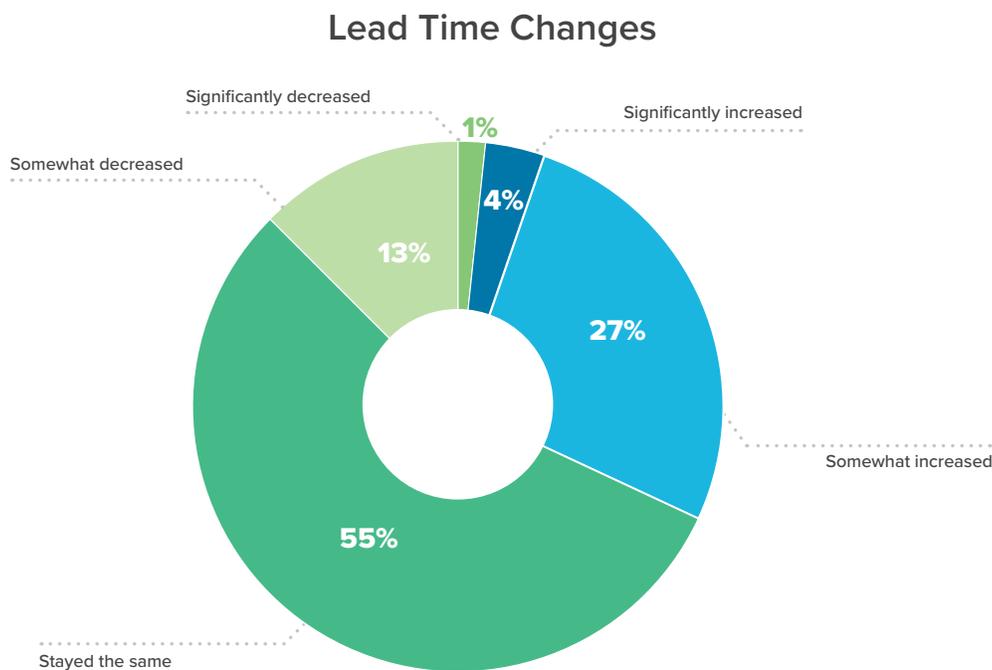
Global supply chain lead times continue to slowly stabilize. Throughout 2025, the FRBNY’s [Global Supply Chain Pressure Index](#) has shown transportation costs and manufacturing indicators falling within +/- 0.30 standard deviations of its historical average, actually reaching 0 in June.

This is not exactly reflected in the life sciences and food + beverage industries in the CRB procurement database, where volatility is increasing. In Q2 2024, 12% of materials tracked in CRB’s database showed lengthening delivery times. This quarter, that figure has risen to just over 32%. Meanwhile, 32% of lead times are unchanged, and 36% have improved.

In Figure 2, we see slight improvements in the perceptions of our trusted trade partners and suppliers this quarter. The same proportion reports slight decreases in lead times compared to Q1. While nearly one-third still report increases, the percentage citing *significant increases* dropped from 9% to 4%.”

FIGURE 2

How would you describe the lead times for your products in the second quarter (Q2) of 2025 as compared to the first quarter (Q1) of 2025?



Source: CRB

PLANNING FOR CAPITAL PROJECTS

With increased uncertainty, the planning process must extend both forward and backward in time. What can we learn from the past, even in different industries? How can we look further into the future, ensuring positive overall equipment effectiveness (OEE) years into operation? Experienced partners with planning expertise can help you chart each step, driving a robust strategy that builds certainty amid persistent labor and supply chain volatility.

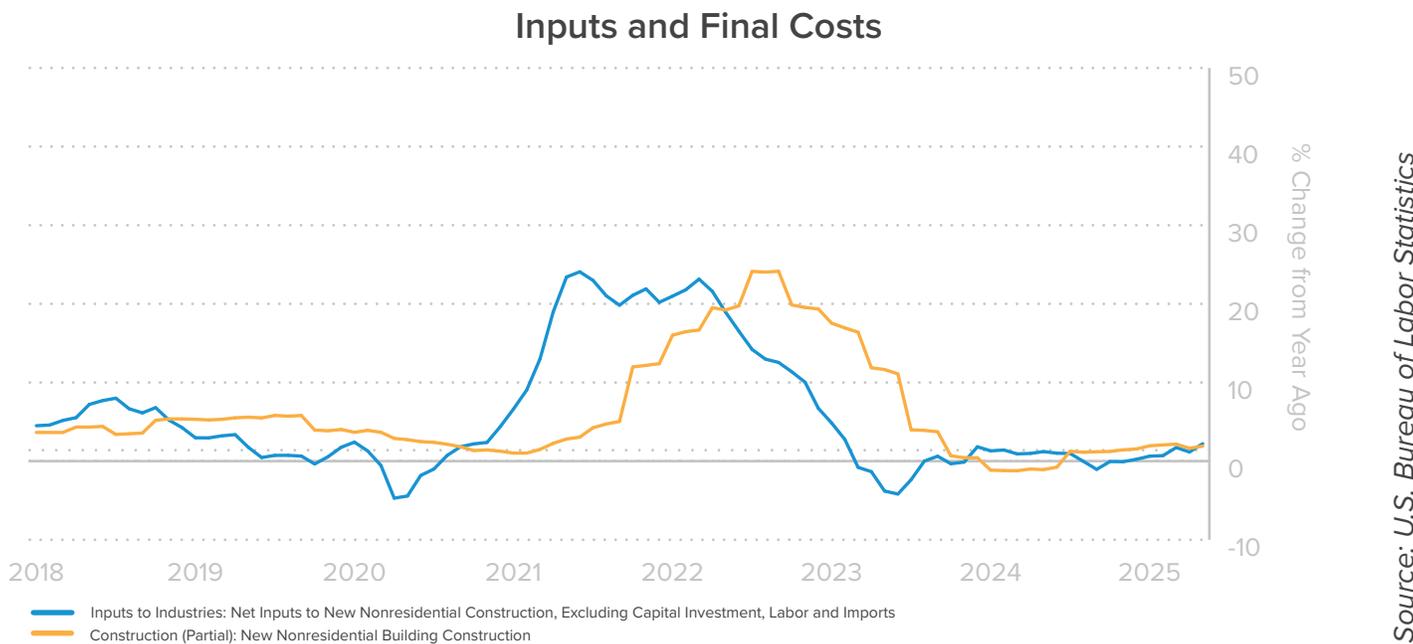


[Producer price indexes](#) (PPI) are a family of indexes that measure the average change over time in selling prices received by domestic producers of goods and services. The price information is provided to the U.S. Bureau of Labor Statistics by over 16,000 establishments, providing approximately 64,000 price quotations per month. CRB uses data from PPIs to measure price movement specific to the construction industry and the products we purchase for our projects.

Figure 3 illustrates two different types of indexes. The blue line is an input index that represents the most common composition of materials used in non-residential building construction projects. The yellow line is considered a selling-price index, or, in other words, an index that measures the change to final construction costs for consumers, inclusive of labor, material, overhead and profit costs. For this figure, each data point shows the percentage of change in the index value over the preceding twelve months.

FIGURE 3

Construction inputs and bid price producer price indexes



The price stability that characterized the last year appears to be holding, with industry inputs showing very little change since last quarter. Final costs to nonresidential construction consumers have grown only slightly, averaging 1.9% through May 2025.

Overall price growth is likely held back by subdued demand. The May 2025 edition of the Federal Reserve’s Beige Book reported that overall economic activity [had declined across the country](#). U.S Census data shows [total private construction spending](#) in May 2025 is down 4% compared to May the previous year, and manufacturing has seen a [3.7% decrease in construction](#) April 2024 to May 2025. Industrial construction starts totaled [86.9 million square feet through May](#), putting 2025 on pace to record the lowest volume of new starts since 2018.



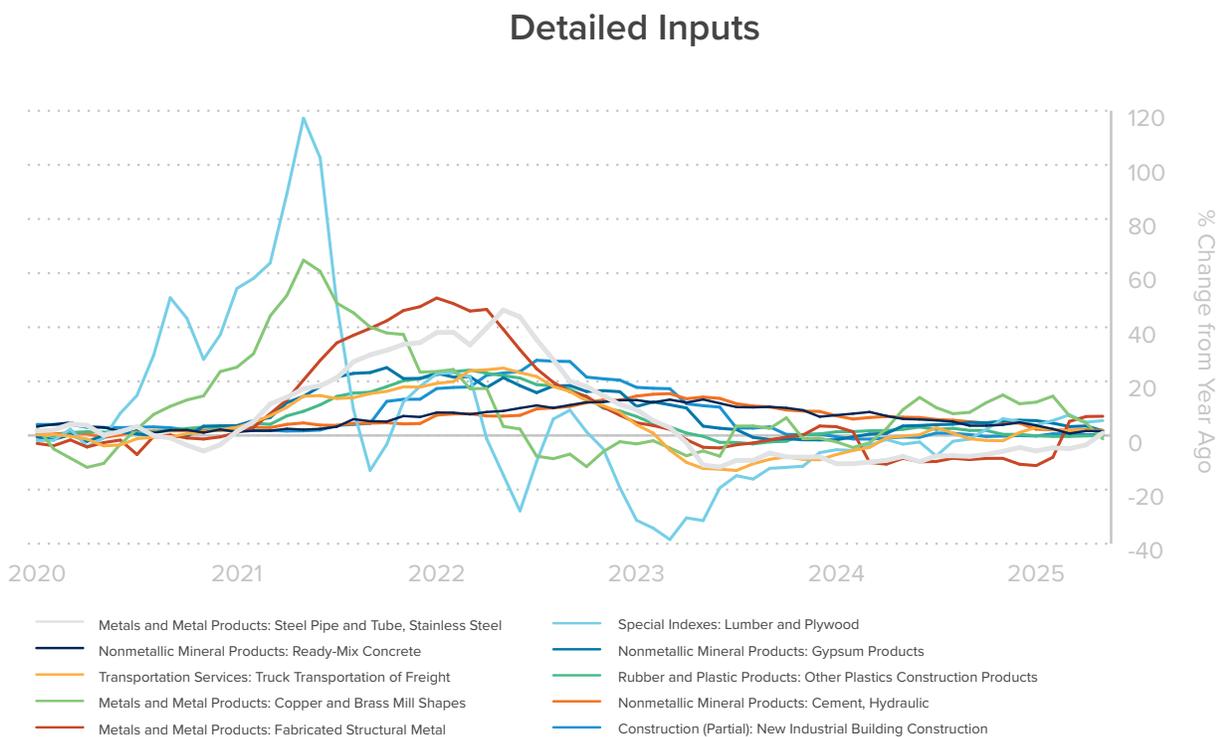
Still, our construction industry contacts reported slight price increases with expectations of further increases in the future. These pricing shifts are not limited to imported goods. Domestic producers are also warning their customers of pending price increases, likely to keep pace with broader market concerns and to protect stock levels.

Figure 4 overlays individual input indexes for common materials with the selling price index for new industrial building construction, presented as a percentage of change over the last year.

Within the relatively stable pricing environment depicted in Figure 4, [metal products stand out as a notable exception](#) for the nonresidential construction industry. There have also been further surprises since we finalized our industry partner survey. For example, on July 8th, the government announced [new 50% tariffs on copper](#), sending the exchange prices to record heights, beyond predictions we've included in the last two quarterly reports.

FIGURE 4

Construction inputs and bid price producer price indexes



PUSH AND PULL

Construction costs are caught between competing forces: upward pressures on prices from new tariffs and workforce shortages, and downward pressures from subdued demand in the face of market uncertainty.



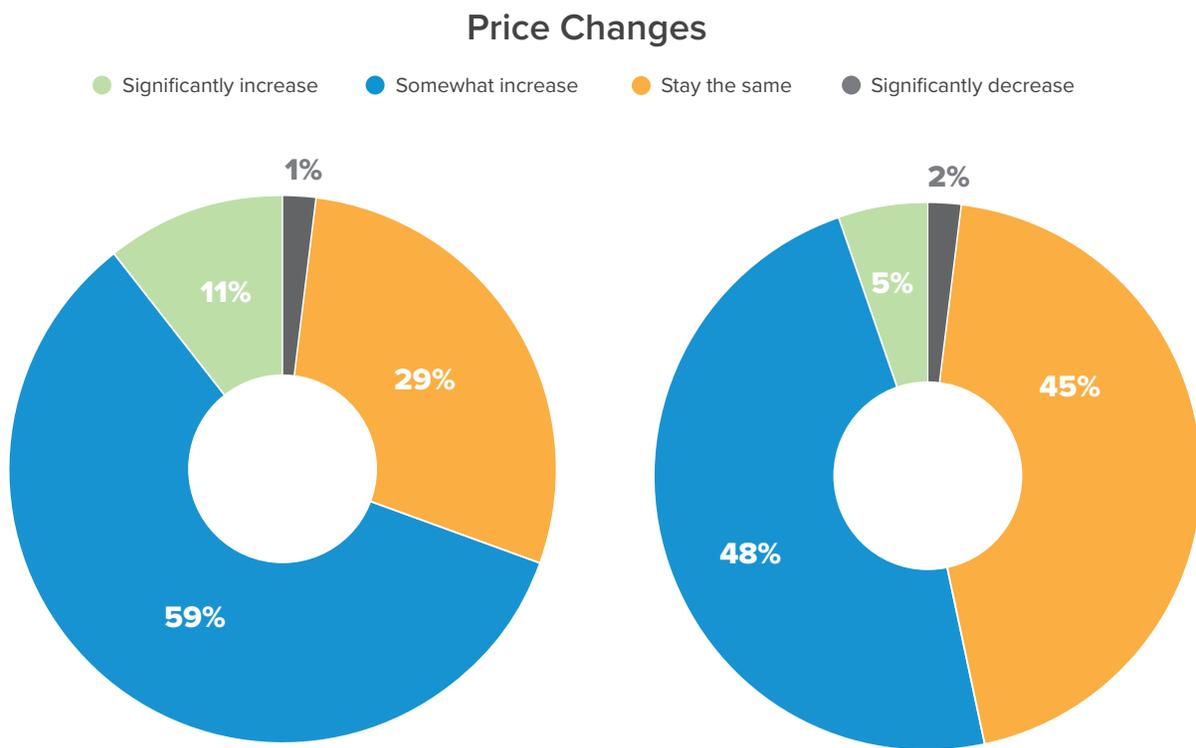
Here we see some signs of improvement compared to Q1 2025, where our trade partners reported the sharpest perceived price increase in nearly two years.

FIGURE 5 (LEFT)

How would you describe the prices of your products in the second quarter of 2025 (Q2), as compared to the first quarter of 2025 (Q1)?

FIGURE 6 (RIGHT)

Are you preparing for any changes to prices for your products in the 2nd half of 2025?



Source: CRB

WHAT WE'RE HEARING:

“There are limits to rapid reshoring strategies, as not everything can be produced in the U.S. anytime soon. And in the face of so much change, when do you confidently commit to reinventing your supply chain?”

– A CRB Trade Partner



This quarter, we see signs of price stabilization, with 29% reporting prices have stayed the same (compared to only 17% in Q1) and nearly half of respondents preparing for stable prices in the second half of 2025. In the first quarter, 22% reported “significantly” increased prices, and we see that falling to 11% this quarter with expectations that it will keep falling over the year. Still, there is an overall ratcheting and inflationary effect in both Q2 reporting and expectations for H2 2025: prices will stay the same or go up; no one predicts they will go down. This seems true for our target industries but also construction in general: Q2 expectations in 2023 and 2024 looked nearly identical.

While a return to more stabilized base prices is positive news, many of our trade partners and suppliers said that these impressions are conditional on how the U.S. government’s tariff policy continues to roll out. Some partners have increased their inventories of key materials, giving them more confidence about prices, but at a cost that may be passed on to their customers.

KEY TAKEAWAYS

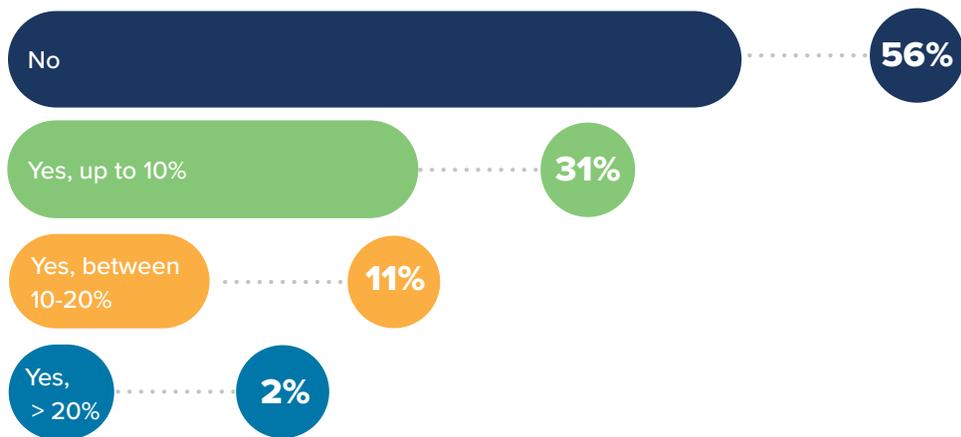
LIFE SCIENCE PARTNERS ARE REPORTING HIGHER IMPACTS THAN THE REST OF THE MARKET

- 66% cited tariffs as a key challenge
- 73% said prices have increased
- 53% expect prices to increase in the future

FIGURE 7

Have you increased your prices related to tariffs? If yes, by how much?

Price Increases in Response to Tariffs



Source: CRB



Forty-four percent (44%) of respondents say they've already raised prices in response to tariffs, with most reporting increases of up to 10%. Anecdotally, we're seeing significant pricing volatility. Some types of skids are now subject to 25–50% tariffs, while even basic components are facing tariffs around 5%. This will lead to wider cost variations from project to project, depending on sourcing decisions and downstream effects of uncertainty and material shortages. Still, for *construction projects starting in 2025-2026*, we continue to recommend that project teams consider carrying an extra 6–10% (inclusive of 3–5% for tariffs) to cover anticipated escalations in total direct costs including labor, materials, and equipment.

Also note that vendors are **shortening their pricing windows**, in some cases to 15 days. One way to control price increases is to integrate key trade partners early and move quickly when approving design packages. Integrating their specialized knowledge into the preconstruction effort can bring new certainty and effective alternatives into project plans, tightening timelines to prevent costly and unavoidable surprises once construction begins. We explored these approaches in more depth for the [2025 Horizons: Operational Readiness report](#).

WHAT WE'RE HEARING:

"Right now, we know that 'the only certainty is nothing is certain.' You have to keep an open mind and be willing to move quickly."

– A CRB Trade Partner



“Tariffs” remain the word in everyone’s conversations

Uncertainty continues to be the dominant theme of 2025 as our trade partners, suppliers, and clients all brace for potential impacts from new or increased tariffs on key construction materials. The timing, scope, and duration of these impacts are unknown, creating a dynamic marketplace in which even expert-backed analyses are quickly outdated by new and unpredictable developments.

On June 18, the chief economist for Goldman Sachs said that he and his colleagues [were not expecting a second stage of the reciprocal tariffs](#). But by July 7th, the government announced a [reinstatement of very similar tariffs for 14 countries](#), including metal exporters like Kazakhstan and Indonesia, and other sophisticated exporters like Japan and South Korea, set to activate on August 1st. Following this announcement, the Yale Budget Lab revised its estimate of the overall average [effective tariff rate to 17.6%](#), the highest since 1934.

Clients across various pharmaceutical and related industries express significant concern about the impact of tariffs on their capital and operational expenditures, influencing decisions around manufacturing locations, equipment sourcing, and project costs. The uncertainty around tariffs is causing companies to reconsider supply chains and investment strategies.

TARIFFS IMPACT COST AND PROJECT DECISIONS:

Clients report that tariffs are causing price increases—in some cases of 10 to 50% on specific equipment and materials—directly affecting project budgets and leading to difficult tradeoffs. This uncertainty complicates planning and execution of capital investments.

MANUFACTURING LOCATION AND SUPPLY CHAIN SHIFTS:

There is much discussion regarding onshoring or expanding manufacturing in the U.S. due to tariff concerns, with companies reassessing where to build and source equipment. This year [CNBC added tariff risks and federal budget cuts](#) to its criteria for the best states in the U.S. for business.

TARIFFS CREATE STRATEGIC UNCERTAINTY:

Clients worry about resource allocation amid large capital investments in U.S. pharmaceutical manufacturing, the structure of future tariffs, and international relationships, especially given reliance on European and Chinese equipment and materials.

Regulation is a known unknown

We are closely monitoring the recent developments at the U.S. Food and Drug Administration (FDA), including the [departure of over half of its senior leadership](#), significant staff reductions, and [new strategic priorities](#), which introduce myriad new uncertainties to both the life sciences and food + beverage industries.

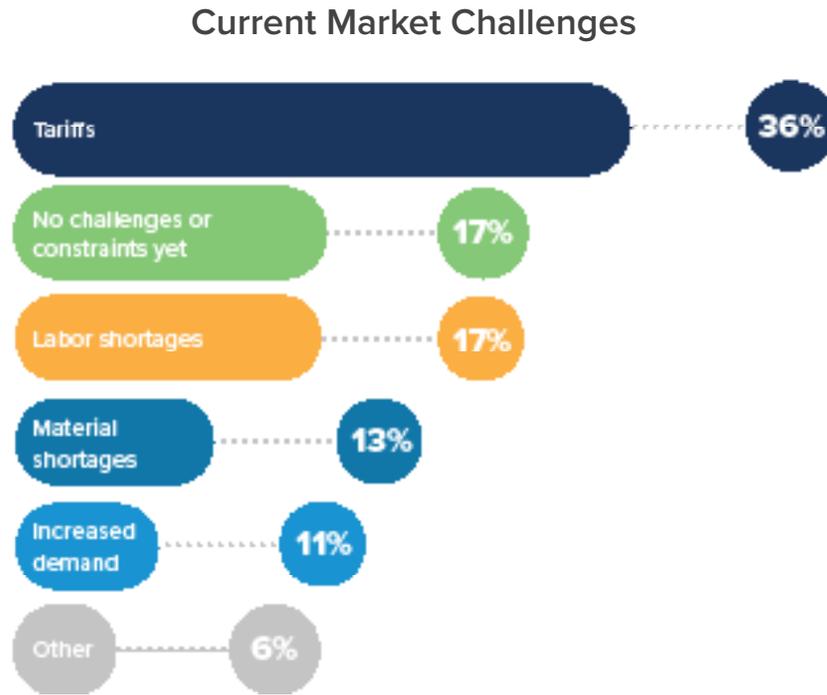
We expect some contradictory effects on timelines and compliance standards: the reduced capacity will certainly slow some reviews and inspections, but the administration also announced the [suspension of some food quality inspection](#) programs and promised the [acceleration of some types of drug approvals](#) that meet its new priorities.

This uncertainty may cause some firms to reconsider or delay U.S.-based infrastructure investments, even as the threat of tariffs creates pressure for them to move forward. Strategic planning with a 360-degree view of the market can help you accurately assess risk and optimize facility investments over the next few years.



FIGURE 8

What factors have contributed to any challenges or constraints in the second quarter (Q2)?



Source: CRB

Consistent with Q1 and unlike any previous year since we began producing these reports, tariffs remain the leading challenge for our partners at double the rate of the second-most-popular option. Increased demand is the least prominent challenge, compared to Q2 2023 where it led by a significant margin. Competing challenges remain undiminished, telling us that people are just seeing an overall more challenging year ahead. We even expect that the number of challenges and constraints will increase in Q3. There are a few factors that our partners are monitoring, such as the July 8th presidential announcement reiterating [plans to impose tariffs of as much as 200% on pharmaceutical goods](#). Major pharmaceutical companies such as Merck, Johnson & Johnson, Lilly, and Novartis have already announced plans to expand their U.S. manufacturing footprint.

Given this level of uncertainty, CRB is working with project owners to clarify their risk tolerance and develop tailored procurement strategies in conversations with key suppliers. In some cases, it may be appropriate to establish cost certainty by accepting a premium in exchange for supplier pricing commitments; elsewhere, a more flexible supplier arrangement may be appropriate or necessary, despite the risk of future cost increases. These conversations should happen early in the procurement process, with a view to mitigating tariff-related risks and establishing a resilient, diversified, and engaged network of reliable suppliers.



Key Challenges for Food, Beverage, and CPG Companies

[Our Horizons: Operational Readiness report](#) explored the challenges companies are facing in 2025 and how the right strategy can dramatically improve costs, protect timelines, and ensure positive ROI for capital projects through startup and beyond.

FIGURE 9

Top 5 challenges in operational readiness (food, beverage and consumer packaged goods companies)

Operational Readiness Challenges



Source: CRB



LAUNCHING IN OCTOBER: HORIZONS 2025 LIFE SCIENCE REPORT

We have collected data and insights from hundreds of market players and can already see how current events are shaping expectations – **more than 2/3 of respondents expect federal staffing changes to negatively impact every step of the drug approval process**, from funding new discoveries to final licensing approvals. In the meantime, [check out the 2024 report.](#)



While material costs and tariffs are commanding attention this quarter, the construction labor market remains a key concern. [The construction industry has had a significant labor shortage](#) for several years now, and we expect this to continue, challenging project timelines and driving up costs.

There is widespread expectation that the federal government's intensified program to remove immigrants will have [far-reaching but difficult-to-predict effects on the job market](#). While immigrants, particularly undocumented immigrants, are more often seen in the residential construction workforce, we saw during the pandemic how deficits in one part of the labor market drive up pressure in adjacent industries. Sophisticated nonresidential construction companies have already been pointing out hiring deficits and skills gaps. With increased competition for fewer trades, labor costs across many industries are poised to rise further.

Interestingly, the number of open positions has dropped sharply despite these labor concerns. According to the Bureau of Labor Statistics, [May 2025 had only 65% the number of open, unfilled construction jobs](#) compared to May 2024. This could indicate a lack of confidence in the short-term construction outlook, which may lead some project owners to delay or scale back their hiring plans.



Valerie Silva is the Director of Procurement and has more than 15 years of experience with global cost optimization, project management and supply chain issues. She leads a team of procurement experts to offer our clients end-to-end sourcing and managing of equipment and construction services for capital projects.



Wade Shelden is the Vice President of Design & Construction Operations at CRB, with more than 31 years of experience in project delivery. Wade is responsible for driving operational excellence through teamwork, integrated project delivery and lean design and construction best practices.

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Reference Data

Much of the economic information in this report is compiled from third-party resources that are available to the public and not owned by CRB. All references are included in the body of the report.

