GASTON ELECTRICAL
An EMCOR Company

FM GLOBAL CAMPUS
Norwood, Massachusetts

THE PULSE

INDUSTRY TRENDS & FORECAST

This is our 9th edition of The Pulse and we're happy so many have asked to expand our distribution list. If you'd like to have a discussion about a general topic you read about here, or have a specific situation you need help with, please let us know.

INDUSTRIAL OVERVIEW

The Northeast commercial construction market slowed in 2024, as compared to the past 5 years. The lack of large tenant activity across various market sectors is keeping most shovel ready developments from starting. The election cycle is behind us and although the Fed has cut interest rates recently (4.33%), it appears more significant cuts are not expected in the near future. These interest rates, coupled with high construction costs and record vacancy rates make for less than favorable conditions for new buildings coming out of the ground in the short term.

A few markets do continue to be a bright spot. Academic, Medical, and large Residential projects are spending money on their facilities. We're also seeing some smaller life science tenants begin to invest in new spaces. We continue to be cautiously optimistic that the commercial construction market is gaining some traction and will have more starts in the latter half of 2025.

LEAD TIMES

Gaston has been tracking lead times on a quarterly basis since the pandemic. Most factories for commodities and system components for electrical equipment have returned to "normal / pre-pandemic" levels. This includes branch (smaller) panelboards, building transformers, busway, low voltage connectivity, fire alarm equipment, and building wire. Manufacturers of large switchgear (switchboards and substations) and generators are running at full capacity, but the high demand for these items is causing lead times to remain extended.

Data center projects continue to dominate the headlines in the construction news cycle globally. The rise of artificial intelligence (Ai) and the computing power required to run cloud services in support of Ai is incredibly large. These data centers require tremendous amounts of electrical power and thus, switchgear and back-up power (generators). Because these large projects require switchgear and generators, other market sectors are suffering through long lead times from factories.

Our goal with The Pulse is to share current market conditions with our customers and partners. This update is a snapshot of today and we implore you to reach out with questions should you have any.

Lead times listed in the table to the right are after release of material (after receipt of approved / stamped shop drawings).

Lead times vary between manufacturers, and this results in larger / wider ranges.

Low price should NOT be the only deciding factor for purchasing project materials when time is of the essence.

LEAD TIMES FOR SMALLER GENERATORS (BELOW 500KW) HAVE IMPROVED SINCE 2020 AND ARE ALMOST BACK TO "NORMAL" LEVELS.

Lead times for large switchgear packages and generators will remain long for the foreseeable future.

Switchgear lead times (although extended) modestly improved in 2024.

Item / Material	Pre - Covid	Current
Switchgear		
15KV Switchgear with Breakers	24 - 34 weeks	40 - 80 weeks
15KV Fusible Switchgear	24 - 34 weeks	25 - 40 weeks
Substation Transformers	24 - 34 weeks	50 - 65 weeks
Switchboards over 1200 Amps	20 - 30 weeks	35 - 62 weeks
Draw Out Breaker Switchgear	30 - 40 weeks	40 - 60 weeks
Distribution Panelboards	2 - 10 weeks	12 - 30 weeks
Branch Panelboards	Stock - 4 weeks	4 - 20 weeks
Dry Type Transformers	2 - 8 weeks	2 - 10 weeks
Busway	8 - 16 weeks	16 - 50 weeks
Busplugs	8 - 16 weeks	12 - 30 weeks
Meter Sockets without Bypass	Stock	Stock - 30 weeks
Meter Socket with Bypass	Stock	Stock - 40 weeks
Large Disconnect Switches	4 - 8 weeks	10 - 24 weeks
Outdoor Padmount Transformers	40 weeks	100+ weeks
Generators		
1.25MW+	40 - 52 weeks	110 – 120+ weeks
500KW, 1MW with Enclosure	24 - 32 weeks	32 - 40 weeks
250KW - 400KW with Enclosure	24 - 32 weeks	24 - 34 weeks
<= 500KW with Enclosure	10 - 12 weeks	18 - 24 weeks
Automatic Transfer Switches		
Standard 600 Amps and Below	8 - 12 weeks	16 - 20 weeks
Standard, above 800 Amps	10 - 16 weeks	36 - 44 weeks
Any ATS with Bypass / Closed Transition	16 - 24 weeks	40 - 52 weeks
Miscellaneous Items		
Medium Voltage Cable	8 - 12 weeks	8 - 52 weeks
VFD with Bypass	2 - 4 weeks	30 - 36 weeks

Mass General Hospital
Podium Project - Progress Photo
Cambridge St. / Boston

PRICING

Manufacturers of Switchgear and Generators increased pricing throughout 2022 and 2023.

2 LARGE SWITCHGEAR MANUFACTURERS INCREASED PRICING BY 2-5% IN DECEMBER 2024.

LARGE GENERATOR (1500KW AND LARGER) PRICING WILL INCREASE 3% IN EARLY 2025.

UNKNOWNS STILL EXIST SUCH AS POTENTIAL NEW TARIFFS AND RISING PRODUCTION COSTS

CONTACT US

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IBEW 103 and NECA contractors agreed to a 5-year labor agreement in which the work force will receive an $18.75 raise over 5 years, beginning September 1, 2023.

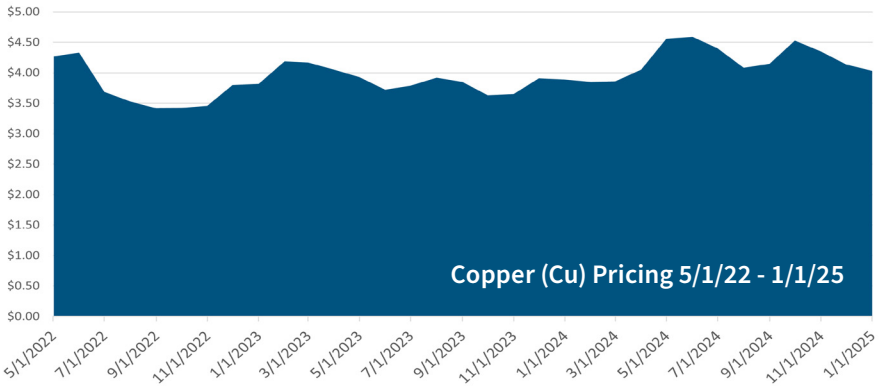
This increase is an average of $3.75 a year for the next five years.

Based on current total compensation, this increase is less than 4% of the 'total package' for an hourly journeyman per year.

Copper - COMEX Market Price as of 1.27.25 is $4.24 / lb

Since our last publication of the Pulse (Q3 2024), the COMEX price for Copper (Cu) has decreased $.09 / lb. It had been over $4 / lb since March of '24, rose to above $5 / lb in May, and gradually leveled off to around $4-$4.50 throughout the remainder of '24. Year over year, Cu has increased about $.80 / lb since October of '23. Most economic indicators tell us that Cu pricing will remain over $4 / lb throughout the rest of 2025 but fairly level to where it sits now.

End user pricing (building wire and bussing) has decreased for contractors since October, about 5%. Although the Cu market remained mostly stable, contractor pricing saw a decline in costs. This is mostly due to increased global supply, stronger US dollar, and slower than expected industrial production globally.

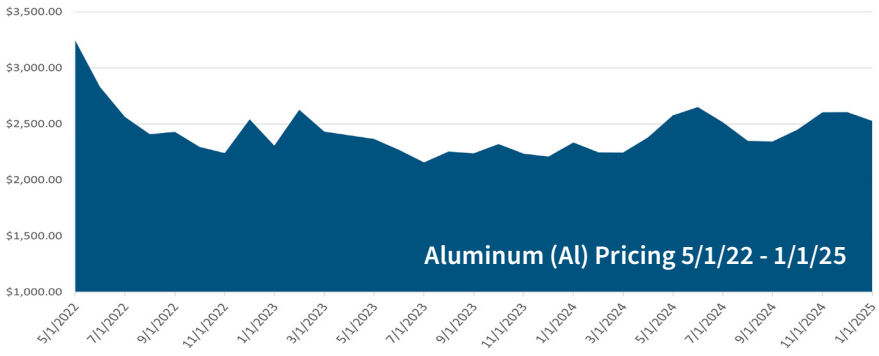


Source(s): Southwire (www.industrial.southwire.com), MacroTrends (www.macrotrends.net/1476/copper-prices-historical-chart-data)

Aluminum - Market Price as of 1.27.25 is $2,640 / mt

Aluminum (Al) wire and materials are used in the electrical industry in lieu of Copper (Cu) as a cost savings measure. Al is less expensive to purchase, and the delta between Cu and Al costs allows the end user to realize savings on their projects when substituting one for the other is feasible. This substitution is seen in transformer windings, feeder cables, and bussing for gear and panelboards.

Since our last publication of The Pulse (Q3 2024), the market price for Al has increased ~2%. End user pricing for Al wire has remained flat during this same quarter. The current level of end user pricing for Al wire and materials continues to be low, as compared to pricing we saw throughout 2021-2023. The continued forecast for Al shows a moderate increase to end user pricing throughout 2025 due to many factors, primarily - limited inventory and high demand.



Source(s): Southwire (www.industrial.southwire.com), Trading Economics (www.tradingeconomics.com), YCharts (www.ycharts.com/indicators/aluminum_price)