GASTON ELECTRICAL
An EMCOR Company


## Women In Construction Week Site Visit and Walkthrough

Project - Northeastern University EXP
Division - Low Voltage

# THE PULSE

INDUSTRY TRENDS & FORECAST

## INDUSTRIAL OVERVIEW

The vulnerabilities of the global supply chain have caused major disturbances in pricing and lead time for the construction industry. Everyone we speak with on this topic has an example of a recent project where materials didn't ship on time, releases weren't timely, pricing increased, or the quoted lead time was so long that schedules had to be extended. These historically long lead times have mostly stabilized, while pricing for electrical components continue to increase.

Generally, contractors in the Northeast have solid backlogs through 2023 and into 2024. Forecasting beyond early 2024, the construction market is softening. Rising interest rates, large inflation numbers (~6%), and growing costs for materials are precursors to a potential slowdown in construction billings. Further, many employees are not coming back into the office post pandemic. According to Colliers, commercial vacancy rates in downtown Boston reached 18.8% in Q1 of 2023 - a level not seen since the financial crisis of 2008/2009. In summary, the Greater Boston commercial market is tightening, developers aren't building on spec while costs continue to rise, and lead times are still extended.

## LEAD TIMES

Lead times are constantly changing - and they're impacting Gaston and our customers. 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 manufacturer, and this results in larger / wider ranges.**

**Quoted lead times are estimates and manufacturers are generally doing a poor job of communicating delays to Gaston and our customers.**

**LEAD TIMES CHANGE MORE OFTEN THAN PRICE. SOMETHING THAT MAY TAKE 16 WEEKS TODAY COULD BE 24 WEEKS TOMORROW. IT'S VERY FLUID.**

**Lead times have increased in early 2023 and will continue to remain long for the foreseeable future.**

**Lead times should decrease once demand softens.**

| Item / Material | Pre - Covid | Current |
|---|---|---|
| **Switchgear** | | |
| 15KV Switchgear | 24 - 34 weeks | 60 - 75 weeks |
| Substation Transformers | 24 - 34 weeks | 65 - 80 weeks |
| Switchboards over 1200 Amps | 20 - 30 weeks | 75 - 90 weeks |
| Distribution Panelboards | 2 - 10 weeks | 24 - 35 weeks |
| Branch Panelboards | Stock - 4 weeks | 24 - 36 weeks |
| Dry Type Transformers | 2 - 8 weeks | 10 - 16 weeks |
| Busway | 8 - 16 weeks | 24 - 72 weeks |
| Meter Sockets without Bypass | Stock | 12 - 14 weeks |
| Meter Socket with Bypass | Stock | 50 - 70 weeks |
| Large Disconnect Switches | 4 - 8 weeks | 24 - 36 weeks |
| Outdoor Padmount Transformers | 40 weeks | 90 - 100 weeks |
| **Generators** | | |
| > 1MW with Enclosure | 24 - 32 weeks | 70 - 85 weeks |
| 500KW/750KW/1MW with Enclosure | 24 - 32 weeks | 55 - 70 weeks |
| <= 500KW with Enclosure | 10 - 12 weeks | 45 - 50 weeks |
| **Automatic Transfer Switches** | | |
| Standard 800 Amps and below | 8 - 12 weeks | 24 - 30 weeks |
| Standard, above 800 Amps | 10 - 16 weeks | 36 - 44 weeks |
| Any ATS with a Bypass | 16 - 24 weeks | 48 - 55 weeks |
| **Fire Alarm Equipment** | | |
| Notification and Initiating Devices | 1 - 3 weeks | 4 - 16 weeks |
| Head End Equipment | 8 - 12 weeks | 16 - 40 weeks |
| Smoke Control Panels | 8 - 10 weeks | 24 - 32 weeks |
| Fire Alarm Master Box | 8 - 10 weeks | 40 weeks |
| NAC Booster Panels | 2 - 4 weeks | 12 - 18 weeks |
| BDA Equipment and Cable | 2 - 4 weeks | 6 - 8 weeks |
| **Lighting & Lighting Controls** | | |
| Lights | 4 - 18 weeks | 6 - 32 weeks |
| Controls | 6 - 8 weeks | 16 - 24 weeks |
| **Miscellaneous Items** | | |
| MI Cable | 3 - 6 weeks | 12 - 18 weeks |
| Medium Voltage Cable | 8 - 12 weeks | 30 - 52 weeks |
| VFD with Bypass | 2 - 4 weeks | 30 - 36 weeks |
| THHN / XHHW Copper / AL Building Cable | 1 - 3 weeks | 2 - 4 weeks |
| **Low Voltage Materials** | | |
| Cat6 Cable | 4 weeks | 4 weeks * |
| Cat6A Cable | 4 weeks | 4 weeks * |
| Jacks / Panels | 4 weeks | 4 - 5 weeks * |
| Closet Metals | 10 days | 5 - 6 weeks * |
| OSP Fiber | 90 days | 22 weeks |
| ISP Fiber (Riser-Rated / Plenum-Rated) | 4 weeks | 2 weeks / 4 - 6 weeks * |
| High Pair Count Copper | 4 weeks | 8 - 12 weeks * |
| Cameras | 2 - 4 weeks | 4 - 26 weeks *** |
| Access Control Panels | 4 weeks | 7 - 12 weeks |
| Door Locking Hardware | 4 weeks | 2 - 20 weeks ** |
| Power Supplies | 3 - 5 weeks | 1 - 4 weeks * |



* Most items are reasonably in stock with Distributors at this point. Lead times listed above are for special colors / constructions or new orders.

** Product type and manufacturer specific.

*** Multi-sensor cameras are longest lead time items

# PRICING

**Most manufacturer pricing increased ~30% throughout 2022.**

**Switchgear manufacturers increased pricing 4 - 7% in Q1 of 2023.**

**Generator pricing increased 3-5% in April of 2023.**

**Most Lighting manufacturers initiated a price increase of 5 - 10% in April of 2023.**

## ADDITIONAL PRICE INCREASES IN THE 3-7% RANGE ARE FORTHCOMING IN Q3 OF 2023 FOR GEAR, LIGHTING, AND GENERATORS.

## CONTACT US

This update is a snapshot of today and we implore you to reach out with questions should you have any.

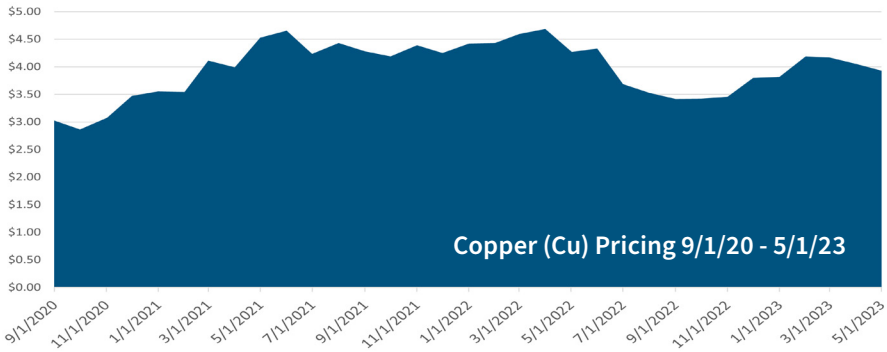
**Michael Weber / President**
(781) 255-8881
mweber@gastonelectrical.com

**Tim West / Sr. Director of Marketing**
(857) 389-2015
twest@gastonelectrical.com

## Copper - COMEX Market Price as of 05.22.23 is $3.68 / lb

Pricing for Copper (Cu) wire and materials is sticky-down - which refers to the tendency of a price to move up easily but prove resistant to moving down. Thus, when the COMEX market price of Cu increases, prices for finished Cu wire and materials typically increase accordingly. When the COMEX market price decreases, prices for finished Cu wire and materials will not typically decrease at the same rate. In 2020 and 2021, the COMEX market price of Cu increased about 50% total. In 2022, the COMEX price of Cu decreased 14% and end user products decreased about 10%.

Since 2/17/23 (Q1 publication of *The Pulse*) through 5/22/23, the COMEX market price of Cu has decreased 10% (currently at ~$3.68). Surprisingly, this 10% decrease in the market led to a ~20% decrease in Cu wire and materials costs for end users! Although demand has softened in the short term, COMEX pricing continues to be volatile and the macro-outlook is that CU COMEX pricing will increase throughout 2023 to over $4/lb.



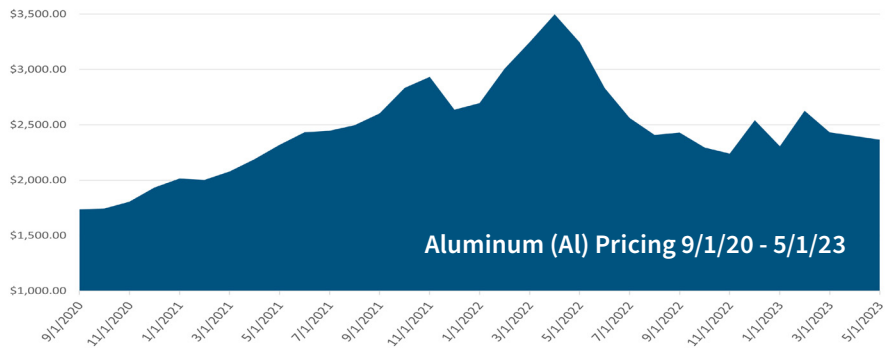

Source(s): Southwire (www.industrial.southwire.com), MacroTrends (www.macrotrends.net/1476/copper-prices-historical-chart-data)

## Aluminum - Market Price as of 05.22.23 is $2,268 / mt

In contrast to Copper, end user pricing for Aluminum (Al) wire and materials rose sharply in 2022. For years, the industry has been using Al wire and materials in lieu of Cu as a cost savings measure. Today, Al is still less expensive to utilize, only the delta between Cu and Al wire and materials isn't as large as it was in 2021.

Similar to Copper, the cost of Al wire and materials is sticky-down. The large increase in Al market pricing in Q1 of 2022 drove the end user cost of Al wire and materials up almost 100%. After a 2022 summertime high, the market price for Al wire and materials has decreased. Current market pricing for Aluminum is near its lowest level since 2022 as supply of aluminum in China has been increasing, and costs for production are falling.

Since 2/17/23 (Q1 publication of *The Pulse*), end user pricing for Al wire has decreased (~20%) even though the market price has only decreased by ~6%. The macro-forecast for Al (for the next quarter) is that pricing will remain somewhat flat.




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