GASTON ELECTRICAL
An EMCOR Company

BOSTON SEAPORT
Block L5 / 1 Boston Wharf Road (left)
Block L4 / 111 Harbor Way

THE PULSE

INDUSTRY TRENDS & FORECAST

INDUSTRIAL OVERVIEW

The Northeast construction market has slowed in 2024, as compared to the past 5 years. With some exceptions, new developer starts are on hold as large tenant activity / movement is lacking. Other macro factors are impacting commercial construction starts as well – such as high vacancy rates, an upcoming Presidential election, and rising construction costs to name a few.

Conversely, the Medical and University / Academic sectors continue to invest in their facilities and VC capital appears to be coming off the sidelines for smaller life science investments. We're cautiously optimistic that the commercial construction market is gaining some traction again.

LEAD TIMES

Gaston has been tracking lead times on a quarterly basis since the pandemic. Almost all 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 also running at full capacity, but the high demand for these items is causing lead times to remain extended.

Data center projects are dominating the headlines in the construction news cycle nationally. New data center projects (both hyperscale and colocation projects) are being announced weekly. The rise of artificial intelligence (Ai) and the computing power required to run the cloud services in support of Ai is incredibly large. These data centers require tremendous amounts of electrical switchgear and back-up power (generators). This market sector is gobbling up much of the available product of switchgear and generator factories. This is one of the main reasons why lead times for electrical equipment remain long for other market sectors. Adding to these challenges, recent news of devastating hurricanes and pending Longshoremen strikes have impacted the supply chain in the short term.

Securing long lead items prior to the completion of Construction Drawings has been a successful approach to help combat lead time problems. Importantly - constant communication with owners and project partners regarding lead times continues to alleviate stress within our projects, and allows us to preplan for a more efficient workflows on jobsites.

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) have modestly improved in 2024.

Item / Material	Pre - Covid	Current
Switchgear		
15KV Switchgear with Breakers	24 - 34 weeks	40 - 85 weeks
15KW Fusible Switchgear	24 - 34 weeks	25 - 40 weeks
Substation Transformers	24 - 34 weeks	50 - 65 weeks
Switchboards over 1200 Amps	20 - 30 weeks	40 - 62 weeks
Draw Out Breaker Switchgear	30 - 40 weeks	46 - 60 weeks
Distribution Panelboards	2 - 10 weeks	18 - 35 weeks
Branch Panelboards	Stock - 4 weeks	4 - 20 weeks
Dry Type Transformers	2 - 8 weeks	2 - 10 weeks
Busway	8 - 16 weeks	18 - 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	16 - 30 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

PRICING

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

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

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

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

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.

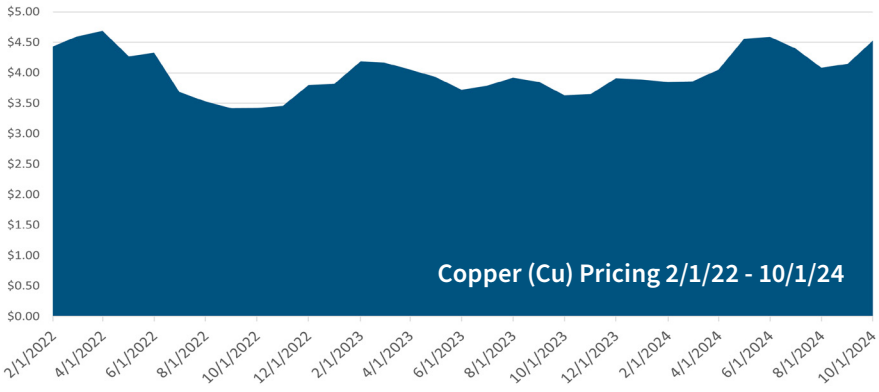
This increase is an average of $3.75 a year for the next five years.

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 10.15.24 is $4.35 / lb

Since our last publication of the Pulse (Q2 2024), the COMEX price for Copper (Cu) has decreased $.15/lb. It had been over $4/lb since mid-March, rose to above $5/lb in May, and gradually leveled off to around $4-$4.50 throughout the summer. Year over year, Cu has increased about $.80/lb since October of '23. Most economic indicators tell us that Cu pricing will remain well over $4/lb throughout the rest of 2024.

End user pricing (building wire and bussing) has increased for contractors since July, about 5%, and we expect this pricing to increase even more if the market price climbs above $4.50/lb. Since October of 2023, large Cu feeder pricing has increased 15-20% and smaller wire pricing has increased 8-12%.

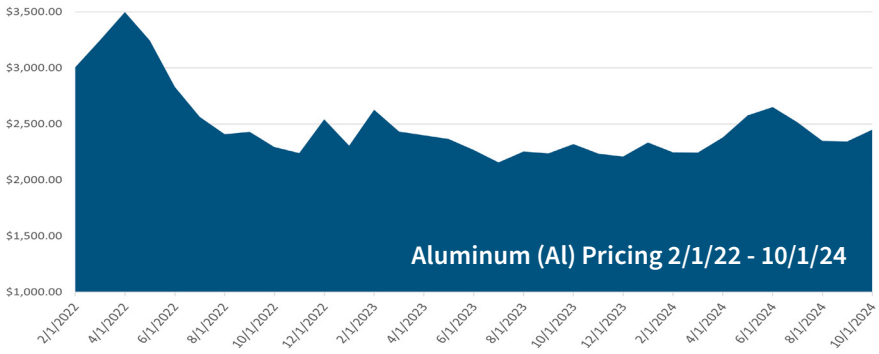


Source(s): Southwire (www.industrial.southwire.com), MacroTrends (www.macrotrends.net/1476/copper-prices-historical-chart-data)

Aluminum - Market Price as of 10.15.24 is $2,537 / 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 (Q2 2024), the market price for Al has increased ~6%. End user pricing for Al wire has increased during this same quarter by about 6% as well. The current level of end user pricing for Al wire and materials continue to be low, as compared to pricing we saw throughout 2021-2023. The macro forecast for Al shows a moderate increase to end user pricing throughout the remainder of 2024 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)