ECONOMICS

RICS

Global Construction Monitor

Q2 2026

Responses were gathered in conjunction with the following organisations:

Canadian Institute of Quantity Surveyors | Institut canadien des économistes en construction

PICQS

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Headline Sentiment Index ticks up across most regions as credit conditions outlook recovers somewhat

- Global Construction Sentiment Index moves higher, with three of the four broad regions recording an improvement
- Credit conditions outlook turns less restrictive, with the twelve-month reading returning to neutral
- Workload expectations pick-up across the board, and cost pressures show tentative signs of moderating

The Q2 2026 results from the RICS Global Construction Monitor show the headline Construction Sentiment Index (CSI) moving higher to a global reading of +13, from +8 in Q1, indicating a moderately stronger aggregate picture. Beneath the headline, the improvement was broad based, with three of the four world regions covered by the survey recording higher CSI readings compared with the previous quarter. Notably, the MEA region staged a partial rebound following Q1's downturn, while Europe also saw an improvement relative to three months ago. The credit conditions outlook turned considerably less restrictive, with the twelve-month net balance returning to neutral for the first time in several quarters. Forward-looking workload expectations have firmed across all sectors, and cost inflation, while still elevated, is showing tentative signs of easing.

MEA rebounds, Europe firms, while APAC softens marginally

Chart 1 presents the CSI at a broad regional level. One of the more striking developments in Q2 has been the partial recovery in the MEA region, where the headline index rose to +19 (from +8 in Q1). While this reversed much of the deterioration recorded in the previous quarter, the latest reading still sits below the levels seen at the end of last year. Europe also recorded a firmer outturn, with the CSI moving to +17 (from +7), retracing the softening seen last quarter. The Americas continue to post the strongest reading of the four regions, with the CSI strengthening to +29 (from +21), extending the run of solidly positive momentum seen over the past two years. In contrast, the APAC region softened marginally to -2 (from 0 in Q1), remaining a modest drag on the global aggregate.

Nigeria sees acceleration in workload growth, while India, Germany and the USA report solid expansions

Chart 2 shows the net balance data for total construction workloads at a country level. Nigeria emerged as a particularly strong market this quarter, with a net balance of +40%, up from +17% in Q1 and reflecting a significant acceleration in activity across all sectors. India also posted a net balance of +40% for total construction workloads, while Germany and the United States recorded similarly strong readings of +33%, signalling solid growth in activity.

Elsewhere, growth remains firmly positive across a broad range of markets. Singapore returned a net balance of +28%, with Oman and Saudi Arabia close behind at +27%, highlighting the resilience of construction activity across parts of the Middle East despite a challenging geopolitical backdrop. While most other countries covered continue to report expanding workloads, the pace of growth is generally more moderate than among the leading performers.

Chart 1 - Construction Sentiment Index by Region

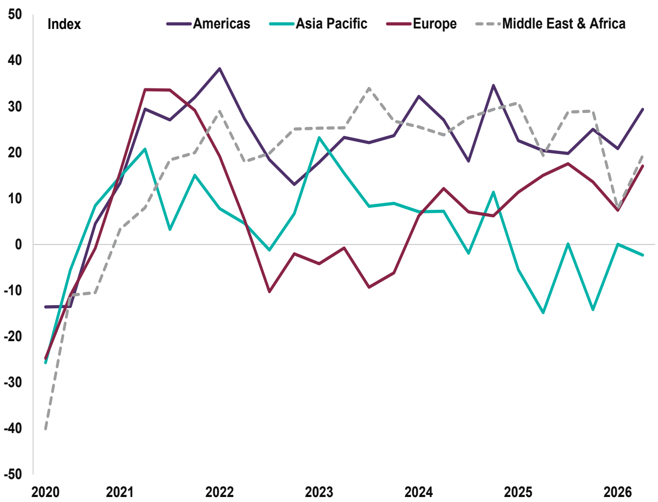
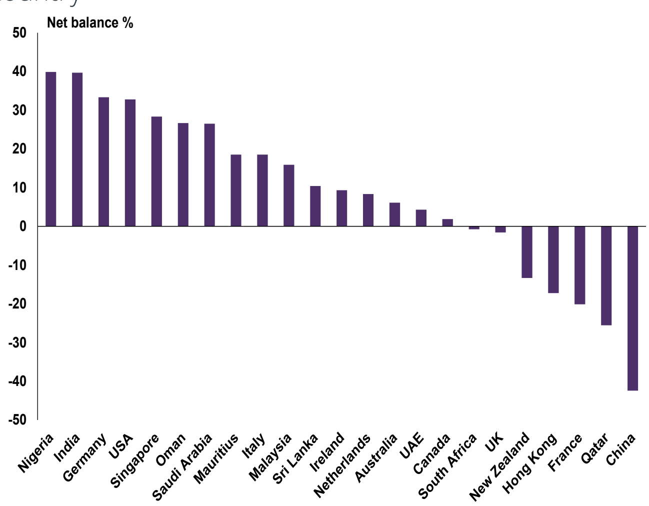


Chart 2 - Current Trend in Headline Workloads by Country



At the weaker end of the scale, South Africa (-1%) and the UK (-2%) were broadly flat, while New Zealand (-13%), Hong Kong (-17%) and France (-20%) all recorded declines in activity. Qatar remained under pressure, with a net balance of -26%, but China continued to be the weakest-performing market by a significant margin, posting a net balance reading of -42%.

Turning to the sectoral breakdown, infrastructure continues to outperform other market segments in many regions, with the global net balance for current infrastructure workloads rising to +23% (from +20%). Private non-residential activity moved to broadly flat conditions at the global level (net balance of 0%, from -3%), while private residential remained in modestly negative territory at -6% (from -3%). Against this backdrop, respondents in a growing number of markets are pointing to firmer conditions across the private sectors, with the shift particularly evident in Europe and MEA.

Forward-looking expectations firm across all sectors

Chart 3 illustrates twelve-month workload expectations across world regions. In contrast to the scaling back seen in Q1, respondents this quarter have generally upgraded their expectations for the year ahead. At the global level, the net balance for twelve-month infrastructure workloads strengthened further to +45% (from +40%), reinforcing the sector's role as the most resilient part of the outlook. Notably, the net balance for private non-residential expectations moved higher to +23% (from +13%), while private residential expectations were broadly stable at +15% (unchanged from Q1). The improvement in the private non-residential outlook represents the largest quarterly shift in that series for some time.

At the regional level, MEA saw a considerable rebuilding of forward-looking sentiment, with respondents reversing some of the retrenchment recorded in Q1. The net balance for twelve-month infrastructure expectations in the region moved back to +40% (from +17%), while private non-residential expectations rose to +32% (from +16%). Europe also recorded a broad-based improvement in expectations across all three sectors. In the Americas, twelve-month expectations remained solidly positive, although the pace of improvement moderated compared with Q1. In APAC, expectations were broadly steady, with continued strength in India and Singapore contrasting with more subdued readings from China and Hong Kong.

Chart 3 - Twelve-month Workload Expectations by Region and Sector

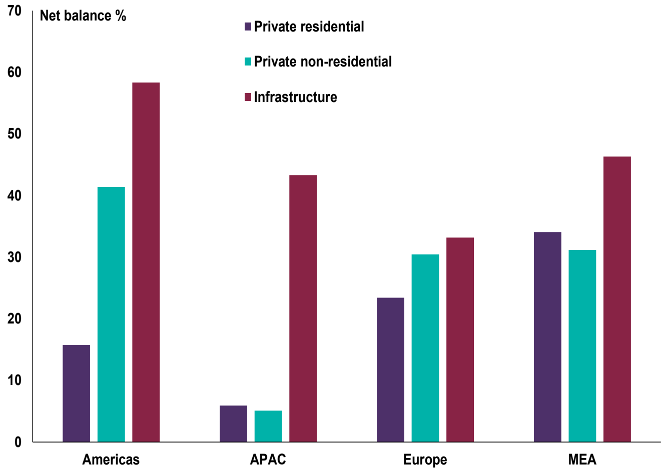
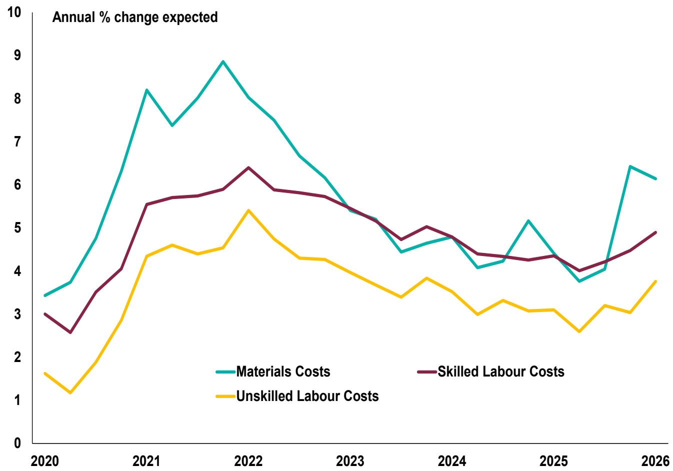


Chart 4 - Twelve-month Global Cost Projections Breakdown



Material cost inflation shows tentative signs of moderating, but labour concerns build

Chart 4 shows the evolution of twelve-month global cost projections. In contrast to the sharp increases recorded in Q1, cost projections in Q2 were more mixed. Materials cost projections moderated slightly to 6.1% over the next year (from 6.4% in Q1). Conversely, skilled labour cost expectations rose to 4.9% (from 4.5%). Alongside this, the net balance for current profit margins turned less negative at -19% (from -29% in Q1), pointing to some easing in the margin squeeze recorded in the previous quarter. What's more, the net balance for twelve-month profit margin expectations turned positive at the global level for the first time in over a year, at +12% (from -1%).

In terms of impediments to activity, the cost of materials remains the most widely cited factor, referenced by 69% of respondents (broadly unchanged from 67% in Q1). Financial constraints are the second most cited concern, at 65% (from 62%). However, the more notable shift this quarter has been in labour-related concerns, with the share of respondents citing labour shortages rising sharply to 47% (from 39%), and skills shortages to 53% (from 48%). This is consistent with a picture of strengthening activity placing greater pressure on resource availability. By contrast, insufficient demand was cited by 47% of respondents (down from 53%), while planning and regulation were cited by 39% (from 45%).

Credit conditions outlook rebounds materially

The credit conditions series showed a notable rebound in Q2, reversing much of the deterioration seen in Q1. At the global level, the net balance of respondents reporting a deterioration in credit conditions over the past three months improved to -15% (from -18%). More notably, forward expectations shifted markedly. The three-month-ahead net balance moved to -6% (from -23% in Q1), while the twelve-month-ahead net balance rose to 0% (from -14%), returning to neutral for the first time in several quarters. The improvement is consistent with a partial normalisation in bond yields and inflation expectations since the peak of the Q1 shock and points to a materially more supportive financing backdrop for the year ahead.

Chart 5 - Factors Limiting Activity

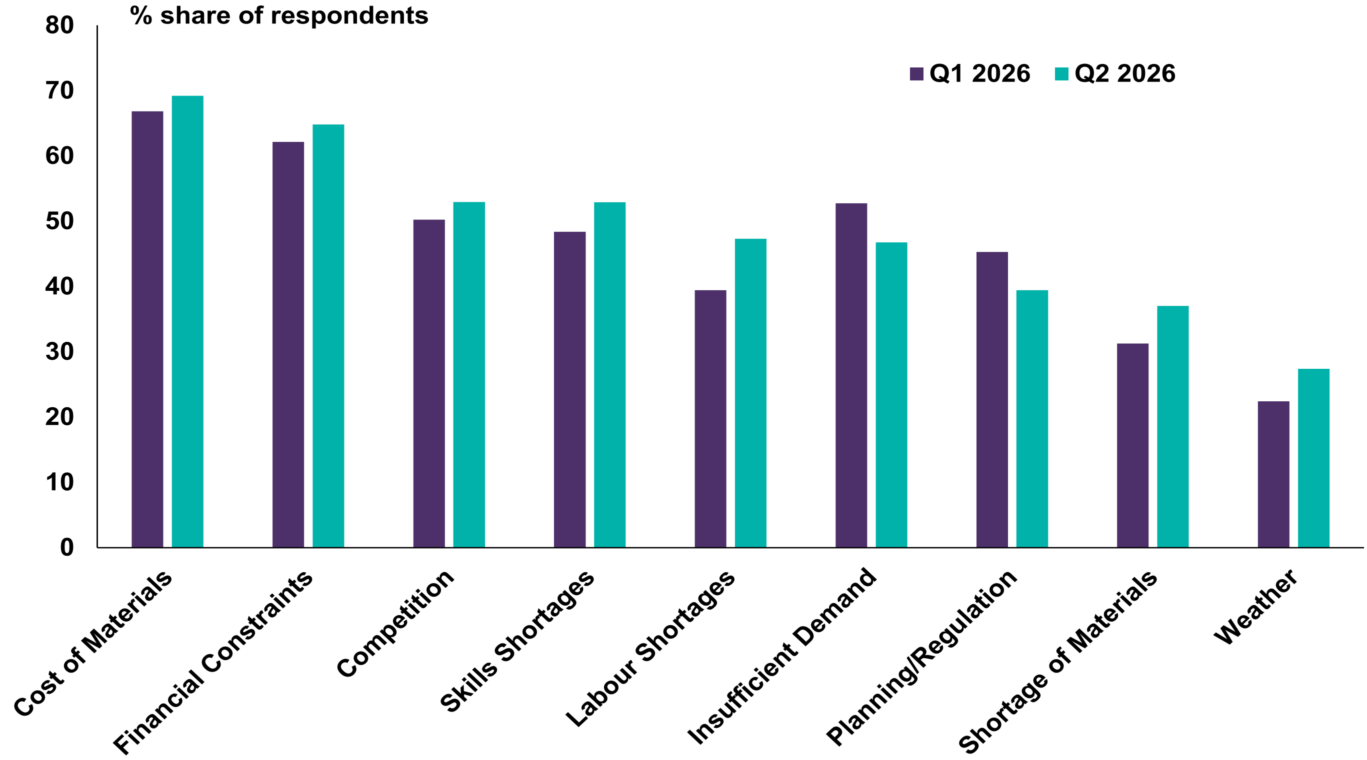
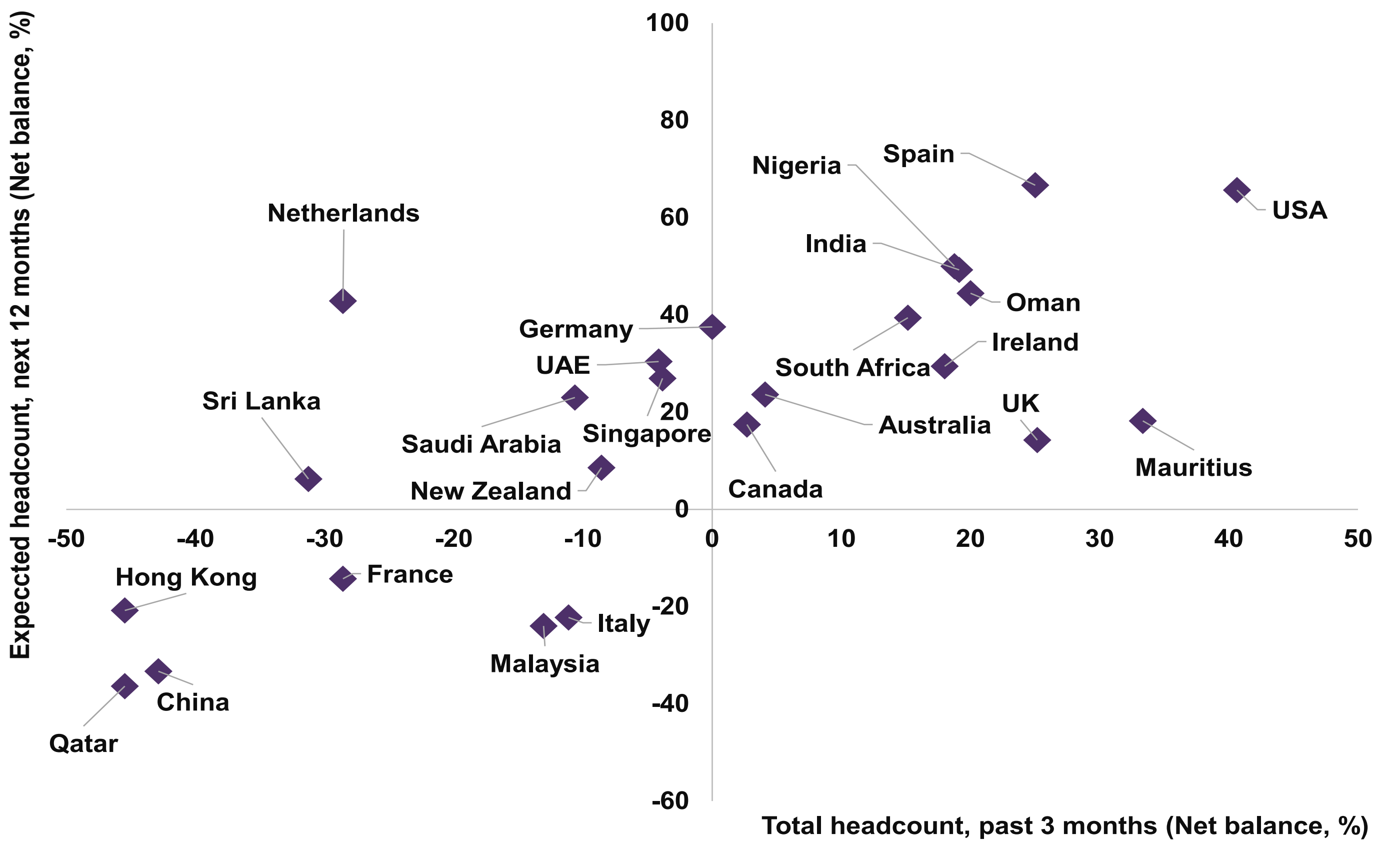


Chart 6 - Industry Employment Current Trends and Twelve-Month Expectations



APAC: Sectoral divergence widens as infrastructure strengthens and private sectors weaken

The Q2 2026 survey results for the APAC region show the headline CSI edging lower to -2 (from 0 in Q1), leaving APAC as the only region to record a softer outturn compared with three months ago. Beneath the headline figure, however, the picture is more nuanced. Infrastructure activity strengthened further and remains the standout segment, while conditions across the private sectors deteriorated noticeably.

Hong Kong and Sri Lanka see the most noteworthy moves in the headline sentiment index

Chart 1 shows the CSI at a country level across the region. The most notable improvement in Q2 came from Hong Kong, where the CSI rose to -10 (from -24 in Q1). Although this still points to subdued market conditions, it is the least negative reading since 2023. Malaysia moved back into modestly positive territory at +3 (from -6), while Sri Lanka firmed to +11 (from +3). India continues to lead the region at +40, broadly stable from +43 in Q1, supported by particularly strong momentum in infrastructure. Singapore was little changed at +22, maintaining the solid picture seen in recent quarters. By contrast, China's CSI slipped to -20 (from -17), extending its run of firmly negative readings, while New Zealand weakened further to -10 (from -3). Australia moderated to +8 (from +11) but remained in positive territory.

Sectoral divergence widens as private sectors weaken

The most notable feature of the Q2 results is the widening divergence at the sectoral level. Current private residential workloads deteriorated sharply, with the regional net balance falling to -26% (from -13%). Private non-residential activity also weakened, with the net balance declining to -24% (from -9%). Both readings point to a more challenging underlying picture, with weakness most pronounced in China, Hong Kong and New Zealand. In contrast, infrastructure and public works strengthened further, with the net balance rising to +17% (from +10%), reinforcing its role as the strongest driver of the APAC market.

Cost pressures intensify

Cost-related pressures continued to build in Q2. The share of respondents citing the cost of materials as an obstacle rose to 79% (from 71%), remaining well above the global average. Reports of material shortages also increased, to 37% (from 29%). Financial constraints were highlighted by 74% of respondents (from 67%). Competition remained widely cited at 72%, while insufficient demand eased slightly to 63% (from 65%). More encouragingly, planning and regulation was cited by 31% of respondents, down from 50%, suggesting a reduction in administrative friction.

Forward-looking picture mixed as infrastructure expectations strengthen

Twelve-month expectations across the region presented a mixed picture. Infrastructure sentiment strengthened further, with the net balance rising to +43% (from +36%). Private residential and non-residential expectations were broadly stable at +6% and +5% respectively. India and Singapore continue to display the strongest forward-looking sentiment, while expectations in China and Hong Kong remain subdued. Meanwhile, the net balance for twelve-month employment expectations turned negative at -7% (from +12%), while profit margin expectations softened to -8% (from 0%), pointing to growing concerns over profitability as cost pressures persist.

Chart 1 - Construction Sentiment Index

Chart 2 - Factors Holding Back Activity

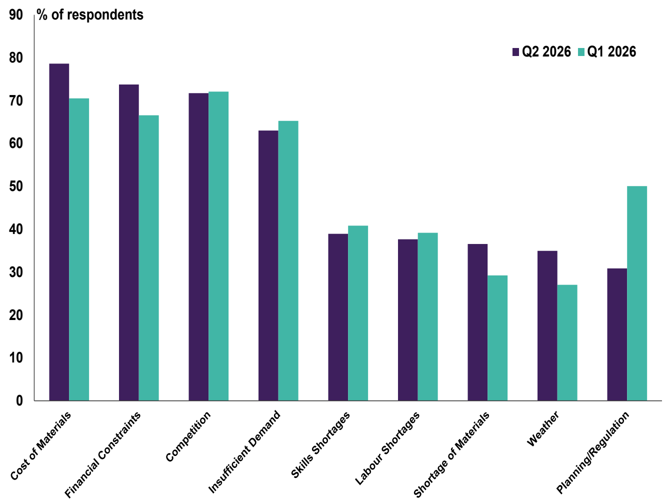
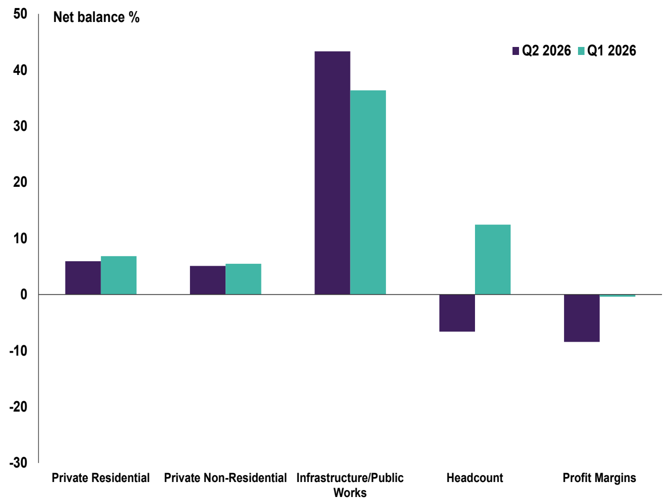


Chart 3 - Twelve-month Expectations Workloads, Headcounts, Profits



Regional comments from survey participants in APAC

Australia

A lot to be built before 2032 means focus on getting stuff built quickly using known materials and methods. - Brisbane

Constant changes of government, creating a stop start project cycle and now rather than a consistent flow of infrastructure projects being awarded, they will all push out to the later part of the year and contractors will be expected to ramp up with little time made available to them. Likely after having to let people go because there is no continuity in projects. - Brisbane

Geo political issues. - Brisbane

Global issues - oil and wars. - Brisbane

Middle east conflict. - Brisbane

Fuel price increases trigger the increase in transportation cost/ freight. - Canning Vale

Fuel prices. - Geographe

As everywhere else the uncertainty surrounding the gulf war is a major factor in future prices. - Hobart

Skills labour ; cost of ma. - Melbourne

High interest rates, high govt taxes / levies, volatile fuel prices, transport / shipping costs, cost or materials, shortage of skilled trades. - Melbourne, Sydney and Newcastle

Petrol market; government policies. - Newcastle

Labour shortages, competition from major mining and infrastructure projects, and ongoing procurement lead times for specialised equipment continue to affect the local construction market. These factors are contributing to increased labour costs, contractor pricing pressure, and potential programme delays, particularly for resource-sector projects. - Perth

Only Resources work available. - Perth

The cost of materials and shipping due to conflict in the Middle East. - Perth

Clients are not requesting for embodied carbon assessments. Therefore creating awareness and educating everyone about the need for a green building, as well as providing government incentives will likely drive demand and shift the focus to a greener environment. - Sydney

Constrained with overly onerous code requirements. - Sydney

Less Government funding for social infrastructure, especially new health assets. - Sydney

Middle East Crisis. - Sydney

Shortage of skilled and unskilled labour is leading to upward price pressure across the whole range of construction sectors. - Sydney

China

Move away from the previous poor-quality building design and construction. Future building design should emphasise aesthetics, construction should ensure high quality, construction management standards should be improved, standardised cost quotas should be abolished, and cost professionals should analyse project costs on a practical basis. - Guangzhou

Talent shortage. - Hohhot

Low-price competition. - Jiaxing

Domestic demand for infrastructure has weakened, affecting overall infrastructure investment. - Shanghai

Oversupply of commercial buildings, together with unstable household incomes, are having a considerable impact on the construction industry. Adjustments and improvements at the policy level are still needed. - Shanghai

Labor Shortage and Aging Workforce. - Tung Chung

Economic factors. - Zhoushan

Hong Kong

Geopolitical impacts on market. - Hong Kong

In the construction industry, time is unequivocally money. While a shorter project duration often appears desirable to owners eager for returns, the path to an accelerated schedule is fraught with financial paradoxes. To compress a timeline, a contractor must inject significant resources, a strategy that inevitably inflates expenditures on labor, equipment, and operations, ultimately eroding the project's profit margin. - Hong Kong

1. Property prices are subdued and private developers are more cautious about investing. 2. Rising construction costs, labour shortages, and an ageing workforce. 3. Public works and infrastructure are limited, though there is currently the Northern Metropolis development underway. - Hong Kong

Contractors tend to compete on price, which results in a lower standard of work. Therefore, the local government should establish an effective policy to monitor this issue. - Hong Kong

Deterioration of private property markets. - Hong Kong

Global finance problem. - Hong Kong

Labour costs. - Hong Kong

Lack of funding. - Hong Kong

Land price should be down and low rental cost of commercial building. - Hong Kong

Raw materials and capital. - Hong Kong

Scaffolding works, strengthening in fire safety. - Hong Kong

Sub-contractor has heavy financial burden and request main contractor to help their cash flow. - Hong Kong

The economic environment has not yet recovered. - Hong Kong

The government needs to strengthen the recycling and reuse of construction materials, and to place greater emphasis on encouraging green building policies. - Hong Kong

The increase of gentrification policy. - Hong Kong

The shortage of skilled young labour and the raising of labour wages. - Hong Kong

The use of GB standards under the influence of Mainland China. - Hong Kong

Heritages should be conserved instead of demolishing them. - Hong Kong Island

India

Faster turn around of statutory clearances. - Bangalore

Geopolitical conflict in gulf. - Bangalore

Impact of war in west Asia has negatively impacted the construction sector in india by escalating the project cost. - Bangalore

Recent middle east geopolitical situation adversely affected the supply chain and investment decisions. Need a robust plan and collaboration between private and government sector to implement sustainable construction. - Bangalore

The main challenges currently affecting the construction market are fluctuations in material prices, availability of skilled labor, and delays in the supply of certain materials and equipment. Frequent design changes and approval timelines are also impacting project progress and overall costs. - Bangalore

Climate condition - Flood. - Chandigarh

The construction market is affecting mainly on issuing building approval in time and changing government policies very often on approving rules and regulations, it must be avoided for better construction market in future. - Coimbatore

Import costs have gone up due to war and currency fluctuation. - Delhi

Cost of Petroleum product. - Ghazipur

Everyone is talking about the sustainability over the screen and papers but the scenario is completely different when come to execution of sustainable practices. Client should have the responsibility to make his infrastructure is sustainable but due to the lack of time and funds allocation as an investment, sustainable practices become limited to the papers. - Hyderabad

Rapid price escalations within the project durations and availability of skilled labour force. - Hyderabad

Due to increase in infra structure projects across India shortage of skilled & unskilled is forseen. - Mumbai

Middle East conflict. - Mumbai

Public awareness. - Mumbai

Redevelopment. - Mumbai

Scarcity of Skilled & Unskilled Resource in our region. - Mumbai

Skilled Workers and Labour Shortage and Hike in Fuel Prices. - Mumbai

Regional comments from survey participants in APAC

The construction market in our area is being affected by several factors, including increasing material prices, labour shortages, and delays in project approvals. Rising interest rates have also made financing more expensive for developers and contractors. In addition, supply chain issues sometimes cause delays in the delivery of materials and equipment. Market uncertainty and changing demand for residential and commercial developments are further influencing the pace of construction activity. - Mumbai

Rising construction costs, shortage of skilled professionals, approval delays, and the need for greater adoption of digital tools and sustainable practices are key factors affecting the construction market. Continued infrastructure investment and workforce development will support long-term growth. - Nashik

Low cost tender bidding and poor quality of the execution and frequent change of the employee. - Noida

Current war in the Gulf has led to shortage of Gas effecting Labour, plus certain items like Steel, Tiles etc prices have gone up hugely. - Panjim

Due to ongoing war like situation, most of the MSME industries are shutting down which has resulted in non-payment of wages to labours and hence they are bound to leave the job and are returning to their home towns. These MSME industries also fuel up the requirement of equipment spares, consumables and material of the Construction contractors. The insurances on freight coming through international waters have also skyrocketed which has resulted in increased material prices. - Vadodara

Japan

The cap on overtime working hours regulation. - Tokyo

Compliance with requirement of economic factors and whether to invest or not, construct now or defer or cancel project. - Yokohama

Malaysia

1. Low competency. 2. Corruption. 3. Low integrity. - Butterworth

Construction activity remains steady, but higher material costs, labour shortages, and tighter project budgets continue to affect delivery. Traffic congestion and limited site access in Cheras also impact productivity. - Cheras

Material and fuel costs hiked. - Cheras

Middle East crisis causing uncertainty and building material price to rise. - Kota Kinabalu

Geopolitical tensions, tariffs. - Kuala Lumpur

Green Building is sun set concept. - Kuala Lumpur

Diesel prices. - Penang

Government Policy. - Petaling Jaya

Public sector stagnation, Restricted competition & Market concentration. - Petaling Jaya

Maldives

Basically, the financial constraints and deteriorated credit ratings of the country affect the construction market. Resort market attracts the investments, but the opportunity is less for the local contractors engage with resort development projects. - Male

New Zealand

Complications in gaining consents and approvals. In some cases it requires a complete rethink on how our consents are processed. - Auckland

Lack of knowledge and labour cost is high. - Auckland

The New Zealand construction market remains challenging due to reduced government spending, delayed project approvals and ongoing economic uncertainty. The slowdown in public sector investment has significantly reduced project opportunities, particularly in vertical construction. Competition for available work has increased, placing pressure on margins and pricing. While inflation and material cost escalation have eased, many contractors and consultants remain cautious. - Auckland

Limited awareness of circular economy. Difficulty in waste diversion, significant transport costs to main centres. - Dunedin

Increased inflation in the construction market due to the geopolitical situation in the Middle East.al situation in the middle East. - Queenstown

Local indigenous influence halterring development. - Whangarei

Philippines

There is a huge shortage of skilled workers in construction in any trade. - Makati City

Increasingly stringent contract conditions and payment terms by Clients. - Mandaluyong

Singapore

Global economy. - Singapore

Limited competition. - Singapore

No of qualified QS. - Singapore

Overseas companies competing for work at cheaper rates. - Singapore

Surge of oil price affcting material cost increase. - Singapore

The supply and demand factors of various skilled labour force and new construction procurement and process. New technologies being adopted whilst the entire process is not full understood and eventually many construction defects and failures. - Singapore

Sri Lanka

Rising material and labour costs, tighter credit conditions, delayed client payments and shortages of skilled professionals continue to affect the market. Greater price stability, faster approvals, improved access to finance and stronger incentives for sustainable construction would support industry growth. - Colombo

There is no common data base (similar to BSIC) to use in estimating project costs. - Colombo

Unstable global situation. - Colombo

Volatility in international energy markets and instability in the regional situation. - Colombo

Weather. - Colombo

The economic effects on most industries of the ongoing closure of the Strait of Hormuz. - Gampaha

Ongoing Middle East conflict. - Malabe

Thailand

Lack of client uptake as they dont want to spend more money to support the processey. - Bangkok

Potential restraints include fluctuating material costs, skilled labor shortages, and economic uncertainties continues to hamper Thailand construction market. The market's resilience hinges on effective government policies addressing these challenges and attracting foreign investment to support large-scale infrastructure projects. - Bangkok

Recently the material prices are increased and the fuel cost impacts and the material arrival time is affected after February 2026. The construction market for steel structure is stagnant and new project tender submission yield is very high. The government forces the client to comply the LEED score at least GOLD rating for new construction work. The client follows this regulation with extra costs to maintain the sustainability. - Bangkok

From a cost management perspective, sustainability objectives are often challenged by budget constraints and market competition. While interest in green building practices is growing, there is still limited availability of reliable carbon data, EPDs, and local benchmarks for embodied carbon assessment. Increased collaboration among clients, consultants, contractors, and suppliers will be important to support practical implementation of sustainability initiatives. - Huai Khwang

Vietnam

Extreme weather during summer months. - Hanoi

Europe: Market conditions pick-up as Italy returns to positive territory and France's contraction eases

The Q2 2026 GCM results for Europe point to a materially firmer regional picture, with the Construction Sentiment Index (CSI) rising to +17 (from +7 in Q1 2026). The improvement was broad-based, with all six markets covered recording higher CSI readings than three months ago. Italy staged a notable turnaround, moving back into positive territory, while France's contraction eased significantly. Forward-looking sentiment also strengthened across most sectors, with a marked improvement in profit margin expectations, although labour-related concerns are becoming more prominent.

Italy returns to positive territory as regional sentiment improves

Chart 1 presents country-level CSI readings. Germany continues to lead the markets covered, with the reading strengthening to +36 (from +27 in Q1), supported by firm momentum across all three sectors. The Netherlands also recorded a notable improvement, with the CSI rising to +35 (from +19), largely reflecting stronger infrastructure activity. The results across Italy were brighter in Q2, with the CSI moving to +10 (from -15), driven by improvements across both private sectors. Ireland edged higher to +12 (from +9), while the UK returned to neutral territory at +2 (from -9). France remained the weakest market in the region at -8, although this represented a considerably less downbeat figure relative to the -24 recorded previously.

At the sector level, current private non-residential workloads strengthened, with the net balance rising to +11% (from +1%). Private residential activity firmed marginally, posting a net balance of +5% (from +2%), while infrastructure workloads remained consistently solid at a net balance of +22% (from +21%), continuing to underpin activity across the region. Meanwhile, the current profit margin reading recovered to a net balance of -7% (from -30%), and the headcount indicator moved out of negative territory at +3% (from -3%).

Labour and skills shortages become more prominent

Chart 2 shows the factors holding back activity. The cost of materials remains the most widely cited issue, mentioned by 64% of respondents (from 63% in Q1), while financial constraints rose to a share of 60% (from 52%). More notably, the proportion of respondents mentioning labour shortages increased sharply to 58% (from 28%), and skills shortages rose to 61% (from 52%). Competition also picked up, consistent with firmer activity levels and increasing pressure on resources. By contrast, insufficient demand was cited by 37% of respondents (from 46%), reflecting the improvement in market conditions.

Private sector expectations strengthen, profit margin outlook turns positive

Chart 3 illustrates twelve-month workload expectations. Private residential expectations rose to a net balance of +23% (from +14%), while private non-residential expectations increased to +31% (from +18%). Infrastructure expectations eased slightly to +33% (from +38%) but remain firmly positive. Headcount expectations improved to +20% (from +11%), pointing to a stronger employment outlook. Significantly, twelve-month profit margin expectations turned positive at +13% (from -19%), representing one of the most notable shifts in the Q2 results and signalling a much-improved outlook for profitability.

Chart 1 - Construction Sentiment Index by Country

Chart 2 - Factors Holding Back Activity

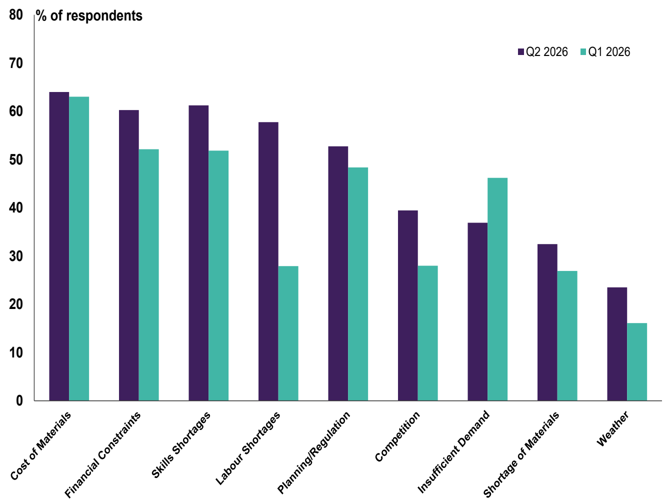


Chart 3 - Twelve-month Expectations Workloads, Headcounts, Profits

Regional comments from survey participants in Europe

Belgium

Sale prices and the slow pace of sales. - Braine-l'Alleud

Rising construction costs due to increasing energy prices and rising interest rates make our product more expensive and result in reduced purchasing power among clients. Furthermore, capital delivers a higher return outside our sector, which also makes equity capital more expensive. Consequently, work needs to be done on capital availability to make green investments viable. - Gent

Bulgaria

Multiple issues including: Client approach to projects (seeking cheapest options and poor decision making capabilities), competition forcing consultant fees downwards, general price acceleration and lack of labour resources are the key factors impacting the construction market. - Sofia

Cyprus

Geopolitical Risk in the region. - Larnaca

Denmark

The socioeconomic climate is threatened by unstable supply chains at present. - Copenhagen

Estonia

Russian war with Ukraine. - Vääna-Jõesuu

France

Strict RE2020 carbon caps, the Paris bioclimatic PLU favoring retrofits over new builds, Index BT price volatility, and subcontractor insolvency risks heavily impact project budgets. - Paris

The conflict in the Middle East is creating a climate of international economic insecurity, and putting pressure on the supply of Asian electrical components. - Paris

Germany

Unclear and slow decision-making structures for building permits. - Berlin

Current financing conditions do not provide an economic basis for speculative project developments in the office and residential sectors. Approval processes for infrastructure projects (for example north-south power routes, refurbishment and expansion of railway infrastructure) still take too long. - Frankfurt

There is a great disconnect in commercial between multinational small contractors who do not understand common commercial standards and code of conduct. This also contributes to high construction cost,. - Frankfurt am Main

Adherence to political commitments, less state involvement and more market-driven action, demand at the forefront, reducing regulations. - Görlitz

The unimaginable volume of standards, regulations and laws. - Hamburg

Guernsey (UK)

The most significant factors are shortage of labour and qualified professionals in the Island. - St Peter Port

Hungary

A new political party elected in Hungary, Hun-EU relation is expected to improve, in this context, economic prospects are expected to improve. - Budapest

Ireland

Planning difficulties. - Ballincollig

Cost of handling and transport to disposal or recycling; imported materials (most). - Dublin

Labour shortages are pushing up labour costs. Traffic congestion is an issue. It's expensive to build in Dublin. Planning delays are a big issue, creating problems for developers. Deficient Power and Water services are delaying development. Complicated E-Tenders process is putting off contractors/consultants tendering for projects. International uncertainty affects investment. - Dublin

Lack of well qualified quality staff. - Dublin

Delays caused by Planning Appeals. - Monaghan

Continued International Geo-political Instability. - Waterford

Netherlands

I work on Data Center sector in Netherlands and not seeing carbon assessments being done or materials procured based on circular economy principles. Lack of policy and subsidies, skilled professionals, labor shortage and time constraints could be the major factors. - Eindhoven

High levels of government regulation and limited capacity in energy supply for greenfield projects. - Hilversum

Portugal

Portuguese market is stiill behind this matter. - Lisbon

Spain

Trend towards maximising industrialised construction methods, resulting in a greater commitment to quality. - Madrid

High inflationary costs, rising interest rates, lack of skilled and unskilled workers, full order books, Local authority duplicity in interpreting distinct regulations. - Marbella

Sweden

The uncertainty of the investment market has drastically impacted the future flow of works. - Malmö

Middle East and Africa: Regional sentiment rebounds, although geopolitical tensions remain a significant risk

The Q2 2026 Construction Monitor for the Middle East and Africa suggests that regional sentiment has recovered somewhat from the weakness seen in the previous quarter, with the Construction Sentiment Index (CSI) rising to +19 (from +8 in Q1). While this unwinds much of the earlier deterioration, the improvement should be viewed against a backdrop of ongoing geopolitical uncertainty. All countries covered reported stronger readings, although the regional conflict continues to pose a significant risk, and sentiment in several Middle East markets remains vulnerable to any further escalation or disruption. Forward-looking expectations strengthened across most indicators, but cost pressures continue to build and could constrain activity over the coming quarters.

Nigeria accelerates, Saudi Arabia shows resilience, Mauritius records a notable turnaround

At the country level (Chart 1), Nigeria posted the strongest reading in the region at +47 (from +21 in Q1). Saudi Arabia also recorded a notable improvement, with the CSI rising to +28 (from +12), while Mauritius staged the largest single quarterly turnaround, moving to +25 (from -40). South Africa firmed to +16 (from +11), and the UAE returned to modestly positive territory at +14 (from -1). The improvement seen in parts of the Middle East should be treated with caution given the market's sensitivity to any further disruption stemming from regional conflict. Qatar remained the weakest market covered in terms of its CSI, at -22, although the reading represented a considerable improvement on the -40 recorded previously.

Private non-residential activity turns positive, but infrastructure moderates

Turning to current workloads by sector (Chart 2), the sectoral picture rebalanced compared with Q1. Private non-residential activity moved back into positive territory, with the net balance rising to +14% (from -14%), a marked turnaround. Private residential activity was broadly stable at +14% (from +13%). Infrastructure and public works moderated somewhat, with the net balance easing to +14% (from +21%), although the reading remains positive. Meanwhile, the net balance for profit margins improved to -30% (from -39%), and the headcount indicator moved into neutral territory at -4% (from -10%).

Looking ahead, expectations firmed considerably across most indicators. Twelve-month infrastructure expectations rebounded sharply to +46% (from +17%), while private non-residential expectations rose to +31% (from +16%). Private residential expectations were broadly stable at +34% (from +38%). Employment expectations rose to +31% (from +12%), and profit margin expectations turned positive at +20% (from -5%), pointing to a materially more constructive outlook. That said, the improvement in forward-looking sentiment relies on no further escalation of the conflicts across the region..

Cost and labour pressures continue to intensify

Despite the broader improvement in sentiment, cost-related and resource pressures continued to build. The share of respondents citing the cost of materials as a constraint rose to 87% (from 78%), remaining the most widely flagged issue by some margin. Financial constraints were broadly unchanged at 78%. The share of respondents mentioning skills shortages rose sharply to 54% (from 33%), and reports of material shortages climbed to 53% (from 44%). Labour shortages also rose to 36% (from 26%), consistent with a picture of firmer activity placing pressure on resource availability.

Chart 1 - Construction Sentiment Index by Country

Chart 2 - Current Conditons/Twelve-month Expectations Workloads, Headcounts, Profits

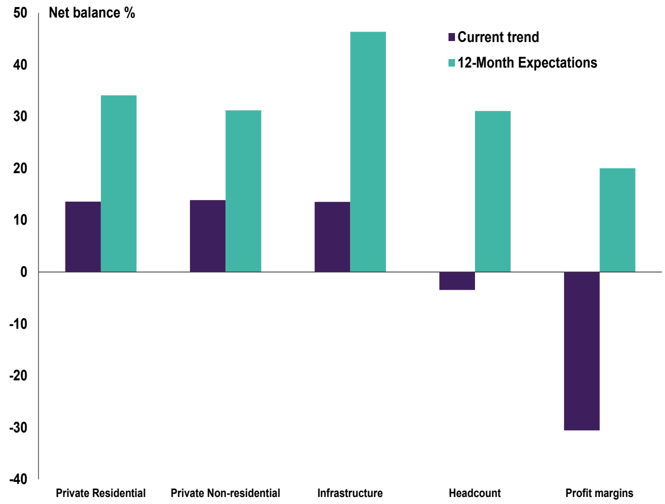
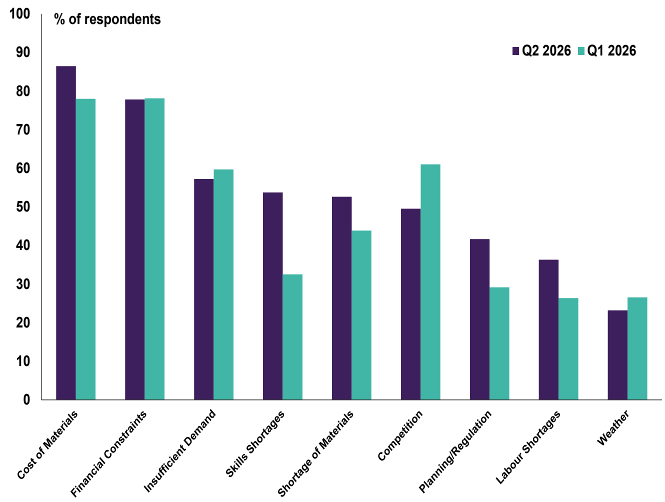


Chart 3 - Factors Holding Back Activity



Regional comments from survey participants in MEA

Bahrain

Currently, the regional conflict greatly affect the construction market in the middle east. - Hidd

Flexibility in price of materials are adversely affecting to secure the contract price. The upperhand of Main Contractors/Clients resulting to many disputes and unfair approach in releasing payments, withhelding the retentions for many blunt reasons are affecting the cash balance of may contractors. Even, this approah is collapsing the construction field. Losing the trust. - Manama

We are in a period of War. - Manama

Middle East conflict. Bahrain remains under regular threat, and the closure and restrictions on the Strait of Hormuz are increasing fuel prices, delivery costs, procurement times and so on. - Saar

Botswana

Botswana has been a state led economy but due to under performance of diamond sales - from which government funds its budget the economy is likely to stagnate. - Gaborone

Egypt

Critical Focus on Water and Energy Efficiency-The Financial & Competitive Divide-Supply Chain Localisation & Green Materials. - Cairo

Diesel prices. - Cairo

Ethiopia

Ebola outbreak in Africa & West Asia conflict driving up commodity and logistics costs, including fuel disruption. - Nairobi

Kenya

Undercutting of professional fees; weak regulatory bodies; corruption. - Nairobi

Kuwait

The construction market in this region is mainly affected by cost inflation, supply chain pressures, and skilled labour shortages, alongside delays in payments and tighter credit conditions. While infrastructure activity remains strong, uncertainty from material price fluctuations and regulatory processes continues to impact project delivery. Overall, the market is active but highly cost-sensitive and requires strong risk and commercial management. - Jaleeb

War and climate change. - Salmiya

Malawi

Malawi has a volatile economy. Currently investing in property development has decreased to high prices of materials (due to forex scarcity) and lack of certainty of construction cost validity. - Lilongwe

Mauritius

Market affected by import costs, shipping delays, labour shortages and cyclone-related disruptions. - All over the island

Mauritius, a small import-dependent island, faces rising inflation mainly due to higher oil prices from Middle East conflicts. Increased costs of fuel, transport, and materials have raised project expenses. As a result, many planned 2026–2027 projects exceed budgets and are delayed or cancelled, slowing economic growth and development. - Moka

Lack of skills ,Rising costs of imports ,and slow uptake on AI. - Port louis

Middle East conflict. - Quatre Bornes

Lack of ethics in delivery of services. - Vacoas

Morocco

Raw material, Gas and oil price increasing, improper strategic decisions. - Safi

Nigeria

Import Dependency & Forex Pressures, Spike in Material & Energy Costs, Logistics & Infrastructure Constraints and Land Tenure Disputes. - Abuja

A major specific issue affecting carbon assessment is with transitioning from the conventional materials to low carbon materials by the Older professionals. - Bonny Island

Lack of skilled workers. - Ikeja

Inflation, government policy and non implementation of annual budget. - Kaduna

The need for adequate BIM managers cannot be overstated, as the industry is lacking BIM experts. - Lagos Island

Oman

Ongoing GCC Political & Security Position. Policy and Procedure are available for the sustainable construction and Carbon footprint calculation, but implementing going on relatively slow. - Muscat

Regional Conflicts and Force majeure Situation. - Muscat

The construction industry has experienced a 15-30% hike in construction costs as a result of the geopolitical events in the Middle East. This will likely remain for six months to a year post-peace, based on a survey we took of contractors. Supply chain management is the greatest challenge; it is spurring domestic manufacturing for pre-cast and steel. Alternative supply chains, such as China and the UAE, are increasing. Insurance costs are changing. Omanisation has restricted labour at times and challenges efficiency. - Muscat

Qatar

Current regional conflict is expected to affect construction related activities and investment. It will affect the construction industry due to government re-alignment of priorities that will control the current situation. - Doha

Delay in payments by client. Global political situation in middle east. - Doha

Fewer number of projects. - Doha

Global crisis. - Doha

Intense competition among contractors, resulting in lower profit margins and aggressive pricing during tendering. - Doha

Key issues affecting the construction market include material price volatility, labor shortages, delayed payments, variations during construction, and increasing compliance requirements by the Authority. These factors contribute to cost overruns, schedule delays, and greater project risks. - Doha

Lack of projects since the 2022 World Cup in Qatar. We need the government to encourage new development and provide assistance to SME to encourage investment in Qatar. - Doha

Lack of Training of young professionals in our industry by employer. - Doha

Middle East conflict. - Doha

Ongoing conflict in the region likely to impact on available funding. - Doha

Reduced Number of Mega Projects. - Doha

Regional conflicts and supply chain disruption. - Doha

Regional comments from survey participants in MEA

Still experiencing a downturn from FIFA 2022 with no major event/infra Projects coming up or in the pipeline. - Doha

The continued uncertainly regarding the passage of vessels through the Sraights of Humouz. - Doha

The continuous geopolitical drama that is happening in middle east is likely create havoc on all the cost of all construction materials in the region. - Doha

The Middle East conflict has impacted the oil and gas sector, which has in turn impacted oil prices and shipping routes, and has in turn impacted the costs and progress of construction projects in the area. - Doha

Due to the WAR Material Cost is increase. - Doha, Qatar

Regional hostilities. - Lusail

Reunion (France)

Rising material prices and extended lead times on supply. - Sainte-Suzanne

Saudi Arabia

Current war aross the region is heavily affecting prices, lead times and procurement of materials. - Jeddah

Geopolitical instabilities. - Jeddah

The current situation of geopolitics are impacting certain construction activities. - Jeddah

The Jeddah construction market is currently affected by rising material costs, supply chain constraints, authority approval timelines, and increasing regulatory compliance requirements. The large number of Vision 2030 projects has intensified competition for resources, while extreme weather conditions and sustainability obligations continue to influence project planning, procurement, and execution. - Jeddah

The massive volume of ongoing construction has heavily strained regional and global supply chains. Demand for core commodities—such as structural steel, cement, aggregates, and specialized mechanical, electrical, and plumbing (MEP) equipment—frequently outstrips local production capacity. Compounded by global logistics constraints and regional maritime disruptions, procurement lead times have lengthened significantly. Consequently, contractors face intense material price volatility, which threat. - Jeddah

The Saudi construction market remains strong, supported by Vision 2030 projects. However, contractors continue to face challenges from intense competition, shortages of experienced professionals, evolving client requirements, and procurement and approval timelines. Greater collaboration, improved skills development, and wider adoption of digital and sustainable construction practices would help improve project delivery and productivity. - Jeddah

Uncertainty and PPF investment. - Jeddah

The construction sector is not facing a general shortage of workers; rather, the challenge lies in retaining and replenishing the skilled workforce. Many experienced workers move to less physically demanding occupations or different sectors after completing their contracts, creating gaps in project teams. The time required to recruit, mobilize, and train replacement workers can impact productivity, efficiency, and project continuity. - Khobar

The Saudi Arabian construction market is being driven by Vision 2030 investments in infrastructure, transportation, tourism, and giga-projects. Key challenges include labour shortages, rising material costs, supply chain constraints, and increased competition for resources. The growing focus on digitalisation, BIM, and sustainability is also influencing project delivery and commercial management practices. - Makkah

WAR in the Middle East. - Mecca

Extreme climate and high cooling demand, Water scarcity, Urban heat island effect and lack of shading. - Medinah

Scope creep, incomplete design. - Neom

Acceptable labor welfare facilities to be provided to Asian construction labor force and fee movement without company approval. any. - Riyadh

Construction materials cost increase. - Riyadh

Current market is facing shortage of supply chain constraints, sustainability requirement and increasing project complexity. in addition, rapid infrastructure and giga - project development is intensifying competition for resources, leading to cost escalation and potential risks to project delivery timelines and outcomes. In short, these interconnected challenges are reshaping the landscape of the sector. requiring innovative solutions and strategic planning to navigate effectively. - Riyadh

Due to government reprioritization of public projects, there has been a surge of professionals concentrated in Riyadh area due to which job market for skilled professionals have affected and this has also affected the salaries. - Riyadh

Early Design Tendering. - Riyadh

High temperatures and usage of AC .. need to improve the sustainability and reduce the usage. - Riyadh

In my region, the construction market is being affected by rising material and labour costs, supply chain challenges, tighter project budgets, and increasing client expectations for digital delivery and sustainability. There is also a growing adoption of BIM, AI, and digital project controls to improve efficiency, reduce risks, and enhance collaboration across project teams. - Riyadh

Lack of funding from the government some of giga projects. - Riyadh

Materials, Oil price, uncertainness in planning the Development. - Riyadh

Overall, market demand is strong, but workforce availability, cost management, and procurement challenges continue to influence project performance and delivery timelines. - Riyadh

Realestate and development. - Riyadh

Saudi Arabia's construction market continues to benefit from Vision 2030 initiatives, with strong activity in education, infrastructure, and mixed-use developments. Key challenges include rising skilled labour costs, competition for experienced professionals, and increasing sustainability requirements. Continued investment in workforce development, digital construction technologies, and sustainable building practices will support long-term sector growth. - Riyadh

Regional comments from survey participants in MEA

Slow down of giga projects however still plenty of work to support the industry. - Riyadh

Sustainability should be treated as a core business objective rather than a specialist discipline. Greater interdisciplinary collaboration, regulatory alignment, and performance-based accountability are needed to bridge the gap between design intent and operational outcomes. Sustainability is now largely business-as-usual, with many measures delivering long-term value rather than added cost. Increased focus on lifecycle performance, data-driven operations. - Riyadh

The construction market in Saudi Arabia and the wider Middle East is currently experiencing significant growth, largely driven by Vision 2030 and major giga-projects such as NEOM, Red Sea Project, Diriyah, and Qiddiya. While this creates strong opportunities, it also brings a number of challenges. Supply Chain Pressures The high volume of simultaneous projects is creating strong competition for materials, equipment, and skilled labour. This is driving up costs and causing delays in procurement a. - Riyadh

The current political conflict in the region. - Riyadh

The material cost has increased significantly due to the logistics (diesel prices and transit cost of ships). - Riyadh

The Middle East conflict, which may now be resolved by the signing of an MOU towards a peace deal, has caused a degree of uncertainty on projects in certain sectors. - Riyadh

The Middle East conflict. - Riyadh

Construction activity in Tabuk remains supported by the NEOM/Trojena pipeline, but the market continues to face pressure from rising input costs, labour and skills shortages, and procurement/delivery complexity. Sustainability awareness is improving, particularly in relation to embodied carbon, biodiversity, and circular practices, although implementation capacity and supply-chain readiness remain uneven across the sector. - Tabuk

Shortage of material - most of the materials are outsourced. - Umluj

South Africa

Lack of funding. - Durban

In South Africa, the construction market is affected by delayed public-sector procurement, funding constraints, and slow infrastructure delivery. Rising material, fuel, and labour costs continue to pressure project budgets and profitability. Skills shortages, particularly among experienced professionals and artisans, also impact productivity. Security risks, theft, and community disruptions remain challenges on many projects. However, investment in transport, energy, water, and housing infrastru. - East London

Competition. - Johannesburg

Funding, and developers are not willing to take risk due to higher costs. - Johannesburg

Governments take years to roll out infrastructure project. The project gets awarded years after the tenders closed. - Johannesburg

Lack of investment, political instability and energy costs. - Johannesburg

Nothing further to report. - Johannesburg

Construction Disruption and Local businesses to extort project. - Potchefstroom

Fewer jobs and competition on fees drive down revenues to unsustainable levels. - Pretoria

Lack of large nationwide government projects. - Pretoria

Slow economic growth. - Rustenburg

Tanzania

The Middle East conflict has immediately and directly impacted the construction market in Tanzania. Most products are sourced and imported from overseas, and a great deal originate out of the UAE as a distribution hub. - Dar es Salaam

United Arab Emirates

From my perspective as working for a big developer in the region, still the key priority in awarding a construction contract is cost efficiently and technical compliance. Sustainability requirements are there but limited to meeting minimum requirements and with basic reporting post-contract; circular economy principles are not widely embededded. - Abu Dhabi

Geopolitical hosilities. - Abu Dhabi

Tender Price Inflation in the building costs in UAE are projected to rise by 2% to 5%. This is driven by localized labor constraints and highly competitive, electromechanical-heavy supply chains. Additionally, Raw Material Volatility: Because the local market relies heavily on imported goods, global shipping disruptions—such as ongoing Red Sea maritime issues—keep prices for structural steel, aluminum, and finishings unpredictable. - Abu Dhabi

The geopolitical situation developed from teh conflict. - Abu Dhabi

The regional war in the Middle East is tremendously effecting the overall construction market. - Abu Dhabi

Skilled and Unskilled manpower. - Al Barsha

Middle east war crisis has impacted heavily on the construction sector. - Duabi

Because geopolitical issues materials are not available at the required timeframe. - Dubai

Construction costs and overseas freight deliveries. - Dubai

Construction firm is experiencing cash flow challenges due to rising construction costs, inflation, and current economic situation. - Dubai

Current geopolitical issues had impacted the tender return due to increase in construction materials like concrete, pipes etc. - Dubai

Demographical situation. - Dubai

Frequently fluctuating material prices makes it difficult for estimation of projects and execution. - Dubai

Geopolitical issues affects the goods import. - Dubai

Geopolitical situation in the middle east has been the driving factor affecting the construction market. - Dubai

Geopolitical uncertainty. - Dubai

Global supply chain disruptions. - Dubai

I am working for a health led developer who creates residential homes focused on health and finding multiple vendors for specific items in the project specifications has been challenging. This limits cost competitiveness and limits to making competitive selection of contractors / consultant/ suppliers. - Dubai

Increase in fuel prices, and disruption to material supply due to the ongoing Middle East conflict. - Dubai

Lack of design information during tender. - Dubai

Regional comments from survey participants in MEA

Logistics and availability of raw materials due to middle east geopolitical situation. - Dubai

Low tier subcontractors. - Dubai

Market creating demand of materials to unrealistically increase the cost. - Dubai

Material prices are not available. - Dubai

Not enough competition amongst the biggest General Contractors. - Dubai

Professional bodies need to restore stricter qualification requirements for new members. Lowering the bar of the assessment may result in inadequately qualified professionals assuming leadership positions, thereby undermining professional standards and to the industry's decline. Furthermore, such a trend can erode the credibility, reputation, and public standing of professional bodies themselves. Maintaining rigorous standards is essential to preserving the trust and confidence of both the. - Dubai

Rapid construction growth in Dubai is driving strong demand, but pressure on skilled labour, rising material costs, and sustainability complienceare key challanges. - Dubai

Regional conflict. - Dubai

Sustainability. - Dubai

The construction market is increasingly focused on operational resilience, sustainability and lifecycle value, but many projects still lack accurate asset data to support informed decision-making. Greater emphasis on whole-life asset management, digital asset information and stronger collaboration between developers, consultants and facilities managers will be key to improving long-term performance. - Dubai

The Dubai construction market remains strong but is affected by rising material costs, labour availability, supply chain delays, lengthy authority approval processes, utility coordination challenges, and intense competition leading to reduced profit margins. - Dubai

The factors affecting uncertainity over the construction materails availability due to the current geo-political situation. - Dubai

The impact to the market due to the current middle East war. - Dubai

The Middle East conflict and closure of the Strait of Hormuz has drastically affected the construction industry in this region and clearly exposed the vulnerability of the industry. The sudden escalation was not anticipated and the uncertainty is affecting the supply chain. Material costs have escalated drastically and there is no revision expected even after normalisation of the strait. Smaller contractors and suppliers have been hit by this crisis more than major players. The cost of construction will keep rising. - Dubai

The UAE construction market remains active, supported by continued investment iThe main concern is rising construction costs. Prices of materials such as steel, aluminium, concrete, MEP equipment and specialist finishes continue to fluctuate, particularly where imported products are required. Materials account for a significant proportion of n residential, hospitality, commercial and infrastructure developments. However, several factors are affecting project delivery and contractor performance. - Dubai

To strengthen supply chain so that cost of construction materials do not increase substantially. - Dubai

Inflation and Demand. - Dubai, United Arab Emirates

Regional conflicts. - Jabel Ali

The UAE construction market remains active, supported by ongoing residential, hospitality, infrastructure, and mixed-use developments. However, current market conditions are creating pressure on project costs and delivery programmes. key factors include rising material and labour costs, increased demand for skilled resources, longer procurement lead times for specialist materials and MEP equipment, and supply chain disruptions affecting affecting imported products. - Muweilah, Sharjah

Due to Material Shortage because of Geo-Political Issue, Present Construction Market is Affecting. - Ras Al Khaimah

Zambia

The general slow economic growth is negatively affecting the sector. - Lusaka

Zimbabwe

The lack of competitive bank loan facilities because the current loans charges are very high thereby discouraging finance borrowing by potential construction clients and developers. - Harare

North America: Activity strengthens further in the USA and Canada returns to positive territory

The Q2 2026 RICS Construction Monitor results across North America (conducted in conjunction with CIQS in Canada) point to an improved picture in both markets, with the headline Construction Sentiment Index (CSI) strengthening in the USA to +37 (from +28 in Q1), while the Canadian reading moved back into positive territory at +8 (from -1). Infrastructure continues to underpin the regional picture, while forward-looking indicators and credit conditions have improved in both nations.

Infrastructure continues to anchor activity, while private sector trends diverge

Feedback on current activity trends shows infrastructure remaining the strongest segment in both markets. In the USA, the net balance for infrastructure workloads remained exceptionally strong at +48% (from +52% in Q1), led by ICT and energy. In Canada, infrastructure workloads rose to +38% (from +21%), with gains evident across ICT, transport and energy.

The private sector picture was more mixed. In the USA, private residential workloads improved according to a net balance of +13% of respondents (from +5%), while private non-residential activity accelerated sharply to a reading of +38% (from +17%). In Canada, the net balance for private residential activity remained weak but improved to -17% (from -25%), while private non-residential workloads softened to -15% (from -4%), with tariff-related uncertainty reportedly continuing to weigh on commercial investment decisions.

Forward-looking expectations firm as credit conditions improve

The twelve-month outlook (Chart 2) strengthened in both markets. In the USA, private non-residential expectations climbed to +44% (from +14%), while infrastructure expectations remained especially strong at +69%. Canadian expectations also improved, with private residential workloads returning to positive territory at +11% (from -11%) and infrastructure expectations holding firm at +43%.

The improvement in sentiment is consistent with a rebound in credit conditions. In the USA, the net balance reporting a change in credit conditions over the past three months moved to +8% (from -16%), while Canadian credit conditions also improved across all time horizons, with the twelve-month outlook turning positive at +2% (from -11%).

Cost pressures ease, but skills shortages remain a key challenge

Chart 3 highlights the factors constraining activity. In the USA, the share of respondents citing the cost of materials fell to 50% (from 64% in Q1), while financial constraints and insufficient demand also became less prominent. However, skills shortages remain a significant challenge, cited by 69% of respondents, with difficulty recruiting quantity surveyors particularly acute.

In Canada, concerns around material costs and financial constraints remained elevated but broadly unchanged from Q1. Meanwhile, weather-related concerns eased notably in both markets, consistent with seasonal trends and the broader improvement in construction activity.

Chart 1 - Construction Sentiment Index

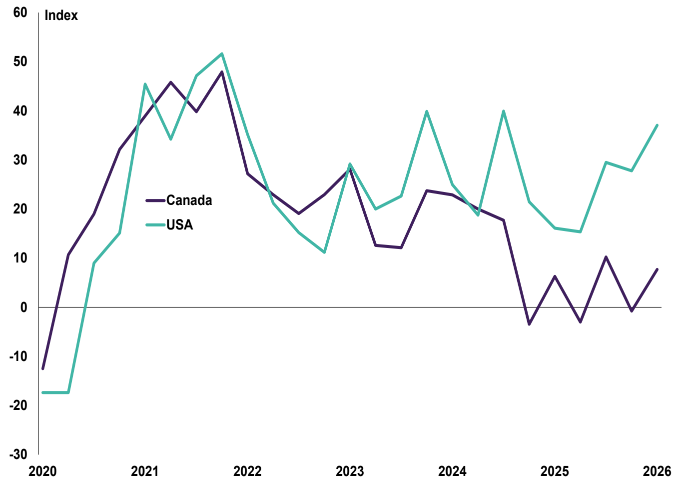


Chart 2 - Twelve-month Expectations Workloads, Headcounts, Profits

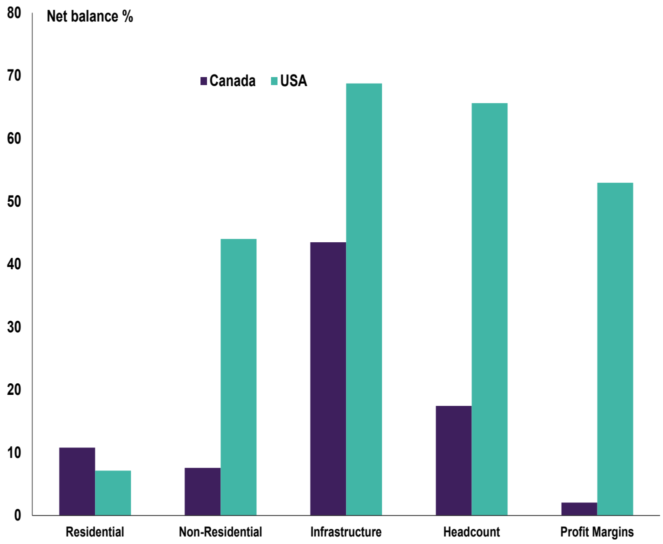
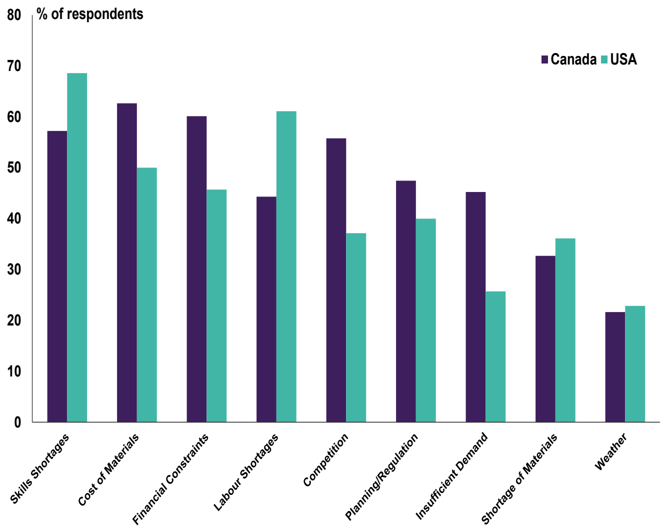


Chart 3 - Factors Holding Back Activity



Regional comments from survey participants in the Americas

In the Bahamas there are two issues that need attention:1) Policy commitment to enact and enforce Contractor Legislation (statute passed in 2016). 2) Strengthening dispute resolution mechanisms within the Construction Industry. Arbitration and Adjudication frameworks need to be strengthened. - Nassau

Very hard to incorporate on an island with limited processing plants. A project example was recycling of reinforcement and structural steel. It cost more to ship it to the US to a processing plant for recycling than the value of the material. So it was scrapped. The rest of the concrete and block was crushed and used as fill. - Nassau

Require more financing. - New Providence, Nassau

Canada

Energy Related Project Development is finally getting back to normal pre-Trudeau thinking. - Calgary

Geopolitics. - Calgary

Lack of investment in research and development . Attracting young people to enter construction profession and industry. - Calgary

Major client dropping sustainability and performance requirements to reduce costs. - Calgary

As usual, CUSMA and Tariffs uncertainty continue to impact investment. - Cambridge

CUSMA and Tariffs are still the cost and demand drivers, and both are preventing investment from reaching it's potential. - Cambridge

Ongoing tariffs on imported goods to the USA. - Cambridge

Slow economy. - Collingwood

Competition and sometimes lot of projects coming in short time and after that very less project s. - Concord

Laws and Regulations affecting the new development. - Concord

Too much government regulation and fees. - Delta

Constrained competition as a result of the volume of work in progress. - Halifax

Price of recycling and labour to perform tis task/. - Halifax

Wages-need to increase-Gouverment Expenses are High. - Halifax

If the incentives to utilize materials that comply with circular economy are great enough, then developers and contractors may consider usage of these materials to a greater degree. - Halifax/ Dartmouth

Natural disasters due to climate change are increasing workload. - Mississauga

Construction equipment and labour availability for major projects in remote greenfields sites with severe weather conditions. - Oakville

Lack of skilled workers and retirement of seasoned workers. - Ottawa

Government influence on infrastructure projects. - Toronto

Not many Commercial projects due to high interest rates, material too expensive and lack of trades/skilled workers. - Toronto

The Middle East conflict, leading to increased uncertainty. - Toronto

US tariffs affected construction costs, supply chain delays, impact on housing affordability, contracts and budget risks, opportunities for Canadian suppliers. In general, US tariff make construction in Canada more expensive and less predictable. - Toronto

Change in Emigration policies which has reduced inflow of people. - Vancouver

Federal immigration and international student policy changes have reduced projected population growth and housing demand, leading to slower residential market activity and delayed project launches. This has contributed to a more cautious investment environment for residential developers, although long-term housing supply shortages remain a significant concern in major markets such as Vancouver. - Vancouver

Government Polices from Fed to local municipal - immigration, building codes and requirements, and taxation on real estate. - Vancouver

Ongoing global geopolitical and economic uncertainty is negatively impacting construction activity at a local level. The pay gap between union and non-union employees is widening to an unsustainable level. - Vancouver

The B.C. 2026 budget presents mixed impacts on the construction sector: while it maintains a massive $38-billion capital plan, it has deferred $3.42 billion in previously approved projects. Eight major infrastructure projects—including Phase 2 of the Burnaby Hospital Redevelopment, UVic student housing, and long-term care facilities—have been delayed. - Vancouver

Uncertainty with Canada/ US trade relationship and current US administration. Cost increase form tariffs and non US product requirements. - Vancouver

Vigilance regarding the ongoing conflict in the Middle East. - Vaudreuil-Dorion

Local work force highly skilled people about 12% to 15% of the work force to retire over the next 4 to 5 years with a lesser quality / Trained work force replacing it. - Victoria

Cayman Islands

USA politics, Tensions in Middle East & Ukraine volatile markets. - Grand Cayman

Jamaica

In my area we do not practice other methods of construction, we are stuck on the same cement and block approach. The industry has always been the same with no changes, we are slow to change in all areas of the industry. - Kingston

Peru

Lack of government regulation and transparency. - Lima

Saint Vincent and the Grenadines

Improvements in Government legislation and duty exemption on sustainable materials.

Regional comments from survey participants in the Americas

Trinidad and Tobago

Bad Procurement Practices. - Paxvale

In my area the current issue is govvenrment change and funding for projects, projects are currently bing terminated by contractors due to delay in payments. - Port of Spain

Stagnant economy and shortage of FOREX. - Port of Spain

We operate in a country where the government is the major client. Government revenues have fallen significantly in the last five years. Consequently the construction industry has been negatively impacted. - Port of Spain

Lack of Construction Procurement Methodology Reporting. - Trincity

Turks and Caicos Islands

Limited Competition. - Providenciales

United States of America

Ongoing Middle East conflict is affecting construction input material costs. - Chicago

Tariffs, increasingly uncertain however daunting enough for general contractors to include tariff surges as contingency in their bids. Fuel surcharges are influencing subcontractor quote repricing mid project due to fast rising cost of fuel in the US. - Columbus

Tariffs. - Columbus

It all boils down to cost. - Honolulu

Permitting is long and convoluting. - Houston

There are a lot of infrastructure and public projects getting done before the Olympics 2028. - Los Angeles

Cost of insurance is a major issue. - New York

Tariffs. - New York City

Florida's insurance market continues to tighten, increasing premiums for builders and owners.,Permitting and regulatory delays, Interest rates and financing challenges, Weather-related disruptions,. - Orlando, FL, US

Due to the ongoing construction boom in the U.S. data center market, supply pressures are intensifying not only for steel and structural materials but also for skilled labor and key construction resources. As demand continues to surge, supply shortages and rapid cost escalation are having a significant impact on overall project budgets and schedules. - Taylor

Surging demand for steel, framing materials and other resources due to a construction boom across Texas including data centres, is causing supply shortages. Managing these as long-lead items is having a significant impact on resource procurement. - Taylor

Data Center's Construction in Northern Virgina Dominating and Pulling Skilled Labor and Trades away from other sectors. - Washington DC

Minority Business Enterprise (MBE) requirements/ restrictions disqualify many small business consultants in public sector. - Washington DC Metro

Global Construction Monitor

RICS' Global Construction Monitor is a quarterly guide to the trends in the construction and infrastructure markets. The report is available from the RICS website www.rics.org/economics along with other surveys covering the housing market, residential lettings, commercial property, construction activity and the rural land market.

Methodology

Questionnaires were sent out on 18 June 2026 with responses received until 31 July 2026. Respondents were asked to compare conditions over the latest three months with the previous three months as well as their views as to the outlook. A total of 2350 company responses were received globally.

Net balance = Proportion of respondents reporting a rise in a variable (e.g. occupier demand) minus those reporting a fall (if 30% reported a rise and 5% reported a fall, the net balance will be 25%). Net balance data can range from -100 to +100. A positive net balance reading indicates an overall increase while a negative reading indicates an overall decline.

RICS Construction Activity Index is constructed by taking an unweighted average of current and 12-month expectations of four series: residential workloads, non-residential workloads, infrastructure workloads and profit margins. Global and regional series are weighted using the World Bank's GDP PPP (2017 constant prices) data series. Current responses were weighted using the prior years GDP (e.g. the 2020 responses were weighted using 2019 GDP data). Where responses are not sufficient to form a national-level sample, they are binned together to fill in any gaps in regional coverage.

Disclaimer

Contact details

This publication has been produced by RICS. For all economic enquiries, including participation in the monitor please contact a member of the RICS Economics Team.

Economics Team

Simon Rubinsohn
Chief Economist
srubinsohn@rics.org

Tarrant Parsons
Head of Market Research & Analysis
tparsons@rics.org

Responses were gathered in conjunction with the following organisations:

Canadian Institute of Quantity Surveyors | Institut canadien des économistes en construction

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Enquiries
contactrics@rics.org