

**For Immediate Release**

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## **Industry Leaders Predict Huge Commercial Construction Gains in 2023**

**October 04, 2022 (Foley, AL)** - In 2022 the commercial and industrial construction sectors have continued to show steady growth, even though residential construction has taken a historic dip in completed contracts. Despite global supply chain issues, labor shortages, residential project decline, and lack of building materials; industry leaders are predicting massive commercial construction gains in 2023.

[Demand](#) for quality construction work never seems to slow down, even in the face of unprecedented costs and obstructions. With material costs escalating, shipping costs facing related supply chain bottlenecks, and labor shortages in all sectors projects are facing more cost-affecting factors than ever before. The Highland Group is happy to meet this unprecedented level of demand, however, with more projects coming down the pipeline to us than ever before, these factors and many more in today's market spell even more reasons to push your potential projects forward sooner rather than later [contact us today](#).

### [Last Month Levelset](#)

Published an article highlighting the rising divide between residential and nonresidential construction citing recent trends indicating the steady decline of home building and [downward trends](#) in the real estate market. The article goes on to say the increasingly negative outlook in the housing market is contributing to a large discrepancy between the two areas of construction, with [higher mortgage](#) rates causing the demand for new housing to plummet.

However, with residential projects facing obstacles in light of new market trends, The Associated Builders and Contractors (ABC's) Construction Backlog Indicator is showing a sustainable, ever-increasing level of contracts issued for commercial projects. In August, the industry held 8.7 months of backlog – doubling the amount of construction and industrial-related projects in America since last year.

Ken Simonson, Chief Economist for the Associated General Contractors of America, [references two indexes](#) – the Architecture Billing Index and the Dodge Momentum Index – each showing strong commercial growth for the commercial sector. Simonson is quoted as saying “It’s a very favorable indicator for continued growth in non-residential building construction” and remains hopeful, despite the range of positive and [negative influences](#) surrounding the construction industry.

#### **[In July of this year CBRE](#)**

Published an [extensive report](#) on Construction Cost Trends in 2022, with one of the bigger highlights being the construction industry seeing its largest year-to-year (YOY) growth in costs since 1970. In fact, [U.S. construction costs are forecasted to increase by as much as 14.1% YOY by the end of 2022](#). This rise in cost is again mostly attributed to the ongoing labor shortage, inflation, supply chain disruptions, pandemic reverberations, and the war in Ukraine affecting the nation's gas prices. The anticipated 2022 gain is the largest since CBRE began tracking cost projections in 2007, and CBRE forecasts that cost increases will temporarily return to their historical range at 4.3% in 2023 as these issues recede.

Demand is robust for the construction of residential housing (rent and for sale), infrastructure projects, warehouses, and other logistics facilities. Newly built houses for sale at all stages have been on a steep rise up, up 58% at the end of 2021 from a year before, so construction work hasn't stopped. Experts say that's because of the huge demand for housing and the lack of inventory of existing homes. The situation has also led to some companies stockpiling materials to protect themselves from future increases.

[Despite supply constraints](#), the demand side of the equation is bolstered this year by rental increases, and market demand,” said [Nancy Moses](#), Executive Vice President for Trammell Crow Company, CBRE’s development subsidiary and the largest commercial real estate developer in the U.S. “From a developer perspective, we involve our suppliers early in the process. The sooner we recognize affected material and schedule impacts, the better opportunity we have to find an alternative solution. In this market, transparency, flexibility, and communication are vital.”

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***About The Highland Group:***

*The Highland Group is a real estate development and commercial construction firm that specializes in real estate development, preconstruction services, general contracting, construction management, and design-build delivery. Its mission is to develop leaders committed to higher standards who have an impact on their firm and the communities in which they work and live by developing trusting relationships and building quality projects. The Highland Group has offices located in the Gulf Coast Region (501 South McKenzie Street, Suite 2, Foley, Alabama, 36535), the Tennessee Valley Region (415-H Church Street NW, Suite 201, Huntsville, Alabama, 35801), and the Florida Panhandle Region (130 Richard Jackson Blvd., Suite 104A, Panama City Beach, Florida, 32407). They have been proudly serving clients throughout the Southeastern United States since 2005. Learn more at [WWW.HIGHLANDGROUP.ORG](http://WWW.HIGHLANDGROUP.ORG)*