

Q3 2026 Construction Costs: What Owners Can Do Now to Protect Against Market Volatility



General Outline Specifications

- Generally flat topo and geometric site boundary
- No rock or difficult excavation
- No unsuitable or contaminated soils
- No state waters or wetlands
- Earthwork balanced on site with no import or export
- No site retaining walls
- Standard utilities - no pumps, lift stations, or unusual pipe materials

Shell Construction

EVEN

Dark, Freeze Protection

Front Load	150,000 SF 32' Clear \$51.00-\$53.00/SF
	250,000 SF 36' Clear \$47.00-\$49.00/SF
	400,000 SF 36' Clear \$42.00-\$44.00/SF
Rear Load	150,000 SF 32' Clear \$52.00-\$54.00/SF
	250,000 SF 36' Clear \$47.00-\$50.00/SF
	400,000 SF 36' Clear \$42.00-\$44.00/SF
Cross Dock	500,000 SF 36' Clear \$40.00-\$42.00/SF
	750,000 SF 40' Clear \$38.00-\$40.00/SF
	1,000,000 SF 40' Clear \$35.00-\$37.00/SF

Sitework Costs

Generalized based on historical data

UP↑ 2% **10** AC SITE - \$ \$158k - \$194K / ACRE

UP↑ 2% **25** AC SITE - \$ \$133K - \$148K / ACRE

UP↑ 2% **50+** AC SITE - \$ \$110K - \$135K / ACRE

Notes

Site work costs have begun to tick up over the last several months due mainly to volatility in fuel costs, an overall 2% to 3% increase. Shell construction costs have stayed level, but there are indications that increases are on the horizon, for the same reasons. We are also starting to see the reintroduction of long lead times for steel packages of up to 6 months from the initial order date. We believe it's likely that we'll see steel costs rise in the next quarters as well. Fuel costs are also negatively impacting shell pricing. Both of these factors appear to be a result of continued robust development of large data centers projects that compete for labor and materials with industrial warehouse developments. For projects under design now and slated to start in the 4th Q or 1st Q 2027, we believe early engagement with your development partner and general contractor will help manage costs expectations and lock in project budgets before higher prices set in later this summer and fall.

General Outline Specifications

- Does not include earthwork, site utilities, or unsuitable soils
- Clear height measured from the first joist (not girder) in from the dock wall
- 7" thick, non-reinforced SOG on 15 mil vapor barrier over 8" - 10" of 50 LB soil-cemented subgrade
- ESFR fire sprinkler system with jockey pump
- 45 mil mechanically fastened TPO roof with R-22 polyiso insulation
- Includes asphalt and concrete paving, curb/gutter, and sidewalks
- Landscaping and irrigation not included
- No warehouse finishes or equipment other than freeze protection

General Cost Options



Shell

\$1.50/B SF*	Add to raise clear height to 36' from 32'
\$2.50/B SF	Add to raise clear height to 40' from 36'
\$12.50/LF	Install 5' H vinyl-coated chain link fence
\$3,600 EA	Install 30' L double swing gate
\$0.35/B SF	Paint interior tilt panels
\$0.24/B SF	Install dowel baskets and caulk joints in speed bay
\$1,350 EA	Install "C"-channel and dock bumper at dock door opening
\$0.35/B SF	Provide 60 mil TPO roof with R-22 polyiso insulation (in lieu of 45 mil)
\$0.15 - \$0.20/B SF*	Install R-25 polyiso insulation in lieu of R-22
\$0.36/B SF*	Install 6" compacted stone base under SOG in lieu of soil cement
\$0.80/B SF*	Cost to add each additional inch of SOG
\$0.80 - \$0.95/B SF*	Landscaping and irrigation to institutional-level. (1) building <500k SF
\$38,000 EA	Custom-fabricated signage package (monument and directional)
\$95 - \$1.00/B SF*	Purchase LED site lights and poles in lieu of lease

Site

*Per Building Square Foot

Notes

Interiors construction and spec suite build-outs have continued with a strong pace indicating a slight increase in tenant demand in the market. Trades are seeing (and passing through) fuel surcharges from materials and trades worker suppliers. Major sub trades are also posting cost increases on electrical/mechanical equipment, drywall, metal studs, dock equipment, and other materials mainly due to rising market costs in other commodities such as copper, gypsum, steel, and aluminum. We're seeing around a 10% increase across the board in these trades. As a result, interiors construction pricing has not moderated as expected, but increased, and we expect that trend to continue through the end of the year and into 2027. We still believe that owner engagement with their development partners to format a building standards construction and finish specifications program can ensure more even pricing from project-to-project and guard against radical upward price shifts.

Tenant Improvements



Office Finish

2,000 SF	\$237.00/SF	↑
4,000 SF	\$193.00/SF	↑
5,000 SF	\$182.00/SF	↑
8,000 SF	\$171.00/SF	↑
10,000 SF	\$165.00/SF	↑

Demising Wall

30' Clear	\$413.00/LF	↑
32' Clear	\$440.00/LF	↑
34' Clear	\$462.00/LF	↑
36' Clear	\$517.00/LF	↑
40' Clear	\$550.00/LF	↑

Dock Equipment

Dock seal for 9' x 10' door	\$2,200.00 EA	
Dock shelter for 9' x 10' door	\$3,000.00 EA	↑
Swing arm dock light with 120-volt outlet	\$300.00 EA	
Dock locks	\$7,860.00 EA	
Drive-in ramp 50' L x 11' W	\$45,000.00 EA	

Warehouse Finish

30 FC's LED	\$1.00/SF	
High Velocity Fan	\$9,700 EA	
2 Air-Changes/HR through roof	\$0.50/SF	

Dock Levelers

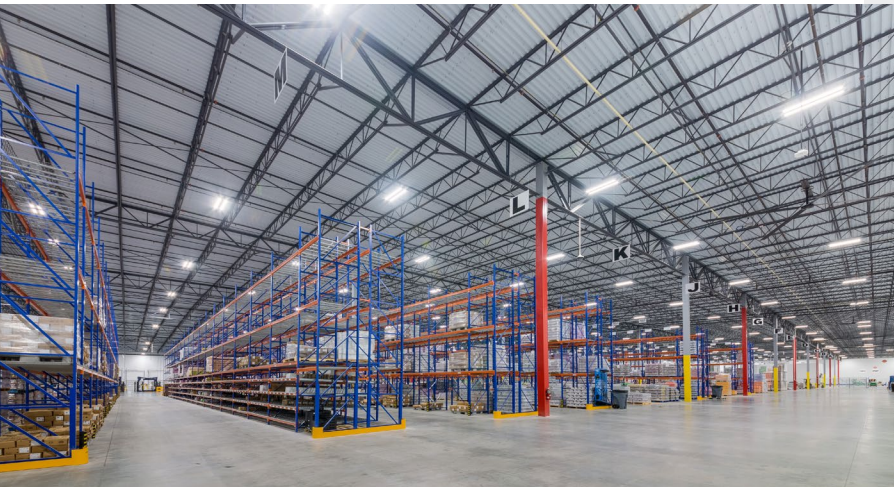
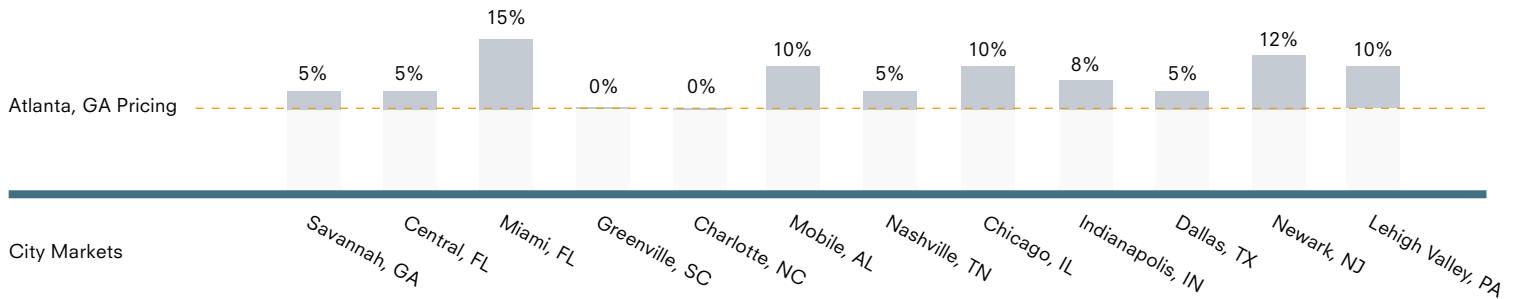
30,000# edge-of-dock	\$3,360.00 EA	↑
Pit construction	\$6,000.00 EA	
35,000# manual pit leveler	\$8,000.00 EA	
35,000# hydraulic pit leveler	\$9,450.00 EA	↑
40,000# manual pit leveler	\$8,200.00 EA	
40,000# hydraulic pit leveler	\$9,975.00 EA	↑

Other Finishes

Paint demising wall	\$0.70/SF	
Caulk warehouse floor joints with MM80	\$0.50/B SF	
Carpet Tile	\$3.05/SF	
LVT	\$6.50/SF	
Paint & Carpet Refresh	\$7.00/SF	

Regional Cost Adjustments

Percentage increase/decrease vs. Atlanta pricing



Key Considerations

- Site work costs vary greatly by region and are dependent on many factors including soils, presence of rock, streams, and wetlands.
- Weather is a factor during construction as it can affect schedule, which in turn will affect cost by impacting general conditions, cold weather adjustments for concrete, and wet soils mitigation.
- Energy code can impact TI costs if additional insulation is required during build-out to accommodate conditioned warehouse.
- State waters permitting through the US Corps of Engineers can impact cost and schedule dramatically depending on available mitigation credits through mitigation banks. Generally, the application to approval process can take from between 6 months to a year, or longer.

Regional Cost Adjustments

Current Lead Times for Equipment

Steel Production	20 - 25 Weeks	↑
Roofing	6 - 8 Weeks	
Roof Top Units/RTU's (4 to 7.5 Ton units)	2 - 4 Weeks	
Electrical Switch Gear	25 - 30 Weeks	↑
Electrical Panels (800 Amps or less)	4 - 6 Weeks	
Electrical Panels (800 Amps or more)	8 - 10 Weeks	
Dock Pit Levelers	4 - 6 Weeks	
Generators	50 Weeks	

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