

# HOW ARE TARIFF AND IMMIGRATION POLICIES CURRENTLY AFFECTING THE CONSTRUCTION INDUSTRY?

*Expert advice is to stay calm, wait and see*

By Vicki Jones, Editor



*Interview with Rhett Bender, senior engagement manager: global building and construction practice specialist at Ducker Carlisle.*

## Can you describe your role at Ducker Carlisle?

Ducker Carlisle specializes in the building products sector, and we work with manufacturers of building products, investors in that space (including OEMs and private equity firms), distributors, suppliers, associations, etc.

I help lead our Building Products practice focusing on a range of projects including market development, due diligence, and new product development. Industry forecasts are one of the primary things that I (and a team of others) am tasked with.

## How do you determine forecasts for issues affecting the building and construction industry?

We have regular conversations with our clients and professionals in the market. My role involves “customer engagement” but it also requires regular monitoring of relevant market indicators such as permits, spending, and other metrics pertaining to the industry.

## Do you monitor tariffs and their ongoing influence on the industry? Yes.

## Can you define a tariff for our audience?

A tariff is a tax levied by a government on imported goods or services. Tariffs are a type of trade barrier that can affect the price of goods, the amount of goods available, and the dynamics of international trade.

## As new steel and aluminum tariff announcements make headlines, what do you recommend professionals in

## our industry do?

Stay calm and wait to understand the specifics but also prepare your company for the various potential outcomes.

## Do you think current or pending tariffs will affect the pricing of steel, aluminum, and other essential raw materials used in construction?

What we’ve seen is more of wait and see. If we look back on the past year, prices for raw materials dropped 15% compared to their peak during Covid. Since that time, pricing has been largely declining.



# TARIFF

## **Editor's note:**

*News about tariffs and immigration policies can be concerning, but how will these changes affect the door and access industry? To gain further insight, we consulted with an expert in the global building and construction sector who closely monitors these developing trends. While some of the details in this story may have changed since our*

Tariffs may not affect the pricing of raw materials as much as you would expect. We're waiting to see if the Canada and Mexico tariffs come back into play. If they do, it could be potentially a positive thing.

### **How could the new tariffs be positive?**

It could be positive in the way of demand. Businesses may get more nonresidential work. It could also create more domestic traffic and encourage more manufacturing in the U.S.

### **How could the new tariffs be negative?**

When you have tariffs, in the short term, it could disrupt the supply chain and availability, which could in turn negatively impact raw material pricing. We tend to find that the residential sector is more price sensitive and may be more negatively affected by tariffs than the commercial sector.

### **Are you seeing any delays in acquiring raw materials due to current or**

### **potential tariffs?**

No. However, we've been talking to folks, and most are more prepared for potential supply disruptions. Following Covid, many manufacturing companies secured multiple avenues of supply chains and expanded their sourcing. Prior, they were reliant on fewer suppliers and therefore could be more affected.

In general, manufacturers are more prepared now for potential supply chain disruptions.

### **What measures do you recommend manufacturers implement to help mitigate potential delays?**

At the very least, having multiple suppliers, both domestic and foreign, will help with supply chain delays or lag time. Also, buying more inventory in advance allows manufacturers to be more prepared and less affected by real-time supply chain disruptions.

However, you don't want to act too quickly

with any potential adjustments because then you may have difficulty being attractive in the market. Companies may have dedicated teams specifically tasked to monitor this so that they are able to react quickly.

Communication is also very important. If and when tariffs are implemented, companies may have to adjust to reflect changes in inputs. Evaluating specific supply and risk levels right now and trying to anticipate the customers' response is key.

### **With regards to tariffs, you advise to "stay calm" and to read the fine print. Can you elaborate on this?**

During Trump's last administration, a significant portion of the construction industry was not subject to the tariffs that were implemented — there were 200,000 exemptions. It's too early to tell how the current tariffs will affect the industry.

However, we try and advise our clients to

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stay calm. If there is a headline about a new or pending tariff, we recommend that they study the language and see what industries and products are subject to that tariff.

### How should dealers and manufacturers manage the potential cost pressures from the tariffs while maintaining competitiveness in the market?

They should think ahead. Evaluating specific supply and risk levels right now while trying to anticipate the customers' response is essential. Monitor dynamics and create estimates based on the numbers to avoid losing money down the road. Avoid locking in any long-term pricing for materials.

“ DURING TRUMP'S LAST ADMINISTRATION, A SIGNIFICANT PORTION OF THE CONSTRUCTION INDUSTRY WAS NOT SUBJECT TO THE TARIFFS THAT WERE IMPLEMENTED — THERE WERE 200,000 EXEMPTIONS. ”

Also, both groups should make sure to have a good product mix of low to higher-tiered priced products available in inventory. You may see a shift in the products and/or levels that consumers are interested in. Having a wide variety of products on hand is imperative.

### Are there particular countries that are more of a risk of supply disruptions than others?

We're still in "wait and see" mode. Tariffs were already in place for China, and so far, we haven't seen a significant disruption.

### How have recent immigration policies affected the availability of skilled labor in the construction industry?

It's a little premature to tell, but from what we've seen there's been very little impact. There are many headlines out there, but a lot of the immigration policies that they are referring to are still in line with what has been done in past administrations.

### With the ongoing immigration restrictions, do you foresee any long-term impacts on the construction workforce availability?

If we see more deportations happen, in the long term, that could potentially lead to a limited labor supply. However, limited labor supply could mean higher potential earnings for existing

technicians in the industry.

### What current variables could affect the number of housing completions and starts?

There are so many variables involved with housing and construction statistics. Current housing numbers have more to do with what's happening with interest rates than immigration policies.

In 2024, we saw a slight increase in single family housing completions and starts, and we expect a similar increase in 2025. With multifamily units being a little less. For most people, the decision to change their homes (or to move to a new home) would involve a new loan with an interest rate jump from 3-4% to 7-8%.

The other thing to consider is community building dynamics. How quickly are builders filling up their existing communities, and where do you see a demand for new construction?

### Can you tell us about current or potential regulations for the construction industry?

Nothing specific at the moment. Most regulations come down to local and state level. Some state-specific relations can lead to longer-timed projects. A decrease in regulations, in certain areas, might actually nullify existing hurdles and allow contractors to build homes more easily.

The key is to focus on overall

economic growth.

### What would you tell professionals in the industry who are concerned right now?

We generally tell our clients these four things:

1. Stay calm and study the specific language related to tariffs, policies, etc.
2. Access risk level to your business. Are there stakeholders to consider?
3. Prepare scenarios, mitigation options, and better procurement options. Consider increasing your stock levels and/or marketing to new customers by expanding your product offerings, etc. You may also want to examine your inventory and adapt based on changes in customer demand.
4. Upgrade to a product-mixed strategy. Start implementing small changes now to prepare.

### Any parting words?

Stay calm but pay attention. Even as more tariffs are announced, there are a ton of items that may get exempted. ■

### About Ducker Carlisle:

*Ducker Carlisle is a global consulting and M&A firm backed by decades of industry experience, proprietary data, and proven solutions to optimize client growth and performance.*

