



Gallagher

Spring and Summer Construction Industry Trends

Industrialization, Intelligence and Risk Management in 2026





The construction industry entered 2026 with major shifts as companies transitioned from traditional on-site methods to a more industrialized, technology-driven approach. Growing key markets, tighter insurance expectations, ongoing labor shortages and increased pressure for faster, safer delivery led to these changes.

Key insights

- Data center and infrastructure projects are driving growth but come with unique risks and challenges.
- Data-driven operations, powered by AI and IoT, are enhancing project management and safety.
- Insurance requirements now focus on technology-driven safety measures like forward-facing cameras and telematics.
- Construction manufacturing is introducing new risk profiles, particularly with materials like mass timber.
- Modular construction is transforming project coordination but requires specialized insurance considerations.
- Flexible staffing solutions and hybrid roles are bridging the skill gap and labor shortage.

Construction Market Focus Shifts to the Data Center Boom and Infrastructure

AI adoption and hyperscaler cloud expansion are fueling a new wave of data center development, with hyperscalers expected to spend more than \$600 billion globally in 2026.¹ As a result, multi billion dollar campuses are placing heavy demands on power and labor.² In 2025, total US data center construction starts reached an estimated \$77.7 billion,³ and early-2026 figures show annual spending now exceeding \$100 billion, highlighting the scale of this expansion.⁴

Infrastructure projects — including transportation, utilities, water and energy — remain active, supported by government-backed funding. Public construction spending in the US reached an annualized rate of approximately \$520 billion by the end of 2025, reflecting continued funding flowing into major infrastructure programs.⁵

These fields of new opportunities aren't without risks and challenges.

For example, the sheer size of data center projects requires thousands of workers to operate on 24/7 shifts. Since these projects need immense energy, there is an additional demand for major power and electrical infrastructure to be built alongside the data centers.

Data center projects commonly exceed \$5 billion to \$15 billion in value, stretching lender requirements and insurance capacity. Many sites require separate core/shell and equipment programs with heavy contractor involvement. Many of the larger and more complex projects require a builder's risk to property stabilized asset transition program reflecting the unique interface between the construction and operational phases.

Such mega infrastructure projects involve long timelines, regulatory oversight and coordination among multiple public and private stakeholders. Many projects also rely on owner controlled or project specific insurance programs, prompting firms to reassess how risk is managed at scale.



Given the size of these contracts, especially the electrical and HVAC subcontractor packages, obtaining the required surety bonds can pose a challenge. Helping our clients navigate that challenge is a key part of what we do.

— Jackie Robinson

Managing Director of Operations
US Construction, Gallagher





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Forward-Facing Cameras and Fleet Management Are Becoming Important Insurance Requirements

The rising number of large liability verdicts is tightening insurance expectations for contractor fleets. Insurers are prioritizing technology-driven safety controls such as forward-facing cameras and telematics systems. Driver-facing cameras are being used in higher-risk fleets to track driving behavior, record incidents and measure fleet performance.⁶

Consistent usage of camera and telematics programs supports safer driving. If there's an accident, the camera footage can be investigated to determine claim outcomes. Adopting this safety measure aligns with improved underwriting results and can get fleet operators favorable premiums and terms.

By implementing telematics and taking full advantage of all that it has to offer, an organization can also become more efficient by reducing repair costs, fuel consumption and the risk of an accident while increasing driver retention by rewarding its most efficient drivers.

3

Changing Risk Profiles in Construction Manufacturing

To gain more control over schedules and supply chain challenges, many contractors are shifting toward industrialized delivery models and manufacturing components in controlled environments. While this approach improves predictability and quality, it also expands risk beyond the traditional jobsite and introduces exposures more commonly seen in manufacturing operations.

Mass timber, including cross laminated timber (CLT), illustrates this shift clearly. As contractors take on greater responsibility for producing or handling engineered timber components off-site, construction phase risks change.

Water and moisture exposure during manufacturing, storage and transport become critical concerns, particularly before structures are fully enclosed. Damage can lead to delays tied to drying, remediation or remanufacture, extending project timelines and increasing cost exposure.

Broader challenges stem from limited industry experience with mass timber and uneven exposure, which can lead to increased scrutiny during inspections and permitting.

From an insurance perspective, construction manufacturing shifts both the location and nature of exposure. Builder's risk programs may not always reflect off-site values, storage durations or production related risks, while product and defect related considerations increase as contractors take on responsibilities traditionally held by manufacturers.

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Modular Construction

Modular construction transforms how work is planned and coordinated by assembling buildings from large, prefabricated sections transported to the site.⁷ General contractors play a key role as integrators, ensuring factory output, transportation, site readiness and installation are seamlessly aligned.

This approach introduces specific risk and insurance considerations. Key exposures include potential damage or delays during transport, off-site storage, lifting or installation, which can lead to immediate schedule disruptions and increased costs if modules are damaged or delayed. Insurance coverage focuses on areas such as cargo and in-transit protection, installation floaters, builder's risk endorsements for off-site or property in transit and coverage for delay in start-up or soft costs to address schedule impacts.

Off-site fabrication can be a disadvantage because workers may be unable to make field modifications to adjust for fabrication errors. Because modular elements need to be manufactured off-site to exacting tolerances, there's a concern about long lead times to replace damaged elements, which can lead to greater builder's risk claims. When procuring builder's risk insurance for a project involving modular construction, the design and construction teams will need to work closely with their broker to explain their approach to addressing these risks.

5

Data-Driven Decisions in Construction

Data has evolved from a byproduct of project management to the primary, strategic asset of a construction business.

According to Gallagher's [AI Adoption research](#), 79% of construction industry business leaders are already seeing a positive impact on business revenue from their investments in AI. Just over half are actively measuring their return on investment and expect it will take two years, on average, before the value delivered by AI outweighs the cost of implementation.

Technologies such as IoT sensors, 3D scanning and AI-powered cameras are reducing manual data entry. Job sites are increasingly capturing information automatically, creating a more accurate and reliable picture of project progress.

Historical data and digital twins are helping teams move beyond rear-view reporting toward earlier visibility into safety and performance trends.⁸





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Labor Issues and Flexible Staffing Solutions

According to [Gallagher research](#), labor costs, access to skills and worker availability are top concerns for the construction sector. The retiring workforce is yet to be replaced by new talent, so the industry is embracing a flexible staffing solution by merging human resources with technology.

To address the skills gap, contractors are creating hybrid roles that combine traditional craft skills with basic technology use. These workers support modern construction methods while remaining hands-on in the field.

On-demand labor, specialized subcontractors and temp-to-hire arrangements are increasingly common, particularly for project managers and superintendents familiar with digital tools.

To retain the workforce, wage increases of up to 25%-30% in high-growth areas such as data center construction reflect strong competition for skilled workers and underscore the importance of workforce planning.

Looking Ahead

Firms that align their delivery models, workforce strategies and insurance programs with industry trends are better positioned to manage larger, more complex projects.

Gallagher's Construction practice works with clients to assess how these trends affect current projects and insurance programs, helping identify practical steps to strengthen protection as delivery models continue to evolve.



Citations

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⁵"Total Public Construction Spending: Total Construction in the United States (TLPBLCONS)," *Federal Reserve Bank of St. Louis*, 23 Mar 2026.

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