

CONSTRUCTION SUPPLY CHAINS

Five Approaches to Building Resilience in 2026





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— **Brian Cooper**
Managing Director, Construction practice
Gallagher

The US construction industry continues to face supply chain pressures that affect project costs, schedules and overall risk. Rising material prices, commodity volatility, tariffs and longer lead times remain persistent challenges across the sector. The combined impact of these conditions continues to shape how construction firms plan, procure and deliver projects.

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From the global pandemic to current turbulence in the Middle East, disruptions to global [supply chains](#) present multiple challenges. But lessons have been learned along the way, and there has been a shift from "just-in-time" to "just-in-case", as companies build in contingencies and buffers to build resilience. Contractors and owners are continuing to strengthen and refine strategies developed over recent years. The main steps towards this development have been disciplined sourcing, clearer contract terms, realistic scheduling, improved visibility and closer collaboration across teams.

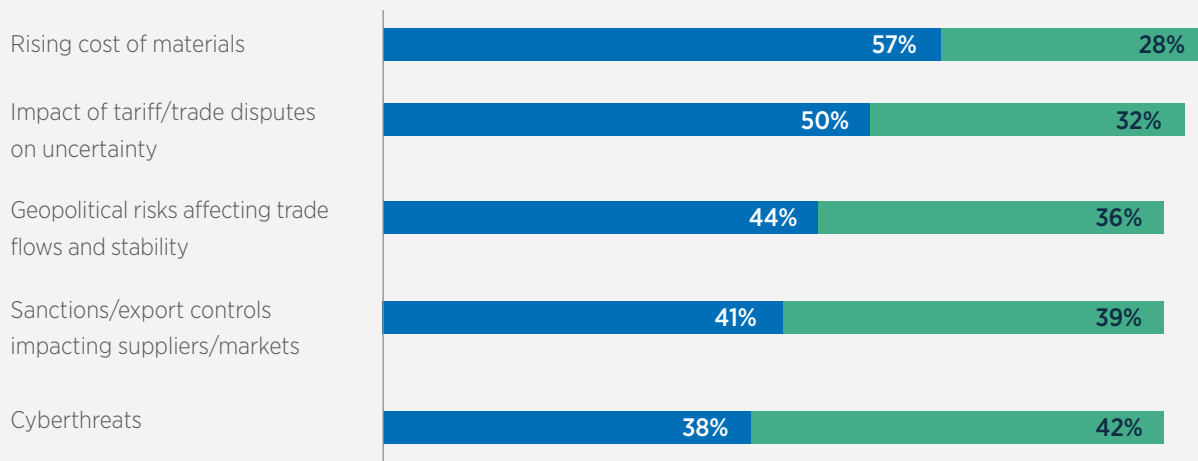
Here are five ways the sector is responding to a more volatile supply chain:

Diversifying Sourcing and Material Alternatives

Rising material costs remain the most widespread and concerning supply chain risk for construction. Prices for key materials such as steel, copper and aluminum continue to fluctuate due to tariffs, infrastructure demand and global trade conditions.

According to Gallagher's [global supply chain survey](#), 57% of businesses globally report rising material costs as a current supply chain risk, making it the most commonly cited challenge. Construction reports one of the highest levels of exposure and concern compared to other sectors, reflecting its reliance on commodity-based materials and long procurement cycles.

Supply chain risks businesses are facing now



Source: Redrawing Global Supply Chains Survey, Gallagher

Construction firms are trying to manage this volatility through disciplined sourcing and supplier diversification. Contractors are working across domestic and international markets to reduce reliance on single sources. Supplier reliability, production capacity and delivery performance are now in focus.

Contractors and procurement teams are also reviewing material options earlier in project planning to confirm availability and delivery timelines. Earlier evaluations help reduce last-minute changes that can increase costs or delay projects.

Pre purchasing and limited stockpiling are still used to manage price escalation, but more selectively. These decisions are made once project requirements are clear and when sufficient storage capacity and insurance are in place to store materials safely, helping reduce additional financial or logistical risk.

To shorten supply chain gaps from global suppliers, contractors started procuring from domestic producers. But this can lead to capacity constraints, higher labor costs and even a shortage of US-made resources.

Contractual Protections and Risk Management

Amid supply chain volatility, construction contracts are being used more actively to manage pricing and delivery risk.

Price escalation clauses, force majeure provisions and change in law language remain important tools for addressing material cost increases driven by tariffs and commodity price swings. These provisions help manage uncertainty upfront rather than reacting to impacts later.

Contracts are also being structured to clearly define how the impacts of cost and schedule are shared among owners, contractors and other stakeholders. Clearly defined contracts show that supply chain risks cannot be carried by a single party, especially under fixed price delivery models.

Contractors are applying stricter boundaries when evaluating new projects. Supply chain exposure, pricing assumptions, labor availability and lead time risk are being assessed earlier to avoid disproportionate risk.

Collaborative delivery methods, including integrated project delivery (IPD) and progressive design build, continue to gain traction. These approaches provide clear instructions on risk handling supply chain risks during planning.





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Supply Chain Management and Technological Solutions

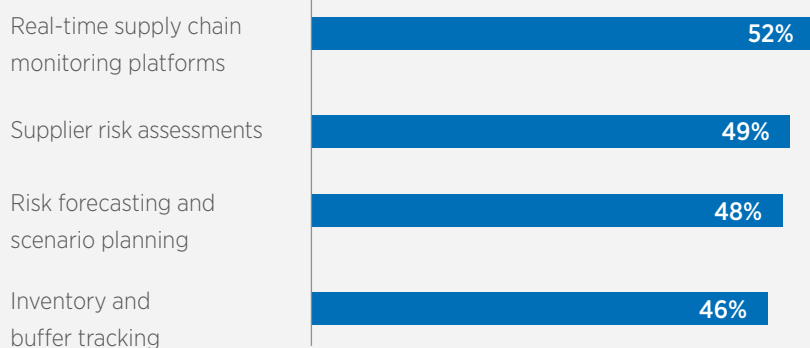
Technology continues to support supply chain management by improving visibility and responsiveness rather than replacing existing processes.

Real time monitoring tools and digital platforms are used to track inventory levels, delivery schedules and supplier performance. Better visibility means faster response time during disruptions and avoids any last minute procurements at a premium price.

Pricing data, delivery tracking and supplier performance history also support earlier risk identification and better coordination across project teams.

The focus remains on practical applications, such as prioritizing tools that integrate into existing workflows and support communication among owners, contractors and suppliers.

How businesses are monitoring supply chain disruption



Source: Redrawing Global Supply Chains Survey, Gallagher

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Addressing Ongoing Supply Chain Disruptions

Construction firms are planning projects with supply chain disruption factored into schedules and sourcing decisions. Project timelines now have a longer lead time for critical materials and equipment to support more reliable delivery and execution.

Insurance considerations, such as Builders Risk coverage, are receiving greater attention as extended schedules increase exposure to delay-related risks. Contractors are ensuring that coverage aligns with longer project durations.

On the other hand, labor shortages continue to affect both construction firms and suppliers, influencing production capacity and delivery timelines. Amid these challenges, the importance of setting realistic timelines and planning the supply chain becomes more prominent.





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Using Supply Bonds to Protect Against Supply Chain Risk

In 2026, supply bonds are increasingly being used to address supplier performance and delivery risk. These bonds ensure that suppliers meet their contractual obligations to deliver materials as specified. If a supplier fails to deliver, the bond can provide financial protection and reduce cost escalation and schedule disruption.

During periods of constrained supply, bonded obligations may also be prioritized over unbonded commitments providing contractors and subcontractors with additional leverage at the time of crisis.

Supply bonds work best when paired with clear procurement requirements and strong contract terms. They do not replace contracts or insurance programs but serve as a complementary tool to support supplier accountability and protect project execution.



Success depends on early collaboration, clear contracts and a coordinated approach to sourcing and risk management.

— **Jackie Robinson**
Operations Director, Construction practice
Gallagher

“Supply chain risk is no longer something that can be managed in isolation,” says Jackie Robinson, Operations Director, Construction practice at Gallagher. “Success depends on early collaboration, clear contracts and a coordinated approach to sourcing and risk management.”

Together, these approaches reflect how construction firms are strengthening resilience through practical planning and alignment while supporting more predictable project delivery in a changing market.

For more information about placing a supply bond or arranging a supply chain audit, reach out to our Gallagher representative.



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