

WHITEPAPER GUIDE

Commercial Builder Benchmarking – How does your Company Measure Up?

Revenue for the commercial builder industry has grown significantly over the past five years. Utilizing benchmarking is an easy way to determine how well your commercial builder company compares to others in the industry. The commercial builder industry is comprised of general contractors, project managers and design-build companies who construct buildings across all sectors of the U.S. economy. Below are benchmark statistics for the commercial builder industry:

Industry at a Glance

- The construction industry, as a whole, began its recovery in 2012.
- Annual revenue of approximately \$227.5 billion with a profit of roughly \$8 billion.
- Average annual wages hover around \$13.8 billion.
- Annual growth from 2013 – 2018 was approximately 11.2% per year, with future growth expected to taper off to 1.2%, until the year 2023.
- Increasing corporate profits will raise demand for new commercial construction.

Revenue Derived from the Following

- 82.3% private-sector clients and property developers
- 15.4% private-sector households
- 1.2% state or locally funded projects
- 1.1% federally funded projects

High Revenue Growth (based on exterior material)

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Revenue by Products & Services

- More than half of revenue is from Construction Manager At-Risk Contracts.
- Approximately 25% from Design-Bid-Build contracts.
- Roughly 10% from Construction Management Agency.
- Remaining is Design-Build Contracts and Integrated Product Delivery at 5% each.

Key Statistics

- Industry profit (EBITA) is expected to be roughly 5.9% of total revenue.
- Wages account for only 16.7% of expenses, which is lower compared to other industries since general contractors typically use subcontractors, who are paid on a per project basis and ineligible for the same benefits as full-time employees.
- Materials account for around 71.8% of industry revenue. Rising purchase costs have mired profit margin growth and there is no sign of price increases slowing down anytime soon.
- Rent and utilities account for 1.7% of expenses.

Contact Us

Every commercial builder company is unique and the above standards will not apply to all. The metrics should be used as a guideline. [Our Construction Group](#) is committed to serving over 750 Minnesota construction and real estate entities. We take great pride in consulting on various industry specific issues, as well as the broader needs of these businesses and their owners. [Click to contact us and learn strategies that best fit your situation.](#)

Statistical information above is a summary from IBISWorld Report – Commercial Building Construction in the US. Smith Schafer & Associates is a paid subscriber to IBISWorld Reports. IBISWorld is the most comprehensive collection of Industry Market Research and Industry Risk Ratings.

