



# WALL AND CEILING INDUSTRY TRENDS REPORT



in partnership with

NOVEMBER 2025

**The Foundation**  
OF THE WALL AND CEILING INDUSTRY

**AWCI** ASSOCIATION OF THE  
WALL AND CEILING  
INDUSTRY

# EXECUTIVE SUMMARY

AWCI partnered with FMI to conduct a comprehensive study of member industry trends with funding and support from the Foundation of the Wall and Ceiling Industry.

## The survey research aimed to:

- Gauge member companies' near-term sentiments on the performance of the overall economy, the construction industry and their businesses
- Explore areas of increasing importance and strategic priorities
- Determine top concerns among contractors, manufacturers and suppliers
- Assess member companies' sentiments on the competitive landscape, current issues and business operations

These findings provide insights to empower member companies and the AWCI to be more strategic in responding to and planning for the market and their businesses.

## METHODOLOGY

This comprehensive survey with member companies was conducted in two phases:

- 1) AWCI member interviews and
- 2) AWCI member survey assessing:
  - Sentiments about the economy, industry and business environment
  - Segment outlook
  - Business operations and strategic priorities
  - Competitive landscape
  - Tariff impacts and expectations



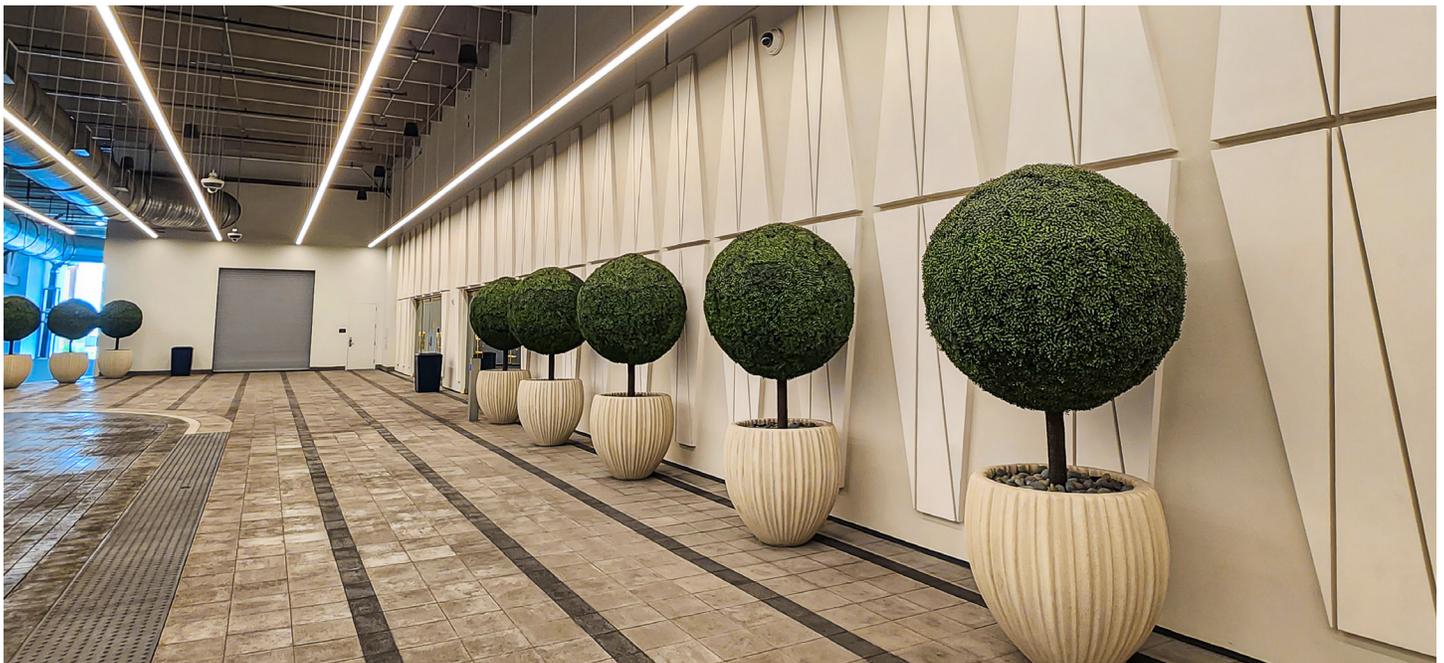
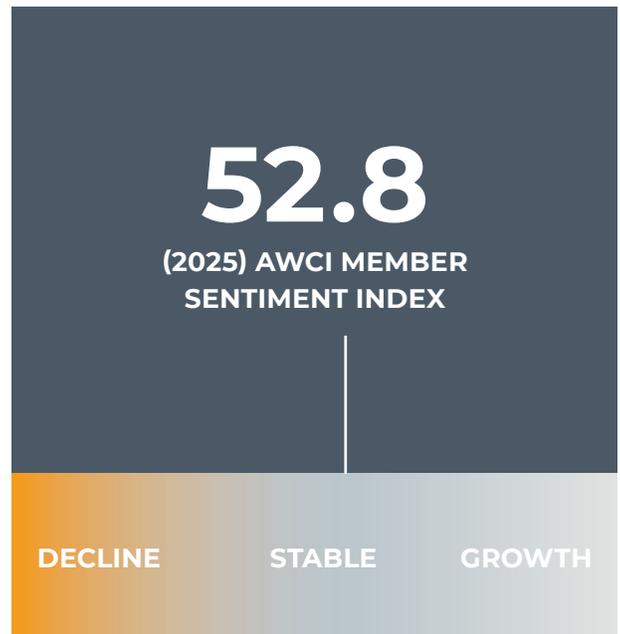
# AWCI MEMBERSHIP SENTIMENT INDEX

A key component of the study was building the foundation for the AWCI Membership Sentiment Index (MSI). The AWCI MSI allows members and AWCI to begin tracking industry confidence in a standardized way. The index score is calculated by assessing:

- Members' overall economic outlook
- Anticipated supplier and manufacturer demand over the next 18 months
- Perceived capacity of suppliers and manufacturers to address demand over the next 18 months
- Contractors' expectations for labor productivity over the next 18 months
- Contractors' perceptions of inputs affecting the cost of construction for this year compared to last year

Moving forward, AWCI and FMI will be able to gauge changes in member sentiment and determine potential implications of improving or declining scores, and how members should consider these implications in their business planning.

## WHAT IS THE LEVEL OF CONFIDENCE IN THE MARKET?



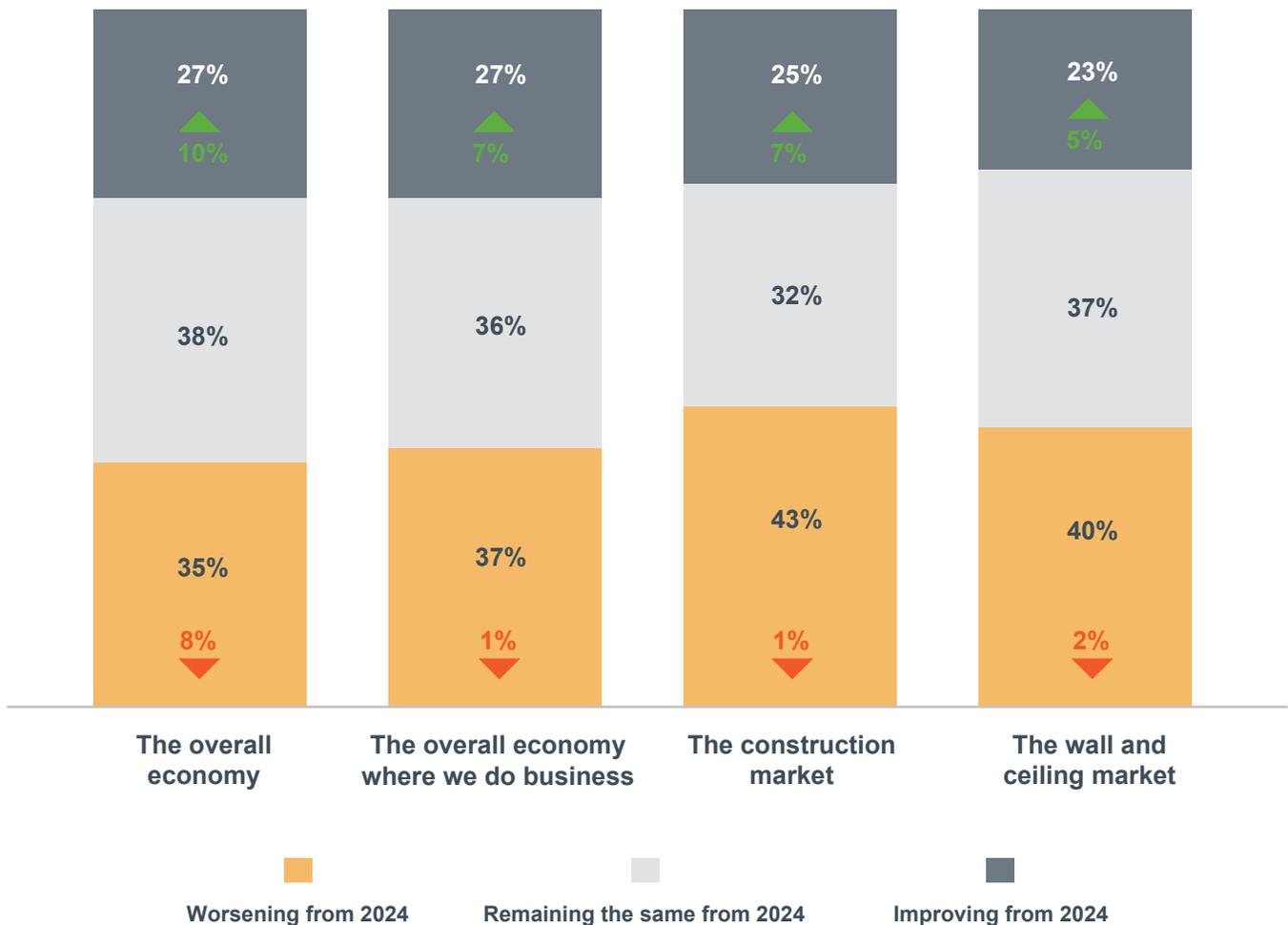
# ECONOMIC OUTLOOK

Compared to the 2024 study, respondents were more favorable on the market outlook. Despite the increased favorability, most respondents (73%) indicated overall and local conditions in 2025 will remain the same or worsen compared to 2024. Sentiment is weakest in the Midwest, with no respondents anticipating the situation to improve. Respondents from the South were the most optimistic, predicting improvements in the overall and regional economies.

More than three-quarters of all survey-takers believe the construction market will hold steady (32%) or decline (43%), a slight improvement over last year. A similar percentage think the wall and ceiling market's current conditions will continue (37%) or deteriorate (40%), a 2-percentage-point drop from the prior survey.

## ECONOMIC SENTIMENT AND MARKET OUTLOOK

Please indicate your opinion of expected change in each of the following areas:



▲ Arrows indicate a percentage increase or decrease of respondents that selected each answer choice.  
 ▼ The increase/decrease figure represents change from last year's survey (in percentage points).

## BREAKOUT BY STAKEHOLDERS

Among members, contractors have the most optimistic outlook followed by manufacturers. This represents a change from the 2024 study where manufacturers had the greatest optimism. Similar to the 2024 study, suppliers remained the least optimistic across stakeholder groups.

### ECONOMIC SENTIMENT AND MARKET OUTLOOK BY MEMBER TYPE

Please indicate your opinion of expected change in each of the following areas:

Improving

On average, respondents do not see substantial improvement in economic conditions, with no groups' economic assessments averaging above 2.0

Remaining the same

Worsening

The overall economy

The overall economy where we do business

The construction market

The wall and ceiling market

Contractor

Manufacturer

Supplier



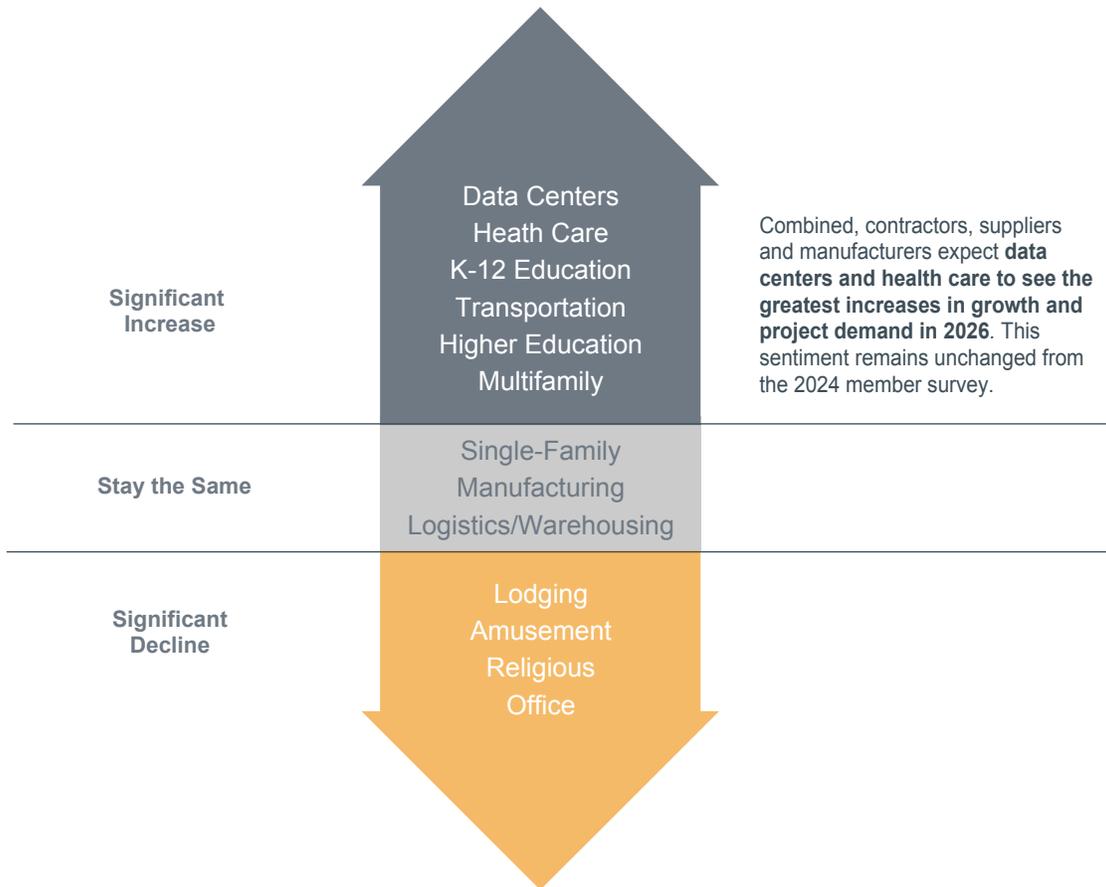
# SEGMENT GROWTH

Following the 2024 study trend, all member types anticipate the largest growth in data centers, health-care facilities and K-12 educational buildings. Continued growth of AI and increasing demand for data storage remain core drivers of the segment.

Health-care systems are still replacing, updating or climate-proofing outdated infrastructure and building new facilities for outpatient care and new service offerings, sustaining the segment’s growth. Similarly, K-12 school construction is pushed by necessary renovations to legacy properties and a desire to strengthen facilities against violence and natural disasters.

## SEGMENT GROWTH/PROJECT DEMAND IN 2026

Compared to 2025, in which segments do you expect to see the greatest growth/project demand in 2026?



# SUPPLY AND DEMAND TRENDS

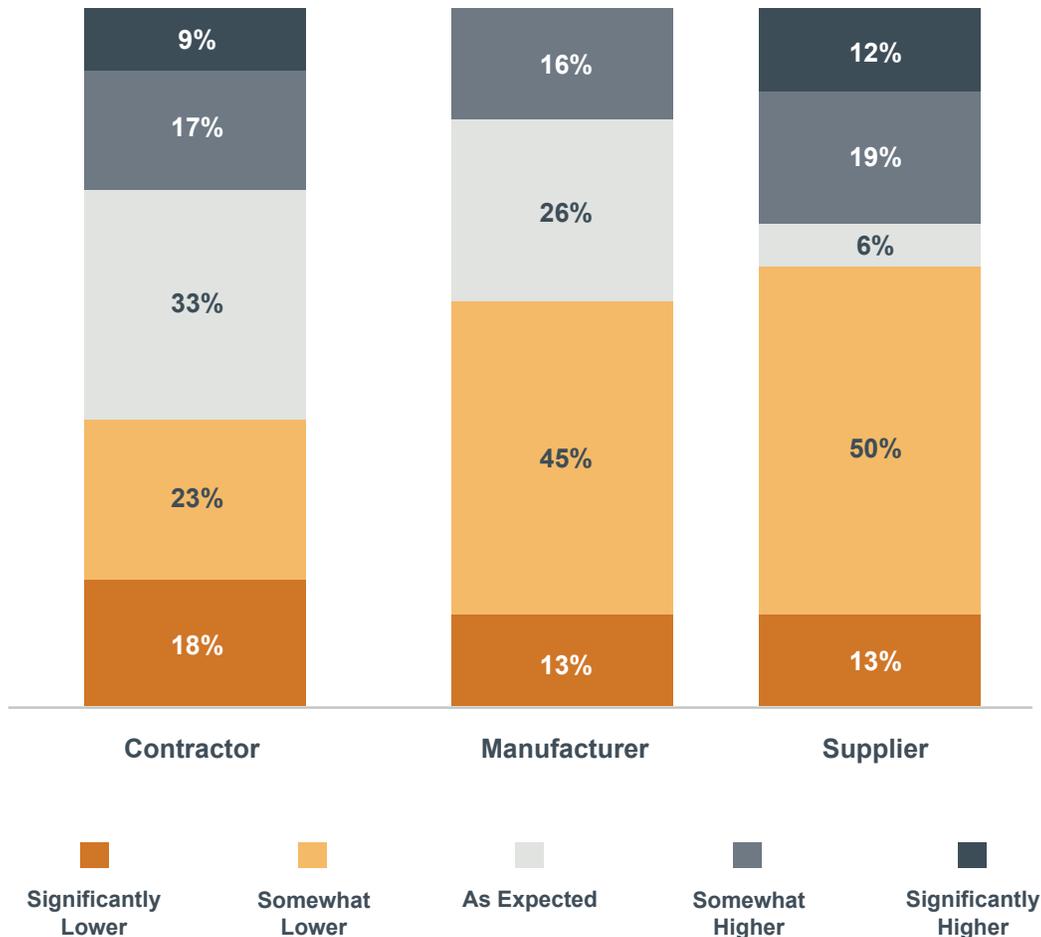
In 2025, suppliers and manufacturers experienced demand for wall and ceiling products to be lower than 2024 forecasts, with more than half of respondents reporting lower-than expected demand.

Manufacturers are particularly pessimistic, with 58% predicting lower demand, a 26-percentage-point increase over last year. By contrast, contractors see the potential for backlog levels near or slightly above expectations, justifying their more optimistic outlooks.

## HOW DOES CURRENT DEMAND COMPARE TO FORECASTED DEMAND FOR 2025?

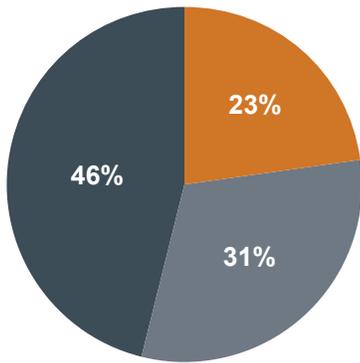
What is your current backlog compared to what your company anticipated/needed backlog to be at this point in the year?

What is the current demand for wall and ceiling products compared to what your company forecasted demand to be in 2025?

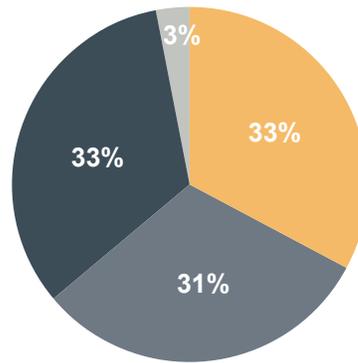


Suppliers anticipate moderately better (46%) or significantly better (16%) demand over the next 18 months, while slightly more than half of manufacturers expect demand to improve moderately (39%) or significantly (14%). Most respondents believe tariffs will have a moderate impact on demand, if any.

### WHAT HAS BEEN YOUR EXPERIENCE WITH PRODUCT DEMAND OVER THE LAST 18 MONTHS?

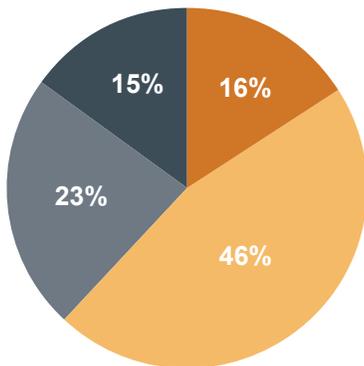


Supplier

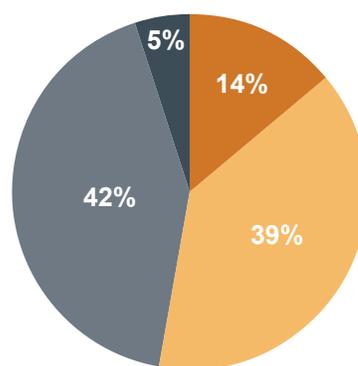


Manufacturer

### HOW DO YOU EXPECT DEMAND TO CHANGE OVER THE NEXT 18 MONTHS?



Supplier



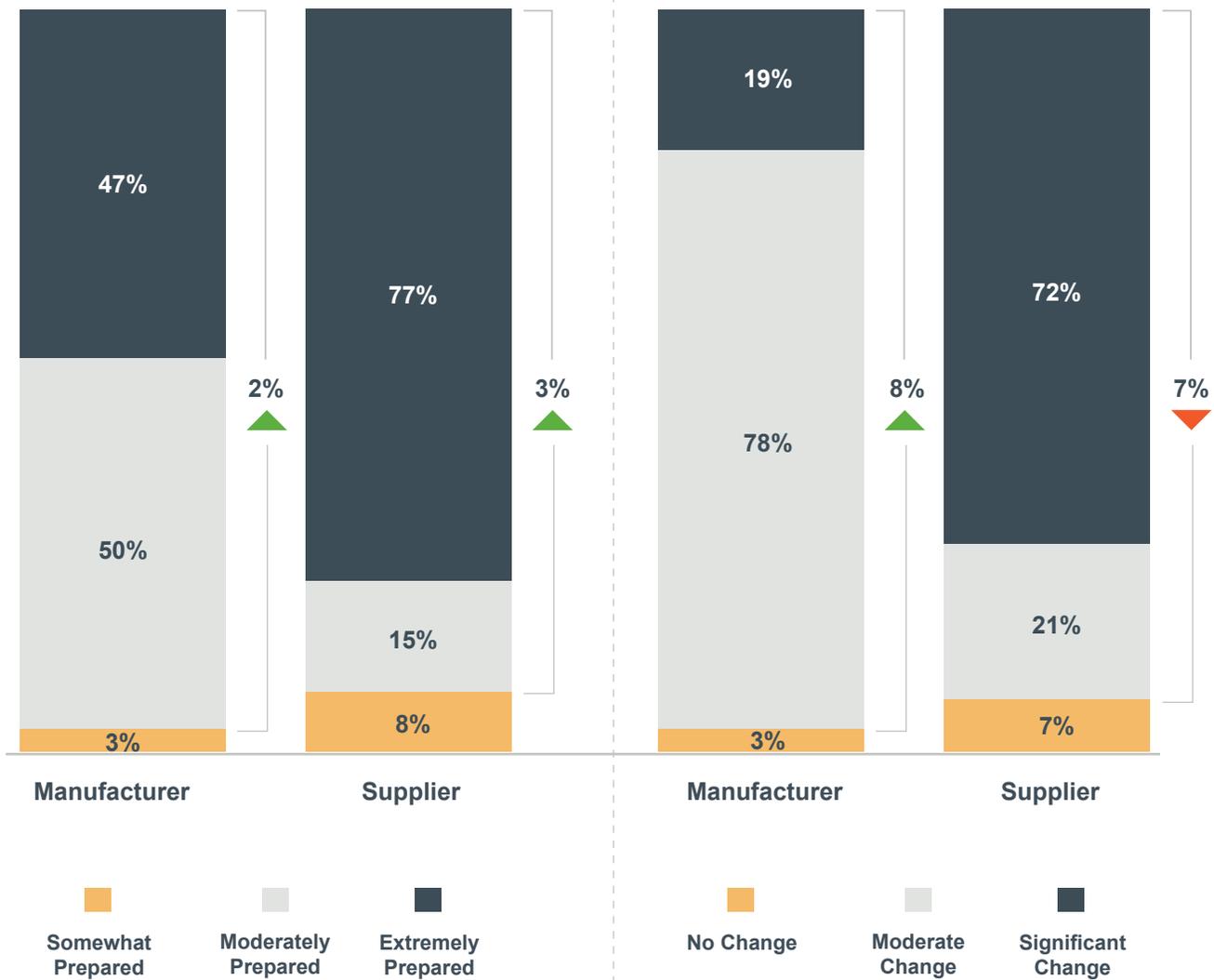
Manufacturer

Significantly Worse
  Moderately Worse
  Remained the Same
  Moderately Improved
  Significantly Improved

In terms of capacity readiness, most suppliers (77%) reported being extremely well-prepared to meet demand through the end of 2026. Slightly less than half (47%) of manufacturers were as confident, with most (50%) feeling somewhat ready. Compared to the 2024 study, suppliers anticipate the competitive landscape to change to a greater extent. This sentiment aligns with the mergers and acquisitions activity with large transformative deals that has occurred in 2025.

How prepared from a capacity standpoint is your company to address demand over the next 18 months?

How do you anticipate the competitive landscape to change over the next 18 months?



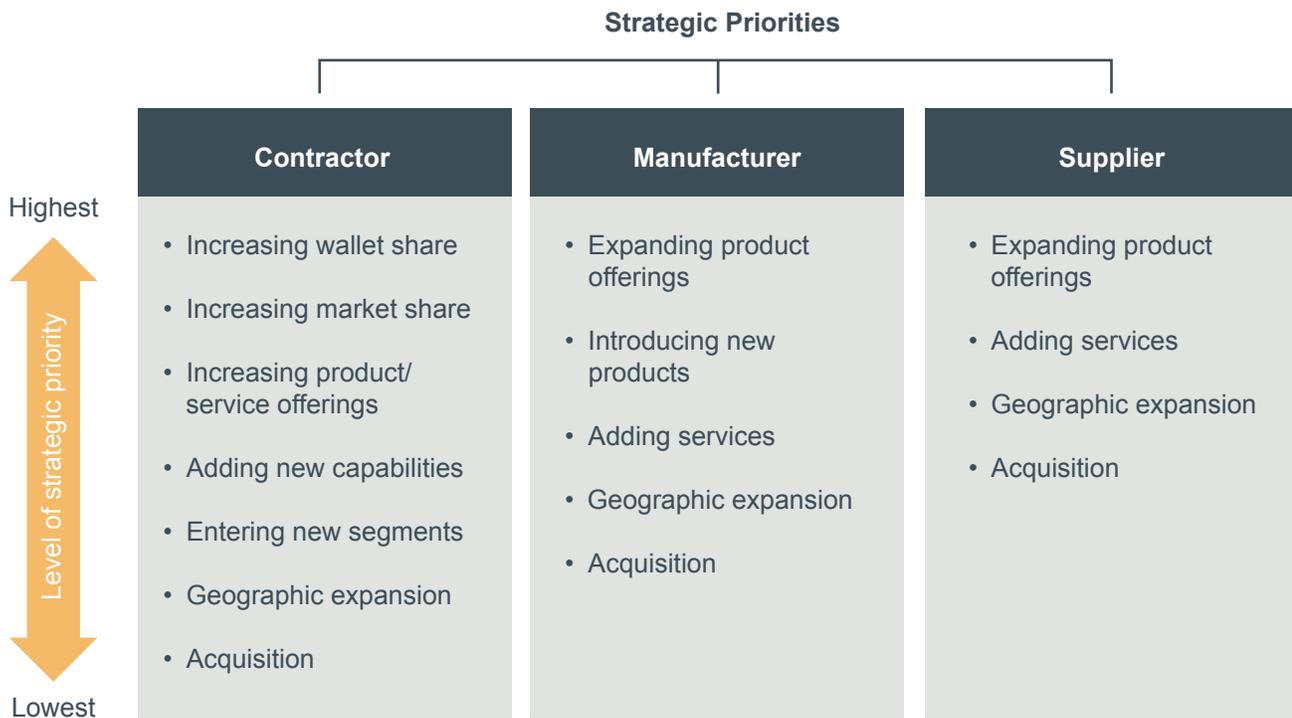
▲ Represent increases (green) or decreases (red) to the combined Moderately Prepared/Extremely Prepared or Moderate Change/Significant Change categories as compared to the 2024 survey.

# STRATEGIC PRIORITIES

## MARKETING STRATEGY

Suppliers and manufacturers are prioritizing expanding product offerings and adding services, with geographic expansion as a secondary focus. Contractors are centering their strategies on increasing wallet and market share, supported by efforts in expanding offerings and adding new capabilities. Acquisitions remain a lower strategic priority across the board.

### WHICH OF THE FOLLOWING IS YOUR COMPANY CONSIDERING AS STRATEGIC PRIORITIES FOR THE NEXT YEAR?



## KEY BUSINESS CHALLENGES

The economic outlook generates the most heartburn for suppliers and manufacturers, who ranked it as their top concern; contractors put it second after talent availability. Let's take a closer look at these two concerns.

### WHAT ARE THE MAJOR BUSINESS CHALLENGES OR CONCERNS YOUR COMPANY IS FACING?



Contractor



Manufacturer



Supplier



# TALENT AVAILABILITY AND PEOPLE DEVELOPMENT

Labor issues continue to affect the industry, pushing down productivity and increasing competition for talent. Almost 40% of respondents experienced a decline in productivity in the last 18 months, though sentiment moving forward is slightly optimistic, with 26% of respondents expecting productivity improvements versus 24% anticipating continued declines.

Most companies continue to rely on employees for labor. Almost three-quarters of field laborers are on the payroll; the balance comes from supplemental labor sources. Most contractors (88%) have avoided using third-party or offshore takeoff services.

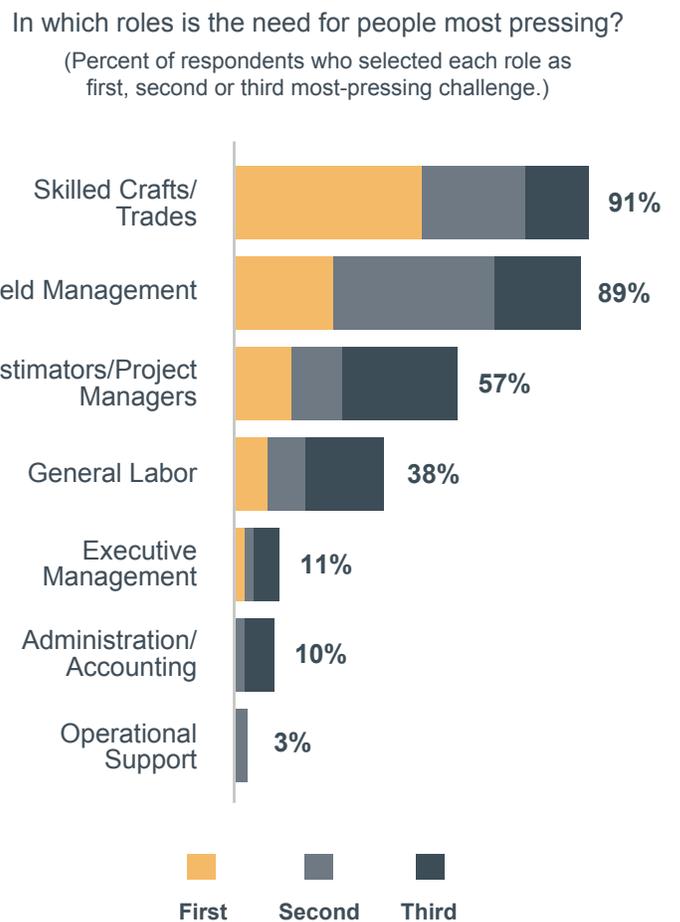
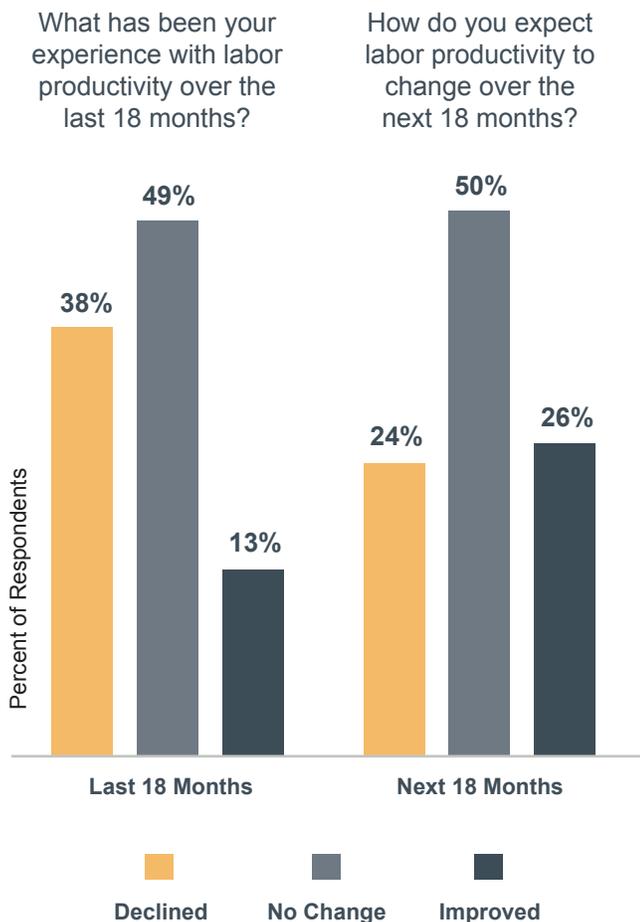
The challenge of finding and developing talent is far-reaching in the industry. Suppliers reported that availability of experienced or certified drivers was one of the top factors affecting their supply of products.

## NEEDS AND CHALLENGES

The top labor challenge remains finding skilled craft and trade workers, followed closely by field managers, and estimators and project managers. That’s why recruitment and labor availability are listed as the most pressing challenges, followed by training and skills development.

### Respondents attribute workforce difficulties to:

- The lack of young job candidates
- Poaching and wage pressure from competitors
- Limited time and capacity to train
- Geographic constraints
- Immigration or work authorization friction
- Insufficient leadership development



## STRATEGIES AND TACTICS

To address their needs, contractors are relying mostly on training and cross training, followed by a focus on employee experience and company culture. Specific tactics include:

- On-the-job/in-house programs
- Mentorship
- Clear career paths
- Productivity-linked pay with schedule flexibility
- Pipelines from high schools, technical schools and union halls
- Internships
- Referrals
- Selective use of recruiters

But one-fifth of respondents say they have no clear strategy for increasing talent or aren't aware of their company having one. This reveals an opportunity for companies that make concerted plans to get ahead in the competition for talent. As the labor market tightens, we anticipate a keener focus on retaining current employees rather than recruiting new ones.



# PARTNER ALIGNMENT

A key dynamic is how well respondents understand the challenges faced by other member groups. Compared to last year's survey, the perception gaps are large and widening.

Contractors say their manufacturer and supplier partners are only somewhat aware of their challenges, if at all, while their counterparts overestimate their own awareness. Similarly, suppliers sense an increasing lack of understanding from manufacturers.

## CONTRACTOR

How would you rate your manufacturer partners on their awareness of the challenges your company is facing?



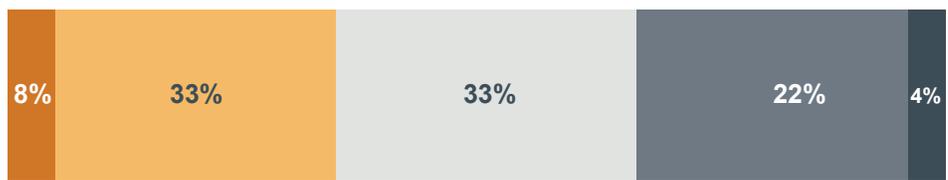
## MANUFACTURER

How would you rate your awareness of the challenges your contractor partners are facing?



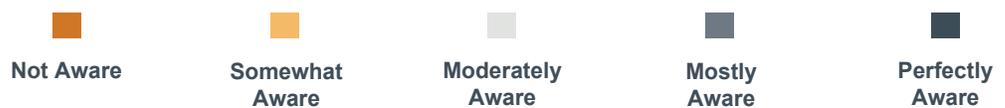
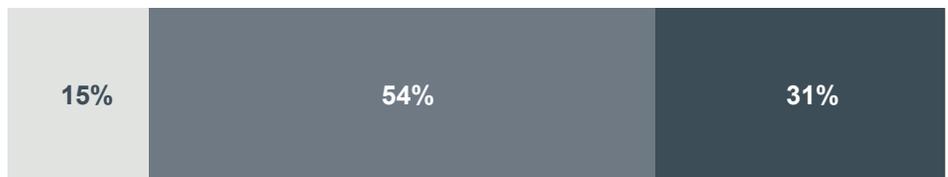
## CONTRACTOR

How would you rate your supplier partners on their awareness of the challenges your company is facing?



## SUPPLIER

How would you rate your awareness of the challenges your contractor partners are facing?



Interestingly, the largest discrepancies occur in perceptions about challenges or concerns from business partnerships. Manufacturers and suppliers overrated contractor-supplier relationships as a potential issue, charting score differences of 57.5% and 37.8% from last year, respectively, and falling four places in the overall ranking.

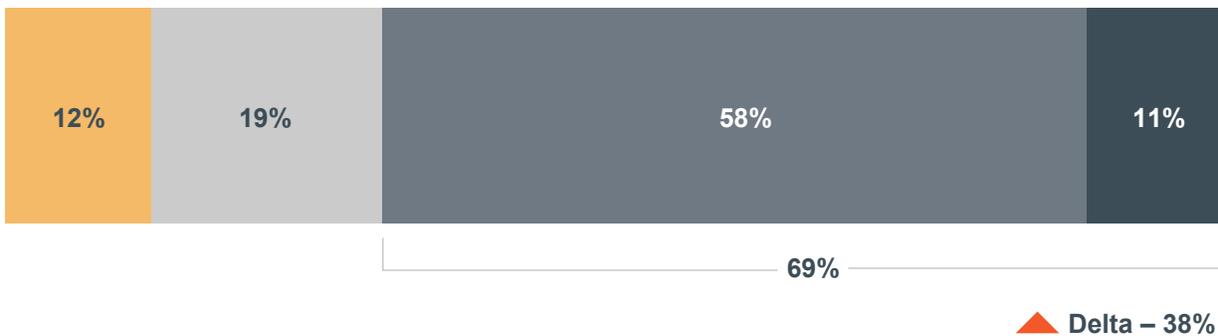
Manufacturers also thought their partnerships with contractors were of greater concern than contractors did, dropping two places on the scale from last year. Other large gaps occurred in technology adoption, regulation and cost escalation.

Health and safety were downgraded, sliding two spots from the 2024 survey. Stringent contract language led the rising factors, climbing three spots from last year, followed by cost escalation, operational efficiency and productivity, and talent availability, which each rose one place. Tariffs on certain materials are likely a driving force for the increased attention to both contract language and cost escalation.

When looking at how manufacturers and suppliers rated awareness of challenges, manufacturers perceive they have a strong awareness of the business challenges suppliers face. Whereas suppliers indicated manufacturers have more limited awareness of the challenges they face.

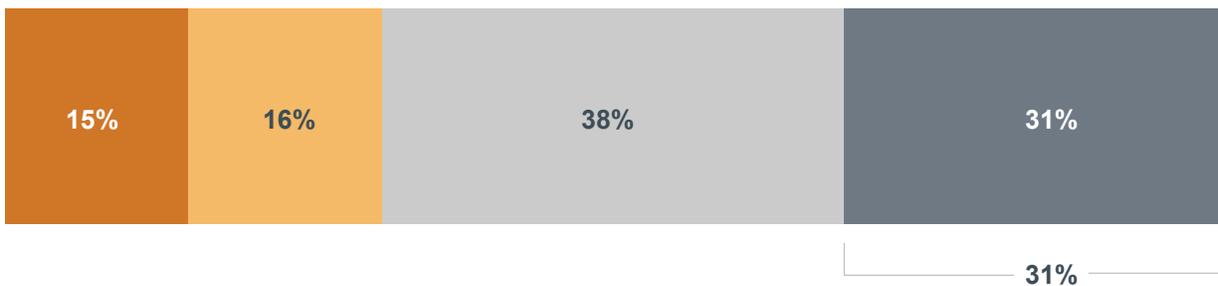
### MANUFACTURER

How would you rate your company's awareness of the challenges that your supplier partners are facing?



### SUPPLIER

How would you rate your manufacturer partners awareness of the challenges your company is facing?



# INNOVATION AND TECHNOLOGY

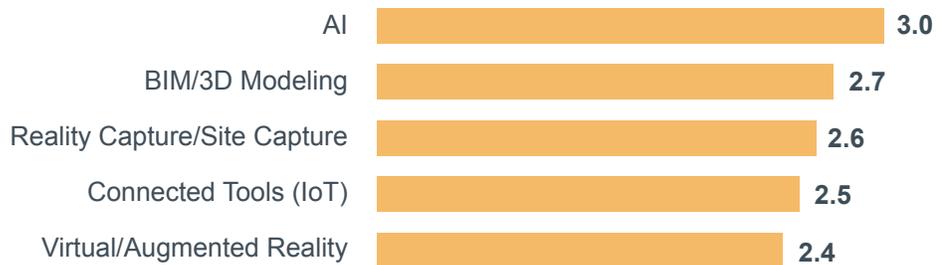
The focus on efficiency and cost control dovetails with adoption of new practices and solutions, such as prefabrication, construction and process automation (one of manufacturer’s top technological impact) and AI (the top technological impact for all respondents).

## SEGMENT GROWTH/PROJECT DEMAND IN 2026

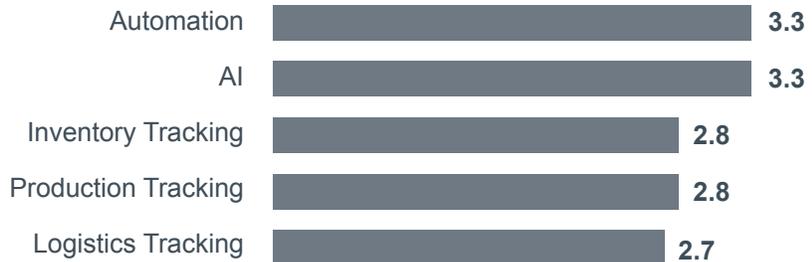
Average score of respondents:  
 1 = Not at all. 3 = Moderate impact. 5 = Significant impact.



**Contractors**



**Manufacturers**



**Suppliers**



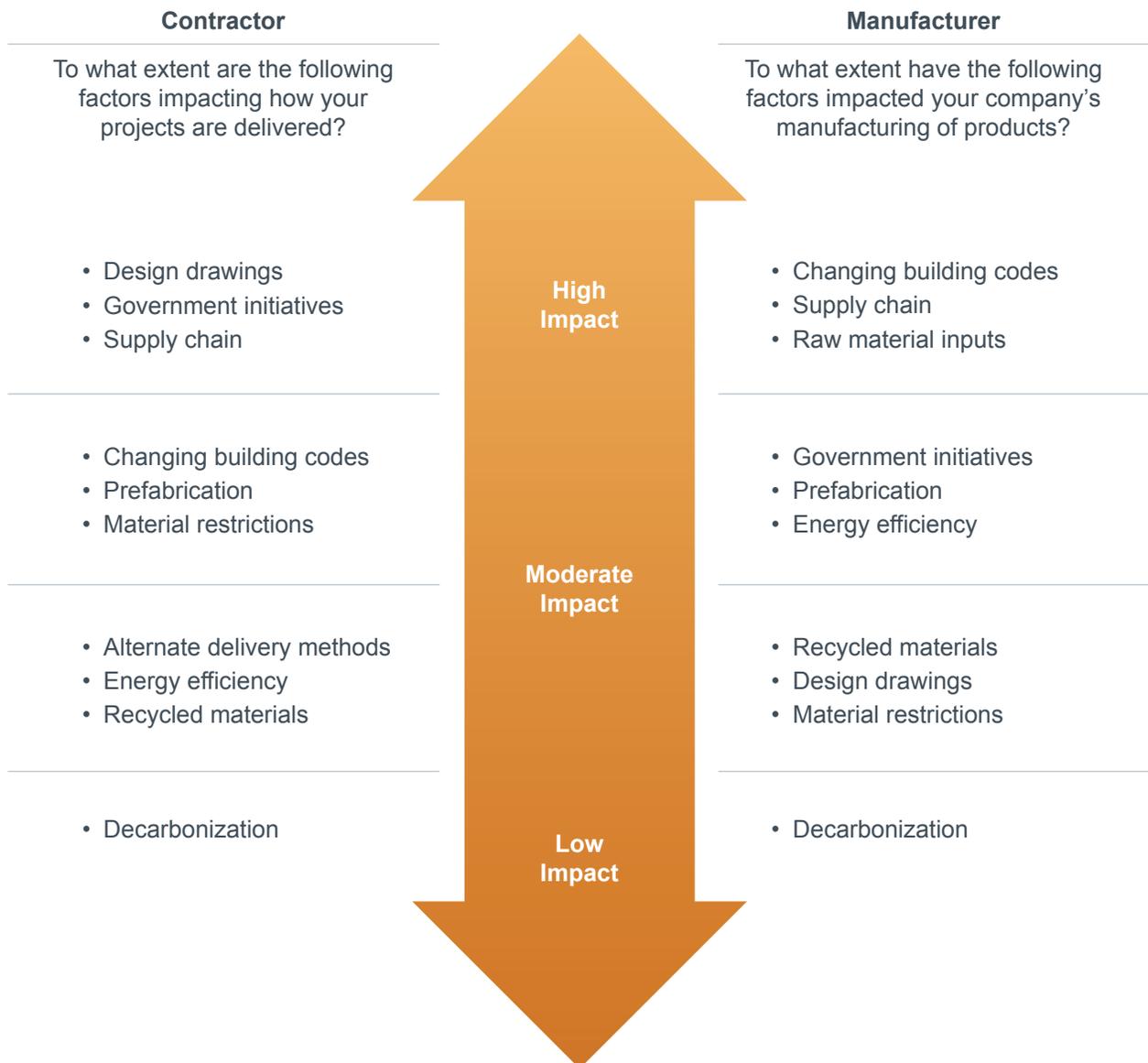
## AI AND CONSTRUCTION TECHNOLOGY

It’s still early for AI and automation adoption (nearly a quarter of respondents reported minimal adoption of AI), but more respondents are using these advanced technologies, particularly to promote office efficiency and reporting, project management and language and documentation enhancement.

# OTHER CONSIDERATIONS

## MANUFACTURING AND PROJECT DELIVERY

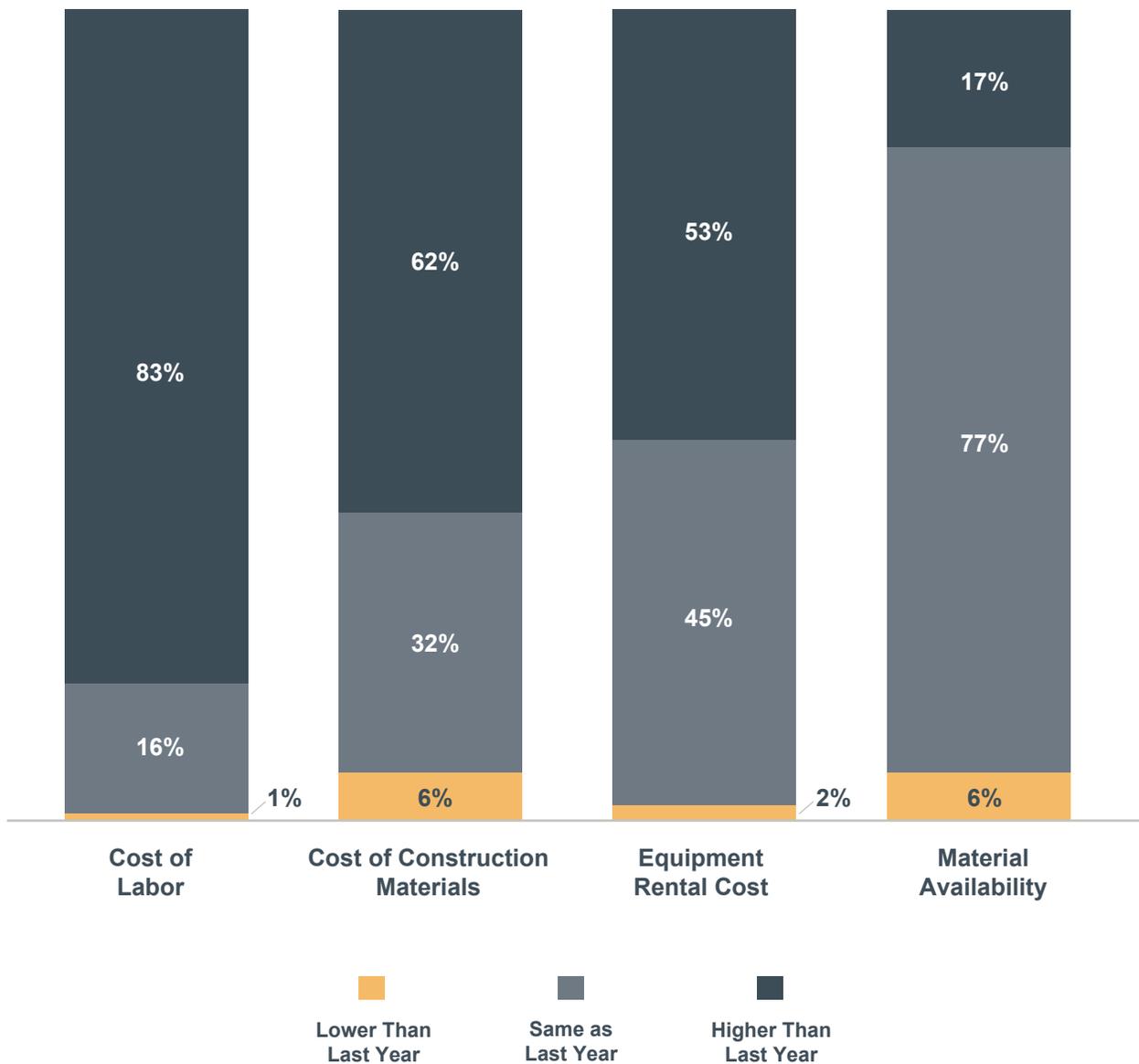
Despite growing interest in green building and sustainable construction, decarbonization has the least influence on contractors' and manufacturers' operations, and energy efficiency has only a moderate impact. They also agree that building codes and government initiatives and ongoing supply-chain challenges have the most impact. Interestingly, however, more than three-quarters (77%) of respondents see little or no supply-chain disruption related to material availability on the horizon.



## MATERIALS COSTS AND AVAILABILITY

Cost increases are expected to continue across labor, materials and equipment. Materials costs are of key concern, with almost two-thirds of respondents saying materials prices will rise. To reduce cost volatility, contractors are relying on stronger contract language around pricing, sourcing from domestic suppliers and pre-purchasing materials.

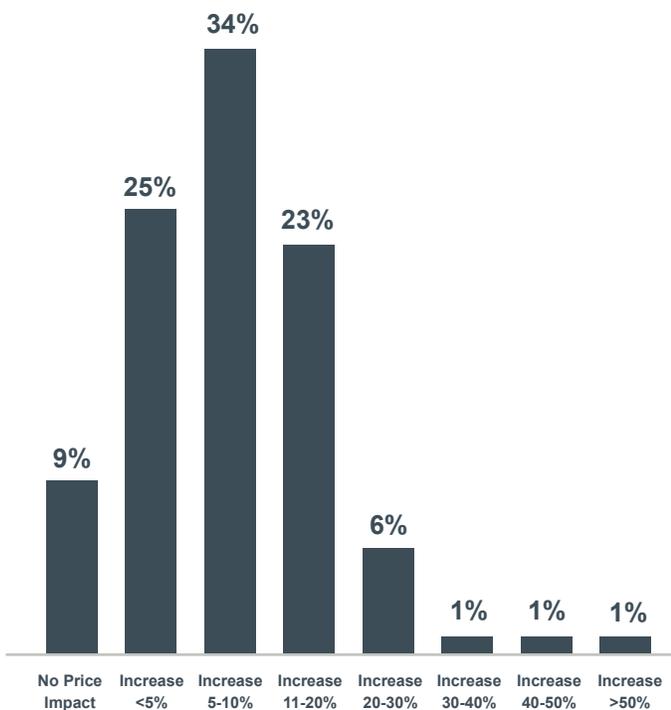
### WHAT ARE YOUR EXPECTATIONS OF THE FOLLOWING INPUTS AFFECTING THE COST OF CONSTRUCTION?



## TARIFF IMPACTS AND RISK MITIGATION

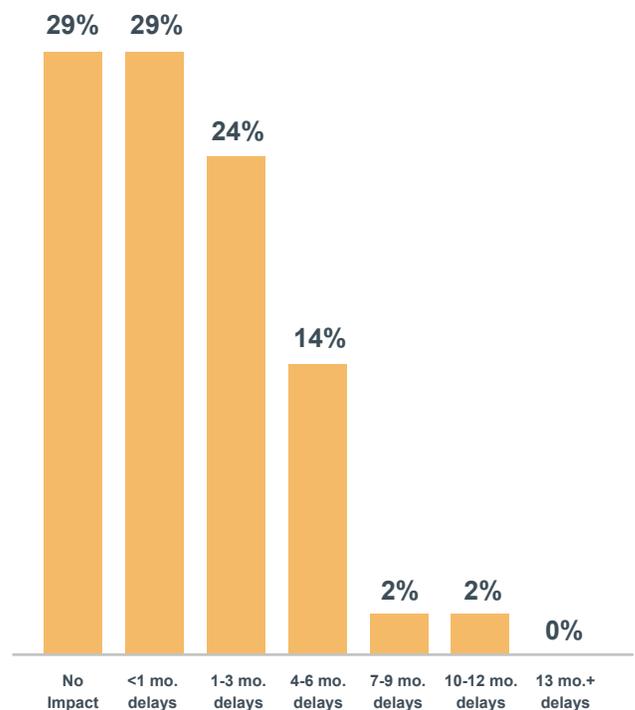
Tariffs have yet to affect most (68%) respondents, though 18% expect they will soon. Of those who have been or expect to experience impacts, one-third think the disruption will last one to three months and a quarter anticipate four to six months' duration. Manufacturers have the most materials exposure.

What effect do you expect tariffs and related disruptions to have on your material pricing over the next year?



Percentage of respondents that selected a given answer.

What effect do you expect tariffs and related disruptions to have on project schedules over the next year?



Contractor respondents only. Percentage of respondents that selected a given answer.

Survey-takers foresee small to moderate tariff-driven price hikes, with 57% looking for between 5–20% over the next year. Limited delays are expected, with most respondents thinking they will last less than three months.

Despite their concerns, more than half (57%) of respondents see tariffs as a gateway to firmer and fairer global trade agreement, in general. Almost all (91%) view tariffs as a plus for the design and construction industry.

# CONCLUSION

Understanding how your perceptions align against those of competitors helps you assess your position in the marketplace and informs strategic decisions that improve performance and sustainability. Deeper insight into the challenges facing member groups outside your sector helps you build stronger partnerships that strengthen your business and theirs. Together, AWCI member companies are better able to meet the evolving economic situation and deliver on customer expectations.



# AUTHORS



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Prior to joining FMI, he worked as a carpenter for Northwood Homes in Barryville, New York, where he touched most aspects of residential construction: from the foundation to framing to fine finish work. [julian.gottlieb@fmicorp.com](mailto:julian.gottlieb@fmicorp.com).



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Before joining FMI, Walter worked in various roles within the glazing industry, gaining valuable insights into the construction manufacturing sector and the application of data analytics to drive business decisions. He developed market forecasts, pricing strategies and structural assessments, all of which helped inform key decisions at the management level. This hands-on experience enhanced his ability to leverage data to optimize business processes and support strategic decision making in the construction industry. [walter.combs@fmicorp.com](mailto:walter.combs@fmicorp.com).



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## ABOUT AWCI

AWCI represents more than 2,400 companies and organizations in the acoustics systems, ceiling systems, drywall systems, exterior insulation and finish systems, fireproofing, insulation, prefabrication/panelization and stucco industries. Our members are contractors, manufacturers and suppliers and those in allied trades. Our mission is to connect people in the wall and ceiling industry to innovate, grow and succeed.

## ABOUT THE FOUNDATION

The Foundation of the Wall and Ceiling Industry was formed in 1977 to unite and expand the educational and research activities available to contractors, manufacturers, suppliers and the public in general. An IRS designated non-profit 501(c)(3) corporation, its mission is to provide resources to grow, research to inform, and philanthropy to CARE in support of the wall and ceiling industry.

## ABOUT FMI

FMI is a leading consulting and investment banking firm dedicated exclusively to the built environment. We serve as the industry's trusted advisor, providing current market insights, deep industry research and key relationships that deliver tangible results for our clients.

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