Construction costs could still rise despite Middle East agreement

— New Currie & Brown research forecasts how oil price volatility could affect construction costs across global markets
— Data centre project costs could rise up to 9.9% in the UAE and Saudi Arabia, due to the high concentration of energy intensive materials in MEP systems.
— Hotel costs could climb by up to 9.5%, as oil-price volatility feeds through to the imported finishes, fitted interiors and building systems that hospitality schemes depend on.
— Agreement between the US and Iran has eased immediate concerns, but uncertainty remains over how markets, supply chains and construction costs will respond.

Dubai, 24 June 2026: Currie & Brown, a world-leading project management, cost management and advisory services firm, has published new research into the impact of oil price volatility on construction markets around the world.

The agreement between the US and Iran to bring an end to conflict has begun to ease concerns around oil supply and shipping routes through the Strait of Hormuz. However, a return to normal will take time, and uncertainty remains over where oil prices will settle and how markets will respond in the months ahead.

For the construction industry, the implications extend far beyond fuel costs. Energy prices influence the manufacture and transportation of key materials, including steel, copper and aluminium, as well as supplier pricing, procurement strategies and project delivery. Drawing on historical market data, commodity trends and project cost intelligence, Currie & Brown's research models a range of potential outcomes under different oil price scenarios.

The global analysis shows that the impact of oil price volatility is unlikely to be felt evenly. In India, steel prices could rise by up to 18%, driven by strong domestic demand and reliance on imports. Singapore, by contrast, could see steel costs increase by 4.3%, partly because major projects have already secured materials through early procurement. The findings highlight how the same market shock can produce very different outcomes across regions.

In the UAE and Saudi Arabia, steel prices could increase by up to 15.9% by September under a higher oil price scenario. Copper could rise by 5.4% and aluminium by as much as 10.5%.

Demand for these materials remains strong, driven by giga-projects, airport expansion, hospitality developments and the rapid growth of data centre construction. Data centres are particularly exposed because of their intensive use of copper and mechanical, electrical and plumbing (MEP) systems, while hospitality projects depend on globally sourced fit-out materials, furnishings and specialist equipment.

As a result, data centre construction costs could increase by up to 9.9%, while hotel projects could see costs rise by around 9.5%.

Craig Finlayson, Regional Commercial Director, Middle East, comments: "Saudi Arabia and the UAE have two of the most ambitious construction pipelines in the world. With demand for materials already strong, rising oil prices are adding further pressure to supply chains and construction costs."

“For clients, the priority now is to understand their exposure to cost and procurement risks and build resilience into delivery plans from the outset. That means testing different cost scenarios early and adapting quickly as market conditions change.”

Cost increases affect more than project budgets. They influence the choices organisations need to make. In data centres, where speed to market remains critical, developers may need to look again at procurement, lead times and programme certainty. In hospitality, owners and investors may need to decide where investment will best protect long-term asset value, guest experience and operational performance. Currie & Brown explores these sector-specific considerations in dedicated perspectives on data centre and hotel construction.

This uncertainty comes at a time when many organisations are making significant investment and delivery decisions. With demand remaining strong across many sectors, waiting for complete clarity is rarely an option.

Alan Manuel, Group Chief Executive Officer at Currie & Brown, said: “Construction projects don't stop every time markets become volatile. Investment decisions still need to be made, contracts still need to be signed, and programmes still need to move forward.

“Disruption is becoming a more regular feature of the operating environment. Whether it is geopolitics, inflation, trade policy or supply chain disruption, market conditions frequently change quickly and often with little warning.

“The organisations best placed to succeed are not those trying to predict every disruption. They are the ones taking the time to understand the risks and build flexibility into their plans and delivery models from the outset.”

The US-Iran agreement may have reduced immediate pressure on energy markets, but it is unlikely to be the last unexpected event to affect construction this year, or next. Market shocks rarely arrive with warning. The challenge for construction leaders is not preparing for a specific event. It is creating projects, programmes and strategies with real flexibility that can respond to change without losing momentum.

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About Currie & Brown

Currie & Brown is a world-leading project management, cost management and advisory services firm. We help clients deliver with certainty across every sector and stage of the project lifecycle.

From early strategy to final delivery, we bring clarity and confidence to complex decisions. Our role is to ensure that buildings and infrastructure are well planned, future-ready, and built to perform.

With more than 70 offices worldwide, including London, Dubai, Riyadh, Hong Kong, Mumbai, New York and Shanghai, we combine global expertise with local insight. Currie & Brown is proud to be part of the Sidara collaborative.

Research Methodology

This research examines the relationship between oil price movements and construction costs by comparing historical crude oil prices with key construction material cost indices. All datasets were indexed to a common baseline to assess relative movements over time.

To estimate potential impacts in the current market, 2022 was used as a reference period due to similarly elevated oil prices. Historical material cost responses from that period were used to inform indicative ranges. Findings are directional and should not be considered forecasts, as material prices are influenced by multiple factors.

Material-level impacts were translated into sector-level cost implications using typical cost breakdowns for data centre and hotel projects derived from proprietary historical project data. Material price movements were weighted according to their share of total project costs and aggregated to estimate the potential effect on overall construction costs for each sector.