



2025

Construction Payments Report



Inside the \$299B cost of slow
payments in construction

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About the Survey



In 2024, the United States put in place \$2.154 trillion in construction, up 6.5% from 2023.¹ Through July 2025, spending has cooled modestly (seasonally adjusted annual rate of \$2.139 trillion; -2.2% year-to-date vs. the same period in 2024), reflecting tighter financing and a more selective pipeline.²

Each year, Rabbet surveys subcontractors and general contractors about the speed of payments in the construction industry. Their responses shed light on the impact of slow payments on contractors, developers, lenders, and equity partners.

This year's report compares survey data from 2024 with data collected in previous years to examine payment trends for the construction industry.



¹ U.S. Census Bureau. "Monthly Construction Spending, December 2024." Release CB25-18 (Feb 3, 2025). Source: [census.gov/construction/c30 \(pr202412.pdf\)](https://www.census.gov/construction/c30/pr202412.pdf).
<https://www.census.gov/construction/c30/pdf/pr202412.pdf>

² U.S. Census Bureau. "Monthly Construction Spending, July 2025." Release CB25-133 (Sept 2, 2025). Source: [census.gov/construction/c30 \(release.pdf\)](https://www.census.gov/construction/c30/release.pdf).
<https://www.census.gov/construction/c30/pdf/release.pdf>.

Survey Highlights



This year's results were surprising the main drag on payment speed is workflow, not macro conditions. Contractors cite disorganized intake, unclear requirements, and status ambiguity as the key reasons payments stall. The costs show up as a heavy time burden on teams, tighter cash flow for contractors, and pricing that reflects an owner's payment reputation.

The good news is clear. When developers standardize documentation and use purpose-built software, reviews move faster, communication settles, and money reaches contractors on a predictable cadence. Paying predictably is not back-office hygiene; it is a procurement strategy that earns sharper pricing, strengthens bidder pools, and lowers the risk of cascading delays and overruns.

Callout

\$299 billion

U.S. construction put in place totals \$2.139 trillion (SAAR) in 2025, with \$299 billion attributable to slow payment costs.

 **65 hours per month**

general contractors spend managing payments to subcontractors and vendors

 **14%**

of total construction costs could be eliminated with faster, more reliable payments to contractors

 **\$299 billion**

is the cost of slow payments to the U.S. Construction Industry

 **99%**

of general contractors see the value in paying their subcontractors faster

 **82%**

of general contractors report work was delayed or stopped due to a delay in payments

 **Lack of organized processes**

is the number one reason contractors cite for payment delays.

The Study and Methodology



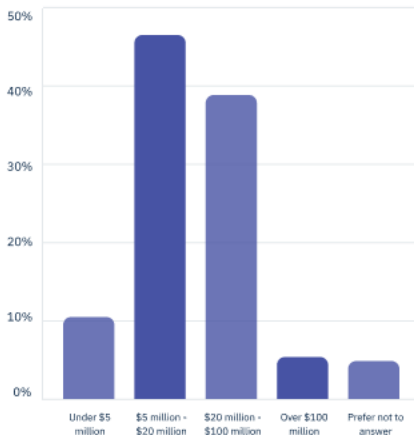
The survey captures how U.S. general contractors and subcontractors managed working capital, pricing decisions, and project risk under slow-payment conditions over the past 12 months.

Fielded online in September 2025, it includes responses from 125 contractors (97 general contractors and 28 subcontractors) across a range of building and specialty trades.

Contractor Type

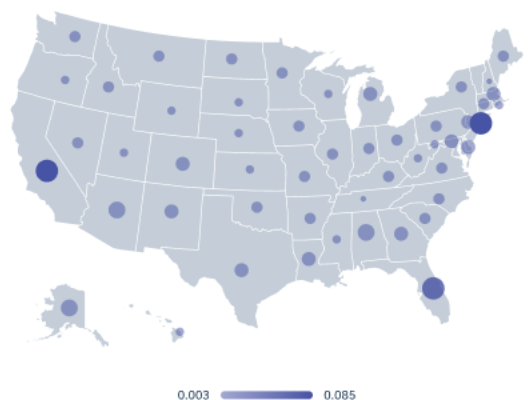


General Contractors by 2024 Revenue



Respondent Concentration by State

100% of respondents are U.S.-based



What Slows Payments Down

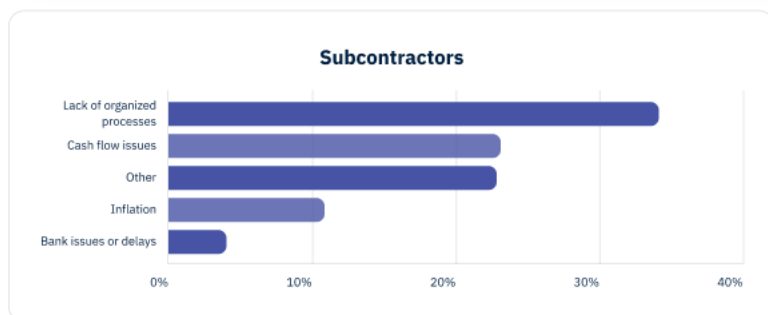
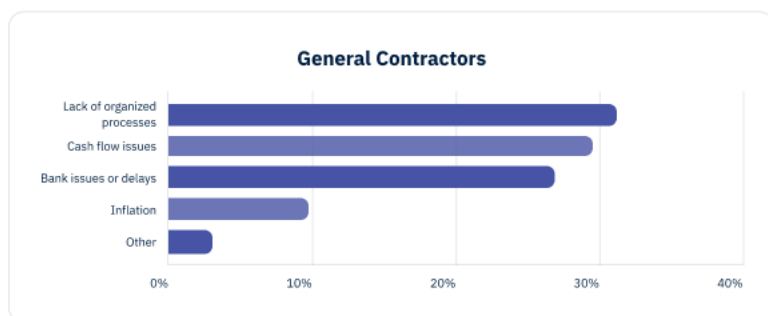


When asked what is the biggest contributor to slow payments, contractors and subcontractors both pointed to internal breakdowns, not the economy. The top answer across both groups was “lack of organized processes,” outranking cash constraints, bank issues, and inflation.

That’s important: most payment friction is coming from how pay apps, invoices, and approvals are handled, not from an inability to pay.

The data points to a simple conclusion payment gets faster when the process gets disciplined. Shared systems, clean packets, and less back-and-forth keep cash moving.

What's the biggest contributor to slow payments?



How General Contractors Float Payments



General contractors are still fronting project costs to keep work moving: 92% said they had to float payments to subcontractors mid-project in the last 12 months. In 2025, they're covering that gap mostly with their own cash. Business savings is now the primary funding source (69%), while reliance on credit cards and credit lines has fallen sharply from 2024 levels, suggesting borrowing is either too expensive or less available.

The pressure hasn't disappeared. It's gotten more personal. Forty-four percent of contractors said they used retirement savings to float payments in 2025. Even after cooling from last year's spike, that's still far above pre-2023 levels and shows contractors are absorbing the financing burden themselves while they wait to get paid.

Source of Financing	2025	2024	2023	2022	2021	2020	2019
Business Savings	69%	67%	67%	40%	53%	38%	38%
Retirement Savings	44%	58%	23%	19%	2%	3%	2%
Credit Card	40%	56%	30%	49%	44%	25%	15%
Line of Credit	36%	52%	30%	41%	44%	25%	29%

How Subcontractors Float Payments



Half of subcontractors (50%) said they had to float payments mid-project in the past year. When they do, they're often funding the job themselves. In 2025, subs most commonly used business savings (33%), retirement savings (33%), and credit cards (33%), followed by personal savings (25%). Only 17% reported using a line of credit, down sharply from 2024.

The takeaway is that subcontractors are still being forced to finance labor and materials before they're paid, and they're doing it with personal and high-cost sources, not stable project funding.

Source of Financing	2025	2024	2023	2022	2021	2020	2019
Personal Savings	25%	53%	39%	19%	15%	20%	31%
Retirement Savings	33%	53%	39%	17%	6%	17%	8%
Business Savings	33%	47%	70%	46%	39%	41%	36%
Credit Card	33%	40%	57%	51%	22%	36%	25%
Line of Credit	17%	40%	46%	37%	36%	46%	22%

Impact of Slow Payments on 2025 Returns



Slow payment materially eroded project returns in 2025. Eighty-two percent of contractors reported that work was delayed or even stopped because money didn't move on time. That lost time shows up as real cost: respondents tied slow payment to an estimated 14% of total project costs. The problem is also escalating into legal and financial risk. One in three subcontractors (33%) said they filed a lien due to slow payment, a move that can freeze progress, force legal involvement, and add pressure to overpay just to keep the project moving.

Even when projects didn't grind to a halt, the drag was still expensive. General contractors reported spending 65 hours per month, roughly two full workweeks, just managing payments to subs and vendors. That is time not spent on coordination, risk prevention, or new work. In other words, slow payment isn't just a cash flow problem; it's cutting directly into margin through schedule slippage, legal friction, and lost productivity.



Schedule Delays

82% of contractors report work was delayed or stopped due to a delay in payments



Liens

33% of subcontractors filed a lien due to slow payment



Cost of Slow Payments

14% of overall project costs are due to slow payments



Hours Managing Payments

General contractors spent 65 hours per month managing payments to subcontractors and vendors



Payment Speed and Project Economics

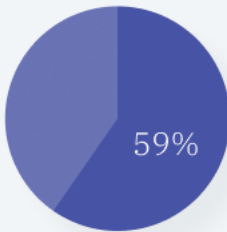


How Developers and Lenders Affect Payment Speed

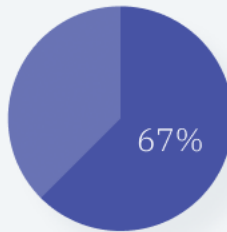
Late payment from the project owner doesn't just create frustration, it changes how the job runs. Contractors report that when cash is held up, work slows down on site, it's harder to keep crews reliably staffed, and the overall quality of work can suffer. In practice, that means projects slip, decisions get made for cash reasons instead of project reasons, and owners end up paying for those ripple effects later in schedule, cost, and performance.

General Contractors

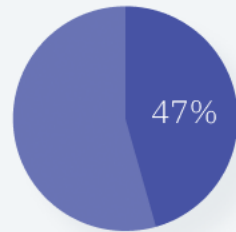
In which way does a late payment from a project owner affect productivity?



**It can reduce the
quality of work**



**It can slow
work down**



**It can cause problems
getting crews to the job site**

Bid Premiums for Slow Payments

General contractors are consistently building a meaningful premium into their bids to protect against slow payment, with most reporting that they now treat slow payment risk as a double-digit cost driver rather than a minor contingency.

Estimated Overhead in General Contractors' Bids to Finance Slow Payments

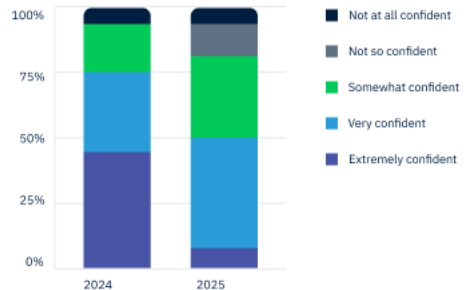
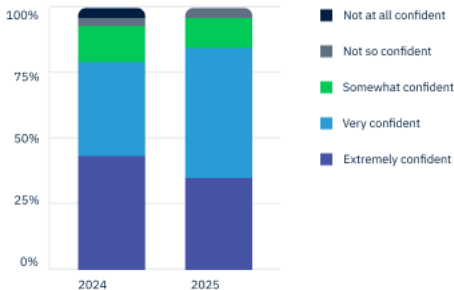


General Contractor Confidence in Overhead Coverage

General contractors are becoming less certain that their bids actually cover their own overhead. Confidence is still there, but it's shifting down a notch; fewer say they're extremely confident, and more are operating in the "mostly, but not entirely" range. That matters because it signals rising cost pressure, tighter margins, and less room for error when cash is delayed or scope drifts once the job is underway.

Subcontractor Confidence in Overhead Coverage

Subcontractors show a sharp drop in certainty that their bids cover overhead. Far fewer say they're extremely confident, and far more have moved into the middle and lower confidence ranges. This points to growing cost pressure for subs and a thinner safety margin, meaning they're still bidding the work but are less convinced the math actually protects them once the project starts.



Why Payment Speed Matters

Paying quickly and predictably creates tangible commercial advantages for developers. Contractors consistently report that an owner's payment reputation shapes bid decisions and pricing, and many offer meaningful discounts when payment timing is reliable.

What GCs Look For in a Developer

"I want to know the developer is financially reliable, pays on time, and makes timely decisions."

The takeaway is simple: predictable payments expand bidder pools, reduce premiums, and support steadier progress.

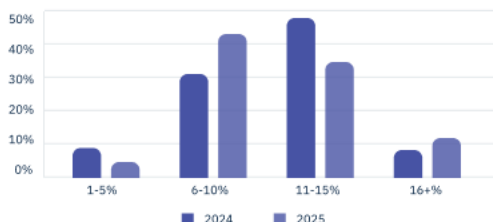
General contractors reported:

91% said they consider an owner or developer's payment reputation when deciding how much to bid.

88% said they chose not to bid on a job in the past 12 months because of a reputation for slow payment.

General contractors continue to say they would reduce pricing in exchange for faster, reliable payment, with most willing to offer a meaningful discount in the mid to low double-digit range rather than only a small reduction.

How much of a discount would you offer for timely payments?



Eighty-five percent of general contractors said they get paid faster when developers use software to manage and process payments, suggesting that structured, trackable workflows reduce delays and cut out a lot of back-and-forth.

Do you think the use of software by developers improved the speed of your payments?

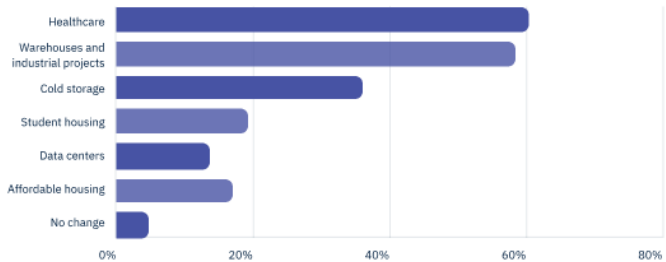


How Contractors Pivoted in 2025

General contractors are actively moving into new asset types, with the most expansion happening in healthcare and industrial/warehouse projects, assets seen as having stable demand and reliable capital behind them. There's also meaningful interest in more specialized plays like cold storage and data centers, which are harder to deliver but can command higher returns.

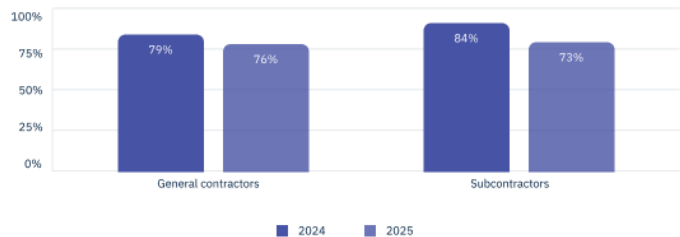
Only a small share reported no change, which suggests most groups are adjusting strategy instead of waiting for traditional product types to rebound.

Which new asset types has your company taken on in the past 12 months?



Confidence in long-term survival has slipped year over year, with both general contractors and especially subcontractors reporting lower confidence in their ability to stay in business.

How confident are you that your business model will sustain/survive the next 12 months?



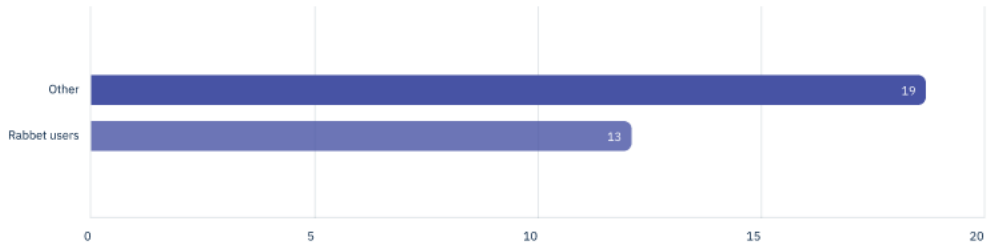
Thrive in '26



Purpose-built draw software (like Rabbet) helps developers assemble cleaner, consistent packages that move through lender review faster, so GCs get paid sooner. In Rabbet's 2025 State of Construction Finance, organizations using Rabbet reported funding draws materially faster on both sides of the table (developers 31.5% faster; lenders 33% faster), underscoring the time savings of centralized, auditable workflows.

Faster, predictable payments earn discounts, attract top-tier GCs, and reduce the slowdowns and disputes that lead to delays and cost overruns.

Days to fund a draw, as reported by developers.



Days to fund a draw, as reported by lenders.



Trends and Takeaways



Payment speed is now a market signal

An owner's payment reputation influences who bids, how aggressively they bid, and whether they stay engaged through closeout.



Process friction is the primary drag

Fragmented intake, unclear expectations, and document inconsistency create volatility in timing and planning.



Cash flow strain has shifted downstream

Contractors are carrying more working capital, which raises schedule risk when payments slip.



Software is reshaping expectations

Centralized platforms create shared visibility and accountability, making predictable timing the norm rather than the exception.



Information clarity reduces conflict

Consistent requirements, transparent status, and auditability cut rework and reduce back-and-forth.



Time is an overlooked cost

Teams spend meaningful hours on payment administration that could shift to coordination and field execution.



Risk is priced into every proposal

Uncertain timing shows up as higher markups and lighter participation; reliable timing earns sharper pricing and stronger coverage.



Outlook

Developers who deliver predictable payments become clients of choice, winning better pricing and faster progress; those who do not can expect higher costs and slower schedules.

About Rabbet

At Rabbet, we're on a mission to connect people, data, and systems to maximize real estate outcomes. We envision a world where human error is eliminated from real estate execution, where data, not delays or miscommunication, drives decisions.

Since 2017, Rabbet has been building an intuitive platform that empowers owners and capital partners with a strong data foundation. By delivering real-time, easily accessible insights, we help professionals make faster, more confident, and more informed decisions.

Trusted to manage more than \$100B in real estate capital, Rabbet continues to lead the industry forward with the support of Y Combinator, QED Investors, Camber Creek, and Goldman Sachs.

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