Construction Cost Trends for 2007

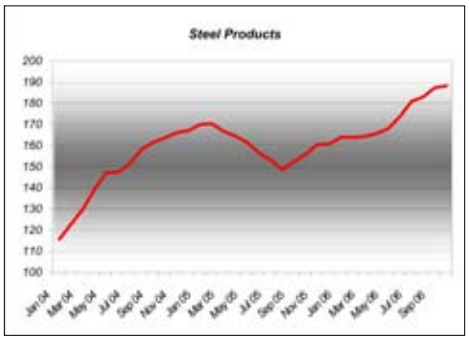
Source: US Department of Labor, Producer Price Index

Contributed By: BNi® Building News

Construction prices seem to be leveling off with the housing boom behind us. Housing starts have declined significantly since last year and we will not see the same robust growth in the housing market as in the last few years. There continues to be moderate growth in non-residential sectors. New government bonds assure infrastructure rebuilding, state and federal construction spending and could compensate for the drop in housing.

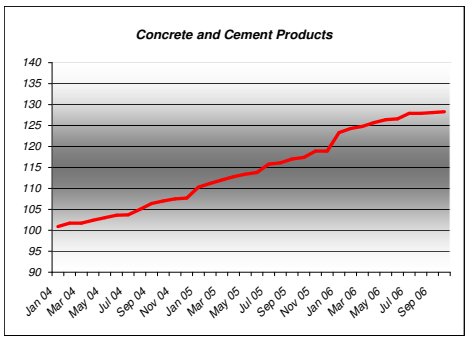
CONSTRUCTION MATERIALS

The decline in residential construction has affected some of the major materials. Everyone from builders to remodelers see a potential downturn in the market for 2007. General Construction prices were up 4% for 2006 and up 22% since January 2004.



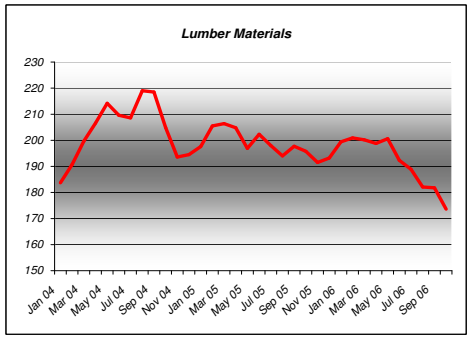
STEEL PRODUCTS

With the construction boom in China still going, steel prices rose significantly in the last few years; prices for steel have gone up 63% since January 2004. In 2006 steel prices registered a 15% increase mostly due to the cost of iron ore. This should moderate this year, but as with any commodity, there are no guarantees.



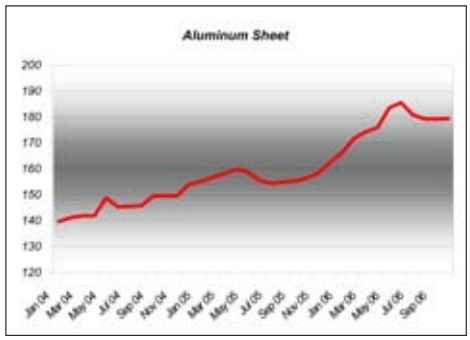
CEMENT AND CONCRETE PRODUCTS

Cement producers continued to raise prices through the end of the year. 2006 saw a steady increase although much slower than the previous years. Cement and concrete prices were up 4% in 2006 and up 27% since January 2004.



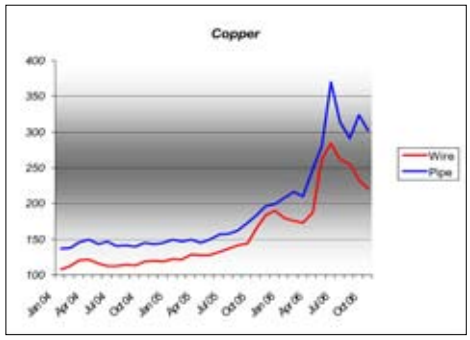
LUMBER

Historically the end of the year is the lowest for lumber prices. As the housing market corrects itself prices may continue to drop. Prices are down 13% for the year and down 5% since January 2004.



ALUMINUM SHEET

Aluminum Sheet prices were up 8% in 2006 and up 28% since January 2004. Historically, aluminum has been dependant on the price of energy. A softening of oil price increases should help moderate any increases in aluminum.



COPPER

Copper prices have been in a dramatic upturn in recent years with wire prices up 24% in 2006 and up 106% since January 2004. Copper pipe is up 45% in 2006 and up 123% since January 2004. Signs are that a moderation in increase or outright decrease in the price of copper are expected.