

Construction Cost Trends for 2007

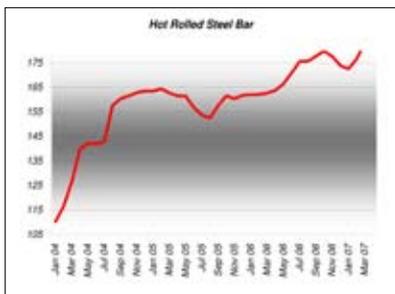
Source: US Department of Labor, Producer Price Index
 Contributed By: BNi® Building News

Housing is still in a slide. Public works projects have tempered the housing slump and a projected growth of 10-15% in this segment will keep the industry as a whole above water. Public projects have posted dramatic gains of up to 25% in specific areas (hospitals and civil engineering projects) and will continue to moderate the downturn in housing. At publication, the total construction industry is 1-2% off of last year's mark.



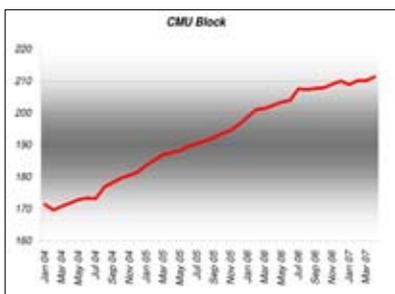
CONSTRUCTION MATERIALS

Construction material costs remain flat. Lumber prices are down as much as 15% in certain markets. Drywall, after posting increases of 15% in both 2005 and 2006, has flattened and slowed to a 2% increase. Asphalt and copper continue their dramatic increases of 15-20%, while the majority of the other components are posting 4-5% gains.



HOT ROLLED STEEL BAR

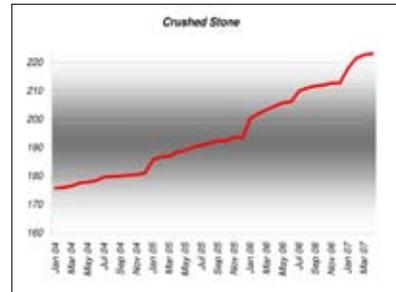
After record-setting increases in 2004-2005, reinforcing has moderated and remains flat for this year. Historically, the price of rebar runs at a different pace than the rest of the steel industry. As an example, structural steel is up 7-10% for the same period this year.



CONCRETE BLOCK (CMU)

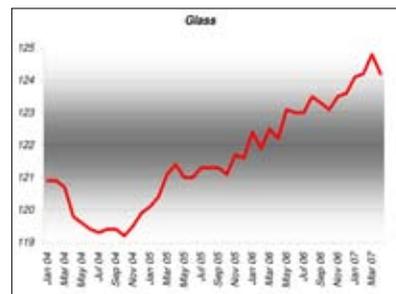
In spite of increases in cement, sand, and crushed stone of 5-

10%, concrete block has only posted gains of 2%. Most probably a reflection of a depressed housing market, this manufactured product noticeably trails its ingredients.



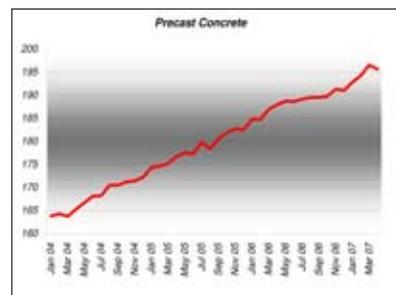
CRUSHED STONE

After small to moderate increases since 2004, crushed stone is heating up. Commercial construction projects as well as a super-heated road building market are adding to the demand. Fuel costs as well as availability of product are adding to the shortfall of supply in certain markets. The licensing of new quarries near major markets will become more and more of a problem, the Southern California market is a prime example of this. This all contributes to a 8-10% increase over last year.



GLASS

Posting a 5% gain over the last 3 years, glass rose at a rate of 1½-2% over the last 12 months. This component seems to be impervious to the wild fluctuations in the construction industry.



PRECAST CONCRETE

Since 2004, the rise in precast concrete has followed the rise in cement, albeit at a different rate of increase, but with the same steady slope. During the same time (2004 to 2007) precast concrete rose 18% while cement rose 30%. In addition to cement, precast's other components (crushed stone and sand) rose 25% and 15% respectively.