

Construction Cost Trends for 2007

Source: US Department of Labor, Producer Price Index

Contributed By: BNi® Building News

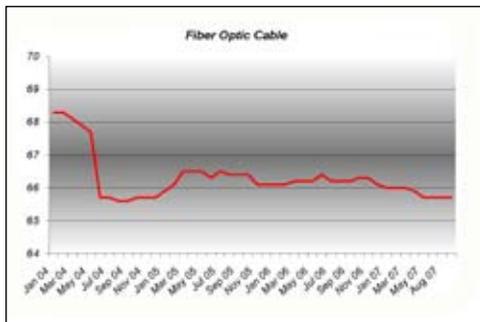
Housing construction is in a recession fueled slide. Strong performances by the public works and commercial building industries are continuing to protect the entire industry and their growth is projected for the near future. A gnawing uncertainty is that these strong segments may not be able to withstand

the pressures from housing and, coupled with the effects of a volatile credit market, could bring the entire industry into a recession.

At publication, the cost of construction is 2% up over last year's mark with most of the increases coming from labor.

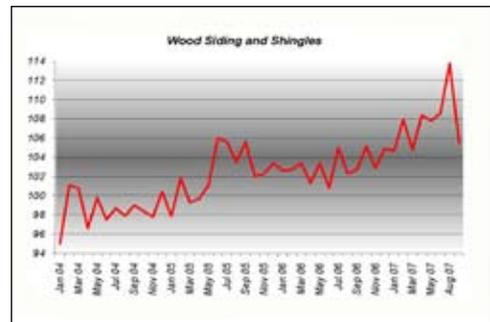
FIBER OPTIC CABLE

This infrastructure based component has been noticeably flat for the last four years. Since posting a loss of 4% early in 2003, this market has experienced 1% swings and unlike a majority of the other construction components no upward or downward pressures resulted.



WOOD SIDING AND SHINGLES

After following the lead of the lumber market in 2004, this segment continued on its own independent way posting increases of 3-4% over the last four years. Early this spring, siding and shingles mirrored the housing industry trends and may start following lumber more closely as housing continues its decline.





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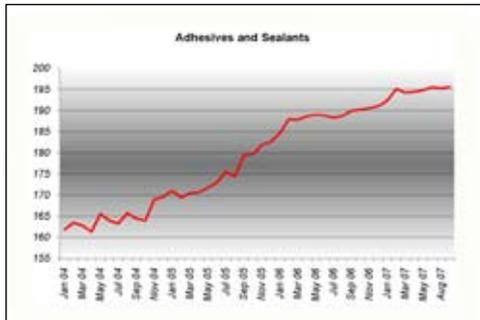
CONSTRUCTION MATERIALS

Overall, construction material costs are down 1-2%. Lumber prices are down 13%. Drywall, after moderating last quarter, is in a slight slide with decreases approaching 5-8%. Large increases in asphalt and copper are beginning to slow to the single digits.



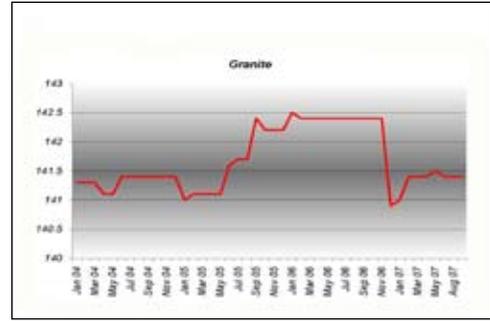
ADHESIVES AND SEALANTS

In spite of astronomical increases in the petroleum markets, adhesives have made a steady increase of 5-6% per year since 2004. In contrast, within the same time frame, asphalt has posted gains that triple this segment.



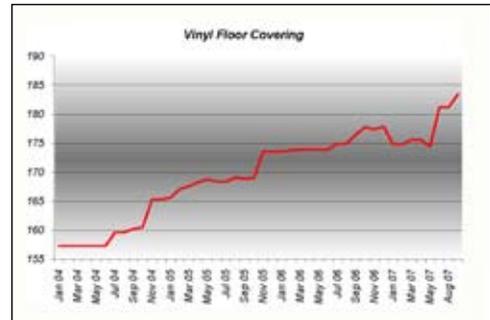
GRANITE

After posting slight increases in 2005 and 2006, this component has retreated to its old ways and has shown no gain since 2004. One would think that it would benefit or suffer from the fortunes of the housing industry, but it seems to have its own mind.



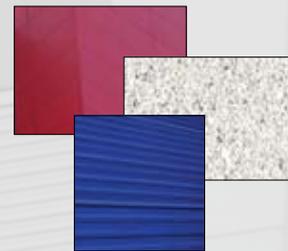
VINYL FLOOR COVERING

This slow-and-steady category seems to have followed average material cost trends until the spring of this year. Since then, vinyl floor covering has posted increases of 6% and should be watched for the next few months for any noticeable changes.



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