

Construction Cost Trends for 2009

Source: US Department of Labor, Producer Price Index

Contributed By: BNI® Building News

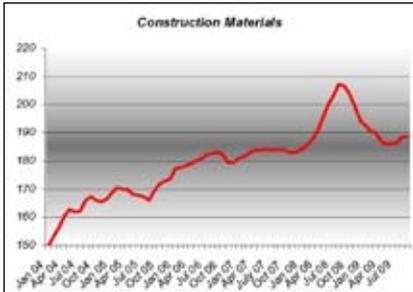
After several years, the slide in housing is now joined by commercial construction, with the entire industry down approximately 10%. Public works is the only bright spot in the industry with virtually every segment up over last year, probably due to the economic

stimulus. Lodging and office construction, once segment leaders, have both become casualties of the credit crunch, and are now down.

Construction costs are now flat compared to last year, with increases in labor offset by decreases in materials (-10%).

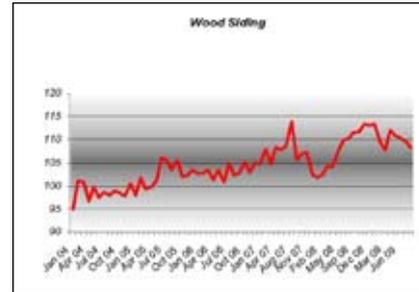
CONSTRUCTION MATERIALS

After showing signs of inflation, we now see a reversal and considerable decreases in material costs with steel and lumber leading the way. Lumber prices are down over 5% and steel is down anywhere from 10 to 13%. Everything seems to be slowing down with overall material prices down 10%.



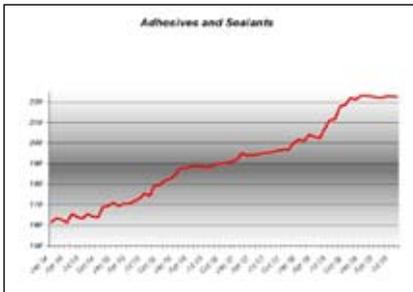
WOOD SIDING

Since November of 2007, siding has been on a roller coaster ride. After recovering from its fall in Q4 of 2007, it rose steadily in 2008 just to start the ride downward all over again in 2009. Since that time it has fluctuated. It is probably very dependent on a healthy housing industry.



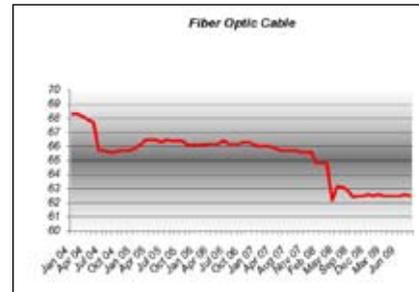
ADHESIVES AND SEALANTS

After steady increase of 5-6% per year since 2004, sealants have now leveled off and reflect the downturn in construction activity. This year is flat with no gains posted. The price of oil is up but it does not seem to have affected this component.



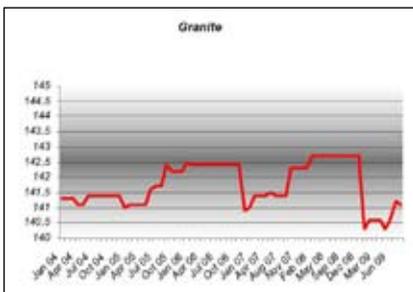
OPTIC CABLE

After being down 4% last year, this component now seems to be flat. This, in itself, would lead us to believe that there is no demand but other construction materials are down considerably at this time so optic cable seems to holding its own.



GRANITE

After somewhat flat results over the last 5 years, granite is now in negative territory. In the past granite seemed to be independent of demands or downturns, now we see that this construction component is susceptible to market conditions.



VINYL FLOOR COVERING

After increasing at its own steady rate of 4% per year over the last 5 years, the price of vinyl floor covering is now flat. This may be due to the overall sluggish economy, but like optic cable, this component functions at its own speed and does not seem to be too dependent on the other materials.

