

Construction Cost Trends for 2010

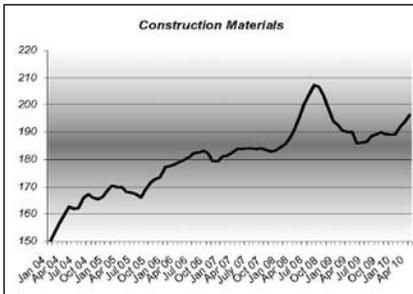
Source: US Department of Labor, Producer Price Index

Contributed By: BNI® Building News

It appears that housing may be bottoming out. Its slide is registering -5% so far this year. Not great, but much better than the previous two years. Public works and commercial, once the saviors of the industry, no longer carry the day and are down 5%

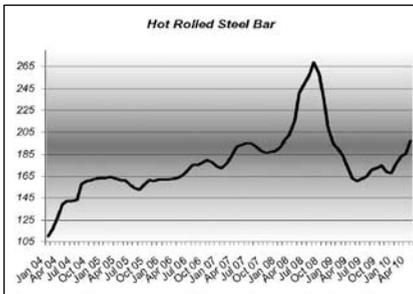
CONSTRUCTION MATERIALS

We see a slight increase overall in construction materials. After almost 5 years of decline, lumber prices seem to be steadying and are up slightly over last year. Drywall continues its downturn and is 5% off for this year. Concrete and steel are up slightly and don't seem to be exhibiting any sign of runaway increases in the near future.



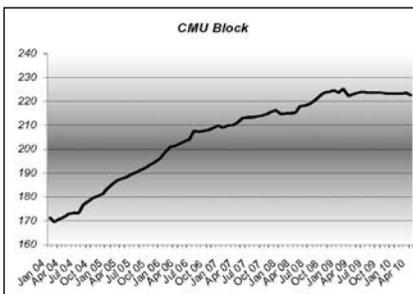
HOT ROLLED STEEL BAR

After falling precipitously in late 2008 through 2009, we now see an upwards correction of 20%. Even with this hefty increase, prices are nowhere near the levels of early 2008. Look for moderate to flat increases for the rest of this year. Until commercial construction reappears, we will probably not see the levels of 2008.



CONCRETE BLOCK (CMU)

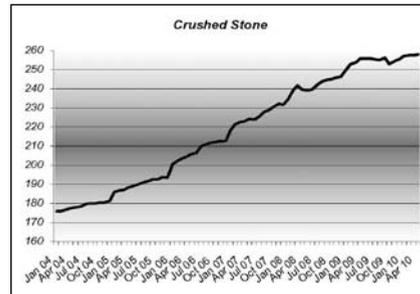
For the past eighteen months concrete block has been languishing with prices fluctuating in the 1 to 2% range resulting in an almost flat price curve. Its main components, cement and stone are up, but demand is just not there.



and 20% respectively. The stimulus package is still delayed. There doesn't seem to be any bright segments that could possibly stem the tide, so again, look for a difficult year. Overall, the construction industry is 15% off of last year's mark.

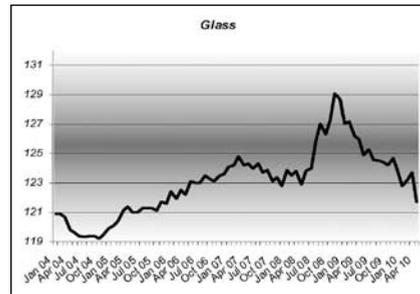
CRUSHED STONE

After years of high increases, stone is now moderating. Public works projects are still slow to reach the marketplace and fuel has reached a happy medium. These factors contribute to just a 1% increase over last year as compared to the 10% annual increases from 2004 to 2009.



GLASS

After a slight decline of 1% in 2009, we saw glass drop another 7% to date. Until commercial and public works projects start their rebounds, there is probably nothing to stem this tide.



PRECAST CONCRETE

Pretty much the same story as concrete block, slight gains and losses for the past eighteen months. As long as the commercial and industrial sectors continue to experience difficulty, this component will probably suffer.

