

# Construction Cost Trends for 2010

Source: US Department of Labor, Producer Price Index

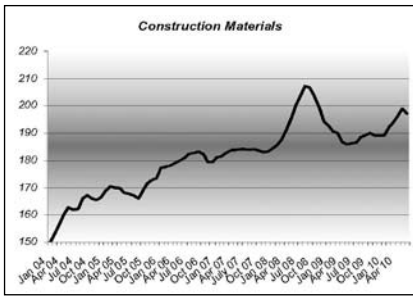
Contributed By: BNI® Building News

Housing is still stagnant but may be bottoming out. The federal tax credit for first time buyers has expired and after a few months of uncertainty, the market seems to be seeking its own level, let's wait and hope. In some key markets, housing prices are actually starting to rise. On the other hand, public construction, once the bright spot of the industry, is petering out and we are hopeful that

the stimulus money allotted by congress for infrastructure will be spent soon and help stem the tide. Virtually all of the sectors of commercial construction are down, and represent a cumulative 15% decrease. After a downturn of 5-7% last year, hospitality spending has evaporated. It is down over 50% compared to last year. At publication, the total construction industry is 12-15% off of last year's mark.

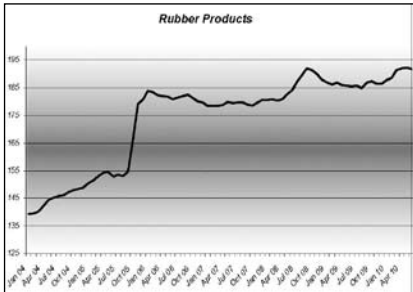
## CONSTRUCTION MATERIALS

Construction material costs are stabilizing and are up 2-3% over last year. Lumber prices are down just 1-2% over last year, and may be finally bottoming out. Steel prices are showing some strength, and are up 2-4% from last year.



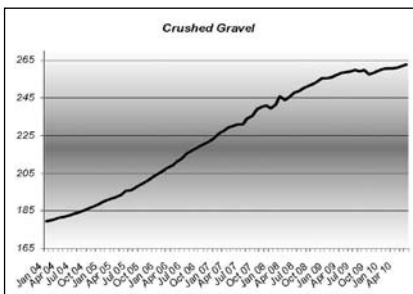
## RUBBER AND RUBBER PRODUCTS

After a few ups and downs in the last twelve months, rubber is registering increases in the 3-4% range. Stockpiles which were higher last year, are starting a downward move. At publication, the price of crude is high, but fluctuating, and may add to the volatility in the price of rubber.



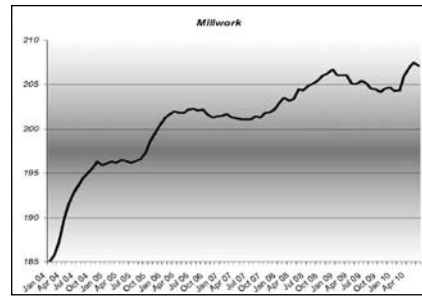
## SAND & GRAVEL

After big gains since 2004, sand and gravel price increases have moderated to 1-2%. The highway portion of public works construction is causing the demand, with increased energy costs a factor. New pits and their licensing are a still a problem, with no one willing to tackle the bureaucracies to open a new quarry. This all contributes to a probable ongoing increase over the next year.



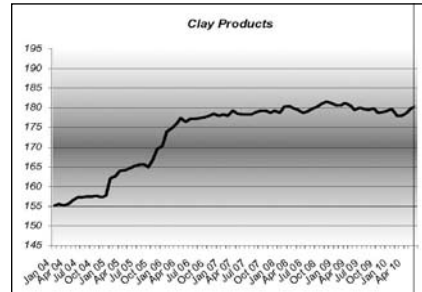
## MILLWORK

Same story, just a year later. Due to the weak housing, commercial, and public construction markets, millwork will probably remain flat. After a small upward movement of 2% over the last two years, we now see a slight decrease. Until construction returns or lumber prices escalate, millwork can be expected to remain flat.



## CLAY AND CERAMIC

Clay and clay products still remain flat. An improved public works sector would positively affect this commodity, but we don't see any signs of price increases yet.



## LIMESTONE

Limestone is still flat and has been since 2006. Affected mostly by commercial and public building construction, limestone appears to have no movement at all. Despite increased fuel costs and a lack of new quarries we don't expect any increases in the immediate future.

