

Construction Cost Trends for 2010

Source: US Department of Labor, Producer Price Index

Contributed By: BNI® Building News

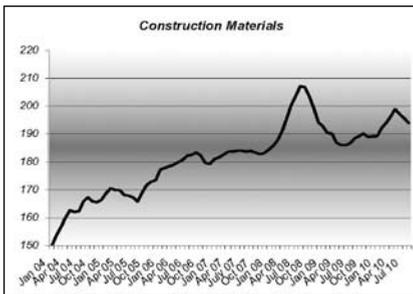
After four years of a major slide in housing, we now see a faint glimmer of hope and housing is now up slightly over last year. Gains of 2 to 3% have been recorded despite the expiration last spring of the federal first time buyer program. On a more pessimistic note, all facets of commercial construction are tanking, with

hotel construction leading the pack with declines approaching 60%. The entire industry is down approximately 8%; not much better than last quarter's 10%.

Construction costs, which were flat last year, are now up 2-3%, with increases in both labor and materials.

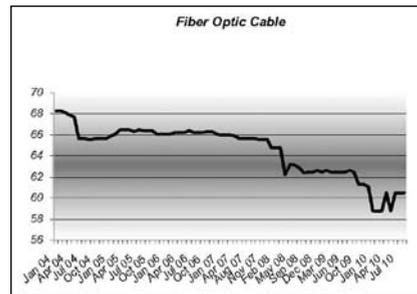
CONSTRUCTION MATERIALS

After price reversals last year, material costs are on the way up with steel, concrete and now lumber leading the way. Lumber prices, for the last five years in an unprecedented slide, have finally leveled off and are reporting slight gains. Steel is up 4 to 5%.



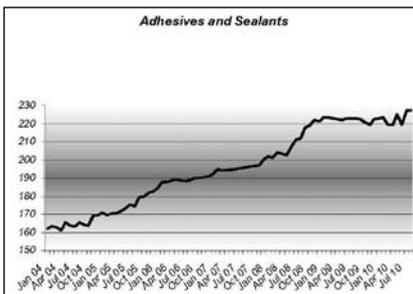
OPTIC CABLE

After being down last year and reaching new lows in January, optic cable has experienced a mild rebound of 3%. After peaking in 2004, we see a decline that seems to be consistent with the lack of world-wide demand of this once hot component. Over the last 5 years, optic cable has decreased in price by almost 10%.



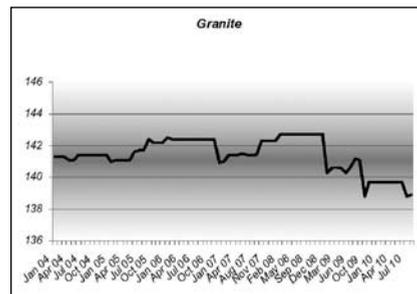
ADHESIVES AND SEALANTS

Adhesives and sealants leveled off last year after steady increase of 5-6% per year since 2005. Sealants have now begun to rise slightly and are registering gains of 2 to 3%. The price of oil is up again, which may be affecting this component.



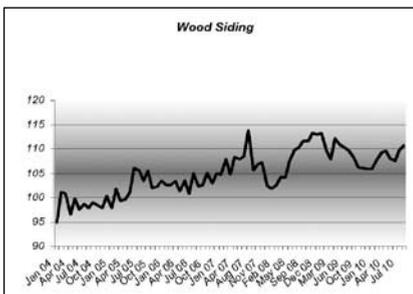
GRANITE

After flat results since 2004, granite is still, after 2 years, in negative territory. In the past granite seemed to be independent of demands or downturns. Now we see that this construction component is becoming susceptible to a down market.



WOOD SIDING

Wood siding has been experiencing ups and downs since Q4 of 2007. Now with lumber as a whole on the rise again, siding has posted 5% gains since last year. The slightly improved housing and remodeling industry are most likely the reason.



VINYL FLOOR COVERING

After increasing at its own steady rate of 4% per year since 2005, the price of vinyl floor covering stayed flat until Q3 of this year. After June, we have seen increases of 5%, due either to increased demand or lack of supply.

