

# Construction Cost Trends for 2013

Source: US Department of Labor, Producer Price Index

Contributed By: BNi® Building News

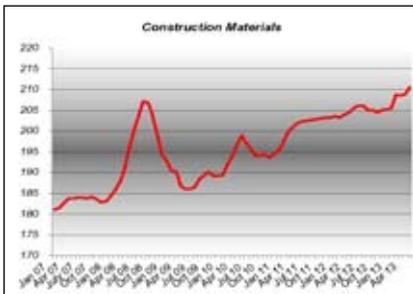
Construction spending is slowing but still upbeat compared to this time last year. After a strong finish last year and a good start on the first quarter of this year, total spending year to date is up about 8%.

Private construction leads the way with some sectors (hotels, housing & offices) showing gains in the double-digits, while at the

same time public construction is off 5 to 7% in almost all categories. The shovel-ready public works projects, promised by politicians during the recession, never seem to materialize. Currently, the government appears incapable of dealing with our crumbling infrastructure until it fails. Labor costs are up 1.8% this year. Overall, you can expect continued, stable growth for the rest of the year.

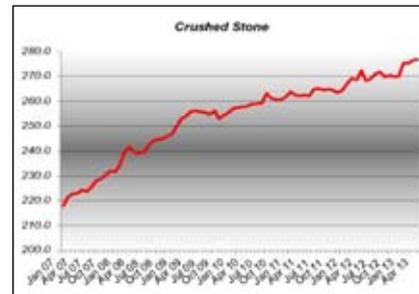
## CONSTRUCTION MATERIALS

After increases in 2012 of 5%, construction material costs have slowed down to increases of 1-2%. This is the fourth year of increases after 5 years of declines. Steel prices no longer lead the way - they are flat to down compared to last year. Lumber now outpaces all other materials with gains of 10-15% and seems to be reaching all-time highs -- but be careful, all bubbles eventually burst. Asphalt still follows the fortunes of crude oil and is up 3-5%, while copper and stainless steel have reversed and now show declines of 2-7%.



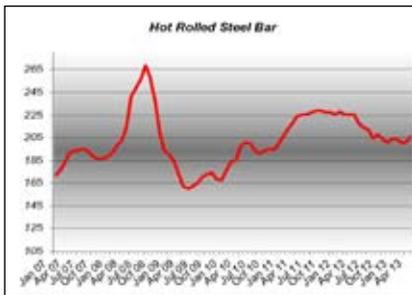
## CRUSHED STONE

The cost of crushed stone has finally stopped its steady upward trend and has flattened this year. The rate of increase slowed in 2012 and has held steady since then. Lack of public works spending may be having an effect on the price of this component.



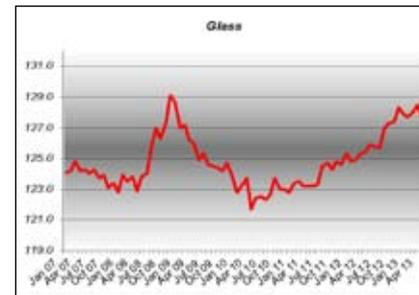
## HOT ROLLED STEEL BAR

After falling precipitously in 2008 and 2009, steel rebounded in 2010. Rebar registered an increase of 4-5% in 2012. However, prices are once again sagging. Rebar is 5% off last year's price and leads the overall decline in the cost of steel products.



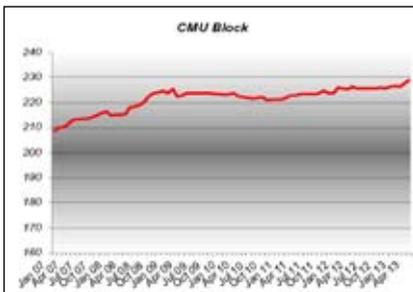
## GLASS

The cost of glass had been flat for many years but is now showing some signs of increasing. Except for a brief spike of 4-5% in early 2009, this component languished within a tight price range since before the recession began, but now shows gains of 2-3%.



## CONCRETE BLOCK (CMU)

Last year we said not to look for any increase in the price of CMUs until the housing downturn ends. Well housing now seems to have turned the corner and the cost of concrete block is following. CMUs are nowhere the overall double-digit housing increase, but are up 3-5% compared to last year.



## PRECAST CONCRETE

After steady price increases of 3-4% for the past three years, the cost of precast concrete is slowing with an increase of just 1% over last year. The costs of the three main components (cement, steel and crushed stone) of precast concrete are a flat to down and probably contributing to this slow growth in price.

