

Construction Cost Trends for 2013

Source: US Department of Labor, Producer Price Index

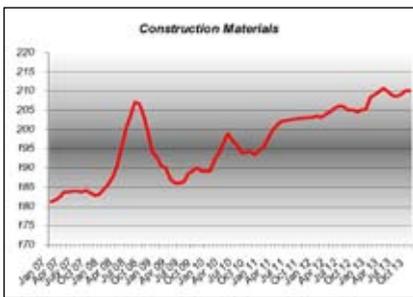
Contributed By: BNi® Building News

Housing is still showing positive growth, in spite of rising interest rates and a lack of commitment from the federal government. So look for a sustained housing recovery over the next quarter and into next year. Commercial and public construction are still mixed.

Public is down 4-5% from last year and commercial is up 2-3%. More and more indices are showing a consistent uptick in commercial construction. Look for a continuing upturn in both residential and commercial construction.

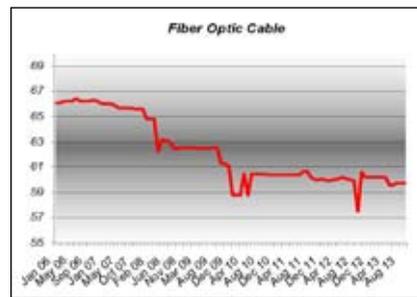
CONSTRUCTION MATERIALS

Construction materials continue their rising cost trend. In the last several months they have increased by 2% to 3%. Lumber prices are up sharply compared to last year. They had a spectacular run in the early spring only to be tempered to an increase in the 6-7% range (in Q1 and Q2 the increase was 15-17%, and more). Steel prices were down, but have now started to move back up with increases in the 1-2% range. Copper and precious metals are still down.



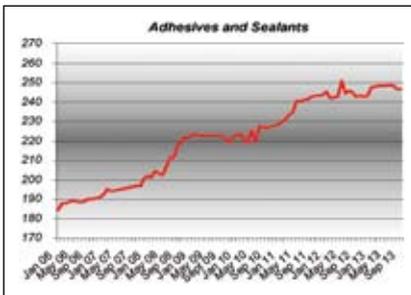
OPTIC CABLE

After being down last year, optic cable is now up for the last 12 months. Since its peak in 2004, optic cable has decreased in price by almost 10%.



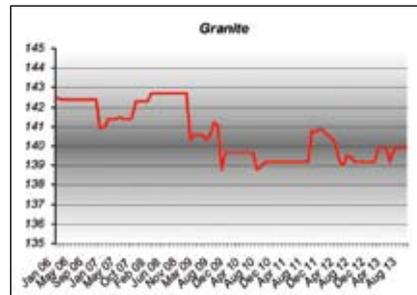
ADHESIVES AND SEALANTS

Adhesives and sealants had both slight losses and gains in 2013, trading in a very tight range. We should watch this in relation to the price of oil, which is on the move again. One has to wonder if the spectacular US petroleum phenomenon will affect these types of components and whether increased domestic stability of the price of petroleum can have a bearing on construction products that rely heavily on it.



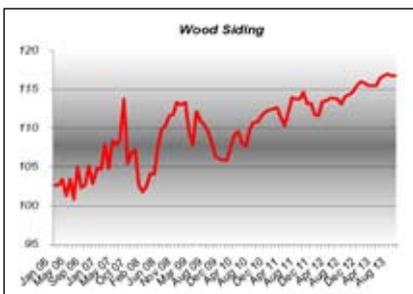
GRANITE

Even though we saw a slight increase in the price of granite (1%) over last year, it is still in negative territory compared to the past 5 years. It remains to be seen if an improving housing industry will have much of an effect on this component.



WOOD SIDING

Wood siding has been experiencing ups and downs since Q4 of 2007. After posting both losses and gains since June of 2008, it is up for the year with overall gains of 2-3% but lags the rest of the lumber industry.



VINYL FLOOR COVERING

Vinyl floor covering has been flat for the last 7 quarters. Last year we thought that a rising petroleum price would fuel an increase in this component but that didn't seem to pan out. We will have to wait to see what spurs a price increase here.

