

Construction Cost Trends for 2014

Source: US Department of Labor, Producer Price Index

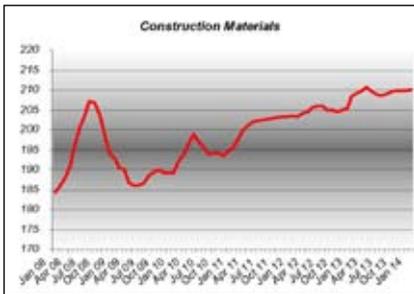
Contributed By: BNI® Building News

Housing is still leading the way with sustained growth projected for 2014. Commercial is following, but at a lower rate of growth. Housing will be up approximately 10% this year and commercial up about 5%. Public construction will still lag the private sector

showing little or even negative growth. These are positive trends for our industry and a signal that the long drought may be coming to an end. Not all sectors are enjoying the good news, but overall it's a good direction to be going in.

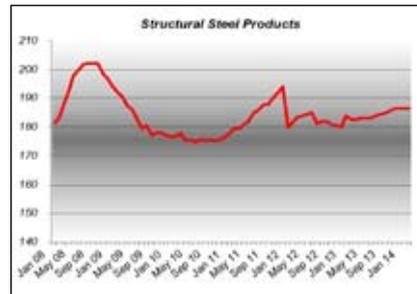
CONSTRUCTION MATERIALS

Prices are up slightly with lumber leading the way. However, metals such as copper and steel still show weakness and are down to flat from last year. The prices for all construction materials are up 2% for last year, and are up 40% since 2004.



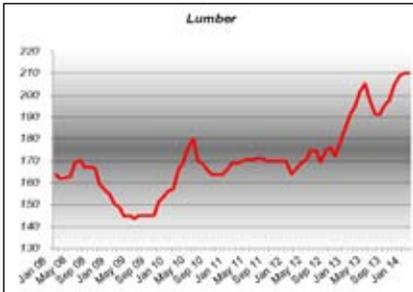
STEEL PRODUCTS

Steel is now 7% off of its historical high in 2008. The non-domestic demand has subsided, and some mines are still closed due to lack of demand. Steel is flat to slightly up (1-2%) for the year.



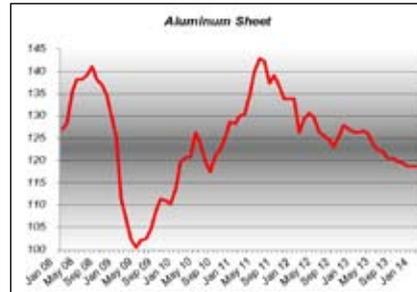
LUMBER

After a 7-year slide, the price of lumber may have finally ended its downward trajectory. Last year it posted gains of 30% for some wood-product components in the early quarters and moderated to gains in the 8% range. As housing recovers, lumber will follow. Lumber prices are up 7% compared to last year and are now approaching the prices at the height of the "bubble" in 2004-2005.



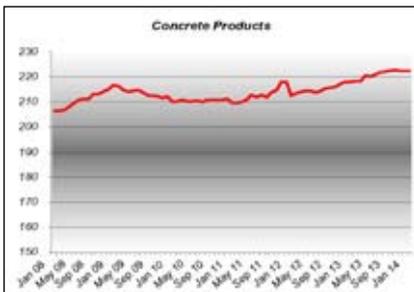
ALUMINUM SHEET

Aluminum spiked to record levels in Q2 of 2011 and then started a downward dive that still continues. The volatility of this product is pronounced as witnessed by the chart below. Overall, prices are down 6-7% this year and up 8% since 2004.



CEMENT AND CONCRETE PRODUCTS

Two years ago the components of concrete were up just 2%, while the price of the assembled product, concrete, was up 5%. Last year both the components and ready-mixed concrete were all flat to up, and they may show increases of 1% ± for 2014. This is probably due to a slowdown in public projects which tend to use large amounts of concrete. Concrete prices are up 1-2% for the year and 40% since 2004.



COPPER

After losing 40-50% of its value in 2008, then gaining 80% in 2009, and hovering at record levels in Q4 of 2011, copper has again lost most of its gains. It was down 10% for 2013 and down 17% since Q3 of 2011. We'll have to see if demand is there in the coming year. Nevertheless, copper is still up over 200% since 2004.

