

# Construction Cost Trends for 2014

Source: US Department of Labor, Producer Price Index

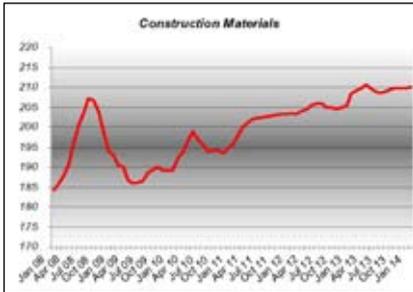
Contributed By: BNi® Building News

Housing construction is up again and commercial is following, but at a lower rate of growth. Housing will be up approximately 10-15% this year and commercial up about 5-8%. Total construction is up, but up from historic lows. The heady days of 2002-2006 will not be seen again, so the “good” news

is tempered with the reality that we will have to deal with a construction market that is developing its own “new normal.” These are positive trends for our industry as a whole with a few sectors (notably public spending) not enjoying the good news, but overall it’s a good direction to be going in.

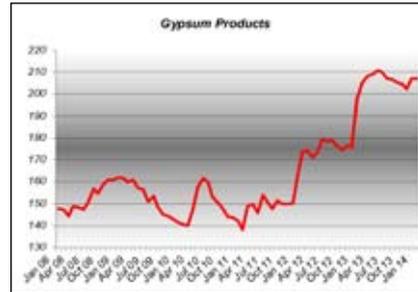
## CONSTRUCTION MATERIALS

Overall, the prices of construction materials are up just slightly. Metals such as copper and steel still show weakness and are flat compared to last year. The prices for all construction materials are up 1-2% since last year, with lumber leading the way with 6-8% increases.



## GYPSUM BOARD

Flat from 2008 to mid 2012, gypsum wall board took an upward swing and really hasn’t stopped yet with an overall increase of 50% since 2012. The continued increase in home building should help to sustain this direction. It is important to remember that several plants closed during the unprecedented seven year decline. If shortages are experienced, watch for double-digit increases.

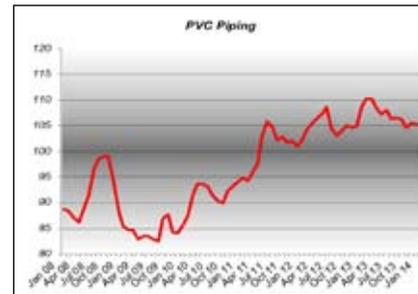
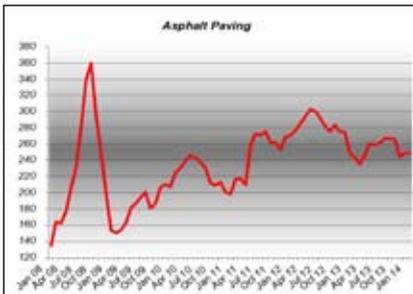


## ASPHALT

Since May of 2012 asphalt had been in a significant decline. It seemed to have turned a corner and start a rebound, but that didn’t last long and asphalt ended up the year flat compared to a year ago. Petroleum is on the rise again and until the U.S can benefit from the new domestic oil fields, the price of asphalt will continue to fluctuate. Watch for increases in asphalt prices in the next two quarters.

## PVC PIPING

Plastic pipe prices spiked early last year, but they’ve been on a decline since then with prices down 4% overall and some pipe and sizes down as much as 10%. As with asphalt, PVC piping will fluctuate until America shakes its dependence on foreign oil.



## BATT INSULATION

Same story, just a year later. Since 2010 we’ve seen continued sustained gains in the price of insulation in the 4 to 5% range. 2013 was up 6% year over year. The continuing improved housing market should only feed this upward momentum and a continued national awareness of energy-saving should also add to its upward trend.

## DUCTILE IRON PIPE

Public spending is down and ductile iron pipe is flat. Overall, steel products are flat this year and this component seems to be following suit. DI pipe should continue to be flat until either the price of steel rises or an up-tick in public works spending occurs.

