

Construction Cost Trends for 2014

Source: US Department of Labor, Producer Price Index

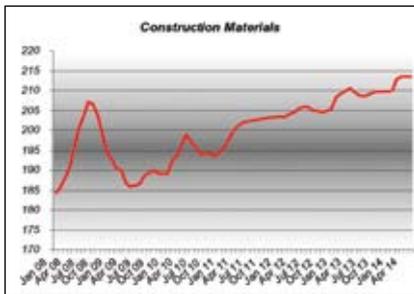
Contributed By: BNi® Building News

Housing construction is sputtering, and the rough winter can't take all the blame. It seems as if the industry is slowing a bit and may only register gains in the 5-10% range; still healthy but not like last

year. Commercial is maintaining its slower but steady growth in the 4-5% range and well ahead of the economy as a whole. Total construction is still up, tempered a bit but overall it's still going in a good direction.

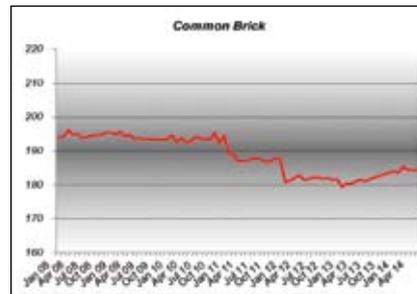
CONSTRUCTION MATERIALS

The prices of construction materials started the year up just slightly but have now flattened to virtually no change at all compared to last year. Metals such as copper and steel still show weakness and are down compared to last year. The prices for all construction materials are flat to down since last year, and labor up just 1% - so much for inflation.



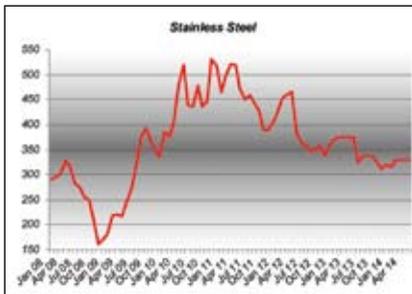
COMMON BRICK

This component of construction is up slightly for the year. After showing steady declines for several years, we saw increased declines in 2011 and brick is now down 2% over the last 8 years. The ups and downs of the construction industry don't seem to have much of an impact on this construction component, indicating that the demand for its use as a cladding material may be in a slide. The housing resurgence still doesn't seem to be helping and decorative stone may be taking some of market share away.



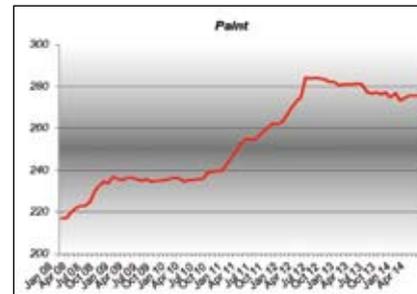
STAINLESS STEEL

After the lofty highs of 2011-2012, stainless steel continues its slide of almost 40% and is down 12% for this year. Its unprecedented rise from 2009 to 2011 has reversed itself and it has declined considerably since its peak. Despite this drop, stainless is double what it was 10 years ago.



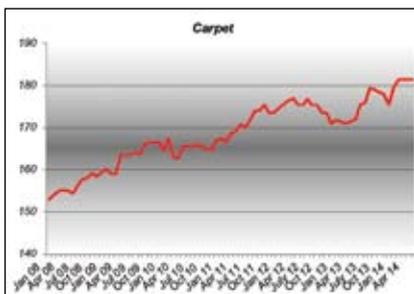
PAINT

After considerable increases in the 6 to 8% range, the price of paint seems to be stabilizing and may have flattened out. There doesn't seem to be any reason why the price is moderating, except that after the large increases of the last two years the market for paint might just be catching up with itself.



CARPET

After slowing last year, carpet is now registering increases and is following the same slow growth pattern of the last 10 years. Carpet may be affected by a stronger economy overall but the up-tick in construction market may not be the driver.



PLYWOOD

Housing is up and plywood is flat; so much for supply and demand. Maybe the mills are producing enough for the increase in housing starts, but right now plywood is showing no gain over the last twelve months. Watch for increases before the year is out.

