

Construction Cost Trends for 2014

Source: US Department of Labor, Producer Price Index

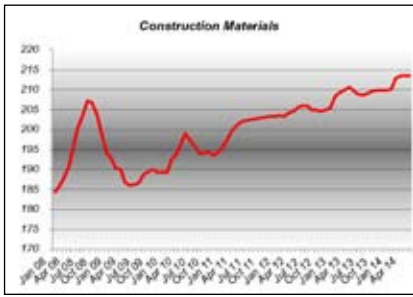
Contributed By: BNi® Building News

Housing came back in May and negated the effects of the rough winter experienced by most of the country. But it still seems as if the industry is slowing a bit and may only register gains in the 5-10% range; not too bad, but not like last year.

Commercial is still maintaining its slow but steady growth (in the 4-5% range) and is well ahead of the economy as a whole. Total construction is still going in a good direction and is showing signs of (maybe) leading the economy.

CONSTRUCTION MATERIALS

The prices of construction materials were beginning to show downward trends at the end of Q1. These decreases have continued in most of the major categories, with copper and steel leading the way. Lumber has flattened out and plywood is showing weakness with slight declines. The prices for all construction materials as a whole are flat since last year, and with Davis-Bacon wages up just 1%, it still looks like little to no inflation for this period.



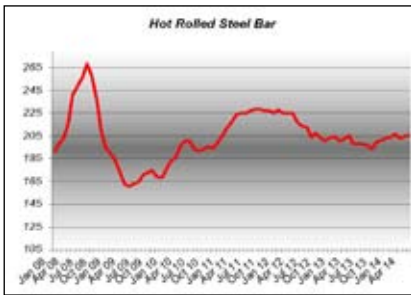
CRUSHED STONE

After dipping and flattening out last year, crushed stone has returned to an increasing path. The rate of increase slowed through most of 2013 but then picked up in Q3 and now shows a positive upward trend. Transportation spending is up right now and may be affecting this component.



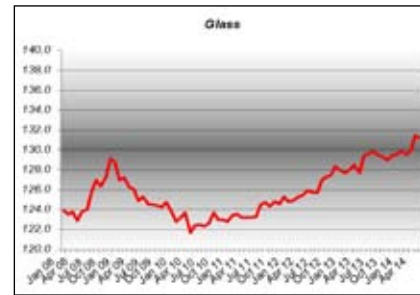
HOT ROLLED STEEL BAR

After falling precipitously 2008 through 2009, rebounding 2010 through 2012, and now having a sustained slide since 2012, rebar continues its roller coaster ride. The slowdown in Asia is probably the culprit. At this time re-bar has flattened out and may register no increases for the rest of the year.



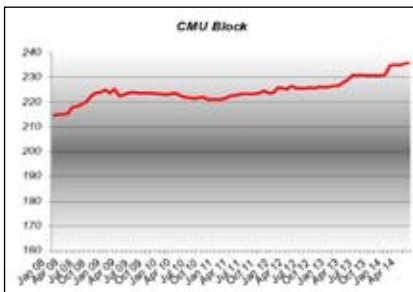
GLASS

Same story - just a year later. The price of glass has moved only slightly since its high in 2008. After decreases and offsetting increases in that 6 year time frame the total increase since 2008 is in the 1% range and since last year it is up less than 1%.



CONCRETE BLOCK (CMU)

In 2012 we said that the price of CMUs should follow the housing market. Housing is now doing well and concrete block is following suit, just at a lower level. After being up 4% last year, concrete block has slowed down to 2% but still at a higher rate than the overall cost of other materials.



PRECAST CONCRETE

Precast has not followed the recession. After taking a look at its graph we see that it has pretty much maintained a slow but steady growth of 3 plus percent since the recession began. What drives this steady increase is a mystery to us, but may have to do with the fact that its components are relatively stable.

