

# Construction Material Cost Trends for 2015

Source: US Department of Labor, Producer Price Index

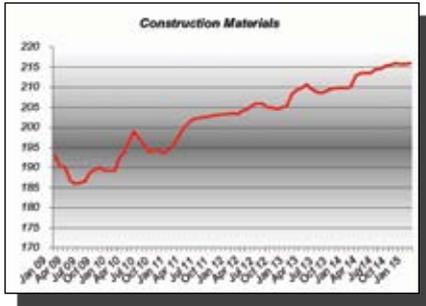
Contributed By: BNi® Building News

Housing grew in 2014 at a rate slightly lower than expected. Annual housing starts are in the one million range and have a way to go before getting us back to a healthier 1.4 to 1.5 million units. Commercial is following in certain areas of the country,

but still at a lower rate. Housing will be up approximately 6% this year and commercial up about 5%. Public construction is beginning to show some life. Overall, construction will most likely continue on an upward tick for 2015, a good direction to be going in.

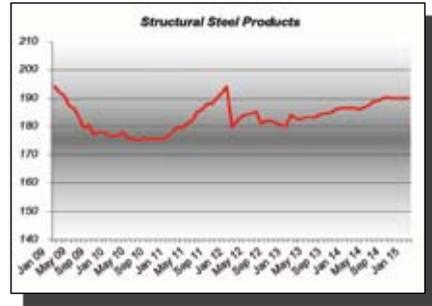
## CONSTRUCTION MATERIALS

Prices are up ever so slightly this year with no component leading the way. Inflation is low and some economists project at least another 5 years of flat prices. However, just like a year ago, metals such as copper and steel still show weakness and are up and down on a regular basis. The prices for all construction materials are up 2-3% for last year, but they are flat compared to 2009.



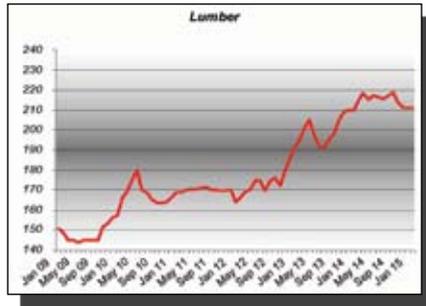
## STEEL PRODUCTS

Once the component everyone watched, steel is now flat. It is up 2% this year, but down 2% for the last 6 years. Until China gets back to its unprecedented growth (which seems unlikely) steel will probably languish at its present level.



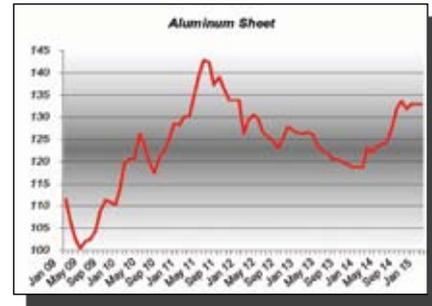
## LUMBER

After the hefty increases of the last 5 years, the price of lumber may have finally ended its upward trajectory. Since 2009 it posted gains of 40%. Now it is beginning to come down from those disastrous levels. As housing recovers, lumber follows. Lumber prices are flat compared to last year and are now leveling off as housing moderates and new mills come on line.



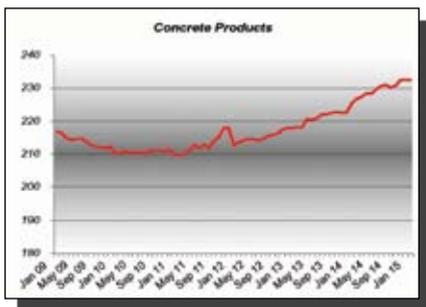
## ALUMINUM SHEET

Aluminum spiked to record levels in Q2 of 2011 and then started a downward dive that has reversed itself. It now shows a 12% gain for the year. The volatility of this product is pronounced as witnessed by the chart below, something to watch over the next several months.



## CEMENT AND CONCRETE PRODUCTS

Concrete has traded in an upward way since 2009, albeit in a tight range of +3%. Last year, the components of ready mix went in different directions with cement up and stone down resulting in an increase of 3% for concrete. Concrete prices are up 3% for the year and 7% since 2009.



## COPPER

Copper continues its losing trajectory and registered a loss of 8% for the last 12 months. It's still up over 100% for the last 6 years but down considerably since 2011. We'll have to see if demand is there in the coming year, but don't count on China. Their forecasts for manufacturing are down for the next few quarters. This is one to watch for 2015.

