

# 2015 Construction Material Cost Trends

Source: US Department of Labor, Producer Price Index

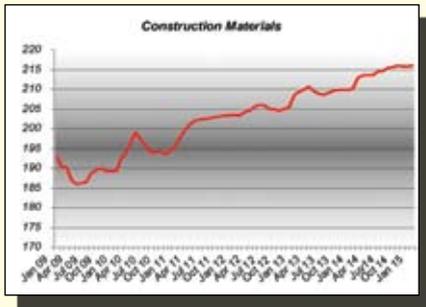
Contributed By: BNi® Building News

Housing is still growing, but not at last year's pace. Based on national indices, there are 4 to 6 million fewer households in the market than there had been historically. This is due to more stringent lending standards and the inability of the "millenials" to attain incomes that would warrant owning their own home. Apartment rates

are rising and the Federal Government is promising to ease lending standards. Maybe this will give a kick-start to housing, let's hope. Commercial is still chugging along and shows positive signs, and the public sector seems to be on the rise again. Overall, housing will be up approximately 6% this year and commercial up about 5%.

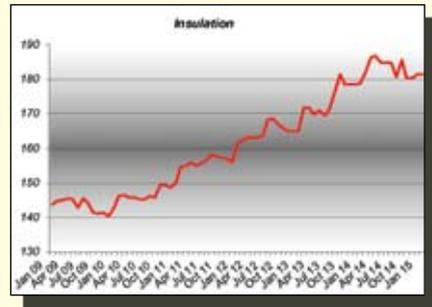
## CONSTRUCTION MATERIALS

Prices are inching up over last year to an increase of over 3%. For the past several years, increases averaged 2%, so let's see if the increases hold or start to take off. The lower price of oil should moderate any increase, but if oil reverses itself and heads back toward \$80-\$90 a barrel it's going to be interesting to see what the effect will be on our industry.



## BATT INSULATION

After consistent gains of 5% since 2011, we now see the price of insulation moderating with gains of only 1% for the past year. The continuing improved housing market is still there but it does not seem to affect the price of insulation as much as we thought. Maybe the supply is just now catching up with demand.

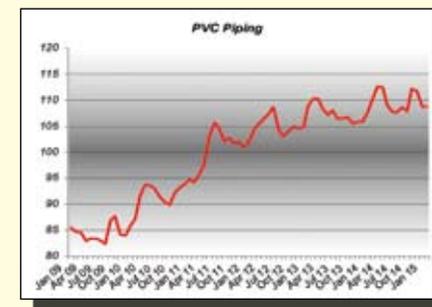
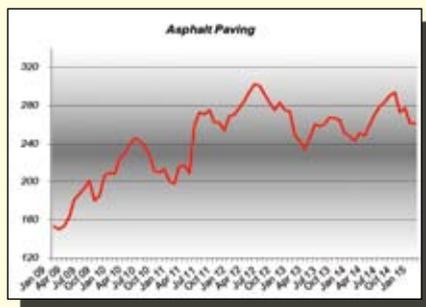


## ASPHALT

Last year we forecasted that asphalt would rise in Q1 and Q2. Well it did. What we didn't see was the unparalleled decline in the price of crude oil coming in Q3 and Q4. Since then, oil has dropped 40% and asphalt has followed with a 10% decrease. It remains to be seen what further effect oil's decline will have on this construction material, just stay tuned. The pundits are saying that oil still has a way down to go before it stabilizes and finds its own level. Asphalt probably will follow suit.

## PVC PIPING

After years of never being able to predict increases in the plastic pipe industry, prices finally seem to have stabilized. For the year, overall increases are just 1%. As with asphalt, we should be aware that PVC piping will continue to fluctuate until we have a stable oil industry.



## GYPSUM BOARD

Since 2012, gypsum wall board took an upward swing and really hasn't stopped with an overall increase of 50% since 2012. The continued increase in home building should help to sustain this direction. Supply should help moderate this increase but we don't see signs of that yet.

## 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 on this track until either the price of steel rises or an up-tick in public works spending occurs.

