

# 2015 Construction Material Cost Trends

Source: US Department of Labor, Producer Price Index

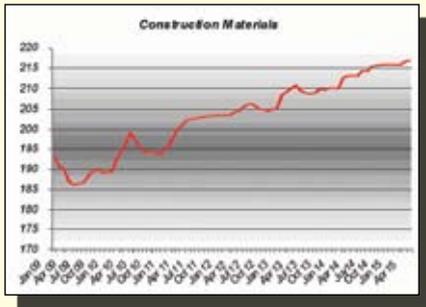
Contributed By: BNi® Building News

Housing construction is heating up again and it continues to lead the way with increases in the 15% range. The commercial sector lags behind with increases in the 5% range. Some notable hotspots are dramatic increases in the hotel construction area with gains

of 30-40% in some markets. Institutional construction is down 10-15%, which is to be expected after the gains of the last several years. It seems as if the industry is ratcheting up again and should show gains that may beat last year, let's hope.

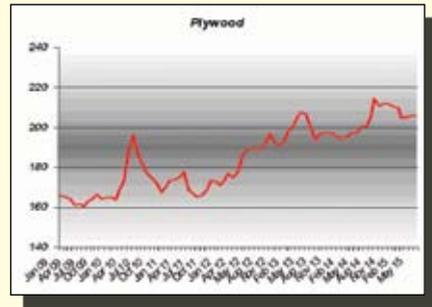
## CONSTRUCTION MATERIALS

The prices of construction materials are still up over last year and may be starting to show a few inflationary trends. At publication they are up over 3% compared to last year – but not across the board. Lumber is up 6-8%, cement up 5% and steel is up 2%. But the areas to watch are copper - down 8%, crude oil down 40-50% and iron ore starting a skid of its own so steel will follow. The prices for all construction materials are up 3% and labor up 2% - so maybe a little inflation is creeping in after several years of virtually none at all.



## PLYWOOD

Housing is up and plywood is practically flat - up just 2%; so much for supply and demand. The mills are producing enough for the increase in housing starts, but right now plywood is showing little gain over the last twelve months. On another front, framing lumber is up 8%, so plywood and lumber seem to have lost their interdependence. Last year we predicted that plywood would follow the gains of framing lumber, but that just didn't happen.

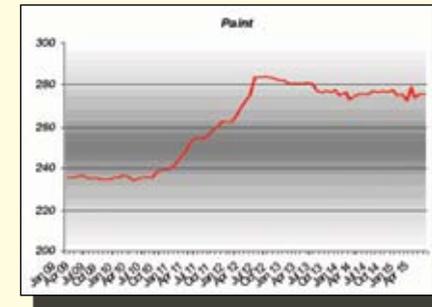
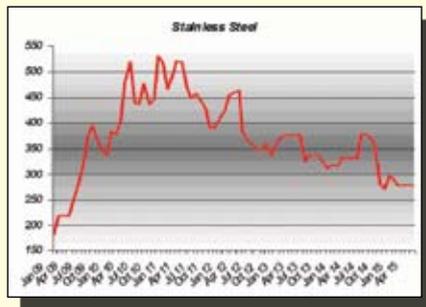


## STAINLESS STEEL

After the lofty highs of 2011-2012, and slides of almost 40% since then, stainless has flattened out and may have found a level. The uncertainty in the iron ore industry may produce downward pressures, but we think that this component may have bottomed out and start to behave in a more orderly fashion. Despite all this, stainless is double what it was 10 years ago.

## PAINT

Same story, just a year later. 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 two years ago the market for paint might just have caught up with itself.



## CARPET

After registering increases of about 3% last year, carpet sputtered and is showing no increase for this year. Carpet seems to follow a path of its own and doesn't seem to rely on the fortunes of the construction industry.

## COMMON BRICK

After being up slightly last year this component of construction is on the move and showing gains of 4%. While it is still off 2% from 2008 levels, brick is making a comeback and may catch up to 2008 levels by the end of the year.

