

Construction Cost Trends for 2008

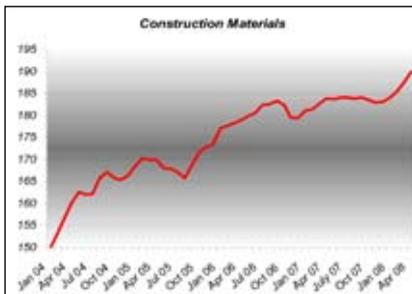
Source: US Department of Labor, Producer Price Index

Contributed By: BNi® Building News

Housing continues to slide - it is down 20% from last year. Public works projects are still bolstering the construction industry and have maintained a projected growth of 10-15%. Some public segments have posted gains of up to 30% (schools and public safety projects)

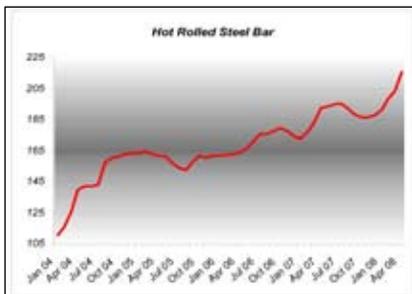
CONSTRUCTION MATERIALS

Construction material costs show gains of 4-5%. Lumber prices are still down but only by 1-2% over last year (not even close to their peaks of 2005-2006). Drywall continues its downturn and is 6% off. Steel, asphalt, and copper continue their increases but not at the frenetic pace of 2007, while most of the other components are posting moderate gains.



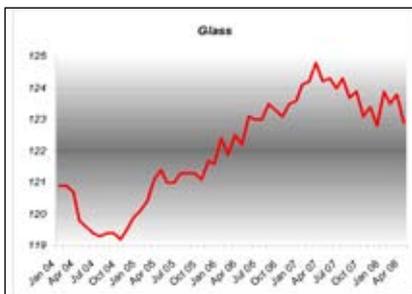
HOT ROLLED STEEL BAR

After record-setting increases in 2004-2005, reinforcing re-emerges as a culprit in construction inflation with increases approaching double-digits in some markets. Rebar is now the industry leader in increases over last year among structural steel products.



GLASS

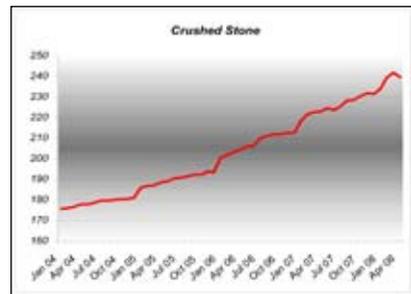
After a moderate increase over the last 4-5 years, glass now shows a slight decline of 1%. One would think that the strength of the commercial and public works sector would fuel this component, but overall it has had no effect.



and continue to offset the downturn in housing. At publication, the total construction industry is still 1-2% off of last year's mark. A note: housing has gone down from 55% of the construction market to just 40% in the last 3 years.

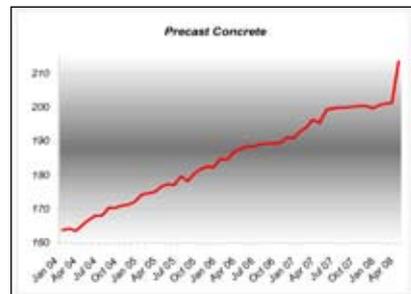
CRUSHED STONE

After 10% increases in 2007, stone seems to be slowing down. This is in spite of overall increases in commercial and public works projects and the additional pressure of substantial fuel price increases. The problem of licensing of new quarries near major markets does not seem to have the same effect this year as it did in the past. These factors contribute to a 4-5% increase over last year.



PRECAST CONCRETE

Since 2004, precast concrete has posted moderate increases as the industry grew. With the dramatic rise in the commercial and industrial sectors, this non-residential component is now posting almost double-digit increases over last year. This will probably continue as long as the demand remains strong.



CONCRETE BLOCK (CMU)

Concrete block is still posting gains of 2%. Its ingredients (cement and stone) are also showing gains of 1-2% and seem to be aligned with this manufactured product.

