

Construction Cost Trends for 2008

Source: US Department of Labor, Producer Price Index

Contributed By: BNi® Building News

One year later and the same story. Housing continues its slide with an increasingly steep decline of 25-30%. Commercial and Public construction still offset the shortfall, but not as much as before with combined construction spending down 5%. In commercial, the lodging industry still leads the pack with an increase of close to 50% (but down from 60%), with office construction at 20% (down from 30%). In Public construction, healthcare, schools,

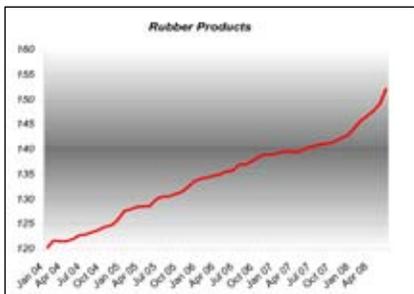
CONSTRUCTION MATERIALS

The price of oil and steel is finally affecting the overall material index. Lumber prices are moderating and no longer counteract the double digit gains in other commodities. Steel and steel products are posting 10-20% gains over last year, while stainless has flattened out. Steel should be watched carefully for the next several months. Overall construction materials are up 8-10% over last year.



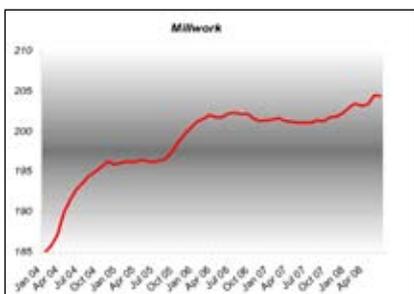
RUBBER AND RUBBER PRODUCTS

After remaining flat in 2006-2007, rubber is now on a roll again with increases approaching 10%. Stockpiles have shrunk in the last 6 months and it remains to be seen if the price of crude will have any effect at all on rubber. At publication, the price of crude is declining.



MILLWORK

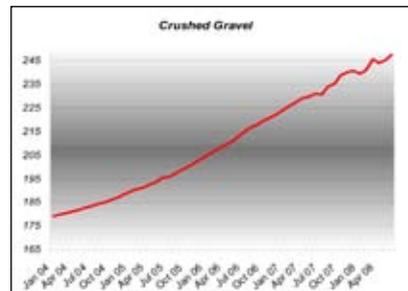
Due to the weak housing market, millwork will probably remain flat. After small movement of 1% over the last 2 years, we now see an increase of 2%. Until housing returns or lumber prices escalate, millwork can be expected to remain flat.



prisons, offices and civil-engineering projects are posting double-digit increases. Because housing accounts for 60% of private spending and 45% of total spending, we are now seeing that the strong gains in other sectors are helping but will in no way negate the slide in housing. At publication, the total construction industry is 5-6% off of last year's mark. Watch for a decline in hospitality spending over the next year.

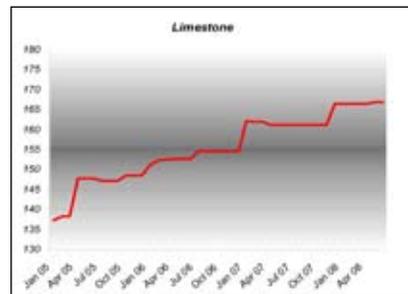
SAND & GRAVEL

After moderate increases in 2004-2006, sand & gravel is on the move. Commercial and Public Works construction still fuel the demand and we are seeing price increases in the 8-10% range. Fuel costs are the primary driver, along with a shortfall in supply. New pits and their licensing are a continued problem. This all contributes to an 8% increase over last year. If the price of fuel does fall, it may affect this commodity.



LIMESTONE

After a spike late last year, limestone is now flat. Still affected by commercial construction, increases in demand should increase prices. Fuel costs and a lack of new quarries near major markets are more and more of a problem and will add to further increases.



CLAY AND CERAMIC

After gains of 10% in the last 3 years, clay and clay products are now moderating. This sector now seems to show a dependence on the overall market. The price of clay and clay products is now down 1% over last year.

