

The background features a dark blue gradient with a pattern of semi-transparent hexagons. A stylized logo, consisting of three interlocking geometric shapes, is repeated in a grid-like fashion across the background.

2023 Construction Cost Trends:

Insights and Impacts From Across the Industry

Before we get started....



**Participants'
audio is
muted.**



**Post questions in
the Questions
panel on your
GoToWebinar
menu.**



**The webinar is
being recorded
and will be shared
at the conclusion
of the event.**

Agenda



Cost trends and insights



Divisional breakdown



**Overcoming volatility and other
external factors**

Speakers



Sam Giffin

Director, Data Operations



Louis Tickemyer

Director, California



Joie Serra

Director, PacNorth



Michael Shiplet

Director, Rocky Mountain Region

If you could sum up the **last three years of the construction industry** in a couple words, how would you describe it?

Go to www.menti.com and enter code 4773 1932



Cost Trends & Insights



Gordian's Cost Data Research

Recalibrate **25%** of material inputs and **30%** of tasks

Over **85,000** total Unit Line Items across **42** trades

Collect over **108,000** price inputs to support data updates

30,000+ hours price research

Data specific to **970** local markets

Research more than **55,000** distinct line materials and more than **600** equipment types

Year-Over-Year Summary



82.0% of materials
had a significant
increase

Average increase: 19%



85.7% of equipment
costs saw increase
above 5%

Average increase: 5.3%



46% of labor wages
increased over 4%

Average increase: 3.4%

Between lumber, steel, cement,
conduit and insulation, **which**
material do you think experienced
the largest percent change?



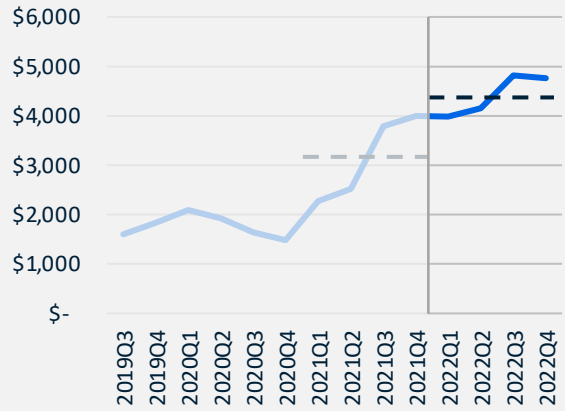
Go to www.menti.com and enter code 4773 1932

Lumber Cost Trends

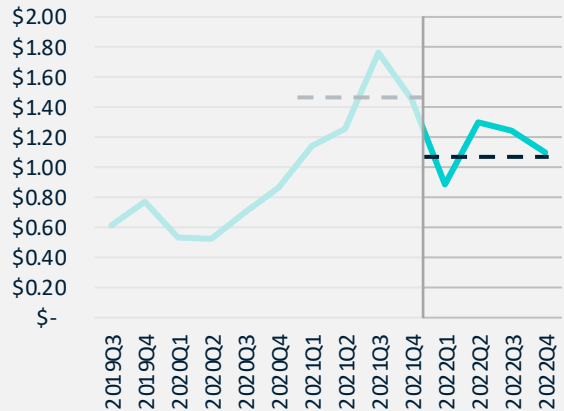


- 2023 lumber prices declined after climbs since 2020
- Typical seasonal peak observed in 2022 Q2
- Pricing stabilization expected to continue through 2023 Q2

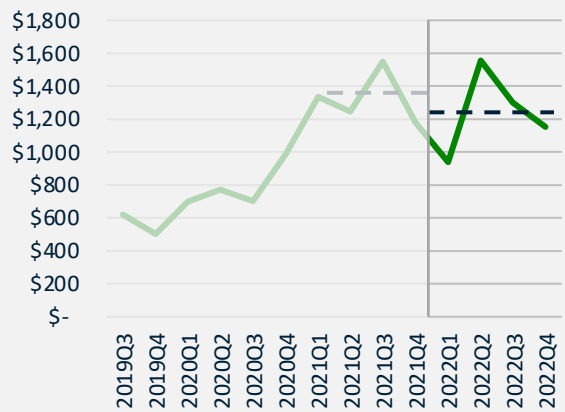
Pine Board



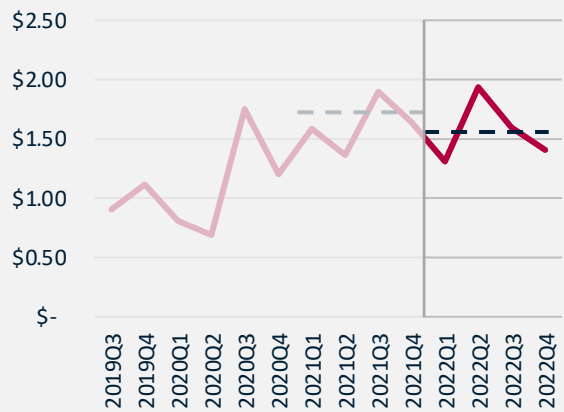
1/2" Plywood



Framing Lumber



Plyform

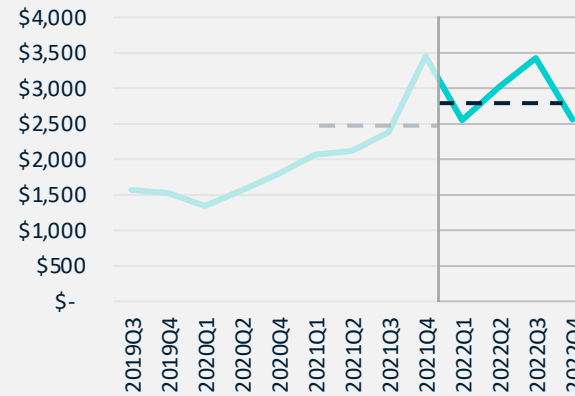


Steel Cost Trends

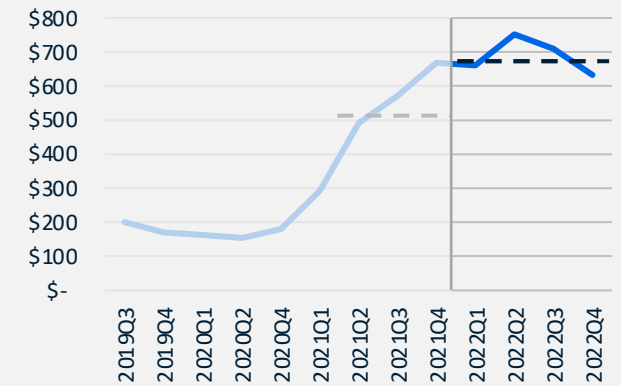
- Steady increases from 2021 continued through 2022
- Cost accelerations in late 2022 Q1/Q2 due to supply chain constraints
- Cost stabilizations continuing into 2023 Q1



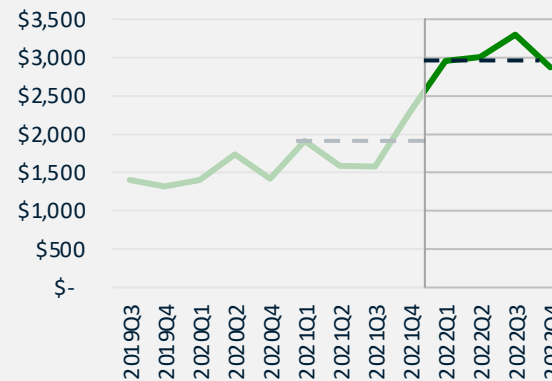
Open Web Joists, K Series



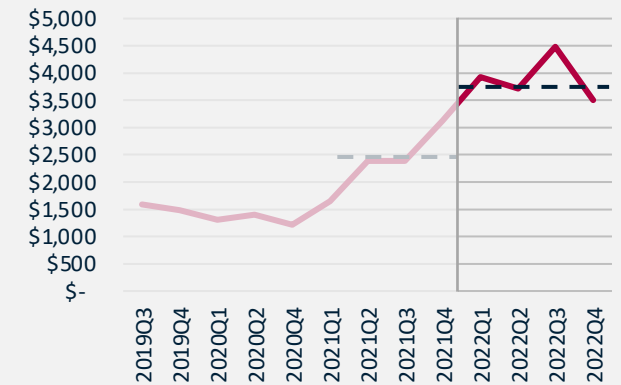
Metal Decking



Steel Sheet Piling



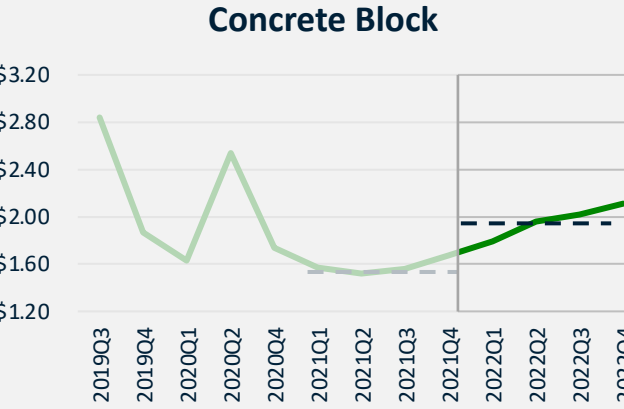
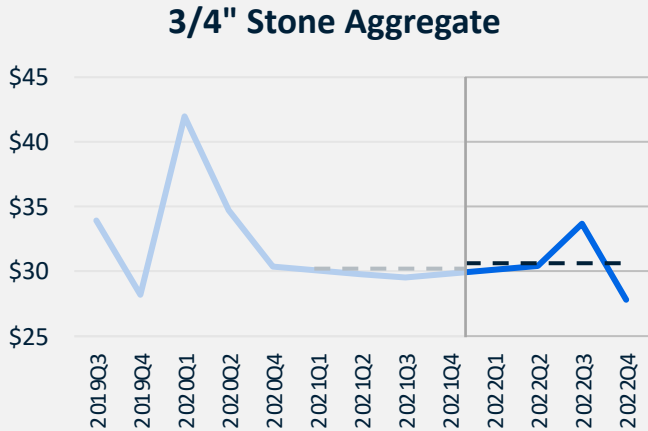
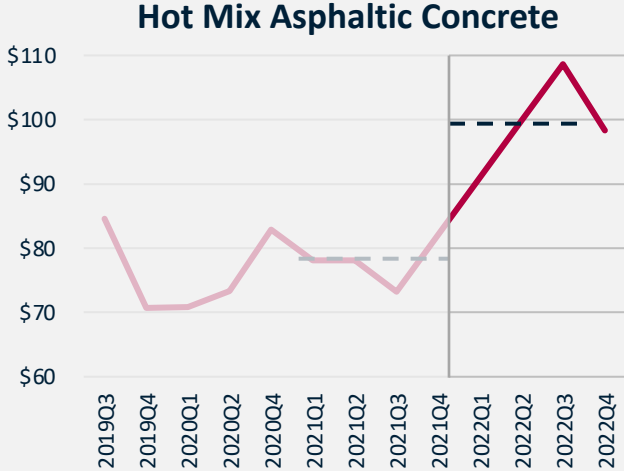
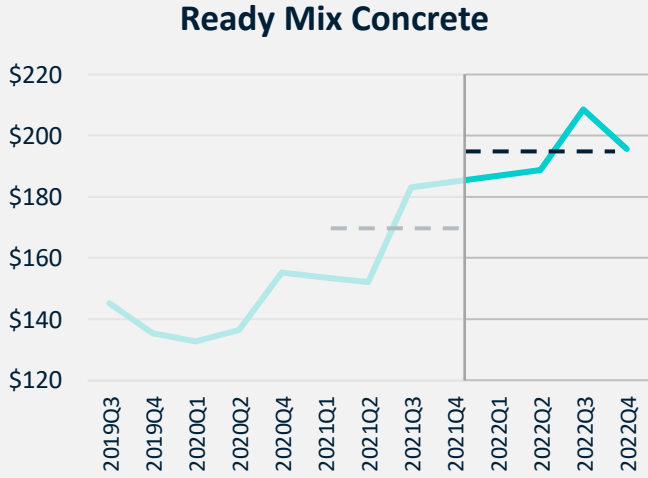
Structural Steel



Concrete & Masonry Cost Trends



- High price increases through most of 2022 driven by supply constraints
- 2023 Q1 showing signs of price stabilization for most materials

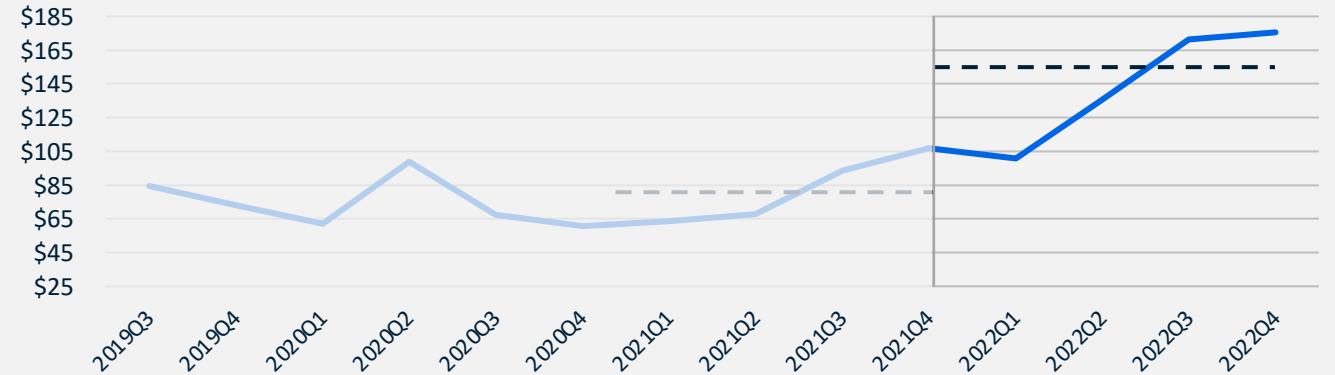


Conduit/Electrical Trends

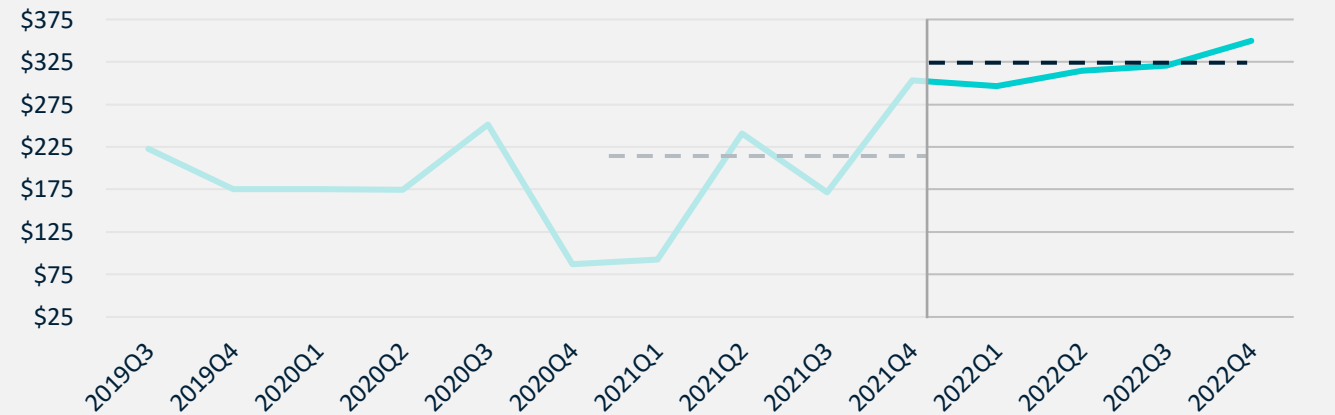
- Significant escalations in 2022 Q2 driven by international supply chain
- Copper price increases continuing into 2023 Q1



Electric Metallic Tubing (EMT)



Copper Wire



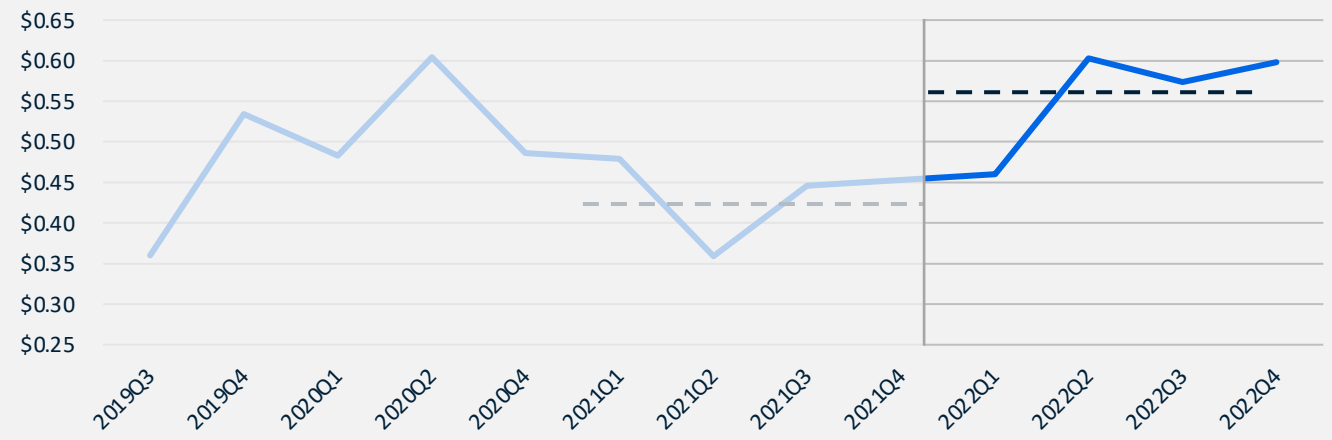
Insulation Materials Cost Trends



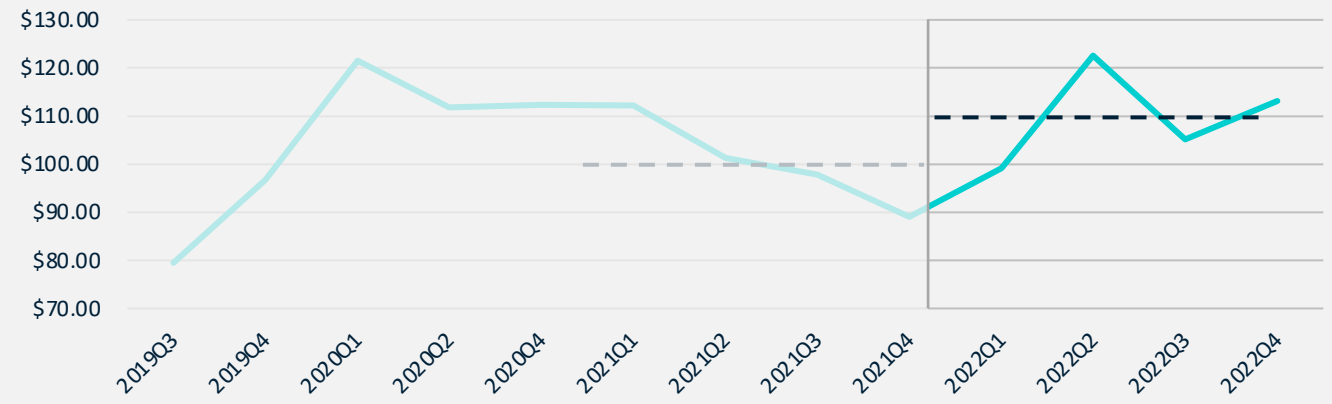
- Supply shortages drove up prices in 2022 Q1 after two years of decline
- Prices holding at these higher levels in 2023 Q1



Fiberglass Insulation



Polyisocyanurate Roof Insulation Board





Price Changes of 4 - 7 Story Apartment Building

San Francisco

2021 Cost: \$16.1M
2022 Cost: \$17.4M
2023 Cost: \$18.5M

+8.1%

+6.3%

Δ '22 to '23: \$1.1M

Chicago

2021 Cost: \$15.0M
2022 Cost: \$16.2M
2023 Cost: \$17.1M

+8.0%

+5.5%

Δ '22 to '23: \$0.9M

New York

2021 Cost: \$16.8M
2022 Cost: \$17.9M
2023 Cost: \$18.6M

+6.5%

+3.9%

Δ '22 to '23: \$0.7M

Houston

2021 Cost: \$10.0M
2022 Cost: \$10.9M
2023 Cost: \$11.6M

+9.0%

+6.4%

Δ '22 to '23: \$0.7M

National Avg.

2021 Cost: \$12.1M
2022 Cost: \$13.2M
2023 Cost: \$14.0M

+9.1%

+6.1%

Δ '22 to '23: \$0.8M

Tales From the Trenches



Impact of Cost Trends on Project Decisions



New Construction



Renovation



Repair/Maintain

Impacts on the Construction Industry



**Project Planning,
Scoping & Budgeting**



**Procuring Work,
Project Execution**



**Ongoing
Maintenance,
Operations & Repairs**

Impacts on the Construction Industry

Project Planning, Scoping & Budgeting



- Project priority
- When will “break ground” happen
- Labor/contractor availability
- Material availability

Procuring Work, Project Execution



- Schedule delays compound
- Supply chain constraints
- Deferred projects

Ongoing Maintenance, Operations & Repairs



- Project priority
- Shorter shelf life of proposals and bids
- Decisive decision making
- Reallocation of funds

Key Takeaways



Material costs remain high relative to prior years, although there has been stabilization. Some categories showing signs of regression to pre-pandemic levels.



Labor costs are under a close watch, especially with major funded projects beginning.



Project prioritization and timing needs to be scrutinized to ensure successful outcomes.

Q&A

