



Q2 2022

QUARTERLY ESCALATION REPORT

ISSUED 7.15.2022

COMMENTARY

PROJECT COSTS AND TRENDS

The 2nd quarter of 2022 continues to see record breaking and sustained inflation rates.

Commodities appear to be softening in some avenues, but the construction market is still riddled with supply chain disruptions and manufactured product increases. The largest, most recently, is in glass and glazing; which jumped 40% in some materials and is growing harder to nail down delivery schedules.

Rising cost in manufactured goods is pinching many of the trade contractors we work with as they struggle to manage work in progress and backlog with their own vendors, creating tension and risk for them and yielding uncertainty in their budgeting and bidding.

These pressures couched against what AIA and other resources are reporting as strong Architectural backlog leave us with uncertainty as to how demand and pricing pressures push against one another into the 3rd quarter, and what those pressures will yield.

LABOR

Construction in the southeast struggles and scraps to attract labor in an already strapped pool of potential hires. We find ourselves competing for both salaried and hourly resources in our markets and locations.

B&G's overall labor force costs continue to escalate with several projects experiencing above average escalation.

Be certain to understand the economics and market for labor at the specific project location and time when planning for upcoming self-perform projects.

MATERIALS

While the annual change eases a bit, the increases are still large and historic for steel and gypsum materials. Ready Mix and Copper are growing, but at a less aggressive rate, and lumber drops considerably in both quarterly and annual deltas as the single family residential market continues to soften.

INFORMATION SOURCES

Project: ENR indices, BLS Producer Price Index, Rider Levett Bucknall National Construction Cost Index

Labor: B&G field employees in AL, GA, FL

Material: BLS Producer Price Indexes

CURRENT ESCALATION %

PROJECT		
INDEX	QTR	YR
ENR BCI - Atlanta	5.85%	19.70%
ENR BCI - Bham	3.75%	18.26%
ENR BCI - Dallas	3.76%	23.14%
ENR BCI - 20 City	4.29%	14.73%
PPI Non-Res South	4.43%	19.58%
Rider Levett Bucknall	2.40%	7.50%

LABOR		
INDEX	QTR	YR
Carpenter	0.51%	2.77%
Laborer	0.02%	5.50%
Tower Crane Operator	1.13%	13.61%
Field Engineer	0.64%	2.72%
General Foreman	-1.81%	0.44%
Weighted Average	0.22%	3.55%

MATERIAL		
INDEX	QTR	YR
Reinforcing Bar	7.21%	30.82%
Structural Steel	6.36%	32.09%
Ready Mix Concrete	1.96%	7.80%
Softwood Lumber	-41.92%	-44.25%
Gypsum Bldg Materials	8.04%	19.39%
Copper Wire & Cable	2.37%	6.14%

TWO-YEAR ESCALATION TREND

*showing percentage of annual change in quarterly values

