## **QUARTERLY ESCALATION REPORT**



#### **ISSUED 4.15.2022**



#### PROJECT COSTS AND TRENDS

Welcome to 2022 and much of the same. Our disruptors this year have been, and will probably continue to be China shut downs from Omicron variants, war in Ukraine, and Federal monetary policy. The US economy continues to endure record inflation increases, and all of the internal and external metrics we monitor show the first qtr of 2022 tracking a similar direction as qtr 4 of 2021. While ENR cities, RLB and BLS may appear to be quite varied in their individual rates of change, the 20 City avg, BLS and RLB are similar, parallel and the average of the 3 indices align with our internal tracking of approximately 1%/MO over the last year.

Fed rate and balance sheet changes have already impacted the 30 yr mortgage rate this qtr, raising the national avg to above 5% for the first time in years. This will probably begin to impact markets and materials that cross over with non-residential construction later in the year. However, the South still experiences a large influx of migration from the North and West, holding demand in this region for work and living space above national averages.

The last two weeks have proven similar to the previous, with many letters from trades and vendors sharing increases in pricing and limited supplies, so it will be interesting to watch international, national and regional markets as they respond to these ever changing driving factors.

#### **LABOR**

Unemployment continues a downward trend and participation rates continue to grow.

While the increases for the first qtr are moderate, a competitive market for skilled labor is proving over the last few weeks to be an indicator to watch throughout 2022.

#### **MATERIALS**

Taking the outlier, lumber, out of the mix the first quarter for national materials metrics experience relatively moderate increases of 1.5% for the first qtr, but the annual increases are still above 25%.

In our typical markets the most movement of late has been around gypsum partitions, ready-mix concrete and metals; all forecasting substantial increases in 2nd qtr and strains in meeting market demand.

### **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



PROJECT			
INDEX	QTR	YR	
ENR BCI - Atlanta	0.95%	22.46%	
ENR BCI - Bham	4.01%	18.82%	
ENR BCI - Dallas	3.23%	24.03%	
ENR BCI - 20 City	3.79%	15.58%	
PPI Non-Res South	3.95%	13.88%	
Rider Levett Bucknall	1.58%	8.04%	

LABOR			
INDEX	QTR	YR	
Carpenter	0.71%	2.80%	
Laborer	1.42%	6.15%	
Tower Crane Operator	7.76%	9.18%	
Field Engineer	-1.49%	-1.12%	
General Foreman	0.17%	1.99%	
Weighted Average	0.88%	3.26%	

MATERIAL			
INDEX	QTR	YR	
Reinforcing Bar	-2.00%	43.32%	
Structural Steel	-3.03%	45.87%	
Ready Mix Concrete	3.42%	9.77%	
Softwood Lumber	47.24%	21.02%	
Gypsum Bldg Materials	4.02%	21.25%	
Copper Wire & Cable	4.13%	15.85%	

# **M**

## TWO-YEAR ESCALATION TREND





