CONSTRUCTION ECONOMIC INSIGHTS JANUARY 2025

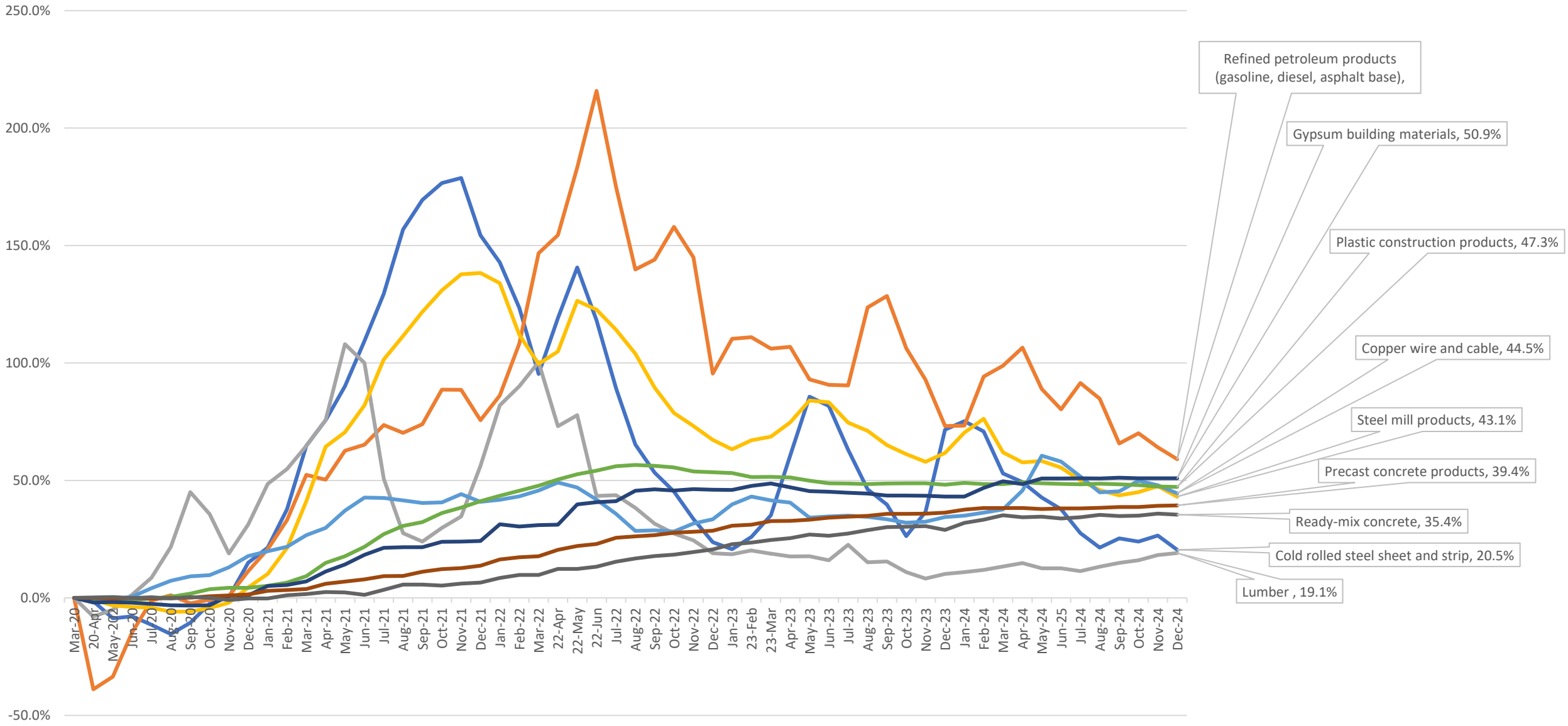
Stable Material Costs Offer Respite Before Anticipated Escalation

Recent construction input prices reflect the stability experienced through much of 2024. Copper wire and cable have escalated the most of our tracked inputs, showing at 8.6% increase over the past 12 months. “Costs are likely to rise much faster in 2025,” said Ken Simonson, chief economist at the Associated General Contractors of America. “Many other construction materials are likely to experience sudden price increases if President Trump follows through on his threats to impose steep tariffs.”

This report contains insights and analysis of construction material prices, drawing on data from the U.S. Bureau of Labor Statistics, to highlight fluctuations and trends. It focuses on key materials like steel, concrete, gypsum, lumber and petroleum-based products, emphasizing the shifts of input costs amid changes in global economics, supply chain and energy prices.

Price Changes for Selected Construction Materials

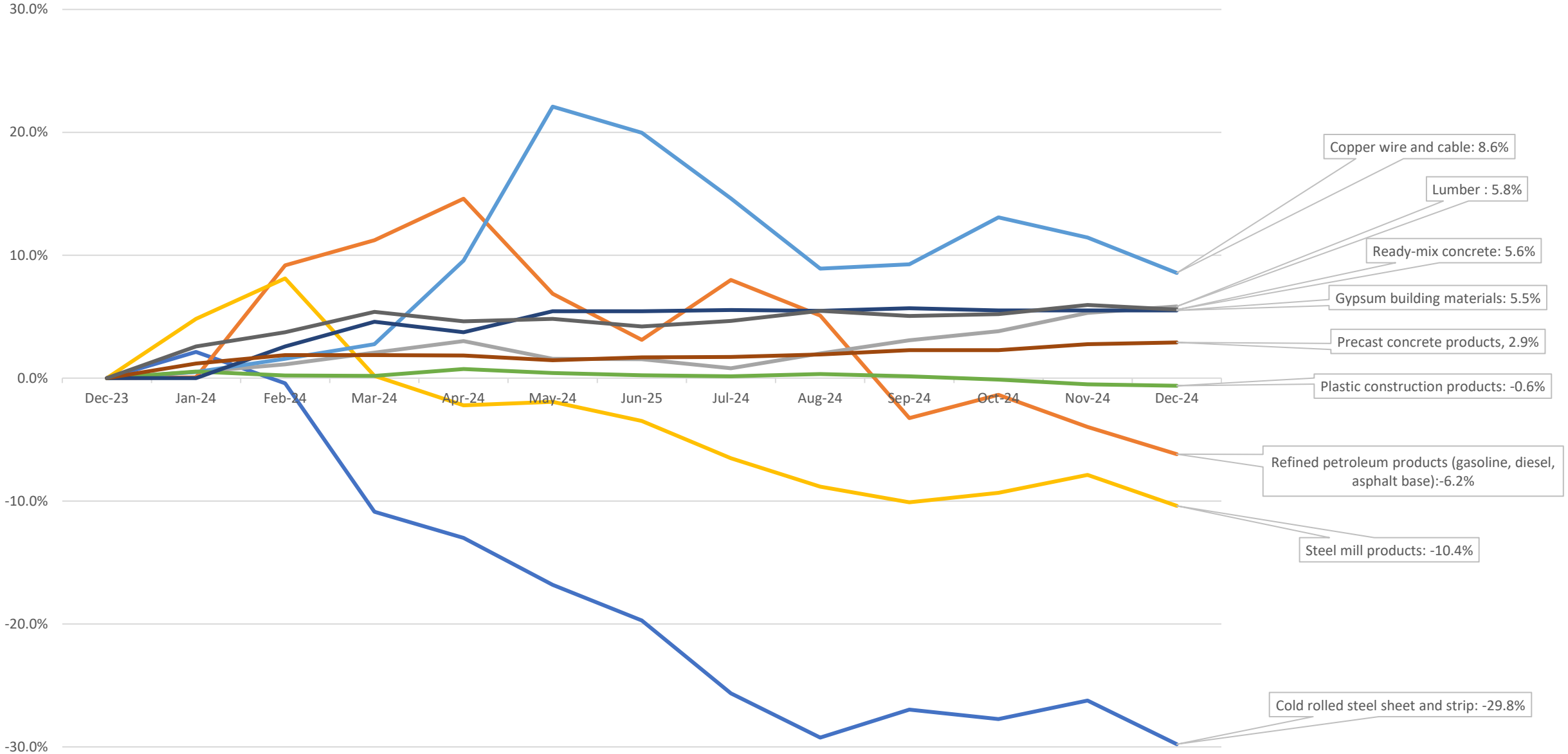
April 2020 - December 2024



Data source: U.S. Bureau of Labor Statistics

Price Changes for Selected Construction Materials

Last 12 Months: January 2024 - December 2024



Data source: U.S. Bureau of Labor Statistics

U.S. CONSTRUCTION MATERIAL PRICES

JANUARY 2024 THROUGH DECEMBER 2024

OBSERVATION VALUE

BLS PPI Industry Data	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-25	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
Cold rolled steel sheet and strip	337.7	344.9	336.3	301	293.8	280.9	271.1	251.1	238.9	246.6	244	249.1	237.1
Refined petroleum products	256	256.2	287	293.9	305.3	279.2	266.5	283	273.2	245	251.4	242.6	235.1
Lumber	244.8	246.5	248.6	251.8	255	250.1	250	247.5	251.6	255.2	257.7	262.7	264.5
Steel mill products	305.1	321.4	332.5	305.7	297.6	298.6	293.3	283.1	275.3	271	273.6	278.5	270
Copper wire and cable	383.9	385.6	389.2	393.2	416.2	458.5	451.3	433.3	414	415.2	428.1	422.5	412.8
Plastic construction products	342.7	344.5	343.4	343.3	345.2	344.1	343.5	343.2	343.8	343.2	342.3	341	340.6
Gypsum building materials	343.9	343.9	352.6	359.4	356.5	362.3	362.3	362.6	362.4	363.1	362.5	362.5	362.5
Precast concrete products	440.5	444.5	446.8	446.8	446.7	445.4	446.2	446.3	447	448.2	448.2	449.8	450.3
Ready-mix concrete	374.9	383.6	387.5	393.1	390.5	391.2	389.1	390.6	393.4	392	392.5	395	393.7

% CHANGE SINCE JANUARY 2024

BLS PPI Industry Data	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-25	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
Cold rolled steel sheet and strip	0.0%	2.1%	-0.4%	-10.9%	-13.0%	-16.8%	-19.7%	-25.6%	-29.3%	-27.0%	-27.7%	-26.2%	-29.8%
Refined petroleum products	0.0%	0.1%	9.2%	11.2%	14.6%	6.9%	3.1%	8.0%	5.1%	-3.3%	-1.4%	-4.0%	-6.2%
Lumber	0.0%	0.5%	1.1%	2.1%	3.0%	1.6%	1.5%	0.8%	2.0%	3.1%	3.8%	5.3%	5.8%
Steel mill products	0.0%	4.8%	8.1%	0.2%	-2.2%	-1.9%	-3.5%	-6.5%	-8.8%	-10.1%	-9.3%	-7.9%	-10.4%
Copper wire and cable	0.0%	0.5%	1.6%	2.8%	9.6%	22.1%	20.0%	14.6%	8.9%	9.3%	13.1%	11.4%	8.6%
Plastic construction products	0.0%	0.5%	0.2%	0.2%	0.7%	0.4%	0.2%	0.1%	0.3%	0.1%	-0.1%	-0.5%	-0.6%
Gypsum building materials	0.0%	0.0%	2.6%	4.6%	3.7%	5.4%	5.4%	5.5%	5.5%	5.7%	5.5%	5.5%	5.5%
Precast concrete products	0.0%	1.2%	1.9%	1.9%	1.8%	1.5%	1.7%	1.7%	1.9%	2.3%	2.3%	2.8%	2.9%
Ready-mix concrete	0.0%	2.6%	3.7%	5.4%	4.6%	4.8%	4.2%	4.6%	5.5%	5.1%	5.2%	6.0%	5.6%

Data source: U.S. Bureau of Labor Statistics

U.S. CONSTRUCTION MATERIAL PRICES

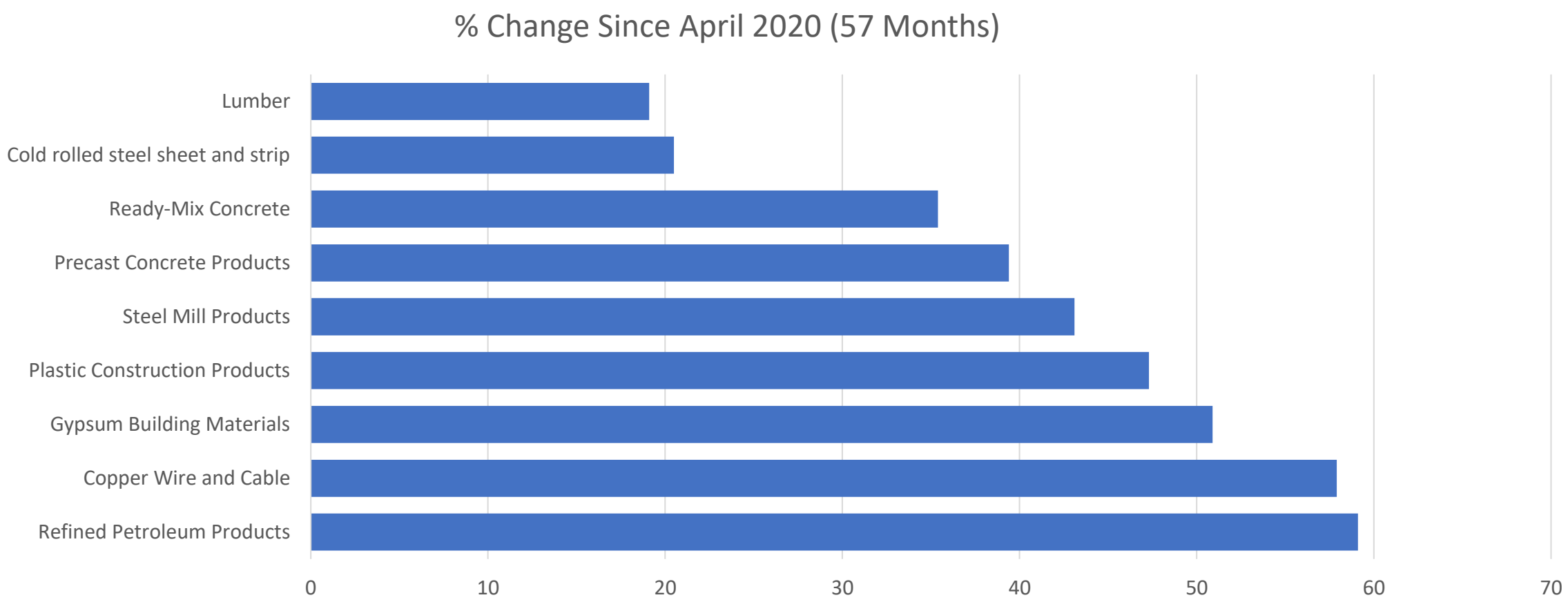
% DIFFERENCE SUMMARIES

BLS PPI Industry Data	Since Pandemic % Change (Apr 20 – Dec 24)	Last 12 Months % Change
Cold rolled steel sheet and strip	+20.5%	-29.8%
Refined petroleum products (gasoline, diesel fuel, asphalt base)	+59.1%	-8.2%
Lumber and wood products	+19.1%	-8.0%
Steel mill products	+43.1%	-11.5%
Copper wire and cable	+44.5%	+7.5%
Plastic construction products	+47.3%	-0.6%
Gypsum building materials	+50.9%	+5.4%
Precast concrete products	+39.4%	+2.2%
Ready-mix concrete	+35.4%	+5.0%

Data source: U.S. Bureau of Labor Statistics

U.S. CONSTRUCTION MATERIAL PRICES

% DIFFERENCE SUMMARIES



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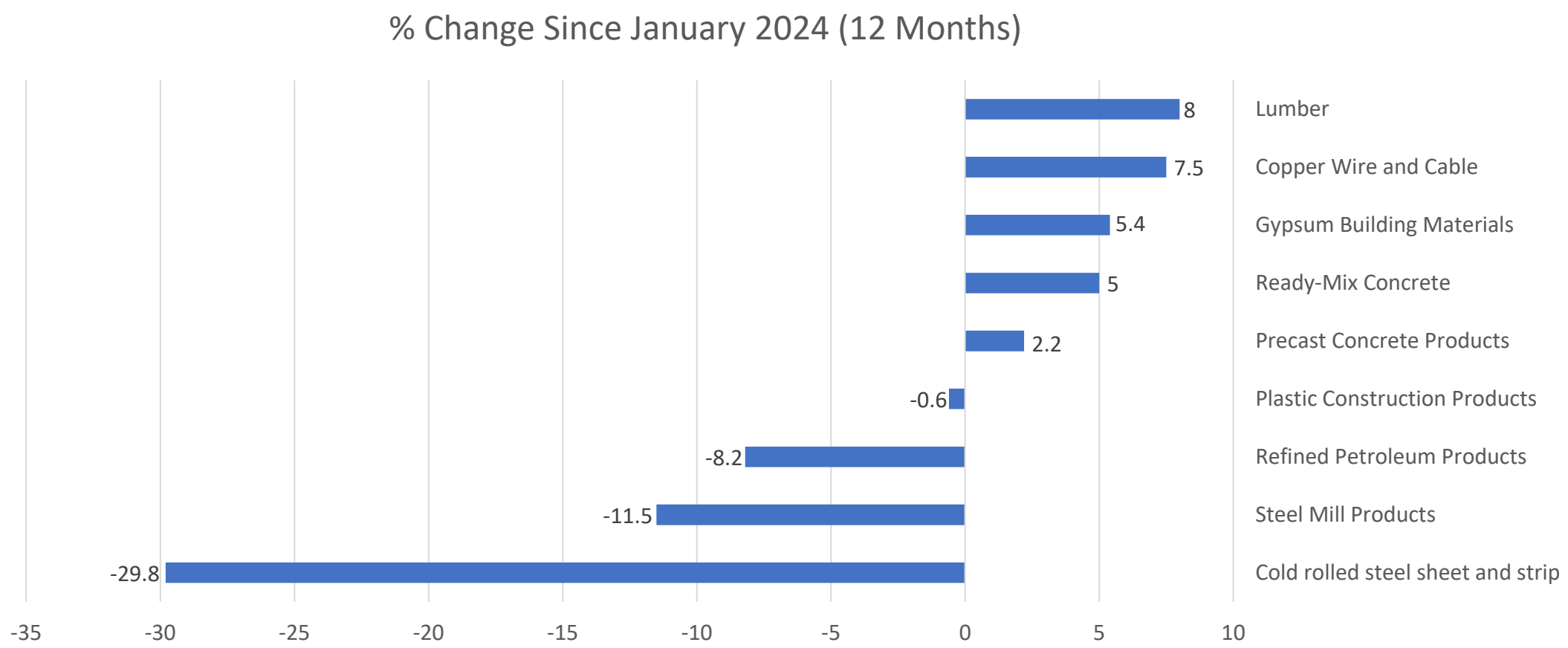
U.S. CONSTRUCTION MATERIAL PRICES

% DIFFERENCE SUMMARIES



Data source: U.S. Bureau of Labor Statistics

6 Solutions

For Building Through Supply Shortages, Rising Prices

OWNERS AND DEVELOPERS HAVE OPTIONS TO KEEP BUILDING PROJECTS ON TRACK AND MITIGATE ECONOMIC RISKS.

Volatile prices and procurement delays are nothing new to experienced builders. To be adaptable and efficient – and establish a safe, reliable path to successful project completion – consider the following six solutions:

1. **BLEND THE TEAM EARLY:** Remember time is money. Early collaboration between architect and contractor – in a design-build or design-assist delivery method – will accelerate schedules and prevent expensive, time-intensive redesign. For speed to revenue, break down barriers and blend the team sooner than later. Also, develop back-up scenario plans in advance. This will allow the team to rapidly and seamlessly shift to an acceptable plan B or C and avoid delays or cost overruns.

2. **BUILD LEAN:** Lean construction provides greater stability, reliability, efficiency and flexibility. Engage a lean builder to help navigate market conditions and material shortages, and you will maximize ROI. Builders with Lean DNA are master planners and professionally trained in delivering optimally efficient projects, reducing waste during all stages of construction. According to Dodge Data & Analytics' research, "high Lean-intensity projects" are three times more likely to complete ahead of schedule and two times more likely to complete under budget.

3. **EXPAND THE MATERIAL MIX:** Evaluate and analyze substitute materials and systems. You have a menu of choices for all components of a building, including foundations, superstructures, framing, enclosures, systems, interior building materials and more. Work with your contractor and strategic trade partners early in the design phase to expand acceptable substitutes without compromising on safety, quality, durability or functionality.

Continued…

6 Solutions

For Building Through Supply Shortages, Rising Prices

4. **INTEGRATE PROJECT SCHEDULING:** Combine all parties' responsibilities into a single schedule and break it down into an extensive amount of detail. This will allow all parties to understand each nuance on the schedule and the various critical paths to project delivery, whether that be permitting, material procurement, trade partner engagement, or various owner related activities. The approach empowers owners to make decisions on budget, schedule and material procurement at the last responsible moment.

5. **PROCURE MATERIALS EARLIER:** Material prices are moving fast and furiously, at times. Work from real, data-driven expectations and try to make material procurement decisions earlier. Buying critical materials earlier will typically result in cost savings and greater decision-making power about other factors later in the project. It mitigates unknown exposure to shortages and can ensure access to materials when needed.

6. **ESTABLISH STRATEGIC BUDGET RESERVES & A REINVESTMENT PLAN:** Try to carry extra contingency and avoid building to your max budget upfront. Build a strategic buffer and, more importantly, a schedule of milestones for reassessing risk at the last responsible moment and gradually releasing reserved funds back into the project as risk diminishes. For instance, if your project budget is $15 million, target $14.5 million and then systematically release the balance if economic conditions improve. Converting surplus contingency adds real value and allows you to add project wish-list items such as upgraded finish materials, appliances, technology, landscaping and more.

The economy is uncertain, but the risks are tolerable and quantifiable. Smart, experienced builders know how to manage projects through volatility. A combination of these solutions – early builder engagement, lean best practices, collaborative design approaches, alternative material/system flexibility and strategic budget reserves with reinvestment milestones – will help mitigate or avoid potential project delays and cost increases.

Skender

A Lean Builder

ENGAGE A LEAN BUILDER-ECONOMIST.

Lean builders like Skender are vital economists on construction projects. We are routinely engaged early in the process to counsel clients and maximize value through volatile economic markets and material shortages. We research, collect and analyze data, monitor trends, engage our subcontractor network and actively evaluate costs, imports, inflation, labor, supply and demand, lifetime costs, efficiencies, environmental impact and more.

Working in concert with the design team and key trades, a Lean builder helps you navigate current economic conditions to safely deliver your project on time and on budget.

Lean benefits include:

- Reduction in overall cost
- More decision-making power
- Accelerated schedules (speed to revenue)
- Transparent pricing and reliable budgets
- Flexibility to free up contingency for wish-list items at the last responsible moment
- Less risk, fewer mistakes, fewer RFIs and fewer unresolved issues
- More consistent, higher quality services
- Improved communication and collaboration
- High-performing, right-sized teams
- Optimized processes
- Removal of waste

Fore more information, visit www.skender.com.

Skender

Direct Contacts

Skender is a full-service building contractor and one of the nation's top 100 construction firms, according to *Building Design & Construction*. Headquartered in Chicago with an office in Indianapolis, Skender serves its clients in the Midwest and across the country in the Interiors, Healthcare, Multifamily, Hospitality, Office, Life Sciences, Higher Education, Retail, Municipal, Senior Living and Affordable Housing sectors.

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