

United States – Q2 2022

Construction Market Overview

Russia-Ukraine conflict pressuring commodity prices

At the beginning of the year, Currie & Brown cost experts were predicting 2022 would eventually bring some relief from supply chain disruptions, increasing lead times and historically high construction material prices. As the Russia-Ukraine conflict continues, this projection is looking increasingly optimistic. One example is structural steel prices, which have increased over the last month after three months of decreases.

We are projecting this upward pressure on construction-related commodity prices to increase 2022 forecasted escalation by up to one percent. The location indices and projected escalation values to the right have been updated to reflect this situation.

Crude oil close price



Source: Currie & Brown

Despite a growing focus on sustainability, the construction industry runs on oil. Expect to see higher oil prices translate into increased transportation, manufacturing and operating costs as well as priced into risk if volatility remains high.

Location intelligence

Currie & Brown's comparative cost indices are derived from current material and labor prices, combined with local knowledge of the market. Construction cost escalation is forecast for over 200 cities within North America, based on market saturation, labor rates, commodity pricing and current economic conditions.

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Trending up:

Non-residential construction starts have trended up in 2022. According to Dodge Construction Network, non-residential construction starts are up over 30% in February with the manufacturing sector leading the way.



Trending down:

Single family construction activity is expected to slow down in 2022 after two years of annual construction spending increases of over 15%. Rising interest rates are expected to contribute to this slowing trend.

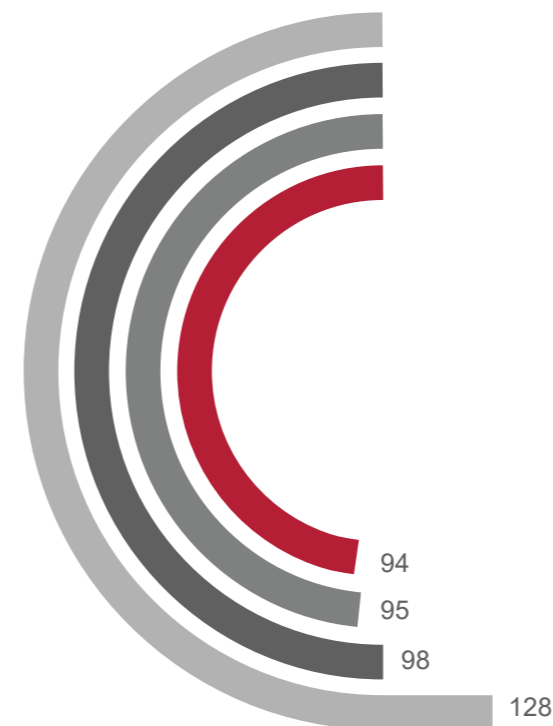
2022 location indices and projected construction escalation

	Index	Escalation
Chicago, IL	134	4.50%
Houston, TX	86	4.50%
Miami, FL	92	5.75%
Minneapolis, MN	115	5.00%
New York, NY	148	4.75%
Phoenix, AZ	104	6.00%
Portland, OR	116	5.75%
San Francisco, CA	142	5.25%
Seattle, WA	130	5.25%
Washington, DC	100	5.00%
US average		5.50%



Source: Currie & Brown

Comparative construction cost index



Kuna, ID

A new data center is expected to break ground in September and finish in 2025. Meta, the parent company of Facebook, plans on building the Kuna data center in a 325-acre industrial park. This project will cost \$800 million and offer 960,000 sf of space.

Pueblo, CO

Construction is complete for a 300MW solar project located on 1,800 acres of Rocky Mountain Steel property. The Bighorn Solar Project, completed by McCarthy Construction, is powered by Lightsource BP, Xcel Energy and Evraz North America. With more than 750,000 solar panels, this is one of the largest on-site solar facilities in the US.

New Albany, OH

Intel has announced plans to build a \$20 billion computer chip manufacturing facility in Ohio. The two chip factories will sit on a 400-hectare site with construction expected to begin in late 2022, and production to start in 2025.

Imperial, CA

Cambria hotels, franchised by Choice Hotels International, Inc, recently broke ground on their sixth property in Imperial County, California. The four-story cutting-edge hotel will have 108 rooms, a bar, event space and an indoor pool. Costing around \$22 million, the new hotel will sit on an 18-acre property and is expected to open early next year.