

United States – Q1 2022

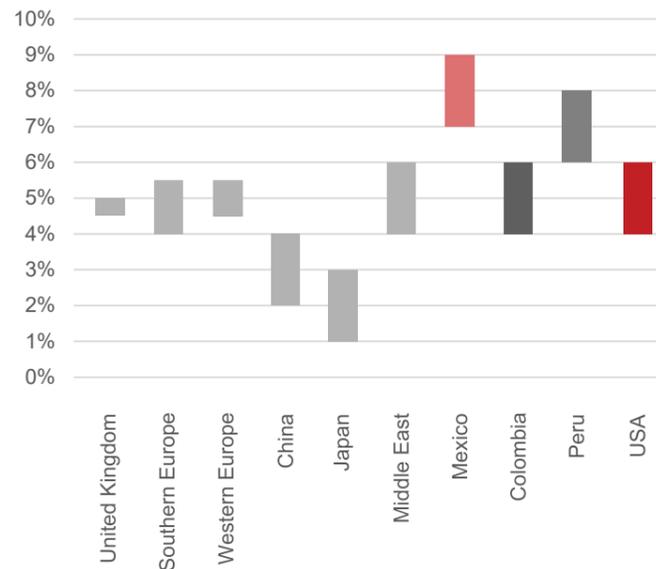
# Construction Market Overview

## Long lead times continuing to stress the industry

As we turn the corner to the third year of the Covid-19 pandemic, the construction industry continues to grapple with challenges stemming from supply chain disruptions. Beyond material price increases, owners and contractors alike are being forced to adjust to historic long lead times for key construction items. To meet project schedule and budget, early communication and decision making for long lead times and flexibility in material selections are key.

“Currie & Brown is providing cost estimating and reconciliation on a new high-tech project for a confidential client. We have recently learned that precast wall panels and structural steel packages are currently requiring lead times as long as nine months. This environment puts enormous stress on the owners to make quick decisions or face costly schedule delays. Pre-pandemic lead times were typically 10-12 weeks for these items.” - *Chad Chapman, Director*

## 2022 Projected Construction Labor Cost Trends



Source: Currie & Brown

The chart above shows projected construction cost escalation for major regions around the world. North and Central America are projected to have a strong bounce back as material prices eventually normalize and the industry reckons with a worsening labor shortage.

## 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:

Construction activity and costs are expected to grow in Mexico, Peru and Columbia in 2022 as the industry recovers from the contraction that all countries faced brought on by the Covid-19 pandemic. Expect publicly funded infrastructure to bolster the construction activity in each country.

### Trending down:

Residential construction activity is expected to slow down in 2022 after two years of annual construction spending increases of over 15%.

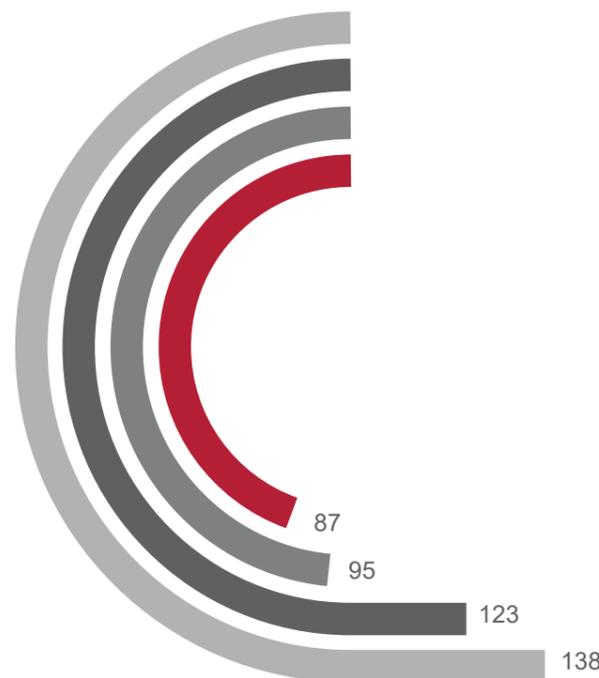
## 2022 Projected Construction Escalation

City	Index	Escalation
Chicago, IL	133	4.50%
Houston, TX	85	3.50%
Miami, FL	92	5.75%
Minneapolis, MN	114	5.00%
New York, NY	146	4.75%
Phoenix, AZ	100.5	6.00%
Portland, OR	114	5.00%
San Francisco, CA	138	4.25%
Seattle, WA	129	5.25%
Washington, DC	100	4.75%
US average		5.00%



Source: Currie & Brown

## Comparative Construction Cost Index



### Charlotte, NC

A new medical school campus is expected to break ground in 2022. This will be Charlotte’s first four-year medical school and will cover 26 acres with four towers, 1,000 apartments, a hotel, parking garages and a public outdoor space. The city has approved \$75 million dollars to fund supporting infrastructure.

### Kemmerer, WY

Bill Gates’ Terra Power is set to build its first advanced nuclear power plant in this Wyoming coal town. This plant will have the capacity to supply 500 MW of power, enough to run 400,000 homes. This project is expected to finish in 2028 and cost \$4 billion.

### Malta, NY

GlobalFoundries has announced its expansion plans for their second semiconductor manufacturing facility in upstate New York. The new facility will create thousands of direct and indirect high-tech jobs and help to address the global chip shortage.

### Boston, MA

A 1.5 million ft<sup>2</sup> office building is set to be the fourth tallest building in downtown Boston. The Winthrop Center will also include retail space and a residential component. This project has a targeted completion date in 2022 and will cost \$1.4 billion.