

MEET YOUR LOCAL EXPERT



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Michael manages the Boston office. With more than 18 years of industry experience, Michael is responsible for construction cost data research, cost management, project management, and project leadership for both public and private sector clients.

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COST CONSIDERATIONS THINGS TO WATCH OUT FOR



CONSTRUCTION OUTLOOK RLB observed a year-over-year increase of 8.76% to our construction cost index in Boston, a slight decrease from the 9.91% reported in Q1. Supply and demand challenges, shipping and logistics constraints, labor shortages, and a high volume of work are all impacting construction costs. Even so, Boston is seeing construction in full swing with contractors, subcontractors, and designers at near capacity. The region seems positioned for the continuation of a strong construction market throughout 2022 and into next year.



MARKET TRENDS Interest remains in key sectors such as Life Sciences, Mixed-Use, and Multi-Family construction. Investor confidence bears keeping an eye on as interest rates continue to rise, and the Boston Planning & Development Agency goes through a transformation process with Boston's new Chief of Planning.



BIDDING ENVIRONMENT Supply chain volatility continues to put pressure on lead times and schedules, potentially causing project delays and cost impacts. As a result, we continue to see shortened bid validity periods in addition to comprehensive statements of exclusions and qualifications. With backlogs filled at nearly all levels and ongoing labor shortages, we are seeing bidders become more and more selective with the projects they intend to pursue.

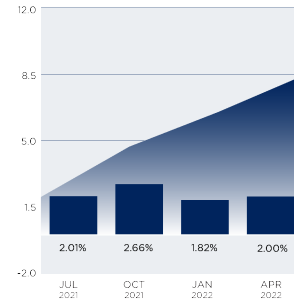


WHAT TO WATCH OUT FOR We are unlikely to see a "bounce-back" of construction costs to pre-pandemic levels, so thoughtful planning is important now more than ever. Develop realistic budgets and adjust expectations as necessary; ensure project schedules capture project delivery risks; strategize material and vendor selection; review contract language thoroughly; and consider pre-purchasing / early-release packages.

CONSTRUCTION COST DRIVERS

SELECT MATERIALS	APPROX. CHANGE FROM Q1 2022
Rebar	▲ 11.6%
Structural Steel	▲ 0.2%
Ready-Mix Concrete	▲ 2.7%
Lumber	▲ 41.6%
Copper	▲ 4.5%
Plumbing Fixtures	▲ 2.6%
Diesel	▲ 44.3%

CITY COST INDEX



PROJECTED MARKET TRENDS

8.76%
Boston YOY
Escalation Rate

7.50%
National YOY
Escalation Rate



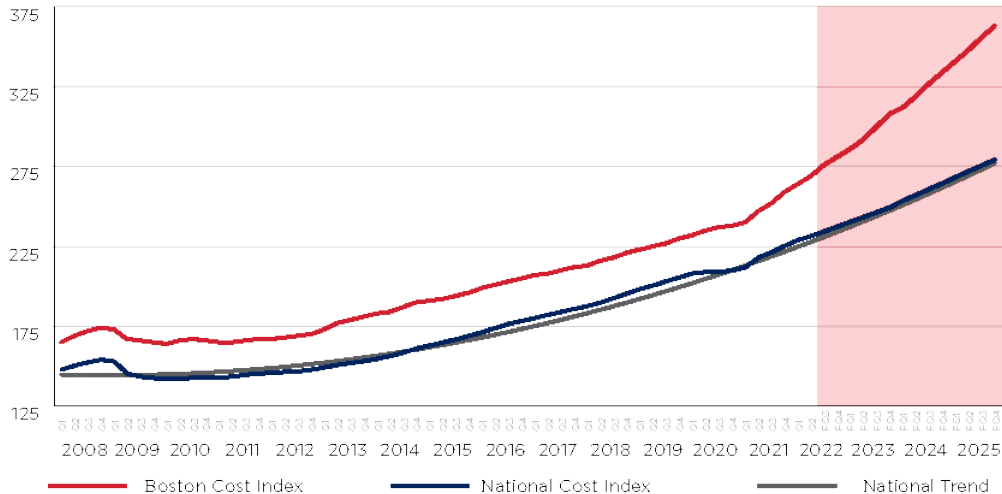
DON'T MISS OUT ON FUTURE INSIGHTS!



For more than 20 years, we have published a quarterly construction cost report to provide you with the most accurate and up-to-date construction pricing information in the market.

SCAN TO SUBSCRIBE

CONSTRUCTION COST INDEX, ESCALATION, AND TRENDS



ABOUT THE CHART

This chart compares our National Construction Cost Index with local escalation, the construction cycle trend, and provides our projection through 2025.

WHAT THIS MEANS FOR YOU

Despite challenges that the U.S. is facing in terms of rising inflation, energy prices, and the uncertainty surrounding current geopolitical issues abroad, we anticipate that Boston's construction industry will remain strong throughout the second half of 2022. While material costs and supply chain issues linger, we do expect to see some level of stabilization and predictability. As the construction workforce in Boston continues to rise, labor shortages should continue to be a concern throughout and beyond 2022. As such, we do expect construction cost escalation to continue to increase at rates above pre-pandemic levels, albeit slower than the current pace experienced in Q1 and Q2 of 2022.