

## MEET YOUR LOCAL EXPERT



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*Paul Brussow is Executive Vice President for RLB in North America. Leading our Las Vegas office, he is an expert in construction project management, having advised clients on more than \$10 billion worth of projects, developing and executing custom construction-management programs.*

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## COST CONSIDERATIONS THINGS TO WATCH OUT FOR



### RESIDENTIAL MARKET

In the post-pandemic world, multi-family housing remains strong. The construction of new apartments and renovations of existing apartment buildings are both growing, and while supply and cost concerns still play a role in the development, we have seen significant improvements over the last three months.



### EMERGING SECTORS

Las Vegas is seeing a rise in retail and commercial sectors. The rapid population growth that is driving retailer expansions is expected to continue, with forecasts calling for an additional 235,000 people over the next few years. Since Las Vegas' active construction pipeline is well-leased and accounts for less than 1% of the metro's current inventory, many vendors looking to expand their local footprints will look through the vacant stock already available.

Also, there will be a significant demand for warehouse space and sizable distribution centers in the commercial sector, which will continue to expand as a result of on-line shopping.



### SUPPLY CHAIN

A severe labor shortage is having a negative impact on residential housing, leading to higher labor costs and slower production rates. Additionally, there have been significant disruptions to the construction materials supply chain, and it could take a long time for things to get back to normal.

### CONSTRUCTION COST DRIVERS

SELECT MATERIALS	APPROX. INCREASE FROM Q2 2022
Rebar	▲ 2.2%
Structural Steel	▼ -2.3%
Ready-Mix Concrete	▼ -0.8%
Lumber	▼ -39.8%
Copper	▼ -2.2%
Plumbing Fixtures	▼ -1.7%
Diesel	▲ 27.4%

### CITY COST INDEX



### PROJECTED MARKET TRENDS

7.08%

Las Vegas YOY  
Escalation Rate

8.28%

National YOY  
Escalation Rate



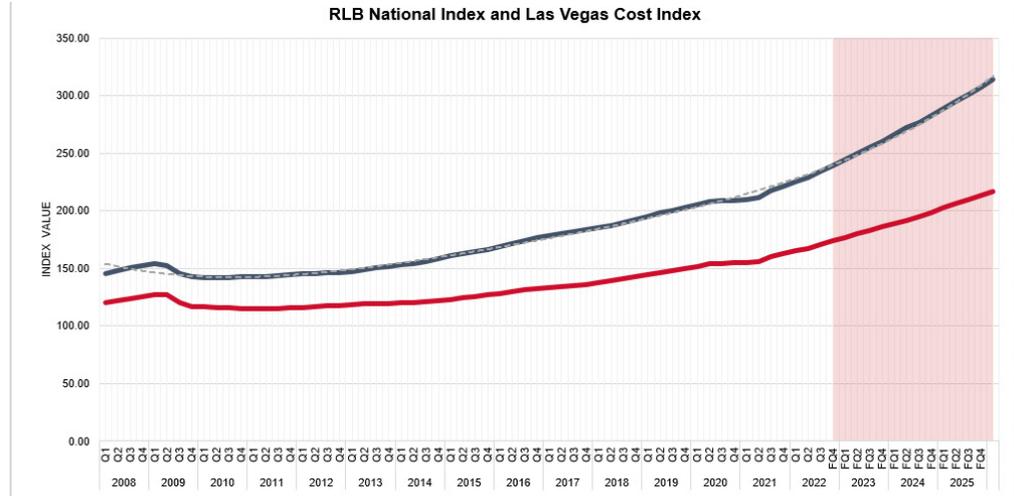
**DON'T MISS OUT ON FUTURE INSIGHTS!**



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**

Early 2020 showed a steep decline in cost of construction due to the decrease in new projects starting during that period because of the pandemic. 2021 is marked by a large increase in demand and, with a crippled supply chain, led to a spike in construction costs that has started to normalize coming into 2022. This year will show slightly lower construction volume when compared to 2019, but supply chains should start to correct themselves, leading to more predictable cost trends.