

MEET YOUR LOCAL EXPERT



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COST CONSIDERATIONS THINGS TO WATCH OUT FOR



LOOKING AHEAD The Portland construction will remain strong with significant cost escalation in Q3 and Q4 of 2022, although some slowing in the market is expected relative to Q2. The local Architectural Billings index remains above 50, indicating that designers have growing pipelines of new work. Looking into 2023, the construction industry will continue to add jobs. There is still a significant shortage of qualified craft labor in Portland that reduces bid competition (which creates upward pressure on costs). Some large ongoing projects (Portland International Airport, I-5 Rose Quarter) will command many workers which will further tighten the subcontractor labor pool. Beyond that, a plateau in the construction market is possible in the next 24 months due to the cumulative impacts of rising construction costs, weakening of the overall US economy, and the increased cost of borrowing.



MAJOR DISRUPTIONS A few things to look out for include consumer price inflation, high fuel costs, ongoing supply chain disruption, high producer price indices, and high interest rates. These are all combining to raise development and construction costs. Although some material price increases have begun to abate, it remains a difficult time to keep projects on budget.



ADVICE We advise you to carefully examine budgets to ensure that cost escalation has been accounted for. Particularly on public bond-funded projects (such as K-12 schools) where months or years have elapsed between when the budget is established to when it is bid, realistically accounting for escalation is critical.

CONSTRUCTION COST DRIVERS

SELECT MATERIALS	APPROX. INCREASE FROM Q2 2021
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

7.73%
Portland YOY escalation rate

8.28%
RLB YOY escalation rate



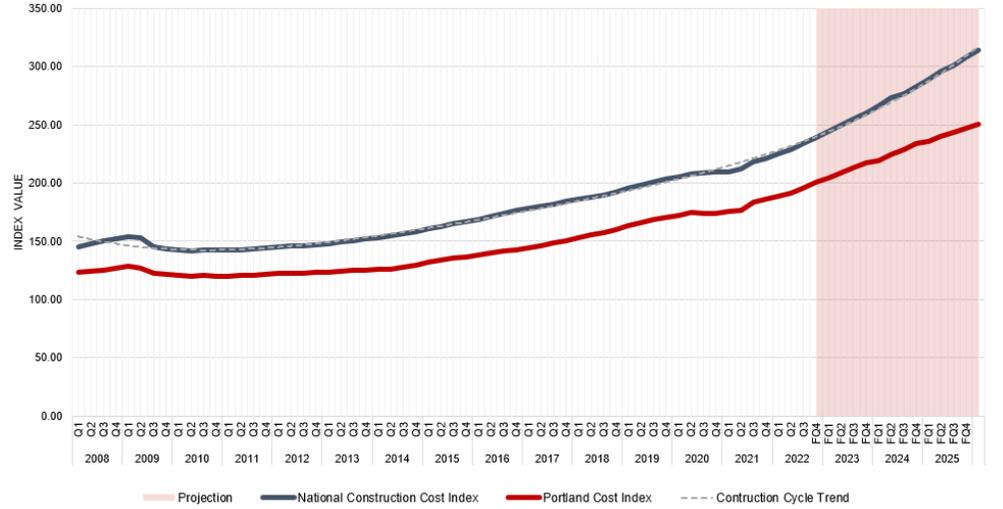
DON'T MISS OUT ON FUTURE INSIGHTS!



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

RLB expects that the national and local construction cost index will rise at a steady rate over the next three years, staying in line with the construction cycle trend.

WHAT THIS MEANS FOR YOU

Activity in the market continues to rebound from the lows of early 2021 and we are moving into 2023 with increasing public investment in infrastructure and institutional work.

Our outlook for Portland moving to 2024-25 is positive but the residential market cannot keep pace with demand. Some major local aviation projects and numerous K-12 projects will be under construction during this period, which we expect may strain the local subcontractor labor pool.