

MEET YOUR LOCAL EXPERT



MICHAEL O'REILLY CCP
Associate Principal
Boston, Massachusetts

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.

Let's connect!

T: +1 617 737 9339

E: michael.oreilly@us.rlb.com

in /in/michael-o-reilly-b77b6275/

RLB.com

COST CONSIDERATIONS THINGS TO WATCH OUT FOR



CONSTRUCTION OUTLOOK RLB's construction cost index for Boston is showing a steady rate of escalation at almost 2.75% per quarter, with a year-over-year increase of 8.95% (slightly above the 8.87% in Q3 2022). The local industry continues to face the same challenges that we've experienced over the past 24 months in terms of materials supply and demand (and delivery) issues, volatile material lead-times, labor shortages; all of which continue to have an effect on construction costs. As evidenced by the skyline of tower cranes, construction activity remains high and local players - from designers to subcontractors - remain in high demand.



BIDDING ENVIRONMENT Interest remains in projects that are well documented and right-sized for the market; however bidders continue to be selective with the projects they intend to pursue. Lead-times for construction materials continue to be a moving target, particularly for those trades that are large cost and schedule drivers (major mechanical and electrical equipment, curtain wall, roofing) and thought should be given to alternate procurement approaches such as bulk-buying, early-release packages, and pre-purchasing. Budgets and schedules should both be developed with these challenges in mind and should ensure that project delivery risks are adequately captured.



WHAT TO WATCH OUT FOR For the most part the market seems to have a decent grasp on pricing levels (despite the volatility we're still experiencing with materials availability), however lead-times for construction materials continue to be sporadic. A careful audit of design and construction schedules is important, and building these project delivery risks into the schedule is key; constant communication with the designers, construction team, and materials vendors is crucial for delivering a successful project on-time.

CONSTRUCTION COST DRIVERS

SELECT MATERIALS	APPROX. CHANGE FROM Q3 2022
Rebar	▼ -14.5%
Structural Steel	▼ -2.1%
Ready-Mix Concrete	▼ -5.9%
Lumber	▼ -32.4%
Copper	▲ 3.6%
Plumbing Fixtures	▼ -8.8%
Diesel	▼ -25.0%

CITY COST INDEX



PROJECTED MARKET TRENDS

8.95%
Boston YOY Escalation Rate

8.35%
National YOY Escalation Rate



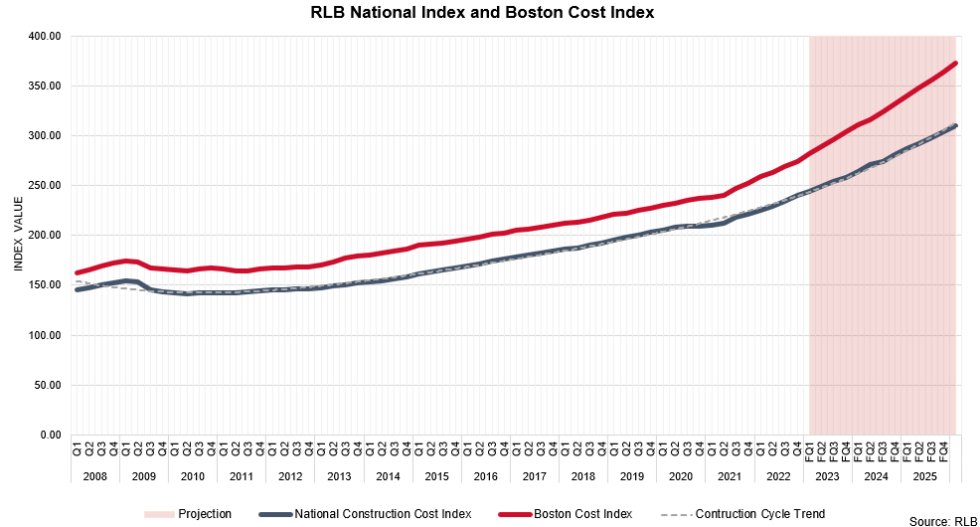
DON'T MISS OUT ON FUTURE INSIGHTS!



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 high levels of construction activity in Boston, the industry remains on the fence whether the region can continue at its current pace. Concern remains of a possible recession and rising borrowing costs, which could ultimately lead to a slowing of construction activity generally. This could mean further improvement in supply chain bottlenecks and an easing of commodity prices and materials escalation. While we expect inflation rates to soften over the next 12 months, we anticipate a slow process. For now, contractor and subcontractor backlogs are filled, and the market continues to thrive.