

## 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



### 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 online shopping.



### SUPPLY CHAIN AND LABOR

A labor shortage continues to have a negative impact on construction costs, leading to higher labor costs and slower production rates. Additionally, there have been significant disruptions to the construction materials supply chain, although it has improved significantly in the last six months.

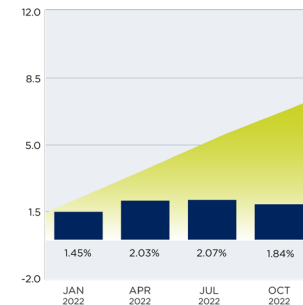
Contractors should continue to look to permanent regional suppliers for their material needs as long as supply chain issues persist. They will also need to keep larger inventories of essential materials on hand to protect against future supply chain disruptions and delays. Material substitutions in a project can help to mitigate a lot of problems.

As skilled labor is really tight, we recommend implementing job training programs to try to get some younger people into the construction industry.

### CONSTRUCTION COST DRIVERS

SELECT MATERIALS	APPROX. INCREASE FROM Q3 2022
Rebar	▼ -9.1%
Structural Steel	▲ 4.2%
Ready-Mix Concrete	▲ 0.1%
Lumber	▼ -28.1%
Copper	▲ 10.2%
Plumbing Fixtures	▼ -3.0%
Diesel	▼ -20.3%

### CITY COST INDEX



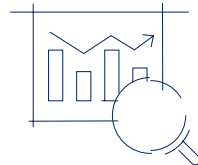
### PROJECTED MARKET TRENDS

7.59%

Las Vegas YOY Escalation Rate

8.35%

National YOY Escalation Rate



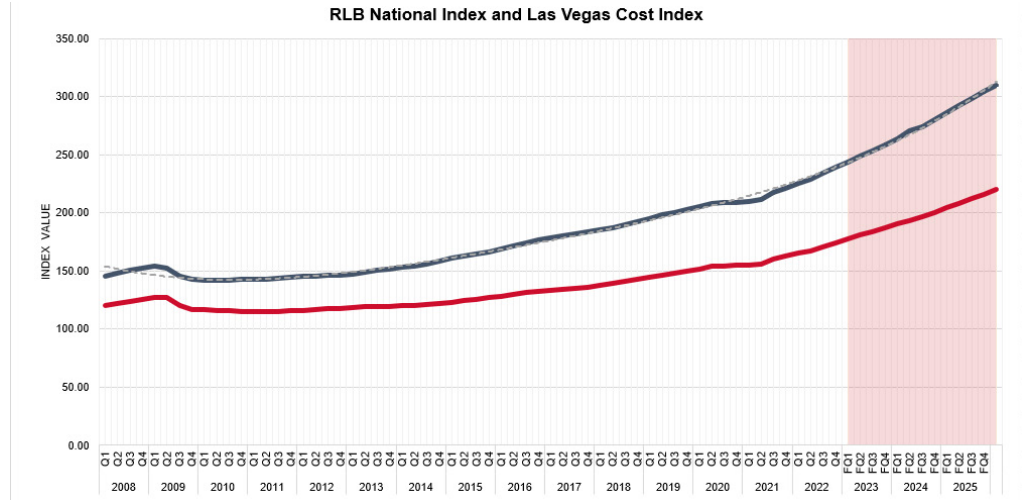
**DON'T MISS OUT ON FUTURE INSIGHTS!**



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**

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. 2023 will show slightly lower construction volume when compared to 2019, but supply chains should start to correct themselves, leading to more predictable cost trends.