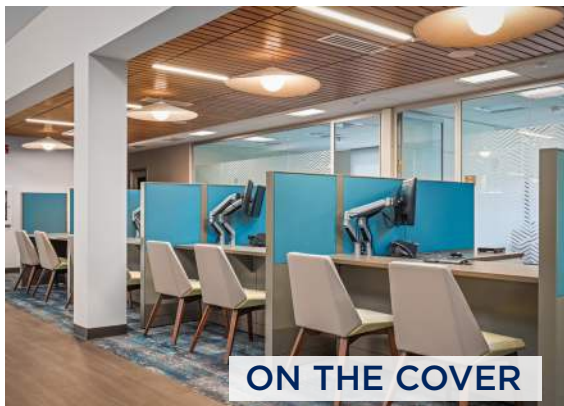


FOURTH QUARTER 2024

NORTH AMERICA

QUARTERLY CONSTRUCTION COST REPORT





ON THE COVER

HAWAII COMMUNITY FEDERAL CREDIT UNION KAILUA-KONA BRANCH ▲

KAILUA-KONA, HAWAII

The renovation of the Hawaii Community Federal Credit Union (HCFCU) Kailua-Kona Branch stands as a tribute to the past while embracing the future. Originally erected in 1988, HCFCU's commitment to growth and modernization inspired a comprehensive overhaul of the building's interior and exterior spaces. The flagship branch offers an enhanced environment for both employees and members, boasting amenities that include a newly constructed drive-up ATM and a secure 24-hour vestibule for ATM transactions. Furthermore, the branch incorporates design elements that commemorate HCFCU's longstanding dedication to Hawaii as a service-minded financial institution and steward to its neighbors across Hawaii Island.

RLB played a pivotal role in the branch renovation from the planning stages through construction and turnover of the project. The Hawaii Island team developed the initial construction cost plan, coordinated all aspects of construction, and proactively addressed potential challenges to ensure the project stayed within the budget. Throughout the renovation, Rider Levett Bucknall's thorough assessment of change proposals and development of independent estimates equipped the client with cost certainty. Ultimately, the team's innovative problem solving and adaptability in response to evolving project dynamics were instrumental in delivering a premier financial services branch that is a centerpiece of the Kailua-Kona community.

NORTH AMERICA

AT A GLANCE

Q4 2024

“The secret of change is to focus all of your energy not on fighting the old but on building the new.” While Socrates wasn’t addressing our industry when he spoke these words, they carry particular resonance as we reflect on this last quarter of 2024. We continue to find ourselves increasingly focused on building new approaches, solutions, and ways of adapting to market dynamics.

The construction sector has experienced consistent uncertainty, bringing us both highs and lows. That uncertainty hasn’t been settled yet, although the recent interest rate cuts are a positive sign for the U.S. economy moving into 2025.

Our research shows construction cost inflation stabilizing in Q4 of 2024, with a quarterly rate of 1.11%, similar to the average rate of 1.12 % recorded in the previous two quarters. The year-over-year change of 4.69% is lower than the 5.19% registered in the same period five years ago.

In the third quarter, construction put-in-place experienced a growth of 4.7% year-over-year, showing strong ongoing activity. However, seasonally adjusted month-over-month growth has stagnated, with only a 0.1% increase recorded over the past two months.

The Architectural Billings Index is also showing positive signs of growth. Following a twenty-month period of decline, the October score is up to 50.3 and reflects a balance between firms with increased and decreased billings. Billings have leveled off at the beginning of Q4 2024, and company executives are building new pathways toward revenue growth moving into the new year.

Under the last two administrations, tariffs on imports like steel, aluminum, lumber, and other materials have increased input prices. While tariffs have had an impact, it was nothing compared to what inflation has done in recent years. When coupled with inflation and labor shortages, this trifecta, in the last few years, has strained supply chains, raised construction costs, and affected project timelines. Potential proposed additional tariffs on imports from Canada, Mexico, and China are more likely to exacerbate these challenges, particularly for metals, plastics, and essential construction materials, potentially adding thousands to the cost of residential and commercial projects. However, the construction industry has shown remarkable resilience in adapting to evolving challenges, continually finding innovative ways to deliver projects efficiently.

Proposed trade policies introduce uncertainty for contractors and manufacturers despite stable input prices in 2024. While high inventory levels and reduced production capacity could temporarily mitigate price spikes, they are unlikely to resolve long-term cost increases. As tariffs reshape global trade, our reliance on domestic production may face labor and resource constraints, further driving inflation and impacting the broader economy. Despite this forecast, with proactive strategies and collaboration across stakeholders, the industry is well-positioned to navigate these changes and seize opportunities for growth.

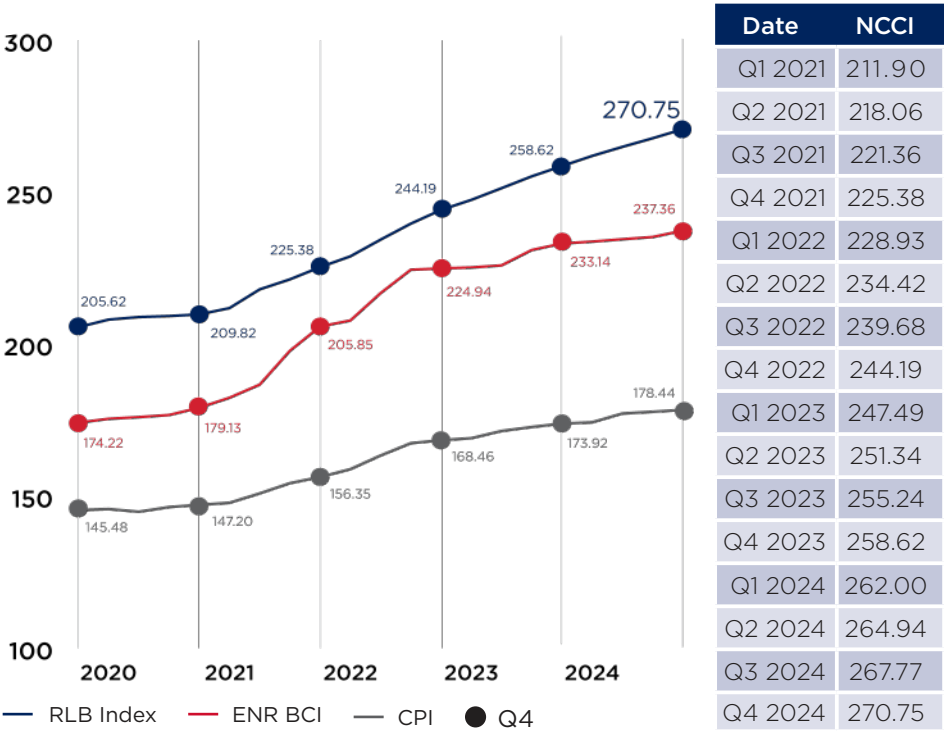
As we look toward 2025, we see the wisdom in Socrates’ ancient insight playing out in real time as we are cautiously optimistic about the outlook. Yes, commercial construction growth may moderate, and qualified labor remains scarce, but our industry’s strength has always come from building new solutions rather than fighting market headwinds. We’re actively constructing our future by focusing our energy on new approaches in workforce development, project delivery, and technological integration. Our success lies not in resisting the mixed economic signals we continue to face, but in building new approaches to thrive within them.



Paul Brussow
President,
North America

UNITED STATES

NATIONAL CONSTRUCTION COST INDEX



Welcome to the fourth quarter 2024 issue of the RLB Quarterly Cost Report! This issue contains data current to mid-Q4 2024.

\$2,174.0
billion

According to the U.S. Department of Commerce, construction-put-in-place during October 2024 was estimated at a seasonally adjusted annual rate of \$2,174.0 billion, which is

0.4%
above

the revised September 2024 estimate of \$2,164.7 billion, and

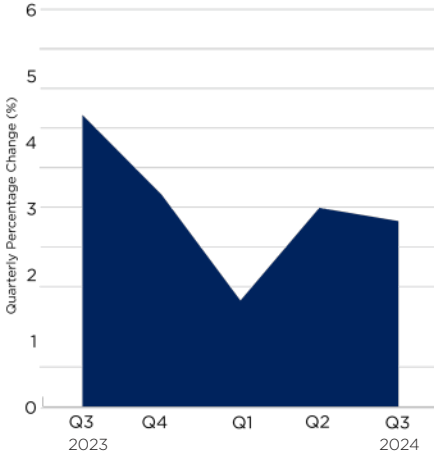
5%
above

the October 2023 estimate of \$2,071.1 billion.

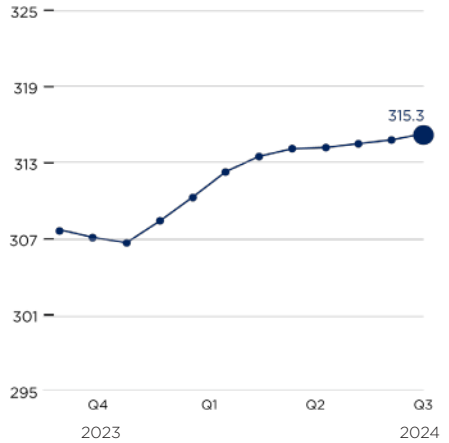
The National Construction Cost Index shows the changing cost of construction between October 2020 and October 2024, relative to a base of 100 in April 2001. Index recalibrated as of April 2011.

KEY UNITED STATES STATISTICS

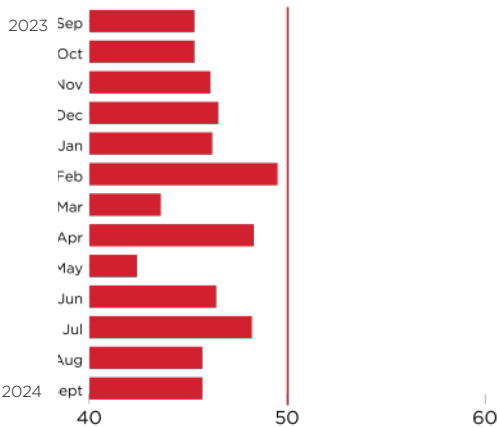
Gross Domestic Product* (GDP)



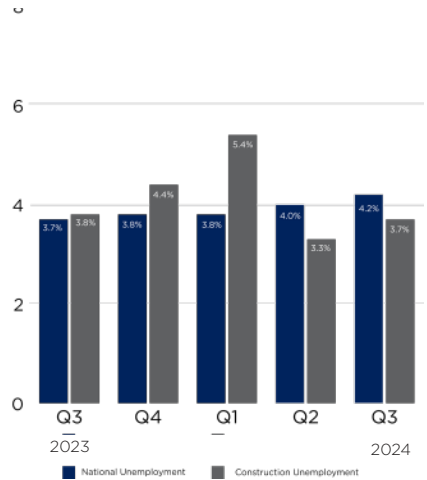
Consumer Price Index (CPI)



Architectural Billings



Unemployment Comparison



GDP represented in percent change from the preceding quarter, seasonally adjusted at annual rates. CPI figures represent the monthly value at the end of the quarter. ABI is derived from a monthly American Institute of Architects survey of architectural firms of their work on the boards, reported at the end of the period. Construction Put-in-Place figures represent total value of construction dollars in billions spent at a seasonally adjusted annual rate taken at the end of each quarter. General Unemployment rates are based on the total population 16 years and older. Construction Unemployment rates represent only the percent of experienced private wage and salary workers in the construction industry 16 years and older. National unemployment rates are seasonally adjusted, reflecting the average of a three-month period.

* Adjustments made to GDP based on amended changes from the Bureau of Economic Analysis.

Sources: U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, American Institute of Architects.

UNITED STATES

INDICATIVE CONSTRUCTION COSTS

LOCATION	OFFICES				RETAIL SHOPPING				HOTELS				HOSPITAL	
	PRIME		SECONDARY		CENTER		STRIP		5 STAR		3 STAR		GENERAL	
	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH
USA														
Boston	425	685	260	375	225	325	170	270	465	675	320	455	525	1050
Chicago	335	560	205	335	205	450	165	275	500	780	370	500	430	895
Denver	350	575	250	350	200	350	185	275	460	625	320	425	685	950
Honolulu	365	605	225	355	285	585	265	440	695	840	400	635	535	905
Las Vegas	270	470	190	255	165	640	150	345	420	775	250	425	530	635
Los Angeles	260	395	200	290	180	385	155	220	420	650	300	400	670	1015
New York	400	925	230	575	345	690	365	725	495	745	365	495	620	940
Phoenix	255	435	165	230	205	340	115	200	405	630	215	320	490	690
Portland	305	400	285	375	300	400	250	325	485	630	380	500	900	1200
San Francisco	440	750	340	540	320	530	250	420	560	920	410	660	720	1200
Seattle	350	630	235	330	265	425	200	325	465	705	330	465	620	880
Washington	335	555	230	365	180	325	150	245	430	665	280	440	510	1000
CANADA														
Calgary	285	425	245	290	240	320	140	205	310	480	235	265	695	940
Toronto	300	490	250	350	225	475	185	235	425	790	260	310	620	970

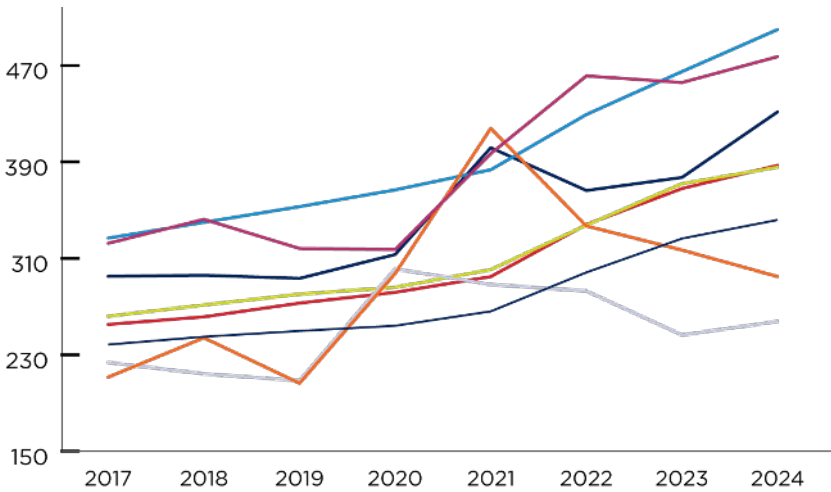
MATERIALS PRICE INDEX

Compared to 2023, the cost of many building materials increased at a substantially slower rate in Q4 2024. Structural block increased 5.2%, gypsum building materials 4.8%, cement 4.7%, lumber 4.6%, and ready-mix concrete 3.7%. Copper had some of the highest price growth in comparison to the previous year, at 14.4%. Conversely, prices for steel products decreased by 6.9%.

According to the Associated Builders and Contractors (ABC), higher energy prices have contributed to rising construction materials costs. While some materials, like concrete and copper, have increased in price, overall prices are lower than a year ago and have dropped 5% since reaching an all-time high in June 2022. As we approach 2025, uncertainty about the next administration's trade policy could impact materials costs, with potential tariffs possibly leading to short-term price increases if buyers rush to import before new policies are enacted.

The data in the chart below represents estimates of current building costs in each respective market. Costs may vary as a consequence of factors such as site conditions, climatic conditions, standards of specification, market conditions, etc. Values of U.S. locations represent hard construction costs based on U.S. dollars per square foot of gross floor area, while values of Canadian locations represent hard construction costs based on Canadian dollars per square foot.

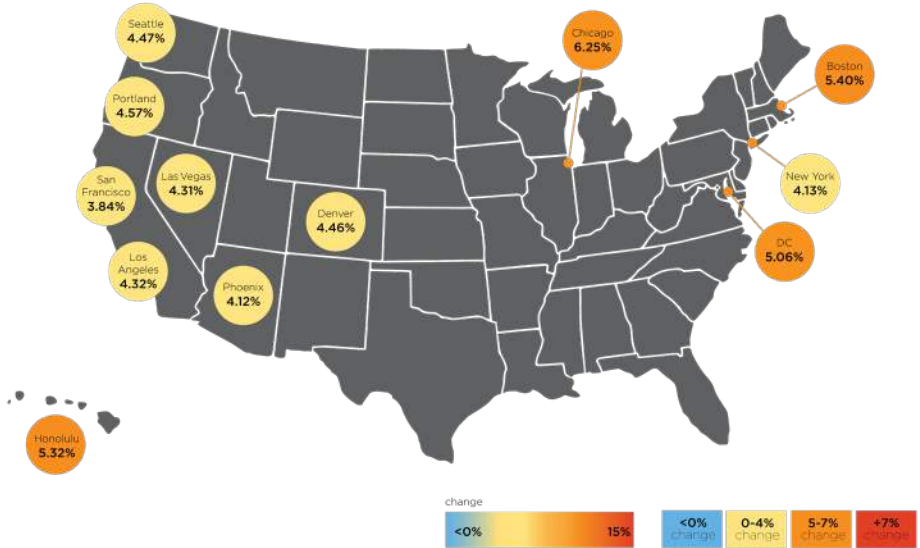
INDUSTRIAL		PARKING				RESIDENTIAL				EDUCATION					
WAREHOUSE		GROUND		BASEMENT		MULTI-FAMILY		SINGLE-FAMILY		ELEMENTARY		HIGH SCHOOL		UNIVERSITY	
LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH
130	220	100	160	135	185	275	375	295	410	525	650	550	750	550	800
140	230	95	145	155	275	205	470	280	560	315	470	360	500	445	895
125	195	125	200	175	280	200	355	230	465	325	475	400	610	625	700
130	270	160	215	185	295	280	480	315	590	535	885	550	750	685	1010
80	160	80	105	100	190	200	475	235	470	435	540	515	705	670	885
140	210	115	145	160	215	255	420	225	400	400	520	340	600	500	680
140	230	115	200	160	240	240	470	345	690	530	670	575	735	565	810
80	150	55	105	85	160	185	280	195	525	285	405	315	490	435	665
220	305	220	260	240	315	275	385	295	440	490	600	530	700	600	800
150	255	130	205	250	350	400	625	330	550	450	800	485	1000	630	1100
175	245	130	195	205	300	275	465	255	390	430	645	365	645	565	775
130	215	75	100	90	155	210	355	265	390	385	585	400	600	450	725
110	170	90	125	95	150	200	285	310	445	260	355	265	365	340	520
135	190	125	165	160	225	260	330	325	640	275	340	275	360	315	560



- Copper
- Sand, Gravel, and Crushed Stone
- Gypsum Wall Board
- Structural Block
- Ready-Mix Concrete
- Cement
- Lumber
- Iron & Steel

UNITED STATES

COMPARATIVE COST INDEX



City	October 2023	January 2024	April 2024	July 2024	October 2024	Annual % Change
• Boston	30,048	30,530	30,920	31,309	31,672	5.40%
• Chicago	30,749	31,432	31,865	32,130	32,670	6.25%
• Denver	19,005	19,237	19,384	19,656	19,852	4.46%
• Honolulu	30,293	30,707	31,095	31,471	31,906	5.32%
• Las Vegas	18,809	19,021	19,224	19,391	19,619	4.31%
• Los Angeles	27,541	27,943	28,258	28,532	28,731	4.32%
• New York	34,922	35,386	35,663	36,079	36,366	4.13%
• Phoenix	19,706	19,870	20,055	20,260	20,518	4.12%
• Portland	22,081	22,348	22,605	22,844	23,091	4.57%
• San Francisco	34,741	35,019	35,571	35,822	36,076	3.84%
• Seattle	25,042	25,312	25,559	25,861	26,162	4.47%
• Washington, DC	27,883	28,282	28,617	28,934	29,293	5.06%

Comparative Cost Map Indicates percentage change between October 2023 to October 2024.

INTRODUCING

SECTOR MARKET INSIGHTS

*A Companion to the QCR
Providing Expert Insights and
Construction Cost Drivers
Impacting the Future of the Sector.*



WHAT IS A SECTOR MARKET INSIGHT?

A companion to the Quarterly Cost Report, our sector market insight offers clients the certainty they need to make critical, real-time decisions to ensure the commercial success of their projects.

The sector market insight takes a deep dive into:

- state of the market,
- what cost drivers are likely to affect material prices,
- industry trends, and
- what information like this means for the future of the sector.

What sectors are included?

The Sector Market Insights will feature Aviation, Convention Centers, Data Centers, Healthcare, Hotels & Leisure, Infrastructure, Sports & Events, and Federal/Government. For Q4 2024, we'll be highlighting:



FEDERAL/ GOVERNMENT

UNITED STATES

The following escalation charts track changes in the cost of construction each quarter in many of the cities where RLB offices are located. Each chart illustrates the percentage change per period.



Boston Cost Index



Chicago Cost Index



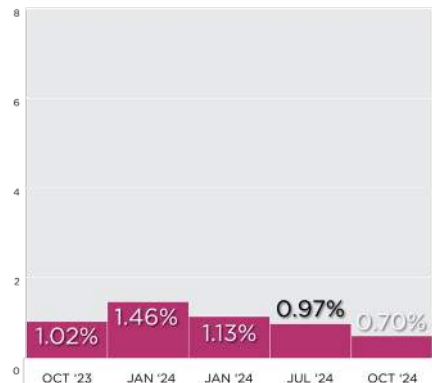
Denver Cost Index



Honolulu Cost Index



Las Vegas Cost Index



Los Angeles Cost Index

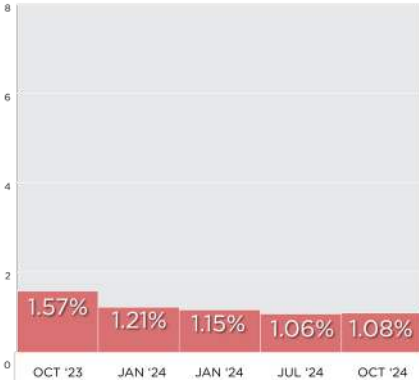
Our research suggests that between July 1, 2024 and October 1, 2024, the national average increase in construction cost was 1.11% (4.44% annualized). Boston, Chicago, Honolulu, Las Vegas, Phoenix, Seattle, and Washington, D.C experienced increases above the quarterly national average. Locations below the national average included Denver, Los Angeles, New York, Portland, and San Francisco.



New York Cost Index



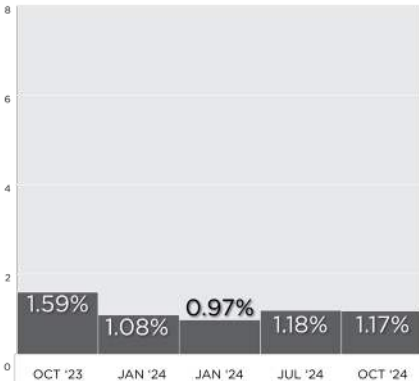
Phoenix Cost Index



Portland Cost Index



San Francisco Cost Index



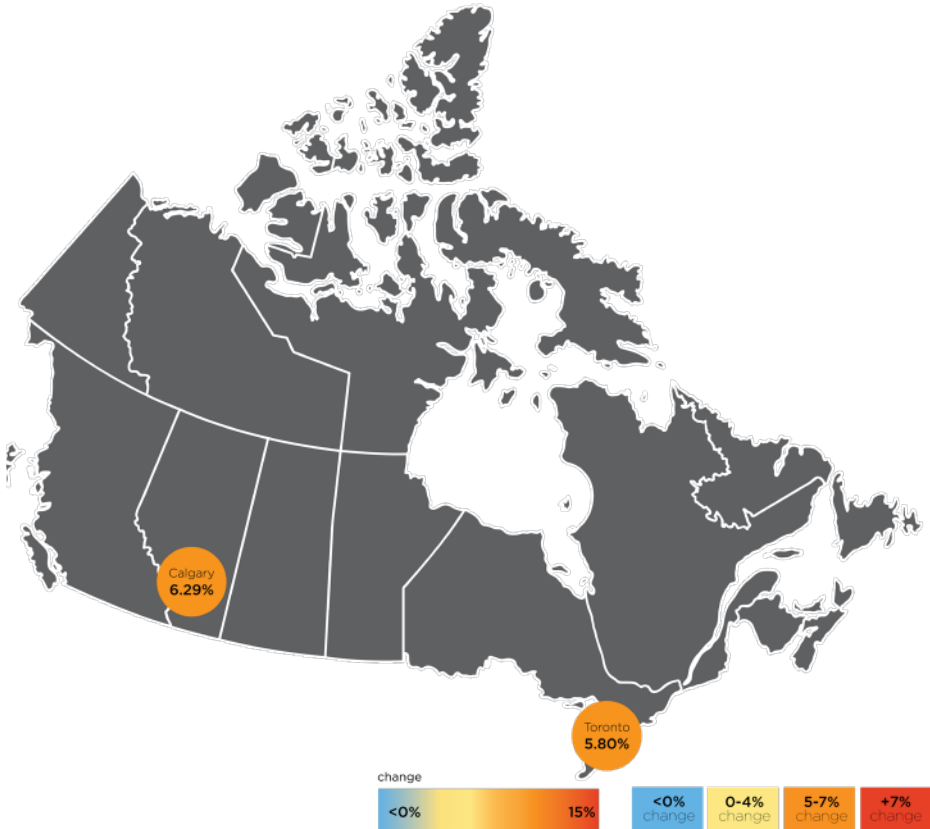
Seattle Cost Index



Washington DC Cost Index

CANADA

COMPARATIVE COST INDEX



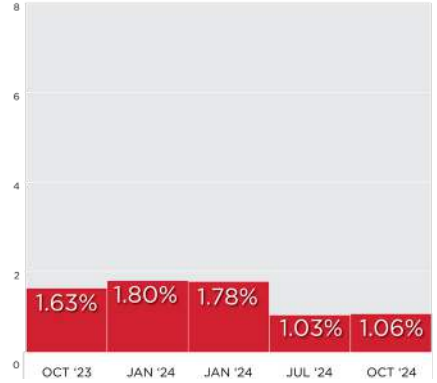
City	October 2023	January 2024	April 2024	July 2024	October 2024	Annual % Change
• Calgary	25,555	25,944	26,383	26,876	27,163	6.29%
• Toronto	33,981	34,593	35,209	35,573	35,952	5.80%

Alberta's economy is set to grow, driven by population increases and the Bank of Canada's easing monetary policy. Improved borrowing costs, higher consumer spending, and firm employment growth support this trend. Alberta's real GDP is projected to grow by 1.8% in 2024, aided by stable energy production and rising migration for affordable housing. Housing construction has surged to 50,000 units annually, and Calgary saw a 31.9% increase in building permits, totaling \$798.4 million. The province also advances major projects like the \$6.2 billion Green Line LRT.

In Ontario, building permits rose to \$5.9 billion at the end of Q3 2024, fueled by large multi-unit residential projects in the GTA. Bank of Canada rate cuts have boosted Toronto's real estate market, with residential sales up 44.4% year-over-year in Q4 2024. The Ontario government plans \$191 billion in infrastructure spending over the next decade, including major projects like Highway 413, a Highway 401 tunnel feasibility study, new schools, and healthcare facilities.



Calgary Cost Index

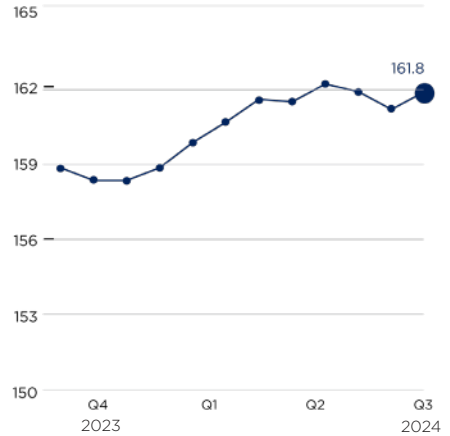


Toronto Cost Index

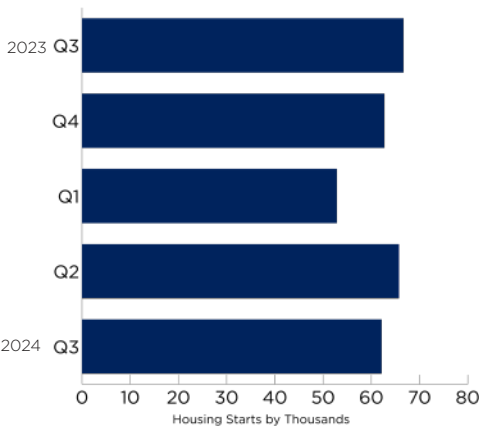
KEY CANADIAN STATISTICS



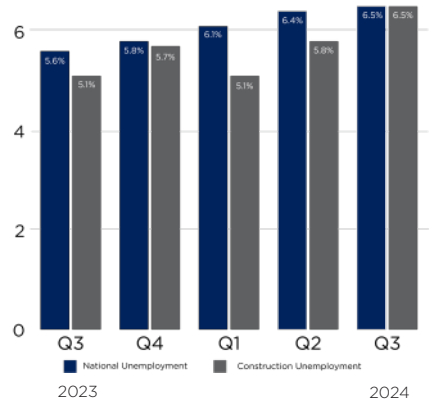
Gross Domestic Product* (GDP)



Consumer Price Index (CPI)



Housing Starts



Unemployment Comparison



ABOUT RIDER LEVETT BUCKNALL

Rider Levett Bucknall is an award-winning international firm known for providing project management, construction cost consulting, and related property and construction advisory services – at all stages of the design and construction process.

While the information in this publication is believed to be correct, no responsibility is accepted for its accuracy. Persons desiring to utilize any information appearing in this publication should verify its applicability to their specific circumstances.

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