RLB Rider Levett Bucknall

2025
First quarter

QUARTERLY CONSTRUCTION COST REPORT

AT A GLANCE

NORTH AMERICA | Q1 2025

Paul Brussow
President
North America

Contrary to alarming media narratives about potential tariff wars and inflation spikes, our research and insight paint a more measured picture of the current landscape.

We are seeing the rate of construction cost increases actually decreasing, dropping from 1.11 last quarter to 0.98 in Q1 2025; congruently, the year-over-year rate is 4.35%, down from 5.86% this time last year. Our crane count across 14 major U.S. markets indicates that construction activity is holding steady. Meanwhile, interest rates have remained below 6.75% for the past nine weeks, offering a more stable financing environment than many had predicted.

Another key indicator for us is the Architectural Billings Index, which showed modest improvement in early 2025. This suggests a potential uptick in design activity and a positive indicator for project pipelines later in the year.

Despite the extensive news coverage on tariffs, the economic shifts have not yet significantly affected construction project costs. While certain construction materials—such as stamped steel for automotive and aerospace manufacturing, lumber from Canada, and fuel for transportation—might experience effects due to tariffs, these changes are expected to impact overall construction costs in nominal ways.

There has been considerable confusion and speculation regarding the current tariff situation. Looking back to 2018, when tariffs were being used as a negotiating tool, they only marginally impacted certain materials. That experience, combined with our current research and insights, helps us focus our attention on a few key points regarding the current tariffs.

Approximately 70% of construction materials are sourced domestically, insulating much of the industry from direct tariff impacts. Even for imported materials, tariffs will not raise project costs by the percentage rates reported in the news; material costs represent only a fraction of overall construction and project costs, and tariffs typically apply to only a portion (of a portion) of those materials.

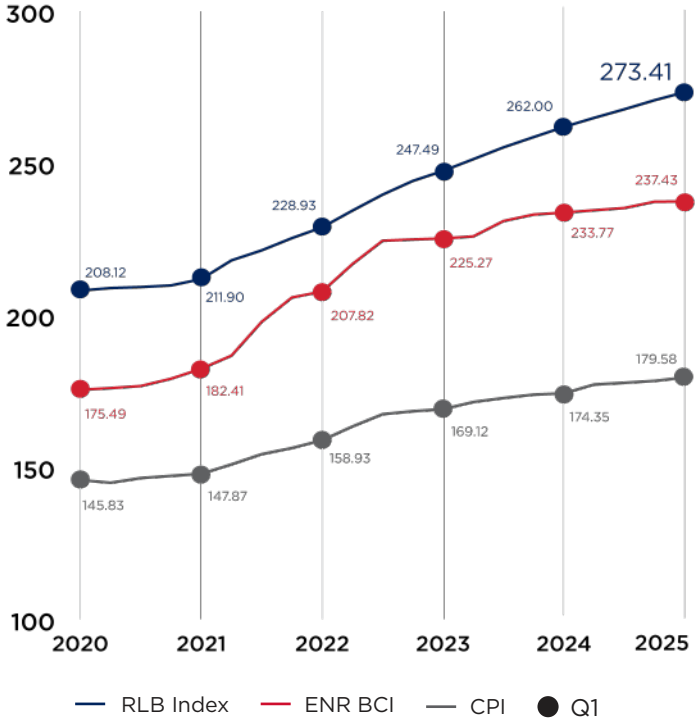
That said, we cannot overlook the potential ripple effects from the broader economy that may eventually impact construction. For instance, the new tariffs could raise inflation or prolong higher interest rates due to their impact on consumer prices. These factors create multiple knock-on effects that require monitoring, but certainly not panic.

As predicted, the bigger challenge we face are labor costs, which should be a more significant concern than tariffs, as wages are rising faster than in previous years. Changes in immigration policies, including deportation measures, will lead to a reduction in the availability of skilled labor. This, in turn, will result in increased demand for workers, leading to higher wage premiums and, consequently, elevated construction costs. It's important to consider these potential impacts when planning for workforce needs and budgeting for projects.

In these changing economic times, careful analysis based on reliable data rather than media headlines will continue to guide successful decision-making through the challenges we may encounter throughout the year. I am confident in the industry's resiliency; challenges will arise, and we will adapt.

NATIONAL CONSTRUCTION COST INDEX

Welcome to the first quarter 2025 issue of the RLB Quarterly Cost Report! This issue contains data current to mid-Q1 2025.



Date	NCCI
Q1 2022	228.93
Q2 2022	234.42
Q3 2022	239.68
Q4 2022	244.19
Q1 2023	247.49
Q2 2023	251.34
Q3 2023	255.24
Q4 2023	258.62
Q1 2024	262.00
Q2 2024	264.94
Q3 2024	267.77
Q4 2024	270.75
Q1 2025	**273.41**

$2,192.5 billion

According to the U.S. Department of Commerce, construction-put-in-place during January 2025 was estimated at a seasonally adjusted annual rate of $2,192.5 billion, which is

0.2% below

the revised December 2024 estimate of $2,196.0 billion, and

3.3% above

the January 2024 estimate of $2,122.2 billion.

The National Construction Cost Index shows the changing cost of construction between January 2022 and January 2025, relative to a base of 100 in April 2001. Index recalibrated as of April 2011.

FEATURE PROJECT

DENVER, COLORADO

TRANSFORMING THE COLORADO CONVENTION CENTER FOR THE FUTURE

The Colorado Convention Center undertook an expansion project to meet the growing event space demand and remain competitive in the convention and events industry. The expansion was designed to improve the overall experience for attendees and exhibitors, with more flexible space, better amenities, and improved accessibility. The convention center is also a major driver of economic activity for the City of Denver, with events that bring in visitors, fill hotels and restaurants, and boost local businesses.

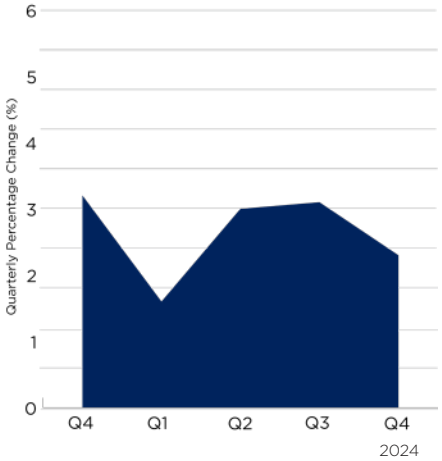
The expansion adds an 80,000 square foot column-free multipurpose room, a rooftop terrace with city and mountain views, and technology improvements that position the Colorado Convention Center as an industry leader. Now offering 150,000 square feet of meeting space and 600,000 square feet of exhibit space, the convention center is poised to attract global events and generate $85 million in annual economic impact.

RLB was responsible for monitoring the project budget, controlling costs, which ensured the project stayed within financial constraints. RLB created custom financial dashboards that provided interactive, real-time reporting, providing transparency throughout the project. This allowed the City of Denver to make informed decisions throughout the design and construction phases.

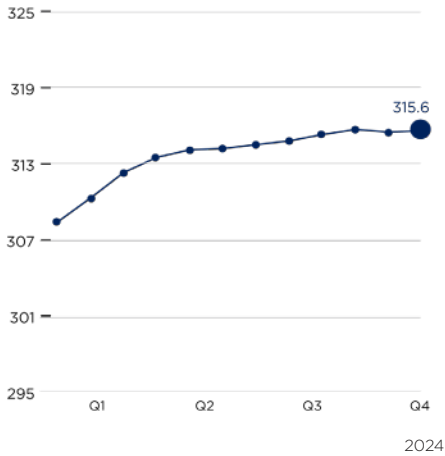
By creating custom tools and leveraging best practices, RLB navigated the project's complexities and delivered a successful facility that met – and even exceeded - stakeholder requirements.

KEY STATISTICS

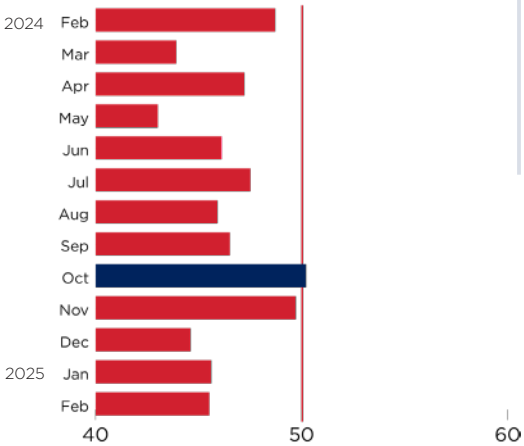
Gross Domestic Product* (GDP)



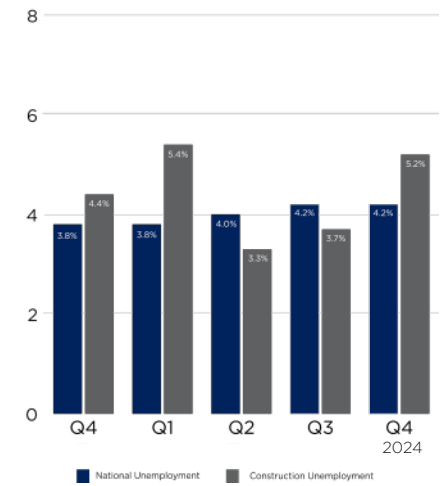
Consumer Price Index (CPI)



Architectural Billings



Unemployment Comparison

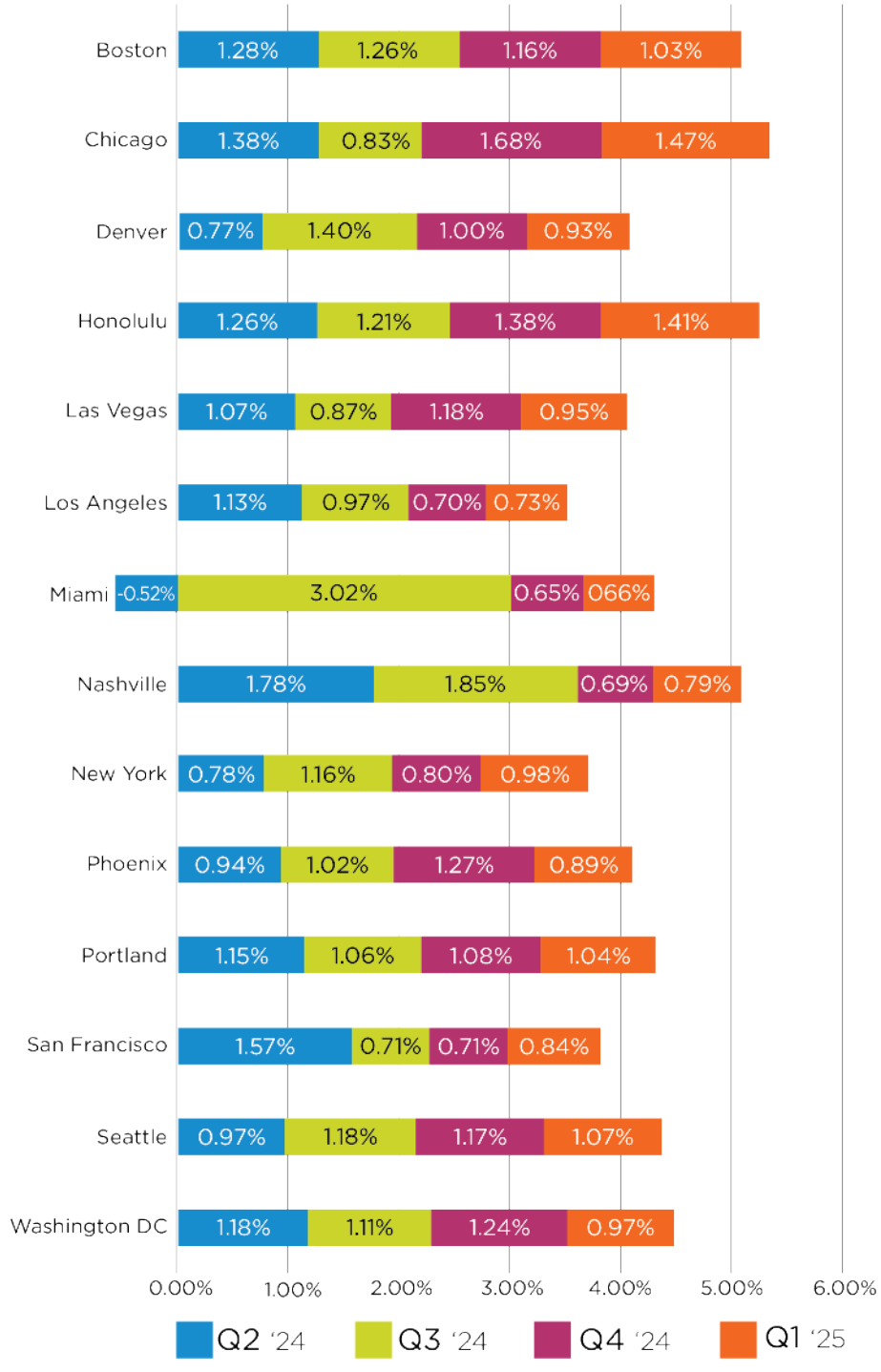


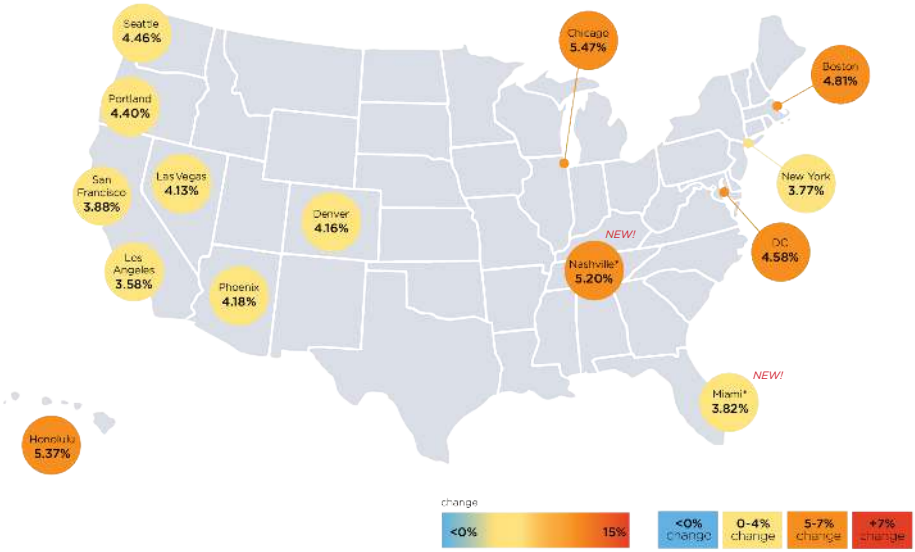
GDP represented in percent change from the preceding quarter, seasonally adjusted at annual rates. CPI figures represent the monthly value at the end of the quarter. ABI is derived from a monthly American Institute of Architects survey of architectural firms of their work on the boards, reported at the 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.

COMPARATIVE COST INDEX

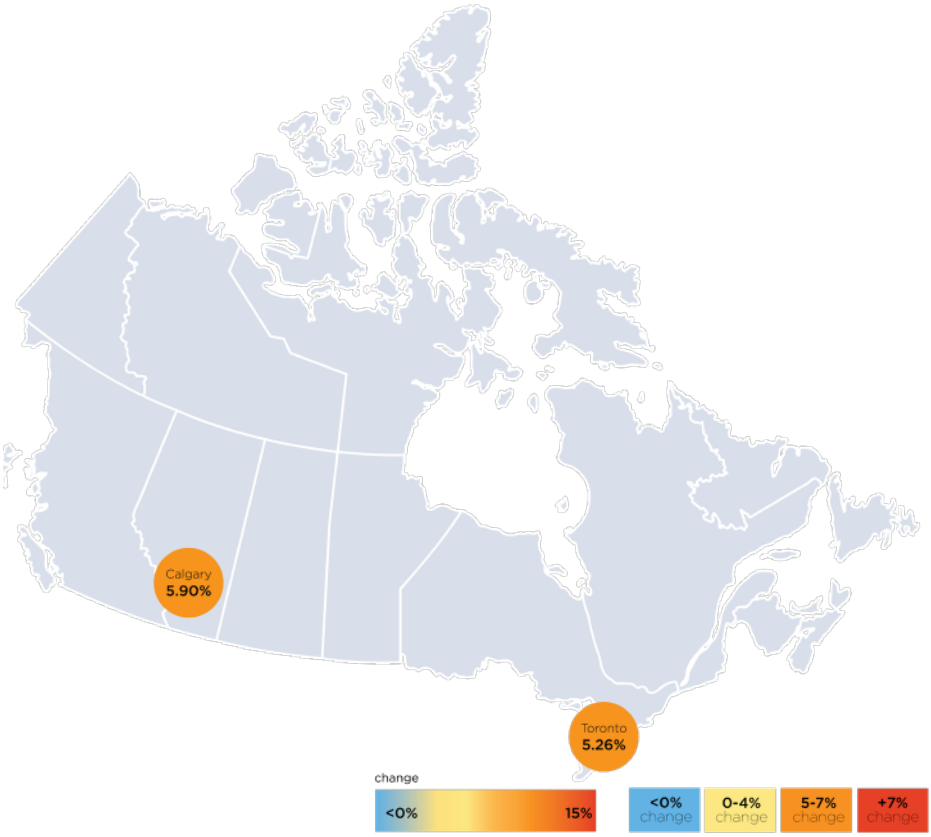




City	January 2024	April 2024	July 2024	October 2024	January 2025	Annual % Change
Boston	30,530	30,920	31,309	31,672	32,000	4.81%
Chicago	31,432	31,865	32,130	32,670	33,151	5.47%
Denver	19,237	19,384	19,656	19,852	20,036	4.16%
Honolulu	30,707	31,095	31,471	31,906	32,356	5.37%
Las Vegas	19,021	19,224	19,391	19,619	19,806	4.13%
Los Angeles	27,943	28,258	28,532	28,731	28,942	3.58%
Nashville *NEW!*	18,796	19,129	19,483	19,617	19,773	5.20%
Miami *NEW!*	19,172	19,071	19,647	19,774	19,904	3.82%
New York	35,386	35,663	36,079	36,366	36,721	3.77%
Phoenix	19,870	20,055	20,260	20,518	20,700	4.18%
Portland	22,348	22,605	22,844	23,091	23,330	4.40%
San Francisco	35,019	35,571	35,822	36,076	36,378	3.88%
Seattle	25,312	25,559	25,861	26,162	26,442	4.46%
Washington, DC	28,282	28,617	28,934	29,293	29,576	4.58%

Comparative Cost Map Indicates percentage change between January 2024 to January 2025.

COMPARATIVE COST INDEX

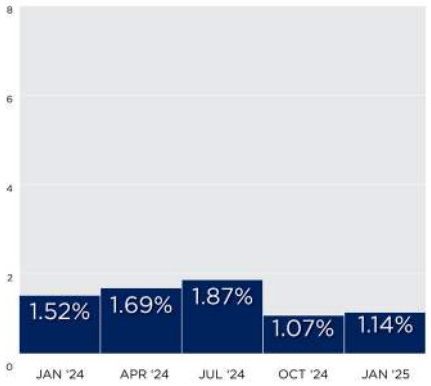


City	January 2024	April 2024	July 2024	October 2024	January 2025	Annual % Change
• Calgary	25,944	26,383	26,876	27,163	27,474	5.90%
• Toronto	34,593	35,209	35,573	35,952	36,413	5.26%

Despite uncertainty regarding a potential trade war with the U.S., Alberta's population growth is expected to support strong residential construction. Housing starts increased by 3.4% month-over-month in Q1 2025, reaching an annualized rate of 45,991, with a 9.7% year-over-year rise. Calgary leads Canada with over 18,000 residential building permits issued in 2024, and housing starts per capita exceed those of other major cities.

The Government of Alberta announced the completion and progress of numerous infrastructure projects in 2024, including 53 health facility projects and a historic $8.6 billion commitment to build new schools, funding up to 90 new schools and modernizing 24 others.

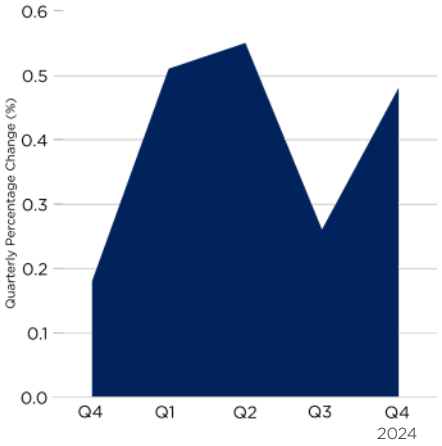
In Ontario, significant projects planned for 2025 include electric battery factories, the Gordie Howe Bridge, and the $15.7 billion GO Expansion project. Toronto is also pushing forward with its capital budget of $59.6 billion, the largest in the city's history, which aims to address housing demand and infrastructure repairs, allocating nearly $10 billion for home construction.



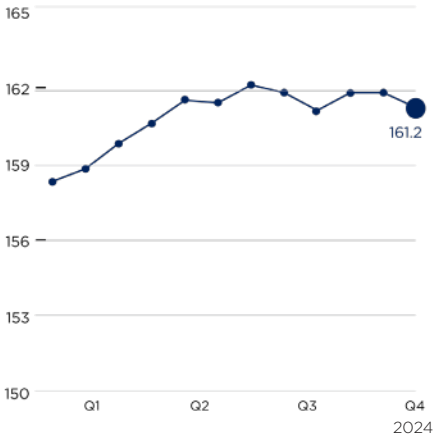
Calgary Cost Index

Toronto Cost Index

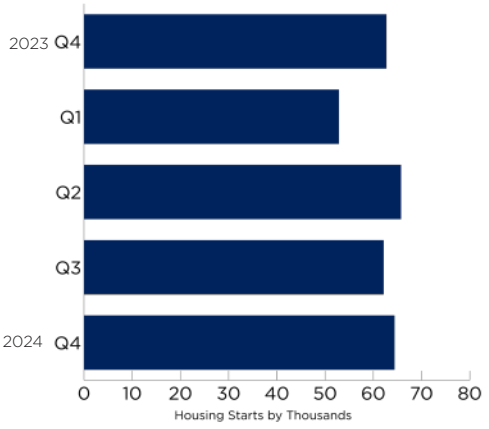
KEY STATISTICS



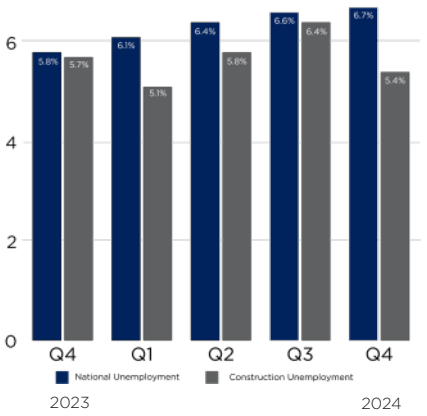
Gross Domestic Product* (GDP)



Consumer Price Index (CPI)



Housing Starts



Unemployment Comparison

INDICATIVE CONSTRUCTION COSTS

	OFFICES				RETAIL SHOPPING				HOTELS				HOSPITAL	
	PRIME		SECONDARY		CENTER		STRIP		5 STAR		3 STAR		GENERAL	
LOCATION	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	340	570	210	340	210	460	170	280	510	790	375	505	440	910
Denver	350	575	250	350	200	350	200	275	460	625	320	475	700	1000
Honolulu	375	625	235	365	295	600	275	450	715	860	410	650	550	930
Las Vegas	275	480	195	260	170	655	155	350	430	790	255	435	540	650
Los Angeles	265	400	205	295	185	390	155	225	425	660	305	405	680	1030
Nashville	350	580	255	350	205	350	190	280	460	630	320	425	690	955
Miami	250	425	160	230	205	335	175	270	445	605	310	410	480	680
New York	405	940	235	585	350	700	370	740	505	760	370	505	630	955
Phoenix	260	445	170	235	210	350	120	205	415	645	220	330	500	705
Portland	325	425	305	400	325	425	300	375	525	700	400	520	1000	1300
San Francisco	440	750	340	540	320	530	250	420	560	920	410	660	750	1300
Seattle	360	645	240	335	270	435	205	330	475	720	335	475	635	900
Washington, D.C.	335	555	230	365	180	325	150	245	430	665	280	440	510	915
CANADA														
Calgary	285	430	245	290	240	325	140	205	310	485	235	265	700	950
Toronto	305	495	255	355	230	480	190	240	430	800	265	315	630	985

ECONOMIC INDICATOR - BALTIC DRY INDEX

The Baltic Dry Index (BDI) is a daily weighted measure of bulk dry carrier supply, reflecting shipping routes and volumes across four cargo ship categories. It excludes container and energy liquid carriers.

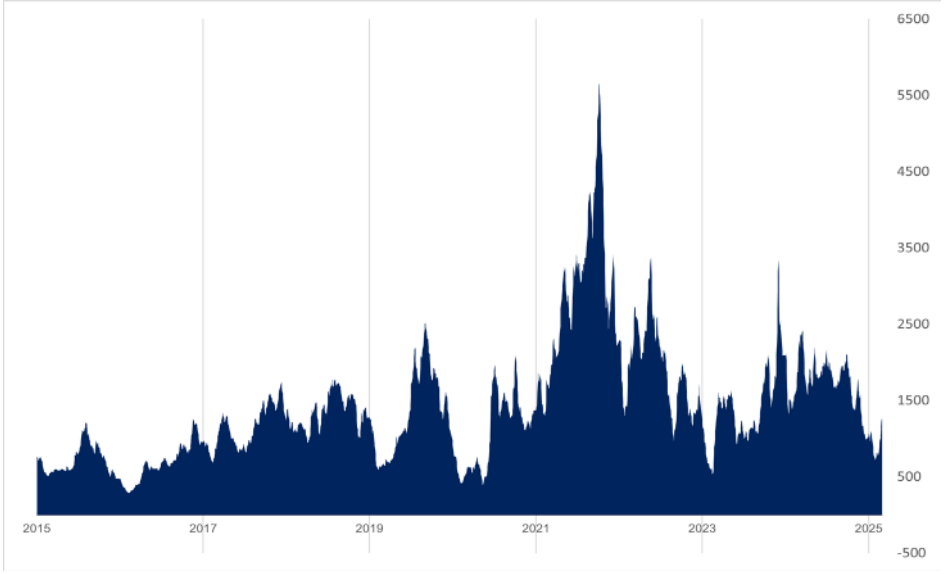
As a leading economic indicator, the BDI tracks freight costs for raw materials, offering insight into short-term economic activity. While seasonal fluctuations make short-term trends challenging, it remains a key gauge of global commodity demand.

In 2024, the BDI averaged 1,755 points, exceeding its historical median. However, a Q4 demand-driven decline brought the index down to 997 points by year-end, from an opening of 2,093. In early 2025, the BDI dropped further to 778 points, before rebounding to 1,229 in late February.

Despite weak early-year rates due to seasonal factors, a recovery is expected. With global uncertainty and shifting trade dynamics, the dry bulk market remains cautiously optimistic for 2025, emphasizing resilience and adaptability in a volatile environment.

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
145	235	100	150	160	280	210	480	285	570	320	480	365	505	450	910
125	195	125	200	175	280	200	355	230	465	325	475	400	610	650	900
140	280	170	225	195	305	290	495	325	610	550	910	570	770	705	1035
80	165	80	105	100	195	205	485	240	480	445	550	525	720	685	905
140	215	115	145	160	220	260	425	230	405	405	525	345	610	505	690
125	200	125	205	180	285	205	355	235	465	325	475	400	615	630	705
80	145	120	190	165	275	180	275	190	515	280	400	310	480	425	655
140	235	115	205	165	245	245	480	350	700	540	680	585	750	575	825
80	155	55	110	85	165	190	285	200	540	290	415	325	500	445	680
240	325	240	300	280	360	325	415	305	450	550	700	650	900	650	900
150	255	130	205	250	350	400	625	330	550	550	950	600	1000	630	1100
180	250	135	200	210	305	280	475	260	400	440	660	375	660	580	790
130	210	75	100	90	155	210	355	265	390	385	585	400	600	485	730
110	170	90	125	95	150	210	295	320	460	260	360	265	370	345	525
135	195	125	165	160	230	265	335	330	650	280	345	280	365	320	570



If you have questions or for more information, please contact us.

AUSTIN
Phone: +1 817 821 9624
E-mail: AUS@us.rlb.com
Contact: Melissa Jones

BOSTON
Phone: +1 617 737 9339
E-mail: BOS@us.rlb.com
Contact: Michael O'Reilly

CALGARY
Phone: +1 403 571 0505
E-mail: YYC@ca.rlb.com
Contact: Himanshu Bhagat

CHICAGO
Phone: +1 312 819 4250
E-mail: ORD@us.rlb.com
Contact: Warren Todd

DALLAS
Phone: +1 945 527 1544
E-mail: DFW@us.rlb.com
Contact: Sandra Akmansoy

DENVER
Phone: +1 720 904 1480
E-mail: DEN@us.rlb.com
Contact: Jordan Miller

HILO
Phone: +1 808 934 7953
E-mail: ITO@us.rlb.com
Contact: Erin Kirihara

HONOLULU
Phone: +1 808 521 2641
E-mail: HNL@us.rlb.com
Contact: Erin Kirihara
Cassie Idehara

KANSAS
Phone: 1 808 383 5244
E-mail: MCI@us.rlb.com
Contact: Paul Brussow

LAS VEGAS
Phone: +1 702 227 8818
E-mail: LAS@us.rlb.com
Contact: Kevin Mitchell

LOS ANGELES
Phone: +1 213 689 1103
E-mail: LAX@us.rlb.com
Contact: Scott Macpherson

MAUI
Phone: +1 808 875 1945
E-mail: OGG@us.rlb.com
Contact: Paul Belshoff

MIAMI
Phone: +1 305 924 6531
E-mail: MIA@us.rlb.com
Contact: Charles O'Loughlin

NASHVILLE
Phone: +1 615 739 2254
E-mail: BNA@us.rlb.com
Contact: Chris Willis

NEW YORK
Phone: +1 646 821 4788
E-mail: NYC@us.rlb.com
Contact: David Eivers

PHOENIX
Phone: +1 602 443 4848
E-mail: PHX@us.rlb.com
Contact: Paul Brussow
Scott Macpherson
John Jozwick
Scott Sumners
Joel Brown

PORTLAND
Phone: +1 503 226 2730
E-mail: PDX@us.rlb.com
Contact: Daniel Junge

SAN FRANCISCO
Phone: +1 415 362 2613
E-mail: SFO@us.rlb.com
Contact: Brian Schroth

SAN JOSE
Phone: +1 650 943 2317
E-mail: SJC@us.rlb.com
Contact: Brian Schroth

SEATTLE
Phone: +1 206 441 8872
E-mail: SEA@us.rlb.com
Contact: Scott Macpherson

ST. LUCIA
Phone: +1 758 452 2125
E-mail: UVF@us.rlb.com
Contact: David Piper

TORONTO
Phone: +1 905 827 8218
E-mail: YYZ@us.rlb.com
Contact: Himanshu Bhagat
Franco Lora

TUCSON
Phone: +1 520 777 7581
E-mail: TUS@us.rlb.com
Contact: Josh Marks

WAIMEA (KAMUELA)
Phone: +1 808 883 3379
E-mail: KOA@us.rlb.com
Contact: Wrindy Damo

WASHINGTON, DC
Phone: +1 410 740 1671
E-mail: DCA@us.rlb.com
Contact: Paraic Morrissey

AMERICAS ALLIANCE

BOGATÁ, COLOMBIA
Phone: +1 602 443 4848
E-mail: info@us.rlb.com
Contact: Charles O'Loughlin

MEXICO CITY, MEXICO
Phone: +1 602 443 4848
E-mail: info@us.rlb.com
Contact: Charles O'Loughlin

VITÓRIA, BRAZIL
Phone: +1 602 443 4848
E-mail: info@us.rlb.com
Contact: Charles O'Loughlin