

EXPERT PERSPECTIVE

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Executive Vice President
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Erin KiriHara is Executive Vice President of Rider Levett Bucknall's North American Practice and Director in Charge of RLB in the Hawaii Region. Throughout her more than 15-year career with RLB, Erin has managed construction ranging from \$1 million to \$800 million in Hawaii and the U.S. mainland, developing an exceptional track record for delivering projects on time and on budget to complete client satisfaction.

Let's connect!

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COST CONSIDERATIONS

THINGS TO WATCH OUT FOR



ECONOMIC RECOVERY Rider Levett Bucknall (RLB) continues to observe recovery of Hawaii's construction market driven by a reactivation of projects that were previously put on hold due to the pandemic, a successful return of tourism to the Hawaiian Islands, and an uptick of construction activities in the residential and public/civic sectors.



MATERIALS The RLB team in Hawaii observes signs of commodity prices stabilizing and show signs of overall decrease since mid 2021. However, some materials will have greater cost impact than others, and there is still volatility in certain materials that we do not expect to completely subside in the next 3-6 months.



BIDDING ENVIRONMENT General contractors remain eager to fill their backlogs as several major projects have been completed or are nearing completion and new projects are moving from design and into construction in 2022. This may contribute to some competitiveness in the bidding environment within the next 3-6 months before projects that are planned to begin construction start ramping up.

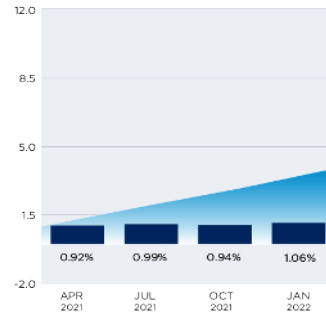


LOGISTICS The persisting imbalance of the global supply chain still poses risk to projects in the Hawaiian Islands where geographic constraints influence the cost, time and accessibility of getting construction materials, equipment and goods to the Islands. For projects that are underway, tight schedule management is key when it comes to tracking long-lead items and reducing uncertainty in the supply chain.

CONSTRUCTION COST DRIVERS

MATERIALS	APPROX. CHANGE Q4 2021- Q1 2022
Rebar	▲ 2.6%
Structural Steel	▲ 1.7%
Ready-Mix Concrete	▲ 1.5%
Lumber	▲ 38.8%
Copper	▲ 1.3%
Plumbing Fixtures	▲ 2.8%
Diesel	▲ 4.1%

Source: U.S. Bureau of Labor Statistics
Producer Price Index

HONOLULU COST INDEX**MARKET TRENDS**

3.97%
Q1 2022 YOY
ESCALATION RATE
HONOLULU

8.04%
Q1 2022 YOY
ESCALATION RATE
NORTH AMERICA



Source: RLB Quarterly Construction Cost Report,
Q1 2022

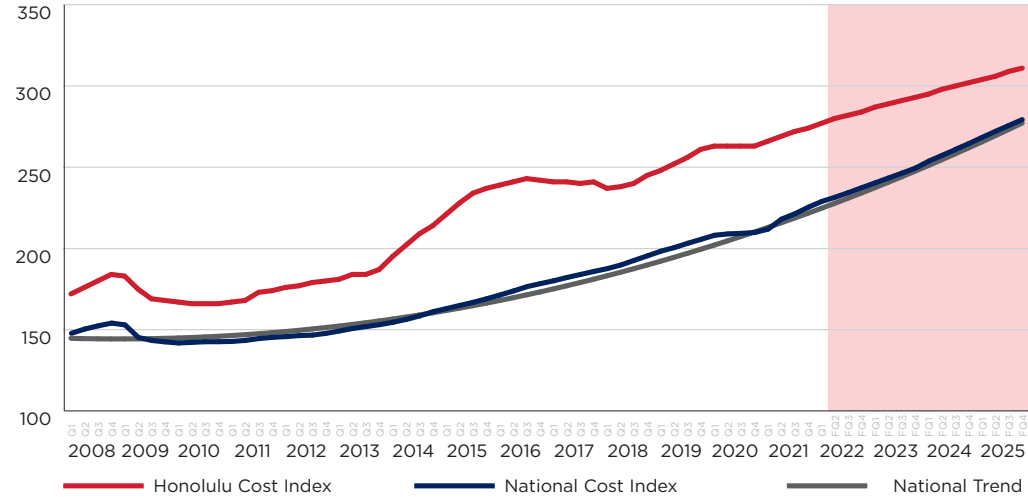
**DON'T MISS OUT ON
FUTURE INSIGHTS!**



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

The impacts of the Covid-19 pandemic resulted in a significant slowing of Honolulu's annualized cost escalation rate over the course of 2020; however, RLB began reporting a rebound of year-over-year costs through 2021 and we expect to see continued escalation through 2022 and beyond. While the annual cost change from Q1 2021 to 2022 in Honolulu is lower than the national rate of YOY escalation, baseline construction costs in Hawaii remain high compared to other North American markets.

WHAT THIS MEANS FOR YOU

We anticipate that Hawaii's construction industry will remain strong over the next 6-12 months with an uptick of project starts in public and private sectors, but the time to bid is now. Construction costs are unlikely to return to "pre-Covid" levels, therefore, cost planning is key to developing realistic budget goals, minimizing unwelcome budget disruptions and identifying ways to increase profit margins where possible.