

## MEET YOUR LOCAL EXPERT



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*Scott manages the Phoenix office. With more than 27 years of industry experience, Scott is responsible for business development, client relations, and project leadership for both public and private sector clients.*

*Let's connect!*

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## COST CONSIDERATIONS THINGS TO WATCH OUT FOR



### CAPITAL IMPROVEMENT PLANNING (CIP)

Owing, in part, to the significant uptick in construction cost escalation experienced locally since Q1-2021 (averaging almost 2% per quarter), RLB is seeing many municipalities struggle to align current project aspirations with previously approved CIP funding. Now, more than ever, is a crucial time to revisit project goals and approved project funding.



**ONGOING LABOR MARKET PRESSURE** There appears to be little to no light at the end of the tunnel when it comes to continued local labor market pressure. Interestingly, Arizona has still not fully recovered in terms of quantum of construction labor force from the Global Financial Crisis (GFC) experienced almost 15-years ago. Pre-GFC, the State had approximately 240,000 construction employees compared to only 183,000 in mid-2022; a deficit of over 31%

(Source: BEX)

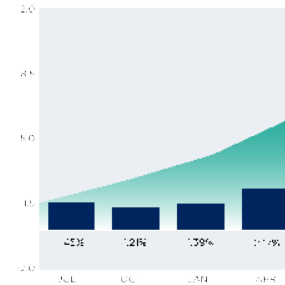


**SUBCONTRACTORS FEELING THE HEAT** The Arizona subcontractor market is now stretched far more than in recent times. Low bid response rates and bid pricing being held for 30-days (or less in many instances) have become the "new norm". Combining these factors with ongoing local and national supply-chain challenges has focused the need to consider implementing alternative delivery procurement methodologies, where subcontractor partnerships and early procurement of long-lead items can help to partly offset project cost and schedule risks.

### CONSTRUCTION COST DRIVERS

MATERIALS	APPROX. CHANGE FROM Q1 2022
Rebar	▲ 11.2%
Structural Steel	▼ -0.1%
Ready-Mix Concrete	▲ 2.3%
Lumber	▲ 41.2%
Copper	▲ 4.1%
Plumbing Fixtures	▲ 2.3%
Diesel	▲ 43.8%

### CITY COST INDEX



### PROJECTED MARKET TRENDS

**6.37%**  
Phoenix YOY  
escalation rate

**7.50%**  
National YOY  
escalation rate



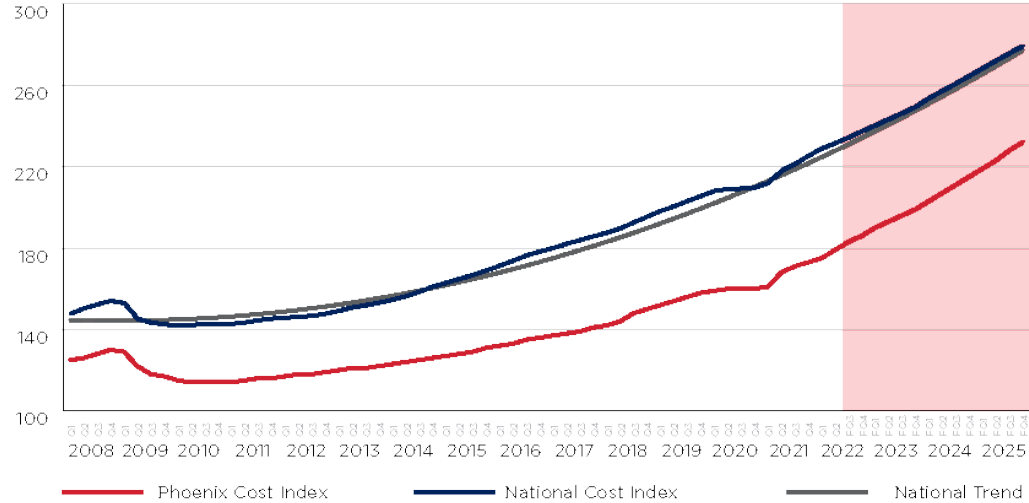
**DON'T MISS OUT ON  
FUTURE INSIGHTS!**



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

RLB expects that the National and local construction cost index will rise at a steady rate over the next three years, staying in line with the construction cycle trend.

### WHAT THIS MEANS FOR YOU

RLB believes that being a supportive project partner, engaging in consistent communication of issues pertaining to the project, and engaging design professionals to evaluate multiple solutions will help you arrive at your desired project outcomes.