

MEET YOUR TRUSTED ADVISOR



MEL YUNGBLUT PQS(F)
Principal
Calgary, Alberta

Mel manages the Calgary office. With over 30 years of industry experience, Mel is responsible for business development, client relations, and project leadership for both public and private sector clients across Canada. He is a Fellow of the Canadian Institute of Quantity Surveyors.

Let's connect!

T: +1 416 414 0898

E: mel.yungblut@ca.rlb.com

in /in/mel-yungblut-b2854b16/

RLB.com

COST CONSIDERATIONS THINGS TO WATCH OUT FOR



INFRASTRUCTURE The 2022 highway construction season is underway in the province of Alberta with nearly \$1.4B being invested in 300 capital and highway improvement projects. The Provincial Construction Program focuses on projects that will preserve the lifespan of critical highway infrastructure, including bridge construction, bridge deck joint replacements, and repaving highways.



UP-AND-COMING Alberta is once more awash in money thanks to royalties from the oil and gas industry. A predicted \$18.2B deficit in the 2021-2022 budget has changed to a \$3.9B surplus as a result of rising crude prices. Alberta will undoubtedly bring in enormous royalties this year and in the years to come.



BIDDING ENVIRONMENT In Calgary, although the unusual rise in inflation is primarily driven by demand-pull factors, some cost-push factors are at work as a result of ongoing disruptions in the global supply chain. In comparison to other investment categories, the benchmark resale house price and residential real estate investment activity have risen significantly.

CONSTRUCTION COST DRIVERS

SELECT MATERIALS	APPROX. CHANGE FROM Q2 2021
Softwood Lumber	▼ -38.4%
Cement, Glass, Non-metallic	▲ 1.7%
Rebar	▲ 12.6%
Lumber & Wood Products	▼ -24.9%
Energy & Petroleum	▲ 20.5%
Copper	▼ -13.3%

CITY COST INDEX



PROJECTED MARKET TRENDS

10.91%
Calgary YOY
escalation rate





SCAN TO SUBSCRIBE

The chart displays the National Construction Cost Index (solid blue line) and the Calgary Cost Index (solid red line) from Q4 2016 to Q4 2025. The Y-axis represents the Index Value, ranging from 0.00 to 350.00. The X-axis shows the time period in quarters. A shaded pink area indicates the projection period for 2025. A dotted blue line represents the Construction Cycle Trend. The National Construction Cost Index shows a steady upward trend, reaching approximately 285.00 by Q4 2025. The Calgary Cost Index also shows an upward trend, reaching approximately 255.00 by Q4 2025. The Construction Cycle Trend line shows a slight dip in 2022 followed by a recovery.

Quarter	National Construction Cost Index	Calgary Cost Index	Construction Cycle Trend
Q4 2016	185.00	180.00	185.00
Q1 2017	185.00	180.00	185.00
Q2 2017	185.00	180.00	185.00
Q3 2017	185.00	180.00	185.00
Q4 2017	185.00	180.00	185.00
Q1 2018	185.00	180.00	185.00
Q2 2018	185.00	180.00	185.00
Q3 2018	185.00	180.00	185.00
Q4 2018	185.00	180.00	185.00
Q1 2019	195.00	190.00	195.00
Q2 2019	195.00	190.00	195.00
Q3 2019	195.00	190.00	195.00
Q4 2019	195.00	190.00	195.00
Q1 2020	205.00	195.00	205.00
Q2 2020	205.00	195.00	205.00
Q3 2020	205.00	195.00	205.00
Q4 2020	205.00	195.00	205.00
Q1 2021	215.00	205.00	215.00
Q2 2021	215.00	205.00	215.00
Q3 2021	215.00	205.00	215.00
Q4 2021	215.00	205.00	215.00
Q1 2022	225.00	215.00	225.00
Q2 2022	225.00	215.00	225.00
Q3 2022	235.00	225.00	235.00
Q4 2022	235.00	225.00	235.00
Q1 2023	245.00	235.00	245.00
Q2 2023	245.00	235.00	245.00
Q3 2023	255.00	245.00	255.00
Q4 2023	255.00	245.00	255.00
Q1 2024	265.00	255.00	265.00
Q2 2024	265.00	255.00	265.00
Q3 2024	275.00	265.00	275.00
Q4 2024	275.00	265.00	275.00
Q1 2025	285.00	275.00	285.00
Q2 2025	285.00	275.00	285.00
Q3 2025	285.00	275.00	285.00
Q4 2025	285.00	275.00	285.00

Source: DRI

The above chart provides a comparison between the overall changes in North American key cities' Cost Index versus Calgary's index, as well as tracked against the construction cycle trend. Finally, the pink area represents the projected results based on research.

Calgary is on track to post positive economic growth for the second year in a row in 2022. Despite a significant increase in the cost of living, population, jobs, and real economic activity are all expected to grow significantly.

Alberta's economy is expected to grow 6.6% in 2022 and 4.4% in 2023. Following Russia's invasion of Ukraine, oil prices have skyrocketed, and it is anticipated the battle to last well into next year. Up until 2023, the province will continue to profit from high oil prices.