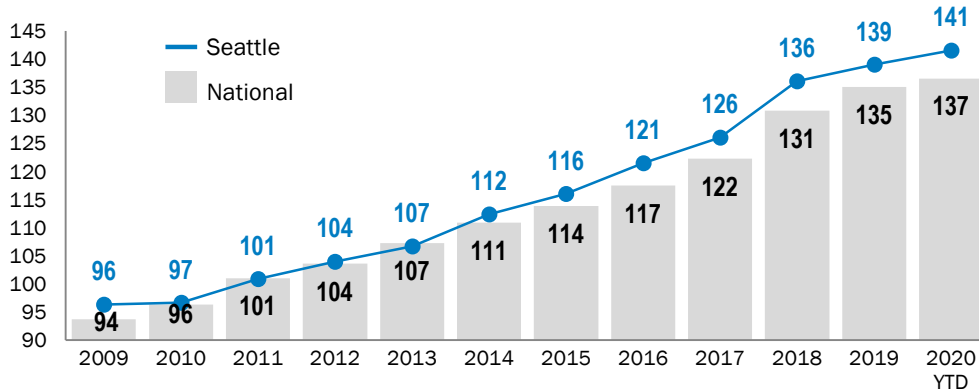
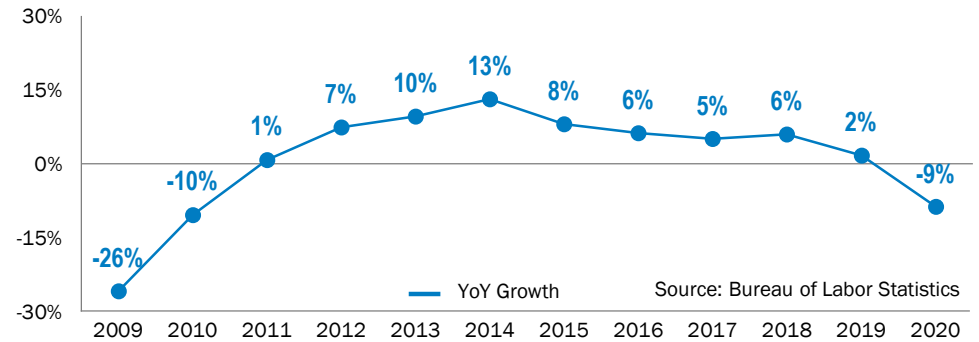


CONSTRUCTION COST INDEX (January 2009 = 100)



Compared to this time last year, costs have increased 2.4 percent in Seattle and 1.7% nationally. Our Seattle index is 5 points higher than our national index.

SEATTLE CONSTRUCTION EMPLOYMENT (an indicator of future wage and activity trends)



Commercial construction employment in Seattle has contracted sharply in 2020. The BLS statistics through August show construction employment growth has declined 9 percent compared to a year ago.

BUILDING COMPONENT TRENDS (Q3 2020 vs. Q2 2020)

- | | | |
|-----------------|--|---|
| Increase | <ul style="list-style-type: none"> Plumbing Systems (9.1%) Roofing System (5.9%) Electric Traction Elevators (5.0%) Cast-In-Place Concrete (2.8%) Electrical Systems (2.8%) | <ul style="list-style-type: none"> Earthwork (2.6%) Struct. Steel/Decking Material (1.8%) Steel Framing/Stair Erection (1.4%) Deck Formwork (1.2%) Asphalt Paving (1.2%) |
| Flat | <ul style="list-style-type: none"> Gypsum Board Systems Finish Carpentry/Millwork Unit Masonry | <ul style="list-style-type: none"> Painting & Wall Covering HVAC Systems |
| Decline | <ul style="list-style-type: none"> Flooring/Carpeting (-8.2%) Floor & Wall Tile (-4.9%) Entrances & Storefronts (-4.4%) | |

All other components (14% of the index) were flat.

Costs increased for ten building components in the Seattle index this past quarter. The most notable increases were seen for plumbing systems, roofing, and elevators. Resilient flooring/carpeting, floor and wall tile, and aluminum entrances/storefronts declined this past quarter.

ADVICE FOR BUILDING OWNERS

Overall, we have seen construction costs remain relatively flat in 2020. While there is significant downward pressure as trade contractors and suppliers look to rebuild their backlogs, there are also upward pressures on costs. The global coronavirus pandemic and recent natural disasters in the U.S. have resulted in supply chain disruptions, driving cost increases for many materials. The most notable increases have been seen for lumber, PVC, steel and copper. In fact, costs for lumber have doubled since March. **We expect to see overall project costs remaining flat with some continued volatility in pricing as the market adjusts to ongoing events.**

About this report: The Mortenson Construction cost index is calculated quarterly by pricing a representative non-residential construction project in Seattle and other geographies throughout the country. Local employment figures are from the Bureau of Labor Statistics.

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