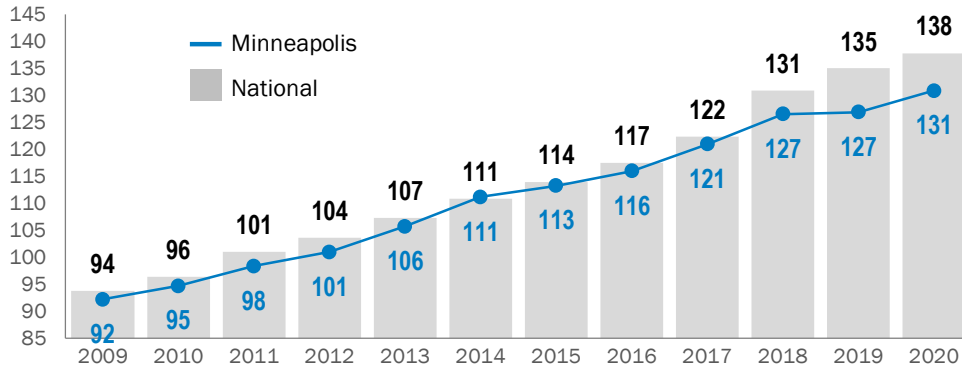
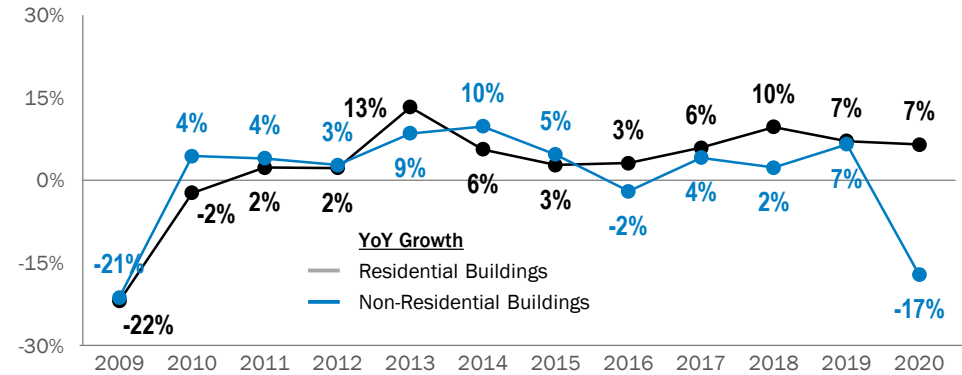


CONSTRUCTION COST INDEX (January 2009 = 100)



Nonresidential construction costs increased 3.1 percent year-over-year in our Minneapolis index and 2.1 percent nationally. Our Minneapolis index is 7 points below our national index.

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



Commercial construction employment in Minneapolis contracted sharply in 2020 as a result of COVID-19, but residential construction employment has not been impacted.

Source: Bureau of Labor Statistics

BUILDING COMPONENT TRENDS (Q4 2020 vs. Q3 2020)

- | | | |
|-----------------|---|--------------------------------------|
| Increase | • Preformed Metal Wall Panels (5.6%) | • Electrical Systems (2.4%) |
| | • Reinforcing Steel Material (4.3%) | • Fire Protection Systems (1.5%) |
| | • Entrances & Storefronts (2.9%) | • Plumbing Systems (1.5%) |
| | • Steel/Metal Decking Material (2.6%) | • Electric Traction Elevators (1.0%) |
| | • Hardwood Flooring (2.5%) | |
| Flat | • HVAC Systems | • Finish Carpentry & Millwork |
| | • Gypsum Board Systems | • Unit Masonry |
| | • Cast-In-Place Concrete | • Resilient Flooring & Carpeting |
| | • Steel Framing & Stair Erection | • Earthwork |
| Decline | • Roofing System (-7.1%) | |
| | • Suspended Acoustical Ceilings (-4.4%) | |
| | • Deck Formwork (-2.0%) | |

All other components (15% of the index) were flat.

Costs increased for nine components in the Minneapolis index this past quarter, while three components declined. The most notable variances were seen for metal wall panels, reinforcing steel material, roofing, and acoustical ceilings.

ADVICE FOR BUILDING OWNERS

Our Minneapolis construction cost index increased 3.1 percent overall in 2020. Downward pressure continues as some trade contractors and suppliers work to rebuild their backlogs. However, due to pandemic-related disruptions to supply chains we are seeing significant increases for PVC, steel, copper, lumber and glass. This, together with losses in productivity due to ongoing COVID-19-related procedures will offset much of the downward pressure in the market. **We recommend planning for project costs to increase 3% in 2021.**

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

For a more specific update or questions regarding this report, please contact:



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