

ADVICE FOR BUILDING OWNERS

While early indications point to a slowing U.S. economy, overall non-residential construction activity remains steady and the outlook is holding positive with certain categories charging ahead at a faster pace.

According to the [AGC of America](#), this includes power construction with wind, solar, battery energy storage, and transmission leading the way. Infrastructure will also see a boost moving forward as funds from the Infrastructure Investment and Jobs Act make their way to the market.

We see moderating uncertainty due to input pricing starting to stabilize. According to our data, construction cost inflation slowed in Q3 to +0.8% with a yearly percentage change of +9.6%. Across the markets tracked by Mortenson, the following saw an increase in prices: Minneapolis (+0.25%), Denver (+2%), Seattle (+0.35%), Portland (+0.33%), Chicago (+1.2%) and Phoenix (+2%). Milwaukee was flat this quarter, with no overall change. This is further moderation from what was observed in Q2.

Materials based on the commodity market have started to level off or even experience decreases, although product lead times and material shortages continue to be concerns. The third quarter continued to experience higher material shipping costs, even as fuel costs began a slight trend downward in some markets. Many cities continue to have labor challenges due to worker shortages and strong local activity, especially with larger projects in many markets paying incentives to attract workforce.

The Mortenson Construction Cost Index data reflects current market conditions across 30 component categories, and includes labor, material, equipment, and trade partner feedback. While construction cost inflation slowed in Q3 across all markets, significant increases on specific materials persisted in certain locations.

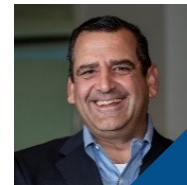
Our index indicates that the large increases seen over the last two years are slowing, which is consistent with other reporting. Based on market data and our insights, we are looking ahead to gauge further input cost moderations and validate our current view. We still recommend customers maintain resiliency in managing ongoing cost, labor, and material shipping impacts as we close out the year.

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



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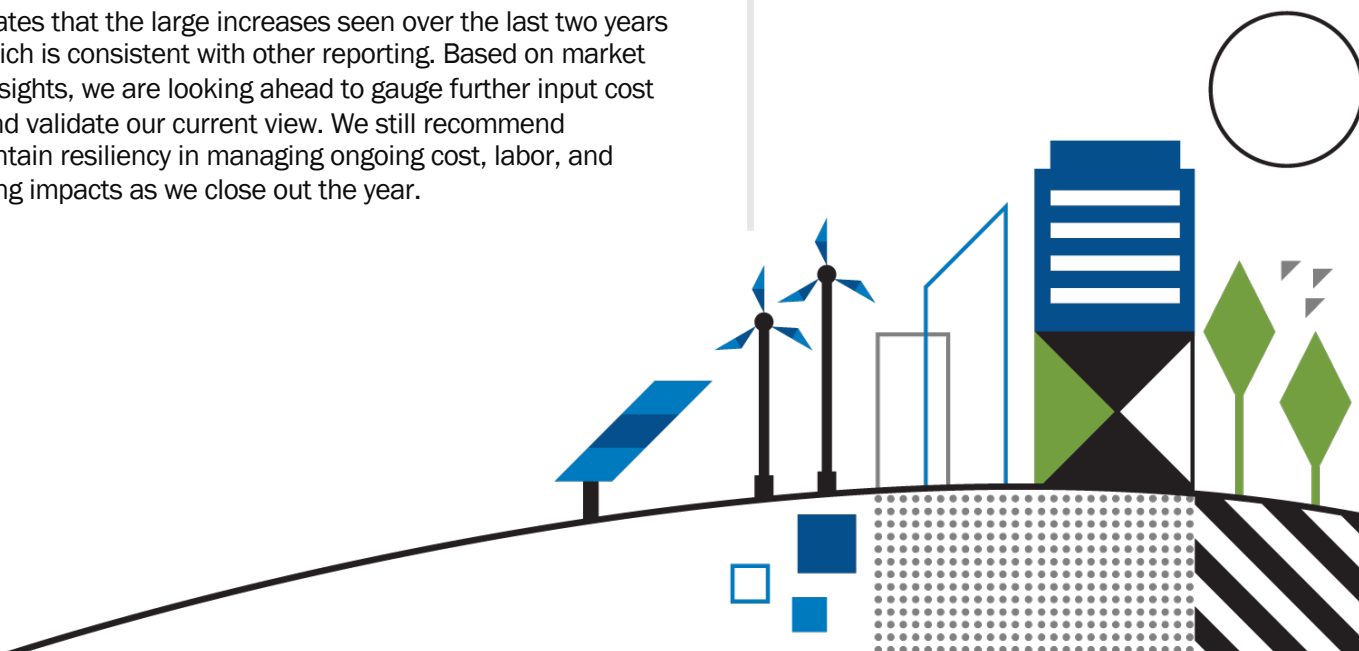
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**VIEW THE FULL
CONSTRUCTION COST INDEX**



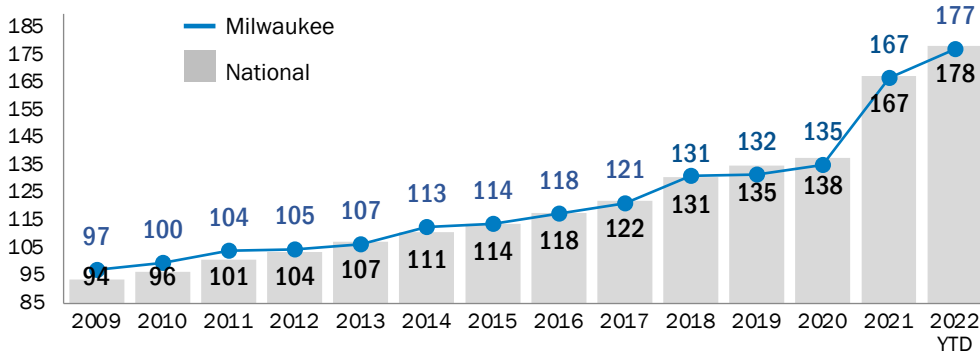
COST INDEX

MILWAUKEE Q3 2022



CONSTRUCTION COST INDEX

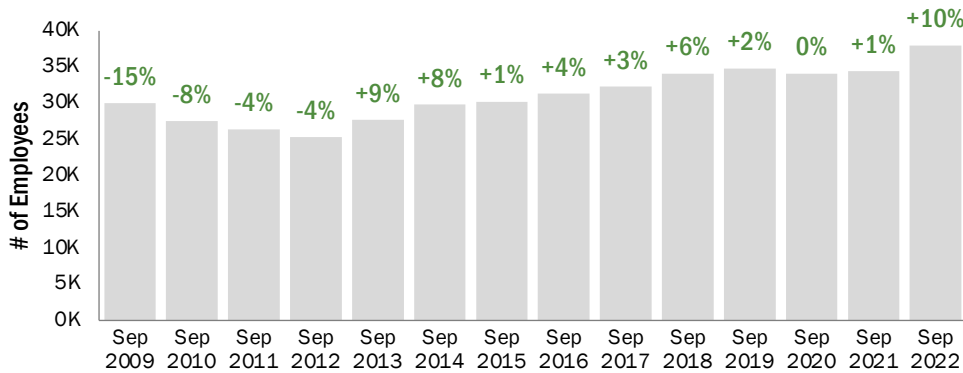
(January 2009 = 100)



The *Mortenson Cost Index* is showing a single quarter increase of 0.8% nationally and no increase in Milwaukee. Over the last twelve months, costs increased 9.6% nationally and 9.1% in Milwaukee.

MILWAUKEE CONSTRUCTION EMPLOYMENT

(Number of Employees and 12-Month Change)

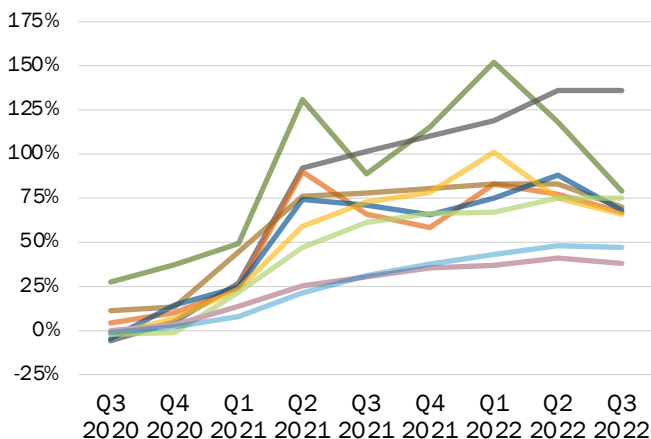


Construction employment in the Milwaukee metro region totaled 38,000 in September 2022. This is a 10% increase (3,600 jobs) compared to September 2021. Worker shortages are likely to persist into 2023.

Source: Bureau of Labor Statistics

MATERIAL PRICING CHANGES

(Cumulative Q3 2020 to Q3 2022)



- PVC Pipe +136%
- Lumber +79%
- Steel Pipe +75%
- Copper Pipe +70%
- Copper Wire +68%
- Plywood +67%
- Conduit +66%
- Reinforcing Material +47%
- Structural Steel +38%

Prices for commodity-based materials are beginning to level off, but high shipping costs, product lead times and material shortages are a continued challenge.