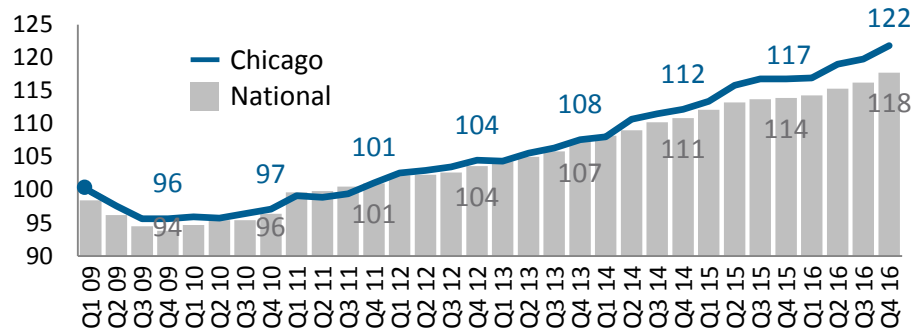


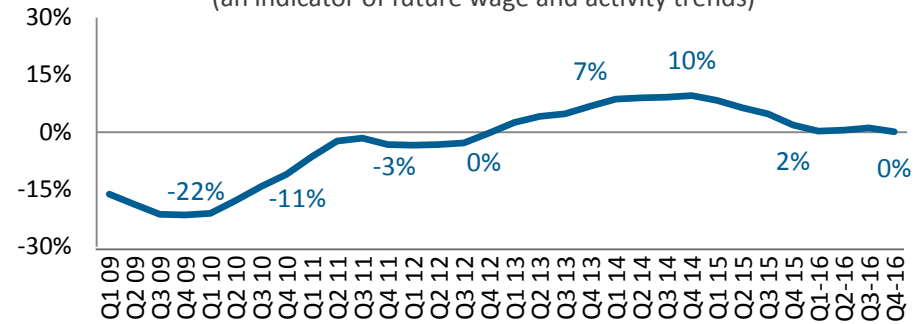
### Overall Construction Cost Index (January 2009 = 100)



In Q4-2016, the Chicago cost index increased 1.7% vs. Q3. This is one of the strongest quarterly growth rates experienced over the last several years, and hints at a possible acceleration of growth moving forward. For all of 2016, the Chicago index increased 4.3%.

### Chicago Construction Employment (Year-Over-Year Growth)

(an indicator of future wage and activity trends)



After reaching a peak in late 2014, construction employment growth in Chicago slowed during 2015 and has recently been more-or-less flat. This suggests that wage pressures in Chicago will be modest at best.

### Chicago Building Component Trends (Q4 vs. Q3 2016)

<b>Highest Growth</b>	<ul style="list-style-type: none"> <li>Plumbing Systems (3.5%)</li> <li>Earthwork (3.4%)</li> <li>HVAC Systems (3.3%)</li> </ul>	<ul style="list-style-type: none"> <li>Electrical Systems (2.6%)</li> <li>Alum. Entrances (2.5%)</li> <li>Resilient Flooring (2.3%)</li> </ul>
<b>Slight Growth</b>	<ul style="list-style-type: none"> <li>Deck Formwork (1.7%)</li> <li>Elevators (1.6%)</li> <li>Finish Carpentry (1.5%)</li> </ul>	<ul style="list-style-type: none"> <li>Unit Masonry (1.3%)</li> <li>Painting/Wall Cov. (1.3%)</li> <li>Steel Doors/Frames (1.3%)</li> </ul>
<b>Flat</b>	<ul style="list-style-type: none"> <li>Cast-in-Place Concrete</li> <li>Roofing System</li> <li>Gypsum Board</li> </ul>	<ul style="list-style-type: none"> <li>Struc. Steel/Decking</li> <li>Steel Framing</li> <li>Reinforcing Steel</li> </ul>
<b>Declining</b>	<ul style="list-style-type: none"> <li>Fire Protection (-0.5%)</li> </ul>	
<p>Note: All other components (15% of the index) rose 0.2%</p>		

Six building component categories experienced growth of 2.3% or more in the most recent quarter, while another six grew more than 1%. Most other categories were flat.

### Advice for Building Owners

Although Chicago construction employment growth is flat, the local construction cost index continues its healthy climb. **For this reason, we recommend owners plan on a 4% increase during 2017.**

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

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