

Durotech Construction

Quarterly Materials Report
For Period Ending - Q4/2021
December 10, 2021

Summary:

Cost increases and delivery delays continue to negatively impact budgets and schedules. Labor forces remain somewhat constricted. Subcontractors and some General Contractors are under significant financial stress, which could manifest in project performance. Expect materials cost increases early in Q1/22.

Materials Cost and Delivery Issues:

Concrete: still rising. Deliveries slowing, 1 week preorder now needed. Some concrete subs may see financial strain in 2022.

Metals: problems now exist in all metal products. Steel continues to rise in cost and delivery issues. Electrical and HVAC deliveries stretched out, costs rising as a result of metal components.

Drywall: a continuing delivery problem compared to 2019. Sealants are a problem. OH door suppliers cannot hold prices at all nor secure components and have become problematic. Drywall wallboard increase 30% 1/3/22. Expect increases in all drywall components.

Glass: prices continue to rise. This could become a problem area.

HVAC equipment: hurt by metals and circuit boards still causing cost and delivery issues. System components may be impacted next.

Plumbing fixtures: fittings increasing as a problem. Texas freeze, Hurricane Ida impact manifesting.

Electrical: major equipment is now a delivery and cost problem. Low voltage is a delivery and cost issue.

Insulation: freeze and hurricane plant issues, full impact yet to be felt. Delays grow.

Other: expect to extend schedules due to deliveries. Suppliers are often misrepresenting delivery times or simply refusing to commit to any date. In other cases, prices and dates are only held for 10 days.

Subcontractors and Field Forces: labor shortages continue, and projects experience periodic staffing issues. Some Subcontractors have failed financially, with more possible in 2022 along with some General Contractors.

Schedules: are impacted; expect delays. Delays widespread. 2022 will continue to see the impact of the Hurricane and Texas Freeze shutdown of chemical plants on many materials types. Major electrical equipment becoming an issue with some deliveries out to 36 weeks.

Implications for Owners and Projects: supply chains will likely be stressed through Q3/2022 with a bumpy year following that. Prices will not return to prior levels, but rate of increase should slow in 2022. Allow more time in schedules, or expect to open missing some finish assemblies. Expect stress when economy accelerates as current new virus fades. Push utility and FF&E suppliers or their dates will not be met.

For more information or questions contact Bob Richardson at 281.848.2422 or bohr@Durotechgc.com

DUROTECH MATERIALS TRACKING - 4th QUARTER 2021

NOTE: This Bulletin is based on data provided by manufacturers and subcontractors.

Material	Price	Factory Inventory	Delivery	Notes
Brick	Slight Increase	Stable	Slower	ACME deliveries slow.
Ceramic Tile	Stable	Decreasing	Slower	Color selections still limited.
Concrete	Still Rising	Decreasing	<i>Slowing</i>	Expect increase 1st Qtr of 2022.
Doors/Frames/Hardware	Still Rising	<i>Falling</i>	Slow	Overhead door price & materials problems.
Drywall	Still Rising	Decreasing	Slower	Drywall supply problems. 30% Increase 1/3/22.
Electrical Equipment	Fast Rise	Decreasing	Much Slower	Major equipment is an issue.
Elevators	Stable	Stable	Stable	Steady.
Fabricated Metal Products	Still Rising Fast	Decreasing	Slower	Metals sector prices still rising, delivery problems for all trades.
Freight Costs	Increasing	N/A	Slower Deliveries	Even when on truck delivery is slower.
Glass	Rising	<i>Falling</i>	Slower	Could become a problem. Aluminum doors 5 month lead time.
HVAC Equipment	Increasing	Decreasing	Slower Still	Equipment now 12+ weeks. Could become a problem.
Lumber	<i>Falling</i>	<i>Improving</i>	Slow	Stabilizing.
Plumbing Fixtures	Increasing	Faster Decrease	Slower	Could become a problem.
PVC	Increasing	Decreasing	Slow	IDA & Texas Freeze will cause problems for months.
Steel	Still Still Rising	Stable	Still Slow	15% increase since 6/2021
Stone	Rising	Stable	Slower	An Increase in demand could cause issues.

The above is for materials and supply chain issues. Velocity of price increases causes ongoing problems for subcontractors and project budgets.

DUROTECH CONSTRUCTION QUARTERLY BULLETIN

For more information please contact Bob Richardson
Ph: 281-848-2422 or Email: bobr@durotechgc.com

Current High Risk Areas:

1. See potential problem areas noted above.
2. Construction schedules are still negatively impacted.
3. Many fabricators are having financial issues.
4. Some Subcontractors and General Contractors being negatively impacted financially by market conditions and 2022 could show more problems.
5. All roof TPO increasing, expect 15% per quarter in 2022.
6. Expect more product costs increases by 2/2022.