

Durotech Construction

Quarterly Materials Report
For Period Ending - Q3/2022
October 27, 2022

Summary:

As we enter the fourth quarter and into 2023 supply chain issues will continue to be disrupted with certain items such as chips and electronics, but will begin to improve on many materials. This is contingent on the absence of another Covid type outbreak and subject to a mitigation of the Ukraine War by May 2023. Any Russian regime change to a hard line group could result in more disruptions. American economic activity remains positive, but overseas energy and recessionary disruptions could slow supply lines. Labor costs will rise; this will be a long term condition. Owners need to be prepared for longer schedules now and in the future. The rate of increase in prices will lessen but prices are unlikely to return to prior levels on capitol goods. Increased worldwide defense spending will raise metal and electronics prices longer term. Expect to soon see lumber, roofing, plumbing and other residential related materials impacted by hurricane Ian rebuilding.

Materials Cost and Delivery Issues:

Concrete: Prices increased 10/22 and will rise 11/22 and Q1/23 as supply lines of cement are restored. Batch plants have had financial stresses and will need increased cash flow/profits.

Metals: Steel should work out its problems by Q1/23. Specialty metals and fabricated metals are likely to be bumpy on deliveries and prices through 2023.

Drywall: Metal stud and supply issues working out.

Glass: Storefronts and stainless steel door frames continue to have delivery lead time issues.

HVAC Equipment: Extended delivery schedules on some equipment and especially VFD's and RTU's (see table below). Still having fabrication and circuit board issues.

Plumbing fixtures and materials: Component prices stabilizing.

Electrical: Cost and delivery problems impacting projects and specific key materials such as switchgears and generators.

Other: Anything with computer chips/boards is becoming problematic, including fire alarms, CCTV, access control as well as major equipment. A recession will be a white collar recession. Blue collar labor is in short supply and will remain so. 350,000 US jobs created in manufacturing by reshoring. Now there are more manufacturing jobs than before Covid and more will come.

Subcontractors and field forces: Some general and subcontractors may experience lingering financial difficulties from Covid period. Construction labor shortage is going to take years to cure.

Schedules: Owners and design teams must plan for longer schedules and longer permit/utility times.

Implications for Owners and Projects: Plan longer schedules and supply chain stresses through 2023. Residential related building materials will rise and may become short.

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

Note: If the image of the Cost Bulletin Table below is not automatically display, right click below to download image to view.

DUROTECH MATERIALS TRACKING - 3rd Quarter 2022

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

Material	Price	Factory Inventory	Delivery	Notes
Brick	Rises	<i>Falling</i>	Slower	Some deliveries 6 months soon.
Ceramic Tile	Rising	<i>Falling</i>	Slower	Color selections still limited. Pick local in stock.
Concrete	Rising	Limited	Rationed	Price increases 11/22 and q1/23.
Doors/Frames/Hardware	Rising	<i>Falling</i>	Slow	Expect problems, more delays in the near term.
Drywall	Stable	Stable	Stable	Hurricane Ian rebuild will create supply problems.
Electrical Equipment	Rising	<i>Falling</i>	Slower	Generators now 80 weeks, switchboards 60 weeks.
Elevators	Rising	Decrease	Stable	8% price rise 10/22.
Fabricated Metal Products	Rising	Decreasing	Slow	Long and often undependable lead times.
Freight Costs	Rising	N/A	Slow	Will rise with fuel increases; port docks are full.
Glass	HOLDING	Decreasing	Slower	8/22 price increase. Demand still strong.
HVAC Equipment	Increasing	<i>Falling</i>	Slow	VFD's 60 weeks; RTU's 8-12 months. A problem.
Lumber	HOLDING	<i>Falling</i>	Slow	Ian impact will raise prices, scarcity.
Plumbing Fixtures	HOLDING	<i>Falling</i>	Stable	Ian impact will raise prices, scarcity.
PVC	HOLDING	HOLDING	HOLDING	Possible Ian impact to come.
Steel	Stable	Improving	Improving	Supply chain may restore by end of Q1/23.
Roofing	5% QTR Rise	Stable	Slower	Possible Ian impact to come.

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 remain negatively impacted.