



Construction Market Forecast 2023

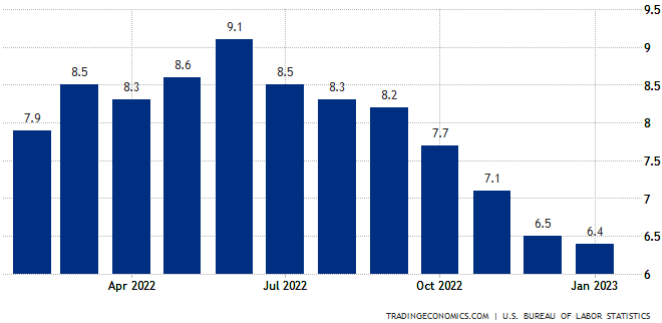
US Inflation Rate Impact Continues – Schuff Steel Quarterly Steel Supply Chain Report – Period Ending December 2022

2022 felt very unpredictable at times. With the shift from input cost product pricing heavily driven by scrap prices to a forward-looking demand driven pricing market, we needed to reassess key drivers and forecast expectations for steel pricing. The effects of inflation and rising interest rates eventually began to slow demand for steel – especially in non-construction markets. Market indexes are signaling continued slow down of future projects and for the demand slowdown to continue into 2023.

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Fortunately, the construction market has remained more stable than other markets consuming steel products and the potential for additional infrastructure projects exists. For these reasons, we look forward to a strong 2023.

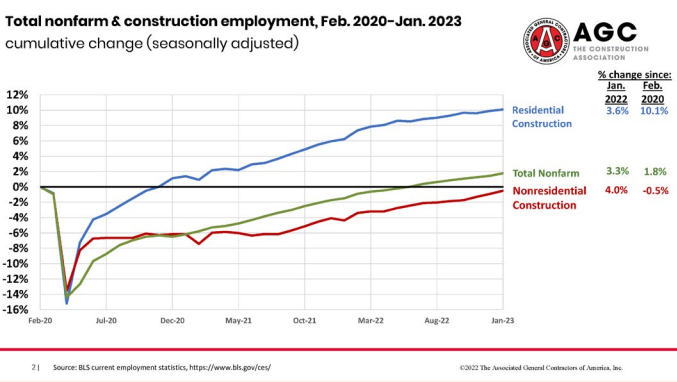
We track the US Inflation Rate to understand how prices are increasing compared to prior periods and the impact they have on demand. Rising costs such as fuel, electricity, natural gas and labor all impact the cost of producing steel. Engineering, logistics and other services have also become more expensive. Additionally, inflation may indicate the potential for higher interest rates that could lead to delayed or canceled project investment.



KIPP Texas Public Schools
New Callaghan Campus Daily Stretch-n-Flex, San Antonio, Texas

AGC – Data DiGest Jan. 30-Feb. 3, 2023 – Ken Simonson

Nonresidential construction employment (building, specialty trade, and heavy and civil engineering construction firms) increased by 19,300 for the month and 179,200 (4.0%) y/y. Seasonally adjusted average hourly earnings for production and nonsupervisory employees in construction (craft and office) rose 6.2% y/y to \$33.38 per hour. That topped the 5.1% rise for all such private-sector employees. The “premium” for hourly construction workers rose to 18.1% over the private sector average of \$28.26 but remained considerably below the average premium in 2000-2019 of 21.5%.



Source and Hyperlink:
[Construction Citizen](#)
02.03.2023

Construction Materials Prices Up 0.4% in February

WASHINGTON, DC – Construction input prices expanded 0.4% in February compared to the previous month, according to an Associated Builders and Contractors analysis of US Bureau of Labor Statistics Producer Price Index data released today. Nonresidential construction input prices also rose 0.4% for the month.

Overall construction input prices are 2.6% higher than a year ago, while nonresidential construction input prices are 2.8% higher. Natural gas prices fell sharply in February, down 41.4%, while crude petroleum prices rose 7.3%. Unprocessed energy materials prices were down 9.1% for the month.

Source and Hyperlink: [Associated Builders and Contractors published 03.15.2023](#)

Inflation is Pushing Wages Higher

The problem: Labor shortage inflates wages

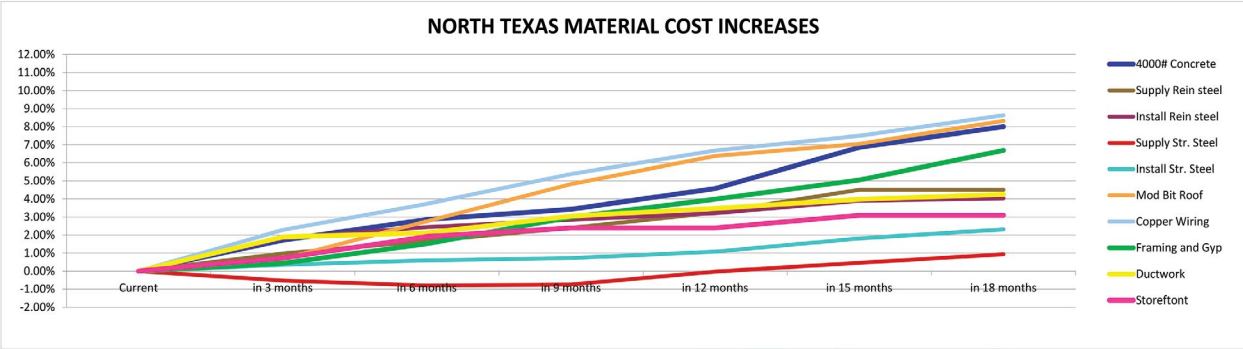
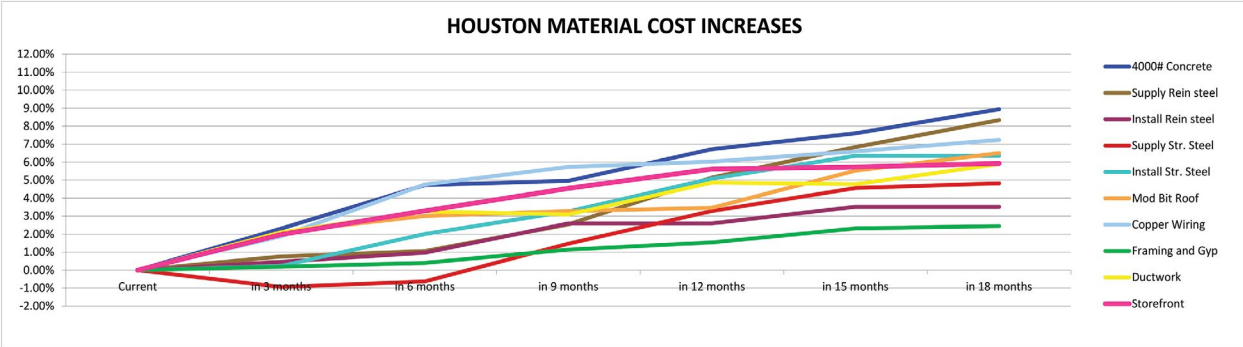
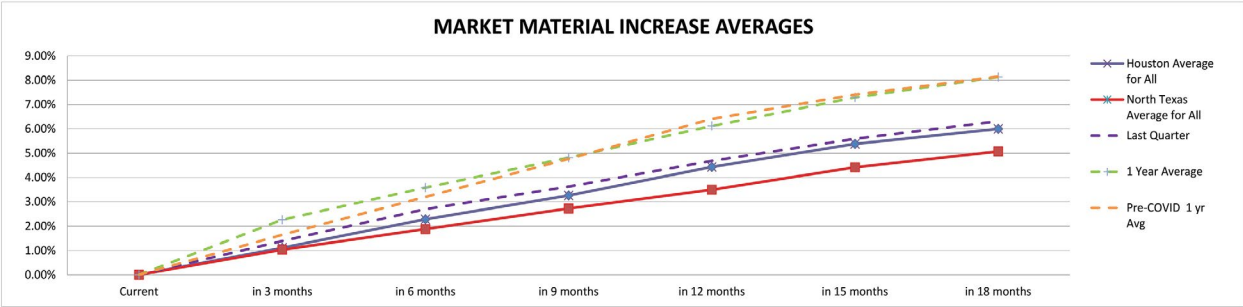
The construction industry’s long and well-documented struggle to find workers shows no signs of slowing down and is widely believed to have become endemic. Workforce shortages, which make projects take longer and cost more, will likely intensify, according to AGC, with 69% of contractors expecting to need more workers in 2023.

“Construction was dealing with a labor shortage before the pandemic caused widespread labor shortages that have impacted all industries,” said Associated Builders and Contractors Economist Zachary Fritz. “Now there’s more demand for workers, and that made the construction industry’s shortage even worse.

“On average, 4.8% of construction jobs were unfilled through the first 11 months of 2022 – the highest on record, Fritz said. In March 2022, 3.3% of construction workers quit their jobs – again, the highest number ever. And people aren’t staying in the same sector when they leave their jobs.

“Contractors are now competing not only with other contractors, but also with Amazon and the distribution segment and potentially jobs that offer remote work,” Fritz said. “So, that’s pushed wages up, and they’ve particularly accelerated over the past year. Construction wages have increased faster than overall wages in 10 of the past 12 months and increased at a faster rate than overall monthly inflation in each of the past six months.”

Source and Hyperlink: CONSTRUCTIONDIVE published 02.01.2023



NOTE: The information provided in Linbeck’s Quarterly Construction Market Forecast and Subcontractor/Supply Chain Pulse is gathered from numerous local and national suppliers every quarter to provide our clients with up-to-date market news.

Construction Market Forecast Compiled Pricing Data as of March 2023

Supply Reinforcing Steel \$\$/TON

TIME FRAME	HOUSTON		NORTH TEXAS	
	\$ / LB	Delta	\$ / LB	Delta
Current	\$1,413	0.00%	\$1,388	0.00%
in 3 months	\$1,424	0.76%	\$1,401	0.97%
in 6 months	\$1,428	1.06%	\$1,411	1.68%
in 9 months	\$1,449	2.54%	\$1,421	2.39%
in 12 months	\$1,486	5.14%	\$1,433	3.24%
in 15 months	\$1,510	6.84%	\$1,450	4.50%
in 18 months	\$1,531	8.33%	\$1,450	4.50%

Install Reinforcing Steel \$\$/TON

TIME FRAME	HOUSTON		NORTH TEXAS	
	\$ / LB	Delta	\$ / LB	Delta
Current	\$540	0.00%	\$469	0.00%
in 3 months	\$542	0.76%	\$477	1.83%
in 6 months	\$545	1.06%	\$480	2.43%
in 9 months	\$554	2.54%	\$482	2.85%
in 12 months	\$554	5.14%	\$484	3.21%
in 15 months	\$559	6.84%	\$487	3.90%
in 18 months	\$559	8.33%	\$488	4.02%

Supply Structural Steel \$\$/TON

TIME FRAME	HOUSTON		NORTH TEXAS	
	\$ / LB	Delta	\$ / LB	Delta
Current	\$3,930	0.00%	\$4,390	0.00%
in 3 months	\$3,893	-0.94%	\$4,367	-0.52%
in 6 months	\$3,906	-0.63%	\$4,355	-0.80%
in 9 months	\$3,988	1.47%	\$4,358	-0.74%
in 12 months	\$4,060	3.29%	\$4,389	-0.03%
in 15 months	\$4,110	4.56%	\$4,410	0.46%
in 18 months	\$4,120	4.82%	\$4,431	0.93%

Install of Structural Steel \$\$/TON

TIME FRAME	HOUSTON		NORTH TEXAS	
	\$ / LB	Delta	\$ / LB	Delta
Current	\$1,437	0.00%	\$1,620	0.00%
in 3 months	\$1,440	0.24%	\$1,626	0.35%
in 6 months	\$1,466	2.01%	\$1,630	0.59%
in 9 months	\$1,484	3.26%	\$1,632	0.72%
in 12 months	\$1,510	5.09%	\$1,638	1.08%
in 15 months	\$1,528	6.35%	\$1,650	1.81%
in 18 months	\$1,528	6.35%	\$1,658	2.31%

Copper Wire \$\$/LB

TIME FRAME	HOUSTON		NORTH TEXAS	
	\$ / LB	Delta	\$ / LB	Delta
Current	\$4.07	0.00%	\$4.71	0.00%
in 3 months	\$4.14	1.89%	\$4.82	2.27%
in 6 months	\$4.26	4.75%	\$4.88	3.73%
in 9 months	\$4.30	5.74%	\$4.96	5.38%
in 12 months	\$4.31	6.03%	\$5.02	6.68%
in 15 months	\$4.33	6.60%	\$5.06	7.50%
in 18 months	\$4.36	7.24%	\$5.11	8.63%

Frame and Gyp \$\$/SF

TIME FRAME	HOUSTON		NORTH TEXAS	
	\$ / LB	Delta	\$ / LB	Delta
Current	\$8.62	0.00%	\$6.50	0.00%
in 3 months	\$8.64	0.19%	\$6.53	0.43%
in 6 months	\$8.65	0.40%	\$6.60	1.52%
in 9 months	\$8.72	1.14%	\$6.69	2.99%
in 12 months	\$8.75	1.54%	\$6.76	3.98%
in 15 months	\$8.82	2.32%	\$6.83	5.05%
in 18 months	\$8.83	2.45%	\$6.93	6.69%

Mod Bit Roofing* \$\$/SF

TIME FRAME	HOUSTON		NORTH TEXAS	
	\$ / LB	Delta	\$ / LB	Delta
Current	\$18.19	0.00%	\$24.87	0.00%
in 3 months	\$18.57	2.12%	\$25.04	0.68%
in 6 months	\$18.73	3.01%	\$25.56	2.76%
in 9 months	\$18.78	3.28%	\$26.07	4.82%
in 12 months	\$18.82	3.46%	\$26.46	6.38%
in 15 months	\$19.19	5.53%	\$26.62	7.05%
in 18 months	\$19.37	6.50%	\$26.94	8.32%

* 20,000 SF Roof W/4-Inch ISO

Ductwork \$\$/LB

TIME FRAME	HOUSTON		NORTH TEXAS	
	\$ / LB	Delta	\$ / LB	Delta
Current	\$8.68	0.00%	\$7.30	0.00%
in 3 months	\$8.86	2.10%	\$7.44	1.89%
in 6 months	\$8.96	3.26%	\$7.45	2.12%
in 9 months	\$8.94	3.09%	\$7.52	3.05%
in 12 months	\$9.10	4.86%	\$7.55	3.48%
in 15 months	\$9.09	4.77%	\$7.59	3.98%
in 18 months	\$9.19	5.90%	\$7.61	4.24%

4000# Concrete \$\$/CY

TIME FRAME	HOUSTON		NORTH TEXAS	
	\$ / LB	Delta	\$ / LB	Delta
Current	\$142.43	0.00%	\$175.00	0.00%
in 3 months	\$145.73	2.31%	\$178.00	1.71%
in 6 months	\$149.16	4.72%	\$180.00	2.86%
in 9 months	\$149.50	4.96%	\$181.00	3.43%
in 12 months	\$152.00	6.72%	\$183.00	4.57%
in 15 months	\$153.27	7.61%	\$187.00	6.86%
in 18 months	\$155.17	8.94%	\$189.00	8.00%

Storefront \$\$/SF

TIME FRAME	HOUSTON		NORTH TEXAS	
	\$ / LB	Delta	\$ / LB	Delta
Current	\$84.00	0.00%	\$81.50	0.00%
in 3 months	\$85.67	1.98%	\$82.09	0.72%
in 6 months	\$86.77	3.29%	\$83.06	1.92%
in 9 months	\$87.82	4.54%	\$83.45	2.39%
in 12 months	\$88.72	5.62%	\$83.45	2.39%
in 15 months	\$88.82	5.73%	\$84.02	3.09%
in 18 months	\$88.98	5.93%	\$84.02	3.09%



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New Callaghan Campus, San Antonio, Texas