



2016 Labor & Materials - Cost Survey Results

The following are results of the annual survey regarding labor and materials cost increases in the Houston commercial construction market. AGC makes no representations that this is a “scientific” study. The results are based on a survey of a representative sample of member companies for each CSI division across all markets of commercial construction. If you have any questions, please call 713-843-3700.

SURVEY: 2015 RESULTS

| | | | |
|-----------------------------|--|----------------------------------|---|
| 2015 LABOR COSTS: | <u>Projected cost increase</u> 5.69 % | <u>Actual Increase</u> 7.12 % | <u>Variance</u> 1.43 % MORE than projected |
| 2015 MATERIAL COSTS: | <u>Projected cost increase</u> 5.71 % | <u>Actual Increase</u> 4.09 % | <u>Variance</u> 1.62 % LESS than projected |

SURVEY: 2016 PROJECTIONS

| | | |
|-----------------------------|-----------------------------|--------|
| 2016 LABOR COSTS: | Projected average increase: | 5.96 % |
| 2016 MATERIAL COSTS: | Projected average increase: | 3.41 % |

2016 Labor & Materials - Cost Survey Results

Average projected 2016 cost increases/decreases in Houston per division:

| CSI Division | Labor Cost Projections | Material Cost Projections |
|--|------------------------|---------------------------|
| 02000 Site Work | 5 % | 5 % |
| 03000 Concrete | 4.33 % | 1 % |
| 04000 Masonry | 9.5 % | 7.5 % |
| 05000 Metals | 10 % | 6.25 % |
| 06000 Wood & Plastics | No Response | No Response |
| 07000 Thermal/Moisture | 7.5 % | 4.5 % |
| 08000 Doors & Windows | 0 % | 6 % |
| 09000 Finishes | 4 % | 6.5 % |
| 10000 Specialties | 3.75 % | 4.4 % |
| 11000 Equipment | No Response | No Response |
| 12000 Furnishings | 5 % | 0 % |
| 13000 Special Construction | 2.5 % | 0 % |
| 14000 Conveying Systems | No Response | No Response |
| 15000 Mechanical | 4.67 % | 2.83 % |
| 16000 Electrical | 6.91 % | 1.18 % |
| PROJECTED 2016 WEIGHTED AVERAGE | 5.96 % | 3.41 % |



Craft Shortages Projected

As in previous years, trades reporting shortages are still in need of “skilled” or “qualified” laborers. The following are craft shortages projected by some respondents:

- Electricians, licensed
- Plumbers, journeymen, licensed med gas plumbers
- HVAC professionals, pipefitters
- Field labor, skilled
- Experienced project managers, superintendents, foremen
- Skilled craftsmen
- Draftsmen
- Qualified equipment operators
- Flooring installers
- CDL Truck Drivers
- Welders

Materials Shortages Projected

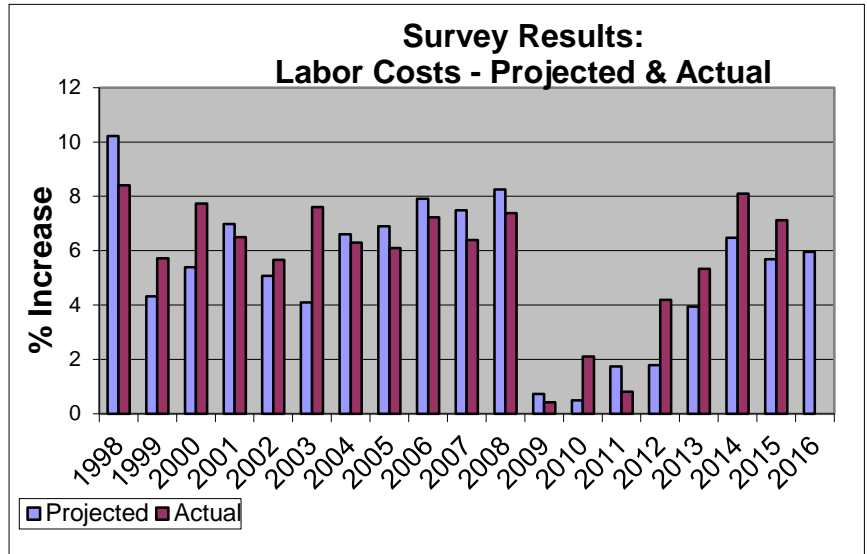
According to survey respondents, the only material shortages projected are in the following areas: concrete and cement, and specialty materials.

Historical Survey Data

Labor and Materials Costs Projected & Actual Survey Results - 1998-2016

SURVEY RESULTS: LABOR COSTS

| YEAR | PROJECTED | ACTUAL |
|------|-----------|--------|
| 1998 | 10.2% | 8.4% |
| 1999 | 4.3% | 5.7% |
| 2000 | 5.4% | 7.7% |
| 2001 | 7.0% | 6.5% |
| 2002 | 5.0% | 5.7% |
| 2003 | 4.1% | 7.6% |
| 2004 | 6.6% | 6.3% |
| 2005 | 6.9% | 6.1% |
| 2006 | 7.9% | 7.2% |
| 2007 | 7.4% | 6.4% |
| 2008 | 8.3% | 7.4% |
| 2009 | 0.73% | 0.42% |
| 2010 | 0.49% | 2.1% |
| 2011 | 1.74% | 0.81% |
| 2012 | 1.79% | 4.19% |
| 2013 | 3.9% | 5.33% |
| 2014 | 6.5% | 8.1% |
| 2015 | 5.69% | 7.12% |
| 2016 | 5.96% | |



SURVEY RESULTS: MATERIALS COSTS

| YEAR | PROJECTED | ACTUAL |
|------|-----------|--------|
| 1998 | 7.3% | 5.9% |
| 1999 | 4.3% | 7.5% |
| 2000 | 4.1% | 7.2% |
| 2001 | 7.3% | 4.7% |
| 2002 | 4.8% | 4.4% |
| 2003 | 4.3% | 7.6% |
| 2004 | 9.1% | 13.7% |
| 2005 | 11.9% | 14.5% |
| 2006 | 17% | 10.7% |
| 2007 | 8.6% | 9.9% |
| 2008 | 15.6% | 15.2% |
| 2009 | 0.97% | -0.3% |
| 2010 | 1.4% | 4.9% |
| 2011 | 5.1% | 3.9% |
| 2012 | 3.2% | 4.7% |
| 2013 | 6.5% | 5.8% |
| 2014 | 7.9% | 6.47% |
| 2015 | 5.71% | 4.09% |
| 2016 | 3.14% | |

