

SECOND QUARTER 2024

# NORTH AMERICA

QUARTERLY CONSTRUCTION COST REPORT





**ON THE COVER**

## **UNIVERSITY OF MARYLAND EASTERN SHORE SCHOOL OF PHARMACY AND HEALTH PROFESSIONS ▲**

**BALTIMORE, MARYLAND**

April 2023, the University of Maryland Eastern Shore's (UMES) School of Pharmacy and Health Professions opened its doors to a cutting-edge facility for the pharmacy and pharmaceutical sciences programs. It provides students with the resources they need to excel in their studies and prepare for successful careers in the healthcare industry.

RLB assisted during the first phase, which involved the construction of a three-story structure covering 120,000 gross square feet. Ayers Saint Gross, in partnership with Shepley Bulfinch designed the LEED Gold certified academic building located in Princess Anne, Maryland.

UMES, a Top-10 public Historically Black College & University (HBCU), and the only HBCU offering a three-year doctoral program in pharmacy, serves its students through education, research, and community engagement. Students interested in a career in pharmacology and being part of UMES' Pharmacy Program will have an impact on their communities and beyond.

RLB was grateful to be part of this significant education and research project because this specialized facility will prepare students to become exceptional pharmacists who can become leaders in the healthcare sector.

Photography © Brad Feinknopf

# NORTH AMERICA

## AT A GLANCE

Q2 2024

Recently, if there's one thing that's certain in the construction industry, it's uncertainty. While there are no signs that growth is slowing, this year has ups and downs. For starters, despite the industry growing, it is doing so at a slower rate than last year (our Q2 2024 data indicates that the national average increase in construction costs is approximately 5.41% YOY, compared to 7.22% YOY in Q2 2023). In tandem, labor costs are rising faster than in previous years. Interest rates are high, but the election year promises hope for lower rates. Throughout these highs and lows, construction companies remain focused on strategic planning, succession planning, and the acquisition and development of skilled labor. Doing so is akin to keeping our eyes on the horizon, minimizing the effects of the highs and lows, and advocating for balance and stability. The goal for everyone through this season of uncertainty should be resiliency through strategic preparedness.

Interest rates have been top-of-mind, and despite this persistent challenge, the construction industry remains robust. While there have been softer segments and periods, contractors continue to report solid backlogs and express confidence in business growth throughout 2024.

Projections indicate a potential decline in interest rates in the second half of 2024 as the Federal Reserve adjusts to the inflationary environment and the labor market eases. This, along with the expected decrease in mortgage rates, paints a promising picture for the future of construction. These factors could significantly shape the industry's financial landscape, potentially leading to increased investment and growth. Despite the uncertainties of an election year, the overall outlook remains positive, offering a beacon of hope for the industry.

Government support for construction programs has also weathered some ups and downs. Notably, manufacturing programs will experience a notable slowdown in spending. Conversely, we'll continue to see government support for the technology sector — regardless of the election outcome — as this is one topic on which all politicians can agree.

Unemployment numbers are still trending relatively low at 3.9%, bringing more support for residential demand through increased affordability. Recent job reports show a resilient market as the labor market decreased, with employment rising by 175,000, down from 315,000 in March. On the other hand, labor costs are up, partly because the construction industry's wage premium has decreased in recent years compared to other sectors, such as retail and logistics, where wages have risen more quickly. This implies that wages must increase for the construction industry to attract more workers.

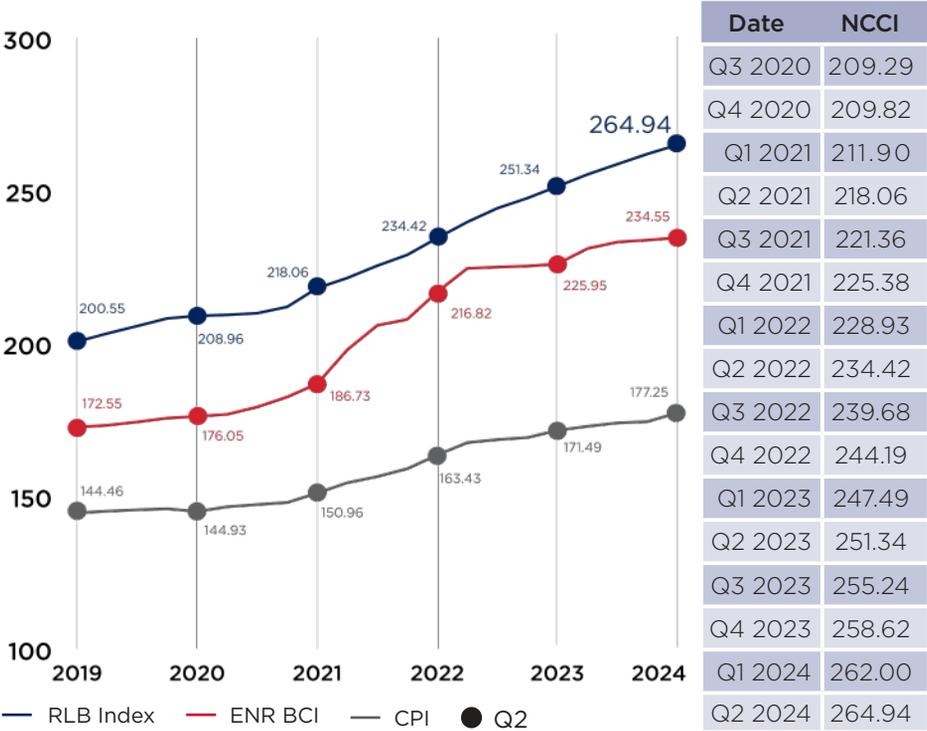
Despite the fluctuations and challenges, such as high interest rates and the persistent shortage of skilled labor, the industry has persevered, emphasizing the significant impact of these actions and the value of each sector's contribution. With strategic planning and a focus on skilled labor, the industry can overcome challenges and continue thriving.

**Paul Brussow**  
President,  
North America



# UNITED STATES

## NATIONAL CONSTRUCTION COST INDEX



Welcome to the second quarter 2024 issue of the RLB Quarterly Cost Report! This issue contains data current to mid-Q2 2024.

**\$2,099.04**  
billion

According to the U.S. Department of Commerce, construction-put-in-place during April 2024 was estimated at a seasonally adjusted annual rate of \$2,099.04 billion, which is

**0.12%**  
below

the revised March 2024 estimate of \$2,101.5 billion, and

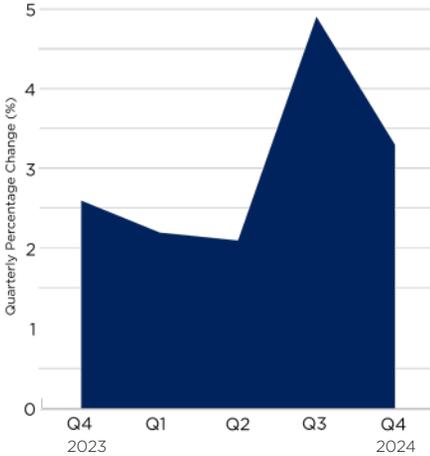
**10.02%**  
above

the April 2023 estimate of \$1,907.8 billion.

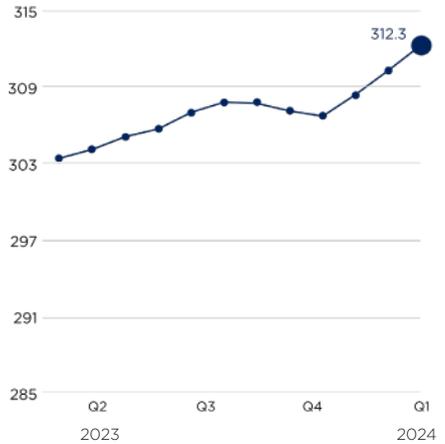
The National Construction Cost Index shows the changing cost of construction between July 2020 and April 2024, relative to a base of 100 in April 2001. Index recalibrated as of April 2011.

# KEY UNITED STATES STATISTICS

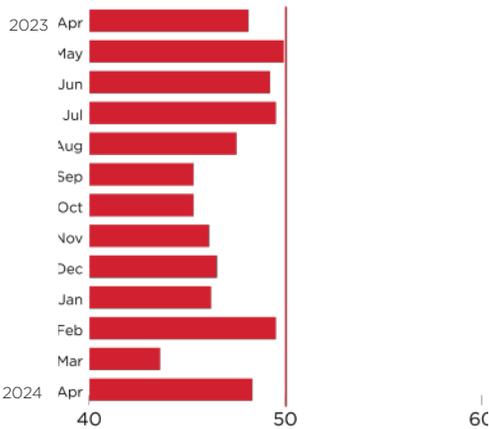
## Gross Domestic Product\* (GDP)



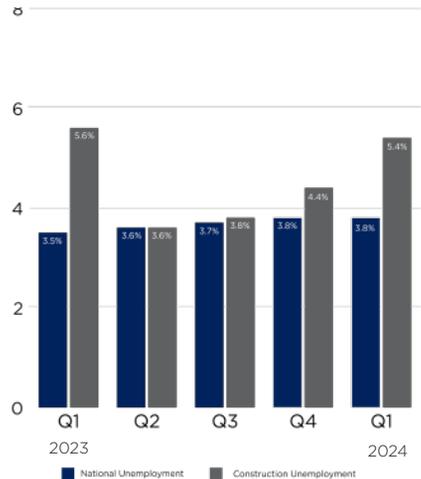
## Consumer Price Index (CPI)



## Architectural Billings



## Unemployment Comparison



GDP represented in percent change from the preceding quarter, seasonally adjusted at annual rates. CPI figures represent the monthly value at the end of the quarter. ABI is derived from a monthly American Institute of Architects survey of architectural firms of their work on the boards, reported at the end of the period. Construction Put-in-Place figures represent total value of construction dollars in billions spent at a seasonally adjusted annual rate taken at the end of each quarter. General Unemployment rates are based on the total population 16 years and older. Construction Unemployment rates represent only the percent of experienced private wage and salary workers in the construction industry 16 years and older. National unemployment rates are seasonally adjusted, reflecting the average of a three-month period.

\* Adjustments made to GDP based on amended changes from the Bureau of Economic Analysis.

Sources: U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, American Institute of Architects.

# UNITED STATES

## INDICATIVE CONSTRUCTION COSTS

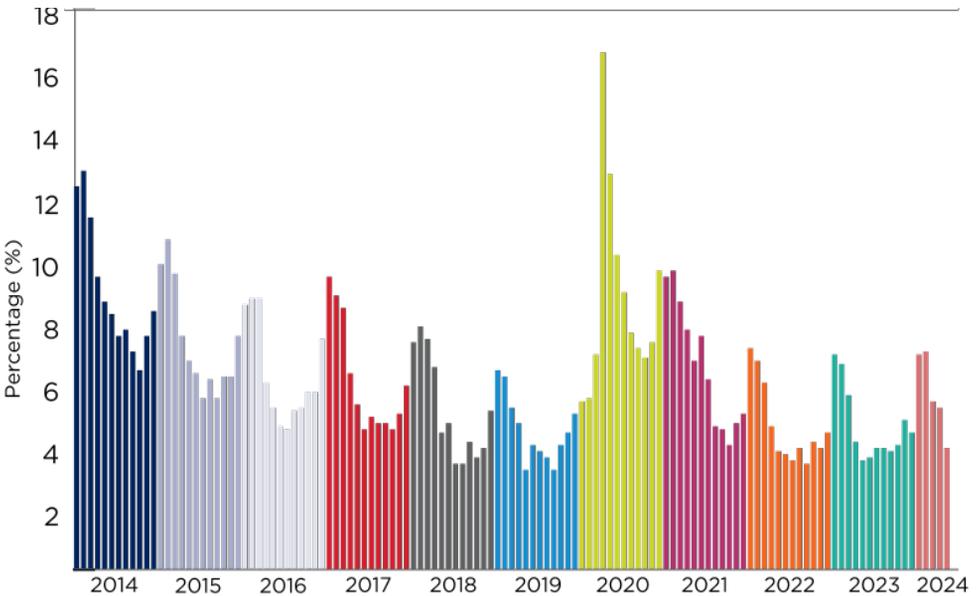
LOCATION	OFFICES				RETAIL SHOPPING				HOTELS				HOSPITAL	
	PRIME		SECONDARY		CENTER		STRIP		5 STAR		3 STAR		GENERAL	
	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH
<b>USA</b>														
Boston	415	670	255	365	225	335	170	270	450	655	310	440	515	1030
Chicago	330	550	200	330	200	440	160	270	490	765	360	490	420	875
Denver	350	500	250	350	200	350	170	230	425	625	285	425	675	900
Honolulu	360	595	220	350	280	575	260	435	685	830	395	625	525	890
Las Vegas	265	460	185	250	160	630	145	340	410	760	245	415	520	625
Los Angeles	255	385	195	285	175	375	150	215	410	635	295	390	655	995
New York	390	905	225	565	340	675	360	710	485	730	360	485	610	920
Phoenix	250	425	160	225	200	335	115	195	395	620	210	315	480	675
Portland	275	365	250	340	260	360	250	325	485	630	360	470	800	1100
San Francisco	430	740	330	530	315	520	240	410	550	900	390	650	700	1100
Seattle	345	615	230	325	260	415	195	320	455	690	325	455	605	860
Washington	335	555	230	365	180	325	150	245	430	665	280	440	510	915
<b>CANADA</b>														
Calgary	280	420	240	285	235	315	140	200	305	470	230	260	685	925
Toronto	295	480	245	340	220	465	180	230	420	785	255	305	615	960

## CONSTRUCTION UNEMPLOYMENT AT-A-GLANCE

As of the release of this publication, construction unemployment rates, provided by the U.S. Bureau of Labor Statistics, have been published through May 2024. In the accompanying chart, there is a clear cyclical trend, where winter and fall typically see an increase in the construction unemployment rate, while late spring and summer see a decline. Prior to the pandemic, the peak of the trend in the winter months consistently decreased year after year. When the coronavirus struck, however, we saw a spike in construction unemployment to 6.9% in March 2020, a higher percentage than we had anticipated, even with the predicted cyclical peak. In April 2020, the rate increased even further to 16.6%, the highest level since February 2014. There was a sudden and severe impact on construction employment due to the COVID-19 pandemic. Following the unexpected loss of one million jobs during the early stages of the pandemic, the federal government's interventions enabled the construction industry to add jobs quickly. Starting in the spring of 2021, the rate began to drop more rapidly and reached 4.0% in October. Since February 2022, the total number of construction workers has risen above pre-pandemic levels. The construction labor market has recovered from the COVID-19 pandemic-induced recession, with the construction unemployment rate cyclical trend returning to pre-pandemic levels.

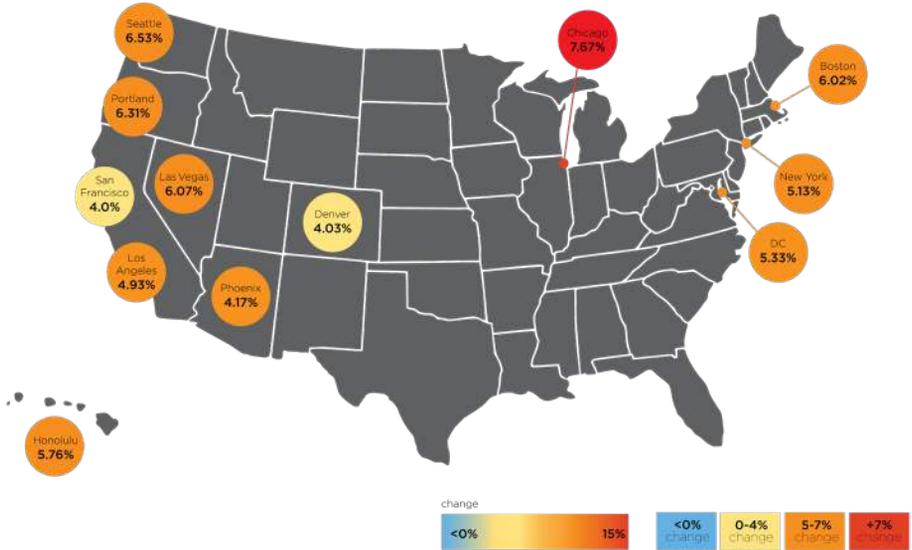
The data in the chart below represents estimates of current building costs in each respective market. Costs may vary as a consequence of factors such as site conditions, climatic conditions, standards of specification, market conditions, etc. Values of U.S. locations represent hard construction costs based on U.S. dollars per square foot of gross floor area, while values of Canadian locations represent hard construction costs based on Canadian dollars per square foot.

INDUSTRIAL		PARKING				RESIDENTIAL				EDUCATION					
WAREHOUSE		GROUND		BASEMENT		MULTI-FAMILY		SINGLE-FAMILY		ELEMENTARY		HIGH SCHOOL		UNIVERSITY	
LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH
125	210	100	160	130	180	260	360	295	410	415	570	465	725	515	775
135	225	95	140	150	270	200	460	275	550	310	460	350	490	435	875
125	195	125	200	165	250	185	355	230	465	310	475	400	575	600	850
125	265	155	210	180	290	275	470	310	580	525	870	540	740	675	995
80	155	80	105	100	185	195	465	230	460	425	530	505	690	655	870
135	205	115	140	155	210	250	410	220	390	390	510	335	590	490	665
135	225	115	195	155	235	235	460	340	675	520	655	565	720	555	795
80	145	55	105	85	155	180	275	190	515	280	395	310	480	425	650
200	285	200	240	220	295	275	385	275	420	460	570	510	650	550	700
150	255	130	205	250	350	400	625	310	520	390	570	440	750	570	1000
170	240	125	190	200	295	270	455	250	380	420	630	355	630	555	760
130	210	75	100	90	155	210	355	265	390	385	585	400	600	450	725
110	165	90	125	95	150	195	275	300	430	255	350	260	360	335	510
130	185	120	160	155	220	255	325	320	635	270	330	270	350	310	545



# UNITED STATES

## COMPARATIVE COST INDEX



City	April 2023	July 2023	October 2023	January 2024	April 2024	Annual % Change
• Boston	29,165	29,574	30,048	30,530	30,920	6.02%
• Chicago	29,595	30,103	30,749	31,432	31,865	7.67%
• Denver	18,632	18,898	19,005	19,237	19,384	4.03%
• Honolulu	29,402	29,895	30,293	30,707	31,095	5.76%
• Las Vegas	18,289	18,583	18,809	19,021	19,224	5.11%
• Los Angeles	26,929	27,263	27,541	27,943	28,258	4.93%
• New York	33,924	34,496	34,922	35,386	35,663	5.13%
• Phoenix	19,253	19,503	19,706	19,870	20,055	4.17%
• Portland	21,263	21,741	22,081	22,348	22,605	6.31%
• San Francisco	34,202	34,425	34,741	35,019	35,571	4.00%
• Seattle	23,991	24,651	25,042	25,312	25,559	6.53%
• Washington, DC	27,169	27,428	27,883	28,282	28,617	5.33%

Comparative Cost Map Indicates percentage change between April 2023 to April 2024.

INTRODUCING

# SECTOR MARKET INSIGHTS

*A Companion to the QCR  
Providing Expert Insights and  
Construction Cost Drivers  
Impacting the Future of the Sector.*



## WHAT IS A SECTOR MARKET INSIGHT?

A companion to the Quarterly Cost Report, our sector market insight offers clients the certainty they need to make critical, real-time decisions to ensure the commercial success of their projects.

### The sector market insight takes a deep dive into:

- state of the market,
- what cost drivers are likely to affect material prices,
- industry trends, and
- what information like this means for the future of the sector.

### What sectors are included?

The Sector Market Insights will feature Aviation, Convention Centers, Data Centers, Healthcare, Hotels & Leisure, Infrastructure, Sports & Events, and Federal/Government. For Q2 2024, we'll be highlighting:



CONVENTION  
CENTER



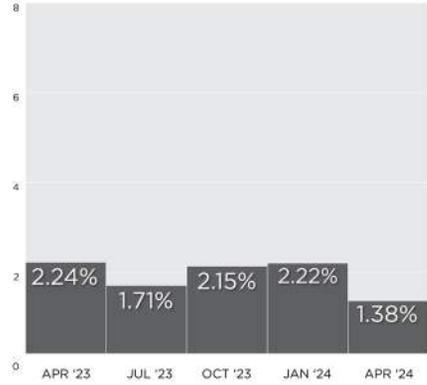
DATA CENTER

# UNITED STATES

The following escalation charts track changes in the cost of construction each quarter in many of the cities where RLB offices are located. Each chart illustrates the percentage change per period.



**Boston Cost Index**



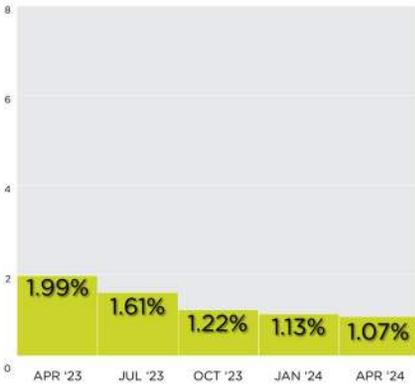
**Chicago Cost Index**



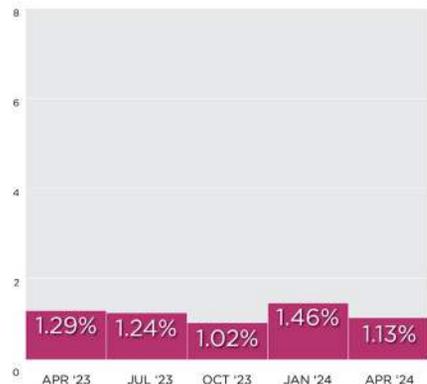
**Denver Cost Index**



**Honolulu Cost Index**



**Las Vegas Cost Index**



**Los Angeles Cost Index**

Our research suggests that between January 1, 2024 and April 1, 2024, the national average increase in construction cost was 1.12% (4.49% annualized). Boston, Chicago, Honolulu, Los Angeles, Portland, San Francisco, and Washington, D.C experienced increases above the quarterly national average during Q2 2024. Locations below the national average included Denver, Las Vegas, New York, Phoenix, and Seattle.



**New York Cost Index**



**Phoenix Cost Index**



**Portland Cost Index**



**San Francisco Cost Index**



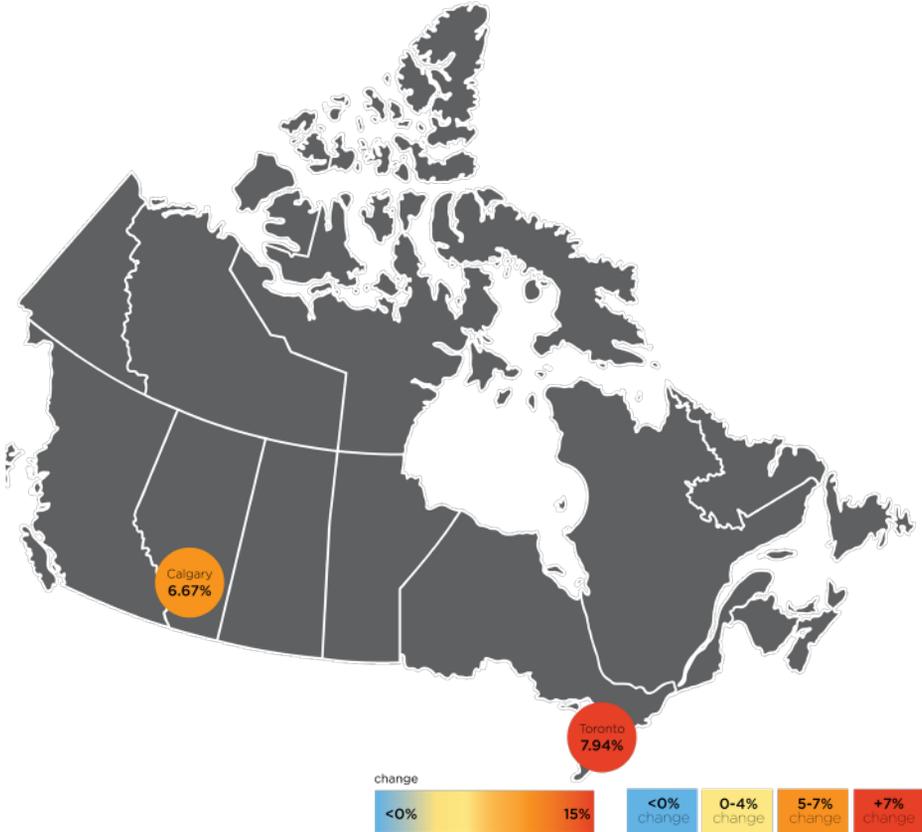
**Seattle Cost Index**



**Washington DC Cost Index**

# CANADA

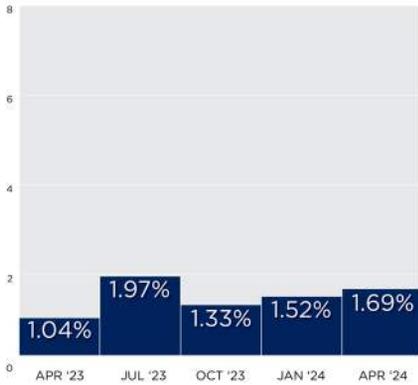
## COMPARATIVE COST INDEX



City	April 2023	July 2023	October 2023	January 2024	April 2024	Annual % Change
• Calgary	24,732	25,220	25,555	25,944	26,383	6.67%
• Toronto	32,619	33,437	33,981	34,593	35,209	7.94%

In Q1 2024, there were 12,767 more workers in the industry in Alberta, compared to Q1 2023. This growth is primarily attributed to a rise in housing starts and increased investment in building construction. The Alberta government plans to invest \$25 billion over three years through Budget 2024 to build necessary infrastructure: roads, schools, and hospitals for communities. The Canada Mortgage and Housing Corporation (CMHC) data shows that Alberta housing starts hit a new record with 13,560 new homes under construction from January to April 2024, a 60% increase compared to April 2023. The industrial work in Alberta, particularly in the energy sector, makes construction challenging. There is stiff competition for skilled workers due to higher pay in industrial projects. Enrollment in post-secondary apprenticeship programs has increased because of higher funding from the provincial government.

In Ontario, the most prominent projects in the coming years are those related to power generation, transportation, and healthcare facilities. Canada's three levels of government have agreed to finalize \$4.7 billion in Ottawa funding to boost housing construction. The federal and provincial governments agreed that the province would receive \$357 million in federal funds for affordable housing construction. As the province tries to meet its target of building 1.5 million homes by 2031, the Ontario government expressed confidence that the Bank of Canada's recent interest rate cut will help spur housing development.

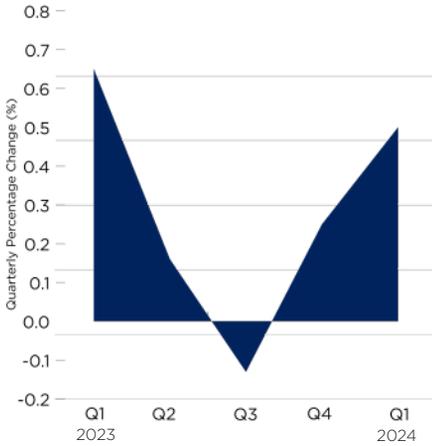


Calgary Cost Index

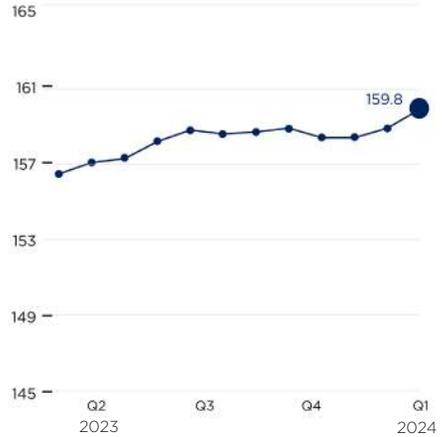


Toronto Cost Index

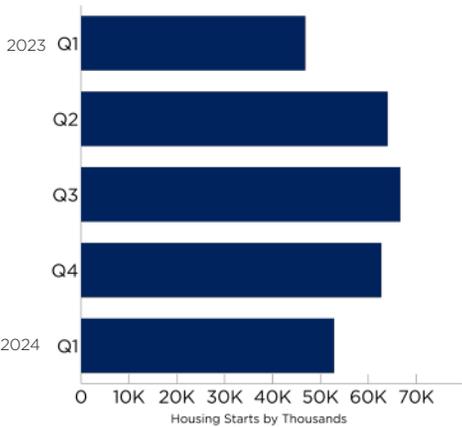
## KEY CANADIAN STATISTICS



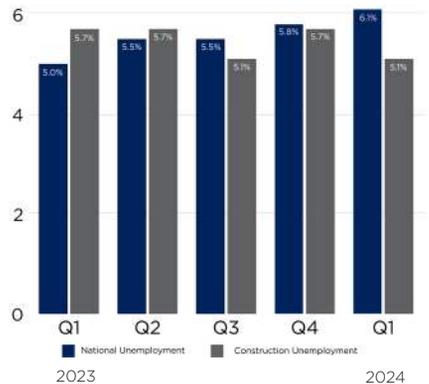
Gross Domestic Product\* (GDP)



Consumer Price Index (CPI)



Housing Starts



Unemployment Comparison



## **ABOUT RIDER LEVETT BUCKNALL**

Rider Levett Bucknall is an award-winning international firm known for providing project management, construction cost consulting, and related property and construction advisory services – at all stages of the design and construction process.

---

While the information in this publication is believed to be correct, no responsibility is accepted for its accuracy. Persons desiring to utilize any information appearing in this publication should verify its applicability to their specific circumstances.

This issue was compiled and designed by Taryn Harbert and Kaylie Lu with contributions from Antonio Gonzalez, Cassie Idehara, Daniel Junge, Evans Pomegas, James Casey, Julia Flores, Kirk Miller, Lucy Liu, Maelyn Uyehara, Paul Brussow, Paraic Morrissey, Peter Knowles, Peter Vavaroutsos, and Scott Macpherson.

© Q2 2024 by Rider Levett Bucknall Ltd.

# Sign up for market trends & insights



Scan the QR code below to receive industry news, market insights, project stories, career opportunities and more.

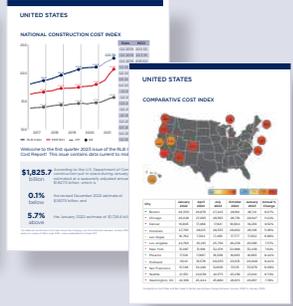
## PERSPECTIVE



## GLOBAL ANNUAL REPORT



## CONSTRUCTION COST REPORT



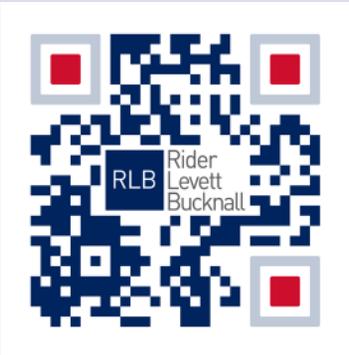
## CRANE INDEX



## SECTOR MARKET INSIGHTS



SCAN TO SUBSCRIBE



If you have questions or for more information, please contact us.

### **BOSTON**

Phone: +1 617 737 9339  
E-mail: BOS@us.rlb.com  
Contact: Michael O'Reilly

### **CALGARY**

Phone: +1 403 571 0505  
E-mail: YYC@ca.rlb.com  
Contact: Peter Vavaroutsos

### **CHICAGO**

Phone: +1 312 819 4250  
E-mail: ORD@us.rlb.com  
Contact: Warren Todd

### **COLOMBIA**

Phone: +1 720 904 1480  
E-mail: peter.knowles@us.rlb.com  
Contact: Peter Knowles

### **DENVER**

Phone: +1 720 904 1480  
E-mail: DEN@us.rlb.com  
Contact: Jordan Miller

### **HILO**

Phone: +1 808 934 7953  
E-mail: ITO@us.rlb.com  
Contact: Guia Lasquete

### **HONOLULU**

Phone: +1 808 521 2641  
E-mail: HNL@us.rlb.com  
Contact: Erin Kiriara  
Cassie Idehara

### **LAS VEGAS**

Phone: +1 702 227 8818  
E-mail: LAS@us.rlb.com  
Contact: Kevin Mitchell

### **LOS ANGELES**

Phone: +1 213 689 1103  
E-mail: LAX@us.rlb.com  
Contact: Scott Macpherson

### **MAUI**

Phone: +1 808 875 1945  
E-mail: OGG@us.rlb.com  
Contact: Paul Belshoff

### **MEXICO CITY**

Phone: +1 720 904 1480  
E-mail: peter.knowles@us.rlb.com  
Contact: Peter Knowles

### **MIAMI**

Phone: +1 305 924 6531  
E-mail: MIA@us.rlb.com  
Contact: Charles O'Loughlin

### **NEW YORK**

Phone: +1 646 821 4788  
E-mail: NYC@us.rlb.com  
Contact: Parai Morrissey

### **PHOENIX**

Phone: +1 602 443 4848  
E-mail: PHX@us.rlb.com  
Contact: Paul Brussow  
Scott Macpherson  
John Jozwick  
Scott Summers

### **PORTLAND**

Phone: +1 503 226 2730  
E-mail: PDX@us.rlb.com  
Contact: Daniel Junge

### **SAN FRANCISCO**

Phone: +1 415 362 2613  
E-mail: SFO@us.rlb.com  
Contact: Brian Schroth

### **SAN JOSE**

Phone: +1 650 943 2317  
E-mail: SJC@us.rlb.com  
Contact: Joel Brown

### **SEATTLE**

Phone: +1 206 441 8872  
E-mail: SEA@us.rlb.com  
Contact: Kevin Mitchell

### **ST. LUCIA**

Phone: +1 758 452 2125  
E-mail: UVF@us.rlb.com  
Contact: David Piper

### **TORONTO**

Phone: +1 905 827 8218  
E-mail: YYZ@us.rlb.com  
Contact: Peter Vavaroutsos

### **TUCSON**

Phone: +1 520 777 7581  
E-mail: TUS@us.rlb.com  
Contact: Josh Marks

### **WAIKOLOA**

Phone: +1 808 883 3379  
E-mail: KOA@us.rlb.com  
Contact: Guia Lasquete

### **WASHINGTON, DC**

Phone: +1 410 740 1671  
E-mail: DCA@us.rlb.com  
Contact: Kirk Miller