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Contact: Brian Turmail
(703) 459-0238, turmailb@agc.org

**CONSTRUCTION COST TREND REMAINS NEGATIVE DESPITE AUGUST INCREASES, TOP
CONSTRUCTION ECONOMIST NOTES**

Latest Producer Price Index Figures Point to 'Limited-Time Sale' For Construction Services

Despite increases in construction costs in August, new figures released today by the U.S. Bureau of Labor Statistics indicate that prices for the sector remain significantly down from a year ago, the chief economist for the Associated General Contractors of America said today in analyzing the data.

Simonson noted that the producer price index (PPI) for inputs to construction industries, a weighted average of the costs of all materials used in every type of construction, increased 1.1 percent in August compared to the previous month. He noted that the monthly increase was caused by a 17 percent increase in the cost of diesel, a 6.8 percent jump in steel prices and an 11 percent rise in copper prices compared to July, 2009.

However, he said the overall trend for construction costs remains negative. As compared to August 2008, the cost of construction is down 7.4 percent. And despite the monthly increases, the cost of diesel is still down 41 percent, steel down 36 percent and copper down 14 percent from the previous year. Simonson added that prices for each of the three components have already declined since the end of August.

“Prices haven’t been this competitive for construction services in a long time, but once the domestic and global economy heats up, they are likely to rise again,” said Simonson. “Public officials and private developers should act now to cash in on what is clearly a limited-time sale for construction.”

[Click here](#) for a link to the new producer price index data.

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