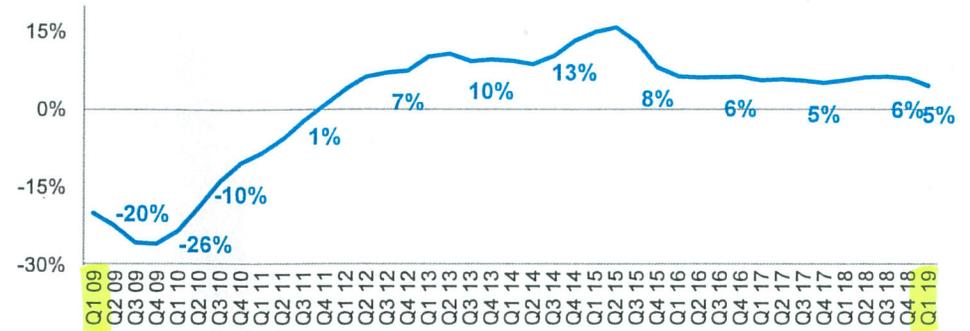


Overall Construction Cost Index (January 2009 = 100)



Both the Seattle and National construction cost indexes continued to increase in the first quarter of 2019. The Seattle index increased 6.4% compared to a year ago, outpacing the national index which increased 5.4%.

Seattle Construction Employment (Year-Over-Year Growth)
(an indicator of future wage and activity trends)



Construction employment growth in Seattle remained stable in the first quarter of the year with 5% growth compared to a year ago. We anticipate continued strong construction employment throughout the remainder of 2019.

Seattle Building Component Trends (Q1 2019 vs. Q4 2018)

Highest Growth

- Install Reinforcing Steel (12.8%)
- Struc. Steel/Metal Decking (5.9%)
- Roofing System (5.5%)
- Susp. Acoustical Ceilings (3.7%)
- Deck Formwork (3.1%)
- Site Concrete (3.0%)

Moderate Growth

- Plumbing Systems (2.2%)
- Cast-in-Place Concrete (1.3%)
- Earthwork (1.3%)
- Asphalt Paving (1.3%)
- Site Utilities (1.1%)
- Electrical Systems (1.0%)

Flat

- HVAC Systems
- Alum. Entrances/Storefronts
- Gypsum Board Systems
- Electric Traction Elevators
- Steel Framing & Stair Erection
- Finish Carpentry/Millwork

Decline

- Reinforcing Steel Material (-11.4%)

Note: All other components (15% of the index) increased 0.6%

The majority of building components that make up the index experienced flat to moderate growth compared to the previous quarter. Six components experienced high growth and one component declined.

Advice for Building Owners

The Seattle construction cost index indicates costs continuing to increase at a pace above historic averages, closely mirroring our national index. Although we continue to monitor trade negotiations with China, volatility due to tariffs has seemingly eased over the past few months and prices have stabilized. Construction employment in Seattle remains stable, and the Architecture Billings Index (an early predictor of construction activity) is holding steady. We recommend owners plan on a 4.5% to 5.5% increase for the remainder of the year.

About this report: The Mortenson Construction cost index is calculated quarterly by pricing a representative non-residential construction projects in Seattle and other geographies throughout the country. Local employment figures are from the Bureau of Labor Statistics.

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