

Quarterly Construction Insights

Q2 2022

Summary of Q1 2022

Costs Remain Inflated Since Start of Pandemic

- Over the last year, residential reconstruction costs have grown over 12% in the U.S. and over 6% in Canada.
- Most of this growth occurred between Q2-21 and Q3-21, and costs have remained elevated.
- U.S. permit authorizations in March 2022 were at 7% total growth when compared to March 2021. Nationally, 5+ housing unit permits have seen a significant increase of 36%



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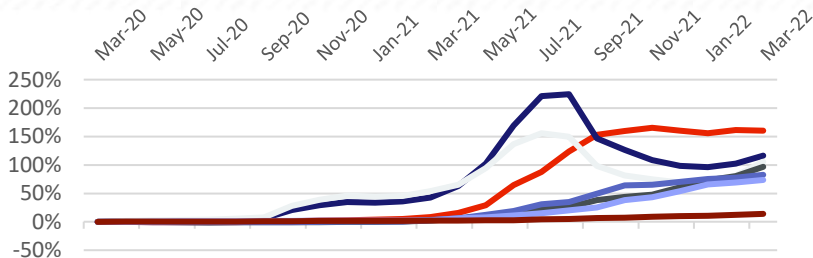
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Changes in Individual Material Costs Since Start of Pandemic

Costs for many individual materials have continued to be significantly higher than before the pandemic. Costs for copper wire in March 2022 were more than double what they were in March 2020.

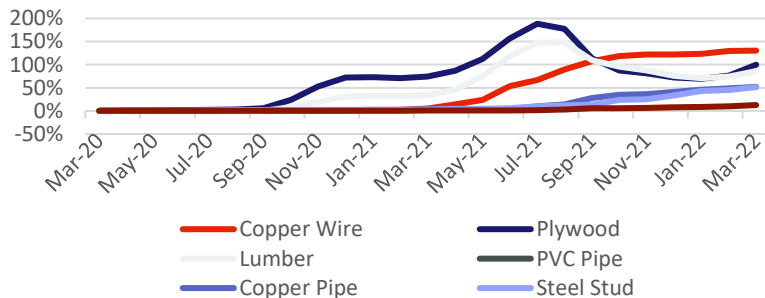
Due to strong expectation of demand and supply constraints in conjunction with the continuing recovery of the U.S. economy, many building material costs remain high. PVC has seen an increase across the U.S. and Canada of 100-200% because of its petroleum base used in manufacturing.

U.S.



Material (U.S.)	Change from March 2020 to March 2022
Copper Wire	+160%
Plywood	+116%
Lumber	+106%
PVC Pipe	+97%
Copper Pipe	+83%
Steel Stud	+74%
Asphalt Shingles	+14%

Canada



Material (CAN)	Change from March 2020 to March 2022
Copper Wire	+130%
Lumber	+100%
Plywood	+86%
Copper Pipe	+52%
Steel Stud	+51%
Asphalt Shingles	+12%

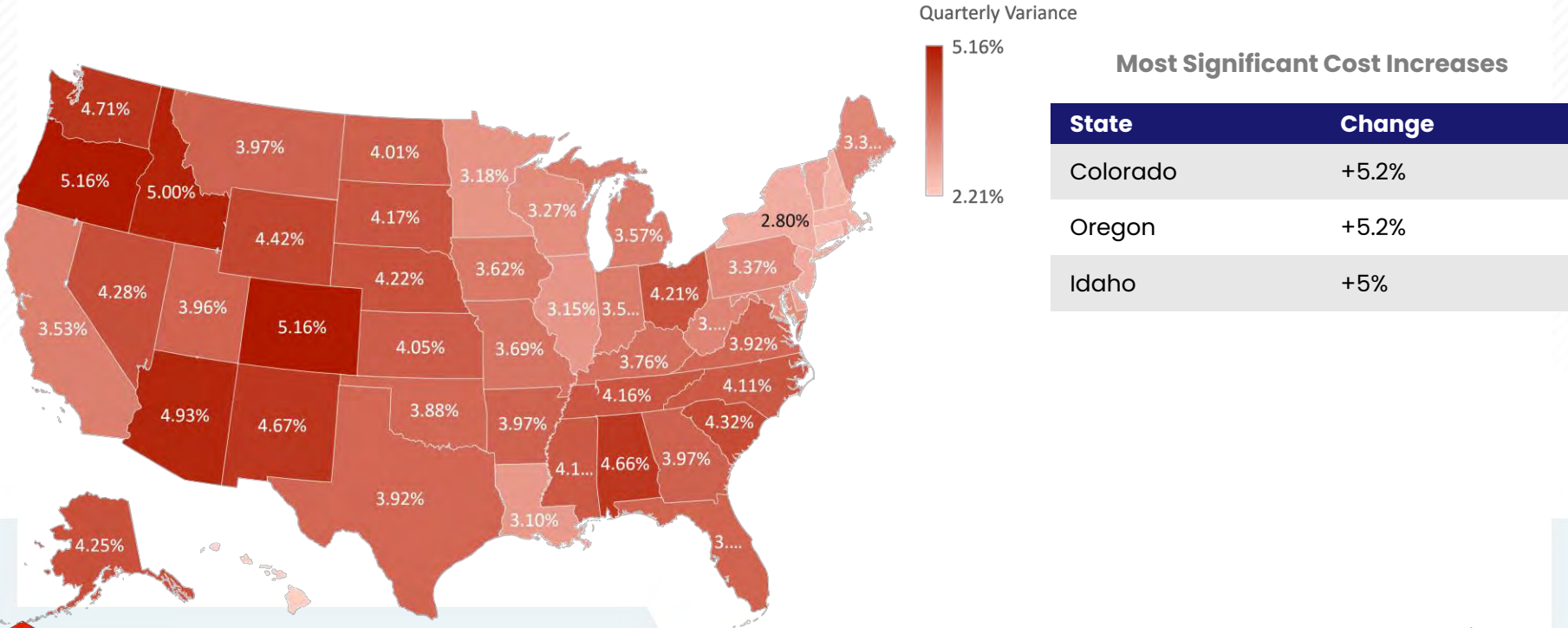
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Q1 2022 to Q2 2022 Change in Residential Reconstruction Cost — United States

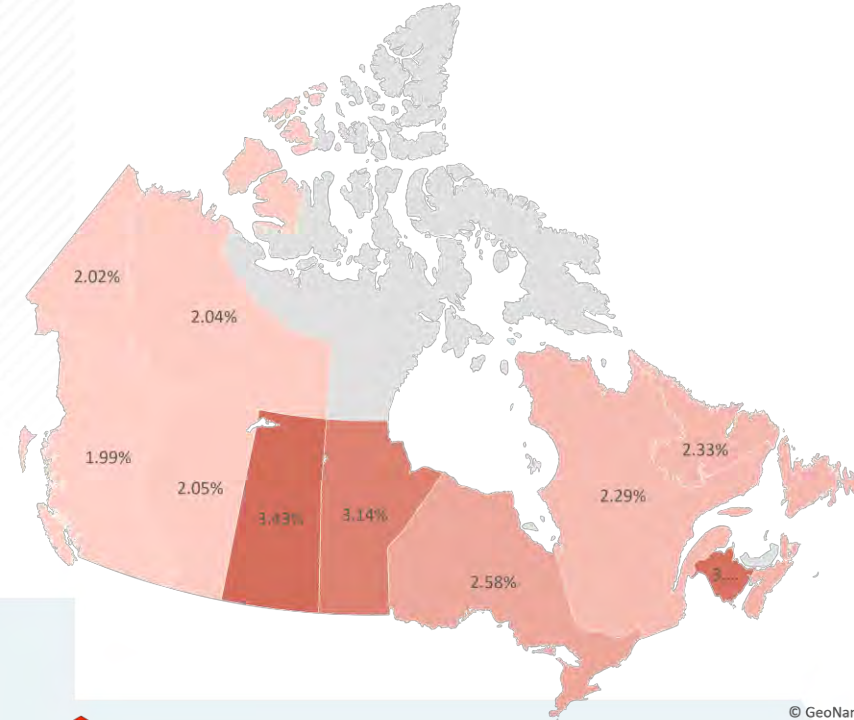
Changes in costs for materials impacts the final residential reconstruction cost of a property. The national average for the change in residential reconstruction cost from 1Q22 to 2Q22 was 3.9%.



Source: CoreLogic RCT™

Q1 2022 to Q2 2022 Change in Residential Reconstruction Cost — Canada

Changes in costs for materials impacts the final residential reconstruction cost of a property. Over a quarter, costs have changed anywhere from 2% to 4.7% in every province. The national average was a change of 2.5%.



Quarterly Variance

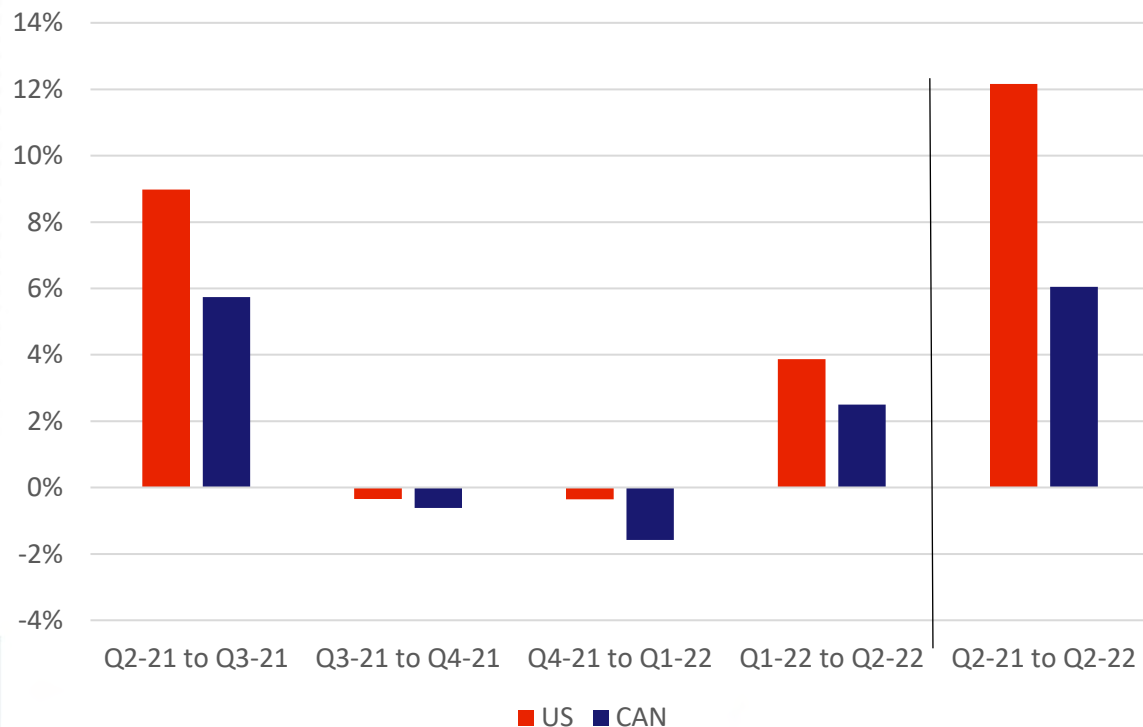


Most Significant Cost Increases

State	Change
Prince Edward Island	4.7%
Saskatchewan	3.4%
New Brunswick	3.4%

Change in Residential Reconstruction Cost – U.S. and Canada

Over the last year, residential reconstruction costs have grown over 12% in the U.S. and over 6% in Canada. Most of this growth occurred between Q2-21 and Q3-21, and costs have remained elevated.



Change in Residential Reconstruction Cost	US	CAN
Q2-21 to Q3-21	+8.98%	+5.74%
Q3-21 to Q4-21	-0.34%	-0.61%
Q4-21 to Q1-22	-0.35%	-1.58%
Q1-22 to Q2-22	+3.87%	+2.50%
Q2-21 to Q2-22	+12.16%	+6.05%

Source: CoreLogic RCT™



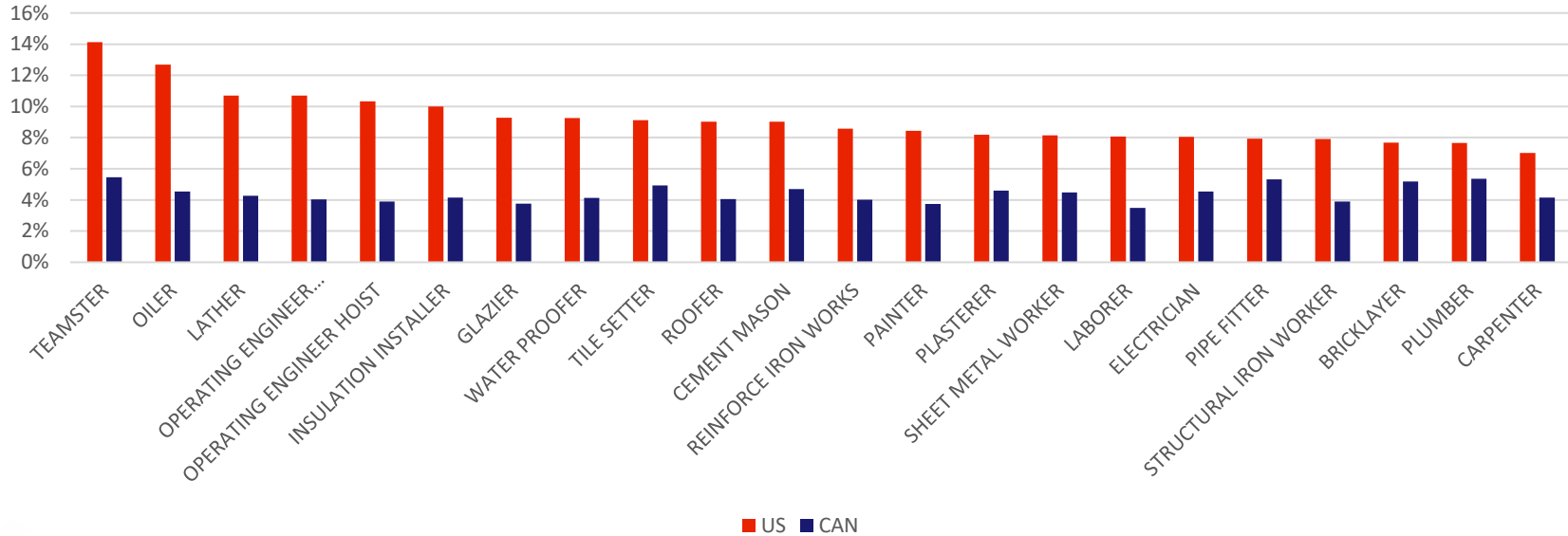
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Labor Costs in the U.S. and Canada Compared

With a continuing shortage of workers for construction, companies are paying higher rates for skilled labor. From March 2020 to March 2022, residential and commercial labor costs in the United States grew significantly with cost growth as high as 14% for teamsters. Labor cost growth in Canada continues to remain relatively more stable.

Change in Labor Cost, March 2020 to March 2022



U.S. Economic Indicators

The U.S. economy has seen significant disruptions over the course of the pandemic. From Q4 2020 to Q4 2021, U.S. housing prices have skyrocketed — increasing 18% for existing stock and 19% for new stock. However, unemployment has declined, and home sales, housing starts, and building construction permits have all increased.



ECONOMIC INDICATORS

	Q4 2021	Q1 2022
Housing Starts*	1,670	1,753
Building Permits*	1,752	1,878
Home Sales*	6,967	6,878
New	764	814
Existing	6,203	6,063
Unemployment	4.2%	3.8%
Consumer Confidence	112.9	108.1
30-Year Fixed Mortgage Rate	3.1%	3.8%

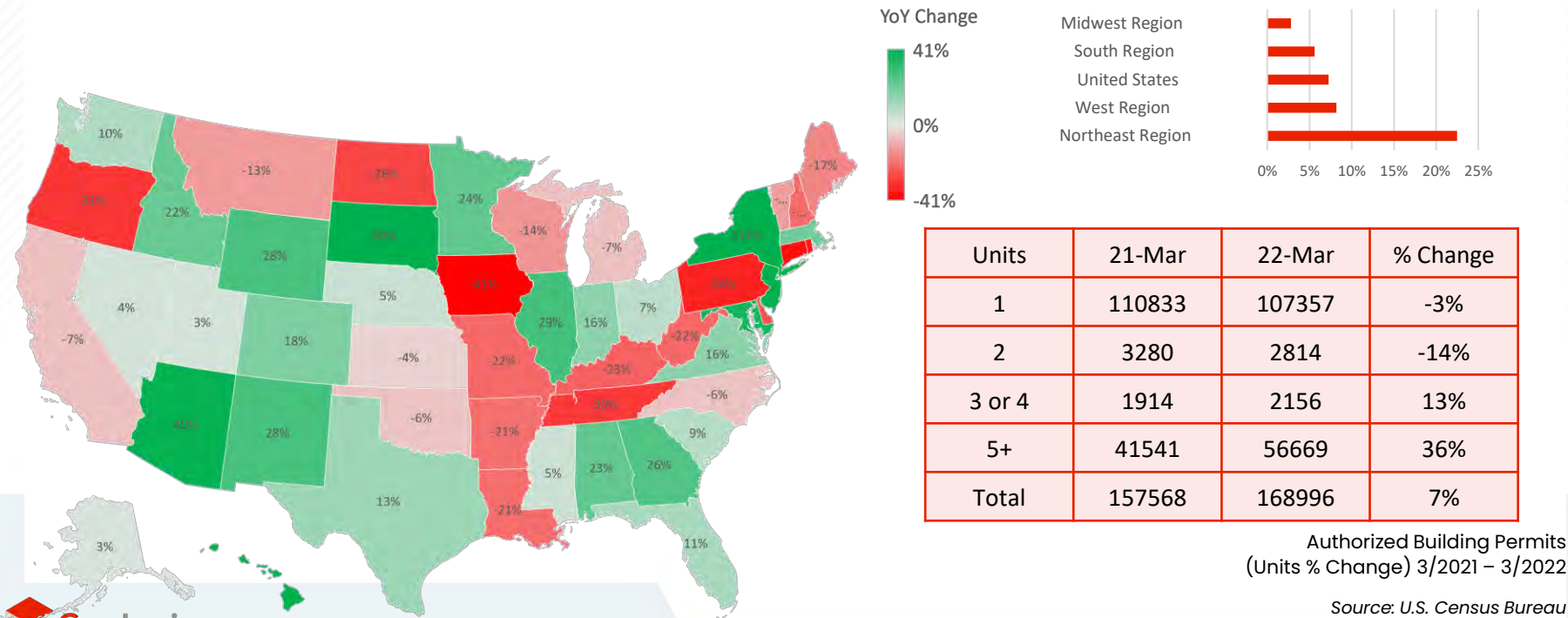
	Q1 2021	Q1 2022
Home Price YOY Change		
New (%)	12.4%	18.1%
Existing (%)	11.1%	20.9%

*in 1,000s

Sources: U.S. Bureau of the Census, National Association of Realtors, U.S. Bureau of Labor Statistics, The Conference Board, Freddie Mac, CoreLogic

Changes in Permit Authorizations

Construction permits are a leading indicator. Because permits are required before construction can begin, they may be an indicator that builders are moving forward with projects. U.S. permit authorizations in March 2022 were at 7% total growth when compared to March 2021. All regions have seen an increase in permit authorizations. Nationally, 5+ housing unit permits have seen a significant increase of 36%.



Construction Job Growth in the U.S.

Construction employment totaled 7,628,000 in March 2022, up 68,000 jobs since December 2021. Employment in construction was up by 220,000 jobs since March 2021.

Total U.S. Construction Employment in March 2022

7,628,000



68,000

qtr/qtr



220,000

yr/yr

Highest GROWTH*

Idaho

13%

Montana

12%

Utah

12%

Largest DECLINE*

Pennsylvania

-7%

New York

-7%

North Dakota

-6%

Source: U.S. Bureau of Labor Statistics

*Total percent gain or loss since February 2020.

Source: Associated General Contractors of America





CoreLogic tracks construction costs for commercial, residential and agricultural construction of all types by researching a basket of goods (labor and materials) all around the United States and Canada. This research is conducted monthly, which allows us to monitor fluctuations to commonly used materials.

For more information, please call:
855.267.7027