

// OCTOBER 2022

ARIZONA MARKET CONDITIONS



Building to make a difference... / Arizona / CHASSE.us

CHASSE
BUILDING TEAM

ARIZONA MARKET CONDITIONS

This report is intended to inform our Clients and Project Teams with a summary of the significant impact the pandemic has had on the supply chain and construction costs. Included within is a better understanding of the current market conditions, the impact that has on projects, its likely course in the next possible year, and some proactive measures we can and are taking. Although we can't control market conditions, we can control being proactive and **HUSTLING** to find innovative ways to deliver for our partners.

A combination of major supply chain disruptions, natural disasters, the Ukraine/Russia conflict, significant demand, and shortage of skilled labor and truck drivers, are all driving up costs and lead times. The pandemic has caused current production and the supply chain of many materials to fall short of increased demand, and we face a renewed disruption as Ukraine and Russia are critical suppliers of metals, raw materials, chemical products, and machinery.

Imported products and components were subjected to production and shipping shutdowns in the early months of the pandemic. This has specifically affected numerous products from China and Europe, ranging from microchips, cabinets, appliances, tile flooring, and pipe fittings. Although production has increased, containers, ships, port space, and trucking capacity are still experiencing congestion further delaying the supply chain. The current gas + diesel prices have added another strain to transportation and materials that utilize petro-chemicals.

Further contributing factors to the higher prices and strained supply chain were the various trade policies imposed in recent years and the recent sanctions on Russia. Tariffs or quotas on steel and aluminum from many countries, along with tariffs on hundreds of parts and materials from China, drove up the cost of many construction products and reduced the number of suppliers, which has led to increased lead times. Although the purpose of these trade actions was to protect and create jobs in the U.S. manufacturing sector, very little capacity has been added so far.

As we navigate our way through these challenging market conditions one thing remains certain, our level of commitment and transparency will never waiver. Our teams and trade partners will continue to work relentlessly to gather the best and most current market information to aid the decision making process for the design teams and owner partners we seek to serve.

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"Building to
make a difference..."
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Very truly yours,
The CHASSE Team

FROM OUR FIELD TEAMS...

"Seeing the full team, from our architect and engineer teams, along with our trade partners and suppliers, **coming together** to really make sure we have a handle around potential risks, and then working together on creative solutions to eliminate those risks, has been amazing to be part of and proves the value LEAN construction methods has in **delivering projects under any conditions.**"

"**Our trade partners and suppliers are a vital extension of our team.** We've been having **deliberate conversations** to stay ahead of and informed of their scheduling commitments and lead times. This is just one of the many steps our team - trade partners included - are taking to deliver for our clients in an ever-changing market space."

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ARIZONA MARKET CONDITIONS

Section 2

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MARKET CONDITIONS TRACKER

THINGS TO CONSIDER...

- ✓ **Massive Growth** in Private Sector + Residential
- ✓ **Backlog of Permits**
- ✓ **Supply Chain + Labor Challenges**

Construction Price Index The Consumer Price Index increased **8.6% from the same month a year ago, the highest record since December 1981**. Energy prices are now up over 48% over the past 12 months, causing pressure on manufacturers to produce and distribute equipment + materials used day to day in construction. Additionally, the Producer Price Index for inputs to new nonresidential construction prices rose 1.9% from April to May and a **staggering 18.9% since May 2021**.

Other price index increases over the last 12 months that are affecting construction costs include roofing asphalt and tar based products 18.9%, insulation materials 16.6%, paving mixes 16.1%, concrete products 12% and construction equipment % 11.5%. Overall inputs to construction industries increased 16.8% from the end of 2021 to September of 2022.

Source: Construction Dive / ABC / AGC

Material Supply Chain + Availability

High energy costs, labor uncertainty, and continued high demand have driven higher price pressures for all transportation and logistics services including marine, truck, rail, and air.

We expect heavy traffic from Asia in the coming weeks as lock downs being lifted could also further exacerbate the situation. **As of late summer, it has been reported that a backup of container ships waiting outside the East Coast's busiest ports has reached its highest number since the beginning of the pandemic.** Additionally, there have been clear improvements in port processing, however high volumes remain.



16.8%↑ DEC '21-SEPT '22
Construction Index Increase



With numerous **HIGH PROFILE PROJECTS** including the Taiwan Semiconductor Manufacturing Plant, new Intel Campus, KORE Battery Plant, Facebook Mesa Campus, and more, there will be a strain on concrete workers, then MEP trades in Arizona.

The labor shortage along with the compounding pre-COVID challenges strain the current market.

Labor Shortages Labor in the construction industry continues to be an additional challenge that is compounding the supply chain disruptions and budgetary challenges. Construction demand has grown at a significant rate and has outpaced the number of new workers entering the market. **In 2020 alone, the construction market in Arizona grew by more than 22% and was followed up with another 4.8% increase in 2021.** Meanwhile, during that same year the number of new construction workers entering the market did not grow, and instead saw a slight decline. **Per AZBEX, in January of 2022 there was an estimated 176,700 construction workers in our market; this was a slight increase from 18-months prior and down more than 27% from the peak in 2006. On a positive trend, construction unemployment fell to 3.7% in 2022, down from 5.9% in 2021 and the 7.8% peak in 2020.** Labor shortages have created a significant deficit and therefore labor costs have continuously increased in recent years. Based on the current economic forecasts for the Tucson + Phoenix metro area, it is anticipated that the construction market will continue to see strong growth in the coming years that will further amplify this challenge. In 2021 alone, the Arizona workforce was almost \$4B behind construction demand according to AZBEX.

DEMAND FOR CONSTRUCTION JOBS IN ARIZONA IS OVER THE NATIONAL AVERAGE.

PHOENIX HAS OUTGROWN PHILADELPHIA TO BECOME THE 5TH LARGEST CITY IN THE US.

OVER THE PAST DECADE, PHOENIX HAS GROWN AT A FASTER RATE THAN ANY OF THE TOP 10 CITIES, AT AROUND 11.24%.

There are simply not enough carpenters, plumbers, electricians and other skilled construction workers that are trained and ready to enter the industry at this time to keep up with the demand necessary. This is one of the many reasons **CHASSE Building Team emphasizes and values our relationships with our trade partners.** Our team has always had a focus on maintaining strong relationships with our trade partners through running efficient projects, incorporating LEAN methodology, thriving on a collaborative culture, and prompt payments. **Our teams have developed exceptional relationships within the industry to ensure our projects have adequate resources to successfully execute them in a collaborative team atmosphere.**



CONCRETE

- ✓ **Aggregate Base Material** anticipating **\$1-2/ton increase** in July 2022.
- ✓ **Trucking and deliveries** continue to be a challenge. **Schedule deliveries well in advance.**
- ✓ **Concrete shortages** are causing pours to be canceled daily. **Cemex is selectively giving 40 cubic yards of concrete out at a time.**
- ✓ Concrete trade partners on "allocations" for cement-based materials - causing **major delays on concrete and grout materials.**
- ✓ Recent cement shortages are further challenging the market and project schedules. **We expect cement shortages to ease second half of 2022.**



STEEL

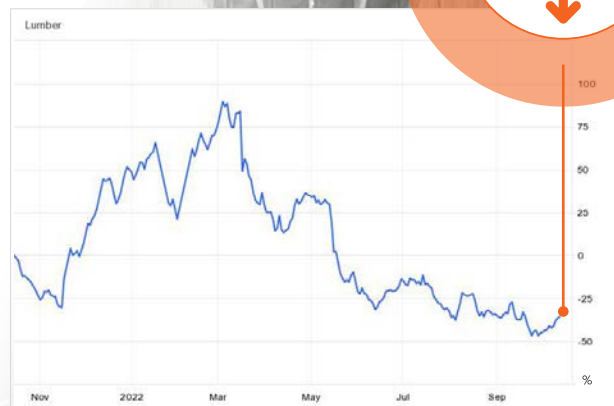
- ✓ Steel is currently down **13%** year to date and is **showing signs of improvement.**
- ✓ Lead times for **Steel Joists** have **reduced to 24-48 weeks.**
- ✓ Steel decking lead times have reduced to **10-12 weeks.**
- ✓ The shortage of supply is largely due to COVID shutdowns, a shortage in the labor required to increase production, and an increased demand in the industrial sector.



YTD
13%
↓

LUMBER

- ✓ Lumber has shown a price decrease from beginning of 2022, but the market still continues to be volatile.
- ✓ While the industry is hopeful for a **decrease in lumber prices**, a new norm has been set as to what lumber price is sustainable.
- ✓ The increased price was due to multifamily projects, home builders, home improvement projects, and general construction throughout the pandemic.



METAL STUDS

SLIGHT INCREASES on the horizon for metal studs

- ✓ Material lead times have improved to **2-3 weeks**. 👍
- ✓ However, manpower challenges still exist with wall assembly trades.
- ✓ Expecting approximate 5% increase before the end of 2022.

DOORS + HARDWARE

- ✓ Wood Door lead times **increased to 16-18 weeks**.
- ✓ Electrified Door hardware **are at 20-24 weeks**.
- ✓ It's important to contact suppliers early and often to verify material deliveries are tracking per the project schedule.

↑ **50% INCREASE**
in the past 6 months

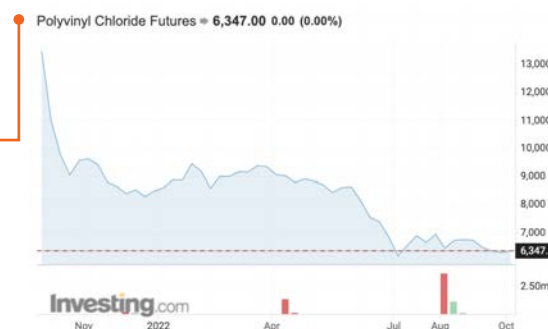
6-8 WEEKS
for hollow metal doors + frames

GLAZING

- ✓ **Glazing materials + availability is improving. Certain glazing colors and types have been discontinued** due to limited supply of raw materials
- ✓ There was a **recent 40% increase** from glazing manufacturers. We recommend placing glazing orders early and storing materials to prevent further increases.
- ✓ Typical glazing types and sizes showing signs of becoming **more readily available with suppliers**
- ✓ **Lead times for standard glazing is 4-8 weeks.** Premium colors are seeing lead times of 10-12 weeks.

ELECTRICAL + PLUMBING

- ✓ **Electrical Gear LONG LEAD**
Recently the market has seen a dramatic lead time increase for large electrical equipment. These lead times are ranging from 12-18 months for typical electrical gear.
- ✓ **PVC STABILIZING** 
Supply of PVC although improving is still limited and suppliers are being allocated lesser amounts of additives required to manufacture. Additionally, demand is still exceeding supply creating continued strain on the PVC availability. Pipe fittings lead times in recent months have increased to 12-18 weeks.



- ✓ **Transformers DELAYED**
Reports of transformer delays are being seen from power companies throughout Arizona. We recommend working with your power company to secure and finalize designs to place orders for project transformers.

ASPHALT + EARTHWORK

Due to a trucking shortage in the work force, the market is expecting...

A **\$5/TON** and **\$2-3/SY** increase for asphalt materials

2 WEEK MINIMUM to schedule ABC

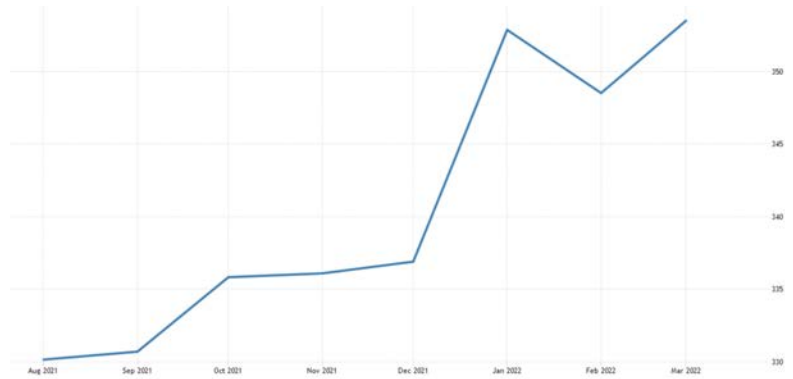
1 MONTH to schedule asphalt placement

Recent fuel increases have affected the costs for asphalt and earthwork activities. We recommend teams set baseline fuel costs in estimates and built in escalation contingencies to weather a volatile oil market.

AS OF OCTOBER 2022

GYPSUM

↑ Year to date
gypsum price
increase is up **10%**

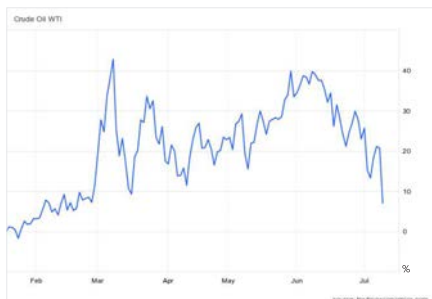


PAINT

↑ **Paint** is up **12%** in the
last quarter. Specialty
paint lead times are
at **2+ WEEKS**



CRUDE OIL



Current crude oil and natural gas prices hitting **ALL-TIME HIGHS** have put pressure on suppliers, especially overseas. We forecast continued **price increases** as **margins are pressured for suppliers.**

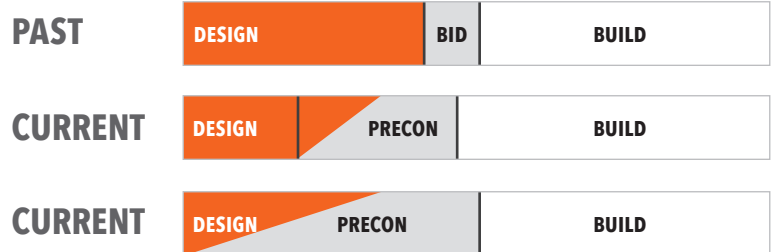
EQUIPMENT

- ✓ Larger electrical equipment have reached staggering **12-18 MONTH** lead times. **We recommend project teams and designers prioritize the design of electrical systems early** to release long lead procurement items and plan for the lead times in project schedules.
- ✓ **Mechanical equipment is maintaining long lead times.** Plan accordingly in procurement strategies and project schedules.



LEAN PRECONSTRUCTION + PROCUREMENT

Target Value Design is a process we have been implementing to mitigate overages and ensure budgets are met in these challenging times. In this process, each construction division is given a dollar value parameter which the entire team works within to find the best solutions.



Benefits Include

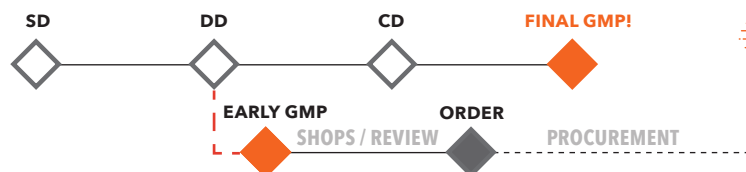
- + **Greatly increases the team's ability to maintain budget alignment.** Rather than the budget chasing the design, the design chases the budget giving designers values to aim their design towards.
- + **Mitigates re-design** and eliminates value engineering.
- + **Increases subcontractor input** and involvement equaling real time market feedback.
- + **Increases team collaboration.**
- + **Designs are able to react quickly** to market factors reducing design erosion due to commodity and labor pricing pressure.

PRECONSTRUCTION TIMELINE THE NEW NORMAL...

TYPICAL TIMELINE



LEAN TIMELINE



EARLY PROCUREMENT
TIME SAVED = 8-12 WEEKS!

In today's market conditions, CHASSE is working very closely with owners, architects, and trade partners to evaluate the quickly changing material lead times and establish an **"Early Procurement GMP"**. This allows us to start the procurement process during **design development and assure your schedule can still be met...**

Section 3 // MARKET STRATEGY

LEAN SUBMITTAL REVIEW //

- ✓ Expedited Submittal Gathering
- ✓ Collaborative Stakeholder Group Review
- ✓ Release Procurement

CRITICAL PROCUREMENT + MATERIAL STORAGE

Given the challenges within the market place and material escalations, now more than ever it is critical our teams order materials early and have them delivered + stored onsite. This requires a new form of material storage and procurement which includes modified yards with connex's, laydown areas, and security to house these materials for longer periods of time. This has been proven to avoid hundreds of thousands of dollars in material increases and ensure material is onsite in time to maintain schedule.

Benefits Include

- Lock In Material Pricing
- Reduce Risk of Logistics and Shipping Losses
- Material Ready for Install
- Confidence to Maintain Project Schedules



Section 4 // MARKET CONDITIONS TRACKER

MARKET CONDITIONS TRACKER

2/20/22

| DIV | DESCRIPTION | MATERIAL TYPE | % INCREASE PROJECTED | YTD % | 2021 % INCREASE | DATE EFF | NOTIFIED | LEAD TIME | NOTES |
|-----|------------------|--------------------------------|----------------------|-------|-----------------|----------|----------|-----------|---|
| 3A | Concrete | ABC Material | 12% | 5% | 15% | 6/1/22 | 5/1/22 | - | |
| | | Rebar | 15-20% | 15% | 60% | 6/1/22 | 5/1/22 | 4-6 wks | Quarterly 15%+ increases / long lead |
| | | Concrete Materials | 15% | 10% | 57% | 6/1/22 | 5/1/22 | 3-6 wks | Concrete companies on allocations, raw materials challenge to find. Projecting relief in Fall |
| 4A | Masonry | Masonry Units - Standard Grey | 10% | 12% | 8% | 6/24/22 | 6/24/22 | 1-2 wks | Projecting 10% increase in Oct. 2022 |
| | | Masonry Units - Colored | 10% | 12% | 8% | 6/24/22 | 6/24/22 | 14-16 wks | Projecting 10% increase in Oct. 2022 |
| | | Real Normal Brick | 10% | 12% | 8% | 6/24/22 | 6/24/22 | 26-30 wks | Projecting 10% increase in Oct. 2022 |
| | | Precast | 0% | 10% | 10% | 6/24/22 | 6/24/22 | 10 wks | |
| | | Grout | 12% | 10% | 19% | 6/24/22 | 6/24/22 | 2 wks | Projecting 12% increase in Oct. 2022 |
| 5A | Structural Steel | Rebar | 10% | 15% | 60% | 6/24/22 | 6/24/22 | - | |
| | | Structural Steel | 0% | 5% | 37% | 6/24/22 | 6/24/22 | 4 wks | No price increases in 2022, projecting cost to maintain / stabilize into Q3 and Q4 |
| | | Steel Joists | 0% | 5% | 20% | 6/24/22 | 6/24/22 | 40-50 wks | Maintaining long lead times, projecting cost to maintain / stabilize into Q3 and Q4 |
| | | Steel Deck | 0% | 5% | 37% | 6/24/22 | 6/24/22 | 12-16 wks | Improved lead time from 24 wks, projecting cost to maintain / stabilize into Q3 and Q4 |
| | | Pre-engineered metal buildings | - | - | - | 6/24/22 | 6/24/22 | 16-18 wks | Challenges getting materials, increased lead times |
| 6A | Rough Carpentry | Lumber | - | -10% | 256% | 6/24/22 | 6/24/22 | - | Drop in lumber market improved costs |
| 6B | Millwork | Plastic Laminates | - | 5% | 15% | 7/6/22 | 7/1/22 | 4-6 wks | Continued long lead times |
| | | Solid Surface | - | 10% | 15% | 7/6/22 | 7/1/22 | 3-4 wks | Lead times largely depends on color / suggest spec alt. colors |
| | | Epoxy Resin Tops | 5% | 10% | 15% | 7/6/22 | 7/1/22 | 16+ wks | Very long lead item |
| | | Hardware | 5% | 10% | 15% | 7/6/22 | 7/1/22 | 3-4 wks | Lead time increase from 1-2 weeks to 5 weeks |
| 7A | Insulation | Spray Polyurethane / Foam | 5% | 0% | 30% | 7/4/22 | 7/1/22 | 12-16 wks | Lead times reduced from previous 6 months |
| | | Mineral Wool | 10-12% | 0% | 25% | 7/4/22 | 7/1/22 | 12-16 wks | Quarterly 10-12% increases projected. Lead times reduced slightly |
| | | Loose Fill Batt Insulation | 5% | 0% | 8% | 7/4/22 | 7/1/22 | 12-16 wks | Lead times extending. Projecting 5% increases quarterly |

* Material cost increases and lead times are approximate based on feedback from our local trade partners. Costs and lead times are continuously changing.

CONTINUED →

Section 4 // MARKET CONDITIONS TRACKER

| | | | | | | | | | |
|-----|-------------------------|--|-------|--------|--------|---------|---------|-----------|--|
| 7B | Roofing & Sheet Metal | TPO Membranes & Polyiso Insulation | 20% | 10% | 5% | 7/4/22 | 7/1/22 | 24 wks | Lead times holding at 6 months / Long lead item |
| | | BUR Systems (Hot or Cold) | 20% | 5% | 10% | 7/4/22 | 7/1/22 | 8 wks | Material more available than TPO roofing |
| | | Traffic Guard Roofing Coating | 20% | 5-10% | 0% | 7/4/22 | 7/1/22 | 8 wks | Material production halted due to lack of raw material supply |
| | | Feltbacked Membranes | 20% | 5-10% | 8% | 7/4/22 | 7/1/22 | 32 wks | Excessive lead time. Advise to source alternate material type. Long lead item |
| | | Non-board Accessories | 20% | 5-10% | 8% | 7/4/22 | 7/1/22 | 8 wks | |
| | | Non urethane Adhesives, Sealants | 20% | 5-10% | 8% | 7/4/22 | 7/1/22 | 8 wks | |
| | | Fasteners & Plates | 20% | 0% | 15% | 7/4/22 | 7/1/22 | 35 wks | High demand and hard to supply. Order well ahead of schedule. Long lead item |
| | | Edge Metal, Clad Metal, Termination Bars | 20% | 5-10% | 20% | 7/4/22 | 7/1/22 | 8 wks | |
| | | Urethane Adhesives | 20% | 5-10% | - | 7/4/22 | 7/1/22 | 35 wks | High demand and hard to supply. Order well ahead of schedule. Long lead item |
| 7C | Metal Panels | | | | | | | | |
| | | Aluminum Flat Sheets | 10% | 15-20% | 10% | 7/1/22 | 6/24/22 | 8 wks | Anticipating atleast 10% increase through the end of the year |
| 7F | Caulking & Sealants | | | | | | | | |
| | | Fire caulk and acoustical sealant | | | 2% | 6/24/22 | 6/24/22 | - | No increases on horizon |
| 8A | Doors Frames & Hardware | | | | | | | | |
| | | Hollow Metal Doors | 5-10% | 35% | 40-50% | 7/1/22 | 6/24/22 | 6-8 wks | Increased 2 weeks on lead time / expediting options with premium |
| | | Hollow Metal Frames | 5-10% | 35% | 40-50% | 7/1/22 | 6/24/22 | 6-8 wks | Increased 2 weeks on lead time / expediting options with premium |
| | | Wood Doors | - | 45% | 40-50% | 7/1/22 | 6/24/22 | - | Notified that supplier is 100% out of aluminum & delayed for foreseeable |
| | | Hardware | - | 45-50% | 40-50% | 7/1/22 | 6/24/22 | 4-6 wks | 22 weeks for Dark Finish hardware of Special Order Levers Etc from China |
| 8B | Overhead Doors | Overhead Doors | | | | | | 32 wks | Long lead item |
| 8C | Glass & Glazing | | | | | | | | |
| | | Glass Products | 0% | 40% | 58% | 6/22/22 | 6/10/22 | 4-8 wks | Large increase late June that hit 40% |
| | | Sliding Service Windows | 0% | 40% | 58% | 6/22/22 | 6/10/22 | 12-16 wks | PC |
| | | Colored Glass | 0% | 40% | 58% | 6/22/22 | 6/10/22 | 4-8 wks | Large increase late June that hit 40% |
| | | 1/4" Glass | 0% | 40% | 58% | 6/22/22 | 6/10/22 | 4-8 wks | Large increase late June that hit 40% |
| | | Aluminum | 0% | 30% | 45% | 5/1/22 | 5/1/22 | 4-6 wks | Major price increases in May |
| | | Flat Glass | 0% | 40% | 58% | 6/22/22 | 6/10/22 | 4-8 wks | Large increase late June that hit 40% |
| 9A | Framing & Drywall | | | | | | | | |
| | | Metal Studs | 5% | 10% | 15% | 5/1/22 | 4/1/22 | 2-3 wks | Improved lead time, more available |
| | | Drywall | 5% | 20% | 15% | 6/24/22 | 6/1/22 | - | Large recent increase, readily available |
| 9C | Tile | | | | | | | | |
| | | Ceramic Tile | 5% | 0% | 15% | 2/20/22 | 2/20/22 | 12 wks | Lead times out to 12 weeks / spec alternate materials |
| 9D | Acoustical Assemblies | | | | | | | | |
| | | Ceiling Tile | 5% | 17% | 27% | 7/1/22 | 6/25/22 | 8 wks | Recent large material increase, suppliers advise anticipating 5% quarterly increases |
| | | Metal Based Suspension Products | 5% | 17% | 27% | 7/1/22 | 6/25/22 | 8 wks | Recent large material increase, suppliers advise anticipating 5% quarterly increases |
| | | Acoust - Serpents | 5% | 17% | 27% | 7/1/22 | 6/25/22 | 8 wks | Recent large material increase, suppliers advise anticipating 5% quarterly increases |
| 9E | Flooring | Flooring | | | | | | | |
| 9F | Paint | Paint | 0% | 5% | 20% | 2/20/22 | 2/20/22 | 2-3 wks | Lead time holding |
| 10A | Specialties | Specialties | | | | | | | |
| 10B | Signage | Signage | | | | | | | |
| 10C | Operable Partitions | Operable Partitions | | | | | | | |
| 11A | Equipment | | | | | | | | |
| | | Play Equipment | | | | | | 16 wks | Lead times out to 16 weeks |
| 11B | Food Service Equipment | Food Service Equipment | | | | | | | |
| 11C | Theatrical Equipment | Theatrical Equipment | | | | | | | |
| 21A | Fire Protection | Fire Protection | 0% | 10% | 7% | 4/1/22 | 3/13/22 | - | Increase of 10% in Q2 |
| 22A | Plumbing | | | | | | | | |
| | | Materials / Fixtures | 0% | 7% | 12% | 6/5/22 | 4/5/22 | 6-12 wks | Scan and Chicago fixtures increase letter effective June |
| | | Water Heaters | 0% | 7% | 12% | 6/5/22 | 4/5/22 | 6-12 wks | |
| | | Heat Pumps | 0% | 7% | 12% | 6/5/22 | 4/5/22 | 6-12 wks | |
| | | Pipe Fittings | 0% | 7% | 7% | 5/1/22 | 4/1/22 | - | Another 7% increase |
| | | Copper Tube | 0% | 8% | 8% | 7/1/22 | 6/1/22 | 3-3 wks | |
| | | Sch 40 Pipe | 0% | 25% | 7% | 4/1/22 | 3/16/22 | 3-4 wks | Large increase in Q2 due to freight and war |
| 23A | HVAC | Cast Iron | 0% | 5% | 11% | 6/1/22 | 5/19/22 | - | |
| | | Mechanical Equipment | 0% | 5-10% | 17% | 8/1/22 | 6/24/22 | 12-24 wks | Projecting upcoming increases |
| | | Metal Duct Work | 0% | 0% | 10% | 8/1/22 | 6/24/22 | 2-4 wks | Stabilizing |
| | | Dampers | 0% | 0% | 8% | 2/20/22 | 2/20/22 | 4-8 wks | No recent updates |
| 26A | Electrical | | | | | | | | |
| | | Light Fixtures | 10% | 10% | 25% | 6/24/22 | 5/1/22 | 4-8 wks | Increased lead times |
| | | Lighting Controls | 0% | 10% | 10% | 6/24/22 | 5/1/22 | 2-3 wks | Increased lead times and recent escalation |
| | | Lighting Control Panels | 0% | 10% | 10% | 6/24/22 | 5/1/22 | 12 wks | Increased lead times |
| | | Steel Conduit | 0% | 0% | 15% | 5/1/22 | 5/1/22 | 0 wks | Pricing holding, no future increases in sight. Material in stock |
| | | Al Wire | 5% | 10% | 35% | 5/1/22 | 5/1/22 | 2 wks | Improved lead times, costs still increasing |
| | | Copper Wire | 5% | 10% | 35% | 5/1/22 | 5/1/22 | 2 wks | Improved lead times, costs still increasing |
| | | Gear - SES | 5-15% | 10-15% | 29% | 5/1/22 | 5/1/22 | 45-65 wks | Drastic lead time increase. Major bottleneck of procurement |
| | | Gear - Panels | 5-15% | 10-15% | 29% | 5/1/22 | 5/1/22 | 8-12 wks | Cost increase, smaller panels more available |
| | | Transformers | 15% | 15% | 25% | 2/20/22 | 2/20/22 | 15 wks | |
| 26B | Fire Alarm | Fire Alarm | 0% | 0% | 18% | 5/1/22 | 5/1/22 | 10-12 wks | Lead times have dropped, pricing currently holding |
| 27A | Special Systems | Special Systems | | | 10% | 7/1/22 | 6/24/22 | 16 wks | Long lead time on devices, verify with vendors directly when contracting |
| 31A | Earthwork | | | | | | | | |
| | | | 10% | 0% | 15% | 7/1/22 | 6/24/22 | 20 wks | Lead times out to 4 weeks / increase anticipated |
| 31B | Termite Control | Termite Control | | | | | | | |
| 32A | Fencing | Fencing | | | | | | | |
| 32B | Landscaping | | | | | | | | |
| | | Irrigation OEMS | 0% | 11% | 5% | 6/1/22 | 4/15/22 | 2-3 wks | Recent increases on controllers for Rain Bird, Hunter, Toro, Irrimold, etc. |
| | | Granite | 0% | 10% | 15% | 5/1/22 | 5/1/22 | - | Increases due to fuel |
| | | Pavers | 10% | 22% | 25% | 2/20/22 | 2/20/22 | 8-14 wks | Lead time varies on finish. Projecting further increases in 2022 |
| | | Sod / Planting | 5% | 10% | 20% | 5/1/22 | 5/1/22 | - | Quotes only good for 15-30 days, anticipating steady increases through rest of year |
| 32C | Site Furnishings | Site Furnishings | | | | | | | |

* Material cost increases and lead times are approximate based on feedback from our local trade partners. Costs and lead times are continuously changing.

CONTINUED →

Section 4 // MARKET CONDITIONS TRACKER

| | | | | | | | | | |
|-----|----------------|-------------------|----|-----|-----|---------|---------|-----------|--|
| 33A | Site Utilities | | | | | | | | |
| | | | | | | | | | |
| | | Hydrants | 0% | 7% | 12% | 6/5/22 | 4/5/22 | 6-12 wks | Long lead item |
| | | Retention tanks | 5% | 0% | 20% | 2/20/22 | 2/20/22 | 10 wks | Lead times + costs continue to vary |
| | | PVC Pipe | 0% | 10% | 12% | 4/1/22 | 4/1/22 | 4-6 wks | April increase of 10% |
| | | Ductile Iron Pipe | 5% | 15% | 30% | 6/1/22 | 4/18/22 | 8-12 wks | PVC nearing price of ductile iron. Very abnormal 8 wks |
| | | Pipe fittings | 5% | 12% | 25% | 6/1/22 | 4/18/22 | 12-18 wks | Long lead item for PVC or DIP. Order well in advance |
| | | Backflows | 5% | 12% | 32% | 6/1/22 | 4/18/22 | 8 wks | Big increase seen YTD on backflows |
| 33B | Drywells | Drywells | | | | | | | |

* Material cost increases and lead times are approximate based on feedback from our local trade partners.
Costs and lead times are continuously changing.